

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

OUTLINE OF FINANCIAL RESULTS

November 8, 2018

Toyo Engineering Corporation

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Performance Summary Versus Forecast for 2019/3

JPY billion

	2018/9	Forecast 2019/3	Progress
Net sales	147.8	300.0	49%
Gross profit	8.3 *1	21.0	40%
Gross profit margin	5.7%	7.0%	
SG&A expenses	7.5 *2	19.0	39%
Operating income	0.8	2.0	40%
Operating income margin	0.6%	0.7%	
Non-operating income and expenses	2.2 *3	0.5	440%
Ordinary income	3.0	2.5	120%
Profit attributable to owners of parent	1.6	1.0	160%
New orders	100.4	300.0	33%
Dividends per share	Interim ¥0	Annual ¥0	-

*1
Added revised costs of
ethylene project in USA

*2
Reduced costs incurred

*3
Improvement in the
balance of payments of
some equity method
affiliates

Performance Summary

Versus the Same Period of the Previous Year

- ◆ Decrease in revenue but increase in profit compared with the same period of the previous year

JPY billion

	2017/9	2018/9	Difference
Net sales	180.9	147.8	(33.1)
Gross profit	12.1	8.3	(3.8) *4
Gross profit margin	6.7%	5.7%	-1.0%
SG&A expenses	10.2	7.5	2.7 *5
Operating income	1.9	0.8	(1.1)
Operating income margin	1.1%	0.6%	-0.5%
Non-operating income and expenses	0.7	2.2	1.5 *6
Ordinary income	2.6	3.0	0.4
Profit attributable to owners of parent	1.1	1.6	0.5
New orders	108.0	100.4	(7.6)
Dividends per share	Interim ¥0	Interim ¥0	¥0

