

# Results for the Three Months Ended June 2020 and Forecasts for the Year Ending March 2021

August 13, 2020

Mitsubishi Corporation

(Forward-Looking Statements)

- This release contains forward-looking statements about Mitsubishi Corporation's future plans, strategies, beliefs and performance that are not historical facts. Such statements are based on the company's assumptions and beliefs in light of competitive, financial and economic data currently available and are subject to a number of risks, uncertainties and assumptions that, without limitation, relate to world economic conditions, exchange rates and commodity prices.
- Accordingly, Mitsubishi Corporation wishes to caution readers that actual results may differ materially from those projected in this release and that Mitsubishi Corporation bears no responsibility for any negative impact caused by the use of this release.

(Notes Regarding These Presentation Materials)

- Consolidated net income in this presentation shows the amount of net income attributable to owners of the Parent, excluding non-controlling interests.

# Results for the Three Months Ended June 2020 and Forecasts for the Year Ending March 2021

(Billion Yen)	Three Months ended June 2019	Three Months ended June 2020	Fluctuation	Forecasts for the year ending March 2021	Progress	<Reference> Results for the Year ended March 2020
<b>Consolidated Net Income</b>	<b>161.2</b>	<b>36.7</b>	<b>(124.5)</b>	<b>200.0</b>	<b>18%</b>	<b>535.4</b>
Business-related sector	95.8	11.5	(84.3)	130.4	9%	320.4
Market-related sector*	60.1	19.4	(40.7)	51.6	38%	199.0
Annual dividend per share				134 yen		132 yen

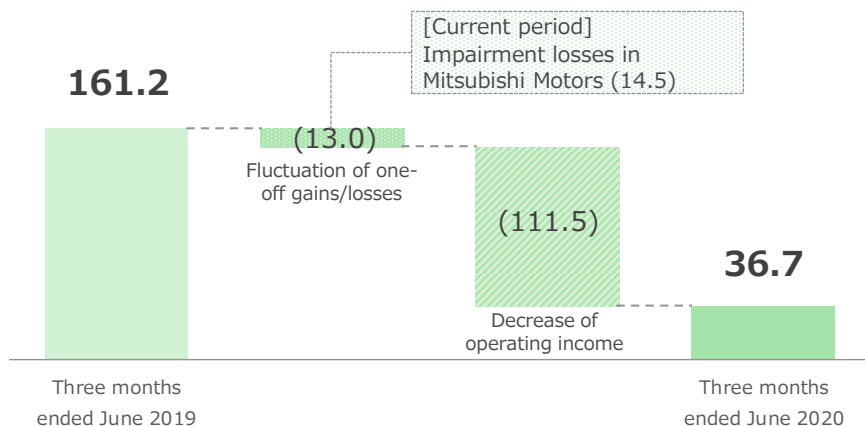
\* Market-related sector includes North American shale gas and E&P in Natural Gas segment, Mineral Resource business except for trading and business incubation in Mineral Resource segment, and Ships (commercial vessels) in Industrial Infrastructure segment.

## <Takeaways of results for FY2020 1Q>

(Billion Yen)

◎ Earnings decreased 124.5 billion yen year-over-year.

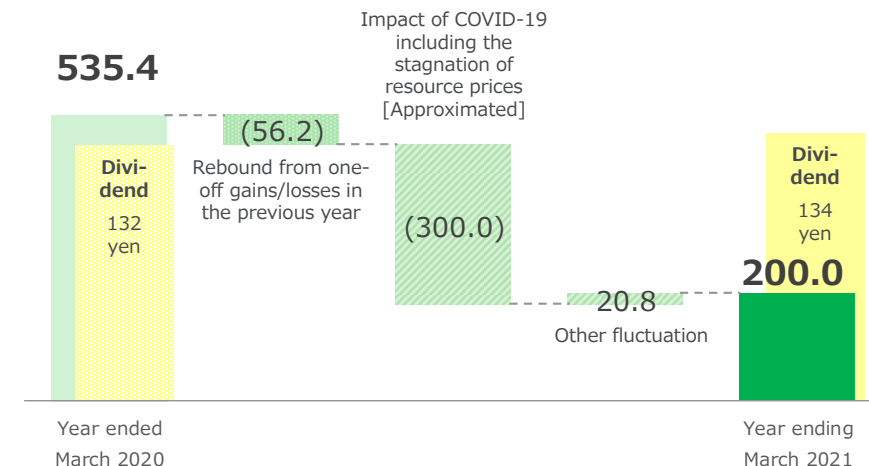
- ✓ In the Business-related sector, net income decreased mainly due to lower operating income in the Automotive-related business and in the LNG-related business, in addition to impairment losses in Mitsubishi Motors, etc.
- ✓ In the Market-related sector, net income decreased mainly due to lower operating income in the Australian metallurgical coal business and the Copper business, etc.



