

MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation for the 3rd Quarter
of the fiscal year ending March 31, 2019

February 12, 2019

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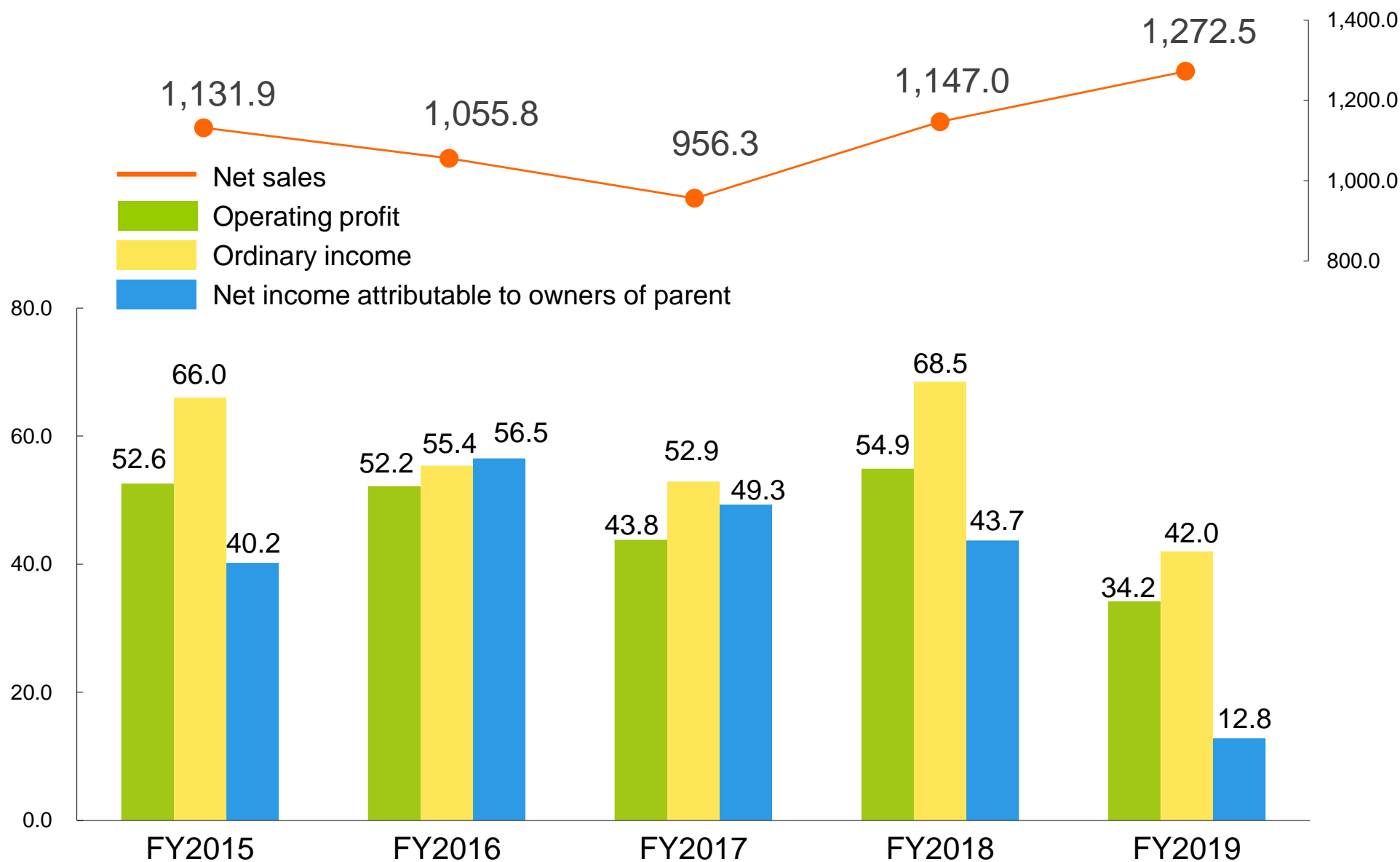
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*1 From the third quarter of the fiscal year, the reporting segments have been changed, among other changes.
As a result, the figures for FY2018 have been reclassified according to the business segmentation after change.

