

Mission: Engineering for Sustainable Growth of the Global Community

Vision: Global Leading Engineering Partner

Values: Integrity, Creativity, Diversity, Learning, Team



Second quarter of fiscal year ending March 2017

OUTLINE OF FINANCIAL RESULTS

November 11, 2016

Toyo Engineering Corporation

Outline of income statement

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- ◆ Revenue and profit increased compared with the same period of the previous year.
- ◆ New orders : JPY 52.6 billion
Reached 21% of FY2016 target.
- ◆ FY2016 forecast is same as initial plan.
- ◆ Comfortable cash position.

Performance summary

Billion yen

	2015/9	2016/9	Difference	Forecast 2017/3	Progress
Net sales	150.5	205.2	54.7	450.0	46%
Gross profit	14.1	13.3	(0.8)	33.0	40%
Gross profit rate	9.4%	6.5%	-2.9%	7.3%	
Operating income	4.4	5.3	0.9	12.5	42%
Operating income rate	2.9%	2.6%	-0.3%	2.8%	
Ordinary income	4.2	6.8	2.6	10.5	65%
Profit attributable to owners of parent	1.6	2.4	0.8	5.0	48%
New orders	312.0	52.6	(259.4)	250.0	21%
Dividends per share (yen)	Interim ¥0	Interim ¥0	¥0	Annual ¥6	-

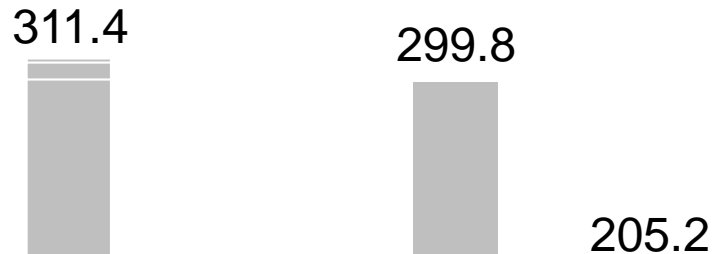
Income statement

Billion yen

	2015/9		2016/9		Difference	Forecast 2017/3	Progress
		%		%			
Net sales	150.5	100.0	205.2	100.0	54.7	450.0	46%
Cost of sales	136.4	90.6	191.9	93.5	(55.5)		
Gross profit	14.1	9.4	13.3	6.5	(0.8)	33.0	40%
Selling, general and administrative expenses	9.7	6.5	7.9	3.9	1.8		
Operating income	4.4	2.9	5.3	2.6	0.9	12.5	42%
Total non-operating income and expenses	(0.2)	-0.1	1.5	0.7	1.7		
Ordinary income	4.2	2.8	6.8	3.3	2.6	10.5	65%
Total extraordinary gain and loss	-	-	-	-	-		
Income before income taxes	4.2	2.8	6.8	3.3	2.6		
Income taxes	2.4	1.7	4.3	2.1	(1.9)		
Profit	1.7	1.1	2.4	1.2	0.7		
Profit attributable to non-controlling interests	0.0	0.0	0.0	0.0	0.0		
Profit attributable to owners of parent	1.6	1.1	2.4	1.2	0.8	5.0	48%

Net sales

Billion yen



	2015/3	2015/9	2016/3	2016/9
EPC	301.0	150.5	299.8	205.2
IT	8.4	-	-	-
Real estate	2.0	-	-	-
Total	311.4	150.5	299.8	205.2

Compared with the same period of the previous year

	2015/9	2016/9	Difference	
EPC	150.5	205.2	54.7	36%

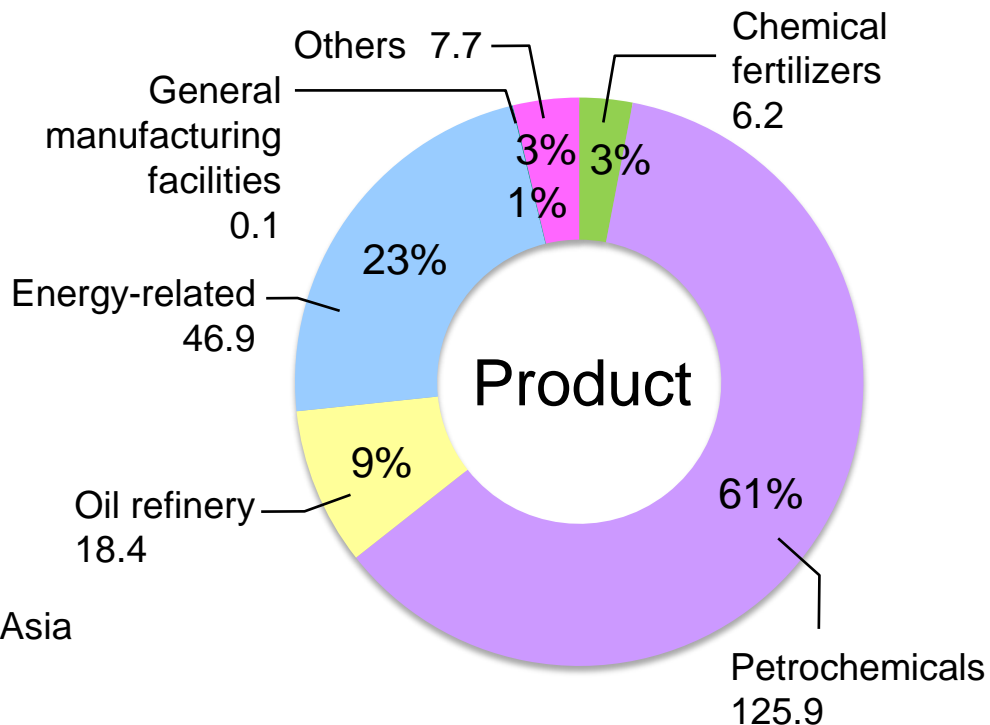
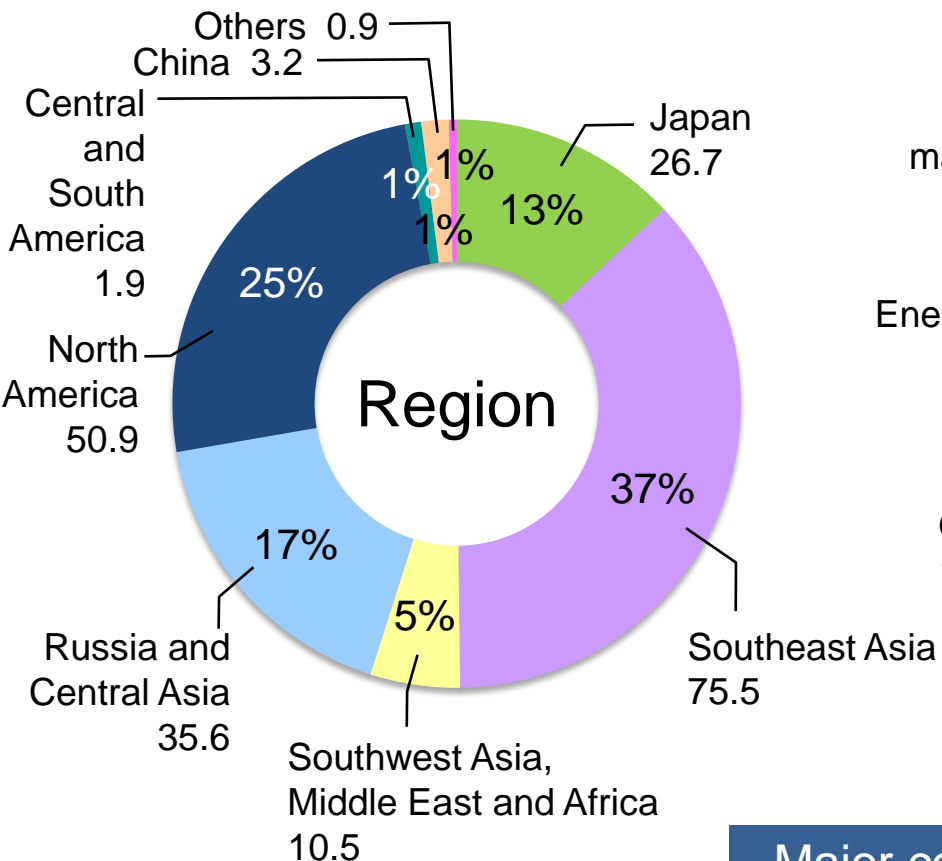
	2015/9	2016/9	Difference
Japan	15.7	26.7	11.0
%	11%	13%	2%
Overseas	134.8	178.5	43.7
%	89%	87%	-2%
Total	150.5	205.2	54.7

