

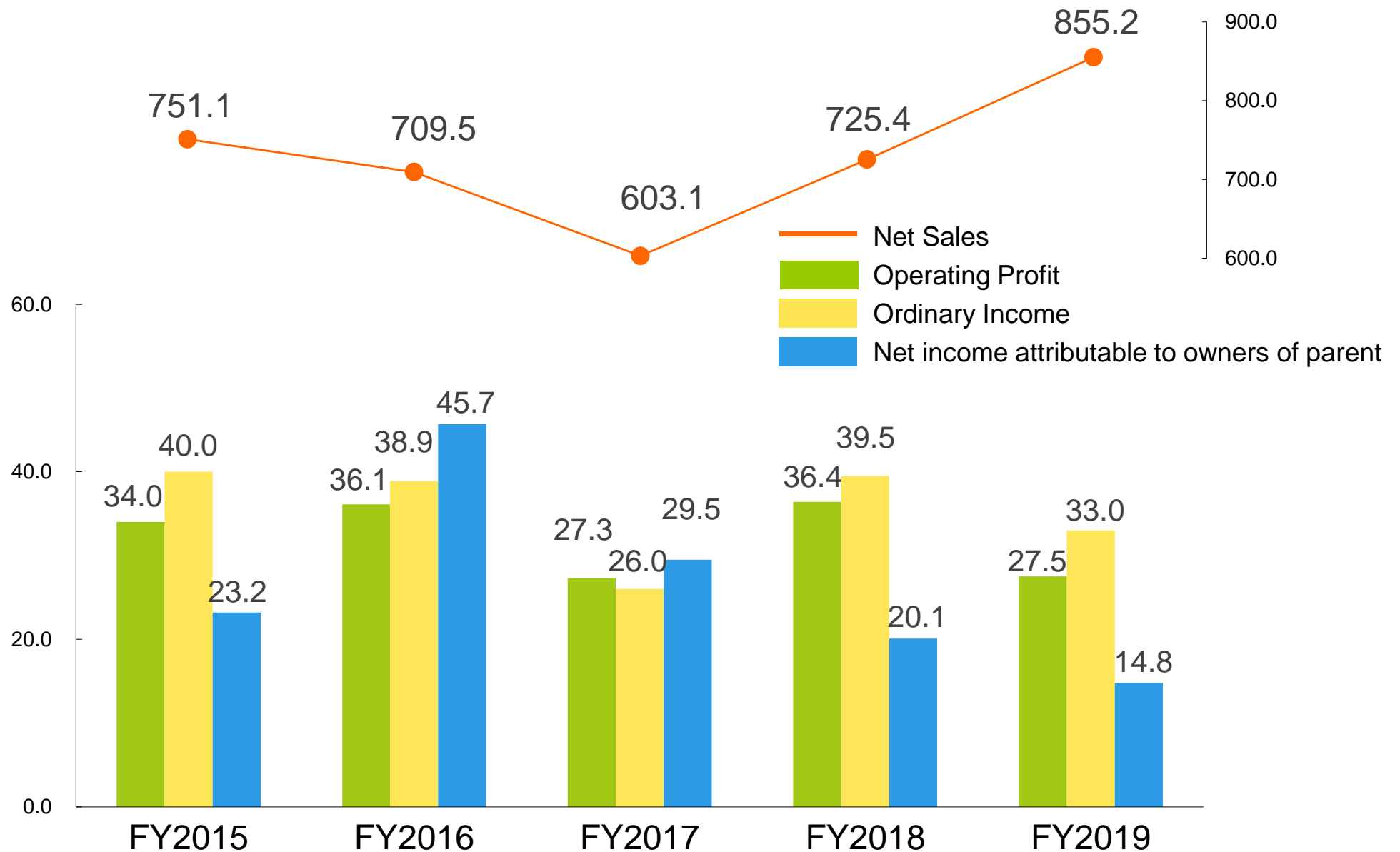
MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation for the 1st Half
of the fiscal year ending March 31, 2019