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

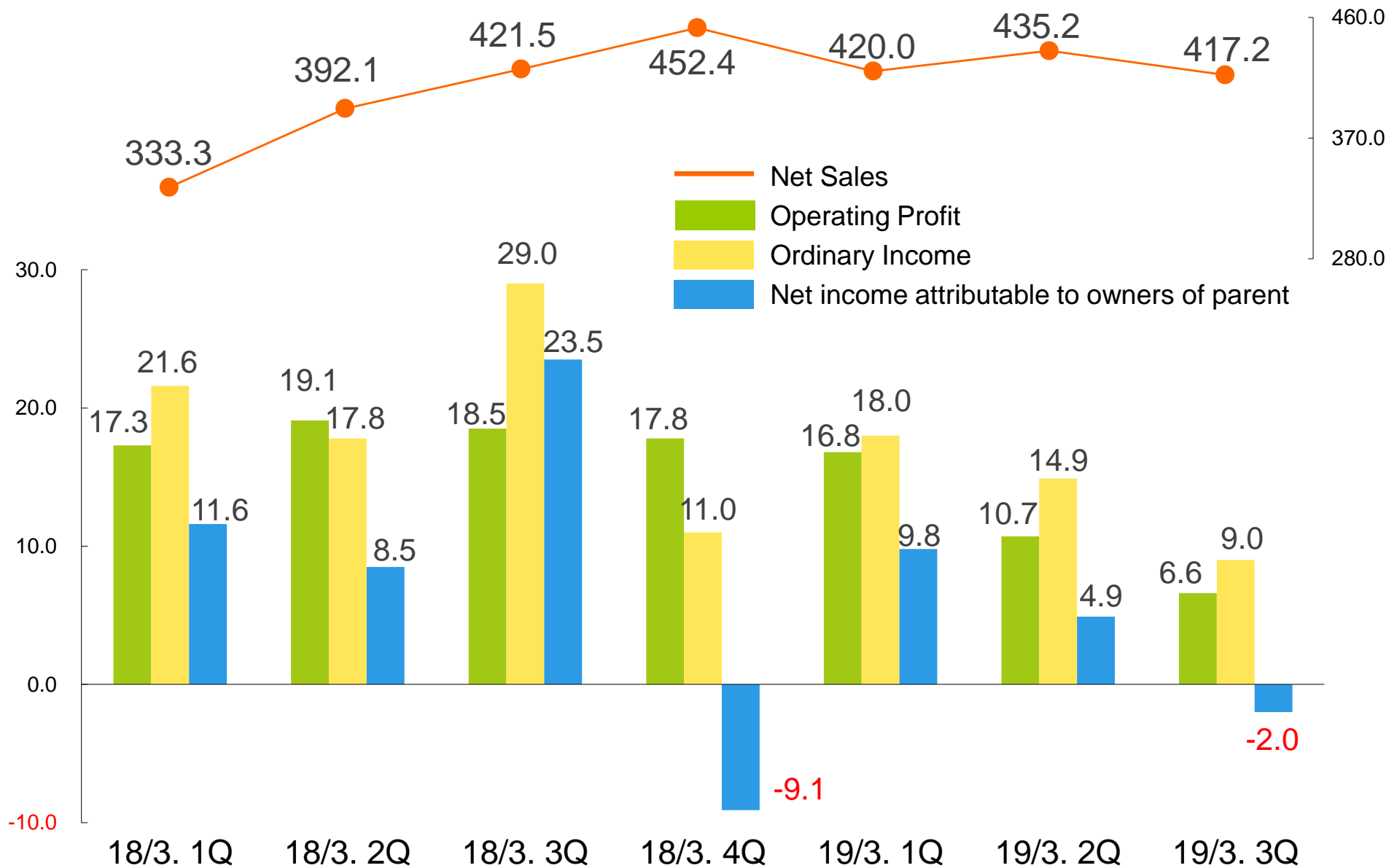
Performance Overview (for the Nine Months)

[Unit: ¥ billions]



Performance Overview (Quarterly)

[Unit: ¥ billions]



Consolidated Statements of Operations (for the Nine Months) [Unit: ¥ billions]

