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On May 14, 2021, Hosokawa Micron Corporation announced earnings results for 1H FY09/21.

Cumulative (JPYmn)	FY09/19				FY09/20				FY09/21				FY09/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	1H Est.
Sales	14,086	28,299	40,655	55,381	13,170	26,630	38,097	53,497	13,729	27,631			100.1%	27,600
YoY	10.9%	4.2%	-2.4%	-2.6%	-6.5%	-5.9%	-6.3%	-3.4%	4.2%	3.8%				3.6%
Gross profit	5,124	10,296	14,754	20,075	4,727	9,305	13,452	19,357	4,840	9,762				
YoY	6.0%	2.9%	-5.2%	-4.2%	-7.7%	-9.6%	-8.8%	-3.6%	2.4%	4.9%				
Gross profit margin	36.4%	36.4%	36.3%	36.2%	35.9%	34.9%	35.3%	36.2%	35.3%	35.3%				
SG&A expenses	3,592	7,017	10,629	14,157	3,788	7,435	10,858	14,566	3,531	7,210				
YoY	7.4%	2.2%	0.3%	-1.9%	5.5%	6.0%	2.2%	2.9%	-6.8%	-3.0%				
SG&A ratio	25.5%	24.8%	26.1%	25.6%	28.8%	27.9%	28.5%	27.2%	25.7%	26.1%				
Operating profit	1,531	3,279	4,125	5,918	939	1,869	2,593	4,791	1,308	2,552			100.1%	2,550
YoY	2.8%	4.6%	-16.9%	-9.5%	-38.7%	-43.0%	-37.1%	-19.0%	39.3%	36.5%				36.4%
Operating profit margin	10.9%	11.6%	10.1%	10.7%	7.1%	7.0%	6.8%	9.0%	9.5%	9.2%				9.2%
Recurring profit	1,580	3,367	4,256	6,099	999	2,019	2,784	5,007	1,393	2,695			101.7%	2,650
YoY	3.9%	8.0%	-15.7%	-8.4%	-36.8%	-40.0%	-34.6%	-17.9%	39.4%	33.5%				31.3%
Recurring profit margin	11.2%	11.9%	10.5%	11.0%	7.6%	7.6%	7.3%	9.4%	10.1%	9.8%				9.6%
Net income	1,122	2,366	2,989	4,182	714	1,220	1,823	3,317	1,030	1,929			101.5%	1,900
YoY	46.3%	22.5%	-8.6%	-0.5%	-36.4%	-48.4%	-39.0%	-20.7%	44.3%	58.1%				55.7%
Net margin	8.0%	8.4%	7.4%	7.6%	5.4%	4.6%	4.8%	6.2%	7.5%	7.0%				6.9%

  

Quarterly (JPYmn)	FY09/19				FY09/20				FY09/21				FY09/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Sales	14,086	14,213	12,356	14,726	13,170	13,460	11,467	15,400	13,729	13,902			52.1%	53,000
YoY	10.9%	-1.7%	-14.7%	-3.1%	-6.5%	-5.3%	-7.2%	4.6%	4.2%	3.3%				-0.9%
Gross profit	5,124	5,172	4,458	5,321	4,727	4,578	4,147	5,905	4,840	4,922				
YoY	6.0%	0.1%	-19.8%	-1.6%	-7.7%	-11.5%	-7.0%	11.0%	2.4%	7.5%				
Gross profit margin	36.4%	36.4%	36.1%	36.1%	35.9%	34.0%	36.2%	38.3%	35.3%	35.4%				
SG&A expenses	3,592	3,425	3,612	3,528	3,788	3,647	3,423	3,708	3,531	3,679				
YoY	7.4%	-2.8%	-3.1%	-7.9%	5.5%	6.5%	-5.2%	5.1%	-6.8%	0.9%				
SG&A ratio	25.5%	24.1%	29.2%	24.0%	28.8%	27.1%	29.9%	24.1%	25.7%	26.5%				
Operating profit	1,531	1,748	846	1,793	939	930	724	2,198	1,308	1,244			63.8%	4,000
YoY	2.8%	6.1%	-53.8%	13.8%	-38.7%	-46.8%	-14.4%	22.6%	39.3%	33.8%				-16.5%
Operating profit margin	10.9%	12.3%	6.8%	12.2%	7.1%	6.9%	6.3%	14.3%	9.5%	8.9%				7.5%
Recurring profit	1,580	1,787	889	1,843	999	1,020	765	2,223	1,393	1,302			67.4%	4,000
YoY	3.9%	11.9%	-53.9%	14.6%	-36.8%	-42.9%	-13.9%	20.6%	39.4%	27.6%				-20.1%
Recurring profit margin	11.2%	12.6%	7.2%	12.5%	7.6%	7.6%	6.7%	14.4%	10.1%	9.4%				7.5%
Net income	1,122	1,244	623	1,193	714	506	603	1,494	1,030	899			71.4%	2,700
YoY	46.3%	6.8%	-53.5%	27.7%	-36.4%	-59.3%	-3.2%	25.2%	44.3%	77.7%				-18.6%
Net margin	8.0%	8.8%	5.0%	8.1%	5.4%	3.8%	5.3%	9.7%	7.5%	6.5%				5.1%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

