

# MISUMI Group Inc.

FY2017 (ending March 2018)  
First half-year (1H) earnings report

October 31, 2017  
Representative Director, President and CEO  
Ryusei Ono

## FY 17 1H earnings overview

| FX rates<br>(vs YEN) | FY16 1H<br>actual | FY17 1H<br>actual |
|----------------------|-------------------|-------------------|
| USD                  | 106.4 yen         | 111.4 yen         |
| EUR                  | 119.1 yen         | 126.6 yen         |
| RMB                  | 16.1 yen          | 16.5 yen          |

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## FY 17 1H earnings overview

Record high first half-year results for both sales and profit

Significant profit increase achieved through sales outperforming initial plan, coupled with profitability improvement and positive foreign exchange impact

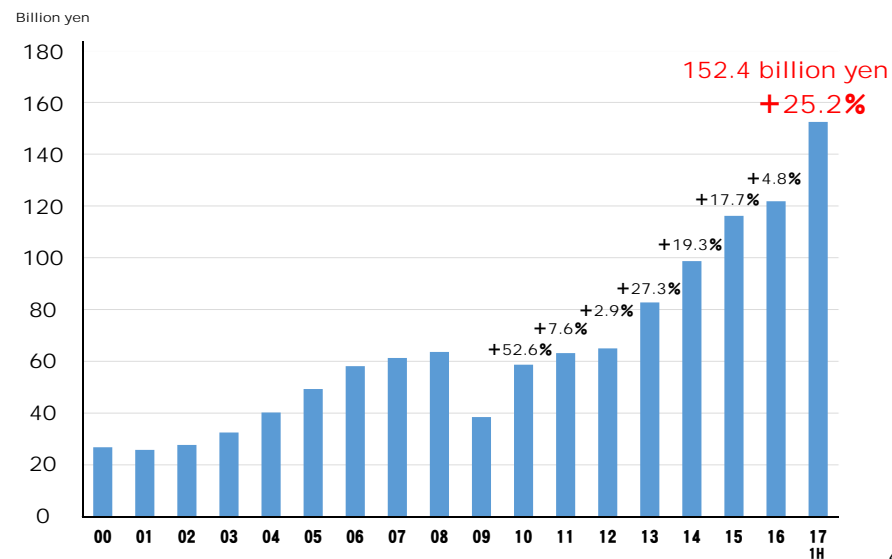
Million yen

| Category   | FY16 1H<br>Actual | FY17 1H |         | Percentage change |         |
|--|-------------------|---------|---------|-------------------|---------|
|  |                   | Plan    | Actual  | YoY               | vs plan |
| Net sales  | 121,802           | 138,000 | 152,465 | +25.2%            | +10.5%  |
| Operating income<br>(before amortization of goodwill, etc.) <sup>※</sup> | 14,416            | 16,000  | 20,074  | +39.2%            | +25.5%  |
| Margin   | 11.8%             | 11.6%   | 13.2%   | +1.4pt            | +1.6pt  |
| Operating income   | 13,295            | 14,800  | 18,902  | +42.2%            | +27.7%  |
| Margin   | 10.9%             | 10.7%   | 12.4%   | +1.5pt            | +1.7pt  |
| Ordinary income  | 13,114            | 14,500  | 18,627  | +42.0%            | +28.5%  |
| Net income   | 8,350             | 10,100  | 13,040  | +56.2%            | +29.1%  |

<sup>※</sup>Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation of North America (DL).

