

# MEITEC CORPORATION

## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2019

January 31, 2019

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, 2019 (Group Consolidated)

- ✓ Net sales rose 4.6% year on year and operating profit was up 11.7%

| (Fractions of one million yen are rounded down) | 3Q ended Dec. 31, 2017 | 3Q ended Dec. 31, 2018 | YoY Amount | % Change | Full-year Forecasts | % Change |
|---|------------------------|------------------------|------------|----------|---------------------|----------|
| Net sales                                       | 70,087                 | 73,339                 | +3,252     | +4.6%    | 97,000              | 75.6%    |
| Cost of sales                                   | 51,359                 | 53,255                 | +1,895     | +3.7%    | 71,000              |          |
| Cost of sales to Net sales                      | 73.3%                  | 72.6%                  | (0.7%)     |          |                     |          |
| SG&A Expenses                                   | 9,513                  | 9,794                  | +281       | +3.0%    | 14,000              |          |
| Operating profit                                | 9,214                  | 10,289                 | +1,075     | +11.7%   | 12,000              | 85.7%    |
| Operating profit margins                        | 13.1%                  | 14.0%                  | +0.9%      |          | 12.4%               |          |
| Ordinary profit                                 | 9,219                  | 10,296                 | +1,076     | +11.7%   | 12,000              | 85.8%    |
| Extraordinary income & loss                     | 77                     | (1)                    | (79)       |          |                     |          |
| Profit before income taxes                      | 9,297                  | 10,294                 | +997       | +10.7%   |                     |          |
| Profit attributable to owners of parent         | 6,257                  | 7,022                  | +765       | +12.2%   | 8,100               | 86.7%    |
| Profit margins                                  | 8.9%                   | 9.6%                   | +0.6%      |          |                     |          |

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2019 (Meitec)

- ✓ Net sales rose 2.6% year on year and operating profit was up 9.9%
- ✓ 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, 2017 | 3Q ended Dec. 31, 2018 | YoY Amount | % Change | Full-year Forecasts | % Change |
|---|------------------------|------------------------|------------|----------|---------------------|----------|
| Net sales                                       | 54,173                 | 55,584                 | +1,410     | +2.6%    | 73,300              | 75.8%    |
| Operating profit                                | 7,476                  | 8,218                  | +742       | +9.9%    | 9,600               | 85.6%    |
| Operating profit margins                        | 13.8%                  | 14.8%                  | +1.0%      |          | 13.1%               |          |
| Ordinary profit                                 | 8,232                  | 8,976                  | +743       | +9.0%    | 10,300              | 87.1%    |
| Profit  | 5,845                  | 6,337                  | +492       | +8.4%    | 7,200               | 88.0%    |
| Utilization ratio (Company-wide)                | 97.4%                  | 97.1%                  | (0.3%)     |          | 97.2%               |          |
| Working Hours<h/day>                            | 8.70                   | 8.60                   | (0.10)     | (1.1%)   | 8.58                |          |
| Number of Engineers                             | 6,799                  | 6,969                  | +170       | +2.5%    |                     |          |

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2019 (Meitec Fielders)

- ✓ Net sales rose 14.3% year on year and operating profit was up 23.1%
- ✓ The utilization ratio improved ← Due to fewer number of newly graduated engineers compared with the previous year.

| (Fractions of one million yen are rounded down) | 3Q ended Dec. 31, 2017 | 3Q ended Dec. 31, 2018 | YoY Amount | % Change | Full-year Forecasts | % Change |
|---|------------------------|------------------------|------------|----------|---------------------|----------|
| Net sales                                       | 12,650                 | 14,465                 | +1,815     | +14.3%   | 19,000              | 76.1%    |
| Operating profit                                | 1,240                  | 1,528                  | +287       | +23.1%   | 1,650               | 92.6%    |
| Operating profit margins                        | 9.8%                   | 10.6%                  | +0.8%      |          | 8.7%                |          |
| Ordinary profit                                 | 1,235                  | 1,528                  | +292       | +23.7%   | 1,650               | 92.6%    |
| Profit  | 849                    | 1,058                  | +208       | +24.6%   | 1,050               | 100.8%   |
| Utilization ratio (Company-wide)                | 95.2%                  | 95.7%                  | +0.5%      |          | 96.0%               |          |
| Working Hours<h/day>                            | 8.77                   | 8.64                   | (0.13)     | (1.5%)   | 8.64                |          |
| Number of Engineers                             | 2,295                  | 2,597                  | +302       | +13.2%   |                     |          |

