

Translation



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Outline of 1st Quarter Financial Results for Fiscal Year 2022

April 1, 2022 – June 30, 2022



August 10, 2022

JGC HOLDINGS CORPORATION

My name is Taguchi, and I am General Manager of the Group Finance and Accounting Department.

I will be giving you an outline of 1st quarter financial results for Fiscal Year 2022.

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Highlights

- Sales and profits increased year on year due to the steady execution of large-scale projects and the impact of the yen's depreciation
- Growth in orders has started smoothly, including a large-scale order in Saudi Arabia
- The full-year earnings forecast and dividend forecast are revised upward

I will begin with the highlights of the first quarter for the Fiscal Year 2022.

There has been steady progress with projects both in Japan and overseas, and yen depreciation also had an impact, resulting in higher sales and income compared to the same period of the previous fiscal year.

On the orders side, we signed a contract for a large-scale oil and gas project in Saudi Arabia, and got off to a steady start.

Given conditions in the first quarter, we have raised our full-year earnings forecasts.

Income Statement			
		[Unit: Billions of Yen]	
	FY2021 1Q	FY2022 1Q	Difference
Net sales	107.0	118.1	+11.1
Gross profit	9.4	16.2	+6.7
Profit ratio	8.8%	13.7%	+4.9pt
Operating profit	4.1	10.2	+6.0
Ordinary profit	5.9	18.5	+12.5
Profit/loss attributable to owners of parent	△ 55.1	12.5	+67.6

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We now move to the income statement.

Sales and profit both increased over the same period of the previous fiscal year.

Net sales increased by 11.1 billion yen over the same period of the previous fiscal year to 118.1 billion yen.

Gross profit rose 6.7 billion yen to 16.2 billion yen. The gross profit rate increased 4.9 points to 13.7%.

Operating profit rose 6.0 billion yen over the same period of the previous fiscal year to 10.2 billion yen.

Ordinary profit rose 12.5 billion yen over the same period of the previous fiscal year to 18.5 billion yen due to about 6.0 billion yen in non-operating foreign exchange gains.

Profit attributable to owners of parent totaled 12.5 billion yen, while the same period of the previous year saw a bottom-line loss due to an extraordinary loss following the expected resolution of a dispute over a project completed in a past fiscal year.

Segment Information

		[Unit: Billions of Yen]			
		FY2021 1Q*	FY2022 1Q	Difference	
Total Engineering	Net sales	95.5	104.0	+8.4	+9%
	Segment profit	3.4	8.5	+5.1	+147%
Functional Materials Manufacturing	Net sales	11.1	13.2	+2.0	+18%
	Segment profit	2.1	2.6	+0.4	+22%
Others	Net sales	0.3	0.9	+0.6	+166%
	Segment profit	△ 0.0	0.2	+0.3	-
Adjustment	Segment profit	△ 1.3	△ 1.2	+0.1	-
Total (Consolidated)	Net sales	107.0	118.1	+11.1	+10%
	Segment profit	4.1	10.2	+6.0	+144%

* The group administrative expenses of JGC Holdings Corporation, which were previously allocated to individual segments, are included in "Adjustment" as a corporate expense not allocated to individual segments due to a change in the method of performance management from the first quarter of the current fiscal year. The segment information for the first quarter of the previous consolidated fiscal year is presented based on the calculation method adopted after the change.

Next is segment information.

In the Total Engineering segment, net sales increased 8.4 billion yen over the same period in the previous fiscal year to 104.0 billion yen. Segment profit was up 5.1 billion yen to 8.5 billion yen.

Steady progress was made on major projects, and sales and profit increased both in Japan and overseas.

In the Functional Materials Manufacturing segment, net sales increased 2.0 billion yen to 13.2 billion yen and segment profit rose 400 million yen to 2.6 billion yen.

Demand continued to recover for petroleum refining and chemical-related catalysts, and fine chemical products such as abrasives and functional paints were solid performers.

Results for others are as shown here.

