

# MEITEC CORPORATION

## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018

February 1, 2018

9744 TSE

人と技術で次代を拓く

**MEITEC**

Engineering Firm at The Core

### Disclaimer

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable.

Actual results may therefore differ materially from these statements for various reasons.

Some important factors that might have an effect on business performance pertain to Business Risks stated in the Company's annual securities report and other information already released, but factors influencing business performance are not limited to those released.

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**MEITEC**  
Engineering Firm at The Core

## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Group Consolidated)

- ✓ Net sales rose 4.9% year on year and operating profit was up 13.1%
- ✓ Cost of sales to Net sales was down 0.8% YoY ← Due to the sale of a subsidiary and improvement in the utilization ratio.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2016	3Q ended Dec. 31, 2017	YoY Amount	% Change	Past Forecasts	% Change
Net sales	66,817	70,087	+3,269	+4.9%	93,000	75.4%
Cost of sales	49,481	51,359	+1,878	+3.8%	68,700	
Cost of sales to Net sales	74.1%	73.3%	(0.8%)			
SG&A Expenses	9,185	9,513	+327	+3.6%	13,400	
Operating profit	8,150	9,214	+1,064	+13.1%	10,900	84.5%
Operating profit margins	12.2%	13.1%	+0.9%		11.7%	
Ordinary profit	8,155	9,219	+1,063	+13.0%	10,900	84.6%
Extraordinary income & loss	26	77	+51			
Profit before income taxes	8,182	9,297	+1,114	+13.6%		
Profit attributable to owners of parent	5,596	6,257	+661	+11.8%	7,400	84.6%
Profit margins	8.4%	8.9%	+0.5%			

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Meitec)

- ✓ Net sales rose 4.6% year on year and operating profit was up 12.0%
- ✓ The utilization ratio improved ← Due to steady progress in assigning newly graduated engineers who were fewer in number compared with the previous year.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2016	3Q ended Dec. 31, 2017	YoY Amount	% Change	Past Forecasts	% Change
Net sales	51,813	54,173	+2,360	+4.6%	72,000	75.2%
Operating profit	6,674	7,476	+801	+12.0%	9,000	83.1%
Operating profit margins	12.9%	13.8%	+0.9%		12.5%	
Ordinary profit	7,259	8,232	+973	+13.4%	9,700	84.9%
Profit	5,153	5,845	+692	+13.4%	6,800	86.0%
Utilization ratio (Company-wide)	96.1%	97.4%	+1.3%		97.3%	
Working Hours<h/day>	8.77	8.70	(0.07)	(0.8%)	8.72	
Number of Engineers	6,695	6,799	+104	+1.6%		

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Meitec Fielders)

- ✓ Net sales rose 14.8% year on year and operating profit was up 19.1%
- ✓ The utilization ratio declined ← Due to a greater number of newly graduated engineers compared with the previous year.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2016	3Q ended Dec. 31, 2017	YoY Amount	% Change	Past Forecasts	% Change
Net sales	11,022	12,650	+1,627	+14.8%	16,700	75.7%
Operating profit	1,041	1,240	+199	+19.1%	1,400	88.6%
Operating profit margins	9.4%	9.8%	+0.4%		8.4%	
Ordinary profit	1,040	1,235	+195	+18.8%	1,400	88.2%
Profit	798	849	+50	+6.4%	900	94.3%
Utilization ratio (Company-wide)	95.6%	95.2%	(0.4%)		95.5%	
Working Hours<h/day>	8.90	8.77	(0.13)	(1.5%)	8.79	
Number of Engineers	1,979	2,295	+316	+16.0%		

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2018 (Group Overview)

