

MISUMI Group Inc. FY2014 Consolidated Business Performance Record-high sales and profit for four consecutive years on strength in Japan and China

Today, MISUMI Group Inc. announced its consolidated financial results for FY2014 (April 1, 2014, through March 31, 2015). Major performance measures are as follows.

Million Yen	FY2013	FY2014	Percentage Change
Net Sales	173,904	208,562	+19.9%
EBITDA*	21,093	25,998	+23.3%
Operating Income	18,989	23,759	+25.1%
Net Income	11,678	14,291	+22.4%
Earnings per Share	¥128.82	¥156.83	

*Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation.

< Highlights of FY2014 consolidated financial results >

1. Reached new record highs in sales and profit by capturing growing demand from the automotive and electronics industries in Japan and China

- Sales in FY2014 (April 1, 2014, through March 31, 2015) reached ¥208.5 billion (up 19.9% compared to the previous year), setting a new record-high for a fourth consecutive year.
- The Japanese economy in general enjoyed a moderate recovery, despite the downward reversion in demand following the introduction of a higher consumption tax rate. Government economic policies and monetary easing by the Bank of Japan weakened the yen and lifted stock prices, which in turn helped improve corporate earnings. Meanwhile, in other parts of the world, the US enjoyed a solid recovery on increased personal consumption and capital investment. Europe continued to show signs of recovery. Meanwhile, China's economy grew at a slower rate, and in general the ASEAN region decelerated.
- Amid this environment, MISUMI implemented its online strategy and bolstered competitiveness by leveraging the e-catalogs and Web ordering systems introduced inside and outside Japan to address customers' potential needs to reduce the time and effort required to design and order. Furthermore, as we expand overseas we have promoted local production and procurement aimed at achieving optimal sourcing and endeavored to strengthen our global supply chain capable of delivering reliably on short lead times.

- As a result of these initiatives, we successfully captured growing demand from the automotive and electronics (particularly smartphones) industries. Our continued strong performance in Japan and China drove growth in overall consolidated sales.
- Operating income was ¥23.7 billion (up 25.1%) and net income was ¥14.2 billion (up 22.4%). We thus achieved record highs in both sales and profits. The performance in profits was made possible by increased sales and advances in promoting optimal sourcing through both local production and procurement.

2. Double-digit sales growth in all segments

- FY2014 sales by business segment were as follows. Each segment saw double-digit sales growth compared to the previous year.

Million Yen	FY2013	FY2014	Percentage Change
Factory Automation (FA) Businesses	82,377	99,094	+20.3%
Die Components Businesses	56,309	64,737	+15.0%
VONA Businesses	37,921	48,248	+27.2%
Subtotal	176,608	212,080	+20.1%
Adjustments (changes to timing of accounting, etc.)	-2,703	-3,517	—
Total	173,904	208,562	+19.9%

- Effective beginning FY2014, we have changed the categorization of business segments for reporting purposes. The percentage change numbers are based on the new segmentation applied to last year's performance results.
- The VONA businesses are a new distribution business venture that aims to leverage a unique model to reform inefficient and costly distribution processes. We aim to reform the distribution model by leveraging powerful backbone IT systems and online functionality to enhance customer convenience.
- The VONA businesses achieved 27.2% growth in sales by adding more third party brands and expanding product lineups.

3. International sales ratio rose to 46.1% (up 1.7 ppt)

- FY2014 international sales reached ¥96.2 billion (+24.5% on a yen basis and +14.6% in local currencies). The international sales ratio reached 46.1% (up 1.7 ppt) of total sales.
- Sales by geographical region were as follows.

	Net Sales (Million Yen)		Percentage Change	
	FY2013	FY2014	In Yen	In local currency
Japan	96,635	112,334	+16.2%	—
International	77,269	96,228	+24.5%	+14.6%
China	21,984	30,759	+39.9%	+28.4%
Asia	22,113	26,766	+21.0%	+11.7%
USA	21,991	23,974	+9.0%	-0.6%
Europe	8,750	10,834	+23.8%	+17.8%
Other	2,429	3,893	+60.3%	+44.1%

- Sales in Japan grew at a strong rate, thanks to successes in capturing demand from the automotive and smartphone industries and supporting growing needs for reliable delivery on short lead times.
- Looking overseas, sales in China trended strongly on demand from EMS customers tied to smartphones and deliveries to the automotive industry. Meanwhile, in South Korea and Thailand economic sentiment declined. The business environment in the US weakened on tepid demand for new dies due to fallout from automobile recalls.

4. Dividend up ¥6.99 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 and outlooks, the strength of our balance sheet, capital efficiency and enhancements to the management structure required to sustain growth and grow the value of the company, among other factors.
- As for dividends, effective beginning with the FY2011 year-end dividend, we have applied a dividend payout ratio of 25%. We maintained the 25% payout ratio this year as well.
- Therefore, we plan to increase our year-end dividend to ¥18.21 per share (up ¥1.31 from the previously forecasted ¥16.90 per share) due to net income outperformance. As a result, MISUMI plans to pay out annual dividends per share of ¥39.15, including the interim dividend of ¥20.94 (up ¥4.26 yoy) per share paid out already.

	Annual Dividend					
	Interim		Year-end		Annual total	
	Yen	Payout ratio	Yen	Payout ratio	Yen	Payout ratio
Actual this year	20.94	25.0%	18.21	25.0%	39.15	25.0%
Previous forecast	—	—	16.90	—	37.84	—
Actual last year	16.68	25.0%	15.48	25.0%	32.16	25.0%

5. Forecasting new record highs in FY2015 consolidated sales and profit

- For FY2015, we forecast a fifth consecutive year of record-high sales and profit as we continue to execute aggressive investment plans.
- The outlook for China and other emerging economies, geopolitical risks and other uncertainties continue to muddy the outlook for the global economy. Amid this environment, we will enhance our cost competitiveness and bolster our product lineup. To establish a competitive edge in international markets we will strive to strengthen our global supply chain capable of delivering reliably on short lead times.

Consolidated earnings forecast for FY2015 (April 1, 2015, through March 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share*	Dividends per Share*
	Million Yen	Million Yen	Million Yen	Million Yen	Yen	Yen
Full year forecast	242,000	27,100	27,100	16,900	61.67	15.42
Actual last year	208,562	23,759	23,352	14,291	156.83	39.15
YoY	+16.0%	+14.1%	+16.0%	+18.2%	-	-

* Effective July 1, 2015, we plan to execute a 3-for-1 stock split. Full-year forecasts have been adjusted for the stock split.

[Disclaimer regarding forward-looking statements]

Although forecasts for FY2015 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:
 MISUMI Group Inc.
 Investor Relations, Administration Department
 Tel: +81-(0)3-5805-7037
 Fax: +81-(0)3-5805-7372
 Email: cc@misumi.co.jp