

Session 1: “Developing Next-Generation Management”

# JX Approaches to Develop Leaders and Management in International Competition

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The Future of Energy, Resources and Materials

**JX Nippon Oil & Energy Corporation**

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- I. Introduction of JX Nippon Oil & Energy
- II. History and future outlook of oil related products market in Japan and Asia
- III. Developing Next-Generation Leadership in JX

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# JX group and JX Energy business areas



**JX** JX Holdings, Inc. Established in 2010

## JX Nippon Oil & Energy

Share in the domestic fuel market

**35 %**  
(No.1 in Japan)

Refining and marketing of petroleum and petrochemical products  
 Importing and selling of gas and coal  
 Supply of electricity



## JX Nippon Oil & Gas Exploration

Crude oil and natural gas production  
 (a project company basis)

Approx. **111** thousand  
 barrels/day (BD)

Worldwide business activities  
 ranging from crude oil to LNG  
 and oil sand



## JX Nippon Mining & Metals

Copper Smelting & refining capacity

**1,330** thousand  
 tons/year  
 (No.2 in the world)

Equity entitled copper mine production

Approx. **150** thousand  
 tons/year  
 (Self-sufficiency ratio : Approx. **23%**)

Electronic Materials;  
 Product Lines with World No.1 Market Shares



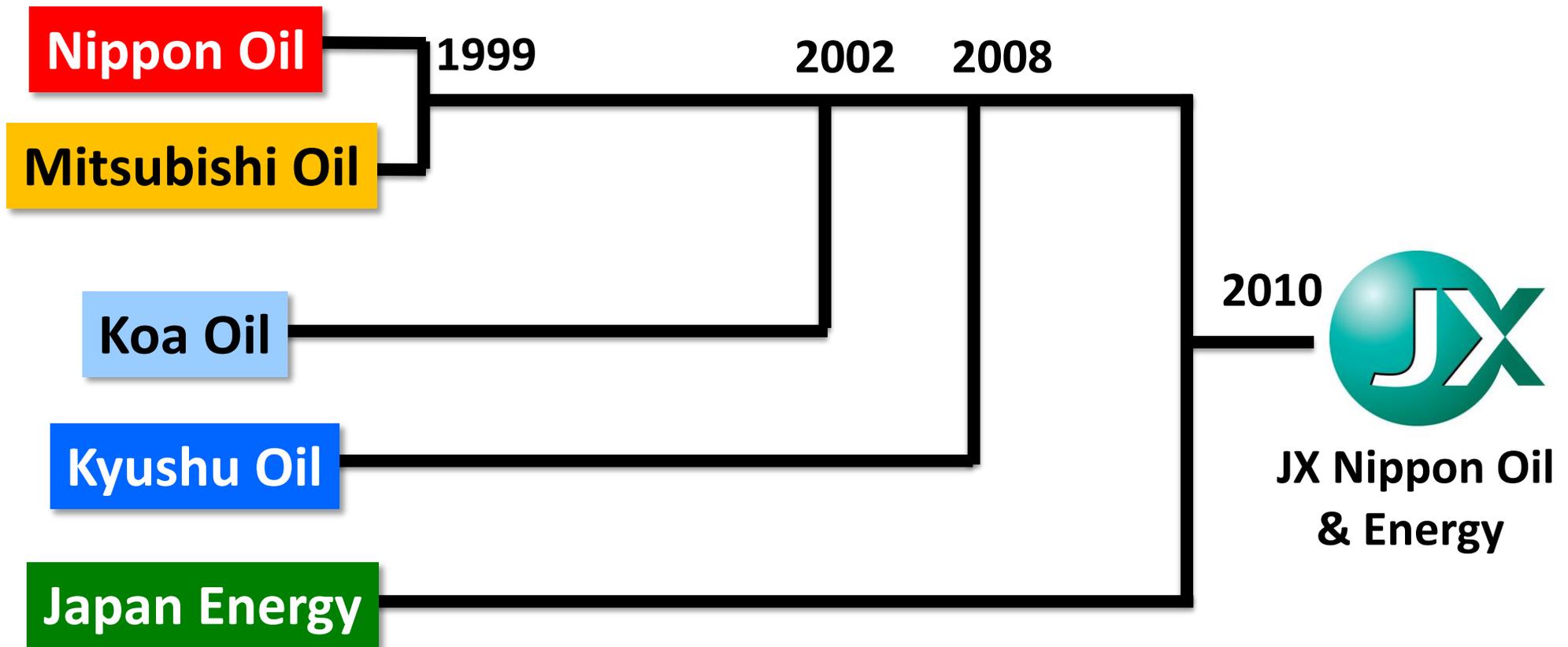
Listed  
 subsidiaries

Common group  
 function companies

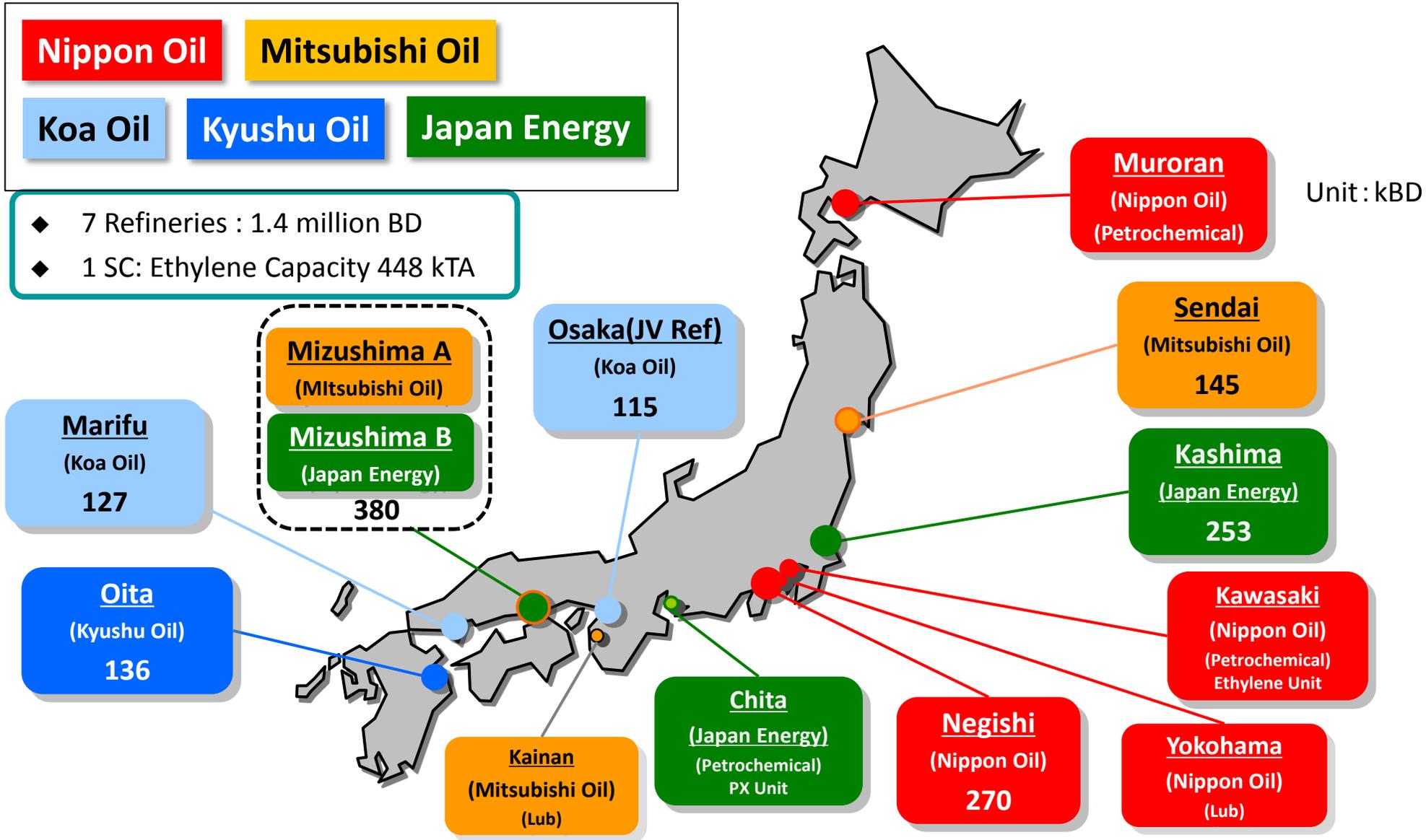
Independent  
 companies

# History of JX M&A

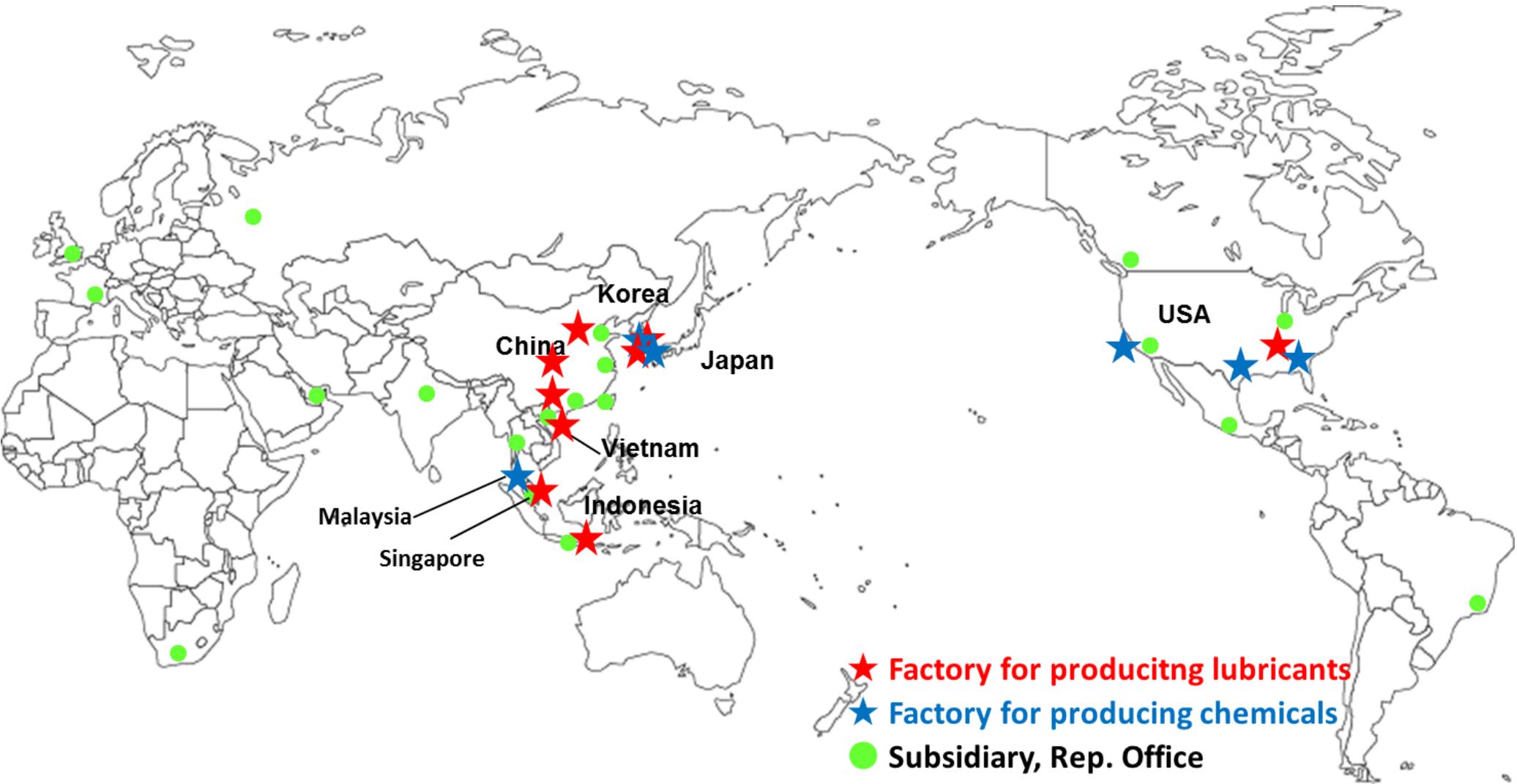
Several Japanese oil companies which have different origins have been consolidated to form JX Nippon Oil & Energy.



