

May 13, 2014

MISUMI Group Inc. FY2013 Consolidated Business Performance

Record-high sales and operating income for three consecutive years

Recovery in Japan and accelerated deployment of the MISUMI Business Model overseas

Today, MISUMI Group Inc. announced its consolidated financial results for FY2013 (April 1, 2013, through March 31, 2014). Major performance measures are as follows.

| Million Yen | FY2012 | FY2013 | Change |
|--------------------|---------|----------------|--------|
| Net Sales | 134,844 | 173,904 | +29.0% |
| EBITDA* | 17,109 | 21,093 | +23.3% |
| Operating Income | 16,809 | 18,989 | +13.0% |
| Net Income | 9,880 | 11,678 | +18.2% |
| Earnings per Share | ¥110.28 | ¥128.82 | |

*Here, EBITDA refers to operating income before the amortization of goodwill and other intangible fixed assets related to the acquisition in November 2012 of Dayton Progress Corporation and Anchor Lamina, Inc. of North America (hereinafter collectively referred to as Dayton and Anchor Lamina).

<Highlights of FY2013 consolidated financial results>

1. New record highs in sales and profit. Driving penetration of the MISUMI Business Model overseas despite stagnation in Asian production activity

- Sales in FY2013 (April 1, 2013, through March 31, 2014) reached ¥173.9 billion (up 29.0% compared to the previous year), setting a new record-high for a third consecutive year.
- Signs of an economic upturn were seen in a moderate recovery in the US economy and improved earnings among Japanese exporters benefiting from a sustained weaker yen. On the other hand, however, Asian nations—which had until recently led the global economy—saw production activity continue to slow due to the decelerating Chinese economy, among other factors.
- Amid this environment, the MISUMI group bolstered its e-catalogs and web ordering systems overseas and met latent customer needs in terms of both price and enhanced convenience, as part of the company's effort to drive penetration of the MISUMI Business Model. We also expanded sales offices and strengthened sales capabilities primarily in Asia—for example, our newly established Indonesian subsidiary began sales operations in September 2013. Furthermore, in addition to continued progress in selling MISUMI-branded products, sales grew significantly with the addition of new customer segments from Dayton and Anchor Lamina, which were acquired in November 2012.

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- Operating income was ¥18.9 billion (up 13.0%) and net income was ¥11.6 billion (up 18.2%). We thus achieved record highs in both sales and profits. The performance in profits was made possible by increased sales overseas, sustained yen weakness and advances in promoting optimal sourcing through both local production and procurement.
- Note that sales grew 16.2% and operating income 12.5% stripping out the effects of contributions from Dayton and Anchor Lamina to FY2013 results.

2. Sales increased in all business segments

- FY2013 sales by business segment were as follows.

| Million Yen | FY2012 | FY2013 | Change |
|--------------------|--------|---------------|--------|
| Factory Automation | 84,298 | 98,843 | +17.3% |
| Die Components | 37,020 | 56,309 | +52.1% |
| Electronics | 12,380 | 13,800 | +11.5% |
| Others | 6,747 | 7,654 | +13.4% |
| Adjustments | -5,602 | -2,703 | — |

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

3. International sales ratio rose sharply to 44.4% of total sales (up 10.8 ppt)

- In FY2013, international sales reached ¥77.2 billion (up 70.6% on a yen basis and up 48.0% in local currencies). The international sales ratio reached 44.4% (up 10.8 ppt) of total sales.
- Sales by geographical region were as follows.

| Geographical region | Net Sales (Million Yen) | | Year-on-Year Percentage Change | |
|------------------------|----------------------------|---------------|-----------------------------------|----------------------|
| | FY2012 | FY2013 | In Yen | In local currency |
| Japan | 89,557 | 96,635 | +7.9% | — |
| International | 45,286 | 77,269 | +70.6% | +48.0% |
| America | 7,412 | 21,991 | +196.7% | +178.5% |
| China | 15,400 | 21,984 | +42.8% | +16.6% |
| Asia (excluding China) | 16,813 | 22,113 | +31.5% | +10.8% |
| Europe | 4,623 | 8,750 | +89.3% | +62.1% |
| Other regions | 1,037 | 2,429 | +134.1% | +119.8% |

- Sales in the US and Europe grew at particularly high rates, thanks to progress in driving penetration of the MISUMI Business Model in international markets and contributions from sales posted by Dayton and Anchor Lamina.
- We will further strengthen the MISUMI Business Model to accelerate global growth.

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4. Dividend up ¥4.71 yoy 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%. We continue to maintain the 25% payout ratio.
- We increase our year-end dividend to ¥15.48 per share (up ¥1.86 from the previously forecast ¥13.62 per share) due to net income outperformance. As a result, MISUMI plans to pay out annual dividends per share of ¥32.16, including the interim dividend of ¥16.68 (up ¥5.43 yoy) 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 | 16.68 | 25.0% | 15.48 | 25.0% | 32.16 | 25.0% |
| Previous forecast | — | — | 13.62 | — | 30.30 | — |
| Actual last year (FY2012) | 11.25 | 25.0% | 16.20 | 25.0% | 27.45 | 25.0% |

5. Forecasting new record highs in FY2014 consolidated sales and profit

- For FY2014, we forecast another year of record-high sales and profit.
- Uncertainties continue to muddy the outlook for the global economy. These factors include a decelerating China and slower growth rates in Asian emerging markets. Amid that environment, we will strive to further strengthen our competitiveness overseas in terms of cost and delivery time, and establish a competitive edge in international markets.

Consolidated earnings forecast for FY2014 (April 1, 2014, through March 31, 2015)

| | 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 | 196,000 | 20,500 | 20,500 | 12,300 | 135.25 | 33.85 |
| Year-on-year | +12.7% | +8.0% | +6.9% | +5.3% | +¥6.43 | +¥1.69 |

[Disclaimer regarding forward-looking statements]

Although forecasts for FY2014 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.

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