*4
Due to decrease in net sales, and declining gross profit margin

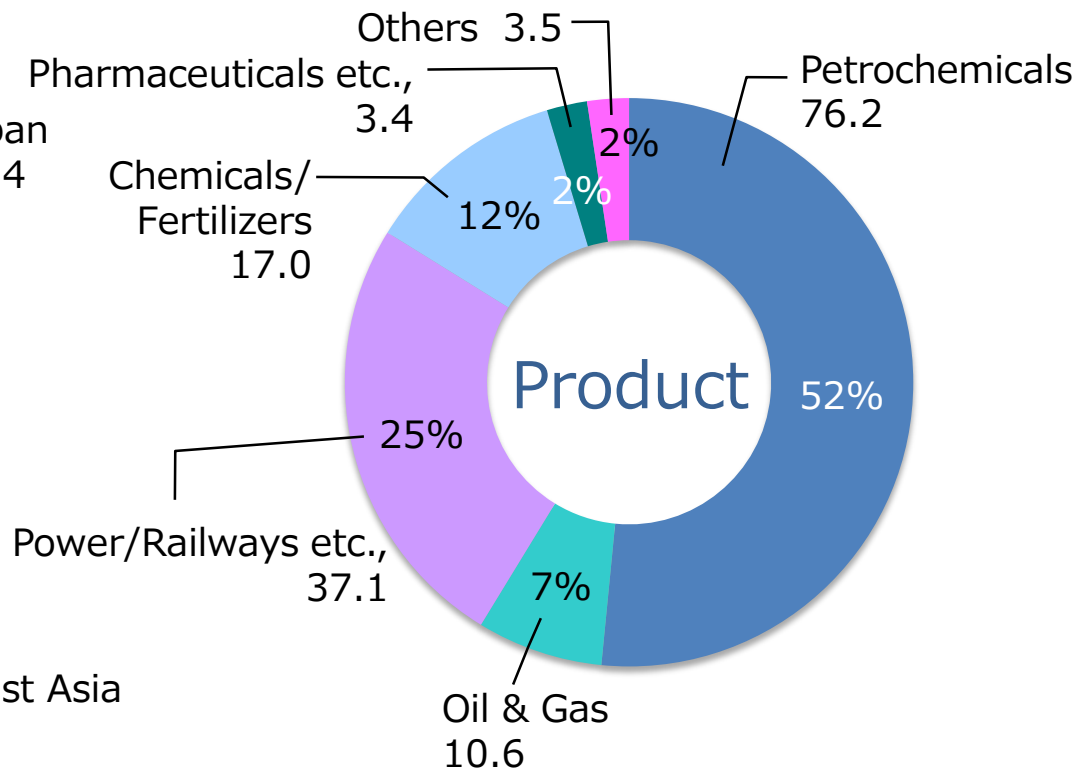
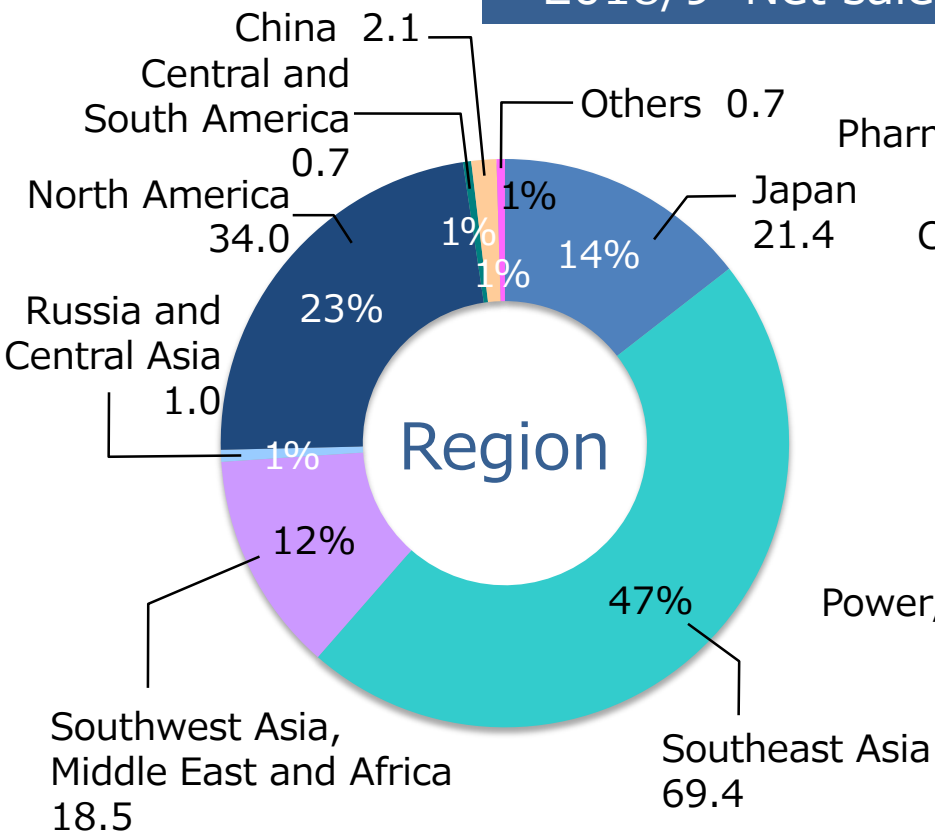
*5
Reduction of fixed costs

*6
Increased equity in earnings of affiliates

Net Sales

JPY billion

2018/9 Net sales :JPY 147.8 billion



Major Contracts

Over JPY 30 billion	Over JPY 20 billion	Over JPY 5 billion
Petrochemical, USA	Petrochemical, MALAYSIA Power/Railway etc., THAILAND	Power/Railway etc., JAPAN Oil & Gas, INDONESIA Chemicals/Fertilizers, INDIA (2projects) Petrochemical, INDONESIA

