

# **FY2021 Second Quarter Financial Results Briefing**

**November 11, 2021**



**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**

**FY2021 Key Financials**

**2**

**Outlook for the current term**

**3**

**Future strategy**

# FY2021 1st half business environment

## Overview

Sales and profits increased significantly in the first half supported by the strong demand

- Orders for Automotive have remained at a high level since the beginning of the term
- Smartphones, AI home appliances / IoT, EMS  
The impact of semiconductor shortages turned to a mitigation trend
- Due to the influence of COVID19, operations (capacities) were adjusted accordingly in Wuhan and Vietnam from August to early September  
All factories have been in full production after the period  
→Cost of operation adjustments due to COVID19 (approximately 600 million yen) was posted as an extraordinary loss
- Guangzhou factory is affected by power restrictions in China
- Reviewed selling prices to cope with the soaring resource prices

# FY2021 1st Half Results

( 100 million yen )

	FY20 1 <sup>st</sup> half results	FY21 1 <sup>st</sup> half results	Year-on-year	
			Diff.	%
Net sales	<b>532</b>	<b>695</b>	<b>163</b>	<b>30.5%</b>
Operating income	<b>18</b> 3.4%	<b>55</b> 8.0%	<b>37</b>	<b>205.8%</b>
Ordinary income	<b>6</b> 1.1%	<b>53</b> 7.7%	<b>47</b>	<b>854.3%</b>
Net income	<b>2</b> 0.4%	<b>42</b> 6.0%	<b>40</b>	<b>2052.5%</b>
Average FX rate (JPY/USD)	<b>106.30</b>	<b>110.12</b>		
Dividend per share	<b>0yen</b>	<b>20yen</b>		

# FY2021 1st Half Revenue by Product Applications

( 100 million yen )

	FY20 1 <sup>st</sup> half results		FY21 1 <sup>st</sup> half results		Year-on-year	
	Net sales	Operating income %	Net sales	Operating income %	Diff.	%
Automotive	222	9 4.1%	348	29 8.3%	126 56.8%	20 222.2%
Smartphone Tablet	127	10 7.9%	146	16 11.0%	19 15.0%	6 60.0%
AI · IoT · Amusement	50	1 2.0%	51	6 11.8%	1 2.0%	5 500.0%
Other Products	78	0 0.0%	97	5 5.2%	19 24.4%	5 -
EMS	55	-2 -3.6%	53	-1 -1.9%	-2 -3.6%	1 -
Total	532	18 3.4%	695	55 8.0%	163 30.5%	37 205.8%

**1**

**FY2021 Key Financials**

**2**

**Outlook for the current term**

**3**

**Future strategy**

# FY2021 2nd half business environment

Overview

## Full-year earnings forecast revised upward

- Orders for automotive are currently declining due to a shortage of electronic and processed parts
- Orders for smartphones, AI home appliances / IoT and EMS are stable
- Procurement prices rise due to power restrictions in China and resource price hike



# Full-Year Outlook FY2021- Consolidated

( 100 million yen )

	FY2021 1 <sup>st</sup> half results	FY2021 2 <sup>nd</sup> Half forecast	FY2021 Full year forecast	Previous forecast	Diff.
Net Sales	<b>695</b>	<b>755</b>	<b>1,450</b>	<b>1,350</b>	100
Operating Income	<b>55</b> 8.0%	<b>65</b> 8.6%	<b>120</b> 8.3%	<b>95</b> 7.0%	25 1.3%
Ordinary Income	<b>53</b> 7.7%	<b>57</b> 7.5%	<b>110</b> 7.6%	<b>87</b> 6.4%	23 1.2%
Net Income	<b>42</b> 6.0%	<b>49</b> 6.5%	<b>90</b> 6.2%	<b>75</b> 5.6%	15 0.6%
Average FX rate (JPY/USD)	<b>110.12</b>	<b>112</b>	<b>111.06</b>	<b>108</b>	
Dividend per share	<b>20yen</b>	<b>20yen</b>	<b>40yen</b>	<b>40yen</b>	

# Full-Year Outlook FY2021- Consolidated

(Breakdown by Product Application)

