

GLOBAL
CROSSVALUE
PLATFORM

Marubeni

2021.03

Consolidated Financial Results
FYE 3/2021

May 6, 2021

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 3/2022 forecast / Mar-31-2022 forecast: Forecasts announced on May 6, 2021
- * 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 organization as of FYE 3/2021”, and for the forecasts for FYE 3/2022, they are based on “the new organization from FYE 3/2022”.
Business fields
Resources: “Organization as of FYE 3/2020”, “Organization as of FYE 3/2021”, “New organization from FYE 3/2022” = 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”, “Organization as of FYE 3/2021”, “New organization from FYE 3/2022” = the total of “Next Generation Business Development” and “Other”
“Organization as of FYE 3/2019” = “Other” segment
Non-resources: other than the above

“New organization from FYE 3/2022”: From the FYE 3/2022, the former operating segments of “Food” has been divided into “Food I” and “Food II” segments, parts of “Energy” and “Infrastructure Project” have been reorganized, parts of “Infrastructure Project” and “Aerospace & Ship” have been incorporated into “Metals & Mineral Resources”, a part of “Construction, Industrial Machinery & Mobility” has been incorporated into “Finance & Leasing Business”
- * P9 “08 Profit 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.
- * P10 “09 Profit Forecast by Segment: From the FYE 3/2022, the former operating segments of “Food” has been divided into “Food I” and “Food II” segments, parts of “Energy” and “Infrastructure Project” have been reorganized, parts of “Infrastructure Project” and “Aerospace & Ship” have been incorporated into “Metals & Mineral Resources”, a part of “Construction, Industrial Machinery & Mobility” has been incorporated into “Finance & Leasing Business”. In conjunction with these organizational changes, operating segment information for FYE 3/2021 has been reclassified.

01 FYE 3/2021 Results and FYE 3/2022 Forecasts

(billion yen)

	FYE 3/2020	FYE 3/2021	Variance	FYE 3/2022 Forecast
Net profit	-197.5	225.3	+422.8 (- %)	230.0
Adjusted net profit	225.0	242.0	+17.0 (+8%)	240.0
One-time items	-422.0	-17.0	+405.0 (- %)	- *One-time items, cushions, etc.
Core operating cash flow	+363.8	+369.6	+5.7 (+2%)	+350.0
Free cash flow after delivery of shareholder returns	+57.3	+231.3	+174.0	+60.0
	Mar-31-2020	Mar-31-2021	Variance	Mar-31-2022 Forecast
Net DE ratio	1.16 times	0.88 times	0.28 points improvement	approx. 0.9 times
	Annual dividend for FYE 3/2021			FYE 3/2022 Forecast (Set as the minimum)
	Interim (Paid)	Year-end (Forecast)	Total	
Dividend per share	11.0 yen	22.0 yen	33.0 yen	34.0 yen

01 FYE 3/2021 Results and FYE 3/2022 Forecasts

Key Factors of FYE 3/2021

Net profit amounted ¥225.3bn, with a ¥+422.8bn increase year on year

Breakdown of the ¥+422.8bn net profit increase

- Increase in adjusted net profit: ¥+17.0bn (+8%)

Non-resources	¥+7.0bn	increase in <i>Agri Business, Food, Chemicals</i> decrease in <i>Aerospace & Ship, Power Business, Forest Products, etc.</i>
Resources	¥+3.0bn	increase in <i>Metals & Mineral Resources, decrease in Energy</i>
Other	¥+7.0bn	increase
- Improvement regarding one-time items: ¥+405.0bn 【FYE 3/2020: ¥-422.0bn → FYE 3/2021: ¥-17.0bn】
(due to non-recurrence of impairment losses recognized in FYE 3/2020, etc.)

Net DE ratio stood at 0.88 times, improved 0.28 points from the previous fiscal year-end

- Core operating cash flow: ¥+369.6bn, a ¥+5.7bn increase year on year
- Free cash flow after delivery of shareholder returns: ¥+231.3bn, a ¥+174.0bn increase year on year

Annual dividend to be **¥33 per share**, reflecting the net profit surpassing the previous forecast (as of Feb-3-2021) of ¥190.0bn, with a **¥5 increase** from ¥28 per share forecast
Year-end dividend to be **¥22 per share** accordingly, an **upward-revision** from ¥17 forecast

