



*Corporate Performance Briefing and
Management Policy for FY2008*

Global Toyo for Client Value Enhancement

May 14, 2008

 **TOYO ENGINEERING CORPORATION**

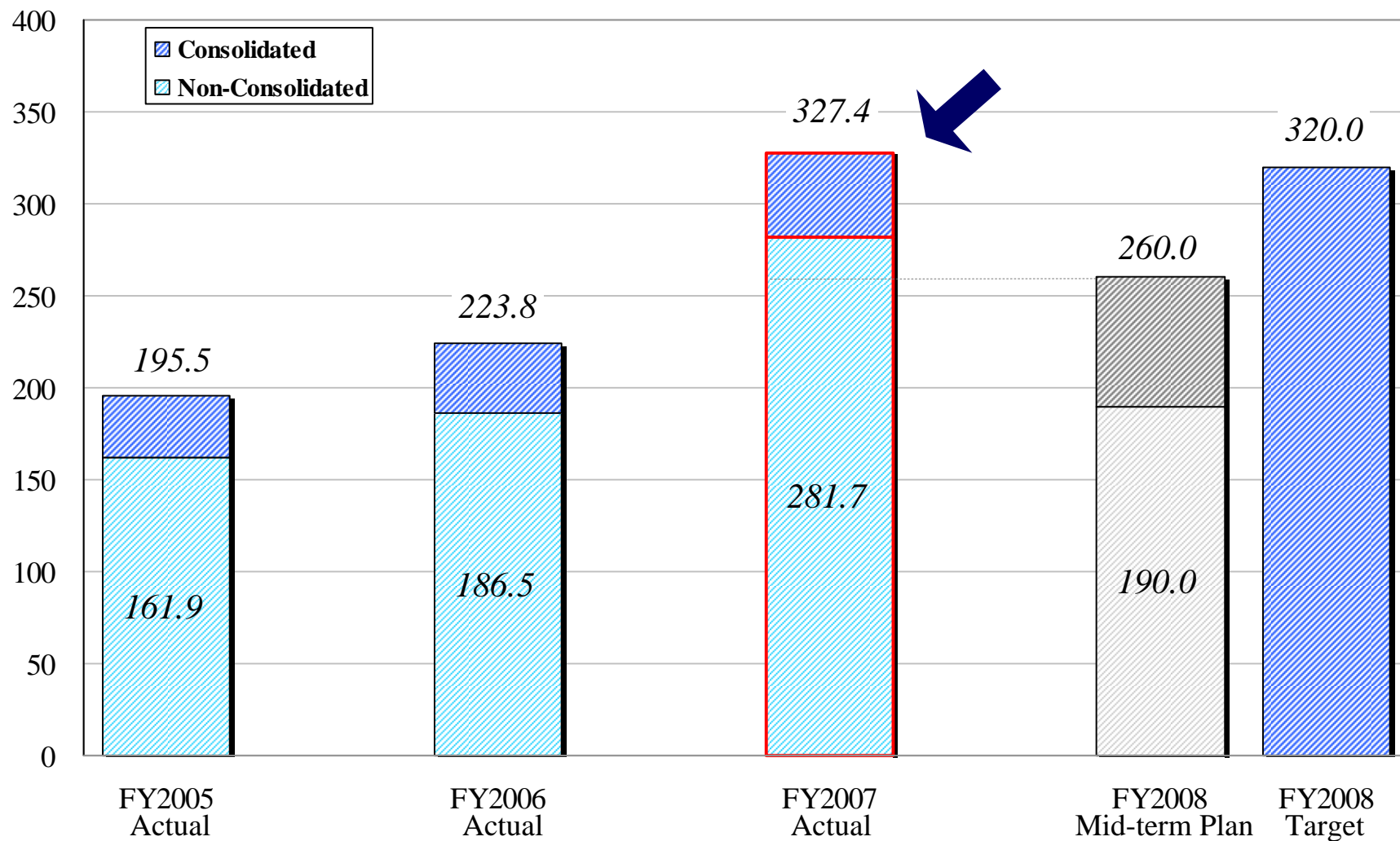
**Yutaka Yamada
President & CEO**

- 1. Looking Back FY2007: Mid-term Plan Achieved One Year Earlier**
- 2. Market Trends: Plant Industry**
- 3. Sales/Profits/New Business**
- 4. Evolution for “Cost-Reimburse Service”**
- 5. FY2008 Financial Target and Management Objectives**

