
Financial Results Briefing for Q3 FYE 12/2020

November 9, 2020



MEC COMPANY LTD.

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)	11,100	2,000	2,000	1,400	73.77
Forecast revised this time(B)	11,700	2,300	2,300	1,500	79.03
Difference(B-A)	600	300	300	100	
Percentage change (%)	5.4	15.0	15.0	7.1	
(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

Q3 FYE12/2020 Key factors

Assumed/actual exchange rate

1

JPY to NTD Assumed rate: 3.61 yen / Actual rate: 3.61 yen (previous year was 3.53 yen)
JPY to RMB Assumed rate: 15.37 yen / Actual rate: 15.34 yen (previous year was 15.93 yen)
JPY to EUR Assumed rate: 119.82 yen / Actual rate: 121.25 yen (previous year was 122.83 yen)
JPY to THB Assumed rate: 3.44 yen / Actual rate: 3.42 yen (previous year was 3.52 yen)
JPY to USD Assumed rate: 108.41 yen / Actual rate: 107.46 yen (previous year was 109.39 yen)

2

Exchange rate impact (YOY change)

Sales: Down 52 million yen,
Operating income: Down 32 million yen.

3

Major products sales (YOY change)

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

4

Chemicals (YOY change)

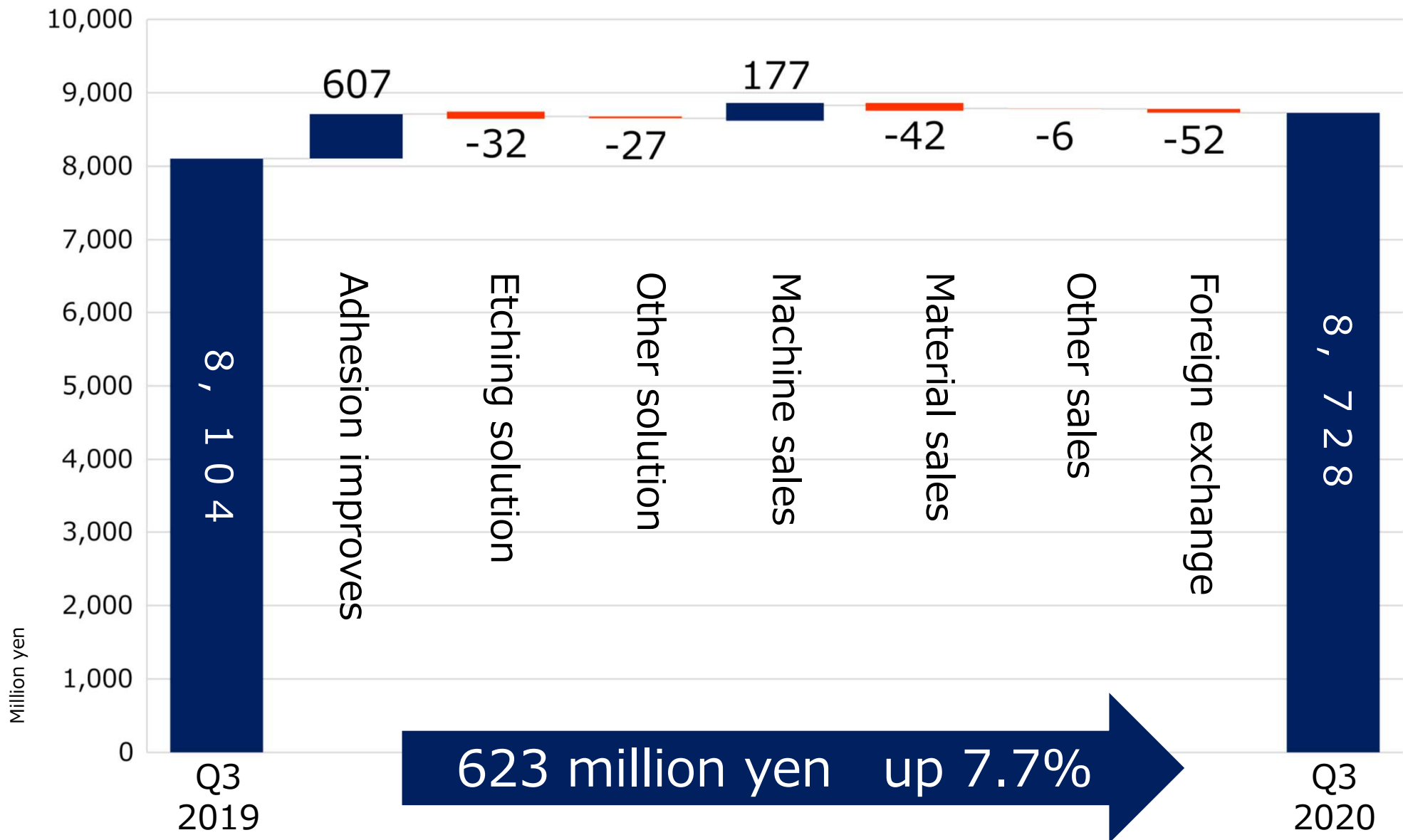
Sales: Up 6.2%, Shipments: UP 6.1%

Q3 FYE12/2020 Results

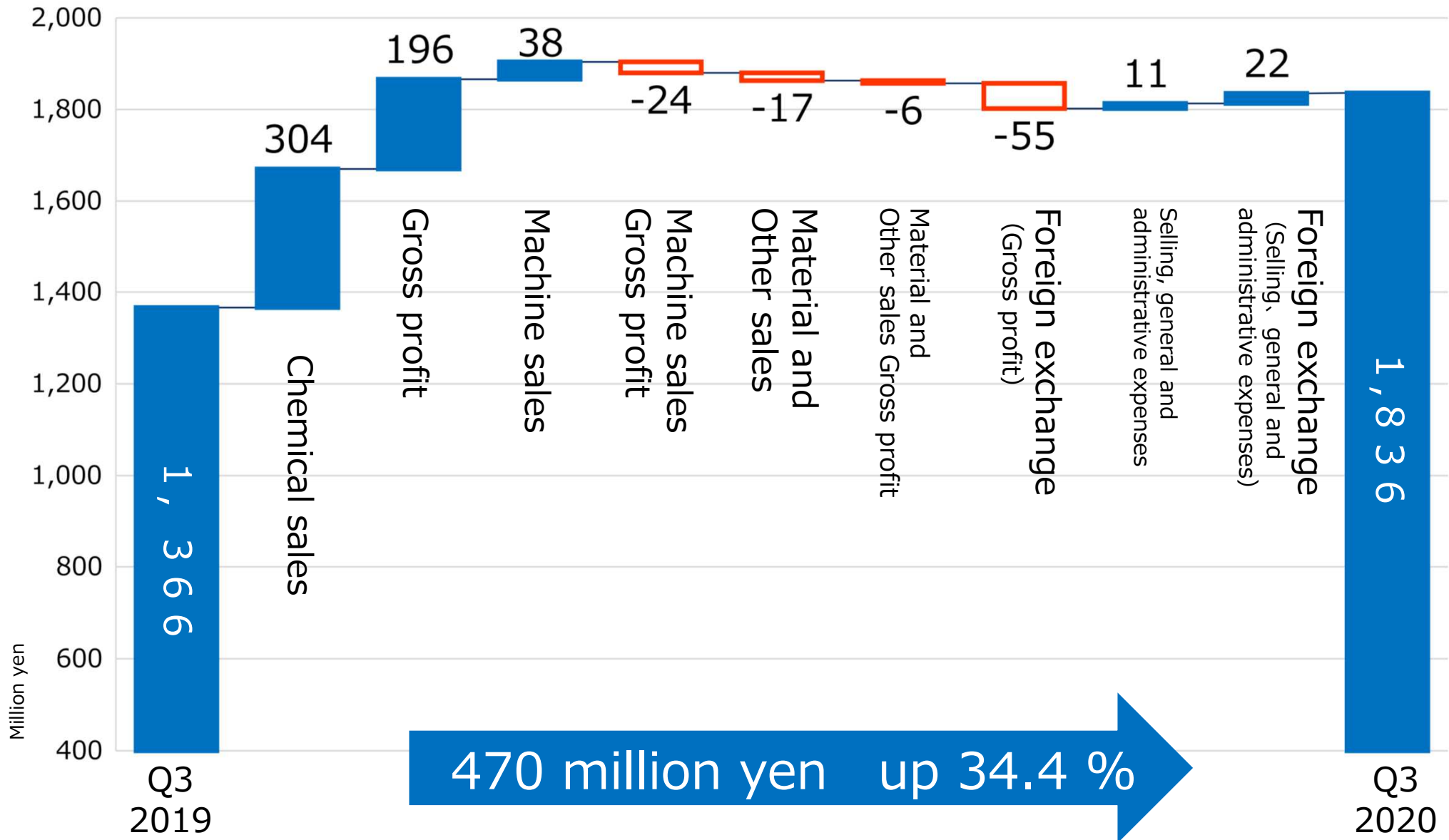
Unit : million yen

	Q3						Full-year		
	FYE19/12		FYE20/12				FYE19/12	FYE20/12	
	Results	Progress ratio (%)	Results	Progress ratio (%)	YOY (%)		Results	(Forecast)	YOY (%)
Net sales	8,104	74.6%	8,728	74.6%	623	7.7%	10,865	11,700	7.7%
Chemical sales	7,942	-	8,438	-	495	6.2%	10,657	-	-
Gross profit	5,012	-	5,447	-	435	8.7%	6,618	-	-
Gross profit margin	61.8%	-	62.4%	-	-	-	60.9%	-	-
SGA	3,646	-	3,611	-	-34	-0.9%	4,981	-	-
Sales ratio	45.0%	-	41.4%	-	-	-	45.8%	-	-
Operating income	1,366	83.4%	1,836	79.8%	470	34.4%	1,637	2,300	40.5%
Operating profit margin	16.9%	-	21.0%	-	-	-	15.1%	-	-
Ordinary income	1,395	81.0%	1,819	79.1%	423	30.4%	1,722	2,300	33.5%
Ordinary profit margin	17.2%	-	20.8%	-	-	-	15.9%	-	-
Profit before tax	1,388	-	1,757	-	369	26.6%	1,710	-	-
Net income	1,006	81.4%	1,196	79.8%	189	18.8%	1,236	1,500	21.3%

