

Consolidated Financial Results for the Nine Months Ended December 31, 2019

TSE 1st Section: Ticker 7780



Key reason

➤ For the nine months ended December 31, 2019

Net sales : Year on year change **+5.1%**

The total number of members in MELS Plan

1.32millions

Gross profit: Improvement cost of sales ratio

as a result of curbed manufacturing costs

cost of sales ratio: 46.7% → **45.8%**

Operating profit : An increase of gross profit

and improvement of SGA ratio

Operating margin : 7.4% → **9.6%**

Summary

	For the Nine Months Ended December 31, 2018	For the Nine Months Ended December 31, 2019		JPY m
			YoY change	
Net sales	60,265	63,344	+ 5.1%	
Cost of sales	28,156	29,019	+ 3.1%	
(Cost of sales ratio)	46.7%	45.8%	(△0.9pt)	
Gross profit	32,108	34,324	+ 6.9%	
Selling, general and administrative expenses	27,635	28,248	+ 2.2%	
(SGA ratio)	45.9%	44.6%	(△1.3pt)	
Operating profit	4,472	6,075	+ 35.8%	
(OP margin)	7.4%	9.6%	(+2.2pt)	
Ordinary profit	4,418	5,994	+ 35.7%	
Profit attributable to owners of parent	2,833	4,000	+ 41.2%	
Basic earnings per share	JPY 80.51	JPY 111.78	---	

Net sales

JPY 63.3 bn

YoY change +JPY 3.0 bn
+5.1%

① MELS Plan sales
+JPY 1.7 bn

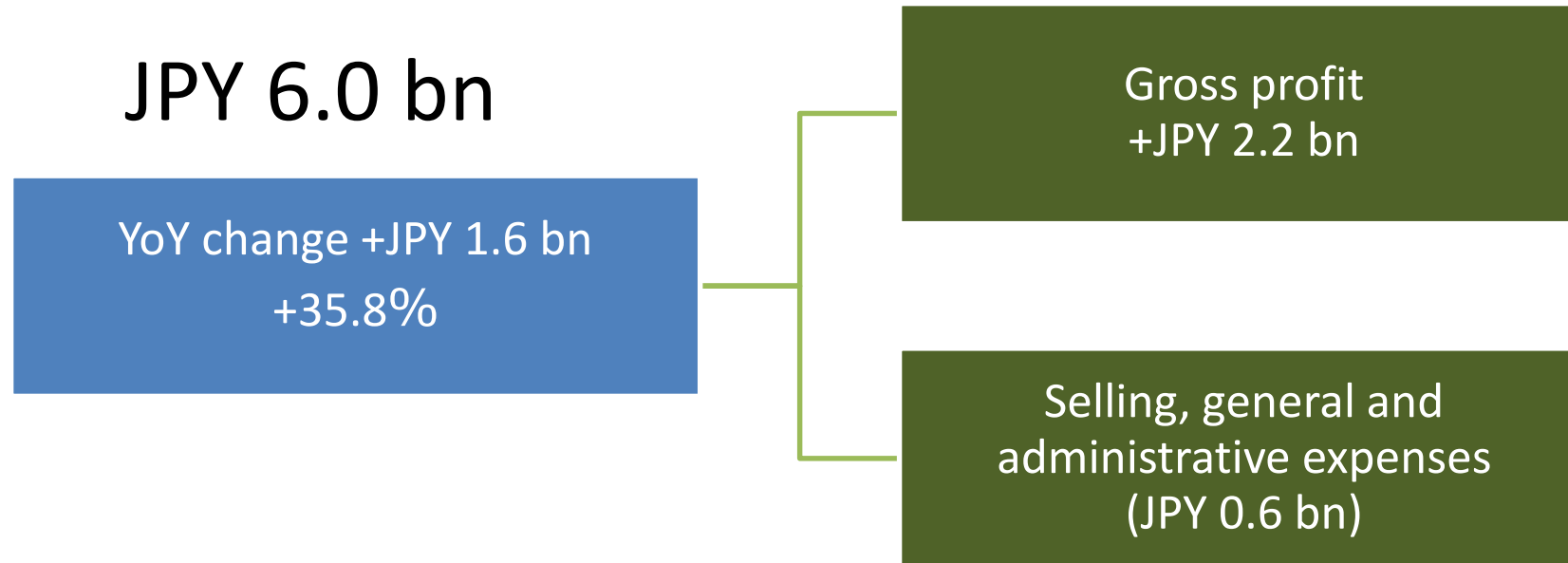
② Contact lens/Care products
+JPY 1.2 bn

Other
+JPY 0.1 bn

Key reason

- ① An increase of membership, especially Daily disposable contact lens.
- ② Expanding Daily and orthokeratology lens sales.

