

# 2022.09

## Consolidated Financial Results Q2 FYE 3/2023

November 4, 2022 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. 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.

# 01 Key Factors of Q1-Q2 FYE 3/2023

- **Net profit** amounted **¥314.7bn (+¥108.8bn year on year)** Adjusted net profit was **¥322.0bn (+¥104.0bn year on year)**

- Historical highs for both net profit and adjusted net profit for a six-month period. Progress to the initial full-year net profit forecast is 79%
- Adjusted net profit ( vs Q1-Q2 FYE 3/2022)
  - Non-resources: ¥194.0bn(+¥56.0bn) Profit increased mainly in *Agri Business, Power, Finance, Leasing & Real Estate Business, Steel Products*
  - Resources: ¥121.0bn(+¥35.0bn) Profit increased due to the stronger coking coal prices and the energy trading
- ⇒ Continuing from Q1, non-resources remained strong in Q2. The quarterly profit increased by +¥20.0bn compared with Q2 FYE 3/2022

- **Core operating cash flow** was **+¥332.1bn (+¥79.9bn year on year)**
- **Shareholders' equity** was **¥2.9tn (+¥627.4bn from the previous fiscal year-end)**, due mainly to increase in retained earnings and Japanese yen depreciation. **Net DE ratio** improved by 0.13 points to **0.70 times**

(billion yen)	Q1-Q2 FYE 3/2022	Q1-Q2 FYE 3/2023	Variance
Net profit	205.8	314.7	+108.8 (+53%)
Adjusted net profit	218.0	322.0	+104.0 (+48%)
Core operating cash flow	+252.2	+332.1	+79.9 (+32%)
Free cash flow after shareholder distributions (excluding changes in working capital and others)	-	+96.4	-

	Mar-31-2022	Sep-30-2022	Variance
Net DE ratio	0.83 times	0.70 times	improved 0.13 points

\* 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

\* "Equity attributable to owners of the parent" is described as "shareholders' equity" in this material

For FYE 3/2023 and beyond, the denominator to calculate net DE ratio has been changed from "total equity" to "shareholders' equity". Net DE ratio for previous fiscal years have been re-presented accordingly

## 02 Full-year Forecast for FYE 3/2023

- **Net profit: ¥510.0bn (+¥110.0bn upward revision) Adjusted net profit: ¥490.0bn (+¥90.0bn upward revision)**

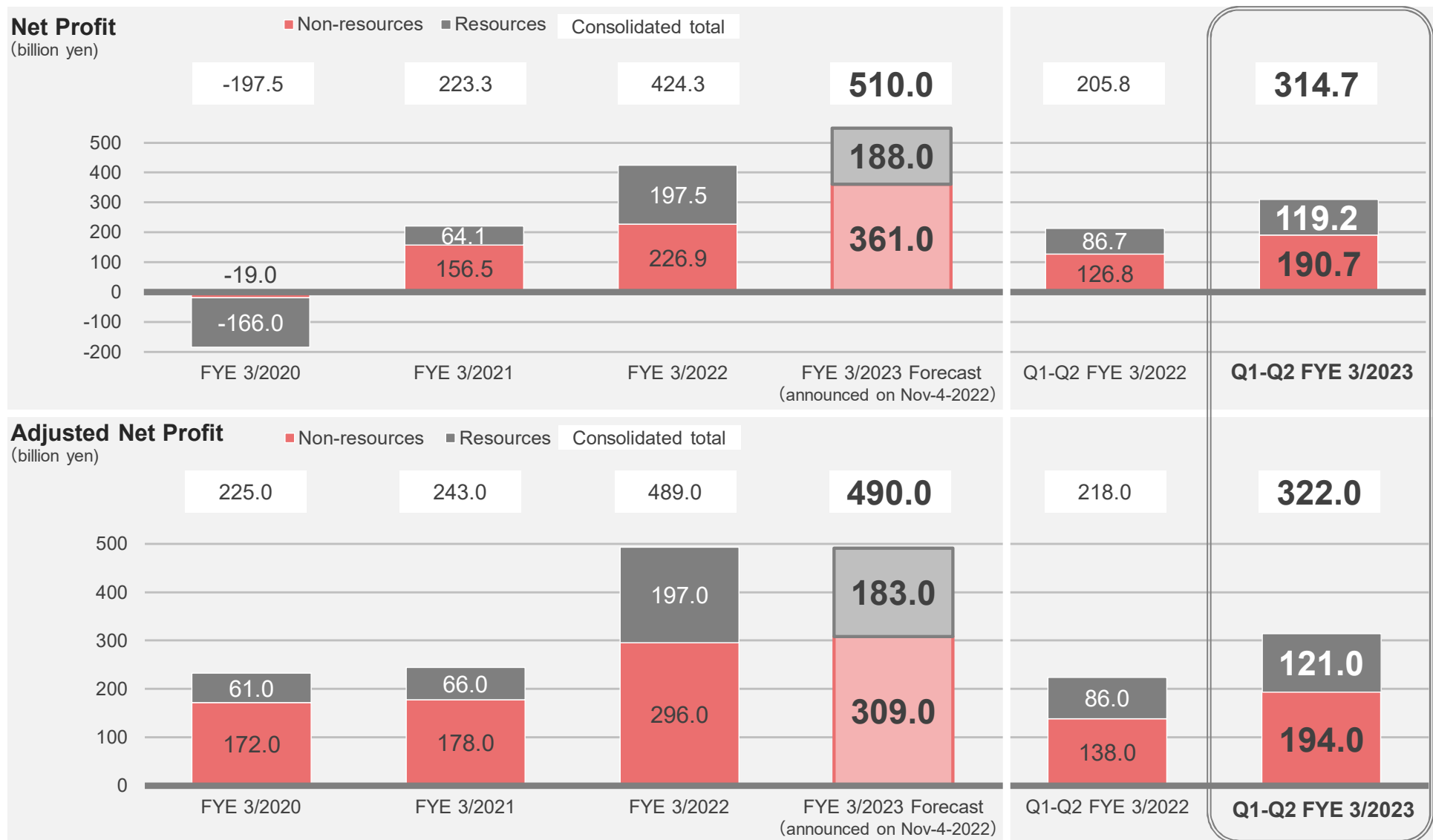
- Reflecting the favorable earnings momentum, the full-year forecasts have been revised upward
- Declines in demand and market prices are anticipated in H2, due to the slowdown of the global economy
- One-time items include an approx. ¥55.0bn gain on the sale of Gavilon's grain business (to be posted in Q3) and an approx. -¥35.0bn cushion to prepare for a contingency

