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INPEX Announces Formulation of Vision 2040 and Medium-term Business Plan 2018-2022

TOKYO, JAPAN - [INPEX CORPORATION](#) (INPEX) announced today the formulation of its “Vision 2040: Delivering Tomorrow’s Energy Solutions” and “Medium-term Business Plan 2018-2022: Growth & Value Creation,” for which overviews are provided as follows.

1. Vision 2040: Delivering Tomorrow’s Energy Solutions (hereinafter, “the Vision”)

In May 2012, INPEX formulated its “MEDIUM- TO LONG-TERM VISION OF INPEX: Ichthys and our Growth Beyond” in view of the start-up of production at the Ichthys LNG Project (hereinafter, the Project¹), and has since steadfastly implemented its initiatives.

While expectations for INPEX to meet global energy demand will continue, the company’s long-term business environment is undergoing major changes, with a growing emphasis being placed on addressing climate change and transitioning to a low-carbon society. In order to respond to these environmental shifts, INPEX has decided to present its new, long-term Vision for the period until 2040 on the occasion of reaching a major milestone with the Project’s production commencement.

In pursuit of its mission of contributing to the creation of a brighter future for society through developing, producing and delivering energy in a sustainable manner, INPEX will aim to be a leading energy company serving an essential role in society by responding to the energy requirements of stakeholders in Japan and around the world. To achieve this aim, INPEX has set three targets for the period until 2040, including becoming a top 10 international oil company through sustained growth of its oil and gas E&P activities; becoming a key player in natural gas development and supply across the Asia and Oceania regions by establishing a global gas value chain; and expanding renewable energy projects to account for 10% of its entire project portfolio.

Meanwhile, INPEX will also strive to contribute to the achievement of sustainable development goals (SDGs) through corporate social responsibility (CSR) management for sustainable development with a particular focus on climate change response and strengthening environment, social and governance (ESG) initiatives including promoting low-carbon footprint operations.

2. Medium-term Business Plan 2018-2022: Growth & Value Creation (hereinafter, “the Medium-term Plan”)

The Medium-term Plan outlines specific targets and initiatives for the fiscal years 2018-2022 toward realizing the Vision. Specifically, the plan involves allocating the approximately 2.5 trillion yen from pre-exploration operating cash flow to a) debt reduction; b) shareholder returns; and c) a 1.7-trillion yen investment for future growth (30% of which will be used to fund new projects) in the listed order of priority, with a view to achieve the following financial and business targets.

Financial Targets

Assumptions: Crude Oil Price (Brent): USD60/barrel; Exchange rate: JPY110/USD1

Indices	FY 2022 Targets	FY 2017 Results (Reference)
Net sales	Appx. JPY1,300 billion	JPY933.7 billion
Net income ²	Appx. JPY150 billion	JPY40.3 billion
Cash flow from operations ³	Appx. JPY450 billion	JPY278.5 billion
ROE ⁴	5 percent or higher	1.4 percent

Business Targets

(1) Sustainable Growth of Oil and Natural Gas Upstream Activities

INPEX will ensure that it will steadily reach milestones of key projects including the Ichthys LNG Project, for which the company is poised to commence production and shipments as well as ramp up output at an early stage, maintaining stable production thereafter. In terms of quantitative targets, the company will aim to produce 700,000 barrels of oil equivalent per day (BOED) in fiscal year 2022, maintain a reserve replacement ratio (RRR⁵) (3-year average) of 100 percent or higher over the 5-year period and reduce its production cost per BOE to USD5/barrel.

(2) Development of Global Gas Value Chain Business

In Japan, INPEX will seek to grow its annual natural gas supply volume to 2.5 billion cubic meters. Globally, the company will take the initiative in cultivating natural gas demand in Asia and other emerging markets through active participation in midstream and downstream natural gas operations.

(3) Reinforcement of Renewable Energy Initiatives

While continuing to push ahead with its geothermal power generation business in Japan and globally, INPEX will proactively expand its participation in wind power generation initiatives in Japan. The company will also enhance its research and development efforts associated with renewable energy technologies.

Shareholder Returns

In fiscal year 2018, INPEX plans to issue a commemorative dividend following the Ichthys LNG Project's production start-up and shipment of cargo. The company will issue annual dividends of at least JPY18 in total per share and the commemorative dividend, and strengthen shareholder returns in accordance with revenue growth. As a result, the payout ratio is set at 30% or higher.

For further details, please refer to the following links to the INPEX website:

Vision 2040: Delivering tomorrow's energy solutions

<https://www.inpex.co.jp/english/company/pdf/vision.pdf>

Medium-term Business Plan 2018-2022: Growth & Value Creation

https://www.inpex.co.jp/english/company/pdf/business_plan.pdf

¹ About the Ichthys LNG Project

The Ichthys LNG Project is a project led by INPEX (Operator, participating interest: 62.245%) alongside major partner TOTAL (participating interest: 30%) and the Australian subsidiaries of CPC Corporation, Taiwan (participating interest: 2.625%), Tokyo Gas (participating interest: 1.575%), Osaka Gas (participating interest: 1.2%), Kansai Electric Power (participating interest: 1.2%), JERA (participating interest: 0.735%) and Toho Gas (participating interest: 0.42%) that involves liquefying natural gas lifted from the Ichthys Gas-condensate Field offshore Western Australia at an onshore gas liquefaction plant constructed in Darwin, Northern Territory, and producing and shipping approximately 8.9 million tons of LNG and approximately 1.65 million tons of LPG per year, along with approximately 100,000 barrels of condensate per day at peak. The Ichthys LNG Project is a large-scale LNG project by global standards, and is expected to be operational over a period of 40 years. In 1998, INPEX acquired an exploration permit in the block where the project is located, and following development studies including exploration, evaluation and FEED work, the company announced its final investment decision (FID) in January 2012.

² Net income attributable to owners of parent

³ Net cash provided by operating activities

⁴ Return On Equity: Net income attributable to owners of parent / average of net assets excluding non-controlling interests at the beginning and end of the fiscal year

⁵ Reserve Replacement Ratio: Amount of proved reserves added to a proven reserve base in a given year relative to the amount of oil and gas produced during the year

About INPEX

INPEX CORPORATION is Japan's largest exploration and production (E&P) company,

and a mid-tier E&P player just behind the world's oil majors. INPEX is currently involved in approximately 70 projects across more than 20 countries, including the Ichthys LNG Project in Australia as Operator. Through sustainably growing its oil and gas development business, INPEX aims to become a top class international oil and gas E&P Company and continue providing a stable and efficient supply of energy to its customers. For more information, visit <https://www.inpex.co.jp/english/index.html>.

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