Operating profit

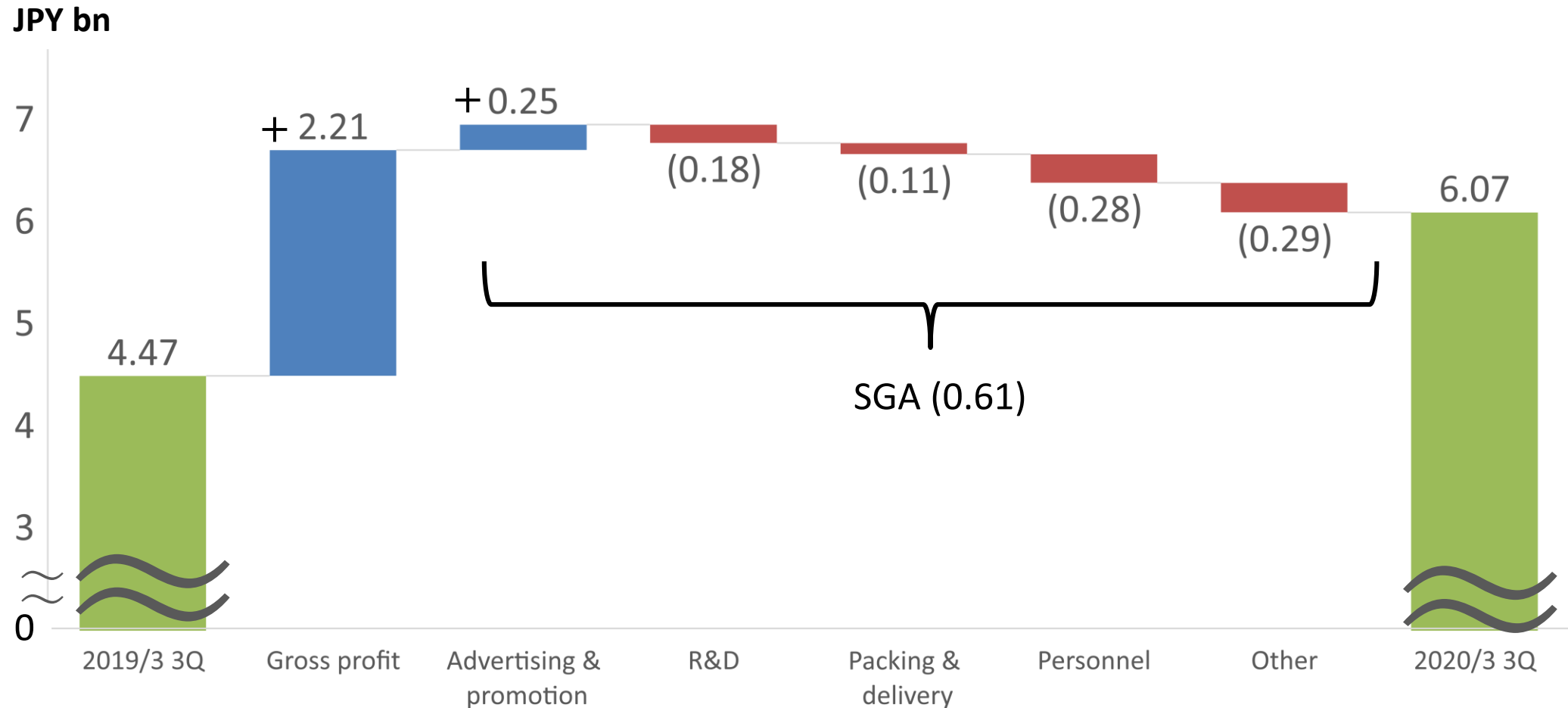


Key reason

An increase of gross profit due to curbed manufacturing cost and sales growth.
A decrease of SGA ratio.

Operating profit break down

- ✓ Operating profit increased, which is attributable to the increase of gross profit and the efforts to enhance the efficiency of SGA.



Net Sales break down

By Segment

JPY m

		For the Nine Months Ended December 31, 2018	For the Nine Months Ended December 31, 2019	YoY change
Net sales		60,265	63,344	+ 5.1%
Reportable segment	Contact Lens- related Business	59,163	62,105	+ 5.0%
	Other	1,101	1,238	+ 12.4%
Product/ service	Contact lens / Care products	28,433	29,718	+ 4.5%
	MELS Plan	30,277	31,990	+ 5.7%
	Other	1,554	1,635	+ 5.2%

(Note)The amount of “Other” includes the amount of new businesses.

Contact lens and Care products

JPY 29.7 bn

YoY change +JPY 1.2bn
+4.5%

① Daily
+JPY 0.7 bn

② 2weeks • 1month
+JPY 0.6 bn

③ orthokeratology lenses
+JPY 0.3 bn

Other
(JPY 0.4bn)

Key reason

- ① Sales of daily disposable contact lens was robust.
- ② Sales of 2weeks contact lenses in domestic market, and sales of 1 month contact lens in overseas market were robust.
- ③ Mainly sales of orthokeratology lenses in China were robust.

MELS Plan

JPY 31.9 bn

YoY change +JPY 1.7 bn
+5.7%

① Daily
+JPY 1.4 bn

② 2weeks
+JPY 0.3 bn

Key reason

- ① Membership of daily disposable contact lens has increased.
- ② "2WEEK Menicon PremiO" series were robust.

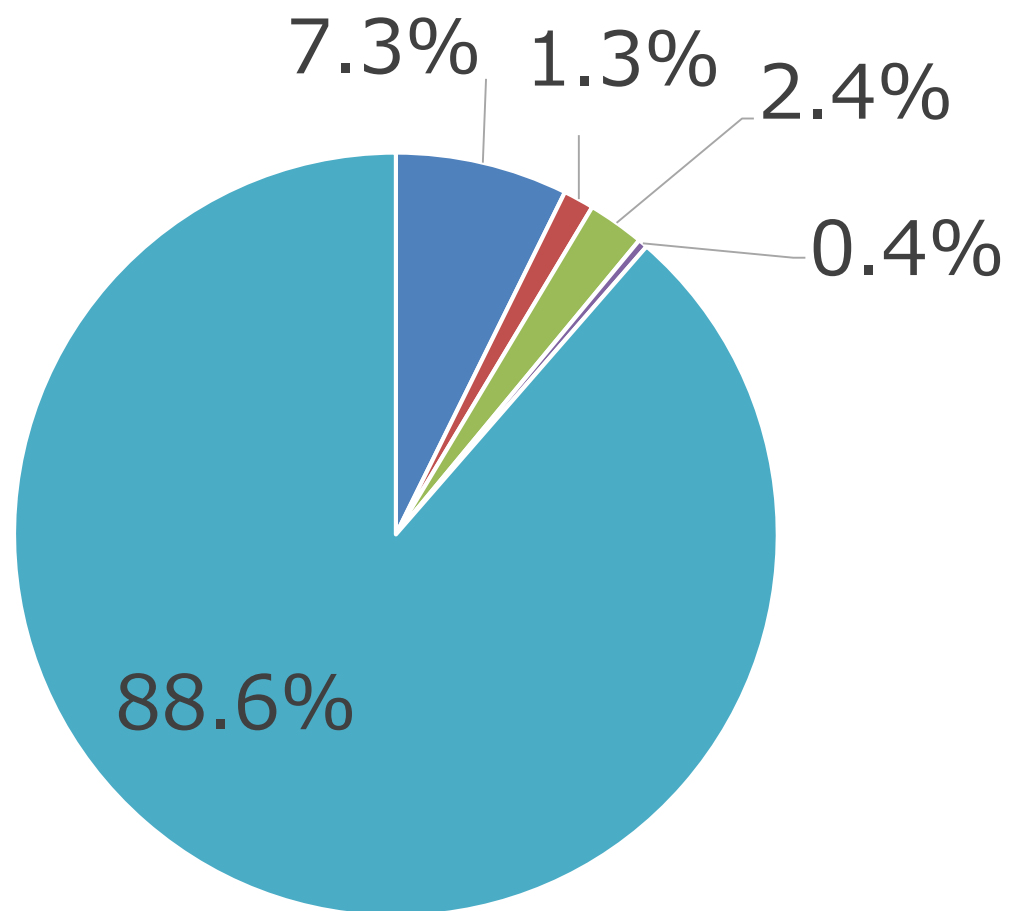
Net Sales break down

Geographical information

JPY m

		For the Nine Months Ended December 31, 2018	For the Nine Months Ended December 31, 2019	
				YoY change
Net Sales		60,265	63,344	+ 5.1%
	Japan	53,379	56,098	+ 5.1%
	Overseas Total	6,886	7,245	+5.2%
	Europe	4,732	4,618	(2.4%)
	North America	739	853	+15.4%
	Asia	1,182	1,544	+30.6%
	Other	231	230	(0.5%)

