

FY2013Q2 (Ended September 2013)

Financial Results & Business Update



(Security code #6787)

Nov. 20, 2013

Disclaimer

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 PWB business is subject to a number of risks and uncertainties that relate to raw material price, conditions of customers' market, technological trends, foreign currency exchange rates, tax rules, regulations, disasters, international conflicts and other factors. Meiko therefore wishes to caution that actual results may differ materially from our expectations.

FY2013Q2 Results

1

FY2013Q2 Results

2

FY2013 Forecast

3

Midterm Business Plan

FY2013Q2 Summary

Consolidated Results

- | | | |
|--------------------|----------------|-------------|
| ■ Net Sales | 37,724 Mil JPY | YoY +28.0% |
| ■ Operating Income | 691 Mil JPY | YoY +866.1% |

Positive Factor (YoY)

- Steady order of PCB for smart phone from Asian & Chinese customers toward Wuhan & Vietnam Plant.
- Steady growth of PCB for automotive at Guangzhou & Wuhan Plant

Negative Factor (YoY)

- Impact of the fire disaster in Vietnam Plant.

FY2013Q2 Consolidated Results

(millions of JPY)		FY2012Q2	FY2013Q2	
		Results	Results	Growth rate
Net Sales		29,473	37,724	28.0%
Operating Income		71	691	866.1%
Sales ratio		0.2%	1.8%	
Ordinary Income		-1,826	982	—
Sales ratio		-6.2%	2.6%	
Net Income		-2,747	235	—
Sales ratio		-9.3%	0.6%	
Earning per Share		-146.34	12.56	
Exchange Rate	JPY/USD	78.96	98.62	
	RMB/USD	6.33	6.18	

FY2013Q2 Overseas Production Sites

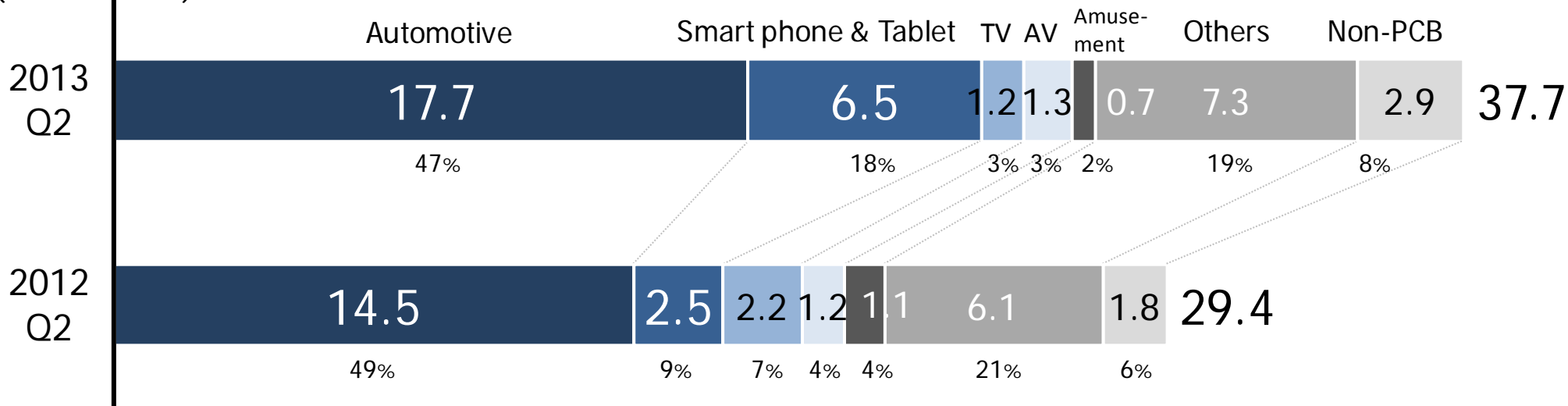
- Guangzhou: Mild increase in sales by steady growth of PCB for automotive.
- Wuhan: Steady order of PCB for smart phone & automobile contributed hugely to positive turnaround.
- Vietnam: Growing order of PCB for smart phone from Asian customers contributed hugely to sales growth.

(millions of JPY)

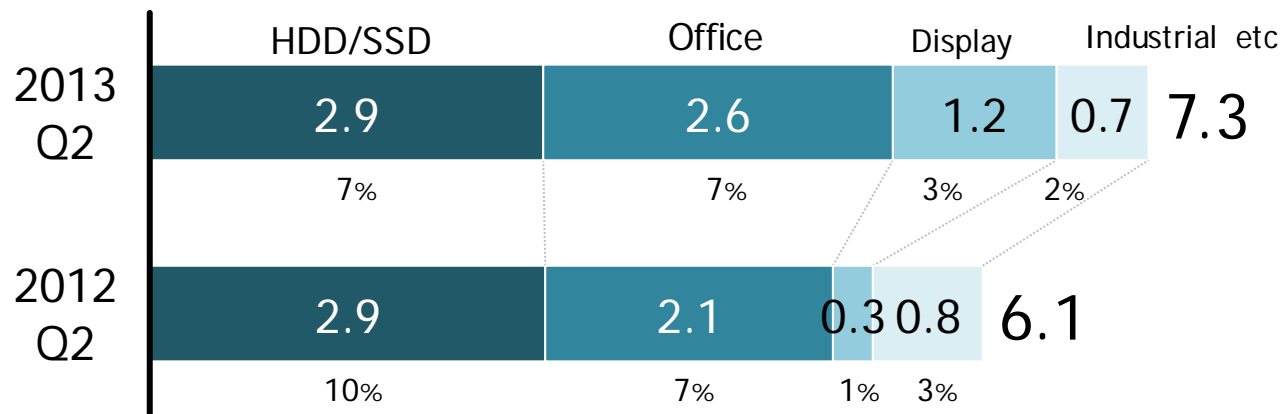
		FY2012Q2	FY2013Q2	YoY
Guangzhou	Net Sales	14,362	15,772	9.8%
	Operating Income	1,050	941	-10.4%
	Sales ratio	7.3%	6.0%	
Wuhan	Net Sales	8,476	12,588	48.5%
	Operating Income	-888	57	-
	Sales ratio	-10.5%	0.5%	
Vietnam	Net Sales	820	3,038	270.5%
	Operating Income	-829	-347	-
	Sales ratio	-101.1%	-11.4%	

FY2013Q2 Sales Result -by market

(billions of JPY)

