



Corporate Performance Briefing and Management Policy for FY2007

Global Toyo for Client Value Enhancement

May 14, 2007

 **TOYO ENGINEERING CORPORATION**

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President & CEO

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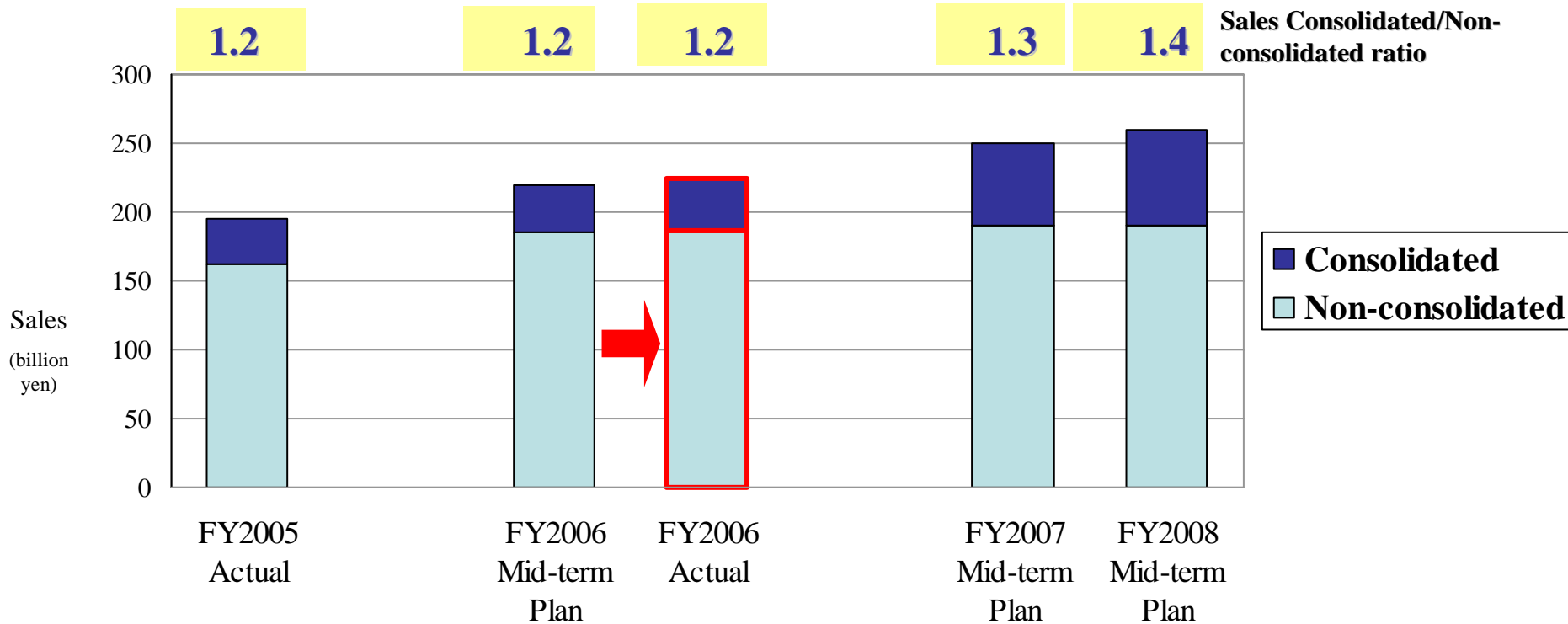
1. Market Trends

1. Market Trends

Market Environment		Capital Investment of Toyo's Concern	FY2007
1	Crude Oil Price Staying High	<ul style="list-style-type: none"> • Oil-substitute energy development (GTL, DME, Bio) • End of easy oil → Deep Water, Small & Mid-scale Gas Field • Heavy oil conversion (investment driven by heavy & light crude price, oil sand) 	Cont. <i>Revitalizing Coal gasification and/or liquefaction</i>
2	Large-Scale Gas Development	<ul style="list-style-type: none"> • LNG chain related projects (Liquefactions, Terminal) • GTL • Gas pipeline, etc. 	Cont. <i>Stagnant long-term demand of LNG due to price hike</i>
3	Growing Demand of Fundamental Materials Worldwide	<ul style="list-style-type: none"> • Bi-polarization of petrochemical investment O&G producing countries/ Giant consumers (China, India) • Chemical-refinery integration 	Cont. <i>Growing demand in the East Asia neighboring India/China</i>
4	Growing Needs for Social Infrastructure Investment (i.e. Water, Power, Transportation)	<ul style="list-style-type: none"> • Oil producing countries/ BRICs infrastructure maintenance project • Growing business participation from advanced nations 	Cont. <i>Demand of renovating infrastructure in developed nations</i>
5	Capital Investment in Domestic Manufacturers	<ul style="list-style-type: none"> • Capital investment associated with M&A or industrial restructuring • Strategic focus in differentiated products 	Cont.

