

INPEX CORPORATION

Financial Results

for the six months ended September 30, 2018

November 8, 2018



-
- Corporate Overview
 - Consolidated Financial Results for the six months ended September 30, 2018

Cautionary Statement



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.

Corporate Overview

Takayuki Ueda
Representative Director, President & CEO

First Half FY 2019/03 Financial Results Presentation Highlights



Financial Results and Forecasts	<ul style="list-style-type: none">■ Half-year Financial Results (Apr.2018 – Sep.2018)<ul style="list-style-type: none">• Net sales ¥438.2 billion (2.2% decrease YoY)• Net income ¥34.0 billion (12.9% increase YoY)■ Financial Forecasts (FY2019/03)<ul style="list-style-type: none">• Net sales ¥1,001.0 billion (forecast)• Net income ¥60.0 billion (forecast)
Dividend per share	<ul style="list-style-type: none">■ FY2019/03<ul style="list-style-type: none">• End of 2Q: ¥9• End of 4Q (forecast): ¥15 (Ordinary dividend ¥9, Commemorative Dividend ¥6)
Major Projects	<ul style="list-style-type: none">■ <u>Ichthys LNG Project</u><ul style="list-style-type: none">• Production of gas from the wellhead began in July, followed by the commencement of condensate and LNG shipment in October■ <u>Abadi LNG Project</u><ul style="list-style-type: none">• Pre-FEED work based on an onshore LNG development scheme completed in October 2018■ <u>Abu Dhabi Oil Fields</u><ul style="list-style-type: none">• INPEX appointed as Asset Leader for Lower Zakum Oil Field in April■ <u>Domestic Natural Gas Business</u><ul style="list-style-type: none">• Natural gas sales in FY2019/03 estimated to reach 2,210 million m3
Net Production	<ul style="list-style-type: none">■ Approximately 355 thousand BOED (1H)

First Half FY 2019/03 Corporate Highlights **INPEX**

Sustainable Growth of Oil and Natural Gas E&P Activities

- Appointed as Asset Leader for Lower Zakum Oil Field Offshore Abu Dhabi, UAE (April)
- Completed offshore preparations for production start-up of Ichthys LNG Project in Australia (May)
- Commenced production at Ichthys LNG Project (July)
- Sold interest in Joslyn Oil Sands Project in Canada (September)
- Commenced condensate shipment from Ichthys LNG Project (October)
- Commenced LNG shipment from Ichthys LNG Project (October)

Development of Global Gas Value Chain Business

- First LNG shipment from Ichthys LNG Project arrived at Naoetsu LNG Terminal, Japan (October)

Reinforcement of Renewable Energy Initiatives

- Commenced commercial operations of third unit of Sarulla Geothermal Independent Power Producer Project in Indonesia (May)
- Established “Renewable Energy & Power Business Division” (May)

Ichthys LNG Project Overview



■ Current progress

- ✓ Production of gas from the wellhead began in July 2018
- ✓ Commenced condensate and LNG shipment in October 2018. Thereafter, the first LNG shipment arrived at Naoetsu LNG Terminal in Niigata Prefecture, Japan
- ✓ Scheduled to commence LPG shipment in November

■ Production overview

- ✓ Project Life: approximately 40 years
- ✓ Approximately 8.9 million t/y of LNG
- ✓ Approximately 1.65 million t/y of LPG
- ✓ Approximately 100,000 bbl/d of condensate (at peak)

■ Proved reserves

- ✓ Approx. 930 million BOE (based on INPEX's participating interest of 62.245%)

- Ownership of participating interests in multiple exploration blocks nearby providing future development potential