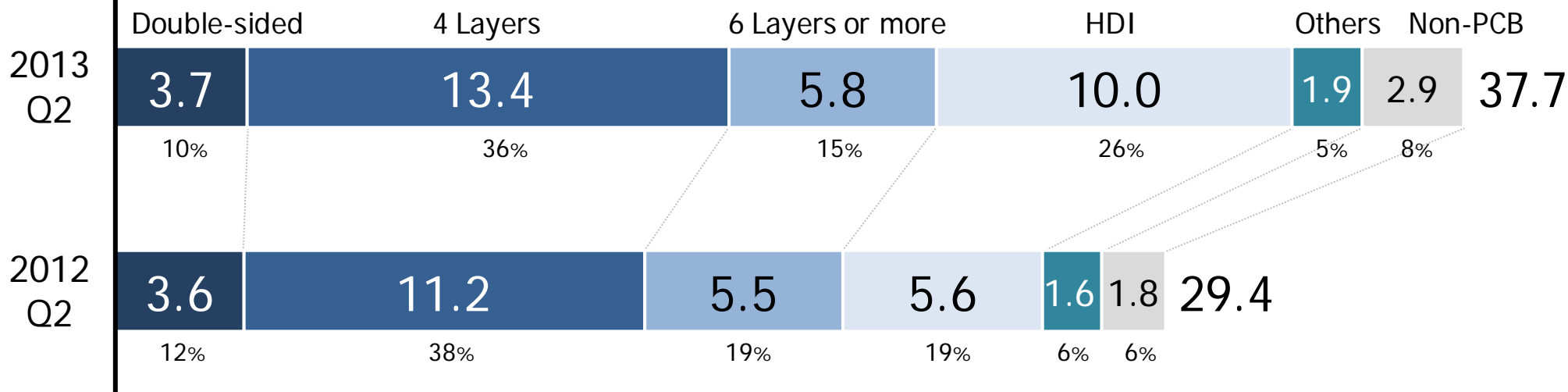


Details of "others"

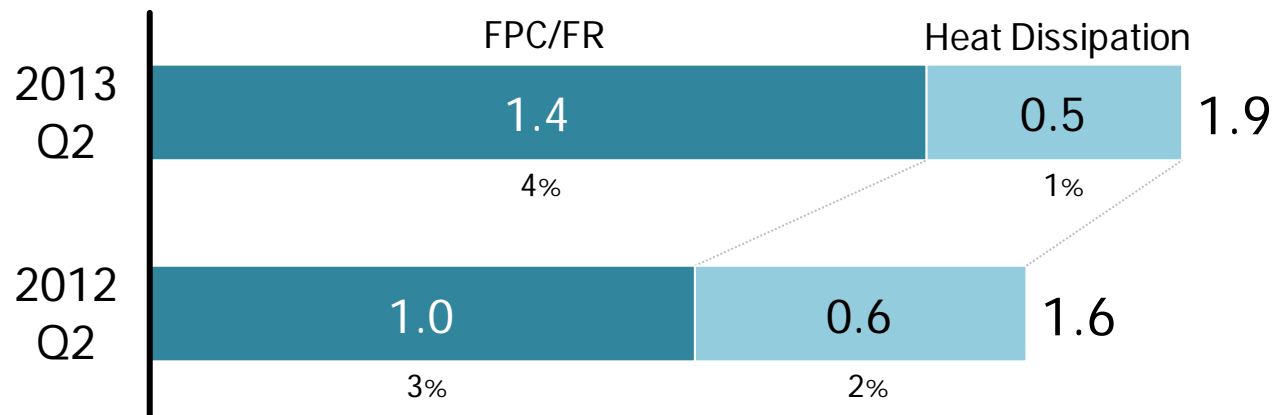


FY2013Q2 Sales Result -by product

(billions of JPY)



Details of "others"



Fire Accident in Vietnam Plant

Place & date occurred

- Date: Sept. 2, 2013 20:30 (Vietnam time)
- Place: Copper plating process, 1st floor of PCB factory

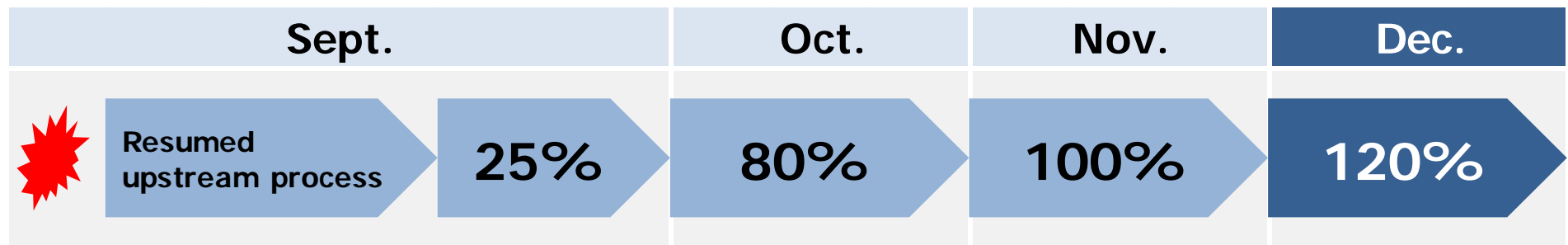
Damage situation

- Two lines of copper plating burned, and some adjacent process were damaged by smoke.

Impact on financial results

- Operating Loss Sept: 620 mil JPY 3Q: 200 mil JPY total 820 mil JPY
- Material damage is under inspection (to be covered by insurance.)

Current status



FY2013 Forecast

1

FY2013Q2 Results

2

FY2013 Forecast

3

Midterm Business Plan

FY2013 Consolidated Forecast

(millions of JPY)		FY2012	FY2013	
		Results	Plan	Growth rate
Net Sales		60,709	79,000	30.1%
Operating Income		-605	3,000	—
Sales ratio		-1.0%	3.8%	
Ordinary Income		-386	2,800	—
Sales ratio		-0.6%	3.5%	
Net Income		-1,567	1,400	—
Sales ratio		-2.6%	1.8%	
Earning per Share		-83.52	74.57	
Exchange Rate	JPY/USD	83.31	98.00	
	RMB/USD	6.30	6.15	

