



# **Fiscal 2013 Third Quarter Supplementary Information**

**February 4, 2014**

**Dowa Holdings Co., Ltd.**

# Overview of Operating Results

Billion yen

	FY2012 Results		FY2013 Forecasts		Change			
	1st Three Quarters Results	Full Year Results	1st Three Quarters Results	Full Year Forecasts	1st Three Quarters Results		Full Year	
Net Sales	298.5	419.3	328.4	426.0	29.8	10%	6.7	2%
Operating Income	16.3	24.5	23.1	30.5	6.7	42%	6.0	24%
Ordinary Income	17.9	27.2	25.6	33.0	7.7	43%	5.8	21%
Net Income	9.7	15.2	16.9	19.0	7.2	74%	3.8	25%

## Exchange rate and metal prices

	FY2012		FY2013			
	1~3Q average	Full Year average	Assumption for H2	1~3Q average	3Q average	January average
Exchange rate: (¥/\$)	80.0	83.1	95.0	99.4	100.5	103.9
Copper: (\$/t)	7,830	7,855	7,000	7,126	7,153	7,295
Zinc: (\$/t)	1,922	1,950	1,800	1,870	1,909	2,038
Indium: (\$/kg)	494	499	550	596	658	676

# Major Products: Production Volume/Sales Volume Results

		FY2012				FY2013		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Environmental Management &amp; Recycling</b>	<b>Intermediate waste processing volume in Japan</b>	100	106	110	109	115	110	119
	<b>Recycling materials collection volume at Kosaka</b>	100	117	130	101	110	112	119
	<b>Waste processing amount in South East Asia</b>	100	94	100	127	109	125	122
<b>Nonferrous Metals</b>	<b>Silver production at Kosaka</b>	100	96	117	119	125	120	142
	<b>Zinc production at Akita</b>	100	75	104	99	108	75	106
<b>Electronic Materials</b>	<b>Compound semiconductor</b>	100	83	78	59	86	94	85
	<b>LED</b>	100	111	106	100	130	114	101
	<b>Silver powder</b>	100	59	52	69	93	83	111
<b>Metal Processing</b>	<b>Copper strip products</b>	100	98	87	87	98	97	103
<b>Heat Treatment</b>	<b>Heat treatment</b>	100	94	94	99	100	103	102

Indexes (100 for Q1 of FY2012)

# Income Statements

Million yen

	FY2012 1st Three Quarters Results			FY2013 1st Three Quarters Results			Change		
	H1	Q3	Total	H1	Q3	Total	H1	Q3	Total
<b>Net Sales</b>	<b>193,242</b>	<b>105,302</b>	<b>298,545</b>	<b>211,885</b>	<b>116,548</b>	<b>328,433</b>	<b>18,642</b>	<b>11,245</b>	<b>29,888</b>
Cost of Sales	167,652	93,246	260,898	180,698	102,460	283,158	13,045	9,213	22,259
<b>Gross Profit</b>	<b>25,590</b>	<b>12,055</b>	<b>37,646</b>	<b>31,187</b>	<b>14,087</b>	<b>45,275</b>	<b>5,596</b>	<b>2,032</b>	<b>7,628</b>
Selling, General, and Administrative Expenses, R&D Expenses	14,272	6,975	21,247	14,831	7,320	22,151	558	344	903
<b>Operating Income</b>	<b>11,318</b>	<b>5,080</b>	<b>16,398</b>	<b>16,356</b>	<b>6,767</b>	<b>23,124</b>	<b>5,037</b>	<b>1,687</b>	<b>6,725</b>
Other Income	2,833	1,559	4,392	2,922	2,103	5,025	89	543	633
Interest and dividend income	326	203	530	366	284	651	39	80	120
Equity in earnings of affiliates	1,189	541	1,730	930	578	1,508	(258)	36	(222)
Other income	1,316	814	2,131	1,625	1,240	2,865	308	426	734
Other Expenses	1,812	1,018	2,830	1,425	1,025	2,450	(387)	7	(380)
Interest expenses paid	866	399	1,265	761	363	1,125	(104)	(35)	(139)
Equity in losses of affiliates	0	0	0	0	0	0	0	0	0
Other expenses	946	618	1,565	663	661	1,324	(283)	42	(240)
<b>Ordinary Income</b>	<b>12,338</b>	<b>5,621</b>	<b>17,960</b>	<b>17,853</b>	<b>7,845</b>	<b>25,699</b>	<b>5,514</b>	<b>2,224</b>	<b>7,739</b>
Extraordinary Profits	412	32	444	195	105	301	(216)	73	(143)
Gain on sale of property, plant and equipment	88	0	88	29	10	40	(58)	9	(48)
Gain on sale of investment securities	0	0	0	55	0	55	55	0	55
Subsidy	0	10	10	0	91	91	0	80	80
Other profits	324	21	345	110	4	115	(213)	(16)	(229)
Extraordinary Losses	3,157	41	3,199	457	74	531	(2,700)	33	(2,667)
Loss on disposal of property, plant and equipment	226	11	238	142	70	212	(84)	59	(25)
Loss on valuation of investment securities	2,552	0	2,552	0	0	0	(2,552)	0	(2,552)
Impairment loss	58	0	58	48	0	48	(9)	0	(9)
Loss on disaster	147	14	162	246	0	246	98	(14)	84
Other	172	15	188	19	3	23	(152)	(12)	(164)
<b>Income Before Income Taxes and Minority Interests</b>	<b>9,592</b>	<b>5,613</b>	<b>15,206</b>	<b>17,592</b>	<b>7,877</b>	<b>25,469</b>	<b>7,999</b>	<b>2,264</b>	<b>10,263</b>
Income Taxes	3,649	1,584	5,234	5,688	2,636	8,325	2,039	1,051	3,091
Minority Interests in Income	111	121	232	169	21	190	57	(99)	(41)
<b>Net Income</b>	<b>5,831</b>	<b>3,907</b>	<b>9,739</b>	<b>11,733</b>	<b>5,219</b>	<b>16,953</b>	<b>5,902</b>	<b>1,312</b>	<b>7,214</b>

