

# **Fiscal 2020 First Quarter Supplementary Information**

**August 7, 2020**

**DOWA HOLDINGS CO.,LTD.**

# Operating Results

## ■ Consolidated Income Statements

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

	FY2019		FY2020		Changes			
	1Q Results	H1 Results	1Q Results	H1 Forecasts	1Q		H1	
Net Sales	116.2	230.7	115.4	227.5	(0.8)	(1%)	(3.2)	(1%)
Operating Income	6.8	11.0	4.9	6.6	(1.9)	(29%)	(4.4)	(40%)
Ordinary Income	7.6	12.4	3.3	3.4	(4.2)	(56%)	(9.0)	(73%)
Profit attributable to owners of parent	4.8	7.9	0.1	(1.0)	(4.6)	(96%)	(8.9)	-

## ■ Exchange Rate and Metal Prices

	FY2019			FY2020		
	1Q averages	2Q averages	H1 averages	1Q averages	Assumptions for 2Q	H1 averages
Exchange Rate: (¥/\$)	109.9	107.4	108.6	107.6	107.0	107.3
Copper: (\$/t)	6,114	5,798	5,956	5,341	6,300	5,821
Zinc: (\$/t)	2,763	2,345	2,554	1,959	2,100	2,030
Indium: (\$/kg)	173	155	164	146	140	143

# Business Environment (FY2020 1Q)

## ➤ Waste treatment- and Recycling-related business

The volume of industrial waste and recycling materials generated were at the year-ago level.

## ➤ Automobile-related market

Demand for automobile-related products decreased significantly, reflecting a decline in the number of vehicles produced worldwide attributable to the impact of the spread of Novel Coronavirus (COVID-19).

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

New forms of energy: Demand remained solid.

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

## ➤ Metal prices and Exchange rates

Exchange rates remained in the higher 100-yen range.

Gold prices continued to rise and prices for base metals such as zinc and copper stopped declining

# Trends in Major Products

Indexes (100 for Q1 of FY2019)

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

# Year-on-Year Comparison by Segment (1Q)

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

	FY2019 1Q Results			FY2020 1Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	25.8	1.8	1.5	27.7	1.8	2.1	1.9	(0.0)	0.5
Nonferrous Metals	58.1	2.7	3.5	60.4	3.4	3.3	2.3	0.7	(0.1)
Electronics Materials	19.3	0.2	0.5	23.8	0.6	1.0	4.5	0.4	0.4
Metal Processing	21.1	1.5	1.5	14.9	(0.4)	(0.3)	(6.2)	(1.9)	(1.9)
Heat Treatment	6.7	0.2	0.2	3.9	(0.9)	(1.0)	(2.8)	(1.1)	(1.2)
Other/ Elimination	(15.0)	0.2	0.1	(15.5)	0.2	(1.7)	(0.5)	(0.0)	(1.9)
Total	116.2	6.8	7.6	115.4	4.9	3.3	(0.8)	(1.9)	(4.2)

# Factor Analysis of Ordinary Income

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

FY2020 1Q – FY2019 1Q	Environmental Management & Recycling	Nonferrous Metals	Electronics Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various initiatives, increase/decrease in sales, etc.	(0.0)	0.1	0.3	(1.9)	(1.1)	(0.0)	(2.6)
Of the above, free metal income difference (difference in volume)	—	0.3	—	—	—	—	0.3
Free metal income difference (difference in metal prices)	—	1.1	—	—	—	—	1.1
Difference in foreign currency-based income due to exchange rate	—	(0.4)	0.0	—	—	—	(0.4)
Purchasing conditions of raw material (difference in base conditions)	—	0.7	—	—	—	—	0.7
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.	—	(0.2)	—	—	—	—	(0.2)
Depreciation in manufacturing cost	0.0	(0.1)	0.1	(0.0)	(0.1)	(0.0)	0.0
Increase/decrease in operating income	(0.0)	0.7	0.4	(1.9)	(1.1)	(0.0)	(1.9)
Effect of non-operating income/expenses							
- Equity method income or loss	0.3	(1.3)	(0.0)	0.0	—	(1.7)	(2.8)
- Other	0.3	0.4	0.1	(0.0)	(0.1)	(0.1)	0.5
Increase/decrease in ordinary income	0.5	(0.1)	0.4	(1.9)	(1.2)	(1.9)	(4.2)

# Forecasts for Fiscal 2020 H1

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

	FY2019 H1 Results	FY2020 H1 Forecast	Change	
Net Sales	230.7	227.5	(3.2)	(1%)
Operating Income	11.0	6.6	(4.4)	(40%)
Ordinary Income	12.4	3.4	(9.0)	(73%)
Profit attributable to owners of parent	7.9	(1.0)	(8.9)	-

The Company expects that the business environment will remain challenging, although it assumes a certain level of recovery in demand for automobile-related products and services resulting from the normalization of the number of vehicles produced.

In addition, it expects no improvements in the share of loss of entities accounted for using an equity method.

Reflecting such impacts in forecasting, the Company expects that consolidated results for the first half of the current fiscal year will fall short of the actual results for the first half a year ago.

