

MISUMI Group Inc.

FY2018 (ending March 2019)

First half year (1H) earnings report

October 30, 2018

Representative Director, President and CEO
Ryusei Ono

FY18 1H earnings overview

FX rates (vs Yen)	FY17 1H actual	FY18 1H actual
USD	111.4 yen	110.1 yen
EUR	126.6 yen	129.9 yen
RMB	16.5 yen	16.7 yen

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FY18 1H earnings overview

Record high 1H sales for the 7th consecutive period, slightly falling short of the initial plan

IT infrastructure investments essential for business model innovation deployed ahead of schedule

Million yen

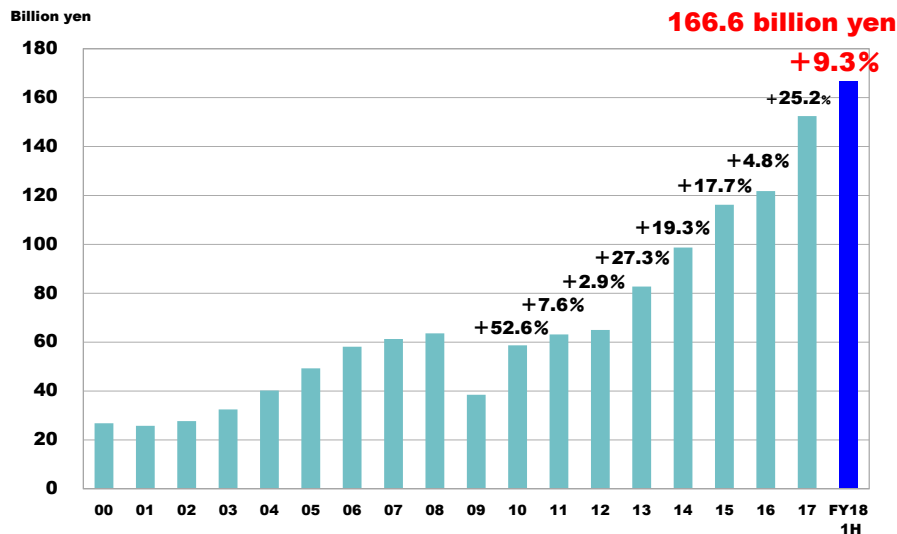
Category	FY17 1H Actual	FY18 1H		Percentage change	
		Plan	Actual	YoY	Vs plan
Net sales	152,465	170,000	166,668	+9.3%	▲2.0%
Operating income (before amortization of goodwill, etc.)*	20,074	20,100	16,202	▲19.3%	▲19.4%
Margin	13.2%	11.8%	9.7%	▲3.5pt	▲2.1pt
Operating income	18,902	19,800	15,896	▲15.9%	▲19.7%
Margin	12.4%	11.6%	9.5%	▲2.9pt	▲2.1pt
Ordinary income	18,627	19,700	15,970	▲14.3%	▲18.9%
Net income	13,040	14,200	11,573	▲11.2%	▲18.5%

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

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Transition of 1H sales

Overall growth continued compared to the previous year, and growth rate declined from the extremely booming 1H of last year



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FY18 1H sales by business segment

FA: number of customers expanded globally given the superiority of reliable and quick delivery model

Die components: sluggish market conditions in the U.S. and Japan was amply covered by market share expansion in Asia

VONA: growth continued with increased product lineup and international expansion

Category	FY17 1H	FY18 1H		
		Actual	YoY change	
	Actual		Yen basis	Local currency basis
Total	152,465	166,668	+9.3%	+8.9%
FA business	51,731	56,068	+8.4%	+7.9%
Die components business	38,692	38,494	▲0.5%	▲0.7%
VONA business	62,041	72,105	+16.2%	+15.8%

