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# Financial Results for the year ended March 31, 2018

## Support Material

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### INPEX CORPORATION

May 10, 2018

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### 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.

# Highlights of the Consolidated Financial Results for the year ended March 31, 2018



	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change
Net sales (Billions of yen)	874.4	933.7	59.2	6.8%
Crude oil sales	617.1	710.2	93.0	15.1%
Natural gas sales (including LPG)	242.5	208.1	(34.4)	(14.2%)
Others	14.6	15.3	0.6	4.6%
Operating income (Billions of yen)	336.4	357.3	20.9	6.2%
Ordinary income (Billions of yen)	333.8	387.2	53.3	16.0%
Net income attributable to owners of parent (Billions of yen)	46.1	40.3	(5.8)	(12.6%)
Net income per share (Yen)	31.61	27.64	(3.97)	(12.6%)

Average number of INPEX shares issued and outstanding during the year ended March 31, 2018: 1,460,357,100

Average crude oil price (Brent) (\$/bbl)	49.88	57.85	7.97	16.0%
Average exchange rate (¥/\$)	108.38	110.86	2.48yen depreciation	2.3% depreciation

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## Crude Oil Sales



	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change
Net sales (Billions of yen)	617.1	710.2	93.0	15.1%

Sales volume (thousand bbl)	122,207	112,882	(9,325)	(7.6%)
Average unit price of overseas production (\$/bbl)	46.41	56.30	9.89	21.3%
Average unit price of domestic production (¥/kl)	35,997	42,143	6,146	17.1%
Average exchange rate (¥/\$)	108.67	111.35	2.68yen depreciation	2.5% depreciation

Sales volume by region (thousand bbl)	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change
Japan	900 (143.0 thousand kl)	940 (149.5 thousand kl)	41 (+6.5 thousand kl)	4.5%
Asia & Oceania	12,246	6,554	(5,692)	(46.5%)
Eurasia (Europe & NIS)	11,336	13,266	1,930	17.0%
Middle East & Africa	95,495	90,412	(5,083)	(5.3%)
Americas	2,230	1,710	(521)	(23.3%)
Total	122,207	112,882	(9,325)	(7.6%)

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# Natural Gas Sales (excluding LPG)

**INPEX**

	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change
Net sales (Billions of yen)	235.7	202.0	(33.7)	(14.3%)
Sales volume (million cf)	342,994	264,816	(78,178)	(22.8%)
Average unit price of overseas production (\$/thousand cf)	5.19	5.04	(0.15)	(2.9%)
Average unit price of domestic sales (¥/m <sup>3</sup> )	43.36	46.36	3.00	6.9%
Average exchange rate (¥/\$)	108.38	110.70	2.32yen depreciation	2.1% depreciation

Sales volume by region (million cf)	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change
Japan	71,295 (1,910million m <sup>3</sup> *)	79,243 (2,123million m <sup>3</sup> *)	7,948 (+213million m <sup>3</sup> *)	11.1%
Asia & Oceania	230,183	137,371	(92,812)	(40.3%)
Eurasia (Europe & NIS)	1,947	7,808	5,861	301.0%
Middle East & Africa	-	-	-	-
Americas	39,569	40,394	826	2.1%
Total	342,994	264,816	(78,178)	(22.8%)

