

Mission: Engineering for Sustainable Growth of the Global Community

Vision: Global Leading Engineering Partner

Values: Integrity, Creativity, Diversity, Learning, Team



Fiscal Year Ended March 2019

OUTLINE OF FINANCIAL RESULTS

May 15, 2019

Toyo Engineering Corporation

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Performance Summary

Versus Revised Forecast for 2019/3

- ◆ Loss of Ethylene Project in USA, in spite of profit improvement by other projects, brought about final losses
- ◆ Almost achieved the New Orders' goal

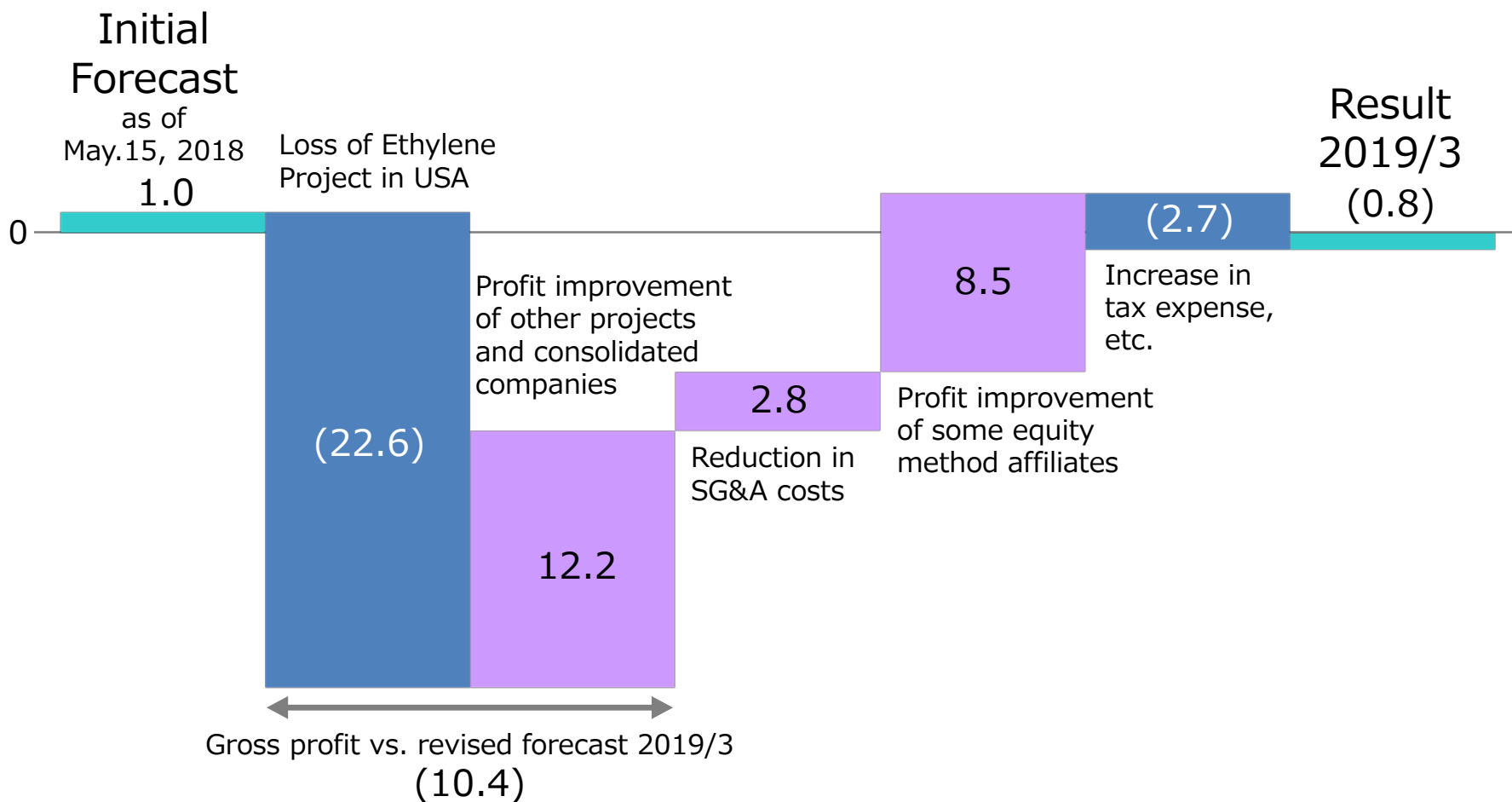
	2019/3		Difference	Achievement	
	Forecast	Result			
Net sales	300.0	294.9	(5.1)	98%	
Gross profit	21.0	10.6	(10.4) *1	-	*1 Rising costs of Ethylene Project in USA Profit improvement of other projects and some subsidiaries
Gross profit margin	7.0%	3.6%	-3.4%		
SG&A expenses	19.0	16.2	2.8 *2	85%	*2 Cost reduction mainly on proposal expenses
Operating income	2.0	(5.6)	(7.6)	-280%	*3 Profit improvement of equity method affiliates in Brazil Increase in interest income
Operating income margin	0.7%	-1.9%	-2.6%		
Non-operating income and expenses	0.5	9.0	8.5 *3	-	
Ordinary income	2.5	3.4	0.9	136%	
Profit attributable to owners of parent	1.0	(0.8)	(1.8) *4	-80%	*4 Increase in tax expenses due to profit improvement of overseas subsidiaries, which led to final losses
New orders	300.0	298.0	(2.0) *5	99%	
Dividends per share	¥0	¥0	¥0	-	*5 Almost goal achievement