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## Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2019 (Group Overview)

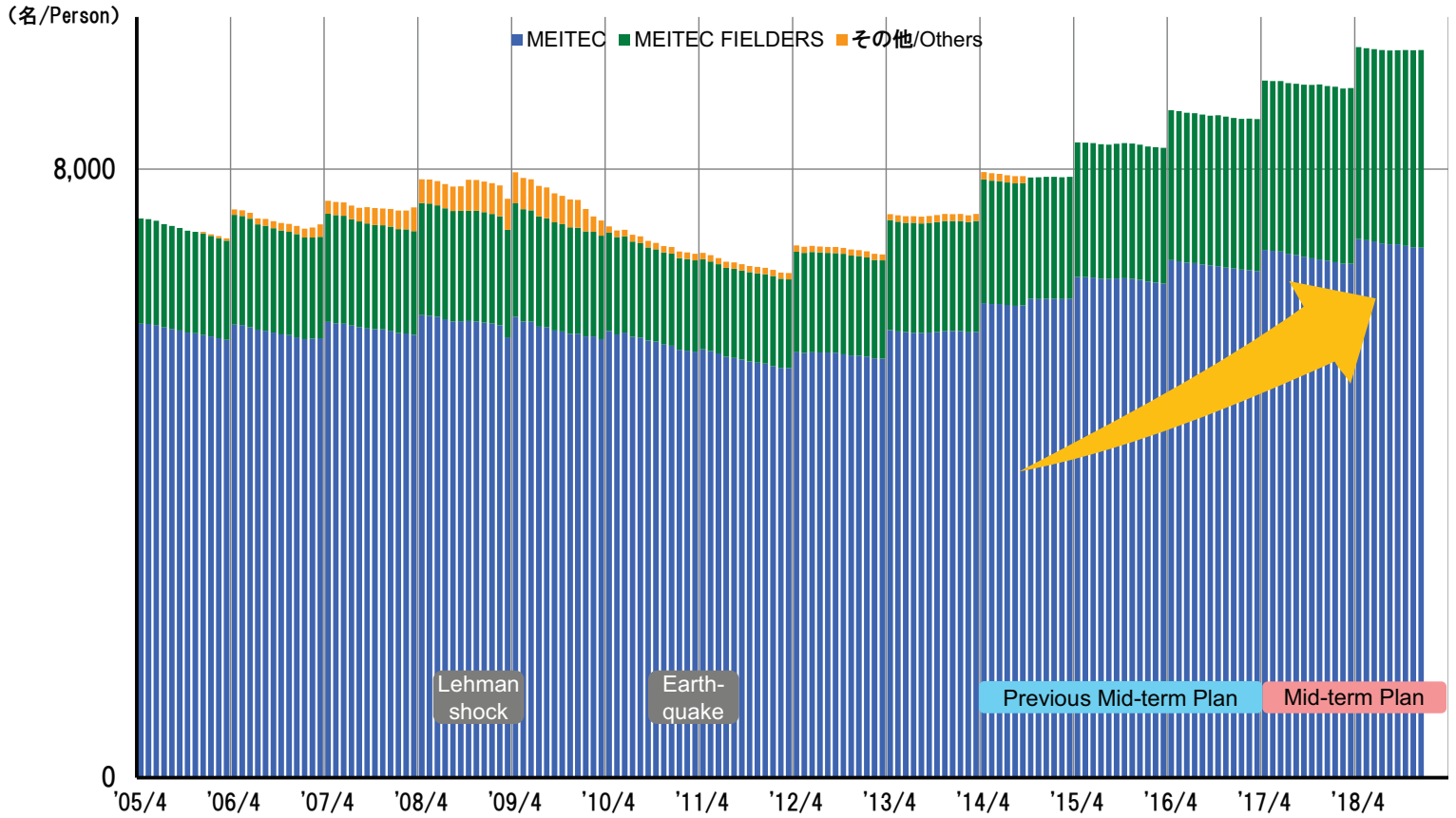
- ✓ Operating profit declined 3.2% YoY, for Meitec Next. ←Due to the increase in the implementation cost of each strategy for aggressive growth.

