

# **FY2019 Q2 Financial Results Briefing**



**MEIKO ELECTRONICS CO., LTD.**

(Securities Identification Code: 6787)

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# **FY2019 2Q Results**

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**Outlook for the current term**

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**Technology Roadmap**

# FY2019 Q2 settlement highlights

## Net sales

Net sales decreased 2,700 million yen to 5,910 million yen.

- Automotive increased 2.6% year on year to 27,400 million yen
- Smartphone decreased 23.8% year on year to 14,700 million yen
- Sales in other fields increased 7.6% year on year to 17,000 million yen

## Profit

Operating income amounted to 3,400 million yen,  
down 2,300 million yen over previous year.

Ordinary income totaled to 3,000 million yen,  
down 3,300 million yen over previous year.

Net income to owners of parent company amounted to 2,400 million yen,  
down 2,900 million yen over previous year.

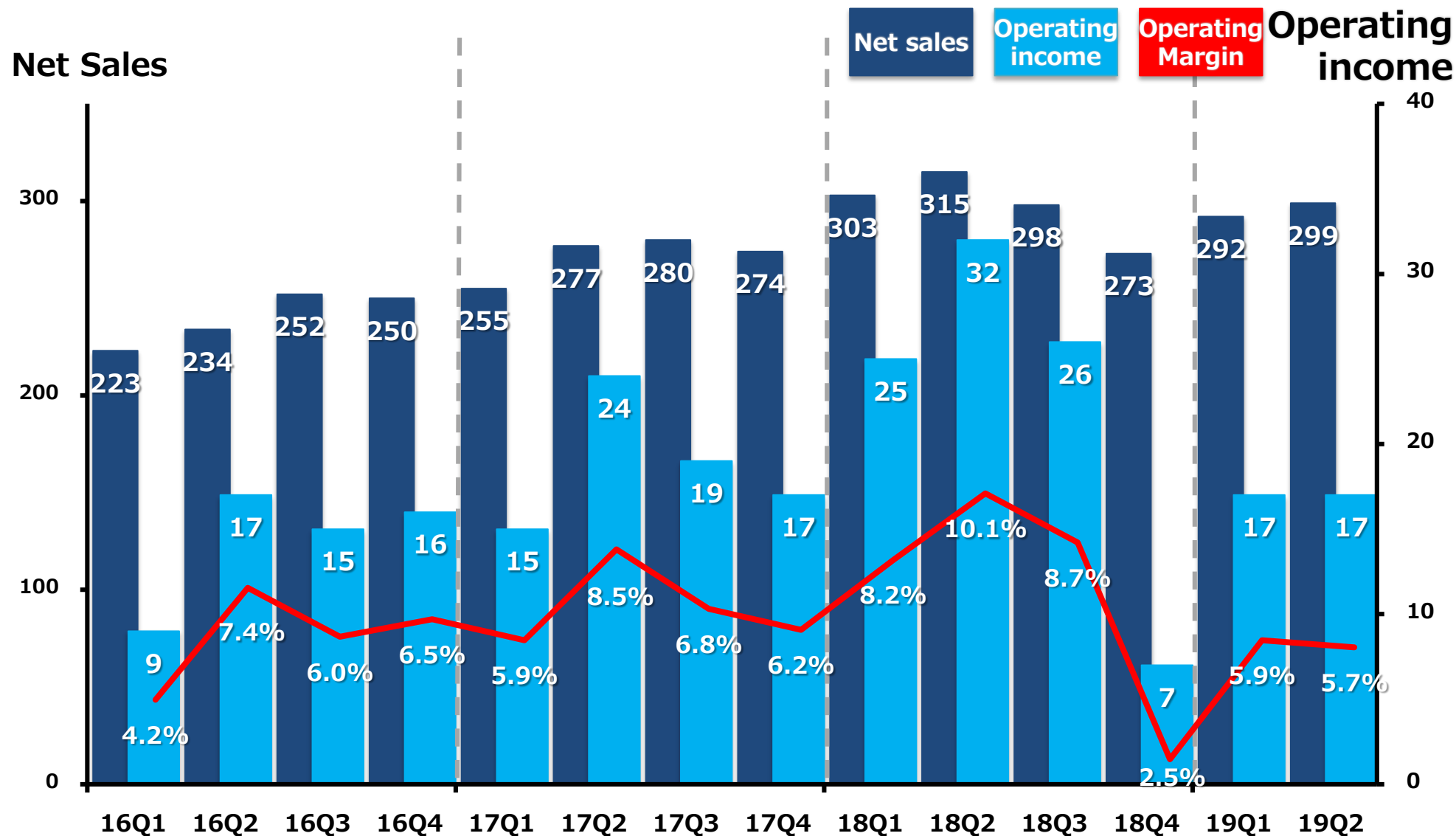
# FY2019 Q2 Consolidated Business Performance