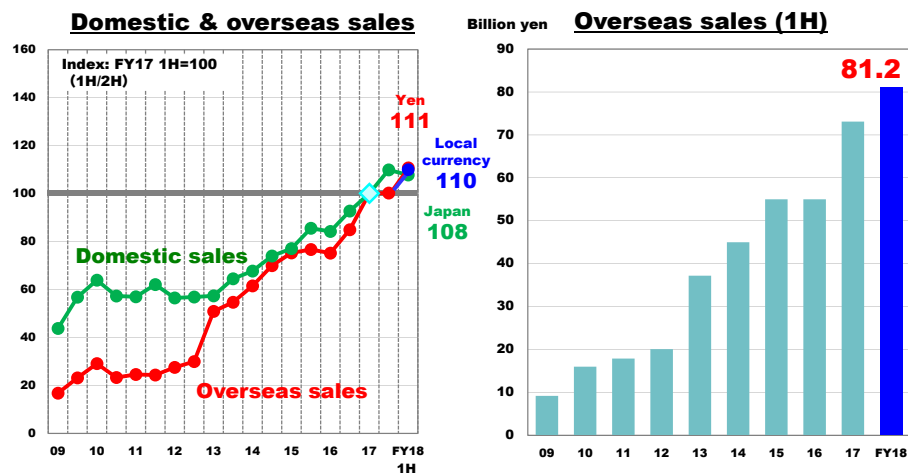
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FY18 1H domestic & overseas sales

Japan: VONA business was the growth driver as well as FA business secured sales increase

Overseas: growth in China slowed down, notwithstanding growth continued in Asia and Europe

Overseas sales grew 10% in local currency basis, overseas ratio was 48.7%



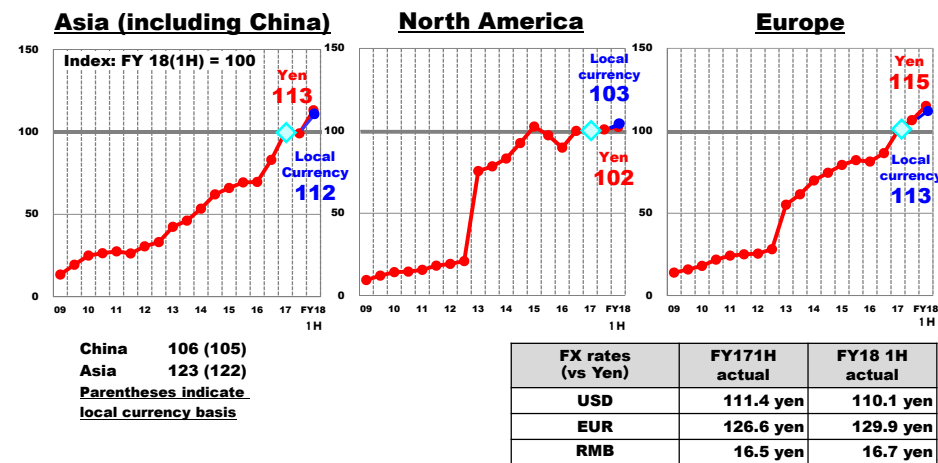
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FY18 1H sales by region (local currency basis)

Asia: expansion of VONA business in Southeast Asia was the growth driver

North America: slight increase in sales due to sluggish demand from the automotive sector

Europe: number of customers continued to increase due to strengthening of the reliable and quick delivery model



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FY18 1H operating income by business segment

FA: high profitability sustained amid accelerating investment for growth

Die components: despite increase in expenses incurred to strengthen the business foundation, profits increased owing to decrease in amortization of goodwill

VONA: prioritized acceleration of international expansion and continuation of strategic countermeasures against competitors