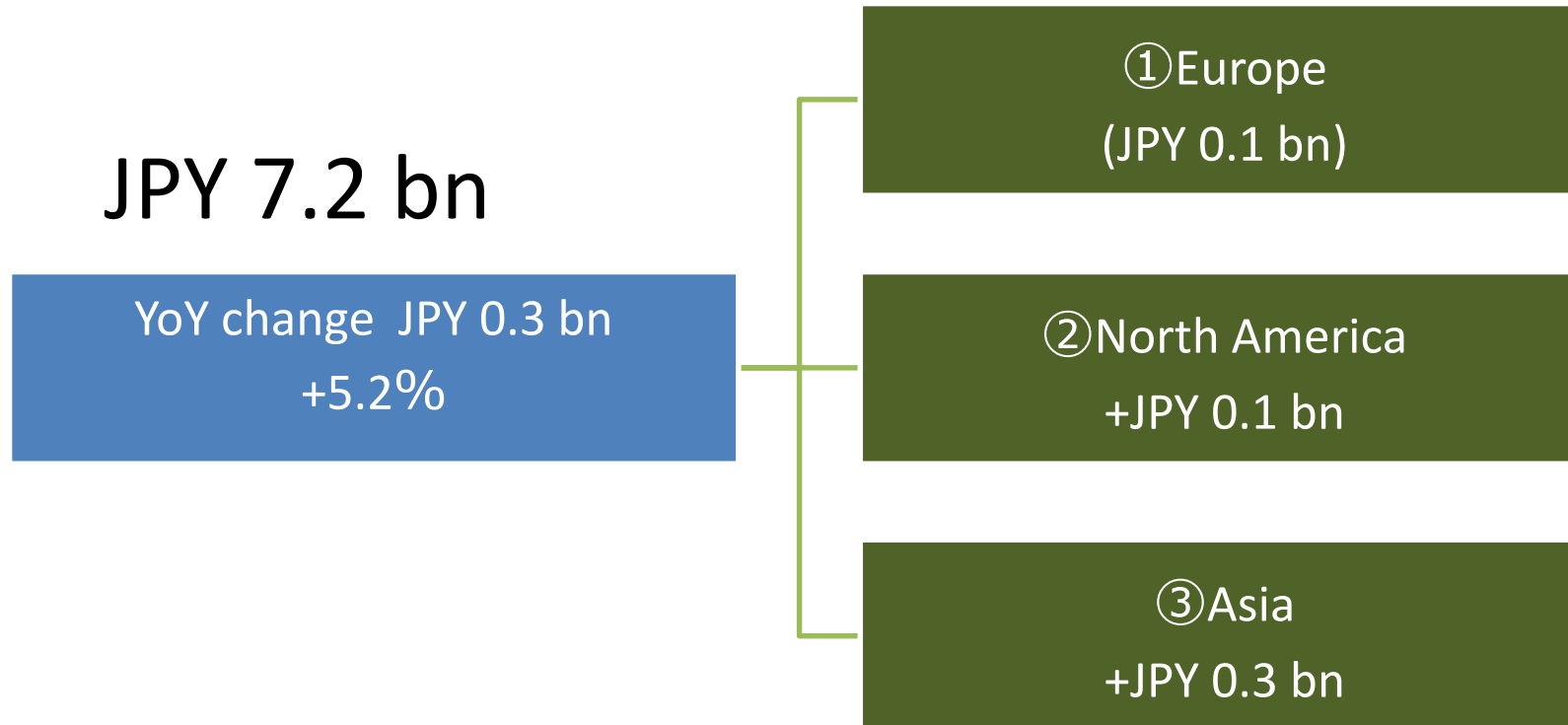
Overseas sales ratio



Overseas sales ratio
11.4%

■ Europe
 ■ North America
 ■ Asia
 ■ Other
 ■ Japan

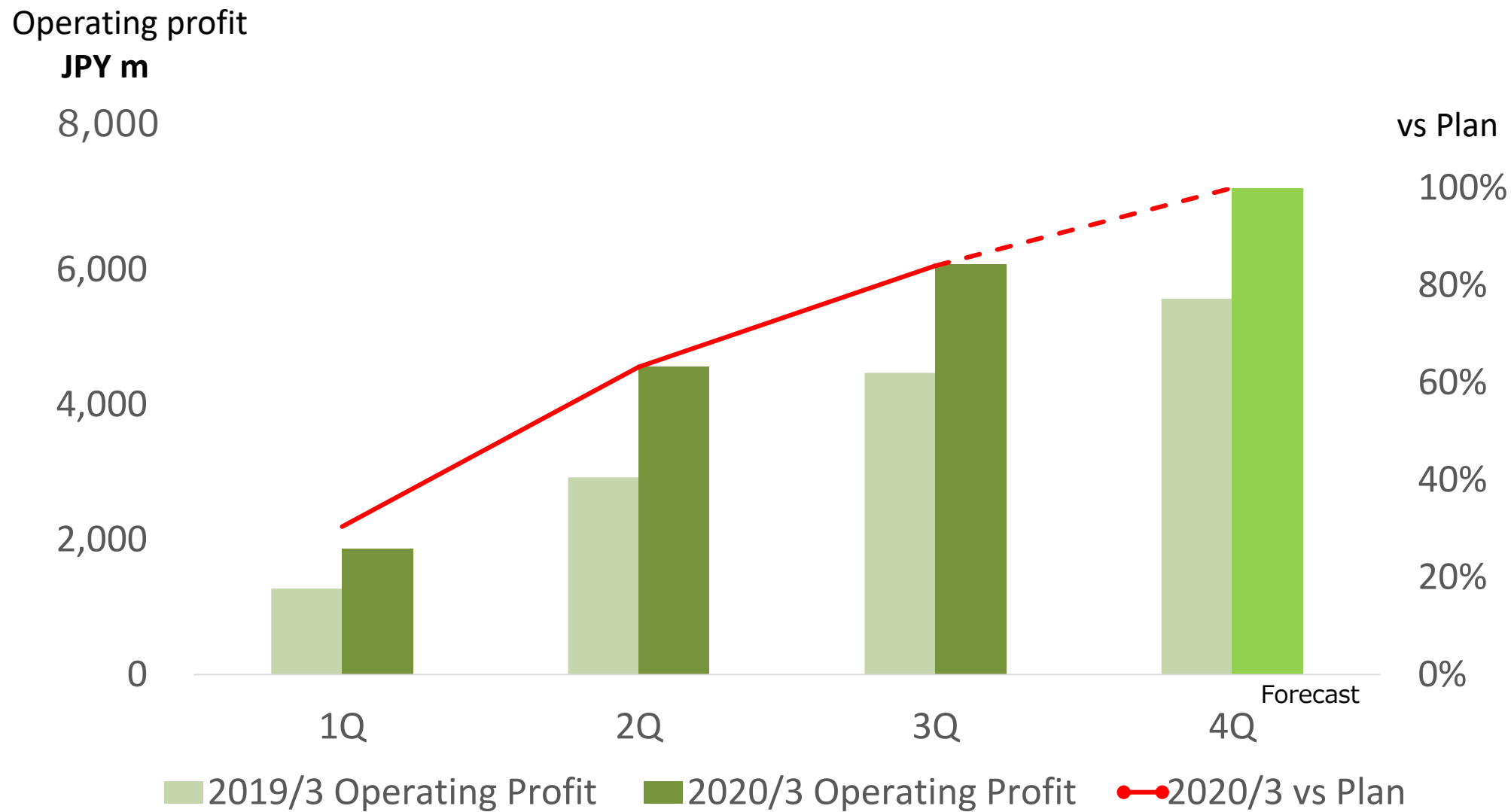
Overseas sales



Key reason

- ① Europe: The effects of changes in foreign exchange rates.
Sales increased in local currency.
- ② North America: Sales of daily disposable contact lens was robust.
- ③ Asia: Orthokeratology lenses sales were robust.

