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**Marubeni**

2019.09

Consolidated Financial Results  
Q2 FYE 3/2020

Nov. 5, 2019 TSE Code : 8002

### Disclaimer Regarding Forward Looking Statements

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 Forecast / Mar-31-2020 Forecast: Yearly forecasts announced on November 5,2019
- \* 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 &amp; Mineral Resources</i> ” excluding “ <i>Steel Products Dept.</i> ” “Organization as of FYE 3/2019” = “ <i>Energy &amp; 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-Q2 FYE 3/2020

(billion yen)

	Q1-Q2 FYE 3/2019	Q1-Q2 FYE 3/2020	Variance	FYE 3/2020 Forecast announced on	
				May-9-2019	Nov-5-2019
Net profit	152.0	111.8 (progress 47%)	-40.2 (-26%)	240.0	240.0
Adjusted net profit	131.0	123.0 (progress 51%)	-8.0 (-6%)	242.0	242.0
Core operating cash flow	+192.9	+183.5 (progress 47%)	-9.4 (-5%)	+390.0	+390.0
Free cash flow after delivery of shareholder returns	-61.2	-22.5	-	+100.0	+100.0

	Mar-31-2019	Sep-30-2019	Variance	Mar-31-2020 Forecast announced on	
				May-9-2019	Nov-5-2019
Net DE ratio	0.90 times	0.91 times	up 0.01 points	approx. 0.8 times	approx. 0.8 times

# 01 Key Factors of Q1-Q2 FYE 3/2020

## Key Factors of Q1-Q2 FYE 3/2020

### Net profit amounted ¥111.8bn, with a ¥-40.2bn (-26%) decrease year on year

Breakdown of a ¥-40.2bn net profit decrease

- Decrease in adjusted net profit: ¥-8.0bn (-6%) (Non-resources: ¥-15.0bn decrease in *Power Business, Forest Products, Chemicals, etc.*  
Resources: ¥+10.0bn increase in *Metals & Mineral Resources*)
- Profit decline regarding one-time items: ¥-32.0bn [Q1-Q2 FYE 3/2019: ¥+21.0bn → Q1-Q2 FYE 3/2020: ¥-11.0bn]  
Main items are;
  - >non-recurrence of a gain recognized in the year-earlier period on the sale of a power generation business
  - >impairment loss in the oil and gas development business
  - >loss in Gavilon due to prior-period adjustments related to inappropriate transactions within the Italy and Spain business

### Net DE ratio stood at 0.91 times, up 0.01 points from the previous fiscal year-end

- Core operating cash flow: ¥+183.5bn, a ¥-9.4bn decrease year on year
- Free cash flow after delivery of shareholder returns: ¥-22.5bn  
Yearly forecast of ¥+100.0bn announced on May 9, 2019, remains unchanged

