

Ten-Year Summary

Mitsubishi Materials Corporation and Consolidated Subsidiaries Years ended March 31

	Unit : Millions of yen										Unit : Thousands of U.S. dollars
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019*5
<b>For the Year</b>											
Net sales	1,119,448	1,333,992	1,440,847	1,287,251	1,414,796	1,517,265	1,417,895	1,304,068	1,599,533	1,662,990	\$ 14,983,247
Cost of sales	982,082	1,141,094	1,249,744	1,094,588	1,220,333	1,313,259	1,204,322	1,104,402	1,379,877	1,469,911	13,243,643
Operating profit	12,680	57,290	52,293	52,500	66,281	71,871	70,420	59,761	72,819	36,861	323,115
Ordinary income (loss)	(9,541)	56,425	42,495	74,414	76,902	81,093	72,422	63,925	79,621	50,679	456,616
Net income (loss) attributable to owners of parent	(66,555)	14,274	9,565	36,948	52,551	56,147	61,316	28,352	34,595	1,298	11,702
Capital expenditures	66,679	43,213	52,141	52,957	65,944	57,636	78,103	75,685	76,231	103,418	931,780
Depreciation and amortization	69,840	66,365	62,514	60,370	60,498	56,746	60,842	60,796	61,420	64,519	581,307
R&D expenses	10,897	11,243	11,743	11,401	10,986	10,530	11,225	11,344	11,614	10,912	98,322
<b>At Year-End</b>											
Total assets*4	1,826,420	1,837,405	1,751,870	1,811,767	1,778,505	1,898,157	1,793,375	1,896,939	2,011,067	1,938,270	17,463,467
Total long-term liabilities*4	662,430	572,321	565,542	549,198	514,279	490,825	452,038	480,079	465,570	486,921	4,387,076
Total net assets	399,095	402,868	409,074	466,231	525,707	629,514	645,017	710,195	768,495	723,337	6,517,137
Number of shares of common stock (thousands)	1,314,895	1,314,895	1,314,895	1,314,895	1,314,895	1,314,895	1,314,895	131,489	131,489	131,489	
Number of employees (consolidated)	21,641	21,762	22,015	22,181	23,112	23,413	24,636	24,859	26,959	28,426	
											Unit : Thousands of U.S. dollars
<b>Per Share Amounts*1</b>											
Basic net income	¥ (52.34)	¥ 10.88	¥ 7.29	¥ 28.19	¥ 40.10	¥ 42.85	¥ 46.80	¥ 216.44	¥ 264.15	¥ 9.92	\$ 0.09
Diluted net income	—	—	—	—	—	—	—	—	—	—	—
Net assets	259.93	262.38	267.62	309.17	348.54	420.36	423.83	4,743.27	5,211.20	4,838.31	43.59
Cash dividends applicable to the year	—	2.00	2.00	4.00	6.00	8.00	10.00	60.00	80.00	80.00	0.72
<b>Financial Ratios (%)</b>											
Operating margin	1.1%	4.3%	3.6%	4.1%	4.7%	4.7%	5.0%	4.6%	4.6%	2.2%	
Return on asset (ROA)*2*4	(0.5%)	3.1%	2.4%	4.2%	4.3%	4.4%	3.9%	3.5%	4.1%	2.6%	
Return on equity (ROE)*3	(18.9%)	4.2%	2.8%	9.8%	12.2%	11.1%	11.1%	4.8%	5.3%	0.2%	
Shareholders' equity ratio*4	18.7%	18.7%	20.0%	22.4%	25.7%	29.0%	31.0%	32.8%	33.9%	32.7%	

Notes: 1. The Company consolidated its shares at a rate of one share for every 10 shares of its common stock, with October 1, 2016 as the effective date. Accordingly, "Per Share Amounts" is calculated on the assumption that the consolidation of its shares was conducted at the beginning of FY2017.  
2. Return on assets (ROA)  
ROA = Ordinary income / [(Total asset at the beginning of terms + total asset at the end of terms) / 2] x 100  
3. Return on equity (ROE)  
ROE = Net income attributable to owners of parent / {[(Total net assets at the beginning of terms - non-controlling interests at the beginning of terms - other deductions at the beginning of terms) + (Total net assets at the end of terms - non-controlling interests at the end of terms - other deductions at the end of terms)] / 2} x 100

4. Total assets, Total long-term liabilities, Return on asset (ROA), Shareholders' equity ratio  
The Company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) from the beginning of FY2019. Individual figures related to FY2018 have had the accounting standards applied retroactively.  
5. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2019, which was ¥110.99 to U.S.\$1.

