

# Shareholders' Guide “Marubeni”

No.128, Summer 2020

## 01 Message from CEO

### Actively shaping the future as a group

I would like to express my sincere gratitude to our valued shareholders for their unwavering support. On May 7, 2020, we released the financial results for the fiscal year ended March 31, 2020. As a result of reevaluation of our asset values, we have posted a substantial loss during the fourth quarter, and our net profit for the year was negative ¥197.5 billion, given the commodity price drop and deterioration of the business environment arising from the spread of COVID-19. As the management, I am by no means taking this substantial loss and concerns of our shareholders lightly. I pledge my determination to overcome this unprecedented difficult time by spearheading the Marubeni group.



With the financial results for the fiscal year ended March 31, 2020, we have also released revisions to the Medium-Term Management Strategy GC2021. The details could be referred on the website:

Financial results (<https://www.marubeni.com/en/ir/reports/earnings/>)

IR materials (<https://www.marubeni.com/en/ir/reports/appendix/>)

IR meeting on financial results (<https://www.marubeni.com/en/ir/reports/year/>)

The spread of COVID-19 has hindered our movement on the worldwide level, and the global economy has plunged into a worst crisis since WWII. With our utmost priority on the safety of Marubeni group's employees, our customers and partners worldwide, we will strictly take actions to strengthen and rebuild our management foundation on a premise that the long-lasting impact will be inflicted upon the business activities of our group.

On the other hand, our basic policies of GC2021 to enhance corporate value in the medium to long term by strengthening existing business and creating new business models remain unchanged. We take this time as the time for patience by focusing on defensive measures and prepare for the opportunities that are to arise in the post COVID-19 world, and as a group we will strive to shape our future.

I appreciate your continued support.

Masumi Kakinoki  
President and CEO

# 02 Medium-Term Management Strategy GC2021

## Revision of Medium-Term Management Strategy GC2021

(FYE 3/2020 – FYE 3/2022)

### Management's view of the Business Environment

COVID-19 has stopped the movement of people worldwide, which has led to the worst economic crisis since World War II, and the first major one since the 2008 global financial crisis. This situation threatens the life and safety of people, possibility of a sustainable society, and may have a huge impact on the economy, society and values of the future.

An early medical breakthrough is unlikely, and a V-shaped recovery of the global economy will be extremely difficult. We think the recovery will be more sluggish, or "L-shaped," and 2021 may also be a year of slow and moderate recovery.

With our utmost priority on the safety of Marubeni group's employees, our customers and partners worldwide, we will strictly take actions to strengthen and rebuild our management foundation on a premise that the long-lasting impact will be inflicted upon the business activities of our group.

### Basic Policy of GC2021 Management Strategy

GC2021 will continue under the given environment with the following basic policies.

First is to "Rebuild and Strengthen Financial Foundation". As a result of a huge loss in the fiscal year ended March 31, 2020, our top priority is to focus on cash flow management in order to rebuild and strengthen our financial foundation. Repayment of debt is prioritized by accumulating positive free cash flow after delivery of shareholder returns during the GC 2021 period and to achieve net DE ratio of around 1.0 times at the end of March 2022.

Second is to "Enhance Business Strategies". The basic policy of management strategy in GC2021, which is to enhance corporate value in the medium to long term by strengthening existing business and creating new business models is maintained. That is to focus on reinforcing and improving existing businesses including cost reduction measures and establish sustainable and stronger business foundation with the assumption that the impact of COVID-19 on the real economy will be prolonged. By envisaging what a post COVID-19 world will look like, including the economy, social issues, growth domains and change of business models, we will proactively recycle assets and enhance the value of assets. We will also assess past business and investment performance to further enhance and strengthen our risk management practices.

#### Basic Policy of GC2021

<b>Rebuild and Strengthen Financial Foundation</b>	<ul style="list-style-type: none"> <li>➤ As a result of a huge loss in FYE 3/2020, our top priority is to focus on cash flow management in order to rebuild and strengthen our financial foundation.</li> <li>➤ Prioritize repayment of debt by accumulating positive free cash flow after delivery of shareholder returns during the GC2021 period and achieve net D/E ratio of around 1.0 times at the end of March 2022.</li> </ul>
<b>Enhancement of Business Strategies</b>	<ul style="list-style-type: none"> <li>➤ Maintain the Basic Policy of Management Strategy in GC2021 "Corporate value enhancement in the medium to long term by strengthening existing business and creating new business models"</li> <li>➤ Focus on preserving and improving existing businesses including cost reduction measures and establish sustainable and stronger business foundation.</li> <li>➤ Envisage what a post COVID-19 world will look like, including the economy, social issues, growth domains and change of business models; proactively recycle assets and enhance the value of assets.</li> <li>➤ Assessment of past business and investment performance to further enhance and strengthen our risk management practices.</li> </ul>