



February 12, 2020

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Company name: Mitsubishi Materials Corporation
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Ube Industries and Mitsubishi Materials Sign Letter of Intent for Integration of Cement Businesses

Ube Industries and Mitsubishi Materials Corporation, Ltd. announced today that, based on a resolution of the companies' respective Board of Directors meetings held today, they have signed a letter of intent to start specific discussions and study on the integration of their respective cement businesses and related businesses. The details of the integration, which is to be implemented around April 2022, are given below.

Moving forward, Ube Industries and Mitsubishi Materials will engage in specific discussions and study on the integration, and they plan to sign a definitive agreement for the integration in or around late September 2020.

1. Purpose of the Integration

In 1998, Ube Industries and Mitsubishi Materials established Ube-Mitsubishi Cement Corporation as an equally-owned joint venture. Under the joint venture, the companies integrated their respective standalone cement sales and logistics functions, realizing a certain degree of benefit including reductions in logistics costs as well as back office expenses.

While the business situations surrounding the cement business in Japan are currently undergoing significant changes, including slowing demand and increased costs due to higher energy prices, it is necessary for Ube Industries and Mitsubishi Materials to establish a new framework for their cement businesses that builds upon the existing relationship including the joint venture, in order to realize the future growth of their cement businesses.

In response, Ube Industries and Mitsubishi Materials have decided to start specific discussions and study on the integration of the overall cement business and their respective related businesses. Under the integration, Ube Industries and Mitsubishi Materials will direct cash flows generated from the cement business in Japan toward concentrated investment in businesses that are anticipated to generate growth in and outside of Japan. Through these efforts, Ube Industries and Mitsubishi Materials will endeavor to realize sustainable growth as corporations that are contributing to the development of social infrastructure and advancement of a recycling-oriented society, and to establish an optimal operational framework for both companies.

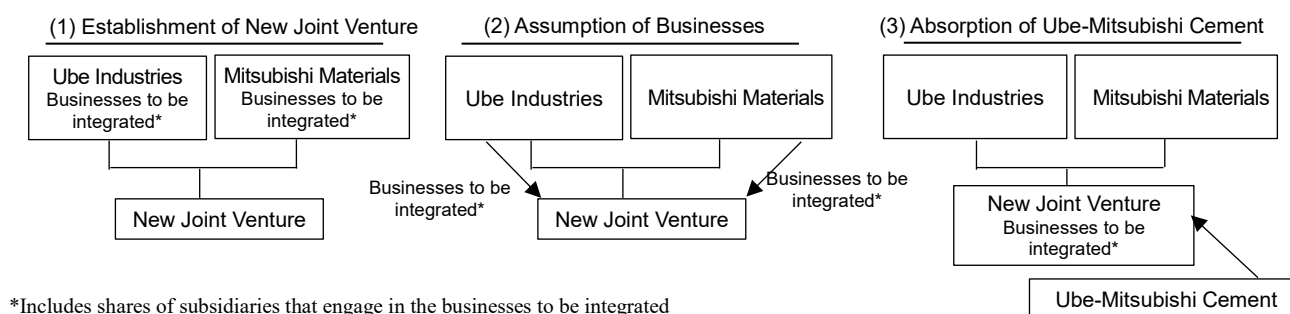
2. Overview of the Integration

The scope of the integration is expected to encompass the cement and ready-mixed concrete businesses, limestone resources businesses, energy and environmental-related businesses, construction material businesses, and other related businesses of Ube Industries and Mitsubishi Materials, both in and outside of Japan.

Ube Industries and Mitsubishi Materials plan to implement the integration (1) by establishing a new equally-owned joint venture (2) that will assume the respective businesses (including shares of subsidiaries engaged in the businesses) by a company split method, and (3) via an absorption-type merger, with the new joint venture being the surviving company, and Ube-Mitsubishi Cement being absorbed.

Ube Industries and Mitsubishi Materials will engage in discussions and conduct study about investment ratio of the new integrated joint venture under the basic premise that each company will own a 50% stake in the new joint venture after adjusting for the value of the businesses to be assumed by the new joint venture.

Ube Industries and Mitsubishi Materials will mutually discuss and decide on the terms of the integration including the aforementioned matters, by the time of signing the definitive agreement.



Note: The above diagram shows the integration method anticipated at this point in time, and is subject to change based on discussions between Ube Industries and Mitsubishi Materials.

3. Schedule of Integration

February 12, 2020 (today)	Signing of letter of intent
September 2020 (may be subject to change)	Signing of definitive agreement
June 2021 (may be subject to change)	Obtaining approval for integration at the ordinary general shareholders' meetings of Ube Industries and Mitsubishi Materials
April 2022 (may be subject to change)	Effective date of integration

Note: Implementation of the integration is subject to completing the necessary filings for integration with relevant agencies in and outside of Japan including the Japan Fair Trade Commission, and being granted approval. Furthermore, it is subject to approval at the general shareholders' meetings of both companies (except where the integration clearly satisfies the requirements for a simplified absorption-type company split as stipulated in Article 784, paragraph (2) of the Companies Act of Japan), and subject to circumstances or events not arising or coming to light that make it difficult to implement the integration. The integration schedule is provisional at this time and subject to change based on discussions between the companies, because of approvals and other related procedures or other reasons having to do with fulfilling necessary procedures.

