

**Financial Results  
for the three months ended March 31, 2020  
Online Presentation Material**

---

**INPEX CORPORATION  
May 12, 2020**



This presentation includes forward-looking information that reflects the plans and expectations of the Company. Such forward-looking information is based on the current assumptions and judgments of the Company in light of the information currently available to it, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors may cause the Company's performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation:

- Price volatility and change in demand in crude oil and natural gas
- Foreign exchange rate volatility
- Change in costs and other expenses pertaining to exploration, development and production

The Company undertakes no obligation to publicly update or revise the disclosure of information in this presentation (including forward-looking information) after the date of this presentation.

- Financial results for the three months ended March 31, 2020 and revision of consolidated financial forecasts for the fiscal year ending December 31, 2020
- INPEX's basic policy in response to the current low oil price environment

**Financial results for the three months ended March 31, 2020 and  
revision of consolidated financial forecasts for the fiscal year ending  
December 31, 2020**

---

**Daisuke Yamada  
Director, Managing Executive Officer,  
Finance & Accounting**



# Comparison reference for 1Q FY2020/12 results



- Due to the change in INPEX's accounting period to the January to December period from the April to March period, this support material compares 1Q FY2020/12 with the corresponding period of the previous year (Jan.-Mar.'19) for reference.  
(Reference) corresponding period of the previous year is as follows;

## < (Reference) Corresponding period of the previous year (Jan.-Mar. 2019) compared with 1Q FY2020/12 <sup>(1)</sup> >

	(Reference) Corresponding period of the previous year	2019				2020			
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
INPEX and subsidiaries formerly with provisional settlements of accounts <sup>(2)</sup>			2019/12			1Q	2020/12		
Subsidiaries formerly with a December 31 fiscal year-end <sup>(3)</sup>			2019/12			1Q	2020/12		

1 The figures are unaudited figures for reference purposes only

2 INPEX, major domestic subsidiaries and overseas subsidiaries with provisional settlements of accounts. Subsidiaries with a December 31 fiscal year-end that provisionally settled their accounts on March 31 due to the relatively large impact of their performance on the Company's consolidated financial accounts.

3 Subsidiaries adopting an accounting period from January to December.

# Highlights of the consolidated financial results for the three months ended March 31, 2020



	(Reference) Corresponding period of the previous year (Jan.-Mar.'19)	1Q FY2020 (Jan. - Mar. '20)	Change	%Change
Net sales (Billions of yen)	269.2	249.6	(19.5)	(7.3%)
Crude oil sales	199.1	163.0	(36.1)	(18.1%)
Natural gas sales (including LPG)	64.2	82.1	17.9	27.9%
Operating income (Billions of yen)	120.7	100.8	(19.8)	(16.5%)
Ordinary income (Billions of yen)	134.2	107.7	(26.5)	(19.8%)
Net income attributable to owners of parent (Billions of yen)	49.2	33.5	(15.7)	(31.9%)
Net income per share (Yen)	33.76	22.99	(10.77)	(31.9%)

