

MEITEC CORPORATION

Results for the 1st Quarter of the Fiscal Year Ending March 31, 2018

July 27, 2017

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, 2018 (Group Consolidated)

- ✓ Net sales rose 4.3 % year on year and operating profit was up 14.9%
- ✓ 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)	1Q ended June. 30, 2016	1Q ended June. 30, 2017	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2017	% Change
Net sales	21,822	22,763	+ 940	+ 4.3%	45,000	50.6%
Cost of sales	16,286	16,801	+ 515	+ 3.2%	33,400	
Cost of sales to Net sales	74.6%	73.8%	(0.8%)			
SG&A Expenses	3,139	3,208	+ 69	+ 2.2%	6,800	
Operating profit	2,397	2,753	+ 356	+ 14.9%	4,800	57.4%
Operating profit margins	11.0%	12.1%	+ 1.1%		10.7%	
Ordinary profit	2,398	2,752	+ 354	+ 14.8%	4,800	57.3%
Extraordinary income & loss	(2)	(10)	(7)			
Profit before income taxes	2,395	2,742	+ 347	+ 14.5%		
Profit attributable to owners of parent	1,543	1,695	+ 151	+ 9.8%	3,100	54.7%
Profit margins	7.1%	7.4%	+ 0.3%			

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2018 (Meitec)

- ✓ Net sales rose 5.0% year on year and operating profit was up 18.6%
- ✓ 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)	1Q ended June. 30, 2016	1Q ended June. 30, 2017	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2017	% Change
Net sales	16,886	17,723	+ 836	+ 5.0%	35,000	50.6%
Operating profit	1,983	2,351	+ 368	+ 18.6%	4,000	58.8%
Operating profit margins	11.7%	13.3%	+ 1.6%		11.4%	
Ordinary profit	2,555	3,091	+ 536	+ 21.0%	4,700	65.8%
Profit	1,808	2,182	+ 374	+ 20.7%	3,200	68.2%
Utilization ratio (Company-wide)	93.9%	95.2%	+ 1.3%		95.7%	
Working Hours<h/day>	8.77	8.66	(0.11)	(1.3%)	8.74	
Number of Engineers as 1Q	6,772	6,916	+ 144	+ 2.1%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2018 (Meitec Fielders)

- ✓ Net sales rose 13.2% year on year and operating profit was up 6.7 %
- ✓ 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)	1Q ended June. 30, 2016	1Q ended June. 30, 2017	YoY Amount	% Change	Initial Forecast for 2Q, announced on May 2017	% Change
Net sales	3,535	4,001	+ 466	+ 13.2%	7,900	50.6%
Operating profit	246	262	+ 16	+ 6.7%	600	43.7%
Operating profit margins	7.0%	6.6%	(0.4%)		7.6%	
Ordinary profit	246	260	+ 13	+ 5.6%	600	43.3%
Profit	177	178	—	+ 0.3%	400	44.5%
Utilization ratio (Company-wide)	91.8%	90.9%	(0.9%)		93.2%	
Working Hours<h/day>	8.83	8.74	(0.09)	(1.0%)	8.87	
Number of Engineers as1Q	1,970	2,244	+ 274	+ 13.9%		

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Results for the 1st Quarter of the Fiscal Year Ending March 31, 2018 (Group Overview)

