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# Financial Results Briefing for Q2 FYE 12/2020

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Securities code: 4971  
<https://www.mec-co.com/en/>

# Notice Regarding Revision of Full-year Consolidated Earning Forecast

Revision to the full-year consolidated earnings forecast for the fiscal year ending in December (January 1, 2020 to December 31, 2020)

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per share (yen)
Previously announced Forecast(A)	11,600	1,700	1,750	1,250	65.87
Forecast revised this time(B)	11,100	2,000	2,000	1,400	73.77
Difference(B-A)	-500	300	250	150	
Percentage change (%)	-4.3	17.6	14.3	12.0	
(Reference) Results for the previous term (Year ended December 31, 2019)	10,865	1,637	1,722	1,236	65.16

# 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)

### Way of working

- Recommendation of working from home
- Full flextime
- Expansion of commuting options
- Recommendation of doing substitute holiday work (swapping holidays with working days) and taking substitute holidays

### Business trips, etc.

- Self-restraint regarding unnecessary business trips
- Self-restraint regarding eating between employees

### Facility management

- Thorough hygiene management
- Installation of splash prevention panel
- Satellite office

# Q2 FYE12/2020 Key factors

1

## Assumed/actual exchange rate

JPY to NTD Assumed rate: 3.50 yen / Actual rate: 3.61 yen (previous year was 3.55 yen)  
JPY to RMB Assumed rate: 15.76 yen / Actual rate: 15.37 yen (previous year was 16.22 yen)  
JPY to EUR Assumed rate: 121.17 yen / Actual rate: 119.82 yen (previous year was 124.50 yen)  
JPY to USD Assumed rate: 108.62 yen / Actual rate: 108.41 yen (previous year was 110.13 yen)

2

## Exchange rate impact (YOY change)

Sales: Down 71 million yen,  
Operating income: Down 43 million yen.

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## Major products sales (YOY change)

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

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## Chemicals (YOY change)

