
FY2020/9 3Q Financial Results

August 3, 2020

 **MITSUBISHI RESEARCH INSTITUTE, INC.**

1. FY2020/9 3Q Financial Results

2. FY2020/9 Full Year Forecasts

3. Topics

Summary

- ❑ The rise in sales and profit continued from 1H thanks to strategies and reforms under the Medium-term Management Plan 2020 (MP2020). A record-high 9-month result was achieved.
- ❑ The impact of COVID-19 on 3Q result was limited.

Net sales: 70,590 mil. yen YoY change +1,480 mil. yen (+2.2%)

- ❑ Think tank and consulting services (TTC): Sales rose thanks to an increase in government and public office projects.
- ❑ IT services (ITS): Sales rose thanks to an increase in finance and credit card services.

**Ordinary profit: 8,040 mil. yen
YoY change +3,270 mil. yen (+68.8%)**

- ❑ Ordinary profit climbed significantly due to a strong result maintained from 1H and a rise in sales and profit margin both in TTC and ITS.
- ❑ The share of profit of entities accounted for using the equity method in TTC and the elimination of the impact by the project with quality issues in ITS in the previous period contributed.
- ❑ Impact of COVID-19 was only a fall of 300 mil. yen in ITS.

Profit: 7,190 mil. yen YoY change +3,960 mil. yen (+122.5%)

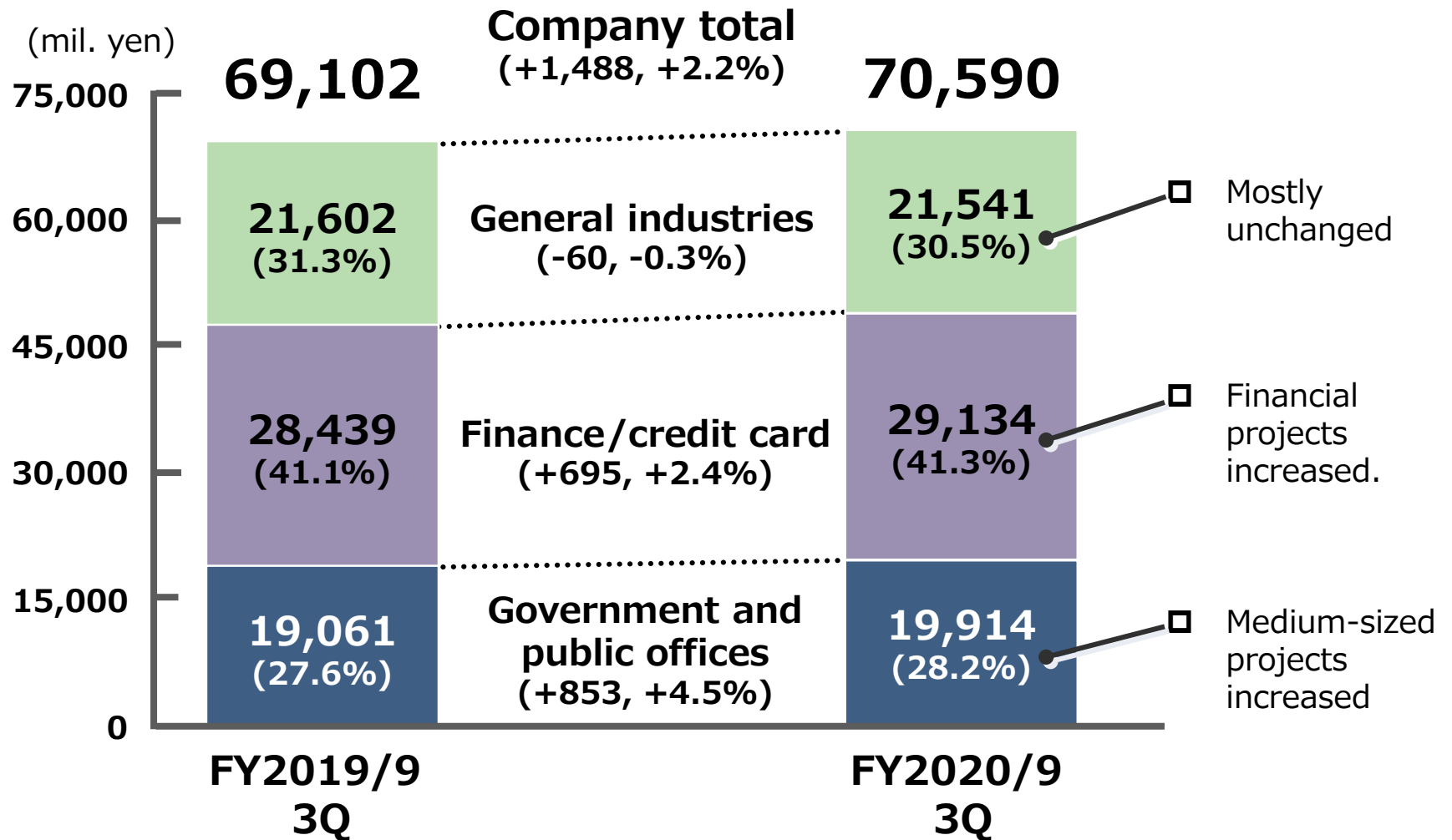
- ❑ Extraordinary income was posted.

