

MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation for the 1st Quarter
of the fiscal year ending March 31, 2020

August 7, 2019

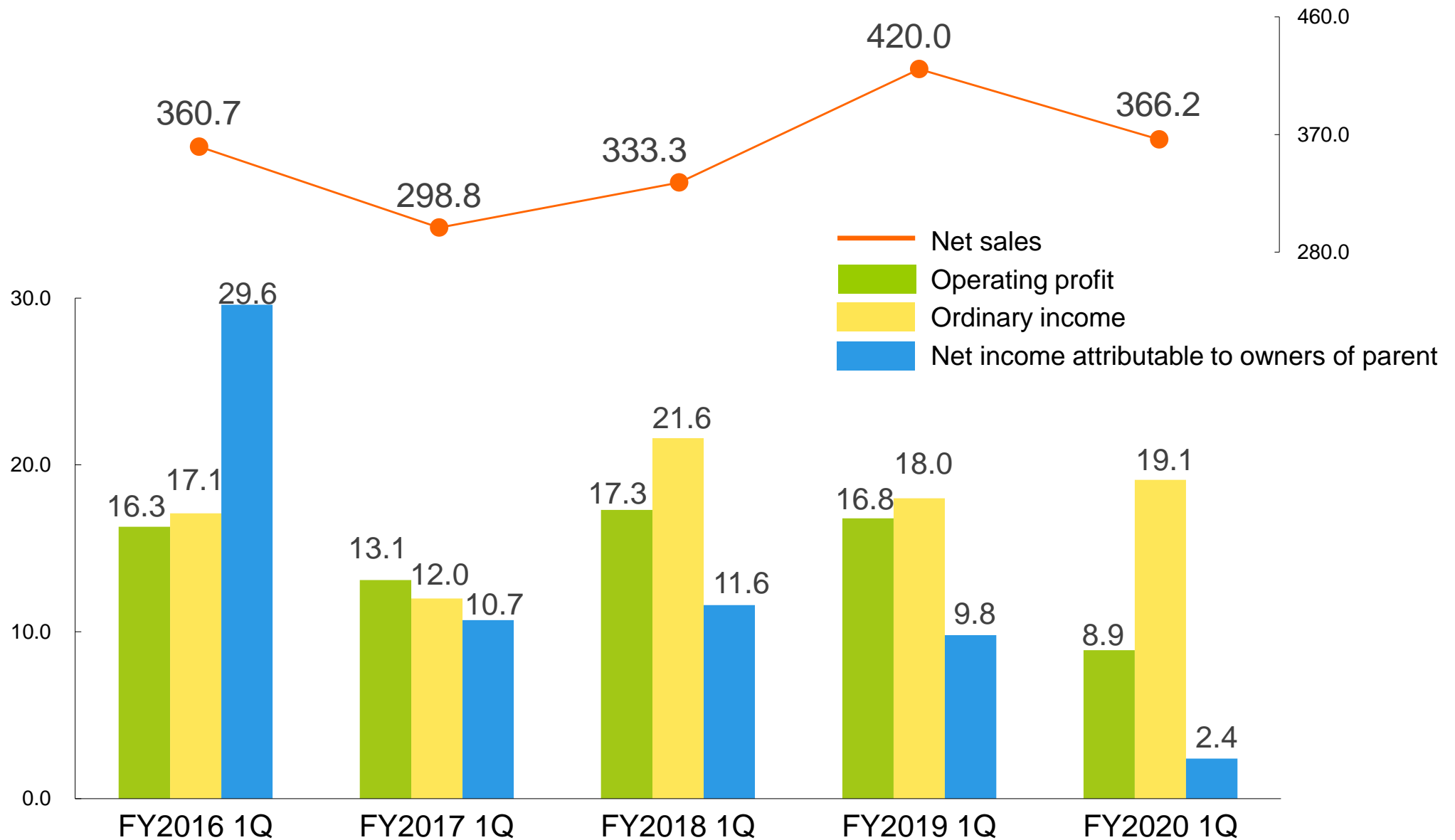
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*1 As of October 1, 2018, “Advanced Materials & Tools Company” has changed its name to “Metalworking Solutions Company.”

