



Consolidated Financial Results for the Second Quarter of Fiscal Year 2017 [IFRS]

November 10, 2017

Company name: JXTG Holdings, Inc. Stock Exchange Listings: Tokyo and Nagoya
 Code number: 5020 URL: <http://www.hd.jxtg-group.co.jp/>
 Representative: Yukio Uchida Representative Director, President
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 Scheduled date of filing of Quarterly Securities Report: November 13, 2017
 Scheduled date of commencement of dividend payments: December 5, 2017
 Supplemental materials for the quarterly financial results: Yes
 Quarterly financial results presentation: Yes (for institutional investors and analysts)

(Amounts of less than ¥1 million are rounded off.)

1. Consolidated Results for the Second Quarter of FY2017 (From April 1, 2017 to September 30, 2017)

(1) Operating Results (Percentage figures represent changes from the same period in the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Total comprehensive income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q of FY2017	4,684,562	49.9	195,363	154.3	181,774	132.9	123,329	174.9	155,622	-
2Q of FY2016	3,125,639	-	76,829	-	78,051	-	44,864	-	(102,132)	-

	Basic profit per share	Diluted profit per share
	Yen	Yen
2Q of FY2017	36.09	36.09
2Q of FY2016	18.04	18.04

(2) Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity ratio attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
2Q of FY2017	8,373,080	2,771,368	2,334,513	27.9
FY2016	6,792,892	2,140,288	1,707,194	25.1

Note: Amounts in 2Q of FY2016 and FY2016 are the consolidated results of JX Holdings, Inc.

The percentage figures of 2Q of FY2016, which represent changes from the same period in the previous fiscal year, are not shown.

2. Dividends

	Annual cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	-	8.00	-	8.00	16.00
FY2017	-	9.00	-	-	-
FY2017 (Forecast)	-	-	-	9.00	18.00

Note: Revision to the most recent dividend forecast: No

3. Forecasts of Consolidated Results for Fiscal Year 2017 (From April 1, 2017 to March 31, 2018)

(Percentage figures are changes from the amount for the corresponding period in the previous fiscal year.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2017	10,000,000	42.3	400,000	47.5	375,000	50.5	250,000	66.7	73.18

Note: Revision to the most recent consolidated earnings forecast: Yes

- Regarding matters related to the forecasts of consolidated results, please refer to “Notification of the Difference between the Forecasts and the Actual of Consolidated Results for the First Half of the Fiscal Year 2017 and Revisions to the Annual Forecasts” announced today.
- As for the forecasts of operating profit excluding inventory valuation factors*, please see the following.

Operating profit excluding inventory valuation factors:

Forecasts for FY2017: 410,000 million yen (percentage change from the previous fiscal year: 190.6%)

(Reference) Actual results for FY2016: 141,100 million yen

(*) The impact of inventory valuation on the cost of sales by using the weighted-average method and by writing down the book value.

Explanatory Notes

- (1) Changes in the number of material subsidiaries during the term under review : None

Note: This item indicates whether there were changes in specified subsidiaries involving a change in the scope of consolidation.

- (2) Changes in accounting policies and in accounting estimates

- (i) Changes in accounting policies required by the IFRS: None
- (ii) Changes in accounting policies other than (i) above : None
- (iii) Changes in accounting estimates : None

- (3) Number of shares issued (Common stock)

- (i) Number of issued shares at the end of the period (including treasury stocks)

Second Quarter of FY2017 ended September 30, 2017: 3,426,916,549 shares

FY2016 ended March 31, 2017: 2,495,485,929 shares

- (ii) Number of treasury stocks at the end of the period

Second Quarter of FY2017 ended September 30, 2017: 10,579,571 shares

FY2016 ended March 31, 2017: 9,200,226 shares

- (iii) Average number of shares issued during the period

Second Quarter of FY2017 ended September 30, 2017: 3,417,303,934 shares

Second Quarter of FY2016 ended September 30, 2016: 2,486,349,228 shares

- This report is not subject to the quarterly review procedures.
- Explanation regarding appropriate use of forward-looking statements on results, and other specific comments
This material contains forward-looking statements; however, actual results may differ materially from those reflected in such forward-looking statements, due to various factors, including the following:
(1) changes in macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries; (2) revisions to laws and strengthening of regulations; and (3) litigation and other similar risks.

