



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, 2020

Company Overview / Appendix

May 2020

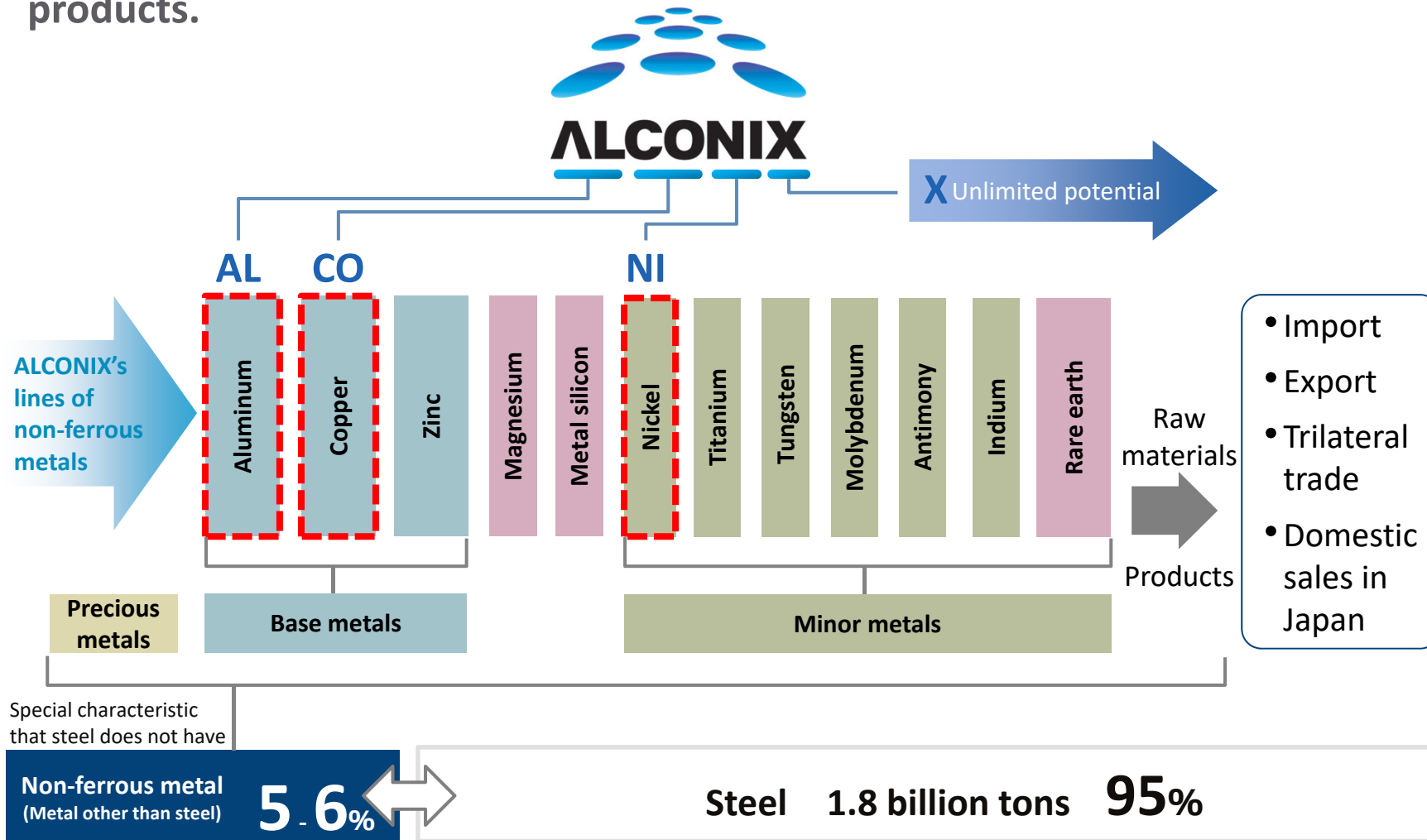
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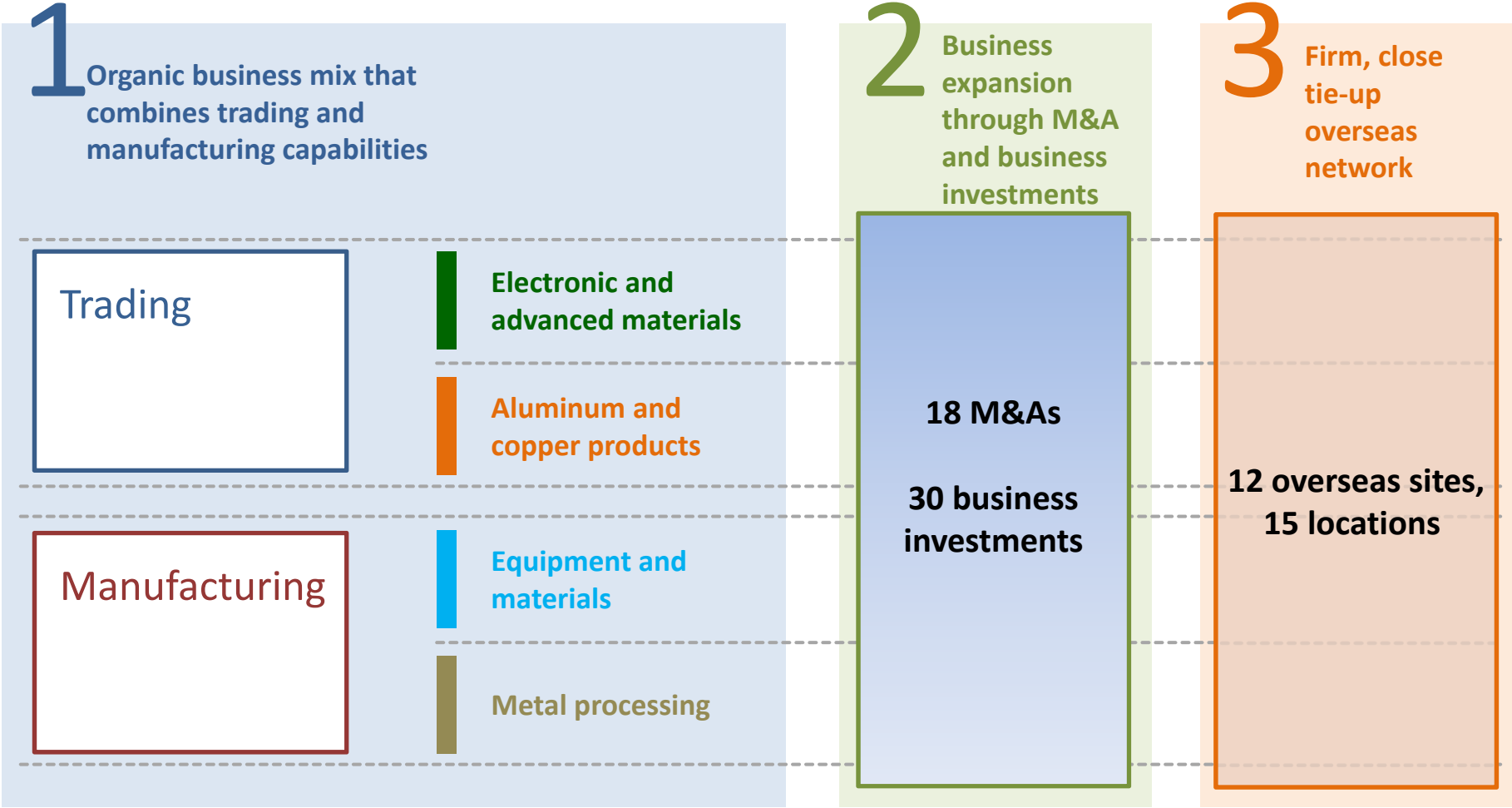
# About ALCONIX

