

Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2016 (IFRS) — Supplementary Material

November 2, 2016

Sojitz Corporation

(Billions of Yen)

(Billions of Yen)

Operating Results

	FY2016 1H Results	FY2015 1H Results	Difference	FY2016 Forecast (Nov. 2, 2016)	Percentage Achieved
Net sales (JGAAP)*1	1,776.7	2,015.9	(239.2)	3,930.0	45%
Gross profit	91.8	91.7	+0.1	200.0	46%
Gross profit margin	5.17%	4.55%	+ 0.62%	(5.09%)	
Selling, general and administrative expenses	(74.6)	(76.9)	+2.3	(152.0)	
Other income/expenses	(1.0)	1.7	(2.7)	(3.0)	
Operating profit	16.2	16.5	(0.3)	45.0	36%
Financial income/costs	(3.4)	(4.0)	+ 0.6	(7.0)	
Share of profit (loss) of investments accounted for using the equity method	6.7	15.2	(8.5)	15.0	
Profit before tax	19.5	27.7	(8.2)	53.0	37%
Profit for the period	16.8	23.0	(6.2)	43.0	39%
(Profit attributable to)					
Owners of the Company	15.4	20.6	(5.2)	40.0	39%
Non-controlling interests	1.4	2.4	(1.0)	3.0	
Core earnings*2	20.6	25.8	(5.2)	56.0	
Revenue	734.6	874.1	(139.5)		
Comprehensive income attributable to owners of the Company	(40.4)	(3.2)	(37.2)		

*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. It is not to be construed as equivalent to, or a substitute for, revenues under IFRS.

*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

	Sep. 30, 2016	Mar. 31, 2016	Difference	FY2016 Forecast (Nov. 2, 2016)
Total assets	1,924.1	2,056.7	(132.6)	2,100.0
Total equity *3	474.7	520.3	(45.6)	500.0
Equity ratio	24.7%	25.3%	(0.6)%	23.8%
Net interest-bearing debt	559.4	571.6	(12.2)	630.0
Net D/E ratio (times)	1.18	1.10	+0.08	1.26
Risk assets	320.0	330.0	(10.0)	-
Ratio of risk assets to equity (times)	0.7	0.6	+0.1	-

*3 "Total equity attributable to owners of the Company" is recognized as "Total equity" 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 1H	FY2015 1H	Difference	FY2016 Forecast (Nov. 2, '16)	FY2016 Initial Forecast
Auto-motive	11.4	11.7	(0.3)	25.0	30.0
Aerospace & IT Business	12.8	11.6	+1.2	31.0	31.0
Infrastructure & Environment Business	9.0	8.8	+0.2	24.0	24.0
Energy	0.1	1.2	(1.1)	3.0	3.0
Metals & Coal	4.8	6.4	(1.6)	13.0	13.0
Chemicals	18.1	20.4	(2.3)	38.0	43.0
Foods & Agriculture Business	13.0	10.8	+2.2	20.0	20.0
Lifestyle Commodities & Materials	10.0	9.2	+0.8	21.0	21.0
Retail	10.9	9.7	+1.2	22.0	22.0
Other	1.7	1.9	(0.2)	3.0	3.0
Total	91.8	91.7	+0.1	200.0	210.0

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

	FY2016 1H	FY2015 1H	Difference	Main Factors Behind Difference	FY2016 Forecast (Nov. 2, '16)	FY2016 Initial Forecast	FY2016 Current Position and Outlook
Auto-motive	1.7	4.1	(2.4)	Despite earnings contributions from investments and loans, decreased due to absence of one-time profit recorded in previous equivalent period	4.0	5.0	Forecasts lowered to reflect impacts of reduced automobile sales in Russia and the Philippines compared with initial estimates
Aerospace & IT Business	(0.8)	1.4	(2.2)	Decreased due to impairment losses on Company-owned ships	4.5	4.5	Impacts of impairment losses on Company-owned ships being felt, but contributions from aerospace- and IT-related projects expected during the second half of the fiscal year
Infrastructure & Environment Business	1.7	1.2	+0.5	Increased due to earnings contributions from domestic solar power generation businesses	5.5	6.5	Delays in progress of plant- and infrastructure-related projects expected during the second half of the fiscal year
Energy	(3.0)	0.1	(3.1)	Decreased due to lower oil price and reduction in share of profit of investments accounted for using the equity method attributable to LNG business and other companies	(2.0)	(2.0)	Oil prices are higher and earnings contributions from investments accounted for using the equity method anticipated
Metals & Coal	1.0	3.0	(2.0)	Decreased due to lower resource prices and reduction in share of profit of investments accounted for using the equity method attributable to steel business and other companies	6.0	3.0	Forecasts increased in consideration of rising prices of coal and other resources
Chemicals	3.7	4.3	(0.6)	Decreased due to impacts of drop in methanol price and yen appreciation	8.5	9.5	Forecasts lowered out of consideration of sluggish chemical market conditions
Foods & Agriculture Business	4.1	2.7	+1.4	Increased due to improved earnings in overseas fertilizer businesses resulted from lower prices for raw materials	5.0	5.0	Forecasts incorporate both strong progress in fertilizer businesses and sluggish performance in grain collection businesses
Lifestyle Commodities & Materials	2.2	0.3	+1.9	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	4.5	4.5	Progress in line with forecasts
Retail	3.4	2.9	+0.5	Increased due to gain on sales of real estate held for sale in Japan	4.0	4.0	Progress in line with forecasts despite strong progress resulted from sale of real estate held for sale in Japan
Other	1.4	0.6	+0.8	Decreased in income tax expenses	0.0	0.0	Asset replacement costs to be incurred
Total	15.4	20.6	(5.2)		40.0	40.0	

Commodity Prices and Exchange Rates

	FY2015 Results (Apr.- Sep. '15 Avg.)	FY2016 Initial Assumptions (Annual Avg.)	FY2016 Results (Apr.- Sep. '16 Avg.)	Latest Data (as of Oct. 28, 2016)
Crude oil (Brent)**1	\$57.4/bbl	US\$40/bbl	US\$47.0/bbl	US\$49.7/bbl
Thermal coal**2	\$63.4/t	US\$52/t	US\$59.4/t	US\$105.8/t
Exchange rate**3	¥121.7/US\$	¥110/US\$	¥105.4/US\$	¥105.2/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.