

# **MITSUBISHI MATERIALS CORPORATION**

**IR Meeting Handout**

**March, 2021**

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## 【Reference】

- Medium-term Management Strategy  
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# Corporate Profile / Business Situation

# Corporate Profile

# Corporate Profile

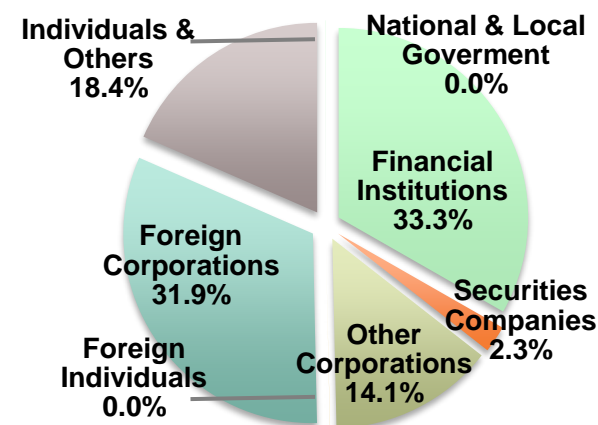
Company Name : Mitsubishi Materials Corporation  
Head Office : 2-3, Marunouchi 3-chome, Chiyoda-ku,  
Tokyo 100-8117 Japan  
Chief Executive Officer : Naoki Ono  
Capital Stock : ¥119,457 million (as of Mar. 31, 2020)  
Year of Establishment : 1950  
Number of Employees : Consolidated 28,601 (as of Mar. 31, 2020)  
Non-consolidated 4,906 (as of Mar. 31, 2020)  
Consolidated Subsidiaries : 145 (as of Mar. 31, 2020)  
Affiliated company accounted for by the equity-method : 17 (as of Mar. 31, 2020)  
(The group has established about 145 operating bases in about 30 countries.)



## Common Stock (Ticker symbol : 5711)

■ Shares of issued and Outstanding: 131 million  
Number of Unit Shareholders: 67,994  
Share Unit Number: 100

■ Distribution of shareholders  
\*as of Mar. 31, 2020



# Business Structure

## Environment & Energy



- Renewable energy
- Environmental recycling

## Advanced Products

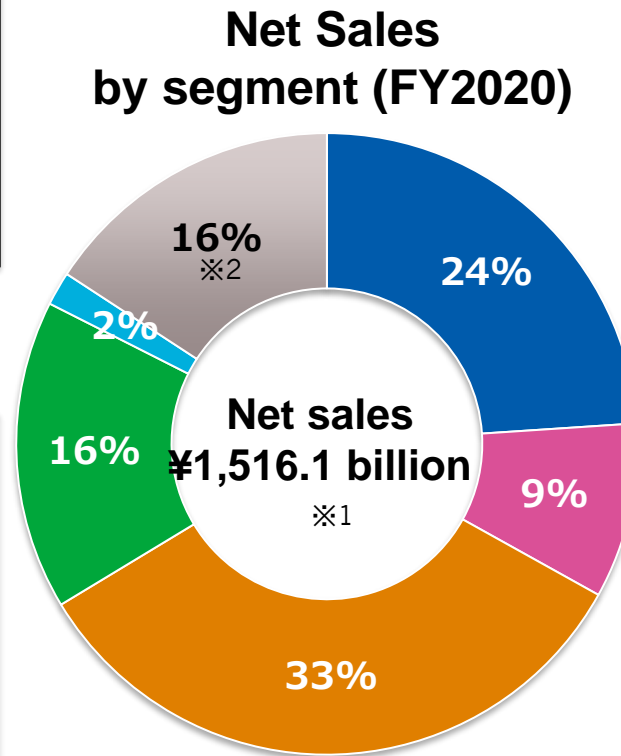


- Copper and copper alloy products
- Electronic materials & components

## Cement



- Cement
- Ready-mixed concrete
- Others



## Metalworking Solutions



- Cemented carbide products

## Metals

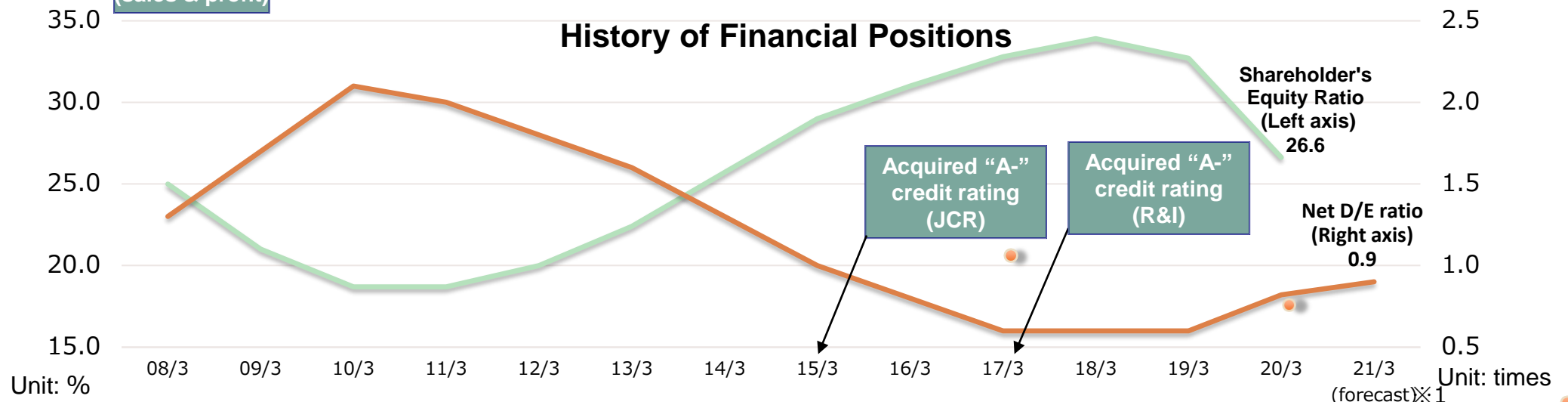
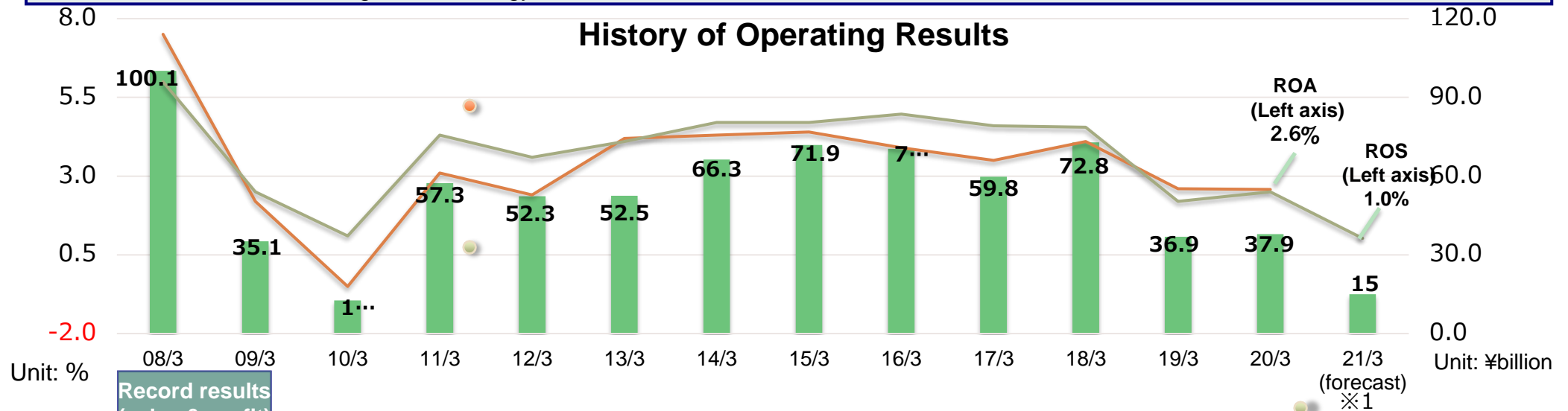


- Copper mining
- Copper smelting and refining

※1 Sales to outside customers  
 ※2 Others (Aluminum products, Engineering, etc.)

# History of Operating Results

09/3-11/3: Following the Lehman shock, introduced comprehensive management measures to strengthen the corporate constitution  
 12/3-14/3: Medium-term Management Plan (Materials Premium 2013 - Aiming for New Creation)  
 Twin focus on growth strategy and enhancement of financial position  
 15/3-17/3: Medium-term Management Plan (Materials Premium 2016 - Challenge to become the world's leading business group)  
 Fortifying the foundation  
 18/3-20/3: Medium-term Management Strategy (- Transformation for Growth -)  
 20/4- : Medium-term Management Strategy with Value Creation Process



※1 Announced on Feb 9, 2021

# Mission (Corporate Philosophy System)

## For People, Society and the Earth

We will become the leading business group committed to creating **a sustainable society** through materials innovation, with use of our unique and distinctive technologies, for People, Society and the Earth

### Create both social and economic values

**Contribute to build a prosperous society** by providing nonferrous metal materials, predominantly copper, and high value-added functional materials and products.

**Contribute to build a recycling-oriented society** by providing recyclable products and advanced technology-based waste recycling.

**Contribute to build a decarbonized society** by developing and promoting the use of renewable energies such as geothermal energy, and ensuring to consider the reduction of environmental impact in manufacturing.

### <Group-wide Policy>

- ◆ Optimization of business portfolio
- ◆ Comprehensive efforts to increase business competitiveness
  - > Manufacturing excellence, quality management, and digital transformation strategies
- ◆ Creation of new products and businesses
  - > R&D and marketing strategy

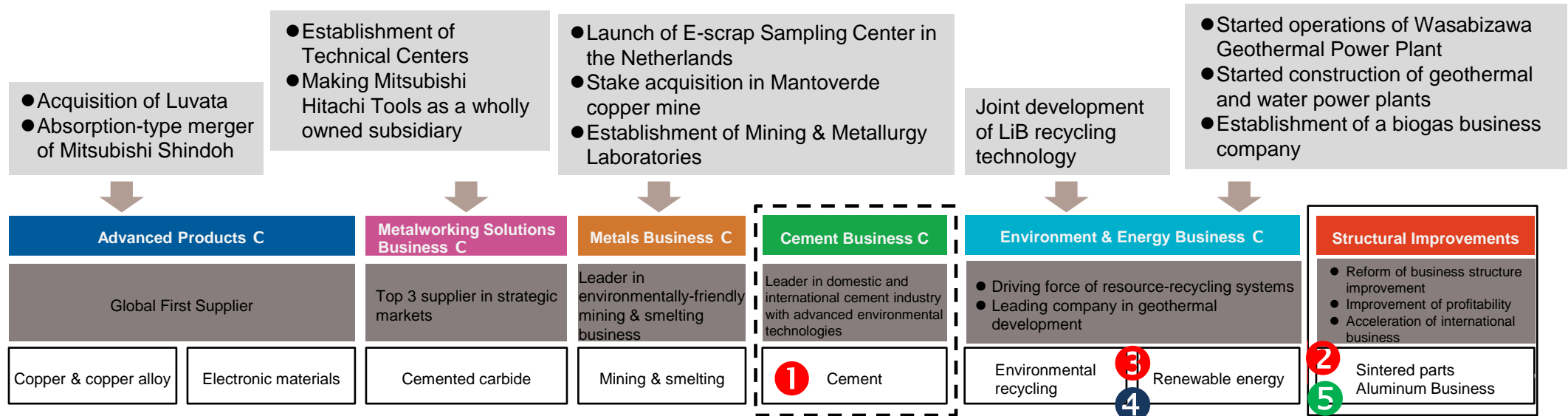


# Optimization of Business Portfolio

## <Group-wide Policy>

- Optimization of Business Portfolio
- Comprehensive efforts to increase business competitiveness  
=> Manufacturing excellence, quality management and digital transformation strategies
- Creation of new products and businesses  
=> R&D and marketing strategy

## Reformation of business structure



1

- Signed agreement concerning integration of Cement Business and related businesses with Ube Industries, Ltd.
- In April 2022, a new integrated company will be established.

2

- December 4, 2020, transfer of shares of Diamet Corporation completed

3

- Transfer of shares of DIA CONSULTANTS CO., Ltd will complete (scheduled for July 1, 2021)

4

- On September 4, New Energy Fujimino Co., Ltd. commenced operations (biogasification of food waste)

Legend C : Stands for "in-house company"  
■ : Long-term Goals of business

5

- Mitsubishi Aluminum Co., Ltd. Group is implementing measures for structural improvements (e.g. "increasing cost competitiveness", "Business selection and concentration").
- January, 2021 Transfer of shares of a subsidiary in China completed
- April, 2021 Transfer of shares of TACHIBANA METAL MFG Co., Ltd. (scheduled for)

# Reduction of Strategic Holdings

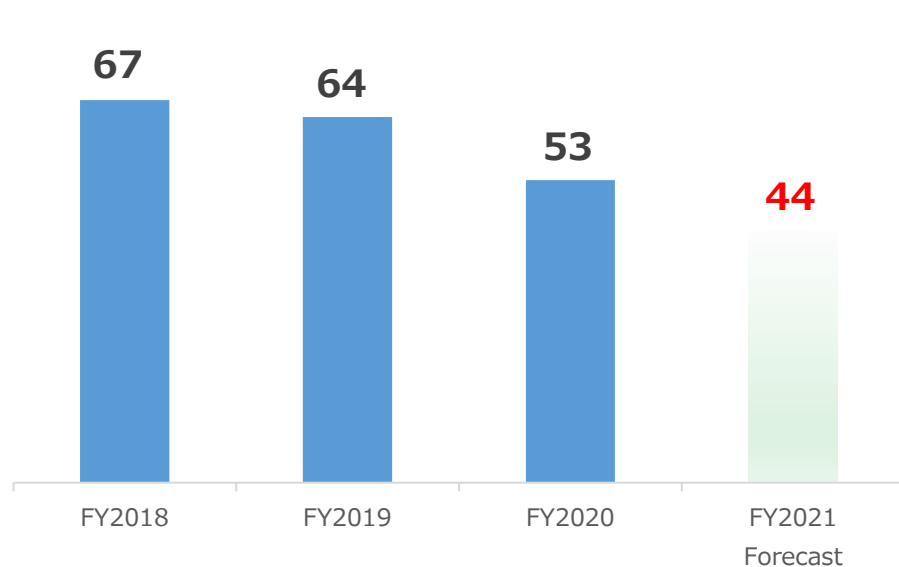
## Basic policy on Strategic Holdings

(From "Basic policy on Corporate Governance" decided on April, 2020 )

- ◆ The Company shall not acquire or hold Strategic Holdings unless doing so is necessary for the purpose of its business strategy.
- ◆ With regard to the Strategic Holdings, appropriateness of such holdings shall be specifically reviewed and examined at a meeting of the Board of Directors on an annual basis. As a result of such reviews and examinations, the Company will reduce any Strategic Holdings if it is not deemed to be necessary to hold such holdings.

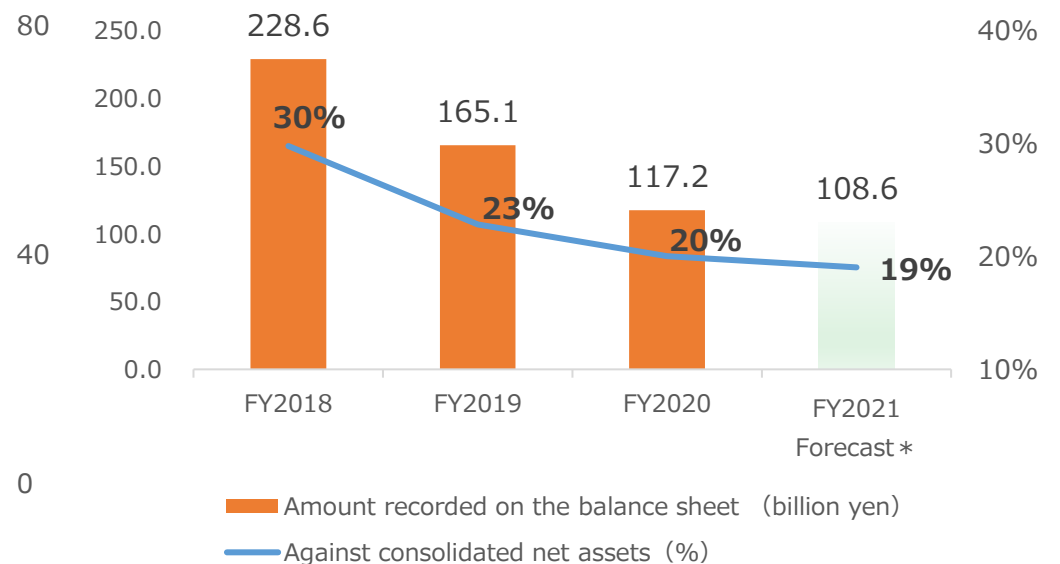
## Changes in Number of Strategic Holdings

Changes in Number of listed Strategic Holdings



\* Assumption : The monthly average stock price of December 2020 and net assets as of the end of December 2020

Percentage of Strategic Holdings in consolidated net assets



# Comprehensive efforts to increase business competitiveness

## <Group-wide Policy>

- Optimization of Business Portfolio
- Comprehensive efforts to increase business competitiveness  
=> Manufacturing excellence, quality management and digital transformation strategies
- Creation of new products and businesses  
=> R&D and marketing strategy

## Digital Transformation Strategy


The Group will use Digital Transformation (DX) to strengthen three key pillars of businesses, which are “Business added-value”, “Business operation competitiveness”, and “Management speed”, and thereby realize its goal of being a “leading company.”

Mission	Aim (*)	Priority areas	
Strengthening today	Operation competitiveness	<ul style="list-style-type: none"> <li>● Enhancement of market intelligence</li> <li>● Agile development via the utilization of customer/sales data</li> <li>● Digital marketing</li> </ul>	<ul style="list-style-type: none"> <li>● Enhancement of supply and demand management system</li> <li>● Quality control/safety management</li> </ul>
	Management speed Improved Business efficiency	<ul style="list-style-type: none"> <li>● Constant monitoring of management indicators</li> <li>● Improvement of enterprise system</li> </ul>	<ul style="list-style-type: none"> <li>● Business efficiency</li> <li>● Business Standardization and digitalization of manuals, etc.</li> </ul>
	Improved data infrastructure Data sharing/utilization	<ul style="list-style-type: none"> <li>● Business intelligence and improved data infrastructure</li> <li>● Promotion of existing data utilization</li> </ul>	<ul style="list-style-type: none"> <li>● Improved data analysis capability</li> </ul>
Creating tomorrow	Business added-value	<ul style="list-style-type: none"> <li>● Enhancement of solution proposal capability</li> <li>● Swift development of new materials/products</li> </ul>	<ul style="list-style-type: none"> <li>● Physical + digital services</li> <li>● Enhancement of recycling business</li> </ul>
Cultivating talents	Talent development/ Corporate culture improving	<ul style="list-style-type: none"> <li>● Cultivation of DX human resources</li> <li>● Digital mindset and improvement of literacy</li> </ul>	<ul style="list-style-type: none"> <li>● Visualization and utilization of human resources portfolio</li> </ul>

\*Aim: Strengthen three pillars and DX infrastructure

## Progress

During the first half of FY2021, the Group selected themes to be tackled in the priority areas and formulated an implementation plan concerning investments, resources, schedules, etc.

11 In and after the second half of FY2021, the Group will crystallize and start the plan.  MITSUBISHI MATERIALS

# Creation of new products and businesses (1)

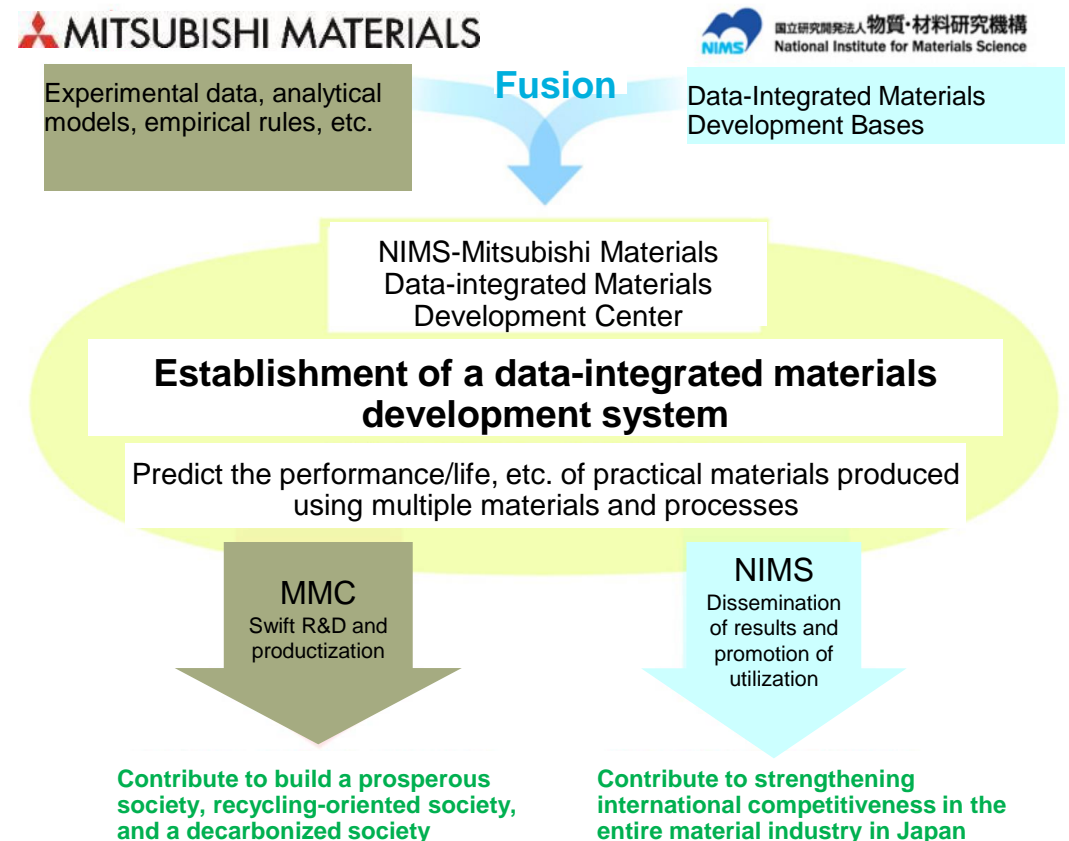
## <Group-wide Policy>

- Optimization of Business Portfolio
- Comprehensive efforts to increase business competitiveness  
=> Manufacturing excellence, quality management and digital transformation strategies
- Creation of new products and businesses  
=> R&D and marketing strategy

## Establishment of “NIMS-Mitsubishi Materials Data-integrated Materials Development Center”

- The Company will establish a data-integrated materials development system by fusing various factors, such as experimental data, analysis models and empirical rules accumulated by the Company in its materials development with the data-integrated materials development bases(\*1) of the National Institute for Materials Science (NIMS) to forecast performances, durations of life, etc. of practical materials to be produced by combining multiple materials and processes.
- By 2025, the Group intends to establish the system targeting non-ferrous metals, thin film materials, inorganic and organic composite materials, etc.

\*1. Research bases for developing materials by fusing various data (data science, computational science, theories, experiments and simulations, etc.) and scientific technologies.



# Creation of new products and businesses (2)

## Investment results through “MMC Innovation Investment Limited Partnership”
























MMC has established the "MMC Innovation Investment Limited Partnership" in order to develop medium- to long-term technologies of the Group, create innovation through collaboration, and create new value. And MMC has invested in the venture companies with material technologies that is new business candidate as follows.

### <Group-wide Policy>

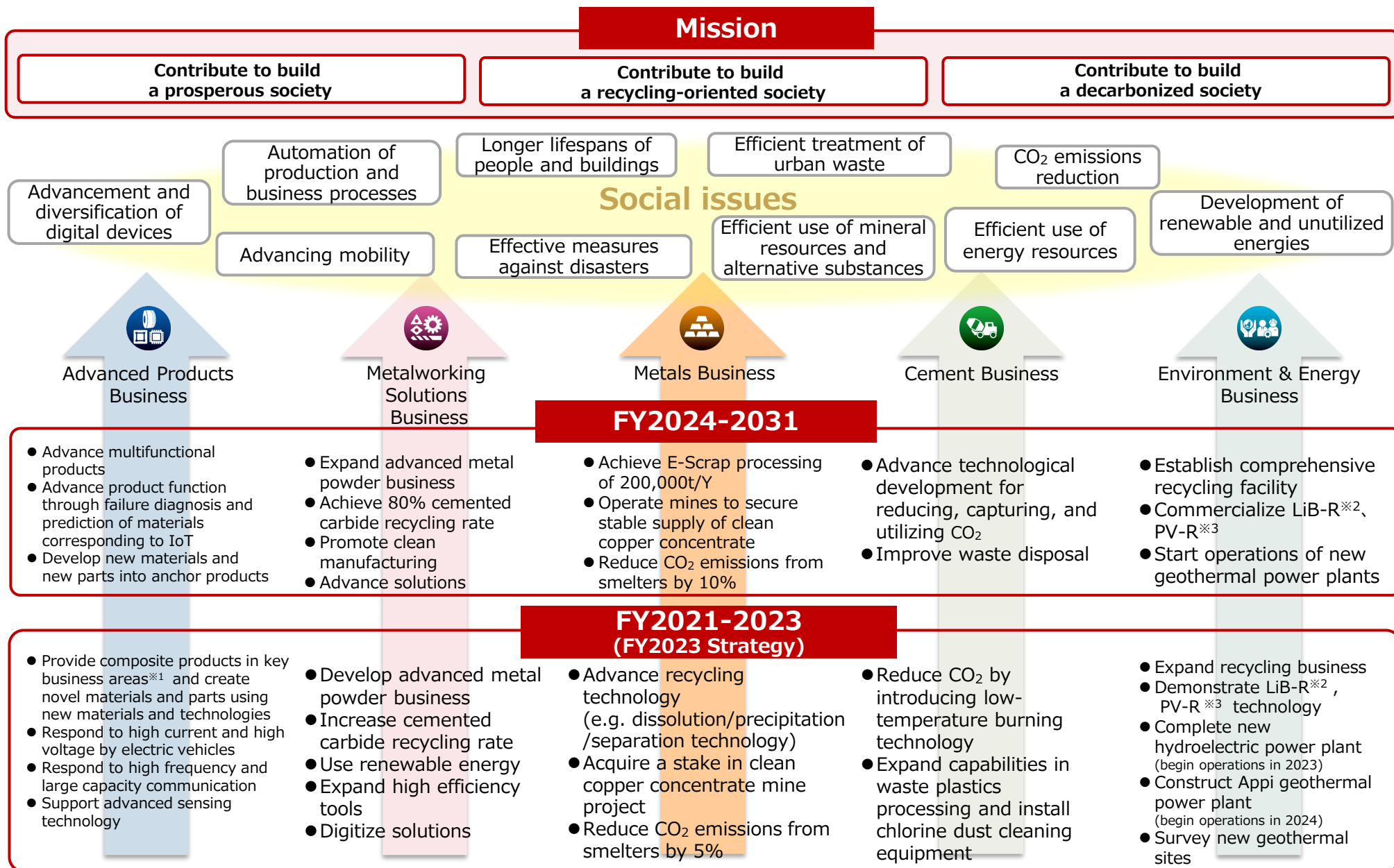
- Optimization of Business Portfolio
- Comprehensive efforts to increase business competitiveness  
=> Manufacturing excellence, quality management and digital transformation strategies
- Creation of new products and businesses  
=> R&D and marketing strategy

	Company name	Company's technologies/products	MMC's aim
October, 2019	Elephantech Inc.	Elephantech has manufacturing technology for electronic circuit boards by additive manufacturing using inkjet printing of metal nano inks and electroless copper plating.	MMC has started development of “copper nano ink” with Elephantech as an evaluation partner. MMC will aim to develop new copper products for circuit boards and get opportunities of its supply.
May, 2020	EneCoat Technologies Co., Ltd.	EneCoat Technologies is developing Perovskite Solar Cells characterized by high power generation efficiency, light weight, and flexibility compared to conventional silicon-based solar cells.	In collaborate with EneCoat Technologies, MMC will develop technologies that contribute to improving the performance of Perovskite Solar Cells and the peripheral materials etc. necessary for making them lead-free, aiming to get opportunities to supply materials when perovskite solar cells become widespread.
June, 2020	CONNEXX SYSTEMS Corporation	CONNEXX SYSTEMS has development and manufacturing technologies for new storage battery, high-power in-vehicle Lithium-ion battery (LIB), and next-generation battery that combine LIB and lead-acid battery.	MMC is developing technology for reusing and recycling used in-vehicle LIB. In collaboration with CONNEXX SYSTEMS, MMC will promote the reuse business that is the reuse of collected used in-vehicle LIB for stationary storage battery.
September, 2020	Nature Architects inc.	Nature Architects has unique structure design technologies such as giving strength only to the necessary parts and adding the function of absorbing vibration to hard parts.	By combining MMC's knowledge of non-ferrous metals and other material properties with Nature Architects' design technology, MMC will promote development of unique products with new added value by additive manufacturing using our materials.