### Interim dividend to be ¥17.5 per share

#### Forecasts for FYE 3/2020

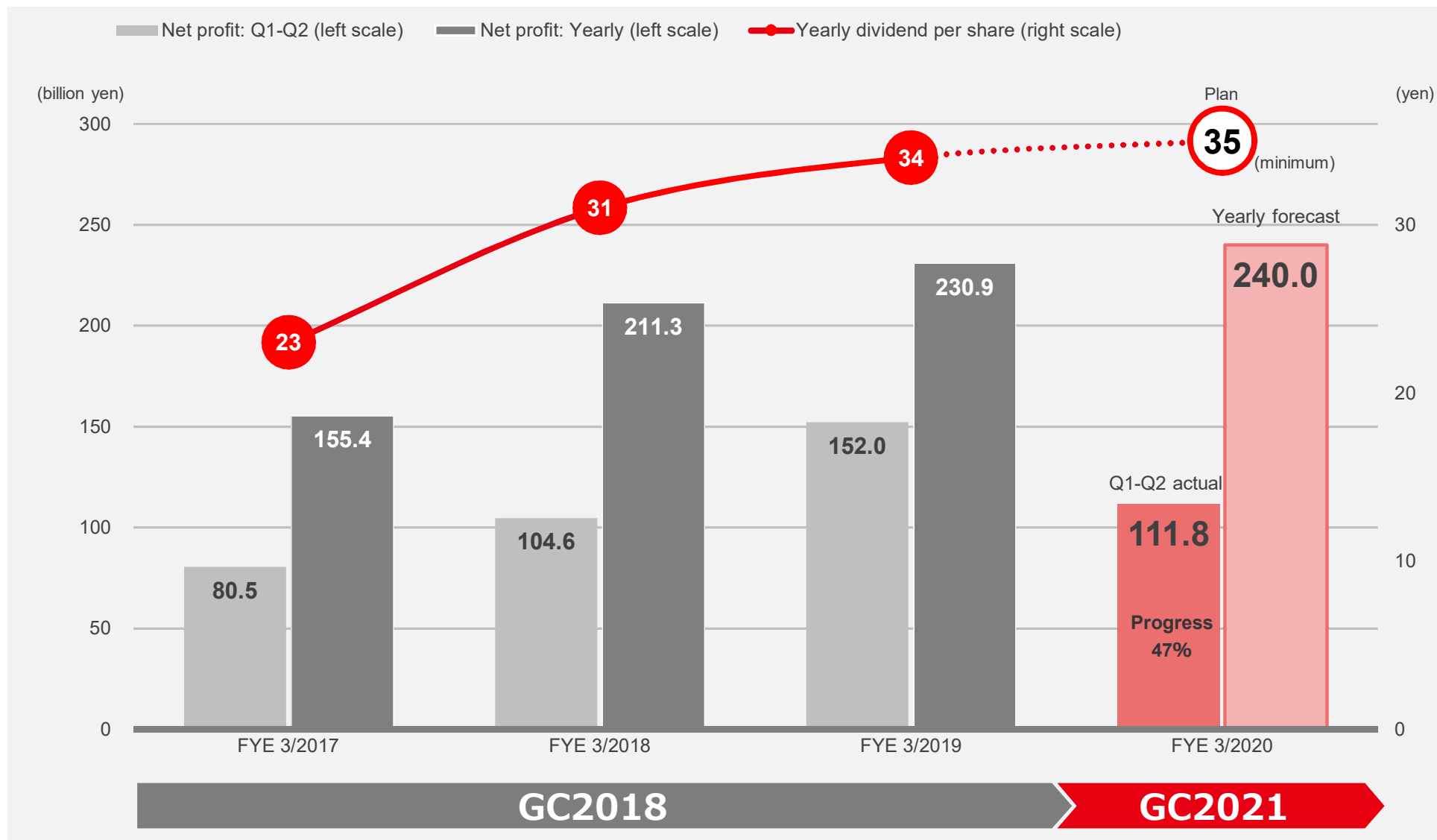
Unchanged from the initial forecasts announced on May 9, 2019

