

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2014 (IFRS)

August 4, 2014

Sojitz Corporation

## Results Highlights

◆ In the year ending March 31, 2015, the final year of Medium-term Management Plan 2014: Change for Challenge, we are currently witnessing political unrest in certain countries. However, principal financial markets are proving relatively stable, and the global economy on the whole is experiencing a modest recovery trend focused on the United States. The Company's net sales (JGAAP) for the three-month period ended June 30, 2014, were down due to lower transaction volumes for tobacco and wheat as well as declines in plant and ship transactions. Similarly, gross profit was down due to lower vehicle sales in overseas automotive businesses and lower transaction volumes in overseas fertilizer businesses. While operating profit was down, profit for the period (attributable to the owners of the Company) increased, largely by virtue of an increase in share of profit of investments accounted for using the equity method.

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

Net sales (JGAAP) 946.9 billion yen ( (60.5) billion yen / (6.0)% )

• Decrease in net sales in the Machinery Division due to declines in plant and ship transactions

• Decrease in net sales in the Consumer Lifestyle Business Division due to lower trading volumes for tobacco and wheat

Gross profit 47.2 billion yen ( (2.8) billion yen / (5.5)% )

• Decrease in gross profit in the Machinery Division due to lower vehicle sales in overseas automotive businesses

• Decrease in gross profit in the Consumer Lifestyle Business Division due to lower transaction volumes in overseas fertilizer businesses

Operating profit 9.8 billion yen ( (1.4) billion yen / (12.1)% )

• Decrease in operating profit due to lower gross profit

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

8.9 billion yen ( 1.0 billion yen / +11.9% )

• Increase in profit for the period due to higher share of profit of investments accounted for using the equity method

◆ Earnings forecast for the fiscal year ending March 31, 2015

Net sales (JGAAP) 4,230.0 billion yen

Operating profit 40.0 billion yen

Profit before tax 55.0 billion yen

Profit for the year 33.0 billion yen

(attributable to owners of the Company)

◆ Initial assumptions

Exchange rate (annual average: JPY/US\$) : 100

Crude oil price (annual average US\$/BBL) : 100 (Brent)

◆ Cash dividend for the fiscal year ending March 31, 2015

Interim 2.50 yen per share (forecast)

Year end 2.50 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 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 + Dividend income + 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 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	(Billions of yen)	
	FY 2014 1Q Results a	FY 2013 1Q Results b	Difference a-b		FY 2014 Forecast c	Percentage Achieved a/c
<b>Net sales (JGAAP) *1</b>	946.9	1,007.4	(60.5)		22%	
				Net sales (JGAAP) segment based difference		
				Machinery (11.9)		
				Energy & Metal (0.8)	4,230.0	
				Chemicals +16.1		
				Consumer Lifestyle Business (44.2)		
<b>Gross profit</b>	47.2	50.0	(2.8)		23%	
Gross profit margin	(4.98%)	(4.96%)	(0.02%)	Gross profit segment based difference		
				Machinery (1.1)	206.0	
				Energy & Metal (0.1)	(4.87%)	
				Chemicals (0.2)		
				Consumer Lifestyle Business (0.5)		
<b>Selling, general and administrative expenses</b>						
Personnel expenses	(20.5)	(20.1)	(0.4)			
Non-personnel expenses	(15.9)	(16.4)	0.5			
Depreciation and amortization	(1.7)	(1.6)	(0.1)			
Provision of allowance for doubtful accounts	0.1	0.1	0.0			
(Total selling, general and administrative expenses)	(38.0)	(38.0)	0.0		(156.0)	
<b>Other income/expenses</b>						
Gain/loss on disposal of fixed assets, net	0.3	(0.1)	0.4			
Impairment loss on fixed assets	(0.2)	(0.2)	0.0			
Gain on sale of subsidiaries/associates	0.1	0.1	0.0			
Loss on reorganization of subsidiaries/associates	(0.1)	(0.2)	0.1			
Other operating income/expenses	0.5	(0.4)	0.9			
(Total other income/expenses)	0.6	(0.8)	1.4		(10.0)	
<b>Operating profit</b>	9.8	11.2	(1.4)		40.0	25%
<b>Financial income/costs</b>						
Interests earned	1.4	1.4	0.0			
Interest expenses	(5.0)	(5.2)	0.2			
(Interest expenses-net)	(3.6)	(3.8)	0.2			
Dividends received	1.4	1.3	0.1			
Other financial income/costs	0.0	0.0	0.0			
(Other financial income/costs-net)	(2.2)	(2.5)	0.3		(11.5)	
<b>Share of profit (loss) of investments accounted for using the equity method</b>	7.3	5.3	2.0	Increased earnings of LNG business company	26.5	
<b>Profit before tax</b>	14.9	14.0	0.9		55.0	27%
<b>Income tax expenses</b>	(4.8)	(4.7)	(0.1)		(17.5)	
<b>Profit for the period</b>	10.1	9.3	0.8		37.5	27%
<b>Profit attributable to:</b>						
Owners of the Company	8.9	7.9	1.0		33.0	27%
Non-controlling interests	1.2	1.4	(0.2)		4.5	
<b>Revenue</b>	451.4	459.7	(8.3)			
<b>Core earnings *2</b>	14.2	14.7	(0.5)		65.0	

