

## **Financial and Business Overview**

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January 2012

Managing Director and Senior General Manager,  
Corporate Administrative & Financial Affairs Division  
and Chief Financial Officer  
JGC CORPORATION

**Masayuki Sato**

## **Contents**

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- 1 Settlement of Accounts**
- 2 Balance Sheets (Consolidated)**
- 3 Order Received in the First Half**
- 4 Business Fields -New Contracts by Business Field**
- 5 Summary of Outstanding Contracts**
- 6 Summary of Target Projects in the Second Half**
- 7 Market Environment for FY2011 2<sup>nd</sup> Half/FY2012**
- 8 Recent Market Environment -Related Topics**
- 9 Summary of Project Execution**
- 10 Investment Business**

## 1. Settlement of Accounts –JPY base

(Billions of JPY)

	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012 (Forecast)	Sep. 30, 2011
Net sales	450.91	414.25	447.22	530.00	255.4 (Progress 48%)
Gross profit	71.96 (16.0%)	60.35 (14.6%)	81.39 (18.2%)	80.00 (15.1%)	39.8 (Progress 50%)
Operating income	52.00 (11.5%)	41.91 (10.1%)	63.55 (14.2%)	61.50 (11.6%)	30.6 (Progress 50%)
Net income	31.54 (7.0%)	27.11 (6.5%)	25.47 (5.7%)	39.00 (7.4%)	19.0 (Progress 49%)
New contracts	506.13	733.54	618.49	550.00	128.7 (Progress 23%)

## 1. Settlement of Accounts –USD base

(Millions of USD)

	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012 (Forecast)	Sep. 30, 2011
Net sales	4,590.3	4,452.4	5,378.5	6,883.1	3,333.1 (Progress 48%)
Gross profit	732.6 (16.0%)	648.6 (14.6%)	978.9 (18.2%)	1,038.9 (15.1%)	520.3 (Progress 50%)
Operating income	529.4 (11.5%)	450.5 (10.1%)	764.3 (14.2%)	798.7 (11.6%)	399.9 (Progress 50%)
Net income	321.1 (7.0%)	291.4 (6.5%)	306.4 (5.7%)	506.4 (7.4%)	248.9 (Progress 49%)
New contracts	5,152.5	7,884.2	7,438.3	7,142.8	1,679.1 (Progress 23%)

(USD 1= JPY 98.23)    (USD 1= JPY 93.04)    (USD 1= JPY 83.15)    (USD 1= JPY 77.00)    (USD 1= JPY 76.65)

## 2. Balance Sheets (Consolidated)

(Unit : Billions of Yen)

	FY2010	FY2011 2Q	Difference			
Current assets	319.4	344.0	*1 24.6	*1	Cash & equivalent	17.1
Noncurrent assets	149.0	151.9	2.9		Accounts receivable	△7.2
<b>Total assets</b>	<b>468.5</b>	<b>496.0</b>	<b>27.5</b>		Costs on uncompleted construction contracts	9.9
Current liabilities	174.2	196.1	*2 21.9	*2	Income taxes payable	△9.7
Noncurrent liabilities	29.7	28.8	△0.8		Advances received	46.6
<b>Total liabilities</b>	<b>204.0</b>	<b>225.0</b>	<b>21.0</b>			
<b>Total net assets</b>	<b>264.4</b>	<b>271.0</b>	<b>*3 6.5</b>	*3	Net income	19.0
<b>Total liabilities &amp; net assets</b>	<b>468.5</b>	<b>496.0</b>	<b>27.5</b>		Dividends	△7.5
					Accumulated other comprehensive income	△4.3

## 3. Orders Received in the First Half

Orders Received in First Half : Approx. ¥128 billion  
( Full-year orders target : ¥ 550 billion)

