

July 29, 2014

MISUMI Group Inc. FY2014 1Q Consolidated Business Performance New Record Highs in Quarterly Sales and Profit

Today, MISUMI Group Inc. announced its consolidated financial results for FY2014 1Q (April 1 through June 30, 2014). Major performance measures are as follows.

Million Yen	FY2013 1Q	FY2014 1Q	Percentage Change
Net Sales	40,274	48,114	+19.5%
EBITDA*	5,660	7,078	+25.1%
Operating Income	5,164	6,520	+26.3%
Net Income	3,188	4,087	+28.2%
Earnings per Share	¥35.25	¥44.94	

*Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Progress Corporation and Anchor Lamina, Inc. of North America.

< Highlights of FY2014 1Q consolidated financial results >

1. Reached new record highs in sales and profit by growing sales in Japan and driving penetration of the MISUMI Business Model overseas despite stagnant production activity in Asia

- Sales in FY2014 1Q (April 1 through June 30, 2014) reached ¥48.1 billion (up 19.5% compared to the previous year), setting a new record-high for quarterly sales.
- As a whole, Japan continued its modest recovery trend on solid capital investments despite the downward reversion following the run up in demand ahead of the consumption tax rate hike. Meanwhile in Asia, the Chinese economy continues to grow at a moderate pace while ASEAN economies generally are at a standstill.
- Amid this environment, the MISUMI group is bolstering its e-catalogs and web ordering systems, which have been deployed to all subsidiaries overseas, and meeting 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. Overseas we are supporting the growing need among large customer accounts in particular for short delivery times and large volumes. At the same time, we are making progress toward local production and procurement aimed at achieving optimal sourcing.
- In Japan, we benefited from growing demand for automobiles and smartphones. As a result, our Factory Automation businesses achieved substantial topline growth, driving growth in consolidated sales overall.
- Operating income was ¥6.5 billion (up +26.3%) and net income was ¥4.0 billion (up +28.2%). 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. Sales up in all segments

- FY2014 1Q sales by business segment were as follows. Sales grew in all segments compared to the same period last year.

Million Yen	FY2013 1Q	FY2014 1Q	Percentage Change
Factory Automation Businesses	20,133	23,796	+18.2%
Die Components Businesses	13,886	15,147	+9.1%
VONA Businesses	8,907	10,734	+20.5%
Subtotal	42,928	49,678	+15.7%
Adjustments (accounting timing differences, etc.)	-2,653	-1,563	—
Total	40,274	48,114	+19.5%

- Effective beginning FY2014 1Q, 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 to enhance customer convenience.
- The VONA businesses achieved 20% growth in sales due to solid progress in increasing customer accounts by adding more third party brands and expanding product lineups.

3. International sales ratio rose to 45.4% (up 1.1 ppt)

- FY2014 1Q international sales reached ¥21.8 billion (+22.6% on a yen basis and +12.2% in local currencies). The international sales ratio reached 45.4% (up 1.1 ppt) of total sales.

Sales by geographical region were as follows.

	Net Sales (Million Yen)		Percentage Change	
	FY2013 1Q	FY2014 1Q	In Yen	In local currency
Japan	22,457	26,278	+17.0%	—
International	17,816	21,836	+22.6%	+12.2%
America	5,309	5,730	+7.9%	+/-0%
China	4,175	6,114	+46.4%	+28.0%
Asia	5,767	6,509	+12.9%	+8.9%
Europe	2,006	2,599	+29.6%	+16.8%
Other	557	882	+58.3%	+26.0%

- Sales in China and Europe grew at particularly high rates, thanks to progress in driving penetration of the MISUMI Business Model in international markets and successes in supporting growing needs among large accounts in particular for short delivery times and large volumes.
- We will further strengthen the MISUMI Business Model to accelerate global growth.

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

- We reiterate our full-year forecasts announced May 13, 2014
- Over the full year, we forecast reaching new record highs in both sales and profit.

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

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share	Dividends per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen	Yen
Cumulative 2Q	94,000	9,850	9,850	6,100	67.08	16.80
Full Year	196,000	20,500	20,500	12,300	135.25	33.85

[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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