3Q Consolidated Results <YoY>

(mil. yen)

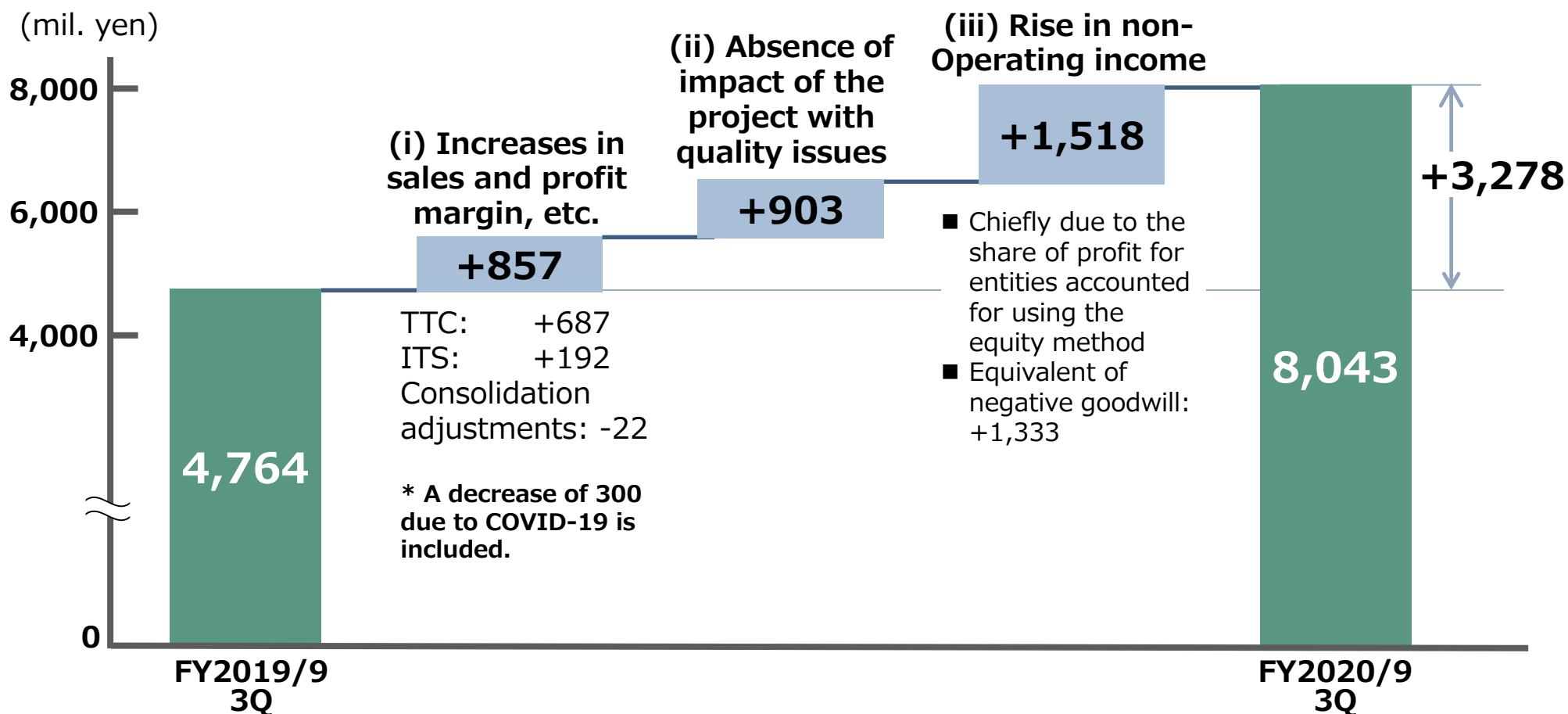
	FY2019/9 3Q (Oct. -Jun.)	FY2020/9 3Q (Oct. -Jun.)	Year-on-year	
			Amount	Rate
Net sales	69,102	70,590	+1,488	+2.2%
Gross profit	15,199	16,799	+1,600	+10.5%
Gross profit margin	22.0%	23.8%	+1.8 P	
SG&A expenses	11,063	10,903	-159	-1.4%
Operating profit	4,135	5,896	+1,760	+42.6%
Operating profit margin	6.0%	8.4%	+2.4 P	
Ordinary profit	4,764	8,043	+3,278	+68.8%
Profit attributable to owners of parent	3,235	7,199	+3,963	+122.5%
Basic earnings per share (yen)	199.17	443.01	+243.84	

