Translation

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Outline of Financial Results for Fiscal Year 2019

April 1, 2019 – March 31, 2020

May 19, 2020

JGC HOLDINGS CORPORATION
General Manager, Group Finance & Accounting Department
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My name is Taguchi, General Manager of the Group Finance and Accounting Department.

I am going to give you an outline of the financial results for Fiscal Year 2019 which ends in March, 2020.

Contents

1. Highlights of Fiscal Year 2019

- Profitability was improved on several projects, both domestic and overseas, due to steady progress in construction. The profit ratio was increased by 1.7pt from the previous year.
- The impact from the spread of COVID-19 was reflected in the assessment of project profitability.
- A healthy financial position has been maintained. Finance liquidity was improved by a significant increase in operating CF as of March 31 2020.
- Annual dividend per share of ¥12.00 is maintained as announced at the beginning of the fiscal year.

I will begin with a review of the highlights for the Fiscal Year 2019.

Profitability was improved in conjunction with the steady progress of construction work in several projects, both domestic and overseas. Gross profit ratio was increased by 1.7 points from the previous fiscal year.

As for the spread of the new coronavirus, potential impacts have been reflected in the assessment of project profitability. As a result, the gross profit for the year was affected around 8 billion yen.

In terms of financial stability, we have maintained a robust financial base. In Fiscal Year 2019, cash and cash equivalents increased by approximately 100 billion yen, mainly due to the large amount of positive operating cash flow, which has brought an improvement to our liquidity.

Based on the above, the dividend per share has been maintained as announced at the beginning of the year.

2. Income and Comprehensive Income

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【Unit: Billions of Yen】

	FY2018	FY2019	Difference	Revised Forecast
Net sales	619.2	**480.8**	△ 138.4	480.0
Gross profit	44.9	**43.3**	△ 1.6	43.0
Profit ratio	7.3%	**9.0%**	+1.7pt	9.0%
Operating income	23.2	**20.2**	△ 3.0	20.0
Ordinary income	32.3	**22.3**	△ 9.9	22.0
Profit attributable to owners of the parent	24.0	**4.1**	△ 19.8	4.0
Profit	24.2	**4.2**	△ 19.9	
Other comprehensive income	△ 6.2	△ **18.5**	△ 12.2	
Comprehensive income	17.9	△ **14.2**	△ 32.2	

We move to the Statement of Income and the Statement of Comprehensive Income.

The results turned out to be almost in accordance with the revised forecast announced on May 12.

Net sales was affected by the reduction of the order backlog, and was 480.8 billion yen, which is 138.4 billion yen less than the previous fiscal year.

Gross profit was 43.3 billion yen, which represents a 1.6 billion yen decrease.

The gross profit margin improved by 1.7 points to 9.0%.

Operating income was 20.2 billion yen, which represents a decrease of approximately 3 billion yen from the previous fiscal year. SG&A expenses increased by 1.4 billion yen due to reclassification of direct department and indirect department following the transition to a holding company structure.

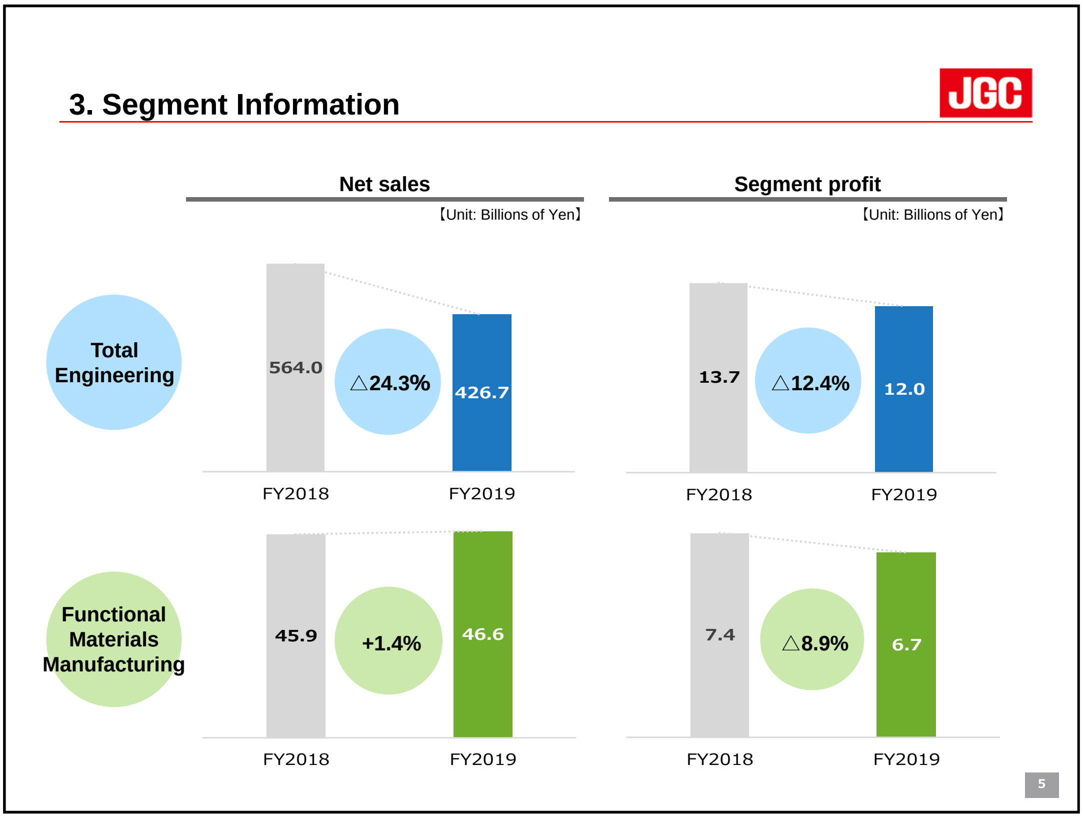
Ordinary income was 22.3 billion yen, which represents a decrease of 9.9 billion yen from the previous fiscal year. Non-operating expenses increased by 7.6 billion yen due to foreign exchange losses caused by the appreciation of the yen and the allowance for doubtful debts.

