



Become an integrated company that combines
trading and manufacturing capabilities

ALCONIX CORPORATION

Listed on TSE First Section **Code 3036**

Financial Results Materials The Third Quarter of the Fiscal Year Ending March 31, 2020

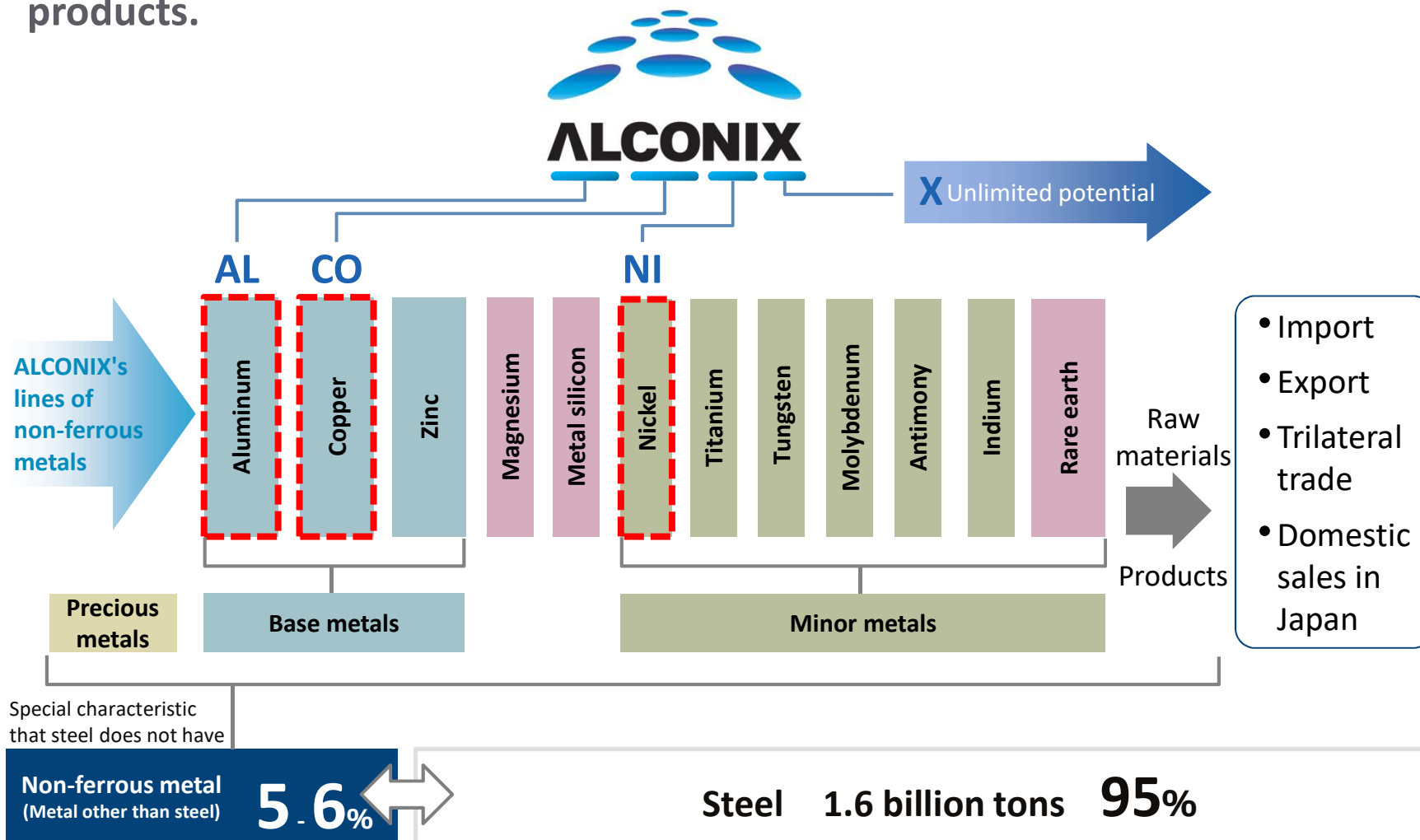
Company Overview / Appendix

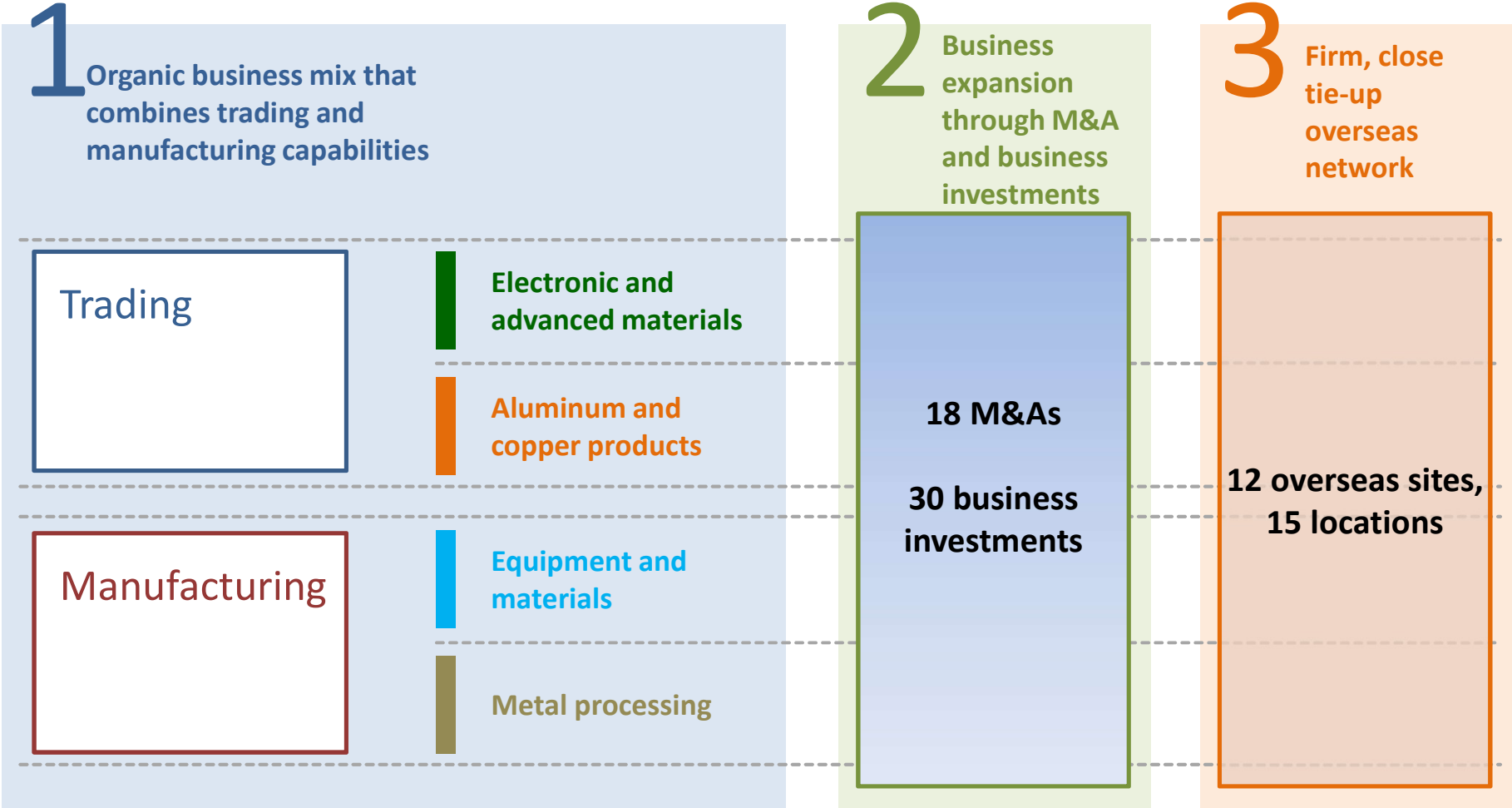
February 2020

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.

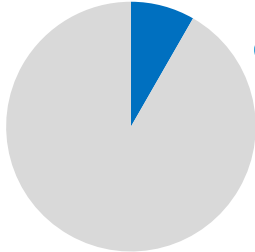










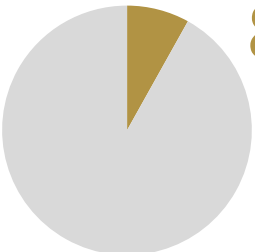












(As of March 31, 2019)

Businesses	Our trading products	End products	Main business areas
<p>Electronic and advanced materials</p> <div data-bbox="295 392 533 448"> <p>Segment weighting (sales)</p> </div> <div data-bbox="295 475 763 730"> <p>32.6%</p> </div> <div data-bbox="295 751 533 826"> <p>Segment weighting (profits)</p> </div> <div data-bbox="295 751 719 826"> <p>11.5%</p> </div>	<div data-bbox="904 308 1070 440"> <p>Titanium coils</p> </div> <div data-bbox="1111 308 1276 440"> <p>Compound semiconductors and other electronic materials</p> </div> <div data-bbox="904 563 1070 695"> <p>Rare earth strips</p> </div> <div data-bbox="1111 563 1276 695"> <p>Titanium sponge</p> </div> <div data-bbox="904 707 1070 839"> <p>Rare earth compounds</p> </div> <div data-bbox="1111 707 1276 839"> <p>Rare earth ingots</p> </div>	<div data-bbox="1339 308 1527 440"> <p>Automobiles (magnetic and battery materials for various motors)</p> </div> <div data-bbox="1576 308 1765 440"> <p>Tablet PCs, smartphones (battery materials, etc.)