

MISUMI Group Inc. FY2015 2Q Cumulative Consolidated Business Performance New Record High in Half-year Sales

Today, MISUMI Group Inc. announced its consolidated financial results for FY2015 2Q cumulative (April 1, 2015, through September 30, 2015). Major performance measures are as follows.

Million Yen	FY2014 Cumulative 2Q	FY2015 Cumulative 2Q	Percentage Change
Net Sales	98,708	116,188	+17.7%
EBITDA *1	13,720	13,826	+0.8%
Operating Income	12,608	12,563	-0.4%
Net Income	7,637	8,081	+5.8%
Earnings per Share *2	¥27.97	¥29.48	

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

*2 Effective July 1, 2015, we executed a 3-for-1 stock split. For comparison, the effects of the stock split have been applied to previous year figures.

< Highlights of FY2015 2Q cumulative consolidated financial results >

1. Record half-year sales driven by the VONA Business and demand for automation in Japan and China

- In the second quarter, the Japanese economy in general sustained its moderate recovery even as weakness was observed in some areas due to the economic slowdown in China and the rest of Asia. Meanwhile, in other parts of the world, the West sustained its recovery while China and the ASEAN economies continued to decelerate.
- Amid this environment, the MISUMI Group strives tirelessly to advance the MISUMI QCT Model, which achieves high quality (Q) components at low cost (C) on reliably short delivery times (T). In response to greater demand for automation and short delivery times from the manufacturing industry, in Japan we shrank our standard delivery time on made-to-order parts to 2 days from 3 days. This enhanced level of customer convenience was achieved through innovations to processes for incoming orders, production and logistics. Also, we expanded the product lineup and price points to suit the customer's application. Moreover, to upgrade operations to support our increasingly international businesses, we are bolstering our e-commerce infrastructure by introducing new backbone systems at each base of operations overseas and revamping our e-catalogs. Additionally, in the FA Businesses, construction on our Vietnam Plant No. 4 completed and production began in October. The new plant will help accelerate the achievement of a global supply chain capable of delivering reliably on short lead times and contribute to a tri-polar capacity-sharing production regime in Japan, China and Vietnam.

- As a result, we grew sales by capturing new demand for automation in our FA businesses and for dies and molds in our Die Components businesses while the VONA Business deployed an aggressive marketing strategy. Sales were ¥116.1 billion, up 17.7% year-on-year and marking a new record high for half-year sales.
- Operating income was ¥12.5 billion (-0.4%) and net income was ¥8.0 billion (+5.8%) on increased spending on our e-commerce infrastructure and personnel enhancements aimed at aggressive business growth.
- We reiterate the full-year consolidated forecasts announced May 14, 2015. We forecast reaching new record highs in sales and profit as we continue this year to aggressively grow the business and expand the base of business operations.

2. Double-digit sales growth in all segments

- FY2015 2Q cumulative sales by business segment were as follows.

Million Yen	FY2014 Cumulative 2Q	FY2015 Cumulative 2Q	Percentage Change
FA Businesses	48,024	54,738	+14.0%
Die Components Businesses	30,780	34,953	+13.6%
VONA Business	22,288	28,602	+28.3%
Adjustments (changes to timing of accounting, etc.)	-2,384	-2,105	—
Total	98,708	116,188	+17.7%

- FA Businesses grew sales 14.0% compared to the same period last year on increased sales in Japan and China as we aggressively captured new demand for automation.
- Die Components Businesses grew sales 13.6%, driven primarily by increased sales in China and Europe.
- The VONA Business achieved 28.3% growth in sales, as a result of aggressive expansion of sales leveraging its strength as the greatest offering of indirect production materials while the business continued to enroll more third-party brands.

3. International sales ratio rose to 47.4% (+1.8pt)

- FY2015 2Q cumulative international sales reached ¥55.0 billion (+22.3% on a yen basis and +9.1% in local currencies). The international sales ratio reached 47.4% (+1.8 ppt) of total sales.

- Sales by geographical region were as follows.

	Net Sales (Million Yen)		Percentage Change	
	FY2014 Cumulative 2Q	FY2015 Cumulative 2Q	In Yen	In local currency
Japan	53,676	61,110	+13.8%	—
International	45,031	55,078	+22.3%	+9.1%
China	13,773	18,118	+31.5%	+13.1%
Asia	12,827	14,743	+14.9%	+6.4%
USA	11,415	13,895	+21.7%	+3.3%
Europe	5,241	5,948	+13.5%	+16.5%
Other	1,773	2,371	+33.7%	+13.9%

- Japan performed strongly on increased demand for reliably short delivery times, growing demand from the automotive and electronics industries, and aggressive expansion of sales in the VONA Business.
- In China, we enjoyed solid business performance despite the increasingly slow economy thanks in part to successes in capturing new demand for automation from EMS and other manufacturing customers. Meanwhile, growth rates slowed elsewhere as the economies in Taiwan and the ASEAN region decelerated and demand for die components for automotive applications stagnated in the US.

4. Interim dividend per share to be ¥7.37

- We set our shareholder return policy based on a comprehensive review that takes into account the business environment surrounding our company, performance trends and outlooks, the strength of our balance sheet, capital efficiency and enhancements to the management structure required to sustain growth and grow the value of the company, among other factors.
- The interim dividend per share shall be ¥7.37 (up ¥0.39 yoy), based on a 25% dividend payout ratio.
- Maintaining that 25% payout ratio, we revise our forecast for the year-end dividend per share to ¥8.05, which is ¥1.98 higher than last year, although we make no change to our full-year earnings forecast.

	Annual Dividend*					
	Interim		Year-end		Annual total	
	Yen	Payout ratio	Yen	Payout ratio	Yen	Payout ratio
Actual this year	7.37	25.0%	—	—	—	—
This year's forecast	—	—	8.05	25.0%	15.42	25.0%
Actual last year	6.98	25.0%	6.07	25.0%	13.05	25.0%

* Effective July 1, 2015, we executed a 3-for-1 stock split. Earnings per share information has been adjusted to reflect the number of shares after stock split. Actual results from last year have been adjusted as if the stock split took place at the beginning of that year.

5. Forecasting new record highs in FY2015 consolidated sales and profit

- We leave unchanged our FY2015 full-year consolidated earnings forecasts announced May 14, 2015.

Consolidated earnings forecast for FY2015 (April 1, 2015, through March 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share*
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Full year forecast	242,000	27,100	27,100	16,900	61.67
Actual last year	208,562	23,759	23,352	14,291	52.28
YoY	+16.0%	+14.1%	+16.0%	+18.2%	-

* Effective July 1, 2015, we executed a 3-for-1 stock split. Earnings per share information has been adjusted to reflect the number of shares after stock split. Actual results from last year have been adjusted as if the stock split took place at the beginning of that year.

[Disclaimer regarding forward-looking statements]

Although forecasts for FY2015 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.

<p>Please direct any inquiries to: MISUMI Group Inc. Investor Relations, Administration Department Tel: +81-(0)3-5805-7037 Fax: +81-(0)3-5805-7372 Email: cc@misumi.co.jp</p>
