

GLOBAL
CROSSVALUE
PLATFORM

Marubeni

2020.06

Consolidated Financial Results
Q1 FYE 3/2021

August 4, 2020

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.

The Company has no responsibility for any possible damages arising from the use of information on this material, nor does the Company have any obligation to update these statements, information, future events or otherwise.

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 3/2021 forecast / Mar-31-2021 forecast: Yearly forecasts announced on May 7, 2020
- * 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.
- * From FYE 3/2021, the calculation method for "New investments", "CAPEX and others", "Divestment", has been changed to a method of calculating items recognized in investing cash flow.
- * CAPEX and others: additional capital spending to maintain/improve business values of existing projects and others
- * P5 "04 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, based on "the organization as of FYE 3/2020", for FYE 3/2020 and FYE 3/2021, based on "the new organization from FYE 3/2021".
Business fields
Resources: "Organization as of FYE 3/2020", "New organization from FYE 3/2021" = the total of "Energy" and "Metals & Mineral Resources" excluding "Steel Products Dept."
"Organization as of FYE 3/2019" = "Energy & Metals" group excluding "Steel Products" sub-segment
Other: "Organization as of FYE 3/2020", "New organization from FYE 3/2021" = the total of "Next Generation Business Development" and "Other"
"Organization as of FYE 3/2019" = "Other" segment
Non-resources: other than the above
- * P9 "08 Profit Forecast by Segment: From the FYE 3/2021, the former operating segments of "Plant" and "Construction, Auto & Industrial Machinery" are renamed as "Infrastructure Project" and "Construction, Industrial Machinery & Mobility" respectively, and a part of "Plant" has been incorporated into "Finance & Leasing Business", parts of "Plant" and "Other" have been incorporated into "Next Generation Business Development", a part of "Next Generation Business Development" has been incorporated into "Other".
In conjunction with these organizational changes, operating segment information for FYE 3/2020 has been reclassified.
In addition, the "Power Business, Energy & Metals Group" and the "Machinery, Infrastructure & Financial Business Group" have been reorganized into the "Energy & Metals Group", the "Power Business & Infrastructure Group" and the "Transportation & Industrial Machinery, Financial Business Group".
In conjunction with these organizational changes, the group to which each segment for FYE 3/2020 belongs has been reclassified.

01 Key Factors of Q1 FYE 3/2021

(billion yen)

	Q1 FYE 3/2020	Q1 FYE 3/2021	Variance	FYE 3/2021 Forecast* announced on May-7-2020
Net profit	65.2	58.1 (progress 58%)	- 7.0 (-11%)	100.0
Adjusted net profit	70.0	59.0 (progress 49%)	- 11.0 (-16%)	120.0
Core operating cash flow	+95.4	+94.5 (progress 39%)	- 0.9 (-1%)	+240.0
Free cash flow after delivery of shareholder returns	- 45.2	+4.1	+49.3	+140.0
	Mar-31-2020	Jun-30-2020	Variance	Mar-31-2021 Forecast*
Net DE ratio	1.16 times	1.13 times	improved 0.03 points	approx 1.1 times

*The assumptions in the forecasts of consolidated earnings, including the further spread of COVID-19 and when the pandemic might end, have not changed from those announced on May 7, 2020. At the end of the second quarter, the Company plans to reassess the impact of COVID-19 and the recovery trend of the global economy in the second half of FYE 3/2021 and beyond.

(Assumptions announced on May 7, 2020)

Forecasts for FYE 3/2021 and March 31, 2021 are based on the assumption that although the spread of COVID-19 would peak during the first half of FYE 3/2021 and henceforth gradually end, ample amount of time would be required for the global economy to return to a recovery trend. Specifically, it is assumed that the recovery will be moderate even after the second half of FYE 3/2021 and the impact of economic stagnation will remain until FYE 3/2022.

