

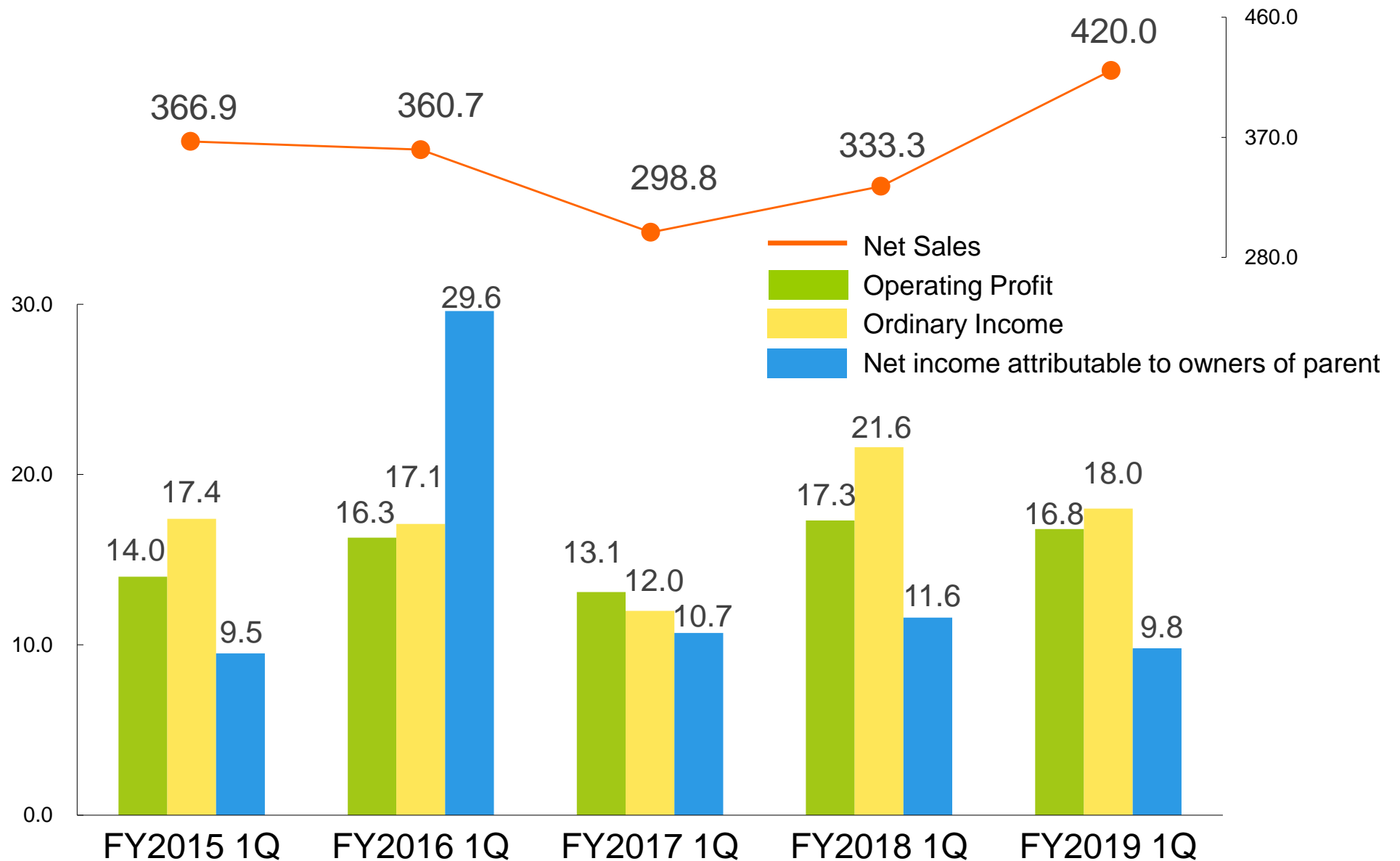
MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation for the 1st Quarter
of the fiscal year ending March 31, 2019

