

Financial Results for the Second Quarter  
Ended September 30, 2011

**Shine<sup>•</sup> 2011**

November 1, 2011  
**Sojitz Corporation**

# ■ Index

- Financial Results for the Second Quarter ended September 30, 2011 (Japanese accounting standard)
- Shine 2011 Progress
- Dividends

## 【Supplemental Data】

- Earnings Forecast by Business Segment
- Summary of Financial Results

### Forward-looking Statements

This document contains forecasts of business performance and other forward-looking statement. All such forward-looking statements are based on currently available information and certain assumptions that the Company believes to be reasonable. Therefore, actual results may differ materially from those expressed or implied by the above forecasts due to economic conditions in major domestic and overseas markets, foreign exchange rate movements, and other factors.

**I. Financial Results for the Second Quarter Ended  
September 30, 2011 (Japanese accounting standard)**



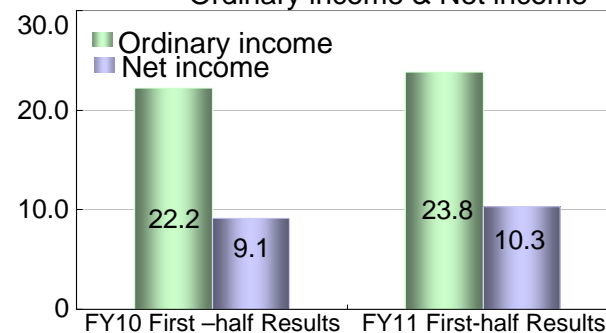
## ■ Summary of P/L Statements

Business performance has been solid, marking a year-on-year improvement

(Billions of Yen)	First-half FY10 Results	First-half FY11 Results	Change
Net sales	1,965.2	2,195.7	+230.5
Gross profit	93.7	102.2	+8.5
Operating income	17.4	22.7	+5.3
Ordinary income	22.2	23.8	+1.6
Net income	9.1	10.3	+1.2
Comprehensive income	-18.8	-5.3	+13.5
Core earnings	20.0	25.2	+5.2

FY2011 Forecast	Achieved
4,380.0	50%
214.0	48%
50.0	45%
46.0	52%
16.0	64%

(Billions of Yen) Ordinary income & Net income



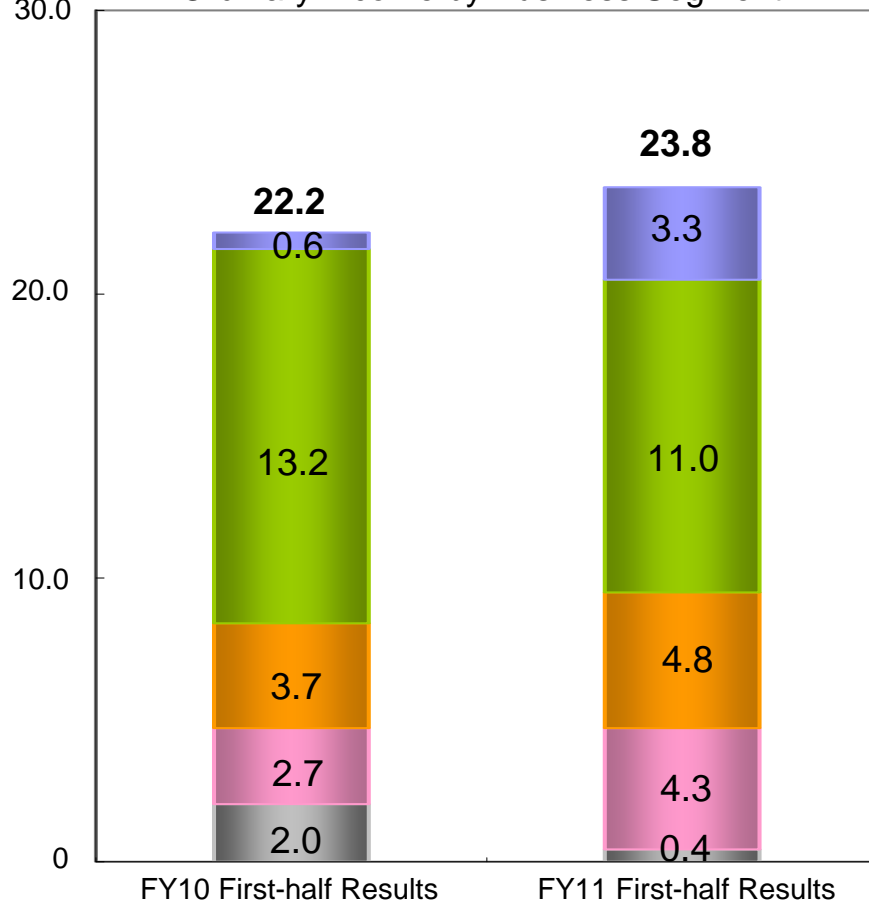
# Summary of P/L Statements

## Ordinary Income by Business Segment

Earnings up year-on-year in non-resource related fields

(Billions of Yen)

Ordinary Income by Business Segment



### Main factors behind the changes

- Machinery** (up 450% year-on-year)  
 Earnings increased due to the increased number of cars sold by automotive subsidiaries in the Russia/NIS region and in Central and South America.
- Energy & Metal** (down 17% year-on-year)  
 Earnings decreased due to a decrease in equity in earnings of affiliates
- Chemicals & Functional Materials**  
 (up 30% year-on-year)  
 Earnings increased due to increases in trading volumes and sales prices resulting from increased demand in Asia
- Consumer Lifestyle Business**  
 (up 59% year-on-year)  
 Earnings increased from increases in trading volumes of forest products
- Other** (down 80% year-on-year)  
 Earnings decreased due to the recording of real-estate related revaluation losses

■ Machinery 
 ■ Energy & Metal 
 ■ Chemicals & Functional Materials 
 ■ Consumer Lifestyle Business 
 ■ Other

# Summary of Balance Sheets

## Financial Soundness Maintained

(Billions of Yen)

	End of Sep. 2011	End of Mar. 2011	Change		End of Sep. 2011	End of Mar. 2011	Change
<b>Current assets</b>	1,297.0	1,266.7	+30.3	<b>Interest-bearing debt</b>			
				<b>Short-term</b>	383.9	309.7	+74.2
				<b>Long-term</b>	743.5	806.6	-63.1
<b>Investment and Other assets</b>	841.7	850.3	-8.6	<b>Other liabilities</b>	661.2	645.2	+16.0
<b>Total assets</b>	2,138.7	2,117.0	+21.7	<b>Shareholders' equity *1</b>	321.0	330.0	-9.0
				<b>Total net assets</b>	(350.1)	(355.5)	(-5.4)
				<b>Total liabilities and net assets</b>	2,138.7	2,117.0	+21.7
<b>Risk assets Vs. shareholders' equity</b>	300.0 (0.9times)	310.0 (0.9times)	0 (0.0times)	<b>Shareholders' equity ratio(%)</b>	15.0%	15.6%	-0.6%
<b>Current ratio(%)</b>	133%	142%	-9%	<b>Net interest- bearing debt</b>	727.9	700.6	+27.3
<b>Long-term debt ratio(%)</b>	66%	72%	-6%	<b>Net DER (times)</b>	2.3	2.1	+0.2
				<b>Net D/E ratio based on total net assets</b>	(2.1)	(2.0)	(+0.1)

