

October 29, 2014

MISUMI Group Inc. FY2014 2Q Cumulative Consolidated Business Performance New Record Highs in Half-year Sales and Profit

Today, MISUMI Group Inc. announced its consolidated financial results for FY2014 2Q cumulative (April 1, 2014, through September 30, 2014). Major performance measures are as follows.

Million Yen	FY2013 Cumulative 2Q	FY2014 Cumulative 2Q	Percentage Change
Net Sales	82,743	98,708	+19.3%
EBITDA*	10,846	13,720	+26.5%
Operating Income	9,824	12,608	+28.3%
Net Income	6,048	7,637	+26.3%
Earnings per Share	¥66.80	¥83.91	

*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 FY2014 2Q cumulative consolidated financial results >

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

- Cumulative sales through FY2014 2Q (April 1, 2014, through June 30, 2014) reached ¥98.7 billion (up 19.3% compared to the previous year), setting a new record-high for half-year sales.
- Japan continued its modest recovery trend as capital investments sustained an upward trend despite weaknesses in production due to the consumption tax rate hike. Meanwhile, in other parts of the world the outlook is increasingly uncertain. While the US continues its recovery momentum, economic expansion slows in China, and ASEAN economies generally are at a standstill.
- Amid this environment, the MISUMI group bolstered its e-catalogs and web ordering systems, which have been deployed to all subsidiaries overseas, and met latent customer needs in terms of both price and enhanced convenience. Furthermore, 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.
- As a result of these initiatives, we successfully captured growing demand from the automotive and electronics (particularly smartphones) industries. Strong performance in Japan and China drove growth in sales overall.
- Operating income was ¥12.6 billion (up +28.3%) and net income was ¥7.6 billion (up +26.3%). 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 2Q cumulative sales by business segment were as follows. Sales grew in all segments compared to the same period last year.

Million Yen	FY2013 Cumulative 2Q	FY2014 Cumulative 2Q	Percentage Change
Factory Automation (FA) Businesses	39,725	48,024	+20.9%
Die Components Businesses	27,508	30,780	+11.9%
VONA Businesses	17,873	22,288	+24.7%
Subtotal	85,107	101,092	+18.8%
Adjustments (changes to timing of accounting, etc.)	-2,364	-2,384	—
Total	82,743	98,708	+19.3%

- 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 24.7% 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 45.6% (up 0.6 ppt)

- FY2014 2Q cumulative international sales reached ¥45.0 billion (+20.9% on a yen basis and +12.1% in local currencies). The international sales ratio reached 45.6% (up 0.6 ppt) of total sales.
- Sales by geographical region were as follows.

	Net Sales (Million Yen)		Percentage Change	
	FY2013 Cumulative 2Q	FY2014 Cumulative 2Q	In Yen	In local currency
Japan	45,503	53,676	+18.0%	—
International	37,240	45,031	+20.9%	+12.1%
China	10,110	13,773	+36.2%	+24.0%
Asia	11,008	12,827	+16.5%	+10.3%
USA	10,837	11,415	+5.3%	-1.1%
Europe	4,137	5,241	+26.7%	+17.4%
Other	1,146	1,773	+54.6%	+31.2%

- Sales in Japan grew at a better-than-expected rate, thanks to successes in capturing demand from the automotive and smartphone industries and supporting growing needs among large accounts in particular for short delivery times and large volumes.
- Looking overseas, sales in China trended strongly by capturing demand tied to smartphones from large EMS customer accounts. Meanwhile, in South Korea and Thailand economic sentiment declined, and the US was weaker due to fallout from automobile recalls.

4. Interim dividend per share to be ¥20.94

- We strive to pay out 25% of profits as dividends to our shareholders.
- The interim dividend per share shall be ¥20.94, which is ¥4.14 higher than previously forecast and ¥4.26 higher than last year.
- To reflect the recent change to our full-year forecasts, we have revised our forecast for the annualized dividend per share to ¥37.84, which is ¥3.99 higher than previously forecast and will be ¥5.68 higher than last year.
- We set our shareholder return policy based on a comprehensive review that takes into account the business environment and performance trends, among other factors.

	Annual Dividend		
	Interim	Year-end	Annual total
Previous forecast	¥16.80	¥17.05	¥33.85
Payout ratio	25.0%	25.0%	25.0%
Currently revised forecast	—	¥16.90	¥37.84
Payout ratio	25.0%	25.0%	25.0%
Actual this year	¥20.94	—	—
Actual last year	¥16.68	¥15.48	¥32.16
Payout ratio	25.0%	25.0%	25.0%

5. Revised consolidated earnings forecast for FY2014 (April 1, 2014, through March 31, 2015)

- Based on consolidated performance through the first two quarters of the fiscal year, we hereby revise our full-year earnings forecast (previously 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
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous forecast	196,000	20,500	20,500	12,300	135.25
Currently revised forecast	200,700	23,300	22,900	13,800	151.48
Change	4,700	2,800	2,400	1,500	—
Actual last year	173,904	18,989	19,168	11,678	128.82

[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.

<p>Please direct any inquiries to: MISUMI Group Inc. Investor Relations and Public Relations, Administration Department Tel: +81-(0) 3-5805-7037</p>
--