## Comprehensive Income

	(Billions of yen)		
	FY 2014 1Q Results a	FY 2013 1Q Results b	Difference a-b
<b>Profit for the year</b>	10.1	9.3	0.8
<b>Other comprehensive income</b>	(3.3)	16.8	(20.1)
<b>Total comprehensive income for the period</b>	6.8	26.1	(19.3)
<b>Comprehensive income attributable to:</b>			
Owners of the Company	5.9	24.3	(18.4)
Non-controlling interests	0.9	1.8	(0.9)

## Cash Flows

	(Billions of yen)	
	FY 2014 1Q Results	FY 2013 1Q Results
<b>Cash flows from operating activities</b>	(11.2)	29.4
<b>Cash flows from investing activities</b>	3.2	(1.8)
<b>Free cash flows</b>	(8.0)	27.6
<b>Cash flows from financing activities</b>	(4.3)	(15.8)
<b>Cash and cash equivalents at the end of the period</b>	406.9	440.4

## Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the difference
	Jun. 30 2014 d	Mar. 31 2014 e	Difference d-e	
<b>Current assets</b>	1,294.2	1,321.8	(27.6)	
Cash and cash equivalents	406.9	420.7	(13.8)	Decrease due to acquisition of U.S. automotive dealership business
Time deposits	4.6	4.4	0.2	
Trade and other receivables	519.4	524.8	(5.4)	
Inventories	300.1	302.0	(1.9)	
Other current assets	63.2	69.9	(6.7)	
<b>Non-current assets</b>	899.9	898.4	1.5	
Property, plant and equipment	217.9	213.9	4.0	
Goodwill	50.7	46.3	4.4	
Intangible assets	60.1	61.0	(0.9)	
Investment property	21.2	25.3	(4.1)	
Investments accounted for using the equity method and other investments	477.4	470.4	7.0	
Other non-current assets	72.6	81.5	(8.9)	
<b>Total assets</b>	2,194.1	2,220.2	(26.1)	
<b>Current liabilities</b>	754.9	811.8	(56.9)	
Trade and other payables	482.4	514.6	(32.2)	Decrease due to lower transaction volumes for tobacco and wheat
Bonds and borrowings	205.5	227.2	(21.7)	Decrease due to repayment of debt
Other current liabilities	67.0	70.0	(3.0)	
<b>Non-current liabilities</b>	939.8	915.4	24.4	
Bonds and borrowings	858.3	838.1	20.2	Increase due to issuance of bonds
Retirement benefits liabilities	17.1	16.9	0.2	
Other non-current liabilities	64.4	60.4	4.0	
<b>Total liabilities</b>	1,694.7	1,727.2	(32.5)	
Share capital	160.3	160.3	-	
Capital surplus	146.5	146.5	0.0	
Treasury stock	(0.1)	(0.1)	0.0	
Other components of equity	116.6	119.6	(3.0)	
Retained earnings	42.6	33.6	9.0	Profit for the period +8.9, dividends (2.5)
<b>Total equity attributable to owners of the Company</b>	465.9	459.9	6.0	
Non-controlling interests	33.5	33.1	0.4	
<b>Total equity</b>	499.4	493.0	6.4	
<b>Total liabilities and equity</b>	2,194.1	2,220.2	(26.1)	
Gross interest bearing debt	1,063.8	1,065.3	(1.5)	
Net interest bearing debt	652.3	640.2	12.1	
Net debt/equity ratio (times) *	1.40	1.39	0.01	
Equity ratio *	21.2%	20.7%	0.5%	
Current ratio	171.4%	162.8%	8.6%	
Long-term debt ratio	80.7%	78.7%	2.0%	

\* The "Total equity attributable to owners of the Company" is the denominator of the "Net interest bearing debt" and the numerator of the "Equity ratio".

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2014 (IFRS) - Supplementary Material

August 4, 2014

Sojitz Corporation

(Billions of yen)

