

[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.)

February 13, 2020

Summary of Consolidated Third 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 3Q of FY2019(April 1, 2019 - December 31, 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)	(%)
3Q FY2019	342,234	(19.4)	13,451	(11.8)	18,367	(19.0)	4,784	(51.9)
3Q FY2018	424,635	(20.0)	15,250	(29.6)	22,664	(18.6)	9,936	(49.9)

Note: Comprehensive income (millions of yen):

3Q FY2019 term: 2,200((53.3%)) 3Q FY 2018 term: 4,714((81.7%))

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3Q FY2019	18.96	—
3Q FY2018	39.38	—

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of December 31, 2019	686,484	404,589	58.9
As of March 31, 2019	708,855	410,350	57.7

Reference: Shareholders' equity (millions of yen):

Dec. 31, 2019: 404,173 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):			
Dec. 2019 term:	259,110,861	Mar. 2019 term	259,052,929
② Number of treasury stock at term-end:			
Dec. 2019 term:	6,747,912	Mar. 2019 term	6,746,081
③ Average number of shares outstanding at term-end:			
Dec. 2019 term:	252,335,252	Dec. 2018 term	252,307,212

(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

	3Q FY2019	FY2018
	(As of Dec. 31, 2019)	(As of Mar. 31, 2019)
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	252,082	160,841
Notes receivable, accounts receivable from completed construction contracts and other	139,259	232,682
Costs on uncompleted construction contracts	28,815	24,471
Merchandise and finished goods	5,468	4,765
Work in process	4,204	2,809
Raw materials and supplies	3,898	3,981
Short-term loans receivable	440	4,029
Accounts receivable	93,256	93,545
Other	15,846	15,795
Allowance for doubtful accounts	(1,063)	(1,174)
Total current assets	542,208	541,747
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,819	59,914
Machinery, vehicles, tools, furniture and fixtures	57,620	64,574
Land	18,462	18,491
Leased assets	308	314
Construction in progress	2,049	935
Other	4,353	4,402
Accumulated depreciation	(91,982)	(93,191)
Total property, plant and equipment	47,630	55,440
Intangible assets		
Software	4,014	4,180
Other	5,417	5,862
Total intangible assets	9,432	10,043
Investments and other assets		
Investment securities	52,126	68,993
Long-term loans receivable	7,940	4,626
Net defined benefit asset	545	604
Deferred tax assets	25,098	25,197
Other	9,466	10,179
Allowance for doubtful accounts	(7,963)	(7,978)
Total investments and other assets	87,213	101,623
Total non-current assets	144,276	167,107
Total assets	686,484	708,855

	3Q FY2019 (As of Dec. 31, 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	68,930	92,091
Short-term loans payable	225	614
Current portion of bonds payable	20,000	—
Income taxes payable	2,450	3,010
Advances received on uncompleted construction contracts	101,024	74,104
Provision for warranties for completed construction contracts	1,317	1,153
Provision for loss on construction contracts	12,276	17,765
Provision for bonuses	2,806	6,604
Provision for directors' bonuses	65	83
Other	22,507	28,131
Total current liabilities	231,605	223,559
Non-current liabilities		
Bonds payable	30,000	50,000
Long-term loans payable	311	3,949
Net defined benefit liability	15,950	15,874
Provision for directors' retirement benefits	203	305
Provision for loss on business liquidation	846	1,464
Deferred tax liabilities	366	649
Deferred tax liabilities for land revaluation	1,014	1,014
Other	1,597	1,687
Total non-current liabilities	50,290	74,945
Total liabilities	281,895	298,504
NET ASSETS		
Shareholders' equity:		
Capital stock	23,554	23,511
Capital surplus	25,653	25,609
Retained earnings	373,738	376,145
Treasury shares	(6,739)	(6,738)
Total shareholders' equity	416,207	418,526
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	7,169	7,239
Deferred gains or losses on hedges	(149)	(276)
Revaluation reserve for land	(10,891)	(10,891)
Foreign currency translation adjustment	(7,016)	(3,968)
Remeasurements of defined benefit plans	(1,145)	(1,375)
Total accumulated other comprehensive income	(12,033)	(9,272)
Non-controlling interests	415	1,096
Total net assets	404,589	410,350
Total liabilities and net assets	686,484	708,855

