



# FY2019/9 3Q Financial Results

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**July 26, 2019**

株式会社三菱総合研究所

Mitsubishi Research Institute, Inc.

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# 1. FY2019/9 3Q Financial Results and FY2019 Full Year Forecasts

## 2. Topics

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# Summary

**Net sales: 69,102 mil. yen**  
**YoY change  $\Delta$ 1,163mil. yen ( $\Delta$ 1.7%)**

- Net sales remained flat YoY for think tank and consulting services (TTC), and decreased for IT services (ITS)

**Ordinary profit: 4,764 mil. yen**  
**YoY change  $\Delta$  930 mil. yen ( $\Delta$ 16.3%)**

- Profit for TTC remained flat YoY, and profit for ITS decreased due to the project with quality issues

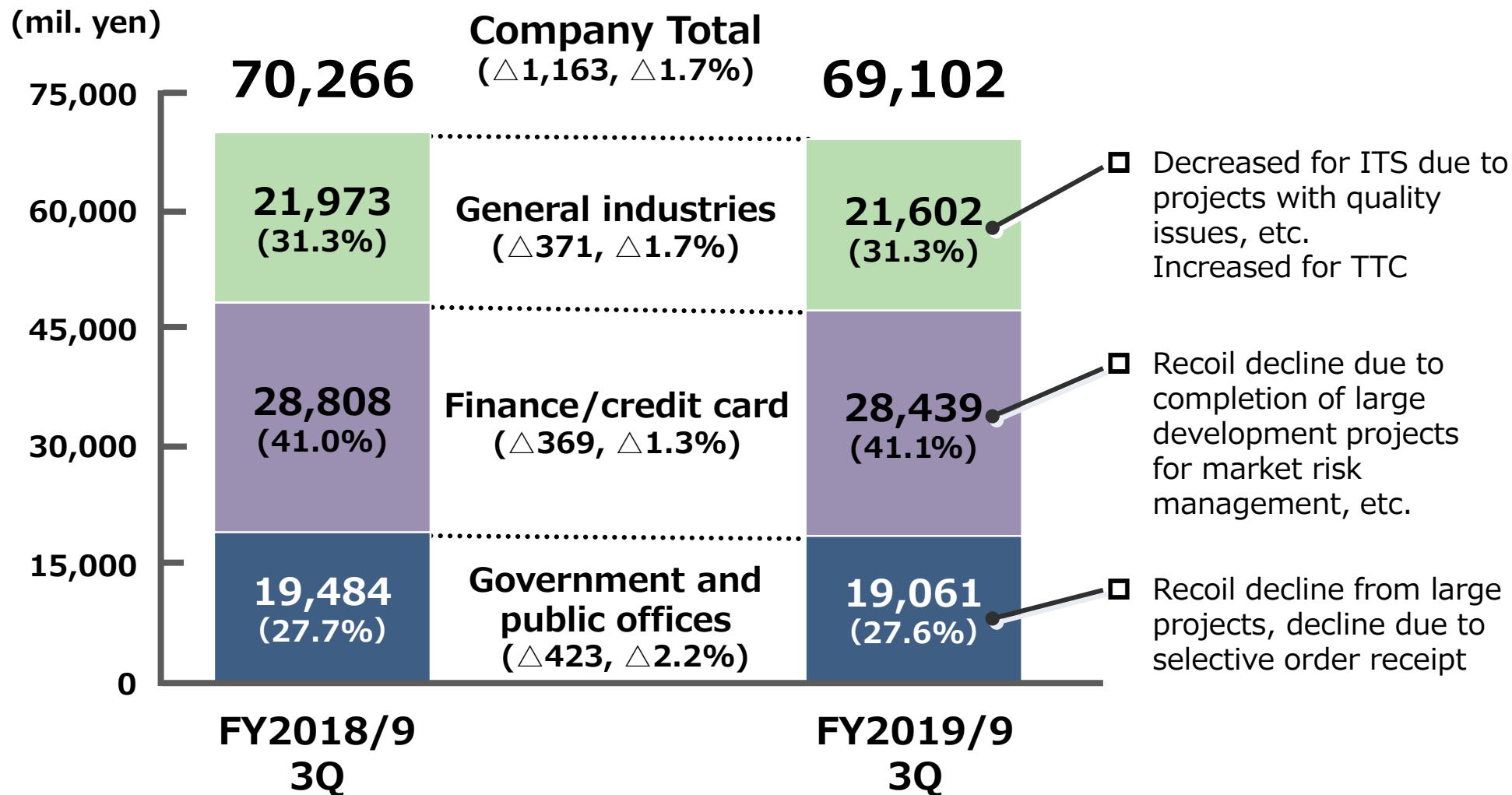
**Profit: 3,235 mil. yen**  
**YoY change  $\Delta$ 433 mil. Yen ( $\Delta$ 11.8%)**