## Operating Results

	FY 2014 1Q Results	FY 2013 1Q Results	Difference	FY 2014 Forecast	Percentage Achieved
<b>Net sales (JGAAP) *1</b>	<b>946.9</b>	<b>1,007.4</b>	( 60.5)	<b>4,230.0</b>	22.4%
<b>Gross profit</b>	<b>47.2</b>	<b>50.0</b>	( 2.8)	<b>206.0</b>	22.9%
Gross profit margin	(4.98%)	(4.96%)	(+0.02%)	(4.87%)	
Machinery	15.8	16.9	( 1.1)	76.0	20.8%
Energy & Metal	5.5	5.6	( 0.1)	24.0	22.9%
Chemicals	9.6	9.8	( 0.2)	40.0	24.0%
Consumer Lifestyle Business	14.4	14.9	( 0.5)	58.0	24.8%
Other	1.9	2.8	( 0.9)	8.0	23.8%
Selling, general and administrative expenses	(38.0)	(38.0)	+ 0.0	(156.0)	
Other income/expenses	0.6	(0.8)	+ 1.4	(10.0)	
<b>Operating profit</b>	<b>9.8</b>	<b>11.2</b>	( 1.4)	<b>40.0</b>	24.5%
Financial income/costs	(2.2)	(2.5)	+ 0.3	(11.5)	
Shares of profit (loss) of investments accounted for using the equity method	7.3	5.3	+ 2.0	26.5	
<b>Profit before tax</b>	<b>14.9</b>	<b>14.0</b>	+ 0.9	<b>55.0</b>	27.1%
<b>Profit for the period</b>	<b>10.1</b>	<b>9.3</b>	+ 0.8	<b>37.5</b>	26.9%
<b>Attributable to owners of the Company</b>	<b>8.9</b>	<b>7.9</b>	+ 1.0	<b>33.0</b>	27.0%
Machinery	0.2	(0.5)	+ 0.7	4.0	5.0%
Energy & Metal	3.5	0.9	+ 2.6	14.5	24.1%
Chemicals	1.9	2.2	( 0.3)	8.0	23.8%
Consumer Lifestyle Business	3.4	3.5	( 0.1)	10.5	32.4%
Other	(0.1)	1.8	( 1.9)	(4.0)	-
Non-controlling interests	1.2	1.4	( 0.2)	4.5	
Core earnings *2	14.2	14.7	( 0.5)	65.0	
Revenue	451.4	459.7	( 8.3)		
Comprehensive income attributable to owners of the Company	5.9	24.3	( 18.4)		

\*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 + Dividend income + Share of profit (loss) of investments accounted for using the equity method  
(Billions of yen)

## Financial Position

	Jun. 30, 2014	Mar. 31, 2014	Difference	FY 2014 Forecast
<b>Total assets</b>	<b>2,194.1</b>	<b>2,220.2</b>	(26.1)	<b>2,260.0</b>
<b>Total equity *3</b>	<b>465.9</b>	<b>459.9</b>	+ 6.0	<b>480.0</b>
<b>Equity ratio</b>	<b>21.2%</b>	<b>20.7%</b>	+ 0.5%	<b>21.2%</b>
<b>Net interest-bearing debt</b>	<b>652.3</b>	<b>640.2</b>	+ 12.1	<b>670.0</b>
<b>Net D/E ratio (times)</b>	<b>1.40</b>	<b>1.39</b>	+ 0.01	<b>1.40</b>
<b>Risk assets</b>	<b>330.0</b>	<b>350.0</b>	(20.0)	-
<b>Ratio of risk assets to equity (times)</b>	<b>0.7</b>	<b>0.8</b>	(0.1)	-

\*3 The "Total equity attributable to owners of the Company" is recognized as the "Total equity" in bold letters above, and is also used in the denominator of the "Net interest-bearing debt" and the numerator of the "Equity ratio".

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## Main Factors Behind Differences

- Machinery Division
  - Gross profit decreased following lower vehicle sales by overseas automotive business subsidiaries, but profit for the period increased due to declines in SG&A expenses and foreign exchange losses.
- Energy & Metal Division
  - Gross profit was down as a result of lower prices for coal. However, profit for the period was up due to the absence of the well abandonment costs recorded in association with certain interests during the three-month period ended June 30, 2013, as well as an increase in share of profit of investments accounted for using the equity method.
- Chemicals Division
  - Both gross profit and profit for the period were down due to fluctuations in market prices for methanol.
- Consumer Lifestyle Business Division
  - Profits were down due to lower transaction volumes in certain fertilizer businesses.
- Other
  - Profits were down due to the absence of the gain on sale of assets recorded in association with asset replacement during the three-month period ended June 30, 2013.

## FY 2014 Current Position and Outlook

- Machinery Division
  - Aircraft-related businesses are expected to continue seeing strong performance, but caution is necessary with regard to the potential impacts of currency devaluation risks on automotive business in Central and South America.
- Energy & Metal Division
  - Progress is impressive in comparison to forecasts.
- Chemicals Division
  - Despite the negative impacts of fluctuations in market prices for methanol, performance is generally in line with projections because of solid plastic resin transactions centered on Asia.
- Consumer Lifestyle Business Division
  - Progress is impressive in comparison to full-year forecasts due to the solid performance of overseas industrial park businesses.
- Other
  - Progress is generally in line with projections.

## Commodity Prices and Exchange Rates

	FY 2014 Assumption (Annual Avg.)	FY 2014 Results (Apr. - Jun. '14 Avg.)	FY 2014 latest data (as of July 31, 2014)
<b>Crude oil (Brent) **1</b>	\$100/bbl	\$109.7/bbl	\$106.0/bbl
<b>Thermal coal **2</b>	\$82/t	\$81.8/t	\$69.1/t
<b>Molybdenum</b>	\$10/lb	\$13.6/lb	\$13.1/lb
<b>Nickel **3</b>	\$7/lb	Jan.-Mar. Avg. \$6.6/lb	\$8.5/lb
<b>Exchange rate **4</b>	¥100/\$	¥101.9/\$	¥102.9/\$

\*\*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 is 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.