- Following the completion of the sale of Gavilon's grain business (approx. ¥330.0bn\* has been collected) , significant improvement is anticipated in **free cash flow after shareholder distributions (excluding changes in working capital and others)** and for **net DE ratio**
- Forecast for **annual dividend per share** has been revised upward to **¥75.0** (+¥15.0 per share/approx. +¥25.0bn in total amount, from the initial forecast)
- **Up to ¥30.0bn** (or 35mil shares) of **share buybacks** have been resolved (buy-back period: Nov-2022 to Jan-2023)

(billion yen)	FYE 3/2023 forecast announced on		Change
	May-6-2022 (initial)	Nov-4-2022 (revised)	
Net profit	400.0	510.0	+110.0
Adjusted net profit	400.0	490.0	+90.0
Core operating cash flow	+500.0	+570.0	+70.0
Free cash flow after shareholder distributions (excluding changes in working capital and others)	+80.0	+450.0	+370.0
ROE	approx. 18%	approx. 20%	-
Net DE ratio	approx. 0.7~0.8 times	approx. 0.6~0.7 times	-
Dividend per share (annual)	60.0 yen (minimum) interim 30 yen, year-end 30 yen	75.0 yen (minimum) interim(resolved) 37.5 yen, year-end(forecast) 37.5 yen	+15.0 yen interim +7.5 yen

\* The total effect on reduction of net interest-bearing debt for the full-year basis, is approximately ¥500.0bn compared with Mar-31-2022, including decreases in working capital in Gavilon's grain business for Q1-Q2 FYE 3/2023

