

MEITEC CORPORATION

Results for the 1st Quarter of the Fiscal Year Ending March 31, 2020

July 30, 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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Engineering Firm at The Core

Results for the 1st Quarter of the Fiscal Year Ending March 31, 2020 (Group Consolidated)

- ✓ Net sales rose a modest 2.4% YoY and Cost of sales to Net sales rose 0.8% YoY due to the effect of the nationwide extended holiday. There was also a once-off increase in system costs, etc., resulting in a fall in operating profit. → However, it was in line with the initial forecast.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2018	1Q ended June. 30, 2019	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2019	% Change
Net sales	23,755	24,333	+578	+2.4%	49,700	49.0%
Cost of sales	17,426	18,048	+621	+3.6%	36,400	
Cost of sales to Net sales	73.4%	74.2%	+0.8%			
SG&A Expenses	3,324	3,717	+393	+11.8%	7,500	
Operating profit	3,004	2,567	(436)	(14.5%)	5,800	44.3%
Operating profit margins	12.6%	10.6%	(2.0%)		11.7%	
Ordinary profit	3,006	2,576	(430)	(14.3%)	5,800	44.4%
Extraordinary income & loss	(1)	(1)	—			
Profit before income taxes	3,005	2,574	(430)	(14.3%)		
Profit attributable to owners of parent	1,899	1,552	(347)	(18.3%)	3,800	40.8%
Profit margins	8.0%	6.4%	(1.6%)			

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2020 (Meitec)

- ✓ The number of engineers increased but the increase in net sales was slight 0.8% YoY and operating profit fell 15.9% YoY due to the effect of the extended holiday. → However, it was in line with the initial forecast.
- ✓ The utilization ratio down YoY. ← Mainly due to a greater number of newly graduated engineers and tighter selection of engineers' work at places of employment.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2018	1Q ended June. 30, 2019	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2019	% Change
Net sales	18,026	18,176	+149	+0.8%	37,000	49.1%
Operating profit	2,466	2,073	(393)	(15.9%)	4,600	45.1%
Operating profit margins	13.7%	11.4%	(2.3%)		12.4%	
Ordinary profit	3,205	2,962	(243)	(7.6%)	5,500	53.9%
Profit	2,264	2,092	(172)	(7.6%)	3,800	55.1%
Utilization ratio (Company-wide)	94.4%	93.4%	(1.0%)		95.2%	
Working Hours (h/day)	8.59	8.62	+0.03	+0.3%	8.57	
Number of Engineers	7,050	7,268	+218	+3.1%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2020 (Meitec Fielders)

- ✓ The extended holiday did have an effect but a large increase in the number of engineers caused net sales to be up 9.9% YoY and operating profit to be level YoY. → In line with the initial forecast.
- ✓ The utilization ratio down YoY. ← Due to tighter selection of engineers' work at places of employment and promotion of their work rotation.

(Fractions of one million yen are rounded down)	1Q ended June. 30, 2018	1Q ended June. 30, 2019	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2019	% Change
Net sales	4,643	5,101	+457	+9.9%	10,200	50.0%
Operating profit	362	358	(4)	(1.1%)	800	44.8%
Operating profit margins	7.8%	7.0%	(0.8%)		7.8%	
Ordinary profit	362	358	(3)	(1.1%)	800	44.8%
Profit	250	247	(2)	(1.1%)	560	44.1%
Utilization ratio (Company-wide)	92.7%	91.9%	(0.8%)		94.1%	
Working Hours<h/day>	8.63	8.66	+0.03	+0.3%	8.61	
Number of Engineers	2,529	2,815	+286	+11.3%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2020 (Group Overview)