August 7, 2018

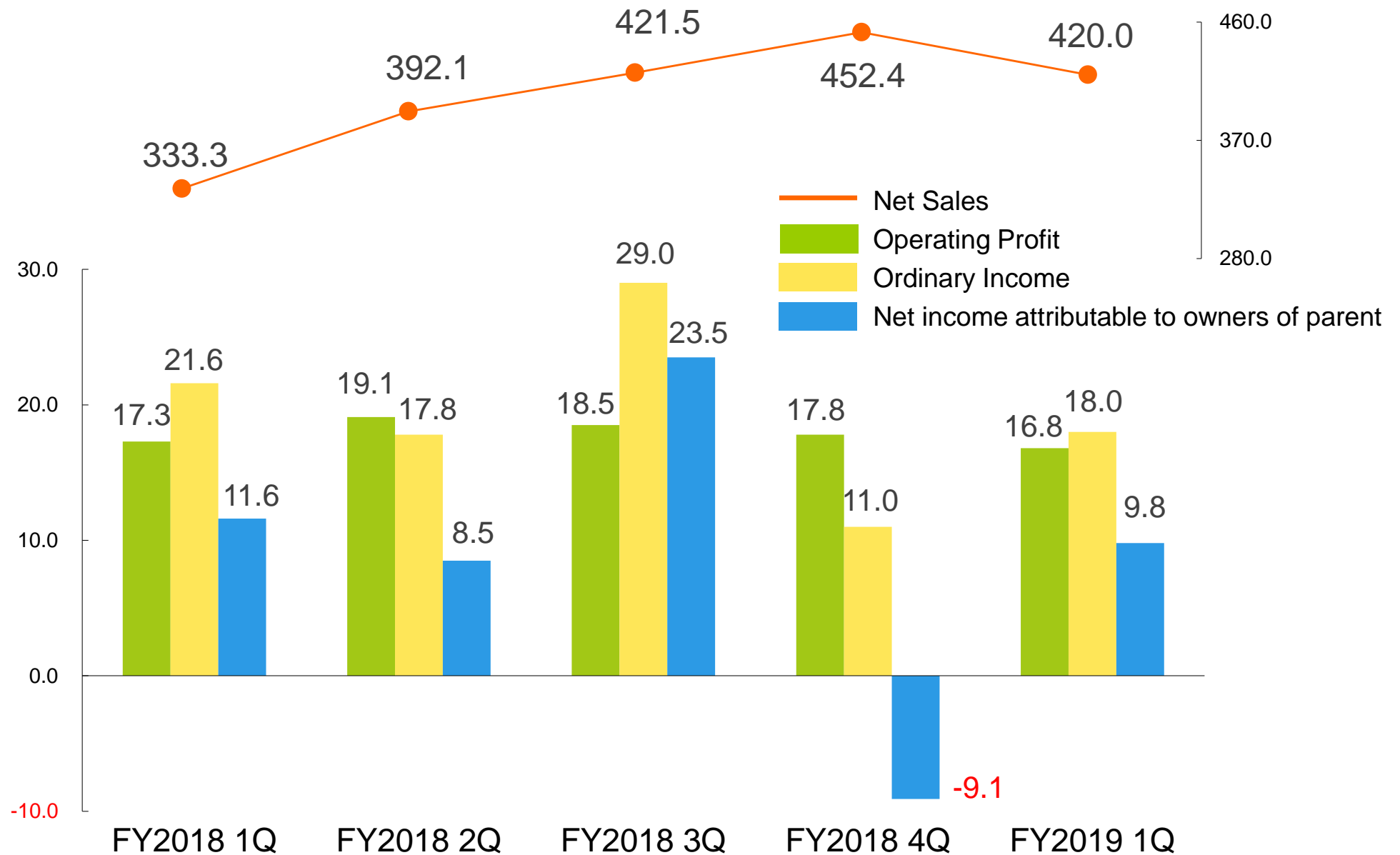
Performance Overview (for the 1st Quarters)

[Unit: ¥ billions]



Performance Overview (Quarterly)

[Unit: ¥ billions]



Consolidated Statements of Operations (for the 1st Quarter)

[Unit: ¥ billions]

	FY2018 1Q Result (a)	FY2019 1Q Result (b)	Difference (b)-(a)	Reason
Net sales	333.3	420.0	86.7	Cement +1.0, Metals +78.2, AM&T +5.8, EM&C +1.2, etc.
Operating profit	17.3	16.8	-0.4	Cement -1.4, Metals +2.0, AM&T +1.6, EM&C -0.2, Aluminum -1.3, Other -0.3, Elimination, etc. -0.7
Net interest and dividends income	4.8	2.3	-2.5	Dividend income -2.6, etc.
Equity in earnings of affiliates	0.6	0.3	-0.2	
Other / Non-operating profit / loss	-1.1	-1.5	-0.3	
Ordinary income	21.6	18.0	-3.5	
Extraordinary income / loss	0.1	-0.2	-0.3	
Income taxes	-7.1	-6.2	0.8	
Net income attributable to non-controlling interests	-3.0	-1.7	1.2	
Net income attributable to owners of parent	11.6	9.8	-1.7	
Exchange rate (USD)	111	109	-2	JPY / \$
Exchange rate (EUR)	122	130	8	JPY / €
Copper price (LME)	257	312	55	¢ / lb

