

GLOBAL
CROSSVALUE
PLATFORM

Marubeni

2019.06

Consolidated Financial Results
Q1 FYE 3/2020

2019.8.2 TSE Code : 8002

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This material contains forward-looking statements about the future performance, events or management plans of Marubeni Corporation and its Group companies (the Company) based on the available information, certain assumptions and expectations at the point of disclosure, of which many are beyond the Company's control. These are subject to a number of risks, uncertainties and factors, including, but not limited to, economic and financial conditions, factors that may affect the level of demand and financial performance of the major industries and customers we serve, interest rates and currency fluctuations, availability and cost of funding, fluctuations in commodity and materials prices, political turmoil in certain countries and regions, litigation claims, changes in laws, regulations and tax rules, and other factors. Actual results, performances and achievements may differ materially from those described explicitly or implicitly in the relevant forward-looking statements.

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This material is an English language translation of the materials originally written in Japanese. In case of discrepancies, the Japanese version is authoritative and universally valid.

(Notes)

- * FYE: Fiscal Year Ending/Ended
- * Profit attributable to owners of the parent is described as *"Net profit"*.
- * FYE 3/2020 Forecasts: Yearly forecasts announced on May 9,2019
- * Adjusted net profit: net profit excluding one-time items, shown in an approximate figure. For one-time items, please refer to P3 of *"IR Supplementary Information"*.
- * Core operating cash flow: operating cash flow excluding net increase/decrease in working capital and others
From the Q3 of FYE 3/2019, the elements of core operating cash flow have been altered. The figures for the past fiscal years have been revised accordingly.
- * *"New investments, CAPEX and others, Divestment"* include investing cash flow items and a part of financing cash flow items
- * CAPEX and others: additional capital spending to maintain/improve business values of existing projects and others
- * P4 "03 Net Profit and Adjusted Net Profit": Business fields for and before FYE 3/2018 are based on *"the organization as of FYE 3/2019"*, for FYE 3/2019 and FYE 3/2020, based on *"the new organization reorganized in FYE 3/2020"*.

Business fields	Resources:	"New organization from FYE 3/2020" = the total of <i>"Energy"</i> and <i>"Metals & Mineral Resources"</i> excluding <i>"Steel Products Dept."</i> "Organization as of FYE 3/2019" = <i>"Energy & Metals"</i> group excluding <i>"Steel Products"</i> sub-segment
	Other:	"New organization from FYE 3/2020" = the total of <i>"Next Generation Business Development"</i> and <i>"Other "</i> "Organization as of FYE 3/2019" = <i>"Other"</i> segment
	Non-Resources:	other than the above

- * P8 "07 Profit by Segment: From the FYE 3/2020, the former operating segments of *"Food"*, *"Consumer Products"*, *"Chemical & Forest Products"*, *"Energy & Metals"*, *"Power Business & Plant"* and *"Transportation & Industrial Machinery"* have been reorganized as *"Lifestyle"*, *"ICT & Real Estate Business"*, *"Forest Products"*, *"Food"*, *"Agri Business"*, *"Chemicals"*, *"Power Business"*, *"Energy"*, *"Metals & Mineral Resources"*, *"Plant"*, *"Aerospace & Ship"*, *"Finance & Leasing Business"*, *"Construction, Auto & Industrial Machinery"* and *"Next Generation Business Development"*.
In conjunction with these organizational changes, operating segment information for FYE 3/2019 has been reclassified.

01 Key Factors of Q1 FYE 3/2020

(billion yen)

	Q1 FYE 3/2019	Q1 FYE 3/2020	Variance	FYE 3/2020 Forecast
Net profit	86.8	65.2 (progress 27%)	-21.7 (-25%)	240.0
Adjusted net profit	76.0	70.0 (progress 29%)	-6.0 (-8%)	242.0
Core operating cash flow	+98.3	+95.4 (progress 24%)	-2.9 (-3%)	+390.0
Free cash flow after delivery of shareholder returns	-38.7	-45.2	-	+100.0

	31-Mar-2019	30-Jun-2019	Variance	31-Mar-2020 Forecast
Net DE ratio	0.90 times	0.95 times	up 0.05 points	approx. 0.8 times

