MiSUMi

MISUMI Group Inc.

FY2019 (ending March 2020)

Full year earnings report

May 8, 2020
Representative Director, President
Ryusei Ono

Market condition in the 2H of FY2019 and MISUMI's initiatives

US-China trade conflict partially eased, but not enough for a fully-fledged economic recovery

Over the fiscal year end, COVID-19 affected customers' production and operation gradually spreading

MISUMI Group:

- Investments that are carefully selected to reinforce the business foundation aimed at sustainable growth were continued
- Expanding customer penetration to services such as meviy and Rapid Design accelerated our response to the digitization in the manufacturing industry

Currently:

- When the production site in China was temporarily suspended, we leveraged our 5-pole global manufacturing network advantage by promptly switching our supply chain to production sites in Japan and Vietnam
- Continuous supplies were maintained by promoting local procurement and proactively increasing the number of inventoried items and so on were implemented

Business model innovations continued, responding to current environmental changes with our strong business foundation

FY19 full year earnings overview

In Japan, decrease in customers' operation impacted the entire year, demand in China decreased towards the fiscal year end

Cost reduction efforts and thorough selection of investments geared for growth was not enough to compensate for the shortfall of sales volume decrease

Million yen

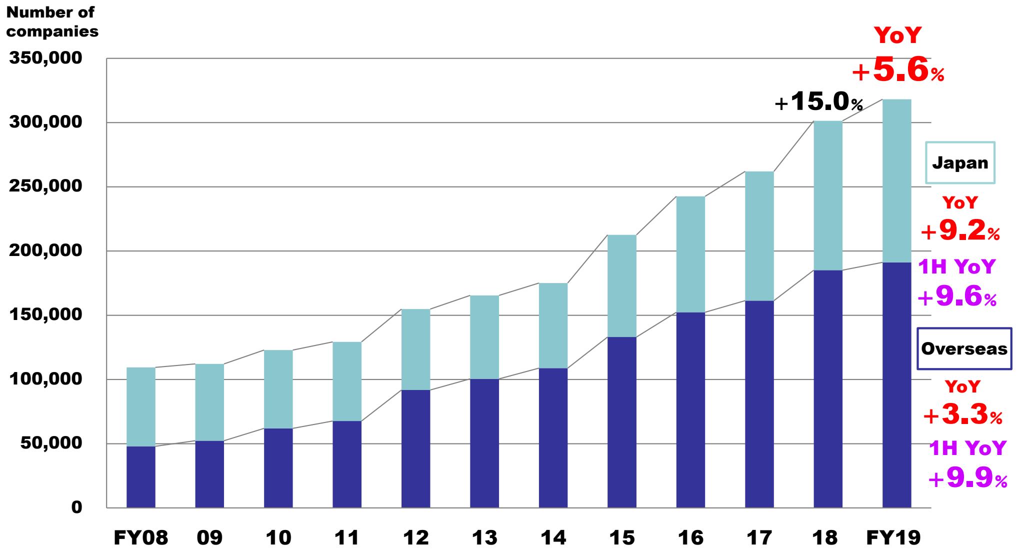
Category		FY18	FY19			
		Actual	Plan	Actual	Percentage change YoY	Percentage change Vs plan
Net sales		331,936	326,500	313,337	-5.6%	-4.0%
Operating income (before amortization of goodwill, etc.)*		32,490	28,300	24,247	-25.4%	-14.3%
	Margin	9.8%	8.7%	7.7%	-2.0pt	-0.9pt
Operating income		31,874	27,700	23,640	-25.8%	-14.7%
	Margin	9.6%	8.5%	7.5%	-2.1pt	-0.9pt
Ordinary income		31,815	27,300	23,245	-26.9%	-14.9%
Net income		24,034	20,100	16,504	-31.3%	-17.9%

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

Transition of customer numbers

Despite the decrease in China towards the fiscal year end, customer numbers continued to grow in other regions as the same speed in 1H

Bolstering and expansion of the customer base progressed, aiming to accelerate growth in anticipation for when business conditions recover



FY19 sales by business segment

FA : manufacturing equipment demand continued to be sluggish; fully-fledged 5G demand was deferred

Die components : notwithstanding efforts being made to widen product areas, automobile industry was dull in various regions

