

# **MITSUBISHI MATERIALS CORPORATION**

Supplementary Explanation  
for the fiscal year ended March 31, 2019

May 13, 2019

# Contents

---

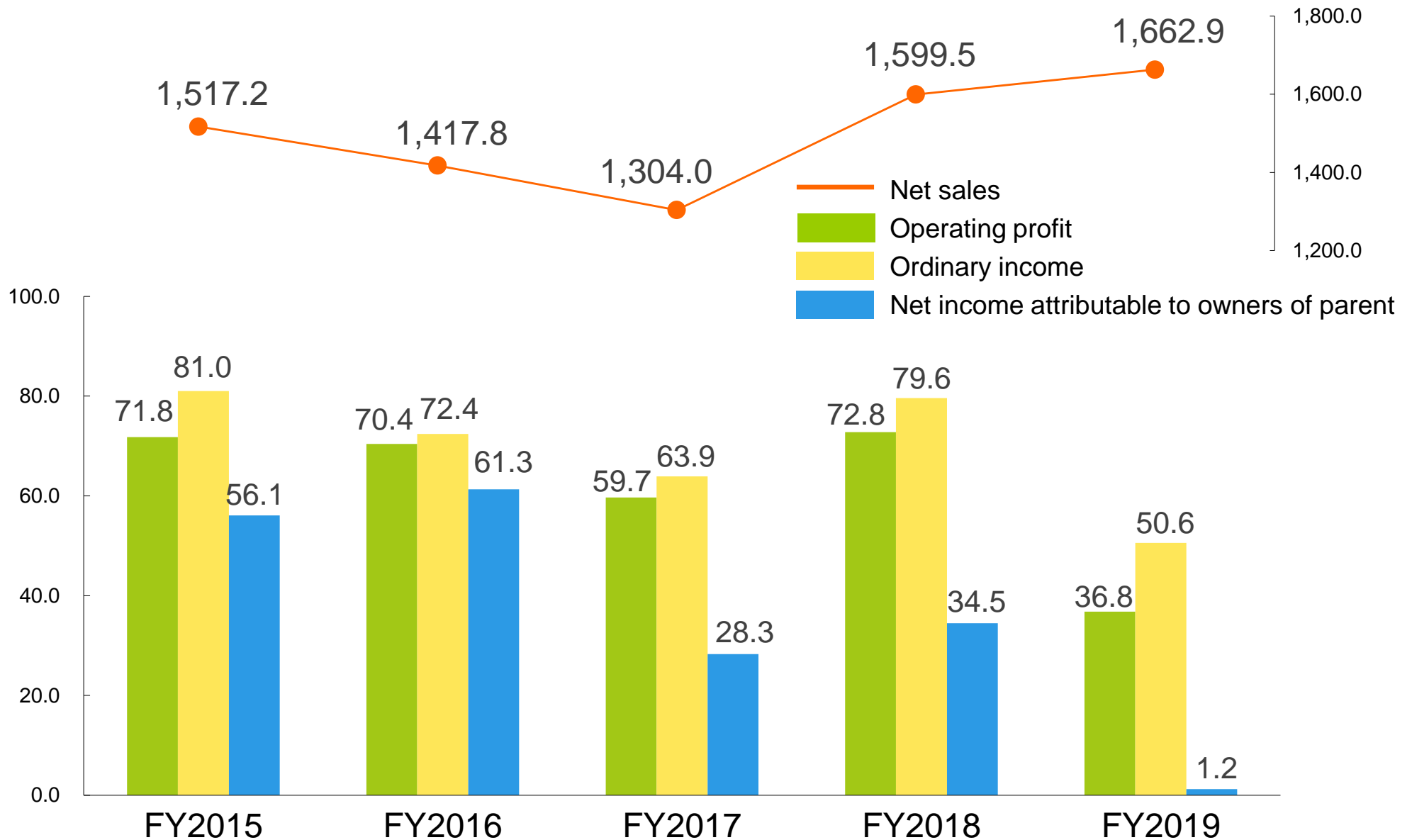
1. Performance Overview (P. 3 - 4)
2. Comparison with the Previous Year Result & the Previous Forecast (P. 5 - 8)
3. Consolidated Balance Sheet (P. 9)
4. FY2020 Performance Forecast (P. 10 - 13)
5. Depreciation & Capital Expenditures, Cash Flows (P. 14 - 15)
6. Net Interest-Bearing Debt and Net D/E Ratio (P. 16)
7. (FYI) Performance Overview (Quarterly) (P. 17)

\*1 From the consolidated fiscal year under review, the reporting segments have been changed, among other changes.  
Financial information has 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 Company.”

