



Become an integrated company that combines  
trading and manufacturing capabilities

# ALCONIX CORPORATION

Listed on TSE First Section **Code 3036**

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Financial Results Materials  
Fiscal Year Ended March 31, 2019  
Company Overview / Appendix

May 2019

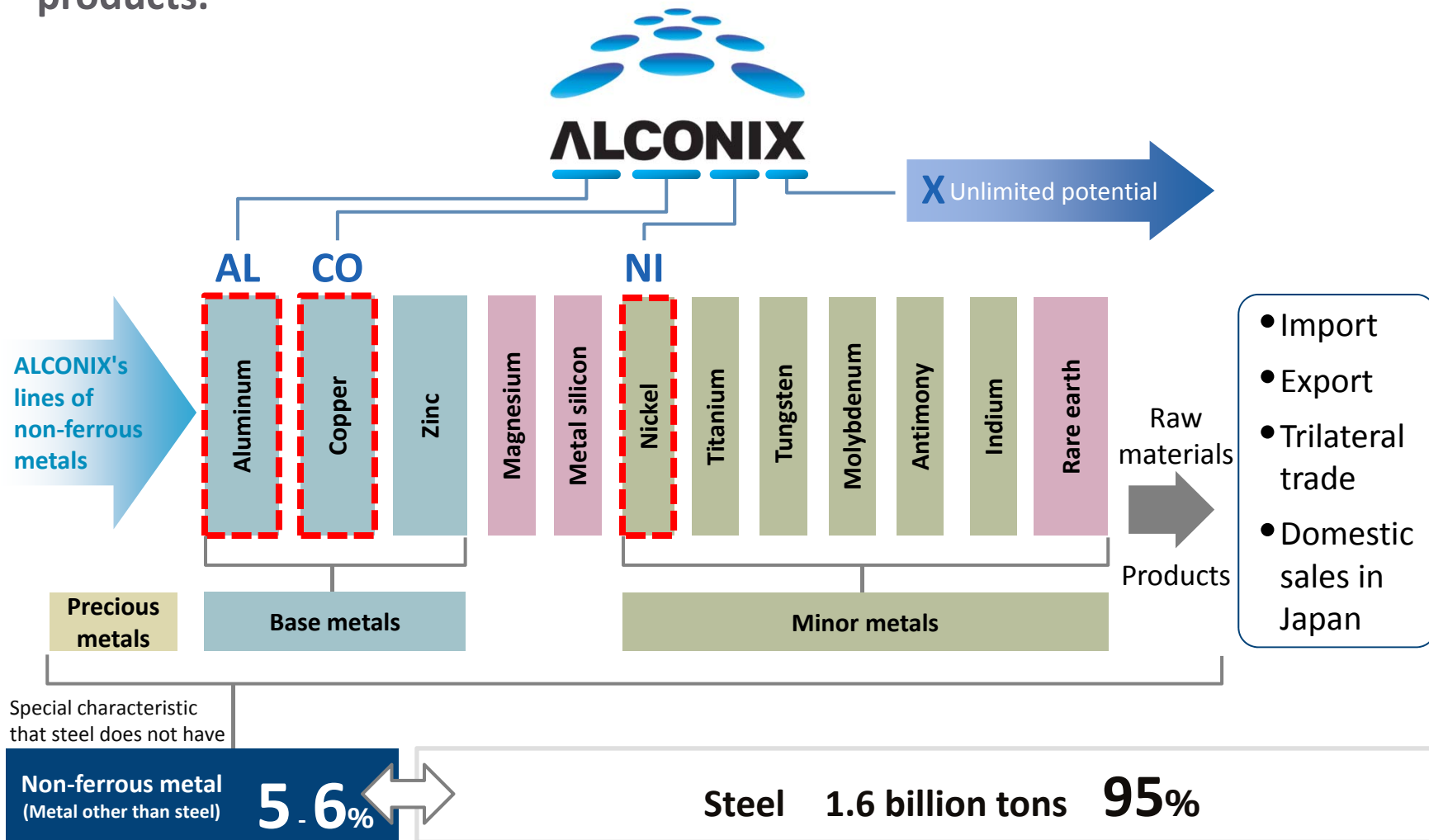
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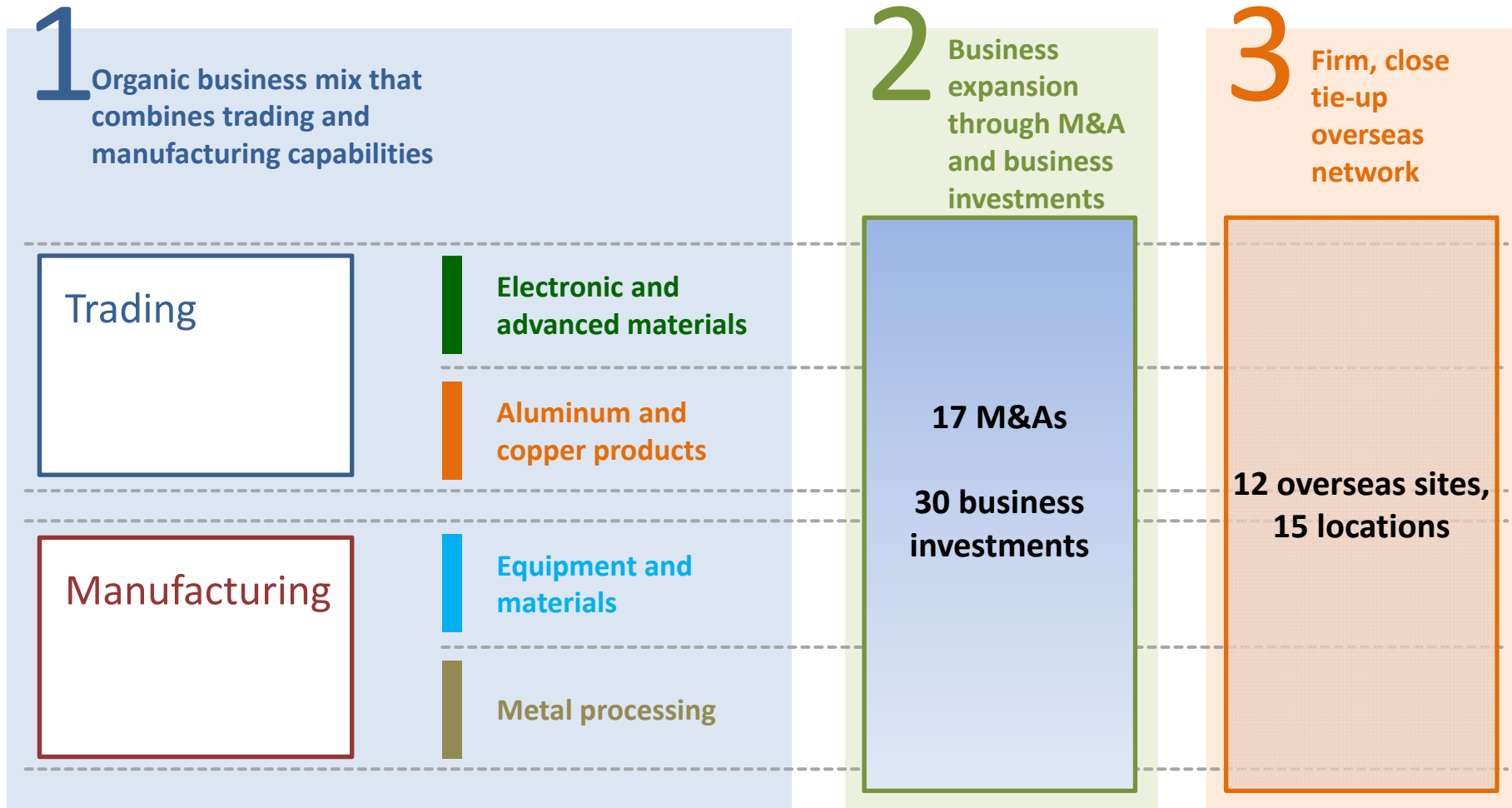
# About ALCONIX

