

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2015 (IFRS)

August 4, 2015
Sojitz Corporation

Results Highlights

◆ The year ending March 31, 2016, is the first year of Medium-term Management Plan 2017 – Challenge for Growth. Currently, the issues in Greece and economic slowdown in China are casting an air of uncertainty over the operating environment. Nevertheless, the overall trend in the global economy is that of modest recovery centered on the United States.
The Company's net sales (JGAAP) for the three-month period ended June 30, 2015, were up year on year due to increased sales in the Aerospace & IT Business Division, a result of higher aircraft-related transactions, and in the Lifestyle Commodities & Materials Division, a result of higher tobacco transaction volumes.

Gross profit decreased as a result of lower profit from the Energy Division following a decline in the oil price. Regardless, profit for the period (attributable to the owners of the Company) was up, largely by virtue of an increase in share of profit of investments accounted for using the equity method and decrease in income tax expenses.

(Figures in parentheses are year-on-year changes)

Net sales (JGAAP) 1,030.1 billion yen (+83.2 billion yen / +8.8%)

- Increase in net sales in the Aerospace & IT Business Division due to higher aircraft-related transactions

- Increase in net sales in the Lifestyle Commodities & Materials Division due to higher tobacco transaction volumes

Gross profit 45.5 billion yen ((1.7) billion yen / (3.6%))

- Decrease in gross profit in the Energy Division following a decline in the oil price
- Increase in gross profit in the Chemicals Division due to higher transaction volumes in the Americas and Asia and the benefits of yen depreciation

Operating profit 8.0 billion yen ((1.8) billion yen / (19.0%))

- Decrease in gross profit

Profit for the period (attributable to owners of the Company)

10.6 billion yen (+1.7 billion yen / +19.2%)

- Increase in share of profit of investments accounted for using the equity method
- Decrease in income tax expenses

◆ Earnings forecast for the fiscal year ending March 31, 2016

Net sales (JGAAP) 4,400.0 billion yen

Operating profit 40.5 billion yen

Profit before tax 58.5 billion yen

Profit for the year (attributable to owners of the Company) 40.0 billion yen

(Assumptions)

Exchange rate (annual average: JPY/US\$) : 120

Crude oil price (annual average: US\$/BBL) : 60 (Brent)

◆ Cash dividend for the fiscal year ending March 31, 2016

Interim 4.00 yen per share (forecast)

Year-end 4.00 yen per share (forecast)

*1 Net sales (JGAAP) is a measure generally used by Japanese general trading companies and represents the aggregate value of the transactions for which the Group acts as a principal or agent. It is not to be construed as equivalent to, or a substitute for, revenues under IFRS.

*2 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends received + Share of profit (loss) of investments accounted for using the equity method

*3 Caution regarding forward-looking statements

This document contains forward-looking statements based on information available to the Company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

