

Hosokawa Micron Group

Financial Results FY2016 & Business Plan FY2017

(at the Securities Analysts Association of Japan)

Nov. 30th 2016



Continuing Innovations for the next 100 years

HOSOKAWA MICRON CORPORATION

<http://www.hosokawamicron.com>



Financial Results (consolidated)

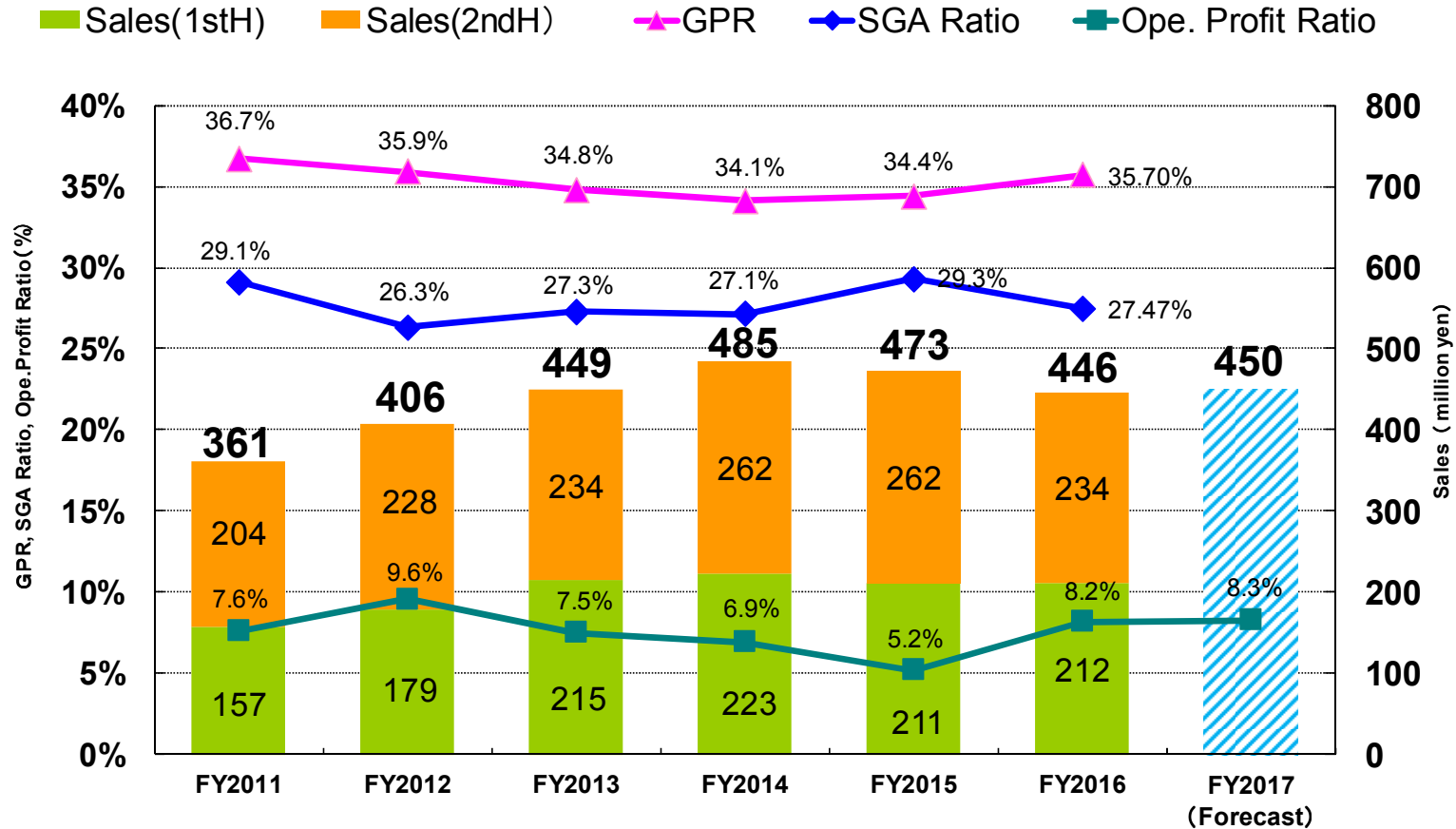
(million yen)

	FY2015		FY2016			
	actual	per sales	actual	per sales	plan	% of pre. year
Booking	50,204		46,959			93.5%
Backlog	17,539		17,459			99.5%
Sales	47,342		44,664		45,500	94.3%
Ope. Profit	2,450	5.2%	3,657	8.2%	3,100	149.3%
PTI	2,646	5.6%	3,718	8.3%	3,100	140.5%
Net Income	2,524	5.3%	2,530	5.7%	2,100	100.2%

【exchange rate】

US\$	119.30		111.89		120.00
EURO	136.84		124.11		135.00

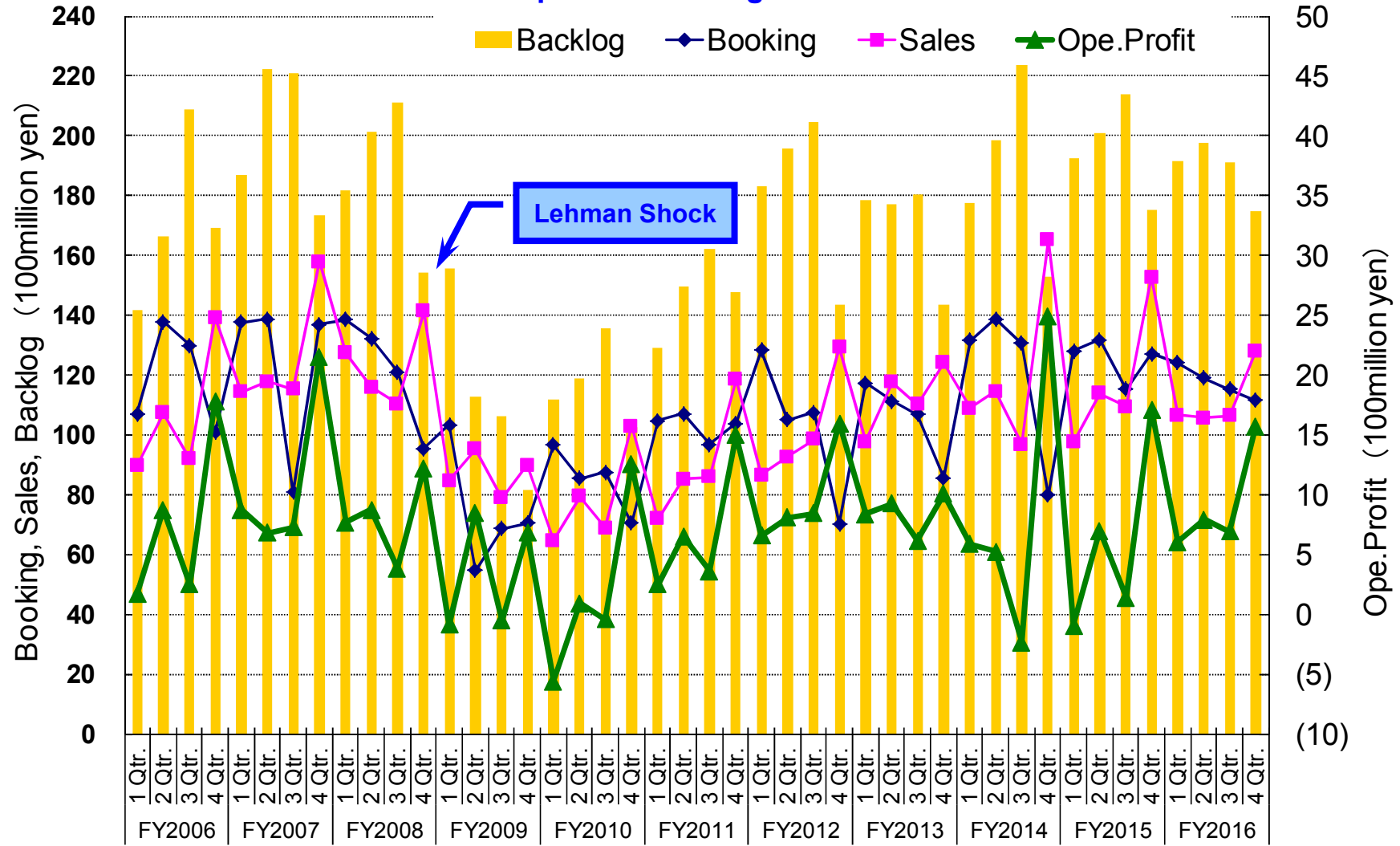
Financial Results (consolidated)