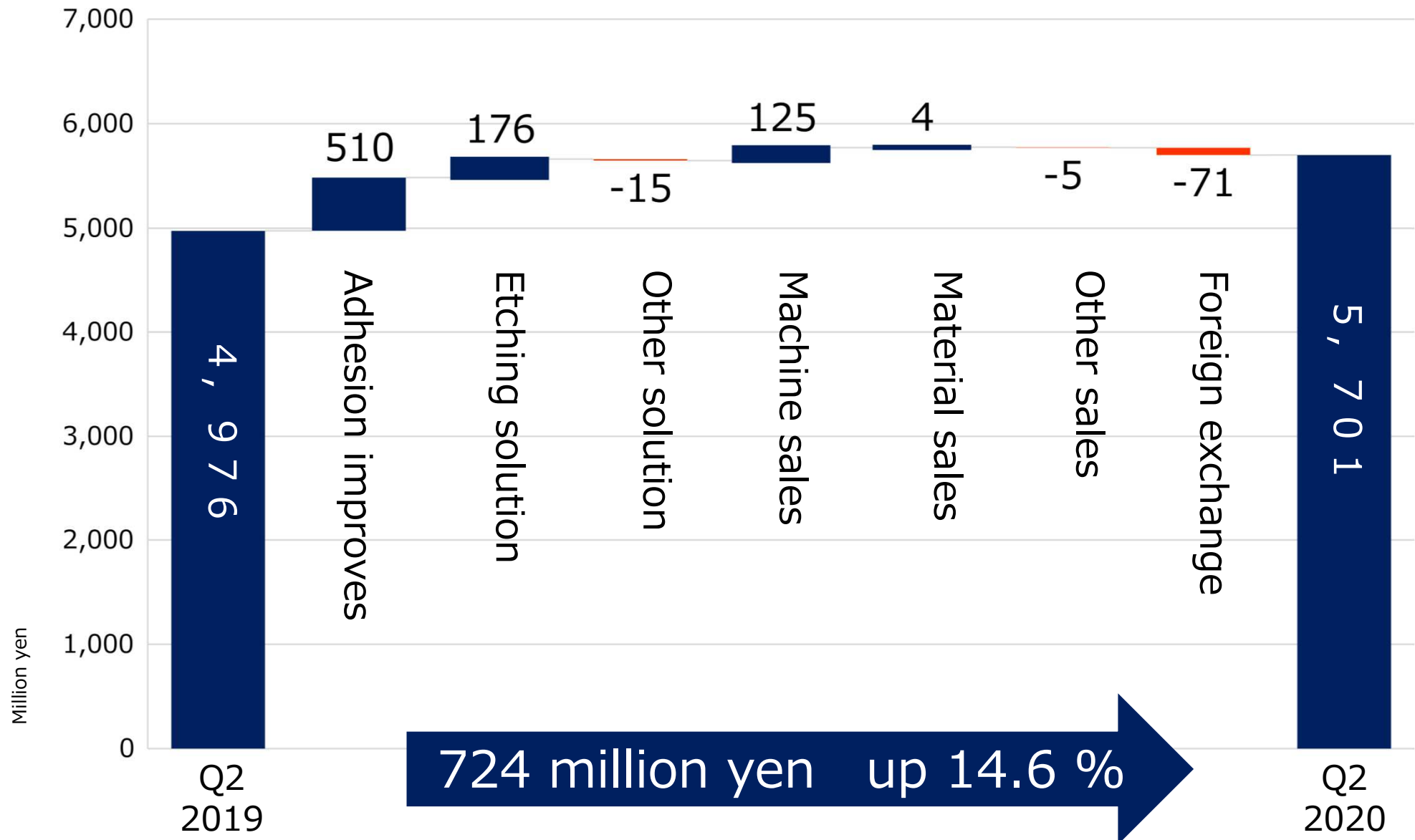
Sales: Up 12.3%, Shipments: UP 10.6%

# Q2 FYE12/2020 Results

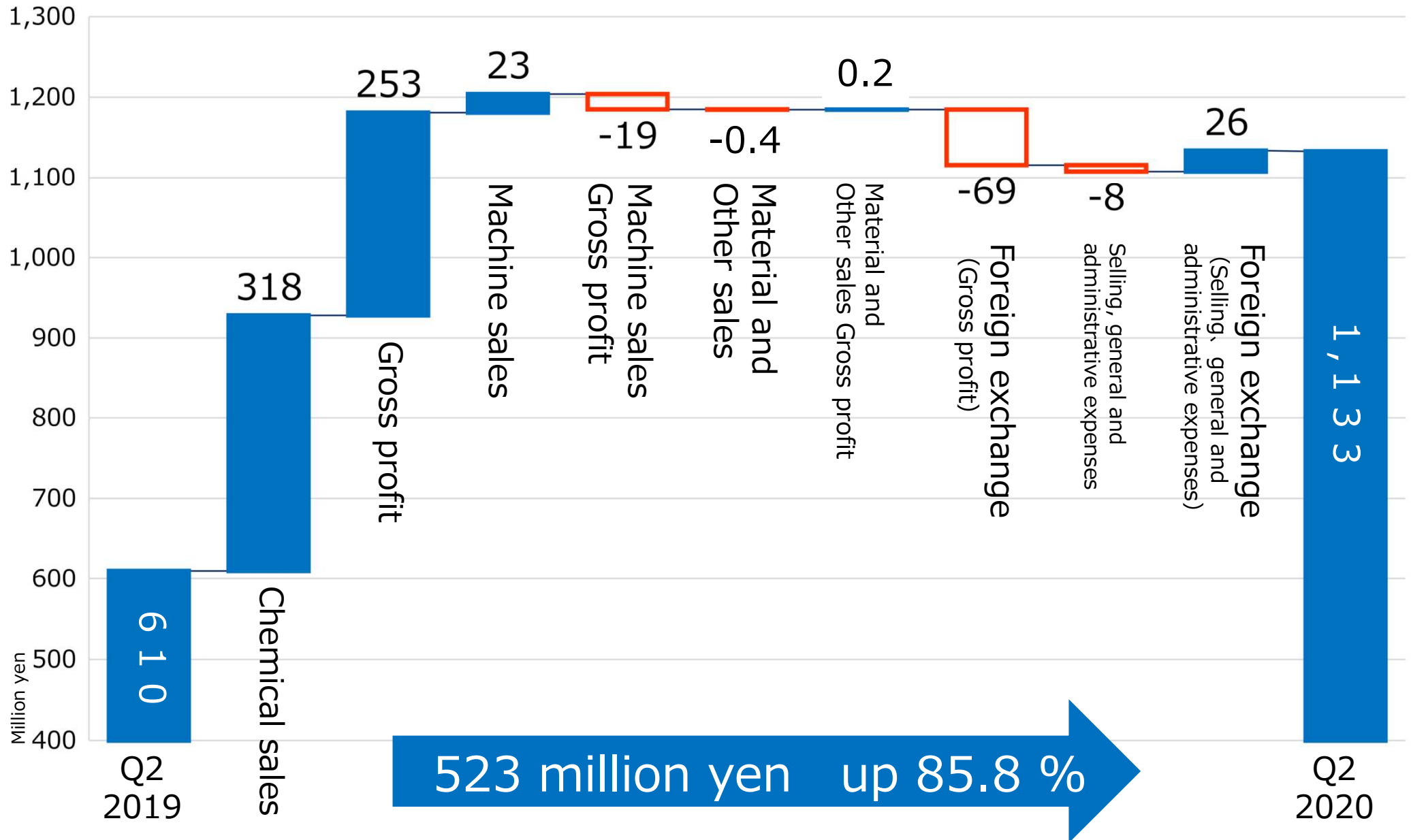
Unit : million yen

	Q2						Full-year		
	FYE19/12		FYE20/12				FYE19/12	FYE20/12	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)		Results	(Forecast)	YOY (%)
Net sales	4,976	45.8%	5,701	51.4%	724	14.6%	10,865	11,100	2.2%
Chemical sales	4,889	-	5,491	-	601	12.3%	10,657	-	-
Gross profit	3,030	-	3,536	-	505	16.7%	6,618	-	-
Gross profit margin	60.9%	-	62.0%	-	-	-	60.9%	-	-
SGA	2,420	-	2,402	-	-17	-0.7%	4,981	-	-
Sales ratio	48.6%	-	42.1%	-	-	-	45.8%	-	-
Operating income	610	37.3%	1,133	56.7%	523	85.8%	1,637	2,000	22.2%
Operating profit margin	12.3%	-	19.9%	-	-	-	15.1%	-	-
Ordinary income	638	37.1%	1,126	56.3%	488	76.4%	1,722	2,000	16.1%
Ordinary profit margin	12.8%	-	19.8%	-	-	-	15.9%	-	-
Profit before tax	648	-	1,075	-	426	65.7%	1,710	-	-
Net income	457	37.0%	794	56.7%	337	73.8%	1,236	1,400	13.2%