■ Marketing

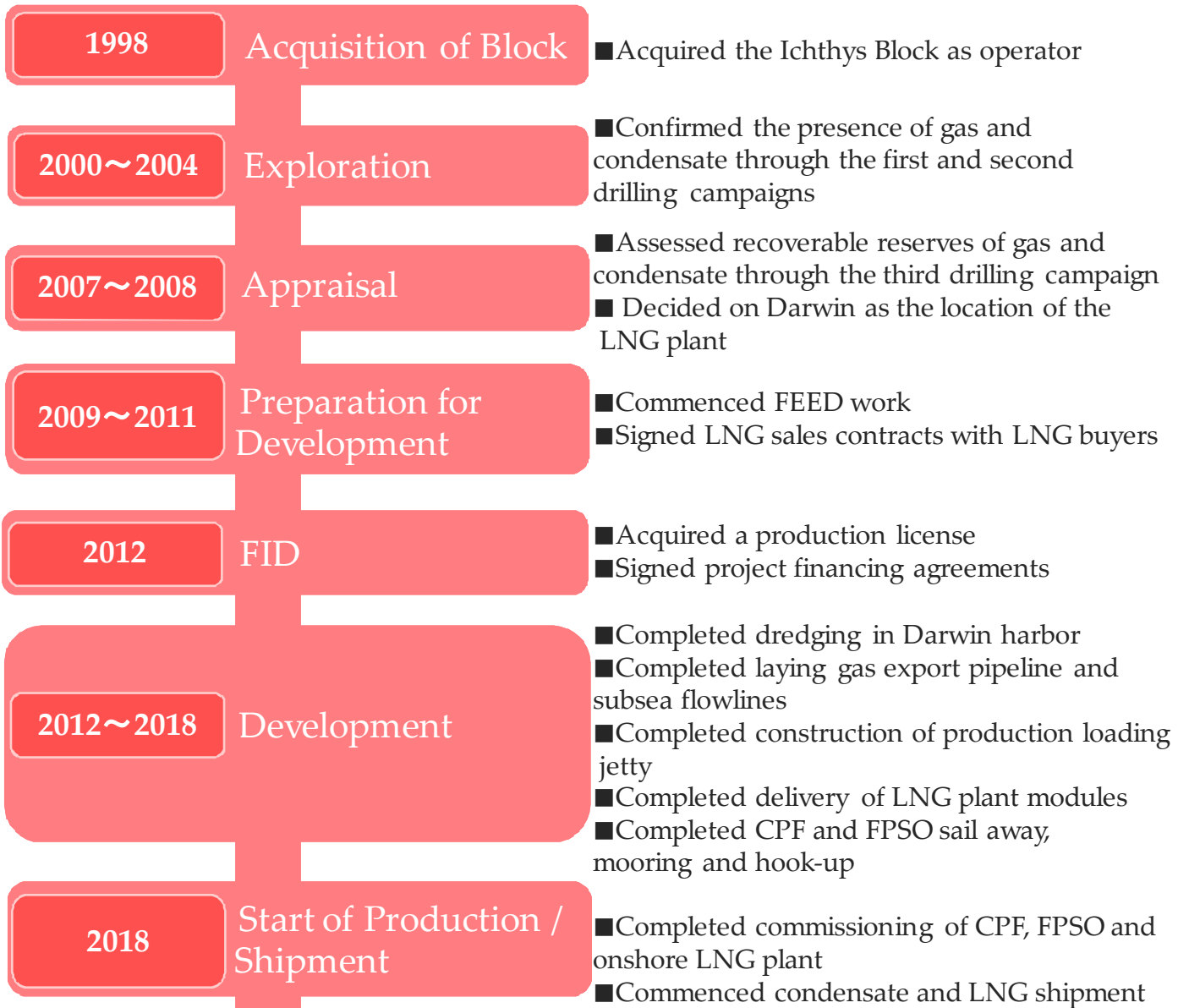
- ✓ Secured LNG SPAs covering 8.4 million t/y of LNG
- ✓ Secured LPG SPA covering INPEX share etc.



The first LNG shipment, October 22, 2018

Ichthys LNG Project History

History since acquisition of the Ichthys Block: 1998~2018



Ichthys LNG Project

Status after Production start-up

■ Production ramp-up

- Production currently undergoing steady ramp up
- Production expected to reach plateau 2~3 years from LNG production start-up
- Production expected to be at 60~70%, one year after LNG production start-up

■ LNG cargo

- 3 cargo shipments (as of early November 2018)
- Approximately 120 cargoes anticipated at peak production

■ OPEX

- Peak-time production cost expected to be similar to that of other INPEX's projects