01 Key Factors of Q1 FYE 3/2021

Key Factors of Q1 FYE 3/2021

Net profit amounted ¥58.1bn, with a ¥-7.0bn (-11%) decrease year on year

Adjusted net profit was approx. ¥59.0bn. Approx. ¥-11.0bn (-16%) decrease year on year

Breakdown of the ¥-7.0bn net profit decrease

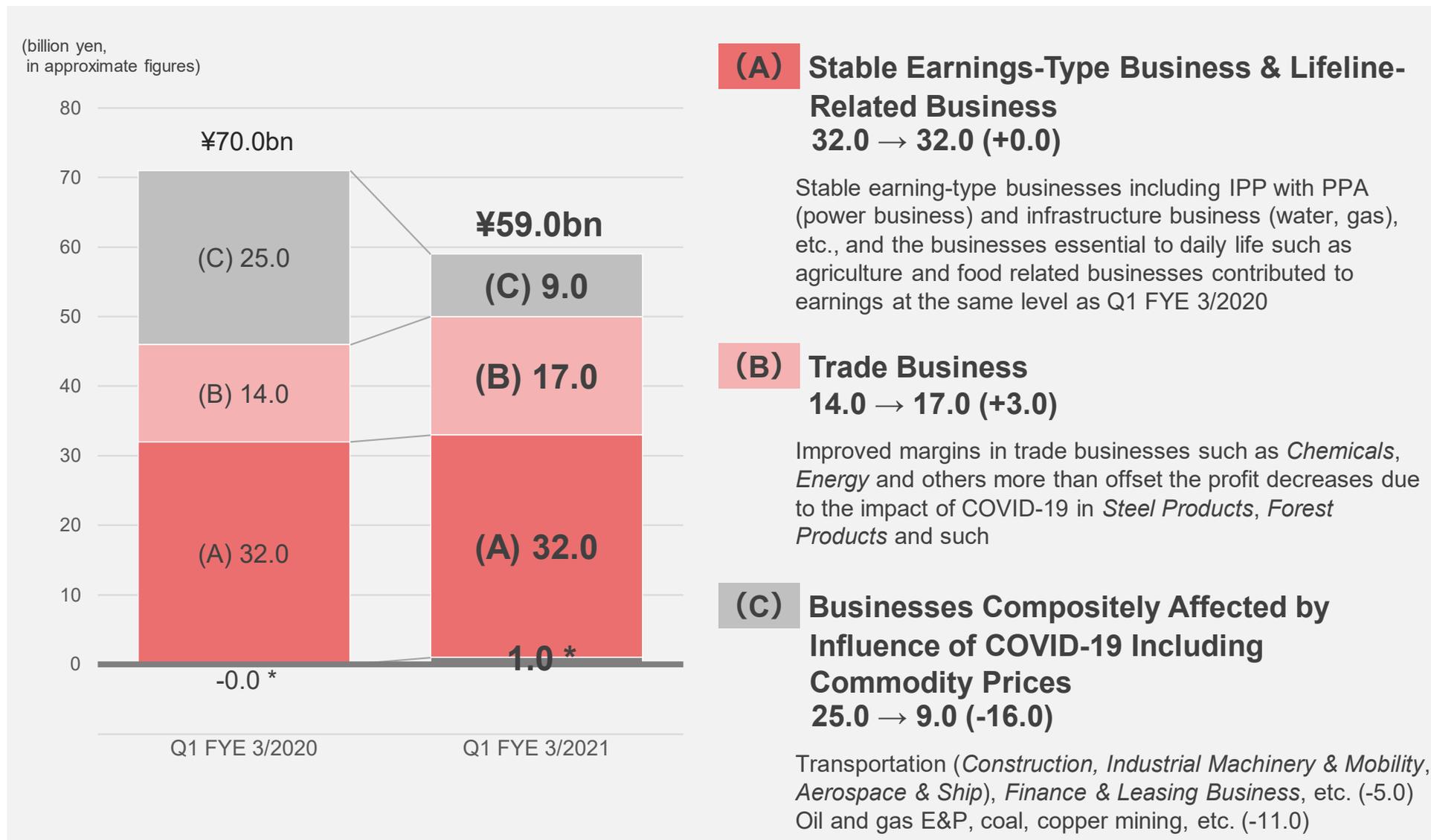
- Decrease in adjusted net profit: approx. ¥-11.0bn (-16%)
(Non-resources: approx. ¥-4.0bn decrease – decreased mainly in *Construction, Industrial Machinery & Mobility, Finance & Leasing Business* and such, whereas increased mainly in *Food, ICT & Real Estate Business, Chemicals* and such
Resources: approx. ¥-8.0bn decrease – decreased in *Metals & Mineral Resources* due to the fall in coal prices and such)
- Profit improvement regarding one-time items: approx. ¥+4.0bn 【Q1 FYE 3/2020: ¥-5.0bn → Q1 FYE 3/2021: ¥-1.0bn】
(due to non-recurrence of an impairment loss on the oil and gas E&P (the U.S. Gulf of Mexico) recognized in Q1 FYE 3/2020)