\*1m<sup>3</sup>=41.8605MJ

(FYI) LPG Sales

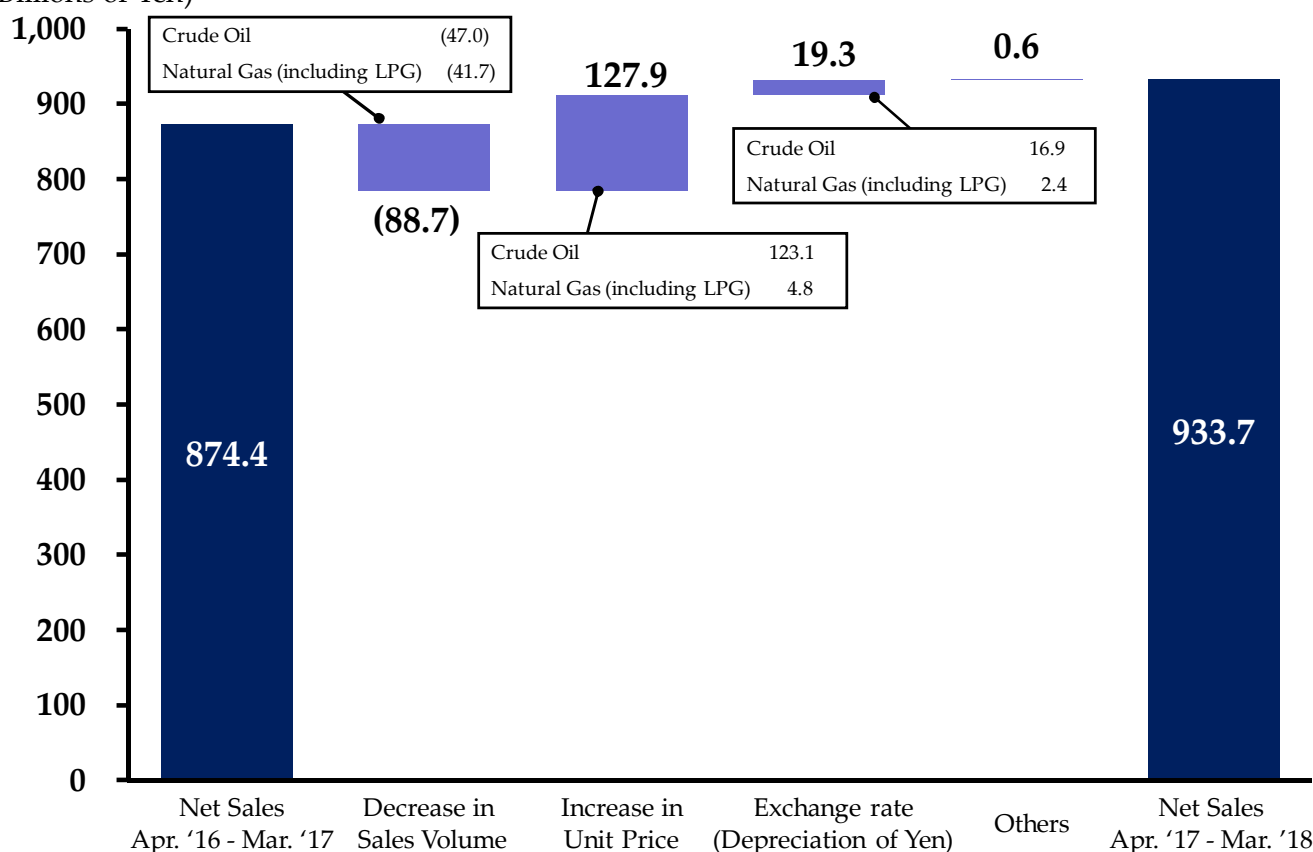
	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change
Net Sales (Billions of yen)	6.7	6.0	(0.7)	(10.8%)

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## Analysis of Net Sales Increase for the year ended March 31, 2018

**INPEX**

(Billions of Yen)



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# Statement of Income

**INPEX**

(Billions of Yen)	Apr. '16- Mar. '17	Apr. '17 - Mar. '18	Change	%Change	
Net sales	874.4	933.7	59.2	6.8%	Decrease in sales volume : (88.7) Increase in unit price : +127.9 Exchange rate (Depreciation of yen) : +19.3 Others : 0.6
Cost of sales	453.8	498.0	44.1	9.7%	
Gross profit	420.5	435.6	15.0	3.6%	Cost of sales for Crude Oil : 358.7 (Change) +54.3 Cost of sales for Natural Gas* : 126.1 (Change) (10.7) * Including LPG
Exploration expenses	6.7	1.3	(5.4)	(80.3%)	
Selling, general and administrative expenses	77.3	76.9	(0.4)	(0.5%)	
Operating income	336.4	357.3	20.9	6.2%	Main factors for change : Gain on reversal of allowance for recoverable accounts under production sharing +17.5 Compensation income +12.6 Gain on sales of investment securities (4.9)
Other income	39.0	55.2	16.1	41.4%	
Other expenses	41.6	25.3	(16.2)	(39.1%)	
Ordinary income	333.8	387.2	53.3	16.0%	Main factors for change : Provision of allowance for doubtful accounts (8.3) Provision for allowance for recoverable accounts under production sharing (14.3)
Extraordinary loss (Impairment loss)	6.3	79.9	73.6	-	
Total income taxes	271.3	309.3	38.0	14.0%	
Net income (loss) attributable to non-controlling interests	9.9	(42.4)	(52.4)	-	
Net income attributable to owners of parent	46.1	40.3	(5.8)	(12.6%)	Main factor for change : Shale Gas Project in Canada 76.2