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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.









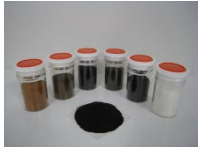



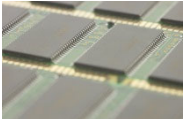


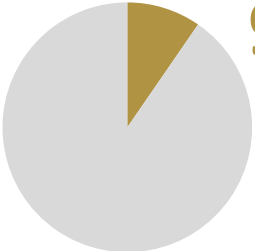








# Trading/ Electronic and advanced materials, Aluminum and copper products

## Business summary

(As of March 31, 2020)

Businesses	Our trading products	End products	Main business areas
<p><b>Electronic and advanced materials</b></p> <p>Segment weighting (sales) <b>29.7%</b></p> <p>Segment weighting (profits) <b>1.5%</b></p>	<p>Titanium coils</p> <p>Compound semiconductors and other electronic materials</p> <p>Rare earth strips</p> <p>Titanium sponge</p> <p>Rare earth compounds</p> <p>Rare earth ingots</p>	<p>Automobiles (magnetic and battery materials for various motors)</p> <p>Tablet PCs, smartphones (battery materials, etc.)</p> <p>LCD panels</p> <p>Wind power generation (turbines)</p> <p>Titanium products (heat exchangers)</p> <p>Window materials (coating agents)</p>	<p>Japan, North America, Europe, China, Asia</p> <p>Consolidated subsidiaries</p> <p>ADVANCED MATERIAL JAPAN, overseas subsidiaries, etc.</p>
<p><b>Aluminum and copper products</b></p> <p>Segment weighting (sales) <b>49.6%</b></p> <p>Segment weighting (profits) <b>12.8%</b></p>	<p>Aluminum coils</p> <p>Copper products</p> <p>Metal scraps</p> <p>Aluminum alloy ingots</p> <p>Brass copper rod</p>	<p>Aircrafts (used in structural parts)</p> <p>Motorcycles (aluminum frames, etc.)</p> <p>Automobiles (bodies)</p> <p>Air conditioners (copper tubes)</p> <p>Lead frames (for semiconductor)</p> <p>Aluminum cans</p>	<p>Japan, China, Asia, Europe, Latin America</p> <p>Consolidated subsidiaries</p> <p>ALCONIX SANSHIN, HAYASHI METAL, ALCONIX•MITAKA, HEIWA KINZOKU, ALUMINUM &amp; COPPER RECYCLING CENTER, overseas subsidiaries</p>

(As of March 31, 2020)