Medium-Term Management Plan  
“We can do 600”  
2006-2007

Medium-Term Management Plan  
“Break-through 1000  
-Aiming to become a Company  
with ¥100 billion Ordinary Income”  
2008-2010

Medium-Term Management Plan  
“Materials Premium 2013  
Aiming for New Creation”  
2012-2014

Medium-Term Management Plan  
“Materials Premium 2016  
-Challenge to become the world's  
leading business group-”  
2015-2017

Medium-Term Management Strategy  
“Transformation for Growth”  
2018-2020

**Key Strategies**

1 Improve stability

2 Growth area initiatives

3 Strengthening cost-competitiveness

4 Reforming corporate culture

**Achievement Contents**

- Ordinary income: ¥60.0 billion
- ROA (Ordinary income / Total assets): Over 4%
- Interest-bearing debt ¥700.0 billion

**Key Strategies**

1 Expansion and reinforcement of four core businesses as the basis of integrated management

2 Initiatives for our growth strategies for “Advancement and Change”

3 Emphasize the intellectual capital underlying our growth

4 Enhancing financial position

**Achievement Contents**

- FY2008 Ordinary income: Over ¥100.0 billion
- FY2008 ROA (Ordinary income / Total assets): Over 5%

**Key Strategies**

1 Develop overseas markets, especially emerging markets

2 Realize “Materials Premium”

**Achievement Content**

- Net D/E ratio: Under 1.5 times

**Key Strategies**

1 Fortifying the foundation for growth

2 Strengthening global competitiveness

3 Pursuing a recycling-based business model

**Achievement Content**

- Net D/E ratio: Under 1.0 times

**Key Strategies**

1 Achieve growth through innovation

2 Create value by building a recycling-oriented society

3 Increase the company's market presence through investment for growth

4 Increase efficiency through continuous improvement

86 MITSUBISHI MATERIALS CORPORATION INTEGRATED REPORT 2019

MITSUBISHI MATERIALS CORPORATION INTEGRATED REPORT 2019 87

## Consolidated Balance Sheets

Mitsubishi Materials Corporation and Consolidated Subsidiaries  
March 31, 2019 and 2018

Unit : Millions of yen

ASSETS	2018	2019
<b>Current assets:</b>		
Cash and time deposits	93,389	<b>108,648</b>
Notes and accounts receivable:		
Trade	249,380	<b>237,654</b>
Unconsolidated subsidiaries and affiliates	19,600	<b>19,730</b>
Other	7,764	<b>12,077</b>
Inventories	366,092	<b>335,571</b>
Leased gold bullion	88,862	<b>99,154</b>
Other current assets	122,506	<b>99,711</b>
Allowance for doubtful accounts	(2,518)	<b>(2,900)</b>
Total current assets	945,077	<b>909,647</b>
<b>Property, plant and equipment:</b>		
Land	251,926	<b>252,606</b>
Buildings and structures	459,134	<b>473,358</b>
Machinery and equipment	1,226,374	<b>1,274,543</b>
Construction in progress	23,105	<b>34,211</b>
Less accumulated depreciation	(1,314,981)	<b>(1,347,305)</b>
Net property, plant and equipment	645,559	<b>687,415</b>
<b>Investments and long-term receivables:</b>		
Investments in securities	248,722	<b>183,455</b>
Net asset for retirement benefits	449	<b>1,050</b>
Unconsolidated subsidiaries and affiliates	72,396	<b>58,484</b>
Long-term receivables	59	<b>52</b>
Other	14,138	<b>22,502</b>
Allowance for doubtful accounts	(4,297)	<b>(4,088)</b>
Total investments and long-term receivables	331,469	<b>261,457</b>
<b>Other assets:</b>		
Deferred tax assets	22,965	<b>19,610</b>
Goodwill	44,636	<b>40,816</b>
Other	21,358	<b>19,323</b>
Total other assets	88,960	<b>79,750</b>
<b>Total assets</b>	2,011,067	<b>1,938,270</b>