Net DE ratio stood at 1.13 times, improved 0.03 points from the previous fiscal year-end

- Core operating cash flow: ¥+94.5bn, a ¥-0.9bn decrease year on year

- Free cash flow after delivery of shareholder returns: ¥+4.1bn, a ¥+49.3bn increase year on year

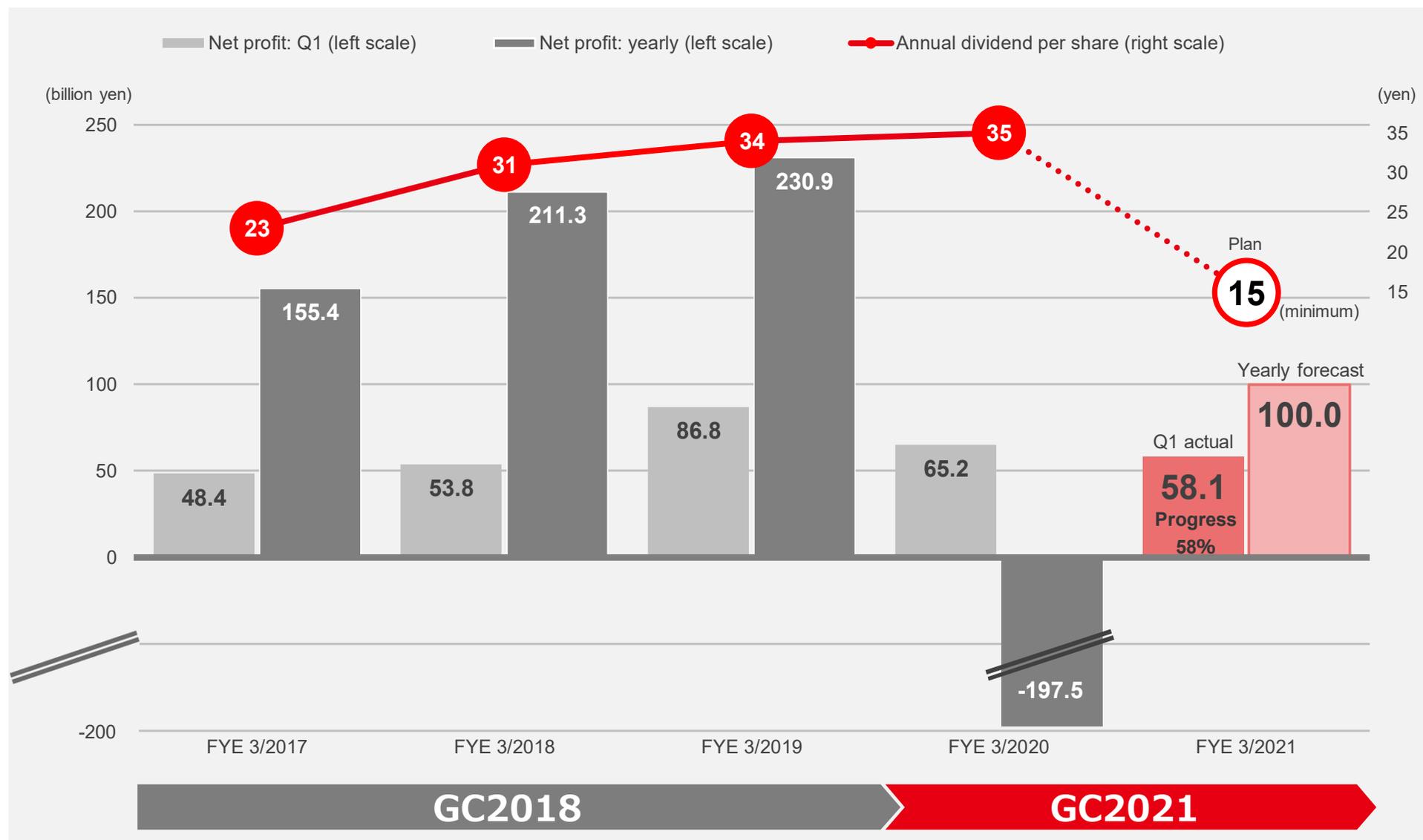
02 Impact of COVID-19 on Earnings Structure – Adjusted Net Profit



