

Translation



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## **Outline of Half Year Financial Results for Fiscal Year 2022**

April 1, 2022 – September 30, 2022



Enhancing planetary health

November 10, 2022

**JGC HOLDINGS CORPORATION**

I will provide an overview of our financial results for the first half FY2022. In these materials, figures for H1 refer to the first half of the fiscal year, the six months comprising the first two quarters.

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## Highlights

- Sales growth supported by the steady execution of overseas projects
- Sales and profits increased year on year
- Rising forecast for the full-year earnings and dividend

I will begin with the highlights for the first half.

In the Total Engineering segment, steady execution of overseas projects resulted favorable progress growth. Net sales in the second quarter surpassed quarterly results over the past few years, including results in the previous quarter (Q1), pointing to an upward trend.

Compared to the first half of previous year, sales and profit were up both by segments and on a consolidated basis.

Given conditions in the first half, we have revised H2 forecast and raised our full year earnings and dividend forecasts.

## Income Statement

	H1 FY2021	H1 FY2022	Difference
Net sales	217.9	<b>267.2</b>	+49.3
Gross profit	20.8	<b>32.0</b>	+11.2
Profit ratio	9.6%	<b>12.0%</b>	+2.4pt
Operating profit	10.3	<b>18.9</b>	+8.5
Ordinary profit	12.6	<b>30.4</b>	+17.8
Profit/loss attributable to owners of parent	△ 48.4	<b>20.7</b>	+69.1

[Unit: Billions of Yen]

I will now go over the consolidated Income Statement.

Net sales rose 49.3 billion yen over the same period of the previous fiscal year to 267.2 billion yen.

Gross profit rose 11.2 billion yen to 32.0 billion yen. The gross profit rate increased 2.4 points to 12%. This reflects improvements to profitability due to steady execution of projects, impact of Japanese yen depreciation and among other factors.

Operating profit increased 8.5 billion yen over the previous year to 18.9 billion yen, even though selling, general and administrative expenses (SG&A) were up. The posting of non-operating profit such as foreign exchange gains resulted in a 17.8 billion yen increase in ordinary income, to 30.4 billion yen.

Profit attributable to owners of the parent totaled 20.7 billion yen.

## Segment Information

		[Unit: Billions of Yen]			
		H1 FY2021*	H1 FY2022	Difference	
<b>Total Engineering</b>	<b>Net sales</b>	195.6	<b>241.8</b>	+46.1	+24%
	<b>Segment profit</b>	9.1	<b>17.3</b>	+8.1	+89%
<b>Functional Materials Manufacturing</b>	<b>Net sales</b>	21.4	<b>23.4</b>	+2.0	+10%
	<b>Segment profit</b>	3.7	<b>3.8</b>	+0.1	+3%
<b>Others</b>	<b>Net sales</b>	0.8	<b>1.9</b>	+1.0	+127%
	<b>Segment profit</b>	△ 0.1	<b>0.3</b>	+0.4	-
<b>Adjustment</b>	<b>Segment profit</b>	△ 2.4	<b>△ 2.5</b>	△ 0.1	-
<b>Total (Consolidated)</b>	<b>Net sales</b>	217.9	<b>267.2</b>	+49.3	+23%
	<b>Segment profit</b>	10.3	<b>18.9</b>	+8.5	+83%

\* 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 half year of the previous consolidated fiscal year is presented based on the calculation method adopted after the change.

Next, I will discuss segment information.

In the Total Engineering segment, net sales rose 46.1 billion yen over the same period of the previous year to 241.8 billion yen, and segment profit was up 8.1 billion yen to 17.3 billion yen. The major projects were the LNG project in Canada, the oil refinery in Iraq, and a floating LNG project in Mozambique.

In the Functional Materials Manufacturing segment, net sales rose 2.0 billion yen over the previous year to 23.4 billion yen and segment profit rose 100 million yen to 3.8 billion yen. In addition to an increase in exports of petroleum refining catalysts and other, strong demand supported high-level production and sales of fine chemical products.

Results in other segments are shown here.

