

GLOBAL
CROSSVALUE
PLATFORM

Marubeni

2020.09

Consolidated Financial Results
Q2 FYE 3/2021

November 4, 2020 TSE Code: 8002

Disclaimer Regarding Forward Looking Statements and Original Language

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 3/2021 forecast / Mar-31-2021 forecast: Forecasts announced on November 4, 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
- * P6 "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
- * P10 "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-Q2 FYE 3/2021

(billion yen)						
	Q1-Q2 FYE 3/2020	Q1-Q2 FYE 3/2021	Variance	FYE 3/2021 Forecast announced on*2		Change
				May-7-2020	Nov-4-2020	
Net profit	111.8	101.7 (progress 68%)*1	- 10.1 (-9%)	100.0	150.0	+50.0
Adjusted net profit	123.0	105.0 (progress 62%)*1	- 18.0 (-15%)	120.0	170.0	+50.0
Core operating cash flow	+183.5	+182.6 (progress 59%)*1	- 0.8 (-0%)	+240.0	+310.0	+70.0
Free cash flow after delivery of shareholder returns	- 22.5	+6.7	+29.2	+140.0	+140.0	-
*1 Progress ratio to the forecast announced on November 4, 2020						
	Mar-31-2020	Sep-30-2020	Variance	Mar-31-21 Forecast announced on*2		Change
				May-7-2020	Nov-4-2020	
Net DE ratio	1.16 times	1.10 times	improved 0.06 points	approx. 1.1 times	approx. 1.1 times	-
FYE 3/2021 Dividend per share	5/7/20 Forecast	Interim (resolved)	Change	5/7/20 Forecast	11/4/20 Forecast	Change
	interim dividend 7.5 yen	interim dividend 11.0 yen	from 5/7/20 forecast + 3.5 yen	annual dividend 15.0 yen	annual dividend 22.0 yen	from 5/7/20 forecast +7.0 yen

*2<The Company's Assumptions Including the Spread of COVID-19 and When the Pandemic Might End>
While the impact of COVID-19 on our business operations varies depending on the business domain and country/region, it remains unclear as to when the pandemic might end. The business environment surrounding the Company has started to recover after sharply deteriorating in the first half of the fiscal year ending March 31, 2021. We expect it to continue to recover only gradually in the second half, and the impact of COVID-19 to linger through the fiscal year ending March 31, 2022.

01 Key Factors of Q1-Q2 FYE 3/2021

Key Factors of Q1-Q2 FYE 3/2021

Net profit amounted ¥101.7bn, with a ¥-10.1bn (-9%) decrease year on year

Breakdown of the ¥-10.1bn net profit decrease

- Decrease in adjusted net profit: ¥-18.0bn (-15%)
(Non-resources: ¥-3.0bn decrease – in *Aerospace & Ship, Construction, Industrial Machinery & Mobility, Forest Products*
Resources: ¥-17.0bn decrease – in *Metals & Mineral Resources, Other*: ¥+2.0bn increase)
- Improvement regarding one-time losses: ¥+7.0bn [Q1-Q2 FYE 3/2020: ¥-11.0bn → Q1-Q2 FYE 3/2021: ¥-4.0bn]
(due to non-recurrence of an impairment loss on the oil and gas E&P (the US Gulf of Mexico) recognized in Q1-Q2 FYE 3/2020, etc.)

Net DE ratio stood at 1.10 times, improved 0.06 points from the previous fiscal year-end

- Core operating cash flow: ¥+182.6bn, a ¥-0.8bn decrease year on year
- Free cash flow after delivery of shareholder returns: ¥+6.7bn, a ¥+29.2bn increase year on year