Performance Summary

Versus Initial Forecast for 2019/3

JPY billion

Profit attributable to owners of parent Versus the initial forecast 2019/3



Performance Summary

Versus Prior Year

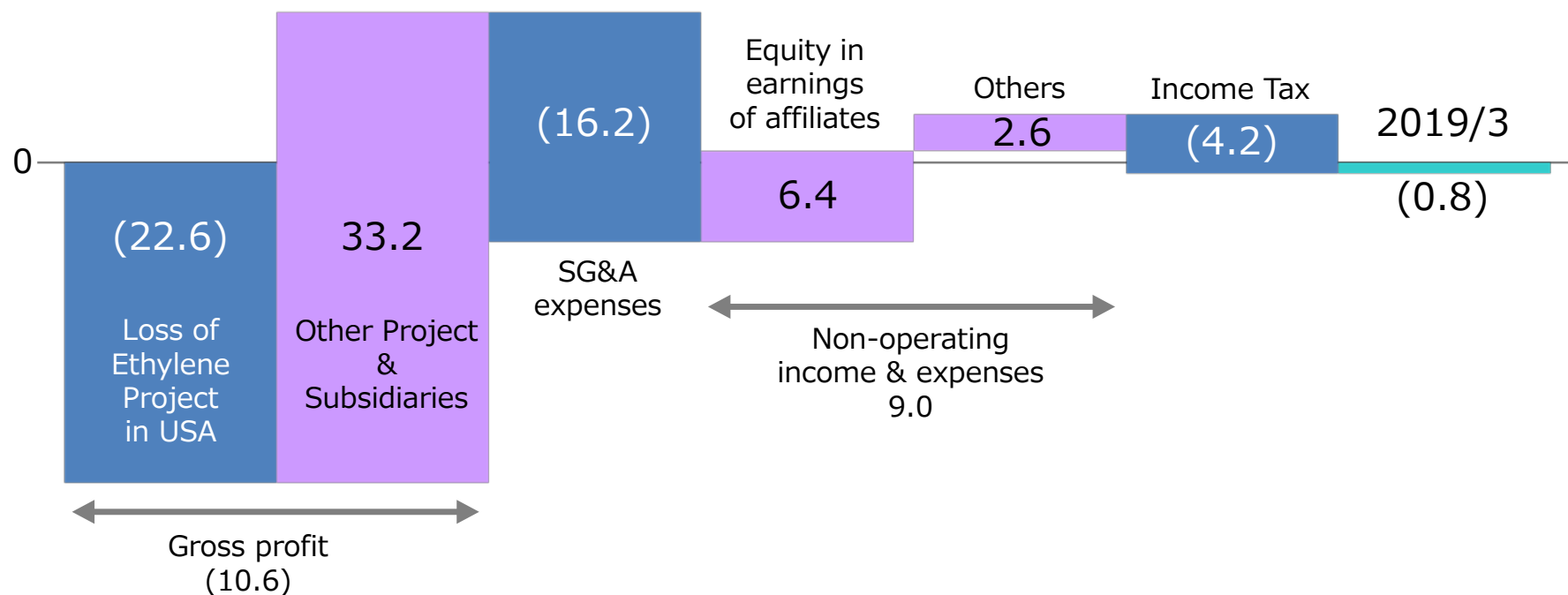
JPY billion

	2018/3	2019/3	Difference	
Net sales	335.6	294.9	(40.7)	
Gross profit	(12.5)	10.6	23.1	*1 Improvement in gross profit due to decreasing loss on Ethylene Project in USA
Gross profit margin	-3.7%	3.6%	7.3%	
SG&A expenses	20.4	16.2	4.2	*2 Cost reduction mainly on proposal expenses
Operating income	(32.9)	(5.6)	27.3	
Operating income margin	-9.8%	-1.9%	7.9%	
Non-operating income and expenses	5.1	9.0	3.9	*3 Increase in interest income Decrease in foreign exchange losses
Ordinary income	(27.8)	3.4	31.2	
Profit before income taxes	(22.3)	3.5	25.8	
Income taxes	4.4	4.2	0.2	*4 Tax expense incurred due to profit improvement of overseas subsidiaries
Profit attributable to owners of parent	(26.8)	(0.8)	26.0	
New orders	309.3	298.0	(11.3)	
Dividends per share	¥0	¥0	¥0	