Operating profit vs Plan

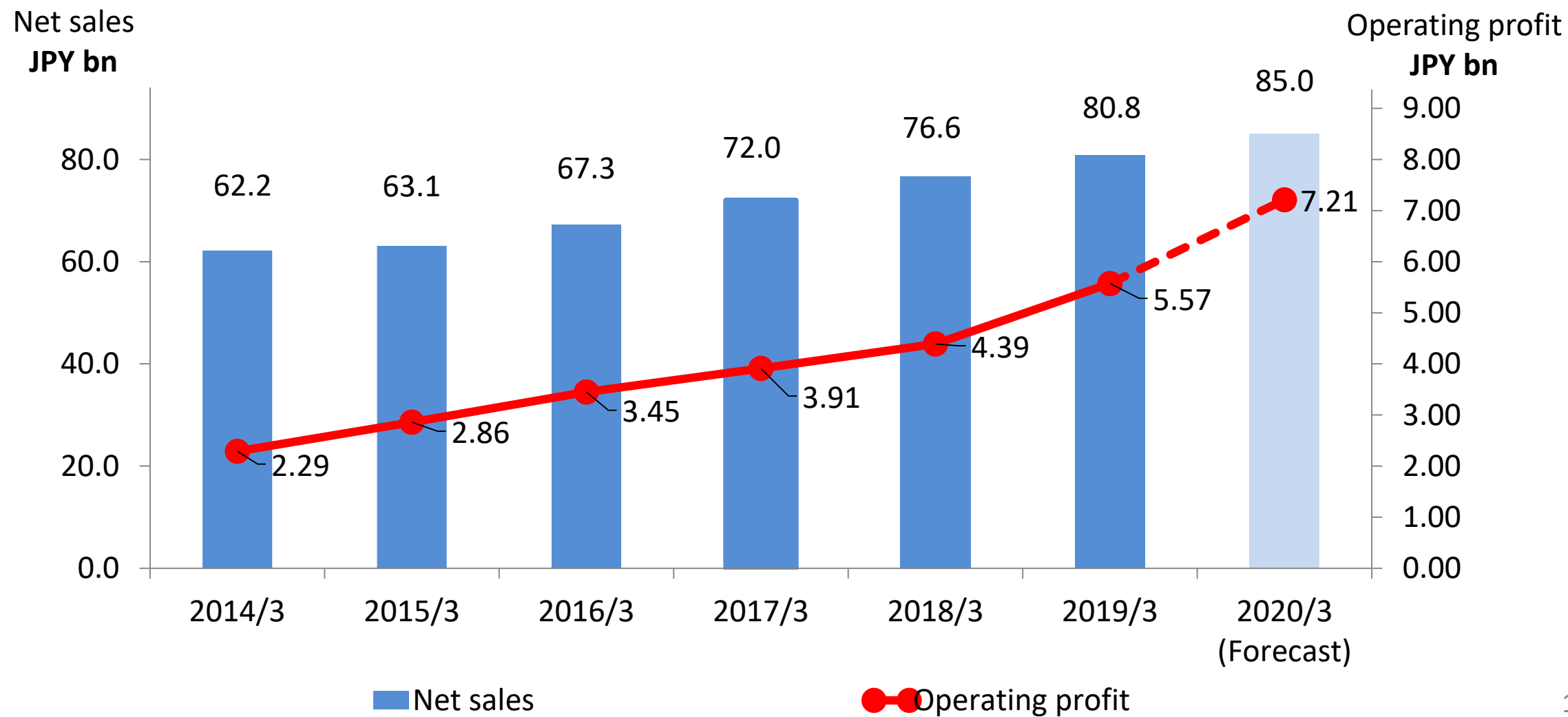


Appendix

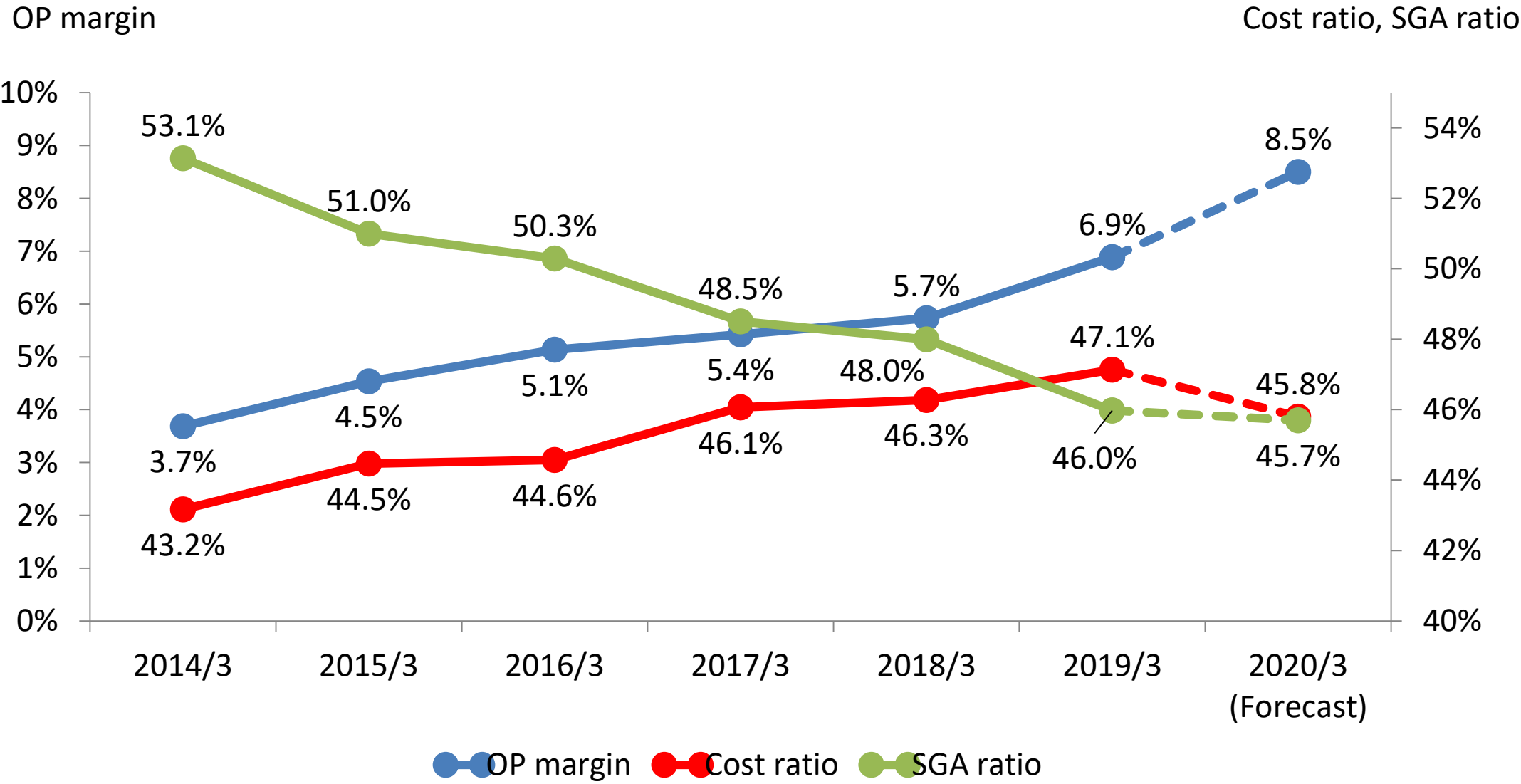
Consolidated financial forecasts 2019 Nov. 12

	Previous forecast A		Forecast B	Difference B - A	Percentage change	JPY m
Net sales	85,083	⇒	85,083	---	---	
Cost of sales	39,883		38,997	(885)	(2.2%)	
(Cost of sales ratio)	46.9%		45.8%	(1.1pt)	---	
Gross profit	45,199		46,085	+885	+2.0%	
Selling, general and administrative expenses	38,696		38,873	+176	+0.5%	
(SGA ratio)	45.5%		45.7%	+0.2pt	---	
Operating profit	6,502		7,211	+709	+10.9%	
(OP margin)	7.6%		8.5%	+0.9pt	---	
Ordinary profit	6,488		7,197	+708	+10.9%	
Profit attributable to owners of parent	4,091		4,500	+408	+10.0%	
Basic earnings per share	116.12円		124.40円	+8.28	---	

