

Highlights of Consolidated Financial Results for the Year Ended March 31, 2019 (IFRS)

May 8, 2019
Sojitz Corporation

Results Highlights

◆ In the year ended March 31, 2019, the first year of Medium-Term Management Plan 2020—Commitment to Growth, the deceleration of the Chinese economy and trade friction between the United States and China created signs of slowdown in the global economy, which had previously been supported by strong consumption. In this environment, the Company's revenue for the year ended March 31, 2019, was up year on year due to increased sales in the Metals & Mineral Resources Division, a result of rises in prices and transaction volumes for coal and other resources, and in the Automotive Division, a result of the acquisition of new domestic and overseas automotive dealership and other businesses. Profit for the year (attributable to owners of the Company) rose year on year, thanks to higher gross profit and an increase in share of profit (loss) of investments accounted for using the equity method due to higher profit at an LNG operating company.

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

Revenue 1,856.2 billion yen (+ 39.7 billion yen / +2.2%)

Gross profit 241.0 billion yen (+ 8.6 billion yen / +3.7%)

• Increase in revenue and gross profit in the Metals & Mineral Resources Division due to higher prices and transaction volumes for coal and other resources

• Increase in revenue and gross profit in the Automotive Division due to the new acquisition of domestic and overseas automobile dealership businesses

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

70.4 billion yen (+ 13.6 billion yen / +23.9%)

• Increase in gross profit

• Increase in share of profit (loss) of investments accounted for using the equity method due to higher profit at an LNG operating company

(Reference)

• Effective from the fiscal year ended March 31, 2019, inventories associated with transactions in which the Company acts as a transaction agent will be recorded under trade and other receivables in conjunction with the application of IFRS 15—Revenue from Contracts with Customers.

• In addition, core operating cash flow and core cash flow have been adopted under cash flows from the fiscal year ending March 31, 2019.

◆ Cash dividend per share for the fiscal year ended March 31, 2019

Year-end 9.50 yen per share

Full year 17.00 yen per share

◆ Earnings forecast for the fiscal year ending March 31, 2020

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

72.0 billion yen

(Assumptions)

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

◆ Cash dividend per share for the fiscal year ending March 31, 2020

Interim 8.50 yen per share (forecast)

Year-end 8.50 yen per share (forecast)

*1 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

*2 Core operating cash flow = Net cash provided by (used in) operating activities - Changes in working capital

*3 Core cash flow = Core operating cash flow + Post-adjustment net cash provided by (used in) investing activities - Dividends paid (Post-adjustment net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)

* 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)			Reasons for the Difference	FY2018 Forecast c	Percentage Achieved a/c
	FY2018 Results a	FY2017 Results b	Difference a-b			
Revenue	1,856.2	1,816.5	39.7	Revenue: change in segment Metals & Mineral Resources +59.1 Automotive +54.4 Energy & Social Infrastructure (41.3)		
Gross profit	241.0	232.4	8.6	Gross profit: change in segment Metals & Mineral Resources +8.1 Automotive +7.0 Machinery & Medical Infrastructure (4.4)	240.0	100%
Selling, general and administrative expenses						
Personnel expenses	(96.7)	(89.9)	(6.8)			
Non-personnel expenses	(69.3)	(65.8)	(3.5)			
Depreciation	(6.6)	(6.6)	0.0			
Provision of allowance for doubtful accounts	(0.8)	(0.4)	(0.4)			
<u>(Total selling, general and administrative expenses)</u>	<u>(173.4)</u>	<u>(162.7)</u>	<u>(10.7)</u>	Increase due to acquisition of new consolidated subsidiaries	(172.0)	
Other income/expenses						
Gain/loss on sale and disposal of fixed assets, net	1.8	(0.3)	2.1			
Impairment loss on fixed assets	(0.5)	(4.4)	3.9	Sales of an automotive-related company and a solar power generation business company		
Gain on reorganization of subsidiaries/associates	8.0	7.5	0.5			
Loss on reorganization of subsidiaries/associates	(3.1)	(11.8)	8.7			
Other operating income/expenses	(3.8)	(0.9)	(2.9)			
<u>(Total other income/expenses)</u>	<u>2.4</u>	<u>(9.9)</u>	<u>12.3</u>		4.0	
Financial income/costs						
Interest earned	7.1	5.7	1.4			
Interest expenses	(15.3)	(14.7)	(0.6)			
<u>(Interest expenses, net)</u>	<u>(8.2)</u>	<u>(9.0)</u>	<u>0.8</u>			
Dividends received	5.2	4.6	0.6			
Other financial income/costs	0.1	(0.2)	0.3			
<u>(Financial income/costs, net)</u>	<u>(2.9)</u>	<u>(4.6)</u>	<u>1.7</u>		(4.0)	
Share of profit (loss) of investments accounted for using the equity method	27.8	25.1	2.7	Higher profit at an LNG operating company	27.0	
Profit before tax	94.9	80.3	14.6		95.0	100%
Income tax expenses	(19.7)	(18.6)	(1.1)		(20.5)	
Profit for the year	75.2	61.7	13.5		74.5	101%
(Profit attributable to)						
Owners of the Company	70.4	56.8	13.6		70.0	101%
Non-controlling interests	4.8	4.9	(0.1)		4.5	
Core earnings*1	93.2	90.8	2.4		91.0	

