

FY2019 Financial Results Briefing

May 21, 2020



MEIKO ELECTRONICS CO., LTD.

(Securities Identification Code: 6787)

This presentation contains forward-looking statements concerning Meiko Group's future plans, strategies and performance. However, Meiko does not publish this presentation as a disclosure document based on the Financial Instruments and Exchange Act of Japan.

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.

1

FY2019 Results

2

FY2020 Plan

3

Future Endeavor

Financial Results Highlights in FY2019

Net sales

- **Net sales decreased by 3.4 billion yen year on year to 115.5 billion yen.**
→The impact of Wuhan and Guangzhou Plants suspension due to COVID-19 was 2.9 billion yen in the sales drop.
- **'Automotive' decreased 2.4% year on year to 53.4 billion yen**
- **'Smartphones' decreased 23.4% year on year to 24.9 billion yen**
- **'Sales in other fields' increased 17.4% year on year to 37.2 billion yen**

Profit

- **Operating income declined by 3.7 billion yen from FY2018 to 5.2 billion yen.**
→Wuhan and Guangzhou Plants suspension due to COVID-19 resulted the opportunity loss of 0.6 billion yen.
- **Ordinary income declined by 3.8 billion yen from FY2018 to 4.8 billion yen.**
- **Net income declined by 4.1 billion yen from FY2018 to 2.6 billion yen.**
→Extraordinary loss amounting to 1.2 billion yen was posted in relation to the suspension of Wuhan and Guangzhou Plants due to COVID-19.

FY2019 Consolidated Business Performance

(100 million yen)

	FY2018 results	FY2019 results	Year-on-year	
			difference	%
Net sales	1,189	1,155	-34	-2.9%
Operating income	89	52	-37	-41.9%
	7.5%	4.5%		
Ordinary income	86	48	-38	-44.4%
	7.2%	4.1%		
Net income	67	26	-41	-61.6%
	5.6%	2.2 %		
Average Exchange rate (Yen/USD)	111.04	108.93		

FY2019 Revenue by Product Applications

(100 million yen)

	FY2018		FY2019		Difference	
	Sales	Operating income %	Sales	Operating income %	Sales %	Operating income %
Automotive	547	39 7.1%	534	29 5.4%	-13 -2.4%	-10 -25.6%
Smartphones	325	38 11.7%	249	18 7.2%	-76 -23.4%	-20 -52.6%
Others	317	12 3.8%	372	5 1.3%	55 17.4%	-7 -58.3%
Total	1,189	89 7.5%	1,155	52 4.5%	-34 -2.9%	-37 -41.9%

Quarterly Financial Results

(100 million yen)

