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New way, New value

Financial Results for the First Half Ended September 30, 2018

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.

November 1, 2018
Sojitz Corporation

FY2018 2Q Summary

■ **Profit for the period steadily progressed**
Upward revision to forecasts to reflect favorable market conditions for coal and other resources

	FY2017 2Q Results	FY2018 2Q Results	Difference	FY2018 Initial Forecast	FY2018 Revised Forecast	Achieved
Profit for the period (attributable to owners of the Company)	¥27.2bn	¥37.1bn	+¥9.9bn	¥63.0bn	¥70.0bn	53%
ROA	–	–	–	2.7%	2.9%	–
ROE	–	–	–	10.4%	11.5%	–

- ✓ Ongoing modest growth trend and strong global economy supported by stable consumption in developed and emerging countries
- ✓ Consistently high coal and other resource prices
- ✓ Ongoing caution necessary with regard to the potential impacts of U.S. trade friction, foreign exchange rates, and commodity prices on emerging economies

■ **Realization of earnings contributions mainly from non-resource investment and loans under previous medium-term management plan**

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On this slide, you will see two major points we would like to touch on regarding performance in the six-month period ended September 30, 2018.

The first point was that the full-year forecast for profit for the year (attributable to owners of the Company) was raised from the initial forecast of ¥63.0 billion to ¥70.0 billion. This revision was a reflection of our smooth progress in generating profit for the period and of the higher prices and transactions volumes for coal and other resources seen in the period under review. Our impressive six-month performance was supported by strong conditions and an ongoing modest growth trend in the economies of developed and emerging countries and in the global economy based on stable consumption. As for market conditions, the consistently high prices of coal and other resources buoyed the Company’s earnings. Conversely, ongoing caution is necessary with regard to the potential impacts of the trade friction between the United States and China, foreign exchange rates, and commodity prices on emerging economies.

The second point is that we were able to realize earnings contributions mainly from non-resource investments and loans conducted under previous medium-term management plan.

Summary of Profit or Loss
- Profit for the period by segment -

・Achieved 59% of initial forecast for the year
・Revisions to full-year forecasts for Metals & Mineral Resources Division and Foods & Agriculture Business Division

(Billions of yen)	FY2018 2Q Results	FY2018 Initial Forecast	Achieved	FY2018 Revised Forecast	Achieved
Profit for the period (attributable to owners of the Company)	**37.1**	63.0	**59%**	70.0	**53%**
Automotive	**3.6**	5.5	65%	5.5	
Aerospace & Transportation Project	**1.9**	4.0	48%	4.0	
Machinery & Medical Infrastructure	**0.7**	3.0	23%	3.0	
Energy & Social Infrastructure	**2.7**	4.5	60%	4.5	
Metals & Mineral Resources	**16.2**	20.5	79%	28.5	57%
Chemicals	**4.8**	10.5	46%	10.5	
Foods & Agriculture Business	**2.1**	4.5	47%	3.5	60%
Retail & Lifestyle Business	**3.3**	5.5	60%	5.5	
Industrial Infrastructure & Urban Development	**▲0.1**	1.5	–	1.5	

