

Financial Highlights

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

August 2, 2017
Marubeni Corporation

Consolidated Financial Results for the 1st Quarter of FYE 3/2018 (IFRS Basis)

Operating Results	FYE3/2018 Q1 Results	FYE3/2017 Q1 Results	Variance	Variance in Percentage	Forecasts for FYE 3/2018	
					Progress in percentage	
Revenue	¥ 1,922.9	¥ 1,870.6	+52.2	3%		
Gross trading profit	159.3	158.6	+0.7	0%	670.0	24%
Selling, general and administrative expenses	(127.2)	(125.8)	-1.4	-	(550.0)	-
Provision for doubtful accounts	(1.0)	(1.0)	+0.0	-	(5.0)	-
Operating profit (*1)	31.1	31.8	-0.7	-2%	115.0	27%
Interest expense, net of interest income	(4.3)	(4.5)	+0.3	-	(25.0)	-
Dividend income	5.9	3.6	+2.3	-	15.0	-
Gain (loss) on investment securities	0.5	(0.3)	+0.8	-		
Gain (loss) on property, plant and equipment	2.0	2.4	-0.4	-	(5.0)	-
Other-net	4.1	6.6	-2.6	-		
Share of profits of associates and joint ventures	30.1	24.7	+5.4	-	125.0	-
Profit before tax	69.4	64.2	+5.2	8%	225.0	31%
Tax expense	(14.7)	(14.7)	+0.1	-	(50.0)	-
Profit for the period	54.7	49.5	+5.2	11%	175.0	31%
Profit attributable to owners of the parent	53.8	48.4	+5.4	11%	170.0	32%
Profit attributable to non-controlling interests	1.0	1.1	-0.1	-	5.0	-
Adjusted operating profit (*2)	32.1	32.8	-0.7	-2%	120.0	27%

(*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

Financial Position	June 30, 2017	March 31, 2017	Variance	Forecasts for March 31, 2018
Total assets	6,870.3	6,896.7	-26.5	-
Current assets	3,107.4	3,164.5	-57.1	-
Non-current assets	3,762.9	3,732.2	+30.7	-
Total equity	1,782.2	1,742.8	+39.4	approximately 1,850.0
Equity attributable to owners of the parent	1,718.9	1,683.7	+35.2	-
Net interest-bearing debt	2,223.2	2,099.9	+123.2	approximately 2,000.0
Net D/E ratio (*3)	1.25 times	1.20 times	+0.05 points	approximately 1.1 times

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

Cash Flow	FYE 3/2018		Major Financial Indicators	FYE3/2018 Q1	FYE 3/2017 Q1	Variance	Assumptions for FYE 3/2018
	Q1	Q1					
Cash flow from operating activities	(8.2)	36.3	Foreign Exchange Rate (YEN/USD) Apr.-Jun. avg. End Jun.	111.09	108.14	Yen depreciation by 2.95 yen (3%)	110
Cash flow from investing activities	(41.6)	(17.6)	JPY TIBOR(%) Apr.-Jun. avg.	112.00	102.91	Yen depreciation by 9.09 yen (9%)	
Free Cash Flow	(49.8)	18.6	USD LIBOR(%) Apr.-Jun. avg.	0.057	0.070	down by 0.013% points (19%)	0.1
Cash flow from financing activities	31.7	(72.8)	Oil (USD/Barrel) WTI Apr.-Jun. avg.	1.206	0.643	up by 0.563% points (88%)	1.4
Effect of exchange rate changes	0.5	(17.2)	Copper (USD/MT) LME Apr.-Jun. avg.	48	46	up by USD 2/barrel (4%)	50
Changes in cash and cash equivalents	(17.6)	(71.4)		5,662	4,729	up by USD 933/MT (20%)	5,700

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.

Outline of Financial Results for the 1st Quarter of FYE3/2018

Outlines

- Profit attributable to owners of the parent for Q1 FYE3/2018 amounted to 53.8 billion yen, with 5.4 billion yen or 11% year-on-year increase. The progress to FYE3/2018 yearly forecast of 170.0 billion yen is 32%.
- Total equity amounted to 1,782.2 billion yen with 39.4 billion yen increase from the end of the previous fiscal year. Net interest-bearing debt amounted to 2,223.2 billion yen with 123.2 billion yen increase from the end of the previous fiscal year. As a result, Net D/E ratio increased to 1.25 points with 0.05 points rise from the end of the previous fiscal year.
- Free cash flow amounted to an expenditure of -49.8 billion yen due to an increase in capital expenditure in overseas businesses and such.

