

MISUMI Group Inc.
FY2018 third quarter consolidated financial results
-Highest cumulative third quarter sales to date, investments
aimed at sustainable growth continued-

MISUMI Group Inc. announced its consolidated financial results for the cumulative third quarter period of FY2018 (April 1, 2018- December 31, 2018) today. Major performance measures are as follows.

(Million yen)	FY2017 3Q Cumulative basis	FY2018 3Q Cumulative basis	YoY change
Net sales	231,058	249,719	+8.1%
EBITDA*	28,647	23,156	-19.2%
Operating income	27,171	22,694	-16.5%
Net income	20,104	16,216	-19.3%
Earnings per share	71.62 yen	57.23 yen	

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

<Highlights of FY2018 cumulative third quarter consolidated financial results>

1. Amid the economic slowdown within the manufacturing industry due to trade conflicts taking place in each region, consolidated sales increased by 8.1% year-on-year driven by VONA and FA businesses' growth. Operating income was impacted as a result of continuous deployment of indispensable investments for strengthening the business foundation.

- Global and Japanese economy trended towards deceleration during the cumulative third quarter period of FY2018, as capital investments towards the manufacturing industry became more cautious from mounting concerns that trade conflicts may be prolonged. As a result of deterioration of import-export environment in China, Asia and the United States due to trade conflict impact, and stagnation of the automotive related sector in Europe, business climate of the manufacturing industry is slowing down within each respective region. Also, in Japan, business climate weakened due to sluggishness of overseas demand and capital investments, with uncertainty mounting 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. To address a new wave of manufacturing

that positions IT at its core, even in this term, we accelerated establishment of EC websites within the 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. Meanwhile, prudence was observed for some investment decisions amidst this decelerating business climate.

- Advancements to our business model offered high convenience to our customers, coupled with accelerated global expansion of the VONA business assisting in sales growth, and consequently consolidated net sales exceeded on a year-on-year basis.
- Reflecting this performance, consolidated net sales was ¥249.7 billion, an increase of 8.1% year-on-year (8.3% increase on a local currency basis), highest cumulative third quarter result to date. In terms of profit, as a result of deploying investments to accelerate growth, operating income was ¥22.6 billion, (16.5% decrease year-on-year), and ordinary income ¥22.6 billion, (15.7% decrease year-on-year). Net income attributable to owners of parent was ¥16.2 billion (19.3% decrease year-on-year). Profits decreased year-on-year compared to the most profitable cumulative third quarter period of last year.

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

- Segment sales for the FY2018 cumulative third quarter period are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2017 3Q Cumulative basis	FY2018 3Q Cumulative basis	Yen basis	Local currency basis
FA business	77,789	82,319	+5.8%	+6.0%
Die Components business	57,758	57,758	-0.0%	+0.7%
VONA business	95,509	109,642	+14.8%	+15.0%
Total	231,058	249,719	+8.1%	+8.3%

- In the FA business, we posted segment sales growth of 5.8% 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, despite favorable sales activities in Asia, sales remained almost the same level year-on-year due to lower demand in the automotive related industry in Japan and the United States.
- In the VONA business, sales increased 14.8% 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 continuing slow down of growth in China

- Regional break down of sale for the cumulative FY2018 3Q was as follows.

	Net sales (million yen)		YoY change	
	FY2017 3Q Cumulative basis	FY2018 3Q Cumulative basis	Yen basis	Local currency basis
Japan	121,870	130,939	+7.4%	—
Overseas	109,188	118,780	+8.8%	+9.3%
China	43,070	44,718	+3.8%	+4.5%
Asia	31,153	36,670	+17.7%	+18.4%
United States	19,878	20,442	+2.8%	+3.3%
Europe	11,305	12,773	+13.0%	+12.5%
Other	3,781	4,174	+10.4%	10.8%

- In Japan, sales increased by 7.4% 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 8.8% year-on-year, due to expansion of FA and VONA businesses in other parts of Asia.

4. Revisions to forecast of FY2018 consolidated earnings and year-end dividend

- Based on recent business environment and demand trends, we have revised the consolidated business forecast for the fiscal year ending March 31, 2019 announced on October 29, 2018 as follows.

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)	343,000	35,000	35,200	25,700	90.69
Revised forecast (B)	335,200	32,800	32,800	23,500	82.92
Difference (B-A)	-7,800	-2,200	-2,400	-2,200	—
Ratio of difference (%)	-2.3%	-6.3%	-6.8%	-8.6%	—
FY2017 results	312,969	34,848	34,679	25,601	91.01

- 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%. As a result of revisions to full-year consolidated earnings forecast mentioned above, we revised our year-end dividend to ¥10.52 per share, a decrease of ¥0.56 compared to last year.
- Regarding annual dividends, we paid out ¥10.21 per share (a decrease of ¥1.31 year-on-year) at the end of the first half, total dividend for the full-year is expected to be ¥20.73.

	Annual dividend per share		
	Interim	Year-end	Total
Previous forecast	-	12.46 yen	22.67 yen
Payout ratio	-	25.0%	25.0%
Revised forecast	-	10.52 yen	20.73 yen
Payout ratio	-	25.0%	25.0%
FY2018 interim per-share dividend	10.21 yen	-	-
FY2017 results	11.52 yen	11.08 yen	22.60 yen
Payout ratio	25.0%	25.0%	25.0%

[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 third quarter of the fiscal year ending March 31, 2019.

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