

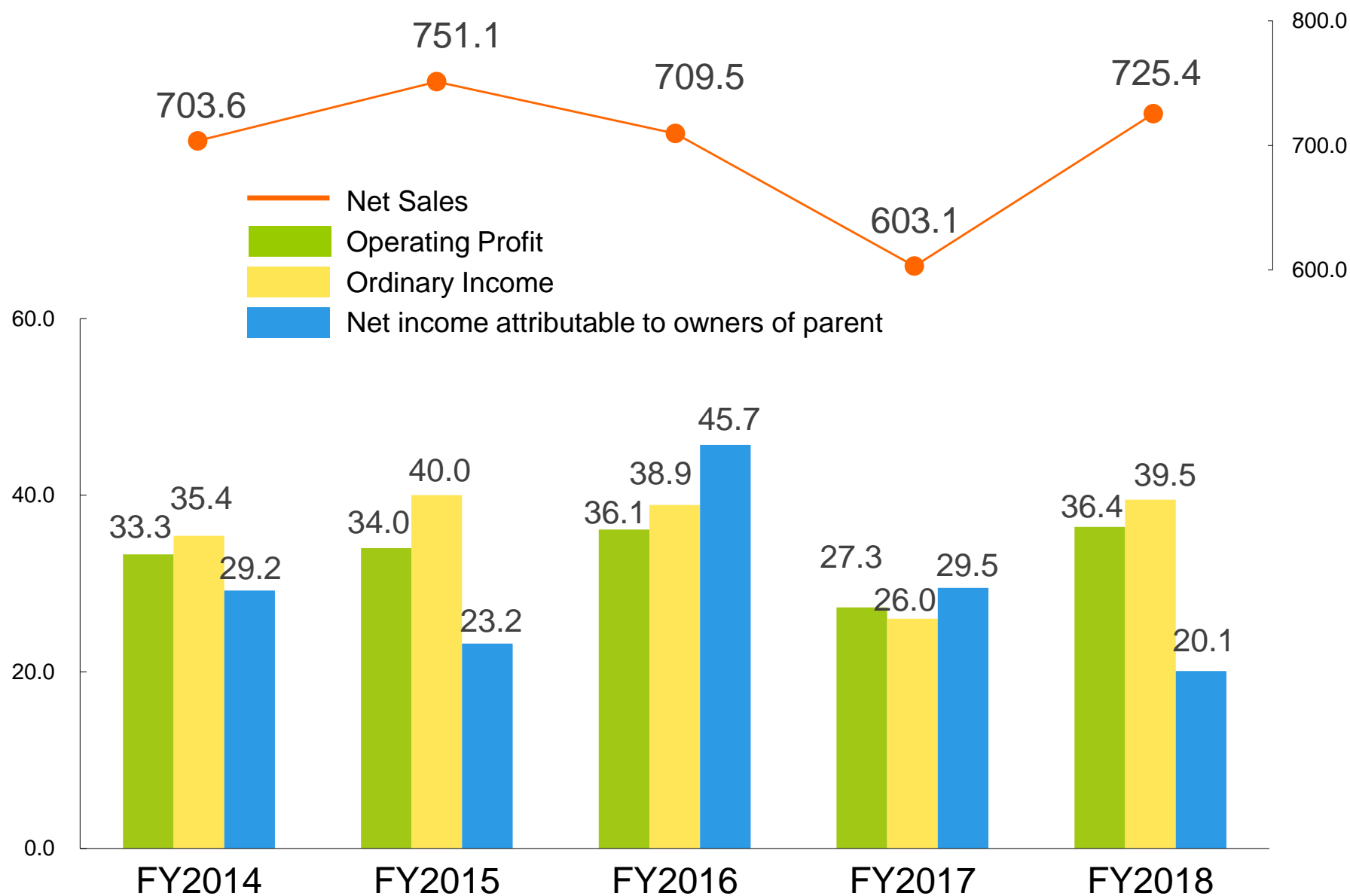
MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation for the 1st Half
of the fiscal year ending March 31, 2018