01 Key Factors of Q1 FYE 3/2020

Key Factors of Q1 FYE 3/2020

Net profit amounted ¥65.2bn, with a ¥-21.7bn (-25%) decrease year on year

Adjusted net profit was approx. ¥70.0bn. Decreased by approx. ¥-6.0bn (-8%) year on year

Breakdown of a ¥-21.7bn net profit decrease

- Decrease in adjusted net profit: approx. ¥-6.0bn (Non-resources: approx. ¥-11.0bn decrease in *Power Business, Chemicals, Agri Business*, etc.; Resources: approx. ¥+4.0bn increase in *Metals & Mineral Resources*)
- Profit decline regarding one-time items: approx. ¥-16.0bn (Non-recurrence of a gain recognized in the year-earlier period on the sale of a domestic power generation business, impairment loss in the oil and gas development business in the period under review, are the main items)

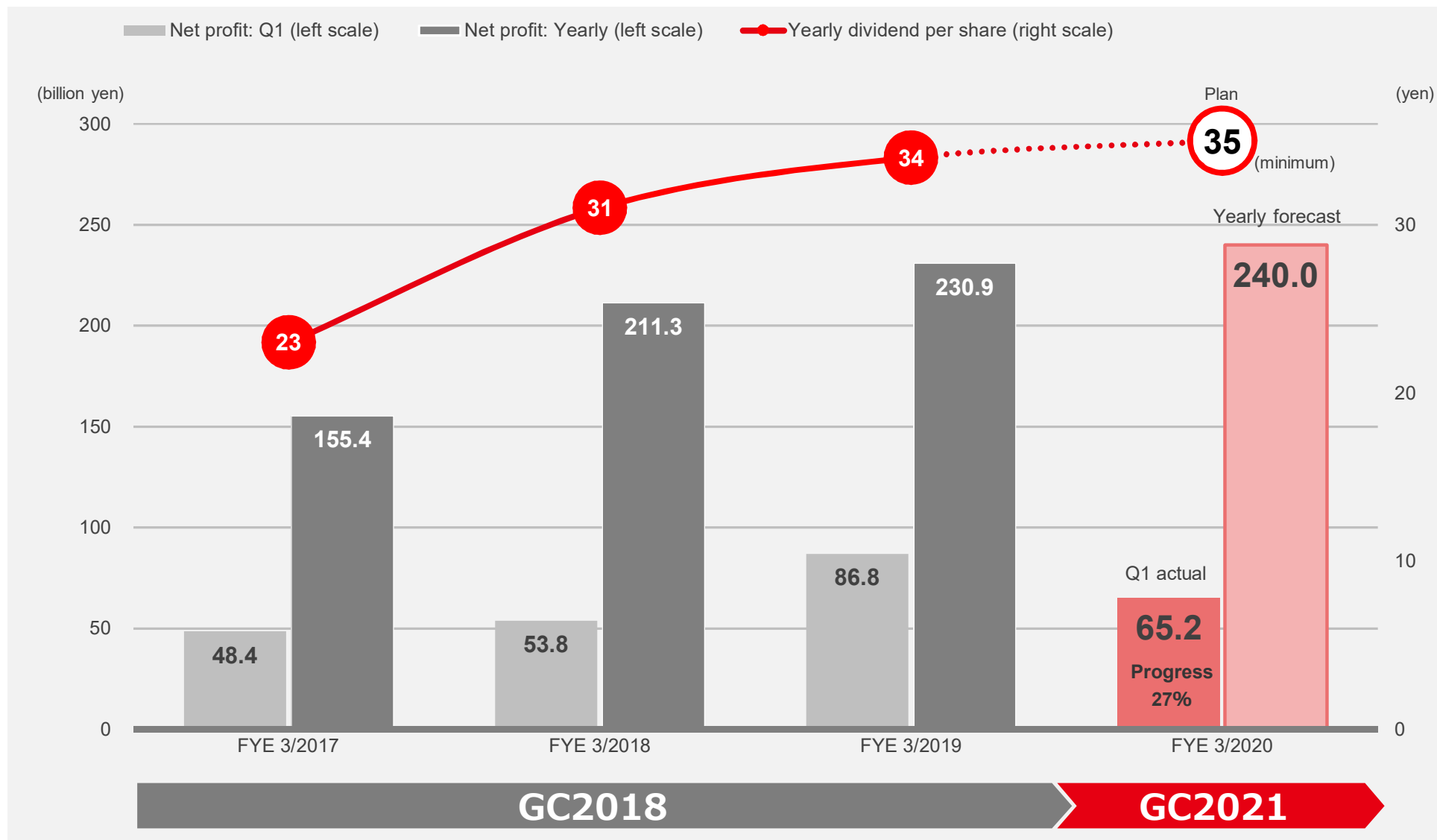
Net DE ratio stood at 0.95 times, up 0.05 points from the previous fiscal year-end

