

INPEX



INPEX CORPORATION
Financial Results
for the six months ended September 30, 2019
November 7, 2019

Agenda



- Corporate Overview
- Consolidated Financial Results
for the six months ended September 30, 2019
- Consolidated Financial Forecasts
for the year ending December 31, 2019

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

FY 2019/12 Second Quarter Financial Results Highlights



Net Production	<ul style="list-style-type: none">■ <u>FY 2019/12 Second Quarter Results: Approximately 568 thousand BOED*</u> (60% increase YoY) <p>*INPEX's highest average annual net production volume to date</p>
Financial Results	<ul style="list-style-type: none">■ <u>FY 2019/12 Second Quarter Financial Results (Apr. 2019 - Sep. 2019)</u><ul style="list-style-type: none">• Net sales ¥575.2 billion (31.3% increase YoY)• Net income ¥69.4 billion (104.2% increase YoY)
Financial Forecasts	<ul style="list-style-type: none">■ <u>FY 2019/12 Financial Forecasts (April 2019 - December 2019 : 9-month accounting period**)</u><ul style="list-style-type: none">• Net sales ¥984 billion• Net income ¥100 billion<p>**The fiscal year ending December 31, 2019 is scheduled to be a transitional, 9-month accounting period from April 1, 2019 to December 31, 2019 due to a change in the accounting period. See page 1 of the Appendix</p>
Dividend per share	<ul style="list-style-type: none">■ <u>FY 2019/12 (Forecast***)</u><ul style="list-style-type: none">• Total: ¥27 (end of 2Q: ¥12, end of fiscal year: ¥15(increased ¥3 from ¥12))<p>***Dividend forecast revision announced on November 6</p>
Project Highlights	<ul style="list-style-type: none">■ <u>Ichthys LNG Project:</u> Production ramp up is progressing very well■ <u>Abadi LNG Project:</u> Obtained approval of the revised plan of development based on an onshore LNG development scheme and PSC terms extended until 2055■ <u>Abu Dhabi Oil Field Projects:</u> Development work ongoing to increase production capacity of each oil field.

FY 2019/12 Second Quarter Corporate Highlights



- Made final investment decision on further development at ACG Oil Fields in Caspian Sea, Republic of Azerbaijan (April)
- Prelude FLNG facility ships first LNG cargo (June)
- Acquired exploration Block AC/P66 in the North West Shelf, Australia (July)
- Acquired Keathley Canyon Blocks 921/965, Walker Ridge Blocks 881/925 in US Gulf of Mexico (July)
- Submitted the revised plan of development in June and obtained approval from the Indonesian authorities in July for the Abadi LNG Project. Also signed a Production Sharing Contract amendment and extension for the project (October)
- Sold all interests in Frade Oil Field in Brazil (October)
- Completed and started commissioning at methane synthesis test facility for effective utilization of CO₂ (October)

Ichthys LNG Project

Status after production start-up

■ Production ramp-up status

- Production ramp-up is progressing very well

■ LNG cargo

- 94 LNG cargoes shipped (cumulative shipments from the first shipment in October 2018 to the end of October 2019)

	Oct 2018~Mar 2019	Apr 2019~Oct 2019	Total
Number of LNG cargoes	31	63	94

- Approximately 120 cargoes per year anticipated at plateau production

■ Drilling of production wells

- Drilling and preparation completed on 18 wells
- Drilling operations ongoing (approximately 50 wells are expected to be drilled in total)

■ OPEX (Operational Expenditure)

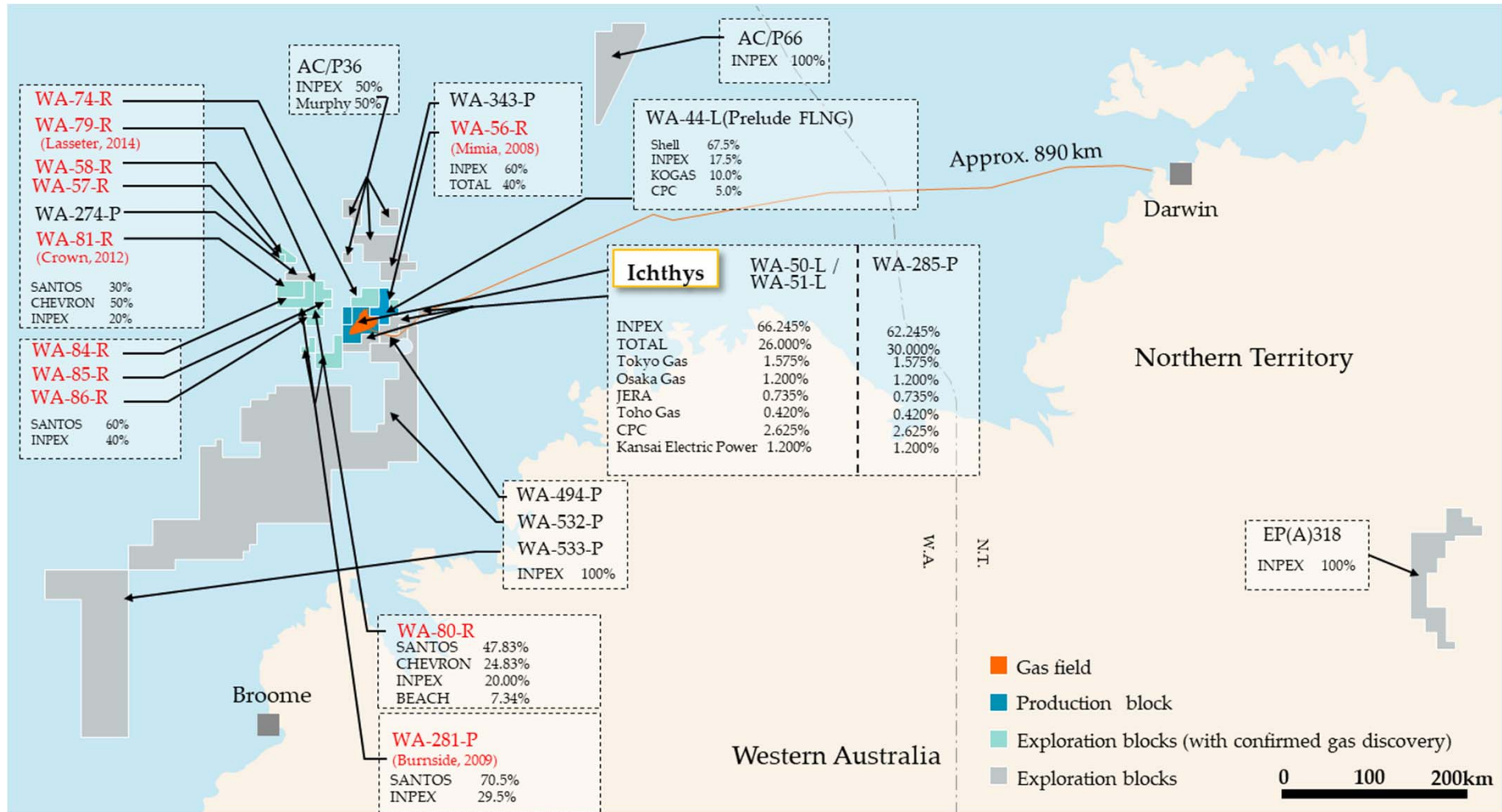
- The production cost at plateau production is expected to be at approximately the same level as the company's current total production cost



