

Mitsubishi Materials Corporation Investor Conference Material

November 9, 2018

Naoki Ono, President

Mitsubishi Materials Corporation



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Safety Confirmation Status of the Matters of Non-Conforming Products

Company name	Products	Number of customers	Details
Diamet Corporation	Sintering machinery parts, etc.	113	Rewriting of inspection records data, non-inspection, etc.

Progress of Safety Confirmation Status			
A	B	C	D
74	36	3	0

As of November 5, 2018

- A The customer has completed its confirmation that there are no safety concerns
- B The customer has determined that there are no immediate safety concerns, but is conducting further review
- C The affected companies have communicated to the customers its opinion that, from a technical perspective, there is high probability that the affected products can be assumed to be safe
- D The affected companies have provided notification that Non-Conforming Products were delivered to the customer

In regards of Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co.,Ltd., Mitsubishi Aluminum Co., Ltd., and Tachibana Metal Manufacturing Co.,Ltd., we have completed its confirmation that there is no major safety concerns at all of their customers. (announced on August 7, 2018)

Preventive measures of the Matters of Non-Conforming Products

(Announced on May 15, 2018)

Main causes of the shipment of non-conforming products

- ◆ Inadequate framework for exerting influence on product development and order receiving processes at order receiving stage
- ◆ Attitude excessively prioritizing "order receiving" and "delivery date"
- ◆ Order received and mass production that the specifications exceeding manufacturing capability

- ◆ Insufficient framework of quality assurance system
- ◆ Pressure on quality assurance departments from other departments

- ◆ Low awareness of compliance with specifications
- ◆ Arrogance in thinking that quality control is being achieved
- ◆ Low sensitivity to risk in relation to quality issues

- ◆ Insufficient business resources (insufficient inspectors, inspection equipment, etc.)

- ◆ Audit procedures that has become a mere facade

Preventive measures

(Restructuring Measures of the Governance Framework for Quality Control in the Group)

1) Implementation of a front loading system for order receiving

2) Enhancement of the framework and authority of the quality control department

3) Expansion of quality training

4) Promoting automated inspection equipment

5) Enhancement of quality audits

6) Utilization of outside consultants

Preventive measures of the Matters of Non-Conforming Products

Preventive measures of the Matters of Non-Conforming Products (1/3)

As of end of Sep.

Tasks already implemented
 Tasks being implemented
 Tasks to be implemented

Name of measure	Outline of measure	Implementation schedule			
		FY 2018	FY2019		Subsequent fiscal year
			First half	Second half	
1 <u>Implementation of a front loading system (FLS) for order receiving</u>	<ul style="list-style-type: none"> ◆ Establishment and wide dissemination of guidelines ◆ Confirmation of operation status (35% of FY2019 plan is completed) 	Establishment and wide dissemination of FLS guidelines	- Review of FLS guidelines	- Confirmation (during quality audits) and periodic review of FLS operation status	
	<ul style="list-style-type: none"> ◆ Primary preventive measures for quality issues at 6 affected companies 	- Strengthening design review (DR) when making quotations	- Accumulation of technical data	- Establish a structure to deliberate from the design development stage	- Reconsideration of order receiving determination process and improvement of operation
2 <u>Enhancement of the framework and authority of the quality control department</u>	<ul style="list-style-type: none"> ◆ Confirmation that independence of quality assurance function is ensured: - At the end of Sep., improvement already made ◆ Confirmation of area of responsibility and status of fulfilment at quality assurance department: -At the end of Sep., improvement already made 	- Investigation	- Confirmation of improvement measures	- Improvement of independence/area of responsibility	- Confirmation of effectiveness of framework and authority using internal audits, etc. - Confirmation of operation status during quality audits
	<ul style="list-style-type: none"> ◆ Primary preventive measures for quality issues at 6 affected companies 	- Change of organization of quality assurance departments - Increase in quality assurance-related human resources - Formulate the policy of quality control	- Enhancement of the independence of quality assurance department and ensuring the authority of shipment	- Development of system for inspection before shipment	- Expansion of in-process inspection system and improvement of equipment
				- Review of quality assurance standards and construct quality control system	
		- Strengthening of the quality and quantity of human resources for the Quality Assurance Department		- Rotation inside the business division	- Rotation across the business division





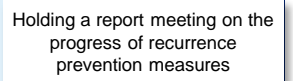
Implementation of design review (DR)

Preventive measures of the Matters of Non-Conforming Products

Preventive measures of the Matters of Non-Conforming Products (2/3)

Tasks already implemented
 Tasks being implemented
 Tasks to be implemented

As of end of Sep.

Name of measure	Outline of measure	Implementation schedule			
		FY 2018	FY2019		Subsequent fiscal year
			First half	Second half	
3 Expansion of quality training	◆ Provision of quality training to relevant employees including R&D, manufacturing and quality assurance at locations in Japan and overseas (88% of FY2019 plan is completed)	- Training preparation	Training provision (see P.7)	- Follow-up and review of training content - Additional implementation (China and Thailand)	
	◆ Primary preventive measures for quality issues at 6 affected companies	- Compliance education - Education based on this matter			
	◆ Leadership meetings for managers		- Categorization of skills required at each level	- Skill support training for leaders of workplace	
4 Promoting automated inspection equipment	◆ Promotion of automated inspection equipment (24% of FY2019 plan is completed)	- Collection and collation of data	- Confirmation of progress in promoting automated inspection equipment - Sharing information and applying within the Group		
	◆ Primary preventive measures for quality issues at 6 affected companies	- Improvement and enhancement of the function of the Company's enterprise system	- Introduction of the inspection equipment for automated - Automated uploading to the Company's enterprise system		
		- Introduction of new technology for measurement and automated		- Improvement of issuance system for certificate of analysis	
				- Compilation of database for product specification - Automated collecting of inspection data	

3 Expansion of quality training

(Provision of quality training to relevant employees including R&D, manufacturing and quality assurance at locations in Japan and overseas)

Training for education leader of quality was completed based on the formulated plan. We will also carry out training overseas and hold quality guidance meetings led by outside consultants to establish the educational program in the training.

■ Training for education leader of quality

Category	Schedule	Location	Participants	Number of Trainings	Number of Participants
Plan	- August	Japan (Saitama)	Relevant employees including R&D, manufacturing and quality assurance at locations in Japan and overseas	14	218
Results as of End of August				14 (100%)	218 (128%)
Addition	July 30, 2018	Overseas (China)	(Addition) Relevant employees including R&D, manufacturing and quality assurance at locations in China	1	20
	October 9, 2018	Overseas (Thailand)	(Addition) Relevant employees including R&D, manufacturing and quality assurance at locations in Thailand	1	14
	October 10, 2018		(Addition) Relevant local employees including R&D, manufacturing and quality assurance at locations in Thailand	1	7
Additions total				3	41



■ Follow-up

Issue: Participants need support in providing training at each workplace (e.g., responses to questions)

Measures

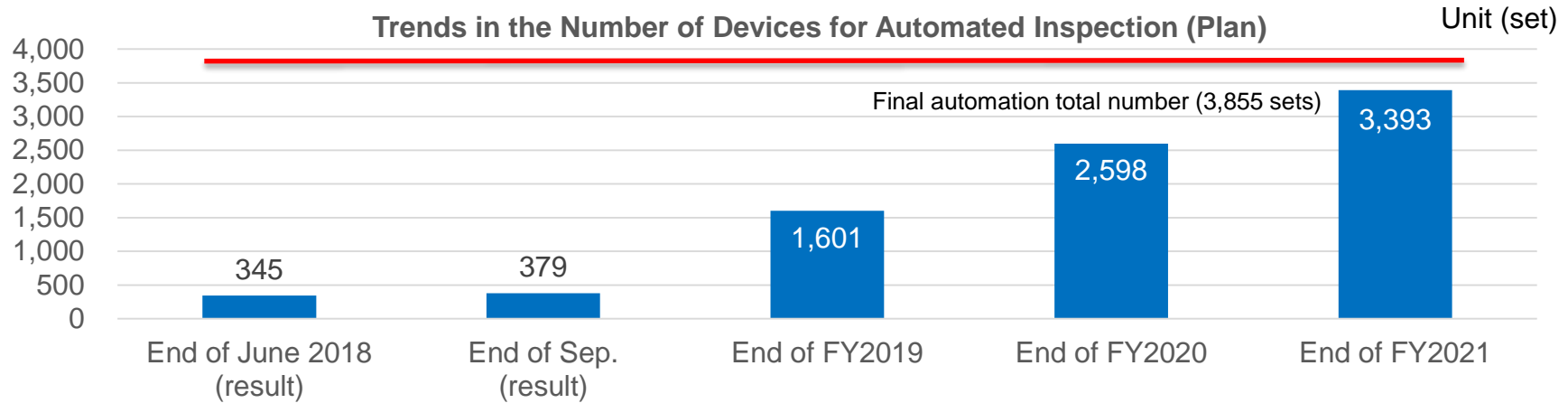
Region	Description
Japan	<ul style="list-style-type: none"> Continue to hold quality guidance meetings led by outside consultants Respond to questions
Overseas	<ul style="list-style-type: none"> (New) Hold quality guidance meetings led by outside consultants (New) Translate quality textbooks into local languages (Chinese and Thai)



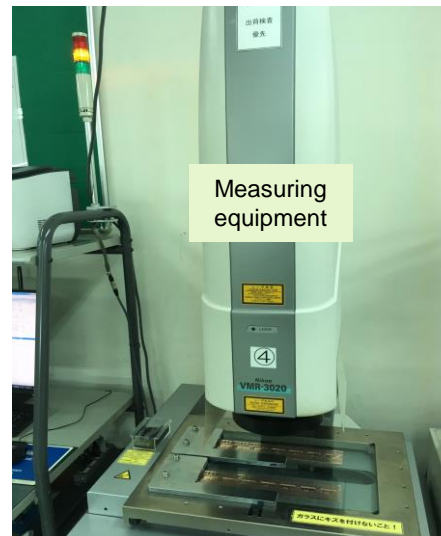
Quality training held by outside consultants (Shanghai, China)

4 Promoting automated inspection equipment

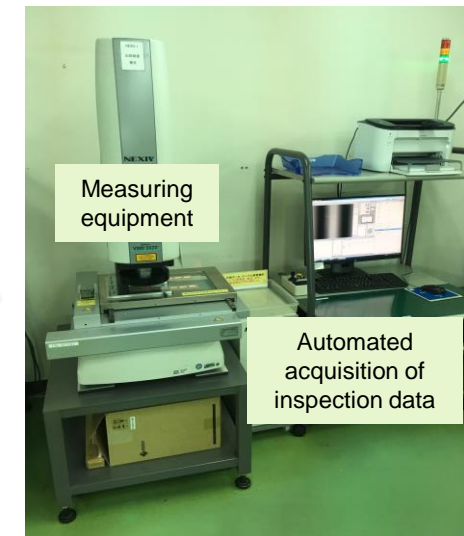
- When the three-year is completed, 90% of planned devices subject to inspection will be ready for automation.
- In FY2019, we plan to realize 40% of devices for automated inspection.