- Core operating cash flow: ¥+95.4bn, a ¥-2.9bn decrease year on year

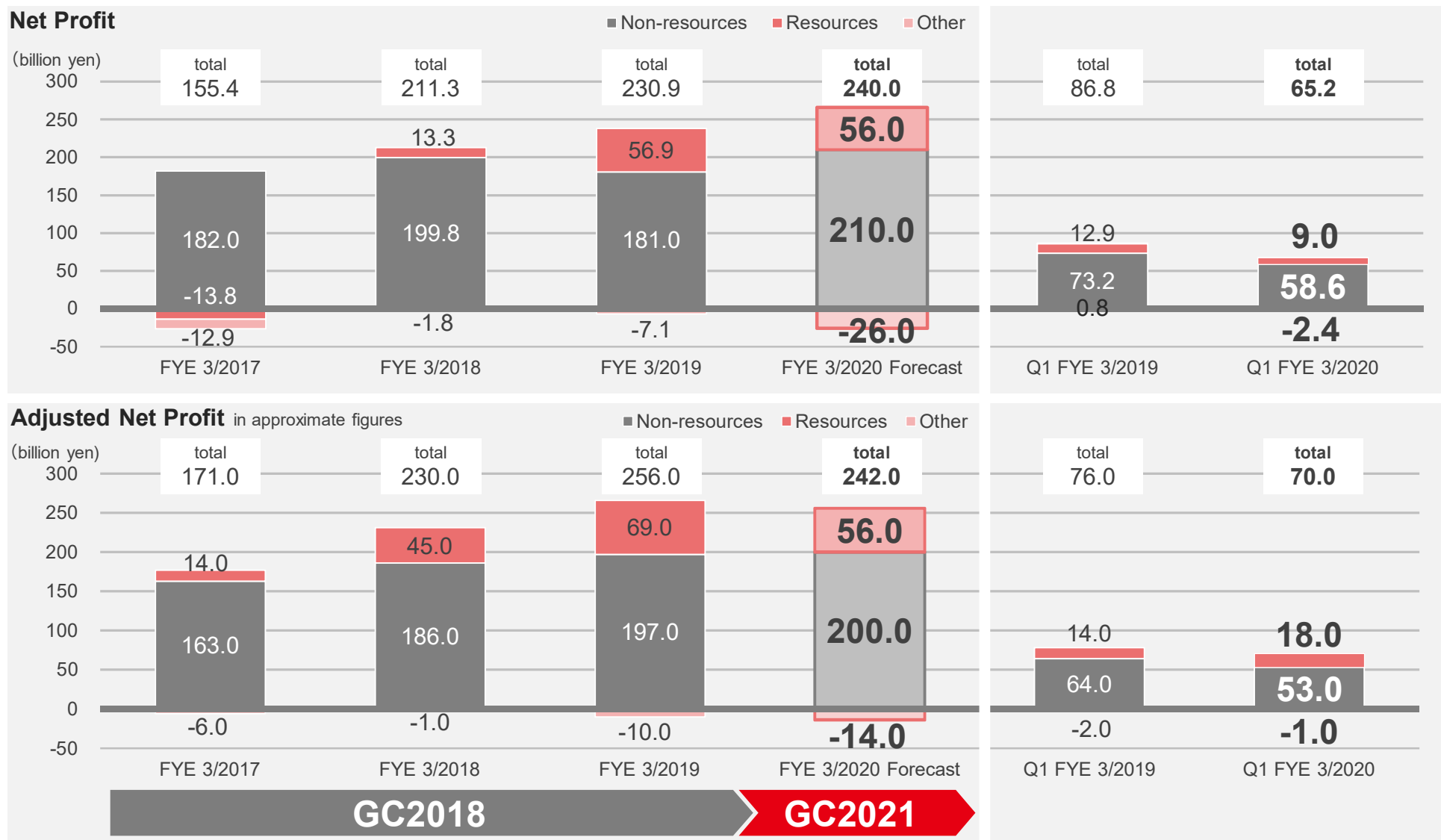
- Free cash flow after delivery of shareholder returns: ¥-45.2bn