# JX Energy Refineries & Plants



# JX Energy Global Network for Production & Sales

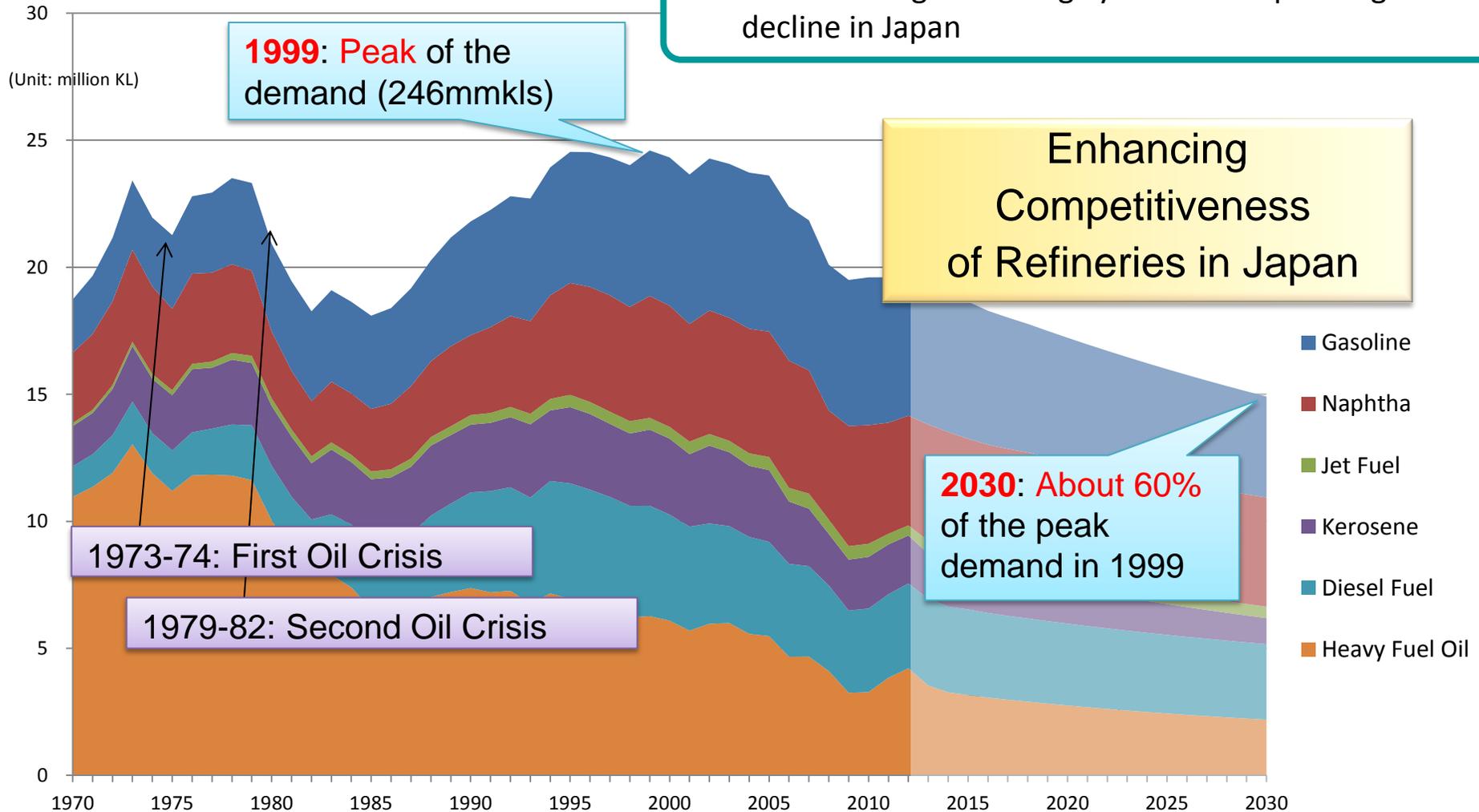