Balance Sheet

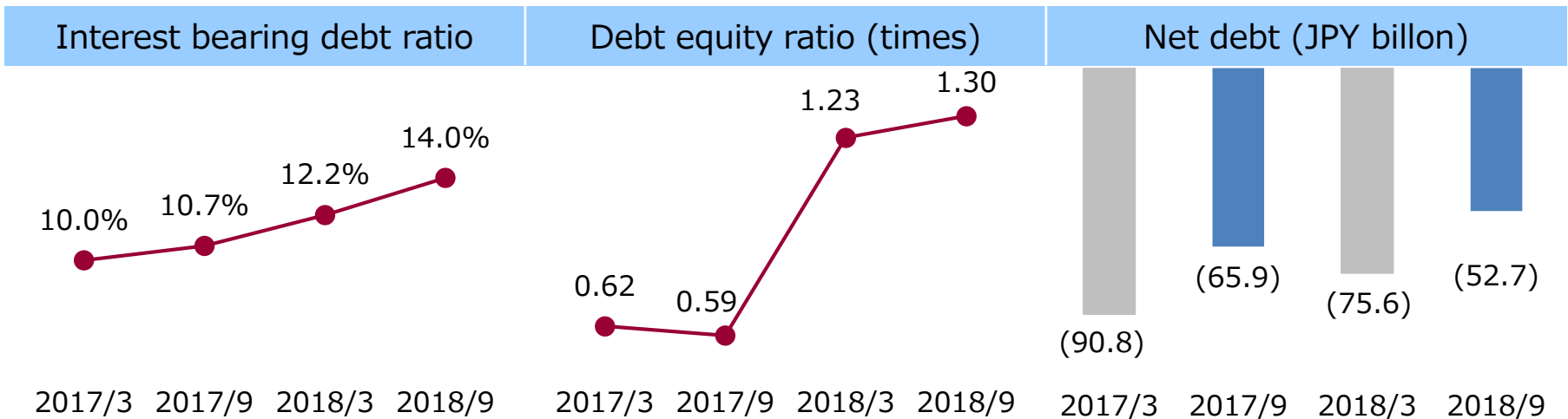
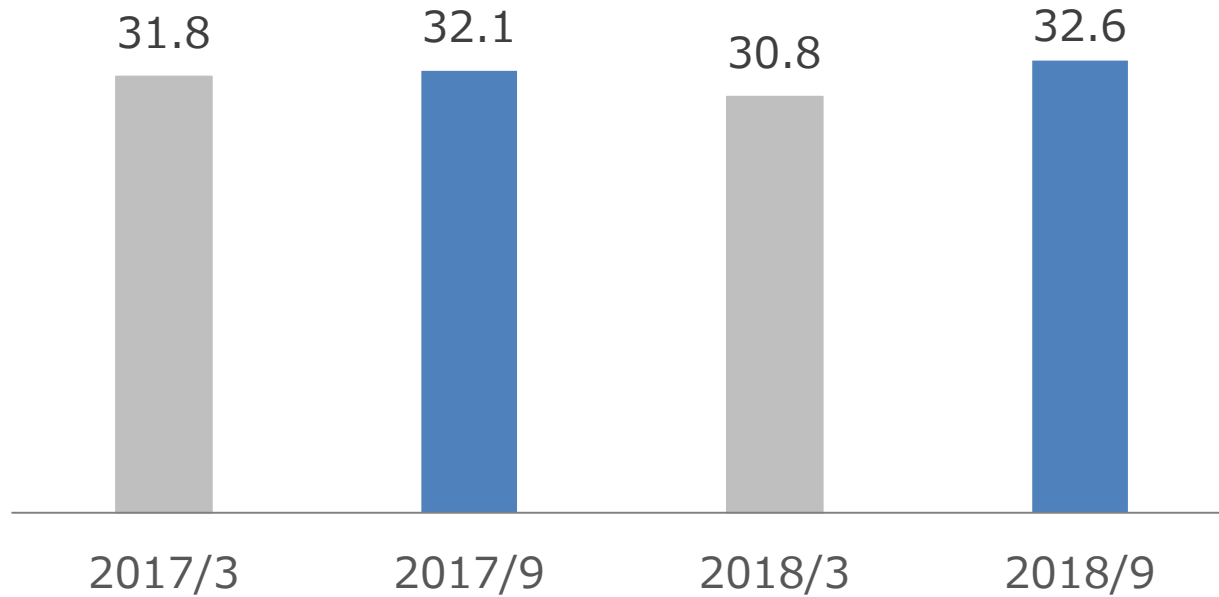
JPY billion

