
Financial Results Briefing for Q1 FYE 12/2020



MEC COMPANY LTD.

Securities code: 4971

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

Measures against COVID-19 Infection

Maintaining a system for preventing the spread of infection and continuing to supply products

Placing the President as the Head of the Emergency Response Headquarters, and carefully continuing corporate activities according to the circumstances based on the BCP (business continuity plan)

Risk diversification

- Decentralizing into two bases the staff members in charge of production and shipping operations

Way of working

- Recommendation of working from home
- Recommendation of doing substitute holiday work (swapping holidays with working days) and taking substitute holidays

Commuting

- Staggered working hours
- Recommendation of flextime
- Relaxation of flextime regulations
- Commuting by car

Business trips, etc.

- Prohibition of overseas business trips
- Self-restraint regarding domestic business trips
- Self-restraint regarding eating together

Facility management

- Thorough hygiene management

Q1 FYE 12/2020 Key factors

1

Assumed/actual exchange rate

JPY to NTD Assumed rate: 3.50 yen / Actual rate: 3.61 yen (previous year was 3.58 yen)
JPY to RMB Assumed rate: 15.76 yen / Actual rate: 15.56 yen (previous year was 16.38 yen)
JPY to EUR Assumed rate: 121.17 yen / Actual rate: 120.66 yen (previous year was 125.72 yen)
JPY to USD Assumed rate: 108.62 yen / Actual rate: 109.20 yen (previous year was 110.48 yen)

2

Exchange rate impact (YOY change)

Sales: Down 33 million yen,
Operating income: Down 10 million yen.

3

Major products sales (YOY change)

CZ and SF were good performance,
EXE and V-Bond were almost flat.

4

Chemicals (YOY change)