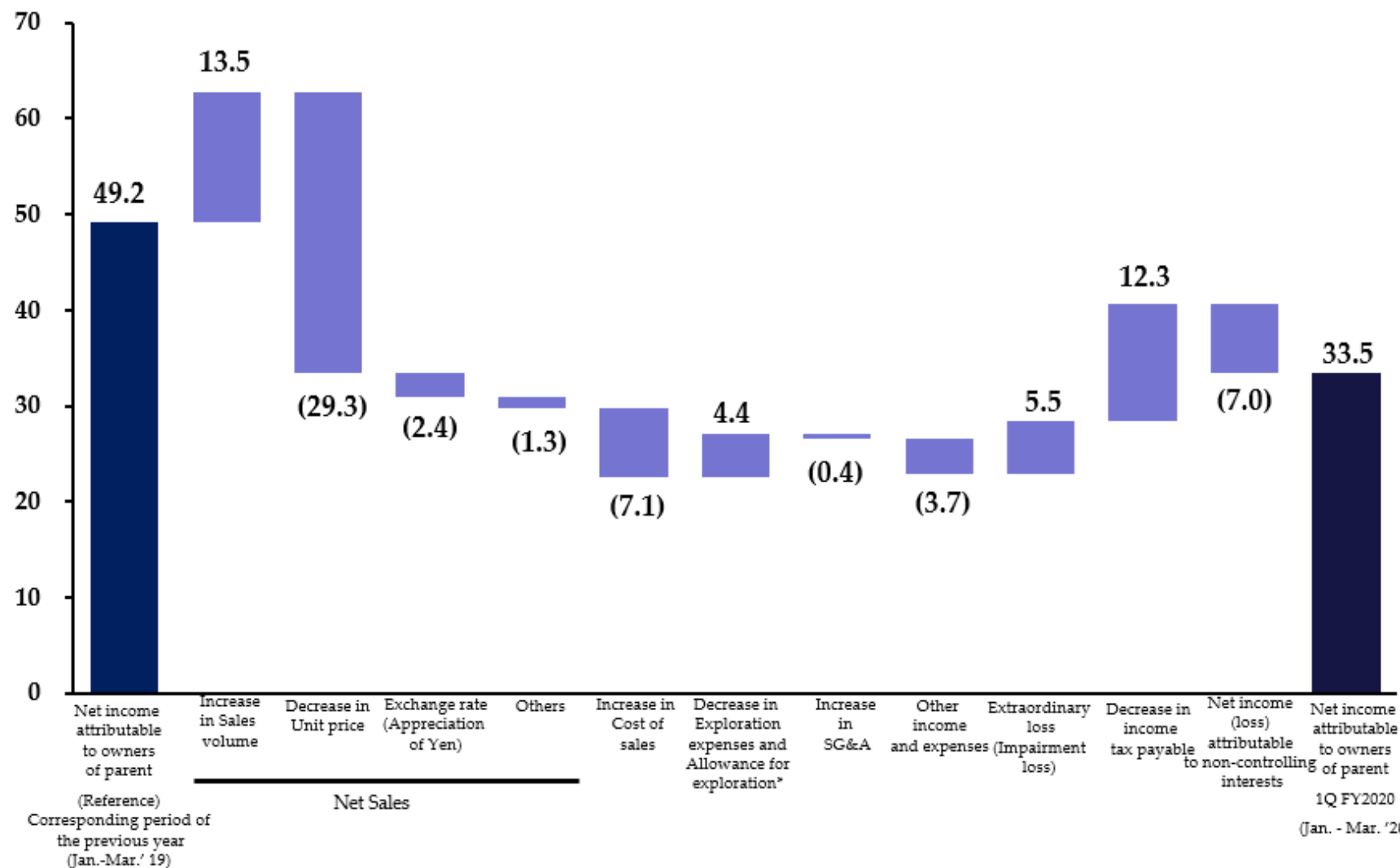
Average crude oil price (Brent) (\$/bbl)	63.83	50.82	△ 13.01	(20.4%)
Average exchange rate (¥/\$)	110.23	108.91	1.32yen appreciation	1.2% appreciation

(Billions of yen)	Dec. '19	Mar. '20	Change	%Change
Total assets	4,849.9	4,722.7	(127.2)	(2.6%)
Liabilities	1,552.8	1,483.9	(68.8)	(4.4%)
Total net assets	3,297.1	3,238.7	(58.4)	(1.8%)
Net assets per share (Yen)	2,082.43	2,044.98	(37.45)	(1.8%)

# Net income analysis



(Billions of Yen)



# Revised financial forecasts for the year ending December 31, 2020



The oil price assumption for the second quarter onwards was set at \$ 30 / barrel based on the average actual oil price for March 2020 (\$ 33.7 / barrel) and current oil price movements.

