GC2021

Global crossvalue platform


*FYE: Fiscal Year Ending

Marubeni
### Long-Term Management Direction (Toward 2030)

<table>
<thead>
<tr>
<th>01</th>
<th>Long-Term Direction</th>
</tr>
</thead>
</table>
| 02 | Basic Policy of Management Strategy  
     (Corporate Value Enhancement and Growth Horizons) |

### Medium-Term Management Strategy  GC2021  (FYE 3/2020-FYE 3/2022)

<table>
<thead>
<tr>
<th>01</th>
<th>Cash Flow Management (Capital Allocation Policy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>Business Policies</td>
</tr>
</tbody>
</table>
| 03 | Growth Strategy 1 (Organization Reforms in April 2019)  
     Growth Strategy 2 (Evolution of Business Strategies)  
     Growth Strategy 3 (White Space) |
| 04 | Sustainability and Corporate Governance |
| 05 | Marubeni Group HR Strategy |
| 06 | Management Indicators, Financial Targets |
| 07 | Shareholder Returns Policy |
Long-Term Management Direction
Toward 2030
Our vision: **Global crossvalue platform**
Value creation company going beyond the boundaries of the current Sogo Shosha

Pursue growth engines and create new business models by proactively addressing the challenges of customers and society through vertical evolution and horizontal expansion

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**Global Changes and Major Trends toward 2030**

- Millennial generation and changing values
- Technological innovation, digital transformation
- Geopolitical risk and the shifting balance of world powers
- Transformation of the industrial structure
- New business ecosystems

Discontinuous changes, Disruptions to the status quo

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**Concurrent Opportunities and Threats**

**〈Opportunities〉**
- New growth opportunities arising from changes

**〈Threats〉**
- Risk of existing business models becoming obsolete
- Limitations inherent in solutions based on product-oriented business lines

Ability to identify opportunities and threats, anticipate the future and drive change
Corporate Value Enhancement toward 2030

- Strong financial foundation for growth
- Sustained growth by strengthening existing business
- Explosive growth by creating new business models looking 10 years ahead in the future

Three Growth Horizons

Horizon 1
- Sustained growth
- Material factor of current earnings

Horizon 2
- Pursuit of strategies
- in existing business domains

Horizon 3
- Explosive growth
- Toward 2030
- White Space
- New business models and growth domains currently not yet focused on

GC2021 (First Stage)

2019
2021
2030 and beyond
GC2021
Global crossvalue platform
Medium-Term Management Strategy
FYE 3/2020 – FYE 3/2022
Cash Flow Management (Capital Allocation Policy)

- Core operating cash flow of ￥1,200.0bn (three-year cumulative)
- Positive Free Cash Flow (FCF) of ￥100.0bn or more (three-year cumulative) after delivery of shareholder returns, establishment of positive cycle leading to maximization of core operating cash flow

<Three-year cumulative CF target>

<table>
<thead>
<tr>
<th>Cash In-flow</th>
<th>Cash Out-flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divestment ￥250.0bn</td>
<td>Debt Repayment</td>
</tr>
<tr>
<td>Core Operating CF ￥1,200.0bn</td>
<td>Shareholder Returns</td>
</tr>
<tr>
<td>Working Capital</td>
<td>New Investments, CAPEX ￥900.0bn</td>
</tr>
</tbody>
</table>

Strengthen financial foundation
Enhance shareholder returns

- Positive FCF of ￥100.0bn or more (three-year cumulative) after delivery of shareholder returns (Debt repayment)
- Net DE ratio of around 0.8 times as of March 31, 2020, a year ahead of schedule (See slide “07 Shareholder Returns Policy” for shareholder returns policy)

Allocate capital to growth

- Strategic investments and CAPEX with priority
- ￥200.0bn to Horizon 1 and ￥500.0bn to Horizon 2 to strengthen foundation of existing businesses
- ￥200.0bn to Horizon 3, contributing to maximization of future core operating cash flow

Horizon 3 ￥200.0bn
Horizon 2 ￥500.0bn
Horizon 1 ￥200.0bn
**02 Business Policies**

