



Consolidated Financial Results for the First Quarter of Fiscal Year 2018 [IFRS]

August 8, 2018

Company name: JXTG Holdings, Inc. Stock Exchange Listings: Tokyo and Nagoya
 Code number: 5020 URL: <https://www.hd.jxtg-group.co.jp/>
 Representative: Tsutomu Sugimori Representative Director, President
 Contact person: Tatsuya Higurashi Group Manager, Investor Relations Group, Finance & Investor Relations Department
 Telephone: +81-3-6257-7075
 Scheduled date of filing of Quarterly Securities Report: August 13, 2018
 Scheduled date of commencement of dividend payments: -
 Supplemental materials for the quarterly financial results: Yes
 Quarterly financial results presentation: Yes (for institutional investors and analysts)

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

1. Consolidated Results for the First Quarter of FY2018 (From April 1, 2018 to June 30, 2018)

(1) Operating Results

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

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY2018	2,566,927	15.4	227,344	404.9	217,196	470.9	145,138	663.4	151,753	513.6
1Q of FY2017	2,225,217	45.4	45,025	18.9	38,045	(13.4)	19,012	(27.8)	24,733	-

	Basic profit per share	Diluted profit per share
	Yen	Yen
1Q of FY2018	42.66	42.64
1Q of FY2017	5.56	5.56

(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	%
1Q of FY2018	8,419,174	3,022,903	2,630,731	31.2
FY2017	8,457,555	2,919,975	2,539,541	30.0

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
FY2017	-	9.00	-	10.00	19.00
FY2018	-				
FY2018 (Forecast)		10.00	-	10.00	20.00

Note: Revision to the most recent dividend forecast: No

3. Forecasts of Consolidated Results for Fiscal Year 2018 (From April 1, 2018 to March 31, 2019)

(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
First Half of FY2018	5,080,000	8.4	275,000	40.8	262,000	44.1	175,000	41.9	51.61
FY2018	10,700,000	3.9	490,000	0.5	465,000	(0.5)	310,000	(14.3)	91.43

Note: Revision to the most recent consolidated earnings forecast: No

The forecasts of consolidated results for the first half and the full fiscal year of 2018 remain unchanged from the previous forecasts announced on May 11, 2018.

As for the forecasts of operating profit excluding inventory valuation factors*, please see the following.

Operating profit excluding inventory valuation factors:

Forecasts for FY2018:	490,000 million yen (percentage change from the previous fiscal year: 31.5%)
(Reference) Actual results for FY2017:	372,600 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: Yes
(ii) Changes in accounting policies other than (i) above: None
(iii) Changes in accounting estimates: None

Note: For details, please refer to "Summary of Quarterly Consolidated Financial Statements and Major Explanatory Notes Thereto (4) Explanatory Notes to the Summary of Quarterly Consolidated Financial Statements (Changes in accounting policies)" on page 7 of the Attached Material.

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

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

First Quarter of FY2018 ended June 30, 2018:	3,426,916,549 shares
FY2017 ended March 31, 2018:	3,426,916,549 shares

- (ii) Number of shares of treasury stock at the end of the period

First Quarter of FY2018 ended June 30, 2018:	36,284,612 shares
FY2017 ended March 31, 2018:	10,614,273 shares

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

First Quarter of FY2018 ended June 30, 2018:	3,402,544,164 shares
First Quarter of FY2017 ended June 30, 2017:	3,417,630,640 shares

- This report is not subject to quarterly review procedures conducted by certified public accountants or an audit corporation.
- 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)

	FY2017 (As of March 31, 2018)	1Q of FY2018 (As of June 30, 2018)
ASSETS		
Current assets		
Cash and cash equivalents	447,355	263,506
Trade and other receivables	1,437,123	1,308,800
Inventories	1,540,033	1,721,264
Other financial assets	61,282	73,904
Other current assets	98,733	173,605
Sub total	3,584,526	3,541,079
Assets held for sale	8,655	1,737
Total current assets	3,593,181	3,542,816
Non-current assets		
Property, plant and equipment	3,327,400	3,348,689
Goodwill	177,216	177,216
Intangible assets	334,404	331,459
Investments accounted for using the equity method	404,158	410,326
Other financial assets	482,346	466,153
Other non-current assets	6,915	7,099
Deferred tax assets	131,935	135,416
Total non-current assets	4,864,374	4,876,358
TOTAL ASSETS	8,457,555	8,419,174

(Millions of yen)