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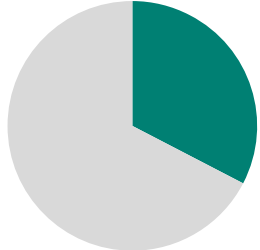












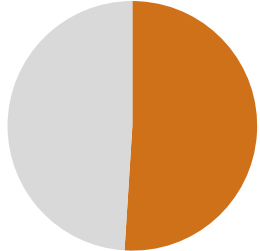









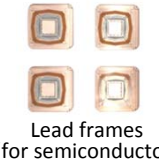

# Business Summary

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

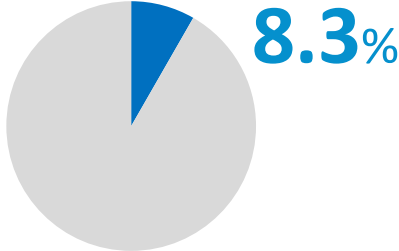



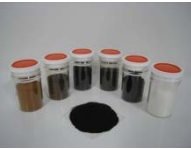






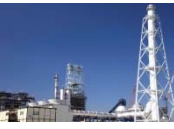
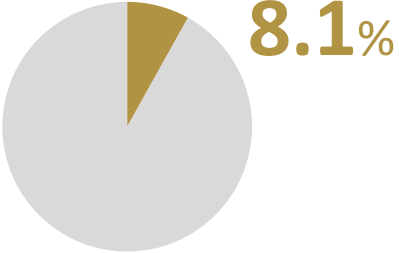













(As of March 31, 2019)

