

*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 2018

# OUTLINE OF FINANCIAL RESULTS

November 10, 2017

Toyo Engineering Corporation

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- ◆ Decrease in revenue and profit compared with the same period of the previous year
- ◆ New orders : JPY 108.0 billion  
Reached 43% of FY2017 target
- ◆ FY2017 forecast is the same as initial plan.

# Performance Summary

JPY billion

	2016/9	2017/9	Difference	Forecast 2018/3	Progress
Net sales	205.2	180.9	(24.3)	370.0	49%
Gross profit	13.3	12.1	(1.2)	27.5	44%
Gross profit margin	6.5%	6.7%	0.2%	7.4%	
SG&A expenses	7.9	10.2	(2.3)	21.0	49%
Operating income	5.3	1.9	(3.4)	6.5	29%
Operating income margin	2.6%	1.1%	-1.5%	1.8%	
Ordinary income	6.8	2.6	(4.2)	5.0	52%
Profit attributable to owners of parent	2.4	1.1	(1.3)	2.0	55%
New orders	52.6	108.0	55.4	250.0	43%
Dividends per share	Interim ¥0	Interim ¥0	¥0	Annual ¥15	-

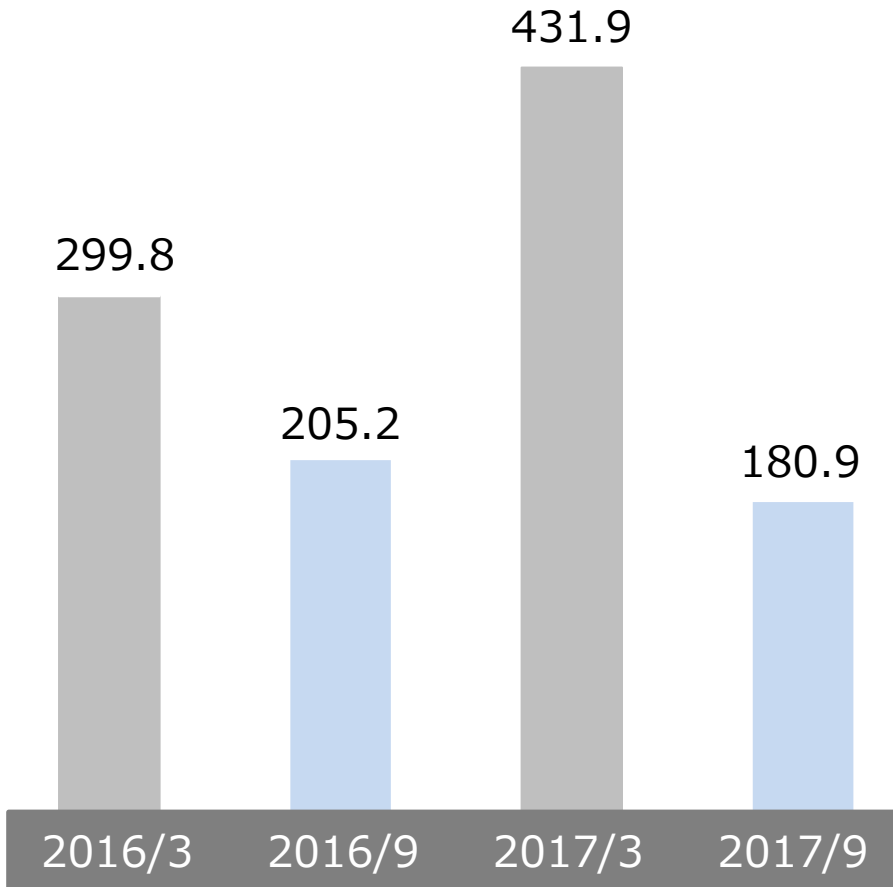
# Income Statement

JPY billion

	2016/9		2017/9		Difference	Forecast 2018/3	Progress
		%		%			
Net sales	205.2	100.0	180.9	100.0	(24.3)	370.0	49%
Cost of sales	191.9	93.5	168.7	93.3	23.2		
Gross profit	13.3	6.5	12.1	6.7	(1.2)	27.5	44%
Selling, general and administrative expenses	7.9	3.9	10.2	5.6	(2.3)	21.0	49%
Operating income	5.3	2.6	1.9	1.1	(3.4)	6.5	29%
Total non-operating income and expenses	1.5	0.7	0.7	0.4	(0.8)		
Ordinary income	6.8	3.3	2.6	1.4	(4.2)	5.0	52%
Total extraordinary gain and loss	-	-	0.3	0.2	0.3		
Income before income taxes	6.8	3.3	3.0	1.7	(3.8)		
Income taxes	4.3	2.1	1.8	1.0	2.5		
Profit	2.4	1.2	1.2	0.7	(1.2)		
Profit attributable to non-controlling interests	0.0	0.0	0.0	0.0	(0.0)		
Profit attributable to owners of parent	2.4	1.2	1.1	0.6	(1.3)	2.0	55%

# Net Sales

JPY billion



Compared with the same period of the previous year

	2016/9	2017/9	Difference	
	205.2	180.9	(24.3)	-12%

	2016/9	2017/9	Difference	
Japan	26.7	41.8	15.1	
%	13%	23%	10%	
Overseas	178.5	139.1	(39.4)	
%	87%	77%	-10%	
Total	205.2	180.9	(24.3)	

