

# Highlights of Consolidated Financial Results for the Year Ended March 31, 2016 (IFRS)

May 9, 2016  
Sojitz Corporation

## Results Highlights

◆ In the year ended March 31, 2016, the first year of Medium-term Management Plan 2017 - Challenge for Growth, we witnessed modest economic recovery trends in Europe and the United States. Regardless, the economic slowdown in China and other emerging countries, and the resource price decline casted an air of uncertainty over the global economy as a whole.  
The Company's net sales (JGAAP) for the year ended March 31, 2016, decreased following a decline in Metals & Coal Division sales stemming from lower ferroalloy and coal transactions. The decrease outweighed the increase in revenues in the Aerospace & IT Business Division resulting from higher aircraft-related transactions.  
Gross profit decreased due to the impacts of resource price declines. In addition, impairment losses were recorded with regard to oil and gas, coal, and iron ore interests. Regardless, profit for the year (attributable to the owners of the Company) was up due primarily to the recording of gains on revaluation of coal business assets following a change in holding purpose as well as a decrease in income tax expenses.

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

Net sales (JGAAP) 4,006.6 billion yen ((98.7) billion yen / (2.4)% )

- Decrease in net sales in the Metals & Coal Division due to lower ferroalloy and coal transactions

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

Gross profit 180.7 billion yen ((17.0) billion yen / (8.6)% )

- Decrease in gross profit in the Metals & Coal Division due to resource price declines and lower transactions volumes

- Decrease in gross profit in the Energy Division following a decline in the price of oil

Operating profit 29.2 billion yen ((4.4) billion yen / (12.8)% )

- Impairment losses on oil and gas, coal, and iron ore interests
- Profit recorded from gains on revaluation of coal business assets due to change in holding purpose

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

36.5 billion yen (+3.4 billion yen / +10.4% )

- Decrease in income tax expenses

◆ Cash dividend per share for the fiscal year ended March 31, 2016

Year-end 4.00 yen per share

Full year 8.00 yen per share

◆ Earnings forecast for the fiscal year ending March 31, 2017

Net sales (JGAAP) 4,330.0 billion yen

Operating profit 44.0 billion yen

Profit before tax 53.0 billion yen

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

Exchange rate (annual average: JPY/US\$) : 110

Crude oil price (US\$/BBL) : 40 (Brent)

◆ Cash dividend per share for the fiscal year ending March 31, 2017

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)		
	FY2015 Results a	FY2014 Results b	Difference a-b	FY2015 Forecast c	Percentage Achieved a/c	FY2016 Forecast
<b>Net sales (JGAAP) *1</b>	4,006.6	4,105.3	(98.7)	4,250.0	94%	4,330.0
				Reasons for the difference		
				Net sales (JGAAP): change in segment		
				Metals & Coal (91.8)		
				Infrastructure & Environment Business (76.0)		
				Energy (53.1)		
				Aerospace & IT Business +185.2		
<b>Gross profit</b>	180.7	197.7	(17.0)	205.0	88%	210.0
				Gross profit: change in segment		
				Metals & Coal (5.9)		
				Energy (4.9)		
				Automotive (3.4)		
				Chemicals +1.4		
<b>Selling, general and administrative expenses</b>						
Personnel expenses	(84.2)	(81.6)	(2.6)			
Non-personnel expenses	(64.0)	(62.7)	(1.3)			
Depreciation	(6.0)	(6.0)	0.0			
Provision of allowance for doubtful accounts	(0.2)	0.5	(0.7)			
(Total selling, general and administrative expenses)	(154.4)	(149.8)	(4.6)	(157.0)		(162.0)
<b>Other income/expenses</b>						
Gain/loss on sale and disposal of fixed assets, net	1.5	1.1	0.4			
Impairment loss on fixed assets	(24.1)	(17.4)	(6.7)			
Gain on sale of subsidiaries/associates	12.9	1.8	11.1			
Loss on reorganization of subsidiaries/associates	(1.3)	(2.1)	0.8			
Other operating income/expenses	13.9	2.3	11.6			
(Total other income/expenses)	2.9	(14.3)	17.2	(7.5)		(4.0)
<b>Operating profit</b>	29.2	33.6	(4.4)	40.5	72%	44.0
<b>Financial income/costs</b>						
Interest earned	3.9	4.8	(0.9)			
Interest expenses	(16.3)	(19.0)	2.7			
(Interest expenses, net)	(12.4)	(14.2)	1.8			
Dividends received	4.3	4.5	(0.2)			
Other financial income/costs	0.0	0.1	(0.1)			
(Financial income/costs, net)	(8.1)	(9.6)	1.5	(10.0)		(8.0)
Share of profit (loss) of investments accounted for using the equity method	23.2	28.6	(5.4)	28.0		17.0
<b>Profit before tax</b>	44.3	52.6	(8.3)	58.5	76%	53.0
<b>Income tax expenses</b>	(7.8)	(14.9)	7.1	(14.0)		(10.0)
<b>Profit for the year</b>	36.5	37.7	(1.2)	44.5	82%	43.0
<b>(Profit attributable to)</b>						
<b>Owners of the Company</b>	36.5	33.1	3.4	40.0	91%	40.0
Non-controlling interests	0.0	4.6	(4.6)	4.5		3.0
<b>Revenue</b>	1,658.1	1,809.7	(151.6)			
<b>Core earnings *2</b>	41.6	66.3	(24.7)	66.0		57.0