Net profit: ¥240.0bn, a **record-high in three consecutive years**

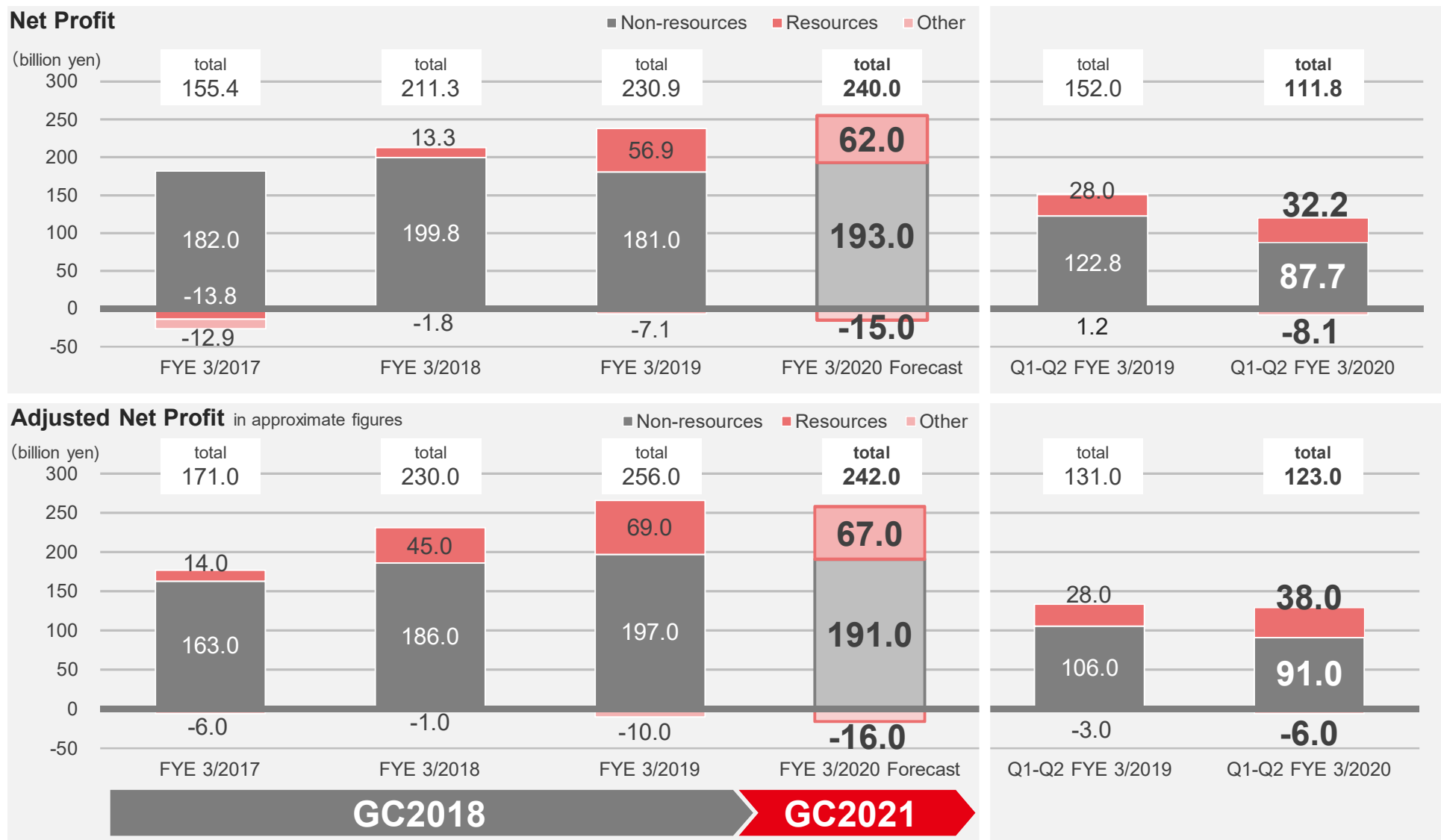
Net DE ratio: **approx. 0.8 times** that is the principle target of our financial foundation strengthening

Yearly dividend: ¥35 per share set as the minimum, a **¥1 increase** from FYE 3/2019