Assets	2018/3	2018/9	Difference	Liabilities and net assets	2018/3	2018/9	Difference
Current assets	221.3	202.1	(19.2)	Current liabilities	198.4	180.1	(18.3)
Cash and deposits	111.0	87.6	(23.4)	Short-term interest bearing debt	7.1	9.9	2.8
Marketable securities	1.0	0.9	(0.1)	Other current liabilities	24.1	20.3	(3.8)
Other current assets	15.3	11.0	(4.3)				
<Operating assets>				<Operating liabilities>			
Notes and accounts receivable	62.0	72.8	10.8	Notes and accounts payable	104.7	91.4	(13.3)
Work in progress	31.7	29.7	(2.0)	Advance receipts on uncompleted contracts	62.4	58.3	(4.1)
Non-current assets	30.5	30.8	0.3	Noncurrent liabilities	28.2	27.7	(0.5)
Property, plant and equipment	11.9	11.7	(0.2)	Long-term interest bearing debt	23.7	22.7	(1.0)
Intangible assets	0.9	1.0	0.1	Other noncurrent liabilities	4.5	4.9	0.4
Investments and other assets	17.5	18.0	0.5				
				Net assets	25.1	25.1	(0.0)
				Shareholder's equity	20.3	21.9	1.6
				Accumulated other comprehensive income	4.7	3.1	(1.6)
				Non-controlling interests	0.0	0.0	0.0
Total assets	251.8	233.0	(18.8)	Total liabilities and net assets	251.8	233.0	(18.8)

*The company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (The Accounting Standards Board of Japan ("ASBJ") Statement No. 28, February 16, 2018), etc. from the beginning of the fiscal year ending March 31, 2019. The figures as of March 31, 2018 is based on retrospective application.