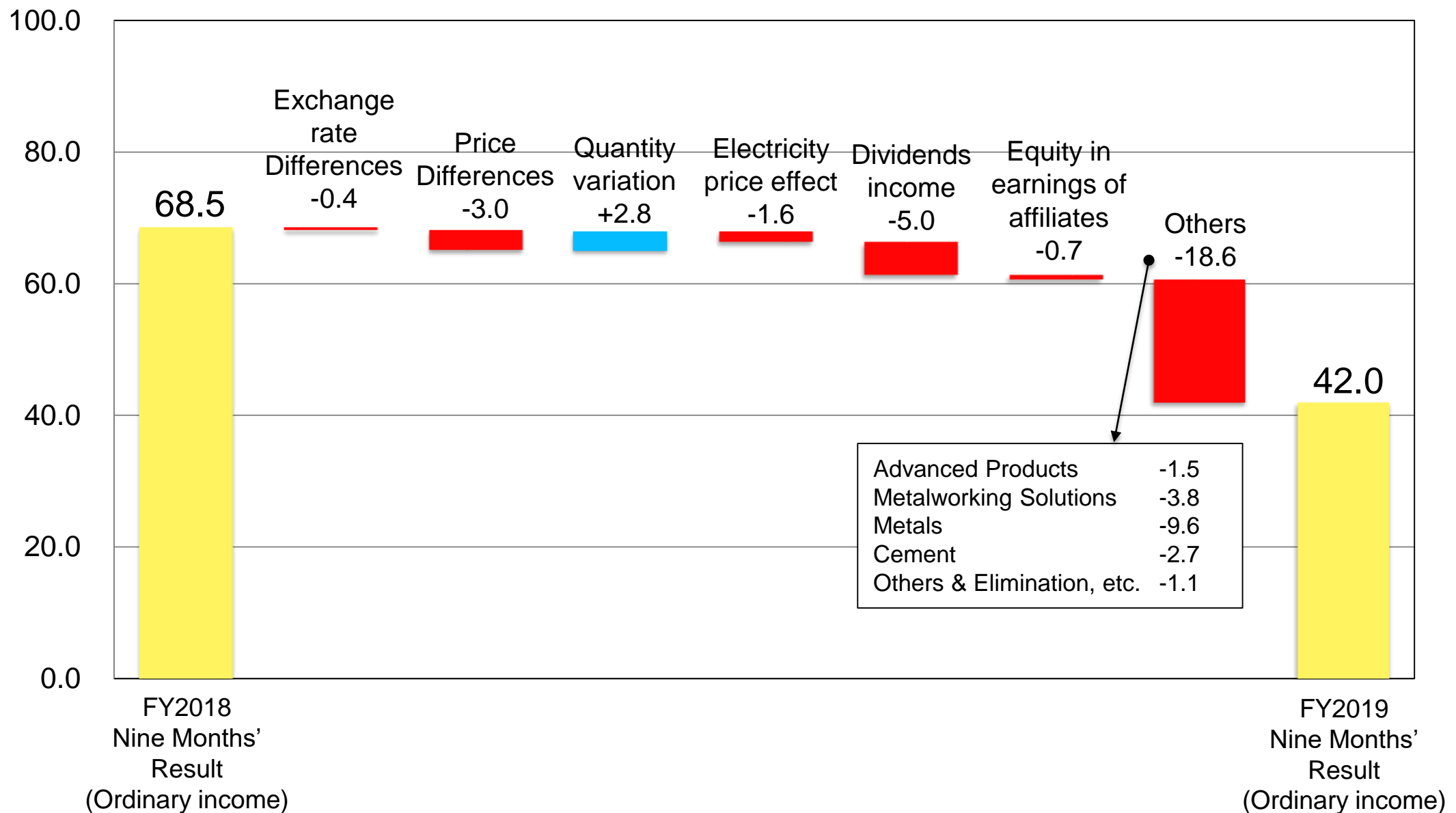
	FY2018 Nine Months' Result (a)	FY2019 Nine Months' Result (b)	Difference (b)-(a)	Reason *
Net sales	1,147.0	1,272.5	125.5	AP +41.9, MS +10.3, Metals +56.5, Cement +4.9, etc.
Operating profit	54.9	34.2	-20.7	AP -3.8, MS -0.1, Metals -10.6, Cement -5.2, etc.
Net interest and dividends income	15.0	10.4	-4.6	Dividend income -5.0, etc.
Equity in earnings of affiliates	2.2	1.5	-0.7	
Other / Non-operating profit / loss	-3.7	-4.1	-0.3	
Ordinary income	68.5	42.0	-26.5	
Extraordinary income / loss	3.5	-11.9	-15.5	Provision for environmental measures -6.5, Impairment loss -3.8, Loss on valuation of investment securities -2.7, etc.
Income taxes	-19.7	-12.7	6.9	
Net income attributable to non-controlling interests	-8.6	-4.4	4.1	
Net income attributable to owners of parent	43.7	12.8	-30.9	
Exchange rate (USD)	112	111	-1	JPY / \$
Exchange rate (EUR)	129	129	0	JPY / €
Copper price (LME)	285	289	4	¢ / lb