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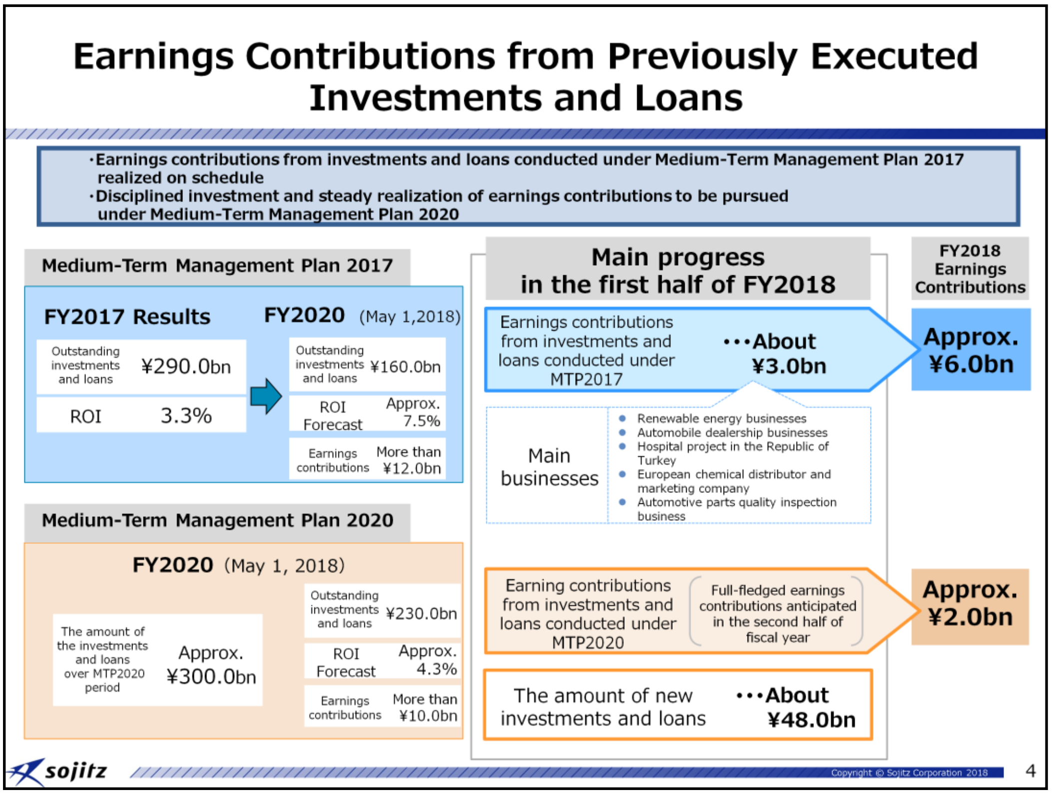
In conjunction with the upward revision to the full-year forecast for consolidated profit for the year, we also instituted revisions to the forecasts for profit for the year in certain segments.

An upward revision was instituted to the forecast for the Metals & Mineral Resources Division in reflection of the commodity prices seen in the six-month period ended September 30, 2018. Meanwhile, the Foods & Agriculture Business Division had its forecast lowered to account for the faltering six-month sales in overseas fertilizer businesses.

Performance was generally strong in other segments, including the Machinery & Medical Infrastructure Division and the Industrial Infrastructure & Urban Development Division, where earnings tend to be concentrated in the second half of fiscal years. Accordingly, we have chosen not to revise our forecasts for these segments.