Performance Summary

Profit Attributable to Owners of Parent Breakdown

JPY billion



Project Income Breakdown

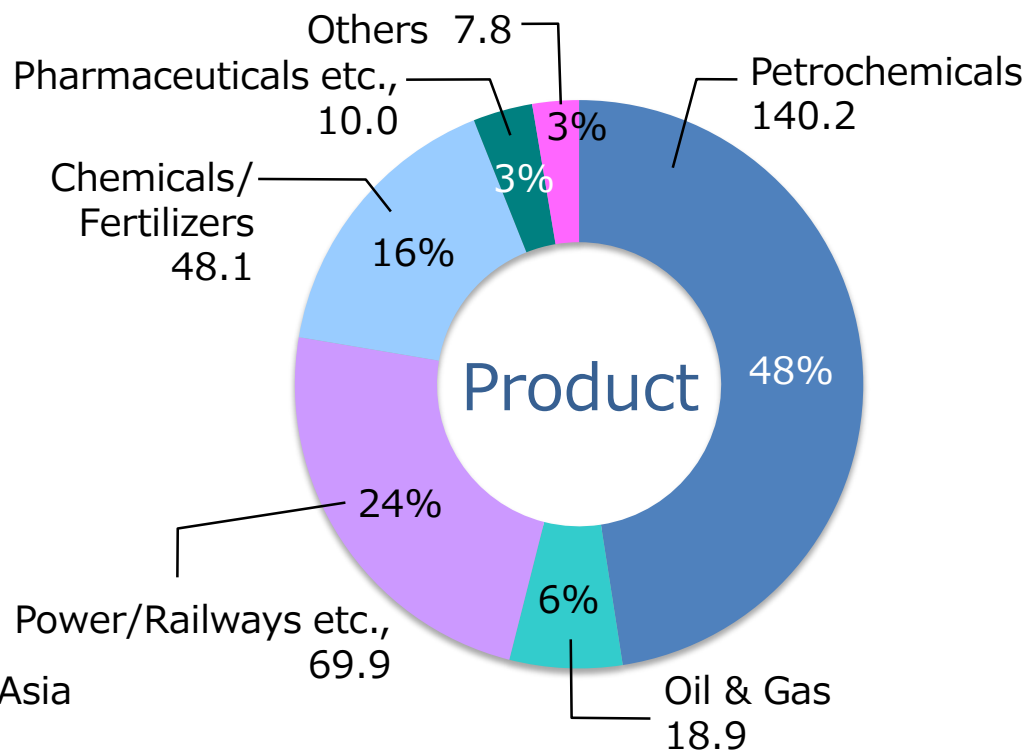
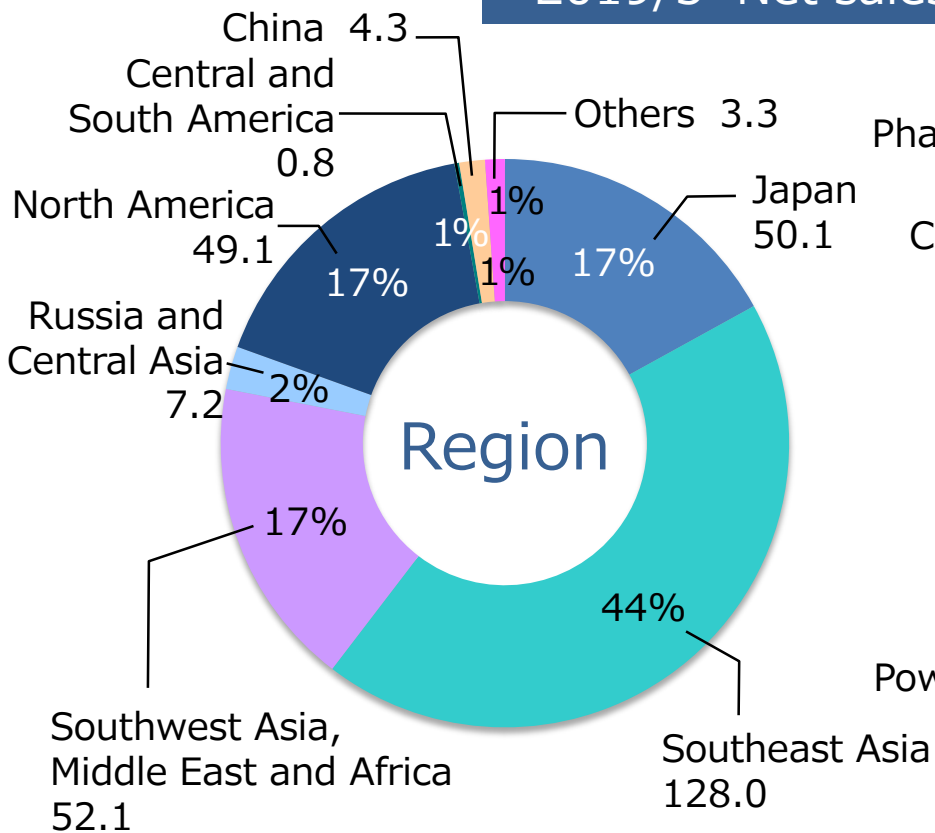
– Our projects except Ethylene project in USA are going as planned –

