

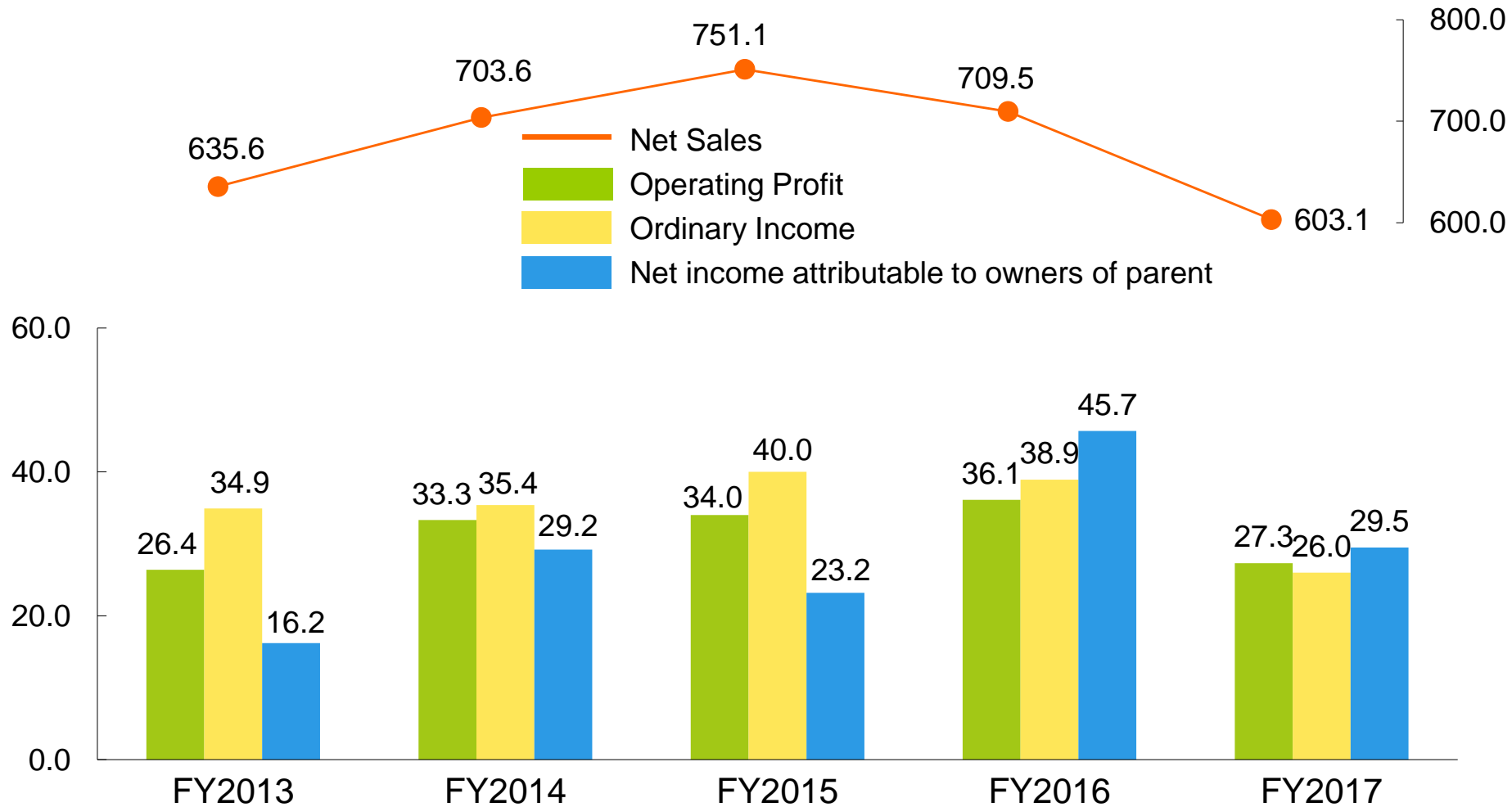
MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation for the 1st Half
of the fiscal year ending March 31, 2017