November 8, 2017

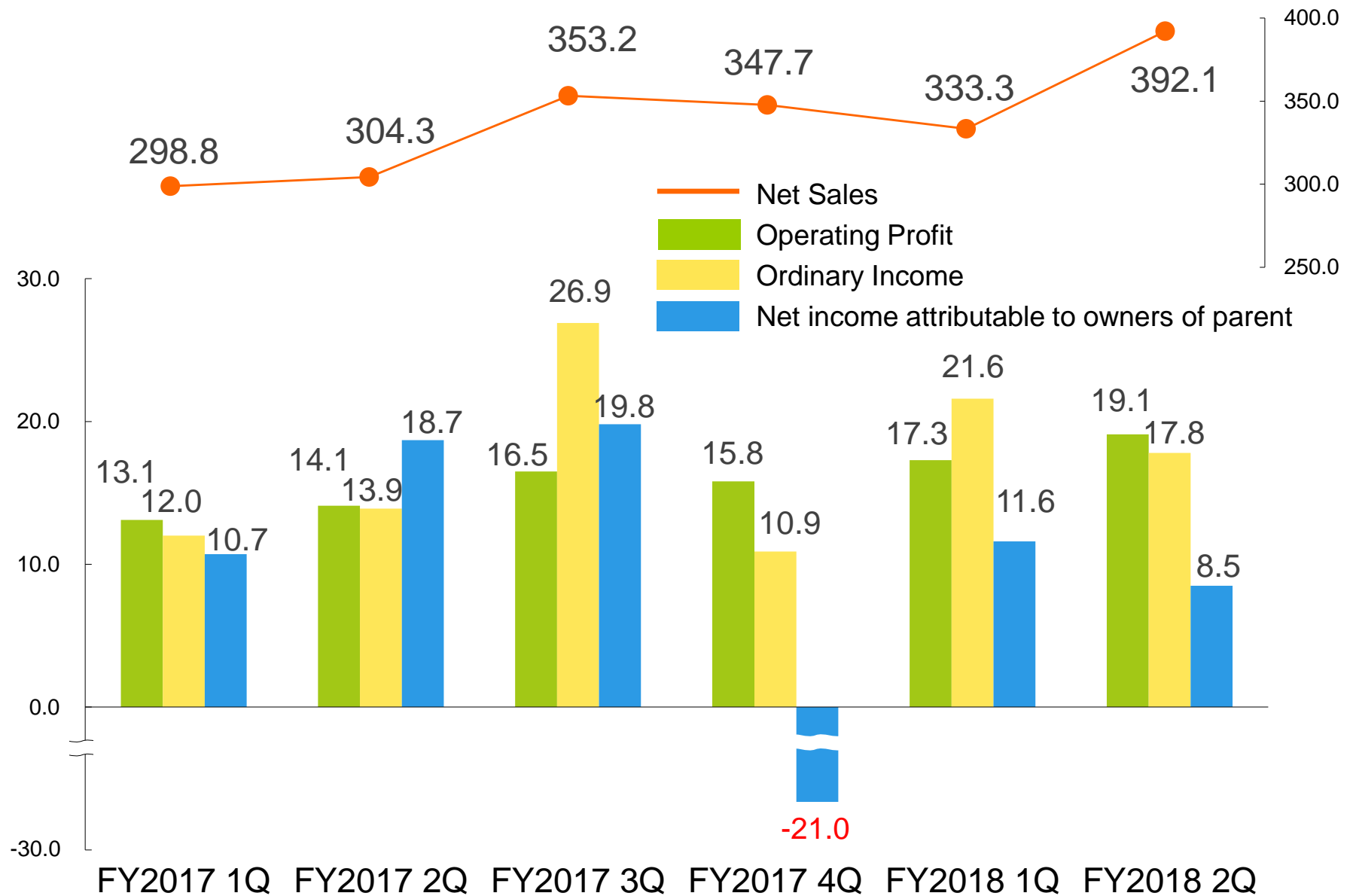
Performance Overview (for the 1st Half)

[Unit: ¥ billions]



Performance Overview (Quarterly)

[Unit: ¥ billions]



Consolidated Statements of Operations (for the 1st Half)

[Unit: ¥ billions]

	FY2017 1st Half Result (a)	FY2018 1st Half Result (b)	Difference (b)-(a)	Reason
Net sales	603.1	725.4	122.3	Cement +11.8, Metals +95.6, AM&T +7.1, EM&C +4.1, etc.
Operating profit	27.3	36.4	9.1	Cement +2.5, Metals +2.8, AM&T +2.1, EM&C +0.9, etc.
Net interest and dividends income	0.5	4.5	3.9	Dividend income +3.7, etc.
Equity in earnings of affiliates	1.2	1.6	0.4	
Other / Non-operating profit / loss	-3.0	-3.2	-0.1	
Ordinary income	26.0	39.5	13.5	
Extraordinary income / loss	16.2	-0.7	-16.9	Gain on sales of non-current assets -15.9, etc.
Income taxes	-10.1	-13.8	-3.6	
Net income attributable to non-controlling interests	-2.4	-4.8	-2.3	
Net income attributable to owners of parent	29.5	20.1	-9.4	
Exchange rate (USD)	105	111	6	JPY / \$
Exchange rate (EUR)	118	126	8	JPY / €
Copper price (LME)	216	272	56	¢ / lb

