

Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2015 (IFRS)

November 5, 2015
Sojitz Corporation

Results Highlights

◆ In the year ending March 31, 2016, the first year of Medium-term Management Plan 2017 – Challenge for Growth, we are currently witnessing modest economic recovery trends in Europe and the United States. Regardless, the economic slowdown in China is casting an air of uncertainty over the global economy as a whole. The Company's net sales (JGAAP) for the first half period ended September 30, 2015, were up year on year due to increased sales in the Aerospace & IT Business Division, a result of higher aircraft-related transactions, and in the Lifestyle Commodities & Materials Division, a result of higher tobacco transaction volumes. Gross profit decreased as a result of lower profit from the Energy Division, which followed from a decline in the price of oil, as well as from the Automotive Division, which was due to a drop in automobile sales stemming from sluggish economic conditions in Russia. Regardless, profit for the period (attributable to the owners of the Company) was up due primarily to a decrease in income tax expenses.

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

Net sales (JGAAP) 2,015.9 billion yen (+71.1 billion yen / +3.7%)

- Increase in net sales in the Aerospace & IT Business Division due to higher aircraft-related transactions
- Increase in net sales in the Lifestyle Commodities & Materials Division due to higher tobacco transaction volumes

Gross profit 91.7 billion yen ((4.5) billion yen / (4.6)%)

- Decrease in gross profit in the Energy Division following a decline in the price of oil
- Decrease in gross profit in the Automotive Division due to a drop in automobile sales stemming from sluggish economic conditions in Russia

Operating profit 16.5 billion yen ((2.4) billion yen / (12.5)%)

- Decrease in operating profit due to lower gross profit

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

20.6 billion yen (+3.9 billion yen / +23.2%)

- Decrease in income tax expenses

◆ Earnings forecast for the fiscal year ending March 31, 2016

Sojitz has revised its full-year forecast as follows:

	Initial	As of Nov. 5, 2015
Net sales (JGAAP)	4,400.0 billion yen	⇒ 4,250.0 billion yen
Operating profit	40.5 billion yen	⇒ 40.5 billion yen
Profit before tax	58.5 billion yen	⇒ 58.5 billion yen
Profit for the year (attributable to owners of the Company)	40.0 billion yen	⇒ 40.0 billion yen

◆ Initial assumptions

Exchange rate (annual average: JPY/US\$) : 120

Crude oil price (annual average: US\$/bbl) : 60 (Brent)

Note: Crude oil price assumption in the second half is US\$50/bbl.

◆ Cash dividend per common stock for the fiscal year ending March 31, 2016

Interim 4.00 yen per share

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 + Dividend 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 those 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

