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# Investor Meeting Mitsubishi Materials Corporation

November 9, 2010

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# Business Environment and Results

Hiroshi Yao

President

# Results and Full-Year Forecasts

(¥billions)

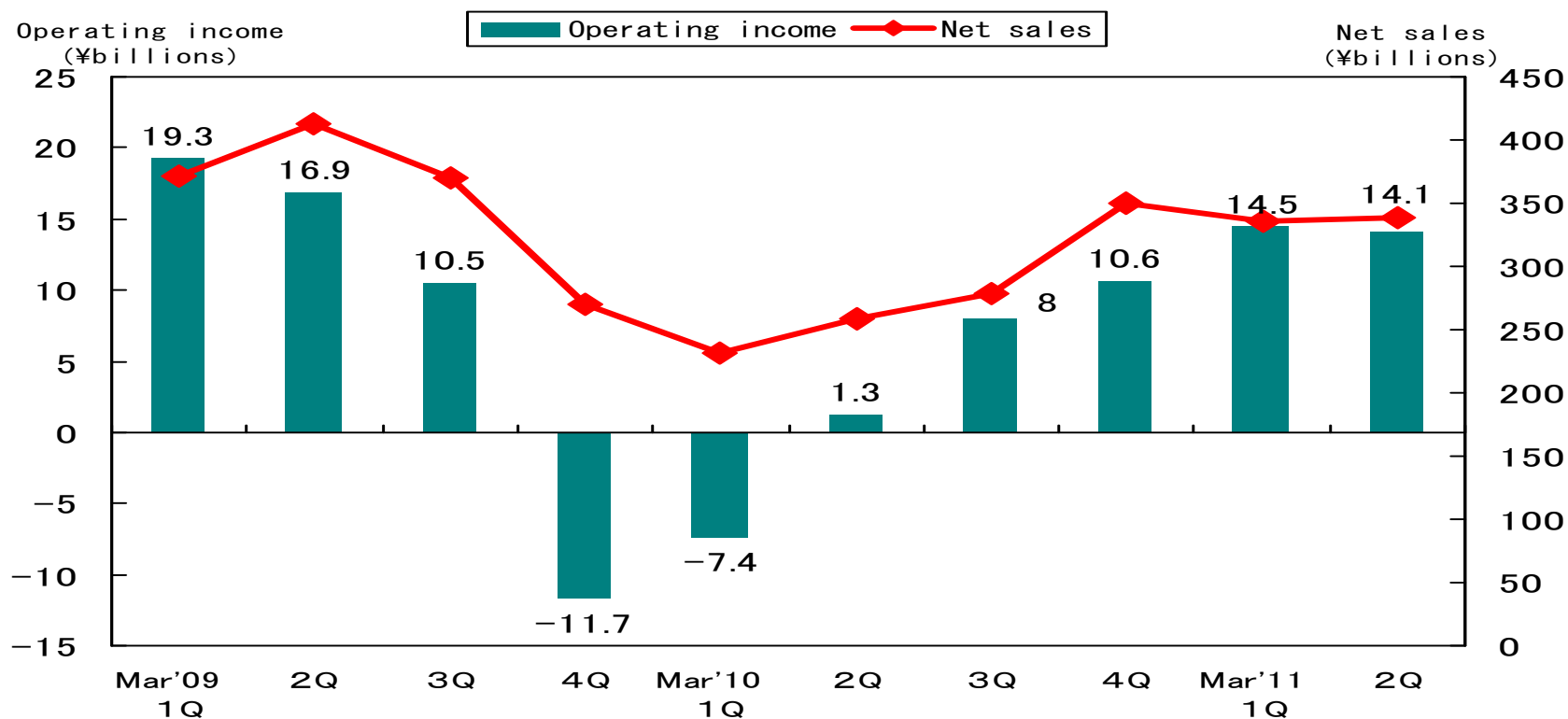
First half results	Mar'11 1st half revised forecast  (Announced on Aug. 9, 2010)	Mar'11 1st half result	Increase/decrease
	Net Sales		
Operating Income	26.0	28.7	+2.7
Ordinary Income	24.0	33.1	+9.1
Net Income	6.0	15.9	+9.9

Full-year forecasts	Mar'11 Full-year previous forecast  (Announced on Aug. 9, 2010)	Mar'11 Full-year new forecast	Increase/decrease
	Net Sales		
Operating Income	33.0	45.0	+12.0
Ordinary Income	30.0	50.0	+20.0
Net Income	5.0	18.0	+13.0

# Changes in Performance (by Quarter)

## Highlights

- Operating income depressed due to global financial crisis has since recovered to more than 70% of previous levels.
- Increases in smelting income and mine dividend income thanks to high copper prices (more than 300¢).
- Advanced Materials & Tools: Benefiting from recovery in automobile demand especially in newly emerging nations.
- Electronic Materials & Components: Benefiting from recovery in demand for energy-saving and semiconductor sectors, etc.



# Four Core Businesses: Cement

## 【Business Environment】

Japan: Long-term demand expected to stagnate due to cuts in public sector spending and depressed private sector construction investments.

USA: Switch to moderate increase in demand from 2011 due to economic stimulus.

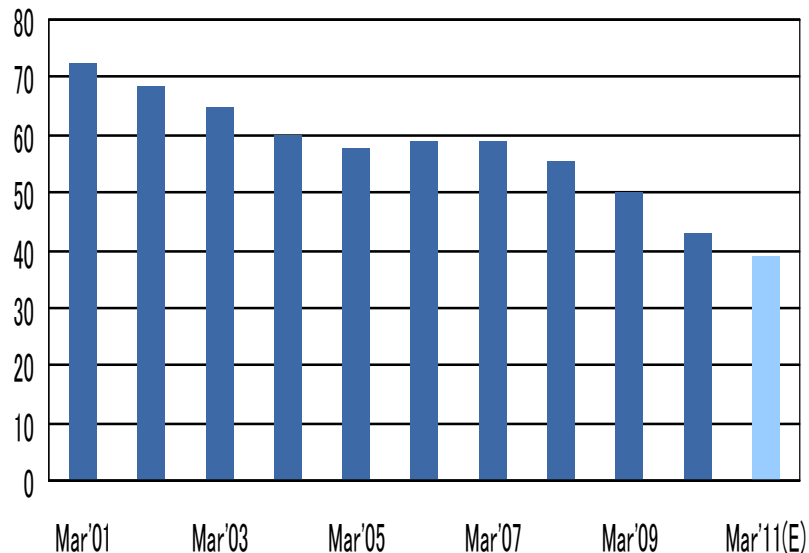
## 【Responses】

Japan: Expand exports and strengthen recycling business.

USA: Deploy strengths of vertical business integration to ensure stable earnings.

### Japan

(million ton) Cement: Domestic Demand

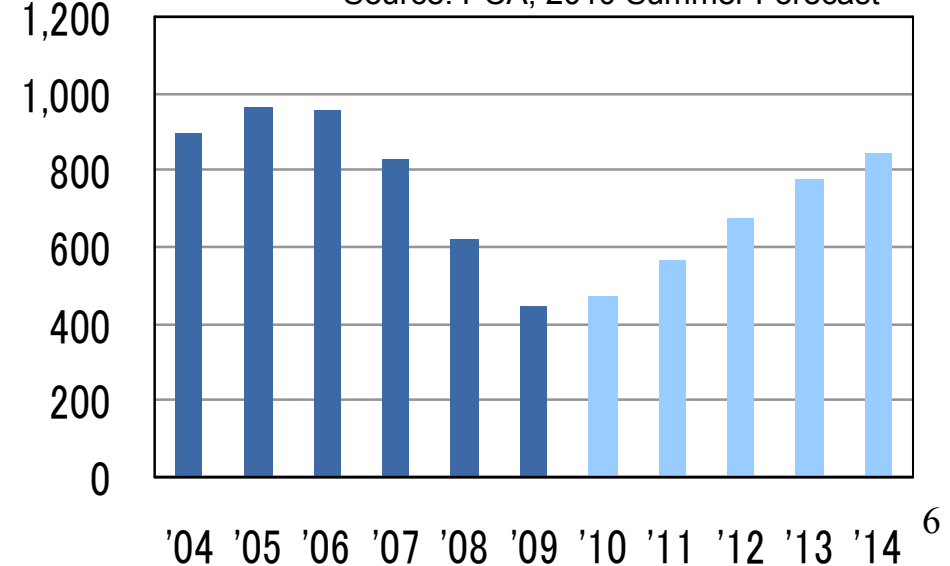


### USA

Forecasts for Demand in the Southern California Area

(million ton)