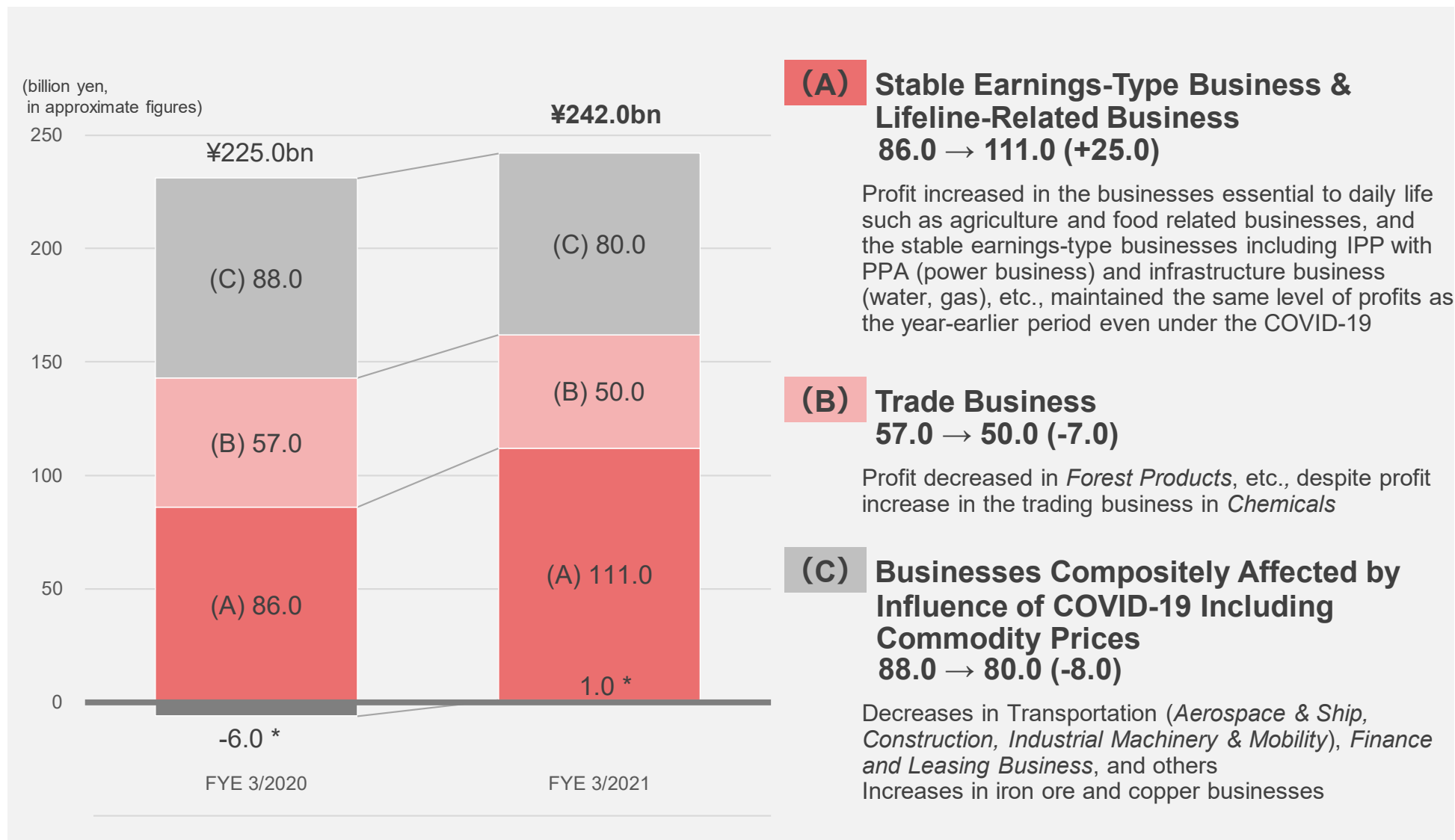
Forecasts for FYE 3/2022

Net profit: ¥230.0bn

Net DE ratio: approx. 0.9 times

Annual dividend: **¥34** per share set as the minimum, a **¥1 increase** from FYE 3/2021

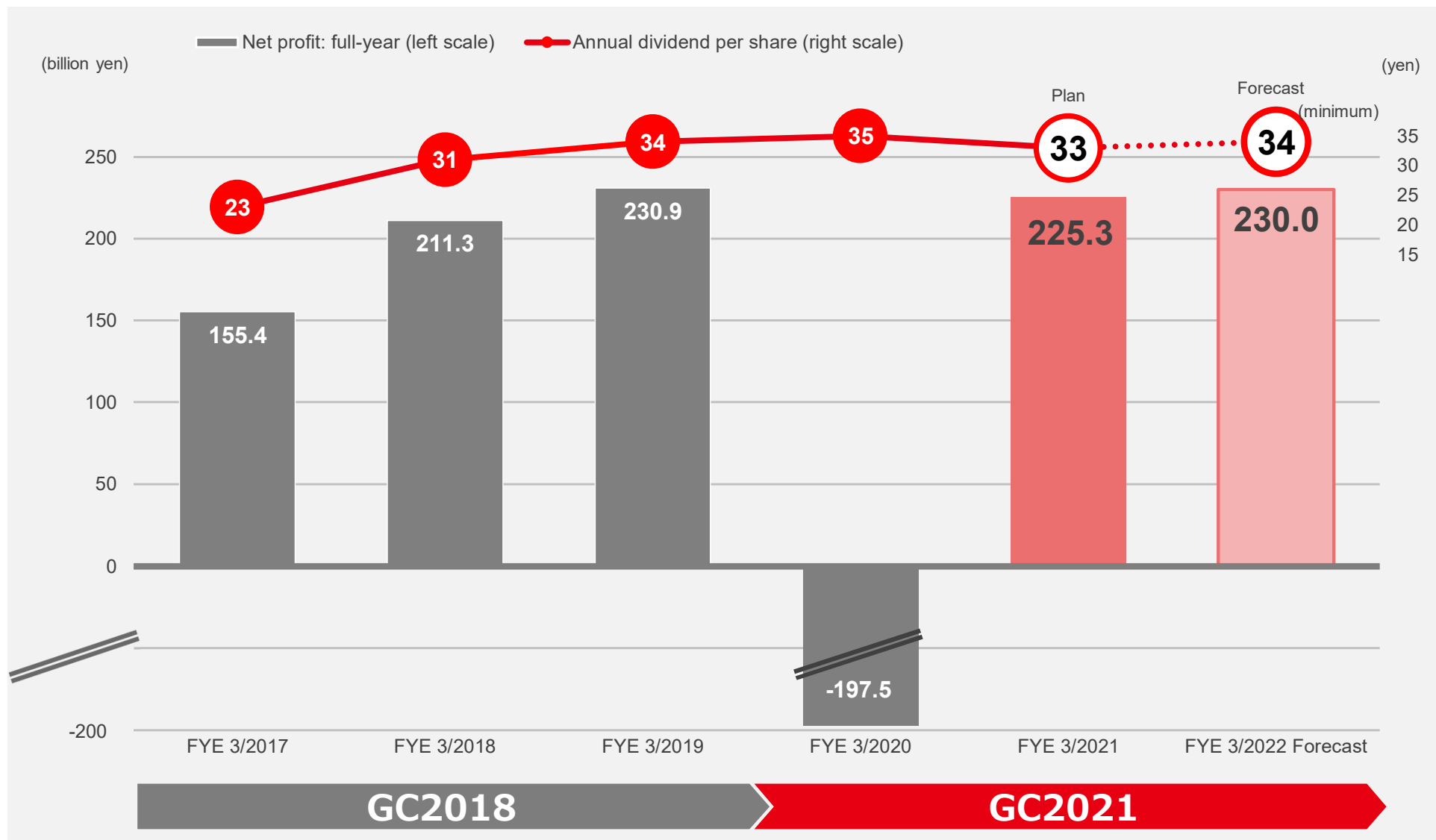
02 Impact of COVID-19 on Earnings Structure – Adjusted Net Profit