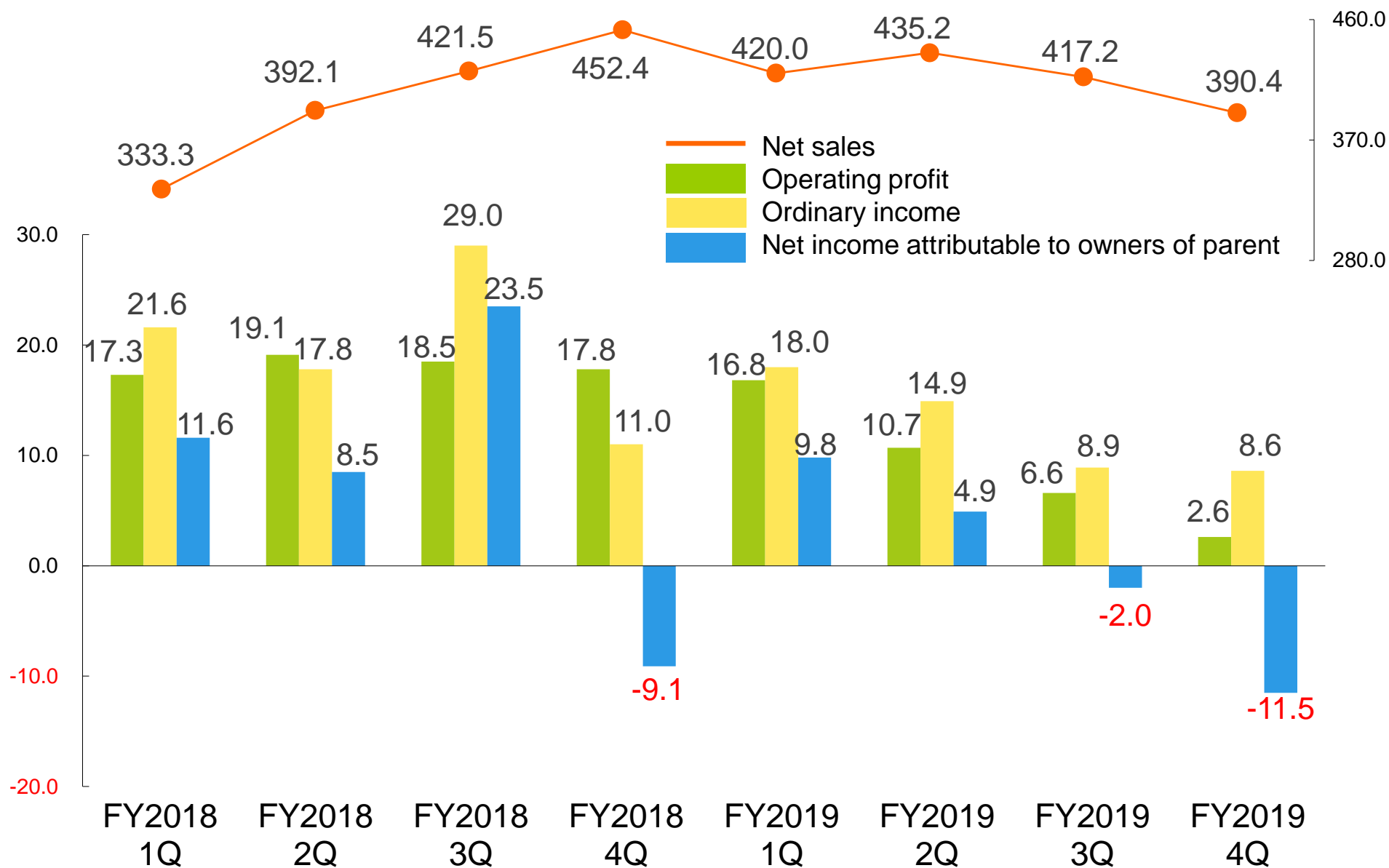
# Performance Overview (Full Year)

[Unit: ¥ billions]



# Performance Overview (Quarterly)

[Unit: ¥ billions]



# Comparison with the Previous Year Result (Consolidated Statements of Operations)

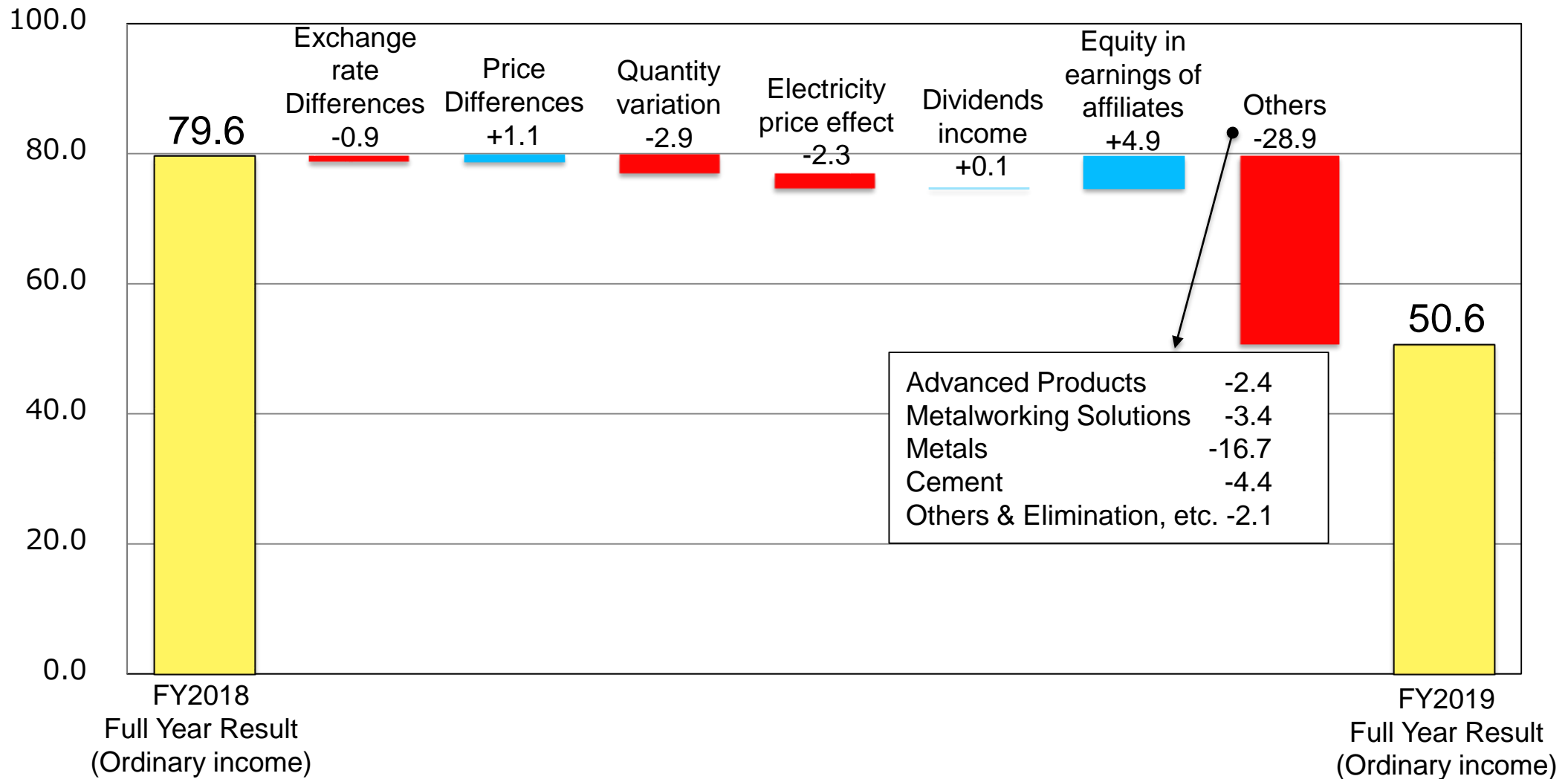
[Unit: ¥ billions]