Source: PCA, 2010 Summer Forecast



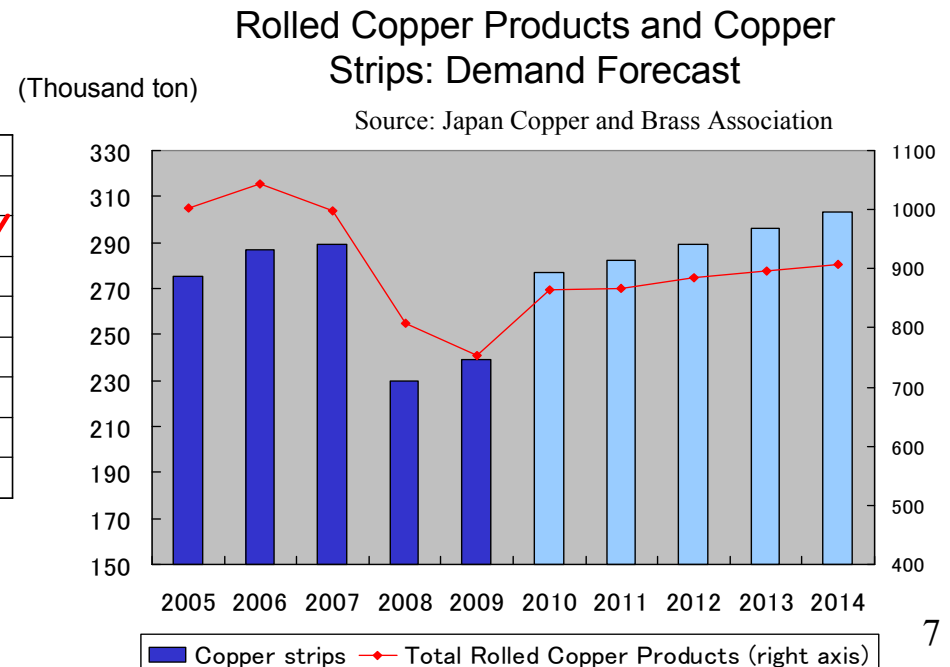
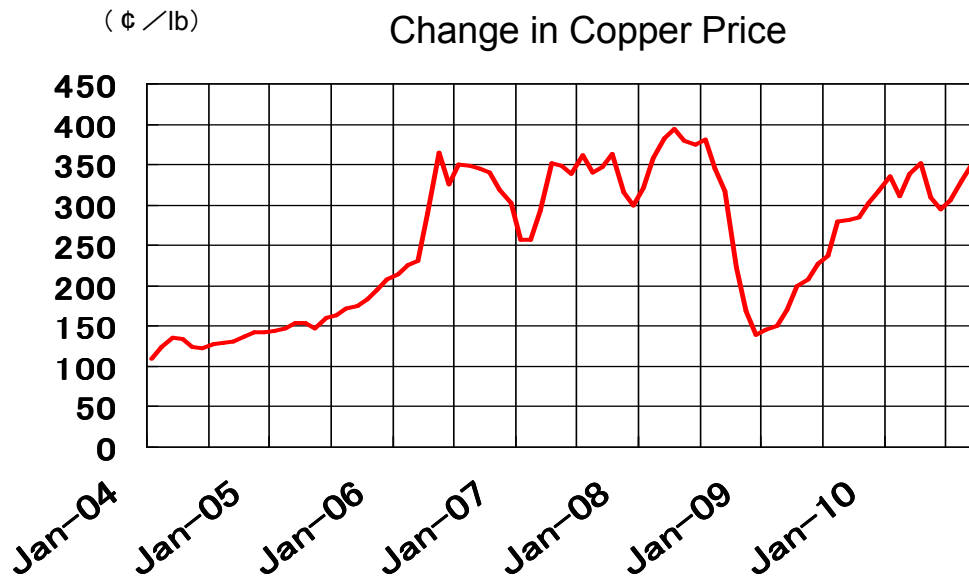
# Four Core Businesses: Metals

## 【 Business Environment 】

- Copper prices at high levels due to rising copper consumption, especially in newly emerging nations.
- Purchasing conditions of mining remain challenging.
- Major recovery in rolled copper products demand in FY2010. Medium-term increase in demand for copper strips expected, mainly from semiconductor and automobile sectors.

## 【Responses】

- Target stable ore procurement via mine investment and development.
- Strengthen recycling business.
- Reinforce copper processing business, centering on newly emerging nations.



# Four Core Businesses: Advanced Materials & Tools

## 【Business Environment】

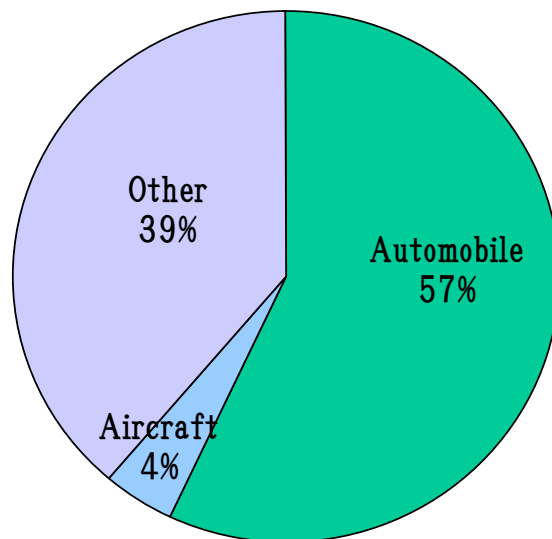
Changing market conditions for automobile industry which is main users of cemented carbide products.

- Delayed recovery in Japan, North America and Europe.
- Growth in emerging markets, such as China.

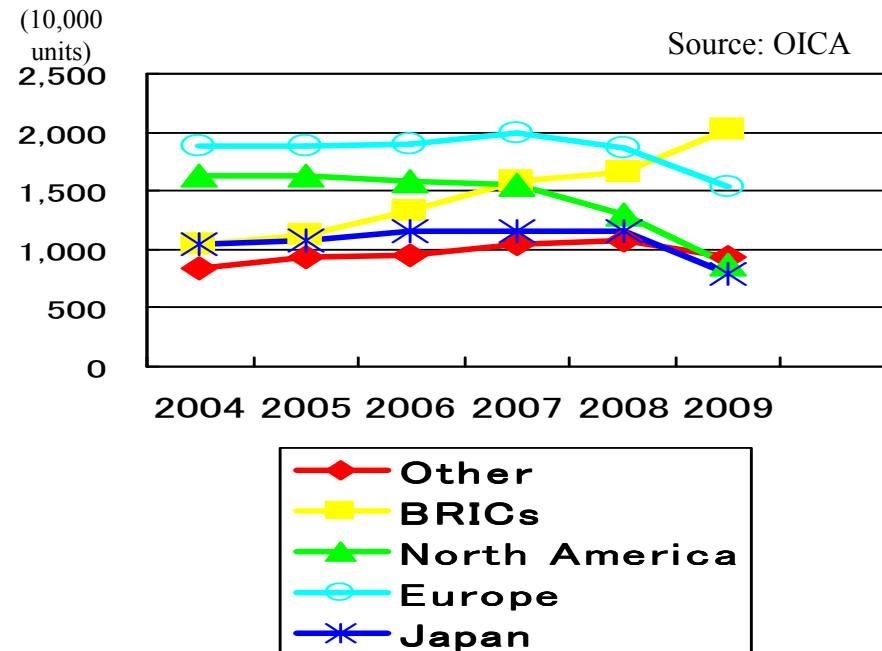
## 【Responses】

- Expand sales in emerging markets.
- Build production system to cater for sales in emerging markets.