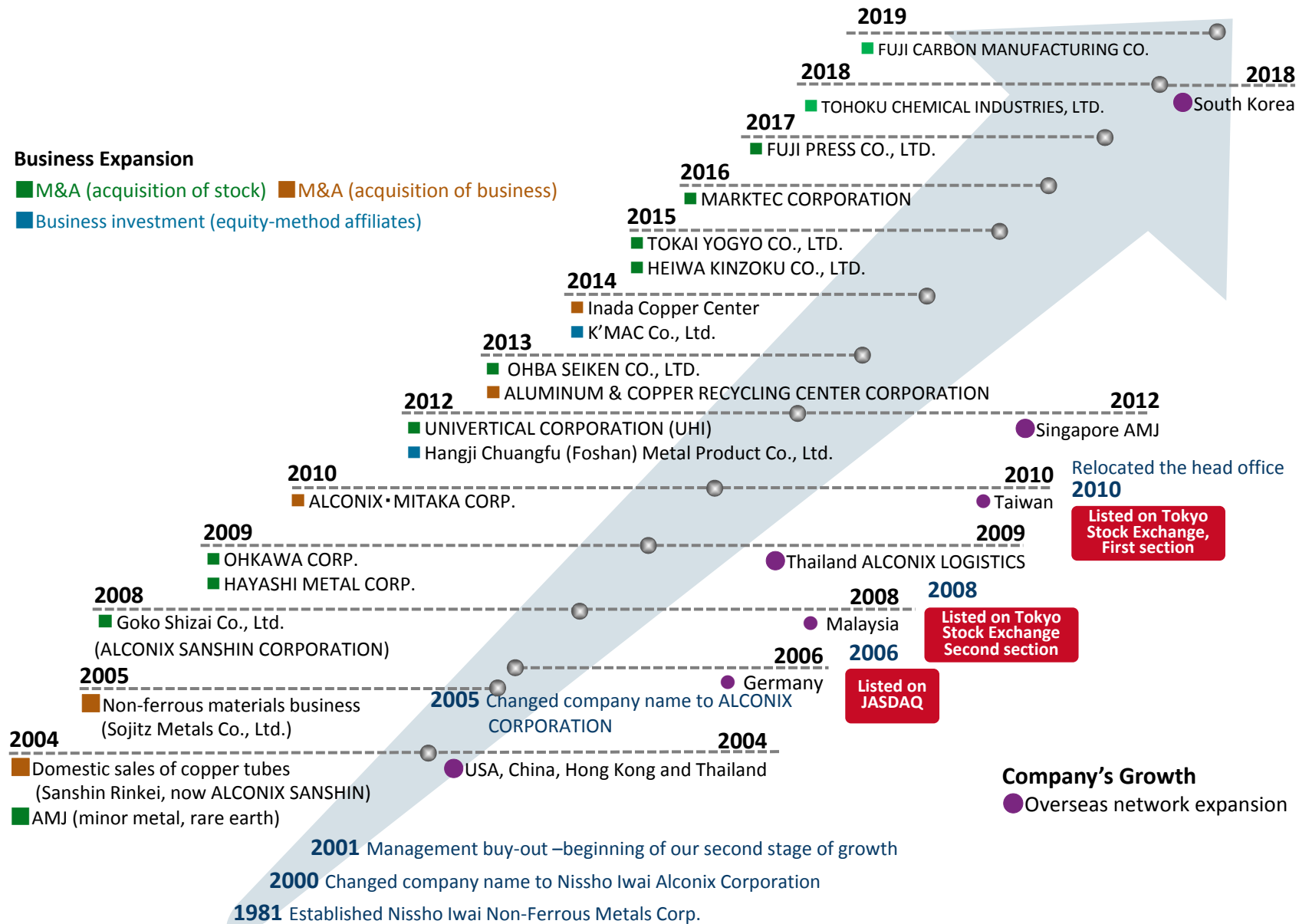
Businesses	Our trading products	End products	Main business areas
<p><b>Electronic and advanced materials</b></p> <div data-bbox="297 391 533 448"> <p>Segment weighting (sales)</p> </div>  <p><b>32.6%</b></p> <div data-bbox="297 770 517 828"> <p>Segment weighting (profits)</p> </div> <p><b>11.5%</b></p>	<div data-bbox="904 304 1070 437">  <p>Titanium coils</p> </div> <div data-bbox="1111 304 1276 437">  <p>Compound semiconductors and other electronic materials</p> </div> <div data-bbox="898 560 1064 655">  <p>Rare earth strips</p> </div> <div data-bbox="1117 560 1283 655">  <p>Titanium sponge</p> </div> <div data-bbox="904 703 1061 794">  <p>Rare earth compounds</p> </div> <div data-bbox="1128 699 1285 794">  <p>Rare earth ingots</p> </div>	<div data-bbox="1341 304 1529 416">  <p>Automobiles (magnetic and battery materials for various motors)</p> </div> <div data-bbox="1576 300 1771 416">  <p>Tablet PCs, smartphones (battery materials, etc.)</p> </div> <div data-bbox="1368 528 1514 655">  <p>LCD panels</p> </div> <div data-bbox="1554 528 1756 699">  <p>Wind power generation (turbines)</p> </div> <div data-bbox="1368 687 1514 858">  <p>Titanium products (heat exchangers)</p> </div> <div data-bbox="1554 703 1733 858">  <p>Window materials (coating agents)</p> </div>	<p>Japan, North America, Europe, China, Asia</p> <p><b>Consolidated subsidiaries</b></p> <p>ADVANCED MATERIAL JAPAN, etc.</p>
<p><b>Aluminum and copper products</b></p> <div data-bbox="297 959 517 1016"> <p>Segment weighting (sales)</p> </div>  <p><b>51.0%</b></p> <div data-bbox="297 1342 517 1399"> <p>Segment weighting (profits)</p> </div> <p><b>16.4%</b></p>	<div data-bbox="904 890 1084 1002">  <p>Aluminum coils</p> </div> <div data-bbox="1111 890 1283 1002">  <p>Copper products</p> </div> <div data-bbox="904 1038 1077 1193">  <p>Metal scraps</p> </div> <div data-bbox="1111 1038 1276 1193">  <p>Aluminum alloy ingots</p> </div> <div data-bbox="913 1241 1077 1369">  <p>Brass copper rod</p> </div>	<div data-bbox="1352 879 1576 991">  <p>Aircrafts (used in structural parts)</p> </div> <div data-bbox="1585 890 1756 1002">  <p>Motorcycles (aluminum frames, etc.)</p> </div> <div data-bbox="1346 1054 1570 1182">  <p>Automobiles (bodies)</p> </div> <div data-bbox="1599 1054 1733 1182">  <p>Air conditioners (copper tubes)</p> </div> <div data-bbox="1368 1241 1525 1401">  <p>Lead frames (for semiconductor)</p> </div> <div data-bbox="1576 1230 1742 1369">  <p>Aluminum cans</p> </div>	<p>Japan, China, Asia, Europe, Latin America</p> <p><b>Consolidated subsidiaries</b></p> <p>ALCONIX SANSHIN HAYASHI METAL ALCONIX•MITAKA HEIWA KINZOKU ALUMINUM &amp; COPPER RECYCLING CENTER</p>

(As of March 31, 2019)

Businesses	Our trading products	End products	Main business areas
<h3>Equipment and materials</h3> <div data-bbox="297 379 517 440"> <p>Segment weighting (sales)</p> </div>  <div data-bbox="297 746 517 807"> <p>Segment weighting (profits)</p> </div> 	<p>Our trading products</p>  <p>Plating materials</p>  <p>Non-destructive testing (equipment)</p>  <p>Cashew products</p>  <p>Welding rods</p>  <p>Non-destructive testing (detection materials)</p>	<p>End products</p>  <p>Vehicle (plating, metal mold building-up welding rods, non-destructive testing)</p>  <p>Steel (marking)</p>  <p>Semiconductor (PWB plating)</p>  <p>Construction materials (plating)</p>  <p>Power generation plant (non-destructive testing)</p>	<p>Main business areas</p> <p>Japan, China, North America, Europe, Asia</p> <p><b>Consolidated subsidiaries</b></p> <p>UNIVERETICAL TOKAI YOGYO MARKTEC</p> <p>* Tohoku Chemical Industries and Fuji Carbon Manufacturing were consolidated in Dec. 2018 and Feb. 2019, respectively. These two manufacturing subsidiaries will make their first contributions to sales and earnings of this business in FY3/20.</p>
<h3>Metal processing</h3> <div data-bbox="297 1010 501 1070"> <p>Segment weighting (sales)</p> </div>  <div data-bbox="297 1342 501 1402"> <p>Segment weighting (profits)</p> </div> 	<p>Our trading products</p>  <p>Precision fabricated parts</p>  <p>Precision grinding processing parts</p>  <p>High precision stamped parts</p>	<p>End products</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><b>Consolidated subsidiaries</b></p> <p>OHKAWA CORP. OHBA SEIKEN FUJI PRESS K'MAC* Guandon Chuangfu Metal Product* FNA MECHATRONICS MEXICO*</p> <p>* Equity-method affiliates</p>

