New way, New value

Financial Results for the Year Ended March 31, 2017

May 1, 2017
Sojitz Corporation

Index

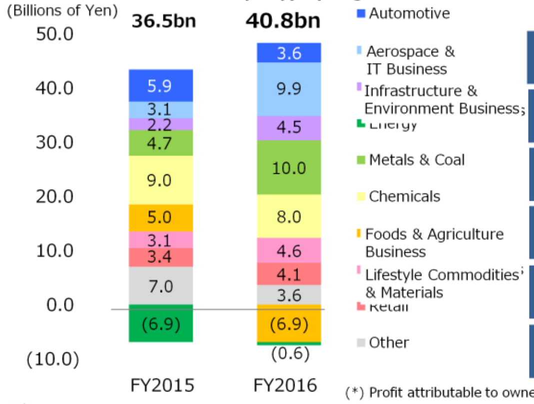
Caution regarding Forward-looking Statements
This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, 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.

I. Progress of Medium-term Management Plan 2017

FY2016 Summary

	FY2015	FY2016	Difference	FY2016 Forecast	Percentage achieved
Gross profit	¥180.7bn	¥200.7bn	+¥20.0bn	¥200.0bn	100%
Profit for the year*	¥36.5bn	¥40. 8 bn	+¥4. 3 bn	¥40.0bn	102%

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



	FY2015	FY2016	Difference
Total assets	¥2,056.7bn	¥2,138.5bn	+¥81.8bn
Total equity	¥520.3bn	¥550.5bn	+¥30.2bn
Net D/E ratio (times)	1.10	1.11	+0.01
ROA	1.7%	1.9%	+0.2%
ROE	6.8%	7.6%	+0.8%
Investments and loans	¥71.0bn	¥86.0bn	

