

MEITEC CORPORATION

Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2020

January 30, 2020

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, 2020 (Group Consolidated)

- ✓ Net sales rose 2.5% year on year, but operating profit was down 4.1% YoY
- ✓ The number of working dates decreased partly due to special holidays occurring only in the current fiscal year, and the number of working hours also declined due to the reduced overtime hours work
→ However, the results were mostly in line with the announced forecast.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2018	3Q ended Dec. 31, 2019	YoY Amount	% Change	Full-year Forecasts	% Change
Net sales	73,339	75,149	+1,810	+2.5%	101,800	73.8%
Cost of sales	53,255	54,709	+1,454	+2.7%	74,200	
Cost of sales to Net sales	72.6%	72.8%	+0.2%			
SG&A Expenses	9,794	10,572	+777	+7.9%	14,700	
Operating profit	10,289	9,867	(422)	(4.1%)	12,900	76.5%
Operating profit margins	14.0%	13.1%	(0.9%)		12.7%	
Ordinary profit	10,296	9,900	(395)	(3.8%)	12,900	76.7%
Extraordinary income & loss	(1)	(2)	(1)			
Profit before income taxes	10,294	9,898	(396)	(3.9%)		
Profit attributable to owners of parent	7,022	6,702	(319)	(4.6%)	8,800	76.2%
Profit margins	9.6%	8.9%	(0.7%)			

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Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2020 (Meitec)

- ✓ The increase in net sales was slight 0.7% YoY and operating profit fell 5.1% YoY due to the reductions both in the number of working dates and working hours. → However, the results were mostly in line with the announced forecast.
- ✓ The utilization ratio declined 1.2% 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)	3Q ended Dec. 31, 2018	3Q ended Dec. 31, 2019	YoY Amount	% Change	Full-year Forecasts	% Change
Net sales	55,584	55,978	+394	+0.7%	75,500	74.1%
Operating profit	8,218	7,803	(415)	(5.1%)	10,300	75.8%
Operating profit margins	14.8%	13.9%	(0.8%)		13.6%	
Ordinary profit	8,976	8,706	(270)	(3.0%)	11,200	77.7%
Profit	6,337	6,149	(188)	(3.0%)	7,900	77.8%
Utilization ratio (Company-wide)	97.1%	95.9%	(1.2%)		96.4%	
Working Hours<h/day>	8.60	8.51	(0.09)	(1.0%)	8.60	
Number of Engineers	6,969	7,201	+232	+3.3%		

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Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2020 (Meitec Fielders)

- ✓ There was an impact of the reductions both in the number of working dates and working hours, but an increase in the number of engineers caused net sales to be up 10.1% YoY and operating profit to rise 5.0% YoY.
- ✓ The utilization ratio declined 0.9% YoY ← Mainly due to tighter selection of engineers' work at places of employment.

(Fractions of one million yen are rounded down)	3Q ended Dec. 31, 2018	3Q ended Dec. 31, 2019	YoY Amount	% Change	Full-year Forecasts	% Change
Net sales	14,465	15,926	+1,460	+10.1%	21,500	74.1%
Operating profit	1,528	1,604	+76	+5.0%	1,800	89.1%
Operating profit margins	10.6%	10.1%	(0.5%)		8.4%	
Ordinary profit	1,528	1,605	+76	+5.0%	1,800	89.2%
Profit	1,058	1,111	+53	+5.1%	1,300	85.5%
Utilization ratio (Company-wide)	95.7%	94.8%	(0.9%)		95.4%	
Working Hours<h/day>	8.64	8.56	(0.08)	(0.9%)	8.66	
Number of Engineers	2,597	2,844	+247	+9.5%		

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Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2020 (Group Overview)