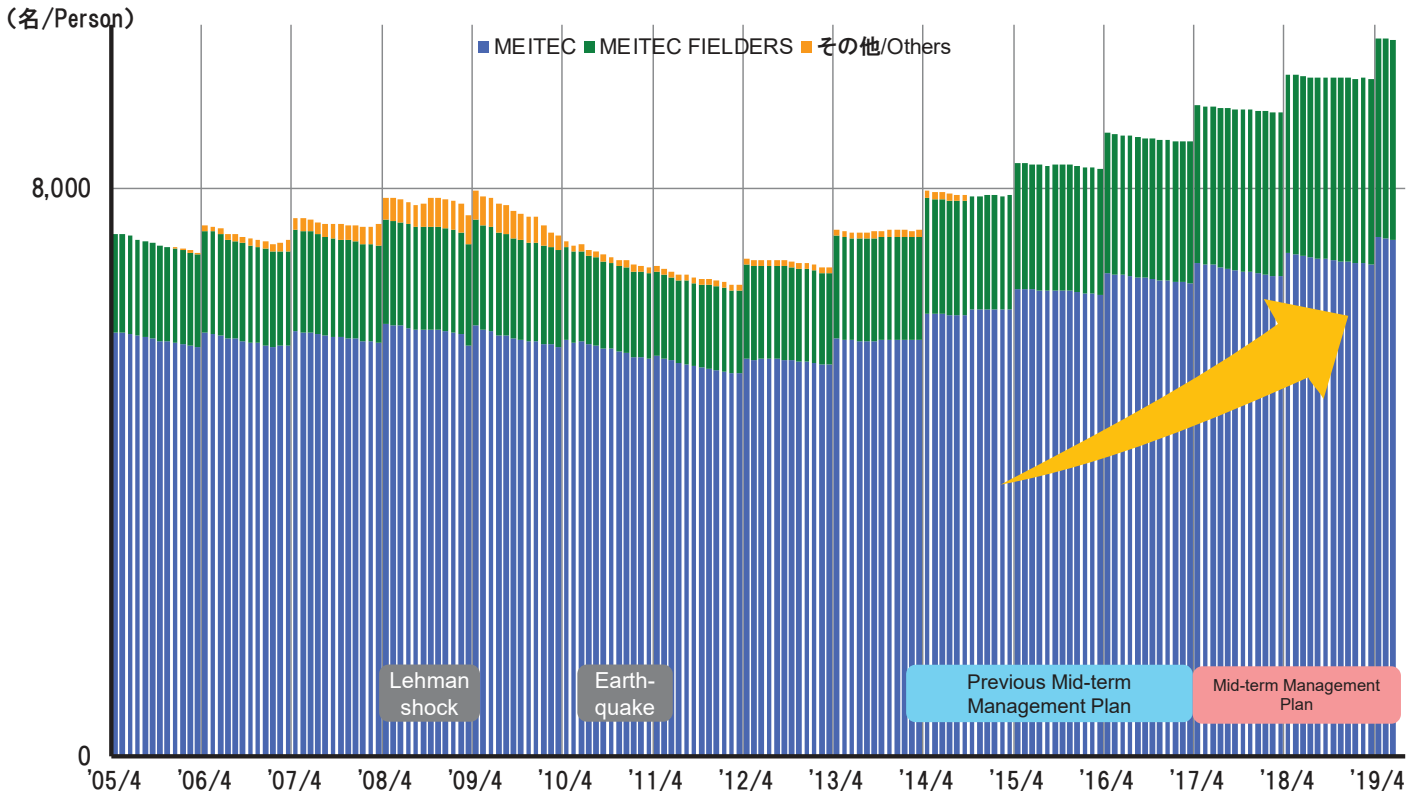
- ✓ Both sales and profit declined YoY due to a fall in the number of job placements in the Recruiting & Placement Business for Engineers.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	18,176	5,101	694	28	412
YoY Amount	+149	+457	(21)	+1	(19)
% Change	+0.8%	+9.9%	(2.9%)	+5.6%	(4.6%)
Operating profit	2,073	358	45	(3)	93
YoY Amount	(393)	(4)	+2	+2	(37)
% Change	(15.9%)	(1.1%)	+6.9%	—	(28.8%)
Ordinary profit	2,962	358	45	(3)	92
Profit	2,092	247	31	(3)	63

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Number of Engineers (Group Consolidated)