MMC's Cemented Carbide Products Users



Global Automobile Production





# Four Core Businesses: Electronic Materials & Components

## 【Business Environment】

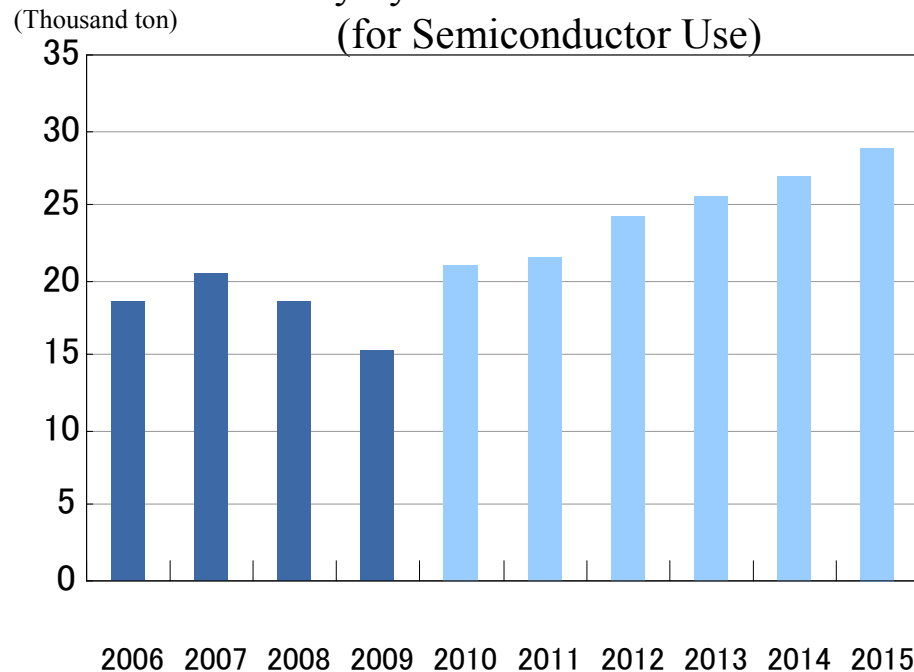
- Medium-to-long-term demand for semiconductor wafers and polycrystalline silicon expected to grow.
- Rising demand for electronic components and materials, centering on newly emerging nations.

## 【Responses】

- Commission Yokkaichi No. 2 plant to meeting rising polycrystalline silicon demand.
- Develop and boost sales of new products for growing markets.

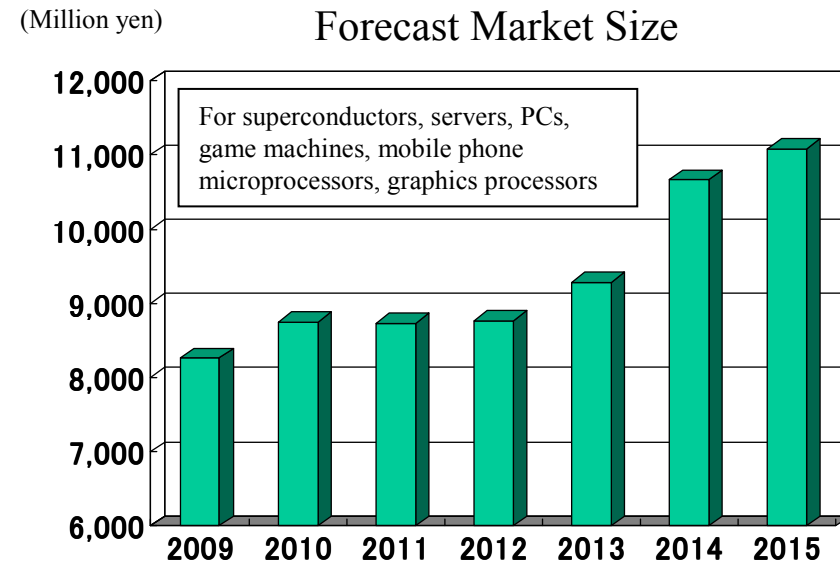


Polycrystalline Silicon Demand  
(for Semiconductor Use)



Sources: Gartner; MMC forecasts

Precision-Mounted Materials:  
Forecast Market Size



(Compiled by MMC from various materials)

# Future Initiatives

## (1) Growth strategies aimed at further business expansion

- Focus on three sectors: Automobiles, IT/electronics, and Environment/Recycling
- Place particular emphasis on addressing needs related to energy saving, alternative energy, and urban- resource recycling
- Target renewed business growth while addressing structural changes in business environment

## (2) Advance into newly emerging markets

- Advance into global market, with special focus on emerging markets in Asia, such as China and India

## (3) Realize “conglomerate premium” (leverage synergies as a conglomerate)

- Deploy technologies and business infrastructure cross-laterally throughout MMC Group
- Mobilize strengths in smelting, cement resource-creation systems, and electronic appliance recycling

## (4) Improve financial position

- Boost earnings; enhance asset efficiency; swiftly realize benefits of existing investment projects; be meticulous in project selection

# Overview of Next Medium-Term Business Plan

## 1. Period of plan

April 2011 to March 2014

## 2. Basic concept

“Twin focus on growth strategies and enhancement of financial position”

### Overall investments

Focus on realizing benefits of large-scale investments already completed

### Growth strategy investments

Continue with growth strategy investments

### Cash Flows

Work to generate maximum cash flows using limited business resources

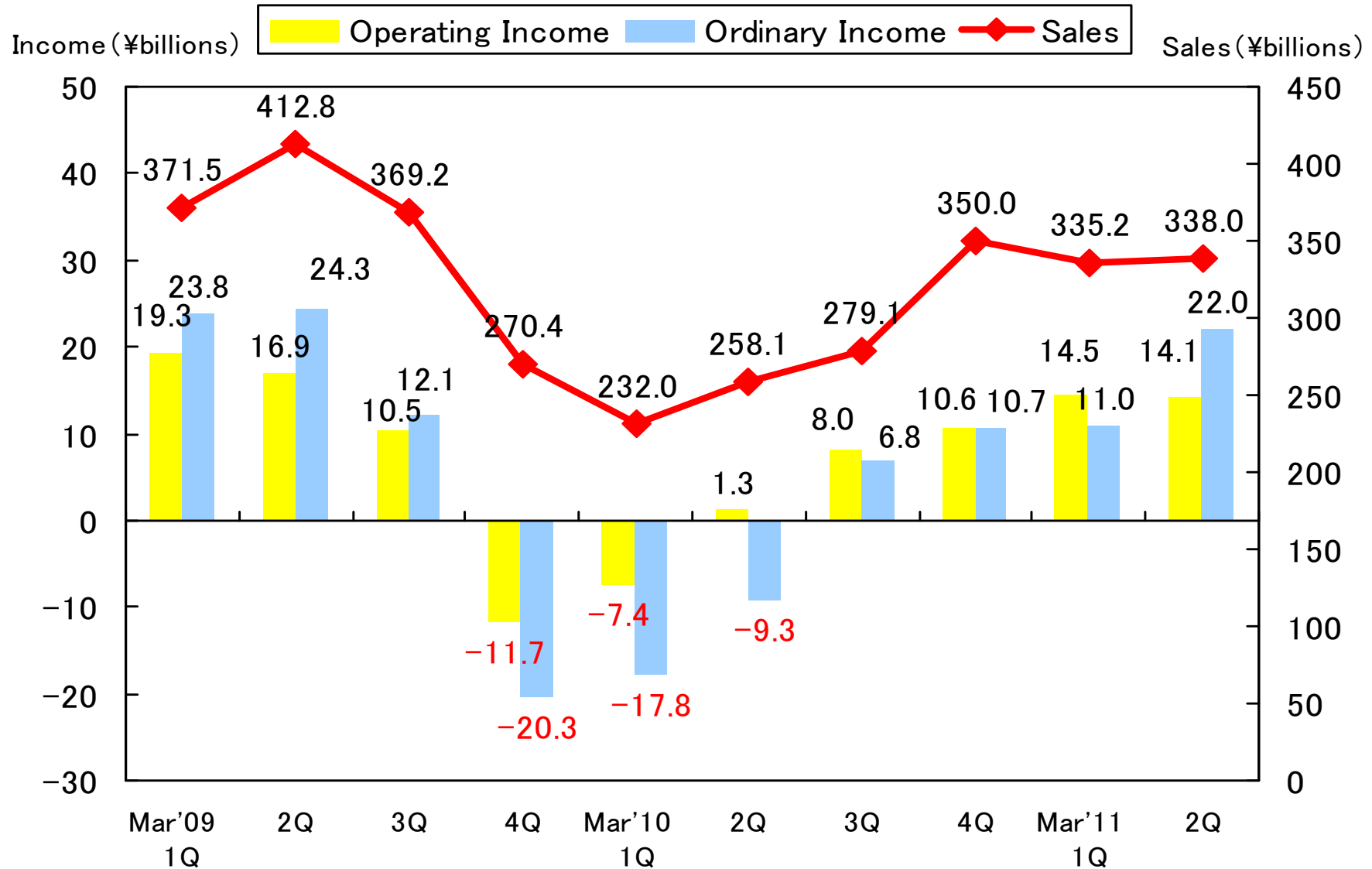
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# Overview of Financial Results for First half Period and Full Year Forecasts

