

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

*Vision: Global Leading Engineering Partner*

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



Fiscal year ended March 2017

# OUTLINE OF FINANCIAL RESULTS

May 19, 2017

Toyo Engineering Corporation

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- ◆ Increase in revenue but decrease in income and profit compared with the last fiscal year.
- ◆ Decrease in operating income compared with forecast of Feb 10, 2017 due to decrease in net sales and increase in costs of some projects completed.
- ◆ Net profit amounts to JPY 1.4 billion by improvement of non-operating income.
- ◆ Year-end dividends per share for FY2016 : 2 yen

# Performance summary

JPY billion

	2016/3	2017/3	Difference	Forecast		
				2017/3 as of Feb 10, 2017	Difference	Achievement
Net sales	299.8	431.9	132.1	450.0	(18.1)	96%
Gross profit	30.5	15.9	(14.6)	18.5	(2.6)	86%
Gross profit rate	10.2%	3.7%	-6.5%	4.1%	-0.4%	
Selling, general and administrative expenses	19.4	17.9	1.5	18.5	0.6	-
Operating income	11.0	(2.0)	(13.0)	0.0	(2.0)	-
Operating income rate	3.7%	-0.5%	-4.2%	0.0%	-0.5%	
Ordinary income	3.8	1.6	(2.2)	1.0	0.6	160%
Profit attributable to owners of parent	3.0	1.4	(1.6)	0.0	1.4	-
New orders	443.5	116.7	(326.8)	110.0	6.7	106%
Dividends per share (yen)	¥4	¥2	(¥2)	To be decided	¥2	-

# Income statement

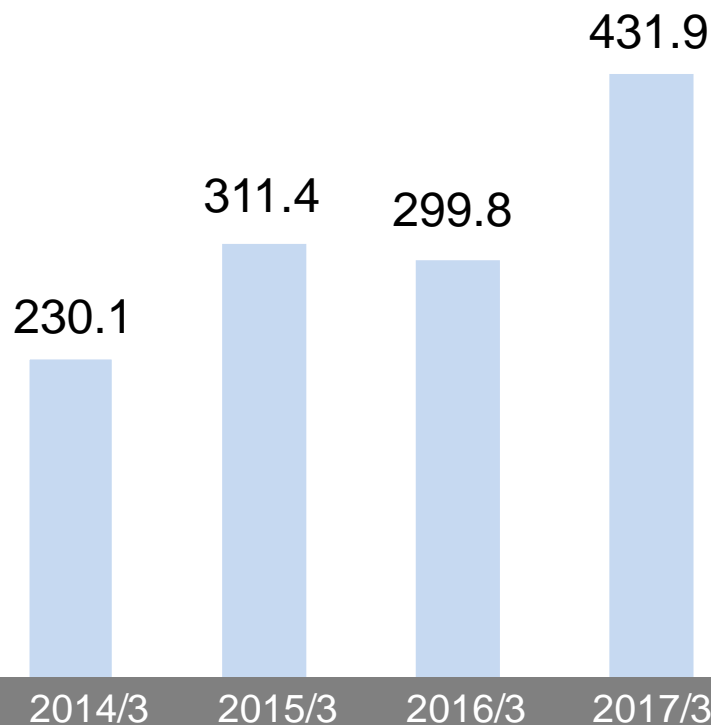


JPY billion

	2016/3		2017/3		Difference	Forecast 2017/3 as of Feb 10, 2017	
		%		%			Difference
Net sales	299.8	100.0	431.9	100.0	132.1	450.0	(18.1)
Cost of sales	269.2	89.8	415.9	96.3	(146.7)		
Gross profit	30.5	10.2	15.9	3.7	(14.6)	18.5	(2.6)
Selling, general and administrative expenses	19.4	6.5	17.9	4.2	1.5	18.5	0.6
Operating income	11.0	3.7	(2.0)	-0.5	(13.0)	0.0	(2.0)
Total non-operating income and expenses	(7.2)	-2.4	3.6	0.8	10.8	1.0	2.6
Ordinary income	3.8	1.3	1.6	0.4	(2.2)	1.0	0.6
Total extraordinary gain and loss	4.8	1.6	4.2	1.0	(0.6)		
Income before income taxes	8.6	2.9	5.8	1.3	(2.8)		
Income taxes	5.6	1.9	4.3	1.0	1.3		
Profit	3.0	1.0	1.4	0.3	(1.6)		
Profit attributable to non-controlling interests	(0.0)	-0.0	(0.0)	-0.0	0.0		
Profit attributable to owners of parent	3.0	1.0	1.4	0.3	(1.6)	0.0	1.4

# Net sales

JPY billion



	2014/3	2015/3	2016/3	2017/3
EPC	215.9	301.0	299.8	431.9
IT	12.1	8.4	-	-
Real estate	2.1	2.0	-	-
<b>Total</b>	<b>230.1</b>	<b>311.4</b>	<b>299.8</b>	<b>431.9</b>