## Transition of first half year sales

After the global financial crisis, growth continued year by year ; sales up 25% this first half year



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## FY 17 1H sales by business segment

Sales up in all segments

FA: high growth both in the domestic and overseas markets, leveraging the reliable, quick delivery advantages

Die components: customer expansion in the automotive, home-appliance and precision sectors

VONA: accelerated global growth with respect to both product lineup enhancements, and quick delivery initiatives

Table showing sales by business segment for FY16 1H and FY17 1H. Values are in Million yen.

| Category                | FY16 1H Actual | FY17 1H |            |                      |
|-------------------------|----------------|---------|------------|----------------------|
|                         |                | Actual  | YoY change |                      |
|                         |                |         | Yen basis  | Local currency basis |
| Total                   | 121,802        | 152,465 | +25.2%     | +22.7%               |
| FA business             | 40,011         | 51,731  | +29.3%     | +26.9%               |
| Die components business | 32,980         | 38,692  | +17.3%     | +13.8%               |
| VONA business           | 48,810         | 62,041  | +27.1%     | +25.4%               |

\*Effective FY 16 all consolidated subsidiaries report April-March business years. That eliminates adjustments from time lags in reporting periods.

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## FY 17 1H operating income by business segment

FA business significantly enhanced profit as a result of improved factory utilization rate due to increase in sales

Die components business increased profit from the effects of reduced manufacturing cost

Profit increase maintained in the VONA business due to acceleration of overseas expansion notwithstanding slight reduction in profit margin

Table showing operating income by business segment for FY16 1H and FY17 1H. Values are in Million yen.

| Category                              | FY16 1H |        | FY17 1H |        |           |                      |
|---------------------------------------|---------|--------|---------|--------|-----------|----------------------|
|                                       | Actual  |        | Actual  |        | YoY       |                      |
|                                       | Income  | Margin | Income  | Margin | Yen basis | Local currency basis |
| Total                                 | 13,295  | 10.9%  | 18,902  | 12.4%  | +42.2%    | +34.1%               |
| FA business                           | 6,222   | 15.6%  | 10,539  | 20.4%  | +69.4%    | +62.7%               |
| Die components business               | 2,129   | 6.5%   | 2,767   | 7.2%   | +29.9%    | +20.6%               |
| Before amortization of goodwill, etc. | 3,250   | 9.9%   | 3,938   | 10.2%  | +21.2%    | +13.5%               |
| VONA business                         | 5,158   | 10.6%  | 5,823   | 9.4%   | +12.9%    | +4.9%                |
| Other factors and adjustments         | ▲215    | -      | ▲227    | -      | -         | -                    |

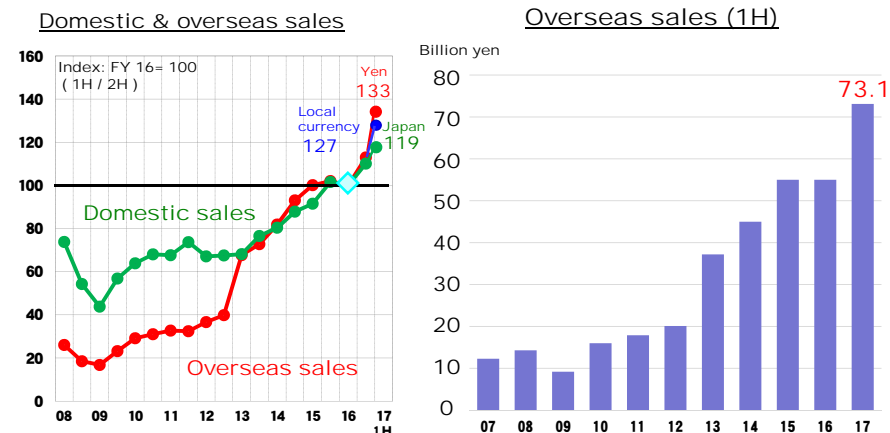
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## FY 17 1H domestic & overseas sales

Japan: momentous sales increase continues within FA and VONA business with steady growth in the Die components business

Overseas: strong sales in all business segments in China and Asia

Overseas sales grew more than 27% in local currency basis; overseas sales ratio at 48%