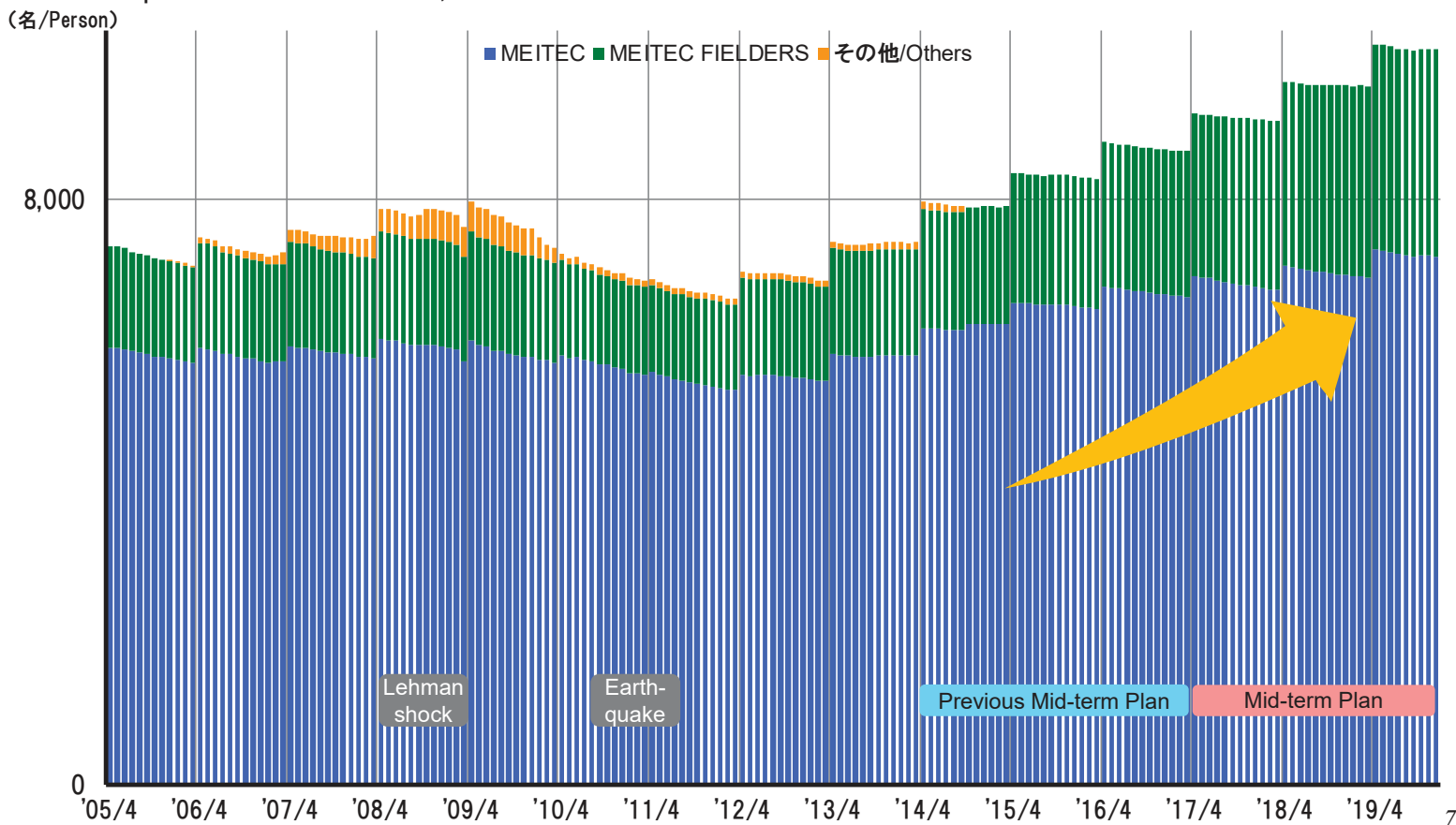
- ✓ Both sales and profit declined YoY for Meitec Next. ⇒ A decrease in the number of job placements.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	55,978	15,926	2,149	86	1,262
YoY Amount	+394	+1,460	(10)	+3	(38)
% Change	+0.7%	+10.1%	(0.5%)	+4.3%	(3.0%)
Operating profit	7,803	1,604	133	(7)	340
YoY Amount	(415)	+76	(6)	(1)	(49)
% Change	(5.1%)	+5.0%	(4.5%)	—	(12.7%)
Ordinary profit	8,706	1,605	133	(7)	338
Profit	6,149	1,111	91	(7)	234