- Extraordinary income posted (sale of equity holdings in 2Q)

# 3Q Consolidated results <YoY>

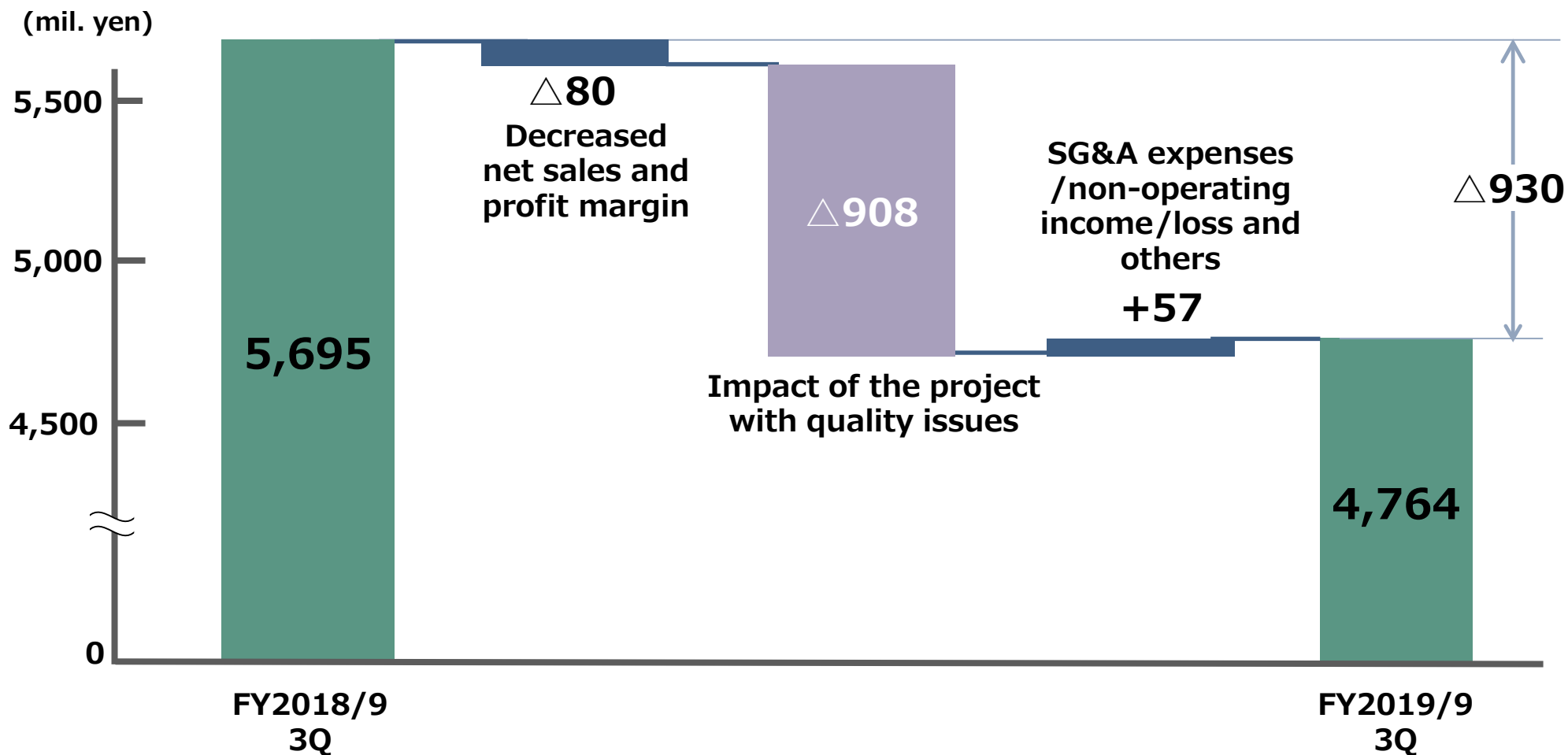
	(mil. yen)			
	FY 2018/9 3Q	FY 2019/9 3Q	Year-on-year	
			Amount	Rate
Net sales	70,266	69,102	△1,163	△1.7%
Gross profit	16,226	15,199	△1,027	△6.3%
Gross profit margin	23.1%	22.0%	△1.1 P	
SG&A expenses	10,905	11,063	+158	+1.5%
Operating profit	5,321	4,135	△1,185	△22.3%
Operating profit margin	7.6%	6.0%	△1.6 P	
Ordinary profit	5,695	4,764	△930	△16.3%
Profit attributable to owners of parent	3,668	3,235	△433	△11.8%
Basic earnings per share(yen)	225.83	199.17	△26.66	

