

August 12, 2020

JGC HOLDINGS CORPORATION

First Quarter Financial Results for FY2020 ending on March 31, 2021
Q&A from the Online Earnings Release Conference (held on August 12, 2020)

※This content is based on information available on the date of the earnings release conference (August 12, 2020)

1. Financial results for the first quarter of FY2020 ending on March 31, 2021

Question	Answer
The gross profit ratio for the first quarter was 9.4%, which is generally as expected at the beginning of the fiscal year, but please let us know if there were any positive and negative factors. Also, did COVID-19 have any impact?	As you understand, the margin level was generally as expected at the beginning of this fiscal year, and there were no notable positive or negative factors. We revisited the impact of COVID-19 and reflected it in the first quarter; however, there were no significant changes.
What is the breakdown of the 79.9 billion yen in orders?	About one-half is a gas processing facility project in Saudi Arabia, in which the order was received by an overseas subsidiary. The remaining is from various change orders and others.

2. Impact of COVID-19

Question	Answer
Please tell us about the impact of COVID-19 on the ongoing projects.	We are executing projects with taking measures to prevent infection, and no projects have stopped. Under the restrictions of the workers' movement and transport of

	goods, we are conducting engineering and construction management remotely or by keeping social distancing. As a result, net sales in this quarter, especially in the Total Engineering segment, showed lower progress against the full-year forecast; however, we expect the recovery toward the end of the fiscal year.
Please inform us of any specific projects or regions where COVID-19 may have a significant impact on your business performance.	We are watching closely the impact on the LNG Canada Project which has the largest order backlog, and projects in Algeria, where COVID-19 continues spreading.

3. Order for Refinery Upgrading Project in Iraq

Question	Answer
The announced contract price was approximately 400 billion yen, which seems to be larger than the one originally expected. What is the reason for this?	Scope changes and other factors in the negotiation with the client may have brought the increase.

4. Other

Question	Answer
Please let us know if there have been any changes in the expectation to the targeted projects in this fiscal year.	There have been no particular changes.
Are there any changes in the competitive environment in the market?	There have been no particular changes.
In response to the trends of low carbonization and decarbonization, major oil companies have made it clear to reduce future investment in fossil fuels. What is your view on this?	We are currently developing a long-term vision upon which our next medium-term management plan will be based, and I believe that its content will focus on trends in society and clients, including low carbonization and decarbonization. At the

	announcement of financial results in May, the President and COO explained briefly about the direction of our discussions. We will announce the specifics as soon as they are determined.
Please tell us about the business environment for your Functional Materials Manufacturing business.	There have been no significant changes in the situation since the beginning of this fiscal year, such as further demand decrease by the spread of COVID-19. The results for the first quarter were in line with the full-year forecast.

End