

Highlights of Consolidated Financial Results for the Second Quarter Ended September 30, 2017 (IFRS) - Supplementary Material

November 2, 2017  
Sojitz Corporation

(Billions of yen)

Operating Results

	FY2017 1H	FY2016 1H	Difference	FY2017 Forecast (Nov. 2, 2017)	Percentage Achieved
Net sales (JGAAP)*1	2,044.3	1,776.7	+267.6	4,100.0	50%
Gross profit	111.5	91.8	+19.7	227.0	49%
Gross profit margin	5.45%	5.17%		5.54%	
Selling, general and administrative expenses	(78.5)	(74.6)	(3.9)	(166.0)	
Other income/expenses	(3.1)	(1.0)	(2.1)	(5.0)	
Operating profit	29.9	16.2	+13.7	56.0	53%
Financial income/costs	(2.9)	(3.4)	+0.5	(7.0)	
Share of profit (loss) of investments accounted for using the equity method	10.9	6.7	+4.2	21.0	
Profit before tax	37.9	19.5	+18.4	70.0	54%
Profit for the period	30.3	16.8	+13.5	54.0	56%
(Profit attributable to)					
Owners of the Company	27.2	15.4	+11.8	50.0	54%
Non-controlling interests	3.1	1.4	+1.7	4.0	
Core earnings*2	40.8	20.6	+20.2	75.0	
Revenue	884.0	734.6	+149.4		
Comprehensive income attributable to owners of the Company	33.6	(40.4)	+74.0		

- \*1 Net sales above is based on JGAAP and represents the total value of the transactions for which the Sojitz Group acts as a principal operator or as an 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

(Billions of yen)

Financial Position

	Sep. 30, 2017	Mar. 31, 2017	Difference	Mar. 31, 2018 Forecast (Nov. 2, 2017)
Total assets	2,322.3	2,138.5	+ 183.8	2,350.0
Total equity*3	579.2	550.5	+ 28.7	600.0
Equity ratio	24.9%	25.7%	(0.8)%	25.5%
Net interest-bearing debt	666.7	611.1	+ 55.6	650.0
Net D/E ratio (times)	1.15	1.11	+ 0.04	1.08
Risk assets	310.0	320.0	(10.0)	-
Ratio of risk assets to equity (times)	0.5	0.6	(0.1)	-

- \*3 “Total Equity” above refers to “total equity attributable to owners of the Company” and is used as the denominator when calculating “Net DER” and numerator when calculating the “Equity Ratio.”

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)

Segment Performance [Gross Profit]

	FY2017 1H	FY2016 1H	Difference	FY2017 Revised Forecast	FY2017 Initial Forecast
Auto-motive	15.6	11.4	+4.2	33.0	33.0
Aerospace & IT Business	10.9	12.8	(1.9)	28.0	28.0
Infra-structure & Environment Business	13.1	9.0	+4.1	24.0	24.0
Energy	1.4	0.1	+1.3	4.0	4.0
Metals & Coal	12.7	4.8	+7.9	25.0	20.0
Chemicals	22.8	18.1	+4.7	43.0	43.0
Foods & Agriculture Business	11.9	13.0	(1.1)	21.0	21.0
Retail & Lifestyle Business	17.2	18.2	(1.0)	36.0	36.0
Industrial Infrastructure & Urban Development	3.4	2.7	+0.7	8.0	8.0
Other	2.5	1.7	+0.8	5.0	5.0

Total	111.5	91.8	+19.7	227.0	222.0
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Segment Performance [Profit for the Period (Attributable to owners of the Company)]

FY2017 1H	FY2016 1H	Difference	Main Factors Behind Difference	FY2017 Revised Forecast	FY2017 Initial Forecast	Progress Overview	(Reference) FY2016 Results
4.3	1.7	+2.6	Increased due to higher automobile sales volumes in overseas automobile assembly and wholesale businesses	5.0	4.0	Forecast raised based on 1st half performance	3.6
0.9	(0.8)	+1.7	Improved due to absence of impairment losses on Company-owned ships recorded during the 2nd half of FY2016	5.0	5.0	Earnings contributions from aircraft-related transactions and IT industry-related business anticipated in 2nd half of fiscal year	9.9
3.6	1.5	+2.1	Increased due to earnings contributions from infrastructure-related businesses and higher industrial machinery transactions	5.0	5.0	Performance generally as budgeted	4.2
(4.3)	(3.0)	(1.3)	Decreased due to one-time losses related to oil and gas interests	(4.0)	1.0	Forecast lowered in light of one-time losses related to oil and gas interests	(0.6)
9.5	1.0	+8.5	Increased due to higher prices of coal and other resources and recovery of steel market conditions	17.0	13.0	Forecast raised in reflection of higher prices for coal and other resources	10.0
4.8	3.9	+0.9	Increased due to new acquisition of a European chemical distributor and marketing company, higher methanol prices, and higher volume of plastic resin transactions	8.0	8.0	Performance generally as budgeted	8.3
4.3	4.1	+0.2	Increased due to firm performance of overseas fertilizer businesses	5.0	5.0	Performance generally as budgeted	(6.9)
2.7	4.7	(2.0)	Decreased due to absence of gain on sales of shopping centers in Japan recorded in the 1st quarter of FY2016	5.0	5.0	Performance generally as budgeted	7.3
0.0	0.9	(0.9)	Decreased as a result of fewer sites being turned over in some overseas industrial park businesses	2.0	2.0	Earnings contributions from overseas industrial park businesses and domestic real estate businesses anticipated in 2nd half of fiscal year	1.3
1.4	1.4	0.0		2.0	2.0		3.7

50.0	50.0	40.8
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Commodity Prices and Exchange Rates

	FY2016 Results (Apr.- Sep. '16 Avg.)	FY2017 Assumption (Annual Avg.)	FY2017 Results (Apr.- Sep. '17 Avg.)	Latest Data (as of October 27, 2017)
Crude oil (Brent)**1	US\$47.0/bbl	US\$50.0/bbl	US\$51.5/bbl	US\$60.4/bbl
Thermal coal**2	US\$59.4/t	US\$77.5/t	US\$86.1/t	US\$97.2/t
Exchange rate**3	¥105.4/US\$	¥110.0/US\$	¥111.3/US\$	¥114.2/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 ¥30 million annually.
- \*\*2 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.
- \*\*3 Impact of fluctuations in the exchange rate on earnings: ¥ 1/US\$ change alters gross profit by approx. ¥ 0.4 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥ 0.1 billion annually, and total equity by approx. ¥ 1.8 billion annually.

(Reference) Effective April 1, 2017, the Company underwent the following changes in divisions as part of a structural reorganization. Figures for FY2016 1Q and FY2016 have been restated to reflect these changes.

Overview of Structural Reorganization Conducted Effective April 1, 2017  
·The Lifestyle Commodities & Materials Division and the Retail Division were reorganized to form the Retail & Lifestyle Business Division and the Industrial Infrastructure & Urban Development Division.

·In conjunction with the structural reorganization, the medical and healthcare business operations previously included in the Chemicals Division were transferred to the Infrastructure & Environment Business Division.