## Compared with the last fiscal year

	2016/3	2017/3	Difference	
	299.8	431.9	132.1	44%

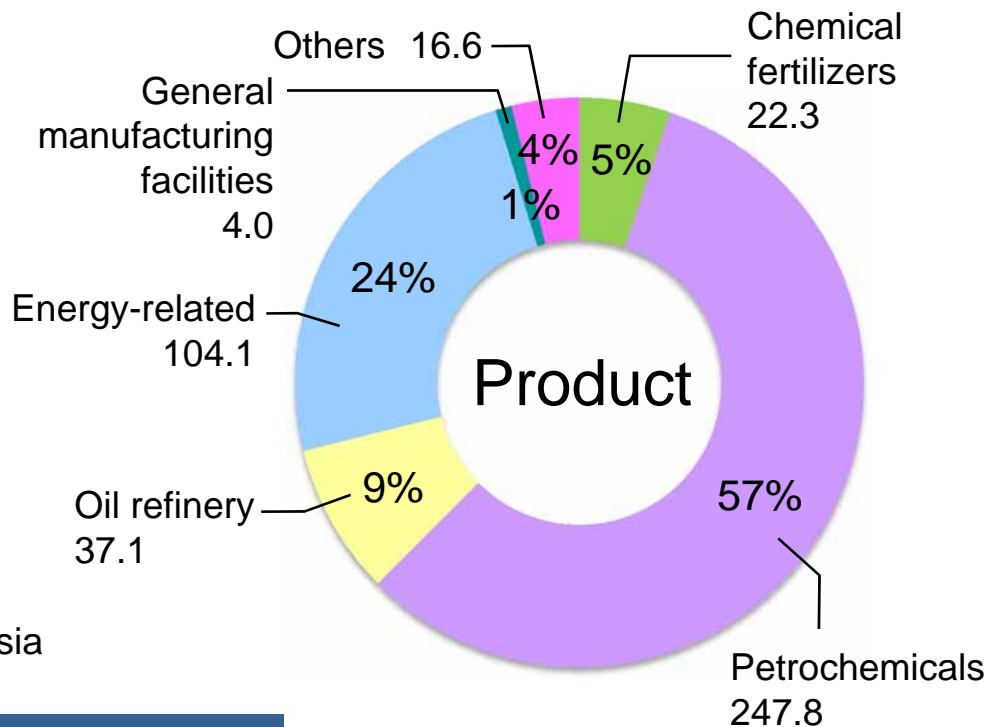
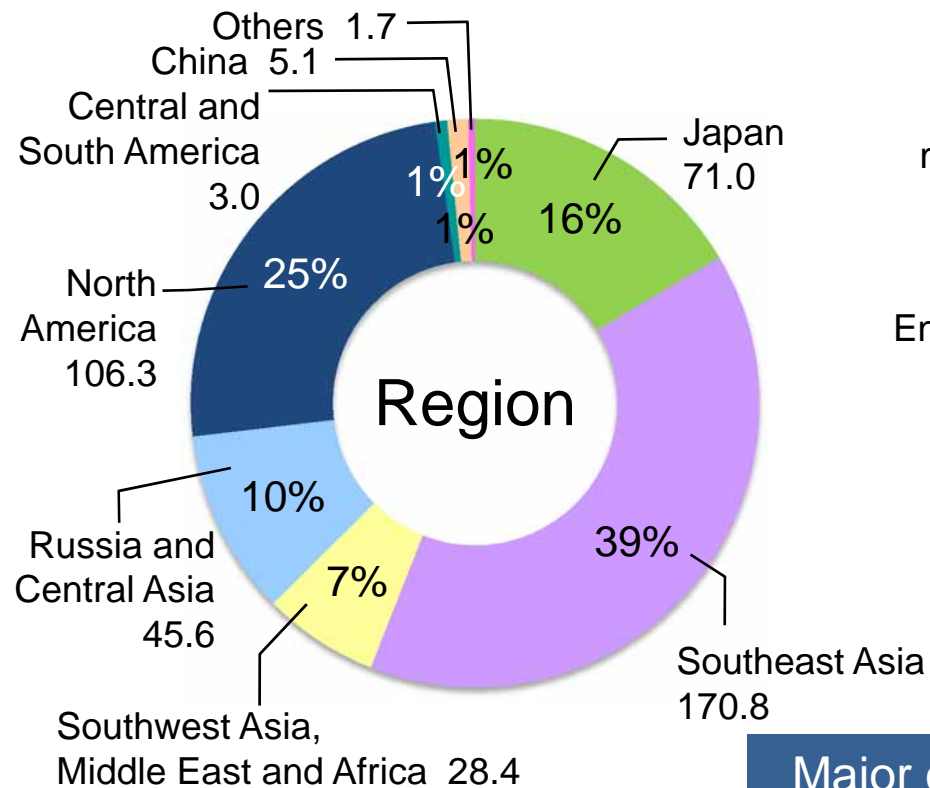
	2016/3	2017/3	Difference	
Japan	49.9	71.0	21.1	
%	17%	16%	-1%	
Overseas	249.9	360.9	111.0	
%	83%	84%	1%	
<b>Total</b>	<b>299.8</b>	<b>431.9</b>	<b>132.1</b>	

## Compared with forecast

	2017/3		Difference	Achievement
	Forecast	Result		
	450.0	431.9	(18.1)	96%

\* EPC: Engineering, Procurement, Construction

2017/3 Net sales : JPY 431.9 billion



## Major contracts

### Over JPY 50 billion

- Petrochemical, MALAYSIA
- Petrochemical, USA
- Energy-related, THAILAND
- Petrochemical, TURKMENISTAN

### Over JPY 10 billion

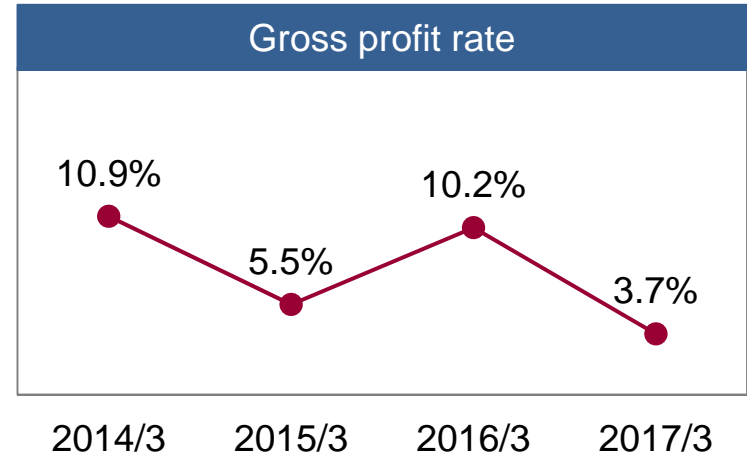
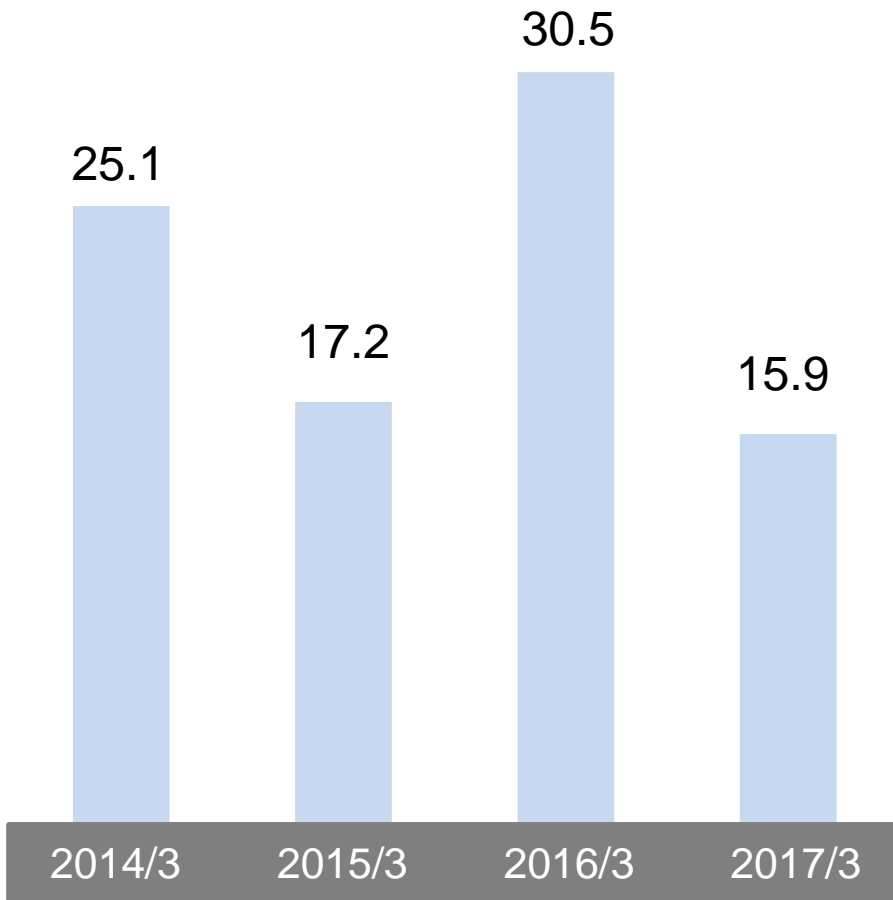
- Oil refinery, CANADA
- Energy-related, JAPAN (2 projects)
- Petrochemical, USA
- Petrochemical, INDONESIA
- Chemical fertilizer, INDIA