</p> </div> <div data-bbox="1366 531 1514 663"> <p>LCD panels</p> </div> <div data-bbox="1559 531 1751 663"> <p>Wind power generation (turbines)</p> </div> <div data-bbox="1366 691 1514 823"> <p>Titanium products (heat exchangers)</p> </div> <div data-bbox="1559 707 1729 839"> <p>Window materials (coating agents)</p> </div>	<div data-bbox="1821 229 2000 288"> <p>Main business areas</p> </div> <p>Japan, North America, Europe, China, Asia</p> <div data-bbox="1821 531 2000 590"> <p>Consolidated subsidiaries</p> </div> <p>ADVANCED MATERIAL JAPAN, overseas subsidiaries, etc.</p>
<p>Aluminum and copper products</p> <div data-bbox="295 959 533 1015"> <p>Segment weighting (sales)</p> </div> <div data-bbox="295 1042 763 1297"> <p>51.0%</p> </div> <div data-bbox="295 1334 533 1390"> <p>Segment weighting (profits)</p> </div> <div data-bbox="295 1334 719 1390"> <p>16.4%</p> </div>	<div data-bbox="904 893 1070 1026"> <p>Aluminum coils</p> </div> <div data-bbox="1111 893 1276 1026"> <p>Copper products</p> </div> <div data-bbox="904 1042 1070 1174"> <p>Metal scraps</p> </div> <div data-bbox="1111 1042 1276 1174"> <p>Aluminum alloy ingots</p> </div> <div data-bbox="904 1238 1070 1370"> <p>Brass copper rod</p> </div>	<div data-bbox="1361 882 1572 1015"> <p>Aircrafts (used in structural parts)</p> </div> <div data-bbox="1590 882 1760 1015"> <p>Motorcycles (aluminum frames, etc.)</p> </div> <div data-bbox="1344 1058 1559 1190"> <p>Automobiles (bodies)</p> </div> <div data-bbox="1590 1058 1738 1190"> <p>Air conditioners (copper tubes)</p> </div> <div data-bbox="1384 1238 1509 1370"> <p>Lead frames (for semiconductor)</p> </div> <div data-bbox="1576 1238 1738 1370"> <p>Aluminum cans</p> </div>	<div data-bbox="1821 882 2000 941"> <p>Main business areas</p> </div> <p>Japan, China, Asia, Europe, Latin America</p> <div data-bbox="1821 1074 2000 1133"> <p>Consolidated subsidiaries</p> </div> <p>ALCONIX SANSHIN, HAYASHI METAL, ALCONIX•MITAKA, HEIWA KINZOKU, ALUMINUM & COPPER RECYCLING CENTER, overseas subsidiaries</p>