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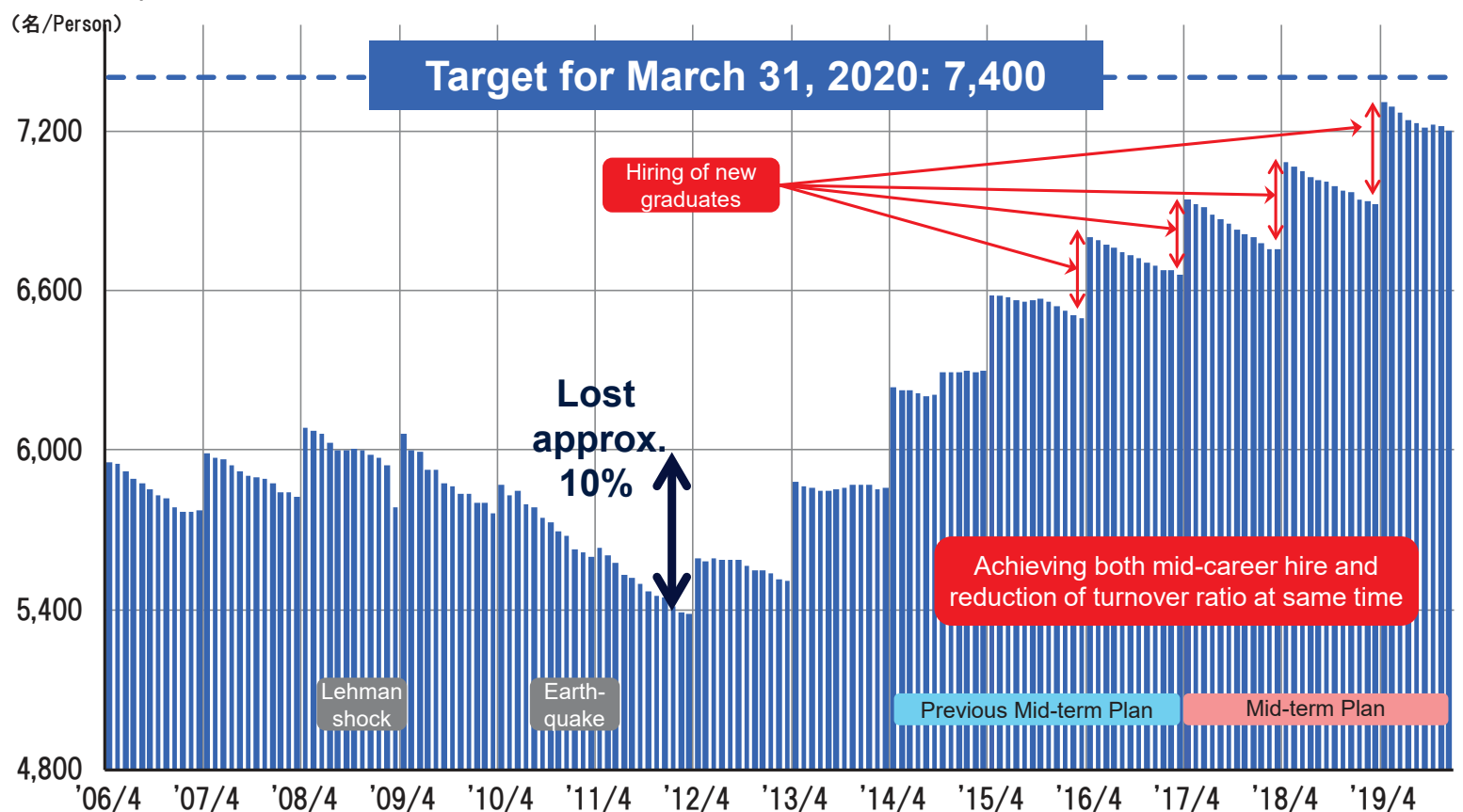
Number of Engineers (Group Consolidated)

✓ The number of engineers as of December 31, 2019 was 10,045, an increase of 479 engineers, or 5.0%, compared to December 31, 2018.



