

August 8, 2019  
JGC Corporation

**First Quarter Financial Results for FY 2019 ending on March 31, 2020**  
**Q&A from the Earning Release Conference (held on August 8, 2019)**

※This content is based on information available on the date of the earning release conference (August 8, 2019)

Question	Answer
Are we right to think that the financial statements for this quarter are generally in line with your forecasts?	That is correct.
Please tell us the reason for the lower achievement rate in net sales with respect to the full-year forecast. Did exchange rates (the strong yen) affect the result?	The main causes of the lower achievement rate in net sales are the completion of some large projects, such as the Yamal LNG project and the Ichthys LNG project, and the progress on the LNG Canada project, which we predict to start rising in the latter half of this fiscal year. The impact of exchange rates (the strong yen) was insignificant.
The gross profit ratio of 7.7% for this quarter reached a level nearly equal to the full-year consolidated results forecast. If any positive or negative factors were involved, please explain them.	A positive factor was the profitability improvement due to drawdown of the Yamal LNG project contingency reserve. On the other hand, a negative factor was the drop in construction productivity at the Algeria project (satellite facility) due to strikes as well as Ramadan, so we needed to recognize additional costs required to catch up on progress, including the mobilization of additional on-site workers. We would like to refrain from disclosing the breakdown of specific amounts. In other Algerian projects (gas booster, gas processing), profitability has not deteriorated to date. However, we understand it is necessary to keep watching

	<p>closely for the political instability with delay in the presidential election that the country has been facing.</p>
<p>What is the state of progress of the Refinery project in Kuwait?</p>	<p>There is no additional costs booked for the Refinery project in Kuwait in this quarter. At present, however, we are engaged in correction and other works to meet the client's strict quality requirements for mechanical completion, and we understand it is necessary to continue exercising our strict management.</p>
<p>Please give us updates on the status of bidding on the Area 4 LNG project in Mozambique, the Nigeria LNG expansion project, and the US Jordan Cove LNG construction project.</p>	<p>We submitted our bid on the Area 4 LNG project in late March this year. The client is presently working on clarification, and we anticipate that the results will be informed before long.</p> <p>On the Nigeria LNG project, we anticipate that the bidding results will be informed within the fiscal year.</p> <p>As to the Jordan Cove LNG project, the FID was expected in 2019, however due to client's delays in obtaining permits and licenses from the US Federal Energy Regulatory Commission (FERC) and other authorities, we have come to feel that the FID may be delayed into 2020.</p>