# Business Strategy : Long-term Business Goals/Long-term Strategy and ESG/SDGs

	Long-term business goals	Long-term strategy	ESG/SDGs			Mission		
			E (Environment)	ES (Society)	S	Contribute to build a prosperous society	Contribute to build a recycling-oriented society	Contribute to build a decarbonized society
<b>Advanced Products Business</b>	<b>Global First Supplier</b>	<ul style="list-style-type: none"> <li>Create new businesses and products through the sophistication and integration of our core competencies (e.g. production and development of oxygen-free copper, oxygen-free copper base alloys, and functional materials as well as technical capabilities such as bonding different metals, etc.)</li> <li>Accelerate marketing activities to replicate successful practice</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Advance and diversifying mobility and digital devices</li> <li>Automate production and business processes</li> </ul>	<ul style="list-style-type: none"> <li>Develop and use materials with low environmental impact</li> <li>Efficiently use mineral resources and alternative resources</li> </ul>	<ul style="list-style-type: none"> <li>Efficiently use energy resources</li> <li>Reduce CO<sub>2</sub> emissions</li> <li>Develop and supply products that contribute to decarbonization</li> </ul>
<b>Metalworking Solutions Business</b>	<b>Top 3 supplier in strategic markets</b>	<ul style="list-style-type: none"> <li>Promote clean manufacturing</li> <li>Provide high-efficiency products with advanced technology</li> <li>Expand advanced metal powder business in electronic devices</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Provide high-efficiency products and digital solutions</li> </ul>	<ul style="list-style-type: none"> <li>Promote the use of recycled cemented carbide materials</li> </ul>	<ul style="list-style-type: none"> <li>Promote manufacturing renewable energy</li> <li>Expand electrification business by advanced metal powder technology</li> </ul>
<b>Metals Business</b>	<b>Leader in environmentally-friendly mining &amp; smelting business</b>	Stable supply and recycling of nonferrous metal materials, predominantly copper <ul style="list-style-type: none"> <li>Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap</li> <li>Promotion of recycling</li> <li>Response to climate change</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Provide copper-based materials for advanced products</li> </ul>	<ul style="list-style-type: none"> <li>Provide recyclable products</li> <li>Recycle waste</li> </ul>	<ul style="list-style-type: none"> <li>Promote the development and use of CO<sub>2</sub> reduction technologies</li> <li>Achieve manufacturing that considers environmental load</li> </ul>
<b>Cement Business</b>	<b>Leader in the domestic and international cement industry with advanced environmental technologies</b>	<ul style="list-style-type: none"> <li>Stable supply of basic building materials for social infrastructure and disaster prevention infrastructure</li> <li>Sophistication of waste disposal</li> <li>Response to climate change by reducing CO<sub>2</sub></li> <li>Construction of a resilient domestic business foundation through business restructuring and business growth in overseas markets</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Create a safe, secure, and functional city</li> </ul>	<ul style="list-style-type: none"> <li>Recycle waste</li> <li>Promote sustainable resource recycling</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by improving manufacturing processes</li> </ul>
<b>Environment and energy Business</b>	(Environmental recycling) <b>Driving force of resource-recycling systems</b> (Renewable energy) <b>Leading company in geothermal development</b>	<ul style="list-style-type: none"> <li>Provision of a safe recycling system with thorough traceability, etc.</li> <li>Decarbonization by expanding renewable energy business</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Ensure a stable supply of clean energy and recycled products</li> </ul>	<ul style="list-style-type: none"> <li>Solve urban waste problems</li> <li>Build a sustainable social system</li> </ul>	<ul style="list-style-type: none"> <li>Provide renewable energy</li> </ul>

# Business Strategy : Business Strategy for Solving Social Issues



※1...Next-generation automobile, semiconductor / electronics, industrial machinery / infrastructure  
 ※2...Li-ion battery recycling ※3... Solar panel recycling

# Business Strategy : Contribution Goals for a Sustainable Society



**Sales volume of copper materials for new HV/EV**

**1.3 times or more**

FY2020 forecast  
721t

FY2023 target  
**1,000t**



**Sales volume of materials for next-generation vehicles and environmentally friendly products**

**3 times or more**

FY2020 forecast  
6.2billion yen

FY2023 target  
**20.3 billion yen**



**Ratio of recycled tungsten as raw material in cemented carbide tools**

**Up 25%**

FY2020 forecast  
28%

FY2023 target  
**35%**



**E-Scrap processing capacity**

**Up 25%**

FY2020  
160,000t

FY2031 target  
**200,000t**



**Waste and by-products processing volume in cement production**

**Up 13%**

FY2020 forecast  
4 million tons

FY2031 target  
**4.5 million tons**  
(FY2020 production volume basis)



**Annual processing volume of home appliance recycling**

**Up 35%**

FY2020 forecast  
2.6million units

FY2023 target  
**3.5 million units**



**Annual total power generated by renewable energy**

**Up 30%**

FY2020 forecast  
421GWh

FY2026 target  
**550GWh**

In March 2020, we endorsed the proposal of the Task Force on Climate-related Financial Disclosures (TCFD).

In March 2021, we will disclose important Group-related information concerning climate change based on TCFD recommendations.

# Sustainable Management

## **Establishment of Sustainable Management Office (April 1, 2020)**

- Based on its corporate philosophy and through its business activities, the Company will realize both the contribution to building sustainable society and the enhancement of corporate value on a medium- to long-term basis.
- The Company will specify management issues concerning sustainability and promote centralized responses.

## Special Panels

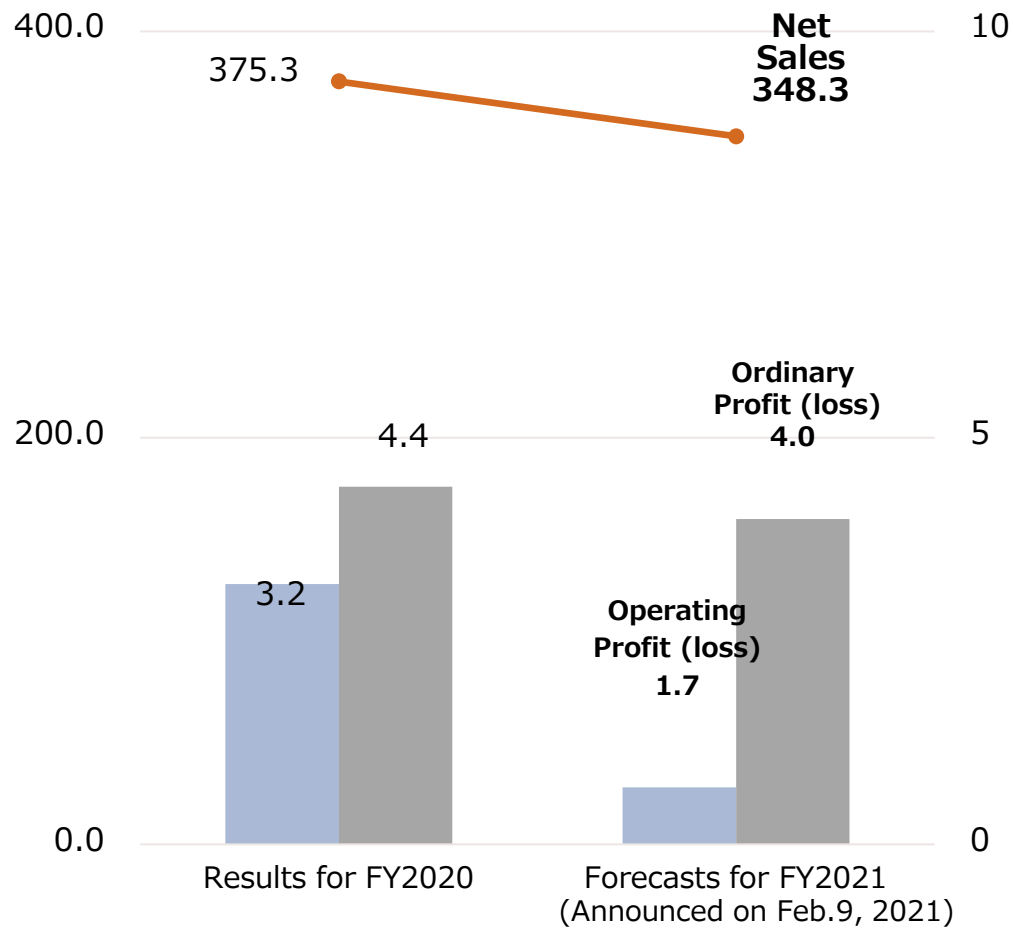
Communications Panel	Exchanges information concerning communications with stakeholders and discusses policies on measures	Environmental Management Panel	With the aim of no violation of environmental laws and regulations and no environmental accident
Corporate Functions Optimization Panel	Seeks to realize efficient and highly productive work styles taking digitalization	Quality Management Panel	Shares information concerning quality management and recurrence prevention measures, and discusses and promotes measures
Governance Panel	Promotes measures to strengthen cross-departmental governance	Information Security Panel	Protects information assets from information security risks and maintains normal corporate activities
Compliance Panel	Discusses policies and shares information on measures concerning compliance and others	Zero Disaster Promotion Panel	With the aim of zero disasters in the Group
Risk & Crisis Management Panel	Discusses concerning responses to serious risks and crises and monitors issues and effectiveness	Health Management Promotion Panel	Promotes measures for “health management” in continuous and effective manners
Climate Change and Energy Panel	Clarifies the issues of the Group concerning global warming and climate change and discusses measures		

# Business Strategy & Overview by Segment

# Advanced Products

# Advanced Products

## History of Consolidated Earnings



Unit: billion yen

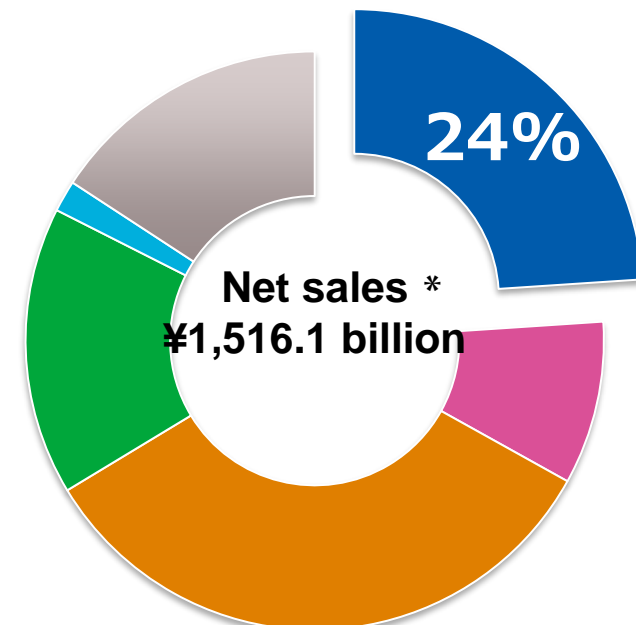
Unit: billion yen

## Ratio of Net Sales by Business

### Advanced Products



- Copper and copper alloy products
- Electronic materials & components

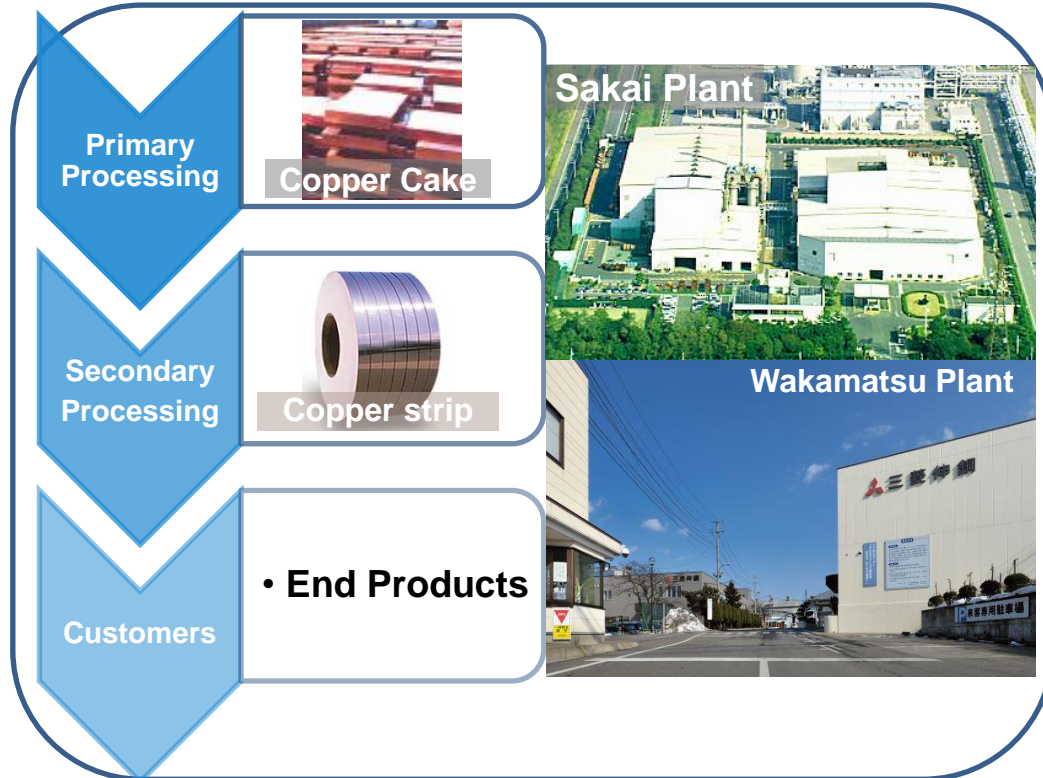


Net sales \*  
¥1,516.1 billion

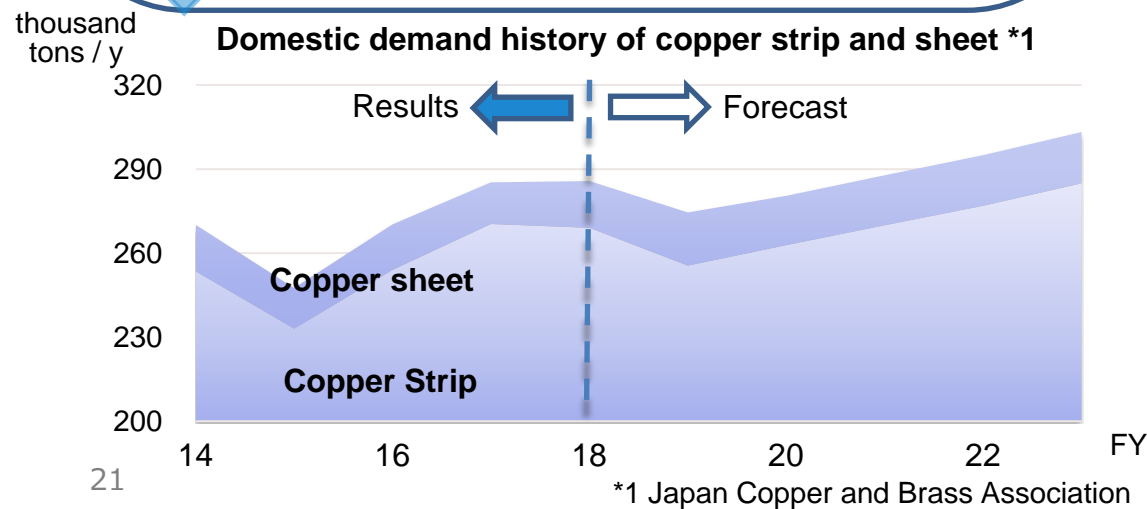
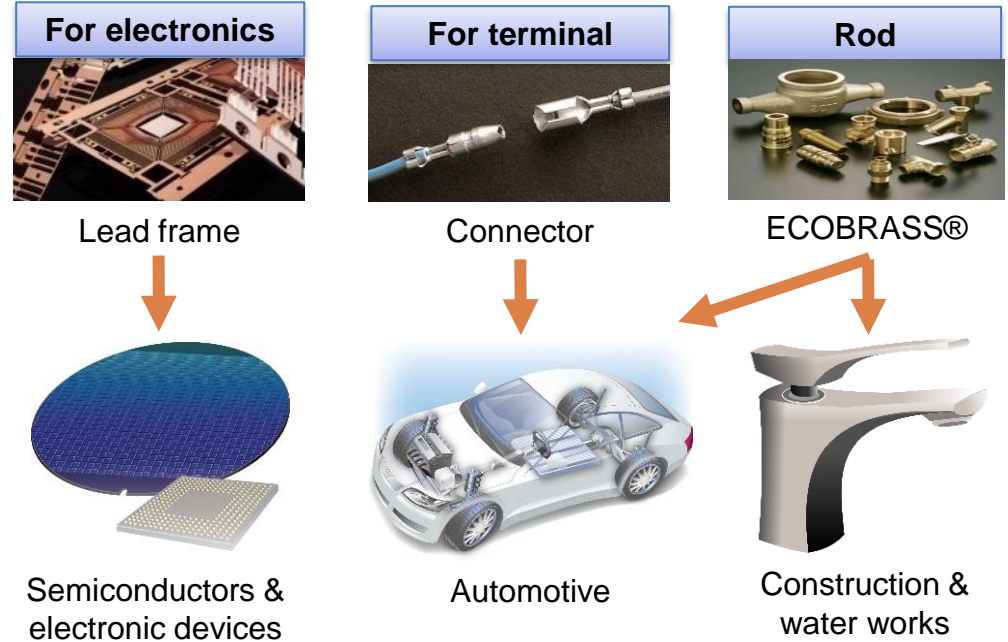
\*Sales to outside customers (Year ended March 31, 2020)

# Advanced Products - Copper & Copper Alloy (1) -

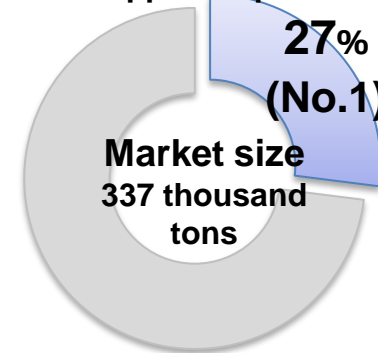
Processing the copper materials from our copper smelter into various shapes



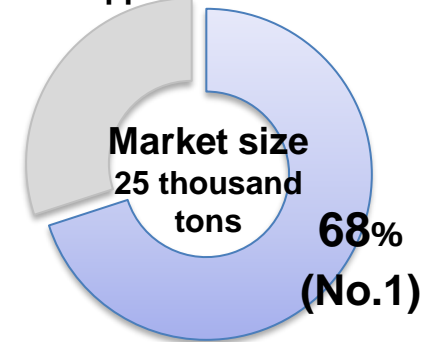
Application for main products



Domestic market share of copper strip \*2



Domestic market share of copper sheet \*2



\*2 Weight base, Japan Copper and Brass Association (FY2020)

# Advanced Products - Copper & Copper Alloy (2) -



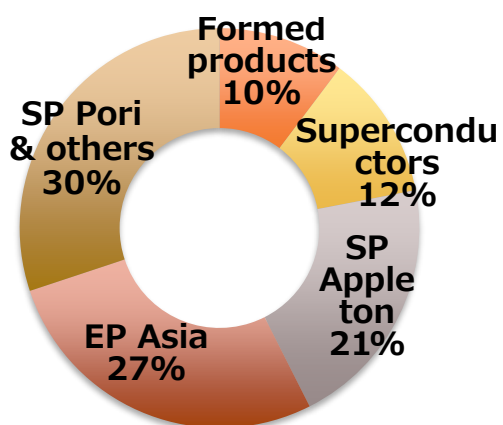
## Company profile \* FY ending Dec. 31, 2019

- Head Office: Pori, Finland
- Net sales: €566 million
- Operation (Manufactures & Sales):  
12 entities, 7 countries
- Employees: 1,355

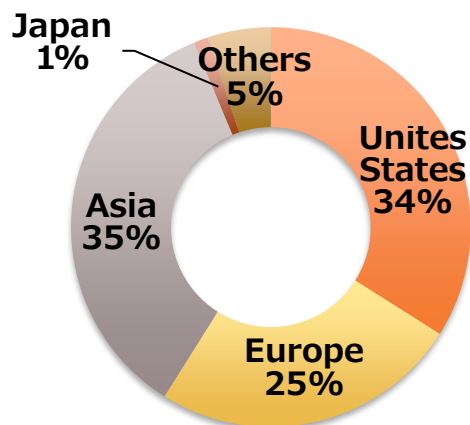


▲ Copper Industrial Park in Pori

Sales ratio by Business Units



Sales ratio by Regions



## Various products for targeted markets



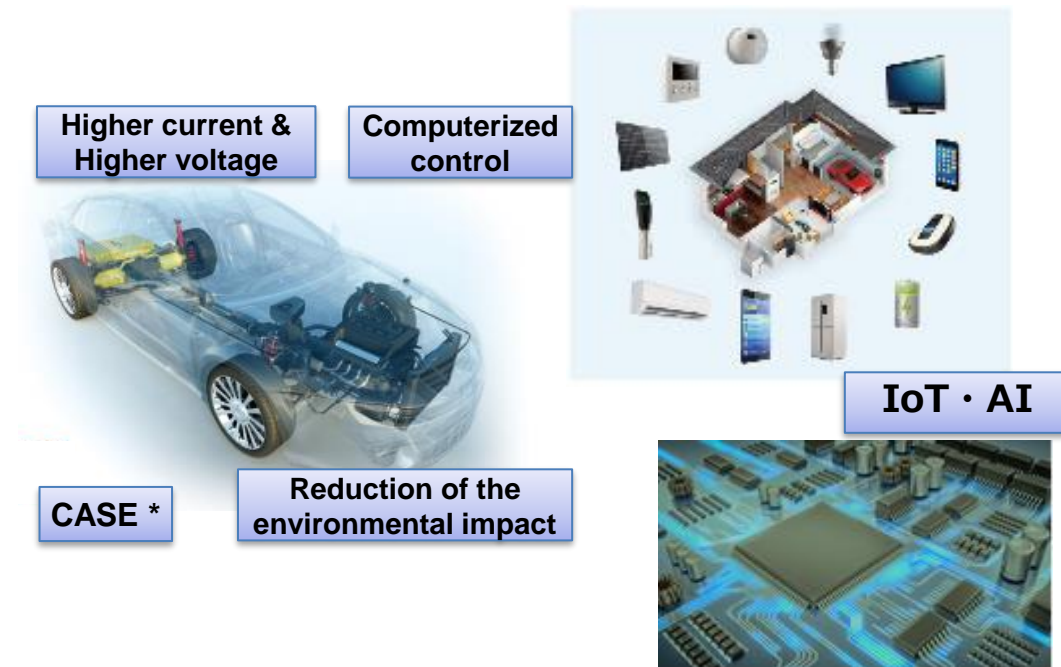
# Advanced Products - Copper & Copper Alloy (3) -

## Aiming to become a global leader in the Copper & Copper Alloy Business

### ◆ Market Needs

Oxygen-free copper, which is our strength, is a necessary material for high current and high voltage.

We expect that our Copper & Copper Alloy products' demand is to increase as the automobile industry supports CASE and IoT etc.

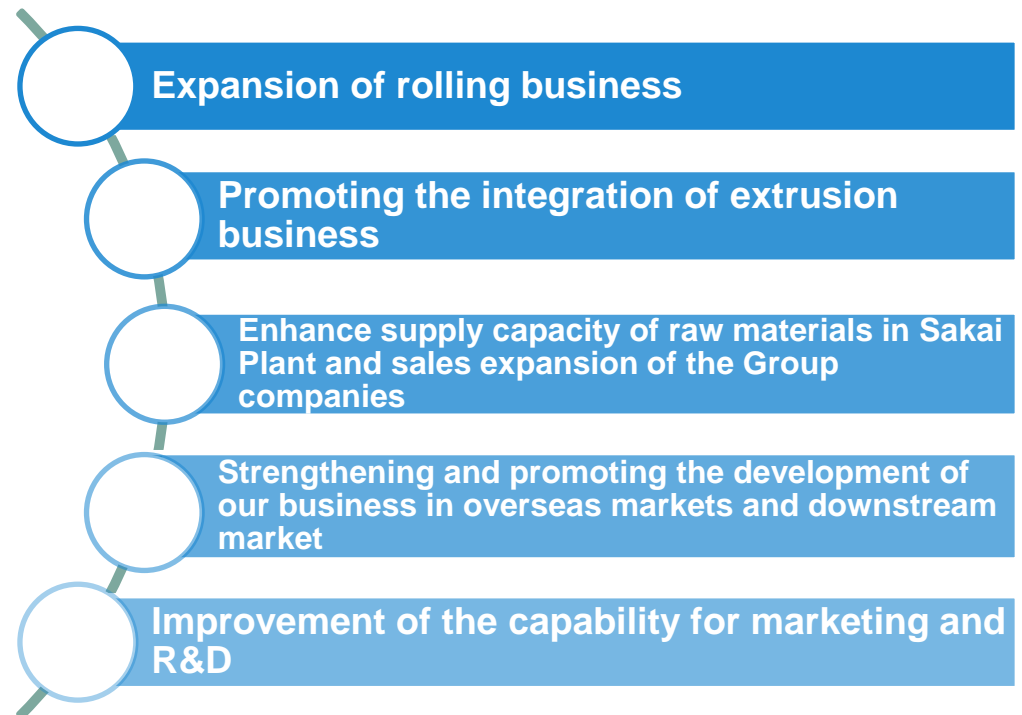


※CASE...Connected, Autonomous, Shared & Services, Electric

### ◆ Strategic Investment

Planning capex of approx. ¥30.0 billion in total from FY2021 to 2027.

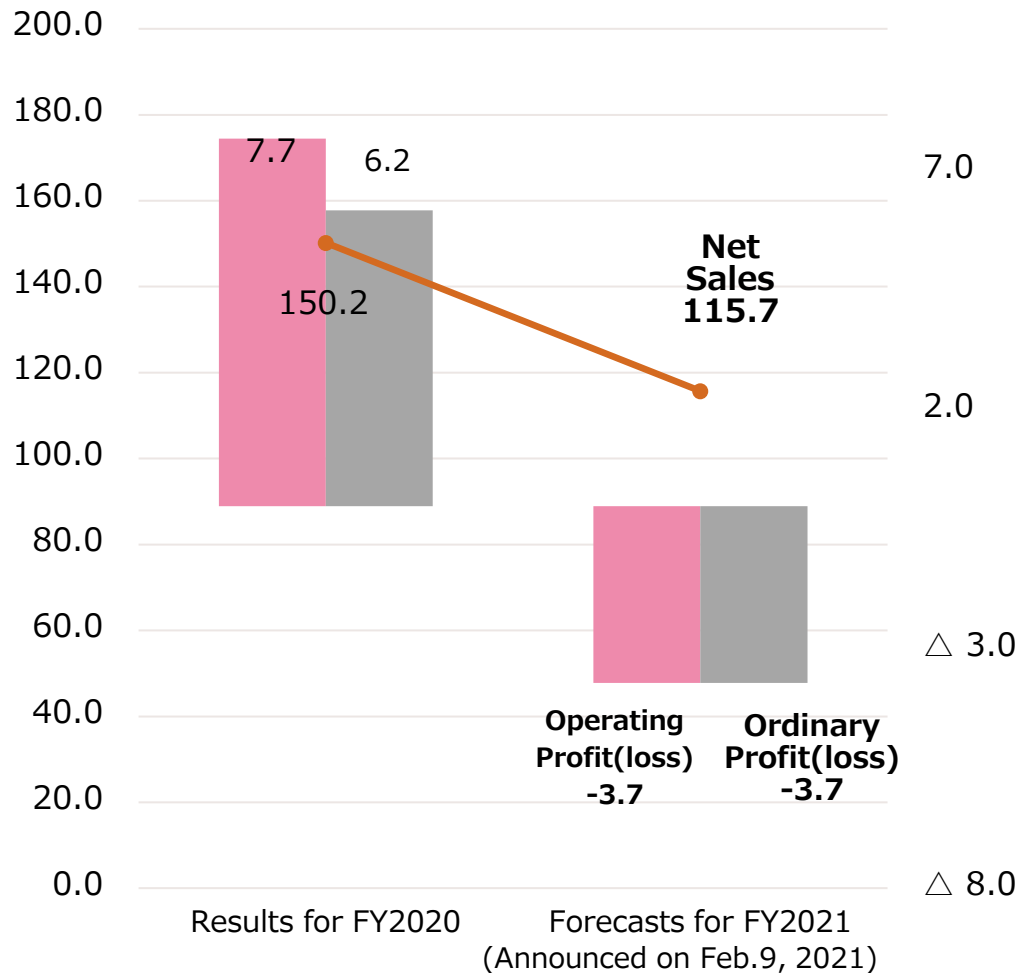
To increase our production capacity by about 30% from the current level, mainly for automobile-related products in which strong demand is expected.



