

Shareholders' Guide "Marubeni"

No.119, Winter 2015

Top Message



Financial Results for the Six-month Period ended September 30, 2015

I would like to express my sincere gratitude to our shareholders for your continued support.

The following is an overview of the financial results for the six-month period ended September 30, 2015, announced on November 5, 2015.

Fumiya Kokubu
President & CEO

Overview of Financial Results for the Six-month Period ended September 30, 2015

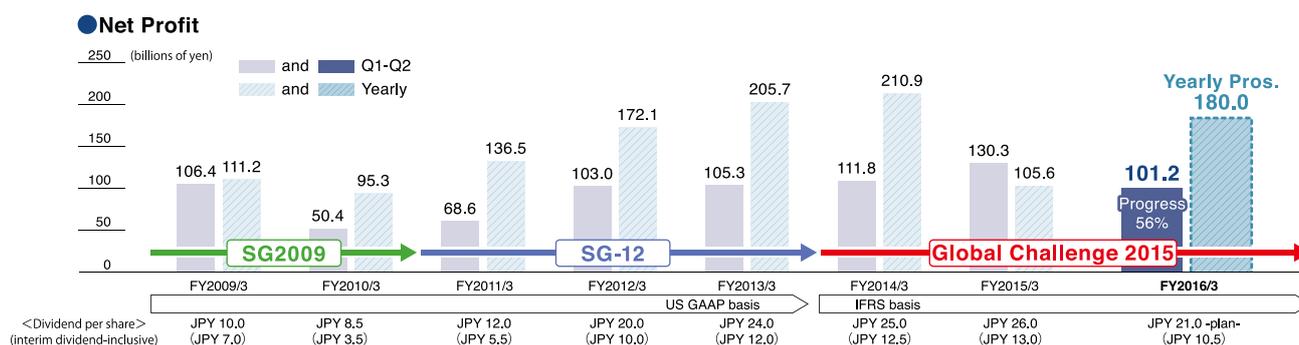
Consolidated Net Profit of 101.2 Billion yen

I will begin the discussion of Marubeni's business results for the six-month period ended September 30, 2015 with an explanation of earnings. Consolidated net profit for the six-month period was 101.2 billion yen, 56% of the full-year forecast of 180.0 billion yen set at the beginning of the fiscal year.

Looking back at the business environment during the six-month period, China and other emerging market countries experienced an unmistakable slowing of economic growth, and concerns about deceleration of the global economy heightened. In addition, capital outflows from emerging market countries continue against a backdrop of tapering of monetary easing by the U.S., and instability in the financial markets is increasing. The summer brought market turmoil as stock prices plummeted worldwide, and market volatility is increasing.

Marubeni's business performance suffered in this adverse business environment. Price deterioration posed a particularly difficult challenge in the resource businesses, and the addition of extraordinary factors such as the recognition of impairment losses on oil and gas development projects and overseas plant projects resulted in an unavoidable 29.1 billion yen decrease year on year in consolidated net profit.

Nevertheless, analysis indicates that real earnings power excluding special factors remained at the level of the same period of last year. Although profit from the resources business fell approximately 20.0 billion yen due to plummeting oil, gas, and copper prices, which have a tremendous impact on Marubeni's earnings, profit from non-resource businesses, which benefitted from yen depreciation, rose by approximately 20.0 billion yen.



Overall earnings from non-resource businesses were supported by solid results from the Power Projects and Transportation & Industrial Machinery segments, traditionally areas of strength for Marubeni, and strong results from

the trading business in the Chemicals segment. There are positive indications that the earnings foundation in non-resource businesses is steadily being strengthened.

Net Debt/Equity Ratio of 1.71 times

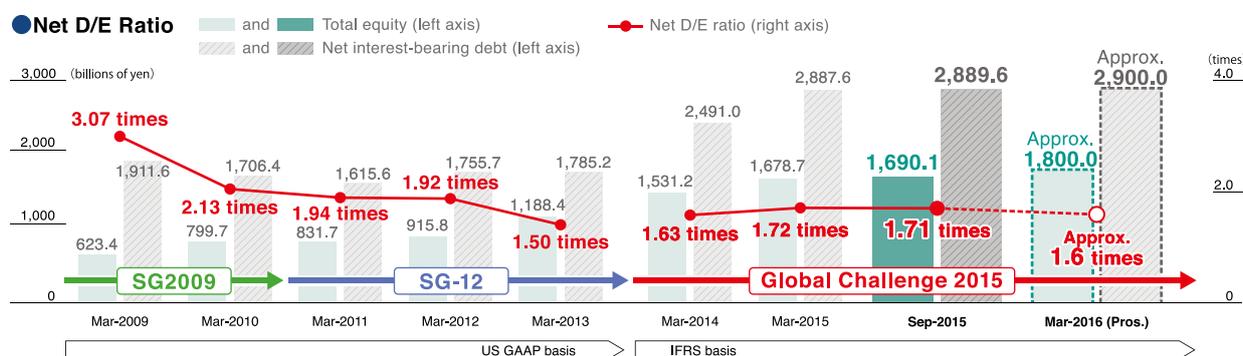
Next, I will discuss the financial position.

