
FY2020/9 1H Financial Results

May 8, 2020

 **MITSUBISHI RESEARCH INSTITUTE, INC.**

1. FY2020/9 1H Financial Results

2. FY2020/9 Full Year Forecasts

Summary

- Both sales and profit rose thanks to strategies and reforms in line with the Medium-term Management Plan 2020 (MP2020).
- Profit was a record high, including the share of profit of entities accounted for using the equity method (INES) and extraordinary income (Minori).
- The future challenge will be addressing the impact of the COVID-19 coronavirus.

Net sales: 48,200 mil. Yen

YoY change +2,340 mil. yen (+5.1%)

- Sales in think tank and consulting services (TTC) rose, reflecting strategic orders.
- Sales in IT services (ITS) increased significantly due to growth in finance and credit card services (up 2,100 mil. yen).

Ordinary profit: 7,230 mil. Yen

YoY change +3,230 mil. yen (+81.1%)

- Ordinary profit climbed due to a rise in sales and profit margin both in TTC and ITS.
- A share of profit of entities accounted for using the equity method in TTC (1,500 mil. yen) and the elimination of the impact by the project with quality issues in ITS (700 mil. yen) contributed.

Profit: 6,460 mil. yen YoY change +3,640 mil. yen (+129.0%)

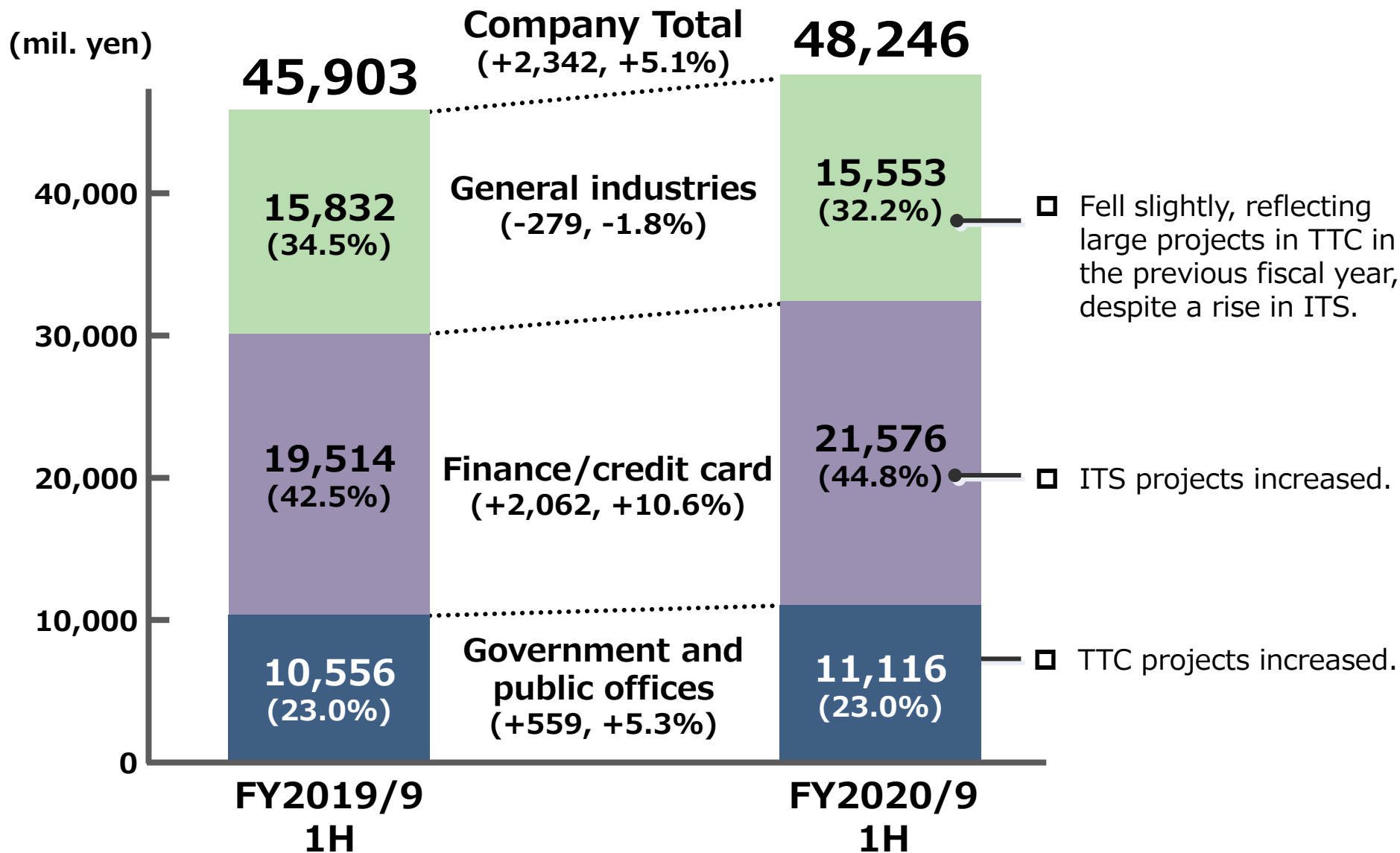
- Extraordinary income of 2,700 mil. yen was posted.