# **Metalworking Solutions Business**

# Metalworking Solutions Business

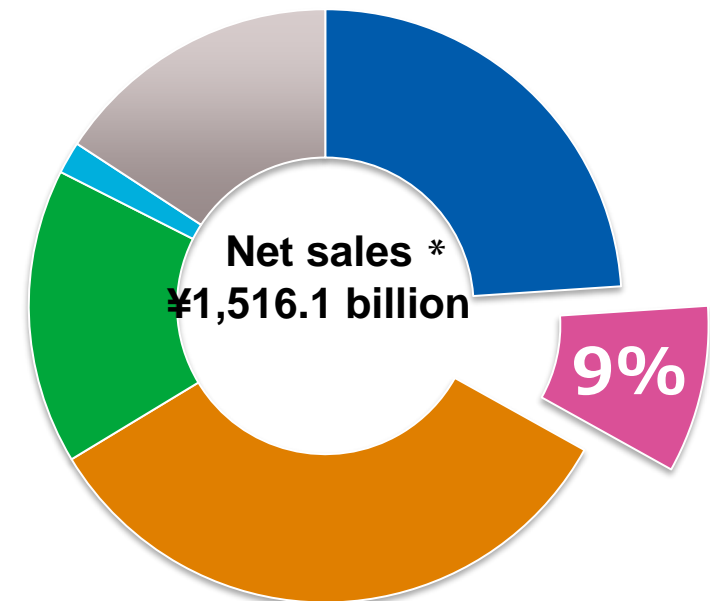
## History of Consolidated Earnings



Unit: billion yen

Unit: billion yen

## Ratio of Net Sales by Business

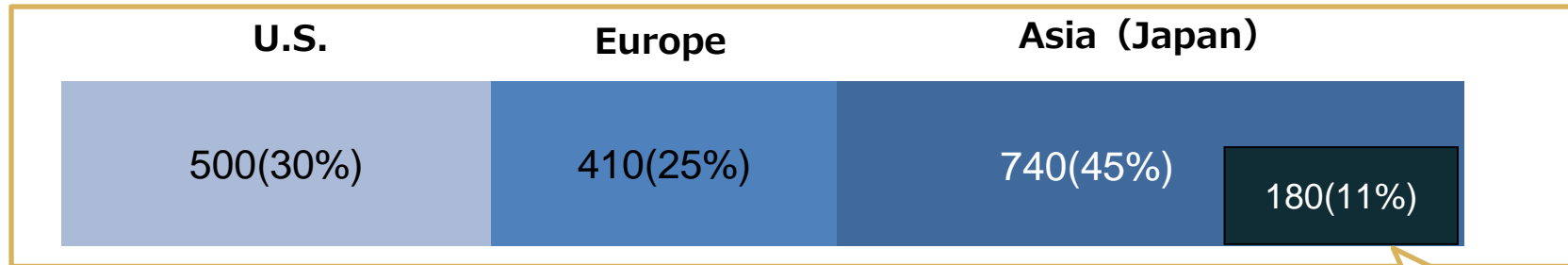


\*Sales to outside customers (Year ended March 31, 2020)

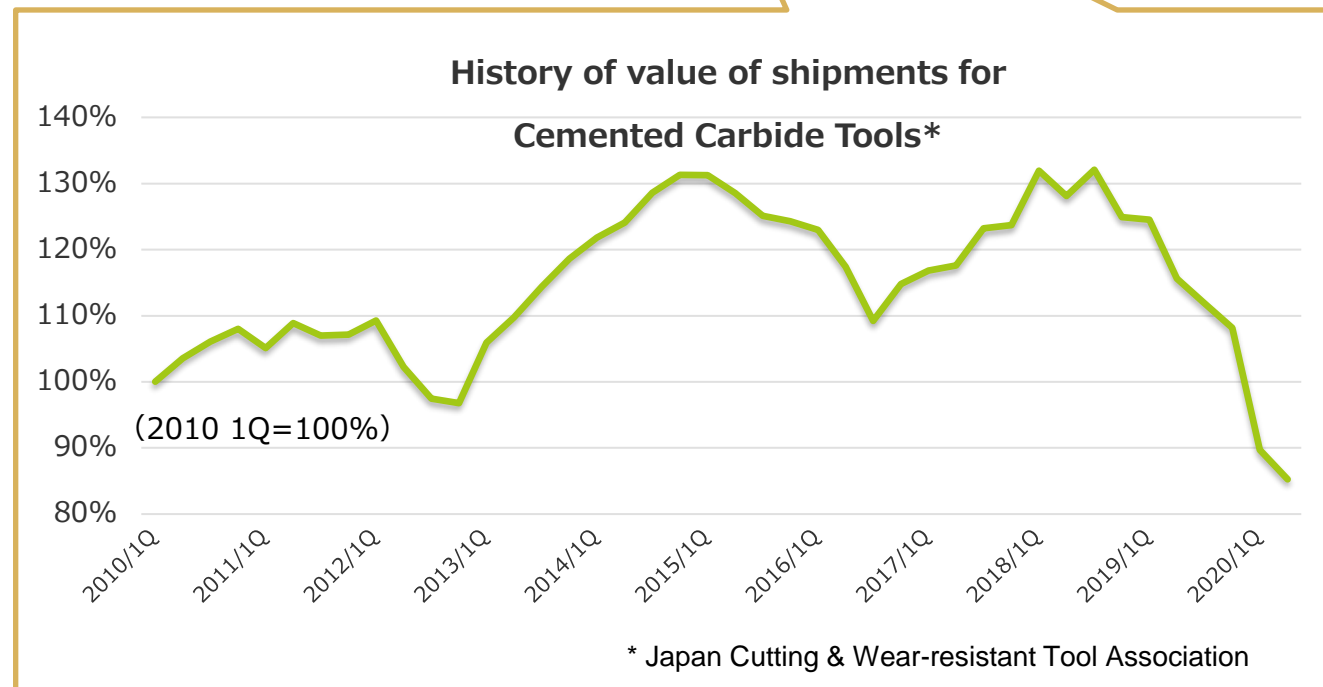
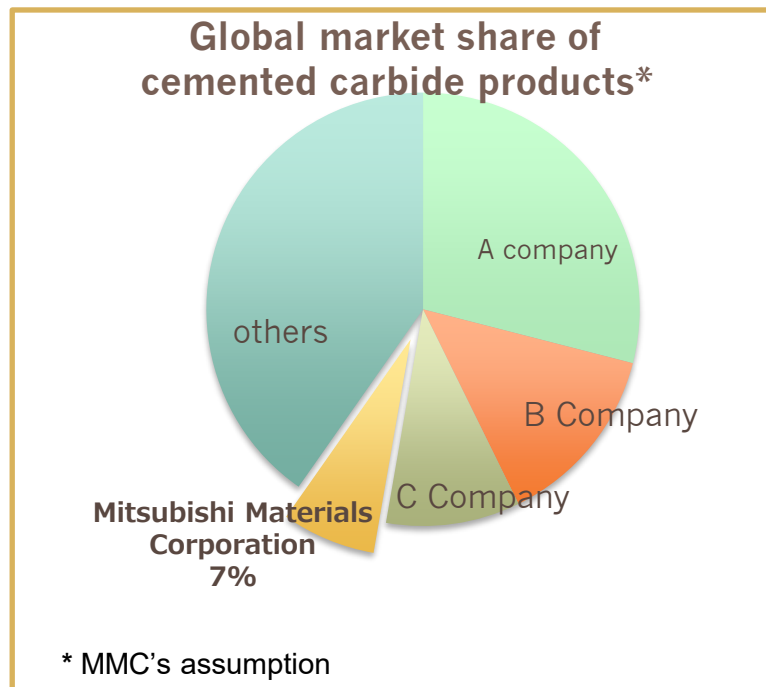
# Metalworking Solutions - Cemented Carbide Products (1) -

Market Size of Cemented carbide tools approx. : ¥ 1,650 billions (2019) \*  
¥ 1,900 billions (2025)

\* MMC's assumption



Market share: 4th grade in World Wide  
Top share in Japan

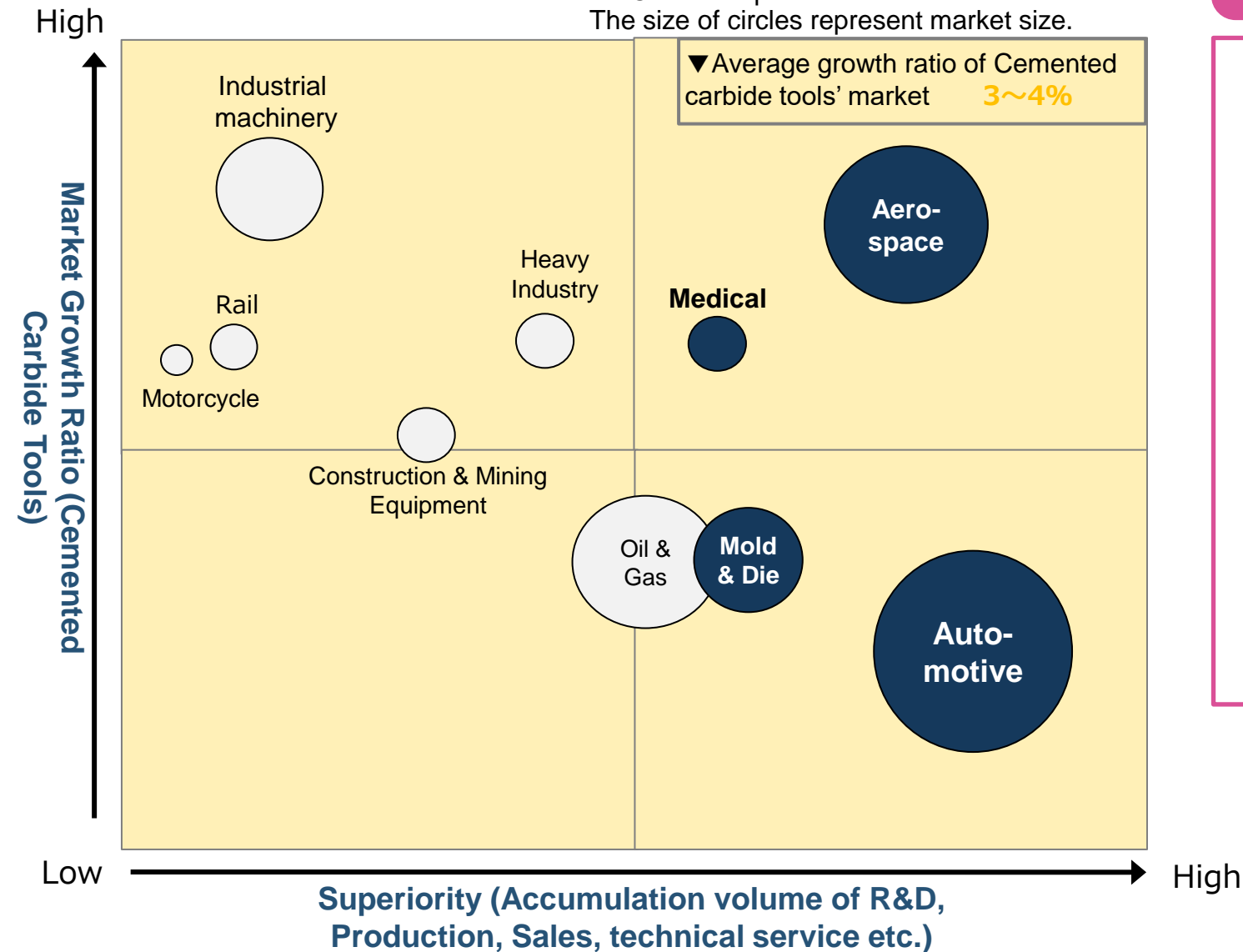


# Metalworking Solutions - Cemented Carbide Products (2) -

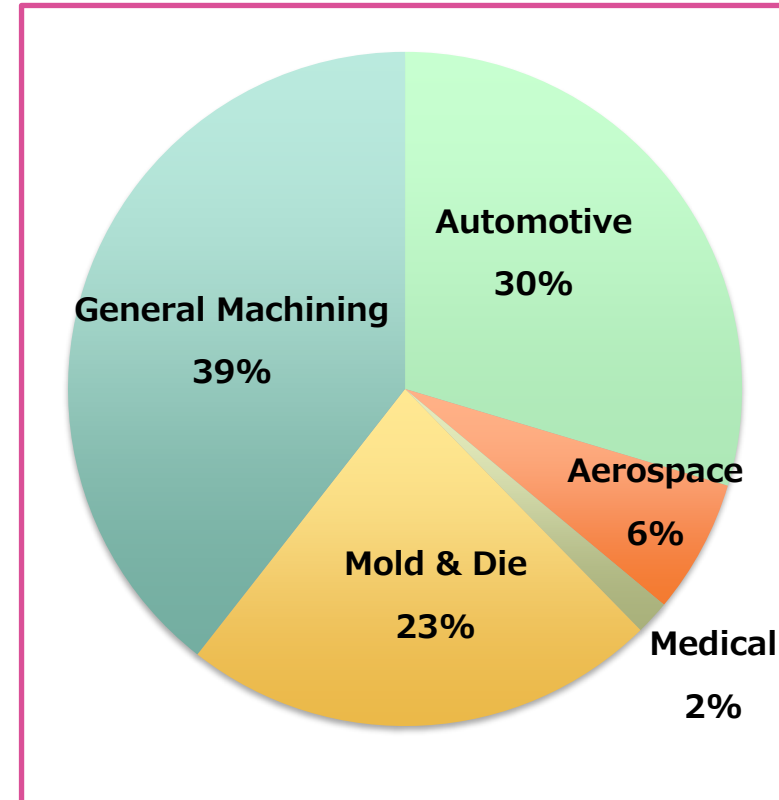
## Importance analysis of each industry (2019)\*

\*MMC's assumption  
The size of circles represent market size.

▼ Average growth ratio of Cemented carbide tools' market 3~4%



## MMC's sales ratio of demand by industry (FY2020)

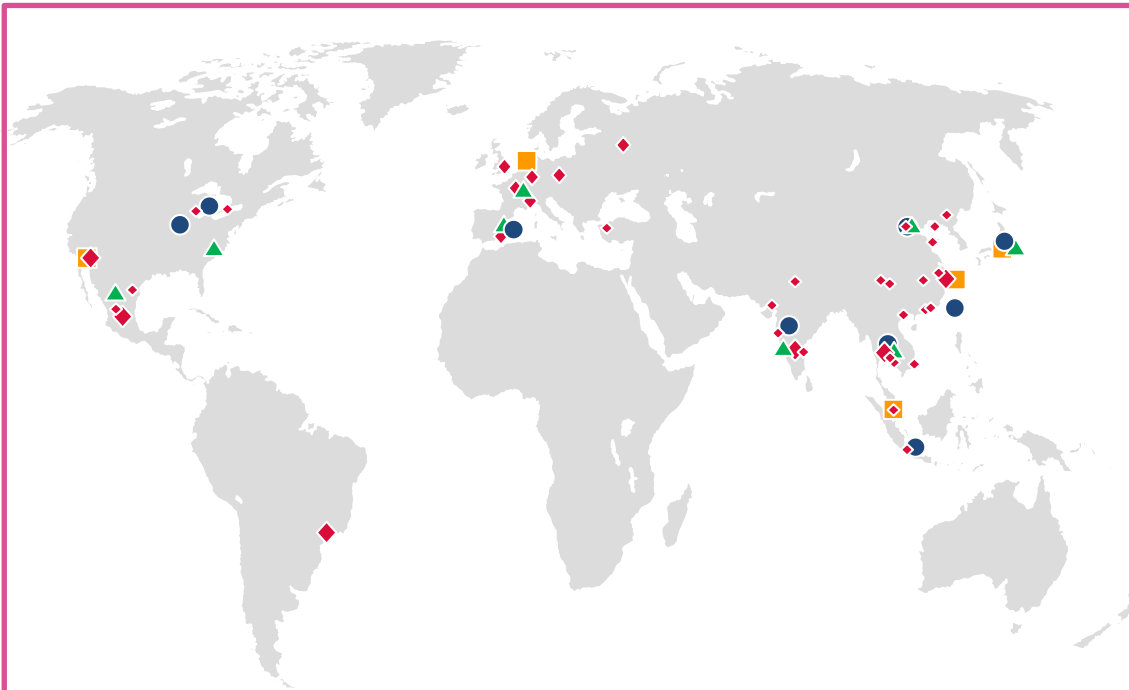


# Metalworking Solutions - Cemented Carbide Products (3) -

## Expansion of sales, production, distribution and technical network

### Cemented Carbide Tools network

- Sales sites: 13
- Production sites: 7
- Distribution sites: 5
- Technical center : 9

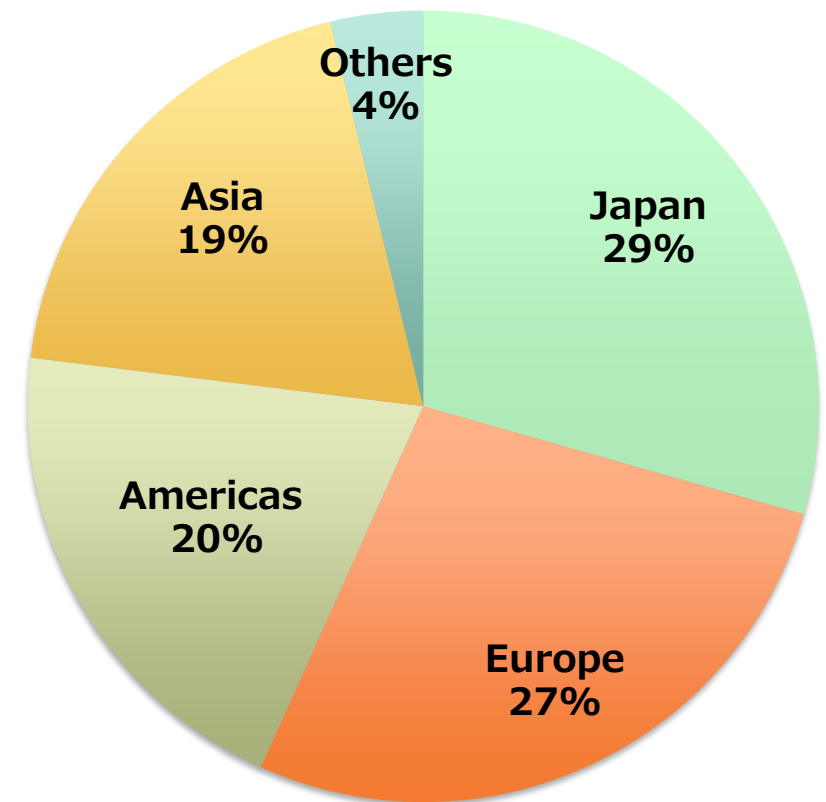


### Technical center (Newly established in 2019)

- ▲ Mexico : MTEC Querétaro
- ▲ Germany : MTEC Stuttgart
- ▲ India : MTEC Pune

- ◆ Sales sites
- Production sites
- ▲ Technical center
- Distribution sites

### Sales ratio of Cemented Carbide Tools by area (FY2020)



# Metalworking Solutions - Cemented Carbide Products (4) -

## ◆ Expand technical center networks

### MTEC North Carolina

(North Carolina, United States)

Relocated, improved and expanded in 2018



### MTEC Valencia

(Valencia, Spain)

Established in 2008



### MTEC Querétaro

(Querétaro, Mexico)

Newly Established in 2019



### MTEC Stuttgart

(Stuttgart, Germany)

Newly Established in 2019



### Central Japan Technical Center

(Gifu, Japan)

Established in 2017



### East Japan Technical Center

(Saitama, Japan)

Established in 2010



### MTEC Pune

(Pune, India)

Newly Established in 2019



### MTEC Bangkok

(Bangkok, Thai)

Established in 2015



Sharing  
information

Utilizing mutual  
facilities

Experiment  
support

### MTEC Tianjin

TianJin LingYun tool  
Design Co.,LTD  
(TianJin, China)

Relocated, improved and  
expanded in 2017



# Metalworking Solutions -Topics-

## TOPICS

### Investment into Masan High-Tech Materials Corporation (MHT)

(November 2020: Ownership ratio 10%)

#### Purpose of strategic partnership

Stable procurement of tungsten which is a main raw material of cemented carbide tools

MHT's subsidiaries and partner companies: Holding stake in W mines in Vietnam and China

Joint operation of tungsten recycling business

H.C. Starck, an affiliated company of MHT: One of the world largest cemented carbide scrap recycling facilities in Germany

Technical partnership regarding production of high-quality tungsten powder

Accelerate expansion of cemented carbide recycling and advanced metal powder business supported by tungsten business as one of pillars of growth

Jiangwu H.C. Starck Tungsten Products (Ganzhou) Co., Ltd. (W smelting business)  
H.C. Starck Jiangwu Tungsten Specialities (Ganzhou) Co., Ltd. (W/WC powder production)  
Jiangxi Province, China

H. C. STARCK CANADA INC.  
(Production and sale of W/WC, Mo-type powder)  
Ontario, Canada

H.C. STARCK TUNGSTEN GmbH  
(Production and sale of W/WC powder)  
Tungsten recycling sites  
Goslar, Germany

Masan High-Tech Materials Corporation  
(Tungsten smelting and powder production as well as recycling of tungsten and other ore)  
Ho Chi Minh, Vietnam

NUI PHAO MINING  
(W Ore mining)

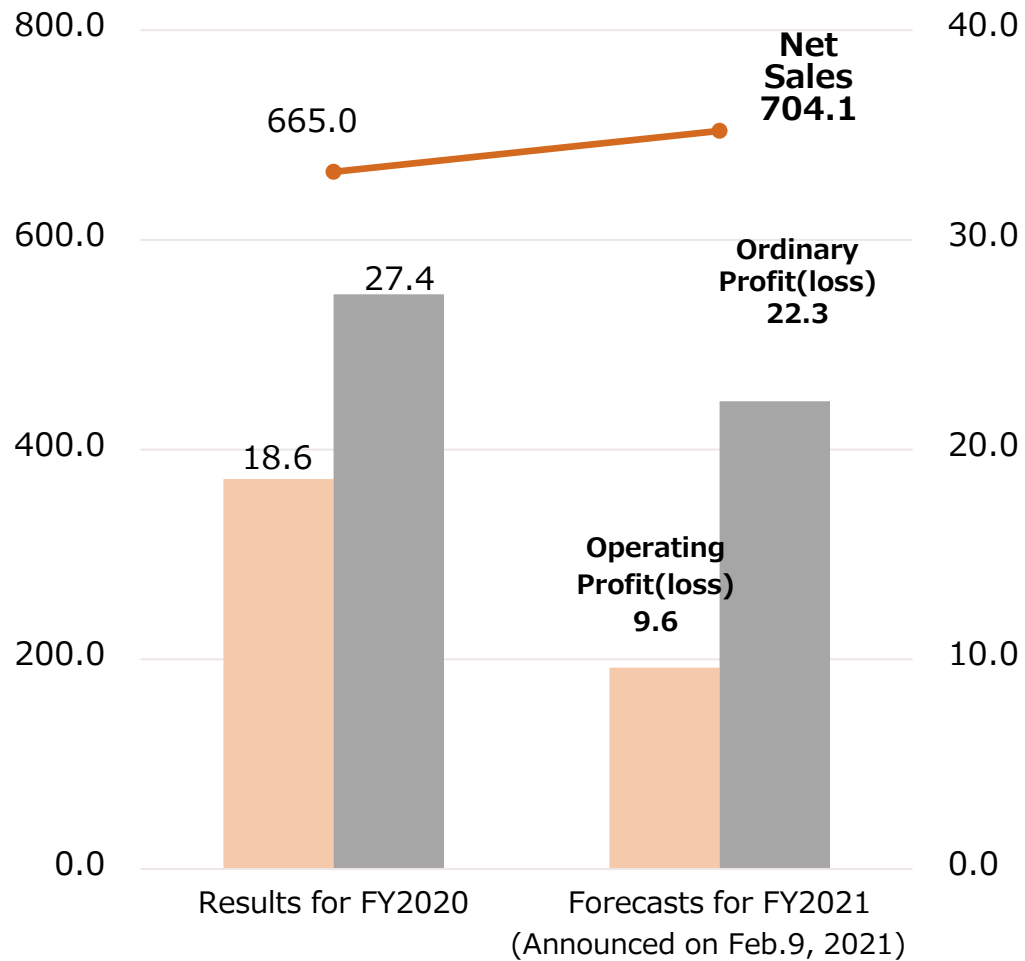


● indicates a base of MHT's affiliated companies

# Metals Business

# Metals Business

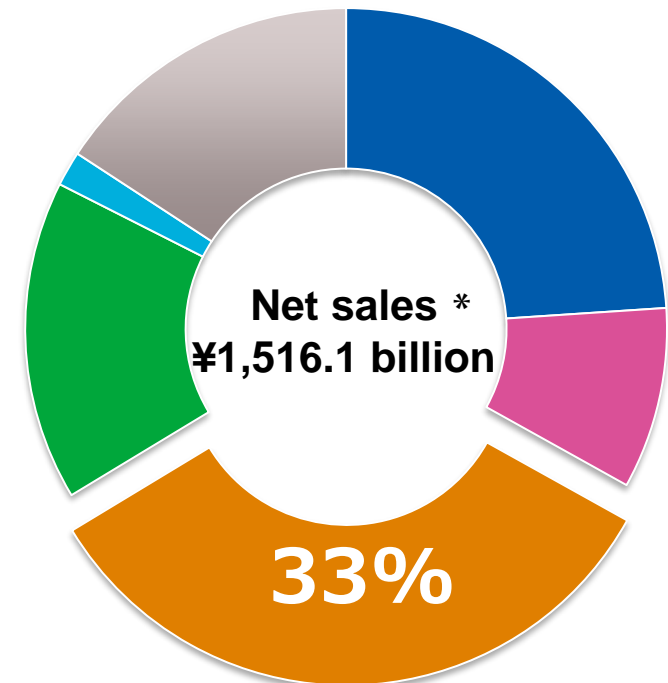
## History of Consolidated Earnings



Unit: billion yen

Unit: billion yen

## Ratio of Net Sales by Business



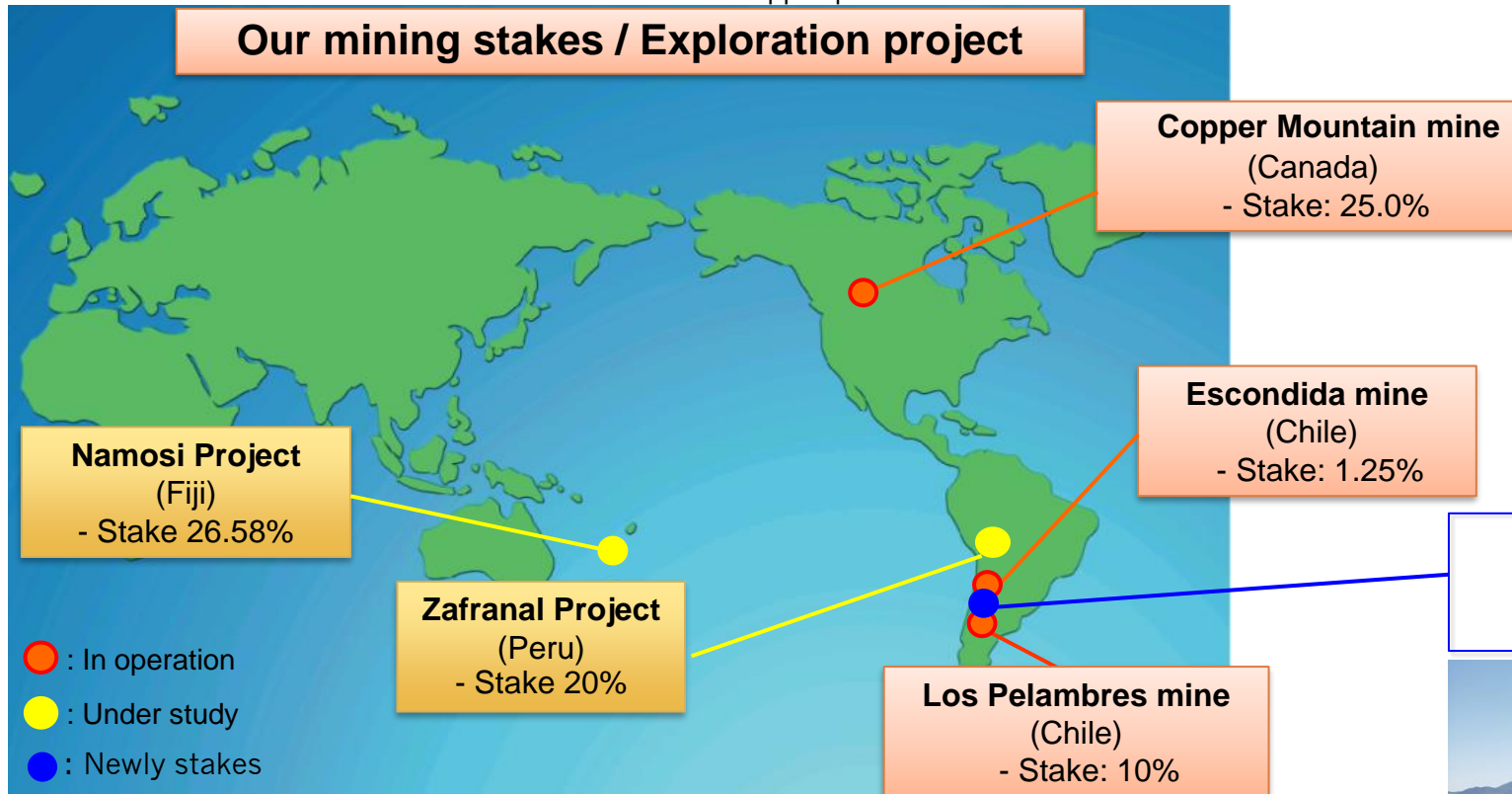
\*Sales to outside customers (Year ended March 31, 2020)

# Metals Business -Mining (1) -

**Key measures : Improve the ratio of stable raw-material procurement \*1**

\*1 Amount of copper contained with copper concentrate under off-take\* or long-term contract, and E-Scrap  
Amount of total copper production

※Off-take: long-term takeover rights linked to mine investment interests



# Metals Business -Mining (2) -

## TOPICS

### Secure clean copper concentrate by investing in new mines

#### Mantoverde Mine

- Reached an agreement in February 2020 to acquire a 30% stake in Mantoverde S.A. which manages Mantoverde Mine
- While the Company is proceeding with formation of project financing with a group of banks. The closing of a share subscription agreement is completed in February 2021 and we have formally participate in the construction of the building facilities including a concentrator and a tailings dam to support the extraction and processing of sulphide ore.