By segment (cumulative) (JPYmn)	FY09/19				FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total sales	14,086	28,299	40,655	55,381	13,170	26,630	38,097	53,497	13,729	27,631		
YoY	10.9%	4.2%	-2.4%	-2.6%	-6.5%	-5.9%	-6.3%	-3.4%	4.2%	3.8%		
Powder Processing Equipment	10,282	20,671	30,077	41,060	10,305	20,009	29,116	40,393	10,157	20,760		
YoY	7.9%	2.5%	-2.8%	-4.4%	0.2%	-3.2%	-3.2%	-1.6%	-1.4%	3.8%		
Blown Film	3,803	7,627	10,577	14,320	2,864	6,620	8,981	13,104	3,571	6,871		
YoY	20.2%	9.0%	-1.4%	3.1%	-24.7%	-13.2%	-15.1%	-8.5%	24.7%	3.8%		
Operating profit	1,531	3,279	4,125	5,918	939	1,869	2,593	4,791	1,308	2,552		
YoY	2.8%	4.6%	-16.9%	-9.5%	-38.7%	-43.0%	-37.1%	-19.0%	39.3%	36.5%		
Powder Processing Equipment	1,206	2,647	3,552	5,267	1,122	2,008	2,899	4,528	1,149	2,394		
YoY	-9.2%	-5.1%	-18.3%	-12.1%	-7.0%	-24.1%	-18.4%	-14.0%	2.4%	19.2%		
Blown Film	583	1,162	1,408	1,830	117	520	649	1,598	421	718		
YoY	38.8%	30.7%	-2.6%	6.0%	-79.9%	-55.2%	-53.9%	-12.7%	259.8%	38.1%		

  

By segment (quarterly) (JPYmn)	FY09/19				FY09/20				FY09/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total sales	14,086	14,213	12,356	14,726	13,170	13,460	11,467	15,400	13,729	13,902		
YoY	10.9%	-1.7%	-14.7%	-3.1%	-6.5%	-5.3%	-7.2%	4.6%	4.2%	3.3%		
Powder Processing Equipment	10,282	10,389	9,406	10,983	10,305	9,704	9,107	11,277	10,157	10,603		
YoY	7.9%	-2.3%	-12.6%	-8.7%	0.2%	-6.6%	-3.2%	2.7%	-1.4%	9.3%		
Blown Film	3,803	3,824	2,950	3,743	2,864	3,756	2,361	4,123	3,571	3,300		
YoY	20.2%	-0.2%	-20.9%	18.3%	-24.7%	-1.8%	-20.0%	10.2%	24.7%	-12.1%		
Operating profit	1,531	1,748	846	1,793	939	930	724	2,198	1,308	1,244		
YoY	2.8%	6.1%	-53.8%	13.8%	-38.7%	-46.8%	-14.4%	22.6%	39.3%	33.8%		
Powder Processing Equipment	1,206	1,441	905	1,715	1,122	886	891	1,629	1,149	1,245		
YoY	-9.2%	-1.3%	-42.1%	4.4%	-7.0%	-38.5%	-1.5%	-5.0%	2.4%	40.5%		
Blown Film	583	579	246	422	117	403	129	949	421	297		
YoY	38.8%	23.5%	-55.8%	50.2%	-79.9%	-30.4%	-47.6%	124.9%	259.8%	-26.3%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

## 1H FY09/21 results

### Overview

#### Results summary

In 1H FY09/21, orders were JPY36.7bn (+15.3% YoY), sales were JPY27.6bn (+3.8% YoY), and the order backlog was JPY37.3bn (+35.6% YoY). Profit was also up, mainly because of the sales growth effect. Operating profit was JPY2.6bn (+36.5% YoY), recurring profit was JPY2.7bn (+33.5% YoY), and net income attributable to owners of the parent was JPY1.9bn (+58.1% YoY).

#### Progress versus company forecast

1H FY09/21 results were in line with the forecast announced on May 10, 2021\*. Sales and profit at all levels exceeded the initial company forecast. Despite the negative impact of COVID-19, such as delayed deliveries of products from partner companies (mainly in Europe), delayed shipments outside the EU for logistical reasons, and delayed inspections associated with travel restrictions, orders were stronger than expected in 1H.