FY2013 Overseas Plants Forecast

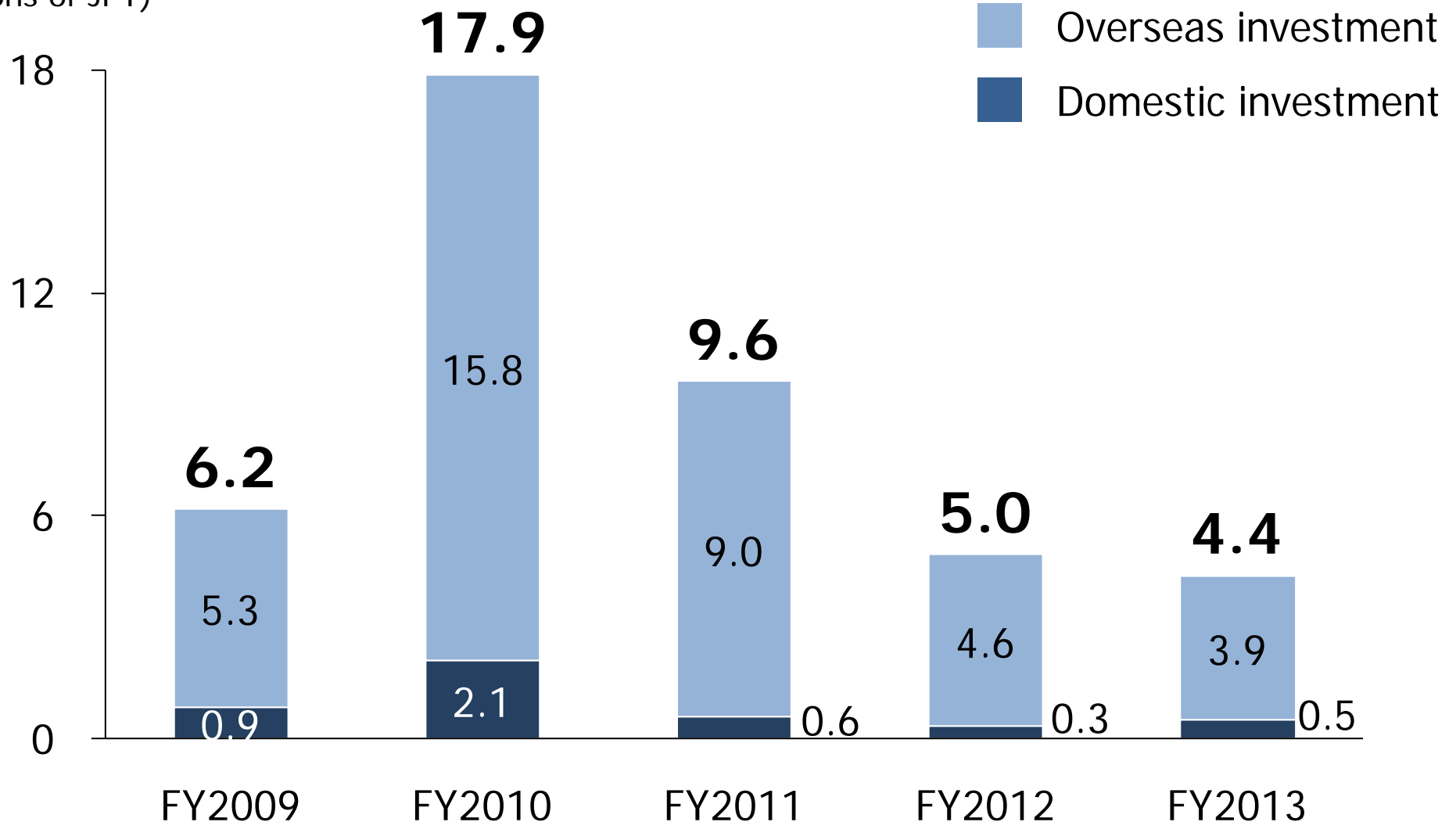
- Guangzhou: Mild increase in sales by steady growth of PCB for automotive.
- Wuhan: Sales growth caused by increasing order of PCB for Chinese smart phone, automobile & SSD.
- Vietnam: Increasing production of HDI contributes to positive turnaround.

(millions of JPY)

		FY2012	FY2013	YoY
Guangzhou	Net Sales	27,661	29,500	6.6%
	Operating Income	1,570	1,500	-4.5%
	Sales ratio	5.7%	5.1%	
Wuhan	Net Sales	17,665	25,800	46.1%
	Operating Income	-2,638	640	-
	Sales ratio	-14.9%	2.5%	
Vietnam	Net Sales	3,390	8,100	138.9%
	Operating Income	-1,461	150	-
	Sales ratio	-43.1%	1.9%	

FY2013 Capital Investment Forecast

(billions of JPY)



Midterm Business Plan

1

FY2013Q2 Results

2

FY2013 Forecast

3

Midterm Business Plan

Primary Indicators

(millions of JPY)		FY2012	FY2013	FY2014	FY2015
Net Sales		60,709	79,000	85,000	92,000
Operating Income		-605	3,000	4,900	6,300
Sales ratio		-1.0%	3.8%	5.8%	6.8%
Depreciation		5,300	6,100	6,300	6,300
Capital Investment		4,300	4,400	5,500	5,500
Exchange Rate	JPY/USD	83.31	98.00		
	RMB/USD	6.30	6.15		

Midterm Basic Strategy

Production

- Establishing the production basis aiming for No. 1 quality & capacity of PCBs for automotive.
- Further improvement of yield rate of PCBs for smart phones.
- Investment aiming for improving productivity.

Sales

- Improving sales structure aiming for No.1 share of automotive market.
- Sales promotion for Asian & Chinese smart phone.

Technology

- Commercialization of brand new developed products.
- Generating synergy on technology through partnership with Schweizer Electronic.

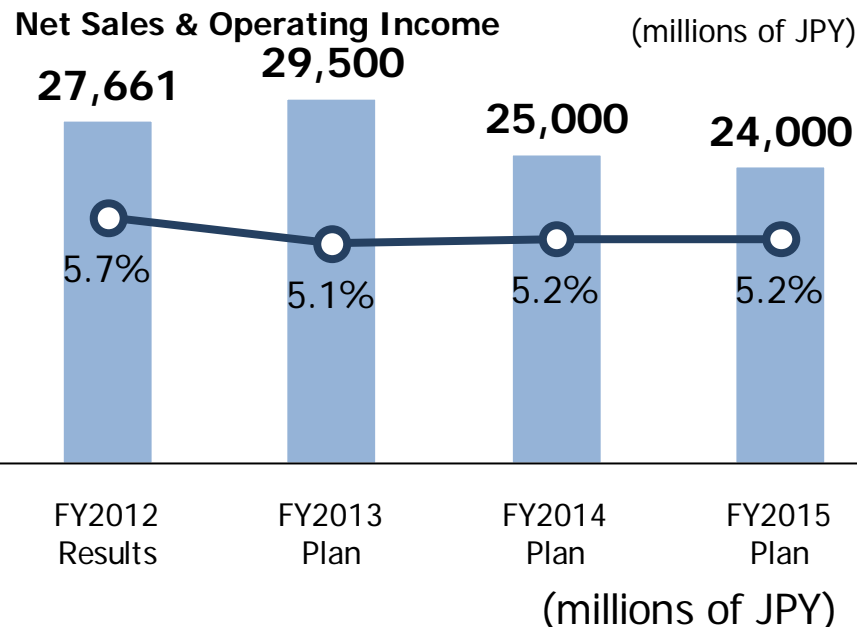
Finance

- Improvement of financial balance.

Production Strategy - Guangzhou Plant

Initiatives

1. Capital investment aiming for strengthening the quality.
2. Streamlining investment aiming for improving productivity.

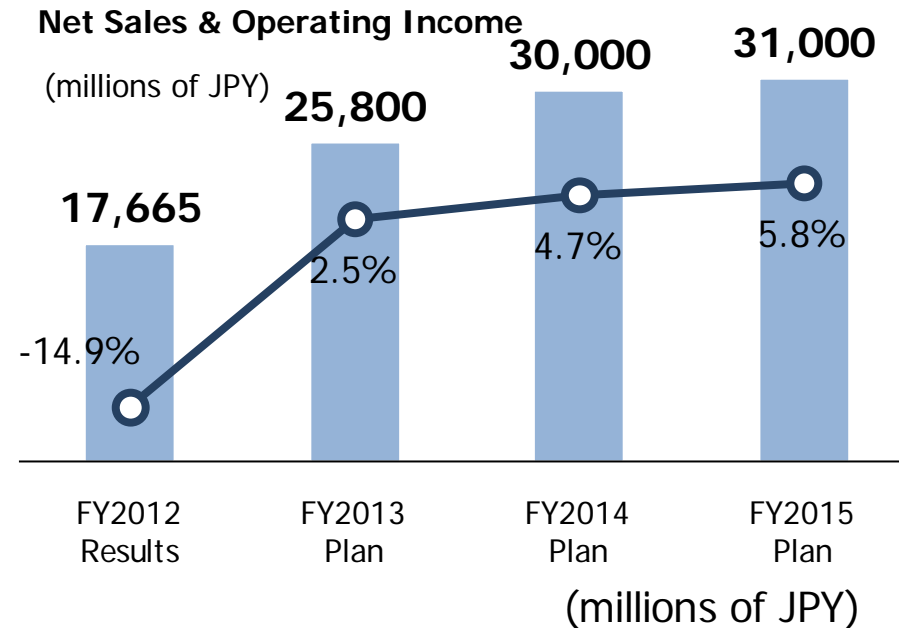


	FY2012 Results	FY2013 Plan	FY2014 Plan	FY2015 Plan
Net Sales	27,661	29,500	25,000	24,000
Operating Income	1,571	1,500	1,300	1,250
Sales ratio	5.7%	5.1%	5.2%	5.2%

Production Strategy - Wuhan Plant

Initiatives

1. Plant #1: Increasing the output for automotive and HDD/SSD.
2. Plant #2: Increasing the output of HDI for Chinese & Korean customers.
3. Further strengthening the quality of PCBs for automotive.