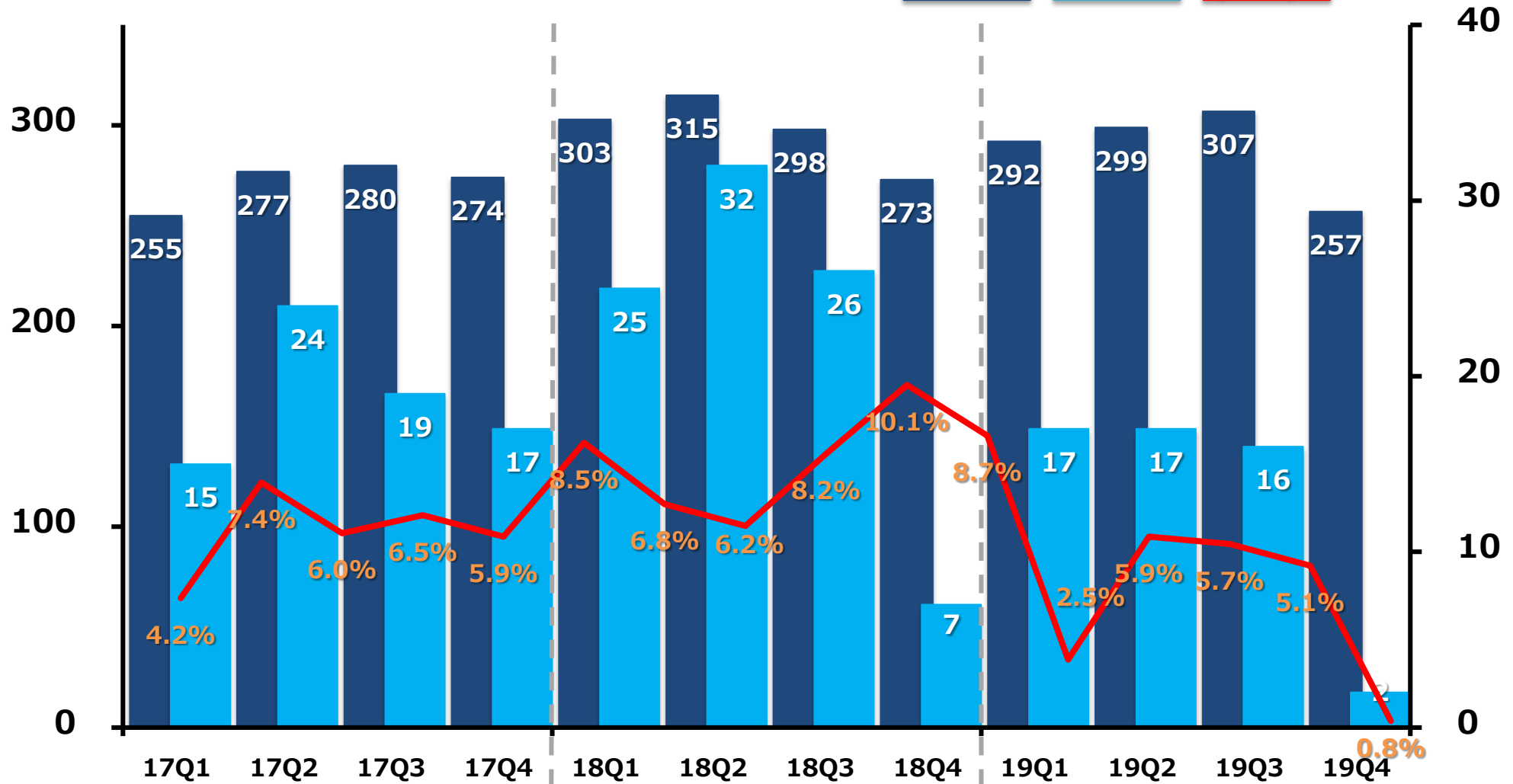
Net Sales

Net sales

Operating
income

Operating
Margin
(Total)

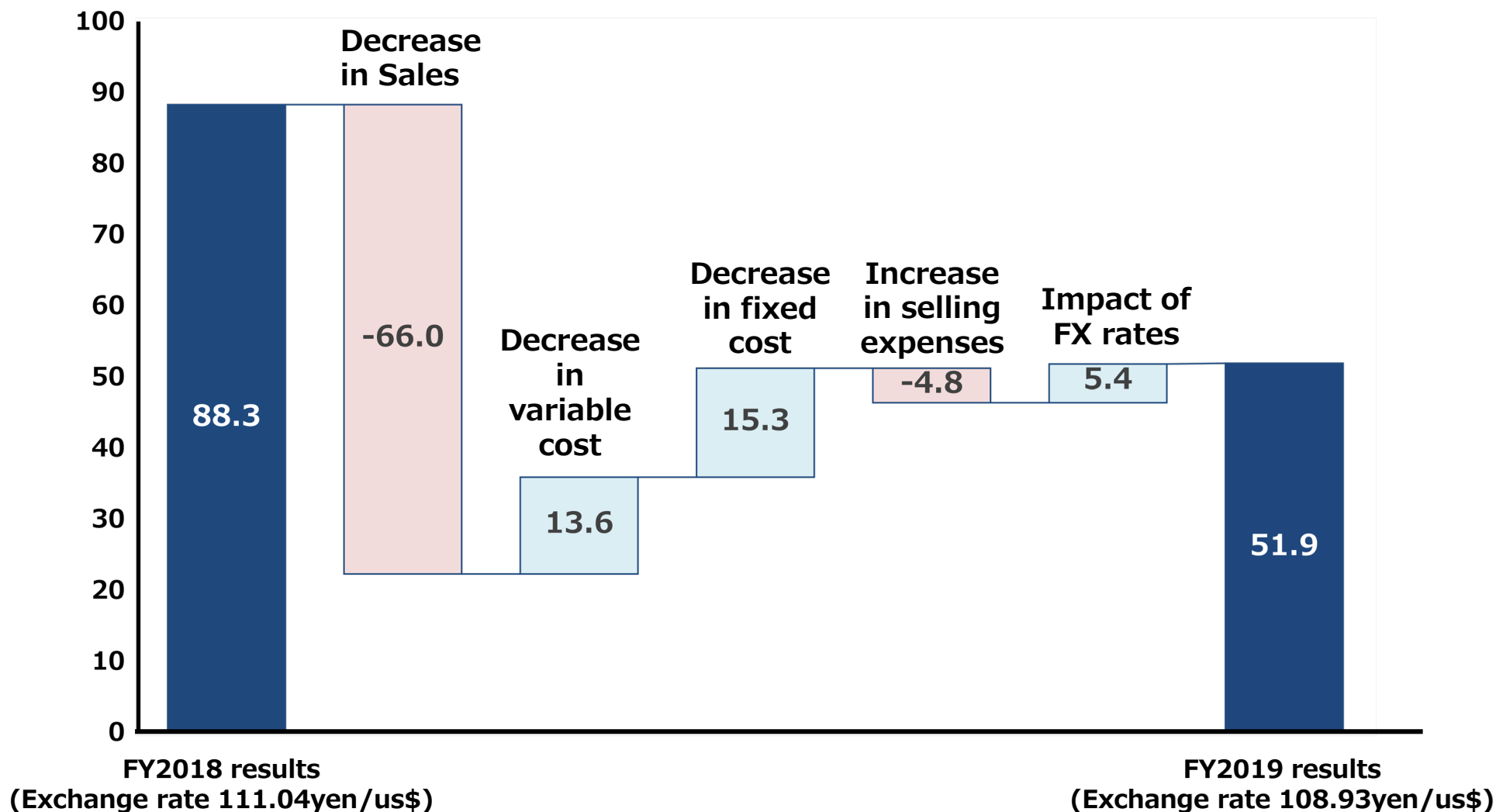
Operating
income



Analysis of operating profit change (PCB only)

