

## Shareholder's memo \*For residents of Japan only

<b>Fiscal year</b>	From April 1 through March 31 of the following year
<b>Annual general meeting of shareholders</b>	June
<b>Date of record</b>	Annual general meeting of shareholders and year-end dividends: March 31 Interim dividends: September 30
<b>Shareholder registry administrator</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Account administration agency for special accounts</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>(Office location)</b>	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division 1-1, Nikko-cho, Fuchu-shi, Tokyo, Japan TEL 0120-232-7111 (toll-free number available in Japan only/Monday-Friday 9:00-17:00)
<b>(Mailing address)</b>	Mitsubishi UFJ Trust and Banking Corporation Corporate Agency Division Shin-TOKYO Post Office post office box No. 29, 137-8081, JAPAN
<b>Listed stock exchange</b>	Tokyo Stock Exchange, Section 1
<b>Method of public notification</b>	Electronic notification However if due to an accident or some unavoidable reason electronic notification cannot be made, notification will be published in the Nihon Keizai Shimbun newspaper.
<b>URL address for public notifications</b>	<a href="https://www.misumi.co.jp/english/ir/">https://www.misumi.co.jp/english/ir/</a>

## MiSUMi MISUMI Group Inc.

Iidabashi First Bldg., 5-1, Koraku 2-chome, Bunkyo-ku, Tokyo 112-8583, Japan  
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URL: <https://www.misumi.co.jp/>

### Disclaimer Notice

#### Disclaimer regarding forward-looking business statements

Forecasts and forward-looking statements contained in this document are based on assumptions determined to be reasonable by MISUMI Group in light of information available at the time. Notwithstanding, please be advised that our actual business performance may differ substantially from the business forecasts indicated in this document due to various unforeseeable factors.

#### Regarding change of address, share trade-in requests and other procedures

In principle, shareholders should contact the securities broker where their accounts reside.  
For various procedures related to shares recorded in a special account, please contact Mitsubishi UFJ Trust and Banking Corporation.  
Dividend payments that have not been received will be paid by the Mitsubishi UFJ Trust and Banking Corporation's Head Office.

### MISUMI Art Collection

#### James Rosenquist, *Horse Blinders (East)*, 1972

James Rosenquist made a living as a billboard painter from 1957 to 1960, and then later became one of the leading figures in the Pop Art movement, alongside Andy Warhol and Roy Lichtenstein.  
Rosenquist's *Horse Blinders* is a series of four works: West, North, East, and South. The bright, bold colors and the novel designs catch the eye of the viewer, like a billboard. Depiction of mass-produced products and linguistic culture in fragmented, inconsistent and wonderfully mysterious combinations produces avant-garde expressions akin to surrealist works.



# MISUMI Group Report Vol. 51

April 1, 2018 - March 31, 2019

Securities Code: 9962 (TSE Section 1)



© James Rosenquist/ VAGA at ARS, NY/ JASPAR, Tokyo 2019 E3368

## MISUMI Art Collection

James Rosenquist

《Horse Blinders (East)》

Please refer to the back cover for an explanation.



**Strengthen and continue innovating  
the business model geared  
towards digital manufacturing**

Representative Director, President and CEO  
**Ryusei Ono**

**Balancing offensive and defensive strategies to ensure sustainable growth**

In the fiscal year ended March 31, 2019 (FY2018), MISUMI Group continued its bold and assertive management approach, recognizing that the advancement of digital manufacturing will accelerate globally. Meanwhile, since autumn 2018 the global economy was impacted by sluggish sales in the smartphone and automotive sectors and prolonged US-China trade conflict caused appetite for investment in the manufacturing industry to decelerate month after month in the second half.

Even under such circumstances, MISUMI Group strived to innovate its business model supporting the manufacturing industry worldwide with its superior global reliable and quick delivery system. We further enhanced our competitiveness by creating e-commerce (EC) websites optimized for local needs of each country and by expanding our 3D-CAD collaborative services. Number of MISUMI customers worldwide surpassed 300,000 in FY2018, increasing 15% year on year. At the same time, thorough expense management

was implemented, taking near-term demand fluctuations into account, and prioritized on productivity improvement initiatives. As such, we believe that FY2018 was a year in which MISUMI Group's offense and defense strategies were balanced.