Elimination of data input and copying and automatic transfer of measured values



Automated inspection equipment




Preventive measures of the Matters of Non-Conforming Products

Preventive measures of the Matters of Non-Conforming Products (3/3)

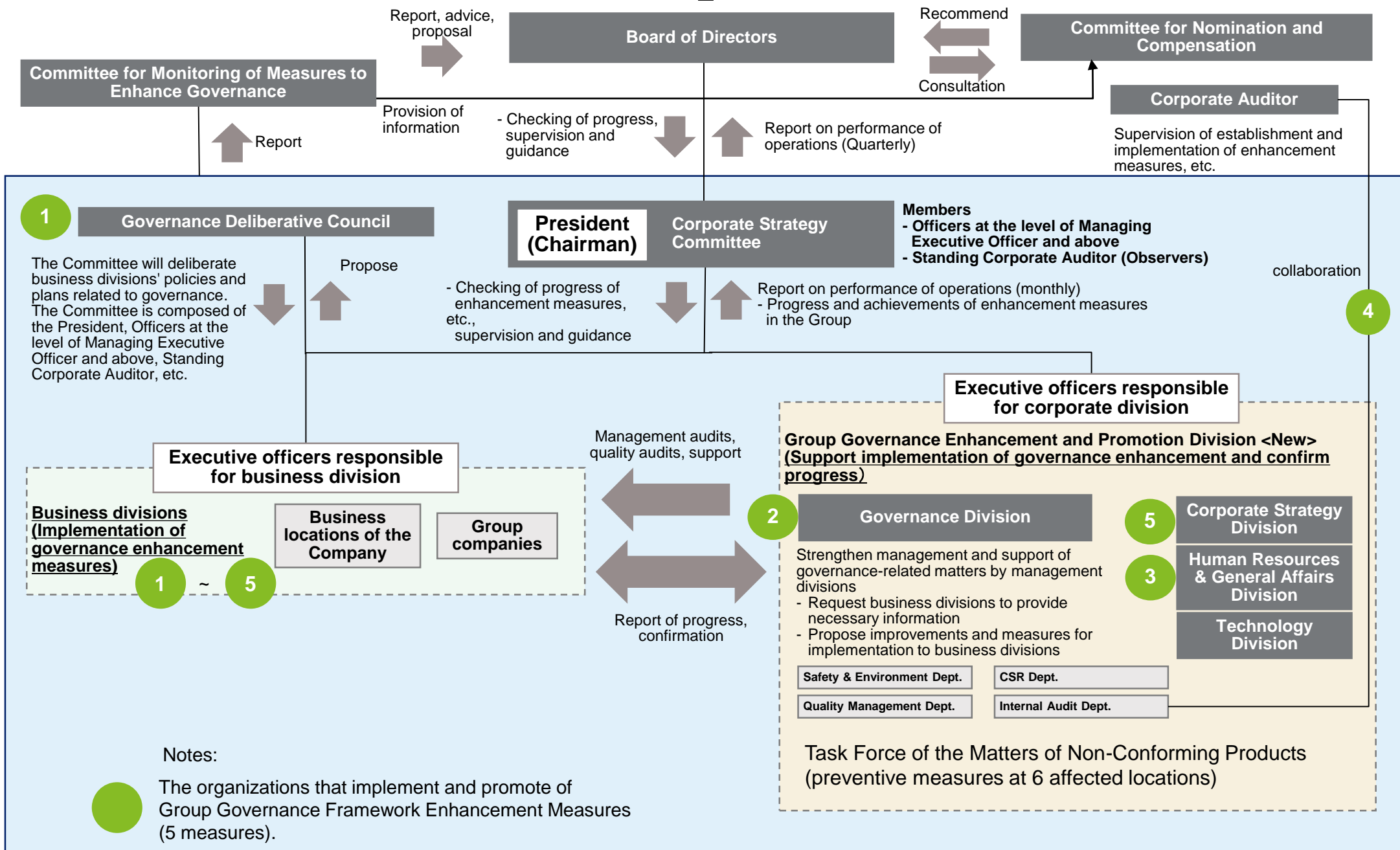
Tasks already implemented
 Tasks being implemented
 Tasks to be implemented

As of end of Sep.

Name of measure	Outline of measure	Implementation schedule			
		FY 2018	FY2019		Subsequent fiscal year
			First half	Second half	
5 <u>Enhancement of quality audits</u>	◆ Review of checklist for quality audits	Establishment	- Review as necessary after establishment		
	◆ Implementation of quality audits of all affected locations requiring quality audits (35% of FY2019 plan is completed) * Part of quality audits moved forward	- Planning and preparation	- Implementation of quality audits	- Preparation of internal audit checklist - Internal auditor training	
6 <u>Utilization of outside consultants</u>	◆ Implementation of quality consultant guidance (50% of FY2019 plan is completed) * Guidance meetings increased from 18 to 30 meetings	- Implementation of quality consultant guidance meetings for each location - Confirmation of status of improvement and progress at each company, sharing of information and applying within the Group			Implementation of quality audits
	◆ Primary preventive measures for quality issues at 6 affected companies				

Promotion Framework for Governance Framework Enhancement

(Announced on May 15, 2018)



Initiatives for Governance Framework Enhancement

Key point that we have learned through our activities so far

- Inadequate communication had become the norm, often preventing the feedback in the workplace from reaching the management. The parent company was not providing adequate support based on the condition of the workplace in response to reports of on-site employees.
- When the management informed workplace employees of policies and rules, it failed to adequately explain the purposes and details of such policies and rules.

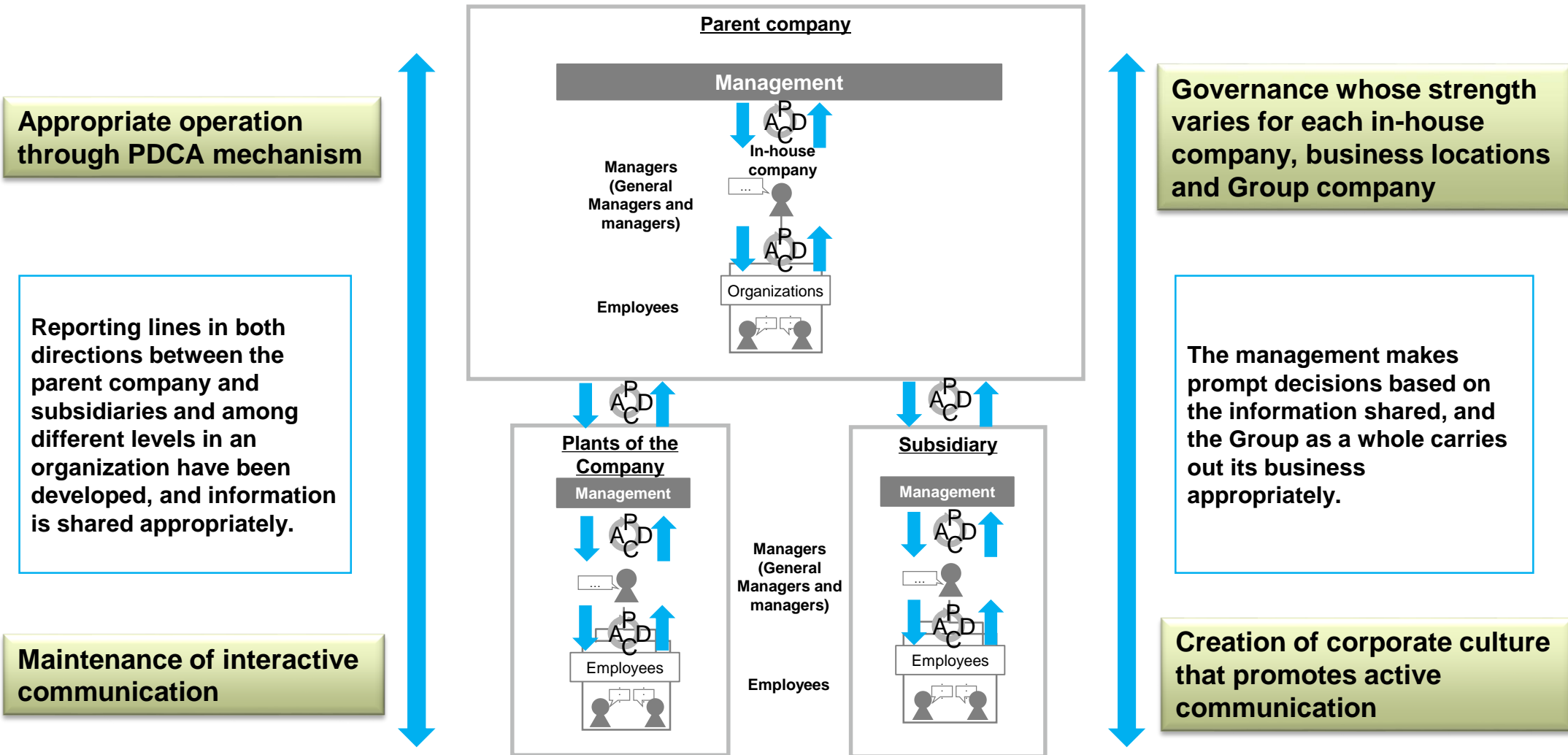


Current activities

- Developing information routes and networks and having dialogues between the management and workplace employees to facilitate accurate and prompt interactive communication from the management to the workplace and vice versa. Also considering the introduction of information tools to promote active communication.
- Learning issues through questionnaires taken by management of subsidiary, employee attitude surveys, and on-site governance audits, and developing support systems for problem solving.
- Conducting reviews focusing on the comprehensibility of rules for group governance.

The Target of Group Governance that the Mitsubishi Materials Group Aims to Achieve

We aim for governance under which efficient and autonomous communication takes place between the parent company and subsidiaries, between the head office and plants, and among the subsidiaries.



[Legend]

↓ P A C D ↑ : Range in which the PDCA mechanism and system have been developed and operated and risk information is reported and shared appropriately

... : Level at which communication is active and employees are free to express their opinions

Group Governance Framework Enhancement Measures

(Announced on May 15, 2018)

1

Enhancement of framework for discussion, and reporting of governance-related matters

- ◆ We will implement a framework for reducing risks and preventing problem occurrences
⇒ In April 2018, we have deliberated and shared policies, plans, etc. on governance-related matters through the “Governance Deliberative Council”

2

Improvement of functions of management divisions and their collaboration with operating divisions

- ◆ Launch of Governance Division on April 1, 2018
We have established the Governance Division to improve administrative division’s control and support functions for governance-related matters

3

Improvement of human resources training and encouragement of active interaction

- ◆ We will expand educations regarding governance-related matters
- ◆ In addition to promoting human resources interactions in the Group, and endeavoring to deepen communication, we will provide human resources training throughout the Group by developing the knowledge and experience in various divisions

4

Internal audit strengthening

- ◆ The frequency and content of audits will be enhanced through cooperation with each department within the Governance Division.