VONA : market expansion in the US, Asia and Europe could not compensate for the stagnant conditions in Japan and China

Million yen

Category	FY18	FY19		
			YoY change	
	Actual	Actual	Yen basis	Local currency basis
Total	331,936	313,337	-5.6%	-3.9%
FA business	109,230	99,403	-9.0%	-7.2%
Die components business	76,443	72,413	-5.3%	-3.0%
VONA business	146,262	141,519	-3.2%	-1.9%

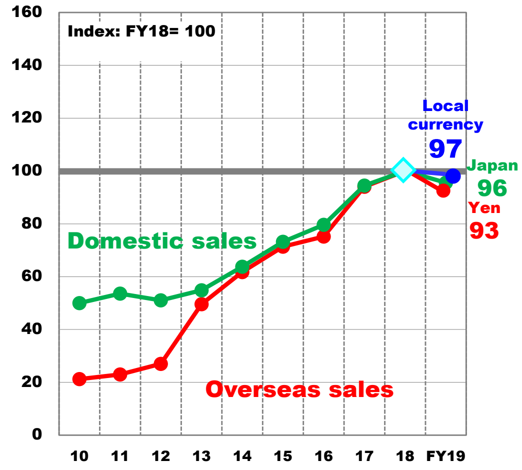
FY19 domestic and overseas sales

Japan : despite bolstering FA and VONA product lineup, demand for production equipment decelerated

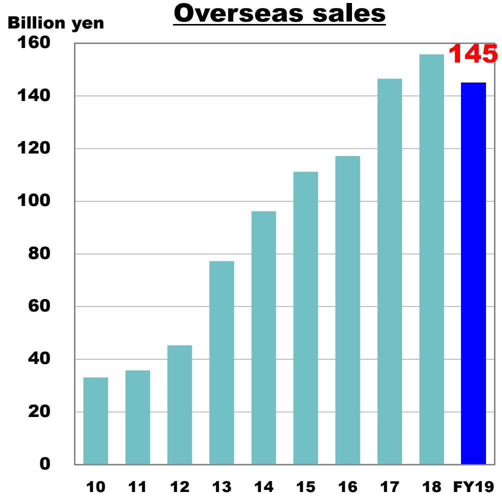
Overseas : U.S. sales increased slightly on a local currency basis, while other regions experienced negative growth

Overseas sales decreased 3.3% on a local currency basis, overseas sales ratio was 46%

Domestic & overseas sales



Overseas sales



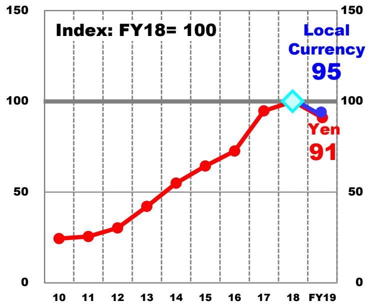
FY19 sales by region (local currency basis)

Asia : steady sales in Southeast Asia; in China, impact was limited despite temporary restriction on operations

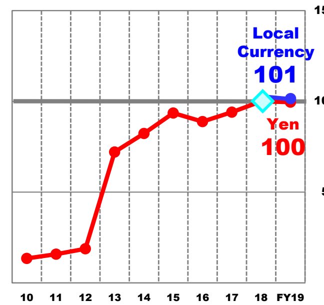
North America : continued slump in the automobile industry was compensated by customer expansion in FA and VONA

Europe : sales expansion of VONA continued, but automotive-related demand remained weak

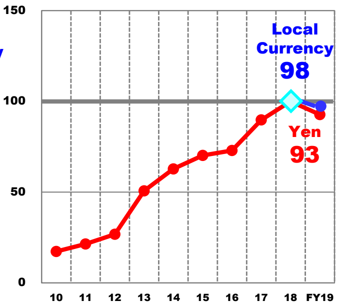
Asia (including China)



North America



Europe



China 89 (94)
Asia 94 (97)
Parentheses indicate local currency basis

FX rates (vs Yen)	FY18 actual	FY19 actual
USD	110.7 yen	109.1 yen
EUR	128.4 yen	121.1 yen
RMB	16.5yen	15.7 yen

FY19 operating income by business segment

FA / Die components: careful selection of investments geared for growth, coupled with thorough cost reduction measures, could not counter the impact of substantial sales decline