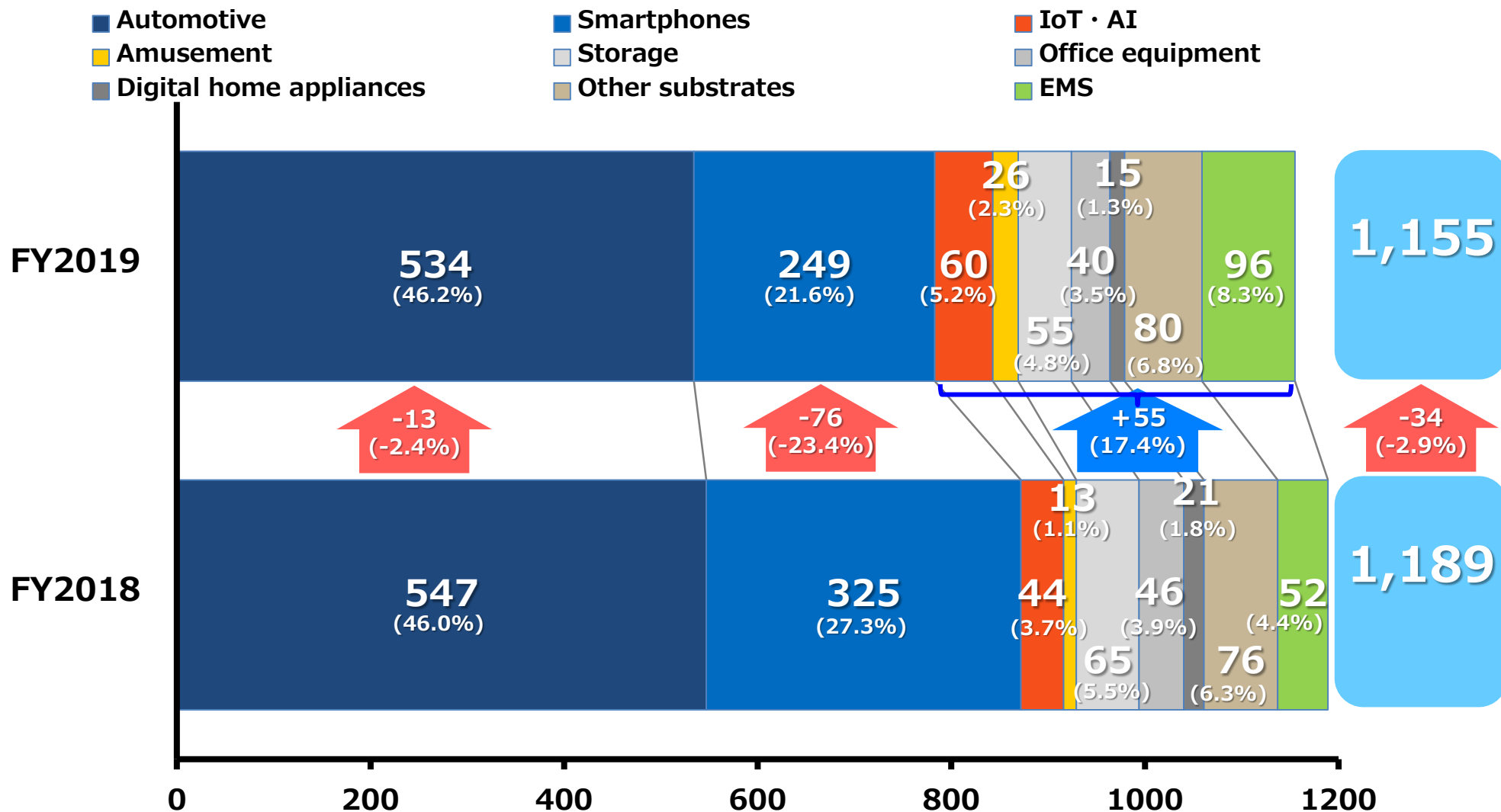
FY2018→FY2019

(100 million yen)



