

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2014 (IFRS)

February 5, 2015  
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 an 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 nine-month period ended December 31, 2014, were down due to a decline in revenues in the Consumer Lifestyle Business Division following lower transaction volumes for tobacco. 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.  
Gross profit decreased following lower vehicle sales by Central and South American automotive businesses, which subsequently led to a decline in operating profit. However, 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 the lower operating profit.

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

Net sales (JGAAP) 3,013.6 billion yen ((48.6) billion yen / (1.6)% )

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

• Increase in net sales in the Chemicals Division due to higher transaction volumes for chemicals and plastic resins in Asia

Gross profit 148.4 billion yen ((4.6) billion yen / (3.0)% )

• Decrease in gross profit in the Machinery Division due to lower vehicle sales in Central and South American automotive businesses

Operating profit 30.0 billion yen ((1.1) billion yen / (3.5)% )

• Decrease in operating profit due to lower gross profit

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

27.2 billion yen (+6.3 billion yen / +30.5% )

• 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

◆ Initial 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

	FY2014 9-month			FY2013 9-month		Reasons for the difference	FY2014 forecast	Percentage achieved
	Results a	1H Results	3Q Results	Results b	Difference a-b			
<b>Net sales (JGAAP) *1</b>	3,013.6	1,944.8	1,068.8	3,062.2	(48.6)		4,230.0	71%
<b>Gross profit</b>	148.4	96.2	52.2	153.0	(4.6)		206.0	72%
Gross profit margin	4.92%	4.95%	4.88%	5.00%	(0.08)%		4.87%	
Selling, general and administrative expenses								
Personnel expenses	(62.7)	(41.2)	(21.5)	(60.6)	(2.1)			
Non-personnel expenses	(49.3)	(32.5)	(16.8)	(50.8)	1.5			
Depreciation	(5.4)	(3.4)	(2.0)	(5.0)	(0.4)			
Provision of allowance for doubtful accounts	0.5	0.5	0.0	(1.3)	1.8			
(Total selling, general and administrative expenses)	(116.9)	(76.6)	(40.3)	(117.7)	0.8		(156.0)	
<b>Other income/expenses</b>								
Gain/loss on sale and disposal of fixed assets, net	0.4	0.5	(0.1)	0.5	(0.1)			
Impairment loss on fixed assets	(0.4)	(0.4)	0.0	(5.2)	4.8	Impairment losses related to oil and gas fields		
Gain on sale of subsidiaries/associates	0.8	0.5	0.3	1.1	(0.3)			
Loss on reorganization of subsidiaries/associates	(0.6)	(0.6)	0.0	0.0	(0.6)			
Other operating income/expenses	(1.7)	(0.7)	(1.0)	(0.6)	(1.1)			
(Total other income/expenses)	(1.5)	(0.7)	(0.8)	(4.2)	2.7		(10.0)	
<b>Operating profit</b>	30.0	18.9	11.1	31.1	(1.1)		40.0	75%
<b>Financial income/costs</b>								
Interests earned	4.0	2.6	1.4	4.1	(0.1)			
Interest expenses	(15.2)	(10.2)	(5.0)	(15.1)	(0.1)			
(Interest expenses, net)	(11.2)	(7.6)	(3.6)	(11.0)	(0.2)			
Dividends received	3.3	2.0	1.3	2.7	0.6			
Other financial income/costs	0.1	0.0	0.1	0.0	0.1			
(Financial income/costs, net)	(7.8)	(5.6)	(2.2)	(8.3)	0.5		(11.5)	
Share of profit (loss) of investments accounted for using the equity method	22.5	15.0	7.5	15.0	7.5	Increased earnings of steel and LNG business company	26.5	
<b>Profit before tax</b>	44.7	28.3	16.4	37.8	6.9		55.0	81%
<b>Income tax expenses</b>	(13.7)	(8.4)	(5.3)	(13.1)	(0.6)		(17.5)	
<b>Profit for the period (Profit attributable to)</b>	31.0	19.9	11.1	24.7	6.3		37.5	83%
<b>Owners of the Company</b>	27.2	16.7	10.5	20.9	6.3		33.0	82%
Non-controlling interests	3.8	3.2	0.6	3.8	0.0		4.5	
<b>Revenue</b>	1,376.3	905.2	471.1	1,360.6	15.7			
<b>Core earnings *2</b>	45.6	28.5	17.1	43.3	2.3		65.0	