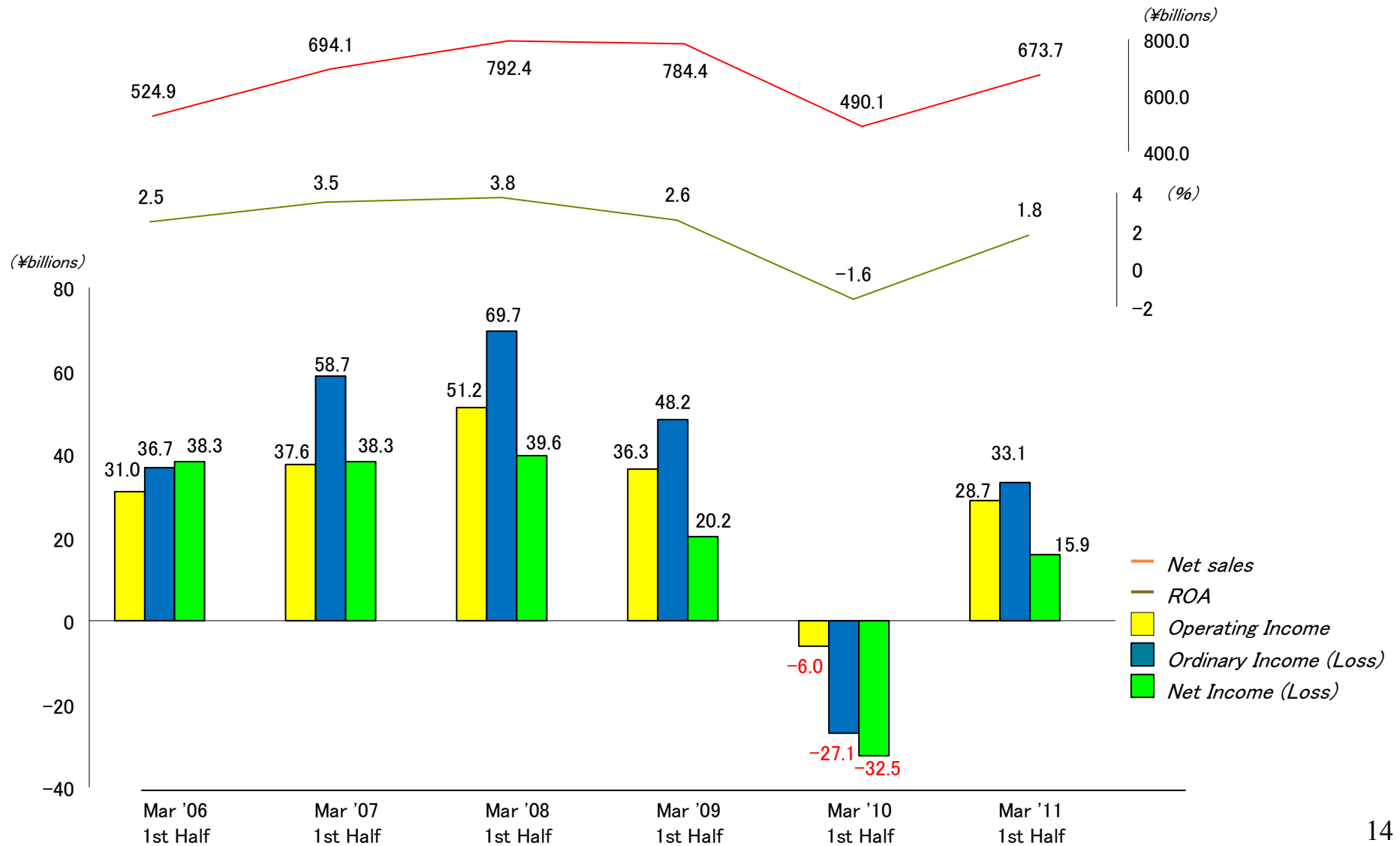
Keisuke Yamanobe

Managing Director

# Revenues and Earnings by Quarter



# Performance Overview ( 1<sup>st</sup> Half)



## Consolidated Statements of Operations (Compared to Initial Forecasts)

(¥billions)	Mar '11 1 <sup>st</sup> Half (*) Revised Forecast (a)	Mar '11 1 <sup>st</sup> Half Result (b)	Difference (b)-(a)	Reason
Net sales	670.0	673.7	3.7	Metals +4.0, Aluminum +2.0 Advanced Materials & Tools -2.0
Operating income	26.0	28.7	2.7	Advanced Materials & Tools +1.0, Aluminum +0.8 Cements +0.5
Net interest and dividend income	4.5	6.0	1.5	
Earnings in equity of affiliates	-3.5	-1.2	2.3	SUMCO +1.7
Other/Non-operating income	-3.0	-0.4	2.6	
Ordinary income	24.0	33.1	9.1	
Extraordinary income	-6.0	-3.7	2.3	
Income taxes, etc.	-12.0	-13.4	-1.4	
Net income	6.0	15.9	9.9	

(\*) Revised Forecast was announced on Aug. 9<sup>th</sup>, 2010

## Consolidated Statements of Operations (Year-on-Year Comparison)

(¥billions)	Mar '10 1 <sup>st</sup> Half Result (a)	Mar '11 1 <sup>st</sup> Half Result (b)	Difference (b)-(a)	Reason
Net sales	490.1	673.7	183.5	Mitsubishi Cable Group +40.0, Diamet Group +12.5 Material Energy -10.7 Temporary suspension of Yokkaichi Plant -3.9
Operating income	-6.0	28.7	34.7	Mitsubishi Cable Group +1.4, Diamet Group +0.9 Temporary suspension of Yokkaichi Plant -0.5 Change in estimated useful lives +2.3
Net interest and dividend income	-4.7	6.0	10.7	Dividend income +10.6
Earnings in equity of affiliates	-14.6	-1.2	13.3	SUMCO +12.3
Other/Non-operating income	-1.7	-0.4	1.3	
Ordinary income	-27.1	33.1	60.2	
Extraordinary income	-5.8	-3.7	2.0	Loss on liquidation of business -5.2, Head office moving expense -2.5, Gain on change in equity +1.3 ↓ Loss on valuation of investment securities -6.1 Temporary suspension of Yokkaichi plant -1.6 Effect of application of accounting standard for inventories +3.6
Income taxes, etc.	0.4	-13.4	-13.8	Income taxes -2.9, Minority interests in income +2.4 ↓ Income taxes +8.6, Minority interests in income +4.7
Net income	-32.5	15.9	48.4	



## Factor analysis of Net Sales, Operating Income, and Ordinary Income by Segment (1)

(¥billions)

		Mar'10 1H (a)	Mar'11 1H (b)	Difference (b-a)	Exchange rates and price differences	Quantity variation	Special factors	Comprehensive Management	Dividends received	Earnings in equity of affiliates	Other
Cement	Net sales	80.8	72.9	-7.8	-4.6	-3.2					
	Operating income	3.5	2.0	-1.4	-3.0	-1.3		1.4			1.5
	Non-operating income	0.1	-0.8	-0.9						-0.3	-0.6
	Ordinary income	3.7	1.2	-2.4	-3.0	-1.3	0.0	1.4	0.0	-0.3	0.8
Metals	Net sales	203.9	358.2	154.2	89.5	24.7	40.0				
	Operating income	-2.1	11.6	13.8	4.2	6.7	2.7				0.2
	Non-operating income	-2.1	6.4	8.6					8.0	0.6	0.0
	Ordinary income	-4.3	18.1	22.4	4.2	6.7	2.7	0.0	8.0	0.6	0.2
Advanced Materials & Tools	Net sales	43.0	71.1	28.1	0.2	15.4	12.5				
	Operating income	-5.3	8.0	13.4		12.1	0.9	1.2			-0.8
	Non-operating income	-1.7	-0.4	1.3					0.3	1.0	0.0
	Ordinary income	-7.1	7.6	14.7	0.0	12.1	0.9	1.2	0.3	1.0	-0.8
Electronic Materials & Components	Net sales	28.6	28.9	0.3	-1.5	5.7	-3.9				
	Operating income	-0.5	2.8	3.3	-1.2	3.3		0.8			0.4
	Non-operating income	-16.5	-1.5	15.0					2.3	12.5	0.2
	Ordinary income	-17.0	1.3	18.4	-1.2	3.3	0.0	0.8	2.3	12.5	0.7
Aluminum	Net sales	65.9	72.5	6.5	1.0	5.5					
	Operating income	1.8	4.2	2.4	-1.0	2.9	0.5	0.3			-0.3
	Non-operating income	-0.4	-0.4	0.0					0.0	0.0	0.0
	Ordinary Income	1.4	3.7	2.3	-1.0	2.9	0.5	0.3	0.0	0.0	-0.4