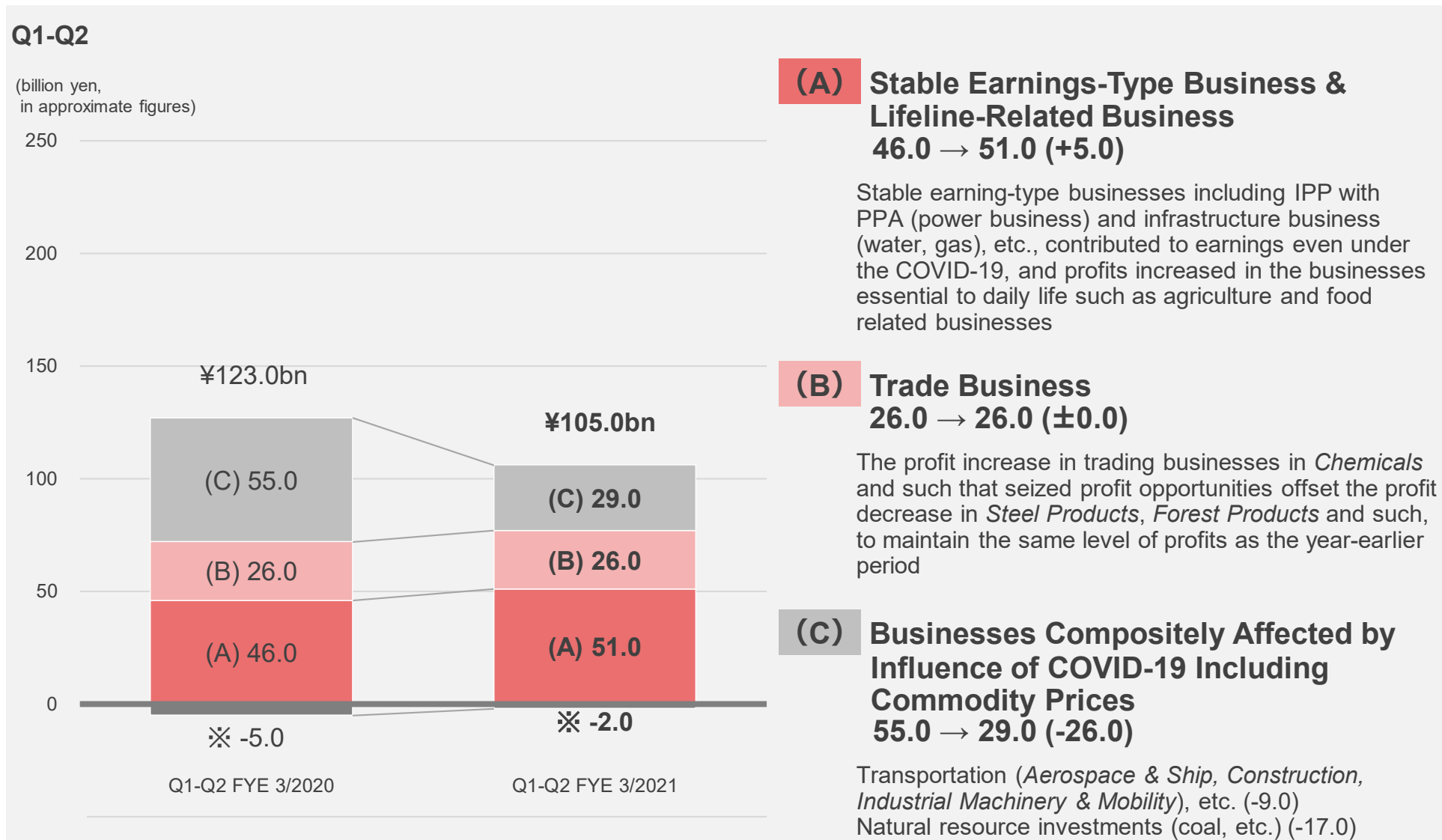
Interim dividend resolved to be ¥11 per share, **increased** from ¥7.5 per share as a result of the upward revision for the net profit forecast

Forecasts for FYE 3/2021

Net profit: ¥150.0bn, a **¥+50.0bn upward revision** as the Q1-Q2 result exceeded