| (Millions of yen) | Engineering Solutions Business |                 |             |           | Recruiting & Placement Business for Engineers |
|-------------------|--------------------------------|-----------------|-------------|-----------|---|
|                   | Meitec                         | Meitec Fielders | Meitec Cast | Meitec EX | Meitec Next                                   |
| Net sales         | 55,584                         | 14,465          | 2,160       | 83        | 1,301   |
| YoY Amount        | +1,410                         | +1,815          | (44)        | (0)       | +93   |
| % Change          | +2.6%                          | +14.3%          | (2.0%)      | —         | +7.7%   |
| Operating profit  | 8,218                          | 1,528           | 140         | (6)       | 390   |
| YoY Amount        | +742                           | +287            | +38         | +14       | (13)  |
| % Change          | +9.9%                          | +23.1%          | +38.4%      | —         | (3.2%)  |
| Ordinary profit   | 8,976                          | 1,528           | 139         | (6)       | 389   |
| Profit            | 6,337                          | 1,058           | 95          | (6)       | 270   |

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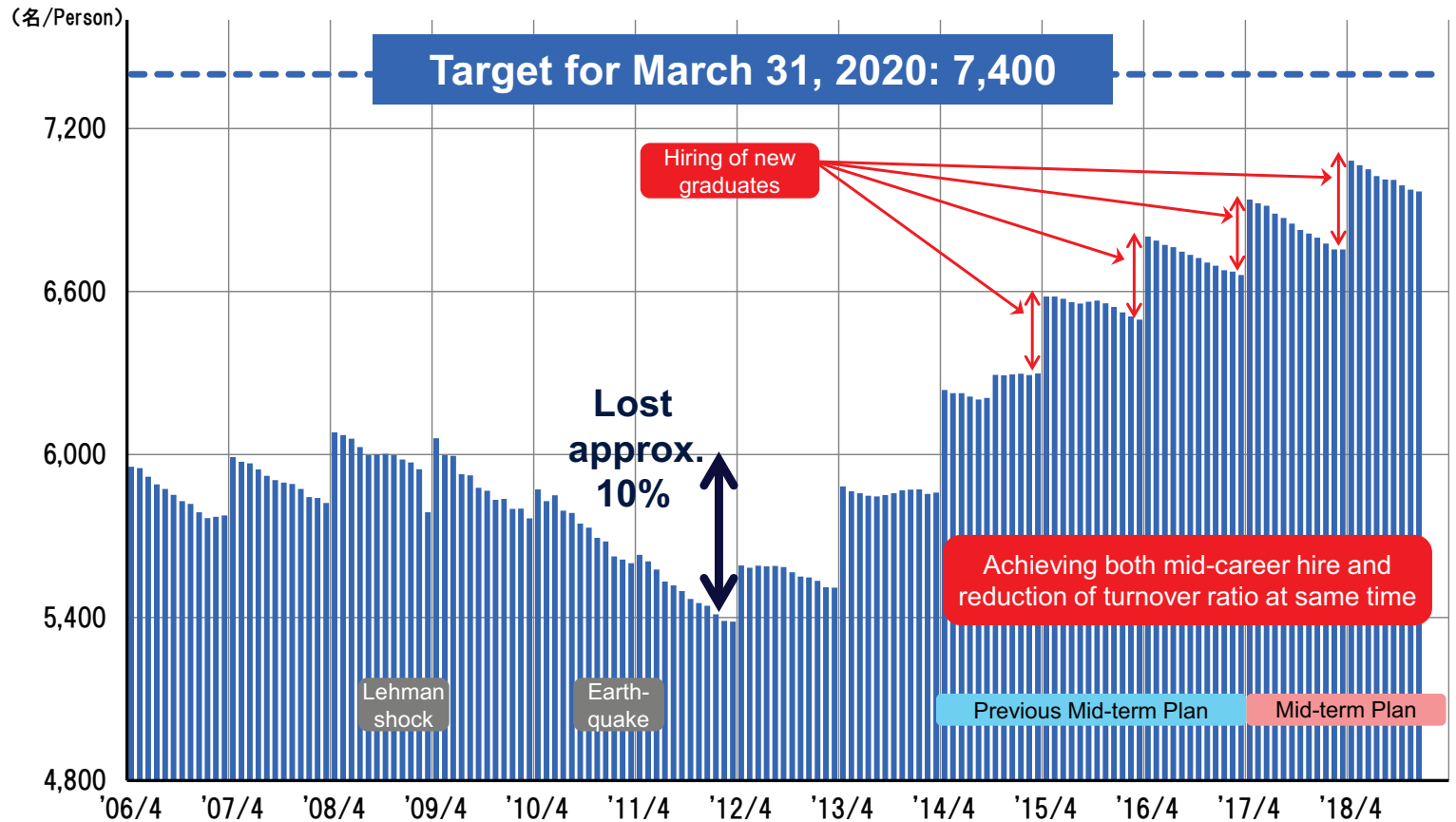
# Number of Engineers (Group Consolidated)

