

Fiscal 2020 3Q Supplementary Information

February 9, 2021

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2019		FY2020		Changes			
	3Q Results	Full Year Results	3Q Results	Full Year Forecasts	3Q		Full Year	
Net Sales	352.7	485.1	403.5	563.6	50.8	14%	78.4	16%
Operating Income	17.6	25.9	23.7	31.3	6.1	35%	5.3	21%
Ordinary Income	20.4	28.9	21.6	29.0	1.2	6%	0.0	0%
Profit attributable to owners of parent	13.4	17.3	8.4	12.0	(5.0)	(37%)	(5.3)	(31%)

* Full Year Forecasts for FY2020 remain unchanged from those announced on Nov. 10, 2020.

■ Exchange Rate and Metal Prices

	FY2019			FY2020			
	H1 averages	3Q averages	1Q-3Q averages	H1 averages	3Q averages	1Q-3Q averages	4Q assumptions
Exchange Rate: (¥/\$)	108.6	108.8	108.7	106.9	104.5	106.1	105.0
Copper: (\$/t)	5,956	5,888	5,933	5,931	7,174	6,345	6,500
Zinc: (\$/t)	2,554	2,384	2,497	2,150	2,631	2,310	2,400
Indium: (\$/kg)	164	150	159	147	174	156	160

Business Environment (FY2020 3Q)

➤ Waste treatment- and recycling-related business

Orders for waste treatment in Japan were firm.

Orders for waste treatment declined from the year-ago levels in Indonesia and Thailand.

➤ Automobile-related market

Sales began to recover in the second quarter of FY2020, and the recovery continued in the third quarter.

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

New forms of energy: The firm performance in the second quarter of FY2020 continued.

Electronic components: Demand for the Fifth Generation Mobile Communications (5G) increased.

➤ Exchange rates and Metal prices

Exchange rate: The yen appreciated from the 105 yen level against the dollar to the 103 yen level in the third quarter of FY2020.

Metal prices: Gold and silver prices were stable at high levels. Prices of PGM (platinum group metals) and base metals rose.

Trends in Major Products

Indexes (100 for FY2019 1Q)

		FY2019				FY2020		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	89	94	90	92	88	94
	Recycling materials collection volume (for Kosaka smelting & refining)	100	106	107	101	107	100	91
	Net sales of waste treatment in the South East Asia Business	100	97	98	110	102	86	83
Nonferrous Metals	Copper production volume (Total of 2 smelters, Kosaka and Onahama)	100	94	90	110	100	90	98
	Zinc production volume	100	69	93	90	89	64	99
Electronic Materials	LED sales volume	100	122	106	110	124	130	122
	Silver powder sales volume	100	116	123	127	107	122	120
Metal Processing	Copper alloy strips sales volume	100	103	104	96	71	82	111
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	102	104	99	56	85	107
	Net sales in the Industrial Furnaces Business	100	117	102	110	64	83	52

Year-on-Year Comparison by Segment (3Q)

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2019 3Q Results			FY2020 3Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	81.7	5.0	5.0	85.6	5.9	5.8	3.8	0.8	0.8
Nonferrous Metals	164.6	6.0	8.2	193.3	12.8	15.9	28.6	6.8	7.6
Electronic Materials	70.7	0.9	1.8	103.6	1.7	2.6	32.8	0.7	0.7
Metal Processing	61.8	3.6	3.7	53.1	2.7	2.8	(8.6)	(0.9)	(0.8)
Heat Treatment	20.9	0.9	0.9	15.5	(0.0)	(0.2)	(5.4)	(1.0)	(1.1)
Other/ Eliminations	(47.2)	0.8	0.5	(47.7)	0.5	(5.3)	(0.4)	(0.2)	(5.9)
Total	352.7	17.6	20.4	403.5	23.7	21.6	50.8	6.1	1.2