Compared with forecast for 2017/3

	Forecast 2017/3	Result 2016/9	Difference	Progress
EPC	450.0	205.2	(244.8)	46%

* EPC: Engineering , Procurement, Construction

2016/9 Net sales : 205.2 billion yen



Major contracts

Over 30 billion yen

Petrochemical, MALAYSIA
Petrochemical, TURKMENISTAN

Over 10 billion yen

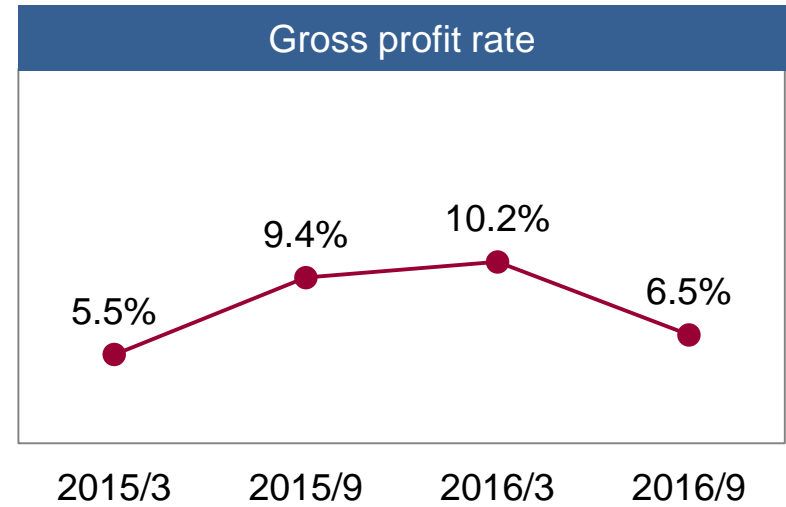
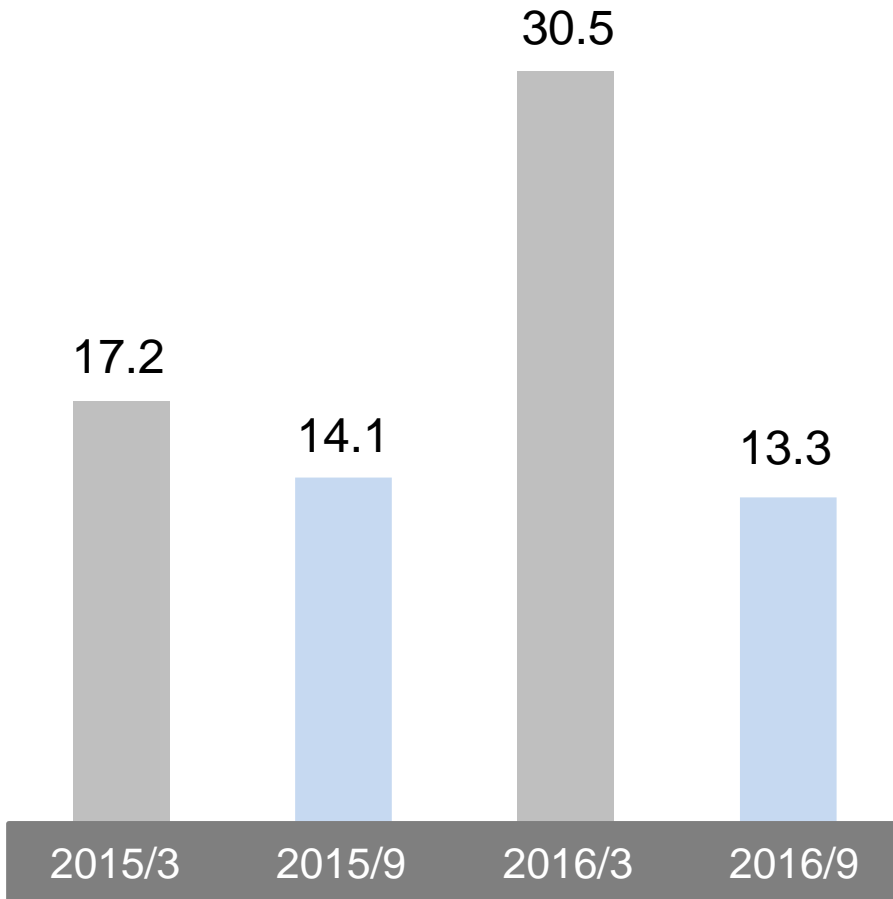
Petrochemical, USA
Energy-related, THAILAND
Oil refinery, CANADA