US\$	81.15	78.87	92.82	102.33	119.30	111.89	100.00
Euro	113.09	102.39	121.82	138.82	136.84	124.11	115.00

Financial Results (consolidated)

※exclude the impact of exchange rate fluctuations



US\$	116.26	118.99	107.67	95.22	89.58	81.15	78.87	92.82	102.33	119.30	111.89
Euro	143.01	158.25	161.71	128.71	121.50	113.09	102.39	121.82	138.82	136.84	124.11

Financial Results (by business segments, consolidated)

【Sales】 (million yen)

	FY2015	FY2016	
	actual	actual	% of Pre.Year
Powder	33,478	33,251	99.3%
Blown Film	11,503	11,413	99.2%
Confectionary	2,359	—	
Total	47,342	44,664	94.3%
	US\$	119.30	111.89
	Euro	136.84	124.11

【Ope.Profit】 (million yen)

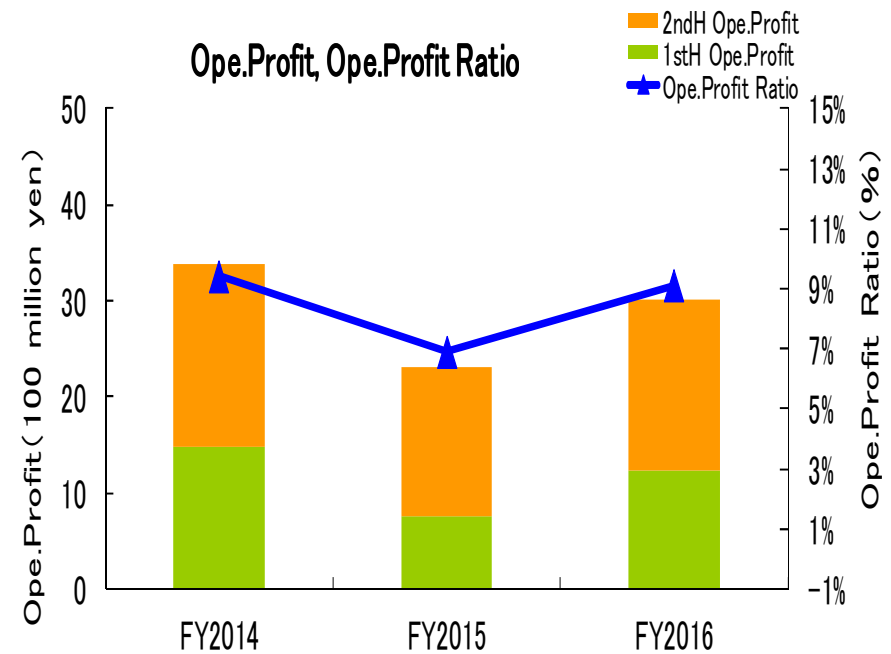
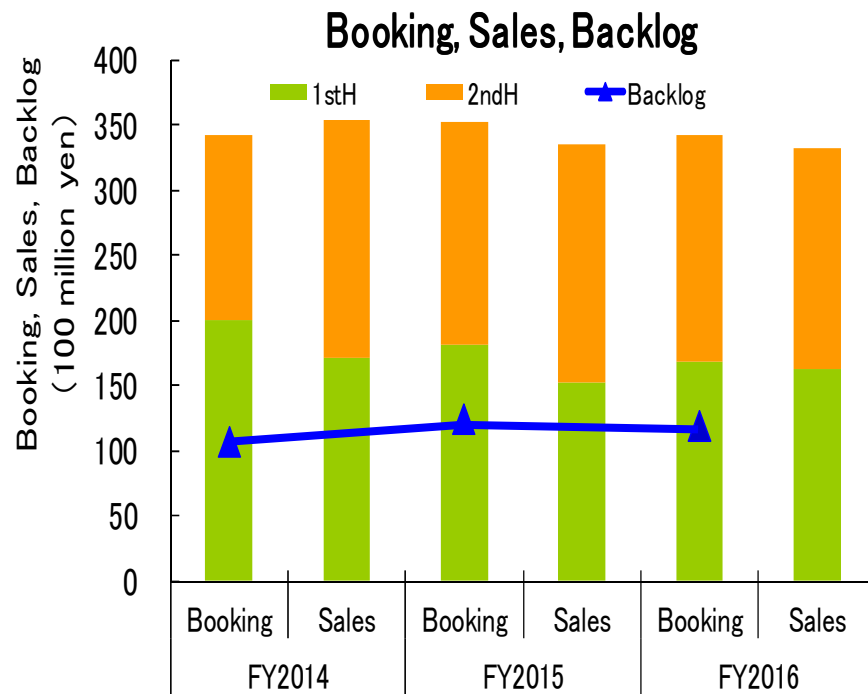
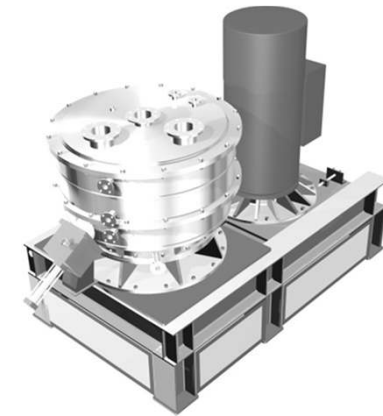
	FY2015	FY2016	
	actual	actual	% of Pre.Year
Powder	2,312	3,018	130.5%
Blown Film	1,541	1,692	109.8%
Confectionary	▲ 341	—	—
adjustment ※	▲ 1,062	▲ 1,052	—
Total	2,450	3,658	149.3%
	US\$	119.30	111.89
	Euro	136.84	124.11

※General management expenses without belonging to each segments

Financial Results (consolidated)