Consolidated Statements of Profit or Loss

	(Billions of Yen)			Reasons for the difference	FY2015 Forecast c	Percentage Achieved a/c
	FY2015 1Q Results a	FY2014 1Q Results b	Difference a-b			
Net sales (JGAAP) *1	1,030.1	946.9	83.2	Net sales (JGAAP): change in segment Aerospace & IT Business +48.0 Foods & Agriculture Business +23.0 Lifestyle Commodities & Materials +20.4	4,400.0	23%
Gross profit	45.5	47.2	(1.7)	Gross profit: change in segment Energy (1.6) Automotive (0.8) Chemicals +1.1	215.0	21%
Gross profit margin	(4.42%)	(4.98%)	(0.56%)		(4.89%)	
Selling, general and administrative expenses						
Personnel expenses	(21.4)	(20.5)	(0.9)			
Non-personnel expenses	(15.9)	(15.9)	0.0			
Depreciation and amortization	(1.5)	(1.7)	0.2			
Provision of allowance for doubtful accounts	0.1	0.1	0.0			
(Total selling, general and administrative expenses)	(38.7)	(38.0)	(0.7)		(167.0)	
Other income/expenses						
Gain/loss on sale and disposal of fixed assets, net	0.4	0.3	0.1			
Impairment loss on fixed assets	(0.9)	(0.2)	(0.7)			
Gain on sale of subsidiaries/associates	0.4	0.1	0.3			
Loss on reorganization of subsidiaries/associates	(0.1)	(0.1)	0.0			
Other operating income/expenses	1.4	0.5	0.9			
(Total other income/expenses)	1.2	0.6	0.6		(7.5)	
Operating profit	8.0	9.8	(1.8)		40.5	20%
Financial income/costs						
Interest earned	1.2	1.4	(0.2)			
Interest expenses	(4.4)	(5.0)	0.6			
(Interest expenses, net)	(3.2)	(3.6)	0.4			
Dividends received	1.8	1.4	0.4			
Other financial income/costs	0.0	0.0	0.0			
(Financial income/costs, net)	(1.4)	(2.2)	0.8		(10.0)	
Share of profit (loss) of investments accounted for using the equity method	8.5	7.3	1.2	Increased profit from automobile assembly and sales company	28.0	
Profit before tax	15.1	14.9	0.2		58.5	26%
Income tax expenses	(3.2)	(4.8)	1.6		(14.0)	
Profit for the period	11.9	10.1	1.8		44.5	27%
(Profit attributable to)						
Owners of the Company	10.6	8.9	1.7		40.0	27%
Non-controlling interests	1.3	1.2	0.1		4.5	
Revenue	444.9	451.4	(6.5)			
Core earnings *2	13.8	14.2	(0.4)		66.0	

Comprehensive Income

	(Billions of Yen)		
	FY2015 1Q Results a	FY2014 1Q Results b	Difference a-b
Profit for the period	11.9	10.1	1.8
Other comprehensive income	2.2	(3.3)	5.5
Total comprehensive income for the period	14.1	6.8	7.3
Comprehensive income attributable to:			
Owners of the Company	12.9	5.9	7.0
Non-controlling interests	1.2	0.9	0.3

Cash Flows

	(Billions of Yen)			Factors affecting circled figures
	FY2015 1Q Results a	FY2014 1Q Results b	Difference a-b	
Cash flows from operating activities	6.7	(11.2)	17.9	Inflows from business transactions
Cash flows from investing activities	(6.6)	3.2	(9.8)	Outflows for capital expenditures in domestic solar power generation businesses
Free cash flows	0.1	(8.0)	8.1	
Cash flows from financing activities	(8.7)	(4.3)	(4.4)	Outflows for repayment of borrowings

Consolidated Statements of Financial Position

	(Billions of Yen)			Reasons for the difference
	Jun. 30, 2015 d	Mar. 31, 2015 e	Difference d-e	
Current assets	1,293.8	1,323.5	(29.7)	
Cash and cash equivalents	397.3	403.7	(6.4)	
Time deposits	6.5	5.5	1.0	
Trade and other receivables	524.2	559.3	(35.1)	Decrease due to lower automobile, chemical, and plant-related transactions
Inventories	284.3	270.3	14.0	Increase due to higher tobacco inventories
Other current assets	81.5	84.7	(3.2)	
Non-current assets	976.5	973.9	2.6	
Property, plant and equipment	219.7	217.9	1.8	
Goodwill	50.2	50.2	0.0	
Intangible assets	53.9	53.9	0.0	
Investment property	19.5	19.5	0.0	
Investments accounted for using the equity method	571.5	568.9	2.6	
Other non-current assets	61.7	63.5	(1.8)	
Total assets	2,270.3	2,297.4	(27.1)	
Current liabilities	780.3	780.7	(0.4)	
Trade and other payables	466.9	490.9	(24.0)	Decrease due to lower plant-related and coal transactions
Bonds and borrowings	245.6	208.4	37.2	Increase due to transference of certain non-current bonds and borrowings to current liabilities
Other current liabilities	67.8	81.4	(13.6)	
Non-current liabilities	890.8	926.1	(35.3)	
Bonds and borrowings	792.3	830.4	(38.1)	Decrease due to transference of certain bonds and borrowings to current liabilities
Retirement benefits liabilities	18.1	17.9	0.2	
Other non-current liabilities	80.4	77.8	2.6	
Total liabilities	1,671.1	1,706.8	(35.7)	
Share capital	160.3	160.3	-	
Capital surplus	146.5	146.5	0.0	
Treasury stock	(0.2)	(0.2)	0.0	
Other components of equity	196.1	194.6	1.5	
Retained earnings	56.8	49.7	7.1	Profit for the period +10.6, dividends (4.4)
(Total equity attributable to owners of the Company)	559.5	550.9	8.6	
Non-controlling interests	39.7	39.7	0.0	
Total equity	599.2	590.6	8.6	
Total liabilities and equity	2,270.3	2,297.4	(27.1)	

