

Translation



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## **Outline of 9 Months Financial Results for Fiscal Year 2022**

April 1, 2022 – December 31, 2022



Enhancing planetary health

February 10, 2023

**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 financial results for the period of nine months ended in December 2022.

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## Highlights

- Major large-scale projects are progressing steadily.
- Sales growth slowed due to the impact of the yen's substantial appreciation.
- Strong order intake secured towards annual target.

I will begin with a review of the highlights of the third quarter.

In the Total Engineering segment, key projects are making steady progress. Construction revenue grew for oil and gas projects overseas and for clean energy-related projects in Japan.

Sales growth slowed due to the impact of the yen's appreciation. The upward deviation in the first half of the fiscal year, when yen weakened, was adjusted in Q3.

New contracts are steadily building up as we work to achieve the annual target.

In terms of large projects, we recorded an order for a floating LNG project in Malaysia, which was announced last month.

## Income Statement

[Unit: Billions of Yen]

	9M FY2021	9M FY2022	Difference
<b>Net sales</b>	319.4	<b>416.6</b>	+97.1
<b>Gross profit</b>	31.1	<b>45.0</b>	+13.9
<b>Profit ratio</b>	9.7%	<b>10.8%</b>	+1.1pt
<b>Operating profit</b>	15.3	<b>25.3</b>	+9.9
<b>Ordinary profit</b>	19.8	<b>33.4</b>	+13.6
<b>Profit/loss attributable to owners of parent</b>	△ 44.3	<b>22.5</b>	+66.9

We now move on to the Consolidated Statement of Income

The Total Engineering business drove an increase in sales and profit compared to the previous year.

The USD/JPY rate stood at 132.70 yen at the end of December, with JPY 12 yen stronger than the 144.81 yen rate at the end of September.

As a result, net sales growth was curbed, and foreign exchange gains posted under non-operating profit decreased significantly compared to the previous quarter.

The bottom line turned profitable, as the extraordinary losses related to a dispute posted in the same period in the previous fiscal year were no longer incurred.

## Segment Information

		[Unit: Billions of Yen]			
		9M FY2021*	9M FY2022	Difference	
<b>Total Engineering</b>	<b>Net sales</b>	285.3	<b>377.8</b>	+92.5	+32%
	<b>Segment profit</b>	13.5	<b>22.8</b>	+9.2	+68%
<b>Functional Materials Manufacturing</b>	<b>Net sales</b>	32.8	<b>36.0</b>	+3.1	+10%
	<b>Segment profit</b>	5.7	<b>5.9</b>	+0.2	+4%
<b>Others</b>	<b>Net sales</b>	1.2	<b>2.7</b>	+1.4	+113%
	<b>Segment profit</b>	△ 0.1	<b>0.6</b>	+0.7	-
<b>Adjustment</b>	<b>Segment profit</b>	△ 3.7	<b>△ 4.0</b>	△ 0.2	-
<b>Total (Consolidated)</b>	<b>Net sales</b>	319.4	<b>416.6</b>	+97.1	+30%
	<b>Segment profit</b>	15.3	<b>25.3</b>	+9.9	+65%

\* 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 9 months of the previous consolidated fiscal year is presented based on the calculation method adopted after the change.

Next, I will discuss segment information.

Net sales and profit were up over the previous fiscal year.

In the Total Engineering segment, both net sales and segment profit grew significantly due to steady progress with projects both in Japan and overseas. In particular, segment profit rose significantly as a result of the improved profitability of projects completed in this fiscal year and projects near completion.

The main projects underway were the LNG project in Canada, the floating LNG project in Mozambique, and an oil and gas-related project in the Middle East, and in Japan, clean energy-related projects such as a biomass power generation plant, as well as a pharmaceutical plant.

The Functional Materials Manufacturing segment was affected by a sharp rise in raw material and fuel prices, but the segment was supported by orders and sales fueled by solid demand for catalysts and others. As of this point, both net sales and segment profit are trending at levels that exceed the previous fiscal year.

## Balance Sheets

[Unit: Billions of Yen]

	As of March 31, 2022	As of December 31, 2022	Difference
<b>Current assets</b>	533.3	<b>539.3</b>	+5.9
<b>Non-current assets</b>	160.9	<b>176.0</b>	+15.1
<b>Total assets</b>	694.2	<b>715.3</b>	+21.1
	As of March 31, 2022	As of December 31, 2022	Difference
<b>Current liabilities</b>	253.8	<b>255.8</b>	+2.0
<b>Non-current liabilities</b>	52.7	<b>45.6</b>	△ 7.1
<b>Total net assets</b>	387.6	<b>413.9</b>	+26.2
Off Balance Sheet JV Cash JGC Portion	239.6	<b>206.9</b>	△ 32.7

Next are the consolidated balance sheets.