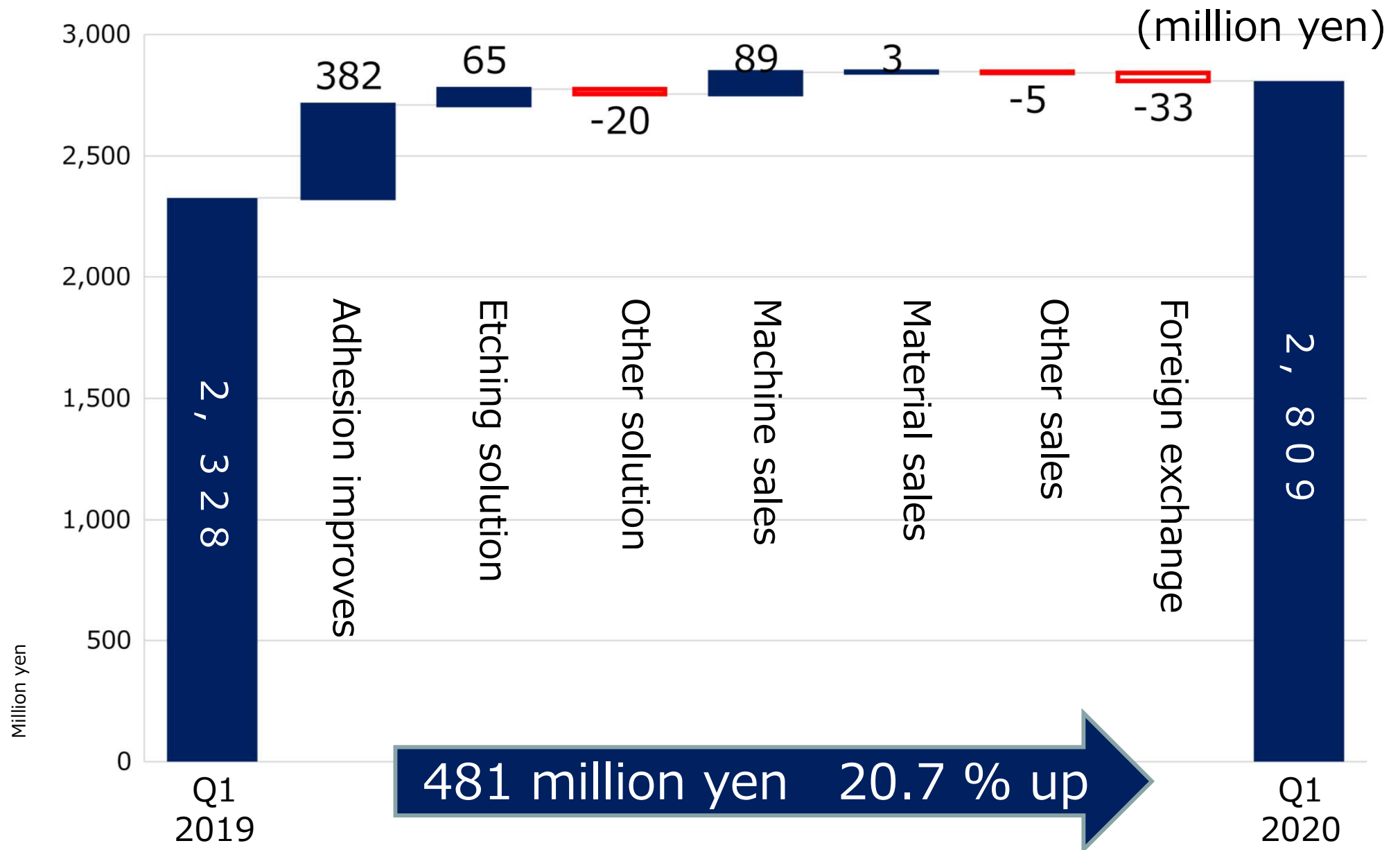
Sales: Up 17.4%, Shipments: UP 15.3%

Q1 FYE 12/2020 Results - 1

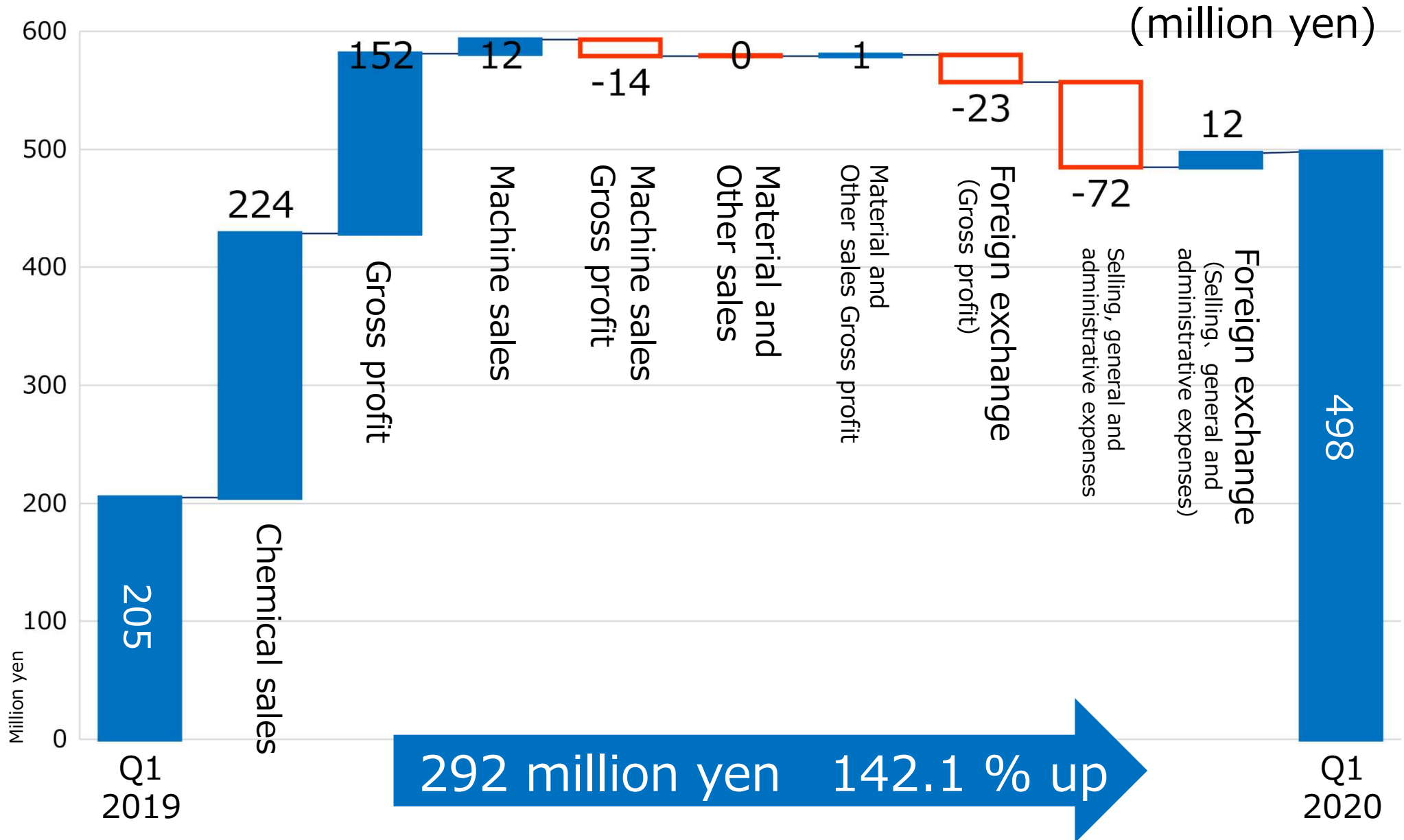
Unit : million yen

	Q1						Full-year		
	FYE19.12		FYE20.12				FYE19.12	FYE20.12	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)		Results	(Forecast)	YOY (%)
Net sales	2,328	21.4%	2,809	24.2%	481	20.7%	10,865	11,600	6.8%
Chemical sales	2,266	21.3%	2,661	-	394	17.4%	10,657	-	-
Gross profit	1,383	20.9%	1,736	-	352	25.5%	6,618	-	-
Gross profit margin	59.4%	-	61.8%	-	-	-	60.9%	-	-
SGA	1,178	23.6%	1,238	-	60	5.1%	4,981	-	-
Sales ratio	50.6%	-	44.1%	-	-	-	45.8%	-	-
Operating income	205	12.6%	498	29.3%	292	142.1%	1,637	1,700	3.8%
Operating profit margin	8.8%	-	17.7%	-	-	-	15.1%	-	-
Ordinary income	240	14.0%	463	26.5%	223	92.9%	1,722	1,750	1.6%
Ordinary profit margin	10.3%	-	16.5%	-	-	-	15.9%	-	-
Profit before tax	241	14.1%	446	-	205	85.0%	1,710	-	-
Net income	158	12.8%	317	25.4%	159	100.0%	1,236	1,250	1.1%

