

Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2014 (IFRS)

November 5, 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 and regions, and factors such as this are causing concern for the possibility of economic downturn. However, the global economy on the whole is experiencing a modest recovery trend focused on the United States.
Sojitz's net sales (JGAAP) for the first half ended September 30, 2014, were down due to a decline in revenues in the Consumer Lifestyle Business Division following lower transaction volumes for tobacco and wheat. This decline outweighed the increase in revenues from the Chemicals Division, which was the result of higher transaction volumes for chemicals and plastic resins in Asia.
Similarly, gross profit decreased following lower vehicle sales by overseas automotive businesses. Profit for the period attributable to owners of the Company rose because an increase in share of profit of investments accounted for using the equity method counteracted a decline in operating profit.

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

Net sales (JGAAP) 1,944.8 billion yen ((57.4) billion yen / (2.9)%)

- Decrease in net sales in the Consumer Lifestyle Business Division due to lower trading volumes for tobacco and wheat
- Increase in the net sales in the Chemicals Division due to higher transaction volumes for chemicals and plastic resins in Asia

Gross profit 96.2 billion yen ((3.3) billion yen / (3.3)%)

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

Operating profit 18.9 billion yen ((2.4) billion yen / (11.5)%)

- Decrease in operating profit due to lower gross profit

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

16.7 billion yen (+2.7 billion yen / +19.6%)

- 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 (attributable to owners of the Company) 33.0 billion yen

◆ Assumptions

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

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

Interim 2.50 yen per share
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 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

*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	FY2014 Forecast	Percentage achieved
	FY2014 1st Half		FY2013 1st Half		Difference			
	Results	1Q Results	2Q Results	Results				
a			b		c	a/c		
Net sales (JGAAP) *1	1,944.8	946.9	997.9	2,002.2	(57.4)		46%	
Gross Profit	96.2	47.2	49.0	99.5	(3.3)		47%	
Gross profit margin	4.95%	4.98%	4.91%	4.97%	(-0.02%)			
Selling, general and administrative expenses								
Personnel expenses	(41.2)	(20.5)	(20.7)	(39.9)	(1.3)			
Non-personnel expenses	(32.5)	(15.9)	(16.6)	(32.3)	(0.2)			
Depreciation	(3.4)	(1.7)	(1.7)	(3.2)	(0.2)			
Provision of allowance for doubtful accounts	0.5	0.1	0.4	(1.2)	1.7			
(Total selling, general and administrative expenses)	(76.6)	(38.0)	(38.6)	(76.6)	(0.0)	(156.0)		
Other income/expenses								
Gain/loss on sale and disposal of fixed assets, net	0.5	0.3	0.2	(0.1)	0.6			
Impairment loss on fixed assets	(0.4)	(0.2)	(0.2)	(0.3)	(0.1)			
Gain on sale of subsidiaries/associates	0.5	0.1	0.4	0.5	0.0			
Loss on reorganization of subsidiaries/associates	(0.6)	(0.1)	(0.5)	(0.2)	(0.4)			
Other operating income/expenses	(0.7)	0.5	(1.2)	(1.5)	0.8			
(Total other income/expenses)	(0.7)	0.6	(1.3)	(1.6)	0.9	(10.0)		
Operating profit	18.9	9.8	9.1	21.3	(2.4)	40.0	47%	
Financial income/costs								
Interest earned	2.6	1.4	1.2	2.7	(0.1)			
Interest expenses	(10.2)	(5.0)	(5.2)	(10.2)	0.0			
(Interest expenses, net)	(7.6)	(3.6)	(4.0)	(7.5)	(0.1)			
Dividends received	2.0	1.4	0.6	1.8	0.2			
Other financial income/costs	0.0	0.0	0.0	0.0	0.0			
(Financial income/costs, net)	(5.6)	(2.2)	(3.4)	(5.7)	0.1	(11.5)		
Share of profit (loss) of investments accounted for using the equity method	15.0	7.3	7.7	10.7	4.3	26.5		
Profit before tax	28.3	14.9	13.4	26.3	2.0	55.0	51%	
Income tax expenses	(8.4)	(4.8)	(3.6)	(9.4)	1.0	(17.5)		
Profit for the period	19.9	10.1	9.8	16.9	3.0	37.5	53%	
(Profit attributable to)								
Owners of the Company	16.7	8.9	7.8	14.0	2.7	33.0	51%	
Non-controlling interests	3.2	1.2	2.0	2.9	0.3	4.5		
Revenue	905.2	451.4	453.8	904.0	1.2			
Core earnings *2	28.5	14.2	14.3	29.1	(0.6)	65.0		

