

**DOWA**

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# **Fiscal 2019 First Quarter Supplementary Information**

**August 9, 2019**

**DOWA HOLDINGS CO.,LTD.**

# Operating Results

## ■ Consolidated Income Statements

Billion yen

	FY2018		FY2019		Changes			
	1Q results	Full Year results	1Q results	Full Year forecasts	1Q		Full Year	
Net Sales	115.1	452.9	116.2	455.0	1.0	1%	2.0	0%
Operating Income	6.9	18.6	6.8	24.5	(0.0)	(0%)	5.8	31%
Ordinary Income	8.5	24.3	7.6	30.0	(0.9)	(11%)	5.6	23%
Profit attributable to owners of parent	6.0	14.9	4.8	20.0	(1.1)	(19%)	5.0	33%

\*Full Year forecasts for FY2019 remain unchanged from those announced on May 13, 2019.

## ■ Exchange Rate and Metal Prices

	FY2018		FY2019			
	1Q averages	Full Year averages	1Q assumptions	1Q averages	Assumptions for 2Q and beyond	Assumptions for full year
Exchange Rate: (¥/\$)	109.1	110.9	110.0	109.9	110.0	110.0
Copper: (\$/t)	6,872	6,341	6,400	6,114	6,400	6,328
Zinc: (\$/t)	3,114	2,746	2,800	2,763	2,800	2,791
Indium: (\$/kg)	307	254	180	173	180	178

# Business Environment (FY2019 1Q)

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## ➤ Waste- and Recycling-related business

The industrial waste treatment volume in Japan was consistent with the last year. The amount in the Melting and recycling business was increased. In Southeast Asia, the treatment volume of hazardous waste was at the same level as the last year. Recycling facilities for consumer electronic products maintained high operation rates.

## ➤ Automobile-related market

Demand for automobile-related products decreased due to the slowdown of the Chinese market.

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

New energy-related products: Demand from China turned upward slightly.  
Electronic component-related products: Demand for smartphones remained weak.

## ➤ Metal prices and Exchange rates

Against the backdrop of global instability, metal prices, such as zinc and copper, remained soft and the yen continued to appreciate moderately against the dollar throughout the period.

# Trends in Major Products

Indexes (100 for Q1 of FY2018)

		FY2018				FY2019
		1Q	2Q	3Q	4Q	1Q
<b>Environmental Management &amp; Recycling</b>	Waste treatment volume in Japan	100	83	91	85	100
	Recycling materials collection volume (for Kosaka smelting & refining)	100	98	88	82	80
	Net sales of waste treatment in the South East Asia Business	100	101	96	98	96
<b>Nonferrous Metals</b>	Copper production volume (Total of Kosaka and Onahama)	100	80	79	95	91
	Zinc production volume	100	73	101	95	102
<b>Electronic Materials</b>	LED sales volume	100	80	66	48	51
	Silver powder sales volume	100	91	100	88	103
<b>Metal Processing</b>	Copper alloy strips sales volume	100	100	107	100	93
<b>Heat Treatment</b>	Net sales in the Heat Treatment Processing Business	100	100	104	94	93
	Net sales in the Industrial Furnaces Business	100	156	176	207	134

# Year-on-Year Comparison by Segment

Billion Yen

	FY2018 1Q results			FY2019 1Q results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	26.3	1.7	1.9	25.8	1.8	1.5	(0.4)	0.1	(0.3)
Nonferrous Metals	58.7	1.6	2.8	58.1	2.7	3.5	(0.6)	1.0	0.7
Electronic Materials	17.7	1.1	1.3	19.3	0.2	0.5	1.5	(0.8)	(0.8)
Metal Processing	23.0	1.6	1.7	21.1	1.5	1.5	(1.8)	(0.1)	(0.1)
Heat Treatment	6.3	0.4	0.5	6.7	0.2	0.2	0.4	(0.2)	(0.3)
Other/ Elimination	(17.1)	0.2	0.1	(15.0)	0.2	0.1	2.1	0.0	0.0
Total	115.1	6.9	8.5	116.2	6.8	7.6	1.0	(0.0)	(0.9)