FPSO at Ichthys Gas- condensate Field

Ichthys LNG Project

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



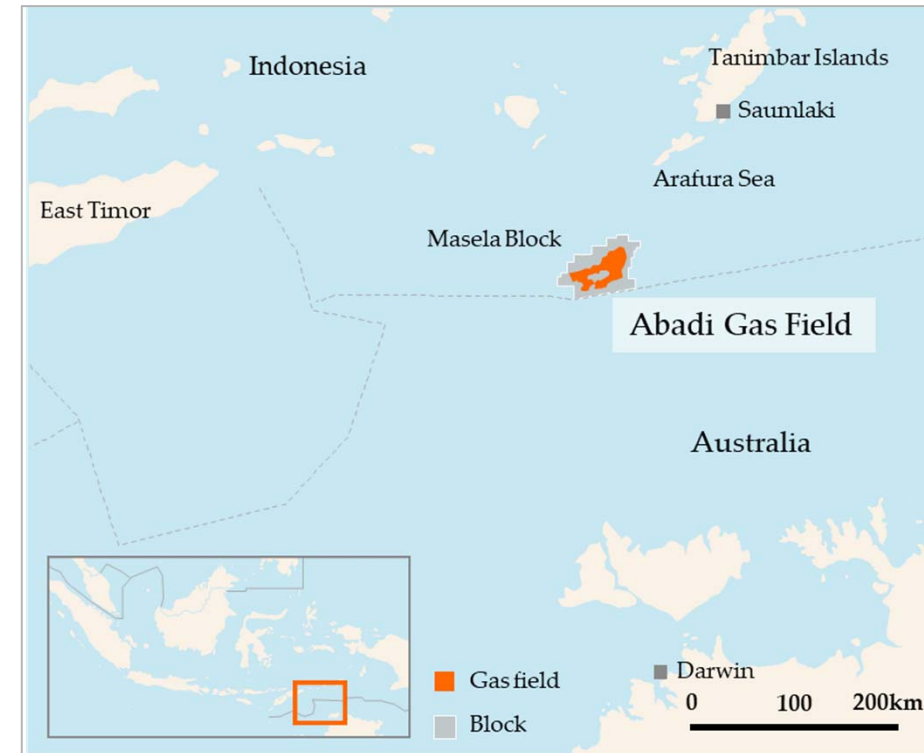
- Participating interests held in 18 exploration blocks in the vicinity of the Ichthys Field. To date, gas formations including Crown, Lasseter, Mimia and Burnside have been discovered. These discovered gas formations extend across at least 11 blocks.
- 7 ■ Site for possible additional LNG trains in Darwin already secured.

Abadi LNG Project(1/3)



- Participating Interest
 - INPEX(Operator):65%, Shell:35%
- Production Capacity
 - Total output of natural gas (LNG equivalent): 10.5 million tons per year including
 - Approximately 9.5 million tons of LNG per year
 - Local gas supply via pipeline
 - Up to approximately 35,000 barrels of condensate per day
- PSC term
 - From November 16, 1998 to November 15, 2055 (PSC amendment and extension agreements signed in October 2019, extending PSC from 2028 to 2055)

- Current status
 - Submitted the revised plan of development based on an onshore LNG development scheme in June and acquired the approval from the Indonesian authorities in July, 2019.
 - Targeting production commencement in the latter half of the 2020s.
 - Pursuing efficient development leveraging the expertise and experience acquired through the Ichthys LNG project.
 - Project listed by the Indonesian government as a national strategic project in June 2017 and as a priority infrastructure project in September 2017.