## Comprehensive Income

	(Billions of yen)		
	FY2015 Results a	FY2014 Results b	Difference a-b
<b>Profit for the year</b>	36.5	37.7	(1.2)
<b>Other comprehensive income</b>	(64.9)	77.3	(142.2)
<b>Total comprehensive income for the year</b>	(28.4)	115.0	(143.4)
<b>Comprehensive income attributable to:</b>			
<b>Owners of the Company</b>	(25.4)	107.4	(132.8)
Non-controlling interests	(3.0)	7.6	(10.6)

## Cash Flows

	(Billions of yen)			Factors affecting circled figures
	FY2015 Results a	FY2014 Results b	Difference a-b	
<b>Cash flows from operating activities</b>	99.9	39.1	60.8	Inflows from business transactions
<b>Cash flows from investing activities</b>	(33.9)	(13.8)	(20.1)	Outflows for capital expenditures in acquisition of U.S. automobile dealership business and capital expenditures in domestic solar power generation businesses
<b>Free cash flows</b>	66.0	25.3	40.7	
<b>Cash flows from financing activities</b>	(114.7)	(42.6)	(72.1)	Outflows for repayment of borrowings

## Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the difference
	Mar. 31, 2016 d	Mar. 31, 2015 e	Difference d-e	
<b>Current assets</b>	1,146.4	1,323.5	(177.1)	
Cash and cash equivalents	344.4	403.7	(59.3)	
Time deposits	6.7	5.5	1.2	
Trade and other receivables	496.2	559.3	(63.1)	Decrease due to commodity price decline
Inventories	237.1	270.3	(33.2)	Decrease due to lower ferroalloy and meat transactions
Other current assets	62.0	84.7	(22.7)	
<b>Non-current assets</b>	910.3	973.9	(63.6)	
Property, plant and equipment	187.0	217.9	(30.9)	
Goodwill	53.1	50.2	2.9	
Intangible assets	38.8	53.9	(15.1)	
Investment property	18.4	19.5	(1.1)	
Investments accounted for using the equity method	551.2	568.9	(17.7)	Decrease due to changes in foreign exchange rates and stock prices
Other non-current assets	61.8	63.5	(1.7)	
<b>Total assets</b>	2,056.7	2,297.4	(240.7)	
<b>Current liabilities</b>	673.8	780.7	(106.9)	
Trade and other payables	439.3	490.9	(51.6)	Decrease due to commodity price decline
Bonds and borrowings	168.3	208.4	(40.1)	
Other current liabilities	66.2	81.4	(15.2)	
<b>Non-current liabilities</b>	833.2	926.1	(92.9)	
Bonds and borrowings	754.4	830.4	(76.0)	Decrease due to repayment of borrowings
Retirement benefits liabilities	18.7	17.9	0.8	
Other non-current liabilities	60.1	77.8	(17.7)	
<b>Total liabilities</b>	1,507.0	1,706.8	(199.8)	
Share capital	160.3	160.3	-	
Capital surplus	146.5	146.5	0.0	
Treasury stock	(0.2)	(0.2)	0.0	Decrease due to change in foreign exchange rates and stock prices
Other components of equity	132.4	194.6	(62.2)	Profit for the year +36.5, dividends (9.4)
Retained earnings	81.3	49.7	31.6	
Total equity attributable to owners of the Company	520.3	550.9	(30.6)	
Non-controlling interests	29.4	39.7	(10.3)	
<b>Total equity</b>	549.7	590.6	(40.9)	
<b>Total liabilities and equity</b>	2,056.7	2,297.4	(240.7)	