Consolidated net sales in FY2018 was ¥331.9 billion, an increase of 6.1% year on year, driven by accelerated global expansion of the VONA\* Business. Although sales were

slightly short of plan, we achieved record high sales for the eighth consecutive year. In terms of profit, partly due to continued investment to accelerate growth, operating income was ¥31.8 billion, a decrease of 8.5% year on year, and net income attributable to owners of parent was ¥24.0 billion, a 6.1% decrease.

\* VONA: Variation & One-stop by New Alliance. A business that sells and distributes production facilities-related components, production auxiliary materials, and maintenance, repair, and operations (MRO) consumables from third-party manufacturers alongside MISUMI-branded products.

**FA Business is achieving growth in Southeast Asia and Europe,  
while VONA Business continues to expand in Japan and overseas**

In FY2018, the Factory Automation (FA) Business was impacted by the slowdown in capital investment demand in China and South Korea. However, sales in this business grew in Southeast Asia and Europe due to steady permeation of competitive advantages of our reliable and quick delivery. Operating income decreased 6.6% year on year due to upfront investments to strengthen the business, but profitability remained high.

In the Die Components Business, despite the decrease in automobile-related demand in principal countries, sales remained largely unchanged from the previous fiscal year, underpinned by strong sales activities in Southeast Asia. In addition, a decrease in expenses, such as amortization of goodwill, contributed to profit growth.

In the VONA Business, sales increased 11.4% year on year, supported by continued growth in Japan, largely due to an enhanced product lineup, as well as expansion in Southeast Asia and other regions. However, due to the cost increase from overseas expansion, operating income decreased by 23.1%.

By region, sales in Southeast Asia increased 6% (on a local currency basis), reflecting demand from mass production factories in the automotive and electronics sectors. In North America, expansion of FA product lineup led to growth in sales to the automotive industry, and in addition, full-scale market development in Mexico is under way. In Europe, the competitive advantage of our reliable and quick delivery helped us win customers in a wide range of industries, and the overseas sales ratio for FY2018 was 47%.

**Consolidated business results**

	FY2017	FY2018
Net sales	¥312.9 billion	¥331.9 billion
Operating income	¥34.8 billion	¥31.8 billion
Ordinary income	¥34.6 billion	¥31.8 billion
Net income attributable to owners of parent	¥25.6 billion	¥24.0 billion