	FY2018 Result (a)	FY2019 Result (b)	Difference (b)-(a)	Reason *
Net sales	1,599.5	1,662.9	63.4	AP +34.9, MS +10.3, Metals +4.7, Cement +5.9, etc.
Operating profit	72.8	36.8	-35.9	AP -6.4, MS -1.7, Metals -19.9, Cement -5.9, etc.
Net interest and dividends income	15.2	15.9	0.7	
Equity in earnings of affiliates	-1.3	3.5	4.9	Japan Drilling Co., Ltd. +6.3, Copper mines -1.8, etc.
Other / Non-operating profit / loss	-7.0	-5.7	1.3	
Ordinary income	79.6	50.6	-28.9	
Extraordinary income / loss	-11.8	-14.3	-2.4	Gain on sales of investment securities -4.0, Loss on Non-Conforming Products +3.2, Provision for product compensation -2.5, etc.
Income taxes	-23.6	-28.7	-5.0	Income taxes - deferred -7.8, etc.
Net income attributable to non-controlling interests	-9.5	-6.3	3.2	
Net income attributable to owners of parent	34.5	1.2	-33.2	
Exchange rate (USD)	111	111	0	JPY / \$
Exchange rate (EUR)	130	128	-2	JPY / €
Copper price (LME)	292	288	-4	¢ / lb
Dividend per share (yen)	80	80		

\* AP: Advanced Products MS: Metalworking Solutions

# Comparison with the Previous Year Result (Factor Analysis of Ordinary Income)

[Unit: ¥ billions]



# Comparison with the Previous Year Result (Factor Analysis by Segment)

[Unit: ¥ billions]

		FY2018 Result (a)	FY2019 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	536.0	570.9	34.9	0.7	4.7	2.5	—	—	—	27.0
	Operating profit	18.4	11.9	-6.4	-0.0	-1.2	-1.9	-1.0	—	—	-2.3
	Ordinary income	18.4	13.2	-5.2	—	—	—	—	1.3	-0.0	-2.4
Metalworking Solutions	Net sales	161.1	171.5	10.3	-0.5	3.2	3.2	—	—	—	4.4
	Operating profit	18.5	16.7	-1.7	—	—	—	—	—	—	-4.0
	Ordinary income	16.8	15.6	-1.1	-0.0	0.1	2.4	-0.2	-0.0	-0.0	-3.4
Metals	Net sales	715.3	720.0	4.7	-7.0	-4.0	15.7	—	—	—	0.0
	Operating profit	12.7	-7.1	-19.9	-0.6	1.6	-3.5	-0.6	—	—	-16.8
	Ordinary income	25.4	2.3	-23.0	—	—	—	—	-1.4	-1.8	-16.7
Cement	Net sales	192.3	198.2	5.9	0.2	4.4	1.3	—	—	—	0.0
	Operating profit	19.4	13.4	-5.9	—	—	—	—	—	—	-4.7
	Ordinary income	21.0	15.4	-5.5	0.2	-0.5	-0.4	-0.5	-0.4	0.5	-4.4
Others	Net sales	249.5	255.7	6.2	-0.8	10.1	-0.4	—	—	—	-2.7
	Operating profit	13.1	13.1	-0.0	-0.4	1.1	0.9	-0.0	—	—	-1.6
	Ordinary income	8.3	14.6	6.3	—	—	—	—	0.0	6.4	-1.7
Elimination, etc.	Net sales	-254.9	-253.6	1.2	0.0	0.0	1.2	—	—	—	0.0
	Operating profit	-9.6	-11.3	-1.7	—	—	—	—	—	—	-1.4
	Ordinary income	-10.4	-10.5	-0.1	0.0	0.0	-0.3	-0.0	0.6	-0.0	-0.4
Total	Net sales	1,599.5	1,662.9	63.4	-7.4	18.5	23.6	—	—	—	28.7
	Operating profit	72.8	36.8	-35.9	-0.9	1.1	-2.9	-2.3	—	—	-30.9
	Ordinary income	79.6	50.6	-28.9	—	—	—	—	0.1	4.9	-28.9

# Comparison with the Previous Forecast Announced on February 12 (Consolidated Statements of Operations)

[Unit: ¥ billions]

	FY2019 Previous forecast (a)	FY2019 Result (b)	Difference (b)-(a)
Net sales	1,650.0	1,662.9	12.9
Operating profit	42.0	36.8	-5.1
Net interest and dividends income	15.0	15.9	0.9
Equity in earnings of affiliates	2.0	3.5	1.5
Other / Non-operating profit / loss	-7.0	-5.7	1.2
Ordinary income	52.0	50.6	-1.3
Extraordinary income / loss	-12.5	-14.3	-1.8
Income taxes	-23.0	-28.7	-5.7
Net income attributable to non-controlling interests	-6.5	-6.3	0.1
Net income attributable to owners of parent	10.0	1.2	-8.7
Exchange rate (USD)	111	111	-0 JPY / \$
Exchange rate (EUR)	128	128	0 JPY / €
Copper price (LME)	285	288	3 ¢ / lb
Dividend per share (yen)	80	80	



