# [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 8, 2018

### **Summary of Consolidated Third Quarter Financial Results for Fiscal 2017** (For the Year Ended March 31, 2018)

Name of listed company: JGC Corporation

Stock exchange: Tokyo

Code number: 1963 Representative

Title: Representative Director, Chairman and Chief Executive Officer (CEO)

Tel: **045-682-1111** 

Name: Masayuki Sato

URL: http://www.jgc.com

Contact

Title: General Manager, Finance & Accounting Department

Name: Takehiko Hirose

Note: All amounts are rounded down to the nearest million yen.

#### 1. Consolidated Financial Results for 3Q of FY2017 (April 1, 2017 - December 31, 2017)

(1) Consolidated financial results Note: Percentage indicate changes from the previous term. Profit attributable to Net sales Operating income Ordinary income owners of the Parent (Millions of yen) (Millions of yen) (Millions of yen) (%) (%) (Millions of yen) (%) (%) 3Q FY2017 531,040 3.2 21,650 27,849 19,849 3Q FY2016 514,794 (21.6)(3,704)(101)(8,304)

Comprehensive income (millions of yen)

3Q FY2017 term 25,753(-%) 3Q FY2016 term (9,392)(-%)

	Earnings per share	Earnings per share (diluted)
	(Yen)	(Yen)
3Q FY2017	78.67	_
3Q FY2016	(32.91)	_

(2) Consolidated financial position

	Total assets	Total net assets	Shareholders' equity ratio
	(Millions of yen)	(Millions of yen)	(%)
As of December 31, 2017	703,353	401,239	56.9
As of March 31, 2017	646,291	383,260	59.1

Reference:

Shareholders' equity (millions of yen):

Dec. 31, 2017: 400,261 Mar. 31, 2017

382,215

#### 2. Dividends

	Annual dividends per share (Yen)						
1Q term-end 2Q term-end 3Q term-end Term-end Annu							
Mar. 2017 term	_	_	_	30.00	30.00		
Mar. 2018 term	_	_					
Mar. 2018 term (Forecast)			_	25.00	25.00		

Note: Revision of dividend forecasts during this period: None

3. Earnings forecasts for FY2017 (April 1, 2017 - March 31, 2018)

Note: Percentage indicate changes from the previous term.

or Earninge for obacte for 1 17	Tariffings for oddsta for 1 12017 (April 1) 2010							
	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	680,000	(1.9)	26,000	1	30,000	_	21,000	_

	Earnings per share
	(Yen)
Full Year	83.23

Note: Revision of earnings forecast during this period: None

#### 4. Others

(1) Changes in scope of important 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 when preparing quarterly consolidated financial statement.

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

(4) Number of shares outstanding

① Number of shares outstanding at term-end (including treasury stock):

Dec. 2017 term: 259,052,929 Mar. 2017 term: 259,052,929

2 Number of treasury stock at term-end:

Dec. 2017 term: 6,745,238 Mar. 2017 term: 6,744,765

③ Average number of shares outstanding (third quarter term):

Dec. 2017 term: 252,307,945 Dec. 2016 term: 252,308,390

(1) 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.

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

## **Consolidated Balance Sheets**

	3Q FY2017	FY2016
	(As of Dec. 31, 2017)	(As of Mar. 31, 2017)
	(Millions of yen)	(Millions of yen)
ASSETS		
Current assets		
Cash and deposits	204,768	185,603
Notes receivable, accounts receivable from completed	191,340	196,199
construction contracts and other		
Costs on uncompleted construction contracts	30,403	35,026
Merchandise and finished goods	4,440	3,764
Work in process	4,143	2,210
Raw materials and supplies	3,713	2,968
Accounts receivable	35,266	23,252
Deferred tax assets	12,486	12,411
Other	46,265	20,940
Allowance for doubtful accounts	(1,600)	(1,512)
Total current assets	531,227	480,865
Non-current assets		
Property, plant and equipment		
Buildings and structures	62,233	62,368
Machinery, vehicles, tools, furniture and fixtures	68,680	69,851
Land	25,521	25,046
Leased assets	1,361	1,365
Construction in progress	1,059	283
Other	4,351	4,436
Accumulated depreciation	(94,632)	(93,474)
Total property, plant and equipment	68,574	69,877
Intangible assets		
Software	2,472	1,526
Other	7,038	7,798
Total intangible assets	9,510	9,324
Investments and other assets		
Investment securities	71,847	60,604
Long-term loans receivable	4,113	5,770
Net defined benefit asset	148	190
Deferred tax assets	10,157	12,447
Other	9,140	8,630
Allowance for doubtful accounts	(591)	(644)
Allowance for investment loss	(774)	(774)
Total investments and other assets	94,040	86,223
Total non-current assets	172,126	165,425
Total assets	703,353	646,291

