FINANCIAL RESULTS FOR
THE NINE MONTHS ENDED DECEMBER 2019

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February 5, 2020
Mitsubishi Corporation

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019
(Based on IFRS) (Consolidated)

1. Consolidated operating results for the nine months ended December 31, 2019

Note:
Figures less than one million yen are rounded.
%: change from the same period of the previous year

(1) Revenues and income

	Revenues		Profit before tax		Profit for the period		Profit for the period attributable to owners of the Parent		Comprehensive income	
For the nine months ended	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
December 31, 2019	11,429,500	(6.2)	552,514	(13.9)	422,304	(13.3)	373,308	(15.6)	300,188	(34.8)
December 31, 2018	12,188,279	114.4	641,722	2.8	486,945	5.0	442,177	6.2	460,503	(31.1)

	Profit for the period attributable to owners of the Parent per share (basic)	Profit for the period attributable to owners of the Parent per share (diluted)
For the nine months ended	Yen	Yen
December 31, 2019	241.04	240.52
December 31, 2018	278.76	278.11

Note: Profit for the period attributable to owners of the Parent per share (basic) and Profit for the period attributable to owners of the Parent per share (diluted) are calculated based on Profit for the period attributable to owners of the Parent.

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of the Parent	Ratio of equity attributable to owners of the Parent to total assets
As of	Millions of Yen	Millions of Yen	Millions of Yen	%
December 31, 2019	18,150,548	6,460,124	5,510,048	30.4
March 31, 2019	16,532,800	6,636,920	5,696,246	34.5

2. Dividends

	Cash dividend per share (Yen)				
(Record date)	1Q end	2Q end	3Q end	4Q end	Annual
Fiscal Year ended March 31, 2019	－	62.00	－	63.00	125.00
Fiscal Year ending March 31, 2020	－	64.00	－		
Fiscal Year ending March 31, 2020 (Forecast)				68.00	132.00

Note: Change from the latest released dividend forecasts: No

3. Consolidated forecasts for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

Note:
%: change from the previous year.

	Profit attributable to owners of the Parent		Profit attributable to owners of the Parent per share
For the year ending	Millions of Yen	%	Yen
March 31, 2020	520,000	(12.0)	339.33

Note: Change from the latest released earnings forecasts: No

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries causing changes in scope of consolidation): Yes

New companies: 1(Chiyoda Corporation)

Excluded companies: 2(Crosslands Resources Pty Ltd, DGC WESTMORELAND, LLC)

Chiyoda Corporation became a consolidated subsidiary during the period. Crosslands Resources Pty Ltd was excluded from the scope of consolidation of Mitsubishi Corporation due to the divestiture of its share to a third party during the period. DGC WESTMORELAND, LLC was excluded from the scope of consolidation of Mitsubishi Corporation due to the divestiture of a portion of its share to a third party during the period.

(2) Changes in accounting policies and accounting estimates

-1- Changes in accounting policies required by IFRS : Yes
-2- Changes in accounting policies other than -1- : None
-3- Changes in accounting estimates : None
Please refer to page 11, "3. Changes in Accounting Policies and Accounting Estimates."

(3) Number of shares issued (Common stock)

-1- Number of shares issued at quarterly-end (including treasury stock)	(December 31, 2019)	1,590,076,851	(March 31, 2019)	1,590,076,851
-2- Number of treasury stock at quarterly-end	(December 31, 2019)	85,410,311	(March 31, 2019)	3,099,600
-3- Average number of shares during each of the nine months ended December 31, 2019	(December 31, 2019)	1,548,725,315	(December 31, 2018)	1,586,247,181

Disclosure Regarding Quarterly Review Procedures

This earnings release is not subject to independent Auditor's review procedures.

Forward-looking Statements

Earnings forecasts and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. The achievement of said forecasts cannot be promised. Actual results may therefore differ materially from these statements for various reasons.

Contents

* Mitsubishi Corporation will hold an earnings conference call for the nine months ended December 2019, inviting institutional investors and analysts to join.

The conference material can be accessed live in Japanese from our website (Investor Relations section) at the following URL:
https://www.mitsubishicorp.com/jp/ja/ir/index.html
Time and date of the earnings conference call:
From 18:15 to 19:15 on Wednesday, February 5, 2020 (Japan Time)

1. Qualitative Information

(Profit for the period, as used hereinafter, refers to profit for the period attributable to owners of the Parent.)

