
Financial Results Briefing for FYE 12/2019

February 13, 2020: HQ
February 17, 2020: Tokyo

 **MEC COMPANY LTD.**

Securities code: 4971

<https://www.mec-co.com/en/>

FYE 12/2019 Key factors

1

Assumed/actual exchange rate

JPY to NTD Assumed rate: 3.66 yen / Actual rate: 3.54 yen (previous year was 3.66 yen)
JPY to RMB Assumed rate: 16.85 yen / Actual rate: 15.85 yen (previous year was 16.69 yen)
JPY to EUR Assumed rate: 130.88 yen / Actual rate: 122.53 yen (previous year was 130.36 yen)
JPY to USD Assumed rate: 109.00 yen / Actual rate: 109.37 yen (previous year was 110.53 yen)

2

Exchange rate impact (YOY change)

Sales: Down 273 million yen,
Operating income: Down 140 million yen.

3

Major products sales (YOY change)

EXE was firm, CZ was almost flat, BO and SF were sluggish

4

Chemicals (YOY change)

Sales: Down 4.3%, Shipments: Down 2.3%

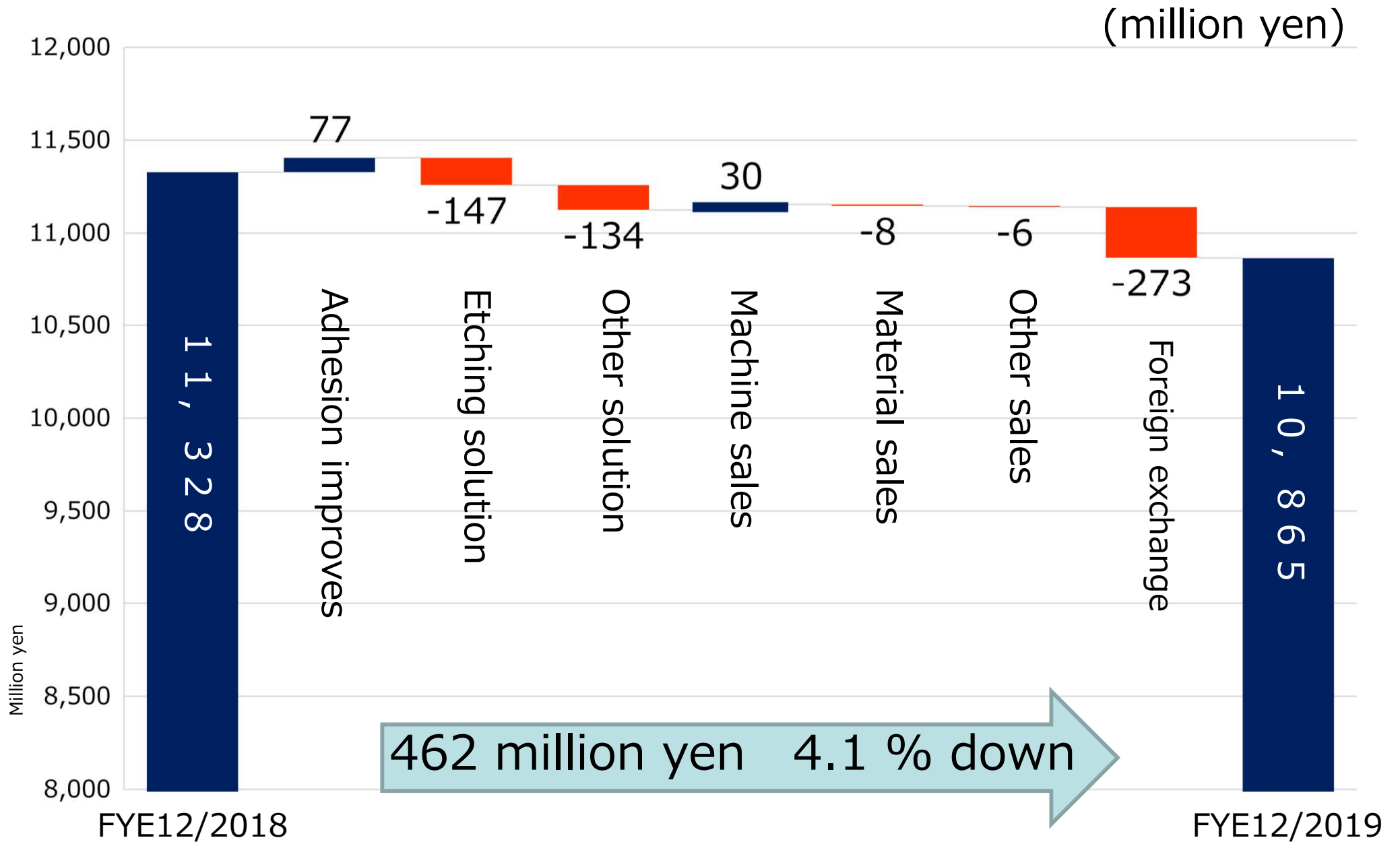
FYE 12/2019 Results - 1

	4Q			2H			Full-year				
	FYE18.12	FYE19.12	YOY (%)	FYE18.12	FYE19.12	YOY (%)	FYE18.12	FYE19.12	FYE19.12 (Forecast)	YOY (%)	Forecast ratio(%)
Net sales	2,896	2,761	-4.7%	5,829	5,889	1.0%	11,328	10,865	10,700	-4.1%	1.6%
Chemical sales	2,847	2,715	-4.6%	5,745	5,767	0.4%	11,131	10,657	-	-4.3%	-
Gross profit	1,829	1,606	-12.2%	3,750	3,588	-4.3%	7,242	6,618	-	-8.6%	-
Gross profit margin	63.2%	58.2%	-	64.3%	60.9%	-	63.9%	60.9%	-	-	-
SGA	1,353	1,335	-1.4%	2,566	2,561	-0.2%	5,019	4,981	-	-0.7%	-
Sales ratio	46.7%	48.4%	-	44.0%	43.5%	-	44.3%	45.8%	-	-	-
Operating income	475	271	-43.0%	1,183	1,026	-13.3%	2,222	1,637	1,550	-26.4%	5.6%
Operating profit margin	16.4%	9.8%	-	20.3%	17.4%	-	19.6%	15.1%	-	-	-
Ordinary income	473	326	-31.0%	1,194	1,083	-9.3%	2,236	1,722	1,600	-23.0%	7.6%
Ordinary profit margin	16.3%	11.8%	-	20.5%	18.4%	-	19.7%	15.9%	-	-	-
Profit before tax	468	322	-31.1%	1,209	1,061	-12.2%	2,328	1,710	-	-26.5%	-
Net income	348	229	-34.1%	888	779	-12.3%	1,778	1,236	1,150	-30.5%	7.5%
Net income per share(yen)	-	-	-	-	-	-	92.85	65.16	60.61	-29.8%	7.5%
Dividend per share(yen)	-	-	-	-	-	-	26.00	26.00	26.00	0%	0%

