



NEWS RELEASE

Mar 14, 2017

R&I Upgrades to A-, Stable: Mitsubishi Materials Corp.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Mitsubishi Materials Corp.
Issuer Rating: A-, Previously BBB+
Rating Outlook: Stable

RATIONALE:

R&I has upgraded the rating for Mitsubishi Materials Corp. This action reflects R&I's view that the company has increased its resilience to economic fluctuations by successfully implementing business restructuring and measures to strengthen its earnings base over the past few years and the financial balance will most likely remain adequate for the A rating category, supported by debt reductions and equity capital accumulation. The Rating Outlook is Stable.

Mitsubishi Materials is a comprehensive materials manufacturing and processing company primarily engaged in the businesses of cement, metals, and advanced materials & tools such as cemented carbide products. Other businesses include electronic materials & components and aluminum. It has established a relatively robust earnings base by diversifying earnings sources and creating an integrated production system that encompasses upstream to downstream processes in each business segment.

Because Mitsubishi Materials mainly offers capital goods, earnings are susceptible to changes in the economic situation, market conditions, raw material prices and foreign exchange rates. Since 2015, however, the sale and rundown of non-core businesses have been moving ahead, as exemplified by the sale of part of its stake in equity-method affiliate Sumco Corp. At the same time, the company has expanded its earnings base by, for instance, developing a new aggregate mine in the U.S. cement business, raising capacity to collect and process metals for recycling in the metals business, and conducting mergers and acquisitions for cemented carbide products. With such efforts paying off, the risk of a significant fall in earnings has been mitigated, even when the economy is in a recession.

Since FY2010 ended March 2011, Mitsubishi Materials has been achieving steady operating cash flow. Thanks partly to the sale of assets, the balance between debt and cash flow and the debt-equity structure are sufficient for the A rating category. A new medium-term management plan will start in FY2017. Although aggressive investments for growth will highly likely continue, R&I believes that the company will maintain financial discipline and thereby retain the financial base commensurate with the rating.

The primary rating methodology applied to this rating is provided at "R&I's Basic Methodology for Corporate Credit Ratings". The methodology is available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

R&I RATINGS:

ISSUER: Mitsubishi Materials Corp. (Sec. Code: 5711)
Issuer Rating
RATING: A-, Previously BBB+
RATING OUTLOOK: Stable

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Unsec. Str. Bonds No.25	Issue Date	Maturity Date	Issue Amount (mn)
	Jul 22, 2011	Jul 20, 2018	JPY 10,000

RATING: A-, Previously BBB+

Unsec. Str. Bonds No.28	Issue Date	Maturity Date	Issue Amount (mn)
	May 28, 2012	May 26, 2017	JPY 15,000

RATING: A-, Previously BBB+

Unsec. Str. Bonds No.29	Issue Date	Maturity Date	Issue Amount (mn)
	May 27, 2013	May 25, 2018	JPY 15,000

RATING: A-, Previously BBB+

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