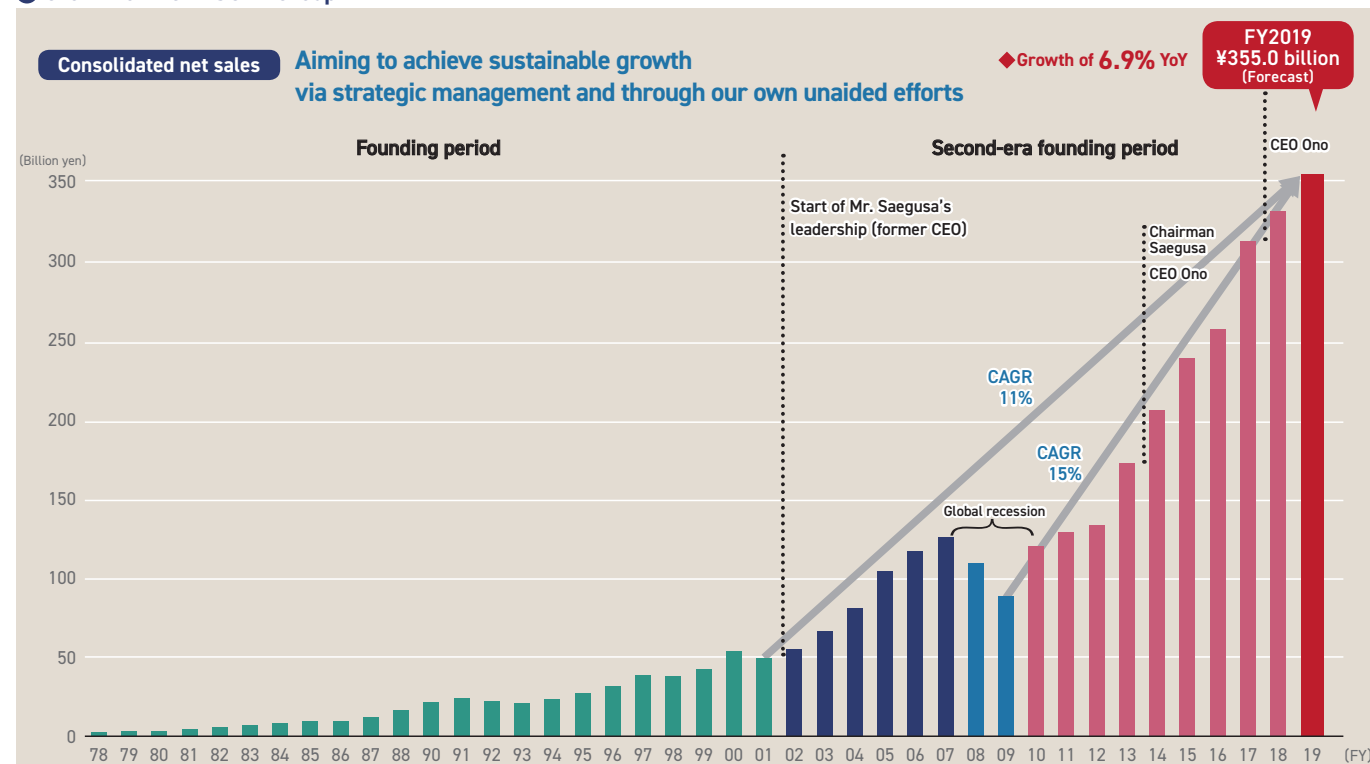
# Message from the CEO

## Aiming for ninth consecutive year of record sales, while continuing upfront investment to innovate the business model

In FY2019, uncertainty has increased in the global economy, including Japan, due to concerns over further prolongation of US-China trade conflict. In addition, there are few new industries at this time that could take the place of smartphones to drive the FA industry, and geopolitical risks namely in

Europe also need to be monitored. Concerns of an economic slowdown could therefore intensify over the short term. However, from a long-term perspective, we recognize that the advancement of digital manufacturing is accelerating globally and the trend toward automation remains unchanged.

### Growth of the MISUMI Group



Note: FY1989 has been omitted due to a change in the book closing period that year.

Therefore, MISUMI Group will increase market share by further refining the superiority of its global reliable and quick delivery and continue to advance a business model innovation adapted to digital manufacturing. At the same time, to address the anticipated decline in short-term demand, we will review expansion plans and operational start up period for production sites, and work to increase profit by reducing procurement costs.

Among main initiatives for FY2019, we will further strengthen our reliable and quick delivery by expanding logistics sites and fully migrate our IT systems to the cloud network to further reinforce stability and reliability. In addition, we will steadily promote the global rollout of our new EC websites, which are optimized for customer needs in each region. Positive effects of adopting website designs that are familiar to customers in each country are already starting to appear, including an increase in access rates.

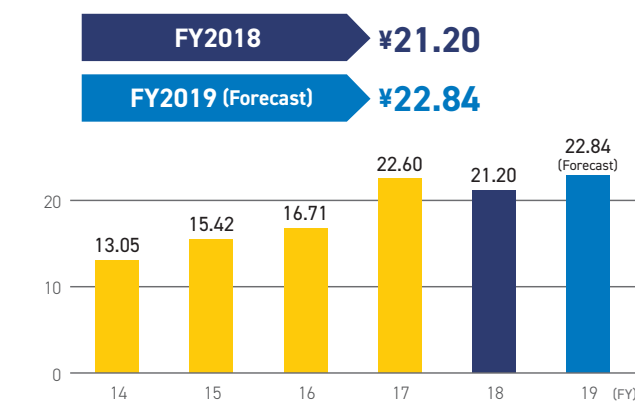
The online service introduced in 2016 called meviy, enables automatic preparation of estimates and placement of orders for precision machinery parts based on 3D CAD data. In March 2019 MISUMI incorporated a new service within meviy providing cutting plates for FA components. With this addition, meviy can now handle most of blueprint processed parts used in equipment and apparatus design, allowing customers to instantly obtain estimates and place orders for these parts. By enhancing the functionality of our EC websites and online services in this way, we aim to establish a clear dominance over our competitors while providing

customers with exceptional convenience.

