

# MISUMI Group Inc.

## FY2020 (ending March 31, 2021)

### Full year earnings report and future initiatives

May 7, 2021  
Representative Director, President  
Ryusei Ono

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## FY20 full year earnings overview

FX rates (vs Yen)	FY19 actual	FY20 actual
USD	109.1 yen	106.2 yen
EUR	121.1 yen	123.7 yen
RMB	15.7 yen	15.6 yen

## Market condition in FY20 and MISUMI's initiatives

As the impact of the COVID-19 pandemic spreads globally,

- Business was impacted by the decrease in capital investment and lower factory utilization at the beginning of the fiscal year; Starting with China, a gradual recovery in production operations became clear afterwards
- Making full use of our global production and supply network to strongly defend the reliable and quick delivery
- Propelling a shift to a stronger business structure in the wake of the COVID-19 pandemic
  - Thorough implementation of profit improvement measures with a medium to long-term perspective
  - Carefully selected and continued initiatives to strengthen the business foundation aiming for business expansion
  - Establishing a "high-profit structure" to attain future sources of growth

Coexistence of "responding to changes in the current environment" and "preparing for sustainable growth"

## FY20 full year earnings overview

In addition to China, overseas regions gradually recovered throughout the fiscal year; sales was almost the same as the previous year

Profitability improved significantly in the second half due to improved basic profitability and restraint of SG&A expenses

Million yen

Category	FY19 Actual	FY20			
		3/25 Revised plan	Actual	Percentage change	
	YoY			Vs plan	
Net sales	313,337	309,000	310,719	-0.8%	+0.6%
Operating income (before amortization of goodwill, etc.)*	24,247	27,578	27,789	+14.6%	+0.8%
Margin	7.7%	8.9%	8.9%	+1.2pt	+0.0pt
Operating income	23,640	27,000	27,199	+15.1%	+0.7%
Margin	7.5%	8.7%	8.8%	+1.2pt	+0.0pt
Ordinary income	23,245	26,800	27,189	+17.0%	+1.5%
Net income	16,504	16,000	17,138	+3.8%	+7.1%

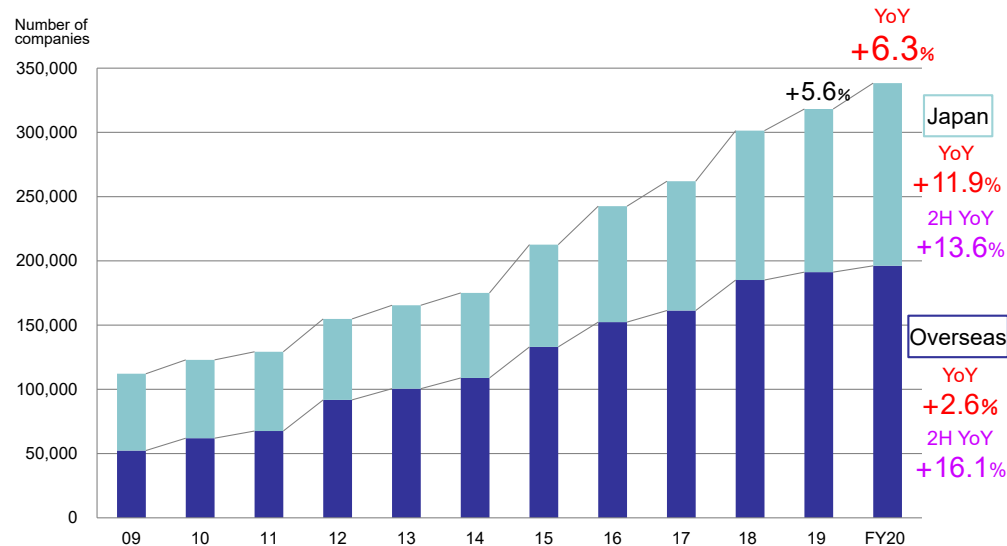
\*Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation (DL)

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## Transition of customer numbers

Expansion of the customer base continued globally; driven by China, overseas significantly recovered in the second half

In addition to the recovery of business conditions, initiatives implemented in each region to strengthen the reliable and quick delivery were successful



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## FY20 sales by business segment

FA: sales increased due to the strong performance in China throughout the year

Die components: automobile-related industry recovered in the second half but could not compensate for the shortfall in the first half