(As of March 31, 2019)

Businesses	Our trading products	End products	Main business areas
<h3>Equipment and materials</h3> <div data-bbox="297 384 517 440"> <p>Segment weighting (sales)</p> </div>  <p>8.3%</p> <div data-bbox="297 751 517 807"> <p>Segment weighting (profits)</p> </div> <p>9.7%</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>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>Japan, China, North America, Europe, Asia</p> <p>Consolidated subsidiaries</p> <p>UNIVERETICAL, TOKAI YOGYO, MARKTEC, Tohoku Chemical Industries, Fuji Carbon Manufacturing</p>
<h3>Metal processing</h3> <div data-bbox="297 1007 501 1062"> <p>Segment weighting (sales)</p> </div>  <p>8.1%</p> <div data-bbox="297 1342 501 1398"> <p>Segment weighting (profits)</p> </div> <p>62.6%</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>Japan, China, Asia</p> <p>Consolidated subsidiaries</p> <p>OHKAWA CORP., OHBA SEIKEN, FUJI PRESS, FUJI ALCONIX DE MEXICO, K'MAC* Guandon Chuangfu Metal Product*</p> <p>* Equity-method affiliates</p>

Business Expansion

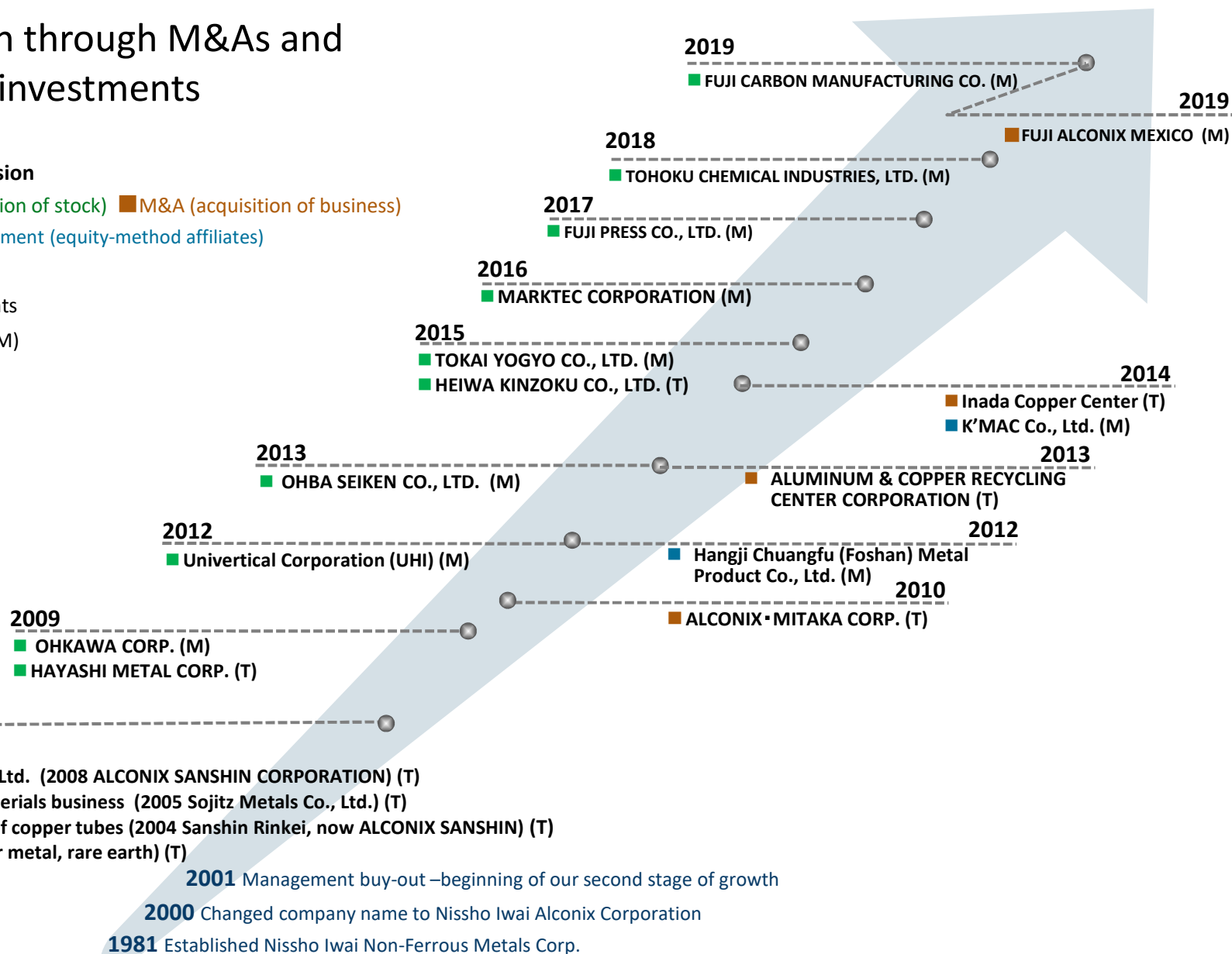
Expansion through M&As and business investments