Based on these measures, in FY2019 we forecast net sales of ¥355.0 billion, operating income of ¥35.4 billion, and net income attributable to owners of parent of ¥25.9 billion. Dividends per share for FY2018 was ¥21.20 for the full fiscal year. In FY2019, we are planning dividends per share of ¥22.84 (an increase of ¥1.64 year on year).

In FY2019, we aim for sustainable growth through our own unaided efforts such as ongoing strengthening of our reliable and quick delivery in line with the advancement of digital manufacturing and expansion of our global customer base. I thank you once again for your ongoing support.

### Dividends per share\* (Yen)

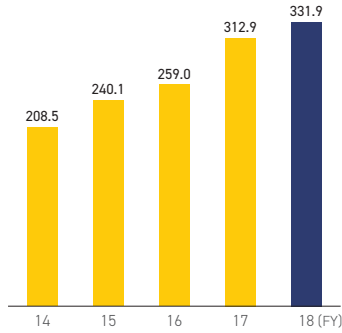


\*Adjusted for the stock split implemented on July 1, 2015

# Financial Highlights

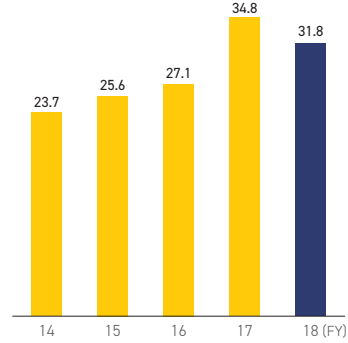
## Net sales (Billion yen)

**¥331.9** billion  
Growth of **6.1%** YoY



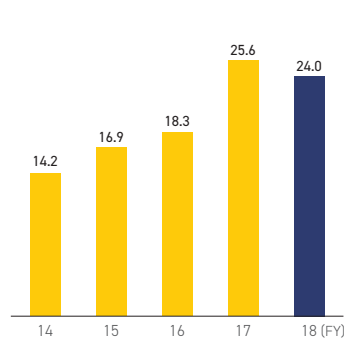
## Operating income (Billion yen)

**¥31.8** billion  
Decrease of **8.5%** YoY



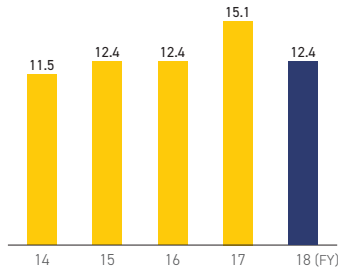
## Net income attributable to owners of parent (Billion yen)

**¥24.0** billion  
Decrease of **6.1%** YoY



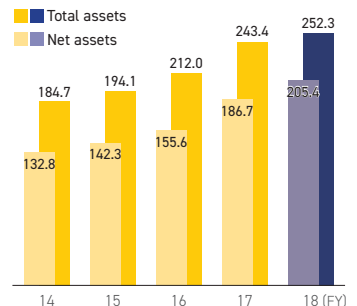
## ROE (%)

**12.4%**



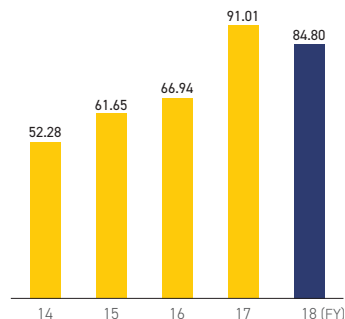
## Total assets and Net assets (Billion yen)

Total assets: **¥252.3** billion  
Net assets: **¥205.4** billion



## Basic earnings per share\* (Yen)

**¥84.8**



\*Adjusted for the stock split implemented on July 1, 2015

For detailed information, please refer to the Investor Relations section of the MISUMI Group website.  
<https://www.misumi.co.jp/english/ir/>

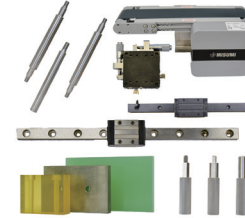
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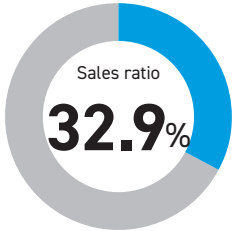
## Breakdown of results by business segment

### FA Business



Development, production and sales of high-precision mechanical components used in manufacturing equipment and FA equipment.

