



Global Toyo Program

- A Japanese E&C Company's Response to Diversified Market -

11th Rice Global E&C Forum

September 9, 2008

Rice University

Yutaka Yamada

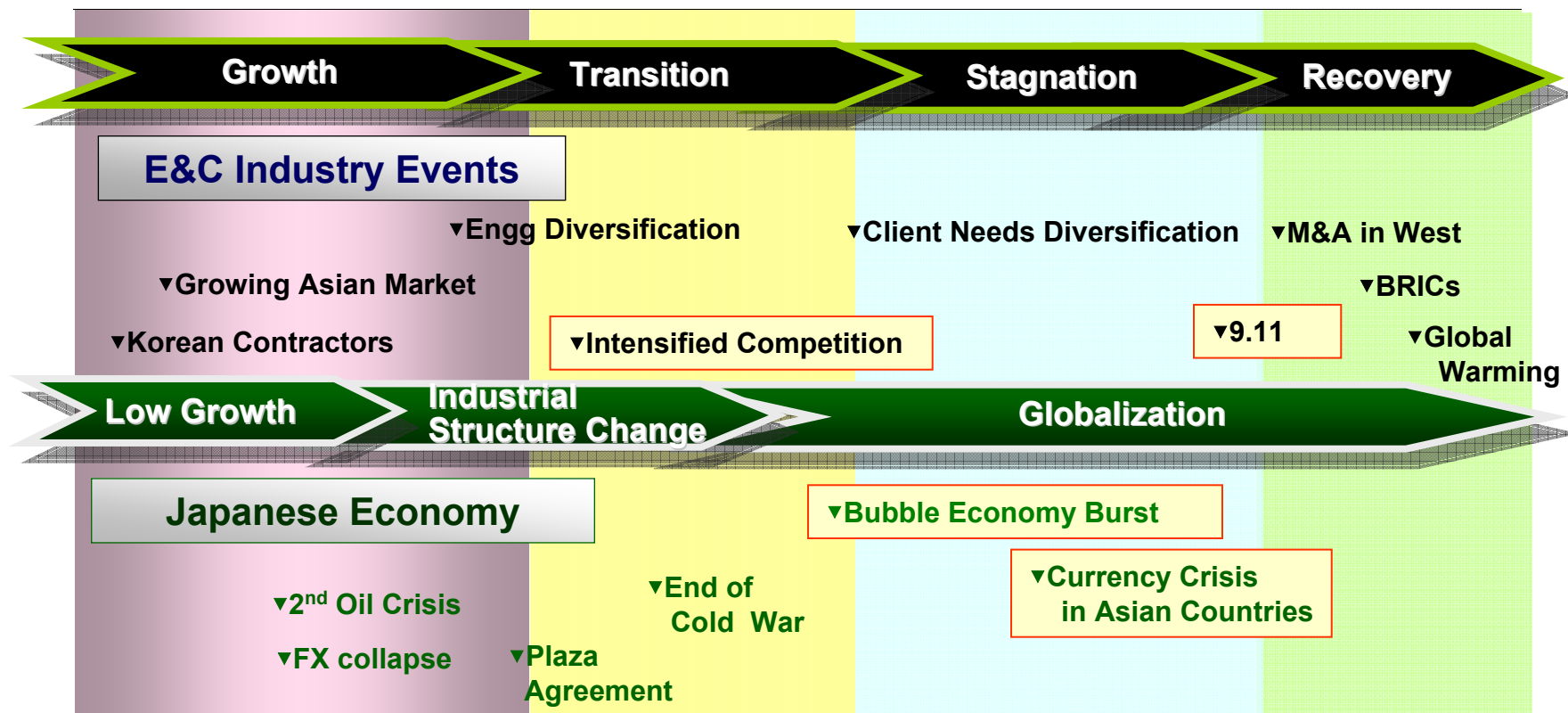
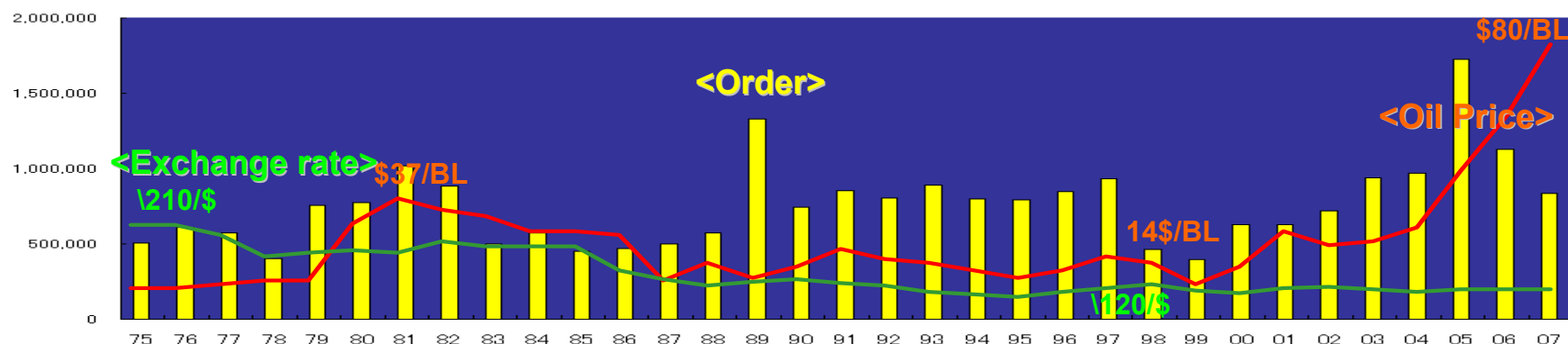
President & CEO