# 03 Net Profit and Adjusted Net Profit

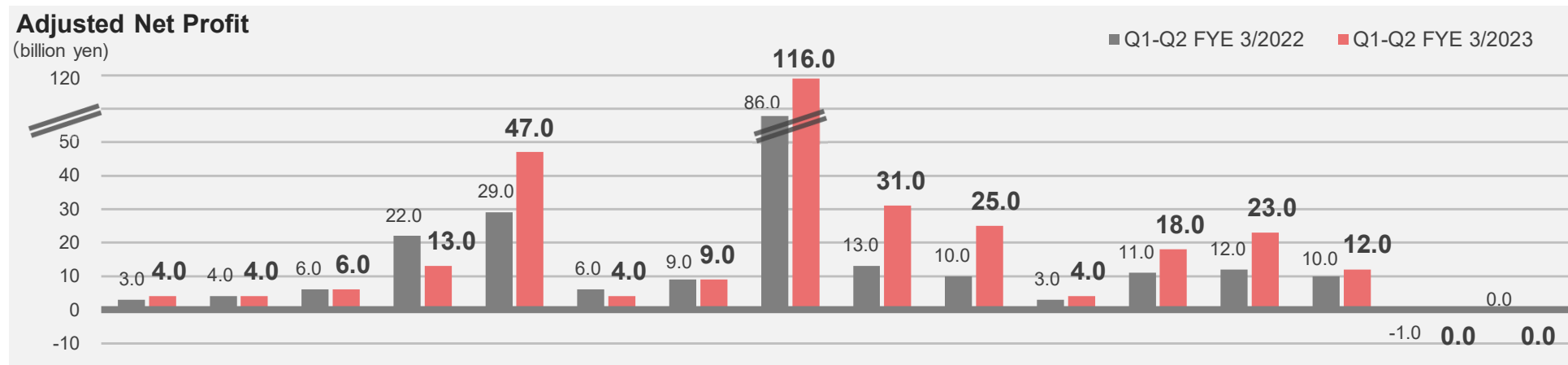
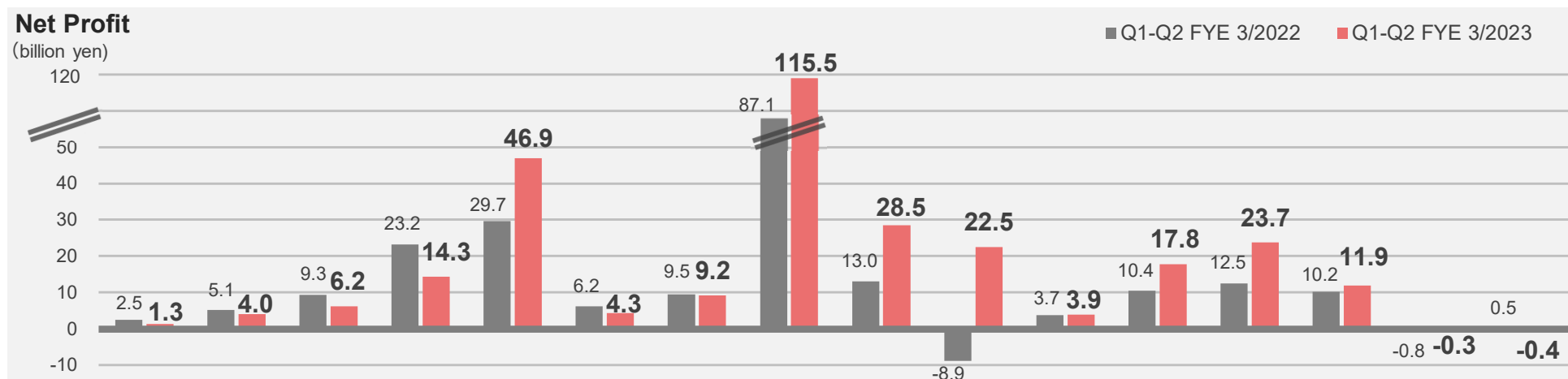


\* Resources: Total of "Energy" and "Metals & Mineral Resources" excluding "Steel Products Dept."  
 Other: Total of "Next Generation Business Development", "Next Generation Corporate Development" and "Other"  
 Non-resources: Other than the above

\* "Other"

(billion yen)	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023 Forecast (announced on Nov-4-2022)	FYE 3/2022 Q1-Q2	FYE 3/2023 Q1-Q2
Net profit	-12.4	2.7	-0.0	-39.0	-7.7	4.7
Adjusted net profit	-8.0	-1.0	-4.0	-2.0	-6.0	7.0

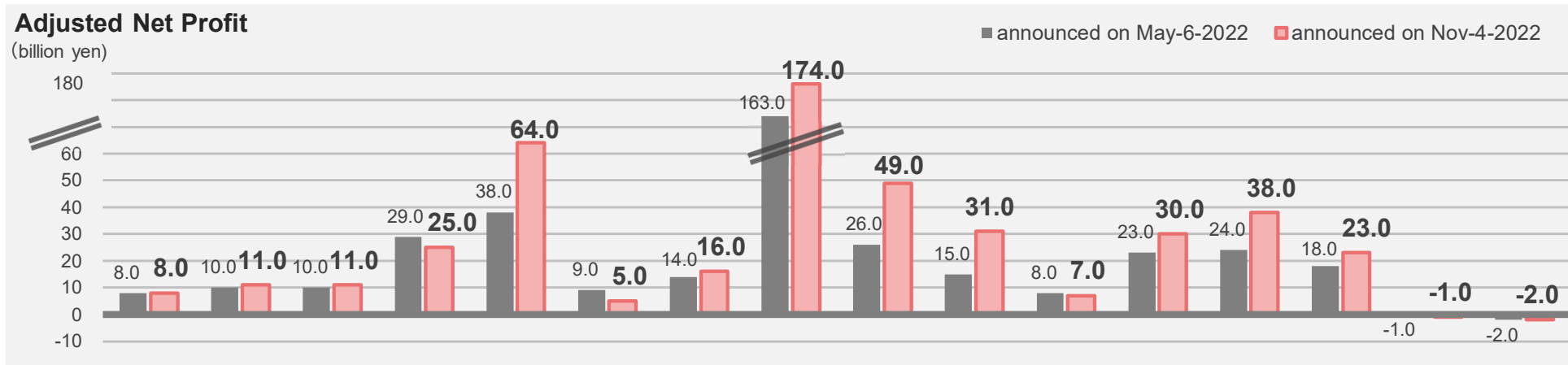
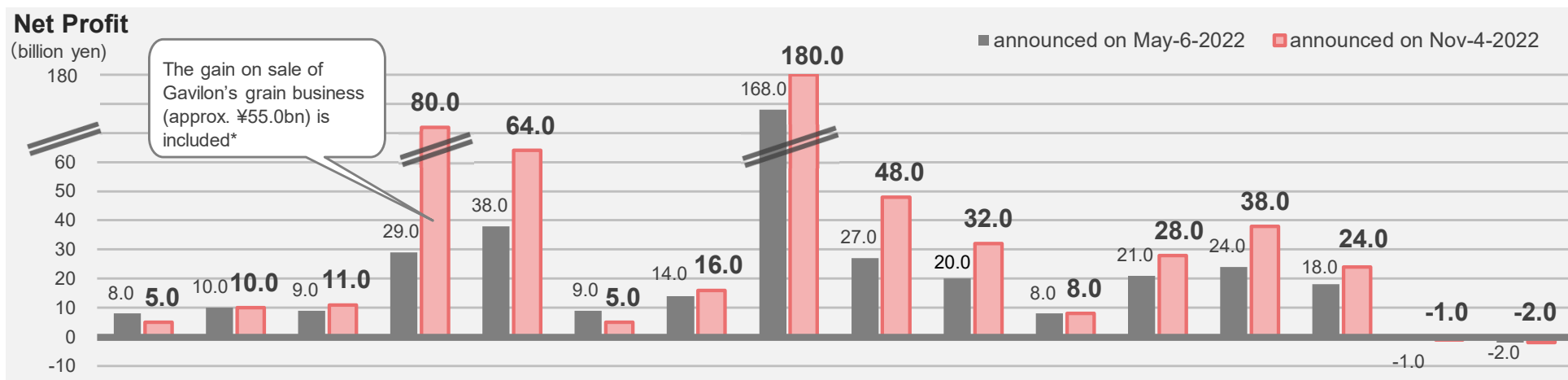
# 04 Profit by Segment Q1-Q2 FYE 3/2023 vs Q1-Q2 FYE 3/2022