Profit attributable to owners of the parent was 4.1 billion yen, which represents a decrease of 19.8 billion yen from the previous fiscal year.

Extraordinary income was recorded in the fourth quarter due to the sale of cross-shareholding and business investment assets, resulting in pretax income almost as forecasted at the beginning of this fiscal year.

On the other hand, corporate income taxes increased by 13.4 billion yen from the previous fiscal year due to an increase in foreign income taxes.

Comprehensive income was loss of 14.2 billion yen due to negative effect of currency translation adjustment accounts caused by the appreciation of the yen.



Next is the segment information.

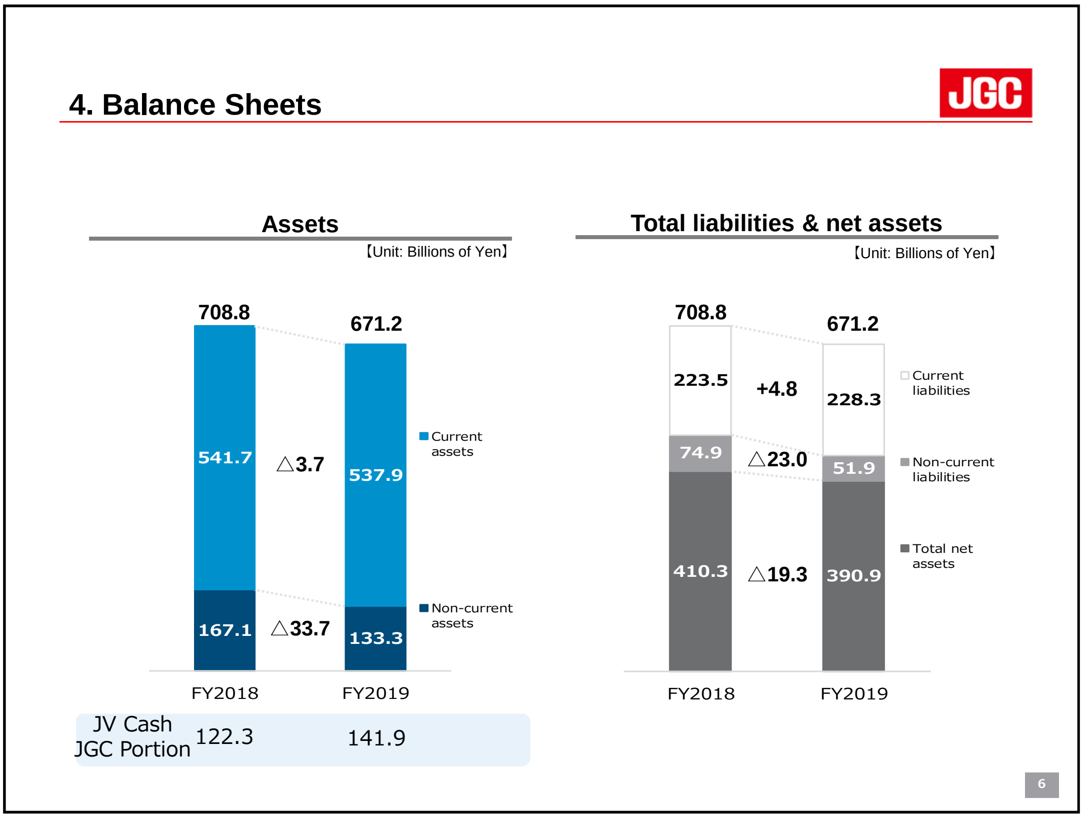
In the Total Engineering segment, net sales was decreased by 24.3% compared to the previous fiscal year to 426.7 billion yen with the completion of large LNG projects such as Yamal and Ichthys LNG.