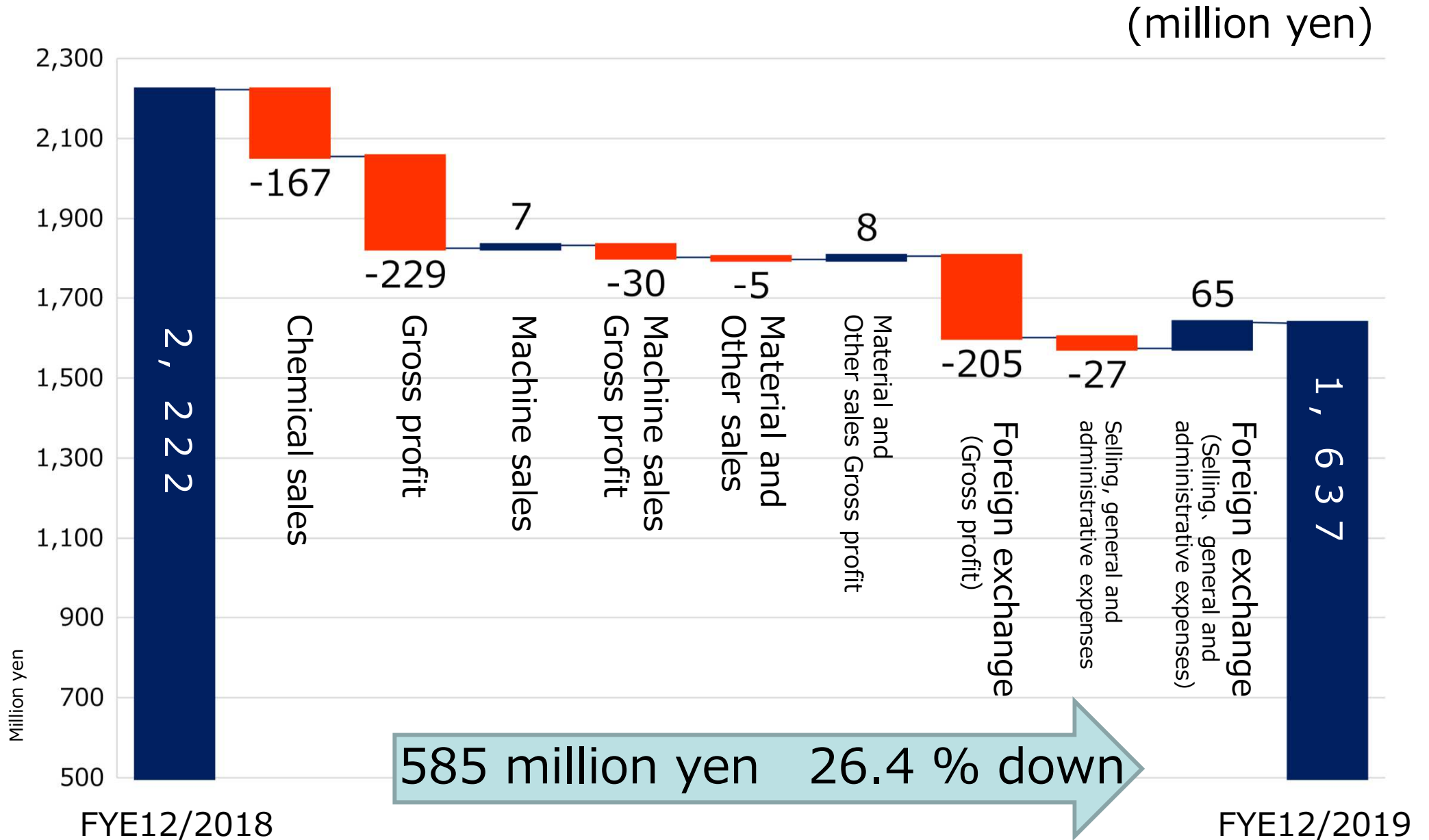
FYE 12/2019 Results - 2

	4Q			2H			Full-year				
	FYE18.12	FYE19.12	YOY (%)	FYE18.12	FYE19.12	YOY (%)	FYE18.12	FYE19.12	FYE19.12 (Forecast)	YOY (%)	Forecast ratio(%)
CZ sales	1,348	1,468	8.8%	2,766	2,952	6.7%	5,571	5,517	5,718	-1.0%	-3.5%
Chemical sales	47.4%	54.1%	-	48.1%	51.2%	-	50.0%	51.8%	-	-	-
CZ-8100	253	269	6.6%	525	527	0.4%	1,074	1,020	1,096	-5.1%	-6.9%
vs. Chemical sales ratio	8.9%	9.9%	-	9.1%	9.1%	-	9.7%	9.6%	-	-	-
CZ-8101	713	753	5.6%	1,439	1,505	4.6%	2,896	2,836	2,961	-2.1%	-4.2%
vs. Chemical sales ratio	25.1%	27.7%	-	25.1%	26.1%	-	26.0%	26.6%	-	-	-
Other CZ	382	445	16.5%	801	919	14.7%	1,599	1,660	1,661	3.8%	-0.1%
vs. Chemical sales ratio	13.4%	16.4%	-	13.9%	15.9%	-	14.4%	15.6%	-	-	-
Overseas sales ratio	-	-	-	-	-	-	54.4%	55.2%	-	-	-
Real overseas sales ratio	-	-	-	-	-	-	72.8%	74.5%	-	-	-