2019/3	Net sales	Gross profit	Gross profit margin
Ethylene project in USA	45.6	(22.6)	-49.6%
Other project	249.3	33.2	13.3%
Total	294.9	10.6	3.6%

Net sales

JPY billion

2019/3 Net sales : JPY 294.9 billion



Over JPY 30 billion

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

Over JPY 15 billion

Petrochemical, INDONESIA
 Chemical/Fertilizer, INDIA

Over JPY 10 billion

Oil & Gas, INDONESIA
 Chemical/Fertilizer, INDIA
 Chemical/Fertilizer, NIGERIA

Major Contracts

Balance Sheet

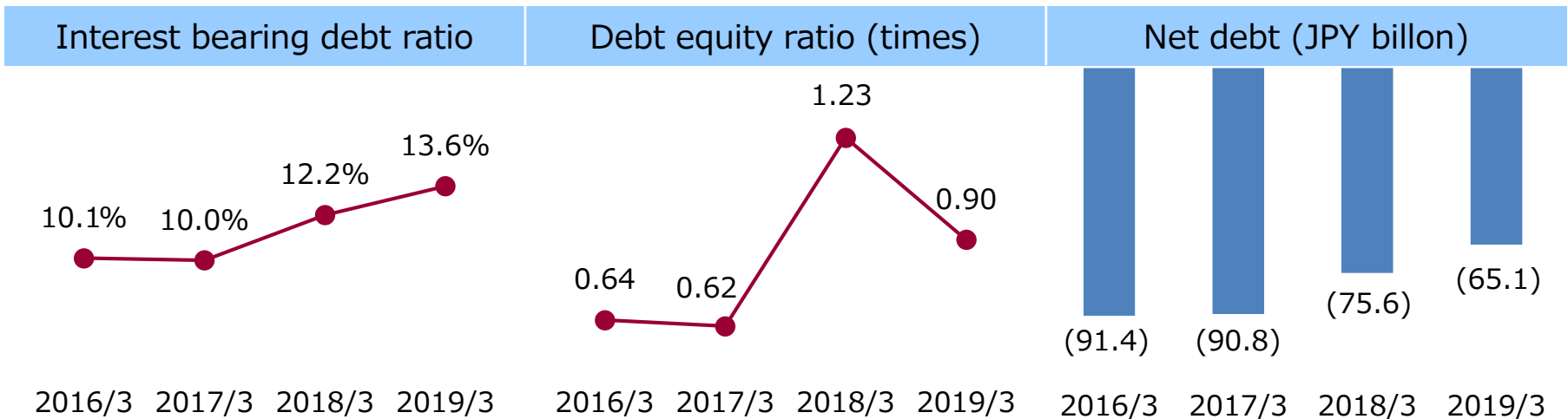
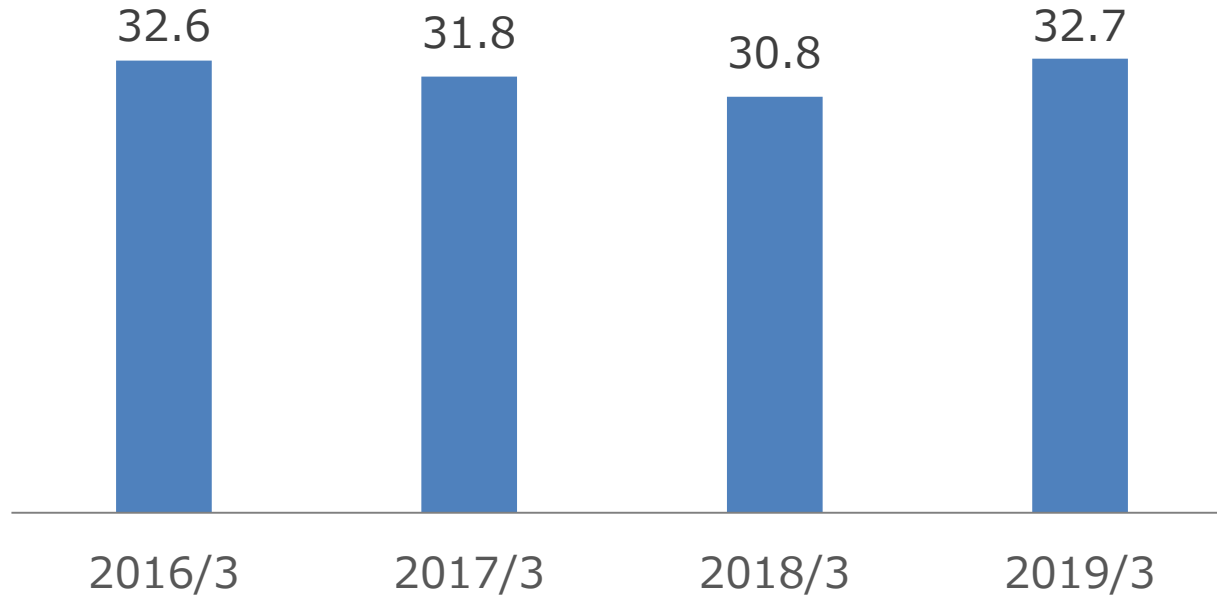
JPY billion