November 9, 2016

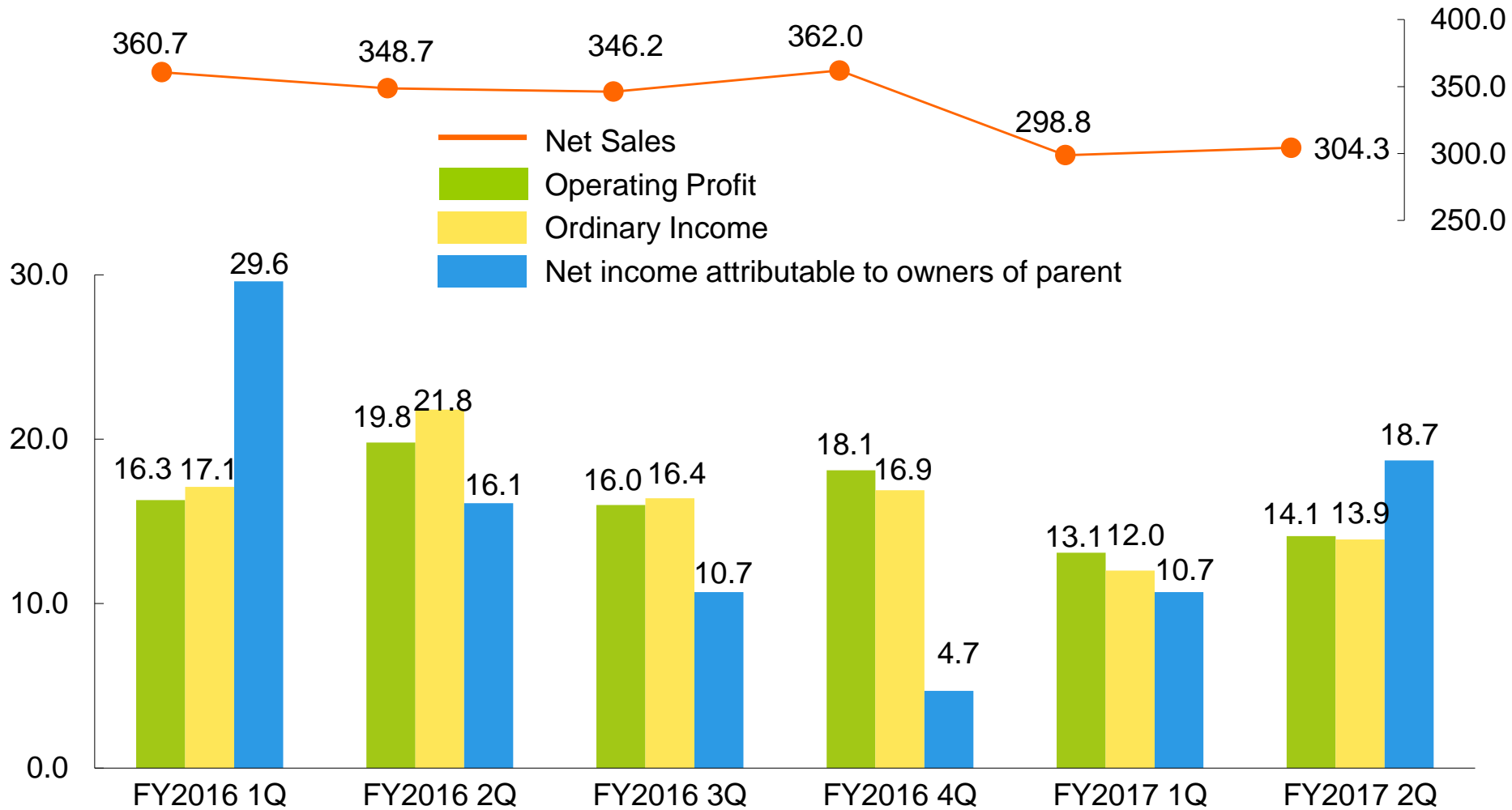
Performance Overview (for the 1st Half)

(¥ billions)



Performance Overview (Quarterly)

(¥ billions)



Consolidated Statements of Operations (for the 1st Half)