Over 5 billion yen

Petrochemical, USA
Energy-related, JAPAN (2projects)

Gross profit

Billion yen



Compared with the same period of the previous year

2015/9	2016/9	Difference	
14.1	13.3	(0.8)	-6%

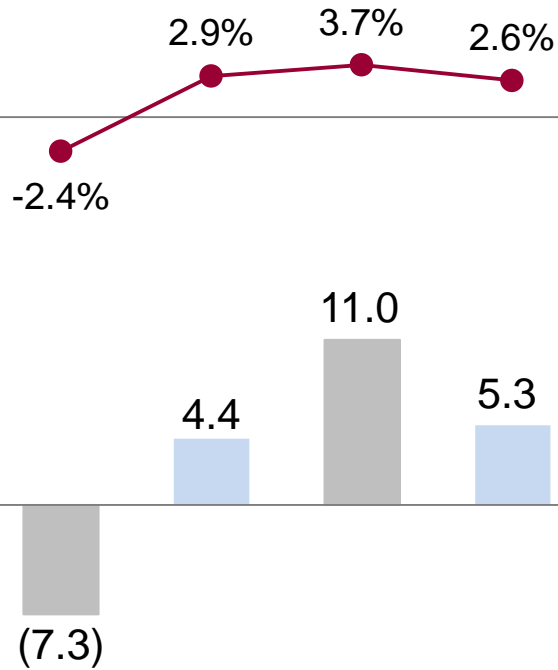
Compared with forecast for 2017/3

Forecast 2017/3	Result 2016/9	Difference	Progress
33.0	13.3	(19.7)	40%

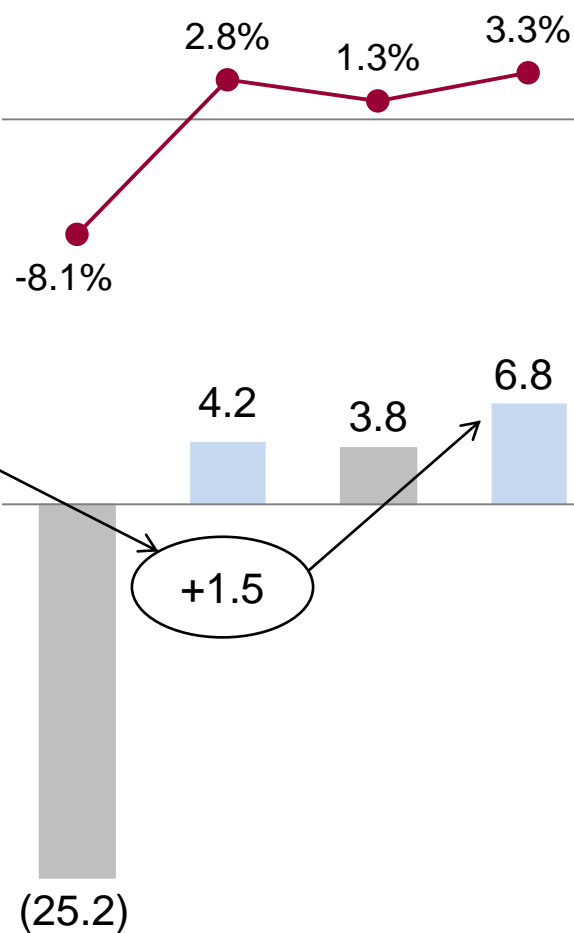
Operating, Ordinary income & Profit

Line chart : Profit rate (%), Bar chart : Amount (billion yen)

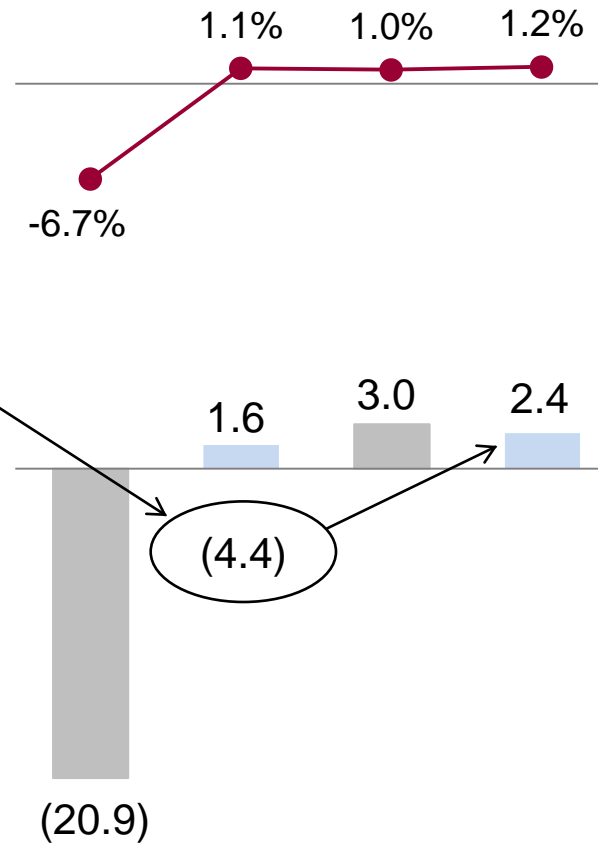
Operating income



Ordinary income



Profit attributable to owners of parent



	2015/3	2015/9	2016/3	2016/9
EPC	(8.3)	4.4	11.0	5.3
IT	0.1	-	-	-
Real Estate	0.8	-	-	-
Total	(7.3)	4.4	11.0	5.3

