

The document is an English-language translation of the consolidated financial summary of the financial results for the third quarter ended December 31, 2019. This summary was prepared originally in Japanese in accordance with generally accepted accounting principles in Japan. If there are discrepancies between this summary and the original document in Japanese, the Japanese version will take precedence.

Consolidated Financial Results for the Third Quarter ended December 31, 2019

For the Fiscal Year Ending March 31, 2020

February 13, 2020

TOYO ENGINEERING CORPORATION

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1. Business results for the third quarter of fiscal year 2019 (April 1, 2019 - December 31, 2019)

Note: Amounts are rounded down to the nearest million yen.

(1) Consolidated operating results

(% of changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Apr. 1, 2019 - Dec. 31, 2019	165,211	(26.3)	1,850	222.7	1,279	(66.2)	1,726	18.8
Apr. 1, 2018 - Dec. 31, 2018	224,054	(14.9)	573	—	3,789	—	1,453	—

(Reference) Comprehensive income (millions of yen):

Apr. 1, 2019 - Dec. 31, 2019 : 789 —% Apr. 1, 2018 - Dec. 31, 2018: (501) —%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Apr. 1, 2019 - Dec. 31, 2019	29.46	—
Apr. 1, 2018 - Dec. 31, 2018	37.91	—

(Note) Upon calculation of "Net income per share", the number of class A preferred stocks which were issued in March 2019 is included.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2019	202,020	37,146	18.3
As of Mar. 31, 2019	239,694	36,357	15.1

(Reference) Equity at the end of period (millions of yen):

Dec. 31, 2019: 37,016 Mar. 31, 2019 : 36,241

2. Dividends

	Cash dividends per share									
	Q1		Q2		Q3		Q4		Annual	
FY2018	—	Yen	0.00	Yen	—	Yen	0.00	Yen	0.00	Yen
FY2019	—	Yen	0.00	Yen	—	Yen				
FY2019 (Forecast)							0.00	Yen	0.00	Yen

(Note) Revision of forecast for this period: No

3. Forecast of consolidated operating results for the fiscal year ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(% of changes from the corresponding periods of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	240,000	(18.6)	3,000	—	3,000	(12.5)	2,000	—	34.13

(Note) Revision of forecast for this period: No

(Note) Upon calculation of "Net income per share", the number of class A preferred stocks which were issued in March 2019 is included.

4. Others

(1) Significant changes in scope of consolidation : No

(2) Number of shares issued (common shares)

Number of shares issued at end of period (including treasury stocks)

Dec. 31, 2019 : 38,558,507 Mar. 31, 2019 : 38,558,507

Number of treasury stocks at end of period

Dec. 31, 2019 : 225,324 Mar. 31, 2019 : 224,680

Average number of stock outstanding during the period: Third quarter of FY2019 and FY2018

Third quarter of FY2019 : 38,333,547 Third quarter of FY2018 : 38,334,604

(Note) The number of class A preferred stocks is not included in the number of shares issued.

* Reference: The forecast given above are based on information available at the time of compilation and are inherently subject to variety of risks and uncertainties. Actual results may vary significantly from the forecast due to factors including, but not limited to, changes in the economic or business environment and exchange rate fluctuations.