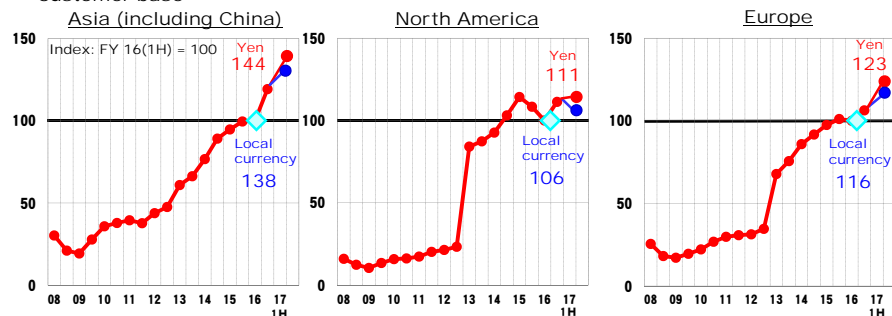
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## FY 17 1H sales by region (local currency basis)

Asia: significant increases mainly in China and South Korea as a result of reaping smartphone related demands

North America: FA business expanded in the automotive and medical equipment field; increase in Die components business

Europe: FA business grew significantly due to continued expansion of European customer base



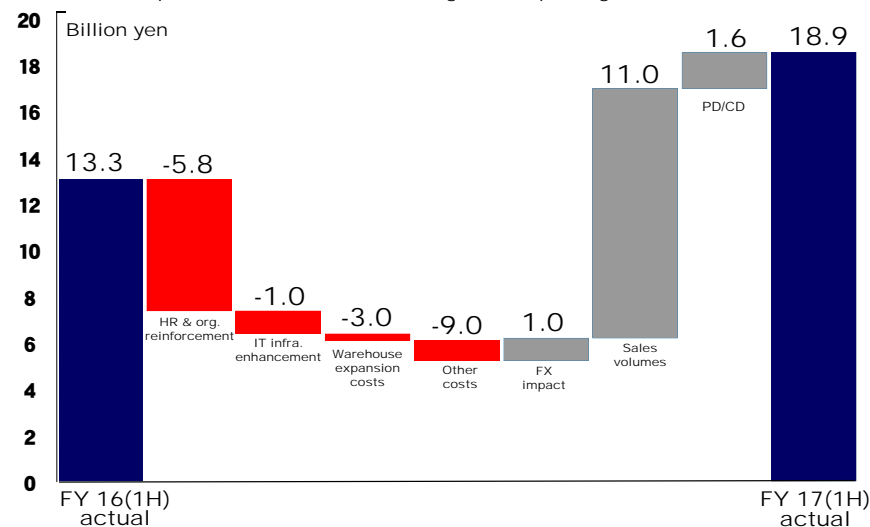
China 143(139)  
Asia 145(137)  
Parentheses indicate local currency values

| FX rates (vs YEN) | FY16 1H actual | FY17 1H actual |
|-------------------|----------------|----------------|
| USD               | 106.4 yen      | 111.4 yen      |
| EUR               | 119.1 yen      | 126.6 yen      |
| RMB               | 19.4 yen       | 16.5 yen       |

## FY 17 1H operating income analysis (yoy)

Reinforcement of organization and personnel surpassing plan; investing back into the business foundation in line with plan

Due to increased sales volumes and positive foreign exchange impact, increase in expenses were absorbed and significant profit gained



## FY 17 full year consolidated earnings forecasts

| FX rates (vs YEN) | FY16 actual | FY17 2H plan | FY17 full-year plan |
|-------------------|-------------|--------------|---------------------|
| USD               | 109.0 yen   | 110.0 yen    | 110.8 yen           |
| EUR               | 119.4 yen   | 131.0 yen    | 128.7 yen           |
| RMB               | 16.2 yen    | 16.8 yen     | 16.6 yen            |

## FY 17 full year earnings forecasts

FA demand expected to continue mainly in the field of smartphones, organic EL displays, and semiconductors