## Business Expansion

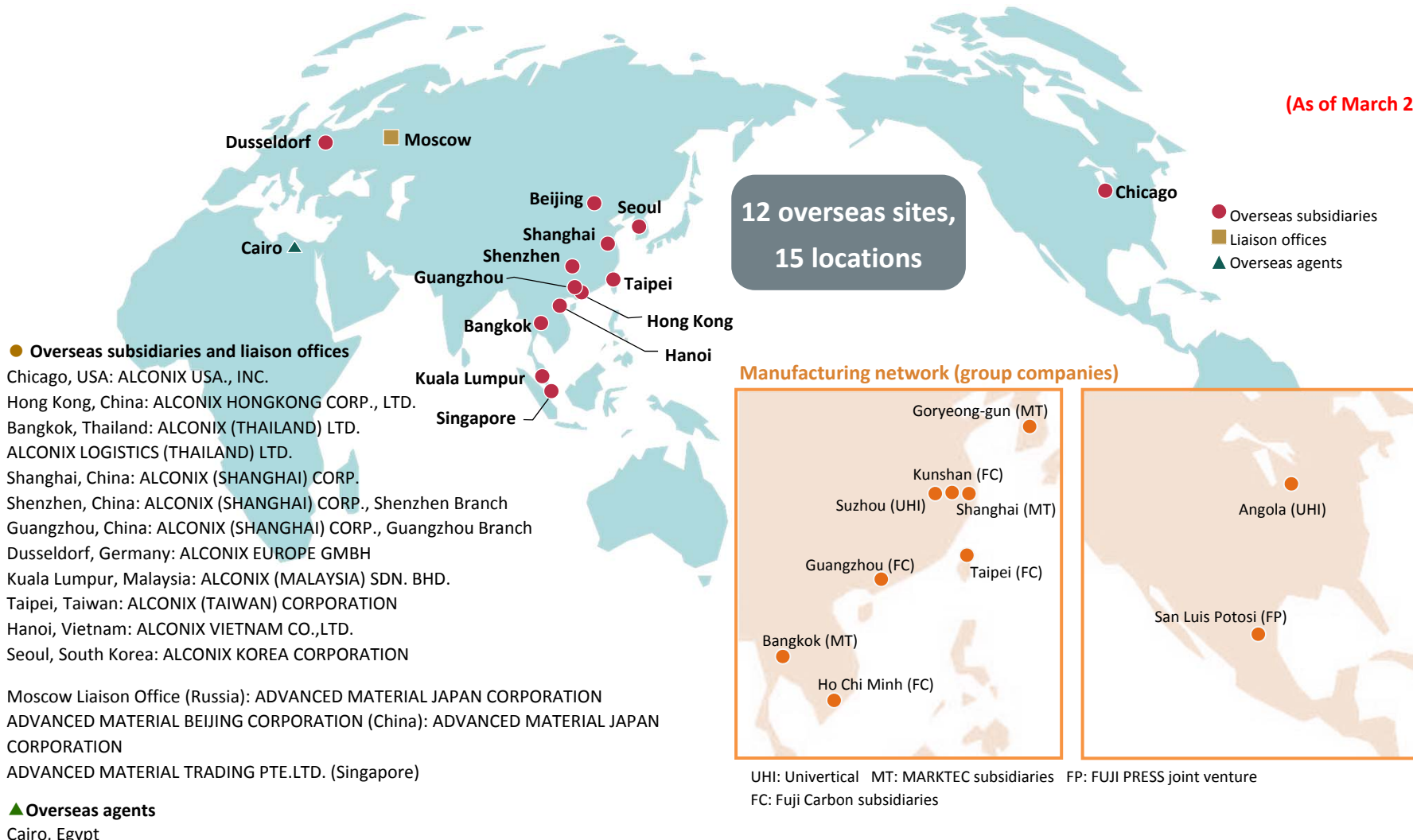
- M&A (acquisition of stock)
- M&A (acquisition of business)
- Business investment (equity-method affiliates)





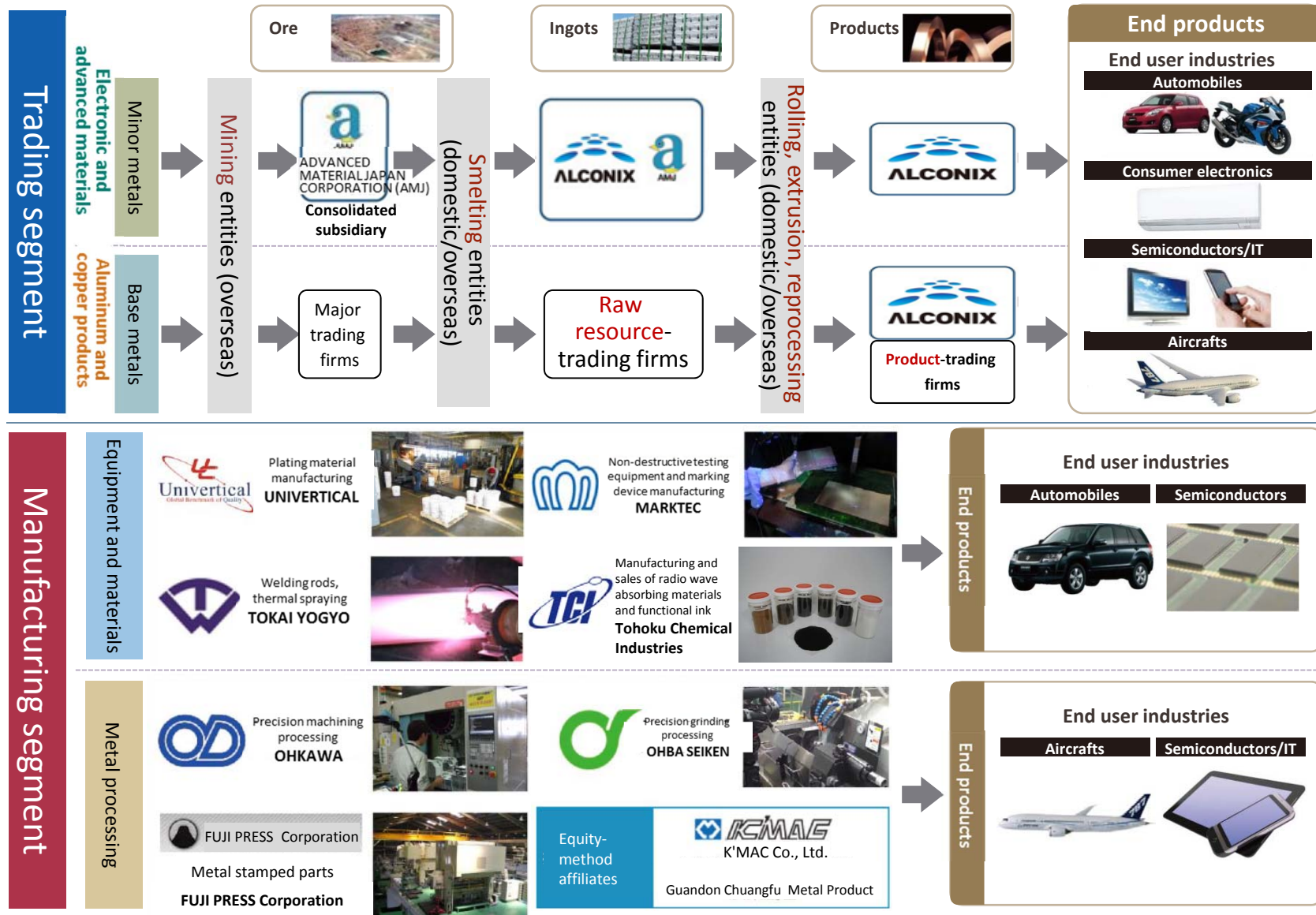
The ALCONIX Group has a unique overseas network that emphasized profitability