\*1. Shareholders' equity = Total net assets – Minority interests

# ■ Commodity Prices, Foreign Exchange, and Interest Rate

	FY2011 Assumption	2011 Results (Jan.-Jun. Avg.)	2011 Results (Jul.-Sep. Avg.)	2011 Results (Jan.- Sep. Avg.)	2011 Results (As of Oct. 28)
Crude oil (Brent)*1	\$90/bbl	\$111.2/bbl	\$113.5/bbl	\$111.9/bbl	\$111.8/bbl
Coal (Thermal Coal)*2	\$120/t	\$124.1/t	\$121.8/t	\$123.3/t	\$117.9/t
Molybdenum	\$18.5/lb	\$17.0/lb	\$14.6/lb	\$16.2/lb	\$12.9/lb
Nickel	\$11/lb	\$11.6/lb	\$10.0/lb	\$11.1/lb	\$9.0/lb
Exchange rate*3	¥80/\$	¥81.8/\$	¥77.1/\$	¥80.2/\$	¥75.8/\$
Interest rate (TIBOR)*4	0.5%	0.34%	0.34%	0.34%	0.34%

\*1 Sensitivity to crude oil prices: Every US\$1/bbl movement in crude oil price equates to an approximately ¥0.2bn change in ordinary income.

\*2 Coal (thermal) sales are generally priced by annual contract. Coal sales prices are therefore not affected by spot price movements.

The above coal price differs from Sojitz's sales price.

\*3 Exchange rate sensitivity: Every ¥1 movement in JPY/USD rate equates to approximately ¥5bn change in sales, ¥0.2bn change in ordinary income, and ¥1.2bn change in shareholders' equity.

\*4 Interest rate sensitivity: Every 100 basis point movement in interest rates equates to approximately ¥1.5-2.0bn per year.

## **II. Shine 2011 Progress**

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# Business Environment & Earnings Forecast

## External environment

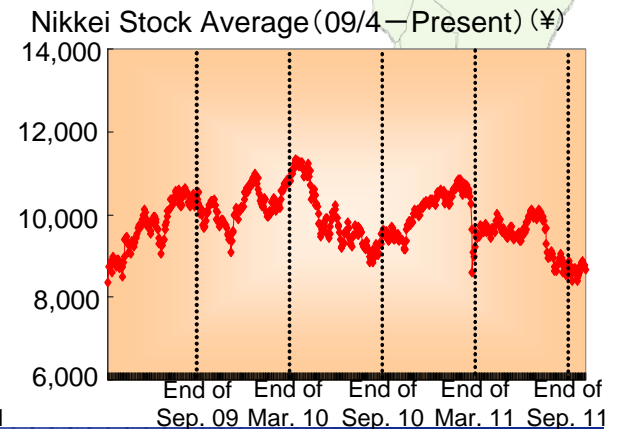
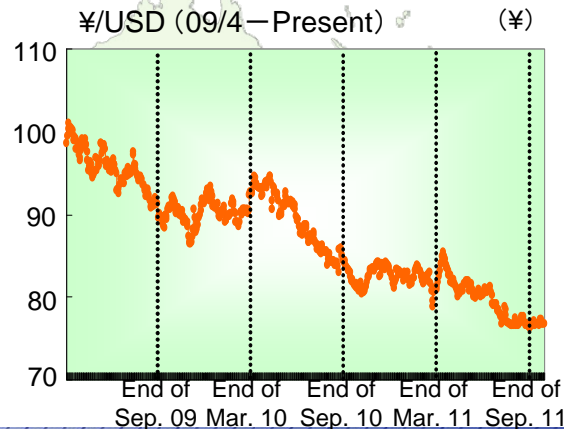
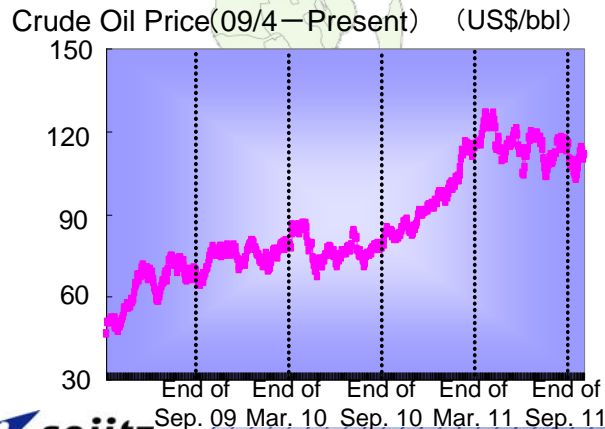
- Although economic growth rates will remain solid in the emerging countries, they are expected to decelerate somewhat
  - ✓ Impact of the flood in Thailand
- Concerns over a global economic recession centered on the developed countries
  - ✓ Uncertainty towards the future of the US economy
  - ✓ Fiscal problems in Europe
- High yen and low stock prices
- Declines in the commodities markets



## Sojitz

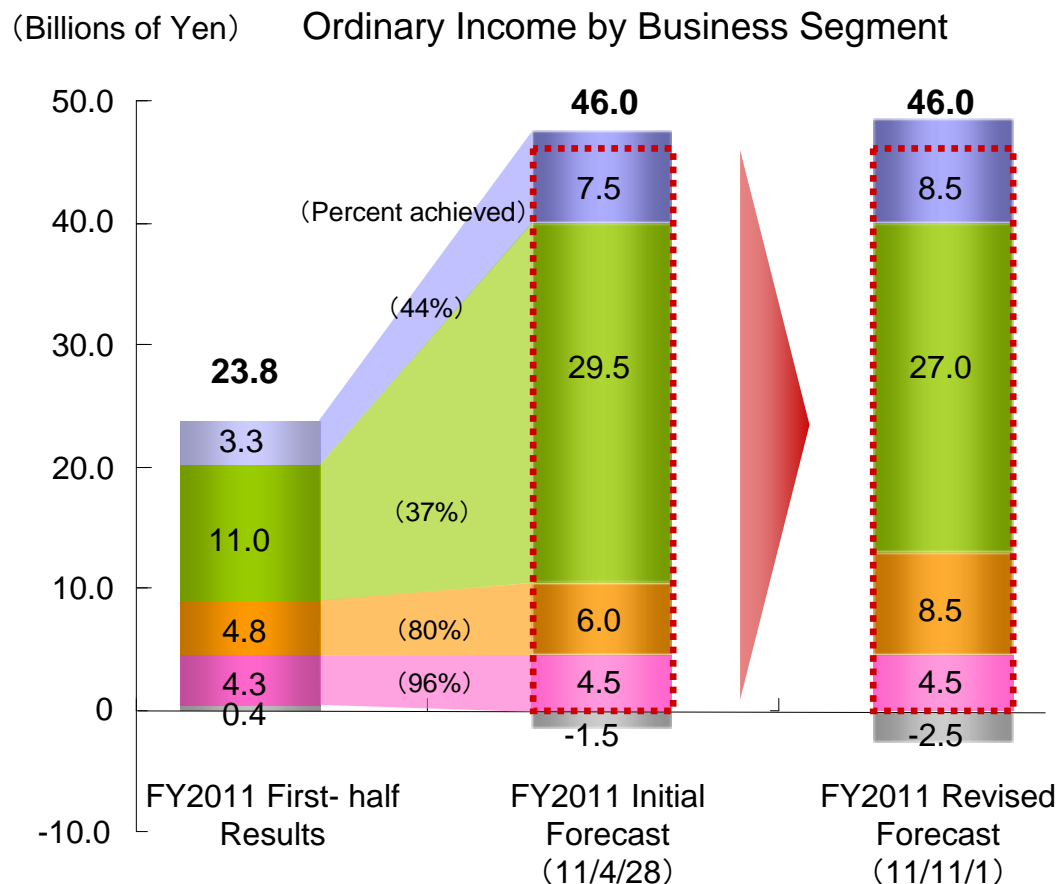
- Although automobiles and chemicals have outperformed expectations in the first half due to the strong demand in the emerging nations, the developments in the second half will need to be watched
- With the decline in market conditions for commodities, a decline in profits in the metals and resources related sectors is anticipated
- The impact of the flood in Thailand on some businesses will need to be watched
- Impact of the exchange rate (high yen)

