



FY2019/9 Financial Results

November 13, 2019

株式会社三菱総合研究所

Mitsubishi Research Institute, Inc.

1. FY2019/9 Financial Results

2. FY2020 Consolidated Forecasts

Summary

Net sales: 90,029 mil. Yen
YoY change -220 mil. Yen (-0.2%)

- Net sales remained almost flat YoY, despite the impact of the project with quality issues (IT services (ITS))

Ordinary profit: 5,718 mil. Yen
YoY change +354 mil. Yen (+6.6%)

- Ordinary profit for think tank and consulting services (TTC) remained firm

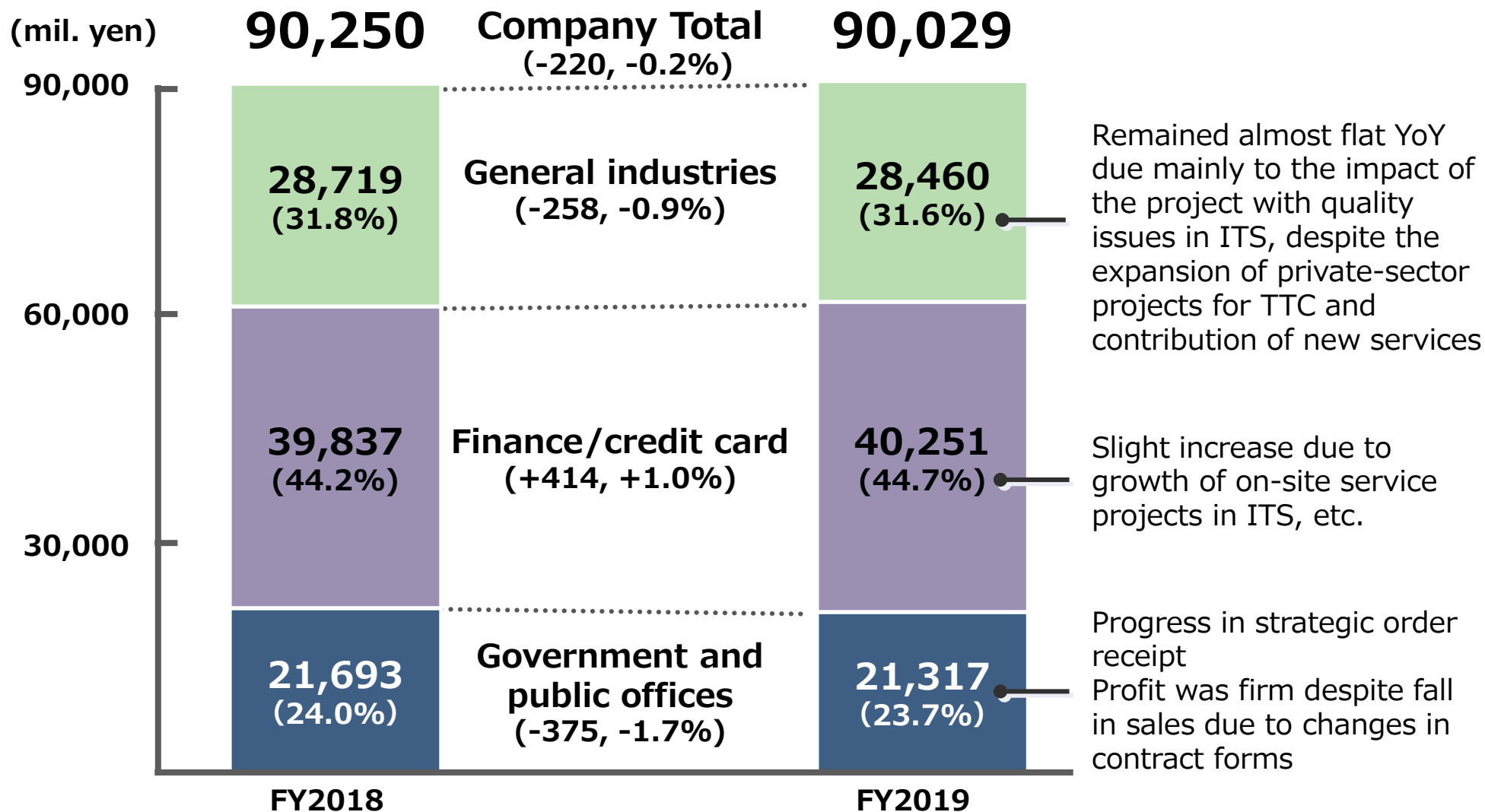
Profit: 3,599 mil. Yen
YoY change +196 mil. Yen (+5.8%)