Annual Sales/Operating Profit

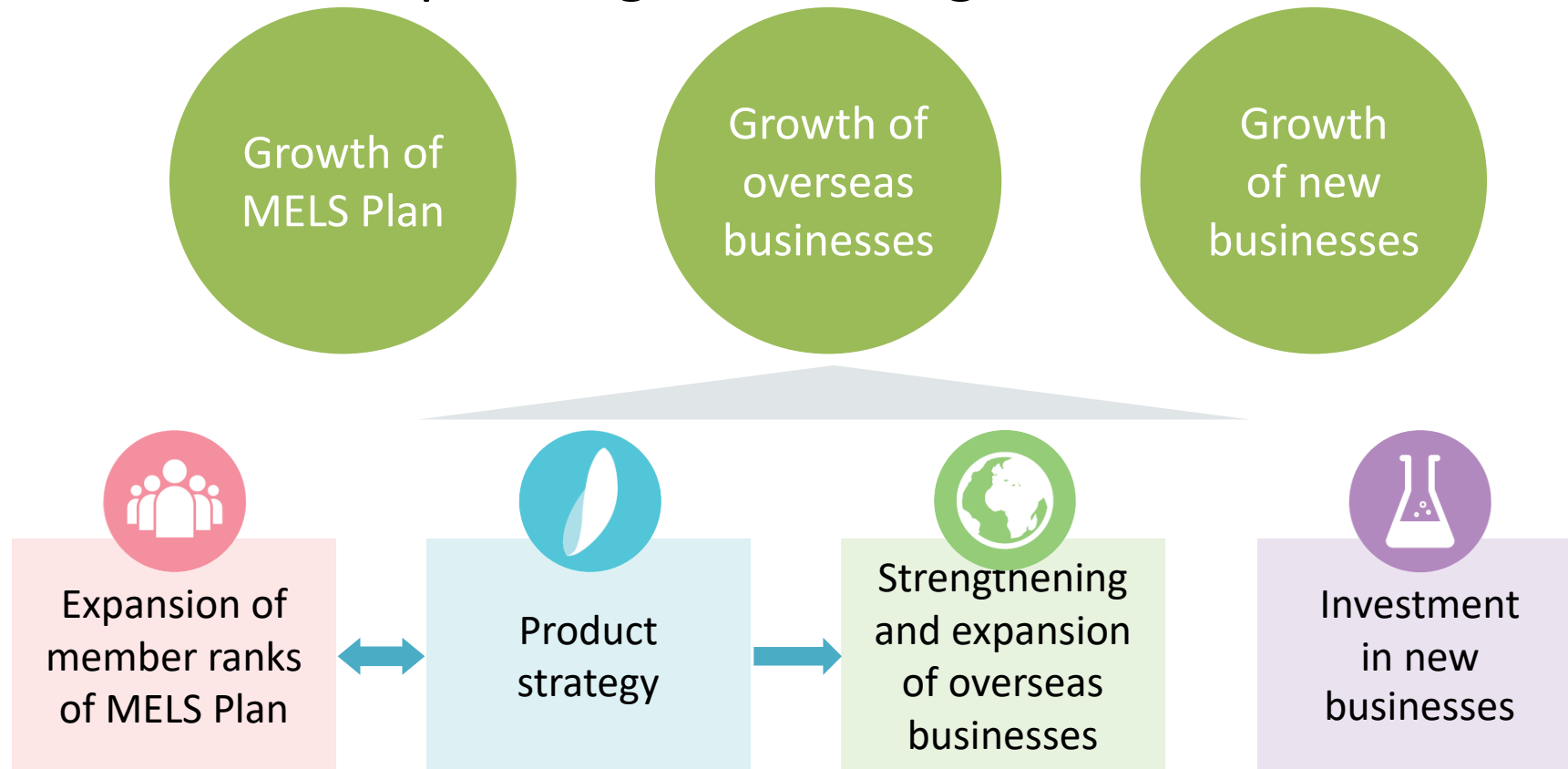


OP margin/Cost ratio/SGA ratio



Our Medium-term Business plan Vision 2020

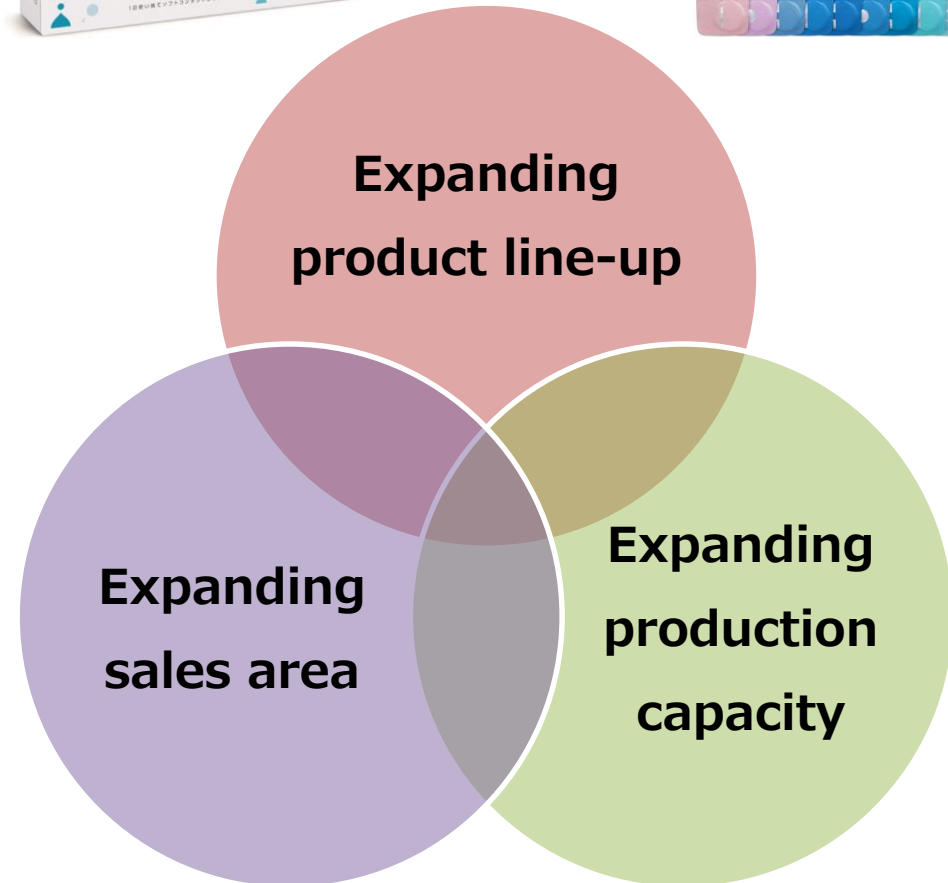
