Translation

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Outline of Financial Results for Fiscal Year 2020

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JGC HOLDINGS CORPORATION
General Manager,
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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 Fiscal Year 2020, ended in March 2021.

Contents

1. Highlights of Fiscal Year 2020

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- Secured new orders exceeding the initial forecasts for large-scale overseas projects in addition to those for a growing number of domestic projects.
- Good progress made in ongoing projects despite the impact of COVID-19.
- Achieved operating income and ordinary income exceeding the initial forecasts as a result of strong project execution in projects nearing completion together with SG&A reduction.

I will begin with a review of the highlights of fiscal year 2020.

This fiscal year, we received an order for a refinery upgrading project in Iraq, and also steadily received orders for chemical projects and biomass power plants in Japan. As a result, orders received totaled 680 billion yen, exceeding the initial forecast.

The spread of COVID-19 continues to have an impact. Conditions remain harsh, contrary to our initial expectations, and we did not experience a sharp recovery in net sales through the second half of the fiscal year. However, we are making steady progress on the projects currently underway.

In this fiscal year 2020, project margin improved for several projects as a result of projects managed smoothly both in Japan and overseas. Operating income and ordinary income also exceeded initial forecasts, in part due to reduction on selling, general and administrative expenses.

2. Income and Comprehensive Income

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【Unit: Billions of Yen】

	FY2019	FY2020	Difference	Initial Forecast
Net sales	480.8	**433.9**	△ 46.8	480.0
Gross profit	43.3	**43.7**	+0.4	43.0
Profit ratio	9.0%	**10.1%**	+1.1pt	9.0%
Operating income	20.2	**22.8**	+2.6	20.0
Ordinary income	22.3	**25.5**	+3.1	23.0
Profit attributable to owners of the parent	4.1	**5.1**	+1.0	8.0
Profit	4.2	**5.2**	+0.9	
Other comprehensive income	△ 18.5	**24.7**	+43.2	
Comprehensive income	△ 14.2	**29.9**	+44.1	

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We now move on to the Consolidated Statement of Income.

As we reported in "Notice of Disparity Between Earnings Forecasts and Actual Results," a timely disclosure separately released today, net sales declined but income increased over the previous year.

Net sales was 433.9 billion yen, which was 46.8 billion yen less than in the previous fiscal year, and this missed our initial forecast. The forecast had assumed that the business environment would normalize during the fiscal period from the impact of COVID-19. Unfortunately, however, we did not see improvements, nor was there the sharp rise in the rate of progress of revenue recognition at the end of the fiscal year that we had expected.

Gross profit rose 400 million yen over the previous year to 43.7 billion yen, above our initial forecast, and the gross profit ratio improved by 1.1 points to 10.1%. Through the third quarter, we saw an increase in income due to strong project execution in Japan and overseas, and project margin was solid in the fourth quarter despite lost job burden costs.

Operating income rose 2.6 billion yen over the previous year to 22.8 billion yen. Operating income was also higher than the initial forecast due in part to a reduction in selling, general and administrative expenses.

Ordinary income rose 3.1 billion yen over the previous year to 25.5 billion yen.

Profit attributable to owners of the parent increased by 1.0 billion yen over the previous year to 5.1 billion yen, which was 35% lower than the initial forecast.

This was because we posted extraordinary loss, mainly 2.9 billion yen impairment loss and 1.3 billion yen loss on valuation of investment securities in the fourth quarter, among other factors. The former was due to an impairment loss on oil and gas production and sales assets in the United States resulting from a slump in oil prices and the latter to devaluation attributable to a decline in the fair value of a power generation and water production business in United Arab Emirates.

Please note the total of 4.9 billion yen in extraordinary losses were one-off non-cash losses . We maintain dividend per share 12 yen, unchanged from the initial forecast announced.

3. Segment Information

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【Unit: Billions of Yen】

		FY2019	FY2020	Difference	
Total Engineering	Net sales	426.7	388.5	△ 38.1	△ 9%
	Segment profit	12.0	16.8	+4.7	+39%
Functional Materials Manufacturing	Net sales	46.6	40.7	△ 5.9	△ 13%
	Segment profit	6.7	5.8	△ 0.9	△ 14%
Others (Including adjustments)	Net sales	7.3	4.6	△ 2.7	△ 37%
	Segment profit	1.4	0.2	△ 1.1	△ 83%
Total (Consolidated)	Net sales	480.8	433.9	△ 46.8	△ 10%
	Segment profit	20.2	22.8	+2.6	+13%

Next is the segment information.

