

Medium-term Business Plan

(Revised)

Fiscal 2016 to Fiscal 2019

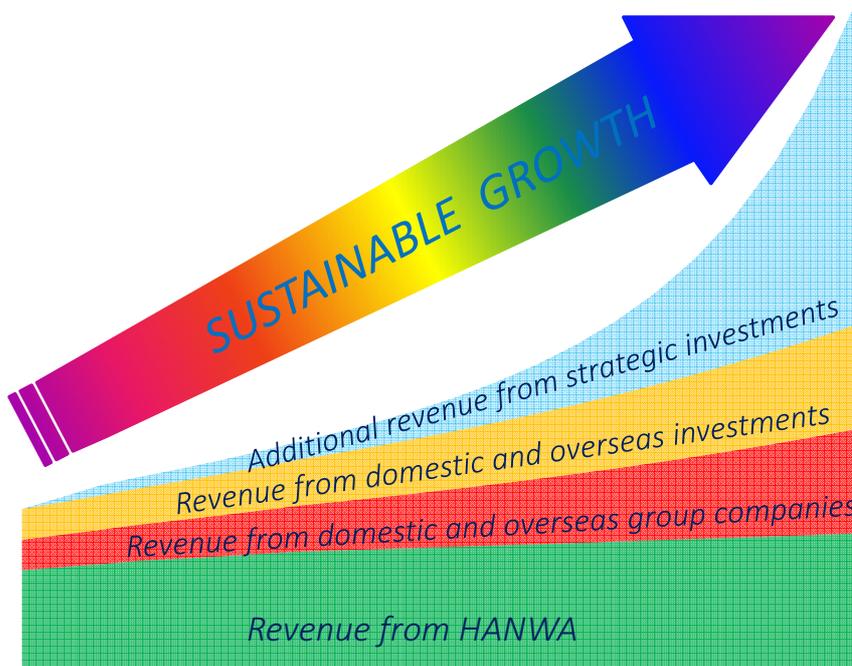
May 22, 2017



Hanwa Co., Ltd.

Basic Strategy Unchanged

The “Three S” Commitment – Steady, Speedy, Strategic
Build a medium to long-term sustainable profit structure and a stronger foundation



STRATEGIC

Establish future sources of additional earnings by continuing strategic investments

SPEEDY

Speed up to produce benefits from investments in group companies and strategic investments in Japan and overseas

STEADY

Maintain and increase earnings in well-established business

Achieved Objective Incomes in the Planned 1st Year

	End of the 7 th Plan FY2015	8 th Plan FY2018 Target	8 th Plan FY2016
Net sales (¥bn)	1,511.8	2,000.0	1,514.0
Ordinary income (¥bn)	15.4	20.0	 22.9
Ordinary income ratio (%)	1.0	1.0	1.5
New customers (progression rate)	2,075	2,000	697 (105%)
Investment(¥bn net)	22.0	30.0	8.0
Net DER (times)	136%	Less than 150%	135%
Transaction volume of steel products (million tons)	974	/	1,018
ROA (%)	4.1		2.5
ROE (%)	17.2		10.1
ROIC (%) (based on EBIT)	4.5		6.2
EPS (¥)	122.9		80.2

Sales slightly increased
Due to low price level of commodities

Ordinary income greatly increased
Better sales at steel and food products
Non-operating expenses decreased

Active business development
Satisfactory progress

Steady progress of M&A+A
the SOKOKA strategy

Investments in unique resources
Asset replacements

Keep financial soundness

Recovered 10M tons of steel products sales

Normalized income level
No serious impacts from extraordinary gain
(Included profit from sales of distribution center in FY2015)

( :Achieved)

Investment Records in FY2016

Total investments ¥11.2bn – Asset sales ¥3.2bn = Net investments ¥8.0bn

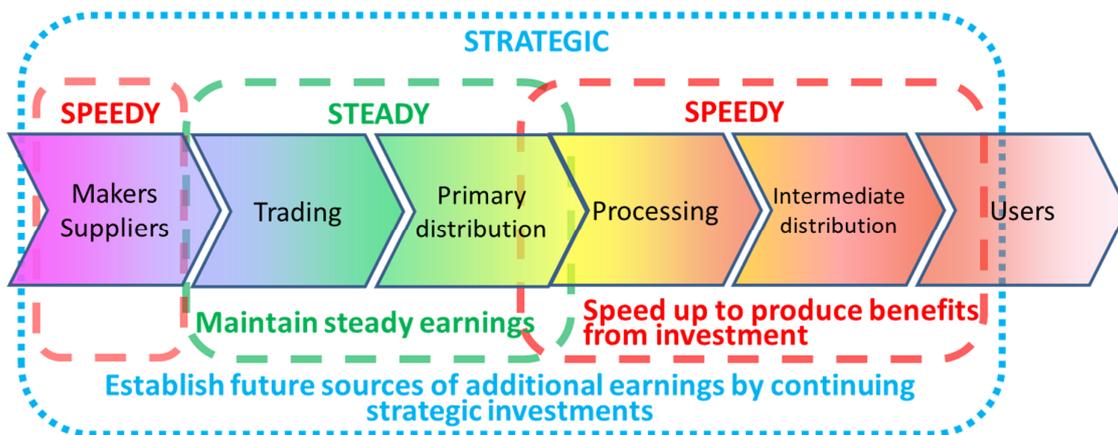
Segment	Japan	Asia	Other area
Steel	<p><Acquisitions></p> <ul style="list-style-type: none"> ▪ MATSUYAMA SHIZAI ▪ HIYOSHI KOZAI HANBAI ▪ IZUMO TEC <p><Capital investment></p> <ul style="list-style-type: none"> ▪ STAINLESS PIPE KOGYO <p><Capacity investment></p> <ul style="list-style-type: none"> ▪ Construction of KITA-KANTO STEEL CENTER (Tentative name) ▪ Facilities expansion of subsidiaries 	<p><Capacity investment></p> <ul style="list-style-type: none"> ▪ HANWA STEEL SERVICE INDONESIA 	
Metals & Alloys Non-ferrous Metal	<p><Capacity investment></p> <ul style="list-style-type: none"> ▪ SEIKI /Metal crushing machine 	<p><Investment & Loan></p> <ul style="list-style-type: none"> ▪ NPI/Stainless project of Tsingshan Holding Group (Indonesia) 	<p><Additional investment></p> <ul style="list-style-type: none"> ▪ SAMANCOR CHROME (South Africa) ▪ AFARAK (Finland) ▪ MM METAL RECYCLING (Netherlands)