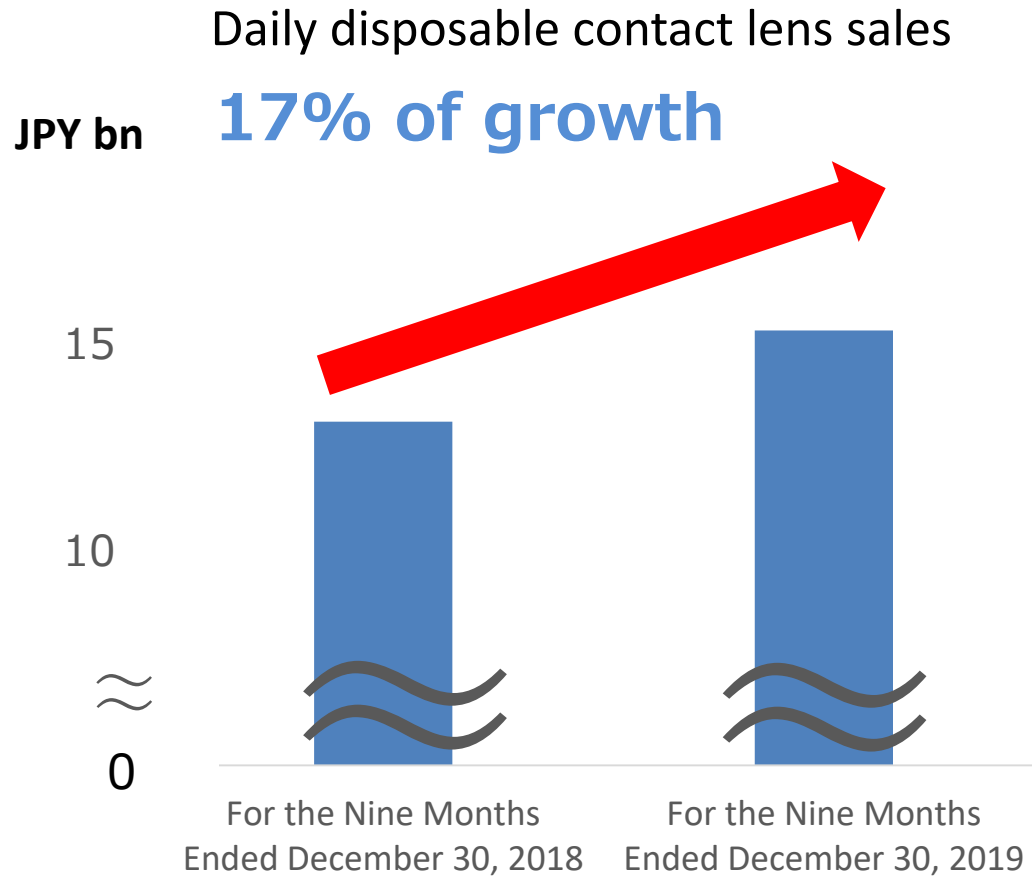
Toward Achievement of Sales of JPY100bn and
Operating Profit Margin of 10%



Vision2020 : Our target for the fiscal year ending March 31, 2021.