(As of March 2019)



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# Business Model



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

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# Corporate Data

# Consolidated financial summary

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	FY3/19
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	<b>257,437</b>
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	<b>238,230</b>
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	<b>19,207</b>
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	<b>12,949</b>
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	<b>6,257</b>
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	<b>6,254</b>
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	<b>6,460</b>
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	<b>4,009</b>
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	<b>143,851</b>
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	<b>39,673</b>
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	<b>58,408</b>

Listed on  
JASDAQ

Listed on TSE  
2nd Section

Designated for  
listing on TSE  
1st Section

## Main financial indicators

Corporate data

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
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	1,489.59
Net income per share (cons.)	84.83	96.43	56.29	123.69	137.38	193.54	119.66	206.56	155.20
Dividend per share	12.50	15.00	15.00	16.25	20.00	22.00	22.00	32.00	39.00
(of which commemorative dividend)	1.25								
(of which interim dividend)		(6.25)	(7.50)	(7.50)	(9.00)	(11.00)	(11.00)	(16.00)	(19.00)
Dividend payout ratio	14.7%	15.6%	26.6%	13.1%	14.6%	11.4%	18.4%	15.5%	25.1%
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	25,882,200
Return on equity (cons.)	18.3%	19.2%	9.9%	17.4%	14.9%	17.8%	9.9%	15.4%	10.7%
Return on assets (cons.)	5.7%	6.8%	4.2%	4.6%	5.9%	4.3%	3.9%	6.5%	4.6%
Equity ratio (cons.)	18.4%	19.8%	21.8%	24.3%	29.3%	26.7%	28.5%	28.3%	26.3%
Net debt equity ratio	1.45	0.93	1.03	0.82	0.67	0.63	0.66	0.74	0.95
Number of employees (cons.)	402	411	511	752	797	1,132	1,148	1,424	1,577

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 assets = 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 shares)
- 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").

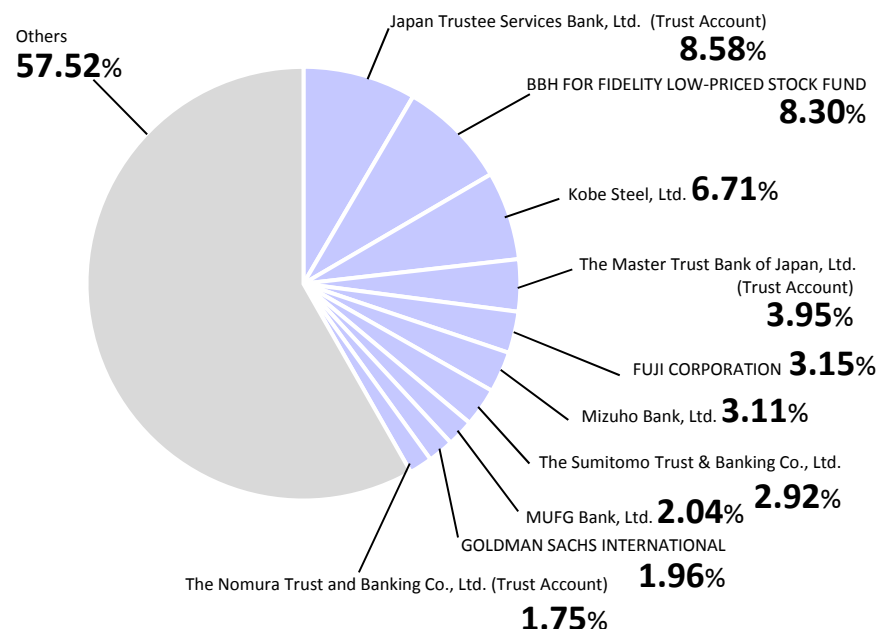
# Main shareholders

## Shareholder Distribution by Type of Shareholders

(As of March 31, 2019)

Category	Number of shares held	Shareholding ratios	Number of shareholders	Composition
Financial institutions	7,759,700	29.98%	26	0.29%
Securities companies	384,283	1.48%	35	0.39%
Other Japanese entities	5,318,697	20.55%	99	1.10%
Overseas entities (of which, 13,900 foreigners)	5,041,016	19.48%	91	1.01%
Individual investors, others	6,940,869	26.82%	8,783	97.21%
Treasury shares	437,635	1.69%	1	0.01%
<b>Total</b>	<b>25,882,200</b>	<b>100.00%</b>	<b>9,035</b>	<b>100.00%</b>

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



## Shareholders

(As of March 31, 2019)