November 6, 2018

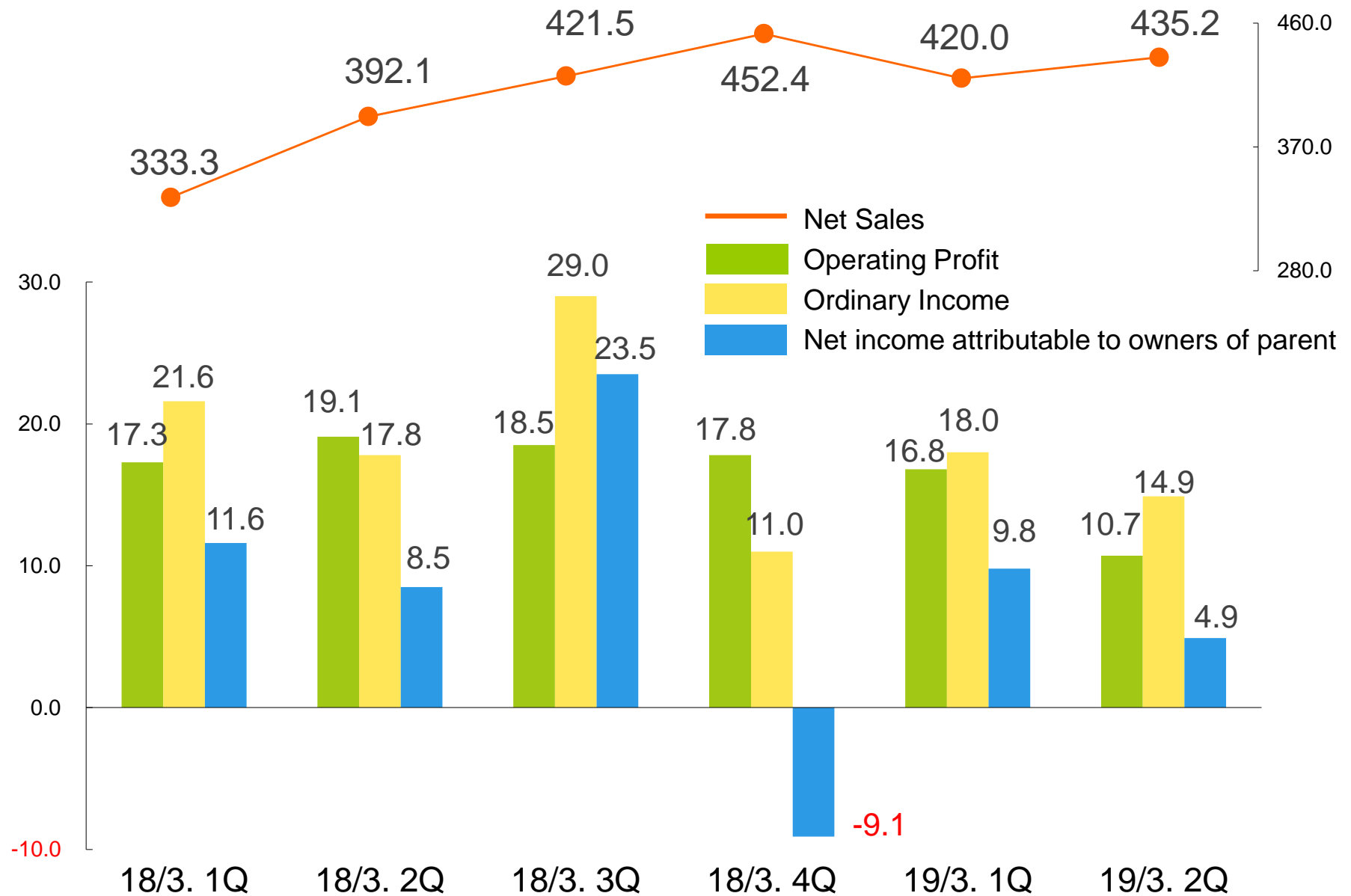
Performance Overview (for the 1st Half)