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# Other Income/Expenses

**INPEX**

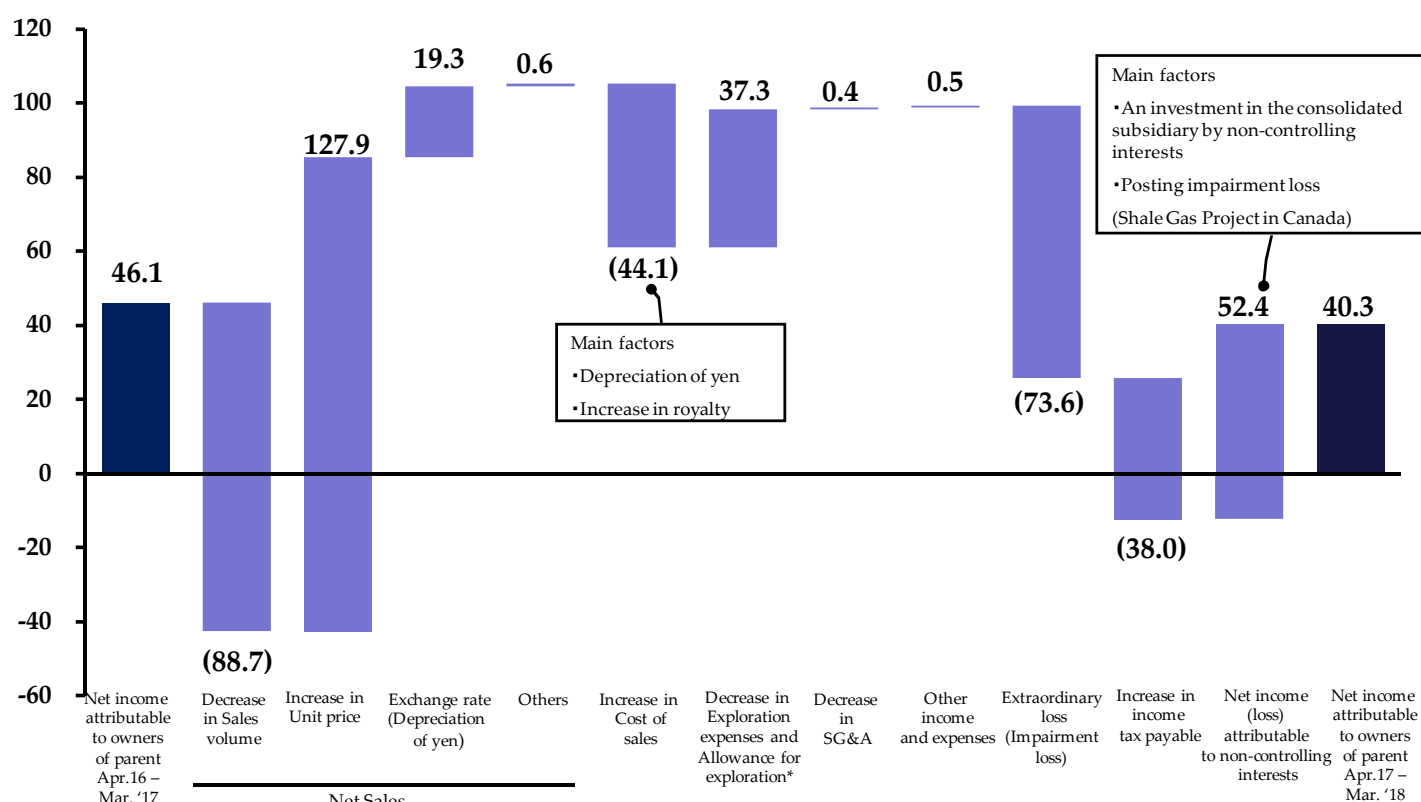
(Billions of Yen)	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change	
Other income	39.0	55.2	16.1	41.4%	
Interest income	10.4	6.4	(3.9)	(38.1%)	
Dividend income	2.8	4.7	1.9	70.5%	
Gain on sales of investment securities	4.9	-	(4.9)	-	
Equity in earnings of affiliates	2.1	4.1	2.0	92.7%	
Gain on reversal of allowance for recoverable accounts under production sharing	-	17.5	17.5	-	Mainly attributed to gain on reversal of allowance for Kashagan
Compensation income	-	12.6	12.6	-	Compensation for termination of Ecuador's Block 18
Other	18.6	9.6	(8.9)	(48.2%)	
Other expenses	41.6	25.3	(16.2)	(39.1%)	
Interest expense	5.2	7.0	1.8	35.3%	
Provision of allowance for doubtful accounts	8.3	-	(8.3)	-	
Provision for allowance for recoverable accounts under production sharing	14.3	-	(14.3)	-	Mainly attributed to absence of losses associated with the sale of shares in INPEX Natuna Ltd.
Provision for loss on business	-	3.2	3.2	-	
Foreign exchange loss	3.7	10.4	6.7	178.6%	
Other	9.9	4.5	(5.4)	(54.4%)	

