

# Highlights of Consolidated Financial Results for the First Half Ended September 30, 2018 (IFRS) – Supplementary Material

November 1, 2018  
Sojitz Corporation

(Billions of yen)

(Billions of yen)

## Operating Results

	FY2018 1H Results	FY2017 1H Results	Difference	FY2018 Revised Forecast (Nov. 1, 2018)	Percentage Achieved
<b>Revenue</b>	<b>941.8</b>	<b>884.0</b>	+57.8	-	-
<b>Gross profit</b>	<b>120.9</b>	<b>111.5</b>	+9.4	<b>240.0</b>	50%
Selling, general and administrative expenses	(85.6)	(78.5)	(7.1)	(173.0)	
Other income/expenses	5.6	(3.1)	+8.7	6.0	
Financial income/costs	(1.3)	(2.9)	+1.6	(5.0)	
Share of profit (loss) of investments accounted for using the equity method	11.9	10.9	+1.0	27.0	
<b>Profit before tax</b>	<b>51.5</b>	<b>37.9</b>	+13.6	<b>95.0</b>	54%
<b>Profit for the period</b> (Profit attributable to)	<b>40.0</b>	<b>30.3</b>	+9.7	<b>74.5</b>	54%
<b>Owners of the Company</b>	<b>37.1</b>	<b>27.2</b>	+9.9	<b>70.0</b>	53%
Non-controlling interests	2.9	3.1	(0.2)	4.5	
Core earnings*1	45.9	40.8	+5.1	89.0	
Comprehensive income attributable to owners of the Company	39.5	33.6	+5.9		

## Segment Performance [Gross Profit]

	FY2018 1H	FY2017 1H	Difference	FY2018 Revised Forecast	FY2018 Initial Forecast
<b>Automotive</b>	<b>20.7</b>	15.6	+5.1	<b>40.0</b>	<b>42.0</b>
<b>Aerospace &amp; Transportation Project</b>	<b>7.1</b>	6.6	+0.5	<b>17.0</b>	<b>17.0</b>
<b>Machinery &amp; Medical Infrastructure</b>	<b>5.8</b>	9.5	(3.7)	<b>13.0</b>	<b>14.0</b>
<b>Energy &amp; Social Infrastructure</b>	<b>8.9</b>	9.3	(0.4)	<b>21.0</b>	<b>21.0</b>
<b>Metals &amp; Mineral Resources</b>	<b>19.8</b>	12.7	+7.1	<b>31.0</b>	<b>26.0</b>
<b>Chemicals</b>	<b>23.6</b>	22.8	+0.8	<b>47.0</b>	<b>47.0</b>
<b>Foods &amp; Agriculture Business</b>	<b>10.2</b>	11.9	(1.7)	<b>19.0</b>	<b>20.0</b>
<b>Retail &amp; Lifestyle Business</b>	<b>19.4</b>	17.2	+2.2	<b>39.0</b>	<b>39.0</b>
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>2.9</b>	3.4	(0.5)	<b>8.0</b>	<b>8.0</b>
<b>Other</b>	<b>2.5</b>	2.5	+0.0	<b>5.0</b>	<b>6.0</b>