2015/3 2015/9 2016/3 2016/9

2015/3 2015/9 2016/3 2016/9

2015/3 2015/9 2016/3 2016/9

Balance sheet

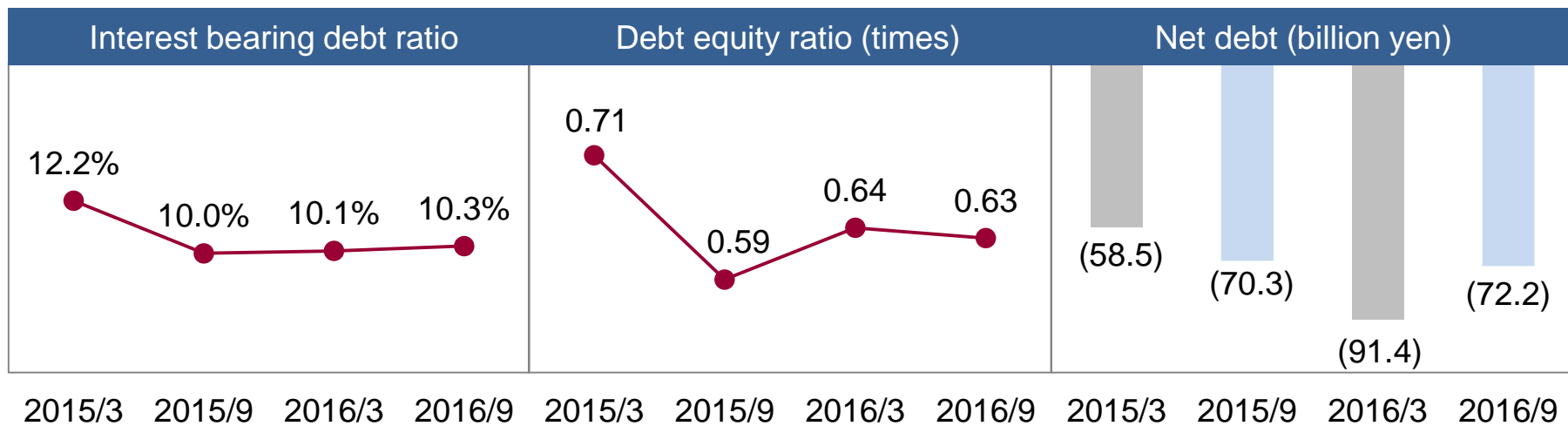
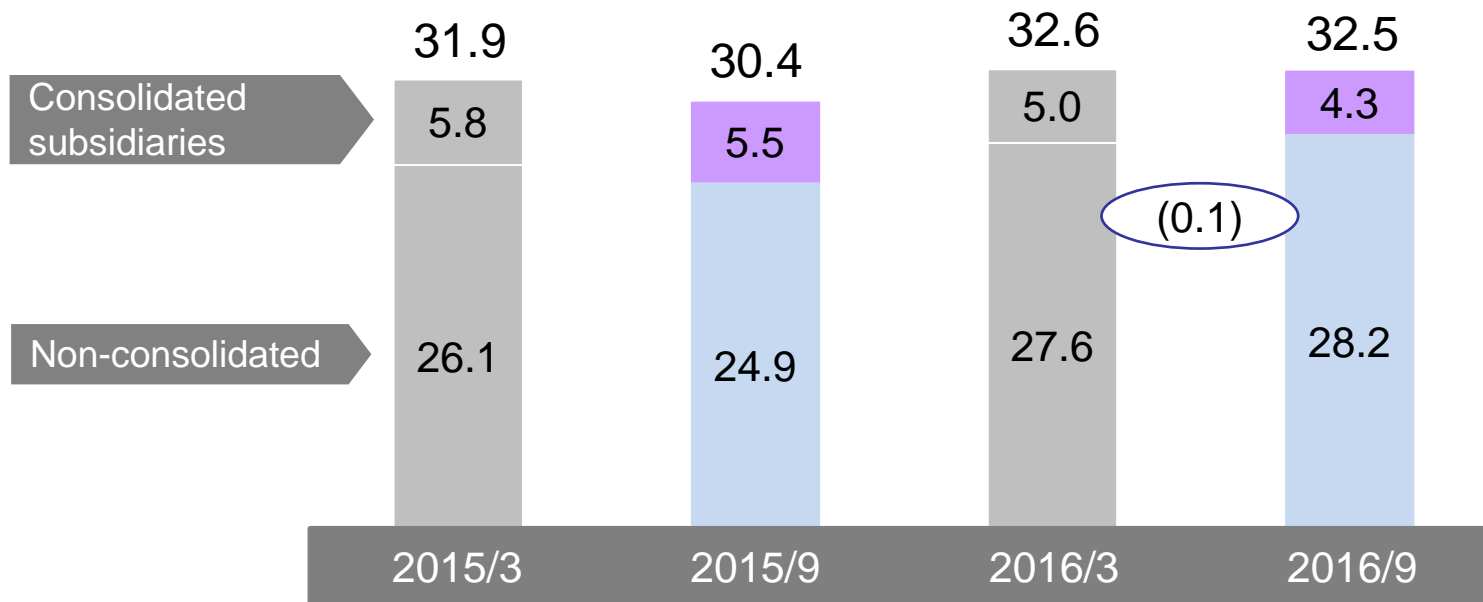
Billion yen

Assets	2016/3	2016/9	Difference
Current assets	279.8	276.1	(3.7)
Cash and deposits	126.8	108.1	(18.7)
Marketable securities	0.9	1.0	0.1
Other current assets	19.3	24.3	5.0
<Operating assets>			
Notes and accounts receivable	78.2	90.2	12.0
Work in progress	54.4	52.2	(2.2)
Noncurrent assets	41.9	40.8	(1.1)
Property, plant and equipment	12.9	12.2	(0.7)
Intangible assets	1.8	1.5	(0.3)
Investments and other assets	27.0	27.0	0.0
Total assets	321.8	317.0	(4.8)