(*) Profit attributable to owners of the Company

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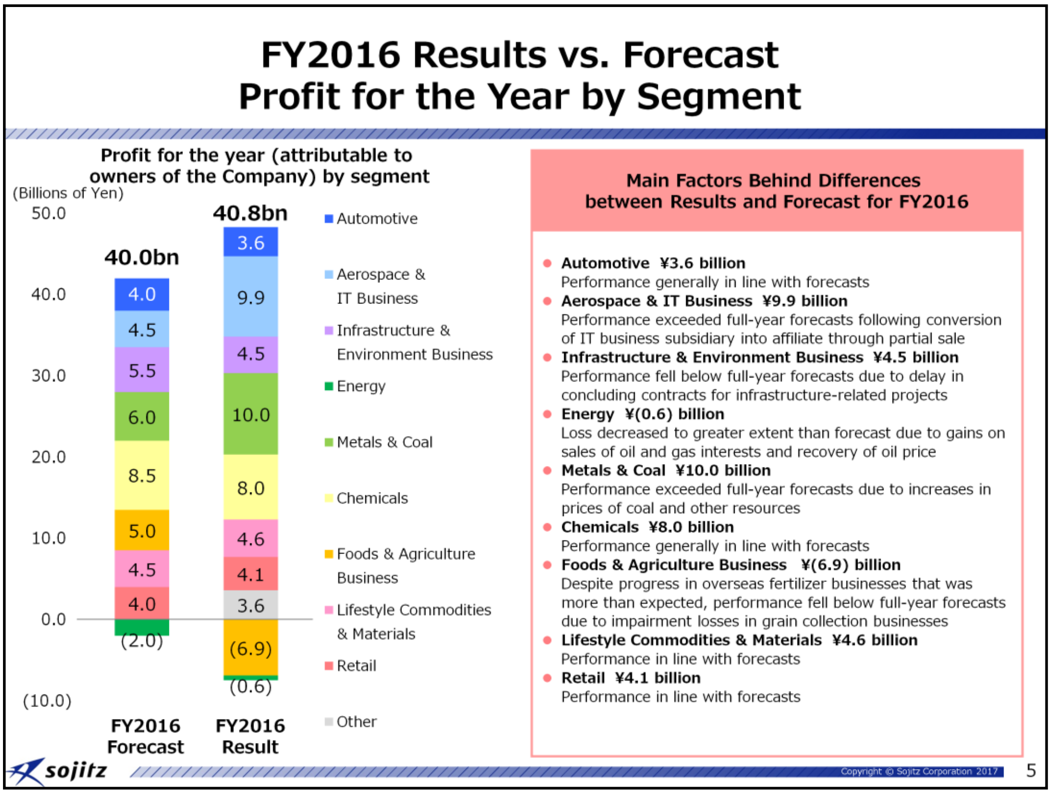
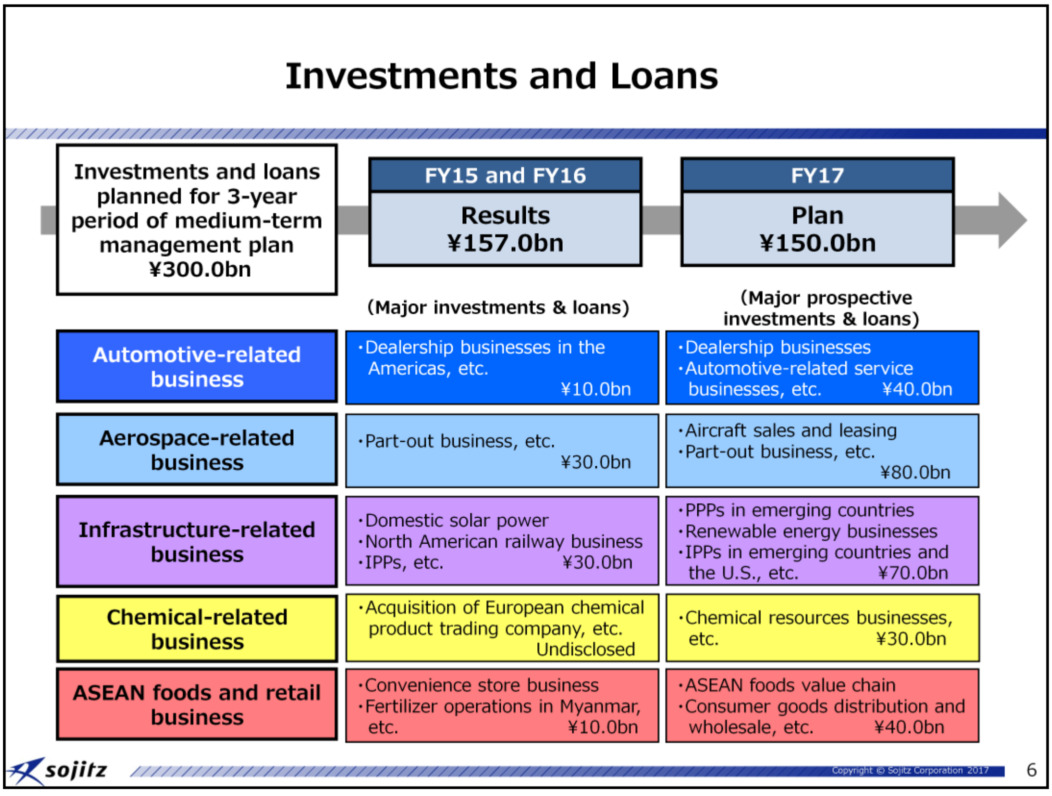
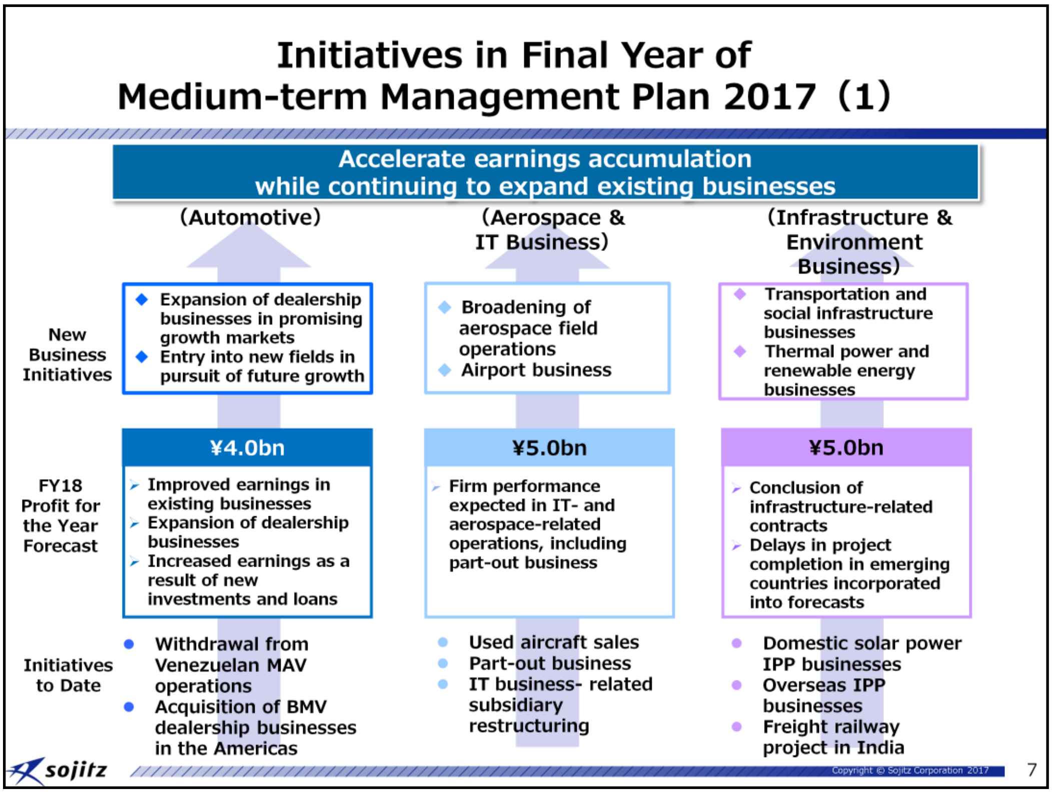
- In the year ended March 31, 2017, the global economy maintained a stable growth trend supported in part by consistent growth in the U.S. economy and the bottoming out of emerging economies. However, the potential impacts on the global economy of the new presidential cabinet in the United States and political circumstances in Europe remain unclear, making for an opaque environment.
- In this environment, year-on-year increases were achieved for both gross profit and profit for the year attributable to owners of the Company. In addition, figures for these items exceeded our full-year forecasts. Accordingly, progress in the year ended March 31, 2017, was generally in line with our expectations.
- Furthermore, return on assets was 1.9% and return on equity was 7.6%, both figures that have put the targets of the current medium-term management plan—2% for return on assets and 8% for return on equity—within sight.