(100 million yen)

	FY2018Q2 performance	FY2019Q2 performance	Year-on-year	
			Increase	%
Net sales	618	591	-27	-4.3%
Operating income	57 9.2%	34 5.8%	-23	-39.9%
Ordinary income	63 10.2%	30 5.1%	-33	-52.4%
Net income	53 8.6%	24 4.0%	-29	-55.6%
Average Exchange rate (Yen/USD)	110.64	108.66		

# Net sales, Operating income

(100 million yen)



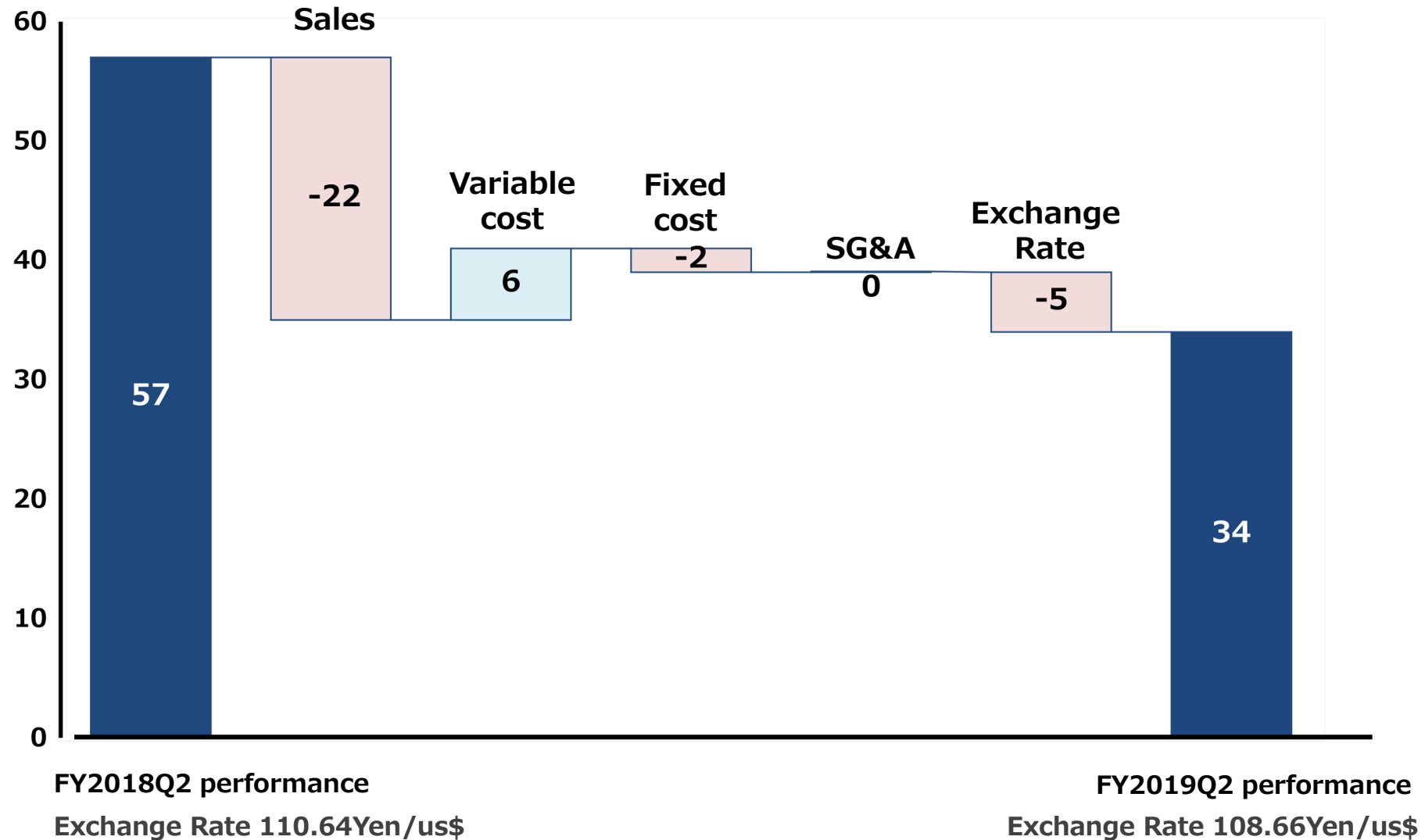
# FY2019 Q2 Product Revenue

(100 million yen)