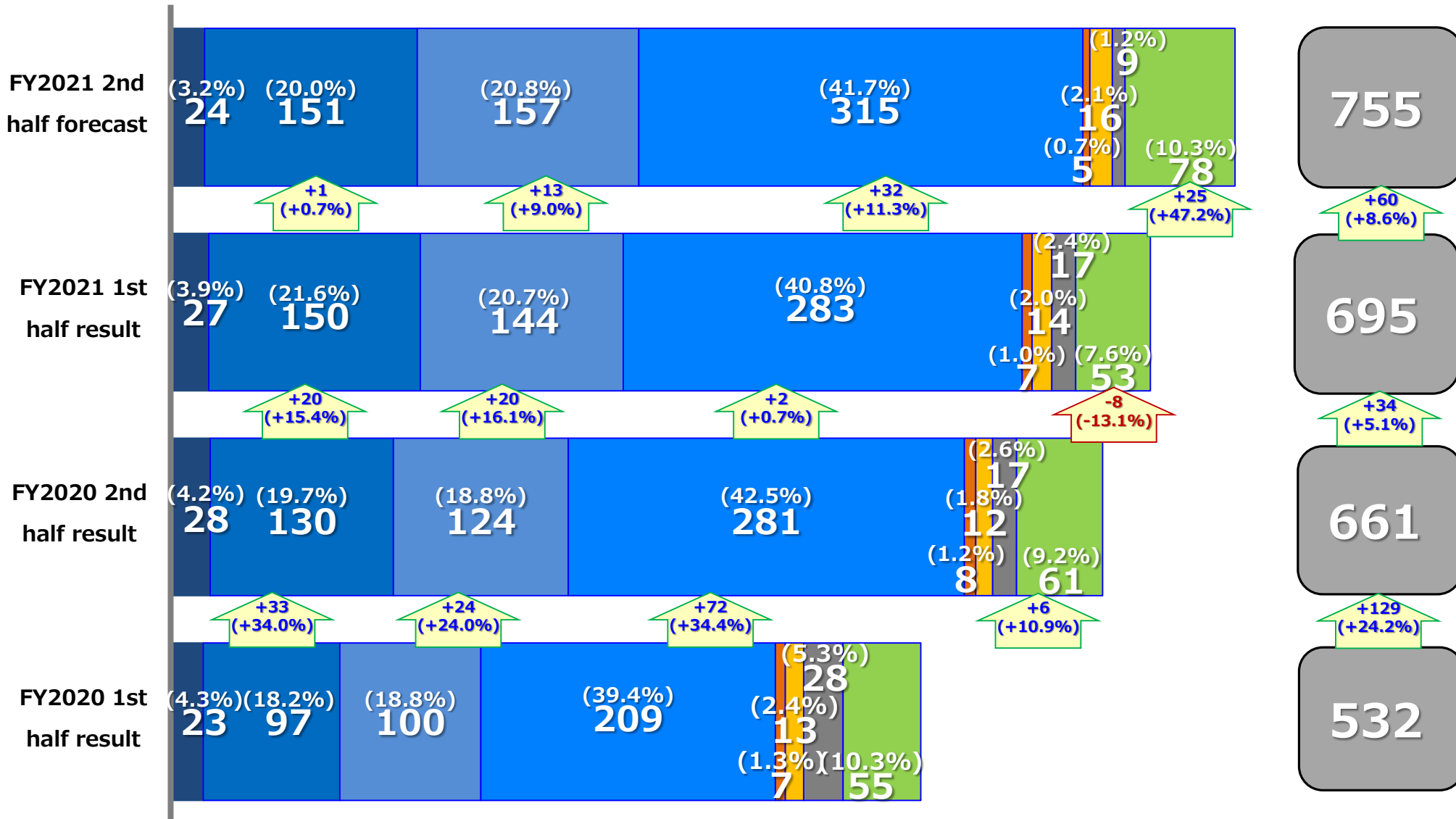
( 100 million yen )

