

MISUMI Group Inc.
FY2017 first half consolidated business performance
—Record high sales and profits for half-year results—

MISUMI Group Inc. announced its consolidated financial results for the first half period of FY2017 (April 1, 2017-September 30, 2017) today. Major performance measures are as follows.

(Million yen)	FY2016 first half	FY2017 first half	YoY change
Net sales	121,802	152,465	+25.2%
EBITDA*	14,416	20,074	+39.2%
Operating income	13,295	18,902	+42.2%
Net income	8,350	13,040	+56.2%
Earnings per share	30.42 yen	46.63 yen	

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

<Highlights of FY2017 first half consolidated financial results>

1. Consolidated net sales increased significantly, rising 25.2% compared to a year earlier (22.7% growth on a local currency basis) owing to strong sales in Japan and contribution from a high sales growth level in China and other parts of Asia.

- In the first half of FY2017, major economies around the world, including Japan, continued a gradual recovery trend. In the United States, the economy continued to trend toward recovery, including a gradual rise in employment rates and corporate capital investments. In China, despite flat consumer spending, the recovery in economic trends picked up pace, mainly reflecting benefits from various government policies. In other parts of Asia and in Europe, economic recovery continued to be moderate. Meanwhile, in Japan there were indications that consumer spending and capital investments continued to grow steadily with improvements to corporate earnings and employment rates.

Amid this economic environment, the MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution operations, to expand its business infrastructure globally contributing to the 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 the overseas markets, efforts were made to strengthen our global reliable, quick delivery business model by promoting local production, local procurement for optimal procurement and expanding logistics infrastructure sites also.

- Performance at our business segments primarily benefited from the aforementioned

strengthening of our business infrastructure and platforms. In the factory automation (FA) business and die components business, sales rose on brisk demand in the automotive industry and electronics industry. In the VONA business, domestic growth was strong reflecting an increase in product lineup, coupled with a growth in overseas sales owing to expansion overseas. Accordingly, our consolidated net sales increased year-on-year.

- Reflecting this performance, consolidated net sales was ¥152,400 million, a rise of 25.2% (local currency basis 22.7%) year-on-year. In the profit front, we recorded an operating income of ¥18,900 million, (42.2% increase year-on-year), and ordinary income of ¥18,600 million, (42.0% increase year-on-year). Meanwhile, net income attributable to owners of parent reached ¥13,000 million, (56.2% increase year-on-year). We achieved all-time highs in net sales, operating income, ordinary income, and net income in a single half-year period.

2. High sales growth in all business segments

- Segment sales for the first half are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2016 first half	FY2017 first half	Yen basis	Local currency basis
FA business	40,011	51,731	+29.3%	+26.9%
Die components business	32,980	38,692	+17.3%	+13.8%
VONA business	48,810	62,041	+27.1%	+25.4%
Total	121,802	152,465	+25.2%	+22.7%

- In the FA business, we posted segment sales growth of 29.3% year-on-year. Performance was driven by a high level of growth in earnings in Japan, China, and other parts of Asia, attributable to brisk demand for automation and the strengthening of our global QCT (high Quality, low Cost, reliable and quick delivery Time) model.
- In the die components business, sales increased 17.3% year-on-year as a result of increased sales in China and other parts of Asia due to capturing new business demand in the automotive and electronics sector.
- In the VONA business, sales increased 27.1% year-on-year attributable to sustained growth in the domestic market due to strengthened product lineup, in addition to high level of sales growth in China and other parts of Asia.

3. Overseas sales continued to be driven by growth in China and other parts of Asia

- In the first half, sales by regions are as follows.

	Net sales (million yen)		YoY change	
	FY2016 first half	FY2017 first half	Yen basis	Local currency basis
Japan	66,782	79,289	+18.7%	-
Overseas	55,019	73,175	+33.0%	+27.6%
China	20,427	29,121	+42.6%	+39.4%
Asia	14,253	20,690	+45.2%	+37.0%
US	12,237	13,318	+8.8%	+3.9%
Europe	6,101	7,502	+23.0%	+15.8%
Other	1,998	2,542	+27.2%	+21.7%

- In Japan, sales increased 18.7% year-on-year. This in part reflects our success in actively securing demand for automation and aggressively pursuing sales expansion in the VONA business.
- In overseas markets, sales increased sharply, expanding 33.0% compare to a year earlier, particularly due to the uptake of robust automation demand in China and other parts of Asia.

4. Interim dividend per share to be ¥11.52, a rise of ¥3.91 year-on-year

- MISUMI established its shareholder return policy by comprehensively taking into account various factors, including the expansion of its management structure, 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 an interim dividend per share of ¥11.52, a rise of ¥3.91 compared to a year earlier.
- We revised our fiscal year-end dividend for FY2017. We now expect to payout ¥10.47 per share (a rise of ¥1.37 year-on-year), which is ¥0.04 higher than our previous forecast.

	Annual per-share dividend		
	Interim	Year-end	Total
Previous forecast	9.17 yen	10.43 yen	19.60 yen
Payout ratio	25.0%	25.0%	25.0%
Revised forecast	-	10.47 yen	21.99 yen
Payout ratio	-	25.0%	25.0%
FY2017 interim per-share dividend	11.52 yen	-	-
FY2016 interim per-share dividend	7.61 yen	9.10 yen	16.71 yen
Payout ratio	25.0%	25.0%	25.0%

5. Revisions to our consolidated earnings forecast for FY2017

- We upwardly revised the full-year consolidated earnings forecast released on May 11, 2017 as shown below.
- Note that we expect to set new record highs for net sales, and operating, ordinary, and net income.

FY2017 (April 1, 2017-March 31, 2018) consolidated earnings forecast

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous Forecast (A)	290,000	31,700	31,100	21,600	78.39
Revised forecast (B)	314,000	36,350	35,750	24,900	89.04
Increase (B-A)	+24,000	+4,650	+4,650	+3,300	-
Increase ratio (%)	+8.3%	+14.7%	+15.0%	+15.3%	-
FY2016 results	259,015	27,127	26,462	18,387	66.94

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2018 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 first half of the fiscal year ending March 31, 2018.

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