Increased year-end dividend by 5 Yen (to 50 Yen), for annual dividend of 95 Yen

FY2019 Consolidated results <YoY>

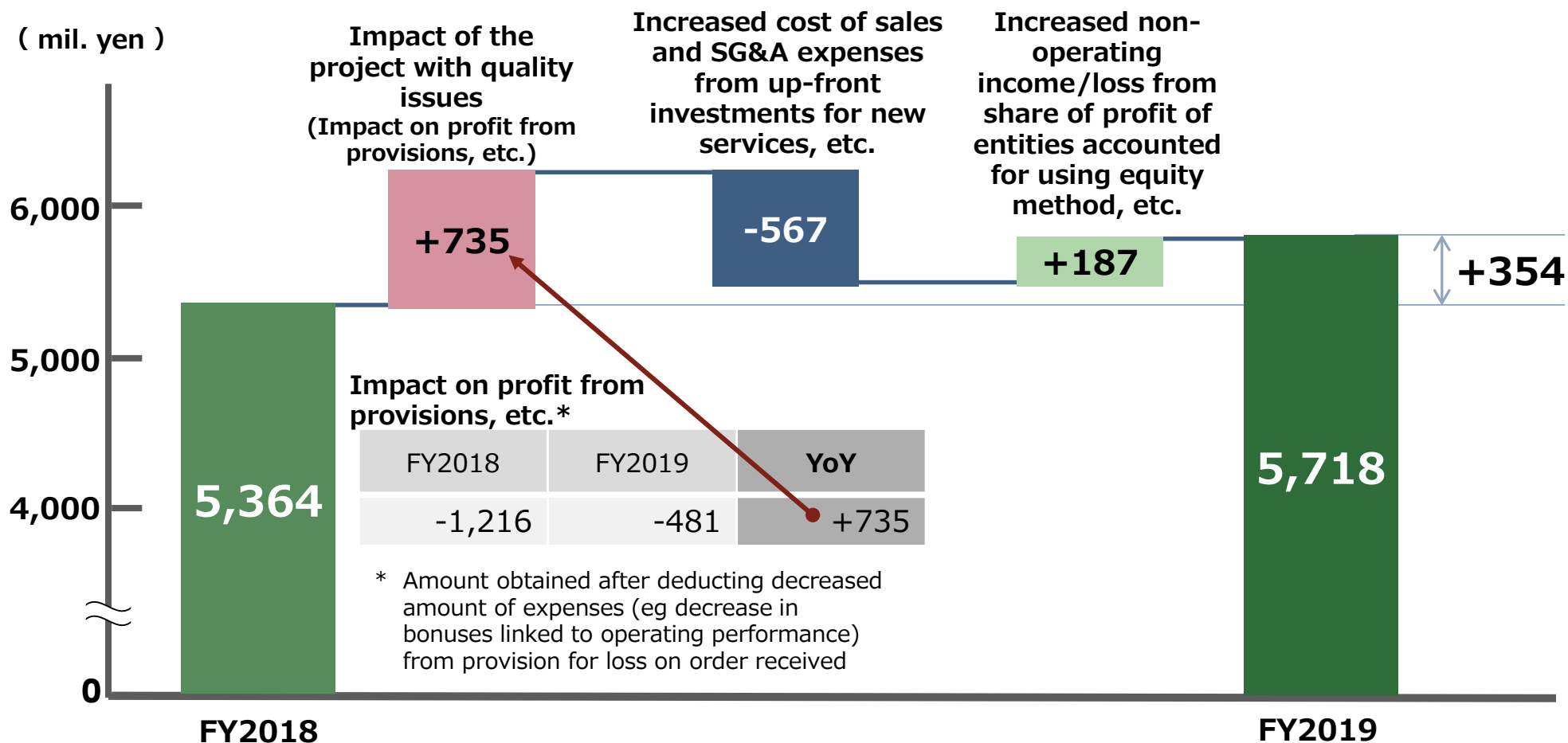
	FY2018	FY2019	(mil. yen)			
			Year-on-year		Forecasts 4/26/2019	Change
			Amount	Rate		
Net sales	90,250	90,029	-220	-0.2%	91,000	-970
Gross profit	19,274	19,895	+620	+3.2%	—	—
Gross profit margin	21.4%	22.1%	+0.7P		—	—
SG&A expenses	14,311	14,764	+453	+3.2%	—	—
Operating profit	4,963	5,130	+167	+3.4%	5,000	+130
Operating profit margin	5.5%	5.7%	+0.2P		5.5%	+0.2P
Ordinary profit	5,364	5,718	+354	+6.6%	5,400	+318
Profit attributable to owners of parent	3,402	3,599	+196	+5.8%	3,500	+99
Basic earnings per share(yen)	209.46	221.58	+12.12	+5.8%	215.44	+6.14
ROE (Return On Equity)	7.5%	7.6%	+0.1P		—	—

