



Become an integrated company that combines
trading and manufacturing capabilities

ALCONIX CORPORATION

Listed on TSE First Section **Code 3036**

Financial Results Materials The Second Quarter of the Fiscal Year Ending March 31, 2019

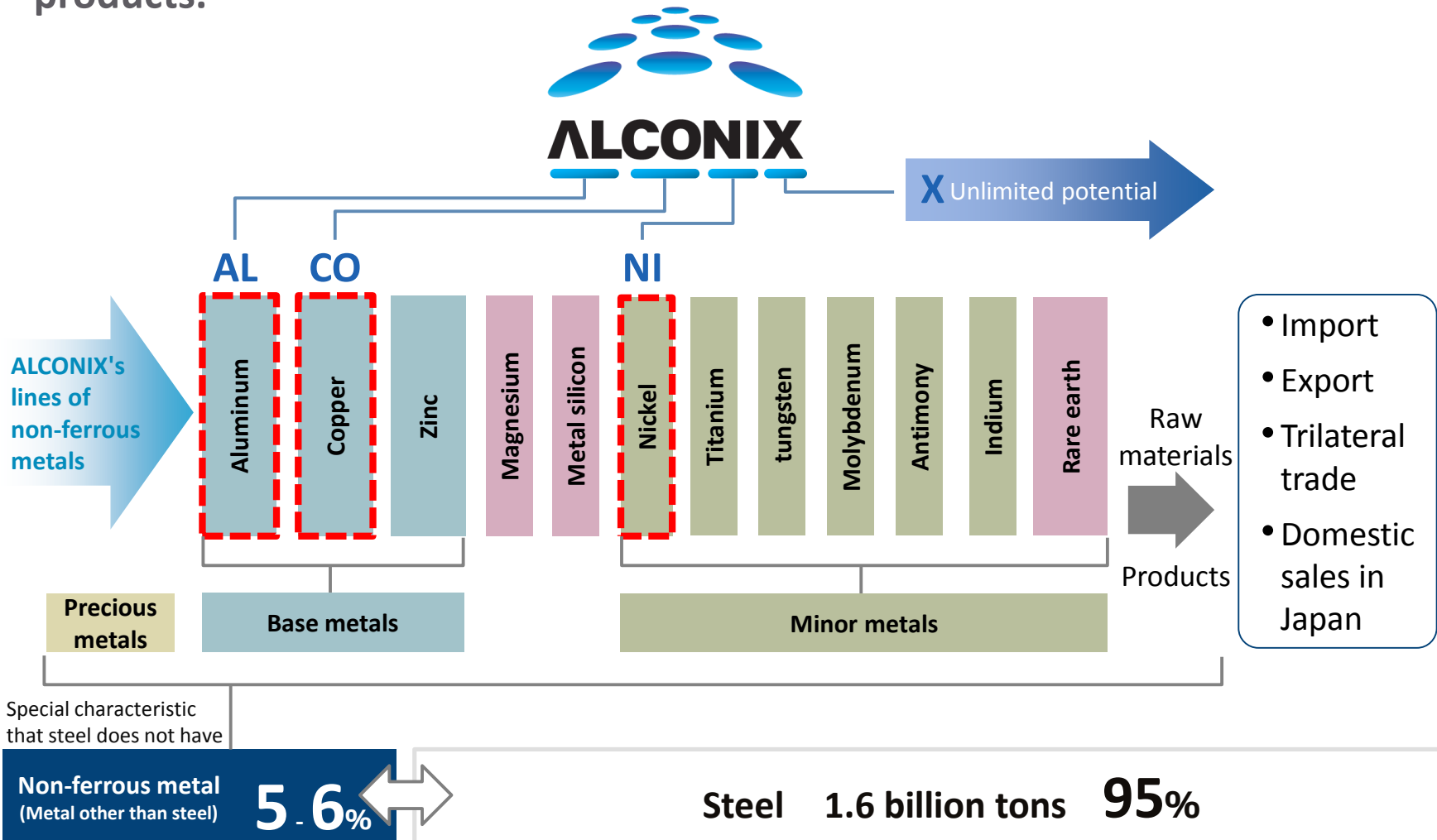
Company Overview / Appendix

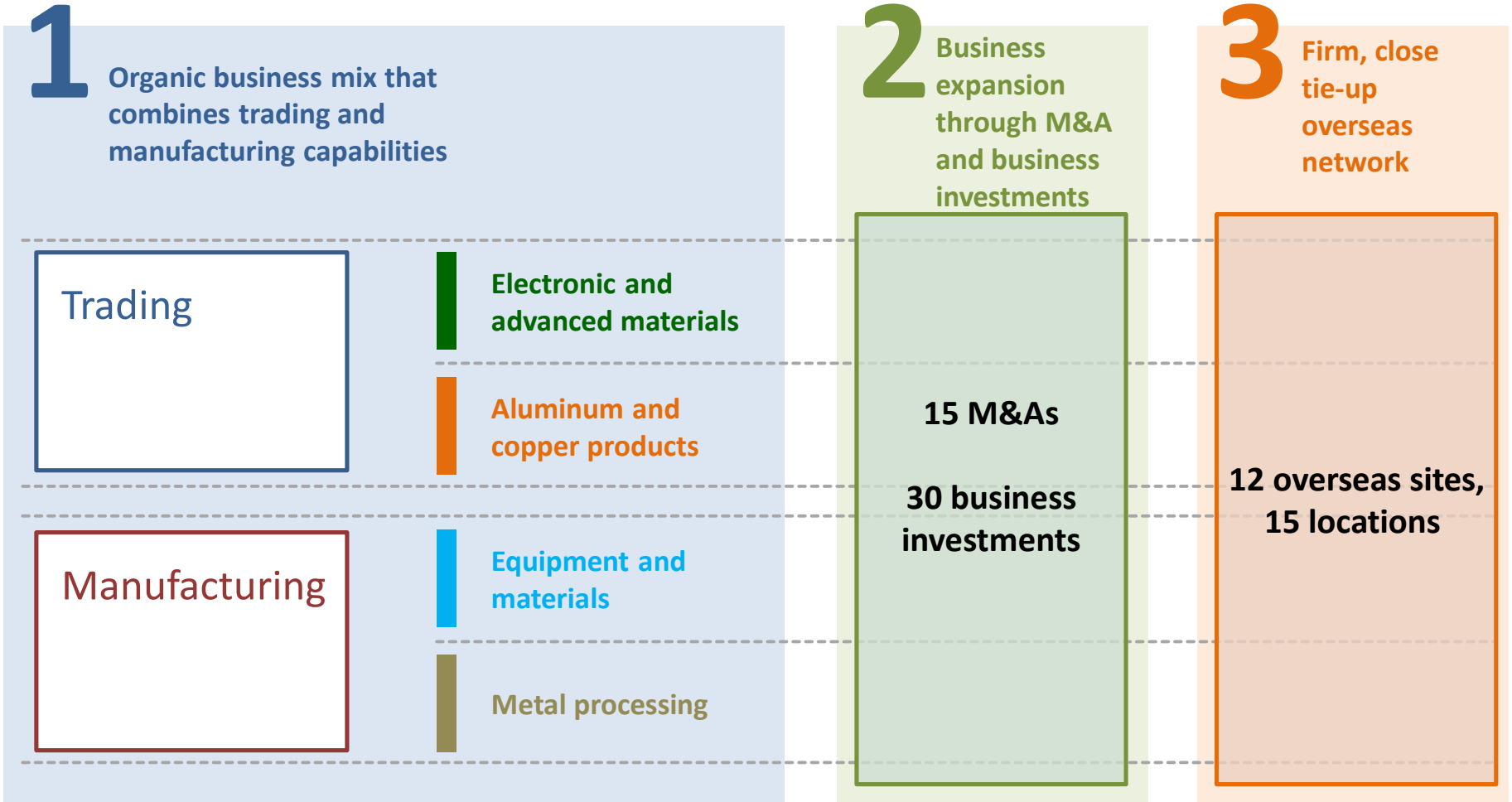
November 2018

About ALCONIX

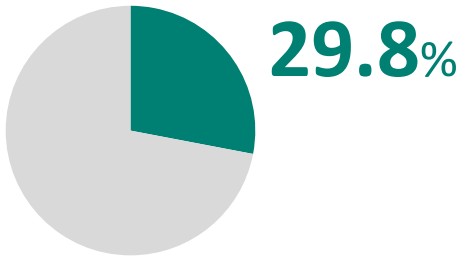



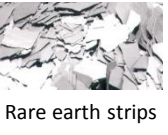









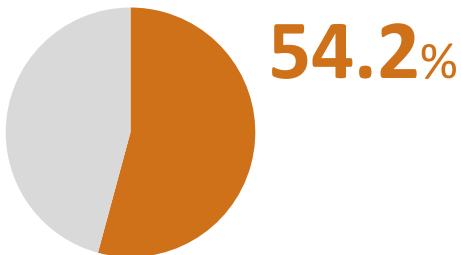

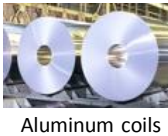








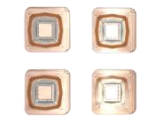

Business Summary

ALCONIX is an integrated company that encompasses everything from the distribution and sale of non-ferrous metals to the manufacture of metal products.

