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Outline of 1st Quarter Financial Results for Fiscal Year 2017

April 1, 2017 – June 30, 2017

JGC

Aug 9, 2017

My name is Takehiko Hirose, General Manager of the Finance and Accounting Department.

I am going to give you an outline of the first quarter financial results for the fiscal year ending in March, 2018.

Firstly, on page 3 of this power point presentation, we can see details of the consolidated Income and comprehensive Income.

Contents

1. Income and Comprehensive Income(Consolidated)

(Unit : Billions of Yen)

	FY2016 1Q	FY2017 1Q	Difference	Forecast FY 2017
Net sales	163.3	**153.0**	△ 10.3	680.0
Gross profit	12.7	**11.5**	△ 1.2	48.0
Profit ratio	7.8%	**7.5%**	△ 0.3pt	7.1%
Operating income	7.0	**6.2**	△ 0.8	26.0
Ordinary income	6.1	**9.0**	+2.8	30.0
Profit attributable to owners of the parent	3.3	**5.5**	+2.2	21.0
Profit	3.3	**5.6**	+2.2	
Other comprehensive income	△ 3.5	**0.3**	+3.8	
Comprehensive income	△ 0.1	**6.0**	+6.1	

The net sales for the first quarter of the current fiscal year totaled 153 billion yen, with a gross profit of 11.5 billion yen, operating income of 6.2 billion yen, ordinary income of 9 billion yen and profit attributable to owners of the parent of 5.5 billion yen. Revenue fell but profits increased compared to the previous fiscal year.

Net sales and operating income were lower but, due to the more favorable exchange rates bringing about growth in ordinary income and profit attributable to owners of the parent during the quarter, the 3.3 billion yen loss in non-operating income which was recorded last year showed improvement to 0.5 billion yen profit.

We feel this indicates that a positive start has been made on realizing the forecasts for full year announced this May.

In addition, the exchange rate at the end of June was 112 yen to the dollar, a rate lower than our assumed rate of 110 yen. However, the yen has recovered slightly and the uncertainty involved in rate changes has lead us to maintain our assumed rate as 110 yen.

Further, a change of 1 yen to the dollar in the exchange rate sensitivity translates to an effect of approximately 4 billion yen on sales, 0.7 billion yen on gross profit and on non-operating income 0.5 billion yen. In short, the exchange rate sensitivity, through its impact on gross profit and non-operating income, has an effect on ordinary income results in the region of 1.2 billion yen.

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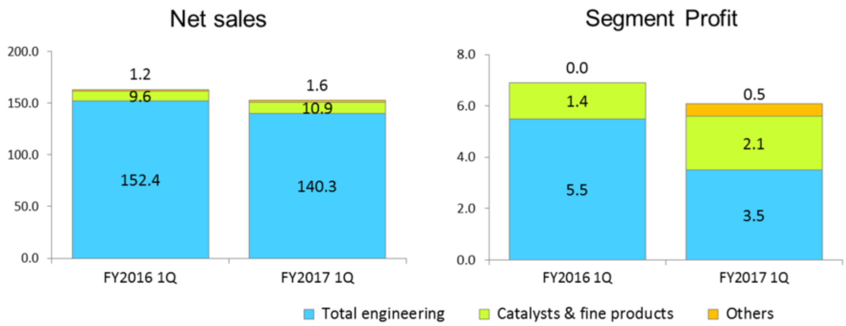
2. Segment Information (Consolidated)

By business segment

(Unit : Billions of Yen)

	Net sales		Segment profit	
	FY2016 1Q	FY2017 1Q	FY2016 1Q	FY2017 1Q
Total engineering	152.4	140.3	5.5	3.5
Catalysts & fine products	9.6	10.9	1.4	2.1
Others	1.2	1.6	0.0	0.5
Total	163.3	153.0	7.0	6.2



Page 4 shows the segment information.

Total engineering business results show falls in both sales and profits.

The principal cause of these reductions in sales and profits compared with the same period in the previous fiscal year lies in the fact that large –scale projects such as the Ichthys LNG project and the Yamal LNG project have passed their peak period.

On the other hand, both sales and profits have risen in the area of catalysts and fine products business.

This was due to the continued success of functional coating materials and other fine chemical products.

Other business areas showed some slight improvement in both sales and profits.

3. Balance Sheets (Consolidated)

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(Unit : Billions of Yen)

	FY2016	FY2017 1Q	Difference
Current assets	480.8	**480.9**	*1 +0.0
Non-current assets	165.4	**163.7**	△ 1.6
Total assets	646.2	**644.7**	△ 1.5
Current liabilities	226.4	**226.5**	*2 +0.0
Non-current liabilities	36.5	**36.5**	△ 0.0
Total liabilities	263.0	**263.0**	+0.0
Total net assets	383.2	**381.6**	*3 △ 1.5
Total liabilities & net assets	646.2	**644.7**	△ 1.5

*1 Cash & equivalents +21.0
Accounts receivable △24.4
Contract works in progress +2.8

*2 Advances received +2.0
Provision for loss on construction contracts △5.2

*3 Profit attributable to owners of the parent +5.5
Dividends △7.5
Accumulated other comprehensive income +0.3

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Next, shown on page 5 is our Consolidated balance sheets.

Current assets were almost the same as at the end of last fiscal year.

This included an increase of 21 billion yen in cash and equivalents to 206.6 billion yen while the figure for accounts receivable was 24.4 billion yen lower.

Accounts receivable from orders received prior to last fiscal year are steadily being settled.

For reference, on the top of cash booked on balance sheets, we have Joint Venture accounts where we have our interests which amounts to 125.3 billion yen (by our interest base).

Non-current assets fell by 1.6 billion yen to 163.7 billion yen.