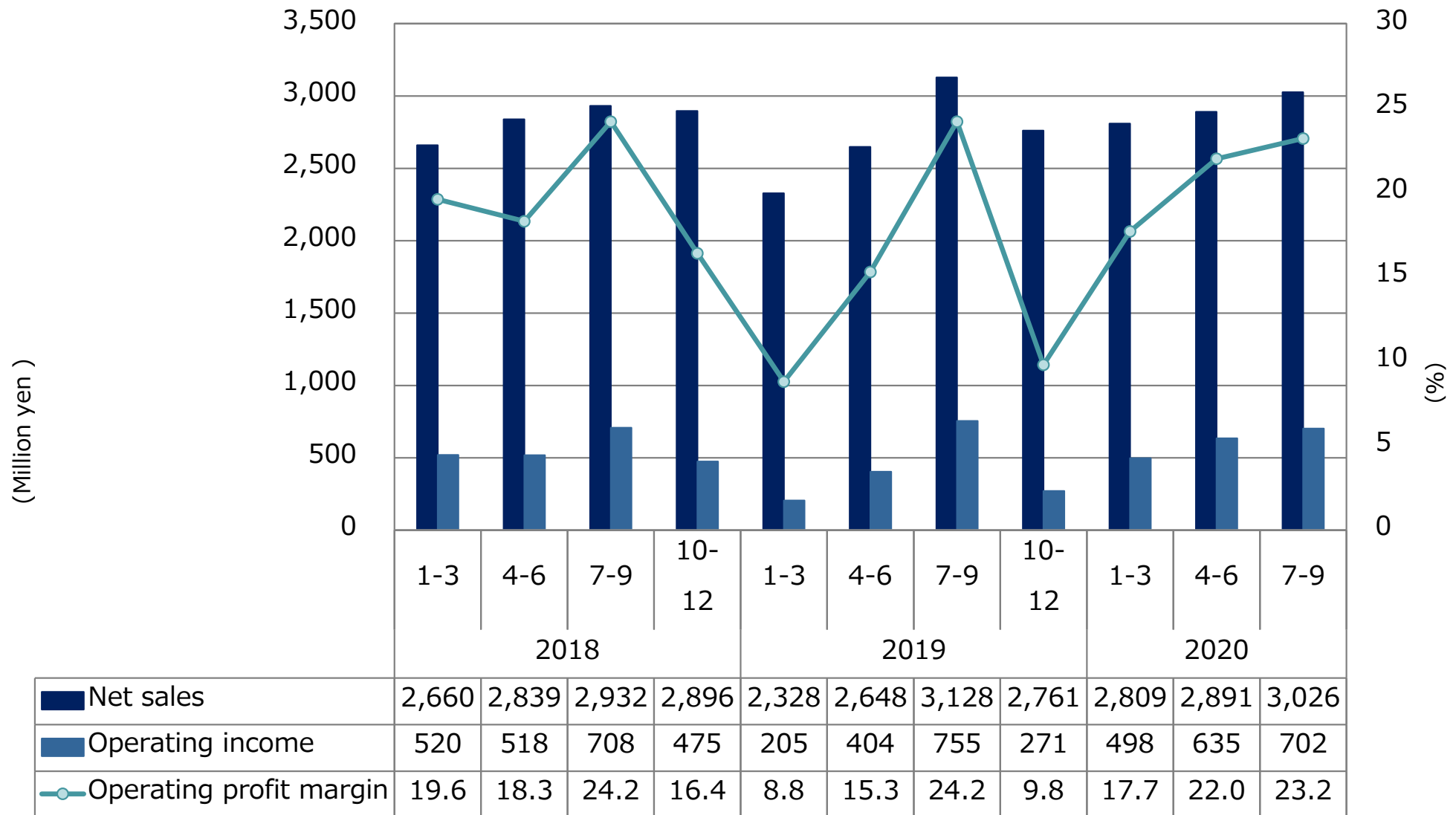
Net sales YOY



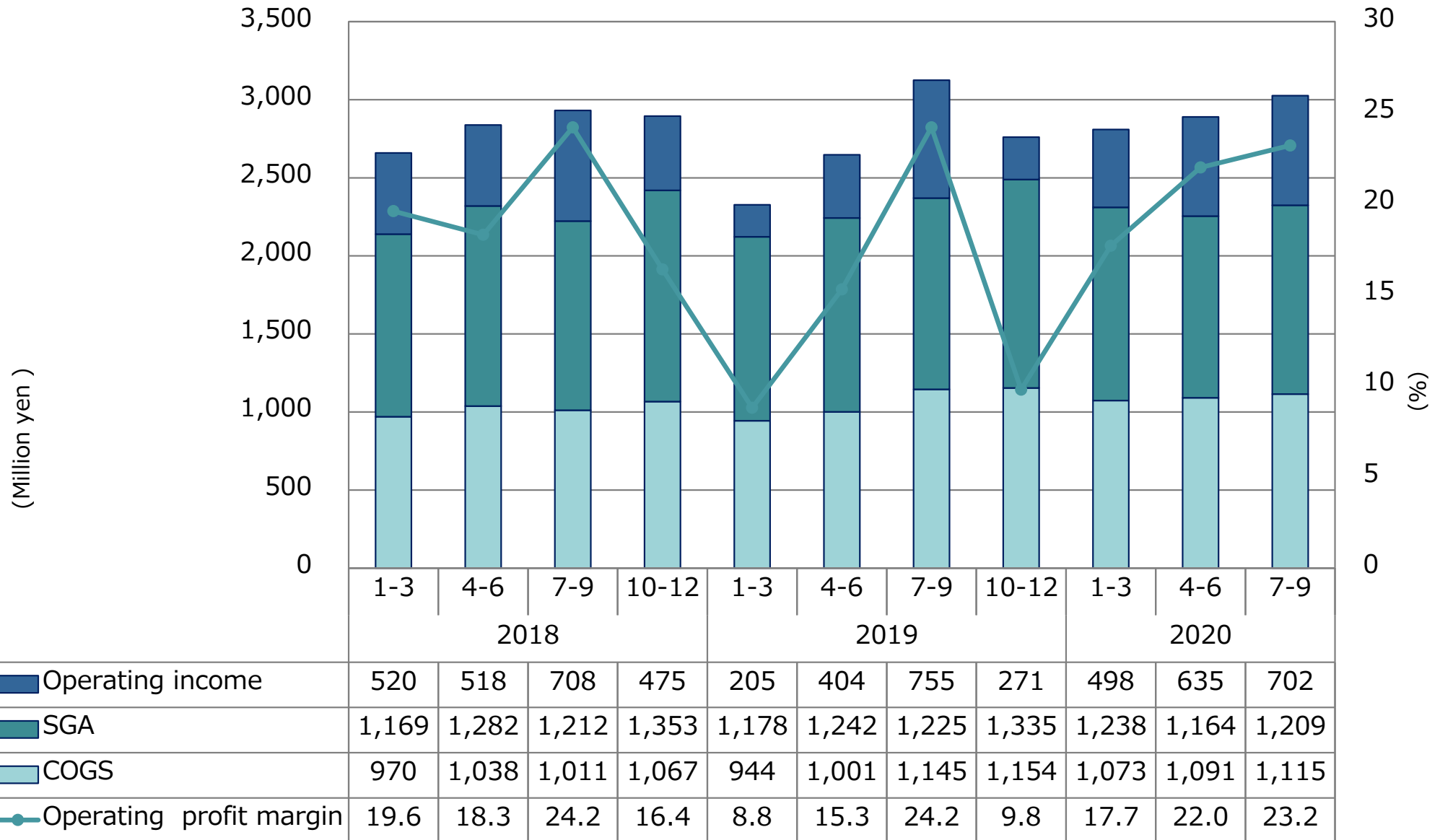
Operating income YOY



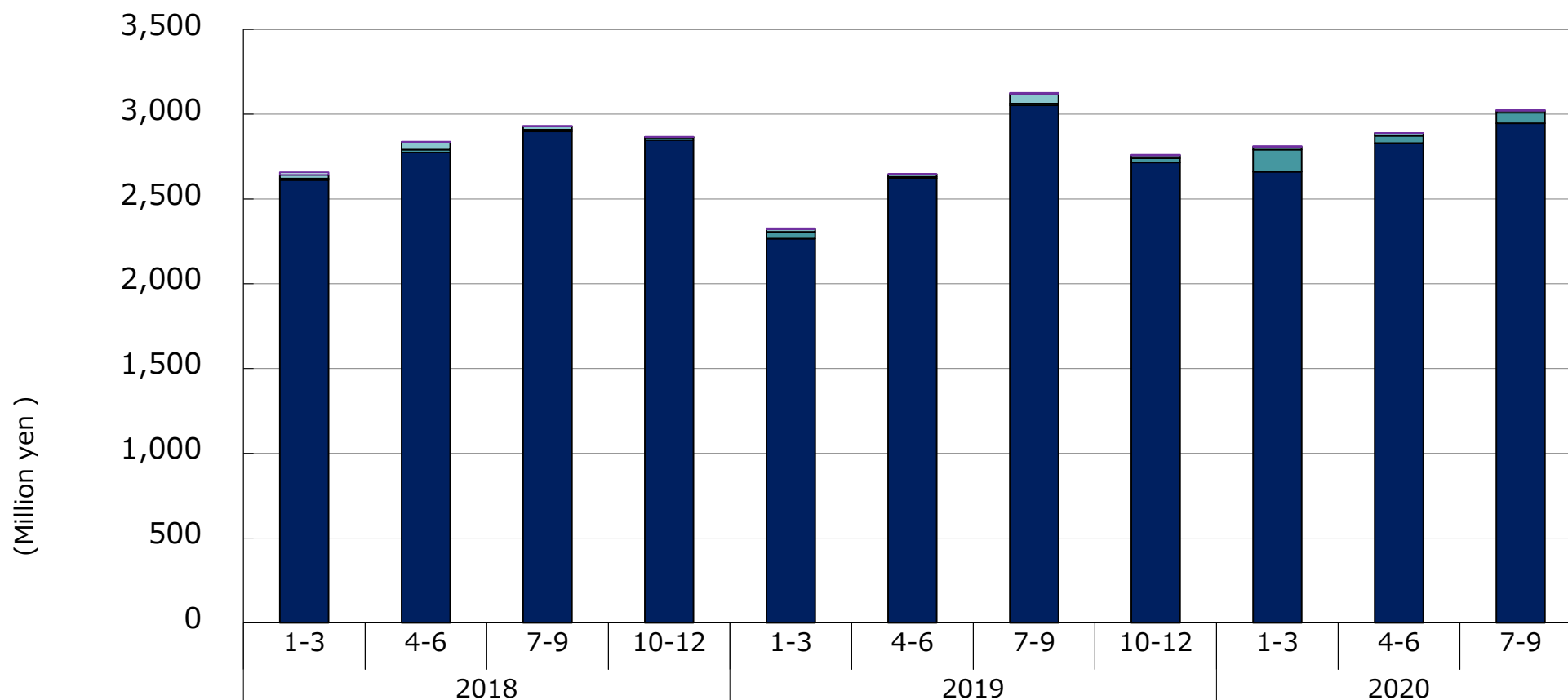
Quarterly Net sales, Operating