

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2018 (IFRS)

August 1, 2018  
Sojitz Corporation

## Results Highlights

◆ In the three-month period ended June 30, 2018, conditions in the global economy proved firm due to the support of growth in developed countries witnessing strong consumption as well as in emerging countries. Resource prices were likewise solid. Meanwhile, caution is warranted going forward with regard to the potential impact on the global economy of the trade negotiations being advanced by the United States as well as the economic trends in emerging countries, which are witnessing the depreciation of their currency. The Company's revenue for the three-month period ended June 30, 2018, were 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; in the Automotive Division, a result of the acquisition of a domestic automobile dealership and other businesses. Profit for the period (attributable to owners of the Company) rose year on year due to higher gross profit and gains on sales of automobile-related companies.

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

Revenue 467.9 billion yen (+35.5 billion yen / +8.2%)  
Gross profit 59.9 billion yen (+8.3 billion yen / +16.0%)

• 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 a domestic automobile dealership business

Profit for the period (attributable to owners of the Company)  
19.8 billion yen (+5.2 billion yen / +35.2%)

• Increase in gross profit  
• Increase in other income due to gains on a sale of automobile-related company

(Reference)

• Effective from the fiscal year ending 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.

◆ Earnings forecast for the fiscal year ending March 31, 2019  
Profit for the year (attributable to owners of the Company)  
63.0 billion yen

(Assumptions)

Exchange rate (annual average: JPY/US\$) : 105

◆ Cash dividends per share for the fiscal year ending March 31, 2019  
Interim : 7.50 yen per share (forecast)  
Year-end : 7.50 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

	FY2018 1Q		Difference a-b	Reasons for the Difference	FY2018		Percentage Achieved a/c
	Results a	Results b			Forecast c		
<b>Revenue</b>	467.9	432.4	35.5	Revenue: change in segment Metals & Mineral Resources +29.4 Automotive +18.0			
<b>Gross profit</b>	59.9	51.6	8.3	Gross profit: change in segment Metals & Mineral Resources +4.3 Automotive +3.1	240.0	25%	
<b>Selling, general and administrative expenses</b>							
Personnel expenses	(24.1)	(21.7)	(2.4)				
Non-personnel expenses	(16.9)	(15.7)	(1.2)				
Depreciation	(1.7)	(1.3)	(0.4)				
Provision of allowance for doubtful accounts	0.0	0.2	(0.2)				
<b>Total selling, general and administrative expenses</b>	<b>(42.7)</b>	<b>(38.5)</b>	<b>(4.2)</b>		<b>(174.0)</b>		
<b>Other income/expenses</b>							
Gain/loss on sale and disposal of fixed assets, net	0.4	0.0	0.4				
Impairment loss on fixed assets	(0.1)	0.0	(0.1)				
Gain on reorganization of subsidiaries/associates	6.1	1.1	5.0	Sale of an automotive-related company, Sale of solar power generation business company			
Loss on reorganization of subsidiaries/associates	(0.9)	(0.2)	(0.7)				
Other operating income/expenses	(0.6)	0.1	(0.7)				
<b>Total other income/expenses</b>	<b>4.9</b>	<b>1.0</b>	<b>3.9</b>		<b>0.0</b>		
<b>Financial income/costs</b>							
Interest earned	1.7	1.3	0.4				
Interest expenses	(4.2)	(3.8)	(0.4)				
<b>Interest expenses, net</b>	<b>(2.5)</b>	<b>(2.5)</b>	<b>0.0</b>				
Dividends received	1.9	1.6	0.3				
Other financial income/costs	0.2	0.0	0.2				
<b>Financial income/costs, net</b>	<b>(0.4)</b>	<b>(0.9)</b>	<b>0.5</b>		<b>(6.0)</b>		
<b>Share of profit (loss) of investments accounted for using the equity method</b>	<b>5.6</b>	<b>5.9</b>	<b>(0.3)</b>		<b>26.0</b>		
<b>Profit before tax</b>	<b>27.3</b>	<b>19.1</b>	<b>8.2</b>		<b>86.0</b>	<b>32%</b>	
<b>Income tax expenses</b>	<b>(5.9)</b>	<b>(3.2)</b>	<b>(2.7)</b>		<b>(18.5)</b>		
<b>Profit for the period</b>	<b>21.4</b>	<b>15.9</b>	<b>5.5</b>		<b>67.5</b>	<b>32%</b>	
<b>(Profit attributable to)</b>							
<b>Owners of the Company</b>	<b>19.8</b>	<b>14.6</b>	<b>5.2</b>		<b>63.0</b>	<b>31%</b>	
Non-controlling interests	1.6	1.3	0.3		4.5		
<b>Core earnings*1</b>	<b>22.2</b>	<b>17.9</b>	<b>4.3</b>		<b>86.0</b>		