Net sales by industry of customer <YoY>



Factors behind fluctuation of ordinary profit /loss <YoY>

- Strategies and reforms in line with MP2020 (strategic orders, larger projects, and new business) continued to be successful.
- Profit rose due to (i) increases in sales and profit margin that offset a fall of 300 mil. yen in ITS due to COVID-19, (ii) the absence of the impact from a project with quality issues, and (iii) INES becoming an equity method affiliate.



Think Tank and Consulting Services (TTC)

(mil. yen)

	FY2019/9 3Q (Oct. -Jun.)	FY2020/9 3Q (Oct. -Jun.)	Year-on-year	
			Amount	Rate
Net sales	28,215	28,828	+612	+2.2%
Operating profit	3,282	3,969	+687	+20.9%
Operating profit margin	11.6%	13.8%	+2.2P	
Ordinary profit	3,634	5,912	+2,278	62.7%
Ordinary profit margin	12.9%	20.5%	+7.6P	
Orders received	26,077	29,005	+2,927	+11.2%
Order backlog	22,862	26,483	+3,621	+15.8%

Key points

- Sales and profit rose thanks to growth in government and public office projects and profit margins.
- Profit is not affected by COVID-19.
- Large YoY growth in orders received and order backlog was maintained despite the impact of COVID-19 (a decrease in orders received for general industries projects generating sales during the period).

IT Services (ITS)

(mil. yen)

	FY2019/9 3Q (Oct. -Jun.)	FY2020/9 3Q (Oct. -Jun.)	Year-on-year	
			Amount	Rate
Net sales	40,886	41,762	+875	+2.1%
Operating profit	824	1,920	+1,095	+132.9%
Operating profit margin	2.0%	4.6%	+2.6P	
Ordinary profit	1,101	2,125	+1,023	+92.9%
Ordinary profit margin	2.7%	5.1%	+2.4P	
Orders received	43,229	43,091	-137	-0.3%
Order backlog	38,820	41,703	+2,882	+7.4%