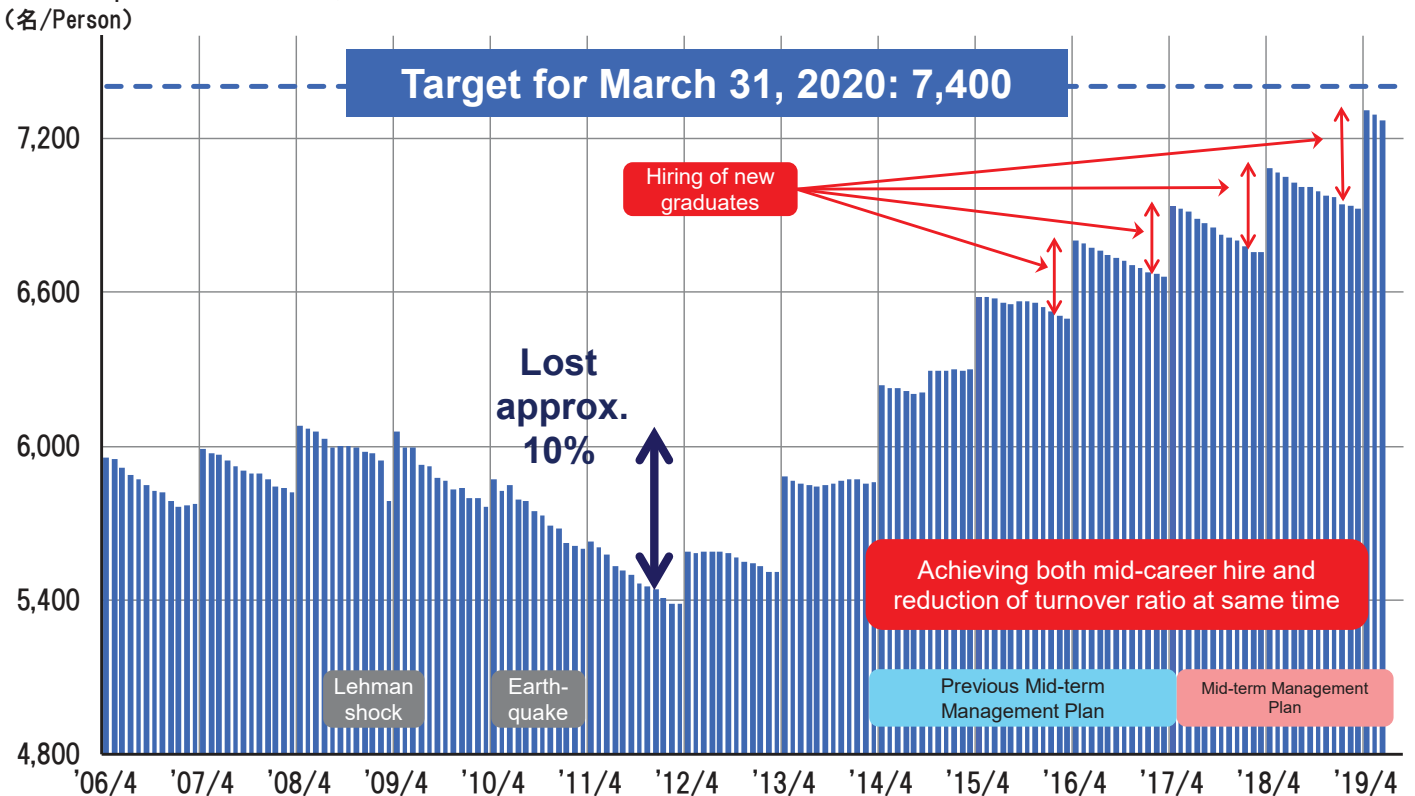
✓ The number of engineers as of June 30, 2019 was 10,083, an increase of 504 engineers, or 5.3%, compared to June 30, 2018.