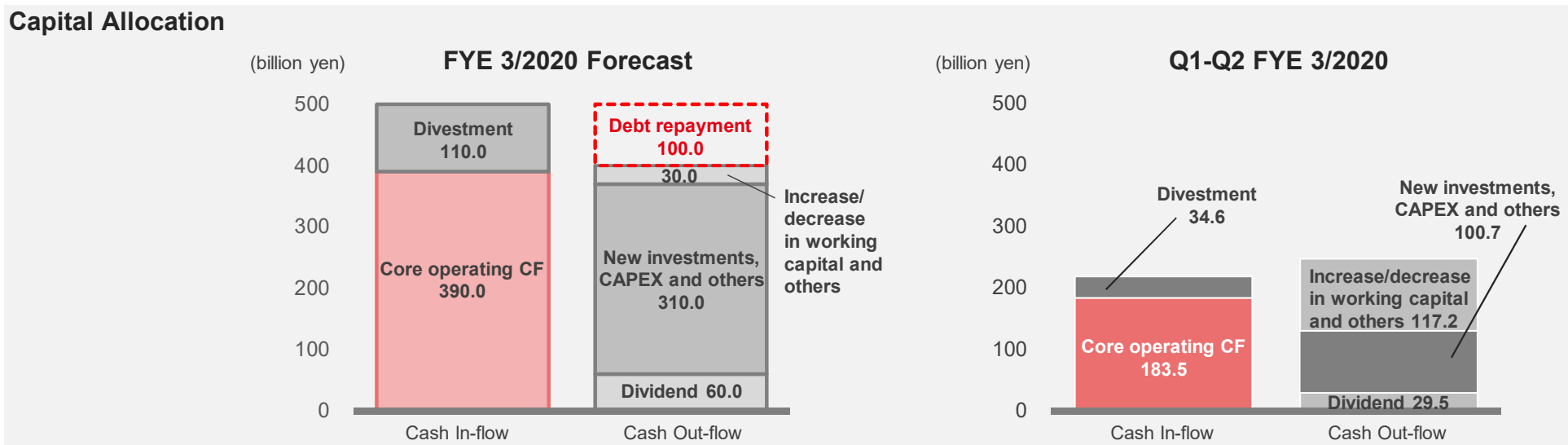
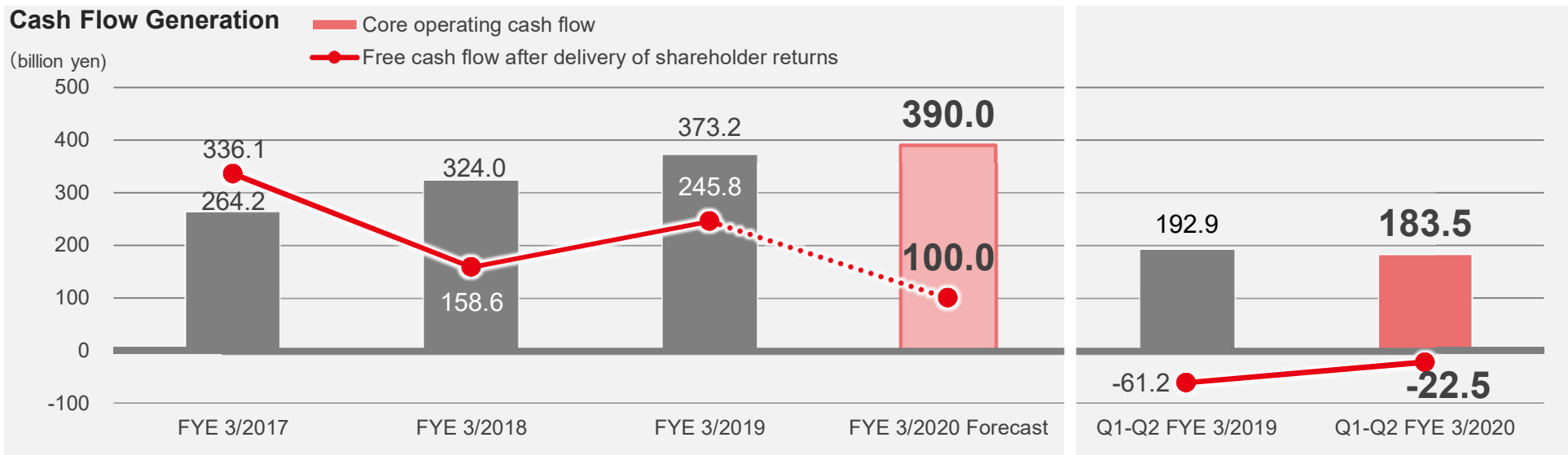
## 02 Net Profit and Yearly Dividend