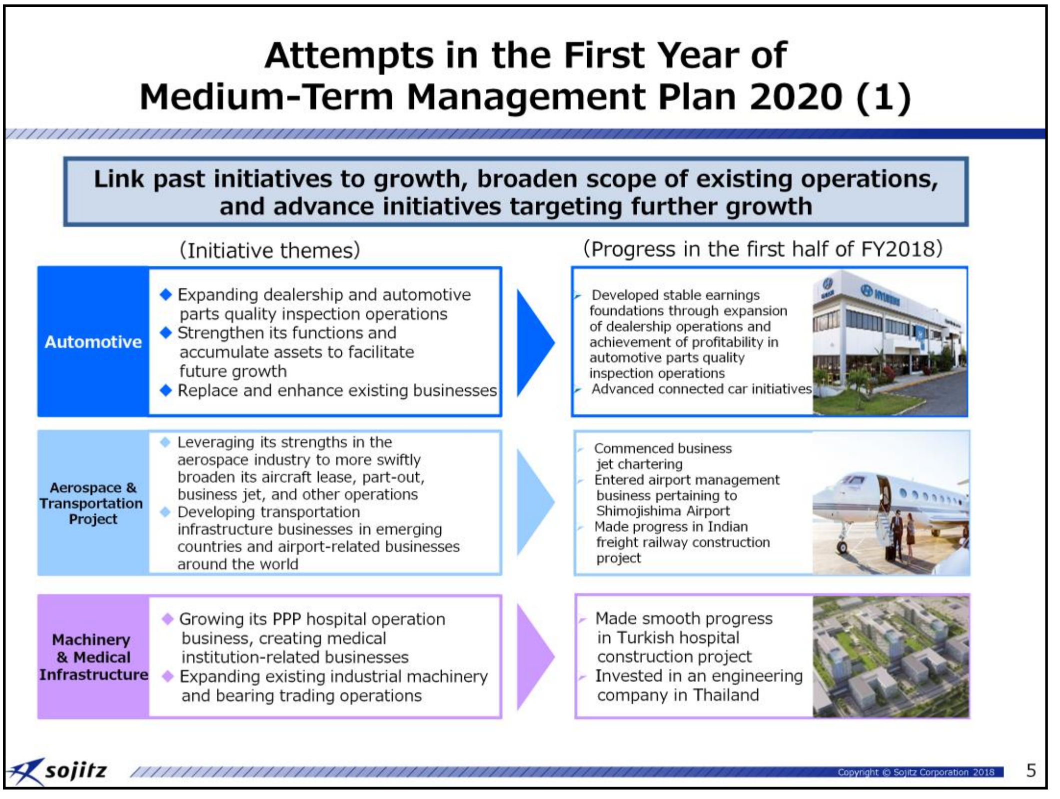


This slide details the earnings contributions realized in the six-month period ended September 30, 2018, from investments and loans conducted under Medium-Term Management Plan 2017 and in the year ending March 31, 2019.

Earnings contributions from investments and loans conducted under Medium-Term Management Plan 2017 were realized on schedule. The main businesses that made contributions are as shown on this slide. These contributions totaled about ¥3.0 billion.

In the six-month period ended September 30, 2018, new investments and loans conducted under Medium-Term Management Plan 2020 amounted to approximately ¥48.0 billion. This figure represents smooth, on-schedule progress toward our three-year target. Earnings contributions from these investments and loans are projected to come into full-swing during the second half of the year ending March 31, 2019, and will likely amount to roughly ¥2.0 billion in this fiscal year.

Looking ahead, we intend to accelerate efforts to realize earnings contributions from previously executed investments and loans and to expand these contributions as we simultaneously move forward with ongoing investments aimed at steady growth.



On this slide, you will see our initiative policies for specific segments as well as the results of our initiatives thus far.

In the Automotive Division, the U.S. automotive parts quality inspection operating company acquired during the previous fiscal year began making earnings contributions in the year ending March 31, 2019. In addition, we were successful in developing stable earnings foundations through the expansion of our dealership operations. This division is also advancing next-generation initiatives utilizing Internet of Things technologies. As one such initiative, we commenced a connected car project in period under review. Through this initiative, we aim to acquire functions for use in new fields and to leverage these functions to boost earning power.

The Aerospace & Transportation Project Division, meanwhile, is making steady progress in the development of new earnings foundations through the expansion of its aircraft-related operations, which include part-out operations as well as the newly commenced business jet operations and the airport management businesses we are participating in. At the same time, we are moving forward with the Indian freight railway construction project commenced in 2013, in which we are targeting completion in 2021.

In the Machinery & Medical Infrastructure Division, no delays are being seen in the construction of the hospital complex as part of a public-private partnership project in Turkey in which Sojitz commenced investment during the previous fiscal year. This complex is scheduled to open in 2020. In addition, we invested in major Thai engineering company TTCL Public Company Ltd. in the plant field. We intend to fully leverage this company’s functions to access a wider range of business opportunities and to achieve higher success rates in acquiring orders in Asia.

