

[Translation]

The following statements are an English-language translation of the original Japanese-language document for your reference purpose only. In the case that there is any discrepancy between the original Japanese version and this English version, the Japanese version shall prevail.
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

November 12, 2019

Summary of Consolidated Second Quarter Financial Results for Fiscal 2019

(For the fiscal year ended March 31, 2020)

Name of listed company: **JGC HOLDINGS CORPORATION**

Code number: **1963**

Representative

Title: **Representative Director, Chairman of the Board & Chief Executive Officer (CEO)**

Name: **Masayuki Sato**

Contact

Title: **General Manager, Group Finance & Accounting Department**

Name: **Shinichi Taguchi**

Stock exchange: **Tokyo**

Tel: **045-682-1111**

URL: **https://www.jgc.com**

1. Consolidated Financial Results for 2Q of FY2019(April 1, 2019 - September 30, 2019)

(1) Consolidated financial results

Note: All amounts are rounded down to the nearest million yen. Percentage indicate changes from the previous term.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
2Q FY2019	218,354	(21.5)	7,203	(30.1)	10,360	(35.1)	4,474	(36.5)
2Q FY2018	278,321	(19.3)	10,311	(23.7)	15,959	(11.1)	7,050	(43.2)

Note: Comprehensive income (millions of yen):

2Q FY2019 term: (3,453)((139.9%)) 2Q FY 2018 term: 8,655((43.7%))

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
2Q FY2019	17.73	—
2Q FY2018	27.95	—

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of September 30, 2019	711,149	399,530	56.0
As of March 31, 2019	708,855	410,350	57.7

Reference: Shareholders' equity (millions of yen):

Sep. 30, 2019: 398,596

Mar. 31, 2019: 409,254

2. Dividends

	Annual dividends per share (Yen)				
	1Q term-end	2Q term-end	3Q term-end	Term-end	Annual
Mar. 2019 term	—	—	—	28.50	28.50
Mar. 2020 term	—	—	—	—	—
Mar. 2020 term (Forecast)	—	—	—	12.00	12.00

Note: Revision of dividend forecast during this period: None

3. Earnings forecasts for FY2019 (April 1, 2019 - March 31, 2020)

Note: Percentage indicate changes from the previous term.

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the Parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Full Year	500,000	(19.3)	19,000	(18.3)	26,000	(19.5)	10,000	(58.3)

	Earnings per share
	(Yen)
Full Year	39.63

Note: Revision of earnings forecast during this period: None

4. Others

(1) Changes in scope of consolidated important subsidiaries
 (increase) None (decrease) None

(2) Adoption of simplified accounting methods or special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes of accounting principles, procedures and presentation

- ① Changes due to revisions of accounting standards: None
- ② Changes other than the above ①: None
- ③ Changes in accounting estimates: None
- ④ Restatement: None

(4) Number of shares outstanding

① Number of shares outstanding at term-end (including treasury stock):			
Sep. 2019 term:	259,110,861	Mar. 2019 term	259,052,929
② Number of treasury stock at term-end:			
Sep. 2019 term:	6,746,211	Mar. 2019 term	6,746,081
③ Average number of shares outstanding at term-end:			
Sep. 2019 term:	252,323,345	Sep. 2018 term	252,307,311

(1) This document is unaudited by certificated public accountants or audit firms.

(2) The forecasts given above are based on information available at the time of compilation and are inherently subject to a variety of risks and uncertainties. Actual results may vary significantly from forecasts due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

(3) Forecasts based on : 110.00 yen/US\$ 1.00

Consolidated Balance Sheets

	2Q FY2019	FY2018
	(As of Sep. 30, 2019)	(As of Mar. 31, 2019)
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	261,014	160,841
Notes receivable, accounts receivable from completed construction contracts and other	134,539	232,682
Costs on uncompleted construction contracts	25,259	24,471
Merchandise and finished goods	6,003	4,765
Work in process	3,741	2,809
Raw materials and supplies	3,676	3,981
Short-term loans receivable	433	4,029
Accounts receivable	87,117	93,545
Other	20,539	15,795
Allowance for doubtful accounts	(1,079)	(1,174)
Total current assets	541,245	541,747
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,590	59,914
Machinery, vehicles, tools, furniture and fixtures	64,706	64,574
Land	18,461	18,491
Leased assets	311	314
Construction in progress	2,775	935
Other	4,330	4,402
Accumulated depreciation	(94,127)	(93,191)
Total property, plant and equipment	56,049	55,440
Intangible assets		
Software	4,146	4,180
Other	5,693	5,862
Total intangible assets	9,840	10,043
Investments and other assets		
Investment securities	68,052	68,993
Long-term loans receivable	7,941	4,626
Net defined benefit asset	566	604
Deferred tax assets	25,884	25,197
Other	9,578	10,179
Allowance for doubtful accounts	(8,009)	(7,978)
Total investments and other assets	104,013	101,623
Total non-current assets	169,903	167,107
Total assets	711,149	708,855