(1) Results of Operations

Revenues was ¥11,429.5 billion, a decrease of ¥758.8 billion, or 6% year over year. This was mainly due to decreased transaction volumes in the Petrochemicals business.

Gross profit was ¥1,353.0 billion, a decrease of ¥159.5 billion, or 11% year over year, mainly due to decreased market price and increased production cost in the Australian metallurgical coal business as well as loss related to crude oil trading derivatives.

Selling, general and administrative expenses remained nearly the same year over year at ¥1,071.6 billion.

Gains on investments increased ¥37.1 billion, or 501% year over year, to ¥44.5 billion, mainly due to rebound from impairment loss of investment in Chiyoda Corporation in the previous year.

Impairment losses on property, plant and equipment and others remained nearly the same year over year at ¥9.9 billion.

Other income (expense)-net remained nearly the same year over year at an expense amount of ¥14.2 billion.

Finance income decreased by ¥19.1 billion, or 12% year over year, to ¥139.1 billion, mainly due to decreased dividend income from resource-related investments.

Share of profit of investments accounted for using the equity method increased ¥67.9 billion, or 71% year over year, to ¥164.0 billion, mainly due to rebound of one-off losses due to worsening construction-related losses at Chiyoda Corporation and from one-off losses related to the Chilean iron ore business in the previous year.

As a result, profit before tax decreased ¥89.2 billion, or 14% year over year, to ¥552.5 billion.

Accordingly, profit for the period fell ¥68.9 billion, or 16% year over year, to ¥373.3 billion.

(2) Financial Position

Total assets at December 31, 2019 was ¥18,150.5 billion, an increase of ¥1,617.7 billion from March 31, 2019. The increase was mainly due to an increase in right-of-use assets as a result of the adoption of IFRS 16 "Leases".

Total liabilities was ¥11,690.4 billion, an increase of ¥1,794.5 billion from March 31, 2019. This increase was mainly attributable to an increase in lease liabilities as a result of the adoption of IFRS 16 "Leases".

Net interest-bearing liabilities (excluding lease liabilities), which is gross interest-bearing liabilities minus cash and cash equivalents, time deposits and lease liabilities, increased ¥92.1 billion from March 31, 2019, to ¥3,815.7 billion.

Equity attributable to owners of the Parent was ¥5,510.0 billion, a decrease of ¥186.2 billion from March 31, 2019. This decrease was mainly attributable to the purchase of treasury stock, the payment of dividends and a decrease in exchange differences on translating foreign operations due to the depreciation of the US dollar and Australian dollar, despite the accumulation of profit for the period.

(3) Cash Flows

Cash and cash equivalents at December 31, 2019 was ¥1,321.7 billion, an increase of ¥161.1 billion from March 31, 2019.

(Operating activities)

Net cash provided by operating activities was ¥693.6 billion, mainly due to cash flows from operating transactions and dividend income, despite an increase in working capital requirements and the payment of income taxes.

(Investing activities)

Net cash used in investing activities was ¥78.7 billion. The main uses of cash were payments for the purchase of property, plant and equipment and investments in and loans to affiliated companies, which exceeded such inflows as the inclusion of cash held by Chiyoda Corporation as a result of consolidating that company as a new subsidiary, the sale of investments in affiliated companies and the sale of listed stocks.

As a result, free cash flows, the sum of operating and investing cash flows, was positive ¥614.9 billion.

(Financing activities)

Net cash used in financing activities was ¥441.1 billion. The main uses of cash were the acquisition of treasury stock and repayments of lease liabilities, which exceeded cash provided by short term financing activities.

Repayments of lease liabilities recognized with the adoption of IFRS16 "Leases" are included in Financing activities.

(4) Forecasts for the Year Ending March 2020

There has been no change to the forecasts for the year ending March 2020 announced on November 6, 2019.