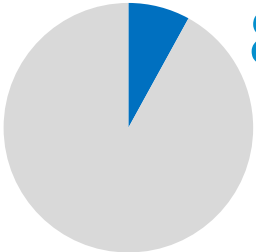






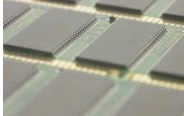


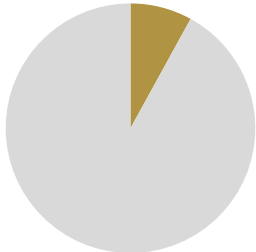












(As of March 31, 2018)

Businesses	Our trading products	End products	Main business areas
<h3 data-bbox="88 239 701 277">Electronic and advanced materials</h3> <div data-bbox="137 311 369 372"> <p>Segment weighting (sales)</p> </div> <div data-bbox="137 391 600 644">  <p data-bbox="407 405 600 468">29.8%</p> </div> <div data-bbox="137 668 369 729"> <p>Segment weighting (profits)</p> </div> <div data-bbox="137 668 556 729">  <p data-bbox="388 668 556 729">23.0%</p> </div>	<div data-bbox="745 239 913 372">  <p data-bbox="765 386 894 411">Titanium coils</p> </div> <div data-bbox="958 239 1126 372">  <p data-bbox="948 379 1136 461">Compound semiconductors and other electronic materials</p> </div> <div data-bbox="745 479 913 612">  <p data-bbox="745 576 904 601">Rare earth strips</p> </div> <div data-bbox="958 479 1126 612">  <p data-bbox="967 576 1116 601">Titanium sponge</p> </div> <div data-bbox="745 622 913 755">  <p data-bbox="774 708 890 758">Rare earth compounds</p> </div> <div data-bbox="958 622 1126 755">  <p data-bbox="967 715 1126 739">Rare earth ingots</p> </div>	<div data-bbox="1180 239 1367 372">  <p data-bbox="1199 358 1377 439">Automobiles (magnetic and battery materials for various motors)</p> </div> <div data-bbox="1412 239 1599 372">  <p data-bbox="1402 372 1619 439">Tablet PCs, smartphones (battery materials, etc.)</p> </div> <div data-bbox="1219 451 1367 584">  <p data-bbox="1248 576 1358 601">LCD panels</p> </div> <div data-bbox="1412 451 1599 584">  <p data-bbox="1402 576 1605 615">Wind power generation (turbines)</p> </div> <div data-bbox="1219 608 1367 741">  <p data-bbox="1199 729 1367 779">Titanium products (heat exchangers)</p> </div> <div data-bbox="1412 608 1599 741">  <p data-bbox="1412 729 1586 779">Window materials (coating agents)</p> </div>	<div data-bbox="1624 158 1856 444"> <p data-bbox="1624 158 1856 211">Main business areas</p> <p data-bbox="1624 287 1856 372">Japan, North America, Europe, China, Asia</p> </div> <div data-bbox="1624 444 1856 786"> <p data-bbox="1624 444 1856 515">Consolidated subsidiaries</p> <p data-bbox="1624 608 1856 694">ADVANCED MATERIAL JAPAN, etc.</p> </div>
<h3 data-bbox="88 815 653 852">Aluminum and copper products</h3> <div data-bbox="137 868 369 929"> <p>Segment weighting (sales)</p> </div> <div data-bbox="137 948 600 1200">  <p data-bbox="407 962 600 1025">54.2%</p> </div> <div data-bbox="137 1239 369 1300"> <p>Segment weighting (profits)</p> </div> <div data-bbox="137 1239 556 1300">  <p data-bbox="388 1239 556 1300">13.0%</p> </div>	<div data-bbox="745 805 913 938">  <p data-bbox="765 915 904 939">Aluminum coils</p> </div> <div data-bbox="958 805 1126 938">  <p data-bbox="958 915 1116 939">Copper products</p> </div> <div data-bbox="745 948 913 1080">  <p data-bbox="784 1115 904 1139">Metal scraps</p> </div> <div data-bbox="958 948 1126 1080">  <p data-bbox="958 1115 1103 1153">Aluminum alloy ingots</p> </div> <div data-bbox="745 1148 913 1280">  <p data-bbox="765 1286 923 1310">Brass copper rod</p> </div>	<div data-bbox="1180 805 1367 938">  <p data-bbox="1199 901 1396 968">Aircrafts (used in structural parts)</p> </div> <div data-bbox="1412 805 1599 938">  <p data-bbox="1421 901 1605 968">Motorcycles (aluminum frames, etc.)</p> </div> <div data-bbox="1180 948 1367 1080">  <p data-bbox="1199 1086 1358 1139">Automobiles (bodies)</p> </div> <div data-bbox="1412 948 1599 1080">  <p data-bbox="1421 1072 1586 1125">Air conditioners (copper tubes)</p> </div> <div data-bbox="1219 1148 1367 1280">  <p data-bbox="1209 1272 1377 1322">Lead frames (for semiconductor)</p> </div> <div data-bbox="1412 1148 1599 1280">  <p data-bbox="1431 1286 1580 1310">Aluminum cans</p> </div>	<div data-bbox="1624 786 1856 979"> <p data-bbox="1624 786 1856 853">Main business areas</p> <p data-bbox="1624 872 1856 958">Japan, China, Asia, Europe, Latin America</p> </div> <div data-bbox="1624 979 1856 1320"> <p data-bbox="1624 979 1856 1051">Consolidated subsidiaries</p> <p data-bbox="1624 1051 1856 1320">ALCONIX SANSHIN HAYASHI METAL ALCONIX•MITAKA HEIWA KINZOKU ALUMINUM & COPPER RECYCLING CENTER</p> </div>

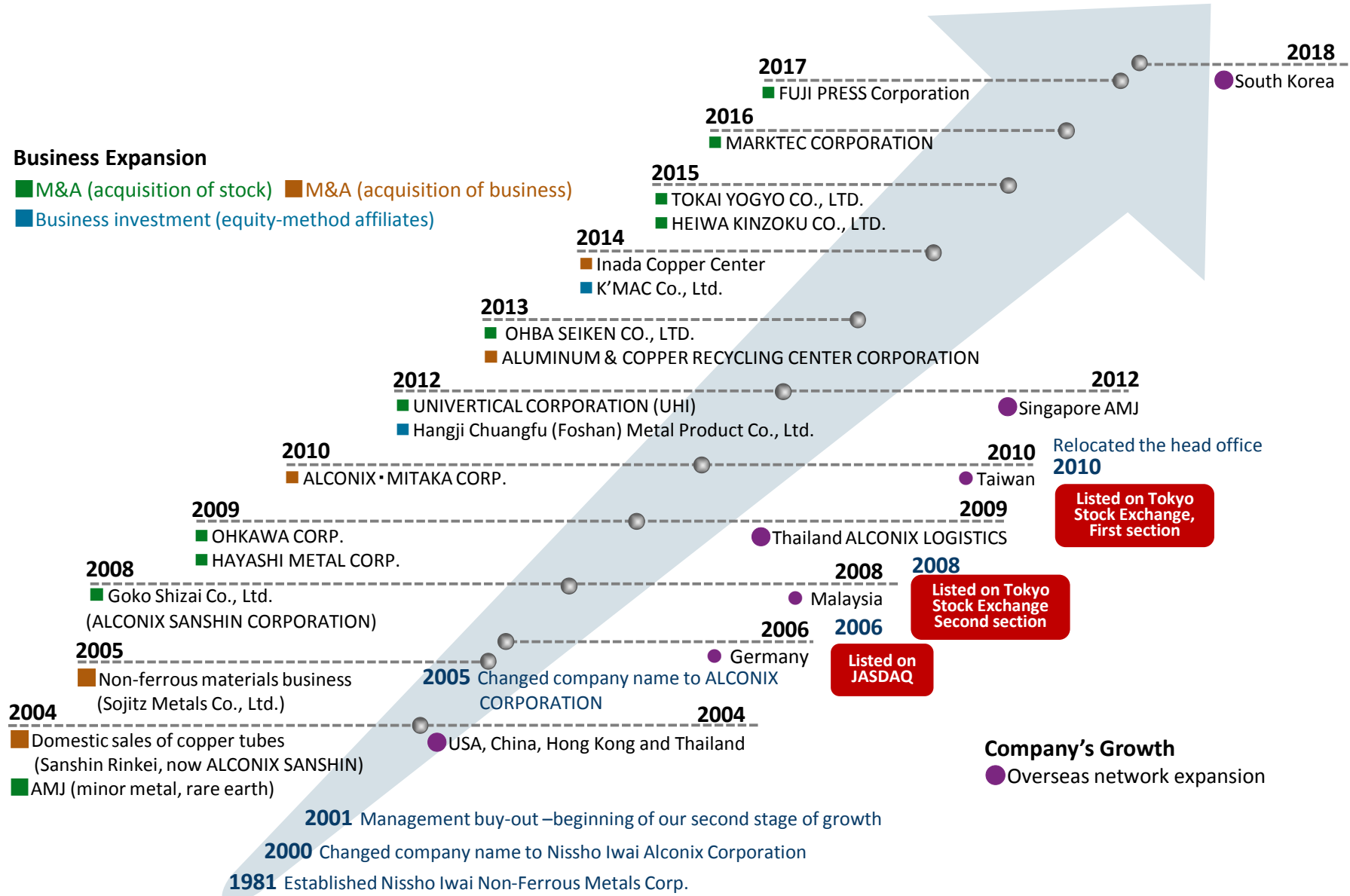
(As of March 31, 2018)