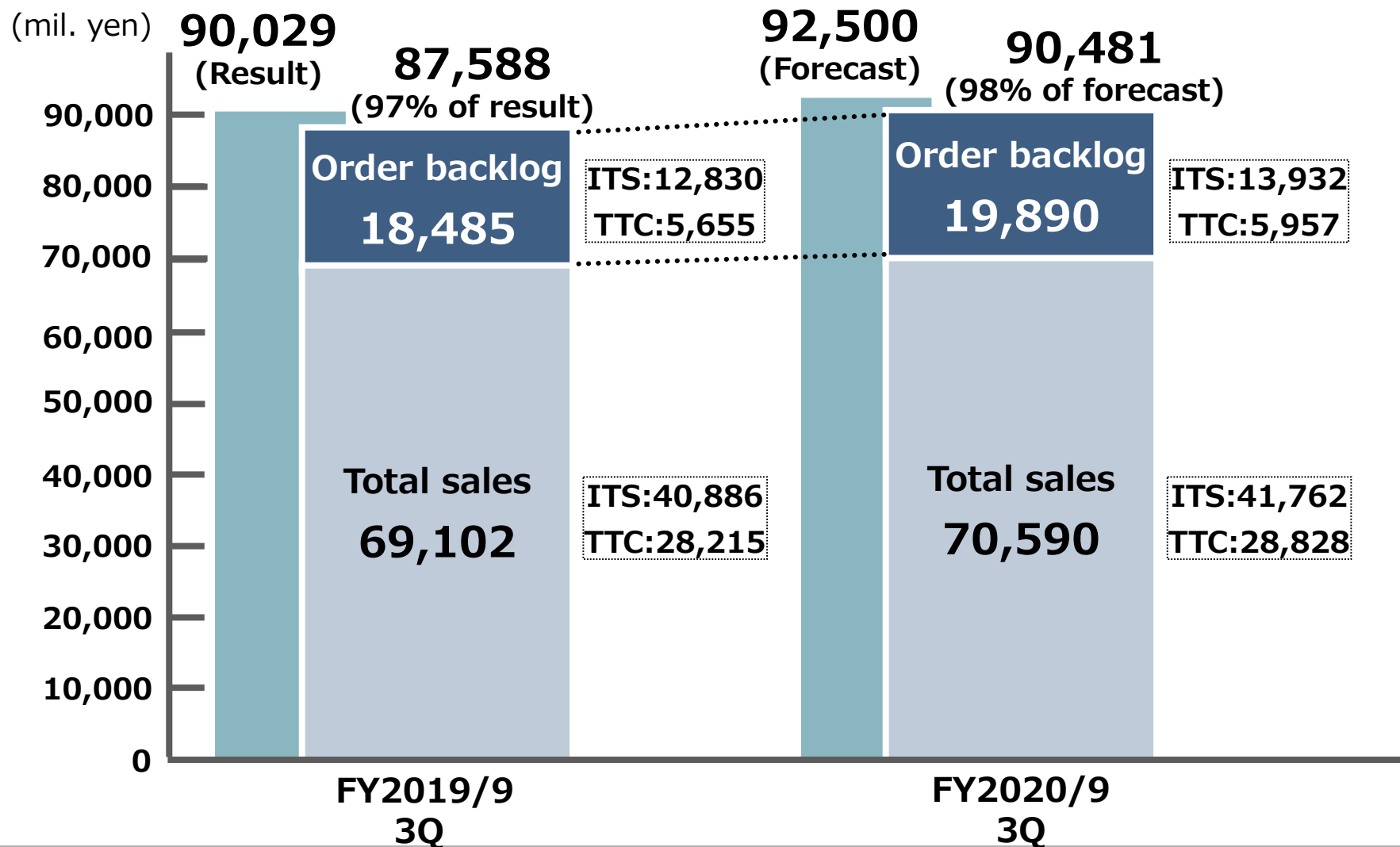
Key points

- Increases in sales and profit margin offset a fall of 300 mil. yen in ordinary profit due to COVID-19.
- Large YoY growth in order backlog was maintained despite the impact of COVID-19 (a decrease in orders received for finance/credit card services generating sales during the period).

