



**Group Mission:** *Engineering for Sustainable Growth of the Global Community*

**Group Vision :** *Global Leading Engineering Partner*

**Group Values:** *Integrity, Creativity, Diversity, Learning, Team*

# Management Policy Update for the Second Half of FY 2009

November 11<sup>th</sup> , 2009

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- A light blue, semi-transparent world map is overlaid on the slide, serving as a background for the list of contents.
- 1. Market Trends**
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# 1. Market Trends

## ◆ Upstream Investment

- ✓ Oil price rebounded after the financial crisis
- ✓ Selective capital investment in Oil & Gas exploration & production
- ✓ Tri-polarized stances of big players with respect to long & mid-term investment
  - Positive
  - Neutral
  - Prudent

## ◆ Energy Portfolio Investment

- ✓ Renewable energy source-Highlighted
- ✓ Oil-substitute development – Wait & see
- ✓ Transformation toward “Low-carbon society”
  - Depends on “Long-term energy policies” of each nation
  - Japanese government announced “25% cuts of GHG emission by 2020” from 1990 levels

Population/GDP/Energy



Global Warming

## ◆ Downstream Investment

- ✓ Investments resumed,
  - in the Middle East area
  - sustained by solid demand in emerging countries such as India & China
- ✓ Investors are still cautious about final investment decisions

## ◆ Social Infrastructure Investment

- ✓ Deepening global concern for shortage of water & power
- ✓ Tremendous potential demand in emerging economies

## 2. Our Challenges

### ◆ **Every major ongoing project is on wheels**

- ⇒ Most of large-scaled ongoing projects to complete during FY2009 to 2010
- ⇒ Securing profit through continuous and careful project management

### ◆ **Accomplish the fiscal target orders by securing our advantageous targeted projects**

- ⇒ Secure the contract award of our “Hopeful projects” by the end of FY 2009 for which we have competitiveness.
- ⇒ Focus on fulfilling the sales pipeline for FY 2010.

### ◆ **Bring tangible outcome from focused investment activities**

- ⇒ Accelerate commercialization and marketing studies for our new technologies, i.e. Middle/Small-sized GTL\*<sup>1</sup> and Middle-sized LNG.
- ⇒ Aggressive participation for “Social Infrastructure” bids, i.e. water, power and transportation facilities.

\*1: GTL: Gas to liquids (GTL) is a refinery process to convert natural gas or other gaseous hydrocarbons into longer-chain hydrocarbons such as gasoline or diesel fuel.