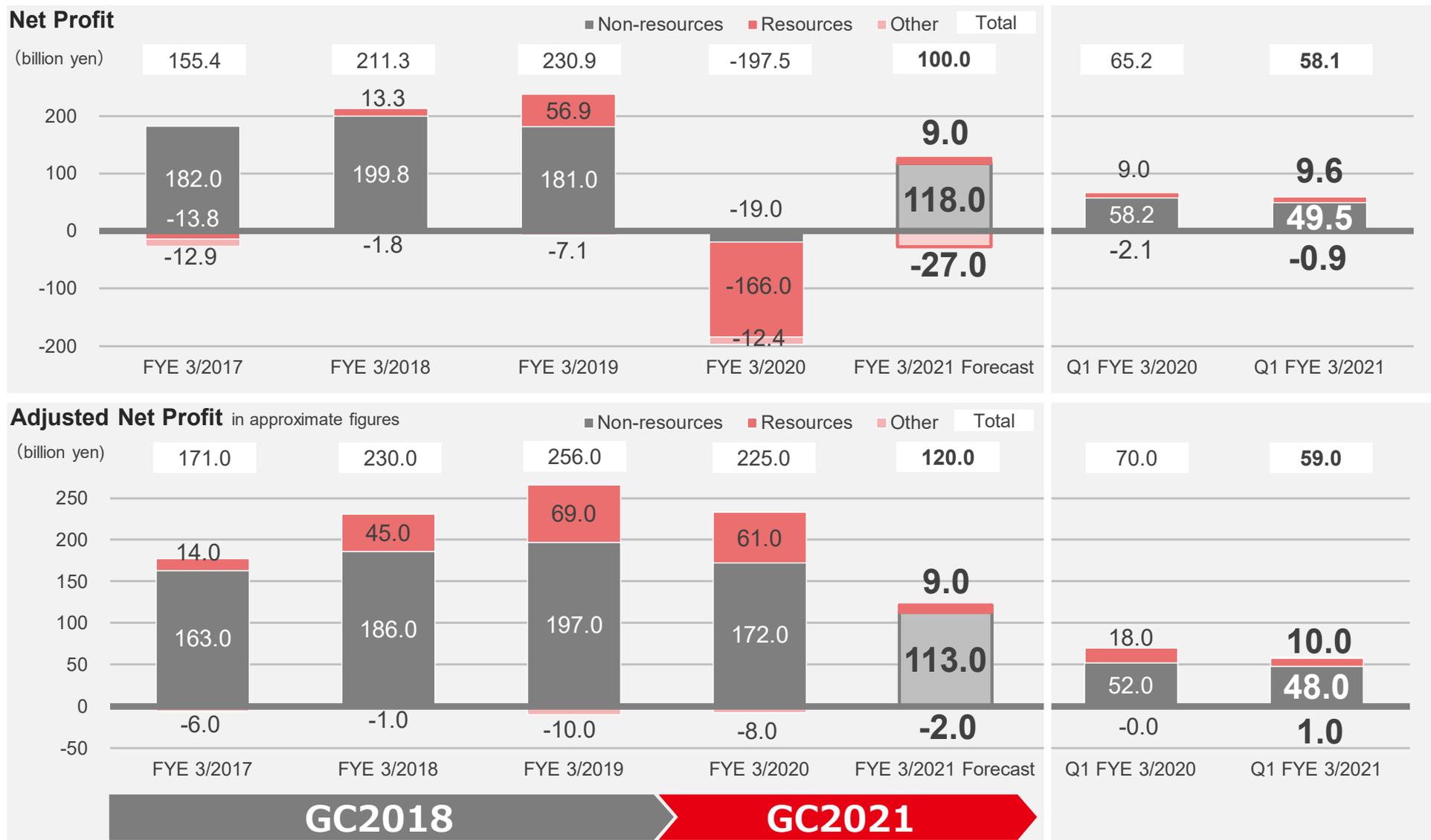
*Figures for *Other* segment

*Sum of individual numbers may not accord with the figure for total due to rounding errors.