Yearly forecast of ¥+100.0bn announced on May 9, 2019, remains unchanged

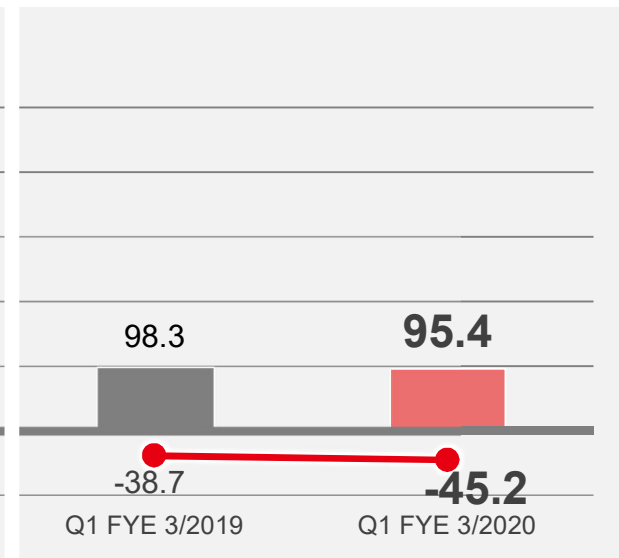
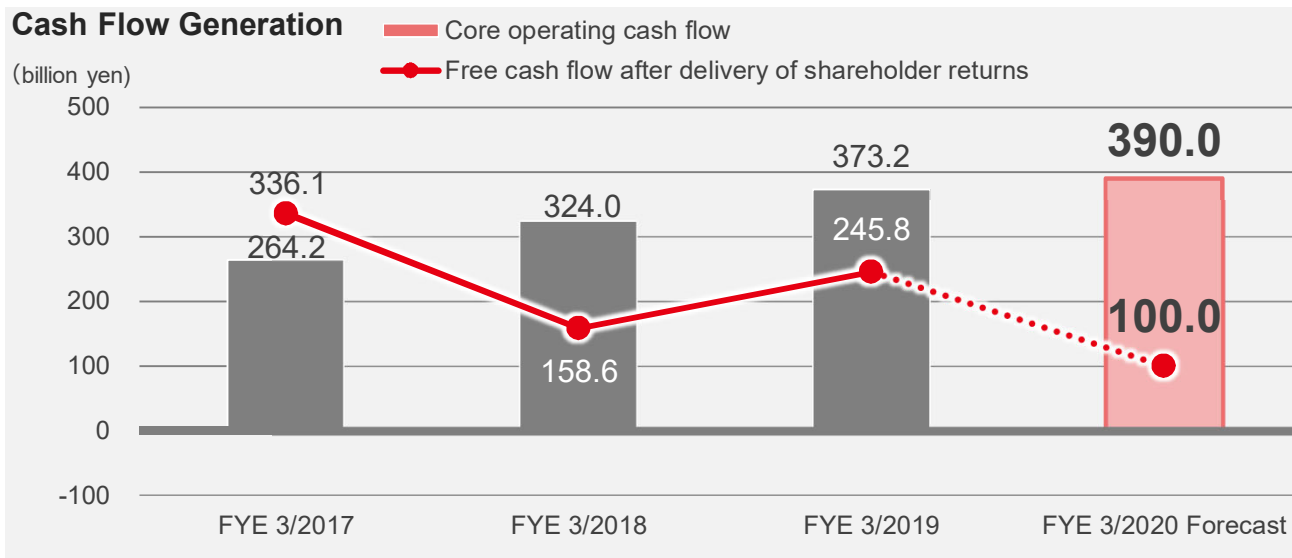
02 Net Profit and Yearly Dividend