Location of Masela Block
Map includes provisional maritime boundaries

Abadi LNG Project (2/3)



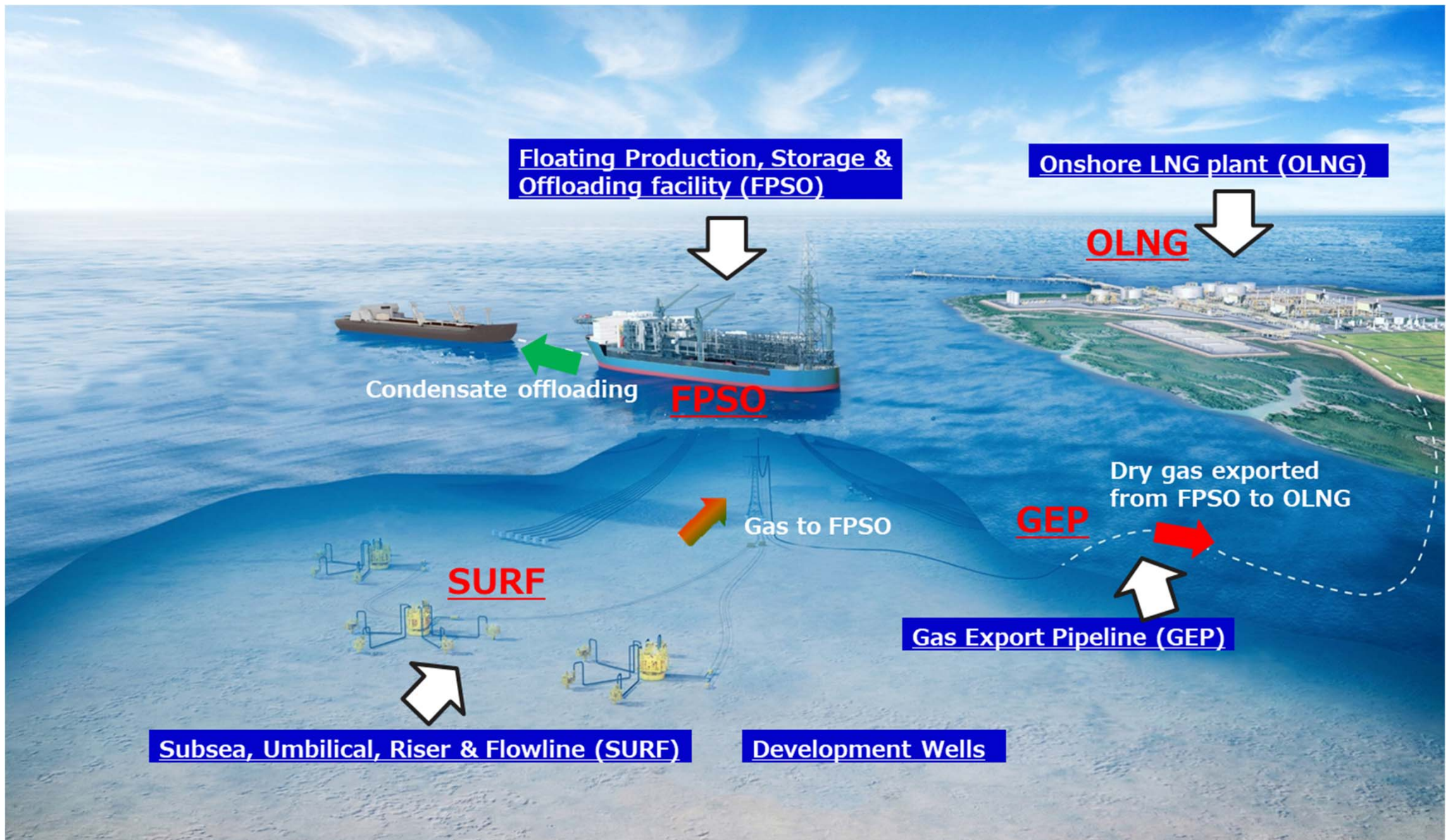
- Sufficiently strong project economics
 - Secured PSC term until 2055
 - The Abadi gas field features excellent reservoir productivity enabling efficient development
 - Confirmed enough reserves enabling the production of 9.5 million tons of LNG per year for more than 20 years
 - Secured sufficient financial conditions

- Schedule
 - Commencement of FEED
 - Final Investment Decision
 - Production start up in latter half 2020s



INPEX receives approval of revised Plan of Development

Abadi LNG Project(3/3) Development Concept **INPEX**



Progress on other Projects in Production / under Development



Abu Dhabi Onshore Concession (In Production: Abu Dhabi)



- Target Production Capacity
 - Approximately 2 million bbl/d

■ Areas of Progress

- Target production capacity of 1.8 million bbl/d achieved by the end of 2018; development work is ongoing to increase production capacity to approximately 2 million bbl/d

Abu Dhabi Offshore Oil Fields (Upper Zakum • Lower Zakum • Satah • Umm Al Dalkh) (In Production: Abu Dhabi)



- Target Production Capacity
 - Upper Zakum: Approx. 1 million bbl/d
 - Lower Zakum: Approx. 0.45 million bbl/d
 - Satah: Approx. 25 thousand bbl/d
 - Umm Al Dalkh: 20 thousand bbl/d

■ Areas of Progress

- Development work is ongoing to increase the combined production capacity of the four fields to approximately 1.5 million bbl/d
- As the asset leader of the Lower Zakum Oil Field, INPEX is currently playing a leading role in advancing development and working closely with ADNOC and its partners.