Assets	2018/3	2019/3	Difference	Liabilities and net assets	2018/3	2019/3	Difference
Current assets	221.3	212.7	(8.6)	Current liabilities	198.4	178.4	(20.0)
Cash and deposits	111.0	101.7	(9.3)	Short-term interest bearing debt	7.1	13.4	6.3
Marketable securities	1.0	0.0	(1.0)	Other current liabilities	24.1	13.2	(10.9)
Other current assets	15.3	16.3	1.0				
<Operating assets>				<Operating liabilities>			
Notes and accounts receivable	62.0	68.1	6.1	Notes and accounts payable	104.7	82.5	(22.2)
Work in progress	31.7	26.4	(5.3)	Advance receipts on uncompleted contracts	62.4	69.2	6.8
Non-current assets	30.5	26.9	(3.6)	Noncurrent liabilities	28.2	24.8	(3.4)
Property, plant and equipment	11.9	11.1	(0.8)	Long-term interest bearing debt	23.7	19.3	(4.4)
Intangible assets	0.9	0.9	0.0	Other noncurrent liabilities	4.5	5.5	1.0
Investments and other assets	17.5	14.8	(2.7)	Net assets	25.1	36.3	11.2
				Shareholder's equity	20.3	34.5	14.2
				Accumulated other comprehensive income	4.7	1.7	(3.0)
				Non-controlling interests	0.0	0.1	0.1
Total assets	251.8	239.6	(12.2)	Total liabilities and net assets	251.8	239.6	(12.2)

*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 ended March 31, 2019. The figures as of March 31, 2018 is based on retrospective application.

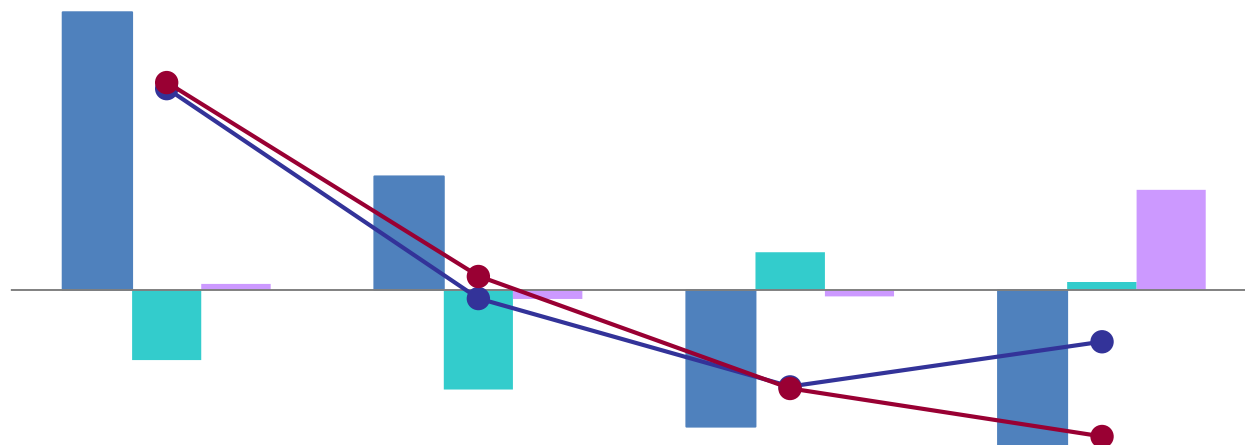
Interest Bearing Debt Balance

JPY billion



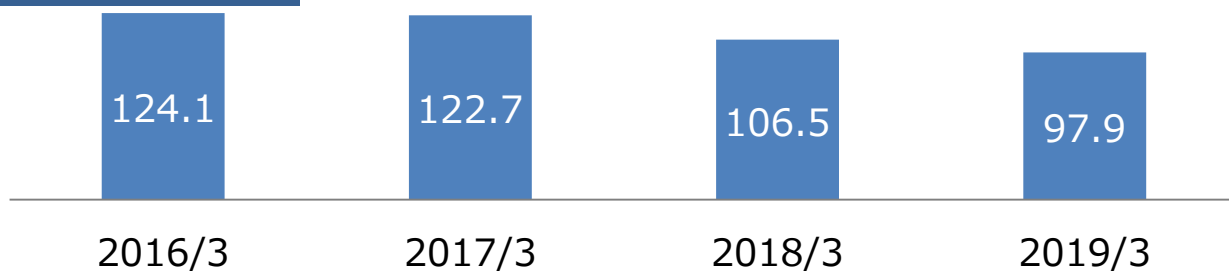
Cash Flows

JPY billion



	2016/3	2017/3	2018/3	2019/3
Operating activities	46.3	18.9	(22.8)	(25.8)
Investing activities	(11.7)	(16.6)	6.3	1.3
Financing activities	1.0	(1.5)	(1.1)	16.7
Net increase/decrease in cash	33.6	(1.4)	(16.1)	(8.6)
Free cash flow	34.6	2.3	(16.4)	(24.4)