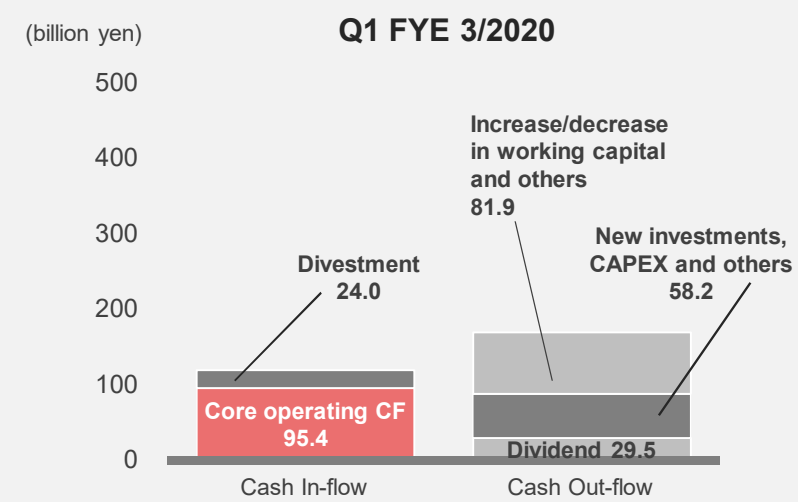
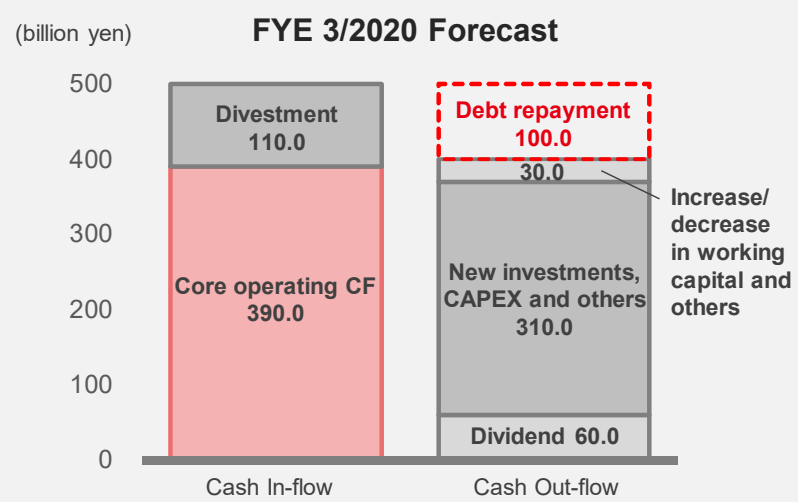
03 Net Profit and Adjusted Net Profit