Order backlog (for Sales in FY2020/9)

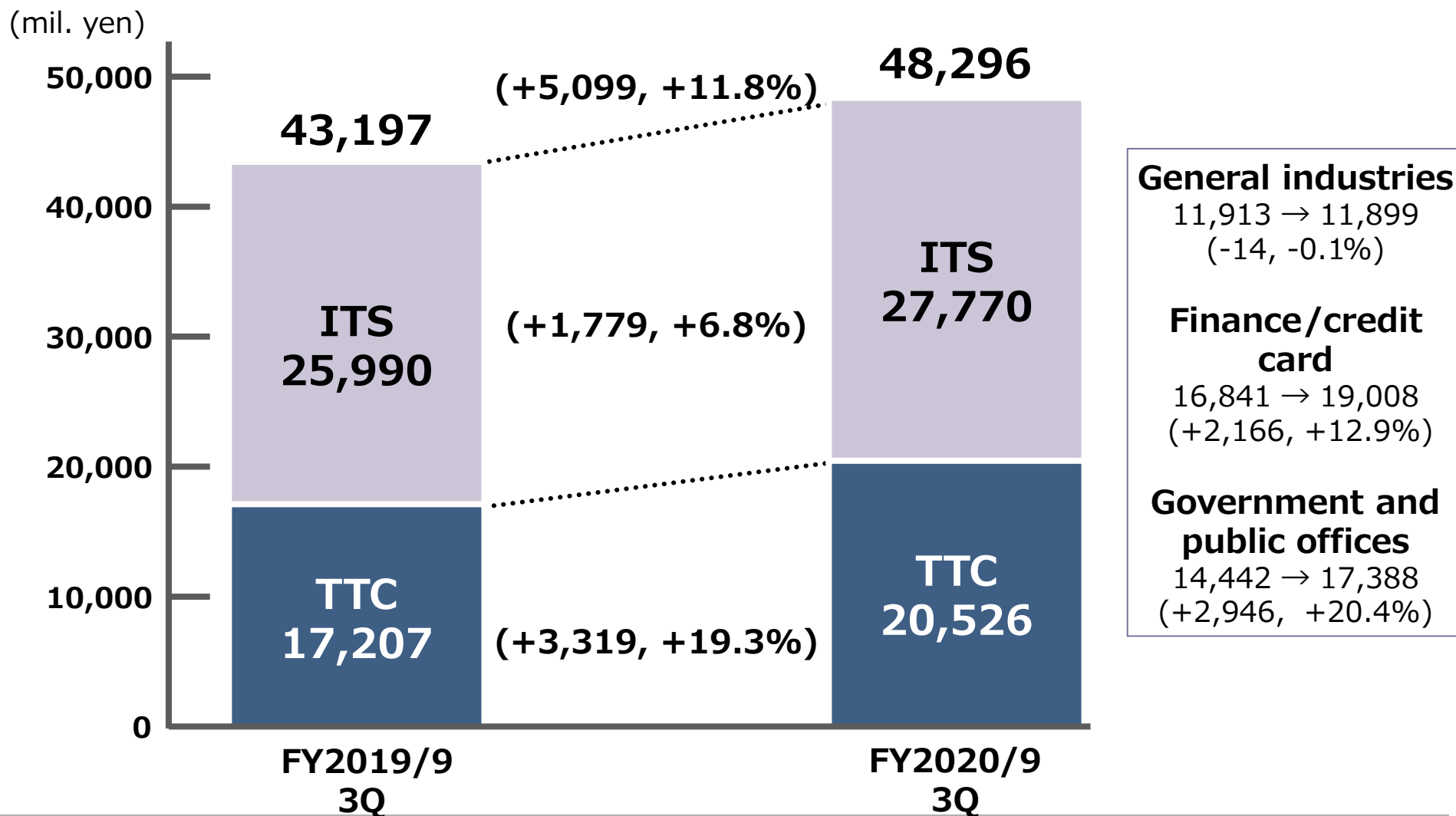
- Secured 98% of earnings forecast (revised*) for FY2020/9 (total sales + order backlog)

* See Page 10 and thereafter.



Order backlog (Orders Carried Over to Next Fiscal Year)

- Rose 11.8% year on year thanks to large orders received for both TTC and ITS.



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FY2020 Full Year Forecasts

Revised from previous forecast (Feb. 5, 2020)

The full-year forecast was revised due to the general emergence of the impact of COVID-19 and strong results for 3Q.

- ❑ Assuming that the current COVID-19 situation continues, a fall (on a par with the economic slowdown seen at the time of the declaration of a state of emergency) during the fiscal year is not expected.