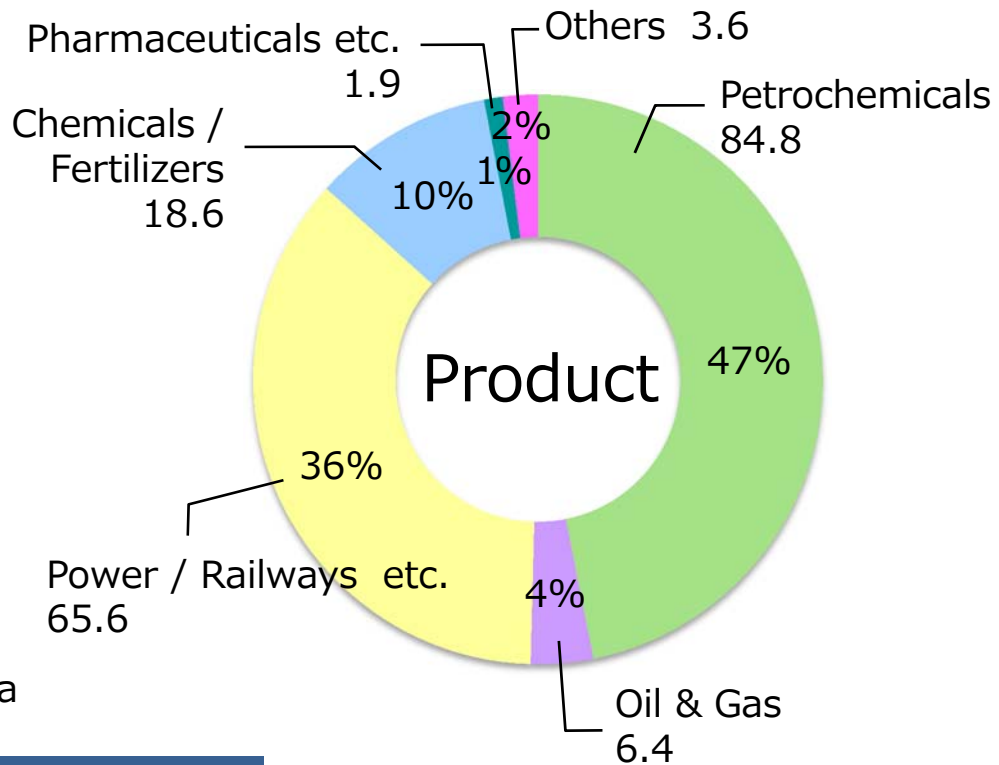
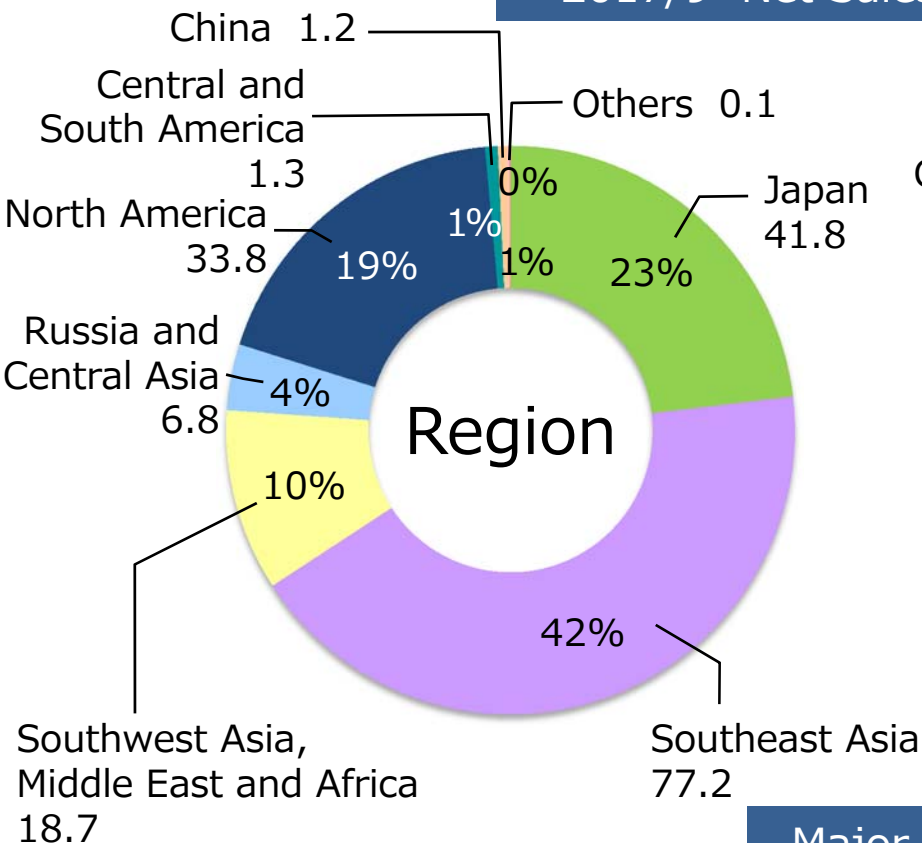
Compared with forecast for 2018/3

Forecast 2018/3	Result 2017/9	Difference	Progress
370.0	180.9	(189.1)	49%

# Net Sales

JPY billion

2017/9 Net Sales : JPY 180.9 billion

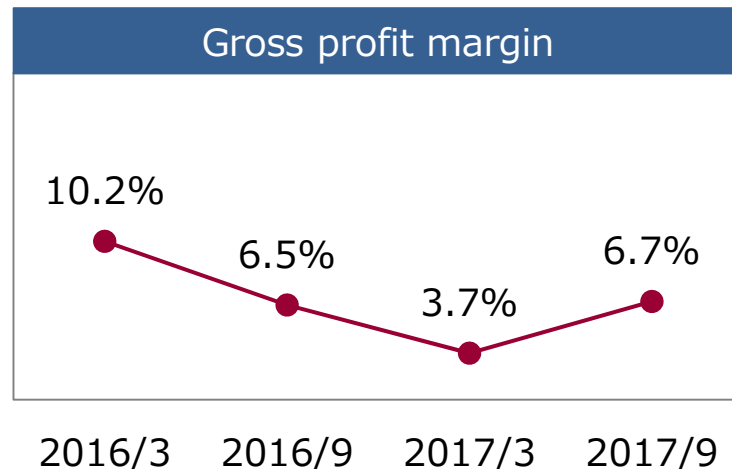
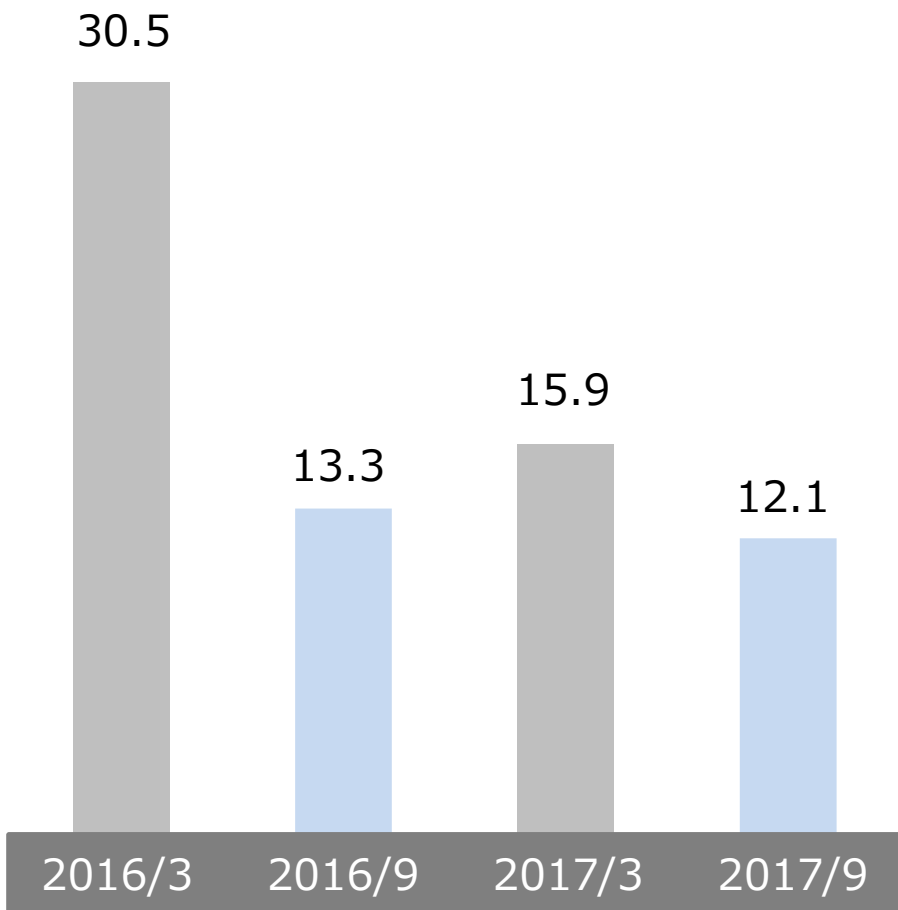


## Major Contracts

Over JPY 30 billion	Over JPY 10 billion	Over JPY 5 billion
Petrochemical, MALAYSIA	Petrochemical, USA Power / Railway etc., THAILAND Power / Railway etc., JAPAN Chemical / Fertilizer, INDIA	Power / Railway etc., JAPAN Petrochemical, INDONESIA Petrochemical, TURKMENISTAN

# Gross Profit

JPY billion



Compared with the same period of the previous year

2016/9	2017/9	Difference	
13.3	12.1	(1.2)	-9%
Gross profit margin			
6.5%	6.7%		+0.2%