- I would next like to discuss our performance by segment.
- The year ended March 31, 2017, started amidst sluggish market conditions that arose for the sharp drop in resource prices seen in 2015. However, the prices of coal and mineral resources showed strong improvement during the second half of the fiscal year.
- As a result, profit for the year in the Metals & Coal Division exceeded our forecast by ¥4.0 billion.
- Performance in the Lifestyle Commodities & Materials Division and the Retail Division was in line with forecasts. Meanwhile, performance in the Automotive Division and the Chemicals Division did not fall below forecasts to any noteworthy degree, despite the negative impacts of adverse market conditions and unfavorable foreign exchange rates.
- Furthermore, performance in aerospace-related businesses and overseas fertilizer businesses, both areas in which Sojitz exhibits particular strength, exceeded forecasts. In this manner, we made steady progress in stabilizing and reinforcing our earnings foundations.
- As a result, we were able to post profit for the year attributable to owners of the Company of ¥40.8 billion, which was higher than the forecast amount of ¥40.0 billion. This figure was achieved despite detractors including an impairment loss recorded in regard to grain collection operations in Brazil.



- Moving on, let me discuss new and upcoming investments and loans.
- Under the current medium-term management plan, we have earmarked ¥300.0 billion for investments and loans to be conducted over the three-year period of the plan in order to expand earnings foundations and thereby achieve further growth.
- A combined total of ¥157.0 billion worth of investments and loans was conducted in the years ended March 31, 2016 and 2017.
- These investments and loans were primarily directed at fields in which Sojitz boasts strength and were geared toward expanding existing businesses while stabilizing and reinforcing earnings foundations. Specific investment and loan targets included the acquisition of automotive dealership businesses in the Americas, the expansion of part-out and aircraft sales operations in aerospace-related fields, and the development of domestic solar power generation businesses and overseas independent power producer, or IPP, projects.
- At the same time, we focused on increasing base earnings and developing businesses in growth markets by acquiring a European chemical product trading company and turning our attention to retail businesses in the ASEAN region.
- In the year ending March 31, 2018, the final year of the medium-term management plan, we intend to conduct investments and loans to the tune of ¥150.0 billion, making for a combined total of ¥300.0 billion over the entire three-year period of the plan.
- It may seem that the actual amount of investments and loans conducted over the past two years represents slow progress toward the three-year target of ¥300.0 billion. However, we are currently examining an internal list of candidates that adds up to around ¥300.0 billion, and we thus plan to invest ¥150.0 billion by careful selecting candidates from this list. In fact, we have already made the final decision with regard to many of these candidates. Of these, roughly ¥150.0 billion worth of candidates have been judged to be highly feasible due to factors such as having a clearly apparent schedule. Accordingly, we anticipate that our investment and loan activities will progress as planned.
- Going forward, we will continue with our efforts to expand existing businesses while stabilizing and reinforcing earnings foundations. At the same time, we will seek to accelerate earnings growth by investing in areas such as the automotive, aerospace, infrastructure, and ASEAN foods and retail businesses.
- However, I do not mean to say that we will simply amass assets in a haphazard manner. We remain committed to managing risks by rigorously evaluating investment candidates while practicing discipline in our investments, as has been done in the past.



- Next, I would like to explain our segment forecasts for profit for the year in the year ending March 31, 2018, and the growth initiatives that will be implemented in each segment.

(Automotive Division)