(¥ billions)	FY2016 1st Half Result (a)	FY2017 1st Half Result (b)	Difference (b)-(a)	Reason
Net sales	709.5	603.1	-106.4	Cement -13.0, Metals -66.4, AM&T -6.6, EM&C -5.5, etc.
Operating profit	36.1	27.3	-8.8	Cement -1.2, Metals -4.2, AM&T -2.4, EM&C -0.6, Aluminum +2.1, etc.
Net interest and dividends income	2.4	0.5	-1.9	Dividend income -2.8, Interest expenses +0.9, etc.
Equity in earnings of affiliates	3.4	1.2	-2.2	SUMCO Corp. -2.0, etc.
Other / Non-operating profit / loss	-3.1	-3.0	0.1	
Ordinary income	38.9	26.0	-12.9	
Extraordinary income / loss	22.8	16.2	-6.6	Gain on sales of investment securities -18.5, Gain on change in equity -10.4, Gain on sales of noncurrent assets +10.1, Provision for environmental measures +10.8, etc.
Income taxes	-14.3	-10.1	4.2	
Net income attributable to non-controlling interests	-1.6	-2.4	-0.8	
Net income attributable to owners of parent	45.7	29.5	-16.2	
Exchange rate (USD)	122	105	-17	JPY / \$
Exchange rate (EUR)	135	118	-17	JPY / €
Copper price (LME)	256	216	-40	¢ / lb

Statistics / Assumptions

■ Statistics / Assumptions

		FY2016	FY2017	Difference
		1st Half Result	1st Half Result	
		(a)	(b)	(b)-(a)
Total demand for cement in Japan	(million tons)	21.15	20.21	-0.94
Cement sales volumes for MMC-Domestic	(million tons)	3.22	3.16	-0.06
Cement sales volumes for MMC-Exports	(million tons)	1.19	1.05	-0.14
Cement sales volumes in the U.S.	(million tons)	0.75	0.77	0.02
Ready-mixed concrete sales volumes in the U.S.	(million cy)	3.28	3.33	0.05
Sales volumes of copper cathodes (in-house product)	(thousand tons)	147	143	-4
Sales volumes of copper cathodes (PTS)	(thousand tons)	75	113	38
Sales volumes of copper & copper alloy products	(thousand tons)	66	69	3
Dividend from copper mine	(¥ billion)	4.0	1.5	-2.5
Sales volumes of aluminum sheet products	(thousand tons)	56	58	2
Sales volumes of aluminum extrusion products	(thousand tons)	10	9	-1

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

(¥ billions)