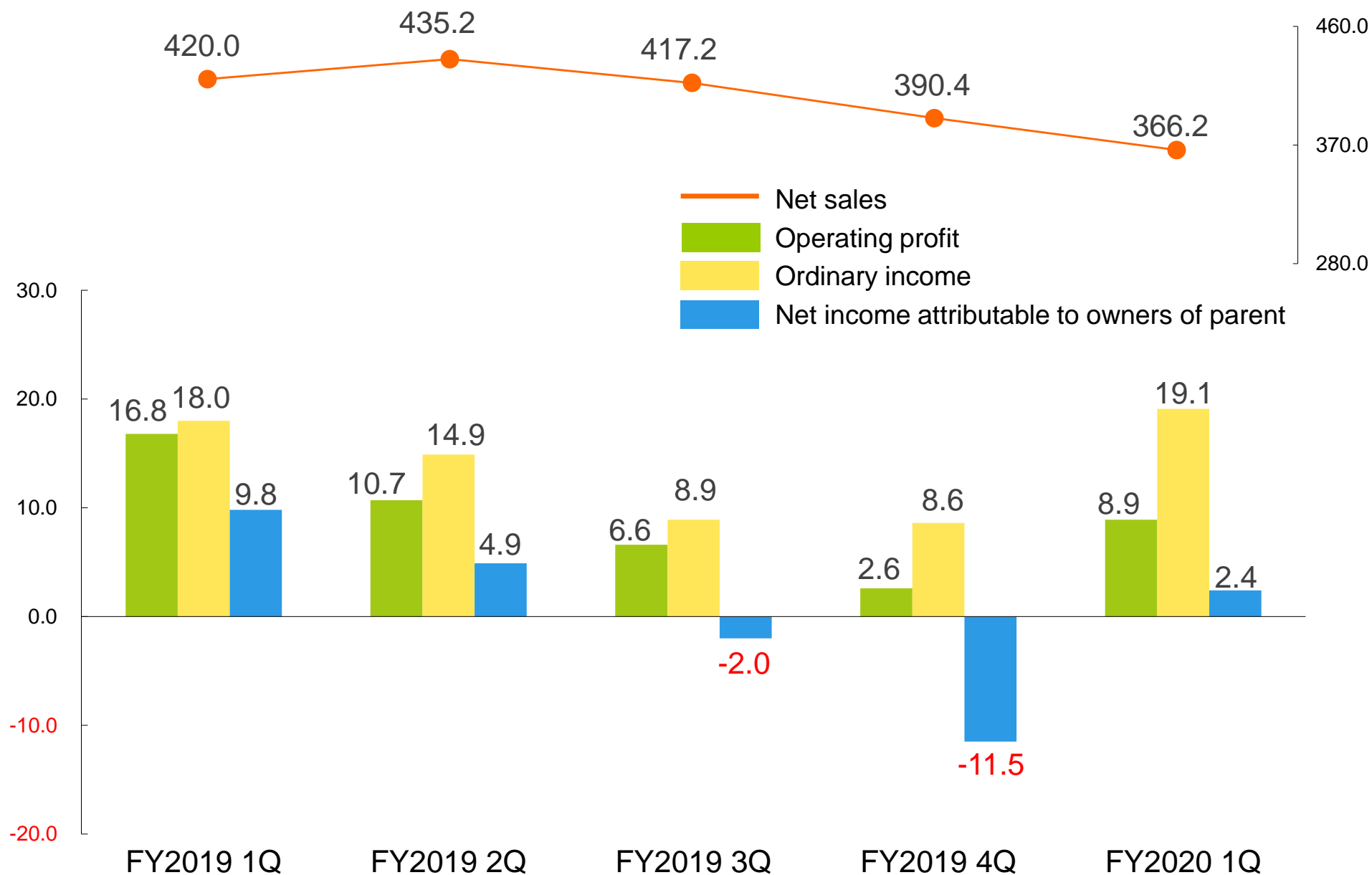
Performance Overview (1st Quarter)

[Unit: ¥ billions]



Performance Overview (Quarterly)

[Unit: ¥ billions]



Comparison with the Previous Year Result (Consolidated Statements of Operations)

[Unit: ¥ billions]