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

	FY2018 1H	FY2017 1H	Difference	Main Factors Behind Difference	FY2018 Revised Forecast	FY2018 Initial Forecast	Progress Overview	(Reference) FY2017 Results
<b>Automotive</b>	<b>3.6</b>	4.3	(0.7)	Despite earnings contributions from newly consolidated subsidiaries, decreased due to higher tax expenses following sale of investments accounted for using the equity method	<b>5.5</b>	<b>5.5</b>	Performance generally as forecast	<b>6.5</b>
<b>Aerospace &amp; Transportation Project</b>	<b>1.9</b>	0.8	+1.1	Increased due to gains on sales of aircraft and earnings contributions accompanying progress in railroad projects	<b>4.0</b>	<b>4.0</b>	Performance generally as forecast	<b>3.3</b>
<b>Machinery &amp; Medical Infrastructure</b>	<b>0.7</b>	2.8	(2.1)	Decreased due to absence of revenue associated with infrastructure projects recorded in the previous equivalent period	<b>3.0</b>	<b>3.0</b>	Earnings from industrial machinery- and infrastructure-related transactions anticipated in the second half of the fiscal year, performance generally in line with forecasts	<b>5.7</b>
<b>Energy &amp; Social Infrastructure</b>	<b>2.7</b>	(3.2)	+5.9	Increased due to absence of one-time loss on oil and gas interests recorded in the previous equivalent period and a gain on the sale of an overseas solar power business operating company	<b>4.5</b>	<b>4.5</b>	Performance generally as forecast	<b>(5.8)</b>
<b>Metals &amp; Mineral Resources</b>	<b>16.2</b>	9.5	+6.7	Increased due to higher prices and transaction volumes of coal and other resources	<b>28.5</b>	<b>20.5</b>	Upward revision to forecasts to reflect higher prices and transaction volumes for coal and other resources in the first half FY2018	<b>21.9</b>
<b>Chemicals</b>	<b>4.8</b>	4.8	0	Unchanged year on year	<b>10.5</b>	<b>10.5</b>	Performance generally as forecast	<b>8.7</b>
<b>Foods &amp; Agriculture Business</b>	<b>2.1</b>	4.3	(2.2)	Decreased due to higher material costs and lower sales volumes in overseas fertilizer businesses	<b>3.5</b>	<b>4.5</b>	Downward revision to forecasts to account for sluggish first half FY2018 sales in overseas fertilizer businesses	<b>4.0</b>
<b>Retail &amp; Lifestyle Business</b>	<b>3.3</b>	2.7	+0.6	Increased due to strong performance in all businesses	<b>5.5</b>	<b>5.5</b>	Performance generally as forecast	<b>5.6</b>
<b>Industrial Infrastructure &amp; Urban Development</b>	<b>(0.1)</b>	0.0	(0.1)	Unchanged year on year	<b>1.5</b>	<b>1.5</b>	Earning contributions from real estate held for sale in Japan and overseas industrial park businesses anticipated in the second half of the fiscal year	<b>2.1</b>
<b>Other</b>	<b>1.9</b>	1.2	+0.7		<b>3.5</b>	<b>3.5</b>		<b>4.8</b>

<b>Total</b>	<b>120.9</b>	111.5	+9.4	<b>240.0</b>	<b>240.0</b>	<b>37.1</b>	27.2	+9.9
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<b>70.0</b>	<b>63.0</b>	<b>56.8</b>
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## Financial Position

	Sep. 30, 2018	Mar. 31, 2018	Difference	Mar. 31, 2019 Forecast
<b>Total assets</b>	<b>2,341.4</b>	<b>2,350.4</b>	(9.0)	<b>2,400.0</b>
<b>Total equity*2</b>	<b>616.3</b>	<b>586.4</b>	+29.9	<b>630.0</b>
<b>Equity ratio</b>	<b>26.3%</b>	<b>25.0%</b>	+1.3%	<b>26.3%</b>
<b>Net interest-bearing debt</b>	<b>596.9</b>	<b>603.5</b>	(6.6)	<b>650.0</b>
<b>Net D/E ratio (times)</b>	<b>0.97</b>	<b>1.03</b>	(0.06)	<b>1.0</b>
<b>Risk assets*3</b>	<b>360.0</b>	<b>350.0</b>	10.0	-
<b>Ratio of risk assets to equity (times)</b>	<b>0.6</b>	<b>0.6</b>	0.0	-

## Commodity Prices and Exchange Rates

	FY2017 Results (Apr.-Sep. '17 Avg.)	FY2018 Assumption (Annual Avg.)	FY2018 Results (Apr.-Sep. '18 Avg.)	Latest Data (as of Oct. 26, 2018)
<b>Crude oil (Brent)</b>	US\$51.5/bbl	US\$60.0/bbl	US\$75.4/bbl	US\$77.6/bbl
<b>Thermal coal**1</b>	US\$86.1/t	US\$85.0/t	US\$111.5/t	US\$108.2/t
<b>Exchange rate**2</b>	¥111.3/US\$	¥105.0/US\$	¥110.7/US\$	¥112.5/US\$

(Reference) Effective April 1, 2018, the Company underwent the following changes in divisions as part of a structural reorganization. Figures for FY2017 1H and FY2017 have been restated to reflect these changes.

Overview of Structural Reorganization Conducted Effective April 1, 2018  
 •The Aerospace & IT Business Division, the Infrastructure & Environment Business Division, and the Energy Division were reorganized to form the Aerospace & Transportation Project Division, the Machinery & Medical Infrastructure Division, and the Energy & Social Infrastructure Division.  
 •The name of the Metals & Coal Division has been changed to the Metals & Mineral Resources Division.

\*\*1 The results in the above table are cited from the GlobalCOAL NEWC Index and differ from our sales prices.

\*\*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.5 billion annually, profit for the year (attributable to owners of the Company) by approx. ¥0.25 billion annually, and total equity by approx. ¥2.0 billion annually.

\*1 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)

\*2 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."  
 The method of measuring risk assets mainly for goodwill was revised in the three-month period ended June 30, 2018.  
 \*3 Figures for the fiscal year ended March 31, 2018, have been restated to reflect this change.

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.