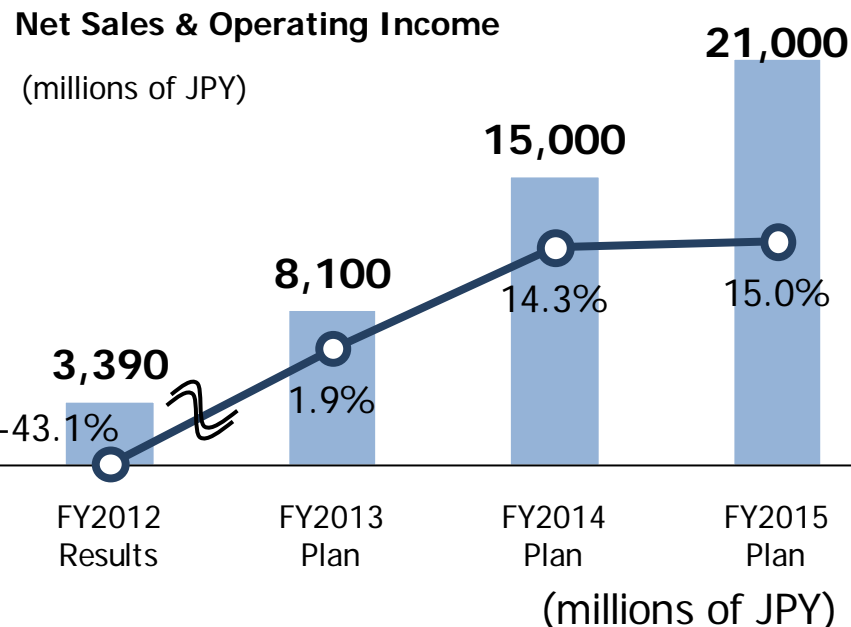


	FY2012 Results	FY2013 Plan	FY2014 Plan	FY2015 Plan
Net Sales	17,665	25,800	30,000	31,000
Half-finished PCB	2,000	1,100	500	300
Operating Income	-2,638	640	1,400	1,800
Sales ratio	-14.9%	2.5%	4.7%	5.8%

Production Strategy - Vietnam Plant

Initiatives

1. Strengthening the delivery period of HDI mass production for smart phone.
2. Establishing the joint production line of PCBs for automotive with Schweizer Electronic within FY2014.
3. Investment for new technology products.

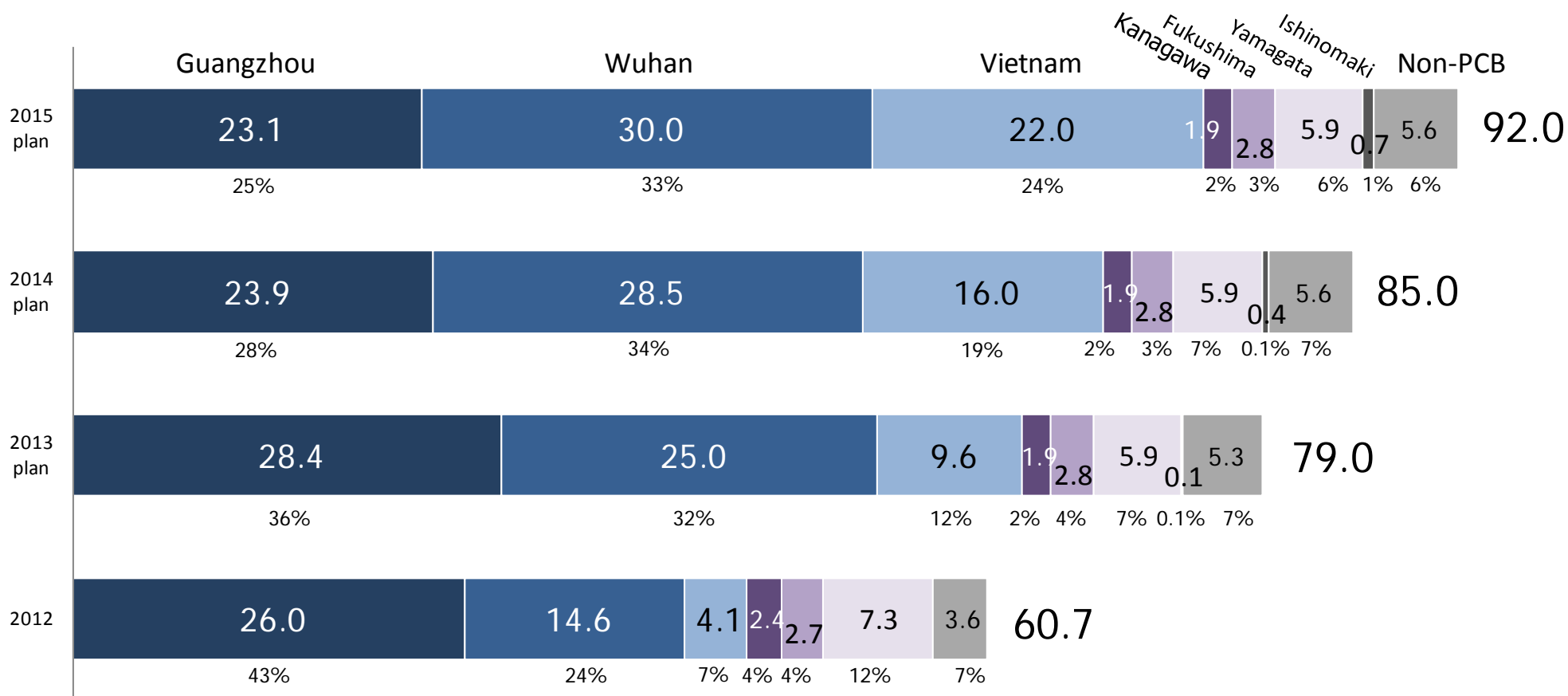


	FY2012 Results	FY2013 Plan	FY2014 Plan	FY2015 Plan
Net Sales	3,390	8,100	15,000	21,000
Operating Income	-1,462	150	2,150	3,150
Sales ratio	-43.1%	1.9%	14.3%	15.0%

* Exclude EMS business.

