

MISUMI Group Inc.
FY2018 first half consolidated financial results
**—Highest first half sales to date while investments for growth made
ahead of schedule impacted upon profits—**

MISUMI Group Inc. announced its consolidated financial results for the first half period of FY2018 (April 1, 2018- September 30, 2019) today. Major performance measures are as follows.

| (Million yen) | FY2017 first half | FY2018 first half | YoY change |
|--------------------|-------------------|-------------------|------------|
| Net sales | 152,465 | 166,668 | +9.3% |
| EBITDA* | 20,074 | 16,202 | -19.3% |
| Operating income | 18,902 | 15,896 | -15.9% |
| Net income | 13,040 | 11,573 | -11.2% |
| Earnings per share | 46.63 yen | 40.84 yen | |

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

<Highlights of FY2018 first half consolidated financial results>

1. The manufacturing industry in China and so on experienced deceleration in economic activities due to trade conflicts. Notwithstanding, we managed to secure an increase in our consolidated net sales by 9.3% year-on-year, as a result of growth in VONA and FA businesses. However, it slightly missed our initial plan. Operating income declined compared to the highest year-on-year period, as investments for growth were made ahead of schedule

- Global and Japanese economy trended towards deceleration during the first half period of FY2018, with the exception of the United States, as capital investments towards the manufacturing industry became cautious due to trade conflict concerns. In China, import and export began to slow down due to the trade conflict impact. Similarly in Asia and Europe, export environment deterioration concerns are slowing down manufacturing industry's business climate. In addition, the manufacturing industry in Japan showed signs of bearish tendency, given economic conditions such as soaring raw material prices, and increasing concerns relating to trade conflicts exacerbating uncertainties in production machinery and automotive related sectors.
- Even under such circumstances, MISUMI Group's strategy remains unchanged, leveraging its unique business model, which encompasses both manufacturing and distribution businesses, and advancing the business foundation that supports these businesses globally. We are contributing to manufacturing industry worldwide by eliminating inefficiencies faced by customers. In an effort to address a new wave of

manufacturing that positions IT at its core, even in this term we accelerated establishment of EC websites within respective region to respond immediately to each country's needs to strengthen competitiveness. Also, efforts were made to reinforce our global reliable and quick delivery business model by promoting local production, local sourcing for optimal procurement as well as expanding logistics sites in Japan and overseas.

- Advancements to our business model offered high convenience to our customers. Despite demand showing a decelerating trend within the manufacturing industry, we managed to expand the number of customers in manufacturing and distribution businesses, both in Japan and overseas. In addition, accelerated global expansion of the VONA business assisted in driving consolidated net sales exceeding previous year's results notwithstanding the fact that the forecast plan was not met.
- Reflecting this performance, consolidated net sales was ¥166,6 billion, an increase of 9.3% year-on-year (8.9% increase on a local currency basis), highest first half result to date. In terms of profit, as a result of deploying investments in advance in order to achieve accelerated growth, operating income was ¥15,8 billion, (15.9% decrease year-on-year), and ordinary income of ¥15,9 billion, (14.3% decrease year-on-year). Net income attributable to owners of parent was ¥11,5 billion (11.2% decrease year-on-year). Profits decreased year-on-year compared to the most profitable first half period.

2. The VONA business further expanded globally, and the FA business continued to grow as it captured demand for automation

- Segment sales for FY2018 first half are shown in the table below.

| | Net sales (million yen) | | YoY change | |
|----------------------------|-------------------------|----------------------|------------|----------------------------|
| | FY2017 first half | FY2018 first half | Yen basis | Local currency basis |
| FA business | 51,731 | 56,068 | +8.4% | +7.9% |
| Die Components business | 38,692 | 38,494 | -0.5% | -0.7% |
| VONA business | 62,041 | 72,105 | +16.2% | +15.8% |
| Total | 152,465 | 166,668 | +9.3% | +8.9% |

- In the FA business, we posted segment sales growth of 8.4% year-on-year. This was attributable to capturing demand for automation and strengthening MISUMI's global QCT (high Quality, low Cost, reliable and quick delivery Time) model.
- In the Die components business, sales decreased by 0.5% year-on-year as a result of reduced demand from the automotive related industry in Japan and the U.S. despite favorable sales activities in Asia.
- In the VONA business, sales increased 16.2% year-on-year, attributable to sustained growth in the domestic market from strengthened product lineup, in addition to expanded roll out in Asia.

3. Growth driven by Asia and Europe despite the slow down of growth in China

- Regional break down of sale for FY 2018 first half was as follows.

| | Net sales (million yen) | | YoY change | |
|----------|-------------------------|----------------------|------------|----------------------------|
| | FY2017 first half | FY2018 first half | Yen basis | Local currency basis |
| Japan | 79,289 | 85,461 | +7.8% | — |
| Overseas | 73,175 | 81,207 | +11.0% | +10.2% |
| China | 29,121 | 30,933 | +6.2% | +4.9% |
| Asia | 20,690 | 25,409 | +22.8% | +22.1% |
| US | 13,318 | 13,496 | +1.3% | +1.9% |
| Europe | 7,502 | 8,633 | +15.1% | +12.9% |
| Other | 2,542 | 2,734 | +7.5% | +8.0% |

- In Japan, sales increased by 7.8% year-on-year. This in part reflects our success in securing demand for automation and pursuing sales expansion in the VONA business.
- With respect to the overseas markets, sales increased 11.0% year-on-year, particularly due to expansion of FA and VONA businesses in other parts of Asia.

4. Interim dividend per share to be ¥10.21, a decrease of ¥1.31 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.
- With respect to dividends, our payout ratio is set at 25%. In light of this, we paid out an interim dividend per share of ¥10.21, a decrease of ¥1.31 compared to a year earlier.
- We revised our year-end dividend forecast for FY2018. We now expect to payout ¥12.46 per share (a rise of ¥1.38 year-on-year), which is ¥0.16 lower than our previous forecast.

| | Dividend per share on an annual basis | | |
|--------------------------------------|---------------------------------------|-----------|-----------|
| | Interim | Year-end | Total |
| Previous forecast | 12.53 yen | 12.62 yen | 25.15 yen |
| Payout ratio | 25.0% | 25.0% | 25.0% |
| Revised forecast | - | 12.46 yen | 22.67 yen |
| Payout ratio | - | 25.0% | 25.0% |
| FY2018 interim per-share dividend | 10.21 yen | - | - |
| FY2017 interim per-share dividend | 11.52 yen | 11.08 yen | 22.60 yen |
| Payout ratio | 25.0% | 25.0% | 25.0% |

5. Revisions to our consolidated earnings forecast for FY2018

- We revised the full-year consolidated earnings forecast released on May 10, 2018 as shown below.

FY2018 (April 1, 2018-March 31, 2019) 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) | 361,000 | 39,700 | 39,500 | 28,500 | 100.60 |
| Revised forecast (B) | 343,000 | 35,000 | 35,200 | 25,700 | 90.69 |
| Difference (B-A) | -18,000 | -4,700 | -4,300 | -2,800 | — |
| Ratio of difference (%) | -5.0% | -11.8% | -10.9% | -9.8% | — |
| FY2017 results | 312,969 | 34,848 | 34,679 | 25,601 | 91.01 |

[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 first half of the fiscal year ending March 31, 2019.

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