**Net sales** FY2017: ¥105.1 billion → FY2018: ¥109.2 billion  
**Operating income** FY2017: ¥20.1 billion → FY2018: ¥18.8 billion

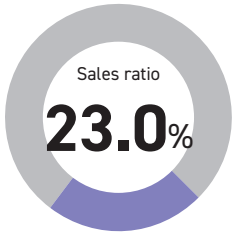


### Die Components Business



Development, production and sales of standardized and precision components incorporated in dies used for mass production of pressed and resin-molded parts.

**Net sales** FY2017: ¥76.5 billion → FY2018: ¥76.4 billion  
**Operating income** FY2017: ¥5.8 billion → FY2018: ¥6.1 billion

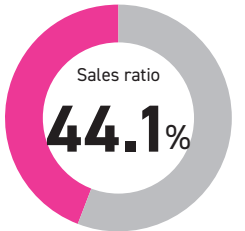


### VONA Business

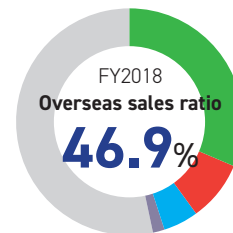


Distribution business for sales of a wide range of products from production auxiliary materials to consumables, including those of more than 3,000 third-party manufacturers from around the world, in addition to MISUMI-branded products.

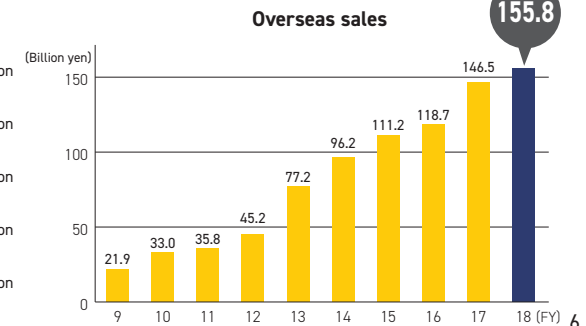
**Net sales** FY2017: ¥131.2 billion → FY2018: ¥146.2 billion  
**Operating income** FY2017: ¥9.0 billion → FY2018: ¥6.9 billion



## Breakdown of results by region



Region	FY2017	FY2018
China and other Asia	¥99.1 billion	¥104.6 billion
U.S.A.	¥26.9 billion	¥28.2 billion
Europe	¥15.4 billion	¥17.2 billion
Others	¥4.8 billion	¥5.6 billion
Japan	¥166.4 billion	¥176.1 billion



## Overview of the Consolidated Financial Statements

Note: Amounts have been rounded to the nearest million yen.

### Consolidated balance sheet

(Million yen)

Item	The year under review (March 31, 2019)	The previous year (March 31, 2018)
<b>Assets</b>		
Current assets	175,620	179,904
Cash and deposits	50,684	65,502
Notes and accounts receivable - trade	67,252	67,817
Other	57,683	46,584
Non-current assets	76,772	63,587
<b>Total assets</b>	<b>252,393</b>	<b>243,492</b>
<b>Liabilities</b>		
Current liabilities	39,520	49,684
Long-term liabilities	7,448	7,087
<b>Total liabilities</b>	<b>46,968</b>	<b>56,772</b>
<b>Net assets</b>		
Shareholders' equity	202,384	183,994
Accumulated other comprehensive income	1,135	1,208
Stock acquisition rights	1,331	986
Non-controlling interests	572	529
<b>Total net assets</b>	<b>205,424</b>	<b>186,719</b>
<b>Total liabilities and net assets</b>	<b>252,393</b>	<b>243,492</b>

### Consolidated statement of income

(Million yen)

Item	The year under review (2018.4.1-2019.3.31)	The previous year (2018.4.1-2019.3.31)
Net sales	331,936	312,969
Operating income	31,874	34,848
Ordinary income	31,815	34,679
Net income attributable to owners of parent	24,034	25,601

### Consolidated statement of cash flows

(Million yen)