Businesses	Our trading products	End products	Main business areas
<h3>Equipment and materials</h3> <div data-bbox="295 376 492 432"> <p>Segment weighting (sales)</p> </div>  <p><b>11.1%</b></p> <div data-bbox="295 743 492 799"> <p>Segment weighting (profits)</p> </div> <p><b>7.4%</b></p>	 <p>Plating materials</p>  <p>Welding rods</p>  <p>Non-destructive testing (equipment)</p>  <p>Cashew products</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><b>Consolidated subsidiaries</b></p> <p>UNIVERETICAL, TOKAI YOGYO, MARKTEC, Tohoku Chemical Industries, Fuji Carbon Manufacturing</p>
<h3>Metal processing</h3> <div data-bbox="295 999 492 1054"> <p>Segment weighting (sales)</p> </div>  <p><b>9.6%</b></p> <div data-bbox="295 1334 492 1390"> <p>Segment weighting (profits)</p> </div> <p><b>77.9%</b></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><b>Consolidated subsidiaries</b></p> <p>OHKAWA CORP., OHBA SEIKEN, FUJI PRESS, FUJI ALCONIX MEXICO, K'MAC* Guandon Chuangfu Metal Product*</p> <p>* Equity-method affiliates</p>

# Business Expansion

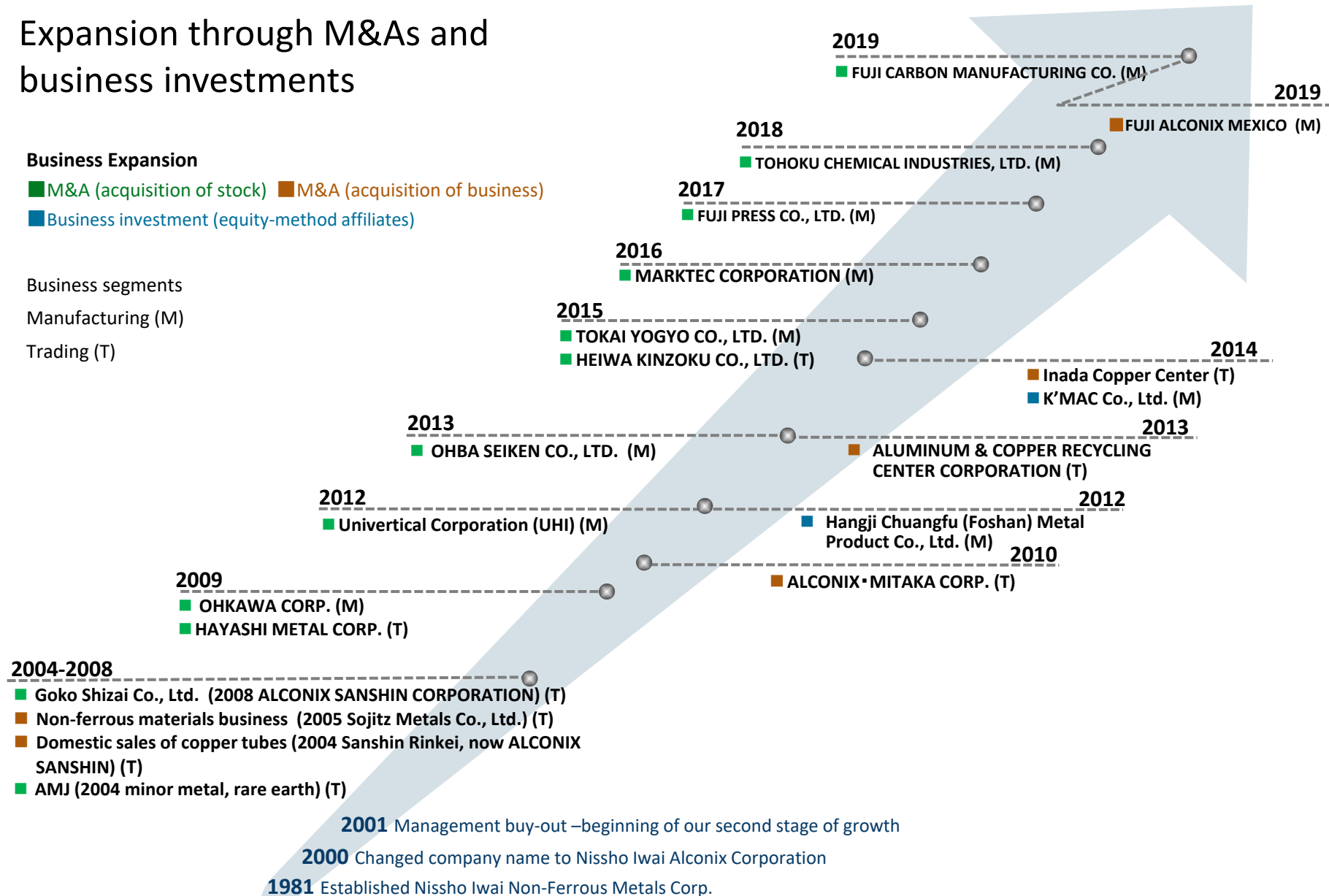
## Expansion through M&As and business investments