	FY2019 1Q Result (a)	FY2020 1Q Result (b)	Difference (b)-(a)	Reason *
Net sales	420.0	366.2	-53.7	AP -15.1, MS -4.4, Metals -40.6, Cement +1.3, etc.
Operating profit	16.8	8.9	-7.8	AP -3.4, MS -2.2, Metals -2.0, Cement -0.1, etc.
Net interest and dividends income	2.3	10.1	7.8	Dividend income +7.7, etc.
Equity in earnings of affiliates	0.3	0.7	0.4	
Other / Non-operating profit / loss	-1.5	-0.7	0.7	
Ordinary income	18.0	19.1	1.1	
Extraordinary income / loss	-0.2	-9.8	-9.5	Provision for loss on the Antimonopoly Act -10.4, Gain on sales of investment securities +0.9, etc.
Income taxes	-6.2	-5.6	0.6	
Net income attributable to non-controlling interests	-1.7	-1.3	0.4	
Net income attributable to owners of parent	9.8	2.4	-7.4	
Exchange rate (USD)	109	110	1	JPY / \$
Exchange rate (EUR)	130	123	-7	JPY / €
Copper price (LME)	312	277	-35	¢ / lb

* AP: Advanced Products MS: Metalworking Solutions

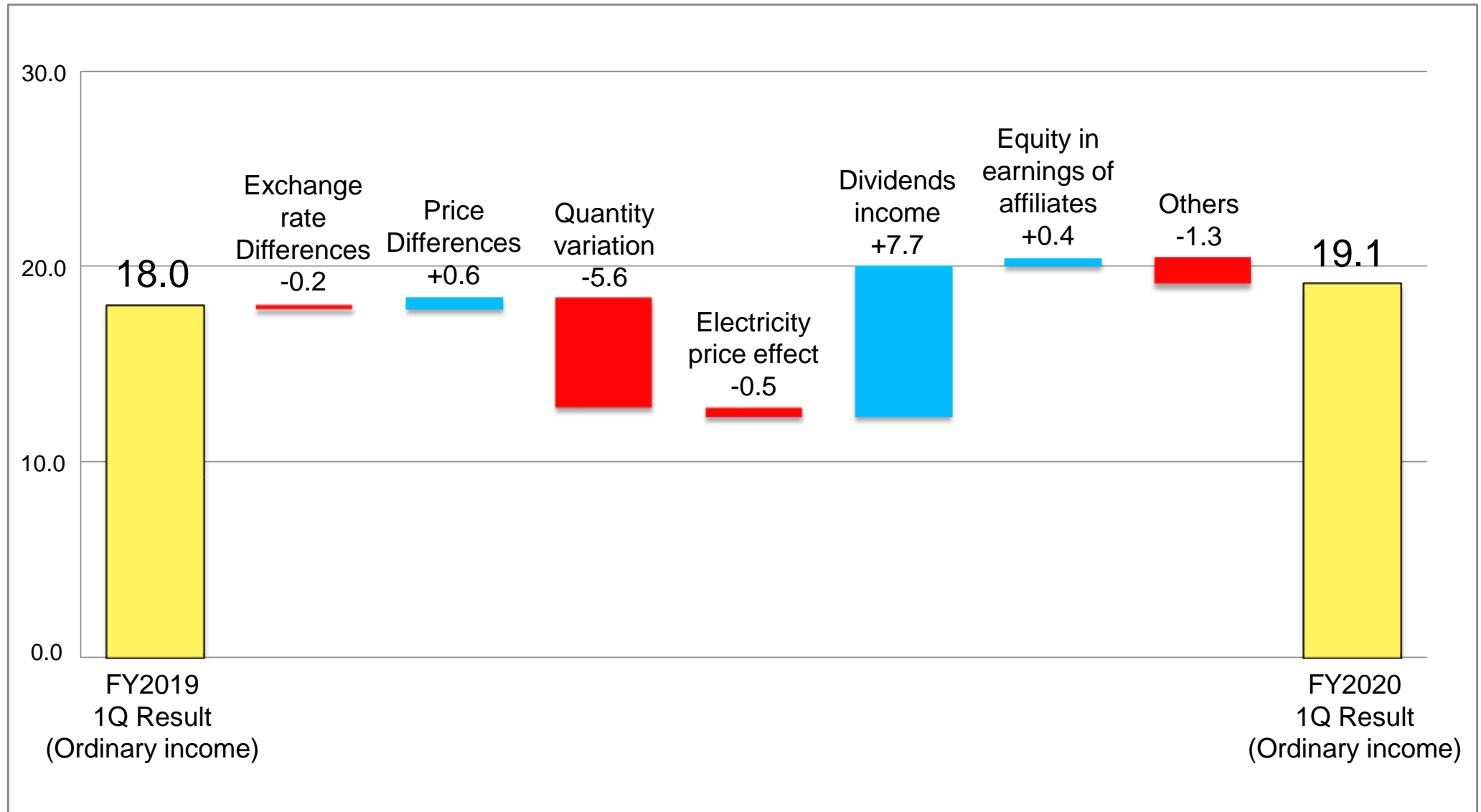
Comparison with the Previous Year Result (Statistics)