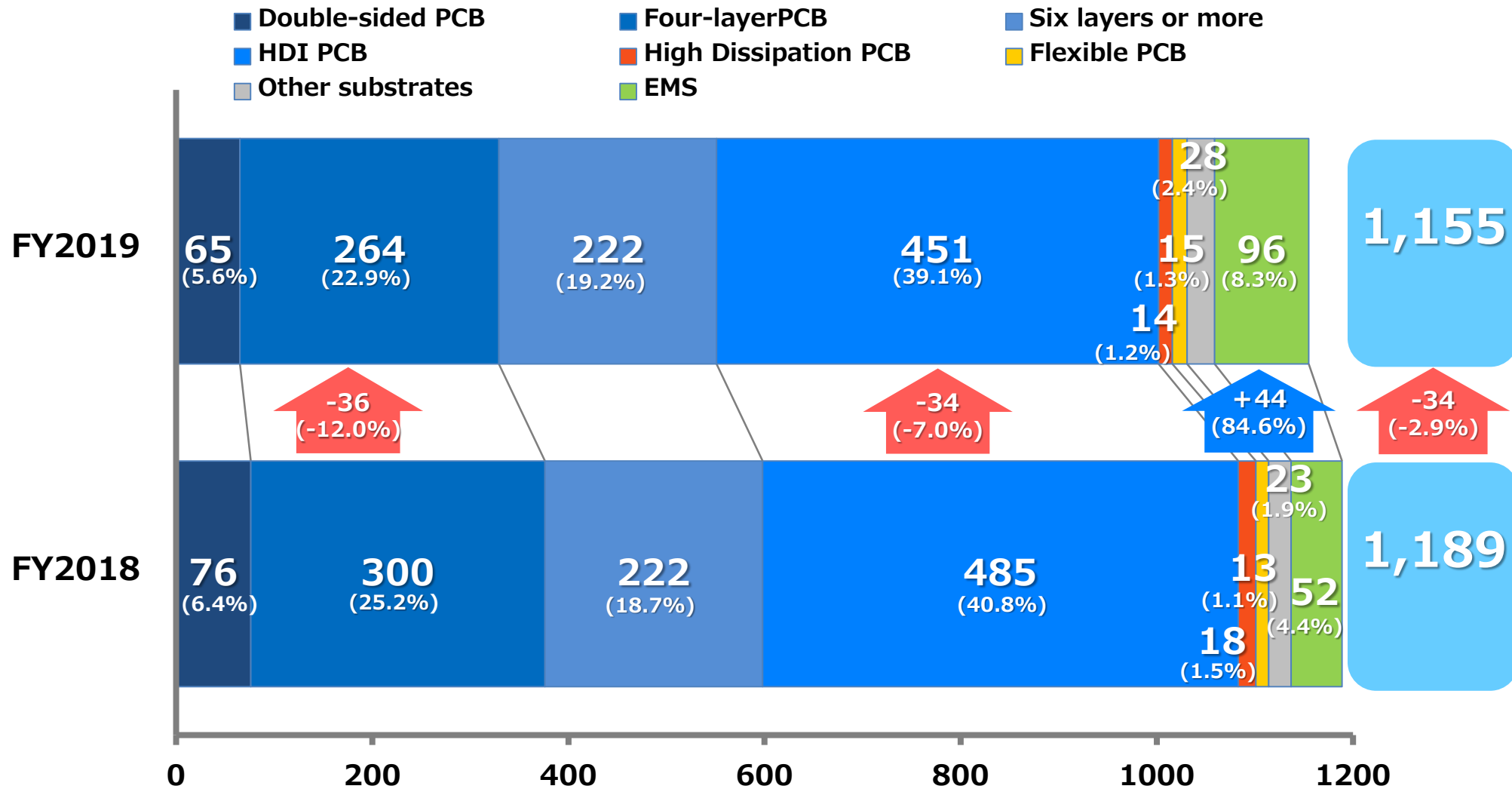
Revenue by Product Application

(100 million yen)



Sales by Product Specification

(100 million yen)



1

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2

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3

Future Endeavor

The prospects of FY2020

Net sales

Assumption: The effects of the new coronavirus will be resolved after summer and gradually recover from the second half of FY2020.

→ 3.6 billion yen drop of sales is expected due to the transposition of orders and others as a result of Wuhan Plant suspension caused by coronavirus.

- **'Automotive'** decreases 18.4% year on year to 43.6 billion yen
- **'Smartphone/Tablet'** increases 2.8% year on year to 25.6 billion yen
- **'IoT/AI/Amusement'** increases 14.0% year on year to 9.8 billion yen
- **'EMS'** increases 59.4% year on year to 15.3 billion yen
- **'Sales in other fields'** decreases 17.4% year on year to 15.7 billion yen

→ Net sales in FY2020 is expected to be 110 billion yen, decreases 4.8% year on year

Operating income

- Operating income is expected to be 3.5 billion yen, declined by 1.7 billion yen from FY2019
- Ordinary income is expected to be 2.5 billion yen, declined by 2.3 billion yen from FY2019
- Net income is expected to be 1.7 billion yen, declined by 0.9 billion yen from FY2019

Consolidated Financial Prospect for FY2020

(100million yen)

