

MISUMI Group Incorporated

Consolidated Results, Year ending March 2016

Record Sales and Profits for 5 Consecutive Years

MISUMI Group Inc. has announced its consolidated results for the year ending March 2016 (April 1, 2015-March 31, 2016) today. The main results are as follows.

(¥ million)	Year Ending March 2015	Year Ending March 2016	Percentage Change
Sales	208,562	240,139	+15.1%
Earnings Before Goodwill Amortization* ¹	25,998	28,228	+8.6%
Operating Earnings	23,759	25,690	+8.1%
Net Earnings	14,291	16,907	+18.3%
Net Earnings Per Share* ²	¥52.28	¥61.65	

*1 Earnings before amortization of goodwill and other intangible assets related to the purchase of Dayton Lamina Corporation

*2 There was a 1:3 share split of MISUMI Group Inc. stock on July 1, 2015. The figures were calculated with the assumption that such a share split took place at the beginning of the same quarter in the previous year.

Highlights of the consolidated results for the year ending March 2016

1. Both earnings and profits reached record highs due to meeting the market need for automation and aggressive business expansion of VONA

- The Japanese economy for the year ending March 2016 was weak in some areas due to the normalization of the US monetary policy and deceleration of the economy in developing economies in Asia, such as China, but overall was able to maintain a pattern of gradual recovery. Overseas, while there was a gradual economic recovery in the western countries, there was a continuation of gradual deceleration overall in China and the ASEAN region.
- Under such circumstances, the MISUMI Group continues to strive tirelessly to advance the MISUMI QCT model of achieving high quality (Q) components at low cost (C), on reliably short delivery times (T). With the effect of the expanding need for automation in manufacturing and the need for short delivery times, we have shortened our standard

delivery time in Japan of our Make-to-Order (MTO) items from 3 to 2 days, and expanded our lineup of prices and products corresponding to use by our customers, thus providing a high level of convenience. Furthermore, in order to improve our operational level to match the internationalization of our business, we are working on strengthening our EC base. In our Factory Automation (FA) business, we have completed construction of our Vietnam Plant No. 4, which we had been implementing with an eye toward accelerating our global sure and quick delivery and preparing a tri-polar complementary supply regime involving Japan, China and Vietnam; production has begun at this plant in October. We have also established business entities in regions covering China, Asia, Europe and the United States in order to deepen the MISUMI QCT model culture in each region and to further with assurance the production material process innovation on a global scale.

- As a result, our sales reached ¥240.1 billion, a 15.1% growth year-on-year, led by our FA business incorporating new demand for automation and dies, as well as the growth of our Die Components business and VONA business, which implemented aggressive sales activities.
- Profits were partially absorbed by an increase in costs involving reinforcing our personnel and upgrading our EC base with an eye to aggressive expansion of our business. Consequently, our sales profits were ¥25.6 billion (+8.1% year-on-year), and our net profits were ¥16.9 billion (+18.3% year-on-year).

2. High growth continues centered around our VONA and FA businesses

- Our business performance by business segment for the year ending March 2016 is as follows.

(¥ million)	Year Ending March 2015	Year Ending March 2016	Percentage Change
FA business	99,094	109,653	+10.7%
Die Components business	64,737	69,732	+7.7%
VONA business	48,248	60,474	+25.3%
Adjustment (e.g., period discrepancy)	-3,517	279	-
Total	208,562	240,139	+15.1%

- The FA business increased their earnings by 10.7% year-on-year primarily due to increased sales in Japan and China by aggressively incorporating the expanding need for automation.
- The Die Components business increased their earnings by 7.7% year-on-year primarily due to increased sales in China and Europe.
- The VONA business aggressively expanded sales backed by the largest product lineup in the field of materials indirectly related to production, achieved by the continued increase in the number of makers carried on VONA. As a result, it achieved an impressive growth in earnings of 25.3% year-on-year.

3. Achievement of overseas sales in excess of ¥100 billion per year

- Overseas sales for the year ending March 2016 was ¥111.2 billion (+15.6% year-on-year, +7.9% on the basis of local currencies), in excess of ¥100 billion per year. The overseas proportion of sales was 46.3% (+0.2% year-on-year).
- Our business performance by region for the year ending March 2016 is as follows.