# Net sales by industry of customer <YoY>



# Factors behind fluctuation of ordinary profit /loss

- YoY decrease ( $\Delta 930$ ) attributed mostly to the project with quality issues ( $\Delta 908$ : increased 200 million yen from 2Q)



# Think Tank and Consulting Services (TTC)

(mil. yen)

	FY 2018/9 3Q	FY 2019/9 3Q	Year-on-year	
			Amount	Rate
Net sales	28,139	28,215	+76	+0.3%
Operating profit	3,556	3,282	△274	△7.7%
Operating profit margin	12.6%	11.6%	△1.0P	
Ordinary profit	3,707	3,634	△73	△2.0%
Ordinary profit margin	13.2%	12.9%	△0.3P	
Orders received (3Q)	27,356	26,077	△1,278	△4.7%
Order Backlog*	22,251	22,862	+610	+2.7%

## Key points

- Both sales and ordinary profit remained almost flat YoY
- Decrease in orders received was primarily attributable to contract review for a large ongoing project (contracts only for the Company after separating the outsourced portions)
- Steady increase in Order Backlog

# IT Services (ITS)

(mil. yen)

	FY 2018/9 3Q	FY 2019/9 3Q	Year-on-year	
			Amount	Rate
Net sales	42,127	40,886	△1,240	△2.9%
Operating profit	1,701	824	△876	△51.5%
Operating profit margin	4.0%	2.0%	△2.0P	
Ordinary profit	1,924	1,101	△823	△42.8%
Ordinary profit margin	4.6%	2.7%	△1.9P	
Orders received (3Q)	41,453	43,229	+1,776	+4.3%
Order Backlog	35,592	38,820	+3,228	+9.1%