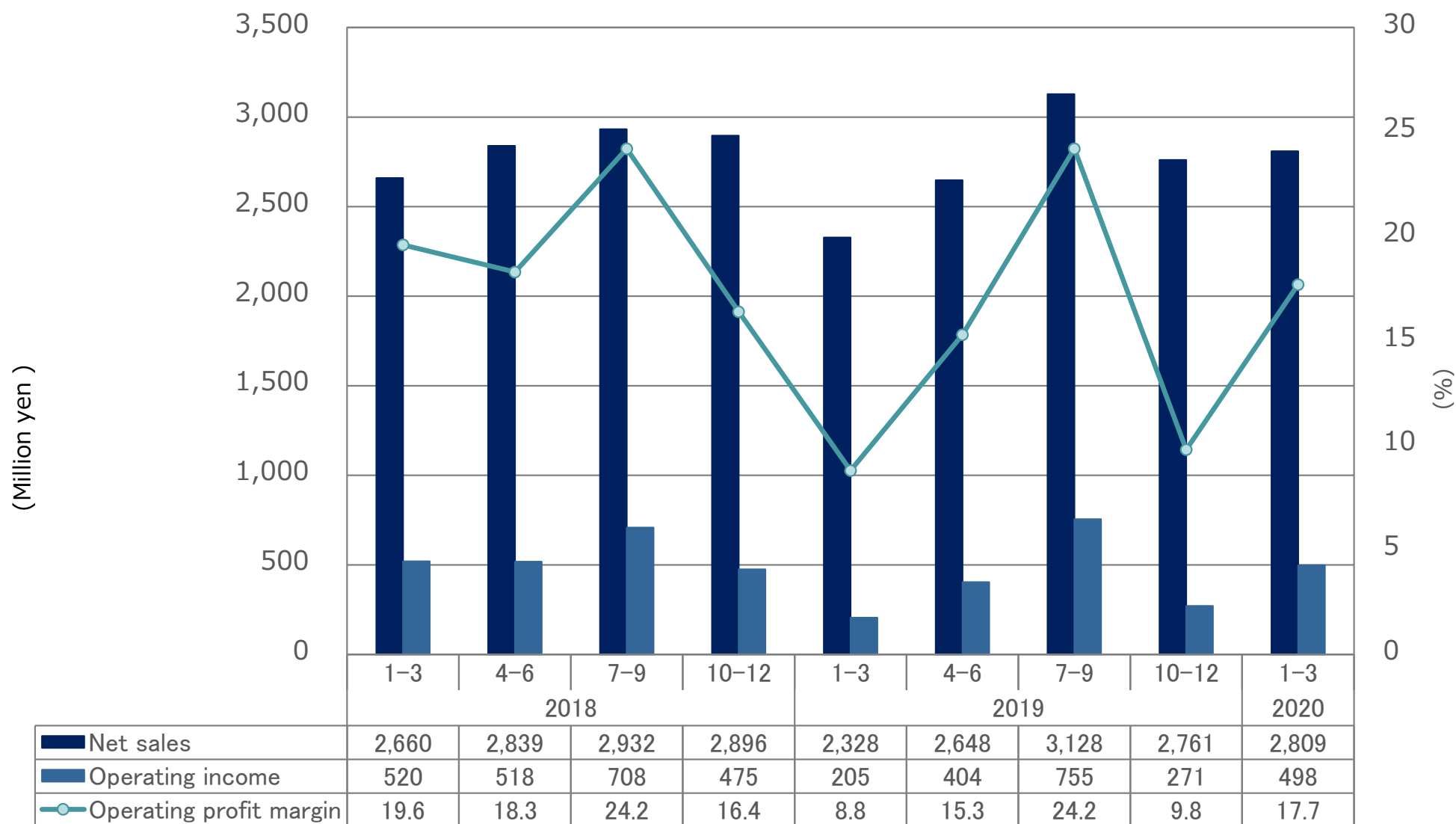
Net sales YOY



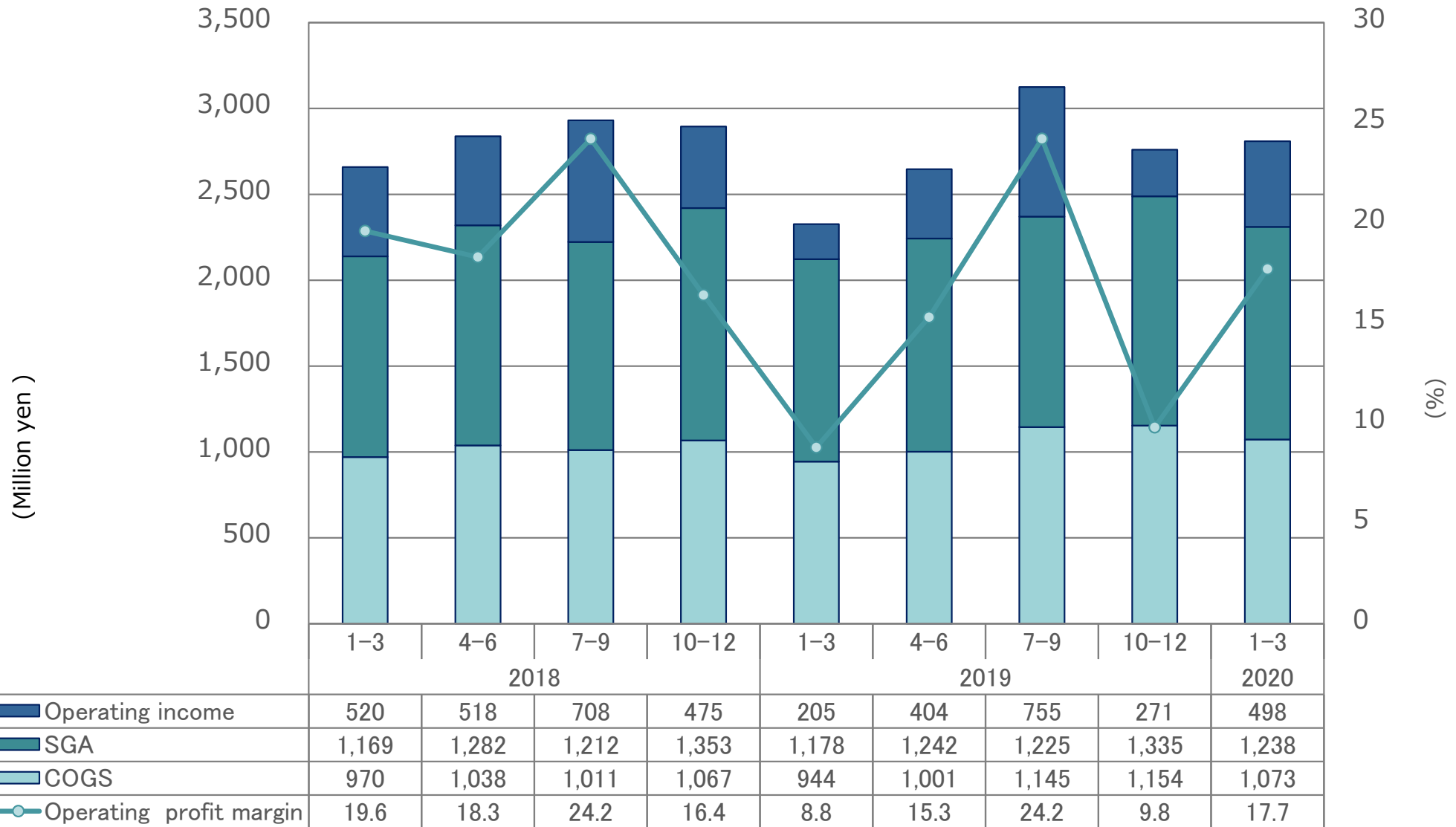
Operating income YOY



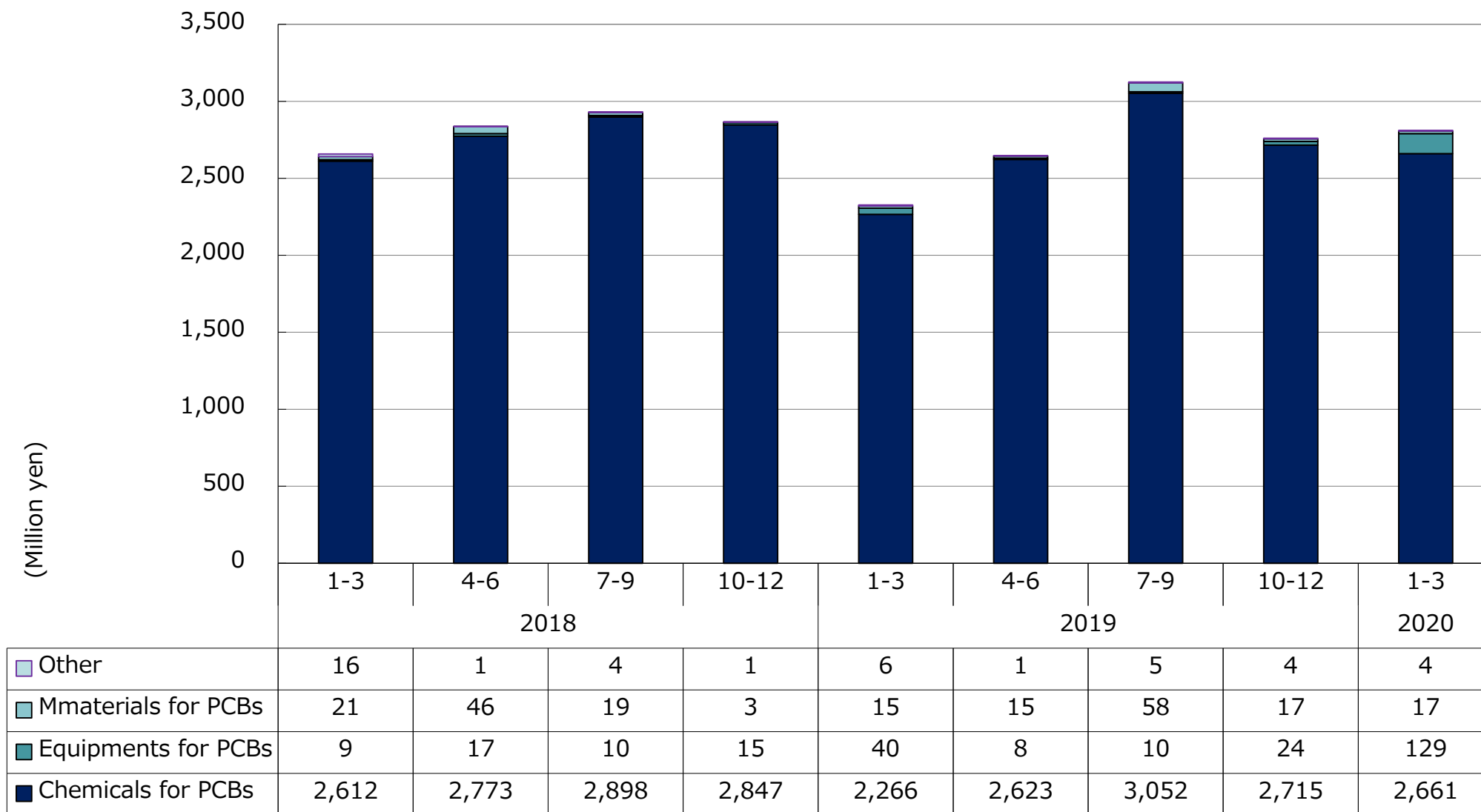