### 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 2020)

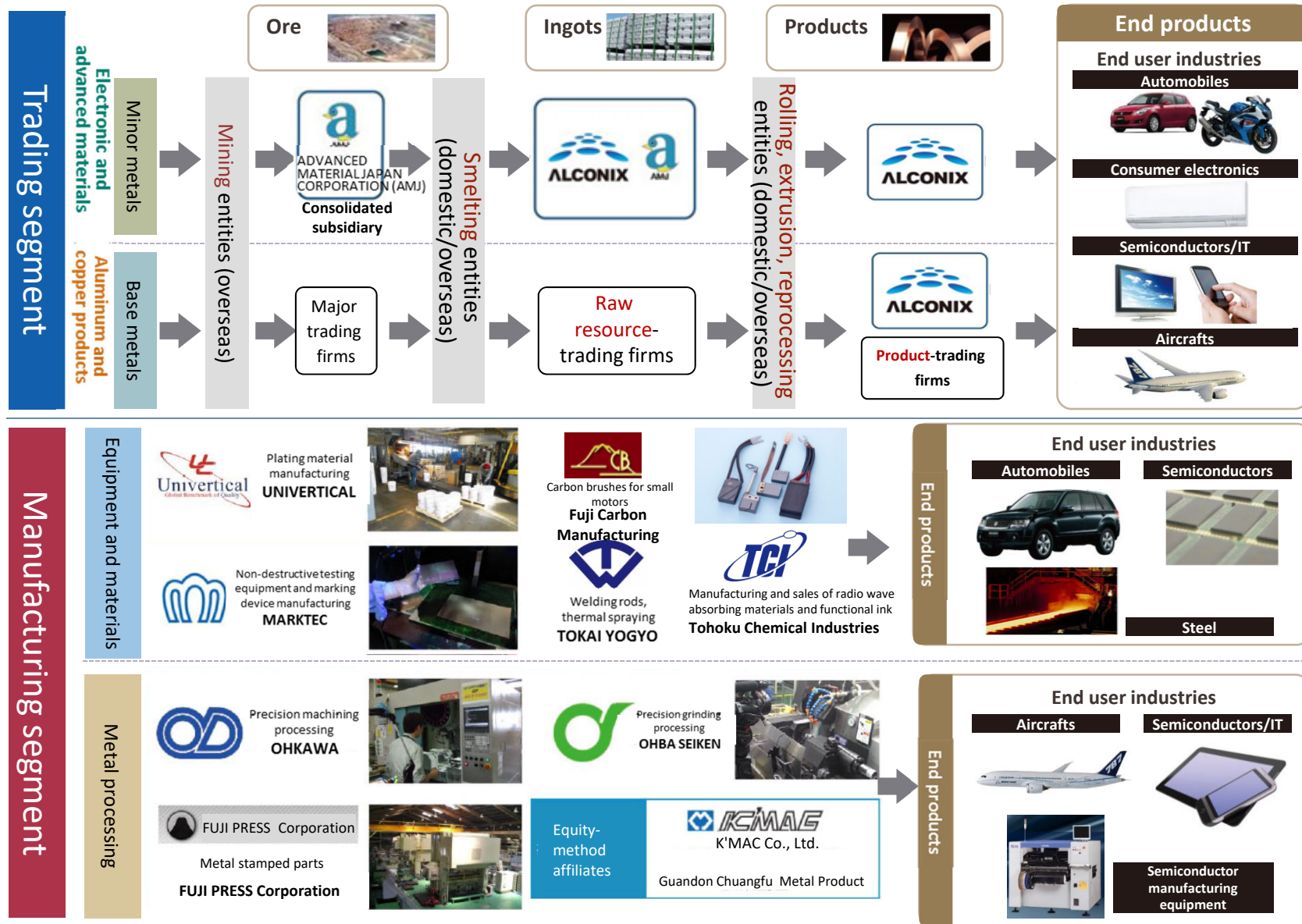


UHI: Univertical MT: MARKTEC subsidiaries FP: FUJI PRESS joint venture  
 FC: Fuji Carbon subsidiaries

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# 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"> <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)

	FY3/07	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
Net sales	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	<b>232,242</b>
Cost of sales	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	<b>213,620</b>
Gross profit	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	<b>18,622</b>
SG&A expenses	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	<b>13,445</b>
Operating profit	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	<b>5,176</b>
Ordinary profit	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	<b>5,416</b>
Profit before income taxes	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	<b>5,813</b>
Profit	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	<b>3,617</b>
Total assets	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	<b>134,486</b>
Net assets	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	<b>41,302</b>
Interest-bearing debt	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	<b>51,648</b>

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	FY3/19	FY3/20
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	1,579.60
Net income per share (cons.) (yen)	84.83	96.43	56.29	123.69	137.38	193.54	119.66	206.56	155.20	143.25
Dividend per share (yen)	12.50	15.00	15.00	16.25	20.00	22.00	22.00	32.00	39.00	42.00
(of which commemorative dividend)	1.25									
(of which interim dividend)		(6.25)	(7.50)	(7.50)	(9.00)	(11.00)	(11.00)	(13.00)	(19.00)	(21.00)
Dividend payout ratio	14.7%	15.6%	26.6%	13.1%	14.6%	11.4%	18.4%	15.5%	25.1%	29.3%
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	25,915,700
Return on equity (cons.)	18.3%	19.2%	9.9%	17.4%	14.9%	17.8%	9.9%	15.4%	10.7%	9.2%
Return on assets (cons.)	5.7%	6.8%	4.2%	4.6%	5.9%	4.3%	3.9%	6.5%	4.6%	3.9%
Equity ratio (cons.)	18.4%	19.8%	21.8%	24.3%	29.3%	26.7%	28.5%	28.3%	26.3%	30.1%
Net debt equity ratio	1.45	0.93	1.03	0.82	0.67	0.63	0.66	0.74	0.95	0.71
Number of employees (cons.)	402	411	511	752	797	1,132	1,148	1,424	2,417	2,439

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.