5

Studies with a business optimization focus

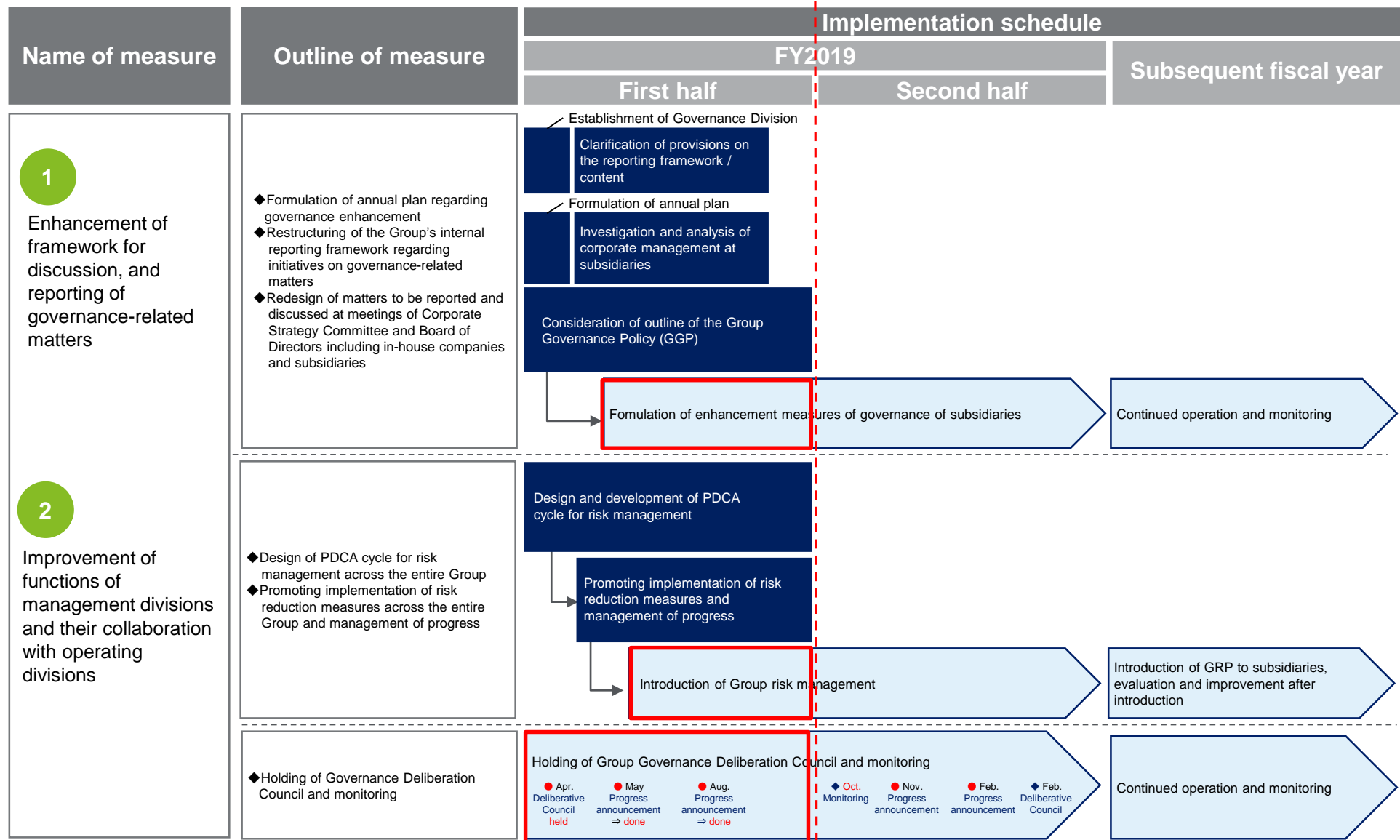
- ◆ Effectiveness of the governance is one of the important decision-making criteria when considering business portfolio
- ◆ We will seek to achieve an appropriate balance so that the Group’s governance capabilities match the business domains

Group Governance Framework Enhancement Measures

Group Governance Framework Enhancement Measures (1/4)

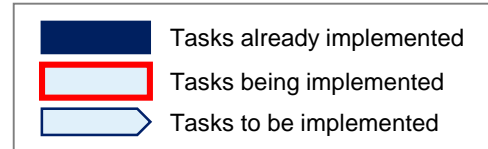
Tasks already implemented
 Tasks being implemented
 Tasks to be implemented

As of end of Sep.

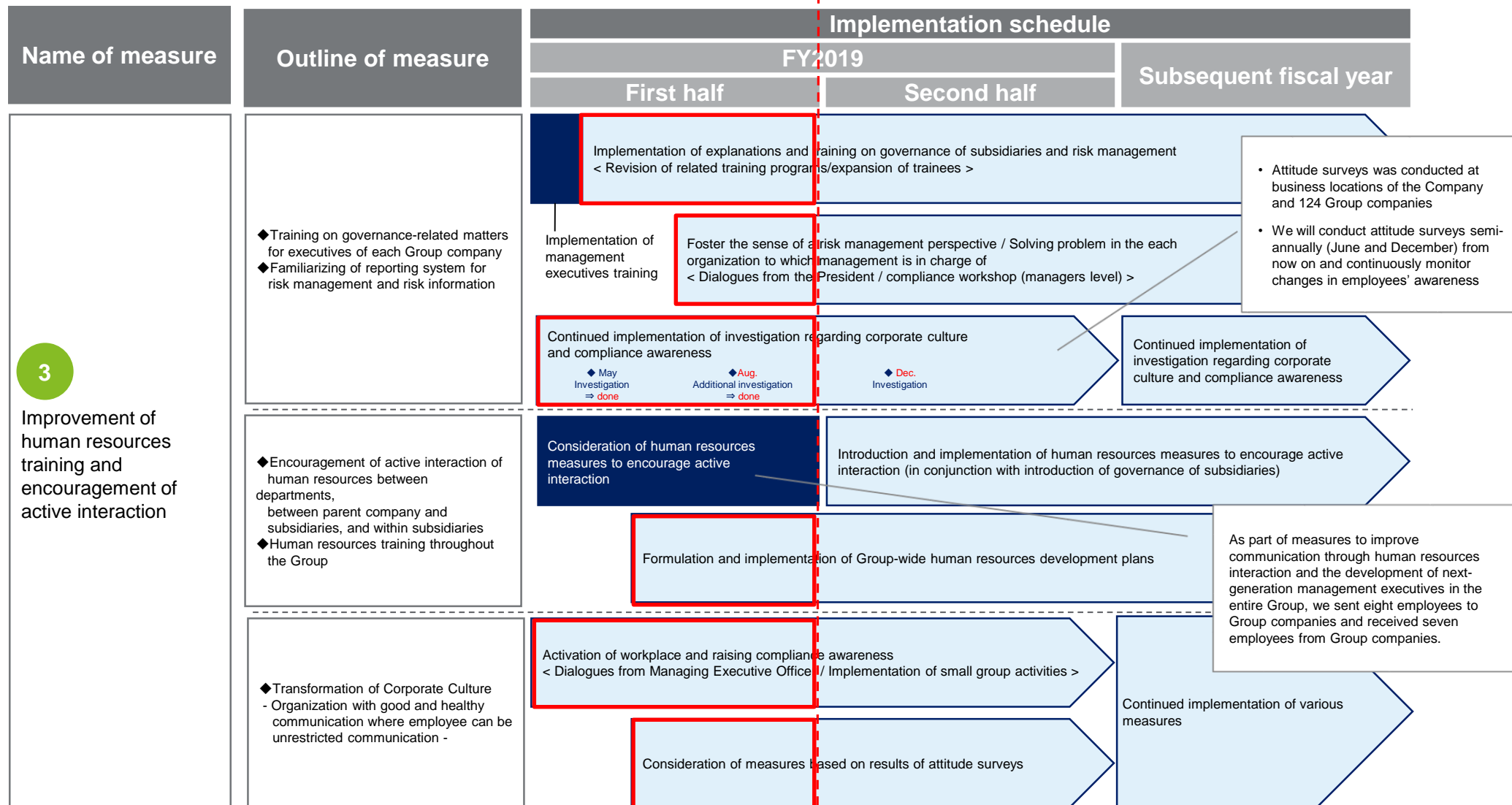


Group Governance Framework Enhancement Measures

Group Governance Framework Enhancement Measures (2/4)



As of end of Sep.



Expansion of Various Workshop

Group Governance Framework Enhancement Measures (3/4)




- Aiming to Be a Organization with Good and Healthy Communication where Employee Can Be Unrestricted Communication -





As of end of Sep.

Mutual trust and mutual understanding

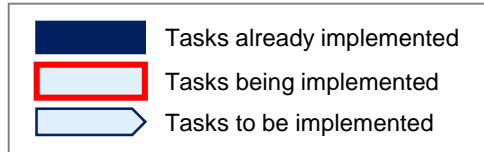
- Mutual understanding: relationship in which parties involved feel safe to express their opinions
- Mutual trust: relationship in which one endeavors to understand the ideas of the others and the others also endeavor to understand the his or her ideas

 Tasks already implemented
 Tasks being implemented
 Tasks to be implemented

Name of measure		FY2019		Objective and Purpose
		First half	Second half	
Promotion of active dialogues through workshops	(1) Dialogues from the President	<ul style="list-style-type: none"> ◆ From the President to general managers of the plants of the Company and the Group companies' presidents ◆ Expansion from the general manager to its managers ◆ Expansion from the presidents of the Group companies to the management executives at each company ◆ Expansion from executive officers at each company to managers ◆ Expansion from president of indirectly owned subsidiaries to managers at each company 	<p>A</p> <p>Dialogues with the general managers of the locations of the Company and the presidents of the Group companies by the President</p>	<ul style="list-style-type: none"> • Communication of issues based on the string of quality issues, progress of implementation and policies of respond, etc. • Sense of ownership of businesses and organizations • Deeply thinking through workshops about what to do to one's organization and what to do for that purpose • For downstream expansion, raising a sense of ownership of one's own organization or business through determination by speaking in his or her own words as a instructor
	From the President to managers	 <p>A) Dialogues from the President</p> <ul style="list-style-type: none"> ◆ Lectures and direct dialogues provided to managers at subsidiaries and business locations (four sessions with 57 participants in first half of FY) 		<ul style="list-style-type: none"> • Improvement of communication through "mutual understanding" and "mutual trust" relationships developed by the President by having direct dialogues with managers level at workplace
	(2) Dialogues from Managing Executive Officer (General Manager of Governance Div.)	 <p>B) Dialogues from Managing Executive Officer</p> <ul style="list-style-type: none"> ◆ Lectures, direct dialogues, and workshops provided to assistant manager of subsidiaries and business locations (seven sessions with 238 participants in first half of FY) 	<p>B</p>	<ul style="list-style-type: none"> • Closing the gap between the head office and workplace through direct communication to improve communication * Carry out for the purpose of following up on the aspect of (3) (supporting applicable employees, providing management knowledge, etc.)
	(3) Compliance workshops	<ul style="list-style-type: none"> ◆ Group training provided by a specialized agency (outside resources) ◆ Workshop that primarily uses the Matters of Non-Conforming Products in the Group as a case study ◆ Participants are managers level in business locations 		<ul style="list-style-type: none"> • Establishment of a sense of crisis and promotion of problem solving in the workplace 1. Creating a sense of ownership based on the recognition of the current situation of their own organization and ask how they would like it to change 2. Repeatedly conveying the Matters of Non-Conforming Products in the Group as a case study to prevent weathering
(4) Small group activities	<ul style="list-style-type: none"> ◆ Autonomous and continuous activities that use small group activities in the workplace 		<ul style="list-style-type: none"> • Fostering the sense of a compliance mindset • Improvement of communication in and between workplaces 	

Group Governance Framework Enhancement Measures

Group Governance Framework Enhancement Measures (4/4)



As of end of Sep.