 **TOYO ENGINEERING CORPORATION**

Globalization



Major Japanese E&C Contractors Business Trajectory



Last Two Decades of Globalization

End of Cold War

1990s

Globalization – Financial Liberation

- Economics >> Politics
- Financial Innovations
- Emerging Economies - BRICs
- Credit Crunch due to Bad Debt (J)
- Currency Crisis (Asia/Russia/Latin A)



E&C

Low Oil Price
Stagnant Investment
Downsizing & Mergers

9
11

2000s

Globalization Backlash

- Terrorism
- Peril of Enterprise Transparency
- Security – Energy/Food/Water Scarcity
- Environmental Awareness
- Gap Between Haves vs. Have Nots
- Credit Crunch due to Sub-prime Loan
- Inflation



E&C

High Oil Price
Booming Investment
Serious Resource Shortage

Structural Changes in E&C Business Environment

Diversity



Structural Changes in E&C Business Environment



- **Diversity of Business Strategy**
- **Talent War**
- **Rising NOCs**
- **Sustainability**



Client Strategic Intent

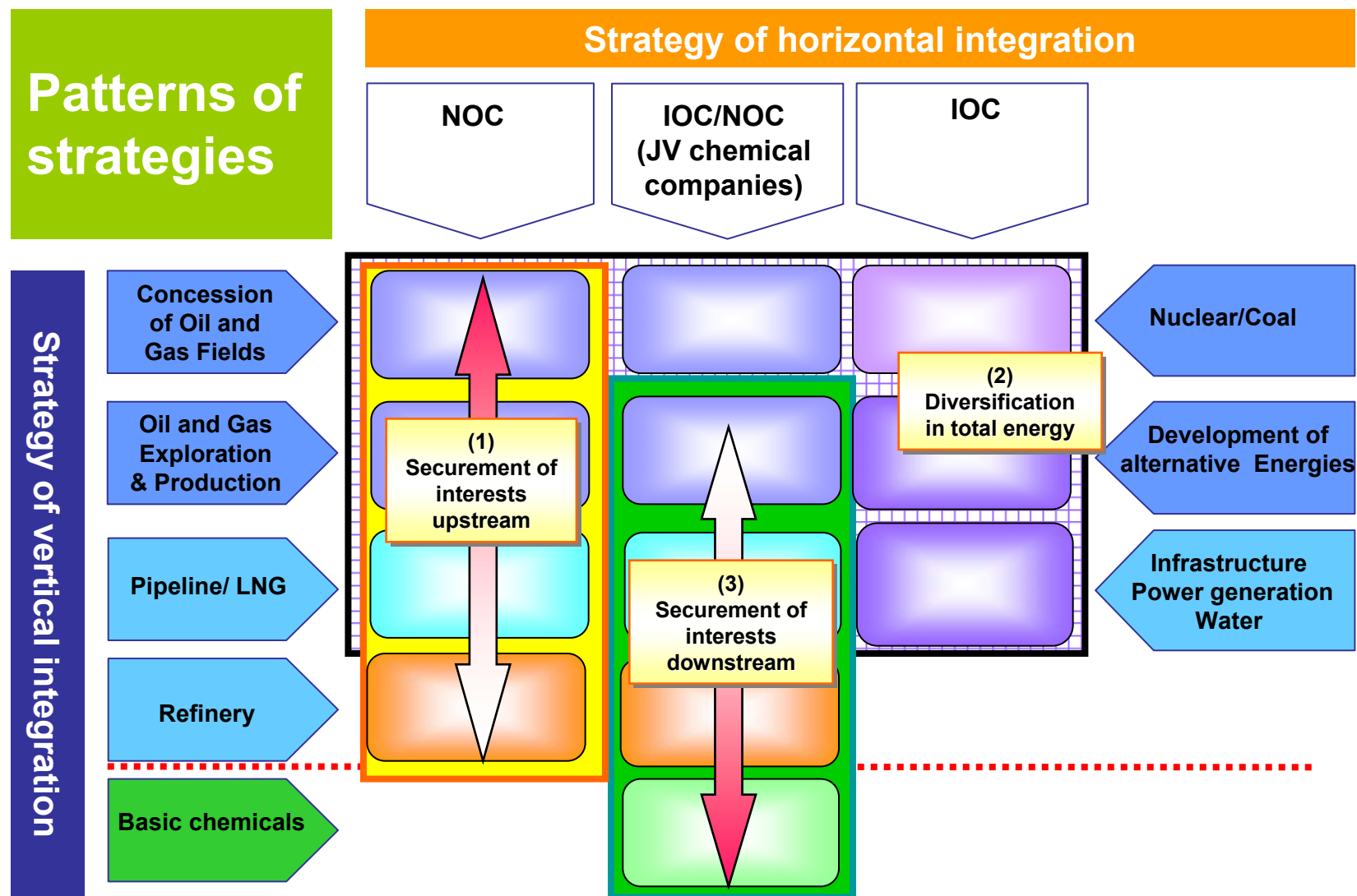
Market Geography

Type of Contract

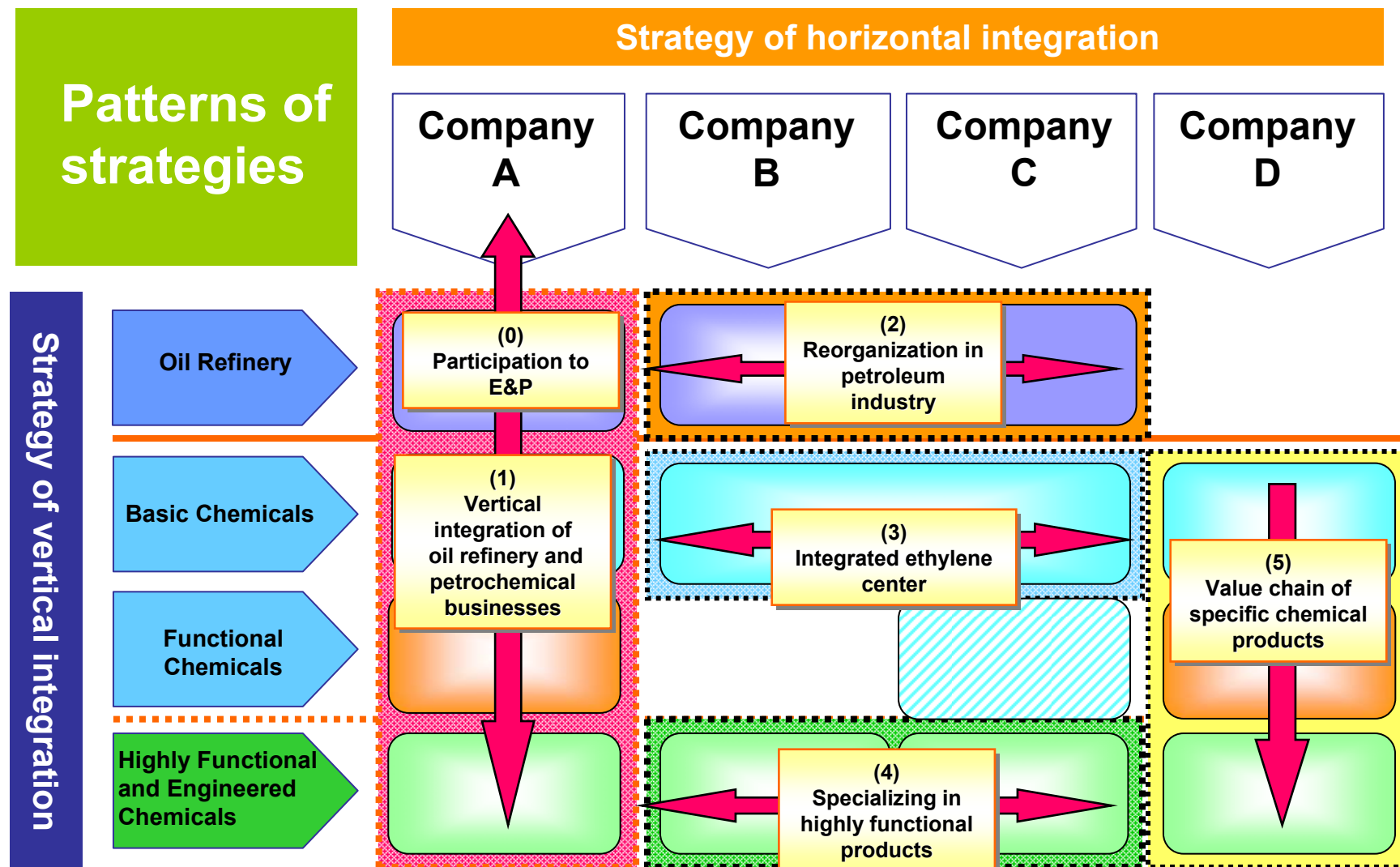
Human Resources