**A forecast of ordinary income of ¥46 billion and net income of ¥16 billion is maintained**



# FY2011 Ordinary Income Forecast by Business Segment

The full-year forecast for the business segments has been revised to reflect recent business conditions



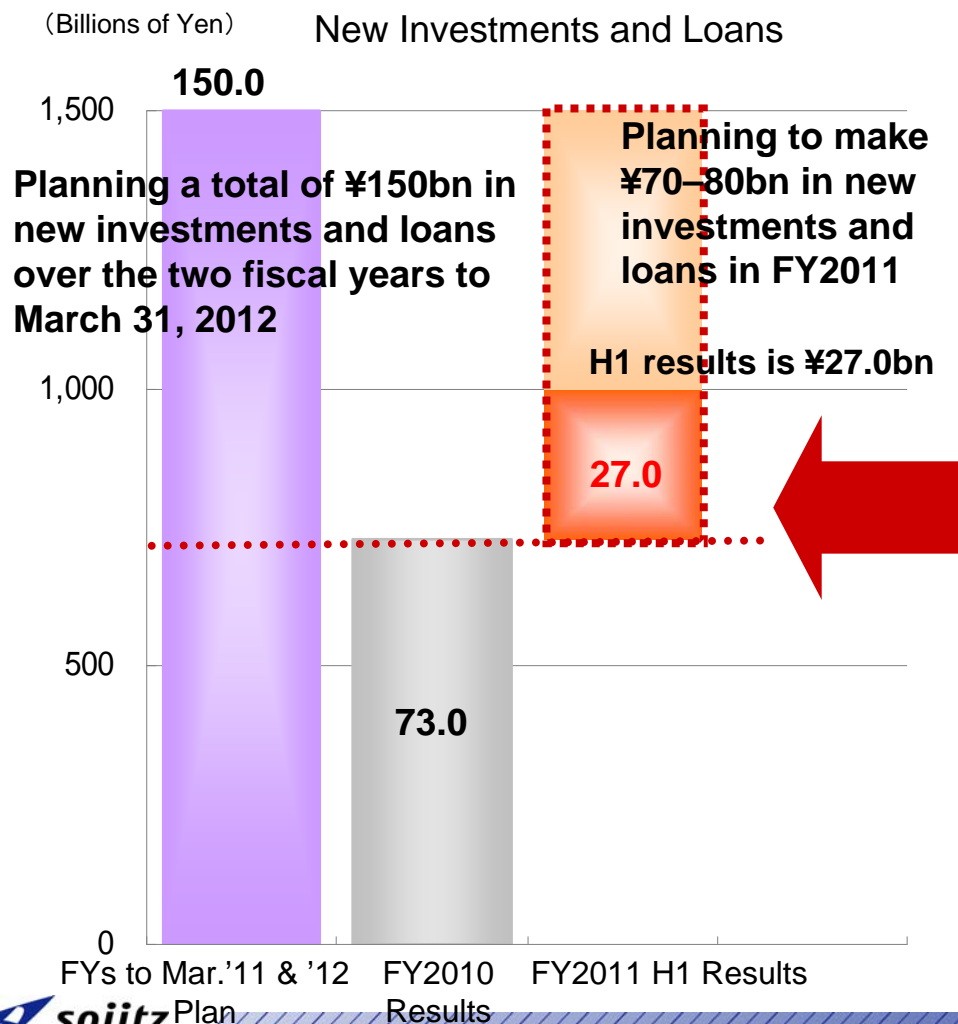
## Main factors behind the revisions

- Machinery** (upwards revisions of ¥1 billion yen)  
 Revised upwards as the business performance of automotive subsidiaries in the Russia/NIS region and in Central and South America during the first half outperformed expectations
- Energy & Metal**  
 (downward revision of ¥2.5 billion yen)  
 Revised downwards due to a decrease in equity in earnings of affiliates and a decline in the market
- Chemicals & Functional Materials**  
 (upward revision of ¥2.5 billion yen)  
 Revised upwards due to increases in trading volumes and sales prices resulting from increased demand in Asia
- Consumer Lifestyle Business** (no change)  
 Flooding is expected to impact fertilizer businesses in Thailand during the second half and a rebound in the strong performance of forest products is anticipated
- Other** (downward revision of ¥1 billion yen)  
 Revised downwards due to the recording of real-estate related revaluation losses during the first half

■ Machinery 
 ■ Energy & Metal 
 ■ Chemicals & Functional Materials 
 ■ Consumer Lifestyle Business 
 ■ Other

# ■ New Investments and Loans

Continuously strengthening earnings base  
in pursuit of sustained growth



- Planning to make ¥70–80bn in new investments and loans in FY2011
- Investment will be focused in non-resource businesses (e.g., machinery, chemicals, foodstuffs, agribusiness) in addition to resource-related businesses