Businesses	Our trading products	End products	Main business areas
<h3>Equipment and materials</h3> <div data-bbox="137 305 334 368"> <p>Segment weighting (sales)</p> </div>  <p>8.0%</p> <div data-bbox="156 662 363 725"> <p>Segment weighting (profits)</p> </div> <p>10.5%</p>	 <p>Plating materials</p>  <p>Welding rods</p>  <p>Non-destructive testing (equipment)</p>  <p>Non-destructive testing (detection materials)</p>	 <p>Vehicle (plating, metal mold building-up welding rods, non-destructive)</p>  <p>Steel (marking)</p>  <p>Semiconductor (PWB plating)</p>  <p>Construction materials (plating)</p>  <p>Power generation plant (non-destructive testing)</p>	<p>Japan, China, North America, Europe, Asia</p> <p>Consolidated subsidiaries</p> <p>UNIVERETICAL TOKAI YOGYO MARKTEC</p>
<h3>Metal processing</h3> <div data-bbox="137 872 334 935"> <p>Segment weighting (sales)</p> </div>  <p>8.0%</p> <div data-bbox="137 1225 334 1288"> <p>Segment weighting (profits)</p> </div> <p>53.5%</p>	 <p>Precision fabricated parts</p>  <p>Precision grinding processing parts</p>  <p>High precision stamped parts</p>	 <p>Aircrafts (engine parts)</p>  <p>Artificial satellite (communication parts)</p>  <p>Chip mounters</p>  <p>Tablet PCs, smartphones (PWBs)</p>  <p>Automobiles (driving parts, trial parts)</p>	<p>Main business areas</p> <p>Japan, China, Asia</p> <p>Consolidated subsidiaries</p> <p>OHKAWA CORP. OHBA SEIKEN FUJI PRESS K'MAC* Guandon Chuangfu Metal Product* FNA MECHATRONICS MEXICO*</p>

* Equity-method affiliates

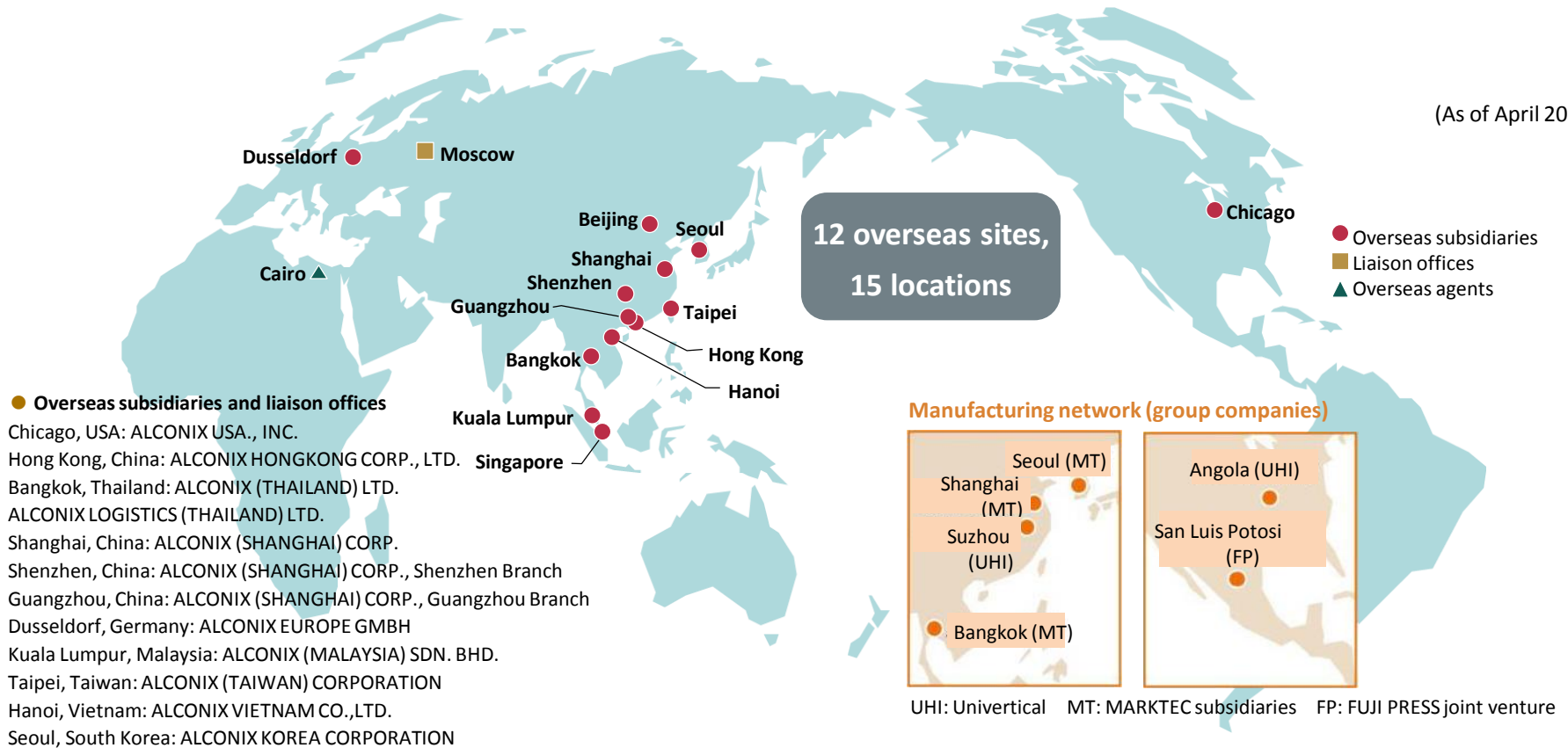
Business Expansion

- M&A (acquisition of stock)
- M&A (acquisition of business)
- Business investment (equity-method affiliates)



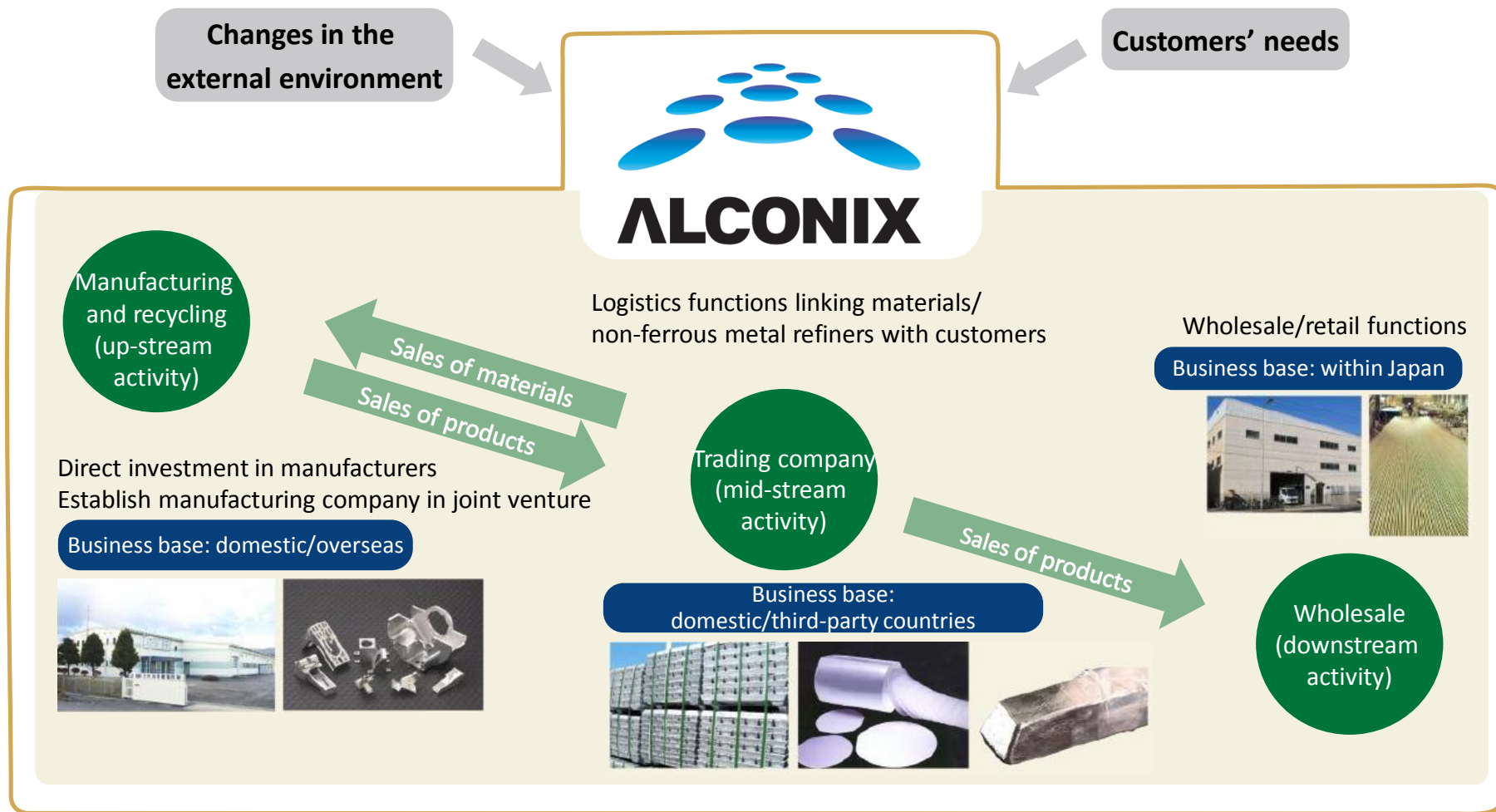
The ALCONIX Group has a unique overseas network that emphasized profitability