Factor Analysis of Ordinary Income

Billion yen

FY2020 3Q-FY2019 3Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other/ Eliminations	Total
Effect of various initiatives, increase/decrease in sales, etc.	1.0	0.2	0.5	(0.8)	(0.9)	(0.2)	(0.3)
Of the above, free metal income difference (difference in volume)	—	(0.1)	—	—	—	—	(0.1)
Free metal income difference (difference in metal prices)	—	4.9	—	—	—	—	4.9
Difference in foreign currency-based income due to exchange rate	—	(0.6)	0.0	—	—	—	(0.6)
Purchasing conditions of raw material (difference in base conditions)	—	1.7	—	—	—	—	1.7
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.	—	0.8	—	—	—	—	0.8
Depreciation in manufacturing cost	(0.1)	(0.4)	0.3	(0.1)	(0.1)	(0.1)	(0.5)
Increase/decrease in operating income	0.8	6.8	0.7	(0.9)	(1.0)	(0.2)	6.1
Effect of non-operating income/expenses							
- Equity method income or loss	0.1	0.0	(0.0)	0.0	0.0	(5.3)	(5.2)
- Other	(0.1)	0.8	(0.0)	0.1	(0.1)	(0.3)	0.3
Increase/decrease in ordinary income	0.8	7.6	0.7	(0.8)	(1.1)	(5.9)	1.2

FY2020 Full Year Forecasts

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2019 Results	FY2020 Forecasts	Changes	
Net Sales	485.1	563.6	78.4	16%
Operating Income	25.9	31.3	5.3	21%
Ordinary Income	28.9	29.0	0.0	0%
Profit attributable to owners of parent	17.3	12.0	(5.3)	(31%)

The business prospects are expected to keep steady in line with the forecasts announced on November 10, 2020, therefore the full year forecasts remains unchanged.

FY2020 Forecasts (Year-on-Year Comparison by Segment)

Billion yen (Amounts less than 100 million yen are omitted.)

	FY2019 Results			FY2020 Forecasts announced on Nov. 10			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	112.1	7.2	6.9	116.1	7.5	7.1	3.9	0.2	0.1
Nonferrous Metals	227.2	10.0	12.2	263.6	16.8	20.9	36.3	6.7	8.6
Electronic Materials	98.2	1.0	2.4	153.3	2.2	3.2	55.0	1.1	0.7
Metal Processing	82.3	5.1	5.1	75.5	3.2	3.6	(6.8)	(1.9)	(1.5)
Heat Treatment	27.9	1.2	1.2	24.8	0.7	0.6	(3.1)	(0.5)	(0.6)
Other/ Eliminations	(62.8)	1.3	1.0	(69.6)	0.9	(6.3)	(6.8)	(0.4)	(7.4)
Total	485.1	25.9	28.9	563.6	31.3	29.0	78.4	5.3	0.0

Assumptions and Sensitivities (FY2020 4Q)

Sensitivity (Operating Income / 4Q)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	105.0 円 / \$	±1 円 / \$	130
Copper	6,500 \$ / t	±100 \$ / t	10
Zinc	2,400 \$ / t	±100 \$ / t	120
Indium	160 \$ / kg	±10 \$ / kg	20

* Exchange rate sensitivity; Nonferrous Metals 110 million yen and Electronics Materials 20 million yen.

Exchange Rate and Metal Prices

	FY2019			FY2020			Ref. Jan. 2021 averages
	1Q-3Q averages	4Q averages	Full year averages	1Q-3Q averages	4Q assumptions	Full year averages	
Exchange rate: (¥/\$)	108.7	108.9	108.7	106.1	105.0	105.8	103.7
Copper: (\$/t)	5,933	5,638	5,860	6,345	6,500	6,384	7,971
Zinc: (\$/t)	2,497	2,128	2,405	2,310	2,400	2,333	2,708
Indium: (\$/kg)	159	148	156	156	160	157	182

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

■ Consolidated financial data

Billion yen (Amounts less than 100 million yen are omitted.)

