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To Our Shareholders:

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Announcement regarding the establishment of the “long-term management policy” and medium-term management plan (FY2015-2017) “Materials Premium 2016 – Challenge to become the world’s leading businesses group”

At this time, Mitsubishi Materials Corporation has formulated its “long-term management policy” that looks toward the early 2020s, and its medium-term management plan (FY2015-2017) “Materials Premium 2016 – Challenge to become the world’s leading businesses group.” Details are listed below.

I. Long-term management policy

In recent years, the business environment has drastically changed because the worldwide economy has become more complex, social needs have diversified, and innovation speed has accelerated. Under such business circumstances, the Mitsubishi Materials Group **states a vision as** “We will become the *world’s leading* business group committed to supporting recycling-oriented society through *materials* innovation, with use of our *unique and distinctive* technologies., looking forward toward the beginning of the 2020s, in order to securely implement the corporate philosophy “For People, Society and the Earth.”

Based on this policy, each operation of the Group commits to create valuable products and services with our unique technologies and to take a leading position in the industry and market.

The Group’s target for the early 2020s is to reach **net sales of ¥2 trillion or more and net income of ¥100 billion or more.**

II. Medium-term management plan

A) Recap of medium-term management plan (FY2012-2014) “Materials Premium 2013”

	Results			FY2014 targets in the medium-term management plan (FY2012-2014)
	FY2012	FY2013	FY2014	
Consolidated ordinary income	¥42.4 billion	¥74.4 billion	¥76.9 billion	¥110 billion
ROA (Ordinary income/Total assets)	2.4%	4.1%	4.3%	6%
Net D/E ratio	1.8 times	1.6 times	1.3 times	1.5 times or lower

In the medium-term management plan “Materials Premium 2013” to the previous fiscal year, the Company charted a basic policy of simultaneously implementing growth

strategies and financial improvements. As a growth strategy, the Company focused on business development in overseas markets, especially in emerging countries, as well as realization of distinctive synergies as an integrated business entity under “Materials Premium”.

Regarding the first aspect of this growth strategy, business development in overseas markets, especially in emerging countries, the Company took several steps to fortify its operation for future growth. For example, the Company expanded its network of production and sales locations, particularly in Asia. In the United States, the Company merged Robertson’s Ready Mix, Ltd. as a wholly owned subsidiary that runs ready-mixed concrete and aggregate business. Further, the Company participated in the Zafranal Copper Project in Peru.

The second aspect of the Company’s growth strategy was the realization of “Materials Premium”. In this effort, the Company achieved tangible results on several fronts. Leveraging its unique strengths as an entity with strong operations in both cement and metals, the Company launched a “smelting and cement recycling system.” This system reuses copper slag generated from the copper smelting process as a feedstock for cement production. Similarly, the Company began to promote the use of copper slag as the aggregates for concrete. The Company achieved the highest pinnacle of Materials Premium such as the large-scale silver alloys; target materials for long cylinders through collaboration in raw-material procurement, recycling, fusion-casting and rolling technologies.

Furthermore, the Company invented MNEX® and DBA substrates with silver fired film, which crystallize various non-ferrous alloy technologies; the Company succeeded in developing a series of flexible thermistor sensors by using technologies for the manufacture of cemented carbide tools and electronic materials. These revolutionary products are the world’s thinnest bendable thermistor sensor.

As for the financial improvements, the Company achieved its plan for improvement to its net debt-to-equity (D/E) ratio. However, the Company could not meet its targets for consolidated ordinary income and ROA. Improving profitability remains an issue to tackle with renewed effort going forward.

B) Outline of medium-term management plan (FY2015-2017) “Materials Premium 2016”

Our medium-term management plan “Materials Premium 2016” is positioned as a first step to focus on strengthening our foundations to become the world’s leading business group as defined in our long-term management policy.

Materials Premium 2016 calls for a three-pronged strategy for the overall Group growth: fortifying the basis for growth, strengthening global competitiveness, and pursuing a recycling-oriented business model.

The targets for Materials Premium 2016 are consolidated operating profit of ¥100 billion, consolidated ordinary income of ¥110 billion, ROA of 6% and net D/E ratio of 1.0 or lower by FY2017.

1. Management targets

1) Financial plans

(1) Management targets

	FY2014 results	FY2017 targets
Consolidated operating profit	¥66.2 billion	¥100 billion
Consolidated ordinary income	¥76.9 billion	¥110 billion
ROA (Ordinary income/Total assets)	4.3%	6%
Net D/E ratio	1.3 times	1.0 time or lower

(2) Assumptions

	FY2014	FY2017
Exchange rate (yen/USD)	100 yen/USD	100 yen/USD
Exchange rate (yen/EUR)	134 yen/EUR	130 yen/EUR
LME copper price	322 ¢ /lb	300 ¢ /lb

(3) Sensitivity

	Impact on results	Remarks
Exchange rate ¥/US\$ (yen depreciation)	+¥0.7 billion	Consolidated operating profit
Exchange rate ¥/€ (yen depreciation)	+¥0.1 billion	Same as above
LME copper price (increase of 10¢ per lb)	+¥0.5 billion	Same as above
	+¥1.5 billion	Consolidated non-operating profit

2) Investment plan (Total for the 3-year period 2015–2017)

Maintenance and upgrading			Expansion/ Rationalization/New			Total for the 3-year period
Japan	Overseas	Subtotal	Japan	Overseas	Subtotal*	
¥100 billion	¥30 billion	¥130 billion	¥100 billion	¥100 billion	¥200 billion	¥330 billion
30%	10%	40%	30%	30%	60%	100%

* Includes strategic investment of ¥100 billion.