# Year-on-Year Comparison by Segment (2Q)

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

	FY2019 2Q Results			FY2020 2Q Forecasts			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	27.6	1.5	1.5	27.5	1.1	0.9	(0.1)	(0.4)	(0.6)
Nonferrous Metals	49.7	0.6	1.1	50.4	0.0	0.8	0.7	(0.6)	(0.2)
Electronics Materials	24.4	0.3	0.6	27.1	0.2	0.5	2.7	(0.1)	(0.0)
Metal Processing	20.3	0.9	0.9	14.9	(0.0)	0.0	(5.3)	(1.0)	(0.9)
Heat Treatment	7.2	0.3	0.3	5.8	0.1	0.1	(1.4)	(0.2)	(0.1)
Other/ Elimination	(14.8)	0.2	0.1	(13.8)	0.2	(2.4)	1.0	0.0	(2.5)
Total	114.5	4.1	4.7	112.0	1.6	0.0	(2.4)	(2.5)	(4.7)



# Year-on-Year Comparison by Segment (H1)

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

	FY2019 H1 Results			FY2020 H1 Forecasts			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	53.5	3.4	3.1	55.3	3.0	3.1	1.7	(0.4)	(0.0)
Nonferrous Metals	107.8	3.4	4.6	110.9	3.5	4.2	3.0	0.0	(0.4)
Electronics Materials	43.7	0.6	1.2	51.0	0.9	1.6	7.2	0.2	0.3
Metal Processing	41.5	2.4	2.5	29.9	(0.5)	(0.4)	(11.6)	(2.9)	(2.9)
Heat Treatment	14.0	0.6	0.5	9.8	(0.8)	(0.9)	(4.2)	(1.4)	(1.4)
Other/ Elimination	(29.8)	0.4	0.2	(29.4)	0.5	(4.2)	0.4	0.0	(4.4)
Total	230.7	11.0	12.4	227.5	6.6	3.4	(3.2)	(4.4)	(9.0)

# Assumptions and Sensitivities (FY2020 2Q)

## Sensitivity (Operating Income / 2Q)

Million yen

	Assumptions	Fluctuation	Sensitivity
Exchange rate	107.0 ¥/\$	±1 ¥/\$	80
Copper	6,300 \$ /t	±100 \$ /t	10
Zinc	2,100 \$ /t	±100 \$ /t	80
Indium	140 \$ /kg	±10 \$ /kg	10

\* Exchange rate sensitivity; Nonferrous Metals 60 million yen and Electronics Materials 20 million yen.

## Exchange Rate and Metal Prices

	FY2019			FY2020			(Ref.) July 2020 averages
	1Q averages	2Q averages	H1 averages	1Q averages	Assumptions for 2Q	H1 averages	
Exchange rate: (¥/\$)	109.9	107.4	108.6	107.6	107.0	107.3	106.8
Copper: (\$/t)	6,114	5,798	5,956	5,341	6,300	5,821	6,354
Zinc: (\$/t)	2,763	2,345	2,554	1,959	2,100	2,030	2,162
Indium: (\$/kg)	173	155	164	146	140	143	142

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	-	-	-	-
	Operating Income	6.9	2.4	3.4	5.8	18.6	6.8	4.1	6.5	8.3	25.9	4.9	-	-	-	-
	Ordinary Income	8.5	4.2	4.0	7.3	24.3	7.6	4.7	7.9	8.5	28.9	3.3	-	-	-	-
	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	-	-	-	-
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	-	-	-	-
	Operating Income	1.7	1.0	1.6	1.2	5.6	1.8	1.5	1.6	2.1	7.2	1.8	-	-	-	-
	Ordinary Income	1.9	1.3	1.6	1.3	6.2	1.5	1.5	1.8	1.8	6.9	2.1	-	-	-	-
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	-	-	-	-
	Operating Income	1.6	(1.4)	(1.6)	2.0	0.5	2.7	0.6	2.6	3.9	10.0	3.4	-	-	-	-
	Ordinary Income	2.8	(0.1)	(1.1)	3.1	4.6	3.5	1.1	3.5	3.9	12.2	3.3	-	-	-	-
Electronics 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	-	-	-	-
	Operating Income	1.1	0.4	0.3	0.2	2.1	0.2	0.3	0.2	0.1	1.0	0.6	-	-	-	-
	Ordinary Income	1.3	0.7	0.4	0.4	3.1	0.5	0.6	0.6	0.5	2.4	1.0	-	-	-	-
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	-	-	-	-
	Operating Income	1.6	1.4	1.9	1.2	6.2	1.5	0.9	1.2	1.4	5.1	(0.4)	-	-	-	-
	Ordinary Income	1.7	1.4	1.9	1.2	6.4	1.5	0.9	1.2	1.4	5.1	(0.3)	-	-	-	-
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	-	-	-	-
	Operating Income	0.4	0.7	0.7	0.4	2.4	0.2	0.3	0.3	0.2	1.2	(0.9)	-	-	-	-
	Ordinary Income	0.5	0.7	0.8	0.4	2.5	0.2	0.3	0.3	0.3	1.2	(1.0)	-	-	-	-
Other/ Elimination	Net Sales	(17.1)	(14.5)	(13.9)	(14.2)	(59.9)	(15.0)	(14.8)	(17.4)	(15.5)	(62.8)	(15.5)	-	-	-	-
	Operating Income	0.2	0.1	0.3	0.6	1.4	0.2	0.2	0.3	0.5	1.3	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)	-	-	-	-

## Exchange Rate and Metal Prices

	FY2018 (average)					FY2019 (average)					FY2020 (average)				
	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	-	-	-	-
Copper: (\$/t)	6,872	6,103	6,168	6,220	6,341	6,114	5,798	5,888	5,638	5,860	5,341	-	-	-	-
Zinc: (\$/t)	3,114	2,534	2,630	2,704	2,746	2,763	2,345	2,384	2,128	2,405	1,959	-	-	-	-
Indium: (\$/kg)	307	266	233	210	254	173	155	150	148	156	146	-	-	-	-

# 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.