

Fiscal 2018 First Quarter  
Supplementary Information

**August 8, 2018**

**DOWA HOLDINGS CO.,LTD.**

# Overview of Operating Results

## ■ Consolidated Income Statements

Billion yen

	FY2017 results		FY2018		Changes			
	1Q	Full Year	1Q Results	Full Year Forecasts	1Q		Full Year	
Net Sales	110.1	454.7	<b>115.1</b>	<b>475.0</b>	5.0	5%	20.2	4%
Operating Income	8.2	30.9	<b>6.9</b>	<b>32.0</b>	(1.3)	△ 16%	1.0	3%
Ordinary Income	9.0	36.3	<b>8.5</b>	<b>38.0</b>	(0.4)	△ 5%	1.6	5%
Profit attributable to owners of parent	6.1	24.6	<b>6.0</b>	<b>26.5</b>	(0.1)	△ 2%	1.8	7%

- Full-year forecasts announced on May 11, 2018 remains unchanged.

## Exchange Rate and Metal Prices

	FY2017		FY2018		
	1Q average	Full Year average	1Q average	Assumption after 2Q	Assumption for full year
Exchange Rate: (¥/\$)	111.1	110.9	109.1	110.0	109.8
Copper: (\$/t)	5,663	6,444	6,872	7,000	6,968
Zinc: (\$/t)	2,598	3,054	3,114	3,200	3,179
Indium: (\$/kg)	186	226	307	350	339

# Business Environment (1Q)

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## ➤ **Waste-related business**

Japan: The generated waste volume was firm. Our treated volume increased.

Southeast Asia: The amount of waste treatment volume in Indonesia decreased,

Orders for oil drilling sludge treatment were on a recovery trends.

## ➤ **Automobile-related market**

Demand was steady resulting from firm automobile production.

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

New forms of energy: Demand decreased due to subsidies reduction in China.

Electronic components: Steady demand mainly for smartphone devices.

## ➤ **Metal prices and Exchange rates**

Metal prices: Prices remained weak.

Exchange rates: The depreciation of the yen gradually progressed.

# Trends in Major Products

Indexes (100 for Q1 of FY2017)

		FY2017				FY2018
		1Q	2Q	3Q	4Q	1Q
<b>Environmental Management &amp; Recycling</b>	Intermediate waste treatment volume in Japan	100	90	95	86	<b>103</b>
	Recycling materials collection volume (Kosaka)	100	96	104	103	<b>124</b>
	Waste treatment amount in South East Asia	100	87	87	92	<b>94</b>
<b>Nonferrous Metals</b>	Copper production (Kosaka, Onahama)	100	82	70	85	<b>85</b>
	Zinc production (Akita)	100	79	111	100	<b>108</b>
<b>Electronic Materials</b>	LED sales volume	100	107	121	109	<b>117</b>
	Silver powder sales volume	100	118	117	82	<b>92</b>
<b>Metal Processing</b>	Copper alloy strip sales volume	100	97	106	102	<b>100</b>
<b>Heat Treatment</b>	Heat treatment sales amount	100	106	114	114	<b>114</b>
	Industrial furnace sales amount	100	143	115	194	<b>97</b>

# Consolidated Results by Segment

Billion Yen

	FY2017 1Q Results			FY2018 1Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	24.3	1.6	1.7	<b>26.3</b>	<b>1.7</b>	<b>1.9</b>	2.0	0.0	0.1
Nonferrous Metals	50.1	2.9	3.8	<b>58.7</b>	<b>1.6</b>	<b>2.8</b>	8.6	(1.3)	(1.0)
Electronic Materials	23.2	1.4	1.5	<b>17.7</b>	<b>1.1</b>	<b>1.3</b>	(5.4)	(0.3)	(0.1)
Metal Processing	21.0	1.5	1.6	<b>23.0</b>	<b>1.6</b>	<b>1.7</b>	1.9	0.1	0.1
Heat Treatment	5.9	0.3	0.2	<b>6.3</b>	<b>0.4</b>	<b>0.5</b>	0.4	0.1	0.2
Other/ Elimination	(14.5)	0.3	0.0	<b>(17.1)</b>	<b>0.2</b>	<b>0.1</b>	(2.5)	(0.0)	0.1
Total	110.1	8.2	9.0	<b>115.1</b>	<b>6.9</b>	<b>8.5</b>	5.0	(1.3)	(0.4)