## Balance Sheets

[Unit: Billions of Yen]

	As of March 31, 2022	As of September 30, 2022	Difference
<b>Current assets</b>	533.3	<b>587.8</b>	+54.5
<b>Non-current assets</b>	160.9	<b>170.3</b>	+9.4
<b>Total assets</b>	694.2	<b>758.2</b>	+63.9
	As of March 31, 2022	As of September 30, 2022	Difference
<b>Current liabilities</b>	253.8	<b>301.8</b>	+47.9
<b>Non-current liabilities</b>	52.7	<b>47.2</b>	△ 5.5
<b>Total net assets</b>	387.6	<b>409.2</b>	+21.5
Off Balance Sheet JV Cash JGC Portion	239.6	<b>237.6</b>	△ 1.9

Next are the consolidated balance sheets.

Current assets rose 54.5 billion yen from the beginning of the fiscal year to 587.8 billion yen due to higher cash and cash equivalents and other.

Non-current assets increased 9.4 billion yen to 170.3 billion yen due to an increase in investment securities and other factors.

Total assets were 758.2 billion yen.

Current liabilities rose 47.9 billion yen to 301.8 billion yen due to an increase in contract liabilities resulting from advance received.

Non-current liabilities totaled 47.2 billion yen, net assets amounted to 409.2 billion yen and the shareholders' equity ratio was 53.9%.

The balance of our share of cash in joint ventures, which is off the balance sheet, was down 1.9 billion yen to 237.6 billion yen.

## Cash Flows

[Unit: Billions of Yen]

	H1 FY2021	H1 FY2022	Difference
<b>Cash flows from operating activities</b>	△ 4.8	<b>88.9</b>	+93.7
<b>Cash flows from investing activities</b>	△ 3.9	△ <b>4.9</b>	△ 1.0
<b>Cash flows from financing activities</b>	△ 0.9	△ <b>10.5</b>	△ 9.6
<b>Net increase (decrease) in cash and cash equivalents</b>	△ 9.1	<b>83.5</b>	+92.7
<b>Cash and cash equivalents at end of period</b>	259.1	<b>371.6</b>	+112.4

Next, I will discuss cash flow.

Cash flow from operating activities was 88.9 billion yen. This positive cash flow is primarily due to advances received for new awards and net income for the period.

Cash flow used in investing activities was 4.9 billion yen due to the acquisition of tangible asset and equipment and other factors.

Cash flow used in financing activities was 10.5 billion yen due to the repayment of long-term debt, dividend and other factors.

The balance of cash and cash equivalents was 371.6 billion yen at end-September, increased by 83.5 billion yen compared to the beginning of the period.

We expect the balance of cash and cash equivalents to decline in H2 due to the use of cash to make payments for the redemption of bonds and the payment of advances received thus far as construction progresses.

## Outline of Contracts (Total Engineering)

### i) New Contracts

[Unit: Billions of Yen]

	H1 FY2021	H1 FY2022	FY2022 Forecast
<b>Overseas</b>	12.9	<b>416.1</b>	670.0
<b>Domestic</b>	107.6	<b>47.2</b>	170.0
<b>Total</b>	120.6	<b>463.4</b>	840.0

H1 FY2022  
Major New Contracts

Gas Oil Separation Unit (Saudi Arabia)  
VCM, PVC, and OSBL Expansion (Thailand)

Next, I will address new contracts.

The Total Engineering segment had 416.1 billion yen in new contracts overseas and 47.2 billion yen in Japan from April through September, for a total of 463.4 billion yen.

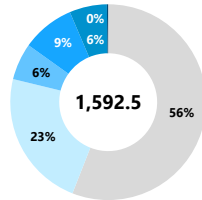
The major orders received were for a gas oil separation unit in Saudi Arabia, and vinyl chloride monomer (VCM) and polyvinyl chloride (PVC) expansion project in Thailand.



