

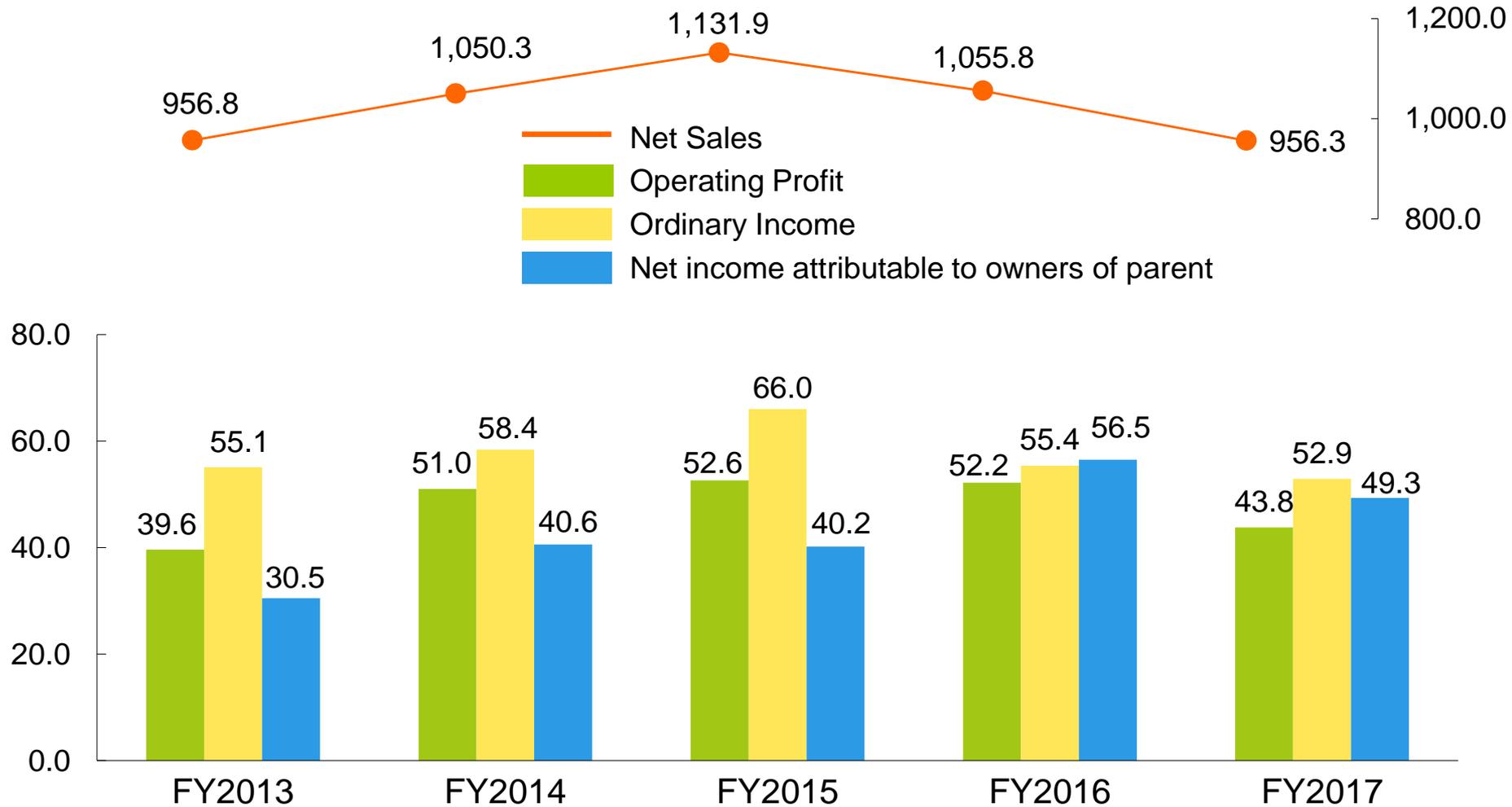


Supplementary Explanation for the 3rd Quarter of the fiscal year ending March 31, 2017

