

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2016 (IFRS)

August 2, 2016  
Sojitz Corporation

## Results Highlights

◆ In the year ending March 31, 2017, the second year of Medium-term Management Plan 2017 – Challenge for Growth, the global economy continued to suffer from a pronounced sense of stagnancy. Signs of recovery were seen in the overall economy supported by strength of the U.S. economy, while emerging economies remained polarized on either end of the spectrum. Meanwhile, the choice by Great Britain to leave the European Union, which was decided through a public vote in June 2016, has added a new dimension of uncertainty and opaqueness to the future outlook. The Company's net sales (JGAAP) for the three-month period ended June 30, 2016, were down due to the impacts of yen appreciation, reduced sales in the Metals & Coal Division stemming from falling resource prices and lower transaction volumes, and a decrease in sales in the Foods & Agriculture Business Division resulted from lower grain transactions. Gross profit was up following higher profit in the Retail Division stemming from sales of real estate held for sale. However, profit for the period (attributable to owners of the Company) declined in conjunction with a decrease in share of profit of investments accounted for using the equity method.

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

Net sales (JGAAP) 896.3 billion yen ((133.8) billion yen / (13.0)%)

- Decrease in net sales in the Metals & Coal Division due to resource price declines and lower transactions volumes

- Decrease in net sales in the Foods & Agriculture Business Division due to lower grain transactions

Gross profit 46.8 billion yen (+1.3 billion yen / +2.9%)

- Increase in gross profit in the Retail Division due to sale of real estate for sale
- Decrease in gross profit in the Metals & Coal Division due to resource price declines

Operating profit 8.6 billion yen (+0.6 billion yen / +7.8%)

- Increase in gross profit

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

8.4 billion yen ((2.2) billion yen / (20.6)%)

- Decrease of share of profit (loss) of investments accounted for using the equity method

◆ Earnings forecast for the fiscal year ending March 31, 2017

Net sales (JGAAP) 4,330.0 billion yen

Operating profit 44.0 billion yen

Profit before tax 53.0 billion yen

Profit for the period (attributable to owners of the Company) 40.0 billion yen (Assumptions)

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

Crude oil price (US\$/BBL) : 40 (Brent)

◆ Cash dividend per share for the fiscal year ending March 31, 2017

Interim 4.00 yen per share (forecast)

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.

\*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.

\*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 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

	FY2016 1Q			FY2015 1Q			Reasons for the Difference	FY2016 Forecast	Percentage Achieved
	Results	Results	Difference	Results	Results	Difference			
	a	b	a-b					c	a/c
<b>Net sales (JGAAP)*1</b>	896.3	1,030.1	(133.8)					4,330.0	21%
<b>Gross profit</b>	46.8	45.5	1.3					210.0	22%
Gross profit margin	(5.22%)	(4.42%)	(0.80%)					(4.85%)	
<b>Selling, general and administrative expenses</b>									
Personnel expenses	(20.9)	(21.4)	0.5						
Non-personnel expenses	(15.3)	(15.9)	0.6						
Depreciation	(1.5)	(1.5)	0.0						
Provision of allowance for doubtful accounts	0.0	0.1	(0.1)						
(Total selling, general and administrative expenses)	(37.7)	(38.7)	1.0					(162.0)	
<b>Other income/expenses</b>									
Gain/loss on sale and disposal of fixed assets, net	0.0	0.4	(0.4)						
Impairment loss on fixed assets	(0.4)	(0.9)	0.5						
Gain on sale of subsidiaries/associates	0.1	0.4	(0.3)						
Loss on reorganization of subsidiaries/associates	(0.3)	(0.1)	(0.2)						
Other operating income/expenses	0.1	1.4	(1.3)						
(Total other income/expenses)	(0.5)	1.2	(1.7)					(4.0)	
<b>Operating profit</b>	8.6	8.0	0.6					44.0	20%
<b>Financial income/costs</b>									
Interest earned	1.0	1.2	(0.2)						
Interest expenses	(3.9)	(4.4)	0.5						
(Interest expenses, net)	(2.9)	(3.2)	0.3						
Dividends received	1.4	1.8	(0.4)						
Other financial income/costs	(0.1)	0.0	(0.1)						
(Financial income/costs, net)	(1.6)	(1.4)	(0.2)					(8.0)	
Share of profit (loss) of investments accounted for using the equity method	2.6	8.5	(5.9)					17.0	
<b>Profit before tax</b>	9.6	15.1	(5.5)					53.0	18%
<b>Income tax expenses</b>	(0.4)	(3.2)	2.8					(10.0)	
<b>Profit for the period</b>	9.2	11.9	(2.7)					43.0	21%
<b>Profit attributable to)</b>									
<b>Owners of the Company</b>	8.4	10.6	(2.2)					40.0	21%
Non-controlling interests	0.8	1.3	(0.5)					3.0	
<b>Revenue</b>	375.0	444.9	(69.9)						
<b>Core earnings*2</b>	10.2	13.8	(3.6)					57.0	