# Consolidated Results (1st Three Quarters by segment)

Billion yen

	FY2012 1st Three Quarters Results			FY2013 1st Three Quarters Results			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
<b>Environmental Management &amp; Recycling</b>	73.6	4.0	4.1	73.0	7.0	7.3	(0.6)	3.0	3.1
<b>Nonferrous Metals</b>	144.4	2.1	3.9	162.7	4.8	6.8	18.2	2.7	2.9
<b>Electronic Materials</b>	52.8	4.8	5.3	63.0	5.1	6.1	10.1	0.3	0.7
<b>Metal Processing</b>	54.3	3.5	3.6	60.4	3.9	4.1	6.1	0.4	0.4
<b>Heat Treatment</b>	17.3	1.0	1.0	17.6	1.4	1.4	0.3	0.4	0.4
<b>Other/ Elimination</b>	(44.1)	0.7	(0.2)	(48.5)	0.5	(0.2)	(4.3)	(0.2)	(0.0)
<b>Total</b>	<b>298.5</b>	<b>16.3</b>	<b>17.9</b>	<b>328.4</b>	<b>23.1</b>	<b>25.6</b>	<b>29.8</b>	<b>6.7</b>	<b>7.7</b>

# Analysis of Factors in Growth and Decline in Ordinary Income (1st Three Quarters by segment)

Billion yen

FY2013 1st Three Quarters Results - FY2012 1st Three Quarters Results	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total	
Effect of various measures, increase/ decrease in sales, etc.	3.3	0.2	0.5	0.5	0.5	(0.2)	4.9	
(Free metal income difference [volume difference])	—	(0.5)	—	—	—	—	(0.5)	
Free metal income difference (price difference)	—	1.9	—	—	—	—	1.9	
Raw material conditions (difference in foreign exchange rates and base conditions)	—	1.1	—	—	—	—	1.1	
Difference between the market value and book value of payments and between market value and valuation prices at fiscal term end	—	—	—	—	—	—	—	
Other special factors	—	(0.8)	—	—	—	—	(0.8)	
Depreciation	0.0	0.6	(0.0)	0.0	0.0	(0.0)	0.5	
Other fixed costs	(0.3)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(1.0)	
<b>Increase/decrease in operating income</b>	3.0	2.7	0.3	0.4	0.4	(0.2)	6.7	
Effect of non-operating income/expenses	Equity method income or loss	(0.0)	(0.3)	(0.0)	0.1	—	(0.0)	(0.2)
	Other	0.2	0.4	0.4	(0.1)	0.0	0.3	1.2
<b>Increase/decrease in ordinary income</b>	3.1	2.9	0.7	0.4	0.4	0	7.7	