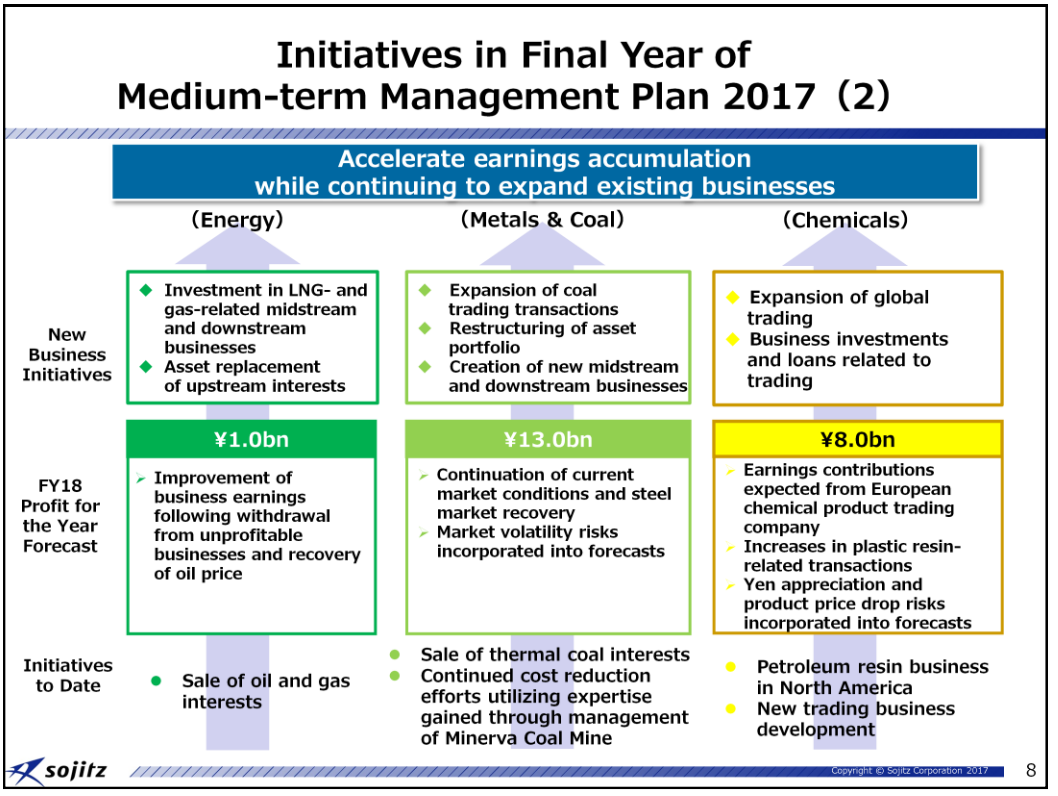
- We have continued to expand our dealership businesses in the Americas and have thus been successful in growing these businesses into an earnings foundation with a certain degree of solidity.
- Growth initiatives to be implemented in the Automotive Division during the year ending March 31, 2018, include expanding our dealership operations into other regions. In addition, we will work to enter into new business fields such as automobile-related service operations that, for example, entail strengthening relationships with parts manufacturers so that we may provide functions and services.
- In the year ending March 31, 2018, we expect that existing businesses will generate stable earnings while additional profits are achieved as a result of such new investments.
- Going forward, we will seek to cultivate business pillars that can form clusters of revenue-generating businesses by pursuing future growth in new fields.

(Aerospace & IT Business Division)

- Measures for broadening aerospace field operations, including developing our used aircraft sales and part-out businesses and undertaking new initiatives with The Boeing Company, contributed to earnings in the year ended March 31, 2017. We anticipate that earnings contributions from aerospace field operations, the part-out business in particular, will be strong in the year ending March 31, 2018.
- Going forward, we will move ahead with our efforts to broaden aerospace field operations, growing businesses conducted together with Boeing and developing our airport business to expand the scope of our operations in the process.

(Infrastructure & Environment Business Division)

- In the infrastructure field, we expect to begin seeing earning contributions from the domestic solar power IPP and overseas IPP projects that we have invested in thus far as well as from a freight railway project in India.
- In addition, we anticipate that contributions to earnings in the year ending March 31, 2018, will come from social infrastructure projects for which we have been working to conclude contracts since the previous fiscal year.
- There are numerous transportation and social infrastructure businesses and renewable energy and other IPP projects to be taken advantage of in both emerging and developed countries. We therefore plan to continue expanding our stable-earnings-generating foundations by accumulating a portfolio of quality assets from among these candidates.
- We believe that our forecasts for the year ending March 31, 2018, are highly feasible as we have incorporated risks related to potential delays in the progress of projects in emerging countries out of consideration for the opaque operating environment.



(Energy Division)