# 03 Net Profit and Adjusted Net Profit



# 04 Cash Flow Generation and Capital Allocation



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

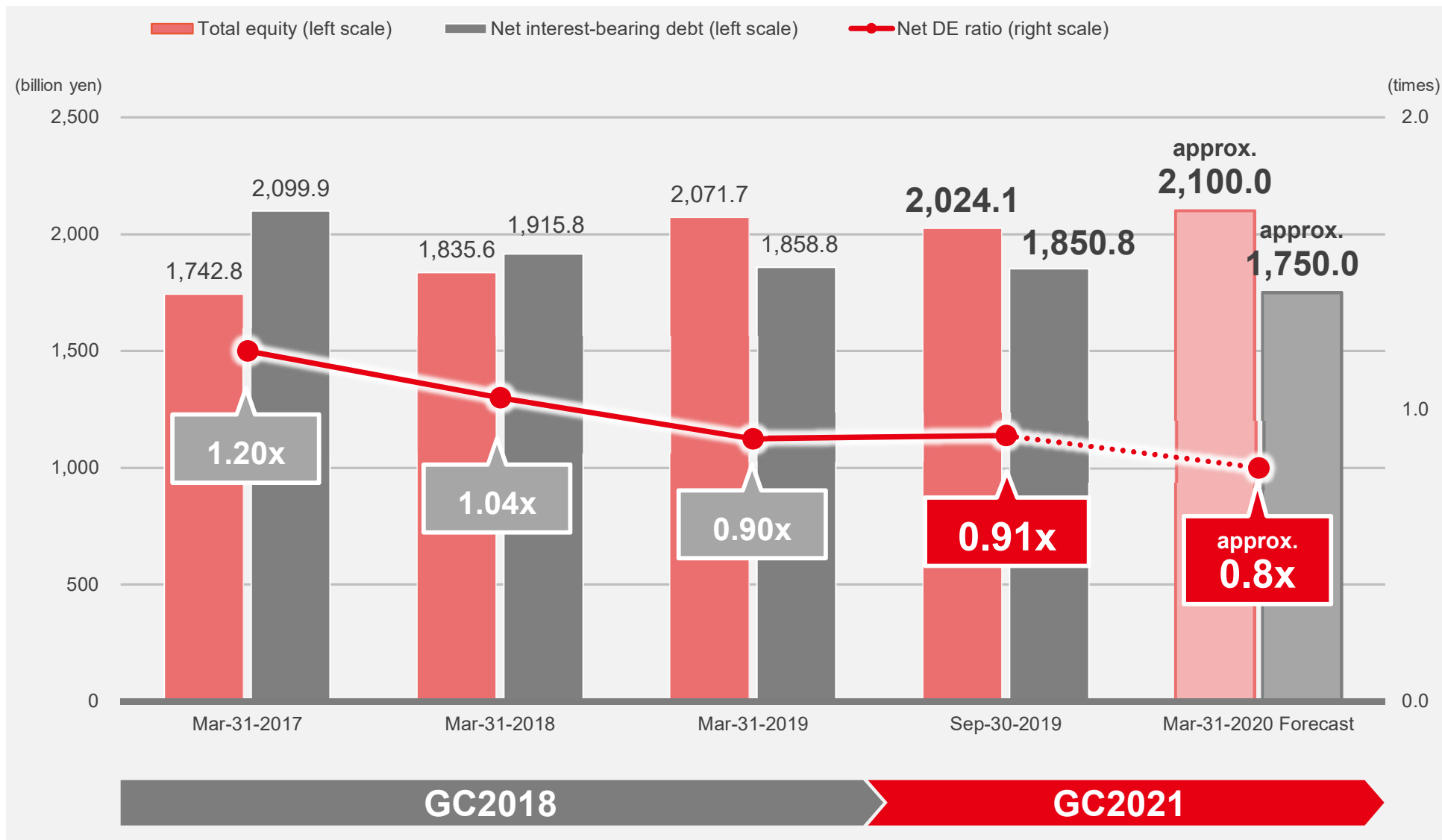
## 05 New Investments and Divestment Main Items for Q1-Q2 FYE 3/2020