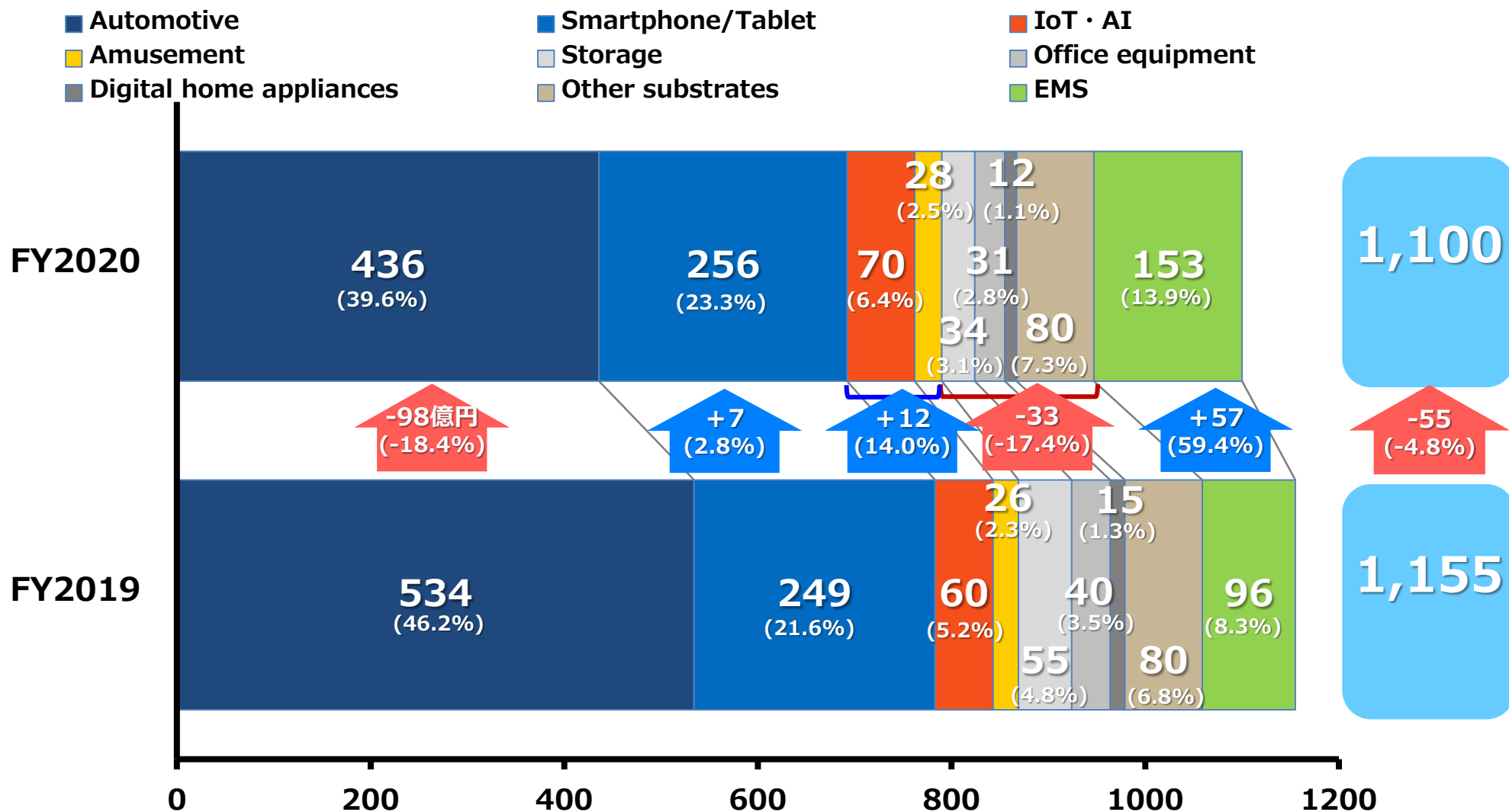
	FY2018	FY2019	Difference	
			increase	%
Net Sales	1,155	1,100	-55	-4.8%
Operating income	52 4.5%	35 3.2%	-17	-32.7%
Ordinary income	48 4.1%	25 2.3%	-23	-47.9%
Net income	26 2.2%	17 1.5%	-9	-34.6%
Exchange rate (Yen / USD)	108.93	108.00		

FY2020 Revenue by Product Applications

(100million yen)

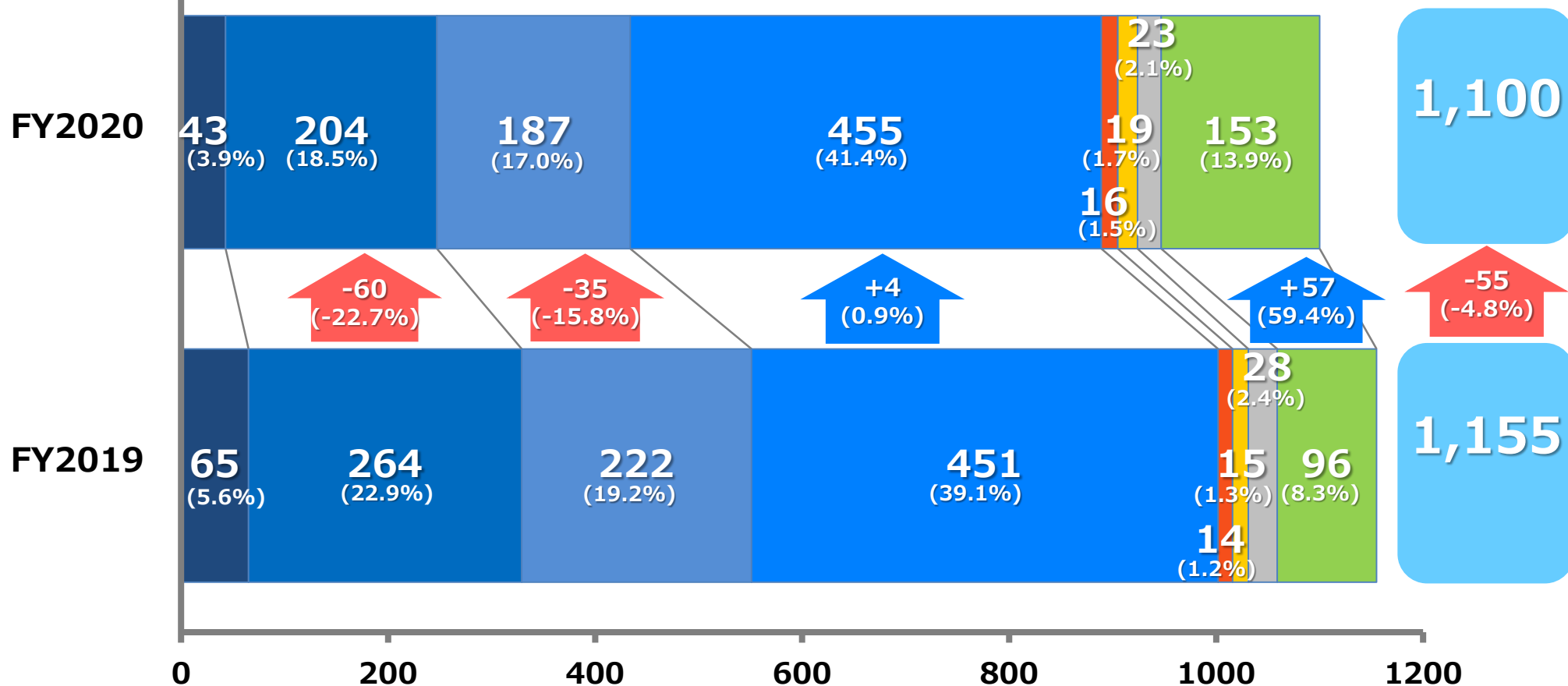
	FY2019		FY2020		Difference	
	Sales	Operating income (%)	Sales	Operating income (%)	Sales	Operating income (%)
Automotive	534	29 5.4%	436	10 2.3%	-98 -18.4%	-19 -65.5%
Smartphone Tablet	249	18 7.2%	256	20 7.8%	7 2.8%	2 11.1%
IoT・AI・ Amusement	86	7 8.1%	98	8 8.2%	12 14.0%	1 14.3%
Other substrates (R & D expenses included)	190	-2 -1.1%	157	-5 -3.2%	-33 -17.4%	-3 150.0%
EMS	96	0 0.0%	153	2 1.3%	57 59.4%	2 -
Total	1,155	52 4.5%	1,100	35 3.2%	-55 -4.8%	-17 -32.7%