■ 2nd train

- LNG production expected in November 2018

■ Drilling of production wells

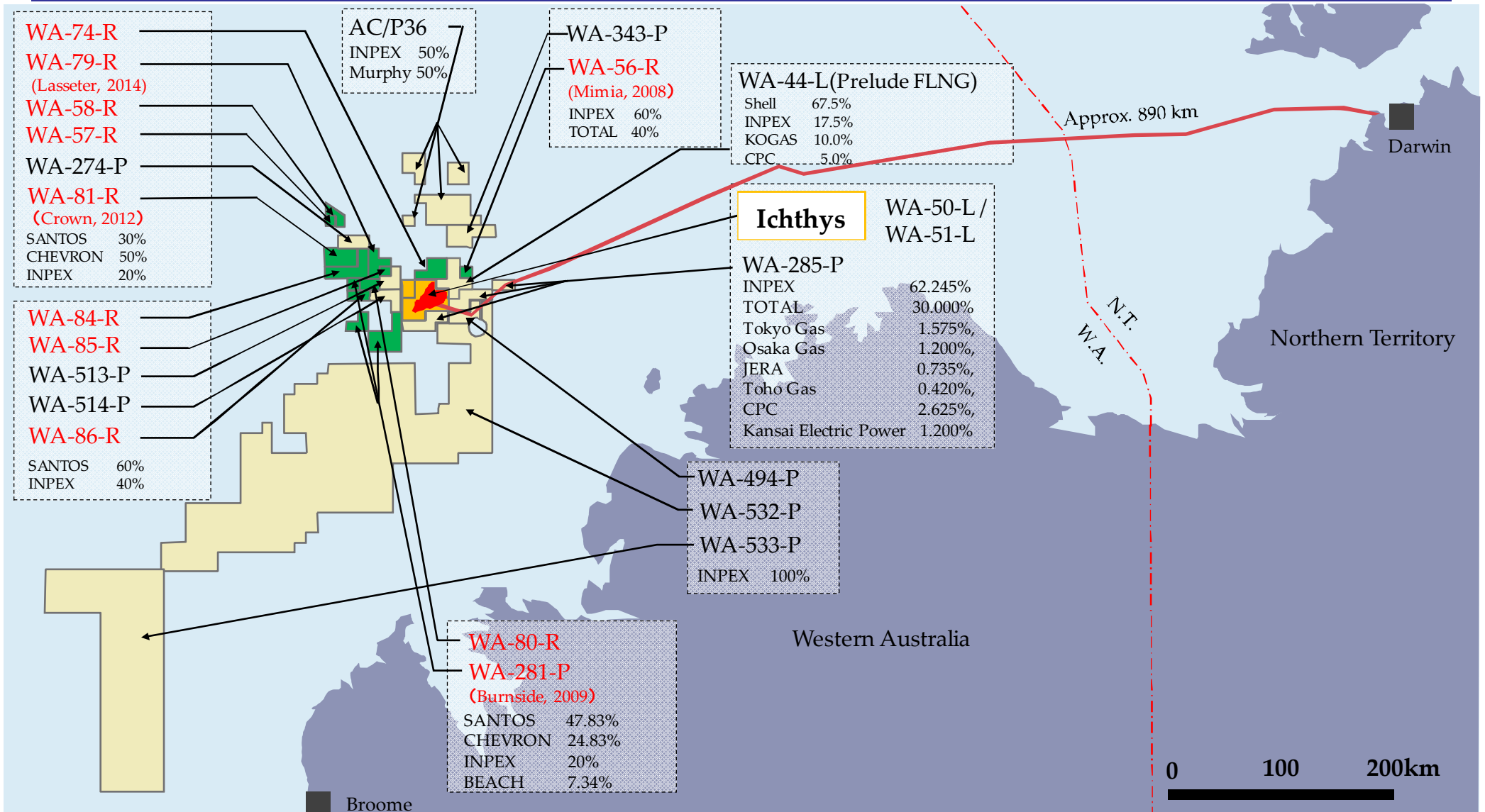
- Drilling and preparation completed on 16 wells



The first LNG shipment arrived at Naoetsu LNG terminal, October 31, 2018

Ichthys LNG Project

Exploration Blocks in Vicinity of Ichthys Field **INPEX**



■ Participating interests held in 20 exploration blocks in the vicinity of the Ichthys Field. To date, gas discoveries have been made in the Crown, Lasseter, Mimia and Burnside formations, etc. These discovered gas formations extend across at least 11 blocks.

9 ■ Site for possible additional LNG trains in Darwin already secured.

Abadi LNG Project



■ Current Progress

- Conducted Pre-FEED work based on an onshore LNG development scheme with an annual LNG production capacity of 9.5 million tons from March to October 2018.
- Currently developing revised plan of development based on the results of Pre-FEED work etc. to submit to the Indonesian government
- Targeting production commencement in late 2020s.
- Pursuing efficient development leveraging the expertise and experience acquired through the Ichthys LNG project.
- Listed by the Indonesian government as a national strategic project in June 2017 and as a priority infrastructure project in September 2017.



Project Progress under Development / in Production



Abu Dhabi Oil Fields

(In Production: Abu Dhabi)



■ Current Progress

- Development work is ongoing to increase production capacity of each oil field

■ Target production capacity

- Upper Zakum: Approx. 1 million bbl/d
- Lower Zakum: Approx. 450 thousand bbl/d
- Satah: Approx. 25 thousand bbl/d
- Umm Al Dalkh: Approx. 20 thousand bbl/d
- Onshore Concession: Approx. 1.8 million bbl/d

Kashagan Oil Field

(In Production: Kazakhstan)



■ Current Progress

- Current production volume: 330 thousand bbl/d
- Aiming to reach target production volume of 370 thousand bbl/d at an early stage

■ Undeveloped discoveries

- Kalamkas / Aktote / Kairan structure: Development scenario studies are ongoing

Prelude FLNG Project

(Under Development: Australia)



■ Current Progress

- FLNG received LNG cargo in June 2018 for commissioning
- Undergoing commissioning

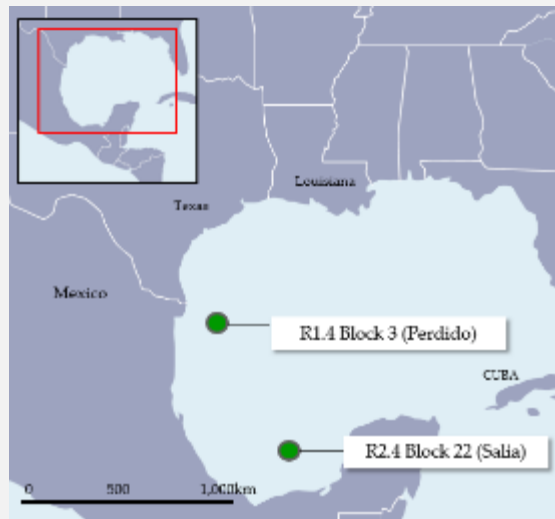
■ Production volume

- LNG: 3.6 million t/y
- LPG: Approx. 0.4 million t/y (at peak)
- Condensate: Approx. 36 thousand bbl/d (at peak)