Statistics / Assumptions

■ Statistics / Assumptions

		FY2017 1st Half Result (a)	FY2018 1st Half Result (b)	Difference (b)-(a)
Total demand for cement in Japan	(million tons)	20.21	20.84	0.63
Cement sales volumes for MMC-Domestic	(million tons)	3.16	3.39	0.23
Cement sales volumes for MMC-Exports	(million tons)	1.05	1.16	0.11
Cement sales volumes in the U.S. *	(million tons)	0.77	0.80	0.03
Ready-mixed concrete sales volumes in the U.S. *	(million cy)	3.33	4.36	1.03
Sales volumes of copper cathodes (in-house product)	(thousand tons)	143	152	9
Sales volumes of copper cathodes (PTS)	(thousand tons)	113	135	22
Sales volumes of copper & copper alloy products	(thousand tons)	69	71	2
Dividend from copper mine	(¥ billion)	1.5	4.3	2.7
Sales volumes of aluminum sheet products	(thousand tons)	58	56	-2
Sales volumes of aluminum extrusion products	(thousand tons)	9	9	0

* From FY2018, the accounting period of the cement and ready-mixed concrete business in the U.S. have been changed from “Ending December 31” to “Ending March 31”.

Accordingly, “FY2017 1st Half” in the above results shows the sales volumes from January to June, 2016, and “FY2018 1st Half” shows the sales volumes from April to September, 2017.

(Reference) Cement sales volumes in the U.S.: 0.81 million tons (April to September, 2016)

Ready-mixed concrete sales volumes in the U.S.: 3.78 million cy (April to September, 2016)

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

[Unit: ¥ billions]

		FY2017 1st Half Result (a)	FY2018 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	83.8	95.6	11.8	0.0	0.6	10.7	—	—	—	0.5	
	Operating profit	8.1	10.6	2.5	0.0	-1.2	4.0	-0.2	—	—	-0.1	
	Ordinary income	7.5	11.0	3.4	0.0	-1.2	4.0	-0.2	-0.0	0.4	0.4	
Metals	Net sales	278.8	374.5	95.6	10.4	50.7	20.4	—	—	—	14.1	- Periodic furnace repairs (Non-consolidated)
	Operating profit	7.9	10.8	2.8	1.1	0.7	4.4	-0.3	—	—	-3.1	- Deterioration in conditions for TC/RC, etc.
	Ordinary income	9.3	14.2	4.8	1.1	0.7	4.4	-0.3	2.7	0.4	-4.2	- Acquisition of Luvata SP division
Advanced Materials & Tools	Net sales	71.1	78.3	7.1	1.8	0.1	5.2	—	—	—	0.0	
	Operating profit	6.5	8.6	2.1	0.1	0.7	2.2	-0.1	—	—	-0.8	
	Ordinary income	4.9	8.1	3.2	0.1	0.7	2.2	-0.1	-0.0	-0.0	0.3	
Electronic Materials & Components	Net sales	29.8	34.0	4.1	0.6	-1.2	4.7	—	—	—	0.0	
	Operating profit	0.9	1.8	0.9	0.0	-0.6	2.3	-0.1	—	—	-0.8	
	Ordinary income	0.9	2.3	1.4	0.0	-0.6	2.3	-0.1	0.3	-0.2	-0.3	
Aluminum	Net sales	80.6	77.5	-3.0	0.4	-0.1	-3.3	—	—	—	0.0	
	Operating profit	5.0	3.9	-1.1	0.0	-0.1	-1.4	-0.3	—	—	0.7	
	Ordinary income	5.1	3.7	-1.4	0.0	-0.1	-1.4	-0.3	0.0	-0.0	0.4	
Other	Net sales	95.6	106.4	10.7	0.2	5.3	4.7	—	—	—	0.4	
	Operating profit	2.7	3.9	1.1	0.0	0.7	0.5	-0.0	—	—	-0.2	
	Ordinary income	2.5	4.4	1.8	0.0	0.7	0.5	-0.0	0.3	0.0	0.2	
Elimination, etc.	Net sales	-36.8	-41.0	-4.1	0.0	0.0	-4.1	—	—	—	0.0	
	Operating profit	-4.0	-3.4	0.6	0.0	0.0	0.0	0.0	—	—	0.5	
	Ordinary income	-4.4	-4.3	0.1	0.0	0.0	0.0	0.0	0.2	-0.0	0.0	
Total	Net sales	603.1	725.4	122.3	13.4	55.4	38.3	—	—	—	15.0	
	Operating profit	27.3	36.4	9.1	1.3	0.2	12.1	-1.0	—	—	-3.7	
	Ordinary income	26.0	39.5	13.5	1.3	0.2	12.1	-1.0	3.7	0.4	-3.2	