1H Consolidated results <YoY>

(mil. yen)

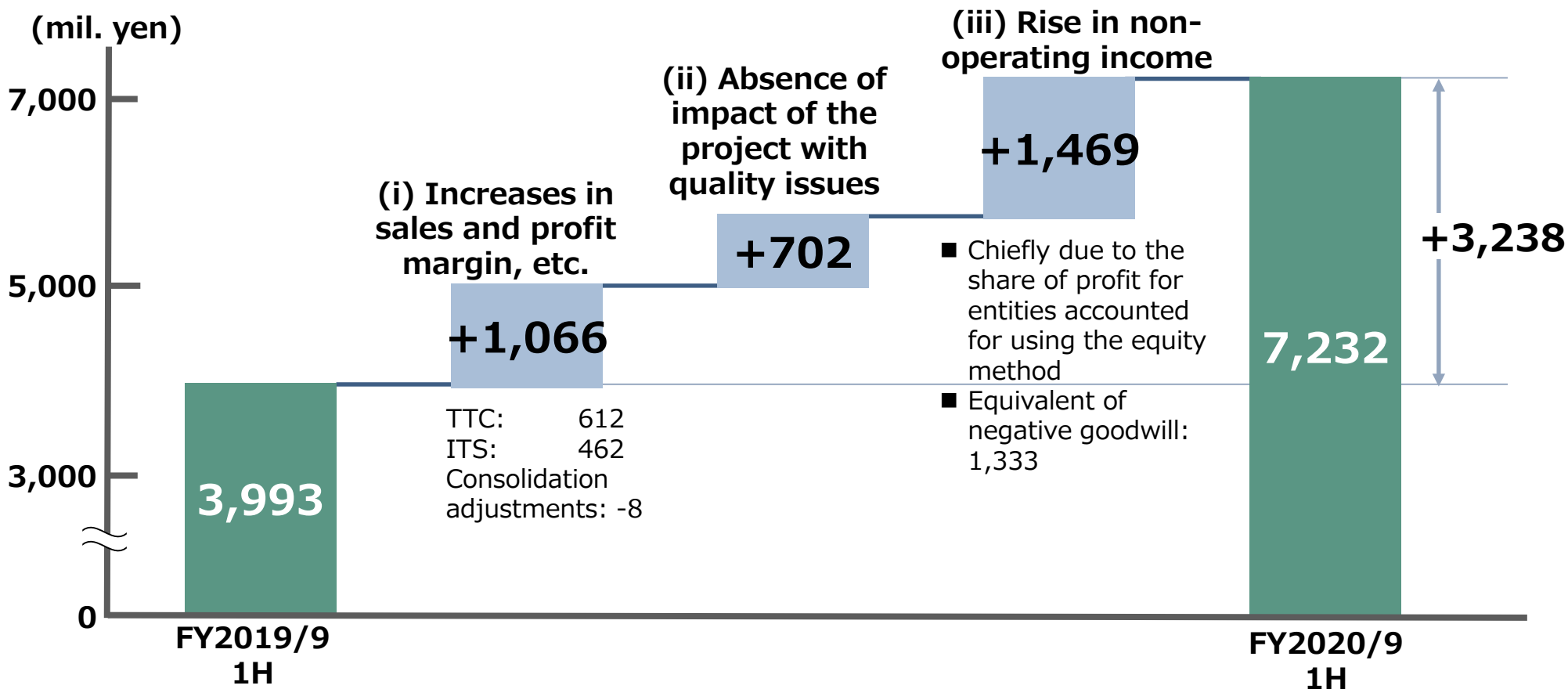
	FY2019/9 1H (Oct.-Mar.)	FY2020/9 1H (Oct.-Mar.)	Year-on-year	
			Amount	Rate
Net sales	45,903	48,246	+2,342	+5.1%
Gross profit	10,778	12,647	+1,868	+17.3%
Gross profit margin	23.5%	26.2%	+2.7 P	
SG&A expenses	7,045	7,145	+99	+1.4%
Operating profit	3,733	5,502	+1,769	+47.4%
Operating profit margin	8.1%	11.4%	+3.3 P	
Ordinary profit	3,993	7,232	+3,238	+81.1%
Profit attributable to owners of parent	2,823	6,466	+3,643	+129.0%
Basic earnings per share (yen)	173.79	397.97	+224.18	