### Over JPY 3 billion

- Energy-related, JAPAN
- Chemical fertilizer, NIGERIA
- Oil refinery, RUSSIA

# Gross profit

JPY billion



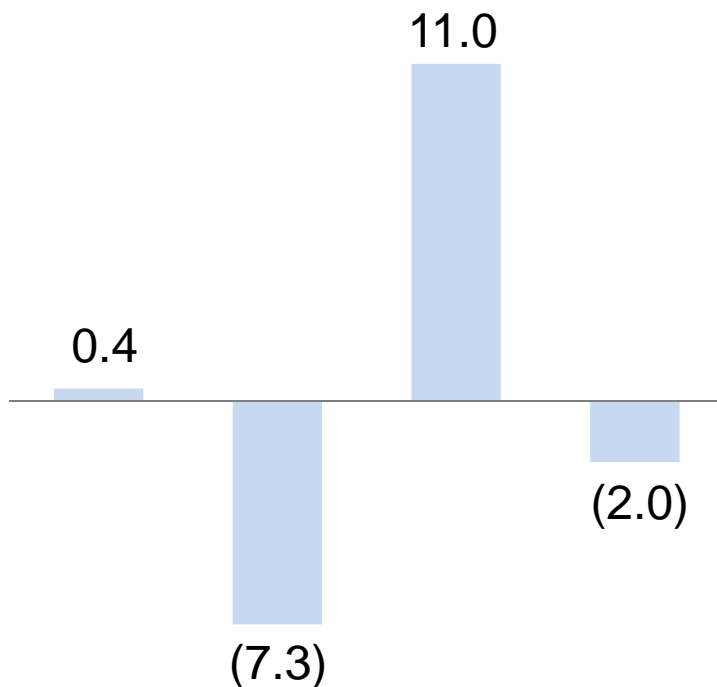
Compared with the last fiscal year			
2016/3	2017/3	Difference	
30.5	15.9	(14.6)	-48%

Compared with forecast			
2017/3		Difference	Achievement
Forecast	Result		
18.5	15.9	(2.6)	86%

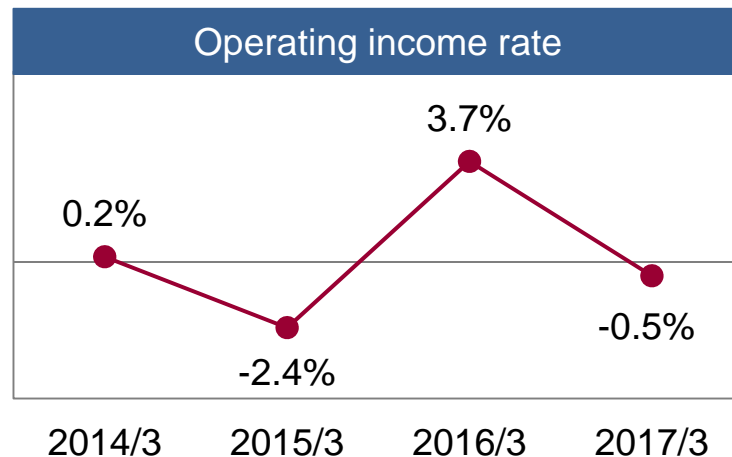


# Operating income

JPY billion



	2014/3	2015/3	2016/3	2017/3
EPC	(0.8)	(8.3)	11.0	(2.0)
IT	0.4	0.1	-	-
Real estate	0.9	0.8	-	-
<b>Total</b>	<b>0.4</b>	<b>(7.3)</b>	<b>11.0</b>	<b>(2.0)</b>

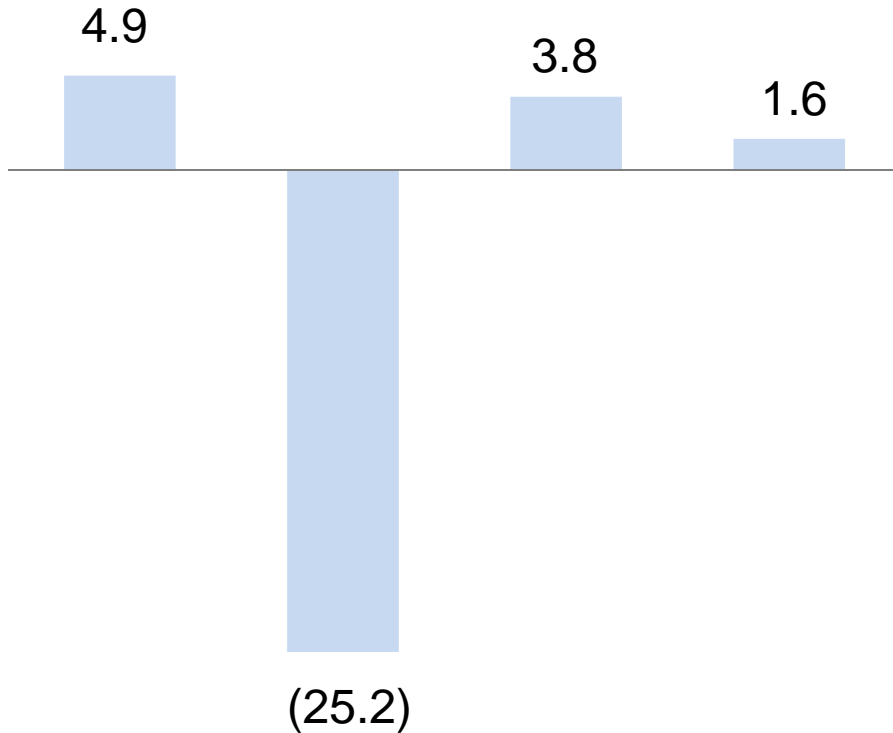


Compared with the last fiscal year			
2016/3	2017/3	Difference	
11.0	(2.0)	(13.0)	-118%

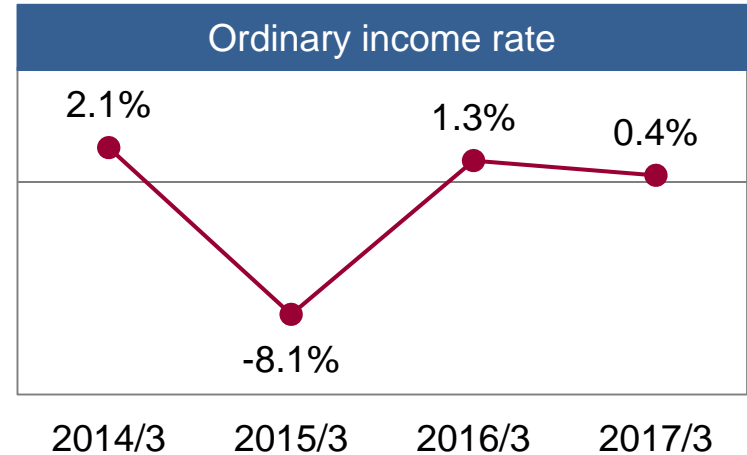
Compared with forecast			
2017/3		Difference	Achievement
Forecast	Result		
0.0	(2.0)	(2.0)	-