[Unit: ¥ billions]



Performance Overview (Quarterly)

[Unit: ¥ billions]



Consolidated Statements of Operations (for the 1st Half)

[Unit: ¥ billions]

	FY2018 1st Half Result (a)	FY2019 1st Half Result (b)	Difference (b)-(a)	Reason
Net sales	725.4	855.2	129.8	Cement +2.9, Metals +106.3, AM&T +8.9, EM&C +2.1, Aluminum -0.5, etc.
Operating profit	36.4	27.5	-8.8	Cement -3.7, Metals -1.9, AM&T +1.2, EM&C -0.1, Aluminum -2.6, etc.
Net interest and dividends income	4.5	7.7	3.2	Dividend income +2.9, etc.
Equity in earnings of affiliates	1.6	0.7	-0.9	
Other / Non-operating profit / loss	-3.2	-3.0	0.1	
Ordinary income	39.5	33.0	-6.4	
Extraordinary income / loss	-0.7	-3.3	-2.6	
Income taxes	-13.8	-9.9	3.8	
Net income attributable to non-controlling interests	-4.8	-4.8	-0.0	
Net income attributable to owners of parent	20.1	14.8	-5.2	
Exchange rate (USD)	111	110	-1	JPY / \$
Exchange rate (EUR)	126	130	4	JPY / €
Copper price (LME)	272	294	22	¢ / lb

Statistics / Assumptions

■ Statistics / Assumptions

		FY2018 1st Half Result (a)	FY2019 1st Half Result (b)	Difference (b)-(a)
Total demand for cement in Japan	(million tons)	20.84	20.77	-0.07
Cement sales volumes for MMC-Domestic	(million tons)	3.39	3.59	0.20
Cement sales volumes for MMC-Exports	(million tons)	1.16	0.93	-0.23
Cement sales volumes in the U.S.	(million tons)	0.80	0.76	-0.04
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.36	4.19	-0.17
Sales volumes of copper cathodes (in-house product)	(thousand tons)	152	159	7
Sales volumes of copper cathodes (PTS)	(thousand tons)	135	148	13
Sales volumes of copper & copper alloy products	(thousand tons)	71	70	-1
Dividend from copper mine	(¥ billion)	4.3	6.2	1.8
Sales volumes of aluminum sheet products	(thousand tons)	56	53	-3
Sales volumes of aluminum extrusion products	(thousand tons)	9	9	0

Factor Analysis of Net Sales, Operating Profit and Ordinary Income by Segment

[Unit: ¥ billions]