Name of measure	Outline of measure	Implementation schedule			
		FY2019		Subsequent fiscal year	
		First half	Second half		
4 Enhancement of audits	◆ Implementation of management audits ◆ Implementation of quality audits (70-80 locations / year and 2 year cycle)	Development of framework for audited locations, themes, and procedures Examination of audit themes, bases, and procedures Trial audits	Implementation of management and quality audits Audits in 20 locations were completed in first half of FY (target for FY is 90 locations)	Formulation of audit plan for next fiscal year	Implementation of management and quality audits (continued)
	◆ Joint audits with Corporate Auditor		Implementation of joint audits with Corporate Auditor		
5 Studies with a business optimization focus	◆ Consideration of business portfolio incorporating governance perspective	Examination in conjunction with measures (1) and (4)			

4 Utilization of Governance Audit Results

Governance audits are conducted to investigate whether governance issues exist and the causes of these issues. Sharing information about them helps to solve issues across the Group.

Purpose of governance audits

- To support solving issues across the Group, including at the corporate division and in-house companies, by investigating whether issues exist in considering and implementing governance enhancement measures and business operation stated in the plan for the conduct of governance and the causes of these issues, and by sharing information about these issues and causes

Tasks of governance audits

- Identify issues in considering and implementing governance enhancement measures stated in the plan for the conduct of governance
- Evaluate the governance of the entire Group from the following perspectives, identify "positive aspect"s and "conditions currently requiring improvement", and clarify the specific actions (including who does what)
 - ⇒ Whether subsidiaries and associates manage their business (including the selection of risks and return related to important risks) based on instructions provided by the parent company
 - ⇒ Whether the parent company is monitoring the management conditions of its subsidiaries and associates
 - ⇒ Whether subsidiaries and associates are reporting the conditions of their business management

Scope of implementation of governance audits

		The plan for the conduct of governance							
		Overall	Risk management	Safety Health Disaster prevention	Environment	CSR	Quality	Development of human resources Interaction of human resources	Preventive measures
Perspectives of governance audits	Reporting system / management function	<ul style="list-style-type: none"> Whether plans and policies are considered by an appropriate meeting or executives, instructed to each department, and implemented in the workplace Whether the status of implementation in the workplace is reported to each department and appropriate meeting or executives and monitored 							
	Human resources / investment	<ul style="list-style-type: none"> Whether recruitment, training, placement, and evaluation of executive human resources (department general managers) are carried out without problems Whether investment required for governance enhancement is made without problems 							
	Audit	<ul style="list-style-type: none"> Whether the internal audit department (the same system) is functioning properly 							

Utilization of audit results of audit results

- Utilize the results to the consideration of governance enhancement measures in each plants and the Group companies
- Utilize the results to the development of issues that should be handled by in-house companies and corporate division and to the consideration of measures

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FY2019 1st Half Result (Comparison with YoY Result)

Comparison with YoY Result

Net sales: Net sales increased overall thanks to increased sales in the Metals Business.

Operating profit: Operating profit decreased overall as a result of a decline in the Cement Business and other businesses despite an increase in the Advanced Materials & Tools Business.

Ordinary income: Ordinary income decreased primarily due to a fall in operating profit despite an increase in dividend income.

Net income*: Net income decreased chiefly due to a decline in ordinary income.

(¥ billions)	FY2018 1st Half Result (a)	FY2019 1st Half Result (b)	Difference (b)-(a)
Net sales	725.4	855.2	129.8
Operating profit	36.4	27.5	-8.8
Ordinary income	39.5	33.0	-6.4
Net income *	20.1	14.8	-5.2
Net income per share (yen)	153.83	113.39	-40.44
Dividend per share (yen)	30	40	10
Exchange rate USD (yen / \$)	111	110	-1
Copper price (LME) (¢ / lb)	272	294	22

* Net income attributable to owners of parent

FY2019 1st Half Result (Comparison with Previous Forecast)

Comparison with Previous Forecast

Net sales: Net sales increased overall thanks to increased sales in the Metals Business.

Operating profit: Operating profit decreased overall as a result of a decline in the Metals Business and other businesses despite an increase in the Advanced Materials & Tools Business.

Ordinary income: Ordinary income decreased primarily due to a fall in operating profit despite an increase in dividend income.

Net income*: Net income decreased largely due to a decline in extraordinary income / loss in addition to a decrease in ordinary income.

(¥ billions)	FY2019 1st Half Forecast (a) (Announced on Aug. 7)	FY2019 1st Half Result (b)	Difference (b)-(a)
Net sales	820.0	855.2	35.2
Operating profit	32.0	27.5	-4.4
Ordinary income	33.5	33.0	-0.4
Net income *	19.0	14.8	-4.1
Net income per share (yen)	145.08	113.39	-31.69
Dividend per share (yen)	40	40	—
Exchange rate USD (yen / \$)	110	110	0
Copper price (LME) (¢ / lb)	310	294	-16

* Net income attributable to owners of parent

FY2019 Full Year Forecast

Comparison with Previous Forecast

Net sales: Net sales expected to remain at the same as the previous forecast overall despite some changes in individual businesses.

Operating profit: Operating profit expected to decrease overall as a result of a fall in the Metals Business and other businesses

Ordinary income: Ordinary income expected to decrease mainly due to a decrease in operating profit.

Net income*: Net income expected to decrease owing largely to a decline in ordinary income.

Dividend: Annual dividend expected to remain the same as the previous forecast.

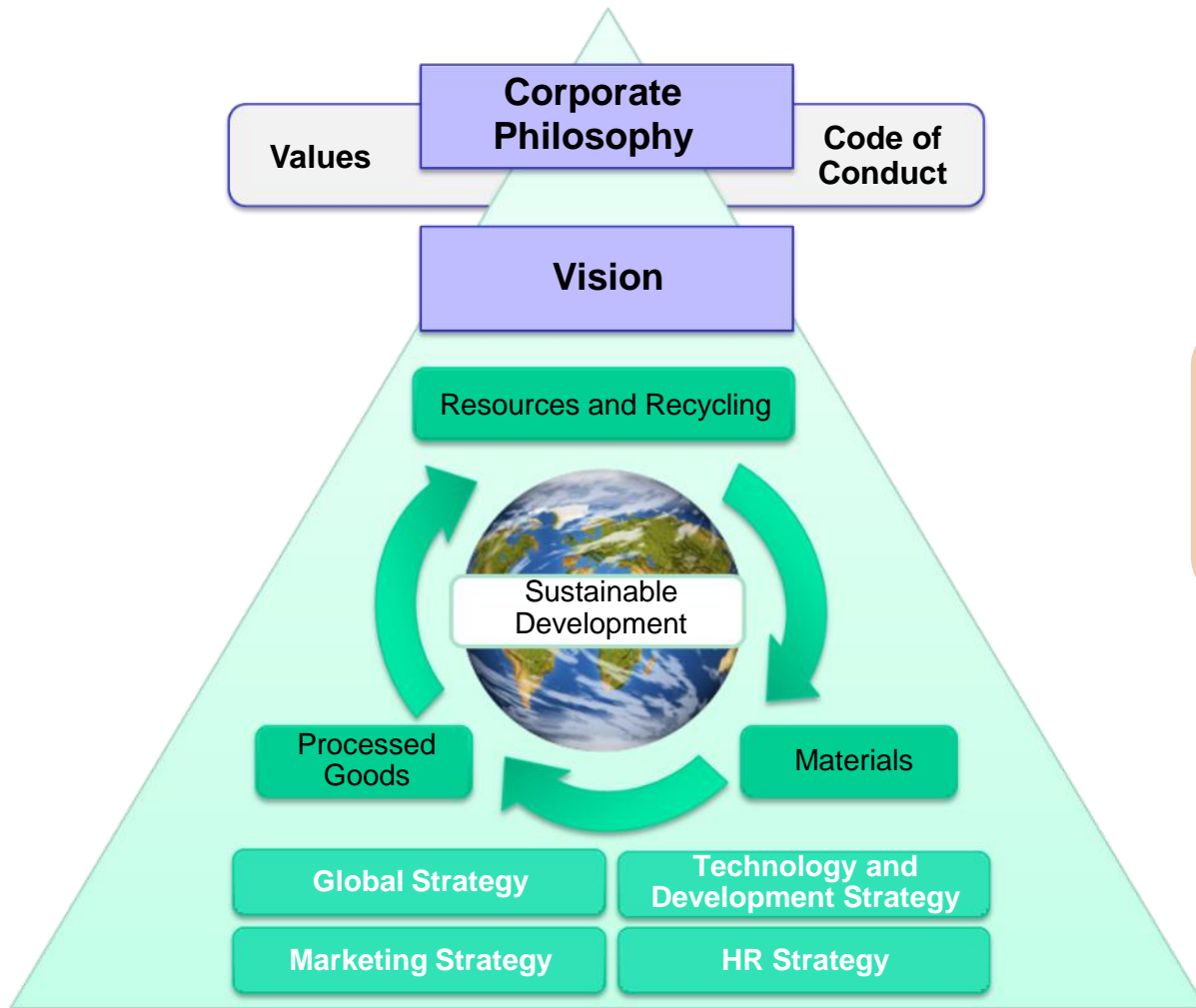
(¥ billions)	FY2019 Forecast (a) (Announced on Aug. 7)	FY2019 Forecast (b) (Announced on Nov. 6)	Difference (b)-(a)	FY2018 Result
Net sales	1,660.0	1,660.0	0	1,599.5
Operating profit	67.0	53.0	-14.0	72.8
Ordinary income	79.0	64.0	-15.0	79.6
Net income *	35.0	25.0	-10.0	34.5
Net income per share (yen)	267.26	190.90	-76.36	264.15
Dividend per share (yen)	80	80	—	80
Exchange rate USD (yen / \$)	2nd Half Assumption 107 108	2nd Half Assumption 110 110	2	111
Copper price (LME) (¢ / lb)	2nd Half Assumption 310 310	2nd Half Assumption 290 292	-18	292

* Net income attributable to owners of parent

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Group-wide Policy



Long-term Management Policy

Medium-to-long-term Goals (the company in the future)

- ◆ Leading company in domestic and overseas key markets
- ◆ Achieving high profitability and efficiency
- ◆ Achieving growth that exceeds the market growth rate

Group-wide Policy

- ◆ Optimization of business portfolio
- ◆ Comprehensive efforts to increase business competitiveness
- ◆ Creation of new products and businesses

