

New Medium-Term Management Plan FY2012-FY2014

Materials Premium 2013

Aiming for New Creation

August 10, 2011

Mitsubishi Materials Corporation

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1. Review of Previous Medium-Term Management Plan (FY08-10)

■ Previous Medium-Term Plan (FY08-10) Review (1)

■ Management Objectives

(FY2010)

Ordinary income Over ¥110 billion

ROA (Ordinary income/total assets) Over 5%

Debt/equity ratio 1.5 times

■ Results

	Billions of yen			
	FY08	FY09	FY10	FY11
Ordinary income	¥135.9	¥40.0	- ¥9.5	¥56.4
ROA	7.5%	2.2%	- 0.5%	3.1%
Debt/equity ratio	1.5	1.9	2.3	2.3
(Net debt/equity ratio)	(1.3)	(1.7)	(2.1)	(2.0)

- ◆ Goals were not reached in fiscal 2009 and fiscal 2010 because of a worse-than-anticipated business environment resulting from the global financial crisis.
- ◆ In fiscal 2011, achieved ordinary income of ¥56.4 billion, reflecting both a recovery in the market and cost reduction efforts and overall management countermeasures to enhance Mitsubishi Materials' business foundation implemented since fiscal 2009.

■ Previous Medium-Term Plan (FY08-10) Review (2)

■ Expansion and reinforcement of four core businesses constituting integrated management

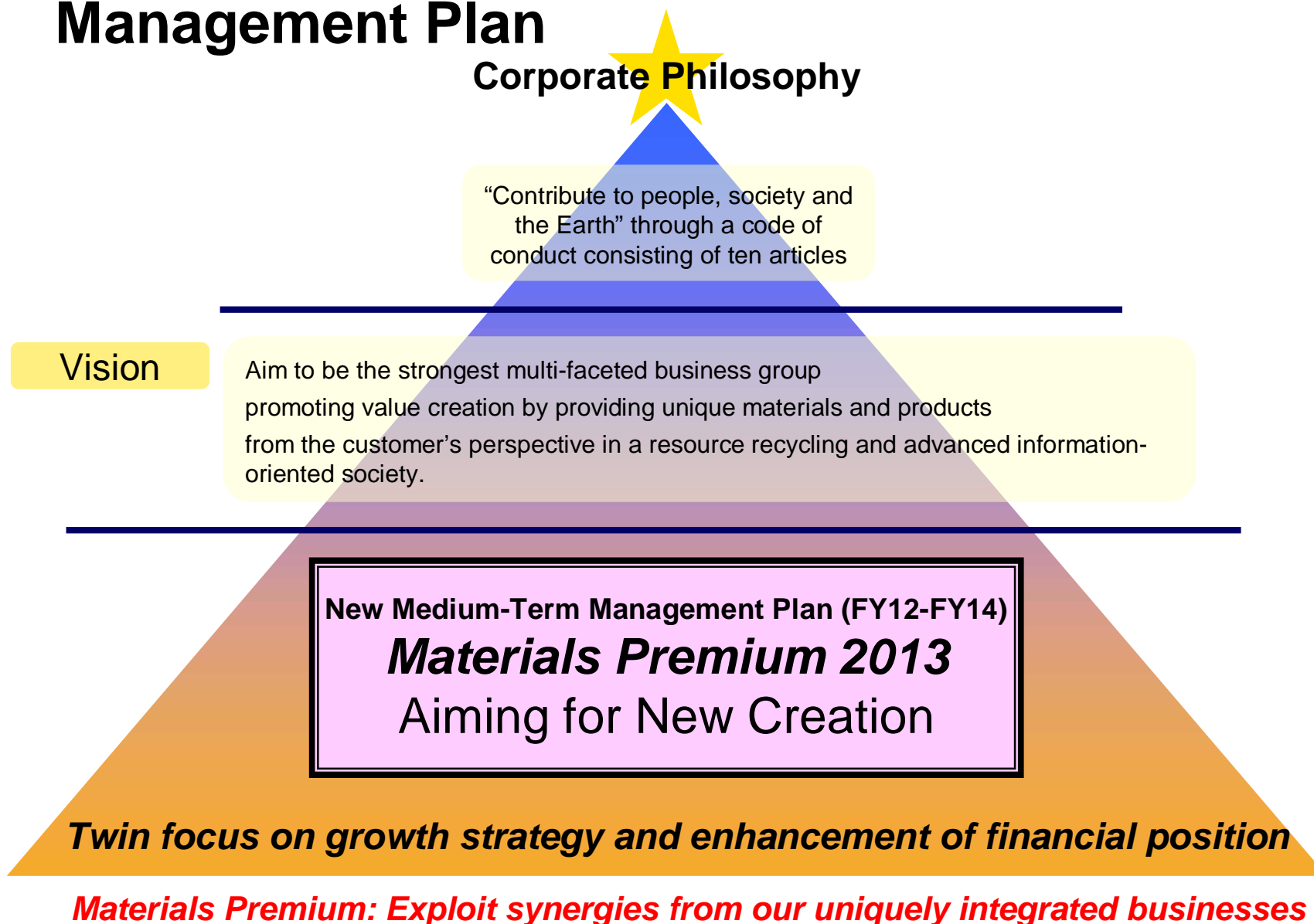
(Billions of yen)

Segment	Main investment project	Investment amount by segment
Cement	Acquired shares in Robertson's Ready Mix, Ltd.	120
Metals	Similco mine investment Integrated two copper processing companies, strengthened production capabilities Construction of Onahama S-furnace	120
Advanced Materials & Tools	Increased production of inserts Increased tungsten smelting capacity	50
Electronic Materials & Components	Increased production of polycrystalline silicon	50
Others		50
Total		390

◆ Strategic investment in growth drivers to establish growth foundation in four core businesses


2. Overview of New Medium-Term Management Plan (FY12-14)

■ Corporate Philosophy/Vision: New Medium-Term Management Plan



New Medium-Term Management Plan (FY12-FY14) Management Objectives

Twin focus on growth strategy and enhancement of financial position

	FY2011		FY2014
◆ Ordinary income	¥56.4 billion		¥110.0 billion
◆ ROA	3.1%		6%
◆ Net debt/equity ratio	2.0 times		Under 1.5 times
<hr/>			
Net sales	¥1,333.9 billion		¥1,570.billion
(Overseas net sales	¥391.8 billion		¥510 billion)

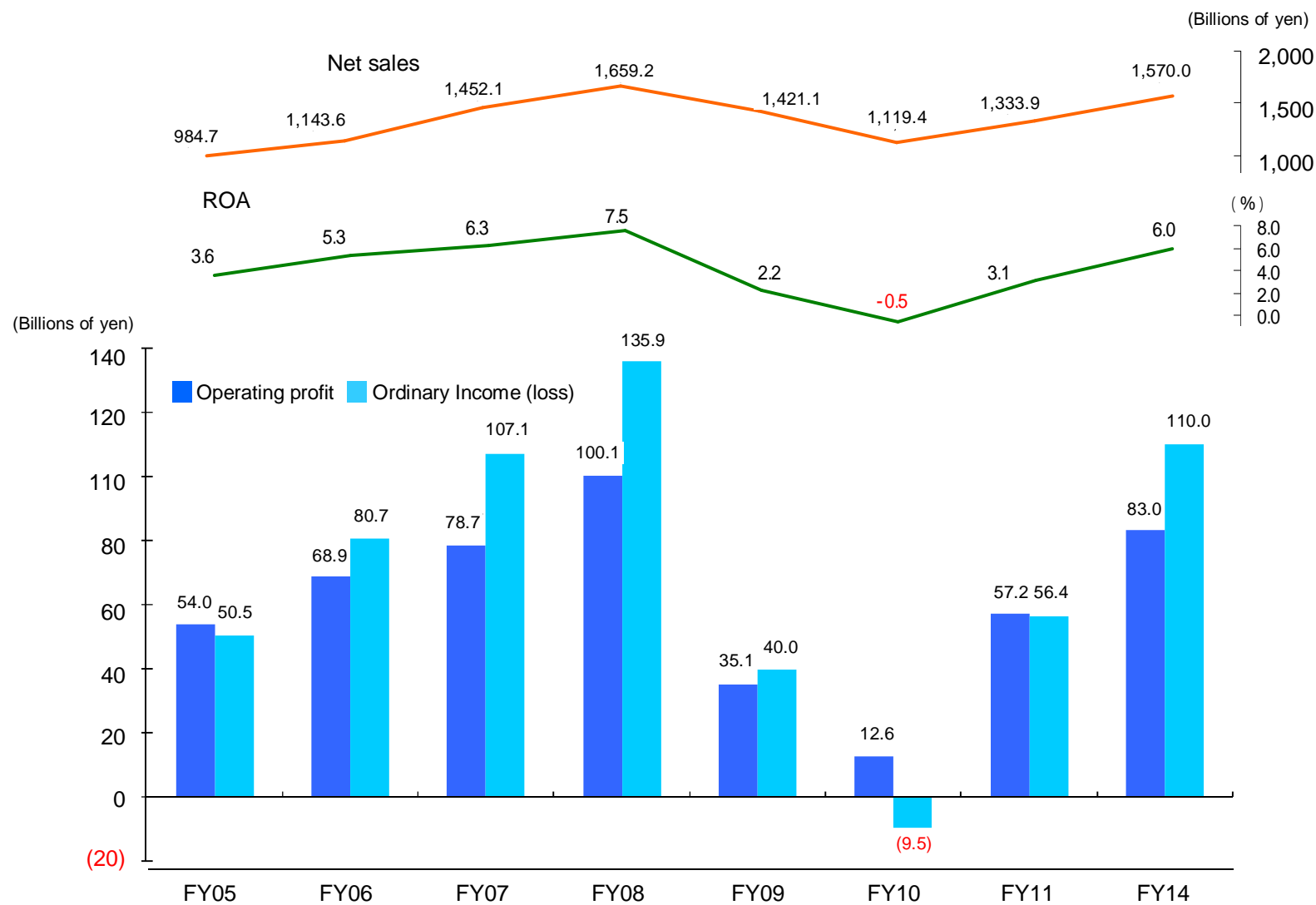
Note: Excludes gold ingots exports.