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

\* Operating segment information for FYE 3/2022 has been reclassified due to organizational changes. Please refer to P2 of "IR Supplementary Information" for the details

# 05 Profit Forecast by Segment announced on Nov-4-2022 vs May-6-2022

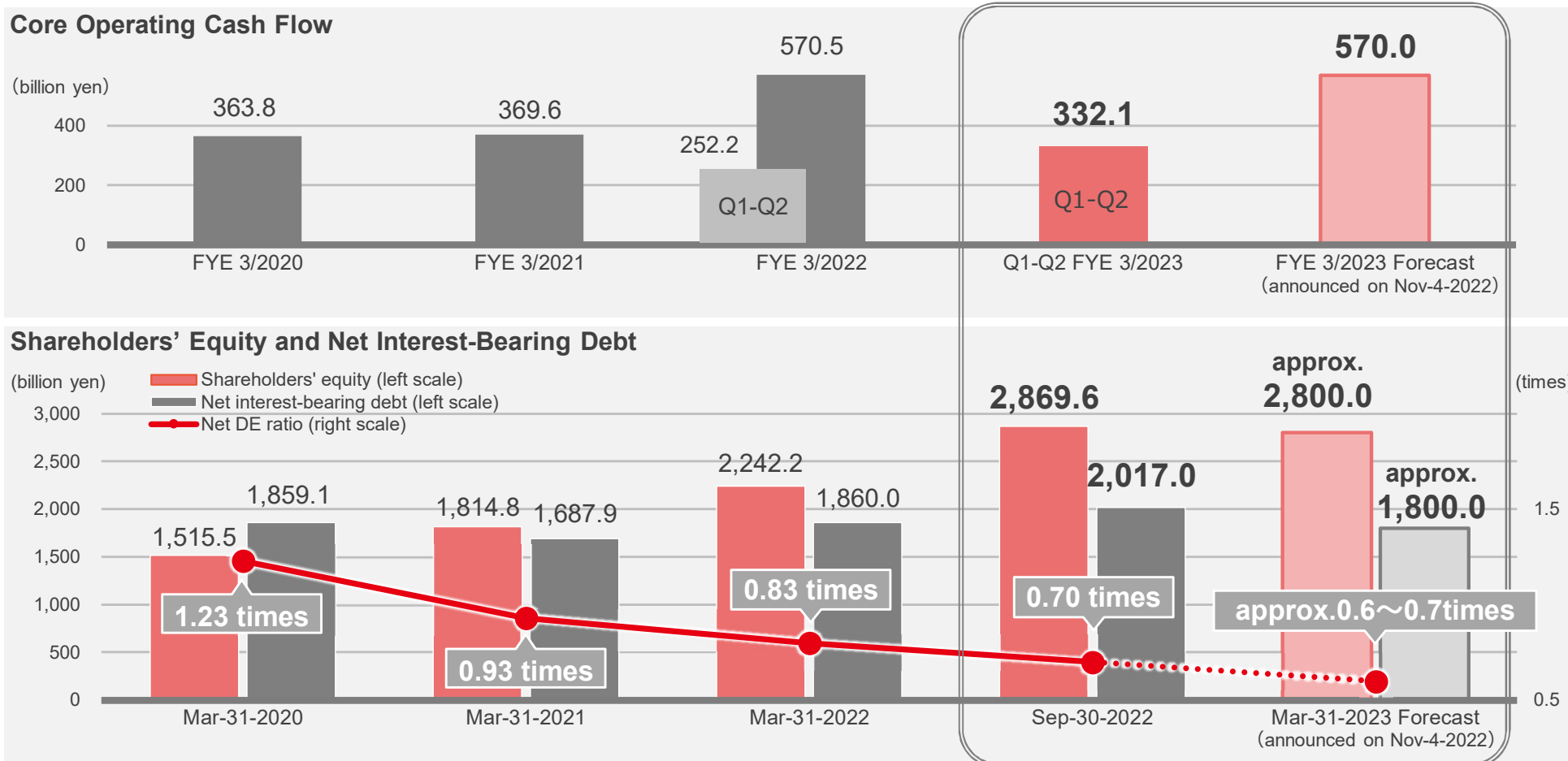


Lifestyle	ICT Business & Logistics	Food I	Food II	Agri Business	Forest Products	Chemicals	Metals & Mineral Resources	Energy	Power	Infrastructure Project	Aerospace & Ship	Finance, Leasing & Real Estate Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development	Next Generation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

\* The gain on sale of Gavilon's grain business is included in 'Others' in the forecast announced on May-6-2022, and is included in 'Food II' in the forecast announced on Nov-4-2022

# 06 Cash Flow Generation/Shareholders' Equity/Net Interest-Bearing Debt

- Core operating cash flow forecast for FYE 3/2023 has been revised upward to ¥570.0bn (+¥70.0bn from the initial forecast)