	2Q FY2019 (As of Sep. 30, 2019) (Millions of yen)	FY2018 (As of Mar. 31, 2019) (Millions of yen)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	64,023	92,091
Short-term loans payable	536	614
Income taxes payable	3,716	3,010
Advances received on uncompleted construction contracts	115,239	74,104
Provision for warranties for completed construction contracts	1,291	1,153
Provision for loss on construction contracts	16,038	17,765
Provision for bonuses	4,594	6,604
Provision for directors' bonuses	39	83
Other	31,484	28,131
Total current liabilities	236,963	223,559
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	3,758	3,949
Net defined benefit liability	16,024	15,874
Provision for directors' retirement benefits	194	305
Provision for loss on business liquidation	880	1,464
Deferred tax liabilities	682	649
Deferred tax liabilities for land revaluation	1,014	1,014
Other	2,101	1,687
Total non-current liabilities	74,655	74,945
Total liabilities	311,618	298,504
NET ASSETS		
Shareholders' equity:		
Capital stock	23,554	23,511
Capital surplus	25,653	25,609
Retained earnings	373,428	376,145
Treasury shares	(6,738)	(6,738)
Total shareholders' equity	415,897	418,526
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	6,121	7,239
Deferred gains or losses on hedges	(709)	(276)
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	(10,601)	(3,968)
Remeasurements of defined benefit plans	(1,219)	(1,375)
Total Accumulated other comprehensive income	(17,300)	(9,272)
Non-controlling interests	933	1,096
Total net assets	399,530	410,350
Total liabilities and net assets	711,149	708,855

Consolidated Statements of Income

	2Q FY2019 term (Apr. 1, 2019 - Sep. 30, 2019) (Millions of yen)	2Q FY2018 term (Apr. 1, 2018 - Sep. 30, 2018) (Millions of yen)
Net sales	218,354	278,321
Cost of sales	200,329	257,757
Gross profit	18,024	20,563
Selling, general and administrative expenses	10,821	10,252
Operating income	7,203	10,311
Non-operating income:		
Interest income	2,076	1,870
Dividend income	1,795	1,744
Foreign exchange gains	—	603
Share of profit of entities accounted for using equity method	2,060	1,465
Other	338	353
Total non-operating income	6,271	6,037
Non-operating expenses:		
Interest expenses	86	264
Foreign exchange losses	2,883	—
Other	145	124
Total non-operating expenses	3,114	389
Ordinary income	10,360	15,959
Extraordinary income:		
Gain on Sales of non-current assets	8	1
Gain on liquidation of subsidiaries and associates	—	248
Other	—	0
Total extraordinary Income	8	250
Extraordinary loss:		
Loss on retirement of non-current assets	112	61
Loss on sales of investment securities	—	150
Loss on valuation of investment securities	823	8
Other	7	5
Total extraordinary loss	943	225
Profit before income taxes	9,425	15,984
Income taxes	4,850	8,808
Profit	4,575	7,175
Profit attributable to non-controlling interests	101	124
Profit attributable to owners of the parent	4,474	7,050

Statements of Consolidated Comprehensive Income

	2Q FY2019 term (Apr. 1, 2019 - Sep. 30, 2019) (Millions of yen)	2Q FY2018 term (Apr. 1, 2018 - Sep. 30, 2018) (Millions of yen)
Profit	4,575	7,175
Other comprehensive income:		
Valuation difference on available-for-sale securities	(1,118)	2,095
Deferred gains or losses on hedges	(433)	519
Foreign currency translation adjustment	(6,090)	(1,411)
Remeasurements of defined benefit plans	157	196
Share of other comprehensive income of entities accounted for using equity method	(543)	80
Total other comprehensive income	(8,028)	1,479
Comprehensive income	(3,453)	8,655
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(3,553)	8,519
Comprehensive income attributable to non-controlling interests	100	136