## Comprehensive Income

	FY2018 1Q		Difference a-b
	Results a	Results b	
<b>Profit for the period</b>	21.4	15.9	5.5
<b>Other comprehensive income</b>	(8.8)	4.5	(13.3)
<b>Total comprehensive income for the period</b>	<b>12.6</b>	<b>20.4</b>	<b>(7.8)</b>
<b>Comprehensive income attributable to:</b>			
<b>Owners of the Company</b>	<b>11.2</b>	<b>19.6</b>	<b>(8.4)</b>
Non-controlling interests	1.4	0.8	0.6

## Cash Flows

	FY2018 1Q		Difference a-b	Factors Affecting Circled Figures
	Results a	Results b		
<b>Cash flows from operating activities</b>	(98.3)	(29.9)	(68.4)	Outflows due to increase in working capital
<b>Cash flows from investing activities</b>	(8.4)	(10.2)	1.8	Outflows due to for investment in U.S. gas-fired thermal power generation business
<b>Free cash flows</b>	<b>(106.7)</b>	<b>(40.1)</b>	<b>(66.6)</b>	
<b>Cash flows from financing activities</b>	<b>79.4</b>	31.9	47.5	Inflows from new borrowings
<b>Core operating cash flow*2</b>	<b>20.8</b>	17.5	3.3	
<b>Core cash flow*3</b>	<b>5.5</b>	(29.0)	34.5	

## Consolidated Statements of Financial Position

	Jun. 30, 2018		Difference d-e	Reasons for the difference
	2018 d	Mar. 31, 2018 e		
<b>Current assets</b>	<b>1,387.8</b>	<b>1,376.3</b>	<b>11.5</b>	
Cash and cash equivalents	278.1	305.2	(27.1)	
Time deposits	3.4	2.8	0.6	
Trade and other receivables	789.2	549.9	239.3	Change in account item resulted from application of new IFRS standard
Inventories	193.4	396.0	(202.6)	
Other current assets	123.7	122.4	1.3	
<b>Non-current assets</b>	<b>979.0</b>	<b>974.1</b>	<b>4.9</b>	
Property, plant and equipment	181.3	172.1	9.2	
Goodwill	66.2	65.8	0.4	
Intangible assets	46.3	44.1	2.2	
Investment property	24.3	24.5	(0.2)	
Investments accounted for using the equity method	584.9	590.2	(5.3)	
Other non-current assets	76.0	77.4	(1.4)	
<b>Total assets</b>	<b>2,366.8</b>	<b>2,350.4</b>	<b>16.4</b>	
<b>Current liabilities</b>	<b>802.3</b>	<b>846.0</b>	<b>(43.7)</b>	
Trade and other payables	568.7	654.2	(85.5)	Decrease in tobacco and machinery-related business
Bonds and borrowings	158.7	113.5	45.2	Increase due to new borrowings
Other current liabilities	74.9	78.3	(3.4)	
<b>Non-current liabilities</b>	<b>934.6</b>	<b>879.3</b>	<b>55.3</b>	
Bonds and borrowings	851.1	798.0	53.1	Increase due to new borrowings
Retirement benefit liabilities	21.9	22.0	(0.1)	
Other non-current liabilities	61.6	59.3	2.3	
<b>Total liabilities</b>	<b>1,736.9</b>	<b>1,725.3</b>	<b>11.6</b>	
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	115.9	124.3	(8.4)	
Retained earnings	167.1	155.5	11.6	Profit for the period +19.8
<b>Total equity attributable to owners of the Company</b>	<b>589.6</b>	<b>586.4</b>	<b>3.2</b>	Dividends (7.5)
Non-controlling interests	40.3	38.7	1.6	
<b>Total equity</b>	<b>629.9</b>	<b>625.1</b>	<b>4.8</b>	
<b>Total liabilities and equity</b>	<b>2,366.8</b>	<b>2,350.4</b>	<b>16.4</b>	
Gross interest-bearing debt	1,009.8	911.5	+98.3	
Net interest-bearing debt	728.3	603.5	+124.8	
Net debt/equity ratio (times)*	1.24	1.03	+0.21	
Equity ratio*	24.9%	25.0%	(0.1%)	
Current ratio	173.0%	162.7%	+10.3%	
Long-term debt ratio	84.3%	87.5%	(3.2%)	

\* "Total equity attributable to owners of the Company" is recognized as "Total equity", and is also used as the denominator of "Net debt/equity ratio" and the numerator of "Equity ratio."