- Funds collected from the sale of Gavilon's grain business are to be used for debt repayment, lowering the net DE ratio forecast for Mar-31-2023 to approx. 0.6~0.7 times. Management with rigorous financial discipline will be maintained

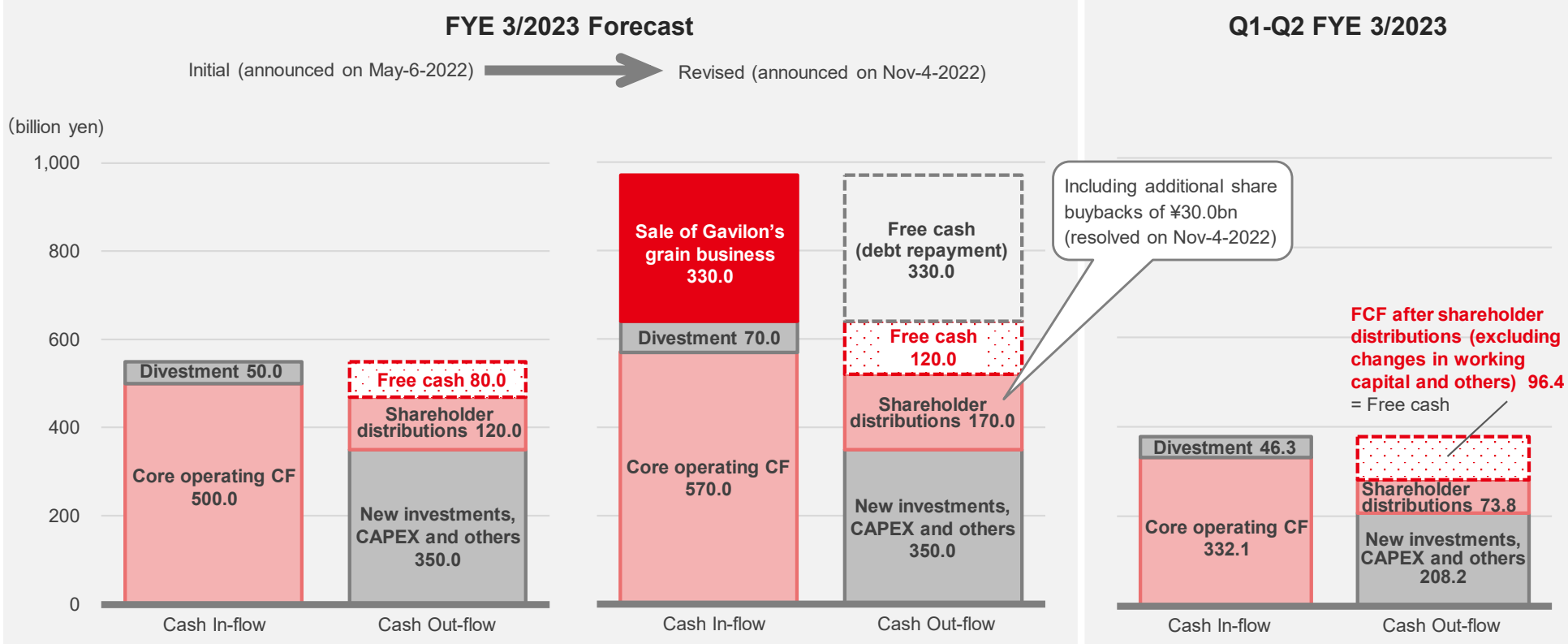


# 07 Capital Allocation

- Due to completion of the sale of Gavilon's grain business and increasing core operating cash in-flow, free cash in FYE 3/2023 is expected to increase significantly. Of which, the amount equivalent to the recovered funds from Gavilon's grain business is planned to be used for debt repayment, and ¥30.0bn will be allocated for additional share buybacks
- After the allocation, free cash in FYE 3/2023 is estimated to be ¥120.0bn. Further optimal capital allocation will be pursued
- \* Free cash: allocated to new investments, share buybacks or retained for future investment, etc.

