

Midterm Plan 2020

DOWA HOLDINGS CO., LTD. (Headquarters: 4-14-1 Sotokanda, Chiyoda-ku, Tokyo; Capital: 36.4 billion yen; President: Masao Yamada; “the Company”) announces that the Company has established “Midterm Plan 2020,” a three-year midterm plan for FY2018 through FY2020. DOWA considers its sustainable growth to be important to continue to develop as a valuable social entity that contributes to its shareholders, customers, employees and local community. Based on Midterm Plan 2020, DOWA will aim to build businesses equipped with stability and growth potential by strengthening the business base and actively investing its management resources.

The following is a summary of Midterm Plan 2020.

1. Period Three years, from FY2018 through FY2020

2. Basic policies

■ Expand businesses in growth markets

Actively invest management resources in markets for “automobiles,” “information and communication,” “environment and energy” and “healthcare.”

■ Increase competitiveness of existing businesses

Enhance the earning power of existing businesses by increasing competitiveness in the mature domestic market and improving the functions in the smelting and recycling complex.

3. Key strategy of each segment

Environmental Management and Recycling

- Expand waste treatment business in Southeast Asia by constructing new facilities and increasing treatment capacity
- Increase cost competitiveness of low-contaminated PCB waste treatment and expand waste melting and recycling businesses
- Promote naturally contaminated soil remediation and increase collection of materials for recycling from other countries

Nonferrous Metals

- Enhance tin production at Kosaka Smelting & Refining and increase capacity for raw materials
- Expand the annual zinc production at Akita Zinc to 220,000 tons by increasing ability to treat impurities
- Start construction and operation of new zinc mine in Mexico

Electronic Materials

- Develop and mass produce LEDs for healthcare businesses
- Maintain a high market share of silver powder for solar panels
- Increase line of conductive materials for information and communication devices

Metal Processing

- Increase production and expand sales of copper alloys to meet growing demand for electric vehicles, intelligent vehicles, and IoT
- Establish an electro-plating plant in Mexico
- Enhance the processing businesses in China, Thailand and Taiwan
- Boost sales of metal and ceramic substrates for industrial machinery, trains and automobiles

Heat Treatment

- Increase domestic capacity and establish a new plant in India to meet growing demand for automobile-related products
- Boost sales of new furnaces in India and North America
- Expand furnace maintenance business

4. Financial Data

	Medium-Term Plan 2020	FY2017 forecast
Ordinary income (FY2020)	50 billion yen	36.5 billion yen
Operating income (FY2020)	45 billion yen	34 billion yen
ROE (FY2020)	12% or more	11%
ROA (FY2020)	10% or more	9%
Operating CF (three years)	120 billion yen	112 billion yen
Investment (three years)	110 billion yen	82 billion yen
R&D expenses (three years)	20 billion yen	17 billion yen

Exchange rate and metal prices:

JPY 115 = USD 1.00, zinc: USD 2,700/ton, copper: USD 5,500/ton

5. Ordinary Income by Segments