Consolidated Balance Sheets

		March 31, 2019	December 31, 2019
		Millions of yen	Millions of yen
[Assets]			
I	Current assets		
1	Cash and deposits	101,759	78,460
2	Notes receivable, accounts receivable from completed construction contracts and other	68,193	57,158
3	Costs on uncompleted construction contracts	26,422	23,769
4	Accounts receivable - other	5,793	7,478
5	Other	11,187	13,748
6	Allowance for doubtful accounts	(655)	(669)
	Total current assets	212,700	179,916
II	Non-current assets		
(1)	Property, plant and equipment		
1	Buildings and structures	14,581	14,477
2	Machinery, vehicles, tools, furniture and fixtures	5,113	5,144
3	Land	6,289	6,254
4	Leased assets	44	1,161
5	Construction in progress	36	69
6	Accumulated depreciation and impairment loss	(14,869)	(15,390)
	Total property, plant and equipment	11,196	11,718
(2)	Intangible assets		
1	Other	983	1,229
	Total intangible assets	983	1,229
(3)	Investments and other assets		
1	Investments in securities	5,895	3,256
2	Long-term loans receivable	4,572	4,570
3	Net defined benefit asset	635	707
4	Deferred income taxes	828	796
5	Other	7,468	4,386
6	Allowance for doubtful accounts	(4,585)	(4,561)
	Total investments and other assets	14,813	9,156
	Total non-current assets	26,993	22,104
	Total assets	239,694	202,020
[Liabilities]			
I	Current liabilities		
1	Notes payable, accounts payable for construction contracts and other	82,509	59,935
2	Short-term loans payable	13,374	16,551
3	Income taxes payable	701	488
4	Advances received on uncompleted construction contracts	69,296	60,571
5	Provision for bonuses	778	276
6	Provision for warranties for completed construction	273	244
7	Provision for loss on construction contracts	2,144	1,226
8	Forward exchange contracts	1,647	1,574
9	Other	7,718	7,783
	Total current liabilities	178,443	148,650
II	Non-current liabilities		
1	Long-term loans payable	19,294	10,106
2	Lease obligations	27	419
3	Deferred income taxes	2,238	2,003
4	Net defined benefit liability	1,200	1,277
5	Provision for losses on business of subsidiaries and affiliates	440	409
6	Other	1,691	2,007
	Total non-current liabilities	24,893	16,222
	Total liabilities	203,337	164,873
[Net Assets]			
I	Shareholders' equity		
1	Capital stock	18,198	18,198
2	Capital surplus	25,749	4,567
3	Retained (deficit) earnings	(8,984)	13,924
4	Treasury stock, at cost	(445)	(445)
	Total shareholders' equity	34,519	36,245
II	Accumulated other comprehensive income		
1	Valuation difference on available-for-sale securities	(123)	(91)
2	Deferred losses on hedges	(1,463)	(163)
3	Foreign currency translation adjustments	2,908	714
4	Remeasurements of defined benefit plans	400	310
	Total accumulated other comprehensive income	1,722	770
III	Non-controlling interests	116	130
	Total net assets	36,357	37,146
	Total liabilities and net assets	239,694	202,020

Consolidated Statements of Income

		April 1, 2018 - December 31, 2018		April 1, 2019 - December 31, 2019	
		Millions of yen		Millions of yen	
I	Net sales		224,054		165,211
II	Cost of sales		211,740		151,372
	Gross profit		12,313		13,838
III	Selling, general and administrative expenses		11,739		11,988
	Operating income		573		1,850
IV	Non-operating income				
1	Interest income	1,043		804	
2	Dividends income	65		44	
3	Equity in earnings of affiliates	2,577		-	
4	Reversal of allowance for doubtful accounts	252		-	
5	Miscellaneous income	242	4,180	404	1,253
V	Non-operating expenses				
1	Interest expenses	272		303	
2	Equity in losses of affiliates	-		280	
3	Foreign exchange losses, net	277		1,082	
4	Miscellaneous expenses	415	965	158	1,824
	Ordinary income		3,789		1,279
VI	Extraordinary income				
1	Gain on sales of investments in capital	-		1,857	
2	Gain on sales of shares of subsidiaries and affiliates	-	-	116	1,973
	Profit before income taxes		3,789		3,252
	Income taxes		2,311		1,507
	Net Profit		1,477		1,745
	Net profit attributable to non-controlling interests		23		19
	Net profit attributable to owners of parent		1,453		1,726

Consolidated Statements of Comprehensive Income (Loss)