# 3. Current Projects in Progress ~ every project on wheels

◆ Most of large-scaled ongoing projects to complete during FY 2009 to 2010

◆ Recorded honorable 118 million “Non-LTI (non-lost-time-injury)” man-hours\*1

\*1: as of the end of October, 2009

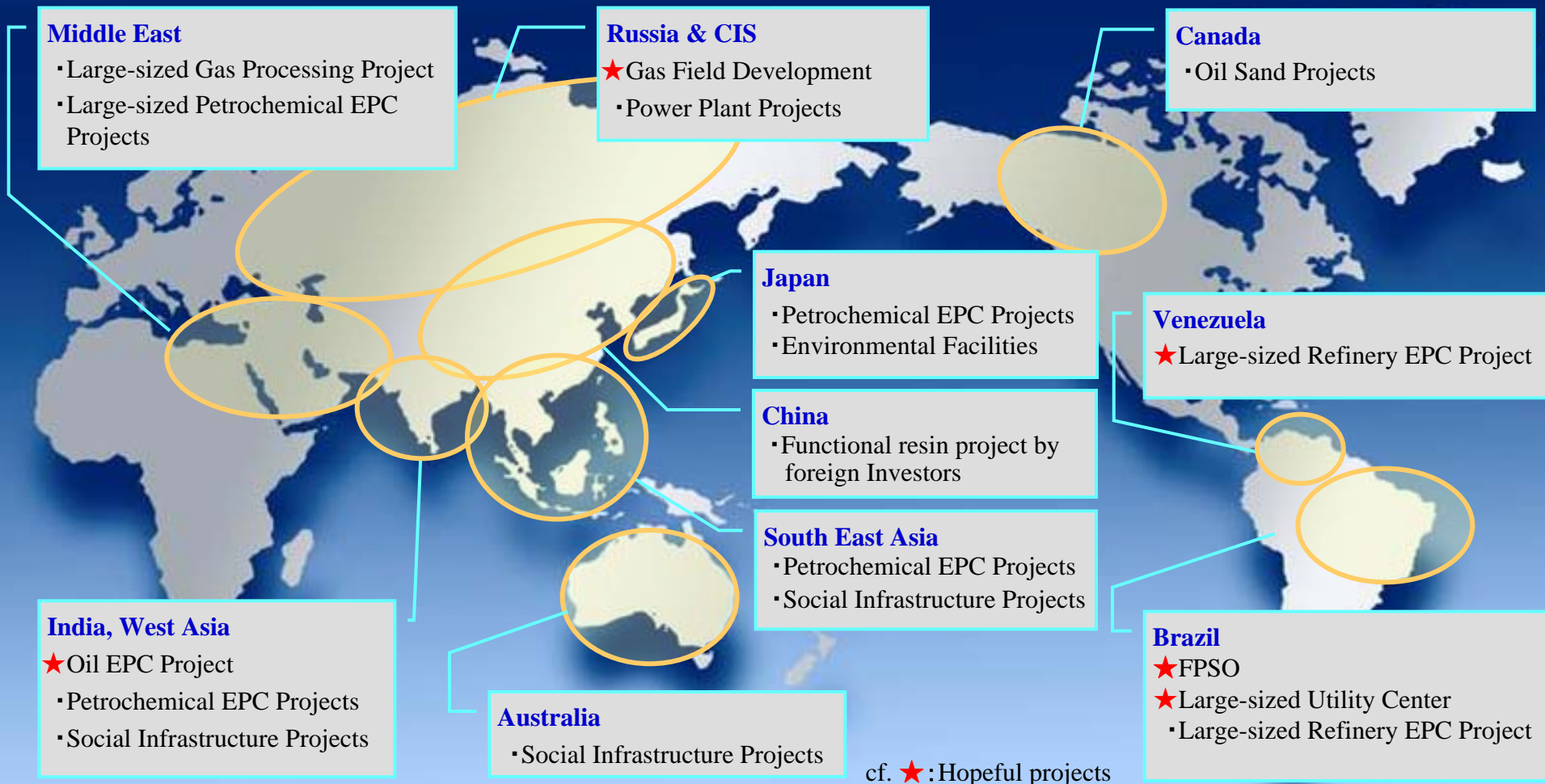


cf. **CR** ... Cost Reimburse Contract

# 4. Targeted Areas/Projects in Sales Activities

## ◆ Accomplish the fiscal target orders by securing our advantageous targeted projects

- ⇒ Many aggressive proposals are in progress targeting for contract awards in FY 2009 and FY 2010.
- ⇒ Sales portfolio of diversified markets: energy, social infrastructure, functional resin, and environmental facilities etc.
- ⇒ Accomplish the target orders by already-awarded 84.4 billion Yen plus new orders of “Hopeful projects.”



# 5. Our Focus

## ◆ Bring tangible outcome from 3 focused themes

### 【Middle/Small-sized GTL Development】

- Started construction of a pilot plant (Joint R&D activities by Toyo, Velocys & MODEC)
- PETROBRAS agreed to support the activity by provision of plant premises, costs, raw materials and utilities etc.

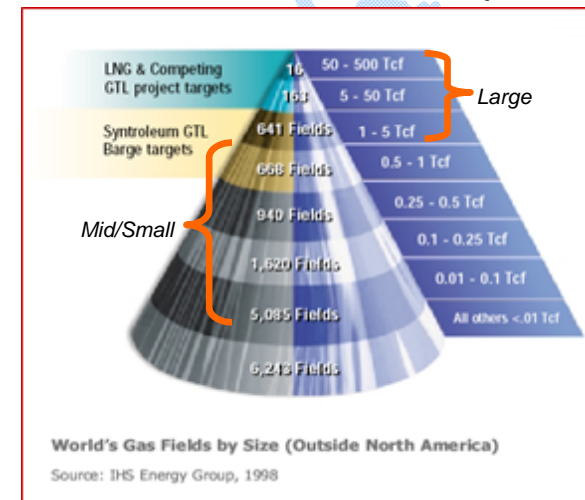
Site Map of the Mid/Small –sized GTL Pilot Plant



### 【 Middle-sized LNG Development 】

- To complete the product's commercialization until this fiscal year end through technological & commercial verification with Chart E&C and Hitachi.

