May 12, 2020

JGC Holdings Corporation

Revisions to the Forecast for FY2019 ended on March 31, 2020

Q & A from the Online Conference (held on May 12, 2020)

*This content is based on information available on the date of the telephone conference (May 12, 2020).

Question	Answer
Are there any projects whose progress was delayed due to the impact of COVID-19 spread?	As of the end of FY2019, there were no projects whose progress was affected significantly. However, considering the possible impact on future progress and other matters, we reviewed the budget for each project, and reflected these into the revisions to the forecast for FY2019.
Please explain the combination of positive and negative factors to the gross profit improvement in the revisions to the forecast for FY2019.	As for negative factors, we recognized approximately 8 billion yen of additional charges on some projects as the possible impact from COVID-19 spread. On the other hand, positive factors include recognition of change orders in a project after long-running negotiation, drawdown of contingency reserve on a completed project, and improvement of profitability in several projects due to steady progress. As a result, the amount from the positive factors exceeded the one from the negative factors, and the gross profit improved from the initial forecast.
Is the problem with foreign tax a temporary issue?	We are currently reviewing the forecast for FY2020, including the effective tax rate. We will announce and explain these at the FY2019 full year financial results announcement on May 19.