<Powder Processing>

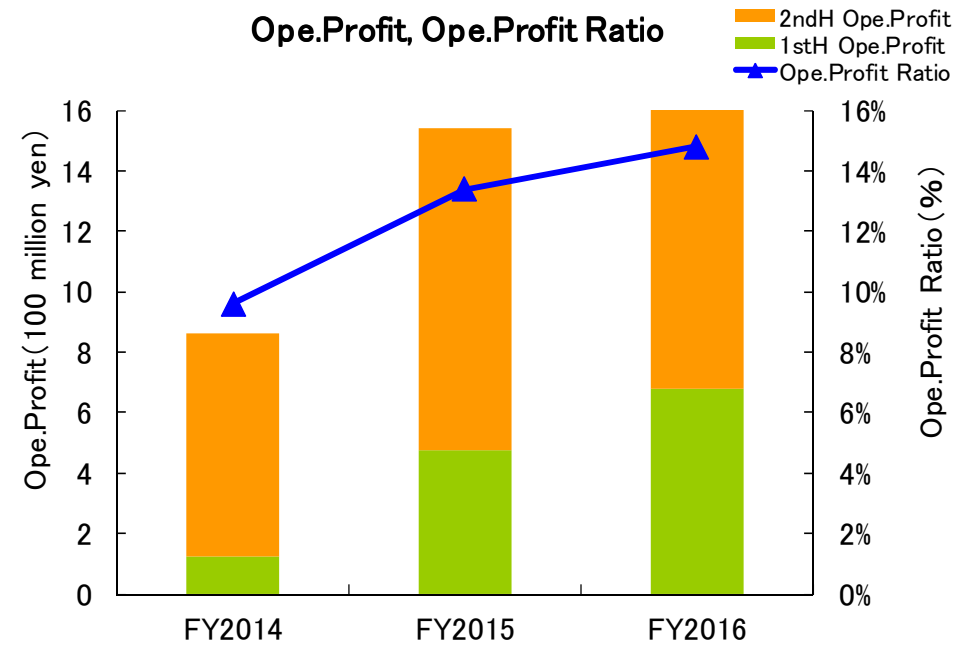
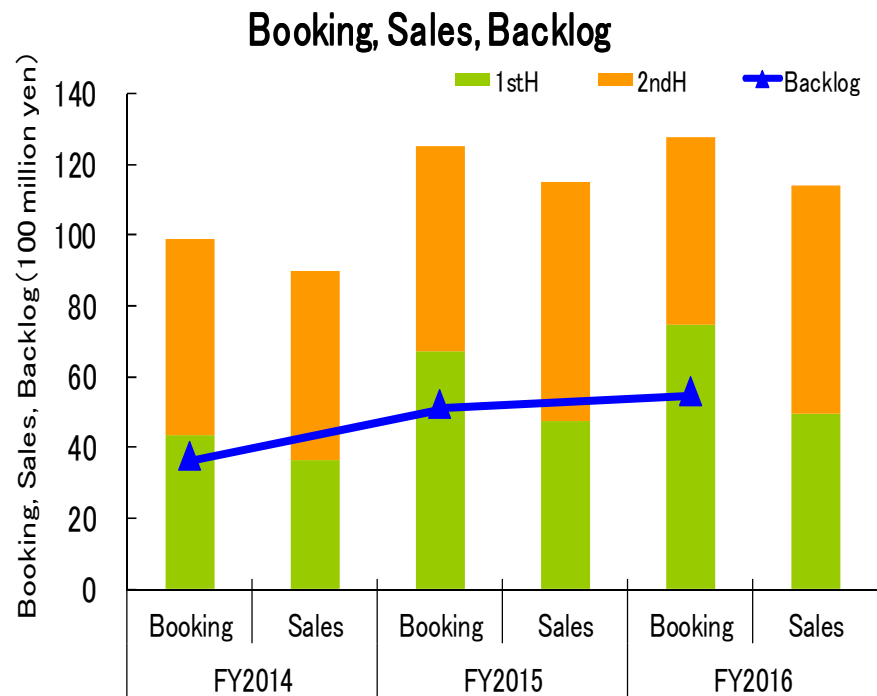
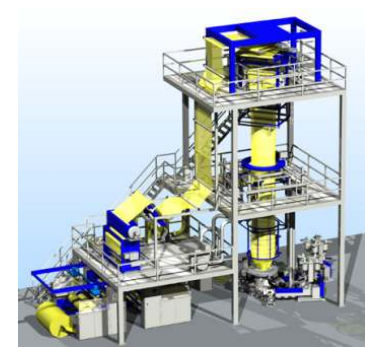
Powder Sales Ratio : 74.4%



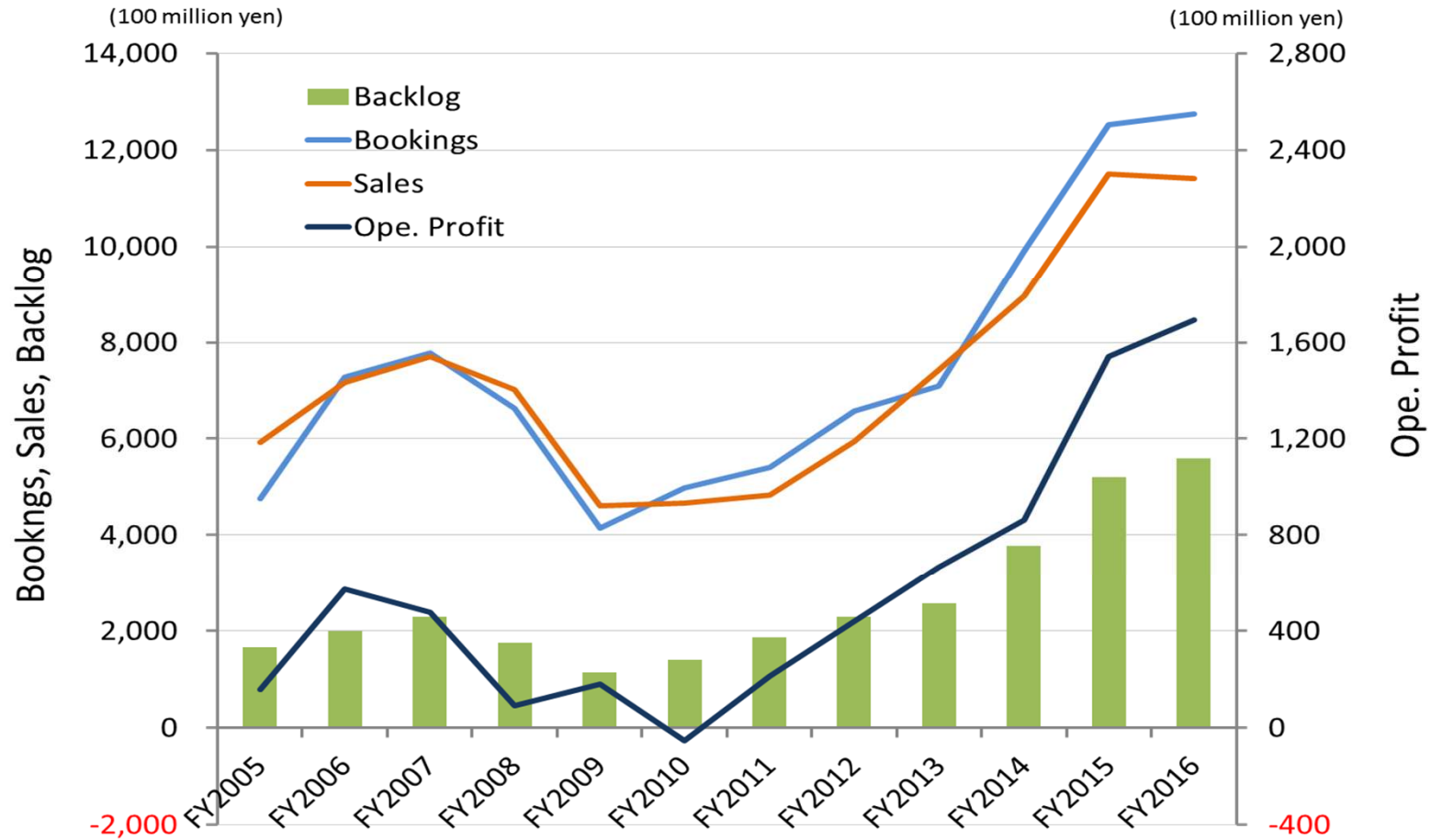
Financial Results (consolidated)