Upward revisions made to full year forecasts

Expecting to renew all time business record seven years running

Million yen

| Category  | FY16    | FY17          |                  |        |                  |
|---|---------|---------------|------------------|--------|------------------|
|   | Actual  | Previous plan | Revised forecast | YoY    | Vs previous plan |
| Net sales   | 259,015 | 290,000       | 314,000          | +21.2% | +8.3%            |
| Operating income (before amortization of goodwill, etc.)* | 29,421  | 33,300        | 38,000           | +29.2% | +14.1%           |
| Margin  | 11.4%   | 11.5%         | 12.1%            | +0.7pt | +0.6pt           |
| Operating income  | 27,127  | 31,700        | 36,350           | +34.0% | +14.7%           |
| Margin  | 10.5%   | 10.9%         | 11.6%            | +1.1pt | +0.7pt           |
| Ordinary income   | 26,462  | 31,100        | 35,750           | +35.1% | +15.0%           |
| Net income  | 18,387  | 21,600        | 24,900           | +35.4% | +15.3%           |

\*1. Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation of North America (DL).

\*2. FY17 goodwill amortization to conclude in October 2017.

## FY 17 sales forecasts by business segment

High growth expected to continue in the FA and VONA business globally

Die components business projecting sales increase despite factoring in a downturn in the automotive sector in the second half year

| Category                      | Million yen |                    |                       |           |                      |                  |
|-------------------------------|-------------|--------------------|-----------------------|-----------|----------------------|------------------|
|                               | FY16 Actual | FY16 Previous plan | FY17 Revised forecast | YoY       |                      | Vs previous plan |
|                               |             |                    |                       | Yen basis | Local currency basis |                  |
| Total                         | 259,015     | 290,000            | 314,000               | +21.2%    | +19.3%               | +8.3%            |
| FA business                   | 84,669      | 92,963             | 103,636               | +22.4%    | +20.4%               | +11.5%           |
| Die components business       | 69,797      | 73,672             | 77,524                | +11.1%    | +8.6%                | +5.2%            |
| VONA business                 | 104,548     | 123,364            | 132,840               | +27.1%    | +25.6%               | +7.7%            |
| Other factors and adjustments | -           | -                  | -                     | -         | -                    | -                |

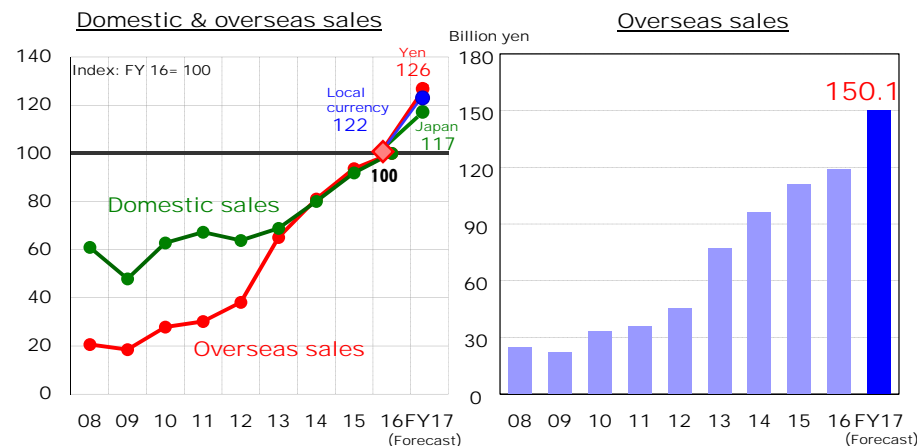
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## FY17 domestic & overseas sales forecasts

Japan: growth set to continue driven by FA and VONA business

Overseas: continue to expect significant sales increase in China, Asia and Europe

