

**Fiscal 2016
Supplementary Information**

May 9, 2017

DOWA HOLDINGS CO.,LTD.

Overview of Operating Results

■ Consolidated Income Statements

Billion yen

	FY2015 Results			FY2016 Results			Changes					
	H1	H2	Full Year	H1	H2	Full Year	H1		H2		Full Year	
Net Sales	208.2	198.3	406.5	184.7	225.7	410.5	(23.5)	△ 11%	27.4	14%	3.9	1%
Operating Income	20.2	14.8	35.0	13.3	20.6	33.9	(6.9)	△ 34%	5.8	39%	(1.0)	△ 3%
Ordinary Income	20.6	14.4	35.0	13.5	22.9	36.5	(7.0)	△ 34%	8.4	59%	1.4	4%
Net Income	12.0	9.7	21.8	9.8	16.2	26.1	(2.1)	△ 18%	6.5	67%	4.3	20%

- ✓ In the second half of FY2016, higher prices of metals such as zinc and strong sales of core products resulted in a 1.4 billion yen increase in ordinary income compared with the previous fiscal year. Net income meanwhile rose 4.3 billion yen year on year due to a decrease in the extraordinary loss.

■ Metal prices and foreign exchange rates

	FY2015 Average			FY2016 Average		
	H1	H2	Full Year	H1	H2	Full Year
Exchange Rate: (¥/\$)	121.8	118.5	120.1	105.3	111.5	108.4
Copper: (\$/t)	5,653	4,778	5,215	4,752	5,557	5,154
Zinc: (\$/t)	2,019	1,643	1,831	2,084	2,650	2,367
Indium: (\$/kg)	369	235	302	222	192	207

Business Environment

➤ **Waste-related business**

Japan: Industrial waste emissions remained flat. The unit price of waste treatment declined in some areas.

Southeast Asia: Orders for waste treatment related to oil and natural gas development were sluggish, and orders for other industrial waste treatment grew steadily.

➤ **Automobile-related business**

Japan: Automobile production volumes remained mostly unchanged from the previous year.

Overseas: Output in China and Southeast Asia remained high.

➤ **New forms of energy- and electronic components-related business**

New forms of energy: The market continued to grow, particularly in North America and Asia.

Electronic components: Demand for electronic components used for smartphones grew in East Asia, including China.

➤ **Metal prices and Exchange rates**

Metal prices: Prices of precious metals and zinc increased, and the copper price also began rising in 3Q.

Exchange rates: The yen continued to appreciate in the first half of FY2016, and its annual average appreciation was approximately 12 yen to the US dollar.

Trends in Major Products

Indexes (100 for Q1 of FY2015)

		FY2015				FY2016			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Environmental Management & Recycling	Intermediate waste processing volume in Japan	100	92	96	97	91	94	100	93
	Recycling materials collection volume (Kosaka)	100	94	101	96	101	110	112	93
	Waste processing amount in South East Asia	100	111	92	98	97	100	108	126
Nonferrous Metals	Copper production (Kosaka, Onahama)	100	95	84	104	86	73	71	76
	Zinc production (Akita)	100	74	104	102	102	73	93	101
Electronic Materials	LED sales volume	100	108	77	58	57	50	47	49
	Silver powder sales volume	100	102	114	97	127	128	123	120
Metal Processing	Copper alloy strip sales volume	100	98	103	99	101	106	108	105
Heat Treatment	Heattreatment sales amount	100	100	104	100	100	104	119	116
	Industrial furnace sales amount	100	81	80	82	65	76	72	120