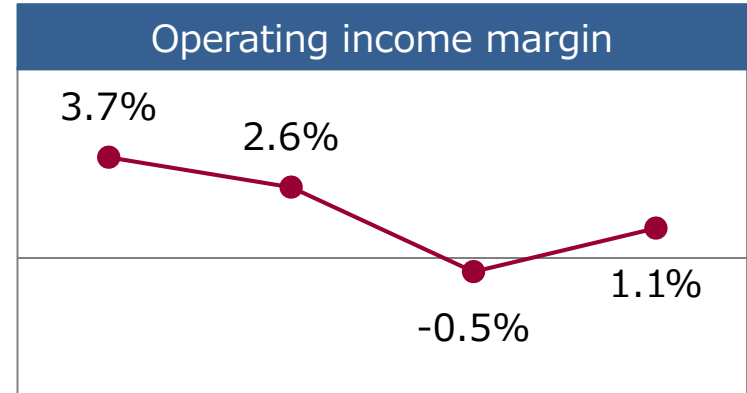
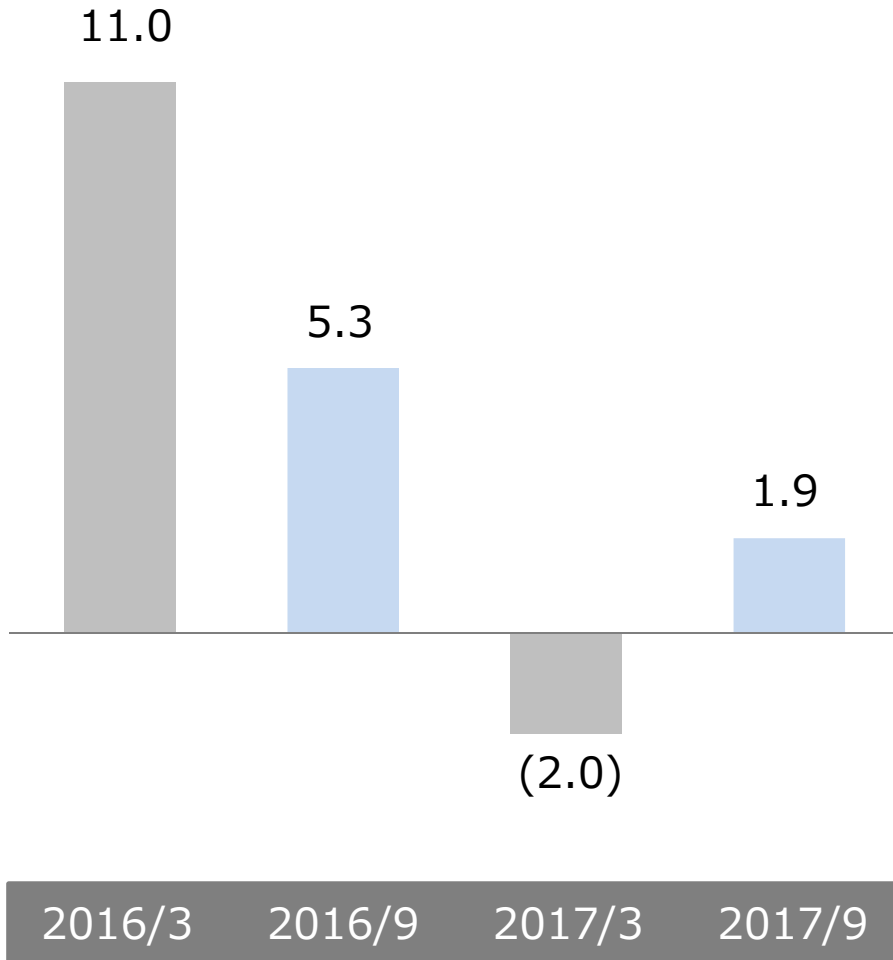
Compared with forecast for 2018/3

Forecast 2018/3	Result 2017/9	Difference	Progress
27.5	12.1	(15.4)	44%
Gross profit margin			
7.4%	6.7%	-0.7%	



# Operating Income

JPY billion



2016/3 2016/9 2017/3 2017/9

Compared with the same period of the previous year

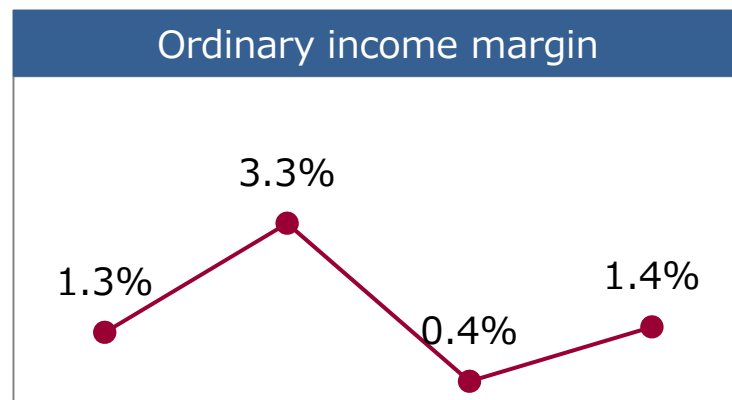
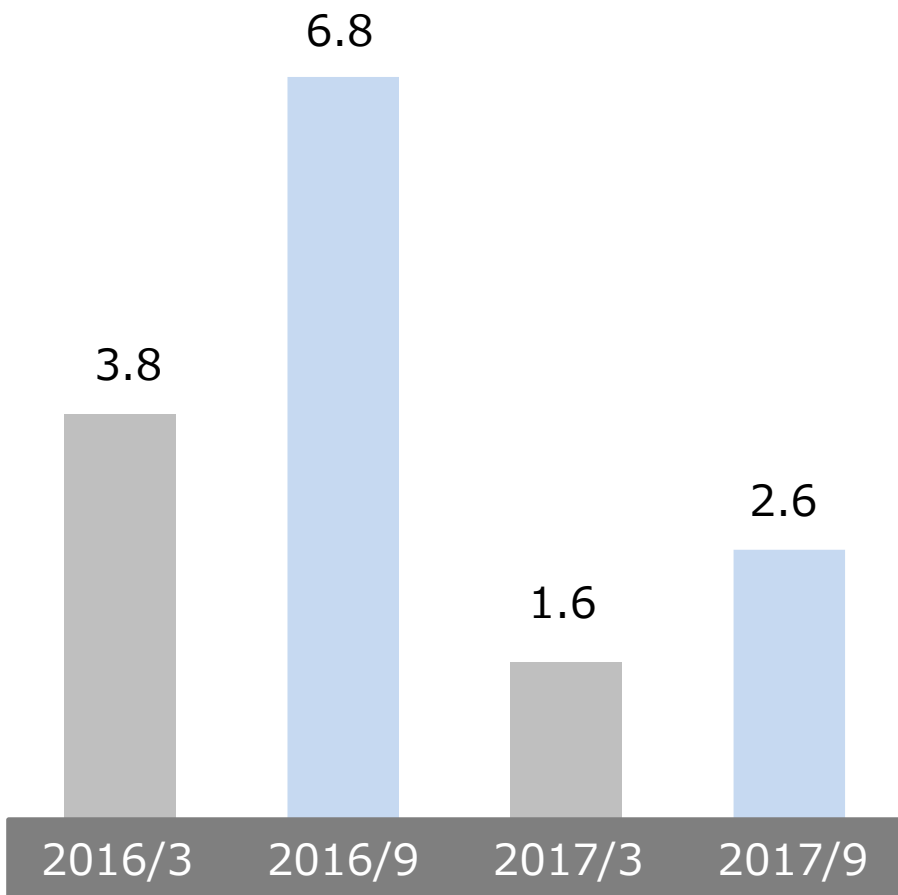
	2016/9	2017/9	Difference	
	5.3	1.9	(3.4)	-64%
SG&A expenses	7.9	10.2	(2.3)	

Compared with forecast for 2018/3

	Forecast 2018/3	Result 2017/9	Difference	Progress
	6.5	1.9	(4.6)	29%
SG&A expenses	21.0	10.2	10.8	49%