Strategic Diversity – Overseas Clients –



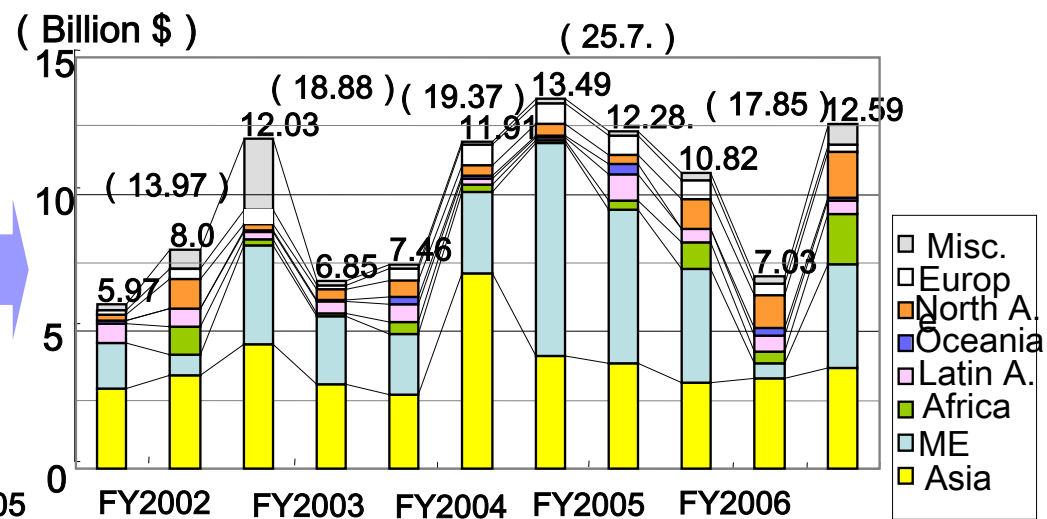
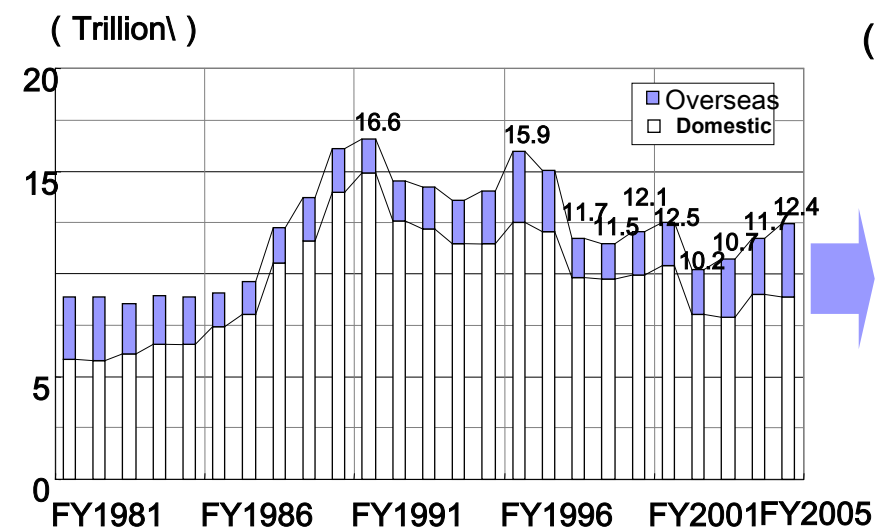
Strategic Diversity – Domestic Clients –



Diversity of Market Geography



Japanese Plant Engineering Industry's Overseas Orders (Regional Statistics)



<SOURCE> METI "To Improve Productivity of Japanese Plant Engineering Industry," May 2008

Diversity in Contract Type



**EPC LSTK
mono-culture**



Project Portfolio

FEED

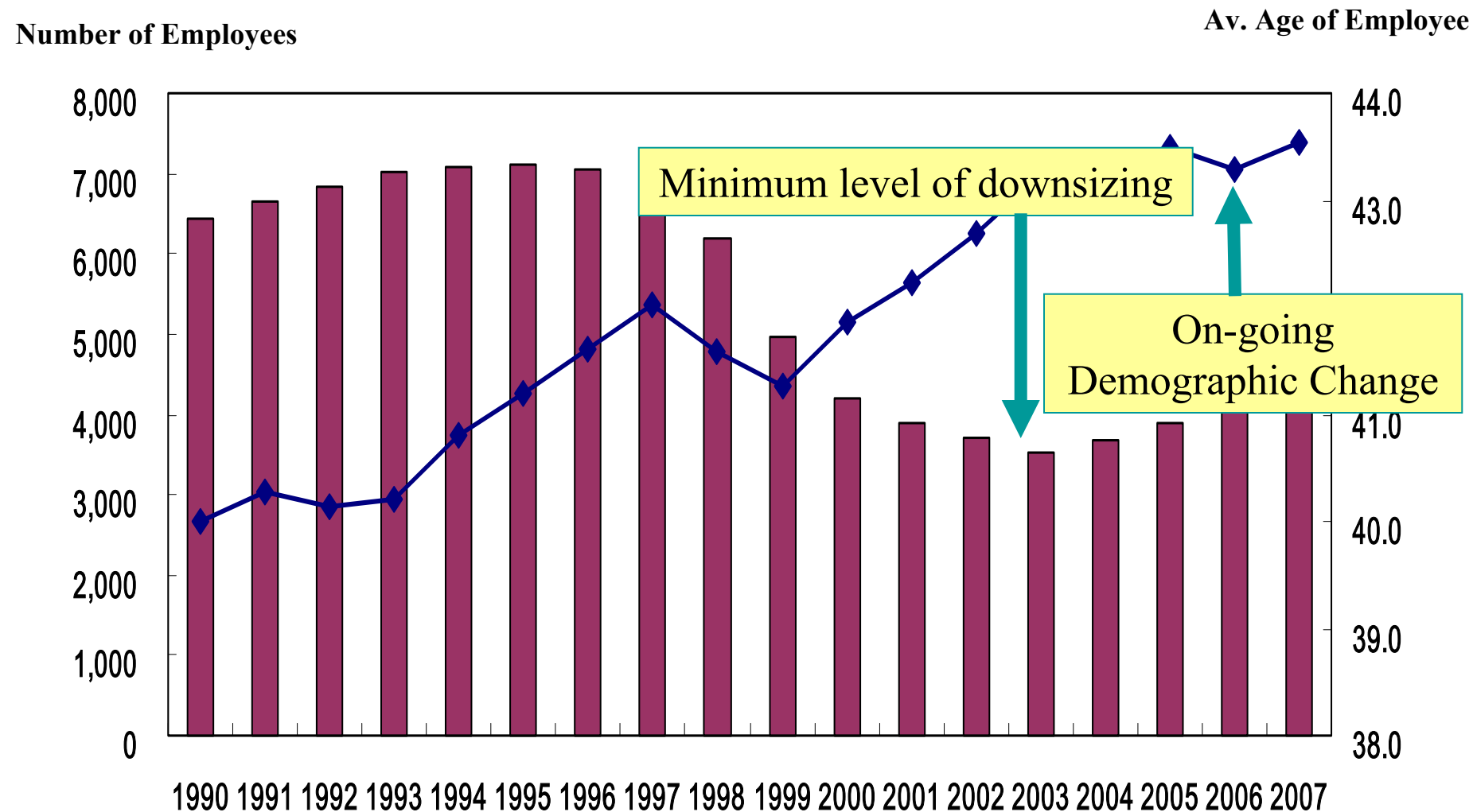
**EPsCm Cost Reimbursable
+ Incentives**

