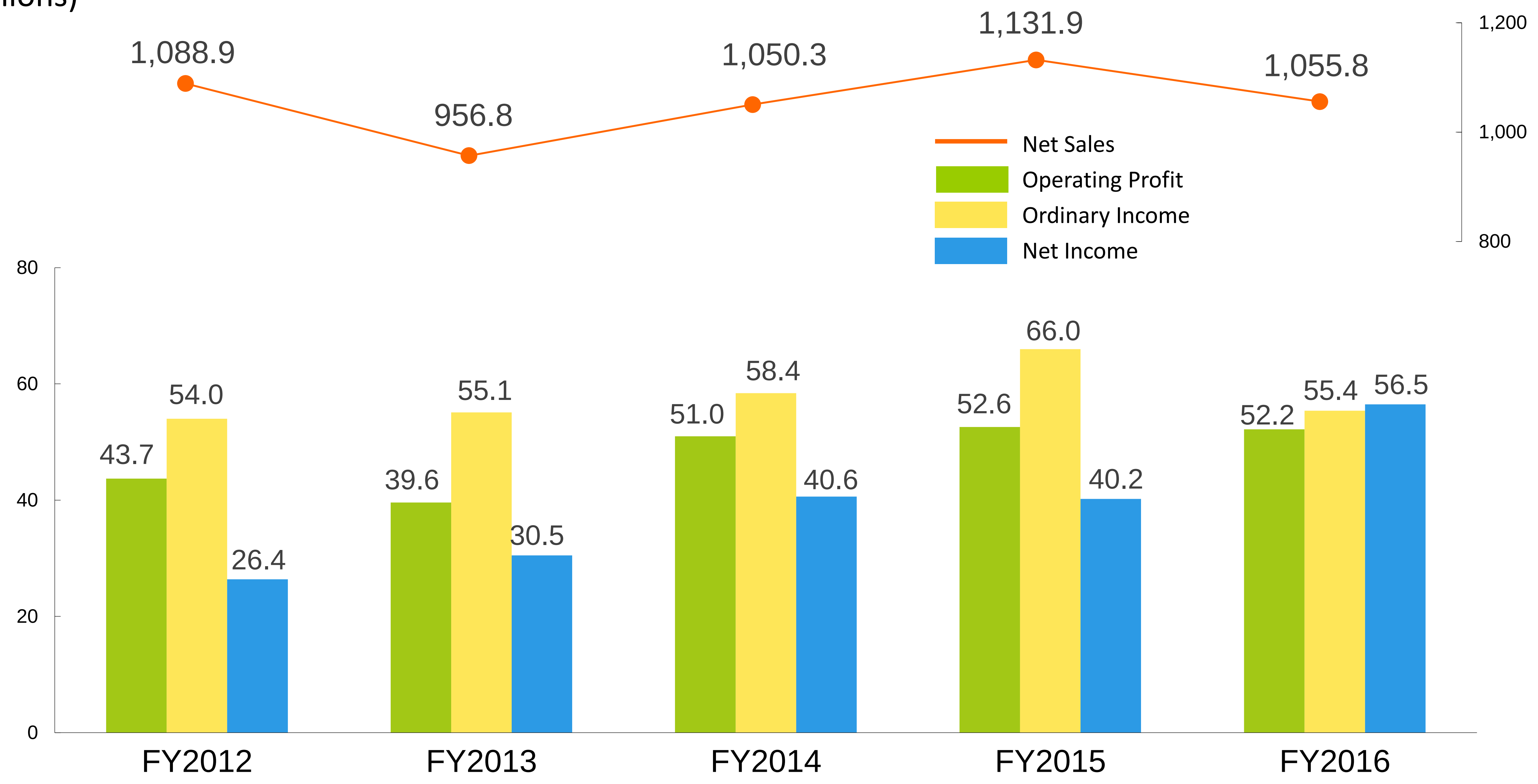
MITSUBISHI MATERIALS CORPORATION

Supplementary Explanation
for the 3rd Quarter of the fiscal year ending March 31, 2016