<Blown Film>

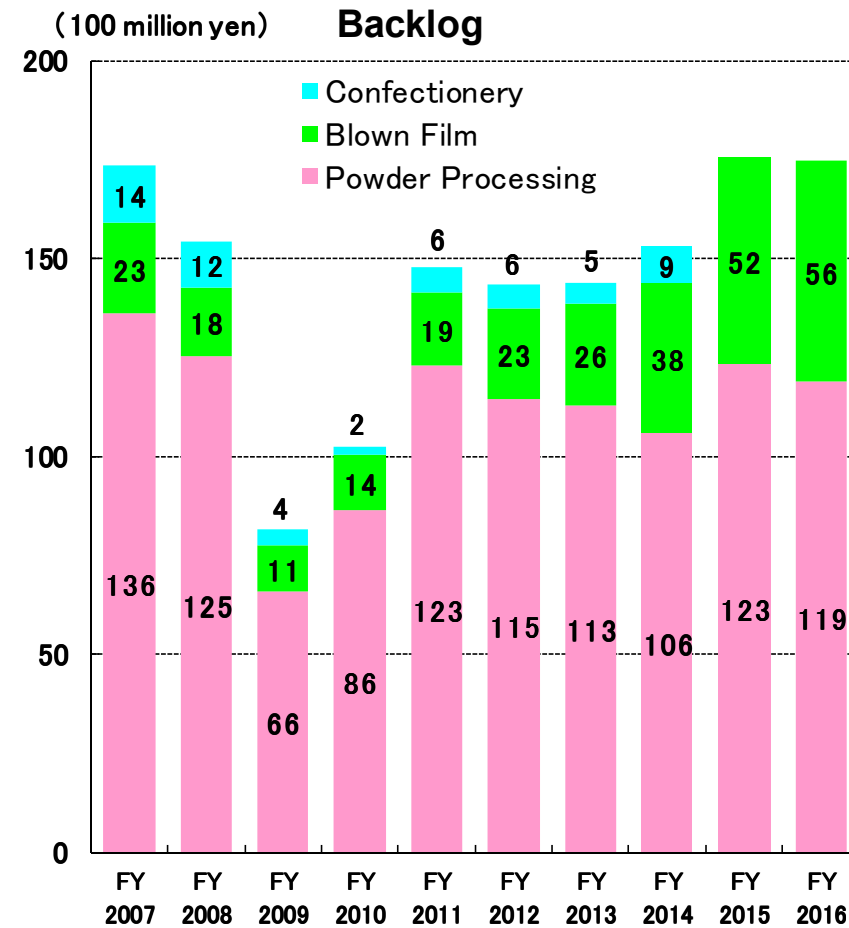
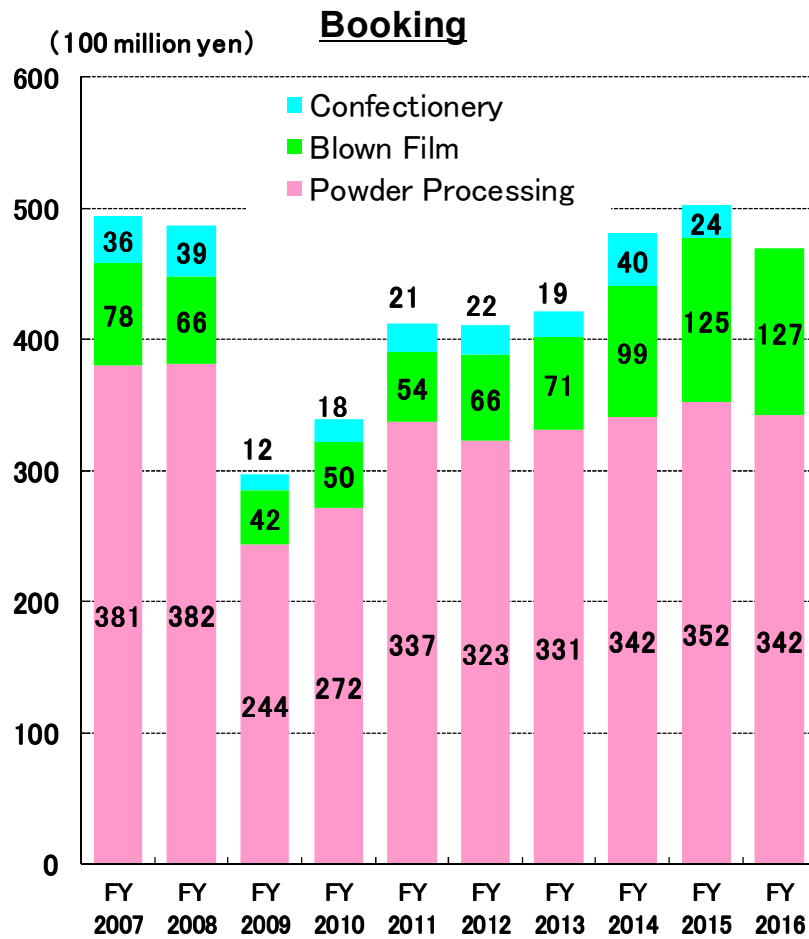
Blown Film Sales Ratio : 25.6%



Blown Film Business jumped up



Financial Results (by business segment)



Sales (Destination base, consolidated)

(million yen)

		FY2015	FY2016	% on Pre.Year
Japan	Sales	10,756	11,646	108.3%
	%	22.7%	26.1%	
America	Sales	10,498	10,287	98.0%
	%	22.2%	23.0%	
Europe	Sales	17,771	14,700	82.7%
	%	37.5%	32.9%	
Asia& Others	Sales	8,316	8,029	96.5%
	%	17.6%	18.0%	
Total	Sales	47,342	44,664	94.3%