Attempts in the First Year of Medium-Term Management Plan 2020 (2)

(Initiative themes)		(Progress in the first half of FY2018)
Energy & Social Infrastructure	◆ Growing its energy supply, power generation, and other service operations ◆ Enhancing social infrastructure, including digital-related infrastructure	Started 2nd gas-fired thermal power plant project in the United States Achieved earnings contributions from on-shore wind farm in Ireland and new solar power generation project in Japan 
Metals & Mineral Resources	◆ Addressing new social needs, such as those pertaining to the environment, recycling, and the spread of electric vehicles ◆ Optimizing its asset portfolio through the replacement of upstream interests	Participated in next-generation EV battery material development project Reached agreement regarding acquisition of Australian coking coal interest 
Chemicals	◆ Investing in expanding its value chain ◆ Targeting at new business fields such as the environment, mobility, and composite materials	Established Project Development Office to accelerate new businesses 

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The Energy & Social Infrastructure Division commenced participation in its second gas-fired thermal power plant project in the United States. This project is already operational. As for the first project, we are looking to kick off operations in the year ending March 31, 2020, and this project will thus begin contributing to earnings during this year. Meanwhile, operations started at two projects during the six-month period ended September 30, 2018, an on-shore wind farm in Ireland and a new solar power generation project in Japan, and we expect to commence operation at solar power generation projects in Chile and Mexico during the second half of the fiscal year. As we continue to develop our power generation operations going forward, we will maintain a focus on contributing to the realization of a low-carbon society.

In the Metals & Mineral Resources Division, we are participating in the development of next-generation electric vehicle battery materials to respond to social needs by creating a new application for niobium, a steel auxiliary feedstock handled by Sojitz. Through the stable supply of niobium, we aim to support business foundations while achieving sustainable growth by contributing to reduced environmental impacts. In addition, this division acquired the Gregory Crinum coking coal mine, which produces high-grade coking coal. Operations at this mine have been ceased, but we look to resume production as early as mid-2019. Our efforts at this mine will include utilizing its ancillary equipment to develop mines in the surrounding areas and leveraging Sojitz’s mine operation functions to support the rehabilitation of closed coal mines, an area of services that we anticipate will become increasingly important going forward. Through such efforts, we will strive to develop businesses that respond to social needs and that are resilient to market fluctuations.

Attempts in the First Year of Medium-Term Management Plan 2020 (3)

	(Initiative themes)	(Progress in the first half of FY2018)
Foods & Agriculture Business	◆ Enhancing its fertilizer operations in Southeast Asia while also expanding into the surrounding countries and into related fields ◆ Constructing value chains encompassing production, processing, and sales in its food and marine product operations	Commenced strategic alliance with major Vietnamese food company PAN 
Retail & Lifestyle Business	◆ Expanding and diversifying its commercial facility, food distribution, and other retail operations ◆ Developing new businesses in Japan and Asia	Entered into papermaking business in Vietnam 
Industrial Infrastructure & Urban Development	◆ Enhancement of its development functions for real estate businesses and boosting earnings capacity in the REIT business ◆ Taking part in industrial park development projects as well as in smart city and other urban infrastructure development projects	Procured, sold, and developed carefully selected land and properties 