Comprehensive Income

	(Billions of yen)		
	FY2018 Results a	FY2017 Results b	Difference a-b
Profit for the period	75.2	61.7	13.5
Other comprehensive income	(20.2)	(10.4)	(9.8)
Total comprehensive income for the period	55.0	51.3	3.7
Comprehensive income attributable to:			
Owners of the Company	51.0	47.4	3.6
Non-controlling interests	4.0	3.9	0.1

Cash Flows

	(Billions of yen)		
	FY2018 Results a	FY2017 Results b	Difference a-b
Cash flows from operating activities	96.5	98.8	(2.3)
Cash flows from investing activities	(42.2)	(86.4)	44.2
Free cash flows	54.3	12.4	41.9
Cash flows from financing activities	(74.9)	(13.1)	(61.8)
Core operating cash flow*2	79.1	82.9	(3.8)
Core cash flow*3	63.1	(56.7)	119.8

Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the Difference
	Mar. 31, 2019 d	Mar. 31, 2018 e	Difference d-e	
Current assets	1,267.7	1,376.3	(108.6)	
Cash and cash equivalents	285.7	305.2	(19.5)	
Time deposits	2.9	2.8	0.1	
Trade and other receivables	690.7	549.9	140.8	Change in account item resulted from application of new IFRS standard
Inventories	220.6	396.0	(175.4)	
Other current assets	67.8	122.4	(54.6)	Decrease associated with aircraft-related businesses
Non-current assets	1,029.4	974.1	55.3	
Property, plant and equipment	192.9	172.1	20.8	Increase due to acquisition of overseas paper manufacturer
Goodwill	66.2	65.8	0.4	
Intangible assets	49.1	44.1	5.0	
Investment property	20.9	24.5	(3.6)	
Investments accounted for using the equity method	597.3	590.2	7.1	
Other non-current assets	103.0	77.4	25.6	
Total assets	2,297.1	2,350.4	(53.3)	
Current liabilities	807.2	846.0	(38.8)	
Trade and other payables	582.4	654.2	(71.8)	Decrease in tobacco business
Bonds and borrowings	149.7	113.5	36.2	Increase due to transfer of non-current liabilities to current liabilities
Other current liabilities	75.1	78.3	(3.2)	
Non-current liabilities	828.4	879.3	(50.9)	
Bonds and borrowings	723.6	798.0	(74.4)	Decrease due to transfer of non-current liabilities to current liabilities
Retirement benefit liabilities	22.1	22.0	0.1	
Other non-current liabilities	82.7	59.3	23.4	
Total liabilities	1,635.6	1,725.3	(89.7)	
Share capital	160.3	160.3	-	
Capital surplus	146.6	146.5	0.1	
Treasury stock	(0.9)	(0.2)	(0.7)	Decrease due to change in foreign exchange rates and stock prices
Other components of equity	107.6	124.3	(16.7)	
Retained earnings	204.6	155.5	49.1	Profit for the year +70.4
<u>Total equity attributable to owners of the Company</u>	<u>618.2</u>	<u>586.4</u>	<u>31.8</u>	Dividends (16.9)
Non-controlling interests	43.3	38.7	4.6	
Total equity	661.5	625.1	36.4	
Total liabilities and equity	2,297.1	2,350.4	(53.3)	
Gross interest-bearing debt	873.3	911.5	(38.2)	
Net interest-bearing debt	584.7	603.5	(18.8)	
Net debt/equity ratio (times)*	0.95	1.03	(0.08)	
Equity ratio*	26.9%	25.0%	+1.9%	
Current ratio	157.1%	162.7%	(5.6)%	
Long-term debt ratio	82.9%	87.5%	(4.6)%	