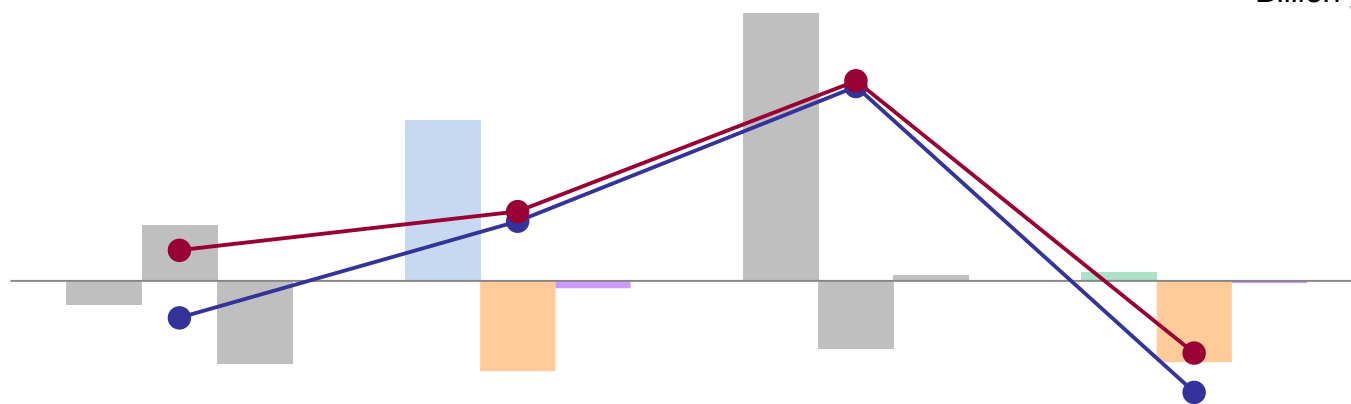
Liabilities and net assets	2016/3	2016/9	Difference
Current liabilities	233.9	236.6	2.7
Short-term interest bearing debt	13.8	12.7	(1.1)
Other current liabilities	21.4	24.0	2.6
<Operating liabilities>			
Notes and accounts payable	85.6	101.8	16.2
Advance receipts on uncompleted contracts	112.9	98.0	(14.9)
Noncurrent liabilities	36.8	28.7	(8.1)
Long-term interest bearing debt	18.8	19.8	1.0
Other noncurrent liabilities	18.0	8.9	(9.1)
Net assets	51.0	51.6	0.6
Shareholder's equity	46.8	48.4	1.6
Accumulated other comprehensive income	4.1	3.0	(1.1)
Non-controlling interests	0.0	0.0	0.0
Total liabilities and net assets	321.8	317.0	(4.8)

