

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

*Vision: Global Leading Engineering Partner*

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



# Revised Forecast of FY2017 Consolidated Financial Results

February 9, 2018  
Toyo Engineering Corporation

1. Revised Forecast of FY2017
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3. Performance of Other Projects
4. Situation of New Orders
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# 1. Revised Forecast of FY2017 Performance

(Unit : JPY billion )

	Forecast as of		Difference (b)-(a)	Performance As of 2017/12/31
	2017/5/19 (a)	2018/2/7 (b)		
<b>Net Sales</b>	370.0	350.0	△20.0	263.3
<b>Gross Profit</b>	27.5	3.0	△24.5	△7.4
<b>Gross Profit Ratio</b>	7.4%	0.9%	△6.5%	△2.8%
<b>Operating Income</b>	6.5	△18.0	△24.5	△23.0
<b>Ordinary Income</b>	5.0	△16.0	△21.0	△20.9
<b>Net Income</b>	2.0	△18.0	△20.0	△23.7

- ◆ Year-end Dividends(Revised Plan) : None (JPY 15 forecast as of 2017/5/19)

# 2. Cost Increase of Ethylene Project in USA

## ◆ Cost Increase

- 26.6 billion yen at 3Q of FY2017

## ◆ Reason of Cost Increase

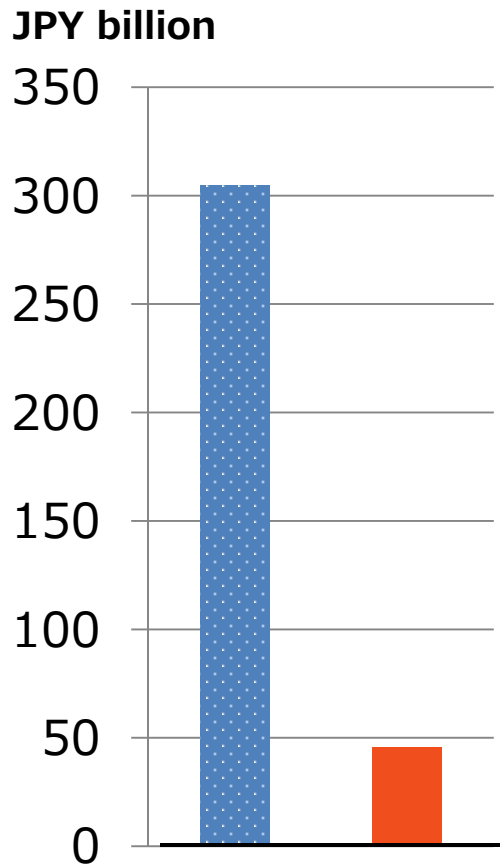
- With revision of project completion time from 1<sup>st</sup> half to 2<sup>nd</sup> half of FY2018 as agreed with the client during 3Q/FY2017, re-evaluation has been made on indirect costs, construction management system, productivity of construction workforce etc., by which significant cost increase has been recognized.

## ◆ Measures for prevention of further cost increase and cost recovery

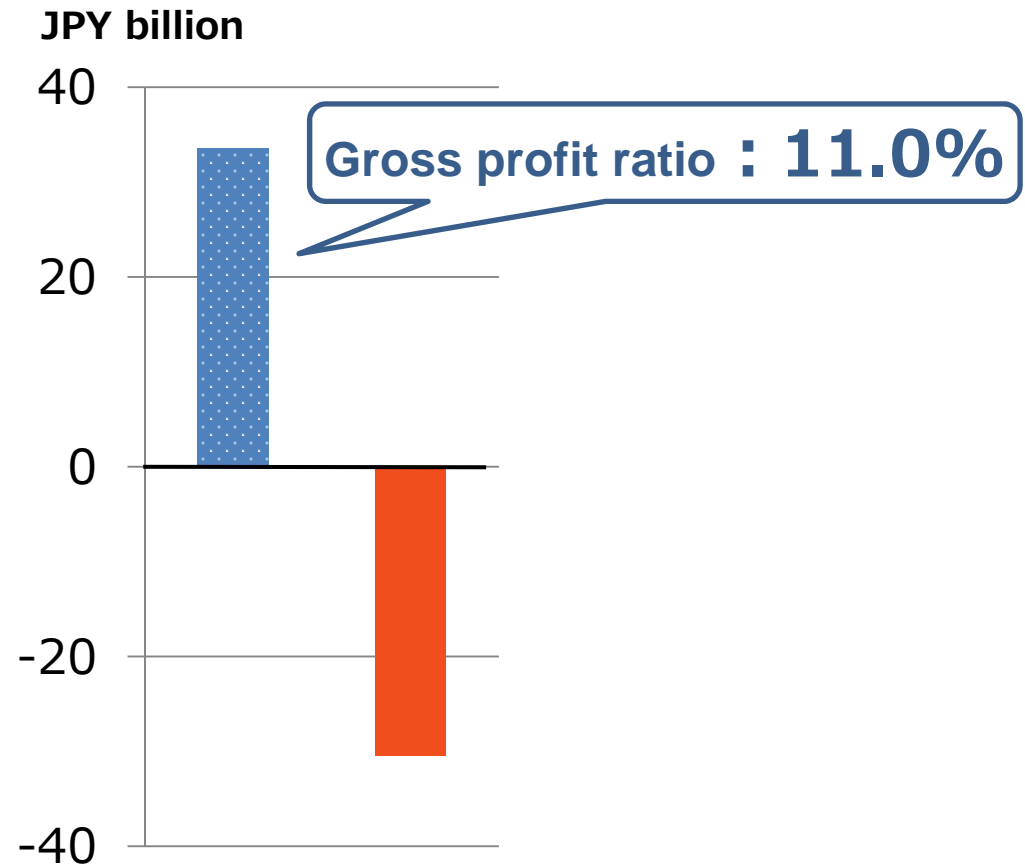
- Improvement of productivity through reformation of construction management system of TOYO and CB&I
- Continued discussion with contractors etc. for reducing or sharing costs



# 3. Performance of Other Projects

## Net Sales



## Gross Profit



 Other Projects  
 USA Ethylene

## ◆ **New Orders as of 2017/12/31 : 143.8 billion yen**

Gas compression (Indonesia), Polyethylene (Indonesia),  
Gas power (Thailand), Ethylene expansion (Japan),  
Mega-solar (Japan) etc.

## ◆ **New Orders Forecast FY2017: 250 billion yen**

New orders expected:

Fertilizer (India), LNG receiving terminal (India),  
Mega-solar (Japan), Biomass power (Japan) etc.

# 5. Measures for Improvement of Financial Performance

## ◆ Enhancement/Expansion of Infrastructure Business

- Expansion of new orders and shift of manpower resources to Infrastructure business
- O&M business, Business participation

## ◆ Restructuring of Plant Business (Selection & Concentration)

- Focus on mid-size projects with moderated risks
- Focus on products/areas having advantage of know-how, experience and group operation

## ◆ Reduction of Fixed cost, SGA\* and Project expenses

\*Selling, General and Administrative expenses



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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.