Gross interest-bearing debt	922.7	1,038.8	(116.1)
Net interest-bearing debt	571.6	629.6	(58.0)
Net debt/equity ratio (times)*	1.10	1.14	(0.04)
Equity ratio *	25.3%	24.0%	1.3%
Current ratio	170.1%	169.5%	0.6%
Long-term debt ratio	81.8%	79.9%	1.9%

\* "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 Year Ended March 31, 2016 (IFRS) - Supplementary Material

May 9, 2016  
Sojitz Corporation

(Billions of yen)

(Billions of yen)

### Operating Results

	FY2015 Results	FY2014 Results	Difference	FY2015 Forecast (Nov. 5, '15)	Percentage achieved	FY2016 Forecast
<b>Net sales (JGAAP) *1</b>	<b>4,006.6</b>	<b>4,105.3</b>	(98.7)	<b>4,250.0</b>	94%	<b>4,330.0</b>
<b>Gross profit</b>	<b>180.7</b>	<b>197.7</b>	(17.0)	<b>205.0</b>	88%	<b>210.0</b>
Gross profit margin	(4.51%)	(4.82%)	((0.31)%)	(4.82%)		(4.85%)
Selling, general and administrative expenses	(154.4)	(149.8)	(4.6)	(157.0)		(162.0)
Other income/expenses	2.9	(14.3)	+ 17.2	(7.5)		(4.0)
<b>Operating profit</b>	<b>29.2</b>	<b>33.6</b>	(4.4)	<b>40.5</b>	72%	<b>44.0</b>
Financial income/costs	(8.1)	(9.6)	+ 1.5	(10.0)		(8.0)
Share of profit (loss) of investments accounted for using the equity method	23.2	28.6	(5.4)	28.0		17.0
<b>Profit before tax</b>	<b>44.3</b>	<b>52.6</b>	(8.3)	<b>58.5</b>	76%	<b>53.0</b>
<b>Profit for the year</b> (Profit attributable to)	<b>36.5</b>	<b>37.7</b>	(1.2)	<b>44.5</b>	82%	<b>43.0</b>
<b>Owners of the Company</b>	<b>36.5</b>	<b>33.1</b>	+ 3.4	<b>40.0</b>	91%	<b>40.0</b>
Non-controlling interests	0.0	4.6	(4.6)	4.5		3.0
Core earnings *2	41.6	66.3	(24.7)	66.0		57.0
Revenue	1,658.1	1,809.7	(151.6)			
Comprehensive income attributable to owners of the Company	(25.4)	107.4	(132.8)			

\*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

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(Billions of yen)

### Financial Position

	Mar. 31, 2016	Mar. 31, 2015	Difference	Mar. 31, 2017 Forecast
<b>Total assets</b>	<b>2,056.7</b>	<b>2,297.4</b>	(240.7)	<b>2,200.0</b>
<b>Total equity *3</b>	<b>520.3</b>	<b>550.9</b>	(30.6)	<b>545.0</b>
<b>Equity ratio</b>	<b>25.3%</b>	<b>24.0%</b>	+ 1.3%	<b>24.8%</b>
<b>Net interest-bearing debt</b>	<b>571.6</b>	<b>629.6</b>	(58.0)	<b>630.0</b>
<b>Net D/E ratio (times)</b>	<b>1.10</b>	<b>1.14</b>	(0.04)	<b>1.2</b>
<b>Risk assets</b>	<b>330.0</b>	<b>320.0</b>	+10.0	-
<b>Ratio of risk assets to equity (times)</b>	<b>0.6</b>	<b>0.6</b>	0.0	-

\*3 "Total equity attributable to owners of the Company" is recognized as "Total equity" 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]

