

Highlights of General Trading Companies' Financial Results for Fiscal Year Ended March 2026

The following are Japan Credit Rating Agency, Ltd. (JCR)'s perception of the current status and highlights for rating concerning the financial results for the fiscal year ended March 2026 (FY2025) and earnings forecasts for FY2026 of Japan's six general trading companies (collectively, the "Companies"): Mitsubishi Corporation, SUMITOMO CORPORATION, MITSUI & CO., LTD., Marubeni Corporation, ITOCHU Corporation and Sojitz Corporation.

1. Industry Trend

In the resource sector, the Companies are making numerous investments in interests, and profits tend to fluctuate depending on prices. In FY2025, while the copper price went up, prices of iron ore, crude oil, coking coal and thermal coal dropped, resulting in lower profits in the resource sector as a whole for many of the Companies. To be more specific, the price rose from roughly USD 9,200 per ton in FY2024 to around USD 10,000 in FY2025 for copper, while it fell from USD 210 to USD 200 for coking coal and from USD 105 to USD 100 for iron ore in approximate figures. These changes had varying impact on the Companies in monetary terms; for Mitsubishi, net income attributable to owners of the parent (net income) in FY2025 was affected positively by the copper price in the amount of around 43 billion yen but negatively by the coking coal price in the amount of around 24 billion yen. Yet, resource prices remain high for many commodities compared to pre-FY2020 levels, and the Companies all secure a certain level of profits in the resource sector. Yet, resource prices are susceptible to global political and economic changes, and it is difficult to make highly accurate estimates. Therefore, market trends need to be closely monitored going forward, too.

The Companies keep making new investments while also developing new earnings sources. New investments of the Companies combined, which were hovering in the 2 trillion-yen range in recent years, increased to around 3.5 trillion yen in FY2023, to 3.7 trillion yen in FY2024, then to 4.4 trillion yen in FY2025. The high level of profits have created financial leeway for the Companies, which is encouraging them to accelerate investments. Some are large-scale projects; recent examples include the acquisition of a U.S. shale gas business by Mitsubishi for approximately 800 billion yen and the acquisition of SCSK Corporation as a wholly owned subsidiary by SUMITOMO for roughly 880 billion yen. Aggressive investments are expected to continue into FY2026, and ITOCHU in particular plans to make the largest-ever investment of approximately 1.2 trillion yen. In parallel with new investments, the Companies are also working on investment recovery. As such, constant asset replacement is a major characteristic of general trading companies. Recovery projects include not only those aimed at withdrawing from inefficient projects but also those aimed at divesting businesses, which are beginning to turn downward from their peak, on more favorable conditions from the viewpoint of business life cycle. Marubeni made new investments of 240.9 billion yen and divestments of 276.8 billion yen in FY2025, which shows that it is actively promoting the divestment of low-growth, low capital-efficiency businesses.

2. Financial Results

Net income of the Companies combined for FY2025 came to 3,782.5 billion yen, down 3.9% from the previous year. Mitsubishi, MITSUI and Sojitz, which were drastically affected by price declines for iron ore, coking coal, etc. in the resource sector, reported lower income, while SUMITOMO, ITOCHU and Marubeni, which continued to fare well in the non-resource sector, attained a new high. For Mitsubishi, the decline widened because of a sharp drop in the absence of the previous year's capital recycling and one-time items.

As regards the financial figures of the Companies combined as of March 31, 2026, net interest-bearing debt grew by 2,233.3 billion yen, and equity capital (total equity minus non-controlling interests) by 2,963.9 billion yen. As a result, net D/E ratio deteriorated by 0.02 points from a year before to 0.49x.

Net interest-bearing debt grew for the Companies but Marubeni. Many of the Companies have stepped up their new investments more than ever, and the investment amount topped 1 trillion yen for Mitsubishi, MITSUI and SUMITOMO. Equity capital improved for the Companies but SUMITOMO.

SUMITOMO saw the acquisition of additional SCSK shares negatively affect equity capital (approximately 720 billion yen). The rest of the Companies steadily accumulated profits, and the positive impact from exchange rate fluctuations was also significant. Looking at Marubeni for instance, equity capital increased by 734.5 billion yen, of which 441.4 billion yen was an increase in retained earnings and 345.8 billion yen an increase resulting from foreign exchange fluctuations. General trading companies have a large amount of foreign currency-denominated assets associated with overseas investments and so forth, and thus it must be noted that there are many cases where equity capital is affected by the valuation of such assets.

3. Highlights for Rating

For FY2026, net income of the Companies combined is projected to improve 13.9% over the year to 4,310 billion yen. In the resource sector, prices are expected to rise for copper, crude oil, etc. In the non-resource sector, many businesses continue to perform well, and overall results will likely remain strong. As regards the Middle East situation, while some negative factors are unavoidable, JCR assumes that their impact on overall consolidated results will not be significant. That said, because the possibility that the closure of the Strait of Hormuz will be extended, exacerbating global economic slowdown, cannot be ruled out, future developments will be closely watched.