Project Progress under Exploration



Northern Gulf of Mexico R1.4 Block 3 (Perdido)
Southern Gulf of Mexico R2.4 Block 22 (Salina)
(Under Exploration: Mexico)



- R1.4 Block 3 (Perdido)
 - Made a successful joint bid for the block with Chevron and Pemex in December 2016
 - Participating interest: 33.3333% (Operator: Chevron)
- R2.4 Block 22 (Salina)
 - Made a successful joint bid for the block with Chevron and Pemex in January 2018
 - Participating interest: 35% (Operator: Chevron)
- Current Progress
 - Signed license agreements for both blocks and undertaking exploration activities

Western Barents Sea PL767
Western Barents Sea PL950
(Under Exploration: Norway)



- PL767
 - Acquired exploration license from Bayerngas Norge AS in November 2017
 - Participating interest: 40% (Operator: Lundin Norway AS)
- PL950
 - INPEX awarded exploration license in January 2018
 - Participating interest: 30% (Operator: Lundin Norway AS)
- Current Progress
 - Under exploration
 - PL767: Drilling of an exploratory well planned in early 2019

Natural Gas Business in Japan and Renewable Energy Initiatives



Natural gas business in Japan



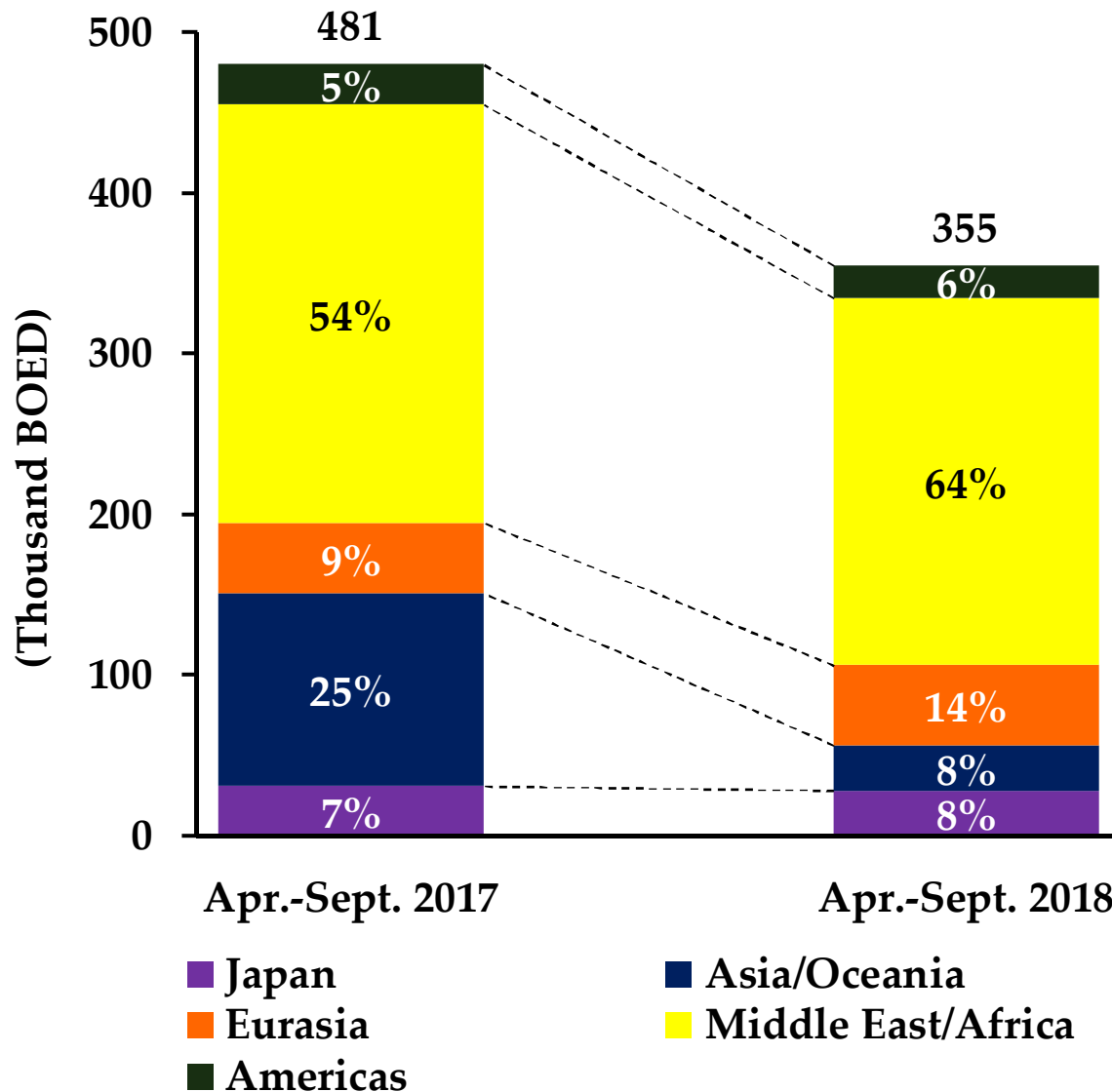
- Natural Gas Sales
 - FY 2018/03: approx. 2,120 million m³ *
 - FY 2019/03 1st half: approx. 970 million m³ *
 - FY 2019/03 (estimated): approx. 2,210 million m³ *
 - Naoetsu LNG Terminal
 - First LNG cargo from Ichthys LNG Project arrived at Naoetsu LNG Terminal in October 2018.
- *1m³ =41.8605MJ

