

MISUMI Group Inc.

FY2020 (ending March 2021) First half (1H) earnings report

October 30, 2020
Representative Director, President
Ryusei Ono

FY20 1H earnings overview

FX rates (vs Yen)	FY19 1H actual	FY20 1H actual
USD	109.0 yen	106.7 yen
EUR	121.4 yen	121.4 yen
RMB	15.8 yen	15.2 yen

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Market condition in the 1H of FY20 and MISUMI's initiatives

Currently:

Capital investments remain sluggish due to the spread of the COVID-19 infection and the impact of the US-China trade conflict

Global manufacturing industry is mired by extremely harsh circumstances

Despite the recovery trend in China, other regions remain weak, and slump continues particularly in Japan

Automotive productions have returned in some regions, but have yet to reach full-scale

MISUMI will:

reduce costs in response to sluggish demand and secure profits;
continue to make essential investments aiming for business model innovation geared towards growth

FY20 1H earnings overview

The manufacturing industry undergoing a recession globally primarily due to the spread of COVID-19 infection had a severe impact on business

The second quarter transitioned as expected, both sales and profits were in line with the plan

Million yen

Category	FY19 1H	FY20 1H			
	Actual	Plan	Actual	Percentage change	
				YoY	Vs plan
Net sales	157,133	141,000	143,302	-8.8%	+1.6%
Operating income (before amortization of goodwill, etc.)*	12,040	8,600	9,422	-21.7%	+9.6%
Margin	7.7%	6.1%	6.6%	-1.1pt	+0.5pt
Operating income	11,737	8,300	9,126	-22.2%	+10.0%
Margin	7.5%	5.9%	6.4%	-1.1pt	+0.5pt
Ordinary income	11,566	8,100	9,108	-21.3%	+12.4%
Net income	8,510	5,900	6,708	-21.2%	+13.7%

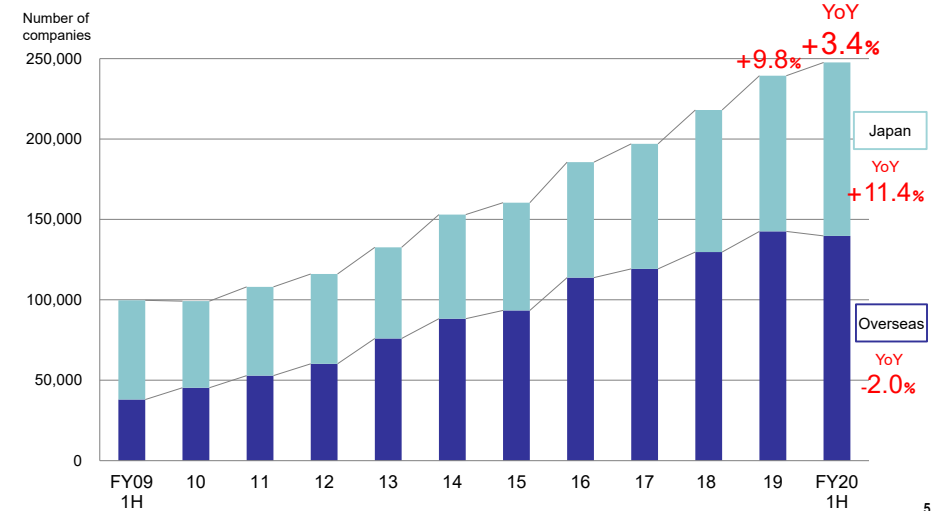
* 1. Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation (DL)
2. Amortization of goodwill completed in October 2017

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FY20 1H transition of customer numbers

The number of overseas customers decreased due to suspension of production activities impacted by COVID-19

In Japan, the customer base expanded with the penetration of VONA, and meivy contributed as well



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FY20 1H sales by business segment

FA: strong performance in China such as 5G-related demand; sluggishness in Japan had an impact

Die components: negative growth in all regions due to sluggishness in the automotive industry

VONA: China was on a recovery trend, but demand decline in Japan had an impact

Million yen

Category	FY19 H1	FY20 1H		
	Actual	Actual	YoY change	
			Yen basis	Local currency basis
Total	157,133	143,302	-8.8%	-7.4%
FA business	49,836	47,810	-4.1%	-2.7%
Die components business	37,257	31,028	-16.7%	-14.6%
VONA business	70,038	64,464	-8.0%	-6.8%