Note:
Earnings forecast and other forward-looking statements in this release are based on data currently available to management and certain assumptions that management believes are reasonable. Therefore, they do not constitute a guarantee that they will be achieved. Actual results may differ materially from these statements for various reasons.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position
March 31, 2019 and December 31, 2019

ASSETS	Millions of Yen	
	March 31, 2019	December 31, 2019
Current assets		
Cash and cash equivalents	1,160,582	1,321,697
Time deposits	207,949	209,204
Short-term investments	7,798	21,957
Trade and other receivables	3,722,719	3,571,496
Other financial assets	93,139	112,405
Inventories	1,213,742	1,375,211
Biological assets	70,687	66,779
Advance payments to suppliers	43,797	46,758
Assets classified as held for sale	105,586	38,653
Other current assets	412,925	504,152
Total current assets	7,038,924	7,268,312
Non-current assets		
Investments accounted for using the equity method	3,191,145	3,238,943
Other investments	2,108,983	2,045,749
Trade and other receivables	599,619	668,756
Other financial assets	100,326	86,386
Property, plant and equipment	2,168,962	1,981,392
Investment property	69,293	83,906
Intangible assets and goodwill	1,035,898	1,144,657
Right-of-use assets	—	1,440,279
Deferred tax assets	31,431	31,675
Other non-current assets	188,219	160,493
Total non-current assets	9,493,876	10,882,236
Total	16,532,800	18,150,548

LIABILITIES AND EQUITY	Millions of Yen	
	March 31, 2019	December 31, 2019
Current liabilities		
Bonds and borrowings	1,522,878	1,600,795
Trade and other payables	2,862,954	2,991,648
Lease liabilities	54,276	207,694
Other financial liabilities	83,589	101,544
Advances from customers	43,481	191,021
Income tax payables	63,497	25,866
Provisions	33,023	77,201
Liabilities directly associated with assets classified as held for sale	29,062	38,241
Other current liabilities	460,922	477,565
Total current liabilities	5,153,682	5,711,575
Non-current liabilities		
Bonds and borrowings	3,569,221	3,745,786
Trade and other payables	60,304	58,482
Lease liabilities	231,001	1,289,202
Other financial liabilities	15,198	31,181
Retirement benefit obligation	86,401	89,070
Provisions	178,928	154,999
Deferred tax liabilities	585,952	596,336
Other non-current liabilities	15,193	13,793
Total non-current liabilities	4,742,198	5,978,849
Total liabilities	9,895,880	11,690,424
Equity		
Common stock	204,447	204,447
Additional paid-in capital	228,340	229,748
Treasury stock	(8,279)	(240,051)
Other components of equity		
Other investments designated as FVTOCI	541,970	522,312
Cash flow hedges	(6,291)	(41,881)
Exchange differences on translating foreign operations	379,128	295,930
Total other components of equity	914,807	776,361
Retained earnings	4,356,931	4,539,543
Equity attributable to owners of the Parent	5,696,246	5,510,048
Non-controlling interests	940,674	950,076
Total equity	6,636,920	6,460,124
Total	16,532,800	18,150,548

(2) Condensed Consolidated Statement of Income
for the nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenues	12,188,279	11,429,500
Cost of revenues	(10,675,797)	(10,076,520)
Gross profit	1,512,482	1,352,980
Selling, general and administrative expenses	(1,047,476)	(1,071,608)
Gains on investments	7,376	44,487
Gains on disposal and sale of property, plant and equipment and others	4,410	949
Impairment losses on property, plant and equipment and others	(15,099)	(9,915)
Other income (expense)-net	(23,583)	(14,182)
Finance income	158,160	139,087
Finance costs	(50,602)	(53,243)
Share of profit of investments accounted for using the equity method	96,054	163,959
Profit before tax	641,722	552,514
Income taxes	(154,777)	(130,210)
Profit for the period	486,945	422,304
Profit for the period attributable to:		
Owners of the Parent	442,177	373,308
Non-controlling interests	44,768	48,996
	486,945	422,304
Profit for the period attributable to Owners of the Parent per share (in Yen)		
Basic	278.76	241.04
Diluted	278.11	240.52