Total equity as of September 30, 2015 was 1,690.1 billion yen, an 11.4 billion yen increase year on year resulting from factors including retained earnings accretion in the six-month period ended September 30, 2015.

Net interest-bearing debt was mostly flat, increasing by 2.0 billion yen year on year to 2,889.6 billion yen as a result of

more rigorous cash flow management, which I will discuss later.

As a result, the net debt/equity ratio reached 1.71 times, an improvement of 0.01 points year on year. Our basic policy is to exercise financial discipline and fortify the financial base while simultaneously expanding the earnings foundation.



Interim Dividend of 10.5 yen per share

Marubeni recognizes that continuing to pay stable dividends to our shareholders while simultaneously maximizing corporate value and competitive strength through expansion and effective utilization of internal reserves is an important responsibility of a company.

to the business results of each fiscal year. The Company declared an interim dividend for the fiscal year ending March 31, 2016 of 10.5 yen per share as planned in accordance with a policy of aiming for a consolidated payout ratio of 20% or higher.

Marubeni applies the principle of linking shareholder returns

Payment of the interim dividend will commence on December 2.

Progress with the Mid-term Management Plan “Global Challenge 2015”

Basic Policy

Next, I will discuss the state of progress with “Global Challenge 2015” (GC2015), our current Mid-term Management plan.

GC2015 sets for the objective “Focus on the business fields in which the Marubeni Group has strength, expertise, and competitiveness and expand these business fields in which

we play a leading role to realize sustainable growth and build a strong earnings structure as well as a solid financial base.” Under this basic policy, during the six-month period ended September 30, 2015 we pressed ahead with new investments and upgrading of assets. Furthermore, we have set a new objective for the fiscal year ending March 31, 2016 of achieving positive free cash flow.

New Investment Progress Update

New investments are an important measure for fortifying the earnings foundation. Under GC2015, we have planned total new investments of approximately 1,100.0 billion yen over a three-year period. We invested approximately 900.0 billion yen during the first two years of the plan, and invested approximately 100.0 billion yen in rigorously screened projects during the six-month period ended September 30, 2015.

I will now discuss our investment projects during the six-month period under review by business group. In our resource businesses, we have funded energy concession

projects in accordance with the state of development progress. In non-resource businesses, the Machinery Group has made investments in overseas power generation businesses, including wind power, natural gas, and solar power generation projects, and FPSO* chartering businesses in Brazil and Ghana. In addition, in the Food, Lifestyle, Forest Products, ICT & Realty Group, wholly owned subsidiary Helena Chemical, a U.S.-based agricultural materials retailer, has made business acquisitions to expand its customer network.

* FPSO: Floating Production, Storage & Offloading system



Energy Concession Business



FPSO Vessel Chartering Business



Agricultural Retailer Business

● New Investment Plan under 'Global Challenge 2015'

		FY2014/3 Yearly*	FY2015/3 Yearly	FY2016/3 Q1-Q2	Major Projects (FY2016/3)	GC2015 Total (actual)	GC2015 New Investment Plan
Resource-related		Approx. 185.0 billion yen	Approx. 140.0 billion yen	Approx. 55.0 billion yen	•Energy Concession Business (US/UK)	Approx. 380.0 billion yen	Approx. 40%
Non-resources	Machinery Group	Approx. 270.0 billion yen	Approx. 180.0 billion yen	Approx. 40.0 billion yen	•Offshore Wind Farm (UK) •FPSO Vessel Chartering Business (Brazil/Ghana) •Natural Gas-fired Power Generation (US) •Solar Power Plant (Chile)	Approx. 490.0 billion yen	Approx. 60%
	Food, Lifestyle, Forest Products, ICT & Realty Group	Approx. 75.0 billion yen	Approx. 50.0 billion yen	Approx. 5.0 billion yen	•Agricultural Retailer Business (US)	Approx. 130.0 billion yen	
Total		Approx. 530.0 billion yen	Approx. 370.0 billion yen	Approx. 100.0 billion yen		Approx. 1,000.0 billion yen	3 year total Approx. 1,100.0 billion yen

* In addition to the above, acquisition of Gavilon of approximately US\$ 2.7 billion has been completed.

