

The Progress of Medium-term Business Plan

(1) Performance

Planned Period		FY2016 – FY2019							Reference
		FY2016	FY2017	FY2018	FY2019		FY2020		
		(Actual)	(Actual)	(Actual)	(Forecast)	1st Quarter		(Forecast)	
						(Actual)	(Progress rate)		
Quantitative Objectives	Net Sales (bn)	1,514.0	1,791.1	2,074.6	2,200.0	472.4	21.5%	2,400.0	
	Ordinary income (bn)	① STEADY	19.1	20.1	18.8	20.5	5.1	25.0%	22.0
		② SPEEDY	3.1	5.8	4.3	7.0	1.0	14.4%	8.0
		Sub total	22.2	26.0	23.2	27.5	6.1	22.3%	30.0
		③ STRATEGIC	0.7	(0.6)	0.0	0.5	0.2	40.3%	1.0
		Adjustment	0.0	0.0	0.0	-	0.0	-	-
Total	22.9	25.5	23.3	28.0	6.4	23.0%	31.0		
New customers (In total)		697	601	725	677	167	24.7%		
		(697)	(1,298)	(2,023)	(2,700)	(2,190)	(81.1%)		
Investment Amount (bn) (In total)		11.2	29.1	17.0		2.1			
		(11.2)	(40.3)	(57.3)	(50.0)	(59.4)	(118.8%)		

※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

Rate of progress of HANWA's total ordinary income was 23.0% to its forecast for the fiscal year. Rate of progress of HANWA group business consisting of "STEADY" and "SPEEDY" was 22.3%, and the rate of "STRATEGIC" (natural resources investments) was 40.3%. The situation of our "3S" is as follows.

① STEADY... Although total transaction volume has decreased under weak demands in various areas of commodities, progress was as planned due to efforts to secure highly profitable transactions and to improve the profitability of some products.

② SPEEDY... Profit margin of domestic group companies including "SOKOKA (quick delivery, small lot, processing)" businesses has declined due to sluggish steel demand. Transaction volume of steel and non-ferrous metals in overseas sales subsidiaries has also decreased due to influence of trade frictions between U.S. and China and so on. As a result, progress was less than standard rate (25%).

③ STRATEGIC... While SAMANCOR CHROME HOLDINGS PROPRIETARY LTD., our equity-method affiliate, has not contributed to profit of the 1st Quarter due to decline in chromium price and increase of production costs by surge of electric cost and so on. However, profit has been ensured with dividend income from strategic investees such as Tsingshan Holding Group Co., Ltd. As a result, progress was better than standard rate.

(Note) The numbers of quantitative objectives mentioned above were made based on the obtainable information as of August 9, 2019.

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.