(Assumptions)

Forex in FY14: ¥85 = US \$1

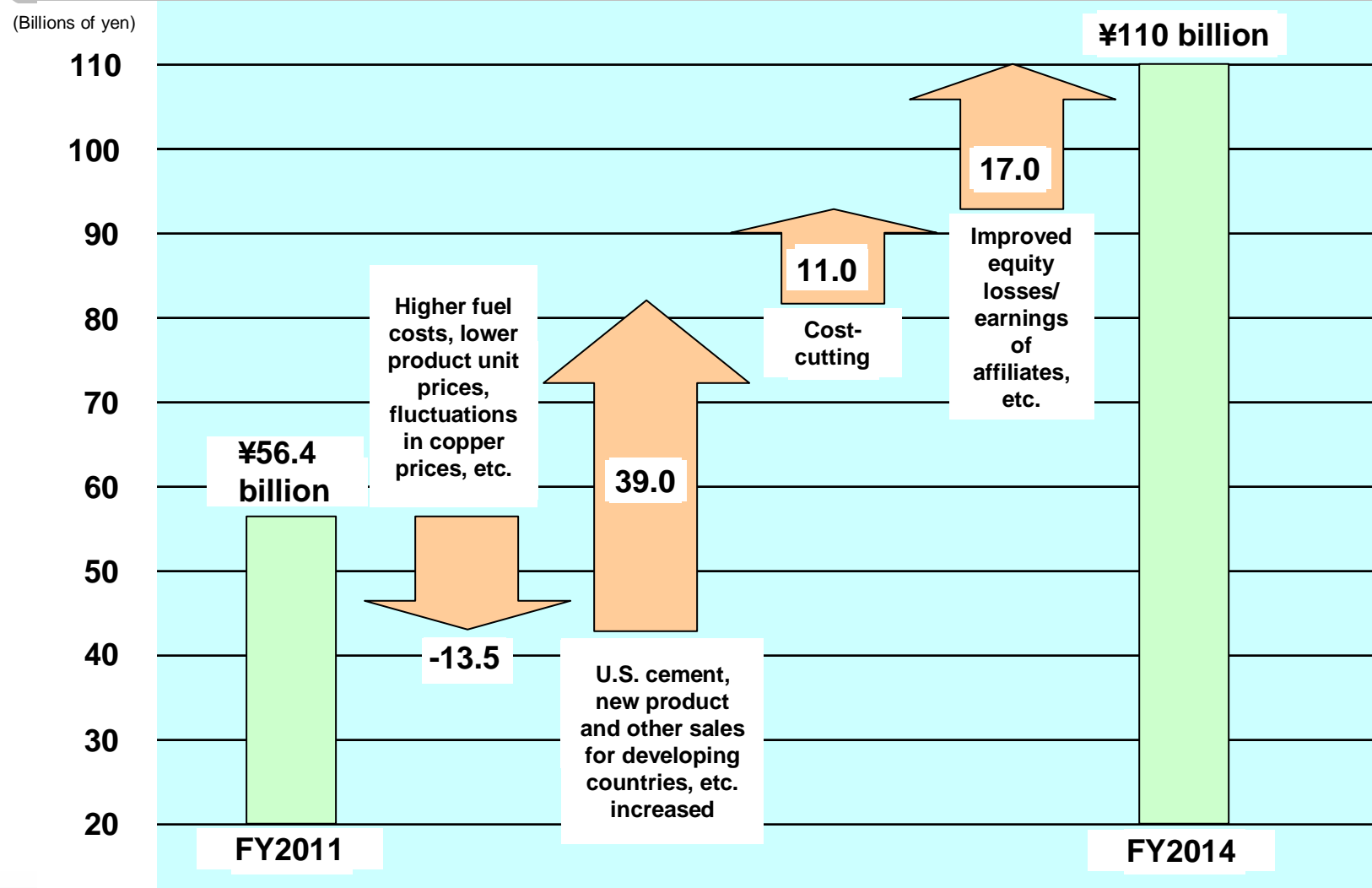
Price of copper in FY14: 320 cents/pound

Consolidated Financial Plan



Factors Behind Increase in Ordinary Income

Expect significantly improved earnings as a result of increased sales, improved equity losses/earnings of affiliates



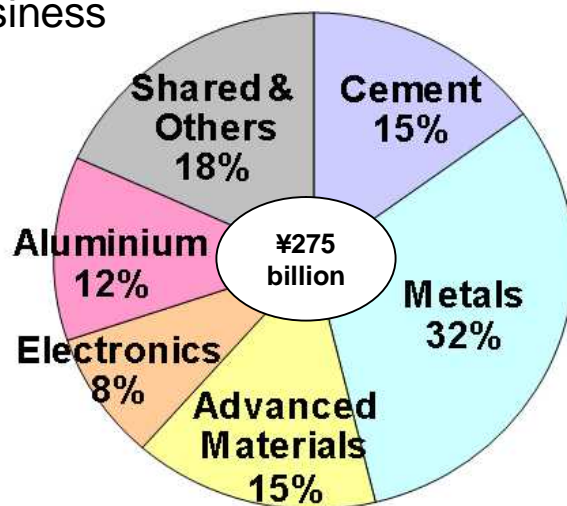
Investment Plan

Twin focus on growth strategy and enhancement of financial position

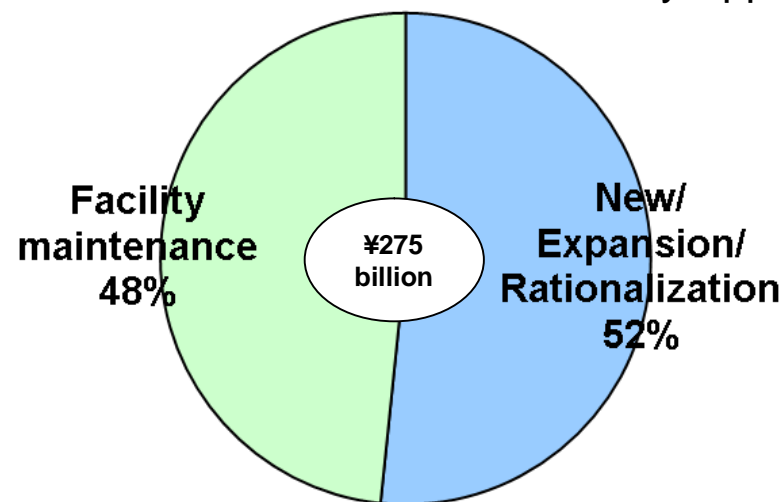
(FY12-FY14)
Cash flows for three
years

Cash flow from operations	¥325 billion
(Depreciation/amortization)	(¥205 billion)
Cash flow from investment	(¥275 billion)
Free cash flows	¥50 billion

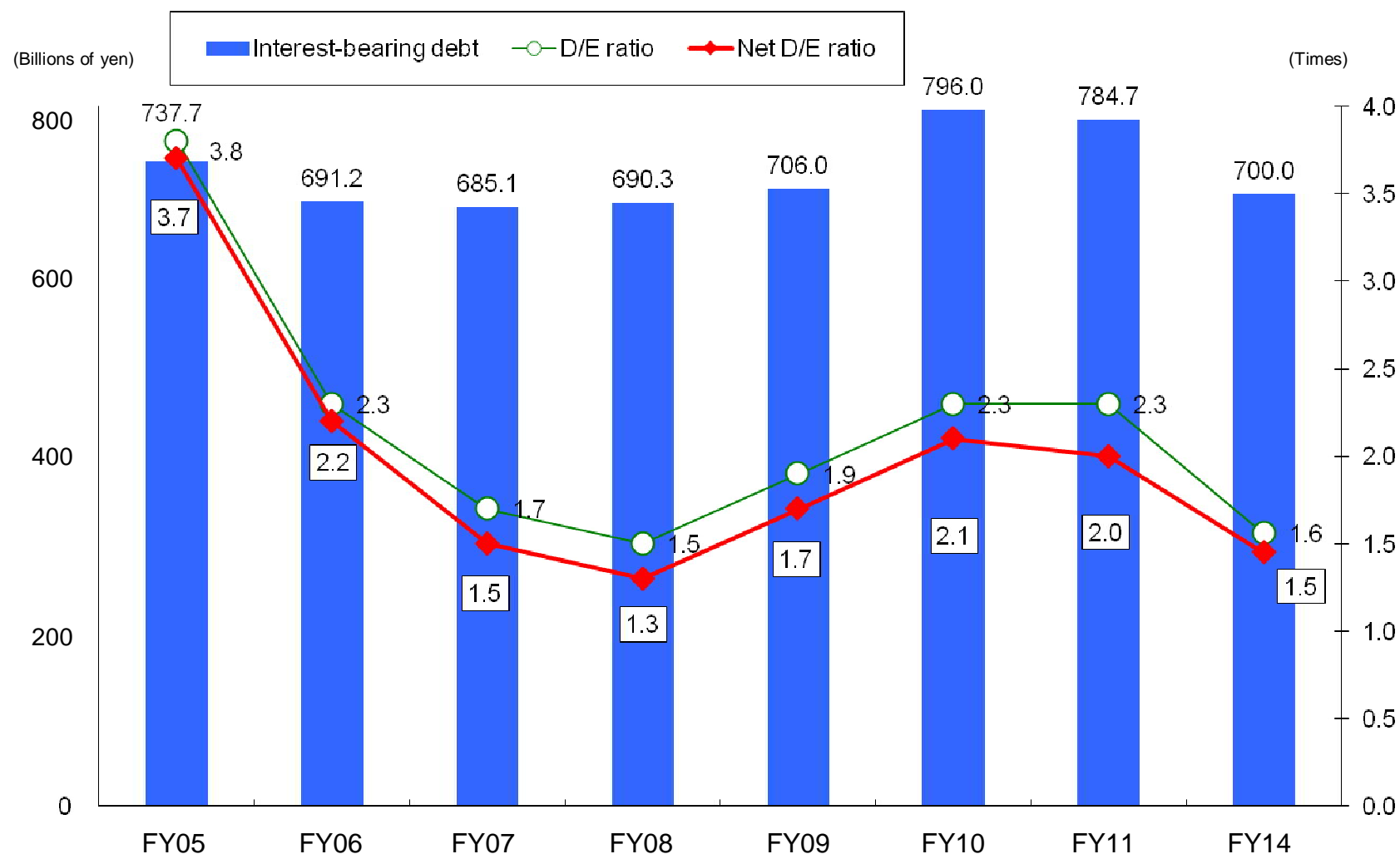
By Business



By Application



Consolidated Financial Improvement Plan



Plan Breakdown by Segment

(Billions of yen)	Fiscal 2011			Fiscal 2014		
	Net sales	Operating profit (loss)	Ordinary income (loss)	Net sales	Operating profit (loss)	Ordinary income (loss)
Cement	153.2	7.4	5.2	198.0	23.5	23.0
Metals	707.9	25.9	43.2	746.0	27.0	48.5
Advanced materials	143.0	16.0	15.1	179.0	24.0	21.5
Electronic materials	64.7	4.7	(11.5)	87.0	6.5	13.0
Aluminum	136.0	4.9	3.8	167.0	10.5	9.0
Other/elimination	128.9	(1.9)	0.5	193.0	(8.5)	(5.0)
Total	1,333.9	57.2	56.4	1,570.0	83.0	110.0