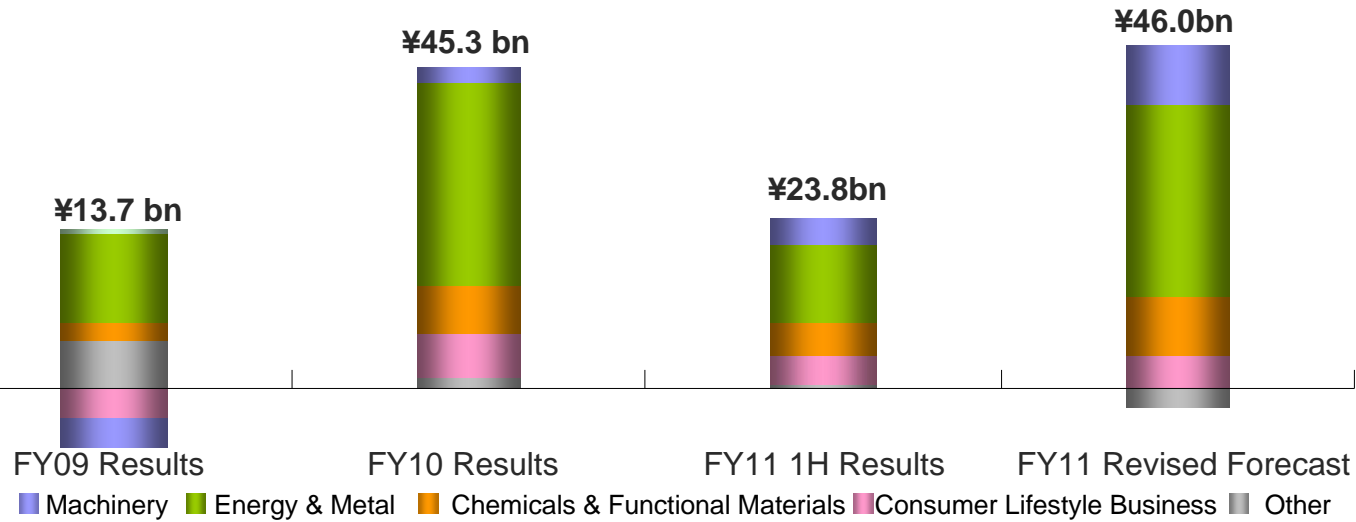
- First-half cumulative performance : ¥27.0 bn
- Resource fields: newly acquired coal interests; investment in lime production business; expansion of existing interests for oil, gas, and molybdenum
- Non-resource related fields: investments in a solar power IPP in Germany, capital increase in a milling business in Vietnam, establishment of a feedstuffs company in Vietnam, establishment of an industrial park business in Vietnam, establishment of a timber and woodchip business in Mozambique, investment in a domestic food company, and establishment of an airport retail business

Primarily through asset reallocation,  
accumulate high-quality asset holdings  
while maintaining a sound financial position

# Shine 2011 Progress

Accumulation of high-quality businesses and assets through the asset allocation

Ordinary income



Towards sustained growth through revival of earnings capacity

Strengthen earnings fundamentals

- Expanding Interest in Energy & Metal Resource**  
New acquisition of coal, rare metals, and other asset-related interests and expansion of existing interests
- Strengthening Priority Businesses**  
Improvements in the automotive business performance, business investments in chemical-related businesses, and expansion of IPP businesses
- Cultivating New Businesses**  
Advance in environmental / new energy and agribusiness

## **III. Dividends**

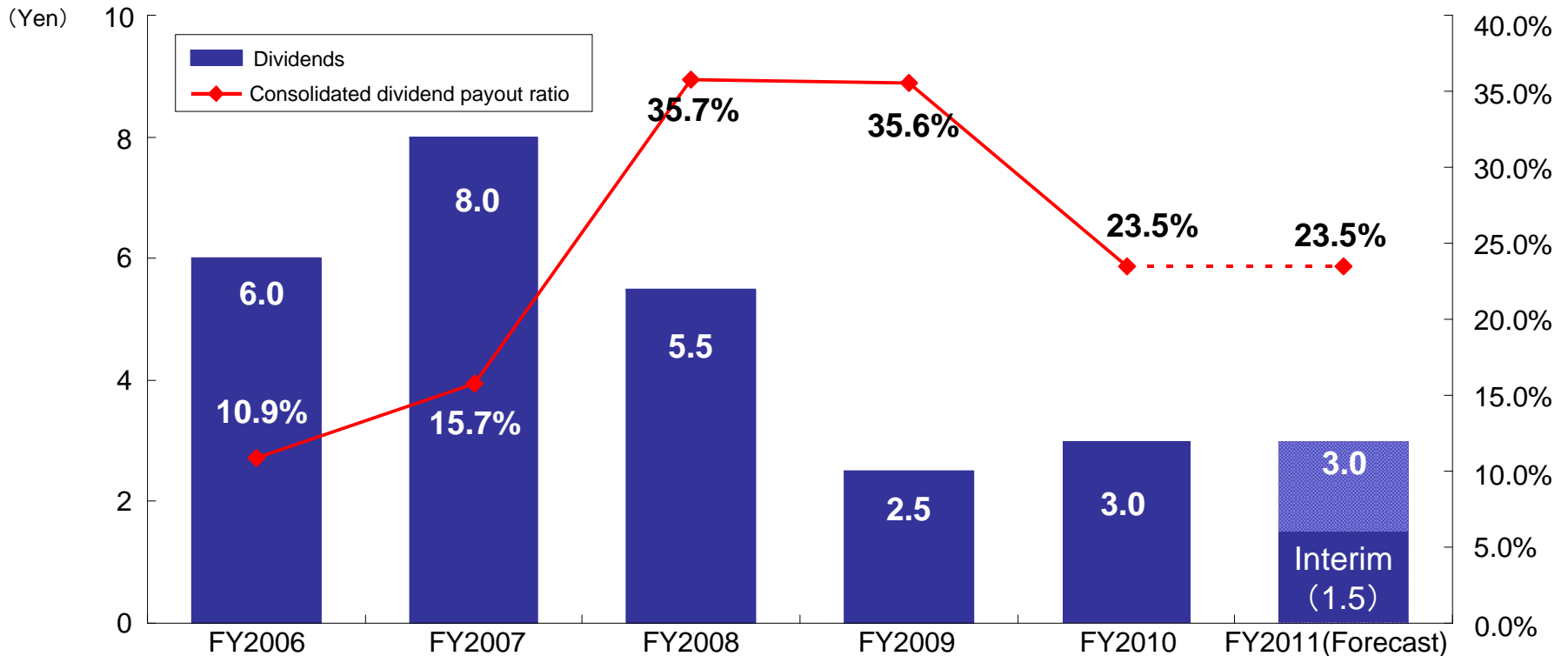
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# ■ Dividends

## Annual dividends per share and consolidated payout ratio

### Basic dividend policy

Sojitz recognizes that paying stable, continuous dividends is an important management priority, together with enhancing shareholder value and boosting competitiveness by accumulating and effectively utilizing retained earnings.