# Balance Sheets (Consolidated Results)

Million yen

Accounts	March 31, 2013	December 31, 2013	Change	Accounts	March 31, 2013	December 31, 2013	Change
<b>Assets</b>				<b>Liabilities</b>			
<b>Current Assets</b>	<b>171,287</b>	<b>180,969</b>	<b>9,682</b>	<b>Current Liabilities</b>	<b>133,125</b>	<b>145,376</b>	<b>12,250</b>
Cash and time deposits	6,163	5,489	(673)	Notes and accounts payable	42,403	36,851	(5,551)
Notes and accounts receivable	71,829	72,943	1,113	Short-term borrowings	52,514	57,905	5,390
Inventories	80,282	89,168	8,885	Corporate bonds due within one year		10,000	10,000
Deferred tax assets	3,287	3,153	(133)	Commercial paper		10,000	10,000
Other current assets	9,783	10,277	494	Accrued income taxes, etc.	5,353	4,265	(1,087)
Allowance for doubtful accounts	(59)	(62)	(3)	Ingot leasing liabilities	9,519	3,788	(5,731)
				Other current liabilities	23,335	22,565	(769)
				<b>Long-Term Liabilities</b>	<b>74,260</b>	<b>57,595</b>	<b>(16,665)</b>
<b>Fixed Assets</b>	<b>178,500</b>	<b>183,471</b>	<b>4,971</b>	Corporate bonds	10,000		(10,000)
Tangible fixed assets	103,647	103,085	(561)	Long-term debt	44,623	37,076	(7,546)
Intangible fixed assets	11,217	11,608	391	Reserve for employees' retirement benefits	10,990	11,538	547
Investments in securities	56,187	62,357	6,169	Deferred tax liabilities	2,969	3,566	596
Deferred tax assets	3,976	3,039	(937)	Other long-term liabilities	5,676	5,413	(263)
Other investments	3,638	3,549	(88)	<b>Total Liabilities</b>	<b>207,386</b>	<b>202,972</b>	<b>(4,414)</b>
Allowance for doubtful accounts	(165)	(168)	(2)	<b>Net Assets</b>			
				<b>Shareholders' Equity</b>	<b>125,291</b>	<b>138,555</b>	<b>13,264</b>
				Common stock	36,437	36,437	
				Additional paid-in capital	26,362	26,362	
				Retained earnings	68,180	81,450	13,270
				Treasury stock, at cost	(5,688)	(5,694)	(5)
				<b>Adjustments for Valuation Foreign Currency Translation and Others</b>	<b>8,302</b>	<b>13,989</b>	<b>5,686</b>
				Unrealized gains on available-for-sale securities	8,990	12,841	3,850
				Net deferred hedge income	89	(364)	(453)
				Foreign currency translation adjustments	(777)	1,511	2,289
				<b>Minority Interests</b>	<b>8,807</b>	<b>8,923</b>	<b>116</b>
				<b>Total Net Assets</b>	<b>142,400</b>	<b>161,468</b>	<b>19,067</b>
<b>Total Assets</b>	<b>349,787</b>	<b>364,440</b>	<b>14,653</b>	<b>Total Liabilities and Net Assets</b>	<b>349,787</b>	<b>364,440</b>	<b>14,653</b>
				Interests-bearing debt	107,138	114,982	7,843
				Cash and time deposits	6,163	5,489	(673)
				Actual balance	100,975	109,493	8,516
				Equity ratio	38.2%	41.9%	3.7%
				ROA	8.1%	9.6%	1.4%

# Consolidated Statements of Cash Flows

Million yen

	FY2012 1st Three Quarters Results	FY2013 1st Three Quarters Results	Change
<b>I. Cash Flows from Operating Activities</b>			
Income before income taxes and minority interest	15,206	25,469	10,263
Adjustments (non-cash)			
Depreciation	12,736	12,162	(573)
Equity in (earnings) losses of affiliates	(1,730)	(1,508)	222
Change of business, impairment loss	58	48	(9)
(Gain) loss due to sale or disposal of securities, property, plant and equipment	162	118	(44)
Loss on valuation of investment securities	2,552	0	(2,552)
Increase in allowance for doubtful accounts	(707)	(900)	(192)
Interest income and expenses and dividends	1,523	3,191	1,667
Income taxes paid	(3,535)	(9,178)	(5,642)
Other, net	729	(465)	(1,195)
<b>Total for profit/loss items</b>	<b>26,994</b>	<b>28,937</b>	<b>1,942</b>
Increase/decrease in assets/liabilities			
Increase/decrease in trade receivable/payable	(955)	(6,337)	(5,382)
Increase/decrease in inventories	(427)	(8,488)	(8,060)
Other, net	1,194	(5,624)	(6,818)
<b>Total for balance sheet items</b>	<b>(188)</b>	<b>(20,450)</b>	<b>(20,261)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>26,806</b>	<b>8,487</b>	<b>(18,318)</b>

	FY 2012 1st Three Quarters Results	FY2013 1st Three Quarters Results	Change
<b>II. Cash Flows from Investing Activities</b>			
Acquisition of property, plant and equipment	(12,169)	(11,195)	973
Sale and acquisition of securities	(1,073)	(1,970)	(897)
Change in loans	14	(202)	(216)
Proceeds from disposal and sale of property, plant and equipment	622	55	(567)
Other, net	(85)	542	628
<b>Net cash used in investing activities</b>	<b>(12,690)</b>	<b>(12,770)</b>	<b>(80)</b>
<b>III. Cash Flows from Financing Activities</b>			
Change in borrowings and corporate bonds	(9,799)	7,230	17,030
Purchases of treasury stock and issuance of common stock	0	(5)	(5)
Cash dividends paid	(3,165)	(3,753)	(587)
Other, net	(278)	(252)	25
<b>Net cash used in financing activities</b>	<b>(13,244)</b>	<b>3,218</b>	<b>16,462</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	53	288	235
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>924</b>	<b>(776)</b>	<b>(1,701)</b>
Cash and Cash Equivalents of Newly Consolidated Subsidiar	446	102	(344)
Cash and Cash Equivalents at Beginning of Term	4,788	6,129	1,341
Cash and Cash Equivalents at End of Term	6,159	5,455	(704)

(For reference)

Free cash flow 15,096 (2,707) (17,345)

Balance of interest-bearing debt 108,372 114,982 6,609