Quarterly Net sales, Operating income and Operating profit margin (Consolidated)



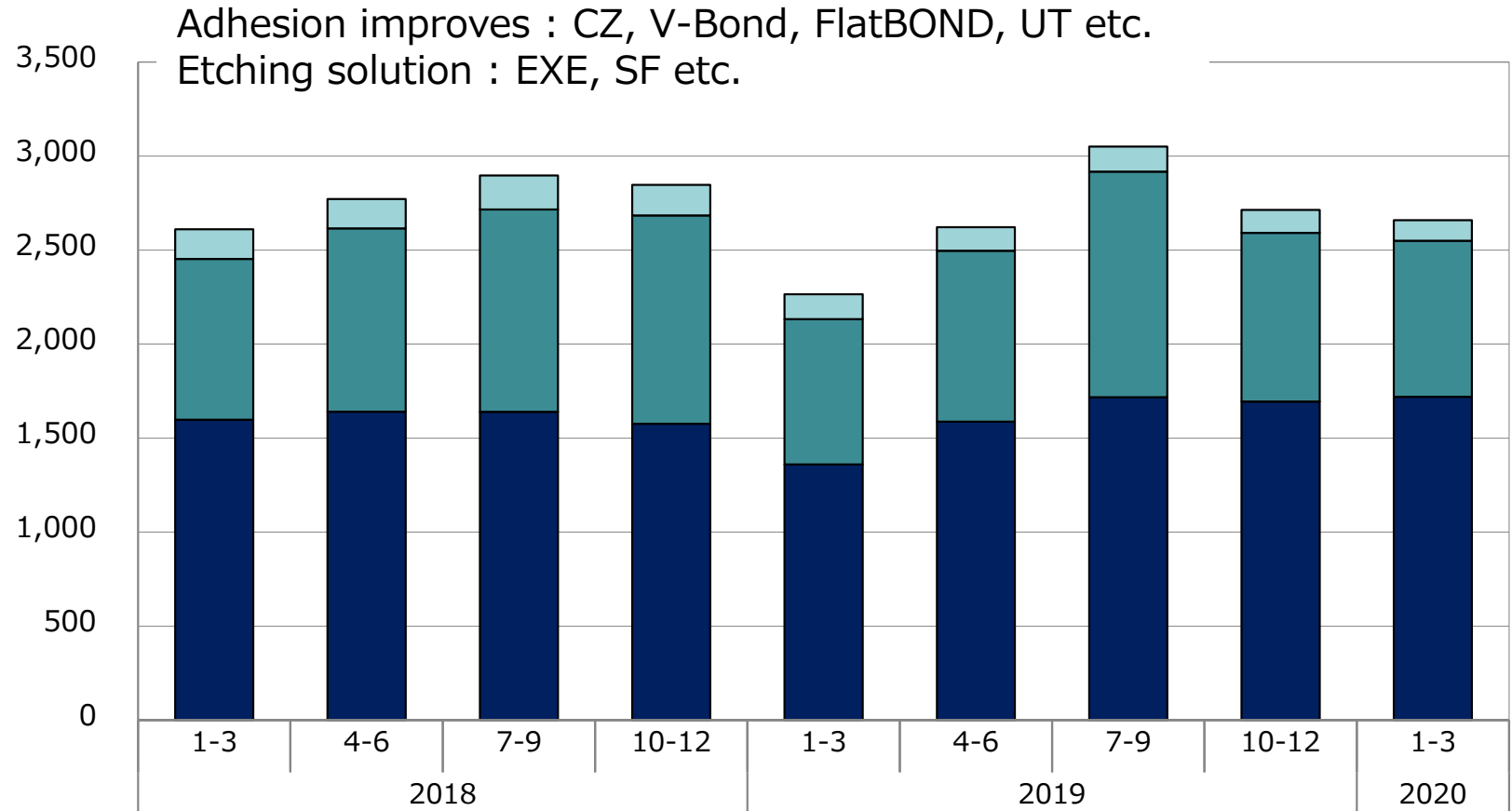
Quarterly composition profit and loss (Consolidated)