Sales Forecast by Product Application in FY2020 (100million yen)



Sales Forecast by Product Specification in FY2020 (100million yen)

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



1

FY2019 Results

2

FY2020 Plan

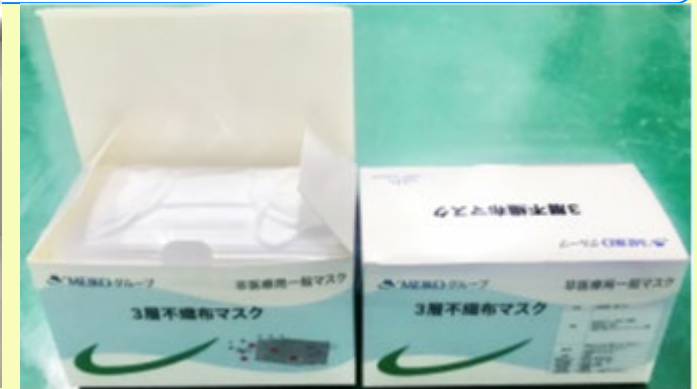
3

Future Endeavor

Initiatives for an AFTER COVID-19 society

Initiatives in China: Surgical Mask production

- Surgical mask production had been started in a clean room in the Guangzhou Plant amid difficulties to procure them for internal use. (producing 2 million pieces per month)



Initiatives in Vietnam: Artificial Respirator production

- Co-development with NIMEC of Vietnam Ministry of Health

(NATIONAL INSTITUTE OF MEDICAL DEVICE AND CONSTRUCTION)



Design/develop the medical equipment including artificial respirator anticipating future mass production