Statistics / Assumptions

■ Statistics / Assumptions

		FY2018	FY2019	Difference
		1Q Result	1Q Result	
		(a)	(b)	(b)-(a)
Total demand for cement in Japan	(million tons)	10.23	10.46	0.23
Cement sales volumes for MMC-Domestic	(million tons)	1.63	1.82	0.19
Cement sales volumes for MMC-Exports	(million tons)	0.52	0.41	-0.11
Cement sales volumes in the U.S.	(million tons)	0.45	0.41	-0.04
Ready-mixed concrete sales volumes in the U.S.	(million cy)	2.29	2.10	-0.19
Sales volumes of copper cathodes (in-house product)	(thousand tons)	70	84	14
Sales volumes of copper cathodes (PTS)	(thousand tons)	57	69	12
Sales volumes of copper & copper alloy products	(thousand tons)	35	36	1
Dividend from copper mine	(¥ billion)	4.3	1.2	-3.0
Sales volumes of aluminum sheet products	(thousand tons)	30	28	-2
Sales volumes of aluminum extrusion products	(thousand tons)	5	4	-1

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

[Unit: ¥ billions]

		FY2018 1Q Result (a)	FY2019 1Q 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	47.5	48.6	1.0	-0.4	1.5	-0.2	—	—	—	0.1	
	Operating profit	5.2	3.8	-1.4	-0.0	-0.1	-0.7	-0.1	—	—	-0.5	
	Ordinary income	5.3	3.9	-1.3	-0.0	-0.1	-0.7	-0.1	0.0	-0.2	-0.2	
Metals	Net sales	158.5	236.8	78.2	-3.1	26.0	34.5	—	—	—	20.8	- Deterioration in conditions for TC/ RC, etc.
	Operating profit	3.7	5.8	2.0	-0.3	1.3	2.4	-0.2	—	—	-1.2	
	Ordinary income	7.8	5.6	-2.1	-0.3	1.3	2.4	-0.2	-3.0	-0.1	-2.2	
Advanced Materials & Tools	Net sales	39.0	44.8	5.8	0.6	0.6	3.6	—	—	—	1.0	- Expenditures for sales expansion (labor cost)
	Operating profit	4.2	5.9	1.6	0.3	0.0	1.9	-0.0	—	—	-0.6	
	Ordinary income	3.9	5.4	1.5	0.3	0.0	1.9	-0.0	-0.0	-0.0	-0.7	
Electronic Materials & Components	Net sales	17.4	18.7	1.2	-0.0	-0.5	1.7	—	—	—	0.0	
	Operating profit	1.4	1.2	-0.2	-0.0	-0.8	0.3	-0.0	—	—	0.3	
	Ordinary income	1.4	1.3	-0.1	-0.0	-0.8	0.3	-0.0	0.0	0.0	0.4	
Aluminum	Net sales	39.5	39.4	-0.0	-0.0	0.8	-0.8	—	—	—	0.0	
	Operating profit	2.3	0.9	-1.3	-0.0	0.0	-0.6	-0.1	—	—	-0.6	
	Ordinary income	2.2	0.9	-1.3	-0.0	0.0	-0.6	-0.1	0.0	-0.0	-0.6	
Other	Net sales	50.7	49.9	-0.8	0.1	3.9	-4.0	—	—	—	-0.8	
	Operating profit	1.6	1.2	-0.3	0.0	0.0	-0.2	-0.0	—	—	-0.1	
	Ordinary income	1.9	2.0	0.1	0.0	0.0	-0.2	-0.0	0.1	0.1	0.1	
Elimination, etc.	Net sales	-19.7	-18.4	1.2	0.0	0.0	1.2	—	—	—	0.0	
	Operating profit	-1.4	-2.2	-0.7	0.0	0.0	0.0	-0.0	—	—	-0.7	
	Ordinary income	-1.1	-1.4	-0.2	0.0	0.0	0.0	-0.0	0.2	-0.0	-0.4	
Total	Net sales	333.3	420.0	86.7	-2.8	32.3	36.0	—	—	—	21.1	
	Operating profit	17.3	16.8	-0.4	-0.0	0.4	3.1	-0.4	—	—	-3.4	
	Ordinary income	21.6	18.0	-3.5	-0.0	0.4	3.1	-0.4	-2.6	-0.2	-3.7	

Consolidated Balance Sheet

[Unit: ¥ billions]

	End of Mar. 2018 (a)	End of June 2018 (b)	Difference (b)-(a)
Assets			
Cash and deposits	93.3	82.9	-10.4
Notes and accounts receivable-trade	260.4	260.8	0.4
Inventories	366.0	392.9	26.8
Other *	225.1	220.9	-4.2
Current assets, subtotal	945.0	957.6	12.5
Property, plant and equipment and intangible assets	710.1	715.7	5.6
Investments and other assets *	355.8	332.8	-22.9
Non-current assets, subtotal	1,065.9	1,048.6	-17.3
Total Assets	2,011.0	2,006.3	-4.7

	End of Mar. 2018 (a)	End of June 2018 (b)	Difference (b)-(a)
Liabilities			
Notes and accounts payable-trade	158.3	155.8	-2.5
Loans payable, bonds payable, and CP	521.4 26%	538.5 27%	17.1
Other liabilities *	562.7	542.9	-19.8
Liabilities, subtotal	1,242.5	1,237.3	-5.2
Net assets			
Capital stock	119.4	119.4	—
Capital surplus and treasury stock	90.3	90.3	-0.0
Retained earnings	361.4	366.7	5.2
Total other comprehensive income	111.2	103.1	-8.1
Non-Controlling interests	86.0	89.3	3.3
Net Assets, subtotal	768.4 38%	768.9 38%	0.4
Total liabilities and net assets	2,011.0	2,006.3	-4.7

* The Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting”, etc. from the beginning of the first quarter of the 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.