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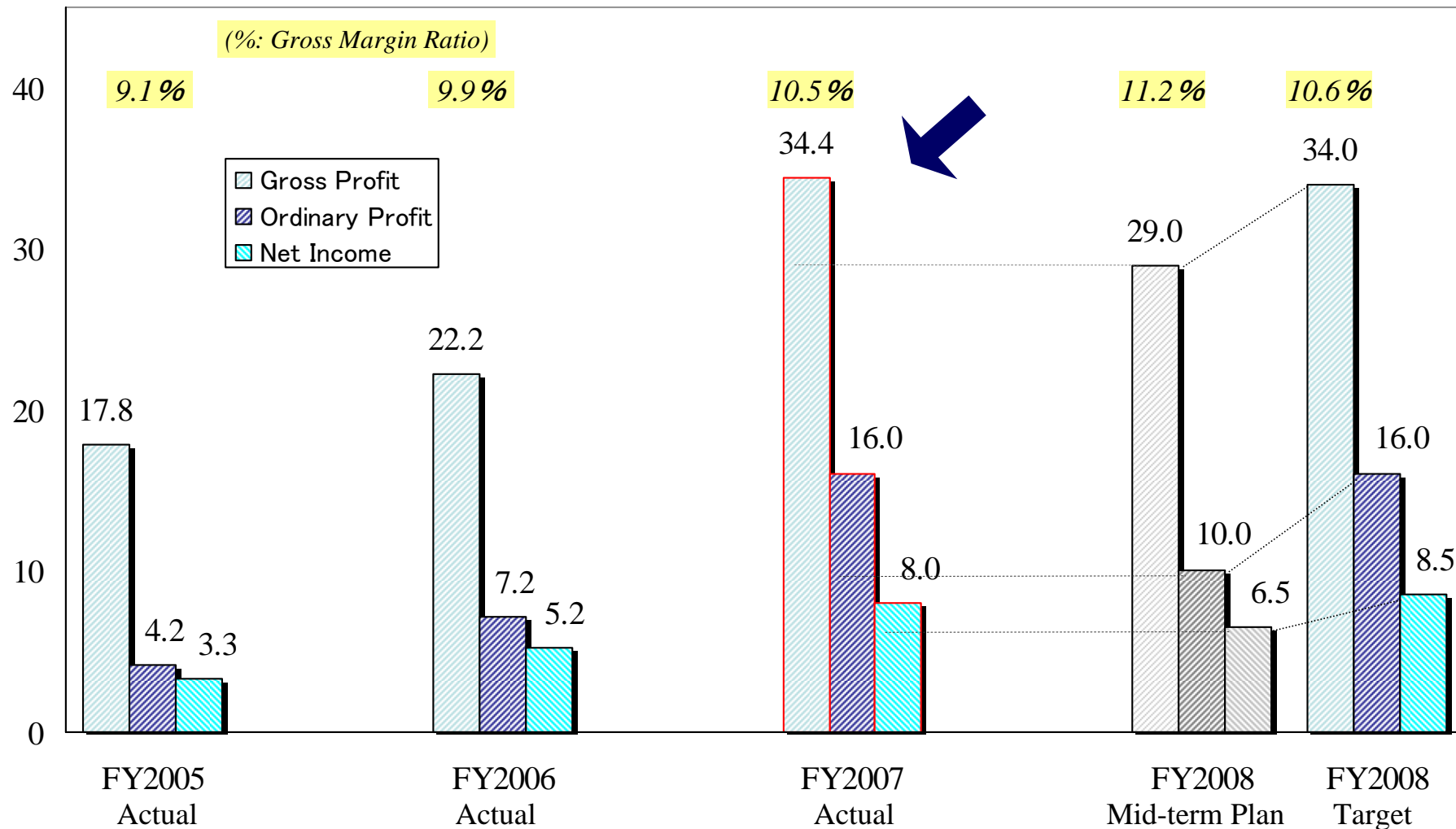
1.1 Sales : Mid-term Plan Achieved 1 Year Earlier