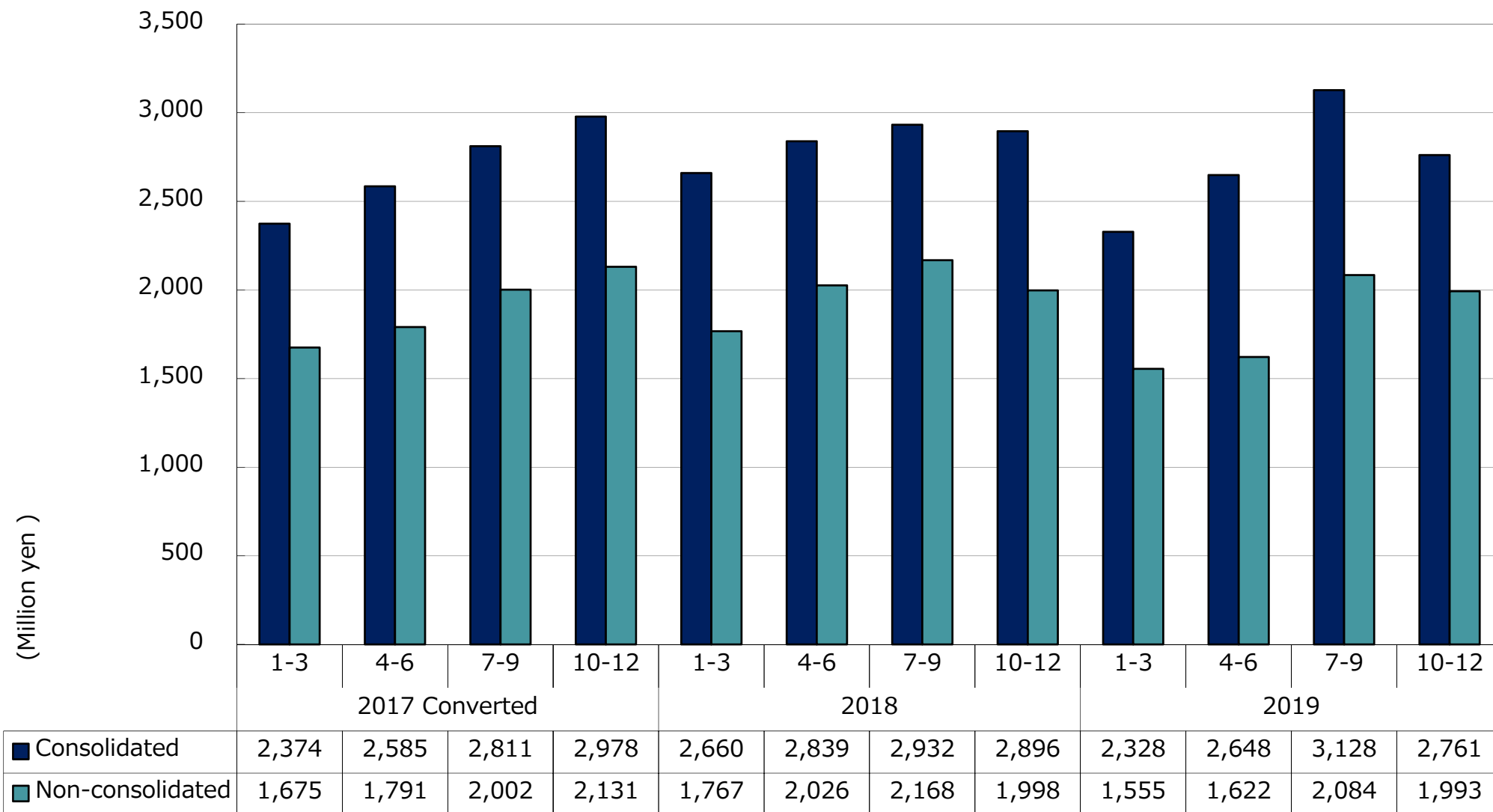
Net sales YOY



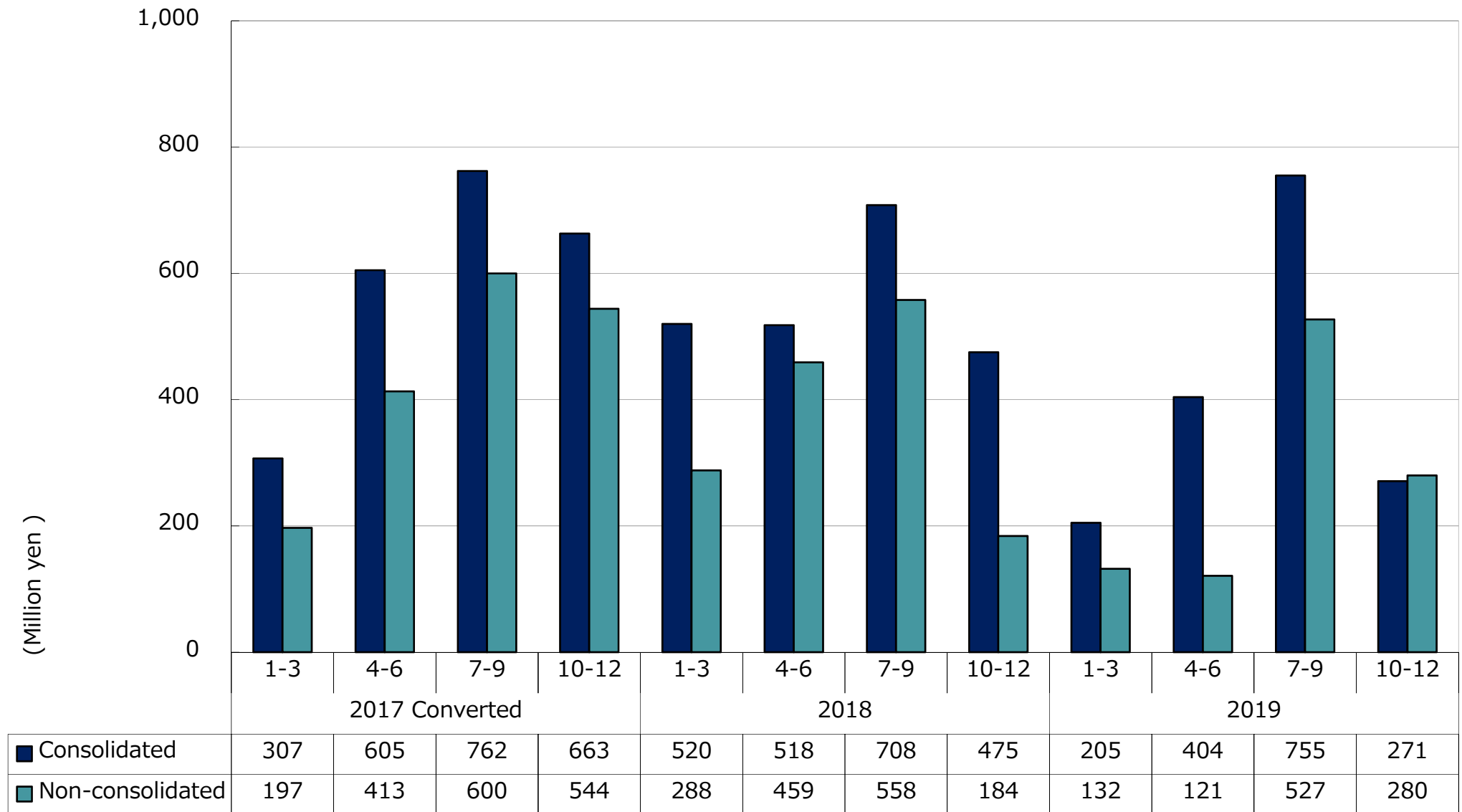
Operating income YOY



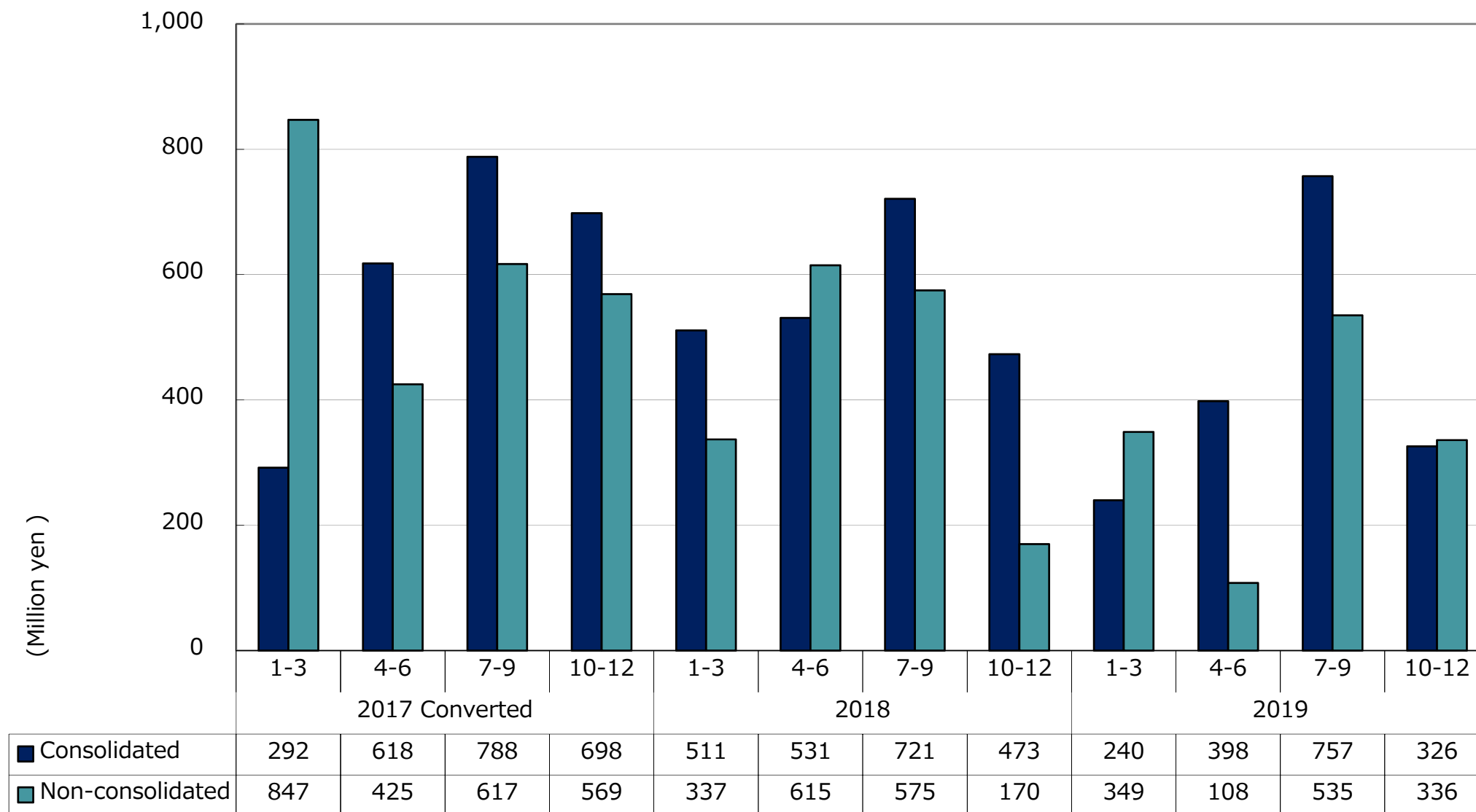