Year-on-Year Comparison

Billion yen

	FY2015 results			FY2016 results			Change			Details of Changes to Operating Income
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	
Environmental Management & Recycling	98.3	6.3	6.1	96.9	6.6	6.8	(1.3)	0.3	0.6	<ul style="list-style-type: none"> • Treatment of low-contaminated PCB waste increased. • Some unit prices of waste treatment decreased. • Soil treatment projects increased.
Nonferrous Metals	214.9	13.3	13.9	207.7	10.0	12.2	(7.1)	(3.2)	(1.6)	<ul style="list-style-type: none"> • Foreign currency-based income decreased due to a stronger yen. • Higher zinc price resulted in profit growth.
Electronic Materials	48.3	8.0	8.2	62.5	6.5	6.8	14.2	(1.4)	(1.3)	<ul style="list-style-type: none"> • While silver powder sales increased; LED sales decreased. • Foreign currency-based income decreased due to a stronger yen.
Metal Processing	77.4	4.9	5.0	75.4	6.9	7.1	(1.9)	2.0	2.0	<ul style="list-style-type: none"> • Sales of copper rolled products for automobiles and smartphones increased.
Heat Treatment	24.1	1.3	1.1	25.1	2.3	2.2	0.9	1.0	1.0	<ul style="list-style-type: none"> • Fuel costs were reduced in Japan. • Demand increased in overseas, especially in India and Thailand.
Other/ Elimination	(56.5)	1.1	0.4	(57.4)	1.3	1.1	(0.8)	0.2	0.7	
Total	406.5	35.0	35.0	410.5	33.9	36.5	3.9	(1.0)	1.4	

Factor Analysis of Ordinary Income

Billion yen

FY2016 – FY2015	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various measures, increase/decrease in sales, etc.	0.0	0.7	(0.7)	2.0	1.1	0.2	3.2
Of the above, free metal income difference (volume difference)	–	0.9	–	–	–	–	0.9
Free metal income difference (metal price difference)	–	0.7	–	–	–	–	0.7
Exchange rate difference of foreign currency-based income	–	(4.4)	(0.9)	–	–	–	(5.3)
Conditions of raw material (changes in base conditions)	–	(0.7)	–	–	–	–	(0.7)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	–	(0.1)	–	–	–	–	(0.1)
Electricity charges, etc.	–	1.5	–	–	–	–	1.5
Depreciation in manufacturing cost	0.3	(0.9)	0.1	0.1	(0.1)	0.1	(0.4)
Increase/decrease in operating income	0.3	(3.2)	(1.4)	2.0	1.0	0.2	(1.0)
Effect of non-operating income/expenses							
- Equity method income or loss	(0.1)	1.6	0.1	(0.0)	–	0.4	1.9
- Other	0.4	0.0	0.1	0.0	0.0	0.1	0.5
Increase/decrease in ordinary income	0.6	(1.6)	(1.3)	2.0	1.0	0.7	1.4

Financial Highlights (1)

■ Consolidated Balance Sheets

Billion yen

	Mar. 31, 2016	Mar. 31, 2017	Change		Mar. 31, 2016	Mar. 31, 2017	Change
Current Assets	168.6	194.8	26.1	Current Liabilities	100.6	121.1	20.4
				Noncurrent Liabilities	60.4	55.6	(4.7)
Noncurrent Assets	195.7	209.7	14.0	Non-Controlling Interests	194.9	219.3	24.3
				Equity	8.4	8.5	0.0
Total Assets	364.4	404.6	40.1	Total Liabilities and Net Assets	364.4	404.6	40.1
				Interest-bearing debt	81.1	79.9	(1.3)
				Equity ratio (%)	53.5	54.2	0.7
				ROA (%)	9.4	9.5	0.1

- ✓ Total assets grew by 40.1 billion yen from the previous year as a result of an increase in accounts receivable-trade due to sales growth, additional non-current assets for growth investment, and other changes.
- ✓ ROA rose by 0.1 percentage point from the previous fiscal year based on the year-on-year increase in profit.