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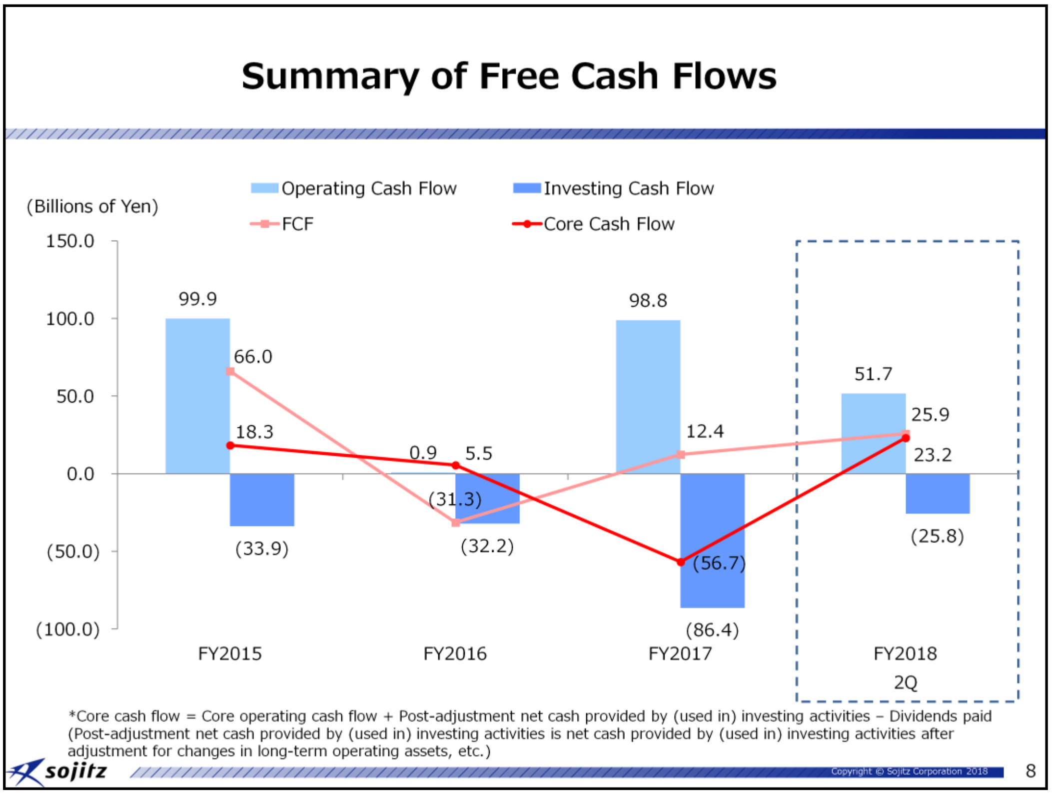
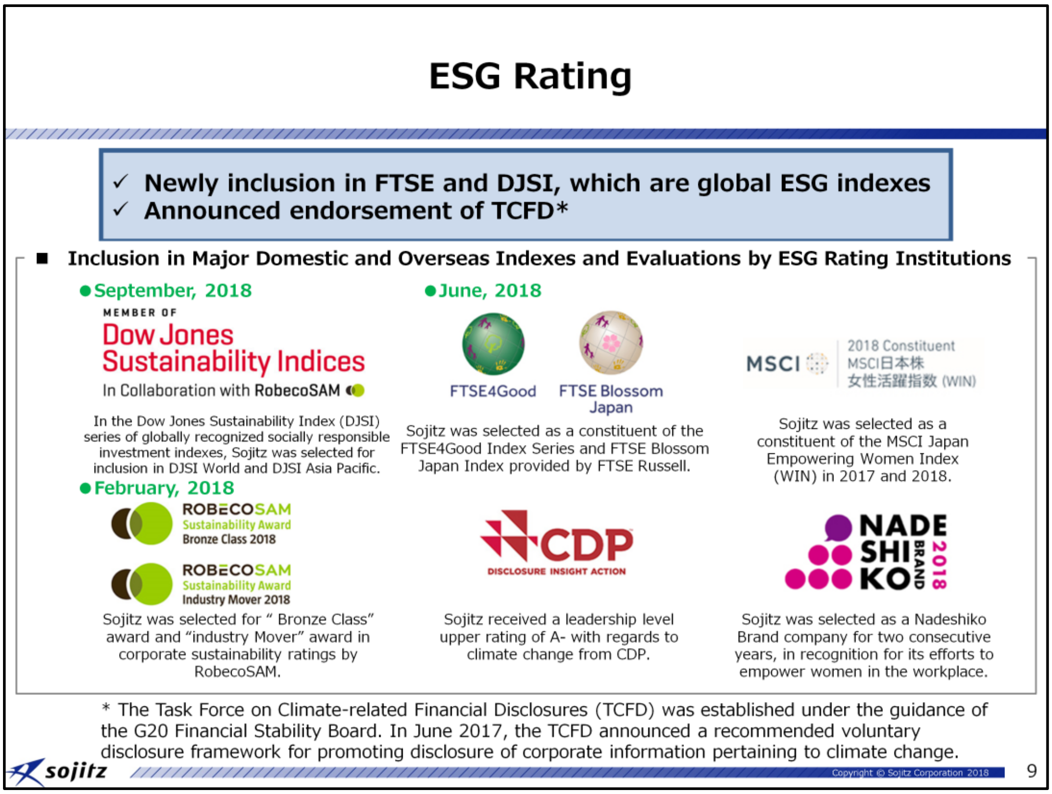
The Foods & Agriculture Business Division endeavored to build earnings pillars outside of fertilizer businesses. To this end, the division invested in major Vietnamese food and agriculture company The Pan Group Joint Stock Company. We will work to accelerate the expansion of our operations in Vietnam and other overseas markets through a strategic business alliance with this company. Moving forward, this division will continue contributing to better lives for consumers by catering to the robust demand in Southeast Asia as well as to the needs of developed countries.