	Earnings (¥ million)		Percentage Change	
	Year Ending March 2015	Year Ending March 2016	¥ based	Local currencies based
Japan	112,334	128,938	+14.8%	—
Overseas	96,228	111,200	+15.6%	+7.9%
China	30,759	38,567	+25.4%	+12.6%
Asia	26,766	28,824	+7.7%	+6.6%
US	23,974	27,129	+13.2%	+0.9%
Europe	10,834	12,115	+11.8%	+14.8%
Other	3,893	4,563	+17.2%	+4.2%

- In Japan, our performance showed a healthy growth as a result of aggressive pursuit of meeting the need for automation and expansion of VONA business sales while responding to the expanding need for reliable short delivery times.
- In China, in spite of a deceleration of economic growth, manufacturing businesses aggressively pursued automation, resulting in a healthy growth. Meanwhile in the Asia region excluding China and the US, the growth was weak as a result of the decelerating economy and stagnation in the demand for automotive dies, respectively.

4. Dividend payout ratio of 25% maintained, increase of ¥2.37 year-on-year

- MISUMI Group Inc. determines its dividend payout policy based on a comprehensive determination of expansion of investment and business base in order to achieve sustained growth and corporate value improvement, strengthening its financial base, and improving capital efficiency.
- It was determined that the dividend payout ratio would be 25% from the second half of the year ending in March 2012, and it is our intention to maintain this standard for the end of the year ending in March 2016 as well.
- Therefore, in line with the business results for the year ending in March 2016, the dividend for the second half of the year is scheduled to be ¥8.5 (+¥1.98 year-on-year). Thus, the dividend for the year, including the dividend paid out at the end of the second quarter of ¥7.37 (+¥0.39 year-on-year) is scheduled to be ¥15.42 (+¥2.37 year-on-year).

	Annual dividend*					
	End of 2 nd quarter		End of year		Annual total	
	Yen	Payout ratio	Yen	Payout ratio	Yen	Payout ratio
Previous expected	7.37	25.0%	8.05	25.0%	15.42	25.0%
Current year actual	7.37	25.0%	8.05	25.0%	15.42	25.0%
Previous year actual	6.98	25.0%	6.07	25.0%	13.05	25.0%

* There was a 1:3 stock split on July 1, 2015.

The dividend per share was calculated on the basis of post-split number of shares (for the previous year actual, it was assumed that the stock split took place at the beginning of the year).

5. Continued record sales and profits expected in the consolidated business performance for the year ending in March 2017

- Continued record sales and profits for 6 consecutive years are expected on the strength of growth in sales due to continued aggressive investment in terms of the consolidated business outlook for the year ending March 2017.

Expected consolidated business performance for year ending March 2017 (April 1, 2016 through March 31, 2017)

	Sales	Gross profit	Current profit	Net profit	Net profit per share*
	¥ million	¥ million	¥ million	¥ million	Yen
Expected for the year	256,000	27,200	26,600	17,800	64.85
Actual for previous year	240,139	25,690	25,119	16,907	61.65
Percentage change year-on-year	+6.6%	+5.9%	+5.9%	+5.3%	-

* There was a 1:3 stock split on July 1, 2015.

The net profit per share was calculated on the basis of post-split number of shares (for the previous year actual, it was assumed that the stock split took place at the beginning of the year).

[Considerations related to estimated earnings]

The outlook for the year ending March 2017 and the future posted in this document has been prepared on the basis of information that is available at the current point in time, such as the domestic and foreign economic climate, changes in the exchange rates of various currencies, and other factors that may affect business performance, that has been determined as logical by MISUMI Group Inc., but include risks and uncertainties. Therefore, please refrain from making investment decisions solely on the basis of such outlook. The actual business performance may differ greatly from this outlook based on various factors. Such factors include the economic climate, market trends and exchange rates that affect MISUMI Group Inc.

Please refer to the summary of financial statements for details on the consolidated results for the year ending March 2016.

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