February 9, 2016

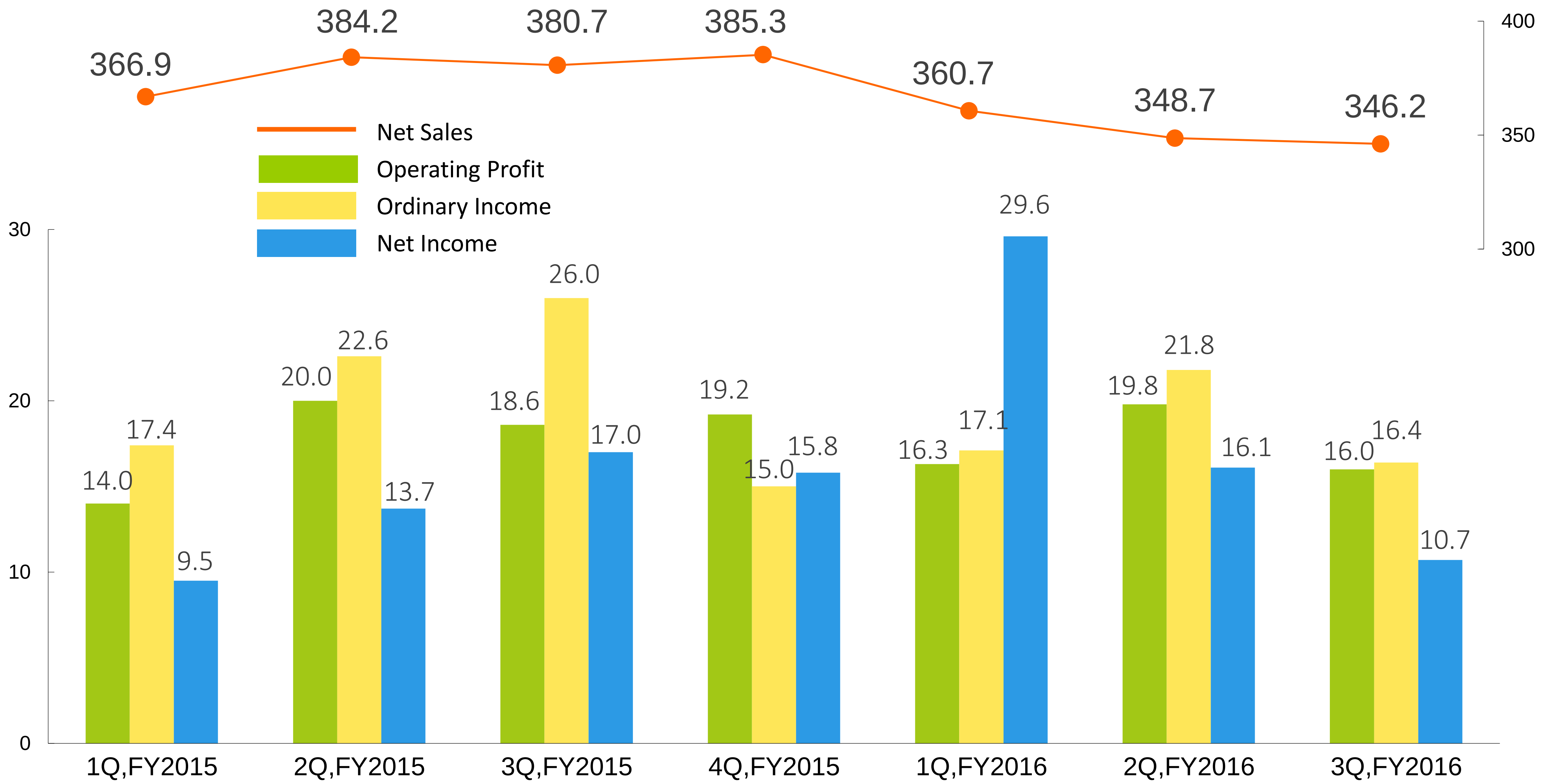
Performance Overview (Nine Month's Results)

(¥ billions)



Performance Overview (quarterly data)

(¥ billions)



Consolidated Statements of Income (Nine Month's Results)

(¥ billions)	FY2015 Result (a)	FY2016 Result (b)	Difference (b)-(a)	Reason
Net sales	1131.9	1055.8	-76.0	Cement +5.0, Metals -98.8, AM&T +14.6, EM&C +3.9, etc.
Operating profit	52.6	52.2	-0.4	Cement +3.0, EM&C -0.9, Aluminum -1.7, etc.
Net interest and dividends income	8.8	2.3	-6.5	Dividends -7.7, Interest expenses +1.1, etc.
Equity in earnings of affiliates	6.2	4.1	-2.1	Japan Drilling Co -2.2, Copper mines -1.2, SUMCO -0.1, etc.
Other / Non-operating profit	-1.7	-3.2	-1.4	
Ordinary income	66.0	55.4	-10.6	
Extraordinary income / loss	-4.1	25.1	29.2	Gain on sales of investment securities +18.3, Gain on change in equity +10.3, Gain on sale of noncurrent assets +6.0, Provision for environmental measures -9.5, etc.
Income taxes	-17.0	-20.9	-3.9	
Net income attributable to non-controlling interests	-4.6	-3.1	1.5	
Net income attributable to owners of the parent	40.2	56.5	16.2	
Exchange rate (USD)	107	122	15	yen/$
Exchange rate (EUR)	140	134	-6	yen/€
Copper price (LME)	308	245	-63	¢/lb