Renewable energy business



- Establishment of “Renewable Energy & Power Business Division” in June 2018
- Indonesia: Sarulla Geothermal Independent Power Producer (IPP) Project
 - Total power generation volume of 330MW
- Japan: Geothermal Power Business
 - Conducted short-term flow tests on two exploratory wells in Akita

Net Production* (April – September 2018) **INPEX**



- Production increase factors
- Production ramp-up at Kashagan Project
 - Production commencement at Ichthys Project

- Production decrease factors
- Expiration of Offshore Mahakam Block PSC

* The production volume of crude oil and natural gas under the production sharing contracts entered into by the INPEX Group corresponds to the net economic take of the INPEX Group.

Financial Results for the six months ended September 30, 2018

Masahiro Murayama

Director, Senior Managing Executive Officer
Senior Vice President, Finance & Accounting

Highlights of the Consolidated Financial Results for the six months ended September 30, 2018



	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Net sales (Billions of yen)	447.9	438.2	(9.7)	(2.2%)
Crude oil sales	330.9	372.9	42.0	12.7%
Natural gas sales (including LPG)	110.8	57.9	(52.8)	(47.7%)
Others	6.1	7.2	1.0	17.7%
Operating income (Billions of yen)	185.8	226.4	40.6	21.9%
Ordinary income (Billions of yen)	195.4	246.9	51.5	26.4%
Net income attributable to owners of parent (Billions of yen)	30.1	34.0	3.8	12.9%
Net income per share (Yen)	20.65	23.31	2.66	12.9%

Average number of INPEX shares issued and outstanding during the year ended September 30, 2018: 1,460,312,157

Average crude oil price (Brent) (\$/bbl)	51.49	75.40	23.91	46.4%
Average exchange rate (¥/\$)	111.05	110.26	0.79yen appreciation	0.7% appreciation

Crude Oil Sales



	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Net sales (Billions of yen)	330.9	372.9	42.0	12.7%

Sales volume (thousand bbl)	57,530	46,462	(11,068)	(19.2%)
Average unit price of overseas production (\$/bbl)	51.25	73.16	21.91	42.8%
Average unit price of domestic production (¥/kl)	37,780	54,443	16,663	44.1%
Average exchange rate (¥/\$)	111.44	109.66	1.78yen appreciation	1.6% appreciation

Sales volume by region (thousand bbl)	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Japan	470 (74.8 thousand kl)	386 (61.4 thousand kl)	(84) (-13.4 thousand kl)	(17.9%)
Asia & Oceania	4,160	1,033	(3,127)	(75.2%)
Eurasia (Europe & NIS)	5,981	7,124	1,143	19.1%
Middle East & Africa	45,979	37,353	(8,626)	(18.8%)
Americas	940	566	(374)	(39.8%)
Total	57,530	46,462	(11,068)	(19.2%)

Natural Gas Sales (excluding LPG)



	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Net sales (Billions of yen)	108.3	57.5	(50.7)	(46.8%)

Sales volume (million cf)	151,351	69,026	(82,325)	(54.4%)
Average unit price of overseas production (\$/thousand cf)	5.14	2.67	(2.47)	(48.1%)
Average unit price of domestic sales (¥/m ³)	45.64	49.85	4.21	9.2%
Average exchange rate (¥/\$)	110.71	106.84	3.87yen appreciation	3.5% appreciation

Sales volume by region (million cf)	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Japan	34,005 (911million m ³ *)	36,055 (966million m ³ *)	2,050 (+55million m ³ *)	6.0%
Asia & Oceania	92,664	10,147	(82,517)	(89.0%)
Eurasia (Europe & NIS)	3,724	4,869	1,145	30.7%
Middle East & Africa	-	-	-	-
Americas	20,957	17,955	(3,002)	(14.3%)
Total	151,351	69,026	(82,325)	(54.4%)