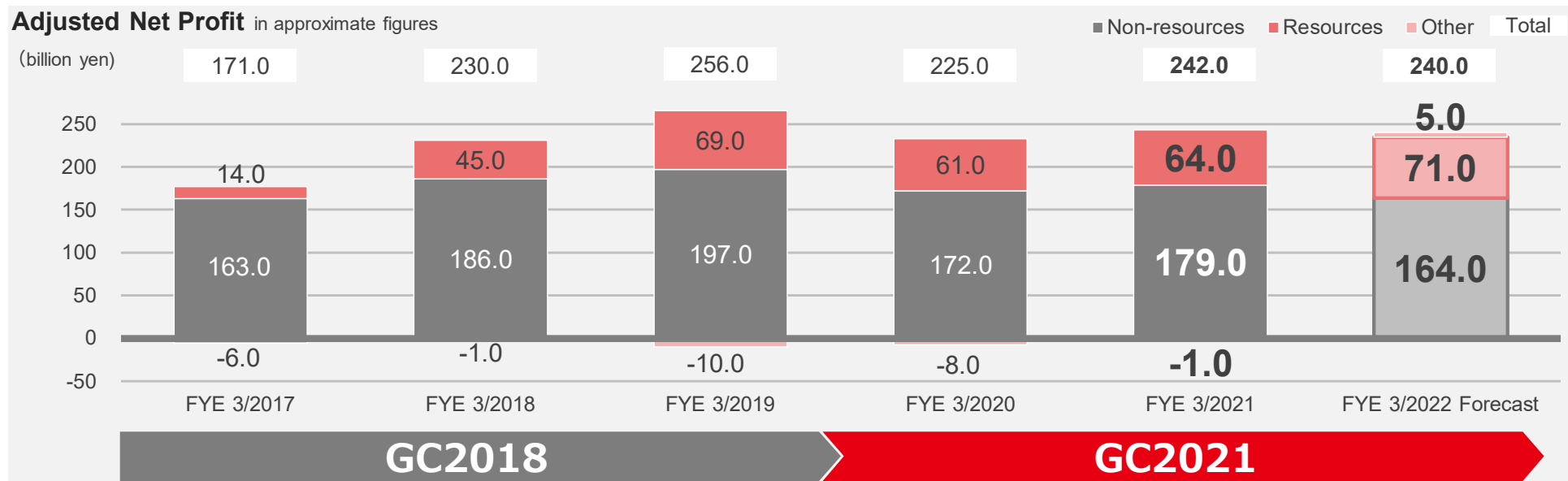
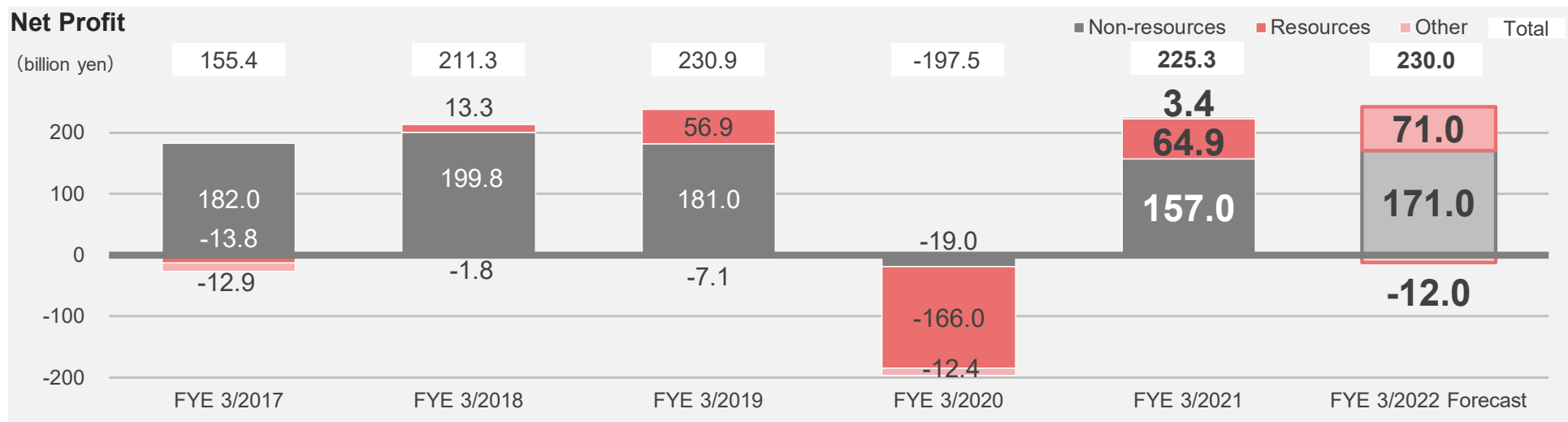
*Figures for *Other* segment