	Jun. 30, 2015	Mar. 31, 2015	Difference
Gross interest-bearing debt	1,037.9	1,038.8	(0.9)
Net interest-bearing debt	634.1	629.6	+4.5
Net debt/equity ratio (times)*	1.13	1.14	(0.01)
Equity ratio *	24.6%	24.0%	0.6%
Current ratio	165.8%	169.5%	(3.7)%
Long-term debt ratio	76.3%	79.9%	(3.6)%

* "Total equity attributable to owners of the Company" is recognized as "Total equity", and is also used as the denominator of the "Net debt/equity ratio" and the numerator of "Equity ratio".

Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2015 (IFRS) - Supplementary Material

August 4, 2015

Sojitz Corporation

(Billions of Yen)

(Billions of Yen)

Operating Results

	FY2015 1Q Results	FY2014 1Q Results	Difference	FY2015 Forecast	Percentage Achieved
Net sales (JGAAP) *1	1,030.1	946.9	+ 83.2	4,400.0	23%
Gross profit	45.5	47.2	(1.7)	215.0	21%
Gross profit margin	(4.42%)	(4.98%)	((0.56)%)	(4.89%)	
Selling, general and administrative expenses	(38.7)	(38.0)	(0.7)	(167.0)	
Other income/expenses	1.2	0.6	+ 0.6	(7.5)	
Operating profit	8.0	9.8	(1.8)	40.5	20%
Financial income/costs	(1.4)	(2.2)	+ 0.8	(10.0)	
Share of profit (loss) of investments accounted for using the equity method	8.5	7.3	+ 1.2	28.0	
Profit before tax	15.1	14.9	+ 0.2	58.5	26%
Profit for the period	11.9	10.1	+ 1.8	44.5	27%
(Profit attributable to)					
Owners of the Company	10.6	8.9	+ 1.7	40.0	27%
Non-controlling interests	1.3	1.2	+ 0.1	4.5	
Core earnings *2	13.8	14.2	(0.4)	66.0	
Revenue	444.9	451.4	(6.5)		
Comprehensive income attributable to owners of the Company	12.9	5.9	+ 7.0		

*1 Net sales (JGAAP) is a measure generally used by Japanese general trading companies and represents the aggregate value of the transactions for which the Group acts as a principal or agent. It is not to be construed as equivalent to, or a substitute for, revenues under IFRS.

*2 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends received + Share of profit (loss) of investments accounted for using the equity method

Caution regarding forward-looking statements

This document contains forward-looking statements based on information available to the Company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by these forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

(Billions of Yen)

Financial Position

	Jun. 30, 2015	Mar. 31, 2015	Difference	FY 2015 Forecast
Total assets	2,270.3	2,297.4	(27.1)	2,400.0
Total equity *3	559.5	550.9	+ 8.6	580.0
Equity ratio	24.6%	24.0%	+ 0.6%	24.2%
Net interest-bearing debt	634.1	629.6	+ 4.5	680.0
Net D/E ratio (times)	1.13	1.14	(0.01)	1.20
Risk assets	300.0	320.0	(20.0)	-
Ratio of risk assets to equity (times)	0.5	0.6	(0.1)	-

*3 "Total equity attributable to owners of the Company" is recognized as "Total equity" in bold letters above, and is also used in the denominator of the "Net D/E ratio" and the numerator of the "Equity ratio".