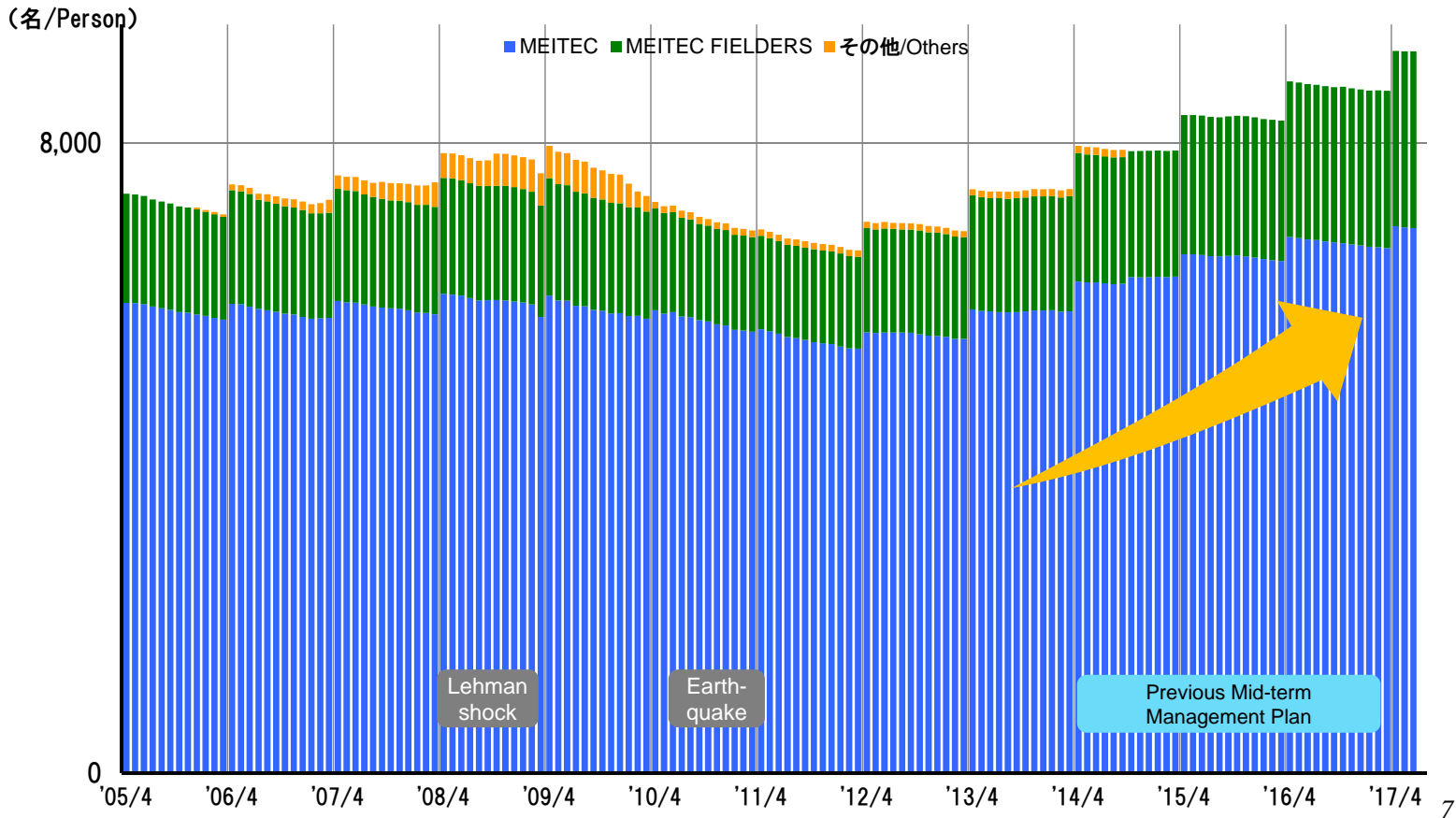
- ✓ Operating results of the Engineering Solutions Business show strong growth.

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	17,723	4,001	719	28	375
YoY Amount	+ 836	+ 466	+ 44	+ 6	(18)
% Change	+ 5.0%	+ 13.2%	+ 6.5%	+ 30.5%	(4.7%)
Operating profit	2,351	262	34	(5)	105
YoY Amount	+ 368	+ 16	+ 0	+ 1	(51)
% Change	+ 18.6%	+ 6.7%	+ 1.6%	—	(32.7%)
Ordinary profit	3,091	260	34	(5)	105
Profit	2,182	178	23	(5)	72