the initial full-year forecast of ¥100.0 bn

Annual dividend: ¥22 per share set as the minimum (interim ¥11, year-end ¥11), a **¥7 increase** from ¥15 in the previous forecast

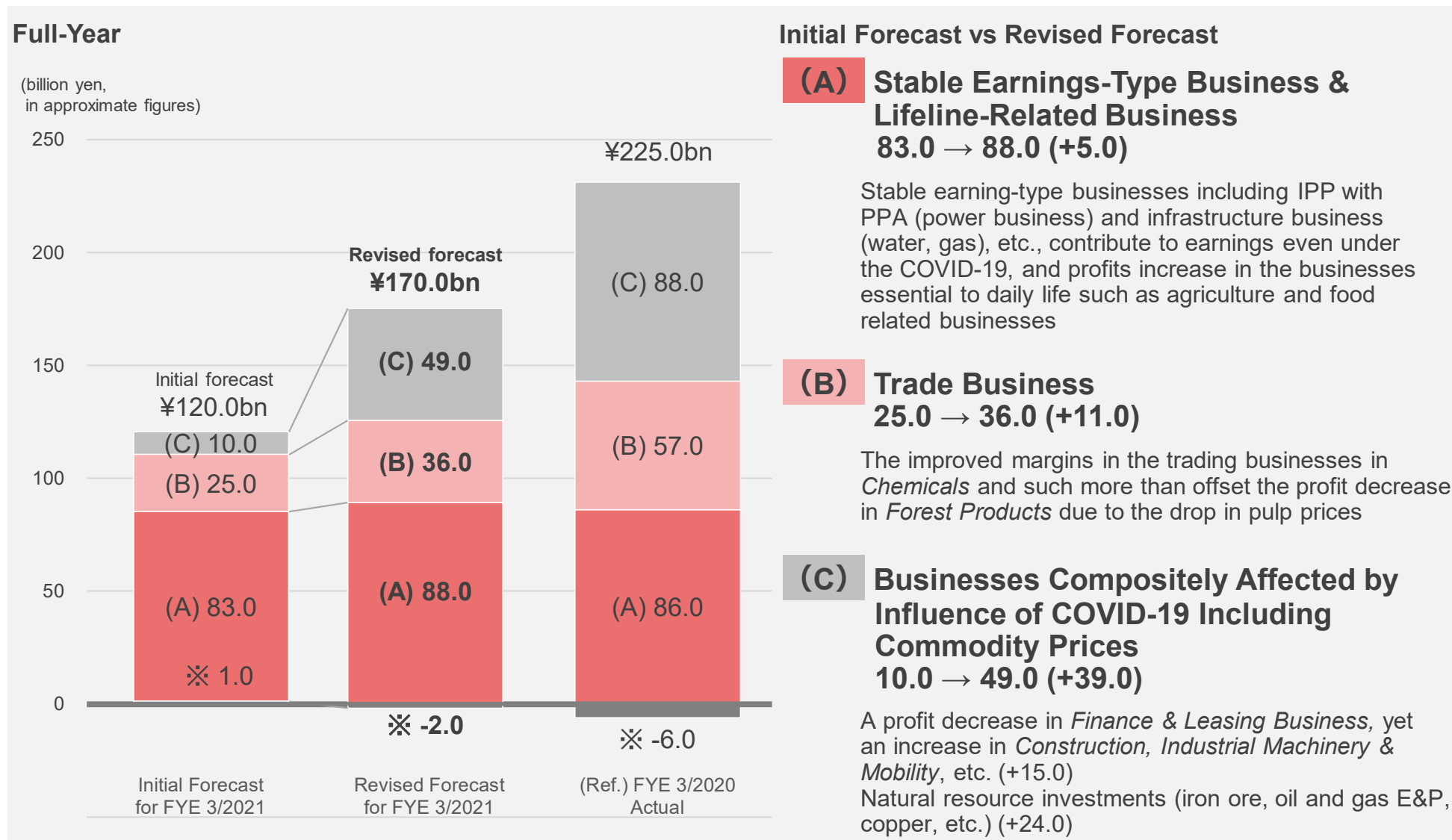
02 Impact of COVID-19 on Earnings Structure – Adjusted Net Profit