# Ordinary income

JPY billion



2014/3	2015/3	2016/3	2017/3
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### Compared with the last fiscal year

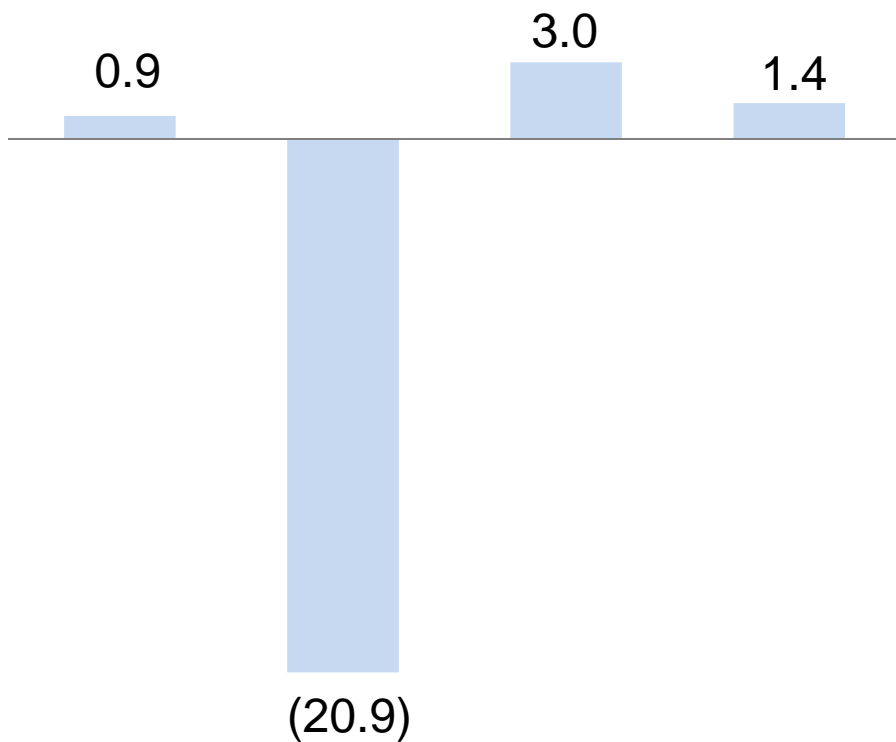
2016/3	2017/3	Difference	
3.8	1.6	(2.2)	-58%

### Compared with forecast

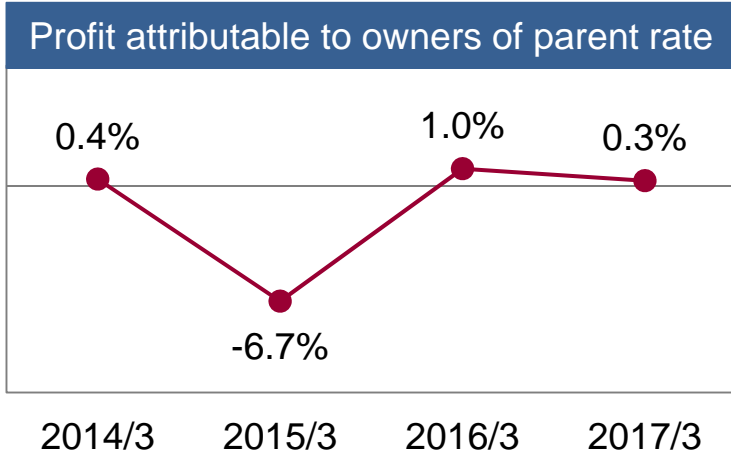
2017/3		Difference	Achievement
Forecast	Result		
1.0	1.6	0.6	160%

# Profit attributable to owners of parent

JPY billion



2014/3	2015/3	2016/3	2017/3
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Compared with the last fiscal year			
2016/3	2017/3	Difference	
3.0	1.4	(1.6)	-53%

Compared with forecast			
2017/3 Forecast	2017/3 Result	Difference	Achievement
0.0	1.4	1.4	-

# Balance sheet

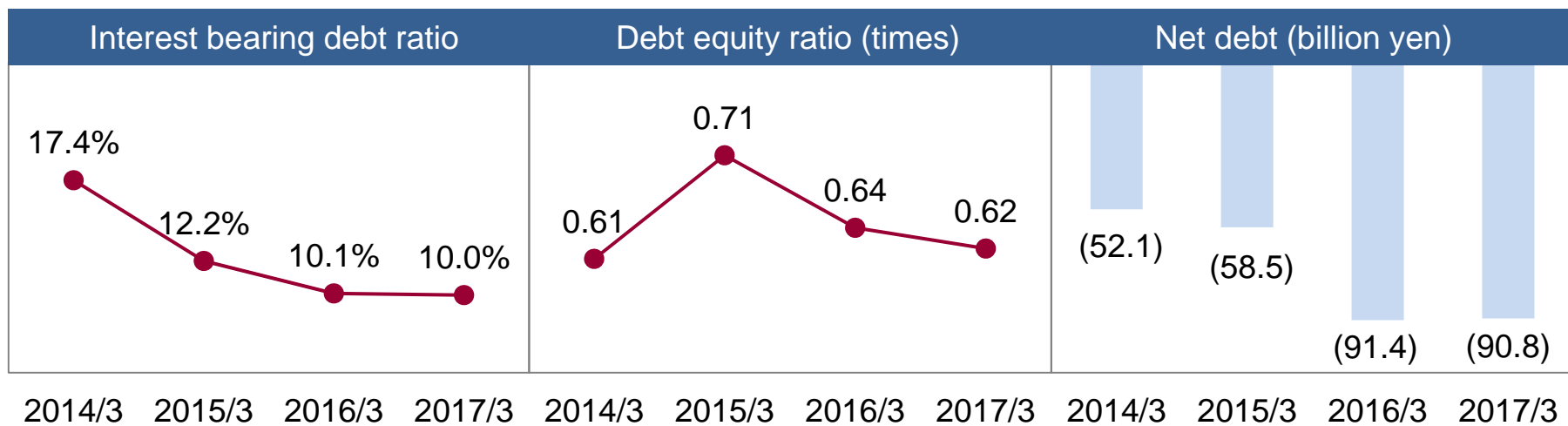
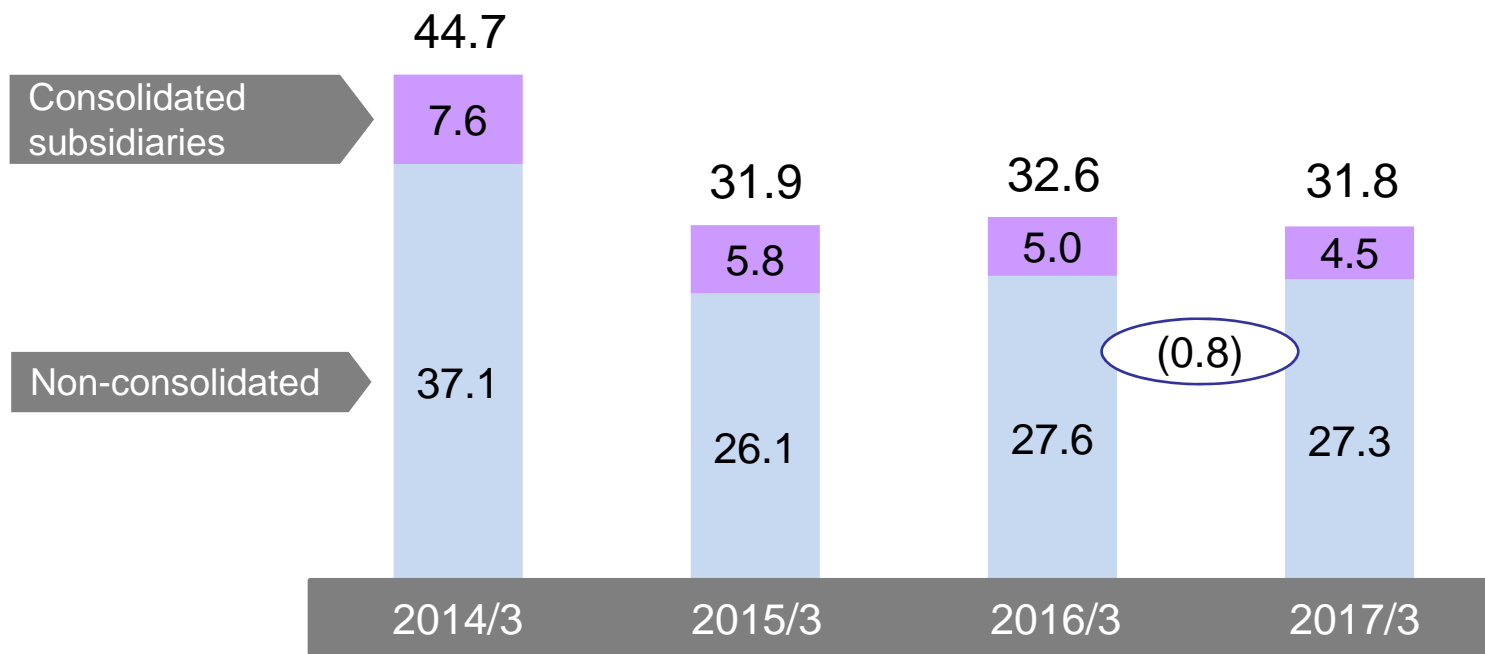
JPY billion