(3) Condensed Consolidated Statement of Comprehensive Income
for the nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit for the period	486,945	422,304
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss for the period:		
(Losses) on other investments designated as FVTOCI	(12,165)	(1,526)
Remeasurement of defined benefit pension plans	(128)	10
Share of other comprehensive income of investments accounted for using the equity method	4,738	2,304
Total	(7,555)	788
Items that may be reclassified to profit or loss for the period:		
Cash flow hedges	10,258	(6,124)
Exchange differences on translating foreign operations	(21,978)	(58,203)
Share of other comprehensive (loss) of investments accounted for using the equity method	(7,167)	(58,577)
Total	(18,887)	(122,904)
Total other comprehensive (loss)	(26,442)	(122,116)
Total comprehensive income	460,503	300,188
Comprehensive income attributable to:		
Owners of the Parent	409,343	251,619
Non-controlling interests	51,160	48,569
	460,503	300,188

(4) Condensed Consolidated Statement of Changes in Equity
for the nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Common stock:		
Balance at the beginning of the period	204,447	204,447
Balance at the end of the period	204,447	204,447
Additional paid-in capital:		
Balance at the beginning of the period	229,423	228,340
Compensation costs related to share-based payment	987	1,990
Sales of treasury stock upon exercise of share-based payment	(1,019)	(1,080)
Equity transactions with non-controlling interests and others	(308)	498
Balance at the end of the period	229,083	229,748
Treasury stock:		
Balance at the beginning of the period	(10,970)	(8,279)
Sales of treasury stock upon exercise of share-based payment	1,653	1,771
Purchases and sales-net	(9)	(233,543)
Balance at the end of the period	(9,326)	(240,051)
Other components of equity:		
Balance at the beginning of the period	925,611	914,807
Cumulative effects of change in accounting policy	53	―
Adjusted balance at the beginning of the period	925,664	914,807
Other comprehensive income (loss) attributable to owners of the Parent	(32,834)	(121,689)
Transfer to retained earnings	47,394	(16,757)
Balance at the end of the period	940,224	776,361
Retained earnings:		
Balance at the beginning of the period	3,983,916	4,356,931
Cumulative effects of change in accounting policy	(3,677)	(9,079)
Adjusted balance at the beginning of the period	3,980,239	4,347,852
Profit for the period attributable to owners of the Parent	442,177	373,308
Cash dividends paid to owners of the Parent	(198,276)	(197,704)
Sales of treasury stock upon exercise of share-based payment	(632)	(670)
Transfer from other components of equity	(47,394)	16,757
Balance at the end of the period	4,176,114	4,539,543
Equity attributable to owners of the Parent	5,540,542	5,510,048
Non-controlling interests:		
Balance at the beginning of the period	932,784	940,674
Cumulative effects of change in accounting policy	(521)	(2,677)
Adjusted balance at the beginning of the period	932,263	937,997
Cash dividends paid to non-controlling interests	(53,128)	(40,391)
Equity transactions with non-controlling interests and others	10,138	3,901
Profit for the period attributable to non-controlling interests	44,768	48,996
Other comprehensive income (loss) attributable to non-controlling interests	6,392	(427)
Balance at the end of the period	940,433	950,076
Total equity	6,480,975	6,460,124
Comprehensive income attributable to:		
Owners of the Parent	409,343	251,619
Non-controlling interests	51,160	48,569
Total comprehensive income	460,503	300,188

