

MISUMI Group Inc.
FY2016 2Q Cumulative Consolidated Business Performance
—Sales and Profit Continued Upward YoY Owing to the Absorption of
Unfavorable Forex Impact Triggered by an Appreciation in the Yen’s Value—

MISUMI Group Inc. announced today its consolidated results for FY2016 2Q cumulative (April 1, 2016-September 30, 2016). Major performance measures are as follows.

(Million Yen)	FY2015 Cumulative 2Q	FY2016 Cumulative 2Q	YoY Change
Net Sales	116,188	121,802	+4.8%
EBITDA*	13,826	14,416	+4.3%
Operating Income	12,563	13,295	+5.8%
Net Income	8,081	8,350	+3.3%
Earnings per Share	¥29.48	¥30.42	

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

<Highlights for FY2016 2Q cumulative consolidated financial results>

1. Consolidated net sales rose 4.8% YoY (11.5% growth on a local currency basis) reflecting sales increase in China and Europe, and the active deployment of the VONA Business

- In the second quarter of FY2016, the global economy as a whole continued to trend modestly toward recovery. However, some economies were weak, including an economic downturn in emerging economies in Asia, including China, and resource-producing nations. The growing uncertainty of overseas economies such as this was a negative risk factor for Japan, pushing its economy downward. Fluctuations in financial capital markets and other impacts must also be closely monitored.
- Amid this economic environment, the MISUMI Group is leveraging its unique business, which encompasses both manufacturing and distribution operations, to expand its business infrastructure globally and contribute to manufacturing industry worldwide by eliminating customer inefficiency, while simultaneously accelerating business expansion. In an effort to address a new wave of manufacturing that positions IT at its core, we improved our competitive strength by continuing to implement Internet strategies. In addition, we strengthened our global sure-and-quick delivery system. As a localization strategy, we are promoting local production-local procurement initiatives, with the goal of providing optimal sourcing. There was unfavorable impact from forex fluctuations, however, thanks to the aforementioned initiatives and other measures, our consolidated earnings growth was propelled by an increase in sales in the Factory Automation (FA)

Business, where we benefitted from a rise in demand in the automotive industry and electronics industry, and growth in the VONA Business, which benefitted from an increase in customer base underpinned by an expansion in the number of manufacturers for which we distribute products.

- In light of this, we posted consolidated net sales of ¥121.8 billion, a rise of 4.8% year-on-year (up 11.5% on a local currency basis). In the profit front, we recorded operating income of ¥13.2 billion, a growth of 5.8%, and ordinary income of ¥13.1 billion, a rise of 7.7%. Meanwhile, our net income attributable to owners of the parent totaled ¥8.3 billion, an increase of 3.3%.

2. Growth continues centered around the VONA and FA Businesses

- Segment sales for the 2Q cumulative are shown in the table below.
- We revamped the organizational management structure of the MISUMI Group. In tandem with this, we adjusted our reporting segments. We transferred a portion of the FA Business to the VONA Business at the start of the first quarter. It should be noted that the same changes were made to reporting segments in the same quarter of the previous fiscal year for the purpose of year-on-year comparison.

	Net Sales (Million Yen)		YoY Change	
	FY2015 Cumulative 2Q	FY2016 Cumulative 2Q	¥ basis	Local currency basis
FA Business	38,038	40,011	+5.2%	+12.2%
Die Components Business	34,953	32,980	-5.6%	+4.8%
VONA Business	45,301	48,810	+7.7%	+13.8%
Adjustments (including cut-off errors)	-2,105	-	-	-
Total	116,188	121,802	+4.8%	+11.5%

- In the FA Business, we garnered benefits from actively securing new demand for automation but at the same time there was unfavorable impact from forex fluctuations. Nonetheless, we posted a sales expansion of 5.2% year-on-year, on the back of sales growth in Japan, China and Europe.
- In the Die Components Business, although sales momentum was brisk in China, other parts of Asia, and Europe, overall segment sales declined 5.6% versus the previous year due in part to unfavorable forex impact.
- In the VONA Business, we are distributing over 16 million products for more than 2,600 manufacturers. Although there was unfavorable impact from forex fluctuations, segment sales rose 7.7% compared with a year earlier, owing an expansion in sales underpinned by the enhancement of our product lineup.