	FY2021 1 <sup>st</sup> half results		FY2021 2 <sup>nd</sup> half forecast		FY2021 Full year forecast	
	Net sales	Operating income %	Net sales	Operating income %	Net sales	Operating income %
Automotive	<b>348</b>	<b>29</b> 8.3%	<b>363</b>	<b>31</b> 8.5%	<b>711</b>	<b>60</b> 8.4%
Smartphone Tablet	<b>146</b>	<b>16</b> 11.0%	<b>164</b>	<b>19</b> 11.6%	<b>310</b>	<b>35</b> 11.3%
AI · IoT · Amusement	<b>51</b>	<b>6</b> 11.8%	<b>56</b>	<b>7</b> 12.5%	<b>107</b>	<b>13</b> 12.1%
Other Products	<b>97</b>	<b>5</b> 5.2%	<b>94</b>	<b>5</b> 5.3%	<b>191</b>	<b>10</b> 5.2%
EMS	<b>53</b>	<b>-1</b> -1.9%	<b>78</b>	<b>3</b> 3.8%	<b>131</b>	<b>2</b> 1.5%
Total	<b>695</b>	<b>55</b> 8.0%	<b>755</b>	<b>65</b> 8.6%	<b>1,450</b>	<b>120</b> 8.3%

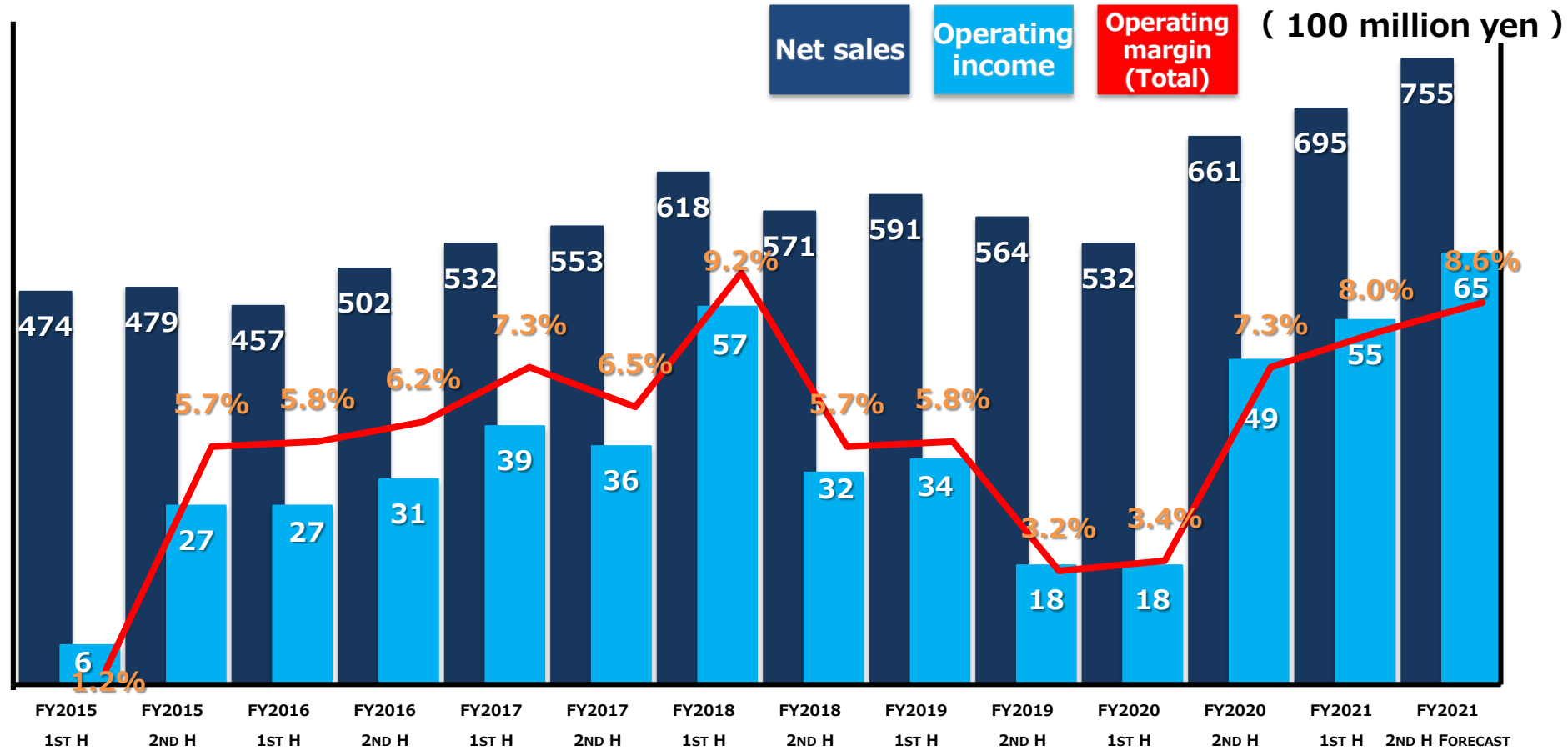
# Sales by Product Specification

( 100 million yen )

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



# Half year trend of Net Sales, Operating Income and others



CAPEX	31	31	96	150	120	107	120
Depreciation	64	55	58	63	69	74	77
DE ratio	2.5	2.0	1.4	1.7	2.0	1.9	1.4
Capital adequacy ratio	26.2%	27.3%	30.0%	27.8%	25.1%	28.6%	31.8%

# Sustainability initiatives

## Sustainability Policy

Meiko Group is aggressively striving its sustainable activities to enhance the trust of all stakeholders through its sound/transparent management and business activities harmonizing the society and the environment, thereby contribute to the sustainable development of the society and improve its corporate value based on the philosophy of Meiko Group.