Business Expansion

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

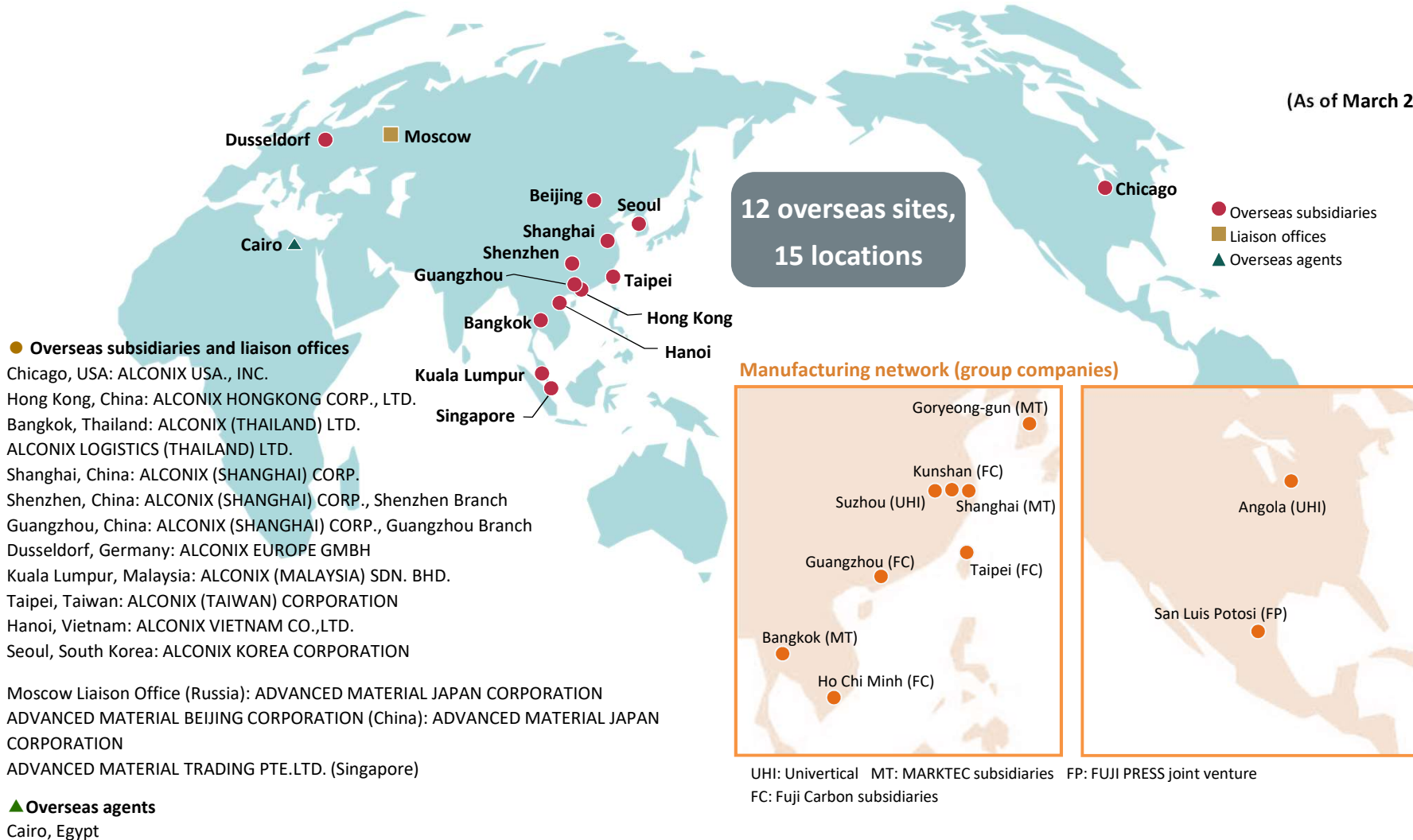
Business segments

- Manufacturing (M)
- Trading (T)



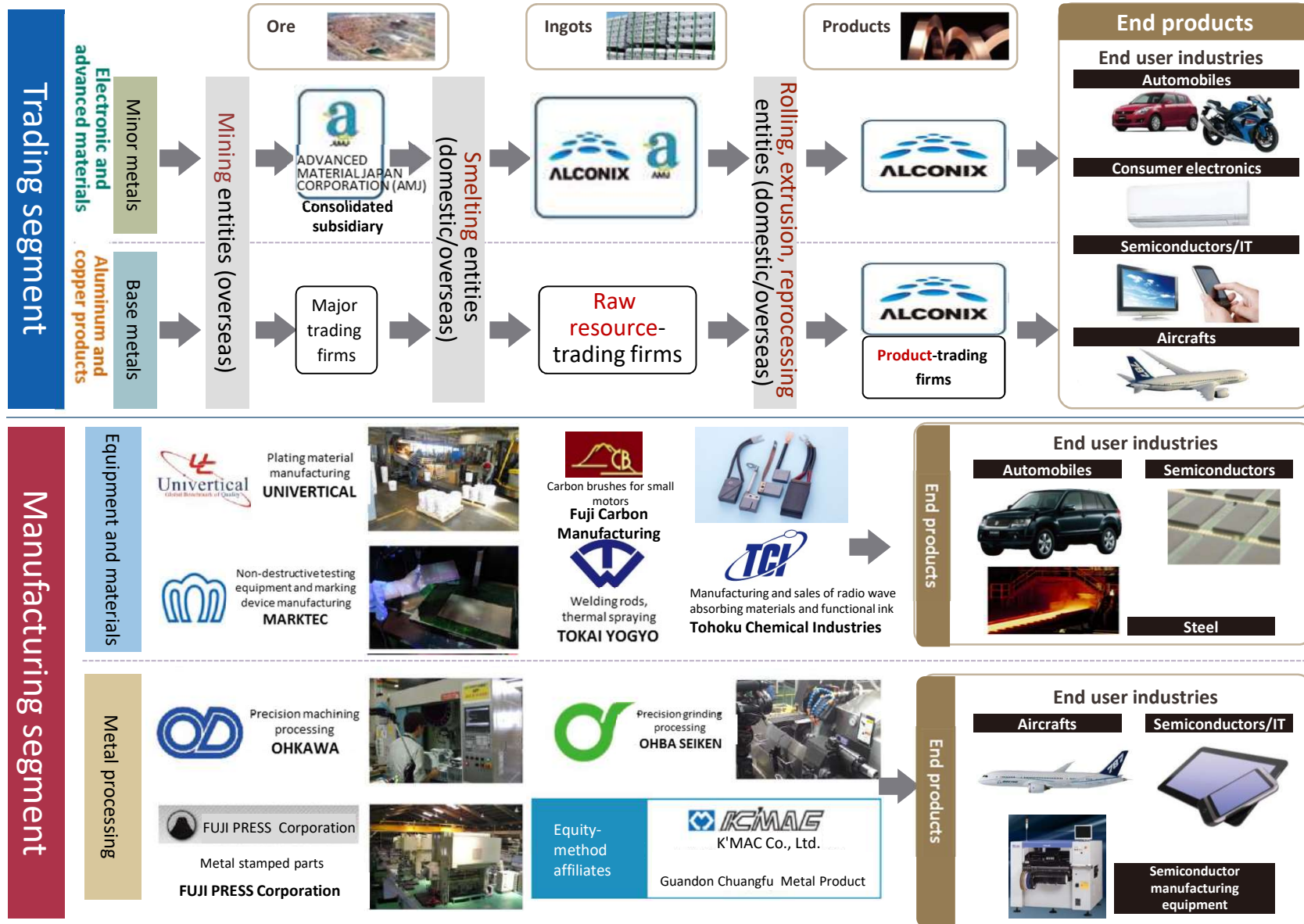
The ALCONIX Group has a unique overseas network that emphasized profitability