Item	The year under review (2018.4.1-2019.3.31)	The previous year (2018.4.1-2019.3.31)
Cash flows from operating activities	13,048	24,324
Cash flows from investing activities	(16,955)	(14,887)
Cash flows from financing activities	( 5,991)	(5,725)
Effect of exchange rate change on cash and cash equivalents	(60)	161
Net increase (decrease) in cash and cash equivalents	( 9,959)	3,872
Cash and cash equivalents at beginning of period	51,713	47,840
Cash and cash equivalents at end of period	41,753	51,713

## Topics

### Establishment of Naka-Nihon Rytsu Center (Central Japan Distribution Center)

MISUMI Group newly established the Central Japan Distribution Center in Inazawa, Aichi Prefecture, and started operating the facility on April 20, 2019. By stocking products that account for most sales in the Chubu region of Japan, we aim to strengthen our reliable and quick delivery service there.

#### Strengthening Reliable and Quick Delivery

Until now, products for the Chubu region, where there is concentrated demand, have been shipped from both our East Japan Distribution Center and our West Japan Distribution Center. Establishment of the Central Japan Distribution Center will further strengthen our reliable and quick delivery as well as the emergency response measures in our business continuity plan (BCP).

#### Building a New Distribution Model

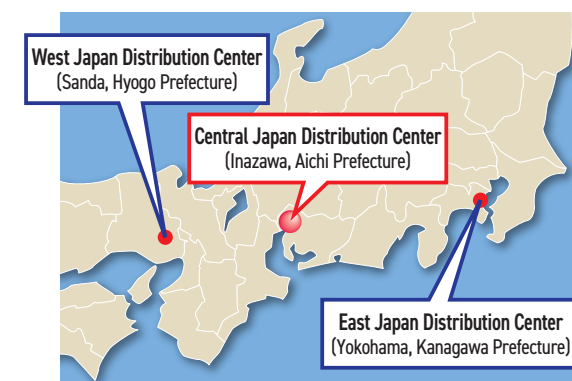
We are building a new distribution model to meet various customer needs, such as the delivery date, quantity and delivery format for both make-to-order (MTO) items, for which dimensions can be specified to the micron level, and for stocked items such as consumables and tools used at production sites.

#### Acceleration of Global Rollout

MISUMI Group is working to expand its logistics sites worldwide to strengthen its global reliable and quick delivery. Going forward, we will pursue greater customer convenience and enhanced competitiveness by globally rolling out the new distribution model developed at the Central Japan Distribution Center.



Warehouse space: Approximately 33,000m<sup>2</sup>



## Company Information

### Company overview (As of March 31, 2019)

Trade name	MISUMI Group Inc.
Established	February 23, 1963
Headquarters	Iidabashi First Bldg., 5-1, Koraku 2-chome, Bunkyo-ku, Tokyo
Common stock	13,023 Million yen
Principal businesses	Establish and administer management strategy for the MISUMI Group of companies and provide other functions required by management of the group
Number of employees	12,300 (MISUMI Group consolidated basis)
URL	<a href="https://www.misumi.co.jp/">https://www.misumi.co.jp/</a>



### MISUMI Group top management (As of June 13, 2019)

Directors	Representative Director, President and CEO	Ryusei Ono	Senior Chairman	Tadashi Saegusa
	Executive Vice President and Director	Tokuya Ikeguchi		
	Executive Vice President and Director	Kosuke Nishimoto		
	CFO and Executive Director	Ichiro Otokozawa		
	CIO and Executive Director	Toshinari Sato		
	Outside Director	Takehiko Ogi		
	Outside Director	Yoichi Nakano		

Corporate Officers	MISUMI Group Inc.	Business Companies and Service Platforms
Representative Director, President and CEO	Ryusei Ono	Representative Corporate Officer, President, China Business Company Tomoki Kanatani
Executive Vice President and Director	Tokuya Ikeguchi	Representative Corporate Officer, President, Asia Business Company Shigetaka Shimizu
Executive Vice President and Director	Kosuke Nishimoto	Representative Corporate Officer, President, FA Business Company Rie Nakagawa
CFO and Executive Director	Ichiro Otokozawa	Representative Corporate Officer, President, 3D2M Business Company Mitsunobu Yoshida
CIO and Executive Director	Toshinari Sato	Representative Corporate Officer, VONA Business Company VONA Electronics Global Business Group Shigehito Nakamura
Senior Corporate Officer	Takaaki Wada	Representative Corporate Officer, VONA Business Company VONA Tool Global Business Group Masakazu Kato
Senior Corporate Officer	Koichi Tsunematsu	Representative Corporate Officer, Human Resource Development Service Platform Takako Sasaki
Corporate Officer	Takeshi Marui	Representative Corporate Officer, Logistics Service Platform Michiaki Okamoto
Corporate Officer	Makoto Ariga	Representative Corporate Officer, Production Service Platform Takumi Toya
Corporate Officer	Kazumi Hagihira	Representative Corporate Officer, Acting President, OST Business Company Takashi Furuhashi
Corporate Officer	Hiroshi Shiraishi	