Shareholders' equity ratio	34 %	34 %
Net debt to equity ratio	0.6 times	0.7 times

FY2019 Forecast: Statistics / Assumptions / Sensitivity

■ Statistics / Assumptions

		Forecast (a) *		Forecast (b) at this time		Difference (b)-(a)	
		1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Total demand for cement in Japan	(million tons)	—	42.50	—	42.50	—	—
Cement sales volumes for MMC-Domestic	(million tons)	3.50	7.11	3.65	7.26	0.15	0.15
Cement sales volumes for MMC-Exports	(million tons)	1.19	2.40	1.01	2.22	-0.18	-0.18
Cement sales volumes in the U.S.	(million tons)	0.84	1.59	0.83	1.58	-0.01	-0.01
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.50	8.35	4.30	8.15	-0.20	-0.20
Sales volumes of copper cathodes (in-house product)	(thousand tons)	166	318	165	317	-1	-1
Sales of volumes of copper cathodes (PTS)	(thousand tons)	125	272	145	272	20	—
Sales volumes of copper & copper alloy products	(thousand tons)	70	143	72	145	2	2
Dividend from copper mine	(¥ billion)	1.3	14.6	1.2	14.6	-0.0	-0.0
Sales volumes of aluminum sheet products	(thousand tons)	57	113	54	110	-3	-3
Sales volumes of aluminum extrusion products	(thousand tons)	9	19	9	19	0	0

*Announced on May 10, 2018

■ Sensitivity

	FY2019 2-4Q
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.5 billion yen
Operating profit - 1 yen/€ (yen depreciation)	0.1 billion yen
Copper price (LME) Operating profit 10¢/lb	0.4 billion yen
Non-operating profit 10¢/lb	1.5 billion yen

■ Assumptions

	2Q	2nd Half
	110	107 JPY / \$
	130	130 JPY / €
	310	310 ¢ / lb

FY 2019 Performance Forecast

[Unit: ¥ billions]

	Forecast (a) *		Forecast (b) at this time		Difference (b)-(a)		
	1st Half	Full Year	1st Half	Full Year	1st Half	Full Year	
Net sales	800.0	1,660.0	820.0	1,660.0	20.0	—	
Operating profit	32.0	67.0	32.0	67.0	—	—	
Net interest and dividends income	1.6	14.9	2.3	15.6	0.7	0.7	
Equity in earnings of affiliates	2.0	4.1	1.0	3.1	-1.0	-1.0	
Other / Non-operating profit / loss	-2.1	-7.0	-1.8	-6.7	0.3	0.3	
Ordinary income	33.5	79.0	33.5	79.0	—	—	
Extraordinary income / loss	-0.2	-9.2	-1.3	-10.3	-1.1	-1.1	
Income taxes	-10.7	-25.7	-9.5	-24.5	1.2	1.2	
Net income attributable to non-controlling interests	-3.6	-9.1	-3.7	-9.2	-0.1	-0.1	
Net income attributable to owners of parent	19.0	35.0	19.0	35.0	—	—	
Exchange rate (USD)	107	107	110	108	3	1	JPY / \$
Exchange rate (EUR)	130	130	130	130	0	0	JPY / €
Copper price (LME)	310	310	310	310	0	0	¢ / lb
Dividend per share (yen)	40	80	40	80	—	—	