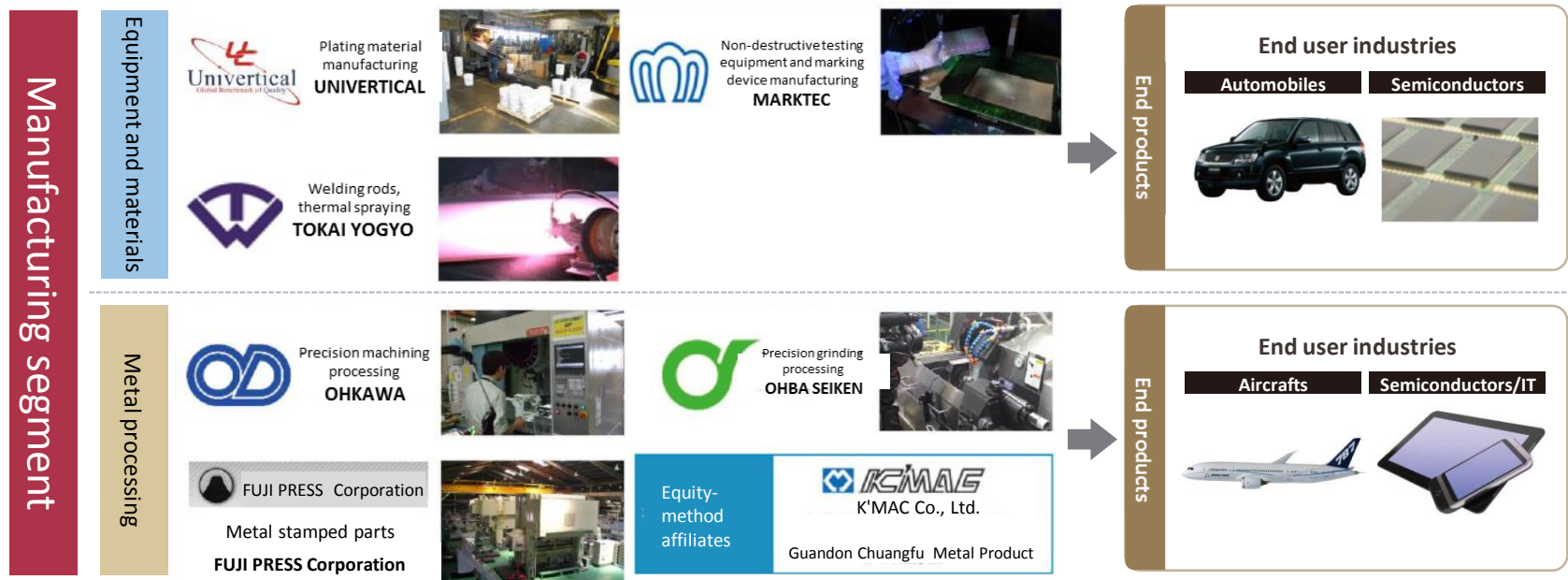
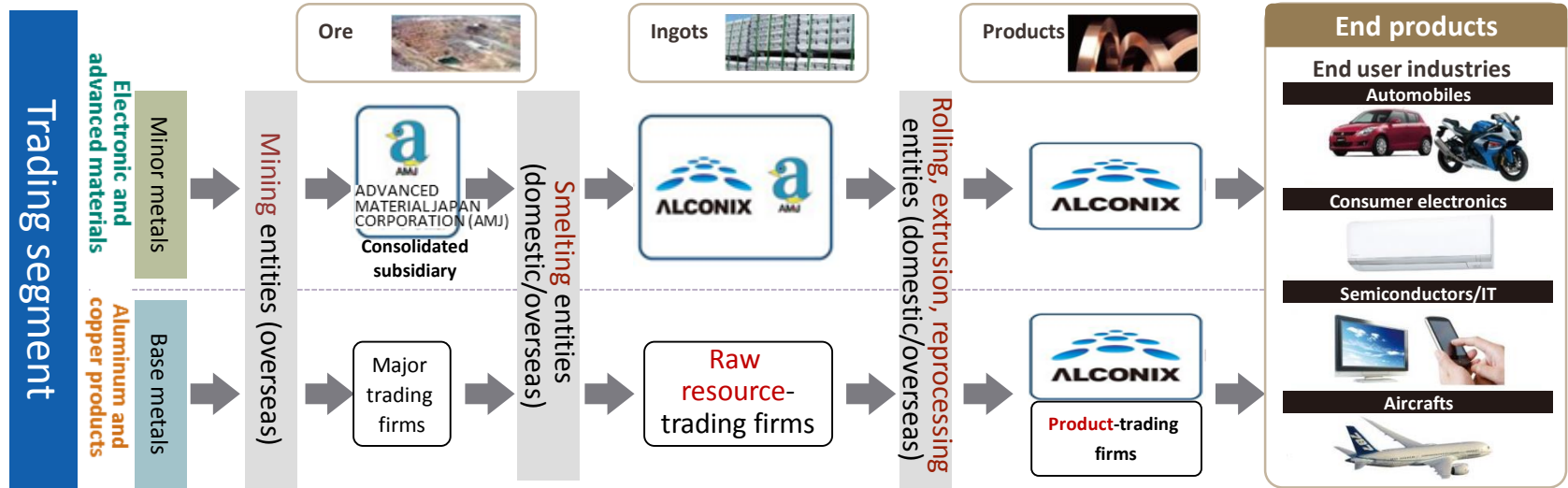
(As of April 2018)



Business Model

Operations that unify manufacturing and sales by using synergies from trading company and manufacturing capabilities





Business style	Business flow	Inventory	Profitability	Profit source	When market prices rise	
					Amount of profit	Profit margin
Intermediary	<ul style="list-style-type: none"> ALCONIX concludes each contract with clients or supplier individually ALCONIX facilitates and controls distribution 	No inventory	<ul style="list-style-type: none"> No inventory risk Profitability tends to be relatively high 	Margin/ commission	○ (Eager to purchase)	○
Direct	<ul style="list-style-type: none"> Contract conditions (price, delivery date, amount) are concluded between our client and supplier Supplier delivers directly to our client 	No inventory	<ul style="list-style-type: none"> No inventory risk Profitability tends to be low 	Commission (fixed amount) Commission (transaction price x fixed rate) Commission (processing costs x fixed rate)	○(Eager to purchase) ○(Eager to purchase) ○(Eager to purchase)	Slightly ○ - Slightly △
Inventory-1 (Already contracted)	<ul style="list-style-type: none"> ALCONIX takes an order from specific client, holds inventory and delivers just in time 	Hold inventory	<ul style="list-style-type: none"> No inventory risk Profitability tends to be average 	Margin/ commission	○(Eager to purchase)	-
Inventory-2 (No sales contract)	<ul style="list-style-type: none"> ALCONIX controls, and holds inventory regardless of any clients order 	Hold inventory	<ul style="list-style-type: none"> Existence of inventory risk Profitability tends to be high 	Margin	○(Eager to purchase)	○

○: Positive △: Negative —: Neutral

- Market price rise → expansion of client demand; Market price drop → restraint in client demand
- Relatively small impact of market volatility on our transactions
 - Some "Intermediary" and "Inventory-2" transactions are directly impacted by the market.
 - "Inventory-2" transactions account for only 5% of total transactions. This limits the direct impact of market volatility on our profits.