# Consolidated Balance Sheet

[Unit: ¥ billions]

	End of Mar. 2018 (a)	End of Mar. 2019 (b)	Difference (b)-(a)		End of Mar. 2018 (a)	End of Mar. 2019 (b)	Difference (b)-(a)
<b>Assets</b>				<b>Liabilities</b>			
Cash and deposits	93.3	108.6	15.2	Notes and accounts payable-trade	158.3	147.5	-10.8
Notes and accounts receivable-trade	260.4	248.2	-12.2	Loans payable, bonds payable, and CP	521.4 26%	494.7 26%	-26.6
Inventories	366.0	335.5	-30.5	Other liabilities *	562.7	572.6	9.8
Other *	225.1	217.2	-7.9	Liabilities, subtotal	<b>1,242.5</b>	<b>1,214.9</b>	<b>-27.6</b>
Current assets, subtotal	<b>945.0</b>	<b>909.6</b>	<b>-35.4</b>	<b>Net assets</b>			
Property, plant and equipment and intangible assets	710.1	746.1	36.0	Capital stock	119.4	119.4	-
Investments and other assets *	355.8	282.4	-73.3	Capital surplus and treasury stock	90.3	90.2	-0.0
Non-current assets, subtotal	<b>1,065.9</b>	<b>1,028.6</b>	<b>-37.3</b>	Retained earnings	361.4	352.9	-8.4
Total Assets	2,011.0	1,938.2	-72.7	Total other comprehensive income	111.2	70.9	-40.3
				Non-Controlling interests	86.0	89.7	3.7
				Net Assets, subtotal	<b>768.4 38%</b>	<b>723.3 37%</b>	<b>-45.1</b>
				Total liabilities and net assets	2,011.0	1,938.2	-72.7
				Shareholders' equity ratio	34 %	33 %	
				Net debt to equity ratio	0.6 times	0.6 times	

\* The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the consolidated 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.

# FY2020 Performance Forecast (Statistics / Assumptions / Sensitivity)

## ■ Statistics / Assumptions

		FY2018 Result	FY2019 Result (a)	FY2020 (Forecast)			Difference (b)-(a)
				1st Half	2nd Half	Full Year (b)	
Sales volumes of copper & copper alloy products	(thousand tons)	143	142	73	76	149	7
Sales volumes of aluminum sheet products	(thousand tons)	107	104	54	54	108	4
Sales volumes of aluminum extrusion products	(thousand tons)	18	17	9	9	19	2
Sales volumes of copper cathodes (in-house product)	(thousand tons)	320	301	167	164	331	30
Sales of volumes of copper cathodes (PTS)	(thousand tons)	263	234	146	147	293	59
Dividend from copper mine	(¥ billion)	14.3	12.8	0.6	11.4	12.0	-0.8
Total demand for cement in Japan	(million tons)	41.88	42.59	—	—	42.50	-0.09
Cement sales volumes for MMC-Domestic	(million tons)	7.05	7.32	3.46	3.64	7.10	-0.22
Cement sales volumes for MMC-Exports	(million tons)	2.37	2.11	1.15	1.10	2.25	0.14
Total demand for cement in the U.S.	(million tons)	94.18	96.22	—	—	98.38	2.16
Cement sales volumes in the U.S.	(million tons)	1.53	1.46	0.82	0.73	1.55	0.09
Ready-mixed concrete sales volumes in the U.S.	(million cy)	8.11	7.72	4.39	3.98	8.37	0.65

## ■ Sensitivity

	FY2020 Full Year
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.7 billion yen
Operating profit - 1 yen/€ (yen depreciation)	0.2 billion yen
Copper price (LME) Operating profit ±10¢/lb	0.6 billion yen
Non-operating profit ±10¢/lb	1.4 billion yen