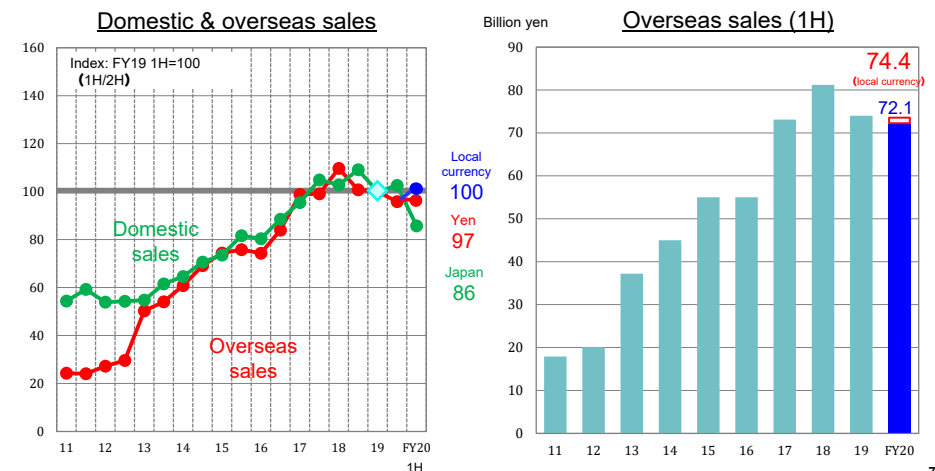
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FY20 1H domestic & overseas sales

Japan: demand continues to be sluggish and each business segment remained stagnant

Overseas: despite China driving sales, decrease in other regions caused sales to be at the similar level of the previous year on a local currency basis

Overseas sales increased by 0.4% on a local currency basis, overseas ratio was 50%

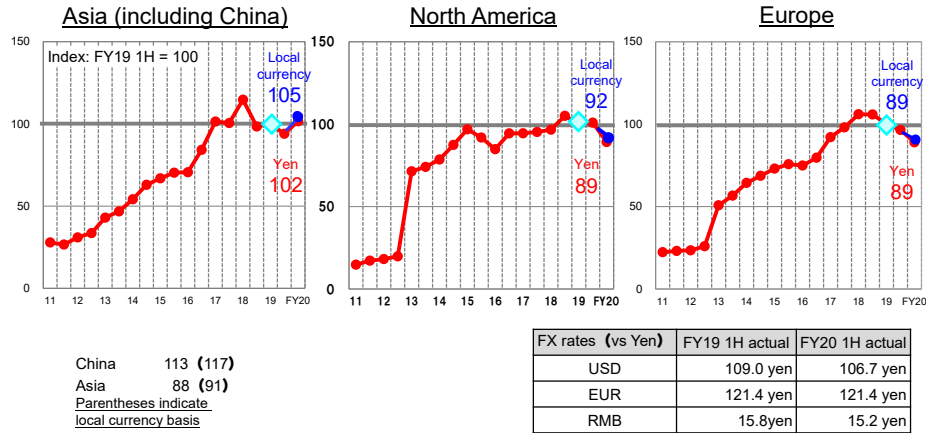


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FY20 1H sales by region (local currency basis)

Asia: business steadily recovered in China, with 5G and Li-ion batteries performing well

US / Europe: VONA sales expanded while FA and Die components businesses were sluggish due to the stagnant condition of the automotive industry



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FY20 1H operating income by business segment

FA: the impact from decrease in sales were covered through favorable product mix; profit increased on a local currency basis

Die components: decrease in sales significantly impacted profits

VONA: notwithstanding improvements to the gross profit margin, decrease in sales had a major impact