Exchange rate sensitivity (consolidated ordinary income)

¥1 = US \$1 (strong yen)

-¥0.5 billion

3. Growth Strategy

Structural Changes in the Business Environment

- ◆ Stagnation in developed markets, expansion and intensifying competition in emerging markets
- ◆ Resource costs remain high
- ◆ Increasing global demand for society to have a lower environmental impact
- ◆ Automobile and electronics industries growing in a global market led primarily by developing countries
- ◆ Heightened global concerns over energy
- ◆ Development of new social capital formation in line with disaster relief efforts

Growth Strategy for New Medium-Term Plan

(1) Develop overseas markets, especially emerging markets

- ◆ Focus development efforts on overseas markets, particularly regions with growth potential such as Asia

(2) Realize “Materials Premium”

- ◆ Exploit synergy created from distinct features of integrated management structure, make use of proprietary technology and business infrastructure across entire Company

■ Development of Overseas/Emerging Markets

Cross-divisional development of overseas business focused on developing countries in Asia

	Asia (developing)	U.S.	Latin America	Europe
Organization	<ul style="list-style-type: none"> · Strengthen local integration function · Make use of existing facilities laterally across divisions 			
Market/Sales/ Strategy	<ul style="list-style-type: none"> · Execute regional strategy/marketing laterally across divisions · Develop business for non-Japanese customers · Expand sales of automobile, electronics and new energy related products 			
	· Develop customized products	· Increase sales of aircraft and medical products	· Strengthen sales network	· Enter Eastern Europe/Russian market
Production strategy New business development	<ul style="list-style-type: none"> · Expand existing production facilities, establish new production facilities · Develop an environmental recycle business 	· Strengthen the Cement business' link in the value chain through vertical integration		· Expand existing production facilities

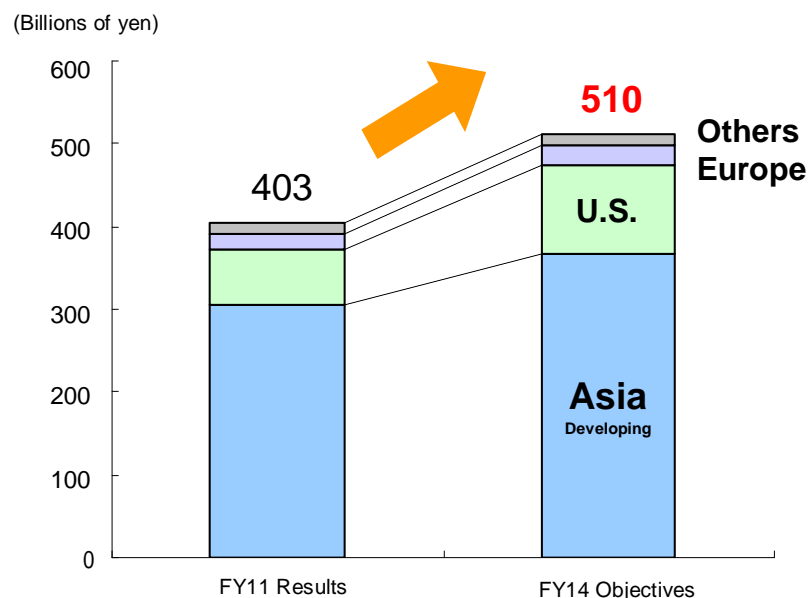
Development of Overseas/Emerging Markets

FY2014 overseas company net sales of ¥510 billion*

Overseas Market Development

Attempt to expand sales in overseas markets through enhancement of existing overseas facilities and the aggressive development of new business and facilities.

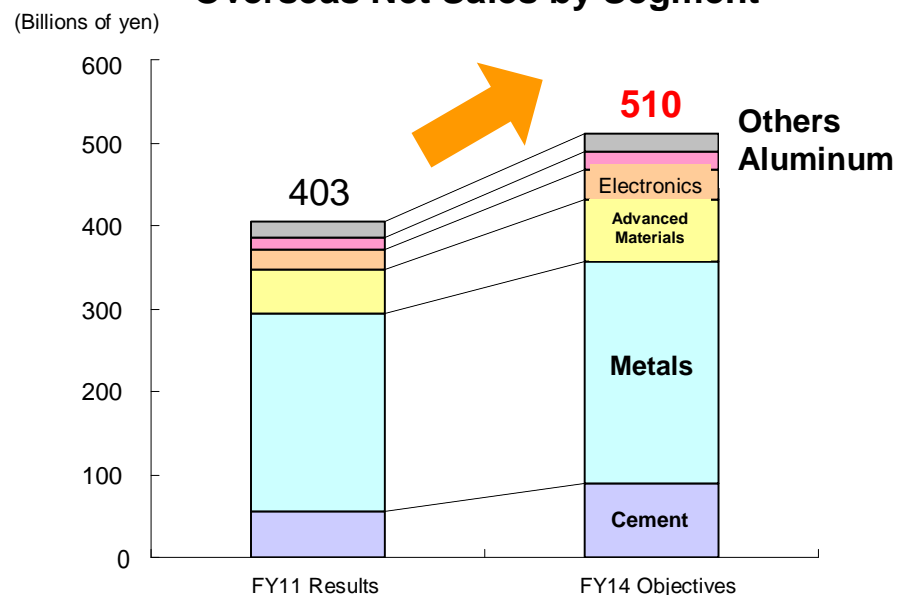
Overseas Net Sales by Region*



(Includes Aluminum new consolidation plan)

* Excludes exports of gold ingots

Overseas Net Sales by Segment*



(Includes Aluminum new consolidation plan)

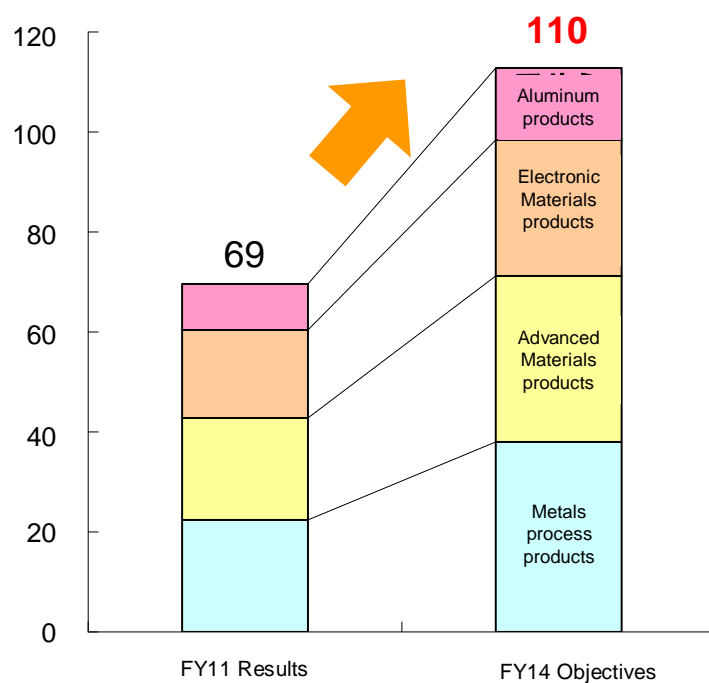
Development of Overseas/Emerging Markets

Growing net sales by 60% compared to FY11 over next three years by selling parts and material products to Asia

Focused on increasing sales of parts and material products to Asia

Increase sales of high added-value parts and material products to automotive and electronics markets in developing Asian countries with growth potential

(Billions of yen) **Parts/Material Products Asia Net Sales**



(Includes Aluminum new consolidation plan)



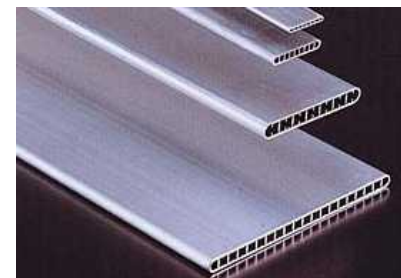
Lead frame elements



Cemented carbide (inserts)