Statistics / Assumptions

■ Statistics / Assumptions		FY2018	FY2019	Difference (b)-(a)
		Nine Months' Result (a)	Nine Months' Result (b)	
Sales volumes of copper & copper alloy products	(thousand tons)	108	106	-2
Sales volumes of aluminum sheet products	(thousand tons)	82	80	-2
Sales volumes of aluminum extrusion products	(thousand tons)	14	13	-1
Sales volumes of copper cathodes (in-house product)	(thousand tons)	232	234	2
Sales volumes of copper cathodes (PTS)	(thousand tons)	203	185	-18
Dividend from copper mine	(¥ billion)	14.4	7.8	-6.6
Total demand for cement in Japan	(million tons)	32.10	32.52	0.42
Cement sales volumes for MMC-Domestic	(million tons)	5.35	5.61	0.26
Cement sales volumes for MMC-Exports	(million tons)	1.80	1.52	-0.28
Cement sales volumes in the U.S.	(million tons)	1.15	1.15	0.00
Ready-mixed concrete sales volumes in the U.S.	(million cy)	6.28	6.06	-0.22

Factor Analysis of Ordinary Income

[Unit: ¥ billions]



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

[Unit: ¥ billions]

		FY2018 Nine Months' Result (a)	FY2019 Nine Months' Result (b)	Differences (b)-(a)	Exchange rate differences	Price differences	Quantity variation	Electricity price effect	Dividends income	Equity in earnings of affiliates	Others
Advanced Products	Net sales	393.4	435.3	41.9	1.5	7.5	5.6	—	—	—	27.2
	Operating profit	14.6	10.8	-3.8	0.0	-1.2	-0.8	-0.7	—	—	-1.1
	Ordinary income	14.6	10.6	-3.9	—	—	—	—	0.8	-0.5	-1.5
Metalworking Solutions	Net sales	119.6	130.0	10.3	0.0	2.4	4.5	—	—	—	3.4
	Operating profit	13.8	13.7	-0.1	0.1	-0.1	3.7	-0.1	—	—	-3.7
	Ordinary income	13.0	12.7	-0.2	—	—	—	—	-0.0	-0.0	-3.8
Metals	Net sales	508.0	564.6	56.5	-9.0	7.5	58.0	—	—	—	0.0
	Operating profit	9.4	-1.2	-10.6	-0.6	-0.2	-1.1	-0.5	—	—	-8.2
	Ordinary income	23.1	3.9	-19.2	—	—	—	—	-6.5	-0.7	-9.6
Cement	Net sales	146.0	151.0	4.9	-0.3	2.8	2.4	—	—	—	0.0
	Operating profit	16.9	11.7	-5.2	0.0	-2.0	0.0	-0.3	—	—	-2.9
	Ordinary income	18.3	12.2	-6.0	—	—	—	—	0.0	-1.0	-2.7
Others	Net sales	170.2	182.5	12.2	-0.2	8.1	6.7	—	—	—	-2.4
	Operating profit	6.2	7.5	1.2	0.0	0.6	2.0	0.0	—	—	-1.4
	Ordinary income	6.1	9.0	2.9	—	—	—	—	0.0	1.6	-1.3
Elimination, etc.	Net sales	-190.4	-191.0	-0.5	0.0	0.0	-0.5	—	—	—	0.0
	Operating profit	-6.2	-8.4	-2.1	0.0	0.0	-0.7	0.0	—	—	-1.4
	Ordinary income	-6.7	-6.6	0.1	—	—	—	—	0.6	-0.0	0.2
Total	Net sales	1,147.0	1,272.5	125.5	-8.0	28.4	77.0	—	—	—	28.1
	Operating profit	54.9	34.2	-20.7	-0.4	-3.0	2.8	-1.6	—	—	-18.4
	Ordinary income	68.5	42.0	-26.5	—	—	—	—	-5.0	-0.7	-18.6