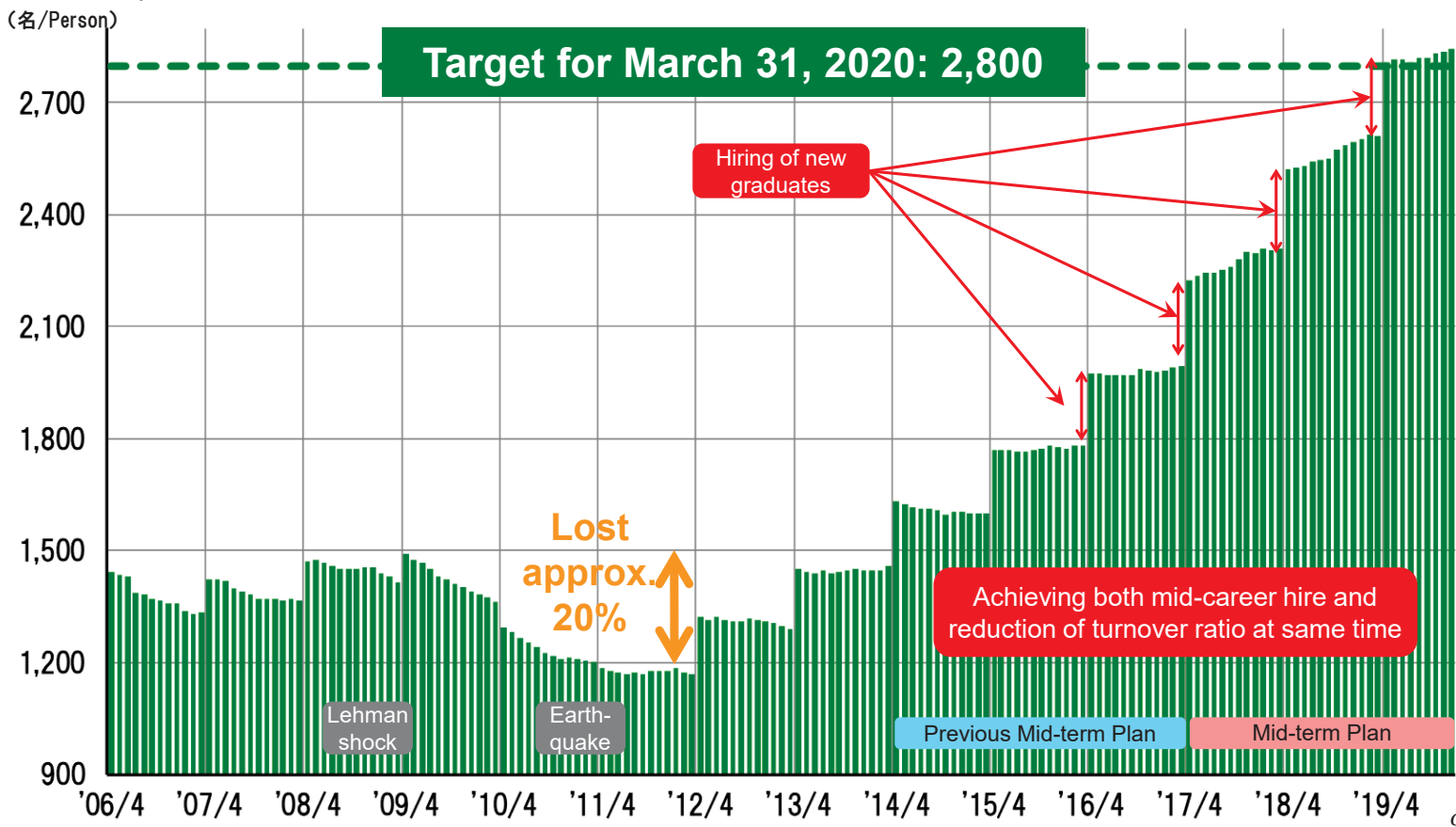
Number of Engineers (Meitec)

✓ The number of engineers as of December 31, 2019 was 7,201, an increase of 232 engineers, or 3.3%, compared to December 31, 2018.



Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of December 31, 2019 was 2,844, an increase of 247 engineers, or 9.5%, compared to December 31, 2018.



Hiring Target for the Fiscal Year Ending March 31, 2020

Mid-career (FY 2020/3)

- With no end in sight to corporate demand for hiring engineers among manufacturers and others, the hiring environment remains challenging.
- ✓ We will continue our hiring activities while maintaining our hiring standards.
- ✓ As a result of focusing on forming the preliminary candidate group by having people understand the fact that our business continually generates lifetime professional engineers, we upwardly revised the Group's hiring target as hiring has been progressing satisfactorily for the Group overall.