*1m³=41.8605MJ

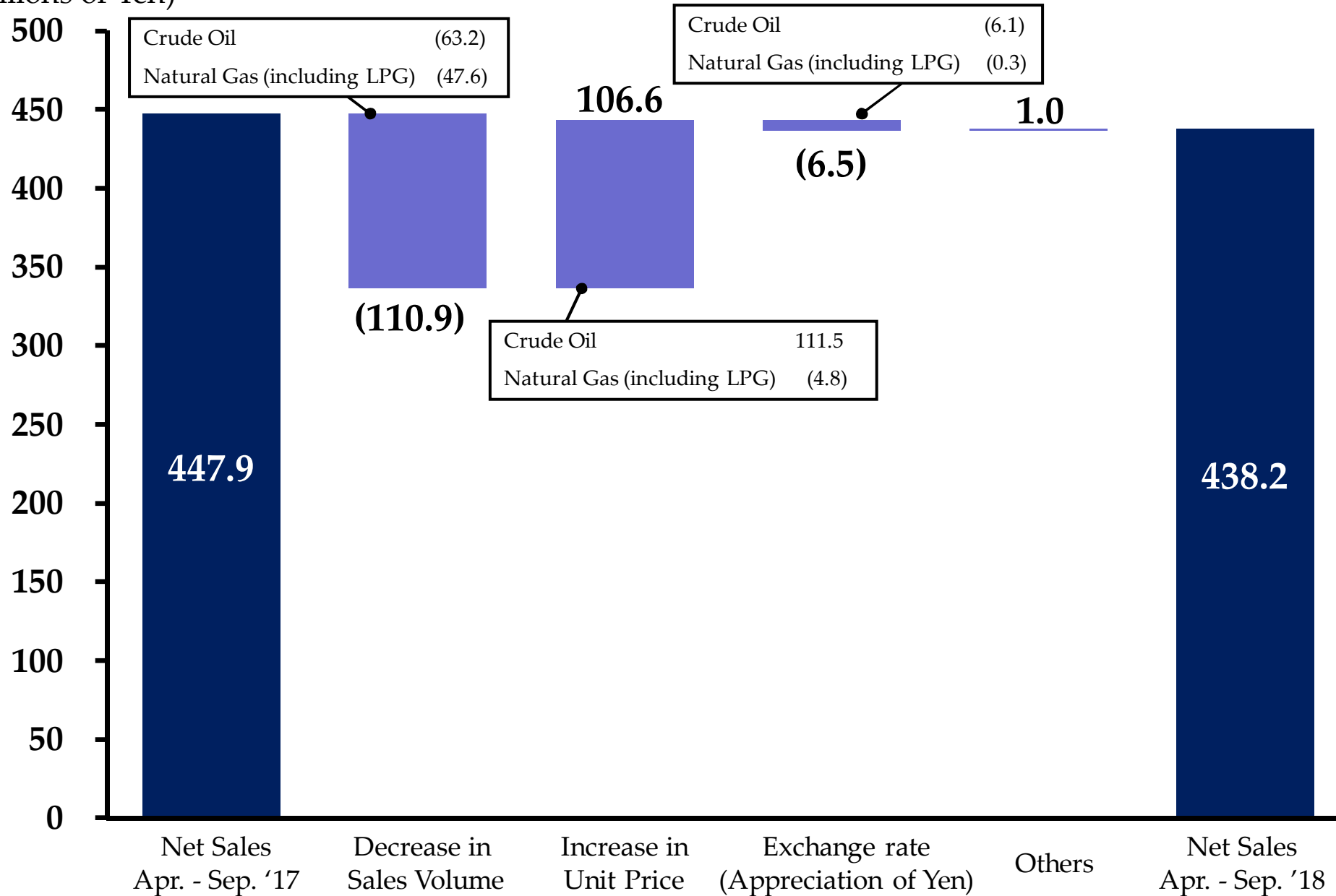
(FYI) LPG Sales

	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Net Sales (Billions of yen)	2.5	0.4	(2.1)	(83.6%)

Analysis of Net Sales Decrease



(Billions of Yen)



Statement of Income



(Billions of Yen)	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change	
Net sales	447.9	438.2	(9.7)	(2.2%)	Decrease in sales volume : (110.9) Increase in unit price : +106.6 Exchange rate (Appreciation of yen) : (6.5) Others : 1.0
Cost of sales	222.1	176.0	(46.1)	(20.8%)	
Gross profit	225.7	262.1	36.4	16.1%	Cost of sales for Crude Oil : 137.0 (Change) (19.8) Cost of sales for Natural Gas* : 34.1 (Change) (26.2) * Including LPG
Exploration expenses	0.9	1.0	0.0	6.7%	
Selling, general and administrative expenses	38.9	34.7	(4.2)	(10.9%)	
Operating income	185.8	226.4	40.6	21.9%	Main factors for change : Equity in earnings of affiliates +8.4 Compensation income +7.4
Other income	15.6	33.6	17.9	114.7%	
Other expenses	6.0	13.0	6.9	115.4%	Main factors for change : Interest expense +1.5 Provision for allowance for recoverable accounts under production sharing +1.6
Ordinary income	195.4	246.9	51.5	26.4%	
Total income taxes	161.5	205.9	44.3	27.4%	
Net income (loss) attributable to non-controlling interests	3.6	7.0	3.3	91.3%	
Net income attributable to owners of parent	30.1	34.0	3.8	12.9%	