	FY2015 1st Half			FY2014 1st Half		Reasons for the Difference	(Billions of Yen)	
	Results a	1Q Results	2Q Results	Results b	Difference a-b		FY2015 Forecast c	Percentage Achieved a/c
Net sales (JGAAP) *1	2,015.9	1,030.1	985.8	1,944.8	71.1			
Gross profit	91.7	45.5	46.2	96.2	(4.5)			
Gross profit margin	4.55%	4.42%	4.69%	4.95%	(0.40)%			
Selling, general and administrative expenses								
Personnel expenses	(42.1)	(21.4)	(20.7)	(41.2)	(0.9)			
Non-personnel expenses	(32.0)	(15.9)	(16.1)	(32.5)	0.5			
Depreciation	(3.0)	(1.5)	(1.5)	(3.4)	0.4			
Provision of allowance for doubtful accounts	0.2	0.1	0.1	0.5	(0.3)			
(Total selling, general and administrative expenses)	(76.9)	(38.7)	(38.2)	(76.6)	(0.3)			(157.0)
Other income/expenses								
Gain/loss on sale and disposal of fixed assets, net	0.6	0.4	0.2	0.5	0.1			
Impairment loss on fixed assets	(1.9)	(0.9)	(1.0)	(0.4)	(1.5)			
Gain on sale of subsidiaries/associates	1.3	0.4	0.9	0.5	0.8			
Loss on reorganization of subsidiaries/associates	(0.6)	(0.1)	(0.5)	(0.6)	0.0			
Other operating income/expenses	2.3	1.4	0.9	(0.7)	3.0			
(Total other income/expenses)	1.7	1.2	0.5	(0.7)	2.4			(7.5)
Operating profit	16.5	8.0	8.5	18.9	(2.4)			40.5 41%
Financial income/costs								
Interest earned	2.2	1.2	1.0	2.6	(0.4)			
Interest expenses	(8.6)	(4.4)	(4.2)	(10.2)	1.6			
(Interest expenses, net)	(6.4)	(3.2)	(3.2)	(7.6)	1.2			
Dividends received	2.4	1.8	0.6	2.0	0.4			
Other financial income/costs	0.0	0.0	0.0	0.0	0.0			
(Financial income/costs, net)	(4.0)	(1.4)	(2.6)	(5.6)	1.6			(10.0)
Share of profit (loss) of investments accounted for using the equity method	15.2	8.5	6.7	15.0	0.2			28.0
Profit before tax	27.7	15.1	12.6	28.3	(0.6)			58.5 47%
Income tax expenses	(4.7)	(3.2)	(1.5)	(8.4)	3.7	Reversal of deferred tax assets in the previous period in response to tax reforms		(14.0)
Profit for the period (Profit attributable to)	23.0	11.9	11.1	19.9	3.1			44.5 52%
Owners of the Company	20.6	10.6	10.0	16.7	3.9			40.0 52%
Non-controlling interests	2.4	1.3	1.1	3.2	(0.8)			4.5
Revenue	874.1	444.9	429.2	905.2	(31.1)			
Core earnings *2	25.8	13.8	12.0	28.5	(2.7)			66.0

Comprehensive Income

	FY2015 1st Half			FY2014 1st Half		Factors Affecting Circled Figures
	Results a	1Q Results	2Q Results	Results b	Difference a-b	
Profit for the period	23.0	11.9	11.1	19.9	3.1	
Other comprehensive income	(26.0)	2.2	(28.2)	23.5	(49.5)	
Total comprehensive income for the period	(3.0)	14.1	(17.1)	43.4	(46.4)	
Comprehensive income attributable to:						
Owners of the Company	(3.2)	12.9	(16.1)	39.1	(42.3)	
Non-controlling interests	0.2	1.2	(1.0)	4.3	(4.1)	

Cash Flows

	FY2015 1H Results a			FY2014 1H Results b		Difference a-b	Factors Affecting Circled Figures
	Results	1Q Results	2Q Results	Results	Difference a-b		
Cash flows from operating activities	66.9			7.8	59.1	Inflows from business transactions	
Cash flows from investing activities	(21.5)			(4.3)	(17.2)	Outflows for capital expenditures in U.S. automobile dealership business and domestic solar power generation businesses	
Free cash flows	45.4			3.5	41.9		
Cash flows from financing activities	(83.6)			(10.3)	(73.3)	Outflows for repayment of borrowings	