✓ The number of engineers as of December 31, 2018 was 9,566, an increase of 472 engineers, or 5.2%, compared to December 31, 2017.



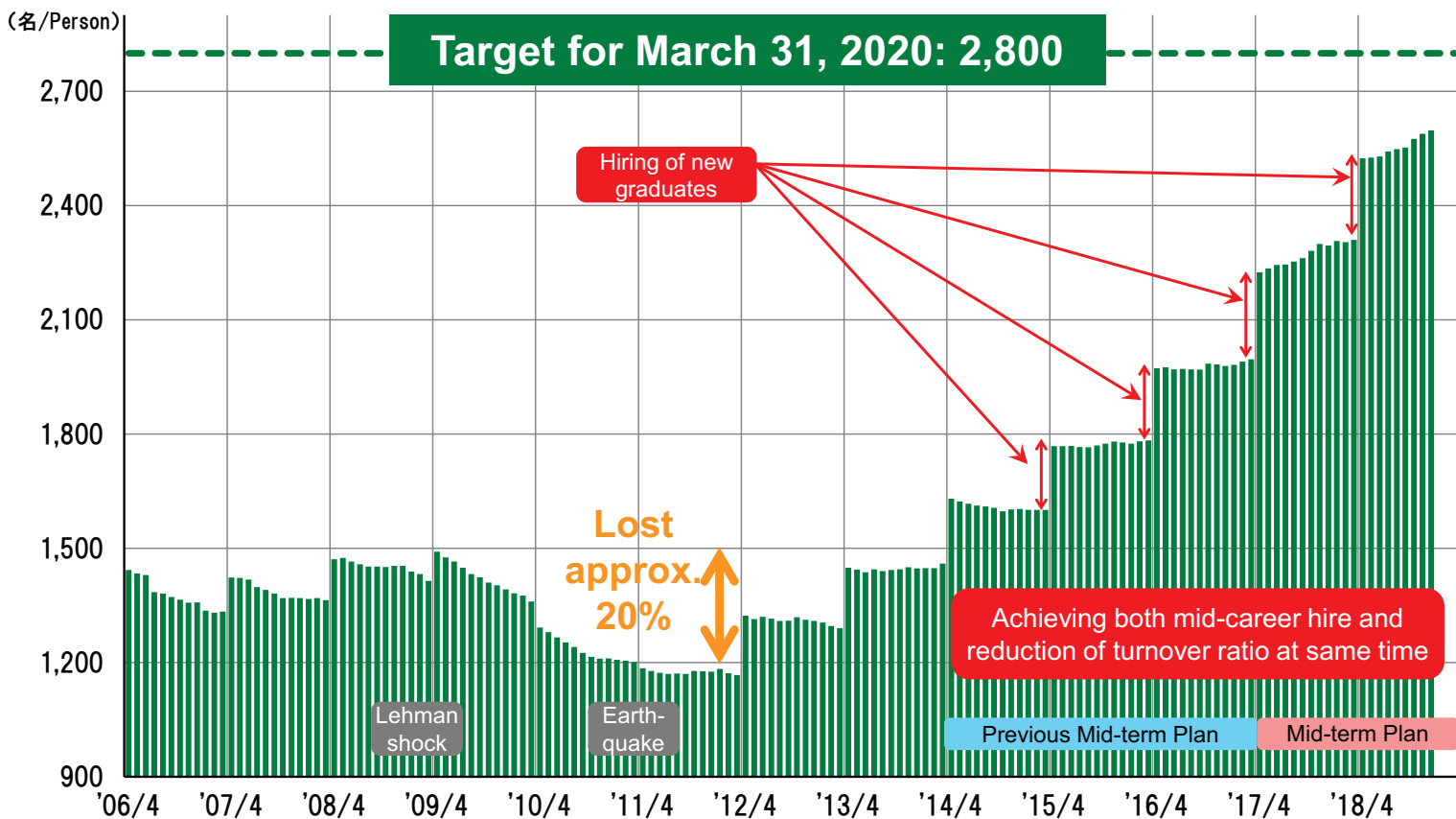
# Number of Engineers (Meitec)