**New Business Policies (SPP) : Strategy × Prime × Platform**

Maximizing Marubeni’s business portfolio value in accordance with new business policies:

- Strategically selecting new investments
- Strengthening existing businesses, expediting divestment and reallocations through monitoring

**Strategy**

- “Strategy” has been defined as constructing a vision, and closing the gap between that vision and the present; “Stay Strategy-Focused”
- Now, execute and realize the strategies of each business division

**Prime**

- Marubeni Group's initiative to execute business strategies
- Pursue business value enhancement by majority investment or mutually complementary partnerships

**Platform**

- Value creation by utilizing Marubeni Group's platform and combining internal and external expertise
- Pursue platform-type business models in regions, fields and product areas that are expecting growth over the long term to enhance business value
### Growth Strategy 1 (Organization Reforms in April 2019)

#### Business Divisions

<table>
<thead>
<tr>
<th>Consumer Products</th>
<th>Lifestyle</th>
<th>ICT &amp; Real Estate Business</th>
<th>Forest Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, Agriculture &amp; Chemicals</td>
<td>Food</td>
<td>Agri Business★</td>
<td>Chemicals</td>
</tr>
<tr>
<td>Machinery, Infrastructure &amp; Financial Business</td>
<td>Plant</td>
<td>Aerospace &amp; Ship</td>
<td>Finance &amp; Leasing Business★</td>
</tr>
</tbody>
</table>

#### Improvement of existing businesses

**Pursuit of strategies in existing business domains**

★**Key features of organization reforms**

Efficiently execute strategies by minimizing the chain of command from four levels to three

(Structural reforms)

- Aggregation of agri-input business & North American grain origination business to pursue further growth in the agri-business domain
- Reorganization of Power Business Division and Energy Division under the same business group to pursue total energy solutions
- Reorganization of finance and leasing businesses under the same business division to pursue new financial solutions
- Establishment of Next Generation Business Development Division to create new business models from the point of view of group-wide optimization

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**White Space**

Pursuit of White Space by Entire Marubeni Group

Next Generation Business Development★

- Total of around 100 personnel
Growth Strategy 2 (Evolution of Business Strategies)

Business Strategies of the Existing 13 Business Divisions (Existing Business Domains + White Space)

**Consumer Products**

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<tr>
<th>Lifestyle</th>
<th>ICT &amp; Real Estate Business</th>
<th>Forest Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Global ODM business for SPA brands; Direct-to-consumer sales business (SPA, e-commerce, etc.)</td>
<td>• ICT business; Domestic and overseas housing development/sales and asset management business; Technology-enabled solutions such as 5G etc. &amp; value-added service for condominium residents and other customers</td>
<td>• Musi Pulp Project’s competitiveness and profitability; Packaging manufacturing and sales business overseas</td>
</tr>
</tbody>
</table>

**Power Business, Energy & Metals**

<table>
<thead>
<tr>
<th>Power Business</th>
<th>Energy</th>
<th>Metals &amp; Mineral Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Total Energy Solutions Business, especially renewable energy power and natural gas/new energy value-chain businesses, in recognition of a low-carbon society</td>
<td>• Global Power-retail/Power-service related businesses; community-based utility service; distributed power generation and energy businesses</td>
<td>• Superior upstream interests; Initiatives for environmental and circular economy businesses</td>
</tr>
</tbody>
</table>

**Food, Agriculture & Chemicals**

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<th>Chemicals</th>
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<tbody>
<tr>
<td>• Sales and marketing of specialty products in the food and chemical sectors; expanded presence in the life science field in particular in chemicals</td>
<td>• Production and manufacturing capabilities</td>
<td>• Helena Agri-Enterprises; Global agri-input business including Asia and South America; North American grain origination business</td>
</tr>
</tbody>
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**Machinery, Infrastructure & Financial Business**