Consolidated Statements of Financial Position

	(Billions of Yen)			Reasons for the Difference
	Sep. 30, 2015 d	Mar. 31, 2015 e	Difference d-e	
Current assets	1,202.5	1,323.5	(121.0)	
Cash and cash equivalents	361.3	403.7	(42.4)	
Time deposits	7.4	5.5	1.9	
Trade and other receivables	500.5	559.3	(58.8)	Decrease due to lower chemicals and automobile transactions
Inventories	263.6	270.3	(6.7)	
Other current assets	69.7	84.7	(15.0)	
Non-current assets	957.9	973.9	(16.0)	
Property, plant and equipment	213.7	217.9	(4.2)	Increase due to acquisition of U.S. automobile dealership business
Goodwill	56.0	50.2	5.8	
Intangible assets	49.5	53.9	(4.4)	
Investment property	18.8	19.5	(0.7)	
Investments accounted for using the equity method and other investments	560.7	568.9	(8.2)	Decrease due to fluctuations in stock prices and foreign exchange rates
Other non-current assets	59.2	63.5	(4.3)	
Total assets	2,160.4	2,297.4	(137.0)	
Current liabilities	741.5	780.7	(39.2)	
Trade and other payables	458.6	490.9	(32.3)	Decrease due to lower chemical and ferroalloy transactions
Bonds and borrowings	212.8	208.4	4.4	
Other current liabilities	70.1	81.4	(11.3)	
Non-current liabilities	838.3	926.1	(87.8)	
Bonds and borrowings	747.8	830.4	(82.6)	Decrease due to repayment of borrowings
Retirement benefits liabilities	18.0	17.9	0.1	
Other non-current liabilities	72.5	77.8	(5.3)	
Total liabilities	1,579.8	1,706.8	(127.0)	
Share capital	160.3	160.3	-	
Capital surplus	146.5	146.5	0.0	
Treasury stock	(0.2)	(0.2)	0.0	
Other components of equity	169.6	194.6	(25.0)	Decrease due to changes in foreign exchange rates
Retained earnings	66.4	49.7	16.7	Profit for the period +20.6, dividends (4.4)
Total equity attributable to owners of the Company	542.6	550.9	(8.3)	
Non-controlling interests	38.0	39.7	(1.7)	
Total equity	580.6	590.6	(10.0)	
Total liabilities and equity	2,160.4	2,297.4	(137.0)	
Gross interest-bearing debt	960.6	1,038.8	(78.2)	
Net interest-bearing debt	591.9	629.6	(37.7)	
Net debt/equity ratio (times) *	1.09	1.14	(0.05)	
Equity ratio *	25.1%	24.0%	1.1%	
Current ratio	162.2%	169.5%	(7.3)%	
Long-term debt ratio	77.8%	79.9%	(2.1)%	

* "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 Second Quarter Ended September 30, 2015 (IFRS) - Supplementary Material

November 5, 2015
Sojitz Corporation

(Billions of Yen)

(Billions of Yen)

Operating Results

	FY2015 1H Results	FY2014 1H Results	Difference	FY2015 Forecast (Nov. 5, 2015)	Percentage Achieved
Net sales (JGAAP) *1	2,015.9	1,944.8	+ 71.1	4,250.0	47%
Gross profit	91.7	96.2	(4.5)	205.0	45%
Gross profit margin	(4.55%)	(4.95%)	((0.40)%)	(4.82%)	
Selling, general and administrative expenses	(76.9)	(76.6)	(0.3)	(157.0)	
Other income/expenses	1.7	(0.7)	+ 2.4	(7.5)	
Operating profit	16.5	18.9	(2.4)	40.5	41%
Financial income/costs	(4.0)	(5.6)	+ 1.6	(10.0)	
Share of profit (loss) of investments accounted for using the equity method	15.2	15.0	+ 0.2	28.0	
Profit before tax	27.7	28.3	(0.6)	58.5	47%
Profit for the period	23.0	19.9	+ 3.1	44.5	52%
(Profit attributable to)					
Owners of the Company	20.6	16.7	+ 3.9	40.0	52%
Non-controlling interests	2.4	3.2	(0.8)	4.5	
Core earnings *2	25.8	28.5	(2.7)	66.0	
Revenue	874.1	905.2	(31.1)		
Comprehensive income attributable to owners of the Company	(3.2)	39.1	(42.3)		

*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

	Sep. 30, 2015	Mar. 31, 2015	Difference	FY2015 Forecast (Nov. 5, 2015)
Total assets	2,160.4	2,297.4	(137.0)	2,300.0
Total equity *3	542.6	550.9	(8.3)	560.0
Equity ratio	25.1%	24.0%	+ 1.1%	24.3%
Net interest-bearing debt	591.9	629.6	(37.7)	650.0
Net D/E ratio (times)	1.09	1.14	(0.05)	1.20
Risk assets	330.0	320.0	+10.0	-
Ratio of risk assets to equity (times)	0.6	0.6	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 1H	FY2014 1H	Difference	FY2015 Forecast (Nov. 5, '15)	FY2015 Initial Forecast
Auto-motive	11.7	13.2	(1.5)	30.0	30.0
Aerospace & IT Business	11.6	11.7	(0.1)	28.0	28.0
Infrastructure & Environment Business	8.8	7.5	+1.3	20.0	20.0
Energy	1.2	4.1	(2.9)	3.0	5.0
Metals & Coal	6.4	7.1	(0.7)	11.0	16.0
Chemicals	20.4	19.4	+1.0	46.0	46.0
Foods & Agriculture Business	10.8	12.5	(1.7)	20.0	22.0
Lifestyle Commodities & Materials	9.2	9.4	(0.2)	20.0	22.0
Retail	9.7	9.0	+0.7	22.0	20.0
Other	1.9	2.3	(0.4)	5.0	6.0
Total	91.7	96.2	(4.5)	205.0	215.0