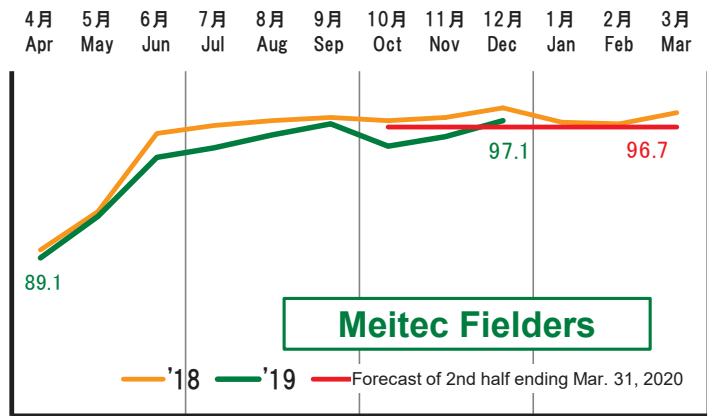
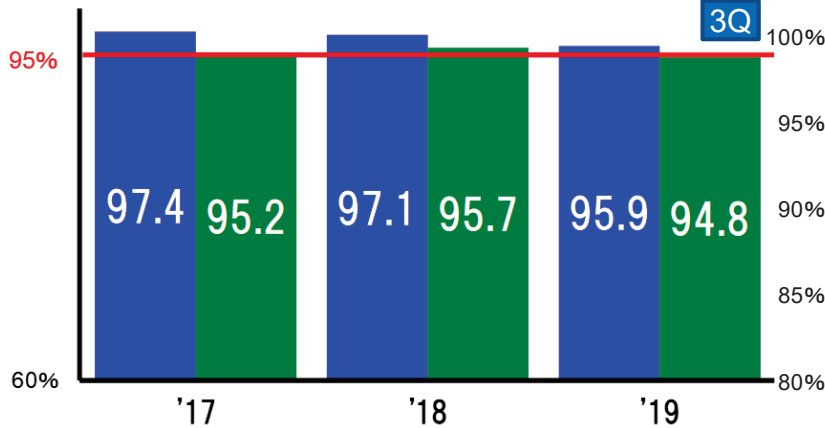
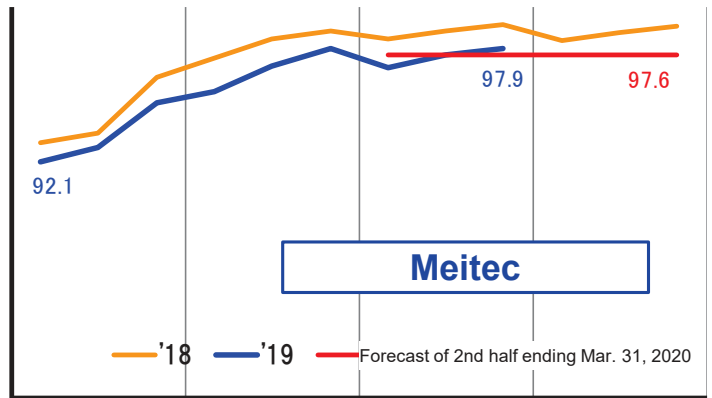
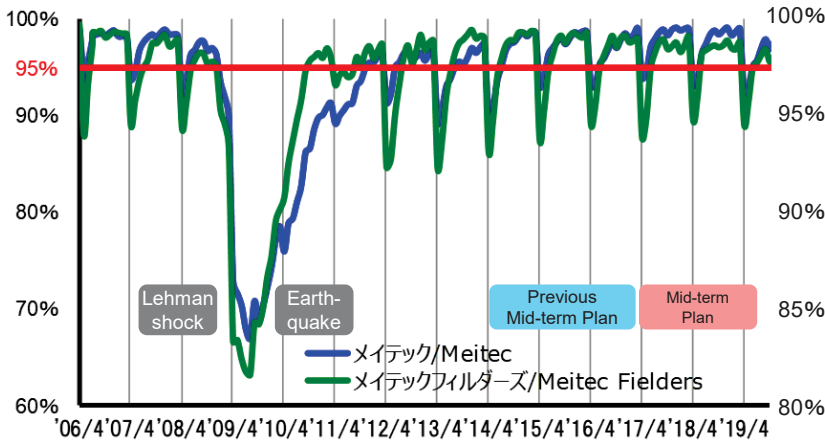
New Graduates (Joined April 2020)

- Willingness to hire by companies is high and recruitment conditions are challenging.
- ✓ We experienced difficulties in securing new graduates due to their stronger than ever preference to work locally and longer recruitment processes of local manufacturers.
- ✓ As a result of hiring activities maintaining hiring standards while considering the trends of new graduate generation, the number of prospective employees was 403, 17 less than the initial forecast, for Meitec. For Meitec Fielders, it was 225, 15 less than the initial forecast.