## Capital Allocation

(\* excluding changes in working capital and others)





# 08 New Investments and Divestments Main Items for Q1-Q2 FYE 3/2023

		*2					(billion yen)
		Q1-Q2 FYE 3/2023			Q1-Q2 FYE 3/2023 Main items		FYE 3/2023 Forecast (announced on Nov-4-2022)
			Horizon 1	Horizon 2	Horizon 3		
New Investments + CAPEX and others *1		- 208.2	- 122.4	- 61.3	- 24.6		- 350.0
New Invest- ments	Distribution Business	- 28.0		- 3.8	- 24.2	<ul style="list-style-type: none"> <li>• Manufacturing and sales of spices and seasonings (Euroma, Netherland)</li> <li>• Healthcare turnkey solutions provider(Lunatus, UAE)</li> <li>• Agri-input related business (Helena, USA)</li> <li>• Manufacturing and sales of instant coffee (Iguacu Vietnam, Vietnam)</li> <li>• Beef processing and sales business (Creekstone, USA)</li> <li>• Marketing of livestock, meats and processed products (Wellfam Foods, Japan)</li> </ul>	- 200.0
	Finance Business	- 7.3		- 6.9	- 0.4		
	Stable Earnings- Type Business	- 44.7		- 44.7	-	• Power generation business (renewable energy, etc.)	
	Natural Resource Investments	- 1.1		- 1.1	-		
CAPEX and others	excluding Natural Resource Investments	- 127.1	- 122.4			<ul style="list-style-type: none"> <li>• Agri-input related business (Helena, USA) *3</li> <li>• MUSI pulp business (Indonesia)</li> <li>• Beef processing and sales business (Creekstone, USA)</li> </ul>	- 150.0
	Natural Resource Investments	- 4.8	- 0.0	- 4.7			
Divestment		+46.3				<ul style="list-style-type: none"> <li>• Oil and Gas E&amp;P (Gulf of Mexico, USA)</li> <li>• Shareholder loan for copper mining business (Chile)</li> <li>• Cross-shareholdings</li> </ul>	+400.0 *4
Total		- 161.9					+50.0

\*1) CAPEX and others: additional capital expenditure and others in order to maintain and improve values of existing investments and loans

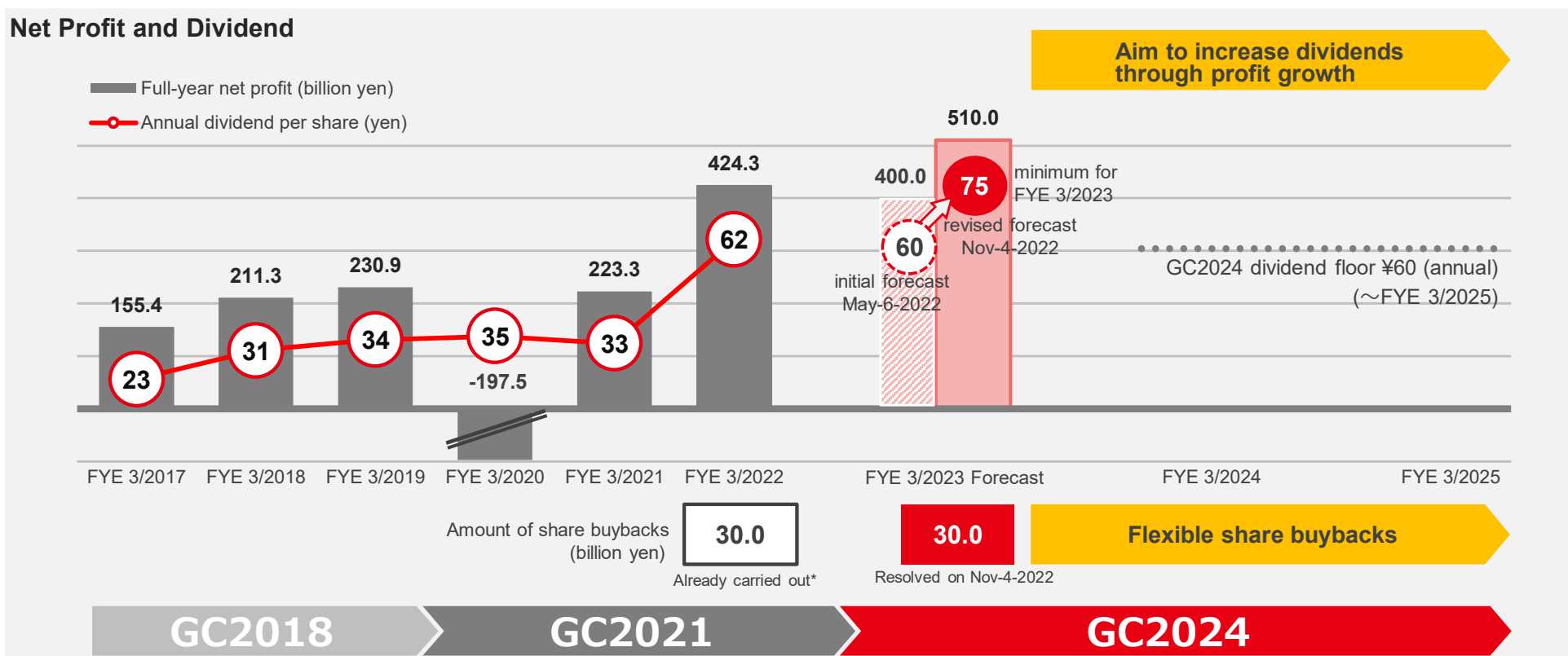
\*2) Horizon 1: improvement of existing businesses, Horizon 2: pursuit of strategies in existing business domains, Horizon 3: new business models and growth domains currently not yet focused on