Surge absorbers

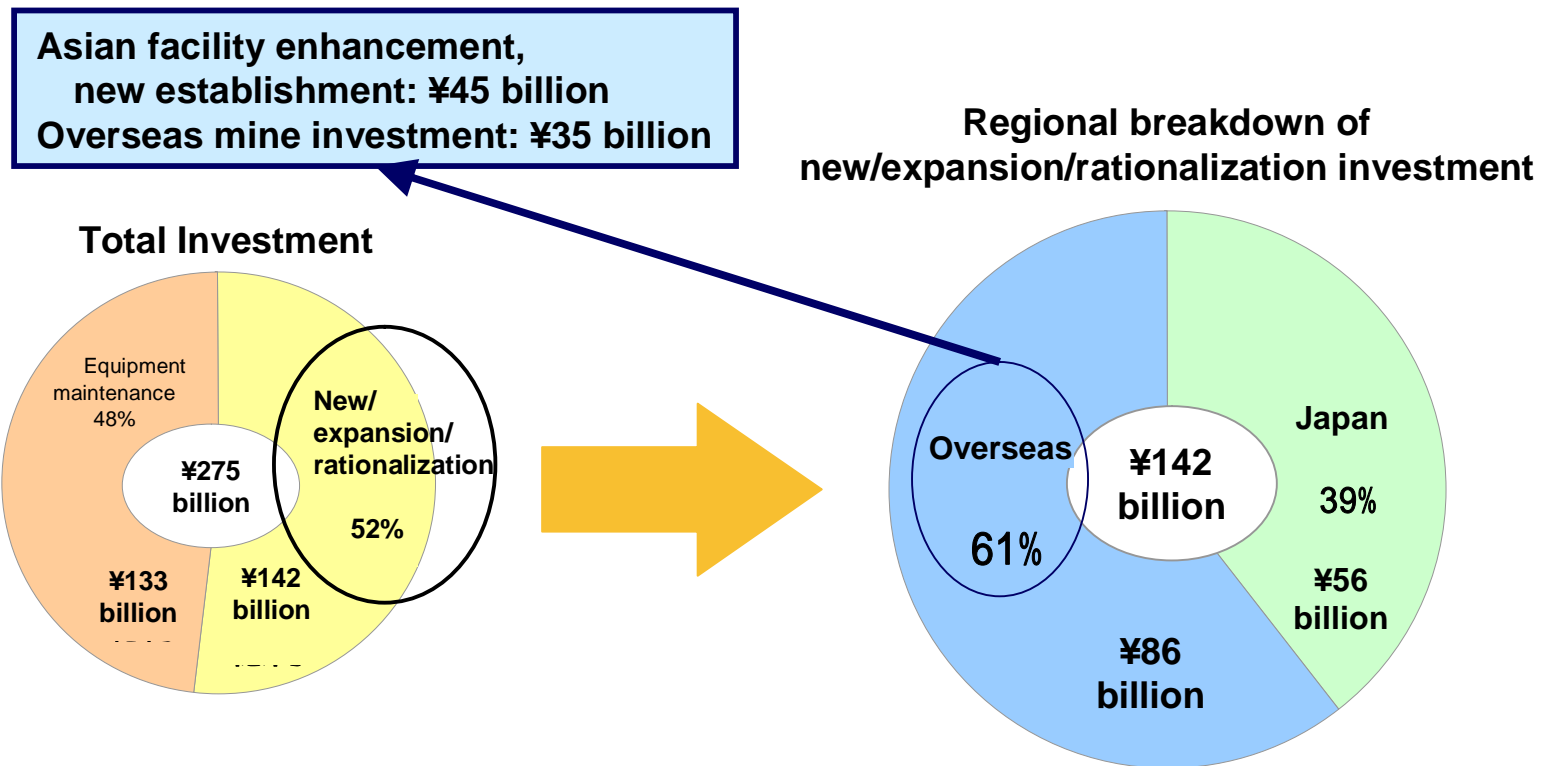


Multi-port flat aluminum tubes

Development of Overseas/Emerging Markets

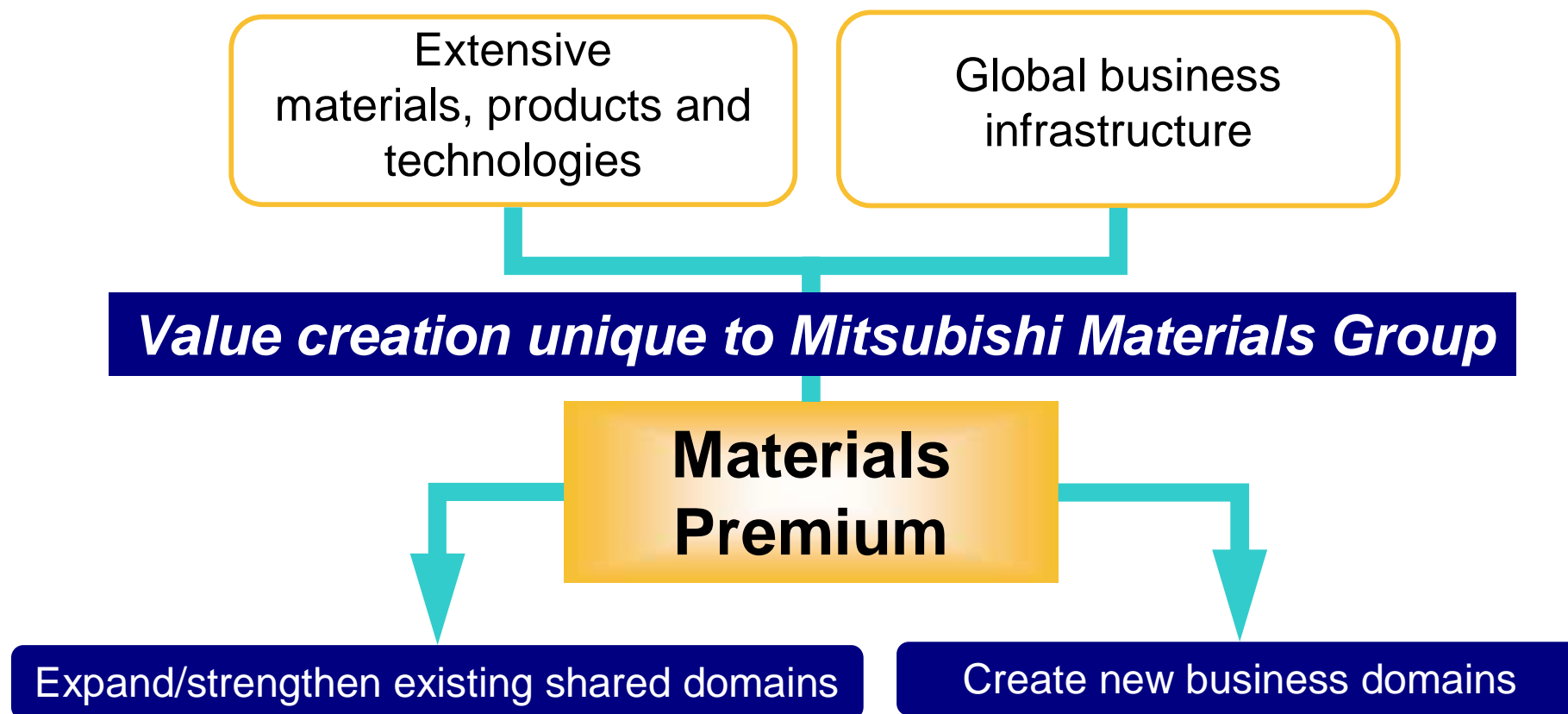
Invest primarily in overseas growth businesses

- ◆ 60% of investment for new business, expansion and rationalization will take place overseas
- ◆ Promote new business and enhancement of facilities developing Asian regions as well as investment in overseas mines



■ Realizing Materials Premium

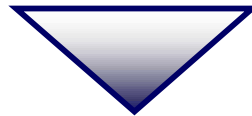
Making use of Mitsubishi Materials Group materials, products and technologies and our strengths in global development focused in developing countries, we will use our distinctive integrated management structure to generate synergy and create value only Mitsubishi Materials Group can deliver.



Realizing Materials Premium: Strengthening Existing Shared Domains

Strengthening Resources and Environmental Recycling Businesses

- ◆ High raw material and fuel prices, uneven resource distribution heighten need to protect resources
- ◆ Demand for Society with an Environmentally-Sound Material Cycle grows stronger across the globe



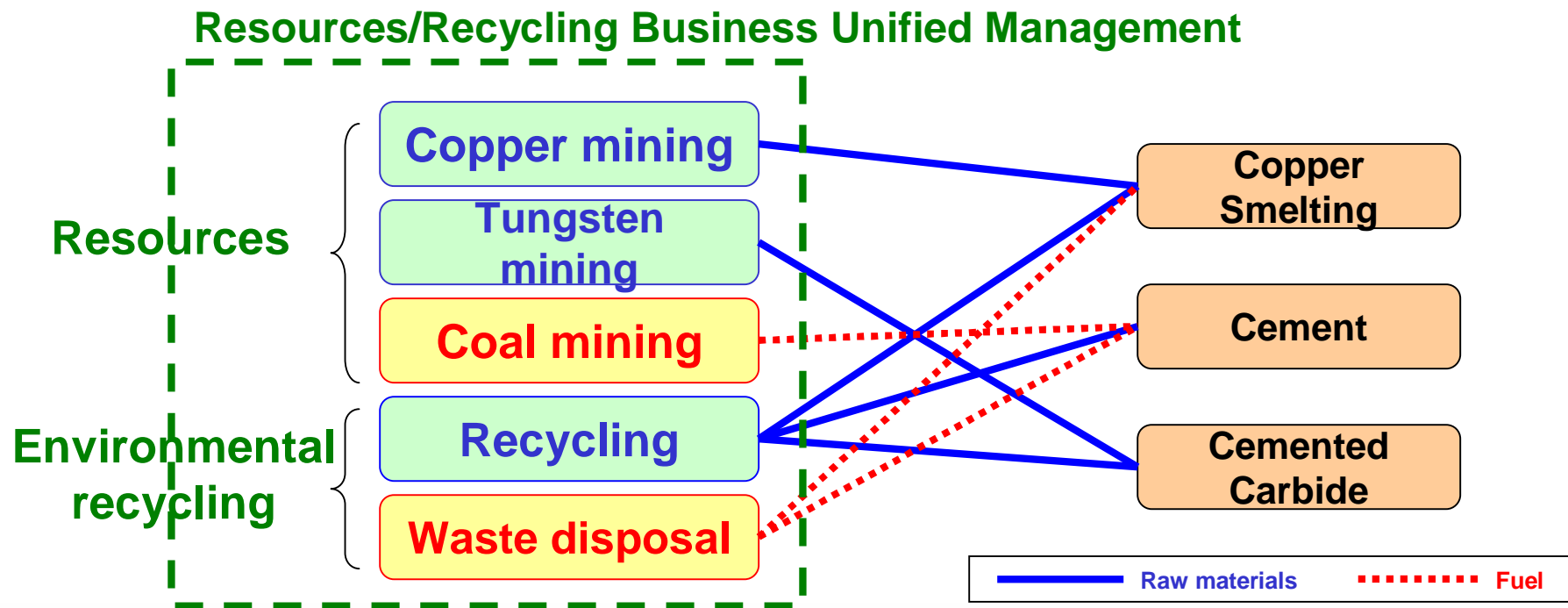
- ◆ Aim to strengthen existing shared domains and for medium- to long-term growth through the realization of Materials Premium
 - Smelting-Cement business synergy enables the recycling of 26 chemical elements, the top in Japan
 - Value chains among Mining and Copper-Smelting, Coal-mining-and Cement businesses are driver of Group growth in the Resources business

Realizing Materials Premium: Strengthening Existing Shared Domains

Unity of Resource and Environmental Recycling Businesses

Establish Mineral Resource & Recycling Business Unit

- ◆ Unify Resources (natural resources) and Environmental Recycling businesses (urban mining) under single management structure, execute resource strategy based on a long-term perspective
- ◆ Collect resource technologies to expand and strengthen business foundation



Realizing Materials Premium: Strengthening Existing Shared Domains

New Initiatives in the Environmental Recycling Business

Strengthening new initiatives in each division

- ◆ Accelerating initiatives involving recovering rare earth magnets from air conditioning compressors and refrigerator motors business
- ◆ Advanced proprietary smelting/cement recycling system can dispose of wide variety of waste elements, including wastes from a final processing reclamation space, which enable the space to expand its capacity

Recycle of rare earth metals



Recovering rare earth magnets from air conditioning compressors and refrigerator motors. (The portions circled in yellow are rare earth metals)

Smelting/cement recycling system





Realization of Materials Premium: Creation of New Business Domains

Global business promotion

Established Overseas Business Strategy Dept. and Corporate Marketing Dept.