* "Total equity attributable to owners of the Company" is used as the denominator when calculating "Net DER" and the numerator when calculating "Equity ratio."

Factors Affecting Circled Figures

Higher revenue due to increased business earnings
Outflows due to investment in U.S. gas-fired thermal power generation business and acquisition of Australian coking coal mine interests

Outflows due to repayment of borrowings

Highlights of Consolidated Financial Results for the Year Ended March 31, 2019 (IFRS) — Supplementary Materials (1)

May 8, 2019
Sojitz Corporation

Operating Results (Billions of yen)

	FY2018	FY2017	Difference	FY2018 Revised Forecast (Feb.5, 2019)	Percentage Achieved
Revenue	1,856.2	1,816.5	+39.7	—	—
Gross profit	241.0	232.4	+8.6	240.0	100%
Selling, general and administrative expenses	(173.4)	(162.7)	(10.7)	(172.0)	
Other income/expenses	2.4	(9.9)	+12.3	4.0	
Financial income/costs	(2.9)	(4.6)	+1.7	(4.0)	
Share of profit (loss) of investments accounted for using the equity method	27.8	25.1	+2.7	27.0	
Profit before tax	94.9	80.3	+14.6	95.0	100%
Profit for the year (Profit attributable to)	75.2	61.7	+13.5	74.5	101%
Owners of the Company	70.4	56.8	+13.6	70.0	101%
Non-controlling interests	4.8	4.9	(0.1)	4.5	
Core earnings*1	93.2	90.8	+2.4	91.0	
Comprehensive income attributable to owners of the Company	51.0	47.4	+3.6		

*1 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

Segment Performance [Gross Profit]

	FY2018	FY2017	Difference
Auto-motive	42.3	35.3	+7.0
Aerospace & Transportation Project	15.5	15.7	(0.2)
Machinery & Medical Infrastructure	13.6	18.0	(4.4)
Energy & Social Infrastructure	18.7	21.1	(2.4)
Metals & Mineral Resources	37.6	29.5	+8.1
Chemicals	46.4	45.0	+1.4
Foods & Agriculture Business	16.4	19.4	(3.0)
Retail & Lifestyle Business	38.7	35.2	+3.5
Industrial Infrastructure & Urban Development	7.0	8.2	(1.2)
Other	4.8	5.0	(0.2)
Total	241.0	232.4	+8.6