# Ordinary Income

JPY billion



2016/3 2016/9 2017/3 2017/9

Compared with the same period of the previous year

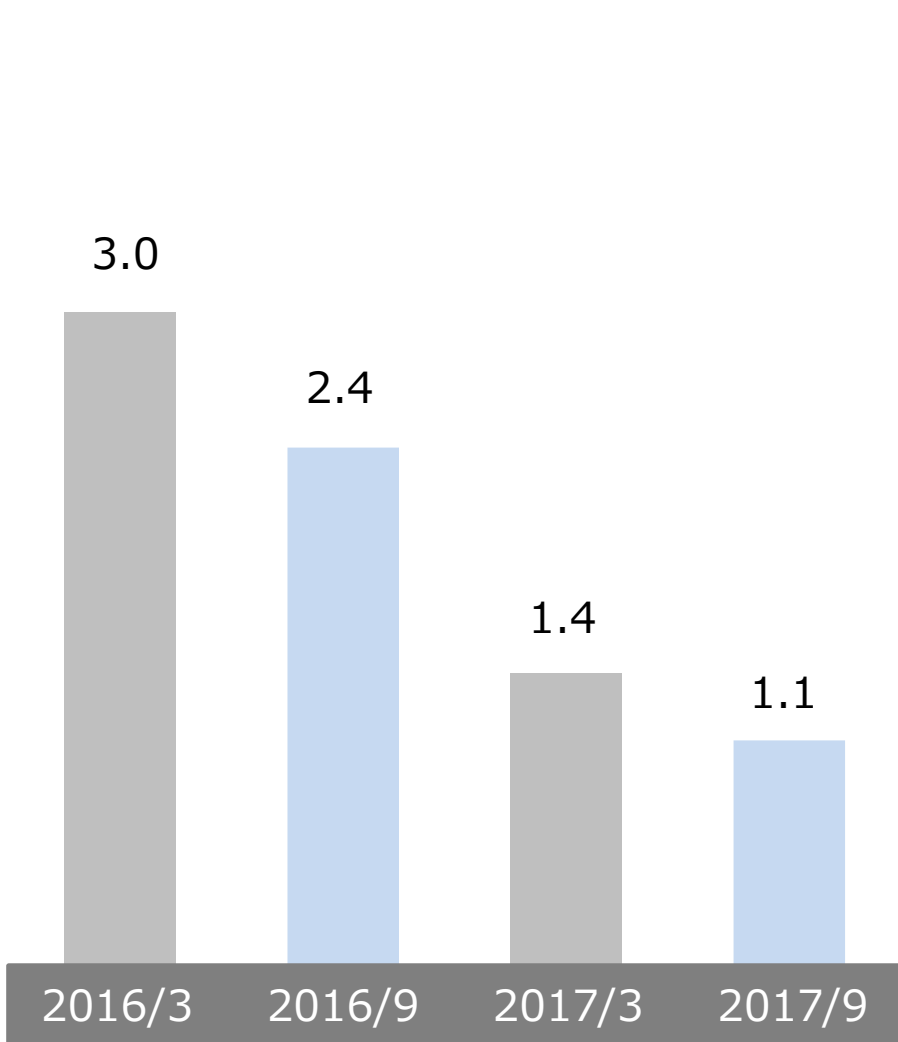
2016/9	2017/9	Difference	
6.8	2.6	(4.2)	-62%

Compared with forecast for 2018/3

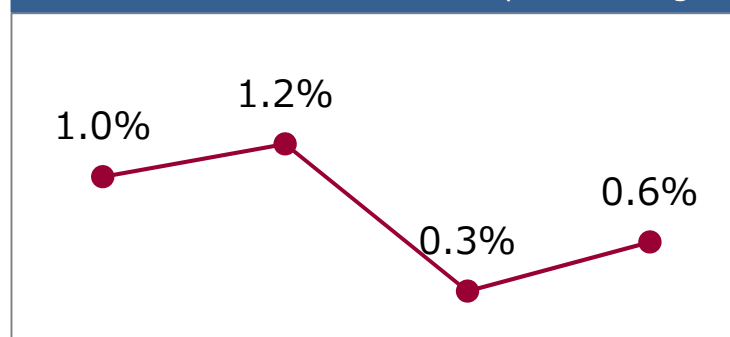
Forecast 2018/3	Result 2017/9	Difference	Progress
5.0	2.6	(2.4)	52%
Total non-operating income and expenses			
(1.5)	0.7	(2.2)	

# Profit Attributable to Owners of Parent

JPY billion



## Profit attributable to owners of parent margin



2016/3 2016/9 2017/3 2017/9

## Compared with the same period of the previous year

2016/9	2017/9	Difference	
2.4	1.1	(1.3)	-54%

## Compared with forecast for 2018/3

Forecast 2018/3	Result 2017/9	Difference	Progress
2.0	1.1	(0.9)	55%

# Balance Sheet

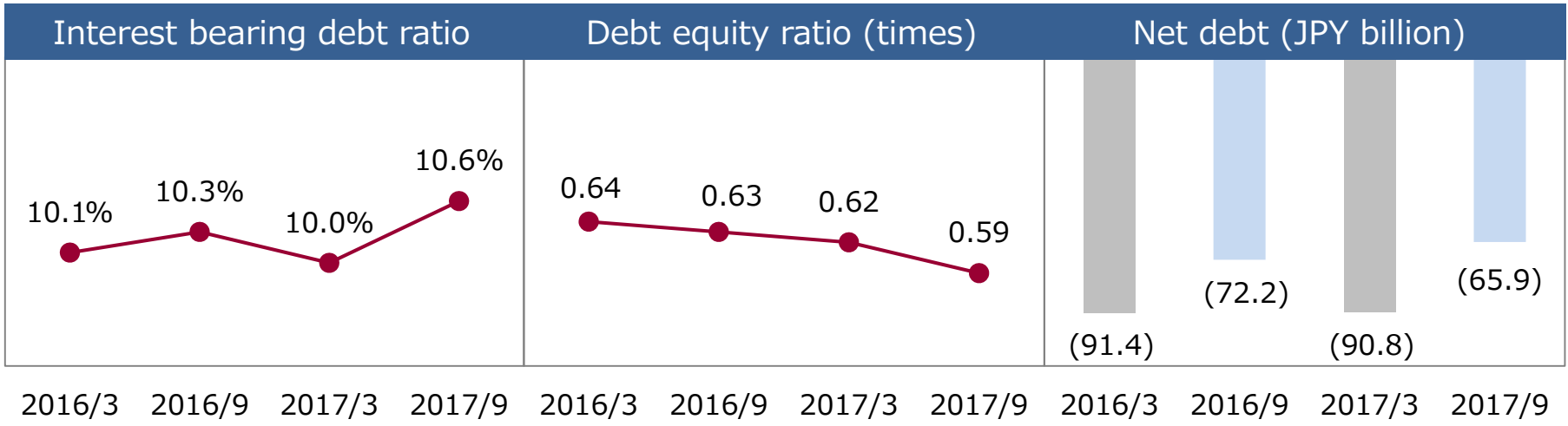
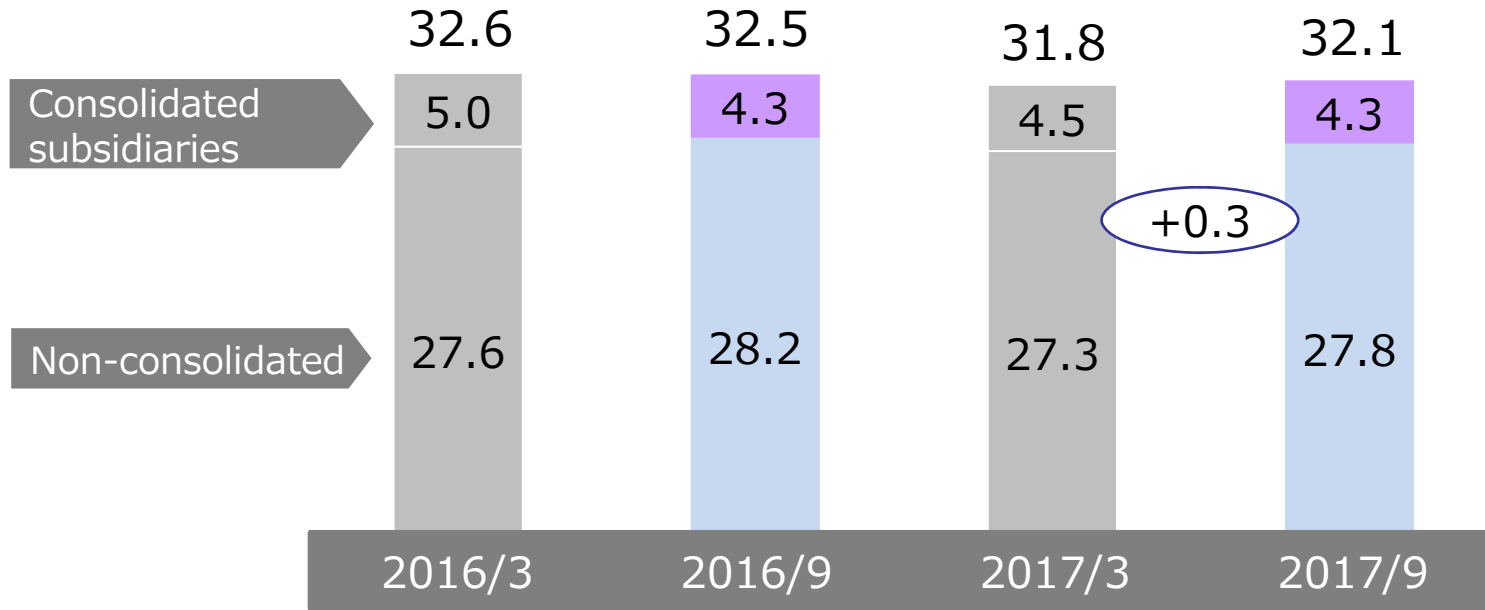
JPY billion