	FY2015 Results	FY2014 Results	Difference	FY2016 Forecast
<b>Auto-motive</b>	<b>25.1</b>	28.5	(3.4)	<b>30.0</b>
<b>Aerospace &amp; IT Business</b>	<b>26.3</b>	25.3	+1.0	<b>31.0</b>
<b>Infrastructure &amp; Environment Business</b>	<b>17.7</b>	18.8	(1.1)	<b>24.0</b>
<b>Energy</b>	<b>2.4</b>	7.3	(4.9)	<b>3.0</b>
<b>Metals &amp; Coal</b>	<b>9.1</b>	15.0	(5.9)	<b>13.0</b>
<b>Chemicals</b>	<b>40.7</b>	39.3	+1.4	<b>43.0</b>
<b>Foods &amp; Agriculture Business</b>	<b>18.1</b>	20.3	(2.2)	<b>20.0</b>
<b>Lifestyle Commodities &amp; Materials</b>	<b>18.9</b>	18.4	+0.5	<b>21.0</b>
<b>Retail</b>	<b>18.5</b>	20.6	(2.1)	<b>22.0</b>
<b>Other</b>	<b>3.9</b>	4.2	(0.3)	<b>3.0</b>
<b>Total</b>	<b>180.7</b>	197.7	(17.0)	<b>210.0</b>

### Segment Performance [Profit for the Year (Attributable to Owners of the Company)]

	FY2015 Results	FY2014 Results	Difference	Main Factors Behind Difference	FY2016 Forecast	FY2016 Current Position
<b>Auto-motive</b>	<b>5.9</b>	2.6	+3.3	Increased as strong performance of automobile business in the Philippines offset the impacts of decreased automobile sales in Russia	5.0	U.S. automobile dealership operations are expected to continue displaying firm performance
<b>Aerospace &amp; IT Business</b>	<b>3.1</b>	3.3	(0.2)	Despite the steady aircraft-related transactions, decreased due to impairment losses on Company-owned ships	4.5	Steady aircraft-related transactions are anticipated
<b>Infrastructure &amp; Environment Business</b>	<b>2.2</b>	4.3	(2.1)	Decreased due to a decline in plant-related transactions and impairment losses on iron ore interests held jointly with the Metals & Coal Division	6.5	Higher plant-related earnings are anticipated
<b>Energy</b>	<b>(6.9)</b>	3.5	(10.4)	Decreased due to the impacts of a decline in the oil price and impairment losses on oil and gas interests	(2.0)	Oil, gas, and LNG operations are expected to be impacted by low prices
<b>Metals &amp; Coal</b>	<b>4.7</b>	(2.7)	+7.4	Despite commodity price drops and impairment losses on coal and iron ore interests, increased due to recording of gains on revaluation of coal business assets due to change in holding purpose	3.0	The low metal resource prices are expected to impact operations
<b>Chemicals</b>	<b>9.0</b>	6.3	+2.7	Increased due to higher transaction volumes of plastic resins in Asia and petroleum resins in the Americas	9.5	Performance in petroleum resin operations in the Americas will remain firm and transactions will increase in China and other parts of Asia
<b>Foods &amp; Agriculture Business</b>	<b>5.0</b>	2.4	+2.6	Despite the impacts of unfavorable weather on overseas fertilizer businesses, increased due to the absence of the one-time loss recorded in the previous fiscal year	5.0	Performance in overseas fertilizer businesses will be relatively unchanged
<b>Lifestyle Commodities &amp; Materials</b>	<b>3.1</b>	2.4	+0.7	Increased due to the steady performance of textile businesses	4.5	Performance will be steady in textile businesses
<b>Retail</b>	<b>3.4</b>	3.3	+0.1	Increased due to strong performance of industrial park businesses.	4.0	Increased earnings are anticipated from domestic real estate-related transactions
<b>Other</b>	<b>7.0</b>	7.7	(0.7)	Roughly unchanged from previous fiscal year	0.0	Asset replacement costs to be recorded
<b>Total</b>	<b>36.5</b>	33.1	+3.4		<b>40.0</b>	

