

The Progress of Medium-term Business Plan

(1) Performance

Planned Period		FY2016–FY2019								Reference
		FY2016	FY2017	FY2018				FY2019	FY2020	
				(Actual)	(Actual)	(Target)	2nd Quarter			
							(Actual)			(Progress rate)
Quantitative Objectives	Net Sales (bn)	1,514.0	1,791.1	2,000.0	1,004.9	50.2%	2,000.0	2,100.0	2,200.0	
	Ordinary income (bn)	① STEADY	19.1	20.1	21.0	8.6	41.1%	20.0	22.0	23.0
		② SPEEDY	3.1	5.8	6.0	2.8	46.8%	6.0	7.0	8.0
		Sub total	22.2	26.0	27.0	11.4	42.4%	26.0	29.0	31.0
		③ STRATEGIC	0.7	(0.6)	3.0	(0.6)	-	0.0	6.0	7.0
		Adjustment	0.0	0.0	-	0.0	-	-	-	-
Total	22.9	25.5	30.0	10.8	36.1%	26.0	35.0	38.0		
New customers (In total)		697	601	701	392	55.9%		(701)		
Investment Amount (bn) (In total)		11.2	29.1		8.2	(62.6%)		2,700		
		(11.2)	(40.3)		(48.5)	(97.0%)		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

Progress rate of group business consisting of “STEADY” and “SPEEDY” was 42.4% to ordinary income target for the fiscal year. Meanwhile, “STRATEGIC” (natural resources investments) has not contributed to profit of 2nd Quarter ended September 30, 2018. The situation of our “3S” so far is as follows.

- ① STEADY... While Net Sales in steel and metals have increased under the strong demands, progress has been less than standard rate (50%), due to foreign exchange loss.
- 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 HOLDINGS PROPRIETARY LTD. (hereinafter SAMANCOR), our equity-method affiliate, has not contributed to profit of this 2nd Quarter, due to longer preparation time and preceding expenditure for start-up of its acquired consolidated subsidiary in the past years. In addition, decline in chromium price and fluctuations in South African Rand have also affected this 2nd Quarter. Although revenue from SAMANCOR has been positive, adding up amortization of goodwill from its stocks, loss from “STRATEGIC” was 0.6 billion yen.

(Note) The numbers of quantitative objectives mentioned above were made based on the obtainable information as of November 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.