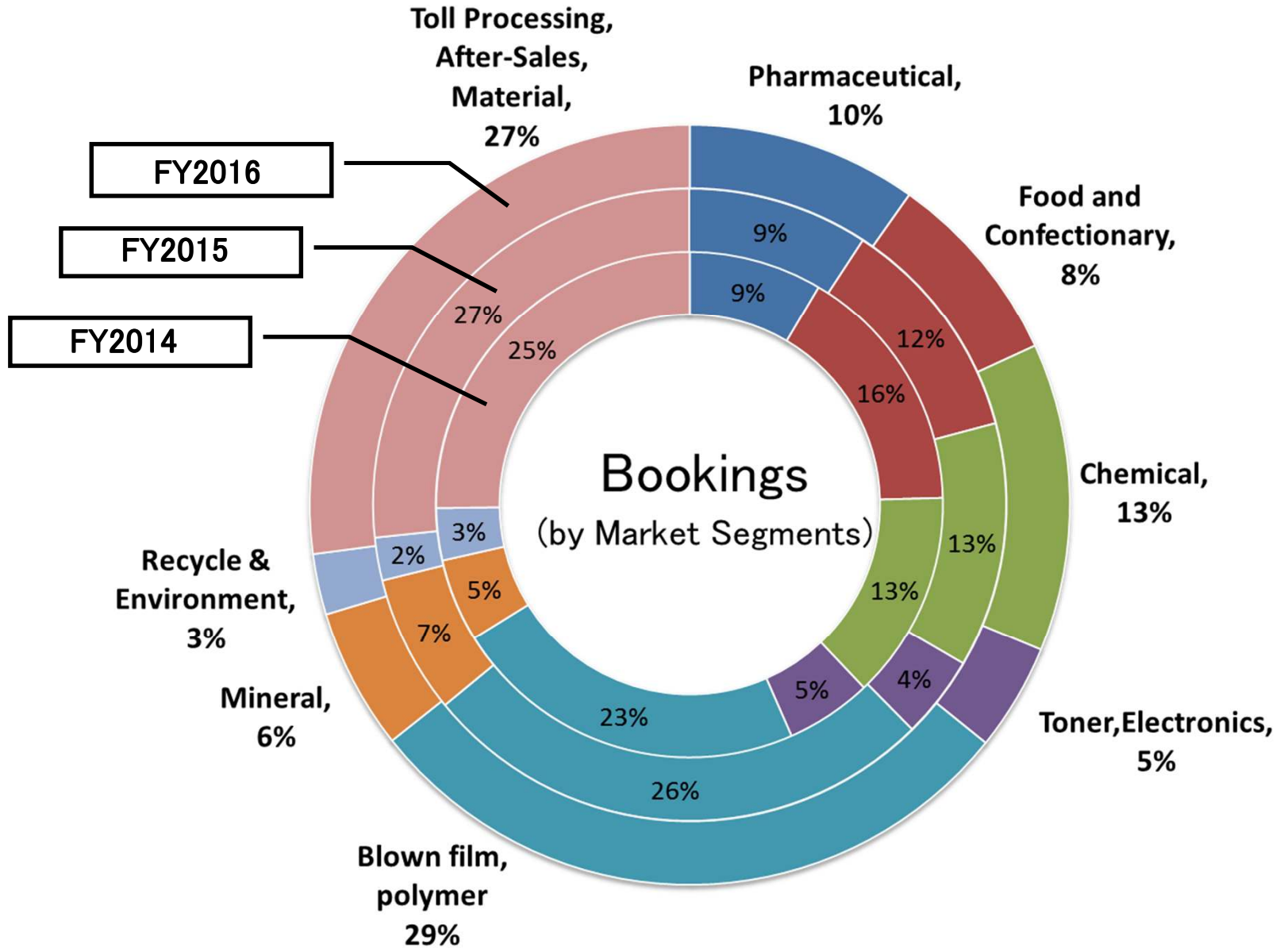
America : Blown film business situation kept good.

Europe : Revenue to Spain and Russia decreased.

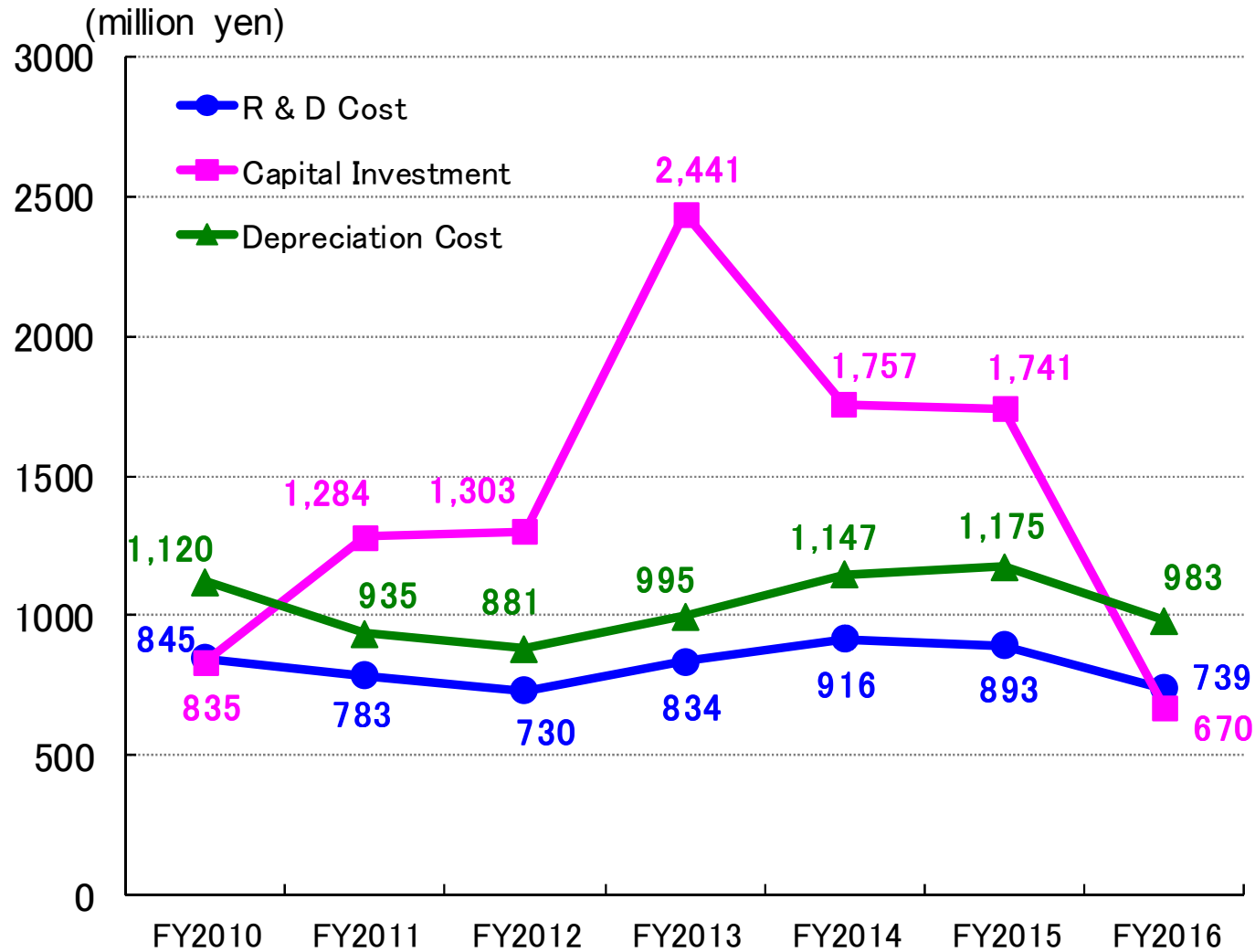
Asian and another : Revenue to China and Korea recovered.