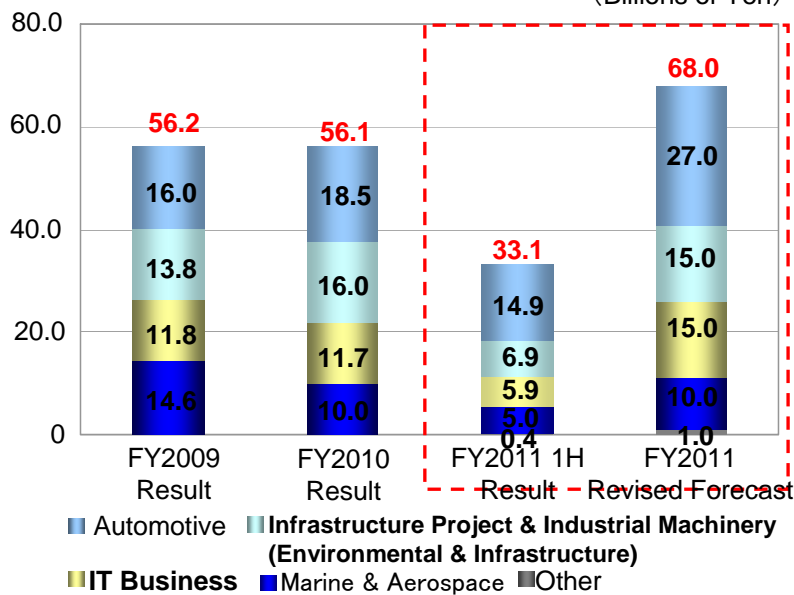
Note: Consolidated dividend payout ratios were calculated based on common shares outstanding at fiscal year-end.

Supplemental Data I.  
Earnings Forecast by Business Segment

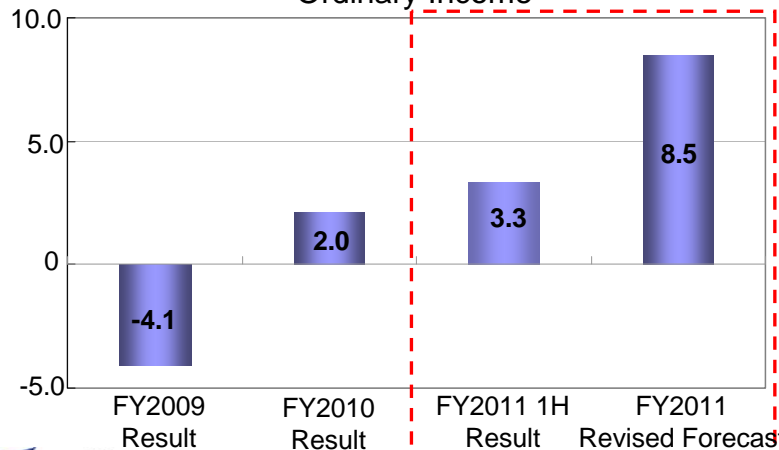
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# Machinery Segment

Gross Profit by Unit (Billions of Yen)



Ordinary Income



## Current position and forecast

【Ordinary income】 First-half results: ¥3.3 billion/revised full-year FY2011 forecast: ¥8.5 billion (initial forecast : ¥7.5 billion)

- Automotive  
Forecast revised upwards as the strong business performance of automotive subsidiaries in the Russia/NIS region and in Central and South America during the first half outperformed expectations
- Infrastructure Projects & Industrial Machinery (formerly Environmental & Infrastructure)  
Forecast revised downwards due in part to a late start at the beginning of the year
- IT Business  
Although the result was bearish throughout the first half due to an overemphasis on the second half, full-year performance is expected to be mostly in line with plan
- Marine & Aerospace  
Performance is expected to be mostly in line with plans

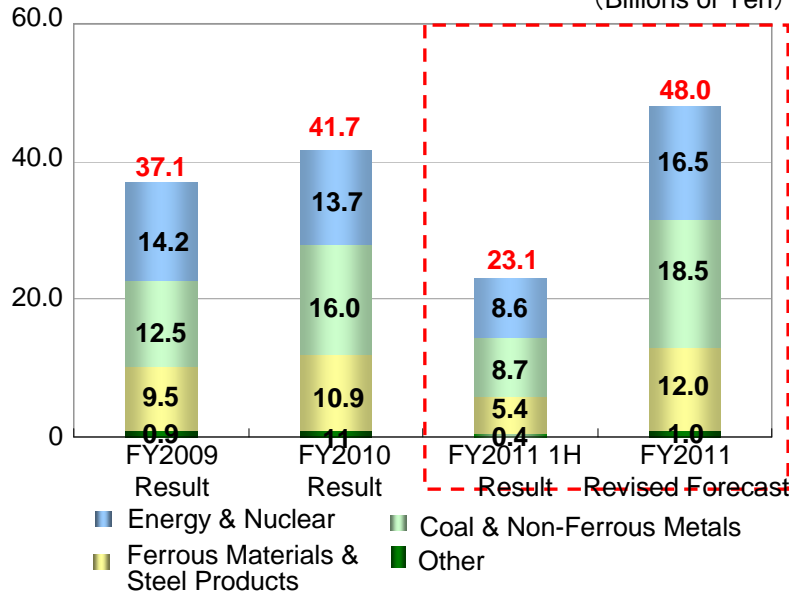
## Initiatives during Shine2011

- 【Automotive business】
  - Business revival due to inventory rationalization in Russia and recovery of steady operations in assembly business in Venezuela
  - Continue exposure management
  - Business portfolio restructuring through means including participation in dealers and other downstream business
- 【Infrastructure/Plant business】
  - Accumulation of plant order
  - Initiative in IPP investment expected to generate middle to long term profit contributions
  - Work to capture infrastructure demand in emerging countries
- 【IT business】
  - Promote IT service business with Nissho Electronics as core
  - Strengthen overseas business, such as Asia

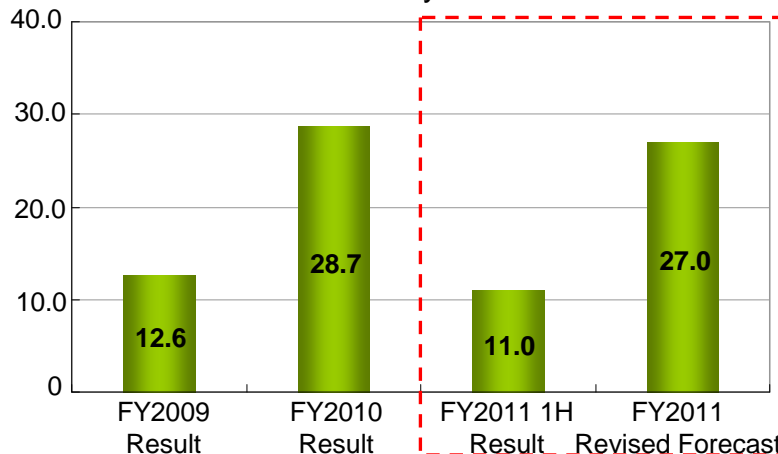


# Energy & Metal Segment

Gross Profit by Unit  
(Billions of Yen)