■ Growth of emerging markets

Growth of emerging markets

- Increased demand in automotive/electronics markets
- Develop local procurement for Japanese companies
- High barriers to entry (country and business risks)
- Intense price competition

■ Strengths of the Mitsubishi Materials Group

Developing business at approx. 100 facilities in 25 countries (as of April 2011)

- Focus on Asia emerging markets (East Asia: 29, Southeast Asia: 32 locations)
- Developing facilities in response to automotive/electronics markets
- Abundant local/customer information



- ◆ **Aiming for Asia net sales of ¥370 billion in fiscal 2014, a stronger marketing function and the formulation of a headquarters strategy that incorporates China, ASEAN and India**
- ◆ **Attempting to strengthen link with existing facilities**

■ Companywide Strategy to Support Growth

Companywide initiatives

Personnel training and use	<ul style="list-style-type: none">■ Recruit, train and use global professionals, institute various systems■ Staffing that supersedes divisions or company, create human network
Change to low-cost structure	<ul style="list-style-type: none">■ Create global procurement system to cut costs■ Reduce process costs through S C M/quality engineering deployment
Further promotion of CSR	<ul style="list-style-type: none">■ Focus attention of business activities that cause major influences on corporate value (materiality), contribute to main business through ongoing development of sustainable society

4. Business Strategy by Segment

Cement (1)

Objective

By strengthening our earnings base in Japan and expanding business in the United States, we aim to become a **major player in the Pacific Rim region.**

Business Environment

Cement Demand Forecast

Japan

(FY2011) 41.60 million tons

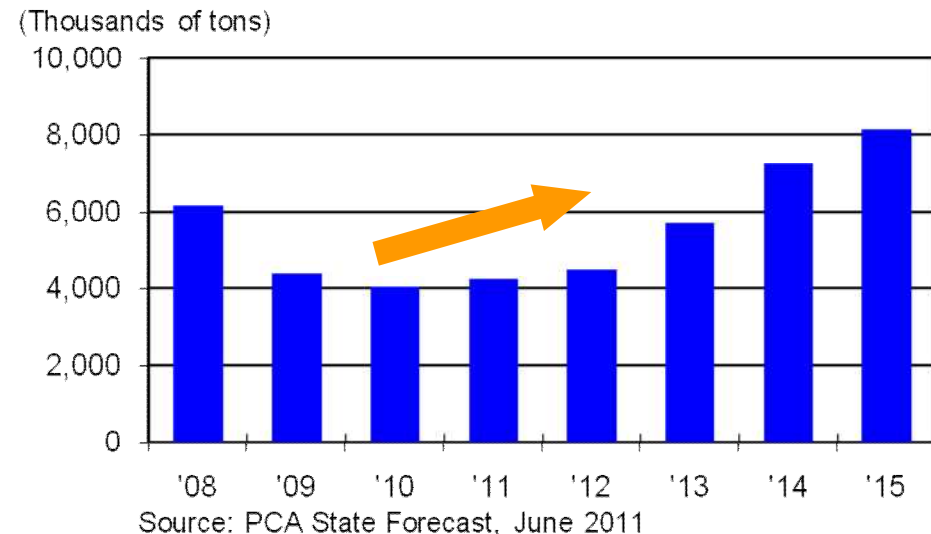
(FY2014) 43.00 million tons

Southern California, United States

(FY2011) 4.05 million tons

(FY2014) 5.70 million tons

Forecast Demand for Cement in Southern California, United States



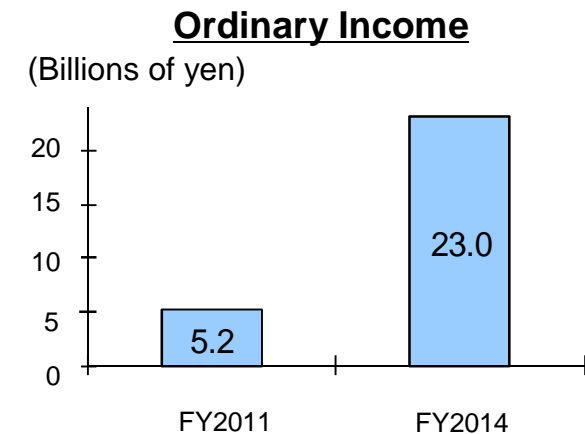
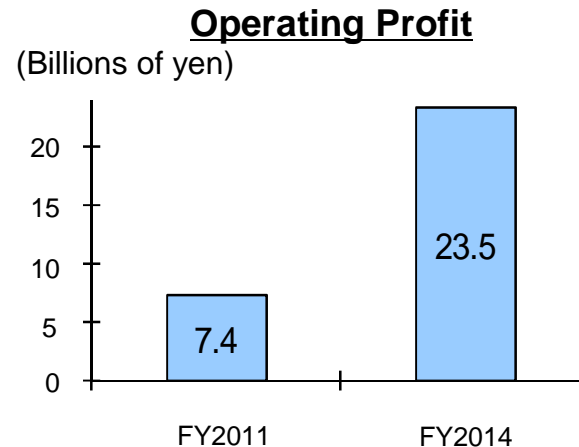
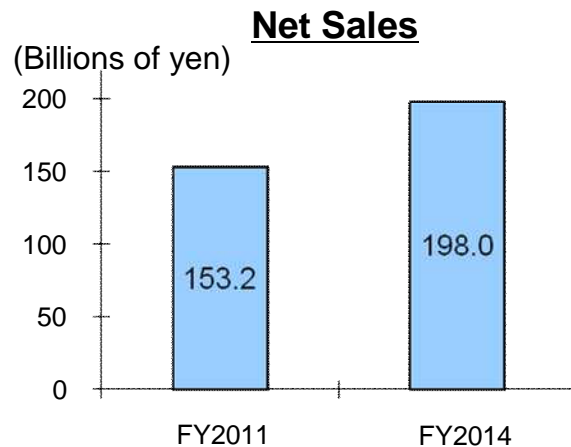
U.S. demand expected to rise sharply as economy recovers

Cement (2)

Basic Strategy

- ◆ Strengthen our earnings base in Japan
 - Establish an efficient production, sales and distribution system
- ◆ Create a vertical value chain in the United States
- ◆ Expand the recycling and resource businesses

FY2014 Forecast



Cement (3)

Overseas Market Strategy

◆ United States

Create a vertical value chain

- Reinforce the terminal business, expand area of operations in ready-mixed concrete
- Diversify product offerings in line with environmental regulations

Develop our U.S. cement business
(Southern California)

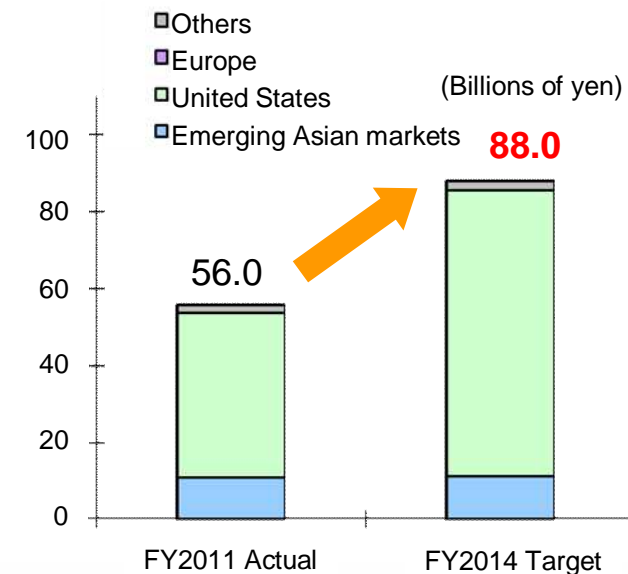


◆ China

Strengthen our earnings foundation at existing base (Yantai)

- Expand sales of high-quality, high-value-added products
- Centered on Yantai, expand our environmental and ready-mixed concrete businesses

Overseas Cement Segment Sales by Region



■ Metals (1)

Objective

Achieve growth through **investment in mine development**, increasing cost competitiveness in smelting business, and through strategic expansion in growth fields in the processed copper business.

Business Environment

Copper price assumptions
(FY2014) US\$3.20/lb

Rolled copper product demand

Expected to increase in
Japan and overseas

Sensitivity to Copper Price Fluctuations

(Billions of yen)

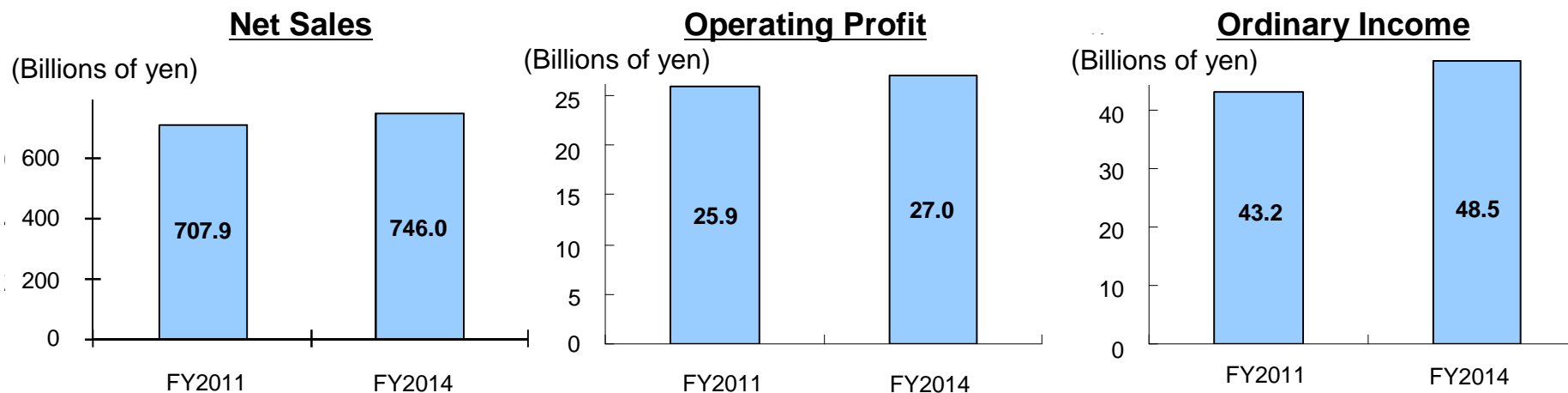
	Copper Price (Up 10 ¢ /lb)
Operating Profit	0.5
Dividend Income	0.5
Earnings in equity of affiliates	0.1

Metals (2)

Basic Strategy

- ◆ **Mining** Raise own-mine ratio through stable operation of existing mines and steady development of new projects and mines under exploration (Fiji)
- ◆ **Smelting** Stabilize earnings by reinforcing a low-cost structure and expanding the recycling business
- ◆ **Processed copper** Expand earnings in downstream growth fields by strengthening relations with Mitsubishi Shindoh Co., Ltd. and Mitsubishi Cable Industries, Ltd.