Sales Strategy - by plant

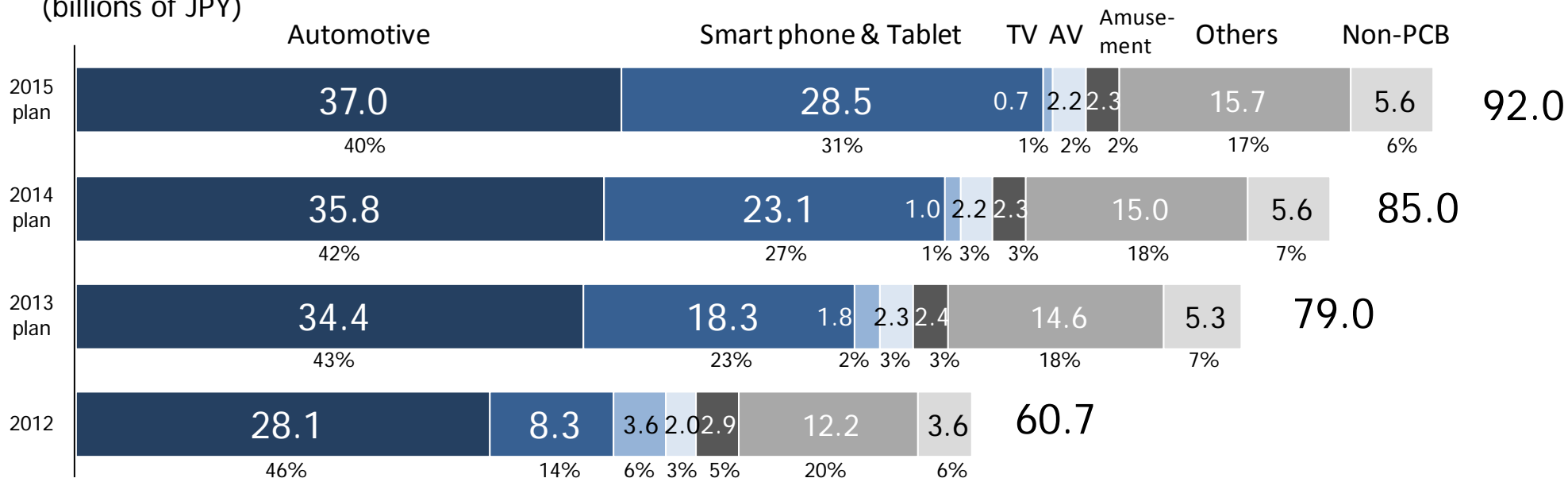
(billions of JPY)



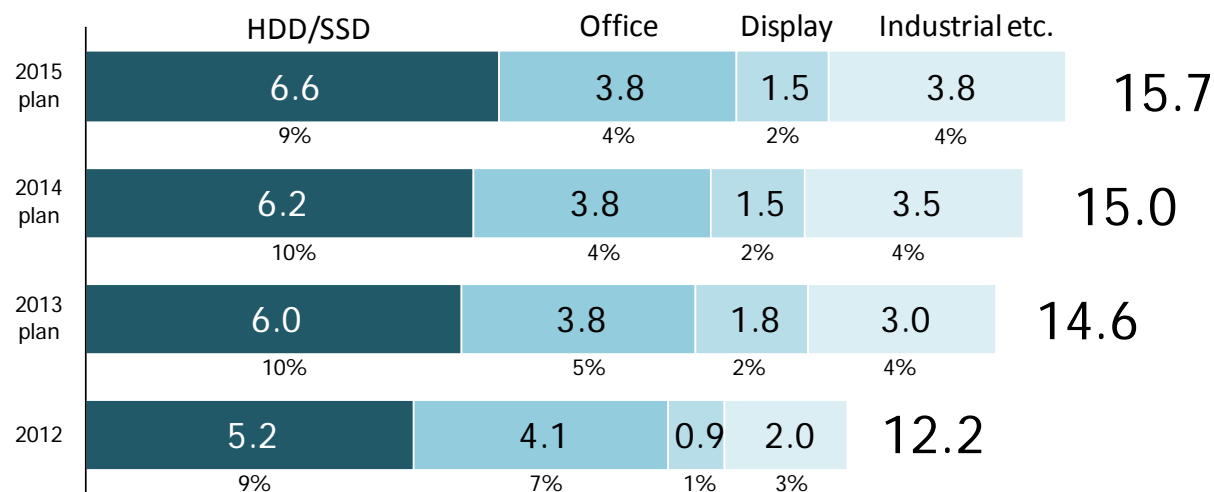
* Figures are based on PCB business and exclude design, tools and half-finished products.

Sales Strategy - by market

(billions of JPY)

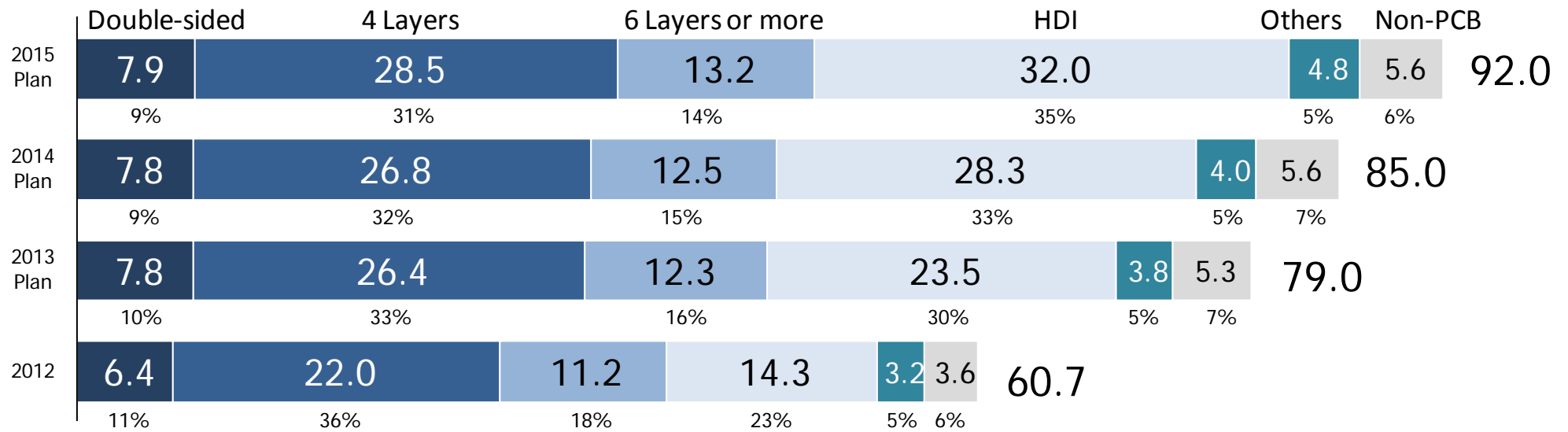


Details of "others"