Financial Highlights (2)

■ Consolidated Statements of Cash Flows

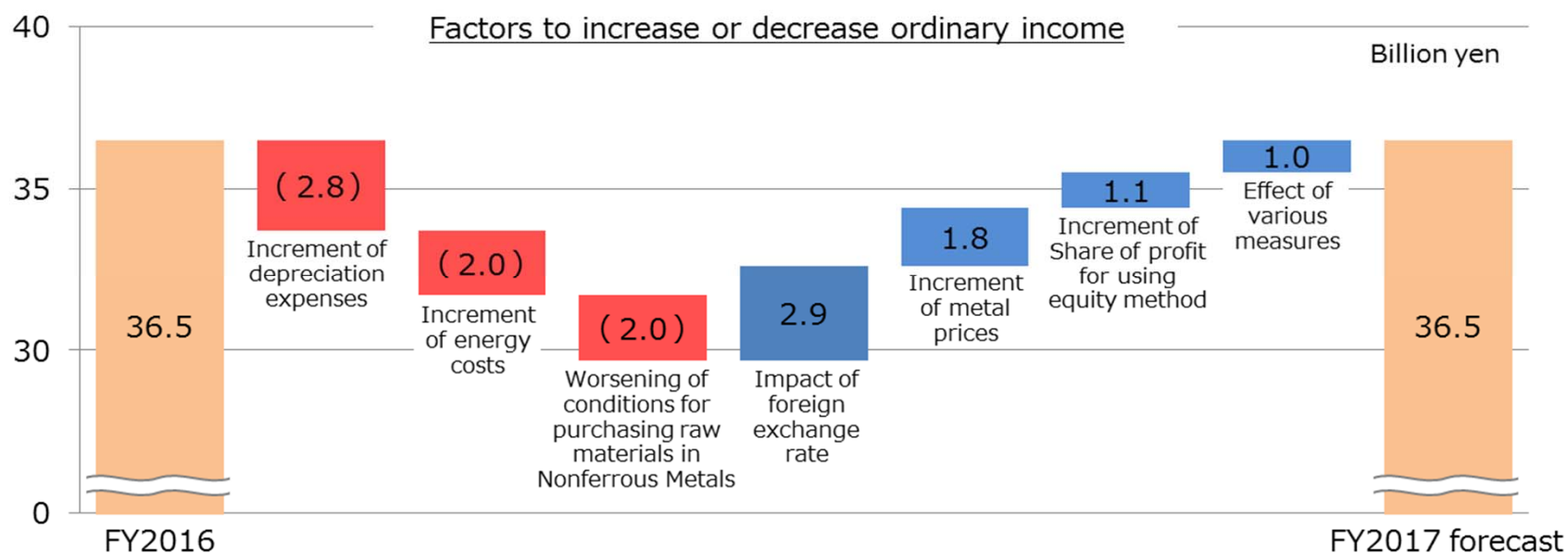
Billion yen

	FY2015	FY2016	Change
Cash Flows from Operating Activities	45.7	29.3	(16.3)
Profit before income taxes	31.8	36.7	4.9
Depreciation and amortization	15.6	16.2	0.6
Income taxes (paid) refund	(16.9)	(5.9)	10.9
Other, net	15.2	(17.6)	(32.8)
Cash Flows from Investing Activities	(23.4)	(25.9)	(2.4)
Acquisition of property, plant and equipment	(20.6)	(25.9)	(5.2)
Other investments	(2.8)	0.0	2.8
Cash Flows from Financing Activities	(11.1)	(7.1)	4.0
Total	11.1	(3.7)	(14.8)

Forecast for Fiscal 2017

	Billion yen		
	FY2016 results	FY2017 forecast	Change
Net Sales	410.5	434.0	23.4
Operating Income	33.9	34.0	–
Ordinary Income	36.5	36.5	–
Net Income	26.1	26.0	(0.1)

- ✓ Despite some factors reducing profit, including higher depreciation expenses incurred for investment in growth, profit is expected to remain at the same level as in the previous fiscal year thanks to the benefits of exchange rates and metal prices, the effect of measures taken, and other factors.