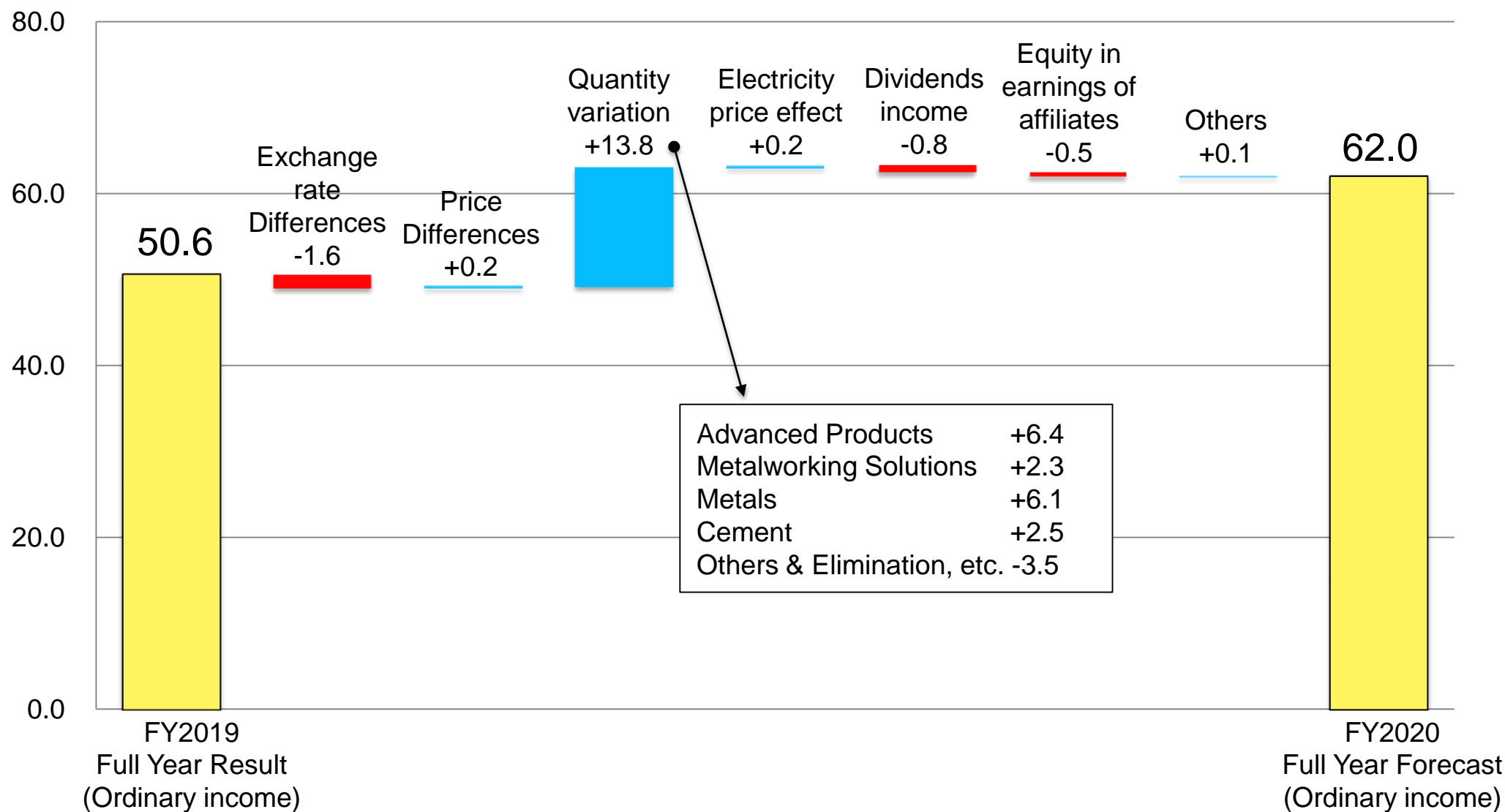
# FY2020 Performance Forecast (Consolidated Statements of Operations)

[Unit: ¥ billions]

	FY2019 Result (a)	FY2020 (Forecast)			Difference (b)-(a)
		1st Half	2nd Half	Full Year (b)	
Net sales	1,662.9	830.0	870.0	1,700.0	37.1
Operating profit	36.8	23.0	28.0	51.0	14.2
Net interest and dividends income	15.9	1.7	12.0	13.7	-2.2
Equity in earnings of affiliates	3.5	1.0	2.0	3.0	-0.5
Other / Non-operating profit / loss	-5.7	-1.7	-4.0	-5.7	0.0
Ordinary income	50.6	24.0	38.0	62.0	11.4
Extraordinary income / loss	-14.3	-1.9	-4.1	-6.0	8.3
Income taxes	-28.7	-6.6	-10.2	-16.8	11.9
Net income attributable to non-controlling interests	-6.3	-3.5	-5.7	-9.2	-2.9
Net income attributable to owners of parent	1.2	12.0	18.0	30.0	28.8
Exchange rate (USD)	111	110	110	110	-1 JPY / \$
Exchange rate (EUR)	128	125	125	125	-3 JPY / €
Copper price (LME)	288	290	290	290	2 ¢ / lb
Dividend per share (yen)	80	40	40	80	

# FY2020 Performance Forecast (Factor Analysis of Ordinary Income)

[Unit: ¥ billions]



# FY2020 Performance Forecast (Factor Analysis by Segment)

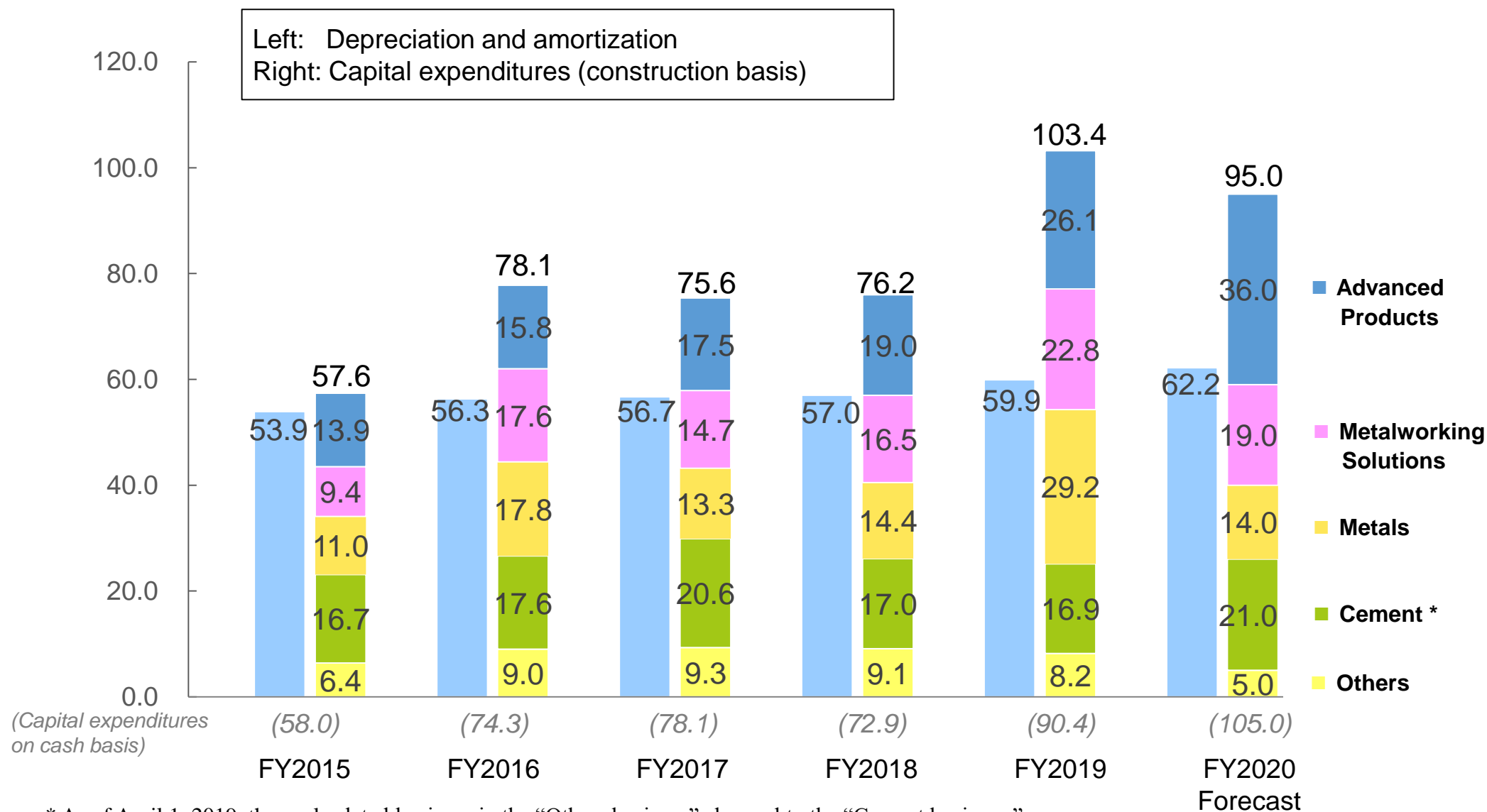
[Unit: ¥ billions]