## Factor analysis of Net Sales, Operating Income, and Ordinary Income by Segment (2)

(¥billions)		Mar'10 1H (a)	Mar'11 1H (b)	Difference (b-a)	Exchange rates and price differences	Quantity variation	Special factors	Comprehensive Management Measures	Dividends received	Earnings in equity of affiliates	Other
Energy	Net sales	27.8	24.7	-3.1		7.6	-10.7				
	Operating income	0.1	0.4	0.3		0.1		0.1			0.1
	Non-operating income	1.2	0.7	-0.4						-0.5	0.1
	Ordinary income	1.3	1.1	-0.1	0.0	0.1	0.0	0.1	0.0	-0.5	0.2
Precious Metals	Net sales	56.7	62.9	6.2	10.0	-3.8					
	Operating income	-0.4	0.1	0.5		0.2		0.1			0.2
	Non-operating income	0.1	0.3	0.1							0.1
	Ordinary income	-0.2	0.4	0.7	0.0	0.2	0.0	0.1	0.0	0.0	0.4
Other	Net sales	72.7	69.9	-2.8		-2.8					
	Operating income	1.9	2.4	0.4		-0.2		0.9			-0.3
	Non-operating income	-0.3	-0.3	0.0							0.0
	Ordinary income	1.6	2.1	0.4	0.0	-0.2	0.0	0.9	0.0	0.0	-0.3
Elimination, etc.	Net sales	-89.5	-87.6	1.9		1.9					
	Operating income	-5.0	-3.0	2.0				1.0			1.0
	Non-operating income	-1.5	0.3	1.8							1.8
	Ordinary income	-6.5	-2.7	3.8	0.0	0.0	0.0	1.0	0.0	0.0	2.8
Total	Net sales	490.1	673.7	183.5	94.6	51.0	37.9				
	Operating income	-6.0	28.7	34.7	-1.0	23.9	4.0	5.8			2.0
	Non-operating income	-21.1	4.4	25.5					10.6	13.3	1.6
	Ordinary income	-27.1	33.1	60.2	-1.0	23.9	4.0	5.8	10.6	13.3	3.6

# Comprehensive Management Measures

## Breakdown

(¥billions)

Items			
<b>Fixed costs</b>	<b>Reduction in labor costs</b>	<b>1.8</b>	} <b>2.6</b>
	<b>Other</b>	<b>0.8</b>	
<b>Variable costs</b>	<b>Reduction in raw material costs</b>	<b>1.0</b>	} <b>3.2</b>
	<b>Reduction in cost of supplies</b>	<b>0.4</b>	
	<b>Reduction in outsourced costs</b>	<b>1.1</b>	
	<b>Selling and distribution costs</b>	<b>0.1</b>	
	<b>Other (including energy)</b>	<b>0.6</b>	
<b>Total</b>		<b>5.8</b>	

## Consolidated Balance Sheets: Assets

(¥billions)		Mar'10 (a)	Sep'10 (b)	Difference (b-a)
Current Assets	Cash and deposits	76.9	66.6	-10.3
	Notes and accounts receivable-trade	214.1	207.0	-7.0
	Inventories	239.0	233.2	-5.7
	Other	179.3	174.8	-4.5
	Sub total	709.5	681.8	-27.6
Noncurrent Assets	Property, plant and equipment and intangible assets	788.4	767.7	-20.6
	Investments and other assets	328.4	315.1	-13.2
	Sub total	1,116.8	1,082.9	-33.9
Total		1,826.4	1,764.8	-61.5

## Consolidated Balance Sheets: Liabilities and Net Assets

(¥billions)		Mar'10 (a)	Sep'10 (b)	Difference (b-a)
Liabilities	Notes and accounts payable-trade	128.9	108.6	-20.3
	Short-term loans payable, bonds payable, and CP	(43%) 796.0	(43%) 770.0	-26.0
	Other liabilities	502.2	477.6	-24.6
	Sub total	1,427.3	1,356.3	-71.0
Net Assets	Capital stock	119.4	119.4	—
	Capital surplus and treasury stock	112.0	112.3	0.2
	Retained earnings	92.8	110.8	18.0
	Valuation and translation adjustments	16.7	5.0	-11.7
	Minority interests	58.0	60.7	2.7
	Sub total	(22%) 399.0	(23%) 408.5	9.4
	Total	1,826.4	1,764.8	-61.5

Equity Ratio: (Mar'10) 19% → (Sep'10) 20%

# Mar'11 Assumptions/Sensitivity

Assumptions	Mar'10 1st Half	Mar'10 Full Year	Mar'11 1st Half	Mar'11 2nd Half (Forecast)	Mar'11 Full Year (Forecast)
Average TTM rate (yen/US\$)	95	93	89	80	84
Average TTM rate (yen/€)	133	131	114	110	112
Copper price (¢/1b)	239	277	324	300	312
Effective copper price (¢/1b)	202	240	324	300	312
Total cement demand (Japan) (thousand tons)	21,016	42,730	19,820	N/A	39,820
Total cement demand (USA) (thousand tons)	N/A	68,400	N/A	N/A	68,879

## Reference data

Total global silicon wafer shipments (billions sq in)	2.6	6.7	4.5	N/A	N/A
Total global automobile production (thousand units; CY; figures provided by each nation's respective automobile manufacturing association)	N/A	62,000	N/A	N/A	73,000