# Highlights of Consolidated Financial Results for the First Quarter Ended June 30, 2018 (IFRS) — Supplementary Material

August 1, 2018  
Sojitz Corporation

(Billions of yen)

(Billions of yen)

## Operating Results

	FY2018 1Q Results	FY2017 1Q Results	Difference	FY2018 Forecast	Percentage Achieved
<b>Revenue</b>	<b>467.9</b>	<b>432.4</b>	+35.5	—	—
<b>Gross profit</b>	<b>59.9</b>	<b>51.6</b>	+8.3	<b>240.0</b>	25%
Selling, general and administrative expenses	(42.7)	(38.5)	(4.2)	(174.0)	
Other income/expenses	4.9	1.0	+3.9	0.0	
Financial income/costs	(0.4)	(0.9)	+0.5	(6.0)	
Share of profit (loss) of investments accounted for using the equity method	5.6	5.9	(0.3)	26.0	
<b>Profit before tax</b>	<b>27.3</b>	<b>19.1</b>	+8.2	<b>86.0</b>	32%
<b>Profit for the period</b> (Profit attributable to)	<b>21.4</b>	<b>15.9</b>	+5.5	<b>67.5</b>	32%
<b>Owners of the Company</b>	<b>19.8</b>	<b>14.6</b>	+5.2	<b>63.0</b>	31%
Non-controlling interests	1.6	1.3	+0.3	4.5	
Core earnings*1	22.2	17.9	+4.3	86.0	
Comprehensive income attributable to owners of the Company	11.2	19.6	(8.4)		

\*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

(Billions of yen)

## Financial Position

	Jun. 30, 2018	Mar. 31, 2018	Difference	Mar. 31, 2019 Forecast
<b>Total assets</b>	<b>2,366.8</b>	<b>2,350.4</b>	+16.4	<b>2,400.0</b>
<b>Total equity*2</b>	<b>589.6</b>	<b>586.4</b>	+3.2	<b>630.0</b>
<b>Equity ratio</b>	<b>24.9%</b>	<b>25.0%</b>	(0.1)%	<b>26.3%</b>
<b>Net interest-bearing debt</b>	<b>728.3</b>	<b>603.5</b>	+124.8	<b>650.0</b>
<b>Net D/E ratio (times)</b>	<b>1.24</b>	<b>1.03</b>	+0.21	<b>1.0</b>
<b>Risk assets*3</b>	<b>350.0</b>	<b>350.0</b>	+0.0	—
<b>Ratio of risk assets to equity (times)</b>	<b>0.6</b>	<b>0.6</b>	(0.0)	—

\*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.

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.

## Segment Performance [Gross Profit]

	FY2018 1Q	FY2017 1Q	Difference	FY2018 Forecast
<b>Automotive</b>	<b>10.6</b>	7.5	+3.1	<b>42.0</b>
<b>Aerospace &amp; Transportation Project</b>	<b>3.3</b>	3.5	(0.2)	<b>17.0</b>
<b>Machinery &amp; Medical Infrastructure</b>	<b>2.8</b>	2.7	+0.1	<b>14.0</b>
<b>Energy &amp; Social Infrastructure</b>	<b>4.3</b>	4.8	(0.5)	<b>21.0</b>
<b>Metals &amp; Mineral Resources</b>	<b>9.7</b>	5.4	+4.3	<b>26.0</b>
<b>Chemicals</b>	<b>11.6</b>	11.2	+0.4	<b>47.0</b>
<b>Foods &amp; Agriculture Business</b>	<b>5.3</b>	5.8	(0.5)	<b>20.0</b>
<b>Retail &amp; Lifestyle Business</b>	<b>9.6</b>	9.0	+0.6	<b>39.0</b>
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>1.4</b>	0.8	+0.6	<b>8.0</b>
<b>Other</b>	<b>1.3</b>	0.9	+0.4	<b>6.0</b>