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

(¥ billions)		FY2015 9 Month's Results (a)	FY2016 9 Month's Results (b)	Differences (b)-(a)	Exchange rate differences	Price differences	Quantity variation	Electricity price effect	Dividends received	Earnings in equity of affiliates	Others	Other principal reasons (operating profit)
Cement	Net sales	142.1	147.2	5.0	9.2	3.0	-2.1	—	—	—	-5.1	
	Operating profit	12.9	16.0	3.0	0.2	4.0	-0.8	0.3	—	—	-0.7	
	Ordinary income	12.6	15.7	3.1					-0.0	0.5	-1.1	
Metals	Net sales	610.6	511.8	-98.8	50.9	-66.7	-83.0	—	—	—	0.0	・Decrease in depreciation and amortization ・Improvement in conditions for the purchase of copper ore ・Effect of reclassifying loss on suspension of PTS operation to extraordinary loss in 2Q, FY2016
	Operating profit	18.0	17.4	-0.5	3.9	-2.7	-9.8	0.5	—	—	7.6	
	Ordinary income	27.9	19.0	-8.9					-7.5	-1.7	8.4	
Advanced Materials & Tools	Net sales	100.7	115.3	14.6	2.0	-0.6	0.5	—	—	—	12.7	・Addition of Mitsubishi Hitachi Tool Engineering,Ltd. as a consolidated subsidiary ・Cost increase in cemented carbide products business
	Operating profit	12.1	12.8	0.6	1.1	-1.0	-0.1	0.2	—	—	0.4	
	Ordinary income	12.2	12.2	-0.0					0.0	0.1	-0.3	
Electronic Materials & Components	Net sales	49.0	52.9	3.9	1.9	-1.9	3.3	—	—	—	0.6	・Effect of reclassifying loss on suspension of Yokkaichi plant's operation to extraordinary loss in 1Q, FY2015
	Operating profit	3.4	2.5	-0.9	-0.0	-1.5	1.9	0.3	—	—	-1.6	
	Ordinary income	5.8	5.2	-0.5					-0.0	0.0	-1.2	
Aluminum	Net sales	122.0	122.4	0.3	1.5	1.1	-2.3	—	—	—	0.0	
	Operating profit	5.9	4.1	-1.7	0.0	-1.3	-0.2	0.4	—	—	-0.6	
	Ordinary income	5.4	3.7	-1.7					-0.0	-0.0	-0.6	
Other	Net sales	172.8	172.6	-0.2	0.7	-0.1	-4.1	—	—	—	3.3	
	Operating profit	5.0	4.8	-0.1	0.0	0.0	0.3	0.0	—	—	-0.4	
	Ordinary income	6.9	5.5	-1.3					-0.1	-1.0	-0.5	
Elimination, etc.	Net sales	-65.5	-66.4	-0.9	0.0	0.0	-0.9	—	—	—	0.0	
	Operating profit	-4.8	-5.5	-0.7	0.0	0.0	-0.2	0.0	—	—	-0.5	
	Ordinary income	-5.0	-6.0	-1.0					-0.0	0.0	-0.8	
Total	Net sales	1,131.9	1,055.8	-76.0	66.5	-65.2	-88.5	—	—	—	11.2	
	Operating profit	52.6	52.2	-0.4	5.3	-2.6	-9.0	1.7	—	—	4.2	
	Ordinary income	66.0	55.4	-10.6					-7.7	-2.1	3.8	