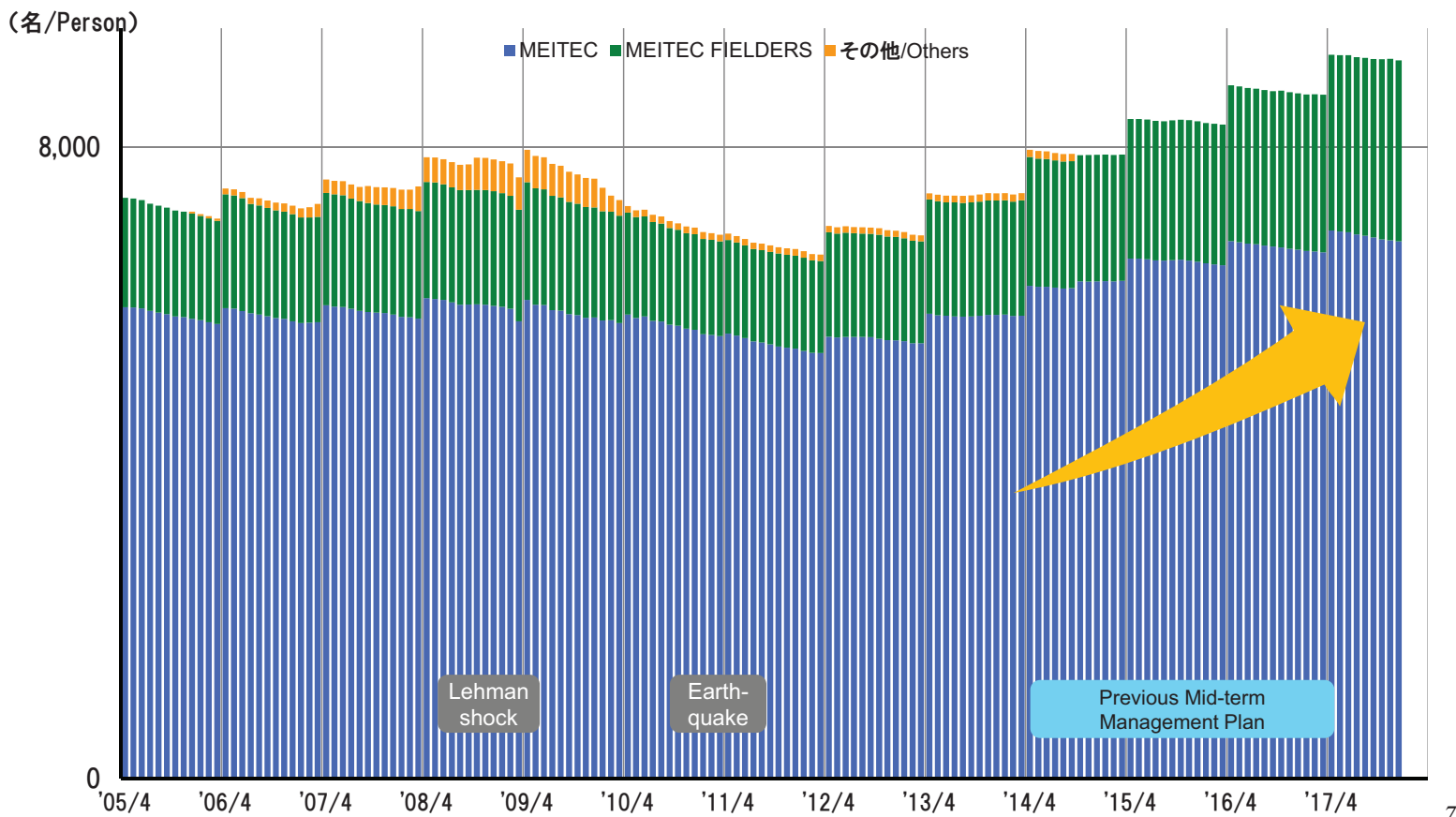
- ✓ Operating results for each company show strong growth.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	54,173	12,650	2,204	83	1,208
YoY Amount	+2,360	+1,627	+165	+12	+110
% Change	+4.6%	+14.8%	+8.1%	+17.5%	+10.1%
Operating profit	7,476	1,240	101	(21)	403
YoY Amount	+801	+199	+19	(0)	+9
% Change	+12.0%	+19.1%	+23.4%	—	+2.3%
Ordinary profit	8,232	1,235	101	(21)	402
Profit	5,845	849	70	(21)	276

