

MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation
for the fiscal year ended March 31, 2020

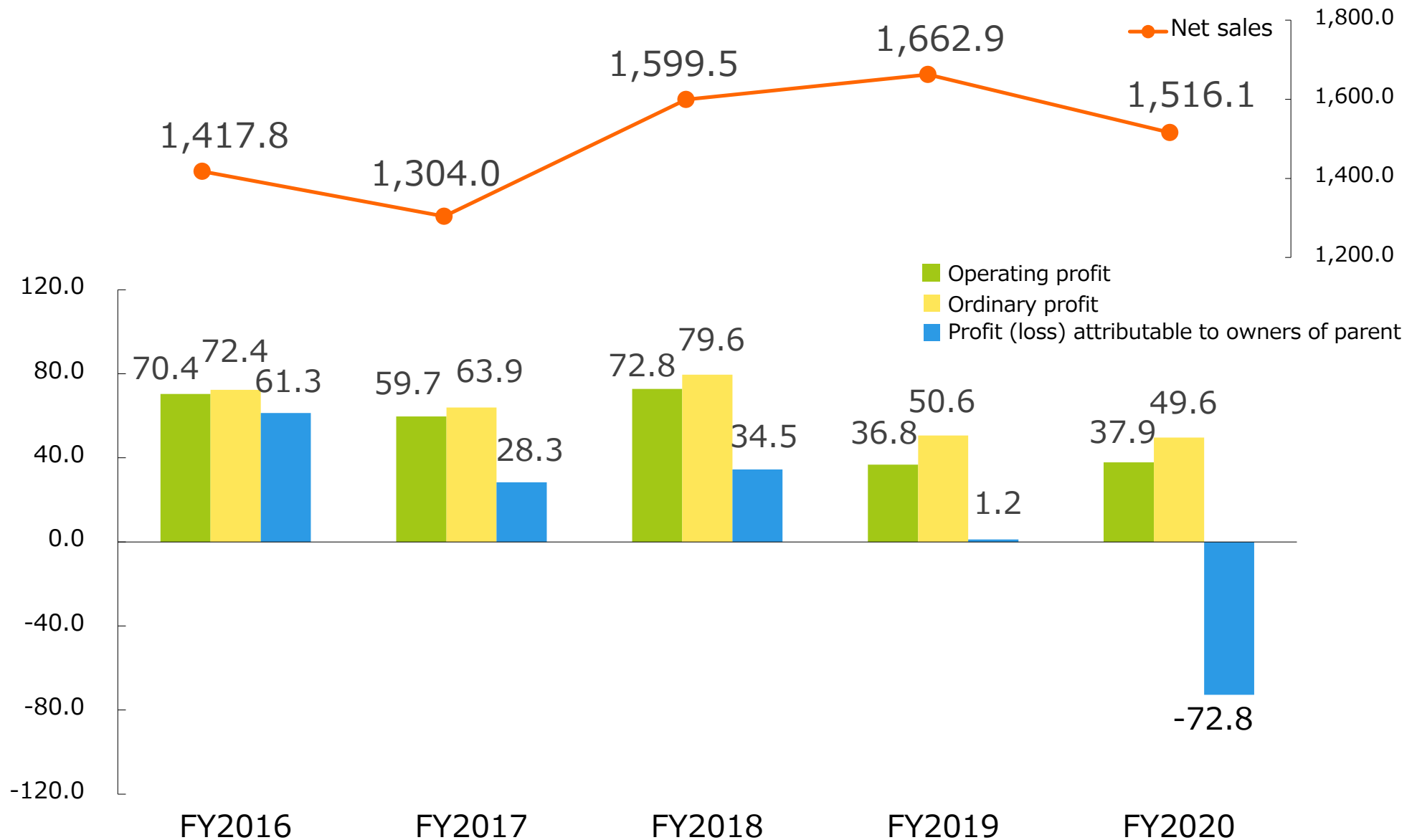
May 27, 2020

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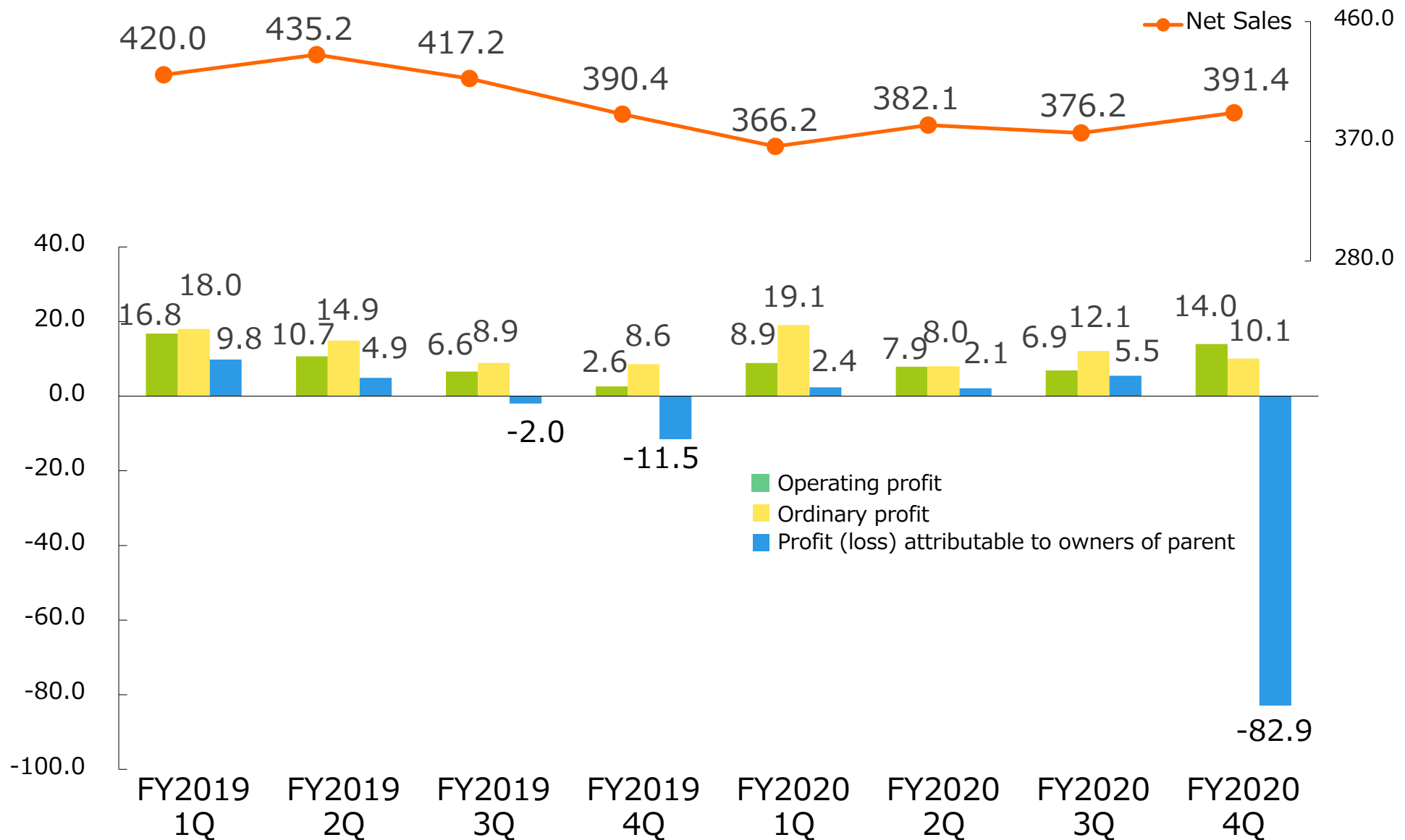