(person)	Fiscal Year Ending March 31, 2020					Fiscal Year Ending March 31, 2021	
	New Graduates April 2019 (Actual)	Mid-career < Target >	Comparison to Initial Forecast	Total < Target >	Comparison to Initial Forecast	New Graduates April 2020 < Prospective Number as of Oct. 2019 >	Comparison to Initial Forecast
Meitec	418	180	+10	598	+10	403	(17)
Meitec Fielders	198	300	+20	498	+20	225	(15)
Total	616	480	+30	1,096	+30	628	(32)
Comparison to previous year	+56	(4)		+52			

Utilization Ratio

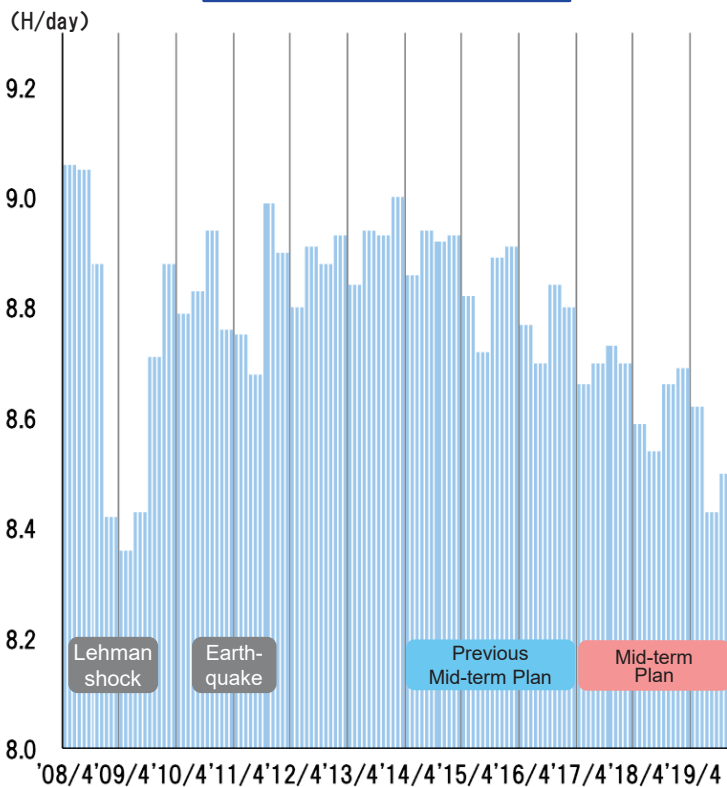
✓ Under a firm environment for order, the utilization ratio remained high.



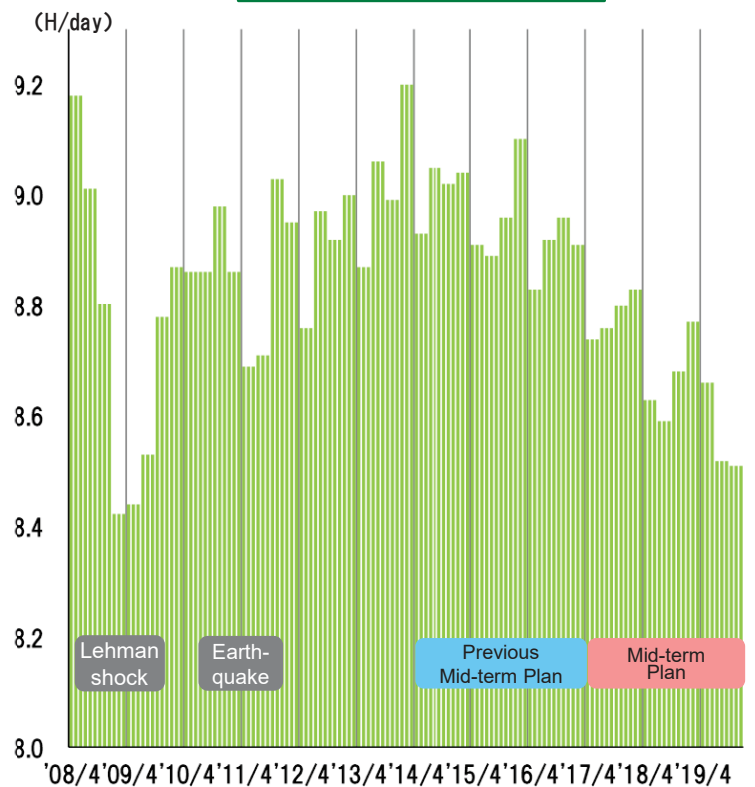
Working Hours

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

Meitec



Meitec Fielders



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