## Comprehensive Income

	FY2016 1Q			FY2015 1Q		
	Results	Results	Difference	Results	Results	Difference
	a	b	a-b			
<b>Profit for the period</b>	9.2	11.9	(2.7)			
<b>Other comprehensive income</b>	(48.2)	2.2	(50.4)			
<b>Total comprehensive income for the period</b>	(39.0)	14.1	(53.1)			
<b>Comprehensive income attributable to:</b>						
<b>Owners of the Company</b>	(38.2)	12.9	(51.1)			
Non-controlling interests	(0.8)	1.2	(2.0)			

## Cash Flows

	FY2016 1Q			FY2015 1Q			Factors Affecting Circled Figures
	Results	Results	Difference	Results	Results	Difference	
	a	b	a-b				
<b>Cash flows from operating activities</b>	39.3	6.7	32.6				
<b>Cash flows from investing activities</b>	(15.0)	(6.6)	(8.4)				
<b>Free cash flows</b>	24.3	0.1	24.2				
<b>Cash flows from financing activities</b>	(28.0)	(8.7)	(19.3)				
Inflows from business transactions							
Outflows for capital expenditures in domestic solar power generation businesses							
Outflows for repayment of borrowings							

## Consolidated Statements of Financial Position

	June 30, 2016			Mar. 31, 2016			Reasons for the Difference
	2016	2016	Difference	2016	2016	Difference	
	d	e	d-e				
<b>Current assets</b>	1,109.4	1,146.4	(37.0)				
Cash and cash equivalents	333.4	344.4	(11.0)				
Time deposits	6.5	6.7	(0.2)				
Trade and other receivables	473.1	496.2	(23.1)			Decrease in Automotive and Chemicals	
Inventories	228.3	237.1	(8.8)				
Other current assets	68.1	62.0	6.1				
<b>Non-current assets</b>	863.7	910.3	(46.6)				
Property, plant and equipment	177.9	187.0	(9.1)				
Goodwill	52.6	53.1	(0.5)				
Intangible assets	35.0	38.8	(3.8)				
Investment property	19.4	18.4	1.0				
Investments accounted for using the equity method	523.8	551.2	(27.4)			Decrease due to changes in foreign exchange rates and stock prices	
Other non-current assets	55.0	61.8	(6.8)				
<b>Total assets</b>	1,973.1	2,056.7	(83.6)				
<b>Current liabilities</b>	643.4	673.8	(30.4)				
Trade and other payables	435.5	439.3	(3.8)				
Bonds and borrowings	137.5	168.3	(30.8)			Decrease due to repayment of borrowings	
Other current liabilities	70.4	66.2	4.2				
<b>Non-current liabilities</b>	824.4	833.2	(8.8)				
Bonds and borrowings	754.8	754.4	0.4				
Retirement benefits liabilities	18.5	18.7	(0.2)				
Other non-current liabilities	51.1	60.1	(9.0)				
<b>Total liabilities</b>	1,467.8	1,507.0	(39.2)				
Share capital	160.3	160.3	-				
Capital surplus	146.5	146.5	0.0				
Treasury stock	(0.2)	(0.2)	0.0			Decrease due to change in foreign exchange rates and stock prices	
Other components of equity	85.9	132.4	(46.5)				
Retained earnings	84.6	81.3	3.3			Profit for the period +8.4, dividends (5.0)	
Total equity attributable to owners of the Company	477.1	520.3	(43.2)				
Non-controlling interests	28.2	29.4	(1.2)				
<b>Total equity</b>	505.3	549.7	(44.4)				
<b>Total liabilities and equity</b>	1,973.1	2,056.7	(83.6)				
Gross interest-bearing debt	892.3	922.7	(30.4)				
Net interest-bearing debt	552.4	571.6	(19.2)				
Net debt/equity ratio (times)*	1.16	1.10	+0.06				
Equity ratio*	24.2%	25.3%	(1.1)%				
Current ratio	172.4%	170.1%	+2.3%				
Long-term debt ratio	84.6%	81.8%	+2.8%				