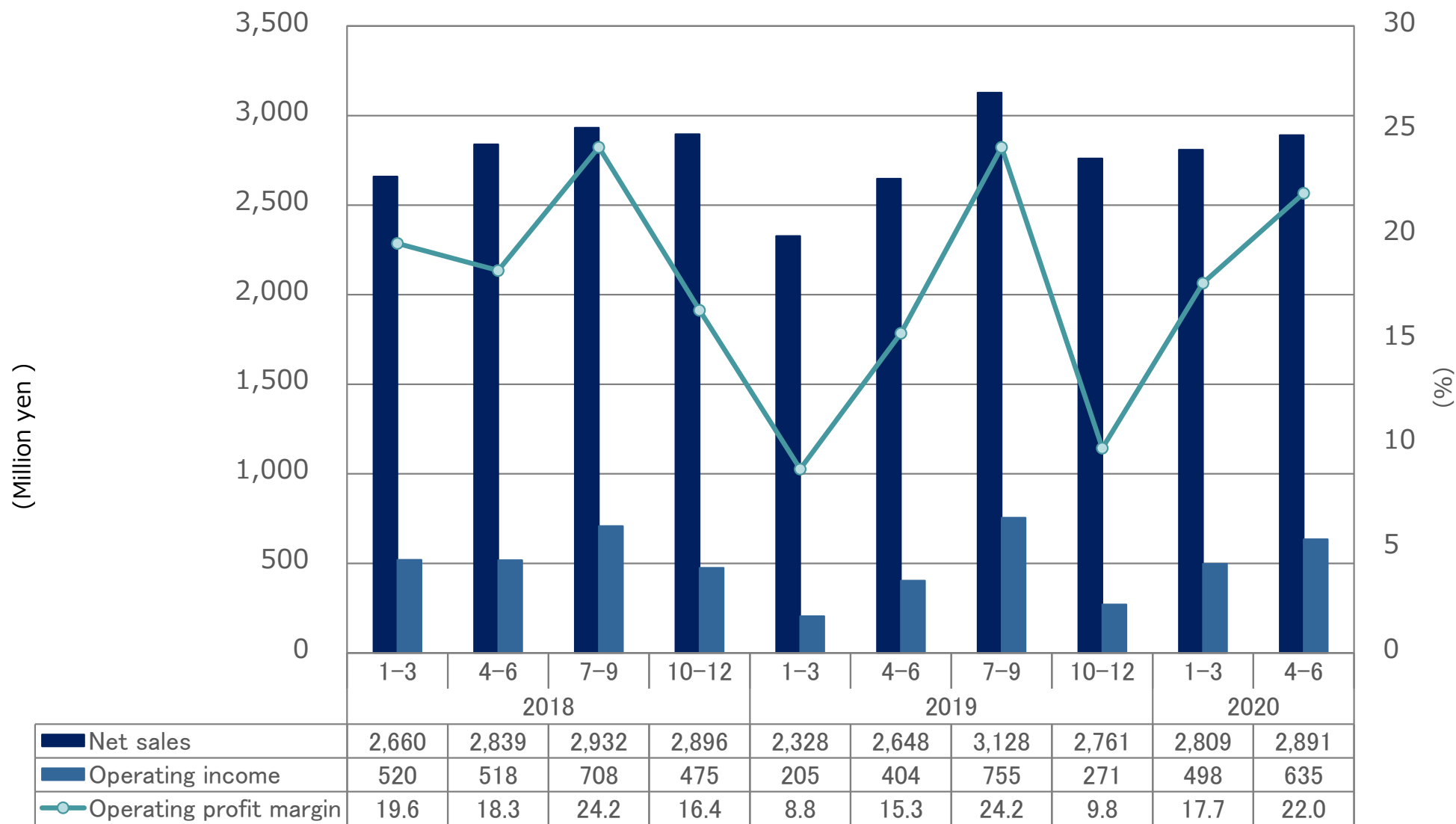
# Net sales YOY



# Operating income YOY

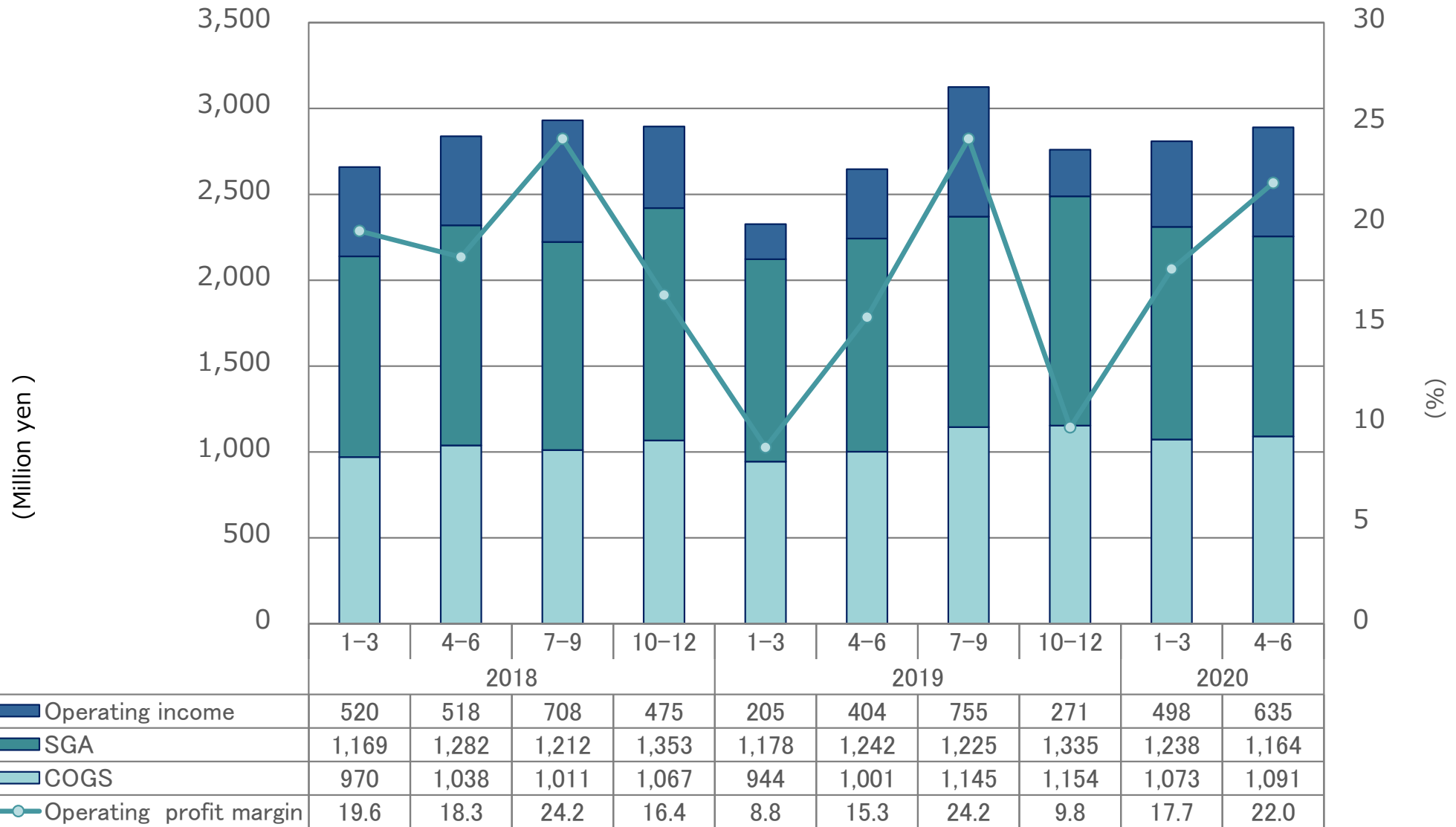


# Quarterly Net sales, Operating income and Operating