Ordinary Income

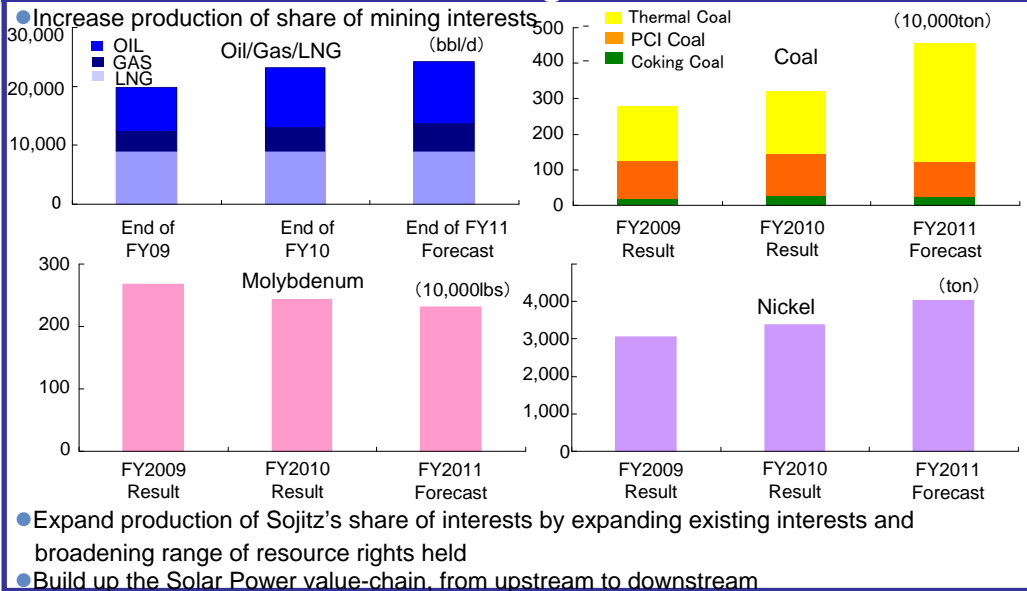


## Current position and forecast

【Ordinary income】First-half results: ¥11 billion/ revised full-year FY2011 forecast: ¥27 billion (initial forecast : ¥29.5 billion)

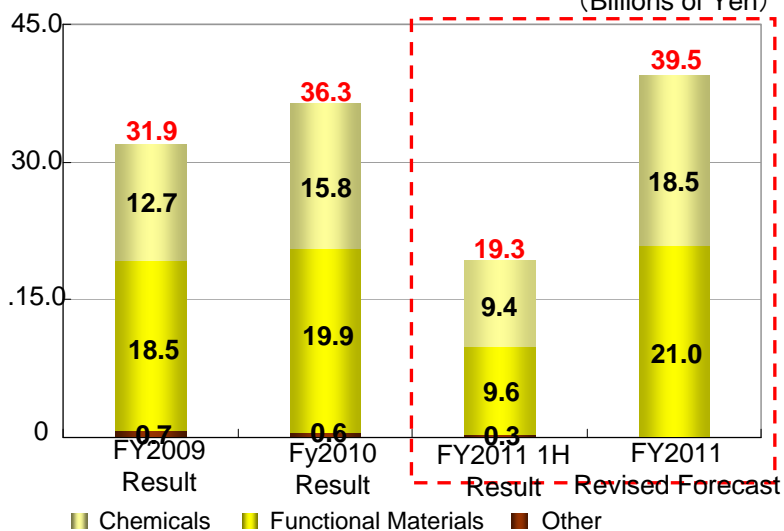
- Energy & Nuclear  
Performance was strong during the first half due to overall favorable market conditions for oil and gas, largely in line with the forecast
- Coal & Non-Ferrous Metals  
Although coal was impacted by heavy rains in Australia, a strong performance is expected to offset this from the second quarter onwards. Nonetheless, the full-year forecast has been revised downward due to the additional impact of the decline in copper conditions and exchange rates.
- Ferrous Materials & Steel Products  
The full-year forecast has been revised downward due to a decrease in equity in earning of affiliates and a decline in market conditions

## Initiatives during Shine2011

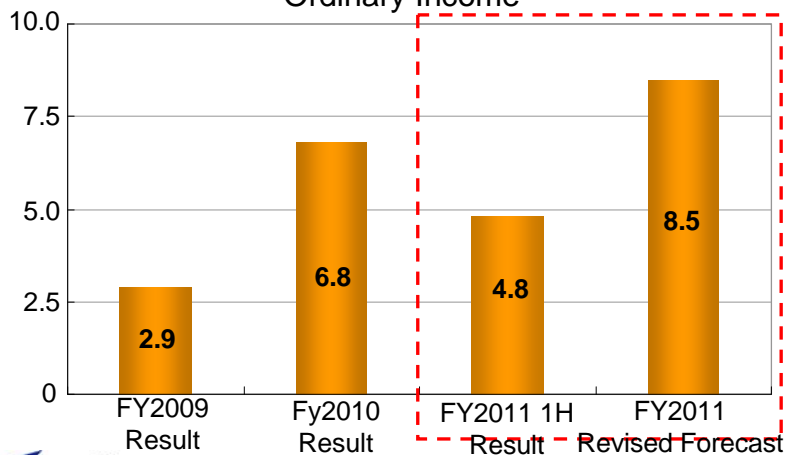


# Chemicals & Functional Materials

Gross Profit by Unit (Billions of Yen)



Ordinary Income



## Current position and forecast

【Ordinary income】First-half results: ¥4.8 billion/ revised full-year FY2011 forecast: ¥8.5 billion (initial forecast : ¥6 billion)

- Chemicals  
The full-year forecast has been revised upward due to expected increases in trading volumes and sales prices resulting from the continuing increased demand in the entire Asian region during the first-half
- Functional Materials  
Although the high yen is expected to bring a decline in export volumes, performance should be largely in line with the forecast thanks to a continued focus on Asia