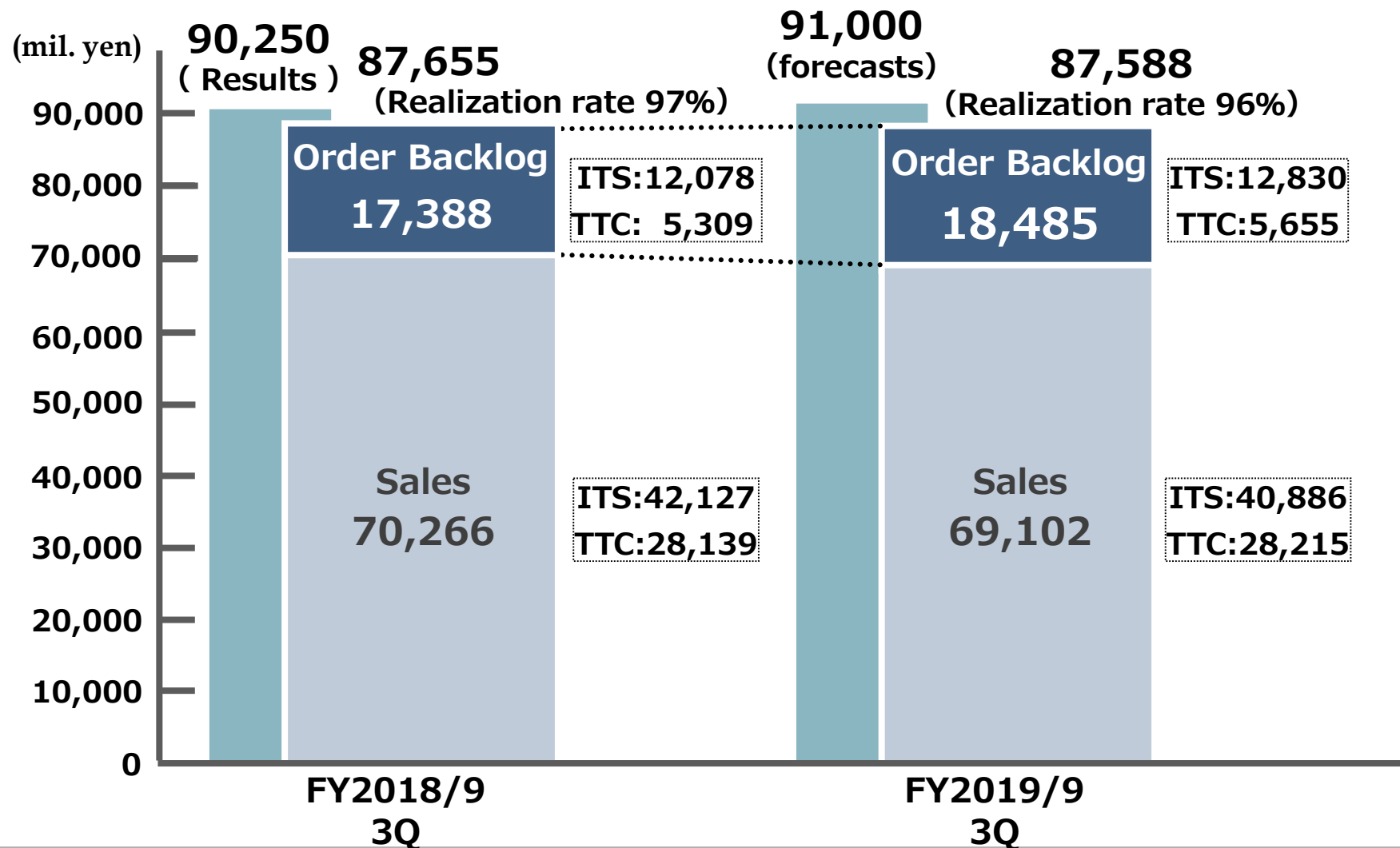
## Key points

- Net sales and profit decreased due to impact of the project with quality issues
- Orders received and Order Backlog increased due to frontloaded orders