(As of March 2019)



Business Model

Business fields



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

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.) (yen)	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.) (yen)	84.83	96.43	56.29	123.69	137.38	193.54	119.66	206.56	155.20
Dividend per share (yen)	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	2,417

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").

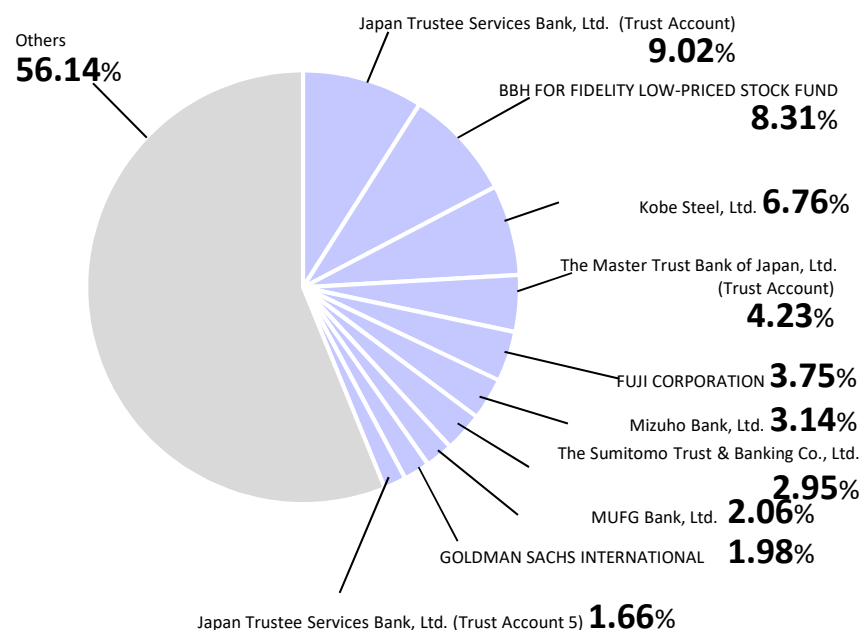
Main shareholders

Shareholder Distribution by Type of Shareholders

(As of September 30, 2019)

Category	Number of shares held	Shareholding ratios	Number of shareholders	Composition
Financial institutions	7,840,300	30.25%	26	0.29%
Securities companies	243,377	0.94%	33	0.37%
Other Japanese entities	5,413,068	20.89%	87	0.97%
Overseas entities (of which, 8,005 foreigners)	5,017,431	19.36%	87	0.97%
Individual investors, others	6,739,755	26.01%	8,751	97.39%
Treasury shares	661,769	2.55%	1	0.01%
Total	25,915,700	100.00%	8,985	100.00%

