

MISUMI Group Inc.**FY2017 full-year consolidated financial results****—Recorded best sales and profit results to date, 7 years in a row—**

MISUMI Group Inc. announced its consolidated financial results for the cumulative fourth quarter period of FY2017 (April 1, 2017- March 31, 2018) today. Major performance measures were as follows.

(Million yen)	FY2016	FY2017	YoY change
Net sales	259,015	312,969	+20.8%
EBITDA*	29,421	36,465	+23.9%
Operating income	27,127	34,848	+28.5%
Net income	18,387	25,601	+39.2%
Earnings per share	66.94 yen	91.01 yen	

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

<Highlights of FY2017 consolidated financial results>**1. Consolidated net sales increased significantly, rising 20.8% year-on-year (18.7% 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**

During the fiscal year 2017, gradual recovery continued with major economies around the world, including Japan. In the United States, notwithstanding the impact of trade issues remaining uncertain, economic recovery trend continued with rise in employment rates and corporate capital investments. In China as a whole, steady economic movement continued. 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 foundation 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. Efforts were made to strengthen our global reliable and quick delivery business model by promoting local production, local procurement for optimal procurement as well as expanding logistics sites in Japan and overseas.

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 ¥312.9 billion, 20.8% increase year-on-year (18.7% increase on local currency basis). In the profit front, we recorded an operating income of ¥34.8 billion, (28.5% increase year-on-year), and ordinary income of ¥34.6 billion, (31.0% increase year-on-year). Meanwhile, net income attributable to owners of parent reached ¥25.6 billion, (39.2% increase year-on-year). Both net sales and profits continued to surpass past records for 7 consecutive years.

2. High sales growth continues particularly VONA and FA business

- Segment sales for the FY2017 are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2016	FY2017	Yen basis	Local currency basis
FA business	84,669	105,184	+24.2%	+21.9%
Die Components business	69,797	76,523	+9.6%	+6.9%
VONA business	104,548	131,262	+25.6%	+23.8%
Total	259,015	312,969	+20.8%	+18.7%

- In the FA business, we posted segment sales growth of 24.2% 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 9.6% 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 25.6% 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

- Regional break down of sale for the FY 2017 was as follows.

	Net sales (million yen)		YoY change	
	FY2016	FY2017	Yen basis	Local currency basis
Japan	140,301	166,440	+18.6%	—
Overseas	118,713	146,528	+23.4%	+18.7%
China	43,401	56,872	+31.0%	+27.0%
Asia	32,637	42,315	+29.7%	+22.9%
Americas	25,794	26,985	+4.6%	+3.1%
Europe	12,588	15,489	+23.0%	+14.2%
Others	4,291	4,865	+13.4%	+10.9%

- In Japan, sales increased 18.6% 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 23.4% year-on-year, particularly due to the uptake of robust automation demand in China and other parts of Asia.

4. Highest annual dividend payout of 22.60 yen, an increase of 5.89 yen year-on-year

- MISUMI establishes its shareholder return policy by comprehensively taking into account various factors, including the expansion of its investments and management structure, the strengthening of its balance sheet, and improvement of its capital efficiency, to realize sustainable growth and enhance corporate value.
- As for dividends, we have set a payout ratio of 25% from the second half of the fiscal year ending March 2012, and we will continue to maintain this standard for the fiscal year ending March 2018.
- Accordingly, we plan to payout a year-end dividend per share of ¥11.08 (an increase of 1.98 yen year-on-year) to reflect our earnings performance in FY2017. Combined with the interim dividend per share of ¥11.52 (an increase of 3.91 yen year-on-year), we plan to pay an annual dividend per share of ¥22.60 (an increase of 5.89 yen year-on-year).

	Annual per-share dividend					
	Interim		Year-end		Annual total	
	Yen	Payout ratio	Yen	Payout ratio	Yen	Payout ratio
Previous forecast	—	—	10.47	25.0%	21.99	25.0%



Actual results this year	11.52	25.0%	11.08	25.0%	22.60	25.0%
Actual results previous year	7.61	25.0%	9.10	25.0%	16.71	25.0%

5. Outlook for consolidated business forecast for the fiscal year ending March 2019 is expected to continue posting record highs in terms of both sales and profits

- In terms of full-year consolidated business forecast for the fiscal year ending March 31, 2019, we will expand our product lineup and strengthen our cost competitiveness, and we expect to expand our business by endeavoring to strengthen the offering of reliable and quick delivery, globally. We expect to renew our record highs for both sales and profits eight years running.

Forecast for the fiscal year ending March 31, 2019 (April 1, 2018 - March 31, 2019)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Full year forecast	361,000	39,700	39,500	28,500	100.60
FY2017 results	312,969	34,848	34,679	25,601	91.01
Change	+15.3%	+13.9%	+13.9%	+11.3%	—

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2019 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 fourth quarter of the fiscal year ending March 31, 2018.

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