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

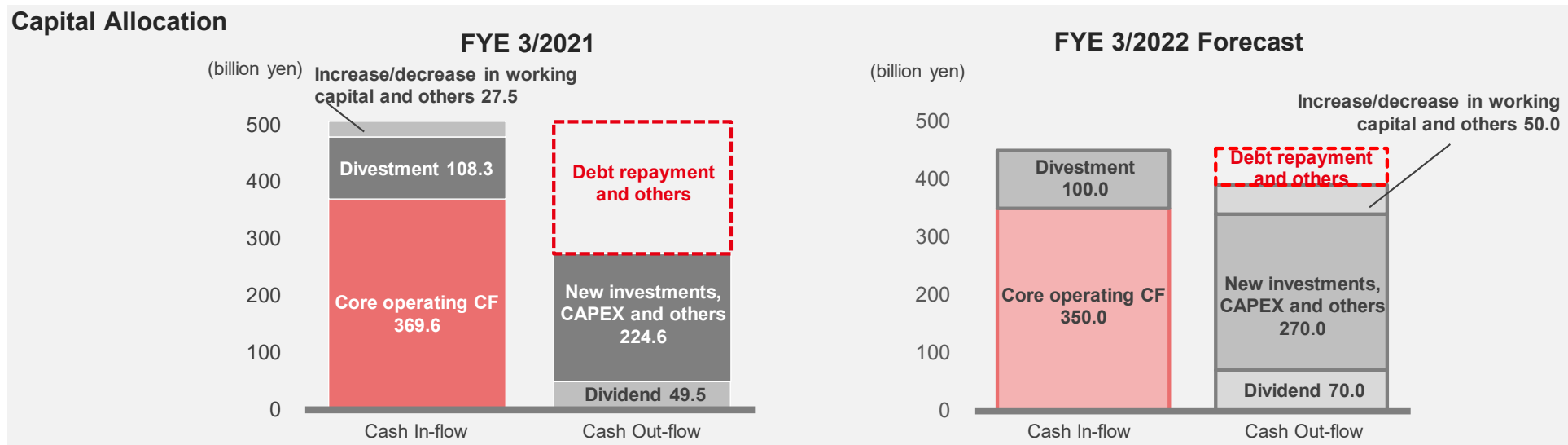
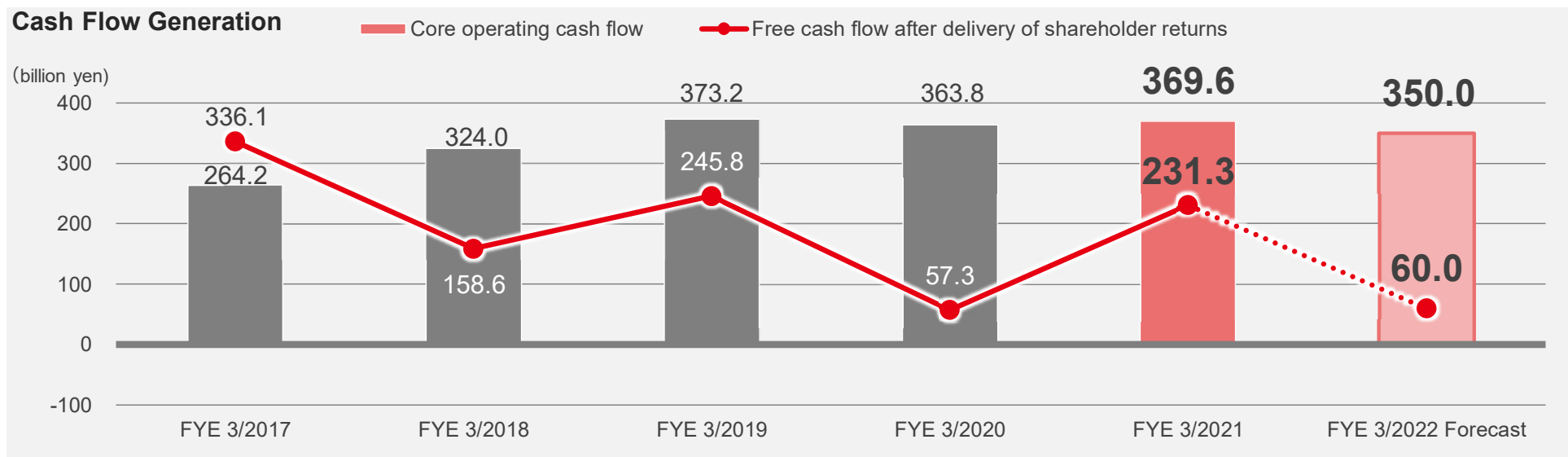
03 Net Profit and Annual Dividend