income and Operating profit margin (Consolidated)



Quarterly composition profit and loss (Consolidated)

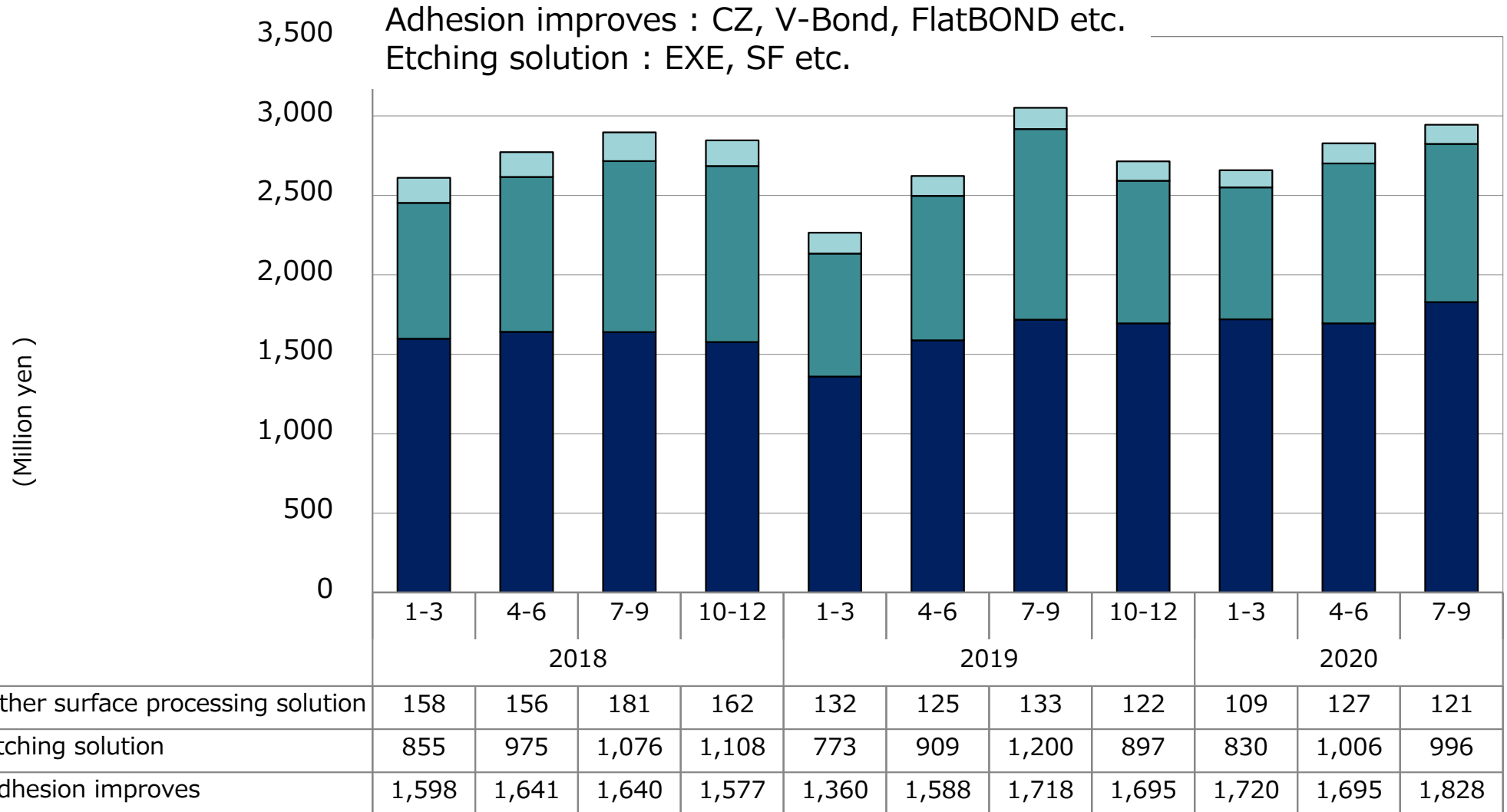


Product-specific quarterly sales (Consolidated)