*Figures for *Other* segment

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

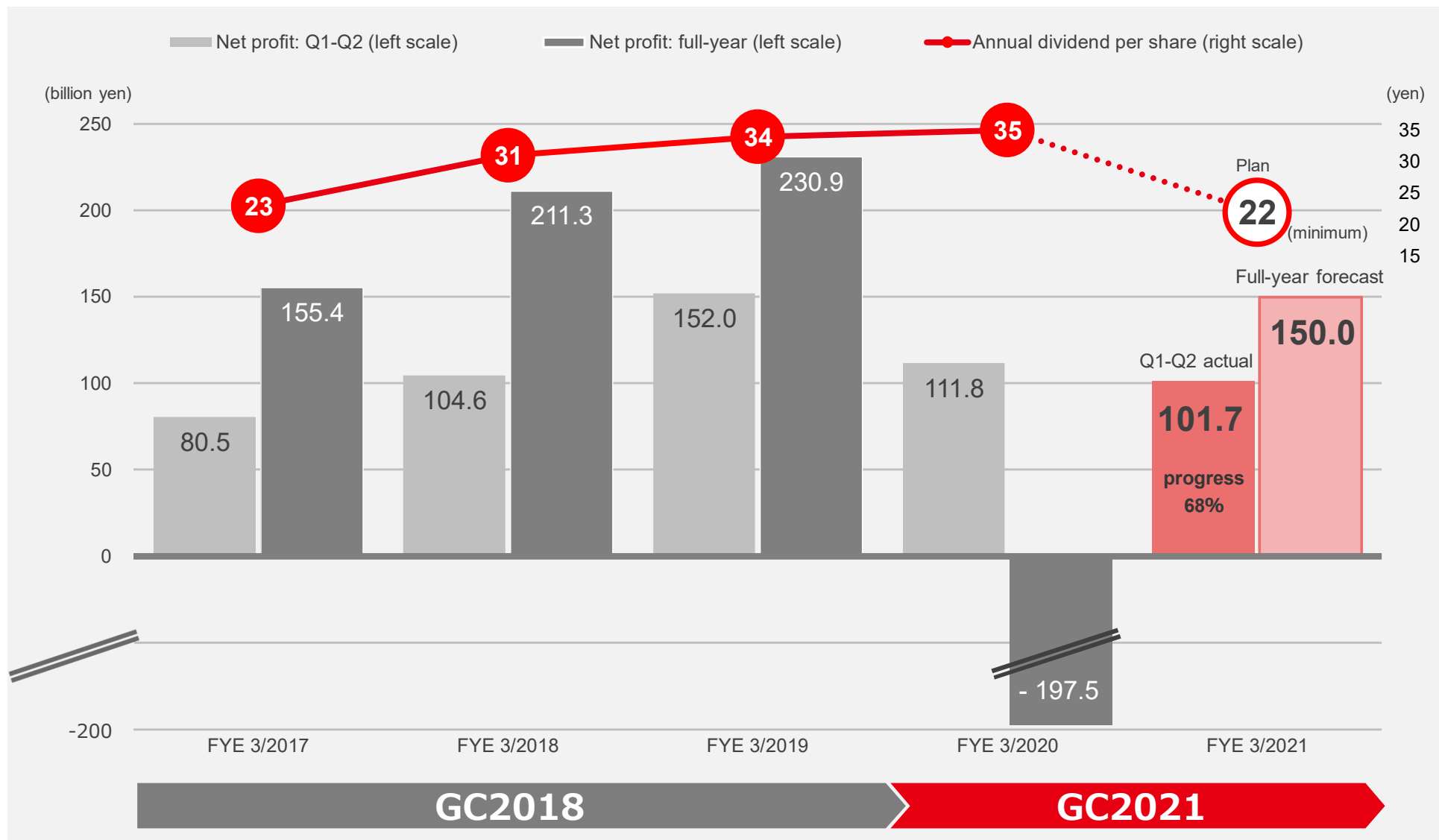
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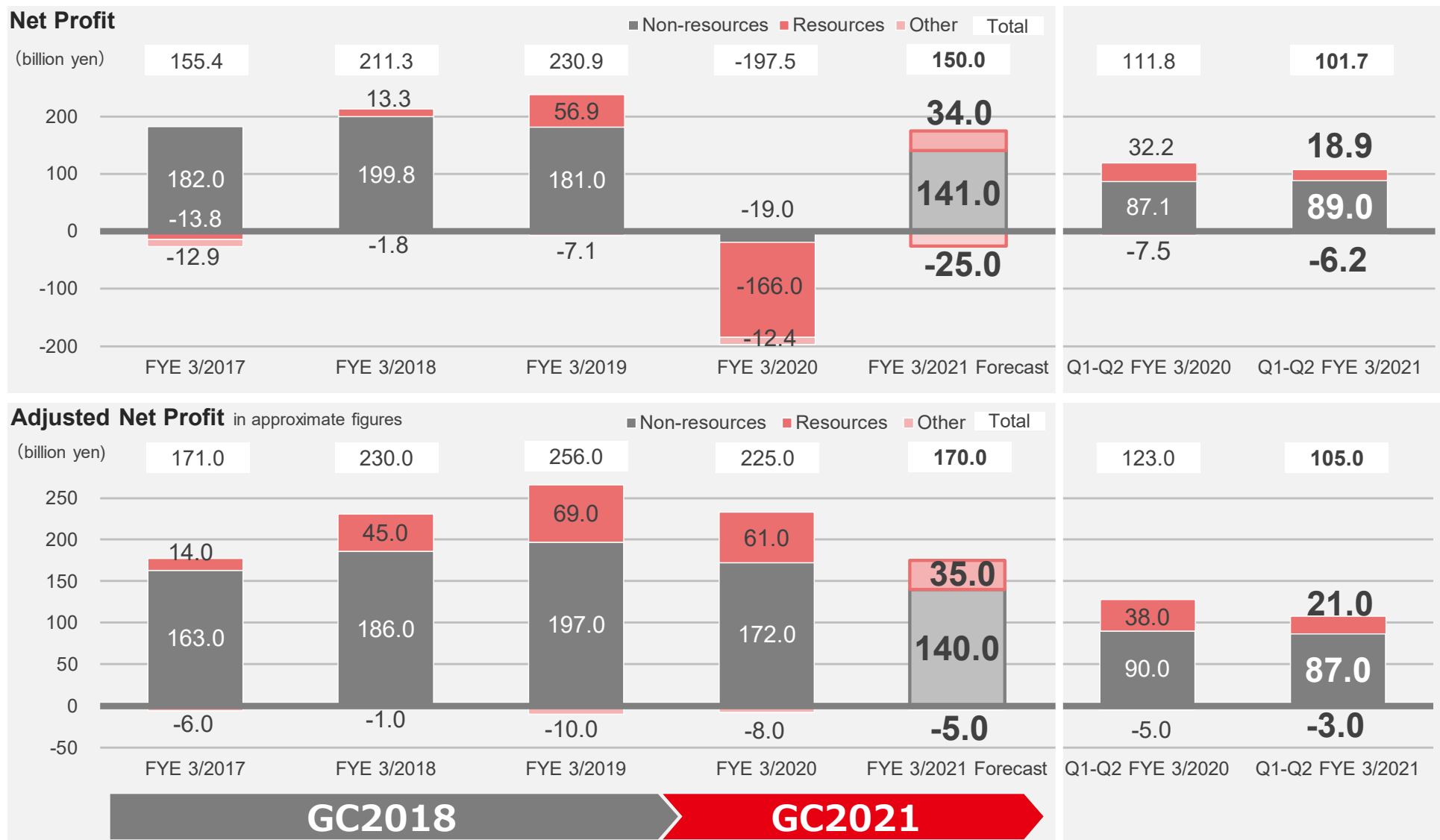