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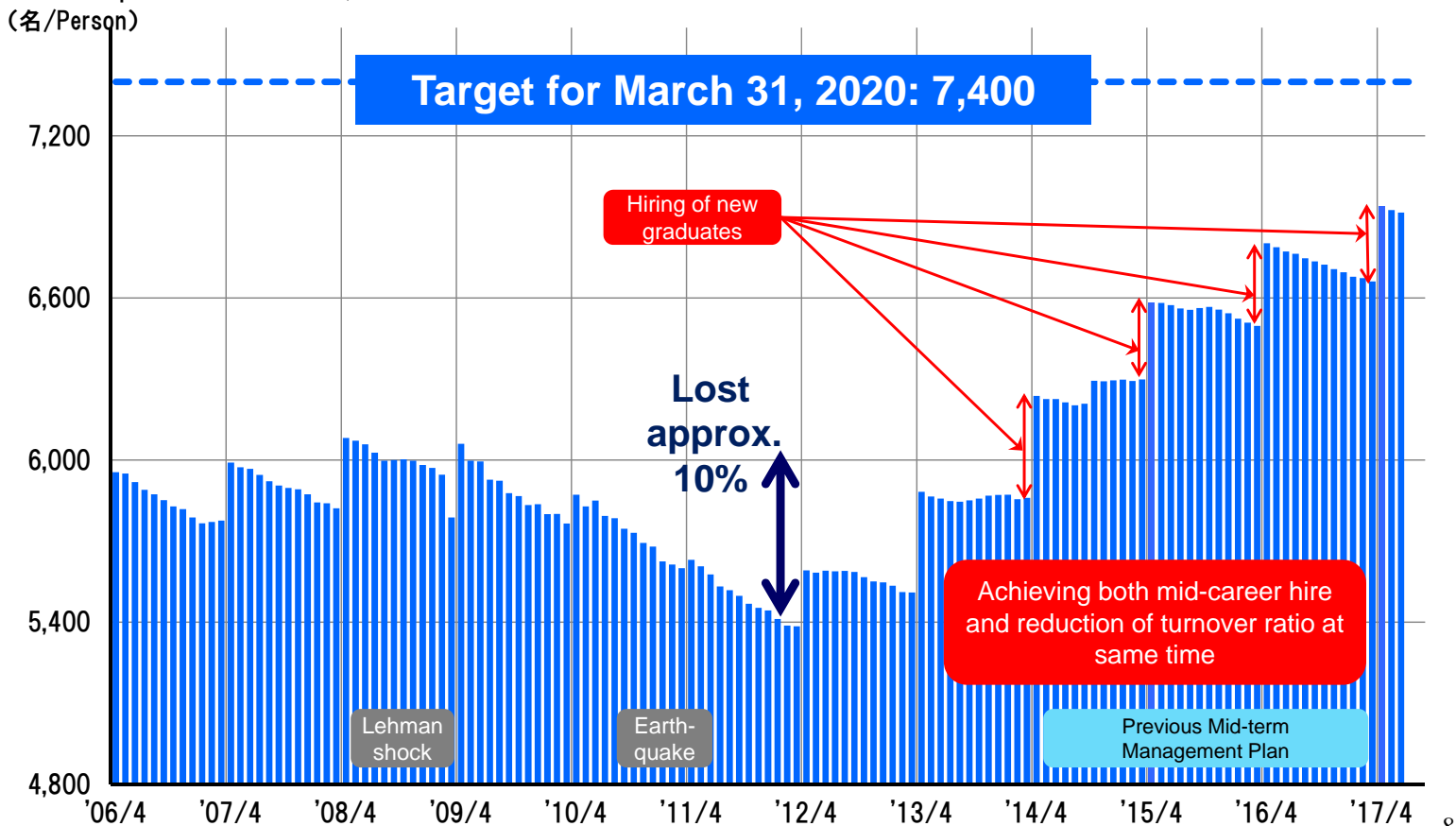
Number of Engineers (Group Consolidated)

✓ The number of engineers as of June 30, 2017 was 9,160, an increase of 418 engineers, or 4.8%, compared to June 30, 2016.