profit margin (Consolidated)

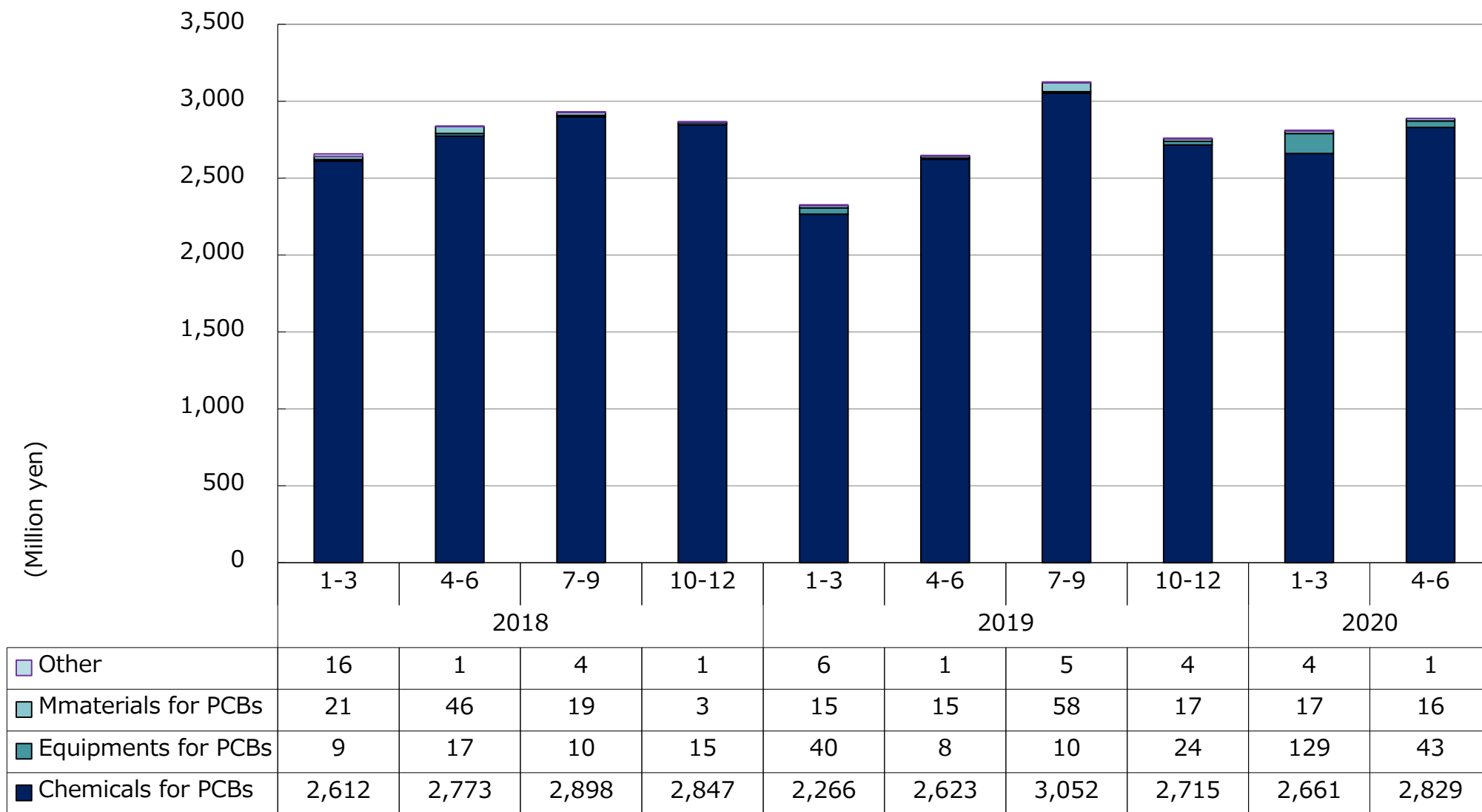




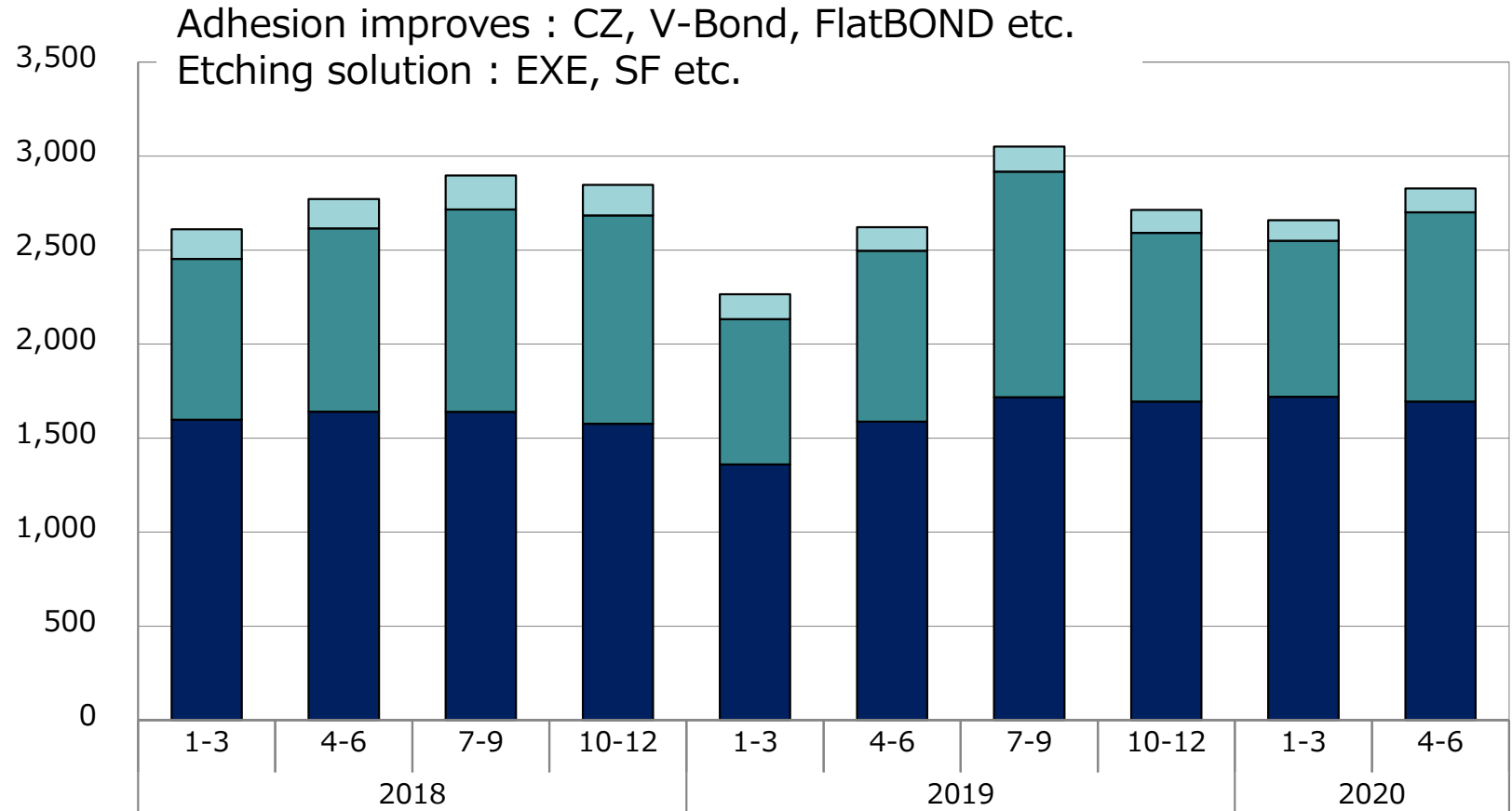
# Quarterly composition profit and loss (Consolidated)



