

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2018 (IFRS) – Supplementary Materials

February 5, 2019
Sojitz Corporation

(Billions of yen)

(Billions of yen)

Operating Results

	FY2018 3Q Results	FY2017 3Q Results	Difference	FY2018 Revised Forecast (Feb. 5, 2019)	Percentage Achieved
Revenue	1,410.6	1,353.6	+57.0	-	-
Gross profit	181.8	168.9	+12.9	240.0	76%
Selling, general and administrative expenses	(128.1)	(119.2)	(8.9)	(172.0)	
Other income/expenses	4.2	(2.6)	+6.8	4.0	
Financial income/costs	(2.5)	(3.4)	+0.9	(4.0)	
Share of profit (loss) of investments accounted for using the equity method	18.8	17.1	+1.7	27.0	
Profit before tax	74.2	60.8	+13.4	95.0	78%
Profit for the period (Profit attributable to)	57.6	48.6	+9.0	74.5	77%
Owners of the Company	53.7	44.8	+8.9	70.0	77%
Non-controlling interests	3.9	3.8	+0.1	4.5	
Core earnings*1	70.3	63.5	+6.8	91.0	
Comprehensive income attributable to owners of the Company	31.3	62.7	(31.4)		

*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)

Financial Position

	Dec. 31, 2018	Mar. 31, 2018	Difference	Mar. 31, 2019 Revised Forecast (Feb. 5, 2019)
Total assets	2,322.8	2,350.4	(27.6)	2,320.0
Total equity*2	598.4	586.4	+12.0	610.0
Equity ratio	25.8%	25.0%	+0.8%	26.3%
Net interest-bearing debt	653.5	603.5	+50.0	620.0
Net D/E ratio (times)	1.09	1.03	+0.06	1.0
Risk assets*3	360.0	350.0	+10.0	-
Ratio of risk assets to equity (times)	0.6	0.6	0.0	-

*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."

*3 The method of measuring risk assets mainly for goodwill was revised in the three-month period ended June 30, 2018. 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.

Segment Performance [Gross Profit]

	FY2018 3Q	FY2017 3Q	Difference	FY2018 Revised Forecast (Feb. 5, 2019)	FY2018 Revised Forecast (Nov. 1, 2018)
Automotive	31.9	25.3	+6.6	40.0	40.0
Aerospace & Transportation Project	10.9	10.8	+0.1	17.0	17.0
Machinery & Medical Infrastructure	9.4	13.9	(4.5)	13.0	13.0
Energy & Social Infrastructure	13.1	13.8	(0.7)	21.0	21.0
Metals & Mineral Resources	29.8	20.2	+9.6	33.0	31.0
Chemicals	35.2	33.4	+1.8	45.0	47.0
Foods & Agriculture Business	13.6	15.8	(2.2)	19.0	19.0
Retail & Lifestyle Business	29.5	26.4	+3.1	39.0	39.0
Industrial Infrastructure & Urban Development	4.5	5.4	(0.9)	8.0	8.0
Other	3.9	3.9	+0.0	5.0	5.0

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

	FY2018 3Q	FY2017 3Q	Difference	Main Factors Behind Difference	FY2018 Revised Forecast (Feb. 5, 2019)	FY2018 Revised Forecast (Nov. 1, 2018)	Progress Overview	(Reference) FY2017 Results
Automotive	5.0	6.0	(1.0)	Despite earnings contributions from newly consolidated subsidiaries, decreased due to impacts of currency depreciation on Russian wholesale operations and higher tax expenses following sale of investments accounted for using the equity method	5.5	5.5	Performance generally as forecast	6.5
Aerospace & Transportation Project	2.9	1.8	+1.1	Increased due to gains on sales of aircraft and earnings contributions accompanying progress in railroad projects	4.0	4.0	Performance generally as forecast	3.3
Machinery & Medical Infrastructure	1.6	4.6	(3.0)	Decreased due to absence of revenue associated with infrastructure projects recorded in the previous equivalent period	3.0	3.0	Earnings from industrial machinery- and infrastructure-related transactions anticipated in the fourth quarter, performance generally in line with forecasts	5.7
Energy & Social Infrastructure	3.2	(2.3)	+5.5	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	4.5	4.5	Performance generally as forecast	(5.8)
Metals & Mineral Resources	23.6	15.1	+8.5	Increased due to higher prices and transaction volumes of coal and other resources	29.5	28.5	Upward revision to forecasts to reflect benefits of higher prices of coal and other resources	21.9
Chemicals	7.0	6.9	+0.1	Almost unchanged year on year	9.5	10.5	Despite strong performance in methanol operations, downward revision to forecasts in light of one-time losses overseas and economic slowdown associated with trade friction between the United States and China	8.7
Foods & Agriculture Business	2.7	4.6	(1.9)	Decreased due to higher material costs and lower sales volumes in overseas fertilizer businesses	3.5	3.5	Performance generally as forecast	4.0
Retail & Lifestyle Business	4.8	4.2	+0.6	Increased due to strong performance in all businesses	5.5	5.5	Performance generally as forecast	5.6
Industrial Infrastructure & Urban Development	(0.2)	0.5	(0.7)	Decreased due to fewer overseas industrial parks turned over	1.5	1.5	Earning contributions from real estate held for sale in Japan and overseas industrial park businesses anticipated in the fourth quarter	2.1
Other	3.1	3.4	(0.3)		3.5	3.5		4.8

Total	181.8	168.9	+12.9	240.0	240.0	53.7	44.8	+8.9
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70.0	70.0	56.8
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Commodity Prices and Exchange Rates

	FY2017 Results (Apr.-Dec. '17 Avg.)	FY2018 Initial Assumption (Annual Avg.)	FY2018 Results (Apr.-Dec. '18 Avg.)	Latest Data (as of Jan. 30, 2019)
Crude oil (Brent)	US\$54.8/bbl	US\$60.0/bbl	US\$73.1/bbl	US\$61.7/bbl
Thermal coal**1	US\$91.0/t	US\$85.0/t	US\$109.1/t	US\$99.8/t
Exchange rate**2	¥111.8/US\$	¥105.0/US\$	¥111.3/US\$	¥109.4/US\$

**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.

(Reference) Effective April 1, 2018, the Company underwent the following changes in divisions as part of a structural reorganization. Figures for FY2017 3Q 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.