	3Q FY2017	FY2016
	(As of Dec. 31, 2017)	(As of Mar. 31, 2017)
	(Millions of yen)	(Millions of yen)
LIABILITIES Current liabilities		
Notes payable, accounts payable for construction contracts and	93,625	97,612
other		
Short-term loans payable	12,991	14,052
Income taxes payable	1,550	3,523
Advances received on uncompleted construction contracts	59,626	45,040
Provision for warranties for completed construction contracts	2,110	2,850
Provision for loss on construction contracts	16,254	31,261
Provision for bonuses	3,658	6,009
Provision for directors' bonuses	119	61
Provision for loss on guarantees	_	2,815
Other	26,412	23,231
Total current liabilities	216,348	226,457
Non-current liabilities		
Bonds payable	50,000	_
Long-term loans payable	12,126	12,631
Net defined benefit liability	16,112	15,934
Provision for directors' retirement benefits	278	275
Deferred tax liabilities	428	383
Deferred tax liabilities for land revaluation	3,125	3,125
Other	3,684	4,222
Total non-current liabilities	85,766	36,573
Total liabilities	302,114	263,031
NET ASSETS		
Shareholders' equity:		
Capital stock	23,511	23,511
Capital surplus	25,609	25,609
Retained earnings	354,044	341,764
Treasury shares	(6,736)	(6,736)
Total shareholders' equity	396,428	384,148
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	12,653	7,954
Deferred gains or losses on hedges	(330)	(431)
Revaluation reserve for land	(6,131)	(6,131)
Foreign currency translation adjustment	(198)	(755)
Remeasurements of defined benefit plans	(2,159)	(2,569)
Total Accumulated other comprehensive income	3,832	(1,933)
Non-controlling interests	978	1,045
Total net assets	401,239	383,260
Total liabilities and net assets	703,353	646,291

## **Consolidated Statements of Income**

	20 17/2017	20 F1/201 ( )
	3Q FY2017 term	3Q FY2016 term
	(Apr. 1, 2017 - Dec. 31, 2017) (Millions of yen)	(Apr. 1, 2016 - Dec. 31, 2016) (Millions of yen)
Net sales	531,040	514,794
Cost of sales	492,860	501,353
Gross profit	38,179	13,441
Selling, general and administrative expenses	16,528	17,146
Operating income (loss)	21,650	(3,704)
Non-operating income:		
Interest income	2,104	1,419
Dividend income	2,368	3,360
Foreign exchange gains	1,477	_
Rent income on non-current assets	524	478
Share of profit of entities accounted for using equity method	634	412
Other	129	862
Total non-operating income	7,238	6,532
Non-operating expenses:		
Interest expenses	413	450
Bond issuance cost	213	_
Foreign exchange losses	_	1,954
Rent expenses on non-current assets	251	206
Other	161	318
Total non-operating expenses	1,039	2,929
Ordinary income (loss)	27,849	(101)
Extraordinary income:		
Gain on sales of non-current assets	21	66
Gain on sales of investment securities	50	_
Gains on sales of shares of subsidiaries and associates	_	12
State subsidy	87	148
Total extraordinary Income	159	227
Extraordinary loss:		
Loss on retirement of non-current assets	353	88
Loss on valuation of investment securities	432	2
Other	36	7
Total extraordinary loss	822	98
Profit before income taxes	27,186	27
Income taxes	7,204	8,211
Profit (loss)	19,981	(8,184)
Profit attributable to non-controlling interests	131	119
Profit (loss) attributable to owners of the parent	19,849	(8,304)

# **Statements of Consolidated Comprehensive Income**

	3Q FY2017 term	3Q FY2016 term
	(Apr. 1, 2017 -	(Apr. 1, 2016 -
	Dec. 31, 2017)	Dec. 31, 2016)
	(Millions of yen)	(Millions of yen)
Profit (loss)	19,981	(8,184)
Other comprehensive income:		
Valuation difference on available-for-sale securities	4,698	1,850
Deferred gains or losses on hedges	106	63
Foreign currency translation adjustment	556	(3,539)
Remeasurements of defined benefit plans	402	413
Share of other comprehensive income of entities	6	4
accounted for using equity method		
Total other comprehensive income	5,771	(1,208)
Comprehensive income	25,753	(9,392)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	25,615	(9,517)
Comprehensive income attributable to non-controlling interests	137	124

