

MISUMI Group FY2008 Consolidated Business Performance

— Sales and profit down due to economic recession —

Today, MISUMI Group Inc. announced its consolidated financial results for FY2008 (April 1, 2008, to March 31, 2009). Major performance measures are as follows.

	<u>FY2007</u>	<u>FY2008</u>	<u>Change</u>
	Million Yen	Million Yen	%
Net sales	126,665	110,041	- 13.1
Operating income	16,317	11,016	- 32.5
Net income	9,698	4,686	- 51.7
Earnings per share	¥109.72	¥ 52.89	- 51.8
Dividend per share	¥23	¥13	- ¥10

<Highlights of FY2008 consolidated financial results>

1. Net sales and profits down due to rapid economic downturn

- Both sales and profits declined in the fiscal year ended March 2009. Net sales were ¥110 billion (down 13.1% year-on-year), operating income was ¥11 billion (down 32.5%) and net income was ¥4.6 billion (down 51.7%).
- In the second half, Japan's exporters in the automotive, electrical machinery and other industries faced substantial setbacks under the global recession originating from the financial crisis in the US. The situation became severe, as can be seen through indicators that correlate to our business. For example, Japan's machine tool orders for the year were down 39% compared to the previous year and Japan's semiconductor production equipment orders fell 60%.
- In the first half, MISUMI posted record sales and profits. However, earnings in the second half deteriorated substantially due to the economic recession.
- Even in the midst of recession MISUMI has not changed its basic strategy. We continue to evolve our business model by expanding overseas operations, developing new products, enhancing our web customer order system and web catalogs, and shortening delivery lead times. We have also evolved our corporate organization, breathing new life into the company through a "create, make and sell" approach where the same employees oversee the entire value chain, from planning to manufacturing and sales of any given product line. We sped up the management decision-making process by granting greater authority through the introduction of a company system and the launch of a new management structure.

2. Factory automation sales declined 6.2% as all business units suffered

- Annual sales by business segment were as follows.

Business segment	Net sales (Yen)	Year-on-year comparison
Factory automation	58.4 billion	-6.2%
Die and mold	28.4 billion	-17.6%
Electronics	10.2 billion	-20.6%
Optical	3.9 billion	-33.3%
Diversified	8.9 billion	-18.3%

- Customers in all major customer segments from automotive to LCD and semiconductor pared production volumes, revisited investment plans and postponed construction schedules. These factors significantly impacted all of our business units.
- Diversified segment sales declined 7.8% y-y excluding factors related to MICREED Corporation (¥1.2 billion), a food nondurables business sold in the fiscal year ended March 2008.

3. Overseas accounted for 22% of total sales

(ア) Annual sales by geographical region were as follows.

Geographical region	Net sales (Yen)	Year-on-Year comparison
Japan	87.8 billion	-14.0%
Asia	16 billion	-12.1%
North & South America	3.6 billion	-8.6%
Europe	2.5 billion	-12.0%

(イ) Sales declined in all geographical regions. However, MISUMI continued to aggressively expand overseas, with sales outside of Japan accounting for 22% (up 2 percentage points year-on-year) of total annual sales.

4. Dividend payout ratio about 25%

(ア) In the past, MISUMI had used a 20% payout ratio, but to return profits to our shareholders, the company will pay out 25% of consolidated net incomes for the fiscal year ended March 2009. As a result, the year-end dividend will be ¥3 per share. Including the ¥10 per share paid out as an interim dividend, total annual dividend per share will be ¥13.

5. Forecast for FY2009 consolidated business performance

Consolidated earnings forecast for FY2009 (April 1, 2009, to March 31, 2010)

	Net sales	Operating income	Recurring income	Net income	Earnings per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Consolidated full-year forecast	83,000	5,000	5,000	2,200	24.82

(ア) In the fiscal year ending March 2010, we forecast prolonged cuts to production volumes and restraints on capital expenditures in the automotive and electronics industries. This will negatively impact our sales and, coupled with the effects of foreign currency exchange rates, we project profits will decline significantly. However, by improving profitability and cutting costs across the company, we plan to secure a 6% operating margin.

[Disclaimer regarding forward-looking statements]

Although forecasts for FY2009 ending March 2010 and forward looking statements contained in this material are based on assumptions applied and judged to be reasonable by the Company and its Group reflecting currently available information, including domestic or international economic circumstances, fluctuations in currency exchange rates, and other factors that may influence our business performance, they are subject to risk and uncertainty. Therefore, investors should avoid making their investment decisions based entirely and exclusively on the forward-looking statements herein. Please be advised that our actual business performance may differ substantially from the forecasts indicated in this document. The material factors that may influence our actual performance include economic circumstances, market trends, and exchange rates, among others.