Board of Directors

President and CEO

Sustainability Execution Conference

<Chairman>  
Director and Senior Managing Executive Officer in charge

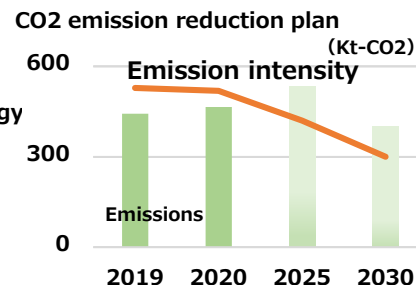
Members :  
all relevant departments

### Environment

#### ● CO2 reduction

- ◆ Introduction of renewable energy
- ◆ Energy saving promotion

#### ● Resource recycling



### Social

#### ● Social contribution activities

#### ● Creating a rewarding workplace

- ◆ Diversity promotion
- ◆ Promotion of women's advancement
- ◆ Allocation and exchange of global human resources



### Governance

#### ● Board of directors

	Outside director	Female officer	Foreign officer
	4	1	1

#### ● Public relations / IR promotion

- ◆ Conducting active dialogue with stakeholders

(person)

# New Market Segment in Tokyo Stock Exchange

Meiko received the results of the initial assessment from Tokyo Stock Exchange on July 9th 2021  
→Confirmed it complied with the listing criteria for the Prime Market in the new market segments

Meiko resolved to select and apply for listing on the Prime Market of Tokyo Stock Exchange at its board of directors meeting

➔November 8, 2021, Meiko submitted the application for the selection of the new market segment (Prime Market) to the Tokyo Stock Exchange