04 Net Profit and Adjusted Net Profit



05 Cash Flow Generation and Capital Allocation



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

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

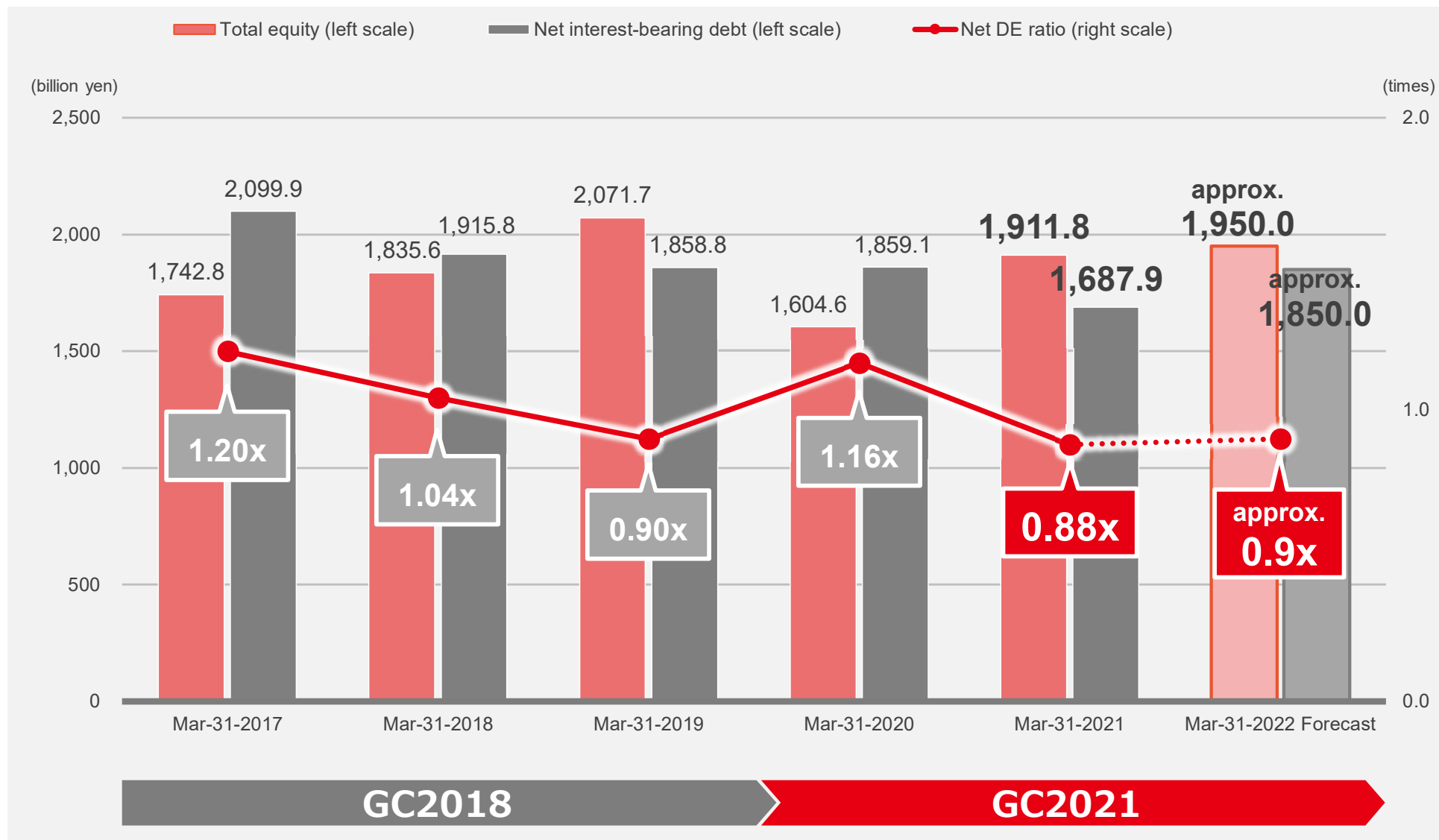
(billion yen)

	FYE 3/2021				FYE 3/2021 Main items	FYE 3/2022 Forecast	
	Horizon 1	Horizon 2	Horizon 3	*			
New Investments + CAPEX and others	-224.6	-100.8	-93.9	-29.9		-270.0	
New Investments	-111.8	Distribution Business	-66.5	-39.4	-27.2	<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	-20.4	-17.6	-2.7		
		Stable Earnings-Type Business	-24.9	-24.9	-	<ul style="list-style-type: none"> Solar power developer and operator (Chenya Energy, Taiwan), etc. 	
		Natural Resource Investments	-	-	-		
CAPEX and others	-112.8	excluding Natural Resource Investments	-100.7	-100.7		<ul style="list-style-type: none"> Solar power developer and operator (Chenya Energy, Taiwan) Agri-input related business (Helena, USA) 	-120.0
		Natural Resource Investments	-12.1	-0.0	-12.0		
Divestment	+108.3				<ul style="list-style-type: none"> Overseas power generation business Reinsurance business Cross-shareholdings 	+100.0	
Total	-116.3					-170.0	

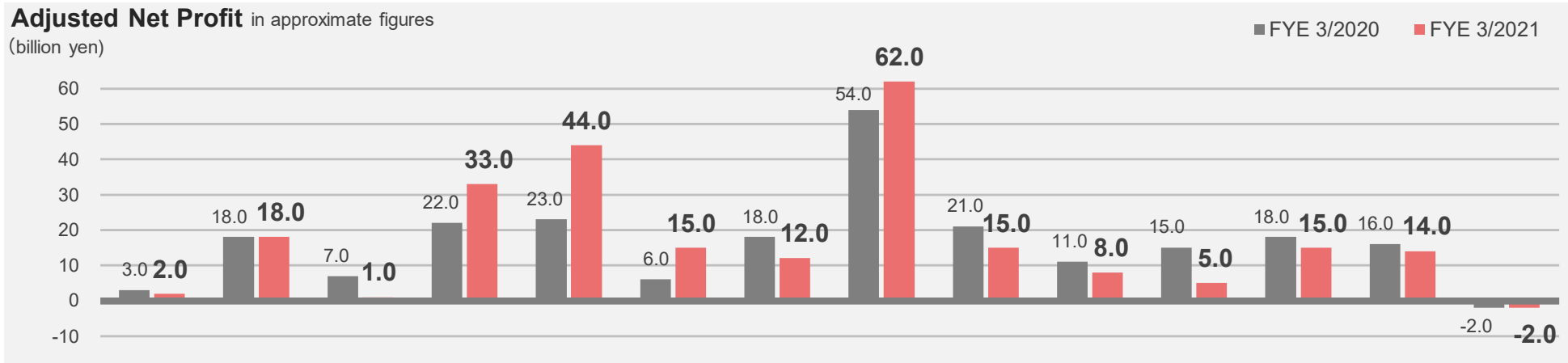
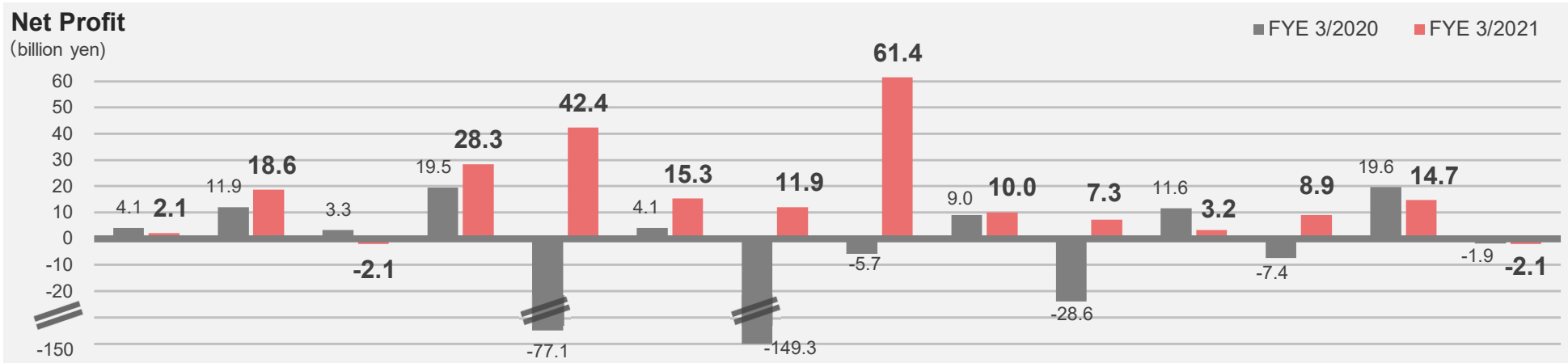
* Horizon 1: improvement of existing businesses, Horizon 2: pursuit of strategies in existing business domains, Horizon 3: new business models and growth domains currently not yet focused on

