



Mission: Engineering for Sustainable Growth of the Global Community

Vision: Global Leading Engineering Partner

Values: Integrity, Creativity, Diversity, Learning, Team

Management Policy Update for the Second Quarter of FY2015

November 13, 2015

Toyo Engineering Corporation

- 1. The 1st Half Performance and FY2015 Forecast**
- 2. Situation of Brazilian Matters**
- 3. Major Ongoing Projects**
- 4. Sales Updates**
- 5. Prioritized Policy of the 2nd Half of FY2015**

<Ref.> Revival Action Plans

1. The 1st Half Performance and FY2015 Forecast

(Billion Yen)	1 st Half Performance (As of 2015/09/30)	FY2015 Forecast		
		As of 2015/05/14	As of 2015/11/13	Difference
Net sales	150.5	340	330	(10)
Gross profit	14.1	27	30	3
Gross profit ratio	9.4%	7.9%	9.1%	1.2%
Selling, general and administrative expenses	9.7	24.5	22.5	2
Operating income	4.4	2.5	7.5	5
Non-operating profit and loss	(0.2)	2	(2)	(4)
Ordinary income	4.2	4.5	5.5	1
Net income	1.6	3	3	0
New orders	312	330	330	0
Dividends		¥ 4	¥ 4	0

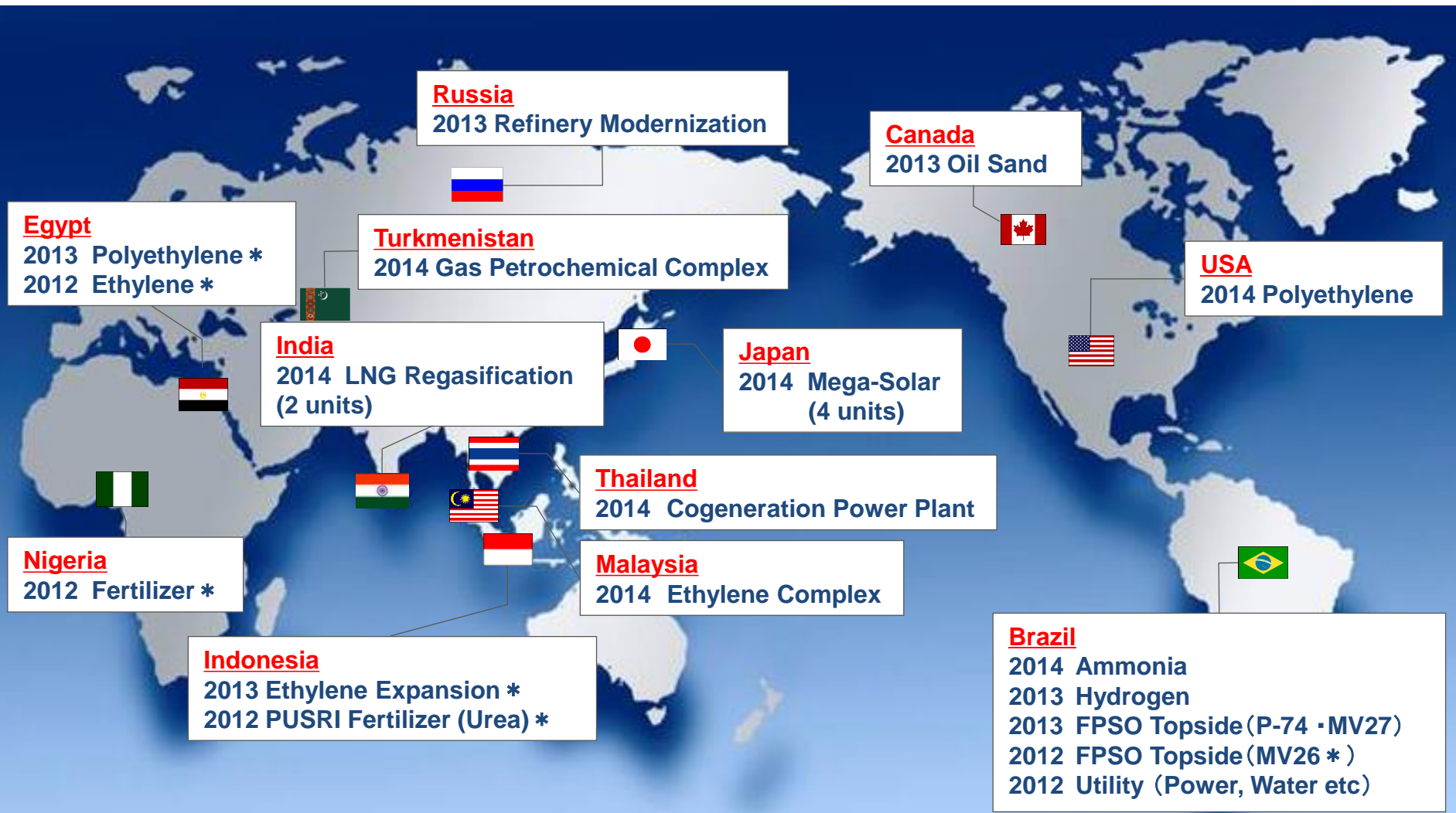
2. Situation of Brazilian Matters

- ◆ **Equity method affiliate in Brazil (TSPI*)**
 - ◆ Net loss increased in the 1st half because of growing cost of FPSO Topside project (P-74)

- ◆ **FPSO Topside Project (P-74)**
 - ◆ TOYO's taking leadership toward project completion (70% Progress as of 30th September)
 - ◆ Increase in materials and manpower identified through finalization of engineering
 - ◆ Revision in construction plan and costs
 - ◆ Change orders and extensions of time under negotiation

(*)TSPI: TS Participacoes e Investimentos S.A.

3. Major Ongoing Projects



* : To be completed in FY2015. New projects awarded in FY2015 are not included (see next slide, p.6).

