

May 12, 2020

Announcement of Revision of Consolidated Financial Forecasts for the Six Months Ending June 30, 2020 and Fiscal Year Ending December 31, 2020 as well as Dividend Forecast

Tokyo, Japan - [INPEX CORPORATION](#) (INPEX) announced today the revision of its consolidated financial forecasts for the six months ending June 30, 2020 and for the fiscal year ending December 31, 2020 announced on February 12, 2020.

1. Revision of consolidated financial forecasts for the six months ending June 30, 2020 (From January 1, 2020 to June 30, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecasts (February 12, 2020): A	Millions of yen 606,000	Millions of yen 257,000	Millions of yen 272,000	Millions of yen 70,000	Yen 47.94
Revised forecasts: B	408,000	133,000	145,000	35,000	23.97
Increase (decrease): B-A	△198,000	△124,000	△127,000	△35,000	
Percentage (%) change	△32.7	△48.2	△46.7	△50.0	
Reference: Consolidated financial results for the six months ended September 30, 2019	575,269	280,715	271,104	69,487	47.59

2. Revision of consolidated financial forecasts for the year ending December 31, 2020 (January 1, 2020 –December 31, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecasts (February 12, 2020): A	Millions of yen 1,204,000	Millions of yen 499,000	Millions of yen 536,000	Millions of yen 145,000	Yen 99.30
Revised forecasts: B	710,000	172,000	163,000	10,000	6.85
Increase (decrease): B-A	△494,000	△327,000	△373,000	△135,000	
Percentage (%) change	△41.0	△65.5	△69.6	△93.1	
Reference: Consolidated financial results for the year ended December 31, 2019	1,000,005	498,641	511,088	123,550	84.61

3. Reasons for the revisions

The crude oil price outlook remains uncertain as a result of factors including the reduction in global energy demand due to the impact of the growing number of COVID-19 cases, despite OPEC+ reaching an agreement in early April 2020 to reduce production.

Given this situation, INPEX revised its consolidated financial forecasts for the six months ending June 30, 2020 and its consolidated financial forecasts for the year ending December 31, 2020 as a result of factors including the revision of its crude oil price assumptions for the year¹ and underperformance in the first quarter owing to the oil price downturn, etc.

Due to the substantial decline in crude oil prices, INPEX is currently reevaluating the assets of the INPEX Group. The company may recognize impairment losses on some assets mainly consisting of producing projects, depending on the outlook of crude oil prices and project plan reviews, etc. INPEX will issue an announcement as soon as it determines that the company's financial results are expected to be impacted.

¹ Crude oil price and exchange rate assumptions

	Previous Forecasts (February 12, 2020)		Revised Forecasts (May 12, 2020)	
Crude oil price (Brent)	1st Half:	US\$ 60.0/bbl (Actual)	1st Half:	US\$ 40.4/bbl (Actual)
	2nd Half:	US\$ 60.0/bbl	2nd Half:	US\$ 30.0/bbl
	Full Year:	US\$ 60.0/bbl (Average)	Full Year:	US\$ 35.2/bbl (Average)
Exchange rate	1st Half:	¥110.0/US\$	1st Half:	¥109.5/US\$ (Actual)
	2nd Half:	¥110.0/US\$	2nd Half:	¥110.0/US\$
	Full Year:	¥110.0/US\$ (Average)	Full Year:	¥109.7/US\$ (Average)

NB: Forecasts above are based on information that is currently available and reflect uncertainties. The final results may differ from the forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes, etc.

4. Reasons and details of revision of dividend forecast

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.

However, as outlined in sections 1 to 3 above, 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.

•Dividends of common stock

	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 Dividends for the year ended December 31, 2019	12.00 yen	18.00 yen	30.00 yen

INPEX will also revise the dividend for the year ending December 31, 2020 for Class A stock (not listed).

•Dividends of Class A stock

	Cash dividends per share		
	End of 2nd quarter	End of fiscal year	Total
Previous forecasts (February 12, 2020)	7,200 yen	7,200yen	14,400 yen
Revised forecasts	4,800 yen	4,800 yen	9,600 yen
Reference: For the year ended December 31, 2019 Dividends for the year ended December 31, 2019	4,800 yen	7,200 yen	12,000 yen

(Note): INPEX conducted a stock split at a ratio of 1:400 of common stock effective October 1, 2013. However, for Class A stock (not listed), no stock split was implemented. The article specifying that dividends of Class A stock are equivalent to dividends of common stock prior to the stock split is included in the Articles of Incorporation.



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5. INPEX's basic policy in response to the decline in oil prices

As the crude oil price outlook remains uncertain, INPEX will improve its free cash flow through investment and cost reductions and further stabilize its financial base through additional financing in order to be able to sustain stable business operations even with oil prices maintaining their current level for a certain amount of time.

Regarding investment and cost reduction, INPEX aims to reduce investment in overall development and exploration groupwide in fiscal year 2020 by over 20% and over 40%, respectively, compared to initial forecasts, with plans to make further investment reductions in the future. In addition, INPEX will make every effort to reduce the group's operating and general administrative costs to the extent possible.

INPEX has already secured liquidity through sufficient cash on hand and establishing a commitment line. Also, in terms of additional financing, the company 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. The loan is expected to be obtained in conjunction with loans from the private financial sector.

6. Impact of COVID-19 on INPEX's operational sites and continuation of stable operations

INPEX continues to maintain a stable supply of energy from its crude oil and natural gas production operations around the world, while strengthening its countermeasures against the spread of COVID-19. 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, site access restrictions and securing backup personnel to mitigate workforce shortages due to infection. These initiatives are all based on prioritizing the health and safety of employees and contractors.

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