(5) Condensed Consolidated Statement of Cash Flows
for the nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Operating activities:		
Profit for the period	486,945	422,304
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:		
Depreciation and amortization	186,706	334,180
(Gains) on investments	(7,376)	(44,487)
Losses on property, plant and equipment and others	10,689	8,966
Finance (income) -net of finance costs	(107,558)	(85,844)
Share of (profit) of investments accounted for using the equity method	(96,054)	(163,959)
Income taxes	154,777	130,210
Changes in trade receivables	(331,802)	189,872
Changes in inventories	(116,066)	(192,649)
Changes in trade payables	205,037	(151,736)
Other-net	28,975	143,558
Dividends received	292,121	254,636
Interest received	78,505	85,357
Interest paid	(62,170)	(70,160)
Income taxes paid	(213,521)	(166,616)
Net cash provided by (used in) operating activities	509,208	693,632
Investing activities:		
Payments for property, plant and equipment and others	(237,672)	(242,367)
Proceeds from disposal of property, plant and equipment and others	78,832	30,036
Purchases of investments accounted for using the equity method	(290,251)	(131,355)
Proceeds from disposal of investments accounted for using the equity method	82,500	102,060
Acquisitions of businesses-net of cash acquired	(30,046)	130,838
Proceeds from disposal of businesses-net of cash divested	97,298	59,806
Purchases of other investments	(49,939)	(30,761)
Proceeds from disposal of other investments	112,408	94,693
Increase in loans receivable	(81,093)	(138,254)
Collection of loans receivable	98,090	44,141
Net (increase) decrease in time deposits	66,302	2,476
Net cash provided by (used in) investing activities	(153,571)	(78,687)
Financing activities:		
Net increase (decrease) in short-term debts	336,450	294,727
Proceeds from long-term debts	590,275	363,005
Repayments of long-term debts	(664,933)	(415,994)
Repayments of lease liabilities	(39,574)	(200,107)
Dividends paid to owners of the Parent	(198,276)	(197,704)
Dividends paid to non-controlling interests	(53,128)	(40,391)
Payments for acquisition of subsidiary's interests from the non-controlling interests	(4,898)	(25,408)
Proceeds from disposal of subsidiary's interests to the non-controlling interests	21,487	13,992
Net (increase) decrease in treasury stock	(8)	(233,250)
Net cash provided by (used in) financing activities	(12,605)	(441,130)
Effect of exchange rate changes on cash and cash equivalents	(746)	(12,700)
Net increase (decrease) in cash and cash equivalents	342,286	161,115
Cash and cash equivalents at the beginning of the period	1,005,461	1,160,582
Cash and cash equivalents at the end of the period	1,347,747	1,321,697

3. Changes in Accounting Policies and Accounting Estimates

The significant accounting policies applied to the condensed consolidated financial statements for the nine months ended December 2019 are identical to those for the previous fiscal year, except for the following:

New standards and interpretations applied

Standards and interpretations	Outline
IFRS 16 "Leases"	Changes in accounting and disclosure requirements for operating leases in the financial statements of lessees

IFRS 16 "Leases"

With the adoption of IFRS 16, due to its single lessee accounting model, right-of-use assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments are required to be recognized in the consolidated statement of financial position for all leases, in principle. After the recognition of right-of-use assets and lease liabilities, depreciation of the right-of-use assets and interest expenses on the lease liabilities are recognized in the consolidated statement of income.

The Parent, together with its consolidated domestic and foreign subsidiaries (collectively, the “Company”) has applied IFRS 16 from the fiscal year ending March 2020. Of the accepted transitional provisions, the Company has adopted the method of recognizing the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings, etc. for the year ending March 2020. Consequently, the opening balance of retained earnings for the year ending March 2020 has decreased ¥9,079 million.

In transitioning to IFRS 16, the Company has chosen the practical expedient stated in IFRS 16 paragraph C3 and has not reassessed whether contracts, which were not previously identified as contracts containing leases applying IAS 17 "Leases" (hereafter, "IAS 17") and IFRIC 4 "Determining whether an Arrangement contains a Lease", contain leases. From the date of application, this assessment is determined based on the provisions of IFRS 16.

For leases that the Company as lessee previously classified as operating leases applying IAS 17, right-of-use assets and lease liabilities are recognized at the date of initial application. These lease liabilities have been measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average of the lessee's incremental borrowing rates is 0.8%.
Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted for prepaid lease payments etc.
The remaining lease payments include lease payments etc. under cancellable leases corresponding to the terms of which the lessee is reasonably certain not to exercise the option to terminate those leases, in addition to future minimum lease payments under non-cancellable leases.

For leases that the Company as lessee previously classified as finance leases applying IAS 17, the carrying amounts of right-of-use assets and lease liabilities at the date of initial application are the carrying amounts of lease assets and lease liabilities, respectively, immediately before the application date.

The following is a reconciliation of the disclosed non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the consolidated statement of financial position at the date of initial application.

	(Millions of yen)
Non-cancellable operating lease contracts as of March 31, 2019	351,557
Finance lease liabilities as of March 31, 2019	285,277
Cancellable operating lease contracts, etc. (*)	867,414
Lease liabilities as of April 1, 2019	1,504,248

(*) Includes the effect of discounting Non-cancellable operating lease contracts as of March 31, 2019 by the incremental borrowing rate at the date of initial application.