Corporate Data

(Unit: million yen)

	FY3/06	FY3/07	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
Net sales	127,627	172,781	215,839	165,439	109,192	157,979	220,703	164,769	183,749	201,543	201,755	201,948	247,931
Cost of sales	122,968	166,668	208,571	159,582	103,259	149,710	210,060	156,010	172,754	189,452	189,574	187,472	228,892
Gross profit	4,659	6,112	7,268	5,857	5,932	8,268	10,642	8,759	10,995	12,091	12,181	14,476	19,038
SG&A expenses	3,175	3,631	4,195	4,212	4,395	5,191	5,955	5,473	7,510	7,506	8,388	10,307	11,715
Operating profit	1,483	2,480	3,072	1,645	1,537	3,077	4,687	3,286	3,484	4,584	3,792	4,168	7,323
Ordinary profit	1,214	1,910	2,452	1,577	1,402	2,963	4,499	2,892	3,600	5,205	4,281	4,352	7,939
Profit before income taxes	1,133	1,903	2,512	564	2,456	3,376	4,453	2,594	4,509	5,213	5,103	4,446	7,482
Profit	583	1,076	1,427	181	1,799	1,901	2,450	1,430	3,144	3,505	4,977	3,083	5,336
Total assets	36,660	49,973	54,290	39,137	40,219	64,561	68,600	70,382	85,664	89,848	111,570	113,647	130,197
Net assets	3,533	5,263	7,152	7,325	9,157	12,144	14,020	15,818	21,368	26,951	31,323	34,119	38,626
Interest-bearing debt	7,562	10,520	14,505	13,175	11,915	25,345	23,148	26,926	29,913	30,130	38,611	38,091	46,053

Listed on
JASDAQ

Listed on TSE
2nd Section

Designated for
listing on TSE
1st Section

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18
Net assets per share (cons.)	466.99	535.85	603.74	819.11	1,026.91	1,155.66	1,255.62	1,423.87
Net income per share (cons.)	84.83	96.43	56.29	123.69	137.38	193.54	119.66	206.56
Dividend per share	12.50	15.00	15.00	16.25	20.00	22.00	22.00	32.00
(of which commemorative dividend)	1.25							
(of which interim dividend)		(6.25)	(7.50)	(7.50)	(9.00)	(11.00)	(11.00)	(16.00)
Dividend payout ratio	14.7%	15.6%	26.6%	13.1%	14.6%	11.4%	18.4%	15.5%
Number of shares outstanding	25,391,200	25,412,800	25,420,800	25,435,200	25,626,400	25,751,200	25,788,000	25,864,800
Return on equity (cons.)	18.3%	19.2%	9.9%	17.4%	14.9%	17.8%	9.9%	15.4%
Return on assets (cons.)	5.7%	6.8%	4.2%	4.6%	5.9%	4.3%	3.9%	6.5%
Equity ratio (cons.)	18.4%	19.8%	21.8%	24.3%	29.3%	26.7%	28.5%	28.3%
Net debt equity ratio	1.45	0.93	1.03	0.82	0.67	0.63	0.66	0.74
Number of employees (cons.)	402	411	511	752	797	1,132	1,148	1,424

Note: ALCONIX conducted a 2-for-1 stock split on September 1, 2017. The per share figures before FY3/17 was assumed that the stock split was previously conducted.

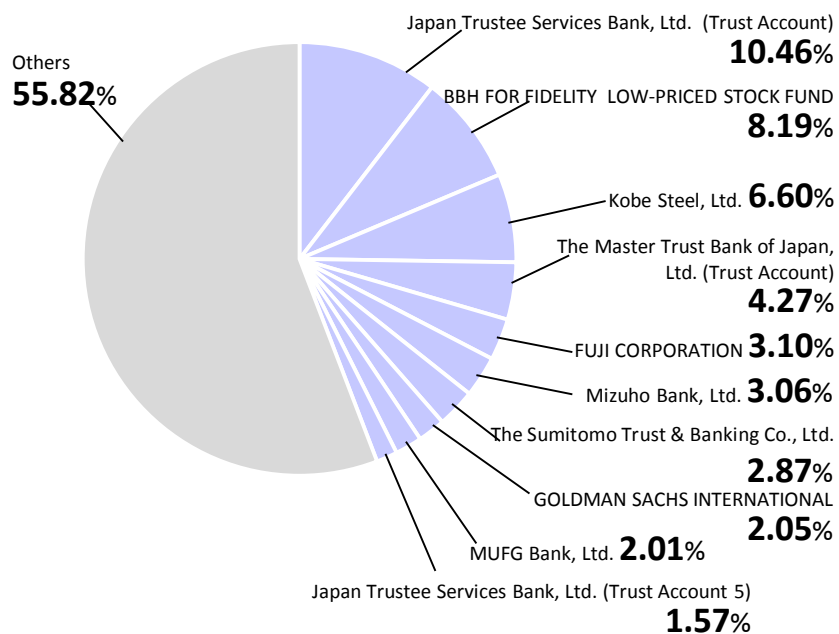
- Net income per share: Not considered potential stock
- Return on Asset = Ordinary profit / (Average of year-start and year-end total assets of FY)
- Return on Equity = Profit / (Average of year-start and year-end net assets of FY, excluding non-controlling interests and subscription rights to share)
- Net debt equity ratio = (Interest-bearing debt - Cash and deposits) / Net assets
- Number of employees: Excludes directors of the Company and employees dispatched from temporary staff agencies, but includes seconded employees dispatched from the Company to other companies, contract staff, and staff dispatched from other companies. All figures are based on the securities report ("Yukashoken Hokokusho").

Shareholder Distribution by Type of Shareholders

(As of September 30, 2018)

Category	Number of shares held	Shareholding ratios	Number of shareholders	Composition
Financial institutions	8,333,200	32.20%	26	0.45%
Securities companies	634,444	2.45%	40	0.70%
Other Japanese entities	5,591,060	21.60%	76	1.32%
Overseas entities (of which, 2,800 foreigners)	4,856,879	18.77%	88	1.53%
Individual investors, others	6,465,586	24.98%	5,511	95.98%
Treasury shares	1,031	0.00%	1	0.02%
Total	25,882,200	100.00%	5,742	100.00%

Note: Above shares include shares less than one unit for holders of shares less than one unit.



Shareholders

(As of September 30, 2018)

Name of shareholders	Number of shares held	Shareholding ratios
Japan Trustee Services Bank, Ltd. (Trust Account)	2,706,000	10.46%
BBH FOR FIDELITY LOW-PRICED STOCK FUND	2,120,300	8.19%
Kobe Steel, Ltd.	1,707,200	6.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,106,100	4.27%
FUJI CORPORATION	801,200	3.10%
Mizuho Bank, Ltd.	792,000	3.06%
The Sumitomo Trust & Banking Co., Ltd.	744,000	2.87%
GOLDMAN SACHS INTERNATIONAL	531,699	2.05%
MUFG Bank, Ltd.	520,000	2.01%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	406,800	1.57%
Others	14,446,901	55.82%
Total	25,882,200	100.00%

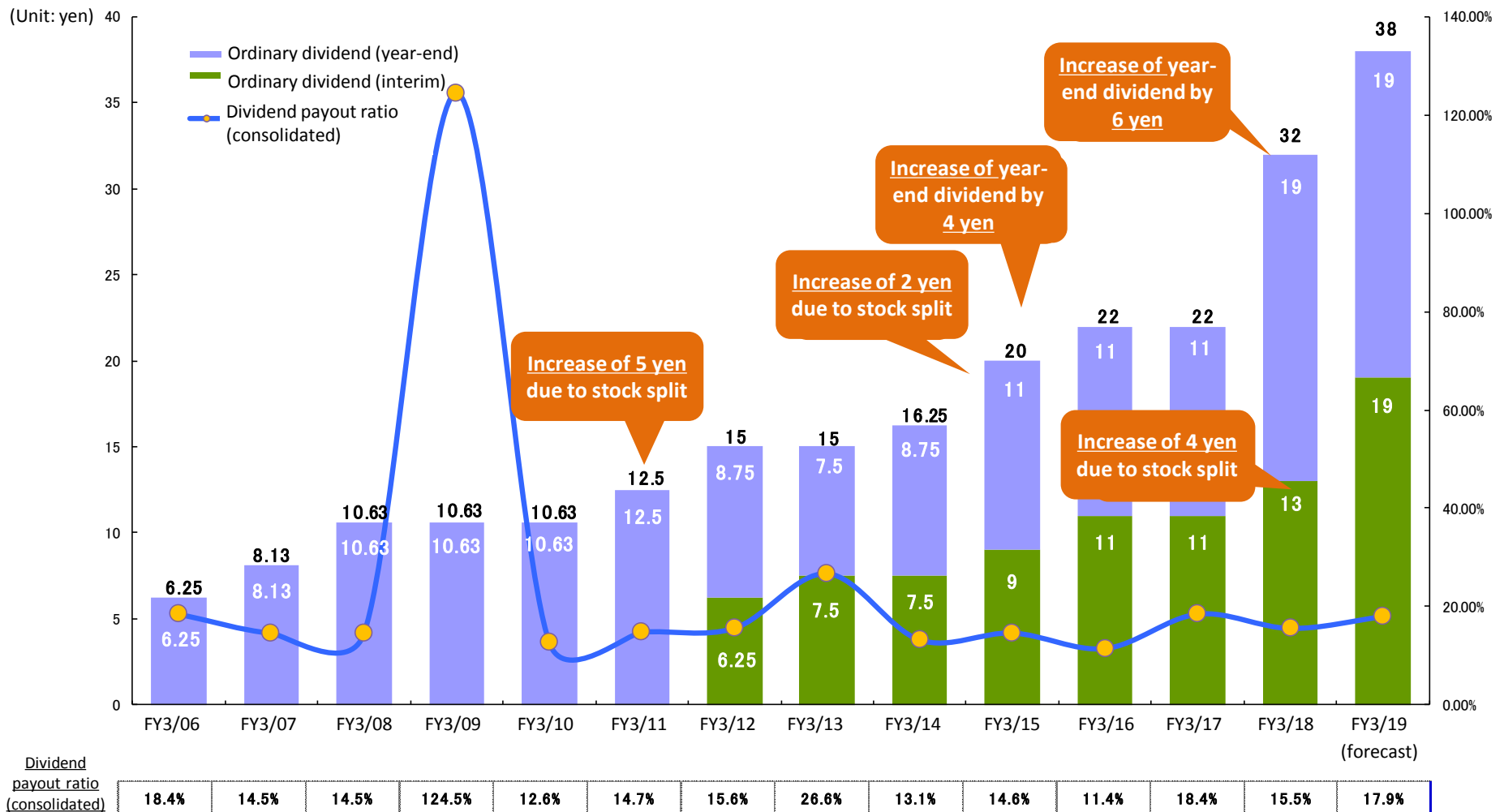
Notes: 1. Fuji Machine Mfg. Co., Ltd. changed its name to FUJI CORPORATION on April 1, 2018.
2. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. on April 1, 2018
3. Shareholding ratios are calculated after deducting treasury shares (1,031 shares) from the total number of shares outstanding.