# Factor Analysis of Ordinary Income

Billion yen

FY2018.1Q – FY2017.1Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various measures, increase/decrease in sales, etc.	0.2	(0.3)	(0.2)	0.2	0.2	(0.0)	0.1
Of the above, free metal income difference (volume difference)	–	0.3	–	–	–	–	0.3
Free metal income difference (metal price difference)	–	0.8	–	–	–	–	0.8
Exchange rate difference of foreign currency-based income	–	(0.1)	(0.0)	–	–	–	(0.1)
Conditions of raw material (changes in base conditions)	–	(1.2)	–	–	–	–	(1.2)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	–	(0.5)	–	–	–	–	(0.5)
Electricity charges, etc.	–	(0.1)	–	–	–	–	(0.1)
Depreciation in manufacturing cost	(0.2)	0.1	(0.1)	(0.1)	(0.1)	(0.0)	(0.2)
Increase/decrease in operating income	0.0	(1.3)	(0.3)	0.1	0.1	(0.0)	(1.3)
Effect of non-operating income/expenses							
- Equity method income or loss	0.1	0.1	0.0	(0.0)	0.0	0.2	0.4
- Other	0.0	0.2	0.1	0.0	0.1	0.0	0.4
Increase/decrease in ordinary income	0.1	(1.0)	(0.1)	0.1	0.2	0.1	(0.4)

# Forecast for Fiscal 2018

Billion yen

	FY2017 Results			FY2018 Forecast			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	99.3	4.9	5.7	<b>109.3</b>	<b>6.5</b>	<b>6.7</b>	9.9	1.5	0.9
Nonferrous Metals	217.9	9.2	13.0	<b>227.0</b>	<b>9.6</b>	<b>13.8</b>	9.0	0.3	0.7
Electronic Materials	77.7	5.6	6.1	<b>73.3</b>	<b>4.0</b>	<b>5.7</b>	(4.4)	(1.6)	(0.4)
Metal Processing	90.6	7.2	7.5	<b>95.5</b>	<b>7.6</b>	<b>7.7</b>	4.8	0.3	0.1
Heat Treatment	28.2	2.6	2.5	<b>30.7</b>	<b>3.3</b>	<b>3.2</b>	2.4	0.6	0.6
Other/ Elimination	(59.1)	1.2	1.3	<b>(60.8)</b>	<b>1.0</b>	<b>0.9</b>	(1.6)	(0.2)	(0.4)
Total	454.7	30.9	36.3	<b>475.0</b>	<b>32.0</b>	<b>38.0</b>	20.2	1.0	16.0

# Assumptions and Sensitivities (FY2018)

Sensitivity (Operating Income / year)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	110.0 ¥/\$	±1 ¥/\$	<b>440</b>
Copper	7,000 \$/t	±100 \$/t	<b>50</b>
Zinc	3,200 \$/t	±100 \$/t	<b>400</b>
Indium	350 \$/kg	±10 \$/kg	<b>50</b>

\* Exchange rate sensitivity; Nonferrous Metals 350 million yen and Electronic Materials 90 million yen.

## Exchange Rate and Metal Prices

	FY2017 Average		FY2018 Average			(Ref.) July 2018 Average
	H1	Full Year	1Q Results	Assumption after 2Q	Full Year Assumptions	
Exchange rate: (¥/\$)	111.1	110.9	109.1	110.0	109.8	111.4
Copper: (\$/t)	5,663	6,444	6,872	7,000	6,968	6,248
Zinc: (\$/t)	2,598	3,054	3,114	3,200	3,179	2,659
Indium: (\$/kg)	186	226	307	350	339	283

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.