Summary of Quarterly Consolidated Financial Statements and Major Explanatory Notes Thereto

(1) Summary of Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	FY2016 (As of March 31, 2017)	2Q of FY2017 (As of September 30, 2017)
ASSETS		
Current assets		
Cash and cash equivalents	349,007	354,426
Trade and other receivables	1,060,884	1,242,661
Inventories	1,130,400	1,473,538
Other financial assets	46,289	57,811
Other current assets	105,450	107,263
Sub total	2,692,030	3,235,699
Assets held for sale	23,747	5,502
Total current assets	2,715,777	3,241,201
Non-current assets		
Property, plant and equipment	2,988,736	3,573,727
Goodwill	17,061	177,216
Intangible assets	50,987	337,342
Investments accounted for using the equity method	392,269	419,216
Other financial assets	454,943	485,351
Other non-current assets	6,590	7,324
Deferred tax assets	166,529	131,703
Total non-current assets	4,077,115	5,131,879
Total assets	6,792,892	8,373,080

(Millions of Yen)

	FY2016 (As of March 31, 2017)	2Q of FY2017 (As of September 30, 2017)
LIABILITIES		
Current liabilities		
Trade and other payables	1,304,355	1,773,976
Bonds and borrowings	862,609	821,482
Income taxes payable	33,633	45,399
Other financial liabilities	19,941	26,053
Provisions	6,168	16,427
Other current liabilities	355,409	402,128
Sub total	2,582,115	3,085,465
Liabilities directly related to assets held for sale	16,423	1,091
Total current liabilities	2,598,538	3,086,556
Non-current liabilities		
Bonds and borrowings	1,570,071	1,740,496
Liabilities for retirement benefits	133,096	287,267
Other financial liabilities	27,289	28,032
Provisions	141,702	151,398
Other non-current liabilities	79,266	93,381
Deferred tax liabilities	102,642	214,582
Total non-current liabilities	2,054,066	2,515,156
Total liabilities	4,652,604	5,601,712
EQUITY		
Common stock	100,000	100,000
Capital surplus	751,556	1,253,161
Retained earnings	697,009	807,500
Treasury stock	(3,990)	(4,707)
Other components of equity	162,619	178,559
Total equity attributable to owners of the parent	1,707,194	2,334,513
Non-controlling interests	433,094	436,855
Total equity	2,140,288	2,771,368
TOTAL LIABILITIES AND EQUITY	6,792,892	8,373,080

**(2) Summary of Quarterly Consolidated Statements of Profit or Loss
and Summary of Quarterly Consolidated Statements of Comprehensive Income or Loss**
Summary of Quarterly Consolidated Statements of Profit or Loss

(Millions of Yen)

	2Q of FY2016 (From April 1, 2016 to September 30, 2016)	2Q of FY2017 (From April 1, 2017 to September 30, 2017)
Revenue	3,125,639	4,684,562
Cost of sales	2,763,739	4,144,495
Gross profit	361,900	540,067
Selling, general and administrative expenses	304,017	369,808
Share of profit of investments accounted for using the equity method	17,343	25,460
Other operating income	27,391	25,620
Other operating expenses	25,788	25,976
Operating profit	76,829	195,363
Finance income	13,888	2,163
Finance costs	12,666	15,752
Profit before tax	78,051	181,774
Income tax expense (benefit)	30,572	48,606
Profit	47,479	133,168
Profit attributable to:		
Owners of the parent	44,864	123,329
Non-controlling interests	2,615	9,839
Profit	47,479	133,168
		(Yen)
Basic profit per share	18.04	36.09
Diluted profit per share	18.04	36.09

Summary of Quarterly Consolidated Statements of Comprehensive Income or Loss

(Millions of Yen)