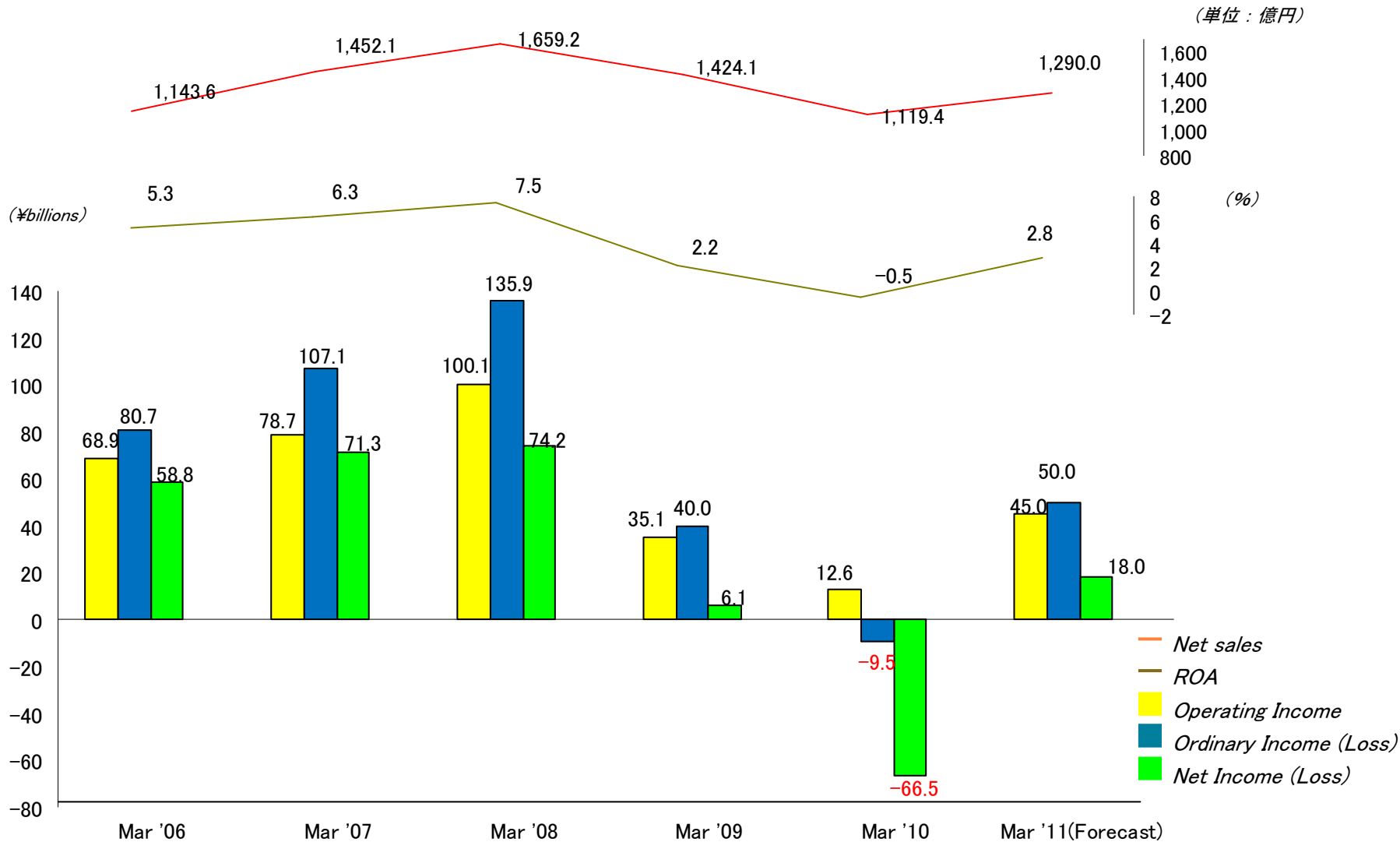
## Sensitivity

Exchange rate (yen/US\$) yen rise negative
Exchange rate (yen/€) yen rise negative
Copper price (LME): operating income: 10¢/1b
Dividends received: 10¢/1b

2nd Half

200 million
30 million
200 million
400 million

# Performance Overview (Full Year)



# Consolidated Statements of Operations (Full Year Forecast)

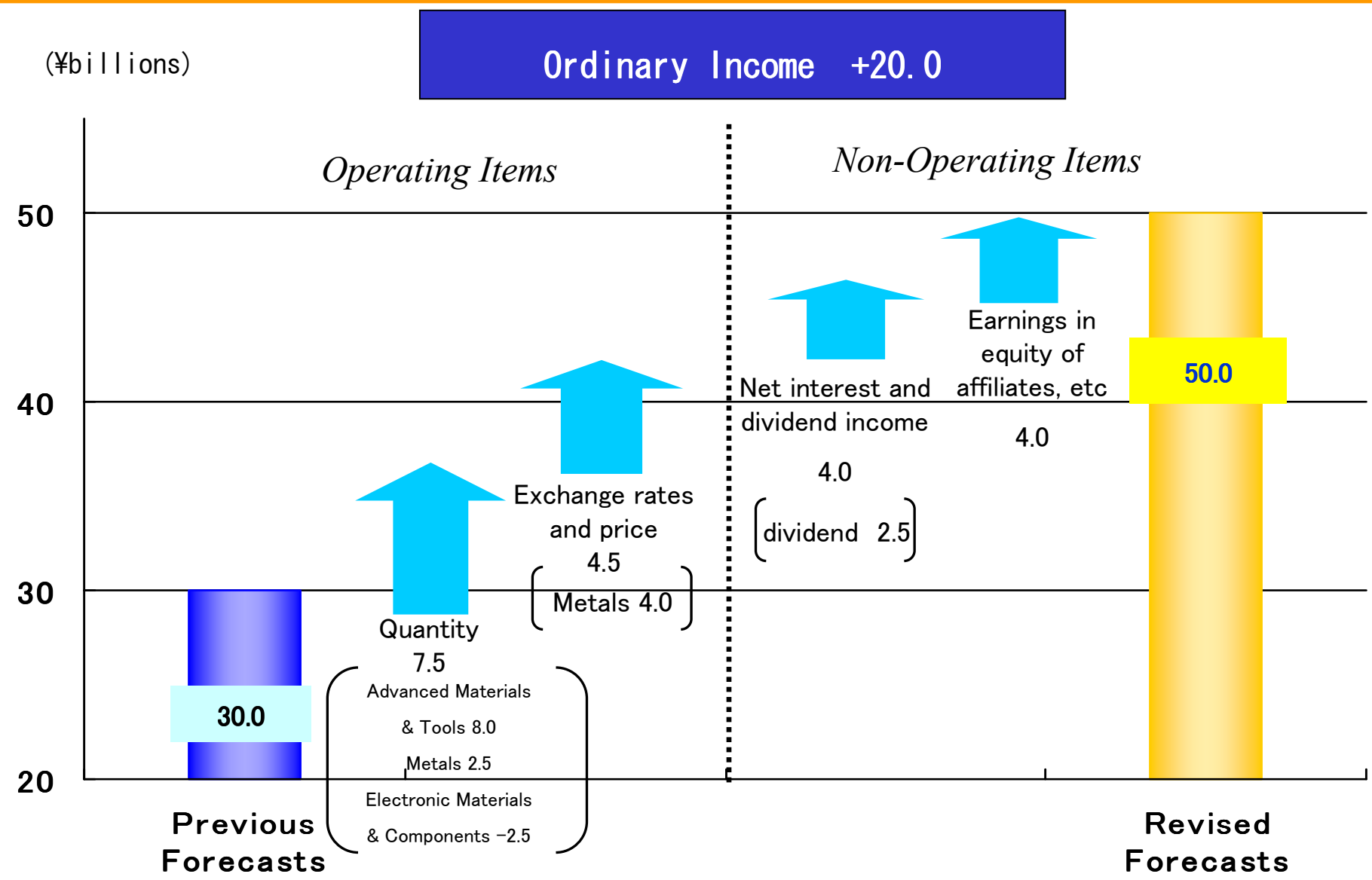
(¥billions)	Mar'10	Mar'11 Previous Forecast (*)	Mar'11 New Forecast			Difference
	Full Year	Full Year (a)	1H	2H	Full Year (b)	Full Year (b)-(a)
Net sales	1,119.4	1,280.0	673.7	616.3	1,290.0	10.0
Operating income	12.6	33.0	28.7	16.3	45.0	12.0
Net interest and dividend income	9.7	5.5	6.0	3.5	9.5	4.0
Earnings in equity of affiliates	-28.4	-5.0	-1.2	-0.3	-1.5	3.5
Other/Non-operating income	-3.5	-3.5	-0.4	-2.6	-3.0	0.5
Ordinary income	-9.5	30.0	33.1	16.9	50.0	20.0
Extraordinary income	-14.7	-7.5	-3.7	-9.3	-13.0	-5.5
Income taxes, etc.	-42.2	-17.5	-13.4	-5.6	-19.0	-1.5
Net income	-66.5	5.0	15.9	2.1	18.0	13.0

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(\*) The previous forecast was announced on Aug. 9<sup>th</sup>, 2010.



# Factor analysis of Ordinary Income (Compared to Previous Forecasts)



# Changes in Semiannual Financial Results by Segment (Cement)

(¥billions)

	Mar'09 1H	Mar'09 2H	Mar'10 1H	Mar'10 2H	Mar'11 1H	Mar'11 2H (Forecast)
<b>Net sales</b>	95.2	107.0	80.8	85.3	72.9	77.1
<b>Operating income</b>	4.7	8.0	3.5	7.0	2.0	4.5
Non-operating income	-0.5	0.1	0.1	-0.9	-0.8	-0.7
<b>Ordinary income</b>	4.2	8.1	3.7	6.1	1.2	3.8

Total demand for cement in Japan (million tons)	24.44	25.64	21.01	21.71	19.82	20.00
Cement sales volumes for MMC (million tons)	4.94	5.24	4.35	4.56	4.26	4.65
(Exports)	(1.36)	(1.24)	(1.27)	(1.13)	(1.22)	(1.5)
Cement sales volumes in the U.S. (million short tons)	1.04	0.78	0.65	0.62	0.59	0.66
Revenue from industrial waste processing (¥billions)	7.4	7.6	6.8	7.2	7.3	7.5

## 【Unconsolidated】

- Exports to Asia were strong, but mainly to government demand in Japan remained low.

## 【Consolidated】

- U.S. cement business remains weak both in volume terms and market conditions, but ready-mix concrete sales volume up, especially in California.