Unit : Millions of yen

LIABILITIES	2018	2019
<b>Current liabilities:</b>		
Short-term bank loans	154,413	<b>137,689</b>
Current portion of long-term debt	76,728	<b>42,410</b>
Commercial papers	—	<b>5,000</b>
Notes and accounts payable:		
Trade	153,415	<b>141,109</b>
Unconsolidated subsidiaries and affiliates	4,129	<b>4,852</b>
Other	24,753	<b>24,138</b>
Income taxes payable	9,151	<b>7,869</b>
Accrued expenses	55,218	<b>53,225</b>
Provision for bonuses	13,228	<b>12,872</b>
Deposited gold bullion	246,227	<b>253,918</b>
Reserve for loss on disposal of inventories	783	<b>624</b>
Reserve for product compensation	—	<b>1,435</b>
Other current liabilities	38,949	<b>42,864</b>
Total current liabilities	777,001	<b>728,011</b>
<b>Long-term liabilities</b>		
Long-term debt	290,292	<b>309,667</b>
Accrual for officers' lump-sum severance benefits	1,384	<b>1,623</b>
Reserve for loss on unconsolidated subsidiaries and affiliates	986	<b>805</b>
Reserve for product compensation	—	<b>1,040</b>
Reserve for environmental measures	37,833	<b>40,427</b>
Net defined benefit liability	51,647	<b>50,003</b>
Deferred tax liabilities	36,102	<b>25,616</b>
Deferred tax liabilities for land revaluation	24,162	<b>24,097</b>
Other	23,162	<b>33,639</b>
Total long-term liabilities	465,570	<b>486,921</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock		
Authorized 340,000,000 shares		
Issued 131,489,535 shares	119,457	<b>119,457</b>
Capital surplus	92,422	<b>92,393</b>
Retained earnings	361,430	<b>352,932</b>
Treasury stock, at cost	(2,089)	<b>(2,123)</b>
Total shareholders' equity	571,222	<b>562,659</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	95,487	<b>51,220</b>
Deferred gains or losses on hedges	1,068	<b>124</b>
Revaluation reserve for land	33,071	<b>33,023</b>
Foreign currency translation adjustments	(10,312)	<b>(5,828)</b>
Accumulated adjustments for retirement benefits	(8,066)	<b>(7,617)</b>
Total accumulated other comprehensive income	111,249	<b>70,922</b>
Non-controlling interests	86,023	<b>89,754</b>
Total net assets	768,495	<b>723,337</b>
<b>Total liabilities and net assets</b>	2,011,067	<b>1,938,270</b>

## Consolidated Statements of Income

Mitsubishi Materials Corporation and Consolidated Subsidiaries  
Years ended March 31, 2019 and 2018

Unit : Millions of yen

	2018	2019
<b>Net sales</b>	1,599,533	<b>1,662,990</b>
Cost of sales	1,379,877	<b>1,469,911</b>
Gross profit	219,655	<b>193,078</b>
Selling, general and administrative expenses	146,835	<b>156,217</b>
Operating profit	72,819	<b>36,861</b>
<b>Other income (expenses):</b>		
Interest and dividend income	20,260	<b>20,831</b>
Interest expenses	(5,058)	<b>(4,855)</b>
Income from leased property	4,866	<b>5,123</b>
Expense for leased property	(2,867)	<b>(3,043)</b>
Expense for the maintenance and management of abandoned mines	(4,098)	<b>(3,382)</b>
Loss on valuation of investment securities	(400)	<b>(3,376)</b>
Gain on net sales of investments in securities	5,667	<b>1,596</b>
Gain on sales of property, plant and equipment	6,760	<b>5,021</b>
Loss on disposal and sales of property, plant and equipment	(4,958)	<b>(2,684)</b>
Loss on impairment of fixed assets	(11,035)	<b>(8,440)</b>
Reserve for environmental measures	(9,092)	<b>(6,630)</b>
Foreign exchange losses, net	(1,805)	<b>(959)</b>
Loss on non-conforming products	(3,202)	<b>—</b>
Reserve for product compensasion	—	<b>(2,529)</b>
Equity in losses (earnings) of affiliates	(1,336)	<b>3,594</b>
Other, net	1,259	<b>(779)</b>
Total other income (expenses)	(5,042)	<b>(516)</b>
Income before income taxes	67,777	<b>36,345</b>
Income Taxes	23,639	<b>28,738</b>
Net income	44,137	<b>7,606</b>
Net income attributable to:		
Non-controlling interests	9,542	<b>6,307</b>
Owners of parent	34,595	<b>1,298</b>

