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MISUMI Group FY2012 Consolidated Business Performance

Record-high sales and operating income for two consecutive years
The MISUMI business model makes further inroads into International markets

Today, MISUMI Group Inc. announced its consolidated financial results through FY2012 (April 1, 2012, through March 31, 2013). Major performance measures are as follows.

	<u>FY2011</u>	<u>FY2012</u>	<u>Change</u>
	Million Yen	Million Yen	%
Net Sales	130,212	134,844	+3.6
Operating Income	16,646	16,809	+1.0
Net Income	9,414	9,880	+5.0
Earnings per Share	¥105.14	¥110.28	

<Highlights of FY2012 consolidated financial results>

1. Record-high sales and operating income for two consecutive years despite slower growth in the global economy

- Sales in FY2012 (April 1, 2012, through March 31, 2013) reached ¥134.8 billion (up 3.6% compared to the previous year), setting a record-high for a second consecutive year.
- Despite some optimistic signs—a recovery in the US economy and yen depreciation heading into the end of the fiscal year—global production activity lacked upward momentum as the European economies continued to struggle with prolonged fiscal debt challenges and China and other emerging economies adjusted to slower growth rates.
- Amid this environment, MISUMI continued topline growth driven by International businesses. We renewed record-high customer counts as a result of aggressive initiatives to drive penetration of the MISUMI business model in International markets. Sales also reached record-high levels in all regions overseas.
- Operating income was ¥16.8 billion (up 1.0%), also a new record-high. We continued to invest aggressively in growth strategies to accelerate International expansion. To name a few of these investments, we added personnel and bolstered organizations. We established an FA components production plant in China. And we acquired two die components makers in the US.
- These upfront investments, made as part of our growth strategy, were absorbed by topline growth and cost improvements. As a result, operating income reached a new record-high, surpassing our previously forecasted ¥16.5 billion.
- Net income was ¥9.8 billion (up 5.0%). Despite the booking of extraordinary losses, specifically ¥980 million in charges for withdrawing subsidiaries from an employee pension fund, there were improvements in the tax burden rate resulting from a turn to profitability at some overseas subsidiaries. As a result, net income beat the previously estimated ¥8.7 billion and reached a record-high for the first time in five years.

2. Sales increased significantly, driven by continued strength in Factory Automation businesses and acquisitions of US die components makers in Die Components businesses

- Sales by business segment were as follows.

Business Segment	Net Sales	Year-on-Year
	(Yen)	Comparison
Factory Automation	84.2 billion	+4.4%
Die Components	37.0 billion	+33.7%
Electronics	12.3 billion	-0.2%
Others	6.7 billion	+5.2%

- The topline in the Die Components businesses grew significantly, thanks to strong demand in automotive applications and the addition of Dayton Progress Corporation and Anchor Lamina America, Inc., companies acquired in November 2012.

3. International sales ratio rose sharply to 33.6% of total sales (up 6.1 ppt)

- In FY2012, International sales reached ¥45.2 billion (up 26.4% on a yen basis and up 20.9% in local currencies). The International sales ratio reached 33.6% (up 6.1 ppt) of total sales. Both figures represent record-highs.
- Solid progress in driving penetration of the MISUMI Business Model in International markets and the acquisition of US die components makers enabled us to surge past our initial International sales ratio target of 30%.
- Sales by geographical region were as follows.

Geographical region	Net Sales (Million Yen)		Year-on-Year Percentage Change	
	FY2011	FY2012	In Yen	In local currency
Total	130,212	134,844	+3.6%*	+2.0%
Japan	94,388	89,557	-5.1%	—
International	35,824	45,286	+26.4%	+20.9%
International, broken out				
Asia (excl. China)	14,229	16,813	+18.2%	+13.1%
China	12,537	15,400	+22.8%	+14.3%
North & South America	5,360	8,449	+57.6%	+51.8%
Europe	3,696	4,623	+25.1%	+27.9%

* Sales would be up 6.3% year-on-year if business results attributable to PROMICLOS, which was divested in May 2012, were excluded from FY2011 results.

- We will strive to accelerate growth overseas by reforming our MISUMI model to beat International competition.

4. Dividend up ¥4.25 as we sustain a 25% payout ratio

- We set our shareholder return policy based on a comprehensive review that takes into account the business environment, performance trends, the strength of our balance sheet, capital efficiency and the level of retained earnings required to establish a stable financial standing, among other factors.
- Effective beginning the second half of FY2011, we have increased our dividend payout ratio to 25% from 20% as part of our effort to increase the return of profits to our shareholders. We will maintain the 25% payout ratio in FY2012, as well.
- Sales and operating income in FY2012 both renewed record-highs for a second consecutive year. Net income beat our previous forecast and reached a record-high—a first in five years.
- We increase our year-end dividend to ¥16.2 per share (up ¥3.2 compared to the same period in the previous year), which represents an increase over the ¥13.05 originally planned year-end dividend made possible by the fact that net income beat our previous forecast. As a result, MISUMI plans to pay out annual dividends per share of ¥27.45 (up ¥4.25), including the interim dividend of ¥11.25 per share paid out already.

	Annualized dividend					
	End of Q2		Year-end		Annual total	
	Yen	Payout ratio	Yen	Payout ratio	Yen	Payout ratio
Actual this year	11.25	25.0%	16.20	25.0%	27.45	25.0%
Previous forecast	—	—	13.05	—	24.30	—
Actual last year (FY2011)	10.20	19.2%	13.00	25.0%	23.20	22.1%

5. Forecasting repeated record-highs in sales and profit for FY2013 consolidated business performance

- For FY2013, we forecast another year of record-high sales and profit.
- Although uncertainties continue to muddy the outlook for the global economy, we will strive to increase in-house manufacturing and local sourcing overseas, fundamentally strengthen our competitiveness in terms of cost and delivery time, and establish a competitive edge in International markets.

Consolidated earnings forecast for FY2013 (April 1, 2013, through March 31, 2014)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share	Annual Dividends per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen	Yen
Forecast	160,000	17,500	17,500	10,300	113.98	28.50
Year-on-year	+18.7%	+4.1%	+3.6%	+4.2%	+¥3.70	+¥1.05

[Disclaimer regarding forward-looking statements]

Although forecasts for FY2013 ending March 2014 and forward looking statements contained in this material are based on assumptions applied and judged to be reasonable by the Company and its Group reflecting currently available information, including domestic or international economic circumstances, fluctuations in currency exchange rates, and other factors that may influence our business performance, they are subject to risk and uncertainty. Therefore, investors should avoid making their investment decisions based entirely and exclusively on the forward-looking statements herein. Please be advised that our actual business performance may differ substantially from the forecasts indicated in this document.

The material factors that may influence our actual performance include economic circumstances, market trends, and exchange rates, among others.

Please direct any inquiries to:
 Investor Relations and Public Relations,
 Administration Department
 MISUMI Group Inc.
 Tel : 03-5805-7037 Fax : 03-5805-7372
 email : cc@misumi.co.jp