In the Total Engineering segment, net sales fell due to the ongoing impact of COVID-19, but income rose due to the strong project execution in Japan and overseas. Net sales totaled 388.5 billion yen and segment profit was 16.8 billion yen.

In the Functional Materials Manufacturing segment, sales and profits decreased due to an ongoing decline in demand for products overall due to the impact of COVID-19. Net sales were 40.7 billion yen, and segment profit was 5.8 billion yen.

In the Others, both sales and income were down.

4. Balance Sheets

【Unit: Billions of Yen】

	FY2019	FY2020	Difference
Current assets	537.9	**548.3**	+10.4
Non-current assets	133.3	**154.1**	+20.8
Total assets	671.2	**702.5**	+31.2

	FY2019	FY2020	Difference
Current liabilities	228.3	**197.0**	△ 31.3
Non-current liabilities	51.9	**87.8**	+35.9
Total net assets	390.9	**417.6**	+26.6
JV Cash JGC Portion	141.9	197.0	+55.1

Now we move on to the consolidated balance sheets.

Current assets increased by 10.4 billion yen to 548.3 billion yen compared to the end of the previous fiscal year, due in part to an increase in accounts receivable.

Non-current assets increased by 20.8 billion yen to 154.1 billion yen due to the new consolidation of a subsidiary and other factors, while total assets rose 31.2 billion yen to 702.5 billion yen.

Current liabilities fell 31.3 billion yen compared to the end of the previous fiscal year to 197.0 billion yen due to a decrease in corporate bond redemptions and decrease in accounts payable for construction projects.

Non-current liabilities increased by 35.9 billion yen to 87.8 billion yen due to the issuance of corporate bonds and the new consolidation of a subsidiary.

The Company's share of cash and cas equivalents of joint ventures at off-balance sheet is 197.0 billion yen.

The shareholders equity ratio was 59.4%.

5. Cash Flows

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【Unit: Billions of Yen】

	FY2019	FY2020	Difference
Operating Cash Flows	92.4	**12.4**	△ 79.9
Investing Cash Flows	19.3	**△ 13.5**	△ 32.8
Financing Cash Flows	△ 7.6	**0.1**	+7.8
Net increase (decrease)	100.3	**4.4**	△ 95.8
Cash & cash equivalents at end of period	261.8	**268.2**	+6.3

In regards to the cashflow statement, cash provided by operating activities was 12.4 billion yen.

Cash used in investing activities was 13.5 billion yen due to acquisition of property, plant and equipment, and acquisition of investment securities, among others.

The balance of cash at the end of the fiscal year was relatively unchanged, at 268.2 billion yen.

6. Outline of Contracts

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i) New Contracts

【Unit: Billions of Yen】

	FY2020 Actual	Initial Forecast
Overseas	**500.9**	540.0
Domestic	**182.1**	130.0
Total	**683.0**	670.0

FY2020 Major New Contracts	Oil Refinery Modernization (Iraq) Biomass Power Generation (Japan) Gas Separation Plant (Saudi Arabia)

The next topic deals with new contracts.

Orders received totaled 683 billion yen, exceeding the initial forecast.

Overseas, there was a marked trend for large-scale projects to be delayed until the next or subsequent fiscal periods due to the clients' changes to investment plans. There were no subsequent large-scale projects following the order for a Refinery Upgrading Project in Iraq, and overseas orders totaled 500.9 billion yen.

In Japan, orders totaled 182.1 billion yen, primarily due to an order for biomass power plants. This far exceeded the initial forecast.

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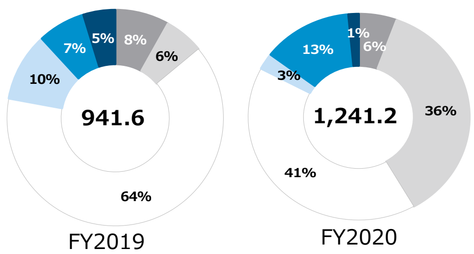
ii) Outstanding Contracts

By Business Area

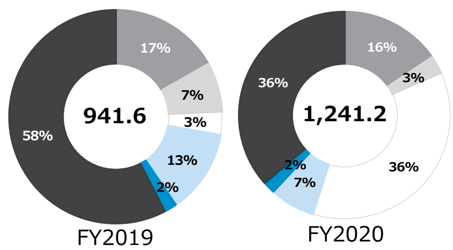
【Unit: Billions of Yen】



	FY2019	FY2020
Oil & Gas development	76.2	**69.1**
Petroleum refining	55.1	**448.4**
LNG	602.2	**510.0**
Chemical	96.4	**31.8**
Power generation, nuclear power	66.8	**163.1**
Others	44.6	**18.4**