		FY2018 1st Half Result (a)	FY2019 1st Half Result (b)	Differences (b)-(a)	Exchange rate differences	Price differences	Quantity variation	Electricity price effect	Dividends income	Equity in earnings of affiliates	Others	Other principal reasons (Operating profit)
Cement	Net sales	95.6	98.5	2.9	-0.3	1.9	1.5	-	-	-	-0.2	
	Operating profit	10.6	6.9	-3.7	0.0	-1.2	-0.4	-0.2	-	-	-1.9	
	Ordinary income	11.0	7.1	-3.9					0.0	-0.5	-1.6	
Metals	Net sales	374.5	480.8	106.3	-5.9	30.1	55.1	-	-	-	27.0	- Deterioration in conditions for TC / RC, etc.
	Operating profit	10.8	8.9	-1.9	-0.6	0.7	1.7	-0.3	-	-	-3.4	
	Ordinary income	14.2	12.2	-1.9					1.9	-0.6	-4.7	
Advanced Materials & Tools	Net sales	78.3	87.2	8.9	0.5	1.3	4.9	-	-	-	2.2	- Expenditures for sales expansion (labor cost)
	Operating profit	8.6	9.9	1.2	0.3	-0.3	3.7	-0.0	-	-	-2.5	
	Ordinary income	8.1	9.3	1.2					-0.0	-0.0	-2.5	
Electronic Materials & Components	Net sales	34.0	36.1	2.1	-0.0	-0.2	2.3	-	-	-	0.0	
	Operating profit	1.8	1.6	-0.1	-0.0	-0.6	0.5	-0.1	-	-	0.1	
	Ordinary income	2.3	3.0	0.7					0.7	0.0	0.2	
Aluminum	Net sales	77.5	77.0	-0.5	-0.0	1.5	-2.0	-	-	-	0.0	
	Operating profit	3.9	1.3	-2.6	-0.0	-0.0	-1.5	-0.2	-	-	-0.9	
	Ordinary income	3.7	1.1	-2.6					0.0	-0.0	-0.9	
Others	Net sales	106.4	113.3	6.8	-0.0	5.8	2.7	-	-	-	-1.6	
	Operating profit	3.9	3.8	-0.0	-0.0	0.2	0.4	-0.0	-	-	-0.6	
	Ordinary income	4.4	4.7	0.3					-0.0	0.3	-0.6	
Elimination, etc.	Net sales	-41.0	-38.0	3.0	0.0	0.0	3.0	-	-	-	0.0	
	Operating profit	-3.4	-5.0	-1.6	0.0	0.0	-0.3	-0.0	-	-	-1.3	
	Ordinary income	-4.3	-4.6	-0.3					0.2	-0.0	-0.2	
Total	Net sales	725.4	855.2	129.8	-5.7	40.4	67.5	-	-	-	27.5	
	Operating profit	36.4	27.5	-8.8	-0.3	-1.2	4.1	-0.8	-	-	-10.5	
	Ordinary income	39.5	33.0	-6.4					2.9	-0.9	-10.2	

Consolidated Balance Sheet

[Unit: ¥ billions]

	End of Mar. 2018 (a)	End of Sep. 2018 (b)	Difference (b)-(a)		End of Mar. 2018 (a)	End of Sep. 2018 (b)	Difference (b)-(a)
Assets				Liabilities			
Cash and deposits	93.3	97.1	3.7	Notes and accounts payable-trade	158.3	145.1	-13.2
Notes and accounts receivable-trade	260.4	259.6	-0.7	Loans payable, bonds payable, and CP	521.4	554.1	32.7
Inventories	366.0	398.4	32.3	Other liabilities *	562.7	538.3	-24.4
Other *	225.1	222.0	-3.1	Liabilities, subtotal	1,242.5	1,237.6	-4.9
Current assets, subtotal	945.0	977.3	32.2	Net assets			
Property, plant and equipment and intangible assets	710.1	718.7	8.6	Capital stock	119.4	119.4	-
Investments and other assets *	355.8	311.5	-44.2	Capital surplus and treasury stock	90.3	90.3	-0.0
Non-current assets, subtotal	1,065.9	1,030.3	-35.6	Retained earnings	361.4	371.7	10.3
Total Assets	2,011.0	2,007.7	-3.3	Total other comprehensive income	111.2	94.4	-16.7
				Non-Controlling interests	86.0	94.0	8.0
				Net Assets, subtotal	768.4	770.0	1.5
				Total liabilities and net assets	2,011.0	2,007.7	-3.3

* The Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting”, etc. from the beginning of the first quarter of the fiscal year under review.

As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

Shareholders' equity ratio	34 %	34 %
Net debt to equity ratio	0.6 times	0.7 times