<b>Total</b>	<b>59.9</b>	51.6	+8.3	<b>240.0</b>
--------------	-------------	------	------	--------------

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

	FY2018 1Q	FY2017 1Q	Difference	Main Factors Behind Difference	FY2018 Forecast	Progress Overview	(Reference) FY2017 Results
<b>Automotive</b>	<b>3.1</b>	<b>2.8</b>	+0.3	Increased due to gains on a sale of automobile-related company despite rebound from one-time income recorded in the previous equivalent period	<b>5.5</b>	Performance generally as budgeted	<b>6.5</b>
<b>Aerospace &amp; Transportation Project</b>	<b>0.7</b>	<b>0.4</b>	+0.3	Increased due to gains on sales of aircraft	<b>4.0</b>	Earning contributions anticipated from progress in railroad projects along with earnings from second-half aircraft-related transactions	<b>3.3</b>
<b>Machinery &amp; Medical Infrastructure</b>	<b>0.3</b>	<b>(0.1)</b>	+0.4	Increased due to recording of revenue associated with infrastructure projects	<b>3.0</b>	Earnings from industrial machinery-related transactions and revenue associated with infrastructure projects anticipated	<b>5.7</b>
<b>Energy &amp; Social Infrastructure</b>	<b>0.2</b>	<b>0.2</b>	+0.0	Unchanged year on year	<b>4.5</b>	Earning contributions from domestic and overseas power generation businesses and from affiliates anticipated in the second half of the fiscal year	<b>(5.8)</b>
<b>Metals &amp; Mineral Resources</b>	<b>8.2</b>	<b>4.2</b>	+4.0	Increased due to higher prices and transaction volumes of coal and other resources	<b>20.5</b>	Forecast unchanged, despite strong conditions in markets for coal and certain other commodities	<b>21.9</b>
<b>Chemicals</b>	<b>2.2</b>	<b>2.3</b>	(0.1)	Unchanged year on year	<b>10.5</b>	Performance generally as budgeted	<b>8.7</b>
<b>Foods &amp; Agriculture Business</b>	<b>1.2</b>	<b>2.1</b>	(0.9)	Decreased due to higher material costs in overseas fertilizer businesses	<b>4.5</b>	Conditions, including higher material costs in overseas fertilizer businesses, more or less as budgeted	<b>4.0</b>
<b>Retail &amp; Lifestyle Business</b>	<b>1.7</b>	<b>1.6</b>	+0.1	Unchanged year on year	<b>5.5</b>	Performance generally as budgeted	<b>5.6</b>
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>(0.2)</b>	<b>(0.4)</b>	+0.2	Unchanged year on year	<b>1.5</b>	Earning contributions from overseas industrial park businesses anticipated in the second half of the fiscal year	<b>2.1</b>
<b>Other</b>	<b>2.4</b>	<b>1.5</b>	+0.9		<b>3.5</b>		<b>4.8</b>

<b>Total</b>	<b>19.8</b>	<b>14.6</b>	+5.2	<b>63.0</b>
--------------	-------------	-------------	------	-------------

## Commodity Prices and Exchange Rates

	FY2017 Results (Apr.-Jun. '17 Avg.)	FY2018 Assumption (Annual Avg.)	FY2018 Results (Apr.-Jun. '18 Avg.)	Latest Data (as of July 26, 2018)
<b>Crude oil (Brent)</b>	US\$50.8/bbl	US\$60.0/bbl	US\$75.0/bbl	US\$74.5/bbl
<b>Thermal coal**1</b>	US\$79.8/t	US\$85.0/t	US\$105.3/t	US\$120.7/t
<b>Exchange rate**2</b>	¥111.4/US\$	¥105.0/US\$	¥109.5/US\$	¥110.7/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.

(Reference) Effective April 1, 2018, the Company underwent the following changes in divisions as part of a structural reorganization. Figures for FY2017 1Q and FY2017 have been restated to reflect these changes.

Overview of Structural Reorganization Conducted Effective April 1, 2018

- The Aerospace & IT Business Division, the Infrastructure & Environment Business Division, and the Energy Division were reorganized to the Aerospace & Transportation Project Division, the Machinery & Medical Infrastructure Division and the Energy & Social Infrastructure Division.
- The name of the Metals & Coal Division has been changed to the Metals & Mineral Resources Division.