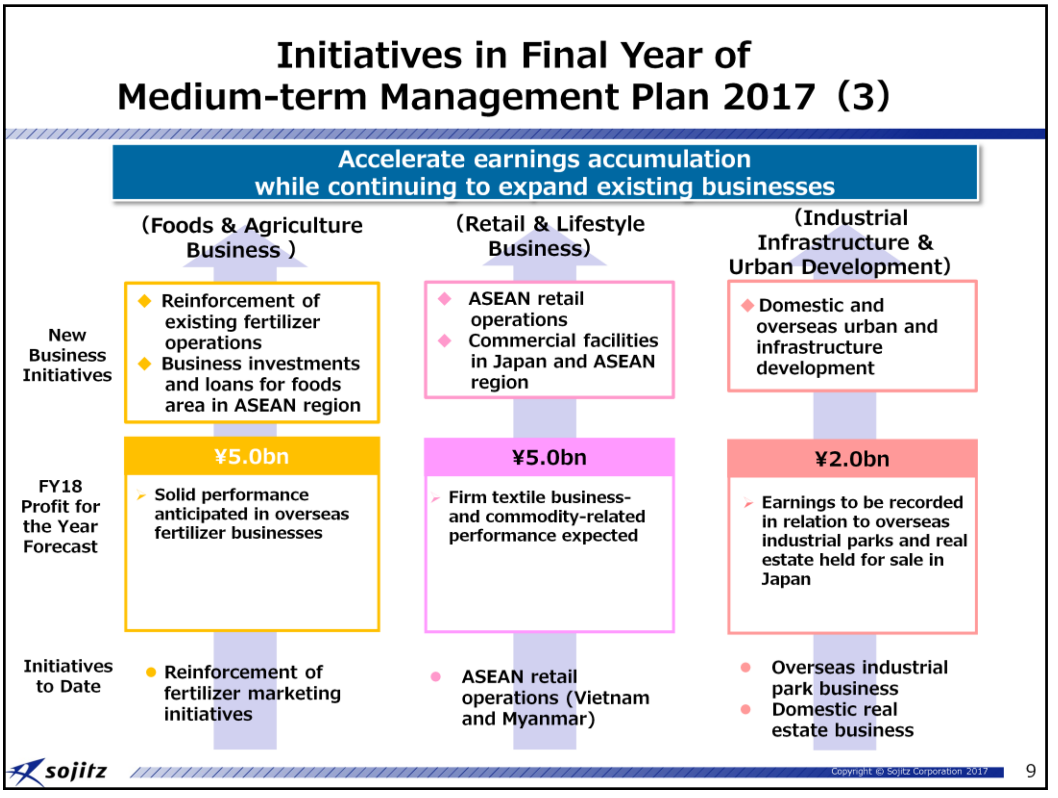
- The Energy Division is expected to turn a profit for the first time in three years.
- We have forged ahead with the withdrawal from unprofitable businesses and, thanks in part to the recovery of the oil price, we now have an idea of when we will be able to mitigate the profit downturn risks seen in regard to upstream interests. In the year ending March 31, 2018, we will seek to rebuild our asset portfolio by implementing concrete, forward-looking initiatives with an eye to growth under the next medium-term management plan for the Energy Division. Such initiatives will include investments in LNG receiving terminals and other midstream and downstream businesses related to LNG and gas.

(Metals & Coal Division)

- We have completed sales of certain Indonesian coal interests as one facet of our shift from thermal coal to coking coal.
- We plan to continue developing a portfolio of upstream assets that is responsive to operating environment changes and resilient to market conditions, expanding trading volumes of coal and other resources, and growing into new business areas. The aim of these initiatives is to build stable-earnings-generating foundations.
- We anticipate that market conditions in the year ending March 31, 2018, will be similar to those seen currently. However, our forecast for profit for the year incorporates market volatility risks.

(Chemicals Division)

- In the year ended March 31, 2017, the Chemicals Division developed its conventional methanol- and industrial salt-related business operations in Asia and also acquired a chemical product trading company in Europe. Leveraging this newly acquired company, we plan to accelerate the future expansion of trading businesses.
- Our forecasts for the year ending March 31, 2018, call for profit for the year that is relatively unchanged year on year out of consideration for potential pressure from yen appreciation and product selling price decline risks.



（Foods & Agriculture Business Division）

- We anticipate that there will be no particular obstacles toward achieving our forecast for profit for the year in the Foods & Agriculture Business Division in the year ending March 31, 2018. This is because overseas fertilizer businesses will continue to perform well and the negative impacts of grain collection businesses will disappear.
- In fertilizer businesses, we established a new sales company in Myanmar, which will help us as we accelerate efforts to expand into other ASEAN countries.
- In addition, we are advancing food field initiatives aimed at capturing the growth of the ASEAN market.

（Retail & Lifestyle Business Division）

- In the year ending March 31, 2018, the Retail & Lifestyle Business Division is expected to once again see solid performance supported by its earnings driver, namely the apparel OEM business, tobacco-related businesses, and lumber and building materials businesses.
- In addition, this division will develop businesses that directly target consumers. These businesses include its TV shopping channel business and retail operations in the Vietnam, Myanmar, and other parts of ASEAN region as well as its commercial facility operations in Japan and the ASEAN region.

（Industrial Infrastructure & Urban Development Division）

- Although this division is supported by earnings foundations comprised of its overseas industrial park, domestic condominium, and real estate investment trust operations, its scale is still relatively small when compared to other divisions.
- Going forward, we will seek to develop and grow our domestic and overseas urban and infrastructure development operations.