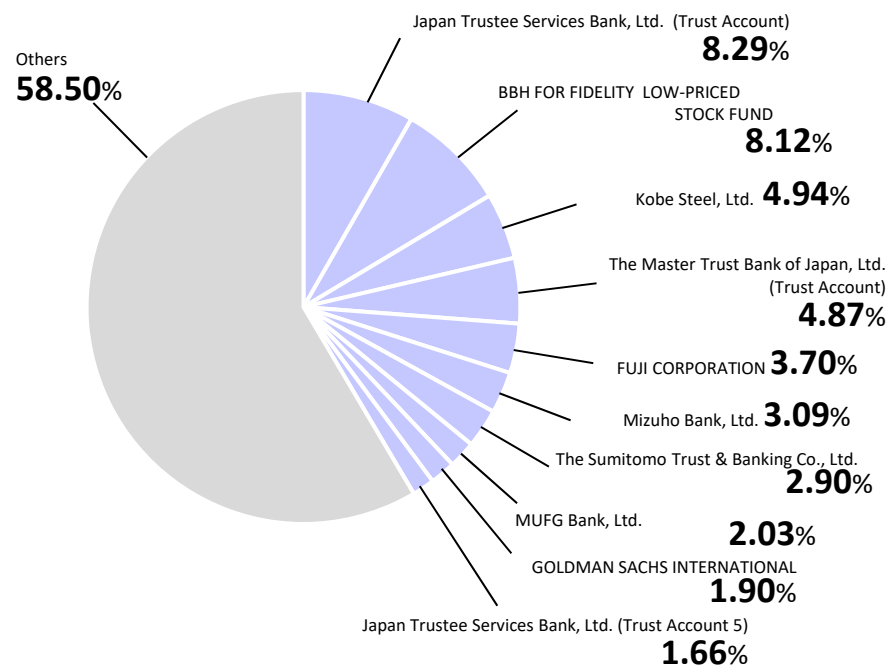
- Net income per share: Not considered potential stock
- Return on assets = Ordinary profit / (Average of year-start and year-end total assets of FY)
- Return on equity = Profit / (Average of year-start and year-end net assets of FY, excluding non-controlling interests and share acquisition rights)
- 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, 2020)

Category	Number of shares held	Shareholding ratios	Number of shareholders	Composition
Financial institutions	7,777,000	30.01%	27	0.25%
Securities companies	273,825	1.06%	32	0.30%
Other Japanese entities	4,977,268	19.21%	101	0.94%
Overseas entities (of which, 8,506 foreigners)	5,496,974	21.21%	97	0.90%
Individual investors, others	7,118,562	27.46%	10,517	97.60%
Treasury shares	272,071	1.05%	1	0.01%
<b>Total</b>	<b>25,915,700</b>	<b>100.00%</b>	<b>10,775</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, 2020)

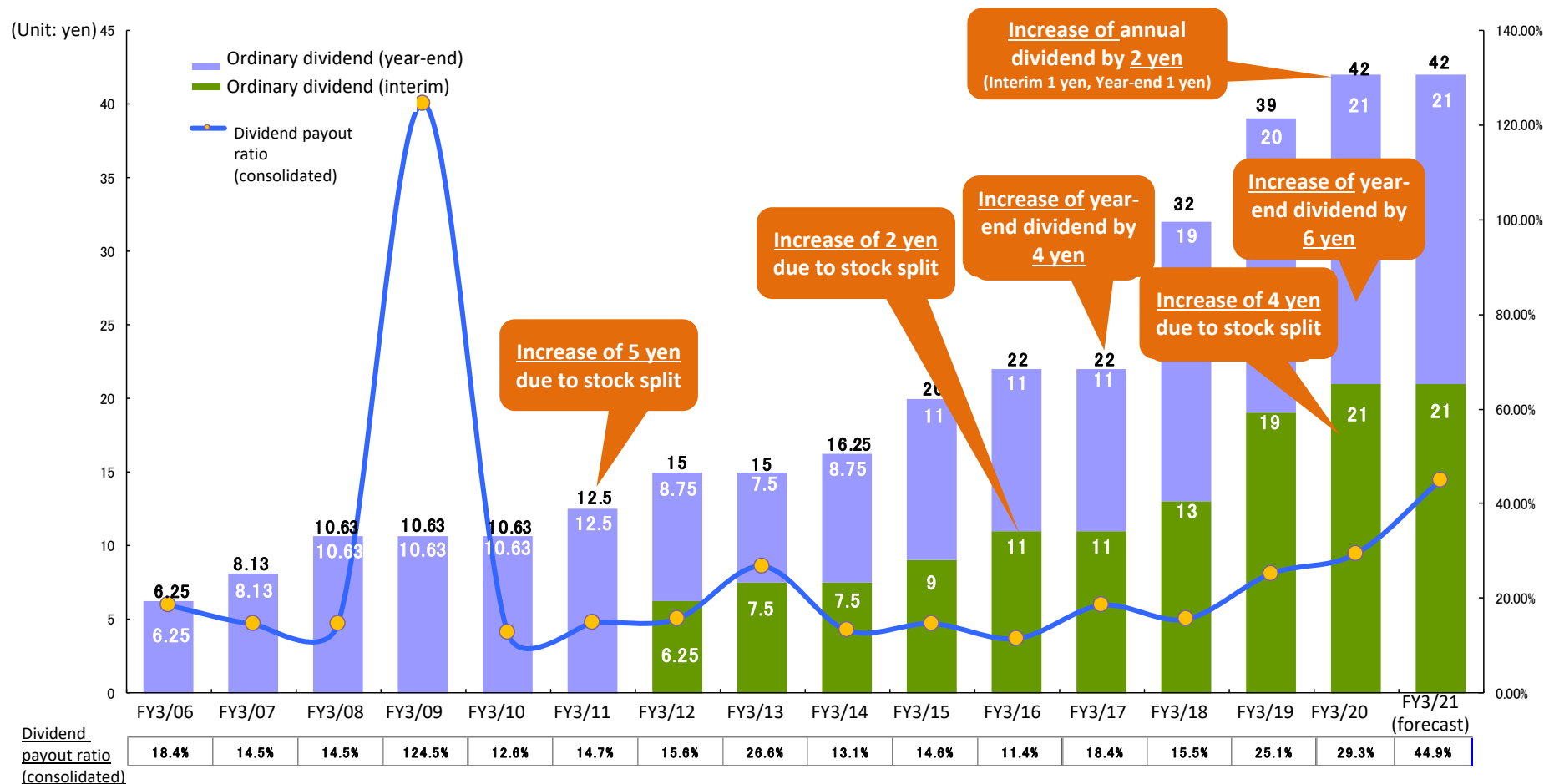
Name of shareholders	Number of shares held	Shareholding ratios
Japan Trustee Services Bank, Ltd. (Trust Account)	2,126,600	8.29%
BBH FOR FIDELITY LOW-PRICED STOCK FUND	2,083,400	8.12%
Kobe Steel, Ltd.	1,267,200	4.94%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,248,000	4.87%
FUJI CORPORATION	948,000	3.70%
Mizuho Bank, Ltd.	792,000	3.09%
The Sumitomo Trust & Banking Co., Ltd.	744,000	2.90%
MUFG Bank, Ltd.	520,000	2.03%
GOLDMAN SACHS INTERNATIONAL	487,450	1.90%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	425,100	1.66%
Others	15,273,950	58.50%
<b>Total</b>	<b>25,915,700</b>	<b>100.00%</b>