Comprehensive Income

	(Billions of yen)				
	FY2014 1st Half		FY2013 1st Half		Difference
	Results	1Q Results	2Q Results	Results	
a			b	a-b	
Profit for the period	19.9	10.1	9.8	16.9	3.0
Other comprehensive income	23.5	(3.3)	26.8	29.4	(5.9)
Total comprehensive income for the period	43.4	6.8	36.6	46.3	(2.9)
Comprehensive income attributable to:					
Owners of the Company	39.1	5.9	33.2	43.0	(3.9)
Non-controlling interests	4.3	0.9	3.4	3.3	1.0

Cash Flows

	(Billions of yen)			
	FY2014		FY2013	
	1H Results	1H Results	1H Results	1H Results
Cash flows from operating activities	7.8	41.8		
Cash flows from investing activities	(4.3)	(12.3)		
Free cash flows	3.5	29.5		
Cash flows from financing activities	(10.3)	(29.4)		
Cash and cash equivalents at the end of the period	417.9	428.0		

Consolidated Statements of Financial Position

	(Billions of yen)				Reasons for the difference
	Sep. 30	Mar. 31	Difference		
	2014	2014	d	e	
	d	e	d-e		
Current assets	1,340.2	1,321.8	18.4		
Cash and cash equivalents	417.9	420.7	(2.8)		
Time deposits	5.1	4.4	0.7		
Trade and other receivables	539.7	524.8	14.9		Increase due to higher transaction volumes for chemicals and plastic resins in Asia
Inventories	311.1	302.0	9.1		
Other current assets	66.4	69.9	(3.5)		
Non-current assets	929.2	898.4	30.8		
Property, plant and equipment	225.6	213.9	11.7		
Goodwill	51.3	46.3	5.0		
Intangible assets	59.6	61.0	(1.4)		
Investment property	21.3	25.3	(4.0)		Increase due to change in stock prices and rise in share of profit of investments accounted for using the equity method
Investments accounted for using the equity method and other investments	501.2	470.4	30.8		
Other non-current assets	70.2	81.5	(11.3)		
Total assets	2,269.4	2,220.2	49.2		
Current liabilities	791.2	811.8	(20.6)		
Trade and other payables	498.0	514.6	(16.6)		Decrease due to lower transaction volumes for fertilizer and tobacco
Bonds and borrowings	212.8	227.2	(14.4)		Decrease due to repayment of debt
Other current liabilities	80.4	70.0	10.4		
Non-current liabilities	938.4	915.4	23.0		
Bonds and borrowings	851.5	838.1	13.4		Increase due to issuance of bonds
Retirement benefits liabilities	17.6	16.9	0.7		
Other non-current liabilities	69.3	60.4	8.9		
Total liabilities	1,729.6	1,727.2	2.4		
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	141.9	119.6	22.3		Increase due to changes in foreign exchange rates and stock prices
Retained earnings	52.5	33.6	18.9		Profit for the period +16.7, dividends (2.5)
Total equity attributable to owners of the Company	501.1	459.9	41.2		
Non-controlling interests	38.7	33.1	5.6		
Total equity	539.8	493.0	46.8		
Total liabilities and equity	2,269.4	2,220.2	49.2		
Gross interest bearing debt	1,064.3	1,065.3	(1.0)		
Net interest bearing debt	641.3	640.2	1.1		
Net debt/equity ratio (times) *	1.28	1.39	(0.11)		
Equity ratio *	22.1%	20.7%	1.4%		
Current ratio	169.4%	162.8%	6.6%		
Long-term debt ratio	80.0%	78.7%	1.3%		

* "Total equity attributable to owners of the Company" is as recognized as "Total equity," and is consequently used in the denominator of "Net interest bearing debt" and the numerator of "Equity ratio."

Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2014 (IFRS) - Supplementary Material

November 5, 2014

Sojitz Corporation

(Billions of yen)

Operating Results

	FY 2014 1H Results	FY 2013 1H Results	Difference	FY 2014 Forecast	Percentage Achieved
Net sales (JGAAP) *1	1,944.8	2,002.2	(57.4)	4,230.0	46.0%
Gross profit	96.2	99.5	(3.3)	206.0	46.7%
Gross profit margin	4.95%	4.97%	(0.02%)	(4.87%)	
Machinery	32.4	36.0	(3.6)	76.0	42.6%
Energy & Metal	11.2	10.4	0.8	24.0	46.7%
Chemicals	19.3	18.9	0.4	40.0	48.3%
Consumer Lifestyle Business	29.9	29.3	0.6	58.0	51.6%
Other	3.4	4.9	(1.5)	8.0	42.5%
Selling, general and administrative expenses	(76.6)	(76.6)	0.0	(156.0)	
Other income/expenses	(0.7)	(1.6)	0.9	(10.0)	
Operating profit	18.9	21.3	(2.4)	40.0	47.3%
Financial income/costs	(5.6)	(5.7)	0.1	(11.5)	
Shares of profit (loss) of investments accounted for using the equity method	15.0	10.7	4.3	26.5	
Profit before tax	28.3	26.3	2.0	55.0	51.5%
Profit for the period	19.9	16.9	3.0	37.5	53.1%
Attributable to owners of the Company	16.7	14.0	2.7	33.0	50.6%
Machinery	1.3	1.6	(0.3)	4.0	32.5%
Energy & Metal	7.1	4.1	3.0	14.5	49.0%
Chemicals	3.2	4.0	(0.8)	8.0	40.0%
Consumer Lifestyle Business	6.6	5.0	1.6	10.5	62.9%
Other	(1.5)	(0.7)	(0.8)	(4.0)	-
Non-controlling interests	3.2	2.9	0.3	4.5	
Core earnings *2	28.5	29.1	(0.6)	65.0	
Revenue	905.2	904.0	1.2		
Comprehensive income attributable to owners of the Company	39.1	43.0	(3.9)		

*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

	Sep. 30, 2014	Mar. 31, 2014	Difference	FY 2014 Forecast (Nov. 5)
Total assets	2,269.4	2,220.2	49.2	2,260.0
Total equity *3	501.1	459.9	41.2	500.0
Equity ratio	22.1%	20.7%	1.4%	22.1%
Net interest-bearing debt	641.3	640.2	1.1	660.0
Net D/E ratio (times)	1.28	1.39	(0.11)	1.32
Risk assets	320.0	350.0	(30.0)	-
Ratio of risk assets to equity (times)	0.6	0.8	(0.2)	-

*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
 - Profit for the period decreased following lower vehicle sales by overseas automotive business subsidiaries.
- Energy & Metal Division
 - Gross profit was up as the benefits of recovered conditions in certain ferroalloy markets outweighed the impacts of lower coal prices. Profit for the period was up due to an increase in share of profit of investments accounted for using the equity method.
- Chemicals Division
 - Gross profit increased following higher transaction volumes for plastic resins. However, profit for the period was down as a result of upfront expenses associated with new projects.
- Consumer Lifestyle Business Division
 - The strong performance of overseas industrial park businesses drove an increase in profit for the period.
- Other
 - Profit for the period was down due to the absence of the gain on sale of assets that was recorded in the first half ended September 30, 2013, in association with asset replacement efforts.

FY 2014 Current Position and Outlook

- Machinery Division
 - In the second half of the fiscal year, performance is expected to be firm in plant-related operations, and increase in Central and South American automobile production is anticipated.
- Energy & Metal Division
 - Progress is impressive in comparison to forecasts.
- Chemicals Division
 - Despite the negative impacts of fluctuations in market prices in methanol businesses, performance is generally in line with projections because of solid transactions in plastic resin operations centered on Asia.
- Consumer Lifestyle Business Division
 - Progress is impressive in comparison to full-year forecasts due to the solid first-half performance of overseas fertilizer and 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. - Sep. '14 Avg.)	FY 2014 latest data (as of Oct. 31, 2014)
Crude oil (Brent) **1	\$100/bbl	\$105.8/bbl	\$85.9/bbl
Thermal coal **2	\$82/t	\$75.1/t	\$73.5/t
Molybdenum	\$10/lb	\$13.2/lb	\$9.4/lb
Nickel **3	\$7/lb	Jan.-Jun. Avg. \$7.5/lb	\$7.2/lb
Exchange rate **4	¥100/\$	¥103.6/\$	¥111.2/\$ (pm 5:00, Tokyo)

**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.