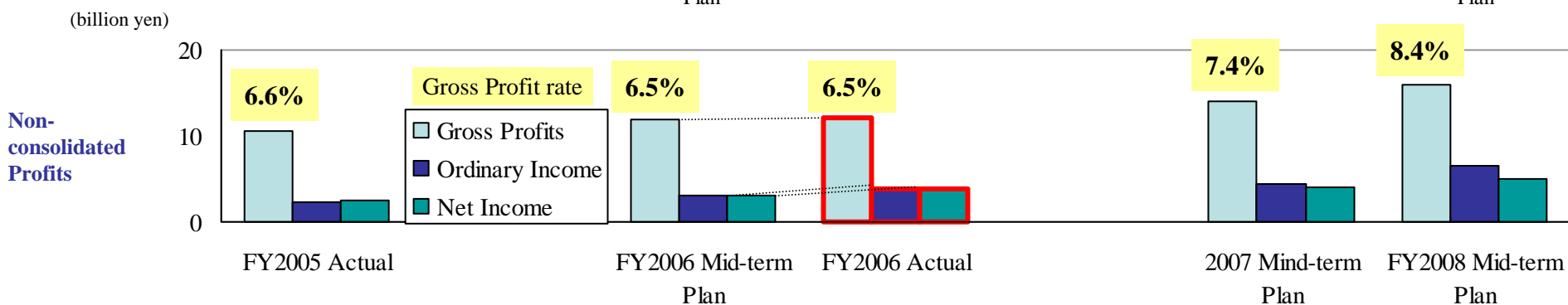
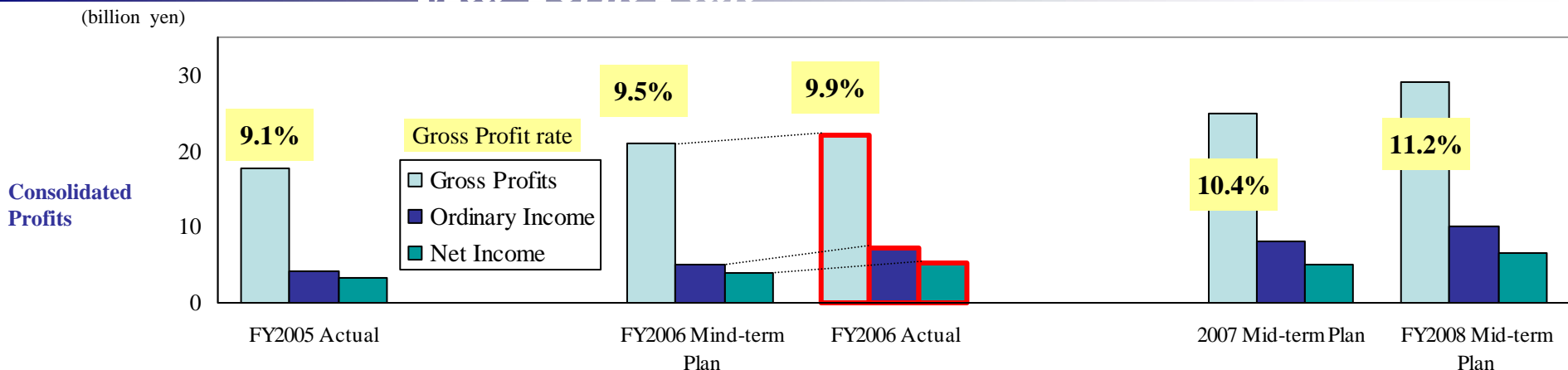
2. FY2006 Sales/ Profits / Orders Received

2.1 Sales : Steady Growth as Planned by Mid-Term Plan



(billion yen)	FY2005 Actual	FY2006 Mid-term Plan	FY2006 Actual	2007 Mid-term Plan	2008 Mid-term Plan
Consolidated Sales	195.5	220	223.8	250	260
Non-consolidated Sales	161.9	185	186.5	190	190

2.2 Profits : Steady Growth as Planned by Mid-Term Plan



Consolidated (billion yen)	FY2005 Actual	FY2006 Mid-term Plan	FY2006 Actual	FY2007 Mid-term Plan	FY2008 Mid-term Plan
Gross Profit	17.8	21	22.2	26	29
Ordinary Income	4.2	5	7.2	8	10
Net Income	3.3	4	5.2	5	6.5

Non-consolidated (billion yen)	FY2005 Actual	FY2006 Mid-term Plan	FY2006 Actual	FY2007 Mid-term Plan	FY2008 Mid-term Plan
Gross Profit	10.6	12	12.1	14	16
Ordinary Income	2.4	3	3.8	4.5	6.5
Net Income	2.5	3	3.8	4	5