EPC LSTK

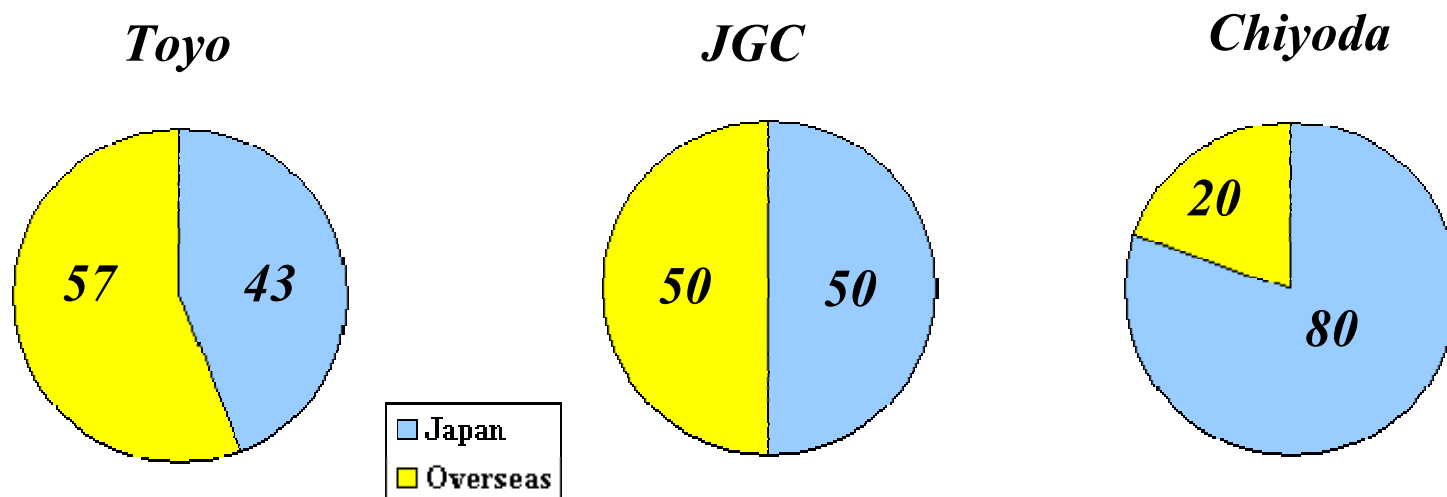


Change in Japanese E&C Human Resources

Number of Headquarters Employees of Three Japanese E&C Companies



Human Resource Diversity

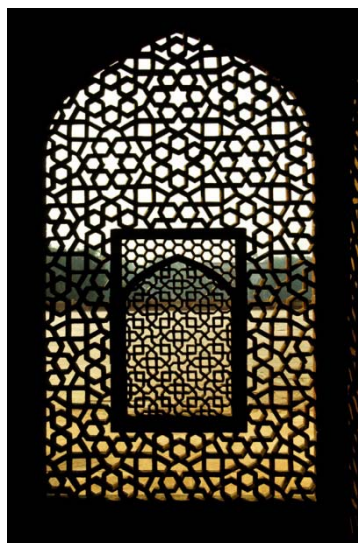


<SOURCE> Each Company's IR Information

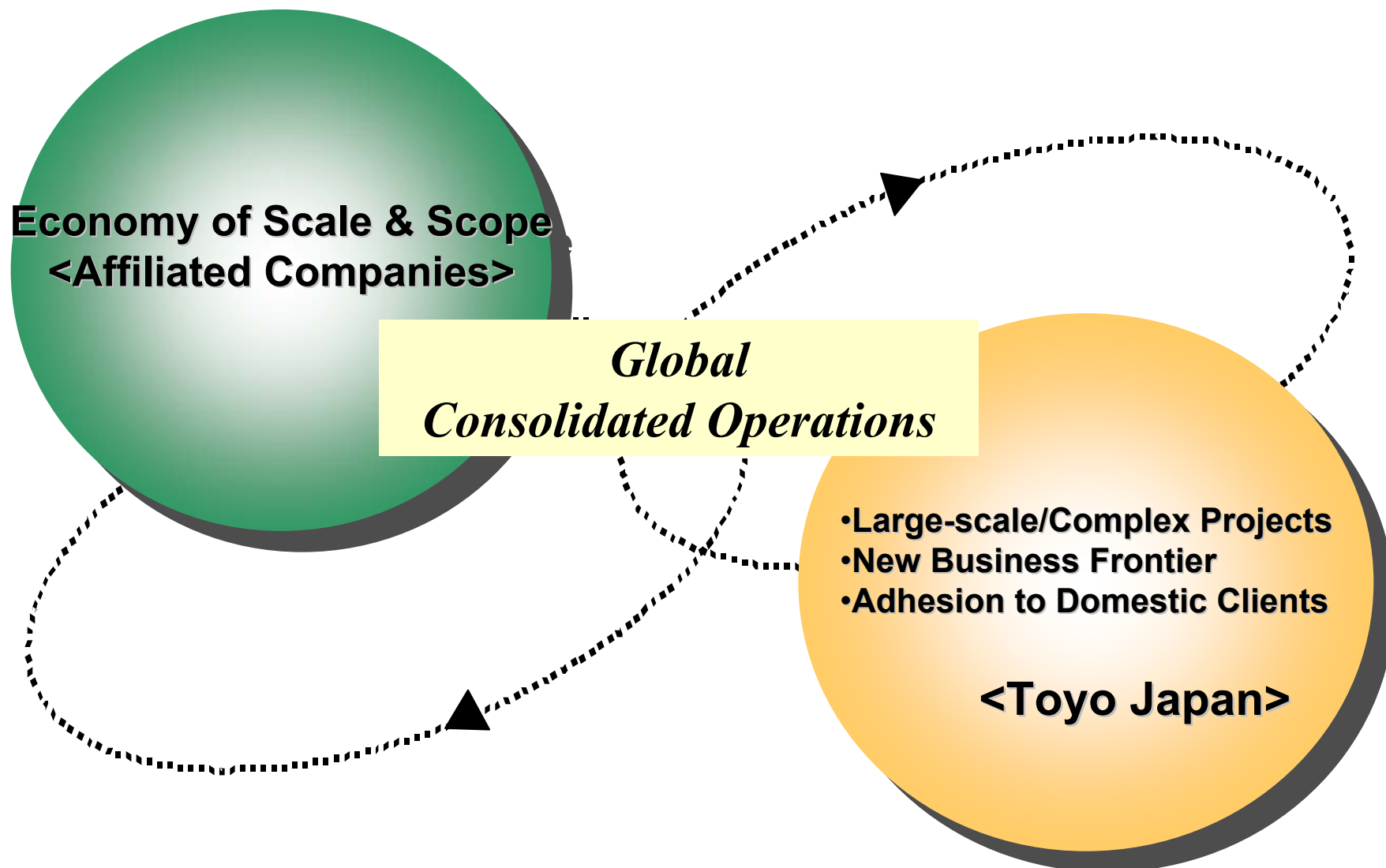
Typical Approach to Acquiring New Human Resources at Different Locations

- Starting with a Local Project-based Company
- Mostly Fostering from Scratch
- Retain Local Core Talents
- In-house Training

