

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 2019

Management Policy Update

November 8, 2018

Toyo Engineering Corporation

1. The 1st Half Performance and FY2018 Forecast
2. Situation of Mega Projects
3. Major Ongoing Projects
4. Sales Update
5. Progress of Revitalization Plan

1. The 1st Half Performance and FY2018 Forecast

(Unit : JPY Billion)

	1 st Half Performance As of 2018/9/30	FY2018 Forecast	Progress
		As of 2018/5/15	
Net Sales	147.8	300.0	49%
Gross Profit	8.3	21.0	40%
Gross Profit Margin	5.7%	7.0%	
SG&A(Selling, General and Administrative Expenses)	7.5	19.0	39%
Operating Income	0.8	2.0	40%
Non-Operating Income and Expenses	2.2	0.5	
Ordinary Income	3.0	2.5	120%
Net Income	1.6	1.0	160%
New Orders	100.4	300.0	33%

◆ Dividends per share : None (Plan)

2. Situation of Mega Projects

◆ Ethylene Project in USA

- Peak of construction work has passed in September and its completion will be by the end of December 2018.
- Toward plant acceptance within FY2018, commissioning will start from the beginning of 2019.
- Project cost till plant acceptance has been reviewed.

◆ Ethylene Project in Malaysia

- Construction work moved into the final stage and preparation of commissioning.

◆ Gas petrochemical complex in Turkmenistan The largest photovoltaic power plant in Japan

- Completed

5. Major Ongoing Projects

As of 2018/9/30



Turkmenistan

2014 Gas Petrochemical Complex
(Completed)



Japan

2018 Biomass Power x1
2018 Mega-Solar x1
2018 Expansion of Naphtha Cracking Furnace x1
2017 Biomass Power x1
2017 Mega-Solar x3
2014 Mega-Solar x1 (Completed)



India

2017 Fertilizer
2015 Fertilizer



Thailand

2018 Ethylene
2017 Gas Power SPP x1
2016 Gas Power SPP x4



USA

2015 Ethylene



Nigeria

2017 Fertilizer



Malaysia

2014 Ethylene Complex



Indonesia

2018 Butene-1/MTBE
2017 Polyethylene
2017 Gas Compression
2015 S-SBR (Completed)
2015 Railway Systems (MRT)

※Year: Fiscal year of Award

4. Sales Update

Business Unit	Major New Orders In the 1 st Half	Major New Orders Expected In the 2 nd Half
Plant	<ul style="list-style-type: none">◆ Butene-1/MTBE in Indonesia◆ Expansion of naphtha cracking furnace in Japan◆ Ethylene in Thailand	<ul style="list-style-type: none">◆ Petrochemical plants in Southeast Asia◆ Petrochemical plants in Russia
Infrastructure	<ul style="list-style-type: none">◆ Biomass power in Japan◆ Mega-solar in Japan	<ul style="list-style-type: none">◆ Biomass power plants in Japan◆ Mega-solar plants in Japan◆ Power plants in Southeast Asia
Energy	<ul style="list-style-type: none">◆ Oil & Gas development support services by GESA*	<ul style="list-style-type: none">◆ Oil & Gas development support services based by GESA*

*General Engineering Service Agreement

5. Progress of Revitalization Plan

Basic Policy		Progress
Reformation of business structure	Reformation of business portfolio	<ul style="list-style-type: none"> ◆ Promotion of comprehensive collaboration with Nippon Steel & Sumikin Engineering Co., Ltd.
	Promotion of innovation	<ul style="list-style-type: none"> ◆ Implementation of DX-PLANT™* and its marketing enhancement ◆ Operational reforms and efficiency improvement by DXoT**
Enhancement of organizational capability	Optimization of overseas group EPC companies	<ul style="list-style-type: none"> ◆ Improvement of competitiveness at overseas group EPC companies through enhancement of their abilities
	Appropriate application of Toyo-Japan resources	<ul style="list-style-type: none"> ◆ Continued man power shift to Infrastructure business
	Enhancement of risk management	<ul style="list-style-type: none"> ◆ Reinforcement of governance under proposal control procedure ◆ Focusing on proactive risk management at project stage
Reinforcement of financial base		<ul style="list-style-type: none"> ◆ Implementation of compression of fixed cost

*DX-PLANT™ : TOYO's unique service to assist the client's O&M and business by utilizing Digital Twin enable to monitor plant operation in real time

**DXoT : Abbreviation of Digital Transformation of TOYO. Company-wide activities to set up operational reforms by maximizing utilization of IT



Toyo Engineering Corporation

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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.