Details of Three Ss Starategy

(¥ban)

	Results	Forecasts		
	FY2016	FY2017	FY2018	FY2019
STEADY (Revenue from established business) + Ordinary income from HANWA △ Dividend income from subsidiaries and resource investments	19.1	18.0	19.0	20.0
SPEEDY (Revenue from group companies) + Ordinary income from consolidated subsidiaries + Dividends from non-consolidated subsidiaries + Equity in earnings of affiliates(excluding Resource investees) △ Goodwill amortization	3.1	4.5	5.0	6.0
STEADY+SPEEDY =Group Business Revenue	22.2	22.5	24.0	26.0
STRATEGIC (revenue from strategic investments) + Equity in earnings of affiliates from resource investees + Dividends from strategic investments	0.7	1.5	8.0	9.0
Total	22.9	24.0	32.0	35.0
New Customers (for 4 Years)	2,700 companies (FY2016 : 697)			
Total investment planned amount(for 4 Years)	50.0 (FY2016 : 11.2)			

Growth Strategy: Three Ss



- **Steady:** Maintain and increase earnings in well-established business
 - Use HKQC (quality assurance using the Hanwa Group’s collective knowledge) to eliminate the risk of losses in all business processes.
 - Increase cash flow generation by improving the efficiency of purchases, inventories, sales and the receipt of payments
- **Speedy:** Speed up to produce benefits from investments
 - Make group companies in Japan and overseas more profitable
 - Moving up to secure returns from current business investments that are performing well or have excellent prospects
- **Strategic:** Continuing strategic investments
 - Execute diversified mergers and acquisitions and flexible alliance investments in high-quality small and midsize companies.
 - Create opportunities for strategic investments in the food products, petroleum and chemicals, lumber and other business sectors.
 - Make strategic investments in natural resource sectors with distinctive characteristics.
 - Make carefully targeted strategic investments in China, Southeast Asia and North America.

- Strategic Investments for Future Growth: 50 Billion Yen in Four Years
 - SPEEDY
 - Execute diversified mergers and acquisitions and flexible alliance investments in high-quality small to midsize companies.
 - Create opportunities for strategic investments in the food products, petroleum and chemicals, lumber and other business sectors.
 - Make carefully targeted strategic investments in the growing markets of China, Southeast Asia and the large markets of North America.
 - STRATEGIC
 - Make strategic investments in natural resource sectors with distinctive characteristics.
- Net Assets: 200 Billion Yen in FY2019
 - Establish a more stable financial position in FY2019.
- Net DER: Less than 150% in Four Years
 - Accumulate funds required for sustainable growth along with financial soundness.
- Dividend Policy
 - Aim to increase dividends as improving our basic revenue level as well as returns from our strategic investments.

- Implement the SOKOKA (quick delivery, small lot, processing) Strategy
 - Acquired whole ownership of a steel distributor, Kamei Co., Ltd.
 - Acquired majority of a steel distributor, Sanyo Kouzai Co., Ltd.
 - Acquired the shares of a coil center, Ohmi Sangyo Co., Ltd.
- Characteristic Resource Investment
 - Established Japan South Africa Chrome Co., Ltd., with JOGMEC and the JV subscribed additionally to Samancor Chrome(South Africa).
 - Partial capital participation in Bacanora Minerals Ltd., lithium carbonate producer.

For Users, With Users



HANWA CO., LTD.

The Company positions the medium-term business plan as a milestone for putting employees' aims in operating activities and aims to clearly show the direction and goal toward which the Company should strive and the strategies and tactics therefor.

The goals and other information about the future concerning the current medium-term business plan in this document are the judgments of Hanwa based on information that is currently available. As a result, there are risk factors and uncertainties associated with these goals and other information. Actual performance may differ significantly from the outlook in this document due to changes in the economy or markets or for other reasons.

The Company discloses the medium-term business plan to shareholders with its intent that the plan would be beneficial to the analysis of the Company's future and growth potential when the shareholders make investment decisions. The Company does not necessarily believe, however, that the details of the medium-term business plan represent commitments by the Company to the shareholders.