

Financial Highlights

* This document is an English translation of materials originally prepared in Japanese. The Japanese original shall be considered the primary version.

May 8, 2018
Marubeni Corporation

Consolidated Financial Results for FYE 3/2018 and Yearly Forecasts for FYE 3/2019 (IFRS Basis)

(Unit: Billions of yen)

Operating Results	FYE 3/2018 Results	FYE 3/2017 Results	Variance	Variance in Percentage	Forecasts for FYE 3/2019	
						Variance from FYE 3/2018
Revenue	¥ 7,540.3	¥ 7,128.8	+411.5	6%		
Gross trading profit	677.2	613.9	+63.4	10%	720.0	+42.8
Selling, general and administrative expenses	(547.3)	(518.1)	-29.2	-	(570.0)	-
Provision for doubtful accounts	(11.9)	(4.2)	-7.7	-	(5.0)	-
Operating profit (*1)	118.1	91.6	+26.5	29%	145.0	+26.9
Interest expense, net of interest income	(21.4)	(17.1)	-4.3	-	(30.0)	-
Dividend income	21.3	17.5	+3.7	-	20.0	-
Gain (loss) on investment securities	25.1	11.0	+14.1	-	5.0	-
Gain (loss) on property, plant and equipment	(1.5)	(63.4)	+61.9	-		
Other-net	(35.1)	45.9	-81.0	-		
Share of profits of associates and joint ventures	148.5	114.7	+33.8	-	150.0	-
Profit before tax	255.0	200.3	+54.7	27%	290.0	+35.0
Corporate income tax	(38.4)	(44.5)	+6.1	-	(55.0)	-
Profit for the year	216.6	155.8	+60.8	39%	235.0	+18.4
Profit attributable to owners of the parent	211.3	155.4	+55.9	36%	230.0	+18.7
Profit attributable to non-controlling interests	5.3	0.4	+4.9	-	5.0	-
Adjusted operating profit (*2)	130.0	95.8	+34.2	36%	150.0	+20.0

(*1) Operating profit is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS.

(*2) Adjusted operating profit = Gross trading profit + SGA expenses

(Unit: Billions of yen, unless otherwise stated)

Financial Position	March 31, 2018	March 31, 2017	Variance	Forecasts for March 31, 2019
Total assets	6,877.1	6,896.7	-19.6	-
Current assets	3,278.8	3,164.5	+114.3	-
Non-current assets	3,598.3	3,732.2	-133.9	-
Total equity	1,835.6	1,742.8	+92.9	approx. 2,090.0
Equity attributable to owners of the parent	1,771.5	1,683.7	+87.8	-
Net interest-bearing debt	1,915.8	2,099.9	-184.1	approx. 1,930.0
Net DE ratio (*3)	1.04 times	1.20 times	-0.16 points	approx. 0.9 times

(*3) Net D/E ratio = Net interest-bearing debt / Total equity

Cash Flows	(Unit: Billions of yen)		Major Financial Indicators	FYE 3/2018	FYE 3/2017	Variance	Assumptions for FYE 3/2019
	FYE 3/2018	FYE 3/2017					
Cash flow from operating activities	253.4	324.3	Foreign Exchange Rate (YEN/USD) Apr.-Mar. avg. End Mar.	110.85	108.38	Yen depreciation by 2.47 yen (2%)	110
Cash flow from investing activities	(49.7)	46.5	JPY TIBOR(%) Apr.-Mar. avg. End Mar.	0.062	0.061	Yen appreciation by 5.95 yen (5%)	0.1
Free Cash Flow	203.7	370.8	USD LIBOR(%) Apr.-Mar. avg.	1.478	0.855	up by 0.623 % points (73%)	2.3
Cash flow from financing activities	(269.5)	(258.1)	Oil (USD/Barrel) WTI Apr.-Mar. avg.	54	48	up by USD 6/barrel (12%)	60
Effect of exchange rate changes	(13.3)	(8.5)	Copper (USD/MT) LME Mar.-Feb. avg.	6,363	5,082	up by USD 1,281/MT (25%)	7,000
Changes in cash and cash equivalents	(79.1)	104.1					

Outline of Yearly Forecasts for FYE 3/2019

© The forecast for yearly profit attributable to owners of the parent is set to be at 230.0 billion yen.
© Reflecting our targeted dividend payout ratio of '25% or more', yearly dividend for FYE 3/2019 is projected to be 34 yen per share (interim: 17 yen inclusive), according to the yearly forecast for profit attributable to owners of the parent of 230.0 billion yen. For FYE 3/2019, this initial yearly dividend forecast shall be set as the minimum.

