

Highlights of Consolidated Financial Results for the First Half Ended September 30, 2019 (IFRS) – Supplementary Materials

November 1, 2019
Sojitz Corporation

(Billions of yen)

(Billions of yen)

Operating Results

	FY2019 1H Results	FY2018 1H Results	Difference	FY2019 Revised Forecast (Nov. 1, 2019)	Percentage Achieved
Revenue	893.8	941.8	(48.0)	—	—
Gross profit	109.7	120.9	(11.2)	250.0	44%
Selling, general and administrative expenses	(85.6)	(85.6)	0.0	(178.0)	
Other income/expenses	0.1	5.6	(5.5)	0.0	
Financial income/costs	(2.1)	(1.3)	(0.8)	(6.0)	
Share of profit (loss) of investments accounted for using the equity method	13.2	11.9	+1.3	28.0	
Profit before tax	35.3	51.5	(16.2)	94.0	38%
Profit for the period (Profit attributable to)	31.6	40.0	(8.4)	76.0	42%
Owners of the Company	29.5	37.1	(7.6)	72.0	41%
Non-controlling interests	2.1	2.9	(0.8)	4.0	
Core earnings*1	35.5	45.9	(10.4)	94.0	
Comprehensive income attributable to owners of the Company	(6.6)	39.5	(46.1)		

*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

	Sep. 30, 2019	Mar. 31, 2019	Difference	Mar. 31, 2020 Revised Forecast (Nov. 1, 2019)
Total assets	2,321.2	2,297.1	+24.1	2,350.0
Total equity*2	597.2	618.2	(21.0)	620.0
Equity ratio	25.7%	26.9%	(1.2)ppt	26.4%
Net interest-bearing debt*3	562.5	584.7	(22.2)	640.0
Net D/E ratio (times)	0.94	0.95	(0.01)	1.0
Risk assets	360.0	360.0	0.0	—
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 Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of net interest-bearing debt.

Caution regarding forward-looking statements

Segment Performance [Gross Profit]

	FY2019 1H	FY2018 1H	Difference	FY2019 Revised Forecast	FY2019 Initial Forecast
Automotive	20.9	20.7	+0.2	51.0	51.0
Aerospace & Transportation Project	6.6	7.1	(0.5)	18.0	18.0
Machinery & Medical Infrastructure	6.9	5.8	+1.1	16.0	16.0
Energy & Social Infrastructure	10.0	8.9	+1.1	20.0	20.0
Metals & Mineral Resources	11.8	19.8	(8.0)	28.0	33.0
Chemicals	22.4	23.6	(1.2)	48.0	48.0
Foods & Agriculture Business	8.2	10.2	(2.0)	15.0	20.0
Retail & Lifestyle Business	18.1	19.4	(1.3)	42.0	42.0
Industrial Infrastructure & Urban Development	2.8	2.9	(0.1)	7.0	7.0
Other	2.0	2.5	(0.5)	5.0	5.0
Total	109.7	120.9	(11.2)	250.0	260.0

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

	FY2019 1H	FY2018 1H	Difference	Main Factors Behind Difference	FY2019 Revised Forecast	FY2019 Initial Forecast	Progress Overview	(Reference) FY2018 Results
Automotive	1.5	3.6	(2.1)	Decreased due to the sale of automobile-related company in the previous equivalent period	5.5	5.5	Revision of costs and various sales efforts by overseas automobile-related companies	6.4
Aerospace & Transportation Project	0.6	1.9	(1.3)	Decreased in reaction to aircraft sales recorded in the previous equivalent period	5.0	5.0	Earnings contributions anticipated from aerospace-related business and railway projects	4.0
Machinery & Medical Infrastructure	1.5	0.7	+0.8	Increased due to higher returns from medical infrastructure business and industrial machinery transactions	4.5	4.5	Earnings accumulation anticipated in industrial machinery and medical infrastructure-related business	2.8
Energy & Social Infrastructure	3.4	2.7	+0.7	Increased due to commencement of operations at domestic and overseas power generation projects and sales of oil interests	8.0	5.5	Continuous earnings accumulation anticipated from domestic and overseas power generation businesses and from subsidiaries/associates in the second half of the fiscal year	5.8
Metals & Mineral Resources	9.8	16.2	(6.4)	Decreased due to fall in sales prices in overseas coal business	23.5	25.0	Downward revision to forecasts in reflection of recent coal and other resource prices, need for ongoing monitoring of resource prices and steel demand	30.5
Chemicals	4.8	4.8	0.0	Despite impacted as a result of declines in the price of methanol, unchanged year on year due to benefits of reduced SG&A expenses	11.0	11.0	Performance generally as forecast	9.0
Foods & Agriculture Business	1.2	2.1	(0.9)	Decreased due to impairment loss on domestic marine products business and lower sales volumes stemming from unseasonable weather as well as sales price controls in overseas fertilizer businesses	2.0	4.5	Downward revision to forecasts in reflection of impairment loss in first half and sluggish demand in overseas fertilizer businesses	2.3
Retail & Lifestyle Business	2.8	3.3	(0.5)	Decreased due to the drop in transaction price of imported plywood that began at the beginning of the year and lower profit margins for meat transactions	7.5	7.5	Performance generally as forecast	5.7
Industrial Infrastructure & Urban Development	0.6	(0.1)	+0.7	Increased due to higher number of overseas industrial parks delivered	1.0	1.0	Performance generally as forecast	1.1
Other	3.3	1.9	+1.4		4.0	2.5		2.8
Total	29.5	37.1	(7.6)		72.0	72.0		70.4

Commodity Prices and Exchange Rates

	FY2018 Results (Apr.-Sep. '18 Avg.)	FY2019 Assumption (Annual Avg.)	FY2019 Results (Apr.-Sep. '19 Avg.)	Latest Data (as of October 28, 2019)
Crude oil (Brent)	US\$75.4/bbl	US\$60.0/bbl	US\$65.2/bbl	US\$61.6/bbl
Thermal coal**1	US\$111.5/t	US\$80.0/t	US\$73.9/t	US\$70.1/t
Coking coal**1	US\$190.4/t	US\$180.0/t (1H) US\$170.0/t (2H)	US\$180.8/t	US\$149.0/t
Exchange rate**2	¥110.7/US\$	¥110.0/US\$	¥108.7/US\$	¥108.8/US\$

**1 Coal prices are based on standard market prices (globalCOAL NEWC Index for thermal coal and S&P Global Platts Coal Trader International for coking coal) and therefore differ from the Company's selling prices.

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