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



Shareholders

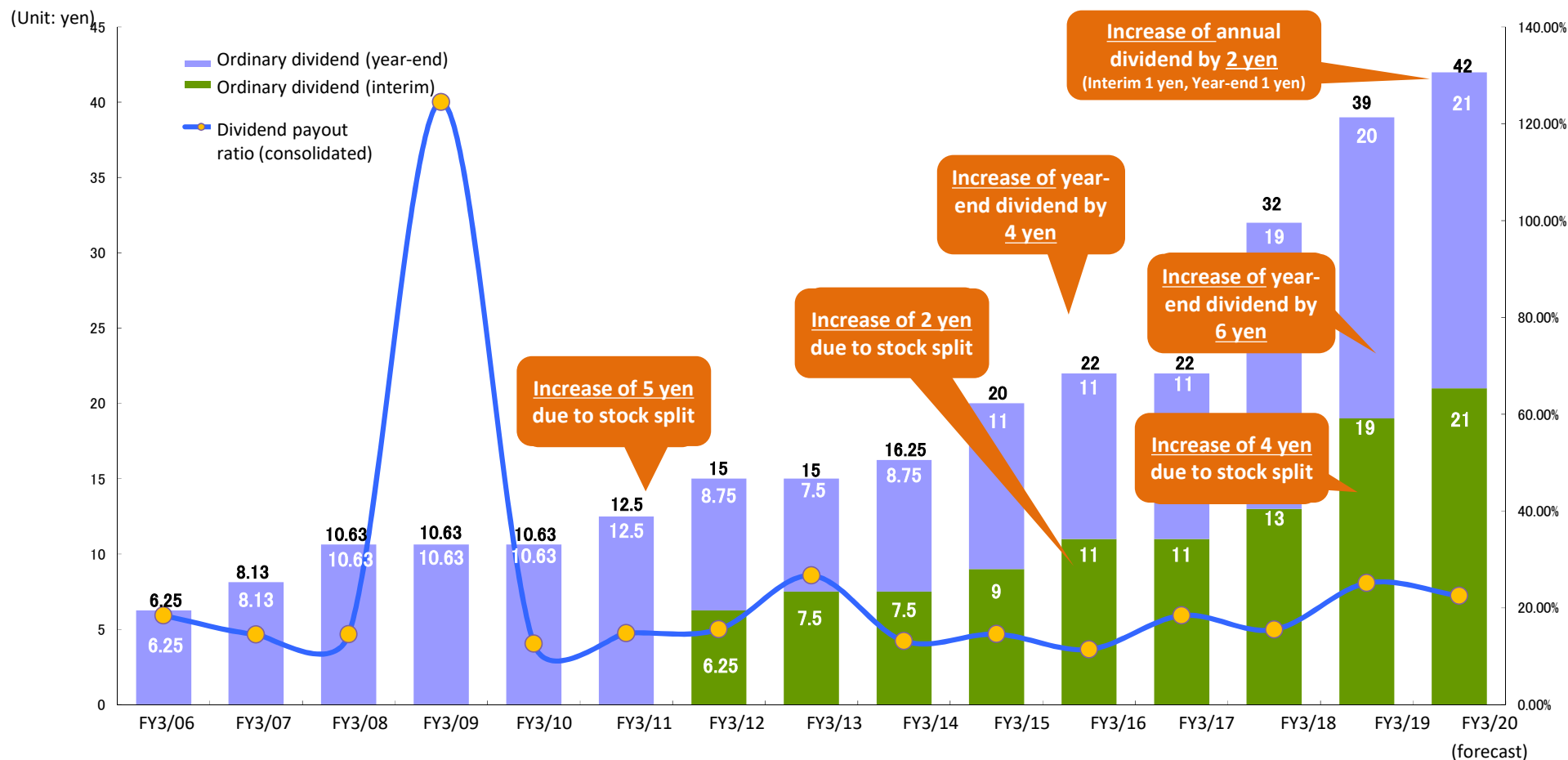
(As of September 30, 2019)

Name of shareholders	Number of shares held	Shareholding ratios
Japan Trustee Services Bank, Ltd. (Trust Account)	2,276,700	9.02%
BBH FOR FIDELITY LOW-PRICED STOCK FUND	2,098,400	8.31%
Kobe Steel, Ltd.	1,707,200	6.76%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,067,200	4.23%
FUJI CORPORATION	948,000	3.75%
Mizuho Bank, Ltd.	792,000	3.14%
The Sumitomo Trust & Banking Co., Ltd.	744,000	2.95%
MUFG Bank, Ltd.	520,000	2.06%
GOLDMAN SACHS INTERNATIONAL	499,278	1.98%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	418,000	1.66%
Others	14,844,922	56.14%
Total	25,915,700	100.00%

Note: Shareholding ratios are calculated after deducting treasury shares (661,769 shares) from the total number of shares outstanding.

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

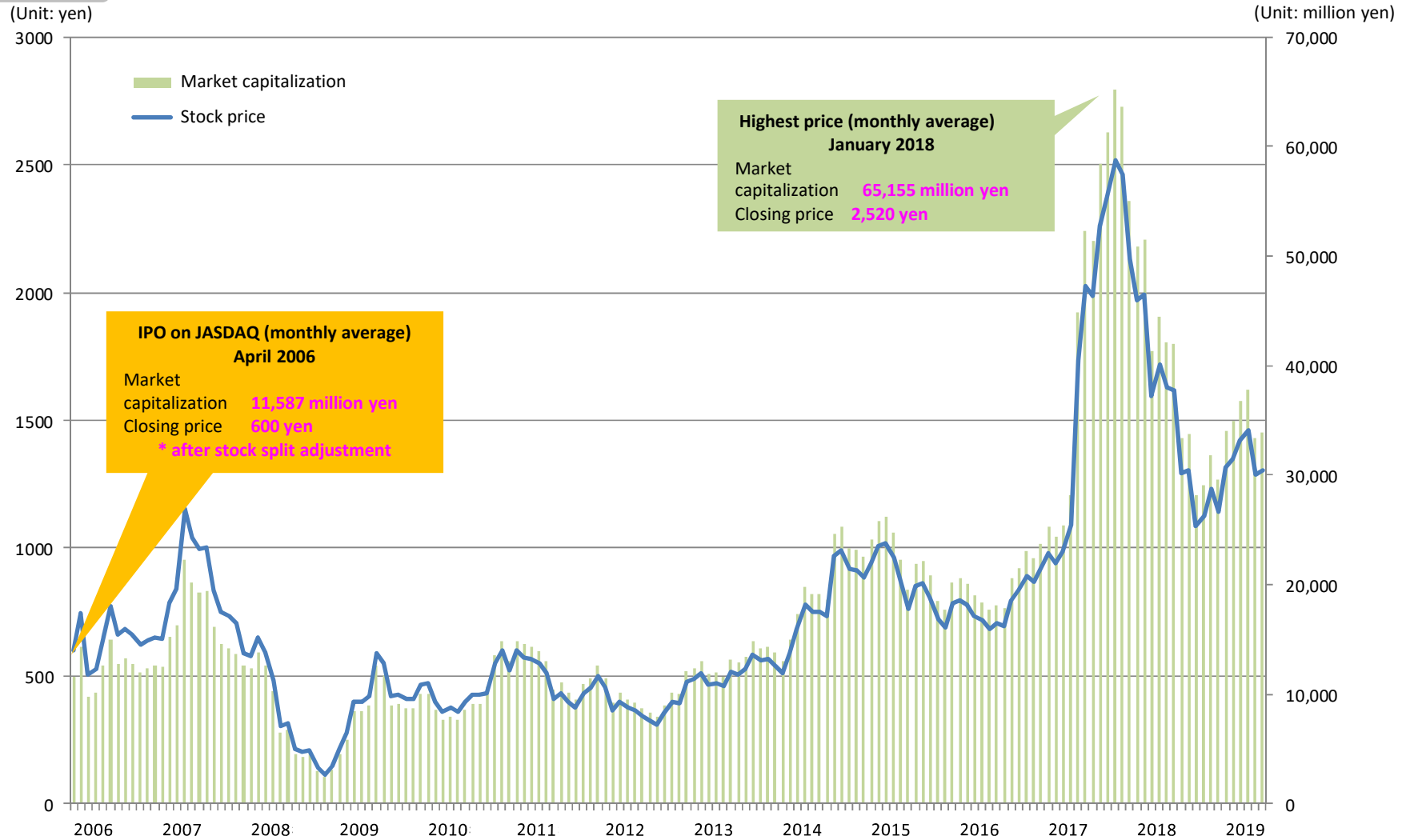
* Stock split:
Aug. 2010, Sep. 2014, Sep. 2017