VONA: overseas sales grew steadily due to the reinforcement of reliable and quick delivery as well as market development; domestic sales were sluggish

Million yen

Category	FY19 Actual	FY20		
		Actual	YoY change	
	Yen basis		Local currency basis	
Total	313,337	310,719	-0.8%	-0.3%
FA business	99,403	102,244	+2.9%	+3.2%
Die components business	72,413	66,871	-7.7%	-6.4%
VONA business	141,519	141,602	+0.1%	+0.4%

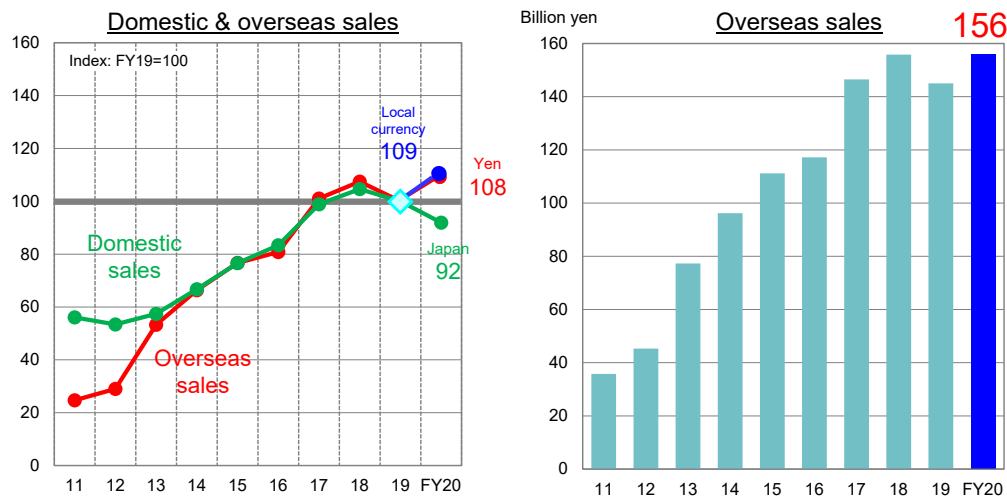
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## FY20 domestic & overseas sales

Japan: semiconductor-related recovered but sales remained sluggish due to the weakening of the automobile industry

Overseas: a record high was reached in China, and other regions also recovered significantly halfway through the fiscal year

Overseas sales increased by 8.8% on a local currency basis, overseas ratio was 50%

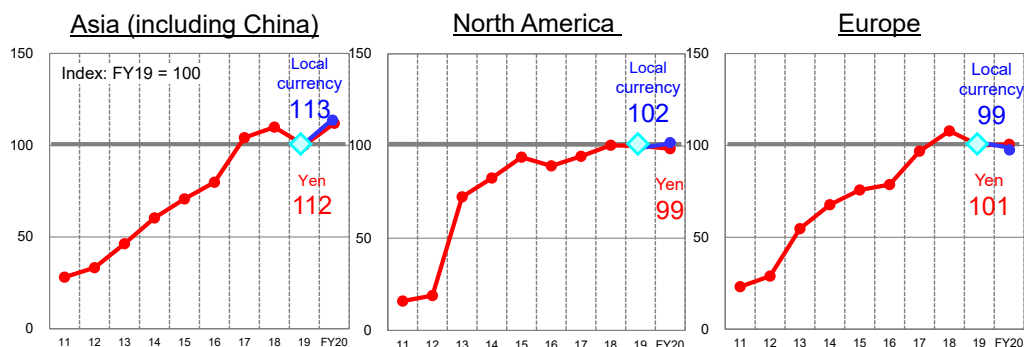


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## FY20 sales by region (local currency basis)

Asia: lithium-ion battery, semiconductor and 5G related performed well in China throughout the year

US and Europe: negative growth in the first half, but recovered in the second half for automobile-related capital investment



China 126 (126)  
 Asia 96 (98)  
 Parentheses indicate local currency basis

FX rates (vs Yen)	FY19 actual	FY20 actual
USD	109.1 yen	106.2 yen
EUR	121.1 yen	123.7 yen
RMB	15.7yen	15.6 yen

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## Profitability improvement initiatives in FY20