		FY2016 1st Half Result (a)	FY2017 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	96.9	83.8	-13.0	-3.6	1.0	-0.8	-	-	-	-9.6	- Transfer business of building materials, etc - Renewal of equipment for power plant
	Operating profit	9.4	8.1	-1.2	-0.3	0.8	-0.3	0.4	-	-	-1.8	
	Ordinary income	8.9	7.5	-1.3	-	-	-	-	-0.0	-0.2	-1.7	
Metals	Net sales	345.3	278.8	-66.4	-29.1	-40.4	2.8	-	-	-	0.3	- Effect of reclassifying loss on suspension of PTS operation to extraordinary loss in 2Q, FY2016
	Operating profit	12.2	7.9	-4.2	-3.6	-1.7	2.4	0.8	-	-	-2.1	
	Ordinary income	14.1	9.3	-4.8	-	-	-	-	-2.5	0.7	-0.9	
Advanced Materials & Tools	Net sales	77.7	71.1	-6.6	-5.2	-1.1	-0.3	-	-	-	0.0	- Exchange rate differences of accounts receivable and payable denominated in foreign currencies (Ordinary income)
	Operating profit	9.0	6.5	-2.4	-1.5	-0.2	-0.1	0.3	-	-	-0.9	
	Ordinary income	8.7	4.9	-3.7	-	-	-	-	-0.0	-0.1	-2.1	
Electronic Materials & Components	Net sales	35.3	29.8	-5.5	-1.6	-0.5	-3.4	-	-	-	0.0	
	Operating profit	1.5	0.9	-0.6	0.0	-0.0	-1.5	0.4	-	-	0.5	
	Ordinary income	3.7	0.9	-2.8	-	-	-	-	0.0	-2.0	0.3	
Aluminum	Net sales	82.5	80.6	-1.8	-1.3	-2.5	1.9	-	-	-	0.1	
	Operating profit	2.9	5.0	2.1	-0.0	1.1	1.0	0.7	-	-	-0.7	
	Ordinary income	2.6	5.1	2.5	-	-	-	-	0.0	0.0	-0.3	
Other	Net sales	115.4	95.6	-19.8	-1.2	-0.3	-20.2	-	-	-	1.6	
	Operating profit	3.3	2.7	-0.6	-0.2	0.3	-1.2	0.0	-	-	0.3	
	Ordinary income	3.9	2.5	-1.4	-	-	-	-	-0.2	-0.5	0.4	
Elimination, etc.	Net sales	-43.9	-36.8	7.0	0.0	0.0	7.0	-	-	-	0.0	- Increase in retirement benefit expenses - Increase in size-based business tax
	Operating profit	-2.3	-4.0	-1.7	0.0	0.0	-0.3	0.0	-	-	-1.4	
	Ordinary income	-3.1	-4.4	-1.2	-	-	-	-	0.0	0.0	-0.9	
Total	Net sales	709.5	603.1	-106.4	-42.0	-43.8	-12.8	-	-	-	-7.8	
	Operating profit	36.1	27.3	-8.8	-5.6	0.3	-0.0	2.6	-	-	-6.0	
	Ordinary income	38.9	26.0	-12.9	-	-	-	-	-2.8	-2.2	-5.2	

Consolidated Balance Sheet

(¥ billions)

	End of Mar. 2016 (a)	End of Sept. 2016 (b)	Difference (b)-(a)
Assets			
Cash and deposits	60.1	64.1	4.0
Notes and accounts receivable-trade	233.0	192.9	-40.1
Inventories	258.6	279.3	20.7
Other	230.6	223.0	-7.5
Current assets, subtotal	782.5	759.5	-22.9
Property, plant and equipment and intangible assets	736.2	707.1	-29.1
Investments and other assets	274.5	265.3	-9.1
Non-current assets, subtotal	1,010.8	972.4	-38.3
Total Assets	1,793.3	1,732.0	-61.3

	End of Mar. 2016 (a)	End of Sept. 2016 (b)	Difference (b)-(a)
Liabilities			
Notes and accounts payable-trade	110.5	110.4	-0.1
Loans payable, bonds payable and CP	526.3 29%	508.5 29%	-17.7
Other liabilities	511.4	480.2	-31.1
Liabilities, subtotal	1,148.3	1,099.2	-49.1
Net assets			
Capital stock	119.4	119.4	-
Capital surplus and treasury stock	90.3	90.4	0.1
Retained earnings	303.0	328.2	25.2
Total other comprehensive income	42.4	14.5	-27.8
Non-Controlling interests	89.7	80.0	-9.7
Net Assets, subtotal	645.0 36%	632.8 37%	-12.2
Total liabilities and net assets	1,793.3	1,732.0	-61.3
Shareholders' Equity Ratio	31 %	32 %	
Net debt to equity ratio	0.8 times	0.8 times	

FY 2017 Performance Forecast

(Compared to the forecast announced on August 8)

(¥ billions)	Forecast (A) * (announced on August)		Forecast (B) (at this time)		Difference (B)-(A)		
	1st Half	Full Year	1st Half Result	Full Year	1st Half	Full Year	
Net sales	630.0	1,330.0	603.1	1,280.0	-26.8	-50.0	
Operating profit	27.0	65.0	27.3	61.0	0.3	-4.0	
Net interest and dividends income	-1.4	1.6	0.5	4.8	1.9	3.2	
Equity in earnings of affiliates	0.5	2.1	1.2	1.9	0.7	-0.2	
Other / Non-operating profit / loss	-3.1	-4.7	-3.0	-6.7	0.0	-2.0	
Ordinary income	23.0	64.0	26.0	61.0	3.0	-3.0	
Extraordinary income / loss	16.4	-13.0	16.2	-15.1	-0.1	-2.1	
Income taxes	-12.9	-19.0	-10.1	-17.6	2.7	1.4	
Net income attributable to non-controlling interests	-2.5	-7.0	-2.4	-6.3	0.0	0.7	
Net income attributable to owners of parent	24.0	25.0	29.5	22.0	5.5	-3.0	
Exchange rate (USD)	107	106	105	105	-2	-1	JPY / \$
Exchange rate (EUR)	119	117	118	117	-1	—	JPY / €
Copper price (LME)	225	230	216	220	-9	-10	¢ / lb