## <Forecasts for the year ending March 2021>

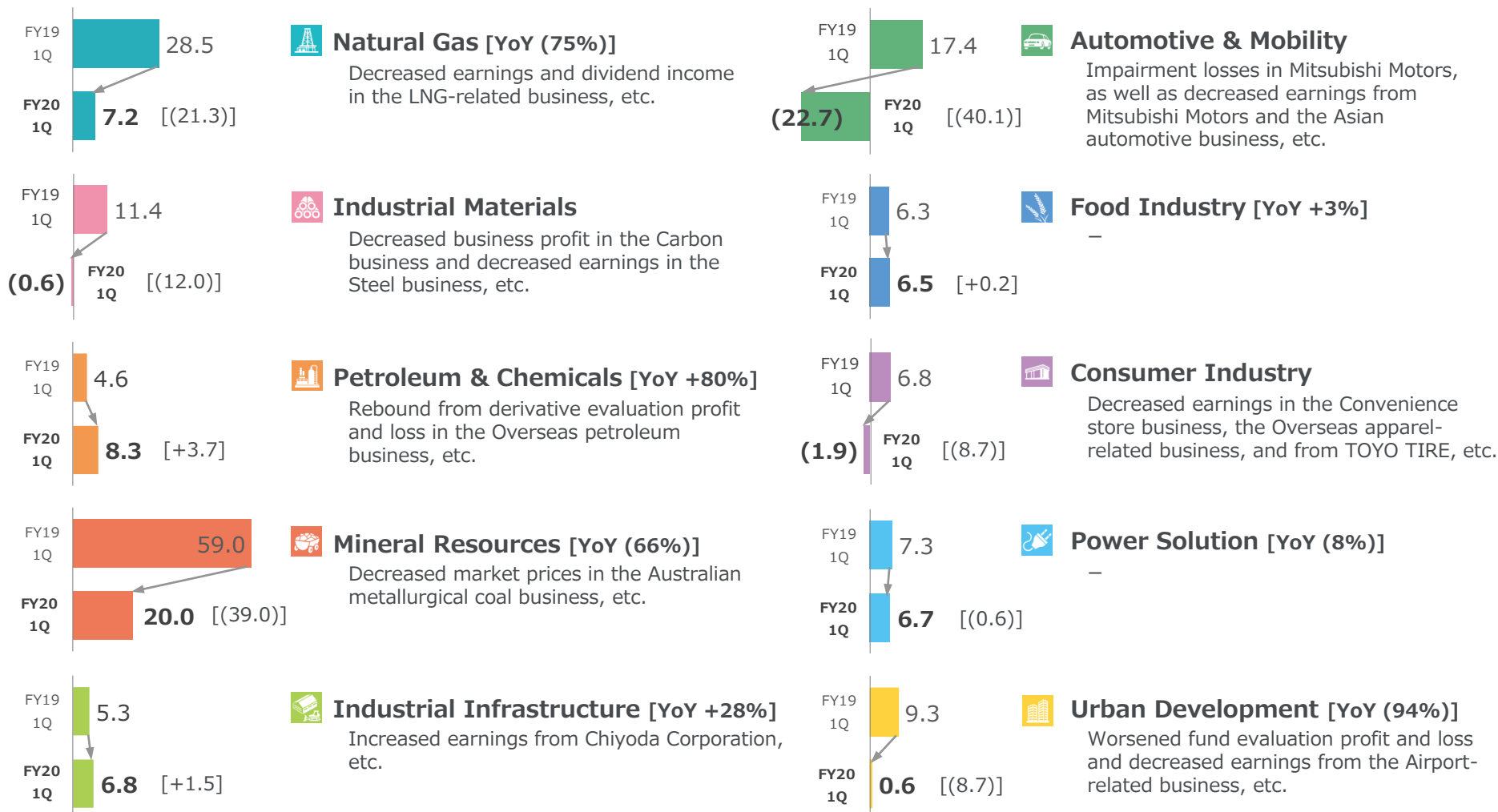
(Billion Yen)

- ◎ Earnings for the year ending March 2021 is forecasted to become 200.0 billion yen, taking into account the negative impact of COVID-19, including the stagnation of resource prices, of approx. 300.0 billion yen.
- ◎ Annual dividend is forecasted to be 134 yen as announced at March 8, 2020.



# Year-over-Year Segment Net Income

**Consolidated Net Income :** Three months ended June 2019 (FY19 1Q): 161.2 (Billion Yen)  
Three months ended June 2020 (FY20 1Q): 36.7 [YoY (124.5)]



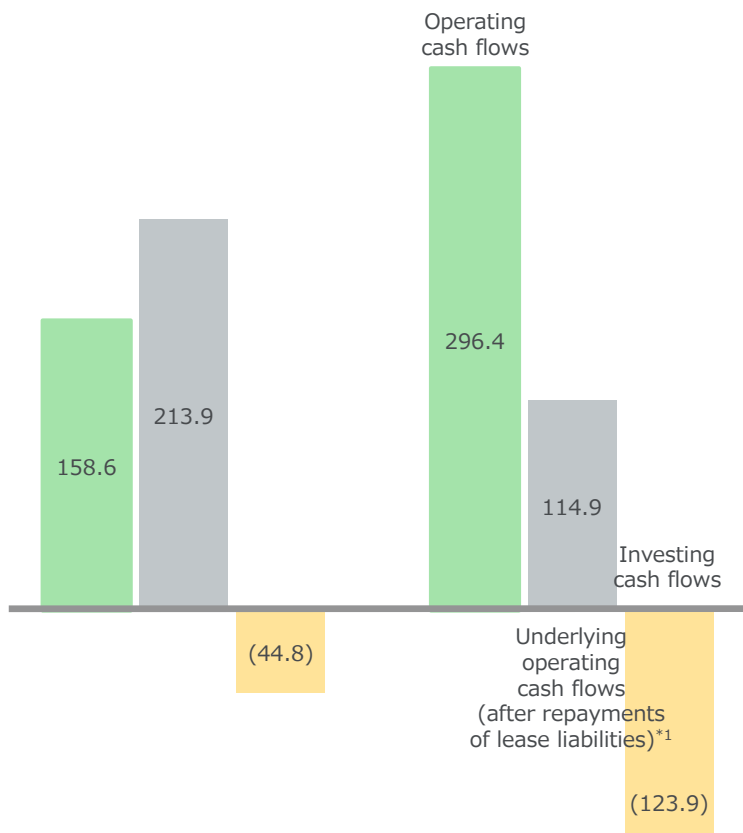
# Cash Flows

Three months ended  
June 2019

Three months ended  
June 2020

[Breakdown of cash flows]

(Billion Yen)



Ref.	Year ended March 2020	Underlying operating cash flows (after repayments of lease liabilities)	Investing CF			Adjusted Free Cash Flows
			New/Sustaining Investments	Sales and Collection	Net	
		672.1	(1,051.4)	550.7	(500.7)	171.4
Three months ended June 2020		114.9	(227.5)	103.6	(123.9)	(9.0)

[Main items included in Investing CF for the three months ended June 2020]

New/Sustaining Investments	Sales and Collection
<ul style="list-style-type: none"> <li>Investments in HERE Technologies (Other)</li> <li>European integrated energy business (Power Solution)</li> <li>Australian metallurgical coal business (Mineral Resources)</li> <li>Copper business (Mineral Resources)</li> </ul>	<ul style="list-style-type: none"> <li>Listed stocks (Food Industry/Consumer Industry)</li> </ul>

\*1 Underlying operating cash flows (after repayments of lease liabilities) :  
Operating cash flows excluding changes in working capitals  
(=Net income (including non-controlling interests) – DD&A – profits and losses related to investing activities – equity in earnings of affiliated companies not recovered through dividends – allowance for bad debt etc. – deferred tax)  
whilst including repayments of lease liabilities

\*2 Adjusted Free Cash Flows : Total of Underlying operating cash flows (after repayments of lease liabilities) and Investing CF

# Impact of COVID-19

## <Assumptions upon estimating qualitative impact (as of August 2020)>

### Estimated annual impact












**Approx. (300.0) billion yen**

(Including the impact of stagnant resource prices)

- ✓ Despite it differs according to the business areas and regional environment, while the impact of COVID-19 shall continue to remain throughout the first half, the economic environment is assumed to gradually recover through the latter half of the fiscal year.

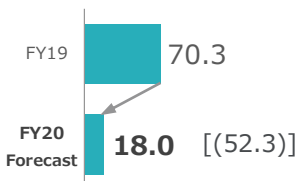
## <Impact on segments>

### (Major impacts)

 <b>Automotive &amp; Mobility</b>  <b>Mineral Resources</b>  <b>Natural Gas</b>  <b>Consumer Industry</b>  <b>Industrial Materials</b>  <b>Urban Development</b>  <b>Petroleum &amp; Chemicals</b>  <b>Power Solution</b>  <b>Food Industry</b>  <b>Industrial Infrastructure</b>	<p>Larger ratio comprising the impact</p> 	<p>In addition to the decrease of vehicle sales due to a significant decline in worldwide automobile demand, decreased earnings from Mitsubishi Motors.</p> <p><b>Sharp decrease in demand</b></p>
		<p>Lower metallurgical coal prices due to decreased demand of steel, as a result of stagnant economic activity in Europe, India, Japan, etc.</p> <p><b>Stagnant market prices</b></p>
		<p>Lower crude oil prices due to decreased demand for petroleum as a result of mobility restrictions and stagnant economic activity. (* There is a half-year time lag until the crude oil price is reflected in results)</p>
		<p>Fewer customers in convenience and retail businesses. On the other hand, lifeline-related businesses such as supermarkets (selling daily necessities) are performing solidly.</p>
		<p>Stagnant prices of steel products etc. reflecting decreased demand due to the sharp decrease of automobile demands, the stagnant construction/infrastructure market, etc.</p>
		<p>Lower revenues in airport-related and leasing business due to decrease in passengers as a result of mobility restrictions etc. On the other hand, tenant demand for data centers and logistic facilities is solid.</p>
		<p>Lower petroleum and petrochemical product prices due to decreased worldwide demand, in general. However, demand is solid for product groups related to daily necessities.</p>
		<p>Possibility of delays of construction schedule and various negotiations. However, the power business should have limited impact since its earnings is largely based on long-term contracts.</p>
		<p>Lower salmon prices due to decreased demand of dining out in Europe and America. However, limited negative impact by taking in solid demand for meat etc. from at-home consumption.</p>
		<p>Lower revenues in the entire segment due to delays of construction and cancelled events. Especially, lower demand in domestic machinery rental business.</p>

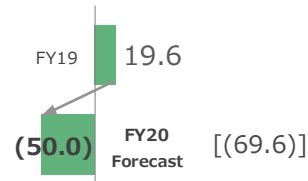
# Segment Forecasts for the Year Ending March 2021

**Consolidated Net Income :** Year ended March 2020 (FY19): **535.4** (Billion Yen)  
Year ending March 2021 (FY20 Forecast): **200.0** [YoY (335.4)]



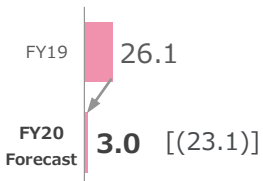
## Natural Gas [YoY (74%)]

Decreased earnings and dividend income in the LNG-related business, etc.



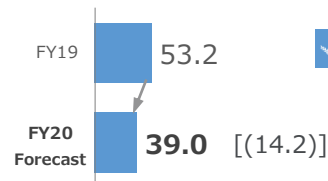
## Automotive & Mobility

Decreased earnings in Mitsubishi Motors and the Asian automotive business, etc.



## Industrial Materials [YoY (89%)]

Decreased business profit in the Carbon business and decreased earnings in the Steel business, etc.



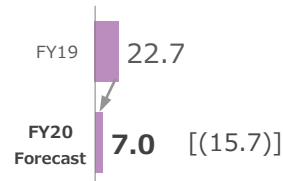
## Food Industry [YoY (27%)]

Rebound from one-off gains in the Overseas food business, etc.



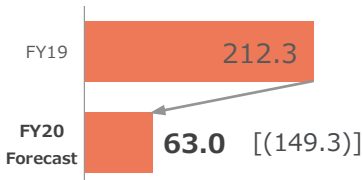
## Petroleum & Chemicals

Rebound from loss related to crude oil trading derivatives at the Singapore petroleum subsidiary, etc.



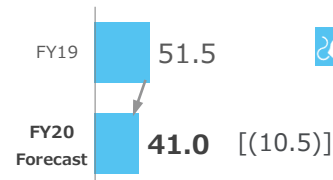
## Consumer Industry [YoY (69%)]

Decreased earnings in the Convenience store business and the Apparel-related business, etc.



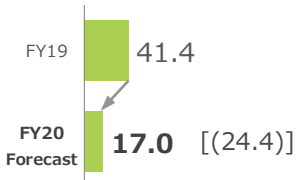
## Mineral Resources [YoY (70%)]

Rebound from one-off gains related to the reorganization of the Chilean copper business [(76.7) billion] and decreased market prices in the Australian metallurgical coal business, etc.



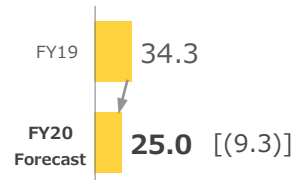
## Power Solution [YoY (20%)]

Rebound from valuation gains due to the Eneco Group becoming a subsidiary, etc.



## Industrial Infrastructure [YoY (59%)]

Rebound from one-off gains due to Chiyoda Corporation becoming a subsidiary, and decreased earnings in the Rental business and Chiyoda Corporation, etc.



## Urban Development [YoY (27%)]

Decreased earnings in the Airport-related business and the Leasing business, etc.

## (Reference) Market Conditions

### [Foreign Exchange, Commodity Prices and Interest Rates]

	Year ended March 2020	Forecast for the year ending March 2021*	Fluctuation	Three months ended June 2020	<b>Consolidated Net Income Sensitivities for the year ending March 2021</b> [For crude oil and copper price, preliminary sensitivities at this time are shown for reference, since there is a possibility of significant revision due to changes in production levels etc.]
Foreign Exchange (YEN/US\$)	108.71	108.00	(0.71)	107.63	Depreciation/appreciation of 1 yen per US\$1 has a 1.5 billion yen positive/negative impact on a full-year earnings.
Crude Oil Price (Dubai) (US\$/BBL)	65	46 [ Jul.-Sep. 2020 : 43 ]	(19)	62	A US\$1 rise/decline per barrel increases/reduces full-year earnings by 2.5 billion yen. To better account for the differences in fiscal year-ends of consolidated companies and the timing when crude oil price is actually reflected in LNG sales price, the average price for the preceding 6 month period (e.g. For the year ending March: average price from Oct. to Sep.) is utilized. In addition to changes in crude oil price, other factors could also affect crude oil-related earnings, such as dividend policy, foreign currency movements, and production/sales volume. Therefore, the impact on earnings cannot be determined by the crude oil price alone.
Copper Price (US\$/MT) [US ¢ /lb ]	5,858 [ 266 ]	5,864 [ 266 ]	+6 [ ±0 ]	5,356 [ 243 ]	A US\$100 rise/decline per MT increases/reduces full-year earnings by 1.3 billion yen (A US¢10 rise/decline per lb increases/reduces full-year earnings by 2.8 billion yen). In addition to changes in copper price, other variables affect earnings from copper mines, such as the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditure). Therefore, the impact on earnings cannot be determined by the copper price alone.
YEN Interest TIBOR 3M (%)	0.07	0.10	+0.03	0.07	The effect of rising interest rates is mostly offset by an increase in operating and investment profits. However, a rapid rise in interest rates could have a temporary negative effect.
US\$ Interest LIBOR 3M (%)	2.04	0.50	(1.54)	0.61	

\* The annual average are shown for the forecast for the year.