*Announced on May 10, 2018

FY2019 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	Full Year	1st Half	Full Year	1st Half	Full Year
Cement	Net sales	100.5	199.2	99.6	198.3	-0.9	-0.9
	Operating profit	9.6	18.4	8.5	17.3	-1.1	-1.1
	Ordinary income	9.9	19.2	8.3	17.6	-1.6	-1.6
Metals	Net sales	430.6	903.5	450.6	903.5	20.0	—
	Operating profit	11.6	23.7	11.4	23.5	-0.2	-0.2
	Ordinary income	11.4	34.6	10.5	33.7	-0.9	-0.9
Advanced Materials & Tools	Net sales	85.5	173.4	88.5	176.4	3.0	3.0
	Operating profit	7.8	17.2	9.6	19.0	1.8	1.8
	Ordinary income	7.4	16.6	9.0	18.2	1.6	1.6
Electronic Materials & Components	Net sales	38.3	80.4	37.6	79.7	-0.7	-0.7
	Operating profit	1.5	4.5	1.9	4.9	0.4	0.4
	Ordinary income	2.3	6.1	3.2	7.0	0.9	0.9
Aluminum	Net sales	78.1	154.3	79.0	155.2	0.9	0.9
	Operating profit	2.6	3.8	1.9	3.1	-0.7	-0.7
	Ordinary income	2.2	3.1	1.6	2.5	-0.6	-0.6
Other	Net sales	114.6	247.7	113.0	246.1	-1.6	-1.6
	Operating profit	3.6	10.1	3.5	10.0	-0.1	-0.1
	Ordinary income	4.3	11.5	4.5	11.7	0.2	0.2
Elimination, etc.	Net sales	-47.6	-98.5	-48.4	-99.3	-0.8	-0.8
	Operating profit	-4.7	-10.7	-4.9	-10.9	-0.2	-0.2
	Ordinary income	-4.0	-12.1	-3.6	-11.7	0.4	0.4
Total	Net sales	800.0	1,660.0	820.0	1,660.0	20.0	—
	Operating profit	32.0	67.0	32.0	67.0	—	—
	Ordinary income	33.5	79.0	33.5	79.0	—	—

*Announced on May 10, 2018

(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
■ Performance Overview by Segment															
Cement	Net sales	47.5	48.0	95.6	50.3	46.3	96.6	192.3	48.6	—	—	—	—	—	—
	Operating profit	5.2	5.3	10.6	6.2	2.4	8.7	19.4	3.8	—	—	—	—	—	—
	Ordinary income	5.3	5.7	11.0	7.2	2.7	10.0	21.0	3.9	—	—	—	—	—	—
Metals	Net sales	158.5	215.9	374.5	233.4	254.8	488.2	862.7	236.8	—	—	—	—	—	—
	Operating profit	3.7	7.0	10.8	6.2	6.9	13.2	24.0	5.8	—	—	—	—	—	—
	Ordinary income	7.8	6.3	14.2	16.3	5.7	22.0	36.2	5.6	—	—	—	—	—	—
Advanced Materials & Tools	Net sales	39.0	39.2	78.3	41.3	41.4	82.8	161.1	44.8	—	—	—	—	—	—
	Operating profit	4.2	4.4	8.6	5.2	4.6	9.8	18.5	5.9	—	—	—	—	—	—
	Ordinary income	3.9	4.1	8.1	4.8	3.7	8.6	16.8	5.4	—	—	—	—	—	—
Electronic Materials & Components	Net sales	17.4	16.5	34.0	18.5	20.9	39.4	73.4	18.7	—	—	—	—	—	—
	Operating profit	1.4	0.3	1.8	0.7	0.7	1.5	3.4	1.2	—	—	—	—	—	—
	Ordinary income	1.4	0.8	2.3	0.8	1.4	2.2	4.5	1.3	—	—	—	—	—	—
Aluminum	Net sales	39.5	38.0	77.5	37.3	33.6	71.0	148.5	39.4	—	—	—	—	—	—
	Operating profit	2.3	1.6	3.9	0.4	-0.6	-0.1	3.7	0.9	—	—	—	—	—	—
	Ordinary income	2.2	1.5	3.7	0.3	-1.0	-0.7	3.0	0.9	—	—	—	—	—	—
Other	Net sales	50.7	55.6	106.4	63.8	79.2	143.0	249.5	49.9	—	—	—	—	—	—
	Operating profit	1.6	2.2	3.9	2.3	6.9	9.2	13.1	1.2	—	—	—	—	—	—
	Ordinary income	1.9	2.4	4.4	1.7	2.1	3.9	8.3	2.0	—	—	—	—	—	—
Elimination, etc.	Net sales	-19.7	-21.3	-41.0	-23.2	-23.9	-47.2	-88.3	-18.4	—	—	—	—	—	—
	Operating profit	-1.4	-1.9	-3.4	-2.8	-3.3	-6.1	-9.6	-2.2	—	—	—	—	—	—
	Ordinary income	-1.1	-3.1	-4.3	-2.4	-3.6	-6.0	-10.4	-1.4	—	—	—	—	—	—
Total	Net sales	333.3	392.1	725.4	421.5	452.4	874.0	1,599.5	420.0	—	—	—	—	—	—
	Operating profit	17.3	19.1	36.4	18.5	17.8	36.3	72.8	16.8	—	—	—	—	—	—
	Ordinary income	21.6	17.8	39.5	29.0	11.0	40.0	79.6	18.0	—	—	—	—	—	—