Kashagan Oil Field (In Production: Kazakhstan)



■ Areas of Progress

- Production volume reached 370 thousand bbl/d
- Work ongoing to increase production volume to 450 thousand bbl/d

Prelude FLNG Project (In Production: Australia)



■ Production overview

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

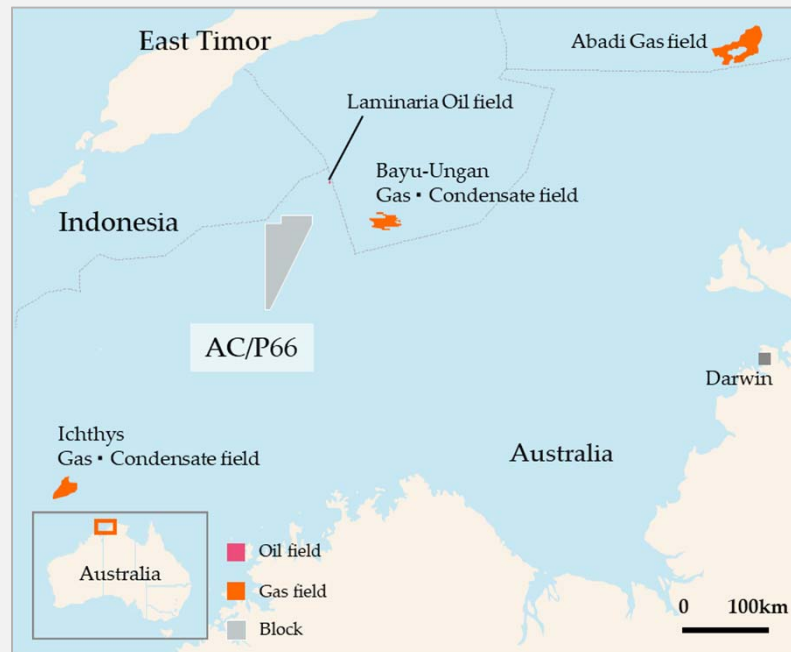
■ Areas of Progress

- Commenced initial phase of production in December 2018, condensate shipment in March 2019
- Commenced LNG shipment in June 2019

Progress on Projects under Exploration **INPEX**

North West Shelf AC/P66

(Under Exploration: Australia (Priority Exploration Area))

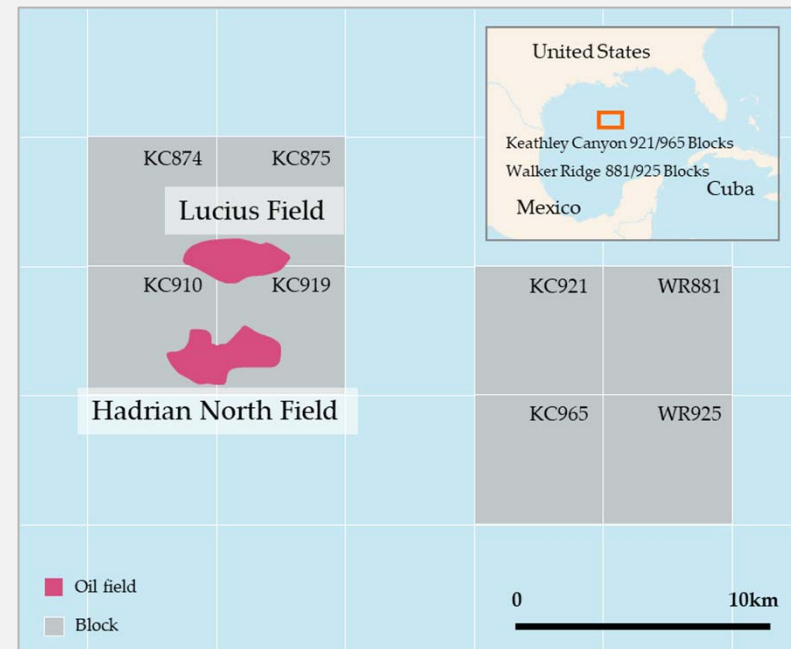


Map includes provisional maritime boundaries

- AC/P66
 - Awarded block in July 2019
 - Participating interest: 100% (Operator: INPEX)
 - Plans to commence exploration activities in future

Keathley Canyon Blocks 921/965 Walker Ridge Blocks 881/925

(Under Exploration: US Gulf of Mexico (Priority Exploration Area))



- KC921/965, WR881/925
 - Acquired participating interest in each block from Anadarko (currently Occidental) in July 2019,
 - Participating interest: 40% (Operator: Occidental)
 - Plans to drill an exploration well at an early stage

Natural Gas Business in Japan and Renewable Energy Initiatives



Natural Gas Business in Japan



Naoetsu LNG Terminal

■ Natural Gas Sales

- FY 2019/03: approx. 2,170 million m³ *
- FY2019/12 first half: approx. 960 million m³
- FY 2019/12 (9-month accounting period) (estimated): approx. 1.54billion m³ *

■ Naoetsu LNG Terminal

- First LNG cargo (Pacific Breeze) from Ichthys LNG Project called at Naoetsu LNG Terminal in October 2018
- First call by Oceanic Breeze carrying Ichthys cargo in February 2019