#### Zafranal Mine

- Completion of feasibility study
- Aiming to begin procedures for application for environmental permission within the first quarter of FY2021
- Scheduled to make a final investment decision in 2022 after detailed engineering and construction permission, etc.

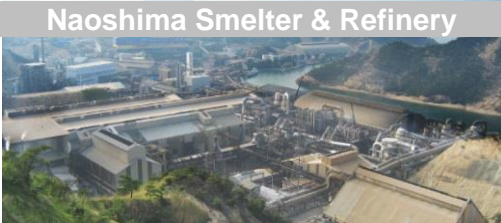
#### Other New Projects

- Developing other new projects with an aim to expand project pipeline for business continuation.

# Metals Business - Smelting (1) -

**Operation system: Total 3 smelter  
(2 in Japan, and 1 in Indonesia)**

Naoshima Smelter & Refinery



Copper: 230,000 tons / year  
E-Scrap: 120,000 tons / year

Onahama Smelting & Refining

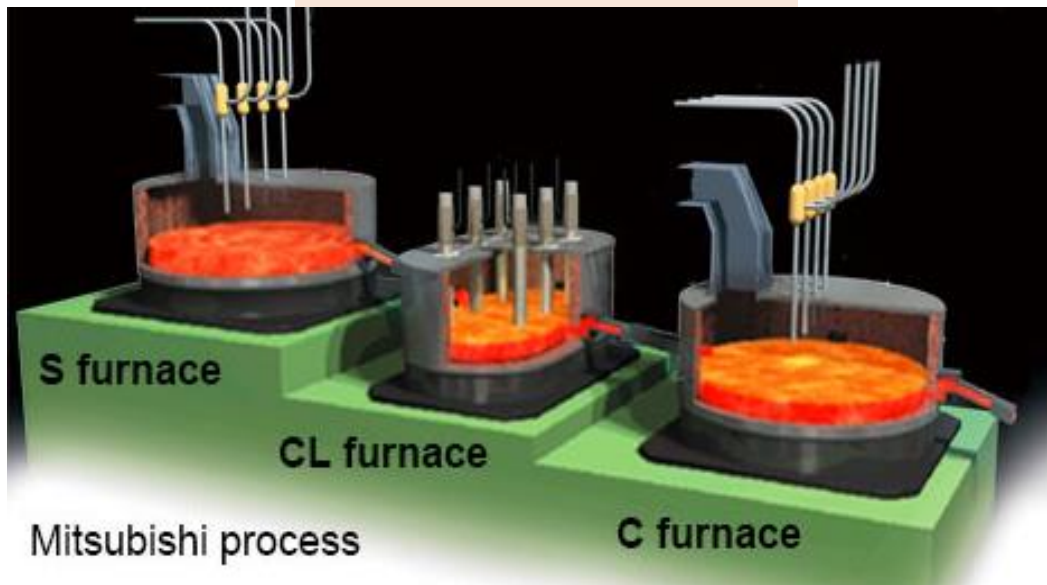


Copper: 300,000 tons / year  
E-Scrap: 40,000 tons / year

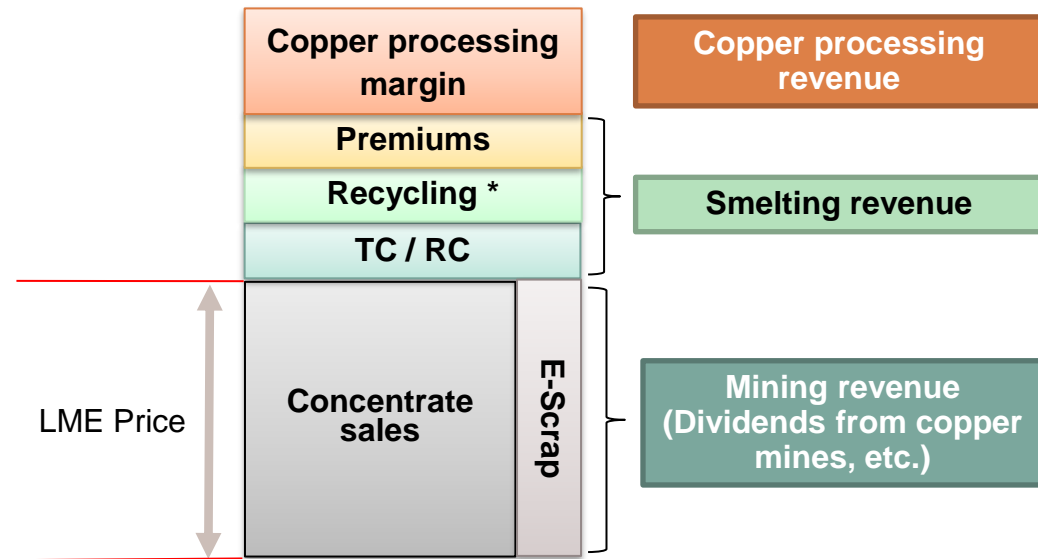
PT Smelting



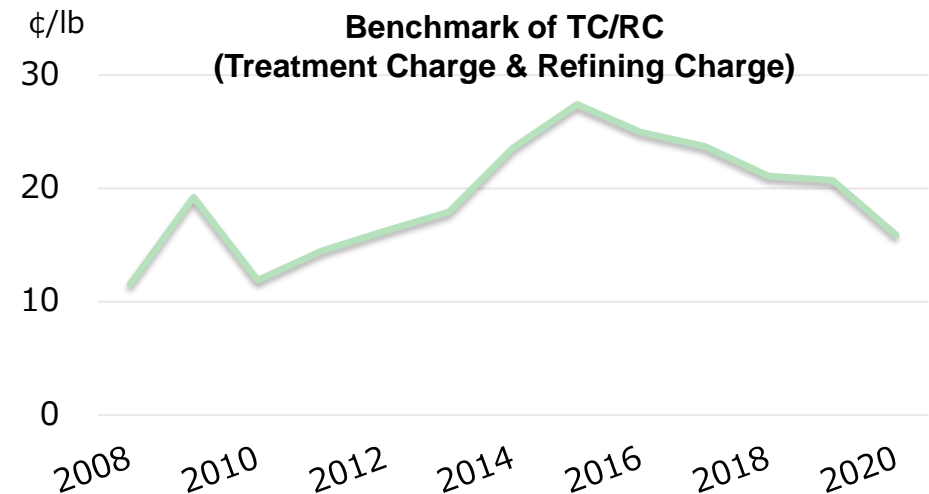
Copper: 300,000 tons / year



**Metals Business  
(Income breakdown image)**



\* Consist of the treatment charge and the profit of free metal income difference, etc.



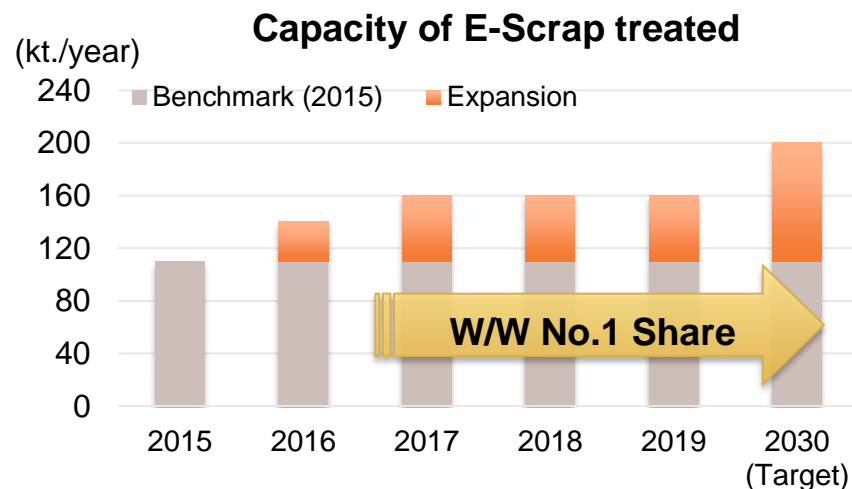
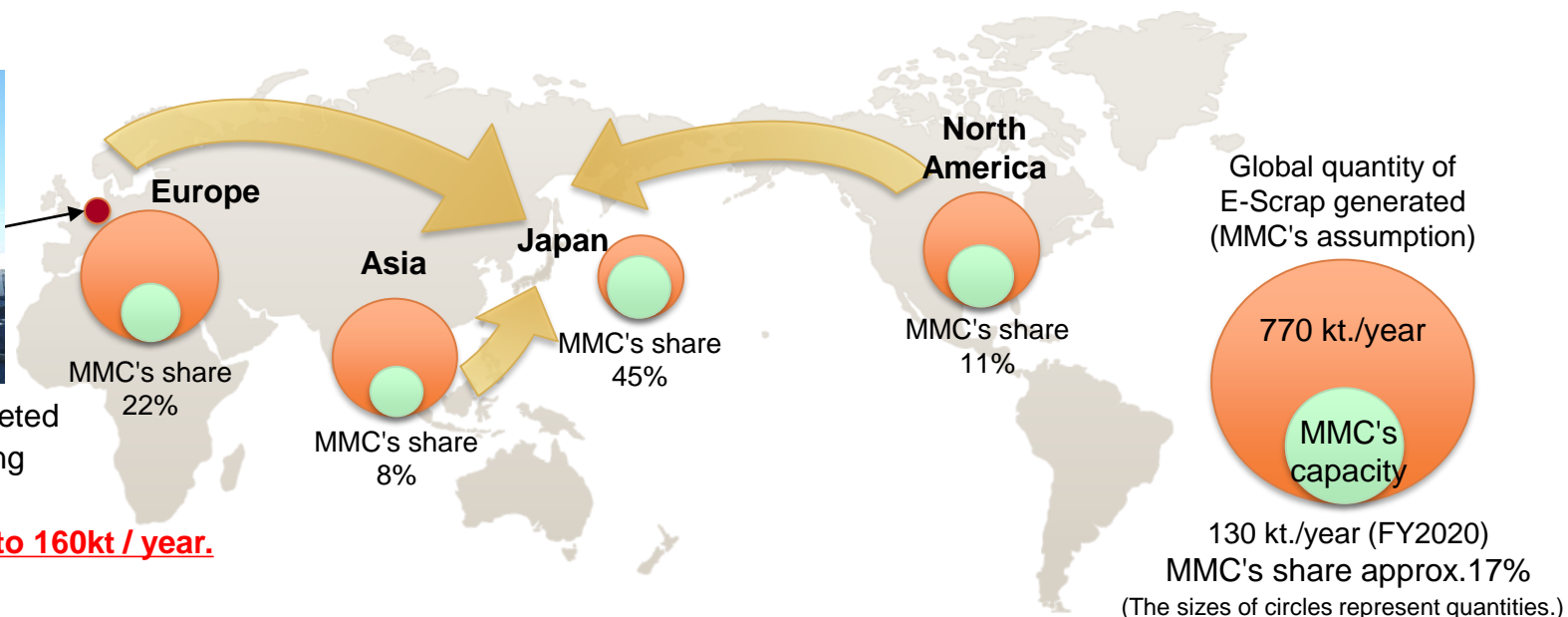
# Metals Business - Smelting (2) -

## Priority measures: Increasing E-Scrap recycling



MM Metal Recycling B.V. completed to establish the E-Scrap sampling facility in May, 2018.

**Capacity has increased 20kt, to 160kt / year.**



**Naoshima Smelter & Refinery**  
Increase in receiving, sampling, analysis, and treatment capacities (from 2016)

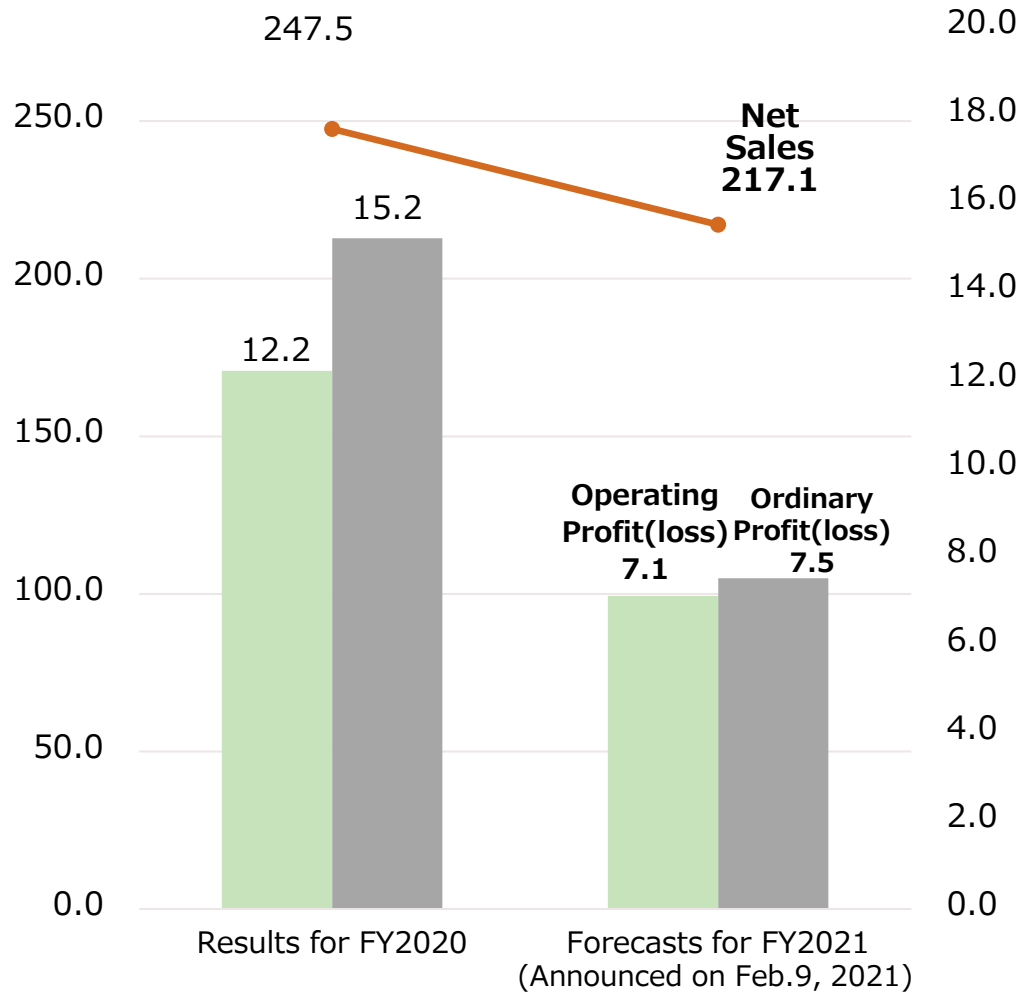


**Onahama Smelting & Refining Co., Ltd.**  
Increase in capacity +3kt./year (from 2018)

# Cement Business

# Cement Business

## History of Consolidated Earnings

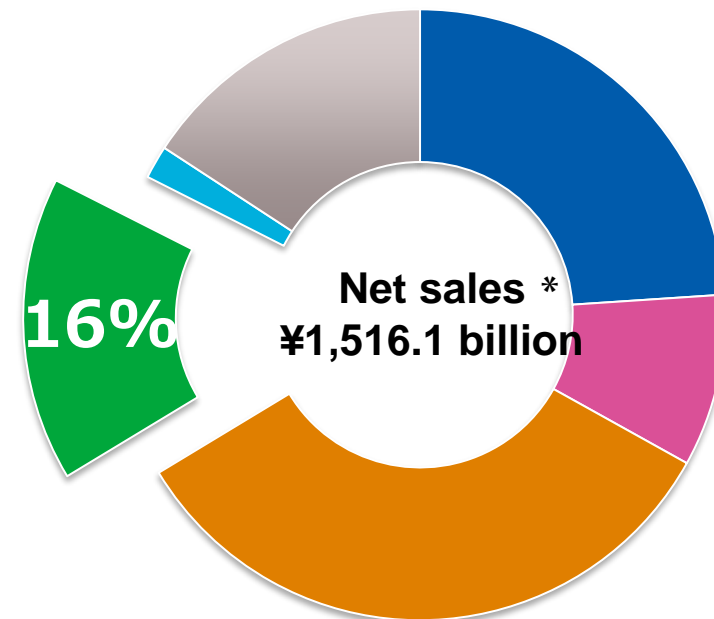


## Ratio of Net Sales by Business

### Cement



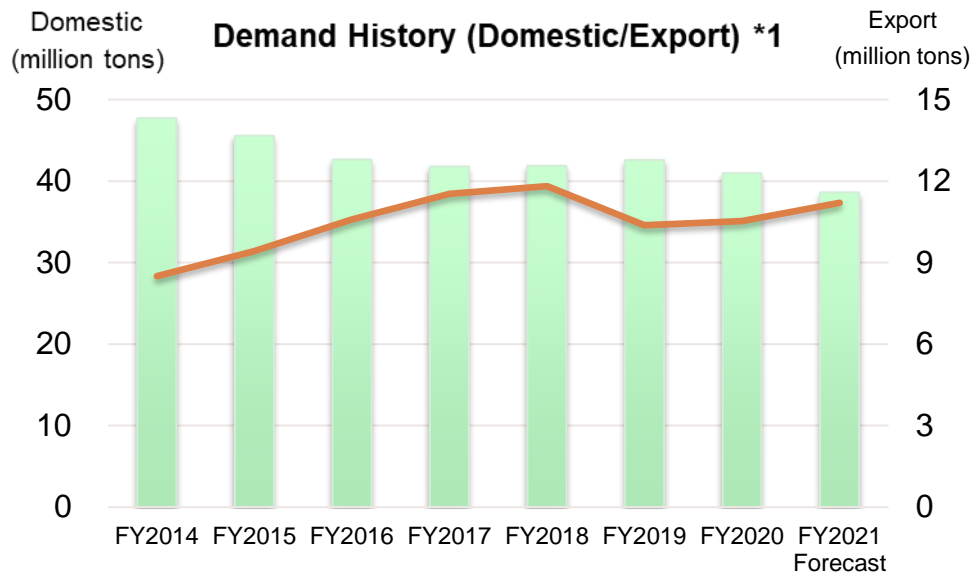
- Cement
- Ready-mixed concrete
- Others



\*Sales to outside customers (Year ended March 31, 2020)

# Cement Business - Japan -

## Fortifying the domestic foundation for competitiveness



### Demand in Japan

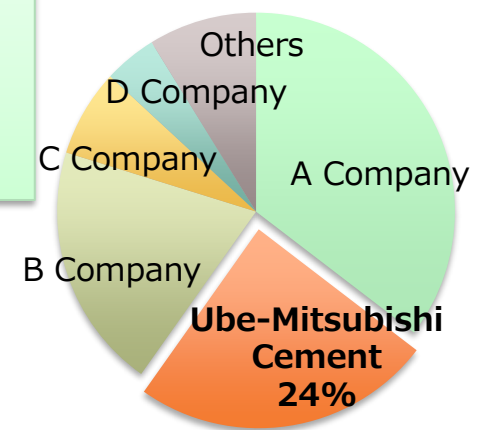
- ◆ FY2020 Result 40.9 million tons
- ◆ FY2021 Forecast\*1 38.6 million tons
- ◆ Announced raising the cement prices on December, 2017 - More than ¥1,000/ton (from the shipment of April, 2018)  
To continue the sales price optimizations of cement in FY2021

\*1 Japan Cement Association

### Export environment

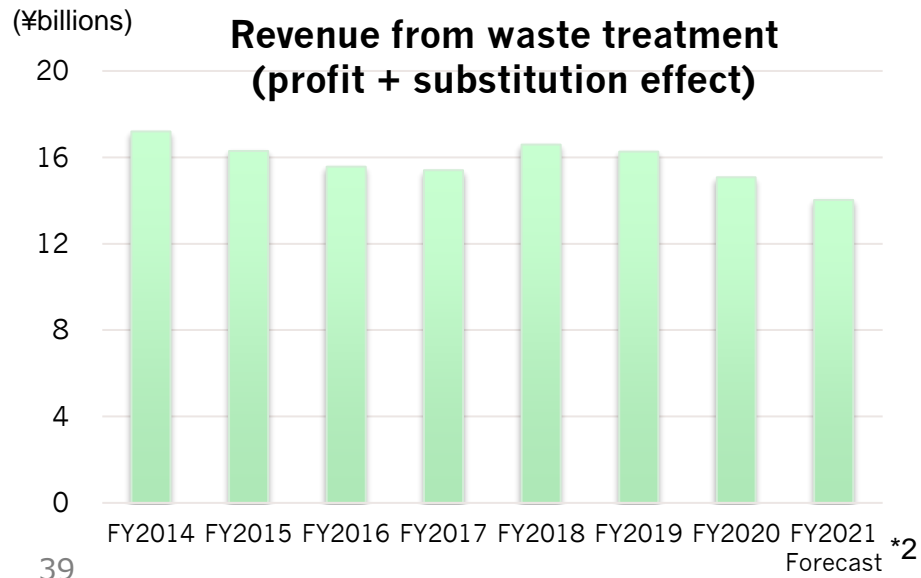
- ◆ Outlook for FY2021\*  
For Asia: Increase  
For Oceania: Decrease  
Total amount : YoY increase

## Domestic Market Share\*



\*MMC's assumption

## Recycling business



### Waste processing:

Due to a decrease in various demand because of the impact of the spread of COVID-19 infection, decreased in FY2021

#### ◆ Coal ash:

Trying to secure the quantity by taking various measures.

#### ◆ Waste plastic:

Capacity at Kyushu Plant increased 1.7 times. (operations began in February, 2018)

#### ◆ Fly ash treatment:

KitaKyushu Ash Recycle Systems Co., Ltd. that plays role in the treatment of fly ash and cement recycling system started operation in April, 2018.

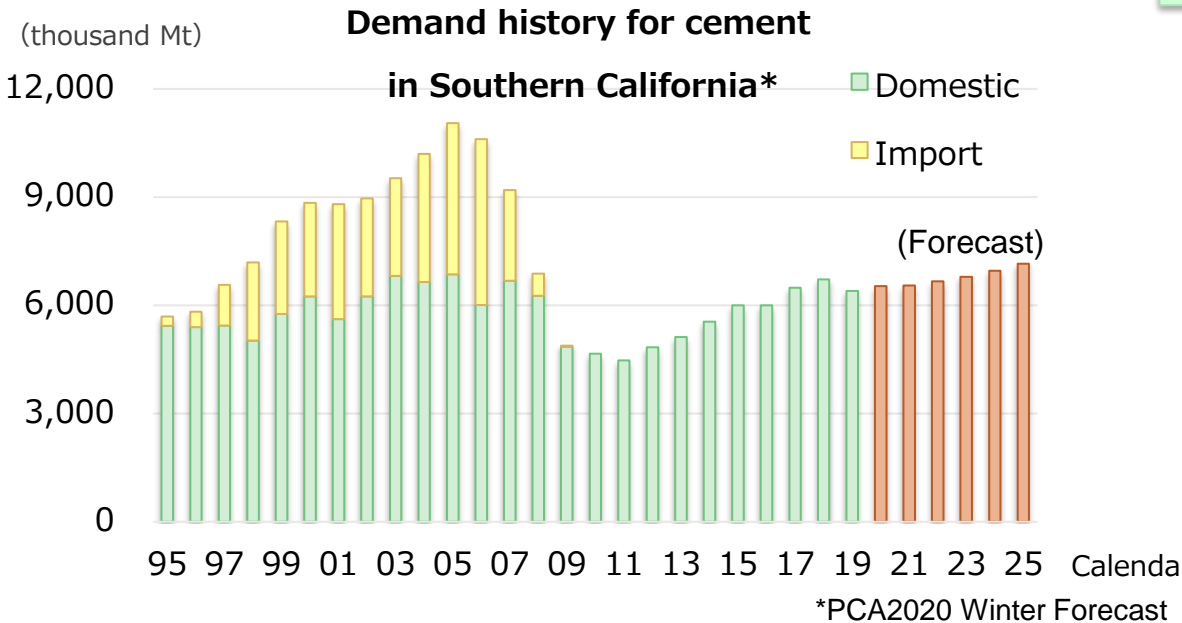
#### ◆ Waste related natural disasters:

Making maximum efforts to accept waste related natural disasters such as earthquakes and torrential rains.

\*2 Announced on February 9, 2021

# Cement Business - United States (1) -

## Demand environment in the U.S.



▲ Ready-mixed concrete plant of Robertson's Ready Mix, Ltd.