Overseas sales planned to increase by 22% in local currency basis



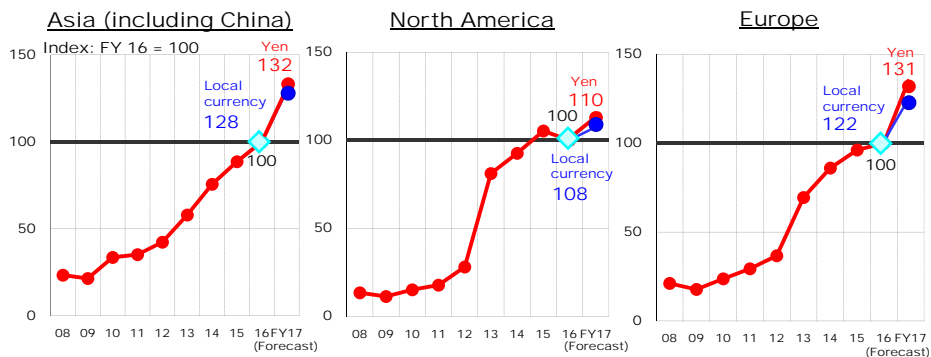
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## FY 17 sales forecast by region (local currency basis)

Asia: high growth continues with the expansion of the VONA business and reaping FA demand

North America: FA business is exploring new fields such as EV related; sluggish demand for Die components

Europe: substantial sales increase due to high growth within the FA business as a result of customer expansion



China 132(129)  
Asia 133(127)  
Parentheses indicate local currency values

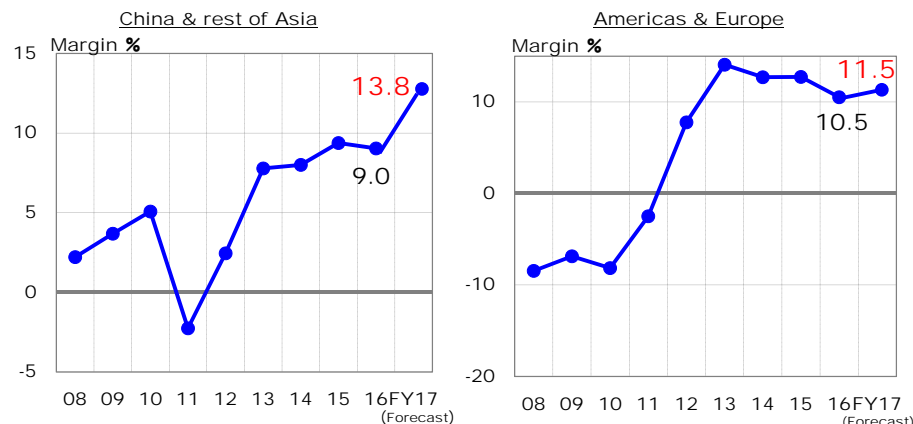
| FX rates (vs YEN) | FY16 actual | FY17 2H plan | FY17 full-year plan |
|-------------------|-------------|--------------|---------------------|
| USD               | 109.0 yen   | 110.0 yen    | 110.8 yen           |
| EUR               | 119.4 yen   | 131.0 yen    | 128.7 yen           |
| RMB               | 16.2 yen    | 16.8 yen     | 16.6 yen            |

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## FY 17 operating income forecasts by region

China/Asia: continuing to improve production efficiency of manufacturing sites and reducing procurement costs

Americas/Europe: improvement in profitability due to increasing sales volume of FA business



\* 1. Based on operating income by region

\* 2. Beginning with FY12, operating income (margin) is disclosed as two regions: Americas & Europe and China & rest of Asia