✓ The number of engineers as of December 31, 2018 was 6,969, an increase of 170 engineers, or 2.5%, compared to December 31, 2017.



# Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of December 31, 2018 was 2,597, an increase of 302 engineers, or 13.2%, compared to December 31, 2017.



## Hiring Target for the Fiscal Year Ending March 31, 2019

### Mid-career (FY 2019/3)

- ✓ 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 for Meitec is 160, remain unchanged from initial forecast. Same for Meitec Fielders, the hiring target is unchanged from initial forecast.

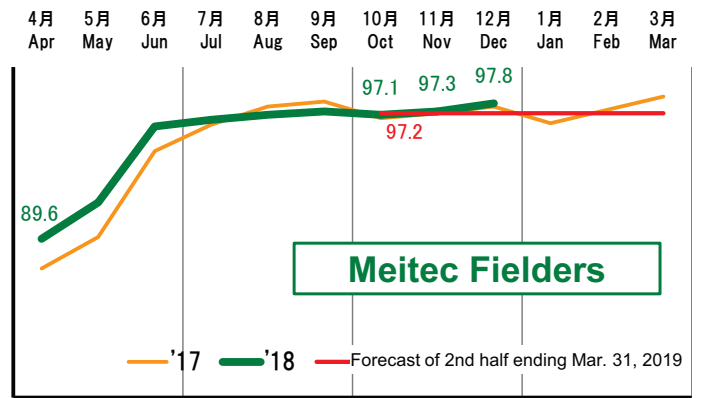
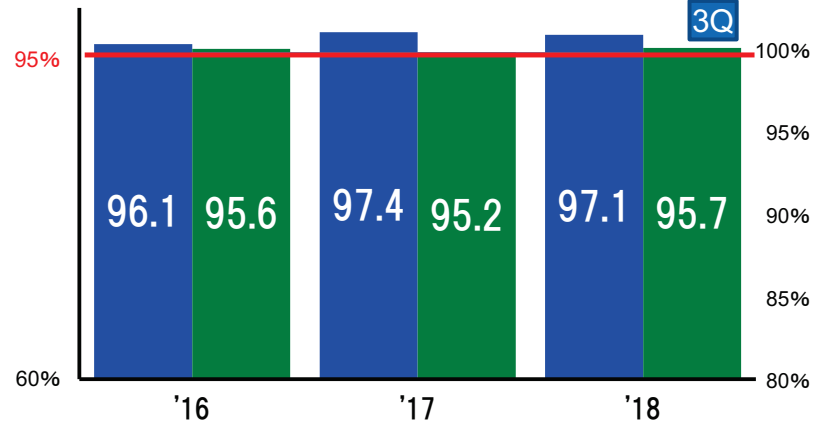
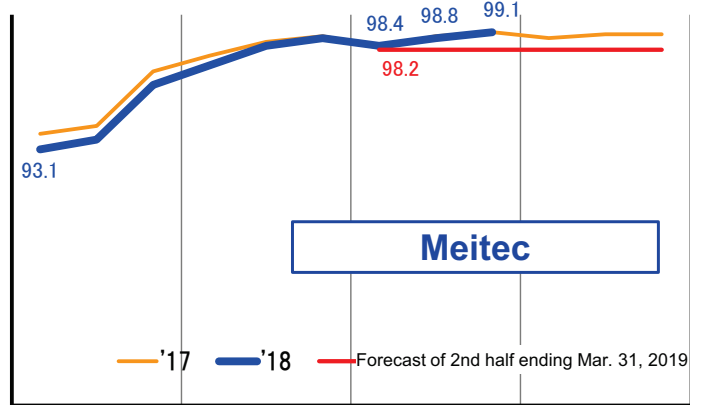
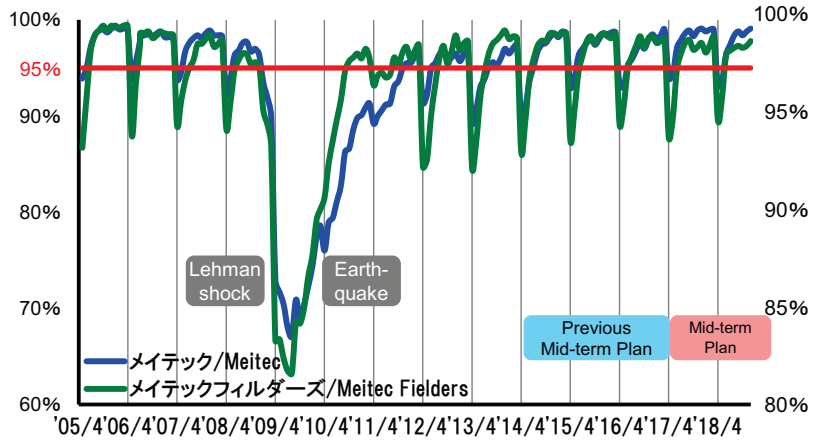
### New Graduates (Joined April 2019)

- ✓ With the challenging hiring environment made tougher by companies' rising eagerness to hire new graduates, we will focus on the trends of the new-graduate generation and continue our hiring activities while maintaining 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 prospective employees was 424, 24 more than the initial forecast, for Meitec. On the other hand, it was 205, 35 less than the initial forecast, for Meitec Fielders.

| (person)                    | Fiscal Year Ending March 31, 2019 |                     |                                |                |                                | Fiscal Year Ending March 31, 2020                             |                                |
|-----------------------------|-----------------------------------|---------------------|--------------------------------|----------------|--------------------------------|---|--------------------------------|
|                             | New Graduates April 2018 (Actual) | Mid-career <Target> | Comparison to Initial Forecast | Total <Target> | Comparison to Initial Forecast | New Graduates April 2019 <Prospective Number as of Oct. 2018> | Comparison to Initial Forecast |
| Meitec                      | 357                               | 160                 | —                              | 517            | —                              | 424   | +24                            |
| Meitec Fielders             | 203                               | 280                 | —                              | 483            | —                              | 205   | (35)                           |
| Total                       | 560                               | 440                 | —                              | 1000           | —                              | 629   | (11)                           |
| Comparison to previous year | +39                               | (2)                 |                                | +37            |                                |   |                                |