	FY2018 Q2		FY2019 Q2		Difference	
	Sales	Operating income %	Sales	Operating income %	Sales %	Operating income %
Automotive	267	19 7.1%	274	15 5.5%	7 2.6%	-4 -21.1%
Smartphone	193	29 14.5%	147	14 9.5%	-46 -23.8%	-15 -51.7%
Others	158	9 5.9%	170	5 2.9%	12 7.6%	-4 -44.4%
Total	618	57 9.2%	591	34 5.8%	-27 -4.3%	-23 -39.9%

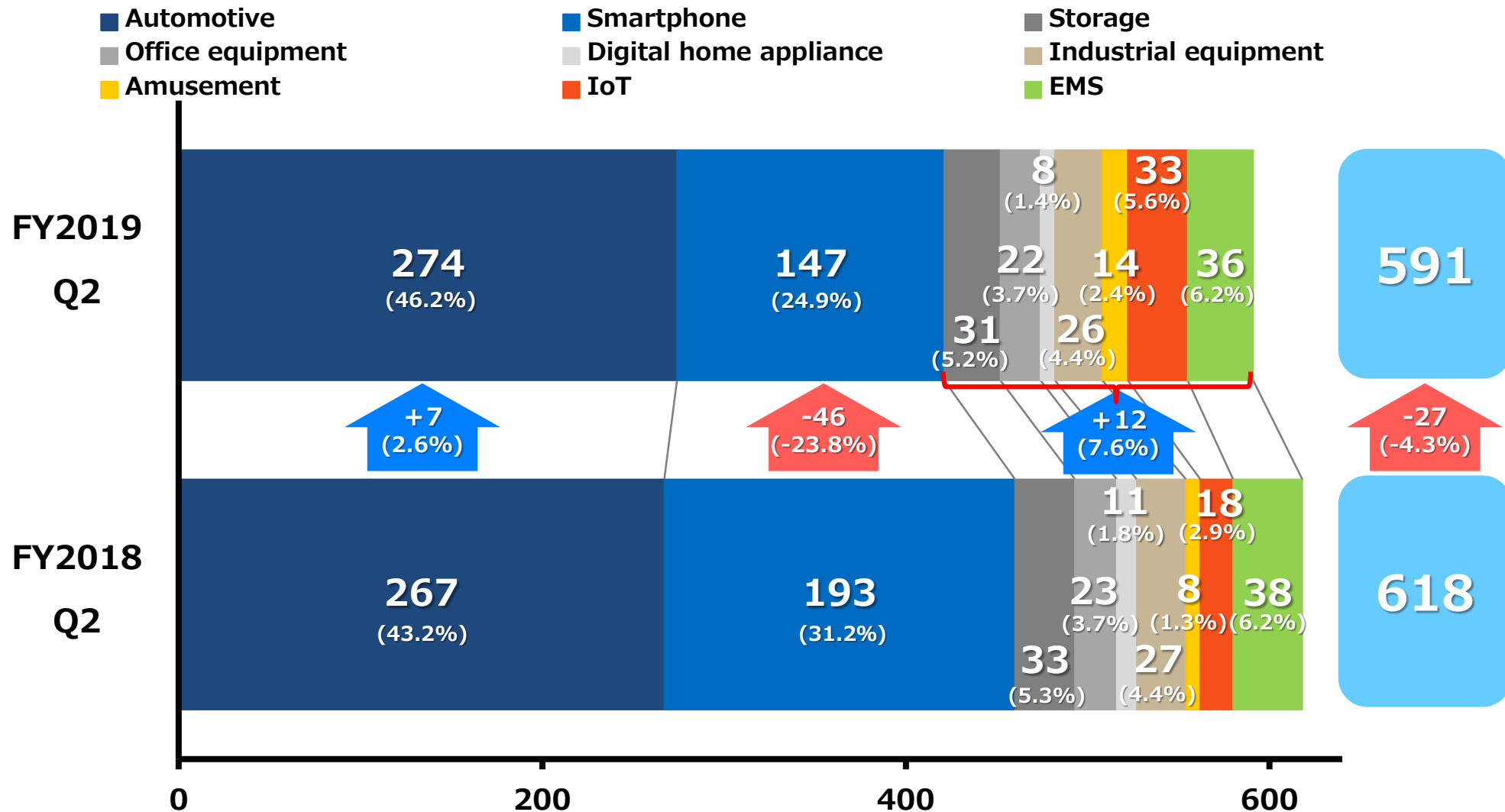
# Analysis of operating income change FY2018 Q2→FY2019 Q2

(100 million yen)



# FY2019 Q2 Sales Performance by Product Application

(100 million yen)