Statistics / Assumptions

		FY2015 9 Month's Results (a)	FY2016 9 Month's Results (b)	Difference (b)-(a)
Total demand for cement in Japan	(million tons)	34.90	32.73	-2.17
Cement sales volumes for MMC-Domestic	(million tons)	5.36	5.09	-0.27
Cement sales volumes for MMC-Exports	(million tons)	1.91	1.71	-0.20
Cement sales volumes in the U.S. *	(million tons)	1.08	1.15	0.07
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.77	4.97	0.20
Sales of cathodes (in-house product)	(thousand tons)	200	217	17
Sales of cathodes (PTS)	(thousand tons)	190	127	-63
Processed copper product sales volumes	(thousand tons)	114	98	-16
Dividends from copper mine	(¥ billion)	11.6	4.0	-7.6
SUMCO's net income	(¥ billion)	12.7	15.7	2.9
MMC's equity method investment gain	(¥ billion)	3.3	3.2	-0.1
Sales of aluminum sheet products	(thousand tons)	83	84	1
Sales of aluminum extrusion products	(thousand tons)	16	15	-1

*For cement sales volume in the U.S, it is changed from previous “million short tons” to “million tons”.

Consolidated Balance Sheet

(¥ billions)

	End of Mar. 2015 (a)	End of Dec. 2015 (b)	Difference (b)-(a)
Assets			
Cash and deposits	93.1	62.7	-30.4
Notes and accounts receivable-trade	230.8	236.4	5.5
Inventories	296.7	287.5	-9.1
Other	247.6	209.5	-38.0
Current assets, subtotal	**868.4**	**796.3**	**-72.0**
Property, plant and equipment and intangible assets	707.9	728.5	20.6
Investments and other assets	321.7	294.8	-26.9
Noncurrent assets, subtotal	**1,029.7**	**1,023.4**	**-6.3**
Total	1,898.1	1,819.7	-78.4

	End of Mar. 2015 (a)		End of Dec. 2015 (b)		Difference (b)-(a)
Liabilities					
Notes and accounts payable-trade	128.3		99.6		-28.6
Loans payable, bonds payable, and CP	630.8	*33%*	560.1	*31%*	-70.7
Other liabilities	509.3		486.4		-22.9
Liabilities subtotal	**1,268.6**		**1,146.3**		**-122.3**
Net Assets					
Capital stock	119.4		119.4		—
Capital surplus and treasury stock	90.4		90.3		-0.0
Retained earnings	252.8		298.2		45.3
Other comprehensive income	88.0		76.4		-11.6
Non-controlling interests	78.7		89.0		10.2
Net assets subtotal	**629.5**	*33%*	**673.4**	*37%*	**43.9**
Total	1,898.1		1,819.7		-78.4

	End of Mar. 2015 (a)	End of Dec. 2015 (b)
Equity ratio	29 %	32 %
Net debt to equity ratio	1.0 times	0.9 times

Forecast for FY2016 (Consolidated Statements of Income)

(¥ billions)	FY 2015 Result Full-Year	FY 2016 *Forecast Full-Year (A)	FY 2016 1st Half Result	FY 2016 2nd Half Forecast	FY 2016 Current forecast Full-Year (B)	Difference (B)-(A)	
Net sales	1517.2	1480.0	709.5	700.5	1410.0	-70.0	
Operating profit	71.8	83.0	36.1	35.9	72.0	-11.0	
Net interest and dividends income	7.6	4.8	2.4	-1.2	1.2	-3.6	
Equity in earnings of affiliates	6.5	5.0	3.4	-0.5	2.9	-2.1	
Other / Non-operating profit	-5.0	-4.8	-3.1	0.0	-3.1	1.7	
Ordinary income	81.0	88.0	38.9	34.1	73.0	-15.0	
Extraordinary income/loss	-5.4	2.3	22.8	-18.8	4.0	1.7	
Income taxes	-14.0	-21.3	-14.3	-2.7	-17.0	4.3	
Net income attributable to non-controlling interests	-5.4	-4.0	-1.6	-4.4	-6.0	-2.0	
Net income attributable to owners of the parent	56.1	65.0	45.7	8.3	54.0	-11.0	
Dividend per share (yen)	8	10	5	5	10	—	
Exchange rate (USD)	110	121	122	120	121	0	yen/$
Exchange rate (EUR)	139	135	135	131	133	-2	yen/€
Copper price (LME)	297	248	256	211	234	-14	¢/lb

*Announced on November 10, 2015

Forecast for FY 2016 (By Segment)

