Second Quarter Financial Results for FY2017
Q&A from the Earning Release Conference (held on November 9, 2017)

※This content is based on information available on the date of the earning release conference (November 9, 2017)

Question	Answer
Your gross profit has fallen slightly from 7.5% in 1Q (Apr. to Jun.) to 6.9% in 2Q (Jul. to Sep.). Could you please explain the reason for this change?	The overall profit ratio was boosted in 1Q with the strong performance of the catalysts and fine chemicals business segment and because the sales and profits of highly profitable projects were brought forward into 1Q, among other reasons. The gross profit ratio for the total engineering business segment is slightly better in 2Q than in 1Q.
Has there been any change in your views concerning the status of LNG projects since the release of the financial results for the last fiscal year in May?	Nothing has really changed during the past six months. However, in terms of the multiple large-scale LNG plans across the world, we sense that oil majors have begun to make strategic moves.
There was talk of FPSO in today's presentation. My understanding is that the plan is to first advance into the ship chartering business and accumulate know-how relating to O&M. Does this mean you also have your sights set on FPSO EPC in the future?	First, we want to accumulate know-how through various forms of collaboration with existing players, and then take the next steps.
Would you please provide an update on the progress of	In both projects, we are making steady progress towards completion next fiscal

the projects in Kuwait and Saudi Arabia?	year.
What is the status of the Ichthys LNG Project and Yamal LNG Project?	We consider that both projects are proceeding smoothly. Construction work for the Ichthys LNG Project has entered its final stage for production to commence within the current fiscal year. Construction of the Train 1 for the Yamal LNG Project is scheduled for completion this year. Completion of the Train 2 is scheduled for FY2018 and the Train 3 in FY2019.
If there are any, could you please give us specific examples of the strengthening of project management capability referred to in the presentation? Please explain any quantitative effects and specific timing for the initiative.	We consider the number of project managers (PM) as representing the capability of engineering companies. In this sense, we are putting effort into PM promotion. Small and medium-sized projects provide good opportunities for PM promotion, and so we are endeavoring to secure such opportunities, including projects of overseas group companies. Strengthening project management capability is not simply about building a specific management system, and it is difficult to measure the quantitative effect and to indicate specific timing. We believe it is important to continue with our diligent efforts.
Given your target for sales in the order of 1 trillion yen, do you have approximate target ratios for each sector? In addition, what gross profit ratios do you have in mind for sectors that you are strengthening and expanding such as offshore and infrastructure?	During the next five years, contracts for large-scale LNG projects are necessary to achieve more than 1 trillion yen in sales, and we will simultaneously strive to strengthen and expand our business in the offshore and infrastructure field. Subsequently, we are planning for the infrastructure sector to account for about 20% of total profit by FY2025. In terms of the profit ratio, while there will no doubt be slight differences in each sector, we want to secure a gross profit in the 8% range overall.
Please explain the status of the plant operational	We continuously provide operational support service and we hope that the

support service that uses Big Data.	know-how gained from such initiative will feed-back to the EPC business. We are also investigating how to improve the efficiency of the design service using AI and other measures.

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