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# Analysis of Net Income Decrease

**INPEX**

(Billions of Yen)



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\*Provision for (gain on reversal of) allowance for recoverable accounts under production sharing

# Balance Sheet

**INPEX**

(Billions of yen)

	Mar. '17	Mar. '18	Change	%Change
Current assets	942.9	469.5	(473.3)	(50.2%)
Tangible fixed assets	1,928.5	2,044.6	116.0	6.0%
Intangible assets	521.2	541.5	20.2	3.9%
Recoverable accounts under production sharing	611.9	589.0	(22.8)	(3.7%)
Other	424.2	692.3	268.1	63.2%
Less allowance for recoverable accounts under production sharing	(116.8)	(81.6)	35.2	(30.1%)
<b>Total assets</b>	<b>4,312.1</b>	<b>4,255.5</b>	<b>(56.6)</b>	<b>(1.3%)</b>
Current liabilities	297.4	309.1	11.7	3.9%
Long-term liabilities	807.1	787.5	(19.6)	(2.4%)
<b>Total net assets</b>	<b>3,207.5</b>	<b>3,158.8</b>	<b>(48.6)</b>	<b>(1.5%)</b>
(Non-controlling interests)	264.3	242.1	(22.1)	(8.4%)
<b>Total liabilities and net assets</b>	<b>4,312.1</b>	<b>4,255.5</b>	<b>(56.6)</b>	<b>(1.3%)</b>
Net assets per share (Yen)	2,015.38	1,997.24	(18.14)	(0.9%)

Cash and deposits : (376.5)

Investments in Ichthys LNG Project and others

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

- Current assets : 42.7
  - Fixed assets : 3,479.7
  - Total assets : 3,522.4
- \*Fixed assets include interest expense which are not included in CAPEX, and capitalized costs before FID.

Total shareholders' equity : +11.3  
Accumulated other comprehensive income (Billions of yen) : (37.8)

- Unrealized holding gain on securities : +3.7
- Unrealized gain from hedging instruments : +25.0
- Translation adjustments : (66.6)

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# Statement of Cash Flows



(Billions of Yen)	Apr. '16 - Mar. '17	Apr. '17 - Mar. '18	Change	%Change
Income before income taxes	327.5	307.2	(20.2)	(6.2%)
Depreciation and amortization	91.1	92.8	1.6	1.8%
Impairment loss	6.3	79.9	73.6	-
Recovery of recoverable accounts under production sharing (capital expenditures)	79.8	53.4	(26.4)	(33.1%)
Recoverable accounts under production sharing (operating expenditures)	(2.8)	9.6	12.4	-
Income taxes paid	(292.8)	(329.2)	(36.3)	12.4%
Other	66.5	64.6	(1.9)	(2.9%)
<b>Net cash provided by (used in) operating activities</b>	<b>275.8</b>	<b>278.5</b>	<b>2.7</b>	<b>1.0%</b>
Payments for time deposits / Proceeds from time deposits	566.5	333.9	(232.6)	(41.1%)
Payments for purchases of tangible fixed assets	(278.3)	(271.3)	7.0	(2.5%)
Payments for purchases of investment securities / Proceeds from sales of investment securities	(69.6)	(127.7)	(58.1)	83.5%
Investment in recoverable accounts under production sharing (capital expenditures)	(37.3)	(24.1)	13.1	(35.3%)
Long-term loans made / Collection of long-term loans receivable	(133.2)	(172.2)	(39.0)	29.3%
Payments for purchases of mining rights	-	(100.9)	(100.9)	-
Other	5.4	10.5	5.1	94.3%
<b>Net cash provided by (used in) investing activities</b>	<b>53.4</b>	<b>(351.9)</b>	<b>(405.3)</b>	<b>-</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(65.4)</b>	<b>34.7</b>	<b>100.1</b>	<b>-</b>
Cash and cash equivalents at end of the period	316.7	276.0	(40.7)	(12.9%)