2.3 Orders Received : *Out-performed both in volume & in diversity*

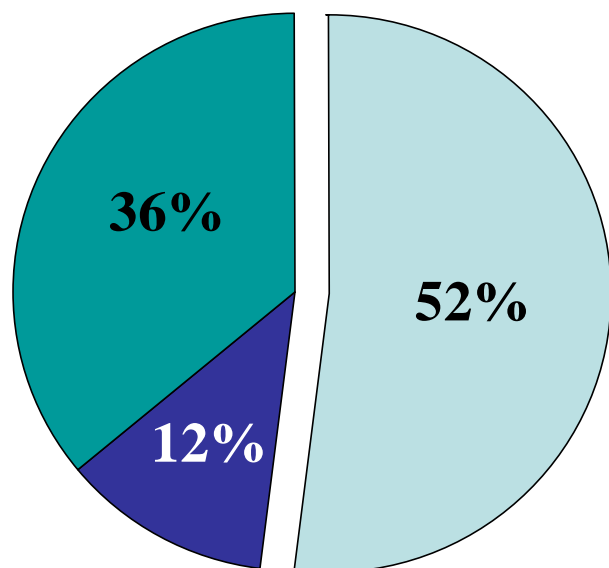


- ◆ **Total Orders Received: 354.9 billion yen**
(equivalent to more than 500 billion yen of capital investment)
- ◆ **Client: Enhanced relationship with domestic/overseas leading enterprises**
 - Received Qatar GTL order. Currently executing 3 projects for Shell.
 - Received continuous orders from domestic/overseas enterprises affiliated with Exxon Mobil
 - China Dow Corning
 - Mitsui Chemical/Shin-Nisseki/Idemitsu/Maruzen Sekika/Toso/Tohan
- ◆ **Area: Asia (Middle East/India/Thai/China/Japan)**
 - Received orders through collaboration with overseas affiliates under Global Toyo Program which made great contribution
- ◆ **Products:**
 - Oil-substitute Energy
 - Newly established 3 ethylene plants related to chemical-refinery integration
 - Manufacturing equipment for functional chemicals and the intermediates induced by consumer goods market
 - EPC service project

2.4 Portfolio of Received Orders

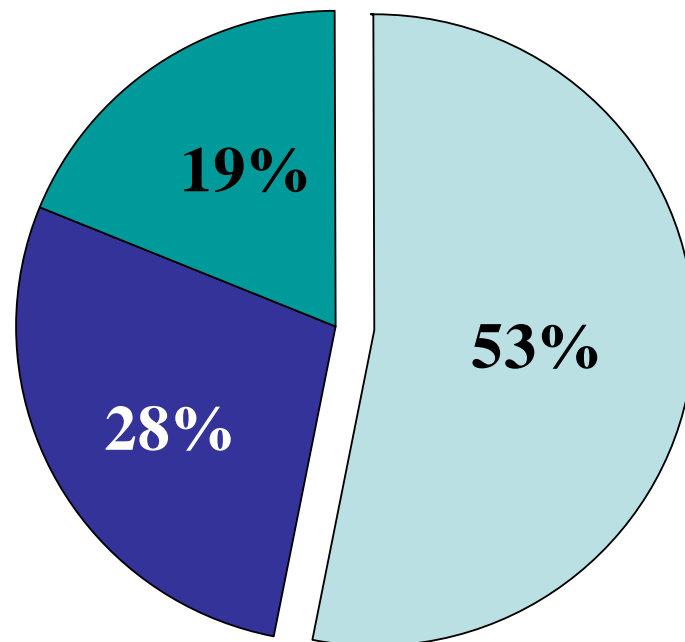
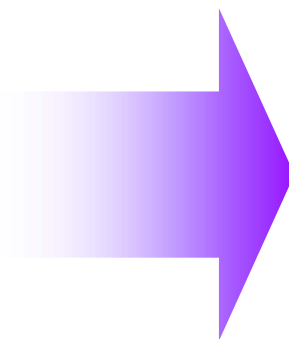
Note: Non-Consolidated/ Received Orders Gross Profit basis

