

GC2021

Revision of Medium-Term Management Strategy

GC2021

FYE 3/2020 - FYE 3/2022

*FYE: Fiscal Year Ending/Ended

Downward revision of FYE 3/2020 results

- With the deterioration of the business environment caused by COVID-19 combined with fall of crude oil prices, the value of weaker businesses and assets of concern have been reassessed, removing the risk of future impairment loss.
- Net loss of ¥197.5 billion (including one-time items of ¥422.0 billion)
- Net D/E ratio slipped back to 1.16 times.

COVID-19 shock

- COVID-19 has stopped the movement of people worldwide, leading to the worst financial crisis since World War II, and the first major one since the 2008 global financial crisis.
- This situation threatens the life and safety of people, possibility of a sustainable society, and may have a huge impact on the economy, society and values of the future.
- An early medical breakthrough is unlikely. Rapid recovery (also called a "V-shaped recovery") of the global economy is extremely difficult, and a worldwide recovery is expected to be sluggish ("L-shaped" recovery timeline). 2021 may also be a year of slow and moderate recovery.

- The safety of Marubeni group's employees worldwide, customer and partner is our top priority.
- Brace for an expected long-lasting impact to our business environment and focus on rebuilding and strengthening our business foundation.

02 Basic Policy of GC2021 Management Strategy

Rebuild and Strengthen Financial Foundation

- As a result of a huge loss in FYE 3/2020, our top priority is to focus on cash flow management in order to rebuild and strengthen our financial foundation.
- Prioritize repayment of debt by accumulating positive free cash flow after delivery of shareholder returns during the GC2021 period and achieve net D/E ratio of around 1.0 times at the end of March 2022.

Enhancement of Business Strategies

- Maintain the Basic Policy of Management Strategy in GC2021
“Corporate value enhancement in the medium to long term by strengthening existing business and creating new business models”
- Focus on preserving and improving existing businesses including cost reduction measures and establish sustainable and stronger business foundation.
- Envisage what a post COVID-19 world will look like, including the economy, social issues, growth domains and change of business models; proactively recycle assets and enhance the value of assets.
- Assessment of past business and investment performance to further enhance and strengthen our risk management practices.

03 Shareholder Return Policy

- Current dividend policy maintained; Consolidated dividend payout ratio of 25% or more, based on the forecast announced at the beginning of the fiscal year as a minimum.
- The dividend for FYE 3/2021 will be set at ¥15/share (interim dividend of ¥7.5 per share, year-end dividend of ¥7.5 per share) as a minimum.
- Prioritize maintaining and enhancing the value of existing businesses. There will be no share buybacks during the period of the GC2021 medium-term management strategy (FYE 3/2020 – FYE 3/2022)

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