### Major Contracts Awarded

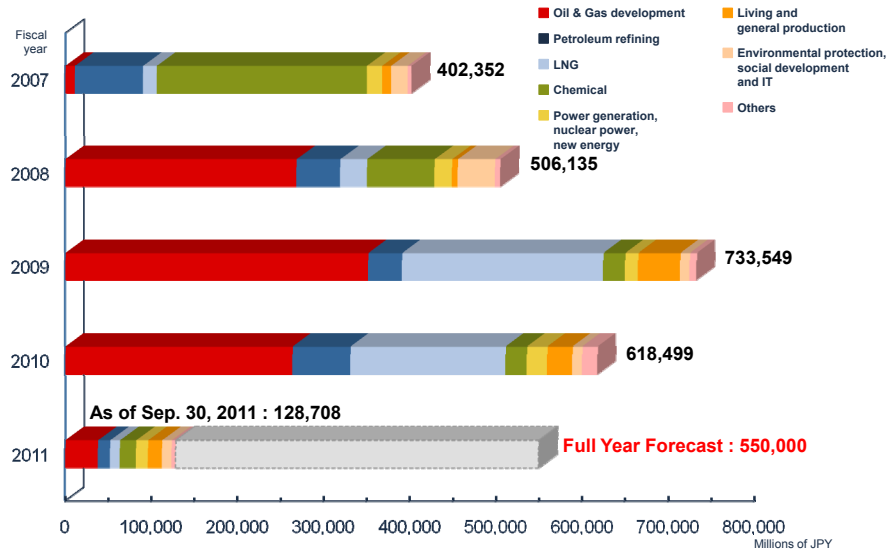
Algeria

Bir Seba Field  
Development  
Project

Japan

Pharmaceutical,  
Power Projects

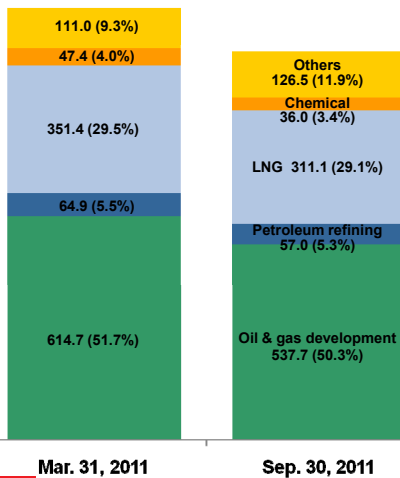
## 4. Business Fields -New Contracts by Business Field



## 5. Summary of Outstanding Contracts

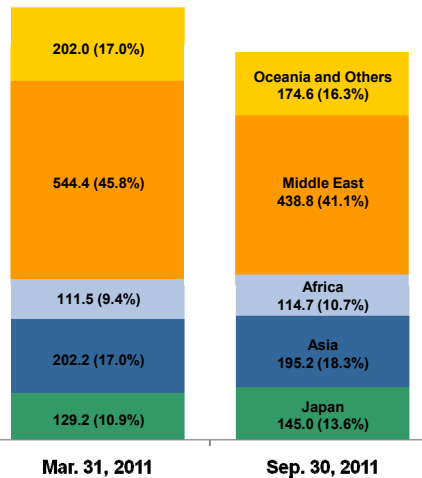
**FY2010 JPY 1,189.6 bn (USD 15.51 bn)**      **FY2011 2Q JPY 1,068.4 bn (USD 13.93 bn)**

by Business sector



by Region

(Unit : Billions of JPY)



## 6. Summary of Target Projects in the Second Half

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- Vietnam : Nghi Son Refinery Project
  - ▶ Investment decision expected near future.
- Australia : Ichthys LNG Project
  - ▶ Client due to make investment decision by middle of Jan. 2012.
- Saudi Arabia : Rabigh 2 Project
  - ▶ Tender issued.
  - Tough competition including Korean contractors.

**Aim to achieve target consolidated orders of ¥550 billion** by receiving the above projects as well as small and mid-size project orders in Japan and overseas.

## 7. Market Environment for FY2011 2<sup>nd</sup> Half/FY2012

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Project plans expected to equal or exceed  
fiscal 2011 plans



- In Middle East, progress in oil-related projects in Kuwait and U.A.E. is anticipated.
- In North Africa, Algeria is expected to further expand gas development.
- In Asia and Australia, construction of new LNG plants and expansion of existing plants is expected.

## 8. Recent Market Environment -Related Topics

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- European financial crisis, fears of global economic slowdown
  - ▶ Project plans in the Middle East and North Africa are designed to meet domestic energy demand in the countries concerned and are unlikely to be significantly affected.
- Democracy movements in the Middle East and North Africa
  - ▶ More or less subsided. In the countries which are the locations of our projects (Algeria, Qatar, Saudi Arabia, U.A.E.), there were no noticeable movements.
- Nuclear power on decline, push toward alternative energy
  - ▶ Currently, fossil fuel energy sources such as natural gas are being used as an alternative.  
Renewable energy sources are becoming more widely used.  
Emerging countries are still positive about nuclear power generation.