Right-of-use assets recognized at the date of initial application in the consolidated statement of financial position was ¥1,434,275 million.

The following practical expedients are used in the application of IFRS 16.

(a) Leases for which the lease term ends within 12 months as of the date of initial application are accounted for in the same way as short-term leases.
(b) Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
(c) A lessee elects, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.
(d) As an alternative to perform an impairment test, the Company relies on its assessment of whether leases are onerous applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application.
(e) The Company uses hindsight to calculate the lease term for lease contracts including options to extend or terminate the lease.

Except standards and interpretations outlined above, the adoption of new standards and interpretations had no significant impact on the condensed consolidated financial statements for the nine months ended December 2019.

4. Notes Concerning Going Concern Assumption

None

Results for the Nine Months Ended December 2019

February 5, 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 Nine months Ended December 2019

(Billion Yen)	Nine months ended December 2018	Nine months ended December 2019	Fluctuation	Forecast for the year ending March 2020 (Released Nov. 6)	Progress
Consolidated Net Income	**442.2**	**373.3**	**(68.9)**	**520.0**	**72%**
Business-related sector	276.4	253.1	(23.3)	358.0	71%
Market-related sector*	157.9	113.6	(44.3)	143.0	79%

* 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.

<Year-over-Year fluctuation>

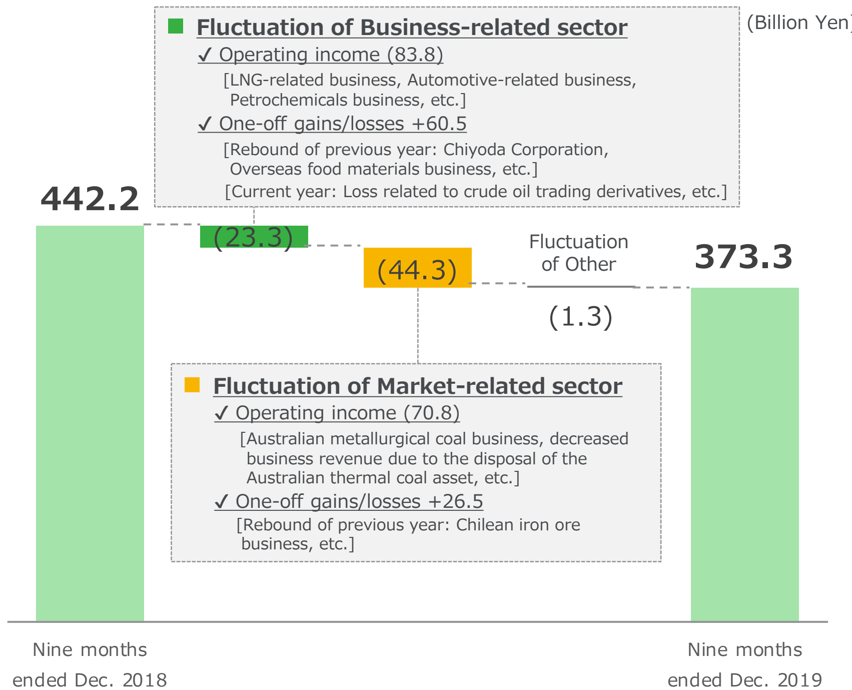
◎ Earnings decreased 68.9 billion yen year-over-year.

- In the Business-related sector, despite the rebound of one-off losses in the previous year, net income decreased mainly due to loss related to crude oil trading derivatives in the current year as well as lower operating income in the LNG-related business, the Automotive-related business, and the Petrochemicals business, etc.
- In the Market-related sector, despite the rebound of one-off losses in the previous year, net income decreased due to lower operating income mainly in the Australian metallurgical coal business and decreased business revenue due to the disposal of the Australian thermal coal asset, etc.

<Progress against the forecast (released Nov. 6) for the year>

◎ Progress of 72% against the forecast for the year.

- In the Business-related sector, net income progress was 71% mainly due to the impact of loss related to crude oil trading derivatives in Q2, weak results in the Automotive-related business, as well as forecasted disposal gains due to asset replacements in Q4.
- In the Market-related sector, net income progress was 79% mainly due to market factors in the Iron ore business and the Shale gas business, etc.