FY2019 Forecast: Statistics / Assumptions / Sensitivity

■ Statistics / Assumptions

		Forecast (a) *			Forecast (b) at this time			Difference (b)-(a)		
		1st Half	2nd Half	Full Year	1st Half Result	2nd Half Forecast	Full Year	1st Half	2nd Half	Full Year
Total demand for cement in Japan	(million tons)	—	—	42.50	—	—	42.50	—	—	—
Cement sales volumes for MMC-Domestic	(million tons)	3.65	3.61	7.26	3.59	3.52	7.11	-0.06	-0.09	-0.15
Cement sales volumes for MMC-Exports	(million tons)	1.01	1.21	2.22	0.93	1.24	2.17	-0.08	0.03	-0.05
Total demand for cement in the U.S.	(million tons)	—	—	96.83	—	—	97.19	—	—	0.36
Cement sales volumes in the U.S.	(million tons)	0.83	0.75	1.58	0.76	0.78	1.54	-0.07	0.03	-0.04
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.30	3.85	8.15	4.19	4.05	8.24	-0.11	0.20	0.09
Sales volumes of copper cathodes (in-house product)	(thousand tons)	165	152	317	159	152	311	-6	0	-6
Sales of volumes of copper cathodes (PTS)	(thousand tons)	145	127	272	148	121	269	3	-6	-3
Sales volumes of copper & copper alloy products	(thousand tons)	72	73	145	70	72	142	-2	-1	-3
Dividend from copper mine	(¥ billion)	1.2	13.3	14.6	6.2	7.1	13.3	5.0	-6.2	-1.3
Sales volumes of aluminum sheet products	(thousand tons)	54	56	110	53	55	108	-1	-1	-2
Sales volumes of aluminum extrusion products	(thousand tons)	9	10	19	9	9	18	0	-1	-1

*Announced on August 7, 2018

■ Sensitivity

	FY2019 2nd Half
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.3 billion yen
Operating profit - 1 yen/€ (yen depreciation)	0.06 billion yen
Copper price (LME) Operating profit ±10¢/lb	0.3 billion yen
Non-operating profit ±10¢/lb	1.0 billion yen

■ Assumptions

2nd Half
110 JPY / \$
130 JPY / €
290 ¢ / lb

FY2019 Performance Forecast

[Unit: ¥ billions]

	Forecast (a) *			Forecast (b) at this time			Difference (b)-(a)		
	1st Half	2nd Half	Full Year	1st Half Result	2nd Half Forecast	Full Year	1st Half	2nd Half	Full Year
Net sales	820.0	840.0	1,660.0	855.2	804.8	1,660.0	35.2	-35.2	0.0
Operating profit	32.0	35.0	67.0	27.5	25.5	53.0	-4.4	-9.5	-14.0
Net interest and dividends income	2.3	13.3	15.6	7.7	7.8	15.5	5.4	-5.5	-0.1
Equity in earnings of affiliates	1.0	2.1	3.1	0.7	1.8	2.5	-0.2	-0.3	-0.6
Other / Non-operating profit / loss	-1.8	-4.9	-6.7	-3.0	-4.0	-7.0	-1.2	0.9	-0.3
Ordinary income	33.5	45.5	79.0	33.0	31.0	64.0	-0.4	-14.5	-15.0
Extraordinary income / loss	-1.3	-9.0	-10.3	-3.3	-6.2	-9.5	-2.0	2.8	0.8
Income taxes	-9.5	-15.0	-24.5	-9.9	-12.1	-22.0	-0.4	2.9	2.5
Net income attributable to non-controlling interests	-3.7	-5.5	-9.2	-4.8	-2.7	-7.5	-1.1	2.8	1.7
Net income attributable to owners of parent	19.0	16.0	35.0	14.8	10.2	25.0	-4.1	-5.8	-10.0
Exchange rate (USD)	110	107	108	110	110	110	0	3	2 JPY / \$
Exchange rate (EUR)	130	130	130	130	130	130	0	0	0 JPY / €
Copper price (LME)	310	310	310	294	290	292	-16	-20	-18 ¢ / lb
Dividend per share (yen)	40	40	80	40	40	80	—	—	—

*Announced on August 7, 2018

FY2019 Performance Forecast by Segment

[Unit: ¥ billions]