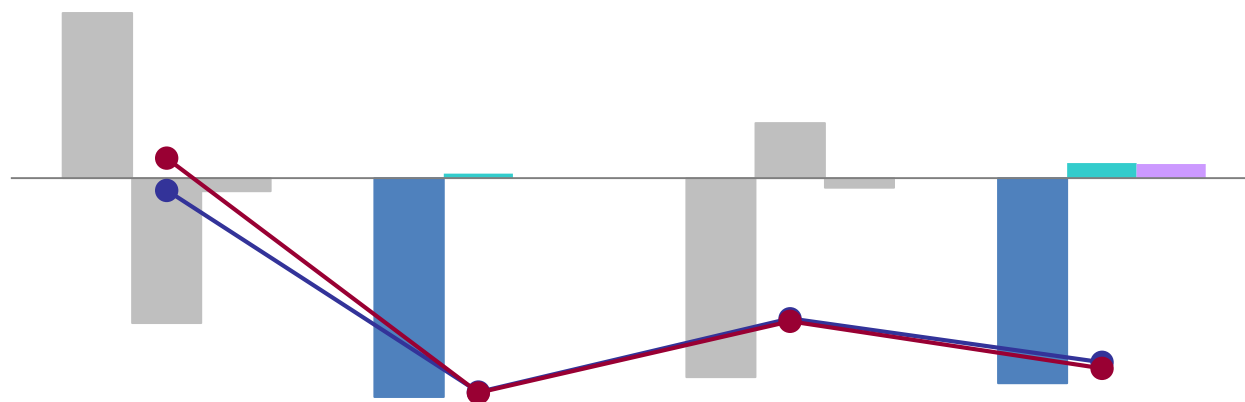
Interest Bearing Debt Balance

JPY billion



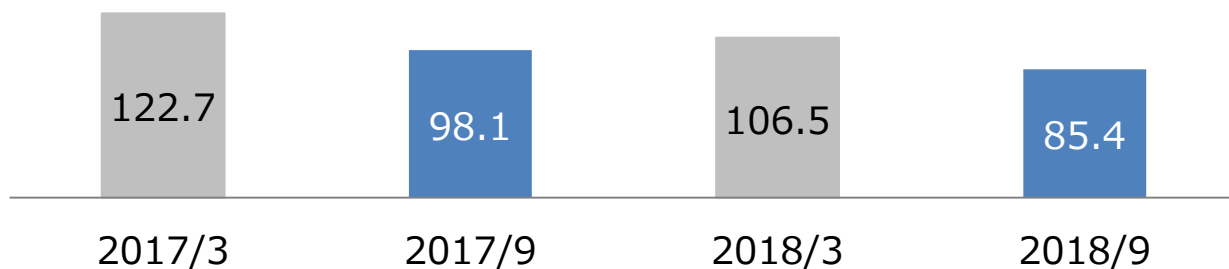
Cash Flows

JPY billion



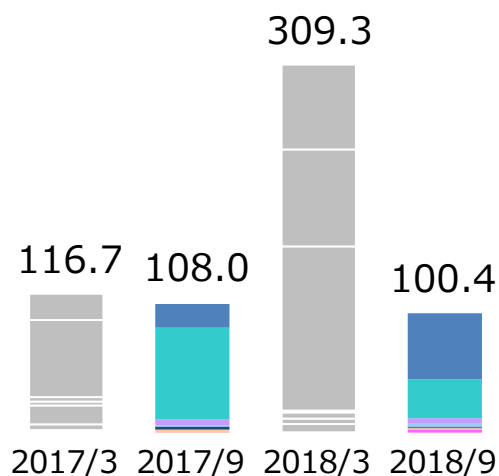
	2016/4~2017/3	2017/4~9	2017/4~2018/3	2018/4~9
Operating activities	18.9	(25.1)	(22.8)	(23.5)
Investing activities	(16.6)	0.5	6.3	1.7
Financing activities	(1.5)	(0.0)	(1.1)	1.6
Net increase/decrease in cash	(1.4)	(24.5)	(16.1)	(21.1)
Free cash flow	2.3	(24.6)	(16.4)	(21.8)

Cash and cash equivalents, end of the term



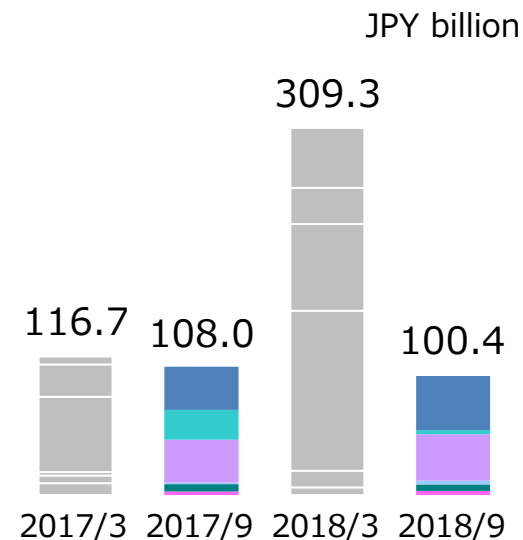
New Orders

Region



Japan	22.1	19.7	71.4	55.4
Southeast Asia	64.7	77.2	81.4	32.9
Southwest Asia, Middle East and Africa	3.7	4.8	138.0	4.7
Russia and Central Asia	3.3	1.3	1.5	2.2
North America	16.0	2.3	5.3	0.8
Central and South America	4.8	0.4	4.5	0.6
China	1.5	2.2	6.8	1.2
Others	0.6	0.1	0.4	2.6
Total	116.7	108.0	309.3	100.4

