

**Fiscal 2016 First Quarter
Supplementary Information**

August 5, 2016

DOWA HOLDINGS CO.,LTD.

Overview of Operating Results

Billion yen

	FY2015 Results		FY2016		Change			
	1Q	Full Year	1Q Results	Full Year Forecasts	1Q		Full Year	
Net Sales	107.8	406.5	93.7	385.0	(14.0)	-13%	(21.5)	-5%
Operating Income	11.5	35.0	7.6	29.0	(3.9)	-34%	(6.0)	-17%
Ordinary Income	12.0	35.0	6.8	29.0	(5.1)	-43%	(6.0)	-17%
Profit attributable to owners of parent	6.2	21.8	4.9	20.0	(1.2)	-20%	(1.8)	-8%

* Full-year forecasts announced on May 10,2016 remains unchanged.

Exchange Rate and Metal Prices

	FY2015		FY2016		
	1Q average	Full Year average	1Q average	Assumption after 2Q	Assumption for full year
Exchange Rate: (¥/\$)	121.4	120.1	108.1	105.0	105.8
Copper: (\$/t)	6,054	5,215	4,730	4,800	4,783
Zinc: (\$/t)	2,195	1,831	1,915	2,200	2,129
Indium: (\$/kg)	445	302	237	250	247

Business Environment (1Q)

➤ **Environmental Management-related market**

Domestic market: The collection remained firm. There was a decrease in some of the unit prices for waste treatment.

Southeast Asia: Orders for waste treatment related to oil and natural gas development decreased.

➤ **Recycling-related market**

In a competitive collection environment, efforts to e-scrap collection.

➤ **Automotive-related market**

The car production remained firm comparatively in domestic and overseas.

➤ **Electronic Materials and Semiconductor-related market**

Products for new forms of energy: Sales grew in response to strong demand.

Products for smartphones: Continued low demand for some products.

Trends in Major Products

Indexes (100 for Q1 of FY2015)

		FY2015				FY2016
		1Q	2Q	3Q	4Q	1Q
Environmental Management & Recycling	Intermediate waste processing volume in Japan	100	92	96	97	91
	Recycling materials collection volume (Kosaka)	100	94	101	96	101
	Waste processing amount in South East Asia	100	111	92	98	97
Nonferrous Metals	Copper production (Kosaka, Onahama)	100	95	84	104	86
	Zinc production (Akita)	100	74	104	102	102
Electronic Materials	LED sales volume	100	108	77	58	57
	Silver powder sales volume	100	102	114	97	127
Metal Processing	Copper alloy strip sales volume	100	98	103	99	101
Heat Treatment	Heat treatment sales amount	100	100	104	100	100
	Industrial furnace sales amount	100	81	80	82	65

Consolidated Results by Segment

Billion Yen

	FY2015 1Q Results			FY2016 1Q Results			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	25.4	1.8	1.8	21.8	1.0	0.8	(3.5)	(0.8)	(1.0)
Nonferrous Metals	58.1	5.2	5.7	49.7	2.9	2.9	(8.4)	(2.3)	(2.8)
Electronic Materials	13.1	2.3	2.5	13.1	1.4	1.2	(0.0)	(0.9)	(1.2)
Metal Processing	20.5	1.5	1.6	17.5	1.5	1.5	(3.0)	(0.0)	(0.0)
Heat Treatment	6.5	0.3	0.3	5.5	0.4	0.3	(0.9)	0.0	(0.0)
Other/ Elimination	(16.0)	0.1	(0.1)	(14.0)	0.2	(0.1)	2.0	0.0	0.0
Total	107.8	11.5	12.0	93.7	7.6	6.8	(14.0)	(3.9)	(5.1)

Factor Analysis of Ordinary Income

Billion yen

FY2016 1Q – FY2015 1Q	Environmental Management & Recycling	Nonferrous Metals	Electronic Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various measures, increase/decrease in sales, etc.	(0.9)	(1.1)	(1.0)	(0.0)	0.1	0.0	(2.8)
Of the above, free metal income difference (volume difference)	–	(0.7)	–	–	–	–	(0.7)
Free metal income difference (price difference)	–	(1.4)	–	–	–	–	(1.4)
Conditions of raw material (changes in exchange rate and 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.	–	0.4	–	–	–	–	0.4
Depreciation in manufacturing cost	0.1	(0.0)	0.0	0.0	0.0	0.0	0.1
Increase/decrease in operating income	(0.8)	(2.3)	(0.9)	(0.0)	0.0	0.0	(3.9)
Effect of non-operating income/expenses							
- Equity method income or loss	0.0	(0.5)	(0.0)	(0.0)	0.0	0.1	(0.3)
- Other	(0.3)	(0.0)	(0.3)	(0.0)	(0.1)	(0.1)	(0.8)
Increase/decrease in ordinary income	(1.0)	(2.8)	(1.2)	(0.0)	(0.0)	0.0	(5.1)

Forecasts for Fiscal 2016

Billion yen

	FY2015 Results			FY2016 Forecasts			Change		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	98.3	6.3	6.1	97.0	6.8	6.8	(1.3)	0.4	0.6
Nonferrous Metals	214.9	13.3	13.9	193.0	7.2	7.6	(21.9)	(6.1)	(6.3)
Electronic Materials	48.3	8.0	8.2	44.0	5.8	5.9	(4.3)	(2.2)	(2.3)
Metal Processing	77.4	4.9	5.0	73.0	6.1	6.2	(4.4)	1.1	1.1
Heat Treatment	24.1	1.3	1.1	27.5	2.4	2.3	3.3	1.0	1.1
Other/ Elimination	(56.5)	1.1	0.4	(49.5)	0.7	0.2	7.0	(0.4)	(0.2)
Total	406.5	35.0	35.0	385.0	29.0	29.0	(21.5)	(6.0)	(6.0)

* Full-year forecasts announced on May 10, 2016 remains unchanged.

Fiscal 2016 Assumptions and Sensitivities

Exchange rate and metal prices

	FY2016				(Ref.) April 2016
	1Q	Assumption after 2Q		Full Year	
		Previous	Revised		
Exchange rate: (¥/\$)	108.1	115.0	<u>105.0</u>	105.8	104.0
Copper: (\$/t)	4,730	4,800	4,800	4,783	4,856
Zinc: (\$/t)	1,915	1,800	<u>2,200</u>	2,129	2,185
Indium: (\$/kg)	237	250	250	247	221

* The underlined part has been changed from the assumptions of forecast announced on May 10, 2016.

Sensitivity (Operating Income/Year)

Million yen

	Assumptions	Fluctuation	Sensitivity
¥/\$	105.0 ¥/\$	±1 ¥/\$	380
Copper	4,800 \$/t	±100 \$/t	50
Zinc	2,200 \$/t	±100 \$/t	500
Indium	250 \$/kg	±100 \$/kg	600

* Breakdown of exchange rate sensitivity; Nonferrous Metals 300 million yen and Electronic Materials 80 million yen.

* 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.

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* 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.