### Commodity Prices and Exchange Rates

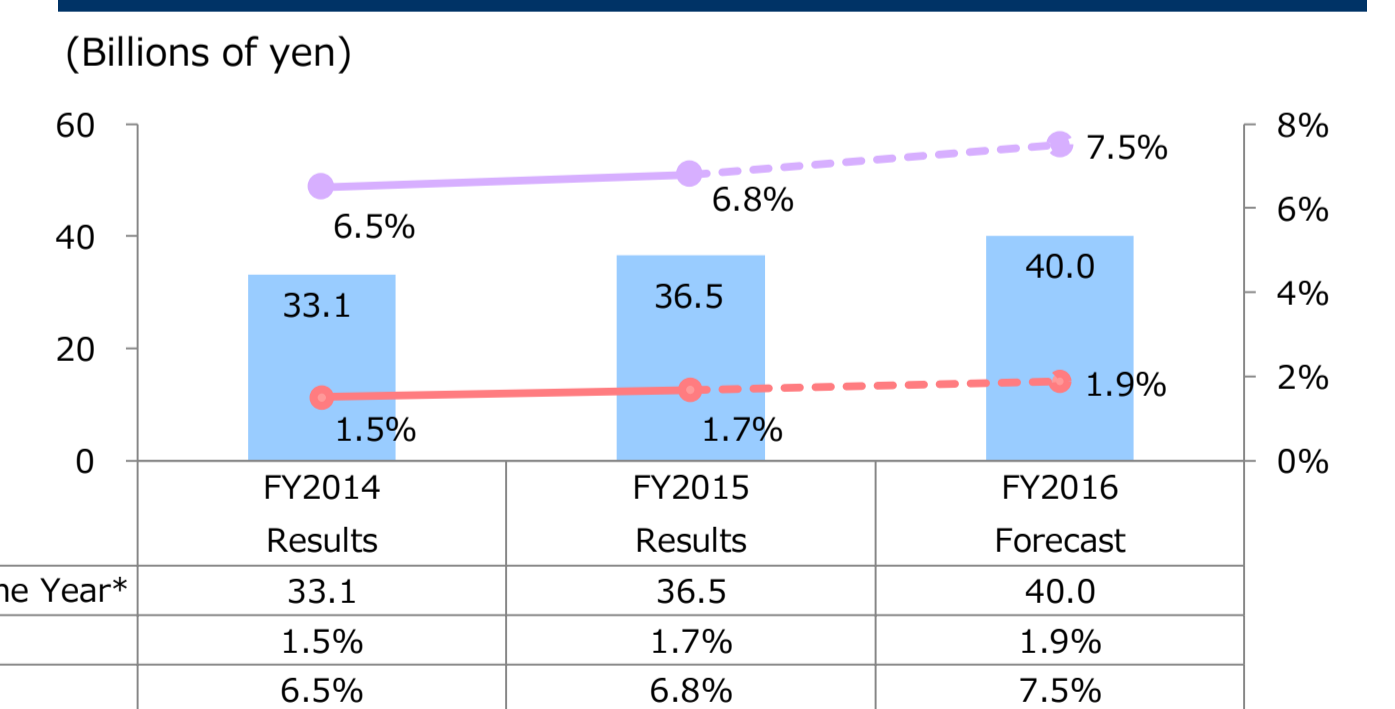
	FY2014 Results (Annual Avg.)	FY2015 Results (Annual Avg.)	FY2015 Results (Jan.- Mar. '16 Avg.)	FY2016 Assumption (Annual Avg.)	Latest Data (As of May 2, 2016)
<b>Crude oil (Brent) **1</b>	\$85.5/bbl	\$48.7/bbl	\$35.2/bbl	\$40/bbl	\$45.8/bbl
<b>Thermal coal **2</b>	\$72.3/t	\$60.4/t	\$50.3/t	\$52/t	\$50.0/t
<b>Exchange rate **3</b>	¥110.6/US\$	¥120.2/US\$	¥115.7/US\$	¥110/US\$	¥106.4/US\$

\*\*1 Impact of fluctuations in the crude oil price on earnings: A US\$1/bbl change alters profit for the year (attributable to owners of the Company) by approx. ¥50 million annually.

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

\*\*3 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.3 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.1 billion annually, and total equity by approx. ¥1.5 billion annually.

### ROA & ROE



\*profit attributable to owners of the Company