## ii) Outstanding Contracts (As of September 30, 2022)

### By Business Area

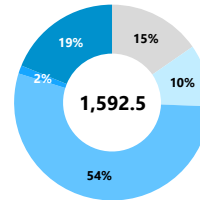
[Unit: Billions of Yen]



Business Area	Value (Billions of Yen)
Oil and gas	890.7
LNG	363.8
Clean energy & Others	138.9
Healthcare & Life sciences	98.8
Industrial & Urban infrastructure & Others	3.3

### By Region

[Unit: Billions of Yen]



Region	Value (Billions of Yen)
Japan	244.5
Asia	163.9
Middle East	862.1
Africa	21.5
Americas & Others	300.2

	Over 100 Billion Yen	Over 50 Billion Yen	Over 30 Billion Yen
FY2022 H1 Major Outstanding Contracts	LNG (Canada) Oil Refinery Modernization (Iraq) Gas Oil Separation Unit (Saudi Arabia)	Biomass Power Generation (Japan) Dew Point Control Unit (Saudi Arabia) VCM, PVC, and OSBL Expansion (Thailand)	Gas Separation Plant (Saudi Arabia) Pharmaceutical Plant (Japan) LNG Terminal Facilities (Taiwan)

As a result, the order backlog was 1,592.5 billion yen in the Total Engineering segment at end-September.

By business area, orders related to oil and gas accounted for 56% and those related to LNG accounted for 23%. By region, the orders backlog was 54% for the Middle East and 19% for the Americas and others.

The main projects contributing to the orders backlog are the LNG project in Canada, the oil refinery modernization project in Iraq, and the gas oil separation unit in Saudi Arabia.

## Forecasts for Fiscal Year 2022

The full-year forecast was revised.

	Previous (As of August 2022)	Revised	Difference		[Unit: Billions of Yen]	
					H1 FY2022 Actual	Achievement Rate
New contracts *1	840.0	<b>840.0</b>	-	-	463.4	55%
Net sales	620.0	<b>630.0</b>	+10.0	+2%	267.2	42%
Gross profit	57.0	<b>62.0</b>	+5.0	+9%	32.0	52%
Profit ratio	9.2%	<b>9.8%</b>	+0.6pt		12.0%	
Operating profit	29.0	<b>34.0</b>	+5.0	+17%	18.9	56%
Ordinary profit	36.0	<b>46.0</b>	+10.0	+28%	30.4	66%
Profit attributable to owners of parent	24.0	<b>30.0</b>	+6.0	+25%	20.7	69%
Annual dividends per share	¥29.00	<b>¥36.00</b>	+¥7.00			
Forecasts based on (¥/US\$)	¥130.00	<b>¥140.00*2</b>	+¥10.00			

\*1: Total Engineering

\*2: Exchange rate of forecast for H2 FY2022

Finally, I will discuss the forecasts for fiscal 2022.

We have revised our forecasts in light of progress in the first half, the foreign exchange market, and the status of new orders.

We expect 840.0 billion yen in new orders, which is unchanged.

We forecast a 10 billion yen increase in net sales to 630 billion yen.

We expect a 5.0 billion yen increase in gross profit to 62 billion yen.

Similarly, we forecast a 5.0 billion yen increase in operating profit to 34.0 billion yen.

We expect an ordinary profit of 46.0 billion yen, up 10.0 billion yen, in light of foreign currency translation adjustments.

We expect a profit attributable to owners of the parent of 30.0 billion yen, up 6.0 billion yen.

As a result, based on our shareholder return policy of a 30% dividend payout ratio, we expect to increase dividends by 7 yen, amounting to 36 yen per share.

For this report, an exchange rate assumption been revised to 140 yen to US\$1 from 130 yen to US\$1.

Although Sales for the period up to first half stayed 42% of the full year forecast, large amount of sales is expected to capture in the second half mainly due to growth of the progress of major ongoing projects.

Ordinary profit and profit attributable to owners of the parent are progressing close to 70% of the full-year forecast, and the main reason for the excess is foreign exchange gains in the non-operating income due to revaluation which were recorded in the first half results.

At the end of September, the revaluation was made at 144.81 yen to US\$1, but in the second half, the exchange rate is assumed to be 140 yen to US\$1, so we expect the exchange gain to shrink.

