

# Fiscal 2016 Third Quarter Supplementary Information

**February 6, 2017**

**DOWA HOLDINGS CO.,LTD.**

# Overview of Operating Results

## ■ Consolidated Income Statements

Billion yen

	FY2015 Results		FY2016 Forecasts		Change			
	3Q	Full Year	3Q	Full Year	3Q		Full Year	
Net Sales	310.6	406.5	287.6	385.0	(22.9)	-7%	(21.5)	-5%
Operating Income	28.1	35.0	20.6	29.0	(7.4)	-26%	(6.0)	-17%
Ordinary Income	28.2	35.0	22.7	29.0	(5.4)	-19%	(6.0)	-17%
Profit attributable to owners of parent	16.9	21.8	16.2	20.0	(0.6)	-4%	(1.8)	-8%

## ■ Metal prices and foreign exchange rates

	FY2015		FY2016			
	1Q-3Q average	Full Year average	1Q-3Q average	3Q average	Assumption for 4Q	Full Year average
Exchange Rate: (¥/\$)	121.7	120.1	106.6	109.3	105.0	106.2
Copper: (\$/t)	5,397	5,215	4,928	5,281	4,600	4,846
Zinc: (\$/t)	1,883	1,831	2,229	2,518	2,300	2,247
Indium: (\$/kg)	324	302	213	195	200	210

# Business Environment (3Q)

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## ➤ **Waste-related business**

Japan: Industrial waste emissions remained flat.

Southeast Asia: Total waste emission was on the rise, though the emission of waste related to oil and natural gas development was sluggish.

## ➤ **Automobile-related business**

Japan: The automobile production kept the amount.

Overseas: Total production volume increased, especially in China and Southeast Asia.

## ➤ **Electronic component- and Semiconductor-related business**

New forms of energy: The demand remained increasing, particularly in the North American and Asian markets.

Smartphones: The market growth slowed globally.

## ➤ **Metal prices and Exchange rates**

Metal prices: The copper and zinc price increased, indium price dropped compared to the last quarter average.

Exchange rates: The yen's appreciation is on the rise initially, then the weak yen progresses after US presidential election.

# Trends in Major Products

Indexes (100 for Q1 of FY2015)

		FY2015				FY2016		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Environmental Management &amp; Recycling</b>	Intermediate waste treatment volume in Japan	100	92	96	97	91	94	100
	Recycling materials collection volume (Kosaka)	100	94	101	96	101	110	112
	Waste treatment amount in South East Asia	100	111	92	98	97	100	95
<b>Nonferrous Metals</b>	Copper production (Kosaka, Onahama)	100	95	84	104	86	73	71
	Zinc production (Akita)	100	74	104	102	102	73	93
<b>Electronic Materials</b>	LED sales volume	100	108	77	58	57	50	47
	Silver powder sales volume	100	102	114	97	127	128	123
<b>Metal Processing</b>	Copper alloy strip sales volume	100	98	103	99	101	106	108
<b>Heat Treatment</b>	Heattreatment sales amount	100	100	104	100	100	104	119
	Industrial furnace sales amount	100	81	80	82	65	76	72

# Year-on-Year Comparison (3Q)

Billion yen

	FY2015 3Q results			FY2016 3Q results			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	73.2	4.4	3.9	<b>68.8</b>	<b>4.5</b>	<b>4.6</b>	(4.4)	0.1	0.6
Nonferrous Metals	166.2	11.3	12.1	<b>146.8</b>	<b>4.6</b>	<b>6.3</b>	(19.4)	(6.7)	(5.7)
Electronic Materials	37.1	6.8	7.1	<b>44.1</b>	<b>4.3</b>	<b>4.7</b>	7.0	(2.5)	(2.4)
Metal Processing	59.4	3.9	4.0	<b>54.0</b>	<b>4.9</b>	<b>5.0</b>	(5.4)	1.0	1.0
Heat Treatment	18.1	0.8	0.7	<b>17.8</b>	<b>1.3</b>	<b>1.2</b>	(0.3)	0.4	0.4
Other/ Elimination	(43.7)	0.6	0.1	<b>(43.9)</b>	<b>0.8</b>	<b>0.6</b>	(0.2)	0.1	0.5
Total	310.6	28.1	28.2	<b>287.6</b>	<b>20.6</b>	<b>22.7</b>	(22.9)	(7.4)	(5.4)

# Factor Analysis of Ordinary Income

Billion yen

FY2016 3Q – FY2015 3Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various measures, increase/decrease in sales, etc.	(0.1)	(1.0)	(2.6)	1.0	0.4	0.2	(2.2)
Of the above, free metal income difference (volume difference)	–	0.0	–	–	–	–	0.0
Free metal income difference (price difference)	–	(1.6)	–	–	–	–	(1.6)
Conditions of raw material (changes in exchange rate and base conditions)	–	(3.7)	–	–	–	–	(3.7)
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	–	(1.1)	–	–	–	–	(1.1)
Electricity charges, etc.	–	1.1	–	–	–	–	1.1
Depreciation in manufacturing cost	0.3	(0.4)	0.1	0.1	0.1	0.0	0.1
Increase/decrease in operating income	0.1	(6.7)	(2.5)	1.0	0.4	0.1	(7.4)
Effect of non-operating income/expenses							
- Equity method income or loss	0.0	0.6	0.0	(0.0)	–	0.5	1.1
- Other	0.5	0.4	0.1	(0.0)	0.0	(0.2)	0.7
Increase/decrease in ordinary income	0.6	(5.7)	(2.4)	1.0	0.4	0.5	(5.4)

# Forecasts for Fiscal 2016

Billion yen

	FY2015 results	FY2016 forecasts	Change
Net Sales	406.5	385.0	(21.5)
Operating Income	35.0	29.0	(6.0)
Ordinary Income	35.0	29.0	(6.0)
Profit attributable to owners of parent	21.8	20.0	(1.8)

- ✓ FY2016 forecasts announced on May 10, 2016 remain unchanged.