February 9, 2017

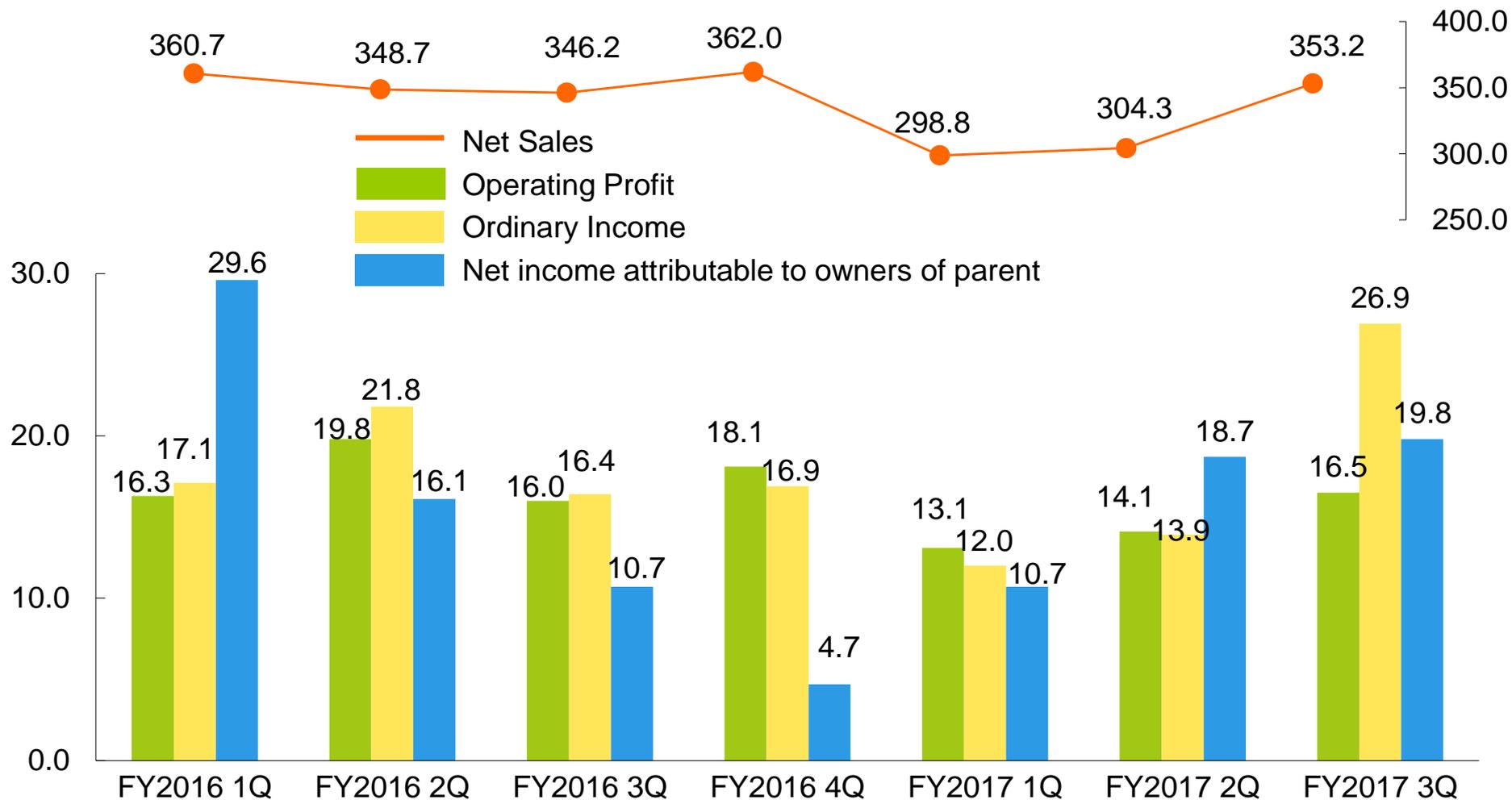
Performance Overview (Nine Months' Results)

(¥ billions)



Performance Overview (Quarterly)

(¥ billions)



Consolidated Statements of Operations (Nine Months' Results)