FY2014 Forecast



Metals (3)

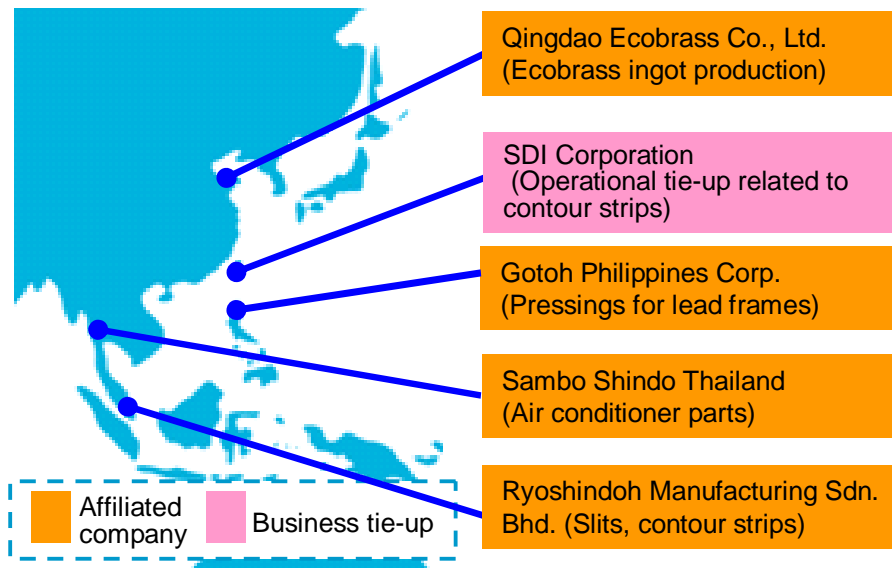
Overseas Market Strategy

◆ Smelting

Copper Smelting in Indonesia (PTS)

- Maintain/increase high operating rates at PTS
- Develop downstream business, centered on PTS

Rolled Copper Manufacturing Bases in Asia

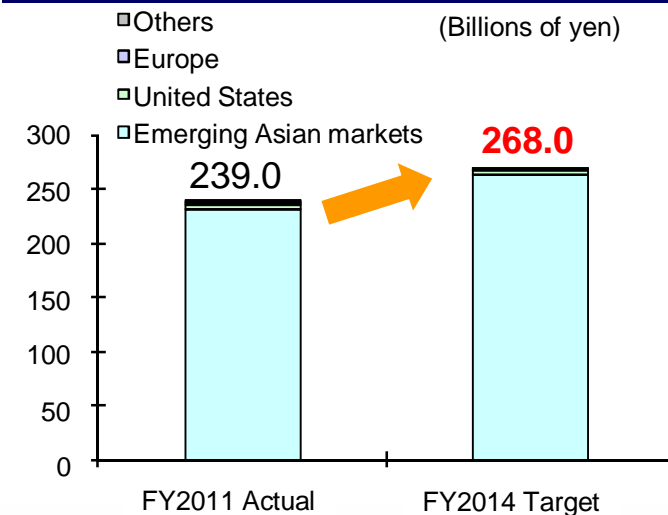


◆ Processed Copper

Strategic development in growth markets and fields

- Boost sales (Mitsubishi Shindoh Co., Ltd.) by leveraging and reinforcing existing emerging market production bases for contour strips and ecobrass
- Increase overseas sales of high-performance cables, and seal products (Mitsubishi Cable Industries, Ltd.)

Overseas Metals Segment Sales by Region



■ Advanced Materials and Tools (1)

Objective

Centered on **global expansion of the cemented carbide business**, achieve growth through strategic marketing, a robust sales network, overwhelming technical development expertise and through progress and innovations in on-the-ground strength.

Business Environment

World Automobile Production Forecast

Mature markets

(FY2011) 43.90 million units

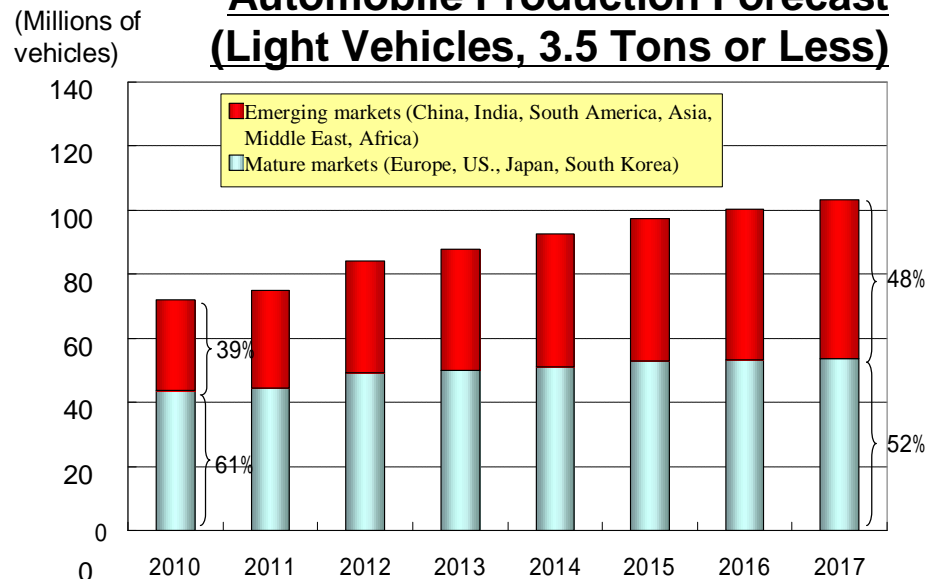
(FY2014) 55.00 million units

Emerging markets

(FY2011) 28.00 million units

(FY2014) 37.90 million units

Automobile Production Forecast (Light Vehicles, 3.5 Tons or Less)



Source: IHS Automotive, June 2011 (All rights reserved).

Figures for 2010 are actual, from 2011 to 2017 are forecasts

**Automobile production to expand,
centered on emerging markets**

Advanced Materials and Tools (2)

Basic Strategy

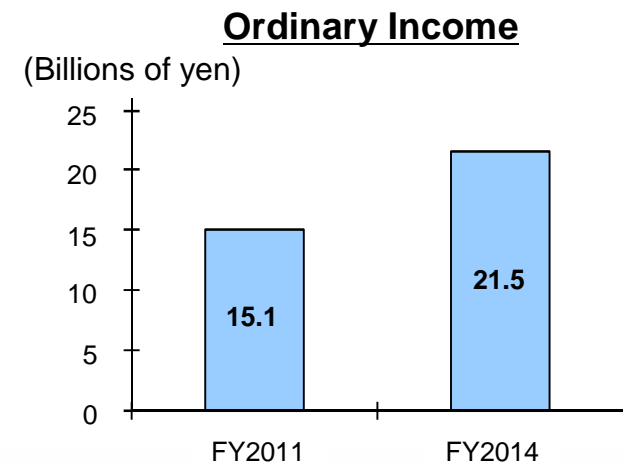
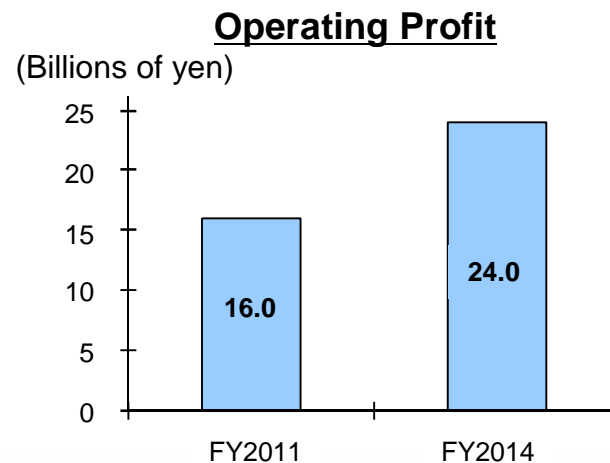
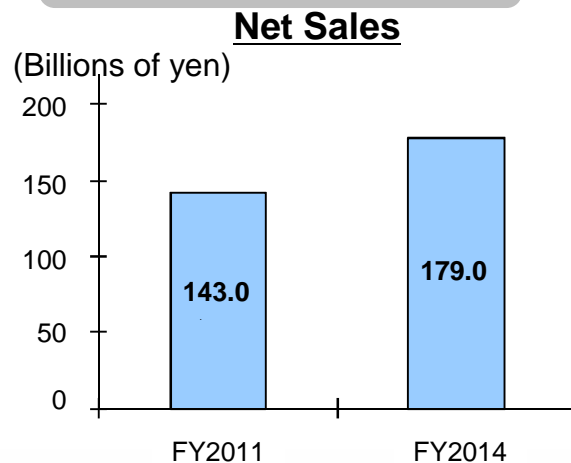
◆ Cemented carbide products

- Expand global sales routes and production capacity
- In addition to the mainstay automobile industry, expand sales in fields such as aircraft, infrastructure and healthcare
- Stable procurement of tungsten: Increase supplier diversity and raise recycling ratio

◆ High-performance products

- Boost revenues in aircraft, environmental and new energy fields (MMC Superalloy Corp.)
- Increase sales of eco-friendly car parts (Diamet Corp.)

FY2014 Forecast



Advanced Materials and Tools (3)

Overseas Market Strategy

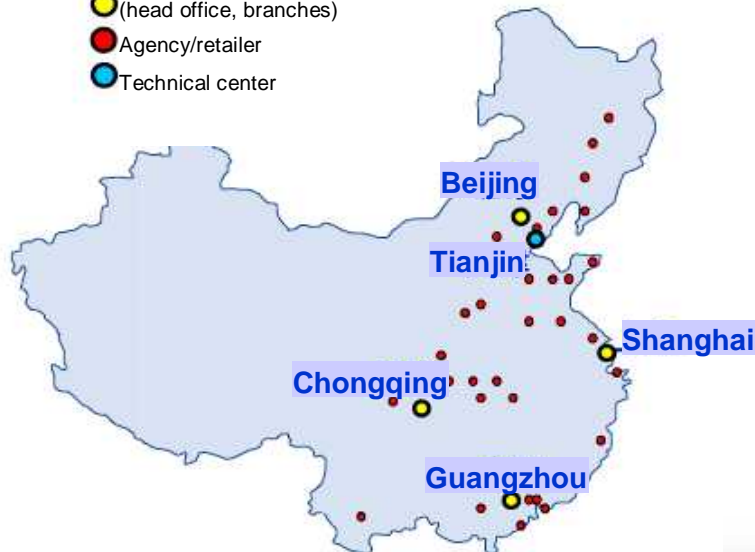
◆ Cemented Carbide Products

Increase global sales by expanding overseas bases

- Expand sales network in China and other emerging markets
- Expand production bases in Asian emerging markets