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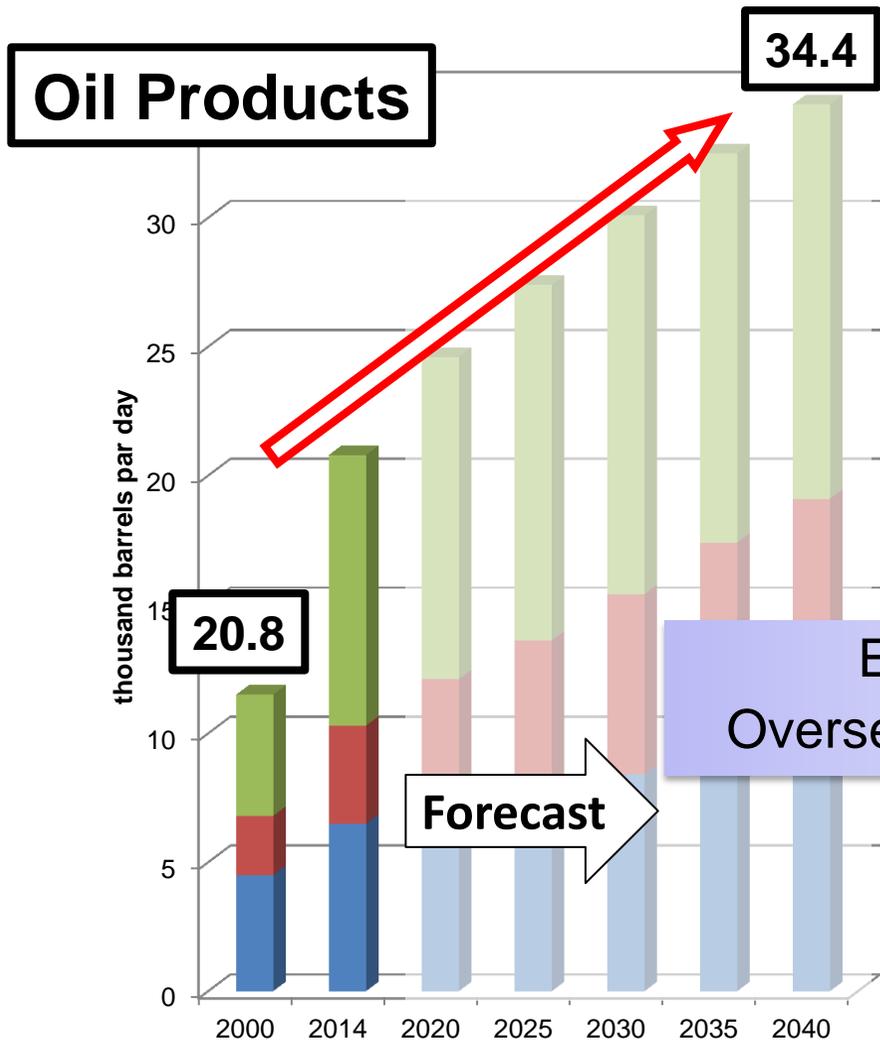
# Declining Oil Demand in Japan