By Region

【Unit: Billions of Yen】



	FY2019	FY2020
Japan	158.0	**192.7**
South East Asia	70.8	**35.2**
Middle East	32.6	**452.9**
Africa	119.6	**86.1**
Oceania	18.1	**23.0**
North America & Others	542.2	**451.1**

FY2020 Major Outstanding Contracts	Over 100 Billion Yen	Over 50 Billion Yen	Over 30 Billion Yen
	LNG（Canada） Oil Refinery Modernization（Iraq）	Biomass Power Generation (Japan) FLNG (Mozambique)	Gas Separation Plant (Saudi Arabia) Biomass Power Generation (Japan)

Next, the order backlog as of the end of March 2021 was 1,241.2 billion yen, giving us a volume of work that will serve as a base load for several years to come.

By business area, LNG-related orders accounted for 41%, petroleum refining-related orders accounted for 36% and power generation-related orders grew to 13%.

In terms of region, the Middle East and North America each accounted for 36%.

The major contracts were an LNG project in Canada, a refinery upgrading project in Iraq, and a biomass power plant in Japan.

7. Forecasts for Fiscal Year 2021

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【Unit: Billions of Yen】

	FY2020 Actual	Forecast
New contracts	683.0	**500.0**
Net sales	433.9	**470.0**
Gross profit	43.7	**38.0**
Profit ratio	10.1%	**8.1%**
Operating income	22.8	**16.0**
Ordinary income	25.5	**19.0**
Income attributable to owners of the parent	5.1	**13.0**
Annual dividend per share	¥12.00	**¥15.00**
Forecasts based on (¥/US$)	-	**¥107.00**

Next I will discuss our forecasts for Fiscal Year 2021.

Conditions in the EPC market, particularly on the oil and gas field remain uncertain, and we target new orders to be 500 billion yen.

Net sales are forecasted to increase over the previous year to 470 billion yen as we expect robust progress on the LNG project in Canada and Refinery Upgrading Project in Iraq.

Our gross profit forecast is to decrease over the previous year to 38 billion yen, with the gross profit ratio also down to 8.1%. The number of large-scale projects currently underway will be completed and bidding activities or new orders for large-scale projects will be limited, so we are taking cost impact from the risk of a lower rate of operation.

As a result, we forecast declines for operating income, to 16 billion yen, and ordinary income, to 19 billion yen.

We expect income attributable to owners of the parent to increase to 13 billion yen due to a decrease in foreign taxes.

We also expect to pay 15 yen in dividends per share, aiming for a consolidated dividend payout ratio of 30%.

An exchange rate of 107 yen to US$1 has been used in these forecasts.

This concludes my overview of our financial results.

Appendix

Reference（Forecasts for Fiscal Year 2021 by segment）

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【Unit: Billions of Yen】

	Total Engineering	Functional Materials	Others
Net sales	424.0	40.0	6.0
Segment profit	11.0	5.0	0.0
Profit ratio	2.6%	12.5%	0.0%

Reference（Net sales & New Contracts by Region）

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Net sales

【Unit: Billions of Yen】

	FY2019		FY2020	
Japan	193.0	(40.2%)	**173.9**	(40.1%)
South East Asia	62.7	(13.0%)	**48.0**	(11.1%)
Oceania	7.6	(1.6%)	**0.6**	(0.2%)
Africa	64.9	(13.5%)	**48.0**	(11.1%)
Middle East	48.8	(10.2%)	**31.5**	(7.3%)
Europe & CIS	5.5	(1.2%)	**1.6**	(0.4%)
North America & Others	98.0	(20.3%)	**130.0**	(29.8%)
Total	480.8	(100.0%)	**433.9**	(100.0%)

New Contracts

【Unit: Billions of Yen】

	FY2019		FY2020	
Japan	127.1	(67.1%)	**182.1**	(26.7%)
South East Asia	29.4	(15.5%)	**9.7**	(1.4%)
Oceania	0.6	(0.3%)	**0.3**	(0.1%)
Africa	8.4	(4.5%)	**17.3**	(2.5%)
Middle East	12.4	(6.6%)	**452.1**	(66.2%)
Europe & CIS	2.3	(1.3%)	**0.5**	(0.1%)
North America & Others	8.9	(4.7%)	**20.7**	(3.0%)
Total	189.6	(100.0%)	**683.0**	(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

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 government regulations or tax laws in jurisdictions where we conduct business

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