

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)%)
<ul style="list-style-type: none"> 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%)
<ul style="list-style-type: none"> 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%)
<ul style="list-style-type: none"> Increase in gross profit 		
Profit for the period (attributable to owners of the Company)	8.4 billion yen	((2.2 billion yen / (20.6)%)
<ul style="list-style-type: none"> 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

(Billions of Yen)							
	FY2016 1Q	FY2015 1Q			FY2016	Percentage	
	Results	Results	Difference	Reasons for the Difference	Forecast	Achieved	
	a	b	a-b		c	a/c	
Net sales (JGAAP)*1	896.3	1,030.1	(133.8)	Net sales (JGAAP): change in segment			
				Metals & Coal	(49.9)		
				Foods & Agriculture Business	(44.6)	4,330.0	21%
				Chemicals	(21.8)		
Gross profit	46.8	45.5	1.3	Gross profit: change in segment			
				Retail	+2.8	210.0	22%
				Infrastructure & Environment Business	+0.9	(4.85%)	
				Metals & Coal	(1.9)		
				Chemicals	(1.4)		
Selling, general and administrative expenses							
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)		
Other income/expenses							
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)		
Operating profit	8.6	8.0	0.6		44.0	20%	
Financial income/costs							
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)	Lower profit from automobile related subsidiary	17.0		
Profit before tax	9.6	15.1	(5.5)		53.0	18%	
Income tax expenses	(0.4)	(3.2)	2.8	Reduction of income tax expenses of subsidiaries	(10.0)		
Profit for the period	9.2	11.9	(2.7)		43.0	21%	
(Profit attributable to)							
Owners of the Company	8.4	10.6	(2.2)		40.0	21%	
Non-controlling interests	0.8	1.3	(0.5)		3.0		
Revenue	375.0	444.9	(69.9)				
Core earnings*2	10.2	13.8	(3.6)		57.0		

Comprehensive Income

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

Cash Flows

(Billions of Yen)			
	FY2016 1Q Results a	FY2015 1Q Results b	Difference a-b
Cash flows from operating activities	39.3	6.7	32.6
Cash flows from investing activities	(15.0)	(6.6)	(8.4)
Free cash flows	24.3	(0.1)	24.4
Cash flows from financing activities	(28.0)	(8.7)	(19.3)
Factors Affecting Circled Figures			
Inflows from business transactions			
Outflows for capital expenditures in domestic solar power generation businesses			
Outflows for repayment of borrowings			

Consolidated Statements of Financial Position

(Billions of Yen)			
	June 30, 2016 d	Mar. 31, 2016 e	Difference d-e
Current assets	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)
Inventories	228.3	237.1	(8.8)
Other current assets	68.1	62.0	6.1
Non-current assets	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)
Other non-current assets	55.0	61.8	(6.8)
Total assets	1,973.1	2,056.7	(83.6)
Current liabilities	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)
Other current liabilities	70.4	66.2	4.2
Non-current liabilities	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)
Total liabilities	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
Other components of equity	85.9	132.4	(46.5)
Retained earnings	84.6	81.3	3.3
Total equity attributable to owners of the Company	477.1	520.3	(43.2)
Non-controlling interests	28.2	29.4	(1.2)
Total equity	505.3	549.7	(44.4)
Total liabilities and equity	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."