## Comprehensive Income

	FY2014 9-month			FY2013 9-month	
	Results a	1H Results	3Q Results	Results b	Difference a-b
<b>Profit for the period</b>	31.0	19.9	11.1	24.7	6.3
<b>Other comprehensive income</b>	64.7	23.5	41.2	54.8	9.9
Total comprehensive income for the period	95.7	43.4	52.3	79.5	16.2
Comprehensive income attributable to:					
<b>Owners of the Company</b>	88.8	39.1	49.7	74.6	14.2
Non-controlling interests	6.9	4.3	2.6	4.9	2.0

## Cash Flows

	FY2014 9-month		FY2013 9-month	
	Results	9-month Results	Results	9-month Results
<b>Cash flows from operating activities</b>	58.9	25.1	58.9	25.1
<b>Cash flows from investing activities</b>	(9.4)	(9.1)	(9.4)	(9.1)
<b>Free cash flows</b>	49.5	16.0	49.5	16.0
<b>Cash flows from financing activities</b>	(68.5)	(22.4)	(68.5)	(22.4)
Cash and cash equivalents at the end of the period	414.5	428.0	414.5	428.0

## Consolidated Statements of Financial Position

	Dec. 31 2014			Mar. 31 2014			Reasons for the difference
	2014 d	2014 e	Difference d-e	2014 e	2014 f	Difference e-f	
<b>Current assets</b>	1,357.4	1,321.8	35.6				
Cash and cash equivalents	414.5	420.7	(6.2)				
Time deposits	6.1	4.4	1.7				
Trade and other receivables	588.1	524.8	63.3	Increase due to higher transaction volumes for plastic resins and last day of period being a holiday			
Inventories	275.9	302.0	(26.1)	Decrease due to lower procurement volume of tobacco			
Other current assets	72.8	69.9	2.9				
<b>Non-current assets</b>	983.1	898.4	84.7				
Property, plant and equipment	241.2	213.9	27.3	Increase due to investment of domestic solar power generation businesses and acquisition of U.S. automobile dealership business			
Goodwill	51.9	46.3	5.6				
Intangible assets	61.6	61.0	0.6				
Investment property	21.5	25.3	(3.8)	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	543.4	470.4	73.0				
Other non-current assets	63.5	81.5	(18.0)				
<b>Total assets</b>	2,340.5	2,220.2	120.3				
<b>Current liabilities</b>	846.1	811.8	34.3				
Trade and other payables	554.5	514.6	39.9	Increase due to last day of period being a holiday			
Bonds and borrowings	216.4	227.2	(10.8)				
Other current liabilities	75.2	70.0	5.2				
<b>Non-current liabilities</b>	901.8	915.4	(13.6)				
Bonds and borrowings	805.4	838.1	(32.7)	Decrease due to transference of certain bonds and borrowings to current liabilities			
Retirement benefits liabilities	18.4	16.9	1.5				
Other non-current liabilities	78.0	60.4	17.6				
<b>Total liabilities</b>	1,747.9	1,727.2	20.7				
Share capital	160.3	160.3	-				
Capital surplus	146.5	146.5	0.0				
Treasury stock	(0.1)	(0.1)	0.0	Increase due to changes in foreign exchange rates and stock prices			
Other components of equity	180.8	119.6	61.2				
Retained earnings	64.7	33.6	31.1	Profit for the period +27.2, dividends (5.6)			
Total equity attributable to owners of the Company	552.2	459.9	92.3				
Non-controlling interests	40.4	33.1	7.3				
<b>Total equity</b>	592.6	493.0	99.6				
<b>Total liabilities and equity</b>	2,340.5	2,220.2	120.3				
Gross interest bearing debt	1,021.8	1,065.3	(43.5)				
Net interest bearing debt	601.2	640.2	(39.0)				
Net debt/equity ratio (times) *	1.09	1.39	(0.30)				
Equity ratio *	23.6%	20.7%	2.9%				
Current ratio	160.4%	162.8%	(2.4)%				
Long-term debt ratio	78.8%	78.7%	0.1%				