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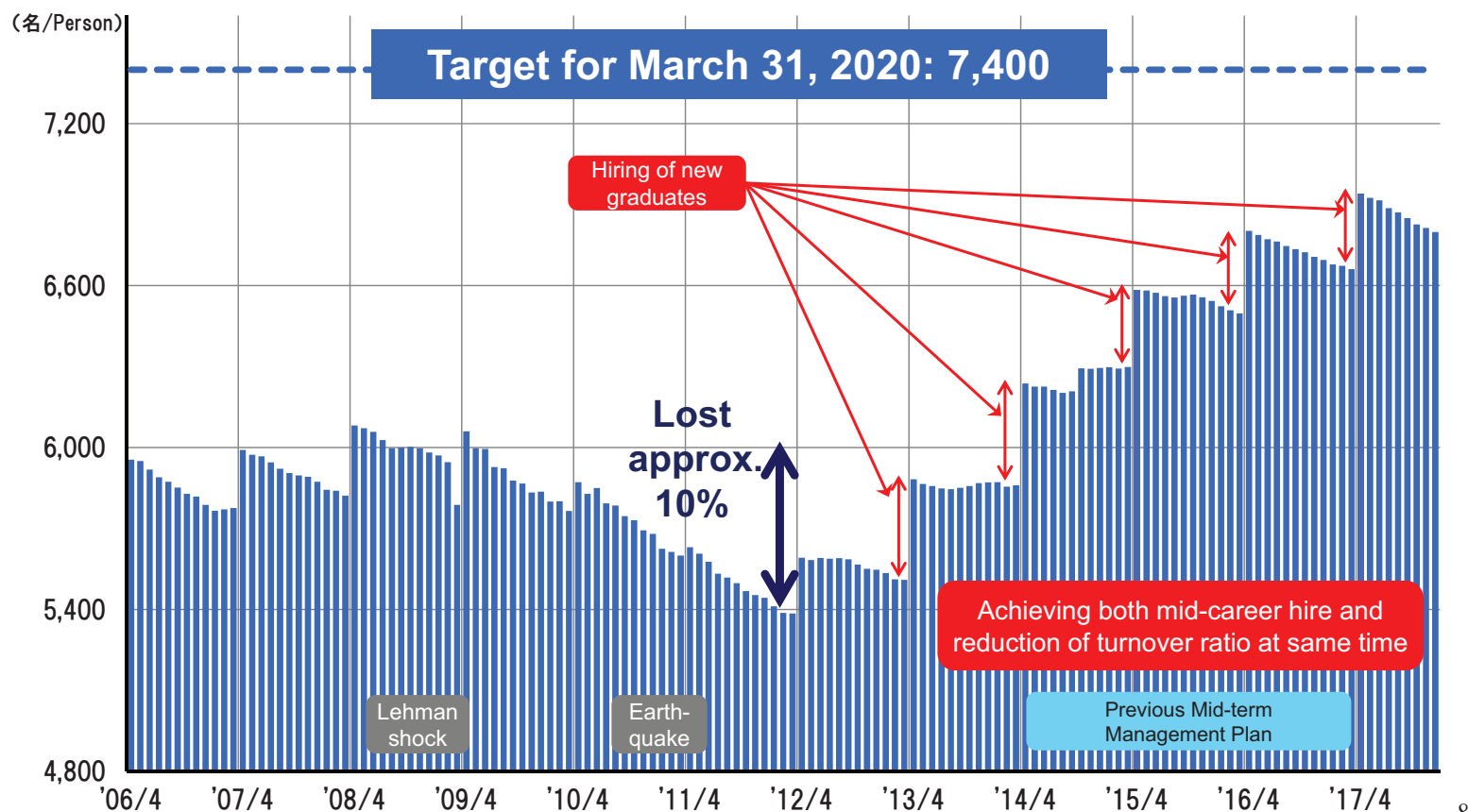
# Number of Engineers (Group Consolidated)

✓ The number of engineers as of December 31, 2017 was 9,094, an increase of 420 engineers, or 4.8%, compared to December 31, 2016.