**We aim to maximize the corporate value  
by the sustainable growth**

**1**

**FY2021 Key Financials**

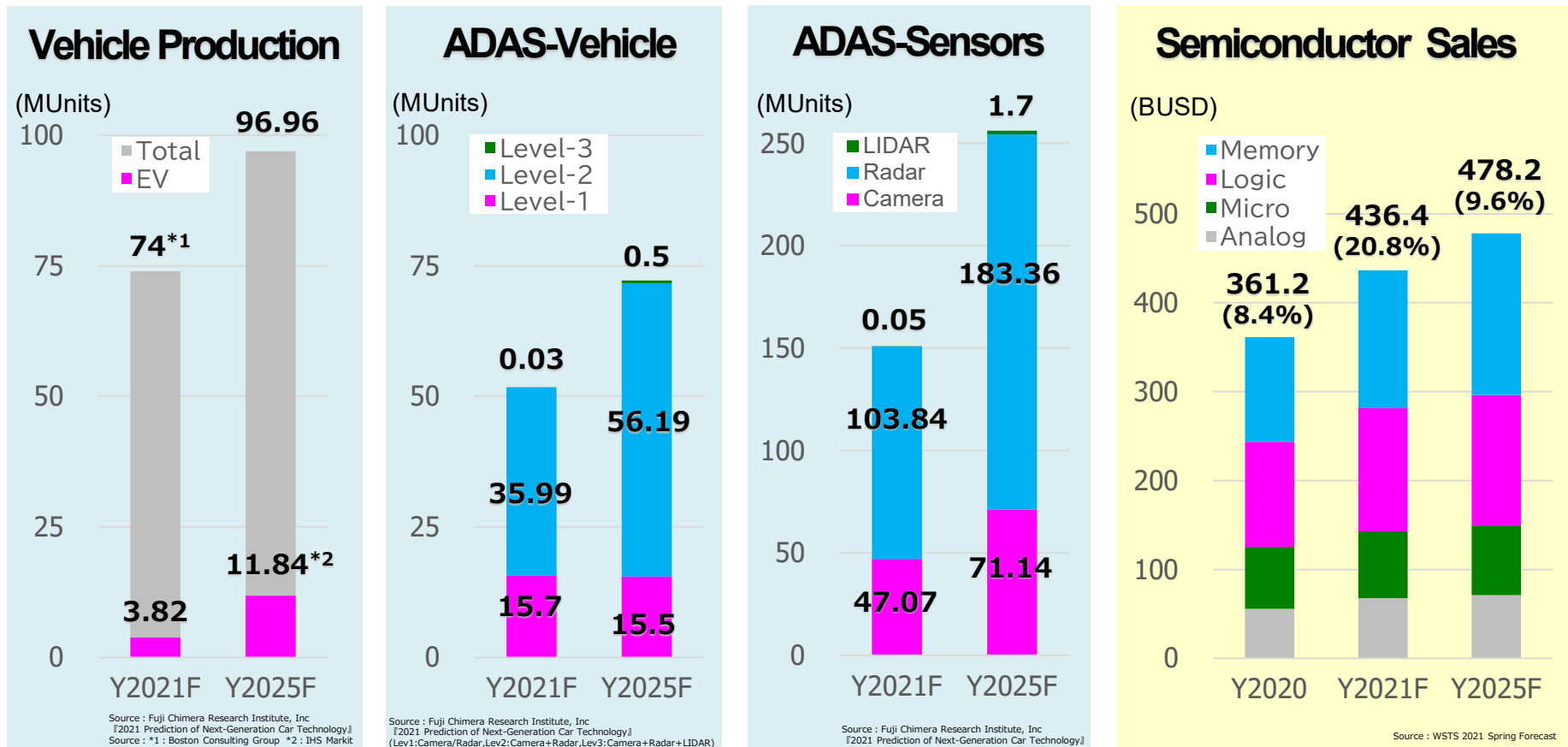
**2**

**Outlook for the current term**

**3**

**Future strategy**

# Automotive & Semiconductor Market Forecast



- Environmental Regulations and Competition for EV and Autonomous Driving bring growth of ADAS-Sensors and Vehicle Production.
- Semiconductor Demand Increases throughout worldwide Economy, especially Memory and Logic.
- Market growth of Vehicle, ADAS adoption and Semiconductors will drive PCB Demand.