Assets	2017/3	2017/9	Difference
Current assets	281.7	268.9	(12.8)
Cash and deposits	126.0	98.3	(27.7)
Marketable securities	1.1	4.9	3.8
Other current assets	16.6	18.2	1.6
<Operating assets>			
Notes and accounts receivable	88.3	101.6	13.3
Work in progress	49.5	45.6	(3.9)
Non-current assets	35.3	35.0	(0.3)
Property, plant and equipment	12.6	11.9	(0.7)
Intangible assets	1.4	1.2	(0.2)
Investments and other assets	21.2	21.8	0.6
<b>Total assets</b>	<b>317.0</b>	<b>304.0</b>	<b>(13.0)</b>

Liabilities and net assets	2017/3	2017/9	Difference
Current liabilities	237.1	218.6	(18.5)
Short-term interest bearing debt	8.4	7.1	(1.3)
Other current liabilities	18.1	15.8	(2.3)
<Operating liabilities>			
Notes and accounts payable	123.4	120.2	(3.2)
Advance receipts on uncompleted contracts	87.1	75.4	(11.7)
Non-current liabilities	28.6	30.6	2.0
Long-term interest bearing debt	23.4	25.0	1.6
Other non-current liabilities	5.1	5.5	0.4
Net assets	51.3	54.7	3.4
Shareholder's equity	47.5	48.3	0.8
Accumulated other comprehensive income	3.7	6.3	2.6
Non-controlling interests	0.0	0.0	0.0
<b>Total liabilities and net assets</b>	<b>317.0</b>	<b>304.0</b>	<b>(13.0)</b>

# Interest Bearing Debt Balance

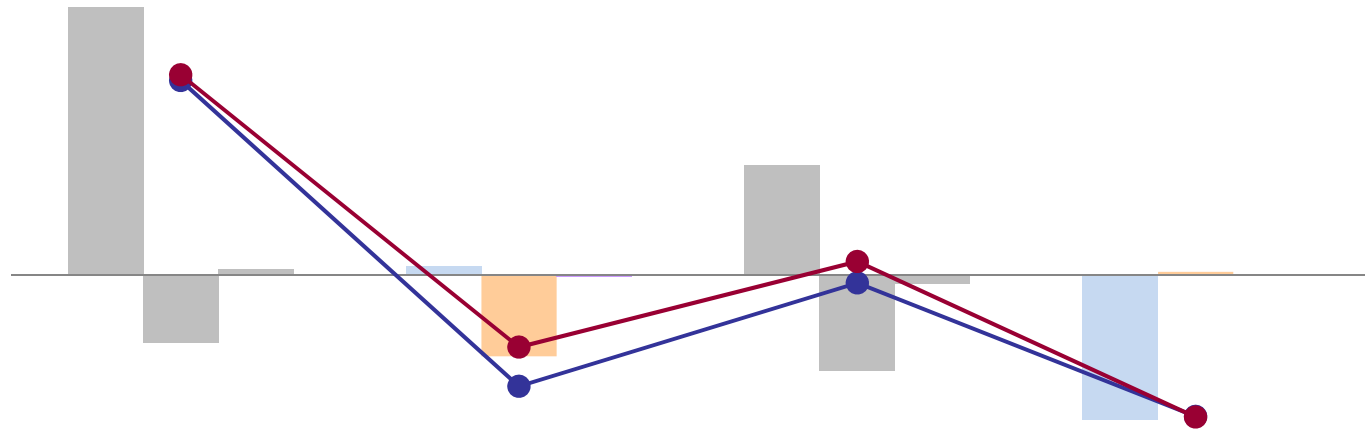
JPY billion



# Cash Flows

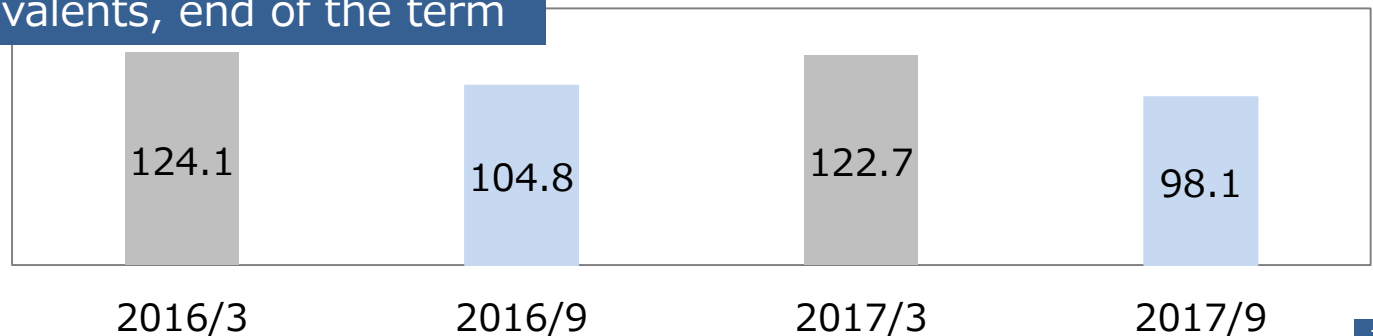
JPY billion

## Cash flows



	2015/4~2016/3	2016/4~9	2016/4~2017/3	2017/4~9
Operating activities	46.3	1.5	18.9	(25.1)
Investing activities	(11.7)	(14.1)	(16.6)	0.5
Financing activities	1.0	(0.4)	(1.5)	(0.0)
Net increase/decrease in cash	33.6	(19.3)	(1.4)	(24.5)
Free cash flow	34.6	(12.5)	2.3	(24.6)