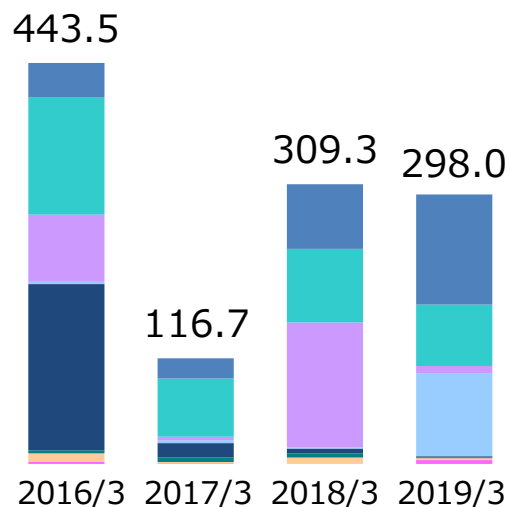
Cash and cash equivalents, end of the term



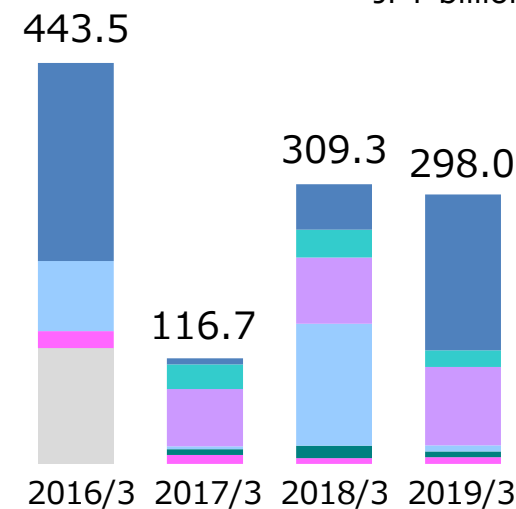
New Orders

JPY billion

Region



Product



Region	2016/3	2017/3	2018/3	2019/3
Japan	38.2	22.1	71.4	121.9
Southeast Asia	129.6	64.7	81.4	67.8
Southwest Asia, Middle East and Africa	74.4	3.7	138.0	8.5
Russia and Central Asia	2.3	3.3	1.5	91.3
North America	184.1	16.0	5.3	1.4
Central and South America	3.1	4.8	4.5	0.8
China	9.7	1.5	6.8	2.0
Others	2.1	0.6	0.4	4.3
Total	443.5	116.7	309.3	298.0

Product	2016/3	2017/3	2018/3	2019/3
Petrochemicals	219.1	6.7	50.3	172.3
Oil & Gas	-	27.3	30.7	18.5
Power / Railways etc.	-	63.3	73.1	86.6
Chemicals / Fertilizers	77.4	2.9	134.9	6.8
Pharmaceuticals etc.	-	6.7	13.9	6.4
Others	18.8	9.8	6.4	7.4
Oil refinery	25.3	-	-	-
Energy-related	97.8	-	-	-
General manufacturing facilities	5.1	-	-	-
Total	443.5	116.7	309.3	298.0

2019/3

Major Contracts

Over JPY 50 billion

Petrochemical, RUSSIA

Over JPY 20 billion

Petrochemical, RUSSIA
Power/Railway etc., JAPAN
(3 projects)

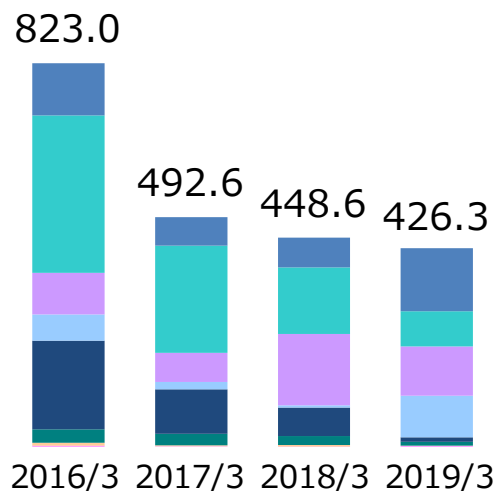
Over JPY 10 billion

Petrochemical, THAILAND (2 projects)
Power/Railway etc., JAPAN
Petrochemical, INDONESIA (2 projects)