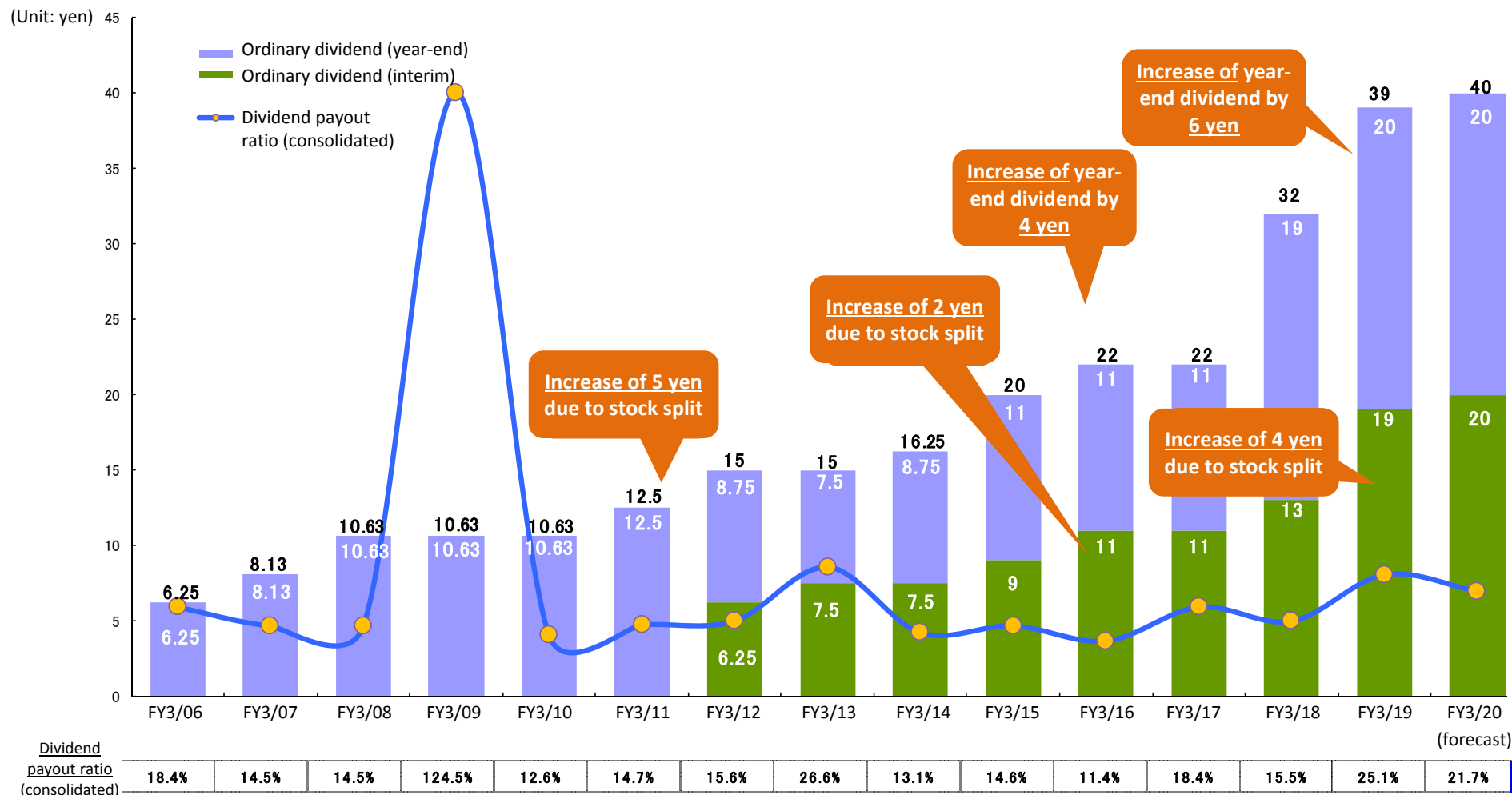
Name of shareholders	Number of shares held	Shareholding ratios
Japan Trustee Services Bank, Ltd. (Trust Account)	2,183,200	8.58%
BBH FOR FIDELITY LOW-PRICED STOCK FUND	2,111,000	8.30%
Kobe Steel, Ltd.	1,707,200	6.71%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,006,300	3.95%
FUJI CORPORATION	801,200	3.15%
Mizuho Bank, Ltd.	792,000	3.11%
The Sumitomo Trust & Banking Co., Ltd.	744,000	2.92%
MUFG Bank, Ltd.	520,000	2.04%
GOLDMAN SACHS INTERNATIONAL	498,000	1.96%
The Nomura Trust and Banking Co., Ltd. (Trust Account)	445,700	1.75%
Others	15,073,600	57.52%
<b>Total</b>	<b>25,882,200</b>	<b>100.00%</b>

Note: Shareholding ratios are calculated after deducting treasury shares (1,031 shares) from the total number of shares outstanding.