Strengthening responsiveness to changes in the post-corona market structure and the competitive environment

Accelerating the shift of resources to businesses with higher growth potential and profitability

- 1 Fundamental elimination of inefficient operations**
  - Utilization of automation and IT
  - Reduction of office and warehousing space
- 2 A more stringent evaluation of the future potential of each business**
  - Die components business in North America
  - Software related
- 3 Termination of low-profit products and services**
  - Products that do not meet MISUMI customer demand and characteristics
  - mevly die and mold service
- 4 Price revision**
  - Optimization of price-setting taking competitiveness in the market into account

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## FY20 operating income by business segment

FA: profits increased significantly due to sales increase and thorough profit improvement measures

Die components: slightly increased on a local currency basis with the impact of decreased sales covered by the effect of profit improvement measures

VONA: profit increase secured due to the effect of price revision in addition to recovery of volume in the second half

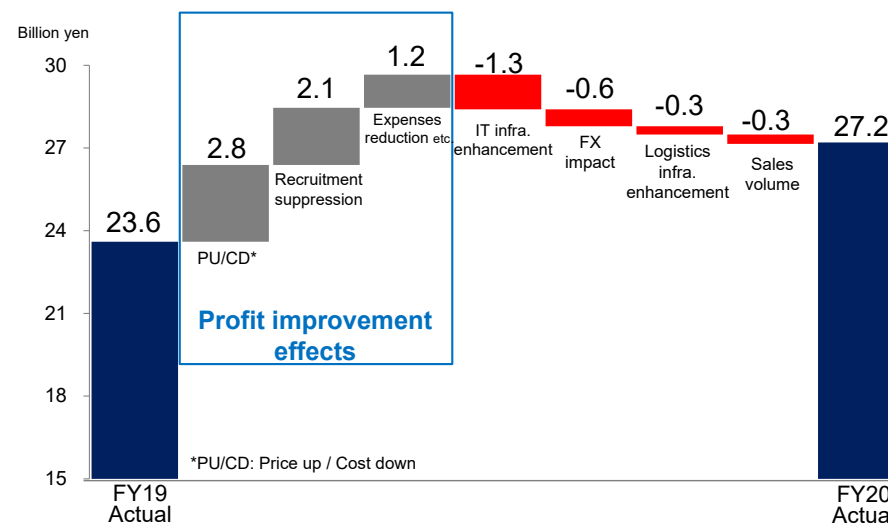
Category	FY19		FY20			
	Actual	Margin	Actual		YoY	
			Actual	Margin	Yen basis	Local currency basis
Total	23,640	7.5%	27,199	8.8%	+15.1%	+17.6%
FA business	12,578	12.7%	16,115	15.8%	+28.1%	+29.0%
Die components business	5,009	6.9%	4,930	7.4%	-1.6%	+2.2%
Before amortization of goodwill, etc.	5,616	7.8%	5,520	8.3%	-1.7%	+1.7%
VONA business	6,052	4.3%	6,152	4.3%	+1.7%	+6.5%

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## FY20 operating income analysis (YoY)

Based on the fundamental profit improvement measures, gross margin improved and SG&A expenses were thoroughly restrained

Generating expenditure capacity to fortify the business foundation geared for sustainable growth