Upgrading Assets

In addition to new investments, upgrading existing assets is another important means of fortifying the earnings foundation. An important key for achieving growth and development with limited management resources is how effectively we can improve the quality of the assets and businesses Marubeni owns: in other words, how effectively we can upgrade existing assets. One means of upgrading assets is the pursuit of innovation. For Marubeni, innovation involves identifying changes in markets and customer needs and refusing to be satisfied with the status quo, re-examining Marubeni's corporate functions, and undertaking self-transformation. We will work to increase earnings power

by discovering latent demand and by reading the trends of the times to optimize business models.

Marubeni will also capitalize on previous success stories and continue to constantly take on the challenge of creating new innovations. To ensure sustained growth and development, we must tirelessly pursue new challenges with an eye to the future.

See "Special Feature: Innovation toward Growth" for details (p.5)

Toward Achieving Positive Free Cash Flow

As I have discussed heretofore, implementation of new investments in carefully selected projects and rigorous upgrading of assets has further strengthened Marubeni's earnings foundation. However, in a persistently unstable business environment, we must further improve our financial base. Achieving positive free cash flow is a measure to achieve this improvement that we have positioned as an important priority in the fiscal year ending March 31, 2016.

First, we will undertake improvement of operating cash flow not only by strengthening the earnings foundation, but also by accelerating improvement of operating working capital efficiency. In managing investing cash flow as well, we are practicing management that emphasizes cash flow maximization by means such as replacing marginally profitable assets and taking a strategic perspective to cash recovery even in excellent projects.

Outlook for Financial Results for the Fiscal Year ending March 31, 2016

Finally, I will discuss the earnings forecasts for the fiscal year ending March 31, 2016.

As I explained at the outset, consolidated net profit for the six-month period ended September 30, 2015 was 101.2 billion yen, which we consider favorable progress toward achieving the full-year forecast of 180.0 billion yen set at the beginning of the fiscal year.

Nevertheless, a sense of uncertainty about the future lingers for reasons including persistently stagnant resource prices. In these circumstances, we have carefully re-examined the outlook for financial results, factoring in resource price deterioration. We judge that it is entirely possible to achieve consolidated net profit of 180.0 billion yen and have left the initial forecast unchanged.

In addition, we have not changed our initial net debt/equity ratio target and project a net debt/equity ratio of approximately 1.6 times at the end of the current fiscal year. We will undertake fortification of the earnings foundation through new investments and upgrading of assets and aim to further improve the financial base by achieving positive free cash flow.

Major changes are occurring in the business environment, as typified by increasing market volatility, and these changes

create business opportunities. Although coping with change is a difficult challenge, opportunities for Marubeni to fully demonstrate its corporate functions are certain to expand provided we ascertain market and customer needs. We will maintain a positive outlook toward changes in the business environment and mount a united group-wide effort in pursuit of new business opportunities.

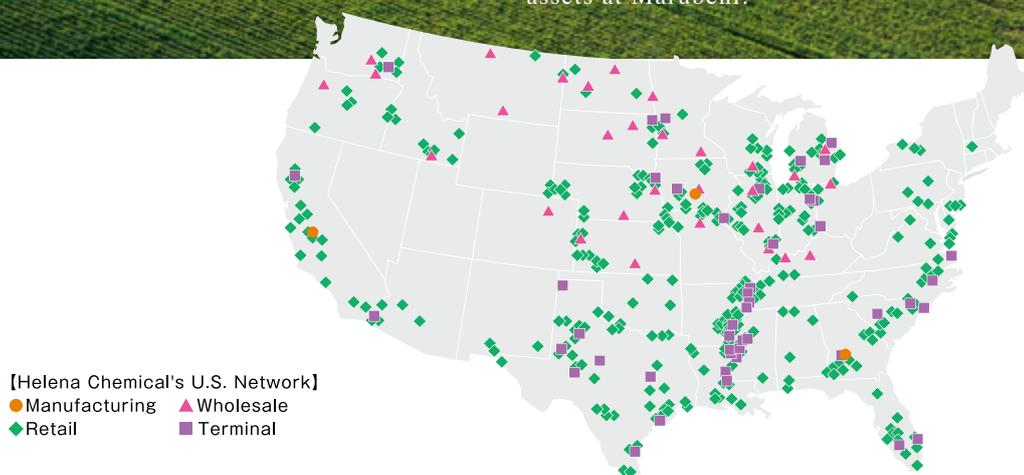
I request the continued support of our shareholders in the coming years.