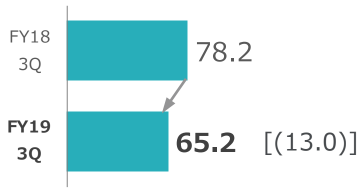


Year-over-Year Segment Net Income

(Billion Yen)

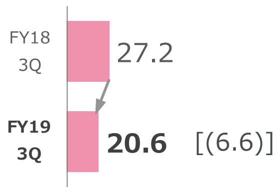
Consolidated Net Income : **Nine months ended December 2018 (FY18 3Q): 442.2**

Nine months ended December 2019 (FY19 3Q): 373.3 **[YoY (68.9)]**



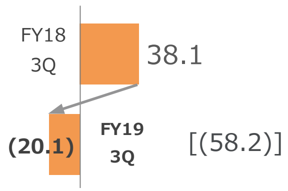
Natural Gas [YoY (17%)]

Decreased earnings in the LNG-related business, etc.



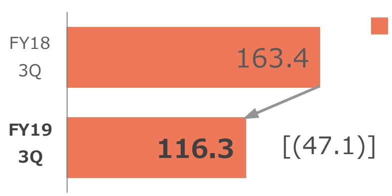
Industrial Materials [YoY (24%)]

Decreased earnings in the Steel business, etc.



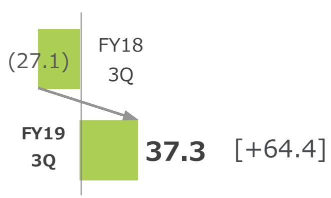
Petroleum & Chemicals

Loss related to crude oil trading derivatives at the Singapore petroleum subsidiary as well as decrease in earnings in the Petro-chemicals business, etc.



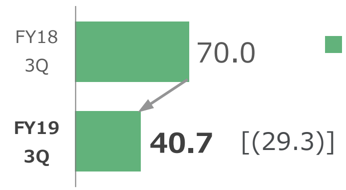
Mineral Resources [YoY (29%)]

Despite the rebound of impairment loss in the Chilean iron ore business in the previous year, decrease in business revenues due to decreased market price and increased production cost in the Australian metallurgical coal business and the disposal of the Australian thermal coal asset, etc.



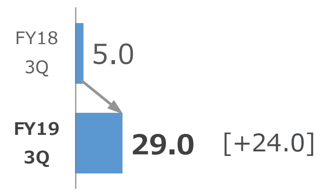
Industrial Infrastructure

Rebound of one-off losses related to Chiyoda Corporation in the previous year, etc.



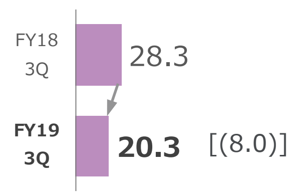
Automotive & Mobility [YoY (42%)]

Decreased earnings from Mitsubishi Motors and the Asian Automotive business, etc.



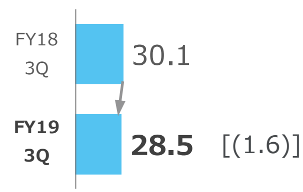
Food Industry [YoY +480%]

Rebound of impairment loss in the Overseas food materials business in the previous year, etc.



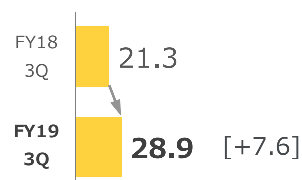
Consumer Industry [YoY (28%)]

Decreased earnings in the Logistics business, decreased trading profit in the Apparel business, and one-off loss in the Healthcare business, etc.



Power Solution [YoY (5%)]

Decreased disposal gains of overseas power generating assets, etc.