On a separate note, the percentages of the resource and non-resource sectors in net income vary among the Companies. On the premise of current resource prices, 40 to 50% of net income is accounted for by the resource sector for Mitsubishi and MITSUI. This sector is susceptible to price fluctuations, and its profits are volatile. The non-resource sector on the other hand generates profits more steadily than the resource sector, although some businesses are affected by price fluctuations. Many of the Companies are thus aiming to enhance earnings in the non-resource sector, and JCR is monitoring progress in the efforts to that end.

On the financial front, many of the Companies keep net D/E ratio at 1x or lower. The Companies maintain their stance to place emphasis on the financial position, and JCR predicts that they will keep the ratio at around the current level by securing positive free cash flow.

Operating in wide-ranging business domains as general trading companies, the Companies inevitably incur a certain amount of losses every fiscal year. In particular, new investments are more prone to losses than existing businesses due to changes in the external environment. Recent examples of large losses reported were those by Marubeni in FY2019 and SUMITOMO in FY2020, both of which fell into net loss. SUMITOMO reported approximately 150 billion yen in loss for FY2023 as well. For FY2024 and FY2025, there were no individual losses exceeding 100 billion yen, and the situation remained relatively stable. The Companies constantly review assets and probably have enough financial strength to absorb losses, but risk management still remains an important management issue.

Risk management against unexpected losses is also vital for general trading companies, which operate a wide range of businesses. Many of the Companies calculate risk assets (maximum amount of losses expected under certain conditions) and manage them by balancing that amount with equity capital, etc. as a risk buffer (risk assets divided by risk buffers). As it stands, only SUMITOMO and Sojitz have disclosed risk assets as of March 31, 2026, but, given individual situations since the end of FY2024, JCR presumes that Marubeni and ITOCHU, too, keep the ratio below 1x.

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(Chart 1) Consolidated Business Performance

(JPY 100 mn)

	Mitsubishi (8058)			SUMITOMO (8053)			MITSUI (8031)		
	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F
Revenues	186,176	189,160	–	72,921	73,373	–	146,626	139,952	–
Operating Income	3,711	4,186	–	4,050	3,983	–	4,007	4,260	–
Net Income	9,507	8,005	11,000	5,919	6,003	6,300	9,003	8,340	9,200

	Marubeni (8002)			ITOCHU (8001)			Sojitz (2768)		
	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F
Revenues	77,902	82,658	–	147,242	148,231	–	25,097	27,574	–
Operating Income	2,723	9,136	–	6,839	6,839	–	769	769	–
Net Income	5,030	5,439	5,800	8,803	9,003	9,500	1,106	1,036	1,300

	Total		
	FY2024	FY2025	FY2026F
Revenues	655,964	660,948	–
Operating Income	22,099	29,173	–
Net Income	39,368	37,825	43,100

Notes:

1. Operating income = Gross profit - SG&A expenses
 2. FY2026 forecasts are as announced by each of the Companies.
- Source: Prepared by JCR based on financial materials of the Companies

(Chart 2) Consolidated Financial Structure

(JPY 100 mn, times)

	Mitsubishi			SUMITOMO			MITSUI		
	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F
Net Interest-bearing Debt	30,472	38,882	–	26,725	31,472	–	33,301	41,391	–
Equity Capital	93,687	94,406	–	46,485	46,286	–	75,466	87,677	–
Net D/E Ratio	0.33	0.41	–	0.57	0.68	–	0.44	0.47	–

	Marubeni			ITOCHU			Sojitz		
	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F	FY2024	FY2025	FY2026F
Net Interest-bearing Debt	19,655	18,587	~21,000	29,613	30,243	–	8,873	10,396	11,400
Equity Capital	36,292	43,637	~37,000	57,551	65,900	–	9,690	10,904	11,400
Net D/E Ratio	0.54	0.43	~0.4–0.5	0.51	0.46	–	0.92	0.95	1.00

	Total		
	FY2024	FY2025	FY2026F
Net Interest-bearing Debt	148,638	170,970	–
Equity Capital	319,171	348,809	–
Net D/E Ratio	0.47	0.49	–

Notes:

1. Equity capital = Total equity - Non-controlling interests
 2. Net D/E ratio = Net interest-bearing debt / Equity capital
 3. FY2026 forecasts are as announced by each of the Companies.
- Source: Prepared by JCR based on financial materials of the Companies

<Reference>

Issuer: ITOCHU Corporation

Long-term Issuer Rating: AA+ Outlook: Stable

Issuer: Marubeni Corporation

Long-term Issuer Rating: AA Outlook: Stable

Issuer: Sojitz Corporation

Long-term Issuer Rating: A+ Outlook: Stable

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