

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2016 (IFRS) — Supplementary Material

February 3, 2017

Sojitz Corporation

(Billions of Yen)

(Billions of Yen)

Operating Results

	FY2016 9-month	FY2015 9-month	Difference	FY2016 Forecast (Nov. 2, 2016)	Percentage achieved
Net sales (JGAAP)*1	2,749.3	3,024.4	(275.1)	3,930.0	70%
Gross profit	142.1	133.2	+ 8.9	200.0	71%
Gross profit margin	(5.17%)	(4.40%)	(+0.77%)	(5.09%)	
Selling, general and administrative expenses	(112.0)	(115.7)	+ 3.7	(152.0)	
Other income/expenses	4.3	9.7	(5.4)	(3.0)	
Operating profit	34.4	27.2	+ 7.2	45.0	76%
Financial income/costs	(4.8)	(6.1)	+ 1.3	(7.0)	
Share of profit (loss) of investments accounted for using the equity method	10.2	19.3	(9.1)	15.0	
Profit before tax	39.8	40.4	(0.6)	53.0	75%
Profit for the period (Profit attributable to)	32.2	33.6	(1.4)	43.0	75%
Owners of the Company	30.1	32.2	(2.1)	40.0	75%
Non-controlling interests	2.1	1.4	+ 0.7	3.0	
Core earnings*2	35.5	30.5	+ 5.0	56.0	63%
Revenue	1,120.9	1,267.6	(146.7)		
Comprehensive income attributable to owners of the Company	20.7	5.2	+ 15.5		

Segment Performance [Gross Profit]

	FY2016 9-month	FY2015 9-month	Difference	FY2016 Forecast (Nov. 2, '16)
Auto-motive	18.0	18.6	(0.6)	25.0
Aerospace & IT Business	19.7	17.5	+2.2	31.0
Infrastructure & Environment Business	13.3	12.5	+0.8	24.0
Energy	0.7	1.6	(0.9)	3.0
Metals & Coal	12.3	8.7	+3.6	13.0
Chemicals	26.9	29.3	(2.4)	38.0
Foods & Agriculture Business	17.6	14.5	+3.1	20.0
Lifestyle Commodities & Materials	15.4	14.1	+1.3	21.0
Retail	15.7	13.5	+2.2	22.0
Other	2.5	2.9	(0.4)	3.0
Total	142.1	133.2	+8.9	200.0

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

	FY2016 9-month	FY2015 9-month	Difference	Main Factors Behind Difference	FY2016 Forecast (Nov. 2, '16)	FY2016 Current Position
Auto-motive	2.5	5.1	(2.6)	Despite earnings contributions from dealership businesses in the Americas, decreased due to absence of one-time profit recorded in previous equivalent period	4.0	Strong performance anticipated in dealerships businesses in the Americas, but trends in emerging economies and foreign exchange rates warrant caution
Aerospace & IT Business	0.6	1.5	(0.9)	Despite strong performance in aerospace- and IT-related businesses, decreased due to impairment losses on Company-owned ships	4.5	Earnings contributions from aerospace- and IT-related businesses expected
Infrastructure & Environment Business	2.7	(0.1)	+2.8	Profit recorded due to earnings contributions from domestic solar power generation businesses as well as absence of impairment losses recorded in previous equivalent period	5.5	Earnings contributions from infrastructure-related projects expected
Energy	0.0	(0.9)	+0.9	Despite impacts of lower oil price, loss averted through gains on sales of oil and gas interests	(2.0)	Progress in line with forecasts
Metals & Coal	4.6	11.2	(6.6)	Despite benefits of higher coal price, decreased due to absence of gains on revaluation of coal business assets recorded in previous equivalent period following change in holding purpose	6.0	Coal prices remain above initial expectations
Chemicals	5.3	5.8	(0.5)	Decreased due to impacts of drop in methanol price	8.5	Performance to be influenced by higher methanol prices and increased resin product transactions
Foods & Agriculture Business	5.3	3.3	+2.0	Increased due to improved earnings in overseas fertilizer businesses resulted from lower prices for raw materials	5.0	Profit currently exceeding forecast due to strong performance of fertilizer businesses, but sluggish performance in grain collection businesses is projected
Lifestyle Commodities & Materials	3.5	1.3	+2.2	Increased due to strong textile business performance and absence of impairment loss recorded during the previous equivalent period	4.5	Progress in line with forecasts
Retail	3.7	3.0	+0.7	Increased due to gain on sales of real estate held for sale in Japan	4.0	Progress in line with forecasts
Other	1.9	2.0	(0.1)	Relatively unchanged year on year	0.0	Asset replacement costs to be incurred
Total	30.1	32.2	(2.1)		40.0	

*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

	Dec. 31, 2016	Mar. 31, 2016	Difference	FY2016 Forecast (Feb. 3, 2017)
Total assets	2,108.6	2,056.7	+ 51.9	2,150.0
Total equity*3	531.0	520.3	+ 10.7	540.0
Equity ratio	25.2%	25.3%	(0.1)%	25.1%
Net interest-bearing debt	574.6	571.6	+ 3.0	620.0
Net D/E ratio (times)	1.08	1.10	(0.02)	1.15
Risk assets	340.0	330.0	+ 10.0	-
Ratio of risk assets to equity (times)	0.6	0.6	0.0	-

Commodity Prices and Exchange Rates

	FY2015 Results (Apr.- Dec. '15 Avg.)	FY2016 Initial Assumption (Annual Avg.)	FY2016 Results (Apr.- Sep. '16 Avg.)	FY2016 Results (Oct.- Dec. '16 Avg.)	FY2016 Results (Apr.- Dec. '16 Avg.)	Latest Data (As of Jan. 31, 2017)
Crude oil (Brent) **1	\$53.2/bbl	US\$40.0/bbl	US\$47.0/bbl	US\$51.1/bbl	US\$48.4/bbl	US\$55.7/bbl
Thermal coal **2	\$63.8/t	\$52.0/t	US\$59.4/t	US\$94.7/t	US\$71.1/t	US\$83.0/t
Exchange rate **3	¥121.6/US\$	¥110.0/US\$	¥105.4/US\$	¥111.3/US\$	¥107.3/US\$	¥113.8/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.

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