*1m3 =41.8605MJ

Renewable Energy Business ■ CO2 Utilization Technologies



Methanation test facility

■ Indonesia: Sarulla Geothermal Independent Power Producer (IPP) Project

- Total power generation volume of 330MW

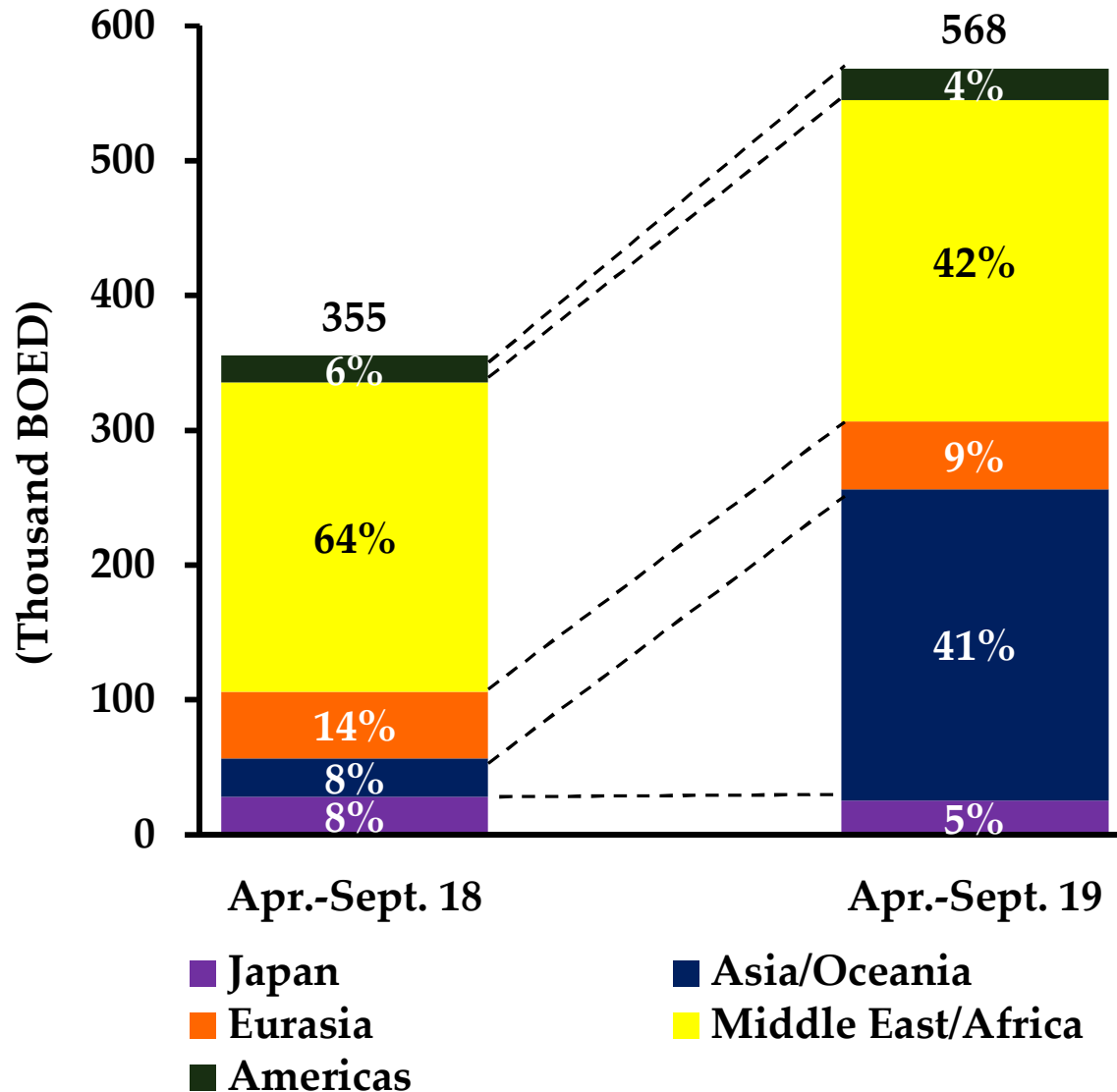
■ Japan: Geothermal Power Business

- Commenced environmental impact assessment at geothermal power plant construction site in Akita Prefecture, Japan

■ Methane Synthesis:

- Completed construction and began commissioning of a methane synthesis (methanation) test facility (producing methane from CO₂ and Hydrogen) at the INPEX-operated Koshijihara Plant in Niigata Prefecture, Japan

Net Production* (April-September 2019)



Production increase factors:

- Ichthys and Prelude Project production start-up
- Acquisition of Tight Oil Project

* 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.

Progress of Medium-term Business Plan 2018-2022 and FY 2019/12 Outlook



	FY 2019/03 Results (First Year of the Mid-term Plan) April 2018~March 2019	FY 2019/12 Outlook (April 2019~December 2019: 9-month accounting period) Announced on 6 th , November	FY 2022/12 Targets (Final Year of the Mid-term Plan)
Assumptions: crude oil price (Brent) and exchange rate	US\$70.86/bbl • ¥110.93/US\$ (Actual)	US\$63.5 • ¥109.1/US\$	US\$60 • ¥110/US\$
Investment for growth	¥488.4 billion	¥251 billion (9-month accounting period)	Around ¥1,700 billion for the 5-year period
Net sales	¥971.3 billion	¥984 billion (9-month accounting period)	Around ¥1,300 billion
Net income	¥96.1 billion	¥100 billion (9-month accounting period)	Around ¥150 billion
Net production volume	424 KBOED	577 KBOED*1	700 KBOED
Shareholder return	Annual dividend: ¥24 per share (End of 2Q: ¥9 + End of 4Q: ¥15 (Ordinary dividend ¥9, Commemorative dividend ¥6)) Payout ratio: 36.5%	Annual dividend: ¥27 per share (forecast) (End of 2Q: ¥12 + End of FY: ¥15 (increased ¥3 from ¥12)) Payout ratio: 39.4%	<ul style="list-style-type: none"> ■ Maintain base dividend of at least ¥24 per share ■ Enhance shareholder returns in stages in accordance with the improvement in the Company's financial performance ■ Payout ratio: 30% or higher

*1 An initial forecast

- Announcement on introduction of shareholder benefit program and plans to hold facility tours for shareholders (October 28, 2019)

Financial Results for the six months ended
September 30, 2019

Masahiro Murayama
Director, Senior Executive Vice President,
Finance & Accounting

Highlights of the Consolidated Financial Results for the six months ended September 30, 2019



	Apr. - Sep. '18	Apr. - Sep. '19	Change	%Change
Net sales (Billions of yen)	438.2	575.2	137.0	31.3%
Crude oil sales	372.9	424.3	51.3	13.8%
Natural gas sales (including LPG)	57.9	143.2	85.2	147.0%
Others	7.2	7.7	0.4	6.5%
Operating income (Billions of yen)	226.4	280.7	54.2	24.0%
Ordinary income (Billions of yen)	246.9	271.1	24.1	9.8%
Net income attributable to owners of parent (Billions of yen)	34.0	69.4	35.4	104.2%
Net income per share (Yen)	23.31	47.59	24.28	104.2%