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Number of Engineers (Meitec)

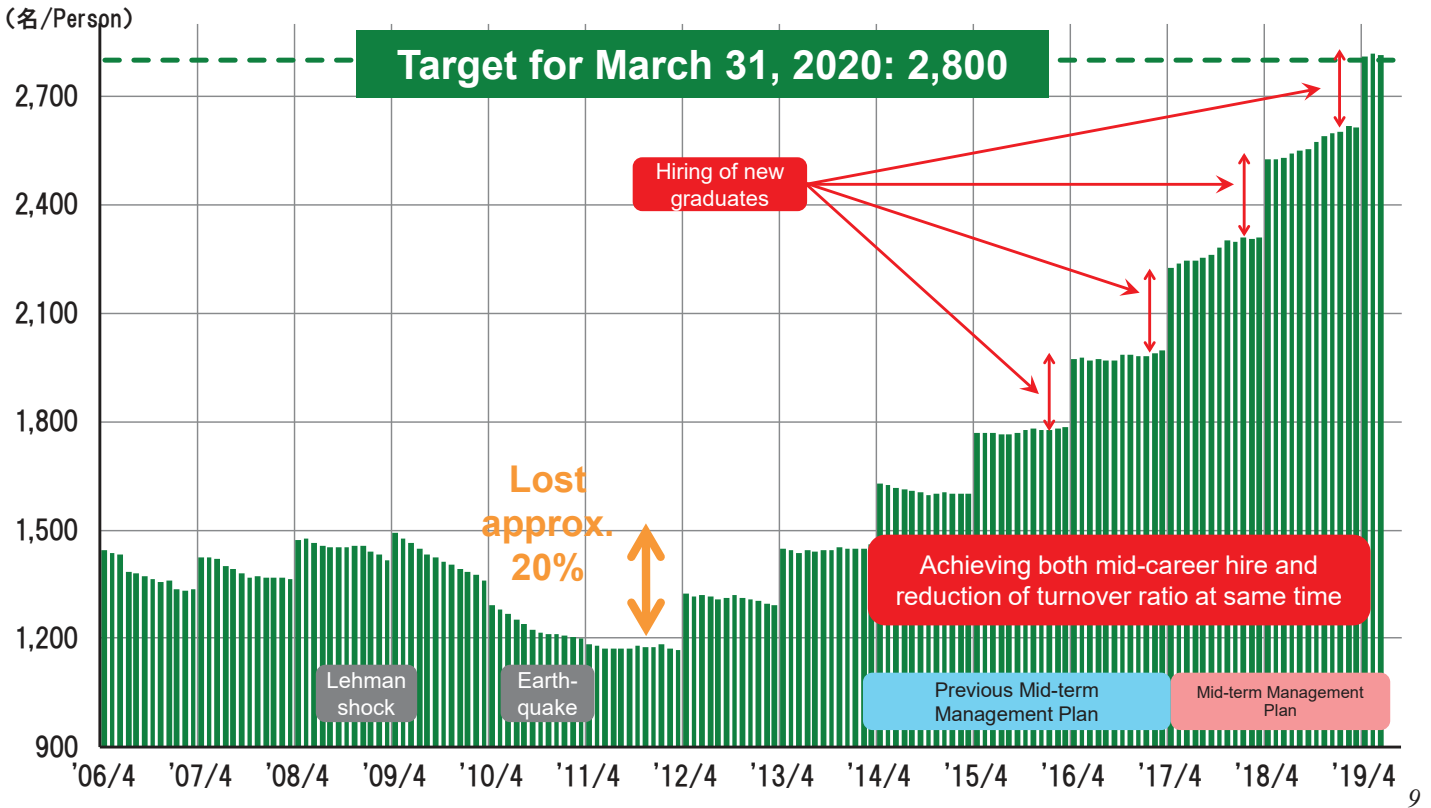
✓ The number of engineers as of June 30, 2019 was 7,268, an increase of 218 engineers, or 3.1%, compared to June 30, 2018.



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Number of Engineers (Meitec Fielders)

✓ The number of engineers as of June 30, 2019 was 2,815, an increase of 286 engineers, or 11.3%, compared to June 30, 2018.