VONA: slightly decreased on a local currency basis due to improvement mainly in gross profit margin

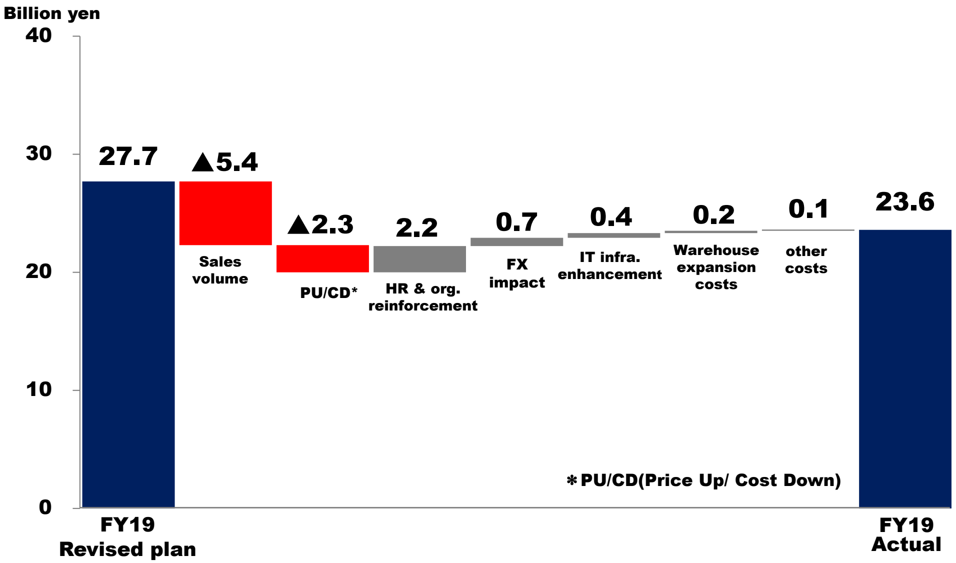
Million yen

Category	FY18		FY19			
	Actual		Actual		YoY	
		Margin		Margin	Yen basis	Local currency basis
Total	31,874	9.6%	23,640	7.5%	-25.8%	-20.3%
FA business	18,835	17.2%	12,578	12.7%	-33.2%	-29.9%
Die components business	6,109	8.0%	5,009	6.9%	-18.0%	-11.5%
VONA business	6,929	4.7%	6,052	4.3%	-12.7%	-2.0%
Other factors and adjustments	-	-	-	-	-	-

FY19 operating income analysis (compared to revised plan)

Although the level of investment and expenditure restraint exceeded the plan, it could not compensate for the impact from sales decline

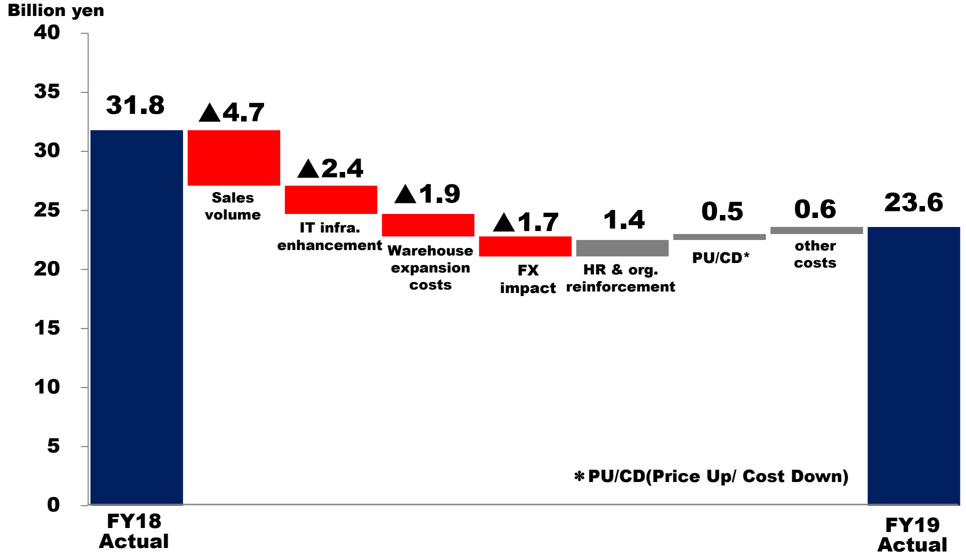
Especially towards the end of the fiscal year, impact from profit decline due to the COVID-19 catastrophe was increased