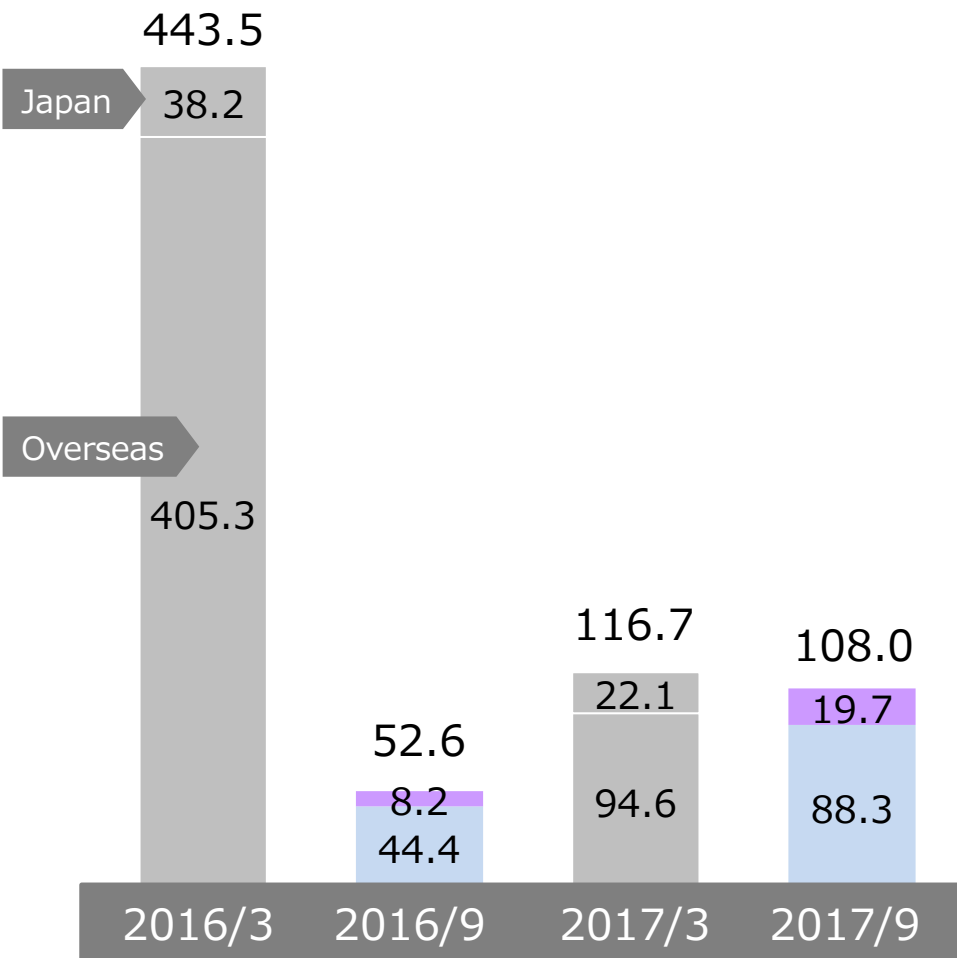
## Cash and cash equivalents, end of the term



# New Orders

JPY billion

2017/9 New orders : JPY 108.0 billion



## Major contracts

### Over JPY 10 billion

Petrochemical, INDONESIA  
 Oil & Gas, INDONESIA  
 Power / Railway etc., THAILAND

### Over JPY 5 billion

Power / Railway etc., JAPAN  
 Power / Railway etc., INDONESIA

### Over JPY 2 billion

Power / Railway etc., JAPAN  
 Petrochemical, INDONESIA  
 Pharmaceutical etc., INDIA

## Breakdown by consolidated companies

Toyo Engineering Corp.	34.7	32%
Japanese subsidiaries	5.5	5%
Overseas subsidiaries	67.8	63%
<b>Total</b>	<b>108.0</b>	<b>100%</b>

## Compared with target for 2018/3

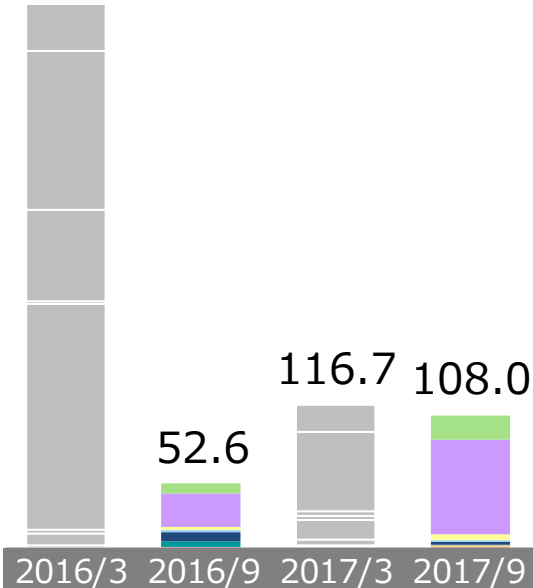
Target 2018/3	Result 2017/9	Difference	Progress
250.0	108.0	(142.0)	43%