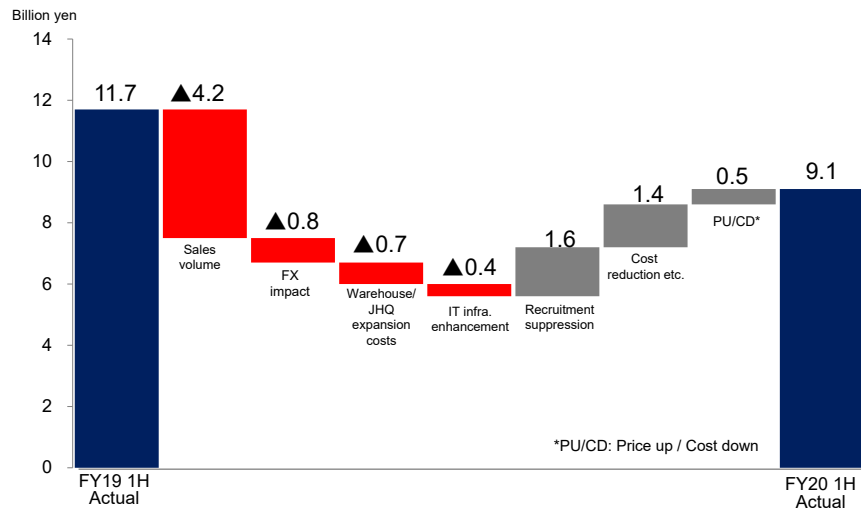
Category	FY19 1H		FY20 1H			
	Actual		Actual		YoY	
	Margin		Margin	Yen basis	Local currency basis	
Total	11,737	7.5%	9,126	6.4%	-22.2%	-15.3%
FA business	6,242	12.5%	6,128	12.8%	-1.8%	+2.7%
Die components business	2,498	6.7%	1,273	4.1%	-49.1%	-44.6%
Before amortization of goodwill, etc.	2,801	7.5%	1,569	5.1%	-44.0%	-40.0%
VONA business	2,995	4.3%	1,725	2.7%	-42.4%	-28.5%

Million yen

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FY20 1H operating income analysis (YoY)

Notwithstanding efforts being made in cost reduction and recruitment suppression; these measures were insufficient to absorb the impact of decrease in sales volume

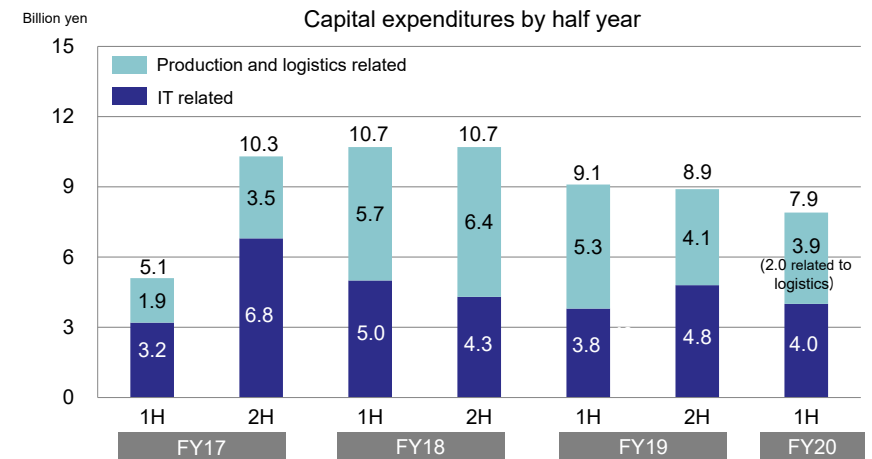


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Investment results

With the aim of accelerating growth when business conditions recover, investments geared towards business model innovation were carefully selected and continued

Investments for IT and logistics infrastructure were steadily executed, to further bolster the global reliable and quick delivery



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FY20 full year consolidated earnings forecasts

FX rates (vs Yen)	FY19 actual	FY20 2H plan	FY20 full-year plan
USD	109.1 yen	104.0 yen	105.2 yen
EUR	121.1 yen	118.0 yen	118.3 yen
RMB	15.7 yen	15.0 yen	15.1 yen

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Outlook of FY20 going forward

Spread of COVID-19 infection boosts automation of the manufacturing industry

Essential digital manufacturing became stagnant

- e.g. sluggish consumption; prolonged US-China trade conflict; acceleration of EV

Currently:

Following the recovery in China, there are signs of demand returning to various regions of the world, however uncertainty looms over the manufacturing industry's future due to the spread of COVID-19 and the US-China trade conflict

MISUMI will:

re-assess its business structure to maintain the balance of growth and profits even under conditions of sluggish demand; continue business model innovation adapted for digital manufacturing for sustainable growth

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FY20 full year earnings forecast

Despite expecting a gradual recovery in business conditions from the second half, trends in demand will be scrutinized

Japan is showing signs of bottoming out, however recovery situation remains uncertain

Million yen

Category	FY19	FY20		
	Actual	Plan	YoY	
			Yen	Local currency
Net sales	313,337	300,000	-4.3%	-2.2%
Operating income (before amortization of goodwill, etc.)*	24,247	21,500	-11.3%	-1.8%
Margin	7.7%	7.2%	-0.6pt	+0.0pt
Operating income	23,640	20,900	-11.6%	-1.8%
Margin	7.5%	7.0%	-0.6pt	+0.0pt
Ordinary income	23,245	20,500	-11.8%	-
Net income	16,504	14,900	-9.7%	-