■ Statistics

		FY2019	FY2020	
		1Q Result	1Q Result	Difference
		(a)	(b)	(b)-(a)
Sales volumes of copper & copper alloy products	(thousand tons)	36	34	-2
Sales volumes of aluminum sheet products	(thousand tons)	28	26	-2
Sales volumes of aluminum extrusion products	(thousand tons)	4	4	-0
Sales volumes of copper cathodes (in-house product)	(thousand tons)	84	69	-15
Sales volumes of copper cathodes (PTS)	(thousand tons)	69	68	-1
Dividend from copper mine	(¥ billion)	1.2	8.9	7.7
Total demand for cement in Japan	(million tons)	10.46	10.03	-0.43
Cement sales volumes for MMC-Domestic	(million tons)	1.82	1.62	-0.20
Cement sales volumes for MMC-Exports	(million tons)	0.41	0.48	0.07
Cement sales volumes in the U.S.	(million tons)	0.41	0.38	-0.03
Ready-mixed concrete sales volumes in the U.S.	(million cy)	2.10	2.29	0.19

Comparison with the Previous Year Result (Factor Analysis of Ordinary Income)

[Unit: ¥ billions]



Comparison with the Previous Year Result (Factor Analysis by Segment)

[Unit: ¥ billions]

		FY2019 1Q Result (a)	FY2020 1Q Result (b)	Differences (b)-(a)	Exchange rate differences	Price differences	Quantity variation	Electricity price effect	Dividends income	Equity in earnings of affiliates	Others
Advanced Products	Net sales	148.4	133.2	-15.1	-0.5	-3.9	-10.8	—	—	—	0.1
	Operating profit	4.5	1.0	-3.4	-0.0	0.2	-2.2	-0.2	—	—	-1.2
	Ordinary income	4.3	1.3	-2.9	-0.0	0.2	-2.2	-0.2	-0.0	-0.0	-0.7
Copper & Copper Alloy	Net sales	90.3	79.9	-10.4	-0.5	-3.7	-6.3	—	—	—	0.1
	Operating profit	2.3	1.6	-0.6	0.0	0.2	-0.7	-0.0	—	—	-0.1
	Ordinary income	2.0	1.9	-0.1	0.0	0.2	-0.7	-0.0	0.0	-0.0	0.4
Electronic Materials & Components	Net sales	18.7	17.7	-0.9	-0.0	-0.0	-0.9	—	—	—	0.0
	Operating profit	1.2	-0.1	-1.3	-0.0	-0.0	-0.8	-0.1	—	—	-0.4
	Ordinary income	1.3	0.0	-1.3	-0.0	-0.0	-0.8	-0.1	0.0	-0.0	-0.4
Aluminum	Net sales	39.4	35.6	-3.8	0.0	-0.1	-3.7	—	—	—	0.0
	Operating profit	0.9	-0.4	-1.4	0.0	0.0	-0.7	-0.1	—	—	-0.6
	Ordinary income	0.9	-0.5	-1.5	0.0	0.0	-0.7	-0.1	-0.0	-0.0	-0.7
Metalworking Solutions	Net sales	44.8	40.4	-4.4	-0.7	0.7	-4.4	—	—	—	0.0
	Operating profit	5.9	3.6	-2.2	-0.3	0.2	-1.8	-0.1	—	—	-0.2
	Ordinary income	5.4	3.3	-2.1	-0.3	0.2	-1.8	-0.1	0.0	—	-0.1
Metals	Net sales	192.6	151.9	-40.6	5.1	-18.1	-27.6	—	—	—	0.0
	Operating profit	3.5	1.4	-2.0	0.1	0.4	-2.1	-0.1	—	—	-0.3
	Ordinary income	3.5	9.9	6.3	0.1	0.4	-2.1	-0.1	7.7	0.1	0.2
Cement	Net sales	57.1	58.5	1.3	0.2	0.0	1.1	—	—	—	0.0
	Operating profit	4.3	4.2	-0.1	0.0	-0.2	0.4	-0.1	—	—	-0.2
	Ordinary income	5.1	5.1	-0.0	0.0	-0.2	0.4	-0.1	0.1	0.1	-0.3
Others	Net sales	39.6	38.2	-1.3	-0.2	-0.0	-1.1	—	—	—	0.0
	Operating profit	0.7	0.5	-0.2	-0.0	-0.0	0.0	-0.0	—	—	-0.2
	Ordinary income	0.9	0.9	0.0	-0.0	-0.0	0.0	-0.0	0.0	0.1	-0.1
Elimination, etc.	Net sales	-62.7	-56.2	6.5	0.0	3.5	3.0	—	—	—	0.0
	Operating profit	-2.2	-1.9	0.2	0.0	0.0	0.0	-0.0	—	—	0.2
	Ordinary income	-1.3	-1.5	-0.1	0.0	0.0	0.0	-0.0	-0.0	0.0	-0.1
Total	Net sales	420.0	366.2	-53.7	3.8	-17.8	-39.8	—	—	—	0.1
	Operating profit	16.8	8.9	-7.8	-0.2	0.6	-5.6	-0.5	—	—	-2.1
	Ordinary income	18.0	19.1	1.1	-0.2	0.6	-5.6	-0.5	7.7	0.4	-1.3