(Secondary Battery and Magnetic material market are booming)

Bookings by Market Segments (consolidated)



R&D, Capital Investment and Depreciation (consolidated)

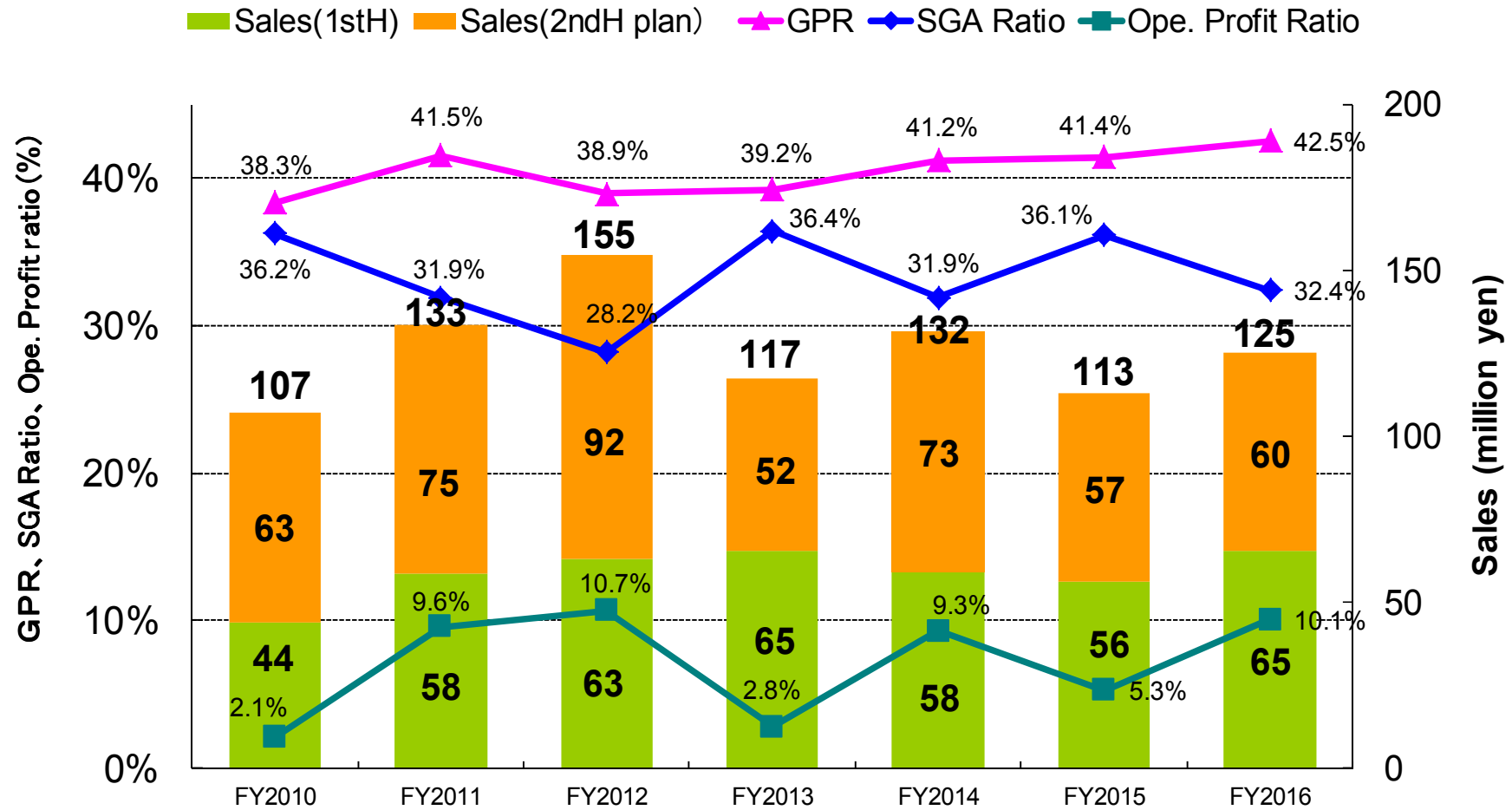


Financial Results (non-consolidated)

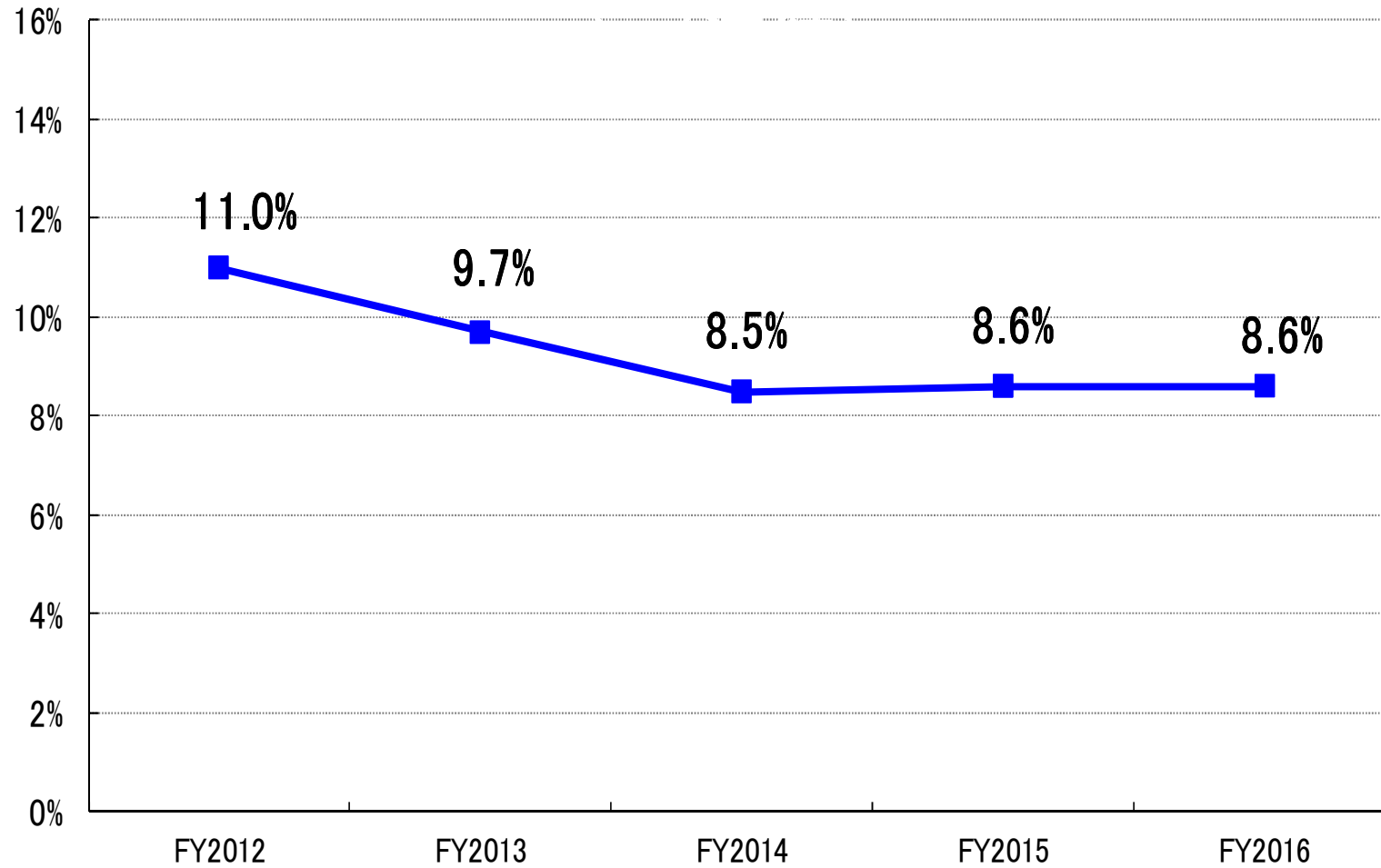
(million yen)