Sales forecast: 92,500 mil. yen

YoY change +2,470 mil. yen (+2.7%)

- ❑ TTC: 34,500 mil. yen (down 1,500 mil. yen from previous forecast); reflects the impact of COVID-19 (decrease in orders for projects generating sales during FY2020)

Ordinary profit forecast: 7,500 mil. Yen

YoY change +1,780 mil. yen (+31.2%)

- ❑ Consolidated: 7,500 mil. yen (up 500 mil. yen from previous forecast); reflects the impact of COVID-19 (decrease of 900 mil. yen in full-year result)
- ❑ TTC:: 4,900 mil. yen (up 300 mil. yen from previous forecast); Impact of COVID-19 is a decrease of 300 mil. yen in 4Q
- ❑ ITS: 2,600 mil. yen (up 200 mil. yen from previous forecast); Impact of COVID-19 is a decrease of 300 mil. yen each in 3Q and 4Q

Profit forecast: 6,600 mil. Yen

YoY change +3,000 mil. yen (+83.3%)

- ❑ Consolidated: 6,600 mil. yen (up 300 mil. yen from previous forecast)

FY2020 Full Year Forecasts

Revised from previous forecast (Feb. 5, 2020)

(mil. yen)

	FY2019/9 (Results)	FY2020/9 Forecasts	Year-on-year		Previous forecast Feb. 5, 2020	Change from previous forecast
			Amount	Rate		
Net sales	90,029	92,500	+2,470	+2.7%	94,000	-1,500
TTC	34,099	34,500	+400	+1.2%	36,000	-1,500
ITS	55,930	58,000	+2,069	+3.7%	58,000	—
Operating profit	5,130	5,500	+369	+7.2%	4,900	+600
Operating profit margin	5.7%	5.9%	+0.2P		5.2%	+0.7P
Ordinary profit	5,718	7,500	+1,781	+31.1%	7,000	+500
TTC	3,351	4,900	+1,548	+46.2%	4,600	+300
ITS	2,325	2,600	+274	+11.8%	2,400	+200
Profit attributable to owners of parent	3,599	6,600	+3,000	+83.3%	6,300	+300
Basic earnings per share (yen)	221.58	406.11	+184.53		387.65	+18.46

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Impact of COVID-19 and Measures Taken by the MRI Group

Negative impact

- Full-year profit: down 900 mil. yen
 - TTC : Decrease in orders received for projects generating sales in FY2020/9
 - ITS : Onsite business engineers, etc. placed on standby at home (returned to work by June)

Positive impact

- Increase in consultations and inquiries in response to COVID-19 and gradual increase in orders received
 - Sales led by the healthcare and wellness field
 - Increase in inquiries for telecommunication, transportation, education, and other industries

Measures taken by the MRI Group (in and after 3Q)

- Improvement of information delivery related to COVID-19 (next page)
- Shift to hybrid working system. Consider “new normal” work styles.
- The next Medium-Term Management Plan will be announced at the closing of FY2020/9

Distribution of Information for Time after COVID-19

Actively distribute information and make proposals related to new social issues

□ Special website

- Measures against the Risk of COVID-19: Analysis and Proposals

www.mri.co.jp/knowledge/column/covid-19/index.html (*Only in Japanese)

- Posted more than 37 articles since April 1. The following are major examples

□ “COVID-19 Cases Rise Again: Infection Control in Life with COVID-19” (Jul. 30)

www.mri.co.jp/knowledge/column/20200730.html (*Only in Japanese)

- Examination in view of both future COVID-19 situation and economic impact based on assumed scenarios
- It is necessary to flexibly adjust the level of restrictions imposed through infection control measures and to suppress the number of patients to reduce both medical and economic burdens.

□ “World and Japan after COVID-19” (Jul. 14)

www.mri.co.jp/knowledge/insight/ecooutlook/2020/20200714.html (*Only in Japanese)

- Proposes a society that should be created by positioning it as “resilient and sustainable society”
- Two axes, “autonomous distributed system” and “cooperative actions of the government, businesses, and general public,” are important.

□ “Details of Measures against COVID-19 Taken in Countries around the World”

- Germany, France, UK, Iceland, South Korea, Singapore, Australia, etc., updated as appropriate

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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