Quarterly net sales



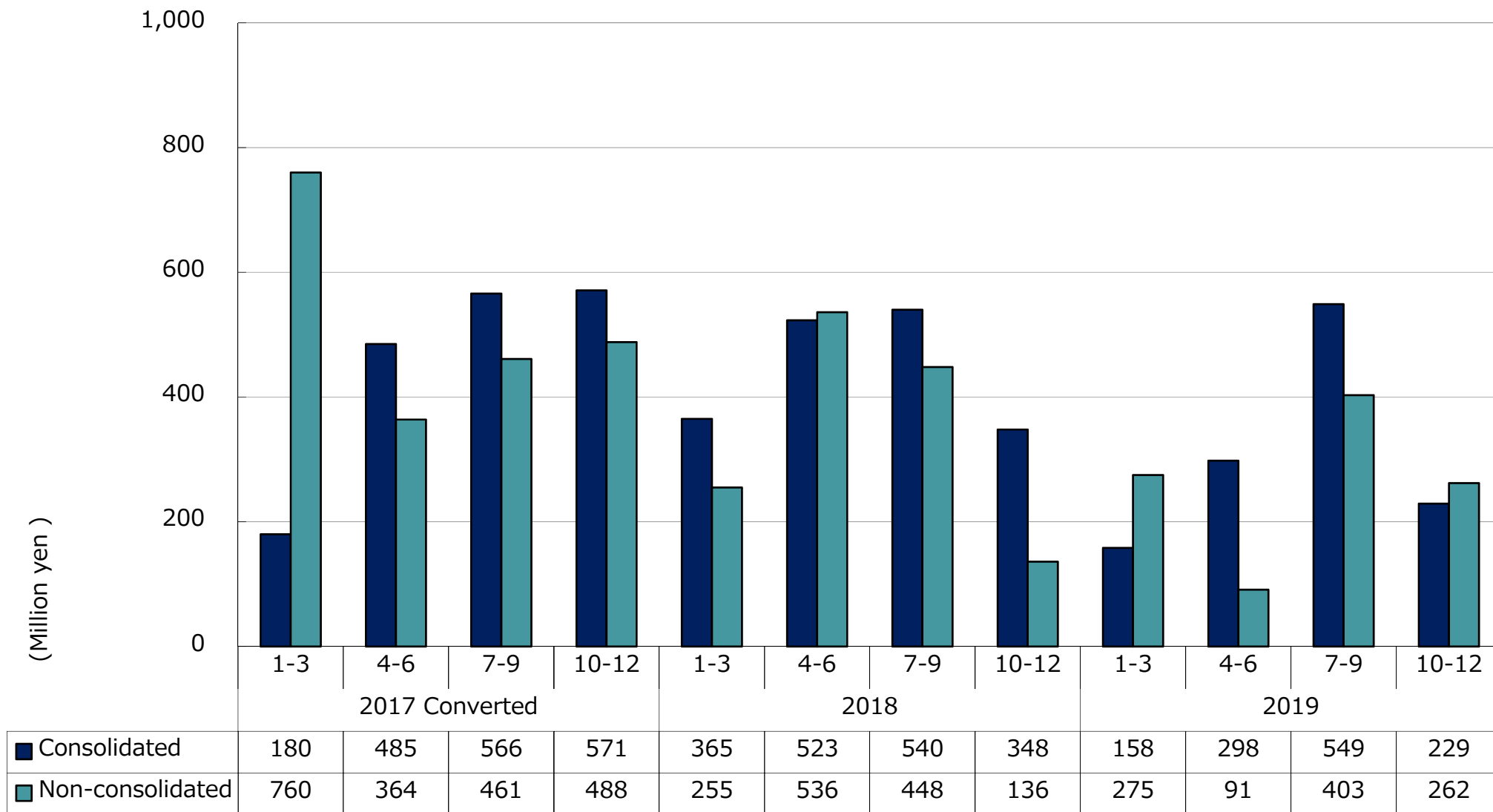
Quarterly operating income



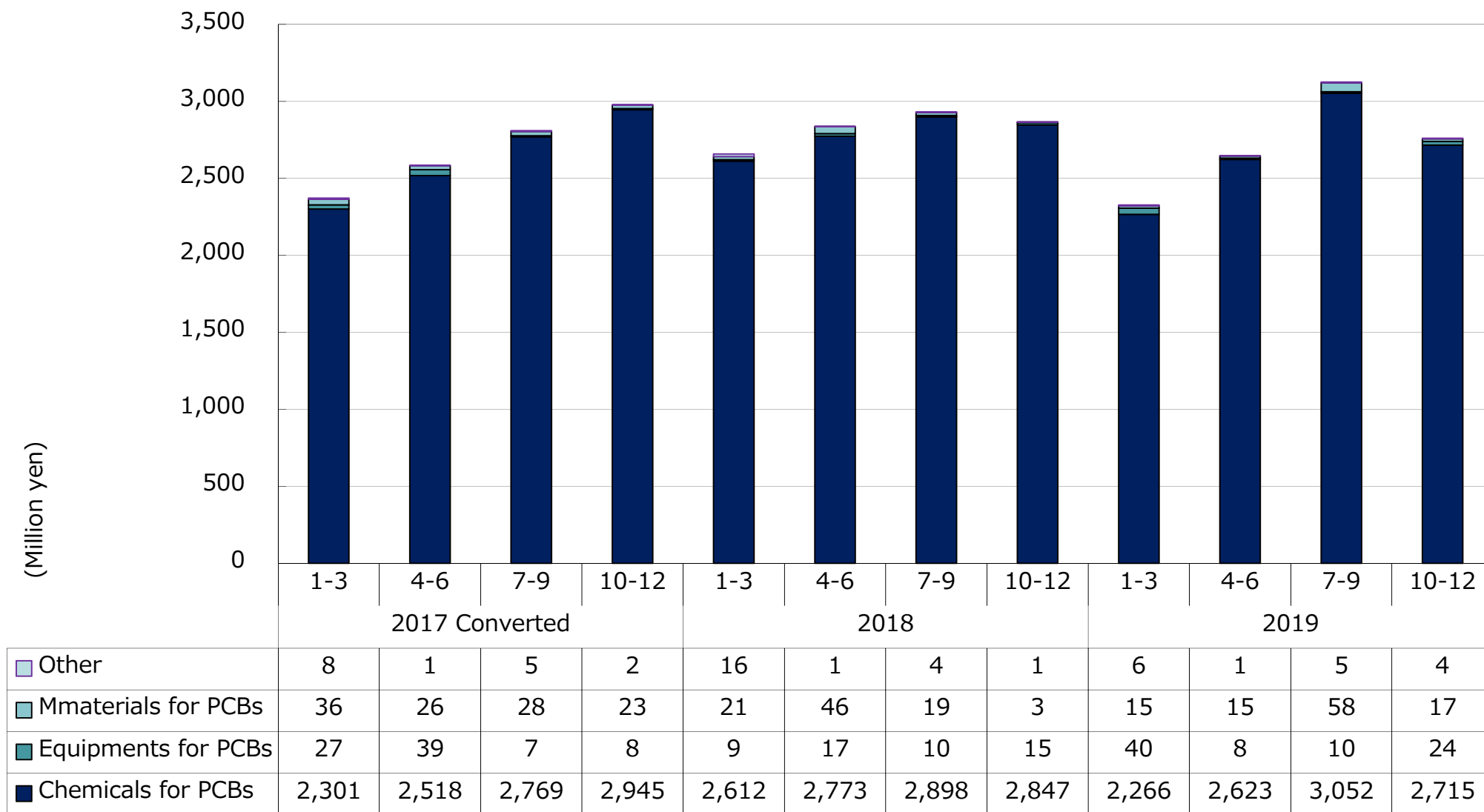
Quarterly ordinary income