* Net sales, Operating profit and Ordinary income in the forecast announced on August 8, 2016 were revised only for the exchange rate assumptions (USD and EUR) from the forecast announced on May 12, 2016.

FY 2017 Performance Forecast

(Compared to the forecast announced on May 12)

(¥ billions)	FY2016	FY2017		FY2017		Difference (B)-(A)	Difference Breakdown	
	Result	Full Year Forecast (A)*1	1st Half Result	2nd Half Forecast	Full Year Forecast (B)*2		Forecast (C)*3 Revision *4	Forecast (B)*2 Revision
Net sales	1,417.8	1,360.0	603.1	676.9	1,280.0	-80.0	-30.0	-50.0
Operating profit	70.4	68.0	27.3	33.7	61.0	-7.0	-3.0	-4.0
Net interest and dividends income	2.9	1.8	0.5	4.3	4.8	3.0	-0.2	3.2
Equity in earnings of affiliates	2.1	2.2	1.2	0.7	1.9	-0.3	-0.1	-0.2
Other / Non-operating profit / loss	-3.0	-4.0	-3.0	-3.7	-6.7	-2.7	-0.7	-2.0
Ordinary income	72.4	68.0	26.0	35.0	61.0	-7.0	-4.0	-3.0
Extraordinary income / loss	10.2	-15.0	16.2	-31.3	-15.1	-0.1	2.0	-2.1
Income taxes	-15.1	-20.7	-10.1	-7.5	-17.6	3.1	1.7	1.4
Net income attributable to non-controlling interests	-6.2	-7.3	-2.4	-3.9	-6.3	1.0	0.3	0.7
Net income attributable to owners of parent	61.3	25.0	29.5	-7.5	22.0	-3.0	—	-3.0
Exchange rate (USD)	120	110	105	105	105	-5	-4	-1 JPY / \$
Exchange rate (EUR)	133	125	118	115	117	-8	-8	— JPY / €
Copper price (LME)	237	230	216	225	220	-10	—	-10 ¢ / lb
Dividend per share (yen)	10	2Q 2 4Q*5 40	2	*5 40	2Q 2 4Q*5 40	—	*1 Announced on May	
(Ref.) Before a consolidation of shares base (yen)	10	6	2	4	6	—	*2 At this time	
							*3 Announced on August	

*4 Net sales, Operating profit and Ordinary income in the forecast announced on August 8, 2016 were revised only for the exchange rate assumptions (USD and EUR) from the forecast announced on May 12, 2016.

*5 The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016.

FY 2017 Performance Forecast

(Compared to the forecast announced on May 12 by Segment)

