

Condensed Transcript of Q&A Session Regarding Results Briefing
for the Year Ended March 31, 2015, and Medium-Term Management Plan 2017
(May 8, 2015)

- Q. Could you please explain the Company's performance forecasts for the year ending March 31, 2016, and for the final year of Medium-term Management Plan 2017? Also, what do you believe is the likelihood that these forecasts will be met?
- A. The forecast for profit for the year in the year ending March 31, 2016, is ¥40.0 billion. This forecast is based on the assumption that earnings will improve in the Automotive Division and the Metals & Coal Division, which is an assumption with a large degree of certainty. So long as we can realize the earnings forecasts for these two divisions, we should be able to keep overall performance more or less in line with forecasts. For the final year of Medium-term Management Plan 2017, we are projecting profit for the year of ¥60.0 billion. In addition to the improved performance of loss-recording businesses, the strong growth potential of existing businesses will also be a significant contributor toward our achieving this figure.
- Q. The dividend policy of Medium-term Management Plan 2017 calls for higher dividends, with a consolidated payout ratio of 25%. Should performance fall below forecasts in the year ending March 31, 2016, what will happen to the dividend of ¥8 per share planned for this year?
- A. Our basic policy is to meet the expectations of our shareholders through stable, ongoing dividends, but it is possible that the consolidated payout ratio may not come to the 25% we are targeting. However, even if we fail to accomplish the profit for the year target of ¥40.0 billion for the year ending March 31, 2016, dividend amounts will not be decided by this factor alone. Rather, we will determine dividend amounts while also considering the outlook for future performance and for the operating environment as a whole.
- Q. Could you please explain your policies for conducting investments and loans totaling ¥300.0 billion under the new medium-term management plan?
- A. We have pushed forward with asset replacement up until today, swapping out unprofitable assets for those boasting higher efficiency. Through these efforts, we

have managed to stabilize our earnings foundation to a certain degree. Going forward, we will work to boost returns by increasing the amount of investments and loans. Based on this policy, each division determined the specific areas in which they will target investments and loans, and funds were allocated accordingly. In addition, we have defined the following conditions for new investments and loans: they must build upon Sojitz's current strengths, utilize existing functions, and be anticipated to lead to the creation of solid businesses.

Q. Medium-term Management Plan 2017 speaks of a set of benefits unique to Sojitz. Specifically, how do you intend to create and leverage these benefits? Also, how will these benefits differ from those of other general trading companies?

A. We want to foster an image for Sojitz that entails making businesses in areas of specialty even stronger. Moreover, we hope to develop the type of business that allows us to say in each division "it is because Sojitz has these functions that we are able to create this kind of business." This will represent one unique benefit of Sojitz. We believe that our ability to leverage this and other unique benefits of Sojitz while exercising foresight and speed will be crucial to future success.

Q. In regard to cash flow forecasts, how do you plan to accumulate free cash flow under the new medium-term management, and what will be the balance of cash flows?

A. Total free cash flow generated during the three-year period of Medium-term Management Plan 2014 amounted to a positive ¥90.0 billion. When conducting the ¥300.0 billion worth of investments and loans scheduled under Medium-term Management Plan 2017, we will fund these expenditures using this ¥90.0 billion. We will also utilize a portion of the profits generated during period of the plan as well as net operating assets. As the plan nears its end, we intend to deplete cash and cash equivalents by ¥30.0 billion–¥40.0 billion, and gross interest-bearing debt will be increased by ¥30.0 billion–¥40.0 billion during the final year of the plan. As a result, the three-year total for free cash flow over the period of Medium-term Management Plan 2017 will be a negative ¥30.0 billion–¥40.0 billion. However, when combined with the free cash flow from the period of Medium-term Management Plan 2014, this will still make for a positive figure.

Q. In the year ended March 31, 2015, impairment losses totaling ¥17.0 billion were

recorded with regard to certain ferroalloy and oil interests. Is there any risk of additional impairment losses being incurred in the year ending March 31, 2016?

- A. In principle, we conducted all accounting treatments that were possible in the year ended March 31, 2015. In regard to the risk of recording further impairment losses, risks are incredibly limited, and there is no risk of incurring substantial impairment losses on projects within the price range that we plan to target for investments and loans.