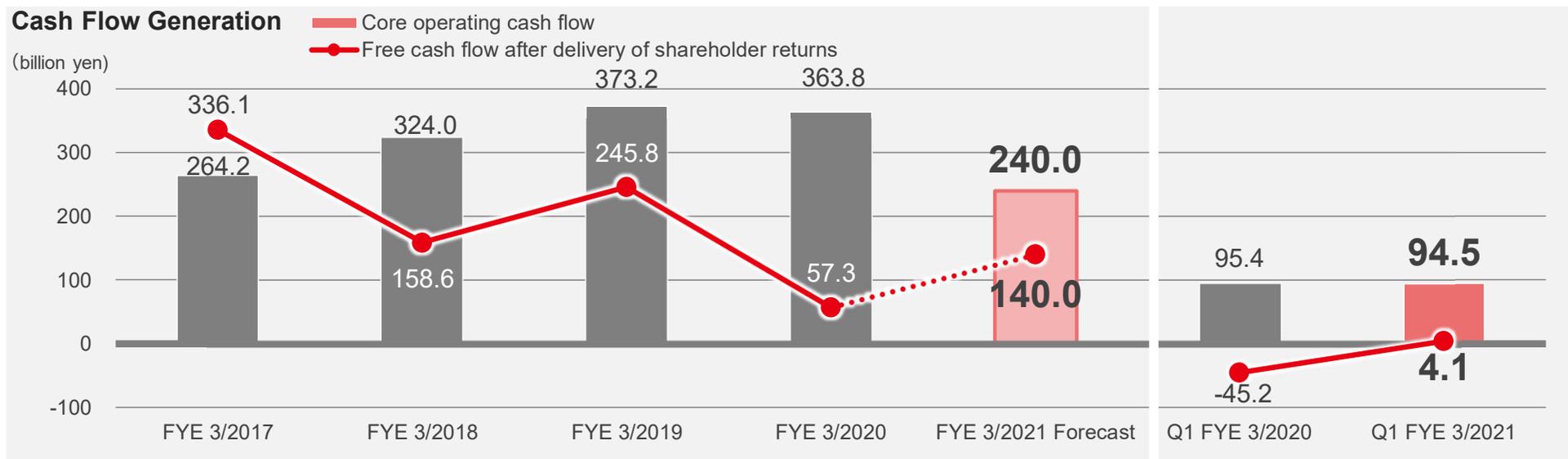
03 Net Profit and Annual Dividend



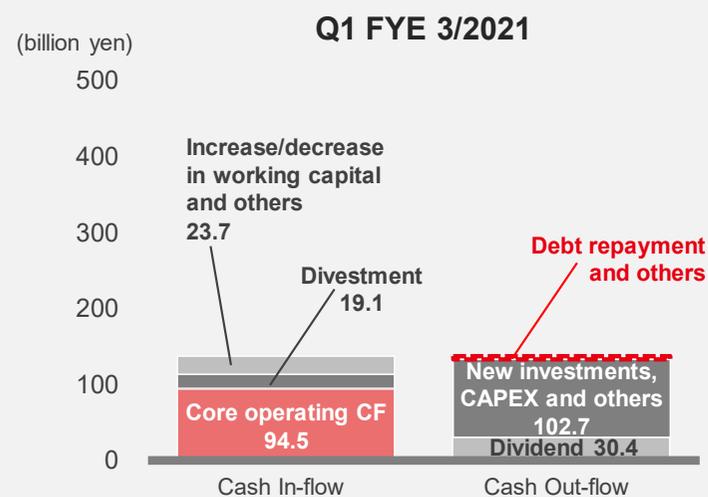
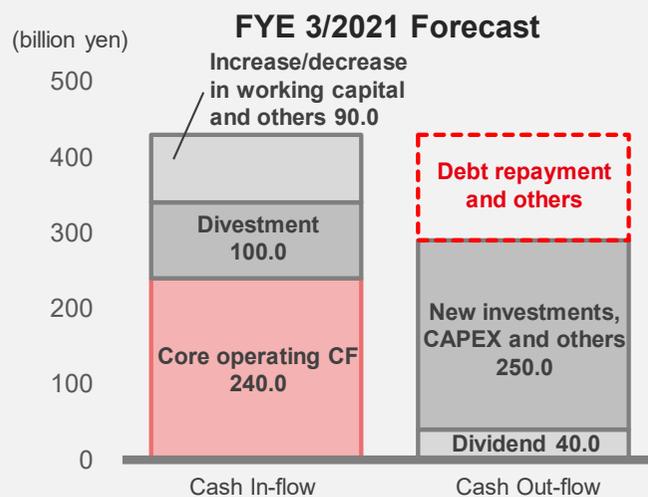
04 Net Profit and Adjusted Net Profit