## 9. Summary of Project Execution

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General Impression:  
Continuation of good project management

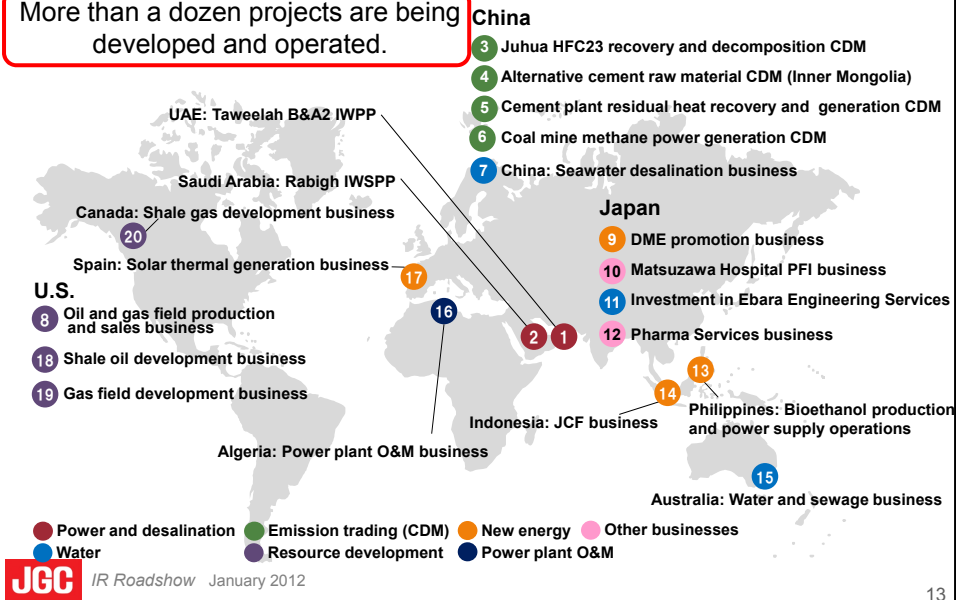
- Good overall progress on all projects
- Stable market for equipment, materials, and labor
- General improvement in our management capability



Gross profit exceeding targets of 8.5% on non-consolidated basis and 11~12% on consolidated basis.

## 10. Investment Business

More than a dozen projects are being developed and operated.



13

## Note on Future Outlook

This presentation may contain forward-looking statements about the JGC Corporation. You can identify these statements by the fact that they do not relate strictly to historic or current facts.

These statements discuss future expectations, identify strategies, contain projections of results of operations or of financial condition or state other "forward-looking" information. These statements are based on currently available information and represent the beliefs of the management of the JGC Corporation.

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14

# Annex

## New Mid-term Management Plan

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# **NEW HORIZON 2015**

## Medium-Term Management Plan

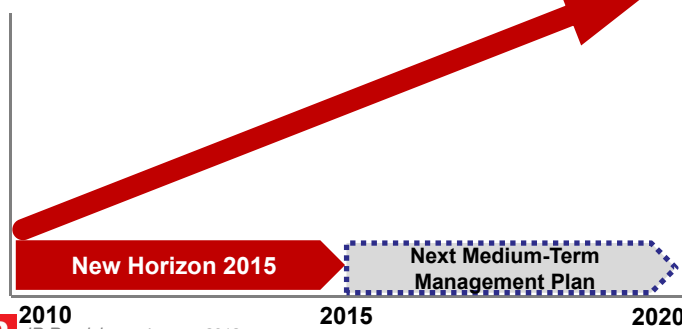
## Targets

	Fiscal 2015 (Targets)
Net Profit	¥50 billion
ROE	At least 10%

## Positioning

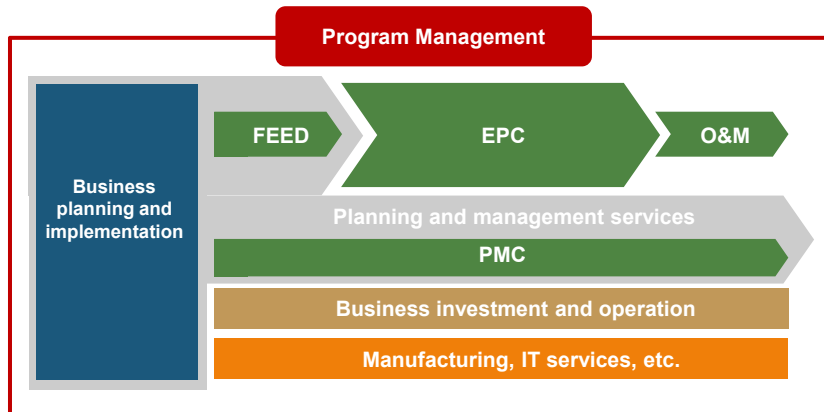
5-year plan focused on 10 years in the future