Revised 1H FY09/21 earnings forecast (announced on May 10, 2021)

▷ Sales:	JPY27.6bn (previous forecast of JPY26.0bn)
▷ Operating profit:	JPY2.6bn (JPY1.5bn)
▷ Recurring profit:	JPY2.7bn (JPY1.5bn)
▷ Net income:	JPY1.9bn (JPY1.1bn)

\*Net income attributable to owners of the parent

The company left its full-year forecast unchanged, because it is assessing in detail the likely impact of ongoing sales holdups in Europe. The company commented that it would announce without delay any information that should be disclosed.

### Results by business

#### Powder Processing Equipment business

In this segment, 1H orders were JPY24.6bn (+3.8% YoY), the order backlog was JPY25.8bn (+27.5% YoY), and sales were JPY20.8bn (+3.8% YoY). Segment profit was JPY2.4bn (+19.2% YoY). Demand for equipment for the chemical industry was weak, although the accelerating global shift toward electric vehicles led to robust demand for related investment, boosting demand for equipment used for lithium-ion battery and other electronic materials. Maintenance service-related and toll processing businesses, which had been suppressed amid the COVID-19 pandemic, continued to recover.

#### Blown Film business

Orders in 1H were JPY12.1bn (+48.5% YoY), the order backlog was JPY11.5bn (+58.0% YoY), and sales were JPY6.9bn (+3.8% YoY). Segment profit was JPY718mn (+38.1% YoY). The company received record orders for 1H from the US for high-performance film-making equipment used in multilayer lamination for the production of trash bags. Orders came from diverse countries and regions such as Europe (including Eastern Europe), Russia, China, and South Korea.

## Full-year company forecast

(JPYmm)	FY09/19			FY09/20			FY09/21		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
<b>Sales</b>	<b>28,299</b>	<b>27,082</b>	<b>55,381</b>	<b>26,630</b>	<b>26,867</b>	<b>53,497</b>	<b>27,631</b>	<b>25,369</b>	<b>53,000</b>
Cost of sales	18,002	17,303	35,305	17,325	16,814	34,139	17,869		
<b>Gross profit</b>	<b>10,296</b>	<b>9,779</b>	<b>20,075</b>	<b>9,305</b>	<b>10,052</b>	<b>19,357</b>	<b>9,762</b>		
Gross profit margin	36.4%	36.1%	36.2%	34.9%	37.4%	36.2%	35.3%		
SG&A expenses	7,017	7,140	14,157	7,435	7,131	14,566	7,210		
SG&A ratio	24.8%	26.4%	25.6%	27.9%	26.5%	27.2%	26.1%		
<b>Operating profit</b>	<b>3,279</b>	<b>2,639</b>	<b>5,918</b>	<b>1,869</b>	<b>2,922</b>	<b>4,791</b>	<b>2,552</b>	<b>1,448</b>	<b>4,000</b>
Operating profit margin	11.6%	9.7%	10.7%	7.0%	10.9%	9.0%	9.2%	5.7%	7.5%
<b>Recurring profit</b>	<b>3,367</b>	<b>2,732</b>	<b>6,099</b>	<b>2,019</b>	<b>2,988</b>	<b>5,007</b>	<b>2,695</b>	<b>1,305</b>	<b>4,000</b>
Recurring profit margin	11.9%	10.1%	11.0%	7.6%	11.1%	9.4%	9.8%	5.1%	7.5%
<b>Net income</b>	<b>2,366</b>	<b>1,816</b>	<b>4,182</b>	<b>1,220</b>	<b>2,097</b>	<b>3,317</b>	<b>1,929</b>	<b>771</b>	<b>2,700</b>
Net margin	8.4%	6.7%	7.6%	4.6%	7.8%	6.2%	7.0%	3.0%	5.1%

Source: Shared Research based on company data

1H FY09/21 results were in line with the upwardly revised forecast announced on May 10, 2021\*, with sales and profit at all levels exceeding the initial forecast. Despite the negative impact of COVID-19, such as delayed deliveries of products from partner companies (mainly in Europe), delayed shipments outside the EU for logistical reasons, and delayed inspections associated with travel restrictions, orders were stronger than expected in 1H.

For Q3 FY09/21 onward, the company expects the sales delays in Europe to continue. It is currently assessing the impact of these delays and has not revised its full-year FY09/21 earnings forecast. The company noted that it will disclose any material information as soon as it is available.

Revised 1H FY09/21 earnings forecast (announced on May 10, 2021)

- ▷ Sales: JPY27.6bn (previous forecast of JPY26.0bn)
- ▷ Operating profit: JPY2.6bn (JPY1.5bn)
- ▷ Recurring profit: JPY2.7bn (JPY1.5bn)
- ▷ Net income: JPY1.9bn (JPY1.1bn)

\*Net income attributable to owners of the parent

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