Performance Overview (Full Year)

[Unit: billion yen]



Performance Overview (Quarterly)

[Unit: billion yen]



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

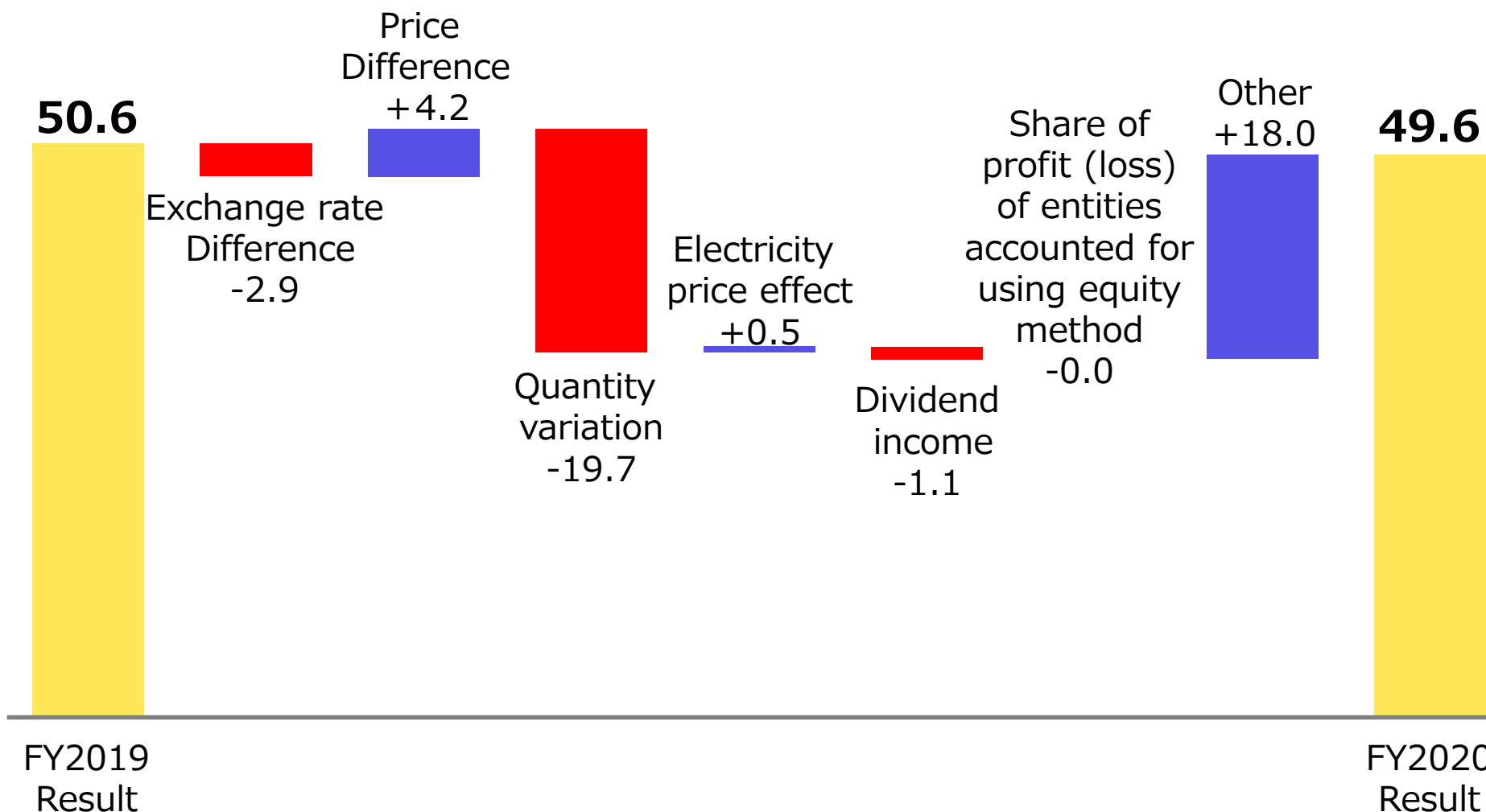
[Unit: billion yen]