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

07 Net DE Ratio

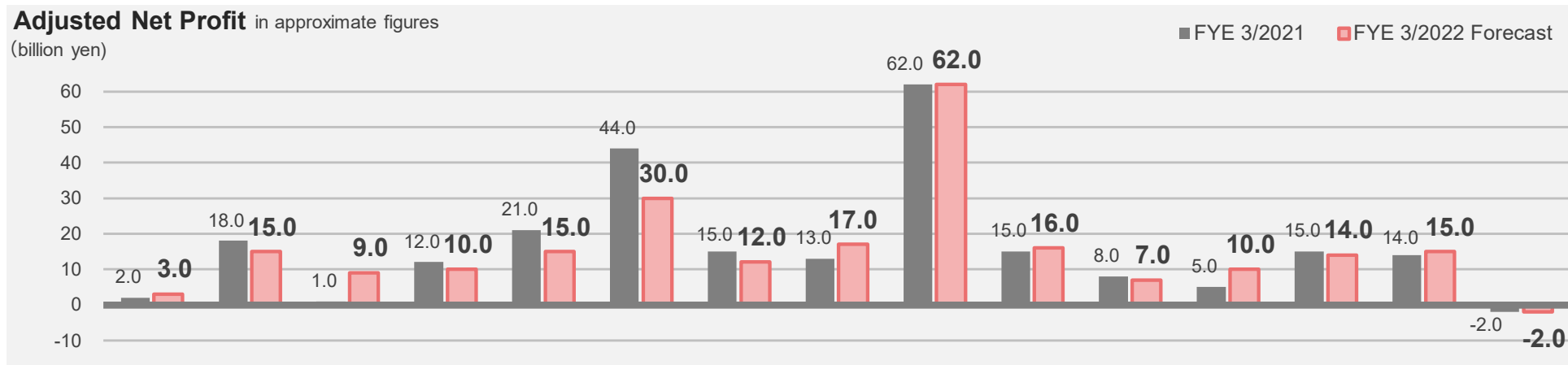
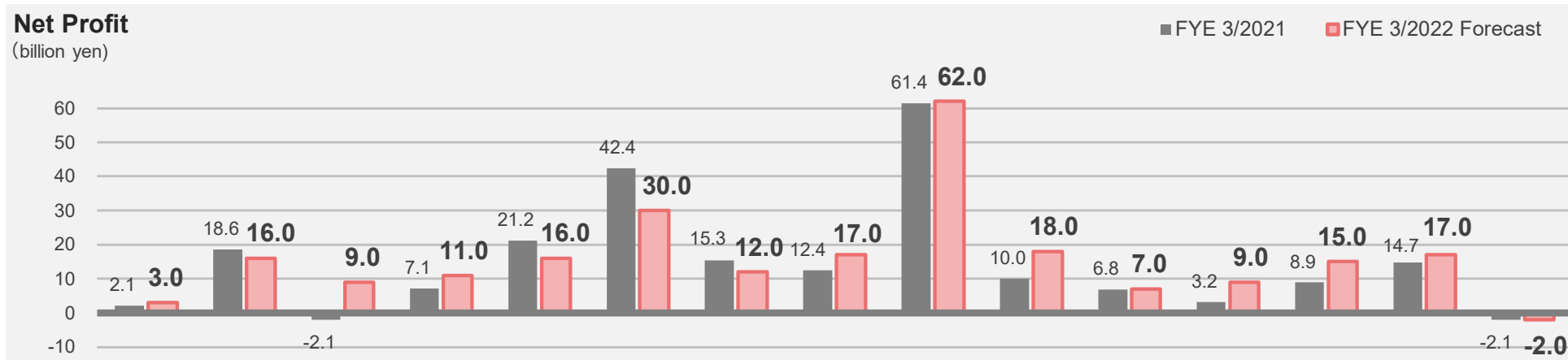