* As of April 1, 2019, the reporting segments have been changed. In regards of the result for the 1st quarter of the fiscal year ended March 31, 2019, the numerical data obtained upon the reclassification under the changed segments is used.

Consolidated Balance Sheet

[Unit: ¥ billions]

	End of Mar. 2019 (a)	End of June 2019 (b)	Difference (b)-(a)
Assets			
Cash and deposits	108.6	87.9	-20.7
Notes and accounts receivable-trade	248.2	248.0	-0.1
Inventories	335.5	360.2	24.6
Other	217.2	247.1	29.9
Current assets, subtotal	909.6	943.3	33.7
Property, plant and equipment and intangible assets	746.1	751.4	5.3
Investments and other assets	282.4	263.7	-18.7
Non-current assets, subtotal	1,028.6	1,015.1	-13.4
Total Assets	1,938.2	1,958.5	20.2

	End of Mar. 2019 (a)	End of June 2019 (b)	Difference (b)-(a)
Liabilities			
Notes and accounts payable-trade	147.5	137.7	-9.7
Loans payable, bonds payable, and CP	494.7 ^{26%}	536.0 ^{27%}	41.2
Other liabilities	572.6	589.1	16.5
Liabilities, subtotal	1,214.9	1,262.9	47.9
Net assets			
Capital stock	119.4	119.4	—
Capital surplus and treasury stock	90.2	90.2	-0.0
Retained earnings	352.9	350.2	-2.6
Total other comprehensive income	70.9	53.7	-17.1
Non-Controlling interests	89.7	81.8	-7.8
Net Assets, subtotal	723.3 ^{37%}	695.6 ^{35%}	-27.7
Total liabilities and net assets	1,938.2	1,958.5	20.2

Shareholders' equity ratio	33 %	31 %
Net debt to equity ratio	0.6 times	0.7 times

1st Half of the FY2020 Performance Forecast (Consolidated Statements of Operations)

[Unit: ¥ billions]

	Previous Forecast *	Current Forecast	Difference
	1st Half	1st Half	
Net sales	830.0	830.0	—
Operating profit	23.0	23.0	—
Ordinary income	24.0	24.0	—
Net income attributable to owners of parent	12.0	5.0	-58.3%

* Announced on May 13, 2019

For the first six months of the fiscal year ending March 31, 2020, the Company revised the previous consolidated earnings forecast that announced on May 13, 2019. Net income attributable to owners of parent is expected to decline from the previous forecast, given that the provision for loss on the Antimonopoly Act and so on was posted as an extraordinary loss in the first three months of the current fiscal year under review.