## Consolidated Statements of Cash Flows

Mitsubishi Materials Corporation and Consolidated Subsidiaries  
Years ended March 31, 2019 and 2018

Unit : Millions of yen

	2018	2019
<b>Cash flows from operating activities</b>	50,715	<b>140,168</b>
<b>Cash flows from investing activities</b>	(83,957)	<b>(86,238)</b>
<b>Cash flows from financing activities</b>	(11,034)	<b>(47,613)</b>
<b>Effect of exchange rate fluctuation on cash and cash equivalents</b>	(2,927)	<b>1,375</b>
<b>Net decrease (increase) in cash and cash equivalents</b>	(47,204)	<b>7,691</b>
<b>Cash and cash equivalents at beginning of year</b>	132,616	<b>87,355</b>
<b>Effect of changes in consolidated subsidiaries</b>	714	<b>4,624</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change of accounting period of consolidated subsidiaries</b>	1,228	<b>—</b>
<b>Cash and cash equivalents at end of year</b>	87,355	<b>99,672</b>

## Consolidated Statements of Changes in Net Assets

Mitsubishi Materials Corporation and Consolidated Subsidiaries  
Years ended March 31, 2019 and 2018

Unit : Millions of yen

	Years ended March 31, 2019 and 2018				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 31, 2018	119,457	92,422	361,430	(2,089)	571,222
Dividends			(11,786)		(11,786)
Net income attributable to owners of parent			1,298		1,298
Increase due to reversal of revaluation reserve for land			48		48
Increase resulting from increase in the number of consolidated subsidiaries			1,940		1,940
Increase due to decrease in affiliates			0		0
Acquisition of treasury stock				(36)	(36)
Sales of treasury stock		(0)		1	1
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(28)			(28)
Net change other than shareholders' equity					
Balance at March 31, 2019	119,457	92,393	352,932	(2,123)	562,659

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at March 31, 2018	95,487	1,068	33,071	(10,312)	(8,066)	111,249	86,023	768,495
Dividends								(11,786)
Net income attributable to owners of parent								1,298
Increase due to reversal of revaluation reserve for land								48
Increase resulting from increase in the number of consolidated subsidiaries								1,940
Increase due to decrease in affiliates								0
Acquisition of treasury stock								(36)
Sales of treasury stock								1
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(28)
Net change other than shareholders' equity	(44,267)	(944)	(48)	4,484	448	(40,326)	3,730	(36,595)
Balance at March 31, 2019	51,220	124	33,023	(5,828)	(7,617)	70,922	89,754	723,337

Profile

(As of March 31, 2019) \*June 21, 2019

**Company Name :** Mitsubishi Materials Corporation  
Marunouchi Nijubashi Building 22F  
3-2-3, Marunouchi, Chiyoda-ku, Tokyo 100-8117 Japan

**Date Established :** April 1, 1950

**Representative\* :** Naoki Ono, Chief Executive Officer

**Stock Listing :** Tokyo Stock Exchange, Inc.

**Paid-in Capital :** ¥119,457 million

**Total Assets :** ¥1,938,270 million

**Number of Employees :** 4,807 (consolidated : 28,426)

**Number of affiliates :** 152

**Equity method affiliated companies :** 16

**Membership :**  
KEIDANREN (Japan Business Federation), KEIZAI DOYUKAI (Japan Association of Corporate Executives),  
Japan Cement Association, Japan Mining Industry Association, ICMM (International Council on Mining & Metals), etc.