Contact lens

- ✓ Growth of Daily disposable contact lens sales



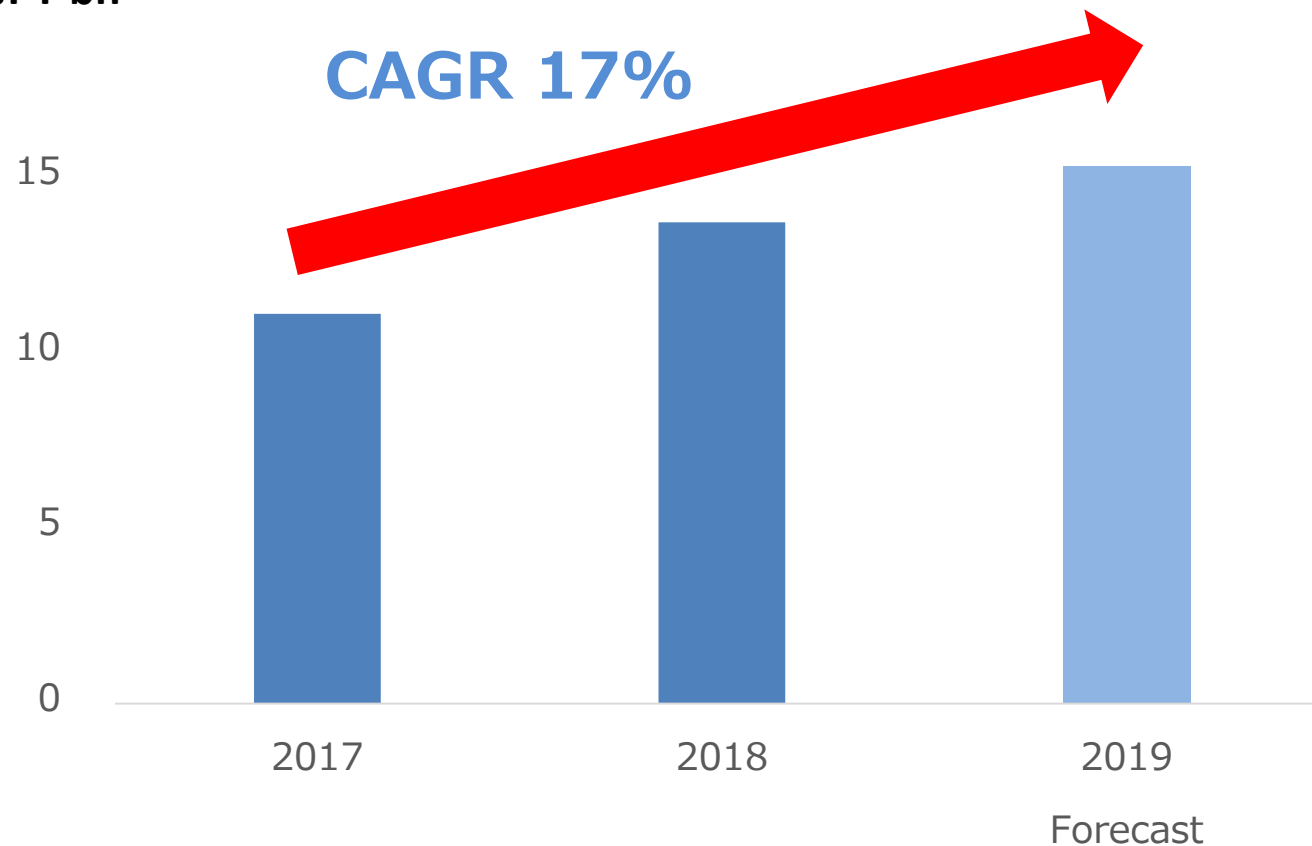
Contact lens

✓ The bifocal market development

Bifocal contact lens market in Japan

CAGR 17%

JPY bn



We launched new category contact lens in growing bifocal market.



**3 month replacement-type hard contact lens
Four Seasons Bifocal**

Market data Source; Yano Research Institute, Ltd.

Overseas business

✓ Menicon acquired SOLEKO S.p.A in Italy in October 2019.



● Netherlands



● France



● UK

● Spain



● Italy
(SOLEKO S.p.A.)

● Germany

● South Korea

● China



● Japan



● Singapore

● Australia



● USA

Overseas business

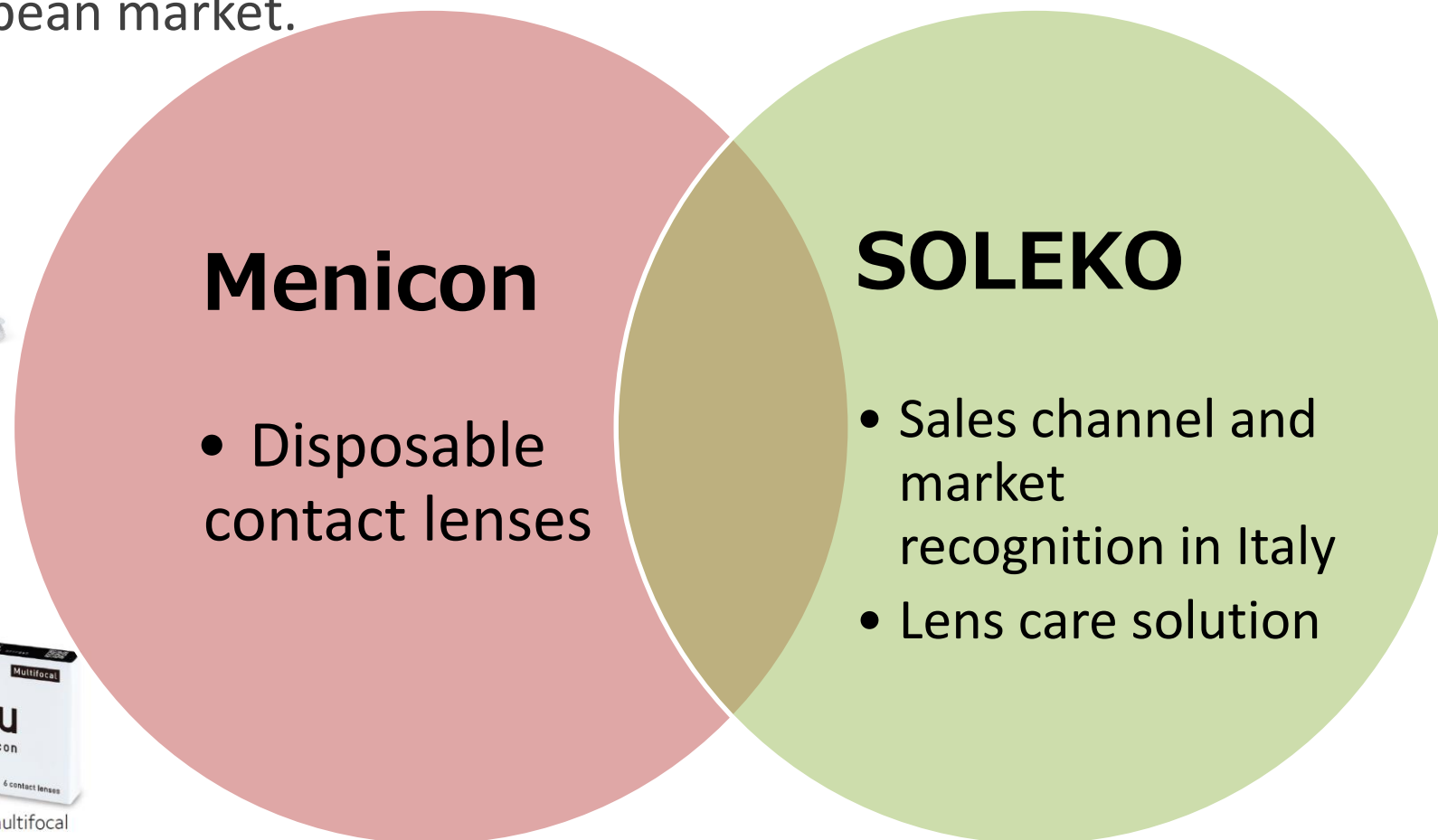
- ✓ The disposable contact lens market in Italy is the second largest in the booming European market.