2. Group-wide Growth strategy

1) Fortifying the foundation for growth

Setting the motto “Safety and Health are the First” as our first priority, we will enhance our safety management systems. Thus, we foster our corporate philosophy and culture to value safety so that we will secure stable operational frameworks which contribute to the growth of the Group business.

Further, we will continue to work to improve our financial position by raising profitability through business selection and focus, while accelerating growth by executing strategic investments worth **¥100 billion over the three-year period**, focusing on M&A and expansion in production and sales locations in the overseas countries.

2) Strengthening global competitiveness

Focusing on expanding our current production and sales locations in the overseas countries; Developing new production and sales locations mainly in the emerging countries, we will acquire the growing new global markets.

Furthermore, by conducting strategic marketing in the automotive and electronics industries, we will gain the access to new customers and markets so that we can boost our competitiveness.

3) Pursuing a recycling-based business model

The Group operates its business widely across the upstream (sources), midstream (materials) and downstream (processed products) markets. In addition, we will pursue the business model to circulate wastes to the upstream market for utilization. Through our “Material Premium” plan that derives from our unique strength as a conglomerate, we will facilitate recycling of the wastes that have so far been hard to process so that we can contribute to the sustainable growth of society.

3. Operating strategy in each segment

1) Plan by segment (FY2017 plan)

(Billions of yen)

	FY2014 results			FY2017 results		
	Net sales	Operating profit	Ordinary income	Net sales	Operating profit	Ordinary income
Cement	190.1	19.1	18.8	229.0	35.0	35.0
Metals*	750.9	23.7	37.8	810.0	30.0	40.0
Advanced Materials & Tools	145.8	14.0	13.9	168.0	23.0	23.0
Electronic Materials & Components	67.7	4.0	2.1	88.0	7.0	6.0
Aluminum	151.5	5.5	4.7	175.0	8.0	7.0
Others, elimination, etc.*	108.5	(0.3)	(0.7)	130.0	(3.0)	(1.0)
Total	1,414.7	66.2	76.9	1,600.0	100.0	110.0

* Results for FY2014 are shown according to the classifications after the transfer of precious metals bullion operations.

2) Operating plans in key segments

Cement	
Target state at the early 2020s	
<ul style="list-style-type: none"> · No. 1 ROA in global cement industry · Major player in the Pacific Rim 	
Business strategy in Materials Premium 2016	
Japan	Stable supply for booming demand due to earthquake disaster reconstruction, hosting of Tokyo Olympics, etc.
	Promote integrated business capabilities to expand recycle operations
United States	Expand cement supply abilities by such measures as terminal expansion, etc.
	Expand earnings from ready-mixed concrete operations by new construction and purchasing of ready-mixed concrete plants, and securing of aggregate quarries
Emerging countries	Deploy operations in emerging countries by such measures as building new cement plants, terminals and relationships with local companies

Metals	
Target state at the early 2020s	
<ul style="list-style-type: none"> • Mining: Captive mine ratio 50% * • Smelting and refinery: No.1 globally in processing of precious metals scrap (E-Scrap) • Copper processing : No. 1 in globally profitability 	
Business strategy in Materials Premium 2016	
Mining	Launching of new mine development (Zafranal in Peru, etc.)
Smelting	Strengthening of recycling operations; responding to increasing generation of precious metals scrap (e-scrap) overseas by expanding collection and pretreatment facilities
	Utilizing slag (smelting by-products) effectively
Copper processing	Expanding sales of new alloy MNEX® for volume-zone markets in emerging-country
	Establishment of slitting facilities and sales location in emerging-countries
	Cultivating new markets with unique alloys such as lead-free products (“EcoBrass”) and discoloration-resistant antimicrobials products (“CleanBrass”)

* Captive mine ratio 50%

= (Copper production volume as share of concentrate rights)/ (Electrolytic copper production volume from concentrate)

Advanced Materials & Tools	
Target state at the early 2020s	
<ul style="list-style-type: none"> • Cemented carbide products: Over 10% global share • High-performance alloy products: World No.1 in ROS 	
Business strategy in Materials Premium 2016	
Cemented carbide products	Expansion of sales through industry-based team automobiles, aircraft and medical equipment
	Expansion of sales networks and production locations, focusing on emerging countries
	Enhancing tungsten recycling
High-performance alloy products	Increasing market share among auto-parts manufacturers by expanding existing production locations and opening new ones
	Expanding sales of eco-car parts (VVT, etc.) by improving quality while reducing sales price

Electronic Materials & Components	
Target state at the early 2020s	
<ul style="list-style-type: none"> • A high-profitability operator with the world's No. 1 product lineup 	
Business strategy in Materials Premium 2016	
Advanced materials and electronic devices	Promotion of marketing-driven R&D to achieve rapid development and commercialization of unique, value-added strategic products
	Optimization of products portfolio through selection and focus as well as M&A
Silicon	Aiming for a recommencement of Yokkaichi Plant, the Group aims to thoroughly elucidate the causes of the accident and establish systems for safety and production technology.
	Ensuring early stabilization of overall silicon business. (The Group will continue to observe autonomous reconstructing at SUMCO.)

Aluminum	
Target state at the early 2020s	
<ul style="list-style-type: none"> • Rolling and processing: No. 1 global market share in extruded multi-hole tubes for heat exchangers • Can manufacturing: No. 1 domestic market share in aluminum cans for beverage Industry No.1 in UBC usage 	
Business strategy in Materials Premium 2016	
Rolling and processing	Strengthening of existing overseas locations for extruded multi-hole tubes for heat exchangers and sheet metal
	Launching a company in India; achieving profitability
	Serving needs for light weight and low cost in automobiles and electronics
Can manufacturing	Enhancing a system for increasing production by speeding up existing lines
	Strengthening bottle can sales overseas
	strengthening collaboration among collection, casting and rolling in aluminum-can recycling

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