

MISUMI Group Inc. FY2019 1Q consolidated financial results

~Sales and profit decrease caused by sluggish capital investment demand in the manufacturing industry
Upfront investments aimed for sustainable growth carried out whilst managing expenses~

MISUMI Group Inc. announced its consolidated financial results for FY2019 1Q (April 1, 2019- June 30, 2019) today. Major performance measures are as follows.

(Million yen)	FY2018 1Q	FY2019 1Q	YoY change
Net sales	85,428	79,042	-7.5%
EBITDA*	9,183	5,998	-34.7%
Operating income	9,032	5,845	-35.3%
Net income	6,517	4,311	-33.9%
Earnings per share	23.00 yen	15.20 yen	

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

< Highlights of FY2019 1Q consolidated financial results >

1. Consolidated net sales decreased 7.5% year-on-year. Upfront investments deployed for sustainable growth carried out whilst managing expenses, taking current demand trend into consideration

- The global economy during the first quarter of FY 2019 suffered sluggish smartphone and automobile sales, ongoing since last fiscal year. In addition, appetite for capital investment in the manufacturing industry, with the exception of Southeast Asia, waned further over concerns that the US-China trade conflict may be exacerbated. In Japan, business climate slowed down further in response to deceleration of overseas demand and capital investments, which impacted production machinery and automotive related sectors.
- Even under such circumstances, MISUMI Group's strategy remains unchanged, leveraging its unique business model, which encompasses both manufacturing and distribution businesses, and advancing the business foundation that supports these businesses globally. We are contributing to the manufacturing industry worldwide by eliminating inefficiencies faced by customers. During this first quarter, continued innovations to our business model were pursued to better adapt to the world's evolving "digital manufacturing". Efforts were made to strengthen the IT infrastructure by taking core system onto the cloud network, and reinforce our global reliable and quick delivery business model by promoting

local production, local sourcing for optimal procurement as well as expanding logistics sites in Japan and overseas. Despite these initiatives, sales decreased year-on-year impacted by the sluggish capital investment demand in the manufacturing industry.

- Consequently, consolidated net sales was ¥79.0 billion, a decrease of 7.5% year-on-year (6.2% decrease on a local currency basis). In terms of profit, decrease in sales volume impacted upon profits. Thorough expense management was carried out in light of recent demand slowdown, while investments deployed for sustainable growth continued. Subsequently, operating income was ¥5.8 billion, (35.3% decrease year-on-year), and ordinary income was ¥5.7 billion, (36.8% decrease year-on-year). Net income attributable to owners of parent was ¥4.3 billion (33.9% decrease year-on-year).

2. Profit decrease within each business segment owing to sluggish capital investment demand in the manufacturing industry

- Segment sales for FY2019 1Q are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2018 1Q	FY2019 1Q	Yen basis	Local currency basis
FA business	29,776	25,189	-15.4%	-14.1%
Die Components business	19,474	18,779	-3.6%	-2.1%
VONA business	36,177	35,072	-3.1%	-1.9%
Total	85,428	79,042	-7.5%	-6.2%

- In the FA business, rebound from large volume order in the same period of last year, coupled with sluggish capital investment demand in Japan, China, and South Korea, and moreover, decelerating demand for automation in Europe caused a 15.4% decrease year-on-year in net sales.
- Despite steady sales activities in Southeast Asia, sales in the Die components business decreased by 3.6% year-on-year due to deteriorating market conditions in the automotive industry within principal countries.
- In the VONA business, expanding product lineup coupled with carrying out proactive sales expansion initiatives resulted in sales expansion in Southeast Asia, but could not compensate for the slowdown in Japan. Net sales decreased by 3.1% year-on-year.

3. Year-on-year sales growth in Southeast Asia and the Americas, sluggishness in China and South Korea

- Regional break down of sales for FY 2019 1Q was as follows.

	Net sales (million yen)		YoY change	
	FY2018 1Q	FY2019 1Q	Yen basis	Local currency basis
Japan	42,743	41,124	-3.8%	—
Overseas	42,684	37,917	-11.2%	-8.6%
China	15,951	14,023	-12.1%	-7.6%
Asia	14,275	11,186	-21.6%	-20.0%
United States	6,850	7,057	+3.0%	+2.0%
Europe	4,352	4,182	-3.9%	+0.8%
Other	1,253	1,467	+17.1%	+16.6%

- In Japan, capital investment demand centering on FA decelerated, sales decreased 3.8% year-on-year.
- In the overseas markets, sales growth maintained in Southeast Asia and the United States, but remained weak in China and South Korea, resulting in a 11.2% decrease year-on-year.

4. Consolidated business performance forecast remain unchanged

- As of the previous forecast announced on May 9, 2019, full-year consolidated business forecast for the fiscal year ending March 31, 2020 remain unchanged.

FY2019 (April 1, 2019 - March 31, 2020) 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	355,000	35,400	35,200	25,900	91.32
FY2018 results	331,936	31,874	31,815	24,034	84.80
Change	6.9%	11.1%	10.6%	7.8%	—

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2020 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 first quarter of the fiscal year ending March 31, 2020.

Please direct any inquiries to:
IR Team
Corporate Relations Department,
MISUMI Group Inc.
Tel: +81-3-5805-7037
Fax: +81-3-5805-7014
Email: cc@misumi.co.jp