Overseas EPC : Overseas Service + Domestic Business = 50 : 50



FY2005

Actual Gross Profit for Received Orders



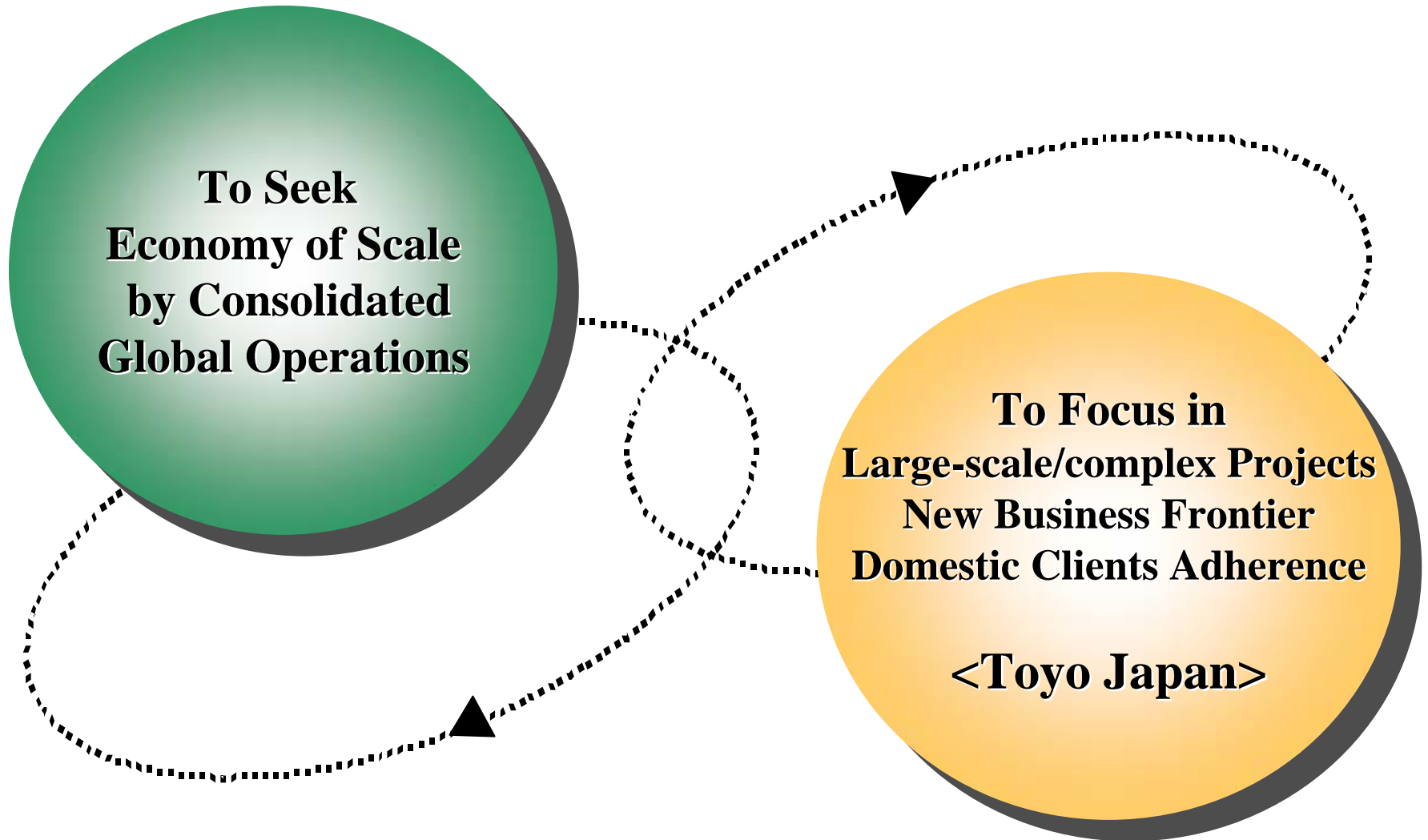
FY2006

Actual Gross Profit for Received Orders

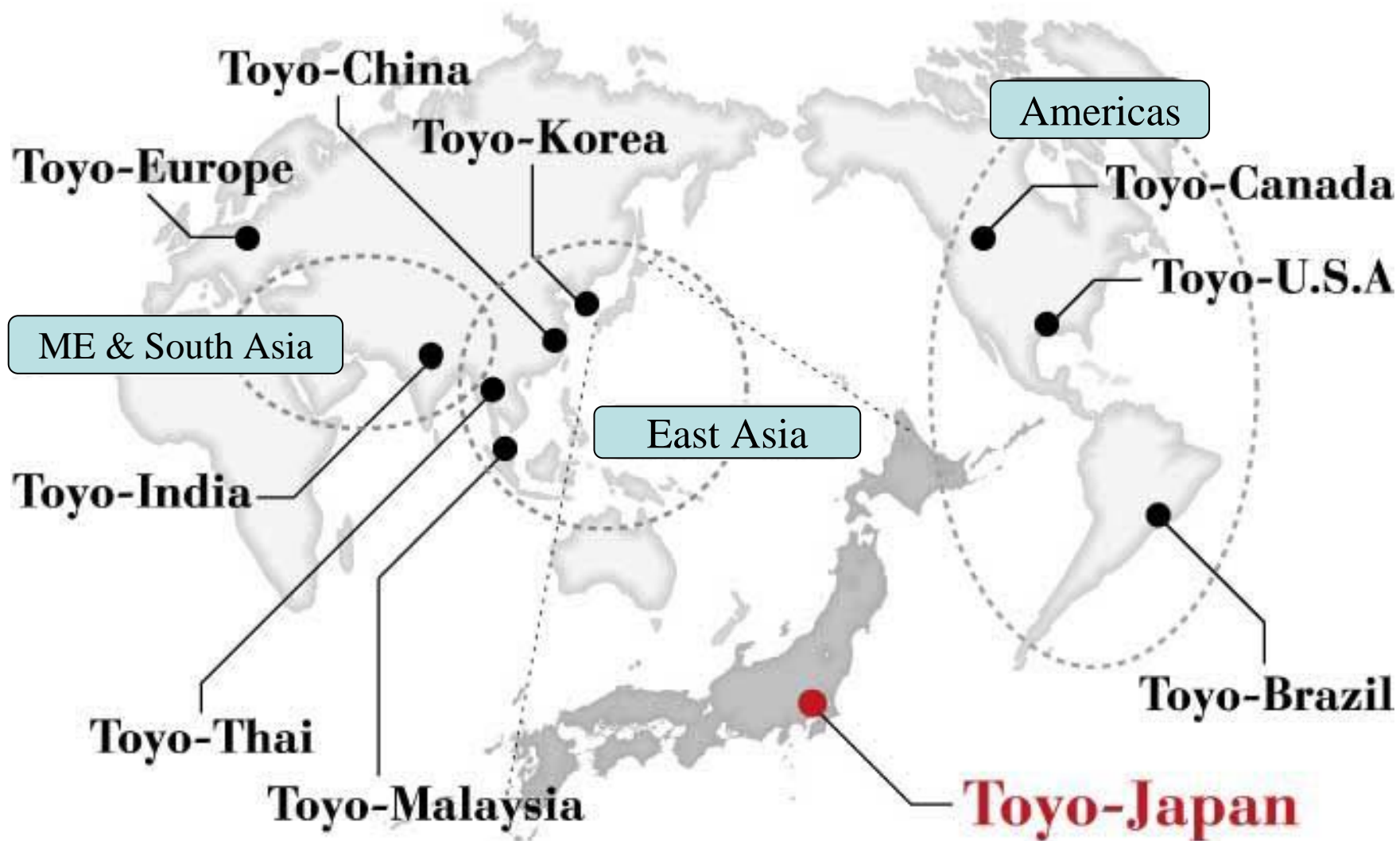
- Overseas EPC/lump Sum field
- Overseas services field
- Domestic business/ IT