3. Overseas sales continue to rise owing to growth in markets in China and

Europe

- In the 2Q cumulative, sales by region are as follows.

	Net Sales (Million Yen)		YoY Change	
	FY2015 Cumulative 2Q	FY2016 Cumulative 2Q	¥ basis	Local currency basis*
Japan	61,110	66,782	+9.3%	-
Overseas*	55,078	55,019	-0.1%	+14.0%
China	18,118	20,427	+12.7%	+31.4%
Asia	14,743	14,253	-3.3%	+9.6%
US	13,895	12,237	-11.9%	-1.1%
Europe	5,948	6,101	+2.6%	+14.6%
Other	2,371	1,998	-15.7%	-5.4%

*To more accurately disclose our consolidated financial results, starting from the first quarter of FY2016, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD and our other 27 consolidated subsidiaries, which officially settle their accounts on December 31st of each year, will conduct a provisional book-closing on March 31, in line with our fiscal year, to facilitate our preparation of consolidated financial statements. Accordingly, we prepared our consolidated financial statements for 2Q cumulative (April 1, 2016-September 30, 2016). Note that profits/losses posted in the January 1, 2016-March 31, 2016 quarter have been reflected as a change in retained earnings.

- In Japan, sales increased 9.3% year-on-year. This in part reflects our success in actively securing demand for automation and aggressively pursuing sales expansion in the VONA Business while addressing the growing need for reliable short delivery times.
- Overseas sales, denominated in yen, were flat year-on-year due to unfavorable forex impact. However, on a local currency basis, sales rose 14.0% owing to brisk sales growth in markets in China and Europe. In China, in particular, we posted rapid sales growth regardless of the pronounced slowdown in economic growth, as we actively captured new demand for automation in the manufacturing industry. Meanwhile, in the US, performance was weak due in part to lackluster demand for automotive dies.

4. Interim dividend per share to be ¥7.61

- MISUMI established its shareholder return policy by comprehensively taking into account various factors, including the expansion of its management infrastructure, the strengthening of its balance sheet, and the enhancement of its capital efficiency, to realize sustainable growth and to improve its corporate value.
- We have set a payout ratio standard of 25%. In light of this, we paid out the interim dividend per share of ¥7.61, a rise of ¥0.24 versus a year earlier.
- Our per-share dividend plan for the fiscal year-end is ¥8.62, an increase of ¥0.57 year-on-year, given our commitment to maintain a payout ratio of 25% and as we have not revised our full-year profit forecasts.

	Annual per-share Dividend		
	Interim	Year-end	Total
Prior Forecast	¥7.75	¥8.48	¥16.23
Payout Ratio	25.0%	25.0%	25.0%
Revision	-	¥8.62	¥16.23
Payout Ratio	25.0%	25.0%	25.0%
FY2016 Interim per-share Dividend	¥7.61	-	-
FY2015 Interim per-share Dividend	¥7.37	¥8.05	¥15.42
Payout Ratio	25.0%	25.0%	25.0%

5. Revisions to our consolidated earnings forecast for FY2016

- We downwardly revised our net sales forecast for FY2016, from the forecast we released on May 12, 2016, to factor in the unfavorable impact from forex fluctuations. However, we did not revise our forecasts for operating income, ordinary income, and net income attributable to owners of the parent.
- Regardless of this, we continue to forecast another year of all-time high net sales and profits.

FY2016 (April 1, 2016-March 31, 2017) consolidated earnings forecast

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Prior Forecast	256,000	27,200	26,600	17,800	64.85
Revision	253,500	27,200	26,600	17,800	64.85
Change	-2,500	±0	±0	±0	-
FY2015 Results	240,139	25,690	25,119	16,907	61.65

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2017 and the forward-looking statements in this document have been prepared on the basis of information available at the time of preparation. This includes the domestic and foreign economic climate, changes in foreign exchange rates for various currencies, and other factors that may affect business performance, that have been determined to be reasonable by MISUMI Group Inc. as well as risks and uncertainties. In light of this, please refrain from making investment decisions solely on the basis of this outlook. Actual business performance may differ greatly from this outlook due to various factors that affect MISUMI Group Inc., including economic climate, market trends and exchange rates.

Please refer to our quarterly earnings results report for details on consolidated earnings results for the cumulative second quarter of the fiscal year ending March 31, 2017.

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