## California Projected Population Growth (2010 to 2035, Numeric change)



Source: California Department of Finance

# Cement Business - United States (2) -

## Priority measures: Expansion of the US business and development of new business bases

Expansion of the US business, improvement of vertical value chains

Cement manufacturing and supply (import terminals)



Cushenbury Plant

Long Beach import terminal

Cement supply and sales

Ready-mixed concrete and aggregate business



Ready-mixed concrete plant

Aggregate quarries

Three measures

Cement manufacturing

Increased cost competitiveness

Stable operation through renovation, energy cost reduction, and recycling expansion achieved through renovation

Cement supply

Expansion of supply system

Accommodation to demand for cement-concrete admixture (LBT\* expansion and new SDT\* facilities)

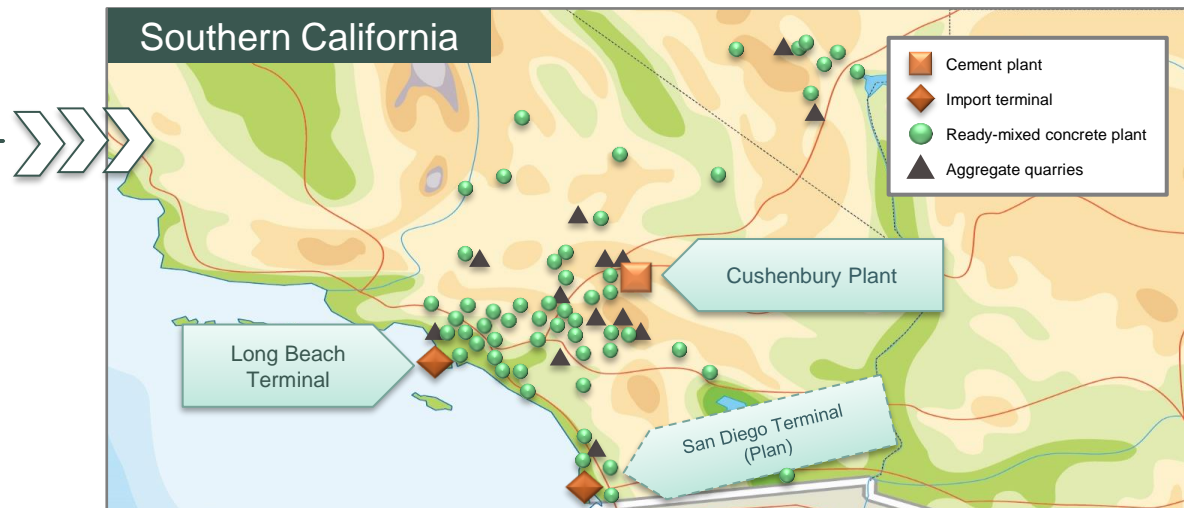
Ready-mixed concrete business

Expansion of revenue foundation

Strengthening existing businesses, entering new markets aggregate quarries development and enhancement

\* LBT: Long Beach Terminal \* SDT: San Diego Terminal

Southern California



Development of new bases

(Overseas) Consider the Business acquisition

**Area where a vertical integration model can be built**

- ◆ Targets advanced and/or equivalent countries e.g. Australia

Develop and secure human resources

**Develop and secure manager**

- ◆ Increase the number of people who involved in overseas business

# Cement Business -Topics-

## TOPICS

### Integration of the Cement Business and related businesses with Ube Industries, Ltd.

#### [Purpose]

- ◆ Integrate the Cement Business with Ube Industries, Ltd.
  - By April 1, 2022
- ◆ Domestic Cement Business
  - Optimize production system
  - Restructure sales and logistic system

⇒ Streamline the whole value chain and maximize synergy effects

《Contribution to establishment of social infrastructure and development of recycling-oriented society》
- ◆ Concentrated investment of management resources into growing fields
  - Overseas cement and ready-mixed concrete business
  - Business of advanced inorganic functional materials based on high-quality limestone, etc.

#### [Schedule]

- September 29, 2020 : Execution of the integration agreement
- April 2021 (planned) : Establishment of a new company
- June 2021 (planned) : Obtaining approval of integration at the ordinary general shareholders' meetings of both companies
- April 2022 (planned) : Effective date of the integration

### Initiatives for reducing CO<sub>2</sub> emissions

#### 【Specific measures of the FY2023 Strategy】

- Introduce low-temperature burning technology and develop CO<sub>2</sub> reduction, capture, and recycling technologies



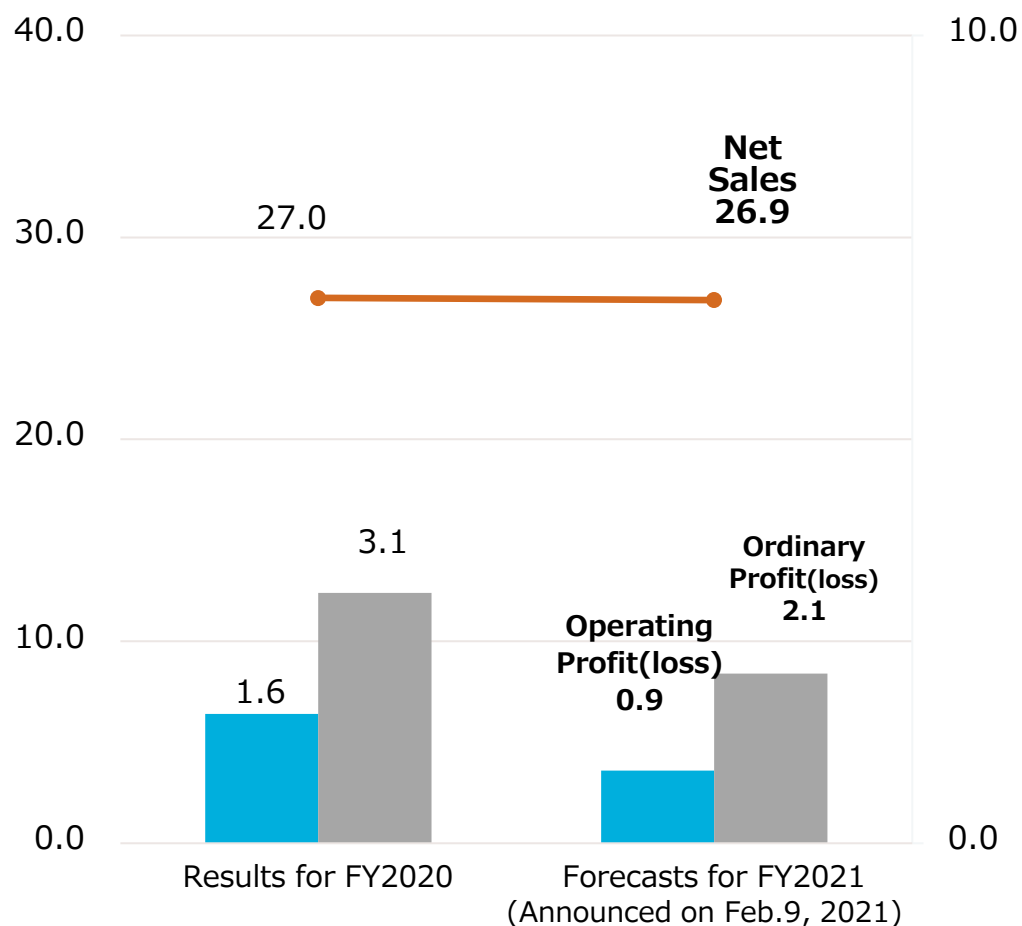
#### 【Progress in FY2021】

- Developing design in preparation to introduce low-temperature burning equipment and CO<sub>2</sub> separation equipment in FY2022

# Environment & Energy Business

# Environment & Energy Business

## History of Consolidated Earnings



Unit: billion yen

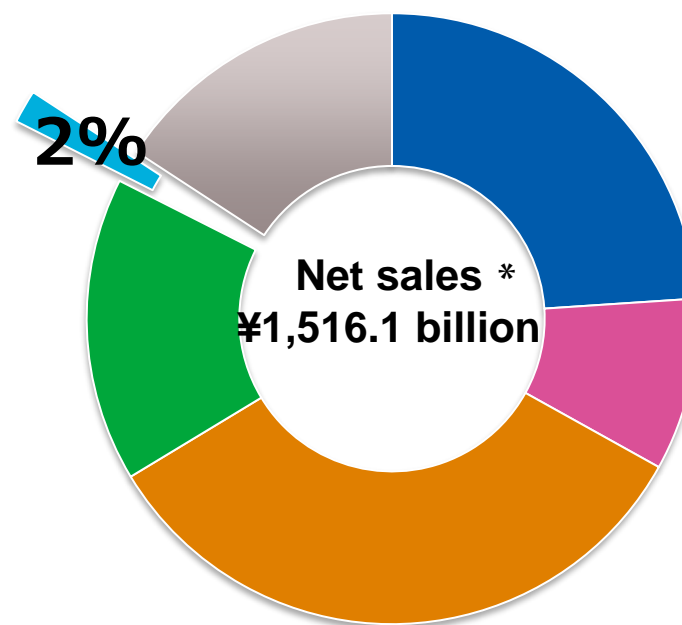
Unit: billion yen

## Ratio of Net Sales by Business

### Environment & Energy



- Renewable energy
- Environmental recycling



\*Sales to outside customers (Year ended March 31, 2020)

# Environment & Energy Business

## Efforts in environment and recycling

Play a part in the development of a recycling-oriented society by creating and expanding a recycling business that uses the characteristics and functions of the material industry without relying on landfill disposal, and that is trusted by stakeholders.

- "E-waste" (used electronics and electrical products)
- Automobile recycling
- Fly ash treatment
- Biogas



**Automobile recycling**



**"E-waste" (used electronics and electrical products)**  
Recycling process of refrigerators



**Fly ash treatment:**  
KitaKyushu Ash Recycle Systems Co., Ltd. began operations (April, 2018)



**Biogas:**  
New Energy Fujimino Co., Ltd." began operations (Sept., 2020)

## Efforts in renewable energy business

Expand the renewable energy business based on the management resources developed by the Company and provide a stable supply of low environmental-load energies to contribute to the development of a sustainable society.

- ▲ Geothermal energy  
(▲) In the exploration stage
- ▲ Hydroelectric
- ▲ Mega solar



**Hydroelectric:** Moriyoshi Dam, Akita Pref.  
Komatagawa New Power Plant started construction (May, 2019)



**Geothermal power:**  
Wasabizawa Geothermal Power Plant began in operation (May, 2019)



**Mega solar:** Fukui Photovoltaic Power Plant, Fukui, Fukui Pref.

## TOPICS

**Food waste biogas power plant started commercial operation~  
Processing of 40t food wastes per day contributing to prolong the life of final disposal sites and prevention of global warming~**



- ◆ “New Energy Fujimino Co., Ltd.” started commercial operation on September 4, 2020 with aims of biogasification of food waste and sale of produced electricity (established in May 2018 and started construction of plant facilities in July 2019)
- ◆ Developed an original business scheme to recycle waste plastic and sludge generated in the course of processing into raw materials or substitutes of heat energy to be used in the Company’s cement plant
- ◆ Enabling no final disposal wastes and reduction of CO2 emission and contributing to prolong the life of final disposal sites and prevention of global warming
- ◆ Concluded an agreement with The Earth Club Co., Ltd. concerning specified wholesale supply of electricity generated from renewable energy sources and commenced specified wholesale supply from December 1, 2020.

**【Reference】**  
**Medium-term Management Strategy**  
**With Value Creation Process**

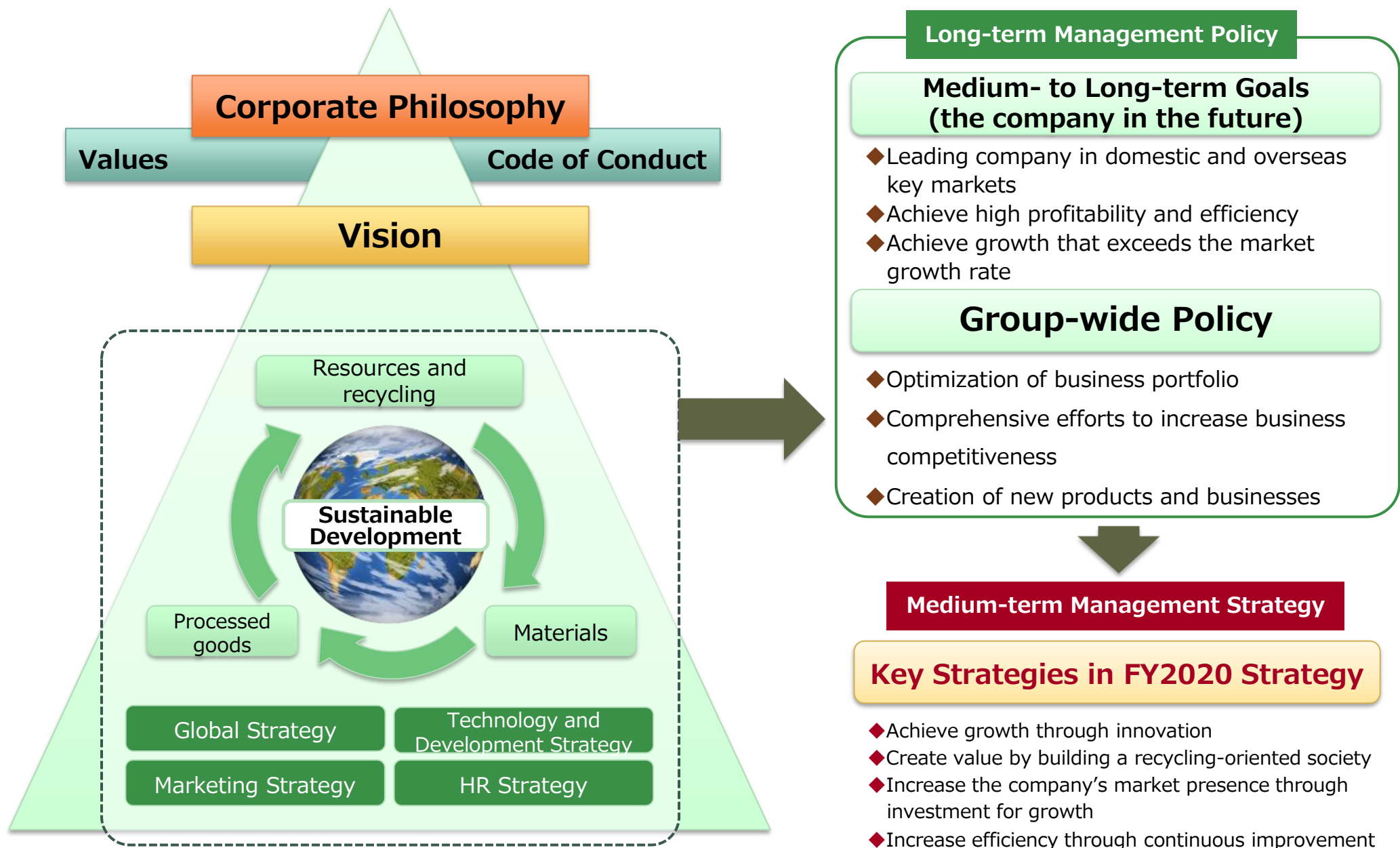
# **Overview of Medium-term Management Strategy for FY2021-2023 With Value Creation Process**

**(From the year ending March 31, 2021 to the year ending March 31, 2023)**

March 25, 2020

- I    Review of Current Medium-term  
Management Strategy  
(FY2020 Strategy)**
  
- II   Overview of New Medium-term  
Management Strategy  
(FY2023 Strategy)**

# I Review of FY2020 Strategy : **Overview**



# I Review of FY2020 Strategy : Results of Major Business Expansion and Progress of Key Strategic Measures

Segments	Executed key strategic measures	Delayed key strategic measures
<b>Advanced Products Business</b>	<ul style="list-style-type: none"> <li>● Acquired Special Products Division of Luvata</li> <li>● Started collaboration with Denka Co., Ltd. for ceramic insulated circuit substrates with high thermal dissipation for environmentally friendly vehicles</li> <li>● Pursued an absorption-type merger of Mitsubishi Shindoh, a consolidated subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>● Synergies effect with Luvata (Cause of delay: ❶)</li> <li>● Enhancement of thermistor sensor for automobiles and refrigerators for market expansion (Cause of delay: ❸)</li> </ul>
<b>Metal-working Solutions Business</b>	<ul style="list-style-type: none"> <li>● Expanded recycling capacity of tungsten by 1.5 times</li> <li>● Established technical centers in various markets</li> <li>● Resolved to make Mitsubishi Hitachi Tools a wholly owned subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>● Improvement of asset efficiency in manufacturing (Cause of delay: ❷)</li> </ul>
<b>Metals Business</b>	<ul style="list-style-type: none"> <li>● Launched an E-Scrap sampling facility in the Netherlands</li> <li>● Acquisition of stake in the Mantoverde copper mine in Chile</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of E-Scrap processing (Cause of delay: ❸)</li> </ul>
<b>Cement Business</b>	<ul style="list-style-type: none"> <li>● Expanded waste plastic process capacity of Kyushu Plant by 1.7 times</li> <li>● Expanded into Northern California area</li> <li>● Signed a Letter of Intent with Ube Industries, Ltd. regarding integration of cement business, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Development of new overseas bases</li> <li>● Improvement of the cement manufacturing technology in Japan and the US (Cause of delay: ❸)</li> </ul>
<b>Environment and Energy Business</b>	<ul style="list-style-type: none"> <li>● Started joint development of recycling technology for lithium-ion battery</li> <li>● Established a food waste biogas business company</li> <li>● Started operations of Wasabizawa Geothermal Power Plant and construction of Appi Geothermal Power Plant</li> </ul>	<ul style="list-style-type: none"> <li>● Incineration fly ash cleaning plant for cement recycling (Cause of delay: ❸)</li> </ul>
<b>Group wide</b>	<ul style="list-style-type: none"> <li>● Sold all shares in Mitsubishi Materials Real Estate Corporation</li> <li>● Invested in Incubation Alliance Inc., which develops and manufactures Graphene</li> <li>● Established New Business Development &amp; Promotion Division and EV Material Development &amp; Recycling Business Promotion Department</li> <li>● Established MMC Innovation Investment Business Limited Liability Partnership</li> <li>● Established Smart Factory Promotion Center</li> </ul>	

## Cause of delay

- ❶ Insufficient marketing activities
  - ❷ Insufficient gathering of customer information
  - ❸ Insufficient ability to solve manufacturing problems on site
- etc.



## Countermeasures

- Strengthen marketing
- Promote digitalization
- Fortify manufacturing excellence

# I Review of FY2020 Strategy : Consolidated Performance

(Unit: billion yen)

		FY2018 Result	FY2019 Result	FY2020 Forecast (※1)	Estimated FY2020 (※2)
P/L	Consolidated net sales	1,599.5	1,692.9	1,520.0	1,620.0-1,840.0
	Consolidated net sales (excluding metal)	831.1	860.7	830.0	870.0-900.0
	Consolidated operating profit	72.8	36.8	27.0	86.0-95.0
	Consolidated ordinary income	79.6	50.6	40.0	82.0-100.0
ROA (ordinary income to total assets) (%)		4.1	2.6	2.1	4.5-5.0
ROE (%)		5.1	0.2	-	7.0-8.0
Net D/E ratio (times)		0.6	0.6	0.8	0.7
Assumptions	Exchange rate (yen/\$)	111	111	109	100-120
	Exchange rate (yen/€)	130	128	121	120
	Copper price (¢/lb)	292	288	268	250-270

※1 Announced on February 12, 2020

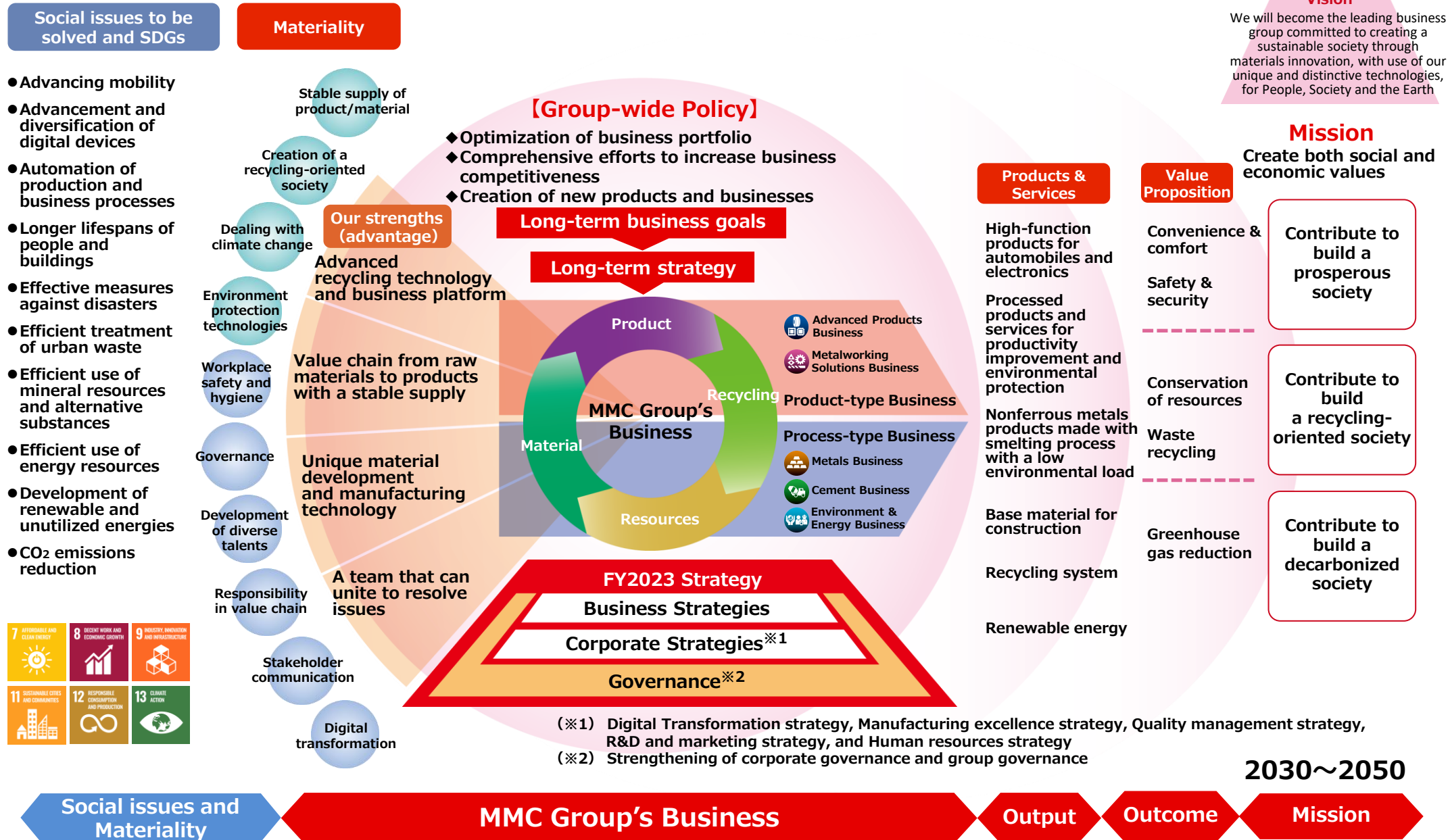
※2 Estimated value at the time of publishing FY2020 Strategy

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## **II Overview of FY2023 Strategy**

- 1) Value Creation Process
- 2) Mission (Corporate Philosophy System)
- 3) Financial Plan
- 4) Business Strategy
- 5) Corporate Division's Strategy
- 6) Governance

# Value Creation Process



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## **II Overview of FY2023 Strategy**

- 1) Value Creation Process
- 2) Mission (Corporate Philosophy System)
- 3) Financial Plan
- 4) Business Strategy
- 5) Corporate Division's Strategy
- 6) Governance

# Mission (Corporate Philosophy System)

## For People, Society and the Earth

We will become the leading business group committed to creating **a sustainable society** through materials innovation, with use of our unique and distinctive technologies, for People, Society and the Earth

### Create both social and economic values

**Contribute to build a prosperous society** by providing nonferrous metal materials, predominantly copper, and high value-added functional materials and products.

**Contribute to build a recycling-oriented society** by providing recyclable products and advanced technology-based waste recycling.

**Contribute to build a decarbonized society** by developing and promoting the use of renewable energies such as geothermal energy, and ensuring to consider the reduction of environmental impact in manufacturing.

### <Group-wide Policy>

- ◆ Optimization of business portfolio
- ◆ Comprehensive efforts to increase business competitiveness
  - > Manufacturing excellence, quality management, and digital transformation strategies
- ◆ Creation of new products and businesses
  - > R&D and marketing strategy

Corporate  
Philosophy

#### Vision

The image of what  
we want to be

#### Mission

Concrete goals based  
on corporate  
philosophy and vision

#### Group-wide Policy

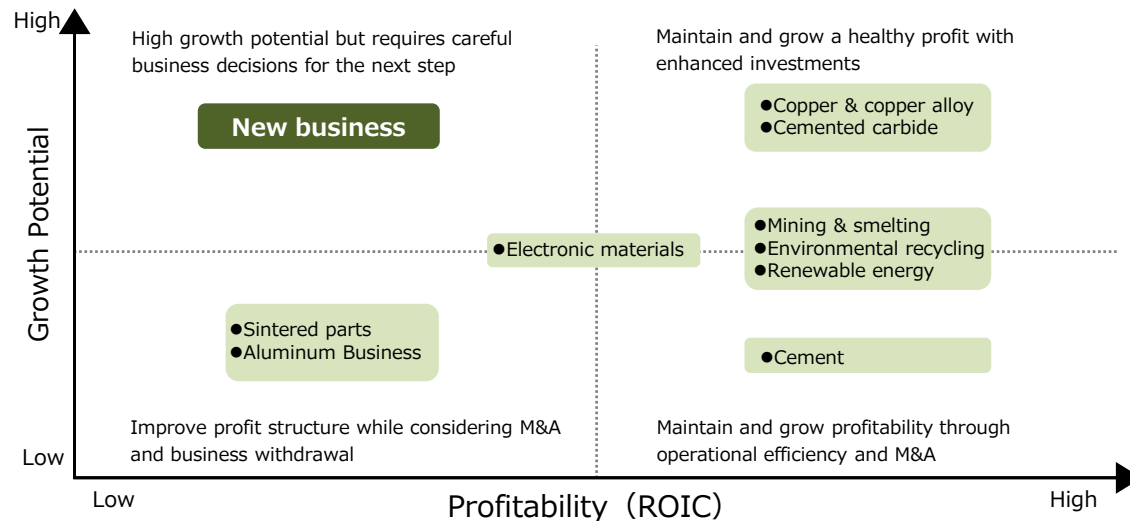
Long-term  
business target

Long-term strategy

FY2023 Medium-term  
management strategy

# Optimization of business portfolio

## Portfolio matrix



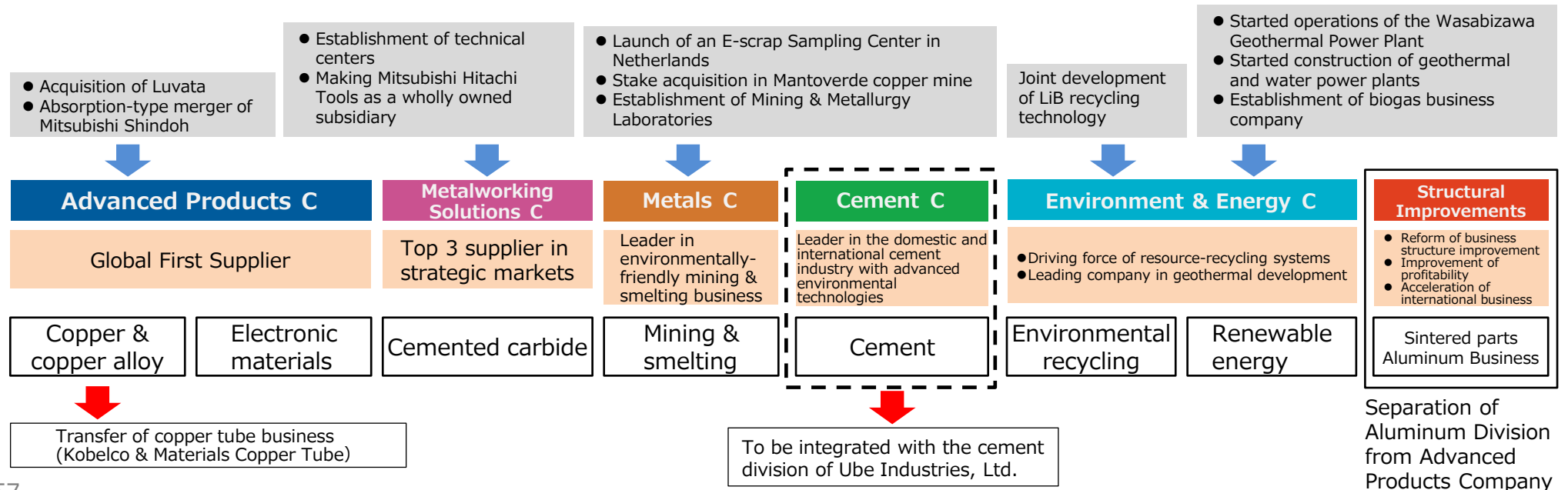
### [Characteristics of businesses that the company should take ownership of]

- Businesses that are consistent with the Group's vision and mission
- Businesses that are governable by the Group
- Businesses that are capable of earning a leadership role in a specific region or the world
- Businesses that can deliver stable returns over capital costs on a medium- to long-term basis

### [Building business portfolio]

- Profitability and growth potential determine the business direction
- Profitability is measured by ROIC (spread)
- Growth potential is measured by EBITDA growth rate, etc.