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



# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2014 (IFRS) - Supplementary Material

February 5, 2015

Sojitz Corporation

(Billions of Yen)

Operating Results						
	FY 2014 9-month Results	FY 2013 9-month Results	Difference	FY 2014 Initial Forecast (May. 8, 2014)	Percentage Achieved (vs Initial Forecast)	FY 2014 Revised Forecast (Feb. 5, 2015)
<b>Net sales (JGAAP) *1</b>	<b>3,013.6</b>	<b>3,062.2</b>	(48.6)	<b>4,230.0</b>	71.2%	<b>4,230.0</b>
<b>Gross profit</b>	<b>148.4</b>	<b>153.0</b>	(4.6)	<b>206.0</b>	72.0%	<b>206.0</b>
Gross profit margin	(4.92%)	(5.00%)	((0.08)%)	(4.87%)		(4.87%)
Machinery	53.5	58.2	(4.7)	76.0	70.4%	77.0
Energy & Metal	17.7	16.3	+ 1.4	24.0	73.8%	22.0
Chemicals	28.7	28.1	+0.6	40.0	71.8%	39.0
Consumer Lifestyle Business	42.5	42.8	(0.3)	58.0	73.3%	58.0
Other	6.0	7.6	(1.6)	8.0	75.0%	10.0
Selling, general and administrative expenses	(116.9)	(117.7)	+0.8	(156.0)		(156.0)
Other income/expenses	(1.5)	(4.2)	+ 2.7	(10.0)		(10.0)
<b>Operating profit</b>	<b>30.0</b>	<b>31.1</b>	(1.1)	<b>40.0</b>	75.0%	<b>40.0</b>
Financial income/costs	(7.8)	(8.3)	+0.5	(11.5)		(11.5)
Shares of profit (loss) of investments accounted for using the equity method	22.5	15.0	+ 7.5	26.5		26.5
<b>Profit before tax</b>	<b>44.7</b>	<b>37.8</b>	+ 6.9	<b>55.0</b>	81.3%	<b>55.0</b>
<b>Profit for the period</b>	<b>31.0</b>	<b>24.7</b>	+ 6.3	<b>37.5</b>	82.7%	<b>37.5</b>
<b>Attributable to owners of the company</b>	<b>27.2</b>	<b>20.9</b>	+ 6.3	<b>33.0</b>	82.4%	<b>33.0</b>
Machinery	4.5	5.3	(0.8)	4.0	112.5%	5.0
Energy & Metal	12.6	3.1	+ 9.5	14.5	86.9%	14.5
Chemicals	4.6	5.7	(1.1)	8.0	57.5%	7.0
Consumer Lifestyle Business	7.4	7.0	+0.4	10.5	70.5%	8.5
Other	(1.9)	(0.2)	(1.7)	(4.0)	-	(2.0)
Non-controlling interests	3.8	3.8	0.0	4.5		4.5
Core earnings *2	45.6	43.3	+ 2.3	65.0		65.0
Revenue	1,376.3	1,360.6	+ 15.7			
Comprehensive income attributable to owners of the Company	88.8	74.6	+ 14.2			

\*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					
	Dec. 31, 2014	Mar. 31, 2014	Difference	FY 2014 Forecast (Nov. 5, 2014)	FY 2014 Forecast (Feb. 5, 2015)
<b>Total assets</b>	<b>2,340.5</b>	<b>2,220.2</b>	+ 120.3	<b>2,260.0</b>	<b>2,350.0</b>
<b>Total equity *3</b>	<b>552.2</b>	<b>459.9</b>	+ 92.3	<b>500.0</b>	<b>550.0</b>
<b>Equity ratio</b>	<b>23.6%</b>	<b>20.7%</b>	+ 2.9%	<b>22.1%</b>	<b>23.4%</b>
<b>Net interest-bearing debt</b>	<b>601.2</b>	<b>640.2</b>	(39.0)	<b>660.0</b>	<b>620.0</b>
<b>Net D/E ratio (times)</b>	<b>1.09</b>	<b>1.39</b>	(0.30)	<b>1.32</b>	<b>1.13</b>
<b>Risk assets</b>	<b>350.0</b>	<b>350.0</b>	0.0	-	-
<b>Ratio of risk assets to equity (times)</b>	<b>0.6</b>	<b>0.8</b>	(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 D/E ratio" and the numerator of the "Equity ratio".