Backlog of Contracts

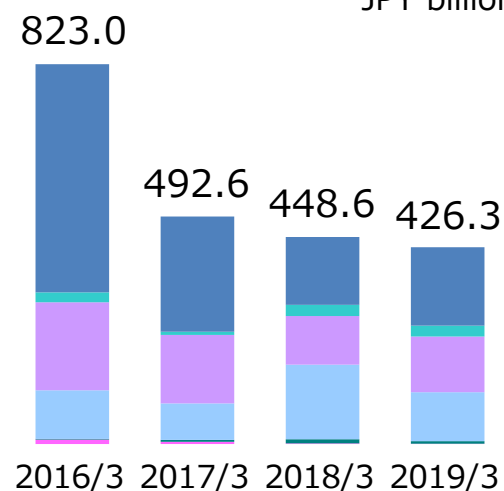
JPY billion

Region



Region	2016/3	2017/3	2018/3	2019/3
Japan	111.6	61.2	64.1	135.9
Southeast Asia	338.4	230.3	142.6	75.4
Southwest Asia, Middle East and Africa	89.2	62.1	153.7	105.9
Russia and Central Asia	56.7	16.1	4.4	89.1
North America	190.1	95.4	61.1	9.5
Central and South America	29.2	25.0	19.2	8.6
China	5.9	1.8	3.3	0.7
Others	1.9	0.7	0.2	1.2
Total	823.0	492.6	448.6	426.3

Product



Product	2016/3	2017/3	2018/3	2019/3
Petrochemicals	494.7	249.4	147.4	169.9
Oil & Gas	21.5	6.8	24.1	23.6
Power / Railways etc.	190.6	148.5	105.2	121.1
Chemicals / Fertilizers	105.1	79.2	161.6	105.8
Pharmaceuticals etc.	1.7	4.2	9.5	5.6
Others	9.4	4.5	0.8	0.3
Total	823.0	492.6	448.6	426.3

2019/3

Major Contracts

Over 50 JPY billion

Chemical/Fertilizer, INDIA
Petrochemical, RUSSIA

Over 30 JPY billion

Petrochemical, RUSSIA
Chemical/Fertilizer, NIGERIA

Over 10 JPY billion

Power/Railway etc., JAPAN (4 projects)
Petrochemical, THAILAND (2 projects)

Forecast for 2020/3

JPY billion

	2019/3 Result	2020/3 Forecast	Defference
Net sales	294.9	240.0	(54.9)
Gross profit	10.6	21.5	10.9
Gross profit margin	3.6%	9.0%	5.4%
SG&A expenses	16.2	18.5	(2.3)
Operating income	(5.6)	3.0	8.6
Operating income margin	-1.9%	1.3%	3.1%
Non-operating income and expenses	9.0	0.0	(9.0)
Ordinary income	3.4	3.0	(0.4)
Profit attributable to owners of parent	(0.8)	2.0	2.8
New orders	298.0	300.0	2.0
Dividends per share	¥0	¥0	¥0

