

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2017 (IFRS) - Supplementary Material

February 2, 2018
Sojitz Corporation

(Billions of yen)

(Billions of yen)

Operating Results					Segment Performance [Gross Profit]					Segment Performance [Profit for the Period (Attributable to owners of the Company)]									
	FY2017 3Q	FY2016 3Q	Difference	FY2017 Revised Forecast (Feb. 2, 2018)	Percentage Achieved		FY2017 3Q	FY2016 3Q	Difference	FY2017 Revised Forecast (Feb. 2, 2018)	FY2017 Revised Forecast (Nov. 2, 2017)	FY2017 3Q	FY2016 3Q	Difference	Main Factors Behind Difference	FY2017 Revised Forecast (Feb. 2, 2018)	FY2017 Revised Forecast (Nov. 2, 2017)	Progress Overview	(Reference) FY2016 Results
Net sales (JGAAP)*1	3,139.4	2,749.3	+390.1	4,200.0	75%	Auto- motive	25.3	18.0	+7.3	34.0	33.0	6.0	2.5	+3.5	Increased due to higher automobile sales volumes in overseas automobile assembly and wholesale businesses	7.0	5.0	Forecast raised based on nine-month performance	3.6
Gross profit	168.9	142.1	+26.8	230.0	73%	Aerospace & IT Business	16.6	19.7	(3.1)	26.0	28.0	1.1	0.6	+0.5	Impairment losses recorded on Company-owned ships during the second half of FY2016	5.0	5.0	Earnings contributions from aircraft-related transactions and IT industry-related business anticipated in the fourth quarter	9.9
Gross profit margin	5.38%	5.17%	0.21%	5.48%		Infra- structure & Environment Business	19.4	13.3	+6.1	24.0	24.0	5.6	2.5	+3.1	Increased due to earnings contributions from infrastructure-related businesses and higher volume of industrial machinery transactions	6.0	5.0	Forecast raised in consideration of earnings contributions from infrastructure-related and other transactions	4.2
Selling, general and administrative expenses	(119.2)	(112.0)	(7.2)	(164.0)		Energy	2.5	0.7	+1.8	4.0	4.0	(2.7)	0.0	(2.7)	Decreased due to one-time losses related to oil and gas interests	(4.0)	(4.0)	Forecast unchanged from figures announced on November 2, 2017	(0.6)
Other income/expenses	(2.6)	4.3	(6.9)	(5.0)		Metals & Coal	20.2	12.3	+7.9	28.0	25.0	15.1	4.6	+10.5	Increased due to higher prices of coal and other resources, in addition to recovery of steel market conditions	19.0	17.0	Forecast raised in reflection of higher prices for coal and other resources	10.0
Operating profit	47.1	34.4	+12.7	61.0	77%	Chemicals	33.4	26.9	+6.5	44.0	43.0	6.9	5.6	+1.3	Increased due to new acquisition of a European chemical distributor and marketing company, higher methanol prices, and higher volume of plastic resin transactions	9.0	8.0	Forecast raised in reflection of strong performance centered on overseas plastic resin transactions	8.3
Financial income/costs	(3.4)	(4.8)	+1.4	(5.0)		Foods & Agriculture Business	15.8	17.6	(1.8)	21.0	21.0	4.6	5.3	(0.7)	Decreased due to declines in sales volumes in overseas fertilizer businesses	5.0	5.0	Performance generally as budgeted	(6.9)
Share of profit (loss) of investments accounted for using the equity method	17.1	10.2	+6.9	24.0		Retail & Lifestyle Business	26.4	27.3	(0.9)	36.0	36.0	4.3	6.5	(2.2)	Decreased due to absence of gain on sales of shopping centers in Japan recorded in the first quarter of FY2016	5.0	5.0	Performance generally as budgeted	7.3
Profit before tax	60.8	39.8	+21.0	80.0	76%	Industrial Infrastructure & Urban Development	5.4	3.8	+1.6	8.0	8.0	0.5	0.7	(0.2)	Decreased as a result of fewer lot sales in some overseas industrial park businesses	2.0	2.0	Earnings contributions from overseas industrial park businesses and domestic real estate businesses anticipated in the fourth quarter	1.3
Profit for the period (Profit attributable to)	48.6	32.2	+16.4	61.0	80%	Other	3.9	2.5	+1.4	5.0	5.0	3.4	1.8	+1.6		2.0	2.0		3.7
Owners of the Company	44.8	30.1	+14.7	56.0	80%														
Non-controlling interests	3.8	2.1	+1.7	5.0															
Core earnings*2	63.5	35.5	+28.0	85.0															
Revenue	1,353.6	1,120.9	+232.7																
Comprehensive income attributable to owners of the Company	62.7	20.7	+42.0																

(Billions of yen)

Financial Position				
	Dec. 31, 2017	Mar. 31, 2017	Difference	Mar. 31, 2018 Revised Forecast (Feb. 2, 2018)
Total assets	2,455.8	2,138.5	+ 317.3	2,400.0
Total equity*3	601.9	550.5	+ 51.4	600.0
Equity ratio	24.5%	25.7%	(1.2)%	25.0%
Net interest-bearing debt	773.2	611.1	+ 162.1	650.0
Net D/E ratio (times)	1.28	1.11	+ 0.17	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 the numerator when calculating "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.

Total	168.9	142.1	+26.8	230.0	227.0	44.8	30.1	+14.7	56.0	50.0	40.8
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Commodity Prices and Exchange Rates

	FY2016 Results (Apr. - Dec. '16 Avg.)	FY2017 Assumption (Annual Avg.)	FY2017 Results (Apr. - Sep. '17 Avg.)	FY2017 Results (Oct. - Dec. '17 Avg.)	FY2017 Results (Apr. - Dec. '17 Avg.)	Latest Data (as of Jan. 29, 2018)
Crude oil (Brent)**1	US\$48.4/bbl	US\$50.0/bbl	US\$51.5/bbl	US\$61.5/bbl	US\$54.8/bbl	US\$69.5/bbl
Thermal coal**2	US\$71.1/t	US\$77.5/t	US\$86.1/t	US\$98.4/t	US\$91.0/t	US\$109.5/t
Exchange rate**3	¥107.3/US\$	¥110.0/US\$	¥111.3/US\$	¥113.0/US\$	¥111.8/US\$	¥108.7/US\$

**1 Fluctuations in the crude oil price do not have significant effect on FY2017 earnings.

**2 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

**3 Impact of exchange rate fluctuations on earnings: A ¥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.