\*4 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.

Main Factors Behind Differences	FY 2014 Current Position and Outlook
<p>● Machinery Division</p> <ul style="list-style-type: none"> <li>Profit for the period decreased following lower vehicle sales by Central and South American overseas automotive business subsidiaries.</li> </ul>	<p>● Machinery Division</p> <ul style="list-style-type: none"> <li>Plant-related transactions are expected to be brisk.</li> </ul>
<p>● Energy &amp; Metal Division</p> <ul style="list-style-type: none"> <li>Profit for the period increased despite the negative impacts of the drop in prices for crude oil and coal. This increase was due in part to the absence of the expenses recorded in the previous equivalent period in association with the amortization of certain interests. Another contributing factor was the rise in share of profit of investments accounted for using the equity method.</li> </ul>	<p>● Energy &amp; Metal Division</p> <ul style="list-style-type: none"> <li>Investments accounted for using the equity method are performing smoothly, but the price of crude oil and other resources will remain low.</li> </ul>
<p>● Chemicals Division</p> <ul style="list-style-type: none"> <li>Gross profit increased as a result of higher transaction volumes for plastic resins and the benefits of the depreciated yen. However, profit for the period was down as a result of a decline in dividends received as well as the rebound from the gain on sale of stock of associates recorded in the previous equivalent period.</li> </ul>	<p>● Chemicals Division</p> <ul style="list-style-type: none"> <li>Operations are expected to be impacted by a slump in transactions for certain imported materials stemming from the depreciated yen.</li> </ul>
<p>● Consumer Lifestyle Business Division</p> <ul style="list-style-type: none"> <li>Gross profit was down following lower lumber-related transaction volumes. Nonetheless, profit for the period was up due to a rise in share of profit of investments accounted for using the equity method that stemmed from the strong performance of overseas industrial park businesses.</li> </ul>	<p>● Consumer Lifestyle Business Division</p> <ul style="list-style-type: none"> <li>While the performance of overseas fertilizer businesses has been strong, the impacts of the poor lumber-related transaction volumes will continue to be felt.</li> </ul>
<p>● Other</p> <ul style="list-style-type: none"> <li>Profit for the period was down due to the absence of the gain on sale of assets that was recorded in the previous equivalent period, in association with asset replacement efforts.</li> </ul>	<p>● Other</p> <ul style="list-style-type: none"> <li>Real estate-related revenues are expected to be generated by sales of real estate held for resale.</li> </ul>

Commodity Prices and Exchange Rates					
	FY 2014 Initial Assumption (Annual Avg.)	FY 2014 Results (Apr.- Sep. '14 Avg.)	FY 2014 Results (Oct.- Dec. '14 Avg.)	FY 2014 Results (Apr.- Dec. '14 Avg.)	FY 2014 latest data (as of Jan. 30, 2015)
<b>Crude oil (Brent) **1</b>	\$100/bbl	\$105.8/bbl	\$76.6/bbl	\$96.1/bbl	\$53.0/bbl
<b>Thermal coal **2</b>	\$82/t	\$75.1/t	\$73.5/t	\$74.6/t	\$60.9/t
<b>Molybdenum</b>	\$10/lb	\$13.2/lb	\$9.3/lb	\$11.9/lb	\$8.7/lb
<b>Nickel **3</b>	\$7/lb	Jan.- Jun. Avg. \$7.5/lb	Jul.-Sep. Avg. \$8.4/lb	Jan.-Sep. Avg. \$7.8/lb	\$6.7/lb
<b>Exchange rate **4</b>	¥100/\$	¥103.6/\$	¥116.0/\$	¥107.8/\$	¥118.3/\$

\*\*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.