Interest bearing debt balance

Billion yen

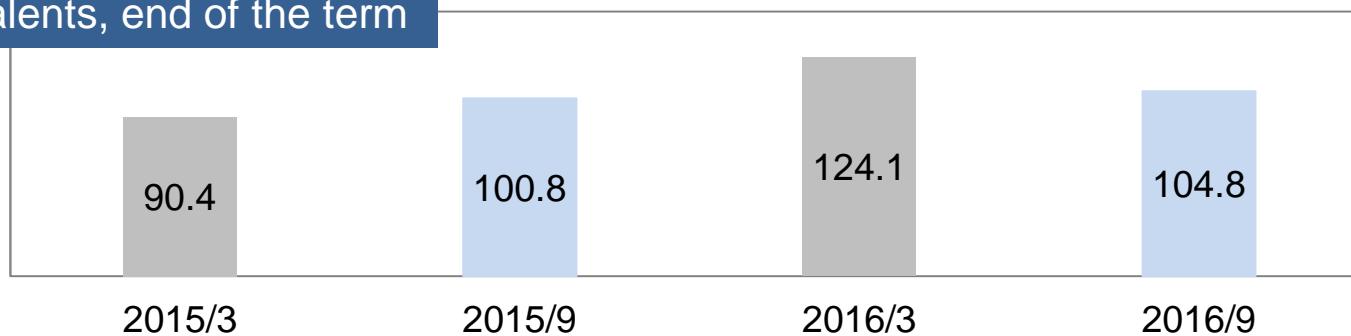


Cash flows



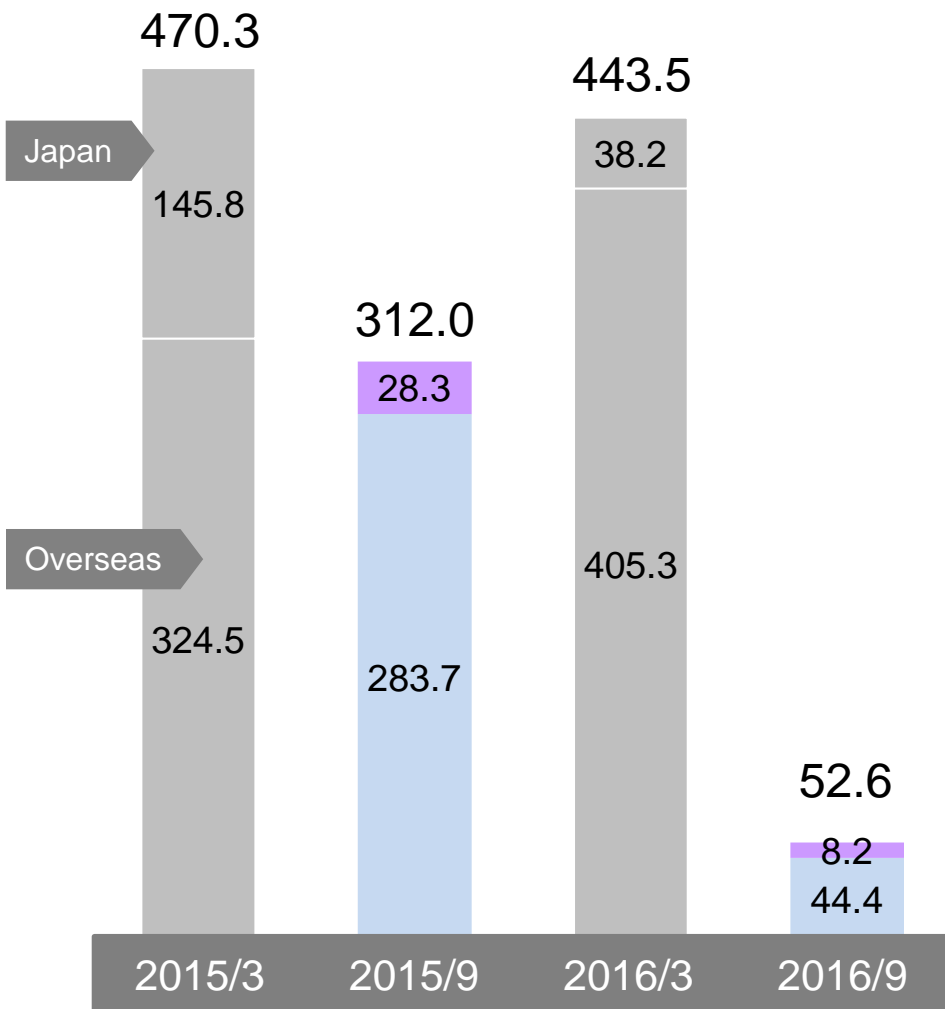
	2014/4~2015/3	2015/4~9	2015/4~2016/3	2016/4~9
Operating activities	(4.1)	27.7	46.3	1.5
Investing activities	9.5	(15.6)	(11.7)	(14.1)
Financing activities	(14.3)	(1.3)	1.0	(0.4)
Net increase/decrease in cash	(6.4)	10.3	33.6	(19.3)
Free cash flow	5.3	12.0	34.6	(12.5)

Cash and cash equivalents, end of the term



New orders

Billion yen



2016/9 New orders : 52.6 billion yen

Major contracts

Over 20 billion yen

Energy-related, THAILAND

Over 5 billion yen

Oil refinery, CANADA

Over 1 billion yen

Oil refinery, VENEZUELA

Petrochemical, USA

Oil refinery, RUSSIA

Breakdown by consolidated companies

Toyo Engineering Corp.	33.5	64%
Japanese subsidiaries	7.3	14%
Overseas subsidiaries	11.8	22%
Total	52.6	100%