05 Cash Flow Generation and Capital Allocation



Capital Allocation



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

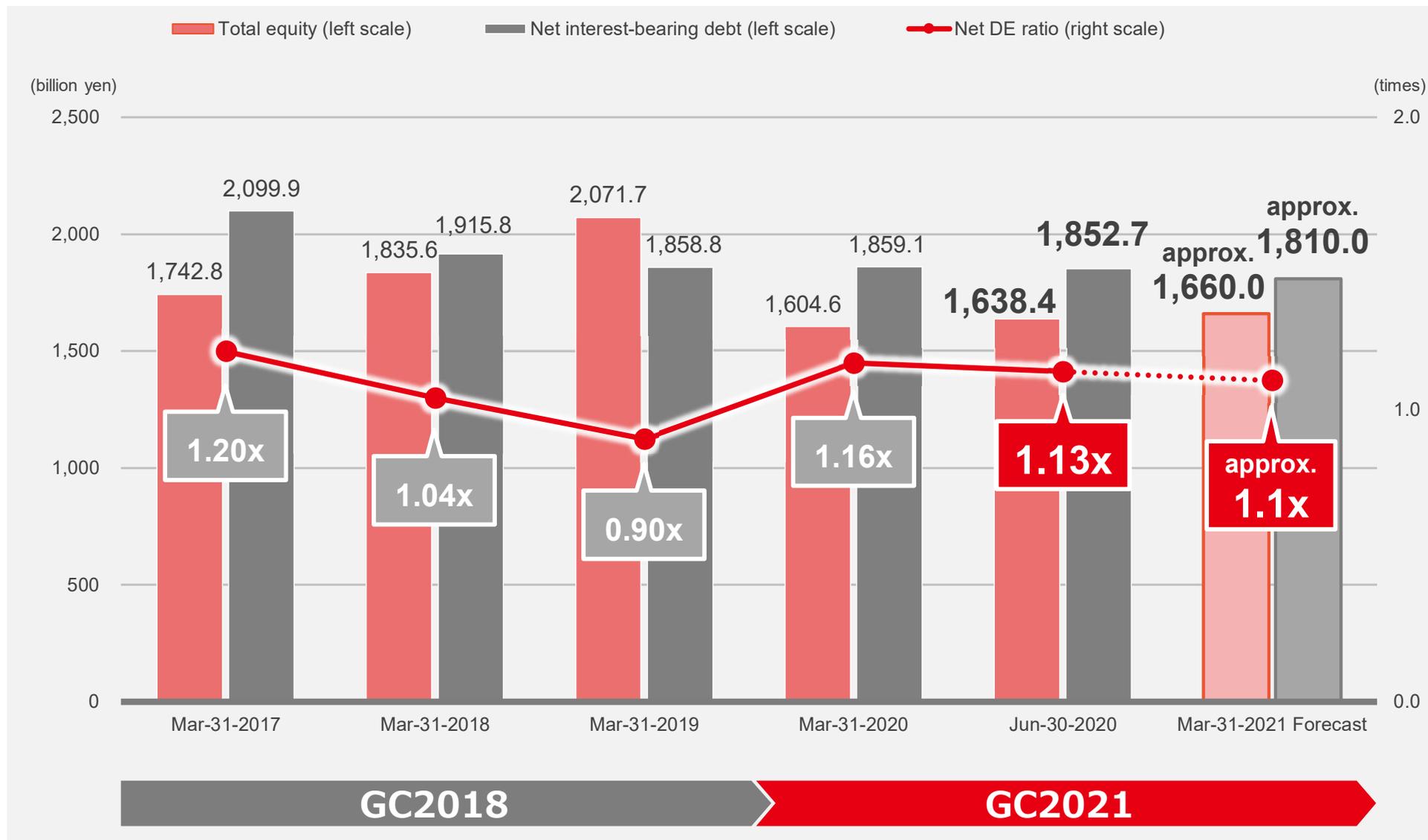
06 New Investments and Divestment Main Items for Q1 FYE 3/2021