Transition to new corporate vision  
||  
Program Management Contractor  
& Investment Partner



## What is Program Management?

“Program Management” involves effectively planning and implementing business strategies and providing services in all areas, from EPC and investment through to operation services and manufacturing.



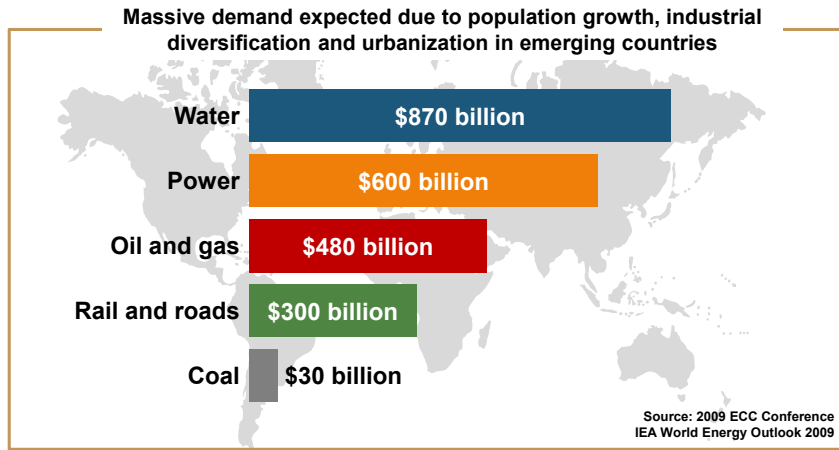
EPC: Engineering, Procurement and Construction  
 FEED: Front-End Engineering and Design  
 O&M: Operation and Maintenance  
 PMC: Project Management Consulting

## Market Environment

Sectors	<ul style="list-style-type: none"> <li>● Market environment in the overseas hydrocarbon EPC sector is likely to remain positive in the future, amidst increasingly fierce competition</li> <li>● Markets are expanding steadily in non-hydrocarbon sectors (non-ferrous metals, pharmaceuticals, medical)</li> <li>● Social infrastructure investment (water, power, rail, etc.) is growing into a massive market</li> </ul>
Regions	<ul style="list-style-type: none"> <li>● Promising developments in the overseas hydrocarbon EPC sector in South America, Russia, and Central Asia, as well as the Middle East, North Africa, Southeast Asia and Oceania</li> <li>● Social infrastructure development concentrated in emerging countries</li> <li>● Focus of capital investment by our domestic customers shifting overseas</li> </ul>