		FY2019	FY2020 Forecast			Differences	Exchange	Price	Quantity	Electricity	Dividends	Equity in	Change	Others
		Result	1st Half	2nd Half	Full Year	(b)-(a)	rate	differences	variation	price effect	income	earnings of	of segmen-	
		(a)			(b)		differences				affiliates	tation *		
Advanced Products	Net sales	570.9	292.4	295.5	587.9	17.0	-4.3	0.8	20.1	-	-	-	-	0.4
	Operating profit	11.9	6.6	7.8	14.5	2.6	-0.1	-1.4	6.4	0.0	-	-	-	-2.3
	Ordinary income	13.2	7.4	8.3	15.7	2.5					-0.1	-0.4	-	-1.9
Metalworking Solutions	Net sales	171.5	88.9	90.3	179.2	7.7	-2.0	-0.0	9.7	-	-	-	-	0.0
	Operating profit	16.7	7.0	9.6	16.7	-0.0	-1.0	0.6	2.3	0.0	-	-	-	-1.9
	Ordinary income	15.6	6.8	9.3	16.2	0.6					-0.0	-	-	-1.3
Metals	Net sales	720.0	367.2	380.8	748.1	28.1	-5.4	0.9	32.6	-	-	-	-	0.0
	Operating profit	-7.1	5.0	3.2	8.2	15.3	-0.4	0.2	6.1	0.1	-	-	-	9.3
	Ordinary income	2.3	3.8	12.7	16.6	14.3					-0.7	0.1	-	8.9
Cement	Net sales	198.2	124.0	129.6	253.6	55.4	-0.8	3.2	4.7	-	-	-	48.3	0.0
	Operating profit	13.4	7.9	8.0	15.9	2.5	-0.0	1.3	2.5	0.0	-	-	2.0	-3.3
	Ordinary income	15.4	9.0	9.1	18.2	2.8					0.0	-0.9	3.4	-3.5
Others	Net sales	255.7	84.3	98.4	182.8	-72.9	-0.6	-0.5	-18.5	-	-	-	-53.3	0.0
	Operating profit	13.1	1.8	5.1	6.9	-6.2	-0.1	-0.5	-3.2	0.0	-	-	-2.0	-0.4
	Ordinary income	14.6	2.1	5.7	7.8	-6.8					0.1	0.6	-3.4	-0.3
Elimination, etc.	Net sales	-253.6	-127.0	-124.8	-251.8	1.8	0.0	0.0	-3.2	-	-	-	5.0	0.0
	Operating profit	-11.3	-5.5	-5.9	-11.5	-0.2	0.0	0.0	-0.3	0.0	-	-	-	0.1
	Ordinary income	-10.5	-5.3	-7.4	-12.7	-2.2					-0.1	0.0	-	-1.8
Total	Net sales	1,662.9	830.0	870.0	1,700.0	37.1	-13.1	4.4	45.4	-	-	-	-	0.4
	Operating profit	36.8	23.0	28.0	51.0	14.2	-1.6	0.2	13.8	0.2	-	-	-	1.6
	Ordinary income	50.6	24.0	38.0	62.0	11.4					-0.8	-0.5	-	0.1

\* As of April 1, 2019, the coal-related business in the "Others business" changed to the "Cement business."

# Depreciation & Capital Expenditures

[Unit: ¥ billions]

