

Your Success, Our Pride.



Second quarter of fiscal year ending March 2020

FY2019 Management Policy Update

November 13, 2019

Toyo Engineering Corporation

1. The 1st Half Performance and FY2019 Forecast
2. Update of Ethylene Project in USA
3. Update of Other Projects
4. Major Ongoing Projects
5. Sales Update
6. Progress of Revitalization Plan

1. The 1st Half Performance and FY2019 Forecast

(Unit : JPY Billion)

	1 st Half Performance As of 2019/9/30	FY2019 Forecast As of 2019/5/15	Progress
	Net Sales	112.6	
Gross Profit	10.5	21.5	49%
Gross Profit Margin	9.4%	9.0%	
SG&A(Selling, General and Administrative Expenses)	7.6	18.5	41%
Operating Income	2.8	3.0	93%
Non-Operating Income and Expenses	(1.0)	0	
Ordinary Income	1.8	3.0	60%
Net Income	2.7	2.0	135%
New Orders	55.5	300.0	19%

◆ Dividends per share : None (Plan)

2. Update of Ethylene Project in USA

- ◆ June to Middle of September 2019
 - Trouble shooting at commissioning final stage and plant start up activity step by step carefully

- ◆ Middle of September
 - A leakage detected from a stainless steel(SS) pipe just before feeding Ethane
 - Plant start up suspended and inspections launched to other similar SS pipes

- ◆ Coming activities
 - After completion of the inspections, plant re-start up, feeding Ethane and starting whole plant operation
 - Plant performance test run and plant acceptance

3. Update of Other Projects

◆ Ethylene Project in Malaysia

- September : On-spec Ethylene and Propylene production started
- October : Performance test run completed at Ethylene unit, Benzene unit and other units
- November : Plant acceptance (scheduled)

◆ Other Projects

- Every other project is going as planned
- Major projects successfully completed in the 1st half FY2019
e.g. Gas Power SPP (Thailand), Polyethylene (Indonesia) and,
Mega-solar (Japan)

4. Major Ongoing Projects

As of 2019/9/30



Russia

2018 Ethylene
2018 Polyethylene



Nigeria

2017 Fertilizer



India

2019 LNG Regasification
2017 Fertilizer



Indonesia

2018 Acrylic Acid
2018 Butene-1/MTBE
2017 Polyethylene (Completed)
2017 Gas Compression



Japan

2019 Mega-solar x1
2018 Propylene Splitter
2018 Biomass Power x3
2018 Mega-solar x1
2018 Expansion of Naphtha Cracking Furnace x1
2017 Biomass Power x1
2017 Mega-solar x3 (x1 Completed)



Thailand

2018 1,3-Butadiene/Butene-1
2018 Ethylene
2017 Gas Power SPP (Completed)



USA

2015 Ethylene



Malaysia

2014 Ethylene Complex

※Year: Fiscal year of Award

5. Sales Update

New order target of FY2019 : JPY 300 billion

Business Unit	Major New Orders In the 1 st Half	Major New Orders/Activity Expected In the 2 nd Half
Plant	<ul style="list-style-type: none"> ◆ LNG regasification facilities in India ◆ Petrochemical plant construction management in Russia 	<ul style="list-style-type: none"> ◆ Petrochemical plant in China ◆ Ammonia and petrochemical plants in India ◆ Petrochemical and gas-chemical plants in Japan
Infrastructure	<ul style="list-style-type: none"> ◆ Mega-solar plant in Japan 	<ul style="list-style-type: none"> ◆ Biomass power plants in Japan ◆ Geothermal power plant in Indonesia ◆ FPSO in Brazil
Solution Business (former Energy)	<ul style="list-style-type: none"> ◆ Conceptual design of rare-earth mud production system 	<ul style="list-style-type: none"> ◆ Technological support services for NOC in Middle East ◆ Comprehensive support services for domestic clients

6. 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 Engineering Co., Ltd. ◆ Providing HERO(Hybrid Energy system Re-Optimization) service which contributes to energy saving and reduction of greenhouse gas emission at refineries and petrochemical plants, through mathematical optimization model
	Promotion of innovation	<ul style="list-style-type: none"> ◆ Expansion of sales for DX-PLANT*1 ◆ Establishment of DXoT*2 Planning & Promotion Center and acceleration of DX ◆ Real project application of AWP*3 ◆ Establishment of Next-G Technology & Application Division
Enhancement of organizational capability	Optimization of overseas group EPC companies	<ul style="list-style-type: none"> ◆ Improvement of profitability at group EPC companies
	Optimum allocation & enhancement of Toyo-Japan resources	<ul style="list-style-type: none"> ◆ Continued man power shift to infrastructure and domestic business ◆ Nurture of next-generation digital talents
	Enhancement of risk management	<ul style="list-style-type: none"> ◆ Sustaining adequate profit ratio of every project awarded after FY2015 ◆ Thorough proactive risk and budget management at project stage
Reinforcement of financial base		<ul style="list-style-type: none"> ◆ Capital increase through investment by Integral Corporation

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

*2 DXoT : Abbreviation of "Digital Transformation of TOYO". Company-wide activities to set up operational reforms by maximizing utilization of Digitalization of business process & Digital technologies.

*3 AWP : Advanced Work Packaging is a method to improve project efficiency.

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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.