Segment profit decreased by 12.4% to 12 billion yen. Gross profit increased significantly in the fourth quarter, due to factors such as conclusion of change orders in overseas projects, drawdown of contingencies in completed projects, and other profit improvements in domestic and overseas projects. On the other hand, in conjunction with the wide spread of the novel coronavirus, we have carefully examined the impact on the projects that are underway, have estimated the additional costs that may arise due to the extension of the delivery date, and decrease in productivity, etc., and such risks have been factored into the project profitability in some projects.

The profit margin was slightly increased.

In regard to the functional material manufacturing segment, although we were able to secure roughly flat sales compared to the previous fiscal year of 46.6 billion yen, segment profit was decreased by 8.9% to 6.7 billion yen.

Although oil, chemical catalysts and environmental protection catalysts showed good result, profitability declined due to a decrease in the fine chemical field caused by the impact of the United States-China trade frictions.



Next are the consolidated balance sheets.

Total assets decreased by 37.5 billion yen to 671.2 billion yen.

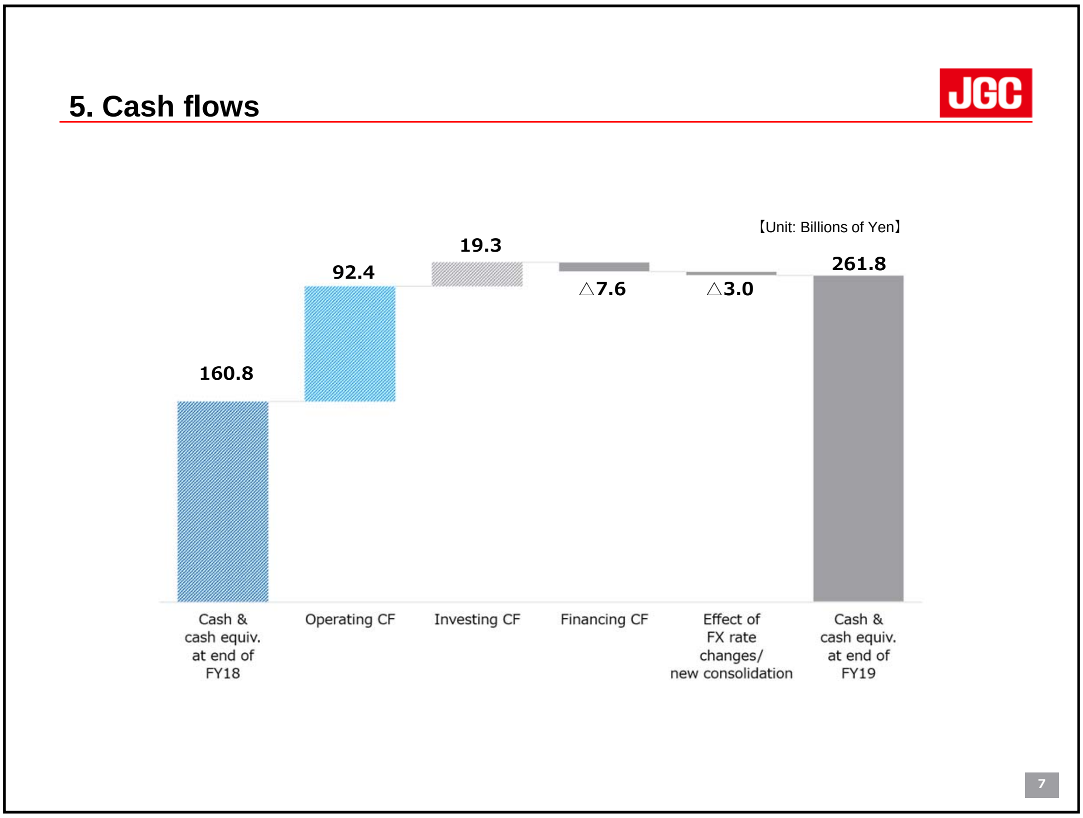
Non-current assets decreased by 33.7 billion yen, mainly on decrease in investment securities from the sale of cross-shareholding and business investment assets.