(¥ billions)		FY2016	FY2017	FY2017			Difference (B)-(A)	Difference Breakdown (Ref.)	
		Result	Full Year Forecast (A)*1	1st Half Result	2nd Half Forecast	Full Year Forecast(B)*2		Forecast (C)*3 Revision	Forecast (B)*2 Revision
Cement	Net sales	197.5	182.6	83.8	93.2	177.0	-5.6	-4.2	-1.4
	Operating profit	20.1	21.0	8.1	12.8	20.9	-0.1	-0.3	0.2
	Ordinary income	19.7	21.1	7.5	12.9	20.4	-0.7	-0.4	-0.3
Metals	Net sales	688.7	649.0	278.8	325.7	604.5	-44.5	-24.6	-19.9
	Operating profit	24.2	21.4	7.9	11.3	19.2	-2.2	-1.9	-0.3
	Ordinary income	27.0	25.1	9.3	15.9	25.2	0.1	-2.1	2.2
Advanced Materials & Tools	Net sales	151.6	160.1	71.1	70.9	142.0	-18.1	-4.8	-13.3
	Operating profit	16.0	17.3	6.5	5.9	12.4	-4.9	-1.7	-3.2
	Ordinary income	14.9	16.1	4.9	5.2	10.1	-6.0	-1.7	-4.3
Electronic Materials & Components	Net sales	70.2	70.6	29.8	34.4	64.2	-6.4	-0.8	-5.6
	Operating profit	3.1	2.7	0.9	1.2	2.1	-0.6	0.1	-0.7
	Ordinary income	6.3	4.0	0.9	1.5	2.4	-1.6	0.0	-1.6
Aluminum	Net sales	158.6	162.0	80.6	77.1	157.7	-4.3	-0.5	-3.8
	Operating profit	4.3	7.0	5.0	3.0	8.0	1.0	0.0	1.0
	Ordinary income	3.6	6.1	5.1	2.3	7.4	1.3	-0.1	1.4
Other	Net sales	243.2	230.3	95.6	123.8	219.4	-10.9	0.0	-10.9
	Operating profit	10.3	8.3	2.7	6.4	9.1	0.8	-0.1	0.9
	Ordinary income	9.9	8.0	2.5	5.9	8.4	0.4	0.0	0.4
Elimination, etc.	Net sales	-92.1	-94.6	-36.8	-48.0	-84.8	9.8	4.9	4.9
	Operating profit	-7.8	-9.7	-4.0	-6.7	-10.7	-1.0	0.9	-1.9
	Ordinary income	-9.1	-12.4	-4.4	-8.5	-12.9	-0.5	0.3	-0.8
Total	Net sales	1,417.8	1,360.0	603.1	676.9	1,280.0	-80.0	-30.0	-50.0
	Operating profit	70.4	68.0	27.3	33.7	61.0	-7.0	-3.0	-4.0
	Ordinary income	72.4	68.0	26.0	35.0	61.0	-7.0	-4.0	-3.0

*1 Announced on May

*2 At this time

*3 Announced on August

FY 2017 Performance Forecast (Statistics / Assumptions / Sensitivity)

■ Statistics / Assumptions

*1 Announced on May

*2 At this time

		FY2016	FY2017	FY2017		Difference (B)-(A)	
		Result	Forecast (A) *1	1st Half Result	2nd Half Forecast		Full Year Forecast (B) *2
Total demand for cement in Japan	(million tons)	42.67	43.00	20.21	21.49	41.70	-1.30
Cement sales volumes for MMC-Domestic	(million tons)	6.75	6.79	3.16	3.52	6.68	-0.11
Cement sales volumes for MMC-Exports	(million tons)	2.64	2.69	1.05	1.45	2.50	-0.19
Cement total demand in the U.S.	(million tons)	89.84	92.92	—	—	93.21	0.29
Cement sales volumes in the U.S.	(million tons)	1.54	1.59	0.77	0.78	1.55	-0.04
Ready-mixed concrete sales volumes in the U.S.	(million cy)	6.61	7.25	3.33	3.82	7.15	-0.10
Sales volumes of copper cathodes (in-house product)	(thousand tons)	296	297	143	150	293	-4
Sales volumes of copper cathodes (PTS)	(thousand tons)	188	261	113	139	252	-9
Sales volumes of copper & copper alloy products	(thousand tons)	132	139	69	69	138	-1
Dividend from copper mine	(¥ billion)	5.7	4.9	1.5	3.1	4.6	-0.3
Sales volumes of aluminum sheet products	(thousand tons)	112	115	58	57	115	0
Sales volumes of aluminum extrusion products	(thousand tons)	20	17	9	8	17	0

■ Sensitivity (¥ billions)

	FY2017 2nd Half
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.3 billion yen
Operating profit - 1 yen/€ (yen depreciation)	0.05 billion yen
Copper price (LME) Operating profit ±10 ¢ /lb	0.2 billion yen
Non-operating profit ±10 ¢ /lb	0.7 billion yen

For further information, please contact at:

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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.