	FY2015	FY2016	
	actual	actual	% of pre. Year
Backlog	3,523	4,364	
Booking	12,119	12,292	101.4%
Sales	11,278	12,511	110.9%
Gross Margin	4,667	5,321	114.0%
(%)	41.4%	42.5%	
Ope. Profit	597	1,268	212.4%
(%)	5.3%	10.1%	

Financial Results (non-consolidated)



ROE (Return on Equity, consolidated)



Business Plan FY2017 (consolidated)

(100 million yen)

	FY2015	FY2016	FY2016	FY2017
	Actual	Plan	Actual	Plan
Sales	473	485	447	450
Ope. Profit	25	30	37	38
(% per sales)	5.2%	6.2%	8.2%	8.3%
Ext. Income	26	30	37	38
(% per sales)	5.6%	6.2%	8.3%	8.3%
Net Income	25	20	25	26
(% per sales)	5.3%	4.1%	5.7%	5.7%

【為替レート】

US\$	119.30	120.00	111.89	100.00
EURO	136.84	135.00	124.11	115.00

< Group vision >

Growth at developing countries

Further improvement of the profitability.

Strategies for FY2017

- ◆ Development of new product and technologies to create competitive advantages and high profitability
- ◆ Expansion of our global reach to emerging markets
- ◆ Marketing group products which meet the needs of booming market
- ◆ Enhancement of mutual understanding and personnel exchanges in the group
- ◆ Implementation of strategic plans to expand business and continuous improvement of profitability

Focus measures for FY2017

◆ New products & technologies development

➡ Competitive advantage

➡ Profitability improvement

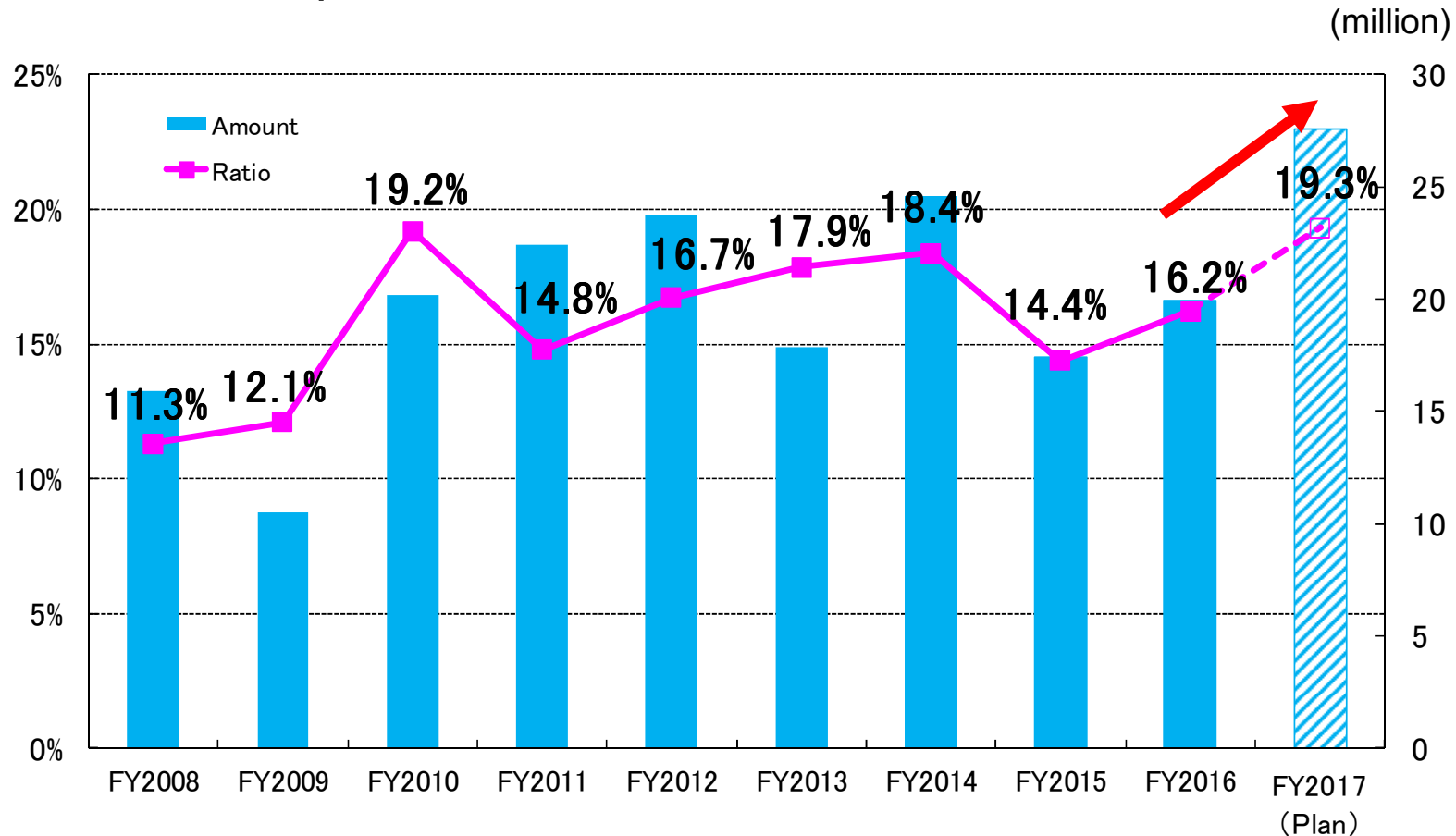
Booming market
= LIB cathode material, Magnetic material

Recent New products

- ★ NOB-VC (Dry particle composing for mass production)
- ★ ACM-BC (Fine grinding for the cathode material)
- ★ Hair growth tonic and Skin care products