## - Assumptions

(Feb 12, 2020)	1 <sup>st</sup> half (Jan. – Jun. '20)	2 <sup>nd</sup> half (Jul. – Jun. '20)	Full year
Crude oil price (Brent) (US\$/bbl)	60.0	60.0	60.0
Exchange rate (yen/US\$)	110.0	110.0	110.0

↓

(May 12, 2020)	1 <sup>st</sup> half (Jan. – Jun. '20)	2 <sup>nd</sup> half (Jul. – Jun. '20)	Full year
Crude oil price (Brent) (US\$/bbl)	40.4*1	30.0	35.2
Exchange rate (yen/US\$)	109.5*2	110.0	109.7

\*1 1st quarter (Actual) : US\$ 50.8/bbl, 2nd quarter (Forecast) : US\$30.0/bbl      \*2 1st quarter (Actual) : ¥108.9/US\$, 2nd quarter (Forecast) : ¥110.0/US\$

## - Financial Forecasts

for the year ending December 31, 2020

	Previous forecasts (Feb 12, 2020)	Revised forecasts (May 12, 2020)	Change	% Change
Net sales (billions of yen)	1,204.0	710.0	(494.0)	(41.0%)
Operating income (billions of yen)	499.0	172.0	(327.0)	(65.5%)
Ordinary income (billions of yen)	536.0	163.0	(373.0)	(69.6%)
Net income attributable to owners of parent (billions of yen)	145.0	10.0	(135.0)	(93.1%)

## - Financial Forecasts for the six months ending June 30, 2020

Net sales (billions of yen)	606.0	408.0	(198.0)	(32.7%)
Operating income (billions of yen)	257.0	133.0	(124.0)	(48.2%)
Ordinary income (billions of yen)	272.0	145.0	(127.0)	(46.7%)
Net income attributable to owners of parent (billions of yen)	70.0	35.0	(35.0)	(50.0%)



**INPEX's basic policy in response  
to the current low oil price environment**

---

**Takayuki Ueda  
Representative Director, President & CEO**



Sustain stable business operations  
even in a low oil price environment

Build a strong corporate structure

① Investment/cost reduction  
Reduce capex by over 20%;  
exploration cost by over 40%

② Secure enough liquidity &  
further stabilize financial  
base

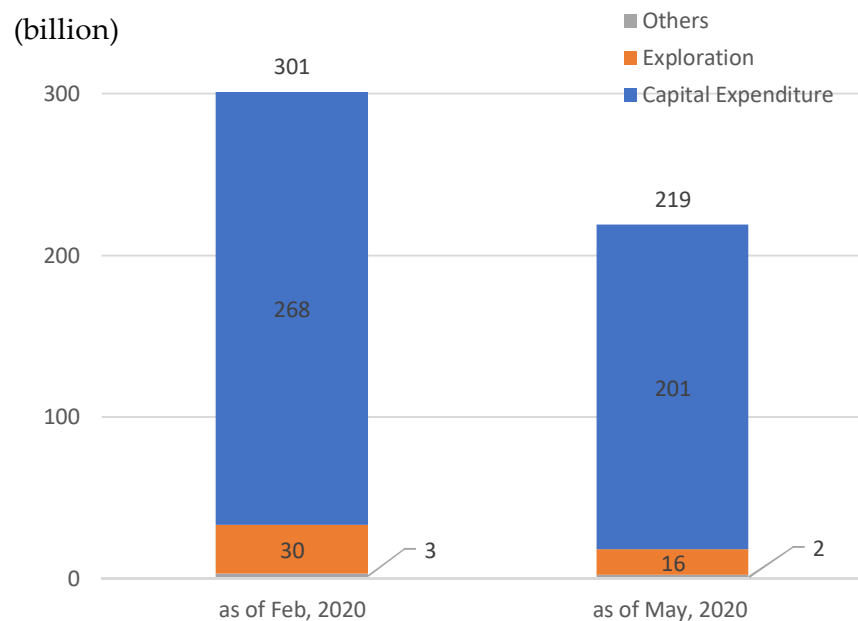
Stable dividend based on shareholder return policy

