

MISUMI Group Inc.
FY2016 3Q Cumulative Consolidated Business Performance
—Record-high Quarterly Sales Posted in Oct.-Dec. 2016—

MISUMI Group Inc. announced today its consolidated results for FY2016 3Q cumulative (April 1, 2016-December 31, 2016). Major performance measures are as follows.

(Million Yen)	FY2015 Cumulative 3Q	FY2016 Cumulative 3Q	YoY Change
Net Sales	177,626	187,230	+5.4%
EBITDA*	21,979	22,435	+2.1%
Operating Income	20,078	20,732	+3.3%
Net Income	12,988	12,894	-0.7%
Earnings per Share	¥47.37	¥46.96	

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

<Highlights for FY2016 3Q cumulative consolidated financial results>

1. Consolidated net sales rose 5.4% YoY (11.8% growth on a local currency basis) reflecting sales increase in China and other parts of Asia, and the active deployment of the VONA Business.

- The global economy continued to trend modestly toward recovery during April-December 2016 (3Q cumulative). Although there were delays in improvements in some parts of Japan's economy and the global economy, the basic tone of recovery continued to be moderate. Meanwhile, factors warranting attention going forward include uncertainties in overseas economies and impact from fluctuations in financial markets, owing in part to future policy trends in the US and economic trends, mainly in China and emerging economies in Asia.
- Amid this economic environment, the MISUMI Group is leveraging its unique business, which encompasses both manufacturing and distribution operations, to expand its business infrastructure globally and contribute to 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 addition, to expand our overseas sites, we strengthened our platform for short-term and reliable deliveries globally, by promoting local production, local procurement to provide customers with optimal procurement. There was unfavorable impact from forex fluctuations, however, thanks to the aforementioned initiatives and other measures, our consolidated earnings growth was propelled by an increase in sales in the Factory

Automation (FA) Business, where we benefitted from a rise in demand in the automotive industry and electronics industry, and growth in the VONA Business, which benefited from an increase in customer base underpinned by an expansion in the number of manufacturers for which we distribute products.

- In light of this, we posted consolidated net sales of ¥187.2 billion, a rise of 5.4% year-on-year (up 11.8% on a local currency basis). In the profit front, we recorded operating income of ¥20.7 billion, an increase of 3.3%, and ordinary income of ¥20.3 billion, a growth of 3.6%. Meanwhile, our net income attributable to owners of the parent totaled ¥12.8 billion, a dip of 0.7%.

2. Growth continues centered around the VONA and FA Businesses

- Segment sales for the 3Q cumulative are shown in the table below.
- We revamped the organizational management structure of the MISUMI Group. In tandem with this, we adjusted our reporting segments. We transferred a portion of the FA Business to the VONA Business at the start of the first quarter. It should be noted that the same changes were made to reporting segments in the same quarter of the previous fiscal year for the purpose of year-on-year comparison.

(Million Yen)	Net Sales (Million Yen)		YoY Change	
	FY2015 Cumulative 3Q	FY2016 Cumulative 3Q	¥ basis	Local currency basis
FA Business	57,126	61,352	+7.4%	+13.9%
Die Components Business	52,224	50,752	-2.8%	+6.9%
VONA Business	68,909	75,125	+9.0%	+14.6%
Adjustments (including cut-off errors)	-634	-	-	-
Total	177,626	187,230	+5.4%	+11.8%

- In the FA Business, we garnered benefits from actively securing new demand for automation but at the same time there was unfavorable impact from forex fluctuations. Nonetheless, we posted a sales expansion of 7.4% year-on-year, on the back of sales growth in Japan, China, other parts of Asia and Europe.
- In the Die Components Business, although sales momentum was brisk in China, other parts of Asia, and Europe, overall segment sales declined 2.8% versus the previous year due in part to unfavorable forex impact.
- In the VONA Business, we are distributing over 17 million products for more than 2,700 manufacturers. Although there was unfavorable impact from forex fluctuations, segment sales rose 9.0% compared with a year earlier, owing an expansion in sales underpinned by the enhancement of our product lineup.

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

- In the 3Q cumulative, sales by region are as follows.

	Net Sales (Million Yen)		YoY Change	
	FY2015 Cumulative 3Q	FY2016 Cumulative 3Q	¥ basis	Local currency basis*
Japan	93,751	102,492	+9.3%	—
Overseas*	83,875	84,737	+1.0%	+14.6%
China	28,844	31,255	+8.4%	+26.1%
Asia	21,792	22,672	+4.0%	+16.6%
US	20,806	18,474	-11.2%	-1.4%
Europe	8,924	9,233	+3.5%	+15.3%
Other	3,507	3,101	-11.6%	+1.9%

*To more accurately disclose our consolidated financial results, starting from the first quarter of FY2016, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD and our other 27 consolidated subsidiaries, which officially settle their accounts on December 31st of each year, will conduct a provisional book-closing on March 31, in line with our fiscal year, to facilitate our preparation of consolidated financial statements. Accordingly, we prepared our consolidated financial statements for 3Q cumulative (April 1, 2016-December 31, 2016). Note that profits/losses posted in the January 1, 2016-March 31, 2016 quarter have been reflected as a change in retained earnings.

- In Japan, sales increased 9.3% year-on-year. This in part reflects our success in actively securing demand for automation and aggressively pursuing sales expansion in the VONA Business while addressing the growing need for reliable short delivery times.
- Overseas sales, denominated in yen, grew a mere 1.0% year-on-year due to unfavorable forex impact. However, on a local currency basis, sales rose 14.6% owing to brisk sales growth in markets in China and other parts in Asia. In particular, we attained a high level of sales growth mainly in China, other parts in Asia, and Europe, as we actively secured new demand for manufacturing automation.

4. Expect to attain another fiscal year of record high sales and profits in FY2016

- Our consolidated earnings forecast for FY2016 remains the same as the forecast we released on October 28, 2016.

FY2016 (April 1, 2016-March 31, 2017) 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	253,500	27,200	26,600	17,800	64.85
FY2015 Results	240,139	25,690	25,119	16,907	61.65
Change	+5.6%	+5.9%	+5.9%	+5.3%	—

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2017 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, 2017.

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