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<th>Plant</th>
<th>Aerospace &amp; Ship</th>
<th>Finance &amp; Leasing Business</th>
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<tbody>
<tr>
<td></td>
<td>Construction, Auto &amp; Industrial Machinery</td>
<td></td>
</tr>
<tr>
<td>• Strong presence in social infrastructure business; Infrastructure fund business</td>
<td>• Finance and leasing businesses that transcend industrial verticals; Next-generation financial services businesses</td>
<td>• Functions in machinery &amp; industrial domains by enhancing high-value-added services</td>
</tr>
</tbody>
</table>
03 Growth Strategy 3 (White Space)

Horizon 3

White Space: New business models and growth domains currently not yet focused on

~Existing 13 Business Divisions and Next Generation Business Development Division~

Middle Income Demographic in Asia

- Consumer Contact Marketing Functions
- Real & Virtual

Specialty Products, Life Science Sector

5G, Digital Technology, Blockchain

Next-Generation Financial Service

Community-Based Utility Services, Distributed Power Generation

Environment Low-Carbon Society

Healthcare & Wellness

Next-Generation Social Infrastructure

- Urbanization & Smartification, Solutions & Aggregation

Informal Sector in Asia & Africa

Education, Sport, Entertainment

Address the challenges of customers and society and pursue growth engines

Explosive growth toward 2030

Develop platforms to strengthen functions

Innovation Initiatives

- Business Model Canvas
- 15% Rule
- Idea Box
- Business Plan Contest
- Marubeni Academia

Marubeni’s functions, resources and global networks

- Business Foundation
- Logistic Networks
- Neutrality
- Business Expertise
- Creditworthiness and Trust
- Project Management

External alliances and in-house capabilities

- Distribution and Marketing
- Product Development
- Technology
- Corporate Venture Capital (CVC)
Sustainability and Corporate Governance

**Practicing Sustainability**


**Fundamental Materiality**

- Human Capital with High Social Value
- Robust Management Foundation
- Governance for Coexistence with Society

**Environmental & Social Materiality**

- Climate Change
- Sustainable Forestry
- Human Rights & Co-development with Communities
- Sustainable & Resilient Value Chains

**Further Enhancement of Corporate Governance**

**Effectiveness**

- Board of Directors’ roles and functions of supervising management

**Transparency**

- Fair and clear disclosure of information and engagement with diverse stakeholders

**Group Governance**

- Execution of Marubeni Group Governance Policy and improvement of group companies’ management by clarifying roles of group companies and Marubeni, a shareholder/owner

**Development of Global crossvalue platform & Long-term corporate value enhancement**
05 Marubeni Group HR Strategy

Execute Marubeni Group HR strategy where every single Marubeni Group employee is involved in creating new value as part of “Global crossvalue platform”

Priorities

- HR systems strongly aligned with management strategy
- Employee development & Workplaces for diverse human resources
- Health and productivity management & Workstyle reforms
- Environment going beyond the boundaries of companies and organizations

Human Capital with High Social Value

- Creating new value
- Highly regarded and essential to society and customers

Marubeni HR Ecosystem

Diversity & Inclusion

- Respect for diverse values
- Value creation capabilities utilizing various individual abilities and experiences

Culture for Individuals’ Development and Productivity

- Workplace environments for invigorating human resources
- Open innovation to bring together internal and external ideas
Management Indicators, Financial Targets

Consolidated net profit
- FYE 3/2022: ¥300.0bn

Cash flow (CF)
- Core operating CF
- FCF after delivery of shareholder returns
- Three-year cumulative: ¥1,200.0bn
- Three-year cumulative: ¥+100.0bn or more (FYE 3/2022: Net DE ratio of around 0.7 times)

New investments (including CAPEX)
- Approx. ¥900.0bn
- Three-year cumulative:
  - Horizon 3: ¥200.0bn
  - Horizon 2: ¥500.0bn
  - Horizon 1: ¥200.0bn
  (On the condition of achieving targeted FCF after delivery of shareholder returns)

ROE
- 10% or more

Pursue sustained growth in market capitalization
Shareholder Returns Policy

- Maintain the current consolidated dividend payout ratio of 25% or more of consolidated net profit, and announce the minimum dividend for each fiscal year at the beginning of the fiscal year.

- After achieving a net DE ratio of around 0.8 times, flexibly implement share buybacks depending on the state of core operating cash flow and investment pipeline, among other factors.
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