The forecasts on this document are based upon available information and assumptions as of the announcement date, about uncertain factors which would influence upon future businesses. Actual results might be influenced by various factors in the future.

* As of April 1, 2017, Power Business & Plant segment, which has been renamed from Power Projects & Plant has been reorganized within the group, integrating "Energy & Environmental Infrastructure" and "Plant" into "Plant" division. In addition, parts of Food & Consumer Products segment have been incorporated into Chemical & Forest Products, and parts of Other have been incorporated into Food & Consumer Products. In October 2016, Chemical & Forest Products segment was reorganized, and "Helena Business" was renamed to "Agri-Input Business". To integrate agri-input business, parts of "Chemical Products" division has been transferred to "Agri-Input Business" division. With the mentioned revisions, while Gavilon's net profit was formerly distributed to 85% Food & Consumer Products and 15% Chemical & Forest Products, fertilizer segment of Gavilon has also been transferred to Chemical & Forest Products (Agri-Input Business Div.) from FYE 3/2018 (Grain segment of Gavilon belongs to Food & Consumer Products (Grain Div.)). In conjunction with these revisions, operating segment information for the year-earlier has been reclassified.

Outline of Financial Results for FYE 3/2018

Outlines

- Profit attributable to owners of the parent for FYE 3/2018 amounted to a record high of 211.3 billion yen, with 55.9 billion yen or 36% year-on-year increase.
- Yearly dividend for FYE 3/2018 has been revised to an estimate of 31 yen per share from the dividend of 29 yen per share announced on February 6, 2018, as the yearly profit attributable to owners of the parent was 211.3 billion yen.
- Total equity amounted to 1,835.6 billion yen with 92.9 billion yen increase from the end of the previous fiscal year. Net interest-bearing debt amounted to 1,915.8 billion yen with 184.1 billion yen decrease from the end of the previous fiscal year. As a result, Net D/E ratio improved to 1.04 times with 0.16 points down from the end of the previous fiscal year.
- Free cash flow was positive 203.7 billion yen.

Main Items

- Revenue... 7,540.3 billion yen (+411.5 billion yen year on year)**
Increased profit mainly for Food & Consumer Products.
Japanese yen depreciation resulted in an increase of approximately 100.0 billion yen.
- Gross trading profit ... 677.2 billion yen (+63.4 billion yen year on year)**
Please see the chart below.
Japanese yen depreciation resulted in an increase of approximately +10.0 billion yen.
- Selling, general, and administrative expenses ... -547.3 billion yen (-29.2 billion yen year on year)**
Increased mainly due to personnel expenses.
Japanese yen depreciation resulted in an increase of approximately -7.0 billion yen.
- Provision for doubtful accounts ... -11.9 billion yen (-7.7 billion yen year on year)**
Recognition of provision for overseas financing projects.
- Interest expense, net of interest income ... -21.4 billion yen (-4.3 billion yen year on year)**
Deteriorated due to increase in interest rates.
- Dividend income ... 21.3 billion yen (+3.7 billion yen year on year)**
Increased in energy businesses.
- Gains (losses) on investment securities ... 25.1 billion yen (+14.1 billion yen year on year)**
Recognition of gains on sale of offshore wind project in the U.K. and such.
- Gains (losses) on property, plant and equipment ... -1.5 billion yen (+61.9 billion yen year on year)**
Reactionary improvement from a year-earlier impairment loss on oil and gas development business.
- Other-net ... -35.1 billion yen (-81.0 billion yen year on year)**
Losses associated with overseas infrastructure businesses and an automotive sector business in North America and such.
In addition to above, reduced profit from a year-on-year reactionary loss from the sale of solar power business a year earlier.
- Share of profits of associates and joint ventures ... 148.5 billion yen (+33.8 billion yen year on year)**
Major items:
• Overseas IPP businesses 44.5 billion yen (+3.6 billion yen year on year)
• JELINBAH GROUP (Coal business in Australia) 14.9 billion yen (+5.4 billion yen year on year)
• Copper business in Chile 13.4 billion yen (+8.7 billion yen year on year)
• Marubeni-Itochu Steel Inc. 9.2 billion yen (+1.7 billion yen year on year)
*Share of profits of associates and joint ventures affected by the U.S. tax reform was approximately +3.0 billion yen.
- Corporate income tax ... -38.4 billion yen (+6.1 billion yen year on year)**
Effect of U.S. tax reform was approximately +3.0 billion yen.