Net sales by industry of customer <YoY>



Factors behind fluctuation of ordinary profit /loss

- Profit increased as the increase in expenses mainly from up-front investments for new services were offset by a decrease in loss on the project with quality issues, and an increase in share of profit of entities accounted for using equity method, etc.



Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2018	FY2019	Year-on-year	
			Amount	Rate
Net sales	33,489	34,099	+610	+1.8%
Operating profit	3,113	3,065	-48	-1.6%
Operating profit margin	9.3%	9.0%	-0.3P	
Ordinary profit	3,233	3,351	+118	+3.7%
Orders received	35,455	35,405	-49	-0.1%
Order Backlog	25,000	26,306	+1,306	+5.2%

Key points

- Net sales and profit increased as Medium-term Management Plan 2020 ("Plan 2020") strategies continued to yield results (in line with initial forecast for the second year of Plan 2020)
- Private-sector projects and new services (subscription-based model) grew
- Order backlog remained strong

IT Services (ITS)

(mil. yen)

	FY2018	FY2019	Year-on-year	
			Amount	Rate
Net sales	56,760	55,930	-830	-1.5%
Operating profit	1,769	2,023	+254	+14.4%
Operating profit margin	3.1%	3.6%	+0.5P	
Ordinary profit	2,050	2,325	+275	+13.4%
Orders received	56,972	59,826	+2,854	+5.0%
Order Backlog	36,477	40,373	+3,895	+10.7%