While, the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2020 remain unchanged from the previous forecast.

(FYI) Performance Overview (Quarterly)

[Unit: ¥ billions]

		FY2019 Result							FY2020 Result							(Forecast *1)		
		1Q	2Q	1st Half	3Q	4Q	2nd Half	Full Year	1Q	2Q	1st Half	3Q	4Q	2nd Half	Full Year	1st Half	2nd Half	Full Year
■ Performance Overview by Segment																		
Advanced Products	Net sales	148.4	142.0	290.5	144.8	135.5	280.4	570.9	133.2	--	--	--	--	--	--	292.4	295.5	587.9
	Operating profit	4.5	3.1	7.6	3.1	1.1	4.3	11.9	1.0	--	--	--	--	--	--	6.6	7.8	14.5
	Ordinary income	4.3	3.8	8.1	2.5	2.5	5.0	13.2	1.3	--	--	--	--	--	--	7.4	8.3	15.7
	Copper & Copper Alloy	Net sales	90.3	87.1	177.4	88.9	83.4	172.3	349.8	79.9	--	--	--	--	--	176.4	177.8	354.3
		Operating profit	2.3	2.3	4.6	2.5	2.2	4.7	9.4	1.6	--	--	--	--	--	4.4	5.4	9.8
		Ordinary income	2.0	1.9	4.0	2.1	2.2	4.3	8.3	1.9	--	--	--	--	--	4.2	5.1	9.3
	Electronic Materials & Components	Net sales	18.7	17.4	36.1	17.8	18.0	35.9	72.1	17.7	--	--	--	--	--	36.8	40.4	77.3
		Operating profit	1.2	0.4	1.6	0.9	0.5	1.5	3.1	-0.1	--	--	--	--	--	1.1	2.0	3.1
		Ordinary income	1.3	1.7	3.0	0.9	1.8	2.7	5.8	0.0	--	--	--	--	--	2.4	3.2	5.7
	Aluminum	Net sales	39.4	37.5	77.0	38.2	34.2	72.4	149.5	35.6	--	--	--	--	--	79.1	77.2	156.3
		Operating profit	0.9	0.3	1.3	-0.3	-1.6	-2.0	-0.7	-0.4	--	--	--	--	--	1.0	0.4	1.5
		Ordinary income	0.9	0.1	1.1	-0.5	-1.5	-2.0	-0.9	-0.5	--	--	--	--	--	0.7	-0.0	0.6
	Metalworking Solutions	Net sales	44.8	42.3	87.2	42.7	41.5	84.2	171.5	40.4	--	--	--	--	--	88.9	90.3	179.2
		Operating profit	5.9	3.9	9.9	3.8	2.9	6.8	16.7	3.6	--	--	--	--	--	7.0	9.6	16.7
		Ordinary income	5.4	3.8	9.3	3.3	2.8	6.2	15.6	3.3	--	--	--	--	--	6.8	9.3	16.2
Metals	Net sales	192.6	194.2	386.9	177.7	155.4	333.1	720.0	151.9	--	--	--	--	--	367.2	380.8	748.1	
	Operating profit	3.5	0.6	4.1	-5.4	-5.9	-11.3	-7.1	1.4	--	--	--	--	--	5.0	3.2	8.2	
	Ordinary income	3.5	4.5	8.1	-4.2	-1.6	-5.8	2.3	9.9	--	--	--	--	--	3.8	12.7	16.6	
Cement	Net sales	57.1	66.2	123.4	69.2	61.0	130.2	253.6	58.5	--	--	--	--	--	124.0	129.6	253.6	
	Operating profit	4.3	3.8	8.2	5.8	2.6	8.4	16.6	4.2	--	--	--	--	--	7.9	8.0	15.9	
	Ordinary income	5.1	3.9	9.0	6.6	4.0	10.6	19.7	5.1	--	--	--	--	--	9.0	9.1	18.2	
Others	Net sales	39.6	45.6	85.3	51.1	58.2	109.3	194.7	38.2	--	--	--	--	--	84.3	98.4	182.8	
	Operating profit	0.7	1.8	2.6	2.6	4.7	7.4	10.0	0.5	--	--	--	--	--	1.8	5.1	6.9	
	Ordinary income	0.9	1.9	2.8	2.7	4.7	7.4	10.3	0.9	--	--	--	--	--	2.1	5.7	7.8	
Elimination, etc.	Net sales	-62.7	-55.4	-118.2	-68.3	-61.4	-129.8	-248.0	-56.2	--	--	--	--	--	-127.0	-124.8	-251.8	
	Operating profit	-2.2	-2.7	-4.9	-3.4	-2.9	-6.3	-11.3	-1.9	--	--	--	--	--	-5.5	-5.9	-11.5	
	Ordinary income	-1.3	-3.1	-4.5	-2.0	-3.9	-6.0	-10.5	-1.5	--	--	--	--	--	-5.3	-7.4	-12.7	
Total	Net sales	420.0	435.2	855.2	417.2	390.4	807.7	1,662.9	366.2	--	--	--	--	--	830.0	870.0	1,700.0	
	Operating profit	16.8	10.7	27.5	6.6	2.6	9.2	36.8	8.9	--	--	--	--	--	23.0	28.0	51.0	
	Ordinary income	18.0	14.9	33.0	8.9	8.6	17.6	50.6	19.1	--	--	--	--	--	24.0	38.0	62.0	