Sales
(Billion Yen)



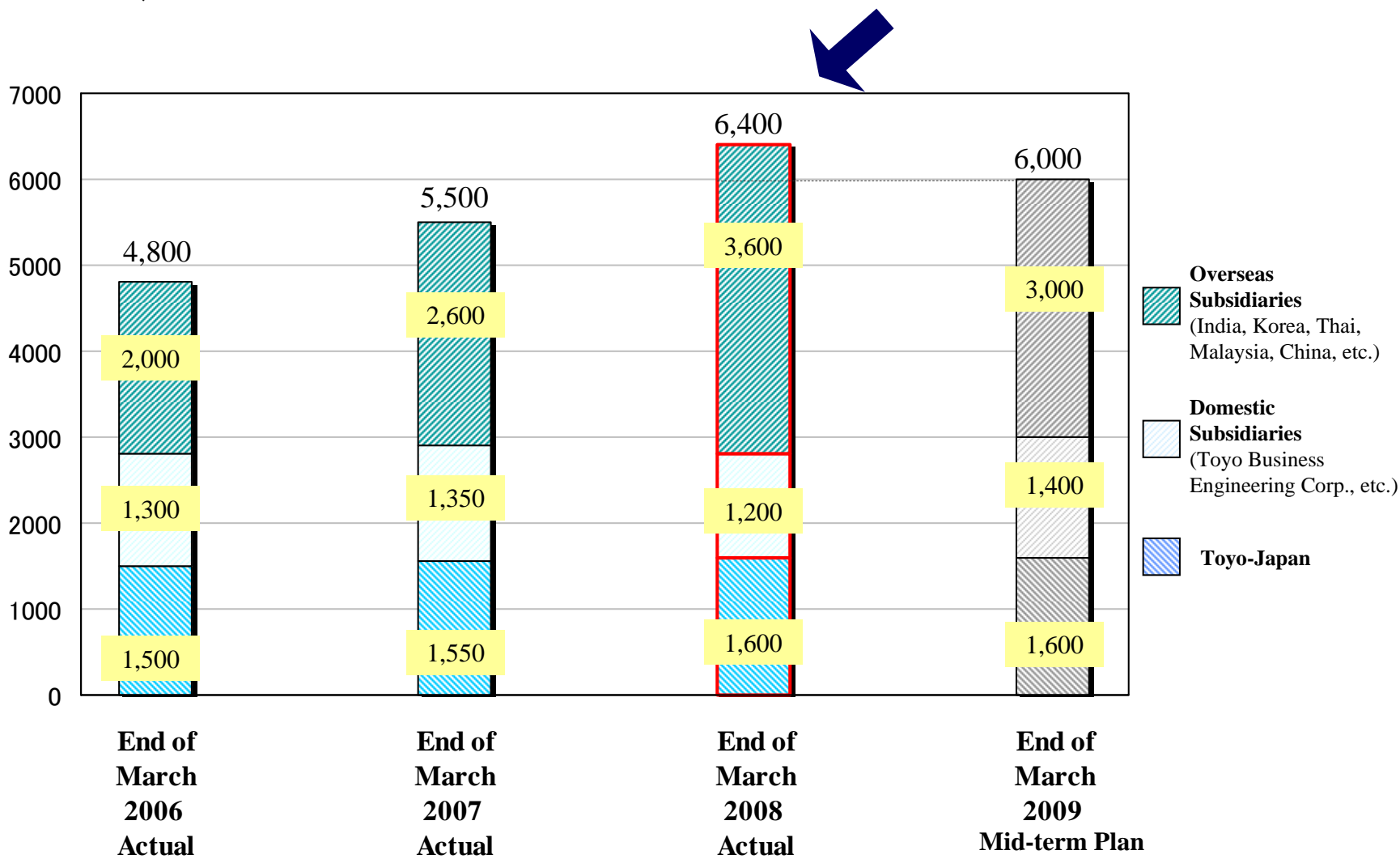
1.2 Profit : Mid-term Plan Achieved 1 Year Earlier