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

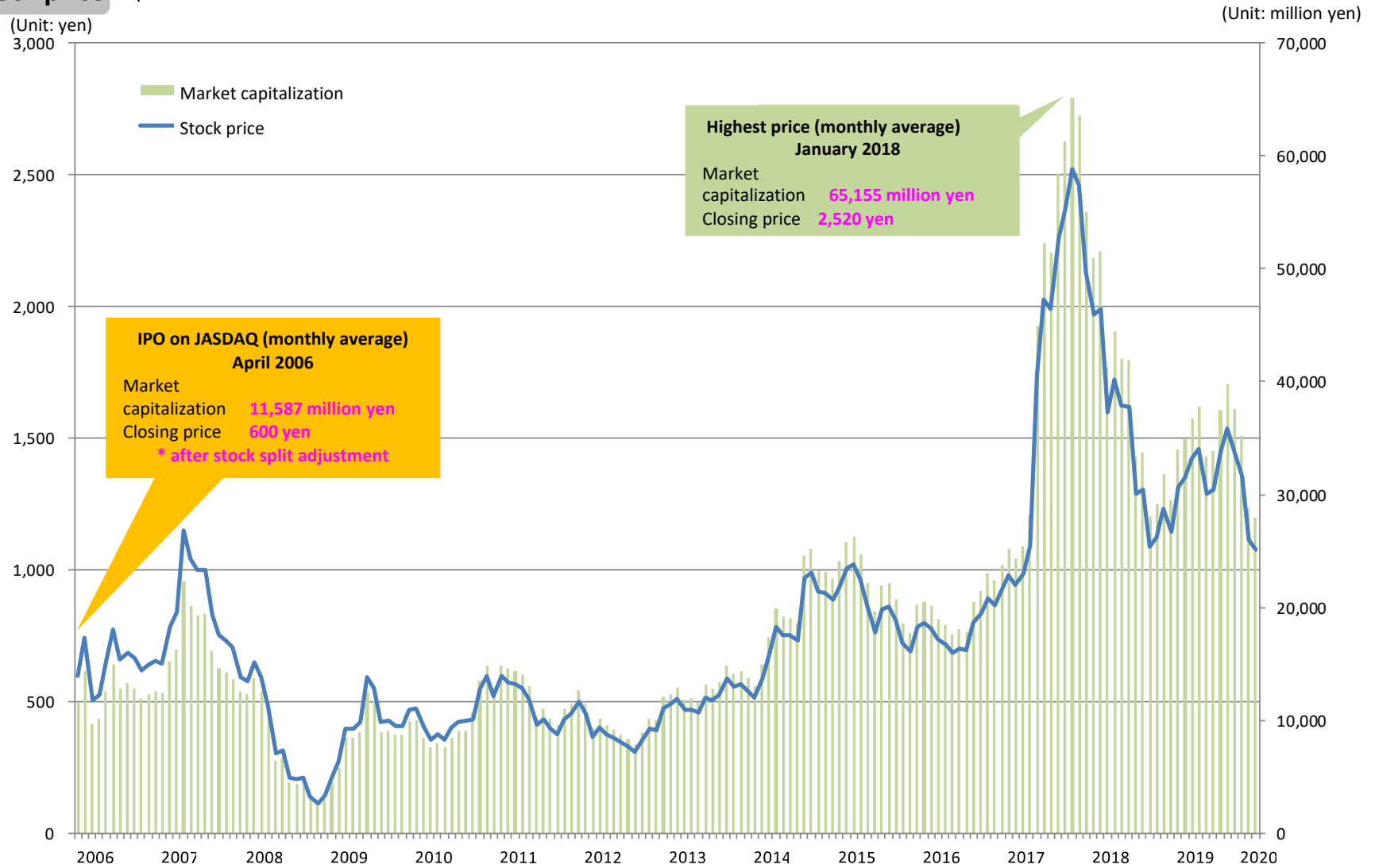
Corporate data

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



Notes: 1. FY3/21 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 2020