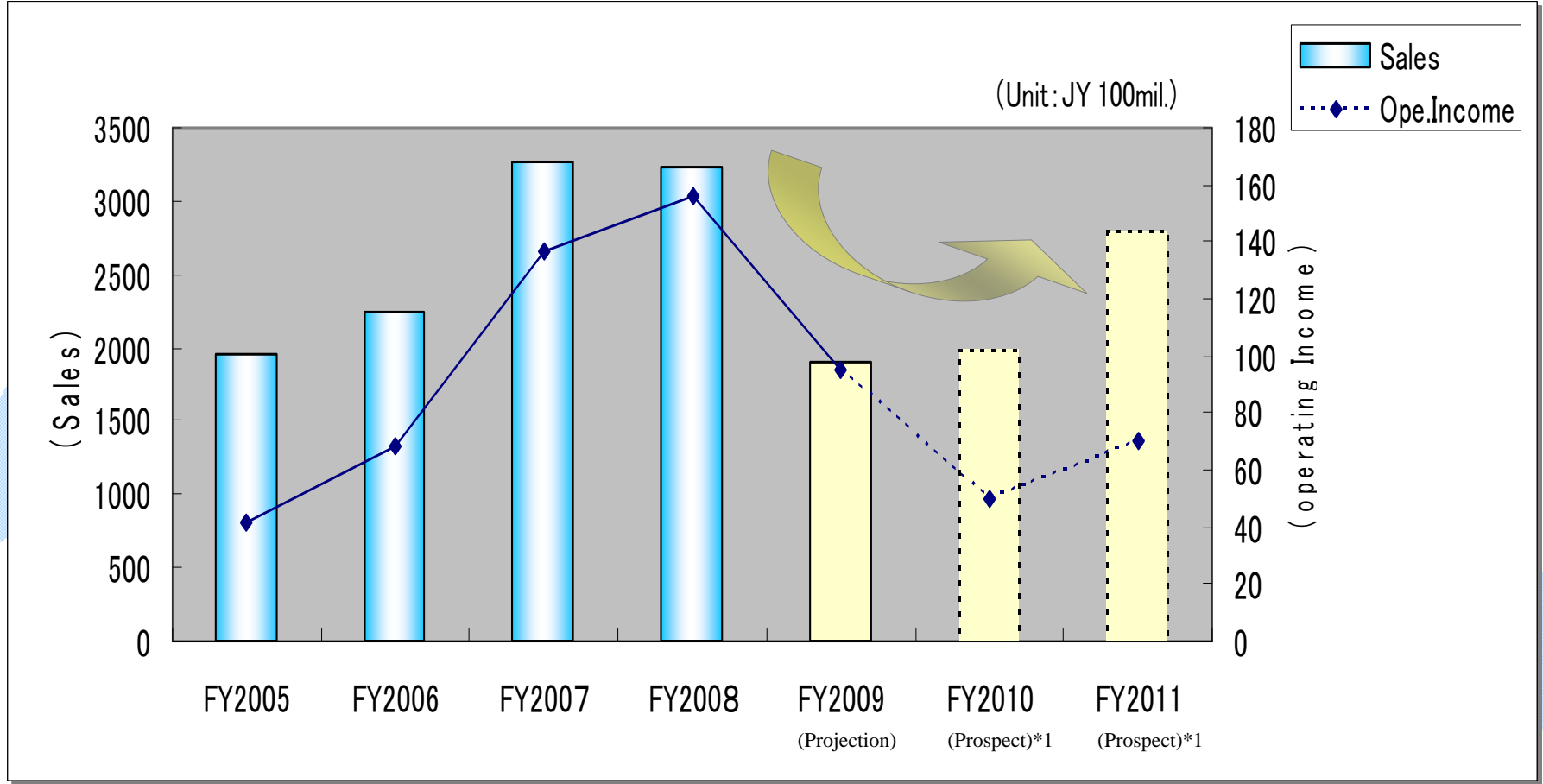
World's Gas Fields by Size (Outside North America)



### 【Social Infrastructure Projects: Water, Power & Transportation】

- Several proposal works are on stream

# 6. Mid-term Business Perspective ~ FY 2009 to 2011



Note \*1: Prospects for FY2010 and FY2011 are only for reference.



## 7. Projection for Financial Performance of FY 2009

*(Unit: Billion JY)*

<i>(Consolidated)</i>	<i>FY2008 Actual</i>		<i>FY2009 Projection</i>	
<i>Sales</i>	<i>326.2</i>	<i>100.0%</i>	<i>190.0</i>	<i>100.0%</i>
<i>Gross Profit</i>	<i>34.7</i>	<i>10.7%</i>	<i>29.5</i>	<i>15.5%</i>
<i>Operating Income</i>	<i>15.1</i>	<i>4.6%</i>	<i>9.5</i>	<i>5.0%</i>
<i>Ordinary Income</i>	<i>16.1</i>	<i>4.9%</i>	<i>9.5</i>	<i>5.0%</i>
<i>Net Income</i>	<i>6.5</i>	<i>2.0%</i>	<i>5.0</i>	<i>2.6%</i>
<i>Dividend per Share (Toyo-J)</i>	<i>JY 7</i>	<i>N.A.</i>	<i>JY 5</i>	<i>N.A.</i>
<i>New orders</i>	<i>119.2</i>	<i>N.A.</i>	<i>230.0</i>	<i>N.A.</i>



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