	FY2019 Result(a)	FY2020 Result(b)	Difference (b)-(a)	Reason*
Net sales	1,662.9	1,516.1	-146.8	AP -59.0, MS -21.2, Metals -55.0, Cement -15.4, etc.
Operating profit	36.8	37.9	1.0	AP -10.7, MS -8.2, Metals +26.4, Cement -4.6, etc.
Net interest and dividend income	15.9	14.8	-1.1	Dividend income -1.1, etc.
Share of profit (loss) of entities accounted for using equity method	3.5	3.5	-0.0	
Non-operating income (loss)	-5.7	-6.7	-0.9	
Ordinary profit	50.6	49.6	-1.0	
Extraordinary income (loss)	-14.3	-90.1	-75.7	Impairment loss -46.6, Provision for loss on business restructuring -30.2, Loss on the Antimonopoly Act -10.4, Gain on sales of investment securities +12.9, etc.
Income taxes	-28.7	-28.8	-0.0	
Profit (loss) attributable to non-controlling interests	-6.3	-3.5	2.7	
Profit (loss) attributable to owners of parent	1.2	-72.8	-74.1	
Exchange rate (USD)	111	109	-2	JPY / \$
Exchange rate (EUR)	128	121	-8	JPY / €
Copper price (LME)	288	266	-22	¢ / lb
Dividend per share (yen)	80	80	-	

*AP: Advanced Products
MS: Metalworking Solutions

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

[Unit: billion yen]



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

[Unit: billion yen]

		FY2019 Result(a)	FY2020 Result(b)	Difference (b)-(a)	Exchange rate difference	Price difference	Quantity variation	Electricity price effect	Dividend income	Share of profit (loss) of entities accounted for using equity method	Other
Advanced Products	Net sales	570.9	511.9	-59.0	-4.6	-18.5	-36.2	-	-	-	0.3
	Operating profit	11.9	1.2	-10.7	-0.3	1.2	-7.9	0.2	-	-	-3.9
	Ordinary profit	13.2	1.4	-11.7	-0.3	1.2	-7.9	0.2	-1.1	-0.8	-3.0
	Copper & copper alloy	Net sales	349.8	305.6	-44.1	-3.8	-17.3	-23.3	-	-	0.3
		Operating profit	9.4	4.6	-4.7	-0.2	0.3	0.0	-	-	-0.3
		Ordinary profit	8.3	3.8	-4.4	-0.2	0.3	0.0	-0.0	-0.7	0.7
	Electronic materials & components	Net sales	72.1	70.2	-1.8	-0.6	-0.3	-0.9	-	-	-
		Operating profit	3.1	-0.3	-3.5	-0.1	-0.1	0.0	-	-	-1.7
		Ordinary profit	5.8	1.5	-4.2	-0.1	-0.1	0.0	-1.0	-0.0	-1.4
	Aluminum	Net sales	149.5	136.7	-12.7	-0.2	-0.8	-11.7	-	-	-
		Operating profit	-0.7	-3.1	-2.4	0.0	1.0	0.1	-	-	-1.8
		Ordinary profit	-0.9	-3.9	-3.0	0.0	1.0	0.1	-0.0	-0.0	-2.4
Metalworking Solutions	Net sales	171.5	150.2	-21.2	-3.7	1.4	-18.9	-	-	-	-
	Operating profit	16.7	8.5	-8.2	-1.8	1.6	-11.0	0.1	-	-	2.9
	Ordinary profit	15.6	6.9	-8.6	-1.8	1.6	-11.0	0.1	0.0	-	2.5
Metals	Net sales	720.0	665.0	-55.0	-7.9	0.0	-47.1	-	-	-	-
	Operating profit	-7.1	19.2	26.4	-0.4	2.6	0.2	0.1	-	-	23.9
	Ordinary profit	2.3	28.0	25.7	-0.4	2.6	0.2	0.1	-0.1	0.7	22.6
Cement	Net sales	253.6	238.2	-15.4	-2.2	-4.4	-8.8	-	-	-	-
	Operating profit	16.6	11.9	-4.6	-0.3	-1.2	0.2	0.1	-	-	-3.4
	Ordinary profit	19.7	14.9	-4.7	-0.3	-1.2	0.2	0.1	0.1	-0.9	-2.7
Others	Net sales	194.7	187.3	-7.4	-0.6	0.0	-6.8	-	-	-	-
	Operating profit	10.0	8.3	-1.6	-0.0	0.0	-1.3	0.0	-	-	-0.3
	Ordinary profit	10.3	9.8	-0.5	-0.0	0.0	-1.3	0.0	0.0	1.0	-0.2
Elimination, etc.	Net sales	-248.0	-236.7	11.3	0.0	8.8	2.5	-	-	-	-
	Operating profit	-11.3	-11.3	-0.0	0.0	0.0	0.1	0.0	-	-	-0.1
	Ordinary profit	-10.5	-11.7	-1.1	0.0	0.0	0.1	0.0	-0.1	0.0	-1.1
Total	Net sales	1,662.9	1,516.1	-146.8	-19.2	-12.7	-115.2	-	-	-	0.3
	Operating profit	36.8	37.9	1.0	-29.0	42.0	-19.7	0.5	-	-	18.9
	Ordinary profit	50.6	49.6	-1.0	-29.0	42.0	-19.7	0.5	-1.1	-0.0	18.0

*As of April 1, 2019 the coal-related business in the "Others business" changed to the "Cement Business". In regards of the FY2019 Result, the numerical data obtained upon the reclassification under the changed segments is used.