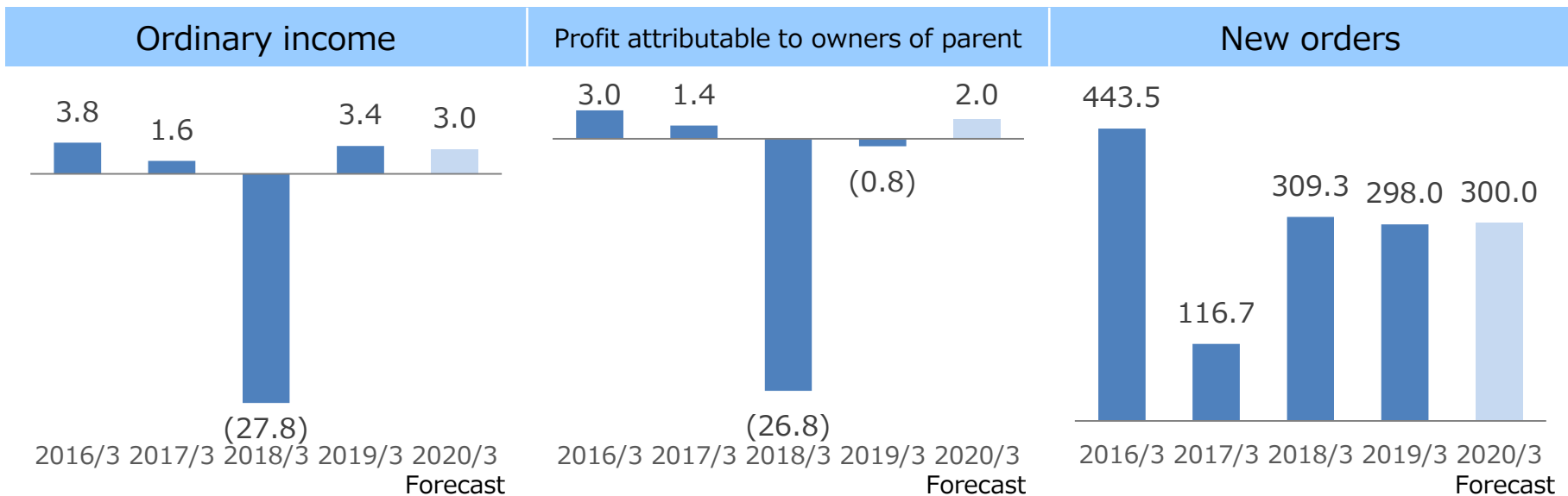
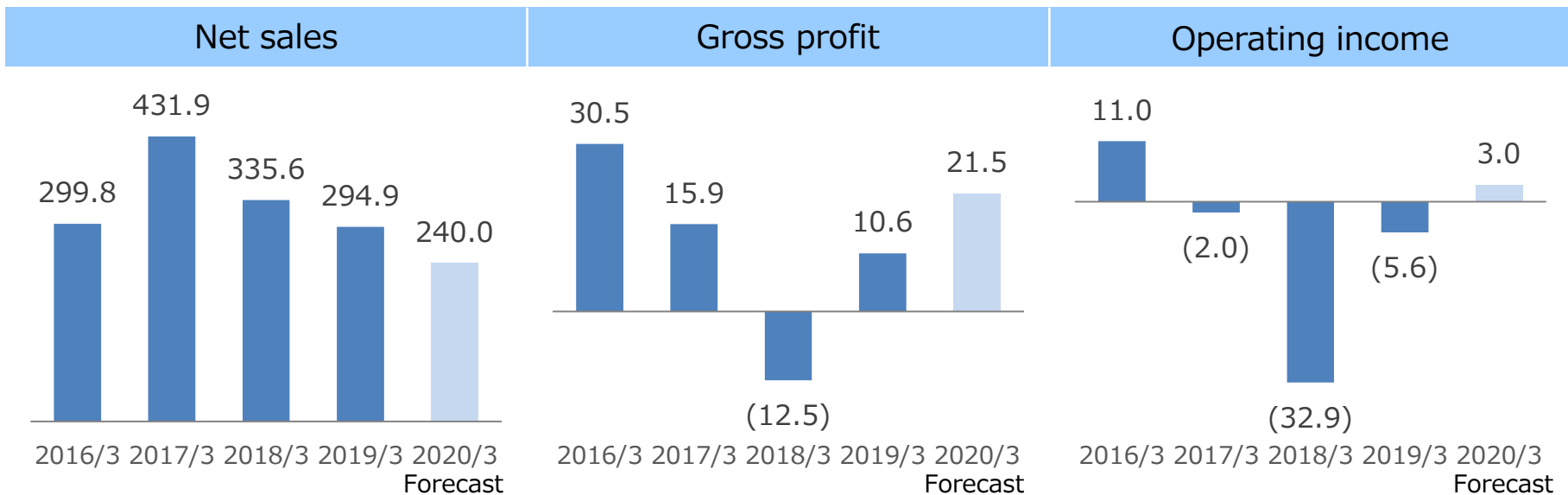
Exchange rate for the forecast 1US\$= ¥111

-Reference- Historical Data

		2016/3	2017/3	2018/3	2019/3	2020/3 Forecast
Net sales	JPY billion	299.8	431.9	335.6	294.9	240.0
Gross profit	JPY billion	30.5	15.9	(12.5)	10.6	21.5
Gross profit margin	%	10.2%	3.7%	-3.7%	3.6%	9.0%
SG&A expenses	JPY billion	19.4	17.9	20.4	16.2	18.5
Operating income	JPY billion	11.0	(2.0)	(32.9)	(5.6)	3.0
Operating income margin	%	3.7%	-0.5%	-9.8%	-1.9%	1.3%
Ordinary income	JPY billion	3.8	1.6	(27.8)	3.4	3.0
Profit attributable to owners of parent	JPY billion	3.0	1.4	(26.8)	(0.8)	2.0
Comprehensive income	JPY billion	8.4	1.0	(25.7)	(3.8)	
Interest bearing debt	JPY billion	32.6	31.8	30.8	32.7	
Interest bearing debt ratio	%	10.1%	10.0%	12.2%	13.6%	
Net debt	JPY billion	(91.4)	(90.8)	(75.6)	(65.1)	
Debt equity ratio	Times	0.64	0.62	1.23	0.90	
Equity ratio	%	15.8%	16.2%	10.0%	15.1%	
Operating activities CF	JPY billion	46.3	18.9	(22.8)	(25.8)	
Investing activities CF	JPY billion	(11.7)	(16.6)	6.3	1.3	
Financing activities CF	JPY billion	1.0	(1.5)	(1.1)	16.7	
New orders	JPY billion	443.5	116.7	309.3	298.0	300.0
Backlog of contracts	JPY billion	823.0	492.6	448.6	426.3	486.3
Dividends per share (Annual)	JPY	4.0	2.0	0.0	0.0	0.0

-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.