		FYE 3/2020				FYE 3/2020 Main Item	(billion yen)
		Q1-Q2	Horizon 1	Horizon 2	Horizon 3		FYE 3/2020 Forecast
New Investments + CAPEX and others		-100.7	-58.1	-33.0	-9.6		-310.0
New Investments	Distribution Business	-20.7		-12.9	-7.8	<ul style="list-style-type: none"> <li>• Additional interest acquisition in a feed additives distributor (Olympus Holding (Orffa), Netherland, 60%→80%)</li> <li>• Additional investment in beef processing and sales (Creekstone Farms, USA)</li> <li>• Additional interest acquisition in a distributor for construction machinery (TEMSA, Turkey)</li> <li>• Community-based power supply in Africa (Azuri Technologies)</li> </ul>	-170.0
	Finance Business	-6.1		-4.3	-1.8		
	Stable Earnings-Type Business	-11.6		-11.6	-	<ul style="list-style-type: none"> <li>• Additional interest acquisition in water service businesses (AGS, Portugal/Brazil, 50%→100%)</li> <li>• Overseas power generation business</li> </ul>	
	Natural Resource Investments	-		-	-		
CAPEX and others	excluding Natural Resource Investments	-57.0	-57.0			• Agri-input related business (Helena, USA)	-110.0
	Natural Resource Investments	-5.2	-1.1	-4.1			-30.0
Divestment		+34.6				<ul style="list-style-type: none"> <li>• Domestic retail business (SOTETSU ROSEN)</li> <li>• Overseas power generation business</li> </ul>	+110.0
Total		-66.1					-200.0

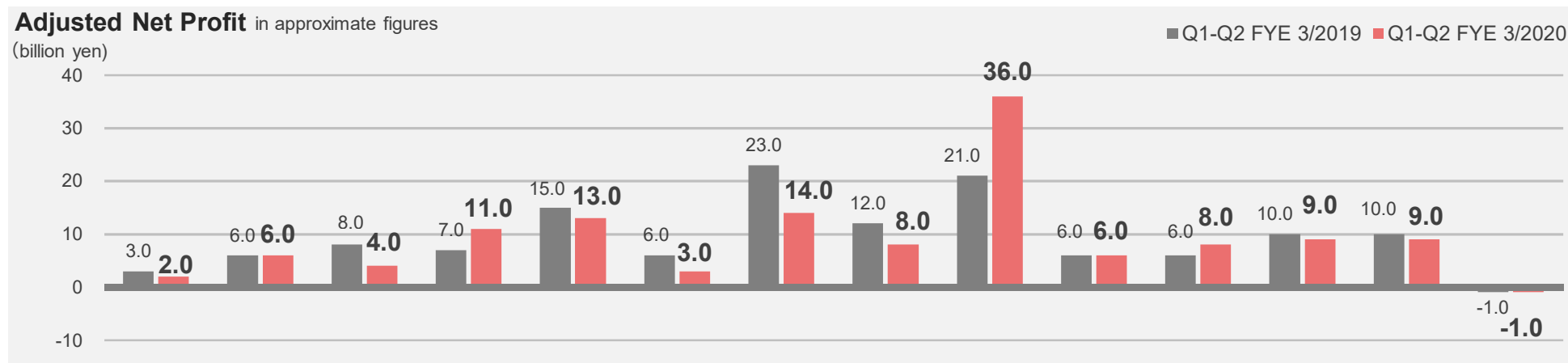
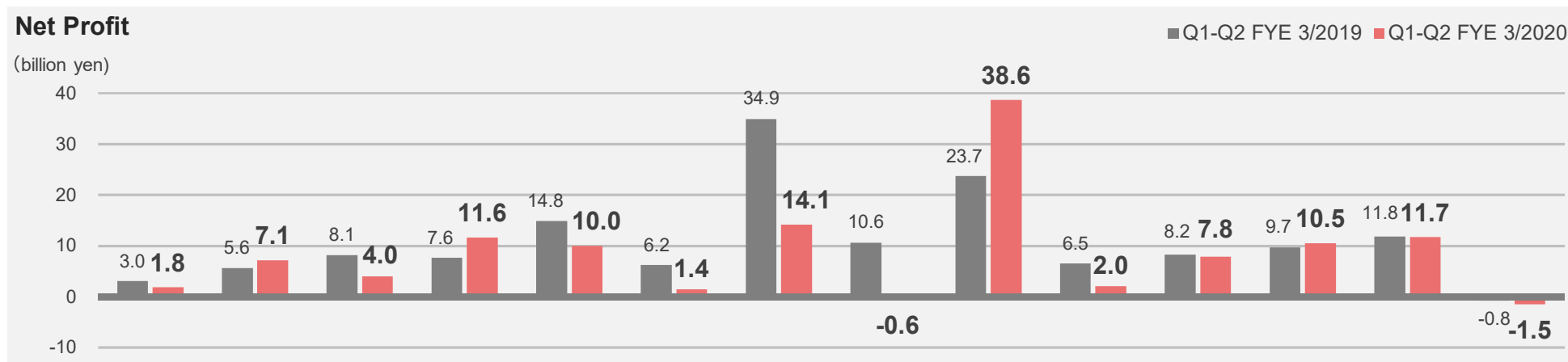
\*Horizon 1: improvement of existing businesses, Horizon 2: pursuit of strategies in existing business domains, Horizon 3: new business models and growth domains currently not yet focused on