## Reformation of business structure



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## **II Overview of FY2023 Strategy**

- 1) Value Creation Process
- 2) Mission (Corporate Philosophy System)
- 3) Financial Plan**
- 4) Business Strategy
- 5) Corporate Division's Strategy
- 6) Governance

# Financial Plan : Financial Goals

(Unit: billion yen)

		FY2020 Forecast (※ 1)	FY2023 Target (※ 2)	Change rate	Remarks
ROIC (%)		-	6.0		
ROA (Ordinary income to total assets) (%)		2.1	4.0	+1.9points	
ROE (%)		-	7.0		
P/L	Consolidated net sales	1,520.0	1,530.0	+1%	<b>【Ordinary income fluctuation factors】</b> Market conditions 23.5 Performance of investment 17.0 Metal prices 3.5 Exchange rate 1.5 Impact of the change in accounting treatment of cement business becoming a minority share holding -9.0 Others -1.5 Total 35.0
	Consolidated net sales (excluding metal)	830.0	650.0	-22%	
	Consolidated operating profit	27.0	58.0	+115%	
	Consolidated ordinary income	40.0	75.0	+88%	
B/S	Total assets	1,990.0	2,040.0	+3%	
	Net interest-bearing debt	450.0	510.0	+13%	
	Shareholders' equity	560.0	630.0	+13%	
Net D/E ratio (times)		0.8	1.0 times or less		
Assumptions	Exchange rate (yen/\$)	109	110		<b>【Sensitivity】</b> ◆ 1 yen increase in USD/JPY exchange rate: +0.8 billion yen  ◆ 10¢/lb increase in copper price (LME) : +1.7 billion yen (Ordinary income)
	Exchange rate (yen/€)	121	125		
	Copper price (¢/lb)	268	290		

※1 Announced on February 12, 2020

※2 Assuming transition to equity method in cement business

# Financial Plan : Financial Indicators

- Focus on medium- to long-term profitability and growth potential
- Profitability is measured by ROIC and growth potential by EBITDA, etc., for each business
- Complementary use of ROA in process-type businesses
- ROIC/ROE/ROA are used together as group-wide financial indicators

		FY2017-2019 Average	End of FY2023 Target
The whole MMC group	ROIC	4.2%	6.0%
	ROA	3.4%	4.0%
	ROE	3.4%	7.0%

## <Main Businesses>

		FY2017-2019 Average	End of FY2023 Target	By business division KGI	2016-2018 Average	End of FY2023 Target
Advanced Products Business	Copper & copper alloy※1	5.9%	4.0%	EBITDA	14.4 billion yen	20.0 billion yen
	Electronic materials	4.5%	6.0%	EBITDA	5.3 billion yen	16.0 billion yen
Metalworking Solutions Business	Cemented carbide	7.9%	7.0%	EBITDA	28.2 billion yen	39.0 billion yen
Metals Business		20.3%	10.5%	ROA※2	7.4%	6.5%
Cement Business		4.9%	6.0%	ROA	5.2%	6.0%
Environment & Energy Business※3	Environmental recycling	1.1%	4.0%	ROA	1.7%	6.0%
	Renewable energy	2.7%	4.0%	ROA	3.5%	5.5%

**ROIC = NOPAT/ invested capital**

NOPAT : (Profit before tax + interest on funds) x (1-effective tax rate)

Profit before tax includes share of profit/loss of investments accounted for using equity method and dividend income

Invested capital : Excludes amount equivalent to inventories that are risk-free because of price hedging

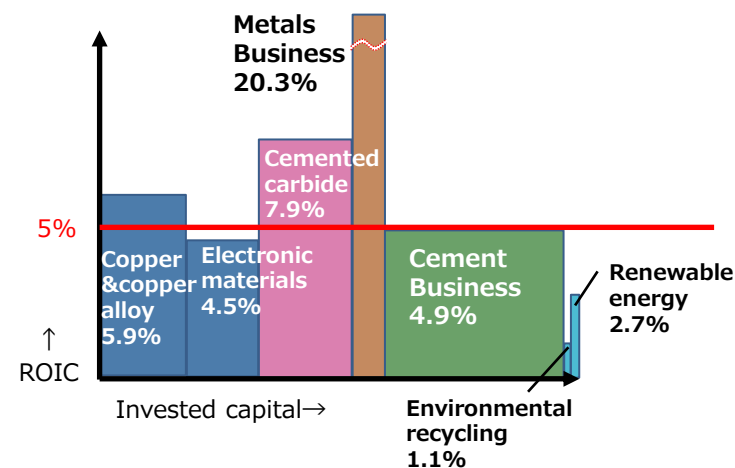
※1 Plans to invest approx. 30 billion yen starting from FY2021. Investment achievements will appear during next medium-term management plan period.

※2 Calculated by excluding the price of bullion

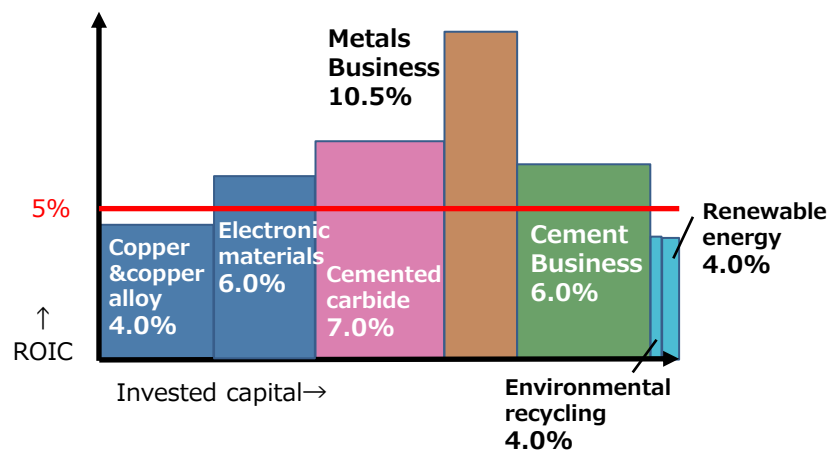
※3 Due to the launch timing of equipment under construction, the ROICs of Environmental Recycling Business and Renewable Energy Business are expected to exceed WACC in FY2024 and FY2027, respectively.

## Changes in ROIC of main businesses in FY2023 Strategy

(FY2017-2019 Average)



(End of FY2023 Target)



# Financial Plan : Resource Allocation (Investment Policy, Shareholder Return Policy, Strategic Holdings)

## Investment Policy

- Make investments using cash flows from operations, and proceeds from business restructuring and asset sales
- If there are other attractive large-scale investment projects for growth, investments will be made proactively as long as a net D/E ratio of 1.0 times or less is maintained

### ◆ Cumulative cash flows from FY2021 to 2023

(Unit: billion yen)

Cash in	
Operating CF	<b>280</b>
Others※1	<b>60</b>
Total	<b>340</b>

Cash out		
Investing CF	Investment for growth	<b>190</b>
	Investment for maintenance and upgrading	<b>170</b>
	Subtotal	<b>360</b>
Financing CF	Dividends ※2	<b>46</b>
Total		<b>406</b>

- ※1 Business restructuring, sales of strategic holdings, etc.  
 ※2 Dividends paid and dividends paid to non-controlling shareholders

### ◆ Cumulative investment plan from FY2021 to 2023

Total Investment 360					
Maintenance & upgrading 170			Growth Strategy 190		
<b>22%</b> (Copper & copper alloy 15, Electronic materials 7)	<b>30%</b> (Cemented carbide 28, Sintered 2)		<b>21%</b>	<b>8%</b>	<b>4%</b> (Affiliated 2, Aluminum 9, Group-wide 4)
Advanced Products	Metalworking Solutions		Metals	Cement	Others
				Environment & energy	

## Shareholder return Policy

- MMC intends to pay stable dividends despite fluctuating business results, and pay out an annual dividend of 80 yen per share.
- However, if the consolidated payout ratio becomes less than 25%, MMC will temporarily increase the dividend or conduct share buybacks.

	FY2020 (actual)	FY2021-2023
Dividends	80yen/share	<b>80yen/share</b>

## Strategic holdings
























- Unless required for strategic objectives, MMC will not acquire or hold shares other than purely for investment purposes
- Expected reduction in FY2020: 12%

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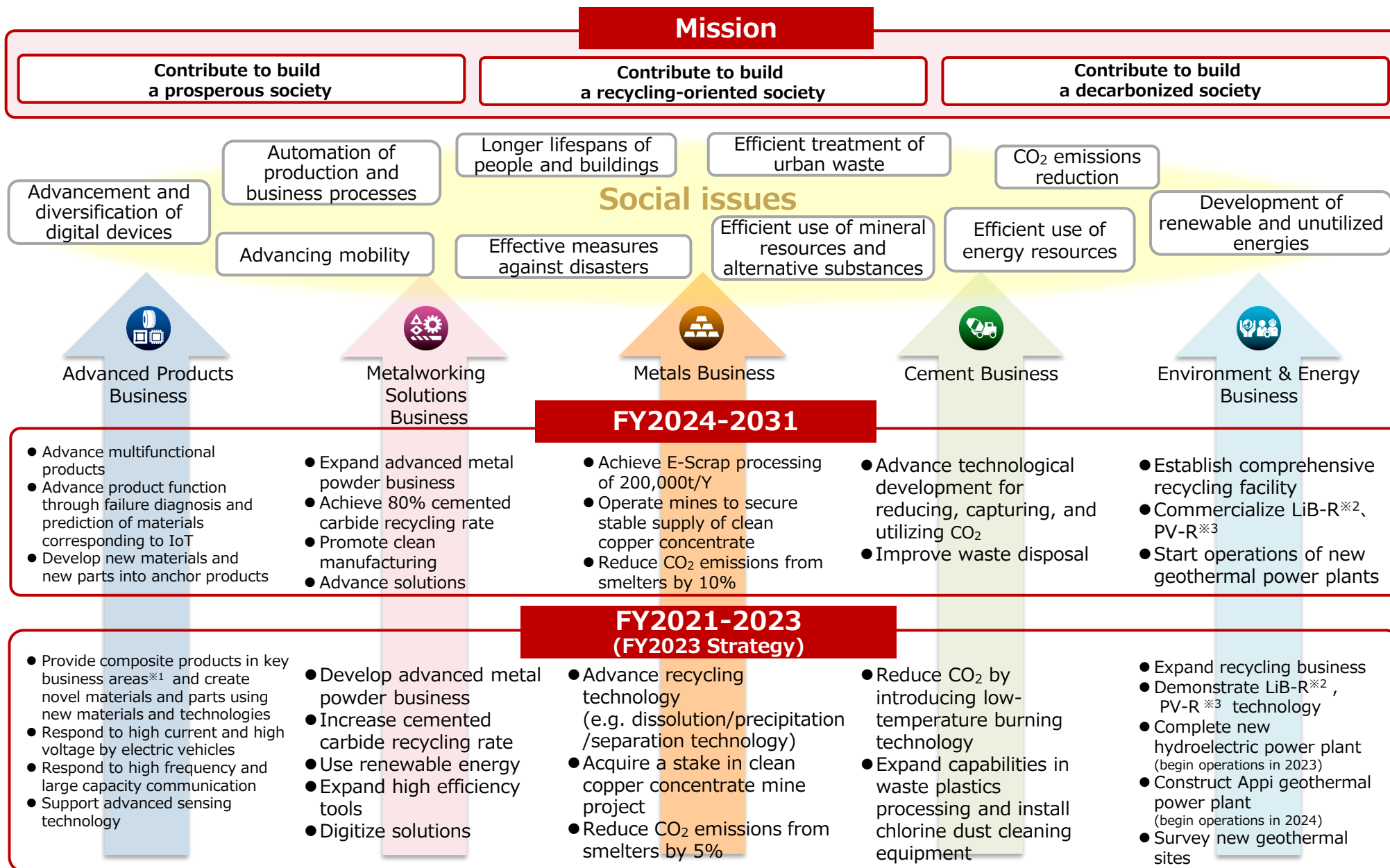
## **II Overview of FY2023 Strategy**

- 1) Value Creation Process
- 2) Mission (Corporate Philosophy System)
- 3) Financial Plan
- 4) Business Strategy**
- 5) Corporate Division's Strategy
- 6) Governance

# Business Strategy : Long-term Business Goals/Long-term Strategy and ESG/SDGs

	Long-term business goals	Long-term strategy	ESG/SDGs			Mission		
			E (Environment)	ES (Society)	S	Contribute to build a prosperous society	Contribute to build a recycling-oriented society	Contribute to build a decarbonized society
<b>Advanced Products Business</b>	<b>Global First Supplier</b>	<ul style="list-style-type: none"> <li>Create new businesses and products through the sophistication and integration of our core competencies (e.g. production and development of oxygen-free copper, oxygen-free copper base alloys, and functional materials as well as technical capabilities such as bonding different metals, etc.)</li> <li>Accelerate marketing activities to replicate successful practice</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Advance and diversifying mobility and digital devices</li> <li>Automate production and business processes</li> </ul>	<ul style="list-style-type: none"> <li>Develop and use materials with low environmental impact</li> <li>Efficiently use mineral resources and alternative resources</li> </ul>	<ul style="list-style-type: none"> <li>Efficiently use energy resources</li> <li>Reduce CO<sub>2</sub> emissions</li> <li>Develop and supply products that contribute to decarbonization</li> </ul>
<b>Metalworking Solutions Business</b>	<b>Top 3 supplier in strategic markets</b>	<ul style="list-style-type: none"> <li>Promote clean manufacturing</li> <li>Provide high-efficiency products with advanced technology</li> <li>Expand advanced metal powder business in electronic devices</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Provide high-efficiency products and digital solutions</li> </ul>	<ul style="list-style-type: none"> <li>Promote the use of recycled cemented carbide materials</li> </ul>	<ul style="list-style-type: none"> <li>Promote manufacturing renewable energy</li> <li>Expand electrification business by advanced metal powder technology</li> </ul>
<b>Metals Business</b>	<b>Leader in environmentally-friendly mining &amp; smelting business</b>	Stable supply and recycling of nonferrous metal materials, predominantly copper <ul style="list-style-type: none"> <li>Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap</li> <li>Promotion of recycling</li> <li>Response to climate change</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Provide copper-based materials for advanced products</li> </ul>	<ul style="list-style-type: none"> <li>Provide recyclable products</li> <li>Recycle waste</li> </ul>	<ul style="list-style-type: none"> <li>Promote the development and use of CO<sub>2</sub> reduction technologies</li> <li>Achieve manufacturing that considers environmental load</li> </ul>
<b>Cement Business</b>	<b>Leader in the domestic and international cement industry with advanced environmental technologies</b>	<ul style="list-style-type: none"> <li>Stable supply of basic building materials for social infrastructure and disaster prevention infrastructure</li> <li>Sophistication of waste disposal</li> <li>Response to climate change by reducing CO<sub>2</sub></li> <li>Construction of a resilient domestic business foundation through business restructuring and business growth in overseas markets</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Create a safe, secure, and functional city</li> </ul>	<ul style="list-style-type: none"> <li>Recycle waste</li> <li>Promote sustainable resource recycling</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by improving manufacturing processes</li> </ul>
<b>Environment and energy Business</b>	(Environmental recycling) <b>Driving force of resource-recycling systems</b> (Renewable energy) <b>Leading company in geothermal development</b>	<ul style="list-style-type: none"> <li>Provision of a safe recycling system with thorough traceability, etc.</li> <li>Decarbonization by expanding renewable energy business</li> </ul>	 	 		<ul style="list-style-type: none"> <li>Ensure a stable supply of clean energy and recycled products</li> </ul>	<ul style="list-style-type: none"> <li>Solve urban waste problems</li> <li>Build a sustainable social system</li> </ul>	<ul style="list-style-type: none"> <li>Provide renewable energy</li> </ul>

# Business Strategy : Business Strategy for Solving Social Issues



※1...Next-generation automobile, semiconductor / electronics, industrial machinery / infrastructure  
 ※2...Li-ion battery recycling ※3... Solar panel recycling

# Business Strategy : Contribution Goals for a Sustainable Society



**Sales volume of copper materials for new HV/EV**

**1.3 times or more**

FY2020 forecast  
721t

FY2023 target  
**1,000t**



**Sales volume of materials for next-generation vehicles and environmentally friendly products**

**3 times or more**

FY2020 forecast  
6.2billion yen

FY2023 target  
**20.3 billion yen**



**Ratio of recycled tungsten as raw material in cemented carbide tools**

**Up 25%**

FY2020 forecast  
28%

FY2023 target  
**35%**



**E-Scrap processing capacity**

**Up 25%**

FY2020  
160,000t

FY2031 target  
**200,000t**



**Waste and by-products processing volume in cement production**

**Up 13%**

FY2020 forecast  
4 million tons

FY2031 target  
**4.5 million tons**  
(FY2020 production volume basis)



**Annual processing volume of home appliance recycling**

**Up 35%**

FY2020 forecast  
2.6million units

FY2023 target  
**3.5 million units**



**Annual total power generated by renewable energy**

**Up 30%**

FY2020 forecast  
421GWh

FY2026 target  
**550GWh**

In March 2020, we endorsed the proposal of the Task Force on Climate-related Financial Disclosures (TCFD).

Going forward, we will disclose important Group-related information concerning climate change based on TCFD recommendations.



## **Global First Supplier**

### **Long-term Strategy**

- Create new businesses and products through the sophistication and integration of our core competencies  
(e.g. production and development of oxygen-free copper, oxygen-free copper base alloys, and functional materials as well as technical capabilities such as bonding different metals, etc.)
- Accelerate marketing activities to replicate successful practice

#### **Specific Measures of the FY2023 Strategy**

- Assign key account managers acting cross-sectionally
- Enhance information analysis by digital marketing such as the employment of AI or IoT
- Share product roadmaps with customers (co-creation capabilities)
- Develop new products through collaboration with Central Research Institute
- Fortify production capabilities such as establishing a mass production system and improving productivity
- Pursue opportunities to execute M&A or business alliances

#### **Projected Achievements at the End of FY2023**

In our main business fields※, we will have:

- Earned customers' trust
- Released new products by integrating our technical capabilities
- Generated new applications of our products

※ Next-generation vehicles, semiconductors/electronics, industrial machinery/infrastructure



**Key  
measures**

**Large-scale investment in core business (copper & copper alloy)**  
**Collaboration among global footprint (incl. manufacturing, selling and developing bases)**

**Key strategies  
for copper &  
copper alloy  
business**

**Expand copper alloy  
sales**

- Seamless value chain by integrating Mitsubishi Shindoh
- Agile investment with direct market information

**Execute large-scale  
investments**

- Expanding rolling business
- Restructuring of extrusion business  
(About 30 billion yen capital investments from FY2021 to 2027)

**Accelerate global &  
downstream business**

- Strengthening and optimizing value chain
- Enhancing cooperation with the Luvata Group

**Enhance marketing &  
technical development  
function**

- Development of new users
- Advancing new product developments by identifying next-generation market needs

**Acting promptly to market needs**  
**(Next-generation vehicles, AI/IoT, environmental load reduction, etc.)**



## Top 3 supplier in strategic markets

### Long-term Strategy

- Promote clean manufacturing
- Provide high-efficiency products with advanced technology
- Expand advanced metal powder business in electronic devices

### Specific Measures of the FY2023 Strategy

- Increase recycling rate in our tool recovery system and utilize renewable energy
- Provide high efficiency tools and digital solutions
- Transition to smart factory and optimization of logistics and supply chain
- Expand advanced metal powder business to rechargeable battery market

### Projected Achievement at the End of FY2023

- Establishment of a competitive global business base capable of expanding in strategic markets using digital technologies



## Key measures

- Expansion of the utilization of new technologies and services that can solve customer issues
- Enhancement of the global supply system and functions

### Expansion in strategic market

Automotive, aerospace, and medical industries

- Reinforce marketing functions focused on target customers
- Expand manufacturing and sales capability through M&A or other measures
- Use digital technologies for technical assessments and simulations
- Expand advanced metal powder business for the battery market

### Strategic investment in markets with high growth potential

### Build a competitive global business foundation

- Develop a global recycling system of the used cemented carbide tools
- Use digital technologies to achieve high quality and efficient manufacturing processes
- Optimize global logistics and supply chain in response to market fluctuations
- Establish manufacturing BCP to maintain stable supplies
- Encourage global collaboration of technical center functions

### Global Technical Support Network





## **Leader in environmentally-friendly mining & smelting business**

### **Long-term Strategy**

#### **Stable supply and recycling of nonferrous metal materials, predominantly copper**

- Creation of a sustainable raw material portfolio consisting of clean copper concentrate and E-Scrap
- Promotion of recycling
- Response to climate change

#### **Specific Measures of the FY2023 Strategy**

- Secure clean copper concentrate by investing in new mines
- Develop impurity removal technology in copper concentrate
- Optimize valuable metal material flow
- Reduce fossil fuels

#### **Projected Achievement at the End of FY2023**

- Optimization of valuable metal material flow derived from E-Scrap
- Reduction of smelter CO<sub>2</sub> emissions by 5%



## Key measures

## Stable procurement of raw materials and optimization of smelting process

### Stable supply of materials

Secure clean copper concentrate by investing in new mines

- Acquisition of stake in the Mantoverde copper mine
- Implementation of Zafranal project



Expand opportunities to participate in blue-chip projects

- Invest from the early stages of projects
- Organize consortium

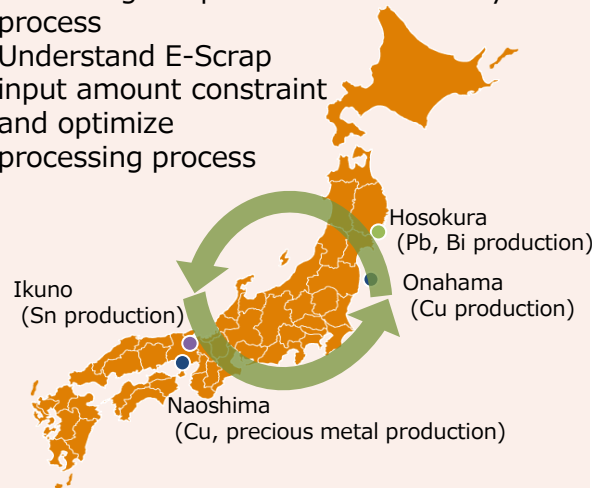
Develop impurity removal technology in copper concentrate

- Establish Mining & Metallurgy Laboratories (expansion of resource technology development), and conduct joint research with a third party
- Develop/train resource engineers

### Promotion of recycling

Optimize material flow

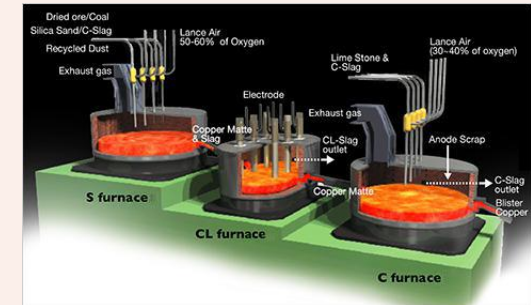
- Material grid  
Optimize material flow connecting each smelter and enhance the recovery of valuable metals at each smelter  
→ Efficient recycling of Cu, precious metals and trace components in E-Scrap
- Improve the yield of Au and Ag by enhancing the precious metal factory process
- Understand E-Scrap input amount constraint and optimize processing process



### Response to climate change

Demonstrate the superiority of the Mitsubishi process

Utilize the environment-friendly Mitsubishi Process



Reduce fossil fuels

- Replace fuel with recycled oil, etc.
- Substitute fuel using E-Scrap

Improve energy conversion efficiency

- Improve heat transfer efficiency of boiler
- Improve power generation efficiency

Improve energy use efficiency

- Efficiently use steam
- Improve electrolysis current efficiency

Use renewable energy

### Improve the ratio of stable raw-material procurement

Amount of copper contained with copper concentrate under off-take\* or long-term contract, and E-Scrap  
Amount of total copper production

※Off-take: long-term takeover rights linked to mine investment interests



## **Leader in the domestic and international cement industry with advanced environmental technologies**

### **Long-term Strategy**

- Stable supply of basic building materials for social infrastructure and disaster prevention infrastructure
- Sophistication of waste disposal
- Response to climate change by reducing CO<sub>2</sub>
- Construction of a resilient domestic business foundation through business restructuring and business growth in overseas markets

### **Specific Measures of the FY2023 Strategy**

- Improve and optimize production system through domestic business restructuring
- Expand capabilities in waste plastic processing and installation of chlorine dust cleaning equipment
- Introduce low-temperature burning technology and develop CO<sub>2</sub> reduction, capture, and recycling technologies
- Expand US business and develop new overseas bases

### **Projected Achievement at the End of FY2023**

- Domestic business restructuring
- Optimized production systems and promotion of overall business efficiency

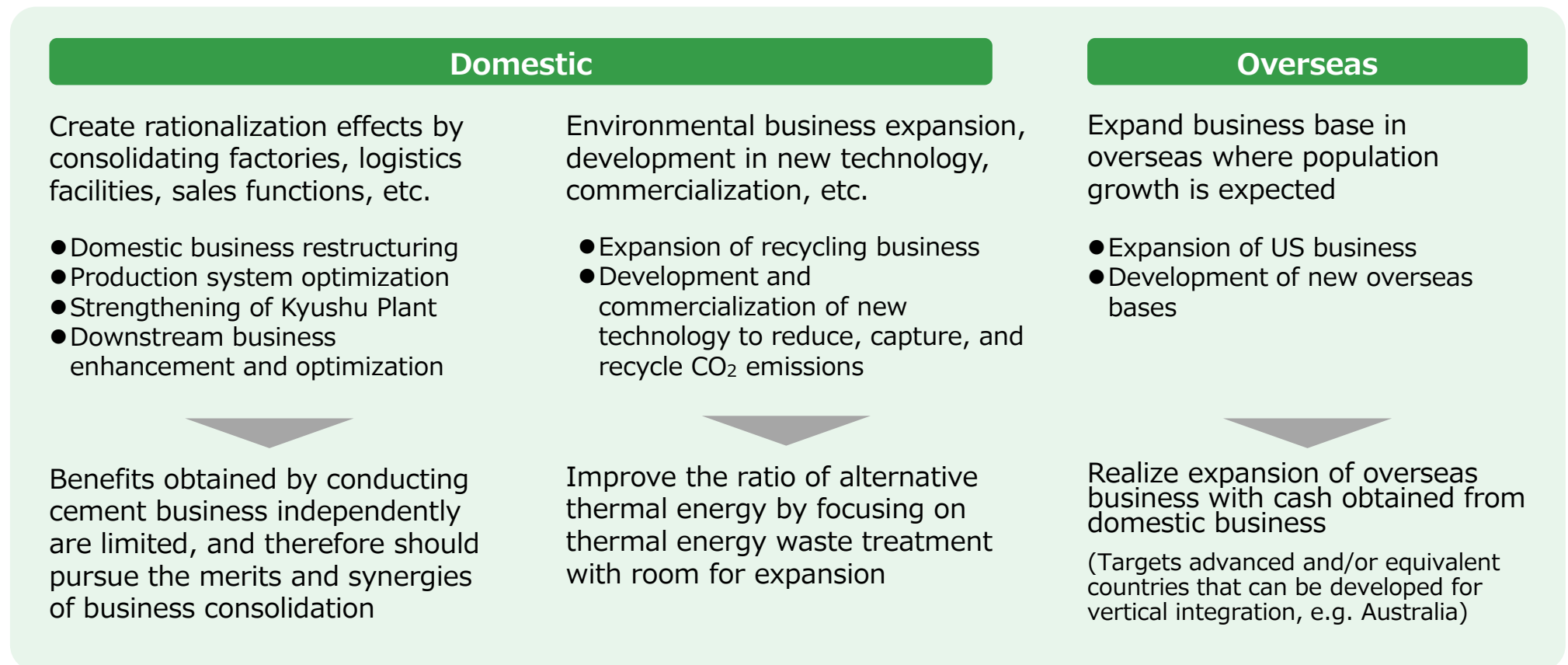


## Key measures

### Reorganization of domestic business and development of new overseas bases

Reorganize the domestic business, optimize the production system, and establish a stable profit base through economies of scale in order to respond to the demand decrease for cement in Japan

Secure domestic advantage and grow overseas markets through the expansion of US and overseas businesses





(Environmental recycling) **Driving force of resource-recycling systems**  
(Renewable energy) **Leading company in geothermal development**

## Long-term Strategy

- Provision of a safe recycling system with thorough traceability, etc.
- Decarbonization by expanding renewable energy business

### Specific Measures of the FY2023 Strategy

- Expand home appliance recycling business, advancement of automation, and improvement of added value of recovered products
- Demonstrate LiB recycling technology and solar panel recycling technology
- Secure stable plant operations in fly ash recycling business and biogasification business
- Complete Komatagawa new hydroelectric power plant, construction of Appi geothermal power plant, and survey of new geothermal sites

### Projected Achievement at the End of FY2023

- Establishment of a stable business base for the environmental recycling business
- Expansion and stable operations of renewable energy plants and search for new geothermal sites

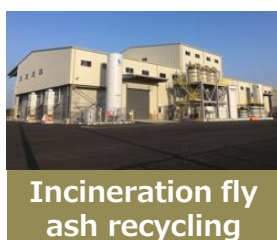


## Key measures

- Enhanced competitiveness and expansion of environmental recycling businesses
- Completion of Komatagawa new hydroelectric power plant, construction of Appi geothermal power plant, and survey of new geothermal sites

## Environmental recycling initiatives

By making the most of the characteristics and functions of the materials company, we will contribute to the construction of a recycling-oriented society by developing and expanding the recycling business that does not rely on final disposal sites and can be trusted by stakeholders.