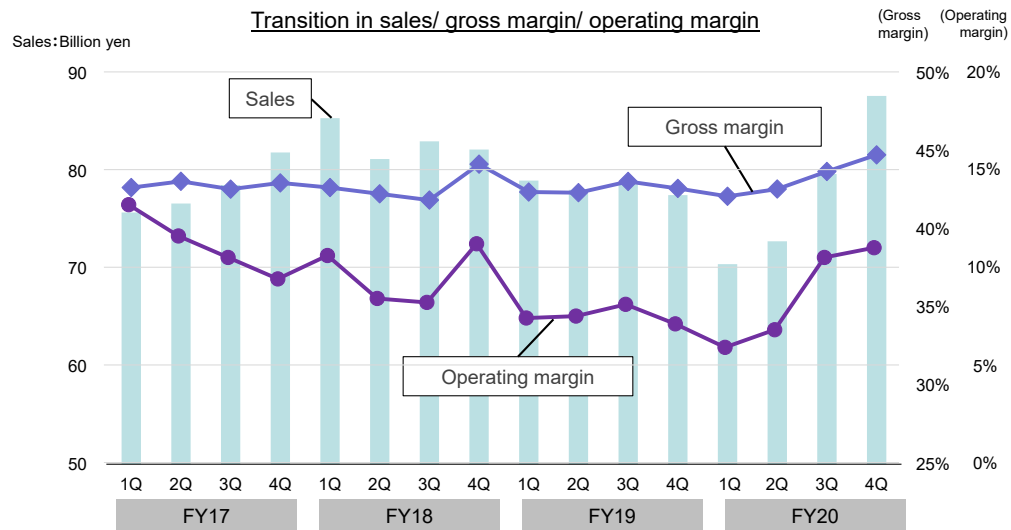


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## The quarterly transition of profitability

Profit improvement measures implemented in the wake of the COVID-19 pandemic showed their effects from the second half

Profitability of Q4 recovered to FY17 level; aiming for sustainable growth through structural reform

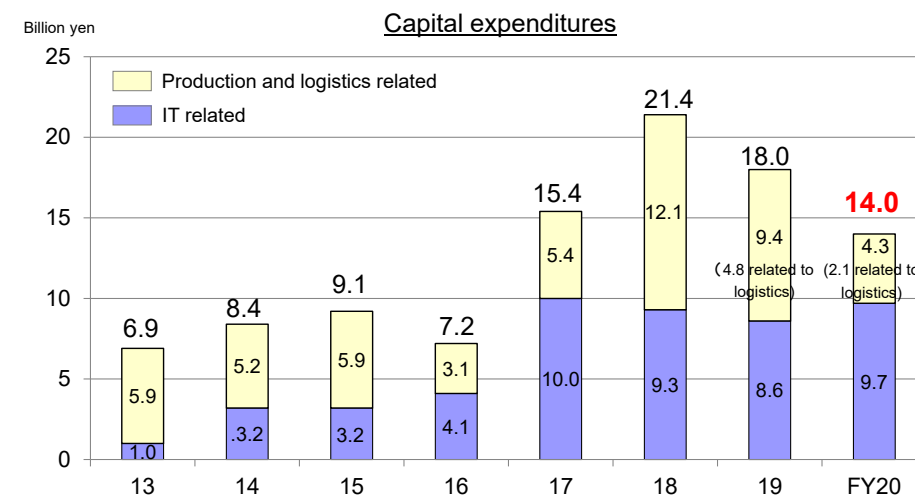


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## Investments

Production and logistics related investment restrained in light of customer orders; the timing being reconsidered taking demand trends into account

Reinforcement of IT infrastructure such as the core system renewal was carefully selected and executed



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## Consolidated earnings forecasts for FY21

FX rates (vs Yen)	FY20 actual	FY21 plan
USD	106.2 yen	105.0 yen
EUR	123.7 yen	125.0 yen
RMB	15.6 yen	16.0 yen

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## FY21 Outlook

With the spread of the COVID-19 infection and the trade conflict between US and China, changes were seen among industrial sectors:

- EV, robotics, and semiconductors playing a leading role instead of traditional automotive and mobile phones
- The global supply chain is progressing into regional block

Demand for automation is further accelerating

Starting with China, business opportunities are expanding in each region

(However, geopolitical issues involving US and China are becoming high risk)

Further advancements are being made to the global reliable and quick delivery by **continuing to innovate the business foundation**

Accelerating **the selection and concentration of businesses and services with high potential of growth and profitability**

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## FY21 full year earnings forecast

Record highs are planned in both sales and profits

Aiming for a significant increase in profits through effects of profit improvement measures from last year and the continuation this year

Million yen

Category	FY20	FY21		
	Actual	Plan	YoY	
			Yen basis	Local currency basis
Net sales	310,719	340,000	+9.4%	+8.9%
Operating income (before amortization of goodwill, etc.) *	27,789	38,466	+38.4%	+36.1%
Margin	8.9%	11.3%	+2.4pt	+2.2pt
Operating income	27,199	38,000	+39.7%	+37.4%
Margin	8.8%	11.2%	+2.4pt	+2.3pt
Ordinary income	27,189	37,600	+38.3%	-
Net income	17,138	27,400	+59.9%	-

\*Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation (DL)

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## FY21 sales forecast by business segment