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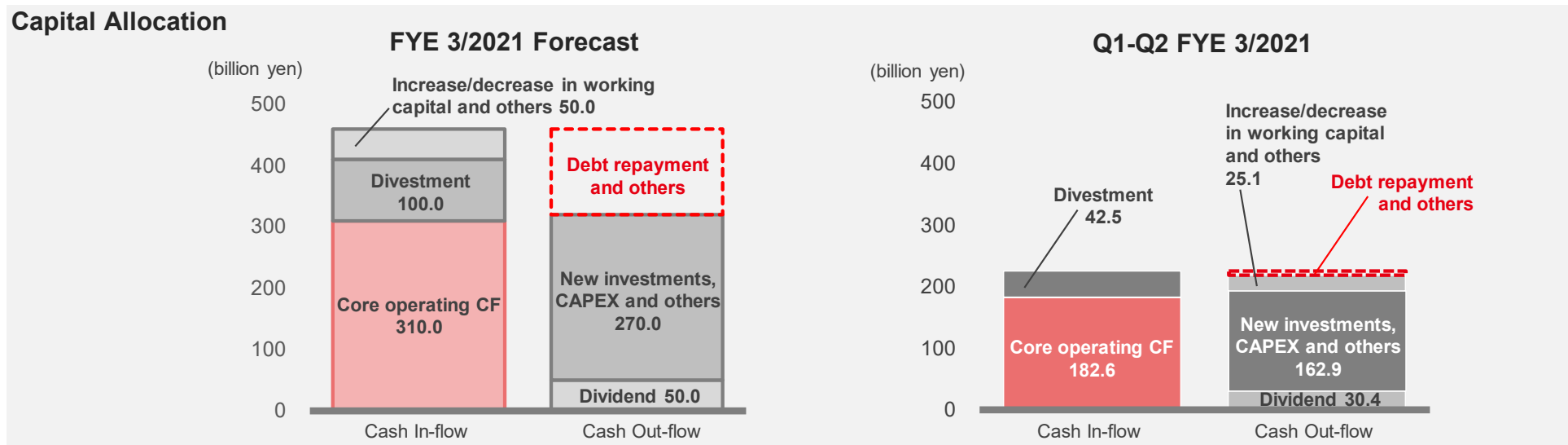
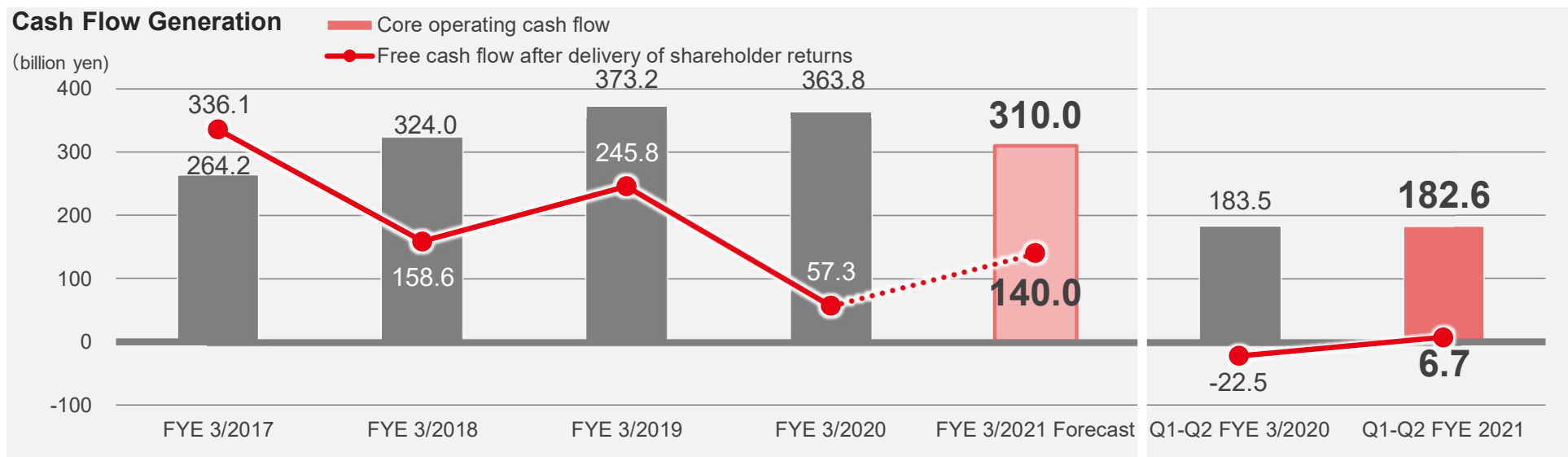
03 Net Profit and Annual Dividend