# Factor Analysis of Ordinary Income

Billion yen

FY2019 1Q – FY2018 1Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various initiatives, increase/decrease in sales, etc.	0.2	(0.0)	(0.8)	(0.1)	(0.2)	0.0	(0.8)
Of the above, free metal income difference (difference in volume)	—	0.1	—	—	—	—	0.1
Free metal income difference (difference in metal prices)	—	(0.3)	—	—	—	—	(0.3)
Difference in foreign currency-based income due to exchange rate	—	0.0	0.0	—	—	—	0.0
Purchasing conditions of raw material (difference in base conditions)	—	0.0	—	—	—	—	0.0
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	1.6	—	—	—	—	1.6
Electricity charges, etc.	—	(0.2)	—	—	—	—	(0.2)
Depreciation in manufacturing cost	(0.1)	0.1	(0.1)	(0.1)	(0.1)	(0.0)	(0.2)
Increase/decrease in operating income	0.1	1.0	(0.8)	(0.1)	(0.2)	0.0	(0.0)
Effect of non-operating income/expenses							
- Equity method income or loss	(0.3)	(0.4)	0.0	(0.0)	0.0	(0.0)	(0.7)
- Other	(0.2)	0.0	(0.0)	(0.0)	(0.0)	0.0	(0.2)
Increase/decrease in ordinary income	(0.3)	0.7	(0.8)	(0.1)	(0.3)	0.0	(0.9)

# Forecast for Fiscal 2019

Billion yen

	FY2018 results			FY2019 forecasts			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	104.4	5.6	6.2	106.7	6.6	6.7	2.2	0.9	0.4
Nonferrous Metals	221.6	0.5	4.6	209.3	5.9	9.5	(12.3)	5.3	4.8
Electronics Materials	64.9	2.1	3.1	65.6	0.7	2.6	0.6	(1.4)	(0.5)
Metal Processing	92.0	6.2	6.4	91.7	6.6	6.8	(0.3)	0.3	0.3
Heat Treatment	29.7	2.4	2.5	32.4	3.3	3.2	2.6	0.8	0.6
Other/ Elimination	(59.9)	1.4	1.2	(50.7)	1.4	1.2	9.2	(0.0)	(0.0)
Total	452.9	18.6	24.3	455.0	24.5	30.0	2.0	5.8	5.6

\*FY2019 forecasts remain unchanged from those announced on May 13, 2019.

# Assumptions and Sensitivities (FY2019)

Sensitivity (Operating Income / year)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	110.0 ¥/\$	±1 ¥/\$	<b>400</b>
Copper	6,400 \$ /t	±100 \$ /t	<b>50</b>
Zinc	2,800 \$ /t	±100 \$ /t	<b>400</b>
Indium	180 \$ /kg	±10 \$ /kg	<b>50</b>

\* Exchange rate sensitivity; Nonferrous Metals 340 million yen and Electronics Materials 60 million yen.

## Exchange Rate and Metal Prices

	FY2018		FY2019				(Ref.) July 2019 averages
	1Q averages	Full Year averages	1Q assumptions	1Q averages	Assumptions for 2Q and beyond	Assumptions for Full Year	
Exchange rate: (¥/\$)	109.1	110.9	110.0	109.9	110.0	110.0	108.3
Copper: (\$/t)	6,872	6,341	6,400	6,114	6,400	6,328	5,940
Zinc: (\$/t)	3,114	2,746	2,800	2,763	2,800	2,791	2,441
Indium: (\$/kg)	307	254	180	173	180	178	157