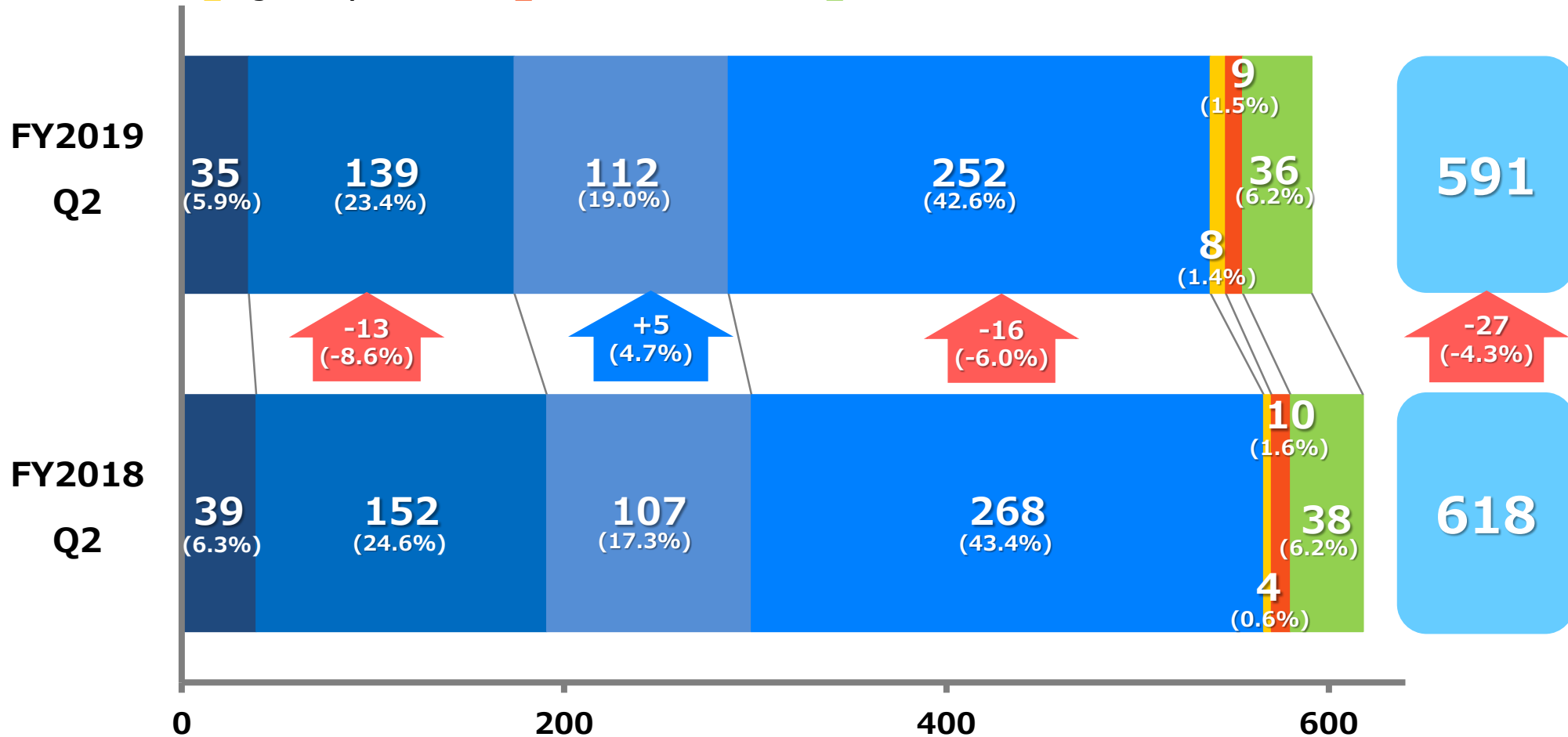




# FY2019 Q2 Sales Performance by Product Specification

(100 million yen)

■ Double-sided PCB   ■ Four-layer PCB   ■ Six layers or more   ■ HDI PCB  
■ High Dissipation PCB   ■ Flexible PCB   ■ EMS



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# Outlook for the current term

## Overview

- Automotive will remain at the same level as the first half
- Smartphone will remain at the same level as the first half
- Sales in other fields, IoT and EMS will grow

## Investment

- Vietnam Plant#1 factory: we will invest in EMS and flexible
- Vietnam Plant#2 factory: we will invest in an automotive factory
- Vietnam Plant#3 and Tang Long factory:  
we will make 5G upfront investment