Dividend payout ratio (consolidated)	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	FY3/20 (forecast)
	18.4%	14.5%	14.5%	124.5%	12.6%	14.7%	15.6%	26.6%	13.1%	14.6%	11.4%	18.4%	15.5%	25.1%	22.5%

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 2019

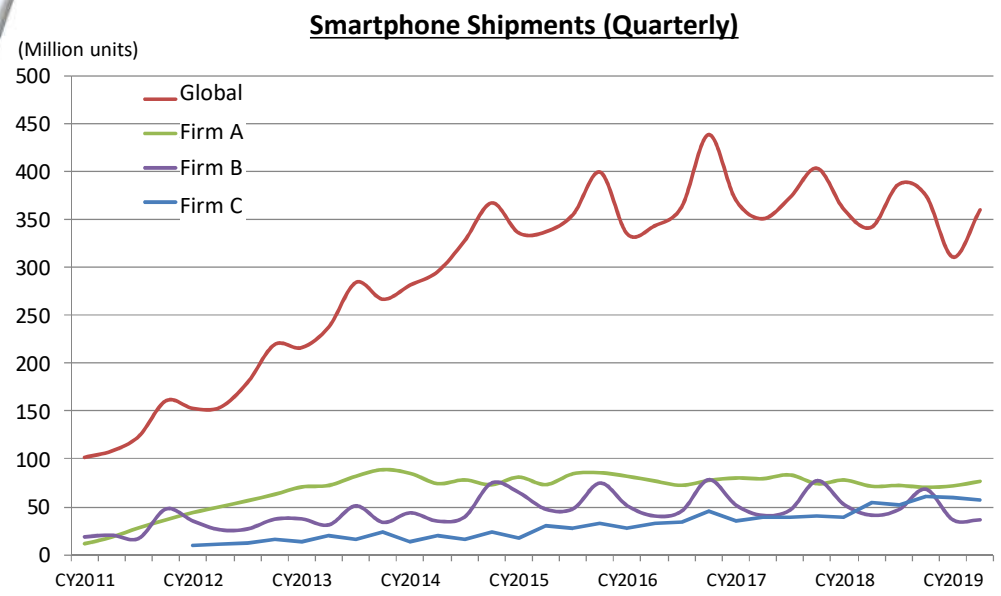
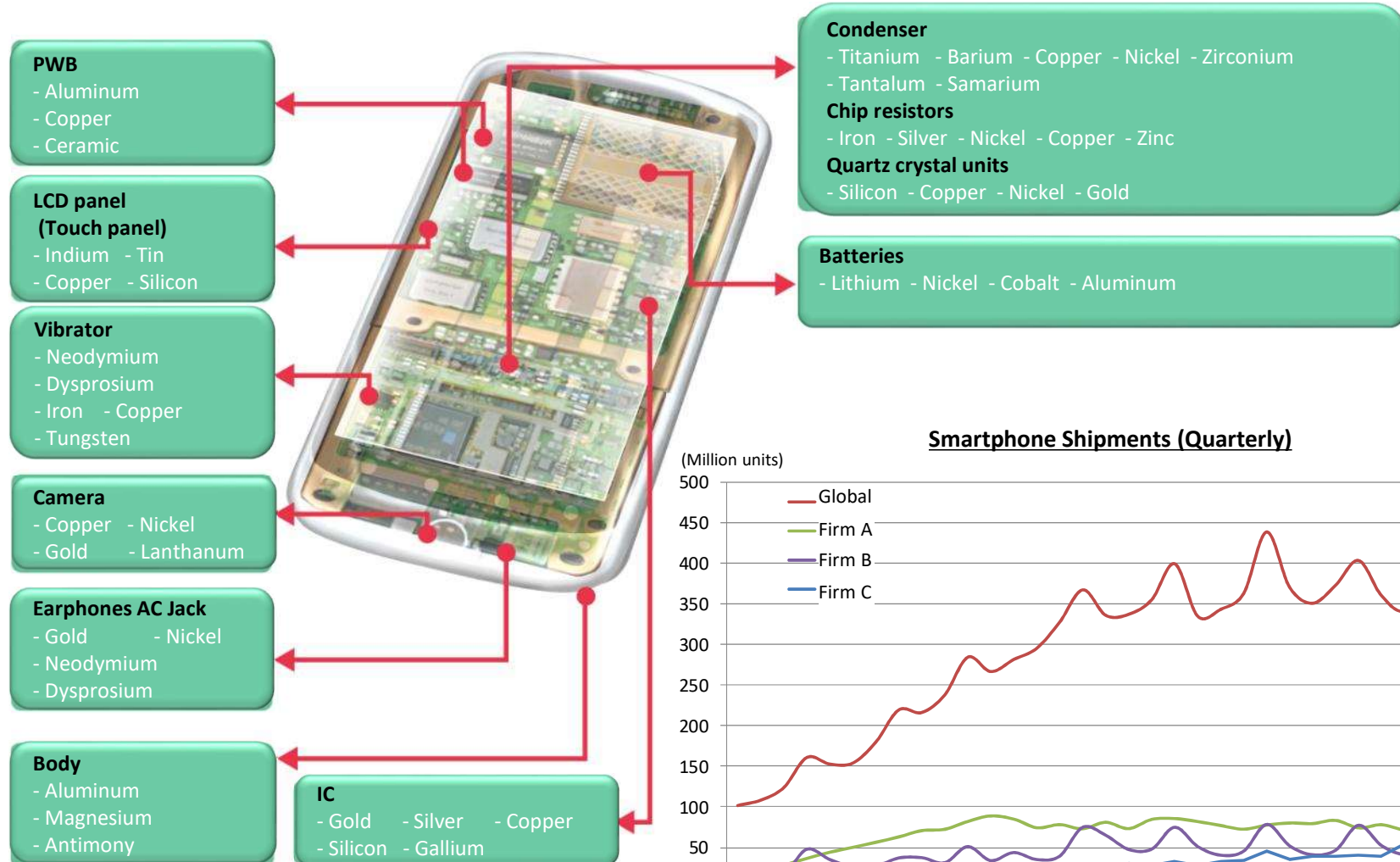