(billion yen)

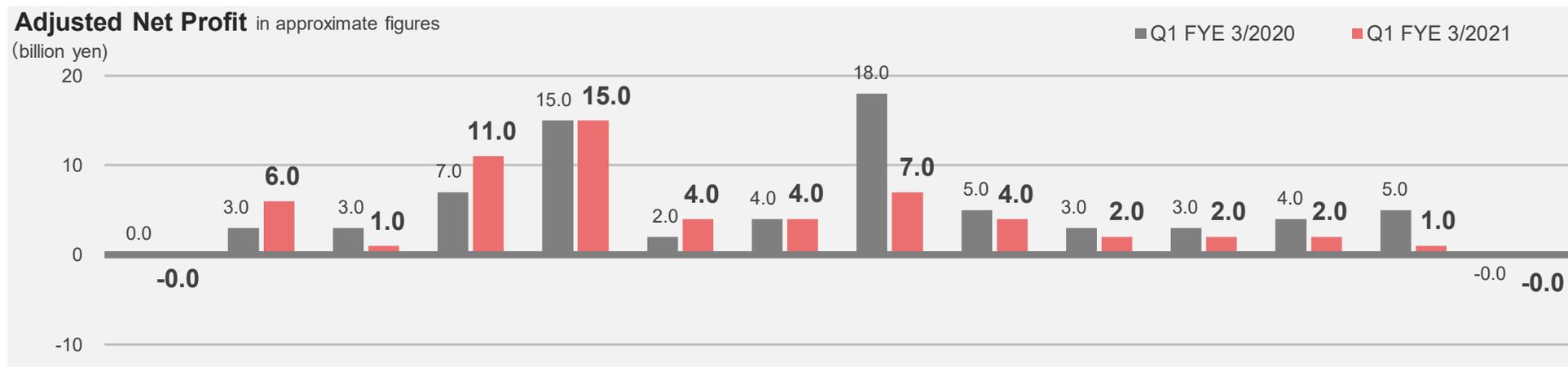
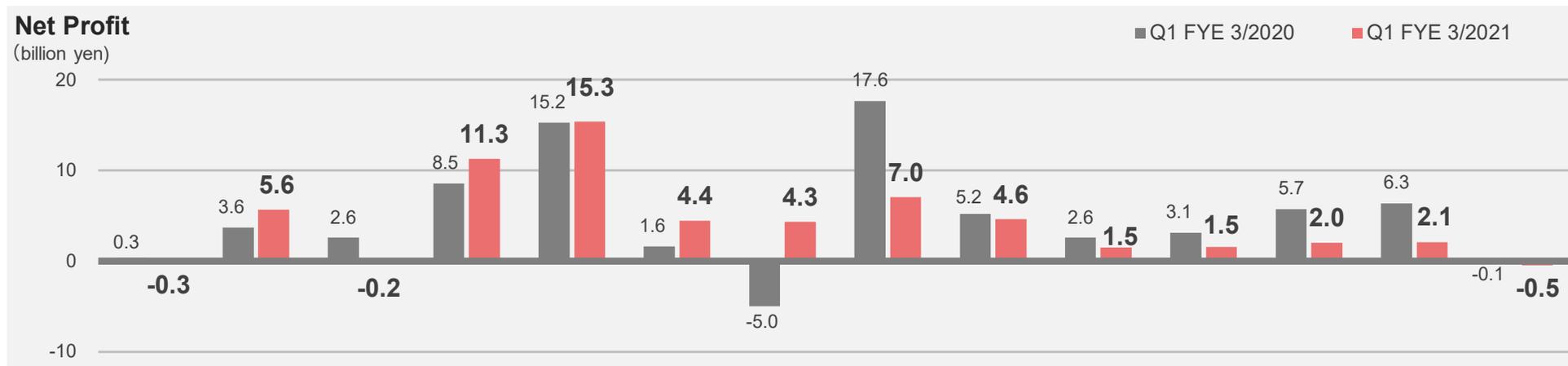
	Q1 FYE 3/2021			Horizon 1	Horizon 2	Horizon 3	Q1 FYE 3/2021 Main item	FYE 3/2021 Forecast
New Investments + CAPEX and others	- 102.7			- 48.0	- 29.9	- 24.8		- 250.0
New Investments	Distribution Business		- 28.7		- 4.6	- 24.1	· Hygiene products manufacturer (Santher, Brazil), etc.	- 150.0
	Finance Business	- 51.5	- 3.9		- 3.3	- 0.7		
	Stable Earnings-Type Business		- 18.9		- 18.9	-	· Solar power developer and operator (Chenya Energy, Taiwan), etc.	
	Natural Resource Investments		-		-	-		
CAPEX and others	excluding Natural Resource Investments		- 47.9	- 47.9			· Agri-input related business (Helena, USA), etc.	- 90.0
	Natural Resource Investments	- 3.2	- 0.1	- 3.1			- 10.0	
Divestment	+19.1						· Overseas power generation business, etc.	+100.0
Total	- 83.6							- 150.0