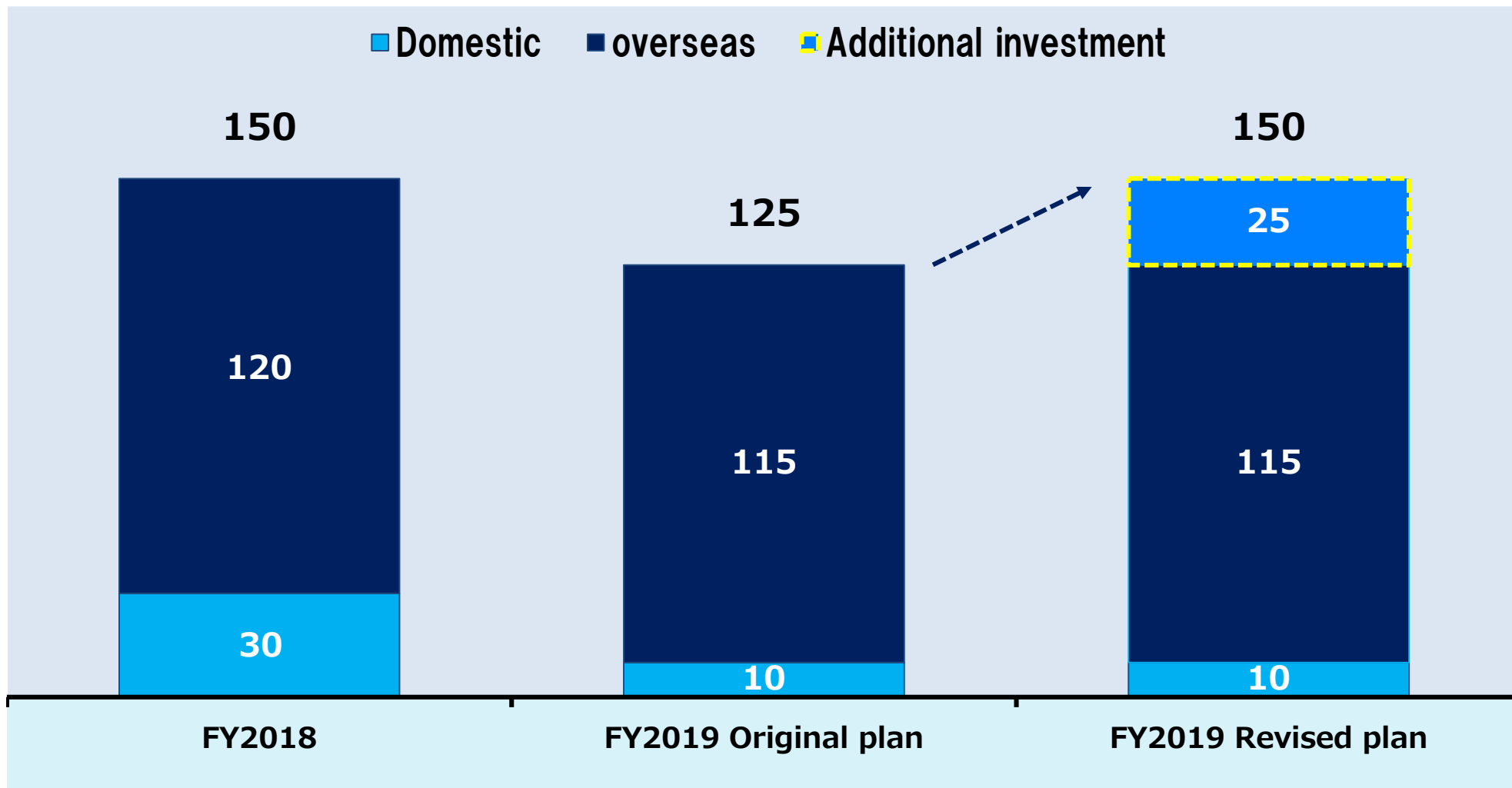
# FY2019 Full-year forecast

(100 million yen)

	FY2019 plan	FY2019 Q2 results	FY2019 full-year forecast
Net Sales	1,200	591	609
Operating Income	75 6.3%	34 5.8%	41 6.7%
Ordinary Income	63 5.3%	30 5.1%	33 5.4%
Net income	53 4.4%	24 4.0%	29 4.7%
Exchange rate ( J P Y / U S D )	111.00	108.66	108.00

# Investment plan

(100 million yen)



Depreciation 64

68

68

# Vietnam factory strategy



**Vietnam Plant #3**

MSAP・Automotive developed products

Smartphone

5G  
Smartphone

Automotive  
developed products



**Meiko-Towada Vietnam**

EMS

High frequency  
module



**Tang Long Plant**

High frequency module

5Gmodule

Smartphone



**Vietnam Plant #3**

Automotive

MLB

HDI



**Vietnam Plant #1**

Flexible PCB/EMS

Flexible PCB

Longcheer  
Joint Venture

IoT  
/ AI Appliance

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# Transformation brought about by 5G