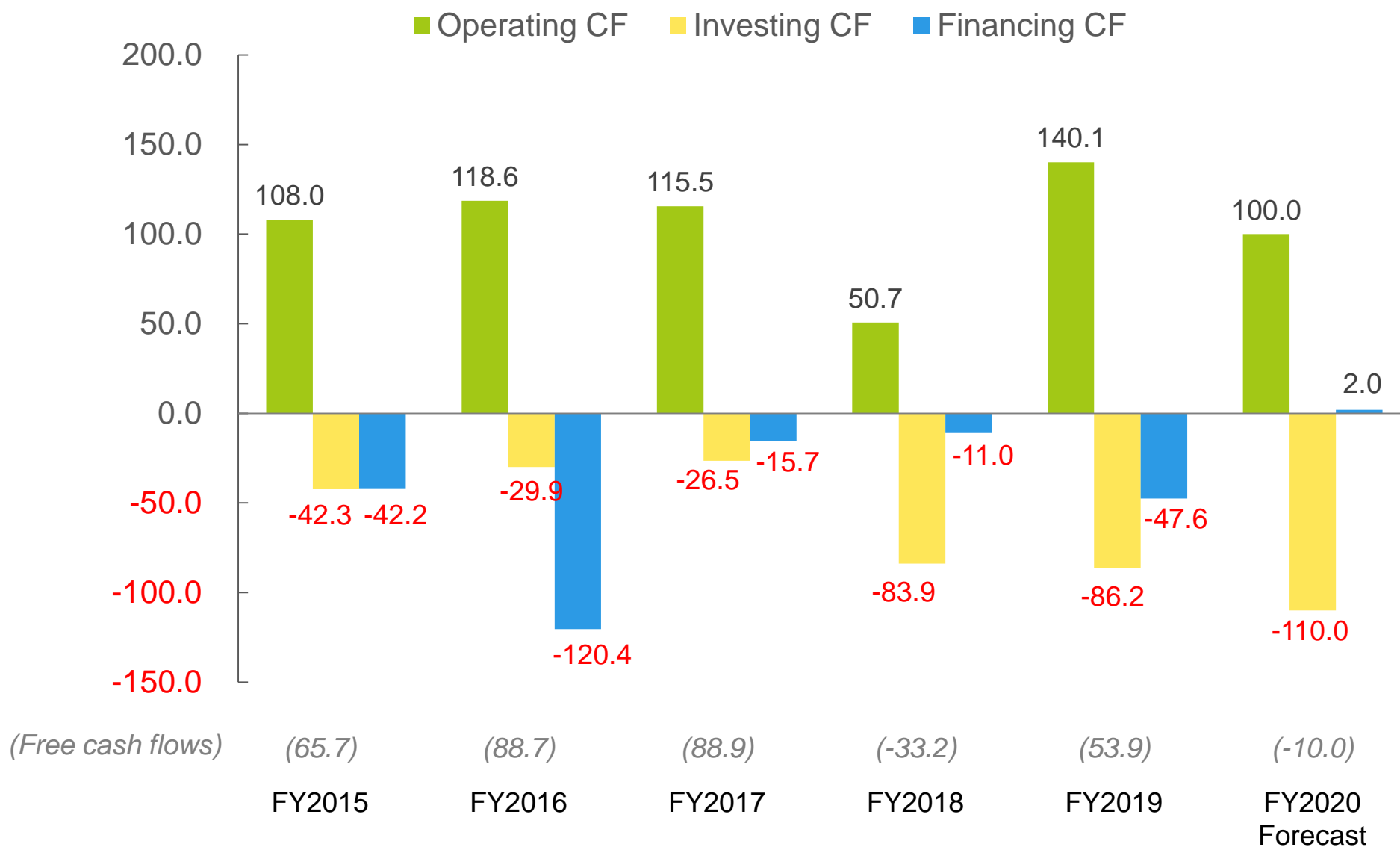


\* As of April 1, 2019, the coal-related business in the “Others business” changed to the “Cement business.”

Accordingly, the amount of capital expenditures in the “Cement business” indicates figures after the change of segmentation.