Assets	2016/3	2017/3	Difference
Current assets	279.8	281.7	1.9
Cash and deposits	126.8	126.0	(0.8)
Marketable securities	0.9	1.1	0.2
Other current assets	19.3	16.6	(2.7)
<Operating assets>			
Notes and accounts receivable	78.2	88.3	10.1
Work in progress	54.4	49.5	(4.9)
Noncurrent assets	41.9	35.3	(6.6)
Property, plant and equipment	12.9	12.6	(0.3)
Intangible assets	1.8	1.4	(0.4)
Investments and other assets	27.0	21.2	(5.8)
<b>Total assets</b>	<b>321.8</b>	<b>317.0</b>	<b>(4.8)</b>

Liabilities and net assets	2016/3	2017/3	Difference
Current liabilities	233.9	237.1	3.2
Short-term interest bearing debt	13.8	8.4	(5.4)
Other current liabilities	21.4	18.1	(3.3)
<Operating liabilities>			
Notes and accounts payable	85.6	123.4	37.8
Advance receipts on uncompleted contracts	112.9	87.1	(25.8)
Noncurrent liabilities	36.8	28.6	(8.2)
Long-term interest bearing debt	18.8	23.4	4.6
Other noncurrent liabilities	18.0	5.1	(12.9)
Net assets	51.0	51.3	0.3
Shareholder's equity	46.8	47.5	0.7
Accumulated other comprehensive income	4.1	3.7	(0.4)
Non-controlling interests	0.0	0.0	0.0
<b>Total liabilities and net assets</b>	<b>321.8</b>	<b>317.0</b>	<b>(4.8)</b>