Average number of INPEX shares issued and outstanding during the six months ended September 30, 2019: 1,460,200,688

Average crude oil price (Brent) (\$/bbl)	75.40	65.20	(10.20)	(13.5%)
Average exchange rate (¥/\$)	110.26	108.60	1.66yen appreciation	1.5% appreciation

Crude Oil Sales



	Apr. - Sep. '18	Apr. - Sep. '19	Change	%Change
Net sales (Billions of yen)	372.9	424.3	51.3	13.8%

Sales volume (thousand bbl)	46,462	58,868	12,406	26.7%
Average unit price of overseas production (\$/bbl)	73.16	65.95	(7.21)	(9.9%)
Average unit price of domestic production (¥/kl)	54,443	45,986	(8,456)	(15.5%)
Average exchange rate (¥/\$)	109.66	109.29	0.37yen appreciation	0.3% appreciation

Sales volume by region (thousand bbl)	Apr. - Sep. '18	Apr. - Sep. '19	Change	%Change
Japan	386 (61.4 thousand kl)	376 (59.8 thousand kl)	(10) (-1.6 thousand kl)	(2.6%)
Asia & Oceania	1,033	8,288	7,255	702.3%
Eurasia (Europe & NIS)	7,124	6,262	(862)	(12.1%)
Middle East & Africa	37,353	43,228	5,874	15.7%
Americas	566	714	149	26.3%
Total	46,462	58,868	12,406	26.7%

Natural Gas Sales (excluding LPG)



	Apr. - Sep. '18	Apr. - Sep. '19	Change	%Change
Net sales (Billions of yen)	57.5	141.7	84.1	146.2%

Sales volume (million cf)	69,026	222,170	153,144	221.9%
Average unit price of overseas production (\$/thousand cf)	2.67	4.42	1.75	65.5%
Average unit price of domestic sales (¥/m ³)	49.85	54.50	4.65	9.3%
Average exchange rate (¥/\$)	106.84	108.62	1.78yen depreciation	1.7% depreciation

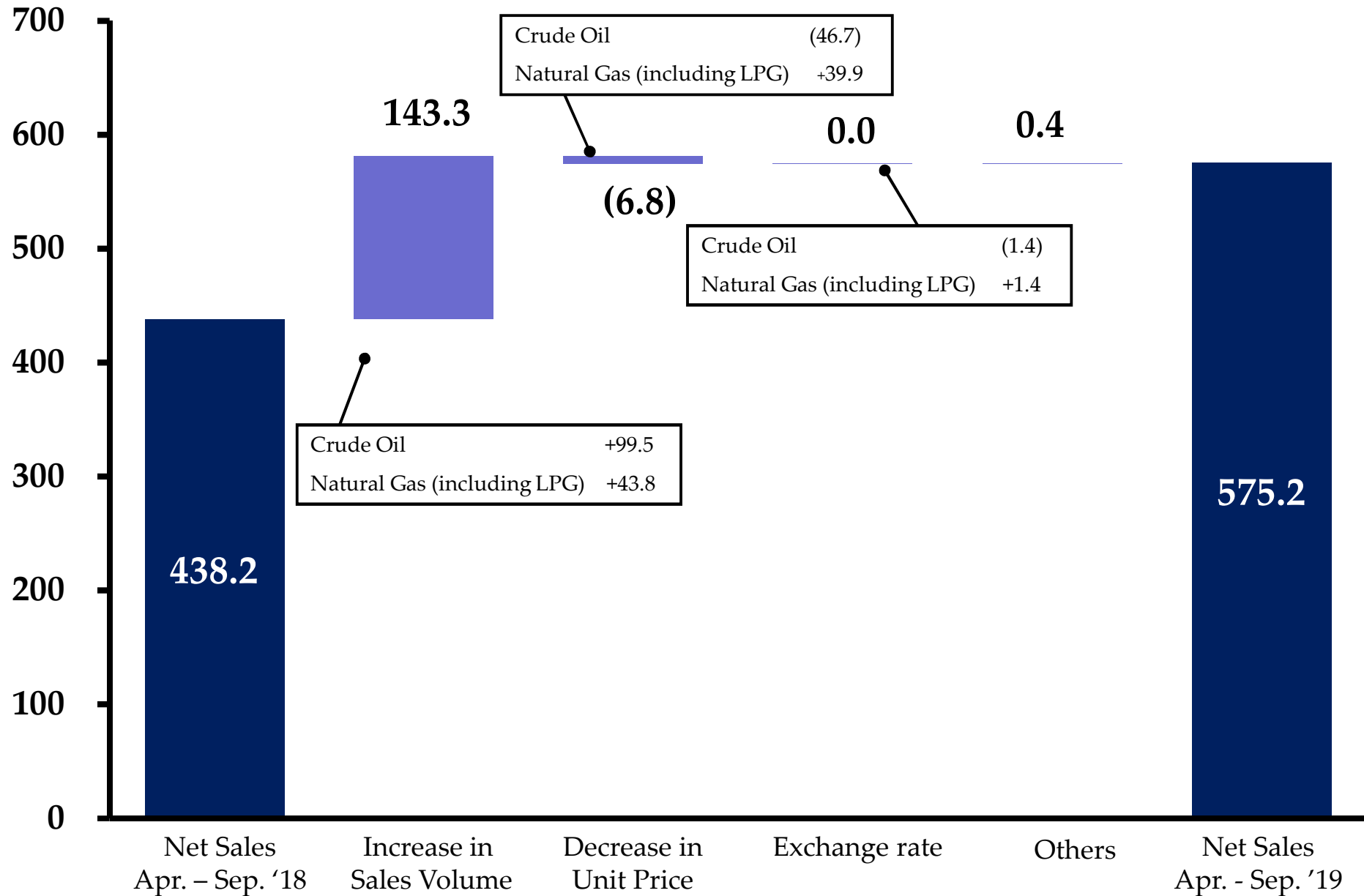
Sales volume by region (million cf)	Apr. - Sep. '18	Apr. - Sep. '19	Change	%Change
Japan	36,055 (966million m ³ *)	35,825 (960million m ³ *)	Δ 230 (-6million m ³ *)	(0.6%)
Asia & Oceania	10,147	169,150	159,003	-
Eurasia (Europe & NIS)	4,869	4,132	(737)	(15.1%)
Middle East & Africa	-	-	-	-
Americas	17,955	13,063	(4,891)	(27.2%)
Total	69,026	222,170	153,144	221.9%

