

Fiscal 2019 Third Quarter Supplementary Information

February 12, 2020

DOWA HOLDINGS CO.,LTD.

Operating Results

■ Consolidated Income Statements

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

	FY2018		FY2019		Changes			
	3Q Results	Full Year Results	3Q Results	Full Year Forecasts	3Q		Full Year	
Net Sales	336.3	452.9	352.7	480.0	16.3	5%	27.0	6%
Operating Income	12.7	18.6	17.6	24.5	4.8	38%	5.8	31%
Ordinary Income	16.9	24.3	20.4	30.0	3.4	21%	5.6	23%
Profit attributable to owners of parent	10.6	14.9	13.4	20.0	2.7	26%	5.0	33%

*Full Year forecasts for FY2019 remain unchanged from those announced on November 6, 2019.

■ Exchange Rate and Metal Prices

	FY2018			FY2019			
	H1 averages	3Q averages	1Q to 3Q averages	H1 averages	3Q averages	1Q to 3Q averages	Assumptions for 4Q
Exchange Rate: (¥/\$)	110.3	112.9	111.1	108.6	108.8	108.7	108.0
Copper: (\$/t)	6,487	6,168	6,381	5,956	5,888	5,933	5,700
Zinc: (\$/t)	2,824	2,630	2,759	2,554	2,384	2,497	2,500
Indium: (\$/kg)	286	233	269	164	150	159	150

Business Environment (FY2019 3Q)

➤ Waste treatment- and Recycling-related business

Waste treatment in Japan increased in both incineration treatment volume and melting and recycling volume.

In Southeast Asia, Net sales of waste treatment decreased in Indonesia and Thailand. The household appliances recycling volume increased.

➤ Automobile-related market

Sluggish demand due to the decrease in the global automobile production volume.

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

New energy-related products: Continued recovery in demand from China.

Electronic component-related products: Demand for smartphones partially showed signs of recovery.

➤ Metal prices and Exchange rates

Against a backdrop of growing global uncertainty, prices of precious metals increased while those of base metals continued declining.

In the foreign exchange market, the yen remained moderately weak around the end of the last year.

Trends in Major Products

Indexes (100 for Q1 of FY2018)

		FY2018				FY2019		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Environmental Management & Recycling	Waste treatment volume in Japan	100	83	91	85	100	89	94
	Recycling materials collection volume (for Kosaka smelting & refining)	100	98	88	82	80	84	85
	Net sales of waste treatment in the South East Asia Business	100	101	96	98	96	93	94
Nonferrous Metals	Copper production volume (Total of Kosaka and Onahama)	100	80	79	95	91	85	82
	Zinc production volume	100	73	101	95	102	70	95
Electronics Materials	LED sales volume	100	80	66	48	51	63	54
	Silver powder sales volume	100	91	100	88	103	119	127
Metal Processing	Copper alloy strips sales volume	100	100	107	100	93	95	96
Heat Treatment	Net sales in the Heat Treatment Processing Business	100	100	104	94	93	95	97
	Net sales in the Industrial Furnaces Business	100	156	176	207	134	156	137

Year-on-Year Comparison by Segment

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

	FY2018 3Q Results			FY2019 3Q Results			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	76.5	4.4	4.9	81.7	5.0	5.0	5.2	0.6	0.1
Nonferrous Metals	164.1	(1.4)	1.5	164.6	6.0	8.2	0.5	7.5	6.7
Electronics Materials	50.3	1.9	2.6	70.7	0.9	1.8	20.4	(0.9)	(0.7)
Metal Processing	69.3	5.0	5.1	61.8	3.6	3.7	(7.5)	(1.3)	(1.4)
Heat Treatment	21.6	1.9	2.1	20.9	0.9	0.9	(0.6)	(1.0)	(1.1)
Other/ Elimination	(45.7)	0.8	0.5	(47.2)	0.8	0.5	(1.5)	(0.0)	0.0
Total	336.3	12.7	16.9	352.7	17.6	20.4	16.3	4.8	3.4