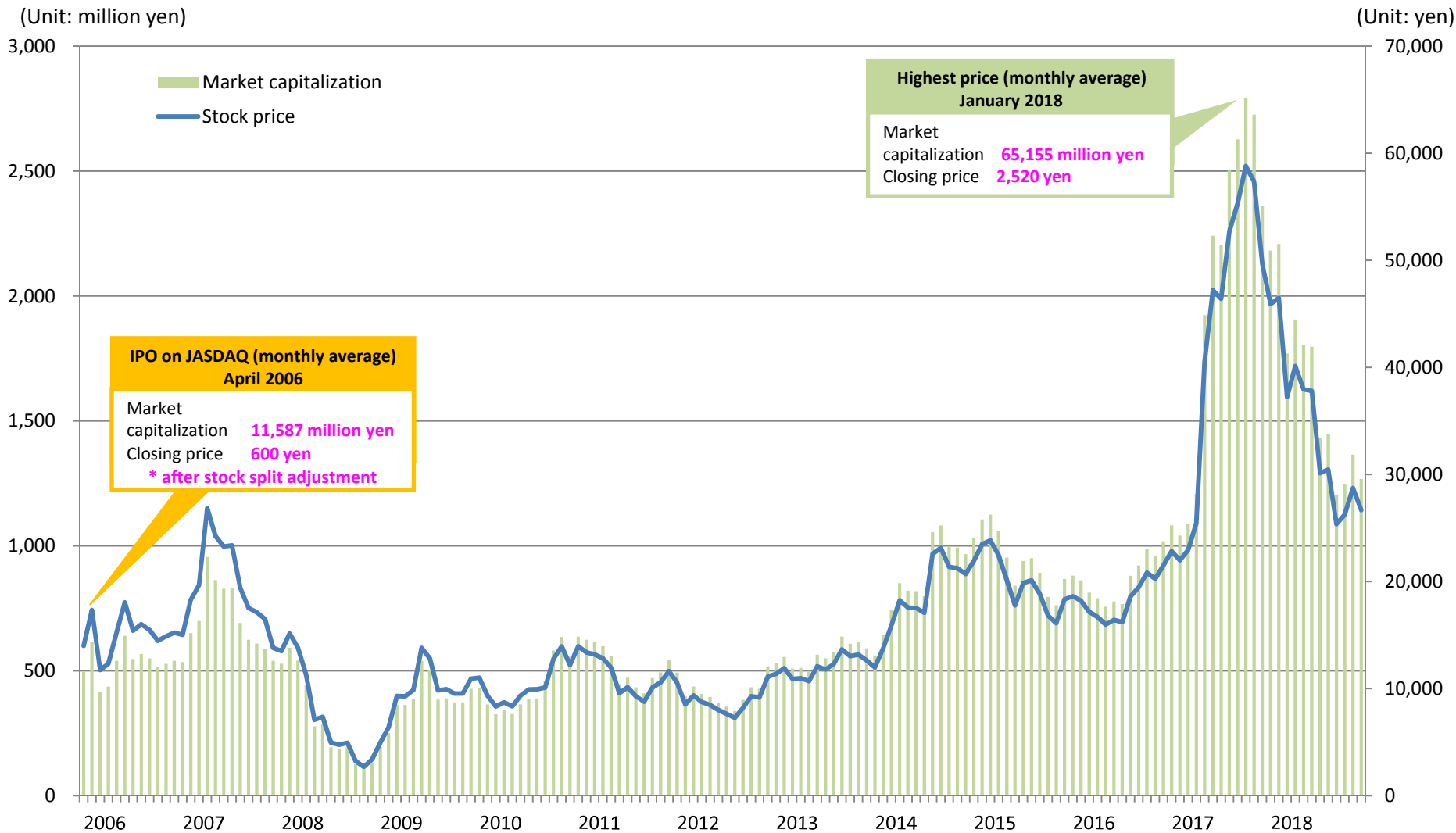
# Shareholder returns: Trend in dividend per share and dividend payout ratio

\* 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 – March 2019



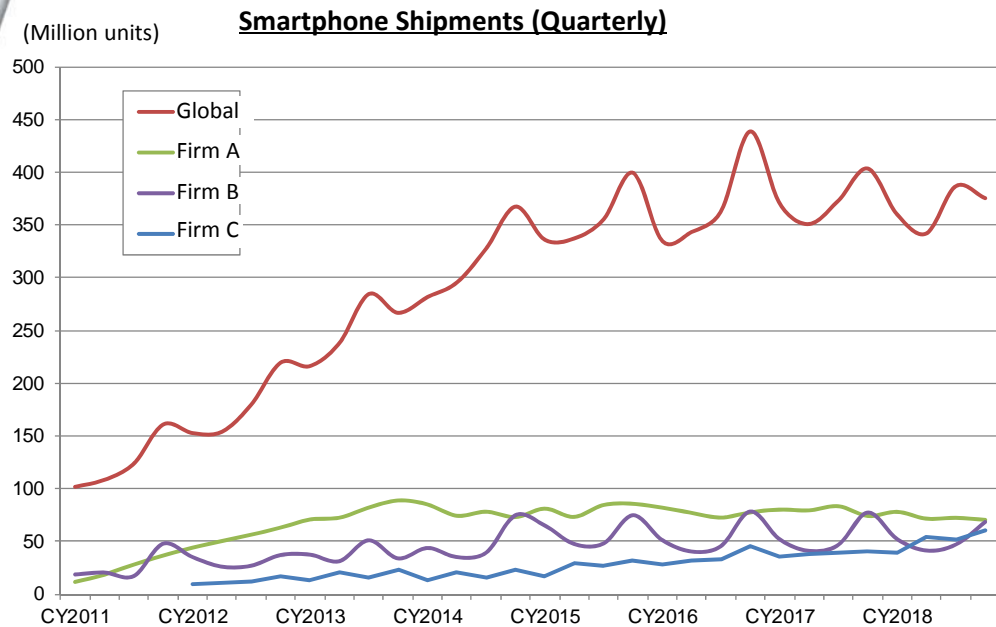
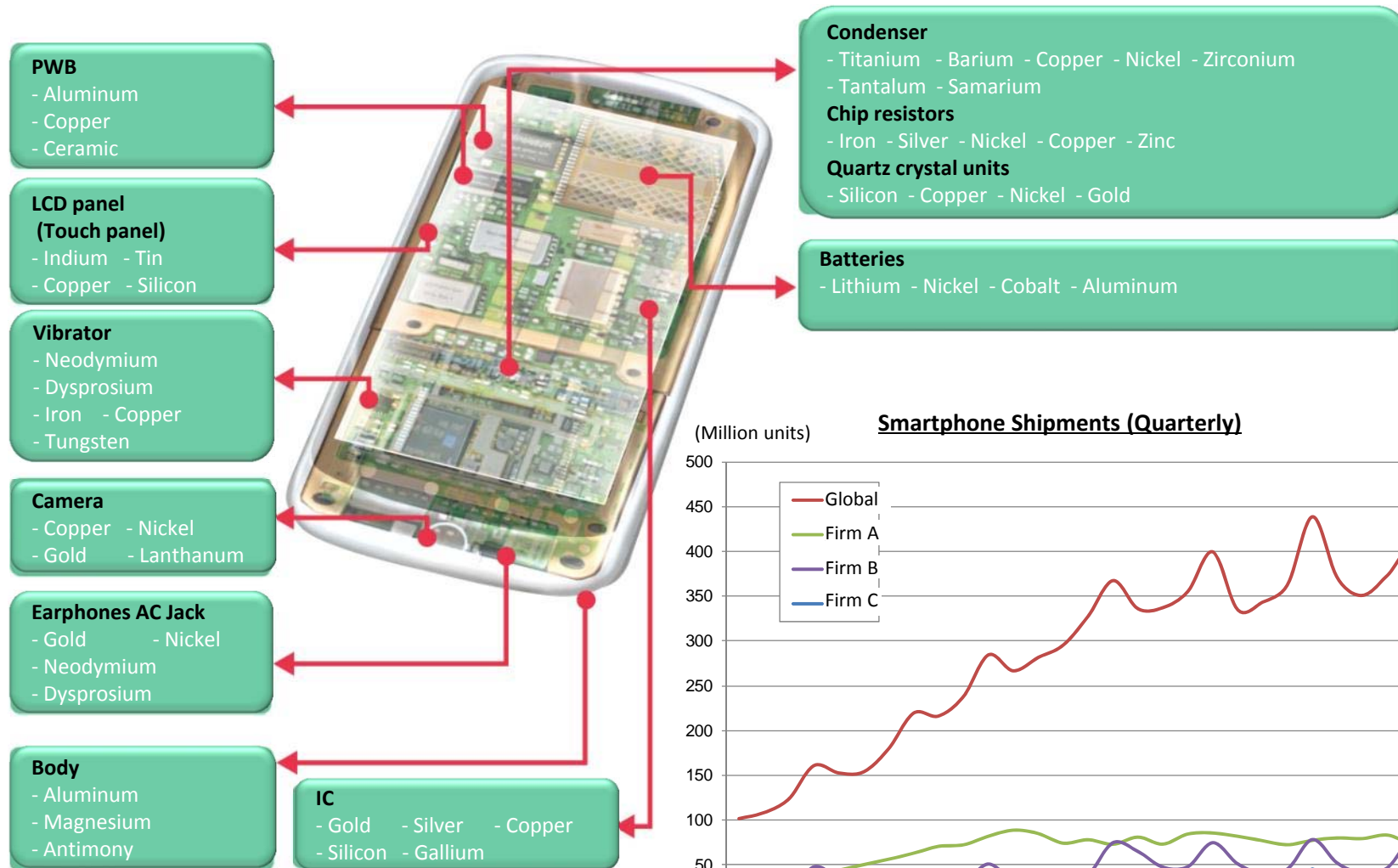
Notes: 1. Adjusted closing price and market capitalization represent monthly average.  
 2. Adjusted closing price has been adjusted to reflect the stock splits conducted in prior years.