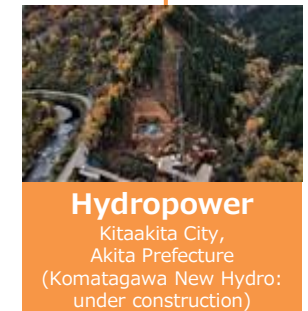
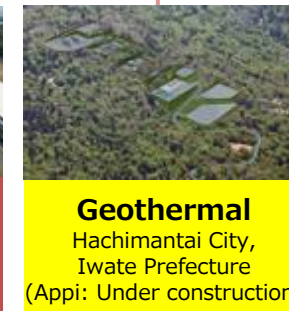


- : Home appliance recycling
- : Car recycling
- : Incineration fly ash recycling
- : Biogas

- ▲ : Geothermal
- (▲) : Under investigation
- ▲ : Hydropower
- ▲ : Mega Solar

## Renewable energy initiatives

Based on the management resources we have cultivated, we will expand the renewable energy business and contribute to the construction of a decarbonized society by providing a stable energy supply with a low environmental impact.

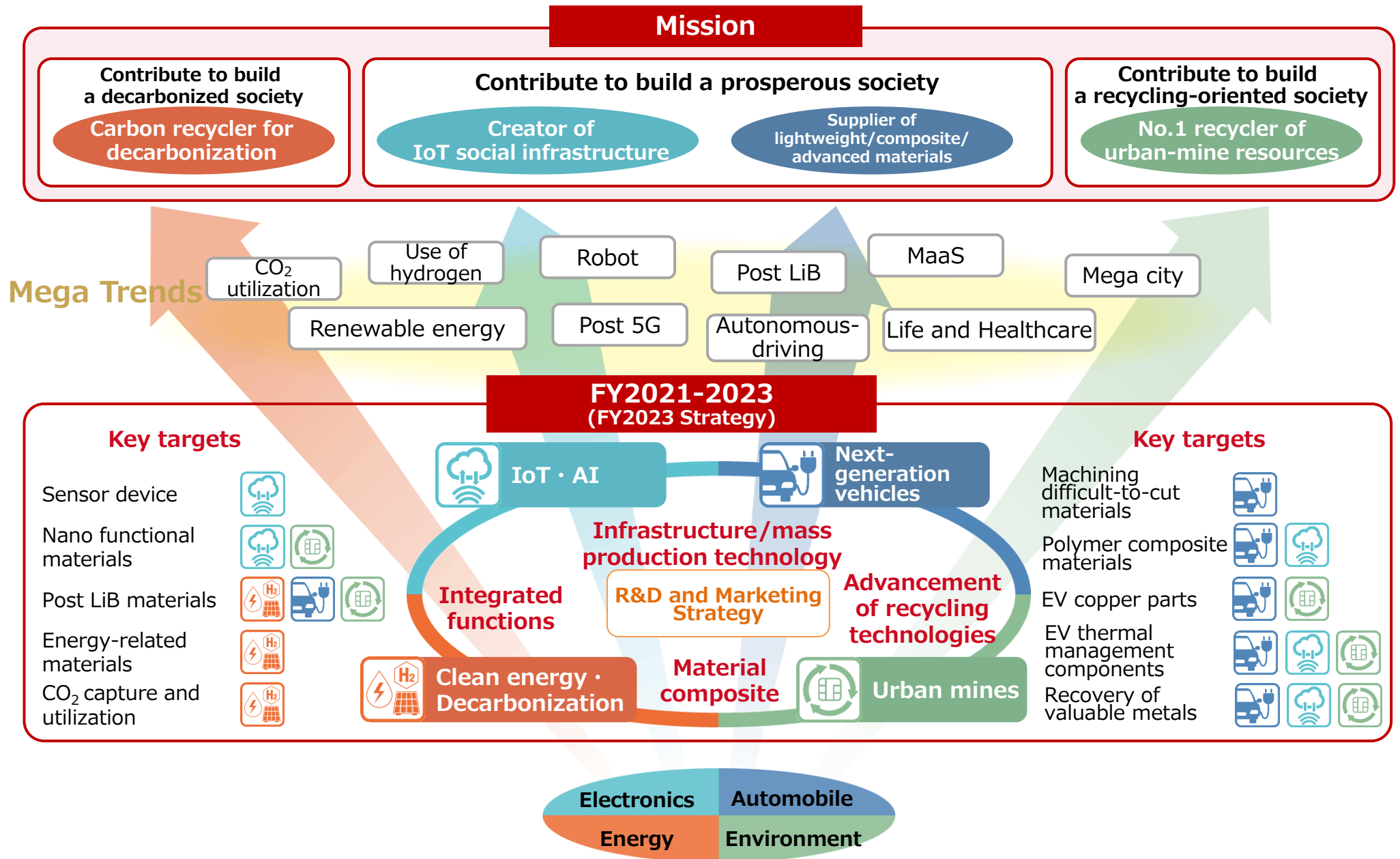


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## **II Overview of FY2023 Strategy**

- 1) Value Creation Process
- 2) Mission (Corporate Philosophy System)
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# Corporate Division's Strategy : R&D and Marketing Strategy

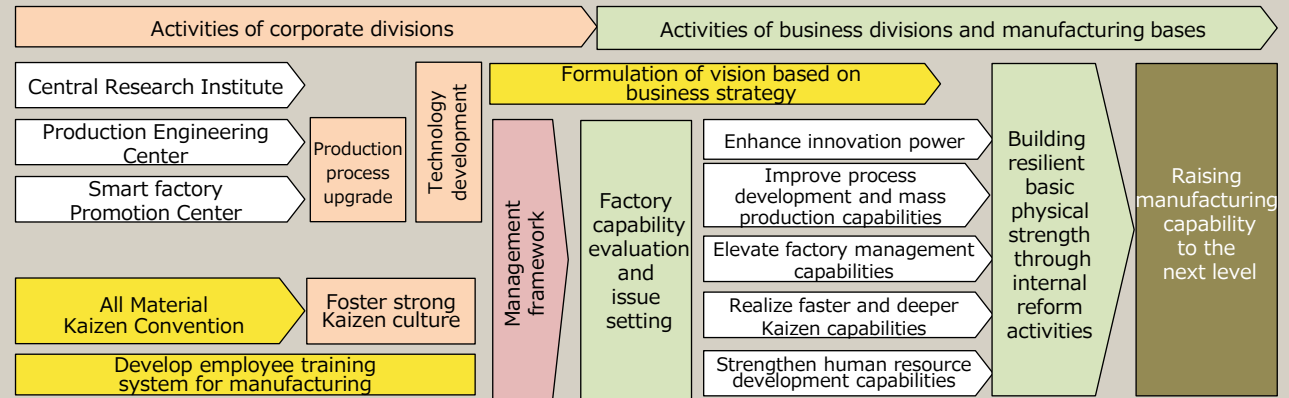


# Corporate Division's Strategy : Manufacturing Excellence Strategy/Quality Management Strategy/Digital Transformation Strategy

## Manufacturing excellence strategy

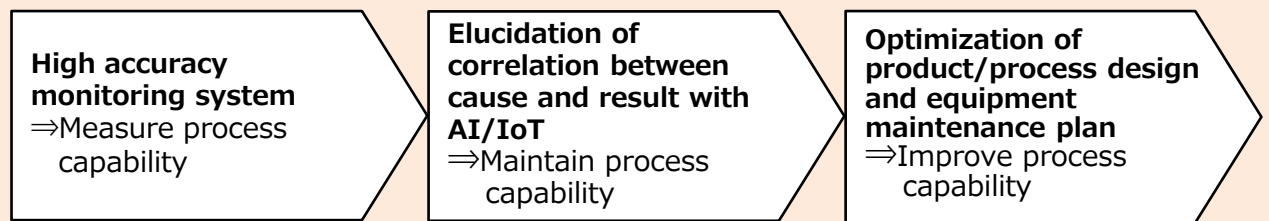
**Raise manufacturing capability to the next level**

- Formulation and realization of the factory vision based on its business strategy
- Enhancement of production process
- Proactive utilization of external knowledge



## Quality management strategy

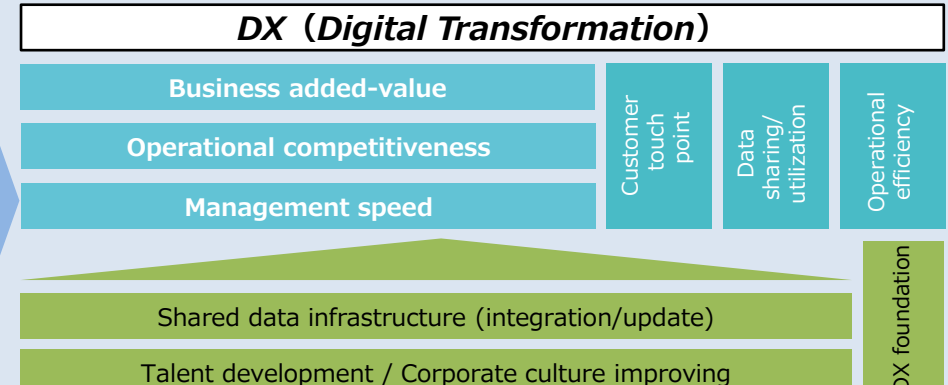
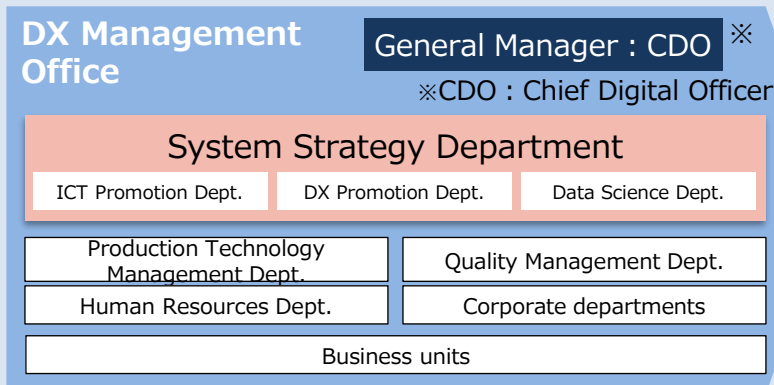
**Proactive quality management to ensure that non-conforming products are not produced**



## Digital Transformation (DX) strategy

- Use Digital Transformation to strengthen three key pillars: (1) Business added-value (2) Business operations competitiveness (3) Management speed

- Approx. 30 billion yen investment over the next five years
- Approx. 100 digital professionals



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## **II Overview of FY2023 Strategy**

- 1) Value Creation Process
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# Governance : **Strengthening Corporate Governance**

◆ Changed to a company with a Nomination Committee in June 2019

Purpose: Accelerate decision-making by delegating authority, strengthen the Board of Directors' management supervisory functions, and improve the management transparency and fairness

## **Continuous improvement of the functions of the Board of Directors**

- Continuous improvement of the monitoring functions performed by the Board of Directors
- Ensure diversity of director composition

## **Formulation of basic corporate governance policy (effective April 1, 2020)**

- Clarification of policies to respond to each item set forth in CG code

## **CEO appointment and dismissal, planning and execution of successor development plan**

- Adoption of appointment and dismissal process
- Establishment of the selection of a successor candidate, as well as the planning and execution of its development plan with the involvement of the Nomination Committee

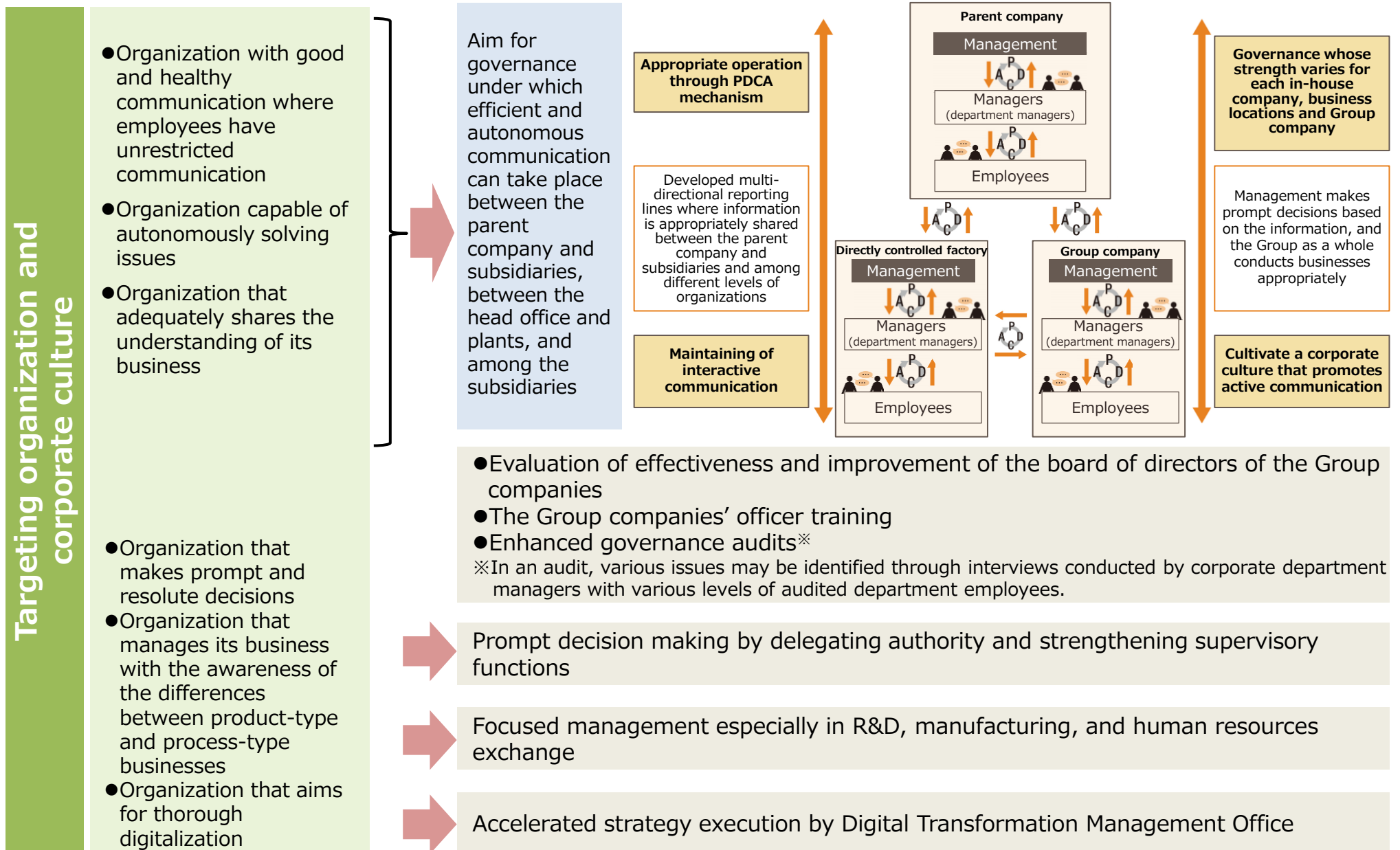
## **Review of executive remuneration system**

- Remuneration Committee establishment of an incentive-based executive remuneration system with a variable remuneration ratio (Start operations from FY2021)

## **Enhancement of governance of subsidiaries**

- Review of systems for director nomination and remuneration
- Proactive management of the Board of Directors

# Governance : Strengthening Group Governance



# Governance : Human Resources Strategy and Change of Organizations

HR Strategy	Secure and foster talents adaptive to change and forge a healthy organizational culture	
	◆Talent	<ul style="list-style-type: none"> <li>① Secure human resources: Reinforce hiring activities and systems, including within the Group companies, etc.</li> <li>② Develop human resources: Visualize capabilities of employees (talent management), etc.</li> </ul>
	◆Organizational culture	<ul style="list-style-type: none"> <li>① Enhance motivation: Introduce professional talent system, etc.</li> <li>② Enhance management capabilities of the Group companies: Promote personnel exchange within the Group, etc.</li> </ul>
	◆Improvement of social value	<ul style="list-style-type: none"> <li>① Employ diverse talents: Recruitment rate of new female graduates: 25% or more, etc.</li> <li>② Health &amp; productivity management: Health company declaration, White 500 certified</li> </ul>
Change of organizations	Business Divisions	
	<b>1. Promotion of Environmental and Energy Business Division to in-house Company:</b> Positioned as a core business that can contribute to solving social issues	
	<b>2. Separation of Aluminum Division from Advanced Products Company:</b> Fundamental improvement of profitability and acceleration of strategic review, including overseas expansion	
	Corporate Division	
	<b>1. Establishment of Marketing Department:</b> Strengthening of corporate marketing functions	
	<b>2. Establishment of Corporate Communications Department:</b> Centralizing information dissemination to stakeholders	
	Company-wide organization	
	<b>1. Establishment of Digital Transformation Management Office:</b> Promotion of digitalization strategy	
	<b>2. Establishment of Sustainable Management Office:</b> Ensuring business sustainability  Establishment of subcommittees for Communications, Governance, Compliance, Risk Management, Climate Change, Environmental Management, Quality Management, Information Security, and Promotion of Zero Disasters	

**【Reference】  
Supplementary Explanation of  
Consolidated Financial Results  
for the Nine Months Ended  
December 31, 2020**

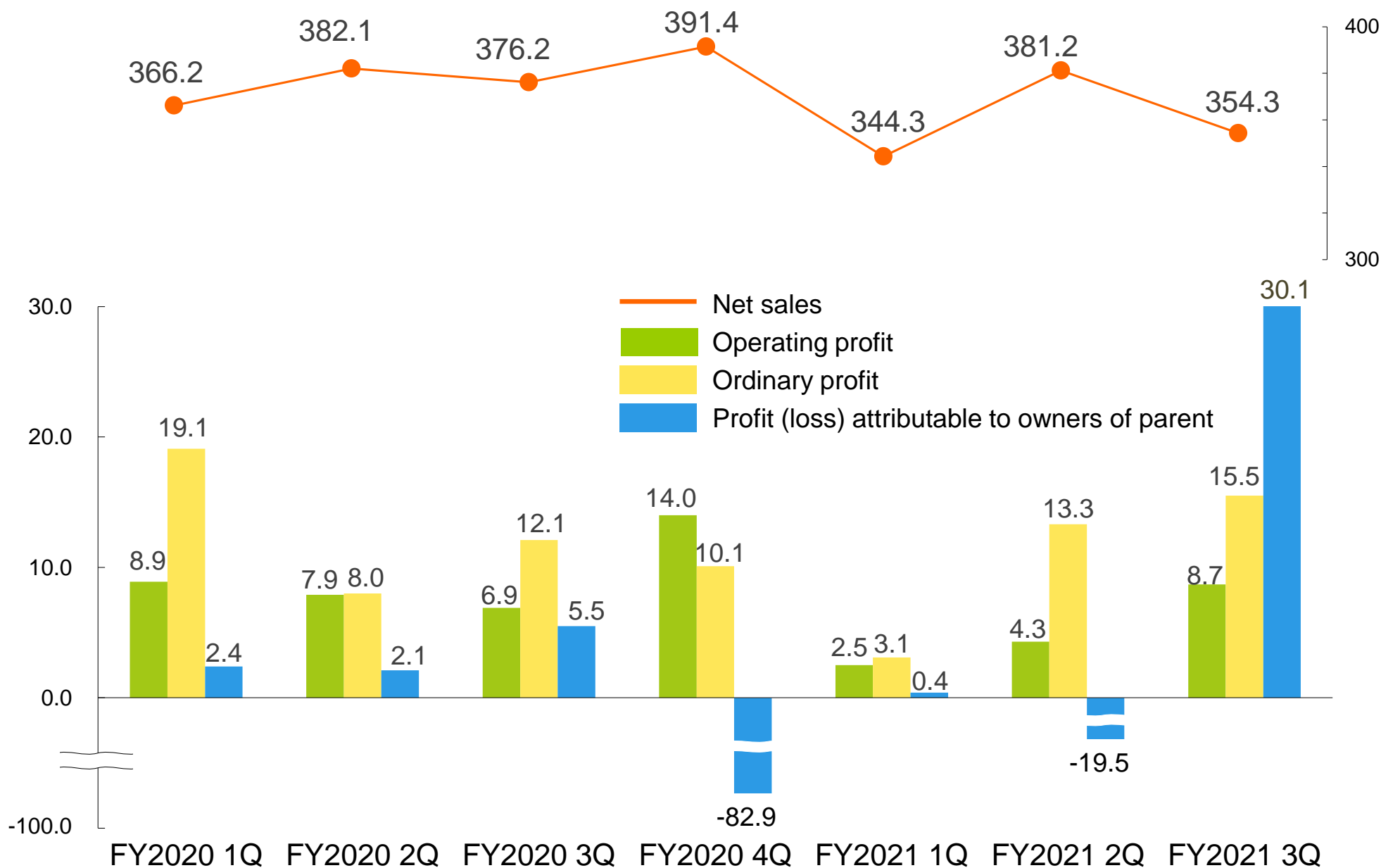
# **MITSUBISHI MATERIALS CORPORATION**

Supplementary Explanation of Consolidated Financial Results  
for the Nine Months Ended December 31, 2020

February 9, 2021

# Performance Overview (Quarterly)

[Unit: billion yen]



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

[Unit: billion yen]

	FY2020 Nine Months Result(a)	FY2021 Nine Months Result(b)	Difference (b)-(a)	Reason *
Net sales	1,124.6	1,079.8	-44.7	AP-33.8、MS-26.5、Metals+40.4、Cement-28.8 etc.
Operating profit	23.9	15.5	-8.3	AP-2.9、MS-10.0、Metals+1.7、Cement-3.1 etc.
Net interest and dividend income	15.0	13.1	-1.9	Dividend income-2.1 etc.
Share of profit (loss) of entities accounted for using equity method	3.3	3.0	-0.3	
Other / Non-operating profit / loss	-2.9	0.3	3.2	Employment adjustment subsidy +1.7 etc.
Ordinary profit	39.4	32.0	-7.4	
Extraordinary income / loss	-10.9	-4.6	6.2	Reversal of provision for loss on business restructuring-22.3 Gain on sales of investment securities+18.0 Provision for loss on the Antimonopoly Act +10.4, etc.
Income taxes	-14.4	-11.5	2.9	
Profit(loss) attributable to non-controlling interests	-4.0	-4.8	-0.7	
Profit(loss) attributable to owners of parent	10.0	11.0	0.9	
Exchange rate (USD)	109	106	-3	JPY / \$
Exchange rate (EUR)	121	122	1	JPY / €
Copper price (LME)	269	288	19	¢ / lb

# Comparison with the Previous Year Result (Statistics)

## ■ Statistics

		FY2020	FY2021	
		Nine Months	Nine Months	Difference
		Result (a)	Result (b)	(b-a)
Copper	Sales volumes of copper & copper alloy products (thousand tons)	99	80	-20
	Sales volumes of copper cathodes (in-house product) (thousand tons)	225	247	23
	Sales volumes of copper cathodes (PTS) (thousand tons)	202	193	-9
	Dividend from copper mine (billion yen)	12.6	12.5	-0.1
Cement	Total demand for cement in Japan (million tons)	31.33	29.61	-1.72
	Cement sales volumes for MMC-Domestic (million tons)	5.04	4.74	-0.30
	Cement sales volumes for MMC-Exports (million tons)	1.51	1.70	0.19
	Cement sales volumes in the U.S. (million tons)	1.08	1.20	0.12
	Ready-mixed concrete sales volumes in the U.S. (million cy)	6.30	6.05	-0.25
Aluminum	Sales volumes of aluminum sheet products (thousand tons)	76	69	-6
	Sales volumes of aluminum extrusion products (thousand tons)	11	9	-2

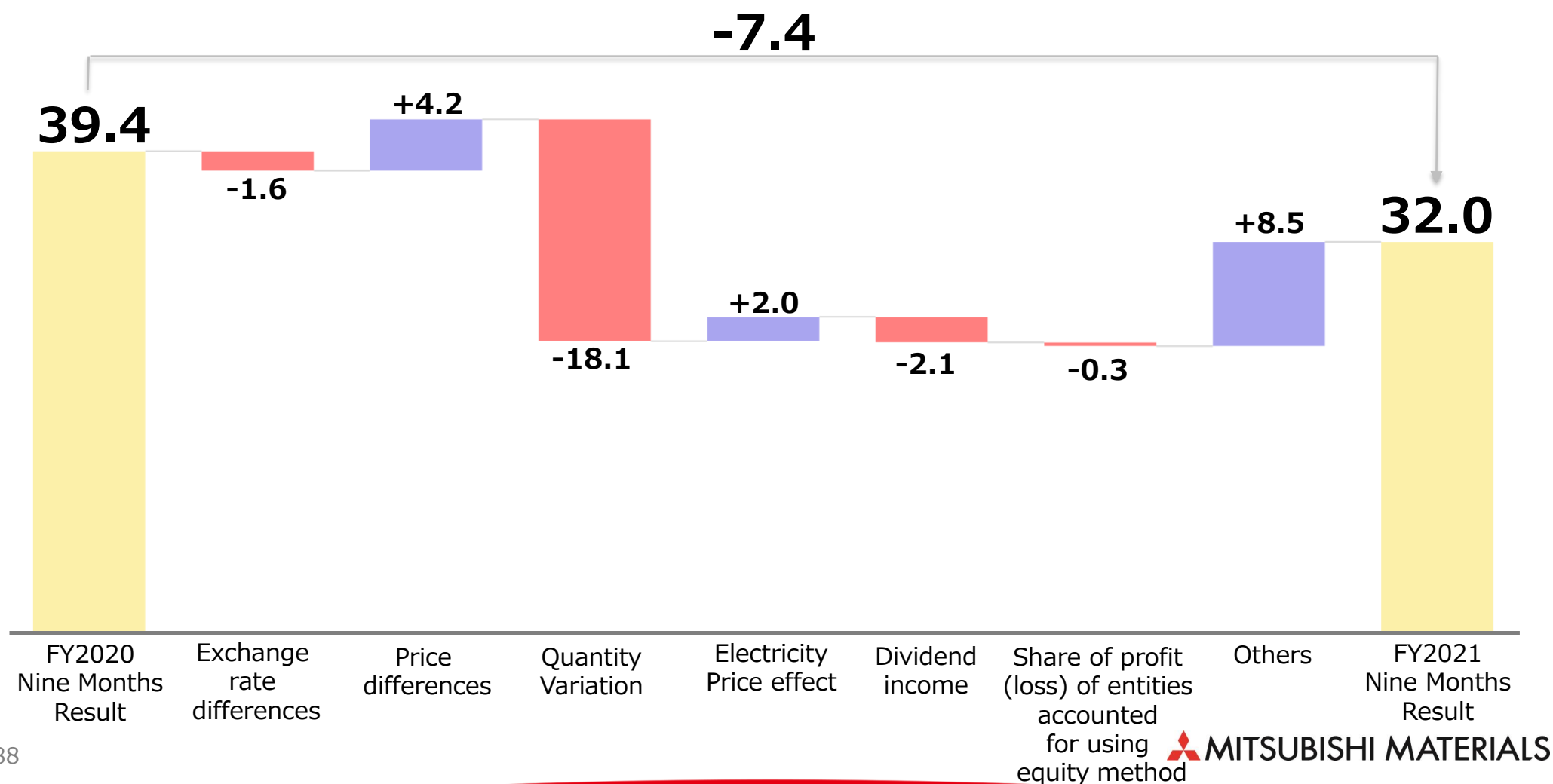
# Comparison with the Previous Year Result (Factor Analysis of Ordinary Profit)

[Unit: billion yen]

## **FY2021 Nine Months Result : -7.4 billion yen(year-on-year)**

【Quantity Variation】 Due to decline in demand for products of automobiles, sales decreased in Advanced Products Business (Copper & Copper Alloy) and Metalworking Solutions Business.

