

January 29, 2014

**MISUMI Group Inc. FY2013 3Q Cumulative
Consolidated Business Performance****Revising Upward Full-year Forecasts
On Sustained Recovery in Japan and Growth Overseas**

Today, MISUMI Group Inc. announced its cumulative consolidated financial results through FY2013 3Q (April 1 through December 31, 2013). Major performance measures are as follows.

Million Yen	<u>FY2012 3Q</u> <u>Cumulative</u>	<u>FY2013 3Q</u> <u>Cumulative</u>	<u>Change</u>
Net Sales	98,145	127,152	+29.6%
EBITDA*	12,798	16,566	+29.4%
Operating Income	12,798	15,013	+17.3%
Net Income	6,945	9,338	+34.5%
Earnings per Share	¥77.64	¥103.08	

*Here, EBITDA refers to operating income before the amortization of goodwill and other intangible fixed assets related to the acquisition in November 2012 of Dayton Progress Corporation and Anchor Lamina, Inc. of North America (hereinafter collectively referred to as Dayton and Anchor Lamina).

<Highlights of FY2013 3Q cumulative consolidated financial results>**1. Sales and profits renew record highs as penetration of the MISUMI Business Model in overseas markets absorbs the effects of slower growth rates in Asian markets**

- In the FY2013 3Q cumulative period (April 1 through December 31, 2013), sales reached a new record high for the 3Q cumulative period. Net sales were ¥127.1 billion, up 29.6% compared to the same period in the previous year.
- Signs of an economic upturn were seen in a moderate recovery in the US economy and improved earnings among Japanese exporters benefiting from a sustained weaker yen. On the other hand, however, China and other Asian nations—which had until recently led the global economy—saw production activity continue to slow as the Chinese economy decelerated, among other factors.
- Amid this environment, the MISUMI group bolstered its e-catalogs and web ordering systems overseas and met latent customer needs in terms of both price and enhanced convenience, as part of the company's effort to drive penetration of the MISUMI Business Model. We also expanded sales offices and strengthened sales capabilities primarily in Asia—for example, our newly established Indonesian subsidiary began sales operations in September 2013. Furthermore, in addition to continued progress in selling MISUMI-branded products, sales grew significantly with the addition of new customer segments from Dayton and Anchor Lamina, which were acquired in November 2012.
- Operating income was ¥15.0 billion (up 17.3%) and net income was ¥9.3 billion (up 34.5%). We thus achieved record highs in both sales and profits. The performance in profits was made possible by increased sales overseas, a weaker yen and advances in promoting optimal sourcing through both local production and procurement.
- Note that sales grew 14.4% and operating income 17.0%, stripping out the effects of contributions from Dayton and Anchor Lamina to FY2013 3Q cumulative results.

2. Sales increased in all segments

- Sales in the 3Q cumulative period by business segment were as follows.

Million Yen	<u>FY2012 3Q</u>	<u>FY2013 3Q</u>	<u>Change</u>
	<u>Cumulative</u>	<u>Cumulative</u>	
Factory Automation	62,440	72,187	+15.6%
Die Components	22,202	41,686	+87.8%
Electronics	9,210	9,959	+8.1%
Others	5,060	5,595	+10.6%
Adjustments	-767	-2,276	—

- Sales in our Die Components businesses grew significantly, thanks to strong demand for automotive applications and contributions from sales posted by Dayton and Anchor Lamina, which were acquired in November 2012.

3. International sales accounted for 45.0% (+13.0 ppt) of total sales

- International sales in the 3Q cumulative period were ¥57.1 billion (up 83.2% on a yen basis and up 55.3% in local currency). International sales accounted for 45.0% of total sales, up 13.0 percentage points.
- Sales by geographical region were as follows.

Geographical region	Net Sales (Million Yen)		Year-on-Year Percentage Change	
	FY2012 3Q Cumulative	FY2013 3Q Cumulative	In Yen	In local currency
Japan	66,964	70,044	+4.6%	—
International	31,180	57,107	+83.2%	+55.3%
International, broken out				
America	4,104	16,431	+300.3%	+272.9%
China	11,387	16,184	+42.1%	+15.4%
Asia (excluding China)	12,054	16,377	+35.9%	+7.6%
Europe	3,007	6,329	+110.5%	+77.3%
Other regions	626	1,785	+185.0%	+165.4%

- Sales in the US and Europe grew at particularly high rates, thanks to progress in driving penetration of the MISUMI Business Model in international markets and contributions from sales posted by Dayton and Anchor Lamina.
- We will further strengthen the MISUMI Business Model to accelerate global growth.

4. We revise upward our forecasts for FY2013 full-year consolidated business performance and year-end dividends

- Demand continues to recover in the machinery fabrication sector, supported by a recovery in the US economy and improved earnings among Japanese exporters benefiting from a sustained weaker yen. As a result, our business results have been out-performing our initial forecasts. Meanwhile, future economic trends in China and other countries of Asia remain a concern in some cases.
- In the fourth quarter, we expect to incur higher sales promotion costs due to catalog releases primarily in Japan and Asia. Additionally, we plan to make upfront investments including: price reductions aimed at future sales and business expansion; warehouse enhancements; and website upgrades, among others.
- In light of the above factors, we now expect sales, operating income, ordinary income and net income all to exceed initial forecasts. As a result, we make the following revisions to our forecasts.
- We are forecasting a repeat of record-high sales and profit for the full year.

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Consolidated earnings forecasts for FY2013 (April 1, 2013, through March 31, 2014)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share	Dividends per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen	Yen
Previous	160,000	17,500	17,500	10,300	113.98	28.50
Revised	170,000	18,500	18,500	11,000	121.37	30.30
Difference	10,000	1,000	1,000	700	7.39	1.80

- Our dividend payments are based on a target payout ratio of about 25%.
- To reflect the above revisions to full-year earnings forecasts, we now expect to pay out a year-end dividend-per-share of ¥13.62 (down ¥2.58 year-on-year) for FY2013.
- As a result, the FY2013 total annual dividend-per-share is expected to be ¥30.30, including the interim dividend-per-share of ¥16.68 (up ¥5.43 year-on-year) paid out after the 2Q cumulative period.
- At MISUMI, we consider shareholder-return measures based on a comprehensive study of the management environment, business performance and other factors.

	Annual Dividend					
	Interim (2Q Cumulative)		Year-end		Total	
	Yen	Payout Ratio	Yen	Payout Ratio	Yen	Payout Ratio
Previous Forecast	16.68	25.0%	11.82	25.0%	28.50	25.0%
Revised Forecast	—	—	13.62	25.0%	30.30	25.0%
Last Year Actual	11.25	25.0%	16.20	25.0%	27.45	25.0%

[Disclaimer regarding forward-looking statements]

Although forecasts for FY2013 ending March 2014 and forward looking statements contained in this material are based on assumptions applied and judged to be reasonable by the Company and its Group reflecting currently available information, including domestic or international economic circumstances, fluctuations in currency exchange rates, and other factors that may influence our business performance, they are subject to risk and uncertainty. Therefore, investors should avoid making their investment decisions based entirely and exclusively on the forward-looking statements herein. Please be advised that our actual business performance may differ substantially from the forecasts indicated in this document.

The material factors that may influence our actual performance include economic circumstances, market trends, and exchange rates, among others.

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