Global Toyo Program



Global Toyo Program

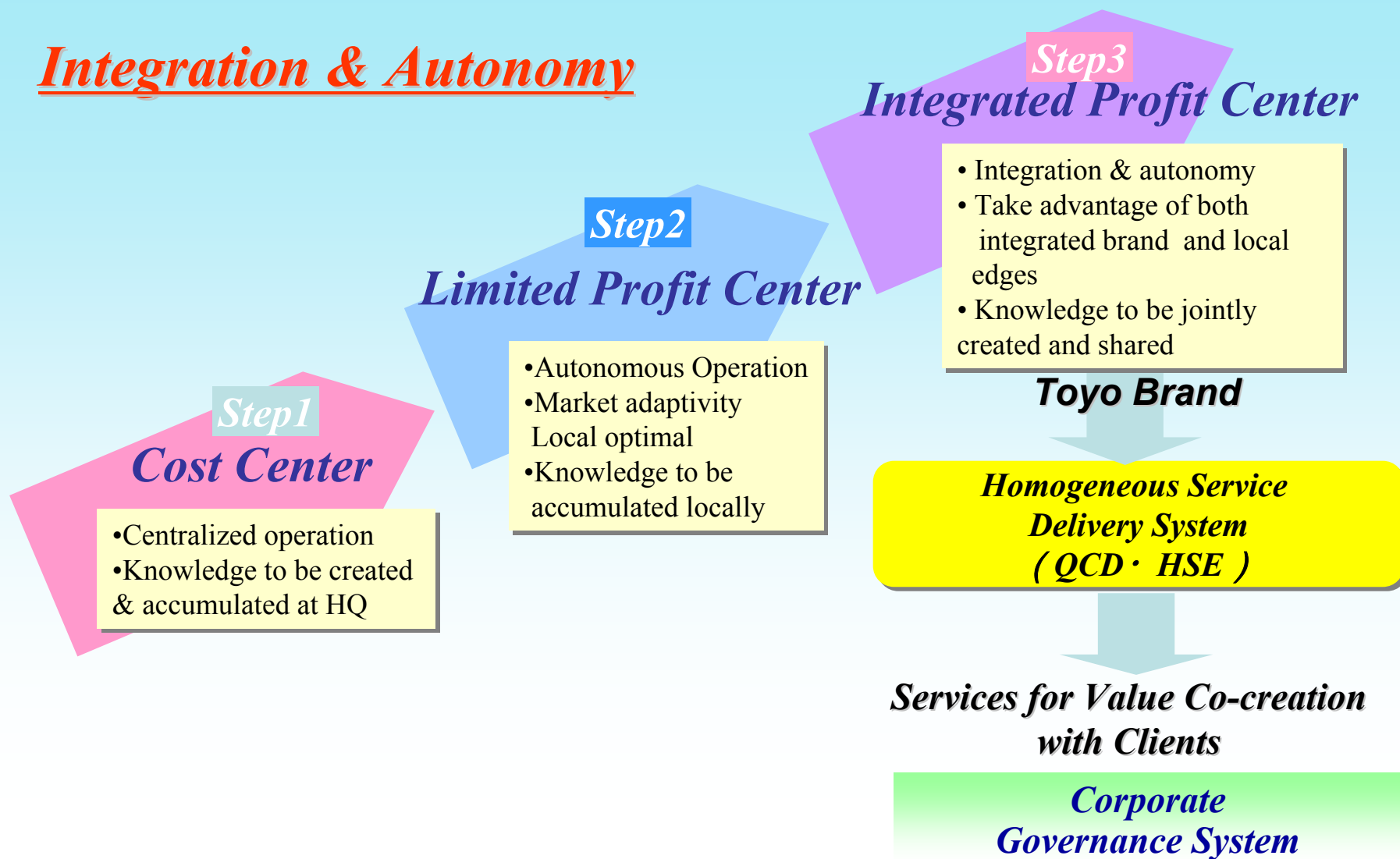


Global Toyo Concept :

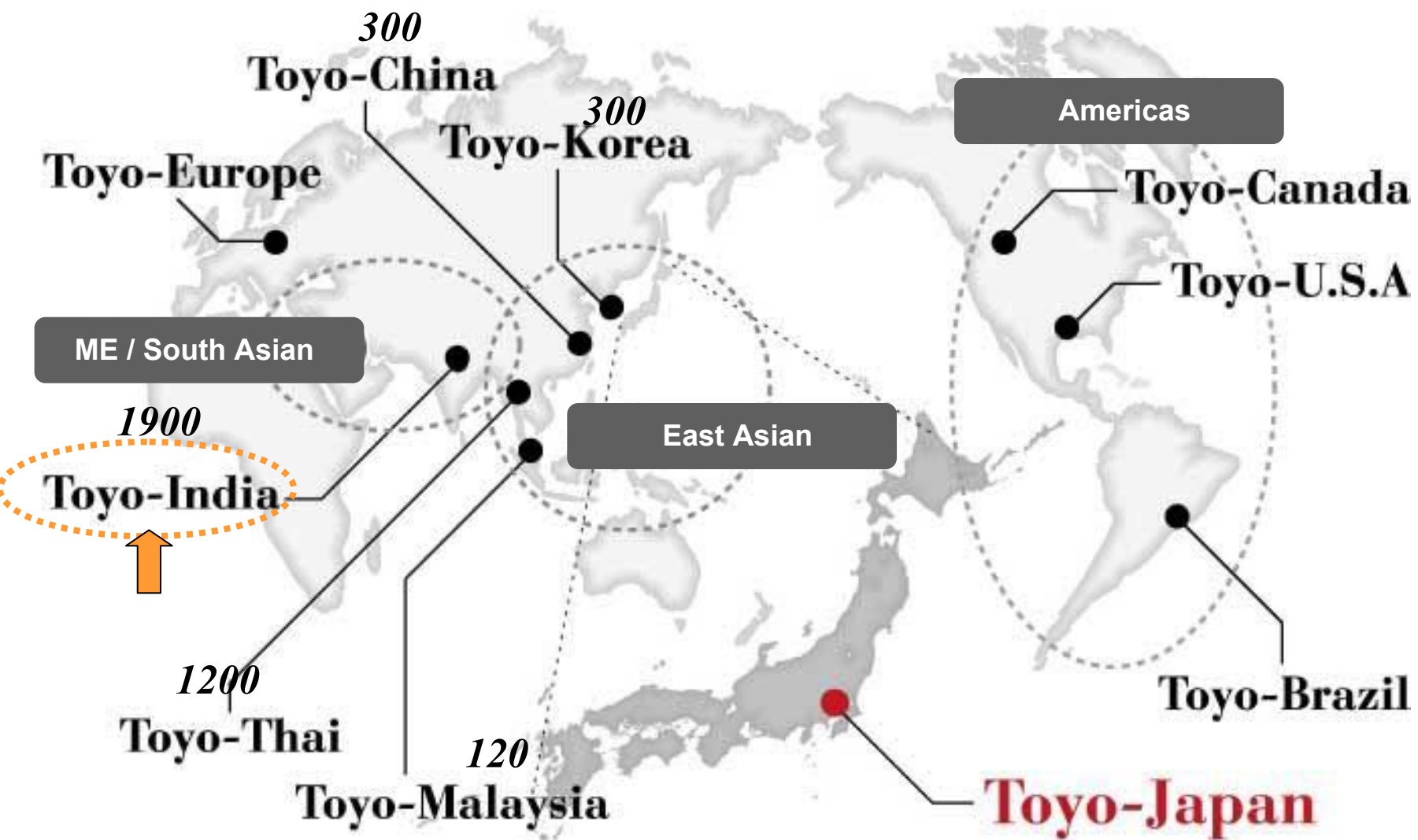
From Cost Center to Integrated Profit Center



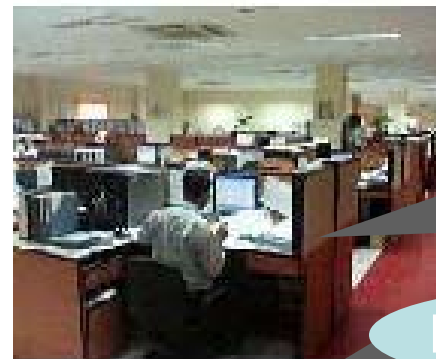
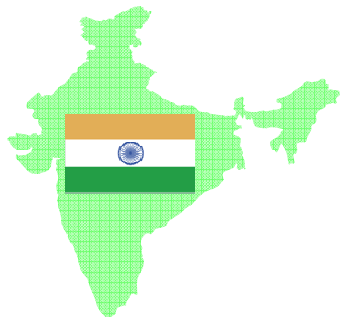
Integration & Autonomy