3. Global Toyo Program

3.1 Objective of Global Toyo Program

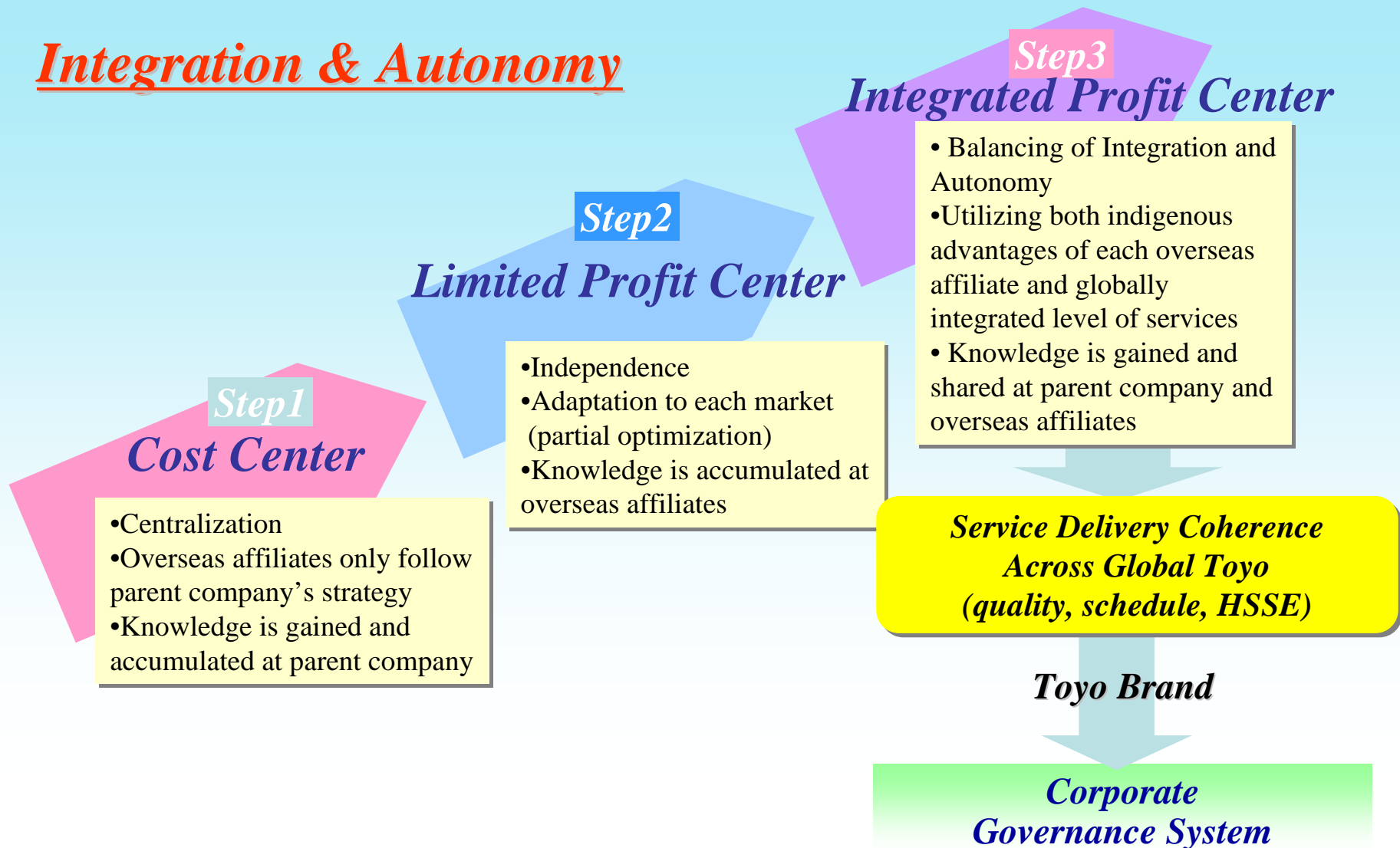


3.2 Overseas Affiliates composing Global Toyo



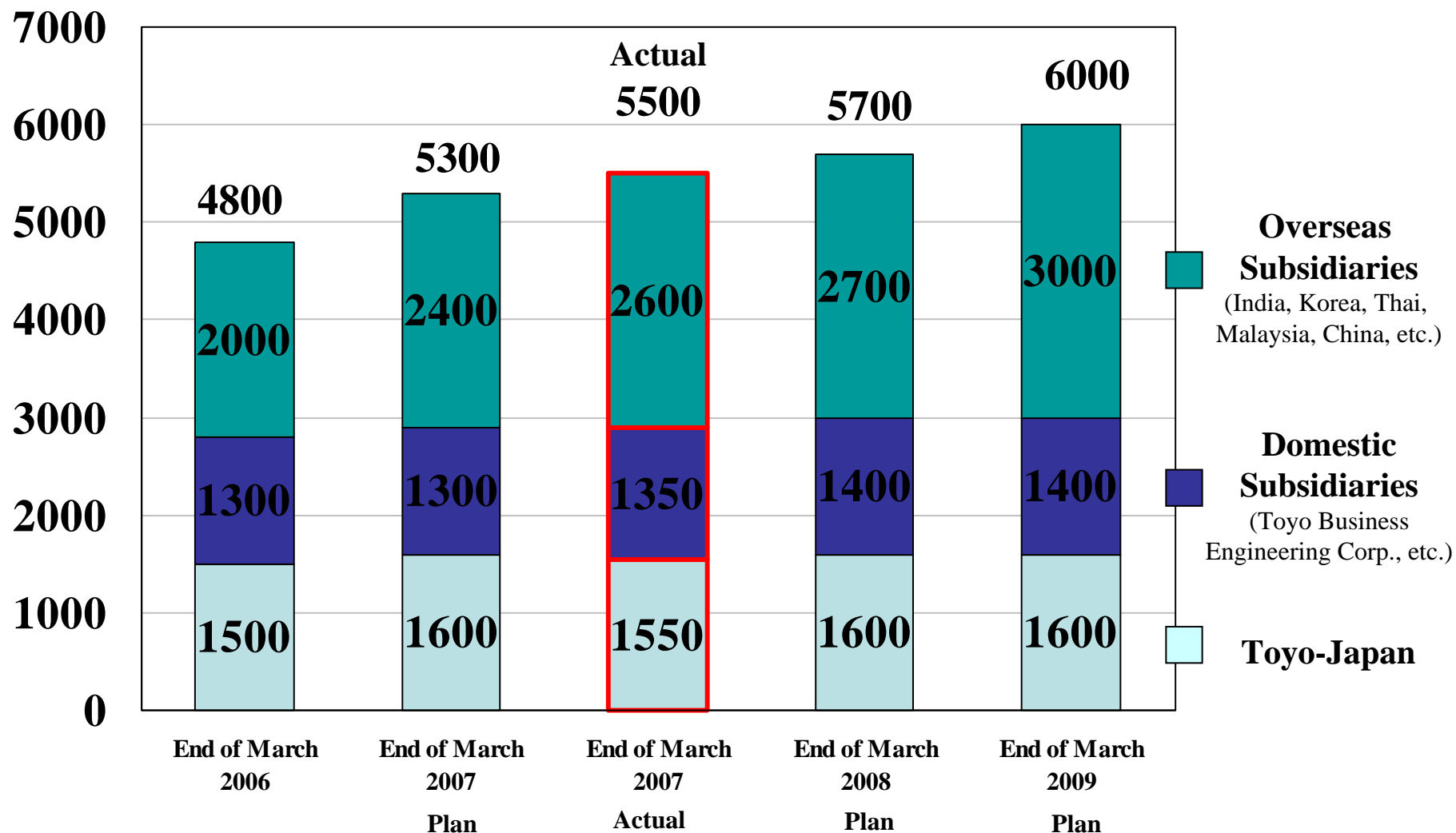
