

Top Message



To Our Shareholders

Full-year Earnings Forecast Were Revised Upward a Historical High of 500.0 Billion

Operating results

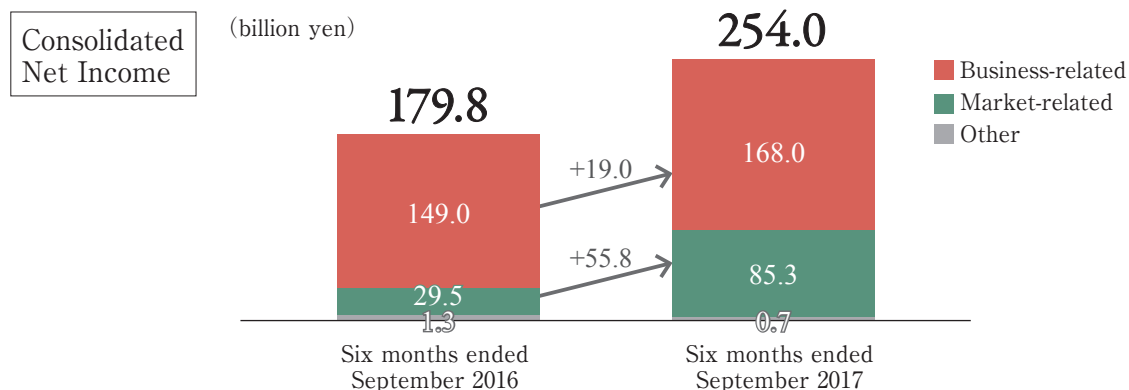
First, I would like to express our sincere appreciation for your continued support.

I would like to report our consolidated net income for the six months ended September 2017, our forecast for full-year consolidated net income, and dividends for the year ending March 2018.

MC Group's consolidated net income for the first six months ended September 2017 was 254 billion yen, an increase of 74.2 billion yen from the same period of the previous fiscal year, with a progress rate of 56% to the full-year forecast, 450 billion yen consolidated net income that we announced on May 9, 2017.

In business-related sector, solid accumulation of operating income in the LNG related, Asia automotive, and salmon farming business etc. of +35.0 billion yen year on year led to an increase in net income. On the other hand, in the market-related sector, despite the rebound of one-off gains from the shale gas business restructuring in the previous year, increased operating income in the Australian coal business etc. of +73.8 billion yen year on year led to an increase in net income.

While gaining solid profits in the "business-related sector," we also captured momentum in "market-related sector" business. We take these encouraging results as the consequence of the powerful portfolios that took advantage of our "collective capabilities."



Forecasts for the Full-Year Ending March 2018

Based on the solid progress of operating income in both the Business and Market-related sectors, earnings forecast for the year ending March 2018 is revised to a historical high of 500.0 billion yen (up 50 billion yen from our original forecast at the beginning of this fiscal year).

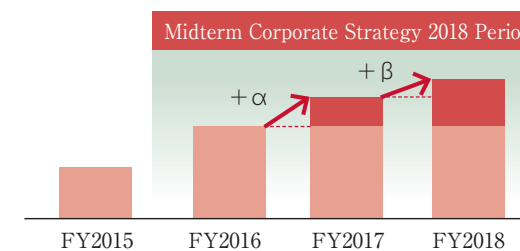
Now that our full-year earnings are forecasted to exceed 500 billion yen, we are entering the next stage of growth. In order to further improve profitability, we will drive the ongoing reform of portfolios by continually reshuffling our asset base.

Dividends

Under the "Midterm Corporate Strategy 2018," we focus on dividend as basic approach to returning value to shareholders, and increase dividend flexibly with sustainable earning growth based on a progressive dividend scheme.