# Product-specific quarterly sales (Consolidated)

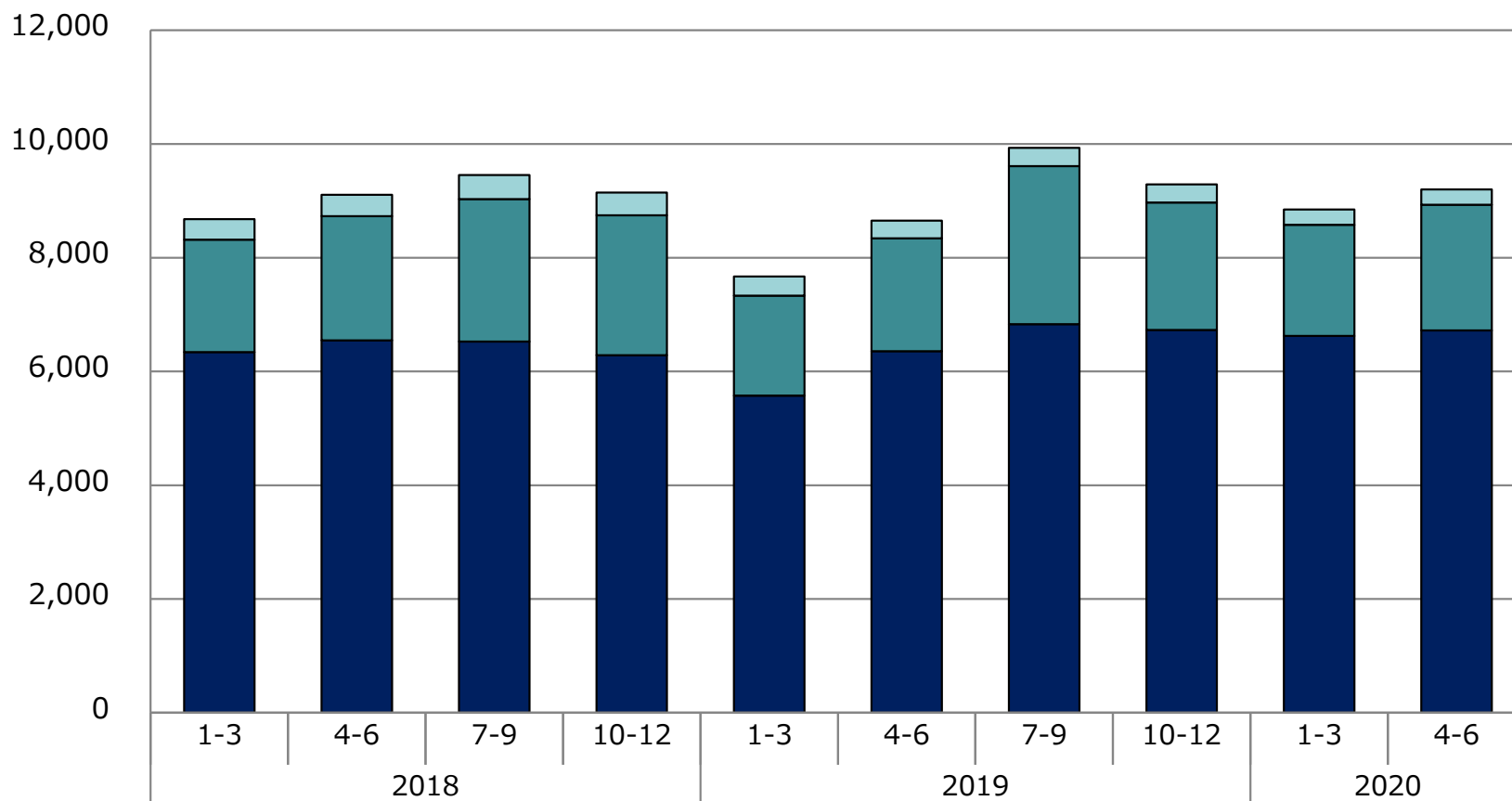


# Quarterly chemical sales (consolidated)



Other surface processing solution	158	156	181	162	132	125	133	122	109	127
Etching solution	855	975	1,076	1,108	773	909	1,200	897	830	1,006
Adhesion improves	1,598	1,641	1,640	1,577	1,360	1,588	1,718	1,695	1,720	1,695