# New Orders

JPY billion

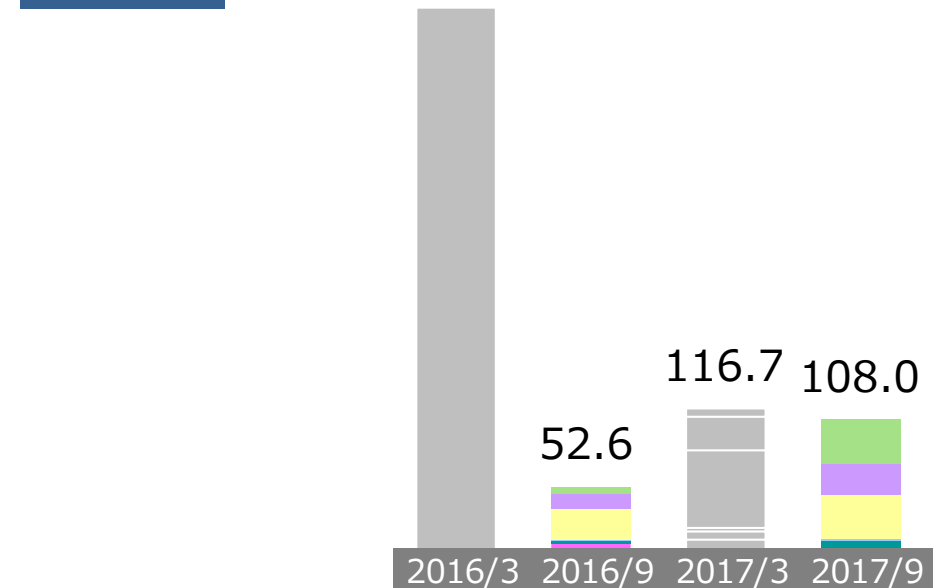
## Region

443.5



## Product

443.5



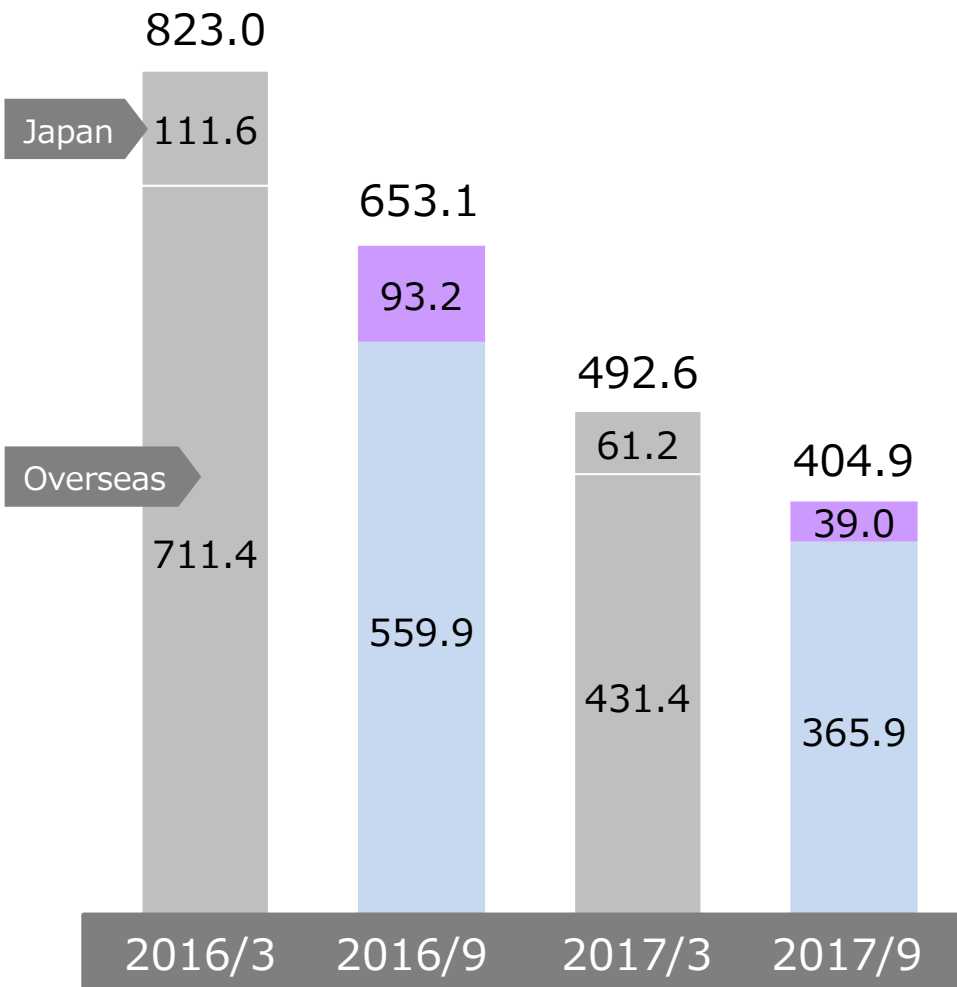
Region	2016/3	2016/9	2017/3	2017/9
Japan	38.2	8.2	22.1	19.7
Southeast Asia	129.6	27.3	64.7	77.2
Southwest Asia, Middle East and Africa	74.4	2.6	3.7	4.8
Russia and Central Asia	2.3	1.7	3.3	1.3
North America	184.1	7.4	16.0	2.3
Central and South America	3.1	4.5	4.8	0.4
China	9.7	0.5	1.5	2.2
Others	2.1	0.4	0.6	0.1
<b>Total</b>	<b>443.5</b>	<b>52.6</b>	<b>116.7</b>	<b>108.0</b>

Product	2016/3	2016/9	2017/3	2017/9
Petrochemicals	219.1	5.2	6.7	36.4
Oil & Gas	-	12.2	27.3	24.9
Power / Railways etc.	-	25.4	63.3	36.4
Chemicals / Fertilizers	77.4	1.4	2.9	1.1
Pharmaceuticals etc.	-	1.9	6.7	6.3
Others	18.8	6.5	9.8	2.9
Oil refinery	25.3	-	-	-
Energy-related	97.8	-	-	-
General manufacturing facilities	5.1	-	-	-
<b>Total</b>	<b>443.5</b>	<b>52.6</b>	<b>116.7</b>	<b>108.0</b>



# Backlog of Contracts

JPY billion



2017/9 Backlog of contracts  
JPY 404.9 billion

## Major contracts

### Over JPY 50 billion

- Power / Railway etc., THAILAND
- Petrochemical, MALAYSIA
- Petrochemical, USA

### Over JPY 10 billion

- Chemical / Fertilizer, INDIA
- Petrochemical, INDONESIA
- Oil & Gas, INDONESIA
- Power / Railway etc., JAPAN
- Petrochemical, INDONESIA

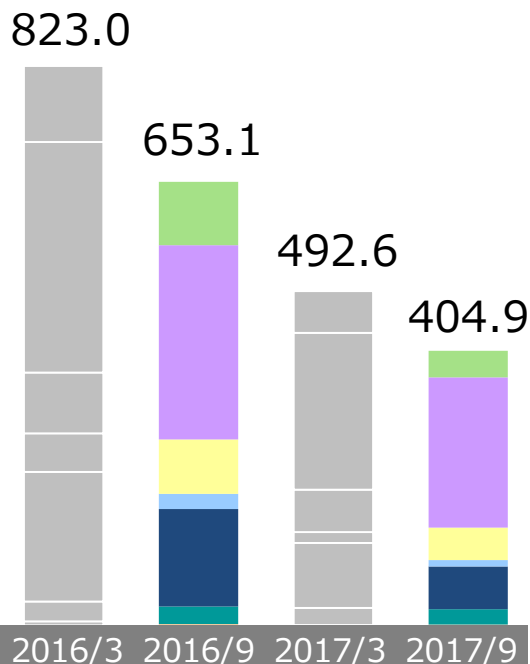
### Over JPY 5 billion

- Power / Railway etc., JAPAN

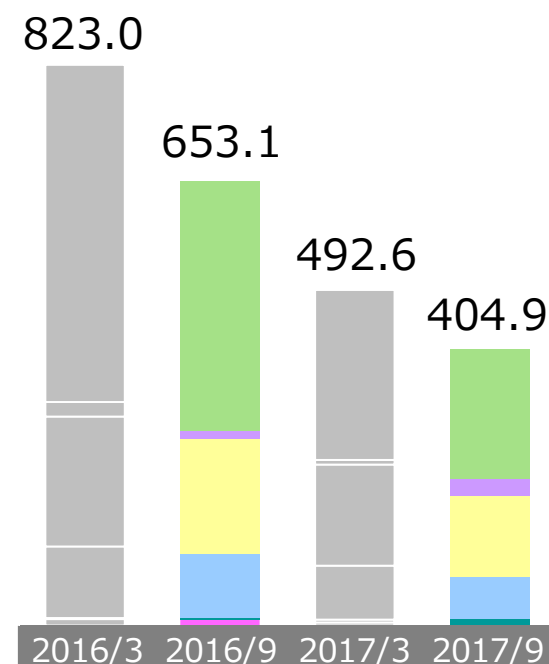
# Backlog of Contracts

JPY billion

## Region



## Product



Region	2016/3	2016/9	2017/3	2017/9
Japan	111.6	93.2	61.2	39.0
Southeast Asia	338.4	285.1	230.3	220.5
Southwest Asia, Middle East and Africa	89.2	79.8	62.1	47.7
Russia and Central Asia	56.7	22.2	16.1	9.2
North America	190.1	143.2	95.4	62.8
Central and South America	29.2	25.8	25.0	22.5
China	5.9	2.6	1.8	2.8
Others	1.9	1.2	0.7	0.4
<b>Total</b>	<b>823.0</b>	<b>653.1</b>	<b>492.6</b>	<b>404.9</b>

Product	2016/3	2016/9	2017/3	2017/9
Petrochemicals	494.7	366.8	249.4	189.7
Oil & Gas	21.5	12.4	6.8	24.4
Power / Railways etc.	190.6	168.0	148.5	119.6
Chemicals / Fertilizers	105.1	94.0	79.2	60.7
Pharmaceuticals etc.	1.7	3.4	4.2	9.2
Others	9.4	8.5	4.5	1.3
<b>Total</b>	<b>823.0</b>	<b>653.1</b>	<b>492.6</b>	<b>404.9</b>