Domestic Network

■ Main Mitsubishi Materials premises ● Main Group companies

Kanto Region

- Head Office (Tokyo)
- Ceramics Plant (Saitama Prefecture) Advanced Products
- Yokoze Plant (Saitama Prefecture) Cement
- Energy Project & Technology Center (Saitama Prefecture) Environment & Energy
- Saitama Property Management Office (Saitama Prefecture) Corporate
- Production Engineering Center (Saitama Prefecture) Corporate
- Tsukuba Plant (Ibaraki Prefecture) Metalworking Solutions
- Central Research Institute (Ibaraki Prefecture) Corporate
- Mitsubishi Shindoh Co., Ltd. (Tokyo) Advanced Products

- Mitsubishi Cable Industries, Ltd. (Tokyo) Advanced Products
- Mitsubishi Aluminum Co., Ltd. (Tokyo) Advanced Products
- Universal Can Corporation (Tokyo) Advanced Products
- Mitsubishi Hitachi Tool Engineering, Ltd. (Tokyo) Metalworking Solutions
- Onahama Smelting and Refining Co., Ltd. (Tokyo) Metals
- Ryoko Lime Industry Co., Ltd. (Tokyo) Cement
- Mitsubishi Materials Trading Corporation (Tokyo) Affiliated
- Mitsubishi Materials Techno Corporation (Tokyo) Affiliated
- Materials' Finance Co., Ltd. (Tokyo) Corporate

Hokkaido

- Sapporo Branch (Hokkaido)

Tohoku Region

- Aomori Plant (Aomori Prefecture) Cement
- Akita Refinery (Akita Prefecture) Metals
- Iwate Plant (Iwate Prefecture) Cement
- Tohoku Branch (Miyagi Prefecture)
- Mitsubishi Materials Electronic Chemicals Co., Ltd. (Akita Prefecture) Advanced Products
- Hosokura Metal Mining Co., Ltd. (Miyagi Prefecture) Metals

Chubu/Hokuriku Region

- Nagoya Branch (Aichi Prefecture)
- Gifu Plant (Gifu Prefecture) Metalworking Solutions
- Yokkaichi Plant (Mie Prefecture) Advanced Products
- Diamet Corporation (Niigata Prefecture) Metalworking Solutions

Kinki/Chugoku Region

- Osaka Regional Head Office (Osaka Prefecture)
- Sakai Plant (Osaka Prefecture) Advanced Products
- Sanda Plant (Hyogo Prefecture) Advanced Products
- Akashi Plant (Hyogo Prefecture) Metalworking Solutions
- Ikuno Plant (Hyogo Prefecture) Metals
- Tachibana Metal Mfg Co., Ltd. (Osaka Prefecture) Advanced Products
- Japan New Metals Co., Ltd. (Osaka Prefecture) Metalworking Solutions

Shikoku Region

- Naoshima Smelter & Refinery (Kagawa Prefecture) Metals

Kyushu Region

- Kyushu Branch (Fukuoka Prefecture)
- Higashitani Mine (Fukuoka Prefecture) Cement
- Kyushu Plant (Fukuoka Prefecture) Cement

Investor Information

(As of March 31, 2019)

Articles Concerning Stock

**Total number of authorized shares :** 340,000,000

**Total number of issued shares :** 131,489,535

**Number of shareholders :** 95,347

Major Shareholders (Top 10 shareholders)

Name of Shareholders	Number of Shares Held (Thousand)	Percentage of Shareholding (%)*
Japan Trustee Services Bank, Ltd. (Trust account)	8,912	6.8
The Master Trust Bank of Japan, Ltd. (Trust account)	8,328	6.4
NORTHERN TRUST CO.(AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,230	4.0
Meiji Yasuda Life Insurance Company	3,101	2.4
NORTHERN TRUST CO.(AVFC) RE U.S.TAX EXEMPTED PENSION FUNDS	2,857	2.2
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,562	2.0
MUFG Bank, Ltd.	2,095	1.6
JP MORGAN CHASE BANK 385151	1,937	1.5
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	1,921	1.5
Mitsubishi Heavy Industries, Ltd.	1,900	1.5

Note: Percentages of shareholding were calculated after deducting treasury shares (536,170 shares)