Conventional



5G



Assign a dedicated signal to each one

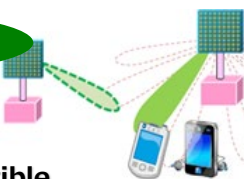
Source: Website of Softbank

Three features and innovation  
in each industrial field

Smartphone

IoT

- ✓ Conventional + 5G communications compatible
- ✓ Increase in communication modules
- ✓ Increase in passive components
- ✓ High-density PCBs



Ultra-high speed:  
Maximum of 10 Gbps

- ✓ Increase in macro cells/small cells
- ✓ Big data volume: 15 ZB (Increase in storage capacity)
- ✓ Ethernet speed: 400 GbE (Increase in optical communication)

Main requirements  
of 5G

Multiple simultaneous connections:  
1 million units/km2 connecti

5G  
Features

Ultra-low delay:  
Around 1 msec.

Vast number of  
sensors and terminals



Automatic driving



Cars

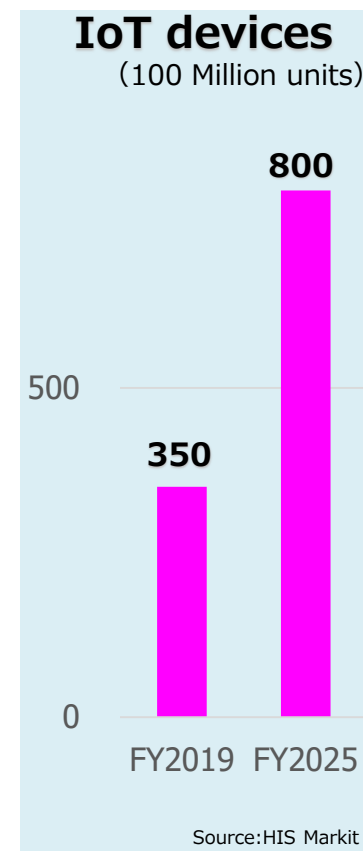
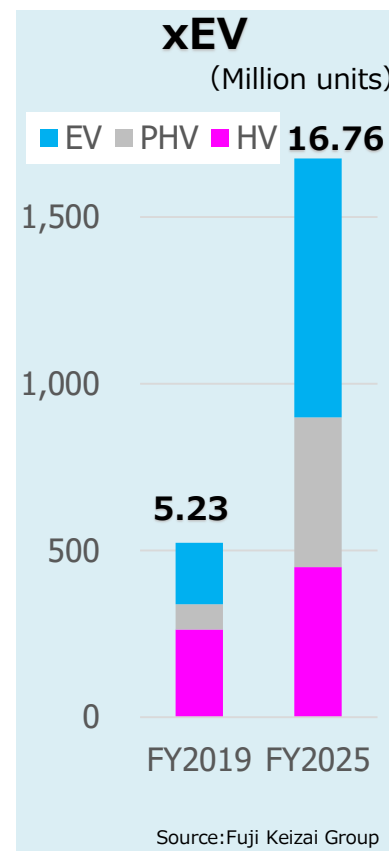
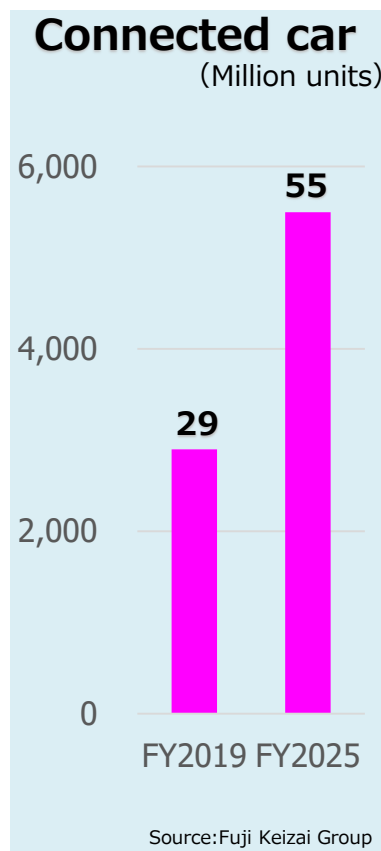
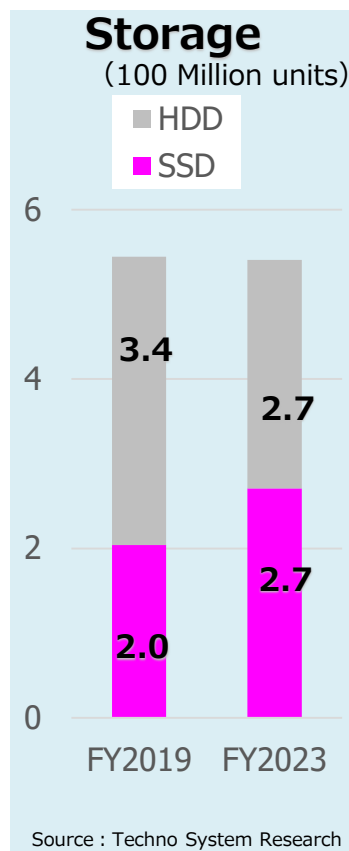
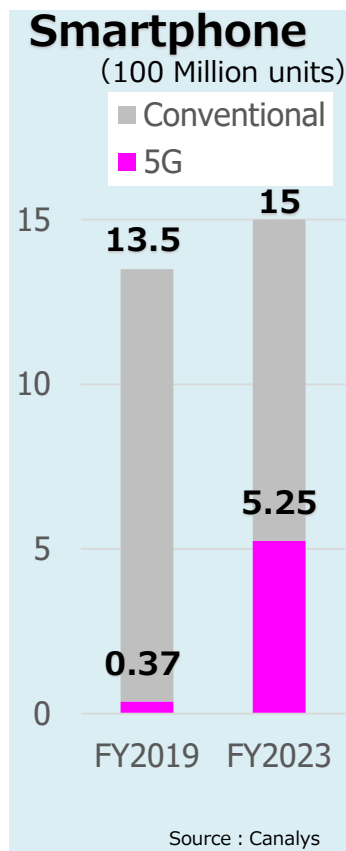
- ✓ Acceleration in automatic driving level 4
- ✓ Increase in connected cars
- ✓ Acceleration in electrification (xEV)