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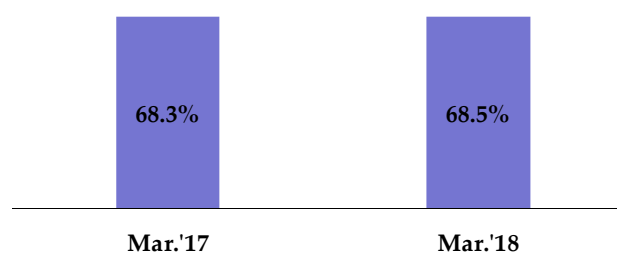
# Financial Indices



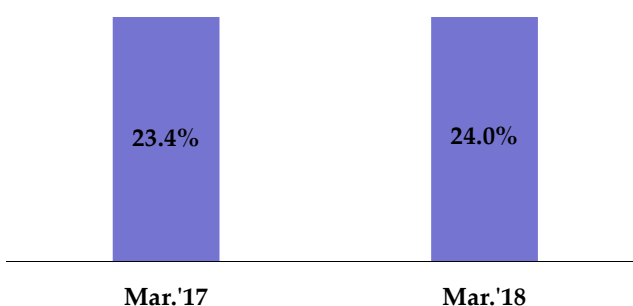
## Net Debt/Total Capital Employed (Net)\*



## Equity Ratio\*\*



## D/E Ratio\*\*\*



\* Net Debt/Total Capital Employed (Net) = (Interest-bearing debt - Cash and deposits - Public and corporate bonds and other debt securities (with determinable value) - Long term time deposits) / (Net assets + Interest-bearing debt - Cash and deposits - Public and corporate bonds and other debt securities (with determinable value) - Long term time deposits)

\*\* Equity Ratio = (Net assets - Non-controlling interests) / Total assets

\*\*\* D/E Ratio = Interest-bearing debt / (Net asset - Non-controlling interests)

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# Consolidated Financial Forecasts for the year ending March 31, 2019



	1st Half	2nd Half	Full year
Brent oil price (\$/bbl)	65.0	65.0	65.0
Average exchange rate (¥/\$)	105.0	105.0	105.0

Full Year	Mar. '18 (Actual)	Mar. '19 (Forecasts)	Change	% Change
Net Sales (Billions of yen)	933.7	860.0	(73.7)	(7.9%)
Operating Income (Billions of yen)	357.3	377.0	19.6	5.5%
Ordinary Income (Billions of yen)	387.2	371.0	(16.2)	(4.2%)
Net income attributable to owners of parent (billions of yen)	40.3	48.0	7.6	18.9%

## 1st Half

Net Sales (Billions of yen)	447.9	384.0	(63.9)	(14.3%)
Operating Income (Billions of yen)	185.8	165.0	(20.8)	(11.2%)
Ordinary Income (Billions of yen)	195.4	165.0	(30.4)	(15.6%)
Net income attributable to owners of parent (billions of yen)	30.1	12.0	(18.1)	(60.2%)

Cash dividends per share (yen)	2Q End	9.0	9.0
	FY End	9.0	9.0
	TOTAL	18.0	18.0

12 (Note) As of the beginning of the fiscal year, the Company expects an ¥18 dividend per common stock in total for the year ending March 31, 2019, and additionally plans to issue a commemorative dividend of ¥6 per share following the Ichthys LNG Project's start-up and shipment of cargo.