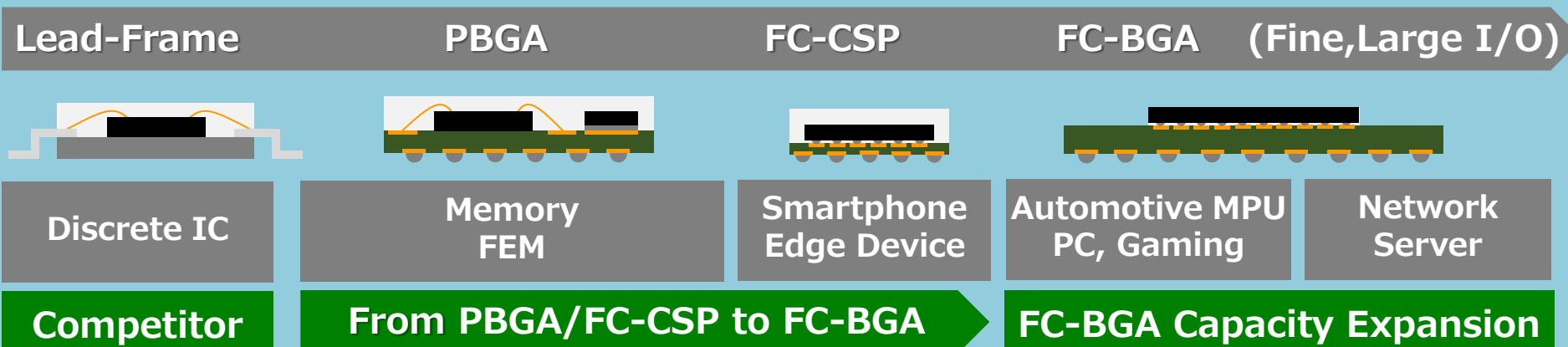
# Automotive PCB Technology Roadmap

Environment	Y2025	Y2030	Y2035
Autonomous EV/FCV	ADAS Mandatory ('22)	US 50%(include PHV)	China, Japan 100% (Include HEV)
	China Level-3 50%	UK 100%	IEA,EU,CA 100%

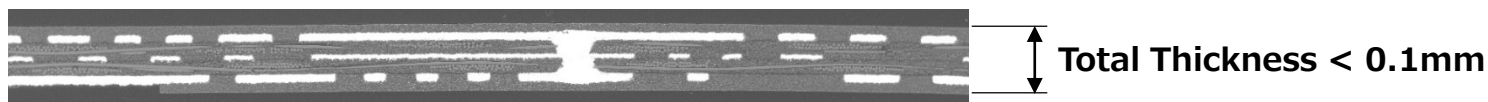
PCB	Y2021	Y2023	Y2025
Connected (Communication Module)	4G TCU Market Growth (10-12L AnyLayer PCB)		5G Penetration (Larger Size PCB)
ADAS (Sensor)	Fusion Sensing Increase (Hybrid High Frequency PCB)		Millimeter-wave (100GHz HF material)
ADAS (E/E Architecture)	Domain Integrated ECU (Stacked Microvia, Impedance controlled PCB)		Centralized ECU (Computer Board)
Electrification (Power Device)	ABS, EPS & LED Headlamp Increase (Heat Dissipation, FR-4 Flex PCB)		800V Application (Heat Dissipation, Higher Voltage PCB)

# Module/Package Substrate Technology Roadmap

## IC Package Trend



PCB	Y2021	Y2023	Y2025
Package Type	PBGA (Memory/FEM)	PBGA / FC-CSP (Application Expansion)	
Circuit Formation	MSAP (L/S=25/25um)	MSAP (L/S=20/20um)	
	SAP Development	SAP Production	



X-section of PBGA Substrate

# New Yamagata Factory

## 【Concept】 Domestic Advanced Eco-smart (IT/FA/Energy Saving & Harvesting)

- 1) Location : Yamagata-Prefecture, Tendo-City
- 2) Land Area : Approx. 65,000m<sup>2</sup>
- 3) Floor Area : Approx. 25,000m<sup>2</sup> (Step1)  
Approx. 45,000m<sup>2</sup> (Step2)
- 4) Annual Sales : Approx. 10 Billion JPY (Step1)  
Approx. 20 Billion JPY (Step2)
- 5) Investment : Approx. 10 Billion JPY (Step1)  
Approx. 10 Billion JPY (Step2)
- 6) Business Content
  - ①Advanced Automotive PCB Volume Production
  - ②PCB Technology Development Center
  - ③Automation Equipment Development & Production
  - ④EMS Business for Domestic Customer



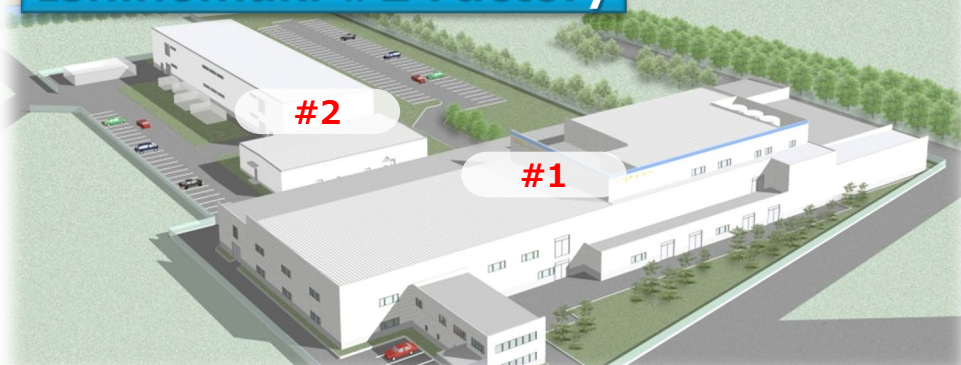
# Module/Package Substrate Business Expansion