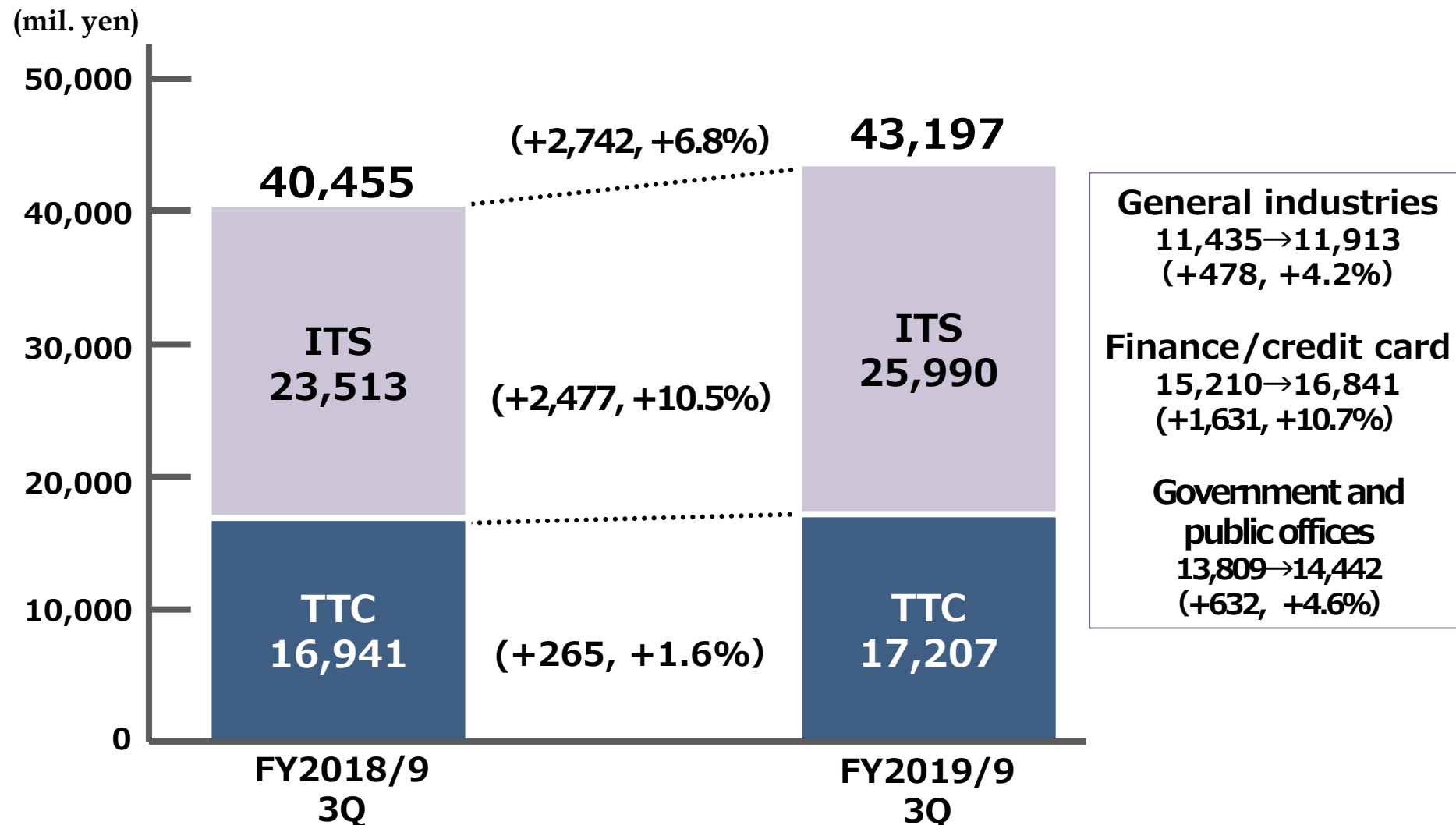
# Sales + Consolidated Order Backlog (in the current FY)

- Secured 96% of forecast for current fiscal year (cumulative sales + Order Backlog)



# Consolidated Order Backlog (Carried Forward)

- Increased 6.8% YoY due to firm order backlog for TTC (+1.6%) and frontloaded orders for ITS (+10.5%)



# Forecasts for FY 2019

No change from the previous forecast (4/26/2019)

(mil. yen)

	FY2018/9 (Results)	FY 2019/9		
		Forecasts (April 26)	Year-on-year	
			Amount	Rate
Net sales	90,250	91,000	+749	+0.8%
TTC	33,489	35,000	+1,510	+4.5%
ITS	56,760	56,000	△760	△1.3%
Operating profit	4,963	5,000	+36	+0.7%
Operating profit margin	5.5%	5.5%	△0.0P	
Ordinary profit	5,364	5,400	+35	+0.7%
TTC	3,233	3,300	+66	+2.1%
ITS	2,050	2,100	+49	+2.4%
Profit attributable to owners of parent	3,402	3,500	+97	+2.9%
Basic earnings per share (yen)	209.46	215.44	+5.98	+2.9%