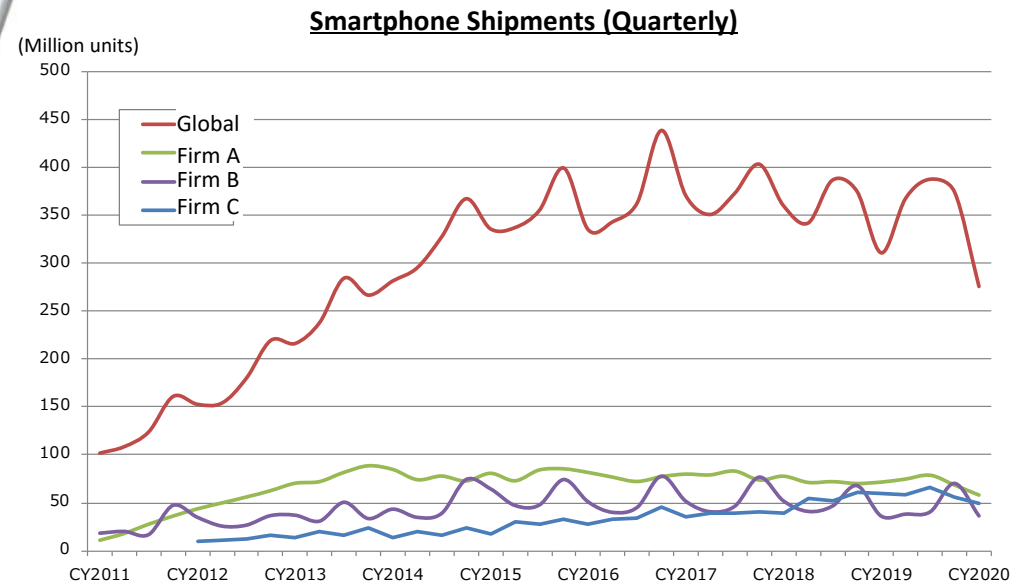
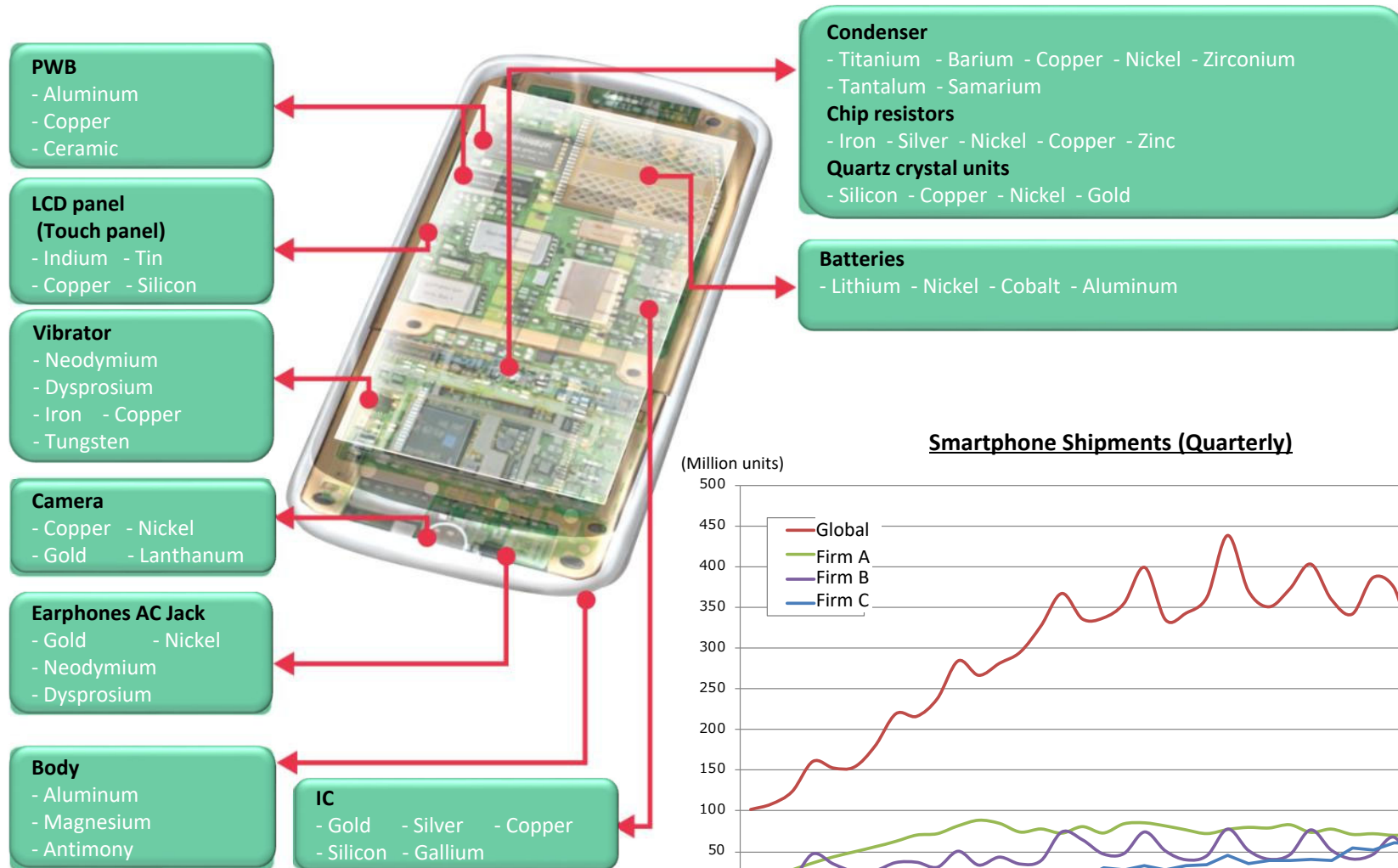
Notes: 1. Adjusted closing price and market capitalization represent monthly average.  
 2. Adjusted closing price has been adjusted to reflect the stock splits conducted in prior years.