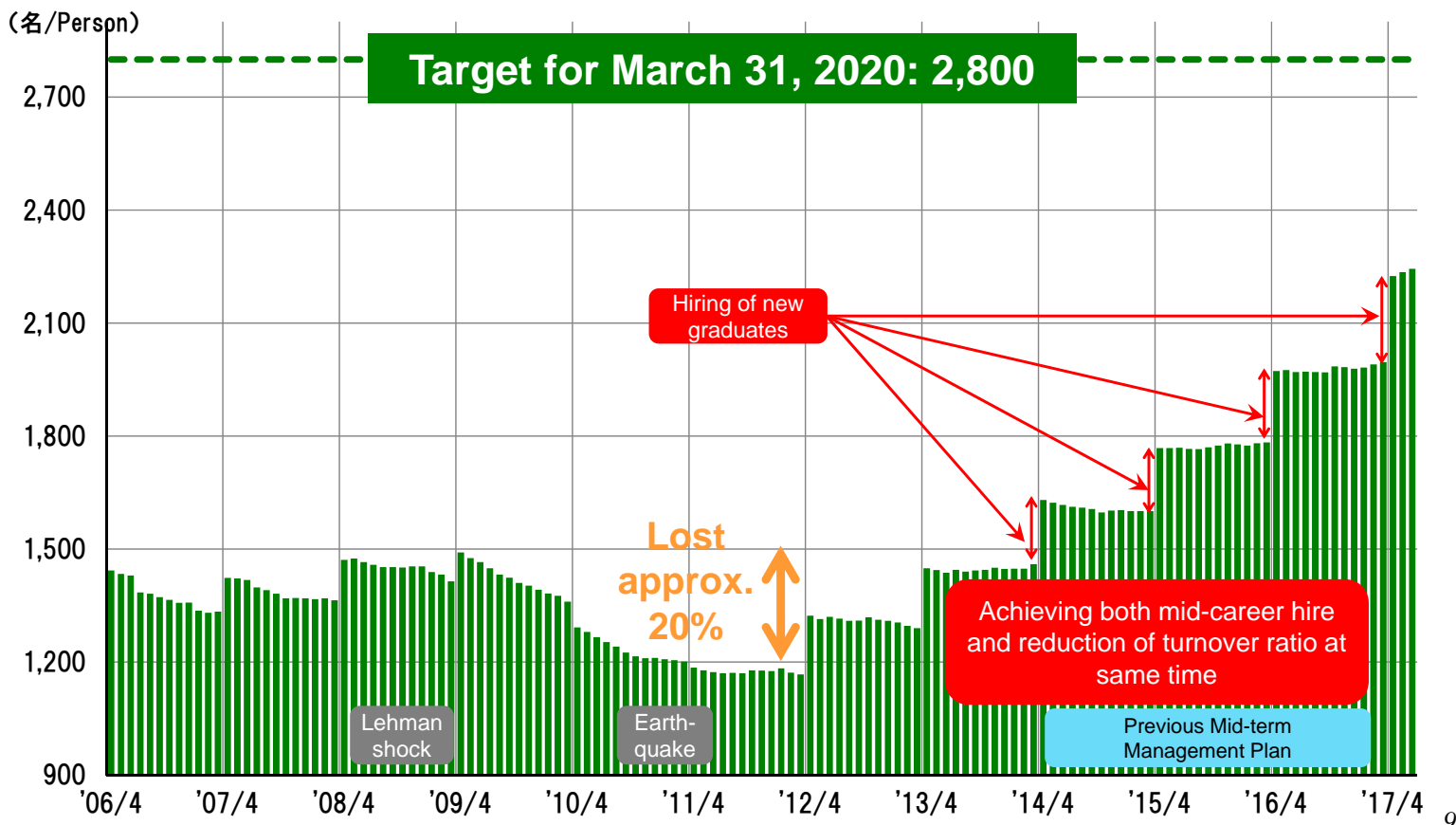
Number of Engineers (Meitec)

✓ The number of engineers as of June 30, 2017 was 6,916, an increase of 144 engineers, or 2.1%, compared to June 30, 2016.



Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of June 30, 2017 was 2,244, an increase of 274 engineers, or 13.9%, compared to June 30, 2016.



Hiring Target for the Fiscal Year Ending March 31, 2018

Re-posted

Mid-career (FY 2018/3)

- The number of placements for job seekers wishing to change to careers at manufacturers continues to rise and there is no end in sight to corporate demand for hiring.
⇒The market for career change continues to be intensifying.
- ✓ We will continue to improve the efficiency of hiring mainly the mechanical and electric/electronics engineers, while continue to maintain our hiring standards.
→ Bolster the ability to attract applicants by having people understand the fact that our business continually generates lifetime professional engineers
→Strengthen cooperation with placement agencies