3.3 Global Toyo Concept : form Cost Center to Integrated Profit Center

Integration & Autonomy

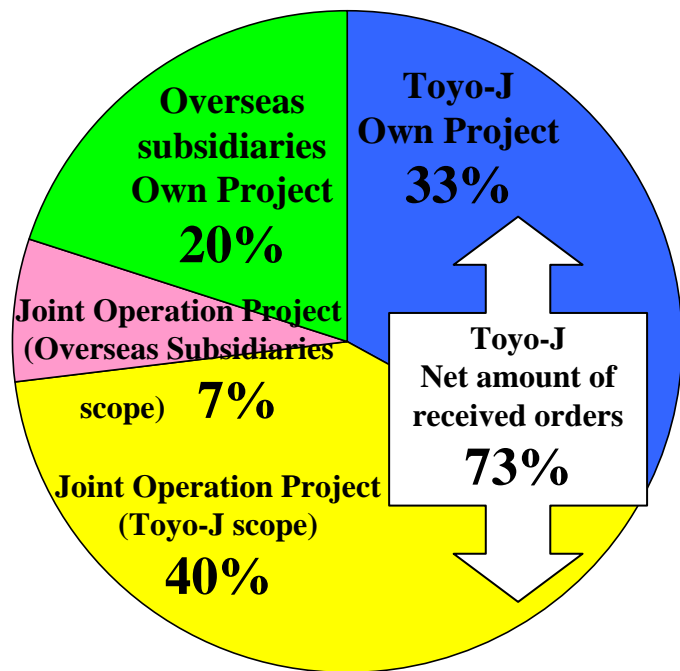


3.4 Global Toyo: Resource Augmentation Status

(personnel)