FA and VONA: reaping accelerating automation demand by cultivating new customers

Die components: sales increase are planned from having steadily capture the recovery in the automobile-related sector

Million yen

Category	FY20	FY21		
	Actual	Plan	YoY	
			Yen basis	Local currency basis
Total	310,719	340,000	+9.4%	+8.9%
FA business	102,244	115,284	+12.8%	+12.1%
Die components business	66,871	70,159	+4.9%	+4.5%
VONA business	141,602	154,557	+9.1%	+8.6%

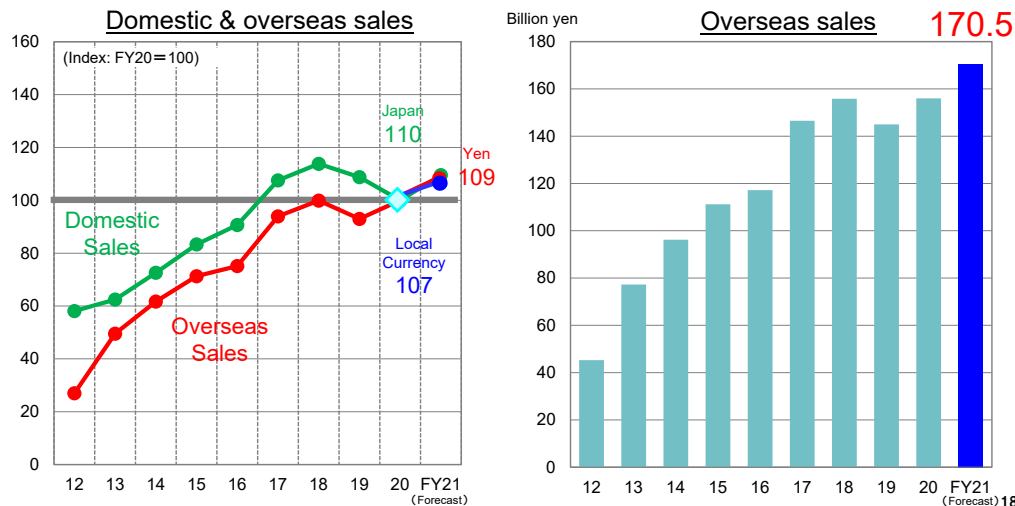
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## FY21 domestic & overseas sales

Japan: aiming for growth through self-aided efforts by expanding sales for growth markets such as electric vehicles

Overseas: further growth in each region is planned with FA and VONA businesses being the drivers

Overseas sales is expected to increase by 7.2% on a local currency basis; overseas ratio at 50%



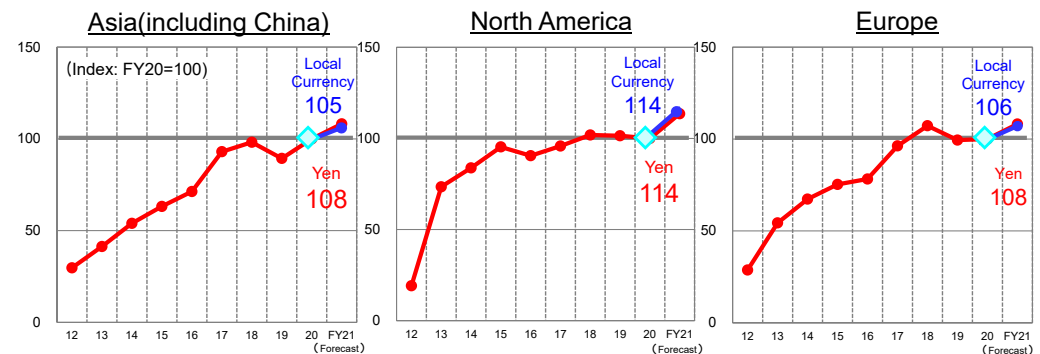
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## FY21 sales by region (local currency basis)

Asia (including China): significantly enhanced product lineup to help cultivate new customers in China; continue to capture demand from mass production factories in the rest of Asia

North America: accelerating shift of resources to growth markets such as EV-related

Europe: aiming to expand customers as well as customer penetration by strengthening digital marketing