Year-on-Year Comparison

Billion yen

	FY2016 Results			FY2017 Forecast			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	96.9	6.6	6.8	99.0	7.0	7.0	2.0	0.3	0.1
Nonferrous Metals	207.7	10.0	12.2	214.0	9.6	11.8	6.2	(0.4)	(0.4)
Electronic Materials	62.5	6.5	6.8	66.0	6.0	6.5	3.4	(0.5)	(0.3)
Metal Processing	75.4	6.9	7.1	84.0	7.1	7.2	8.5	0.1	0.0
Heat Treatment	25.1	2.3	2.2	30.0	2.9	2.8	4.8	0.5	0.5
Other/ Elimination	(57.4)	1.3	1.1	(59.0)	1.4	1.2	(1.5)	0.0	0.0
Total	410.5	33.9	36.5	434.0	34.0	36.5	23.4	0.0	0.0

FY2017 Assumptions and Sensitivities

Sensitivity (Operating Income / year)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	115.0 ¥/\$	±1 ¥/\$	420
Copper	5,500 \$/t	±100 \$/t	50
Zinc	2,700 \$/t	±100 \$/t	500
Indium	190 \$/kg	±100 \$/kg	600

* Exchange rate sensitivity; Nonferrous Metals 340 million yen and Electronic Materials 80 million yen.

Metal Prices and Foreign Exchange Rates

	FY2016 Average		FY2017 Assumptions		(Ref.) April 2017
	H1	Full Year	H1	Full Year	
Exchange rate: (¥/\$)	105.3	108.4	115.0	115.0	110.1
Copper: (\$/t)	4,752	5,154	5,500	5,500	5,698
Zinc: (\$/t)	2,084	2,367	2,700	2,700	2,633
Indium: (\$/kg)	222	207	190	190	190

Sensitivity is based on assumptions that the Company assumes to be reasonable at the time of publication. Actual effects may differ materially due to a variety of factors.

Investment

Billion yen

	FY2014 Results			FY2015 Results			FY2016 Results			FY2017 Forecast		
	Capital and stock investment	R&D investment	Total	Capital and stock investment	R&D investment	Total	Capital and stock investment	R&D investment	Total	Capital and stock investment	R&D investment	Total
Environmental Management & Recycling	10.2	0.3	10.6	9.1	0.3	9.4	5.7	0.3	6.0	7.0	0.4	7.4
Nonferrous Metals	2.4	2.7	5.1	5.2	4.5	9.7	8.2	2.0	10.3	4.9	0.9	5.8
Electronic Materials	2.2	2.6	4.8	3.8	2.9	6.8	3.7	3.2	7.0	4.0	3.4	7.4
Metal Processing	2.1	0.5	2.7	2.8	0.5	3.4	4.0	0.5	4.5	5.5	0.5	6.0
Heat Treatment	4.3	0.3	4.6	3.0	0.4	3.5	5.3	0.4	5.7	5.0	0.3	5.3
Companywide, Other	0.4	(0.1)	0.3	0.7	(0.1)	0.5	2.4	0.0	2.3	1.5	0.0	1.5
Total	21.8	6.5	28.4	24.9	8.6	33.6	29.4	6.6	36.1	27.9	5.8	33.7

(Ref.) Depreciation Expenses

	FY2014 Results	FY2015 Results	FY2016 Results	FY2017 Forecast
Environmental Management & Recycling	4.6	4.7	4.5	4.7
Nonferrous Metals	3.4	2.9	3.8	4.6
Electronic Materials	2.5	2.4	2.3	3.0
Metal Processing	2.2	2.0	2.0	2.7
Heat Treatment	1.8	2.0	1.9	2.2
Companywide, Other	0.9	0.9	0.9	1.1
Total	15.5	15.1	15.7	18.6

Major investments for FY2017

Environmental Management & Recycling:

Increase in the capacity of prior equipment dismantling of low-contaminated PCB waste.

Nonferrous Metals:

Build/renew zinc producing facilities.

Electronics Materials:

Expansion and upgrading of manufacturing facilities of Silver powder and Ferrite powder.