**Domestic Fuel Demand Trend(1970-2030)**

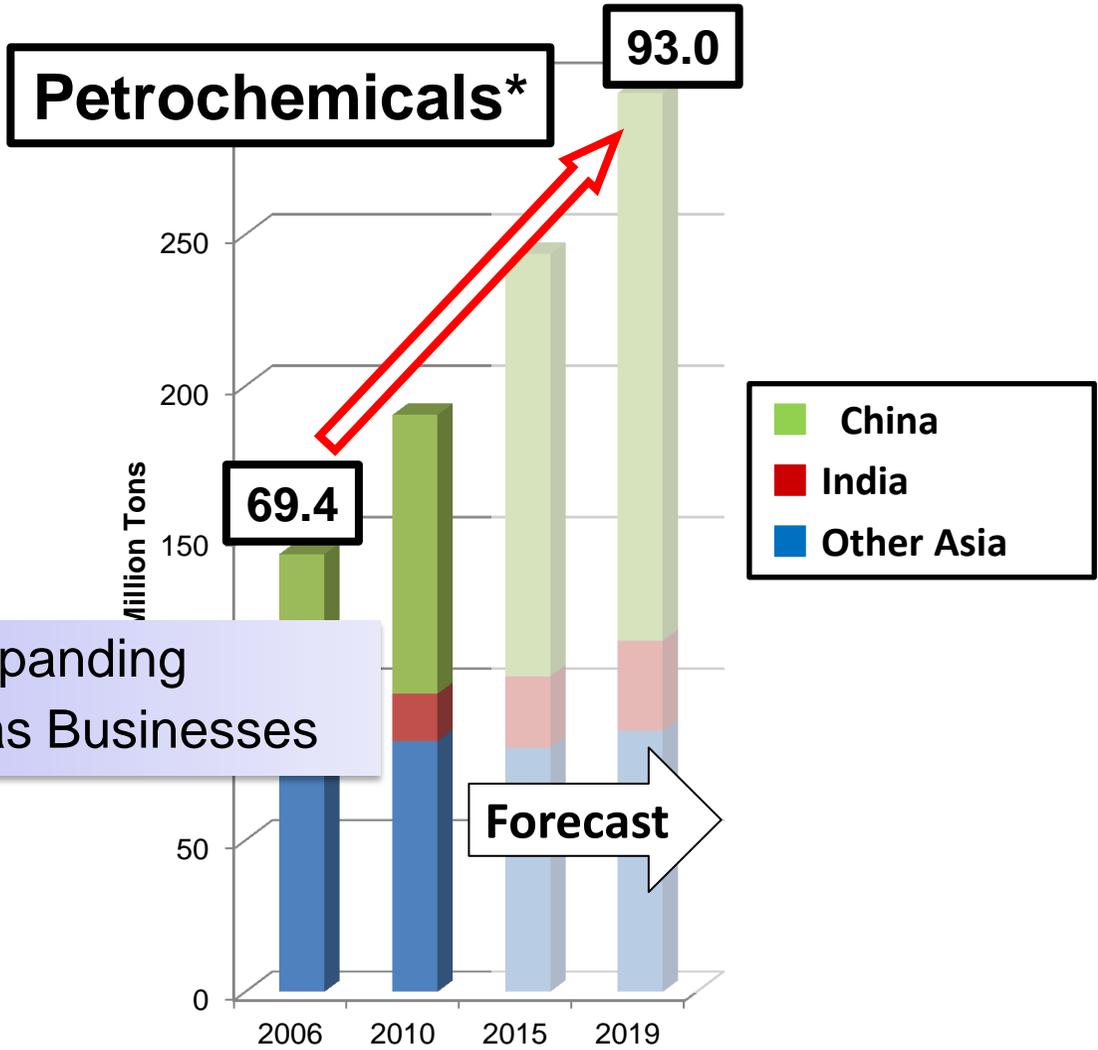


- ◆ Turning Point for Petroleum Industry in Japan
- ◆ Restructuring Producing System corresponding demand decline in Japan

# Opportunities: Rising Demand in Asia



Source: WORLD ENERGY OUTLOOK 2015



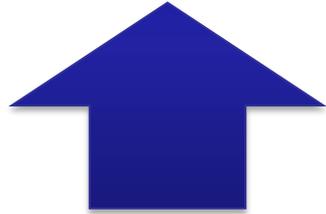
\* Ethylene, Propylene Derivatives and Aromatics  
Source: METI News Release dated 12 June, 2015

Expanding Overseas Businesses

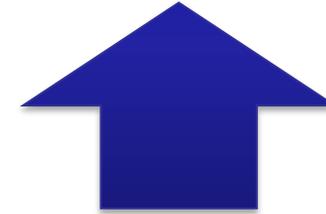
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# Desirable Image of Next Generation Leadership / Method to foster the Leadership



Enhancing  
Competitiveness of  
Refineries  
in Japan



Expanding  
Overseas  
Businesses

# Desirable image of next generation leadership *in Domestic Businesses*

## Target

### **Enhancement of competitiveness of domestic refineries**

- Coping with shrinking oil market
- Restructuring existing operation method

## Required communication skills

### **Ability to Transmit Messages**

- Accepting different cultures & histories of former companies
- Transforming the way of thinking and operation

# Desirable image of next generation leadership *in Overseas Businesses*

## Target

### Overseas Business Expansion

- Construction and operation of refineries/plants in different cultures and customs

## Required communication skills

### Ability to *Accept & Overcome Diversities*

- Accepting different cultures & histories in different countries
- Overcoming difficulties in communication due to diversities

higher level of communication skills are required



- Important to have experience and feel the difference of cultures and customs.
- To set up as many chances as possible to upgrade younger generation engineers

# Opportunities to develop leadership

- JCCP Activities

- Technical cooperation sponsored by JCCP.
- Training programs held by JCCP.
- JCCP's other activities such as

“Information Exchange Program for Young Generation of Tasweeq”

“JCCP Oil Downstream Study Program”



**Thank you for your attention.**

# Refinery of the next generation

*As a challenge to enhance domestic oil businesses*

JX has been attempting to build up “*Refinery of the next generation*”

- ✓ Based on innovative new concept
- ✓ applying advanced IT technologies – “Big Data”, “IoT”

Technologies under development:

- *Advanced sensing technologies* enable huge data collection in refinery operation.
- *Wireless facilities* deployed in refineries transmit big data efficiently.
- *Big data analysis* recognizes troubles and abnormality earlier.
- *Machineries with wireless sensors and cameras* access to high altitude or narrow space.



Requires

- Enhanced alliance of companies of core-technologies
- Leadership to organize alliances with companies which have core-technologies