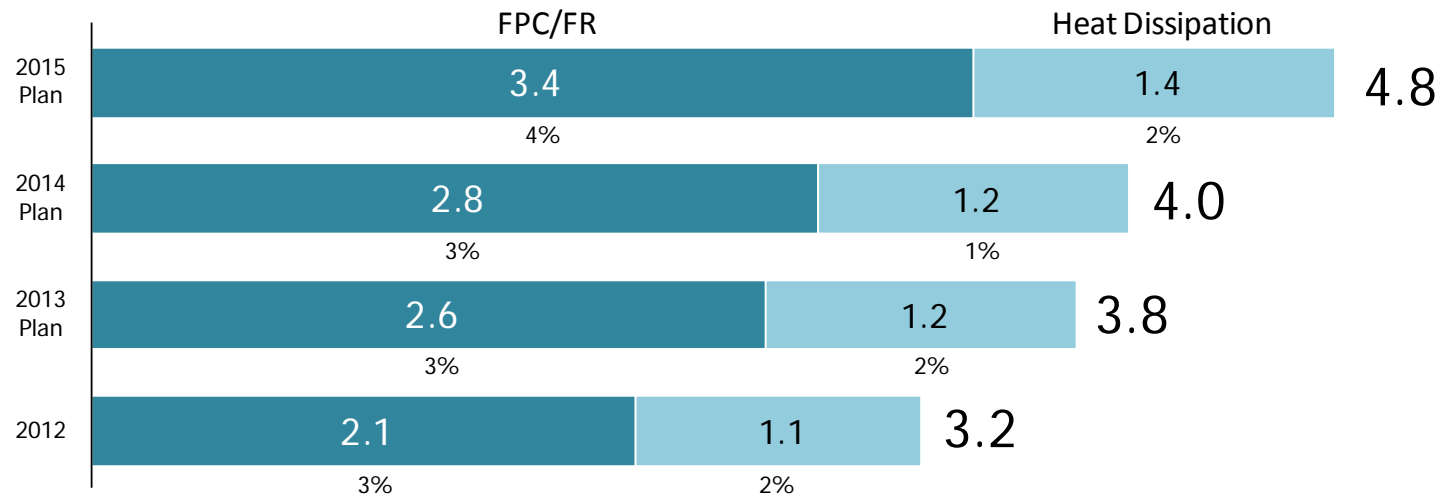


Sales Strategy - by product

(billions of JPY)

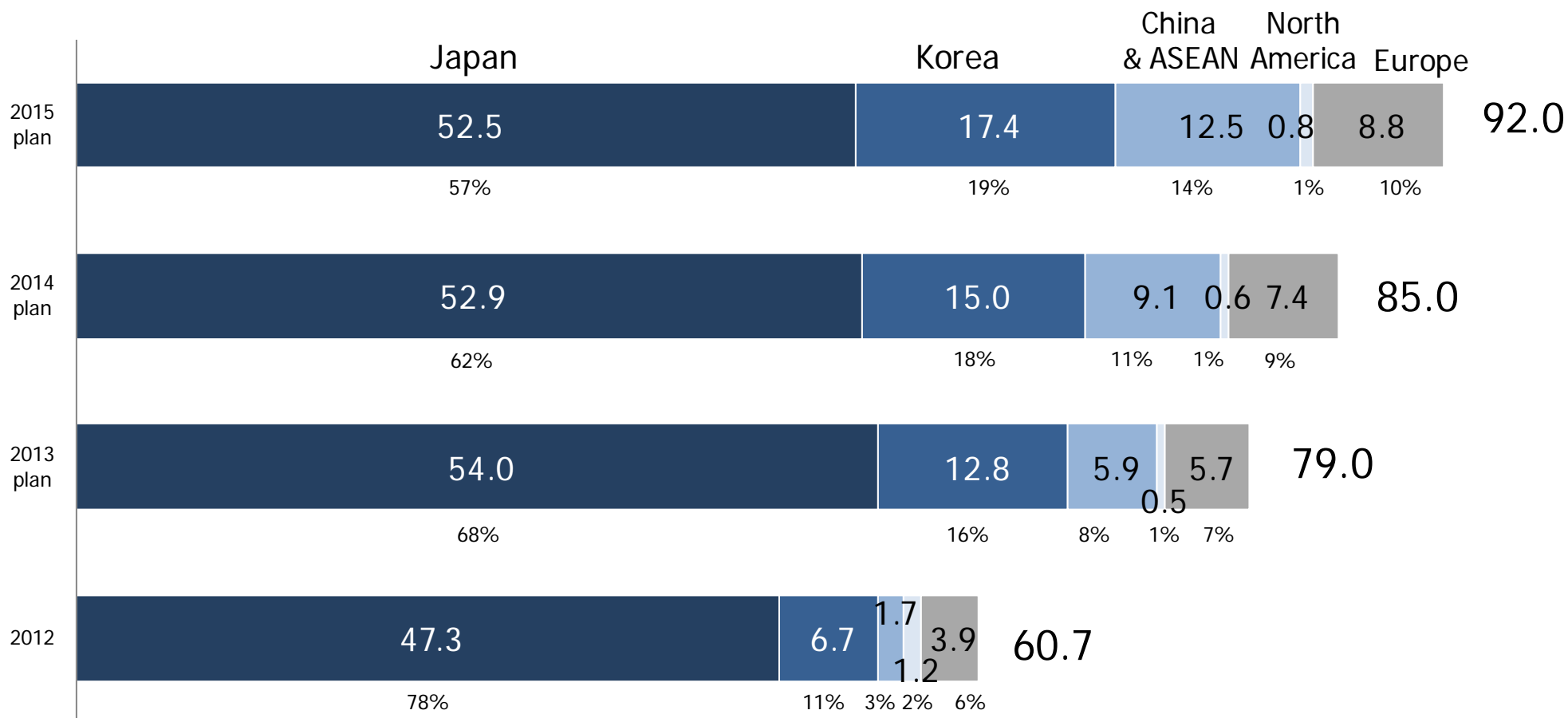


Details of "others"



Sales Strategy - by nationality

(billions of JPY)

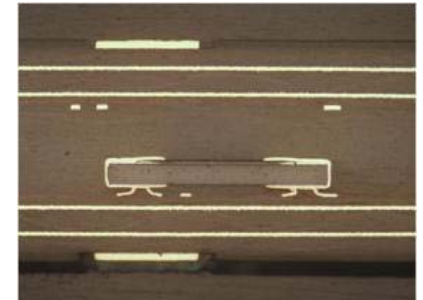
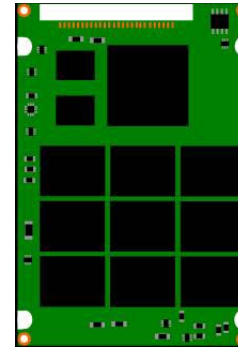


Technology Strategy - New Products Lineup(1)

Embedded Devices PCB

- Merit on embedding passive devices into PCB
 - Can increase memory capacity by enlarging mounting area for SSD memory chip.
 - Can improve electrical property by shortening the wiring to power source capacitors.
- Specifics of embedded devices PCB
 - Enables high reliability and high density by copper plating connection.

- SSD usage sample & cross section -

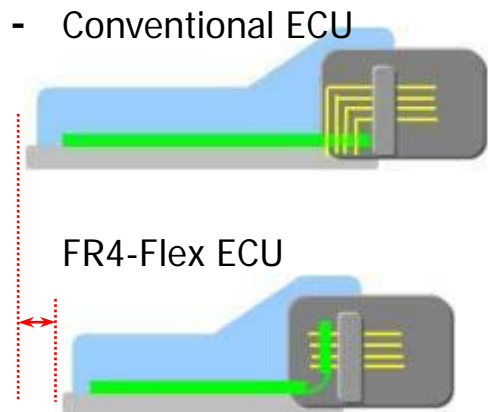


FR4-Flex

- Cutting costs by simplifying manufacturing process.
- High reliability as conventional rigid PCB.
- Developing rigid-flex PCB without polyimide.
- Already used in European customers.