	FY2017 (As of March 31, 2018)	1Q of FY2018 (As of June 30, 2018)
LIABILITIES		
Current liabilities		
Trade and other payables	1,910,002	1,872,899
Bonds and borrowings	529,058	509,280
Income taxes payable	71,448	81,712
Other financial liabilities	14,387	18,894
Provisions	20,240	17,962
Other current liabilities	449,911	371,940
Sub total	2,995,046	2,872,687
Liabilities directly related to assets held for sale	771	1,516
Total current liabilities	2,995,817	2,874,203
Non-current liabilities		
Bonds and borrowings	1,730,873	1,727,957
Liabilities for retirement benefits	287,159	279,711
Other financial liabilities	24,379	24,512
Provisions	144,717	139,487
Other non-current liabilities	110,980	109,221
Deferred tax liabilities	243,655	241,180
Total non-current liabilities	2,541,763	2,522,068
Total liabilities	5,537,580	5,396,271
EQUITY		
Common stock	100,000	100,000
Capital surplus	1,250,667	1,250,697
Retained earnings	1,017,402	1,127,994
Treasury stock	(4,730)	(22,822)
Other components of equity	176,202	174,862
Total equity attributable to owners of the parent	2,539,541	2,630,731
Non-controlling interests	380,434	392,172
Total equity	2,919,975	3,022,903
TOTAL LIABILITIES AND EQUITY	8,457,555	8,419,174

**(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)

	1Q of FY2017 (From April 1, 2017 to June 30, 2017)	1Q of FY2018 (From April 1, 2018 to June 30, 2018)
Revenue	2,225,217	2,566,927
Cost of sales	2,013,526	2,246,532
Gross profit	211,691	320,395
Selling, general and administrative expenses	184,565	191,909
Share of profit of investments accounted for using the equity method	8,885	17,657
Other operating income	16,564	99,544
Other operating expenses	7,550	18,343
Operating profit	45,025	227,344
Finance income	1,125	1,167
Finance costs	8,105	11,315
Profit before tax	38,045	217,196
Income tax expense	17,993	64,621
Profit	20,052	152,575
Profit attributable to:		
Owners of the parent	19,012	145,138
Non-controlling interests	1,040	7,437
Profit	20,052	152,575
		(Yen)
Basic profit per share	5.56	42.66
Diluted profit per share	5.56	42.64

(Summary of Quarterly Consolidated Statements of Comprehensive Income or Loss)

(Millions of yen)

	1Q of FY2017 (From April 1, 2017 to June 30, 2017)	1Q of FY2018 (From April 1, 2018 to June 30, 2018)
Profit	20,052	152,575
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	2,620	(14,537)
Remeasurement gains on defined benefit plans	2,804	3,644
Shares of other comprehensive income (loss) of investments accounted for using the equity method	239	(330)
Total	5,663	(11,223)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(2,213)	16,478
Changes in fair value of cash flow hedges	154	(905)
Shares of other comprehensive income (loss) of investments accounted for using the equity method	1,077	(5,172)
Total	(982)	10,401
Other comprehensive income (loss), net of tax	4,681	(822)
Total comprehensive income	24,733	151,753
Comprehensive income attributable to:		
Owners of the parent	23,414	143,010
Non-controlling interests	1,319	8,743
Total comprehensive income	24,733	151,753

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

First Quarter of FY2017 (April 1, 2017 – June 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	-	-	19,012	-	-	-
Other comprehensive income (loss)	-	-	-	-	2,583	1,419
Total comprehensive income (loss)	-	-	19,012	-	2,583	1,419
Purchase of treasury stock	-	-	-	(25)	-	-
Cash dividends	-	-	(19,918)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	2,601	-	202	-
Transfer from other components of equity to non-financial assets	-	-	-	-	-	294
Changes due to business combination	-	501,389	-	-	-	-
Other	-	11	-	-	-	-
Total transactions with owners	-	501,400	(17,317)	(25)	202	294
Balance as of June 30, 2017	100,000	1,252,956	698,704	(4,015)	117,514	(14,723)

	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 losses (gains) on defined benefit plans	Total			
Balance as of April 1, 2017	64,326	-	162,619	1,707,194	433,094	2,140,288
Profit	-	-	-	19,012	1,040	20,052
Other comprehensive income (loss)	(2,403)	2,803	4,402	4,402	279	4,681
Total comprehensive income (loss)	(2,403)	2,803	4,402	23,414	1,319	24,733
Purchase of treasury stock	-	-	-	(25)	-	(25)
Cash dividends	-	-	-	(19,918)	(9,722)	(29,640)
Acquisition of non-controlling interests	-	-	-	-	2,458	2,458
Transfer from other components of equity to retained earnings	-	(2,803)	(2,601)	-	-	-
Transfer from other components of equity to non-financial assets	-	-	294	294	(285)	9
Changes due to business combination	-	-	-	501,389	-	501,389
Other	-	-	-	11	-	11
Total transactions with owners	-	(2,803)	(2,307)	481,751	(7,549)	474,202
Balance as of June 30, 2017	61,923	-	164,714	2,212,359	426,864	2,639,223