04 Cash Flow Generation and Capital Allocation



Capital Allocation

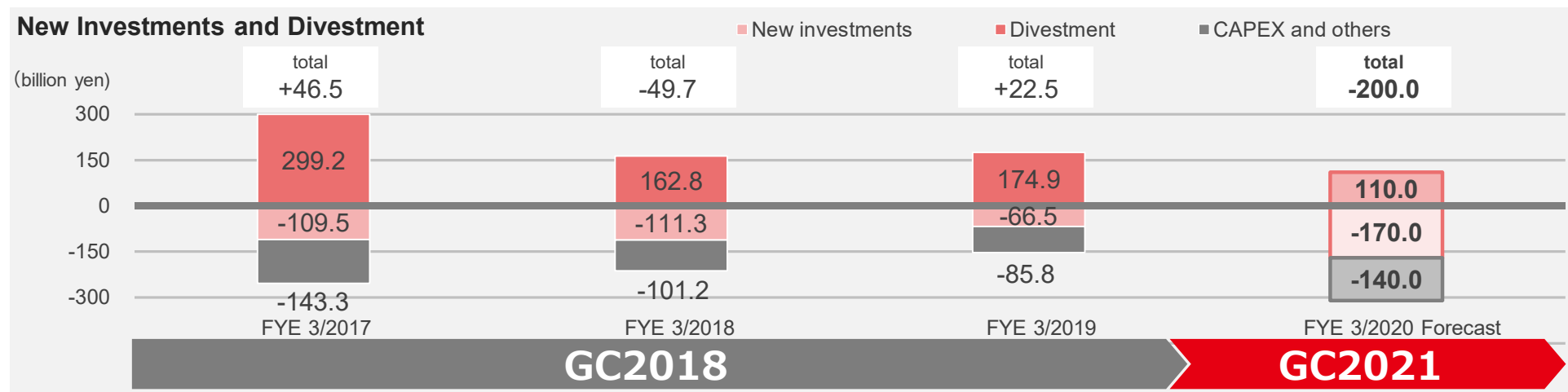


* Debt repayment: repayment of interest-bearing debt, lease obligations and others

05 New Investments and Divestment Main Items for Q1 FYE 3/2020

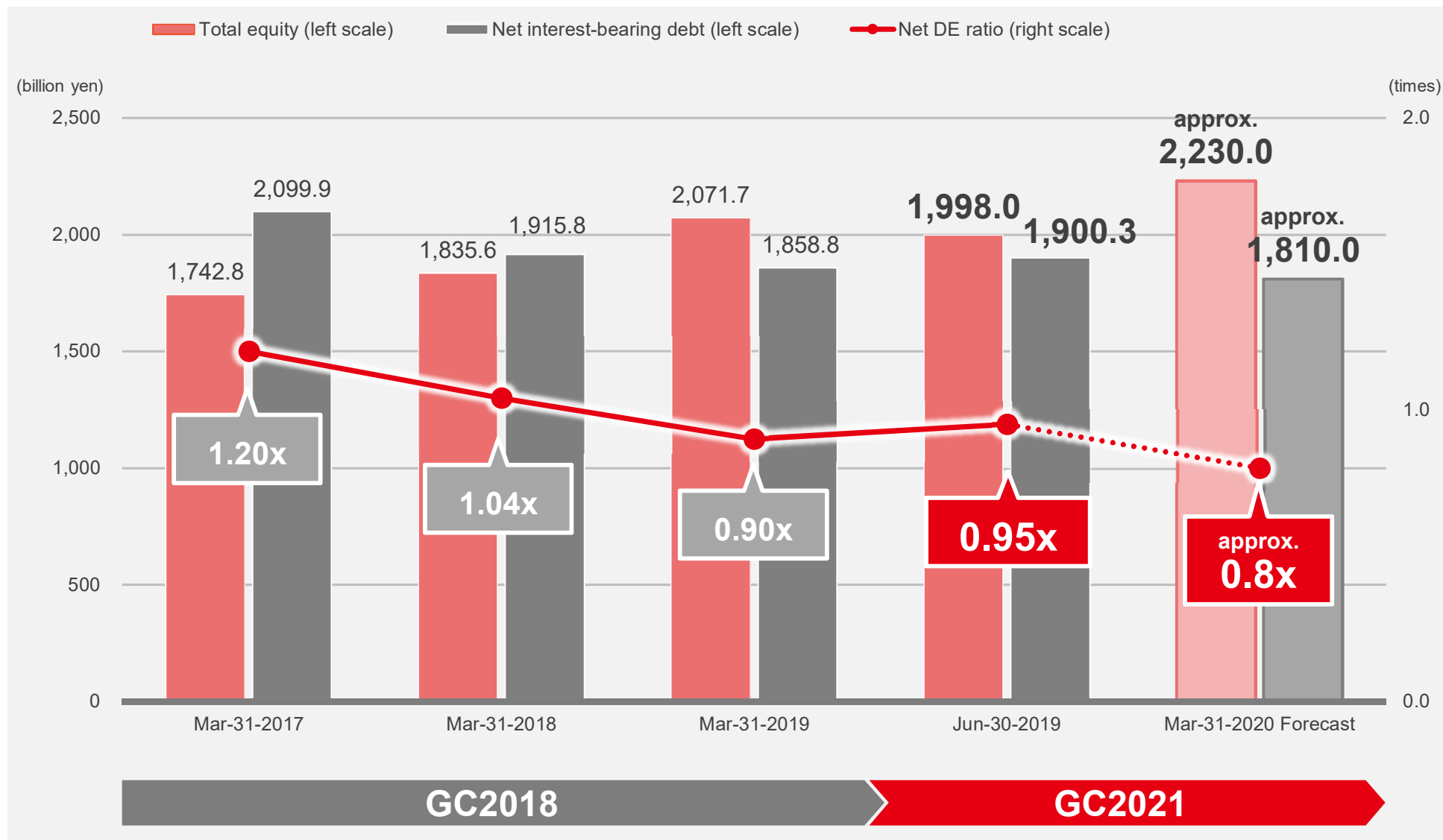
(billion yen)