Comparison with the Previous Forecast Announced on February 12, 2020 (Consolidated Statements of Operations)

[Unit: billion yen]

	FY2020 Previous forecast (a)	FY2020 Result (b)	Difference (b-a)	
Net sales	1,520.0	1,516.1	-3.9	
Operating profit	27.0	37.9	10.9	
Net interest and dividend income	14.5	14.8	0.3	
Share of profit (loss) of entities accounted for using equity method	3.7	3.5	-0.2	
Non-operating income (loss)	-5.2	-6.7	-1.5	
Ordinary profit	40.0	49.6	9.6	
Extraordinary income (loss)	-70.0	-90.1	-20.1	
Income taxes	-21.0	-28.8	-7.8	
Profit (loss) attributable to non-controlling interests	-6.0	-3.5	2.5	
Profit (loss) attributable to owners of parent	-57.0	-72.8	-15.8	
Exchange rate (USD)	109	109	0	JPY / \$
Exchange rate (EUR)	121	121	0	JPY / €
Copper price (LME)	268	266	-2	¢ / lb
Dividend per share (yen)	80	80		

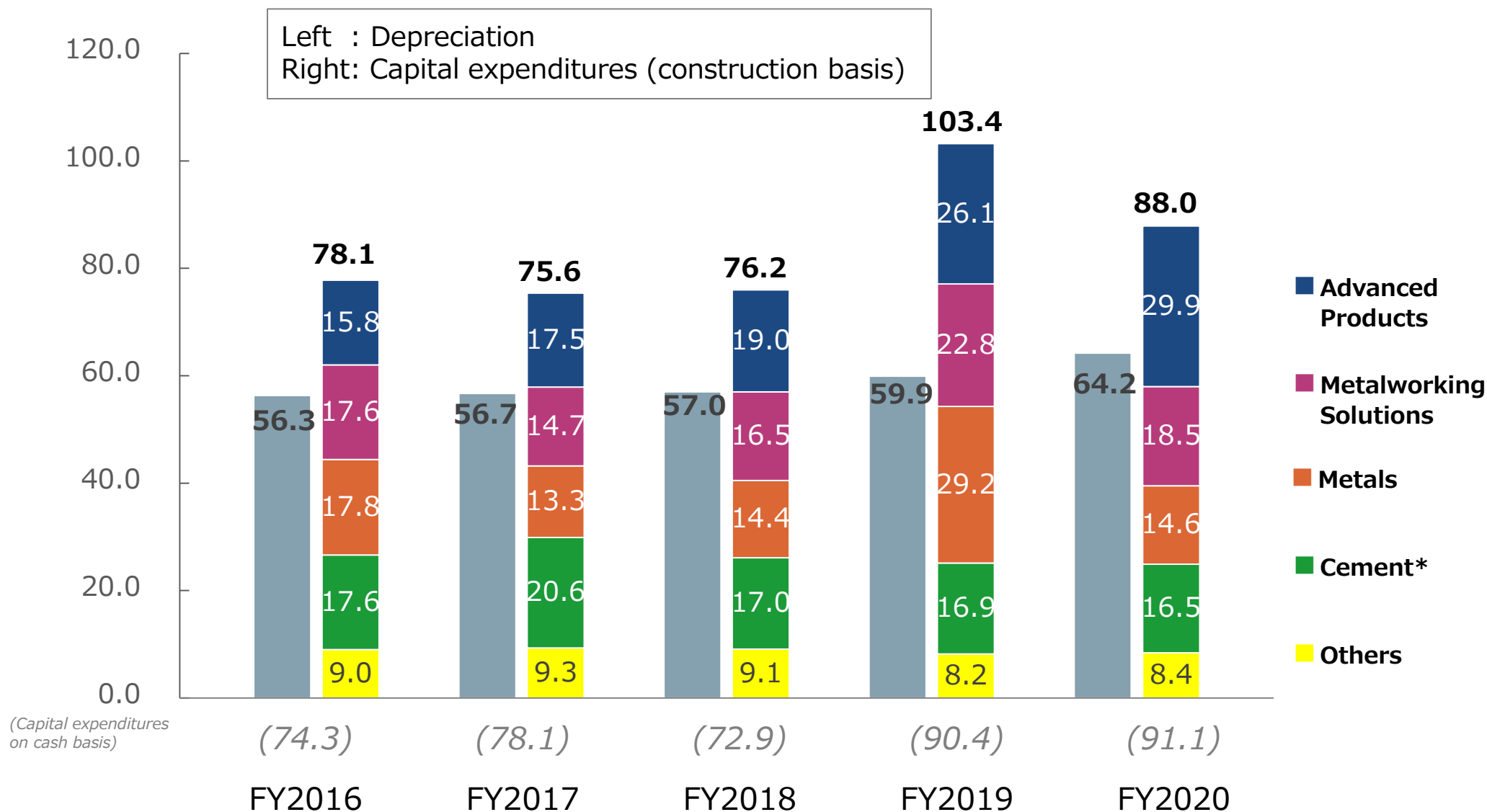
Consolidated Balance Sheet

[Unit: billion yen]

