



Mission: Engineering for Sustainable Growth of the Global Community

Vision: Global Leading Engineering Partner

Values: Integrity, Creativity, Diversity, Learning, Team

Management Policy Update for FY2016

May 13, 2016

Toyo Engineering Corporation

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- 2. Situation of Brazilian Matters**
- 3. Major Ongoing Projects**
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(2nd year of Revival Plan)**
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1. FY2015 Performance

- ◆ Increase of Operating Income by improved profitability and curtailed SGA (Selling, General and Administrative Expenses) Decrease of Ordinary Income by Brazil TSPI's losses. Net Income stays as forecasted. Substantial increase of New Orders .

(JPY Billion)	2016/03/31	2015/11/13 Forecast	Difference
Net Sales	299.8	330	(30.2)
Gross Profit	30.5	30	0.5
Gross Profit Rate	10.2%	9.1%	1.1%
SGA	19.4	22.5	3.1
Operating Income	11.0	7.5	3.5
Non-Operating Income/Expenses	(7.2)	(2)	(5.2)
Ordinary Income	3.8	5.5	(1.7)
Net Income	3	3	-
New Orders	443.5	330	113.5

- ◆ Order Backlog : JPY 823 Billion

- ◆ Dividends: JPY 4 per share (Plan)

2. Situation of Brazilian Matters

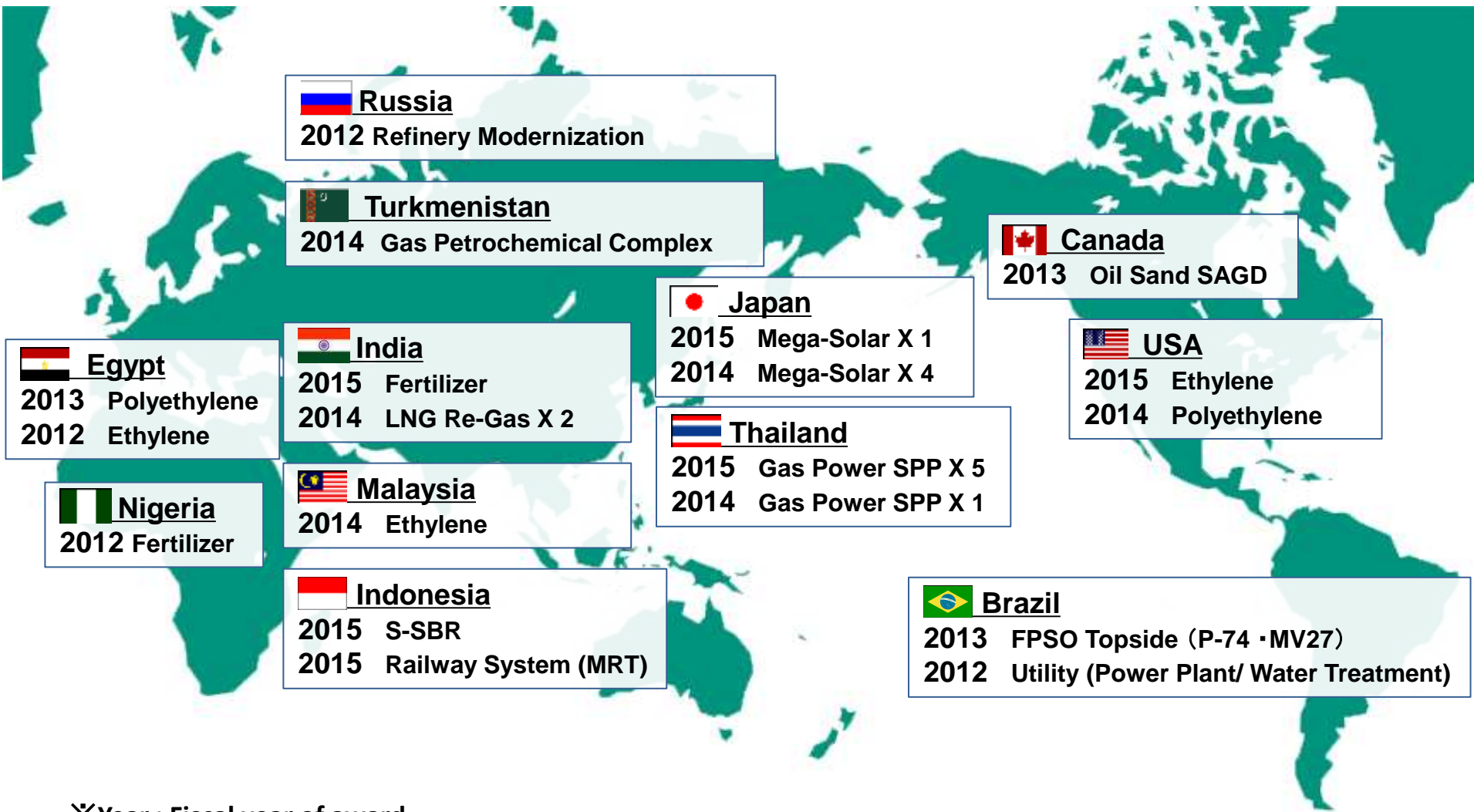
- ◆ **Loss of equity method affiliate in Brazil (TSPI*)**
 - **Operation loss mainly for P-74 : JPY 8.6 billion**
 - **Impairment loss in fixed asset of EBR yard : JPY 6.1 billion**
(Total amount of impairment loss : around 70% of fixed asset)

- ◆ **FPSO Topside Project (P-74)**
 - **Petrobras intends to complete the project.**
 - **Project Progress : around 80%**

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

3. Major Ongoing Project

As of March 31, 2016



※Year : Fiscal year of award

4. Business Environment

- ◆ **Suppression of investment for large-scale upstream projects due to slumping oil prices**
- ◆ **Prospects of investment for downstream projects due to decrease of raw material price**
- ◆ **Increase of demand for infrastructure-related projects such as power plants**
- ◆ **Prospects of investment in Iran, Central Asia and others**
- ◆ **Service-type projects for future investment for upstream developments (in energy business)**



Respond to the changing environment with wide business fields

Back to the track toward sustainable growth

- ◆ **Enhancement of risk management of Brazilian business**
- ◆ **Thorough management of mega- projects**
(Ethylene projects in Malaysia and USA, etc.)
- ◆ **Continued improvement of profitability**
(secure gross profits of new orders, control of SGA costs)

(Note) SGA (Selling, General and Administrative Expense)

6. FY2016 Forecast

(JPY Billion)	Forecast 2017/3/31	2 nd year Target of Revival Plan as of 2015/5/14	Difference
Net Sales	450	490	(40)
Gross Profit	33	34	(1)
Gross Profit Rate	7.3%	6.9%	0.4%
SGA	20.5	24	3.5
Operating Income	12.5	10	2.5
Non-Operating Income/Expenses	(2)	1	(3)
Ordinary Income	10.5	11	(0.5)
Net Income	5	7	(2)
New Orders	250	350	(100)

◆ Dividends: JPY 6 per share (Plan)

7. FY2016 New Order Target

New Order Target : JPY 250 Billion

◆ Plant Business

Downstream projects (petrochemicals, fertilizers and others) in Asia, USA, Russia/CIS, Sub-Saharan Africa

◆ Infrastructure Business

Power plant projects (thermal power, mega solar and others) in Asia and Japan

◆ Energy Business

Service-type projects such as Revamping /EOR of existing oil fields in Middle East, or Integration of surface facilities with subsurface

(note) EOR (Enhanced Oil Recovery)



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