Balance Sheets

[Unit: Billions of Yen]

	As of March 31, 2022	As of June 30, 2022	Difference
Current assets	533.3	545.2	+11.8
Non-current assets	160.9	166.4	+5.5
Total assets	694.2	711.6	+17.4
	As of March 31, 2022	As of June 30, 2022	Difference
Current liabilities	253.8	256.7	+2.9
Non-current liabilities	52.7	56.2	+3.4
Total net assets	387.6	398.6	+10.9
Off Balance Sheet JV Cash JGC Portion	239.6	241.4	+1.7

Next are the balance sheets.

Current assets rose 11.8 billion yen since the start of the fiscal year to 545.2 billion yen. This was due to an increase in cash and deposits and other factors.

Non-current assets increased 5.5 billion yen to 166.4 billion yen.

Total assets were up 17.4 billion yen to 711.6 billion yen.

Total net assets increased 10.9 billion yen to 398.6 billion yen due to the posting of net profit for the quarter.

The shareholders' equity ratio was 55.9%.

The balance of our share of cash in joint ventures, which is not posted on the balance sheet, was 241.4 billion yen. This primarily consisted of the balance for the joint venture in Canada.

Outline of Contracts (Total Engineering)

i) New Contracts

[Unit: Billions of Yen]

	FY2021 1Q	FY2022 1Q	FY2022 Forecast
Overseas	4.7	330.0	670.0
Domestic	37.2	30.6	170.0
Total	41.9	360.6	840.0

FY2022 1Q
Major New Contracts

Gas Oil Separation Unit (Saudi Arabia)

Next, I will discuss new contracts.

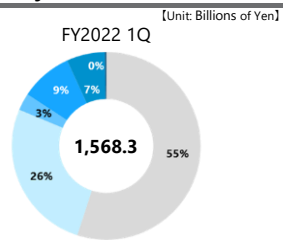
We had 330.0 billion yen in new contracts for overseas projects and 30.6 billion yen in new contracts for projects in Japan, for a total of 360.6 billion yen.

Overseas, we had new contracts for an oil and gas separation facility in Saudi Arabia and contact lens manufacturing plant project in Malaysia.

In Japan, we had new contracts for a hospital and a pharmaceutical factory, among others.

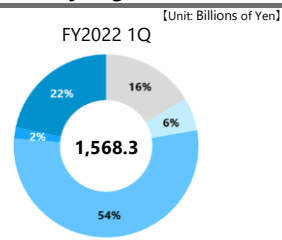
ii) Outstanding Contracts

By Business Area



Energy Transition	
Oil and gas	861.8
LNG	413.0
Chemical	46.5
Clean energy & Others	140.0
Healthcare & Life sciences	103.2
Industrial & Urban infrastructure & Others	3.5

By Region



Japan	256.6
Asia	92.3
Middle East	847.5
Africa	31.0
Americas & Others	340.6

FY2022 1Q Major Outstanding Contracts	Over 100 Billion Yen	Over 50 Billion Yen	Over 30 Billion Yen
	LNG(Canada) Oil Refinery Modernization (Iraq) Gas Oil Separation Unit (Saudi Arabia)	Biomass Power Generation (Japan) Dew Point Control Unit(Saudi Arabia)	Gas Separation Plant (Saudi Arabia) FLNG (Mozambique) Pharmaceutical Plant (Japan) LNG Terminal Facilities(Taiwan)

Next are our outstanding contracts.

The order backlog was 1,568.3 billion yen at the end of June. By business area, orders related to oil and gas accounted for 55% and by region, the Middle East accounted for a substantial 54% of the orders backlog due to the order for a large-scale project in Saudi Arabia.

Forecasts for Fiscal Year 2022

The full-year forecast was revised.

	Initial	Revised	[Unit: Billions of Yen]	
			Difference	
New contracts *1	840.0	840.0	-	-
Net sales	600.0	620.0	+20.0	+3%
Gross profit	54.0	57.0	+3.0	+6%
Profit ratio	9.0%	9.2%	+0.2pt	
Operating profit	26.0	29.0	+3.0	+12%
Ordinary profit	30.0	36.0	+6.0	+20%
Profit attributable to owners of parent	20.0	24.0	+4.0	+20%
Annual dividends per share	¥24.00	¥29.00	+¥5.00	
Forecasts based on (¥/US\$)	¥123.00	¥130.00*2	+¥7.00	

*1: Total Engineering

*2: Exchange rate of forecast for FY2022 2Q onwards

Finally, I will discuss our forecasts for Fiscal Year 2022.