Sales Network for Cemented Carbide Products in China

- Sales management company (head office, branches)
- Agency/retailer
- Technical center

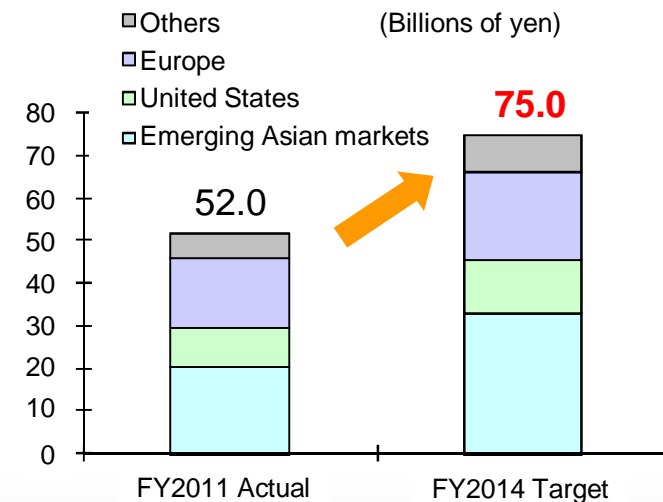


◆ High-Performance Products

Increase global sales by expanding overseas bases

- Boost overseas sales of eco-friendly car parts
- Expand production bases in Asian emerging markets

Overseas Advanced Materials and Tools Segment Sales by Region



■ Electronic Materials & Components (1)

Objective

Centered on silicon-related businesses that lend themselves to the vertical value chain and based on technology development expertise, become a highly profitable business group with a leading portfolio of differentiated products

Business Environment

Market Forecast

Segment products overall

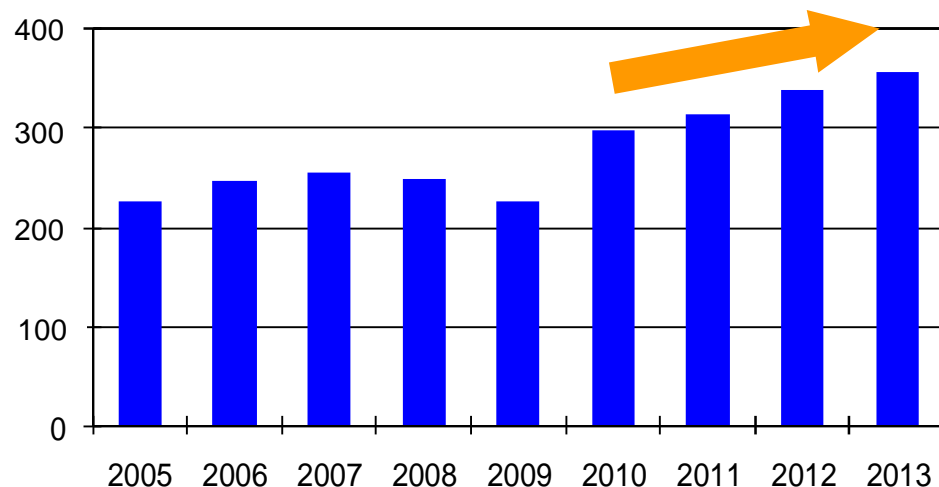
Firm demand, centered on energy savings, alternative energy and environment-related products

Polycrystalline silicon

Expanding demand for use in semiconductors

Global Semiconductor Market Forecast

(Billions of U.S. dollars)



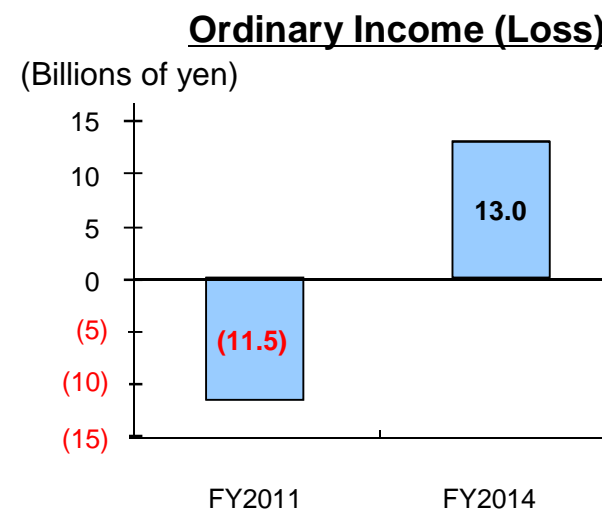
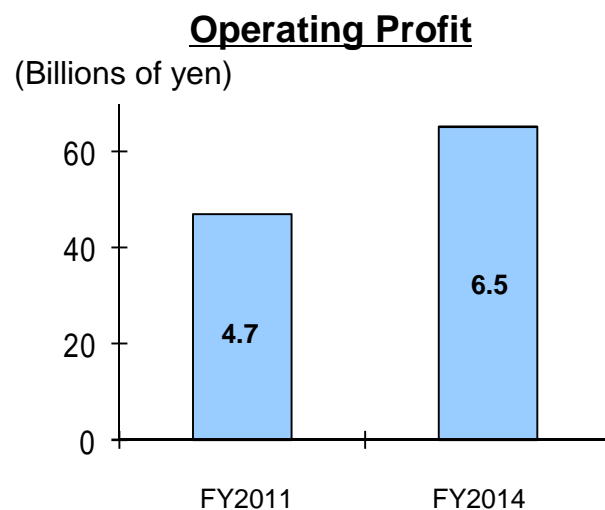
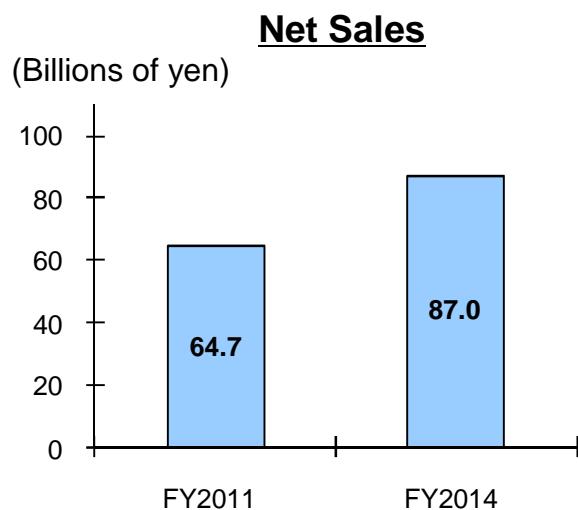
Source: World Semiconductor Trade Statistics (WSTS)

Electronic Materials & Components (2)

Basic Strategy

- ◆ **Silicon** Increase cost competitiveness in high-quality parts for semiconductors
- ◆ **Advanced materials** Boost sales, centered on precision-mounted materials and target materials
- ◆ **Devices** Bolster sales by strengthening sales network in global markets

FY2014 Forecast



Electronic Materials & Components (3)

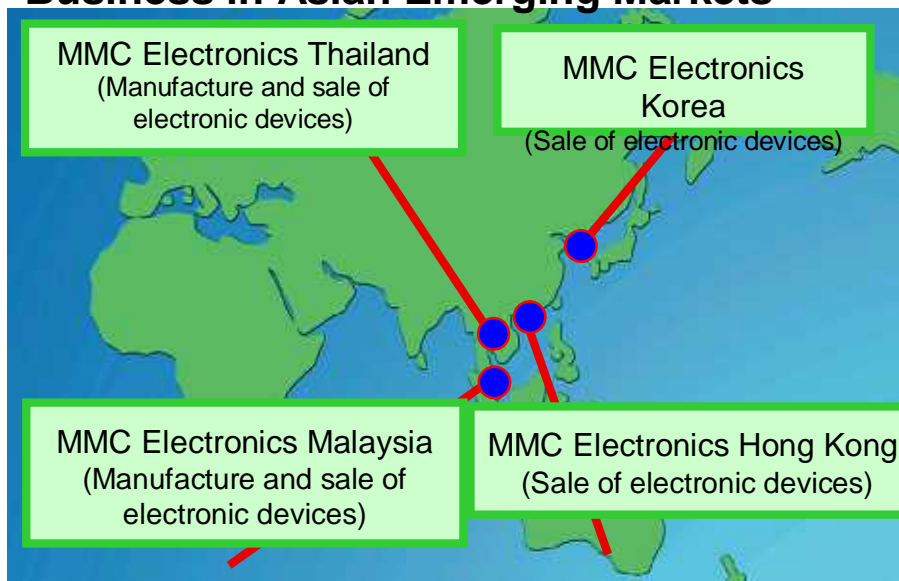
Overseas Market Strategy

◆ Electronic Devices

Increase sales in the high-end volume zone in emerging markets

- Reinforce production bases in Thailand and Malaysia
- Develop strategic products for emerging markets

Bases in the Electronic Devices Business in Asian Emerging Markets

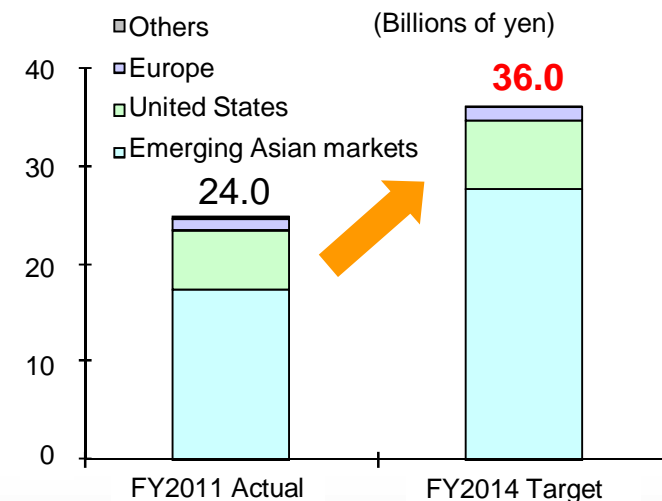


◆ Advanced Materials

Cultivate differentiated technologies and respond with new products

- Expand sales of precision-mounted materials and targets in Taiwan and Asian emerging markets