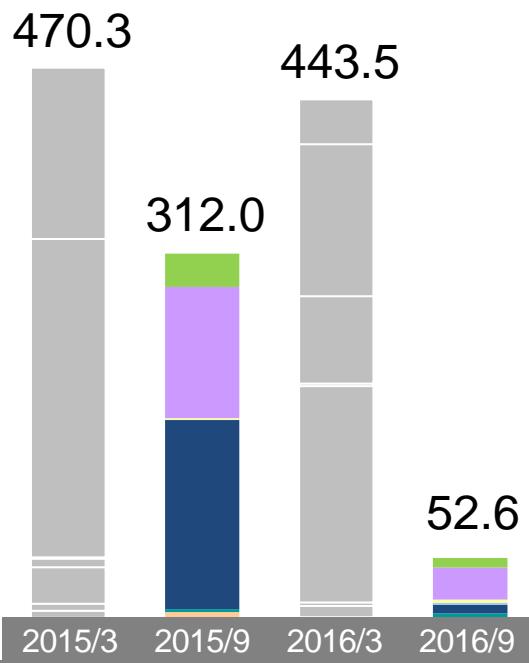
Compared with target for 2017/3

Target 2017/3	Result 2016/9	Difference	Progress
250.0	52.6	(197.4)	21%

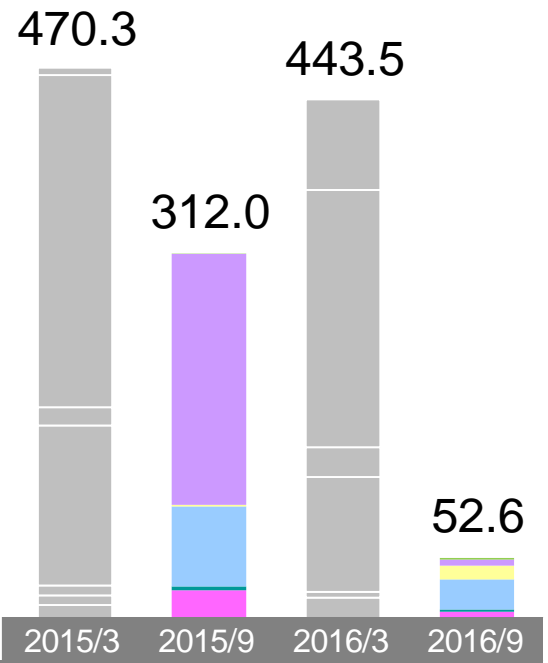
New orders

Billion yen

Region



Product



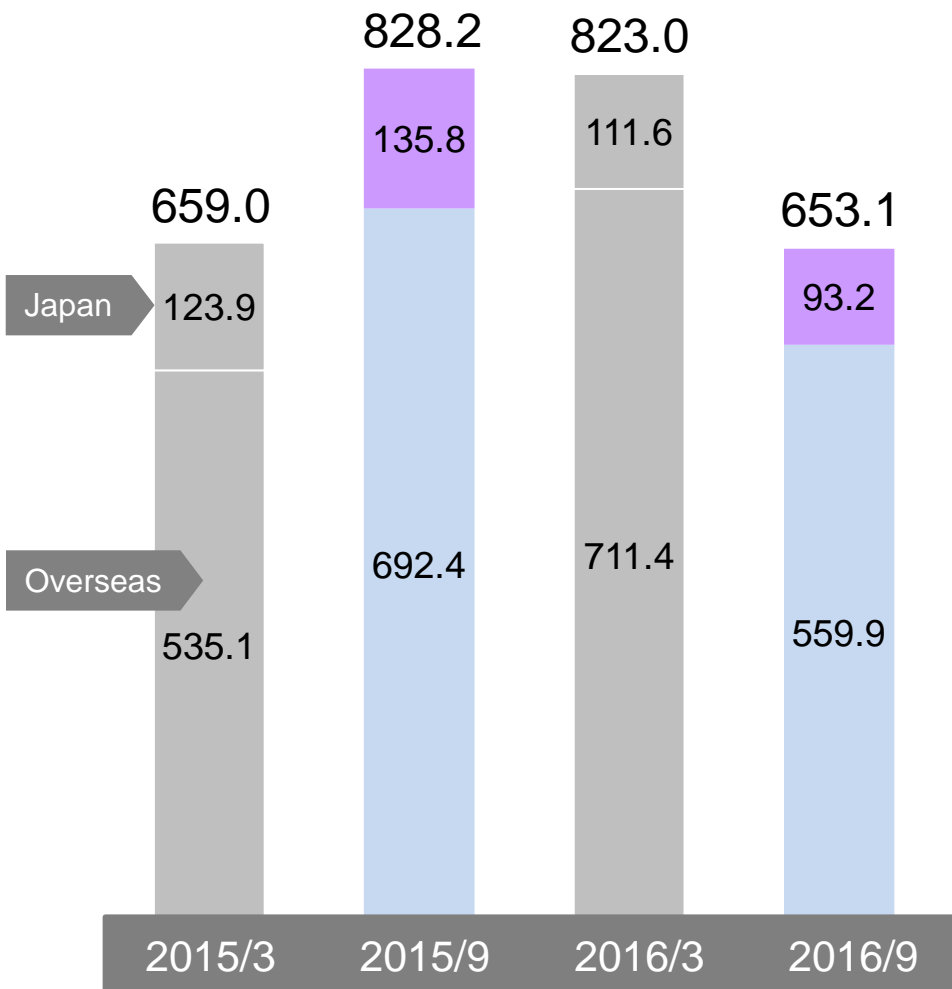
Region	2015/3	2015/9	2016/3	2016/9
Japan	145.8	28.3	38.2	8.2
Southeast Asia	271.2	112.0	129.6	27.3
Southwest Asia, Middle East and Africa	1.3	1.2	74.4	2.6
Russia and Central Asia	7.2	0.2	2.3	1.7
North America	31.0	161.3	184.1	7.4
Central and South America	6.2	2.4	3.1	4.5
China	6.0	6.4	9.7	0.5
Others	1.6	0.2	2.1	0.4
Total	470.3	312.0	443.5	52.6

Product	2015/3	2015/9	2016/3	2016/9
Chemical fertilizers	6.1	0.3	77.4	1.4
Petrochemicals	283.2	213.9	219.1	5.2
Oil refinery	15.5	1.3	25.3	11.7
Energy-related	136.4	68.2	97.8	25.5
General manufacturing facilities	8.2	3.2	5.1	1.9
IT	8.3	-	-	-
Others	12.6	25.1	18.8	6.9
Total	470.3	312.0	443.5	52.6

Backlog of contracts

Billion yen

Billion yen



2016/9 Backlog of contracts 653.1 billion yen

Major contracts

Over 100 billions of yen

Petrochemical, MALAYSIA

Petrochemical, USA

Over 50 billions of yen

Energy-related, THAILAND

Chemical fertilizer, INDIA

Energy-related, JAPAN

Over 10 billions of yen

Petrochemical, INDONESIA

Petrochemical, TURKMENISTAN

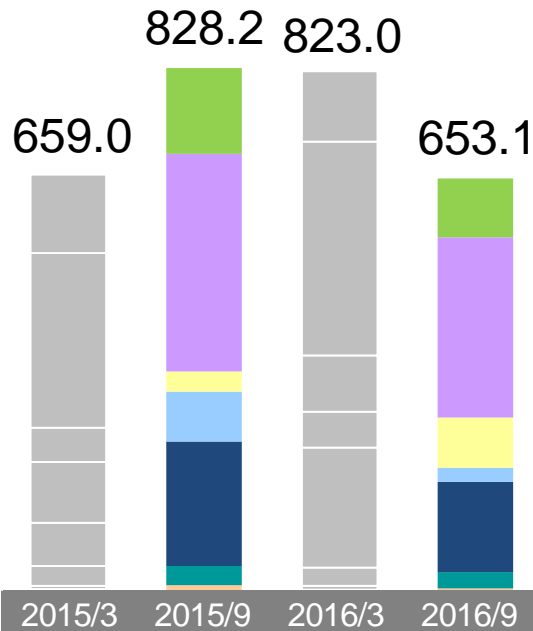
Energy-related, JAPAN

Petrochemical, USA

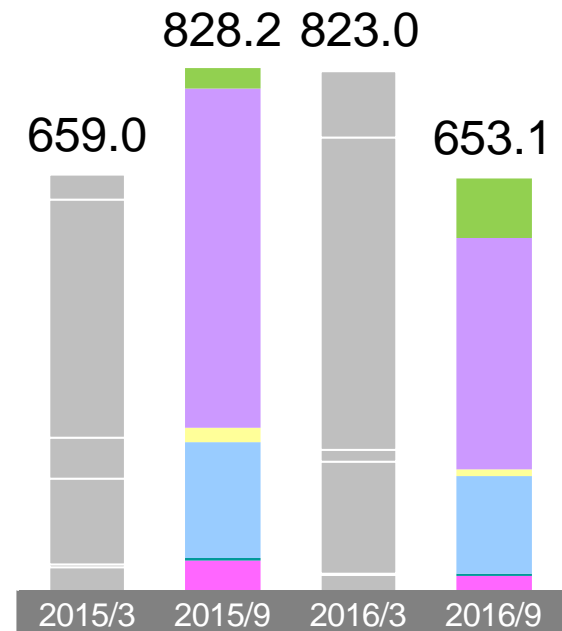
Backlog of contracts

Billion yen

Region



Product



Region	2015/3	2015/9	2016/3	2016/9
Japan	123.9	135.8	111.6	93.2
Southeast Asia	276.8	344.8	338.4	285.1
Southwest Asia, Middle East and Africa	54.0	32.2	89.2	79.8
Russia and Central Asia	96.3	78.8	56.7	22.2
North America	68.6	197.2	190.1	143.2
Central and South America	31.6	30.3	29.2	25.8
China	4.6	8.7	5.9	2.6
Others	3.2	0.4	1.9	1.2
Total	659.0	828.2	823.0	653.1