In the Retail & Lifestyle Business Division, we commenced investment in Saigon Paper Corporation, one of Vietnam's largest paper manufacturers. In rapidly growing Vietnam, there is a rising need for containerboard and other industrial paper products as well as for household paper products, and we anticipate steady growth in demand for these products going forward. We have already dispatched six officers to fill management positions, including that of president, who are playing an integral role in managing this company. This company is expected to begin making full-fledged contributions to earnings in the year ending March 31, 2020.



In the six-month period September 30, 2018, our cash management policies included conducting new investments and loans and recovering funds as planned. We were thereby able to achieve positive core cash flow and free cash flow, and we plan to continue managing cash flows in this manner leading up to the end of the fiscal year.

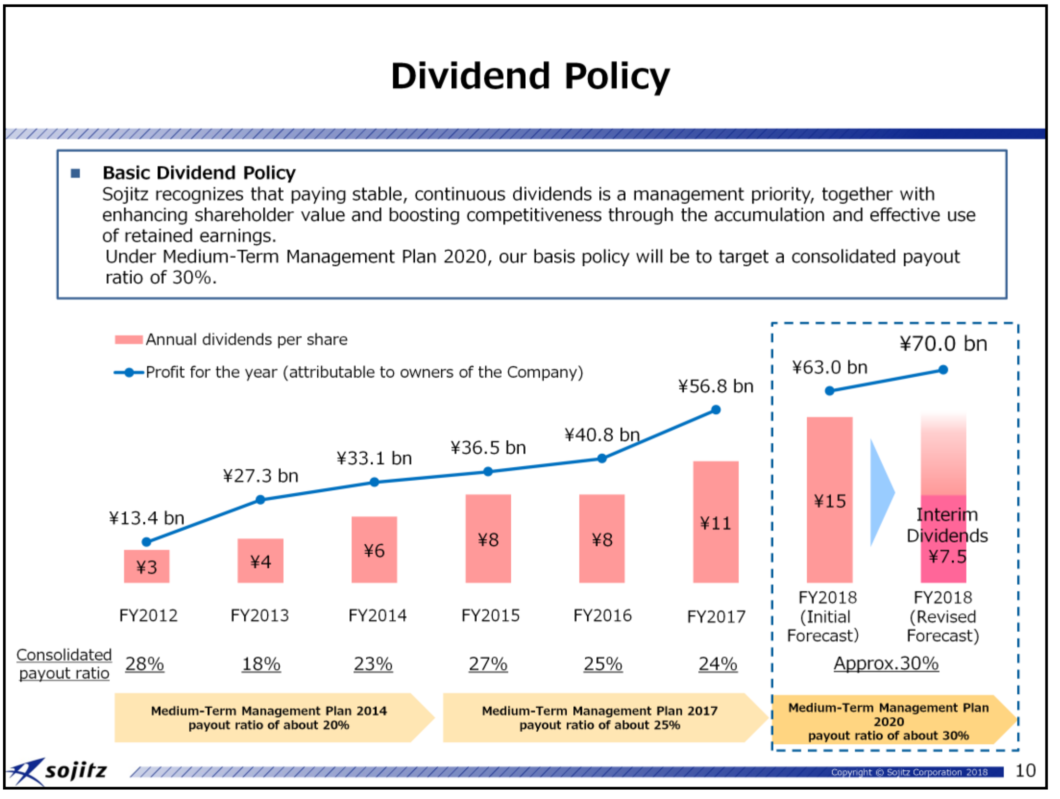


Sojitz provides information on its non-financial initiatives through its integrated report and its corporate website. These initiatives have resulted in the Company being newly included in the FTSE4Good Index Series and the Dow Jones Sustainability Index, which are globally recognized ESG indexes, in the year ending March 31, 2019.