As a reference, the sensitivity per 1 yen to the dollar is 2.8 billion yen for net sales, 0.5 billion yen for gross profit, and 1 billion yen for ordinary profit.

This concludes my overview of our financial results.

# Appendix

## Reference (Forecasts for Fiscal Year 2022 by Segment)

[Unit: Billions of Yen]

		Previous (As of August 2022)	Revised	Difference	
<b>Total Engineering</b>	<b>Net sales</b>	566.0	<b>575.0</b>	+9.0	+2%
	<b>Segment profit</b>	28.6	<b>32.7</b>	+4.1	+14%
<b>Functional Materials Manufacturing</b>	<b>Net sales</b>	46.0	<b>47.0</b>	+1.0	+2%
	<b>Segment profit</b>	6.0	<b>6.5</b>	+0.5	+8%
<b>Others</b>	<b>Net sales</b>	8.0	<b>8.0</b>	-	-
	<b>Segment profit</b>	1.4	<b>1.4</b>	-	-
<b>Adjustment</b>	<b>Segment profit</b>	△ 7.0	<b>△ 6.6</b>	+0.4	-
<b>Total (Consolidated)</b>	<b>Net sales</b>	620.0	<b>630.0</b>	+10.0	+2%
	<b>Segment profit</b>	29.0	<b>34.0</b>	+5.0	+17%

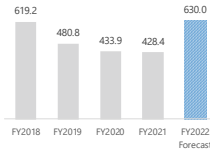
## Reference (Net sales & New Contracts by Region)

Net sales				New contracts (Total Engineering)					
	[Unit: Billions of Yen]				[Unit: Billions of Yen]				
	H1 FY2021		H1 FY2022		H1 FY2021		H1 FY2022		
<b>Japan</b>	71.5	(32.8%)	<b>67.4</b>	(25.2%)	<b>Japan</b>	107.6	(89.3%)	<b>47.2</b>	(10.2%)
<b>Asia</b>	20.9	(9.6%)	<b>27.9</b>	(10.5%)	<b>Asia</b>	4.8	(4.0%)	<b>99.1</b>	(21.4%)
<b>Middle East</b>	15.9	(7.3%)	<b>54.5</b>	(20.4%)	<b>Middle East</b>	0.4	(0.4%)	<b>306.0</b>	(66.0%)
<b>Africa</b>	31.7	(14.5%)	<b>22.4</b>	(8.4%)	<b>Africa</b>	0.9	(0.8%)	<b>4.4</b>	(1.0%)
<b>Americas &amp; Others</b>	77.7	(35.8%)	<b>94.8</b>	(35.5%)	<b>Americas &amp; Others</b>	6.7	(5.5%)	<b>6.4</b>	(1.4%)
<b>Total</b>	217.9	(100.0%)	<b>267.2</b>	(100.0%)	<b>Total</b>	120.6	(100.0%)	<b>463.4</b>	(100.0%)

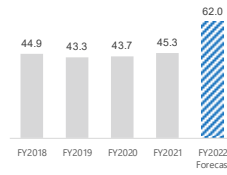
## Reference (Historical data chart)

[Unit: Billions of Yen]

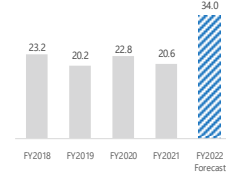
### Net sales



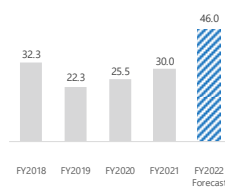
### Gross profit



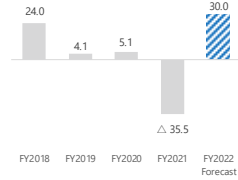
### Operating profit



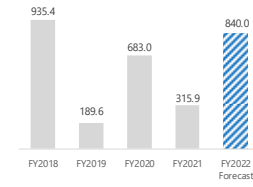
### Ordinary profit



### Profit/loss attributable to owners of parent



### New Contracts



## 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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