(¥ billions)	FY2016 9 Months' Results (a)	FY2017 9 Months' Results (b)	Difference (b)-(a)	Reason
Net sales	1,055.8	956.3	-99.5	Cement -14.9, Metals -52.1, AM&T -9.1, EM&C -6.5, etc.
Operating profit	52.2	43.8	-8.3	Cement +0.4, Metals -4.9, AM&T -4.5, EM&C -1.1, Aluminum +3.5, etc.
Net interest and dividends income	2.3	10.9	8.6	Dividend income +7.3, Interest expenses +1.3, etc.
Equity in earnings of affiliates	4.1	1.8	-2.2	SUMCO Corp. -2.7, etc.
Other / Non-operating profit / loss	-3.2	-3.7	-0.5	
Ordinary income	55.4	52.9	-2.4	
Extraordinary income / loss	25.1	19.1	-6.0	Gain on sales of investment securities -16.0, Gain on change in equity -10.4, Gain on sales of non-current assets +9.7, Provision for environmental measures +10.8, etc.
Income taxes	-20.9	-17.4	3.5	
Net income attributable to non-controlling interests	-3.1	-5.2	-2.1	
Net income attributable to owners of parent	56.5	49.3	-7.1	
Exchange rate (USD)	122	107	-15	JPY / \$
Exchange rate (EUR)	134	118	-16	JPY / €
Copper price (LME)	245	224	-21	¢ / lb

Statistics / Assumptions

■ Statistics / Assumptions

		FY2016	FY2017	Difference
		9 Months' Results	9 Months' Results	
		(a)	(b)	(b)-(a)
Total demand for cement in Japan	(million tons)	32.73	31.66	-1.07
Cement sales volumes for MMC-Domestic	(million tons)	5.09	5.10	0.01
Cement sales volumes for MMC-Exports	(million tons)	1.71	1.68	-0.03
Cement sales volumes in the U.S.	(million tons)	1.15	1.19	0.04
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.97	5.30	0.33
Sales volumes of copper cathodes (in-house product)	(thousand tons)	217	215	-2
Sales volumes of copper cathodes (PTS)	(thousand tons)	127	187	60
Sales volumes of copper & copper alloy products	(thousand tons)	98	106	8
Dividend from copper mine	(¥ billion)	4.0	9.0	5.0
Sales volumes of aluminum sheet products	(thousand tons)	84	86	2
Sales volumes of aluminum extrusion products	(thousand tons)	15	13	-2

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

(¥ billions)

		FY2016 9 Months' Results (a)	FY2017 9 Months' Results (b)	Difference (b)-(a)	Exchange rate differences	Price differences	Quantity variation	Electricity price effect	Dividends income	Equity in earnings of affiliates	Others	Other principal reasons (Operating profit)
Cement	Net sales	147.2	132.3	-14.9	-7.2	1.3	3.7	-	-	-	-12.7	- Transfer business of building materials, etc - Renewal of equipment for power plant
	Operating profit	16.0	16.4	0.4	-0.6	1.0	1.5	0.6	-	-	-2.1	
	Ordinary income	15.7	16.3	0.5	-	-	-	-	-0.0	-0.2	-1.8	
Metals	Net sales	511.8	459.6	-52.1	-44.8	-30.8	23.1	-	-	-	0.4	- Effect of reclassifying loss on suspension of PTS operation to extraordinary loss in 2Q, FY2016
	Operating profit	17.4	12.4	-4.9	-4.9	-2.5	5.9	1.1	-	-	-4.5	
	Ordinary income	19.0	22.9	3.9	-	-	-	-	7.9	1.2	-4.8	
Advanced Materials & Tools	Net sales	115.3	106.1	-9.1	-7.9	-1.1	-0.1	-	-	-	0.0	
	Operating profit	12.8	8.2	-4.5	-2.7	0.7	-0.9	0.4	-	-	-2.0	
	Ordinary income	12.2	7.2	-4.9	-	-	-	-	-0.0	-0.2	-2.2	
Electronic Materials & Components	Net sales	52.9	46.4	-6.5	-2.2	-0.8	-3.5	-	-	-	0.0	
	Operating profit	2.5	1.3	-1.1	-0.0	-0.2	-2.0	0.6	-	-	0.5	
	Ordinary income	5.2	1.4	-3.7	-	-	-	-	0.0	-2.6	0.5	
Aluminum	Net sales	122.4	120.4	-1.9	-1.7	-3.5	3.2	-	-	-	0.1	
	Operating profit	4.1	7.6	3.5	-0.0	1.6	1.5	0.8	-	-	-0.4	
	Ordinary income	3.7	7.6	3.8	-	-	-	-	0.0	0.0	-0.1	
Other	Net sales	172.6	148.7	-23.9	-1.6	-0.2	-24.9	-	-	-	2.5	
	Operating profit	4.8	4.8	-0.0	-0.2	0.4	-0.8	0.0	-	-	0.4	
	Ordinary income	5.5	4.6	-0.8	-	-	-	-	-0.5	-0.4	0.7	
Elimination, etc.	Net sales	-66.4	-57.3	9.1	0.0	0.0	9.1	-	-	-	0.0	- Increase in retirement benefit expenses - Increase in size-based business tax
	Operating profit	-5.5	-7.1	-1.5	0.0	0.0	-0.3	0.0	-	-	-1.2	
	Ordinary income	-6.0	-7.3	-1.2	-	-	-	-	0.0	0.0	-0.9	
Total	Net sales	1,055.8	956.3	-99.5	-65.4	-35.0	10.6	-	-	-	-9.8	
	Operating profit	52.2	43.8	-8.3	-8.4	1.1	5.0	3.5	-	-	-9.4	
	Ordinary income	55.4	52.9	-2.4	-	-	-	-	7.3	-2.2	-8.7	