【Others】 Despite a deterioration in purchasing condition of concentrates and carrying out a regular furnace repair at PT Smelting, Ordinary Profit was recovered to some extent due to implementation measures to improve earnings.



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

[Unit: billion yen]

		FY2020	FY2021							Share of profit (loss) of entities accounted for using equity method	Other
		Nine Months Results (a)	Nine Months Result (b)	Difference (b-a)	Exchange rate difference	Price difference	Quantity variation	Electricity price effect	Dividend income		
Advanced Products	Net sales	285.2	251.4	-33.8	-1.2	-0.9	-31.7	—	—	—	—
	Operating profit	2.3	-0.6	-2.9	-0.0	0.2	-4.0	0.4	—	—	0.5
	Ordinary profit	3.4	1.9	-1.4	-0.0	0.2	-4.0	0.4	-0.3	-0.2	2.5
	Net sales	192.9	161.0	-31.9	-0.8	-0.9	-30.2	—	—	—	—
	Operating profit	1.9	-1.8	-3.7	-0.0	-0.0	-4.4	0.1	—	—	0.6
	Ordinary profit	1.0	-0.6	-1.7	-0.0	-0.0	-4.4	0.1	-0.0	-0.0	2.6
	Net sales	92.8	91.2	-1.5	-0.4	-0.0	-1.1	—	—	—	—
	Operating profit	0.3	1.4	1.1	0.0	0.2	0.7	0.3	—	—	-0.1
	Ordinary profit	2.2	2.9	0.6	0.0	0.2	0.7	0.3	-0.2	-0.1	-0.3
Metalworking Solutions	Net sales	115.0	88.5	-26.5	-1.2	-0.8	-22.8	—	—	—	-1.7
	Operating profit	6.6	-3.4	-10.0	-0.6	-0.6	-13.1	0.2	—	—	4.1
	Ordinary profit	5.6	-3.1	-8.8	-0.6	-0.6	-13.1	0.2	-0.0	—	5.3
Metals	Net sales	481.4	521.8	40.4	-6.2	54.4	-7.8	—	—	—	—
	Operating profit	8.9	10.6	1.7	-0.7	2.4	1.3	0.5	—	—	-1.8
	Ordinary profit	20.2	22.5	2.3	-0.7	2.4	1.3	0.5	-0.1	-0.4	-0.7
Cement	Net sales	187.6	158.7	-28.8	-2.0	-2.3	-24.5	—	—	—	—
	Operating profit	9.6	6.5	-3.1	-0.2	-0.6	-1.4	0.3	—	—	-1.2
	Ordinary profit	12.4	7.4	-4.9	-0.2	-0.6	-1.4	0.3	-1.1	0.4	-2.3
Environment & Energy	Net sales	16.6	15.7	-0.8	0.0	0.1	-0.9	—	—	—	0.0
	Operating profit	0.4	0.2	-0.2	0.0	0.1	0.1	0.0	—	—	-0.4
	Ordinary profit	1.5	1.1	-0.3	0.0	0.1	0.1	0.0	0.0	-0.1	-0.4
Others	Net sales	209.9	196.1	-13.8	-0.4	0.3	-13.7	—	—	—	—
	Operating profit	0.6	5.2	4.6	-0.0	2.8	-1.4	0.5	—	—	2.7
	Ordinary profit	0.5	5.0	4.5	-0.0	2.8	-1.4	0.5	-0.0	0.0	2.6
	Net sales	104.6	96.5	-8.0	-0.2	0.3	-8.1	—	—	—	—
	Operating profit	-2.1	3.1	5.2	0.0	2.8	-0.7	0.5	—	—	2.6
	Ordinary profit	-2.4	2.6	5.0	0.0	2.8	-0.7	0.5	-0.0	0.0	2.4
Elimination, etc.	Net sales	-171.3	-152.6	18.7	0.0	-5.6	24.3	—	—	—	—
	Operating profit	-4.6	-3.0	1.6	0.0	0.0	0.4	0.0	—	—	1.2
	Ordinary profit	-4.4	-3.1	1.3	0.0	0.0	0.4	0.0	-0.5	0.0	1.4
Total	Net sales	1,124.6	1,079.8	-44.7	-11.0	45.1	-77.1	—	—	—	-1.7
	Operating profit	23.9	15.5	-8.3	-1.6	4.2	-18.1	2.0	—	—	5.2
	Ordinary profit	39.4	32.0	-7.4	-1.6	4.2	-18.1	2.0	-2.1	-0.3	8.5

89 \* As a result of organizational restructuring that occurred on April 1, 2020, the Company has changed its reporting segments. Consequently, the results for the Nine Months of the fiscal year ended March 31, 2020, which is shown as “(a)”, are presented after reclassifications according to the changes in segmentation. In addition, the Company has reviewed the method of allocating the common costs of the Company and changed its method of calculating profits or losses within the reporting segments.

# Consolidated Balance Sheet

[Unit: billion yen]

	End of Mar. 2020(a)	End of Dec. 2020(b)	Difference (b-a)
<b>Assets</b>			
Cash and deposits	134.4	131.4	-3.0
Notes and accounts receivable - trade	217.2	205.4	-11.8
Inventories	352.2	375.1	22.9
Other	251.5	292.7	41.2
<b>Total current assets</b>	<b>955.4</b>	<b>1004.7</b>	<b>49.2</b>
Property, plant and equipment and intangible assets	710.7	696.2	-14.5
Investments and other assets	237.7	249.1	11.3
<b>Total non-current assets</b>	<b>948.5</b>	<b>945.4</b>	<b>-3.1</b>
<b>Total assets</b>	<b>1904.0</b>	<b>1950.1</b>	<b>46.1</b>

	End of Mar. 2020(a)	End of Dec. 2020(b)	Difference (b-a)
<b>Liabilities</b>			
Notes and accounts payable – trade	113.1	124.7	11.6
Borrowings, bonds payable and commercial papers	547.6 29%	619.7 32%	72.1
Other liabilities	657.2	633.7	-23.4
<b>Total liabilities</b>	<b>1,318.0</b>	<b>1,378.3</b>	<b>60.2</b>
<b>Net assets</b>			
Share capital	119.4	119.4	—
Capital surplus and treasury shares	90.2	76.3	-13.8
Retained earnings	274.7	281.4	6.6
Accumulated other comprehensive income	22.3	28.9	6.5
Non-Controlling interests	79.2	65.6	-13.5
<b>Total net assets</b>	<b>586.0 31%</b>	<b>571.8 29%</b>	<b>-14.1</b>
<b>Total liabilities and net assets</b>	<b>1,904.0</b>	<b>1,950.1</b>	<b>46.1</b>
Shareholders' equity ratio	27 %	26 %	
Net D/E ratio	0.82 times	0.96 times	

# FY2021 Performance Forecast (Statistics / Assumptions / Sensitivity)

## ■ Statistics

		FY2021 Forecast (Announced on Dec.16,2020)			FY2021 Forecast (This time)			Difference
		1st Half Result	2nd Half Forecast	Full Year (a)	1st Half Result	2nd Half Forecast	Full Year (b)	Full year (b-a)
Sales volumes of copper & copper alloy products	(thousand tons)	50	61	110	50	63	112	2
Sales volumes of copper cathodes (in-house product)	(thousand tons)	175	151	325	175	138	312	Δ 13
Sales volumes of copper cathodes (PTS)	(thousand tons)	141	114	256	141	122	263	7
Dividend from copper mine	(billion yen)	9.0	3.5	12.5	9.0	5.1	14.1	1.5
Total demand for cement in Japan	(million tons)	—	—	39.5	—	—	39.5	—
Cement sales volumes for MMC-Domestic	(million tons)	3.03	3.40	6.43	3.03	3.35	6.38	-0.05
Cement sales volumes for MMC-Exports	(million tons)	1.08	1.23	2.31	1.08	1.27	2.35	0.04
Cement sales volumes in the U.S.	(million tons)	0.84	0.73	1.56	0.84	0.73	1.57	0.01
Ready-mixed concrete sales volumes in the U.S.	(million cy)	4.25	4.02	8.27	4.25	3.69	7.94	-0.33
Sales volumes of aluminum sheet products	(thousand tons)	46	48	94	46	48	94	0
Sales volumes of aluminum extrusion products	(thousand tons)	5	7	12	5	7	12	0

## ■ Sensitivity

	FY2021 4 Q
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.2 billion yen
Exchange rates Operating profit - 1 yen/\$ (yen depreciation)	0.02 billion yen
Copper price (LME) Operating profit ±10¢/lb	0.1 billion yen
Non - Operating profit ±10¢/lb	0.0 billion yen

## ■ Assumptions

FY2021 4 Q
105 JPY / \$
125 JPY / €
300 ¢ / lb

# FY2021 Performance Forecast (Consolidated Statements of Operations)

[Unit: billion yen]

	FY2021 Forecast (Announced on Dec.16,2020)			FY2021 Forecast (This time)			Difference Full year (b-a)
	1st Half Result	2nd Half Forecast	Full Year (a)	1st Half Result	2nd Half Forecast	Full Year (b)	
Net sales	725.5	724.5	1,450.0	725.5	734.5	1,460.0	10.0
Operating profit	6.8	1.2	8.0	6.8	8.2	15.0	7.0
Net interest and dividend income	9.4	2.6	12.0	9.4	4.6	14.0	2.0
Share of profit (loss) of entities accounted for using equity method	0.8	2.9	3.7	0.8	3.7	4.5	0.8
Other / Non-operating profit / loss	-0.7	-3.0	-3.7	-0.7	-0.8	-1.5	2.2
Ordinary profit	16.4	3.6	20.0	16.4	15.6	32.0	12.0
Extraordinary income / loss	-23.0	23.0	0.0	-23.0	21.0	-2.0	-2.0
Income taxes	-8.6	-5.4	-14.0	-8.6	-6.0	-14.6	-0.6
Profit(loss) attributable to non-controlling interests	-3.9	-2.1	-6.0	-3.9	-1.5	-5.4	0.6
Profit(loss) attributable to owners of parent	-19.1	19.1	0.0	-19.1	29.1	10.0	10.0
Exchange rate (USD)	107	105	106	107	105	106	-0 JPY / \$
Exchange rate (EUR)	121	124	123	121	125	123	0 JPY / €
Copper price (LME)	269	307	288	269	313	291	3 ¢ / lb
Dividend per share (JPY)	0	40	40	0	40	40	—

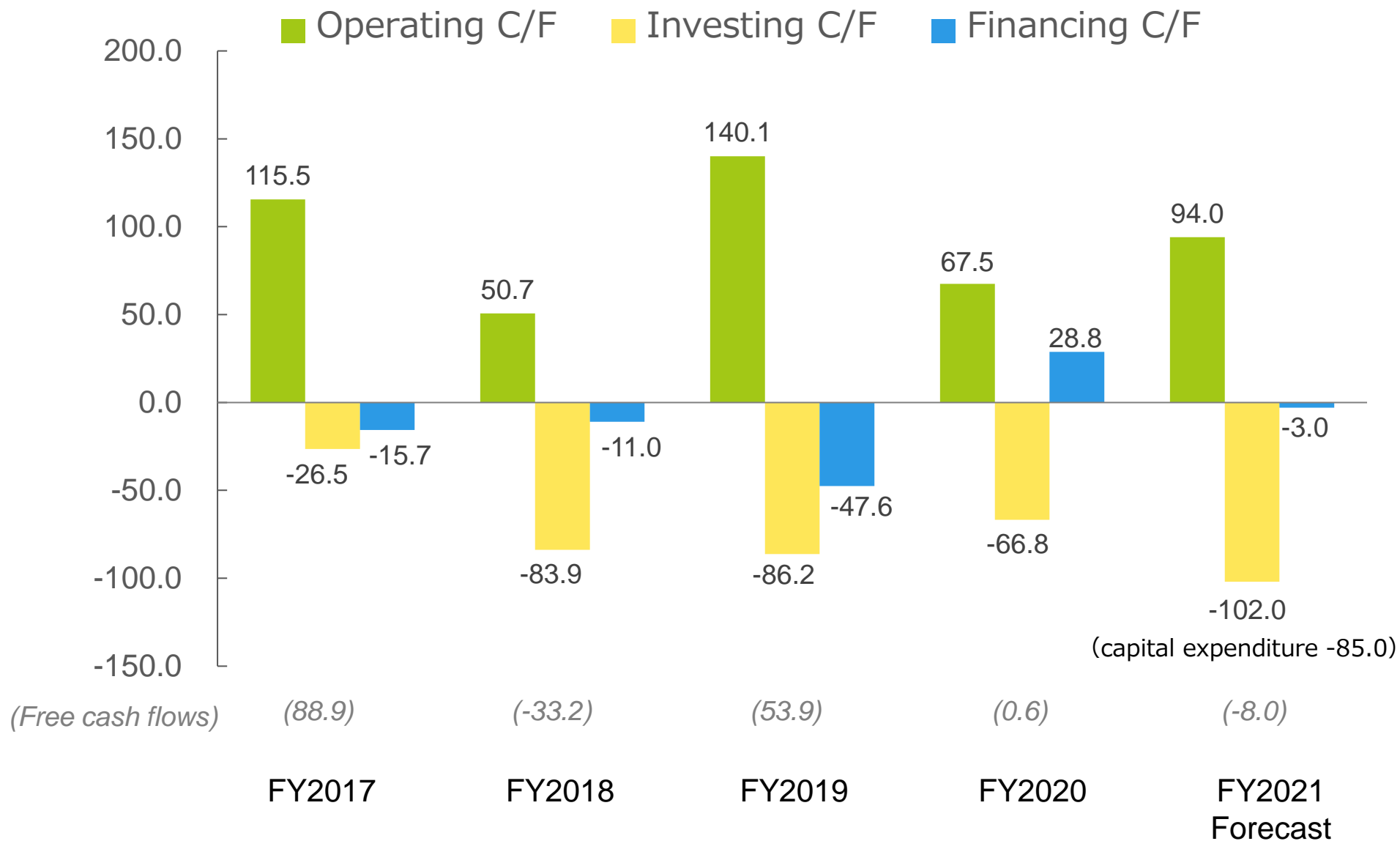
# FY2021 Performance Forecast (Factor Analysis by Segment)

[Unit: billion yen]

		FY2021 Forecast (Announced on Dec.16,2020)			FY2021 Forecast (This time)			Difference Full year (b-a)	
		1st Half Result	2nd Half Forecast	Full Year (a)	1st Half Result	2nd Half Forecast	Full Year (b)		
	Advanced Products	Net sales	156.0	181.2	337.2	156.0	192.2	348.3	11.1
		Operating profit	-1.7	0.0	-1.7	-1.7	2.5	0.7	2.4
		Ordinary profit	0.0	0.7	0.7	0.0	3.9	4.0	3.3
	Copper & copper alloy	Net sales	99.0	116.2	215.2	99.0	126.1	225.1	9.9
		Operating profit	-2.2	-0.7	-2.9	-2.2	0.7	-1.5	1.4
		Ordinary profit	-1.7	-0.5	-2.2	-1.7	1.8	0.1	2.3
	Electronic materials & components	Net sales	57.5	65.0	122.5	57.5	66.3	123.9	1.4
		Operating profit	0.6	0.9	1.5	0.6	1.9	2.6	1.1
		Ordinary profit	1.9	1.2	3.1	1.9	2.3	4.2	1.1
	Metalworking Solutions	Net sales	56.6	57.4	114.0	56.6	59.0	115.7	1.7
		Operating profit	-3.0	-2.1	-5.1	-3.0	-0.6	-3.7	1.4
		Ordinary profit	-2.8	-2.7	-5.5	-2.8	-0.8	-3.7	1.8
	Metals	Net sales	358.3	337.6	695.9	358.3	345.7	704.1	8.2
		Operating profit	7.4	0.1	7.5	7.4	2.2	9.6	2.1
		Ordinary profit	15.4	2.7	18.1	15.4	6.9	22.3	4.2
	Cement	Net sales	105.7	118.7	224.4	105.7	111.3	217.1	-7.3
		Operating profit	4.1	5.0	9.1	4.1	3.0	7.1	-2.0
		Ordinary profit	3.8	5.6	9.4	3.8	3.6	7.5	-1.9
	Environment & Energy	Net sales	9.6	16.7	26.3	9.6	17.2	26.9	0.6
		Operating profit	-0.0	0.9	0.9	-0.0	0.9	0.9	0.0
		Ordinary profit	0.4	1.7	2.1	0.4	1.7	2.1	0.0
	Others	Net sales	127.3	132.2	259.5	127.3	135.2	262.6	3.1
		Operating profit	2.5	2.6	5.1	2.5	4.3	6.8	1.7
		Ordinary profit	2.2	3.1	5.3	2.2	4.9	7.1	1.8
	Aluminum	Net sales	63.9	64.5	128.4	63.9	63.7	127.7	-0.7
		Operating profit	1.7	1.2	2.9	1.7	1.4	3.1	0.2
		Ordinary profit	1.3	1.7	3.0	1.3	1.9	3.3	0.3
	Elimination, etc.	Net sales	-88.3	-119.2	-207.5	-88.3	-126.5	-214.8	-7.3
		Operating profit	-2.2	-5.7	-7.9	-2.2	-4.2	-6.4	1.5
		Ordinary profit	-2.7	-7.6	-10.3	-2.7	-4.8	-7.5	2.8
	Total	Net sales	725.5	724.5	1,450.0	725.5	734.5	1,460.0	10.0
		Operating profit	6.8	1.2	8.0	6.8	8.2	15.0	7.0
		Ordinary profit	16.4	3.6	20.0	16.4	15.6	32.0	12.0

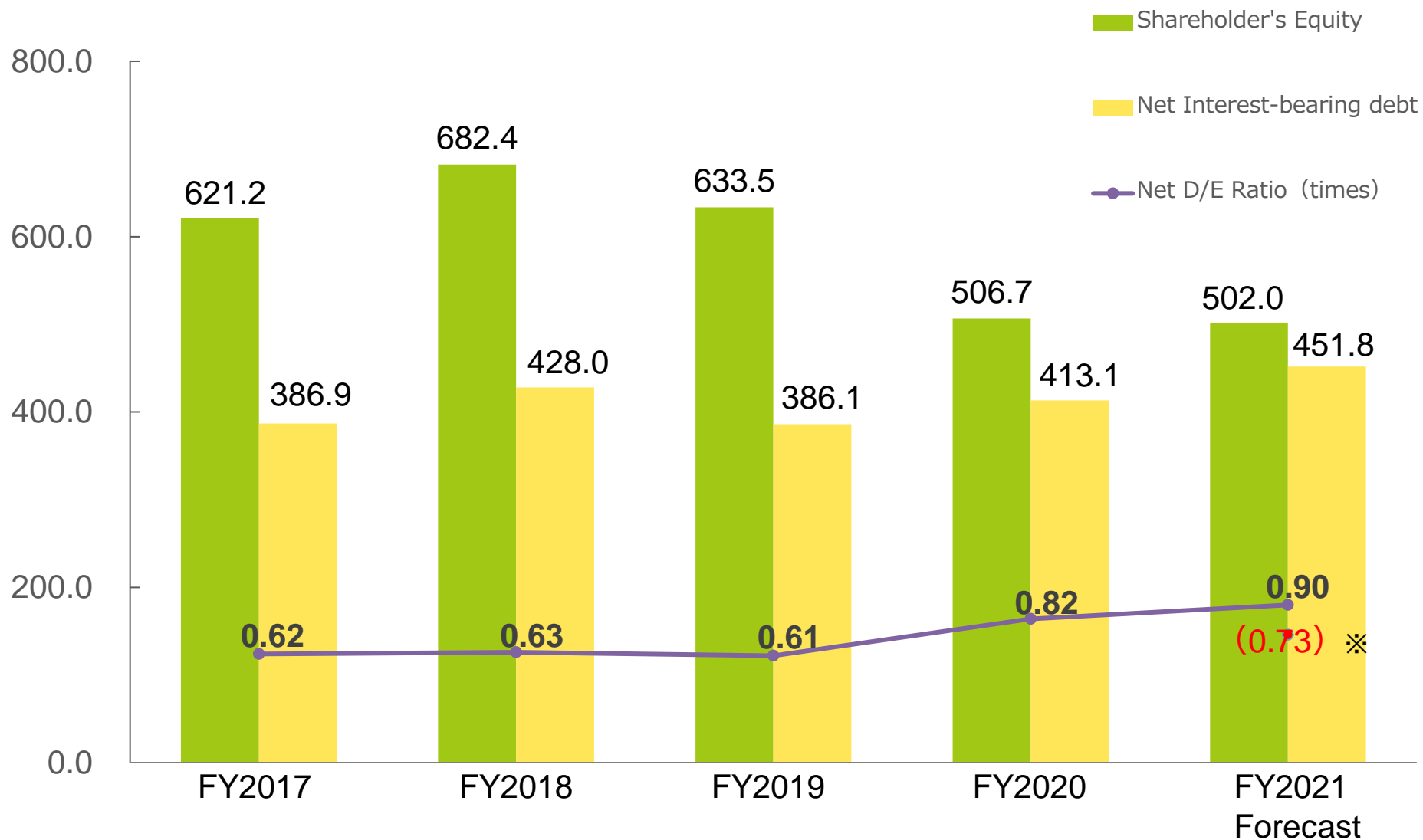
# Cash Flows

[Unit: billion yen]



# Net D/E Ratio

[Unit: billion yen]



※Net D/E Ratio(including effect of Hybrid Loan)

# 【Reference】 Performance Overview (Quarterly)

[Unit: billion yen]

■ Performance Overview by Segment		FY2020 Result							FY2021 Result						
		1 Q	2 Q	1st Half	3 Q	4 Q	2nd Half	Full Year	1 Q	2 Q	1st Half	3 Q	4 Q	2nd Half	Full Year
Advanced Products	Net sales	97.6	94.2	191.8	93.3	90.1	183.5	375.3	79.9	76.1	156.0	95.3			
	Operating profit	1.2	0.3	1.5	0.7	0.9	1.6	3.2	-0.1	-1.6	-1.7	1.0			
	Ordinary profit	1.6	1.2	2.8	0.5	1.0	1.5	4.4	-0.7	0.7	0.0	1.9			
	Copper & copper alloy	67.1	63.8	130.9	61.9	60.0	121.9	252.9	50.5	48.4	99.0	61.9			
	Operating profit	1.2	0.2	1.5	0.4	0.4	0.8	2.4	-0.7	-1.4	-2.2	0.4			
	Ordinary profit	1.3	-0.1	1.1	-0.0	-0.0	-0.1	1.0	-1.7	0.0	-1.7	1.0			
	Electronic materials & components	30.6	30.4	61.1	31.7	30.4	62.1	123.2	29.6	27.9	57.5	33.6			
	Operating profit	-0.0	0.0	0.0	0.3	0.5	0.8	0.8	0.6	-0.0	0.6	0.8			
	Ordinary profit	0.3	1.3	1.6	0.6	1.0	1.6	3.3	1.1	0.8	1.9	1.0			
Metalworking Solutions	Net sales	40.4	37.7	78.1	36.9	35.1	72.0	150.2	27.9	28.7	56.6	31.8			
	Operating profit	3.4	2.1	5.5	1.1	1.1	2.2	7.7	-1.2	-1.8	-3.0	-0.3			
	Ordinary profit	3.0	1.7	4.7	0.9	0.5	1.4	6.2	-1.3	-1.4	-2.8	-0.3			
Metals	Net sales	151.9	164.6	316.5	164.8	183.5	348.4	665.0	157.8	200.5	358.3	163.5			
	Operating profit	1.2	4.1	5.3	3.5	9.7	13.3	18.6	1.5	5.8	7.4	3.2			
	Ordinary profit	9.7	3.6	13.3	6.8	7.2	14.1	27.4	1.6	13.7	15.4	7.1			
Cement	Net sales	60.6	63.1	123.7	63.8	59.8	123.7	247.5	51.2	54.5	105.7	52.9			
	Operating profit	4.2	2.3	6.5	3.1	2.5	5.6	12.2	1.9	2.1	4.1	2.4			
	Ordinary profit	5.0	2.8	7.9	4.4	2.8	7.2	15.2	2.5	1.2	3.8	3.6			
Environment & Energy	Net sales	4.4	6.4	10.9	5.6	10.4	16.1	27.0	4.6	5.0	9.6	6.1			
	Operating profit	0.0	0.2	0.2	0.1	1.2	1.4	1.6	-0.0	0.0	-0.0	0.3			
	Ordinary profit	0.3	0.6	0.9	0.5	1.5	2.1	3.1	0.2	0.2	0.4	0.7			
Others	Net sales	66.8	69.5	136.4	73.5	75.3	148.8	285.2	61.9	65.3	127.3	68.8			
	Operating profit	-0.3	0.5	0.1	0.4	1.3	1.8	2.0	0.8	1.6	2.5	2.7			
	Ordinary profit	-0.2	0.3	0.0	0.4	0.7	1.2	1.2	0.7	1.4	2.2	2.8			
	Aluminum	35.6	34.8	70.5	34.1	32.1	66.2	136.7	31.7	32.2	63.9	32.5			
	Operating profit	-0.4	-0.7	-1.2	-0.9	-0.9	-1.8	-3.0	0.5	1.1	1.7	1.3			
	Ordinary profit	-0.5	-0.8	-1.4	-0.9	-1.5	-2.4	-3.9	0.4	0.9	1.3	1.2			
	Elimination, etc.	-55.6	-53.7	-109.4	-61.9	-63.0	-125.0	-234.4	-39.2	-49.1	-88.3	-64.3			
	Operating profit	-0.7	-1.7	-2.4	-2.2	-2.9	-5.1	-7.6	-0.3	-1.8	-2.2	-0.7			
	Ordinary profit	-0.3	-2.4	-2.8	-1.6	-3.7	-5.3	-8.1	-0.0	-2.7	-2.7	-0.3			
Total	Net sales	366.2	382.1	748.4	376.2	391.4	767.7	1,516.1	344.3	381.2	725.5	354.3			
	Operating profit	8.9	7.9	16.9	6.9	14.0	20.9	37.9	2.5	4.3	6.8	8.7			
	Ordinary profit	19.1	8.0	27.2	12.1	10.1	22.3	49.6	3.1	13.3	16.4	15.5			
■ Statistics / Assumptions															
Sales volumes of copper & copper alloy products (thousand tons)		34	33	67	32	31	63	130	27	23	50	30			
	Sales volumes of copper cathodes (in-house product) (thousand tons)	69	81	150	74	81	156	306	77	98	175	73			
	Sales volumes of copper cathodes (PTS) (thousand tons)	68	70	138	64	69	133	271	69	72	141	52			
	Dividend from copper mine (billion yen)	8.9	-0.0	8.8	3.7	0.0	3.7	12.6	0.9	8.0	9.0	3.5			
Total demand for cement in Japan (million tons)		10.03	10.33	20.36	10.97	9.64	20.61	40.97	9.40	9.65	19.05	10.56			
	Cement sales volumes for MMC-Domestic (million tons)	1.62	1.62	3.24	1.81	1.65	3.45	6.69	1.47	1.55	3.03	1.71			
	Cement sales volumes for MMC-Exports (million tons)	0.48	0.53	1.01	0.50	0.71	1.21	2.22	0.41	0.66	1.08	0.62			
	Total demand for cement in the U.S. (million tons)	—	—	—	—	—	—	99.56	—	—	—	—			
	Cement sales volumes in the U.S. (million tons)	0.38	0.35	0.74	0.34	0.40	0.74	1.48	0.41	0.43	0.84	0.37			
	Ready-mixed concrete sales volumes in the U (million cy)	2.29	2.14	4.43	1.87	1.94	3.81	8.24	2.21	2.04	4.25	1.81			
Sales volumes of aluminum sheet products (thousand tons)		26	24	50	26	24	50	100	24	22	46	23			
	Sales volumes of aluminum extrusion product (thousand tons)	4	4	7	3	3	7	14	3	3	5	3			
Exchange rate (USD) JPY / \$		110	107	109	109	109	109	109	108	106	107	105			
Exchange rate (EUR) JPY / €		123	119	121	120	120	120	121	118	124	121	125			
Copper price (LME) ¢ / lb		277	263	270	267	256	261	266	242	296	269	325			

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