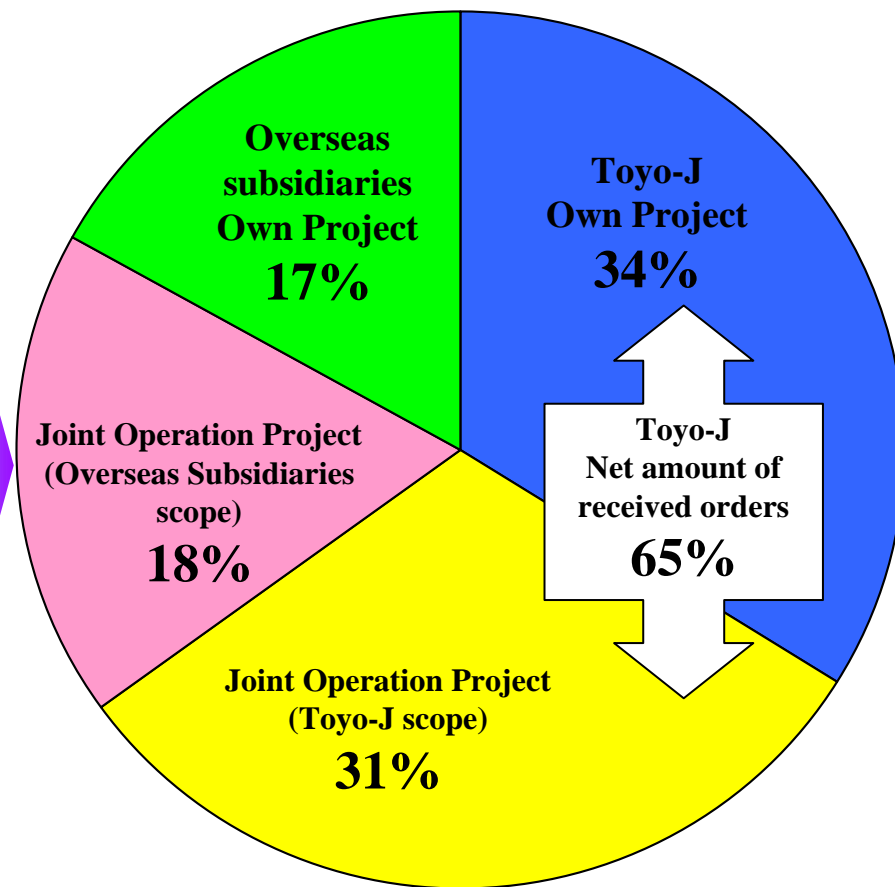
3.5 New Orders Received (overseas business field) in terms of Global Toyo Consolidation



