August 9, 2018
JGC Corporation

First Quarter Financial Results for FY2018
Q&A from the conference call (held on August 9, 2018)

※This content is based on information available on the date of the conference call (August 9, 2018).

Question	Answer
Overseas revenue for this quarter (Q1 of FY2018 ending on March 31, 2019), at approximately 100 billion yen, appears to be low compared to the full-year financial forecast. Please tell us the reasons for this.	There are no significant reasons. Net sales often fluctuate since they are recognized according to percentage-of-completion in each project. We understand they are proceeding as almost expected.
The gross profit ratio for this quarter is 7.5%, somewhat of an upswing from the full-year financial forecast. May we assume that the gross profit ratio is also in line with the forecast?	The reason for this is the good progress of the functional materials manufacturing business (formerly the catalysts and fine chemicals business; name changed as of this quarter), which has been performing well. Meanwhile, the profit ratio for the total engineering business was as forecast at the beginning of the year. Overall, we are proceeding in line with the forecast.
Please give us an update on the status of projects for which provisions for loss were recorded up at the last year (FY2017 ending on March 31, 2018).	There have not been any large profit-and-loss variations for any of the projects for which we recorded provisions for loss by the end of the last fiscal year including the crude oil and gas processing facilities project in Algeria and the oil refining project in Kuwait.
There were some reports that JGC received a contract for a chemical project in Thailand. Has this project been recorded as a new contract in this quarter?	It is true that we have entered the tendering process for this project, and it is our understanding that business negotiations are moving forward in a positive direction. However, we had not reached a formal contract by the end of

	this quarter, and we have not recorded it as a new contract awarded. We hope to have a formal contract and to record it during or after the second quarter.
Overseas contracts account for 850 billion yen of JGC's 1-trillion, full-year, contract target for this fiscal year (FY 2018 ending on March 31, 2019). The LNG project in Canada is forecast to account for approximately 600 billion yen of the 850 billion yen. What projects are being targeted for contracts for the remaining 250 billion yen?	Your understanding of the breakdown of our 1-trillion, full-year contract forecast for this year is correct in general. As for projects other than the LNG project in Canada, multiple oil refining and petrochemical projects are being tendered in Southeast Asia, and the tender results are expected to be revealed in the second half of this year. We intend to secure contracts for as many projects as possible and meet our 1-trillio -yen forecast.
An increase in the tax burden is forecast for this year, and tax expenses are being recorded for this quarter at more or less the forecast level. Are we right to think that there will be no particular quarterly deviations and that more or less the same level of tax expenses will be recorded going forward as well?	That is correct.
Please tell us about the reasons why short-term loans receivable and accounts receivable are increasing on the balance sheet. In the explanations at the earnings release for the previous year, JGC explained that payments on behalf of the subcontractor for the power generation facilities for the Ichthys LNG Project would increase. Are we right to think that reason for the increase in this quarter is the same?	That is correct.
Please give us an update on the tendering status of the Golden Pass LNG project in the United States.	There is no specific information we can give you at this point.