

## The Progress of Medium-term Business Plan

### (1) Performance

Planned Period		FY2016—FY2019						Reference		
		FY2016	FY2017	FY2018		FY2019	FY2020			
				(Actual)	(Actual)			(Target)	1st Quarter	
								(Actual)	(Progress rate)	(Target)
Quantitative Objectives	Net Sales (bn)	1,514.0	1,791.1	2,000.0	<b>497.4</b>	24.9%	2,100.0	2,200.0		
	Ordinary income (bn)	① STEADY	19.1	20.1	21.0	<b>4.5</b>	21.7%	22.0	23.0	
		② SPEEDY	3.1	5.8	6.0	<b>1.5</b>	25.8%	7.0	8.0	
		Sub total	22.2	26.0	27.0	<b>6.1</b>	22.6%	29.0	31.0	
		③ STRATEGIC	0.7	(0.6)	3.0	<b>(0.6)</b>	-	6.0	7.0	
		Adjustment	0.0	0.0	-	<b>0.0</b>	-	-	-	
Total	22.9	25.5	30.0	<b>5.4</b>	18.2%	35.0	38.0			
New customers (In total)		697	601	701	<b>213</b>	30.4%	(701)			
Investment Amount (bn) (In total)		11.2	29.1		<b>3.6</b>					
		(11.2)	(40.3)		<b>(43.9)</b>	(87.8%)	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

On the whole, group business revenue consisting of “STEADY” and “SPEEDY” has been progressed as planned, although progress rate was 22.6% to ordinary income forecast for the fiscal year, due to impact of foreign exchange loss arisen from liabilities denominated in foreign currencies. Meanwhile, “STRATEGIC” revenue from natural resources investments has not contributed to profit of 1st Quarter ended June 30, 2018. The situation of our “3S” is as follows.

① STEADY... While Net Sales revenue in steel and metals have increased under the strong demands, progress has been less than standard rate (25%), due to foreign exchange loss caused by depreciation of yen.

② SPEEDY... Progress has been as planned, due to strong business results of domestic and overseas subsidiaries and equity-method affiliates.

③ STRATEGIC... SAMANCOR CHROME HOLDEINGS PROPRIETARY LIMITED (hereinafter SAMANCOR), our equity-method affiliate has not performed well, due to longer preparation time and preceding expenditure for start-up of acquired consolidated subsidiaries in the past years. In addition, decline in chromium price and fluctuations in South African Rand have also affected this 1st Quarter. Adding up amortization of goodwill from SAMANCOR stocks, loss from “STRATEGIC” was 0.6 billion yen, thus progress has been much less than standard rate.

(Note) The numbers of quantitative objectives mentioned above were made based on the obtainable information as of August 9, 2018. The actual results may differ due to various factors. Especially, “STRATEGIC” results may fluctuate due to future trends of natural resources prices and/or currency.