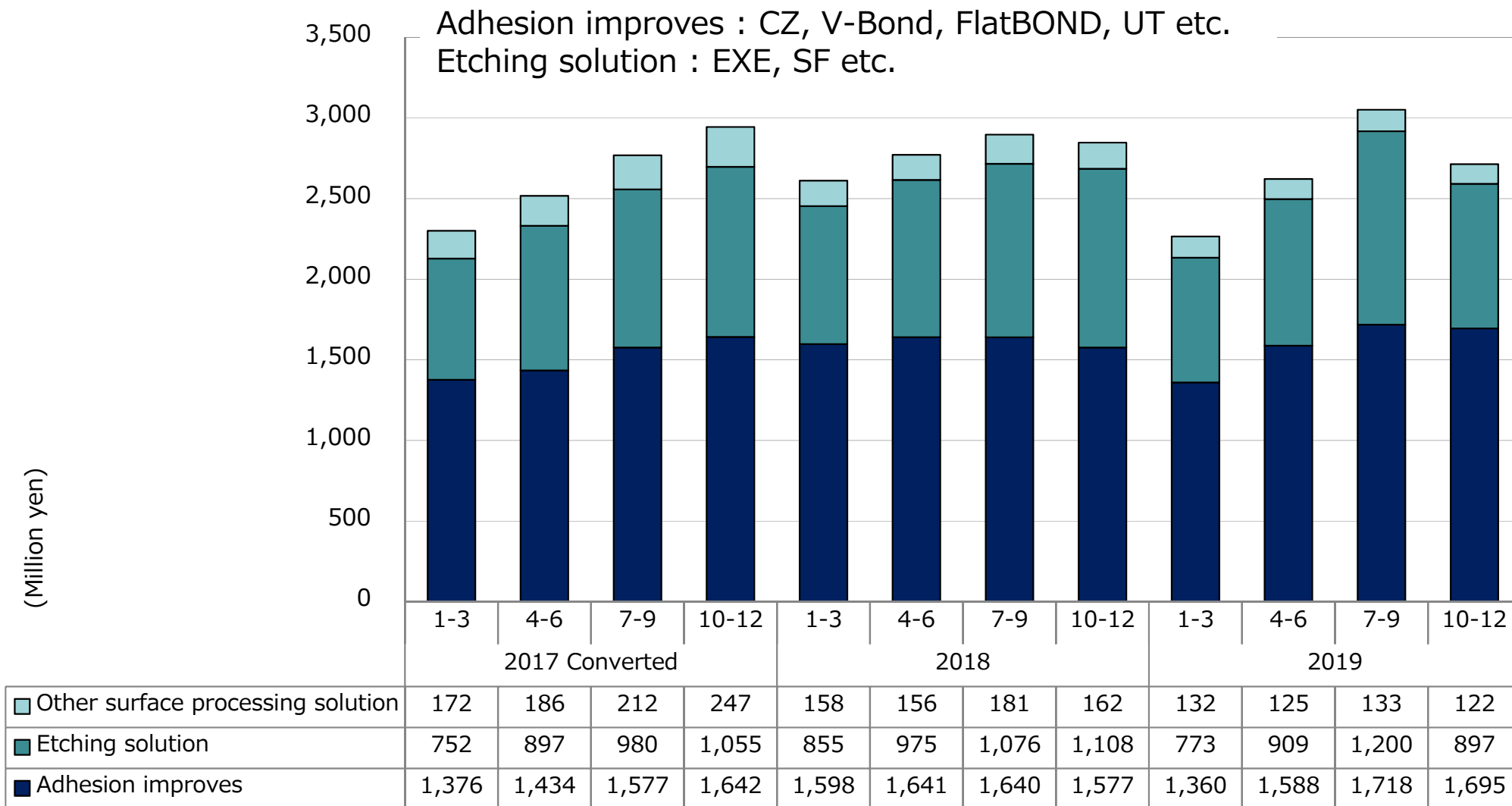
Quarterly net income



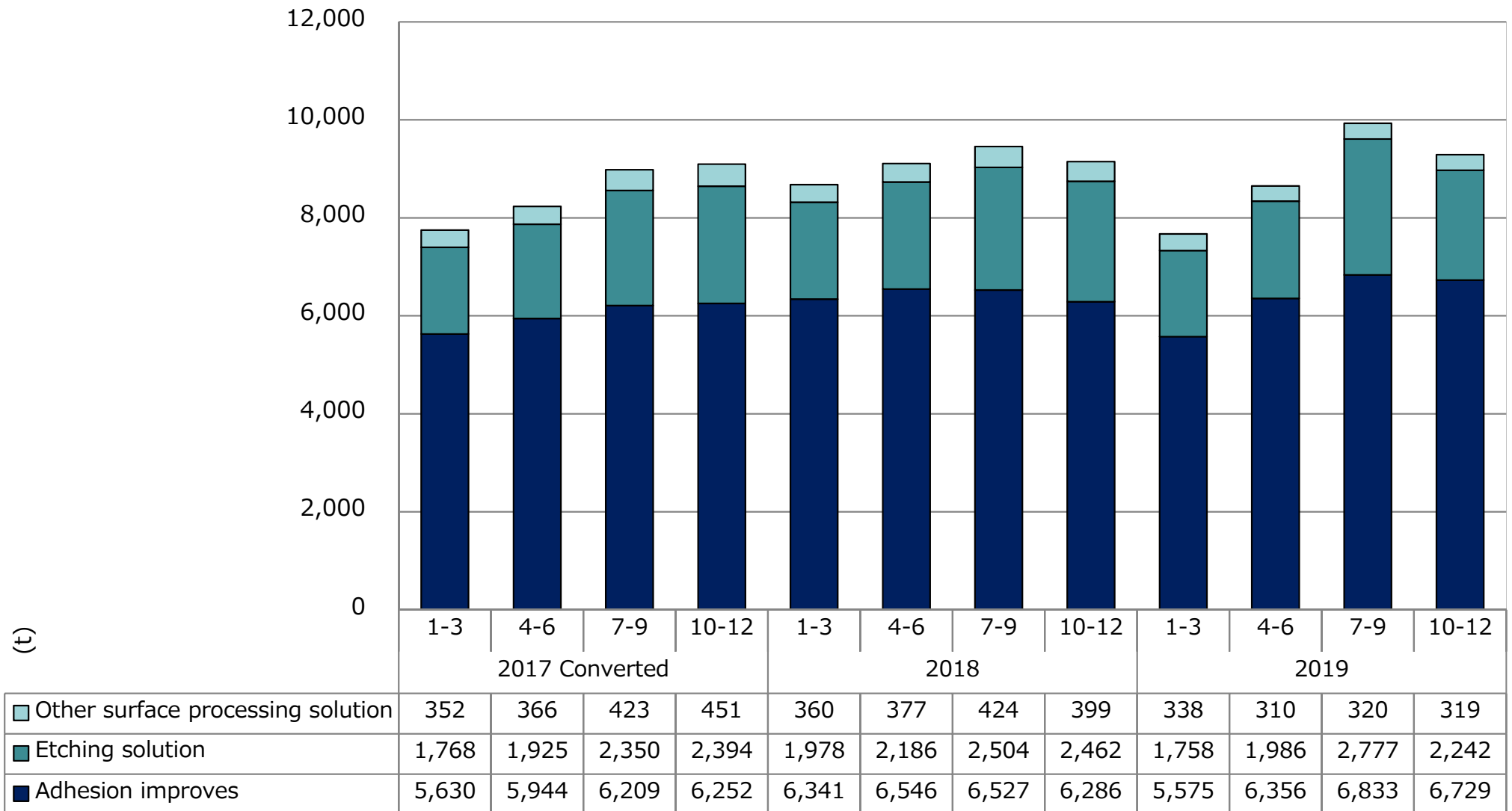
Product-specific quarterly sales (consolidated)