Shareholder returns:

Trend in dividend per share and dividend payout ratio

Corporate data

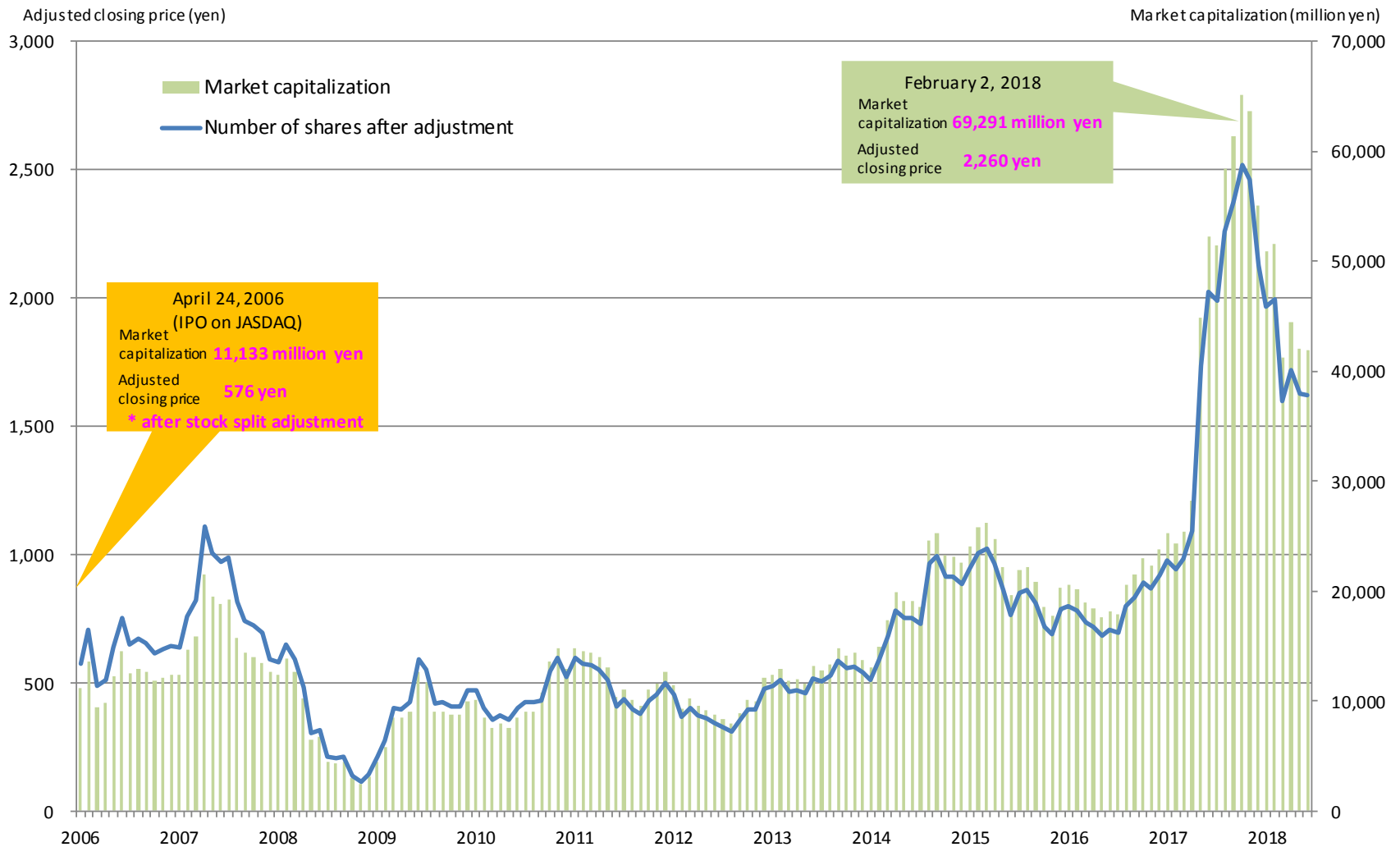
* Stock split:
Aug. 2010, Sep. 2014, Sep. 2017



Notes: 1. FY3/19 interim dividend is the actual amount paid while FY3/19 year-end dividend is based on forecast.

2. ALCONIX has conducted three 2-for-1 common stock splits in the past. The dividend per share for FY3/16 and before has been adjusted to reflect the stock split.

Stock price April 2006 – September 2018



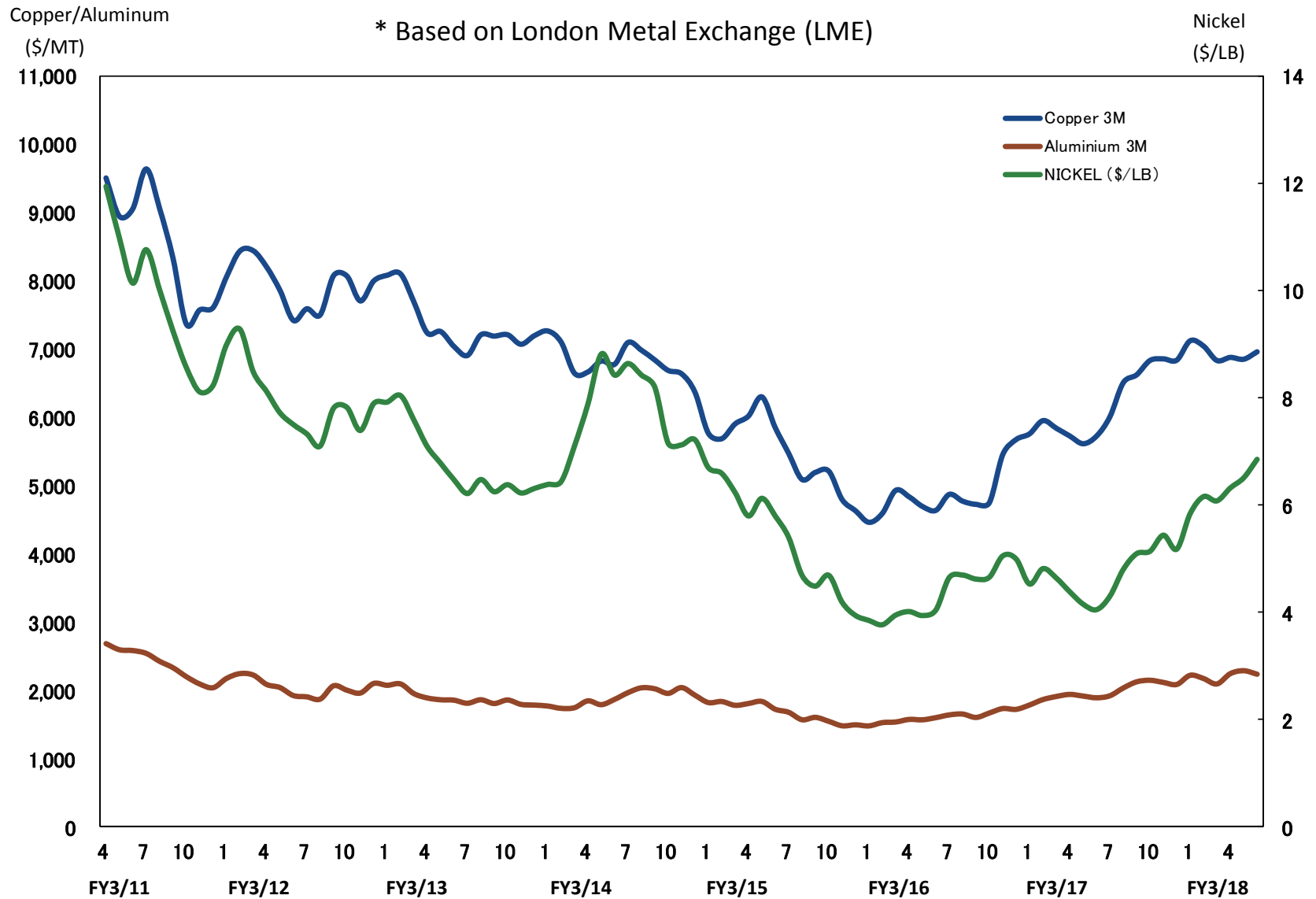
Notes: 1. Adjusted closing price and market capitalization represent monthly average.
 2. Adjusted closing price has been adjusted to reflect the stock splits conducted in prior years.

