



Mission: Engineering for Sustainable Growth of the Global Community

Vision: Global Leading Engineering Partner

Values: Integrity, Creativity, Diversity, Learning, Team

Revised Forecast of FY2014 Consolidated Financial Results

February 10, 2015

Toyo Engineering Corporation

NEXT TOYO 2015

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1. Forecast of FY2014

◆ Revised Forecast of FY2014

(Billion Yen)

	Forecast as of Nov.13, 2014	Forecast as of Feb.10, 2015	Difference	Performance 2014/12
Net Sales	310	330	20	212.9
Gross Profit	27	18	(9)	9.6
(Gross Profit Ratio)	8.7%	5.5%	-3.2%	4.5%
Operating Income	2	(7)	(9)	(8.9)
Ordinary Income	6	(4)	(10)	(5)
Net Income	3	0	(3)	(4.2)
New Orders	500	500	0	409.9

◆ Year-end Dividends : Forecast Maintained:¥4 (Interim Dividends ¥4 paid)

2. Breakdown of Gross Profit Variance

(Billion Yen)

Reason		Variance
Cost Increase of Projects to be Completed in FY2014		
	▪ Indonesia Fertilizer Project	(3)
	▪ USA Petrochemical Projects (2 Projects)	(3.5)
Reserve for Cost Increase of Projects to be Completed in FY2015		
	▪ Egypt Polyethylene Project	(1)
	▪ Brazil Utility Project	(1.5)
	▪ Nigeria Fertilizer Project	(1)
Delay of New Order (Iraq PMC for Energy Development)		(0.5)
Gross Profit Increase of Other Projects		1.5
Total Amount of Gross Profit Decrease		(9)

(Remark) PMC: Project Management Contract

3. Cause of Project Cost Increase (1)

◆ Cost Increase for Project to be Completed in FY2014

Project	Events and Cause
Indonesia Fertilizer Project	<ul style="list-style-type: none">▪ Increase of Rectification Cost during Test Operation▪ Increase of Direct/Indirect Cost due to the Delay of Plant Acceptance▪ Additional Claims by Sub-Contractors /Vendors
USA Petrochemical Projects (2 Projects)	<ul style="list-style-type: none">▪ Increase of Rectification Cost for Defect in Piping Work▪ Change of Sub-Contractor to Recover the Project Schedule▪ Underestimation of Unit Rate and productivity based on Time & Material Contract for Sub-Contractor

(*) Time & Material Contract : Payment made on fixed unit rate X actual work hours

3. Cause of Project Cost Increase (2)

◆ Reserve for Cost Increase of Projects to be Completed in FY2015

Project	Events and Cause
Egypt Polyethylene Project	▪ Cost Increase for Forecasted Risk of Project Schedule Delay
Brazil Utility Project	▪ Cost Increase for Delay of Overall Project Schedule
Nigeria Fertilizer Project	▪ Cost Increase for Measures to be Taken to Recover Project Schedule Delay

4. Status of New Major Projects

◆ 3 New Major Projects: Steady Launch and Smooth Project Execution

Project	Present Situation
Malaysia Ethylene Complex (RAPID)	<ul style="list-style-type: none">▪ Project Start in August 2014▪ Engineering & Procurement Work On Going▪ All LLI* Equipments Ordered
Turkmenistan Gas Chemical Complex	<ul style="list-style-type: none">▪ Project Start in June 2014▪ Engineering & Procurement Work On Going▪ Almost All Main Equipments Ordered
Japan Setouchi Major Solar Power	<ul style="list-style-type: none">▪ Project Start in September 2014▪ Basic Design Work Completed▪ Final Stage of Placing Order of Panel and PCS*▪ Construction Work Started

(Notes) LLI: Long Lead Item, PCS: Power Conditioning System



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