08 Profit by Segment FYE 3/2021 vs FYE 3/2020



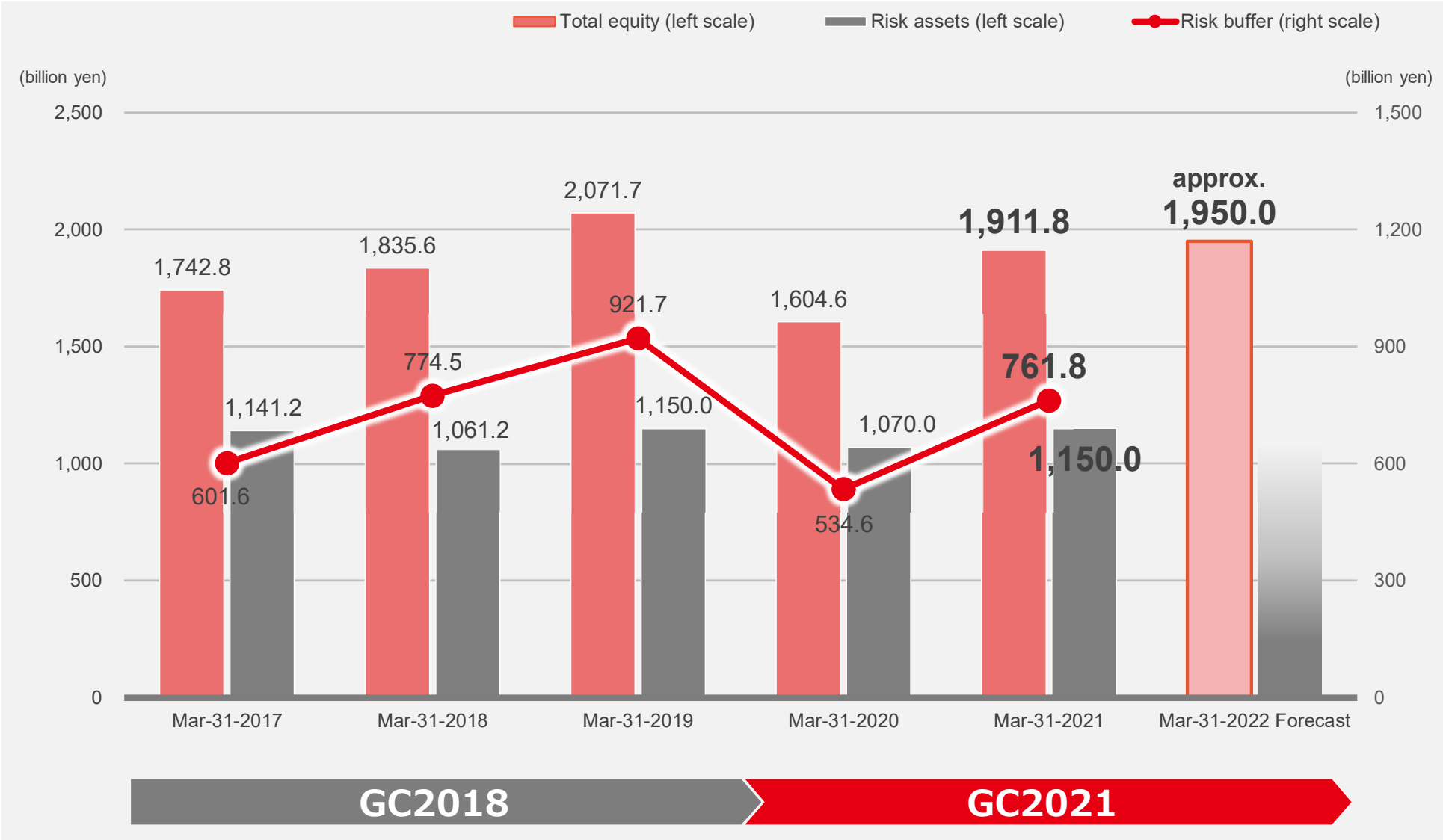
Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Energy	Metals & Mineral Resources	Power Business	Infrastructure Project	Aerospace & Ship	Finance & Leasing Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development
Consumer Products		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

09 Profit Forecast by Segment FYE 3/2022 Forecasts vs FYE 3/2021 Results



Lifestyle	ICT & Real Estate Business	Forest Products	Food I	Food II	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 Risk Assets and Risk Buffer



11 Markets and Commodity Volumes

Markets		FYE 3/2020 Full-year	FYE 3/2021 Full-year	Variance	FYE 3/2022 Full-year Assumption	Sensitivity to *4 Net Profit
Oil	WTI (USD/bbl)	55	42	- 13	55	approx. JPY0.5bn/[USD1/bbl]*5
Copper	LME (USD/ton) *1	5,966	6,560	+ 594	8,000	approx. JPY1.1bn/[USD100/ton]
Interest Rate	JPY TIBOR 3mo (%)	0.068	0.074	+ 0.006 points	0.1	
	USD LIBOR 3mo (%)	2.036	0.315	- 1.721 points	0.3	
Currency	USD/JPY Term Average (yen)	108.74	106.06	JPY appreciation by 2.68 yen	109	approx. JPY1.3bn/[JPY1/USD]
	USD/JPY Term-end (yen)	Mar-31-2020 108.83	Mar-31-2021 110.71	JPY depreciation by 1.88 yen	Mar-31-2022 109	
Commodity Volume		FYE 3/2020 Full-year	FYE 3/2021 Full-year	FYE 3/2022 Plan		
Oil, Gas	Equity Production Volume (K boe/day)	29	23	22		
	Upper: [Oil and Gas E&P] *2 Lower: [Total] *3	32	27	25		
Copper	Equity Sales Volume (K ton)	140	129			
Coking Coal	Equity Sales Volume (K ton)	6,347	5,852			

*1 March-to-February average for 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 6, 2021