Consolidated Balance Sheet

(¥ billions)

	End of Mar. 2016 (a)	End of Dec. 2016 (b)	Difference (b)-(a)
Assets			
Cash and deposits	60.1	89.4	29.2
Notes and accounts receivable-trade	233.0	223.2	-9.8
Inventories	258.6	300.4	41.8
Other	230.6	229.8	-0.7
Current assets, subtotal	782.5	843.0	60.4
Property, plant and equipment and intangible assets	736.2	713.2	-23.0
Investments and other assets	274.5	281.5	6.9
Non-current assets, subtotal	1,010.8	994.7	-16.1
Total Assets	1,793.3	1,837.7	44.3

	End of Mar. 2016 (a)	End of Dec. 2016 (b)	Difference (b)-(a)
Liabilities			
Notes and accounts payable-trade	110.5	132.6	22.0
Loans payable, bonds payable and CP	526.3 29%	525.3 29%	-0.9
Other liabilities	511.4	501.7	-9.7
Liabilities, subtotal	1,148.3	1,159.6	11.3
Net assets			
Capital stock	119.4	119.4	-
Capital surplus and treasury stock	90.3	90.4	0.1
Retained earnings	303.0	345.4	42.4
Total other comprehensive income	42.4	36.9	-5.4
Non-Controlling interests	89.7	85.6	-4.1
Net Assets, subtotal	645.0 36%	678.0 37%	33.0
Total liabilities and net assets	1,793.3	1,837.7	44.3
Shareholders' Equity Ratio	31 %	32 %	
Net debt to equity ratio	0.8 times	0.7 times	

FY 2017 Performance Forecast

(¥ billions)

	FY2016	FY2017	FY2017			Difference (B)-(A)	
	Result	Full Year Forecast (A)*1	1st Half Result	2nd Half Forecast	Full Year Forecast (B)*2		
Net sales	1,417.8	1,280.0	603.1	696.9	1,300.0	20.0	
Operating profit	70.4	61.0	27.3	31.7	59.0	-2.0	
Net interest and dividends income	2.9	4.8	0.5	9.4	9.9	5.1	
Equity in earnings of affiliates	2.1	1.9	1.2	1.2	2.4	0.5	
Other / Non-operating profit / loss	-3.0	-6.7	-3.0	-4.3	-7.3	-0.6	
Ordinary income	72.4	61.0	26.0	38.0	64.0	3.0	
Extraordinary income / loss	10.2	-15.1	16.2	-30.9	-14.7	0.4	
Income taxes	-15.1	-17.6	-10.1	-8.3	-18.4	-0.8	
Net income attributable to non-controlling interests	-6.2	-6.3	-2.4	-4.5	-6.9	-0.6	
Net income attributable to owners of parent	61.3	22.0	29.5	-5.5	24.0	2.0	
Exchange rate (USD)	120	105	105	110	107	2	JPY / \$
Exchange rate (EUR)	133	117	118	119	119	2	JPY / €
Copper price (LME)	237	220	216	242	229	9	¢ / lb
Dividend per share (yen)	10	2Q 2 4Q*3 40	2	*3 40	2Q 2 4Q*3 40	—	
(Ref.) Before a consolidation of shares base (yen)	10	6	2	4	6	—	

*1 Announced on November 9, 2016. *2 At this time

*3 The Company consolidated its shares at a 10:1 ratio of its common stock, with an effective date of October 1, 2016.