Hiring Target for the Fiscal Year Ending March 31, 2020

Re-posted

Mid-career (FY 2020/3)

- Hiring environment is expected to remain difficult as there is no end in sight to demand for hiring engineers by manufacturers and others.
- ✓ We will continue activities while maintaining our hiring standards.
- ✓ Bolster the ability to attract applicants by having people understand the fact that our business continually generates lifetime professional engineers

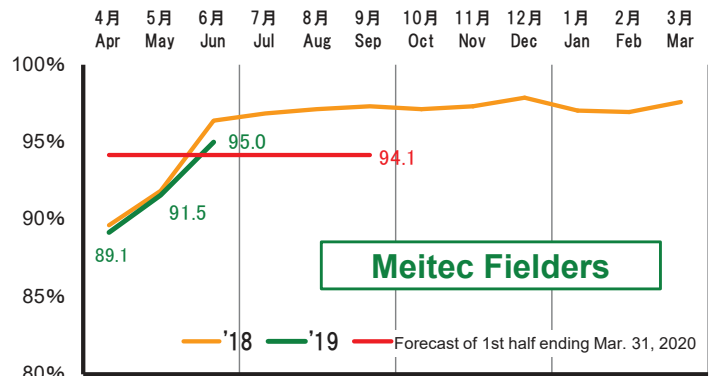
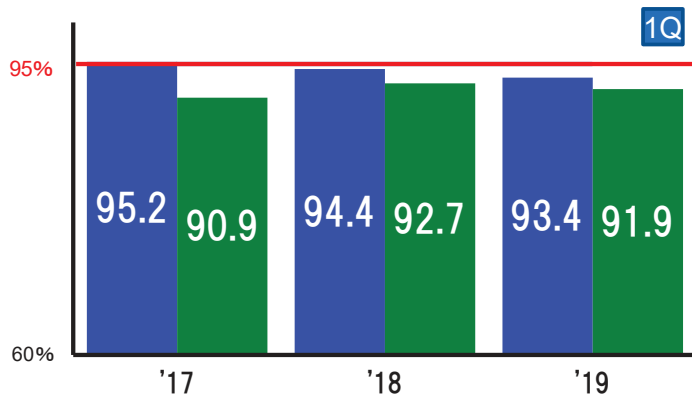
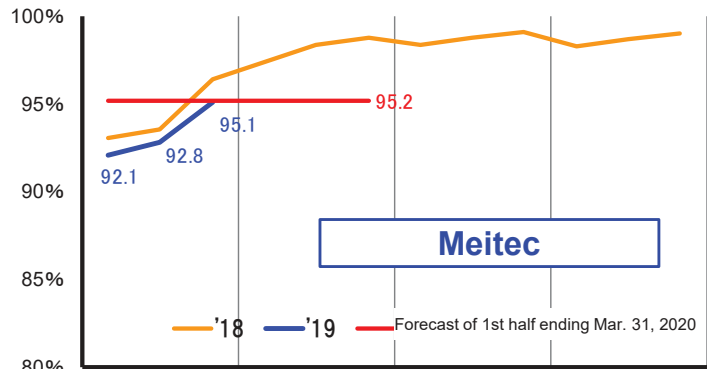
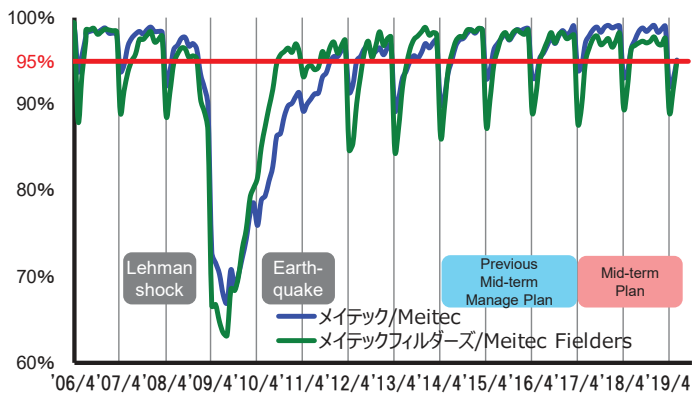
New Graduates (Joined April 2020)

- In the continuing seller's market, companies are beginning their hiring activities earlier and competition for talent is intensifying.
- ✓ Show students the appeal of a lifetime professional engineering career through internship programs, etc.
- ✓ Continue hiring activities that value applicants' preferences
- ※Due to the nature of solutions provided by our engineer's involvement with the state-of-the-art technology and the latest product at the design and development department, hiring standard can not be lowered.