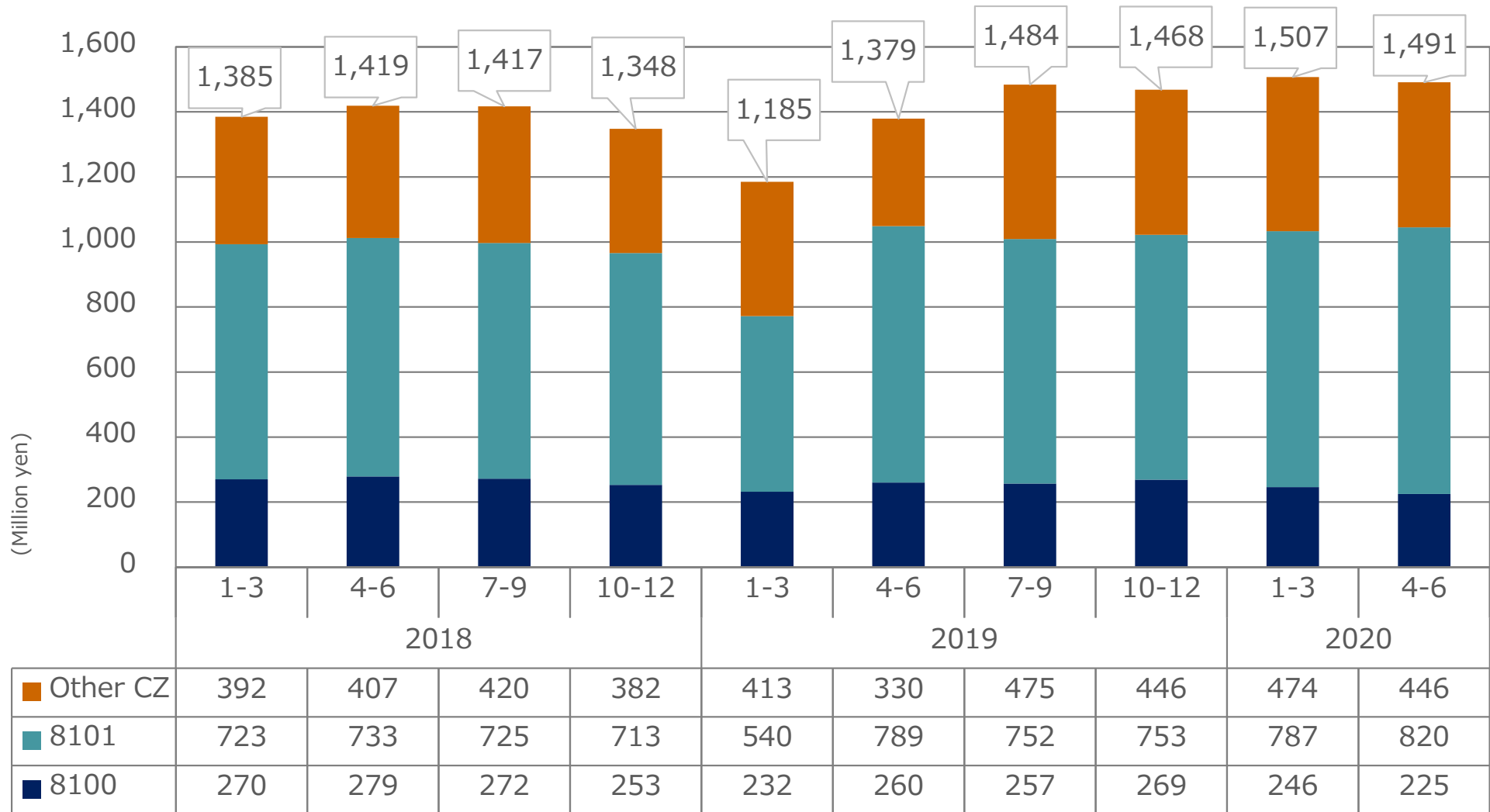
# Chemical shipment volume (consolidated)



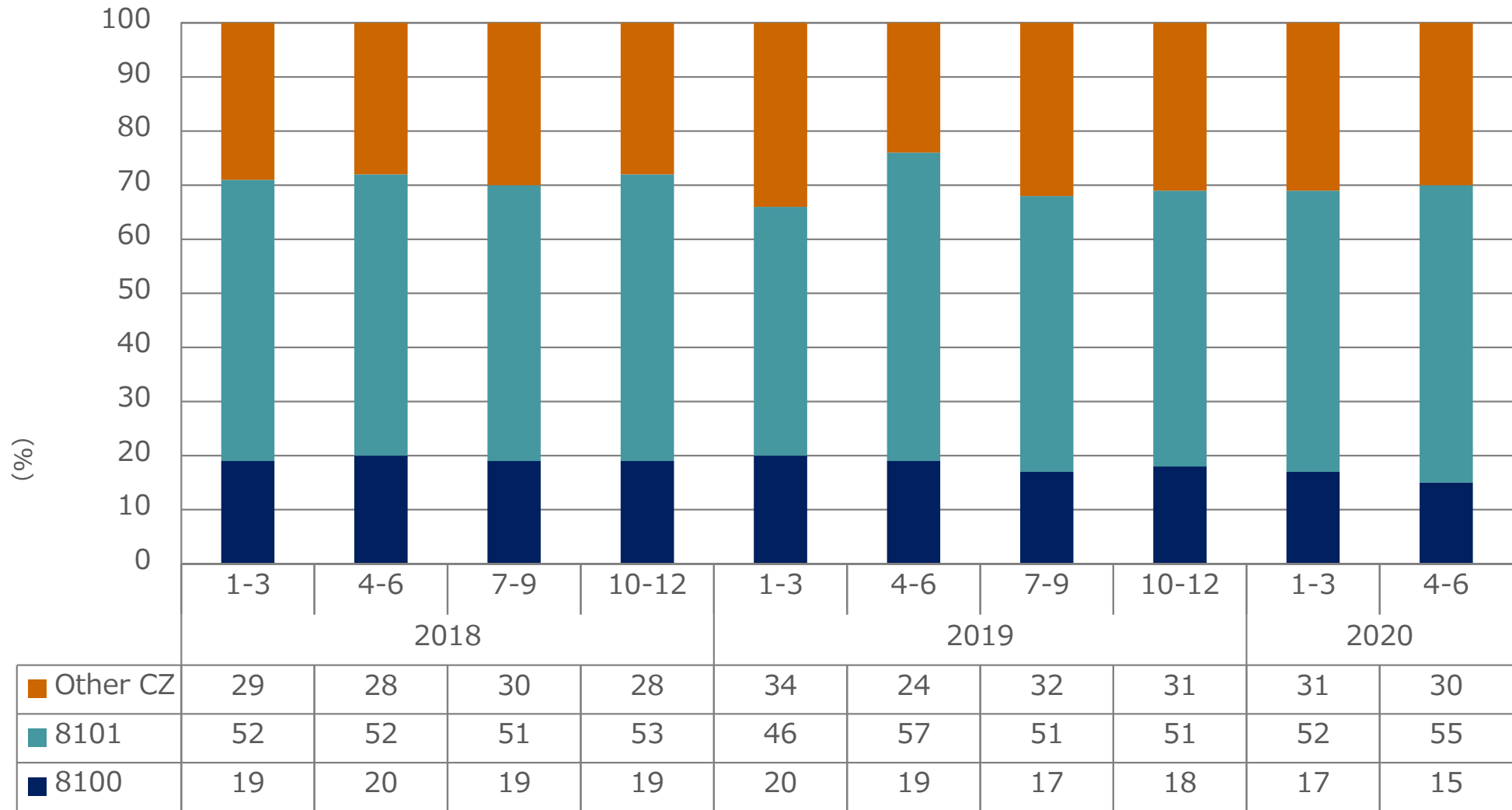
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Other surface processing solution	360	377	424	399	338	310	320	319	267	269
Etching solution	1,978	2,186	2,504	2,462	1,758	1,986	2,777	2,242	1,955	2,209
Adhesion improves	6,341	6,546	6,527	6,286	5,575	6,356	6,833	6,729	6,626	6,723