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		FY2017					FY2018					FY2019				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Total	Net Sales	110.1	109.1	119.3	116.1	454.7	115.1	106.6	114.4	116.5	452.9	116.2	-	-	-	-
	Operating Income	8.2	6.4	8.6	7.6	30.9	6.9	2.4	3.4	5.9	18.6	6.8	-	-	-	-
	Ordinary Income	9.0	8.1	10.4	8.6	36.3	8.5	4.2	4.0	7.3	24.3	7.6	-	-	-	-
	Profit attributable to owners of parent	6.1	5.5	7.4	5.4	24.6	6.0	2.8	1.7	4.2	14.9	4.8	-	-	-	-
Environmental Management & Recycling	Net Sales	24.3	23.9	25.1	25.8	99.3	26.3	24.8	25.2	27.8	104.4	25.8	-	-	-	-
	Operating Income	1.6	0.9	1.3	1.0	4.9	1.7	1.0	1.6	1.2	5.6	1.8	-	-	-	-
	Ordinary Income	1.7	1.2	1.6	1.1	5.7	1.9	1.3	1.6	1.3	6.2	1.5	-	-	-	-
Nonferrous Metals	Net Sales	50.1	52.2	58.2	57.2	217.9	58.7	50.6	54.8	57.5	221.6	58.1	-	-	-	-
	Operating Income	2.9	1.4	2.8	2.0	9.2	1.6	(1.4)	(1.6)	2.0	0.5	2.7	-	-	-	-
	Ordinary Income	3.8	2.6	3.5	2.9	13.0	2.8	(0.1)	(1.1)	3.1	4.6	3.5	-	-	-	-
Electronics Materials	Net Sales	23.2	17.7	20.6	16.0	77.7	17.7	15.5	17.0	14.6	64.9	19.3	-	-	-	-
	Operating Income	1.4	1.5	1.4	1.0	5.6	1.1	0.4	0.3	0.2	2.1	0.2	-	-	-	-
	Ordinary Income	1.5	1.7	1.6	1.1	6.1	1.3	0.7	0.4	0.4	3.1	0.5	-	-	-	-
Metal Processing	Net Sales	21.0	21.1	24.5	23.8	90.6	23.0	22.9	23.3	22.6	92.0	21.1	-	-	-	-
	Operating Income	1.5	1.6	2.0	2.0	7.2	1.6	1.4	1.9	1.2	6.2	1.5	-	-	-	-
	Ordinary Income	1.6	1.7	2.0	2.0	7.5	1.7	1.4	1.9	1.2	6.4	1.5	-	-	-	-
Heat Treatment	Net Sales	5.9	7.0	6.9	8.3	28.2	6.3	7.2	7.9	8.0	29.7	6.7	-	-	-	-
	Operating Income	0.3	0.7	0.6	0.9	2.6	0.4	0.7	0.7	0.4	2.4	0.2	-	-	-	-
	Ordinary Income	0.2	0.7	0.6	0.8	2.5	0.5	0.7	0.8	0.4	2.5	0.2	-	-	-	-
Other/ Elimination	Net Sales	(14.5)	(13.0)	(16.2)	(15.3)	(59.1)	(17.1)	(14.5)	(13.9)	(14.2)	(59.9)	(15.0)	-	-	-	-
	Operating Income	0.3	0.1	0.3	0.5	1.2	0.2	0.1	0.3	0.6	1.4	0.2	-	-	-	-
	Ordinary Income	0.0	0.0	0.8	0.5	1.3	0.1	0.0	0.3	0.7	1.2	0.1	-	-	-	-
■ Exchange rate and Metal prices		FY2017 (average)					FY2018 (average)					FY2019 (average)				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Exchange Rate: (¥/\$)		111.1	111.0	113.0	108.3	110.9	109.1	111.5	112.9	110.2	110.9	109.9	-	-	-	-
Copper: (\$/t)		5,663	6,347	6,808	6,959	6,444	6,872	6,103	6,168	6,220	6,341	6,114	-	-	-	-
Zinc: (\$/t)		2,598	2,962	3,234	3,422	3,054	3,114	2,534	2,630	2,704	2,746	2,763	-	-	-	-
Indium: (\$/kg)		186	182	239	298	226	307	266	233	210	254	173	-	-	-	-

# 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.