# Interest bearing debt balance

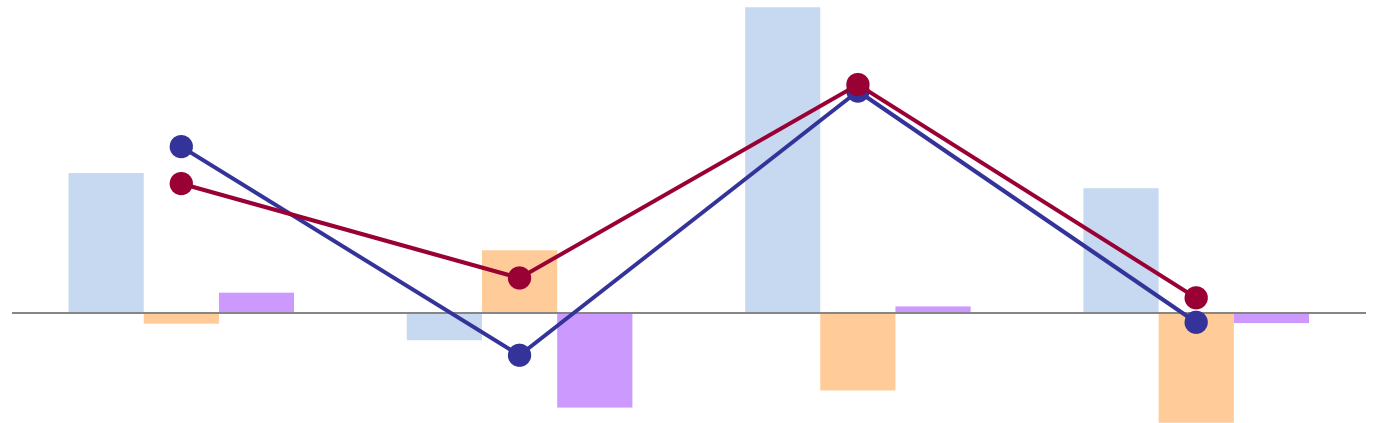
JPY billion



# Cash flows

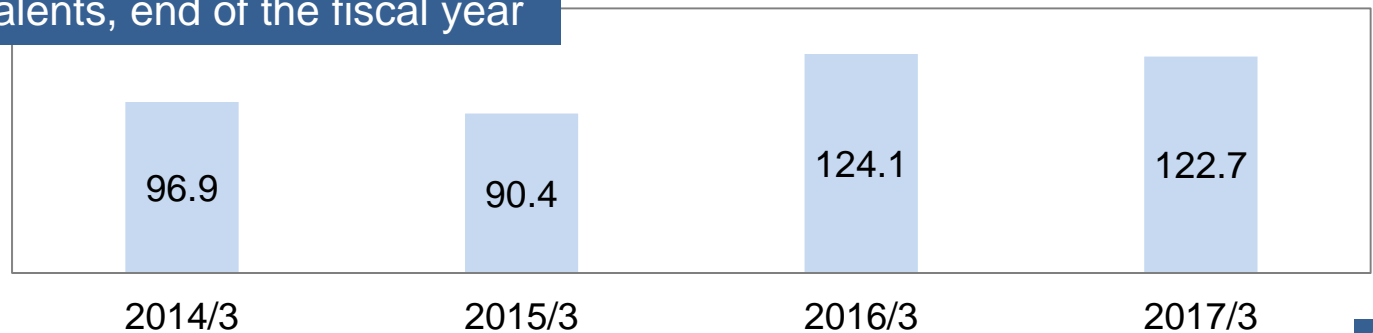
JPY billion

## Cash flows



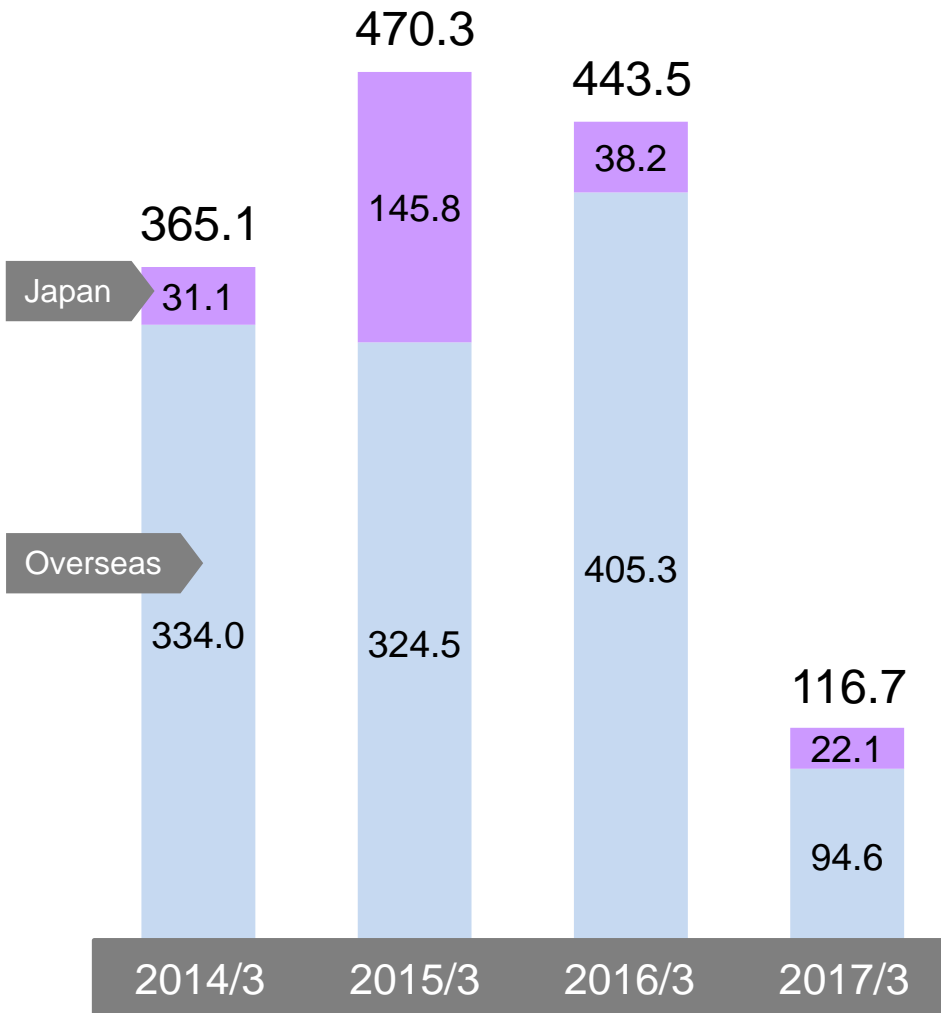
	2014/3	2015/3	2016/3	2017/3
Operating activities	21.2	(4.1)	46.3	18.9
Investing activities	(1.6)	9.5	(11.7)	(16.6)
Financing activities	3.1	(14.3)	1.0	(1.5)
Net increase/decrease in cash	25.2	(6.4)	33.6	(1.4)
Free cash flow	19.6	5.3	34.6	2.3

## Cash and cash equivalents, end of the fiscal year



# New orders

JPY billion



2017/3 New orders : JPY 116.7 billion

## Major contracts

Over JPY 50 billion

Energy-related, THAILAND

Over JPY 10 billion

Oil refinery, CANADA

Over JPY 2 billion

Oil refinery, JAPAN

Oil refinery, VENEZUELA

Petrochemical, USA

Oil refinery, RUSSIA

## Breakdown by consolidated companies

Toyo Engineering Corp.	72.7	62%
Japanese subsidiaries	20.4	17%
Overseas subsidiaries	23.6	20%
<b>Total</b>	<b>116.7</b>	<b>100%</b>

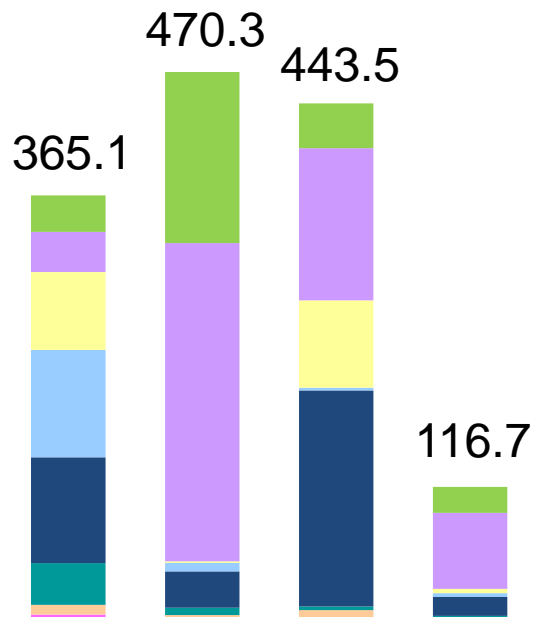
## Compared with target

2017/3		Difference	Achievement
Target	Result		
110.0	116.7	6.7	106%

# New orders

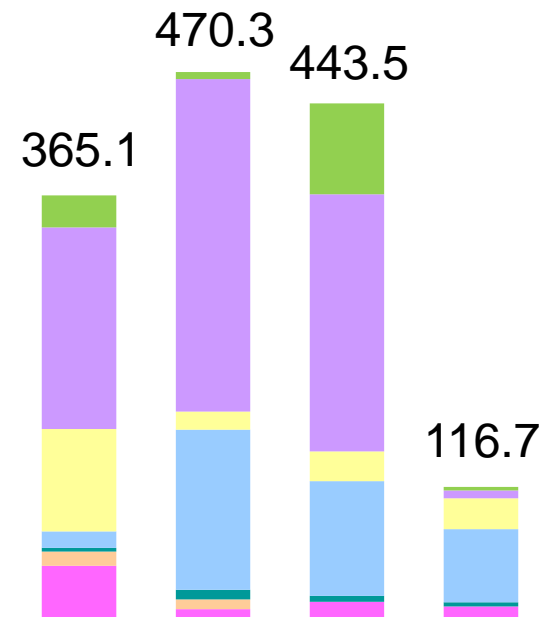
JPY billion

## Region



	2014/3	2015/3	2016/3	2017/3
Japan	31.1	145.8	38.2	22.1
Southeast Asia	34.1	271.2	129.6	64.7
Southwest Asia, Middle East and Africa	66.5	1.3	74.4	3.7
Russia and Central Asia	91.5	7.2	2.3	3.3
North America	90.0	31.0	184.1	16.0
Central and South America	35.6	6.2	3.1	4.8
China	8.4	6.0	9.7	1.5
Others	7.9	1.6	2.1	0.6
<b>Total</b>	<b>365.1</b>	<b>470.3</b>	<b>443.5</b>	<b>116.7</b>