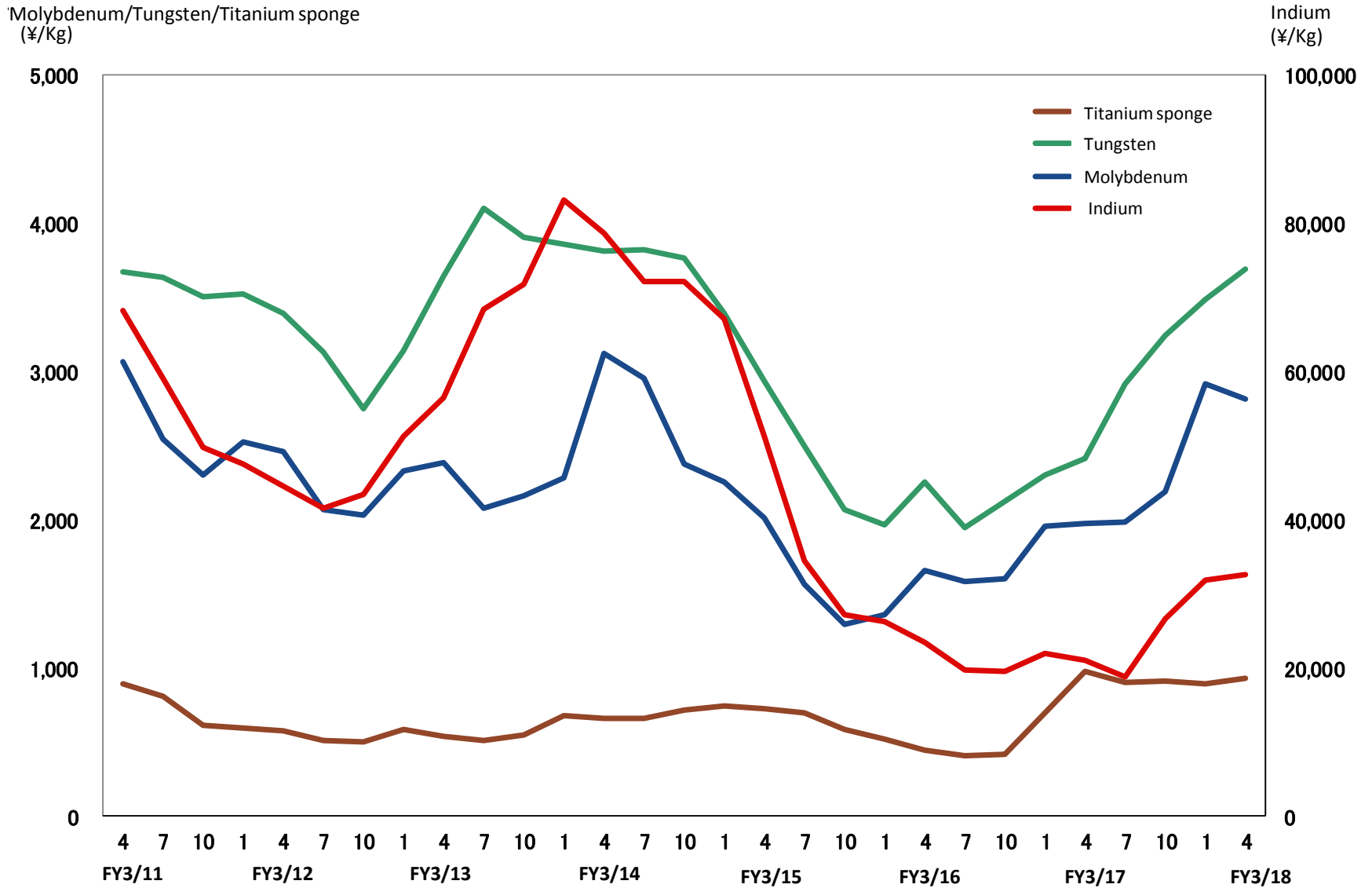
Market Chart (Reference Materials)

Market trends

(main non-ferrous metals: copper, aluminum and nickel)

Market chart (reference materials)

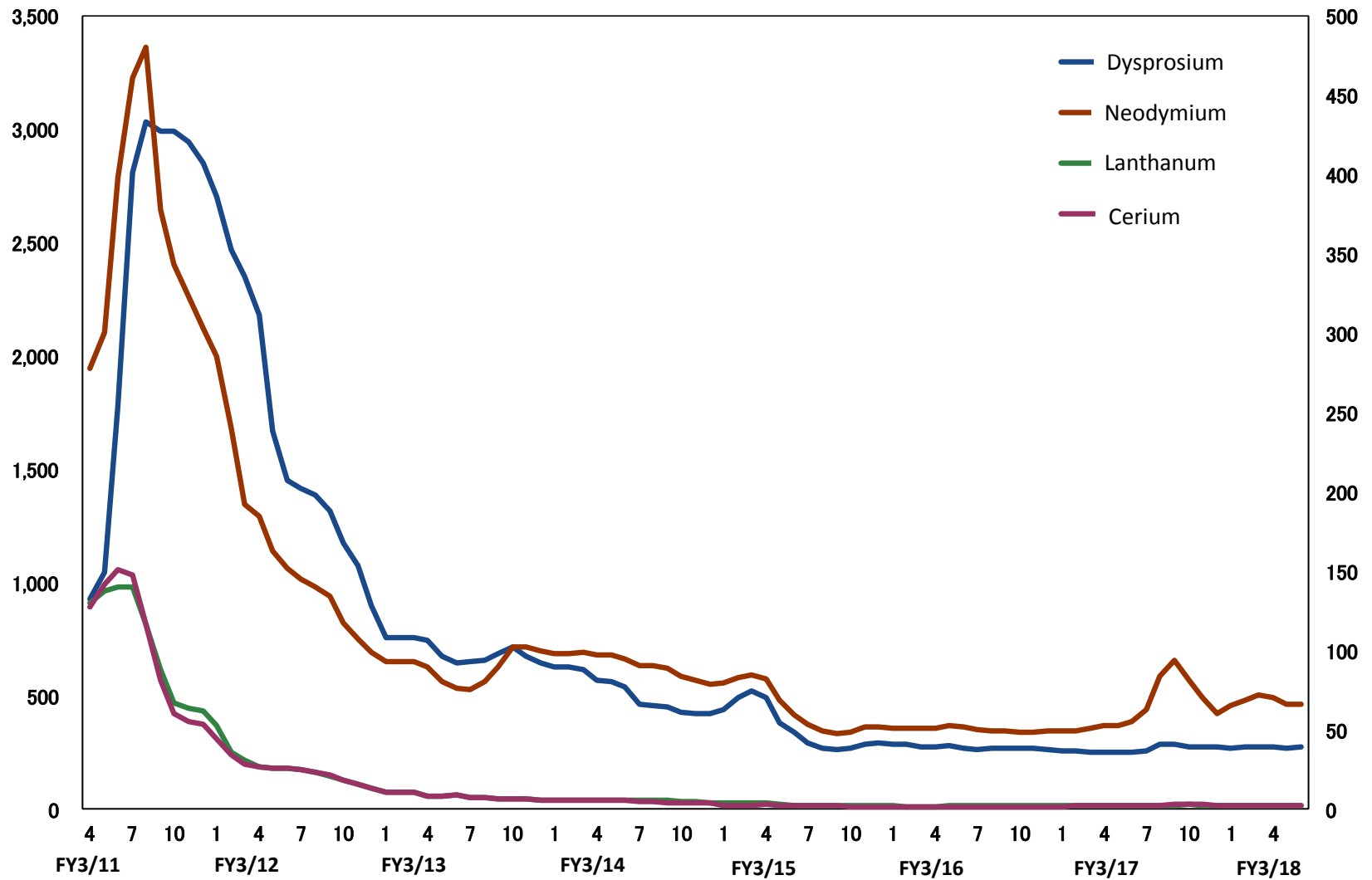




FY3/17

Dysprosium
(\$/Kg)