Consolidated Balance Sheet

[Unit: ¥ billions]

	End of Mar. 2017 (a)	End of Sep. 2017 (b)	Difference (b)-(a)
Assets			
Cash and deposits	141.2	89.5	-51.7
Notes and accounts receivable-trade	213.3	250.2	36.8
Inventories	288.2	376.3	88.0
Other	224.5	228.0	3.4
Current assets, subtotal	867.4	944.1	76.6
Property, plant and equipment and intangible assets	724.8	747.0	22.2
Investments and other assets	304.6	315.9	11.2
Non-current assets, subtotal	1,029.4	1,062.9	33.4
Total Assets	1,896.9	2,007.0	110.1

	End of Mar. 2017 (a)	End of Sep. 2017 (b)	Difference (b)-(a)
Liabilities			
Notes and accounts payable-trade	114.5	163.9	49.4
Loans payable, bonds payable, and CP	528.2 28%	561.4 28%	33.2
Other liabilities	544.0	554.4	10.4
Liabilities, subtotal	1,186.7	1,279.8	93.1
Net assets			
Capital stock	119.4	119.4	-
Capital surplus and treasury stock	90.4	90.3	-0.0
Retained earnings	333.5	349.2	15.6
Total other comprehensive income	77.8	79.4	1.5
Non-Controlling interests	88.9	88.7	-0.1
Net Assets, subtotal	710.1 37%	727.2 36%	17.0
Total liabilities and net assets	1,896.9	2,007.0	110.1
Shareholders' equity ratio	33 %	32 %	
Net debt to equity ratio	0.6 times	0.7 times	

FY2018 Forecast: Statistics / Assumptions / Sensitivity

■ Statistics / Assumptions

		Forecast (a) *			Forecast (b) at this time			Difference (b)-(a)		
		1st Half	2nd Half	Full Year	1st Half Result	2nd Half Forecast	Full Year	1st Half	2nd Half	Full Year
Total demand for cement in Japan	(million tons)	20.34	21.66	42.00	20.84	21.66	42.50	0.50	0.00	0.50
Cement sales volumes for MMC-Domestic	(million tons)	3.42	3.61	7.03	3.39	3.64	7.03	-0.03	0.03	0.00
Cement sales volumes for MMC-Exports	(million tons)	1.20	1.31	2.51	1.16	1.36	2.52	-0.04	0.05	0.01
Total demand for cement in the U.S.	(million tons)	—	—	95.19	—	—	94.34	—	—	-0.85
Cement sales volumes in the U.S.	(million tons)	0.87	0.75	1.62	0.80	0.76	1.56	-0.07	0.01	-0.06
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.47	3.59	8.06	4.36	3.67	8.03	-0.11	0.08	-0.03
Sales volumes of copper cathodes (in-house product)	(thousand tons)	155	162	317	152	167	319	-3	5	2
Sales of volumes of copper cathodes (PTS)	(thousand tons)	135	131	266	135	132	267	0	1	1
Sales volumes of copper & copper alloy products	(thousand tons)	70	71	141	71	71	142	1	0	1
Dividend from copper mine	(¥ billion)	4.3	5.2	9.5	4.3	6.5	10.8	0.0	1.3	1.3
Sales volumes of aluminum sheet products	(thousand tons)	57	55	112	56	54	110	-1	-1	-2
Sales volumes of aluminum extrusion products	(thousand tons)	9	10	19	9	9	18	0	-1	-1

*Announced on August 8, 2017

■ Sensitivity

	FY2018 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	0.1 billion yen

■ Assumptions

2nd Half
110 JPY / \$
130 JPY / €
290 ¢ / lb

FY2018 Performance Forecast

[Unit: ¥ billions]