In addition, we announced our endorsement of the final proposal of the Task Force on Climate-related Financial Disclosures, which was established under the guidance of

the G20 Financial Stability Board, in August 2018.

We will continue to disclose non-financial information going forward.



In closing, I would like to discuss Sojitz's dividend policy.

We are targeting a consolidated payout ratio of 30% under the current medium-term management plan. As of the results briefing for the six-month period ended September 30, 2018, there had been no change to our initial plan to issue an interim dividend of ¥7.5 per share and an annual dividend of ¥15.0 per share.

We have chosen not to revise our initial forecast for annual dividend payments based on the potential impacts of resource prices and economic conditions on performance going forward. However, our policy of targeting a consolidated payout ratio of 30% also remains unchanged, and we have no intention of excluding the rise in earnings stemming from higher resource prices from the pool of funds used to determine dividend payments.

Summary of Results Briefing for the Six-Month Period Ended September 30, 2018 (November 5, 2018)

Consolidated Statements of Profit or Loss

Revenue was up ¥57.8 billion year on year, to ¥941.8 billion. Factors behind the growth in consolidated revenue included a ¥46.8 billion increase in the revenue of the Metals & Mineral Resources Division, a product of consistently high prices and increased transactions for coal as well as strong performance in transactions related to ferroalloys and minerals, and a ¥34.2 billion increase in the revenue of Automotive Division, which was attributable to the benefits of the businesses acquired in the previous fiscal year.

Gross profit increased ¥9.4 billion year on year, to ¥120.9 billion. Higher profit in the Metals & Mineral Resources Division and the Automotive Division compensated for the decrease in profit in the Machinery & Medical Infrastructure Division, which was a result of the absence of infrastructure-related earnings recorded in the previous equivalent period.

Selling, general and administrative (SG&A) expenses increased ¥7.1 billion year on year, to ¥85.6 billion, due to the addition of expenses pertaining to newly consolidated operation companies that were acquired in the previous fiscal year.

Net other income amounted to ¥5.6 billion, compared with net other expenses of ¥3.1 billion in the previous equivalent period. Sources of income included gains on sales of an automobile assembly and sales business in the Philippines and overseas renewable energy projects conducted in the first quarter as well as gains on sales of oil and gas interests performed in the second quarter. This income helped us absorb the loss recorded on the sale of a ferroalloy-related business that was included in losses on reorganizations of affiliates.

Net financial costs decreased ¥1.6 billion year on year, to ¥1.3 billion. A ¥0.8 billion hike in financial income followed from an increase in interest earned associated with the financing of infrastructure-related projects, and dividends received was also up.

Share of profit of investments accounted for using the equity method increased ¥1.0 billion year on year, to ¥11.9 billion. An increase in share of profit of investments in the Metals & Mineral Resources Division stemming from consistently high resource prices offset the impact of the exclusion of profits from an automobile assembly and sales business in the Philippines following its sale.

Profit before tax was up ¥13.6 billion year on year, at ¥51.5 billion.

Profit for the period (attributable to owners of the Company) increased ¥9.9 billion, or 36%, year on year, to ¥37.1 billion.

Full-Year Forecasts for the Year Ending March 31, 2019

Based on performance in the six-month period ended September 30, 2018, revisions were instituted to forecasts for the performance of certain segments, and the full-year forecast for profit for the year (attributable to owners of the Company) was raised by ¥7.0 billion from the initial forecast of ¥63.0 billion, to ¥70.0 billion, to reflect these changes. The figure for profit for the period (attributable to owners of the Company) in the six-month period ended September 30, 2018, represented progress of 53% toward the new full-year forecast of ¥70.0 billion.

