

MISUMI Group Inc. FY2019 third quarter consolidated financial results

~Sales and profits declined due to sluggish manufacturing industry impacted by the continuing global trade recession, continuous execution of carefully selected investments essential for sustainable growth~

MISUMI Group Inc. announced its consolidated financial results for the cumulative third quarter period of FY2019 (April 1, 2019- December 31, 2019) today. Major performance measures are as follows.

(Million yen)	FY2018 3Q cumulative basis	FY2019 3Q cumulative basis	YoY change
Net sales	249,719	235,786	-5.6%
EBITDA*	23,156	18,564	-19.8%
Operating income	22,694	18,109	-20.2%
Net income	16,216	12,919	-20.3%
Earnings per share	57.23 yen	45.54 yen	

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

< Highlights of FY2019 cumulative third quarter consolidated financial results >

1. Consolidated net sales decreased 5.6% year-on-year. Based on future demand trends, carefully selected investments essential for sustainable growth were carried out

- The global economy during the cumulative third quarter of FY2019 was generally sluggish. In China and elsewhere, the prolonged US-China trade conflict has caused the restraint on capital expenditures in the manufacturing industry to continue and automotive related demand in principal countries remained sluggish. In Japan, the overall manufacturing industry continued to decelerate due to weak export environment among other factors, affecting production machinery and automotive related sectors.
- Amid such economic environment, MISUMI Group is 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 the manufacturing industry worldwide by eliminating inefficiencies faced by customers. During this cumulative third quarter, innovations to our business model was sought by carefully selecting themes, to be better adapted to the world's evolving "digital manufacturing" trend. Efforts were made to strengthen the IT infrastructure by taking core system onto the cloud network, and 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. Despite these initiatives, both sales and profit decreased year-on-year due to continued sluggish capital investment demand in the manufacturing industry.

Consequently, consolidated net sales was ¥235.7 billion, a decrease of 5.6% year-on-year (3.9% decrease on a local currency basis). In terms of profit, decrease in sales volume, continued upfront investments which are carefully selected for sustainable growth both impacted upon profits. Subsequently, operating income was ¥18.1 billion, (20.2% decrease year-on-year), and ordinary income was ¥17.6 billion, (22.1% decrease year-on-year). Net income attributable to owners of parent was ¥12.9 billion (20.3% decrease year-on-year).

2. Sales decreased within each business segment owing to continuously sluggish demand in the global manufacturing industry

- Segment sales for FY2019 cumulative third quarter are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2018 3Q cumulative basis	FY2019 3Q cumulative basis	Yen basis	Local currency basis
FA business	82,319	74,560	-9.4%	-7.6%
Die Components business	57,758	55,408	-4.1%	-1.8%
VONA business	109,642	105,818	-3.5%	-2.2%
Total	249,719	235,786	-5.6%	-3.9%

- In the FA business, excluding the Americas, sluggish capital investment demand continued in principal countries especially in Japan, caused a 9.4% decrease year-on-year in net sales.
- Despite mostly steady sales activities in Southeast Asia, net sales in the Die components business decreased 4.1% year-on-year due to sluggish automotive related markets in regions such as China and Europe.
- In the VONA business, expanding product lineup coupled with carrying out proactive sales expansion initiatives resulted in sales expansion in the Americas and Southeast Asia, but could not compensate for the slowdown in China and Japan. Net sales decreased by 3.5% year-on-year.

3. Sales in the Americas increased year-on-year, while other regions remained stagnant in general even though there are signs of slight improvement recently

- Regional break down of sales for the cumulative FY2019 third quarter was as follows.

	Net sales (million yen)		YoY change	
	FY2018 3Q Cumulative basis	FY2019 3Q Cumulative basis	Yen basis	Local currency basis
Japan	130,939	125,329	-4.3%	—
Overseas	118,780	110,457	-7.0%	-3.6%
China	44,718	39,620	-11.4%	-6.1%
Asia	36,670	33,689	-8.1%	-5.6%
United States	20,442	20,954	+2.5%	+3.0%
Europe	12,773	11,977	-6.2%	-1.3%
Other	4,174	4,215	+1.0%	+1.9%

- In Japan, FA and VONA business decelerated due to sluggish capital investment demand, sales decreased 4.3% year-on-year.
- In the overseas markets, sales growth maintained in the Americas. Other regions remained stagnant in general resulting in a 7.0% decrease year-on-year even though there are signs of slight improvement recently.

4. Consolidated business performance forecast remain unchanged

- As of the previous forecast announced on October 28, 2019, full-year consolidated business forecast for the fiscal year ending March 31, 2020 remain unchanged.

FY2019 (April 1, 2019-March 31, 2020) consolidated earnings forecast

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Full year forecast	326,500	27,700	27,300	20,100	70.86
Previous year's actual results	331,936	31,874	31,815	24,034	84.80
Increase ratio (%)	-1.6%	-13.1%	-14.2%	-16.4%	—

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2020 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, 2020.

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