

MISUMI Group Inc.

FY2017 third quarter consolidated financial results

—Record high sales and profits for the cumulative third quarter period—

MISUMI Group Inc. announced its consolidated financial results for the cumulative third quarter period of FY2017 (April 1, 2017-December 31, 2017) today. Major performance measures were as follows.

(Million yen)	FY2016 3Q Cumulative basis	FY2017 3Q Cumulative basis	YoY change
Net sales	187,230	231,058	+23.4%
EBITDA*	22,435	28,646	+27.7%
Operating income	20,732	27,171	+31.1%
Net income	12,894	20,104	+55.9%
Earnings per share	46.96 yen	71.62 yen	

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

<Highlights of FY2017 cumulative third quarter consolidated financial results>

1. Consolidated net sales increased significantly, rising 23.4% year-on-year (20.7% growth on a local currency basis) owing to strong sales in Japan and contribution from a high sales growth level in China and other parts of Asia

- In the cumulative third quarter period of FY2017, gradual recovery continued with major economies around the world, including Japan. In the United States, the economy continued to trend toward recovery, including a gradual rise in employment rates and corporate capital investments. In China as a whole, steady economic movement continued. In other parts of Asia and in Europe, economic recovery continued to be moderate. Meanwhile, in Japan there were indications that consumer spending and capital investments continued to grow steadily with improvements to corporate earnings and employment rates.

Amid this economic environment, the MISUMI Group is leveraging its unique business model, which encompasses both manufacturing and distribution operations, to expand its business foundation globally contributing to the manufacturing industry worldwide by eliminating customer inefficiency, while simultaneously accelerating business expansion. In an effort to address a new wave of manufacturing that positions IT at its core, we improved our competitive strength by continuing to implement Internet strategies. In the overseas markets, efforts were made to strengthen our global reliable and quick delivery business model by promoting local production, local procurement for optimal procurement and expanding logistics sites also.

- Performance at our business segments primarily benefited from the aforementioned strengthening of our business infrastructure and platforms. In the Factory Automation (FA) business and Die Components business, sales rose on brisk demand in the automotive industry and electronics industry. In the VONA business, domestic growth was strong reflecting an increase in product lineup, coupled with a growth in overseas sales owing to expansion overseas. Accordingly, our consolidated net sales increased year-on-year.
- Reflecting this performance, consolidated net sales was ¥231,000 million, an increase of 23.4% (local currency basis 20.7%) year-on-year. In the profit front, operating income was ¥27,100 million, (31.1% increase year-on-year), and ordinary income of ¥26,800 million, (32.1% increase year-on-year). Meanwhile, net income attributable to owners of parent reached ¥20,100 million, (55.9% increase year-on-year).

As of the previous forecast announced on October 30, 2017, full-year consolidated business forecast remain unchanged, by continuing to proactively expand our business and its foundation, we are forecasting that our sales and profits will continue to post record highs in terms of year-on-year comparison.

2. High sales growth in all business segments

- Segment sales for the FY2017 cumulative third quarter period are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2016 3Q Cumulative basis	FY2017 3Q Cumulative basis	Yen basis	Local currency basis
FA business	61,352	77,789	+26.8%	+24.0%
Die Components business	50,752	57,758	+13.8%	+10.2%
VONA business	75,125	95,509	+27.1%	+25.1%
Total	187,230	231,058	+23.4%	+20.7%

- In the FA business, we posted segment sales growth of 26.8% year-on-year. Performance was driven by a high level of growth in earnings in Japan, China, and other parts of Asia, attributable to brisk demand for automation and the strengthening of our global QCT (high Quality, low Cost, reliable and quick delivery Time) model.
- In the Die Components business, sales increased 13.8% year-on-year as a result of increased sales in China and other parts of Asia due to capturing new business demand in the automotive and electronics sector.
- In the VONA business, sales increased 27.1% year-on-year, attributable to sustained growth in the domestic market due to strengthened product lineup, in addition to high level of sales growth in China and other parts of Asia.

3. Overseas sales continued to be driven by growth in China and other parts of Asia

- Regional break down of sale for the cumulative FY 2017 3Q was as follows.

	Net sales (million yen)		YoY change	
	FY2016 3Q Cumulative basis	FY2017 3Q Cumulative basis	Yen basis	Local currency basis
Japan	102,492	121,870	+18.9%	—
Overseas	84,737	109,188	+28.9%	+23.0%
China	31,255	43,070	+37.8%	+33.4%
Asia	22,672	31,153	+37.4%	+28.9%
US	18,474	19,878	+7.6%	+3.7%
Europe	9,233	11,305	+22.4%	+13.5%
Other	3,101	3,781	+21.9%	+16.9%

- In Japan, sales increased 18.9% year-on-year. This in part reflects our success in actively securing demand for automation and aggressively pursuing sales expansion in the VONA business.
- In overseas markets, sales increased sharply, expanding 28.9% year-on-year, particularly due to the uptake of robust automation demand in China and other parts of Asia.

4. Sales and profits outlook of consolidated results for the fiscal year ending March 31, 2018 is expected to post record highs

- As of the previous forecast announced on October 30, 2017, full-year consolidated business forecast for the fiscal year ending March 31, 2018 remain unchanged.

FY2017 (April 1, 2017-March 31, 2018) 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	314,000	36,350	35,750	24,900	89.04
Previous year's actual results	259,015	27,127	26,462	18,387	66.94
Increase ratio (%)	+21.2%	+34.0%	+35.1%	+35.4%	—

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2018 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, 2018.

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