Consolidated Balance Sheet

[Unit: ¥ billions]

	End of Mar. 2018 (a)	End of Dec. 2018 (b)	Difference (b)-(a)
Assets			
Cash and deposits	93.3	95.9	2.5
Notes and accounts receivable-trade	260.4	254.9	-5.5
Inventories	366.0	364.7	-1.3
Other *	225.1	230.2	5.0
Current assets, subtotal	945.0	945.7	0.6
Property, plant and equipment and intangible assets	710.1	722.4	12.3
Investments and other assets *	355.8	286.0	-69.8
Non-current assets, subtotal	1,065.9	1,008.4	-57.5
Total Assets	2,011.0	1,954.2	-56.8

	End of Mar. 2018 (a)	End of Dec. 2018 (b)	Difference (b)-(a)
Liabilities			
Notes and accounts payable-trade	158.3	137.1	-21.1
Loans payable, bonds payable, and CP	521.4 ^{26%}	531.7 ^{27%}	10.3
Other liabilities *	562.7	546.0	-16.6
Liabilities, subtotal	1,242.5	1,215.0	-27.5
Net assets			
Capital stock	119.4	119.4	-
Capital surplus and treasury stock	90.3	90.3	-0.0
Retained earnings	361.4	364.5	3.0
Total other comprehensive income	111.2	74.2	-37.0
Non-Controlling interests	86.0	90.7	4.7
Net Assets, subtotal	768.4 ^{38%}	739.2 ^{38%}	-29.2
Total liabilities and net assets	2,011.0	1,954.2	-56.8

* 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.

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 %	33 %
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) Full Year
		1st Half Result	2nd Half Forecast	Full Year	1st Half Result	2nd Half Forecast	Full Year	
Sales volumes of copper & copper alloy products	(thousand tons)	70	72	142	70	72	142	0
Sales volumes of aluminum sheet products	(thousand tons)	53	55	108	53	52	105	-3
Sales volumes of aluminum extrusion products	(thousand tons)	9	9	18	9	9	17	-1
Sales volumes of copper cathodes (in-house product)	(thousand tons)	159	152	311	159	144	303	-8
Sales of volumes of copper cathodes (PTS)	(thousand tons)	148	121	269	148	89	237	-32
Dividend from copper mine	(¥ billion)	6.2	7.1	13.3	6.2	6.6	12.8	-0.5
Total demand for cement in Japan	(million tons)	—	—	42.50	—	—	42.50	—
Cement sales volumes for MMC-Domestic	(million tons)	3.59	3.52	7.11	3.59	3.79	7.38	0.27
Cement sales volumes for MMC-Exports	(million tons)	0.93	1.24	2.17	0.93	1.17	2.10	-0.07
Total demand for cement in the U.S.	(million tons)	—	—	97.19	—	—	96.89	-0.30
Cement sales volumes in the U.S.	(million tons)	0.76	0.78	1.54	0.76	0.76	1.52	-0.02
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.19	4.05	8.24	4.19	3.75	7.94	-0.30

*Announced on November 6, 2018

■ Sensitivity

	FY2019 4Q
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.1 billion yen
Operating profit - 1 yen/€ (yen depreciation)	0.03 billion yen
Copper price (LME) Operating profit ±10¢/lb	0.1 billion yen
Non-operating profit ±10¢/lb	0.0 billion yen

■ Assumptions

4Q
110 JPY / \$
125 JPY / €
270 ¢ / lb

FY2019 Performance Forecast

[Unit: ¥ billions]