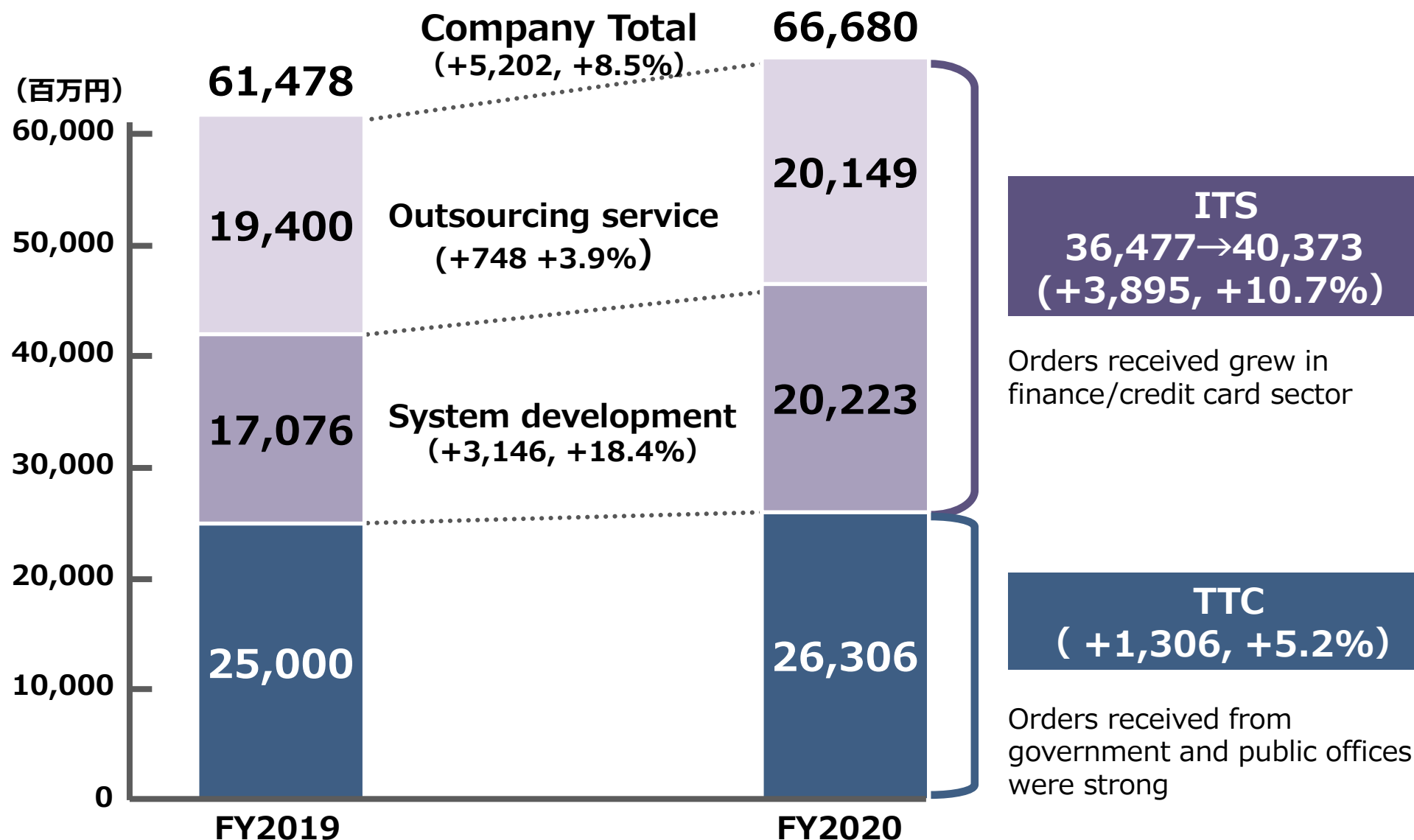
Key points

- Net sales decreased due to recoil decline associated with completion of large-scale projects (in general industries) and revision of large-scale development plans by major customers, etc.
- Profit increased due to decrease in loss on the project with quality issues
- Orders received and order backlog increased significantly YoY, mainly in finance/credit card sector

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Consolidated Order Backlog <YoY>



Forecasts for FY2020

- Complete Plan 2020 and lay foundation for the next Medium-term Management Plan

Net sales: 94,000 mil. Yen
YoY change +3,970 mil. Yen (+4.4%)

- TTC : YoY change +1,900 mil. Yen In line with Plan 2020 targets
- ITS : YoY change +2,069 mil. Yen Net sales grew mainly in finance/credit card

Ordinary profit: 6,000 mil. Yen
YoY change +281 mil. Yen (+4.9%)

- TTC : YoY change +248 mil. Yen (+7.4%) In line with Plan 2020 targets (including up-front investments)
- ITS : YoY change +74 mil. Yen (+3.2%) Strengthen business foundation and invest into the future

Profit: : 3,900 mil. Yen
YoY change +300 mil. Yen (+8.3%)

- The impact of the sale of shares of Minori Solutions (tender in a TOB) and conversion of INES into an entity accounted for using equity method is not included in the results forecasts (but will be disclosed without delay upon finalization)

Forecasts for FY2020

(mil. yen)