Medium-Term Management Strategy

Key Strategies in FY2020 Strategy

- ◆ Achieve growth through innovation
- ◆ Create value by building a recycling-oriented society
- ◆ Increase the company's market presence through investment for growth
- ◆ Increase efficiency through continuous improvement

Establishment of Advanced Products Company

Change of the organization

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

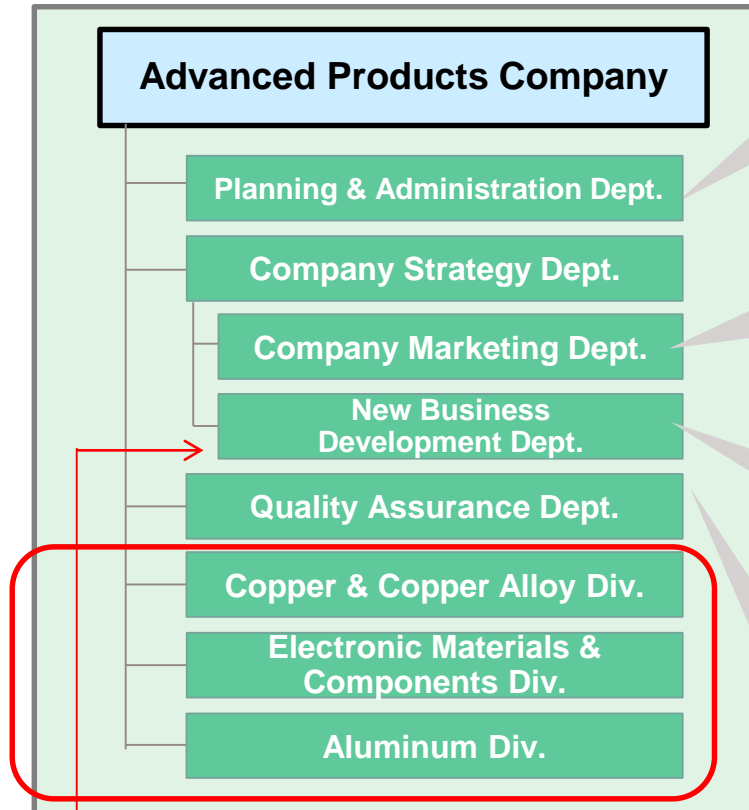
Purpose

- ◆ 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

Business organization (As of Sep. 30)



Establishment of a new in-house company (As of Oct. 1)



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

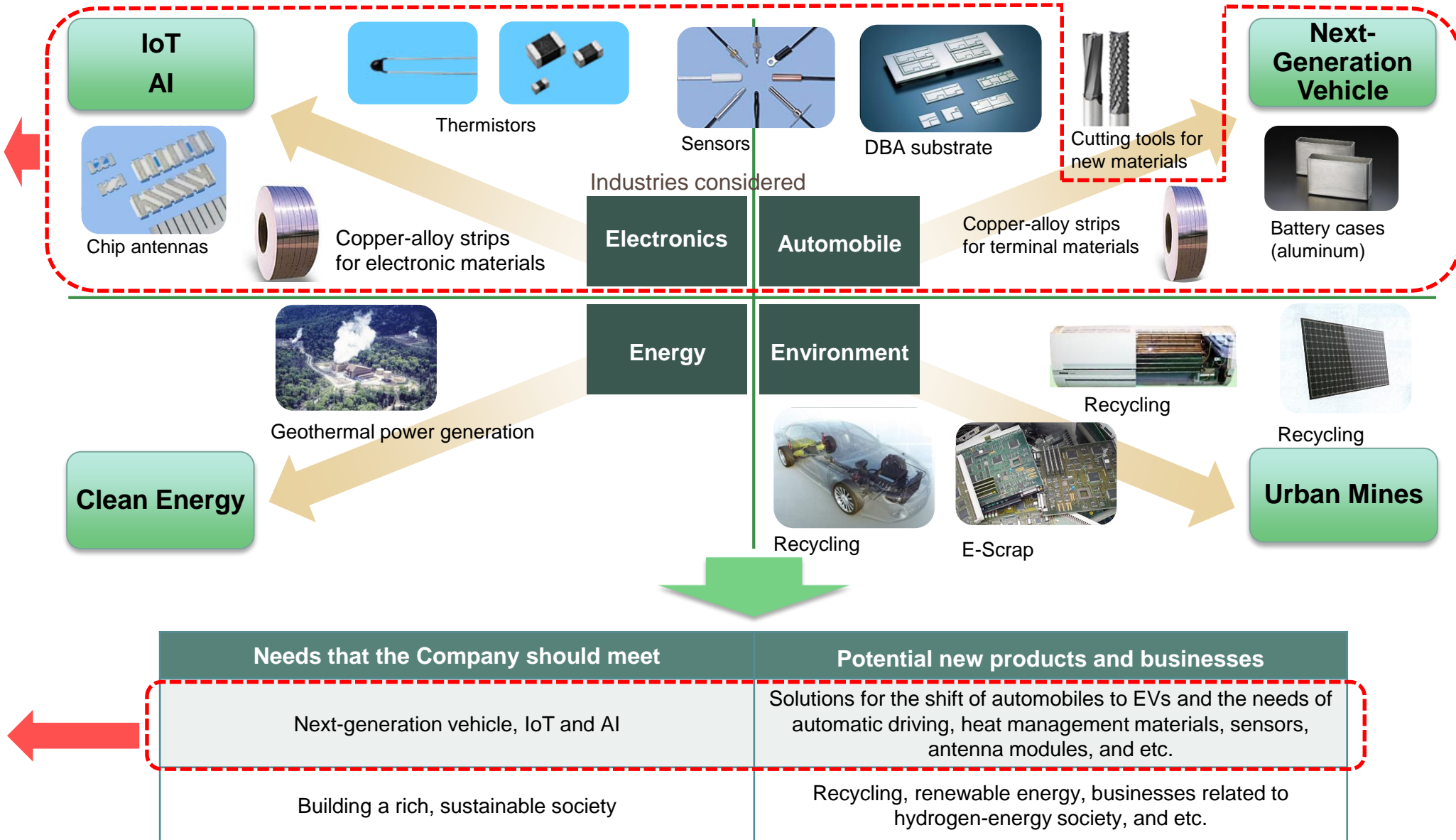
- To strengthen quality assurance and quality governance within the in-house company.

Transfer of part of functions

Establishment of Advanced Products Company

New products and businesses

Fields of new products and businesses of Advanced Products Company



Key Measures to Strengthen and Restructure the Business Since April 2017

Key Business Strengthening and Acquisition of Shares	
Advanced Products	<ul style="list-style-type: none"> • “Luvata Special Products Division” became a consolidated subsidiary through completion of the acquisition of shares
Metalworking Solutions Business	<ul style="list-style-type: none"> • “Central Japan Technical Center” was established • “TianJin LingYun tool Design Co.,LTD.” was relocated, and improved and expanded • Tungsten recycling capacity at Japan New Metals Co., Ltd. was increased 1.5 times
	<ul style="list-style-type: none"> • “Machining Technology and Education Center in North America” was relocated, and improved and expanded * <u>New</u>
	<ul style="list-style-type: none"> • “MM Metal Recycling B.V.”, an E-Scrap sampling facility established in the Netherlands, went into operation
Cement Business	<ul style="list-style-type: none"> • Capacity of waste plastic processing at Kyushu Plant increased 1.7 times
Other business	<ul style="list-style-type: none"> • “KitaKyushu Ash Recycle Systems Co., Ltd.”, which is engaged in the treatment of incineration fly ash, went into operation
	<ul style="list-style-type: none"> • “New Energy Fujimino Co., Ltd.” was established for operating a business of producing biogas from food waste * <u>New</u>
Common	<ul style="list-style-type: none"> • “New Business Development & Promotion Division” and “EV Material Development & Recycling Business Promotion Dept.” were established
	<ul style="list-style-type: none"> • Investment to “Incubation Alliance, Inc.”, which is involved in the development and manufacture of new carbonaceous material “graphene”
	<ul style="list-style-type: none"> • To begin the joint development of recycling technology of cobalt, nickel and other metals with Nippon Magnetic Dressing Co., LTD. * <u>New</u>
Key Business Restructuring and Sales of Shares	
Metalworking Solutions Business	<ul style="list-style-type: none"> • All shares in “Hitachi Metals MMC Superalloy, Ltd.” were sold
Common	<ul style="list-style-type: none"> • All shares in “Mitsubishi Materials Real Estate Corporation” were sold

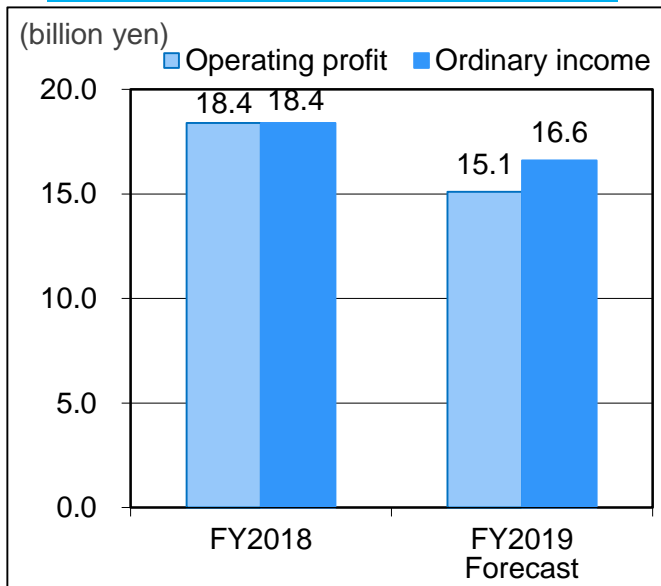
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Advanced Products

Copper & Copper Alloy Products

Performance History (Advanced Products)



Overview of Business

◆ Mitsubishi Shindoh Co., Ltd.

- Receiving orders centering on terminal materials for automobiles and leadframes for semiconductors are strong
- Capital expenditure to improve productivity is being implemented

◆ Mitsubishi Cable Industries, Ltd.

- Receiving orders of sealing parts for semiconductors and automobiles are strong
- The top priority will be to implement preventive measures of the Matters of Non-Conforming Products

◆ Luvata Group

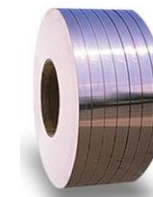
- Luvata will contribute to consolidated results as full year starting from FY2019 and creation of business synergies will be achieved

Key Strategy: Focus on high value-added areas

◆ Mitsubishi Shindoh Co., Ltd.