\* "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 First Quarter Ended June 30, 2016 (IFRS) - Supplementary Material

August 2, 2016  
Sojitz Corporation

(Billions of Yen)

(Billions of Yen)

## Operating Results

	FY2016 1Q Results	FY2015 1Q Results	Difference	FY2016 Forecast	Percentage Achieved
<b>Net sales (JGAAP)*1</b>	<b>896.3</b>	<b>1,030.1</b>	(133.8)	<b>4,330.0</b>	21%
<b>Gross profit</b>	<b>46.8</b>	<b>45.5</b>	+1.3	<b>210.0</b>	22%
Gross profit margin	(5.22%)	(4.42%)		(4.85%)	
Selling, general and administrative expenses	(37.7)	(38.7)	+1.0	(162.0)	
Other income/expenses	(0.5)	1.2	(1.7)	(4.0)	
<b>Operating profit</b>	<b>8.6</b>	<b>8.0</b>	+0.6	<b>44.0</b>	20%
Financial income/costs	(1.6)	(1.4)	(0.2)	(8.0)	
Share of profit (loss) of investments accounted for using the equity method	2.6	8.5	(5.9)	17.0	
<b>Profit before tax</b>	<b>9.6</b>	<b>15.1</b>	(5.5)	<b>53.0</b>	18%
<b>Profit for the period</b> (Profit attributable to)	<b>9.2</b>	<b>11.9</b>	(2.7)	<b>43.0</b>	21%
<b>Owners of the Company</b>	<b>8.4</b>	<b>10.6</b>	(2.2)	<b>40.0</b>	21%
Non-controlling interests	0.8	1.3	(0.5)	3.0	
Core earnings*2	10.2	13.8	(3.6)	57.0	
Revenue	375.0	444.9	(69.9)		
Comprehensive income attributable to owners of the Company	(38.2)	12.9	(51.1)		

\*1 Net sales above is based on JGAAP, and represents the aggregate value of the transactions for which the Sojitz Group acts as a principal or agent.

\*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

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 these 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.

(Billions of Yen)

## Financial Position

	Jun. 30, 2016	Mar. 31, 2016	Difference	FY2016 Forecast
<b>Total assets</b>	<b>1,973.1</b>	<b>2,056.7</b>	(83.6)	<b>2,200.0</b>
<b>Total equity*3</b>	<b>477.1</b>	<b>520.3</b>	(43.2)	<b>545.0</b>
<b>Equity ratio</b>	<b>24.2%</b>	<b>25.3%</b>	(1.1%)	<b>24.8%</b>
<b>Net interest-bearing debt</b>	<b>552.4</b>	<b>571.6</b>	(19.2)	<b>630.0</b>
<b>Net D/E ratio (times)</b>	<b>1.16</b>	<b>1.10</b>	+ 0.06	<b>1.2</b>
<b>Risk assets</b>	<b>330.0</b>	<b>330.0</b>	+ 0.0	-
<b>Ratio of risk assets to equity (times)</b>	<b>0.7</b>	<b>0.6</b>	+ 0.1	-

\*3 "Total equity attributable to owners of the Company" is recognized as "Total equity" in bold letters above, and is also used as the denominator of the "Net D/E ratio" and the numerator of the "Equity ratio."