Notes: 1. Adjusted closing price and market capitalization represent monthly average.
 2. Adjusted closing price has been adjusted to reflect the stock splits conducted in prior years.

Market Chart (Reference Materials)

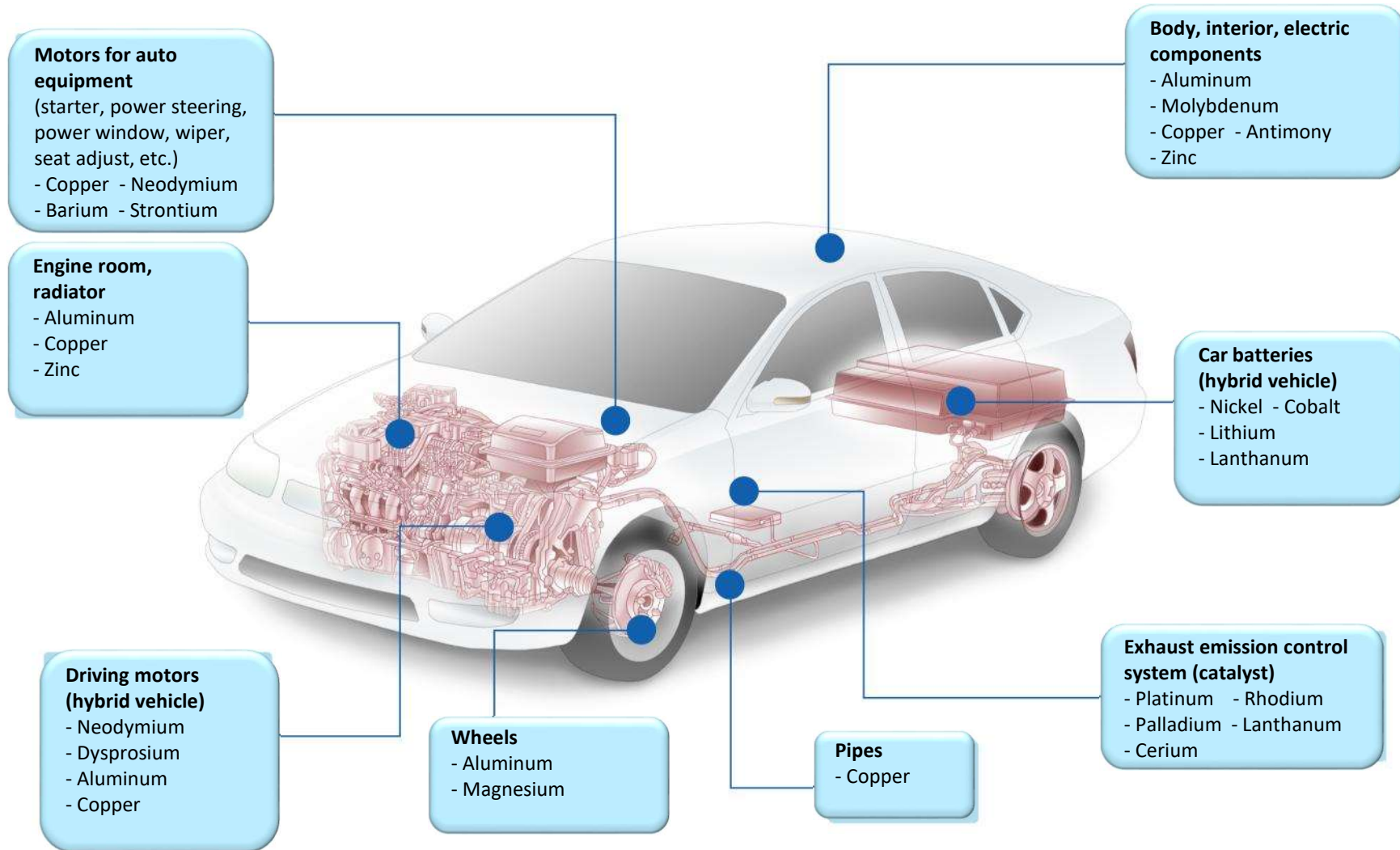
Non-ferrous metal application 1 (smartphones)

Market chart (reference materials)



Non-ferrous metal application 2 (automobiles)

Market chart (reference materials)



Note

A series of horizontal dotted lines for taking notes.

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