Product-specific quarterly sales (Consolidated)

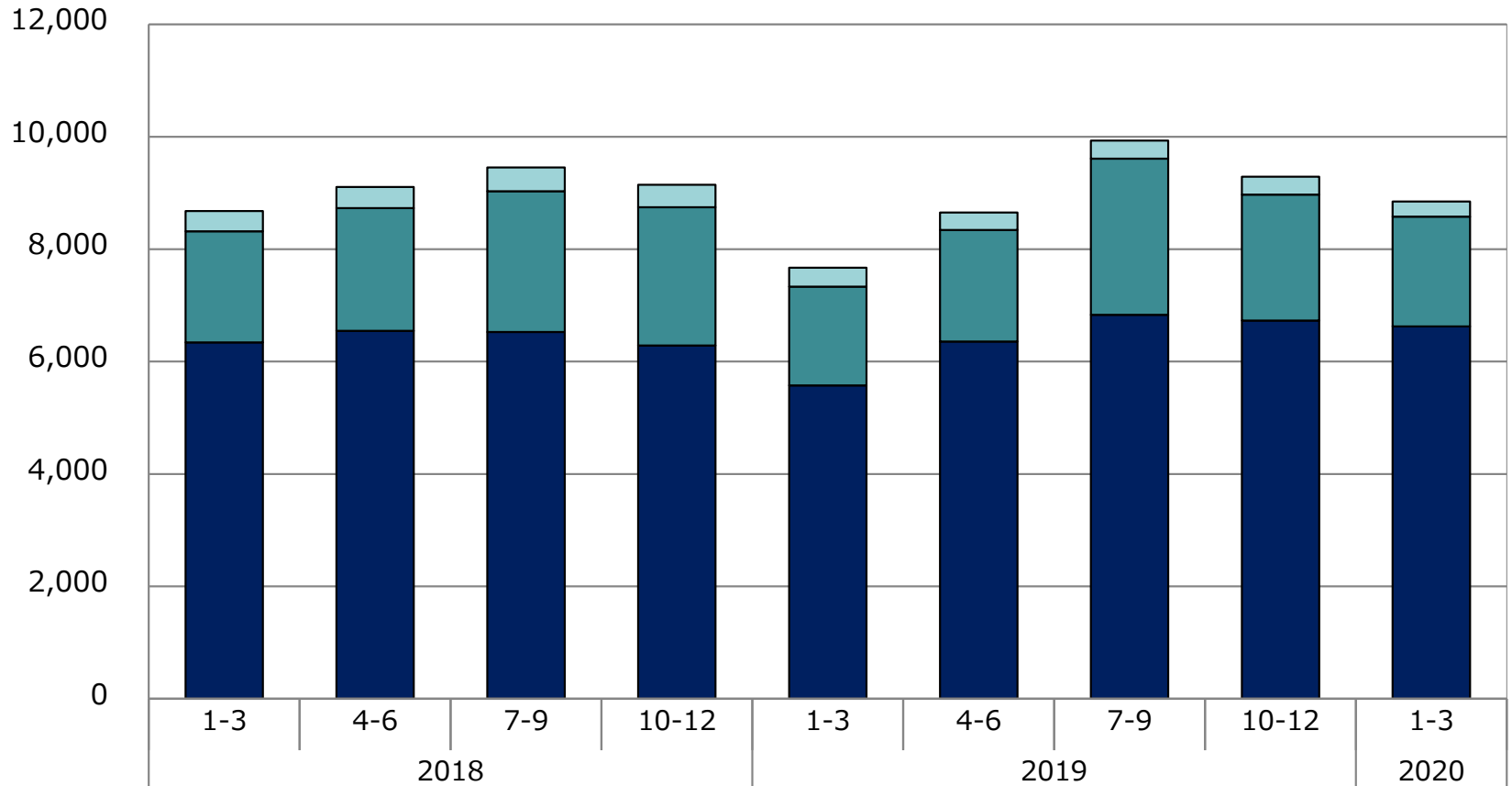


Quarterly chemical sales (consolidated)



Other surface processing solution	158	156	181	162	132	125	133	122	109
Etching solution	855	975	1,076	1,108	773	909	1,200	897	830
Adhesion improves	1,598	1,641	1,640	1,577	1,360	1,588	1,718	1,695	1,720