# 06 Net DE Ratio

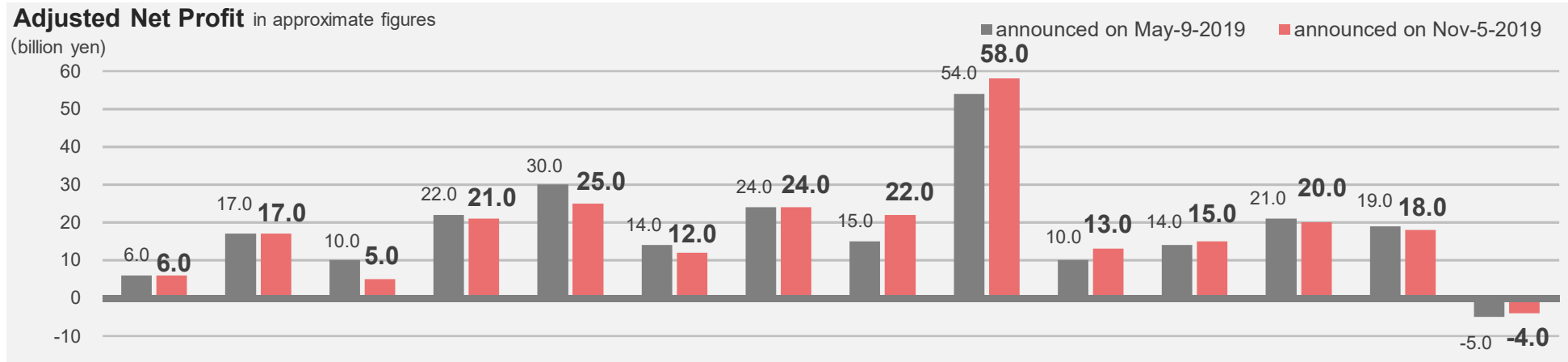
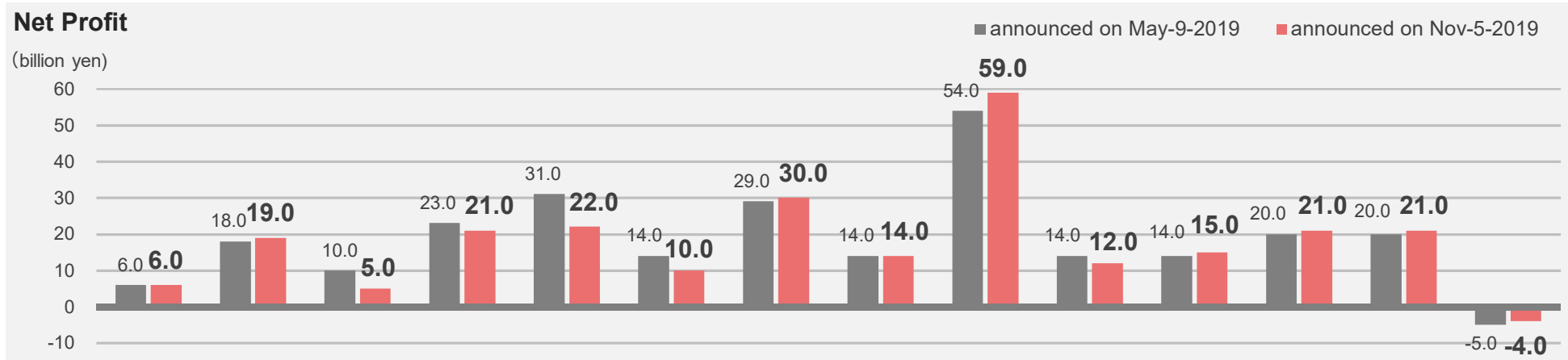