	End of Mar. 2019(a)	End of Mar. 2020(b)	Difference (b)-(a)		End of Mar. 2019(a)	End of Mar. 2020(b)	Difference (b)-(a)
Assets				Liabilities			
Cash and deposits	108.6	134.4	25.7	Notes and accounts payable - trade	147.5	113.1	-34.4
Notes and accounts receivable - trade	248.2	217.2	-30.9	Borrowings, bonds payable and commercial papers	494.7 ^{26%}	547.6 ^{29%}	52.8
Inventories	335.5	352.2	16.6	Other liabilities	572.6	657.2	84.6
Other	217.2	251.5	34.3	Total liabilities	1,214.9	1,318.0	103.0
Total current assets	909.6	955.4	45.8	Net assets			
Property, plant and equipment and intangible assets	746.1	710.7	-35.3	Share capital	119.4	119.4	-
Investments and other assets	282.4	237.7	-44.7	Capital surplus and treasury shares	90.2	90.2	-0.0
Total non-current assets	1,028.6	948.5	-80.0	Retained earnings	352.9	274.7	-78.2
Total assets	1,938.2	1,904.0	-34.2	Accumulated other comprehensive income (loss)	70.9	22.3	-48.5
				Non-Controlling interests	89.7	79.2	-10.5
				Total net assets	723.3^{37%}	586.0^{31%}	-137.3
				Total liabilities and net assets	1,938.2	1,904.0	-34.2
				Shareholders' equity ratio	33%	27%	
				Net D/E ratio	0.6 ^{times}	0.8 ^{times}	

Depreciation & Capital Expenditures

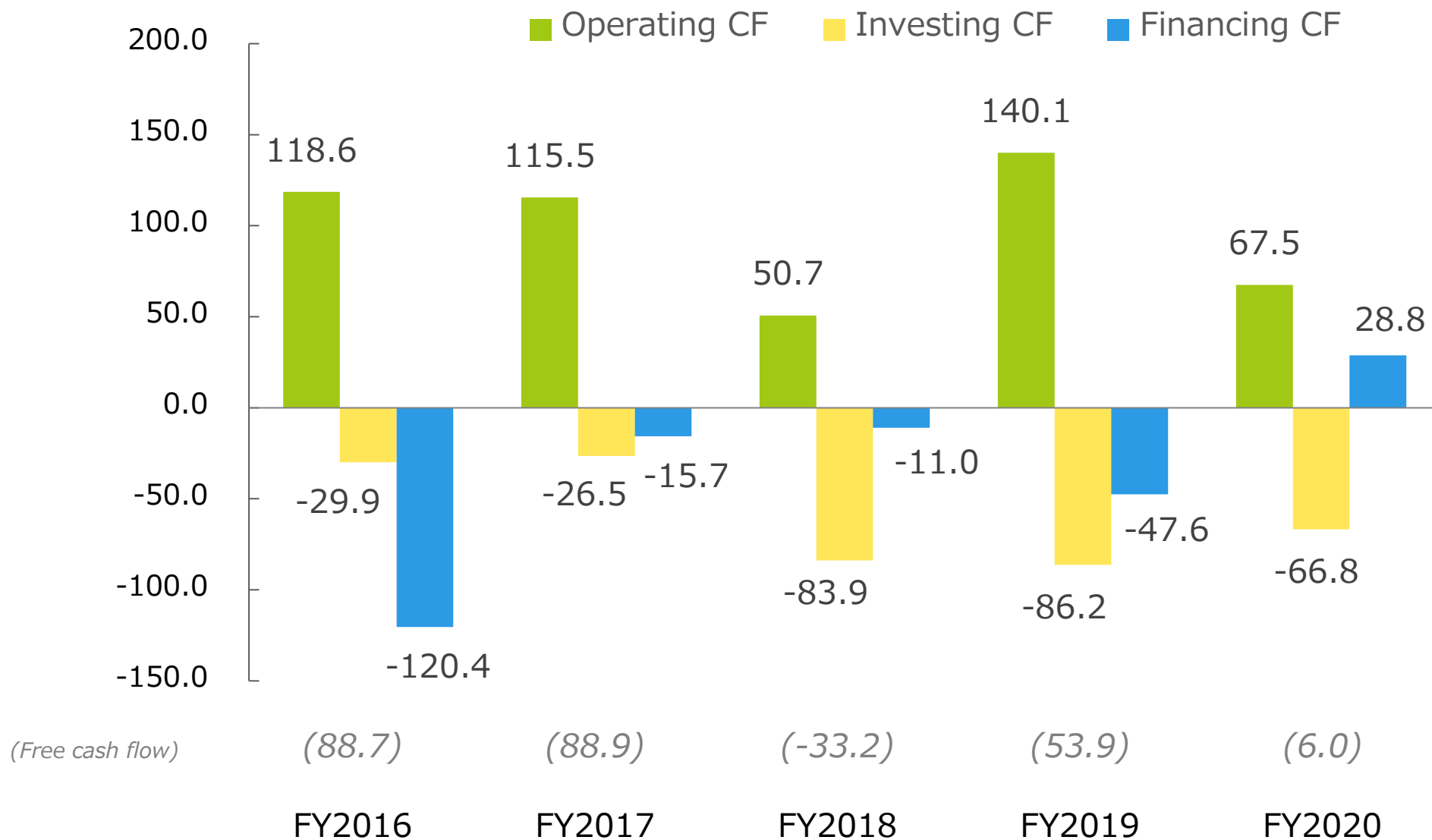
[Unit: billion yen]



*As of April 1, 2019 the coal-related business in the "Others business" changed to the "Cement Business".
Accordingly, the amount of capital expenditures in the "Cement Business" indicates figures after the change of segmentation.