■ Statistics / Assumptions

Total demand for cement in Japan	(million tons)	10.23	10.61	20.84	11.26	9.78	21.04	41.88	10.46	—	—	—	—	—	—
Cement sales volumes for MMC-Domestic	(million tons)	1.63	1.76	3.39	1.96	1.70	3.66	7.05	1.82	—	—	—	—	—	—
Cement sales volumes for MMC-Exports	(million tons)	0.52	0.64	1.16	0.64	0.57	1.21	2.37	0.41	—	—	—	—	—	—
Total demand for cement in the U.S.	(million tons)	—	—	—	—	—	—	94.18	—	—	—	—	—	—	—
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	—	—	—	—	—	—
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	—	—	—	—	—	—
Sales volumes of copper cathodes (in-house product)	(thousand tons)	70	82	152	80	88	168	320	84	—	—	—	—	—	—
Sales of volumes of copper cathodes (PTS)	(thousand tons)	57	78	135	68	60	128	263	69	—	—	—	—	—	—
Sales volumes of copper & copper alloy products	(thousand tons)	35	36	71	37	35	72	143	36	—	—	—	—	—	—
Dividend from copper mine	(¥ billion)	4.3	-0.0	4.3	10.0	-0.1	9.9	14.3	1.2	—	—	—	—	—	—
Sales volumes of aluminum sheet products	(thousand tons)	30	26	56	26	25	51	107	28	—	—	—	—	—	—
Sales volumes of aluminum extrusion products	(thousand tons)	5	4	9	5	4	9	18	4	—	—	—	—	—	—
Exchange rate (USD)	JPY / \$	111	111	111	113	108	111	111	109	—	—	—	—	—	—
Exchange rate (EUR)	JPY / €	122	130	126	133	133	133	130	130	—	—	—	—	—	—
Copper price (LME)	¢ / lb	257	288	272	309	316	312	292	312	—	—	—	—	—	—

Regarding Partial Change of Organization of Business Division

Group-Wide Policy

Group-wide Policy under the Long-term Management Policy

Optimization of business portfolio

◆ To separate product manufacturing business and process manufacturing business, which differ in management style, strategies, customers, etc., and establish the optimum management system in each business form.

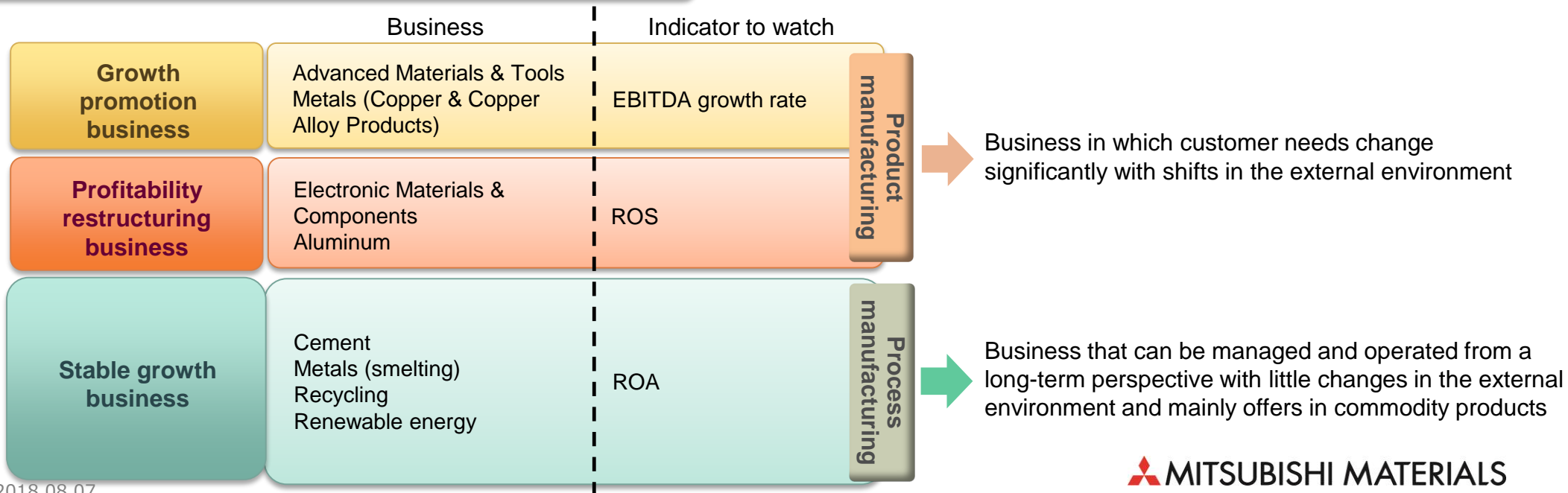
Comprehensive efforts to increase business competitiveness

◆ To promote improvement and innovation in “manufacturing” in business divisions by the Technology Div.

Creation of new products and businesses

◆ To promote the creation of new products and businesses in product manufacturing business, considering establishment of new cross-functional organization to develop and strengthen target products and business from a long-term perspective. At the same time, to review the organization system of business divisions.