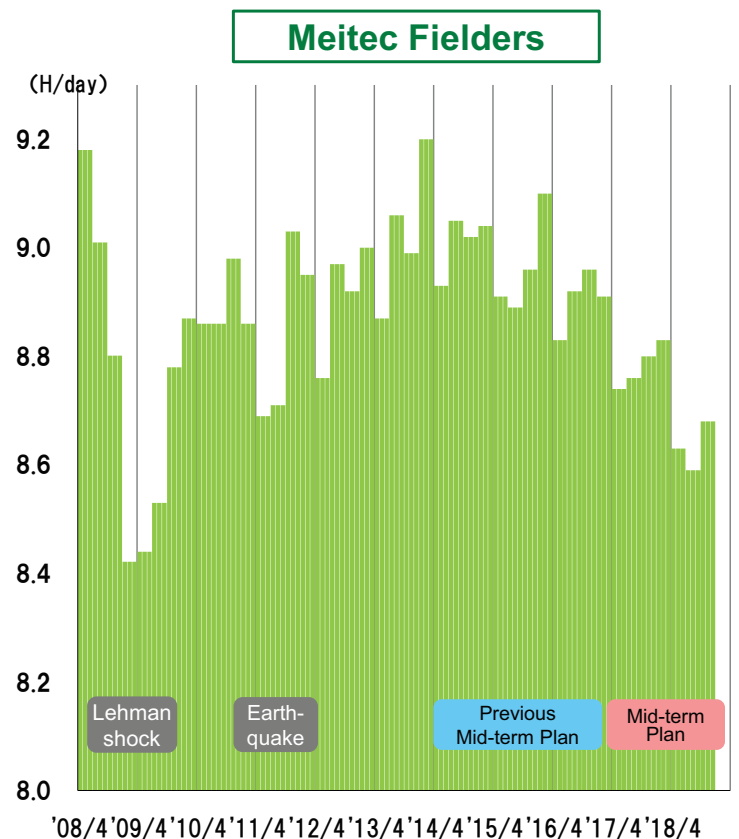
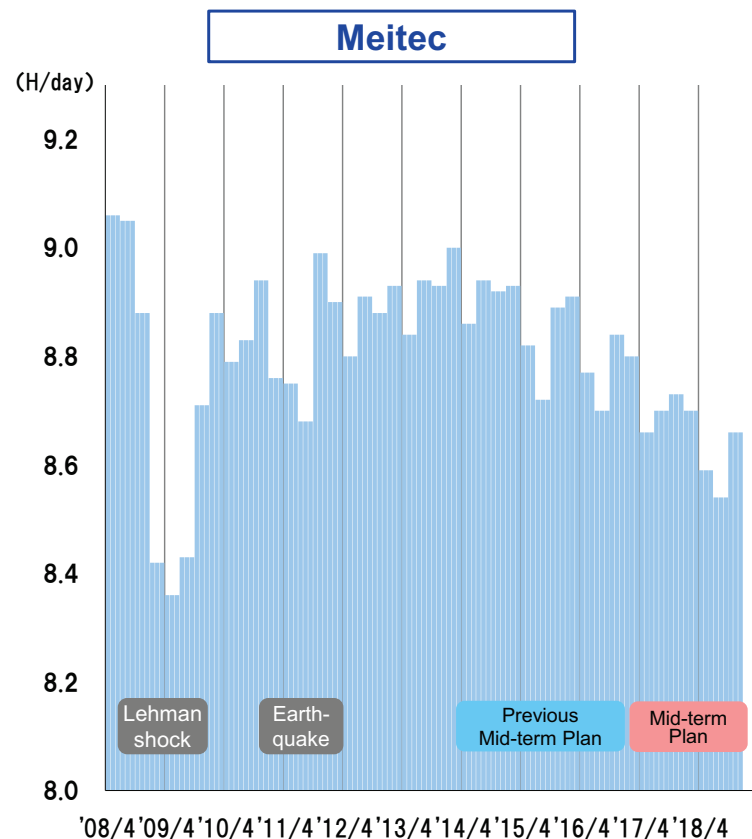
# Utilization Ratio

✓ Under a firm environment for order, the utilization ratio remained high.



# Working Hours

✓ Working hours declined year on year due to reductions in overtime hours.



*Develop a New Era by People and Technology*

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