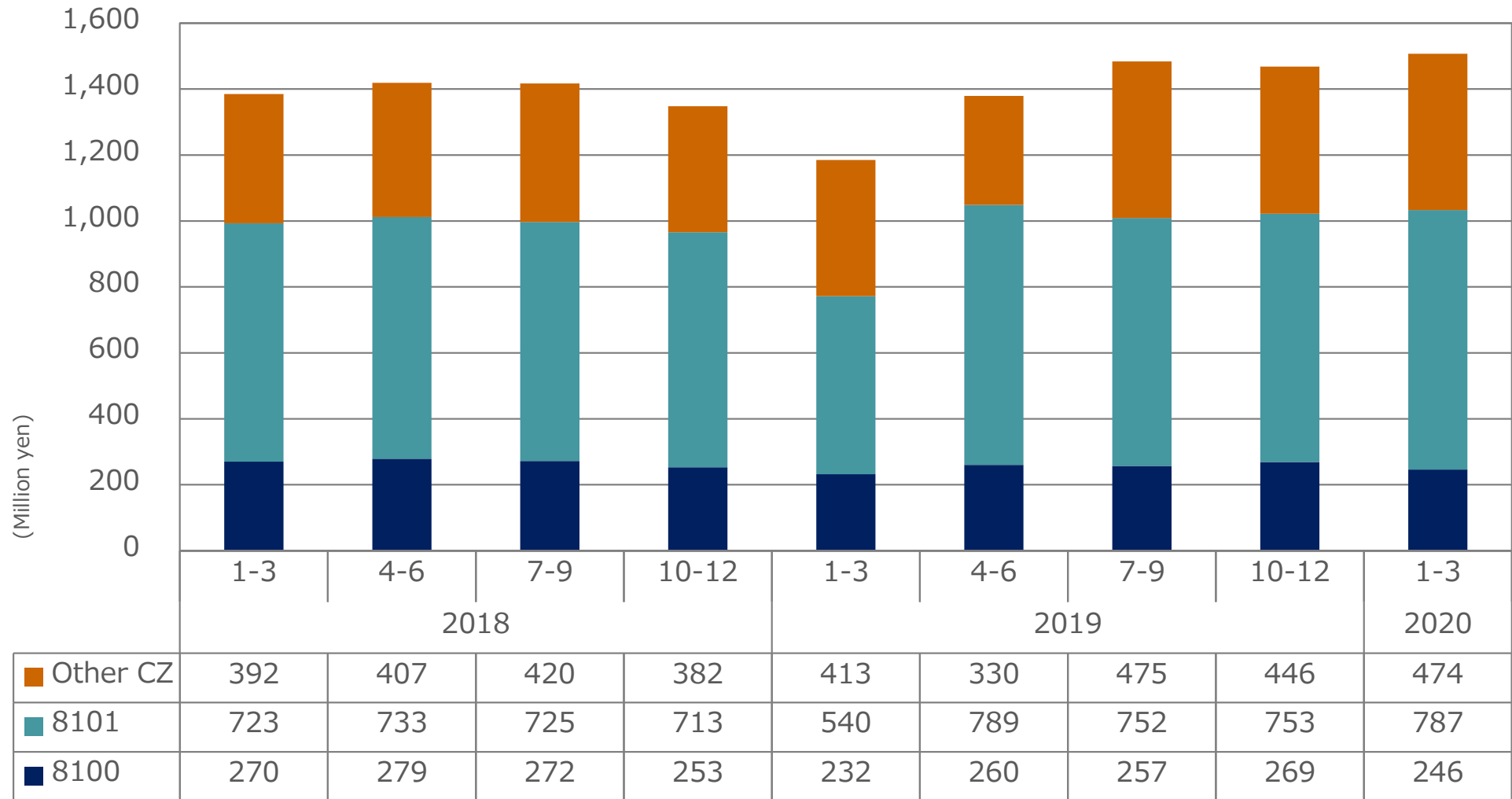
Chemical shipment volume (consolidated)



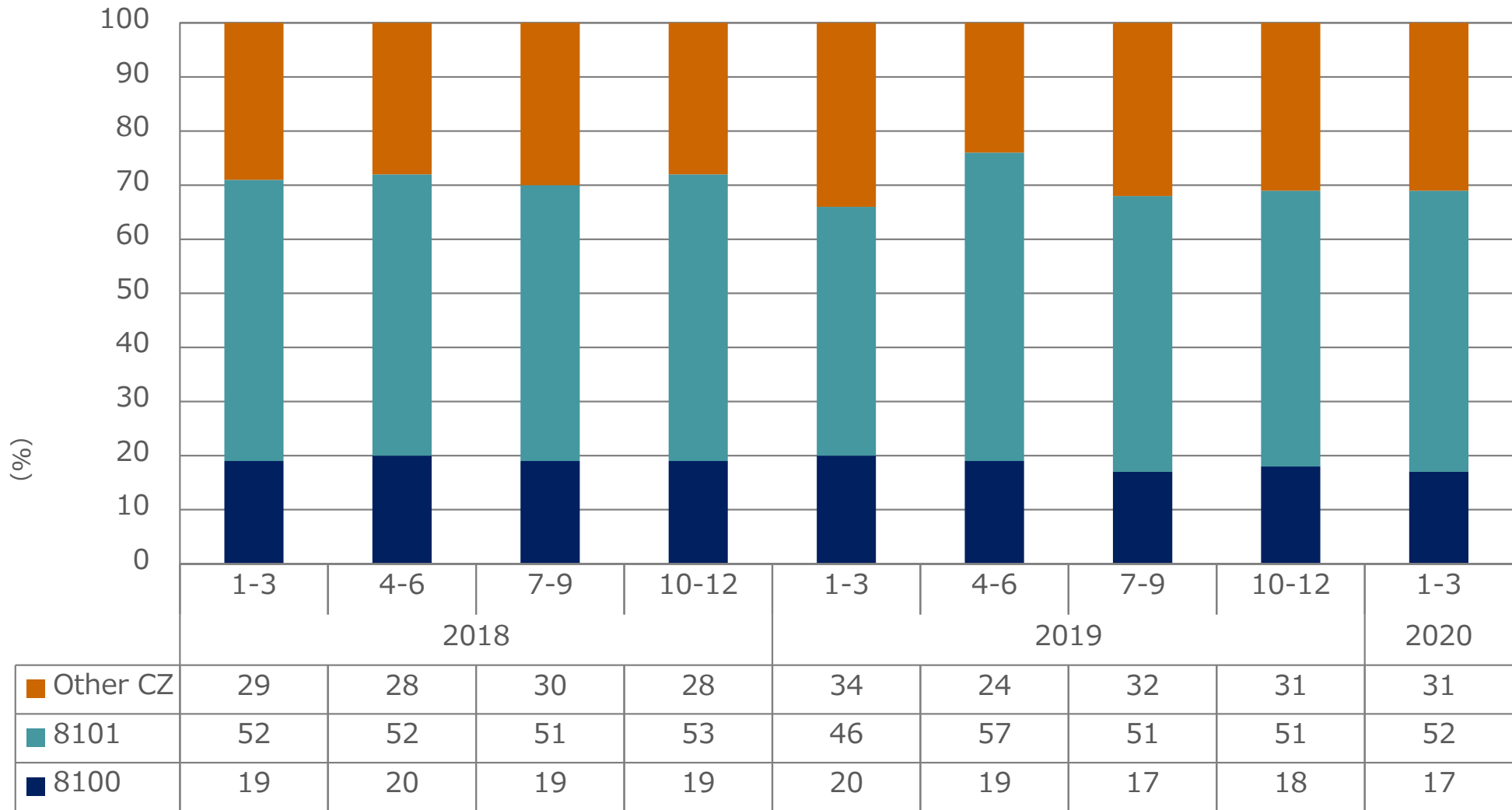
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Other surface processing solution	360	377	424	399	338	310	320	319	267
Etching solution	1,978	2,186	2,504	2,462	1,758	1,986	2,777	2,242	1,955
Adhesion improves	6,341	6,546	6,527	6,286	5,575	6,356	6,833	6,729	6,626