FY19 operating income analysis (YoY)

Investments aimed for business model innovations were carefully selected and continued, such as strengthening the IT infrastructure and expanding warehouses

Decrease in sales volume, decrease in PU / CD effect accompanied with the sales decline, increase in distribution costs, all had an impact

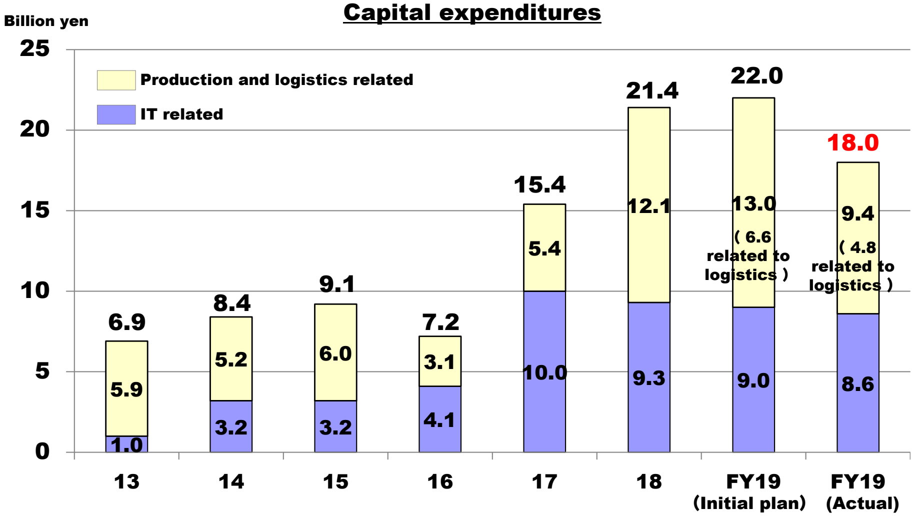


Investments

Investments geared towards business model innovation such as fortification of IT and distribution infrastructure continued to be made under careful selection

Considering business sentiments, temporary restraints were thoroughly observed such as postponing the expansion for logistics site in North America

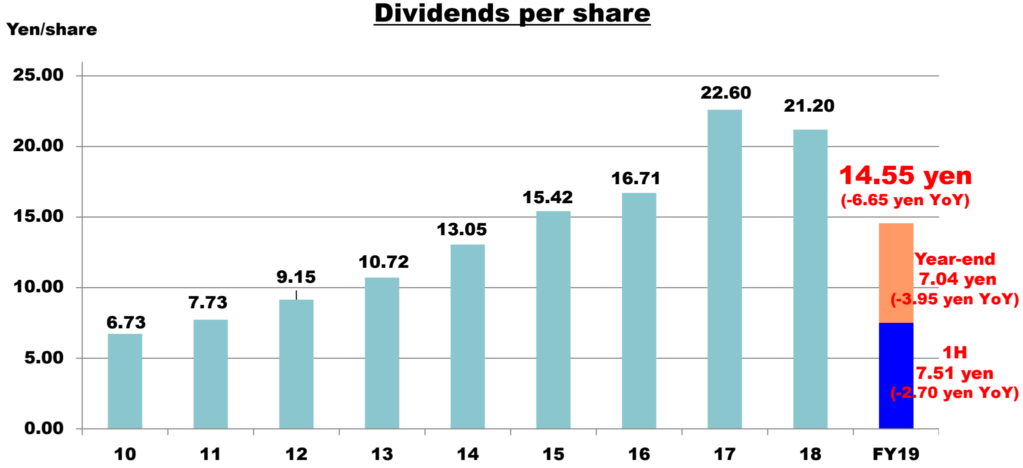
Capital expenditures



Shareholder return

Annual dividend for FY19 is expected to be 14.55 yen per share (payout ratio of 25%)

Dividends per share



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

Summary

Reinforcement of top management + acceleration of business model innovation; aiming for continued sustainable growth