	FYE 3/2020				FYE 3/2020 Main Item	FYE 3/2020 Forecast
	Q1	Horizon 1	Horizon 2	Horizon 3		
New Investments + CAPEX and others	-58.2	-33.3	-18.4	-6.5		-310.0
New Investments	Distribution Business	-10.0		-3.5	-6.5	-170.0
	Finance Business	-22.2	-0.8	-0.8	-	
	Stable Earnings-Type Business	-11.4		-11.4	-	
	Natural Resource Investments	-		-	-	
CAPEX and others	excl. Natural Resource Investments	-36.0	-32.6	-32.6		-110.0
	Natural Resource Investments	-3.4	-0.6	-2.8		-30.0
Divestment	+24.0				<ul style="list-style-type: none"> • Domestic retail business (SOTETSU ROSEN) • Overseas power generation business 	+110.0
Total	-34.2					-200.0

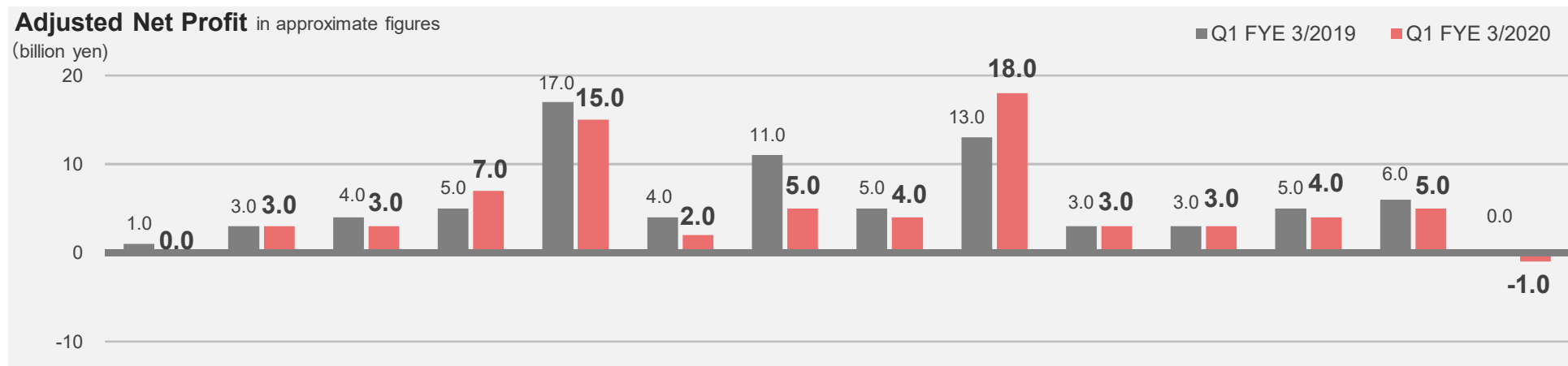
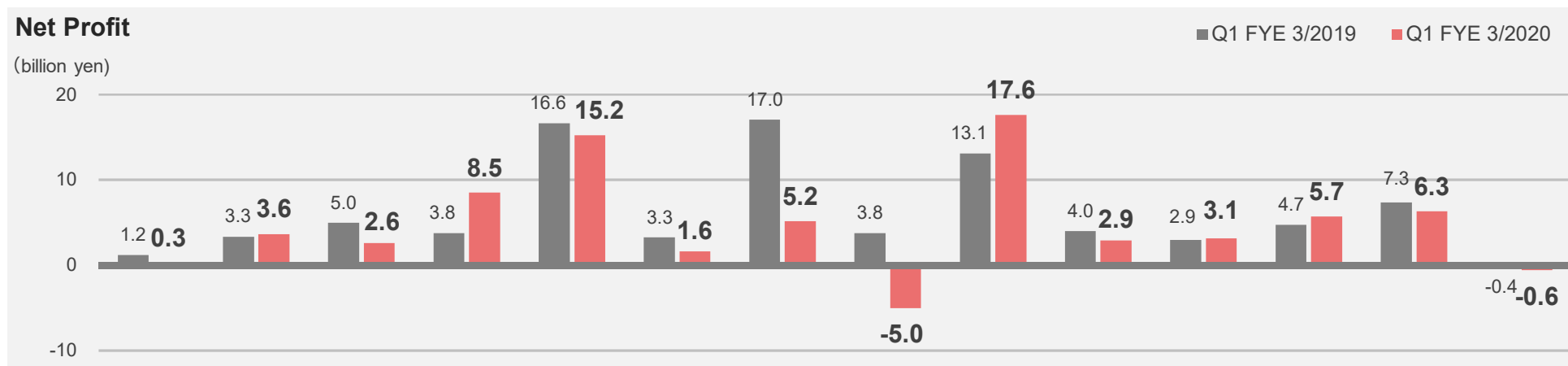