Net sales by industry of customer <YoY>



Factors behind fluctuation of ordinary profit /loss <YoY>

- Implemented strategies and reforms in line with MP2020 (strategic orders, larger projects, and new business).
- Profit rose due to;
 - (i) increases in sales and profit margin, (ii) the absence of impact from the project with quality issues and (iii) INES becoming an equity method affiliate.



Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2019/9 1H (Oct.-Mar.)	FY2020/9 1H (Oct.-Mar.)	Year-on-year	
			Amount	Rate
Net sales	17,768	17,963	+195	+1.1%
Operating profit	2,849	3,462	+612	+21.5%
Operating profit margin	16.0%	19.3%	+3.3P	
Ordinary profit	2,969	5,058	+2,088	+70.3%
Orders received	16,258	20,256	+3,998	+24.6%
Order backlog	23,490	28,600	+5,109	+21.8%

Key points

- Sales rose in consultation for government and public offices and financial institutions thanks to strategic orders.
- Profit increased significantly due to rises in profit margin and sales as well as a share of profit for entities accounted for using the equity method (INES).
- Orders received and order backlog rose as a result of strong orders for projects for the government and public offices.

IT Services (ITS)

(mil. yen)

	FY2019/9 1H (Oct.-Mar.)	FY2020/9 1H (Oct.-Mar.)	Year-on-year	
			Amount	Rate
Net sales	28,135	30,282	+2,146	+7.6%
Operating profit	871	2,036	+1,165	+133.7%
Operating profit margin	3.1%	6.7%	+3.6P	
Ordinary profit	1,013	2,171	+1,158	+114.3%
Orders received	28,332	31,205	+2,873	+10.1%
Order backlog	36,674	41,296	+4,622	+12.6%

Key points

- Resolved quality issues in the project. Both sales and profit rose primarily in the finance and credit card business.
- Profit increased due to the absence of the impact of losses from the project with quality issues in the previous fiscal year (up 700 mil. yen).
- Orders received and order backlog climbed due to strong orders in the finance and credit card business.

1. FY2020/9 1H Financial Results

2. FY2020/9 Full Year Forecasts

The full-year forecasts remain unchanged.

- Both net sales and profit exceeded the plan in the first half.
- Effects from the spread of the coronavirus are unavoidable. It is difficult to visualize the entire picture at present.
- It is uncertain when economic activity will resume. Adjustment with each client is necessary.

Effects of coronavirus on results (risk)

- Falls in sales and profit due to the suspension of ongoing operations or changes in specifications
- Declines in sales and profit due to cancellations, changes and postponements of new projects or projects in progress

Examine the effects and disclose changes promptly if they are required.