FY2017 Forecast

Business Performance

(Billions of yen)	FY2016 Results	FY2017 Forecast
Gross profit	200.7	222.0
Operating profit	51.6	55.0
Profit for the year*	40.8	50.0
ROA	1.9%	2.2%
ROE	7.6%	8.6%

(*) Profit attributable to owners of the Company

Financial Position

(Billions of yen)	Mar. 31, 2017	Mar. 31, 2018 Forecast
Total assets	2,138.5	2,260.0
Total equity	550.5	580.0
Equity ratio	25.7%	25.7%
Net interest-bearing debt	611.1	650.0
Net D/E ratio (times)	1.11	1.12

Commodity Prices, Foreign Exchange, and Interest Rate

	FY2016 Results	FY2017 Forecast
Crude oil (Brent)	US$49.9/bbl	US$50.0/bbl
Thermal coal	US$73.6/MT	US$77.5/MT

	FY2016 Results	FY2017 Forecast
Exchange rate	¥108.7/US$	¥110.0/US$
Interest rate (TIBOR)	0.06%	0.06%

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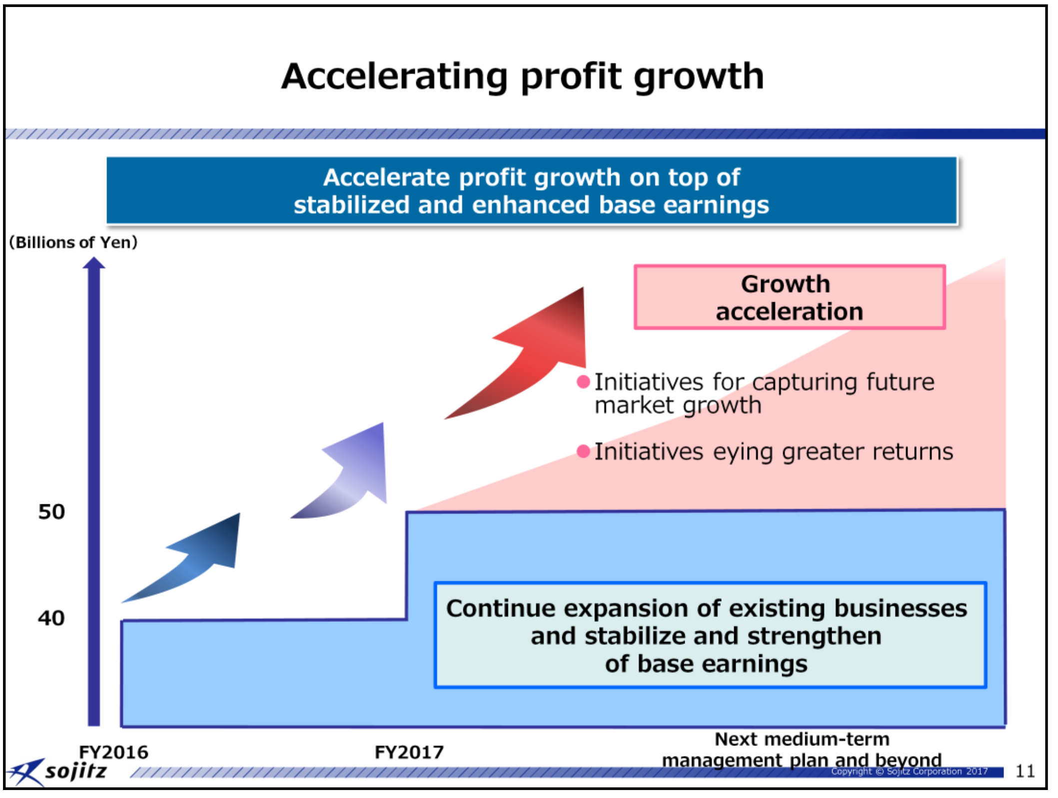
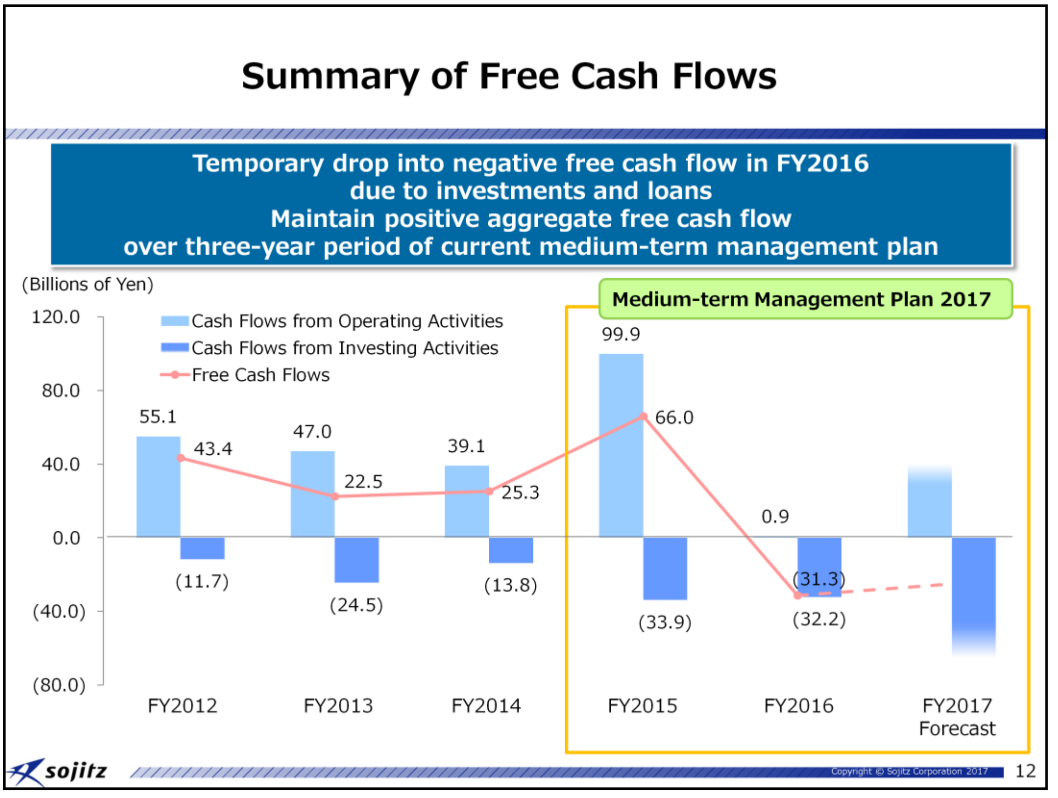
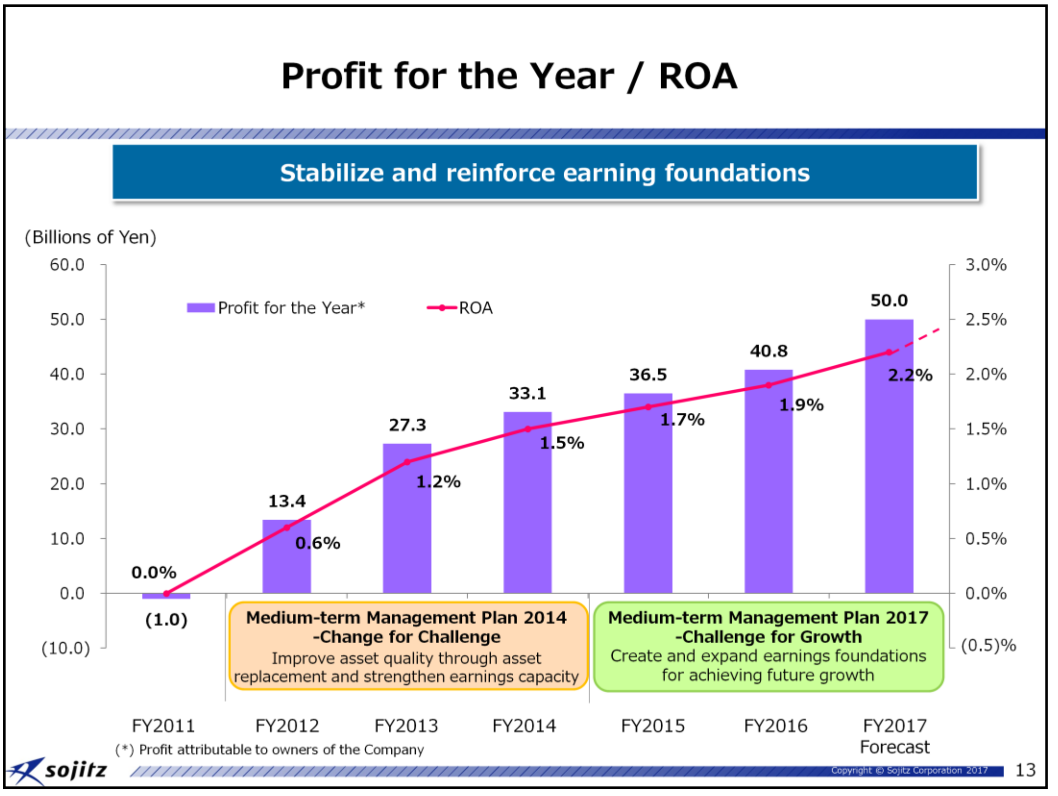
- As a result of achieving the segment forecasts listed on the previous slides, we project consolidated profit for the year attributable to owners of the Company of ¥50.0 billion in the year ending March 31, 2018, the final year of the medium-term management plan.
- Moreover, the targets for return on assets of 2% and return on equity of 8% set forth for the final year of the plan are within in sight. Also, even as we carry out plans to conduct ¥300.0 billion worth of investments and loans over the plan's three-year period, we intend to maintain the current level for the net debt equity ratio.
- To elaborate on our forecast for profit for the year, we have continued to reiterate our desire to gain the earnings capacity necessary to stably generate profits of more than ¥50.0 billion. We therefore want to achieve profit for the period of ¥50.0 billion in the year ending March 31, 2018, to prove that we have built the earnings foundations necessary for accomplishing this goal.
- Previously, we have incorporated a buffer for asset replacement costs of ¥5.0 billion into our earnings forecasts. However, we have significantly decreased the amount of this buffer in forecasts for the year ending March 31, 2018, as we have made progress in improving our asset portfolio and asset replacement efforts will primarily be focused on expanding existing assets and undertaking new projects going forward.
- We are facing an increasingly opaque operating environment. Based on this, we have, as necessary, incorporated the potential burden that could result from this environment into segment forecasts, as I mentioned earlier in this presentation.