Corporate Auditors	Founders
Corporate Auditor	Senior Chairman and Second-Era Founder
Outside Corporate Auditor	Special Advisor and Founder
Outside Corporate Auditor	

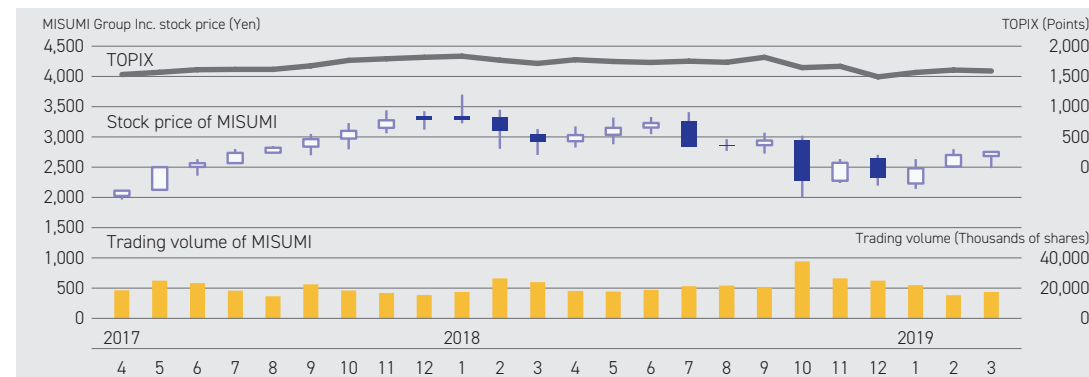
## The Company's Stock (As of March 31, 2019)

Total number of authorized shares	1,020,000,000 shares
Total number of issued shares	283,756,497 shares
Number of shareholders	6,073
Major shareholders	

Name of shareholder	Number of shares held (thousands)	Percentage of shares outstanding (%)
Japan Trustee Services Bank, Ltd.	46,854	16.51%
The Master Trust Bank of Japan, Ltd.	26,767	9.43%
SSBTC CLIENT OMNIBUS ACCOUNT	14,224	5.01%
Trust & Custody Services Bank, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trusts Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	10,678	3.76%
JP MORGAN CHASE BANK 380055	8,296	2.92%
RBC IST 15 PCT LENDING ACCOUNT	6,776	2.39%
BBH FOR MATTHEWS ASIA DIVIDEND FUND	5,869	2.07%
THE BANK OF NEW YORK MELLON 140044	5,803	2.05%
STATE STREET BANK AND TRUST COMPANY 505223	5,195	1.83%
THE BANK OF NEW YORK MELLON 140051	4,978	1.75%

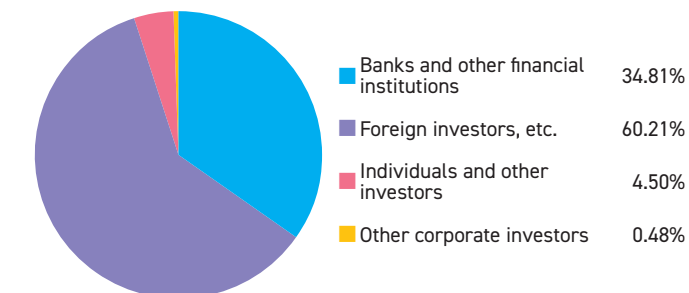
Note: Percentages of shares owned are rounded to the second decimal point.

### Stock price



### Shareholder composition

#### By type of shareholder



#### By number of shares owned (1 trading unit = 100 shares)