FY2005

Economy of Scale due to Consolidated Operations

1.7 times

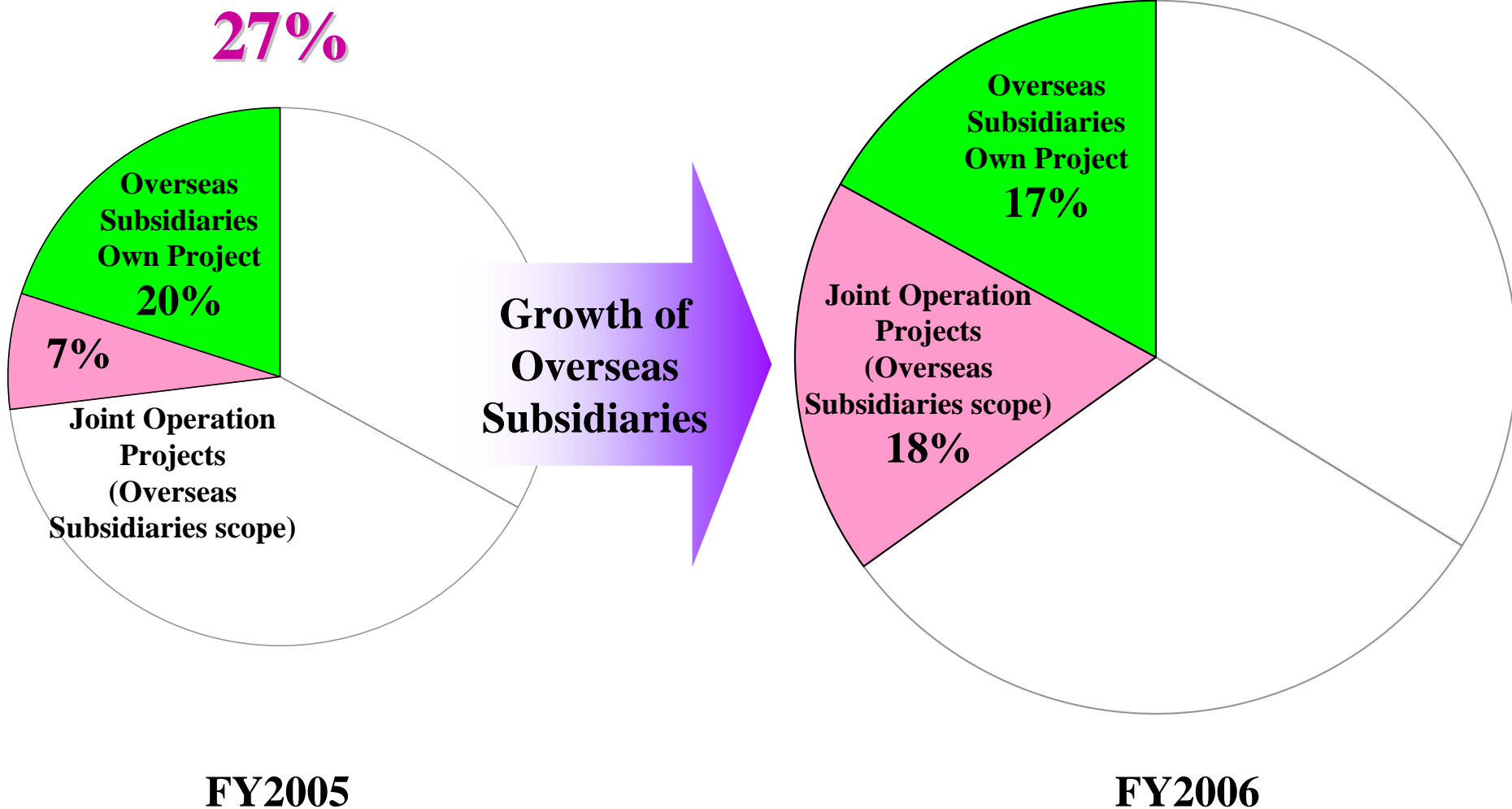


FY2006

3.5 New Orders Received (overseas business field) in terms of Global Toyo Consolidation



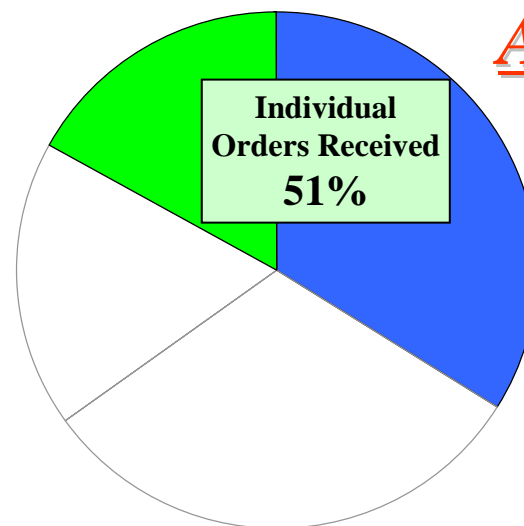
Newly Received Orders of Overseas Subsidiaries



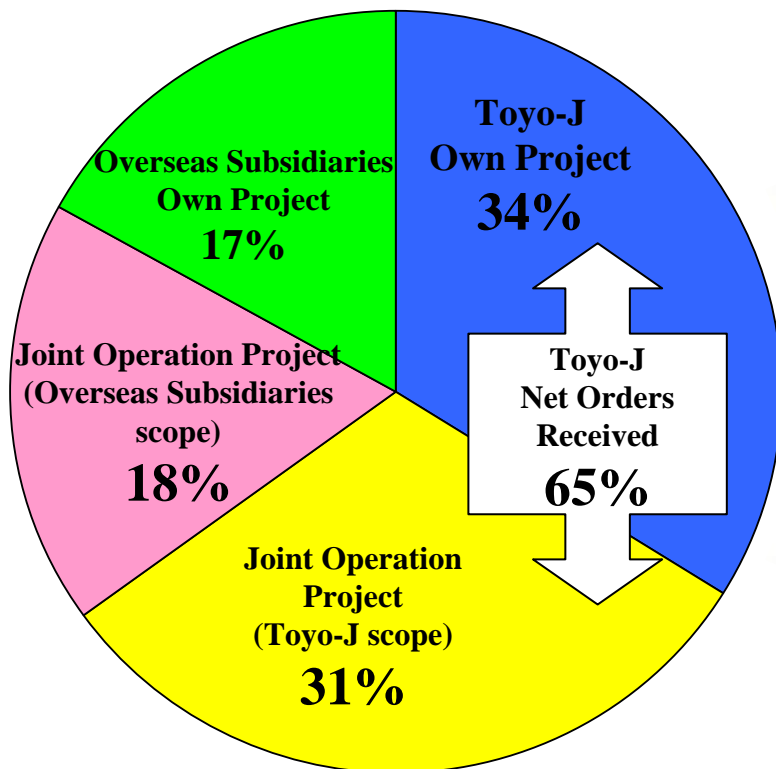
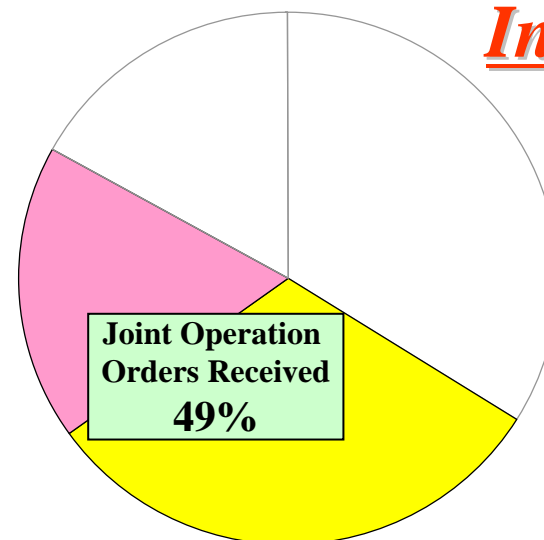
3.5 New Orders Received (overseas business field) in terms of Global Toyo Consolidation



Autonomy



Integration



FY2006

4. FY2007 Financial Target and Management Objectives

4.1 2007 Financial Target (Consolidated)

(Billion yen)

	<u>FY2006 Actual</u>	<u>FY2007 Target</u>	<u>Mid-Term 2nd Year Target</u>
Net Sales	223.8	330	250
Gross Profits	22 (9.9%)	28 (8.5%)	26 (10.4%)
Ordinary Income	7.2 (3.2%)	9.5 (2.9%)	8 (3.2%)
Net Income	5.2 (2.3%)	6 (1.8%)	5 (2.0%)
Net New Orders	354.9	240	

4.2 *Management Objectives for FY2007*

- ◆ **Advancing into Social Infrastructure Field
(Power/Water/Transportation etc.)**

- ◆ **Making Technology Investment toward Future**

- ◆ **Furthering Global Toyo Implementation**
 - Reinforcing uninterrupted collaboration in joint project & proposal with overseas subsidiaries
 - Working-out rationale Governance & Control Systems

- ◆ **Further Reinforcing Project Control System**
 - Performance monitoring & control both at corporate management level and at individual project operation level
 - Modernizing Project Management Information System together with workflow streamlining



For further questions on this material, please contact ;



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