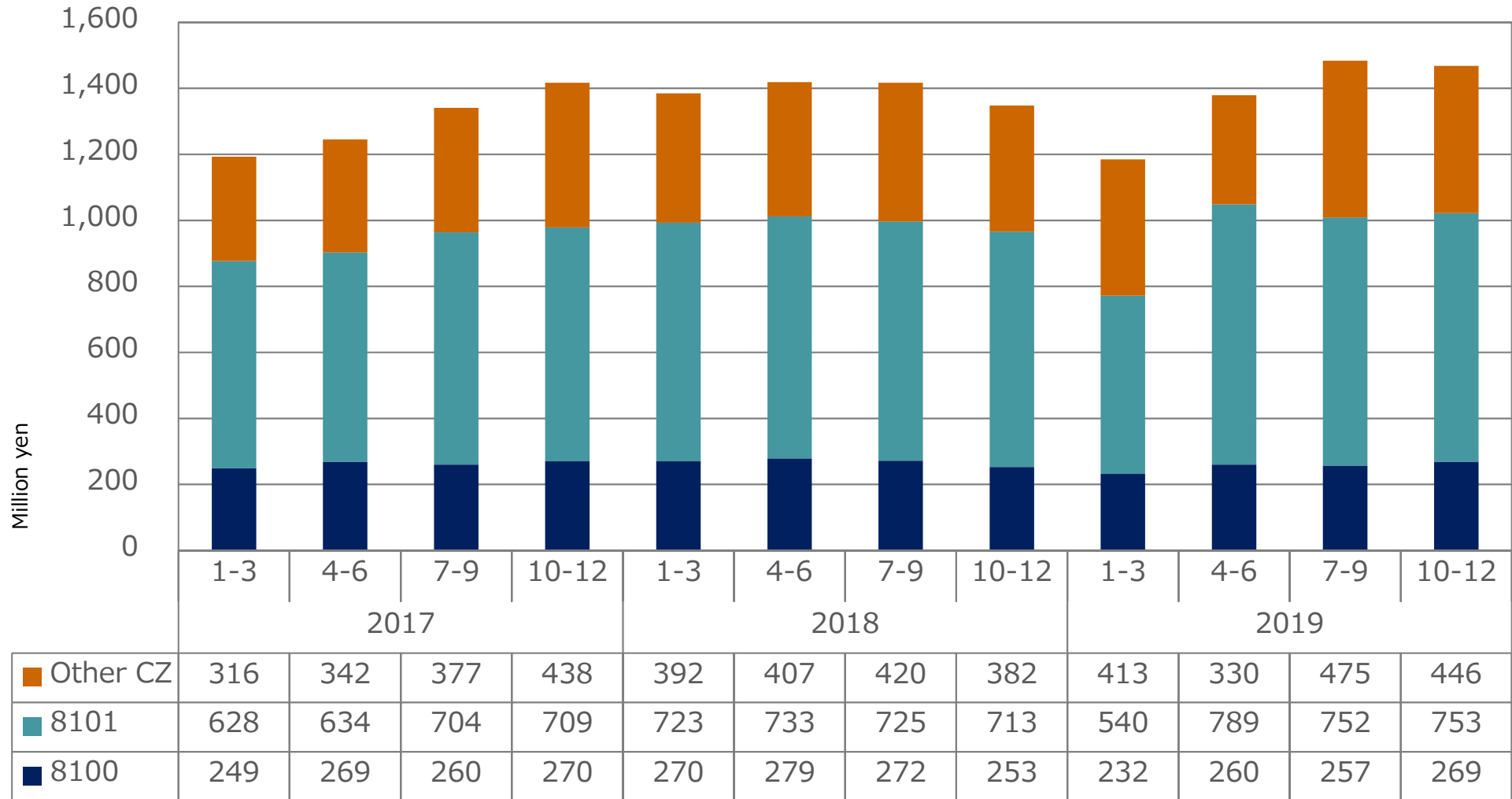
Quarterly chemical sales (consolidated)



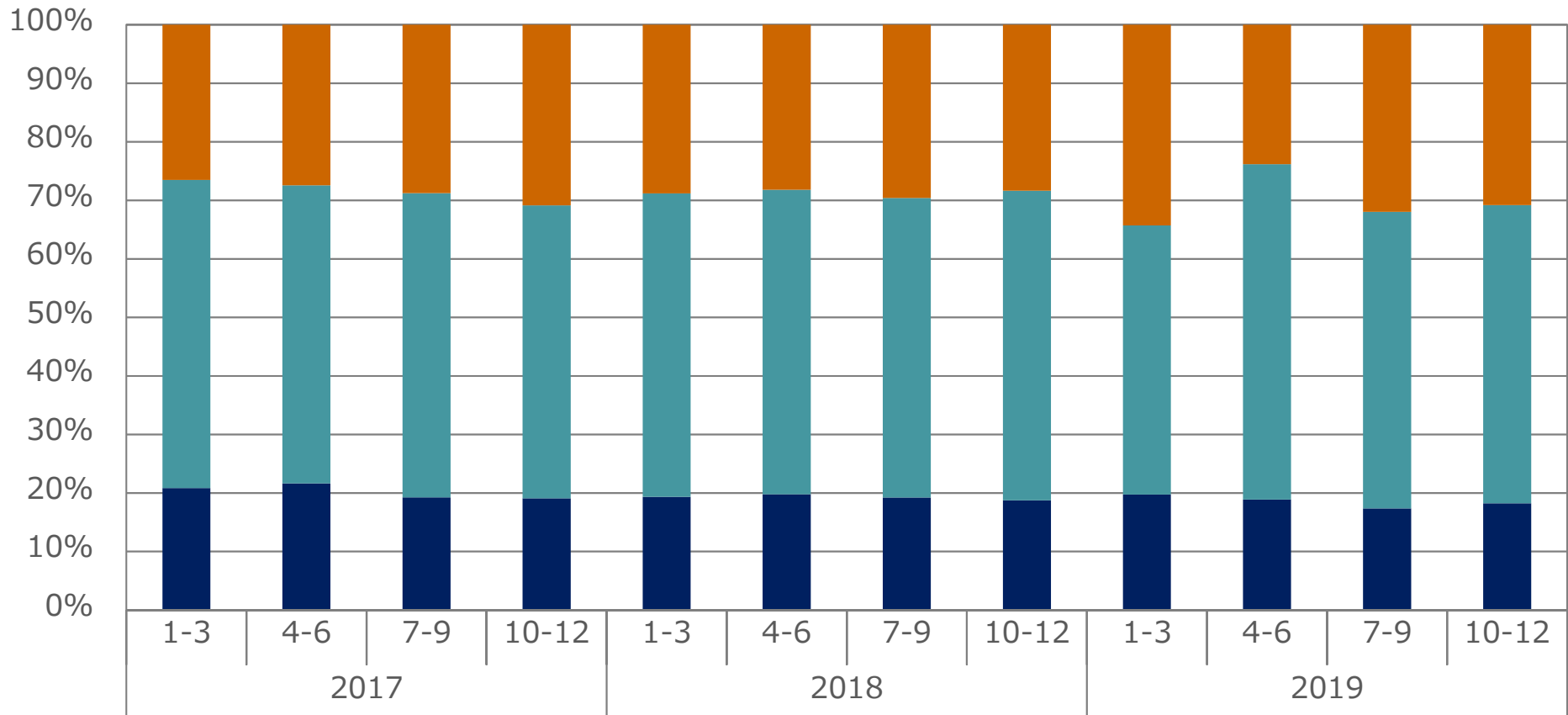
Chemical shipment volume (consolidated)