Product



Petrochemicals	6.7	36.4	50.3	45.6
Oil & Gas	27.3	24.9	30.7	3.5
Power / Railways etc.	63.3	36.4	73.1	39.3
Chemicals / Fertilizers	2.9	1.1	134.9	3.1
Pharmaceuticals etc.	6.7	6.3	13.9	5.5
Others	9.8	2.9	6.4	3.4
Total	116.7	108.0	309.3	100.4

2018/9

Major Contracts

Over JPY 20 billion

Power/Railway etc., JAPAN

Over JPY 10 billion

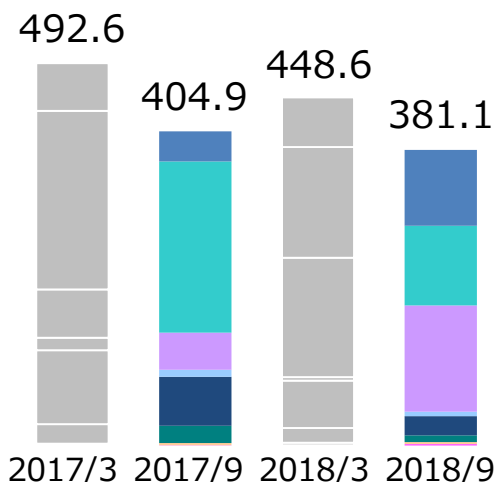
Petrochemical, THAILAND
Power/Railway etc., JAPAN
Petrochemical, INDONESIA

Over JPY 5 billion

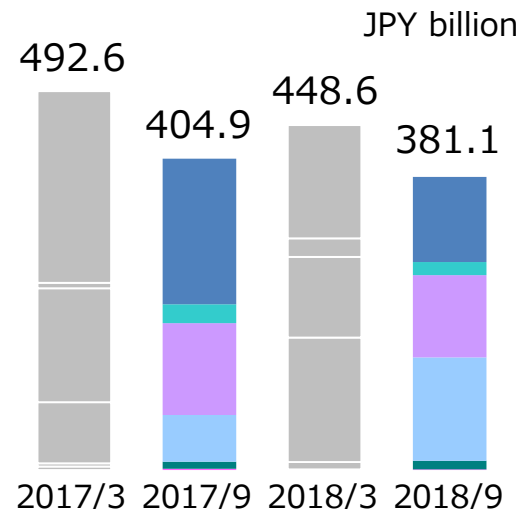
Petrochemical, JAPAN

Backlog of Contracts

Region



Product



Region	2017/3	2017/9	2018/3	2018/9
Japan	61.2	39.0	64.1	98.1
Southeast Asia	230.3	220.5	142.6	102.6
Southwest Asia, Middle East and Africa	62.1	47.7	153.7	136.6
Russia and Central Asia	16.1	9.2	4.4	5.9
North America	95.4	62.8	61.1	24.8
Central and South America	25.0	22.5	19.2	8.6
China	1.8	2.8	3.3	2.3
Others	0.7	0.4	0.2	2.2
Total	492.6	404.9	448.6	381.1

Product	2017/3	2017/9	2018/3	2018/9
Petrochemicals	249.4	189.7	147.4	110.9
Oil & Gas	6.8	24.4	24.1	16.9
Power / Railways etc.	148.5	119.6	105.2	107.2
Chemicals / Fertilizers	79.2	60.7	161.6	134.2
Pharmaceuticals etc.	4.2	9.2	9.5	11.3
Others	4.5	1.3	0.8	0.6
Total	492.6	404.9	448.6	381.1

2018/9 Major Contracts

Over 60 JPY billion
Chemical/Fertilizer, INDIA

Over 40 JPY billion
Chemical/Fertilizer, NIGERIA

Over 15 JPY billion
Petrochemical, INDONESIA
Power/Railways etc., JAPAN (2projects)
Petrochemical, USA
Power/Railway, THAILAND