China 107(104)  
Asia 110(108)  
Parentheses indicate local currency basis

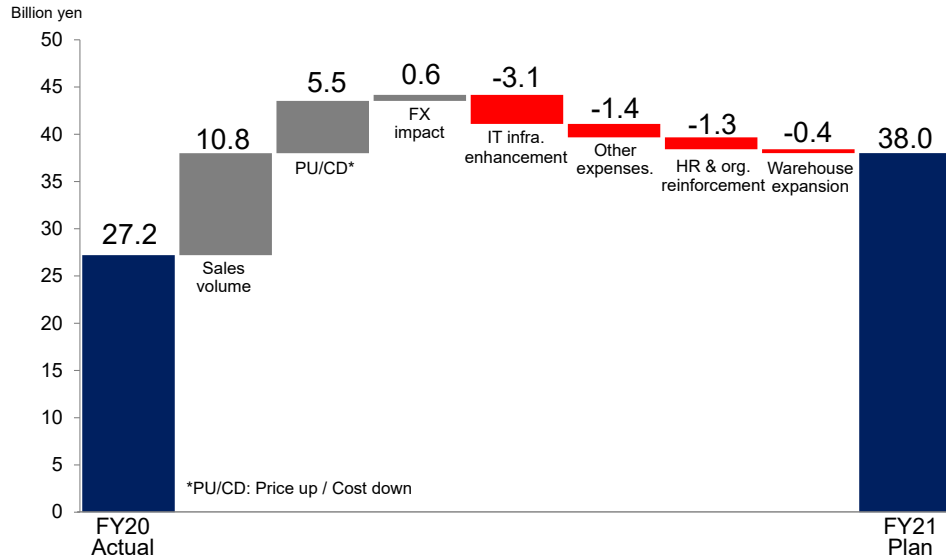
FX rates (vs Yen)	FY20 actual	FY21 plan
USD	106.2 yen	105.0 yen
EUR	123.7 yen	125.0 yen
RMB	15.6 yen	16.0 yen

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## FY21 operating income analysis (YoY)

In addition to the effects of profit improvement measures from last year, these measures will continue in FY21

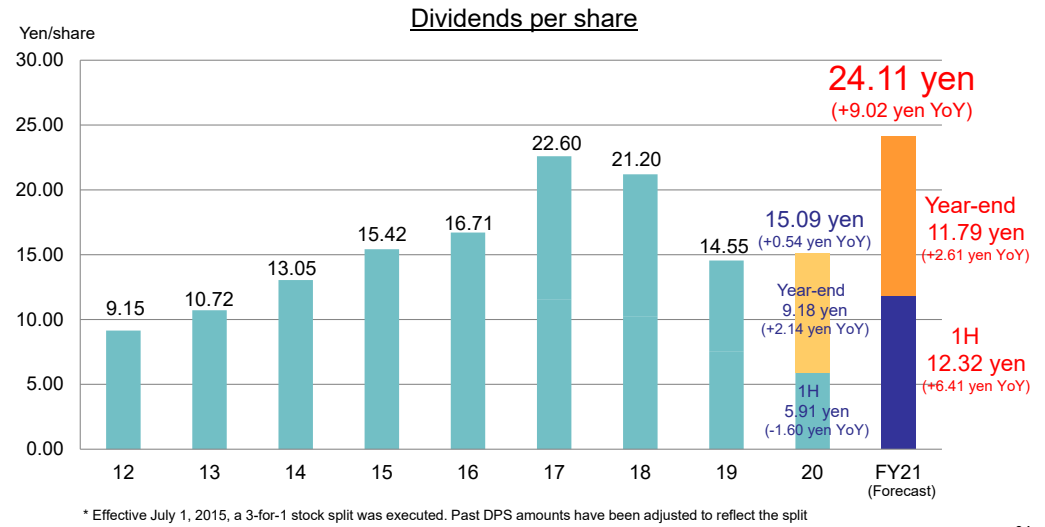
Plan to significantly increase profits even after deploying investments and expenditures geared for future growth



## Shareholder return

A full-year dividend payout of 15.09 yen is expected for FY20

A full-year dividend payout of 24.11 yen is anticipated in FY21 (payout ratio 25%)  
9.02 yen increase YoY, +59.8% YoY, reaching a record high



## Summary

Leveraging the effects of profit improvement measures in FY20, shifting to assertive management for future growth