Million yen

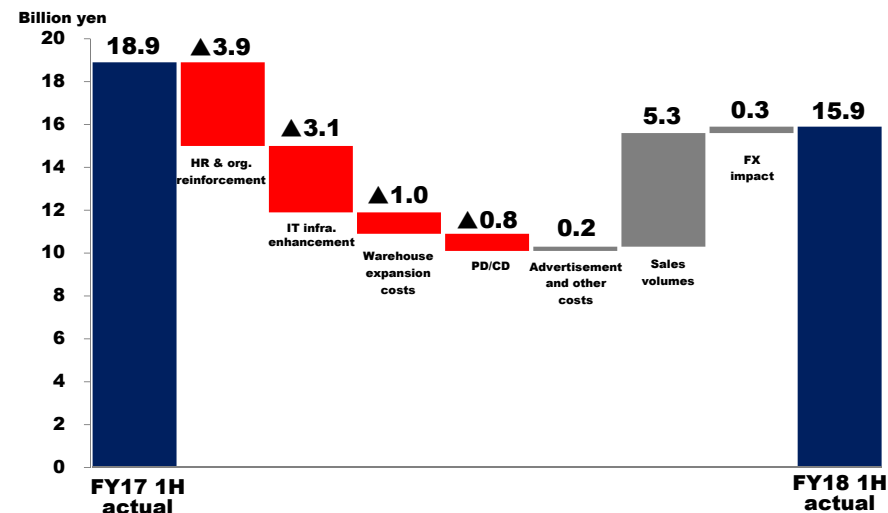
Category	FY17 1H		FY18 1H			
	Actual		Actual		YoY	
	Margin		Margin		Yen basis	Local currency basis
Total	18,902	12.4%	15,896	9.5%	▲15.9%	▲17.5%
FA business	10,539	20.4%	9,791	17.5%	▲7.1%	▲8.2%
Die components business	2,767	7.2%	3,231	8.4%	+16.8%	+15.8%
Before amortization of goodwill, etc.	3,938	10.2%	3,537	9.2%	▲10.2%	▲10.8%
VONA business	5,823	9.4%	3,117	4.3%	▲46.5%	▲49.2%
Other factors and adjustments	▲227	-	▲243	-	-	-

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FY18 1H operating income analysis (yoy)

Accelerated growth initiatives such as HR & organization reinforcement and IT infrastructure enhancement

Business model revitalization fast forwarded ahead of manufacturing industry's intensifying digitization trend

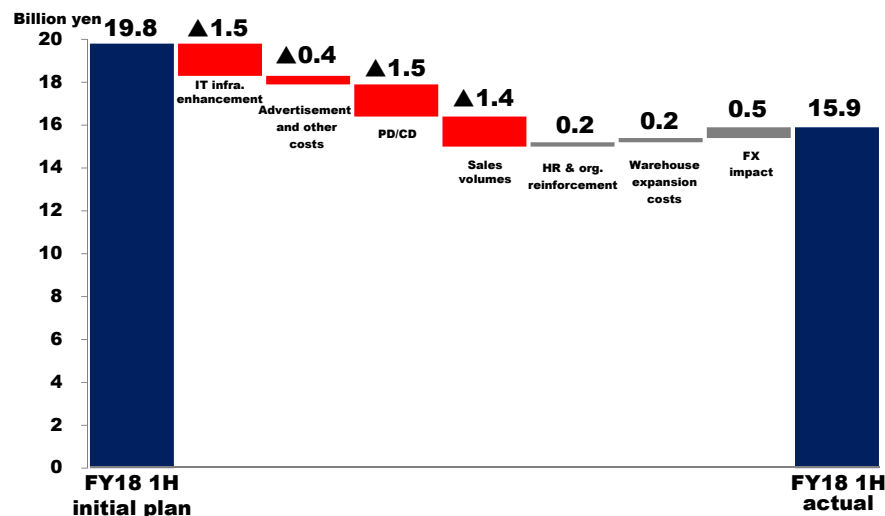


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FY18 1H operating income analysis (compare to plan)

Aiming to accelerate international expansion of the VONA business, enhancement of EC websites was progressing globally ahead of plan

Competitive pricing strategy in the market and marketing strategy enriched compared to plan



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FY18 full year consolidated earnings forecasts

FX rates (vs Yen)	FY17 actual	FY18 2H plan	FY18 full-year plan
USD	110.9 yen	108.0 yen	109.1 yen
EUR	129.4 yen	129.0 yen	129.5 yen
RMB	16.7 yen	16.0 yen	16.4 yen

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FY18 full year earnings forecast (revised)

Given the slowdown in manufacturing industry's business climate, the full year outlook has been revised

Continuing initiatives towards sustainable growth as well as maintaining conducive conditions for profit increase

Million yen

Category	FY17	FY18			
	Actual	Initial plan	Revised forecast	YoY	Vs initial plan
Net sales	312,969	361,000	343,000	+9.6%	▲5.0%
Operating income (before amortization of goodwill, etc.)*	36,465	40,300	35,600	▲2.4%	▲11.7%
Margin	11.7%	11.2%	10.4%	▲1.3pt	▲0.8pt
Operating income	34,848	39,700	35,000	+0.4%	▲11.8%
Margin	11.1%	11.0%	10.2%	▲0.9pt	▲0.8pt
Ordinary income	34,679	39,500	35,200	+1.5%	▲10.9%
Net income	25,601	28,500	25,700	+0.4%	▲9.8%

1. Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation (DL)
2. Amortization of goodwill completed in October 2017

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FY18 sales forecasts by business segment

FA: China's business climate continues to decelerate while growth will be maintained due to expansion of customer numbers in Asia and Europe

Die components: growth in Asia continues but sluggish demand in Japan and U.S. will make it marginal in rise

VONA: sustained growth both in Japan and overseas as a result of increase in product lineup and reliable quick delivery

Million yen

Category	FY17	FY18				
	Actual	Previous plan	Revised forecast	YoY		Vs previous plan
				Yen basis	Local currency basis	
Total	312,969	361,000	343,000	+9.6%	+10.5%	▲5.0%
FA business	105,184	118,200	111,200	+5.7%	+6.4%	▲5.9%
Die components business	76,523	80,400	77,900	+1.8%	+3.3%	▲3.1%
VONA business	131,262	162,400	153,900	+17.2%	+17.9%	▲5.2%
Other factors and adjustments	-	-	-	-	-	-

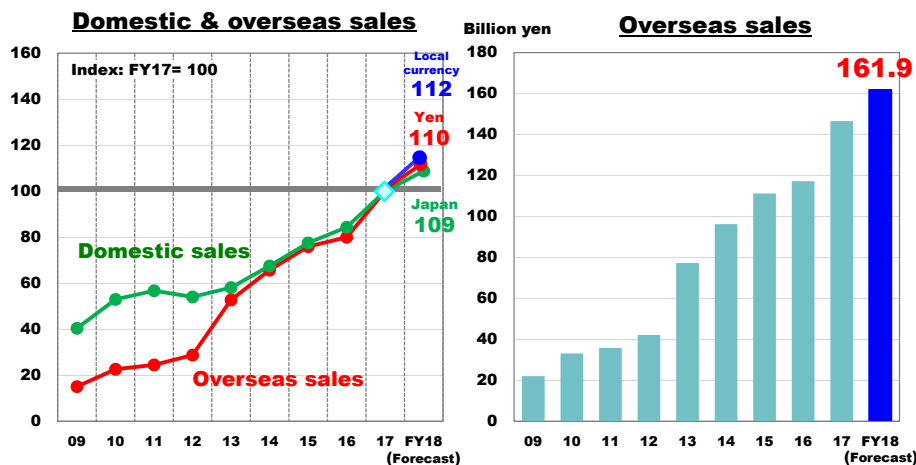
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FY18 domestic & overseas sales forecasts

Japan: VONA business continues to grow while FA business expects to increase despite decrease in market demand

Overseas: thanks to reliable and quick delivery prowess, continuous growth in Asia and Europe will be the driving force

Overseas sales will increase by 12% in local currency basis, overseas ratio expected at 47.2%



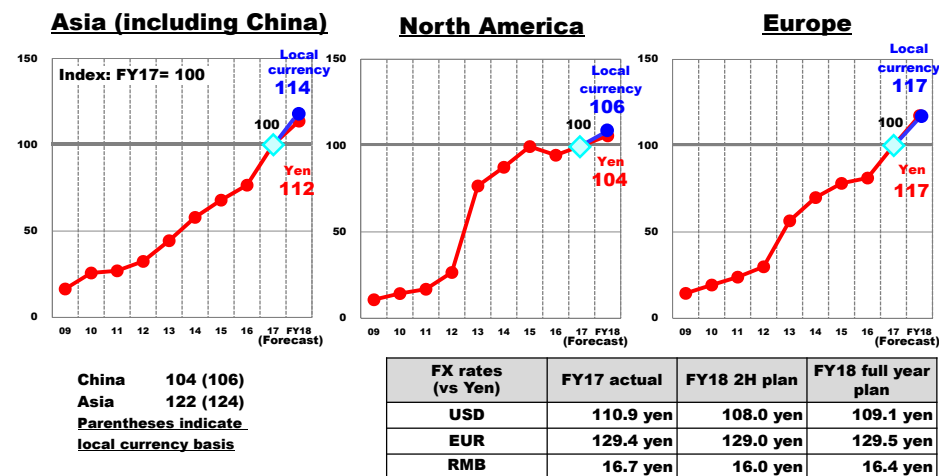
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FY18 sales forecasts by region (local currency basis)