		April 1, 2018 - December 31, 2018		April 1, 2019 - December 31, 2019	
		Millions of yen		Millions of yen	
I	Net profit		1,477		1,745
II	Other comprehensive loss				
1	Valuation difference on available-for-sale securities	(161)		32	
2	Deferred (losses) gains on hedges	(327)		1,299	
3	Foreign currency translation adjustments	(861)		(1,530)	
4	Remeasurements of defined benefit plans	(137)		(89)	
5	Share of other comprehensive (loss) of affiliates accounted for by the equity method	(490)	(1,978)	(667)	(955)
	Comprehensive (loss) income		(501)		789
	Comprehensive (loss) income attributable to :				
	Owners of parent		(522)		775
	Non-controlling interests		21		14

Segment Information

The company's reportable operating segment has a single segment, namely EPC Business.

Consolidated New Orders, Net Sales and Backlog of Contracts

		Millions of yen					
		Backlog Beginning of period	New Orders	Total	Net Sales	Backlog the End of period	
Apr. 1, 2018 - Dec. 31, 2018	Overseas	Petrochemicals	141,082	108,068	249,151	114,242	128,483
		Oil & Gas	20,858	3,559	24,417	10,861	13,524
		Power/Railways etc.	53,339	888	54,227	33,920	19,535
		Chemicals/Fertilizers	161,608	5,755	167,364	27,539	125,912
		Pharmaceutical/Environmental/Industrial Facilities	6,872	727	7,600	3,922	3,439
		Others	778	572	1,350	947	356
		Subtotal	384,540	119,572	504,112	191,433	291,253
	Domestic	Petrochemicals	6,328	7,957	14,285	1,838	12,440
		Oil & Gas	3,286	5,302	8,588	4,052	4,536
		Power/Railways etc.	51,865	62,716	114,581	19,665	94,921
		Pharmaceutical/Environmental/Industrial Facilities	2,581	5,188	7,769	2,341	5,428
		Others	27	4,777	4,805	4,723	81
		Subtotal	64,089	85,942	150,031	32,621	117,409
	Grand total		448,629	205,514	654,143	224,054	408,662
		*(6,946)				*(1,616)	
Apr. 1, 2019 - Dec. 31, 2019	Overseas	Petrochemicals	158,220	7,681	165,902	50,911	113,908
		Oil & Gas	10,232	23,488	33,720	7,470	25,890
		Power/Railways etc.	13,577	13,869	27,447	4,746	22,629
		Chemicals/Fertilizers	105,771	18,789	124,560	54,929	68,922
		Pharmaceutical/Environmental/Industrial Facilities	2,391	655	3,047	1,505	1,449
		Others	298	1,824	2,122	547	1,448
		Subtotal	290,491	66,309	356,801	120,109	234,249
	Domestic	Petrochemicals	11,798	383	12,182	7,641	4,541
		Oil & Gas	13,349	4,496	17,845	3,582	14,262
		Power/Railways etc.	107,498	63,311	170,809	27,047	143,764
		Pharmaceutical/Environmental/Industrial Facilities	3,209	1,863	5,072	2,202	2,869
		Others	26	4,670	4,696	4,627	69
		Subtotal	135,881	74,724	210,606	45,101	165,507
	Grand total		426,373	141,033	567,407	165,211	399,756
		*(1,550)				*(5,149)	

- Notes : 1. Amounts are rounded down to the nearest million yen and exclude Consumption Tax of Japan.
2. Net sales include corresponding amounts of the effects of changes in exchange rates upon the orders in currencies other than Japanese Yen.
The included amounts are (6,190) million yen for Apr. 1, 2018 - Dec. 31, 2018 and (2,637) million yen for Apr. 1, 2019 - Dec. 31, 2019.
3. Adjustment of orders awarded in prior years are included in the "Backlog, the End of period".
The amounts are (15,236) million yen for Apr. 1, 2018 - Dec. 31, 2018 and 198 million yen for Apr. 1, 2019 - Dec. 31, 2019.
4. Asterisks (*) represent increase (decrease) due to changes in exchange rates.