Consolidated Profit
(billion Yen)



1.3 Global Toyo Resources: HR Augmentation Proceeds

(Number of Personnel)



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2.1 Plant Market: Remain steady for years

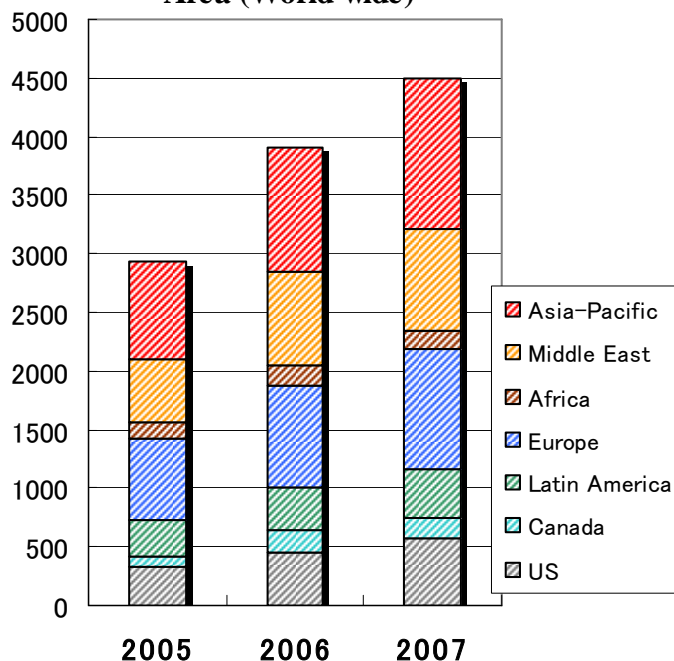
◆ Background

- Continuous Economic Boom in oil & gas states
- Diversification of Energy Resources & Energy Conversion Needs
- Economic Surge in BRICs & Other Emerging Countries
- Acceleration of Environment-related Projects

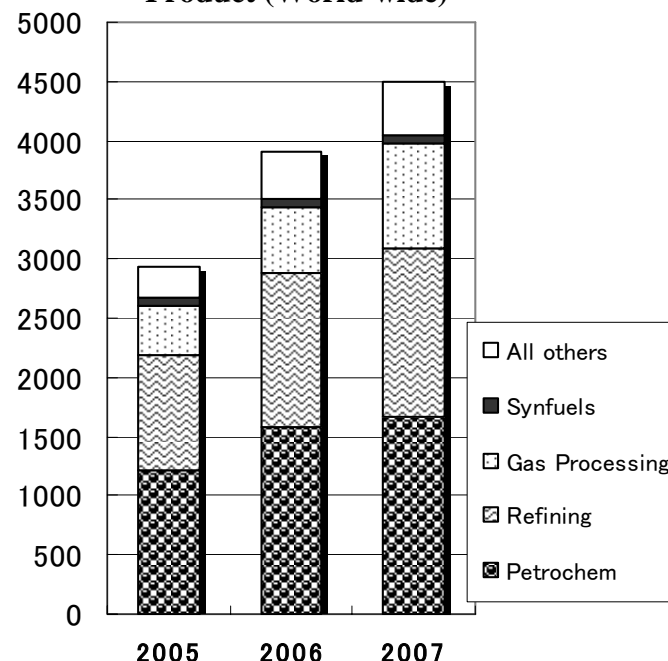
【Concern】

- Uncertainty in World Economy & US dollar bear
- Continuity in Higher Construction Cost
- Prolonged Equipment Delivery
- Continuity in Shortfall of Human Resources
- Rise of Nationalism over Natural Resources
- Catching-up of Contractors in Medium Developed Nations

Number of Plant Projects by Area (World-wide)



Number of Plant Projects by Product (World-wide)



2.2 Market Trends : Plant Investment

◆ Upstream Investment

Resource exploration activities on-going strategically both in mid- & long-term.