## Product

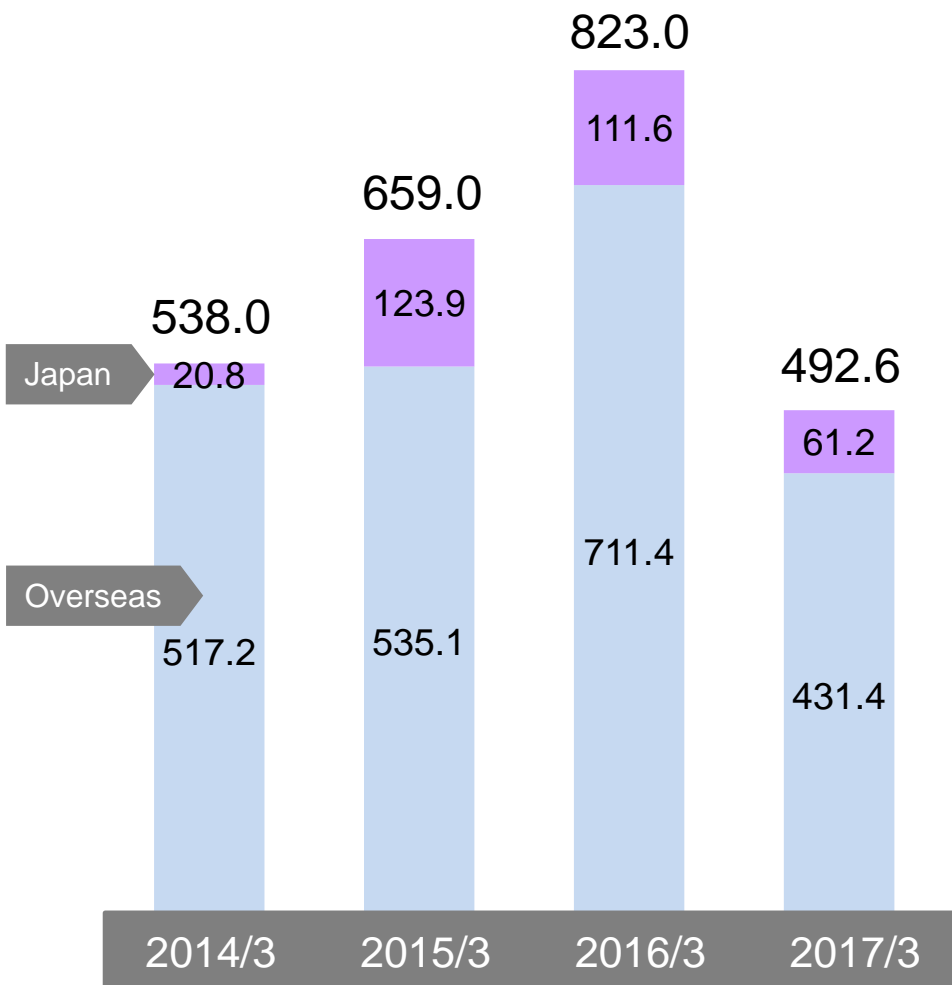


	2014/3	2015/3	2016/3	2017/3
Chemical fertilizers	27.3	6.1	77.4	2.9
Petrochemicals	171.7	283.2	219.1	6.8
Oil refinery	87.3	15.5	25.3	26.3
Energy-related	14.0	136.4	97.8	62.3
General manufacturing facilities	3.1	8.2	5.1	3.5
IT	12.1	8.3	-	-
Others	49.6	12.6	18.8	14.9
<b>Total</b>	<b>365.1</b>	<b>470.3</b>	<b>443.5</b>	<b>116.7</b>



# Backlog of contracts

JPY billion



## 2017/3 Backlog of contracts JPY 492.6 billion

### Major contracts

Over 100 billions of yen

Petrochemical, MALAYSIA

Over 50 billions of yen

Petrochemical, USA

Energy-related, THAILAND

Chemical fertilizer, INDIA

Over 10 billions of yen

Energy-related, JAPAN (2 projects)

