

**Third Quarter Financial Results for FY2019 ending on March 31, 2020**  
**Q&A from the Earning Release Conference (held on February 13, 2020)**

※ This content is based on information available on the date of the earning release conference (February 13, 2020)

1. Financial results for the third quarter of FY2019 ending on March 31, 2020

Question	Answer
Gross profit ratio for the current third quarter (three months) was 9.6%, which was slightly higher than the one for the full-year forecast. Please share the details on this.	The main factor were improvements in the profit resulting from the drawdown of overseas project contingency reserve and the receipt of change orders.
Do you expect to be able to achieve full-year forecast for net sales?	Revenue from the LNG Canada project in this quarter were growing as expected, even compared to first- and second-quarter, and the full-year net sales forecast remains unchanged.
In the current third quarter, please share the breakdown of the gain on sales of investment securities, which is around 2 billion yen, and the loss on sales of investment securities, which is around 3 billion yen. Do these figures include losses from sales of cross-shareholdings and sales of business?	These results are attributable to the sale of former consolidated subsidiary JGC Mirai Solar Co., Ltd. and equity-method affiliate Rabigh Arabian Water and Electricity Company, among others. Moreover, cross-shareholdings have not been sold this third quarter.

<p>In the current third quarter, profit in others business segments being roughly 200 million yen on the negative side. What is the reason for this?</p>	<p>This is not due to special factors such as sale of business investment projects. It is attributable to a temporary downturn among companies in relevant segments.</p>
<p>When is the client's final investment decision (FID) expected for the Mozambique Rovuma LNG project received in October last year?</p>	<p>We expect the client to make their FID within this fiscal year.</p>
<p>Conflict between the U.S. and Iran temporarily increased tension in the Middle East. Please tell us about the decision timing for the tendered Iraq refinery upgrade project.</p>	<p>We expect the client to make their FID within the fiscal year.</p> <p>Although the conflict in the Middle East now appears to be subsiding, we are aware of the need to pay close attention to the situation.</p> <p>Even in the hypothetical case that the FID's for this project and other expected orders would not be made this fiscal year, net sales for each project are recorded over a four- to five-year period. Thus, it is appropriate to consider any order amounts awarded as applying to multiple fiscal years rather than a single fiscal year.</p>

2. Contracts and business outlook for FY2020 ending on March 31, 2021 and beyond

Question	Answer
Please give us the level of net sales in FY2020 ending on March 31, 2020 (hereinafter “the next fiscal year”).	We would like to refrain from commenting on it at this point, because this will change depending on the timing of projects awarded and the scale of orders.
Currently, have there been any developments in tendered projects for the next fiscal year?	We would like to refrain from commenting on those, since specific projects are currently under review, however our general impression remains the same as discussed previously. We view the market environment for overseas oil and gas, overseas infrastructure, and domestic operations as stable.

3. Status of unprofitable projects

Question	Answer
Please give us an update on the current status of projects for which provisions for loss on construction contracts have been made in the past.	<p>Although we booked additional costs associated with the gas booster construction project in Algeria in the second quarter of this fiscal year, the project is currently progressing smoothly as scheduled.</p> <p>The satellite facility project in Algeria is also proceeding according to plan.</p> <p>As for the oil refinery project in Kuwait, steady progress is being made toward handoff this fiscal year, as we continue to engage in remaining works to meet the rigorous requirements.</p>

4 . Other

Question	Answer
You mentioned that share buybacks is under consideration. Please describe the background that led you to look into this.	<p>Share buybacks are mentioned as one of the shareholder return policies in the current medium-term business plan.</p> <p>This fiscal year, there has been a trend toward significant recovery of the level of liquidity in hand, resulting from improved net operating cash flow. With the prospect of future financial needs for growth investment in mind, we would like to look into the possibility of share buybacks.</p>