## Vietnam #3 Factory



- 1) Concept : Overseas Substrate Dedicated Factory
- 2) Floor Area : Approx. 20,000m<sup>2</sup>
- 3) Investment : Approx. 16 Billion JPY

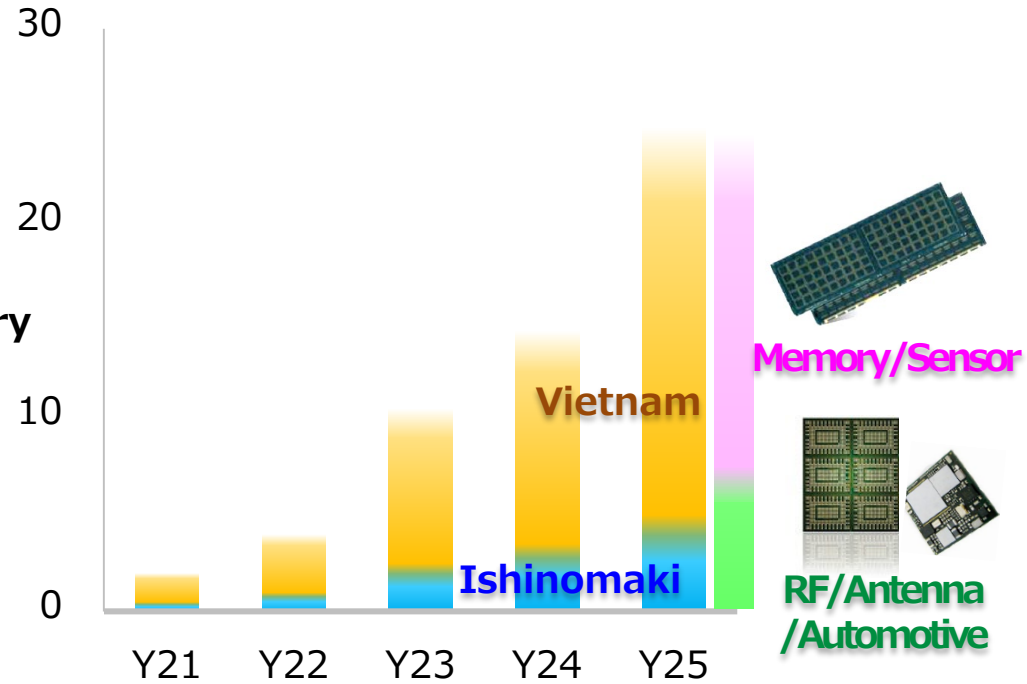
## Ishinomaki #2 Factory



- 1) Concept : Domestic Substrate Dedicated Factory
- 2) Floor Area : Approx. 5,000m<sup>2</sup>
- 3) Investment : Approx. 5 Billion JPY

## Sales Plan for Substrate Business

(Billion JPY)



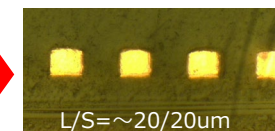
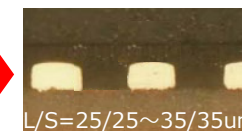
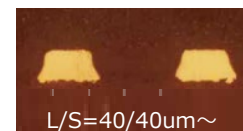
Subtractive

MSAP

※Modify Semi Additive Process

SAP

※Semi Additive Process



# Appendix

# Net Sales by Product Application

(100 million yen)

- Automotive
- Smartphones/Tablets
- AI appliances/IoT
- Amusement
- Storage
- Office equipment
- Digital home appliances
- Other substrates
- EMS