FY2020 Full Year Forecasts

No change from
previous forecast (02/05/2020)

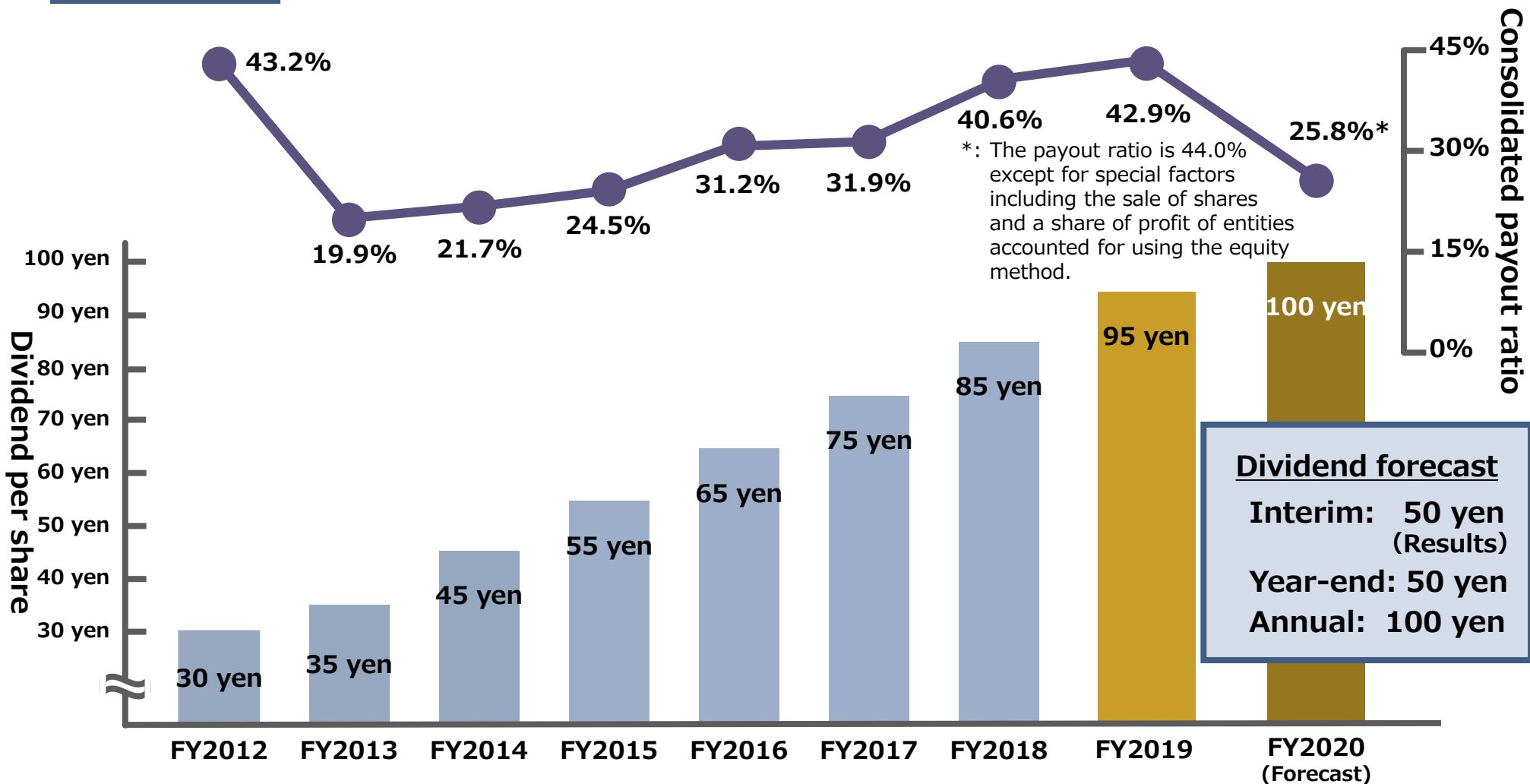
(mil. yen)

	FY2019/9 (Results)	FY2020/9 Forecasts	Year-on-year	
			Amount	Rate
			Net sales	90,029
TTC	34,099	36,000	+1,900	+5.6%
ITS	55,930	58,000	+2,069	+3.7%
Operating profit	5,130	4,900	-230	-4.5%
Operating profit margin	5.7%	5.2%	-0.5P	
Ordinary profit	5,718	7,000	+1,281	+22.4%
TTC	3,351	4,600	+1,248	+37.2%
ITS	2,325	2,400	+74	+3.2%
Profit attributable to owners of parent	3,599	6,300	+2,700	+75.0%
Basic earnings per share (yen)	221.58	387.65		

Dividends

Dividend Policy

The basic policy is to continue to pay stable dividends. We will strive to raise the dividend level, taking into comprehensive consideration results and financial soundness.



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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