Classification of business of the Company



Establishment of Advanced Products Company

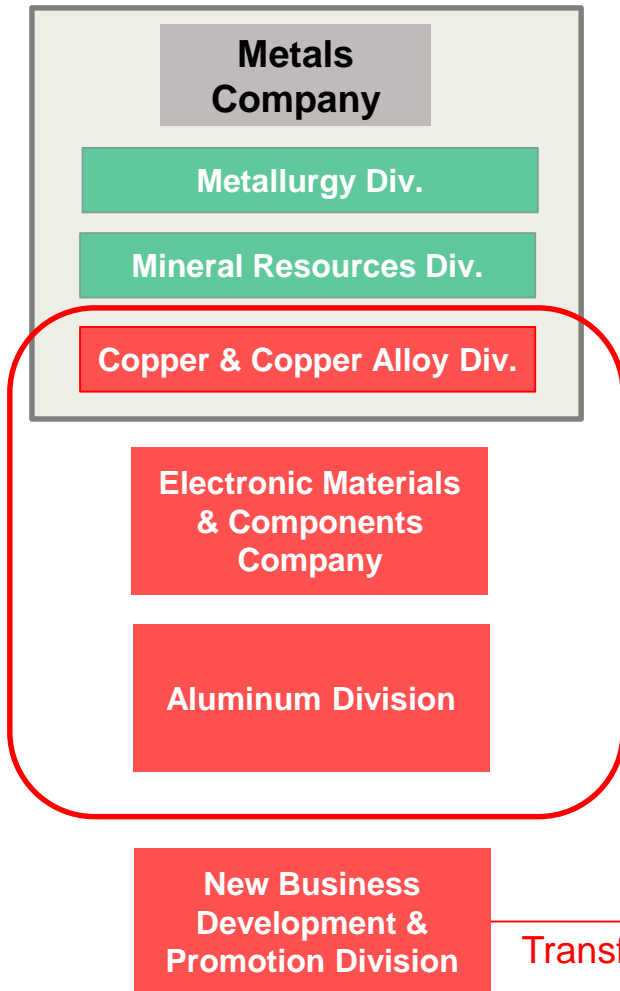
Change of the organization

- ◆ To integrate three product manufacturing businesses and establish a new in-house company

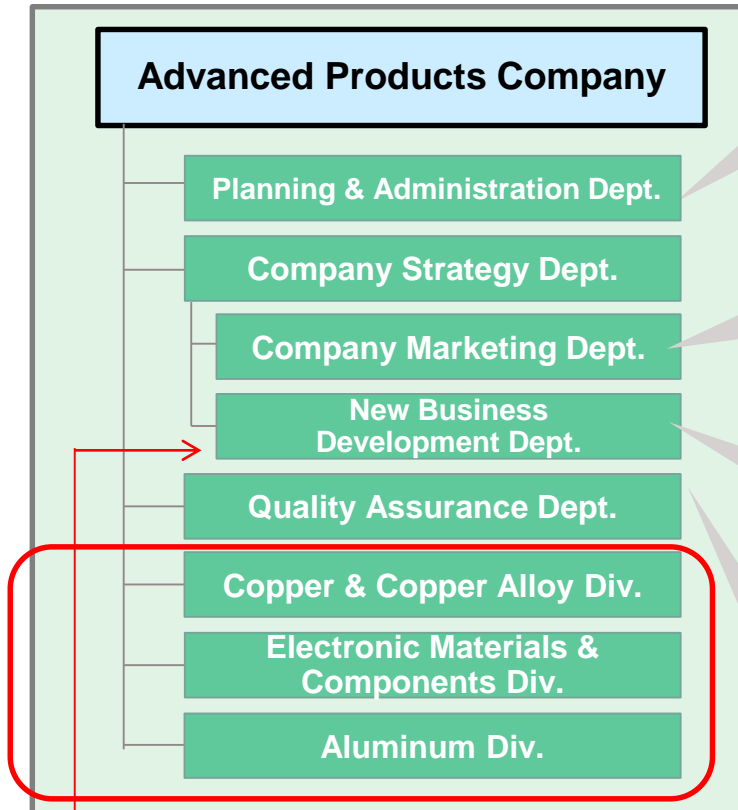
Purpose

- ◆ To promote the creation of new products and businesses in product manufacturing business, establishing cross-functional organization to develop and strengthen target products and business from a long-term perspective
- ◆ Establishing the system to appropriately respond to customer needs and contribute to customers

Current business organization



Establishment of a new in-house company



Integration

Transfer of part of functions

Governance system

- To become a contact point to put together governance cases within the in-house company and manage progress of the plan for the conduct of governance.

Marketing system

- To conduct marketing at common fields and customers in three business divisions.

New products and businesses

- To make plans for new products and business within the in-house company and conduct planning and promotion of business models.