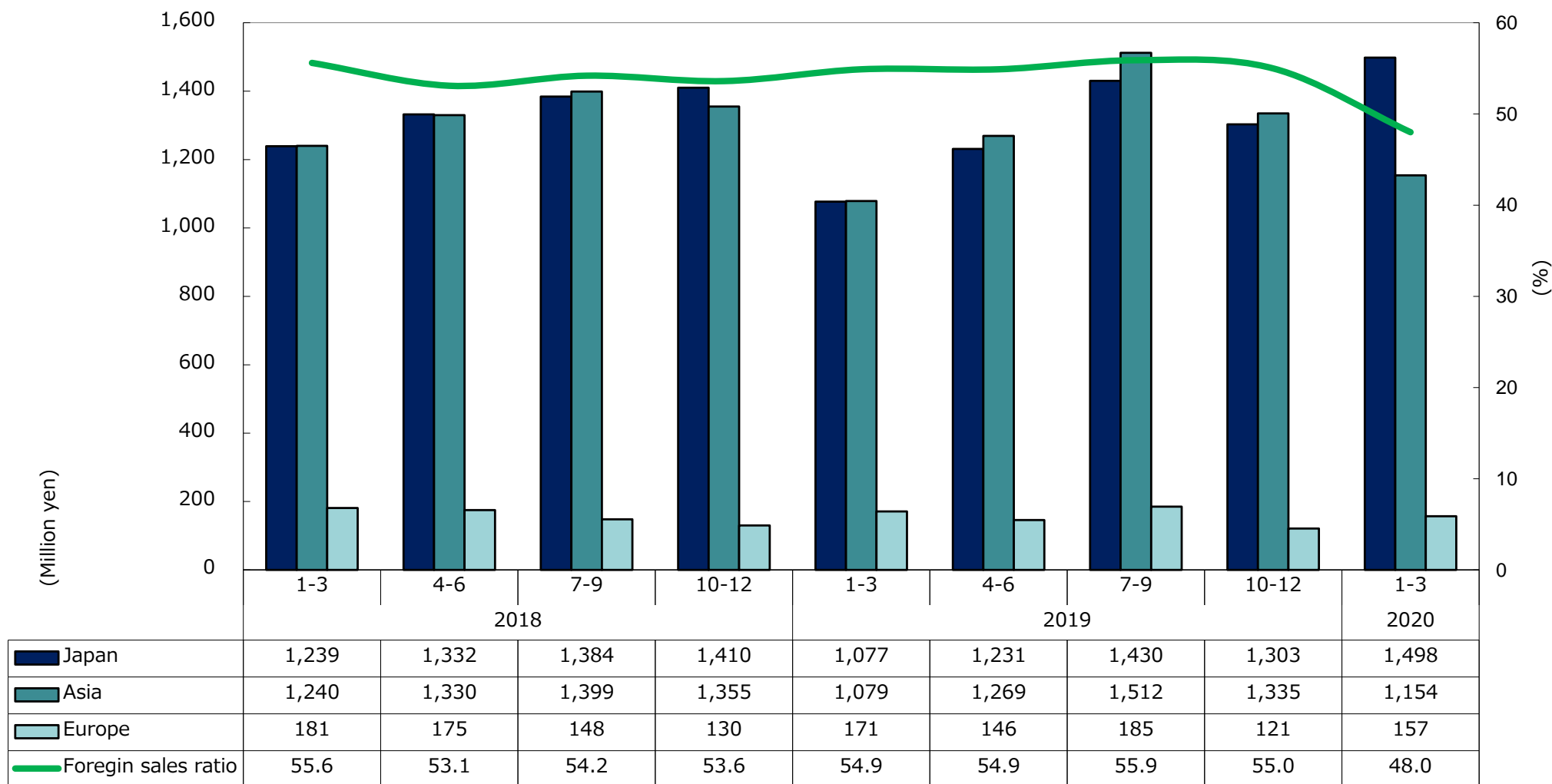
CZ series sales



CZ series sales (Composition ratio)



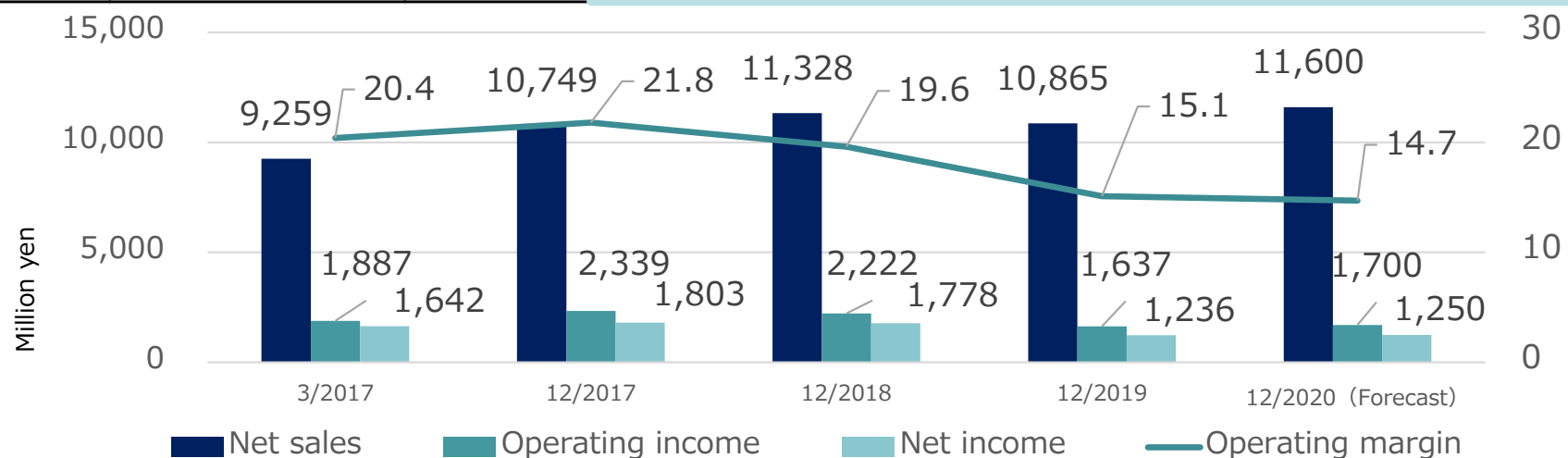
Region-specific sales and overseas sales ratio



Overseas sales ratio is 72.7%(same period of the previous year: 71.6%) if domestic agents' overseas chemical sales are included.