Fumiya Kokubu
President & CEO

Special Feature : Innovation toward Growth

Upgrading Assets -The Helena Business-



Leading Marubeni's Agriculture-related Businesses The Second Largest Agricultural Materials Retailer in the U.S.

Helena Chemical Company is the second largest agricultural materials retailer in the U.S. Acquired in 1987 from Bayer AG of Germany, Helena offers agricultural chemicals, fertilizers, seeds, and many other products.

In the U.S. agricultural materials market, said to be worth \$60 billion, Helena currently has sales of approximately \$4.6 billion, market share exceeding 7%, approximately 5,000 employees, and more than 440 branch locations nationwide.

The company distributes agricultural materials and provides a full range of services to a customer base of approximately 100,000 farms.

Since being acquired by Marubeni, Helena has steadily increased its earnings, benefitting from a capital increase and other management assistance from the parent company. Helena's sales have grown more than tenfold since the acquisition.

Helena Chemical Company's Growth Strategy Ceaseless Innovation

After being acquired by Marubeni, Helena Chemical accurately apprehended an expansion trend in the U.S. agricultural materials market in the 2000s and dramatically expanded its operations. Continuous market-focused innovation became the driving force behind the growth of the Helena business. Let's examine three of Helena's numerous innovations.

1. Product Line Diversification

Helena Chemical, originally an agricultural chemical formulator and retailer, foresaw the growth potential of its business and embarked on a course of strategically diversifying its product line into fertilizers and seeds in addition to agricultural chemicals. At the same time, Helena accelerated business growth by adding ten to twenty sales locations per year in the U.S. through mergers and acquisitions and providing its own highly competitive products and services through the acquired network.

We are considering how Helena Chemical can continue to grow and become even stronger, looking five to ten years into the future. At the same time, we will accurately apprehend and respond to industry trends and changes in customer needs.



Michael McCarty

Chief Operating Officer, Helena Business Div., Marubeni Corporation
President and CEO, Helena Chemical Company



Helena Chemical Headquarter (Collierville, TN, U.S.)

2. Distribution of Private-Brand Products

Seeking to expand its role beyond that of a retailer, Helena Chemical began to develop, manufacture, and market its own line of products. Through these private-brand products, the company provides solutions tailored to the many issues that farms face. The line of more than 500 private-brand products increases the overall value of the business through competitive differentiation and contributes to Helena's earnings growth.

3. Provision of Sophisticated, Comprehensive Services

By utilizing information technology to collect farm data over many years, Helena Chemical provides optimal product packages to boost the productivity of individual farms. Helena has developed a consultative sales approach and won accolades from customers for providing a fertilizer optimization service for specific field locations utilizing precision geographic information system (GIS) technology. In this way, Helena constantly strives for further technological innovation while achieving a high customer retention rate.

The Successful Helena Business Model that Marubeni Exploits

Taking the solid, steady growth of the Helena business as a case study, we can identify two approaches that Marubeni should utilize in its future business activities.

[A Platform-based Growth Model]

The Helena business has expanded its business lines and network of branch locations through M&A activities by Helena Chemical itself and pursued growth in the U.S. agricultural materials market. Companies such as Helena that are closely tied to local communities are able to apply their experience to expand into surrounding areas and tend to be comparatively adept at identifying risks. Utilizing this type of community-based company as a platform for business growth can be considered a highly effective approach to strengthening Marubeni's businesses, especially overseas operations.

[A Customer-based Approach]

Helena Chemical has been successful in providing comprehensive services to its customers. This success is based on the concept of providing what customers want, not merely selling



the products the company offers. Helena believes that new business opportunities arise from this approach of identifying constantly changing customer interests and needs and providing solutions that meet customer wants and needs. This concept and approach should be applicable to any of Marubeni's business fields.

Contribution to Upgrading Assets

During the course of nearly thirty years, the Helena business has grown into a powerful presence that steadily contributes to Marubeni's revenues.

Marubeni will promote sharing of the growth strategy and growth model of the Helena business within the Marubeni Group, and undertake further development and expansion by actively introducing them in other businesses. Through this initiative, Marubeni will steadily proceed with asset upgrading and establish a more robust business foundation.



Fertilizer Application



Liquid Fertilizer Transportation



Production Facility of Helena Group (AR, U.S.)