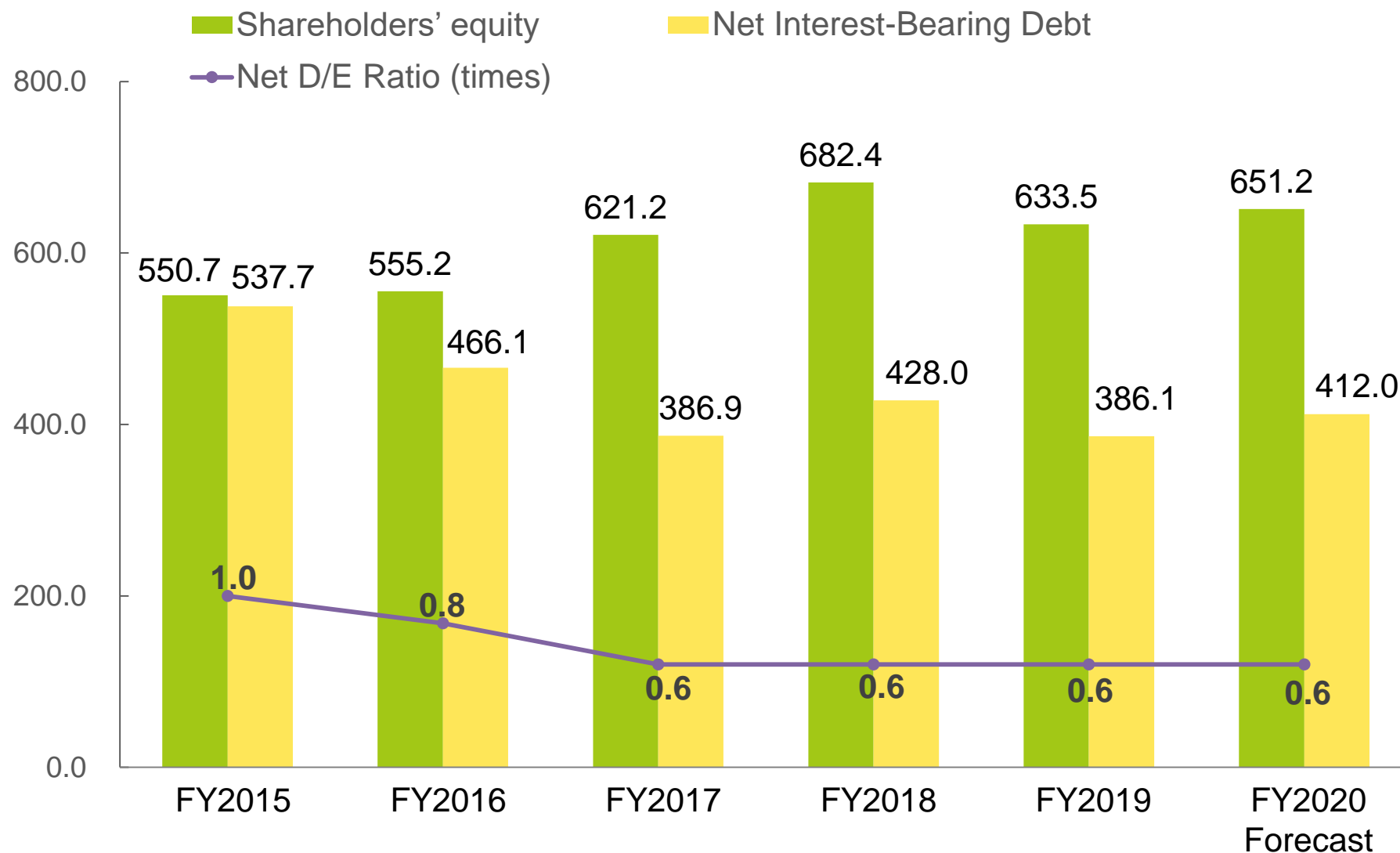
# Cash Flows

[Unit: ¥ billions]



# Net Interest-Bearing Debt and Net D/E Ratio

[Unit: ¥ billions]





# (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
<b>■ Performance Overview by Segment</b>															
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	135.5	280.4	570.9
	Operating profit	5.8	4.5	10.4	4.2	3.7	8.0	18.4	4.5	3.1	7.6	3.1	1.1	4.3	11.9
	Ordinary income	5.9	4.4	10.4	4.2	3.8	8.0	18.4	4.3	3.8	8.1	2.5	2.5	5.0	13.2
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	41.5	84.2	171.5
	Operating profit	4.2	4.4	8.6	5.2	4.6	9.8	18.5	5.9	3.9	9.9	3.8	2.9	6.8	16.7
	Ordinary income	3.9	4.1	8.1	4.8	3.7	8.6	16.8	5.4	3.8	9.3	3.3	2.8	6.2	15.6
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	155.4	333.1	720.0
	Operating profit	1.0	5.0	6.1	3.3	3.3	6.6	12.7	3.5	0.6	4.1	-5.4	-5.9	-11.3	-7.1
	Ordinary income	4.8	4.8	9.7	13.4	2.2	15.6	25.4	3.5	4.5	8.1	-4.2	-1.6	-5.8	2.3
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	47.2	99.6	198.2
	Operating profit	5.2	5.3	10.6	6.2	2.4	8.7	19.4	3.8	3.1	6.9	4.8	1.7	6.5	13.4
	Ordinary income	5.3	5.7	11.0	7.2	2.7	10.0	21.0	3.9	3.1	7.1	5.1	3.1	8.3	15.4
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	73.2	142.4	255.7
	Operating profit	1.6	2.2	3.9	2.3	6.9	9.2	13.1	1.2	2.5	3.8	3.6	5.6	9.2	13.1
	Ordinary income	1.9	2.4	4.4	1.7	2.1	3.9	8.3	2.0	2.7	4.7	4.3	5.5	9.8	14.6
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	-62.6	-132.3	-253.6
	Operating profit	-0.7	-2.5	-3.3	-2.9	-3.3	-6.2	-9.6	-2.2	-2.7	-4.9	-3.4	-2.9	-6.3	-11.3
	Ordinary income	-0.4	-3.7	-4.2	-2.5	-3.6	-6.2	-10.4	-1.3	-3.1	-4.5	-2.0	-3.9	-6.0	-10.5
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	390.4	807.7	1,662.9
	Operating profit	17.3	19.1	36.4	18.5	17.8	36.3	72.8	16.8	10.7	27.5	6.6	2.6	9.2	36.8
	Ordinary income	21.6	17.8	39.5	29.0	11.0	40.0	79.6	18.0	14.9	33.0	8.9	8.6	17.6	50.6

## ■ Statistics / Assumptions

Sales volumes of copper & copper alloy products	(thousand tons)	35	36	71	37	35	72	143	36	34	70	37	36	73	142
Sales volumes of aluminum sheet products	(thousand tons)	30	26	56	26	25	51	107	28	25	53	27	24	51	104
Sales volumes of aluminum extrusion products	(thousand tons)	5	4	9	5	4	9	18	4	5	9	4	4	8	17
Sales volumes of copper cathodes (in-house product)	(thousand tons)	70	82	152	80	88	168	320	84	75	159	75	68	143	301
Sales of volumes of copper cathodes (PT-S)	(thousand tons)	57	78	135	68	60	128	263	69	79	148	37	49	86	234
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	4.9	6.5	12.8
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	10.07	21.82	42.59
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	1.71	3.73	7.32
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	0.59	1.17	2.11
Total demand for cement in the U.S.	(million tons)	—	—	—	—	—	—	94.18	—	—	—	—	—	—	96.22
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	0.31	0.69	1.46
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	1.65	3.52	7.72
Exchange rate (USD)	JPY / \$	111	111	111	113	108	111	111	109	111	110	113	110	112	111
Exchange rate (EUR)	JPY / €	122	130	126	133	133	133	130	130	130	130	129	125	127	128
Copper price (LME)	¢ / lb	257	288	272	309	316	312	292	312	277	294	280	282	281	288

For further information, please contact at:

Mitsubishi Materials Corporation

IR Dept., Finance & Accounting Dept.,

Corporate Strategy Div.

3-2-3, Marunouchi, Chiyoda-ku, Tokyo 100-8117 Japan

E-mail: [ml-mmcsr@mmc.co.jp](mailto:ml-mmcsr@mmc.co.jp)

URL: <http://www.mmc.co.jp/corporate/en/>

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.