New markets for printed wiring boards (PCB) will be created in 5G  
and the existing market will expand

Source: Ministry of Internal Affairs and Communications

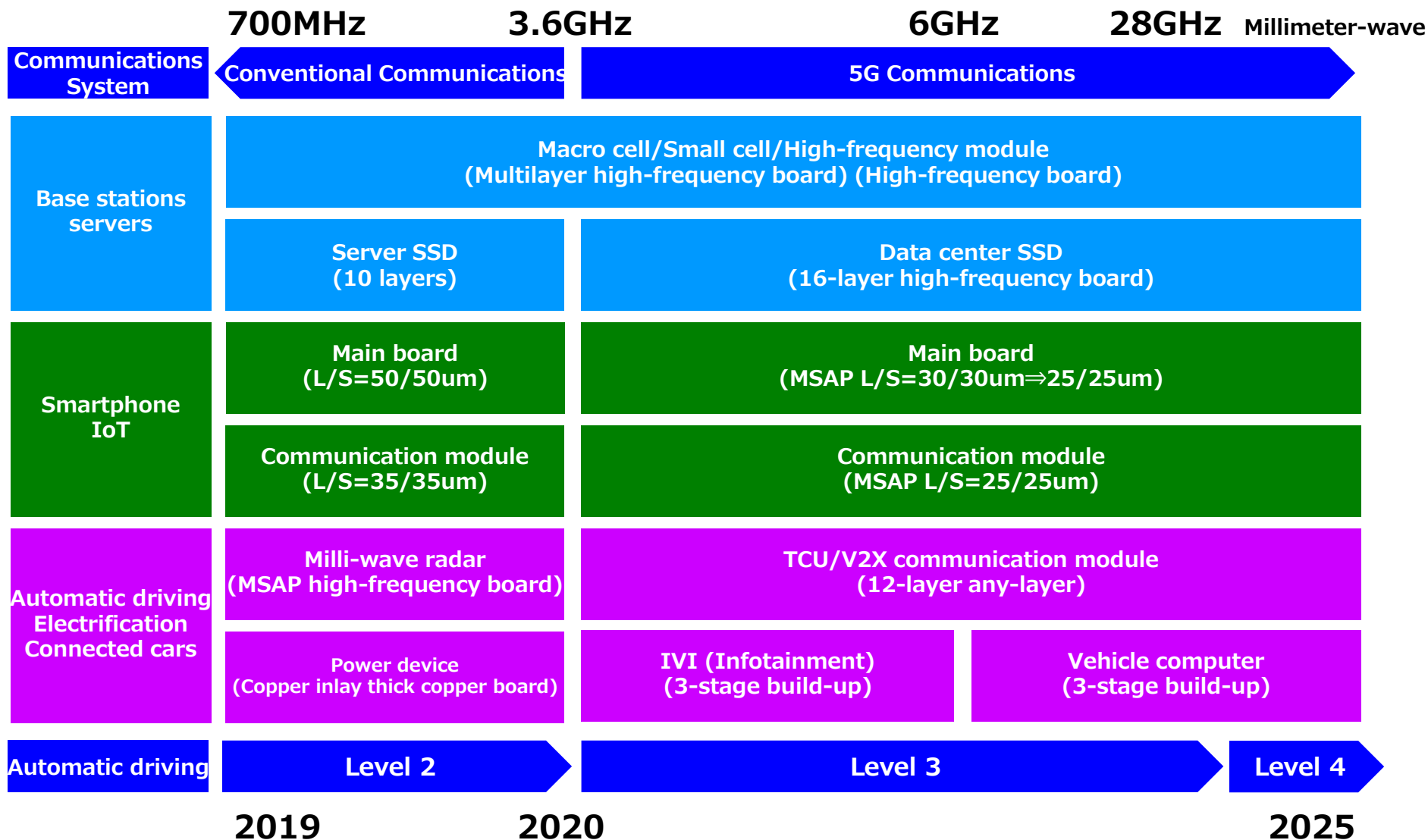


# 5G market trends (sales volume)



- 5G smartphones have become popular, SSDs have increased due to the increase in big data volume
- The number of connected cars supporting 5G increases, xEV significantly increases
- IoT equipment continues to grow steadily
- Demand for higher-density build-up boards and boards for vehicles will increase

# Technology development roadmap for 5G



# 5G development example

## Unit

TCU / V2X communication module for connected cars

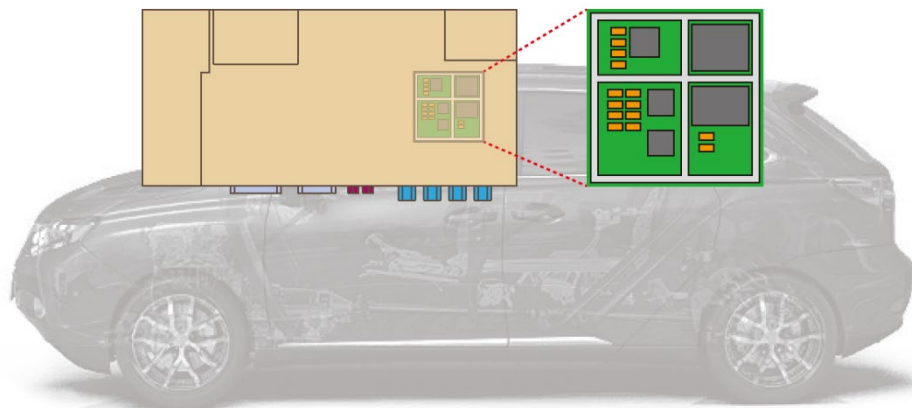
## application

Using a mobile communication system, two-way communication between the car and cloud servers, infrastructure, and other cars