	2Q of FY2016 (From April 1, 2016 to September 30, 2016)	2Q of FY2017 (From April 1, 2017 to September 30, 2017)
Profit	47,479	133,168
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial assets measured at fair value through other comprehensive income (loss)	(15,129)	14,669
Remeasurement gains on defined benefit plans	858	7,497
Shares of other comprehensive income (loss) of investments accounted for using the equity method	(181)	2
Total	(14,452)	22,168
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(104,821)	3,936
Changes in fair value of cash flow hedges	1,609	(2,010)
Shares of other comprehensive income (loss) of investments accounted for using the equity method	(31,947)	(1,640)
Total	(135,159)	286
Other comprehensive income (loss), net of tax	(149,611)	22,454
Total comprehensive income (loss)	(102,132)	155,622
Comprehensive income (loss) attributable to:		
Owners of the parent	(83,070)	145,203
Non-controlling interests	(19,062)	10,419
Total comprehensive income (loss)	(102,132)	155,622

(3) Summary of Quarterly Consolidated Statements of Changes in Equity

Second Quarter of FY2016 (April 1, 2016 – September 30, 2016)

	Common stock	Capital surplus	Retained earnings	Treasury stock	(Millions of Yen) Other components of equity	
					Changes in fair value of financial assets measured at fair value through other comprehensive income (loss)	Changes in fair value of cash flow hedges
Balance as of April 1, 2016	100,000	748,489	576,003	(3,959)	94,296	(24,699)
Profit	-	-	44,864	-	-	-
Other comprehensive income (loss)	-	-	-	-	(14,714)	(767)
Total comprehensive income (loss)	-	-	44,864	-	(14,714)	(767)
Purchase of treasury stock	-	-	-	(12)	-	-
Cash dividends	-	-	(19,918)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	751	-	141	-
Transfer from other components of equity to non-financial assets	-	-	-	-	-	648
Other	-	162	-	-	(5)	-
Total transactions with owners	-	162	(19,167)	(12)	136	648
Balance as of September 30, 2016	100,000	748,651	601,700	(3,971)	79,718	(24,818)

	Other components of equity		Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Remeasurement gains (losses) on defined benefit plans				
Balance as of April 1, 2016	92,947	-	162,544	1,583,077	444,930	2,028,007
Profit	-	-	-	44,864	2,615	47,479
Other comprehensive income (loss)	(113,345)	892	(127,934)	(127,934)	(21,677)	(149,611)
Total comprehensive income (loss)	(113,345)	892	(127,934)	(83,070)	(19,062)	(102,132)
Purchase of treasury stock	-	-	-	(12)	-	(12)
Cash dividends	-	-	-	(19,918)	(6,075)	(25,993)
Acquisition of non-controlling interests	-	-	-	-	2,377	2,377
Transfer from other components of equity to retained earnings	-	(892)	(751)	-	-	-
Transfer from other components of equity to non-financial assets	-	-	648	648	(1,419)	(771)
Other	(9)	-	(14)	148	(186)	(38)
Total transactions with owners	(9)	(892)	(117)	(19,134)	(5,303)	(24,437)
Balance as of September 30, 2016	(20,407)	-	34,493	1,480,873	420,565	1,901,438

Second Quarter of FY2017 (April 1, 2017 – September 30, 2017)

(Millions of Yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	
					Changes in fair value of financial assets measured at fair value through other comprehensive income (loss)	Changes in fair value of cash flow hedges
Balance as of April 1, 2017	100,000	751,556	697,009	(3,990)	114,729	(16,436)
Profit	-	-	123,329	-	-	-
Other comprehensive income (loss)	-	-	-	-	13,635	(815)
Total comprehensive income (loss)	-	-	123,329	-	13,635	(815)
Purchase of treasury stock	-	-	-	(717)	-	-
Cash dividends	-	-	(19,918)	-	-	-
Share-based payment transactions	-	57	-	-	-	-
Equity transactions with non-controlling interests, etc.	-	159	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	7,080	-	430	-
Transfer from other components of equity to non-financial assets	-	-	-	-	-	1,145
Changes due to business combination	-	501,389	-	-	-	-
Total transactions with owners	-	501,605	(12,838)	(717)	430	1,145
Balance as of September 30, 2017	100,000	1,253,161	807,500	(4,707)	128,794	(16,106)