- Improved Recovery Rate of Exist. Reservoirs
- Innovation in Exploration Tech.

◆ Energy Portfolio Investment

Enthusiasm for oil-substitute development for transportation fuel

- Non-conventional Oil: Oil Sand/ Tar
- Synthetic Oil: GTL/DME/CTL
- Bio-fuel: Bio-ethanol

Population/GDP/Energy

Global Warming

**Sustainable Growth
Balanced with
Global Environment**

Fund

International
Collaboration

Technology
Innovation

◆ Downstream Investment

Investment mezzanine, now at the time of stage gate review for the next phase of CAPEX

- Value chain integration all through Upstream/ Downstream/Chemicals
- Mostly located either in oil & gas producing countries or in emerging economies & vicinities

◆ Environmental & Social Infrastructure Investment

Urgent needs for Environment Issues, global shortage of clean water & power

- Rapid reduction needs of GHG
- Infrastructure development in emerging economies
- Infrastructure renovation in developed nations

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3.1 Portfolio of Orders in FY 2007

Service Product	Region / Type of Project
Gas Processing	【Brazil】 National Oil Company: Gas Processing Plant Expansion
Refinery	【Korea】 Private Oil Company: Refinery Expansion Project's FEED
Refinery	【Japan】 Private Oil Company: Pyrolysis Gasoline Desulfurization
Petrochemicals	【Indonesia】 National Oil Company: Propylene Yield Expansion
Fertilizer	【Venezuela】 National Petrochemical Company: Urea Plant
O&M Assistance Service	【Japan】 Maintenance Optimization, Periodical Repair Management etc.