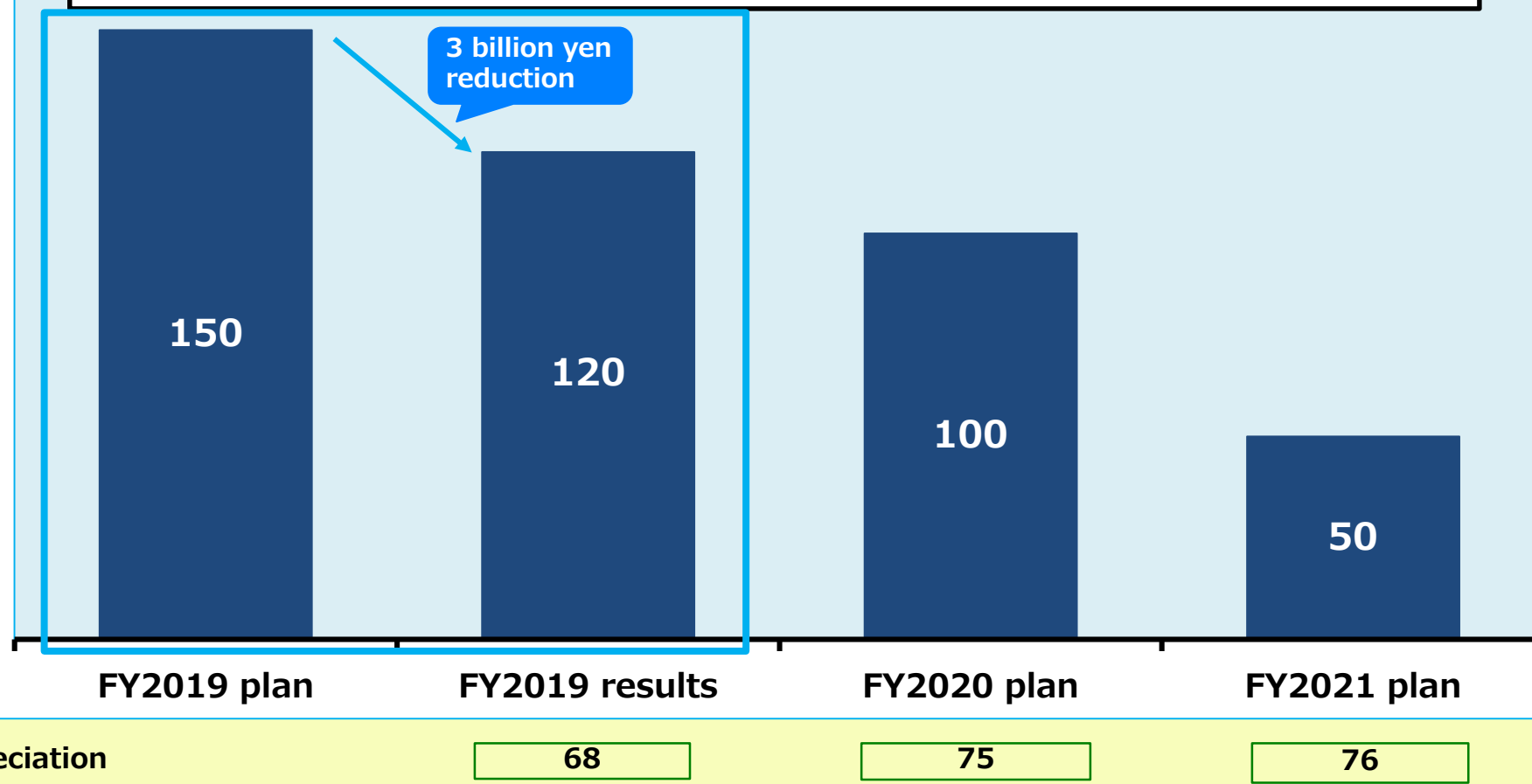


Investment policy

(100million yen)

Capital investment

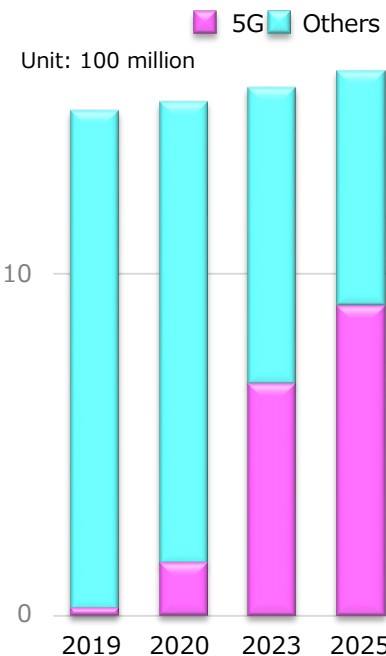
- FY19: Completed investment in Vietnam Plant (new building and first-phase construction)
- From FY2020: Place emphasis on ROIC and continue strategic investment such as 5G / module



Strengthening 5G business

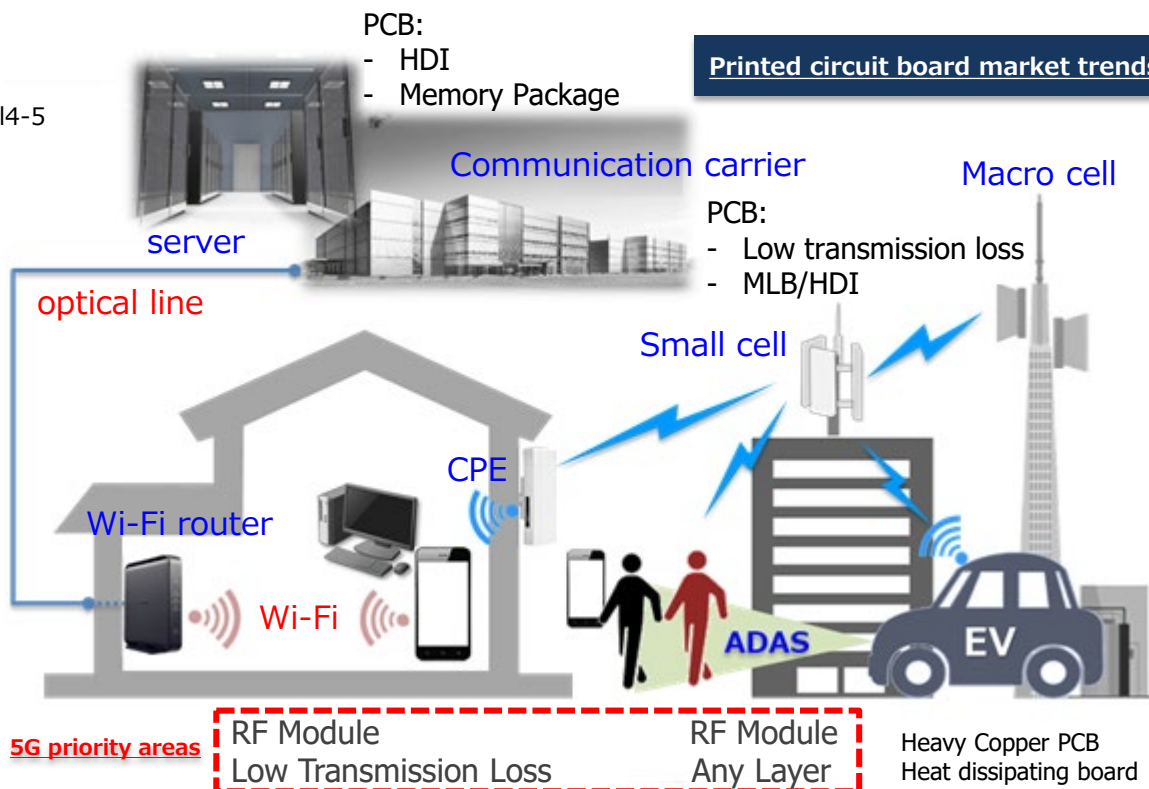
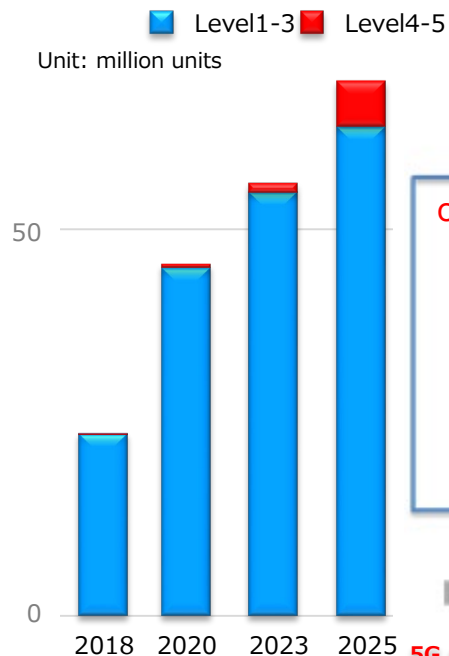
Continue investment in smartphone production plants with a view to 5G market expansion