4. Data on Ube Industries and Mitsubishi Materials

(1) Name	Ube Industries, Ltd.	Mitsubishi Materials Corporation
(2) Location	1978-96 Kogushi, Ube, Yamaguchi Prefecture	3-2-3, Marunouchi, Chiyoda-ku, Tokyo
(3) Representative	Masato Izumihara, President and Representative Director	Naoki Ono, Chief Executive Officer

(4) Business Description	Chemicals, construction materials, machinery business		The manufacture and sale of copper & copper alloy products, electronic materials & components and aluminum products, the manufacture and sale of cemented carbide products and sintered parts, the smelting, refining and sale of copper, gold, and silver, and the manufacture and sale of cement and ready-mixed concrete			
(5) Capital stock	58,434 million yen		119,457 million yen			
(6) Established	March 10, 1942		April 1, 1950			
(7) Shares Issued	106,200,107		131,489,535			
(8) Fiscal Year-End	March 31		March 31			
(9) Number of Employees (As of September 30, 2019)	11,152 (Consolidated)		28,875 (Consolidated)			
(10) Main Financing Bank (As of March 31, 2019)	MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank, Yamaguchi Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited		MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank, The Hachijuni Bank, Ltd., Joyo Bank, Ltd.			
(11) Shareholders ¹ (As of September 30, 2019)	The Master Trust Bank of Japan, Ltd (Trust Account)	7.89%	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.78%		
	Japan Trustee Services Bank, Ltd. (Trust Account)	6.05%	Japan Trustee Services Bank, Ltd. (Trust Account)	6.62%		
	Sumitomo Life Insurance Company	1.97%	Northern Trust Co. (AVFC)	4.19%		
			Re Silchester International Investors International Value Equity Trust			
	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.96%	Meiji Yasuda Life Insurance Company	2.37%		
	J.P. Morgan Bank	1.81%	Northern Trust Co. (AVFC)	2.29%		
	Luxembourg S.A.1300000		Re U.S. Tax Exempted Pension Funds			
	JPMorgan Chase Bank 385151	1.62%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	2.00%		
	Nippon Life Insurance Company	1.58%	Northern Trust Co. (AVFC)	1.57%		
	Yamaguchi Bank, Ltd.	1.53%	Sub A/C Non Treaty			
		JPMorgan Chase Bank 385151	1.54%			
	MSIP CLIENT SECURITIES	1.45%	MUFG Bank, Ltd.	1.53%		
	JPMorgan Securities Japan Co., Ltd.	1.34%	Mitsubishi Heavy Industries, Ltd.	1.45%		
(12) Relationship between Ube Industries and Mitsubishi Materials						
	Capital relations	Not applicable. Ube Industries and Mitsubishi Materials own equal stakes in Ube-Mitsubishi Cement.				
	Human relations	Not applicable.				
	Business relations	Ube Industries and Mitsubishi Materials have dealings involving the purchase and sale of limestone.				
	Applicability to related parties	Not applicable.				
(13) Consolidated Earnings and Financial Data for Last Three Years (Million Yen)						
	Ube Industries			Mitsubishi Materials		
Fiscal year	FY2017/3 ²	FY2018/3 ²	FY2019/3	FY2017/3 ³	FY2018/3	FY2019/3
Net assets	310,401	336,861	354,552	710,195	768,495	723,337
Total assets	709,379	742,445	740,286	1,896,939	2,011,067	1,938,270
Net assets per share (yen)	2,707.61	3,002.86	3,261.23	4,743.27	5,211.20	4,838.31
Net sales	616,563	695,574	730,157	1,304,068	1,599,533	1,662,990
Operating profit	34,960	50,250	44,551	59,761	72,819	36,861
Ordinary income	33,348	50,728	47,853	63,925	79,621	50,679
Net income attributable to owners of the parent	24,185	31,680	32,499	28,352	34,595	1,298
Net income per share (yen)	228.50	301.65	312.36	216.44	264.15	9.92
Dividend per share (yen)	60.00	75.00	80.00	60.00	80.00	80.00

1. Deduction of treasury stock is calculated into the shareholding ratio.

2. Ube Industries conducted a consolidation of shares by consolidating every ten shares into one share effective October 1, 2017. Net assets per share, net income per share, and dividend per share are calculated based on the assumption that the share consolidation took place at the beginning of the fiscal year ended March 31, 2017.
3. Mitsubishi Materials conducted a consolidation of shares by consolidating every ten shares into one share effective October 1, 2016. Net assets per share, net income per share, and dividend per share are calculated based on the assumption that the share consolidation took place at the beginning of the fiscal year ended March 31, 2017.