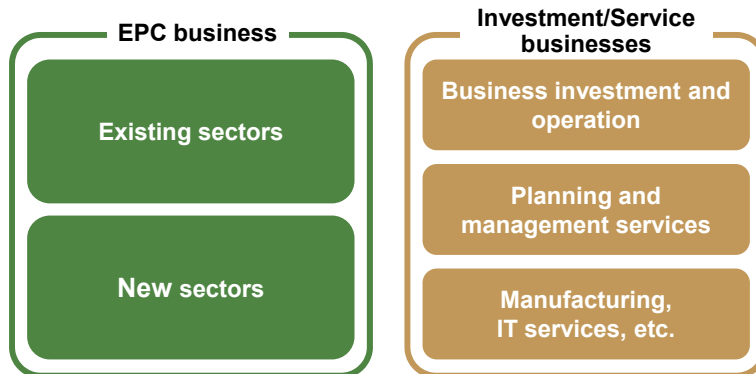
## Market Environment

### Scale of annual investment in social infrastructure sectors (Projected average annual investment from 2008 to 2030)



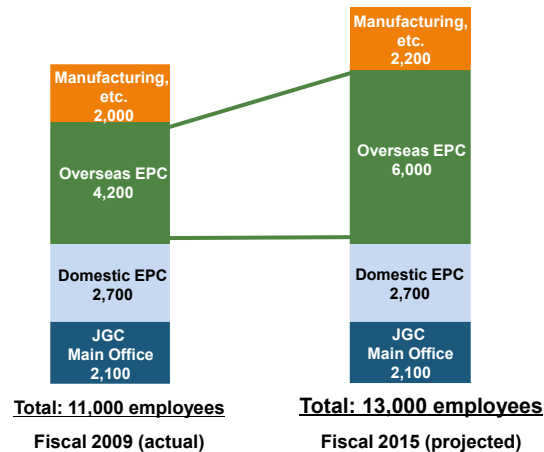
## Business Model

- **EPC business:** Developing business in new sectors as well as existing sectors
- **Investment and Service:** Increasing business investment and businesses developing planning and management services



## Manpower Resource Projections

**Increasing employees at overseas EPC subsidiaries to take groupwide manpower to approximately 13,000**



## Organizational Strategy: Becoming a Genuinely Global Group

- Continuing to reinforce and expand overseas EPC subsidiaries, in the interests of the expansion and growth of JGC Group as a whole.  
Option of establishing new overseas EPC subsidiaries.
- Becoming a genuinely global group, consisting of a widespread network of EPC subsidiaries in a number of countries and regions
- Filling managerial positions with local personnel and actively recruiting local talent



## Technology Development Strategy

### New Technology for New Business

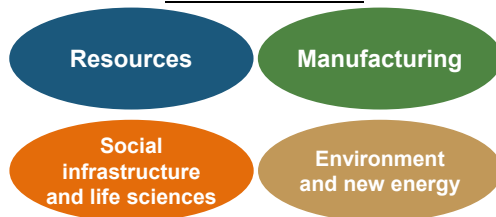
#### Priority Strategy

- Accelerate commercialization of development technology and become more active in the licensing business
- Create and promote new businesses in growth sectors
- Promote external partnerships through open innovation



Demonstration facilities for propylene manufacturing technology

#### Core Sectors



JGC Coal Fuel (JCF)



Testing new CO<sub>2</sub> recovery technology (INPEX Koshijihara Plant)

## EPC Business Reinforcement (1)

### 1. Increasing competitiveness in the hydrocarbon sector

- Drastically improve cost competitiveness
- Reinforce marketing capabilities and strengthen relationships with clients
- Market development (North Africa, Australia, South America, Russia, Central Asia, etc.)
- Further reinforce project execution capabilities

### 2. Expanding operations in non-hydrocarbon sectors

- Further expand operations in the non-ferrous metals sector
- Expand overseas operations in the pharmaceuticals and medical sectors

## EPC Business Reinforcement (2)

### 3. Reinforcing overseas EPC subsidiaries

- Focus on localization in oil- and gas-producing countries
- Increase orders for small and medium scale projects
- Reinforce cooperation within the Group

### 4. Developing business in new EPC sectors

- Expand and reinforce operations in the F-LNG sector
- Break into the market for overseas nuclear power projects
- Look into infrastructure projects
- Incorporate modular construction\* into project services

\*Modular construction: Method whereby plant facilities are manufactured on a small scale in separate locations and then assembled on site

## Investment and Service Business Expansion (1)

### 1. Investment

Background

Environmental conservation → Shift towards renewable energy  
Growth in emerging countries → Growing need for energy and social infrastructure development

#### Power and new energy sectors

- IPP & IWPP, solar energy, bioethanol, coal slurry (JCF™)

#### Environment and water sectors

- Environmental conservation in China
- Stepping up construction, management and O&M in the overseas water and sewage sector

#### Resource development sector

- Continuing oil and natural gas development
- Entering mineral resource business

#### New sectors

- Urban infrastructure development (including airports) and new industrial development (pharmaceuticals, medical, housing, agriculture)

## Investment and Service Business Expansion (2)

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### 2. Planning and Management Services

- Expand planning and implementation management services in the resource development and social infrastructure development sectors, as an investor and owner.
  - Business planning and implementation
  - FEED (Front-End Engineering Design)
  - PMC (Project Management Consulting), etc.

## Investment and Service Business Expansion (3)

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### 3. Manufacturing, etc.