There has been no large movement in regard to investment and loans in the 3 month period.

Total assets were 644.7 billion yen, a fall of 1.5 billion yen compared to the end of last fiscal year.

Current liabilities showed no appreciable change from the end of the previous fiscal year.

Advances received on construction activities increased 2 billion yen while provision for loss on construction contracts was 5.2 billion yen lower.

Projects for which we experienced losses in the previous fiscal year are presently proceeding smoothly.

Non-current liabilities showed no change from the end of March and total liabilities also remained unchanged during this period at 263 billion yen.

Total net assets were 1.5 billion yen lower at 381.6 billion yen.

Profit attributable to owners of the parent rose 5.5 billion yen for the quarter so the major reason for the change was the 7.5 billion yen in dividend payments.

4. Outline of Contracts

1) New Contracts(Consolidated)

(Unit : Billions of Yen)

	FY2017 1Q	FY2017 Forecast
Overseas	217.5	600.0
Domestic	47.9	150.0
Total	265.5	750.0

Next, I'll talk about the outline of the contracts.

The total value of new contracts received up to the end of June was 265.5 billion yen.

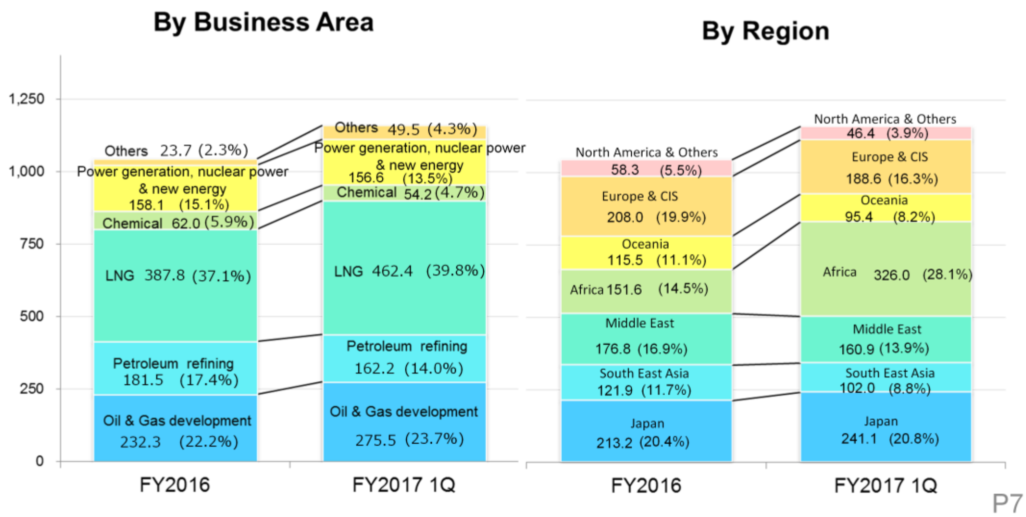
The total forecast for the year is 750 billion yen, meaning that we have attained a little over 1/3 of the target which indicates a satisfactory start for the year.

The principal contracts received during these 3 months include an FLNG project in Mozambique and an crude oil gathering and processing facilities project in Algeria and domestically, a CO2 separation and recovery facility for an Integrated coal Gasification Combined Cycle (IGCC) demonstration power plant.

2) Outstanding Contracts (Consolidated)

FY2016	FY2017 1Q	Difference
1,045.6	1,160.8	+115.1

(Unit : Billions of Yen)



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Finally, our consolidated outstanding contracts.

As of the end of June, the value of the outstanding contracts was 1trillion and 160.8 billion yen, representing an increase of 115.1 billion yen over the situation at the end of March.

By business area, with the receipt of the Mozambique FLNG project, the value of contracts in the field of LNG rose by 74.6 billion yen to a total of 462.4 billion yen and in the area of oil and gas development the Algerian project for crude oil gathering and processing facilities brought an increase of 43.2 billion yen for a total 275.5 billion yen.

In addition, the receipt of the Mozambique FLNG project and the crude oil gathering and processing facilities project in Algeria has meant that the total for Africa has shown a remarkable increase of 174.4 billion yen to a total of 326 billion yen since the end of March.

This brings us to the end of this outline of the business results for the first quarter of FY 2017. Thank you very much for your kind attention.

Appendix

Reference (Net Sales & New Contracts by Region)

(Unit：Billions of Yen)

【Net sales】

	FY2016 1Q		FY2017 1Q	
Japan	16.8	(10.3%)	**28.1**	(18.4%)
South East Asia	24.4	(15.0%)	**20.0**	(13.1%)
Oceania	36.7	(22.5%)	**35.3**	(23.1%)
Africa	0.9	(0.6%)	**4.7**	(3.1%)
Middle East	25.3	(15.5%)	**31.6**	(20.7%)
Europe & CIS	37.8	(23.2%)	**18.3**	(12.0%)
North America & Others	21.1	(12.9%)	**14.8**	(9.6%)
Total	163.3	(100.0%)	**153.0**	(100.0%)

【New Contracts】

	FY2016 1Q		FY2017 1Q	
Japan	17.9	(42.4%)	**47.9**	(18.1%)
South East Asia	13.4	(31.9%)	**4.1**	(1.6%)
Oceania	1.8	(4.5%)	**17.2**	(6.5%)
Africa	1.8	(4.4%)	**178.8**	(67.4%)
Middle East	0.6	(1.5%)	**14.5**	(5.5%)
Europe & CIS	4.9	(11.8%)	**0.7**	(0.3%)
North America & Others	1.4	(3.5%)	**1.9**	(0.6%)
Total	42.2	(100.0%)	**265.5**	(100.0%)

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•changes in government regulations or tax laws in jurisdictions where we conduct business

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