Global Toyo Network



History of Toyo India



2007

1,800
7 Billion INR

Profit Center

2000

1990 Economic Liberation

Low Cost Center

1980 Iran-Iraq War

Construction to Engineering
Shift in 1980s

Established in 1976
Construction Wing for ME Market

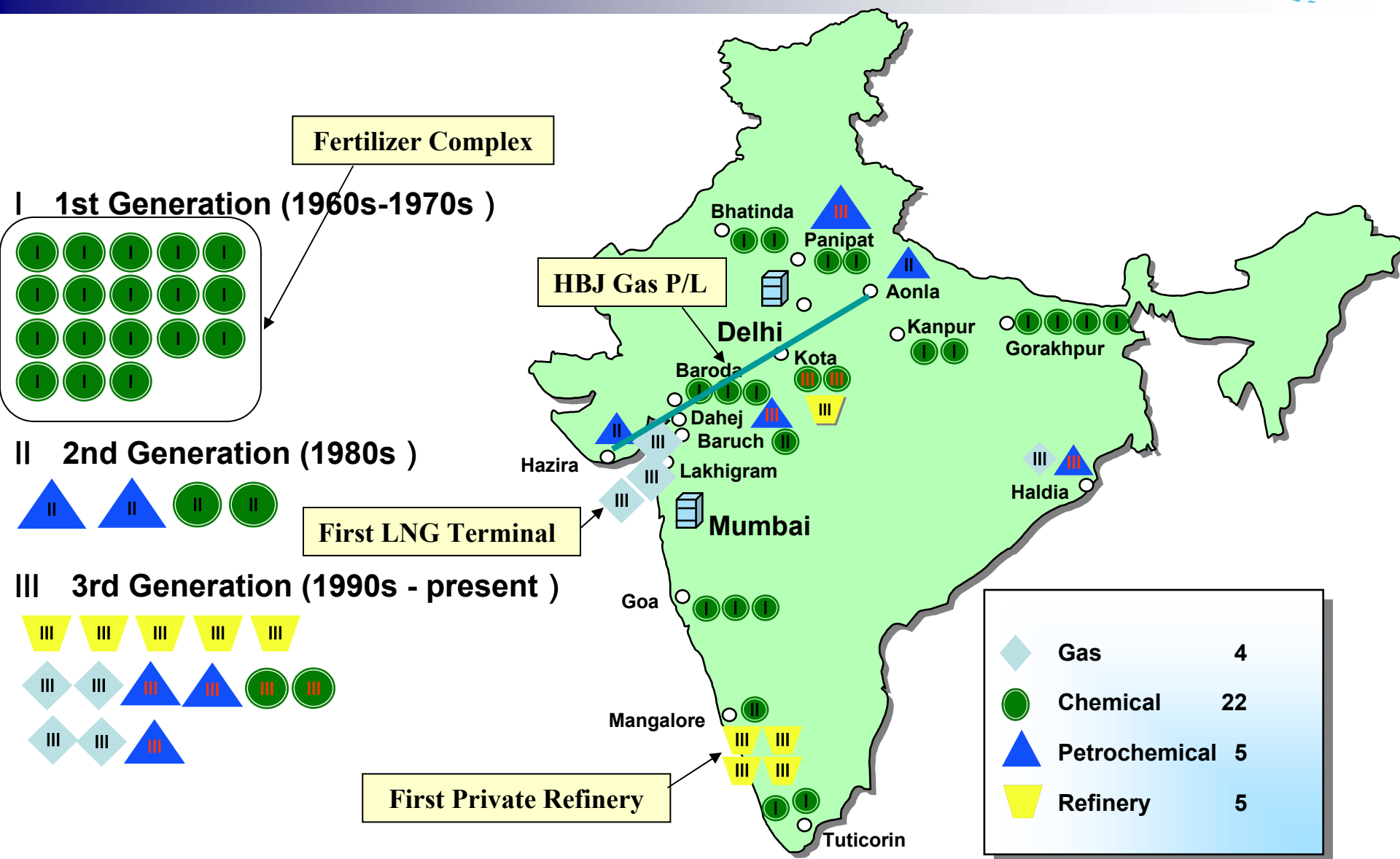
Staff 30
4 Million INR

First Overseas
Project in 1960s

1960

1976

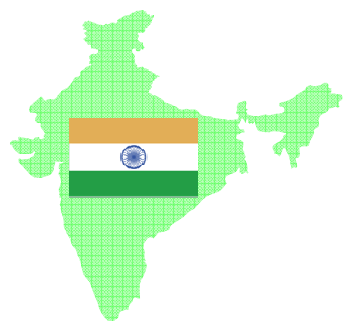
Project Record in India



Commitment to Indian Economic Growth



PM Dr. Manmohan Singh & President Mr. Yamada, in Delhi in 2007



Export Promotion Award given to Toyo India by former PM A. B. Vajpayee, in Delhi in 1999

Summary



Diversity

Client Strategy

Market Geography

Contract Type

Human Resources

Accountability





Thank you for your attention



URL <http://www.toyo-eng.co.jp>