In liabilities, non-current liabilities decreased by 23 billion yen. The main reason for the decrease is that the transfer of 20 billion yen corporate bonds to be redeemed this year to current liabilities.

Net assets decreased by 19.3 billion yen due to the payment of dividends and the negative currency translation adjustment accounts.

The shareholders equity ratio was 58%.

The Company's portion of JV cash was 141.9 billion yen, and the funds have been managed well.



Next are the consolidated statements of cash flows.

Cash and cash equivalents increased by approximately 100 billion yen this fiscal year, and the end of period balance was 261.8 billion yen.

Cash flow through operating activities became positive 92.4 billion yen due to the end of the payments of the reimbursable costs in the Ichthys LNG project, as well as collection of receivables in the Algerian projects.

Cash flow through investment activities became positive 19.3 billion yen. This was resulted from the sale of cross-shareholding and business investment assets in conjunction with the review of the significance of their holding assets.

The negative cash flow of 7.6 billion yen from financing activities was mainly due to the payment of dividends.

In addition to the cash balance, we have 30 billion yen borrowing facility under commitment line agreement with financial institutions, and at the current time, we maintain strong liquidity.

6. Outline of Contracts

ｉ） New Contracts

【Unit: Billions of Yen】

	FY2019 Actual
Overseas	62.4
Domestic	127.1
Total	189.6

The next topic deals with new contracts.

Orders received remained at 189.6 billion yen.

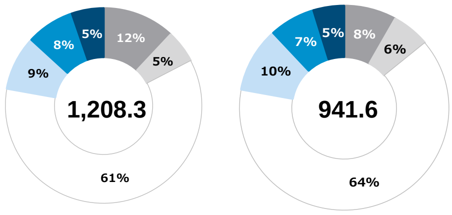
The main projects for new orders were domestic power generation and pharmaceutical related projects, etc.

In regard to the LNG project in Mozambique for which we expected to be awarded in the fourth quarter, the client has delayed their final decision on the investment, and the order has not been recorded.

ⅱ）Outstanding Contracts

By Business Area

【Unit: Billions of Yen】

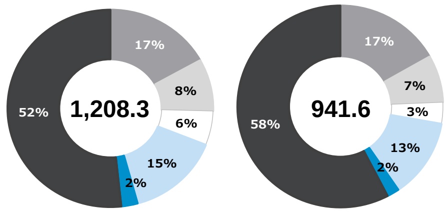


FY2018 FY2019

	FY2018	FY2019
Oil & Gas development	144.5	**76.2**
Petroleum refining	64.8	**55.1**
LNG	730.8	**602.2**
Chemical	109.1	**96.4**
Power generation, nuclear power	95.7	**66.8**
Others	63.2	**44.6**

By Region

【Unit: Billions of Yen】



FY2018 FY2019

	FY2018	FY2019
Japan	204.4	**158.0**
South East Asia	102.6	**70.8**
Middle East	68.1	**32.6**
Africa	177.5	**119.6**
Oceania	31.2	**18.1**
North America & Others	624.2	**542.2**

FY2019 Major Contracts	Over 100 Billion Yen	Over 50 Billion Yen	Over 30 Billion Yen
	LNG（Canada）	FLNG（Mozambique）	Chemicals (Thailand) Biomass Power Generation（Japan）

Next, we refer to our outstanding contracts.

The order backlog as of the end of March 2020 was 941.6 billion yen, which represents a decrease of approximately 260 billion yen compared to the end of the previous fiscal year.

The main projects were LNG in Canada, FLNG in Mozambique, chemicals in Thailand, and domestic biomass power generation.

7. Forecasts for Fiscal Year 2020

This forecast has been prepared based on the assumption that the impact from the spread of COVID-19 will not significantly worsen and that our business environment will be normalized by the end of FY2020.

【Unit: Billions of Yen】

	FY2019 Actual	**Forecast**
New contract	189.6	**670.0**
Net Sales	480.8	**480.0**
Gross Profit	43.3	**43.0**
Profit ratio	9.0%	**9.0%**
Operating income	20.2	**20.0**
Ordinary income	22.3	**23.0**
Income attributable to owners of the parent	4.1	**8.0**
Annual dividend per share	¥12.00	**¥12.00**
Forecasts based on (￥/US$)	-	**¥107.00**

10

Lastly, the forecasts for Fiscal Year 2020.