FY 2017 Performance Forecast

(¥ billions)

		FY2016	FY2017	FY2017		Full Year Forecast(B)*2	Difference (B)-(A)
		Result	Full Year Forecast (A)*1	1st Half Result	2nd Half Forecast		
Cement	Net sales	197.5	177.0	83.8	92.4	176.2	-0.8
	Operating profit	20.1	20.9	8.1	13.0	21.1	0.2
	Ordinary income	19.7	20.4	7.5	12.7	20.2	-0.2
Metals	Net sales	688.7	604.5	278.8	353.6	632.4	27.9
	Operating profit	24.2	19.2	7.9	9.7	17.6	-1.6
	Ordinary income	27.0	25.2	9.3	18.2	27.5	2.3
Advanced Materials & Tools	Net sales	151.6	142.0	71.1	70.5	141.6	-0.4
	Operating profit	16.0	12.4	6.5	4.2	10.7	-1.7
	Ordinary income	14.9	10.1	4.9	4.3	9.2	-0.9
Electronic Materials & Components	Net sales	70.2	64.2	29.8	32.9	62.7	-1.5
	Operating profit	3.1	2.1	0.9	1.1	2.0	-0.1
	Ordinary income	6.3	2.4	0.9	1.3	2.2	-0.2
Aluminum	Net sales	158.6	157.7	80.6	74.9	155.5	-2.2
	Operating profit	4.3	8.0	5.0	2.9	7.9	-0.1
	Ordinary income	3.6	7.4	5.1	2.3	7.4	0.0
Other	Net sales	243.2	219.4	95.6	123.8	219.4	0.0
	Operating profit	10.3	9.1	2.7	6.6	9.3	0.2
	Ordinary income	9.9	8.4	2.5	6.6	9.1	0.7
Elimination, etc.	Net sales	-92.1	-84.8	-36.8	-51.1	-87.9	-3.1
	Operating profit	-7.8	-10.7	-4.0	-5.8	-9.8	0.9
	Ordinary income	-9.1	-12.9	-4.4	-7.4	-11.8	1.1
Total	Net sales	1,417.8	1,280.0	603.1	696.9	1,300.0	20.0
	Operating profit	70.4	61.0	27.3	31.7	59.0	-2.0
	Ordinary income	72.4	61.0	26.0	38.0	64.0	3.0

*1 Announced on November 9, 2016. *2 At this time

FY 2017 Performance Forecast (Statistics / Assumptions / Sensitivity)

■ Statistics / Assumptions

*1 Announced on November 9, 2016. *2 At this time

		FY2016	FY2017	FY2017				Full Year Forecast (B) *2	Difference (B)-(A)
		Result	Forecast (A) *1	1Q Result	2Q Result	3Q Result	4Q Forecast		
Total demand for cement in Japan	(million tons)	42.67	41.70	9.81	10.40	11.46	10.03	41.70	0.00
Cement sales volumes for MMC-Domestic	(million tons)	6.75	6.68	1.53	1.63	1.94	1.76	6.86	0.18
Cement sales volumes for MMC-Exports	(million tons)	2.64	2.50	0.48	0.57	0.63	0.68	2.36	-0.14
Cement total demand in the U.S.	(million tons)	89.84	93.21	—	—	—	—	92.14	-1.07
Cement sales volumes in the U.S.	(million tons)	1.54	1.55	0.38	0.39	0.42	0.39	1.58	0.03
Ready-mixed concrete sales volumes in the U.S.	(million cy)	6.61	7.15	1.53	1.80	1.97	1.72	7.02	-0.13
Sales volumes of copper cathodes (in-house product)	(thousand tons)	296	293	67	76	72	72	287	-6
Sales volumes of copper cathodes (PTS)	(thousand tons)	188	252	62	51	74	57	244	-8
Sales volumes of copper & copper alloy products	(thousand tons)	132	138	35	35	36	34	140	2
Dividend from copper mine	(¥ billion)	5.7	4.6	—	1.5	7.5	0.0	9.0	4.4
Sales volumes of aluminum sheet products	(thousand tons)	112	115	29	29	28	29	115	0
Sales volumes of aluminum extrusion products	(thousand tons)	20	17	4	4	5	5	18	1

■ Sensitivity (¥ billions)

	FY2017 4Q	Assumptions for 4Q
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.1 billion yen	110 yen/\$
Operating profit - 1 yen/€ (yen depreciation)	0.02 billion yen	120 yen/€
Copper price (LME) Operating profit ±10¢/lb	0.1 billion yen	245 ¢/lb
Non-operating profit ±10¢/lb	— billion yen	

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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.