(¥ billions)		FY2015 Results	FY2016 *Forecast Full-Year (A)	FY2016 1st Half Result	FY2016 2nd Half Forecast	FY2016 Current forecast Full-Year (B)	Difference (B)-(A)
Cement	Net sales	193.3	202.0	96.9	102.6	199.5	-2.5
	Operating profit	17.3	23.2	9.4	12.4	21.8	-1.4
	Ordinary income	16.7	22.4	8.9	12.0	20.9	-1.5
Metals	Net sales	811.6	722.6	345.3	331.0	676.3	-46.3
	Operating profit	24.8	30.4	12.2	12.3	24.5	-5.9
	Ordinary income	32.8	36.4	14.1	12.0	26.1	-10.3
Advanced Materials & Tools	Net sales	134.6	164.4	77.7	77.2	154.9	-9.5
	Operating profit	16.7	20.1	9.0	8.3	17.3	-2.8
	Ordinary income	16.5	19.6	8.7	7.8	16.5	-3.1
Electronic Materials & Components	Net sales	67.0	75.5	35.3	35.8	71.1	-4.4
	Operating profit	4.4	3.8	1.5	1.6	3.1	-0.7
	Ordinary income	7.2	6.8	3.7	2.3	6.0	-0.8
Aluminum	Net sales	159.4	160.1	82.5	76.4	158.9	-1.2
	Operating profit	5.6	4.1	2.9	1.2	4.1	0.0
	Ordinary income	5.1	3.2	2.6	0.7	3.3	0.1
Other	Net sales	241.2	250.0	115.4	133.4	248.8	-1.2
	Operating profit	9.3	9.2	3.3	5.6	8.9	-0.3
	Ordinary income	9.8	9.5	3.9	5.4	9.3	-0.2
Elimination, etc.	Net sales	-89.9	-94.6	-43.9	-55.6	-99.5	-4.9
	Operating profit	-6.6	-7.8	-2.3	-5.4	-7.7	0.1
	Ordinary income	-7.3	-9.9	-3.1	-6.0	-9.1	0.8
Total	Net sales	1,517.2	1,480.0	709.5	700.5	1,410.0	-70.0
	Operating profit	71.8	83.0	36.1	35.9	72.0	-11.0
	Ordinary income	81.0	88.0	38.9	34.1	73.0	-15.0

*Announced on November 10, 2015

Forecast for FY 2016 (Statistics / Assumptions / Sensitivity)

		FY2015 Results	FY2016 *Forecast Full-Year (A)	FY 2016 1Q Result	FY 2016 2Q Result	FY 2016 3Q Result	FY 2016 4Q Forecast	FY 2016 Current Forecast Full-Year (B)	Difference (B)-(A)
Total demand for cement in Japan	(million tons)	45.55	45.00	10.51	10.65	11.57	10.27	43.00	-2.00
Cement sales volumes for MMC-Domestic	(million tons)	6.99	6.83	1.59	1.63	1.87	1.71	6.80	-0.03
Cement sales volumes for MMC-Exports	(million tons)	2.61	2.61	0.57	0.62	0.53	0.74	2.45	-0.16
Total demand for cement in the U.S.	(million tons)	86.50	90.81	—	—	—	—	89.55	-1.26
Cement sales volumes in the U.S.	(million tons)	1.41	1.54	0.37	0.38	0.40	0.39	1.54	-0.00
Ready-mixed concrete sales volumes in the U.S.	(million cy)	6.27	6.72	1.59	1.70	1.68	1.64	6.61	-0.11
Sales of cathodes (in-house product)	(thousand tons)	270	297	71	76	70	78	295	-2
Sales of cathodes (PTS)	(thousand tons)	262	213	64	12	52	67	194	-19
Processed copper product sales volumes	(thousand tons)	151	144	34	32	32	31	129	-15
Dividends from copper mine	(¥ billion)	11.9	8.5	0.3	3.6	-0.0	0.6	4.6	-3.9
SUMCO's net income	(¥ billion)	16.2	17.2	5.1	5.7	4.8	1.5	** 17.2	—
MMC's equity method investment gain	(¥ billion)	4.2	3.4	1.3	1.0	0.8	0.2	3.4	—
Sales of aluminum sheet products	(thousand tons)	109	112	29	28	28	29	113	0
Sales of aluminum extrusion products	(thousand tons)	21	20	5	5	5	5	20	0

* Announced on November 10, 2015

** SUMCO's net income coincides with the full year forecast announced by the company on November 5, 2015.

■ Sensitivity

		FY 2016 4Q		Assumptions for 4Q
Exchange rates	Operating profit 1 yen/$ (yen depreciation)	0.1	billion yen	118 yen/$
	Operating profit 1 yen/€ (yen depreciation)	0.02	billion yen	128 yen/€
Copper price (LME)	Operating profit 10¢/lb	0.1	billion yen	200 ¢/lb
	Non-operating profit 10¢/lb	0.3	billion yen	

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