# Changes in Semiannual Financial Results by Segment (Metals)

(¥billions)

	Mar'09 1H	Mar'09 2H	Mar'10 1H	Mar'10 2H	Mar'11 1H	Mar'11 2H (Forecast)
<b>Net sales</b>	350.5	250.1	203.9	302.0	358.2	311.8
<b>Operating income</b>	12.8	-2.8	-2.1	8.0	11.6	5.4
Non-operating income	8.1	-2.9	-2.1	7.0	6.5	2.5
<b>Ordinary income</b>	20.9	-5.7	-4.3	15.0	18.1	7.9

Sales of cathodes (MMC) (thousand tons)	162	143	153	161	159	140
(Exports)	(29)	(37)	(44)	(46)	(45)	(32)
Sales at PTS (thousand tons)	111	141	141	146	134	141
Average TTM rate (yen/\$)	106	95	95	90	89	80
Copper price LME (¢/lb)	366	166	239	315	324	300

## 【Copper smelting】

- PTS: Lower production in 1st half due to furnace repairs; Parent company: Lower production in 2nd half due to furnace repairs in Naoshima.

## 【Copper processing】

- 1st half: Healthy results driven by semiconductors and automobile; 2nd half: Some weakness expected in both sectors.

# Changes in Semiannual Financial Results by Segment (Advanced Materials & Tools)

(¥billions)

	Mar'09 1H	Mar'09 2H	Mar'10 1H	Mar'10 2H	Mar'11 1H	Mar'11 2H (Forecast)
<b>Net sales</b>	88.3	57.7	43.0	58.0	71.1	68.9
<b>Operating income</b>	9.4	-5.2	-5.3	0.1	8.0	5.0
Non-operating income	-1.2	-3.8	-1.7	-0.3	-0.4	-0.6
<b>Ordinary income</b>	8.2	-9.0	-7.1	-0.1	7.6	4.4

Sales of cemented carbide products (¥billions)	58.0	37.8	27.5	34.3	41.2	40.6
(Exports by MMC)	19.6	11.6	9.0	12.4	16.2	16.1

## 【Cemented carbide products】

- 1st half: Major jump in earnings, thanks to brisk demand in newly emerging nations, especially China, and recovering demand in Japan, Europe, and North America.
- 2nd half: Demand remain healthy driven by newly emerging nations, but domestic sales decline due to reduced automobile production.
- Shanghai sales control company started operation in July 2010.
- Thai sales subsidiary started operation in September 2010.

# Changes in Semiannual Financial Results by Segment (Electronic Materials & Components)

(¥billions)

	Mar'09 1H	Mar'09 2H	Mar'10 1H	Mar'10 2H	Mar'11 1H	Mar'11 2H (Forecast)
<b>Net sales</b>	39.3	30.3	28.6	34.1	28.9	36.1
<b>Operating income</b>	6.4	2.0	-0.5	3.1	2.8	2.7
Non-operating income	5.7	0.2	-16.5	-11.4	-1.5	-1.0
<b>Ordinary income</b>	12.2	2.3	-17.0	-8.3	1.3	1.7

Poly crystalline silicon sales volumes (tons)	1,632	1,668	1,409	1,878	1,257	2,169
Net income for SUMCO ( ¥billions)	25.6	-6.7	-52.9	-47.6	-8.3	-3.7

## 【Polycrystalline silicon】

- Yokkaichi Plant: No. 2 new plant operating smoothly together with No. 1 plant, where operations were temporarily suspended. Full semiconductor-grade production mode from end October.
- MIPSAs: Production decline in 2nd half due to regular maintenance.

## 【Advanced materials and electronic devices】

- Although semiconductors and auto-related were both healthy in 1st half, both facing correction in 2nd half.

# Changes in Semiannual Financial Results by Segment (Aluminum)

(¥billions)

	Mar'09 1H	Mar'09 2H	Mar'10 1H	Mar'10 2H	Mar'11 1H	Mar'11 2H (Forecast)
<b>Net sales</b>	88.8	64.2	65.9	62.4	72.5	67.5
<b>Operating income</b>	1.9	-5.2	1.8	1.2	4.2	0.3
Non-operating income	-0.6	-1.4	-0.4	-0.7	-0.5	-1.0
<b>Ordinary income</b>	1.3	-6.6	1.4	0.4	3.7	-0.7

Sales of aluminum sheet products (kilotons)	64	48	51	52	51	50
Sales of aluminum extrusion products (kilotons)	15	8	8	11	11	10
Sales of aluminum cans (Regular cans) (billion cans)	2.4	1.8	2.2	1.7	2.2	1.7
Sales of bottle cans (billion cans)	0.35	0.30	0.40	0.30	0.45	0.30
Aluminum LME (\$/t)	2,863	1,591	1,648	2,083	2,093	2,300

## 【Rolled and processed products】

- Healthy overall especially in automobile- and electronic materials-related, but trending toward slowdown.

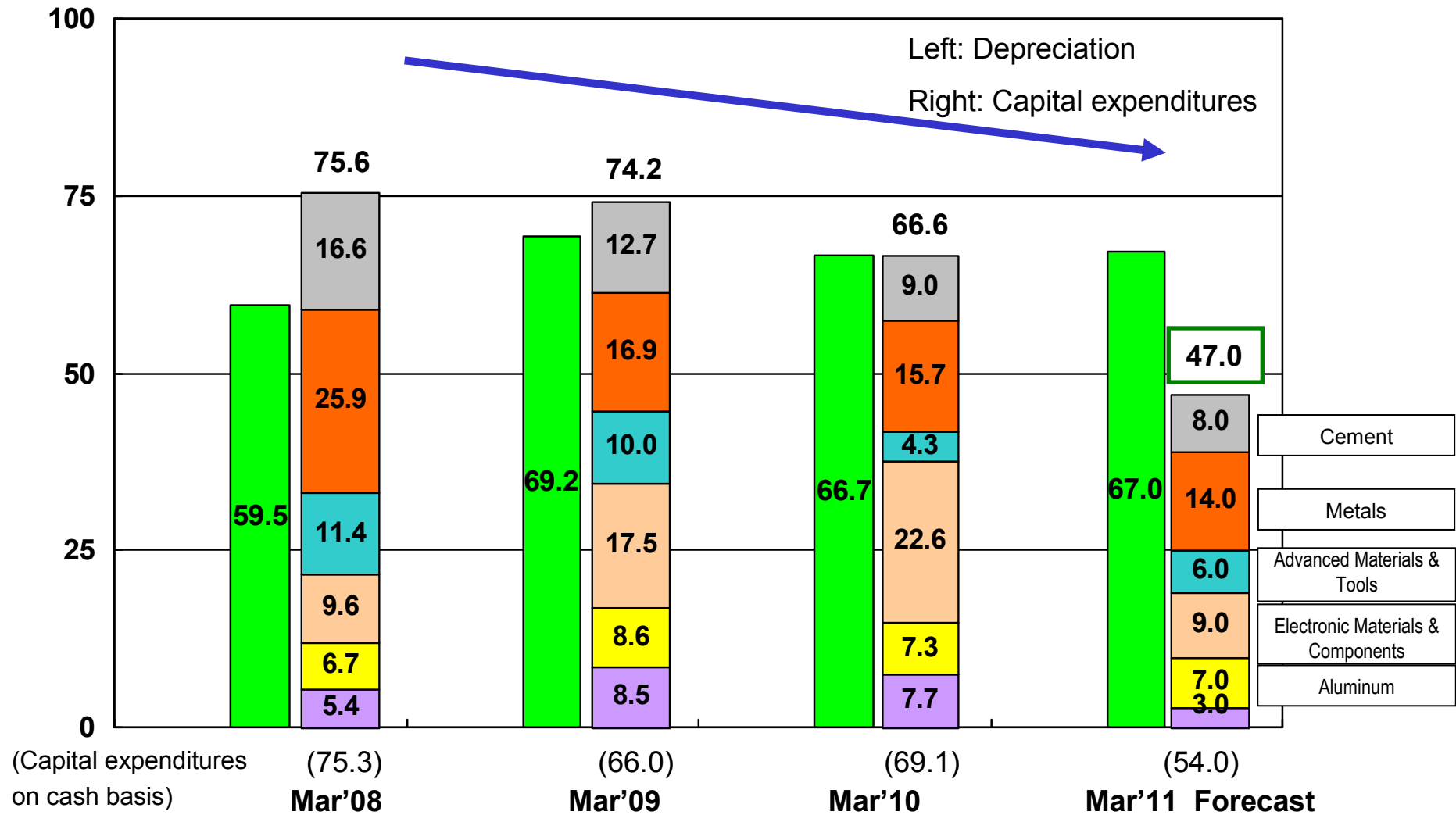
## 【Aluminum cans】

- 1st half: sales decline in 1Q due to unstable weather, but covered by sales increase in 2Q due to severe heat; 2nd half: Earnings decline due to rising aluminum prices.