# Ref. Historical Data

Billion yen

■ Consolidated financial data		FY2016							FY2017							FY2018							
		1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	
Total	Net Sales	93.7	91.0	184.7	102.9	122.8	225.7	410.5	110.1	109.1	219.3	119.3	116.1	235.4	454.7	115.1	-	-	-	-	-	-	-
	Operating Income	7.6	5.7	13.3	7.3	13.3	20.6	33.9	8.2	6.4	14.6	8.6	7.6	16.2	30.9	6.9	-	-	-	-	-	-	-
	Ordinary Income	6.8	6.7	13.5	9.1	13.7	22.9	36.5	9.0	8.1	17.2	10.4	8.6	19.0	36.3	8.5	-	-	-	-	-	-	-
	Profit attributable to owners of parent	4.9	4.9	9.8	6.4	9.8	16.2	26.1	6.1	5.5	11.7	7.4	5.4	12.9	24.6	6.0	-	-	-	-	-	-	-
Environmental Management & Recycling	Net Sales	21.8	23.5	45.4	23.3	28.1	51.5	96.9	24.3	23.9	48.2	25.1	25.8	51.0	99.3	26.3	-	-	-	-	-	-	-
	Operating Income	1.0	1.6	2.6	1.9	2.0	3.9	6.6	1.6	0.9	2.6	1.3	1.0	2.3	4.9	1.7	-	-	-	-	-	-	-
	Ordinary Income	0.8	1.6	2.4	2.1	2.1	4.3	6.8	1.7	1.2	2.9	1.6	1.1	2.7	5.7	1.9	-	-	-	-	-	-	-
Nonferrous Metals	Net Sales	49.7	44.7	94.5	52.2	60.9	113.2	207.7	50.1	52.2	102.3	58.2	57.2	115.5	217.9	58.7	-	-	-	-	-	-	-
	Operating Income	2.9	0.3	3.2	1.3	5.4	6.8	10.0	2.9	1.4	4.3	2.8	2.0	4.8	9.2	1.6	-	-	-	-	-	-	-
	Ordinary Income	2.9	0.9	3.9	2.4	5.8	8.3	12.2	3.8	2.6	6.5	3.5	2.9	6.4	13.0	2.8	-	-	-	-	-	-	-
Electronic Materials	Net Sales	13.1	13.9	27.0	17.1	18.3	35.5	62.5	23.2	17.7	41.0	20.6	16.0	36.7	77.7	17.7	-	-	-	-	-	-	-
	Operating Income	1.4	1.4	2.8	1.4	2.2	3.7	6.5	1.4	1.5	3.0	1.4	1.0	2.5	5.6	1.1	-	-	-	-	-	-	-
	Ordinary Income	1.2	1.5	2.8	1.8	2.1	4.0	6.8	1.5	1.7	3.3	1.6	1.1	2.8	6.1	1.3	-	-	-	-	-	-	-
Metal Processing	Net Sales	17.5	17.5	35.0	18.9	21.4	40.4	75.4	21.0	21.1	42.2	24.5	23.8	48.3	90.6	23.0	-	-	-	-	-	-	-
	Operating Income	1.5	1.6	3.2	1.7	2.0	3.7	6.9	1.5	1.6	3.2	2.0	2.0	4.0	7.2	1.6	-	-	-	-	-	-	-
	Ordinary Income	1.5	1.6	3.2	1.8	2.0	3.9	7.1	1.6	1.7	3.3	2.0	2.0	4.1	7.5	1.7	-	-	-	-	-	-	-
Heat Treatment	Net Sales	5.5	5.9	11.5	6.3	7.2	13.5	25.1	5.9	7.0	12.9	6.9	8.3	15.2	28.2	6.3	-	-	-	-	-	-	-
	Operating Income	0.4	0.4	0.8	0.4	1.0	1.4	2.3	0.3	0.7	1.0	0.6	0.9	1.5	2.6	0.4	-	-	-	-	-	-	-
	Ordinary Income	0.3	0.3	0.7	0.5	0.9	1.4	2.2	0.2	0.7	0.9	0.6	0.8	1.5	2.5	0.5	-	-	-	-	-	-	-
Other/ Elimination	Net Sales	(14.0)	(14.8)	(28.8)	(15.1)	(13.4)	(28.5)	(57.4)	(14.5)	(13.0)	(27.6)	(16.2)	(15.3)	(31.5)	(59.1)	(17.1)	-	-	-	-	-	-	-
	Operating Income	0.2	0.2	0.5	0.3	0.5	0.8	1.3	0.3	0.1	0.4	0.3	0.5	0.8	1.2	0.2	-	-	-	-	-	-	-
	Ordinary Income	(0.1)	0.5	0.4	0.2	0.5	0.7	1.1	0.0	0.0	0.0	0.8	0.5	1.3	1.3	0.1	-	-	-	-	-	-	-
■ Exchange rate and Metal prices		FY2016 (average)							FY2017 (average)							FY2018 (average)							
		1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	
Exchange Rate: (¥/\$)		108.1	102.4	105.3	109.3	113.6	111.5	108.4	111.1	111.0	111.1	113.0	108.3	110.6	110.9	109.1	-	-	-	-	-	-	-
Copper: (\$/t)		4,730	4,774	4,752	5,281	5,834	5,557	5,154	5,663	6,347	6,005	6,808	6,959	6,884	6,444	6,872	-	-	-	-	-	-	-
Zinc: (\$/t)		1,915	2,253	2,084	2,518	2,781	2,650	2,367	2,598	2,962	2,780	3,234	3,422	3,328	3,054	3,114	-	-	-	-	-	-	-
Indium: (\$/kg)		237	206	222	195	190	192	207	186	182	184	239	298	269	226	307	-	-	-	-	-	-	-

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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.