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

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FY20 earnings forecast by business segment

FA: in addition to resurgence in China, focus is on global customer development

Die components: the automotive industry showing signs of recovery is still weak, and priority is given to improving profitability

VONA: overseas expansion being promoted but domestic recovery requires careful ascertainment

Million yen

Category	FY19	FY20		
	Actual	Plan	YoY	
			Yen basis	Local currency basis
Total	313,337	300,000	-4.3%	-2.2%
FA business	99,403	100,867	+1.5%	+3.5%
Die components business	72,413	64,339	-11.2%	-8.0%
VONA business	141,519	134,793	-4.8%	-3.1%

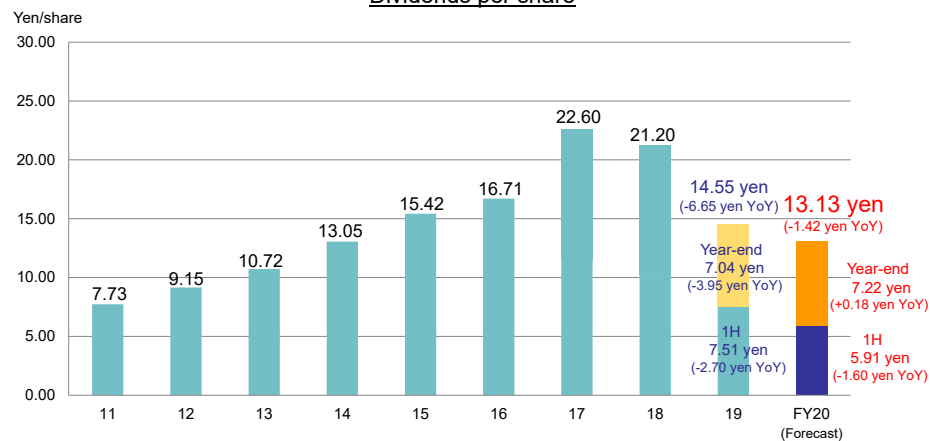
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Shareholder return

FY20 interim dividend per share was 5.91 yen, a decrease of 1.60 yen year-on-year

The annual dividend is expected to be 13.13 yen, a decrease of 1.42 yen year-on-year

Dividends per share

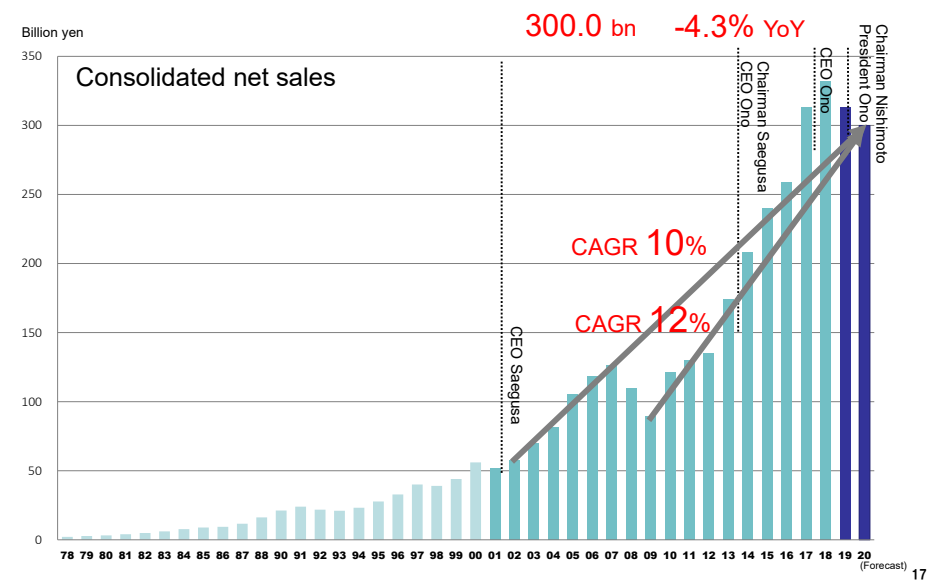


* Effective July 1, 2015, a 3-for-1 stock split was executed. Past DPS amounts have been adjusted to reflect the split

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Summary

Aiming towards sustainable growth, resilient management structure is being transitioned, as well as continued growth investments being deployed



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