		Forecast (a) *			Forecast (b) at this time			Difference (b)-(a)		
		1st Half	2nd Half	Full Year	1st Half Result	2nd Half Forecast	Full Year	1st Half	2nd Half	Full Year
Cement	Net sales	99.6	98.7	198.3	98.5	99.8	198.3	-1.0	1.1	0.0
	Operating profit	8.5	8.8	17.3	6.9	8.2	15.1	-1.5	-0.6	-2.2
	Ordinary income	8.3	9.3	17.6	7.1	8.4	15.5	-1.1	-0.9	-2.1
Metals	Net sales	450.6	452.9	903.5	480.8	420.5	901.3	30.2	-32.4	-2.2
	Operating profit	11.4	12.1	23.5	8.9	6.0	14.9	-2.4	-6.1	-8.6
	Ordinary income	10.5	23.2	33.7	12.2	11.2	23.4	1.7	-12.0	-10.3
Advanced Materials & Tools	Net sales	88.5	87.9	176.4	87.2	89.7	176.9	-1.2	1.8	0.5
	Operating profit	9.6	9.4	19.0	9.9	8.4	18.3	0.3	-1.0	-0.7
	Ordinary income	9.0	9.2	18.2	9.3	8.1	17.4	0.3	-1.1	-0.8
Electronic Materials & Components	Net sales	37.6	42.1	79.7	36.1	39.0	75.1	-1.4	-3.1	-4.6
	Operating profit	1.9	3.0	4.9	1.6	2.4	4.0	-0.2	-0.6	-0.9
	Ordinary income	3.2	3.8	7.0	3.0	3.5	6.5	-0.1	-0.3	-0.5
Aluminum	Net sales	79.0	76.2	155.2	77.0	75.4	152.4	-1.9	-0.8	-2.8
	Operating profit	1.9	1.2	3.1	1.3	0.2	1.5	-0.5	-1.0	-1.6
	Ordinary income	1.6	0.9	2.5	1.1	0.0	1.1	-0.4	-0.9	-1.4
Others	Net sales	113.0	133.1	246.1	113.3	135.3	248.6	0.3	2.2	2.5
	Operating profit	3.5	6.5	10.0	3.8	7.3	11.1	0.3	0.8	1.1
	Ordinary income	4.5	7.2	11.7	4.7	7.9	12.6	0.2	0.7	0.9
Elimination, etc.	Net sales	-48.4	-50.9	-99.3	-38.0	-54.7	-92.7	10.3	-3.8	6.6
	Operating profit	-4.9	-6.0	-10.9	-5.0	-7.1	-12.1	-0.1	-1.1	-1.2
	Ordinary income	-3.6	-8.1	-11.7	-4.6	-8.1	-12.7	-1.0	0.0	-1.0
Total	Net sales	820.0	840.0	1,660.0	855.2	804.8	1,660.0	35.2	-35.2	0.0
	Operating profit	32.0	35.0	67.0	27.5	25.5	53.0	-4.4	-9.5	-14.0
	Ordinary income	33.5	45.5	79.0	33.0	31.0	64.0	-0.4	-14.5	-15.0

*Announced on August 7, 2018

(FYI) FY2019 Performance Forecast

(Change the method of business segmentation)

[Unit: ¥ billions]