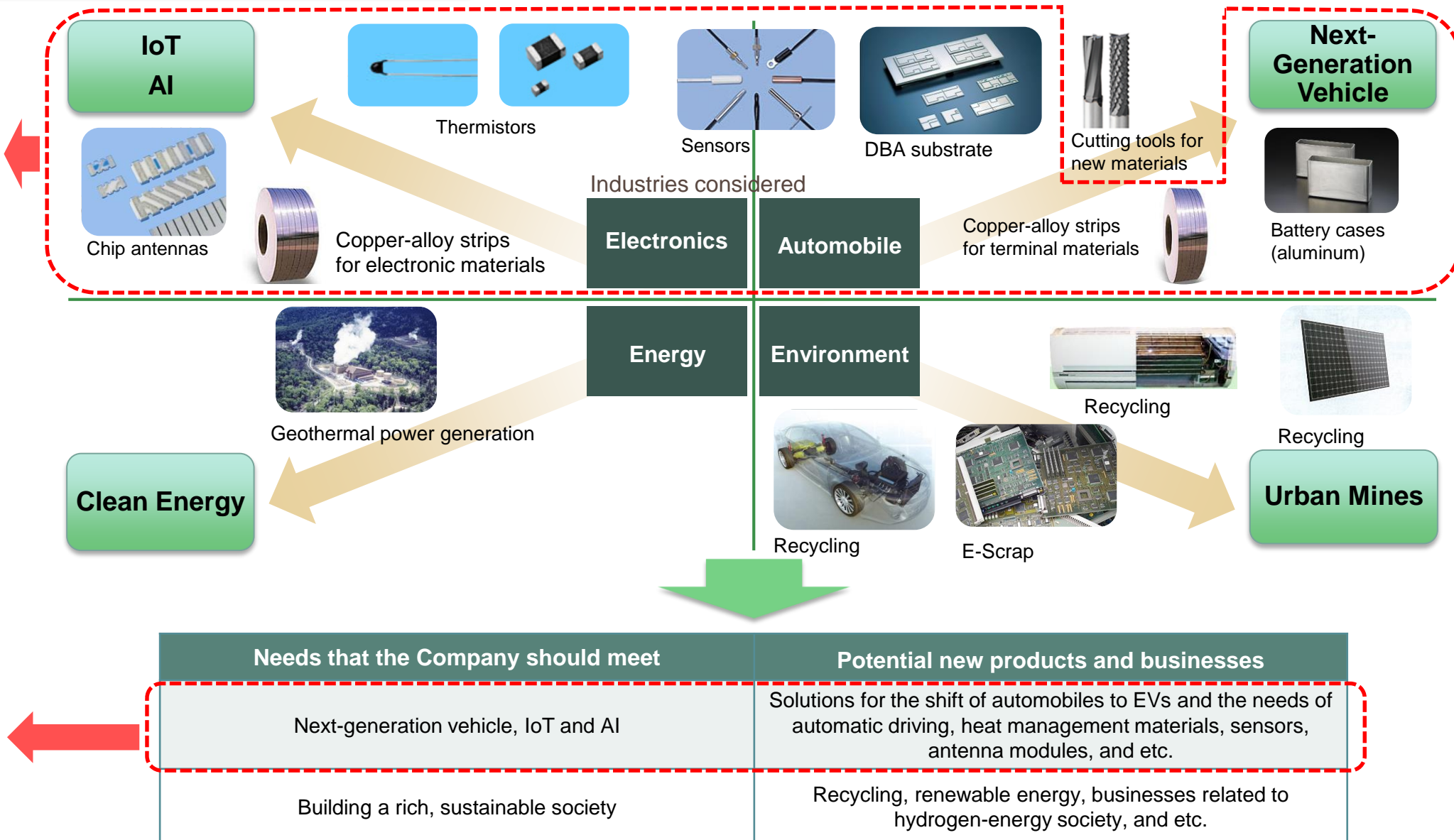
Quality assurance and quality governance systems

- To strengthen quality assurance and quality governance within the in-house company.

Establishment of Advanced Products Company

New products and businesses

Fields of new products and businesses of Advanced Products Company



Establishment of Advanced Products Company

Key policies of Advanced Products Company

Focus on customers' perspective

- ◆ To focus on fields in which we can contribute to the development of new products of customers from the aspects of materials and processing and aim to become a development partner of customers.

Strengthening of marketing

- ◆ To set up the Company Marketing Dept., Company Strategy Dept. directly under the in-house company.
- ◆ The marketing department of each business division will report marketing information common to other business which is obtained through the marketing activities (market trends, technologies, customers, competitors, product information common to businesses, etc.) to the Company Marketing Dept., Company Strategy Dept.
- ◆ The Company Marketing Dept., Company Strategy Dept. will consider strategic policies for common customers and the possibility of creating new products and businesses, based on information reported from each business division. As a result of consideration, in case product or business will actually move forward, it will be handed over to the New Business Development Dept.

Creation of new products and business

- ◆ To set up the New Business Development Dept., Company Strategy Dept. directly under the in-house company.
- ◆ To combine core competences and create new products and businesses common to the three businesses.
- ◆ To increase the number of projects of new products and businesses and then accelerate the business replacement.

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.