(person)	Fiscal Year Ending March 31, 2020					Fiscal Year Ending March 31, 2021	
	New Graduates April 2019 (Actual)	Mid-career		Total		New Graduates April 2020	
		< Target >	Comparison to Previous Year	< Target >	Comparison to Previous Year	< Target >	Comparison to Previous Year
Meitec	418	170	+7	588	+68	420	+2
Meitec Fielders	198	280	(41)	478	(46)	240	+42
Total	616	450	(34)	1,066	+22	660	+44

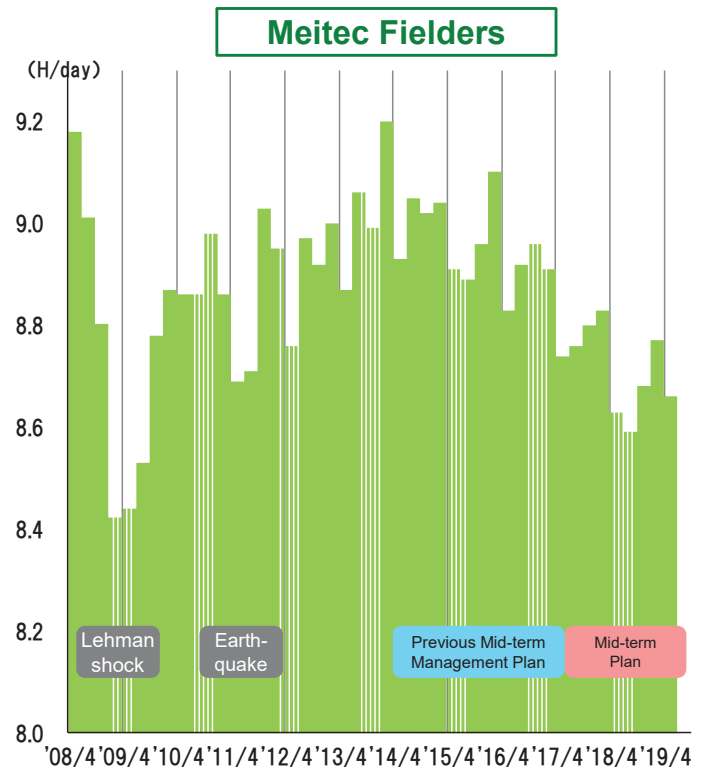
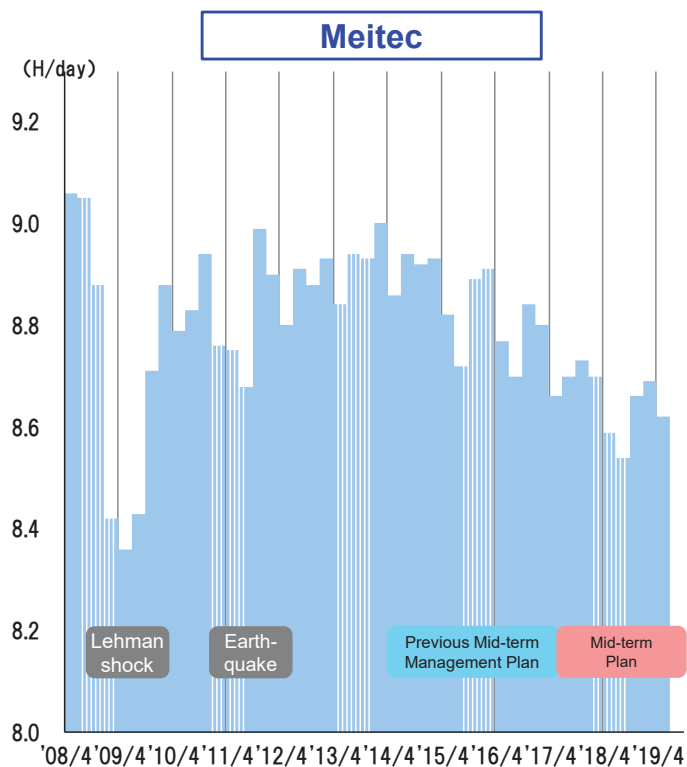
Utilization Ratio

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



Working Hours

✓ Working hours was generally level YoY.



Develop a New Era by People and Technology

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