Other Income/Expenses



(Billions of Yen)	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Other income	15.6	33.6	17.9	114.7%
Interest income	4.0	4.1	0.0	1.4%
Dividend income	2.0	1.4	(0.6)	(31.3%)
Equity in earnings of affiliates	2.1	10.5	8.4	400.6%
Gain on reversal of allowance for recoverable accounts under production sharing	2.7	-	(2.7)	(100.0%)
Foreign exchange gain	0.0	5.2	5.2	-
Compensation income	-	7.4	7.4	-
Other	4.5	4.7	0.1	3.8%
Other expenses	6.0	13.0	6.9	115.4%
Interest expense	3.2	4.7	1.5	49.8%
Provision for allowance for recoverable accounts under production sharing	-	1.6	1.6	-
Other	2.8	6.5	3.7	129.6%

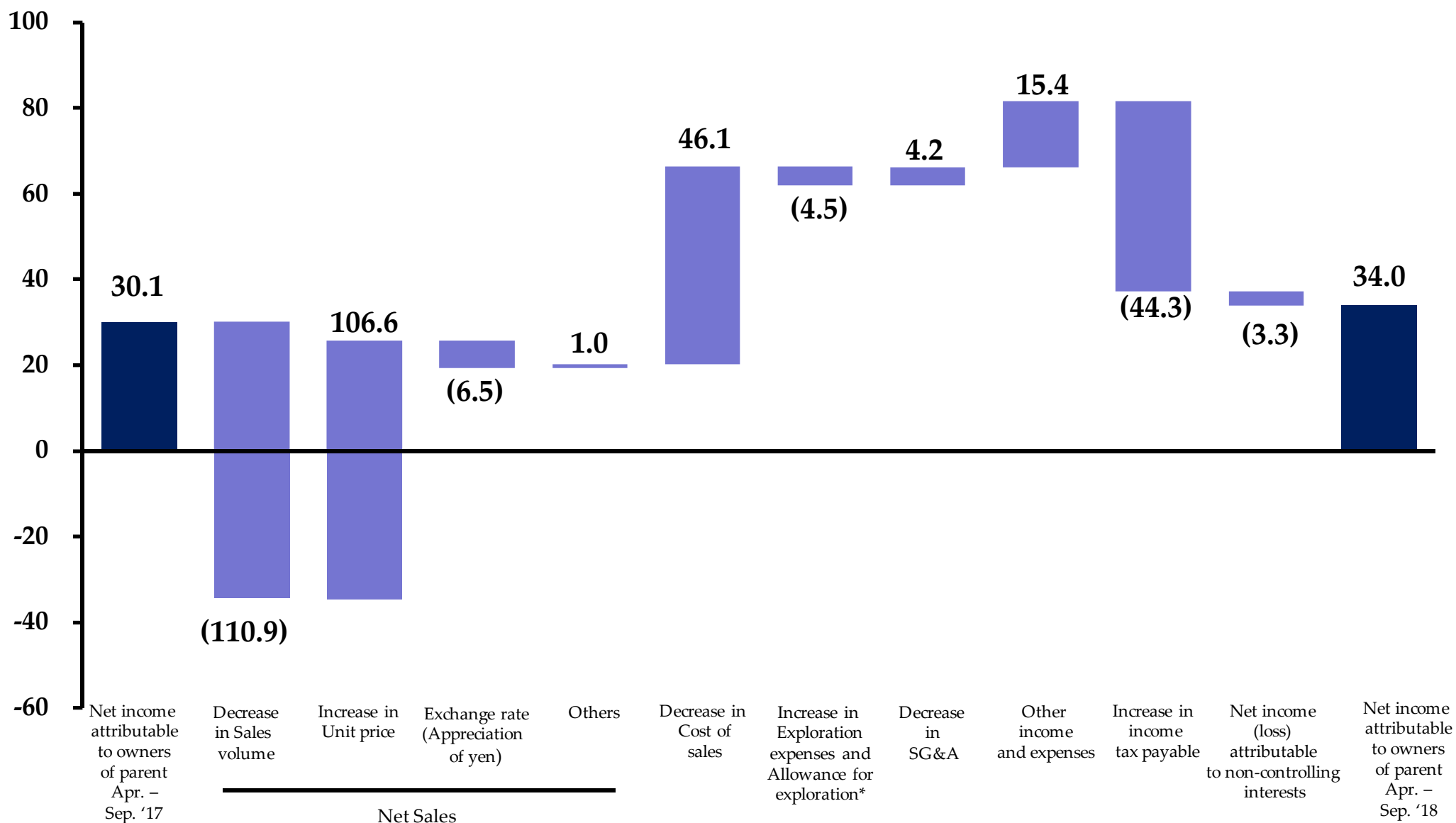
Profit increase in affiliates accounted for by the equity method

Compensation for termination of Ecuador's Block 18

Analysis of Net Income Increase



(Billions of Yen)