*Horizon 1: improvement of existing businesses, Horizon 2: pursuit of strategies in existing business domains, Horizon 3: new business models and growth domains currently not yet focused on

06 Net DE Ratio



07 Profit by Segment Q1 FYE 3/2020 vs Q1 FYE 3/2019



Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Power Business	Energy	Metals & Mineral Resources	Plant	Aerospace & Ship	Finance & Leasing Business	Construction, Auto & Industrial Machinery	Next Generation Business Development
Consumer Products			Food, Agriculture & Chemicals			Power Business, Energy & Metals			Machinery, Infrastructure & Financial Business				

* See "IR Supplementary Information" on page 2 for FYE 3/2020 yearly forecast by segment.

08 Financial Indicators and Commodity Volumes

Financial Indicator		FYE 3/2019 Q1	FYE 3/2020 Q1	Variance	FYE 3/2020 Yearly Assumption	Sensitivity to *4 Yearly Net Profit
Oil	WTI (USD/bbl)	68	60	- 8	57	approx. JPY0.4bn/[USD1/bbl]*5
Copper	LME (USD/ton) *1	6,819	6,308	- 511	6,550	approx. JPY1.0bn/[USD100/ton]
Interest Rate	JPY TIBOR 3mo (%)	0.069	0.068	down 0.001 points	0.1	
	USD LIBOR 3mo (%)	2.338	2.507	up 0.169 points	2.6	
Currency	Term Average (yen)	109.07	109.90	JPY depreciation by 0.83yen	110	approx. JPY1.2bn/[JPY1/USD]
	Term-end (yen)	Mar-31-2019 110.99	Jun-30-2019 107.79	JPY appreciation by 3.2yen	Mar-31-2020 110	
Commodity Volume		FYE 3/2018 Yearly	FYE 3/2019 Yearly	FYE 3/2020 Forecast		
Oil, Gas	Equity Production Volume (K boe/day)	28	30	29		
	Upper: [Oil & Gas Development] *2 Lower: [Total] *3	33	34	33		
Copper	Equity Sales Volume (K ton)	121	133			
Coking Coal	Equity Sales Volume (K ton)	6,170	5,668			

*1 March-to-May average for Q1s, March-to-February average for FYE 3/2020 yearly

*2 Total of Oil & Gas Development at Gulf of Mexico (USA), North Sea (UK), Indian Sea

*3 Total of equity volume based on production sharing contracts on the consolidated basis, including above Oil & Gas Development

*4 Sensitivity to the yearly forecast announced on May 9, 2019

*5 Sensitivity in Oil & Gas Development