Asia: demand is expected to slow down in China and South Korea, while high growth will continue in Southeast Asia

North America: automotive related demand is expected to recover in the 2H, but increase will remain to be marginal for the full year

Europe: penetration of reliable quick delivery and customer expansion is expected to continue

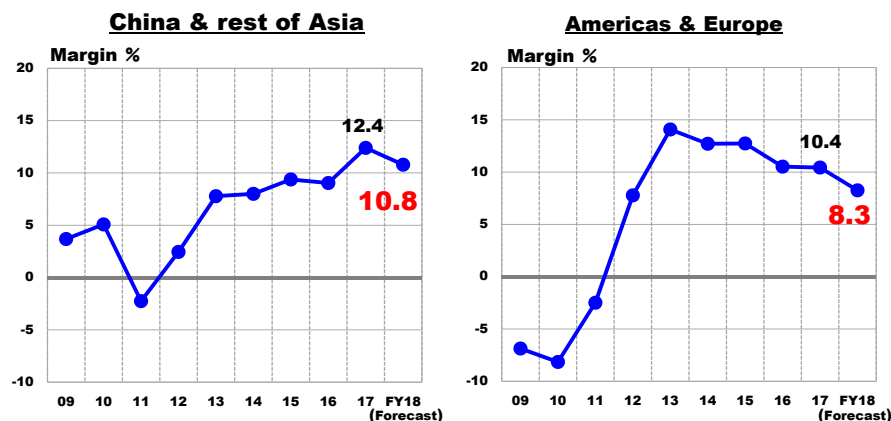


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FY18 operating income forecasts by region

Business foundation strengthening initiatives within the respective region will take precedence

Improvements in manufacturing efficiency and reduction in procurement costs will continue to be reinforced



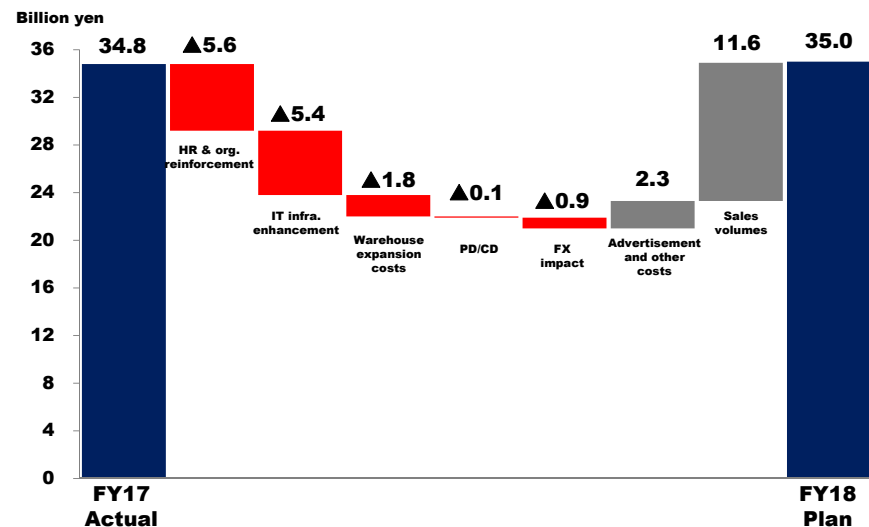
- Based on operating income by region
- Beginning with FY12, operating income (margin) is disclosed as two regions: Americas & Europe and China & rest of Asia
- Calculation based on operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation (DL)

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FY18 operating income analysis (yoy)

Continuing to deploy initiatives in order to establish a competitive advantage

Securing same level of operating income as the previous year with sales volume increase and reviewing methods of advertising