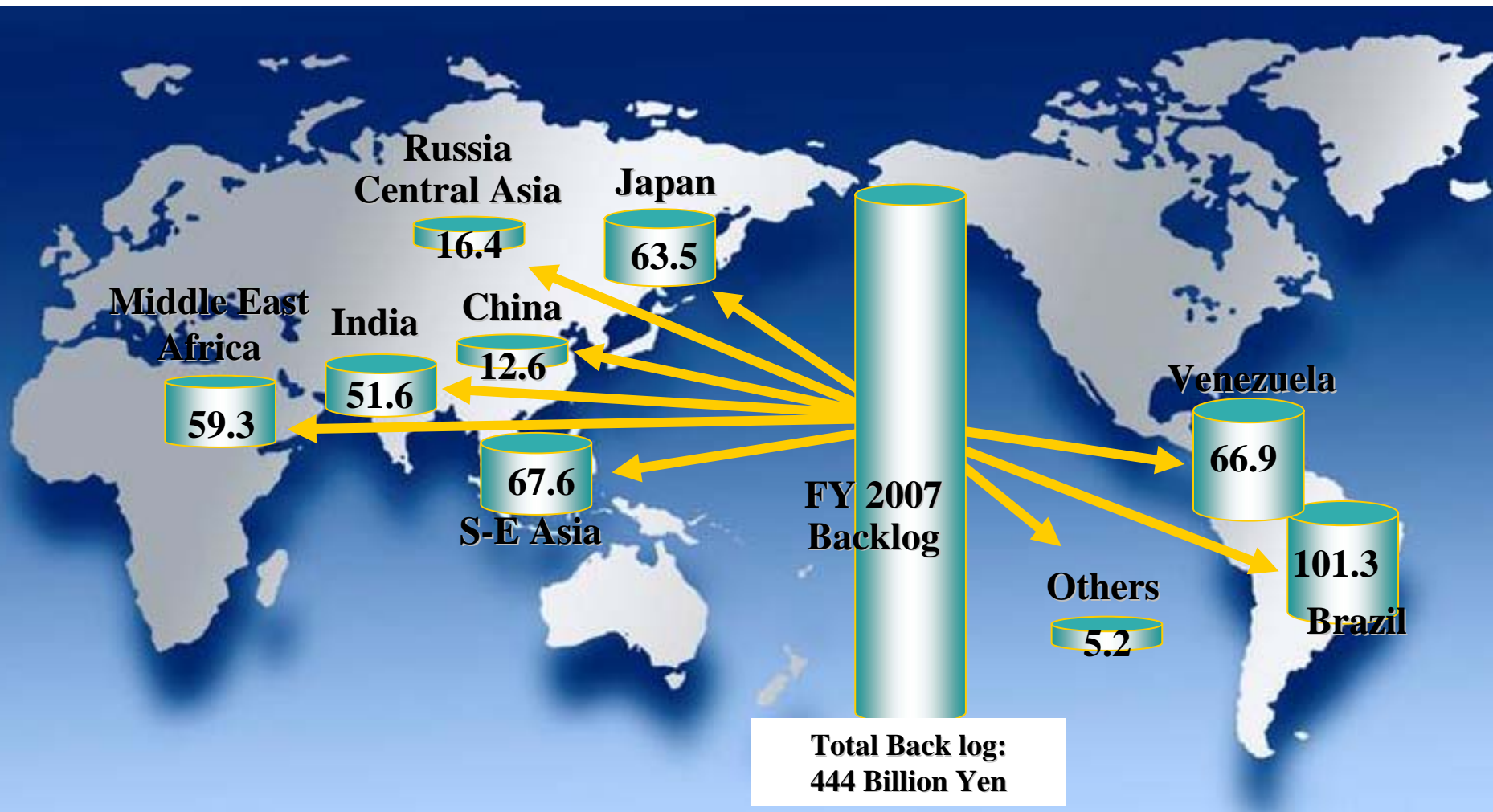


- ◆ Well-diversified Product/Regional-mix, as Planned
- ◆ Continue to Seek Portfolio Balance

3.2 Regional Backlog

As of end of March, 2008

(Billion Yen)



3.3 Focusing on New Business : zero in on the “Market Trends”

◆ Upstream:

- **Resource Exploration** : Technical Assistance for Improvement of Recovery Rate of Existing Gas Reservoir
- **FPSO (Floating Production, Storage and Offloading)** : 2 Project in Australia



◆ Energy Portfolio:

- **GTL (Gas to Liquid)** : Qatar GTL- Project, on Going
- **DME (Dimethyl Ether)** : Completed World-largest Plant in China



◆ Environment:

- **Compact GTL**: Offshore compact GTL utilizing accompanied natural gas
- **N₂O CDM** : N₂O Clean Development Mechanism project in China
- **CCS** : Technical development for Carbon Capture & Storage



◆ Social Infrastructure:

- **Water/Transportation/Power**: Collaboration with Alliance Partners

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4.1 What is Cost-Reimburse Service?