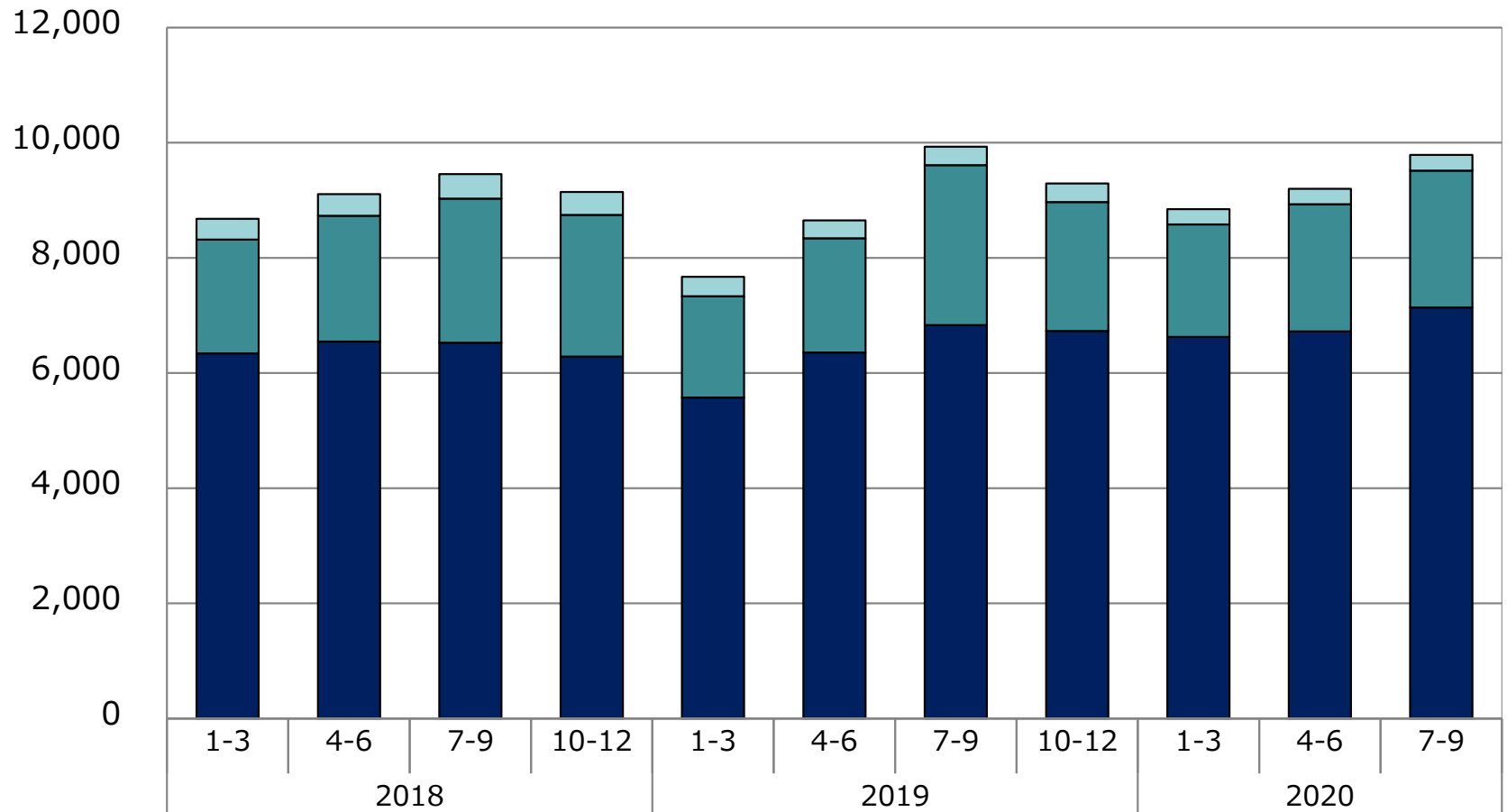
Other	16	1	4	1	6	1	5	4	4	1	5
Mmaterials for PCBs	21	46	19	3	15	15	58	17	17	16	12
Equipments for PCBs	9	17	10	15	40	8	10	24	129	43	62
Chemicals for PCBs	2,612	2,773	2,898	2,847	2,266	2,623	3,052	2,715	2,661	2,829	2,946

Quarterly chemical sales (consolidated)



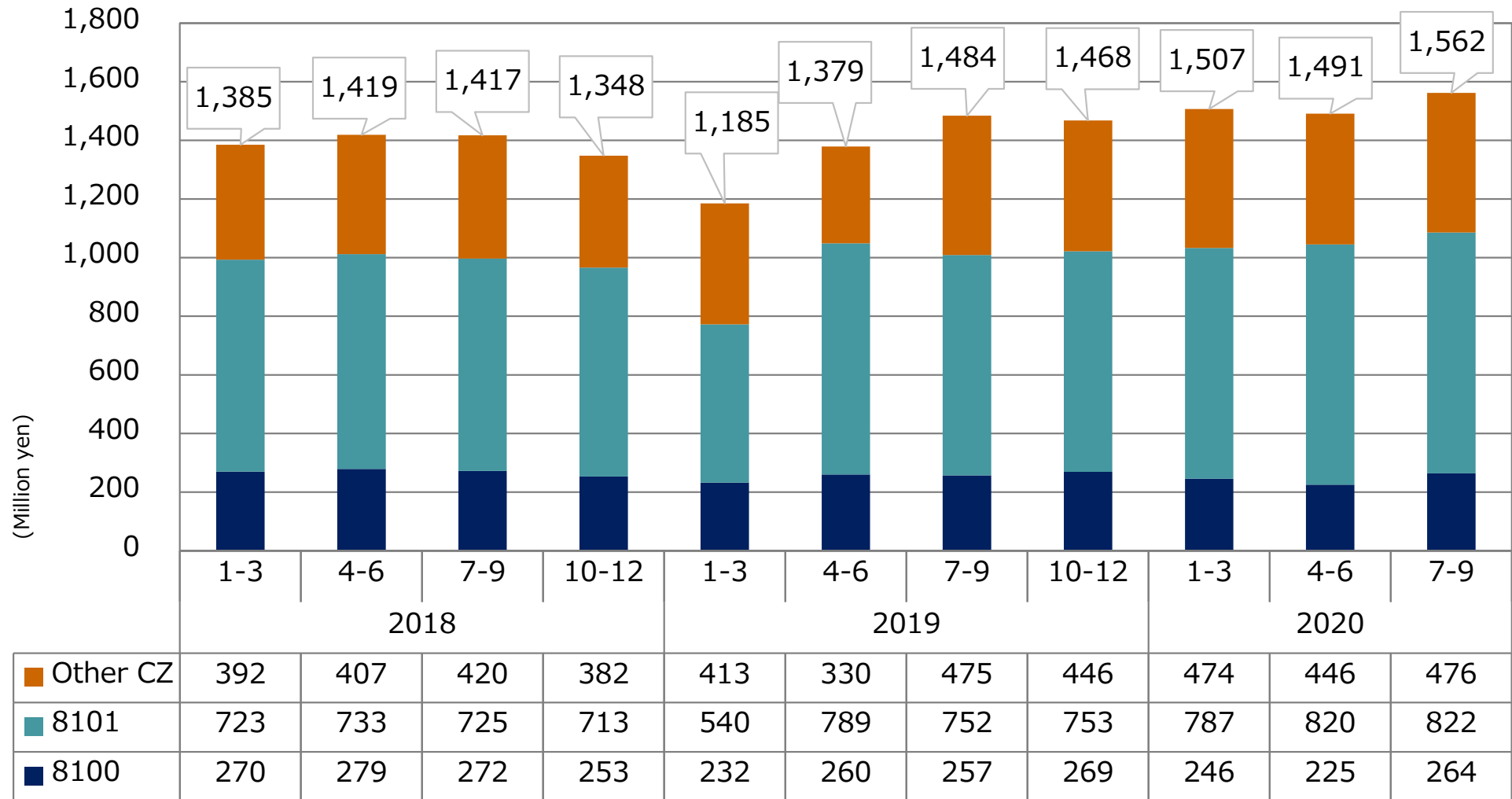
Chemical shipment volume (consolidated)