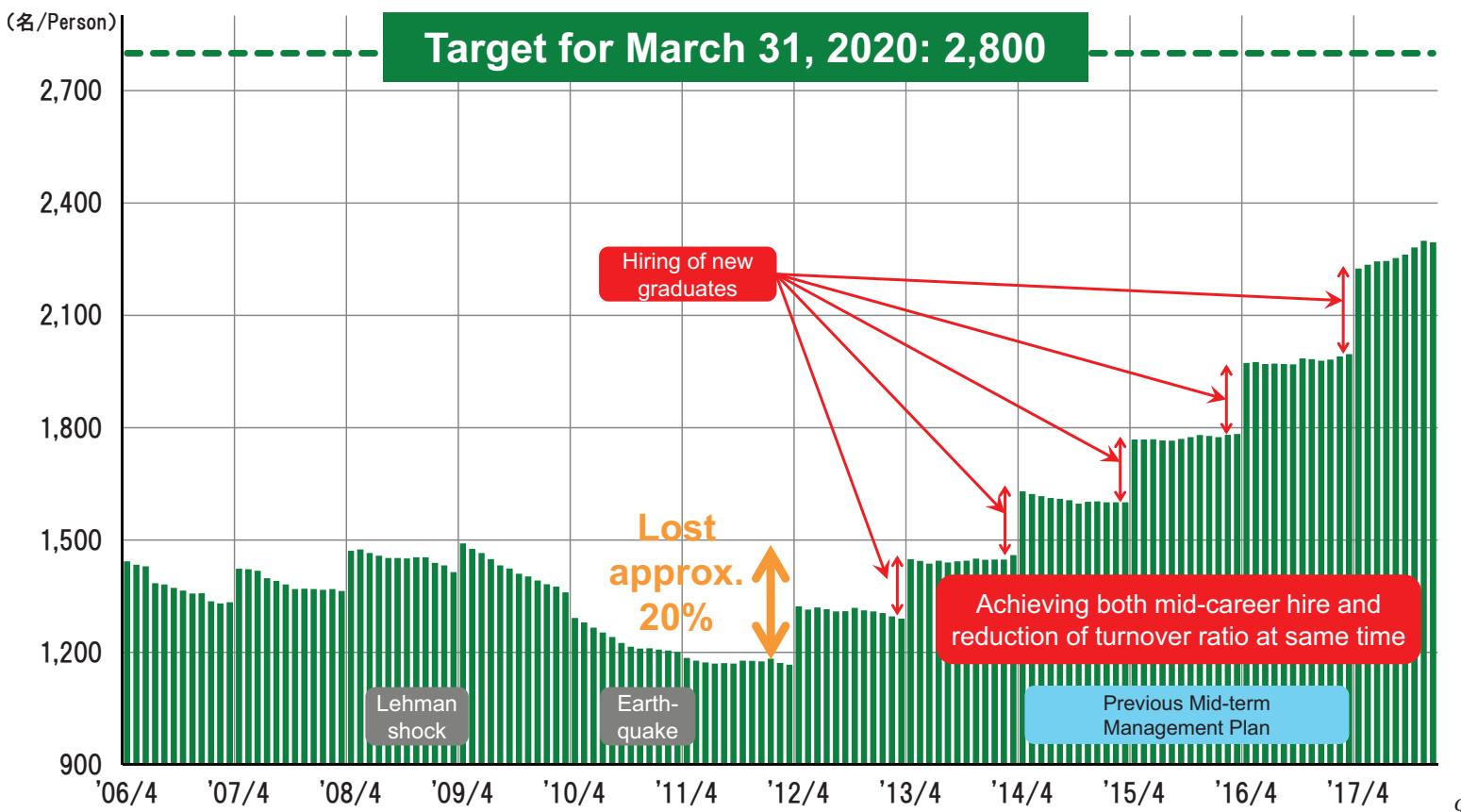
# Number of Engineers (Meitec)