## Initiatives during *Shine2011*

### 【Chemicals business】

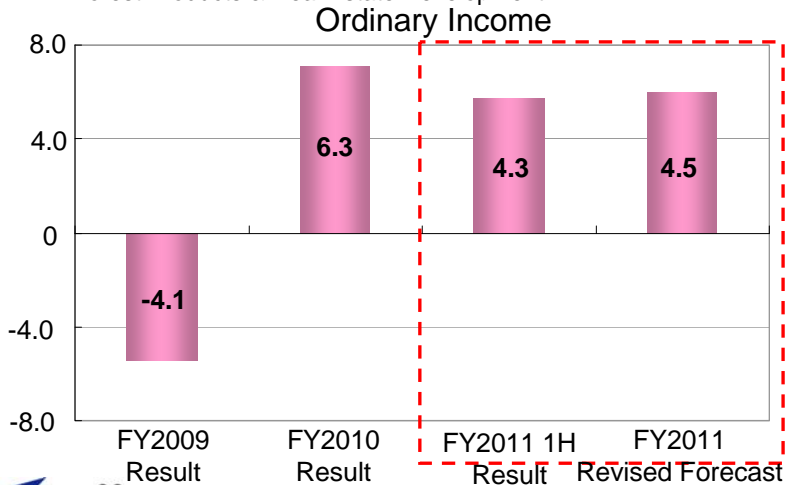
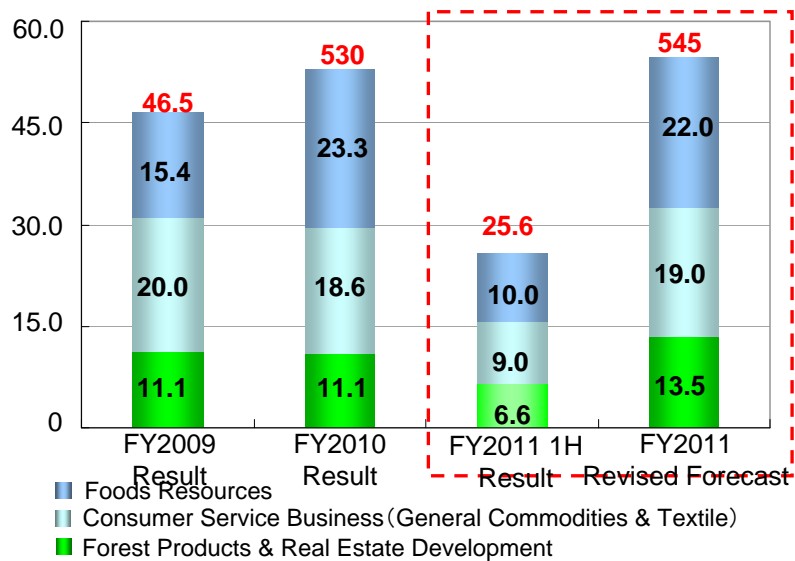
- Strengthen logistic value chain for key products
  - Strategic products : Industrial salt, Rare earth metals, Lithium, Methanol, Metton resin
  - Initiative to secure a supply sources
- Reinforce the overseas logistic business in China, Asia, and other areas

### 【Functional Materials business】

- Develop supply chain for logistic transactions in priority areas
  - Priority areas : Electronics, Solar power generation, High-performance monomers

# Consumer Lifestyle Business Segment

Gross Profit by Unit (Billions of Yen)



## Current position and forecast

【Ordinary income】 First-half results: ¥4.3 billion/ revised full-year FY2011 forecast: ¥4.5 billion (initial forecast: ¥4.5)

- Foods Resources  
The full-year forecast has been revised downward in anticipation of the impact of the flooding in Thailand on the overseas fertilizer businesses
- Consumer Service Business (formerly General Commodities & Textile)  
The full-year forecast has been revised upward on account of the increase in tobacco demand during the first quarter and the earthquake having less impact than was initially anticipated
- Forest Products & Real Estate Development  
Although performance exceeded expectations during the first half due to growth in forest products trading following the earthquake, a recoil reduction in forest products trading is expected from the second quarter onwards and accordingly the current forecast will be maintained

## Initiatives during *Shine2011*

### 【Food business】

- Accelerate developing business in overseas
  - Food industrial complex development business in Vietnam
  - Initiative in securing fertilizer raw materials, geographically expand business
- Initiative in securing wheat and other food resources
- Initiative in agribusiness

### 【Retail business】

- Business development in Vietnam, China and other Asian countries where consumption is expected to increase

# Supplemental Data II.

## Summary of Financial Results

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# Summary of P/L Statements

(Billions of Yen)

	FY2006 Results	FY2007 Results	FY2008 Results	FY2009 Results	FY2010 Results	FY2011 1H Results	FY2011 Forecast
<b>Net Sales</b>	5,218.2	5,771.0	5,166.2	3,844.4	4,014.6	2,195.7	4,380.0
<b>Gross profit</b>	254.5	277.7	235.6	178.2	192.7	102.2	214.0
<b>Operating income</b>	77.9	92.4	52.0	16.1	37.5	22.7	50.0
<b>Ordinary income</b>	89.5	101.5	33.6	13.7	45.3	23.8	46.0
<b>Net income</b>	58.8	62.7	19.0	8.8	16.0	10.3	16.0
<b>Core earnings</b>	89.8	110.7	48.3	14.4	41.9	25.2	54.5
(Reference)							
<b>ROA</b>	2.3%	2.4%	0.8%	0.4%	0.7%	—	0.8%
<b>ROE</b>	12.8%	13.0%	4.8%	2.6%	4.7%	—	4.9%

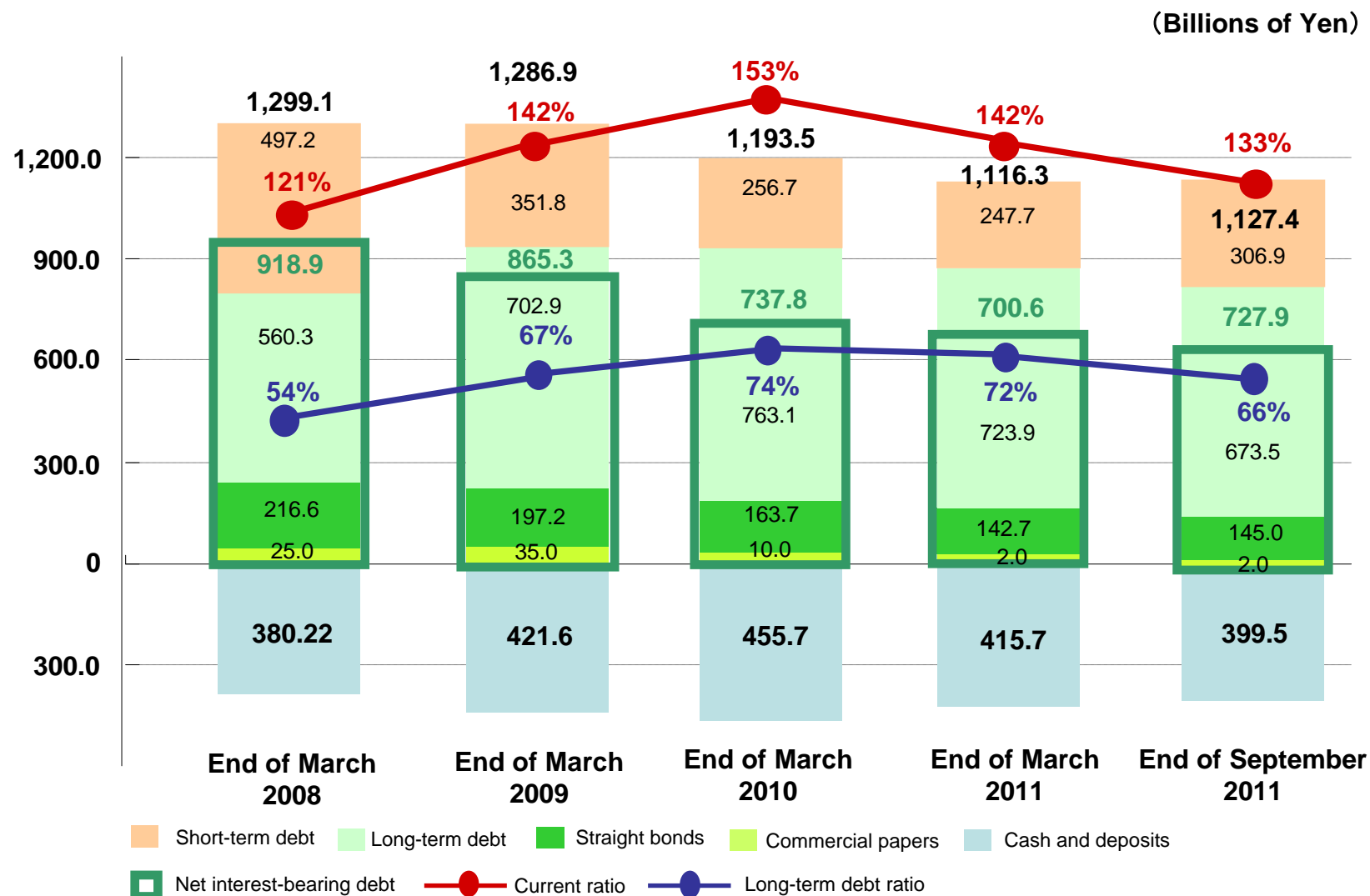
# Summary of Consolidated Balance Sheets