(1)

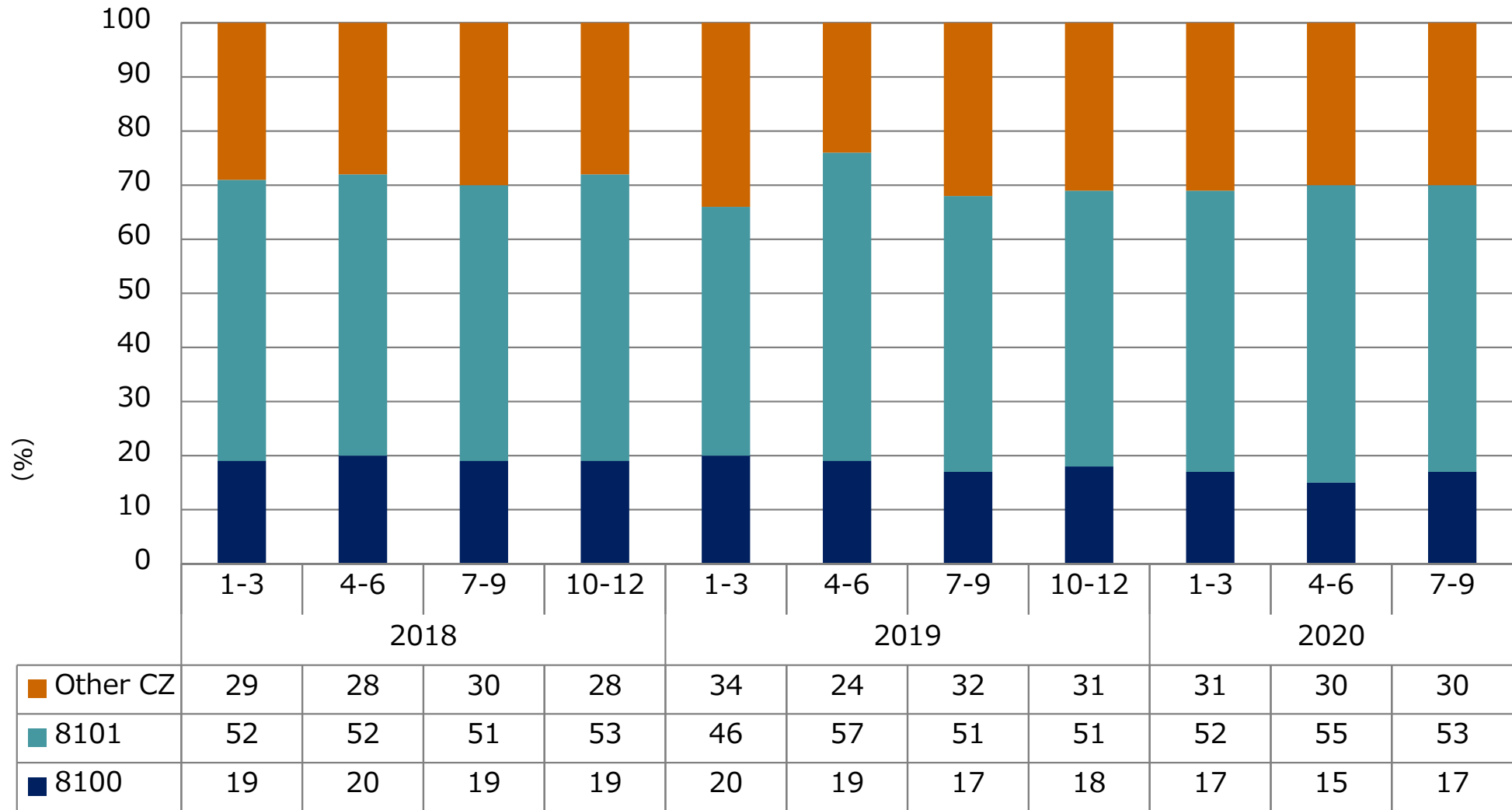


Other surface processing solution	360	377	424	399	338	310	320	319	267	269	273
Etching solution	1,978	2,186	2,504	2,462	1,758	1,986	2,777	2,242	1,955	2,209	2,378
Adhesion improves	6,341	6,546	6,527	6,286	5,575	6,356	6,833	6,729	6,626	6,723	7,137