✓ The number of engineers as of December 31, 2017 was 6,799, an increase of 104 engineers, or 1.6%, compared to December 31, 2016.



# Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of December 31, 2017 was 2,295, an increase of 316 engineers, or 16.0%, compared to December 31, 2016.



## Hiring Target for the Fiscal Year Ending March 31, 2018

### Mid-career (FY 2018/3)

- ✓ With no end in sight to corporate demand for hiring engineers among manufacturers and others, the hiring environment remains challenging.
- ✓ Under these conditions, Meitec will continue to focus on hiring engineers in line with order trends, mainly in the mechanical and electrical/electronics sectors, by maintaining hiring standards and the assumption of ensuring engineers can be assigned smoothly.
- ✓ The hiring target is unchanged from the initial forecast for Meitec, but increased by 65 from the initial forecast to 280 for Meitec Fielders in order to accelerate "expand growth in a wide range of businesses".

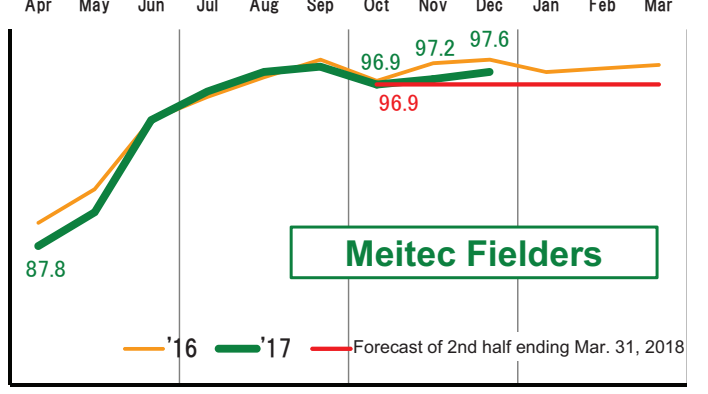
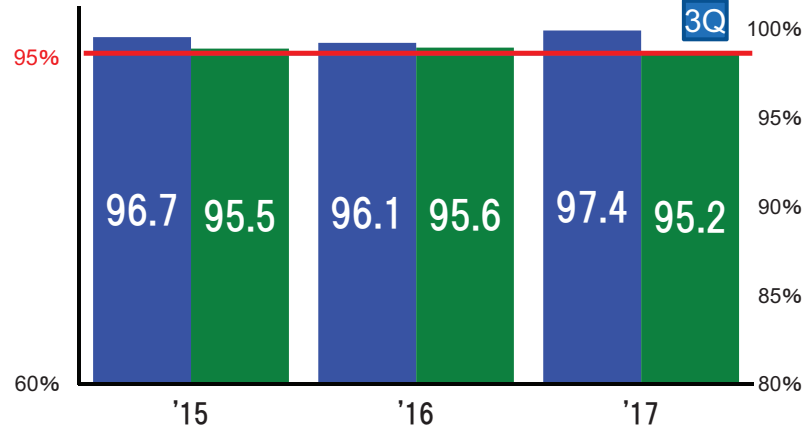
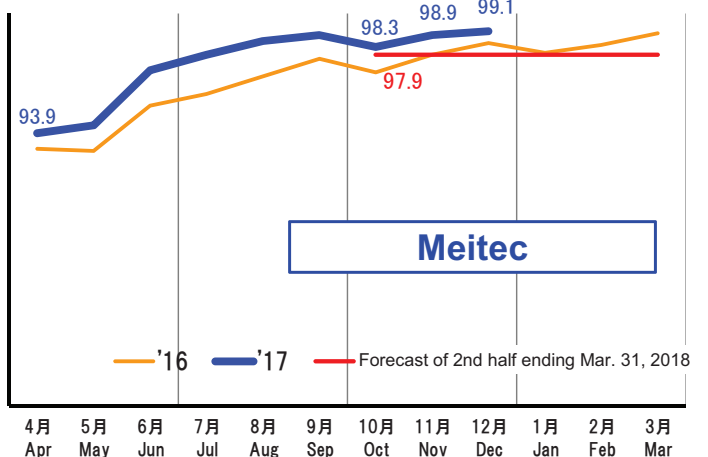
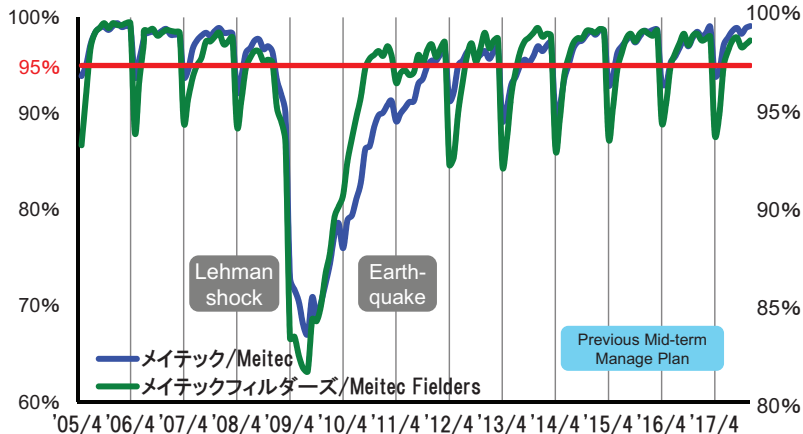
### New Graduates (Joined April 2018)