Forecast for 2019/3

JPY billion

◆ No change from initial forecast as of May 15, 2018

	2018/3	2Q 2018/9	Forecast 2019/3
Net sales	335.6	147.8	300.0
Gross profit	(12.5)	8.3	21.0
Gross profit margin	-3.7%	5.7%	7.0%
SG&A expenses	20.4	7.5	19.0
Operating income	(32.9)	0.8	2.0
Operating income margin	-9.8%	0.6%	0.7%
Non-operating income and expenses	5.1	2.2	0.5
Ordinary income	(27.8)	3.0	2.5
Profit attributable to owners of parent	(26.8)	1.6	1.0
New orders	309.3	100.4	300.0
Dividends per share	Annual ¥0	Interim ¥0	Annual ¥0

Exchange rate for the forecast 1US\$= ¥111

-Reference- Historical Data

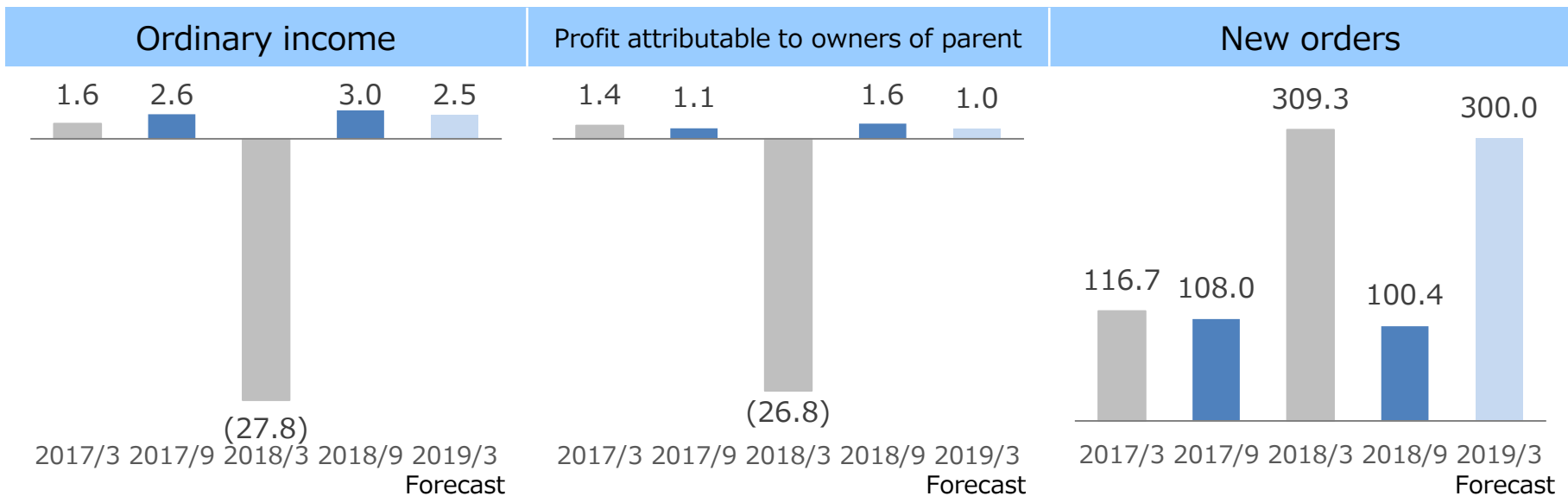
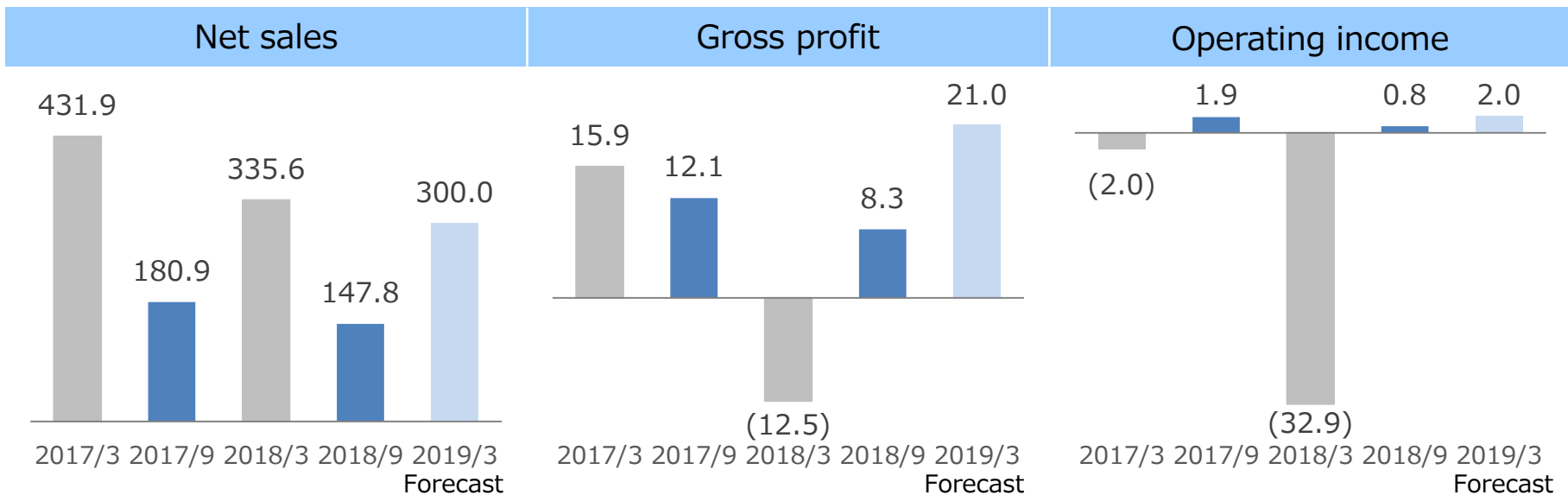
		2017/3	2017/9	2018/3	2018/9	Forecast 2019/3
Net sales	JPY billion	431.9	180.9	335.6	147.8	300.0
Gross profit	JPY billion	15.9	12.1	(12.5)	8.3	21.0
Gross profit margin	%	3.7%	6.7%	-3.7%	5.7%	7.0%
SG&A expenses	JPY billion	17.9	10.2	20.4	7.5	19.0
Operating income	JPY billion	(2.0)	1.9	(32.9)	0.8	2.0
Operating income margin	%	-0.5%	1.1%	-9.8%	0.6%	0.7%
Ordinary income	JPY billion	1.6	2.6	(27.8)	3.0	2.5
