

MISUMI Group Inc. FY2014 3Q Cumulative Consolidated Business Performance

Continued strength in Japan and China drive high growth in sales and profit

Today, MISUMI Group Inc. announced its consolidated financial results for FY2014 3Q cumulative (April 1, 2014, through December 31, 2014). Major performance measures are as follows.

Million Yen	FY2013 Cumulative 3Q	FY2014 Cumulative 3Q	Percentage Change
Net Sales	127,152	151,546	+ 19.2%
EBITDA*	16,566	20,716	+ 25.1%
Operating Income	15,013	19,081	+ 27.1%
Net Income	9,338	11,816	+ 26.5%
Earnings per Share	¥103.08	¥129.75	

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

< Highlights of FY2014 3Q cumulative consolidated financial results >

1. Sustained strength in sales and profit by capturing demand from the automotive and electronics industries in Japan and China

- Cumulative sales through FY2014 3Q (April 1, 2014, through December 31, 2014) reached ¥151.5 billion (up 19.2% compared to the previous year), sustaining a high level of growth.
- In Japan, the decline in demand following the increase in the consumption tax rate and resulting weakness in production appears to be halting. However, weak personal consumption and lackluster sentiment have led to the decision to postpone an additional hike to the consumption tax rate. Meanwhile, in other parts of the world, the US continued its recovery. Europe saw mounting concerns, including deflation and sovereign debt problems in Greece and other countries. China's economy grew at a slower rate, and the ASEAN region decelerated.
- Amid this environment, the MISUMI group bolstered its e-catalogs and web ordering systems, which have been deployed to subsidiaries overseas, and met latent customer needs in terms of both price and enhanced convenience. Furthermore, overseas we are supporting the growing need among large customer accounts in particular for short delivery times and large volumes. At the same time, we are making progress toward local production and procurement aimed at achieving optimal sourcing.
- As a result of these initiatives, we successfully captured growing demand from the automotive and electronics (particularly smartphones) industries. Continued strong performance in Japan and China drove growth in sales overall.
- Operating income was ¥19.0 billion (up 27.1%) and net income was ¥11.8 billion (up 26.5%). The performance in profits was made possible by increased sales and advances in promoting optimal sourcing through both local production and procurement.

2. Double-digit sales growth in all segments

- FY2014 3Q cumulative sales by business segment were as follows. Each segment saw double-digit sales growth compared to the same period last year.

Million Yen	FY2013 Cumulative 3Q	FY2014 Cumulative 3Q	Percentage Change
Factory Automation (FA) Businesses	60,027	72,848	+ 21.4%
Die Components Businesses	41,686	47,490	+ 13.9%
VONA Businesses	27,715	34,670	+ 25.1%
Subtotal	129,429	155,009	+ 19.8%
Adjustments (changes to timing of accounting, etc.)	- 2,276	- 3,463	—
Total	127,152	151,546	+ 19.2%

- Effective beginning FY2014 1Q, we have changed the categorization of business segments for reporting purposes. The percentage change numbers are based on the new segmentation applied to last year's performance results.
- The VONA businesses are a new distribution business venture that aims to leverage a unique model to reform inefficient and costly distribution processes. We aim to reform the distribution model by leveraging powerful backbone IT systems and online functionality to enhance customer convenience.
- The VONA businesses achieved 25.1% growth in sales due to solid progress in increasing sales by adding more third party brands and expanding product lineups.

3. International sales ratio rose to 46.0% (up 1.1 ppt)

- FY2014 3Q cumulative international sales reached ¥69.7 billion (up 22.1% on a yen basis and up 13.3% in local currencies). The international sales ratio reached 46.0% (up 1.1 ppt) of total sales.
- Sales by geographical region were as follows.

	Net Sales (Million Yen)		Percentage Change	
	FY2013 Cumulative 3Q	FY2014 Cumulative 3Q	In Yen	In local currency
Japan	70,044	81,843	+ 16.8%	—
International	57,107	69,702	+ 22.1%	+ 13.3%
China	16,184	22,068	+ 36.4%	+ 26.4%
Asia	16,377	19,422	+ 18.6%	+ 10.8%
USA	16,431	17,481	+ 6.4%	-0.9%
Europe	6,329	7,977	+ 26.1%	+ 18.2%
Other	1,785	2,753	+ 54.2%	+ 30.9%

- Sales in Japan grew at a strong rate, thanks to successes in capturing demand from the automotive and smartphone industries and supporting growing needs among large accounts in particular for short delivery times and large volumes.



- Looking overseas, sales in China trended strongly by capturing demand tied to smartphones from EMS players and other large accounts. Meanwhile, in South Korea and Thailand economic sentiment declined, and the US was weaker due to fallout from automobile recalls.

4. Forecasting new record highs in FY2014 consolidated sales and profit

- We reiterate our full-year forecasts announced October 29, 2014
- Over the full year, we forecast reaching new record highs in both sales and profit.

Consolidated earnings forecast for FY2014 (April 1, 2014, through March 31, 2015)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share	Dividends per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen	Yen
Full year forecast	200,700	23,300	22,900	13,800	151.48	37.84
Actual last year	173,904	18,989	19,168	11,678	128.82	32.16
YoY	+ 15.4%	+ 22.7%	+ 19.5%	+ 18.2%	+ 22.66	+ 5.68

[Disclaimer regarding forward-looking statements]

Although forecasts for FY2014 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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