■ Statistics / Assumptions

*1 Announced on May 13, 2019

Sales volumes of copper & copper alloy products	(thousand tons)	36	34	70	37	36	73	142	34	--	--	--	--	--	73	76	149
Sales volumes of aluminum sheet products	(thousand tons)	28	25	53	27	24	51	104	26	--	--	--	--	--	54	54	108
Sales volumes of aluminum extrusion products	(thousand tons)	4	5	9	4	4	8	17	4	--	--	--	--	--	9	9	19
Sales volumes of copper cathodes (in-house product)	(thousand tons)	84	75	159	75	68	143	301	69	--	--	--	--	--	167	164	331
Sales of volumes of copper cathodes (PTS)	(thousand tons)	69	79	148	37	49	86	234	68	--	--	--	--	--	146	147	293
Dividend from copper mine	(¥ billion)	1.2	4.9	6.2	1.5	4.9	6.5	12.8	8.9	--	--	--	--	--	0.6	11.4	12.0
Total demand for cement in Japan	(million tons)	10.46	10.31	20.77	11.75	10.07	21.82	42.59	10.03	--	--	--	--	--	--	--	42.50
Cement sales volumes for MMC-Domestic	(million tons)	1.82	1.77	3.59	2.02	1.71	3.73	7.32	1.62	--	--	--	--	--	3.46	3.64	7.10
Cement sales volumes for MMC-Exports	(million tons)	0.41	0.52	0.93	0.58	0.59	1.17	2.11	0.48	--	--	--	--	--	1.15	1.10	2.25
Total demand for cement in the U.S.	(million tons)	--	--	--	--	--	--	96.22	--	--	--	--	--	--	--	--	98.38
Cement sales volumes in the U.S.	(million tons)	0.41	0.35	0.76	0.39	0.31	0.69	1.46	0.38	--	--	--	--	--	0.82	0.73	1.55
Ready-mixed concrete sales volumes in the U.S.	(million cy)	2.10	2.09	4.19	1.86	1.65	3.52	7.72	2.29	--	--	--	--	--	4.39	3.98	8.37
Exchange rate (USD)	JPY / \$	109	111	110	113	110	112	111	110	--	--	--	--	--	110	110	110
Exchange rate (EUR)	JPY / €	130	130	130	129	125	127	128	123	--	--	--	--	--	125	125	125
Copper price (LME)	¢ / lb	312	277	294	280	282	281	288	277	--	--	--	--	--	290	290	290

*2 As of April 1, 2019, the reporting segments have been changed. In regards of the result for the 1st quarter of the fiscal year ended March 31, 2019,

the numerical data obtained upon the reclassification under the changed segments is used.

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.