### **Segment Information**

#### 【 Information by business segment 】

Third quarter (9 months) for FY 2016 (April 1, 2016 - December 31, 2016)

(Millions of yen)

		Segment					
	Total engineering	Catalysts and fine products	Sub total	Others	Grand total	Adjustment	Consolidated
Net sales							
External customers	481,671	28,915	510,586	4,208	514,794	_	514,794
Inter-segment	(0)	107	107	1,142	1,249	(1,249)	_
Total	481,671	29,022	510,693	5,350	516,044	(1,249)	514,794
Segment profit or loss	(8,457)	4,325	(4,132)	291	(3,841)	136	(3,704)

<sup>\*1: &</sup>quot;Others" includes Specialized Consulting Services, Office Support Services Business, Power and Water Business and Oil and Gas Production Sales Business.

Third quarter (9 months) for FY 2017 (April 1, 2017 - December 31, 2017)

(Millions of yen)

							(	
	Segment							
	Total	Catalysts and	Sub total	Others	Grand total	Adjustment	Consolidated	
	engineering	fine products	products					
Net sales								
External customers	495,942	29,820	525,762	5,277	531,040	_	531,040	
Inter-segment	212	5	218	1,159	1,377	(1,377)	_	
Total	496,155	29,826	525,981	6,436	532,417	(1,377)	531,040	
Segment profit	15,228	5,052	20,280	1,258	21,539	111	21,650	

<sup>\*1: &</sup>quot;Others" includes Specialized Consulting Services, Office Support Services Business, Power and Water Business and Oil and Gas Production Sales Business.

<sup>\*2 :</sup> Segment profit or loss is adjusted to eliminate transactions between segments.

<sup>\*3:</sup> Segment profit or loss is adjusted with the operating loss figure from the Consolidated Statements of Income.

<sup>\*2 :</sup> Segment profits are adjusted to eliminate transactions between segments.

<sup>\*3:</sup> Segment profits are adjusted with the operating income figure from the Consolidated Statements of Income.

## Sales, Orders Received and Backlog (Consolidated)

(Millions of yen)

		March 31, 2017	31, 2017 December 31, 2017			
	Business area	Outstanding Contracts	New Contracts	Sales	Outstanding Contracts	
	Oil and gas development	73	423	184	312	
	Petroleum refining	20,484	11,326	18,691	13,119	
	LNG	13,477	677	14,139	15	
tic	Chemical	23,960	14,127	14,654	23,433	
Domestic	Power generation, nuclear power and new energy	139,523	20,958	16,204	144,278	
	Living and general production facility	7,102	13,386	5,489	14,999	
	Environmental protection, social development and IT	7,413	25,189	5,433	27,169	
	Others	713	6,770	3,285	4,197	
	Subtotal	212,747	92,861	78,082	227,526	
	Oil and gas development	231,480	70,342	74,521	227,301	
	Petroleum refining	166,400	4,458	63,821	107,037	
	LNG	363,905	222,800	234,604	352,101	
as	Chemical	36,548	9,235	37,439	8,344	
Overseas	Power generation, nuclear power and new energy	17,768	2,457	7,287	12,938	
	Living and general production facility	39	22	42	19	
	Environmental protection, social development and IT	195	81	26	249	
	Others	7,879	4,253	5,392	6,740	
	Subtotal	824,218	313,651	423,136	714,732	
	Total Engineering Business	1,036,188	397,822	495,942	938,069	
	Others Business	777	8,689	5,277	4,189	
	Subtotal	1,036,966	406,512	501,219	942,258	
	Catalysts and Fine Products Business			29,820		
	Grand Total	1,036,966	406,512	531,040	942,258	

<sup>\*1</sup> Figures for each business area are exclusive of consumption and other taxes.

(Millions of yen)

Business area	Foreign currency translation adjustment	Revision for changes in contract amounts	Total
Oil and gas development	(565)	(208)	(773)
Petroleum refining	6,750	(1,423)	5,327
LNG	(7,083)	(3,406)	(10,490)
Chemical	(1,318)	(204)	(1,522)
Power generation, nuclear power and new energy	(814)	_	(814)
Living and general production facility	_	_	_
Environmental protection, social development and IT	_	_	_
Others	(426)	(18)	(444)
Total	(3,456)	(5,261)	(8,718)
Total Engineering Business	(3,432)	(5,243)	(8,676)
Other Business	(24)	(17)	(41)

<sup>\*3</sup> All amounts are rounded down to the nearest million yen.

<sup>\*2</sup> 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: