

## Marubeni's Downward Revisions to Earnings Forecasts—No Immediate Impact on Rating, but JCR Will Pay Attention to Future Financial Improvement

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on downward revisions to earnings forecasts of Marubeni Corporation (security code: 8002).

- (1) Marubeni Corporation (the "Company") today announced downward revisions to the earnings forecasts for the fiscal year ending March 2020 (FY2019). It revised its forecast of net profit for FY2019 from 200 billion yen in the black to 190 billion yen in the red due mainly to the increasing one-time losses including impairment losses by 370 billion yen and the decreasing adjusted net profit (net profit excluding one-time items) by 20 billion yen. Its shareholders' equity will decrease from 2,071.7 billion yen as of the end of FY2018 to 1,640.0 billion yen as of the end of FY2019. Likewise, its net DE ratio will worsen from 0.90x to around 1.2x. The occurrence of impairment losses is attributable to the worsening external environments including expansion of novel coronavirus infection and collapse of OPEC plus cooperation. The impairment losses primarily consist of oil gas of 145 billion yen, grains in the U.S. of 100 billion yen and copper in Chile of 60 billion yen.
- (2) The Company will record a large net loss for FY2019, which will impair its equity capital and worsen its financial indicators. It recorded losses on the assets related to natural resources and grains in the past. JCR considered that the risks have lowered to a certain extent, but risks occurred all at once due to rapid deterioration of external environments. As for the adjusted net profit, it is slightly weakening due to the worsening external environments, but the Company still ensures an appropriate amount and keeps its ability to make profit. It also maintains a certain level for its financial structure. Taking these factors into account, JCR judged that the losses will not have any immediate impact on the rating. JCR will pay attention to improvement of its worsened financial structure going forward.

Hiroyuki Chikusa, Akihisa Motonishi

<Reference>

Issuer: Marubeni Corporation

Long-term Issuer Rating: A+      Outlook: Stable

**Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.