Miru 1 DAY

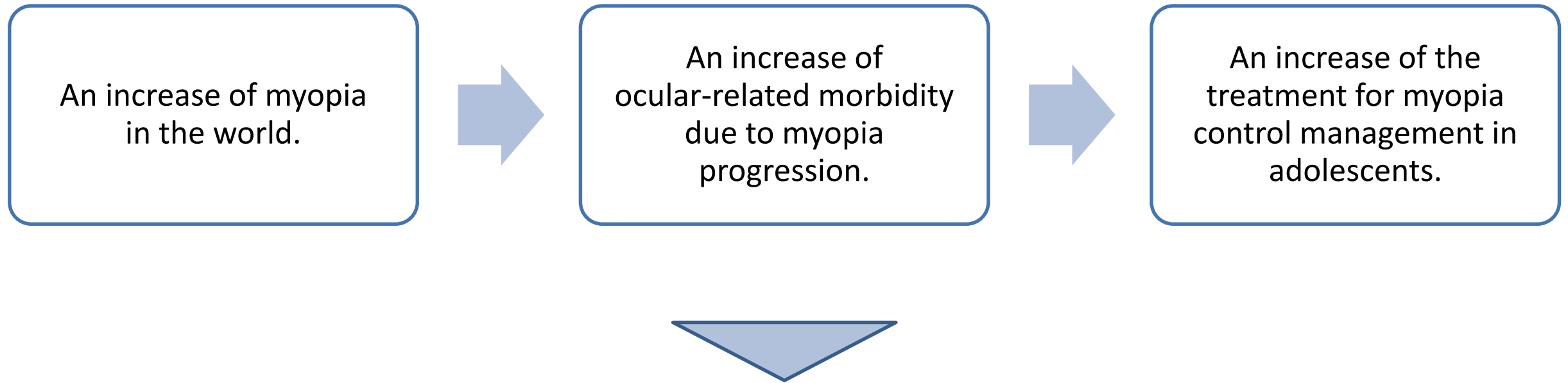


Miru 1 Month



Working together as a team

For suppressing the progression of myopia



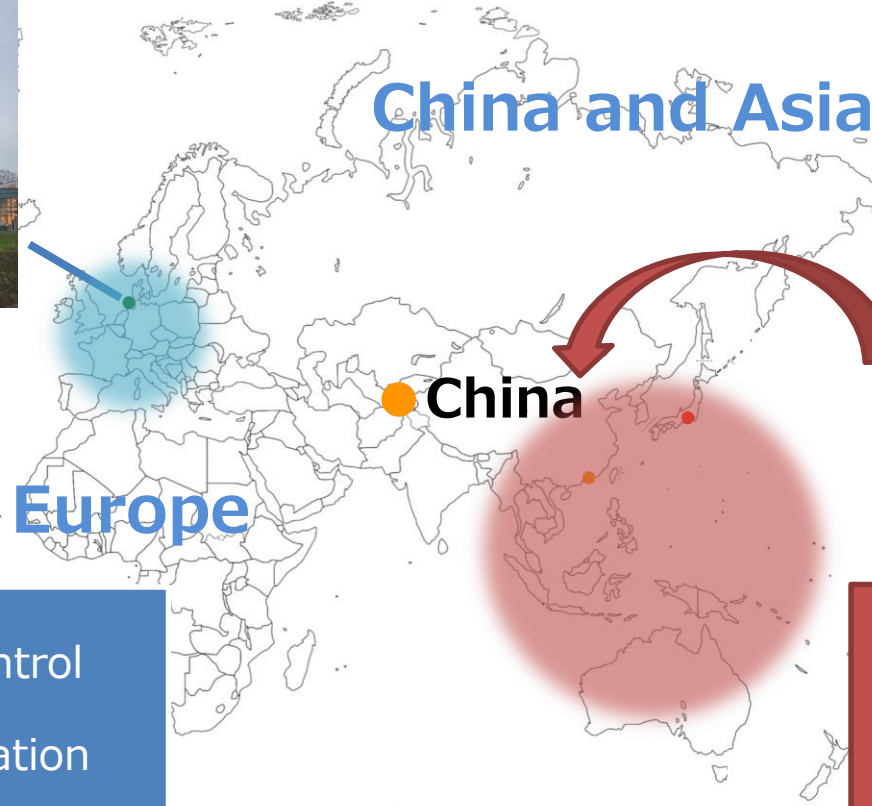
Menicon has developed myopia control management by contact lens.

For suppressing the progression of myopia

- ✓ We have orthokeratology business companies in Netherlands and Japan.



● **Netherlands**
(Menicon B.V.)



● **Japn**
(Alpha corporation)

Academic

- CE approval for myopia control management in Europe.
- Acquirement of the certification from the U.S. FDA.
- R&D

Practical

- Expanding supply of high quality and high performance orthokeratology lens.
- Expanding market share in China.
- Expanding sales in Asian market.

For suppressing the progression of myopia

- ✓ Menicon Bloom™ Myopia Control Management System.

Contact lens category	Product name
Orthokeratology lens	Menicon Bloom Night
Daily disposable contact lens	Menicon Bloom Day

Full launch of **Menicon Bloom™ Myopia Control Management System** will be expected in major European markets throughout 2020.

“Bloom”, “Bloom Night” and “Bloom Day” are trademarks of Menicon Co., Ltd.

New Businesses

✓ We released new products with higher quality.

Life science business

Supplement

“Plarie”

2019 Dec.



“LUNA RHYTHM Lactoferrin”

2020 Jan.



Meni-one

Intraocular lens for dogs

“Meni-one X”

2020 Feb.



Disclaimer on Forward-Looking Statements

- ✓ This material includes certain forward-looking statements about the Menicon Group. To the extent that statements in this material do not related to historical or current facts, they constitute forward-looking statements.
- ✓ These forward-looking statements are based on the current assumptions and judgments of the Menicon Group in light of the information currently available to it, and involve know and unknown risks, uncertainties and other factors, which may affect the statements made in this material.

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