	Other components of equity			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Remeasurement gains (losses) on defined benefit plans	Total			
Balance as of April 1, 2017	64,326	-	162,619	1,707,194	433,094	2,140,288
Profit	-	-	-	123,329	9,839	133,168
Other comprehensive income (loss)	1,544	7,510	21,874	21,874	580	22,454
Total comprehensive income (loss)	1,544	7,510	21,874	145,203	10,419	155,622
Purchase of treasury stock	-	-	-	(717)	-	(717)
Cash dividends	-	-	-	(19,918)	(9,767)	(29,685)
Share-based payment transactions	-	-	-	57	-	57
Equity transactions with non-controlling interests, etc.	1	-	1	160	3,366	3,526
Transfer from other components of equity to retained earnings	-	(7,510)	(7,080)	-	-	-
Transfer from other components of equity to non-financial assets	-	-	1,145	1,145	(257)	888
Changes due to business combination	-	-	-	501,389	-	501,389
Total transactions with owners	1	(7,510)	(5,934)	482,116	(6,658)	475,458
Balance as of September 30, 2017	65,871	-	178,559	2,334,513	436,855	2,771,368

(4) Explanatory Notes to the Summary of Quarterly Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Equity and Other Equity Items)

Through the share exchange implemented in the business integration with TonenGeneral Sekiyu K.K., 931,431 thousand shares of common stock were issued, and the capital surplus increased by 501,389 million yen.

(Share-based Payments)

From this second quarter, JXTG Holdings, Inc. (the “Company”) and its three core operating companies have introduced a share-based payments plan for their directors (excluding outside directors and overseas residents) and executive officers who are not serving concurrently as directors (excluding overseas residents), and therefore have adopted the BIP (Board Incentive Plan) Trust for equity-settled executive compensation. The compensation for received services is measured by using the fair value of the Company shares as of the grant date, and is considered as expenses during the right vesting period. The same amount thereof is considered as an increase in equity.

(Segment Information)

Information on Revenue, Profit or Loss and Other Items from Each Reporting Segment

Second Quarter of FY2016 (April 1, 2016 – September 30, 2016)

(Millions of Yen)							
	Energy	Oil and natural gas E&P	Metals	Total reporting segments	Other	Adjustments (Note 3)	Recorded amount on consolidated financial statements
Revenue							
Revenue from external customers	2,464,543	60,646	403,658	2,928,847	196,792	-	3,125,639
Inter-segment revenue or transfers (Note 1)	4,125	-	1,126	5,251	21,630	(26,881)	-
Total	2,468,668	60,646	404,784	2,934,098	218,422	(26,881)	3,125,639
Segment profit (loss) (Note 2)	51,484	(4,204)	4,971	52,251	19,877	4,701	76,829
Finance income							13,888
Finance costs							12,666
Profit before tax							78,051

- (Notes)
1. Inter-reporting segment revenue or transfers are based on actual market prices.
 2. Segment profit (loss) is stated as operating profit in the summary of the quarterly consolidated statements of profit or loss.
 3. The segment profit adjustment of 4,701 million yen includes the net amount of 4,272 million yen, which is the income and expenses of the entire Company not allocated to the reporting segments or the “Other” category.

Second Quarter of FY2017 (April 1, 2017 – September 30, 2017)

(Millions of Yen)

	Energy	Oil and natural gas E&P	Metals	Total reporting segments	Other	Adjustments (Note 3)	Recorded amount on consolidated financial statements
Revenue							
Revenue from external customers	3,945,264	71,762	450,034	4,467,060	217,502	-	4,684,562
Inter-segment revenue or transfers (Note 1)	2,320	-	883	3,203	25,231	(28,434)	-
Total	3,947,584	71,762	450,917	4,470,263	242,733	(28,434)	4,684,562
Segment profit (loss) (Note 2)	135,728	7,906	28,175	171,809	19,171	4,383	195,363
Finance income							2,163
Finance costs							15,752
Profit before tax							181,774

- (Notes)
1. Inter-reporting segment revenue or transfers are based on actual market prices.
 2. Segment profit (loss) is stated as operating profit in the summary of the quarterly consolidated statements of profit or loss.
 3. The segment profit adjustment of 4,383 million yen includes the net amount of 4,987 million yen, which is the income and expenses of the entire Company not allocated to the reporting segments or the “Other” category.

Mainly due to the business integration with TonenGeneral Sekiyu K.K., in the “Energy” segment, compared with the end of the previous fiscal year, the assets and the liabilities increased by 1,409,599 million yen and 804,276 million yen, resulting in 5,317,516 million yen and 3,595,203 million yen, respectively.