

The Progress of Medium-term Business Plan

(1) Achieved Objectives

Planned Period		FY2016 - FY2019						
		FY2016	FY2017		FY2018	FY2019		
			(Actual)	(Forecast)			4th Quarter	
				(Actual)	(Achievement rate)	(Forecast)	(Forecast)	
Quantitative Objectives	Net Sales (bn)	1,514.0	1,700.0	1,791.1	105.4%	1,850.0	2,000.0	
	Ordinary income (bn)	1. STEADY	19.1	18.0	20.1	112.1%	19.0	20.0
		2. SPEEDY	3.1	4.5	5.8	130.6%	5.0	6.0
		Sub total	22.2	22.5	26.0	115.8%	24.0	26.0
		3. STRATEGIC	0.7	1.5	(0.6)	-	8.0	9.0
		Adjustment	0.0	-	0.0	-	-	-
Total	22.9	24.0	25.5	106.3%	32.0	35.0		
New customers (In total)		697	(667)	601	90.1%	(668)	(668)	
Investment Amount (bn) (In total)		11.2		29.1				
		(11.2)		(40.3)	(80.6%)		50.0	

- ※① STEADY... Revenue from established business
 (Ordinary income from HANWA after deducting dividend income from subsidiaries and resource investments)
- ② SPEEDY... Revenue from group companies
 (Ordinary income from consolidated subsidiaries, dividends from non-consolidated subsidiaries and equity in earnings of affiliates (excluding resource investees))
- ③ STRATEGIC... Revenue from strategic investments
 (Equity in earnings of affiliates from resource investees and dividends from strategic investments)

(2) Progress

Group business revenue consisting of “STEADY” and “SPEEDY” has been strong and achievement rate for the fiscal year forecast was 115%. “STRATEGIC” revenue from resource investments is expected to contribute to profit from FY2018. The situation of our “3S” is as follows.

- ① STEADY... Achievement rate was 111%, due to increase in sales revenue in steel and metal/alloys business segments, increase in dividend income from investment securities from non-group companies and increase in interest income.
- ② SPEEDY... Achievement rate was 131%, due to strong business results of both domestic and overseas subsidiaries and equity-method affiliates, except overseas sales subsidiary in North America.
- ③ STRATEGIC... In this fiscal year, Samancor Chrome Holdings Proprietary Limited (“SAMANCOR”) became our equity method affiliate from second quarter of FY2017. However, significant decline in chromium price during this year pushed down profit of SAMANCOR attributable to Hanwa. In addition, expenses from elimination of unrealized profits and amortization of goodwill were incurred in first year of application. Thus, loss from “STRATEGIC” was 0.6 billion yen. please note HANWA received 1 billion yen in dividends from SAMANCOR.

(3)Forecast

Having examined the future business environment and SAMANCOR's earnings outlook etc., the forecast for earnings after FY2018 will be as follows.

Planned Period		FY2016 – FY019				Reference	
		FY2016	FY2017	FY2018	FY2019	FY2020	
		(Actual)	(Actual)	(Forecast)	(Forecast)	(Forecast)	
Quantitative Objectives	Net Sales (bn)	1,514.0	1,791.1	2,000.0	2,100.0	2,200.0	
	Ordinary income (bn)	1. STEADY	19.1	20.1	21.0	22.0	23.0
		2. SPEEDY	3.1	5.8	6.0	7.0	8.0
		Sub total	22.2	26.0	27.0	29.0	31.0
		3. STRATEGIC	0.7	(0.6)	3.0	6.0	7.0
		Adjustment	0.0	0.0	-	-	-
Total	22.9	25.5	30.0	35.0	38.0		

(Note) The numbers of quantitative objectives mentioned above were made based on the obtainable information as of May 11, 2018. The actual results may differ due to various factors. Especially, “STRATEGIC” results may fluctuate due to future trends of resources prices and/or currency.

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