(*) Effect of U.S. tax reform

- Gavilon Grain business (Grain:100%): 18.5 billion yen(*) (+11.1 billion yen year on year)
- Fertilizer business (Agri-Input Business: 100%): 3.0 billion yen(*) (-0.8 billion yen year on year)
- Helena (Agri-Input Business: 100%): 27.1 billion yen(*) (+7.0 billion yen year on year)

(*) Effect of U.S. tax reform
Gavilon Grain business (+9.5 billion yen), Gavilon Fertilizer business (+0.9 billion yen), Helena (+4.3 billion yen)

(Unit: Billions of yen)

Operating Segment (*4)	Gross trading profit			Profit attributable to owners of the parent			Main reasons for increase/decrease
	FYE 3/18	FYE 3/17	Variance	FYE 3/18	FYE 3/17	Variance	
Food & Consumer Products	271.6	272.1	-0.5	73.5	58.7	+14.8	(Food) •Effect of U.S. tax reform was approximately +18.0 billion yen. •Reduced profit from margin deterioration in the soybean sales to China, and such. (Lifestyle/ ICT, Logistics & Healthcare/ Insurance, Finance & Real Estate Business) •Recognition of gains on sale of investment securities of an associate company in ICT related business.
Food (Grain & Food Products)	135.2	137.2	-2.0	42.3	29.1	+13.2	
Lifestyle/ ICT, Logistics & Healthcare/ Insurance, Finance & Real Estate Business	136.7	135.2	+1.5	31.2	29.6	+1.6	
Chemical & Forest Products	203.2	185.2	+18.0	41.9	30.6	+11.2	(Agri-Input Business) •Effect of U.S. tax reform was approximately +5.0 billion yen. (Chemical Products/ Forest Products) •Improvement in woodchip and pulp businesses due to an increase in pulp price.
Agri-Input Business	144.6	133.7	+10.9	30.6	23.2	+7.4	
Chemical Products/ Forest Products	58.7	51.6	+7.1	11.3	7.5	+3.8	
Energy & Metals	58.0	26.2	+31.9	21.9	(6.2)	+28.2	(Energy) •Reactionary improvement from a year-earlier impairment loss on oil and gas development business. •Margin improvement in oil trading and LNG fields. (Metals & Mineral Resources) •Effect of U.S. tax reform was approximately -25.0 billion yen. •Increased profit in Australian coal business mainly by an increase in coal price. •Increased profit in Chilean copper business mainly by an increase in copper price.
Energy	26.6	7.1	+19.4	(22.4)	(24.6)	+2.2	
Steel Products	0.2	0.2	+0.0	8.7	7.5	+1.2	
Metals & Mineral Resources	31.3	18.9	+12.4	35.6	10.8	+24.8	
Power Business & Plant	41.9	45.3	-3.4	39.6	56.5	-16.9	(Power Business) •Gains from the sale of offshore wind project in the U.K. and such. (Plant) •Increased profit from an equity-method investment in an overseas IPP business. •Recognition of losses associated with overseas infrastructure businesses. •Effect of U.S. tax reform was approximately +4.0 billion yen.
Power Business	27.8	30.9	-3.1	44.8	40.2	+4.6	
Plant	14.1	14.4	-0.2	(5.1)	16.4	-21.5	
Transportation & Industrial Machinery	110.2	93.3	+16.9	36.1	28.6	+7.5	•Effect of U.S. tax reform was approximately +4.0 billion yen. •Increased profit in aerospace related businesses. •Recognition of reduced profit in automotive sector business in North America and such.
Aerospace & Ship/ Automotive & Leasing/ Construction & Industrial Machinery							
Other	(7.7)	(8.2)	+0.5	(1.8)	(12.9)	+11.1	•Increased expense of corporate income tax.
Consolidated	677.2	613.9	+63.4	211.3	155.4	+55.9	
Resources Total				13.3	(13.8)	+27.0	
Non-resources Total				198.0	169.1	+28.9	
Non-resources Ratio				94%	-	-	

(*4) Indicated numbers have eliminated the transactions within the operating segment.