Focus measures for FY2017

【Export ratio of the domestic business】



◆ Hot market ⇒ Magnetic material, Lithium-ion secondary battery

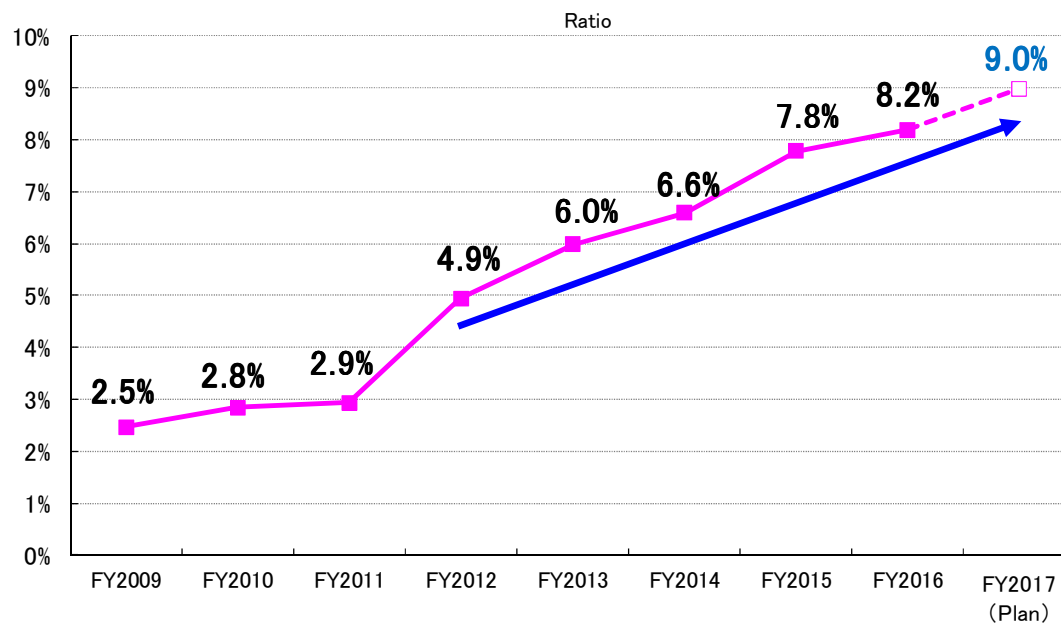
⇒ to China

◆ New Products for secondary battery

Focus measures for FY2017

- ◆ Developing country (China, South-eastern Asia, etc.)
⇒ Expansion of After Sales business

【The export ratio from Japan at the After sales business】



To
Japanese-affiliated companies
+
Local companies

Focus on Asia market from FY2012 ⇒ Results are increased steadily

Focus measures for FY2017

- ◆ Concentrate to the activity markets
 - ⇒ Sharing of the Asian market information
and Sales strategies

◎ Keystone of the growth and profitability

- Secondary Battery materials and Magnetic materials
 - ⇒ focus in China

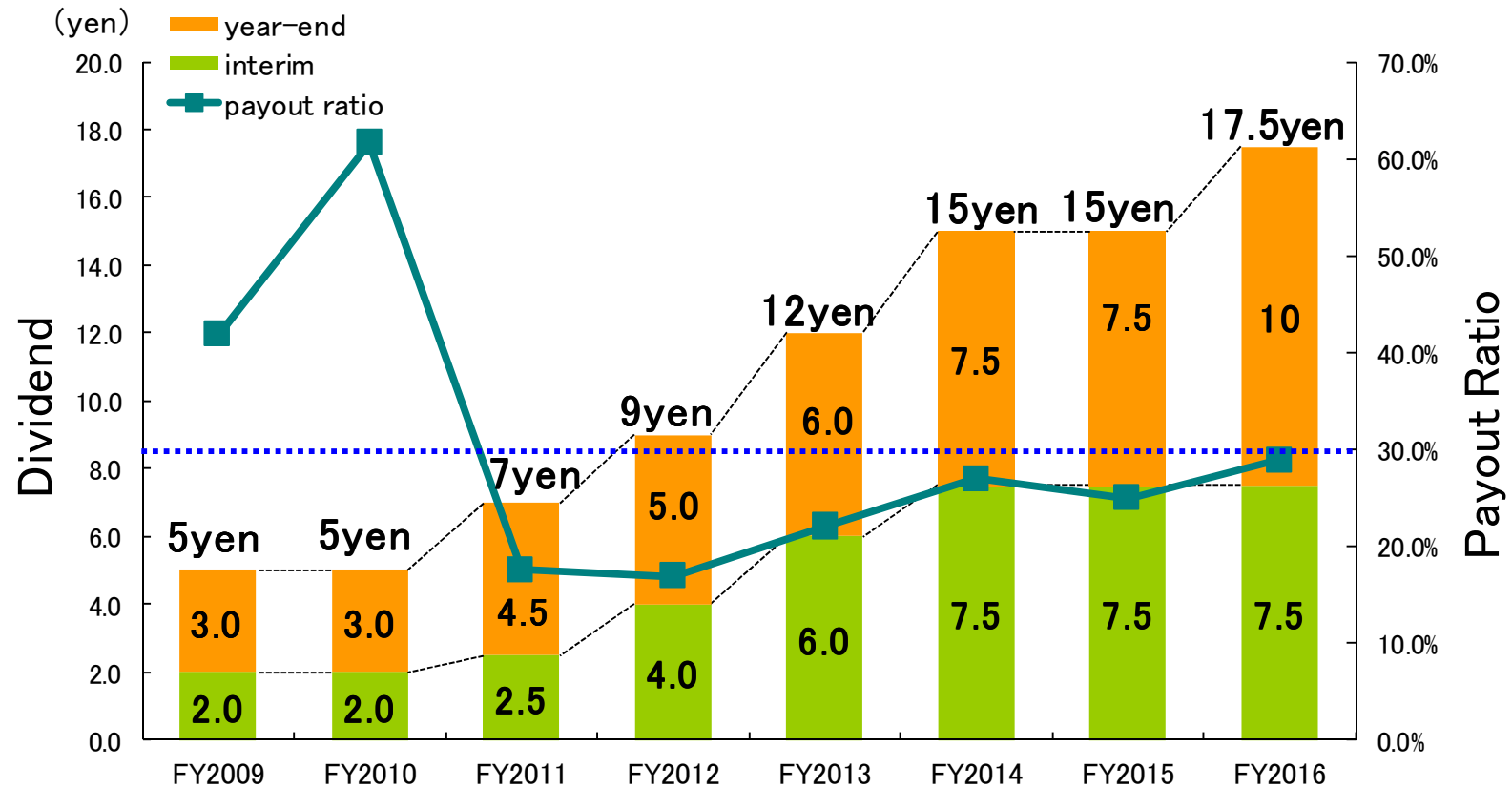
New products = Specialized equipment for LIB, Neodymium magnet

▪ Pharmaceutical

(Booking) FY2016: 9 millions Yen

⇒ FY2017: 13 millions Yen

Dividend & Payout Ratio



Dividend in FY2016 : 17.5yen/share (Payout Ratio : 28.9%)

**Dividend forecast in FY2017 : 15.0yen/share
(Payout Ratio : 24.6%)**

Influence of the world economic topics

< Brexit (June, 2016) >

There is no big influence.

Business situation of British subsidiary is keeping good stably.

< American presidential election (November 8, 2016) >

● America first

Using priority for American products

⇒ Anxiety of an exclusive trade policy

※ Our equipment for the powder processing dedicated.

⇒ Without relevant equipment

● Domestic-demand expansion policies

⇒ Expansion for the infrastructure investment

⇒ Domestic-demand expansion ⇒ increase of consumption

⇒ Increase a intention for the capital investment

※ Positive factor for our Blown film business in America.

● Lifting of the economic sanctions to Russia (?)

⇒ Economic recovery in Russia ⇒ Recover the business chance in Russia

Our business prospect ⇒ No important impacts