Balance Sheet



(Billions of yen)	Mar. '18	Sep. '18	Change	%Change
Current assets	466.3	646.0	179.7	38.5%
Tangible fixed assets	2,044.6	2,207.5	162.9	8.0%
Intangible assets	541.5	524.0	(17.4)	(3.2%)
Recoverable accounts under production sharing	589.0	585.3	(3.7)	(0.6%)
Other	692.4	914.3	221.9	32.0%
Less allowance for recoverable accounts under production sharing	(81.6)	(83.3)	(1.7)	2.1%
Total assets	4,252.3	4,794.0	541.6	12.7%
Current liabilities	305.4	461.2	155.8	51.0%
Long-term liabilities	788.0	1,059.9	271.8	34.5%
Total net assets	3,158.8	3,272.8	113.9	3.6%
(Non-controlling interests)	242.1	245.7	3.5	1.5%
Total liabilities and net assets	4,252.3	4,794.0	541.6	12.7%
Net assets per share (Yen)	1,997.24	2,073.09	75.85	3.8%

Summary of financial information for Ichthys downstream JV (100% basis, including the Company's equity share 62.245%)

(Billions of yen)

- Current assets: 41.3
 - Fixed assets: 3,911.4
 - Total assets: 3,952.8
- ※Fixed assets include interest expense which are not included in CAPEX, and capitalized costs before FID.

Total shareholders' equity : +20.7
Accumulated other comprehensive income (Billions of yen) : +89.7

- Unrealized holding gain on securities : +6.1
- Unrealized gain from hedging instruments : +10.4
- Translation adjustments : +73.1

Statement of Cash Flows



(Billions of Yen)	Apr. - Sep. '17	Apr. - Sep. '18	Change	%Change
Income before income taxes	195.4	246.9	51.5	26.4%
Depreciation and amortization	45.4	41.7	(3.7)	(8.2%)
Recovery of recoverable accounts under production sharing (capital expenditures)	34.9	10.0	(24.9)	(71.4%)
Recoverable accounts under production sharing (operating expenditures)	1.2	9.8	8.5	695.0%
Income taxes paid	(143.7)	(169.8)	(26.1)	18.2%
Other	7.8	(27.8)	(35.6)	-
Net cash provided by (used in) operating activities	141.1	110.8	(30.3)	(21.5%)
Payments for time deposits / Proceeds from time deposits	73.4	(159.8)	(233.3)	-
Payments for purchases of tangible fixed assets	(139.2)	(116.9)	22.2	(16.0%)
Payments for purchases of investment securities	(126.3)	(1.4)	124.8	(98.9%)
Investment in recoverable accounts under production sharing (capital expenditures)	(13.6)	(15.3)	(1.6)	12.5%
Long-term loans made / Collection of long-term loans receivable	(23.4)	(182.4)	(159.0)	679.5%
Other	0.7	18.2	17.5	-
Net cash provided by (used in) investing activities	(228.3)	(457.7)	(229.4)	100.5%
Net cash provided by (used in) financing activities	42.3	325.1	282.8	667.3%
Cash and cash equivalents at end of the period	270.8	261.0	(9.7)	(3.6%)

Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2018 **INPEX**

- Assumptions

(August 9, 2018)	1 st half (Previous Forecasts)
Crude oil price (Brent) (US\$/bbl)	72.5
Exchange rate (yen/US\$)	109.6

↓

(November 7, 2018)	1 st half (Actual Results)
Crude oil price (Brent) (US\$/bbl)	75.4
Exchange rate (yen/US\$)	110.3

- Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2018

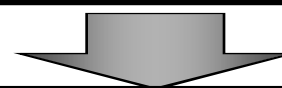
	Previous Forecasts (August 9, 2018)	Actual Results	Change	% Change
Net Sales (billions of yen)	419.0	438.2	19.2	4.6%
Operating income (billions of yen)	211.0	226.4	15.4	7.3%
Ordinary income (billions of yen)	222.0	246.9	24.9	11.3%
Net income attributable to owners of parent (billions of yen)	25.0	34.0	9.0	36.1%

Revisions of Financial Forecasts for the year ending March 31, 2019



- Assumptions

(August 9, 2018)	1 st half	2 nd half	Full year
Crude oil price (Brent) (US\$/bbl)	72.5	70.0	71.2
Exchange rate (yen/US\$)	109.6	110.0	109.8



(November 7, 2018)	1 st half	2 nd half	Full year
Crude oil price (Brent) (US\$/bbl)	75.4 ※1	70.0	72.7
Exchange rate (yen/US\$)	110.3 ※2	110.0	110.1

*1 1st quarter (Actual) : US\$ 75.0/bbl, 2nd quarter (Actual) : US\$75.8/bbl *2 1st quarter (Actual) : ¥109.1/US\$, 2nd quarter (Actual) : ¥111.4/US\$

- Financial Forecasts for the year ending March 31, 2019

	Previous forecasts (August 9, 2018)	Revised forecasts (November 7, 2018)	Change	% Change
Net sales (billions of yen)	945.0	1,001.0	56.0	5.9%
Operating income (billions of yen)	460.0	476.0	16.0	3.5%
Ordinary income (billions of yen)	463.0	487.0	24.0	5.2%
Net income attributable to owners of parent (billions of yen)	48.0	60.0	12.0	25.0%

- Dividend per share

	End of 2Q	End of fiscal year (forecast)
Year ending March 31, 2019 (yen)	9	15(Ordinary dividend 9, Commemorative dividend 6)