Metal Processing:

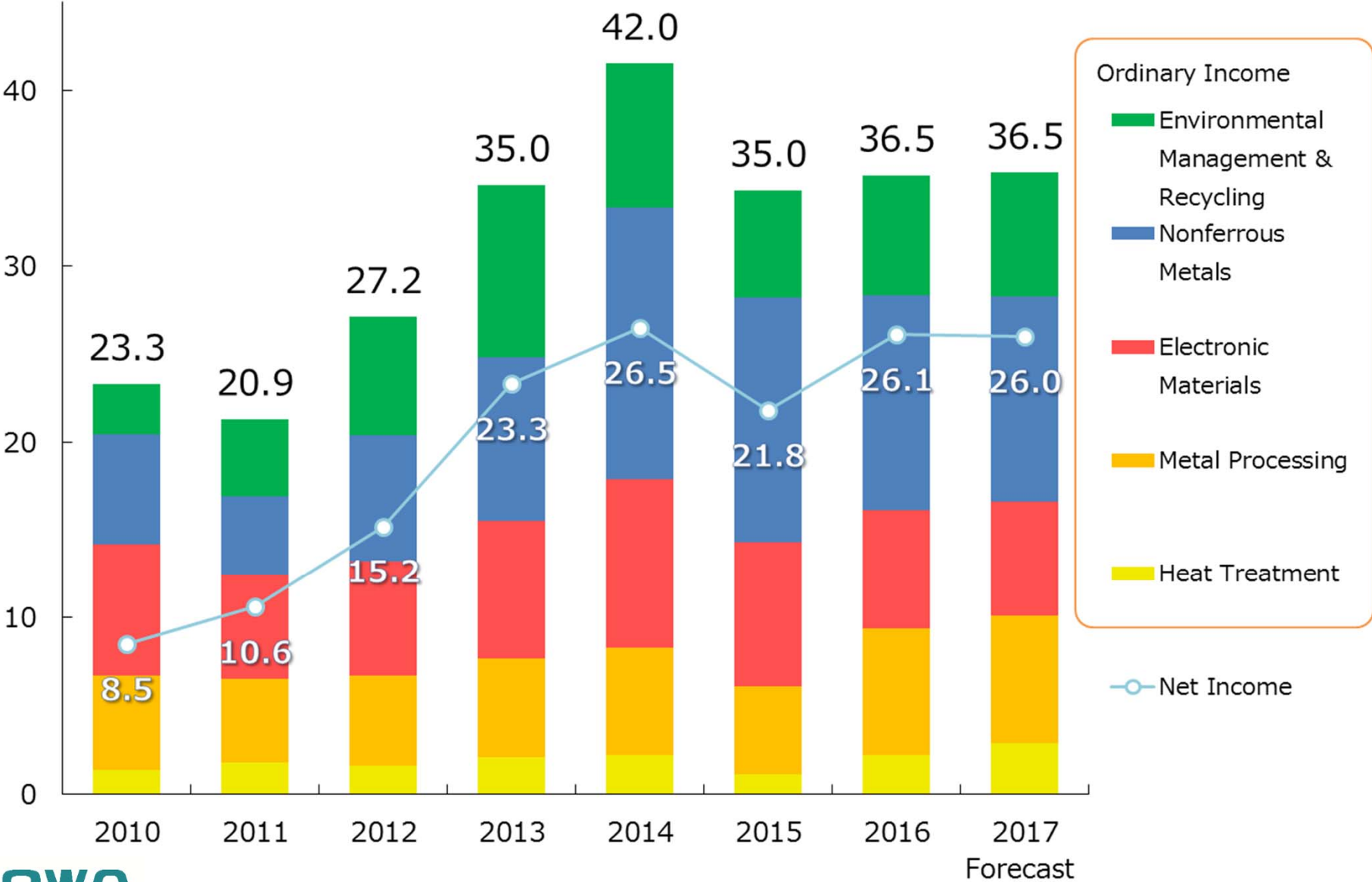
Expansion and upgrading of manufacturing facilities of Metal ceramic substrates.

Heat treatment:

Expansion and upgrading of heat treatment facilities.

Ordinary Income and Net Income

(Billion yen)



DOWA

* Forward-looking statements made in this document, such as business forecast, are based on the information available at this time and on certain premises that the Company assumes to be reasonable. Actual performance may differ materially from such forecasts due to a variety of factors.