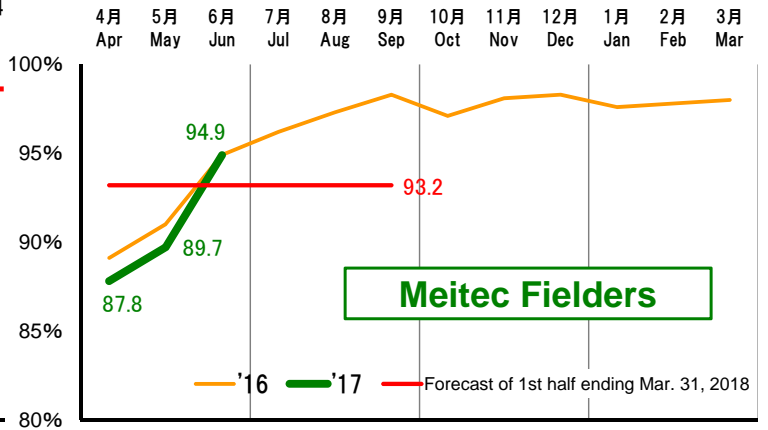
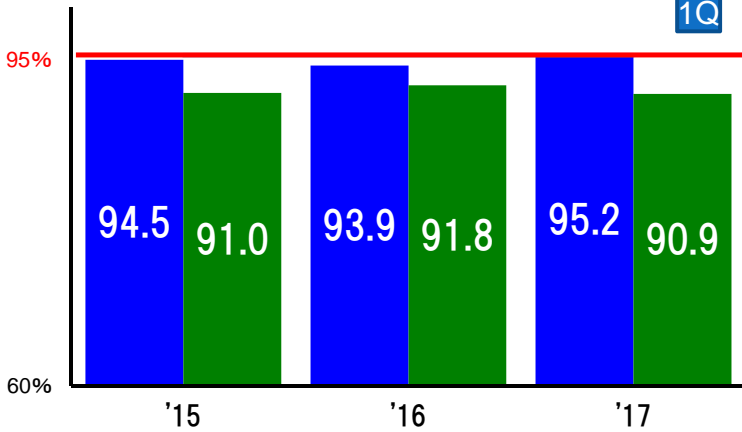
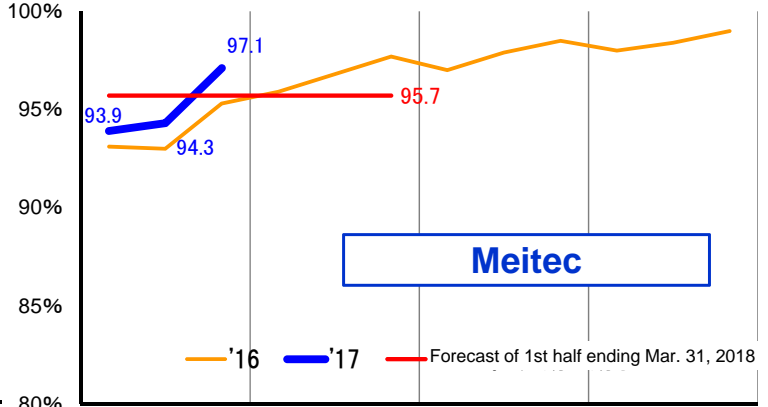
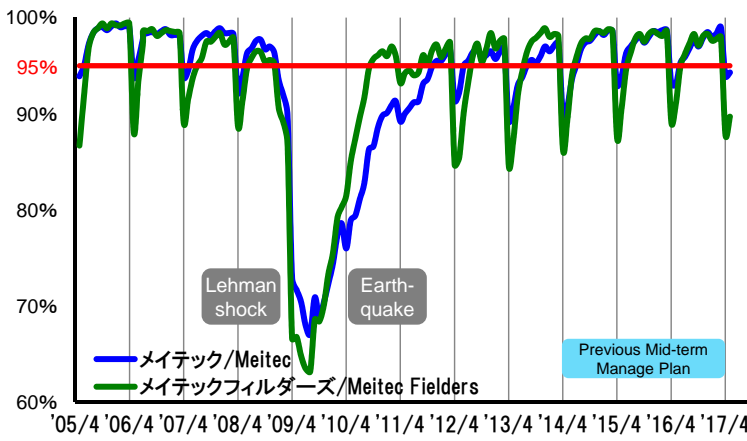
New Graduates (Joined April 2018)

- Since 2012, there has been a continual increase in the number of hiring companies and the number of planned hires, which has kept the environment highly competitive
- ✓ Focus to promote understanding the career path to the lifetime engineer (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, 2018					Fiscal Year Ending March 31, 2019	
	New Graduates April 2017 (Actual)	Mid-career		Total		New Graduates April 2018	
		<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year
Meitec	308	150	+39	458	+9	360	+52
Meitec Fielders	213	215	+34	428	+65	230	+17
Total	521	365	+73	886	+74	590	+69

