

■ INPEX CORPORATION (TSE1605)

Presentation on financial results for the year ended Mar. 31, 2019

Summary of Q&A session

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Date : May 14, 2019

Number of attendees : 81

Key questions :

Q1 : Status and forecast concerning Ichthys LNG project (Ichthys) production ramp-up

A1 : A total of 41 LNG cargoes have been shipped from the commencement of shipment until the end of April 2019 and production ramp-up has so far proceeded smoothly. While major maintenance work in May 2019 will suspend a portion of onshore train operations, this will not affect shipment. Production ramp-up will be accelerated again upon conclusion of this maintenance work, and 7-8 LNG cargoes per month on average will be shipped in FY2019/12.

Q2 : Outlook on generating positive free cash flow (FCF) in FY2019/12

A2 : Positive FCF is expected throughout the Medium-term Business Plan period which includes contribution from the Ichthys downstream JV. FCF on an annual basis is also expected to turn positive starting in FY2019/12 for the first time since FY2012/3. However, FCF on a consolidated basis (excluding the Ichthys downstream JV) may not necessarily correspond to this. Cash flow for FY2019/12 will continue to be tight taking into account debt repayments.

Q3 : Factors supporting Ichthys' smooth ramp-up process

A3 : Ichthys' smooth ramp-up process can be attributed mainly to effective communication and teamwork on site. Minor issues have been neutralized swiftly and flexibly while ensuring linkage across the numerous production facilities.

Q4 : Impact of Mahakam and Ichthys on EBIDAX for FY2019/3

A4 : Recovery of recoverable accounts under production sharing decreased mainly due to the expiration of the PSC for the Offshore Mahakam Block while depreciation and amortization increased mainly due to the Ichthys production start-up.

Q5: Natural gas demand outlook through 2040–2050 given plans to pursue Abadi LNG Project(Abadi).

A5: Natural gas demand is expected to continue increasing into 2040–2050 mainly in Asia. Abadi is a large-scale LNG project that is expected to be productive over more than 20 years and meet the increasing demand for natural gas in Asia. Abadi is also expected to contribute to the economic development of Indonesia and its surrounding areas, which are key LNG markets. Abadi can therefore be considered a competitive project.

Q6: Positioning of tight oil project acquired in U.S.

A6: The U.S. tight oil project has high potential given the growing demand of oil and natural gas in the U.S. and possibilities for future export. This project will draw

upon synergies with the hydraulic fracturing technology etc. acquired through operations in Japan. Going forward, the company will first determine whether the project can be implemented smoothly given the challenges associated with doing business in the U.S.

Q7: Rationale behind leaving dividend outlook unchanged from FY2019/3 at 24 yen per share

A7: The dividend outlook was set for 24 yen per share taking into account factors such as the 9-month business period, 90 billion yen net profit outlook for FY2019/12 and the shareholder return policy announced in the medium-term business plan. The payout ratio for FY2019/12 is expected to be 38.9%, up from 36.5% in FY2019/03.

Q8: Outlook on operating cash flow and debt reduction for FY2019/12

A8: Operating cash flow is expected to increase due mainly to the contribution from Ichthys. INPEX's share of the principal scheduled repayment of Ichthys project financing loans amounts to approximately 100 billion yen per year.

Q9: Insights on the challenges concerning the economics of renewable energy initiatives

A9: Whereas upstream E&P activities are considered to involve high-risk high-return investments targeting double-digit returns, renewable energy initiatives may be considered medium-risk medium-return investments targeting single-digit returns.

Q10: Timing at which the additional (4%) participating interest acquisition in Ichthys will be reflected in financial reporting

A10: This will be factored from FY2019/12.

End

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