There were no major changes in our financial condition.

Total assets and net assets increased to 21.1 billion and 26.2 billion yen, respectively, and the shareholders' equity ratio was 57.8%.

## Outline of Contracts (Total Engineering)

### i) New Contracts

[Unit: Billions of Yen]

	9M FY2021	9M FY2022	FY2022 Forecast
<b>Overseas</b>	25.3	<b>566.7*</b>	670.0
<b>Domestic</b>	131.6	<b>102.8</b>	170.0
<b>Total</b>	156.9	<b>669.6</b>	840.0

9M FY2022  
Major New Contracts

Gas Oil Separation Unit (Saudi Arabia)  
VCM, PVC, and OSBL Expansion (Thailand)  
Nearshore Floating LNG Plant (Malaysia)

\* Excluding the large-scale Ethylene Plants awarded in November by JGC America, Inc.

Next I will discuss new contracts in the Total Engineering segment.

New contracts are steadily increasing to near our full-year forecast.

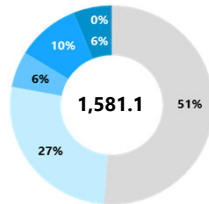
The main order in Q3 was for the nearshore FLNG plant in Malaysia.

The large ethylene plant in the US, a contract that we announced in November, will be recorded in Q4.

## ii) Outstanding Contracts (As of December 31, 2022)

### By Business Area

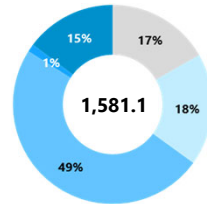
[Unit: Billions of Yen]



Business Area	Value (Billions of Yen)
Energy Transition	
Oil and gas	810.1
LNG	422.0
Chemical	92.5
Clean energy & Others	159.8
Healthcare & Life sciences	95.1
Industrial & Urban infrastructure & Others	1.4

### By Region

[Unit: Billions of Yen]



Region	Value (Billions of Yen)
Japan	264.5
Asia	288.6
Middle East	774.7
Africa	20.1
Americas & Others	233.0

FY2022 9M 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) Nearshore Floating LNG Plant (Malaysia)	Biomass Power Generation (Japan) Dew Point Control Unit (Saudi Arabia) VCM, PVC, and OSBL Expansion (Thailand)	Pharmaceutical Plant (Japan) LNG Terminal Facilities (Taiwan)

Next, we refer to our outstanding contracts.

In part due to the conversion impact as a result of a stronger yen in Q3, the order backlog totaled 1,581.1 billion yen, almost same as at the end of the previous quarter.

We brought in a major project in Malaysia, so by business area, orders related to LNG accounted for 27%, and by region, Asia accounted for 18%, both up from the end of the previous quarter.



## Forecasts for Fiscal Year 2022

The full-year forecast was revised.

	Previous (As of November 2022)	Revised	Difference		【Unit: Billions of Yen】	
					9M FY2022 Actual	Achievement Rate
<b>New contracts *1</b>	840.0	<b>840.0</b>	-	-	669.6	80%
<b>Net sales</b>	630.0	<b>600.0</b>	△ 30.0	△ 5%	416.6	69%
<b>Gross profit</b>	62.0	<b>62.0</b>	-	-	45.0	73%
<b>Profit ratio</b>	9.8%	<b>10.3%</b>	+0.5pt		10.8%	
<b>Operating profit</b>	34.0	<b>34.0</b>	-	-	25.3	74%
<b>Ordinary profit</b>	46.0	<b>46.0</b>	-	-	33.4	73%
<b>Profit attributable to owners of parent</b>	30.0	<b>30.0</b>	-	-	22.5	75%
<b>Annual dividends per share</b>	¥36.00	<b>¥36.00</b>	-			
<b>Forecasts based on (¥/US\$)</b>	¥140.00	<b>¥130.00*2</b>	△ ¥10.00			

\*1: Total Engineering

\*2: Exchange rate of forecast for 4Q FY2022 onwards

In closing, I will discuss our forecasts for fiscal 2022.

We have reduced our full-year forecast for net sales by 30 billion yen to 600 billion yen.

In our previous forecast, we forecasted a USD/JPY rate of 140 yen, but the rate stood at 132 yen at the end of Q3, and we have changed our Q4 forecast to 130 yen. The revised forecasts reflect this change.

We have left gross profit and below on the income statement unchanged.