Consolidated Statements of Income

	3Q FY2019 term (Apr. 1, 2019 - Dec. 31, 2019) (Millions of yen)	3Q FY2018 term (Apr. 1, 2018 - Dec. 31, 2018) (Millions of yen)
Net sales	342,234	424,635
Cost of sales	312,357	393,824
Gross profit	29,876	30,810
Selling, general and administrative expenses	16,424	15,560
Operating income	13,451	15,250
Non-operating income:		
Interest income	3,023	2,787
Dividend income	2,272	2,211
Foreign exchange gains	—	30
Share of profit of entities accounted for using equity method	3,114	2,426
Other	411	466
Total non-operating income	8,821	7,922
Non-operating expenses:		
Interest expenses	122	344
Foreign exchange losses	3,551	—
Other	231	164
Total non-operating expenses	3,905	508
Ordinary income	18,367	22,664
Extraordinary income:		
Gain on sales of investment securities	2,161	0
Gain on liquidation of subsidiaries and associates	—	248
Other	10	9
Total extraordinary Income	2,171	258
Extraordinary loss:		
Loss on retirement of non-current assets	153	123
Loss on sales of investment securities	3,211	150
Loss on valuation of investment securities	823	8
Other	8	25
Total extraordinary loss	4,197	307
Profit before income taxes	16,341	22,614
Income taxes	11,466	12,533
Profit	4,875	10,081
Profit attributable to non-controlling interests	91	144
Profit attributable to owners of the parent	4,784	9,936

Statements of Consolidated Comprehensive Income

	3Q FY2019 term (Apr. 1, 2019 - Dec. 31, 2019) (Millions of yen)	3Q FY2018 term (Apr. 1, 2018 - Dec. 31, 2018) (Millions of yen)
Profit	4,875	10,081
Other comprehensive income:		
Valuation difference on available-for-sale securities	(69)	(3,110)
Deferred gains or losses on hedges	212	(62)
Foreign currency translation adjustment	(2,689)	(3,025)
Remeasurements of defined benefit plans	231	282
Share of other comprehensive income of entities accounted for using equity method	(359)	550
Total other comprehensive income	(2,675)	(5,366)
Comprehensive income	2,200	4,714
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	2,023	4,576
Comprehensive income attributable to non-controlling interests	176	138

Segment Information

【 Information by business segment 】

Third quarter (9 months) for FY 2018 (April 1, 2018 - December 31, 2018)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	386,080	34,368	420,448	4,187	424,635	—	424,635
Inter-segment	44	—	44	1,228	1,272	(1,272)	—
Total	386,124	34,368	420,492	5,415	425,907	(1,272)	424,635
Segment profit	8,296	5,933	14,230	956	15,187	62	15,250

*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.

Third quarter (9 months) for FY 2019 (April 1, 2019 - December 31, 2019)

(Millions of yen)

	Segment			Others	Grand total	Adjustment	Consolidated
	Total Engineering	Functional Materials Manufacturing	Sub total				
Net sales							
External customers	304,498	34,766	339,265	2,968	342,234	—	342,234
Inter-segment	42	10	52	1,377	1,430	(1,430)	—
Total	304,540	34,777	339,318	4,346	343,664	(1,430)	342,234
Segment profit	8,049	5,177	13,227	153	13,381	70	13,451

*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	December 31, 2019		
		Outstanding Contracts	New Contracts	Sales	Outstanding Contracts
Domestic	Oil and gas development	1,558	348	921	986
	Petroleum refining	9,616	11,734	9,199	12,150
	LNG	212	—	—	212
	Chemical	47,130	18,431	18,424	47,137
	Power generation, nuclear power and new energy	88,413	11,044	43,296	56,160
	Living and general production facility	31,502	20,536	22,169	29,868
	Environmental protection, social development and IT	25,259	22,994	9,819	38,433
	Others	1,016	4,173	1,619	3,570
	Subtotal	204,710	89,262	105,452	188,521
Overseas	Oil and gas development	141,562	1,698	59,531	83,729
	Petroleum refining	55,738	5,214	17,541	43,411
	LNG	726,211	13,566	96,744	643,034
	Chemical	62,131	10,517	14,830	57,819
	Power generation, nuclear power and new energy	7,661	264	6,427	1,498
	Living and general production facility	2,530	1,964	2,124	2,370
	Environmental protection, social development and IT	237	137	266	108
	Others	2,453	4,883	4,549	2,787
	Subtotal	998,527	38,247	202,015	834,759
Total Engineering Business		1,202,196	122,109	304,498	1,019,807
Others Business		1,041	5,400	2,968	3,473
Subtotal		1,203,238	127,510	307,467	1,023,280
Functional Materials Manufacturing		—	—	34,766	—
Grand Total		1,203,238	127,510	342,234	1,023,280

*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	(1,048)	(343)	(1,392)
Petroleum refining	542	(5)	536
LNG	375	(4,817)	(4,441)
Chemical	80	(5)	74
Power generation, nuclear power and new energy	(75)	418	343
Living and general production facility	(35)	112	77
Environmental protection, social development and IT	0	(313)	(313)
Others	(11)	(0)	(11)
Total	(171)	(4,955)	(5,126)
Total Engineering Business	(187)	(4,953)	(5,140)
Others Business	15	(1)	14

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