## Segment Performance [Gross Profit]

	FY2016 1Q	FY2015 1Q	Difference	FY2016 Forecast
<b>Auto-motive</b>	<b>5.7</b>	5.9	(0.2)	<b>30.0</b>
<b>Aerospace &amp; IT Business</b>	<b>6.0</b>	5.3	+0.7	<b>31.0</b>
<b>Infrastructure &amp; Environment Business</b>	<b>5.1</b>	4.2	+0.9	<b>24.0</b>
<b>Energy</b>	<b>(0.1)</b>	0.6	(0.7)	<b>3.0</b>
<b>Metals &amp; Coal</b>	<b>1.8</b>	3.7	(1.9)	<b>13.0</b>
<b>Chemicals</b>	<b>9.3</b>	10.7	(1.4)	<b>43.0</b>
<b>Foods &amp; Agriculture Business</b>	<b>6.0</b>	5.5	+0.5	<b>20.0</b>
<b>Lifestyle Commodities &amp; Materials</b>	<b>5.2</b>	4.7	+0.5	<b>21.0</b>
<b>Retail</b>	<b>7.0</b>	4.2	+2.8	<b>22.0</b>
<b>Other</b>	<b>0.8</b>	0.7	+0.1	<b>3.0</b>
<b>Total</b>	<b>46.8</b>	45.5	+1.3	<b>210.0</b>

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

	FY2016 1Q	FY2015 1Q	Difference	Main Factors Behind Difference	FY2016 Forecast	FY2016 Current Position and Outlook
<b>Auto-motive</b>	<b>0.8</b>	3.6	(2.8)	Decreased due to rebound from gains on sales of fixed assets recorded in investments accounted for using the equity method during the previous equivalent period	<b>5.0</b>	Firm performance expected in U.S. automobile dealership operations and in Southeast Asian businesses
<b>Aerospace &amp; IT Business</b>	<b>(0.3)</b>	0.9	(1.2)	Decreased due to impairment losses on Company-owned ships and absence of gain on liquidation of overseas operating companies recorded during the previous equivalent period	<b>4.5</b>	Earnings contributions from aircraft-related transactions and IT industry related business anticipated in 2nd half of fiscal year
<b>Infrastructure &amp; Environment Business</b>	<b>1.0</b>	0.2	+0.8	Increased due to earnings contributions from domestic solar power generation businesses	<b>6.5</b>	Earnings contributions from plant-related businesses anticipated
<b>Energy</b>	<b>(1.5)</b>	0.1	(1.6)	Decreased due to impacts of drop in crude oil price	<b>(2.0)</b>	Earnings contributions from investments accounted for using the equity method anticipated in 2nd half of fiscal year
<b>Metals &amp; Coal</b>	<b>(0.4)</b>	0.7	(1.1)	Decreased due to impacts of drops in resource prices	<b>3.0</b>	Earnings contributions from investments accounted for using the equity method anticipated from 2nd quarter of fiscal year
<b>Chemicals</b>	<b>1.8</b>	2.5	(0.7)	Decreased due to impacts of drop in methanol price and yen appreciation	<b>9.5</b>	Increased transactions forecast in the Americas, China, and Asia
<b>Foods &amp; Agriculture Business</b>	<b>1.4</b>	1.3	+0.1	Relatively unchanged year on year	<b>5.0</b>	Firm performance in fertilizer businesses
<b>Lifestyle Commodities &amp; Materials</b>	<b>1.3</b>	(0.3)	+1.6	Increased due to higher profit stemming from strong textile business performance and absence of impairment loss on fixed assets recorded during the previous equivalent period	<b>4.5</b>	Progress in line with forecasts
<b>Retail</b>	<b>3.4</b>	1.0	+2.4	Increased due to gain on sales of real estate held for sale in Japan	<b>4.0</b>	Progress in line with forecasts despite strong progress resulted from sale of real estate held for sale in Japan
<b>Other</b>	<b>0.9</b>	0.6	+0.3	Relatively unchanged year on year	<b>0.0</b>	Asset replacement costs expected to be incurred
<b>Total</b>	<b>8.4</b>	10.6	(2.2)		<b>40.0</b>	

## Commodity Prices and Exchange Rates

	FY2015 Results (Apr.- Jun. '15 Avg.)	FY2016 Assumption (Annual Avg.)	FY2016 Results (Apr.- Jun. '16 Avg.)	Latest Data (as of July 29, 2016)
<b>Crude oil (Brent)**1</b>	US\$63.5/bbl	US\$40/bbl	US\$47.0/bbl	US\$42.5/bbl
<b>Thermal coal**2</b>	US\$57.6/t	US\$52/t	US\$51.5/t	US\$64.5/t
<b>Exchange rate**3</b>	¥121.7/US\$	¥110/US\$	¥107.9/US\$	¥104.4/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 ¥50 million annually.

\*\*2 Thermal coal prices are "globalCOAL NEWC Index".

\*\*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. ¥1.5 billion annually.