	Forecast (a) *			Forecast (b) at this time			Difference (b)-(a) Full Year
	1st Half Result	2nd Half Forecast	Full Year	1st Half Result	2nd Half Forecast	Full Year	
Net sales	855.2	804.8	1,660.0	855.2	794.8	1,650.0	-10.0
Operating profit	27.5	25.5	53.0	27.5	14.5	42.0	-11.0
Net interest and dividends income	7.7	7.8	15.5	7.7	7.3	15.0	-0.5
Equity in earnings of affiliates	0.7	1.8	2.5	0.7	1.3	2.0	-0.5
Other / Non-operating profit / loss	-3.0	-4.0	-7.0	-3.0	-4.0	-7.0	0.0
Ordinary income	33.0	31.0	64.0	33.0	19.0	52.0	-12.0
Extraordinary income / loss	-3.3	-6.2	-9.5	-3.3	-9.2	-12.5	-3.0
Income taxes	-9.9	-12.1	-22.0	-9.9	-13.1	-23.0	-1.0
Net income attributable to non-controlling interests	-4.8	-2.7	-7.5	-4.8	-1.7	-6.5	1.0
Net income attributable to owners of parent	14.8	10.2	25.0	14.8	-4.8	10.0	-15.0
Exchange rate (USD)	110	110	110	110	111	111	1 JPY / \$
Exchange rate (EUR)	130	130	130	130	127	128	-2 JPY / €
Copper price (LME)	294	290	292	294	275	285	-7 ¢ / lb
Dividend per share (yen)	40	40	80	40	40	80	—

*Announced on November 6, 2018

FY2019 Performance Forecast by Segment

[Unit: ¥ billions]

		Forecast (a) *			Forecast (b) at this time			Difference (b)-(a) Full Year
		1st Half Result	2nd Half Forecast	Full Year	1st Half Result	2nd Half Forecast	Full Year	
Advanced Products	Net sales	290.5	293.6	584.1	290.5	280.3	570.8	-13.3
	Operating profit	7.6	7.5	15.1	7.6	4.5	12.1	-3.0
	Ordinary income	8.1	8.5	16.6	8.1	4.8	12.9	-3.7
Metalworking Solutions	Net sales	87.2	89.7	176.9	87.2	86.9	174.1	-2.8
	Operating profit	9.9	8.4	18.3	9.9	7.3	17.2	-1.1
	Ordinary income	9.3	8.1	17.4	9.3	6.4	15.7	-1.7
Metals	Net sales	386.9	312.1	699.0	386.9	302.3	689.2	-9.8
	Operating profit	4.1	1.1	5.2	4.1	-5.7	-1.6	-6.8
	Ordinary income	8.1	6.3	14.4	8.1	0.1	8.2	-6.2
Cement	Net sales	98.5	99.8	198.3	98.5	101.2	199.7	1.4
	Operating profit	6.9	8.2	15.1	6.9	7.6	14.5	-0.6
	Ordinary income	7.1	8.4	15.5	7.1	7.4	14.5	-1.0
Others	Net sales	113.3	135.3	248.6	113.3	140.9	254.2	5.6
	Operating profit	3.8	7.3	11.1	3.8	8.0	11.8	0.7
	Ordinary income	4.7	7.9	12.6	4.7	8.4	13.1	0.5
Elimination, etc.	Net sales	-121.3	-125.7	-247.0	-121.3	-116.9	-238.2	8.8
	Operating profit	-4.9	-7.1	-12.0	-4.9	-7.2	-12.1	-0.1
	Ordinary income	4.5	-8.1	-12.6	-4.5	-8.2	-12.7	-0.1
Total	Net sales	855.2	804.8	1,660.0	855.2	794.8	1,650.0	-10.0
	Operating profit	27.5	25.5	53.0	27.5	14.5	42.0	-11.0
	Ordinary income	33.0	31.0	64.0	33.0	19.0	52.0	-12.0