Factor Analysis of Ordinary Income

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

FY2019 3Q – FY2018 3Q	Environmental Management & Recycling	Nonferrous Metals	Electronics Materials	Metal Processing	Heat Treatment	Other	Total
Effect of various initiatives, increase/decrease in sales, etc.	0.7	4.1	(0.7)	(1.2)	(0.8)	0.0	2.0
Of the above, free metal income difference (difference in volume)	—	2.2	—	—	—	—	2.2
Free metal income difference (difference in metal prices)	—	0.8	—	—	—	—	0.8
Difference in foreign currency-based income due to exchange rate	—	(0.2)	(0.1)	—	—	—	(0.3)
Purchasing conditions of raw material (difference in base conditions)	—	0.9	—	—	—	—	0.9
Difference between the market value and book value at sale, and between market value and valuation prices at end of period	—	1.8	—	—	—	—	1.8
Electricity charges, etc.	—	(0.1)	—	—	—	—	(0.1)
Depreciation in manufacturing cost	(0.0)	0.1	(0.1)	(0.2)	(0.2)	(0.0)	(0.4)
Increase/decrease in operating income	0.6	7.5	(0.9)	(1.3)	(1.0)	(0.0)	4.8
Effect of non-operating income/expenses							
- Equity method income or loss	(0.4)	(0.8)	0.0	(0.0)	0.0	(0.0)	(1.1)
- Other	(0.2)	(0.0)	0.1	(0.0)	(0.1)	0.1	(0.1)
Increase/decrease in ordinary income	0.1	6.7	(0.7)	(1.4)	(1.1)	0.0	3.4

Forecasts

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

	FY2018 Results			FY2019 Forecasts on Nov. 6			Changes		
	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income	Net Sales	Operating Income	Ordinary Income
Environmental Management & Recycling	104.4	5.6	6.2	112.3	6.0	6.2	7.8	0.3	(0.0)
Nonferrous Metals	221.6	0.5	4.6	218.9	8.6	12.4	(2.7)	8.0	7.7
Electronics Materials	64.9	2.1	3.1	90.8	1.0	2.3	25.8	(1.1)	(0.8)
Metal Processing	92.0	6.2	6.4	87.2	5.1	5.3	(4.8)	(1.1)	(1.1)
Heat Treatment	29.7	2.4	2.5	29.8	2.5	2.5	0.0	0.0	(0.0)
Other/ Elimination	(59.9)	1.4	1.2	(59.0)	1.3	1.3	0.9	(0.1)	0.0
Total	452.9	18.6	24.3	480.0	24.5	30.0	27.0	5.8	5.6

*Full Year forecasts for FY2019 remain unchanged from those announced on November 6, 2019.

Assumptions and Sensitivities (FY2019 4Q)

Sensitivity (Operating Income / 4Q)			Million yen
	Assumptions	Fluctuation	Sensitivity
Exchange rate	108.0 ¥/\$	±1 ¥/\$	120
Copper	5,700 \$/t	±100 \$/t	20
Zinc	2,500 \$/t	±100 \$/t	110
Indium	150 \$/kg	±10 \$/kg	20

* Exchange rate sensitivity; Nonferrous Metals 100 million yen and Electronics Materials 20 million yen.

Exchange Rate and Metal Prices

	FY2018			FY2019			(Ref.)
	1Q to 3Q averages	4Q averages	Full year averages	1Q to 3Q averages	Assumptions for 4Q	Full year averages	Jan. 2020 averages
Exchange rate: (¥/\$)	111.1	111.6	110.9	108.7	108.0	108.5	109.4
Copper: (\$/t)	6,381	6,194	6,341	5,933	5,700	5,875	6,049
Zinc: (\$/t)	2,759	2,667	2,746	2,497	2,500	2,498	2,357
Indium: (\$/kg)	269	222	254	159	150	157	147

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.)

