

MISUMI Group Inc.
FY2018 1Q consolidated financial results
—Highest quarter sales to date, increased investments geared for growth
impacted upon profits—

MISUMI Group Inc. announced its consolidated financial results for the 1Q of FY2018 (April 1, 2018- June 30, 2018) today. Major performance measures were as follows.

(Million yen)	FY2017 1Q	FY2018 1Q	YoY change
Net sales	75,774	85,428	+12.7%
EBITDA*	10,606	9,183	-13.4%
Operating income	10,019	9,032	-9.9%
Net income	6,858	6,517	-5.0%
Earnings per share	24.69 yen	23.00 yen	

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

<Highlights of FY2018 1Q consolidated financial results>

1. Best quarter result to date in terms of consolidated net sales primarily with the growth of VONA and FA Businesses, translating to a YoY increase of 12.7% (11.8% increase on a local currency basis). On the other hand, increase in investments made in anticipation of accelerated growth; profits decreased year-on-year compared to the most profitable quarter ever

- In the first quarter period of FY2018, gradual recovery continued with major economies around the world, including Japan, notwithstanding the impact of trade related issues remaining uncertain. In the United States, the economy continued to trend toward recovery, including a gradual rise in employment rates and corporate capital investments. In other parts of Asia and in Europe, economic recovery continued to be moderate. Meanwhile, in Japan capital investments continued to grow steadily with improvements to corporate earnings and employment rates. On the other hand, in China, where capital investment had been robust, but now there are signs of a deceleration in infrastructure investment and there is concern about the future impact on trade related issues.
- 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. Efforts were made to strengthen our global reliable and quick delivery business model by promoting local production, local procurement for optimal procurement as well as expanding logistics sites in Japan and overseas.

- 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 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.
- Reflecting this performance, consolidated net sales was ¥85.4 billion, an increase of 12.7% year-on-year (11.8% increase on a local currency basis), best quarter result to date. In terms of profit, operating income was ¥9.0 billion, (decrease of 9.9% year-on-year), and ordinary income of ¥9.1 billion, (decrease of 8.1% year-on-year) as a result of increased investments in anticipation of accelerated growth. Meanwhile, net income attributable to owners of parent was ¥6.5 billion, (decrease of 5.0% year-on-year). Profits decreased year-on-year compared to the most profitable quarter ever.

2. The VONA business expands both in Japan and overseas, and the FA business continues to capture automation demand and continues to grow

- Segment sales for FY2018 1Q are shown in the table below.

	Net sales (million yen)		YoY change	
	FY2017 1Q	FY2018 1Q	Yen basis	Local currency basis
FA business	25,665	29,776	+16.0%	+15.0%
Die Components business	19,698	19,474	-1.1%	-1.8%
VONA business	30,410	36,177	+19.0%	+17.9%
Total	75,774	85,428	+12.7%	+11.8%

- In the FA business, we posted segment sales growth of 16.0% year-on-year. This was attributable to capturing the demand for automation and strengthening MISUMI's global QCT (high Quality, low Cost, reliable and quick delivery Time) model.
- In the Die components business, sales decreased by 1.1% year-on-year due to the reduced demand of our primary customers in the automotive related industry, despite sales activities being brisk in Asia.
- In the VONA business, sales increased 19.0% 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. Steady growth in Japan, while overseas sales continued to be driven by growth in Asia and China

- Regional break down of sale for FY 2018 1Q was as follows.

	Net sales (million yen)		YoY change	
	FY2017 1Q	FY2018 1Q	Yen basis	Local currency basis
Japan	38,744	42,743	+10.3%	—
Overseas	37,030	42,684	+15.3%	+13.4%
China	14,637	15,951	+9.0%	+4.9%
Asia	10,470	14,275	+36.3%	+35.9%
US	6,978	6,850	-1.8%	-0.6%
Europe	3,691	4,352	+17.9%	+13.7%
Other	1,252	1,253	+0.1%	+1.0%

- In Japan, sales increased by 10.3% year-on-year. This in part reflects our success in actively securing demand for automation and aggressively pursuing sales expansion in the VONA business.
- In the overseas markets, sales increased 15.3% year-on-year, particularly due to the uptake of automation demand in Asia and China.

4. Sales and profits outlook of consolidated results for the fiscal year ending March 31, 2019 is expected to post record highs

- As of the previous forecast announced on May 10, 2018, full-year consolidated business forecast for the fiscal year ending March 31, 2019 remain unchanged.

FY2018 (April 1, 2018- March 31, 2019) 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	316,000	39,700	39,500	28,500	100.60
Previous year's actual results	312,969	34,848	34,679	25,601	91.01
Increase ratio (%)	+15.3%	+13.9%	+13.9%	+11.3%	—

[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 first quarter of the fiscal year ending March 31, 2019.



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