*1m³=41.8605MJ

Analysis of Net Sales Increase



(Billions of Yen)



Statement of Income

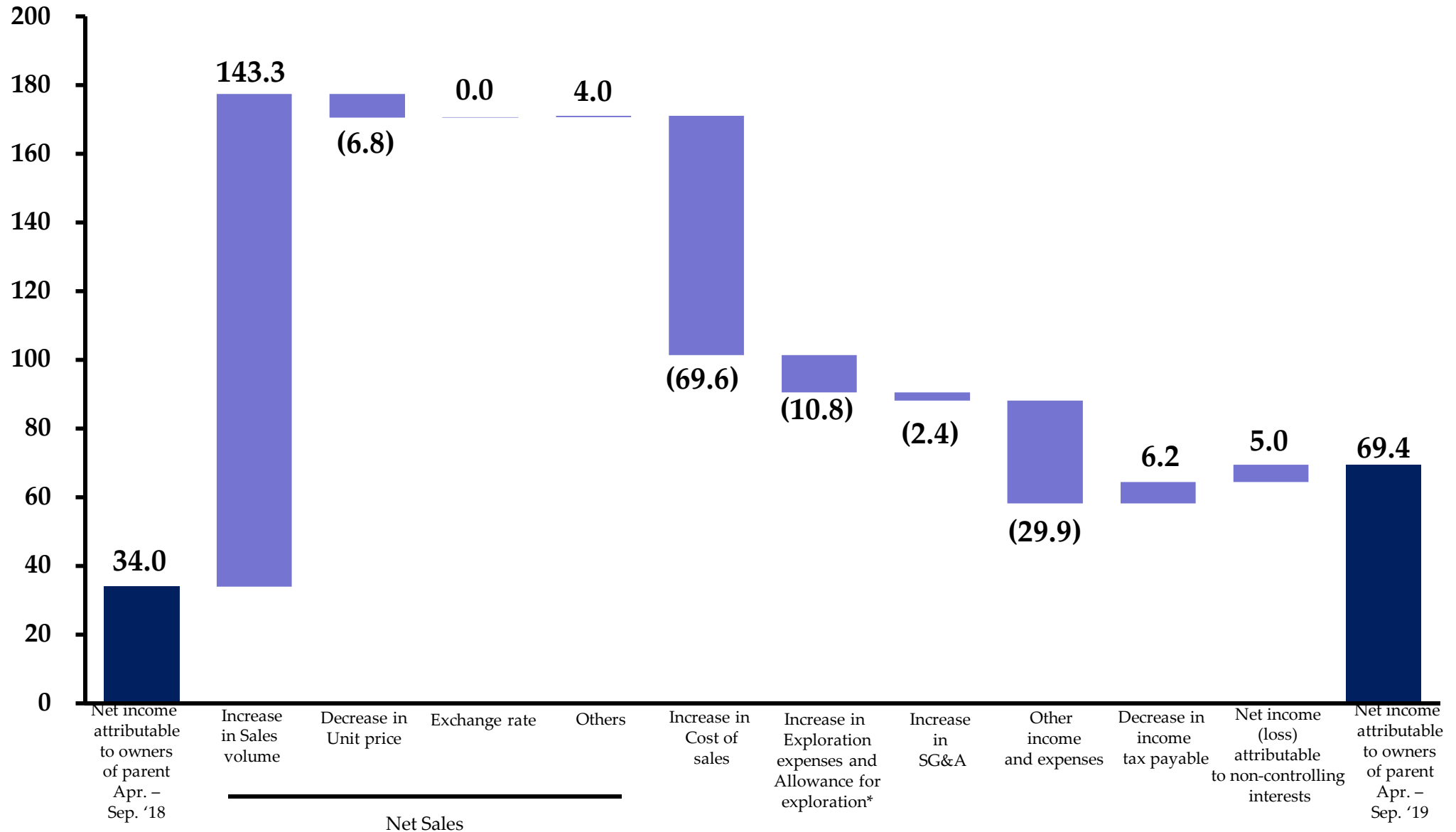


(Billions of Yen)	Apr. - Sep. '18	Apr. - Sep. '19	Change	%Change	
Net sales	438.2	575.2	137.0	31.3%	Increase in sales volume : +143.3 Decrease in unit price : (6.8) Exchange rate : +0.0 Others : +0.4
Cost of sales	176.0	245.7	69.6	39.6%	
Gross profit	262.1	329.5	67.3	25.7%	Cost of sales for Crude Oil : 168.9 (Change) +31.8 Cost of sales for Natural Gas* : 71.4 (Change) +37.3 * Including LPG
Exploration expenses	1.0	11.6	10.6	-	
Selling, general and administrative expenses	34.7	37.2	2.4	7.1%	
Operating income	226.4	280.7	54.2	24.0%	Main factors for change : Compensation income (7.4) Equity in earnings of affiliates (6.2) Foreign exchange gain (5.2)
Other income	33.6	12.0	(21.5)	(64.1%)	
Other expenses	13.0	21.6	8.5	65.8%	
Ordinary income	246.9	271.1	24.1	9.8%	Main factor for change : Interest expense +9.5
Total income taxes	205.9	199.7	(6.2)	(3.0%)	
Net income (loss) attributable to non-controlling interests	7.0	1.9	(5.0)	(72.7%)	
Net income attributable to owners of parent	34.0	69.4	35.4	104.2%	

