

The Progress of Medium-term Business Plan

(1) Performance

Planned Period		FY2016—FY2019							
		FY2016	FY2017	FY2018	FY2019	FY2019		(Forecast)	
						(Actual)	(Actual)		(Actual)
		(Actual)	(Actual)	(Actual)	(Target)	(Actual)	(Progress rate)	(Forecast)	
Quantitative Objectives	Net Sales (bn)	1,514.0	1,791.1	2,074.6	2,200.0	946.0	43.0%	2,000.0	
	Ordinary income (bn)	① STEADY	19.1	20.1	18.8	20.5	9.6	46.9%	20.0
		② SPEEDY	3.1	5.8	4.3	7.0	1.7	24.4%	5.0
		Sub total	22.2	26.0	23.2	27.5	11.3	41.2%	25.0
		③ STRATEGIC	0.7	(0.6)	0.0	0.5	(0.5)	-	(6.5)
		Adjustment	0.0	0.0	0.0	-	0.0	-	-
Total	22.9	25.5	23.3	28.0	10.8	38.6%	18.5		
New customers (In total)		697	601	725	677	344	50.8%		
		(697)	(1,298)	(2,023)	(2,700)	(2,367)	(87.7%)		
Investment Amount (bn) (In total)		11.2	29.1	17.0		3.1			
		(11.2)	(40.3)	(57.3)	(50.0)	(60.4)	(120.8%)		

※Target for FY2020 will be presented as soon as the next Medium-term Business plan (FY2020—FY2022) is announced.

※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 HANWA group business consisting of “STEADY” and “SPEEDY” was 41.2% to ordinary income target for the fiscal year. Meanwhile, “STRATEGIC” (natural resources investments) could not contribute to profit of 2nd Quarter ended September 30, 2019. The situation of our “3S” so far is as follows.

① STEADY... Although total transaction volume has decreased under weak demands in each business segments, business has progressed generally as planned with efforts to stabilize and improve profitability of some products, and we could succeed to secure of highly profitable transactions.

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 mainly due to influence of trade frictions between U.S. and China. As a result, progress was significantly less than standard rate (50%).

③ STRATEGIC... Result of SAMANCOR CHROME HOLDINGS PROPRIETARY LTD. (hereinafter SAMANCOR), our equity-method affiliate, could not meet our expectation at beginning of the fiscal year and have not contributed to profit of the 2nd Quarter due to decline in chromium price, decrease of sales volume and increase of production costs by surge of electric cost and so on. Business environment surrounding SAMANCOR is expected to remain severe for the time being, and equity in earnings of affiliates from SAMANCOR is expected to record loss in this fiscal year.

(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.