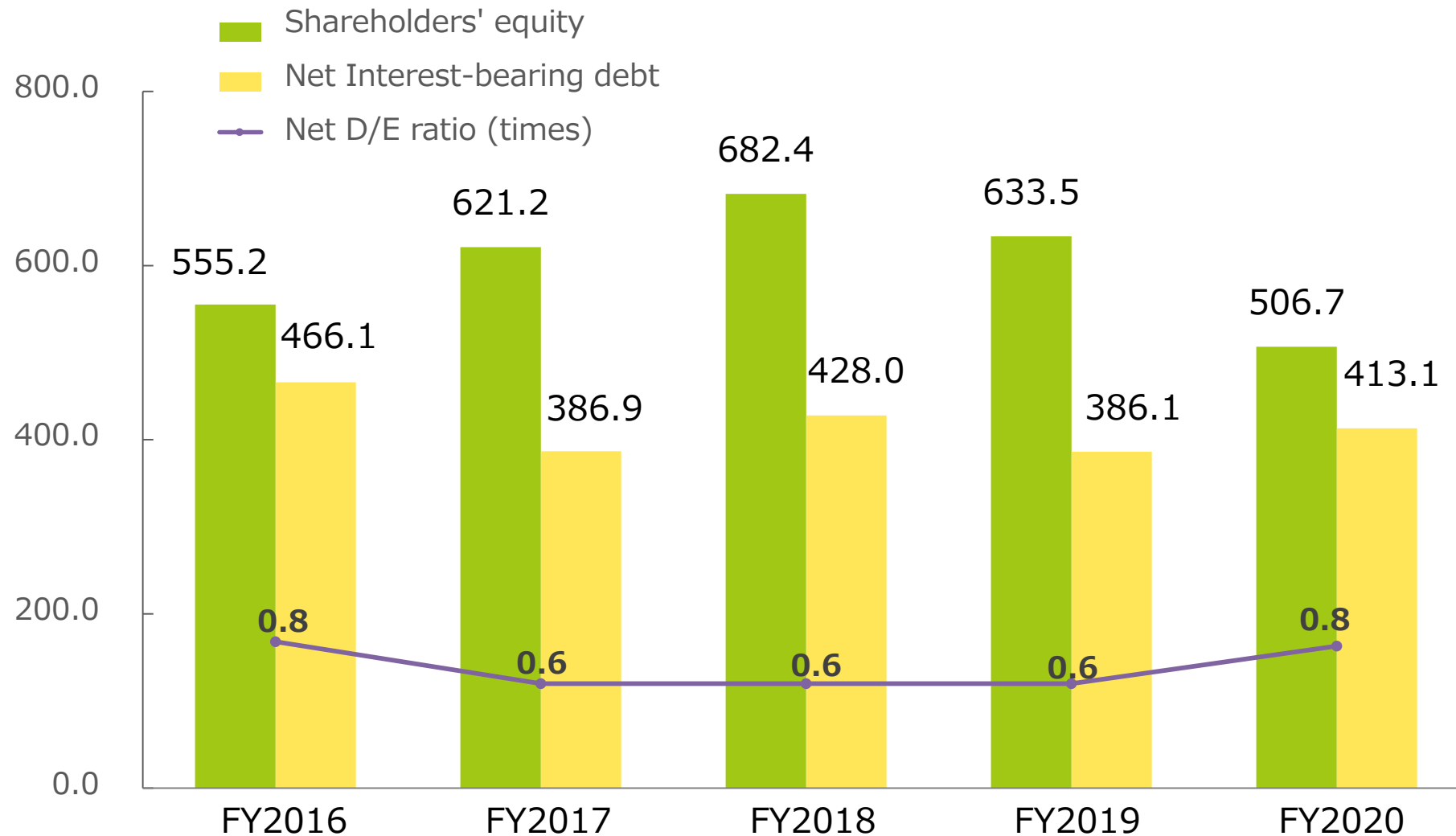
Cash Flows

[Unit: billion yen]



Net Interest-Bearing Debt and Net D/E Ratio

[Unit: billion yen]



Impact of COVID-19

Overview of
fiscal year
ended March
31, 2020

Impact of COVID-19 and measures to prevent the spread of infection

- ✓ (Overseas) Operation stopped in some sites due to lockdown, etc.
- ✓ (Domestic) Almost no impact

There was no
major impact on
business
performance

On the other hand, the economic downturn may become serious as economic activities will be severely constrained until the global spread of COVID-19 subsides.

Demand for automobiles, semiconductors, construction, etc. related deeply to the Group business in Japan and overseas is decreasing and MMC concerns that the impact on the Group's business may expand.

Segment	Major risk that may occur as a consequence of the COVID-19
Advanced Products	Decrease in demand for automobile and semiconductors related products, etc.
Metalworking Solutions Business	Demand decline due to economic slowdown in Japan and major countries in overseas, raw material procurement risk, stagnation of customer production activity, etc.
Metals Business	Raw material procurement risk due to a decline in the operating rate of overseas copper mines, a reduction in the collection of recycled raw materials, a drop in copper price, a decrease in copper demand, etc.
Cement Business	Reduction in cement shipment due to the construction delay, etc.
Environment & Energy Business	Delay for renewable energy related construction etc.
Aluminum	Stagnation in production activities of major customers

Uncertain impact on future performance

Response to COVID-19

- Establishment of the MMC Novel Coronavirus Response Headquarters (January 2020)
 - ✓ Formulation of the Group policy and preventive measures
 - ✓ Centrally manage information such as infection status and impact on business, and implement various measures by swift examination of countermeasures and decision making
- Policy
 - ✓ Give top priority to the health and safety of employees and make every effort to prevent infection and spread
 - ✓ Respond to requests of society and customer by continuing production and supply of products and recycling business that support social infrastructure
- Countermeasures
 - <Production bases>
 - ✓ Restrict commuting by public transport, staggered commuting and working shift
 - ✓ Build a business continuity system that responds to multiple scenarios due to operational restrictions
 - <Offices in metropolitan areas>
 - ✓ In principle, work from home since early March, 2020
 - ✓ Headquarters (Tokyo) function moved to Saitama office in early April, 2020
(Only minimum BCP personnel come into office)

Response to risks

In order to keep the impact on the Group's business results to a minimum, MMC will reconstruct business models to adapt the change of business environment along with working out various measures such as strengthen of cash management.