	Forecast (a) *			Forecast (b) at this time			Difference (b)-(a)		
	1st Half	2nd Half	Full Year	1st Half Result	2nd Half Forecast	Full Year	1st Half	2nd Half	Full Year
Net sales	720.0	820.0	1,540.0	725.4	874.5	1,600.0	5.4	54.5	60.0
Operating profit	33.0	37.0	70.0	36.4	38.5	75.0	3.4	1.5	5.0
Net interest and dividends income	4.3	4.2	8.5	4.5	6.1	10.6	0.2	1.9	2.1
Equity in earnings of affiliates	0.9	1.3	2.2	1.6	1.5	3.1	0.7	0.2	0.9
Other / Non-operating profit / loss	-2.1	-3.6	-5.7	-3.2	-5.6	-8.7	-1.1	-2.0	-3.0
Ordinary income	36.0	39.0	75.0	39.5	40.5	80.0	3.5	1.5	5.0
Extraordinary income / loss	-0.4	-12.7	-13.1	-0.7	-14.3	-15.0	-0.3	-1.6	-1.9
Income taxes	-13.0	-10.1	-23.1	-13.8	-8.1	-22.0	-0.8	2.0	1.1
Net income attributable to non-controlling interests	-4.6	-3.2	-7.8	-4.8	-3.2	-8.0	-0.2	0.0	-0.2
Net income attributable to owners of parent	18.0	13.0	31.0	20.1	14.9	35.0	2.1	1.9	4.0
Exchange rate (USD)	111	113	112	111	110	110	0	-3	-2 JPY / \$
Exchange rate (EUR)	121	120	121	126	130	128	5	10	7 JPY / €
Copper price (LME)	258	260	259	272	290	281	14	30	22 ¢ / lb
Dividend per share (yen)	30	50	80	30	50	80	—	—	—

*Announced on August 8, 2017

FY2018 Forecast: Factor Analysis of Net Sales, Operating Profit and Ordinary Income by Segment

[Unit: ¥ billions]

		Forecast (a) *			Forecast (b) at this time			Difference (b)-(a)		
		1st Half	2nd Half	Full Year	1st Half Result	2nd Half Forecast	Full Year	1st Half	2nd Half	Full Year
Cement	Net sales	97.4	93.2	190.6	95.6	96.8	192.4	-1.8	3.6	1.8
	Operating profit	11.0	10.5	21.5	10.6	10.9	21.6	-0.4	0.4	0.1
	Ordinary income	10.8	10.8	21.6	11.0	10.9	22.0	0.2	0.1	0.4
Metals	Net sales	366.8	451.4	818.2	374.5	498.7	873.2	7.7	47.3	55.0
	Operating profit	10.4	13.7	24.1	10.8	13.9	24.7	0.4	0.2	0.6
	Ordinary income	13.6	17.7	31.2	14.2	19.0	33.2	0.6	1.3	2.0
Advanced Materials & Tools	Net sales	77.2	78.2	155.4	78.3	81.8	160.1	1.1	3.6	4.7
	Operating profit	7.1	6.8	13.9	8.6	8.1	16.8	1.5	1.3	2.9
	Ordinary income	6.5	6.4	12.9	8.1	7.6	15.7	1.6	1.2	2.8
Electronic Materials & Components	Net sales	33.7	35.5	69.2	34.0	37.5	71.5	0.3	2.0	2.3
	Operating profit	1.9	1.5	3.4	1.8	1.5	3.3	-0.1	0.0	-0.1
	Ordinary income	2.5	1.9	4.4	2.3	2.0	4.3	-0.2	0.1	-0.1
Aluminum	Net sales	78.9	76.5	155.4	77.5	77.1	154.6	-1.4	0.6	-0.8
	Operating profit	3.9	3.0	6.9	3.9	2.7	6.6	0.0	-0.3	-0.3
	Ordinary income	3.5	2.5	6.0	3.7	2.0	5.7	0.2	-0.5	-0.3
Other	Net sales	105.9	126.9	232.8	106.4	129.8	236.2	0.5	2.9	3.4
	Operating profit	3.1	6.8	9.9	3.9	6.9	10.8	0.8	0.1	0.9
	Ordinary income	3.3	6.8	10.1	4.4	6.9	11.3	1.1	0.1	1.2
Elimination, etc.	Net sales	-39.9	-41.6	-81.5	-41.0	-47.3	-88.3	-1.1	-5.7	-6.8
	Operating profit	-4.4	-5.3	-9.7	-3.4	-5.4	-8.9	1.0	-0.1	0.8
	Ordinary income	-4.3	-7.2	-11.5	-4.3	-8.0	-12.4	0.0	-0.8	-0.9
Total	Net sales	720.0	820.0	1,540.0	725.4	874.5	1,600.0	5.4	54.5	60.0
	Operating profit	33.0	37.0	70.0	36.4	38.5	75.0	3.4	1.5	5.0
	Ordinary income	36.0	39.0	75.0	39.5	40.5	80.0	3.5	1.5	5.0

*Announced on August 8, 2017

For further information, please contact at:

Mitsubishi Materials Corporation
IR Group, Accounting Dept.,
Finance & Accounting Dept., Corporate Strategy Div.
3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo, 100-8117,
Japan

E-mail: ml-mmccir@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.