(Billions of Yen)

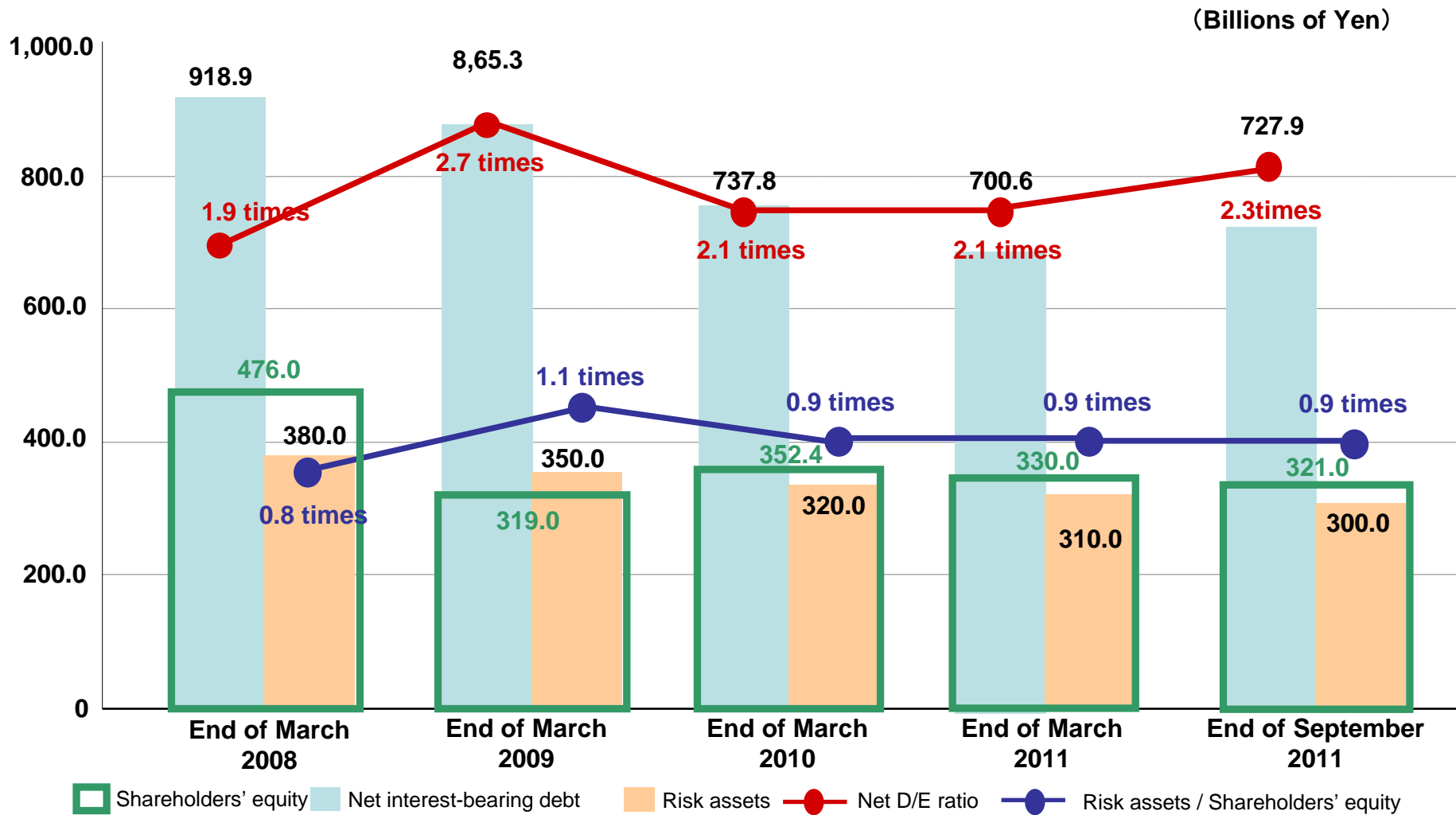
	End of March 2009	End of March 2010	End of March 2011	End of Sep. 2011	End of March 2009	End of March 2010	End of March 2011	End of Sep. 2011
<b>Current assets</b>	1,473.2	1,285.3	1,266.7	1,297.0				
<b>Investment and other assets</b>	839.8	875.6	850.3	841.7.0				
<b>Total assets</b>	2,313.0	2,160.9	2,117.0	2,138.7				
<b>Risk assets vs. shareholders' equity</b>	350.0 (1.1times)	320.0 (0.9times)	310.0 (0.9times)	300.0 (0.9times)				
<b>Current ratio(%)</b>	142%	153%	142%	133%				
<b>Long-term debt ratio(%)</b>	67%	74%	72%	66%				
<b>Interest bearing debt</b>								
Short-term	428.9	306.8	309.7	383.9				
Long-term	858.0	886.7	806.6	743.5				
<b>Other liabilities</b>	670.6	590.0	645.2	661.2				
<b>Shareholders' equity *1</b>	319.0	352.4	330.0	321.0				
<b>Total net assets</b>	(355.5)	(377.4)	(355.5)	(350.1)				
<b>Total liabilities and net assets</b>	2,313.0	2,160.9	2,117.0	2,138.7				
<b>Shareholders' equity ratio(%)</b>	13.8%	16.3%	15.6%	15.0%				
<b>Net interest-bearing debt</b>	865.3	737.8	700.6	727.9				
<b>Net DER (times)</b> Net D/E ratio based on total net assets	2.7 (2.4)	2.1 (2.0)	2.1 (2.0)	2.3 (2.1)				

\*1. Shareholders' equity = Total net assets – Minority interests

# Interest-bearing Debt



# Net Interest-bearing and Risk Asset







***sojitz***

***New way, New value***