Secure liquidity at hand and fund-raising capacity

- Cash and deposit balance at the end of March 2020: approx. 130 billion yen
- Commitment line with financial institutions (80 billion yen)

Proper management of cash flow

- Prioritization of capital expenditure
- Cost reduction and maintenance of appropriate level of inventories
- Consider sale of strategic holdings and other assets

Securing production system in preparation for demand recovery

Work style reform

- Consideration of new work style (remote work and rotation)

Digital Transformation strategy

- Promotion of improving management speed by digital transformation

Work on rebuilding the business model accompanying changes in the business environment

Regarding the business forecast, it is undetermined at this point since it is difficult to reasonably estimate the impact of the COVID-19 on business results. We will announce it as soon as we are able to reasonably estimate.

In addition, MMC will carefully examine the Medium-term Management Strategy including the financial plan with the shareholder return policy based on further changes in the business environment caused by COVID-19 and its impact on the medium- to long-term business outlook. MMC will promptly announce any changes in its content if it is deemed necessary.

【Reference】 Performance Overview (Quarterly)

[Unit: billion yen]

■ Performance Overview by Segment		FY2019 Result							FY2020 Result						
		1Q	2Q	1st Half	3Q	4Q	2nd Half	Full Year	1Q	2Q	1st Half	3Q	4Q	2nd Half	Full Year
Advanced Products	Net sales	148.4	142.0	290.5	144.8	135.5	280.4	570.9	133.2	128.9	262.2	127.4	122.2	249.7	511.9
	Operating profit	4.5	3.1	7.6	3.1	1.1	4.3	11.9	1.0	-0.1	0.9	0.0	0.1	0.2	1.2
	Ordinary profit	4.3	3.8	8.1	2.5	2.5	5.0	13.2	1.3	0.5	1.9	-0.1	-0.3	-0.4	1.4
Copper & copper alloy	Net sales	90.3	87.1	177.4	88.9	83.4	172.3	349.8	79.9	77.1	157.1	75.9	72.6	148.5	305.6
	Operating profit	2.3	2.3	4.6	2.5	2.2	4.7	9.4	1.6	0.8	2.5	1.2	0.8	2.1	4.6
	Ordinary profit	2.0	1.9	4.0	2.1	2.2	4.3	8.3	1.9	0.5	2.4	0.8	0.4	1.3	3.8
Electronic materials & components	Net sales	18.7	17.4	36.1	17.8	18.0	35.9	72.1	17.7	17.0	34.8	17.6	17.7	35.4	70.2
	Operating profit	1.2	0.4	1.6	0.9	0.5	1.5	3.1	-0.1	-0.3	-0.4	-0.2	0.2	0.0	-0.3
	Ordinary profit	1.3	1.7	3.0	0.9	1.8	2.7	5.8	0.0	0.8	0.9	-0.0	0.7	0.6	1.5
Aluminum	Net sales	39.4	37.5	77.0	38.2	34.2	72.4	149.5	35.6	34.8	70.5	34.1	32.1	66.2	136.7
	Operating profit	0.9	0.3	1.3	-0.3	-1.6	-2.0	-0.7	-0.4	-0.7	-1.2	-0.9	-0.9	-1.8	-3.1
	Ordinary profit	0.9	0.1	1.1	-0.5	-1.5	-2.0	-0.9	-0.5	-0.9	-1.4	-0.9	-1.5	-2.4	-3.9
Metalworking Solutions	Net sales	44.8	42.3	87.2	42.7	41.5	84.2	171.5	40.4	37.7	78.1	36.9	35.1	72.0	150.2
	Operating profit	5.9	3.9	9.9	3.8	2.9	6.8	16.7	3.6	2.3	5.9	1.2	1.2	2.5	8.5
	Ordinary profit	5.4	3.8	9.3	3.3	2.8	6.2	15.6	3.3	1.8	5.2	1.0	0.6	1.7	6.9
Metals	Net sales	192.6	194.2	386.9	177.7	155.4	333.1	720.0	151.9	164.6	316.5	164.8	183.5	348.4	665.0
	Operating profit	3.5	0.6	4.1	-5.4	-5.9	-11.3	-7.1	1.4	4.2	5.6	3.7	9.8	13.5	19.2
	Ordinary profit	3.5	4.5	8.1	-4.2	-1.6	-5.8	2.3	9.9	3.7	13.7	7.0	7.3	14.3	28.0
Cement	Net sales	57.1	66.2	123.4	69.2	61.0	130.2	253.6	58.5	60.9	119.4	61.1	57.6	118.7	238.2
	Operating profit	4.3	3.8	8.2	5.8	2.6	8.4	16.6	4.2	2.2	6.5	2.9	2.4	5.3	11.9
	Ordinary profit	5.1	3.9	9.0	6.6	4.0	10.6	19.7	5.1	2.8	7.9	4.3	2.7	7.0	14.9
Others	Net sales	39.6	45.6	85.3	51.1	58.2	109.3	194.7	38.2	45.7	84.0	47.4	55.8	103.2	187.3
	Operating profit	0.7	1.8	2.6	2.6	4.7	7.4	10.0	0.5	1.8	2.4	2.0	3.9	5.9	8.3
	Ordinary profit	0.9	1.9	2.8	2.7	4.7	7.4	10.3	0.9	2.2	3.2	2.4	4.1	6.5	9.8
Elimination, etc.	Net sales	-62.7	-55.4	-118.2	-68.3	-61.4	-129.8	-248.0	-56.2	-55.9	-112.1	-61.5	-63.0	-124.5	-236.7
	Operating profit	-2.2	-2.7	-4.9	-3.4	-2.9	-6.3	-11.3	-1.9	-2.5	-4.5	-3.1	-3.6	-6.8	-11.3
	Ordinary profit	-1.3	-3.1	-4.5	-2.0	-3.9	-6.0	-10.5	-1.5	-3.2	-4.7	-2.5	-4.3	-6.9	-11.7
Total	Net sales	420.0	435.2	855.2	417.2	390.4	807.7	1,662.9	366.2	382.1	748.4	376.2	391.4	767.7	1,516.1
	Operating profit	16.8	10.7	27.5	6.6	2.6	9.2	36.8	8.9	7.9	16.9	6.9	14.0	20.9	37.9
■ Statistics / Assumptions		Ordinary profit	18.0	14.9	33.0	8.9	8.6	17.6	50.6	19.1	8.0	27.2	12.1	10.1	49.6
Sales volumes of copper & copper alloy products (thousand tons)		36	34	70	37	36	73	142	34	33	67	32	31	63	130
Sales volumes of aluminum sheet products (thousand tons)		28	25	53	27	24	51	104	26	24	50	26	24	50	100
Sales volumes of aluminum extrusion products (thousand tons)		4	5	9	4	4	8	17	4	4	7	3	3	7	14
Sales volumes of copper cathodes (in-house product) (thousand tons)		84	75	159	75	68	143	301	69	81	150	74	81	156	306
Sales volumes of copper cathodes (PTS) (thousand tons)		69	79	148	37	49	86	234	68	70	138	64	69	133	271
Dividend from copper mine (billion yen)		1.2	4.9	6.2	1.5	4.9	6.5	12.8	8.9	-0.0	8.8	3.7	0.0	3.7	12.6
Total demand for cement in Japan (million tons)		10.46	10.31	20.77	11.75	10.07	21.82	42.59	10.03	10.33	20.36	10.97	9.64	20.61	40.97
Cement sales volumes for MMC-Domestic (million tons)		1.82	1.77	3.59	2.02	1.71	3.73	7.32	1.62	1.62	3.24	1.81	1.65	3.45	6.69
Cement sales volumes for MMC-Exports (million tons)		0.41	0.52	0.93	0.58	0.59	1.17	2.11	0.48	0.53	1.01	0.50	0.71	1.21	2.22
Total demand for cement in the U.S. (million tons)		-	-	-	-	-	-	96.22	-	-	-	-	-	-	99.56
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	0.35	0.74	0.34	0.40	0.74	1.48
Read-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	2.14	4.43	1.87	1.94	3.81	8.24
Exchange rate (USD) JPY / \$		109	111	110	113	110	112	111	110	107	109	109	109	109	109
Exchange rate (EUR) JPY / €		130	130	130	129	125	127	128	123	119	121	120	120	120	121
Copper price (LME) ¢ / lb		312	277	294	280	282	281	288	277	263	270	267	256	261	266