Product	2015/3	2015/9	2016/3	2016/9
Chemical fertilizers	39.5	32.6	105.1	94.0
Petrochemicals	376.6	537.0	494.7	366.8
Oil refinery	65.2	23.2	18.7	10.7
Energy-related	135.8	183.5	177.4	154.4
General manufacturing facilities	4.4	3.9	1.7	3.4
Others	37.5	48.0	25.4	23.8
Total	659.0	828.2	823.0	653.1

Billion yen

	2016/3	Second quarter 2016/9	Forecast 2017/3
Net sales	299.8	205.2	450.0
Gross profit	30.5	13.3	33.0
Gross profit rate	10.2%	6.5%	7.3%
Operating income	11.0	5.3	12.5
Operating income rate	3.7%	2.6%	2.8%
Ordinary income	3.8	6.8	10.5
Profit attributable to owners of parent	3.0	2.4	5.0
New orders	443.5	52.6	250.0
Dividends per share (yen)	(Annual) ¥4	(Interim) ¥0	(Annual) ¥6

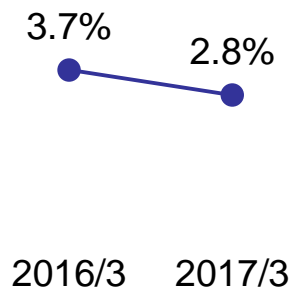
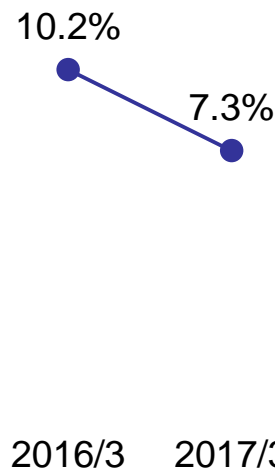
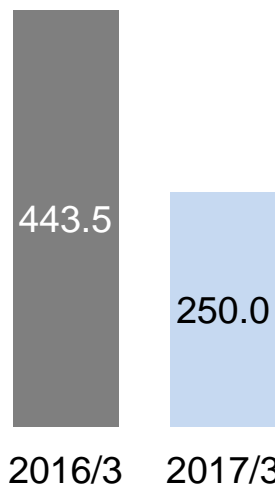
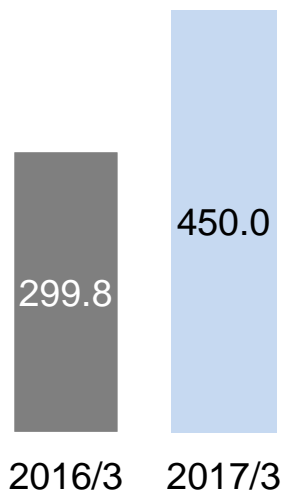
Exchange rate for the forecast 1US\$= ¥105

* No change from initial forecast as of 13 May, 2016.

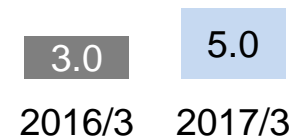
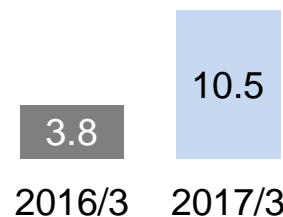
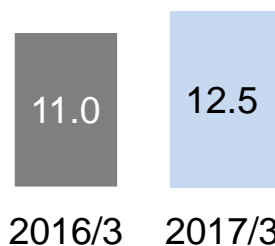
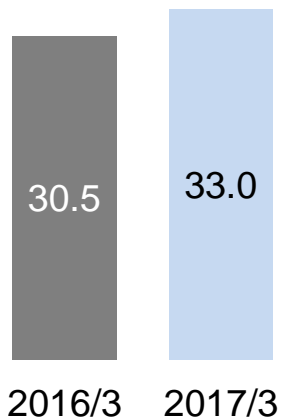
Forecast

Billion yen

Net sales New orders Gross profit rate Operating income rate



Gross profit Operating income Ordinary income Profit attributable to owners of parent



-Reference- Historical data

		2015/3	2015/9	2016/3	2016/9	Forecast 2017/3
Net sales	Billion yen	311.4	150.5	299.8	205.2	450.0
Gross profit	Billion yen	17.2	14.1	30.5	13.3	33.0
Gross profit rate	%	5.5%	9.4%	10.2%	6.5%	7.3%
Operating income	Billion yen	(7.3)	4.4	11.0	5.3	12.5
Operating income rate	%	-2.4%	2.9%	3.7%	2.6%	2.8%
Ordinary income	Billion yen	(25.2)	4.2	3.8	6.8	10.5
Profit attributable to owners of parent	Billion yen	(20.9)	1.6	3.0	2.4	5.0
Comprehensive income	Billion yen	(25.5)	6.8	8.4	1.3	
Interest bearing debt	Billion yen	31.9	30.4	32.6	32.4	
Interest bearing debt ratio	%	12.2%	10.0%	10.1%	10.3%	
Net debt	Billion yen	(58.5)	(70.3)	(91.4)	(72.2)	
Debt equity ratio	Times	0.71	0.59	0.64	0.63	
Equity ratio	%	17.2%	16.9%	15.8%	16.3%	
Operating activities CF	Billion yen	(4.1)	27.7	46.3	1.5	
Investing activities CF	Billion yen	9.5	(15.6)	(11.7)	(14.1)	
Financing activities CF	Billion yen	(14.3)	(1.3)	1.0	(0.4)	
New orders	Billion yen	470.3	312.0	443.5	52.6	250.0
Backlog of contracts	Billion yen	659.0	828.2	823.0	653.1	623.0
Dividends per share	Yen	Annual 4.0	Interim 0.0	Annual 4.0	Interim 0.0	Annual 6.0



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