# Sales and Investment Plan for the year ending March 31, 2019



		Mar. '18 (Actual)	Mar. '19 (Forecasts)	Change	% Change
Sales Volume	Crude oil (thousand bbl) <sup>1</sup>	112,882	98,604	(14,278)	(12.6%)
	Natural gas (million cf) <sup>2</sup>	264,816	284,278	19,462	7.3%
	Overseas	185,573	201,982	16,408	8.8%
	Japan	79,243 (2,123 million m <sup>3</sup> )	82,297 (2,205 million m <sup>3</sup> )	3,053 (82 million m <sup>3</sup> )	3.9%
	LPG (thousand bbl) <sup>3</sup>	1,186	141	(1,045)	(88.1%)

(Billions of yen)	Mar. '18 (Actual)	Mar. '19 (Forecasts)	Change	% Change									
Development expenditure <sup>4</sup>	601.9	326.0	(275.9)	(45.8%)									
Other capital expenditure	3.3	3.0	(0.3)	(9.1%)									
Exploration expenditure	4.9	13.0	8.1	165.3%									
Exploration expenses and Provision for explorations <sup>5</sup>	<table border="1" style="font-size: small;"> <tr> <td>Exploration expenses 1.3</td> <td rowspan="2" style="text-align: center;">5.3</td> <td>Exploration expenses 6.2</td> <td rowspan="2" style="text-align: center;">13.9</td> </tr> <tr> <td>Provision for explorations 3.9</td> <td>Provision for explorations 7.7</td> </tr> </table>	Exploration expenses 1.3	5.3	Exploration expenses 6.2	13.9	Provision for explorations 3.9	Provision for explorations 7.7	<table border="1" style="font-size: small;"> <tr> <td>Exploration expenses 6.2</td> <td rowspan="2" style="text-align: center;">13.9</td> </tr> <tr> <td>Provision for explorations 7.7</td> </tr> </table>	Exploration expenses 6.2	13.9	Provision for explorations 7.7	8.6	162.3%
Exploration expenses 1.3	5.3	Exploration expenses 6.2		13.9									
Provision for explorations 3.9		Provision for explorations 7.7											
Exploration expenses 6.2	13.9												
Provision for explorations 7.7													
(Non-controlling Interests Portion) <sup>6</sup>	0.6	2.2	1.6	266.7%									

Note

1 CF for domestic crude oil sales and petroleum products : 1kl=6.29bbl

2 CF for domestic natural gas sales : 1m<sup>3</sup>=37.32cf

3 CF for domestic LPG sales : 1t=10.5bbl

4 Development expenditure includes investment in Ichthys downstream

5 "Provision for allowance for recoverable accounts under production sharing" + "Provision for exploration projects", related to exploration activities

6 Capital increase from Non-controlling interests, etc.

# Net Income Sensitivities



- Sensitivities of crude oil price and foreign exchange fluctuation on consolidated net income attributable to owners of parent for the year ending March 31, 2019 (Note 1) (Billions of yen)

<ul style="list-style-type: none"> <li>■ Brent Crude Oil Price; \$1/bbl increase (decrease) (Note 2) (Note 4)</li> </ul>	+1.6 (-1.6)
<ul style="list-style-type: none"> <li>■ Exchange Rate; ¥1 depreciation (appreciation) against the U.S. dollar (Note 3) (Note 5)</li> </ul>	+1.2 (-1.2)

(Note1) The sensitivities represent the impact on net income for the year ending March 31, 2019 against a \$1 /bbl increase (decrease) of Brent crude oil price on average basis and a ¥ 1 depreciation (appreciation) against the U.S. dollar. These are based on the financial situation mainly of existing production projects at the beginning of the fiscal year. These are for reference purposes only and the actual impact may be subject to change in production volumes, capital expenditures and cost recoveries, and may not be constant, depending on crude oil prices and exchange rates.

(Note2) This is a sensitivity on net income by fluctuation of crude oil price and is subject to the average price of crude oil (Brent) .

(Note3) This is a sensitivity on net income by fluctuation of the yen against the U.S. dollar and is subject to the average exchange rate. On the other hand, a sensitivity related to valuation for assets and liabilities denominated in the U.S. dollar on net income incurred by foreign exchange differences between the exchange rate at the end of the fiscal year and the end of the previous fiscal year is almost neutralized.

(Note4) Following the Ichthys LNG Project's shipment of cargo, the sensitivities of Brent Crude Oil Price will be approximately double.

(Note5) Following the Ichthys LNG Project's shipment of cargo, the sensitivities of Exchange Rate will increase approximately 20%.