

Highlights of Consolidated Financial Results for the Year Ended March 31, 2018 (IFRS)

May 1, 2018
Sojitz Corporation

Results Highlights

◆ In the year ended March 31, 2018, the final year of Medium-term Management Plan 2017 - Challenge for Growth, conditions in the global economy proved firm due to the support of growth in developed countries witnessing increased consumption and in emerging countries in which markets were buoyed by the growth in developed countries. Resource prices were likewise solid amidst bullish demand.The Company's net sales (JGAAP) for the year ended March 31, 2018, were up year on year due to increased sales in the Retail & Lifestyle Business Division, a result of higher tobacco transactions volumes; in the Chemicals Division, a result of the benefits of the new acquisition of a European chemical distributor and marketing company and higher plastic resin transaction volumes; and in the Metals & Coal Division, a result of rises in prices and transactions volumes for coal and other resources.Gross profit grew thanks to a rise in automobile sales volumes in overseas automobile wholesale businesses, higher selling prices in overseas coal businesses, and earnings contributions from infrastructure-related businesses. Profit for the period (attributable to owners of the Company) was up as a result of the higher gross profit as well as an increase in share of profit of investments accounted for using the equity method associated with a steel-related operating company. (Figures in parentheses are year-on-year changes) Net sales (JGAAP) 4,209.1 billion yen (+463.6 billion yen / +12.4%) • Increase in net sales in the Retail & Lifestyle Business Division due to higher tobacco transactions volumes • Increase in net sales in the Chemicals Division due to the new acquisition of a European chemical distributor and marketing company and higher volume of plastic resin transactions • Increase in net sales in the Metals & Coal Division due to higher prices and transaction volumes for coal and other resources Gross profit 232.4 billion yen (+31.7 billion yen / +15.8%) • Increase in gross profit in the Automotive Division following higher sales volumes in the overseas automobile wholesale businesses • Increase in gross profit in the Metals & Coal Division resulting from a rise in selling prices in the overseas coal businesses • Increase in gross profit in the Infrastructure & Environment Business Division as a result of earnings contributions from infrastructure-related businesses and higher industrial machinery transactions Operating profit 59.8 billion yen (+8.2 billion yen / +15.9%) • Increase in gross profit Profit for the year (attributable to owners of the Company) 56.8 billion yen (+16.0 billion yen / +39.5%) • Increase in operating profit • Increase in share of profit of investments accounted for using the equity method ◆ Cash dividend per share for the fiscal year ended March 31, 2018 Year-end 6.00 yen per share Full year 11.00 yen per share ◆ Earnings forecast for the fiscal year ending March 31, 2019 Profit for the year (attributable to owners of the Company) 63.0 billion yen (Assumptions) : Exchange rate (annual average: JPY/US\$) 105 ◆ Cash dividend per share for the fiscal year ending March 31, 2019 Interim 7.50 yen per share (forecast) Year-end 7.50 yen per share (forecast)		
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*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 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)						
	FY2017 Results a	FY2016 Results b	Difference a-b	Reasons for the difference	FY2017 Forecast c	Percentage Achieved a/c
Net sales (JGAAP)*1	4,209.1	3,745.5	463.6	Net sales (JGAAP): change in segment	4,200.0	100%
				Retail & Lifestyle Business +171.1		
				Chemicals +140.0		
				Mmetals & Coal +109.4		
				Automotive +56.3		
Gross profit	232.4	200.7	31.7	Gross profit: change in segment	230.0	101%
				Automotive +10.5		
				Metals & Coal +10.0		
				Infrastructure & Environment Business +7.9		
				Chemicals +7.6		
Gross profit margin	5.52%	5.36%	0.16%		(5.48%)	
Selling, general and administrative expenses						
Personnel expenses	(89.9)	(85.0)	(4.9)			
Non-personnel expenses	(65.8)	(62.1)	(3.7)			
Depreciation	(6.6)	(5.8)	(0.8)			
Provision of allowance for doubtful accounts	(0.4)	(0.1)	(0.3)			
(Total selling, general and administrative expenses)	(162.7)	(153.0)	(9.7)		(164.0)	
Other income/expenses						
Gain/loss on sale and disposal of fixed assets, net	(0.3)	4.8	(5.1)			
Impairment loss on fixed assets	(4.4)	(4.6)	0.2	→ Impairment on gas and ferroalloy interests → Sale of a gas interest-related operating company → Loss related to oil and gas interests		
Gain on sale of subsidiaries/associates	7.5	10.4	(2.9)			
Loss on reorganization of subsidiaries/associates	(11.8)	(8.2)	(3.6)			
Other operating income/expenses	(0.9)	1.5	(2.4)			
(Total other income/expenses)	(9.9)	3.9	(13.8)		(5.0)	
Operating profit	59.8	51.6	8.2		61.0	98%
Financial income/costs						
Interest earned	5.7	3.9	1.8			
Interest expenses	(14.7)	(14.4)	(0.3)			
(Interest expenses, net)	(9.0)	(10.5)	1.5			
Dividends received	4.6	4.2	0.4			
Other financial income/costs	(0.2)	0.0	(0.2)			
(Financial income/costs, net)	(4.6)	(6.3)	1.7		(5.0)	
Share of profit (loss) of investments accounted for using the equity method	25.1	12.7	12.4	Increase due to absence of losses in grain collection business recorded in the previous fiscal year and in profit of steel-related operating company	24.0	
Profit before tax	80.3	58.0	22.3		80.0	100%
Income tax expenses	(18.6)	(13.9)	(4.7)		(19.0)	
Profit for the year	61.7	44.1	17.6		61.0	101%
(Profit attributable to)						
Owners of the Company	56.8	40.8	16.0		56.0	101%
Non-controlling interests	4.9	3.3	1.6		5.0	
Revenue	1,816.5	1,555.3	261.2			
Core earnings*2	90.8	54.2	36.6		85.0	