◆ No change from initial forecast as of 19 May, 2017

JPY billion

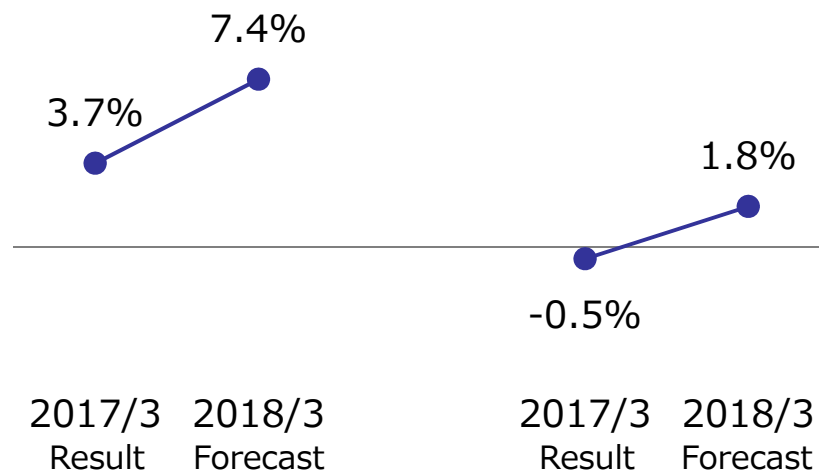
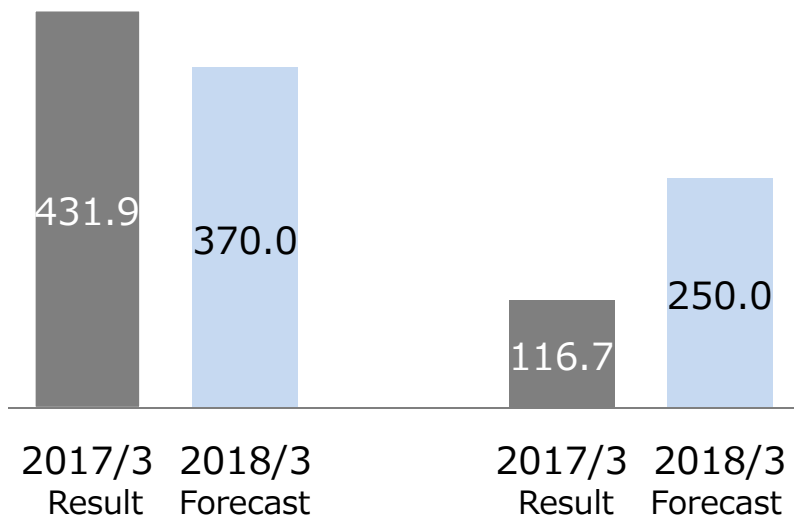
	2017/3	2Q 2017/9	Forecast 2018/3
Net sales	431.9	180.9	370.0
Gross profit	15.9	12.1	27.5
Gross profit margin	3.7%	6.7%	7.4%
SG&A expenses	17.9	10.2	21.0
Operating income	(2.0)	1.9	6.5
Operating income margin	-0.5%	1.1%	1.8%
Ordinary income	1.6	2.6	5.0
Profit attributable to owners of parent	1.4	1.1	2.0
New orders	116.7	108.0	250.0
Dividends per share	Annual ¥2	Interim ¥0	Annual ¥15 *

Exchange rate for the forecast 1US\$= ¥112

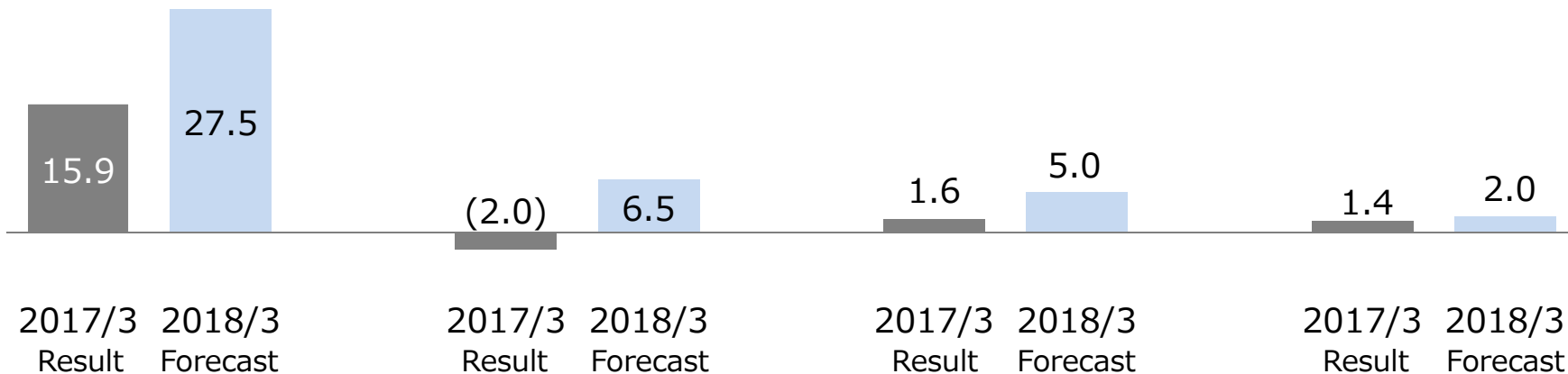
\* We conducted a one-for-five reverse stock split of our company's shares effective October 1, 2017, which is factored into the per-share amount of the year-end dividends for the fiscal year ending March 31, 2018 shown here.

JPY billion

Net sales	New orders	Gross profit margin	Operating income margin
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Gross profit	Operating income	Ordinary income	Profit attributable to owners of parent
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# -Reference- Historical Data

		2016/3	2016/9	2017/3	2017/9	Forecast 2018/3
Net sales	JPY billion	299.8	205.2	431.9	180.9	370.0
Gross profit	JPY billion	30.5	13.3	15.9	12.1	27.5
Gross profit margin	%	10.2%	6.5%	3.7%	6.7%	7.4%
SG&A expenses	JPY billion	19.4	7.9	17.9	10.2	21.0
Operating income	JPY billion	11.0	5.3	(2.0)	1.9	6.5
Operating income margin	%	3.7%	2.6%	-0.5%	1.1%	1.8%
Ordinary income	JPY billion	3.8	6.8	1.6	2.6	5.0
Profit attributable to owners of parent	JPY billion	3.0	2.4	1.4	1.1	2.0
Comprehensive income	JPY billion	8.4	1.3	1.0	3.7	
Interest bearing debt	JPY billion	32.6	32.5	31.8	32.1	
Interest bearing debt ratio	%	10.1%	10.3%	10.0%	10.6%	
Net debt	JPY billion	(91.4)	(72.2)	(90.8)	(65.9)	
Debt equity ratio	Times	0.64	0.63	0.62	0.59	
Equity ratio	%	15.8%	16.3%	16.2%	18.0%	
Operating activities CF	JPY billion	46.3	1.5	18.9	(25.1)	
Investing activities CF	JPY billion	(11.7)	(14.1)	(16.6)	0.5	
Financing activities CF	JPY billion	1.0	(0.4)	(1.5)	(0.0)	
New orders	JPY billion	443.5	52.6	116.7	108.0	250.0
Backlog of contracts	JPY billion	823.0	653.1	492.6	404.9	372.6
Dividends per share	Yen	Annual 4.0	Interim 0.0	Annual 2.0	Interim 0.0	Annual 15.0 *

\* We conducted a one-for-five reverse stock split of our company's shares effective October 1, 2017, which is factored into the per-share amount of the year-end dividends for the fiscal year ending March 31, 2018 shown here.



## 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.