Overseas Electronic Materials & Components Segment Sales by Region

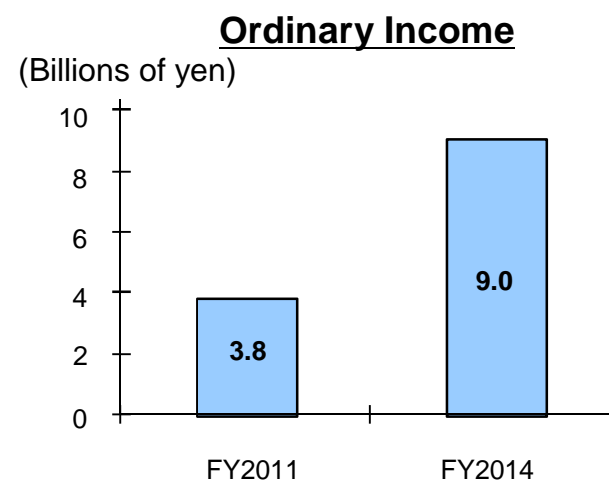
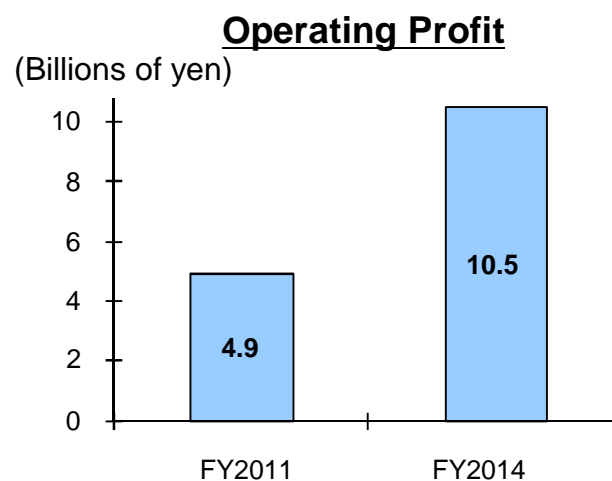
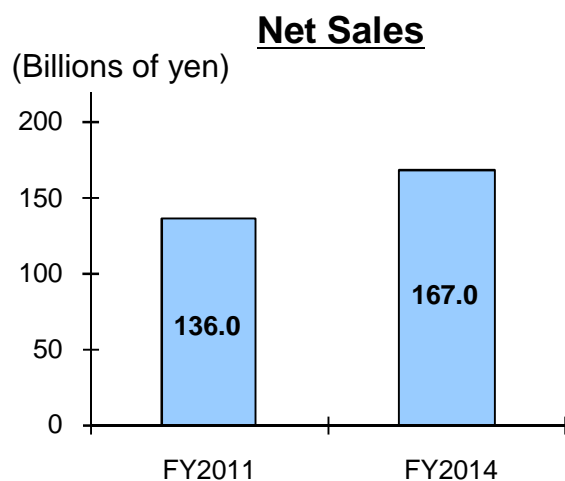


Aluminum (1)

Basic Strategy

- ◆ Rolled and processed aluminum products: Mitsubishi Aluminum Co., Ltd.
 - Bolster competitiveness in automobile heat exchanger materials, extrusion materials and fin materials
 - Increase sales of solar cell back-sheets
- ◆ Can production: Universal Can Corp.
 - Promote efforts to make thin-walled can materials stronger and more lightweight
 - Boost sales of bottle cans

FY2014 Forecast



Aluminum (2)

Overseas Market Strategy

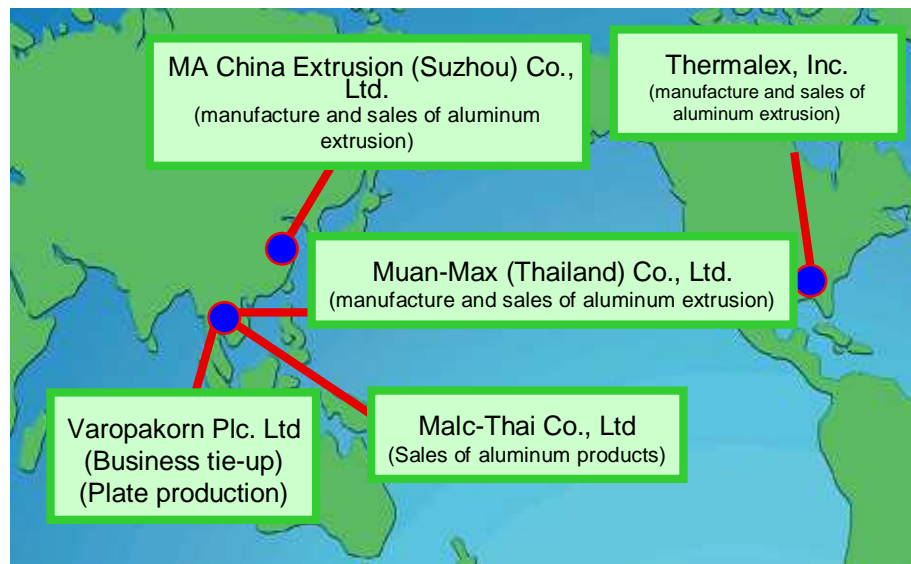
◆ Rolled and processed aluminum products (Mitsubishi Aluminum Co., Ltd.)

Promote overseas business for automotive products, centered on emerging markets

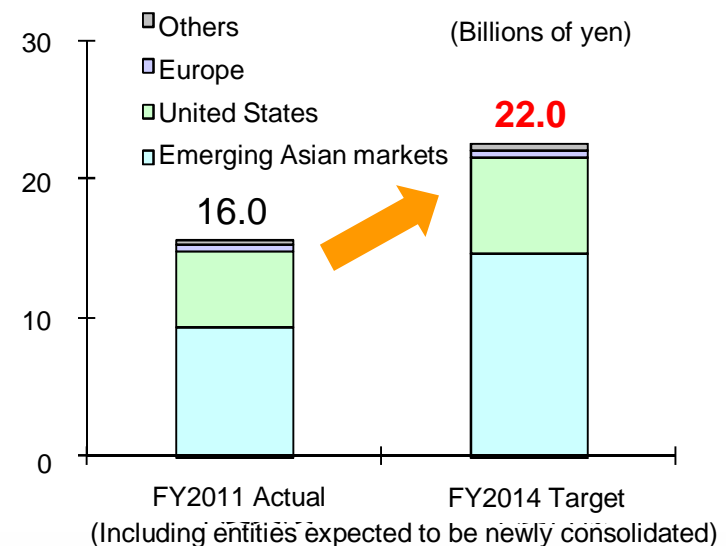
● Promote production and sales increases for heat exchanger extrusion materials (multi-port flat tubes), plate materials (fins) in China, Thailand, the United States and other countries

● Increase sales of solar cell back-sheets

Mitsubishi Aluminum's Overseas Bases



Overseas Aluminum Segment Sales by Region



New Medium-Term Business Plan (FY2011-2014)

Materials Premium 2013

Aiming for New Creation

***- Twin focus on growth strategy
and enhancement of financial position -***

Expand into overseas markets,
particularly emerging markets

Realize a materials premium

Create
new value

Contributing to People, Society and the Earth

In addition to addressing the problem of global warming, we of the Mitsubishi Materials Group seek to apply our diverse management resources to the task of turning the tide on energy-related issues, brought into relief by the Great East Japan Earthquake, and respond to the pressing societal requirement of rebuilding in the aftermath of the disaster.

■ Contributing to Earthquake Reconstruction

Processing Waste from the Earthquake

➤ Contribute on many fronts by applying the Group's waste-processing expertise

Process wood and plastic waste by recycling them at cement plants

Aomori Plant

Iwate Plant

Yokoze Plant

Kyushu Plant

In the region contaminated by radioactivity, participate in and cooperate with the decontamination business

Mineral Resources & Recycling Business Unit

Group companies

At copper smelter, recycle automobile shredder dust and non-ferrous metal waste

Onahama Smelter & Refinery

Process waste from electronic appliances

East Japan Recycling Systems Corp.

Panasonic Eco Technology Kanto Co., Ltd

■ Initiatives in New Energy Fields (1)

Initiatives in New Energy Fields

- In addition to the problem of global warming, the Great East Japan Earthquake prompted an increase in awareness of energy problems. Against this backdrop, the Group plans to meet societal demands by accelerating its ongoing efforts in diverse new energy-related businesses over the medium to long term.

Group Businesses Related to New Energy

- ◆ Sell and develop a host of products that leveraged our materials and parts technologies
- ◆ Supply energy by employing our technology for developing subterranean resources



Energy creation

Energy storage

Energy savings

■ Initiatives in New Energy Fields (2)

Diverse Products that Leverage Our Materials and Parts Technologies

Energy Creation

Solar cell related products

- Back-sheets
- Chemical compound sputtering targets
- Single-crystal silicon pullers



Back-sheets



Chemical compound sputtering targets

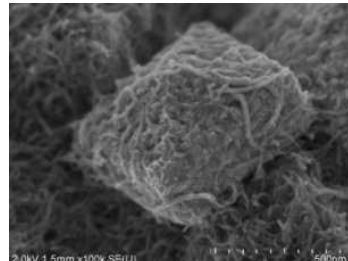


Single-crystal silicon puller

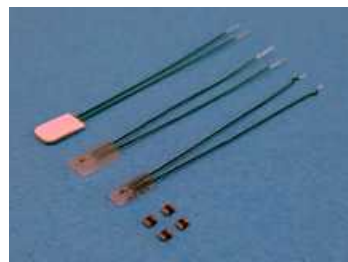
Energy Storage

Products for lithium secondary batteries

- Tin alloy anode materials
- Thermistor sensors



Tin alloy anode materials



Thermistor sensors

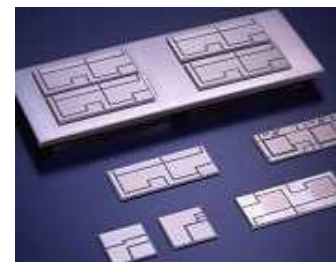
Energy Savings

Products related to energy savings

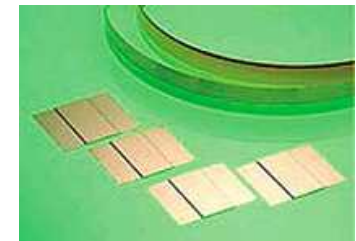
- Heat shield coated film
- DBA substrates
- Semiconductor power transistor materials (contour strips)



Heat shield coated film



DBA substrates



Semiconductor power transistor materials (contour strips)

■ Initiatives in New Energy Fields (3)

Supply Energy by Employing Our Technology for Developing Subterranean Resources

Energy Creation

Geothermal power generation

- Operation of two geothermal power plants (including steam supply)
- Feasibility study underway on new site (Yuzawa, Akita Prefecture), resource surveys and studies underway at several other locations



Onuma Geothermal Power Plant
(Kazuno, Akita Prefecture)



Wasabizawa
Geothermal Steam Test
(Yuzawa, Akita
Prefecture)

Energy Savings

Geothermal heat pump systems

- Employ design technologies optimally suited to the location's characteristics
- Experience with numerous projects (public facilities, commercial facilities, homes, melting snow on roadways, etc.)



Construction of in-ground heat exchanger
well at Tokyo Sky Tree