*Announced on November 6, 2018

(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															
Advanced Products	Net sales	117.7	130.9	248.6	144.7	142.6	287.3	536.0	148.4	142.0	290.5	144.8	—	—	—
	Operating profit	5.8	4.5	10.4	4.2	3.7	8.0	18.4	4.5	3.1	7.6	3.1	—	—	—
	Ordinary income	5.9	4.4	10.4	4.2	3.8	8.0	18.4	4.3	3.8	8.1	2.5	—	—	—
Metalworking Solutions	Net sales	39.0	39.2	78.3	41.3	41.4	82.8	161.1	44.8	42.3	87.2	42.7	—	—	—
	Operating profit	4.2	4.4	8.6	5.2	4.6	9.8	18.5	5.9	3.9	9.9	3.8	—	—	—
	Ordinary income	3.9	4.1	8.1	4.8	3.7	8.6	16.8	5.4	3.8	9.3	3.3	—	—	—
Metals	Net sales	132.6	181.8	314.5	193.5	207.2	400.7	715.3	192.6	194.2	386.9	177.7	—	—	—
	Operating profit	1.0	5.0	6.1	3.3	3.3	6.6	12.7	3.5	0.6	4.1	-5.4	—	—	—
	Ordinary income	4.8	4.8	9.7	13.4	2.2	15.6	25.4	3.5	4.5	8.1	-4.2	—	—	—
Cement	Net sales	47.5	48.0	95.6	50.3	46.3	96.6	192.3	48.6	49.9	98.5	52.4	—	—	—
	Operating profit	5.2	5.3	10.6	6.2	2.4	8.7	19.4	3.8	3.1	6.9	4.8	—	—	—
	Ordinary income	5.3	5.7	11.0	7.2	2.7	10.0	21.0	3.9	3.1	7.1	5.1	—	—	—
Others	Net sales	50.7	55.6	106.4	63.8	79.2	143.0	249.5	49.9	63.4	113.3	69.1	—	—	—
	Operating profit	1.6	2.2	3.9	2.3	6.9	9.2	13.1	1.2	2.5	3.8	3.6	—	—	—
	Ordinary income	1.9	2.4	4.4	1.7	2.1	3.9	8.3	2.0	2.7	4.7	4.3	—	—	—
Elimination, etc.	Net sales	-54.4	-63.6	-118.1	-72.2	-64.4	-136.7	-254.9	-64.4	-56.8	-121.3	-69.6	—	—	—
	Operating profit	-0.7	-2.5	-3.3	-2.9	-3.3	-6.2	-9.6	-2.2	-2.7	-4.9	-3.4	—	—	—
	Ordinary income	-0.4	-3.7	-4.2	-2.5	-3.6	-6.2	-10.4	-1.3	-3.1	-4.5	-2.0	—	—	—
Total	Net sales	333.3	392.1	725.4	421.5	452.4	874.0	1,599.5	420.0	435.2	855.2	417.2	—	—	—
	Operating profit	17.3	19.1	36.4	18.5	17.8	36.3	72.8	16.8	10.7	27.5	6.6	—	—	—
	Ordinary income	21.6	17.8	39.5	29.0	11.0	40.0	79.6	18.0	14.9	33.0	8.9	—	—	—

■ Statistics / Assumptions

Sales volumes of copper & copper alloy products	(thousand tons)	35	36	71	37	35	72	143	36	34	70	37	—	—	—
Sales volumes of aluminum sheet products	(thousand tons)	30	26	56	26	25	51	107	28	25	53	27	—	—	—
Sales volumes of aluminum extrusion products	(thousand tons)	5	4	9	5	4	9	18	4	5	9	4	—	—	—
Sales volumes of copper cathodes (in-house product)	(thousand tons)	70	82	152	80	88	168	320	84	75	159	75	—	—	—
Sales of volumes of copper cathodes (PTS)	(thousand tons)	57	78	135	68	60	128	263	69	79	148	37	—	—	—
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	1.5	—	—	—
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	11.75	—	—	—
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	2.02	—	—	—
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	0.58	—	—	—
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	0.39	—	—	—
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	1.86	—	—	—
Exchange rate (USD)	JPY / \$	111	111	111	113	108	111	111	109	111	110	113	—	—	—
Exchange rate (EUR)	JPY / €	122	130	126	133	133	133	130	130	130	130	129	—	—	—
Copper price (LME)	¢ / lb	257	288	272	309	316	312	292	312	277	294	280	—	—	—

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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.