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

	FY2018	FY2017	Difference	Main Factors Behind Differences	FY2018 Revised Forecast (Feb. 5, 2019)	Main Factors Behind Differences between Results and Revised Forecast for FY2018
Auto-motive	6.4	6.5	(0.1)	Relatively unchanged year on year	5.5	Performance exceeded full-year forecasts due to lower SG&A expenses by suppressing sales promotion expenses in overseas wholesale operations and continuation of reconstruction demand in Puerto Rico
Aerospace & Transportation Project	4.0	3.3	+0.7	Increased due to gains on sales of aircraft and earnings contributions accompanying progress in railroad projects	4.0	Performance as forecast
Machinery & Medical Infrastructure	2.8	5.7	(2.9)	Decreased due to absence of revenue associated with infrastructure projects recorded in the previous fiscal year	3.0	Performance generally as forecast
Energy & Social Infrastructure	5.8	(5.8)	+11.6	Increased due to rebound from one-time losses on oil and gas interests recorded in the previous fiscal year as well as to higher prices in LNG operations	4.5	Performance exceeded full-year forecasts following higher prices primarily in LNG operations and increased earnings at subsidiaries
Metals & Mineral Resources	30.5	21.9	+8.6	Increased due to higher prices and transaction volumes of coal and other resources	29.5	Performance exceeded full-year forecasts thanks to favorable coal market conditions
Chemicals	9.0	8.7	+0.3	Relatively unchanged year on year, despite strong performance in methanol operations, as a result of one-time losses in overseas operations and economic slowdown stemming from trade friction between the United States and China	9.5	Performance generally as forecast
Foods & Agriculture Business	2.3	4.0	(1.7)	Decreased due to higher material costs and lower sales volumes in overseas fertilizer businesses	3.5	Performance fell below full-year forecasts as a result of lower sales volumes and profitability by regulating sales prices in overseas fertilizer operations
Retail & Lifestyle Business	5.7	5.6	+0.1	Despite earnings contributions from newly consolidated subsidiaries, relatively unchanged year on year because of lower profit at lumber-related subsidiaries	5.5	Performance generally as forecast
Industrial Infrastructure & Urban Development	1.1	2.1	(1.0)	Decreased due to poor sales in domestic real estate operations	1.5	Performance fell below full-year forecasts due to poor sales in domestic real estate operations
Other	2.8	4.8	(2.0)		3.5	
Total	70.4	56.8	+13.6		70.0	

Financial Position (Billions of yen)

	Mar. 31, 2019	Mar. 31, 2018	Difference
Total assets	2,297.1	2,350.4	(53.3)
Total equity*2	618.2	586.4	+31.8
Equity ratio	26.9%	25.0%	+ 1.9%
Net interest-bearing debt	584.7	603.5	(18.8)
Net interest-bearing debt does not include	0.95	1.03	(0.08)
Risk assets*3	360.0	350.0	+10.0
Ratio of risk assets to equity (times)	0.6	0.6	-

*2 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."

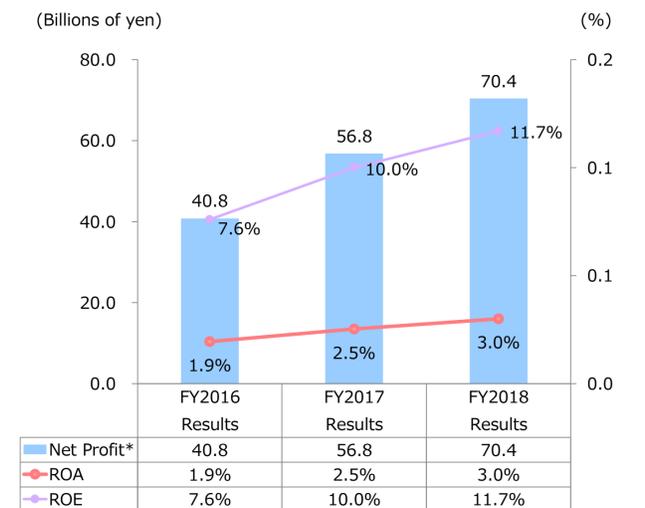
*3 The method of measuring risk assets mainly for goodwill was revised in the three-month period ended June 30, 2018. Figures for the fiscal year ended March 31, 2018, have been restated to reflect this change.