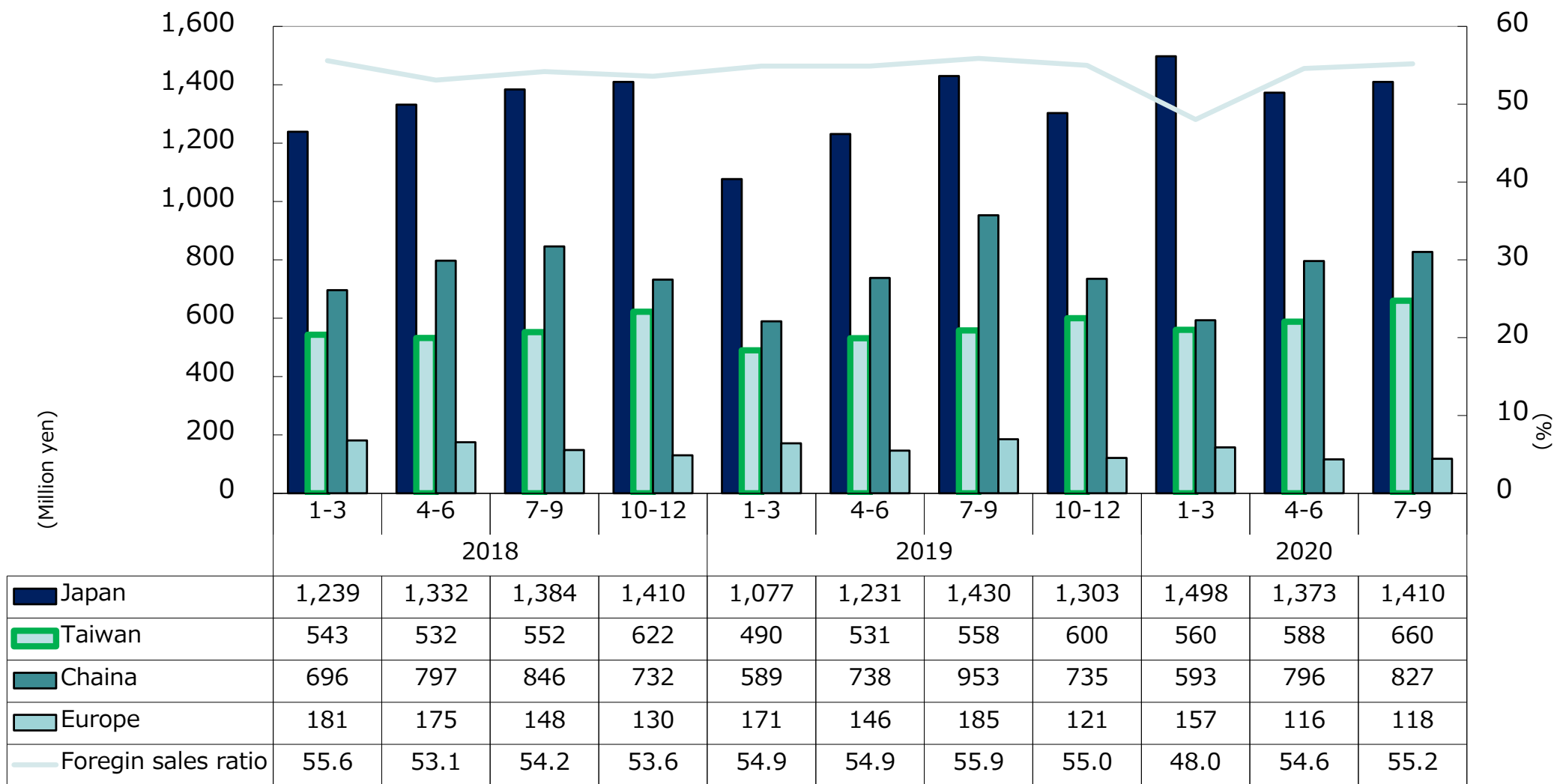
CZ series sales



CZ series sales (Composition ratio)



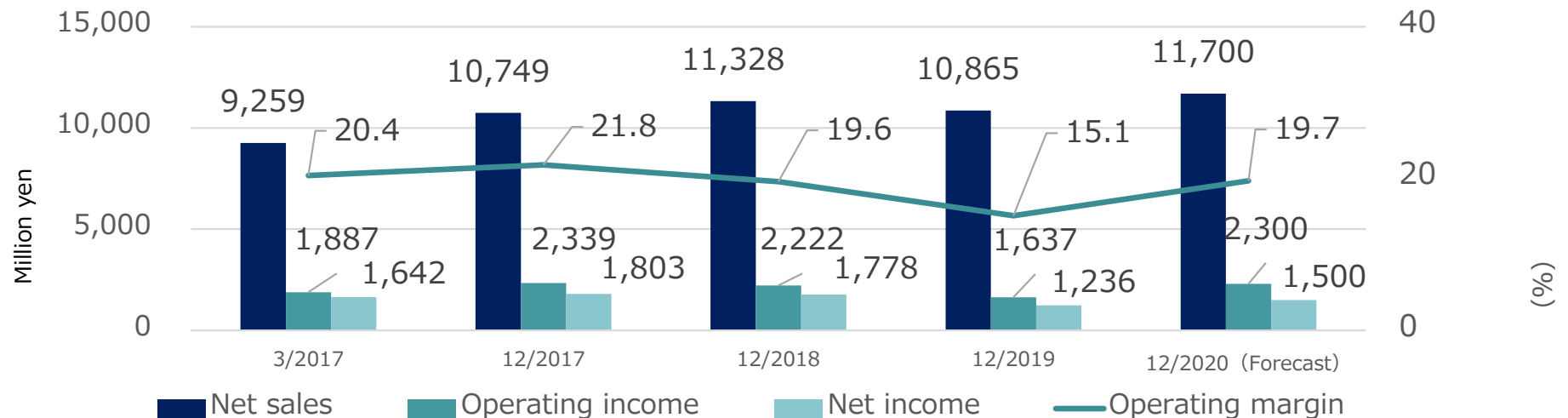
Region-specific sales and overseas sales ratio



Overseas sales ratio is 74.5%(same period of the previous year: 76.8%)
if domestic agents' overseas chemical sales are included.