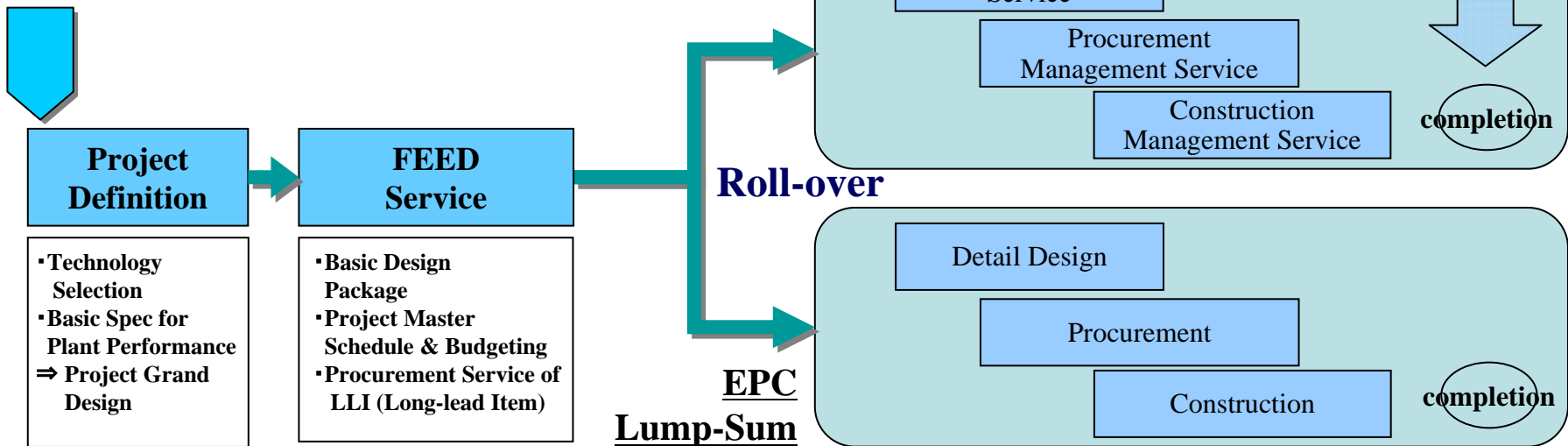
Cost-Reimburse Service

Service Scope: Project Definition, License, FS, FEED*, EPsCm, Consultation

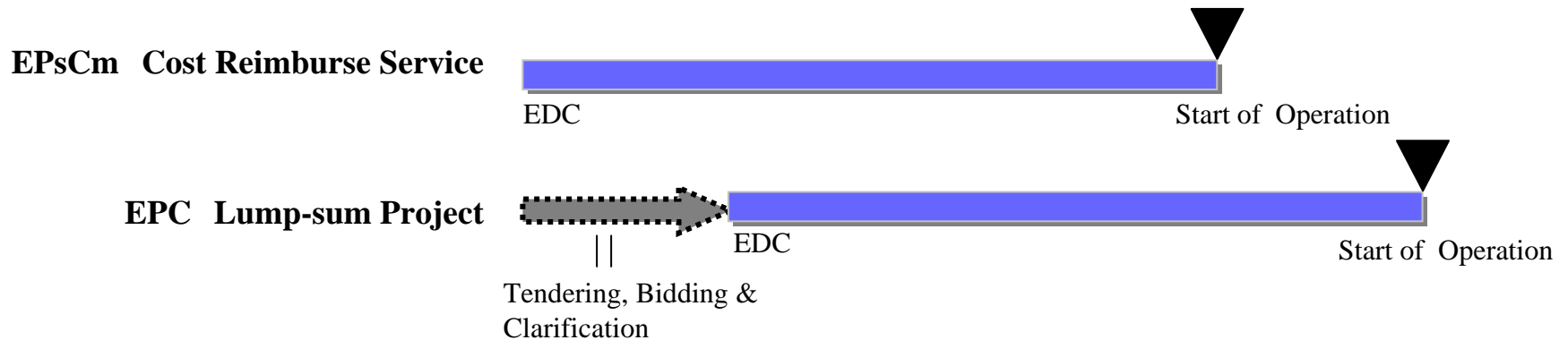
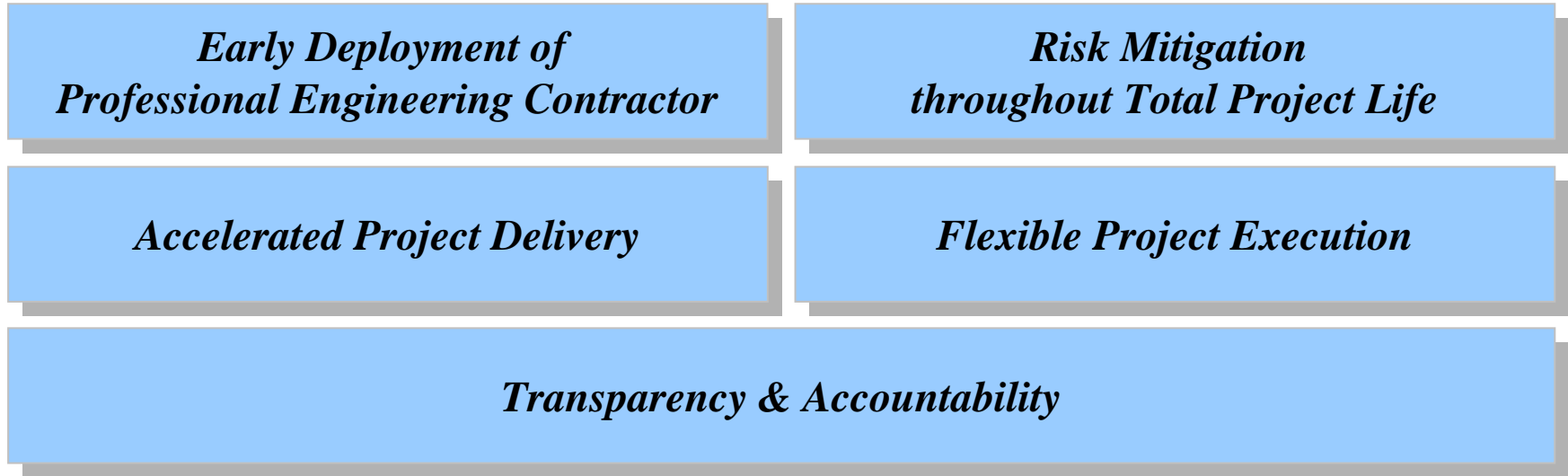
*FEED: Front End Engineering Design