04 Net Profit and Adjusted Net Profit



05 Cash Flow Generation and Capital Allocation



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

06 New Investments and Divestment Main Items for Q1-Q2 FYE 3/2021

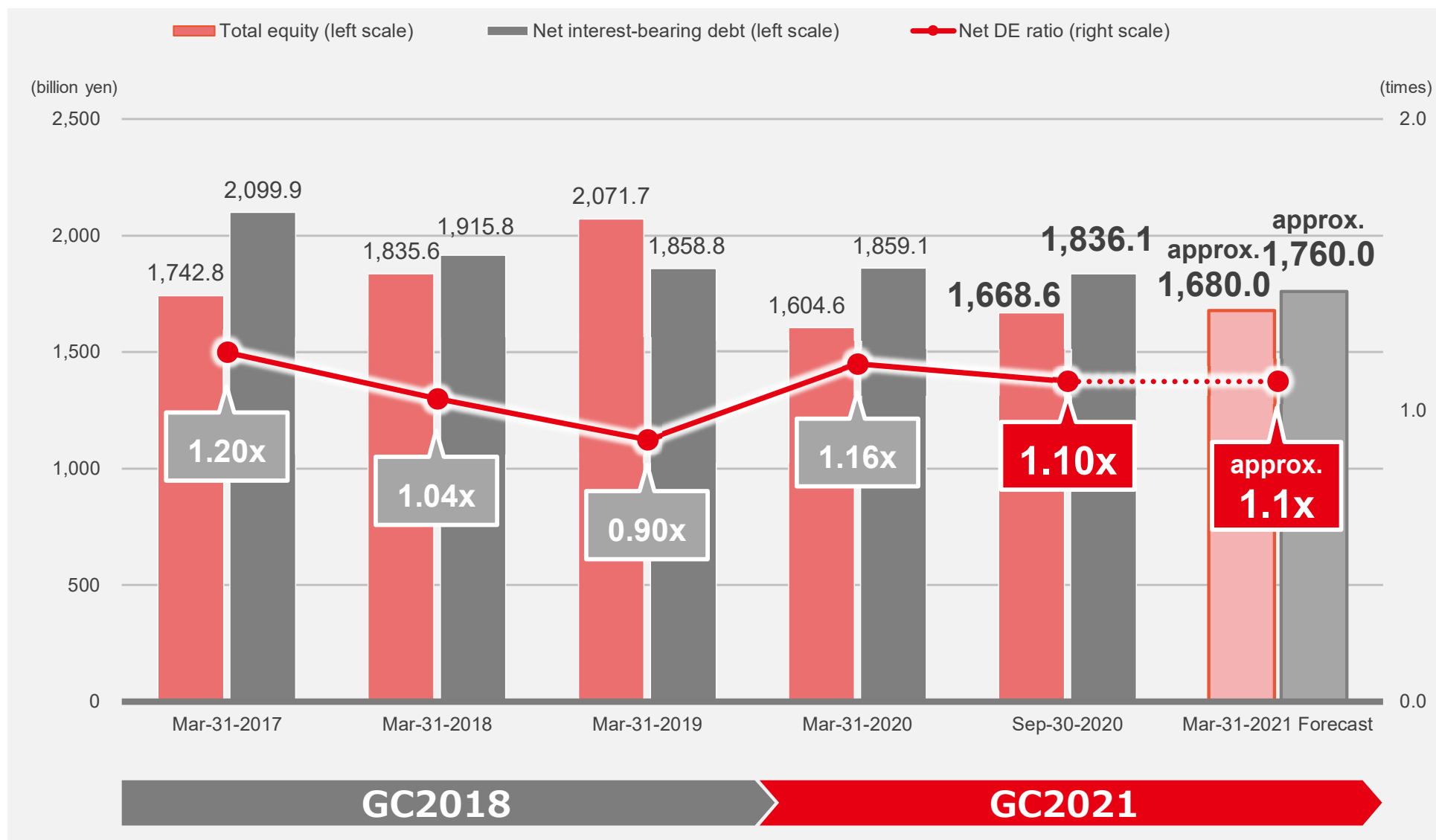
(billion yen)

	Q1-Q2 FYE 3/2021 ^{*1}				Q1-Q2 FYE 3/2021 Main item	FYE 3/2021 Forecast	
		Horizon 1	Horizon 2	Horizon 3			
New Investments + CAPEX and others	-162.9	-88.0	-49.6	-25.3		-270.0	
New Investments	-68.3	Distribution Business	-40.0	-15.7	-24.3	<ul style="list-style-type: none"> Hygiene products manufacturer (Santher, Brazil) Manufacturing and sales of containerboard (Kraft of Asia Paperboard & Packaging, Vietnam) Manufacturing and sales of instant coffee (Iguacu Vietnam, Vietnam) Additional investment in beef processing and sales business (Creekstone Farms, USA) 	-150.0
		Finance Business	-8.3	-7.3	-1.0		
		Stable Earnings-Type Business	-19.9	-19.9	-	<ul style="list-style-type: none"> Solar power developer and operator (Chenya Energy, Taiwan), etc. 	
		Natural Resource Investments	-0.1	-0.1	-		
CAPEX and others	-94.6	excluding Natural Resource Investments ^{*2}	-88.0	-88.0	-	<ul style="list-style-type: none"> Solar power developer and operator (Chenya Energy, Taiwan) Agri-input related business (Helena, USA) 	-110.0
		Natural Resource Investments	-6.6	-	-6.6		-10.0
Divestment	+42.5				<ul style="list-style-type: none"> Overseas power generation business Reinsurance business 	+100.0	
Total	-120.5					-170.0	