Consolidated Statements of Financial Position

Total assets on September 30, 2018, stood at ¥2,341.4 billion, down ¥9.0 billion from March 31, 2018. A major factor behind this decrease was fluctuations in current assets that were the results of a change in the accounting standard pertaining to trade and other receivables and inventories. Under this new standard, inventories associated with agent transactions, which were previously recognized as inventories, are now treated as advances paid under trade and other receivables. When calculated based on the previous accounting standard, inventories on September 30, 2018, amounted to ¥372.0 billion, down ¥24.0 billion from March 31, 2018. This outcome is the result of a ¥50.0 billion decrease in tobacco inventories and a ¥26.0 billion increase in other inventories.

Total liabilities on September 30, 2018, amounted to ¥1,681.5 billion, down ¥43.8 billion from March 31, 2018.

Total equity attributable to owners of the Company was ¥616.3 billion on September 30, 2018, up ¥29.9 billion from March 31, 2018. This increase was primarily a result of a ¥28.5 billion rise in retained earnings.

The net debt equity ratio was 0.97 times on September 30, 2018, a decrease of 0.06 times from the previous fiscal year-end largely attributable to higher total equity attributable of the Company and the recovery of working capital.

Consolidated Statements of Cash Flows

Net cash provided by operating activities amounted to ¥51.7 billion while net cash used in investing activities came to ¥25.8 billion, making for a positive free cash flow of ¥25.9 billion. In addition, core operating cash flow and core cash flow remained in the positive.

Performance by Division

Explanations are only provided for those divisions in which significant year-on-year changes in performance were seen in the six-month period ended September 30, 2018.

In the Machinery & Medical Infrastructure Division, profit for the period (attributable to owners of the Company) decreased ¥2.1 billion year on year, to ¥0.7 billion. This large decrease was the result of the absence of infrastructure project development-related earnings recorded in the previous equivalent period. However, initial forecasts had anticipated that infrastructure-related earnings would be concentrated in the second half of the fiscal year, and full-year performance is therefore not expected to fall below forecasts to any significant degree.

In the Energy & Social Infrastructure Division, profit for the period (attributable to owners of the Company) of ¥2.7 billion was recorded, compared with loss for the period (attributable to owners of the Company) of ¥3.2 billion in the previous equivalent period. This outcome can be attributed to the absence of the temporary losses recorded on oil and gas interests in the previous equivalent period as well as a substantial increase in profit in the six-month period ended September 30, 2018, stemming from gains on sales of oil and gas interests in the Gulf of Mexico and of an overseas solar power generation project.

In the Metals & Mineral Resources Division, profit for the period (attributable to owners of the Company) was up ¥6.7 billion year on year, to ¥16.2 billion. This division benefited from consistently high prices for coal and other resources and also enjoyed a large increase in transaction volumes. Based on six-month performance, the full-year forecast for profit for the year (attributable to owners of the Company) in the Metals & Mineral Resources Division was raised by ¥8.0 billion from the initial forecast of ¥20.5 billion, to ¥28.5 billion

In the Foods & Agriculture Business Division, profit for the period (attributable to owners of the Company) dropped ¥2.2 billion year on year, to ¥2.1 billion. This decrease can be attributed to an inability to transfer the rise in the costs of raw materials in overseas fertilizer businesses to product prices coupled with a decrease in sales volumes. To reflect six-month performance, the full-year forecast for profit for the year (attributable to owners of the Company) in the Foods & Agriculture Business Division was lowered by ¥1.0 billion from the initial forecast of ¥4.5 billion, to ¥3.5 billion.

Forecasts for the Consolidated Statements of Financial Position
There has been no change to initial full-year forecasts. Total equity attributable to owners of the Company increased to ¥616.3 billion, but we have chosen not to change the full-year forecast for this item of ¥630.0 billion in light of the incredibly unstable conditions in foreign exchange and stock markets.