- FR4-Flex usage sample - Conventional ECU

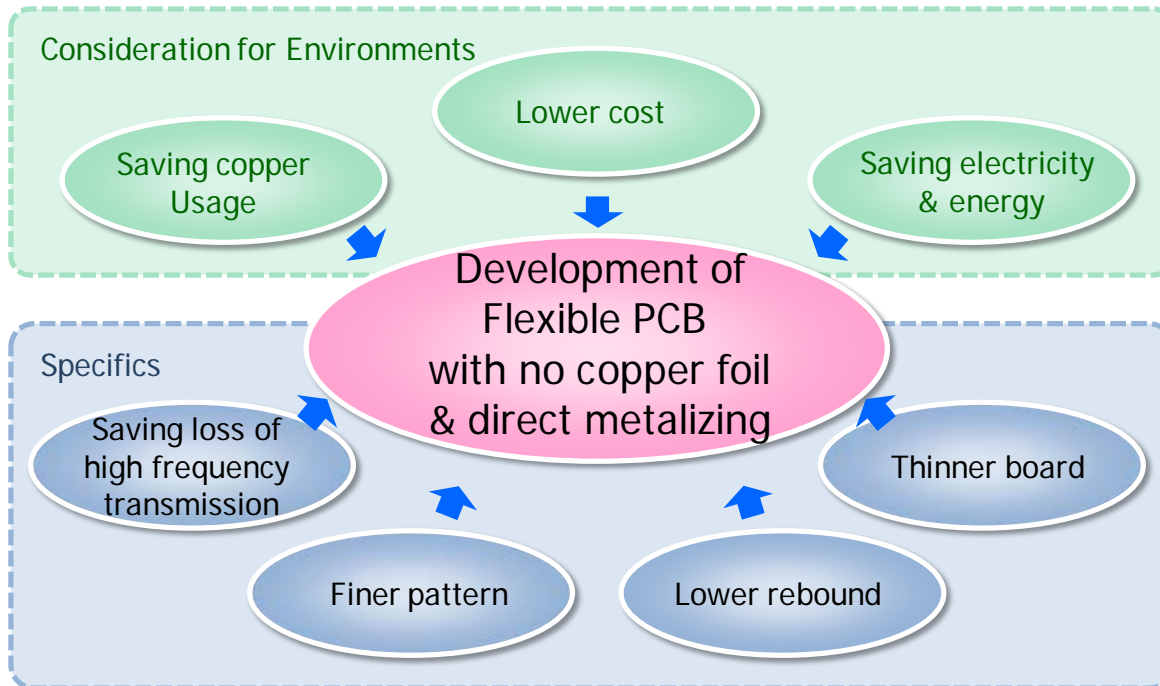
Contributes to downsize ECUs by bending a PCB at an angle of 90 degree.



Technology Strategy - New Products Lineup(2)

New Method FPC (MDiM) *Molecular Direct Metalizing

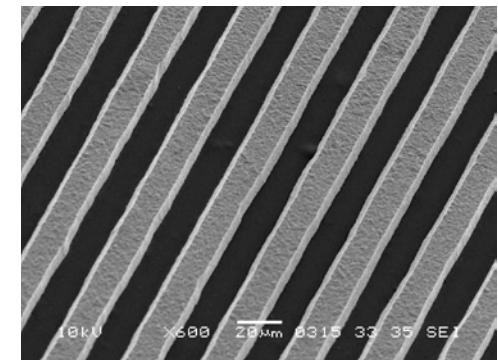
- New Flexible PCB using molecular junction technology.
- Cutting thickness by 2/3
- Contributes to finer pattern, reduction of high frequency transmission loss.
- Contributes to reduce copper & energy usage.



- Appearance of MDiM -

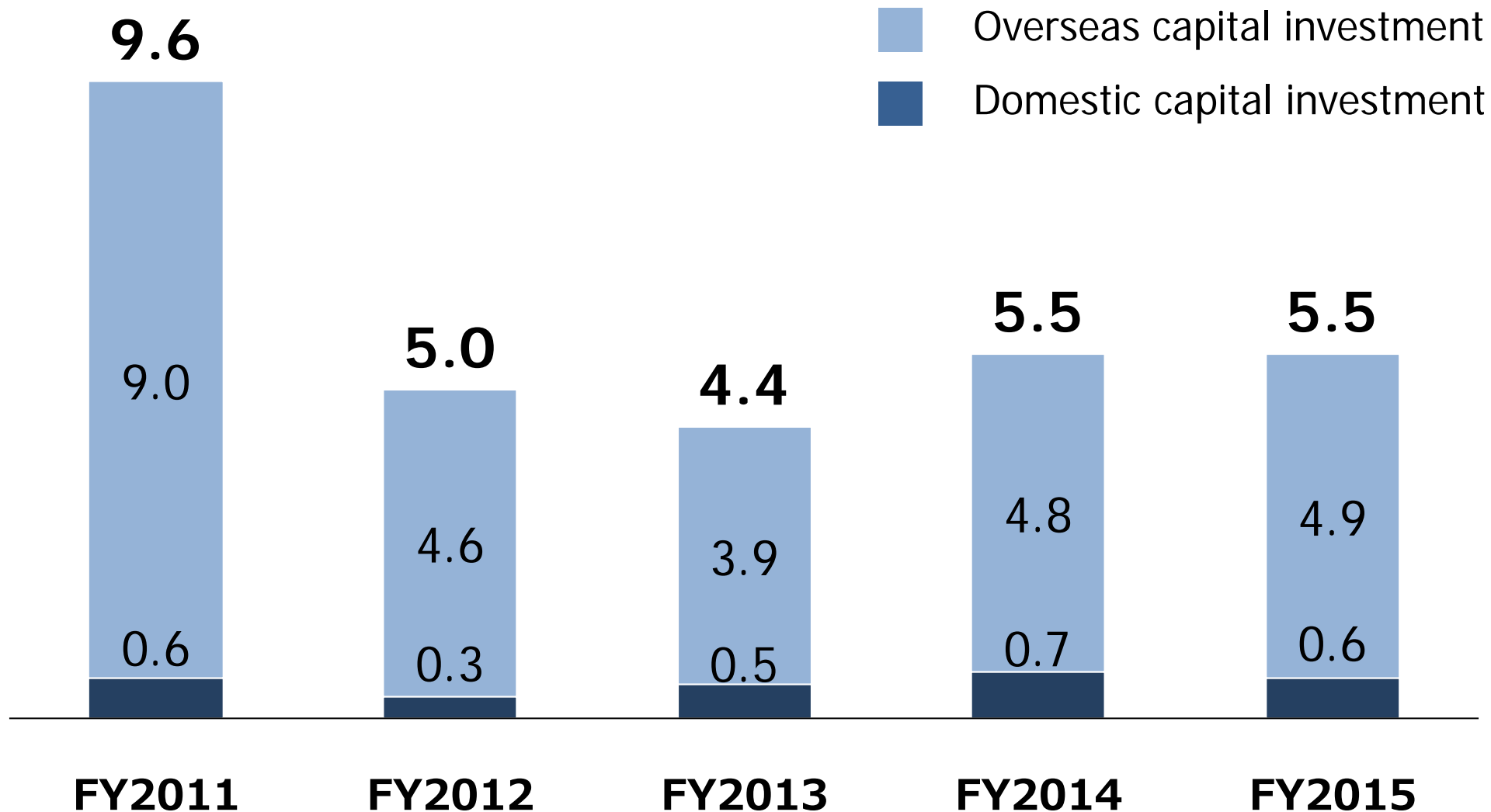


- Finer pattern -



Capital Investment Plan

(billions of JPY)