		FY2018					FY2019					FY2020				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Total	Net Sales	115.1	106.6	114.5	116.5	452.9	116.2	114.5	121.9	132.3	485.1	115.4	137.0	151.1	-	-
	Operating Income	6.9	2.4	3.4	5.9	18.6	6.8	4.1	6.5	8.3	25.9	4.9	7.6	11.1	-	-
	Ordinary Income	8.5	4.2	4.0	7.3	24.3	7.6	4.7	7.9	8.5	28.9	3.3	5.9	12.3	-	-
	Profit attributable to owners of parent	6.0	2.8	1.7	4.2	14.9	4.8	3.0	5.5	3.9	17.3	0.1	1.4	6.8	-	-
Environmental Management & Recycling	Net Sales	26.3	24.8	25.2	27.8	104.4	25.8	27.6	28.2	30.3	112.1	27.7	28.7	29.0	-	-
	Operating Income	1.7	1.0	1.6	1.2	5.6	1.8	1.5	1.6	2.1	7.2	1.8	1.8	2.2	-	-
	Ordinary Income	1.9	1.3	1.6	1.3	6.2	1.5	1.5	1.8	1.8	6.9	2.1	1.2	2.4	-	-
Nonferrous Metals	Net Sales	58.7	50.6	54.8	57.5	221.6	58.1	49.7	56.8	62.6	227.2	60.4	63.5	69.3	-	-
	Operating Income	1.6	(1.4)	(1.6)	2.0	0.5	2.7	0.6	2.6	3.9	10.0	3.4	4.2	5.1	-	-
	Ordinary Income	2.8	(0.1)	(1.1)	3.1	4.6	3.5	1.1	3.5	3.9	12.2	3.3	5.2	7.3	-	-
Electronic Materials	Net Sales	17.7	15.5	17.0	14.6	64.9	19.3	24.4	26.9	27.5	98.2	23.8	38.5	41.2	-	-
	Operating Income	1.1	0.4	0.3	0.2	2.1	0.2	0.3	0.2	0.1	1.0	0.6	0.2	0.7	-	-
	Ordinary Income	1.3	0.7	0.4	0.4	3.1	0.5	0.6	0.6	0.5	2.4	1.0	0.6	0.9	-	-
Metal Processing	Net Sales	23.0	22.9	23.3	22.6	92.0	21.1	20.3	20.3	20.4	82.3	14.9	16.1	22.0	-	-
	Operating Income	1.6	1.4	1.9	1.2	6.2	1.5	0.9	1.2	1.4	5.1	(0.4)	1.0	2.1	-	-
	Ordinary Income	1.7	1.4	1.9	1.2	6.4	1.5	0.9	1.2	1.4	5.1	(0.3)	1.0	2.1	-	-
Heat Treatment	Net Sales	6.3	7.2	7.9	8.0	29.7	6.7	7.2	6.9	7.0	27.9	3.9	5.7	5.8	-	-
	Operating Income	0.4	0.7	0.7	0.4	2.4	0.2	0.3	0.3	0.2	1.2	(0.9)	0.2	0.6	-	-
	Ordinary Income	0.5	0.7	0.8	0.4	2.5	0.2	0.3	0.3	0.3	1.2	(1.0)	0.3	0.5	-	-
Other/ Eliminations	Net Sales	(17.1)	(14.5)	(13.9)	(14.2)	(59.9)	(15.0)	(14.8)	(17.4)	(15.5)	(62.8)	(15.5)	(15.6)	(16.4)	-	-
	Operating Income	0.2	0.1	0.3	0.6	1.4	0.2	0.2	0.3	0.5	1.3	0.2	0.0	0.2	-	-
	Ordinary Income	0.1	0.0	0.3	0.7	1.2	0.1	0.1	0.3	0.4	1.0	(1.7)	(2.5)	(1.0)	-	-

■ Exchange Rate and Metal Prices

	FY2018 (averages)					FY2019 (averages)					FY2020 (averages)				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Exchange Rate: (¥/\$)	109.1	111.5	112.9	110.2	110.9	109.9	107.4	108.8	108.9	108.7	107.6	106.2	104.5	-	-
Copper: (\$/t)	6,872	6,103	6,168	6,220	6,341	6,114	5,798	5,888	5,638	5,860	5,341	6,521	7,174	-	-
Zinc: (\$/t)	3,114	2,534	2,630	2,704	2,746	2,763	2,345	2,384	2,128	2,405	1,959	2,340	2,631	-	-
Indium: (\$/kg)	307	266	233	210	254	173	155	150	148	156	146	148	174	-	-

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* 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.