- Rolled products: Boost sales of terminal materials for automobiles and MSP alloys
- Extruded products: Boost sales of copper alloys and increase sales of lead-free and free-cutting copper alloy "ECOBASS®"

ECOBASS®▶



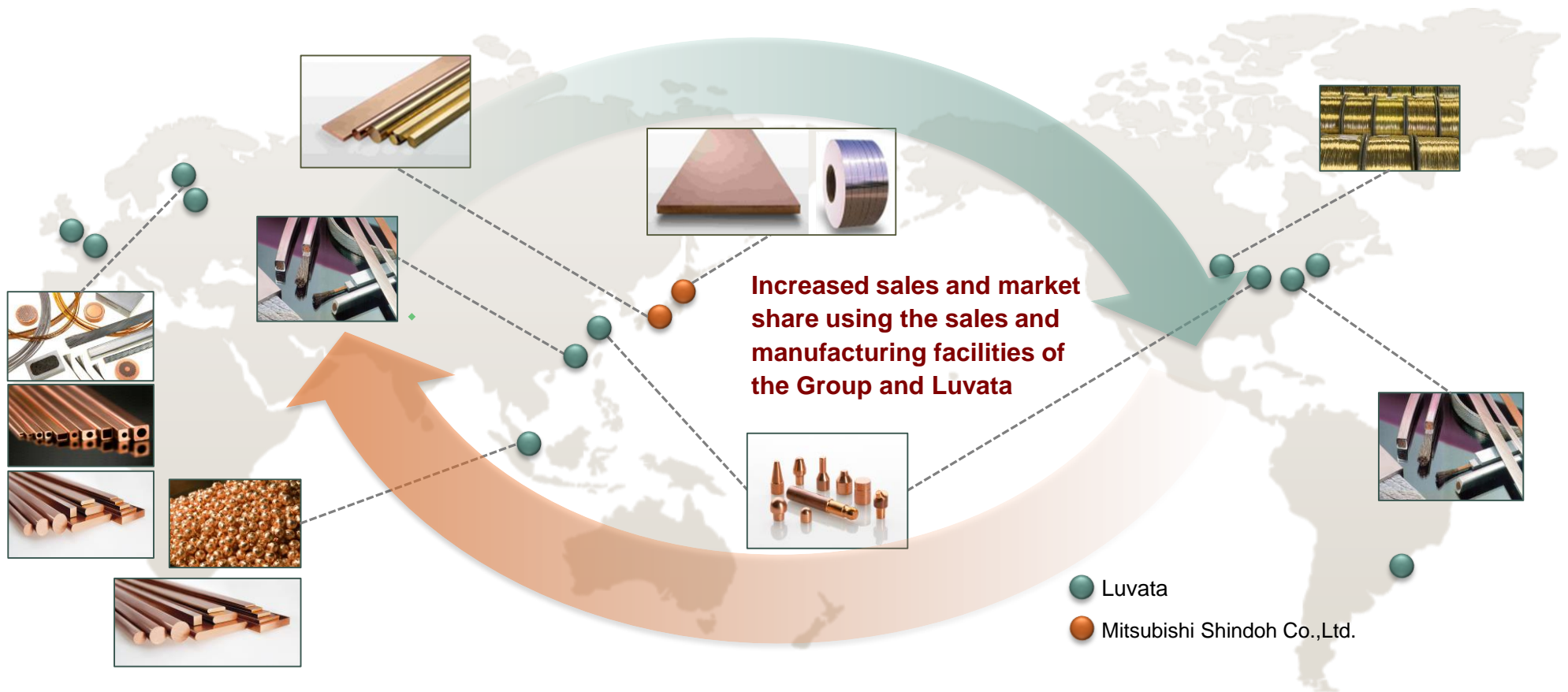
◀ Copper strips

Copper & Copper Alloy Products

Key Strategy: Business Expansion

◆ Luvata Group

- Mutual supply of materials among the Group
- Expansion of sales of Luvata Group's products in the Japanese market



Electronic Materials & Components

◆ Electronic Materials

- Strong sales of silicon materials and components for semiconductor manufacturing equipment (precision silicon products) in the first half of the fiscal year
- Impact of reassessment of capital expenditure by major semiconductor manufacturers is expected in the second half despite the strength of the overall semiconductor market being expected to remain

◆ Electronic Components

- Firm sales of products such as thermistor sensors (temperature sensors) for automotive and refrigerators
- Planning capital expenditure for increasing production to meet strong demand

Key Strategy: New products and sales expansion in the IoT - related market

◆ Antenna modules

Established “Antenna Solution Center” inside Saitama Property Management Office (March, 2018)

three-dimensional enabled anechoic chambers▲



◆ Thermistor sensors

The world's smallest Flake-type thermistors with long-term reliability (Sep. 2018)



Key Strategy: New products and sales expansion in the next-generation vehicle market

◆ Insulated substrates with high thermal conductivity

Enhancement of production system and development of new products for high-output power control inverters in response to increased demand for the shift of automobiles to EVs



◆ In-vehicle sensors

Promote the development of in-vehicle sensors in order to enter the EV market which is expected to grow



Aluminum

◆ Mitsubishi Aluminum Company, Ltd. (Rolled and extruded products)

- Sales of sheet products for heat exchanger for automobiles, and foil products for lithium-ion battery cases has remained strong, while sales of sheet products for beverage cans and litho sheets decreased.

◆ Universal Can Corporation (Aluminum beverage cans)

- Sales of regular cans recovered thanks to strong sales of RTD beverages, etc.
 - * RTD (Ready-To-Drink) beverages: low-alcohol beverages (such as chu-hi) that can be consumed directly from the can
- Bottle cans decreased due to expansion of coffee in PET bottles

◆ Mitsubishi Aluminum Company, Ltd.

Key Strategies:

- Shift to heat exchanger sheet materials for automobiles ⇒ Increase slitter facilities
- Increase sales of foil products for lithium-ion battery cases
 - ⇒ increase separators and slitter facilities
- Establishment of a new production base for products for heat exchangers for automobiles in North America with Gränges was taken back to the drawing board.
We will, however, continue to hold discussions with Gränges on collaboration in North America.

◆ Universal Can Corporation

Key Strategies:

- Develop and launch bottle cans with weight saving and new shapes
 - ⇒ Establishing a new production line at Gifu Plant (operation will be started in FY2020)
- Promote UBC recycling
- Development overseas business
 - ⇒ Considering development business in the Southeast Asian market, etc.

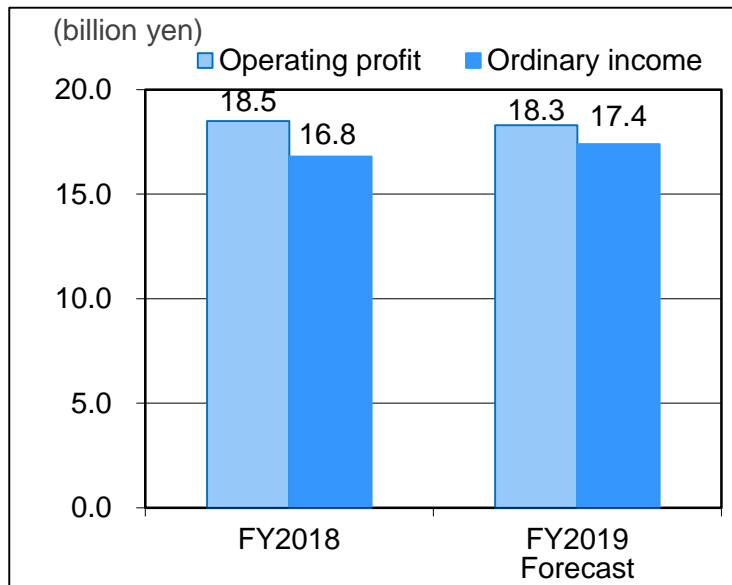


Metalworking Solutions Business *

* As of October 1, 2018, “Advanced Materials & Tools Company” has changed its name to “Metalworking Solutions Business Company.”

Cemented Carbide Products

Performance History (Metalworking Solutions)



Overview of Business

- Strong global demand for products related to automobiles, industrial machinery, and aerospace
- Revised sales prices as planned due to rising raw material costs



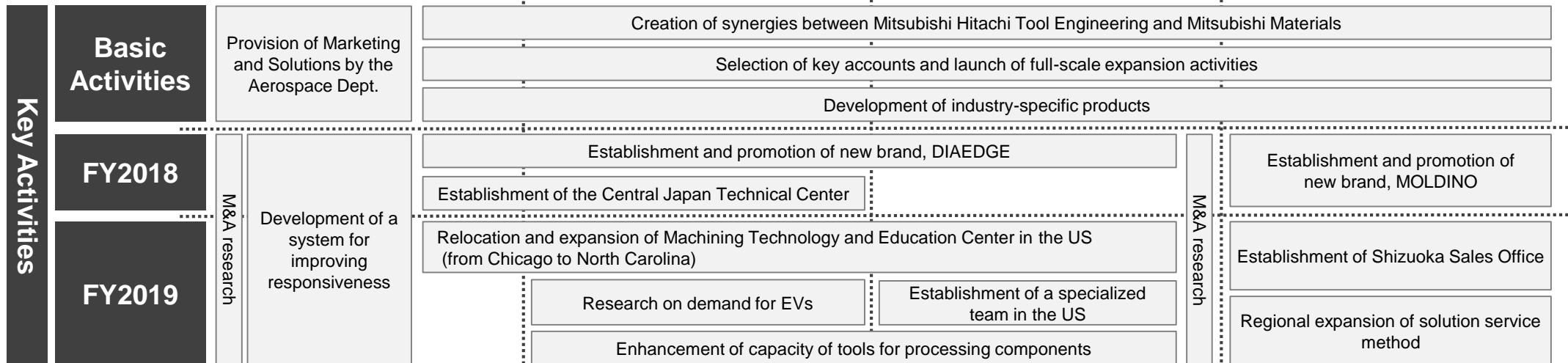
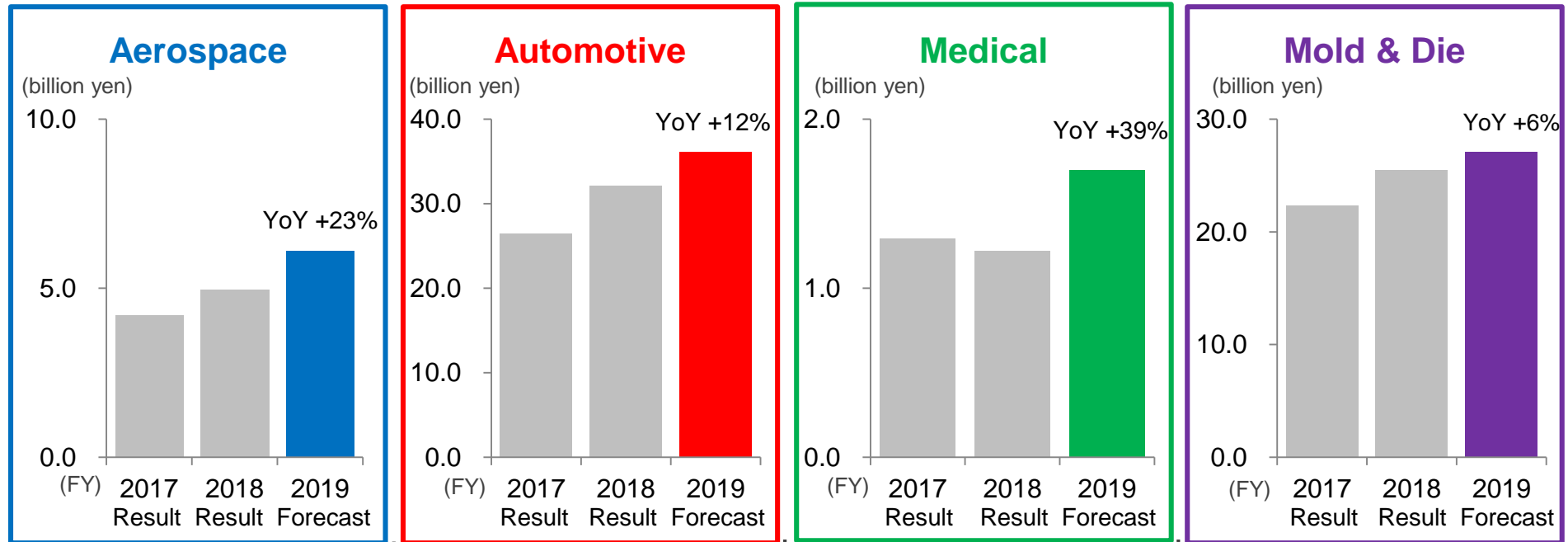
Key Strategies: Increase capacity to provide solutions