\*3) Including approximately -78.0 billion yen of short-term agriculture loan which Helena (USA) provided to customers

\*4) Including approximately 330.0 billion yen of funds to be collected from the sale of Gavilon's grain business

# 09 Shareholder Distributions

- Based on the revised net profit forecast, **annual dividend per share** forecast for FYE 3/2023 has been revised upward to **¥75.0** (+¥15.0 from the initial forecast) reflecting the Company's basic dividend policy with a dividend payout ratio of 25% or more. The revised dividend forecast is set as the minimum for FYE 3/2023
- Additional **share buybacks** of up to **¥30.0bn** (or 35mil shares) have been resolved, considering accumulated shareholders' equity and increasing core operating cash flow (buy-back period: Nov-2022 to Jan-2023)
- Progress in enhancement of shareholder distributions, one of the GC2024 targets, due to dividend increase through profit growth and share buybacks



\* Resolved on Feb-3-2022 (Share buybacks already carried out in Q4 FYE 3/2022: ¥19.2bn, in Q1 FYE 3/2023: ¥10.8bn)

# 10 Markets and Commodity Volumes

Markets		FYE 3/2022 Q1-Q2 Ave.	FYE 3/2023 Q1-Q2 Ave.	Variance	FYE 3/2022 Full-year	FYE 3/2023 Full-year Assumption for the Forecast announced on		Sensitivity to *4 Net Profit
						May-6-2022	Nov-4-2022	
Oil	WTI (USD/bbl)	68	<b>100</b>	+ 32	77	75	<b>92</b> (H2: 85)	approx. JPY0.3bn/[USD1/bbl]*5
Copper	LME (USD/ton) *1	9,488	<b>9,050</b>	- 438	9,588	9,500	<b>8,525</b> (H2: 8,000)	approx. JPY1.1bn/[USD100/ton]
Interest Rate	JPY TIBOR 3 months (%)	0.063	<b>0.066</b>	+ 0.003 points	0.063	0.1	<b>0.1</b> (H2: 0.1)	
	USD LIBOR 3 months (%)	0.141	<b>2.291</b>	+ 2.150 points	0.242	1.9	<b>3.5</b> (H2: 4.7)	
Currency	USD/JPY Term Average (yen)	109.80	<b>133.97</b>	JPY depreciation by 24.17yen	112.38	120	<b>134</b> (H2: 134)	approx. JPY1.8bn/[JPY1/USD]
	USD/JPY Term-end (yen)	Mar-31-2022 122.39	<b>Sep-30-2022</b> <b>144.81</b>	JPY depreciation by 22.42yen	Mar-31-2022 122.39	Mar-31-2023 120	<b>Mar-31-2023</b> <b>134</b>	
Commodity Volumes		FYE 3/2022 Q1-Q2	FYE 3/2023 Q1-Q2	Variance	FYE 3/2022 Full-year	FYE 3/2023 Initial Plan		
Oil, Gas	Equity Production Volume (K boe/day)	19	<b>10</b>	- 9	19	<b>11</b>		
	Upper: [Oil and Gas E&P] *2 Lower: [Total] *3	22	<b>12</b>	- 10	22	<b>14</b>		
Copper	Equity Sales Volume (K ton)	69	<b>58</b>	- 11	133			
Coking Coal	Equity Sales Volume (K ton)	3,010	<b>3,015</b>	+ 5	5,916			

\*1) March-to-August average for Q1-Q2, March-to-February average for full-year

\*2) Total of oil and gas E&P at Gulf of Mexico (USA) and Indian Sea. North Sea (UK) divested in Q4 FYE 3/2022

\*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 for FYE 3/2023 announced on May 6, 2022