- ✓ The hiring environment remains difficult, and while bearing in mind the inclinations of the new graduates, we continued our efforts without lowering our hiring standards.
- ✓ Applicants are narrowing down the sectors they pursue earlier than before, and people's preference to work locally remains strong. So it has been difficult to secure the number of applicants.
- ✓ The number of the new graduates hired was 369, 9 more than the initial forecast, for Meitec. On the other hand, it was 197, 33 less than the initial forecast, for Meitec Fielders.

(person)	Fiscal Year Ending March 31, 2018					Fiscal Year Ending March 31, 2019	
	New Graduates April 2017 (Actual)	Mid-career <Target>	Comparison to Initial Forecast	Total <Target>	Comparison to Initial Forecast	New Graduates April 2018 <Prospective Number as of Oct. 2017>	Comparison to Initial Forecast
Meitec	308	150	—	458	—	369	+9
Meitec Fielders	213	280	+65	493	+65	197	(33)
Total	521	430	+65	951	+65	566	(24)
Comparison to previous year	+1	+138		+139			

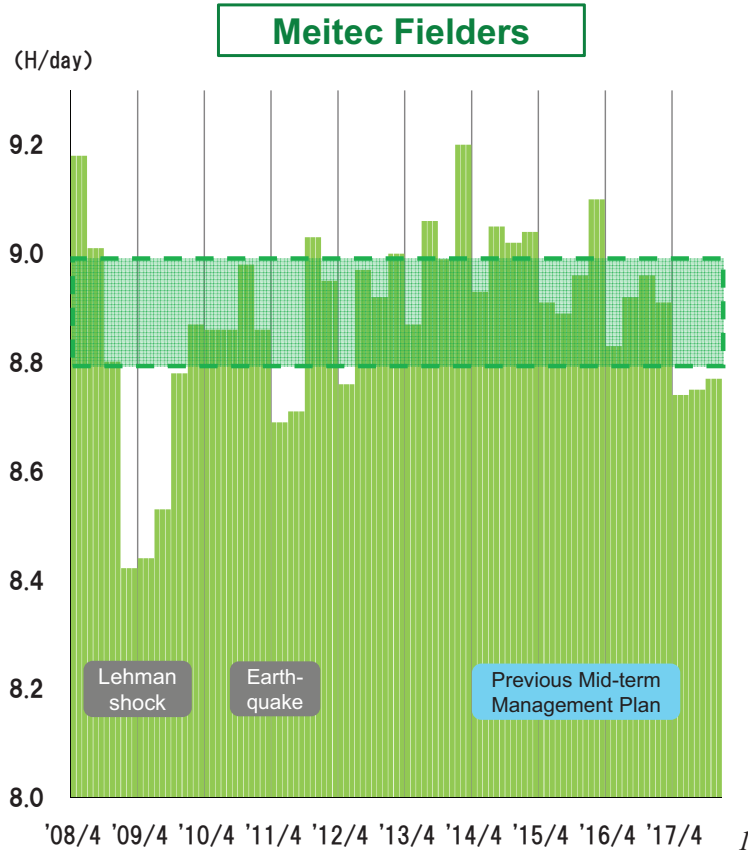
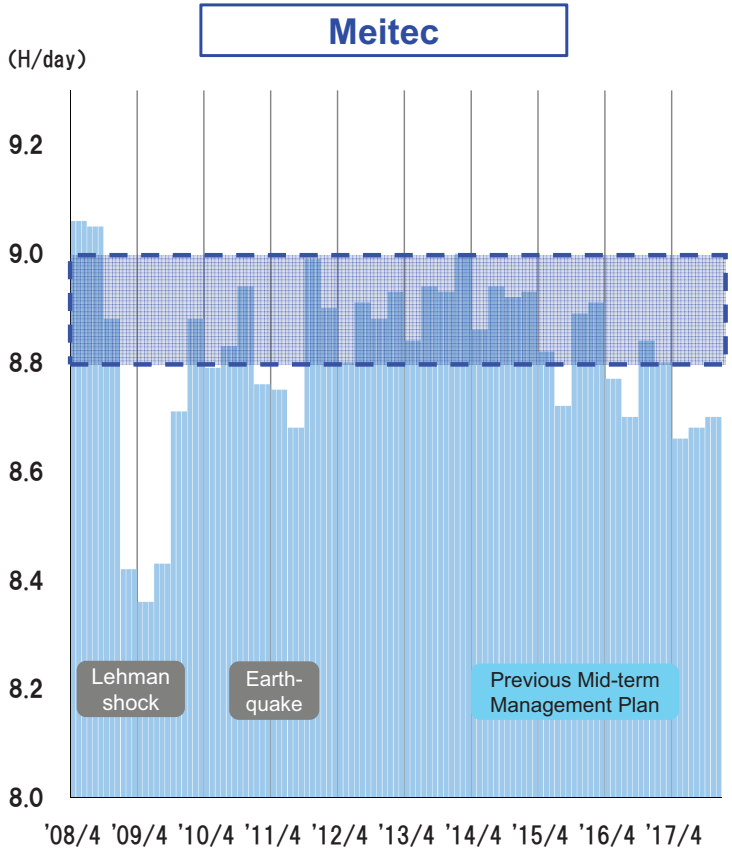
# Utilization Ratio

- ✓ Under a firm environment for order, the utilization ratio remained high.
- ✓ The utilization ratio increased year on year, mainly reflecting steady progress in assigning newly graduated engineers.



# Working Hours

- ✓ Working hours declined year on year due to reductions in overtime hours from our response to the recent work style reforms and other factors.



*Develop a New Era by People and Technology*

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