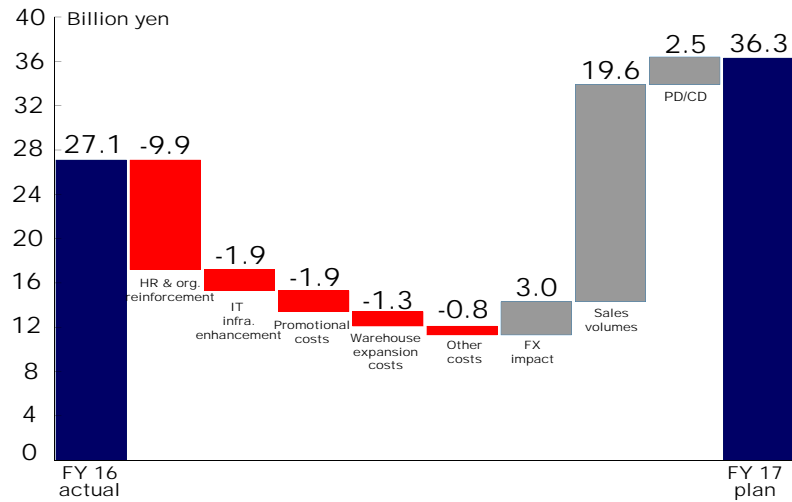
\* 3. Calculated based on operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation of North America (DL).

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## FY 17 operating income analysis (yoy)

Continuing to take an "assertive" investment approach, where it relates to strengthening organization and personnel and IT infrastructure

We anticipate a substantial increase in profit due to increased sales volume + PD / CD (lowering price and cost) coupled with positive exchange rate impact



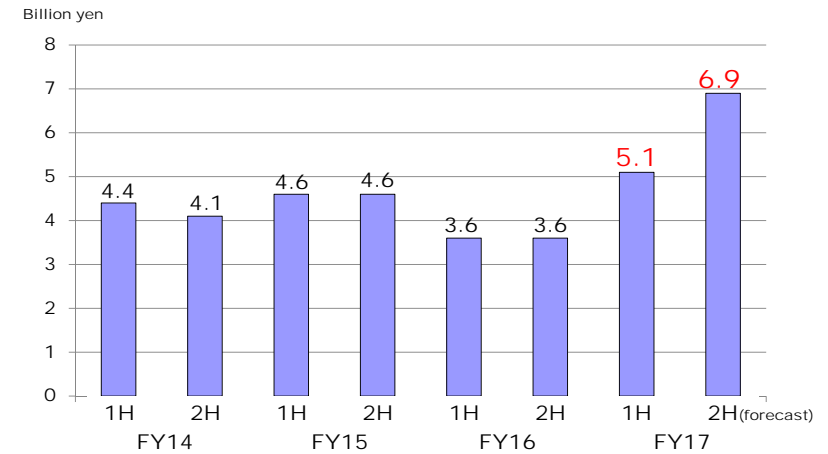
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## Investment plan

Capital investments in the first half progressing according to plan

Continuing to invest in logistics and IT infrastructure to further strengthen reliable, quick delivery model on a global basis

### Capital expenditures by half year



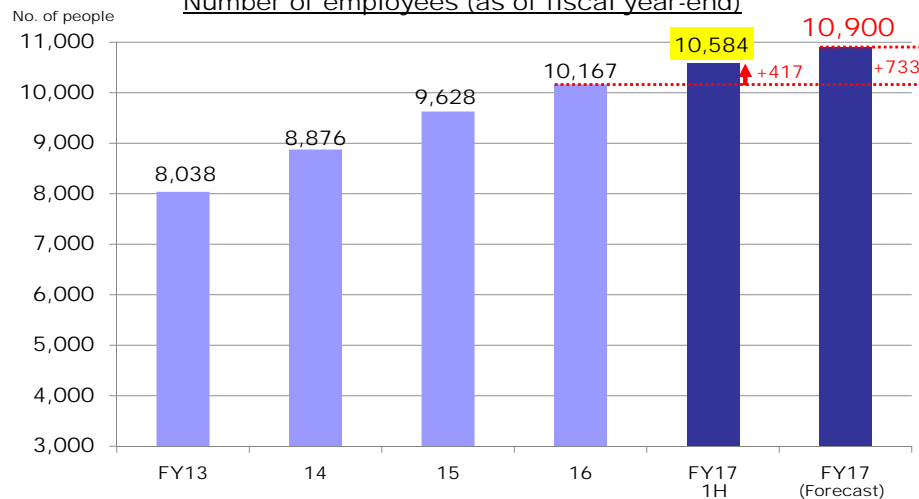
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## Reinforcement of personnel