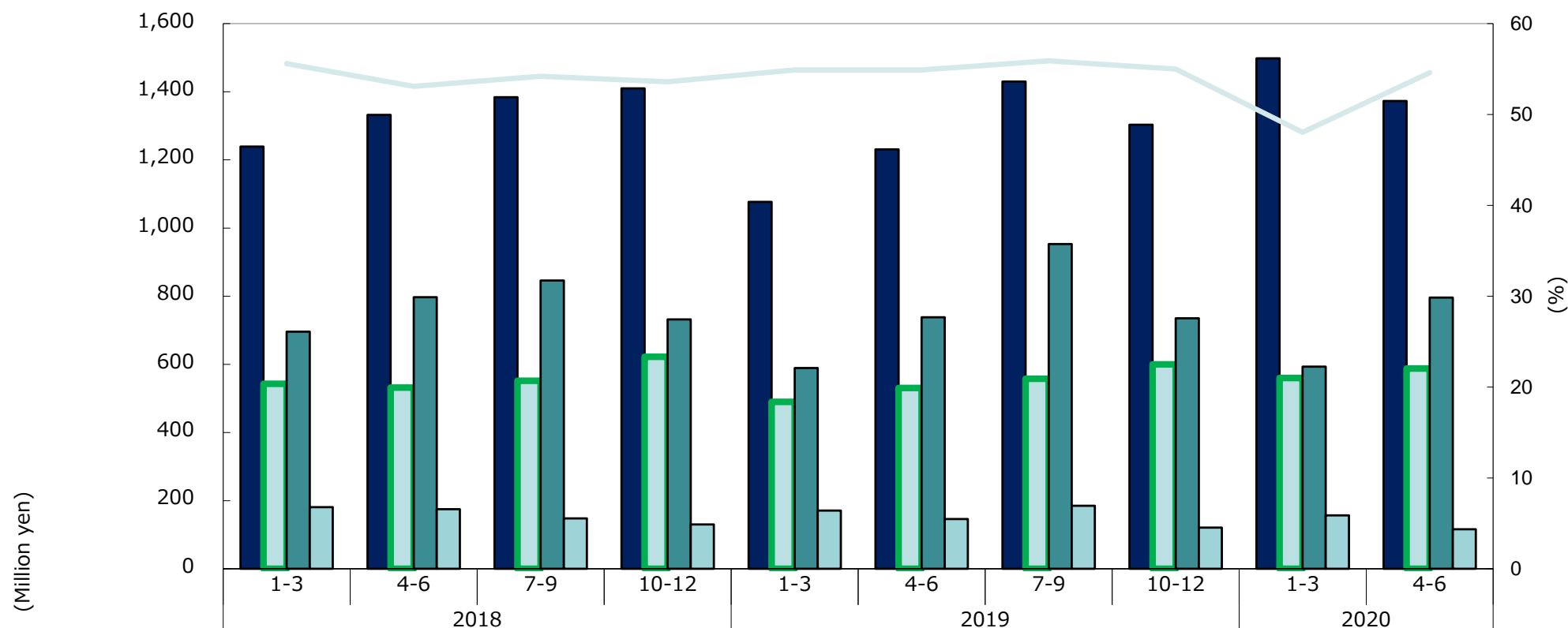
# CZ series sales



# CZ series sales (Composition ratio)



# Region-specific sales and overseas sales ratio

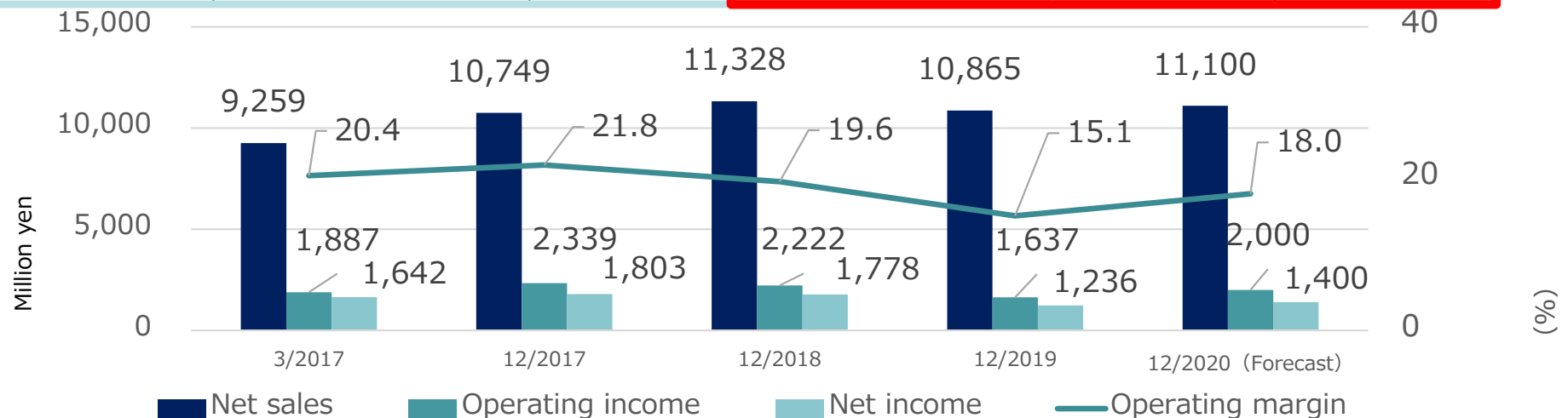


Japan	1,239	1,332	1,384	1,410	1,077	1,231	1,430	1,303	1,498	1,373
Taiwan	543	532	552	622	490	531	558	600	560	588
China	696	797	846	732	589	738	953	735	593	796
Europe	181	175	148	130	171	146	185	121	157	116
Foreign sales ratio	55.6	53.1	54.2	53.6	54.9	54.9	55.9	55.0	48.0	54.6

Overseas sales ratio is 76.1%(same period of the previous year: 73.5%) if domestic agents' overseas chemical sales are included.