Outlook for Automotive ECU

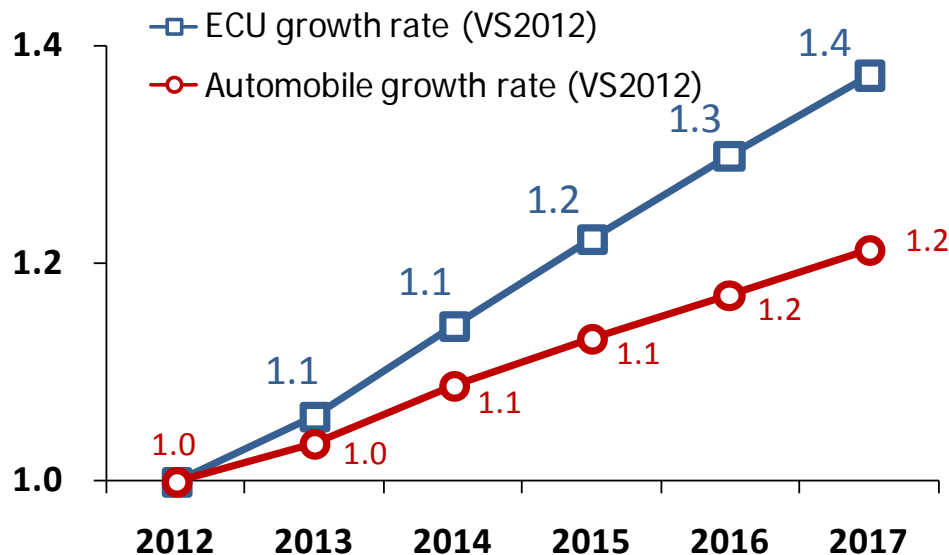
Forecast of ECU and automobile shipment

(unit ECU: 1,000 automobile: 1,000)

	2012	2013	2014	2015	2016	2017
ECU volume	1,503,670	1,593,240	1,718,615	1,839,290	1,954,220	2,062,690
Growth rate (VS2012)	1.00	1.06	1.14	1.22	1.30	1.37
Automobile volume	84,110	86,985	91,500	95,135	98,510	101,970
Growth rate (VS2012)	1.00	1.03	1.09	1.13	1.17	1.21

Automobile shipment growth < ECU sales growth

Growth rate of ECU and Automobile

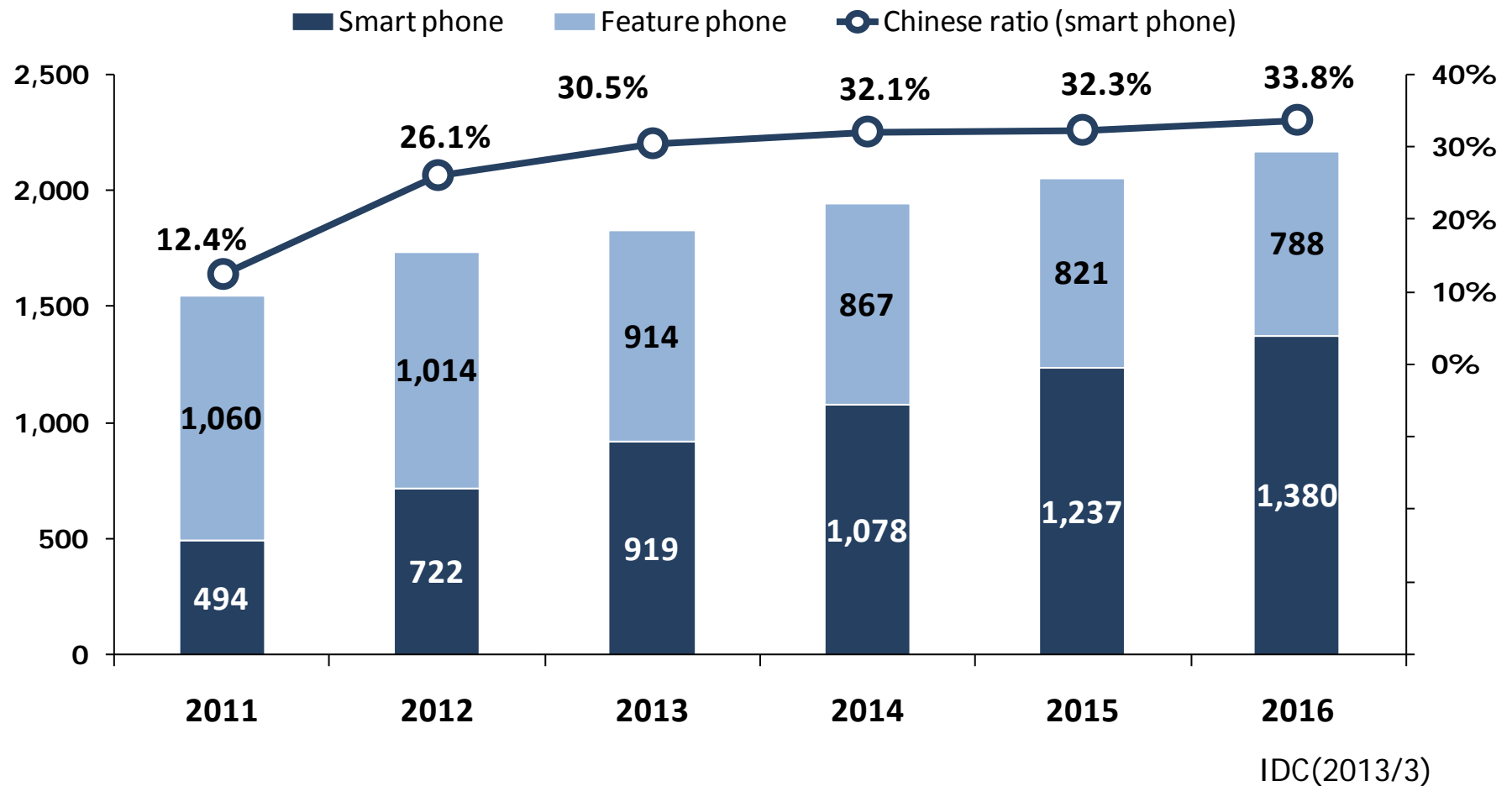


Accelerating electronization of automobiles leads to increasing demand for PCB.

Fuji Chimera Research Institute, Inc.,
"2013 Status & Forecast of Automobile ECU"

Outlook for Smart Phone

Worldwide shipment forecast of smart phone & feature phone





<http://www.meiko-elec.com/>