This forecast has been prepared under the assumption that the impact of the spread of the novel coronavirus will not significantly worsen, and that our business environment will return to normal by the end of the fiscal year.

New orders are forecasted to be 670 billion yen, with a focus on projects that are anticipated to be feasible at this point.

Assuming that sales form new orders will be limited, the net sales and the other items below have been forecasted mainly on the progress of projects in the order backlog.

Net sales is 480 billion yen.

Gross profit is 43 billion yen.

Operating income is 20 billion yen.

Ordinary income is 23 billion yen.

For the above items, the performance is the same as the previous fiscal year.

Income attributable to owners of the parent is 8 billion yen.

In regard to the tax expenses, considering the situation that foreign tax credit may not be available, the forecast is based on the assumption to bear double taxation of foreign and Japanese income taxes.

Extraordinary items such as asset sales and impairment are not included in this forecast.

The dividend per share is 12 yen. The dividend payout ratio is forecasted to be 37.5%.

Our forecasts are based on an exchange rate of 107 yen to the US dollar. The effect caused by exchange rate fluctuations per one yen basis is 3 billion yen for sales, 100 million yen for gross profit, and 300 million yen for ordinary income.

This concludes our explanation of the outline of the financial results for Fiscal Year 2019.

Appendix

Reference（Forecasts for Fiscal Year 2020 by segment）

This forecast has been prepared based on the assumption that the impact from the spread of COVID-19 will not significantly worsen and that our business environment will be normalized by the end of FY2020.

【Unit: Billions of Yen】

	Total engineering	Functional Materials	Others
Net sales	432.0	42.0	6.0
Segment profit	15.0	5.0	0.0
Profit ratio	3.5%	11.9%	0.0%

Reference（Net sales & New Contracts by Region）

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Net sales

【Unit: Billions of Yen】

	FY2018		FY2019	
Japan	195.3	(31.5%)	**193.0**	(40.2%)
South East Asia	64.0	(10.3%)	**62.7**	(13.0%)
Oceania	30.6	(5.0%)	**7.6**	(1.6%)
Africa	93.1	(15.0%)	**64.9**	(13.5%)
Middle East	92.3	(14.9%)	**48.8**	(10.2%)
Europe & CIS	116.8	(18.9%)	**5.5**	(1.2%)
North America & Others	26.9	(4.4%)	**98.0**	(20.3%)
Total	619.2	(100.0%)	**480.8**	(100.0%)

New Contracts

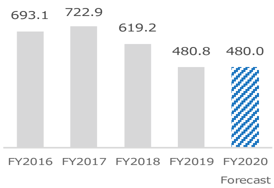
【Unit: Billions of Yen】

	FY2018		FY2019	
Japan	133.3	(14.3%)	**127.1**	(67.1%)
South East Asia	94.1	(10.1%)	**29.4**	(15.5%)
Oceania	21.3	(2.3%)	**0.6**	(0.7%)
Africa	2.0	(0.2%)	**8.4**	(4.5%)
Middle East	40.5	(4.3%)	**12.4**	(6.6%)
Europe & CIS	30.0	(3.2%)	**2.3**	(1.3%)
North America & Others	613.9	(65.6%)	**8.9**	(4.7%)
Total	935.4	(100.0%)	**189.6**	(100.0%)

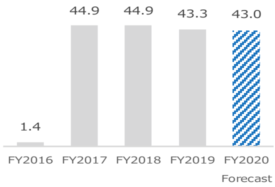
Reference（Historical data chart）

【Unit: Billions of Yen】

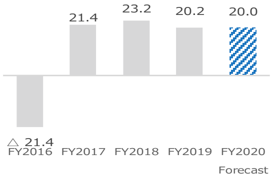
Net sales



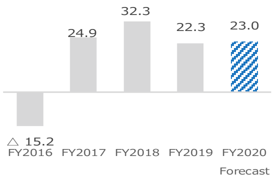
Gross profit



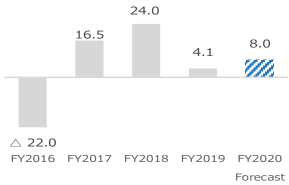
Operating income



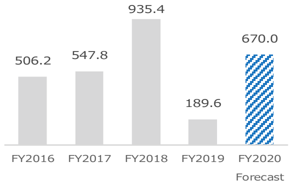
Ordinary income



Profit attributable to owners of the parent



New Contracts



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Such statements are based on currently available information and current assumptions of future events which may not prove to be accurate. Such statements are also subject to various risks and uncertainties that could cause actual results to differ materially from those forward-looking statements.

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

For questions concerning this material please contact:

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