

Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2019 (IFRS) – Supplementary Materials

February 5, 2020
Sojitz Corporation

(Billions of yen)

(Billions of yen)

Operating Results

	FY2019 3Q Results	FY2018 3Q Results	Difference	FY2019 Revised Forecast (Feb. 5, 2020)	Percentage Achieved
Revenue	1,318.6	1,410.6	(92.0)	-	-
Gross profit	159.4	181.8	(22.4)	230.0	69%
Selling, general and administrative expenses	(129.9)	(128.1)	(1.8)	(17.5)	
Other income/expenses	1.3	4.2	(2.9)	6.0	
Financial income/costs	(2.5)	(2.5)	0.0	(5.0)	
Share of profit (loss) of investments accounted for using the equity method	18.5	18.8	(0.3)	26.0	
Profit before tax	46.8	74.2	(27.4)	82.0	57%
Profit for the period (Profit attributable to)	40.8	57.6	(16.8)	70.0	58%
Owners of the Company	37.5	53.7	(16.2)	66.0	57%
Non-controlling interests	3.3	3.9	(0.6)	4.0	
Core earnings*1	45.8	70.3	(24.5)	76.0	
Comprehensive income attributable to owners of the Company	17.5	31.3	(13.8)		

*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, 2019	Mar. 31, 2019	Difference	Mar. 31, 2020 Revised Forecast (Nov. 1, 2019)
Total assets	2,352.0	2,297.1	+54.9	2,350.0
Total equity*2	607.8	618.2	(10.4)	620.0
Equity ratio	25.8%	26.9%	(1.1) ppt	26.4%
Net interest-bearing debt*3	597.7	584.7	+13.0	640.0
Net D/E ratio (times)	0.98	0.95	+0.03	1.0
Risk assets	370.0	360.0	+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 Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of net interest-bearing debt.

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]

	FY2019 3Q	FY2018 3Q	Difference	FY2019 Revised Forecast (Feb. 5, 2020)	FY2019 Revised Forecast (Nov. 1, 2019)
Automotive	30.8	31.9	(1.1)	43.0	51.0
Aerospace & Transportation Project	10.8	10.9	(0.1)	18.0	18.0
Machinery & Medical Infrastructure	10.1	9.4	+0.7	16.0	16.0
Energy & Social Infrastructure	14.4	13.1	+1.3	20.0	20.0
Metals & Mineral Resources	16.0	29.8	(13.8)	22.0	28.0
Chemicals	32.0	35.2	(3.2)	44.0	48.0
Foods & Agriculture Business	11.3	13.6	(2.3)	15.0	15.0
Retail & Lifestyle Business	26.8	29.5	(2.7)	40.0	42.0
Industrial Infrastructure & Urban Development	4.1	4.5	(0.4)	7.0	7.0
Other	3.1	3.9	(0.8)	5.0	5.0

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

	FY2019 3Q	FY2018 3Q	Difference	Main Factors Behind Difference	FY2019 Revised Forecast (Feb. 5, 2020)	FY2019 Revised Forecast (Nov. 1, 2019)	Progress Overview	(Reference) FY2018 Results
Automotive	1.3	5.0	(3.7)	Decreased due to absence of gain on sales of automotive business company in the previous equivalent period coupled with decreases in the sales of overseas automotive business companies	2.0	5.5	Downward revision to forecasts in reflection of reduced overall automotive demand and profit margin declines associated with sales promotion activities primarily in Asia	6.4
Aerospace & Transportation Project	1.1	2.9	(1.8)	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	2.6	1.6	+1.0	Increased due to higher sales volumes from medical infrastructure business and industrial machinery transactions	4.5	4.5	Earnings from medical infrastructure-related projects, industrial machinery transactions, and domestic and overseas affiliates anticipated	2.8
Energy & Social Infrastructure	3.8	3.2	+0.6	Increased due to commencement of operations at domestic and overseas power generation projects and sales of oil interests	8.0	8.0	Continuous earnings accumulation anticipated from domestic and overseas power generation businesses and from subsidiaries/associates	5.8
Metals & Mineral Resources	12.0	23.6	(11.6)	Decreased due to fall in sales prices in overseas coal business	21.5	23.5	Downward revision to forecasts despite revisions to operating cost estimates, out of consideration for delays in the commencement of new businesses and sluggish steel demand	30.5
Chemicals	6.1	7.0	(0.9)	Decreased due to lower transaction volumes in Asian plastic resin businesses	9.5	11.0	Downward revision to forecasts based on faltering plastic resin demand and methanol prices seen in Asia leading up to the third quarter	9.0
Foods & Agriculture Business	1.4	2.7	(1.3)	Decreased due to impairment loss on domestic marine products business and lower sales volumes in overseas fertilizer businesses stemming from unseasonable weather and reduced demand	2.0	2.0	Performance generally as forecast	2.3
Retail & Lifestyle Business	4.7	4.8	(0.1)	Unchanged year on year	7.5	7.5	Performance generally as forecast	5.7
Industrial Infrastructure & Urban Development	0.2	(0.2)	+0.4	Increased due to higher number of overseas industrial parks delivered	1.0	1.0	Performance generally as forecast	1.1
Other	4.3	3.1	+1.2		5.0	4.0		2.8
Total	37.5	53.7	(16.2)		66.0	72.0		70.4

Total	159.4	181.8	(22.4)	230.0	250.0	37.5	53.7	(16.2)	66.0	72.0	70.4
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Commodity Prices and Exchange Rates

	FY2018 Results (Apr.-Dec. '18 Avg.)	FY2019 Assumption (Annual Avg.)	FY2019 Results (Apr.-Dec. '19 Avg.)	Latest Data (as of Jan 30, 2020)
Crude oil (Brent)	US\$73.1/bbl	US\$60.0/bbl	US\$64.3/bbl	US\$58.3/bbl
Thermal coal**1	US\$109.1/t	US\$80.0/t	US\$71.7/t	US\$67.0/t
Coking coal**1	US\$199.5/t	US\$180.0/t (1H) US\$170.0/t (2H)	US\$167.4/t	US\$151.6/t
Exchange rate**2	¥111.3/US\$	¥110.0/US\$	¥108.9/US\$	¥109.0/US\$

**1 Coal prices are based on standard market prices 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. ¥0.5 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.