Urban Development [YoY +36%]

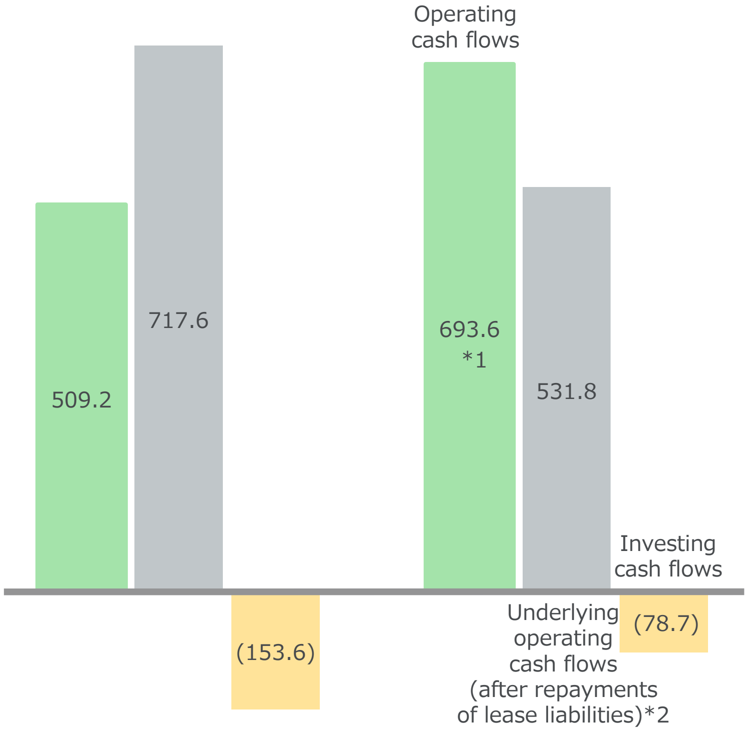
Increased earnings in the North American real estate business and the Leasing business, etc.

Cash Flows

In order to present the source of funds for future investments and shareholder returns appropriately, "Adjusted Free Cash Flows" is introduced, which is free cash flows excluding changes in working capitals whilst including repayments of lease liabilities which are necessary in the ordinary course of business activities.

Nine months ended December 2018

Nine months ended December 2019



<Adjusted Free Cash Flows>

+564.0 +453.1

[Breakdown of cash flows]

(Billion Yen)

	Underlying operating cash flows (after repayments of lease liabilities)	Investing CF			Adjusted Free Cash Flows
		New/Sustaining Investments *3	Sales and Collection	Net	
Nine months ended Dec. 2019	**531.8**	(412.0)	333.3	**(78.7)**	**453.1**

[Main items included in Investing CF for the nine months ended December 2019]

New/Sustaining Investments	Sales and Collection
・Chiyoda Corporation preferred stock (Industrial Infrastructure) ・Copper business (Mineral Resources) ・Australian metallurgical coal business (Mineral Resources) ・Convenience store business (Consumer Industry) ・LNG-related business (Natural Gas)	・North American real estate business (Urban Development) ・Australian thermal coal interest (Mineral Resources) ・Overseas power business (Power Solution) ・Listed stocks (Food Industry/Consumer Industry/Other)

*1 Due to adoption of IFRS16, repayments of lease liabilities for the nine months ended December 2019 (200.1 billion yen) are not included.

*2 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

*3 In "New/Sustaining Investments", a positive cash flow of 134.2 billion related to consolidation of cash held by Chiyoda Corporation is included.

(Reference) Market Conditions

[Foreign Exchange, Commodity Prices and Interest Rates]

	Nine months ended December 2019	Forecast for the year ending March 2020* (Released Nov. 6)	Variance	Consolidated Net Income Sensitivities for the year ending March 2020
Foreign Exchange (YEN/US$)	108.65	106.80 (2nd Half:105.00)	+1.85	Depreciation/appreciation of 1 yen per US$1 has a 3.0 billion yen positive/negative impact on a full-year earnings.
Crude Oil Price (Dubai) (US$/BBL)	66	65	+1	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]	5,928 [269]	5,842 [265] (2nd Half:[260])	+86 [+4]	A US$100 rise/decline per MT increases/reduces full-year earnings by 1.4 billion yen (A US¢10 rise/decline per lb increases/reduces full-year earnings by 3.2 billion yen). In addition to changes in copper price, other variables affect earnings from copper mines, such as the grade of mined ore, the status of production operations, and reinvestment plans (capital expenditure). Therefore, the impact on earnings cannot be determined by the copper price alone.
YEN Interest TIBOR 3M (%)	0.07	0.09	(0.02)	The effect of rising interest rates is mostly offset by an increase in operating and investment profits. However, a rapid rise in interest rates could have a temporary negative effect.
US$ Interest LIBOR 3M (%)	2.21	2.48	(0.27)	

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