Segment Performance

	Gross Profit					Profit for the Period (Attributable to owners of the Company)						
	FY2015 1Q	FY2014 1Q	Difference	FY2015 Forecast	Percentage Achieved	FY2015 1Q	FY2014 1Q	Difference	Main Factors Behind Differences	FY2015 Forecast	Percentage Achieved	FY 2015 Current Position and Outlook
Auto-motive	5.9	6.7	(0.8)	30.0	20%	3.6	1.0	2.6	Increased as the gain on sale of fixed assets recorded by an affiliated company offset the impacts of decreased automobile sales in Russia.	5.5	65%	Progress is favorable as a result of the gain on sale of fixed assets recorded by an affiliated company, but overall progress is in line with forecasts.
Aerospace & IT Business	5.3	5.2	0.1	28.0	19%	0.9	(0.7)	1.6	Increased due to higher aircraft-related transactions.	3.0	30%	Progress is impressive in comparison to full-year forecast.
Infrastructure & Environment Business	4.2	4.0	0.2	20.0	21%	0.2	0.0	0.2	Increased due to higher industrial machinery-related transactions.	4.0	5%	Progress toward targets is currently low, but this is because a large portion of earnings is generally recorded during the second half of the fiscal year. For this reason, overall progress is in line with forecasts.
Energy	0.6	2.2	(1.6)	5.0	12%	0.1	2.2	(2.1)	Decreased due to the impacts of a decline in the oil price and the rebound from the one-time income at an affiliated company recorded in the previous equivalent period.	1.5	7%	Earnings are expected to be recorded at an affiliated company through the second half of the fiscal year. Accordingly, progress is in line with forecasts.
Metals & Coal	3.7	3.3	0.4	16.0	23%	0.7	1.1	(0.4)	Decreased due to lower share of profit of investments accounted for using the equity method.	9.5	7%	Trends in commodity prices warrant caution, but earnings are expected to be recorded at an affiliated company from the second quarter of the fiscal year, and progress is in line with forecasts.
Chemicals	10.7	9.6	1.1	46.0	23%	2.5	1.9	0.6	Increased due to higher transaction volumes in the Americas and Asia.	9.0	28%	Progress is impressive in comparison to full-year forecast.
Foods & Agriculture Business	5.5	6.1	(0.6)	22.0	25%	1.3	1.8	(0.5)	Decreased due to lower sales volumes in overseas fertilizer businesses as a result of unfavorable weather.	4.0	33%	Progress is in line with forecasts.
Lifestyle Commodities & Materials	4.7	5.1	(0.4)	22.0	21%	(0.3)	0.6	(0.9)	Loss for the period was recorded, due to lower lumber-related transaction volumes and sales prices and the recording of impairment loss on fixed assets.	3.5	-	Progress has been slower than full-year forecast due to the recording of impairment loss on fixed assets in lumber-related business.
Retail	4.2	4.0	0.2	20.0	21%	1.0	1.2	(0.2)	Decreased due to the absence of the gain on sale of real estate recorded in the previous equivalent period, which outweighed the benefits of the strong performance of the overseas industrial park business.	2.0	50%	Progress is impressive in comparison to full-year forecast due to the strong performance of the overseas industrial park business.
Other	0.7	1.0	(0.3)	6.0	12%	0.6	(0.2)	0.8	Decrease in income tax expenses.	(2.0)	-	Progress is in line with forecasts.
Total	45.5	47.2	(1.7)	215.0	21%	10.6	8.9	1.7		40.0	27%	

Commodity Prices and Exchange Rates

	FY 2015 Assumption (Annual Avg.)	FY 2015 Results (Apr.- Jun. '15 Avg.)	Latest data (as of July. 30, 2015)
Crude oil (Brent) **1	\$60/bbl	\$63.5/bbl	\$53.3/bbl
Thermal coal **2	\$68/t	\$67.8/t	\$60.2/t
Nickel **3	\$7.0/lb	Jan.- Mar. Avg. \$6.5/lb	\$5.0/lb
Exchange rate **4	¥120/\$	¥121.7/\$	¥124.1/\$

**1 Impact of fluctuations in the crude oil price on earnings: A \$1/bbl change alters profit for the year (attributable to owners of the Company) by approx. ¥0.1 billion.

**2 Actual thermal coal prices are the general trading price based on market data.

**3 The price assumptions of nickel are based on the annual average from Jan. to Dec.

**4 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.4 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.2 billion annually, and total equity by approx. ¥2.0 billion annually.