		(Before the change)			(After the change)				
		Forecast at this time			Forecast at this time				
		1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year		
		Result	Forecast	Full Year	Result	Forecast	Full Year		
Cement	Net sales	98.5	99.8	198.3	Advanced Products	Net sales	290.5	293.6	584.1
	Operating profit	6.9	8.2	15.1		Operating profit	7.6	7.5	15.1
	Ordinary income	7.1	8.4	15.5		Ordinary income	8.1	8.5	16.6
Metals	Net sales	480.8	420.5	901.3	Metalworking Solutions *1	Net sales	87.2	89.7	176.9
	Operating profit	8.9	6.0	14.9		Operating profit	9.9	8.4	18.3
	Ordinary income	12.2	11.2	23.4		Ordinary income	9.3	8.1	17.4
Advanced Materials & Tools	Net sales	87.2	89.7	176.9	Metals	Net sales	386.9	312.1	699.0
	Operating profit	9.9	8.4	18.3		Operating profit	4.1	1.1	5.2
	Ordinary income	9.3	8.1	17.4		Ordinary income	8.1	6.3	14.4
Electronic Materials & Components	Net sales	36.1	39.0	75.1	Cement	Net sales	98.5	99.8	198.3
	Operating profit	1.6	2.4	4.0		Operating profit	6.9	8.2	15.1
	Ordinary income	3.0	3.5	6.5		Ordinary income	7.1	8.4	15.5
Aluminum	Net sales	77.0	75.4	152.4	Others	Net sales	113.3	135.3	248.6
	Operating profit	1.3	0.2	1.5		Operating profit	3.8	7.3	11.1
	Ordinary income	1.1	0.0	1.1		Ordinary income	4.7	7.9	12.6
Others	Net sales	113.3	135.3	248.6	Elimination, etc. *2	Net sales	-121.3	-125.7	-247.0
	Operating profit	3.8	7.3	11.1		Operating profit	-4.9	-7.1	-12.0
	Ordinary income	4.7	7.9	12.6		Ordinary income	-4.5	-8.1	-12.6
Elimination, etc.	Net sales	-38.0	-54.7	-92.7	Total	Net sales	855.2	804.8	1,660.0
	Operating profit	-5.0	-7.1	-12.1		Operating profit	27.5	25.5	53.0
	Ordinary income	-4.6	-8.1	-12.7		Ordinary income	33.0	31.0	64.0
Total	Net sales	855.2	804.8	1,660.0					
	Operating profit	27.5	25.5	53.0					
	Ordinary income	33.0	31.0	64.0					



*1 As of October 1, 2018, “Advanced Materials & Tools Company” has changed its name to “Metalworking Solutions Business Company.”

*2 The elimination of intersegment transactions has increased due to the change in the business segmentation of the Copper & Copper Alloy Division that was included in the Metals business.

(FYI) Performance Overview (Quarterly)

[Unit: ¥ billions]

		FY2018 Result							FY2019 Result						
		1Q	2Q	1st Half	3Q	4Q	2nd Half	Full Year	1Q	2Q	1st Half	3Q	4Q	2nd Half	Full Year
■ Performance Overview by Segment															
Cement	Net sales	47.5	48.0	95.6	50.3	46.3	96.6	192.3	48.6	49.9	98.5	—	—	—	—
	Operating profit	5.2	5.3	10.6	6.2	2.4	8.7	19.4	3.8	3.1	6.9	—	—	—	—
	Ordinary income	5.3	5.7	11.0	7.2	2.7	10.0	21.0	3.9	3.1	7.1	—	—	—	—
Metals	Net sales	158.5	215.9	374.5	233.4	254.8	488.2	862.7	236.8	244.0	480.8	—	—	—	—
	Operating profit	3.7	7.0	10.8	6.2	6.9	13.2	24.0	5.8	3.0	8.9	—	—	—	—
	Ordinary income	7.8	6.3	14.2	16.3	5.7	22.0	36.2	5.6	6.5	12.2	—	—	—	—
Advanced Materials & Tools	Net sales	39.0	39.2	78.3	41.3	41.4	82.8	161.1	44.8	42.3	87.2	—	—	—	—
	Operating profit	4.2	4.4	8.6	5.2	4.6	9.8	18.5	5.9	3.9	9.9	—	—	—	—
	Ordinary income	3.9	4.1	8.1	4.8	3.7	8.6	16.8	5.4	3.8	9.3	—	—	—	—
Electronic Materials & Components	Net sales	17.4	16.5	34.0	18.5	20.9	39.4	73.4	18.7	17.4	36.1	—	—	—	—
	Operating profit	1.4	0.3	1.8	0.7	0.7	1.5	3.4	1.2	0.4	1.6	—	—	—	—
	Ordinary income	1.4	0.8	2.3	0.8	1.4	2.2	4.5	1.3	1.7	3.0	—	—	—	—
Aluminum	Net sales	39.5	38.0	77.5	37.3	33.6	71.0	148.5	39.4	37.5	77.0	—	—	—	—
	Operating profit	2.3	1.6	3.9	0.4	-0.6	-0.1	3.7	0.9	0.3	1.3	—	—	—	—
	Ordinary income	2.2	1.5	3.7	0.3	-1.0	-0.7	3.0	0.9	0.1	1.1	—	—	—	—
Others	Net sales	50.7	55.6	106.4	63.8	79.2	143.0	249.5	49.9	63.4	113.3	—	—	—	—
	Operating profit	1.6	2.2	3.9	2.3	6.9	9.2	13.1	1.2	2.5	3.8	—	—	—	—
	Ordinary income	1.9	2.4	4.4	1.7	2.1	3.9	8.3	2.0	2.7	4.7	—	—	—	—
Elimination, etc.	Net sales	-19.7	-21.3	-41.0	-23.2	-23.9	-47.2	-88.3	-18.4	-19.5	-38.0	—	—	—	—
	Operating profit	-1.4	-1.9	-3.4	-2.8	-3.3	-6.1	-9.6	-2.2	-2.8	-5.0	—	—	—	—
	Ordinary income	-1.1	-3.1	-4.3	-2.4	-3.6	-6.0	-10.4	-1.4	-3.2	-4.6	—	—	—	—
Total	Net sales	333.3	392.1	725.4	421.5	452.4	874.0	1,599.5	420.0	435.2	855.2	—	—	—	—
	Operating profit	17.3	19.1	36.4	18.5	17.8	36.3	72.8	16.8	10.7	27.5	—	—	—	—
	Ordinary income	21.6	17.8	39.5	29.0	11.0	40.0	79.6	18.0	14.9	33.0	—	—	—	—