World smartphone production



※According to our survey as of January 2020

World self-driving car production



Wuhan Factory



■ Expansion of Any Layer line for high-definition high-end 5G smartphones

Vietnam factory



■ Additional investment in the factory #3 coping with increasing orders for high-end 5G smartphones

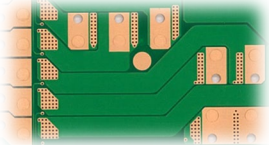
Strengthening Module PCB business

Strengthen module PCB business following automobile and smartphone PCB, and establish products which have effects on entire IC products.

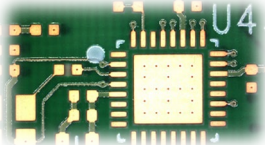
Vital PCB segments

Automobile

Heavy Copper

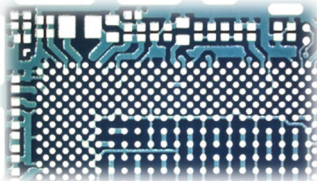


Buildup



Smartphone

HDI
Buildup



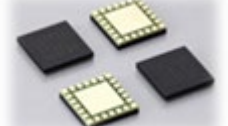
Strengthening area

Module

NAND PKG



FEM



Promote multi-fabrication for development and mass production of module PCB

Guangzhou Plant (China)



Mainly for customers in China

Thang Long Plant (Vietnam)



Dedicated plant for module PCB

Ishinomaki Factory (Japan)

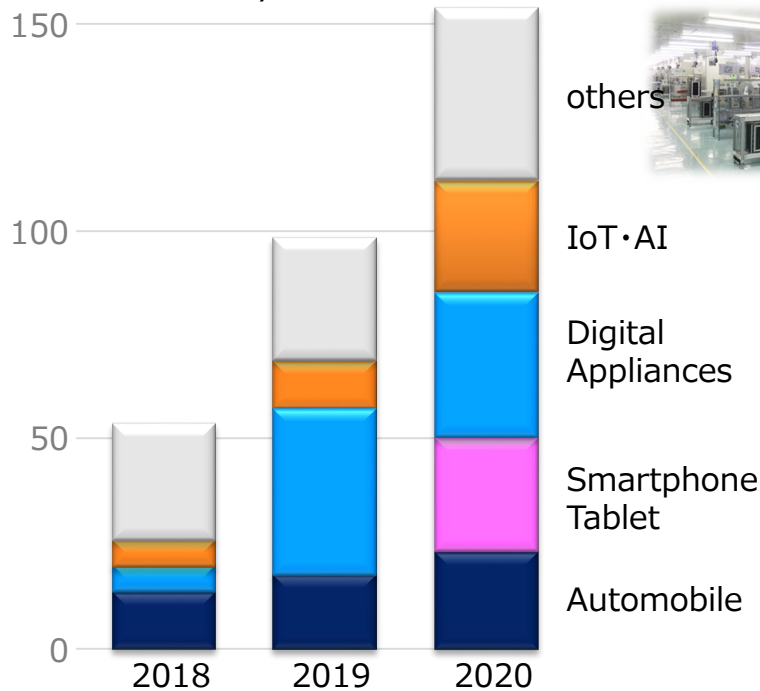


Continuing module production
Focusing on Automotive devices

Strengthening EMS · FPC Business

EMS Business

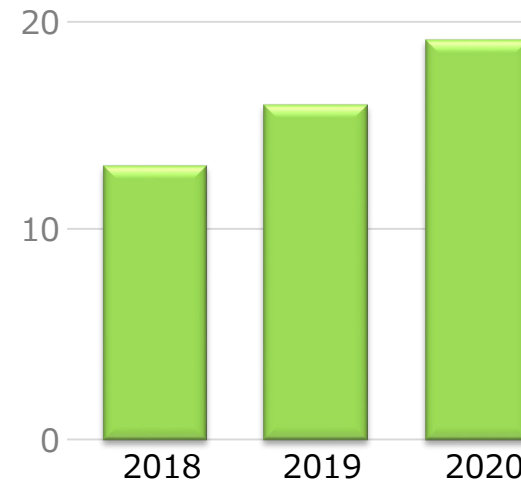
(unit : 100 million yen)



- Initiative for co-development
(medical equipment, health care, AGV, etc.)
development→design→PCB→mounting·assembly→distribution
- Increasing orders for both PCB and mounting
→discover PCB demand from EMS business

FPC Business

(unit : 100 million yen)



Expanded factory #1 of Vietnam Plant in order to bolster FPC·EMS business

Vietnam Plant