CZ series sales

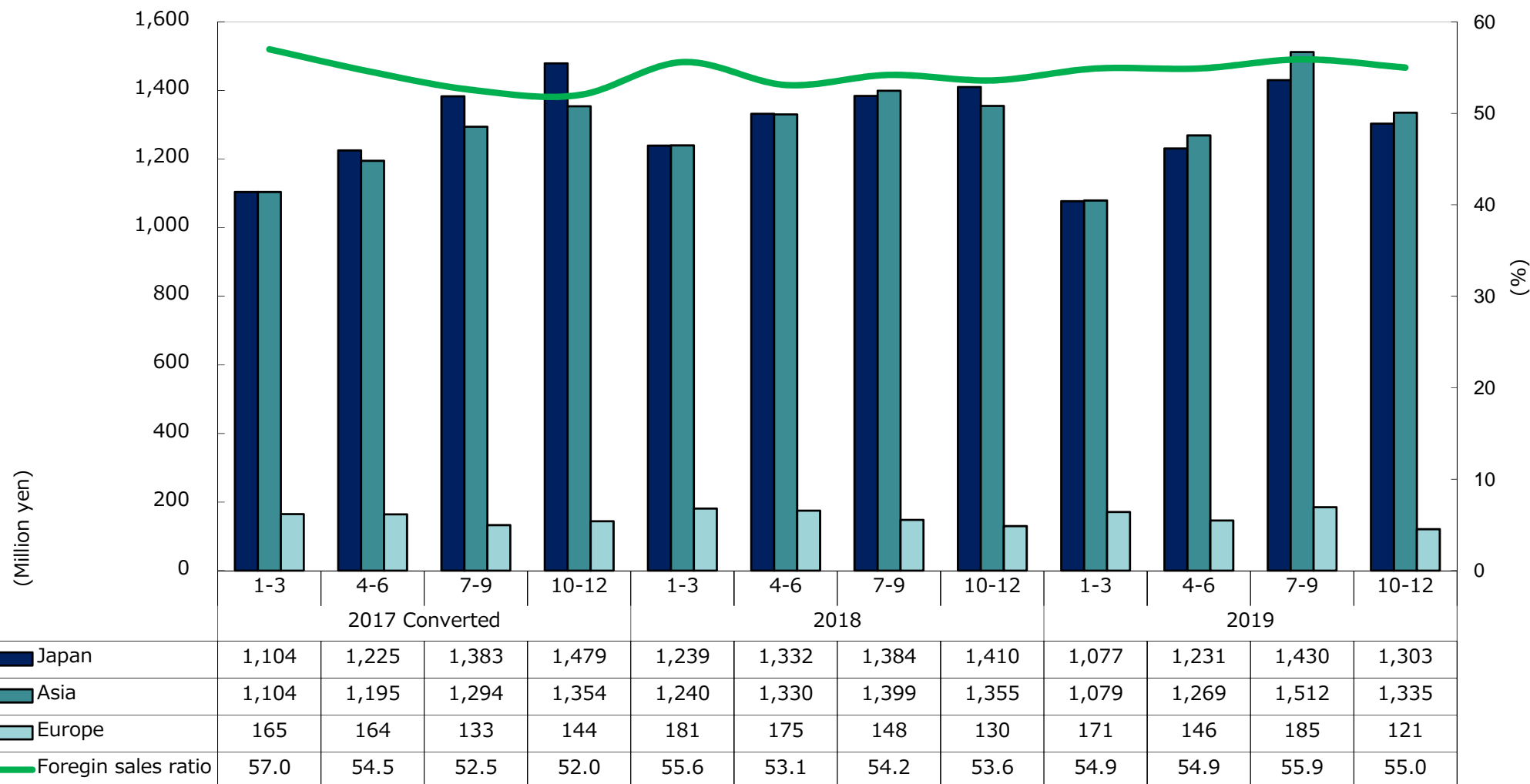


CZ series sales (composition ratio)



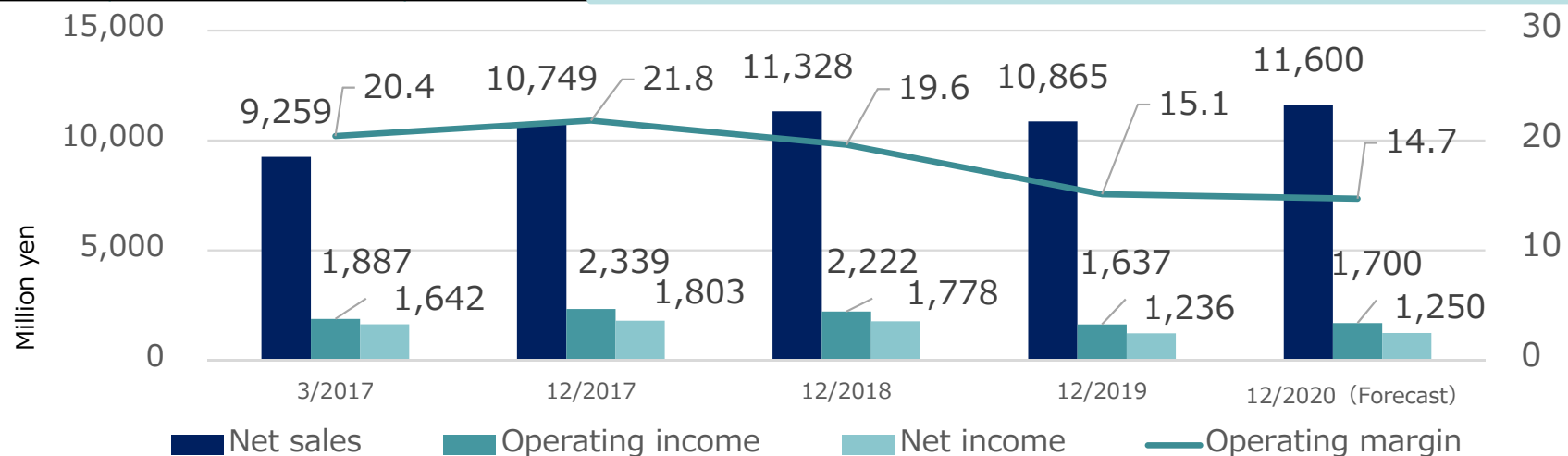
Other CZ	26%	27%	29%	31%	29%	28%	30%	28%	34%	24%	32%	31%
8101	53%	51%	52%	50%	52%	52%	51%	53%	46%	57%	51%	51%
8100	21%	22%	19%	19%	19%	20%	19%	19%	20%	19%	17%	18%