■ Statistics / Assumptions

Total demand for cement in Japan	(million tons)	10.23	10.61	20.84	11.26	9.78	21.04	41.88	10.46	10.31	20.77	—	—	—	—
Cement sales volumes for MMC-Domestic	(million tons)	1.63	1.76	3.39	1.96	1.70	3.66	7.05	1.82	1.77	3.59	—	—	—	—
Cement sales volumes for MMC-Exports	(million tons)	0.52	0.64	1.16	0.64	0.57	1.21	2.37	0.41	0.52	0.93	—	—	—	—
Total demand for cement in the U.S.	(million tons)	—	—	—	—	—	—	94.18	—	—	—	—	—	—	—
Cement sales volumes in the U.S.	(million tons)	0.45	0.35	0.80	0.35	0.38	0.73	1.53	0.41	0.35	0.76	—	—	—	—
Ready-mixed concrete sales volumes in the U.S.	(million cy)	2.29	2.07	4.36	1.93	1.82	3.75	8.11	2.10	2.09	4.19	—	—	—	—
Sales volumes of copper cathodes (in-house product)	(thousand tons)	70	82	152	80	88	168	320	84	75	159	—	—	—	—
Sales of volumes of copper cathodes (PTS)	(thousand tons)	57	78	135	68	60	128	263	69	79	148	—	—	—	—
Sales volumes of copper & copper alloy products	(thousand tons)	35	36	71	37	35	72	143	36	34	70	—	—	—	—
Dividend from copper mine	(¥ billion)	4.3	-0.0	4.3	10.0	-0.1	9.9	14.3	1.2	4.9	6.2	—	—	—	—
Sales volumes of aluminum sheet products	(thousand tons)	30	26	56	26	25	51	107	28	25	53	—	—	—	—
Sales volumes of aluminum extrusion products	(thousand tons)	5	4	9	5	4	9	18	4	5	9	—	—	—	—
Exchange rate (USD)	JPY / \$	111	111	111	113	108	111	111	109	111	110	—	—	—	—
Exchange rate (EUR)	JPY / €	122	130	126	133	133	133	130	130	130	130	—	—	—	—
Copper price (LME)	¢ / lb	257	288	272	309	316	312	292	312	277	294	—	—	—	—

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These projected performance figures are based on information available to the Company's management as of the day for releasing this material. There are many uncertain or risk factors inherent in projections, and there might be cases in which actual results materially differ from projections of this material.