# 07 Profit by Segment Q1-Q2 FYE 3/2020 vs Q1-Q2 FYE 3/2019



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				

# 08 Profit Forecast by Segment announced on Nov-5-2019 vs May-9-2019



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				

# 09 Financial Indicators and Commodity Volumes

Financial Indicator		FYE 3/2019	FYE 3/2020	Variance	FYE 3/2019	FYE 3/2020 Yearly Assumption as of		Sensitivity to *4 Yearly Net Profit
		Q1-Q2 Avg.	Q1-Q2 Avg.		Yearly	May-9-2019	Nov-5-2019	
Oil	WTI (USD/bbl)	69	<b>58</b>	- 11	63	<b>57</b>	<b>58</b>	approx. JPY0.4bn/[USD1/bbl]*5
Copper	LME (USD/ton) *1	6,616	<b>6,073</b>	- 543	6,369	<b>6,550</b>	<b>5,950</b>	approx. JPY1.0bn/[USD100/ton]
Interest Rate	JPY TIBOR 3mo (%)	0.069	<b>0.068</b>	down 0.001 points	0.069	<b>0.1</b>	<b>0.1</b>	
	USD LIBOR 3mo (%)	2.338	<b>2.347</b>	up 0.009 points	2.497	<b>2.6</b>	<b>2.1</b>	
Currency	Term Average (yen)	110.26	<b>108.63</b>	JPY appreciation by 1.63yen	110.91	<b>110</b>	<b>107</b>	approx. JPY1.2bn/[JPY1/USD]
	Term-end (yen)	-	<b>Sep-30-2019 107.92</b>	JPY appreciation by 3.07yen	Mar-31-2019 110.99	<b>Mar-31-2020 110</b>	<b>Mar-31-2020 107</b>	

Commodity Volume		FYE 3/2018	FYE 3/2019	FYE 3/2020
		Yearly	Yearly	Plan
Oil, Gas	Equity Production Volume (K boe/day)	28	30	<b>29</b>
	Upper: [Oil & Gas Development] *2 Lower: [Total] *3	33	34	<b>33</b>
Copper	Equity Sales Volume (K ton)	121	133	
Coking Coal	Equity Sales Volume (K ton)	6,170	5,668	

\*1 March-to-August average for Q1-Q2s, 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