#### Catalyst and fine chemicals business

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- Step up overseas expansion
- Expand exports of FCC catalysts
- Increase exports of environmental catalysts to Europe and the US, and expand feedstock sales via subsidiary in China
- Promote overseas production and sales of fine chemicals

#### IT services, consulting business, etc.

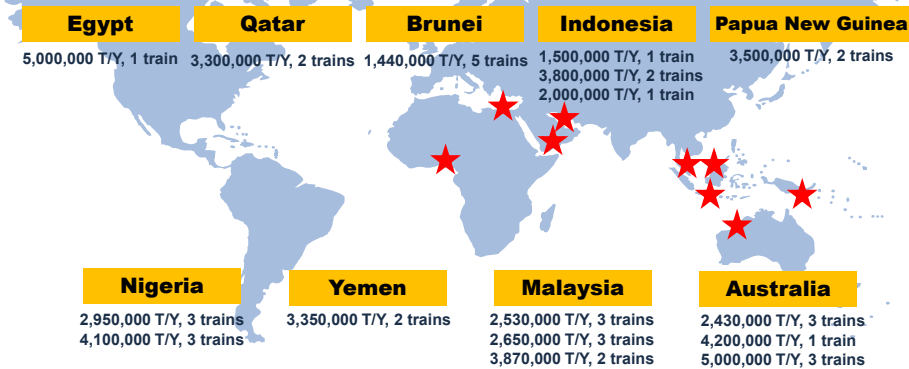
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- Continue with overseas expansion
- Promote groupwide cooperation in the social infrastructure development sector (ICT\*, environmental consulting, etc.)
- Provide multifaceted services in cooperation with overseas EPC subsidiaries

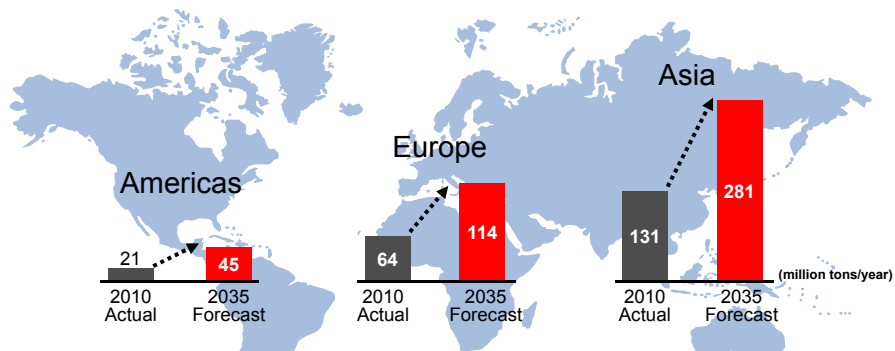
(\*ICT: Information and Communications Technology)

## Achievements in LNG Projects

- ▶ Trains : 37 (30.8% of world total)
- ▶ Production : 114.3 million tons (31.3% of world total)



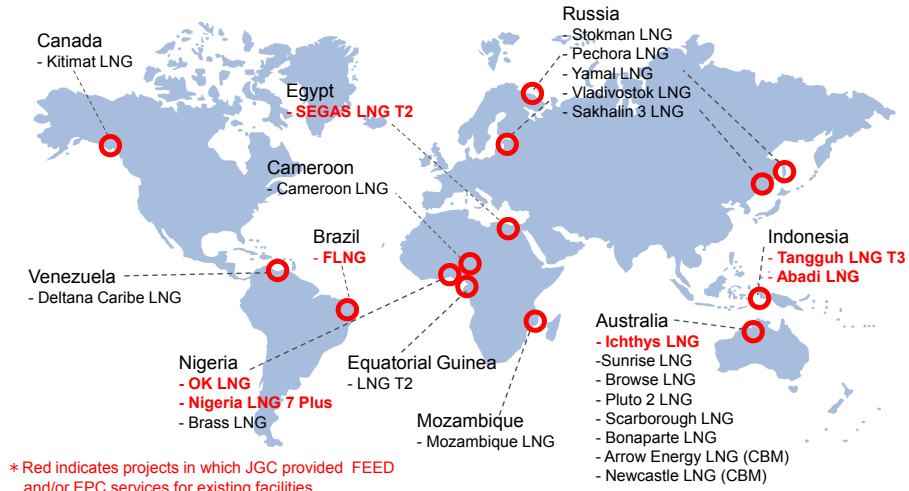
## Outlook for World LNG Demand



- ▶ World LNG consumption in 2010: 220 million tons  
Estimated demand in 2035: 454 million tons
- ▶ Need to add facilities to meet needs for 9 million tons/year production increases annually over next 25 years

## Planned LNG Projects

JGC has been involved in many of these projects



## Progress Image