Profit attributable to owners of parent	JPY billion	1.4	1.1	(26.8)	1.6	1.0
Comprehensive income	JPY billion	1.0	3.7	(25.7)	(0.0)	
Interest bearing debt	JPY billion	31.8	32.1	30.8	32.6	
Interest bearing debt ratio	%	10.0%	10.7%	12.2%	14.0%	
Net debt	JPY billion	(90.8)	(65.9)	(75.6)	(52.7)	
Debt equity ratio	Times	0.62	0.59	1.23	1.30	
Equity ratio	%	16.2%	18.1%	10.0%	10.8%	
Operating activities CF	JPY billion	18.9	(25.1)	(22.8)	(23.5)	
Investing activities CF	JPY billion	(16.6)	0.5	6.3	1.7	
Financing activities CF	JPY billion	(1.5)	(0.0)	(1.1)	1.6	
New orders	JPY billion	116.7	108.0	309.3	100.4	300.0
Backlog of contracts	JPY billion	492.6	404.9	448.6	381.1	448.6
Dividends per share	Yen	Annual 2.0	Interim 0.0	Annual 0.0	Interim 0.0	Annual 0.0

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The figures as of September 30, 2017 & March 31, 2018 are based on retrospective application.

-Reference- Historical Data Chart

JPY billion





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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.