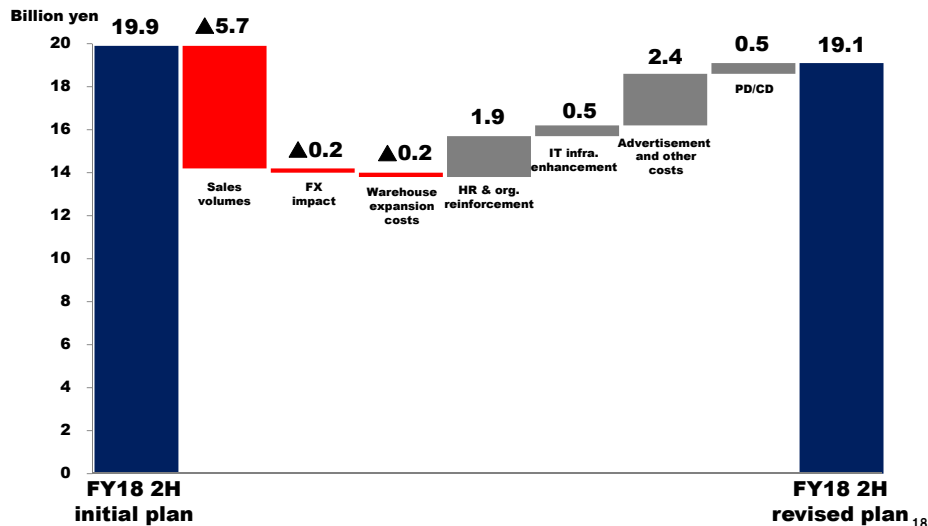


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FY18 2H operating income analysis (compare to plan)

Initiatives for growth deployed in advance in 1H, and cost reductions will be adjusted by operational fluctuations in 2H

Securing profitability by reducing advertisement costs, restraining personnel hires, and cost reduction

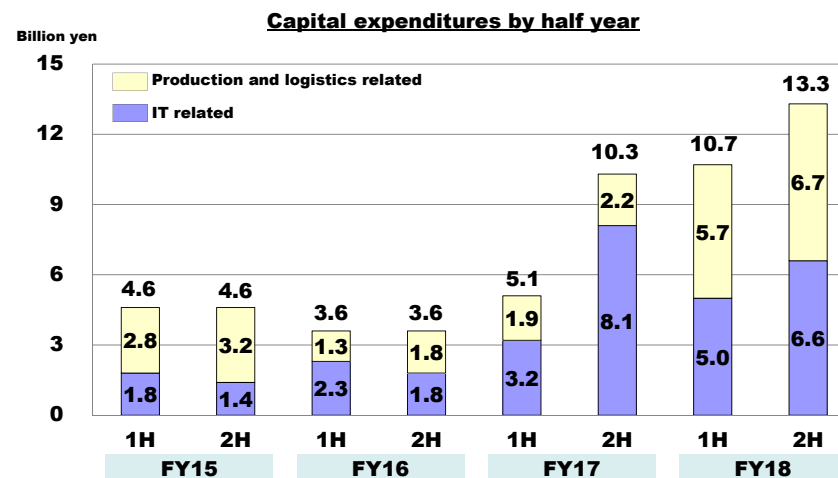


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Investment plan

Capital investments made in 1H progressed almost according to plan

Production and logistics related investments for 2H were slightly revised reflecting market operational trend

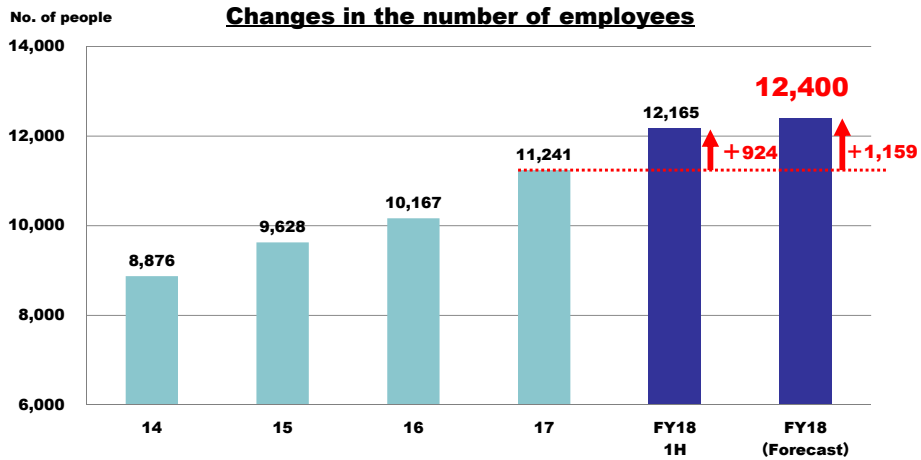


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Reinforcement of personnel

With the aim to expand business and strengthen the business foundation, reinforcement of the organization continues globally