*As of April 1, 2019 the coal-related business in the "Others business" changed to the "Cement Business". In regards of the FY2019 Result, the numerical data obtained upon the reclassification under the changed segments is used.

【Reference】 FY2020 Result (Segmentation change)[Unit: billion yen]

With the organizational restructuring implemented on April 1, 2020, the energy-related business and environmental and recycling-related business that fell under to “Other Businesses” was changed to “Environment & Energy Business”. The aluminum-related business was split off from “Advanced Products Business” to “Other Businesses”. In addition, the cement sales-related business, which was included in “Other Businesses”, has been transferred to “Cement Business”.

【Before】

		FY2020 Result
Advanced Products	Net sales	511.9
	Operating profit	1.2
	Ordinary profit	1.4
Copper & copper alloy	Net sales	305.6
	Operating profit	4.6
	Ordinary profit	3.8
Electronic materials & components	Net sales	70.2
	Operating profit	-0.3
	Ordinary profit	1.5
Aluminum	Net sales	136.7
	Operating profit	-3.1
	Ordinary profit	-3.9
Metalworking Solutions	Net sales	150.2
	Operating profit	8.5
	Ordinary profit	6.9
Metals	Net sales	665.0
	Operating profit	19.2
	Ordinary profit	28.0
Cement	Net sales	238.2
	Operating profit	11.9
	Ordinary profit	14.9
Others	Net sales	187.3
	Operating profit	8.3
	Ordinary profit	9.8
Elimination, etc.	Net sales	-236.7
	Operating profit	-11.3
	Ordinary profit	-11.7
Total	Net sales	1,516.1
	Operating profit	37.9
	Ordinary profit	49.6

【After】

		FY2020 Result
Advanced Products	Net sales	375.3
	Operating profit	4.2
	Ordinary profit	5.4
Copper & copper alloy	Net sales	252.9
	Operating profit	3.2
	Ordinary profit	1.8
Electronic materials & components	Net sales	123.2
	Operating profit	1.0
	Ordinary profit	3.6
Metalworking Solutions	Net sales	150.2
	Operating profit	8.5
	Ordinary profit	6.9
Metals	Net sales	665.0
	Operating profit	19.2
	Ordinary profit	28.0
Cement	Net sales	247.5
	Operating profit	12.4
	Ordinary profit	15.5
Environment & Energy	Net sales	27.0
	Operating profit	1.9
	Ordinary profit	3.4
Others	Net sales	285.2
	Operating profit	2.5
	Ordinary profit	1.8
Elimination, etc.	Net sales	-234.4
	Operating profit	-11.1
	Ordinary profit	-11.7
Total	Net sales	1,516.1
	Operating profit	37.9
	Ordinary profit	49.6

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These projected performance figures are based on information available to the MMC's management as of the day for releasing this material. There are many uncertain or risk factors inherent in this projections, and there might be cases in which actual results materially differ from projections of this material.