

# Fiscal 2017 Third Quarter Supplementary Information

**February 9, 2018**

**DOWA HOLDINGS CO.,LTD.**

# Overview of Operating Results

## ■ Consolidated Income Statements

Billion yen

	FY2016 Results		FY2017		Change			
	3Q	Full Year	3Q Results	Full Year Forecasts	3Q		Full Year	
Net Sales	287.6	410.5	338.6	434.0	50.9	18%	23.4	6%
Operating Income	20.6	33.9	23.2	34.0	2.6	13%	0.0	0%
Ordinary Income	22.7	36.5	27.7	36.5	4.9	22%	0.0	-0%
Profit attributable to owners of parent	16.2	26.1	19.2	26.0	2.9	18%	(0.1)	-1%

\* Full-year forecasts announced on May 9,2017 remains unchanged.

Exchange rate and metal prices

	FY2016		FY2017			
	1Q-3Q average	Full Year average	1Q-3Q average	3Q average	4Q Assumption	Full Year average
Exchange Rate: (¥/\$)	106.6	108.4	111.7	113.0	115.0	112.5
Copper: (\$/t)	4,928	5,154	6,273	6,808	5,500	6,079
Zinc: (\$/t)	2,229	2,367	2,932	3,234	2,700	2,874
Indium: (\$/kg)	213	207	202	239	190	199

# Business Environments (3Q)

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## ➤ **Waste-related business**

Domestic industrial waste emissions remained flat.

The orders increased in Southeast Asia though high-profit projects temporarily stagnated.

## ➤ **Automobile-related business**

Japan: The production volume of automobiles increased year on year.

Overseas: Total production volume in India and Southeast Asia was steady.

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

New forms of energy: The demand growth continued in the North American and China markets.

Electronic components: Demand for smartphones was strong mainly in East Asia.

## ➤ **Exchange rate and Metal prices**

Exchange rate: Without major fluctuations, it was around 113 yen per dollar.

Metal prices: Copper and zinc continued their upward trend.

# Trends in Major Products

Indexes (100 for Q1 of FY2016)

		FY2016				FY2017		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Environmental Management &amp; Recycling</b>	Intermediate waste processing volume in Japan	100	104	109	102	<b>106</b>	<b>96</b>	<b>101</b>
	Recycling materials collection volume (Kosaka)	100	108	111	91	<b>96</b>	<b>92</b>	<b>99</b>
	Waste processing amount in South East Asia	100	103	111	129	<b>120</b>	<b>112</b>	<b>111</b>
<b>Nonferrous Metals</b>	Copper production (Kosaka, Onahama)	100	86	83	89	<b>85</b>	<b>70</b>	<b>60</b>
	Zinc production (Akita)	100	72	91	99	<b>92</b>	<b>73</b>	<b>103</b>
<b>Electronic Materials</b>	LED sales volume	100	88	82	86	<b>79</b>	<b>85</b>	<b>96</b>
	Silver powder sales volume	100	101	97	95	<b>89</b>	<b>105</b>	<b>104</b>
<b>Metal Processing</b>	Copper alloy strip sales volume	100	104	106	104	<b>105</b>	<b>101</b>	<b>111</b>
<b>Heat Treatment</b>	Heattreatment sales amount	100	103	118	116	<b>112</b>	<b>118</b>	<b>127</b>
	Industrial furnace sales amount	100	116	109	183	<b>104</b>	<b>148</b>	<b>119</b>

# Year-on-Year Comparison (3Q)

Billion yen

	FY2016 3Q results			FY2017 3Q results			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	68.8	4.5	4.6	<b>73.4</b>	<b>3.9</b>	<b>4.5</b>	4.6	(0.6)	(0.0)
Nonferrous Metals	146.8	4.6	6.3	<b>160.6</b>	<b>7.1</b>	<b>10.0</b>	13.8	2.5	3.7
Electronic Materials	44.1	4.3	4.7	<b>61.7</b>	<b>4.5</b>	<b>5.0</b>	17.5	0.2	0.3
Metal Processing	54.0	4.9	5.0	<b>66.7</b>	<b>5.2</b>	<b>5.4</b>	12.7	0.2	0.4
Heat Treatment	17.8	1.3	1.2	<b>19.8</b>	<b>1.6</b>	<b>1.6</b>	2.0	0.3	0.4
Other/ Elimination	(43.9)	0.8	0.6	<b>(43.8)</b>	<b>0.7</b>	<b>0.8</b>	0.1	(0.1)	0.1
Total	287.6	20.6	22.7	<b>338.6</b>	<b>23.2</b>	<b>27.7</b>	50.9	2.6	4.9

# Analysis of Ordinary Income

Billion yen

FY2017 3Q – FY2016 3Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various measures, increase/decrease in sales, etc.	(0.7)	1.1	0.1	0.6	0.4	(0.1)	1.4
Of the above, free metal income difference (volume difference)	–	0.2	–	–	–	–	0.2
Free metal income difference (metal price difference)	–	2.5	–	–	–	–	2.5
Exchange rate difference of foreign currency-based income	–	1.1	0.3	–	–	–	1.4
Conditions of raw material (changes in base conditions)	–	(0.4)	–	–	–	–	(0.4)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	–	(0.4)	–	–	–	–	(0.4)
Electricity charges, etc.	–	(0.5)	–	–	–	–	(0.5)
Depreciation in manufacturing cost	0.0	(0.8)	(0.2)	(0.3)	(0.1)	(0.0)	(1.4)
Increase/decrease in operating income	(0.6)	2.5	0.2	0.2	0.3	(0.1)	2.6
Effect of non-operating income/expenses							
- Equity method income or loss	0.0	1.2	0.0	0.0	0.0	0.2	1.5
- Others	0.6	(0.1)	0.0	0.1	0.1	0.1	0.8
Increase/decrease in ordinary income	(0.0)	3.7	0.3	0.4	0.4	0.1	4.9

# 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	–
Profit attributable to owners of parent	26.1	26.0	(0.1)

- ✓ The business prospects are expected to keep steady in line with initial forecast, therefore the full year forecast remains unchanged.

# Assumptions and Sensitivity (FY2017 4Q)

Sensitivity (Operating Income / 4Q)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	115.0 ¥/\$	± 1 ¥/\$	<b>110</b>
Copper	5,500 \$/t	±100 \$/t	<b>20</b>
Zinc	2,700 \$/t	±100 \$/t	<b>130</b>
Indium	190 \$/kg	±100 \$/kg	<b>150</b>

\* Exchange rate sensitivity; Nonferrous Metals 90 million yen and Electronic Materials 20 million yen.

## ■ Exchange rate and metal prices

	FY2016		FY2017			(ref.) January average
	1Q - 3Q average	Full Year	1Q - 3Q average	4Q Assumption	Full year Assumption	
Exchange Rate: (¥/\$)	106.6	108.4	111.7	115.0	112.5	110.9
Copper: (\$/t)	4,928	5,154	6,273	5,500	6,079	7,080
Zinc: (\$/t)	2,229	2,367	2,932	2,700	2,874	3,447
Indium: (\$/kg)	213	207	202	190	199	268

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.



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# DOWA

\* Forward-looking statements made in this document, such as business forecasts, 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.