Payment: Cost-Reimburse + Fee + Incentive

Professional Engineering Contractor



4.2 Client's Benefit in Cost-Reimburse Service



4.3 Contractor's Benefit in Cost-Reimburse Service

Accountable & Matured Relationship with Client

Tempering Professionalism through Client-Interaction

Contribution to Steady Corporate Performance



Policy for Sales Portfolio

[Overseas EPC LS] : [Overseas Cost-Reimburse + Domestic]



50:50

(Gross Profit)

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5.1 2008 Financial Target (Consolidated)

(billion Yen)

	<u>FY2007</u> Actual	<u>FY2008</u> Target ↔	Current Mid-term Plan (FY 2008: 3 rd Year)
Sales	327.4	320.0 ↔	260.0
Gross Profit	34.4 (10.5%)	34.0 (10.6%) ↔	29.0 (11.2%)
Ordinary Profit	16.0 (4.9%)	16.0 (5.0%) ↔	10.0 (3.8%)
Net Income	8.0 (2.5%)	8.5 (2.7%) ↔	6.5 (2.5%)
New Order	268.6	270.0	

5.2 Management Objectives for FY2008

Management Objectives for FY2008

Securing Profit through Pursuing Steady Implementation of Ongoing Projects

- ◇Continuous Reinforcement of Project Management Control

Abundant New Orders with Proper Balance

- ◇Seeking Proper Portfolio of Region, Product and Contract-Type

Continue Business Innovation

- ◇New Business (Social Infra., O&M Service etc.)
& Building-up of Technology Base
- ◇Reinforcement of Execution Power for Advanced Service
- ◇Consecutive Enhancement of Global Toyo Formation

Towards Next Medium-term Plan



For further questions on this material, please contact:

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These statements are based on currently available to the management of the Toyo Engineering Corporation, and subject to risks and uncertainties that could cause the Toyo Engineering Corporation's actual results, performance, achievement or financial condition to differ from those described or implied in the forward-looking statements.

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