Analysis of Net Income Increase



(Billions of Yen)



*Provision for allowance for recoverable accounts under production sharing

Balance Sheet



(Billions of yen)	Mar. '19	Sep. '19	Change	%Change
Current assets	457.7	453.5	(4.1)	(0.9%)
Tangible fixed assets	2,278.9	2,230.7	(48.2)	(2.1%)
Intangible assets	520.2	531.5	11.3	2.2%
Recoverable accounts under production sharing	568.0	571.0	3.0	0.5%
Other	1,038.5	1,040.9	2.3	0.2%
Less allowance for recoverable accounts under production sharing	(70.0)	(69.7)	0.2	(0.4%)
Total assets	4,793.5	4,758.0	(35.4)	(0.7%)
Current liabilities	372.0	380.0	8.0	2.2%
Long-term liabilities	1,163.9	1,165.1	1.1	0.1%
Total net assets	3,257.5	3,212.9	(44.6)	(1.4%)
(Non-controlling interests)	251.1	250.1	(0.9)	(0.4%)
Total liabilities and net assets	4,793.5	4,758.0	(35.4)	(0.7%)
Net assets per share (Yen)	2,058.95	2,029.00	(29.95)	(1.5%)

Summary of financial information for Ichthys downstream JV (100% basis, including the Company's equity share 66.245%)
(Billions of yen)

- Current assets : 115.8
- Fixed assets : 3,686.7
- Total assets: 3,802.5

※Fixed assets include interest expense which are not included in CAPEX, and capitalized costs before FID.

Total shareholders' equity : +48.3
Accumulated other comprehensive income (Billions of yen) : (92.1)

- Unrealized gain (loss) from hedging instruments : (34.8)
- Translation adjustments : (58.3)

Statement of Cash Flows



(Billions of Yen)	Apr. - Sep. '18	Apr. - Sep. '19	Change	%Change
Income before income taxes	246.9	271.1	24.1	9.8%
Depreciation and amortization	41.7	83.0	41.3	99.1%
Recovery of recoverable accounts under production sharing (capital expenditures)	10.0	19.3	9.3	93.3%
Recoverable accounts under production sharing (operating expenditures)	9.8	(4.2)	(14.0)	-
Income taxes paid	(169.8)	(187.0)	(17.1)	10.1%
Other	(27.8)	(27.6)	0.1	(0.7%)
Net cash provided by (used in) operating activities	110.8	154.5	43.7	39.5%
Payments for time deposits / Proceeds from time deposits	(159.8)	0.0	159.8	-
Payments for purchases of tangible fixed assets	(116.9)	(66.2)	50.7	(43.4%)
Payments for purchases of investment securities	(1.4)	(1.0)	0.4	(30.1%)
Investment in recoverable accounts under production sharing (capital expenditures)	(15.3)	(21.8)	(6.5)	42.9%
Long-term loans made / Collection of long-term loans receivable	(182.4)	(75.1)	107.2	(58.8%)
Payments for acquisitions of participating interests	-	(30.0)	(30.0)	-
Other	18.2	(0.1)	(18.3)	-
Net cash provided by (used in) investing activities	(457.7)	(194.4)	263.3	(57.5%)
Net cash provided by (used in) financing activities	325.1	24.9	(300.2)	(92.3%)
Cash and cash equivalents at end of the period	261.0	219.1	(41.8)	(16.0%)

Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2019 **INPEX**

- Assumptions

(August 8, 2019)	2 nd half (Previous Forecasts)
Crude oil price (Brent) (US\$/bbl)	66.7
Exchange rate (yen/US\$)	110.0

↓

(November 6, 2019)	2 nd half (Actual Results)
Crude oil price (Brent) (US\$/bbl)	65.2
Exchange rate (yen/US\$)	108.6

- Differences between Consolidated Financial Forecasts and Actual Results for the six months ended September 30, 2019

	Previous Forecasts (August 8, 2019)	Actual Results	Change	% Change
Net Sales (billions of yen)	581.0	575.2	Δ5.7	Δ1.0%
Operating income (billions of yen)	276.0	280.7	4.7	1.7%
Ordinary income (billions of yen)	260.0	271.1	11.1	4.3%
Net income attributable to owners of parent (billions of yen)	49.0	69.4	20.4	41.8%

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



- Assumptions

(August 8, 2019)	1 st half	2 nd half	Full year
Crude oil price (Brent) (US\$/bbl)	66.7	65.0	66.2
Exchange rate (yen/US\$)	110.0	110.0	110.0



(November 6, 2019)	1 st half	2 nd half	Full year
Crude oil price (Brent) (US\$/bbl)	65.2*1	60.0	63.5
Exchange rate (yen/US\$)	108.6 *2	110.0	109.1

*1 1st quarter (Actual) : US\$ 68.5/bbl, 2nd quarter (Actual) : US\$62.0/bbl *2 1st quarter (Actual) : ¥109.9/US\$, 2nd quarter (Actual) : ¥107.4/US\$

- Financial Forecasts for the year ending December 31, 2019

	Previous forecasts (August 8, 2019)	Revised forecasts (November 6, 2019)	Change	% Change
Net sales (billions of yen)	988.0	984.0	Δ4.0	Δ0.4%
Operating income (billions of yen)	472.0	476.0	4.0	0.8%
Ordinary income (billions of yen)	460.0	465.0	5.0	1.1%
Net income attributable to owners of parent (billions of yen)	90.0	100.0	10.0	11.1%

- Dividend per share

	End of 2Q	End of fiscal year (forecast)
Year ending December 31, 2019 (yen)	12	15