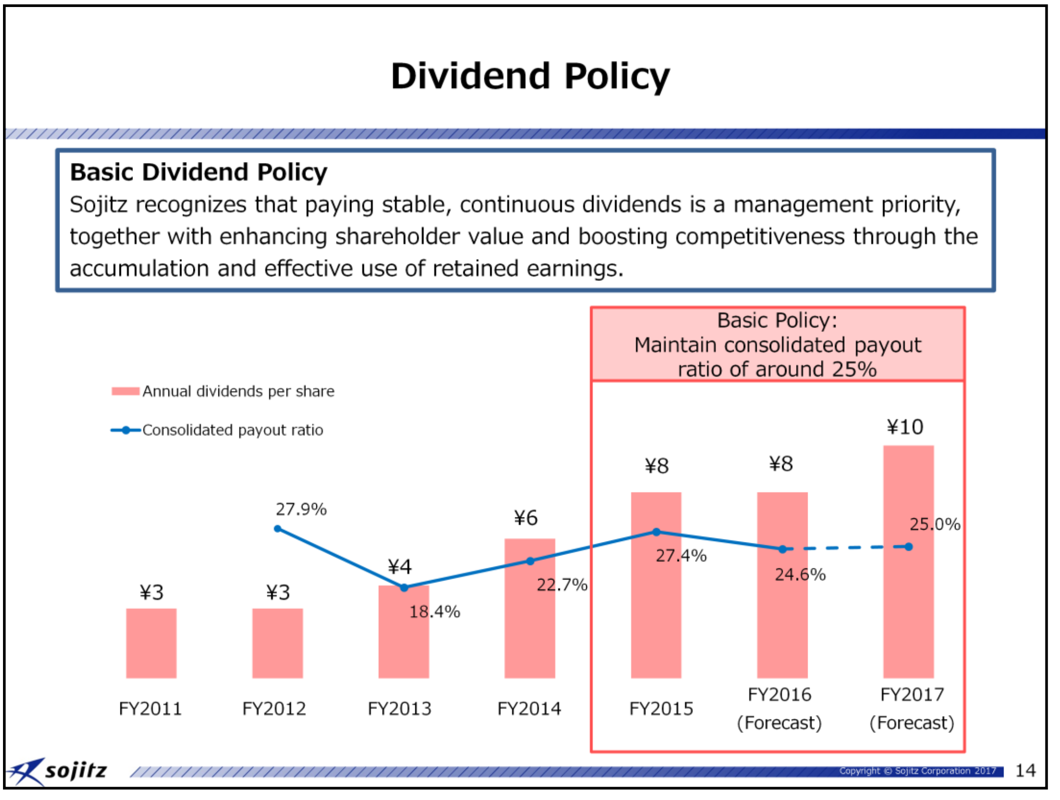
- On this slide, we have provided a diagram that illustrates how Sojitz intends to grow profits going forward for reference purposes.



- Our basic policy for managing cash flows is to keep free cash flows in the positive on a single-fiscal-year basis. Adhering to this policy, we have been successful in maintaining a positive free cash flow each year leading up to the year ended March 31, 2016.
- Free cash flows in the year ended March 31, 2017, dipped into the negative due in part to the execution of investments and loans aimed at future growth.
- Moreover, we expect that negative free cash flows will once again be recorded in the year ending March 31, 2018, as we continue to move ahead with new investments and loans.
- Aggregate free cash flows for the three-year period of the current medium-term management plan, however, are projected to remain in the positive.



- On this slide, you will see a graph that shows trends in profit for the year and return on assets over the periods of the previous medium-term management and the current plan.
- Over the past several years, trading companies have been forced to continue adapting in response to major changes in the operating environment, including plummeting resource prices, unstable foreign exchange rates, and political risks in various countries and regions.
- In this volatile operating environment, we have endeavored to improve our financial base in order to make Sojitz more resilient to external change. Return on assets has grown steadily as a result, and we feel as though the Company has now entered into a stage in which it can shift toward pursuing further earnings growth.
- Our focus going forward will therefore be expanding earnings foundations.
- The year ending March 31, 2018, will mark the start of these efforts. By targeting profit for the year of ¥50.0 billion, we aim to create the foundations that will enable us to continue generating profit of more than ¥50.0 billion in a stable manner.



- As displayed on this slide, our basic dividend policy under the current medium-term management plan is to maintain a consolidated payout ratio of around 25%.
- Through a comprehensive analysis of various factors based on this dividend policy and our forecasts for the year ending March 31, 2018, we plan to issue annual dividend payments of ¥10 per share for the year ending March 31, 2018.
- Looking ahead, we will continue to amass and effectively use retained earnings to accumulate quality assets and enhance earnings capacity in order to live up to shareholder expectations with improved corporate value.
- With this, I conclude my presentation.

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