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

	FY2015 1H	FY2014 1H	Difference	Main Factors Behind Differences	FY2015 Forecast (Nov. 5, '15)	FY2015 Initial Forecast	FY2015 Current Position and Outlook
Auto-motive	4.1	(0.3)	+4.4	Increased as strong performance of automobile business in the Philippines offset the impacts of decreased automobile sales in Russia.	5.5	5.5	Progress is in line with forecasts because the strong strides toward targets were stifled by the decline in automobile sales in Russia.
Aerospace & IT Business	1.4	0.9	+0.5	Increased due to strong performance of aircraft-related operations.	4.0	3.0	Initial forecasts have been revised to reflect the strong performance of aircraft-related operations.
Infrastructure & Environment Business	1.2	0.6	+0.6	Increased due to higher industrial machinery-related transactions in Asia.	4.0	4.0	Progress is in line with forecasts as plant-related earnings are expected during the second half of the fiscal year.
Energy	0.1	3.7	(3.6)	Decreased due to the impacts of a decline in the oil price.	1.0	1.5	Initial forecasts were revised to account for the drop in the price of oil, but earnings from LNG-related businesses are expected during the second half of the fiscal year.
Metals & Coal	3.0	3.0	0.0	Relatively unchanged year on year as increase in steel-related businesses offset commodity price declines.	5.5	9.5	Initial forecasts were revised to account for commodity price declines.
Chemicals	4.3	3.2	+1.1	Increased due to higher transaction volumes in the Americas and Asia.	9.0	9.0	Progress in line with forecasts
Foods & Agriculture Business	2.7	3.5	(0.8)	Decreased due to lower sales volumes in overseas fertilizer businesses as a result of unfavorable weather.	4.0	4.0	Progress is in line with forecasts as the benefits of cost reductions offset the lower sale volumes in fertilizer businesses resulted from unseasonable weather.
Lifestyle Commodities & Materials	0.3	0.9	(0.6)	Decreased due to lower lumber-related transaction volumes and the recording of loss in an overseas woodchip business.	2.5	3.5	Initial forecasts have been revised to reflect the losses associated with overseas woodchip manufacturing businesses, but a rise in textile transaction volumes is anticipated to occur during the second half of the fiscal year.
Retail	2.9	2.0	+0.9	Increased due to strong performance of overseas industrial park business and higher domestic real estate for sale transactions.	4.5	2.0	Initial forecasts have been revised in light of strong performance in overseas industrial park businesses and solid transactions of domestic real estate held for sales projected to be seen during the second half of the fiscal year.
Other	0.6	(0.8)	+1.4	Decrease in income tax expenses.	0.0	(2.0)	Initial forecasts have been revised out of anticipation for projected decreases in SG&A expenses.
Total	20.6	16.7	+3.9		40.0	40.0	

Commodity Prices and Exchange Rates

	FY2015 Initial Assumption (Annual Avg.)	FY2015 Results (Apr. - Sep. '15 Avg.)	Latest Data (As of Oct. 30, 2015)
Crude oil (Brent) **1	\$60/bbl	\$57.4/bbl	\$49.6/bbl
Thermal coal **2	\$68/t	\$63.4/t	\$51.9/t
Exchange rate **3	¥120/US\$	¥121.7/US\$	¥120.9/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. ¥0.1 billion.

**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. ¥2.0 billion annually.