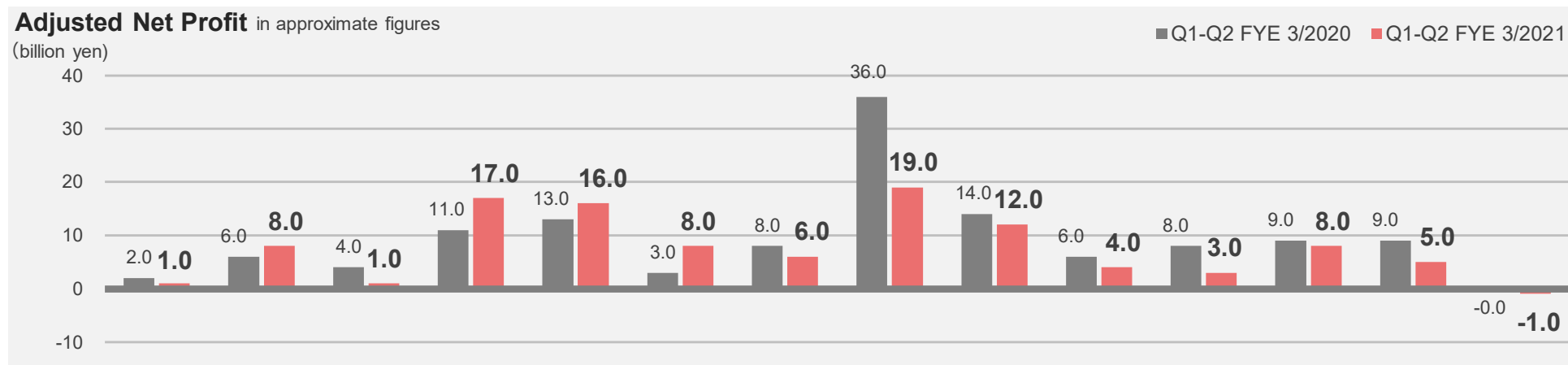
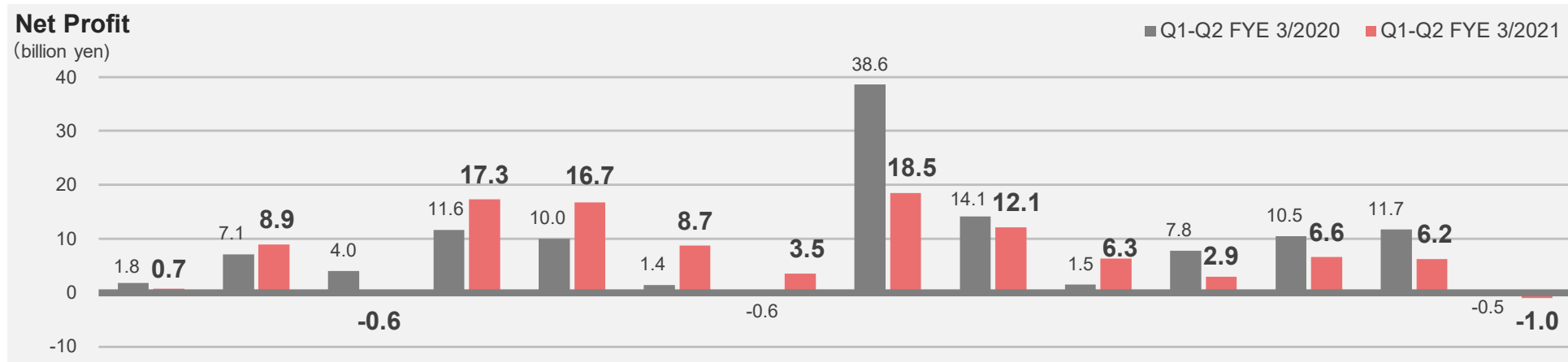
*1 Horizon 1: improvement of existing businesses, Horizon 2: pursuit of strategies in existing business domains, Horizon 3: new business models and growth domains currently not yet focused on

*2 Including approx. -34.0 billion yen of loan receivables in Helena, USA

07 Net DE Ratio

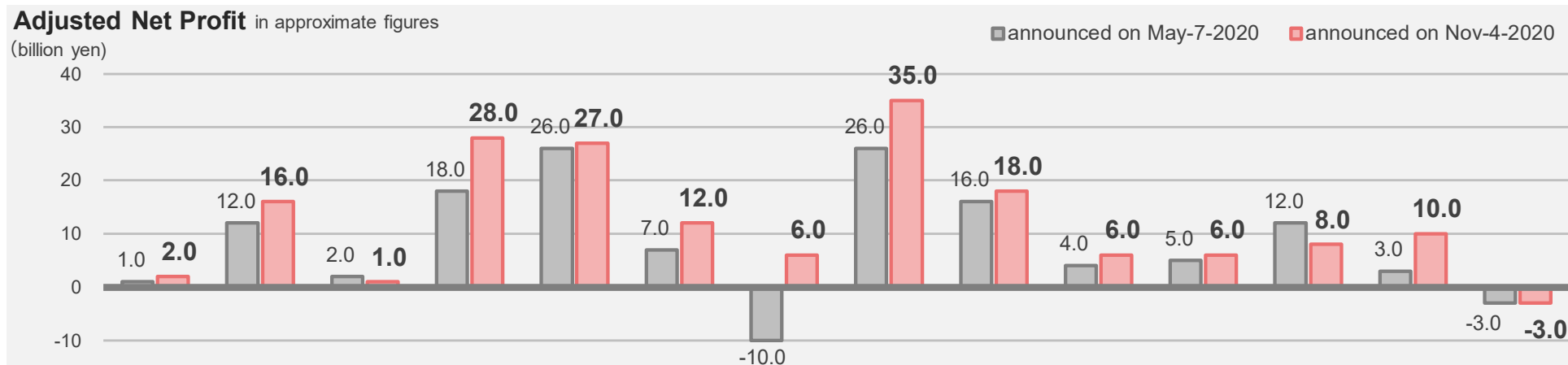
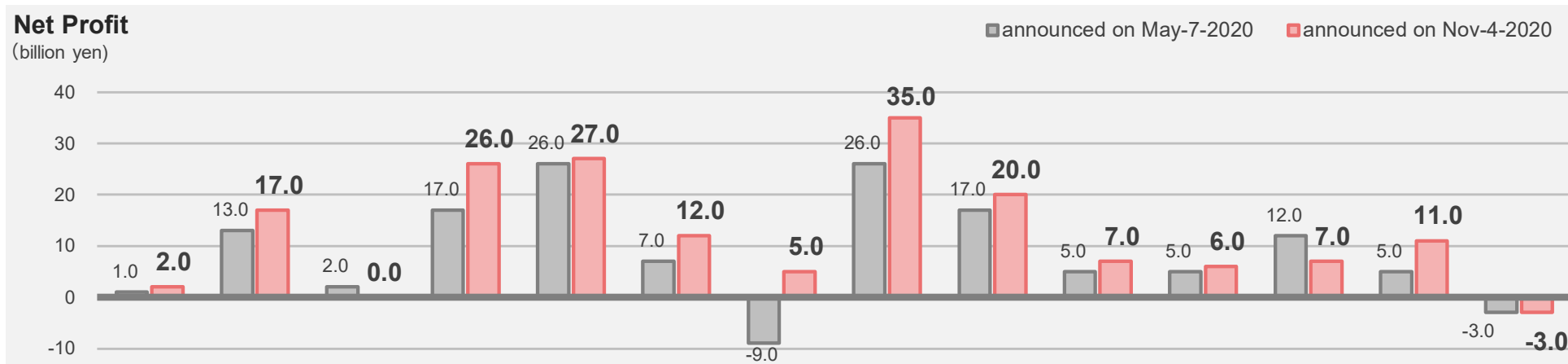