# FYE12/2020 full-year forecast

	FYE12/2019 (51th term)		FYE12/2020 (52th term)		
	Full-year		Full-year (August 11,2020)		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	10,865	-	11,100	-	2.2
Operating income	1,637	15.1	2,000	18.0	22.2
Ordinary income	1,722	15.9	2,000	18.0	16.1
Net income	1,236	11.4	1,400	12.6	13.2
Net income per share(yen)	65.16	-	73.77	-	-

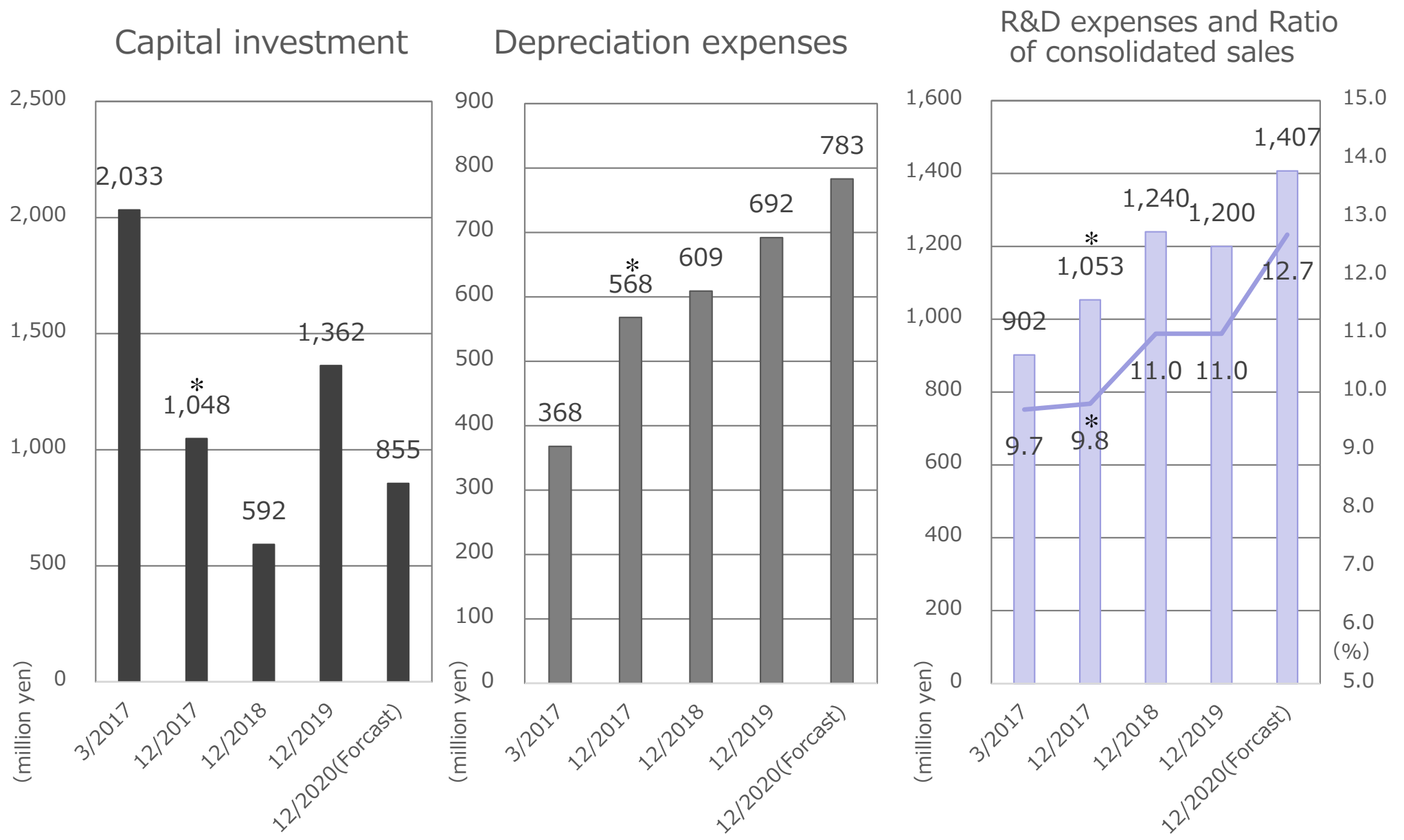




# Exchange rate

	<b>FYE12/2019 Prevailing rate</b>	<b>FYE12/2020 Assumed rate</b>	<b>FYE12/2020 New assumed rate</b>
NTD	3.54	3.50	3.61
RMB	15.85	15.76	15.37
EUR	122.53	121.17	119.82
THB	3.52	3.52	3.44
HKD	13.96	13.88	13.96
USD	109.37	108.62	108.41

# Capital investment, Depreciation expenses and R&D expenses



\*Converted



# Dividend, payout ratio and ROE

## Dividend policy

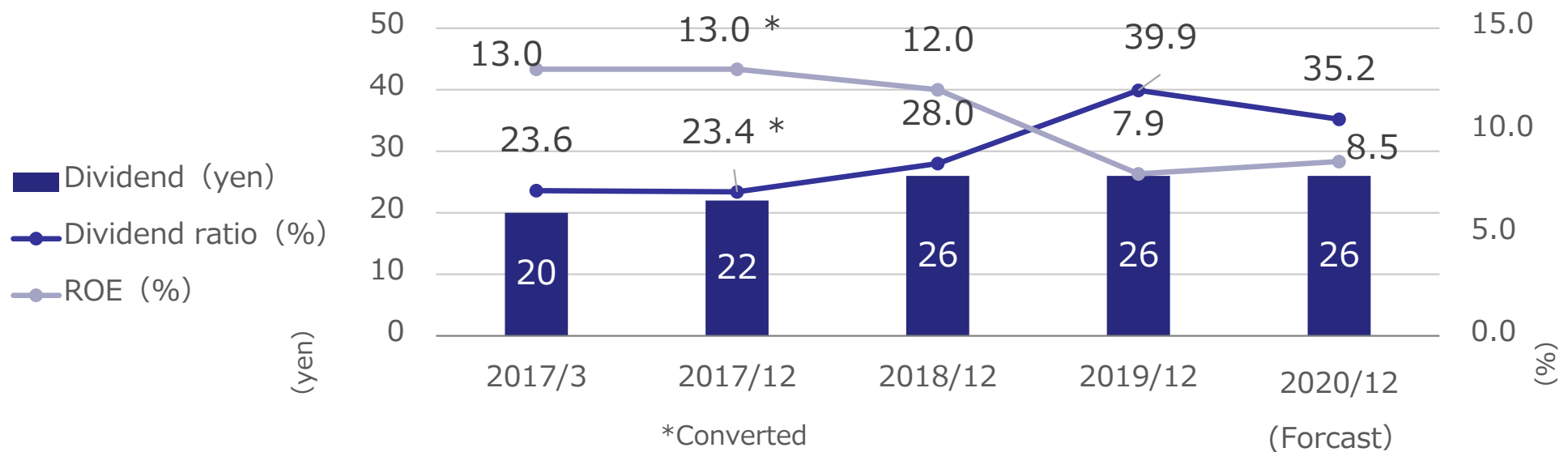
Medium-term goal  
(consolidated payout ratio)  
**30%**

## Dividend (Forecast)

**26.0 yen**

Q2 12 yen  
Q4 14 yen

## Dividend / Dividend ratio



# ESG-H effort

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## 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

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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