Neodymium/Lanthanum/Cerium
(\$/Kg)



PWB
 - Aluminum
 - Copper
 - Ceramic

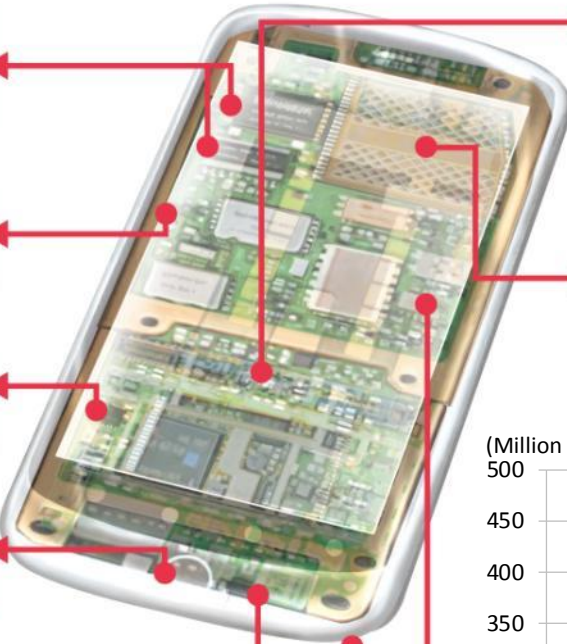
LCD panel (Touch panel)
 - Indium - Tin
 - Copper - Silicon

Vibrator
 - Neodymium
 - Dysprosium
 - Iron - Copper
 - Tungsten

Camera
 - Copper - Nickel
 - Gold - Lanthanum

Earphones AC Jack
 - Gold - Nickel
 - Neodymium
 - Dysprosium

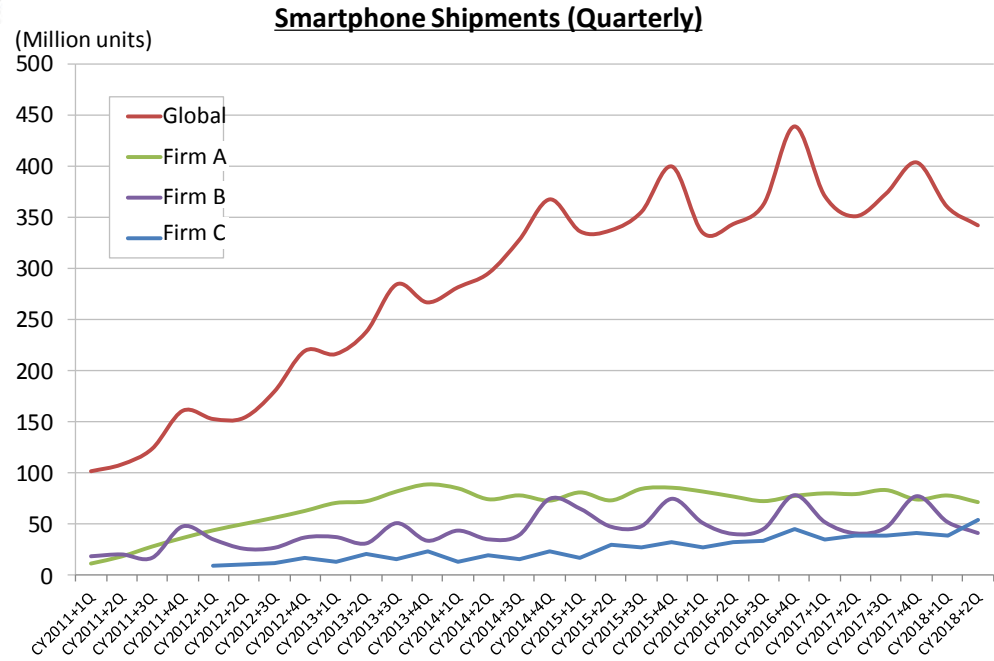
Body
 - Aluminum
 - Magnesium
 - Antimony

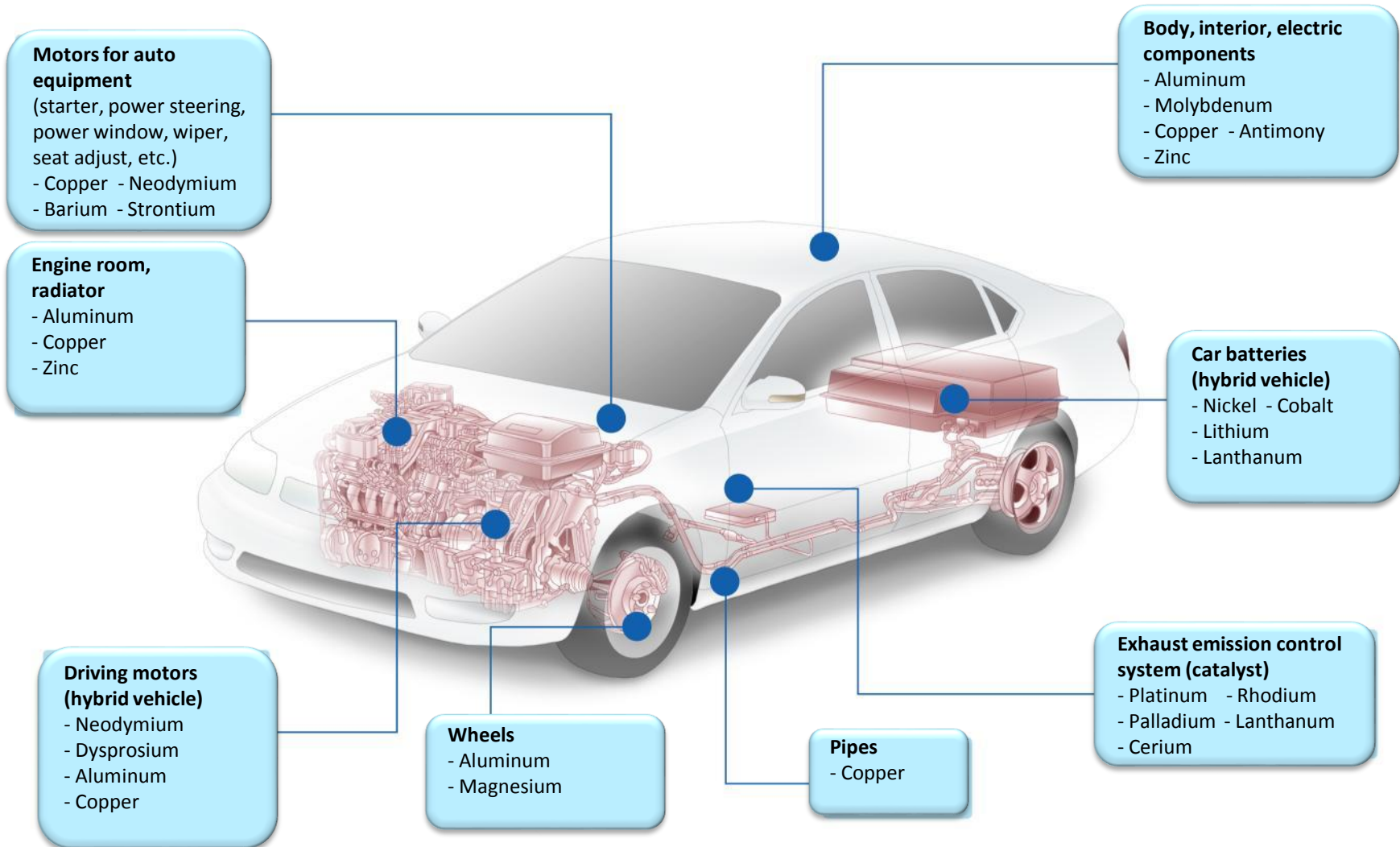


IC
 - Gold - Silver - Copper
 - Silicon - Gallium

Condenser
 - Titanium - Barium - Copper - Nickel - Zirconium
 - Tantalum - Samarium
Chip resistors
 - Iron - Silver - Nickel - Copper - Zinc
Quartz crystal units
 - Silicon - Copper - Nickel - Gold

Batteries
 - Lithium - Nickel - Cobalt - Aluminum





These materials were prepared to help investors understand ALCONIX and were not intended as a solicitation for investment in ALCONIX. These materials were prepared carefully for accuracy, but the completeness of these materials cannot be guaranteed. ALCONIX will not be held responsible for any problems or damages that result from the information provided in these materials. Earnings forecasts and other future forecasts in these materials were made based on the judgment of ALCONIX using information available at the time these materials were prepared. These forecasts embody latent risk and uncertainty. Please understand that actual earnings may differ from these forecasts due to changes in the business environment and other factors.