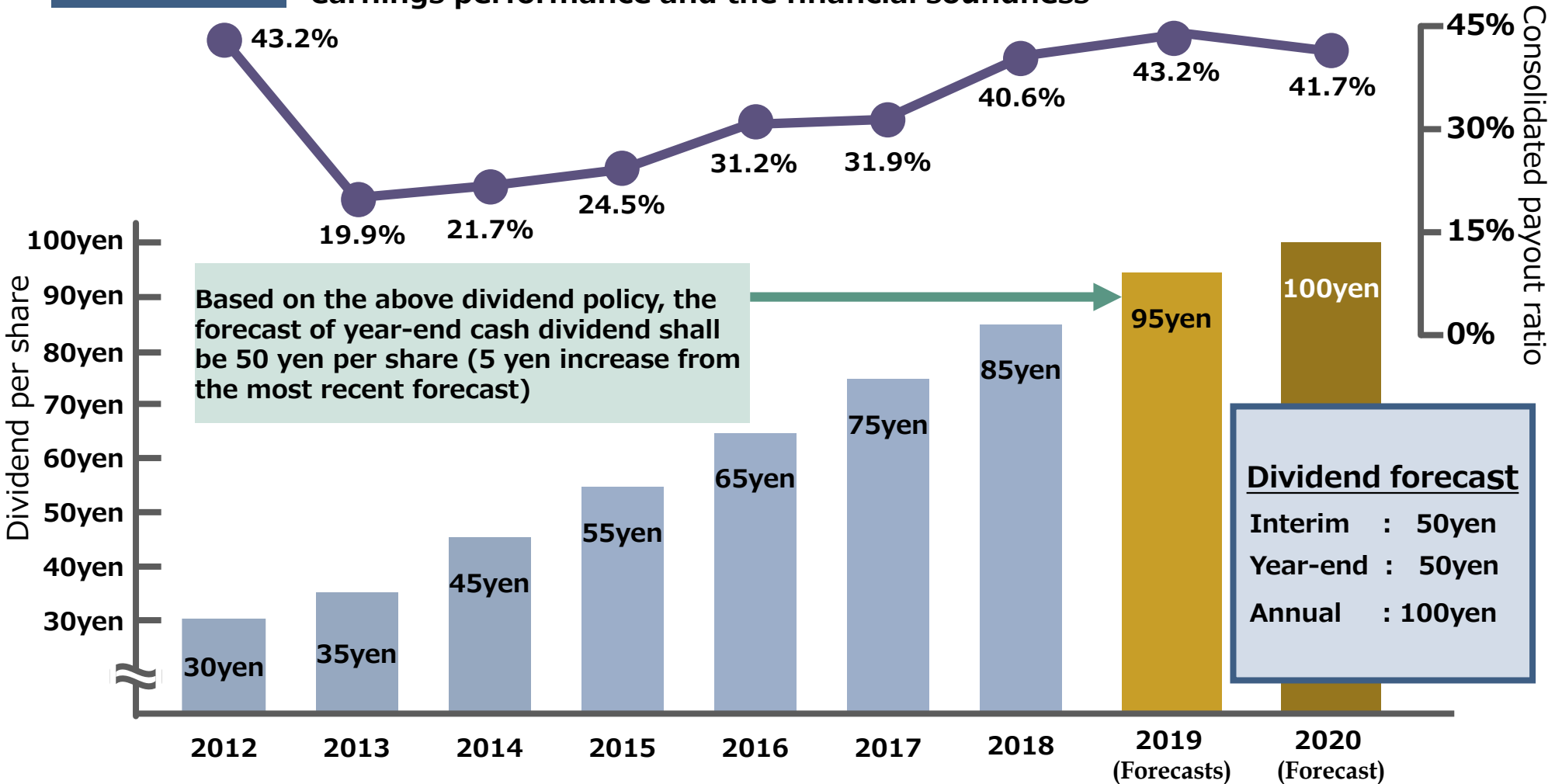
	FY2019 (Results)	FY2020 (Forecasts)	Year-on-year	
			Amount	Rate
Net sales	90,029	94,000	+3,970	+4.4%
TTC	34,099	36,000	+1,900	+5.6%
ITS	55,930	58,000	+2,069	+3.7%
Operating profit	5,130	5,200	+69	+1.3%
Operating profit margin	5.7%	5.5%	-0.2P	
Ordinary profit	5,718	6,000	+281	+4.9%
TTC	3,351	3,600	+248	+7.4%
ITS	2,325	2,400	+74	+3.2%
Profit attributable to owners of parent	3,599	3,900	+300	+8.3%
Basic earnings per share (yen)	221.58	240.06	+18.48	+8.3%

Dividends

Revised from latest forecast

Dividend Policy

Based on the policy of maintaining a stable dividend, work to raise the level of dividends after taking into account a comprehensive range of factors, such as earnings performance and the financial soundness



As of November 13, 2019

Notes concerning forward-looking statements

This presentation contains forward-looking statements. These forward-looking statements, including forecasts, are based on the Company's assumptions in light of information available at this moment.

These statements do not guarantee future performance, and involve unpredictable risks and uncertainties. Accordingly, actual performance may differ from the outlook due to such various factors.

The Company is under no obligation to update or revise any forward-looking statements in light of future events, new information or other findings.

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