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

12 Progress of Revised GC2021

Rebuild and Strengthen Financial Foundation	FYE 3/2020	FYE 3/2021	FYE 3/2022 Forecast	Three-year total, forecast			
	Core operating CF	+ 363.8 bn yen	+ 369.6 bn yen	+ 350.0 bn yen	approx. + 1,080.0 bn yen		
	FCF after delivery of shareholder returns	+ 57.3 bn yen	+ 231.3 bn yen	+ 60.0 bn yen	approx. + 350.0 bn yen		
	Net DE ratio	1.16 times	0.88 times	approx.0.9 times	—		
	<ul style="list-style-type: none"> ➤ Our top priority remains unchanged to focus on cash flow management in order to rebuild and strengthen our financial foundation ➤ Core operating cash flow which is the source of capital allocation maintained the same level as FYE 3/2020 for FYE 3/2021 ➤ Net DE ratio for Mar-31-2021 improved to 0.88x, achieving the target for Mar-31-2022 at approx.1.0x ahead of schedule 						
Enhancement of Business Strategies	<ul style="list-style-type: none"> ➤ <u>Proactively recycle assets and enhance the value of assets while envisaging changes in the business environment</u> <ul style="list-style-type: none"> • Promote strategic investments and divestment envisaging changes in the business environment • Good progress in fortifying existing businesses (Horizon 1, 2) including cost reduction measures to establish a sustainable and resilient business foundation along with sowing seeds in new business domains where growth can be expected (Horizon 3) 						
	(billion yen)						
		FYE 3/2020-2021 Two-year total	Horizon 1	Horizon 2	Horizon 3 ^{*1}	FYE 3/2022 Forecast	FYE 3/2020-2022 Three-year total, forecast
	New investments	- 316.7		- 269.2	- 47.5	- 150.0	approx. - 470.0
CAPEX and others	- 218.5	- 194.3	- 24.1		- 120.0	approx. - 340.0	
Divestment	+ 209.1				+ 100.0	approx. + 310.0	
	<ul style="list-style-type: none"> ➤ <u>Further enhance and strengthen risk management practices</u> <ul style="list-style-type: none"> • Thorough analysis of the performances of past businesses/investments, shared company-wide. Stronger investment discipline enforced • Reinforced risk exposure control. Performance improvement measures using ROIC/RORA^{*2} 						

*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 ROIC: Return On Invested Capital, RORA: Return On Risk Asset

12 Progress of Revised GC2021

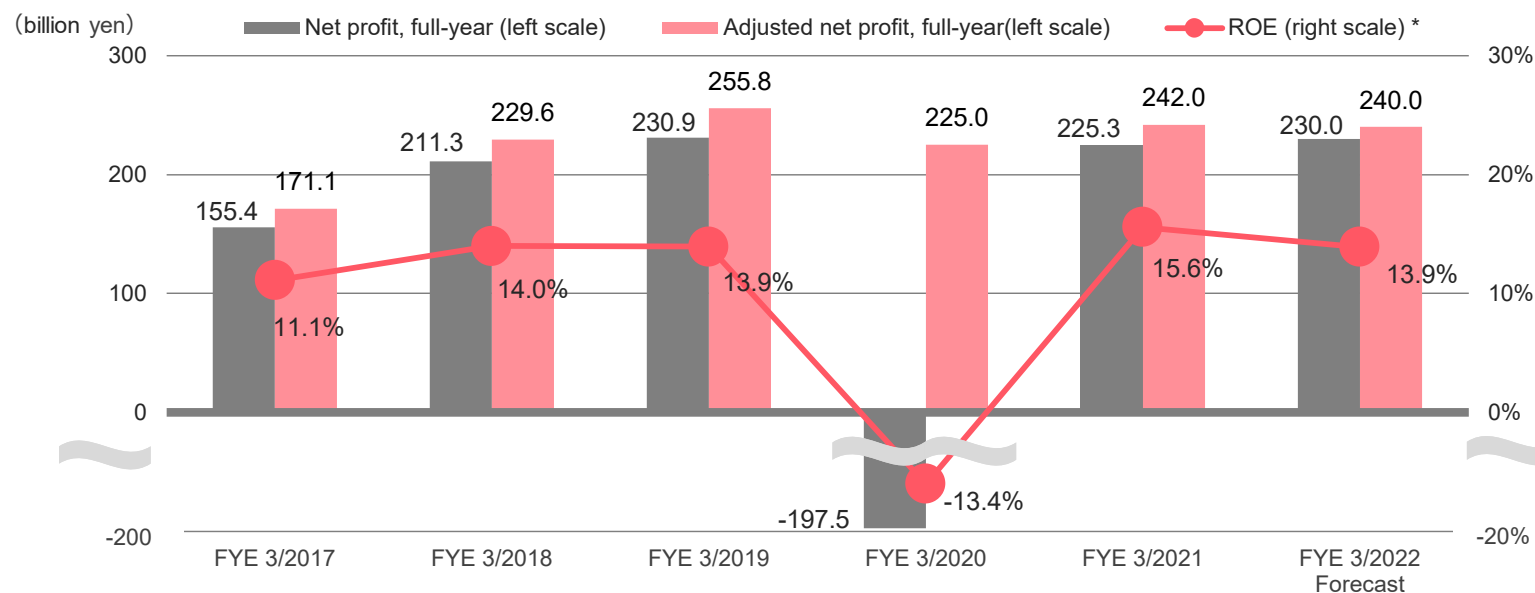
Enhancement of Corporate Value for the Medium- to Long-term through ROE Improvement & Reduction of Cost of Equity

➤ Maintain and improve ROE

- Continued increase in adjusted net profit, core operating cash flow, strategic capital allocation
- Establishment of strong earnings base through enhancement of business strategies while monitoring capital efficiency

➤ Reduce Cost of Equity

- Optimization of financial leverages (Net DE ratio)
- Minimization of performance volatility
- Improvement of non-financial performance through stronger actions for sustainability such as governance, HR, climate change, etc.



*ROE : Based on net income. Excluding the effects of the perpetual subordinated loan