Comprehensive Income

(Billions of Yen)			
	FY2017 Results a	FY2016 Results b	Difference a-b
Profit for the year	61.7	44.1	17.6
Other comprehensive income	(10.4)	0.1	(10.5)
Total comprehensive income for the year	51.3	44.2	7.1
Comprehensive income attributable to:			
Owners of the Company	47.4	40.3	7.1
Non-controlling interests	3.9	3.9	0.0

Cash Flows

(Billions of Yen)			
	FY2017 Results a	FY2016 Results b	Difference a-b
Cash flows from operating activities	98.8	0.9	97.9
Cash flows from investing activities	(86.4)	(32.2)	(54.2)
Free cash flows	12.4	(31.3)	43.7
Cash flows from financing activities	(13.1)	(4.0)	(9.1)

Consolidated Statements of Financial Position

(Billions of Yen)				
	Mar. 31, 2018 d	Mar. 31, 2017 e	Difference d-e	Reasons for the difference
Current assets	1,376.3	1,229.8	146.5	
Cash and cash equivalents	305.2	308.6	(3.4)	
Time deposits	2.8	5.7	(2.9)	
Trade and other receivables	549.9	563.5	(13.6)	
Inventories	396.0	271.3	124.7	Increase in tobacco and automobile businesses
Other current assets	122.4	80.7	41.7	Increase due to aircraft-related business
Non-current assets	974.1	908.7	65.4	
Property, plant and equipment	172.1	172.2	(0.1)	
Goodwill	65.8	57.6	8.2	
Intangible assets	44.1	34.1	10.0	
Investment property	24.5	21.1	3.4	
Investments accounted for using the equity method	590.2	559.6	30.6	Increase due to new acquisition and rising stock prices
Other non-current assets	77.4	64.1	13.3	
Total assets	2,350.4	2,138.5	211.9	
Current liabilities	846.0	717.8	128.2	
Trade and other payables	654.2	483.1	171.1	Increase in inventories
Bonds and borrowings	113.5	158.7	(45.2)	Decrease due to redemption of bonds and repayment of borrowings
Other current liabilities	78.3	76.0	2.3	
Non-current liabilities	879.3	842.7	36.6	
Bonds and borrowings	798.0	766.7	31.3	Increase due to issuance of bonds and new borrowings
Retirement benefits liabilities	22.0	21.4	0.6	
Other non-current liabilities	59.3	54.6	4.7	
Total liabilities	1,725.3	1,560.5	164.8	
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	124.3	132.7	(8.4)	
Retained earnings	155.5	111.2	44.3	Profit for the year +56.8, dividends (11.3)
Total equity attributable to owners of the Company	586.4	550.5	35.9	
Non-controlling interests	38.7	27.5	11.2	
Total equity	625.1	578.0	47.1	
Total liabilities and equity	2,350.4	2,138.5	211.9	

Gross interest-bearing debt	911.5	925.4	(13.9)
Net interest-bearing debt	603.5	611.1	(7.6)
Net debt/equity ratio (times)*	1.03	1.11	(0.08)
Equity ratio*	25.0%	25.7%	(0.7)%
Current ratio	162.7%	171.3%	(8.6)%
Long-term debt ratio	87.5%	82.9%	+4.6%

* "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."