Maintain stable energy supply

# ① Investment and cost reduction

In FY2020

- ✓ Reduce development investment by over 20% and exploration investment by over 40% groupwide compared to initial forecasts
- ✓ Pursue operating and management cost reductions through improved efficiency
- ✓ Aim to further reduce cost through sustained investment and cost reduction
- ✓ Consider investment and cost reduction measures beyond 2021 in preparation for a prolonged low oil price



(billion)	Feb	May	Increase/decrease	Rate of change
Capital Expenditure	268	201	▲ 67	▲25%
Exploration Expenditure	30	16	▲ 14	▲47%
Others	3	2	▲ 1	▲33%
<b>Total Expenditure</b>	<b>301</b>	<b>219</b>	<b>▲ 82</b>	<b>▲27%</b>

- Ichthys  
Postpone and/or reduce investment, review operations, streamline logistics
- Abu Dhabi  
Reduce exploration cost, suspend and/or postpone operations
- Eagle Ford  
Downscale production, postpone most scheduled development work, restrict operations to minimum lease requirements, change plans flexibly in accordance with oil price
- Exploration investment  
Consider suspension and/or postponement of exploration and appraisal drilling in Australia, Gulf of Mexico, Abu Dhabi Onshore and South Iraq
- New projects  
Rigorously screen and evaluate new projects

## ②Securing sufficient liquidity and further strengthening financial base



- ✓ INPEX continues to maintain abundant liquidity on hand and has secured a sufficient commitment line from its core bank.
- ✓ INPEX plans to obtain a loan from the Development Bank of Japan under its crisis management and response scheme directed at COVID-19 countermeasures, as part of its efforts to stabilize its financial base.
  - Additionally, INPEX also plans to secure loans from the 3 megabanks.
- ✓ INPEX will accelerate the diversification, quality improvement and strengthening of its procurement structure to be able to respond to unforeseen circumstances.

## 【Shareholders Return Policy】

- Based on the shareholder return policy outlined in the Medium-term Business Plan 2018-2022 formulated in May 2018, INPEX will seek in principle to maintain stable dividend payouts and enhance shareholder returns in stages during the period covered by the business plan in accordance with the improvement in the company's financial performance, with the payout ratio set at 30% or higher.

## 【Dividend Forecast for the fiscal year ending December 31, 2020】

- The consolidated financial forecasts for the six months ending June 30, 2020 and for the fiscal year ending December 31, 2020 have been significantly revised downward. Based on this, INPEX expects the annual dividend for the current fiscal year to amount to 24 yen per common stock (12-yen interim dividend and 12-yen year-end dividend), a downward revision from the 36 yen per common stock (18-yen interim dividend and 18-yen year-end dividend) forecasted at the beginning of the fiscal year.

	Cash dividends per share		
	End of 2nd quarter	End of fiscal year	Total
Previous forecasts (February 12, 2020):	18.00 yen	18.00 yen	36.00 yen
Revised forecasts:	12.00 yen	12.00 yen	24.00 yen
Reference: For the year ended December 31, 2019	12.00 yen	18.00 yen	30.00 yen

- ✓ At INPEX-operated sites including Ichthys LNG Project facilities in Australia and the Minami-Nagaoka Gas Field and Naoetsu LNG Terminal in Japan, stable operations and energy supply are being steadfastly maintained through various initiatives including limited movement and other preventive measures against infection, the isolation of operations personnel and site access restrictions and the rearrangement of shift schedules. These initiatives are all based on prioritizing the health and safety of employees and contractors.

## ◆ Countermeasures at INPEX's operational site

- ✓ At the Ichthys LNG Project, worksite access is restricted to operating personnel, all personnel undergo a 14-day isolation period prior to commencing work and the number of operating personnel on onshore and offshore facilities is minimized to reduce the risk of infection and maintain stable operations.
- ✓ At domestic sites, INPEX has implemented measures such as isolating operating personnel and securing backup personnel to mitigate workforce shortages due to infection.
- ✓ INPEX continues to maintain a stable supply of energy from its crude oil and natural gas production operations around the world.