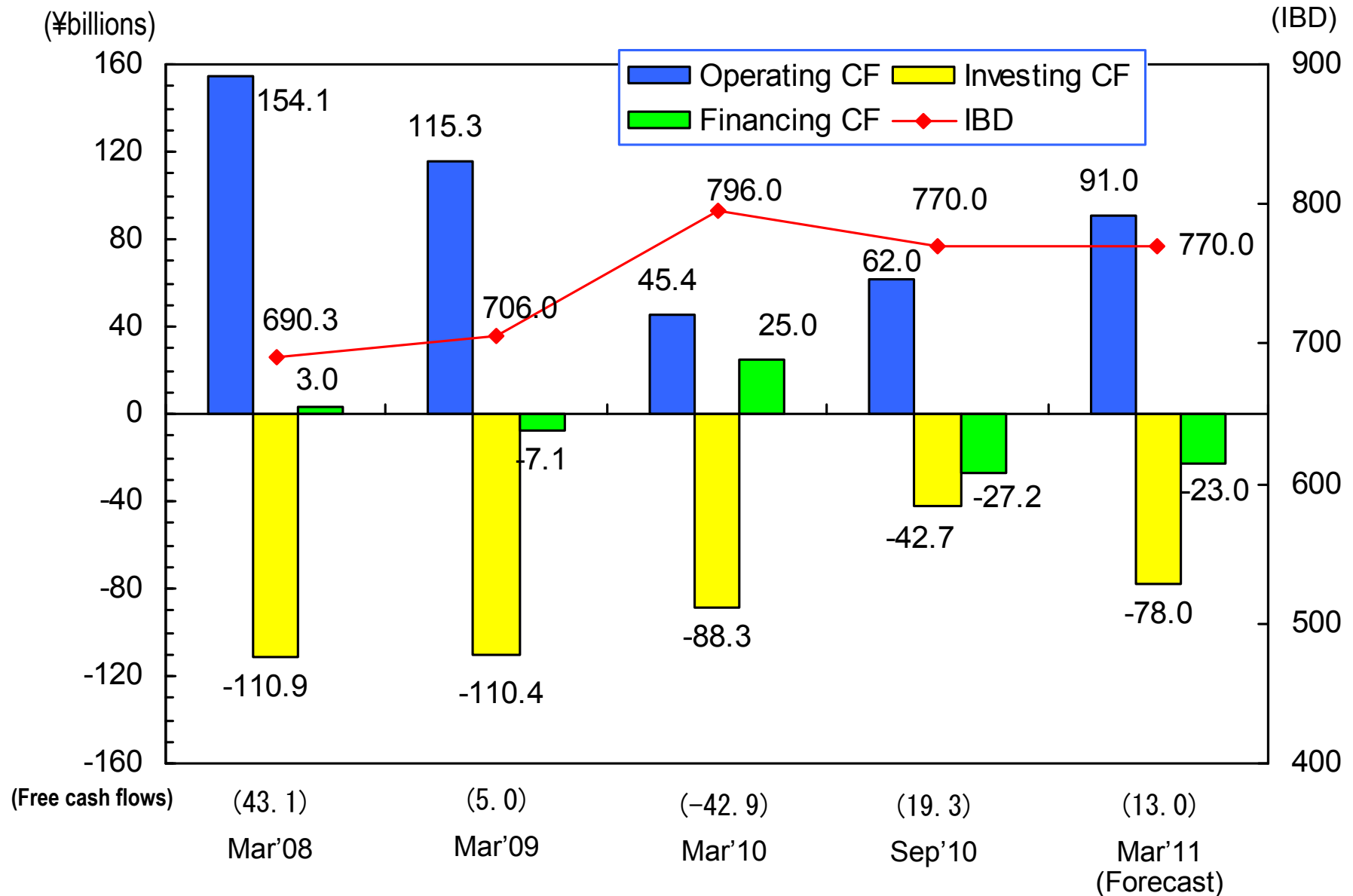
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# Depreciation and Amortization

(¥billions)

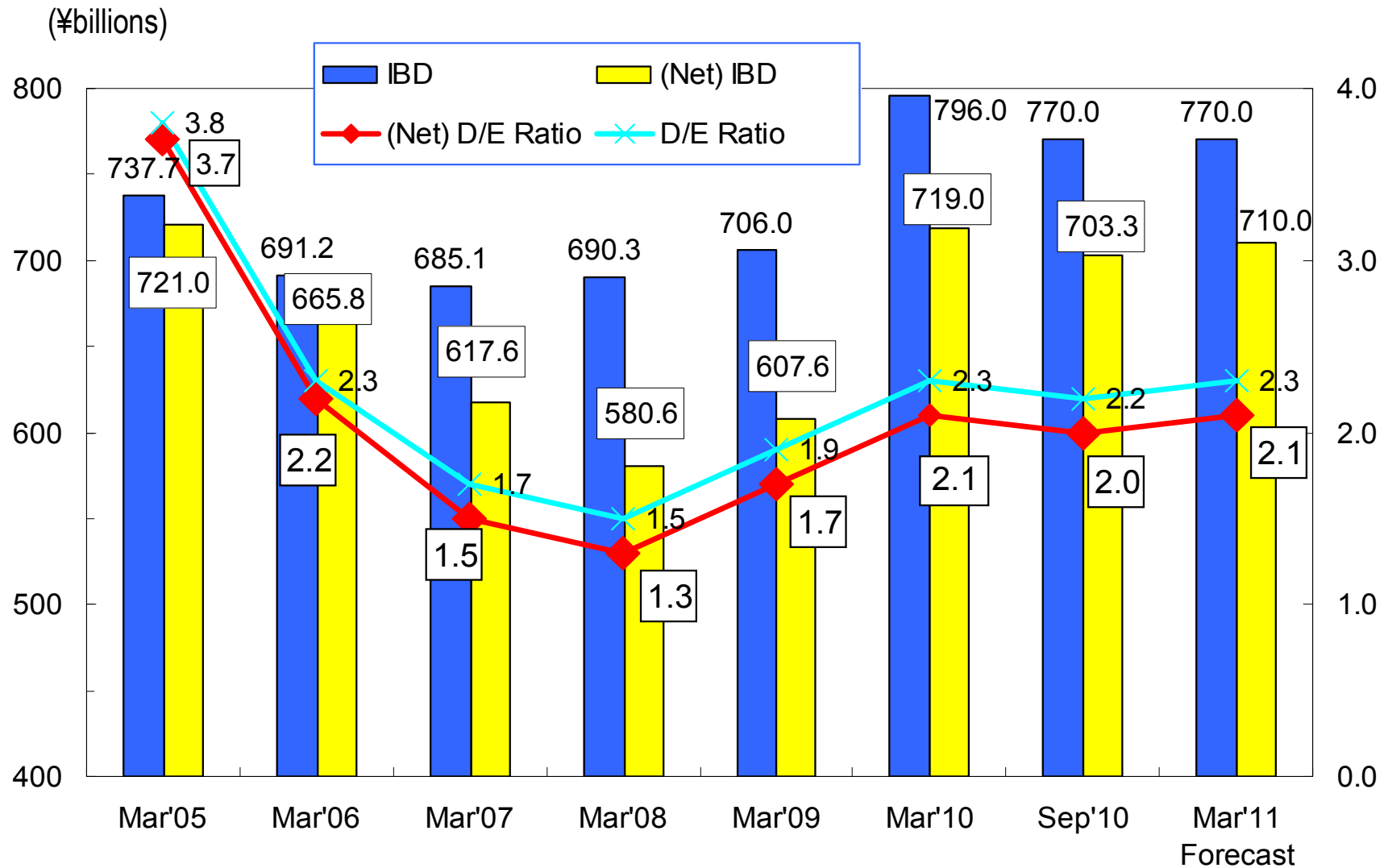


# Cash Flows





# Interest-Bearing Debt & D/E Ratio



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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.