

MISUMI Group Inc. FY2019 consolidated financial results

~ Capital investment and operation of the manufacturing industry were sluggish due to lingering of the global trade recession, business model innovation has continued to strengthen the global reliable and quick delivery system ~

MISUMI Group Inc. announced its consolidated financial results for FY2019 (April 1, 2019- March 31, 2020) today. Major performance measures are as follows.

(Million yen)	FY2018	FY2019	YoY change
Net sales	331,936	313,337	-5.6%
EBITDA*	32,490	24,247	-25.4%
Operating income	31,874	23,640	-25.8%
Net income	24,034	16,504	-31.3%
Earnings per share	84.80 yen	58.18 yen	

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

<Highlights of FY2019 consolidated financial results>

1. Consolidated net sales decreased 5.6% year-on-year. Investments essential for business model innovation were carefully selected and carried out

- The global economy during FY2019 was mired by harsh circumstances, namely the prolonged US-China trade conflict causing restraint on capital expenditures and operation; in addition to the impact caused by the spread of COVID-19 pandemic around the fiscal year end period. Automotive demand in principal countries remained sluggish, and in Japan, impact from decrease in export of production machinery was apparent.
- Even in such economic environment, MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution businesses, and by advancing the business foundation that supports these businesses globally, we are contributing to the manufacturing industry worldwide by responding to customer's reliable quick delivery needs. Innovations to our business model was sought throughout this fiscal year, to be better adapted to the world's evolving "digital manufacturing" trend that is ever accelerating; all the while continuing to carefully select themes for making investments geared towards strengthening the IT and logistics infrastructure.

Also, when the operation in China faced temporary suspension due to the impact of COVID-19 taking place around the fiscal year end period, steady provision of products

meeting customers' needs for reliable and quick delivery was made possible by leveraging our global network. Shipments were made out from Japan and Vietnam instead, where the same products of those from China can be manufactured. However, both sales and profits decreased year-on-year mainly due to continued sluggish capital investment demand and operations in the manufacturing industry.

- Consequently, consolidated net sales was ¥313.3 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 ¥23.6 billion, (25.8% decrease year-on-year), and ordinary income was ¥23.2 billion, (26.9% decrease year-on-year). Net income attributable to owners of parent was ¥16.5 billion (31.3% decrease year-on-year).

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

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

	Net sales (million yen)		YoY change	
	FY2018	FY2019	Yen basis	Local currency basis
FA business	109,230	99,403	-9.0%	-7.2%
Die Components business	76,443	72,413	-5.3%	-3.0%
VONA business	146,262	141,519	-3.2%	-1.9%
Total	331,936	313,337	-5.6%	-3.9%

- In the FA business, excluding the Americas, sluggish capital investment demand and operations continued in principal countries especially in Japan, caused a 9.0% decrease year-on-year in net sales.
- Despite mostly steady sales activities in Southeast Asia, net sales in the Die components business decreased 5.3% year-on-year due to sluggish market conditions in the automotive related sectors in regions elsewhere.
- In the VONA business, expanding product lineup coupled with carrying out proactive sales expansion initiatives resulted in sales expansion in the Americas, Southeast Asia and Europe, but could not compensate for the slowdown in Japan and China. Net sales decreased by 3.2% year-on-year.

3. The Americas secured the same level of growth as the previous year mainly due to sales expansion of VONA, other regions recorded negative growth

- Regional sales breakdown for FY2019 was as follows.

	Net sales (million yen)		YoY change	
	FY2018	FY2019	Yen basis	Local currency basis
Japan	176,127	168,331	-4.4%	—
Overseas	155,809	145,006	-6.9%	-3.3%
China	56,837	50,406	-11.3%	-6.4%
Asia	47,849	44,872	-6.2%	-3.3%
United States	28,236	28,001	-0.8%	+0.6%
Europe	17,255	15,999	-7.3%	-1.7%
Other	5,630	5,724	+1.7%	+4.1%

- In Japan, efforts were made to strengthen the FA and VONA product lineup, but sales decreased 4.4% year-on-year due to sluggish capital investment and operation in the manufacturing industry.
- In the overseas market, expansion of VONA in the Americas compensated for the impact caused by the sluggish automotive industry, but other regions recorded negative growth, resulting in a 6.9% decrease year-on-year in sales, 3.3% decrease on a local currency basis.

4. Annual dividend payout is expected to be 14.55 yen

- 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.
- 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 2020.
- Accordingly, we plan to payout a year-end dividend per share of ¥7.04 (a decrease of 3.95 yen year-on-year) to reflect our earnings performance in FY2019. Combined with the interim dividend per share of ¥7.51, we plan to pay an annual dividend per share of ¥14.55 (a decrease of 6.65 yen year-on-year).

	Annual per-share dividend					
	Interim		Year-end		Annual total	
	Yen	Payout ratio	Yen	Payout ratio	Yen	Payout ratio
Previous forecast	—	—	10.22	25.0%	17.73	25.0%
Actual results this year	7.51	25.0%	7.04	25.0%	14.55	25.0%
Actual results previous year	10.21	25.0%	10.99	25.0%	21.20	25.0%

5. Consolidated earnings forecast for the fiscal year ending March 2021 is pending for the time being

- With respect to the consolidated business forecast for the fiscal year ending March 2021, it is necessary to scrutinize what impact the COVID-19 pandemic has had and will have on investment demand in the manufacturing industry, as well as customers' operations. For the time being, it is difficult to make a rational calculation, and therefore pending.
Going forward, we will disclose consolidated business forecast as soon as practicably possible, when such calculations become possible.

Please refer to our earnings results report for details on consolidated earnings results for the fiscal year ending March 31, 2020.

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