Personnel reinforcement progressing according to plan

Continuing to reinforce production/logistics, and IT related organizations both domestically and overseas

### Number of employees (as of fiscal year-end)

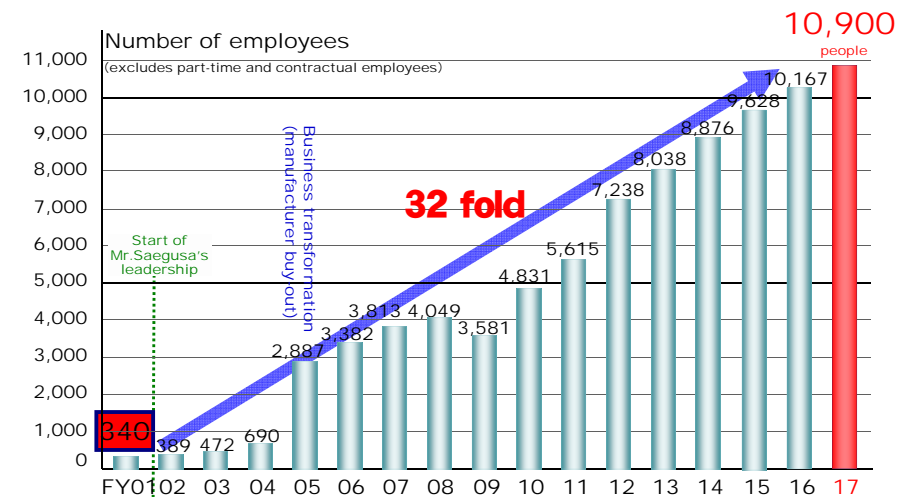


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## Increase in the number of employees

The strategic management approach so far is ensuring the definite evolution of organizational formation

Continue to focus on further strengthening the organization orientating an "assertive" management approach



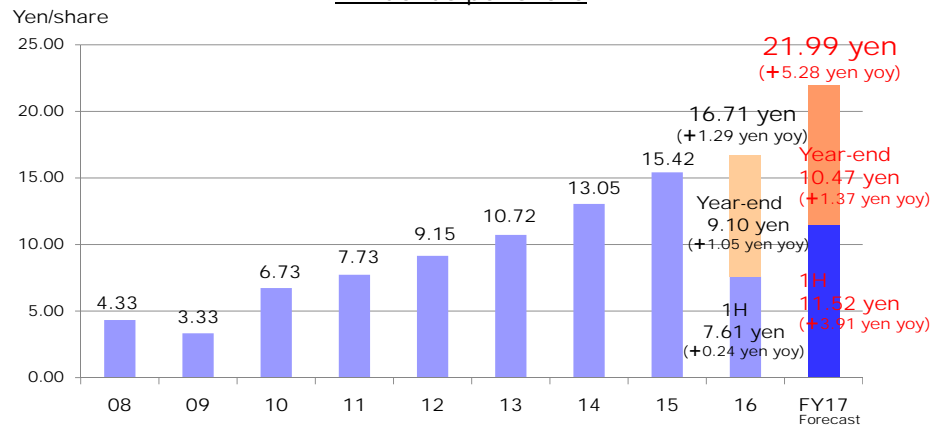
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## Shareholder returns

First half-year dividend for FY 17 is 11.52 yen, an increase of 3.91 yen from the previous term

Expect annual dividend to increase to 21.99 yen, up 5.28 yen from the previous term

### Dividends per share



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

## Summary

Sales of 300 billion yen is merely a point of passage; striving for further continued growth