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# Market Chart (Reference Materials)

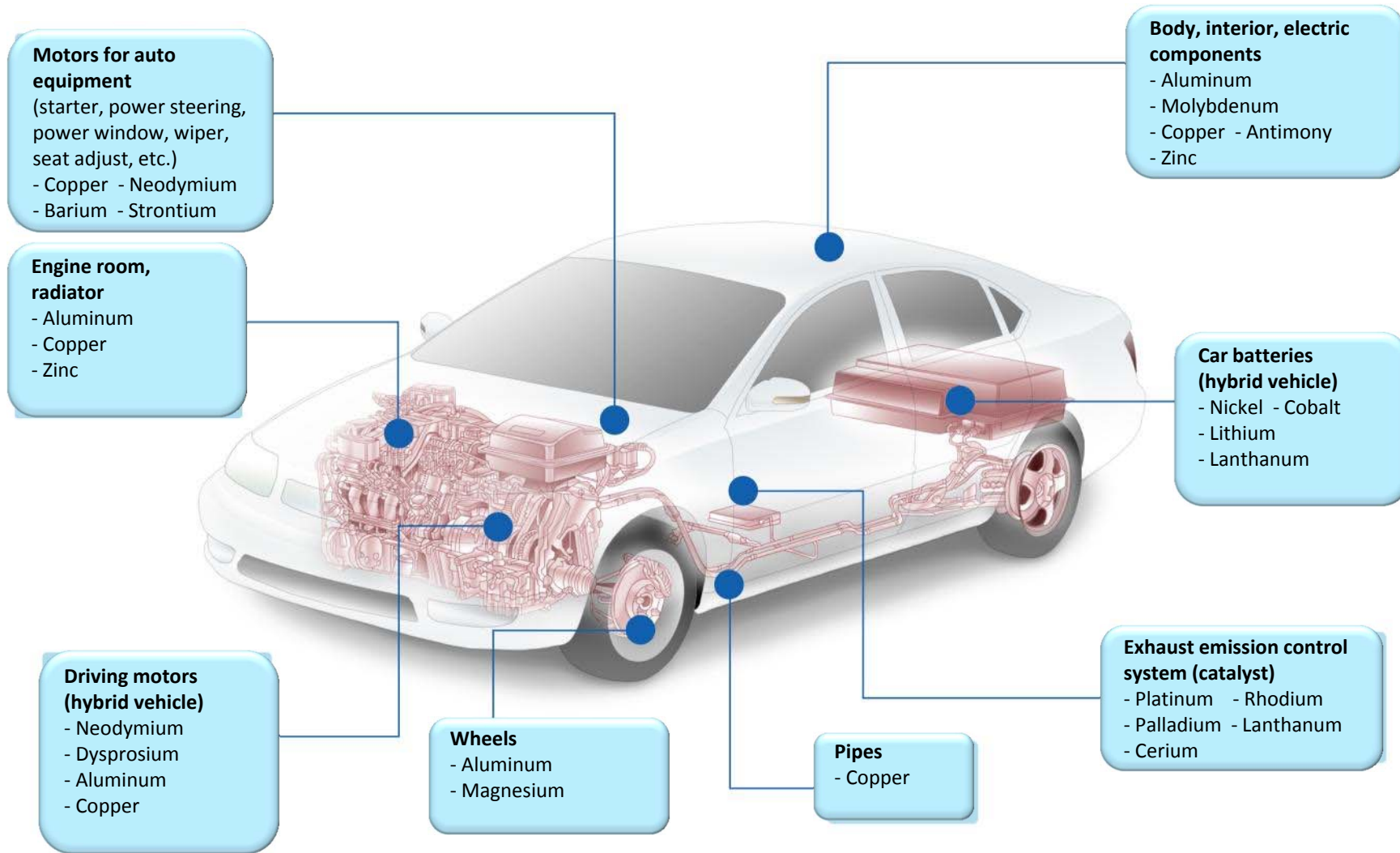
# Non-ferrous metal application 1 (smartphones)

Market chart (reference materials)



# Non-ferrous metal application 2 (automobiles)

Market chart (reference materials)



# Note

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A series of horizontal dotted lines for taking notes.



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.