FYE12/2020 full-year forecast

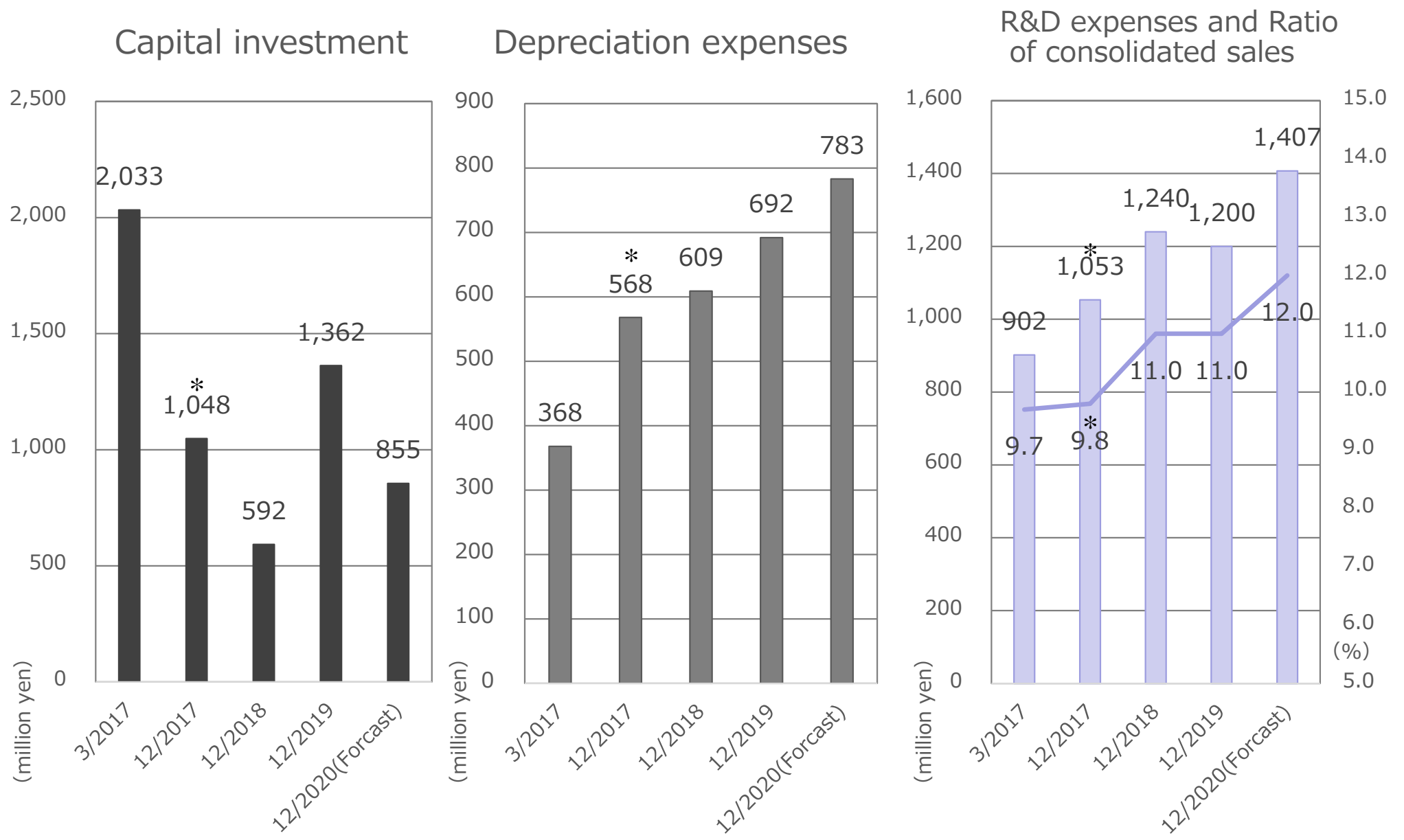
	FYE12/2019 (51th term)		FYE12/2020 (52th term)		
	Full-year		Full-year (November 9,2020)		
	Amount (million yen)	Profit ratio (%)	Amount (million yen)	Profit ratio (%)	YOY change (%)
Net sales	10,865	-	11,700	-	7.7
Operating income	1,637	15.1	2,300	19.7	40.5
Ordinary income	1,722	15.9	2,300	19.7	33.5
Net income	1,236	11.4	1,500	12.8	21.3
Net income per share(yen)	65.16	-	79.03	-	-



Exchange rate

	FYE12/2019 Prevailing rate	FYE12/2020 Assumed rate(8/11)	FYE12/2020 New assumed rate(11/9)
NTD	3.54	3.61	3.61
RMB	15.85	15.37	15.34
EUR	122.53	119.82	121.25
THB	3.52	3.44	3.42
USD	109.37	108.41	107.46

Capital investment, Depreciation expenses and R&D expenses



*Converted



Dividend, payout ratio and ROE

Dividend policy

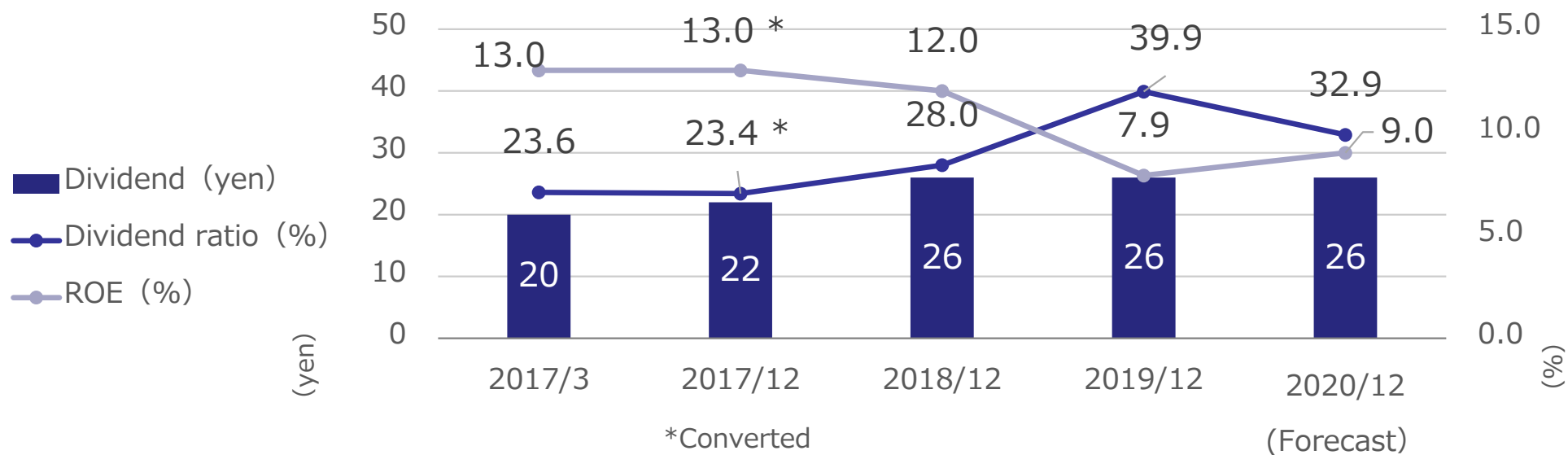
Medium-term goal
(consolidated payout ratio)
30%

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