Thanks to improved profitability thus far, we have made steady progress through this quarter, achieving about 75% of the forecasts.

Although we will no longer benefit from the positive impact of a weak yen, we expect to achieve our previous forecasts by making further cost reductions and strong execution.

Finally, I would like to add a supplementary note regarding the share repurchase announced today.

Shareholder return is our most important issue for management, and we have

announced our policy for shareholder return.

The policy states that we will consider share repurchase from time to time, taking into consideration our business outlook and cash flow situation.

In line with this policy, we have been carefully reviewing the plan internally.

In terms of business performance, we have confirmed steady execution of projects in hand through the third quarter, and new orders have been steadily accumulating.

In terms of cash flow, operating cash flow is expected to improve due to the collection of a large amount of receivable related to a project that was completed in previous years.

In light of the Group's situation, including these factors, the Company has decided to establish a 20 billion yen share repurchase limit for the purpose of enhancing shareholder returns.

we have also decided to use a commitment-type share repurchase as a method that is likely to enable us to acquire the shares in a short period of time without fail. The results of the repurchase will be announced on Monday.

This concludes our explanation of the outline of the financial results for the third quarter of fiscal year 2022.

# Appendix

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

The full-year forecast was revised.

[Unit: Billions of Yen]

		Previous (As of November 2022)	Revised	Difference	
<b>Total Engineering</b>	<b>Net sales</b>	575.0	<b>545.0</b>	△ 30.0	△ 5%
	<b>Segment profit</b>	32.7	<b>32.7</b>	-	-
<b>Functional Materials Manufacturing</b>	<b>Net sales</b>	47.0	<b>47.0</b>	-	-
	<b>Segment profit</b>	6.5	<b>6.5</b>	-	-
<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>	△ 6.6	<b>△ 6.6</b>	-	-
<b>Total (Consolidated)</b>	<b>Net sales</b>	630.0	<b>600.0</b>	△ 30.0	△ 5%
	<b>Segment profit</b>	34.0	<b>34.0</b>	-	-

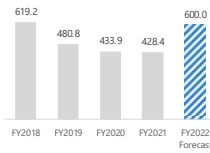
## Reference (Net sales & New Contracts by Region)

Net sales				New contracts (Total Engineering)					
	9M FY2021		9M FY2022			9M FY2021		9M FY2022	
	[Unit: Billions of Yen]					[Unit: Billions of Yen]			
<b>Japan</b>	99.8	(31.3%)	<b>110.3</b>	(26.5%)	<b>Japan</b>	131.6	(83.8%)	<b>102.8</b>	(15.4%)
<b>Asia</b>	31.0	(9.7%)	<b>42.7</b>	(10.3%)	<b>Asia</b>	10.3	(6.6%)	<b>241.9</b>	(36.1%)
<b>Middle East</b>	31.6	(9.9%)	<b>94.1</b>	(22.6%)	<b>Middle East</b>	0.4	(0.3%)	<b>307.5</b>	(45.9%)
<b>Africa</b>	47.3	(14.8%)	<b>27.6</b>	(6.6%)	<b>Africa</b>	1.2	(0.8%)	<b>9.4</b>	(1.4%)
<b>Americas &amp; Others</b>	109.5	(34.3%)	<b>141.6</b>	(34.0%)	<b>Americas &amp; Others</b>	13.2	(8.5%)	<b>7.8</b>	(1.2%)
<b>Total</b>	319.4	(100.0%)	<b>416.6</b>	(100.0%)	<b>Total</b>	156.9	(100.0%)	<b>669.6</b>	(100.0%)

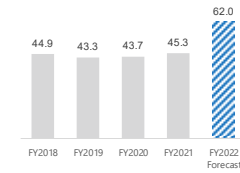
## Reference (Historical data chart)

[Unit: Billions of Yen]

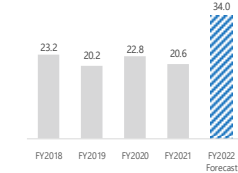
### Net sales



### Gross profit



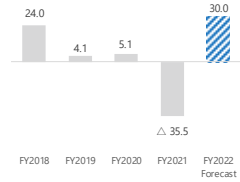
### Operating profit



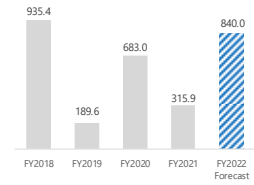
### Ordinary profit



### 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.

JGC Holdings Corporation undertakes no obligation to update any forward-looking statements after the date of this presentation. These potential risks and uncertainties include, but are not limited to:

- 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

For questions concerning this material, please contact:

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