- Machining Technology and Education Center in North America was relocated, and improved and expanded (October, 2018)
- Plan to establish new technical centers in Germany and India
- Currently increasing sales engineering human resources for embodying solution sales



Cemented Carbide Products

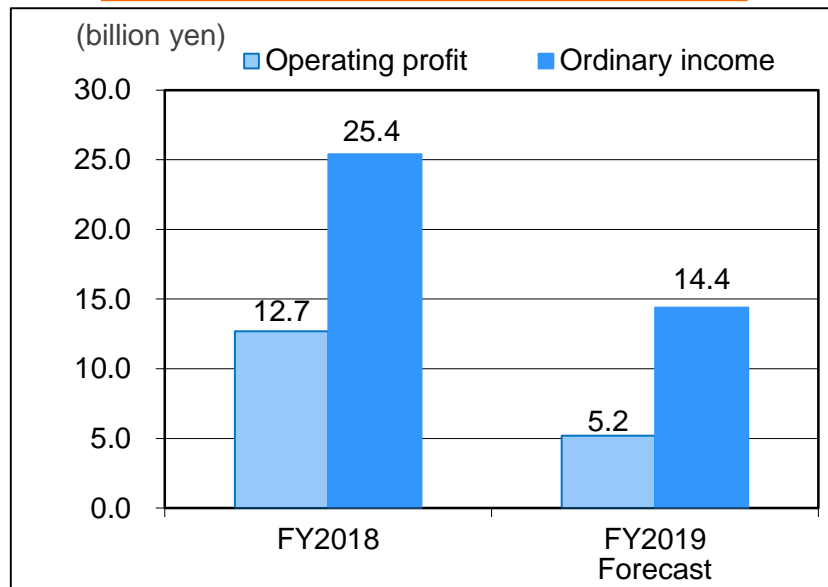
Sales Trend by Industry (billion yen / year)



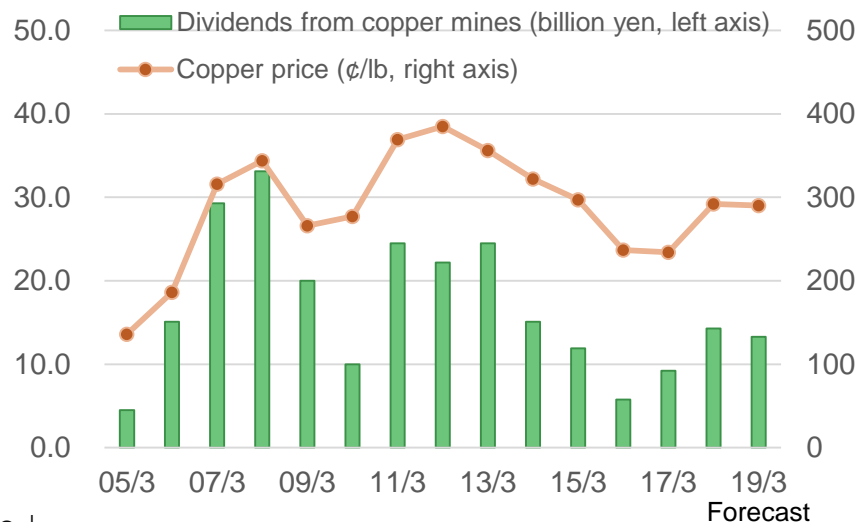
Metals Business

Mining

Performance History (Metals)



Dividends from Copper Mines & Copper Price



Overview of Business

◆ Dividend income

- Expecting to receive 13.3 billion yen, 1.0 billion yen less than the previous fiscal year



◆ Investment for copper mines

- Continue to develop new mines aiming for stable procurement of copper ore
- Continue to consider acquisition of new mining stakes

Key strategy: Develop new projects

- To promote the Zafranel project in Peru
 - Aim to complete F/S in FY2019
- Continue to consider acquisition of new mining stakes
 - Considering development of new mines utilizing technology built up in copper smelting and refining business

Long-term controlled volume ratio target



Approx. 50% (early 2020s)

* Controlled volume ratio: The ratio of the volume of ore according to mining interests plus the volume under off-take agreements

Smelting

Overview of Business

◆ Status of operation at smelters

- Naoshima Smelter & Refinery, Onahama Smelting and Refining Co.,Ltd. and PT. Smelting plan a high level of operations
- Large-scale periodic repairs in FY2019 are planned at PT. Smelting and Naoshima Smelter & Refinery (second half)

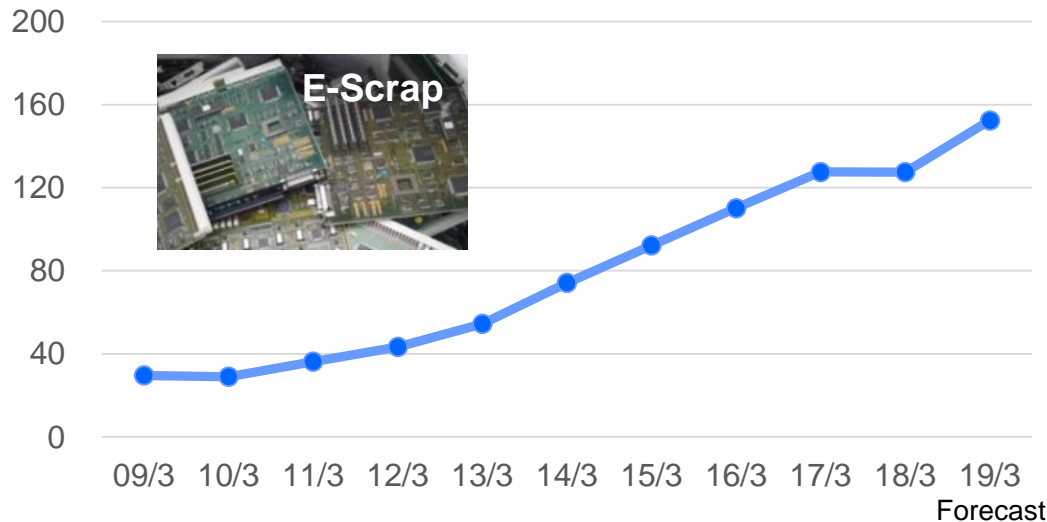
◆ Recycling (E-Scrap)

- The E-Scrap recycling facility in the Netherlands began operation, recycling capacity has increased to approx. 160,000 tons a year



History of E-scrap treatment capacity (Naoshima & Onahama)

thousand tons

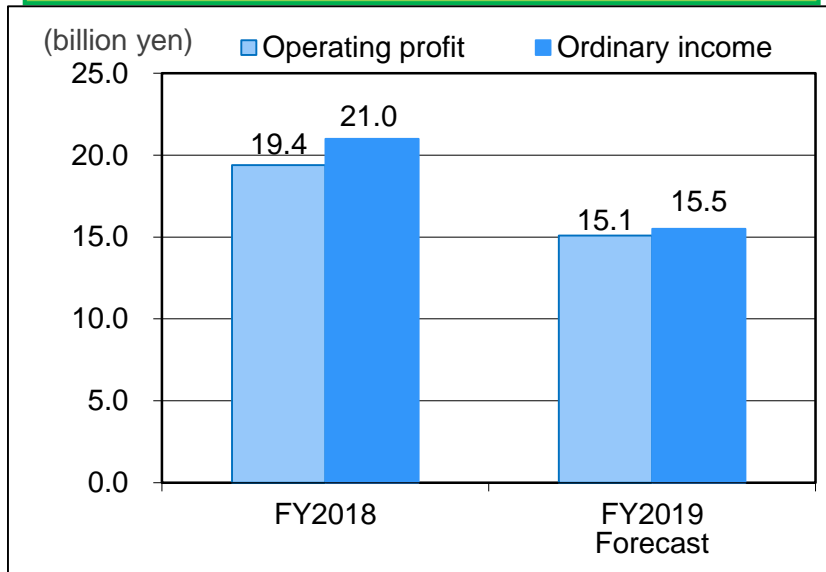


Key strategy: Increasing E-Scrap recycling

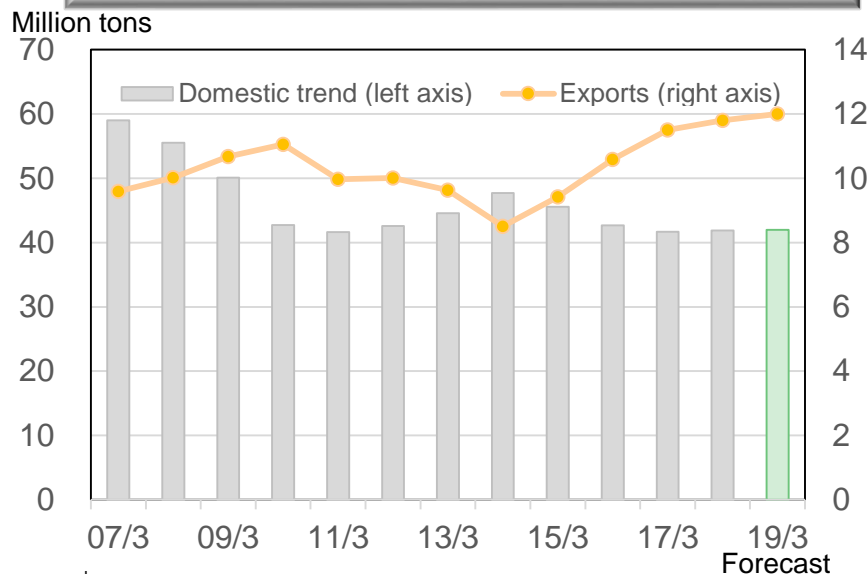
- Operation of the E-Scrap recycling facility in the Netherlands will be increased to full-capacity treatment (operations began in Feb. and the completion ceremony was held in Sep. 2018)
⇒ Capacity increased 20,000 tons, to 160,000 tons
- Considering additional investment from FY2020, aiming to increase capacity