Commodity Prices and Exchange Rates

	FY2017 Results (Annual Avg.)	FY2018 Assumption (Annual Avg.)	FY2018 Results (Annual Avg.)	FY2018 Results (Jan.-Mar. Avg.)
Crude oil (Brent)	US\$57.9/bbl	US\$60.0/bbl	US\$70.8/bbl	US\$63.8/bbl
Thermal coal **1	US\$93.9/t	US\$85.0/t	US\$105.8/t	US\$95.8/t
Exchange rate	¥110.7/US\$	¥105.0/US\$	¥111.1/US\$	¥110.3/US\$

**1 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

ROA and ROE



*Profit for the year (attributable to owners of the company)

Highlights of Consolidated Financial Results for the Year Ended March 31, 2019 (IFRS) — Supplementary Materials (2)

May 8, 2019
Sojitz Corporation

Operating Results (Billions of yen)

	FY2018	FY2019 Forecast	Difference
Revenue	1,856.2	—	
Gross profit	241.0	260.0	+19.0
Selling, general and administrative expenses	(173.4)	(182.5)	(9.1)
Other income/expenses	2.4	0.0	(2.4)
Financial income/costs	(2.9)	(8.5)	(5.6)
Share of profit (loss) of investments accounted for using the equity method	27.8	28.0	+0.2
Profit before tax	94.9	97.0	+2.1
Profit for the year (Profit attributable to)	75.2	77.0	+1.8
Owners of the Company	70.4	72.0	+1.6
Non-controlling interests	4.8	5.0	+0.2
Core earnings*1	93.2	97.0	+3.8

*1 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

Segment Performance [Profit for the Year] (Billions of yen)

<9 Business Divisions>	FY2018 Results	FY2019 Forecast
Automotive	6.4	5.5
Aerospace & Transportation Project	4.0	5.0
Machinery & Medical Infrastructure	2.8	4.5
Energy & Social Infrastructure	5.8	5.5
Metals & Mineral Resources	30.5	25.0
Chemicals	9.0	11.0
Foods & Agriculture Business	2.3	4.5
Retail & Lifestyle Business	5.7	7.5
Industrial Infrastructure & Urban Development	1.1	1.0
Other	2.8	2.5
Total	70.4	72.0

FY2019 Current Position and Outlook

Automotive	In spite of the absence of earnings from an automobile-related company sold in the previous fiscal year, earnings from existing and new consolidated subsidiaries anticipated
Aerospace & Transportation Project	Higher earnings anticipated in conjunction with growth in aircraft-related businesses and railway projects
Machinery & Medical Infrastructure	Higher profit from medical infrastructure-related businesses anticipated
Energy & Social Infrastructure	Earnings from existing and new development projects anticipated
Metals & Mineral Resources	Conservative outlook for resource prices in the second half of the fiscal year incorporated into forecasts
Chemicals	Rebound from one-time occurrences in the previous fiscal year and growth in existing businesses anticipated
Foods & Agriculture Business	Higher earnings anticipated due to reconsideration of sales methods in overseas fertilizer operations and improved profits from new projects
Retail & Lifestyle Business	Improved profits from overseas retail operations and earnings contributions from new investments and loans anticipated
Industrial Infrastructure & Urban Development	Earnings from overseas industrial park operations anticipated

Financial Position (Billions of yen)

	Mar. 31, 2019	Mar. 31, 2020 Forecast	Difference
Total assets*1	2,297.1	2,400.0	+102.9
Total equity*2	618.2	660.0	+41.8
Equity ratio	26.9%	27.5%	+ 0.6%
Net interest-bearing debt*3	584.7	640.0	+55.3
Net D/E ratio (times)	0.95	1.0	—
Risk assets	360.0	—	—
Ratio of risk assets to equity (times)	0.6	—	—

*1 The forecast figure for March 31, 2020, includes the impact of the adoption of IFRS 16 "Leases" on total assets.

*2 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net DER" and the numerator when calculating "Equity ratio."

*3 Net interest-bearing debt does not include impact of lease liability.

*Caution regarding forward-looking statements

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Commodity Prices and Exchange Rates

	FY2019 Assumption (Annual Avg.)	Latest Data (As of Apr. 23, 2019)
Crude oil (Brent)	US\$60.0/bbl	US\$74.5/bbl
Thermal coal*1	US\$80.0/t	US\$88.9/t
Exchange rate*2	¥110.0/US\$	¥111.9/US\$

*1 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.5 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 billion annually, and total equity by approx. ¥2.0 billion annually.