◆ Orders received

- ◆ ¥ 312 Billion (FY2015 forecast of ¥330 Billion)
(The 1st half backlog of contracts: ¥828.2 Billion)

◆ Major orders

- ◆ Large ethylene project in USA
- ◆ Synthetic rubber project in Indonesia
- ◆ Mass rapid transit system in Jakarta, Indonesia
- ◆ Cogeneration power plant projects in Thailand (total 3 units)
- ◆ Mega solar power plant project in Japan
- ◆ Pharmaceutical project in Japan

◆ Expected new orders in the 2nd half

- ◆ Fertilizer project in India
- ◆ Cogeneration power plant projects in Thailand (total 2 units)

- ◆ **Achievement of the 1st year fiscal target of Revival Plan**
 - ◆ Ensure steady execution of Mega-Projects
 - ◆ Preventing schedule delay & securing change orders
 - ◆ Continued implementation of cost-reduction program

<Note> Revival Action Plans (as of May 14, 2015)

- ◆ Restructuring of Management System
 - 1) Change Mindset
 - 2) Executive Committee Reform
 - 3) Bracing Group Steering Structure

- ◆ Improvement of Management Process at Proposal Stage
 - 4) Balanced Sales Activities
 - 5) Intensive Approval Process
 - 6) Improvement of Proposal Quality

- ◆ Enhancement of Project Management Capability
 - 7) Enhancing project management capability for multi-office project execution
 - 8) Enhancing project management organization for mega-projects
 - 9) Reinforcement of Project key personnel

- ◆ Change of Corporate Culture
 - 10) Promotion of all-around communication



URL <http://www.toyo-eng.com>

For further questions on this material, please contact:

Kenji SATO

General Manager

Corporate Communication Division

2-8-1 Akanehama, Narashino, Chiba, Japan 275-0024

Tel +81-47-454-1681

E-Mail: ir@toyo-eng.com

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