08 Profit by Segment Q1-Q2 FYE 3/2021 vs Q1-Q2 FYE 3/2020



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 Profit Forecast by Segment announced on Nov-4-2020 vs May-7-2020



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

10 Financial Indicators and Commodity Volumes

Financial Indicator		FYE 3/2020	FYE 3/2021	Variance	FYE 3/2020	FYE 3/2021 Full-year Assumption as of		Sensitivity to *4 Net Profit
		Q1-Q2 Avg.	Q1-Q2 Avg.		Full-year	May-7-2020	Nov-4-2020	
Oil	WTI (USD/bbl)	58	35	- 23	55	20	35 (H2: 35)	approx. JPY0.6bn/[USD1/bbl]*5
Copper	LME (USD/ton) *1	6,073	5,676	- 397	5,966	5,000	6,000 (H2: 6,200)	approx. JPY1.0bn/[USD100/ton]
Interest Rate	JPY TIBOR 3mo (%)	0.068	0.069	+0.001 points	0.068	0.1	0.1 (H2: 0.1)	
	USD LIBOR 3mo (%)	2.347	0.419	-1.928 points	2.036	0.8	0.4 (H2: 0.3)	
Currency	USD/JPY Term Average (yen)	108.63	106.92	JPY appreciation by 1.71yen	108.74	110	106 (H2: 105)	approx. JPY0.6bn/[JPY1/USD]
	USD/JPY Term-end (yen)	Mar-31-2020 108.83	Sep-30-2020 105.80	JPY appreciation by 3.03yen	Mar-31-2020 108.83	Mar-31-2021 110	Mar-31-2021 105	
Commodity Volume		FYE 3/2019	FYE 3/2020	FYE 3/2021				
		Full-year	Full-year	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-August average for Q1-Q2s, March-to-February average for FYE 3/2021 full-year

*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 full-year forecast announced on May 7, 2020

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

11 Progress in Revised GC2021

Rebuild and Strengthen the Financial Foundation	<ul style="list-style-type: none">➤ Net DE ratio approx. 1.1 times (Forecasts for March 31, 2021)➤ Core operating CF +310.0 billion yen (Forecasts for FYE 3/2021)➤ FCF after delivery of shareholder returns +140.0 billion yen (Forecasts for FYE 3/2021) <p style="text-align: center;"><u>Our top priority remains unchanged to focus on cash flow management in order to rebuild and strengthen our financial foundation</u></p>
Enhancement of Business Strategies	<ul style="list-style-type: none">➤ <u>Focus on fortifying existing businesses including cost reduction measures and establish a sustainable and resilient business foundation</u><ul style="list-style-type: none">• Enforce cost reduction throughout the Marubeni Group: approx. ¥22.0bn reduced yoy (for Q1-Q2)➤ <u>Proactively recycle assets and enhance the value of assets while envisaging changes in the business environment</u><p style="text-align: right;">[GC2021 actual: in approx. figures]</p><ul style="list-style-type: none">• Allocate capital in the existing businesses where we have strength (Horizon 1, 2) [¥431.0bn]• Sow seeds in new business domains where growth can be expected (Horizon 3) [¥43.0bn]• On track to achieve divestment target of the ¥100.0bn for FYE 3/2021 [¥143.0bn]➤ <u>Further enhance and strengthen risk management practices</u><ul style="list-style-type: none">• Thorough analysis of the performances of past businesses/investments<ul style="list-style-type: none">→ Stronger investment discipline enforced→ Review of risk asset management policy
<u>Pursue ROE improvement and corporate value enhancement in the medium to long term</u>	