Given steady progress in each of the businesses in the first quarter, net sales and profit at each level of earning forecasts for Fiscal Year 2022 have been revised upward.

We expect net sales to be up 20 billion yen to 620 billion yen.

We expect gross profit to increase 3.0 billion yen to 57 billion yen.

We forecast 26 billion yen in operating profit, up 3.0 billion yen.

We expect ordinary profit to be 6.0 billion yen higher, at 36 billion yen.

Profit attributable to owners of parent will increase 4.0 billion yen to 24 billion yen.

As we have raised our net profit forecast, dividends per share will increase by 5 yen to 29 yen, with a 30% dividend payout ratio in line with our policy of returning profits to shareholders.

An exchange rate of 130 yen to US\$1 has been used in these forecasts.

This concludes my overview of our financial results.

Appendix

Reference (Forecasts for Fiscal Year 2022 by Segment)

[Unit: Billions of Yen]

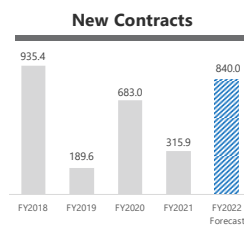
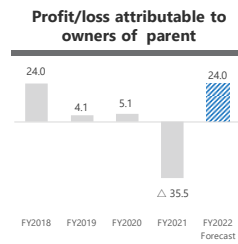
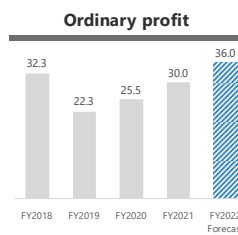
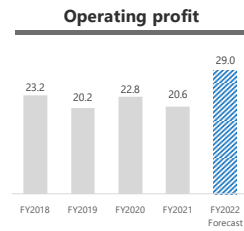
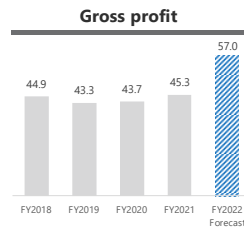
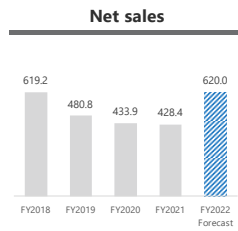
		Initial	Revised	Difference	
Total Engineering	Net sales	547.0	566.0	+19.0	+3%
	Segment profit	26.1	28.6	+2.5	+10%
Functional Materials Manufacturing	Net sales	45.0	46.0	+1.0	+2%
	Segment profit	5.5	6.0	+0.5	+9%
Others	Net sales	8.0	8.0	-	-
	Segment profit	1.4	1.4	-	-
Adjustment	Segment profit	△ 7.0	△ 7.0	-	-
Total (Consolidated)	Net sales	600.0	620.0	+20.0	+3%
	Segment profit	26.0	29.0	+3.0	+12%

Reference (Net sales & New Contracts by Region)

Net sales				New contracts (Total Engineering)					
	[Unit: Billions of Yen]				[Unit: Billions of Yen]				
	FY2021 1Q		FY2022 1Q		FY2021 1Q		FY2022 1Q		
Japan	30.7	(28.8%)	31.9	(27.0%)	Japan	37.2	(88.8%)	30.6	(8.5%)
Asia	11.6	(10.9%)	10.0	(8.5%)	Asia	4.1	(9.9%)	18.0	(5.0%)
Middle East	7.0	(6.5%)	20.6	(17.5%)	Middle East	0.4	(1.2%)	303.4	(84.1%)
Africa	16.0	(15.0%)	10.3	(8.8%)	Africa	0.5	(1.2%)	4.2	(1.2%)
Americas & Others	41.5	(38.8%)	45.2	(38.2%)	Americas & Others	△ 0.4	(Δ1.1%)	4.3	(1.2%)
Total	107.0	(100.0%)	118.1	(100.0%)	Total	41.9	(100.0%)	360.6	(100.0%)

Reference (Historical data chart)

[Unit: Billions of Yen]



Cautionary Statement

This presentation may contain forward-looking statements that reflect JGC's plans and expectations.

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 general economic conditions, including foreign currency exchange rates, interest rates and other factors that could affect our profitability
- changes in government regulations or tax laws in jurisdictions where we conduct business

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