First Quarter of FY2018 (April 1, 2018 – June 30, 2018)

(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, 2018	100,000	1,250,667	1,017,402	(4,730)	143,296	(6,125)
Profit	-	-	145,138	-	-	-
Other comprehensive income (loss)	-	-	-	-	(15,334)	(32)
Total comprehensive income (loss)	-	-	145,138	-	(15,334)	(32)
Purchase of treasury stock	-	-	-	(18,108)	-	-
Disposal of treasury stock	-	-	-	0	-	-
Cash dividends	-	-	(34,198)	-	-	-
Share-based payment transactions	-	30	-	16	-	-
Equity transactions with non-controlling interests, etc.	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	(348)	-	3,985	-
Transfer from other components of equity to non-financial assets	-	-	-	-	-	308
Total transactions with owners	-	30	(34,546)	(18,092)	3,985	308
Balance as of June 30, 2018	100,000	1,250,697	1,127,994	(22,822)	131,947	(5,849)

	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 losses (gains) on defined benefit plans	Total			
Balance as of April 1, 2018	39,031	-	176,202	2,539,541	380,434	2,919,975
Profit	-	-	-	145,138	7,437	152,575
Other comprehensive income (loss)	9,601	3,637	(2,128)	(2,128)	1,306	(822)
Total comprehensive income (loss)	9,601	3,637	(2,128)	143,010	8,743	151,753
Purchase of treasury stock	-	-	-	(18,108)	-	(18,108)
Disposal of treasury stock	-	-	-	0	-	0
Cash dividends	-	-	-	(34,198)	(8,479)	(42,677)
Share-based payment transactions	-	-	-	46	-	46
Equity transactions with non-controlling interests, etc.	132	-	132	132	11,213	11,345
Transfer from other components of equity to retained earnings	-	(3,637)	348	-	-	-
Transfer from other components of equity to non-financial assets	-	-	308	308	261	569
Total transactions with owners	132	(3,637)	788	(51,820)	2,995	(48,825)
Balance as of June 30, 2018	48,764	-	174,862	2,630,731	392,172	3,022,903

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

(Notes on the Assumption of a Going Concern)

None

(Changes in accounting policies)

The JXTG Group has adopted IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014) and “Clarifications to IFRS 15” (issued in April 2016) from the first quarter of FY2018. In the application of this standard, the JXTG Group has adopted the method where the cumulative effect is recognized at the date of initial application. The impact on revenue for the consolidated cumulative first quarter was immaterial.

(Segment Information)

I. First Quarter of FY2017 (April 1, 2017 – June 30, 2017)

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

(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	1,868,170	33,669	224,435	2,126,274	98,943	-	2,225,217
Inter-segment revenue or transfers (Note 1)	1,245	-	422	1,667	11,727	(13,394)	-
Total	1,869,415	33,669	224,857	2,127,941	110,670	(13,394)	2,225,217
Segment profit (loss) (Note 2)	23,416	3,118	8,714	35,248	7,244	2,533	45,025
Finance income							1,125
Finance costs							8,105
Profit before tax							38,045

- (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 2,533 million yen includes the net amount of 2,656 million yen, which is the income and expenses of the entire Company not allocated to the reporting segments or the “Other” category.

2. Changes in Reporting Segments

Due to a partial reorganization of the management system, the segment information on “Energy,” “Metals,” and “Other” for the first quarter of FY2017 has been presented based on the new reporting segments.

II. First Quarter of FY2018 (April 1, 2018 – June 30, 2018)

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

(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	2,169,650	33,584	268,866	2,472,100	94,827	-	2,566,927
Inter-segment revenue or transfers (Note 1)	1,321	-	504	1,825	11,459	(13,284)	-
Total	2,170,971	33,584	269,370	2,473,925	106,286	(13,284)	2,566,927
Segment profit (loss) (Note 2)	177,899	17,278	21,132	216,309	8,943	2,092	227,344
Finance income							1,167
Finance costs							11,315
Profit before tax							217,196

- (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 2,092 million yen includes the net amount of 1,905 million yen, which is the income and expenses of the entire Company not allocated to the reporting segments or the “Other” category.