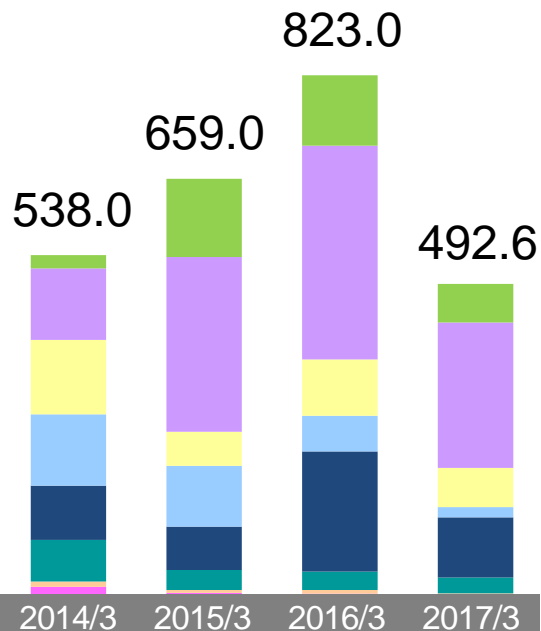
Petrochemical, INDONESIA

Petrochemical, TURKMENISTAN

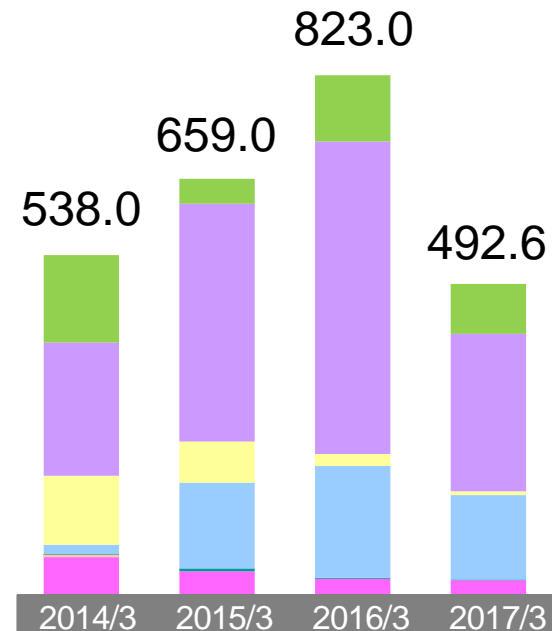
# Backlog of contracts

JPY billion

## Region



## Product



JPY billion

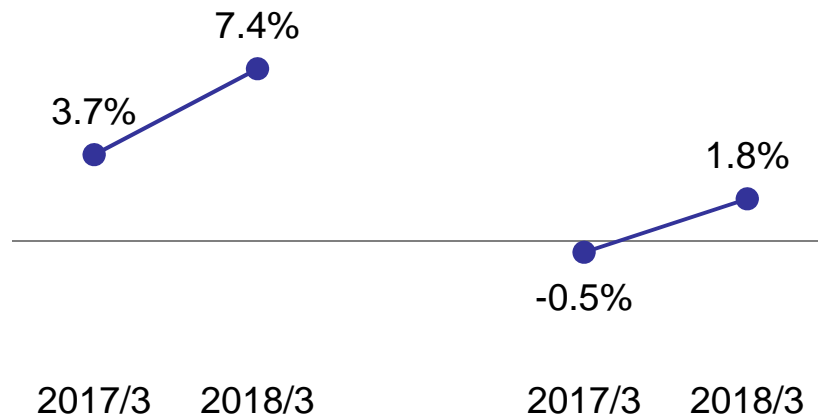
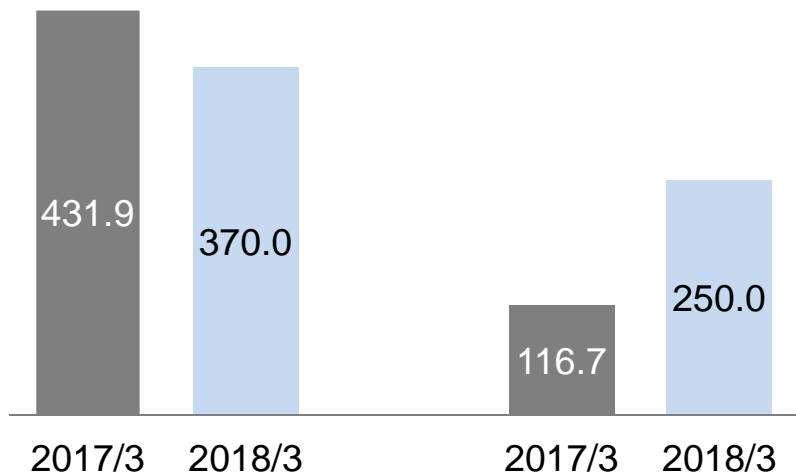
	2017/3	Forecast 2018/3
Net sales	431.9	370.0
Gross profit	15.9	27.5
Gross profit rate	3.7%	7.4%
Selling, general and administrative expenses	17.9	21.0
Operating income	(2.0)	6.5
Operating income rate	-0.5%	1.8%
Ordinary income	1.6	5.0
Profit attributable to owners of parent	1.4	2.0
New orders	116.7	250.0
Dividends per share (yen)	¥2	¥3 *

Exchange rate for the forecast 1US\$= ¥108

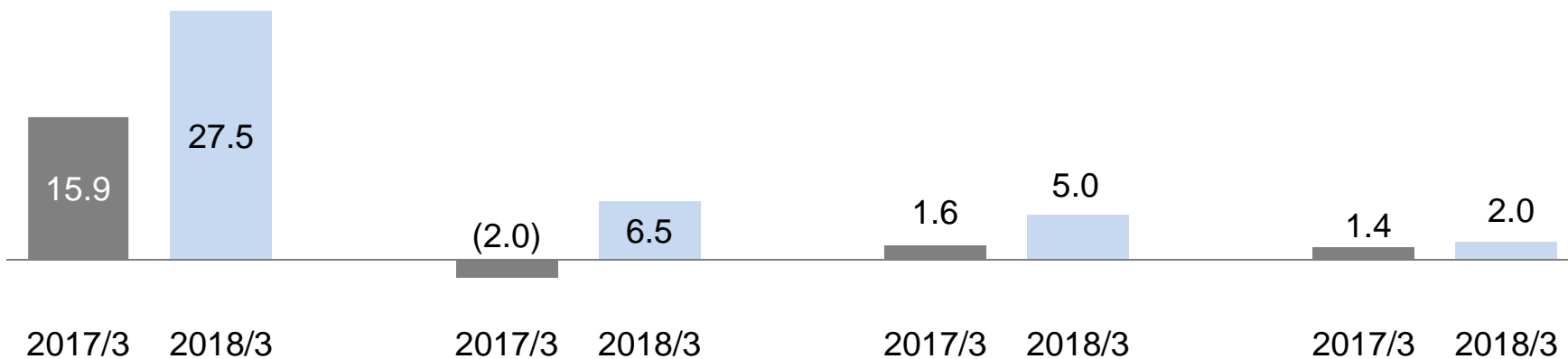
\* We plan to conduct a one-for-five reverse stock split of our company's shares effective October 1, 2017 in which case the annual dividend per share for the fiscal year ending March 31, 2018 would be JPY 15 (forecast).

JPY billion

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

		2014/3	2015/3	2016/3	2017/3	Forecast 2018/3
Net sales	JPY billion	230.1	311.4	299.8	431.9	370.0
Gross profit	JPY billion	25.1	17.2	30.5	15.9	27.5
Gross profit rate	%	10.9%	5.5%	10.2%	3.7%	7.4%
Operating income	JPY billion	0.4	(7.3)	11.0	(2.0)	6.5
Operating income rate	%	0.2%	-2.4%	3.7%	-0.5%	1.8%
Ordinary income	JPY billion	4.9	(25.2)	3.8	1.6	5.0
Profit attributable to owners of parent	JPY billion	0.9	(20.9)	3.0	1.4	2.0
Comprehensive income	JPY billion	4.0	(25.5)	8.4	1.0	
Interest bearing debt	JPY billion	44.7	31.9	32.6	31.8	
Interest bearing debt ratio	%	17.4%	12.2%	10.1%	10.0%	
Net debt	JPY billion	(52.1)	(58.5)	(91.4)	(90.8)	
Debt equity ratio	Times	0.61	0.71	0.64	0.62	
Equity ratio	%	28.5%	17.2%	15.8%	16.2%	
Operating activities CF	JPY billion	21.2	(4.1)	46.3	18.9	
Investing activities CF	JPY billion	(1.6)	9.5	(11.7)	(16.6)	
Financing activities CF	JPY billion	3.1	(14.3)	1.0	(1.5)	
New orders	JPY billion	365.1	470.3	443.5	116.7	250.0
Backlog of contracts	JPY billion	538.0	659.0	823.0	492.6	372.6
Dividends per share (Annual)	JPY	3.0	4.0	4.0	2.0	3.0 *

\* We plan to conduct a one-for-five reverse stock split of our company's shares effective October 1, 2017 in which case the annual dividend per share for the fiscal year ending March 31, 2018 would be JPY 15 (forecast).



## Toyo Engineering Corporation

URL <http://www.toyo-eng.com>

For further questions on this material, please contact:

Wataru IIDA  
General Manager  
Corporate Communications Division

2-8-1 Akanehama, Narashino, Chiba, Japan 275-0024

TEL +81-47-454-1681

E-mail [ir@toyo-eng.com](mailto:ir@toyo-eng.com)

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