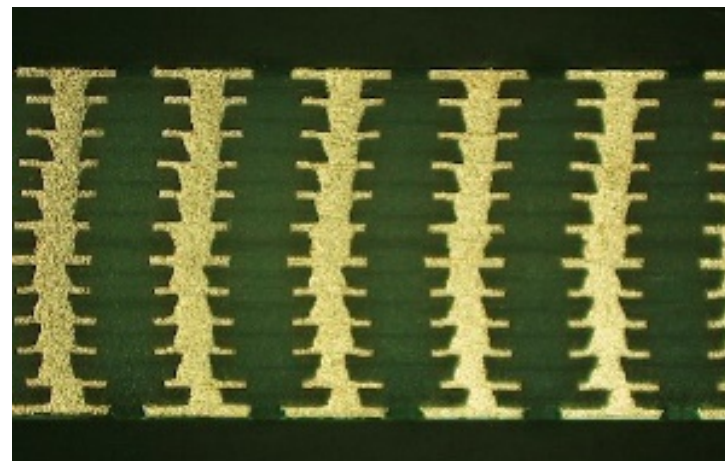
## feature

High-density printed wiring board on which 5G communication chip is mounted

Communication module



High-density PCB



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These forward-looking statements are not historical facts, rather they represent assumptions and beliefs based on comprehensive data currently available.

Furthermore, the Printed Circuit Board business is subject to a number of risks and uncertainties that relate to raw material price, conditions of customers' market, technological trends, change of foreign exchange , change of tax rules and regulations, disasters, international conflicts and other factors. Meiko therefore wishes to caution that actual results may differ materially from our expectations.