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

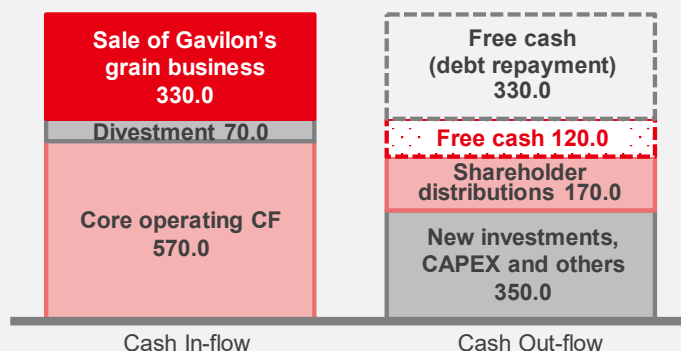
# 11 Capital Allocation for the GC2024 Period (FYE 3/2023-FYE 3/2025)

- The sale of Gavilon's grain business has been completed. Our financial foundation is now further strengthened, and the management flexibility is substantially improved
- The funds collected from the sale of Gavilon's grain business will be used for debt repayment during FYE 3/2023. It will be recognized as free cash under GC2024 and allocated to new investments, share buybacks or retained for future investment, etc.
- Under GC2024, maintain positive FCF after shareholder distributions (three-year cumulative, excluding changes in working capital and others) and net DE ratio at approx. 0.7~0.8 times

## Capital Allocation (billion yen)

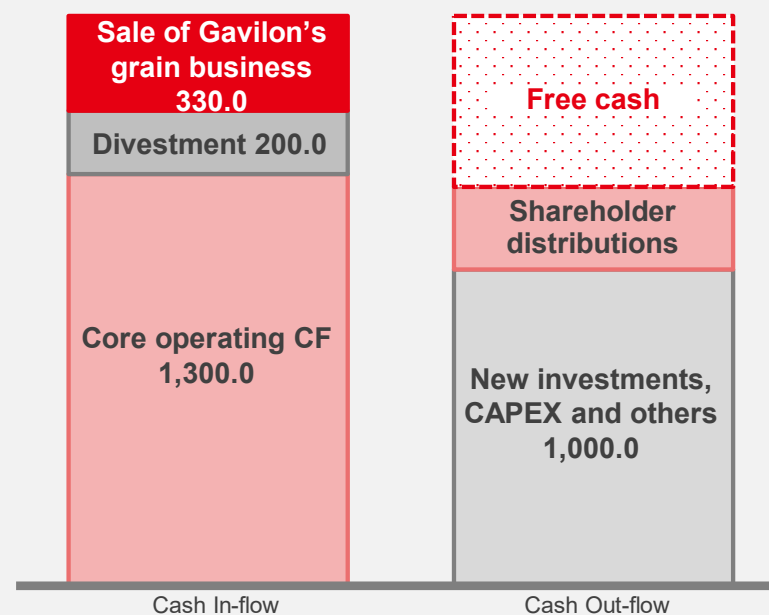
(\* excluding changes in working capital and others)

FYE 3/2023 Forecast  
(announced on Nov-4-2022)



## Capital Allocation GC2024 Three-year Cumulative

(Reflected the funds collected from the sale of Gavilon's grain business to the initial GC2024 plan)



# 12 Growth Investments during the GC2024 Period

- In addition to the GC2024 new investments/capex three-year cumulative plan of ¥1,000.0bn, free cash including the funds collected from the sale of Gavilon's grain business will be utilized for growth investments of the business segments to realize their strategies
- Growth investments will be allocated mainly to the existing business fields centered on non-resources with our competitive advantages. Simultaneously investments to new business domains will be enhanced to establish future earnings pillars. Pursue investments in green businesses by forwarding green strategy
- We rigorously select growth investments to enhance our corporate value and maintain/improve ROE. (In case there is no quality investment opportunity, the funds will be allocated to share buybacks or retained for future investments, etc.)

GC2024 Basic Policy for Growth Investments		Major Business Fields		
<b>Horizon 1</b> Improvement of existing businesses	<b>Enhancing the earnings base by selectively investing</b> in areas with high profitability based on the company's competitive advantages ¥800.0-900.0bn	<b>Non-resources</b>	Lifeline-related (Food, Agri-input, etc.)	Business domains with our strength and high profitability Enhance and expand platform, strengthen trade functions Upgrade competitiveness by reorganization/integration of businesses
			Power, Infrastructure (Renewables, Environmental Infrastructure, etc.)	
Machinery, Finance & Leasing Business (Transportation Machinery, Fleet Management, etc.)				
<b>Horizon 2</b> Pursuit of strategies in existing business domains		<b>Resources</b>	Resources (Expansion Investments, etc.)	Secure quantity of quality resources by expansion investments Upgrade competitiveness by improving costs per unit
<b>Horizon 3</b> White Space	Investing in core businesses of the future. Targets to be <b>rigorously selected</b> ¥100.0-200.0bn		Next Generation Business Development, Next Generation Corporate Development	Intake next generation consumer businesses to the Group Create new business models in the growth fields
			Approaches to new business domains based on existing businesses (New Energy, etc.)	
<b>Rigorously select growth investments to enhance our corporate value, and maintain/improve ROE</b>				



Global crossvalue platform

**Marubeni**