# FY2016 Assumptions and Sensitivities (4Q)

Sensitivity (Operating Income / 4Q)			Million yen
	Assumption	Fluctuation	Sensitivity
¥/\$	105.0 ¥/\$	±¥1/\$	<b>110</b>
Copper	4,600 \$/t	±100 \$/t	<b>10</b>
Zinc	2,300 \$/t	±100 \$/t	<b>100</b>
Indium	200 \$/kg	±100 \$/kg	<b>150</b>

\* Exchange rate sensitivity; Nonferrous Metals 90 million yen and Electronic Materials 20 million yen.

## ■ Exchange rate and metal prices

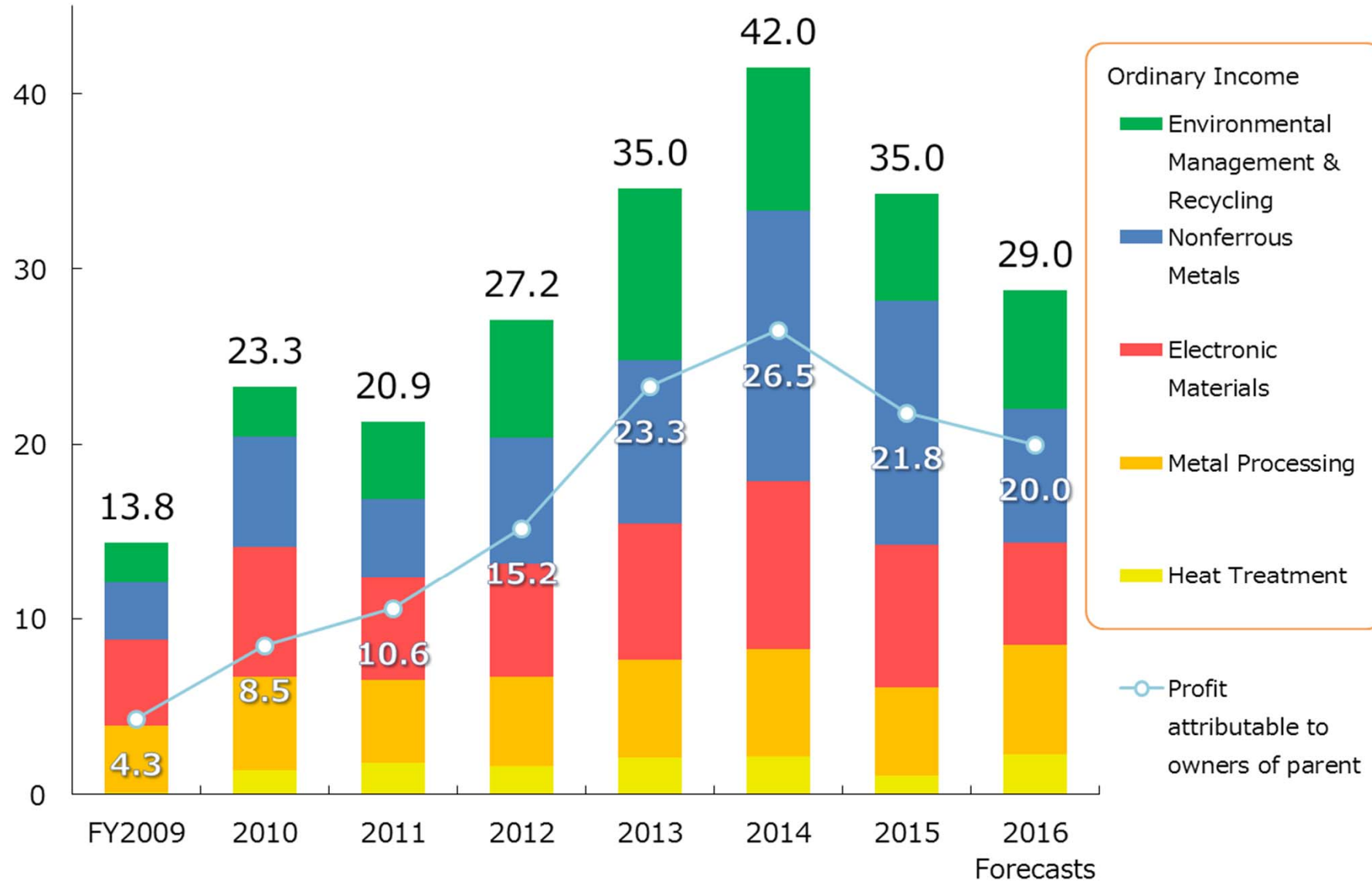
	FY2015		FY2016			(ref.)
	1Q - 3Q average	Full Year	1Q - 3Q average	Assumption for 4Q	Assumption for Full year	January average
Exchange Rate: (¥/\$)	121.7	120.1	106.6	105.0	106.2	114.8
Copper: (\$/t)	5,397	5,215	4,928	4,600	4,846	5,737
Zinc: (\$/t)	1,883	1,831	2,229	2,300	2,247	2,713
Indium: (\$/kg)	324	302	213	200	210	190

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.



# Ordinary Income and Net Income

(Billion yen)



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# DOWA

\* Forward-looking statements made in this document, such as business forecasts, 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.