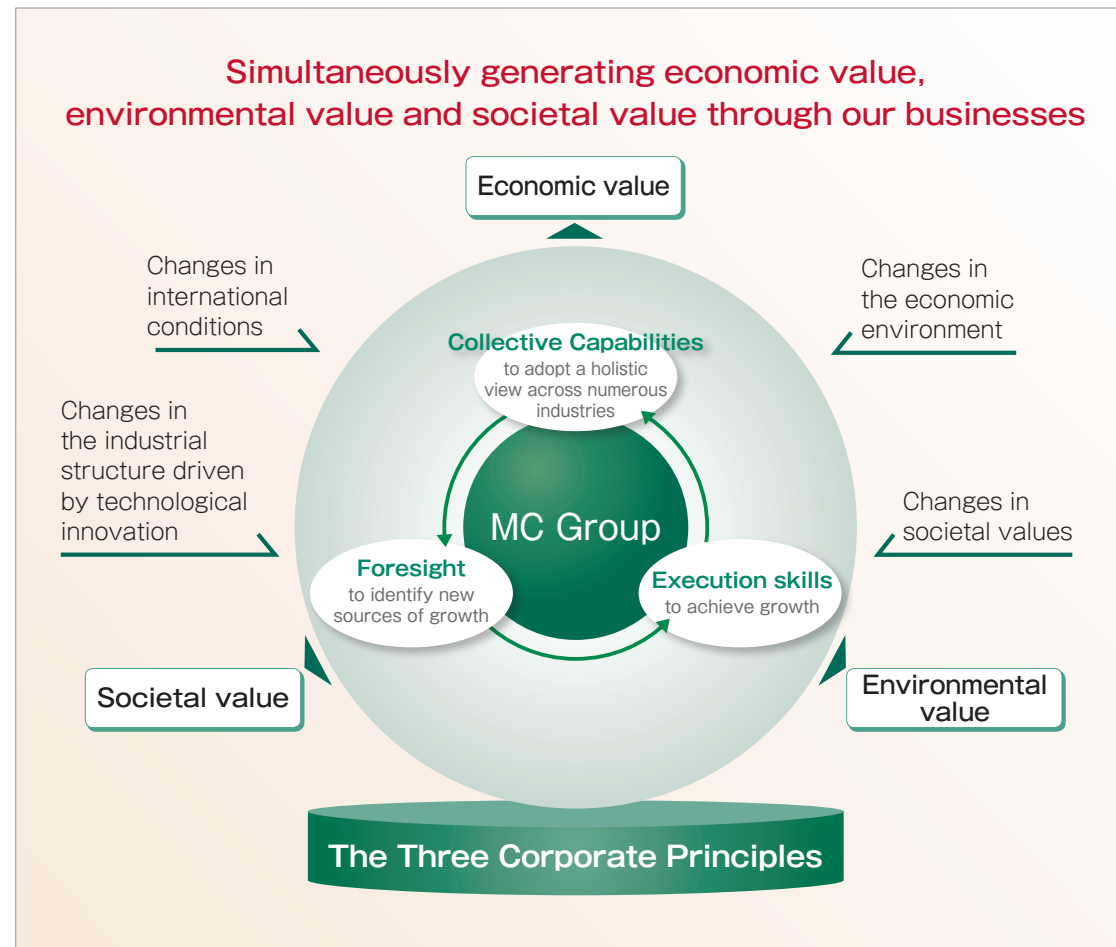
Based on the solid progress of operating income, we plan to pay 95 yen per share, up 15 yen from our forecast at the beginning of this fiscal year. Concerning the interim dividend, we plan to pay 47 yen per share, about half the amount of our planned annual dividend (up 7 yen from our original forecast at the beginning of this fiscal year).

Shareholder Returns Policy



The MC Group Will Deliver Sustainable Growth by Fulfilling Societal Needs

MC is conducting its business activities based on the corporate philosophy for the whole group, "The Three Corporate Principles". By integrating the power of 1,200 MC Group consolidated companies, MC will fulfill societal needs and take on challenges for sustainable growth through simultaneously generating three kinds of value: economic value, environmental value, and societal value.



MC currently has more than 150 business units and 1,200 consolidated companies. We are convinced one of our strengths is that MC is always allowed to access through these organizations new business opportunities by taking advantage of the power to reach all types of global industries, namely, collective capabilities to adopt a holistic view across numerous industries.

While maintaining that collective capabilities, we will create a number of major core businesses to build the best business portfolios. We believe this can be accomplished by intensively investing our management resources in fields where we can independently fulfill our capabilities and respond to universal societal needs.

This would require the production of management professionals with the foresight to identify new sources of growth, execution

skills to archive growth, and a high level of integrity. We intend to develop as much management professionals as possible through repeated self-transformation processes.

Our external environment is changing drastically, as exemplified by recent changes in international conditions, economic environment, industrial structures driven by technological innovation, and societal values. It is therefore necessary for the whole MC Group to step up its ability to cope with those external changes, including taking measures based on future change predictions.

As always, we would like to thank all our shareholders for understanding and continued support.

November 2017
 Takehiko Kakiuchi
 President and CEO