*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

07 Net DE Ratio



08 Profit by Segment Q1 FYE 3/2021 vs Q1 FYE 3/2020



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

09 Financial Indicators and Commodity Volumes

Financial Indicator		FYE 3/2020 Q1	FYE 3/2021 Q1	Variance	FYE 3/2021 Yearly Assumption	Sensitivity to *4 Yearly Net Profit
Oil	WTI (USD/bbl)	60	28	- 32	20	approx. JPY0.6bn/[USD1/bbl]*5
Copper	LME (USD/ton) *1	6,308	5,154	- 1,154	5,000	approx. JPY1.0bn/[USD100/ton]
Interest Rate	JPY TIBOR 3mo (%)	0.068	0.069	up 0.001 points	0.1	
	USD LIBOR 3mo (%)	2.507	0.596	down 1.911 points	0.8	
Currency	USD/JPY Term Average (yen)	109.90	107.62	JPY appreciation by 2.28yen	110	approx. JPY0.6bn/[JPY1/USD]
	USD/JPY Term-end (yen)	Mar-31-2020 108.83	Jun-30-2020 107.74	JPY appreciation by 1.09yen	Mar-31-2021 110	

Commodity Volume		FYE 3/2019 Yearly	FYE 3/2020 Yearly	FYE 3/2021 Plan
Oil, Gas	Equity Production Volume (K boe/day)	30	29	24
	Upper: [Oil & Gas Development] *2 Lower: [Total] *3	34	32	28
Copper	Equity Sales Volume (K ton)	133	140	
Coking Coal	Equity Sales Volume (K ton)	5,668	6,347	

*1 March-to-May average for Q1s, March-to-February average for FYE 3/2021 yearly

*2 Total of oil and gas E&P 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 and Gas E&P

*4 Sensitivity to the yearly forecast announced on May 7, 2020

*5 Sensitivity to oil prices (WTI and Brent) in Oil and Gas E&P