Main Items

- 1) Revenue ... 1,922.9 billion yen (+52.2 billion yen year on year)**
New consolidation of businesses resulted in an increase of approximately +16.3 billion yen for Transportation & Industrial Machinery segment. Meanwhile, Japanese yen depreciation resulted in an increase of approximately +23.0 billion yen.
- 2) Gross trading profit ... 159.3 billion yen (+0.7 billion yen year on year)**
Please see the chart below. Japanese yen depreciation resulted in an increase of approximately +1.0 billion yen.
- 3) Selling, general, and administrative expenses ... -127.2 billion yen (-1.4 billion yen year on year)**
Japanese yen depreciation resulted in an increase of approximately -1.0 billion yen.
- 4) Interest expense, net of interest income ... -4.3 billion yen (+0.3 billion yen year on year)**
• Interest expense -7.9 billion yen (+0.4 billion yen year on year)
• Interest income 3.6 billion yen (-0.1 billion yen year on year)

- 5) Dividend income ... 5.9 billion yen (+2.3 billion yen year on year)**
Increased in energy businesses.

- 6) Gains (losses) on property, plant and equipment ... 2.0 billion yen (-0.4 billion yen year on year)**
• Gains on sales of property, plant and equipment 2.0 billion yen (-0.4 billion yen year on year)

- 7) Other-net ... 4.1 billion yen (-2.6 billion yen year on year)**
Reduced profit from a year-on-year reactionary loss from the sale of an automotive sector business in North America in the Q1 of a year earlier.

- 8) Share of profits of associates and joint ventures ... 30.1 billion yen (+5.4 billion yen year on year)**
Major items:
• Overseas IPP businesses 8.8 billion yen (+0.1 billion yen year on year)
• JELLINBAH GROUP (Coal business in Australia) 3.1 billion yen (+2.4 billion yen year on year)
• Marubeni-Itochu Steel Inc. 2.4 billion yen (+0.3 billion yen year on year)
• Copper business in Chile 1.5 billion yen (+2.4 billion yen year on year)

(Reference) Consolidated Net Profit of Major Subsidiaries

- Gavilon
Grain business (Grain:100%): 0.8 billion yen (+0.9 billion yen year on year)
Fertilizer business (Agri-Input Business: 100%): -0.4 billion yen (-0.9 billion yen year on year)
- Helena Chemical (Agri-Input Business: 100%) : 11.5 billion yen (+0.7 billion yen year on year)

Operating Segment (*4)	Gross trading profit			Profit attributable to owners of the parent			Main reasons for increase/decrease
	FYE3/18 Q1	FYE3/17 Q1	Variance	FYE3/18 Q1	FYE3/17 Q1	Variance	
Food & Consumer Products	61.9	65.5	-3.6	9.7	14.4	-4.7	(Food) • Reduced profit in a margin deterioration in the soybean sales to China, and such. (Lifestyle/ ICT, Logistics & Healthcare/ Insurance, Finance & Real Estate Business) • Reduced profit in real estate development business and such.
Food (Grain & Food Products)	30.6	34.4	-3.8	6.0	8.5	-2.5	
Lifestyle/ ICT, Logistics & Healthcare/ Insurance, Finance & Real Estate Business	31.3	31.2	+0.2	3.7	6.0	-2.3	
Chemical & Forest Products	57.6	58.2	-0.7	13.6	14.2	-0.5	(Agri-Input Business) • Increased profit in Helena Chemical. (Chemical Products/ Forest Products) • Reduced profit from a decrease in handled volume of the petrochemical and plastics and such.
Agri-Input Business	45.8	44.2	+1.6	12.1	11.7	+0.4	
Chemical Products/ Forest Products	11.7	14.0	-2.3	1.5	2.5	-1.0	
Energy & Metals	6.9	(1.0)	+7.9	7.2	(5.0)	+12.2	(Energy) • Margin improvement in LNG fields. (Metals & Mineral Resources) • Increased profit in Australian coal business mainly by an increase in coal price. • An improvement from a share of profits of associates and joint ventures in copper business in Chile.
Energy	1.0	(2.5)	+3.5	(1.0)	(5.8)	+4.8	
Steel Products	0.0	0.0	-0.0	2.4	2.0	+0.3	
Metals & Mineral Resources	5.8	1.4	+4.4	5.8	(1.3)	+7.1	
Power Business & Plant	9.3	14.2	-4.9	9.5	13.5	-4.0	(Power Business) • Reduced profit for the power related business in the U.K.. (Plant) • Reduced profit due to worsening of income tax expenses.
Power Business	7.1	11.1	-4.0	7.7	9.3	-1.5	
Plant	2.2	3.1	-0.9	1.8	4.2	-2.4	
Transportation & Industrial Machinery	26.0	22.3	+3.8	10.5	14.0	-3.5	• A reactionary decrease from a sale of an automotive sector business in North America.
Aerospace & Ship/ Automotive & Leasing/ Construction & Industrial Machinery							
Other	(2.3)	(0.6)	-1.7	3.2	(2.7)	+5.9	• Improvement in expense of income tax (adjustments for annual income tax rate expected for the full financial year) and such.
Consolidated	159.3	158.6	+0.7	53.8	48.4	+5.4	
Resources Total				4.8	(7.1)	+11.9	
Non-resources Total				48.9	55.5	-6.5	
Non-resources Ratio				91%			

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

* 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 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.