		FY2017					FY2018					FY2019				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Total	Net Sales	110.1	109.1	119.3	116.1	454.7	115.1	106.6	114.5	116.5	452.9	116.2	114.5	121.9	-	-
	Operating Income	8.2	6.4	8.6	7.6	30.9	6.9	2.4	3.4	5.9	18.6	6.8	4.1	6.5	-	-
	Ordinary Income	9.0	8.1	10.4	8.6	36.3	8.5	4.2	4.0	7.3	24.3	7.6	4.7	7.9	-	-
	Profit attributable to owners of parent	6.1	5.5	7.4	5.4	24.6	6.0	2.8	1.7	4.2	14.9	4.8	3.0	5.5	-	-
Environmental Management & Recycling	Net Sales	24.3	23.9	25.1	25.8	99.3	26.3	24.8	25.2	27.8	104.4	25.8	27.6	28.2	-	-
	Operating Income	1.6	0.9	1.3	1.0	4.9	1.7	1.0	1.6	1.2	5.6	1.8	1.5	1.6	-	-
	Ordinary Income	1.7	1.2	1.6	1.1	5.7	1.9	1.3	1.6	1.3	6.2	1.5	1.5	1.8	-	-
Nonferrous Metals	Net Sales	50.1	52.2	58.2	57.2	217.9	58.7	50.6	54.8	57.5	221.6	58.1	49.7	56.8	-	-
	Operating Income	2.9	1.4	2.8	2.0	9.2	1.6	(1.4)	(1.6)	2.0	0.5	2.7	0.6	2.6	-	-
	Ordinary Income	3.8	2.6	3.5	2.9	13.0	2.8	(0.1)	(1.1)	3.1	4.6	3.5	1.1	3.5	-	-
Electronics Materials	Net Sales	23.2	17.7	20.6	16.0	77.7	17.7	15.5	17.0	14.6	64.9	19.3	24.4	26.9	-	-
	Operating Income	1.4	1.5	1.4	1.0	5.6	1.1	0.4	0.3	0.2	2.1	0.2	0.3	0.2	-	-
	Ordinary Income	1.5	1.7	1.6	1.1	6.1	1.3	0.7	0.4	0.4	3.1	0.5	0.6	0.6	-	-
Metal Processing	Net Sales	21.0	21.1	24.5	23.8	90.6	23.0	22.9	23.3	22.6	92.0	21.1	20.3	20.3	-	-
	Operating Income	1.5	1.6	2.0	2.0	7.2	1.6	1.4	1.9	1.2	6.2	1.5	0.9	1.2	-	-
	Ordinary Income	1.6	1.7	2.0	2.0	7.5	1.7	1.4	1.9	1.2	6.4	1.5	0.9	1.2	-	-
Heat Treatment	Net Sales	5.9	7.0	6.9	8.3	28.2	6.3	7.2	7.9	8.0	29.7	6.7	7.2	6.9	-	-
	Operating Income	0.3	0.7	0.6	0.9	2.6	0.4	0.7	0.7	0.4	2.4	0.2	0.3	0.3	-	-
	Ordinary Income	0.2	0.7	0.6	0.8	2.5	0.5	0.7	0.8	0.4	2.5	0.2	0.3	0.3	-	-
Other/ Elimination	Net Sales	(14.5)	(13.0)	(16.2)	(15.3)	(59.1)	(17.1)	(14.5)	(13.9)	(14.2)	(59.9)	(15.0)	(14.8)	(17.4)	-	-
	Operating Income	0.3	0.1	0.3	0.5	1.2	0.2	0.1	0.3	0.6	1.4	0.2	0.2	0.3	-	-
	Ordinary Income	0.0	0.0	0.8	0.5	1.3	0.1	0.0	0.3	0.7	1.2	0.1	0.1	0.3	-	-

■ Exchange rate and Metal prices

	FY2017 (average)					FY2018 (average)					FY2019 (average)				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Exchange Rate: (¥/\$)	111.1	111.0	113.0	108.3	110.9	109.1	111.5	112.9	110.2	110.9	109.9	107.4	108.8	-	-
Copper: (\$/t)	5,663	6,347	6,808	6,959	6,444	6,872	6,103	6,168	6,220	6,341	6,114	5,798	5,888	-	-
Zinc: (\$/t)	2,598	2,962	3,234	3,422	3,054	3,114	2,534	2,630	2,704	2,746	2,763	2,345	2,384	-	-
Indium: (\$/kg)	186	182	239	298	226	307	266	233	210	254	173	155	150	-	-

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.