Cement Business

Performance History (Cement)



Demand history (Domestic / Export)



Overview of Business

◆ Trends of demand

- For FY2019, domestic demand assumption of the Company is 42.5 million tons, which is unchanged from the forecast at the beginning of the fiscal year (YoY+1.5%)

◆ Sales price

- Sales price optimization (up 1,000 yen / ton) due to an increase in the purchase prices of thermal energy, electricity, consumables, and transportation fuel
- Tenaciously continuing explanation and negotiations

◆ Waste disposal processing & Recycling

- Continuing the raise of coal ash processing prices in view of the market conditions
- Reduced acceptance volume due to the torrential rain and a lot of typhoons
- Making maximum efforts to accept waste related natural disasters such as earthquakes and torrential rains

Key Strategy: Fortifying the domestic foundation for competitiveness

- Capacity of waste plastic and wood chips processing increased
⇒ Capacity at Kyushu Plant increased 1.7 times (operations began in Feb. 2018)
- Supply system
⇒ Establish optimal production and logistics systems in response to changing demand

United States

Overview of Business

◆ Trends of demand (Southern California Area)

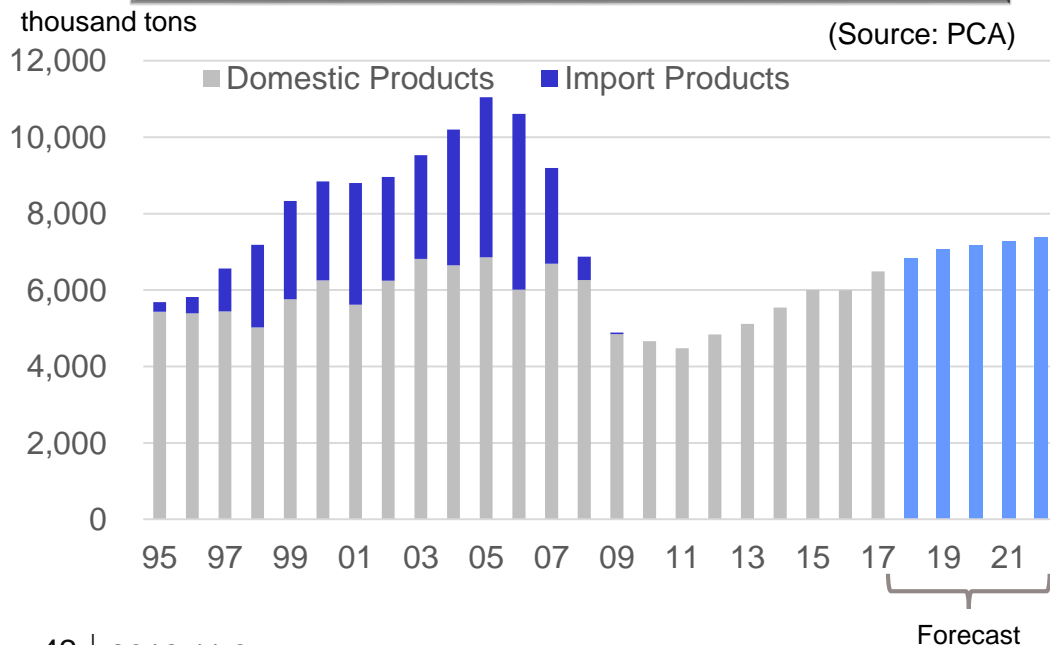
- Demand has continued growing in the region, driven by demand for private housing and non-residential in the private sector

◆ Trends of sales

- The price of cement was raised additionally from April by Mitsubishi Cement Corporation (MCC)
- Robertson's Ready Mix, Ltd. (RRM) also tends to raise the price of ready-mixed concrete due to strong demand



Demand history for cement in Southern California



Key Strategies: Expansion of the US business

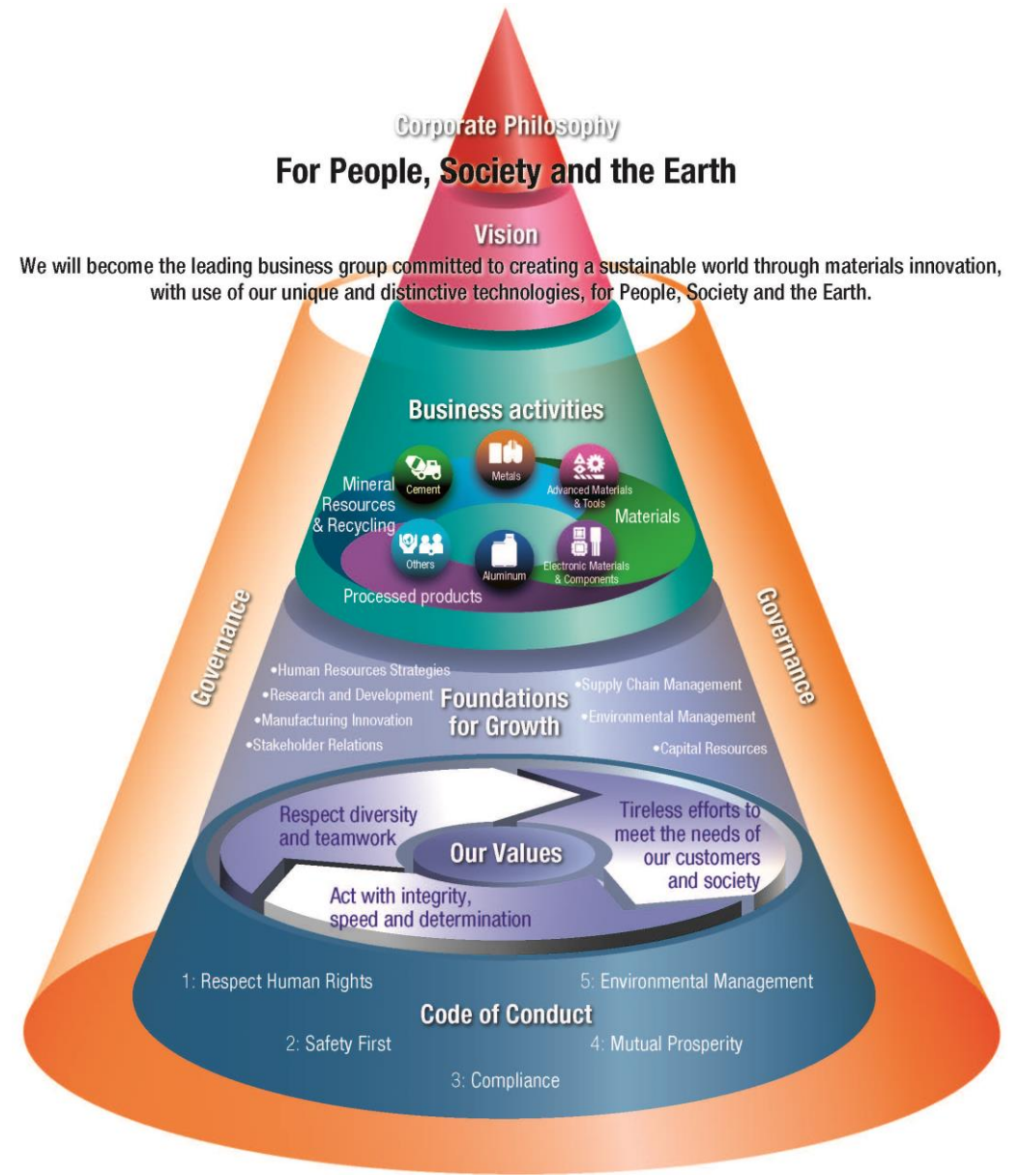
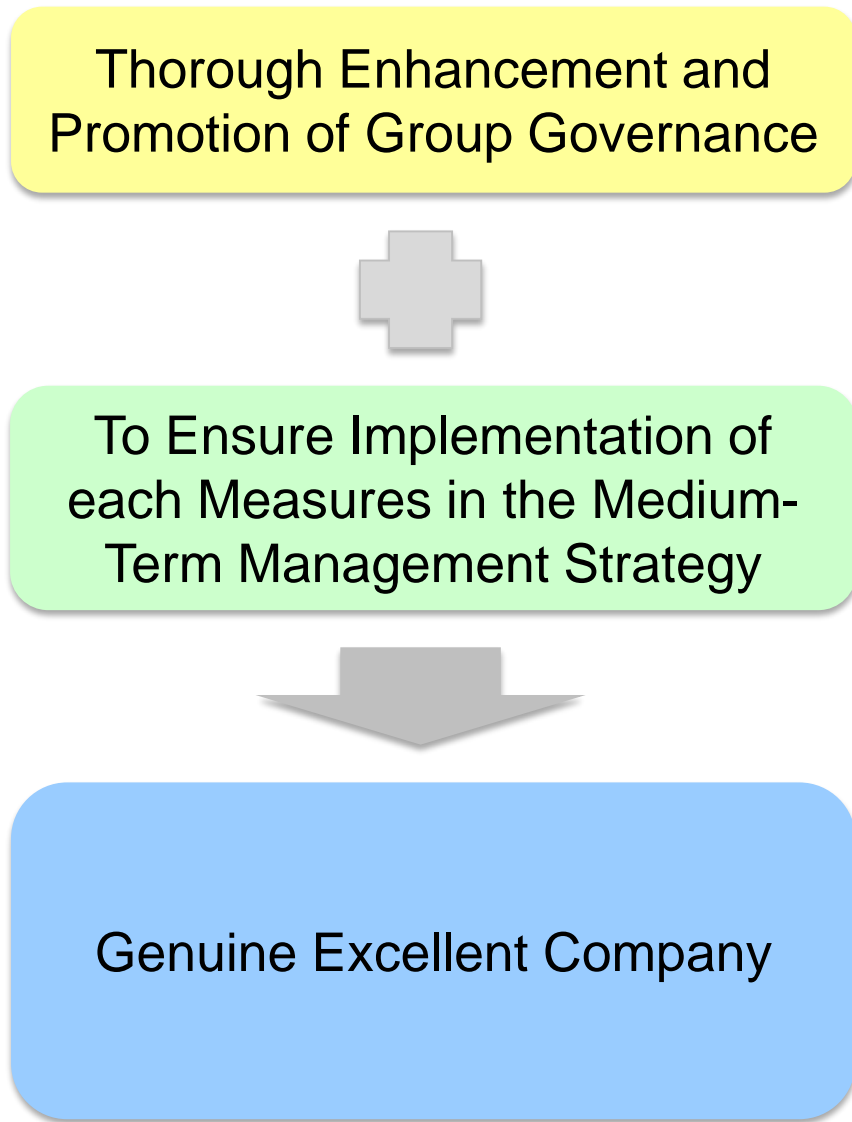
◆ Robertson's Ready Mix, Ltd.

- New ready-mixed concrete plant in Simi Valley, northwest of Los Angeles, plans to go into operation (in second half of FY2019)
- Systematically promote expansion of existing mines and acquisition of new mines with aim of securing aggregate resources

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Recap



◆ 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.

Note

A series of ten horizontal dashed lines for writing notes.