Region-specific sales and overseas sales ratio



FYE 12/2020 full-year forecast

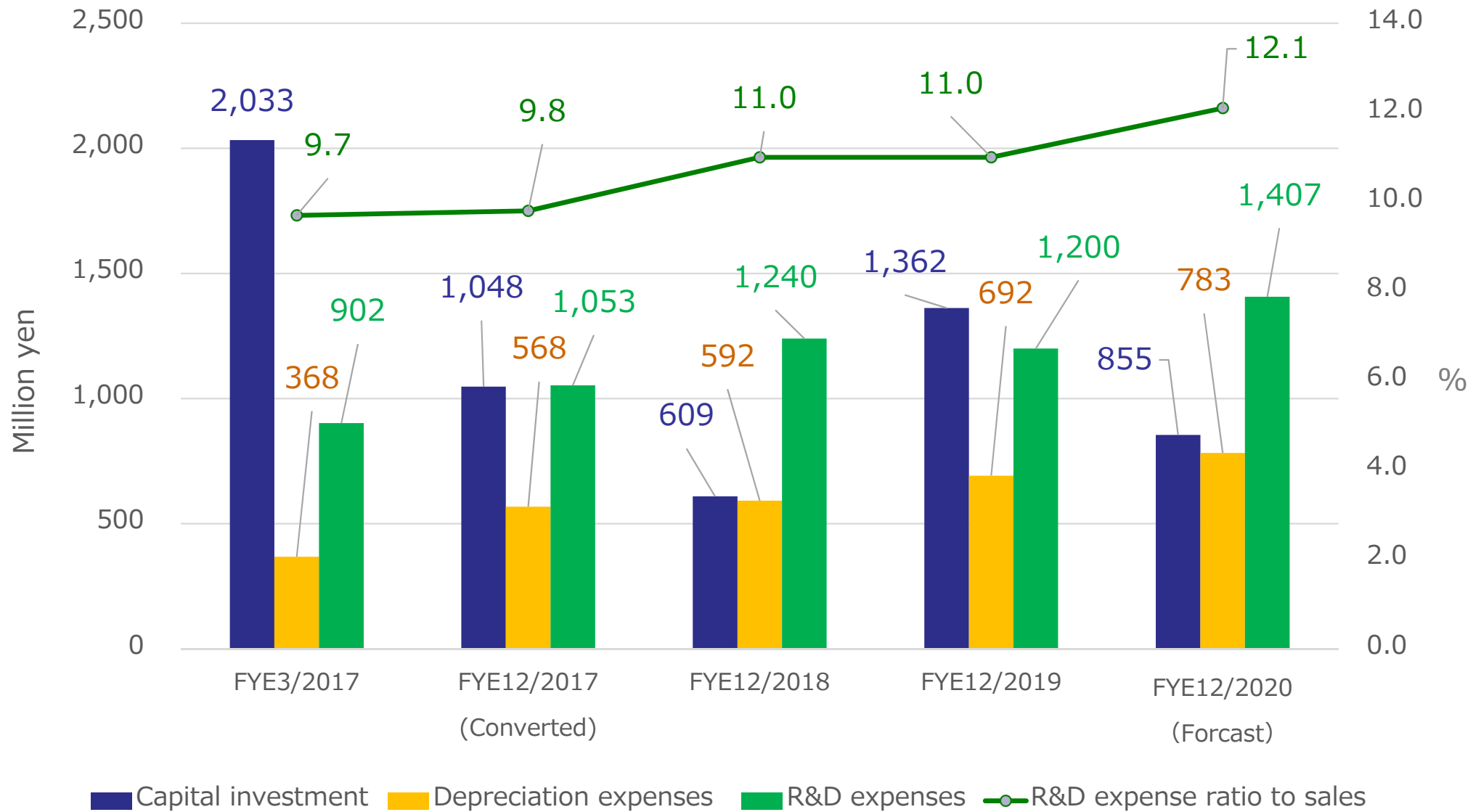
	FYE 12/2019 (51th term)		FYE 12/2020 (52th term)				
	Full-year		1H		Full-year		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	10,865	-	5,000	-	11,600	-	6.8
Operating income	1,637	15.1	600	12.0	1,700	14.7	3.8
Ordinary income	1,722	15.9	600	12.0	1,750	15.1	1.6
Net income	1,236	11.4	400	8.0	1,250	10.8	1.1
Net income per share(yen)	65.16	-	21.07	-	65.87	-	-



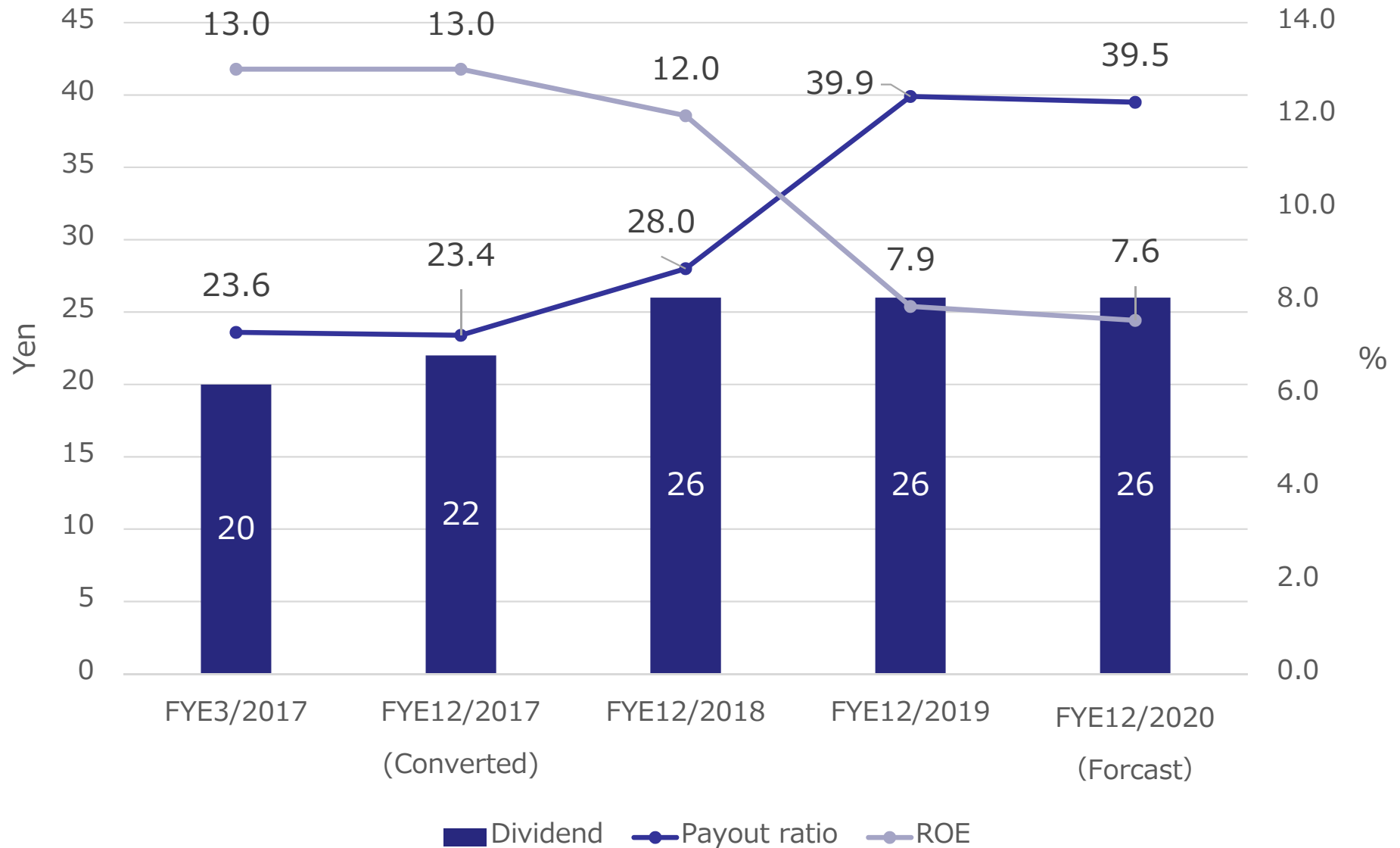
FYE 12/2017 & FYE 12/2018: Full-year = Jan-Dec

Financial Results Briefing for FYE 12/2019

Capital investment, depreciation expenses and R&D expenses



Dividend, payout ratio and ROE



ESG-H effort

Environment

- Eco friendly products and products that improve yield.
- Contribution to the improvement of the PCBs manufacturing environment.

Social

- Contribution to social development (5G, autonomous driving).
- WLB support, Success of women in the work place.

Governance

- Invitation of outside directors (majority is outside)
- Establishment of ESG Committee and Compensation Advisory Committee

Human Resources

- Development and utilization of human resources

Basic policy of capital policy and shareholder return

In line with the MEC Group's capital policy, we are making the following efforts in order to help improve shareholder value while securing financial soundness.

Improvement of corporate value

- Continuously improve consolidated ROE based on a level of 10%

Active, continuous and stable return of profits

- Set a medium-term goal of 30% for consolidated payout ratio

Medium- and long-term investment for sustainable growth

- Make upfront investment of approximately 10% or more of consolidated sales to cover R&D costs

Creating and Fostering Value at Various Interfaces



■ Contact ■

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This presentation includes forward-looking statements (such as predictions and business forecasts) made in February 13, 2020. These statements are assumptions based on information available at the time, and they are subject to risks and uncertainties. Actual results or events could differ substantially from those forecasted in such statements due to a plethora of variables.