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# Market Chart (Reference Materials)

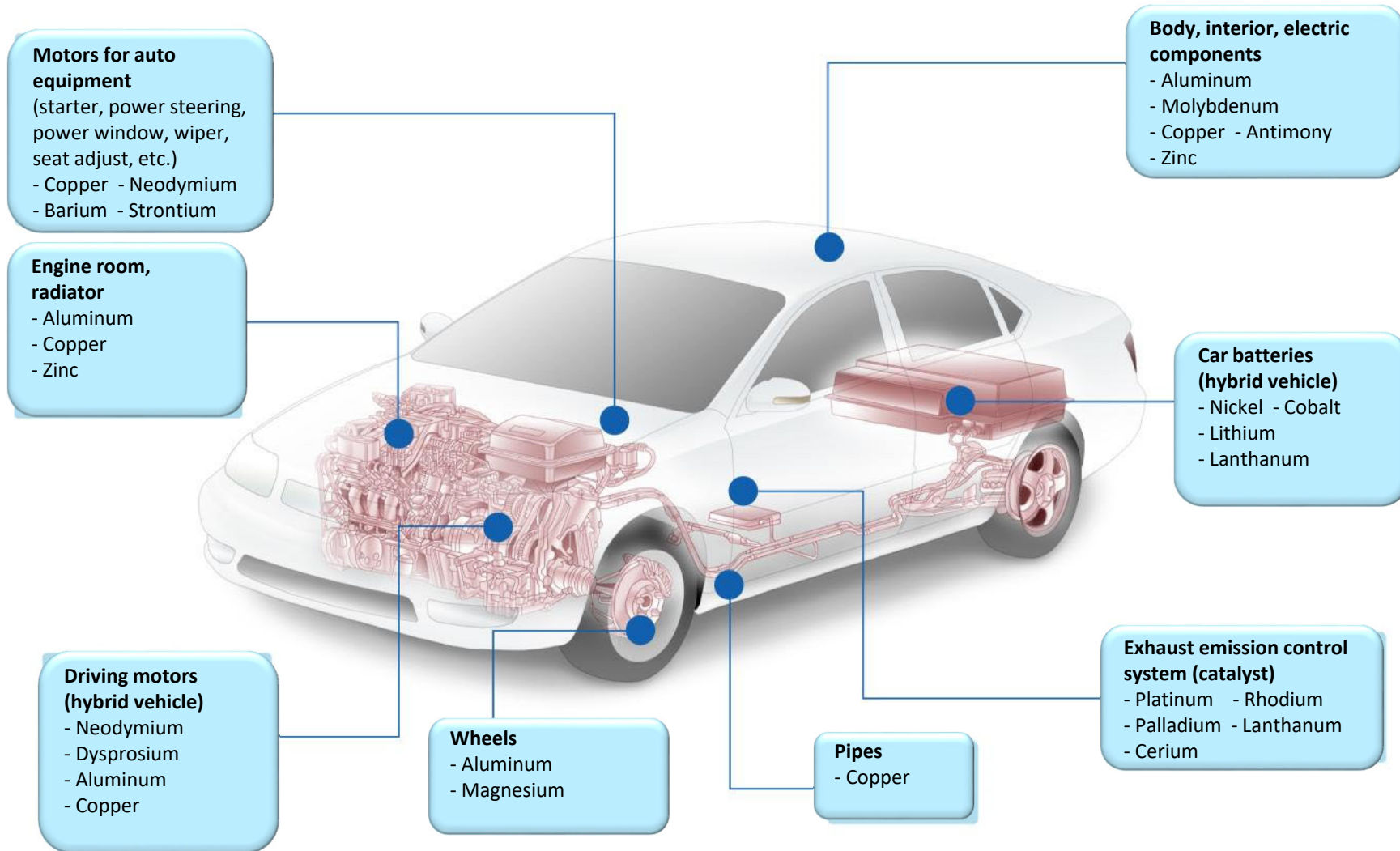
# Non-ferrous metal application 1 (smartphones)

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.