In conjunction, by improving the business process, reassessing the number of new hires

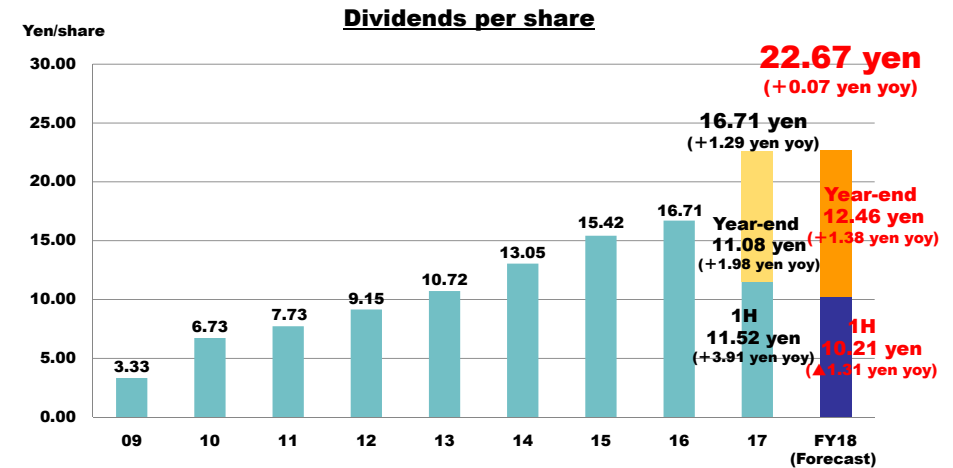


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Shareholder return

FY18 1H dividend was 10.21 yen, a decrease of 1.31 yen year-on-year

The annual dividend is expected to be 22.67 yen, an increase of 0.07 yen year-on-year

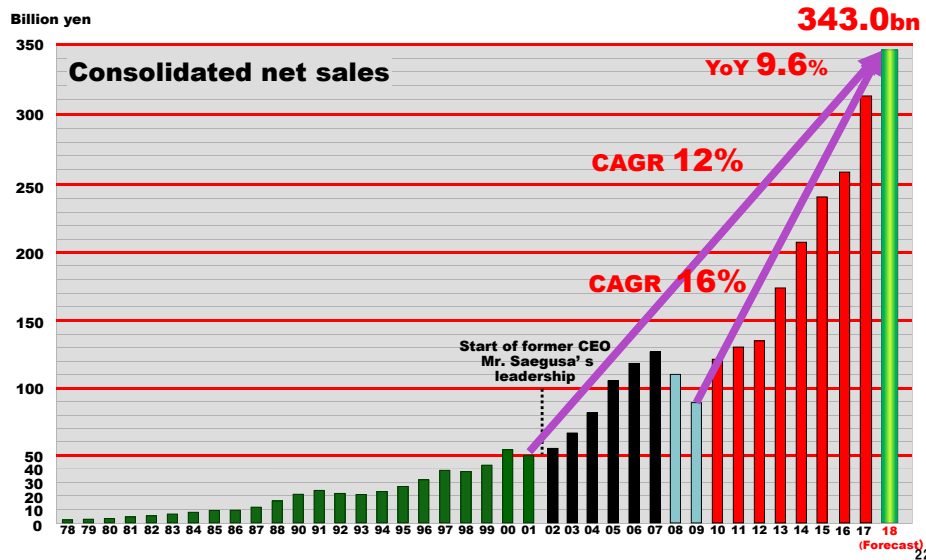


* Effective July 1, 2015, we executed a 3-for-1 stock split. Past DPS amounts have been adjusted to reflect the split

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Summary

Demonstrating MISUMI's resilience against recession and planning to attain sustainable growth by further expanding customer base



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