FYE 12/2020 full-year forecast

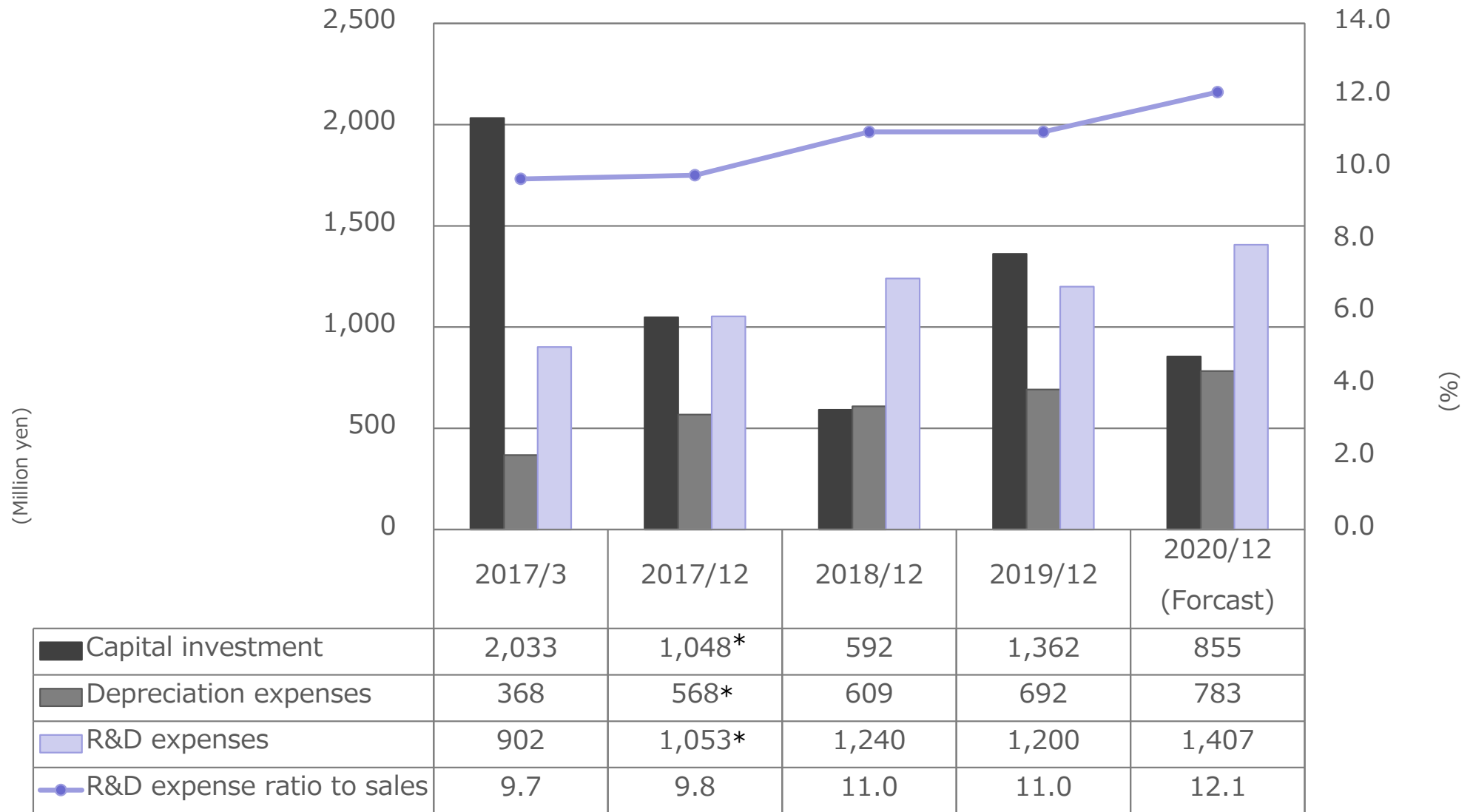
	FYE 12/2019 (51th term)		FYE 12/2020 (52th term)				
	Full-year		1H		Full-year		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	10,865	-	5,000	-	11,600	-	6.8
Operating income	1,637	15.1	600	12.0	1,700	14.7	3.8
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 Q1 FYE 12/2020

Capital investment, depreciation expenses and R&D expenses



*Converted

Dividend, payout ratio and ROE

Dividend policy

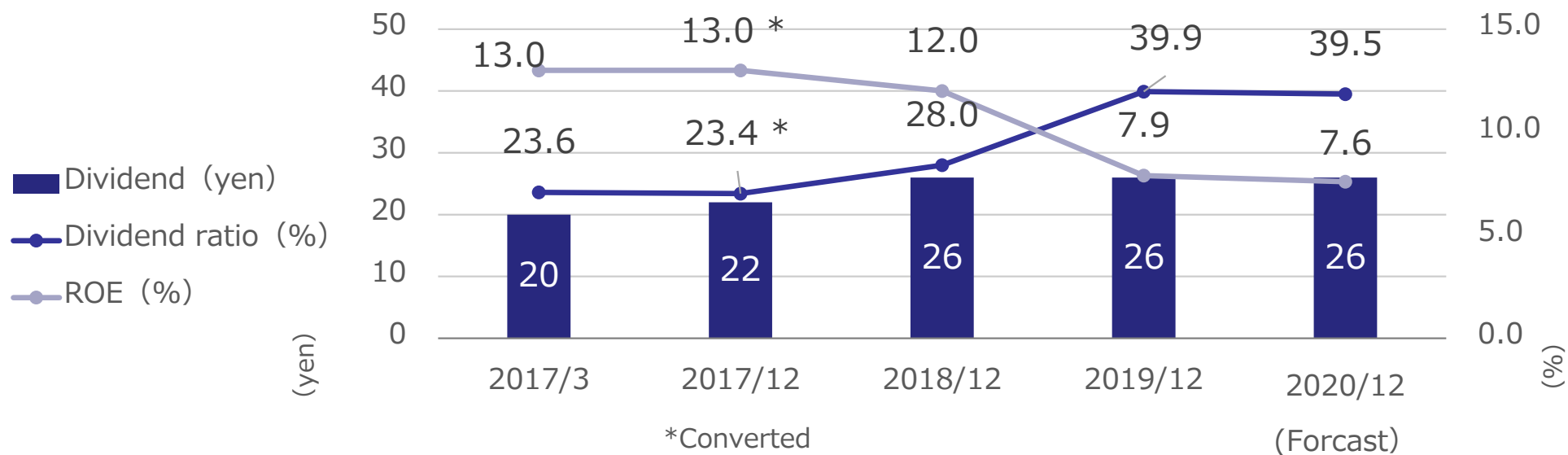
Medium-term goal
(consolidated payout ratio)
30%

Dividend (Forecast)

26.0 yen

Q2 12 yen
Q4 14 yen

Dividend / Dividend ratio



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 May 11, 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.