Consolidated Statements of Cash Flows

	2Q FY2019 term (Apr. 1, 2019 - Sep. 30, 2019) (Millions of yen)	2Q FY2018 term (Apr. 1, 2018 - Sep. 30, 2018) (Millions of yen)
Cash flows from operating activities:		
Profit before income taxes	9,425	15,984
Depreciation	3,405	3,372
Increase (decrease) in allowance for doubtful accounts	(110)	(32)
Increase (decrease) in provision for loss on construction contracts	(1,699)	(2,666)
Increase (decrease) in net defined benefit liability	194	84
Interest and dividend income	(3,872)	(3,614)
Foreign exchange losses (gains)	(156)	(1,549)
Share of loss (profit) of entities accounted for using equity method	(2,060)	(1,465)
Decrease (increase) in notes and accounts receivable-trade	97,273	(17,736)
Decrease (increase) in inventories	(2,731)	(13,994)
Decrease (increase) in accounts receivable-other	1,689	(22,250)
Increase (decrease) in notes and accounts payable-trade	(26,678)	(6,327)
Increase (decrease) in advances received on uncompleted construction contracts	41,567	19,386
Other	(2,847)	(6,961)
Subtotal	113,399	(37,773)
Interest and dividend income received	3,771	3,796
Interest expenses paid	(52)	(318)
Income taxes paid	(3,886)	(11,095)
Cash flows from operating activities	113,232	(45,391)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,170)	(3,722)
Purchase of investment securities	(430)	(1,853)
Proceeds from sale of investment securities	5,942	1,947
Proceeds from liquidation of subsidiaries and associates	—	1,857
Other	(152)	1,175
Cash flows from investing activities	(3,752)	(2,543)
Cash flows from financing activities:		
Cash dividends paid	(7,189)	(6,307)
Dividends paid to non-controlling interests	(208)	(203)
Other	(523)	(2,064)
Cash flows from financing activities	(7,712)	(8,372)
Effect of exchange rate changes on cash and cash equivalents:	(1,593)	21
Net increase (decrease) in cash and cash equivalents:	100,173	(56,285)
Cash and cash equivalents at beginning of period:	160,841	235,394
Cash and cash equivalents at end of period:	261,014	179,109

Segment Information

【 Information by business segment 】

Second quarter (6 months) for FY 2018 (April 1, 2018 - September 30, 2018)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	253,013	22,593	275,606	2,714	278,321	—	278,321
Inter-segment	31	—	31	854	886	(886)	—
Total	253,045	22,593	275,638	3,569	279,208	(886)	278,321
Segment profit	5,733	3,824	9,557	716	10,273	37	10,311

*1: "Others" includes Specialized Consulting Services, Office Support Services Business, Power and Water Business, and Oil and Gas Production Sales Business.

*2: Segment profit, Segment asset and Other item are adjusted to eliminate transactions between segments.

*3: Segment profits are adjusted with the operating income figure from the Consolidated Statements of Income.

Second quarter (6 months) for FY 2019 (April 1, 2019 - September 30, 2019)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	194,142	21,897	216,039	2,314	218,354	—	218,354
Inter-segment	27	7	35	799	834	(834)	—
Total	194,170	21,905	216,075	3,113	219,189	(834)	218,354
Segment profit	3,661	3,122	6,783	375	7,158	44	7,203

*1: "Others" includes Specialized Consulting Services, Office Support Services Business, Power and Water Business, and Oil and Gas Production Sales Business.

*2: Segment profit, Segment asset and Other item are adjusted to eliminate transactions between segments.

*3: Segment profits are adjusted with the operating income figure from the Consolidated Statements of Income.

Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

Business area		March 31, 2019	September 30, 2019		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	1,558	296	360	1,494
	Petroleum refining	9,616	7,115	5,642	11,088
	LNG	212	—	—	212
	Chemical	47,130	15,378	10,789	51,720
	Power generation, nuclear power and new energy	87,955	3,104	27,892	63,207
	Living and general production facility	31,302	16,614	15,135	32,781
	Environmental protection, social development and IT	25,573	8,940	7,242	27,271
	Others	1,016	3,651	1,287	3,379
	Subtotal	204,405	55,101	68,350	191,156
Overseas	Oil and gas development	140,662	783	38,514	102,931
	Petroleum refining	55,084	4,231	12,236	47,079
	LNG	725,087	3,231	58,065	670,253
	Chemical	62,021	6,728	8,735	60,014
	Power generation, nuclear power and new energy	7,683	264	6,397	1,550
	Living and general production facility	2,581	1,148	970	2,759
	Environmental protection, social development and IT	237	80	256	61
	Others	2,452	4,511	2,929	4,033
	Subtotal	995,810	20,980	128,106	888,683
Total Engineering Business		1,199,168	71,535	194,142	1,076,561
Others Business		1,047	4,546	2,314	3,279
Subtotal		1,200,215	76,082	196,456	1,079,840
Functional Materials Manufacturing		—	—	21,897	—
Grand Total		1,200,215	76,082	218,354	1,079,840

*1 Figures for each business area are exclusive of consumption and other taxes.

*2 The balance as of the end of previous fiscal year for outstanding contracts of "Total Engineering Business" and "Others Business" have been revised to reflect foreign currency translation adjustments and changes in contract amounts for the period as follows:

(Millions of yen)

Business area	Foreign currency translation adjustment	Revision for changes in contract amounts	Total
Oil and gas development	(1,856)	(435)	(2,291)
Petroleum refining	(112)	(4)	(117)
LNG	(3,235)	(2,330)	(5,565)
Chemical	(30)	(5)	(36)
Power generation, nuclear power and new energy	(53)	—	(53)
Living and general production facility	(12)	(59)	(71)
Environmental protection, social development and IT	0	—	0
Others	(4)	(8)	(12)
Total	(5,304)	(2,844)	(8,149)
Total Engineering Business	(5,326)	(2,842)	(8,169)
Other Business	21	(1)	19

*3 All amounts are rounded down to the nearest million yen.