# 1. FY2019/9 3Q Financial Results and FY2019 Full Year Forecasts

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## 2. Topics

# ● New Services (subscription-based model)

## Energy-Tech

### Product lineup

Online services for wholesale electric power transactions

(\* ) <https://www.mpx-web.jp/>

### Partnerships

KYOS(Europe)  
Genscape(USA)

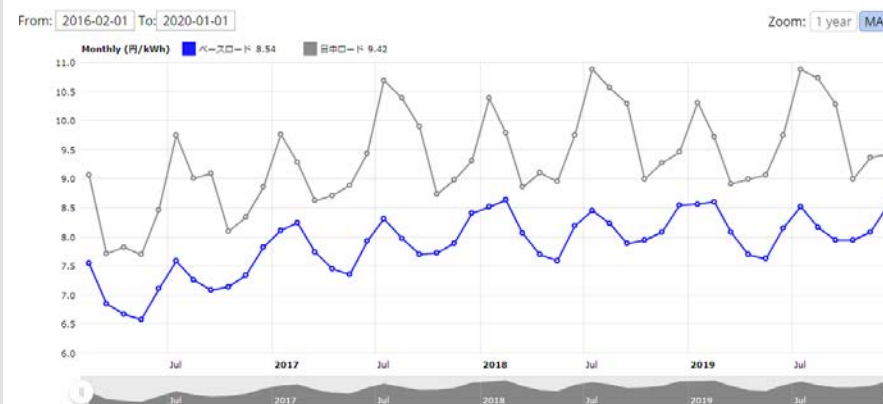
### Results

Number of contracts  
**UP30%**

## Recent related releases (\* )

- Formed a business alliance with Genscape, Inc., a U.S. company, in information service for wholesale electric power transaction (July 5, 2019)

(\* ) Only in Japanese



## Region-Tech

## Product lineup

Partnerships

## Results

Intelligent local governments  
(AI staff)

(\* ) <https://aistaff.mri.co.jp/>

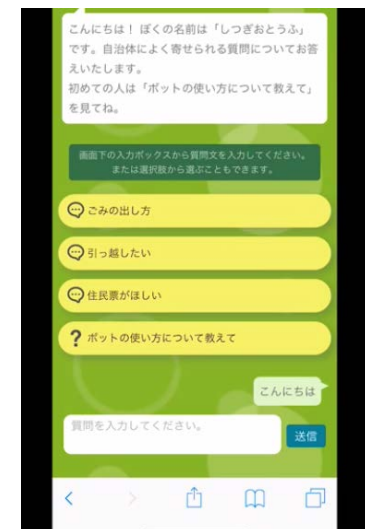
INES  
JBS

Development/  
demonstration  
phase

Introduction  
4 organizations  
Trial  
29 organizations

## Recent related releases (\* )

- Full-scale introduction for the first time in Japan in Toda City and Fukuroi City (April 10, 2019)
- Added inquiry function for premium gift certificate, and Soka City decided on its introduction (April 23)



(\* ) Only in Japanese

# Recent News Releases(\*)

(\*) Only in Japanese

7/23/2019

## Business and Capital Alliance with Exergy Power Systems, Inc.

Collaboration for implementation of high-speed balancing capability required for renewable energy to become a major power source

6/25/2019

DX

## Expansion of Cooperation with Yokogawa Solution Service Corporation

Provision of the DX total support program for manufacturing industry commences and overseas expansion planned

5/27/2019

AI

## Joint Development with Peking University on AI Technology to Automatically Produce Text from Numerical Tables

Prepares a written explanation of Annual Securities Report based on financial data

4/23/2019

DX

## Implementation of Social Experiment on Digital Regional Currency "Regional Coin"

Verified applicability to gift certificate business in three regions and its effectiveness

## 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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