Utilization Ratio

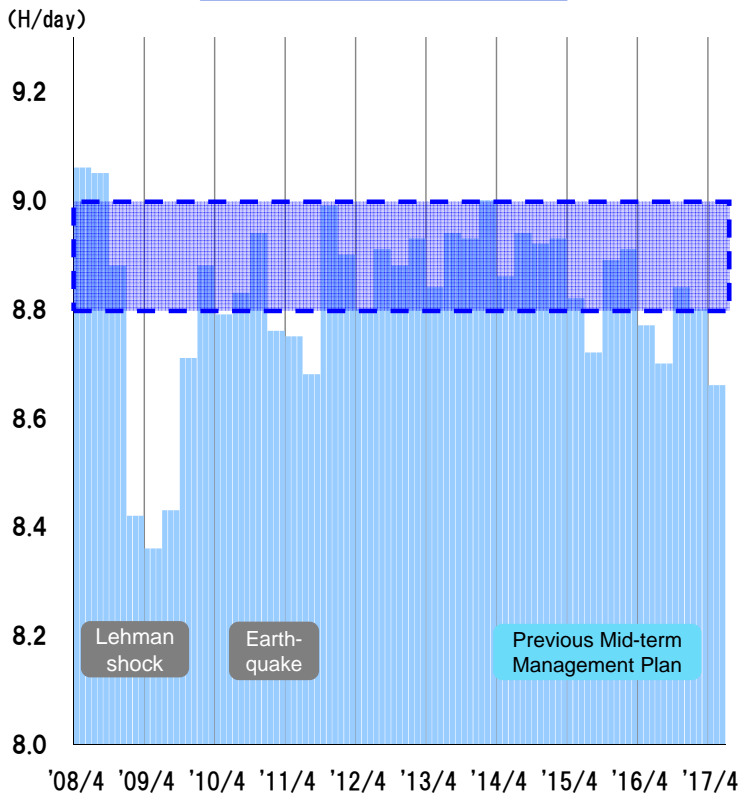
✓ Amid a firm order environment, assignments have been proceeding better than the previous year and the utilization ratio grew steadily.



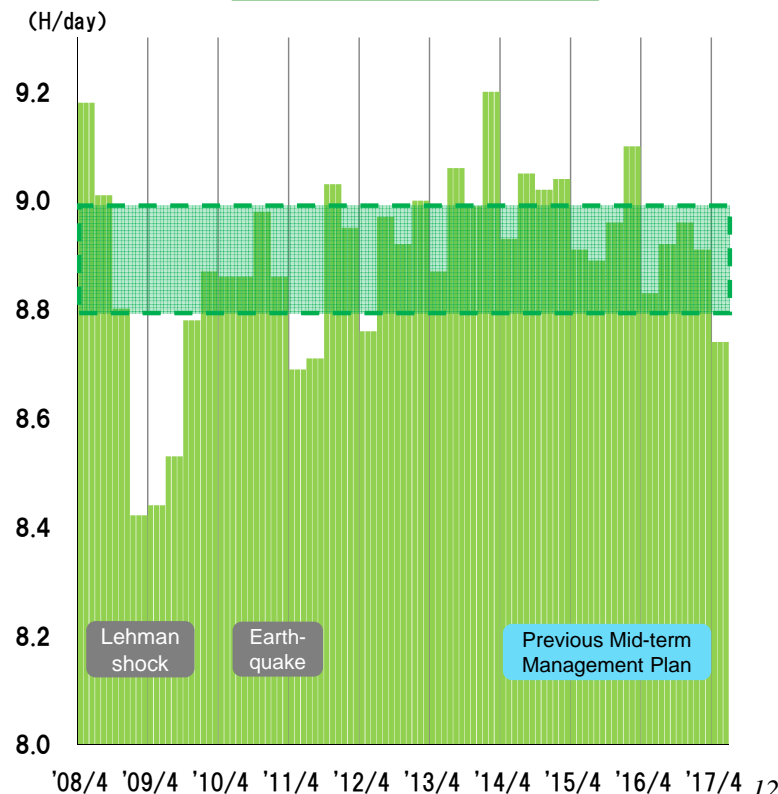
Working Hours

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

Meitec



Meitec Fielders



Develop a New Era by People and Technology

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