



Financial Results for the First Half Ended September 30, 2020

**October 30, 2020
Sojitz Corporation**

FY2020 2Q Summary

- Consistently challenging operating environment despite moves to lift restrictions on movement of people and commodities imposed in response to COVID-19 pandemic and to restart economic activities
- First half performance representing progress of 30% toward full-year forecast with degree of progress varying between segment

(Billions of Yen)	FY2019 2Q Results	FY2020 2Q Results	FY2020 Revised Forecast (Oct. 30, 2020)	Achieved
Profit for the period (attributable to owners of the Company)	60.8	9.1	30.0	30%
ROA	2.7%	-	1.3%	-
ROE	10.2%	-	5.1%	-
NET DER (times)	1.06	0.93	1.1	-

- Decided interim dividend of ¥5 per share as planned
- Unchanged annual dividend of ¥10 per share to be issued as planned
- Consolidated payout ratio of 40.0%

Summary of Profit or Loss (Profit for the period by segment)

Revisions to full-year forecasts for Machinery & Medical Infrastructure, Foods & Agriculture Business, Aerospace & Transportation Project, Retail & Lifestyle Business Division based on the progress by the first half ended September 30, 2020

(Billions of Yen)	FY2020 2Q Results	FY2020 Revised Forecast (Aug. 4, 2020)	Achieved	FY2020 Revised Forecast (Oct. 30, 2020)	Achieved
Profit for the period (attributable to owners of the Company)	9.1	30.0	30%	30.0	30%
■ Automotive	▲1.6	1.0	-%	1.0	-%
■ Aerospace & Transportation Project	▲0.3	6.0	-%	5.0	-%
■ Machinery & Medical Infrastructure	2.2	3.5	63%	4.5	49%
■ Energy & Social Infrastructure	1.7	3.5	49%	3.5	49%
■ Metals & Mineral Resources	▲2.0	3.0	-%	3.0	-%
■ Chemicals	1.3	5.0	26%	5.0	26%
■ Foods & Agriculture Business	4.3	3.0	143%	4.5	96%
■ Retail & Lifestyle Business	2.6	5.5	47%	4.0	65%
■ Industrial Infrastructure & Urban Development	▲0.6	0.5	-%	0.5	-%

Effects of COVID-19

Main Businesses	Conditions Leading up to First half	Assumptions for Second half
<p>Automotive</p>	<p>Single-month profitability achieved in July 2020 Augmentation of online sales measures in U.S. automotive dealership businesses</p>	<p>Augmentation of sales activities in conjunction with gradual demand recovery</p>
<p>Aerospace</p>	<p>Reduced demand due to prolonged international travel restrictions</p>	<p>Impacts expected from lower air travel-related demand and construction delays in railroad projects stemming from lockdowns</p>
<p>Material (Steel)</p>	<p>Caution warranted with regard to coal and other resource prices, despite gradual recovery in stagnant steel demand</p>	<p>Recovery of steel demand and impacts from coal market conditions projected</p>
<p>Material (Chemical)</p>	<p>Moderate recovery in resin and methanol prices Continuation of firm economic conditions in China</p>	<p>Strong Chinese economic conditions and earnings contributions from methanol businesses anticipated</p>
<p>Retail (Consumer Products etc.)</p>	<p>Gradual recovery of demand following closures of commercial facilities and stores seen due to lockdowns seen around the world</p>	<p>Reflection of stagnation in domestic consumption</p>

Cash Flow Management

Positive three-year aggregate FCF and core cash flow
 Funding to be secured using on-hand funds as well as long-term commitment lines
 denominated in yen and other currencies

	FY2018· FY2019 Results	FY2020 2Q Results	MTP 2020 3-year total (FY2018–FY2020)
Core operating cash flow (*1)	¥159.0 bn	¥21.0 bn	About ¥200.0 bn
Asset Replacement (Investment recovery)	¥127.0 bn	¥23.5 bn	About ¥200.0 bn
New investments and loans others	¥(172.0) bn	¥(19.0) bn	About ¥(260.0) bn
Shareholder Returns others (*2)	¥(50.0) bn	¥(15.5) bn	About ¥(70.0) bn
Core cash flow (*3)	¥64.0 bn	¥10.0 bn	Positive
Free cash flow	¥59.0 bn	¥92.5 bn	Positive

*1. Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes

*2. Include acquisition of treasury stock

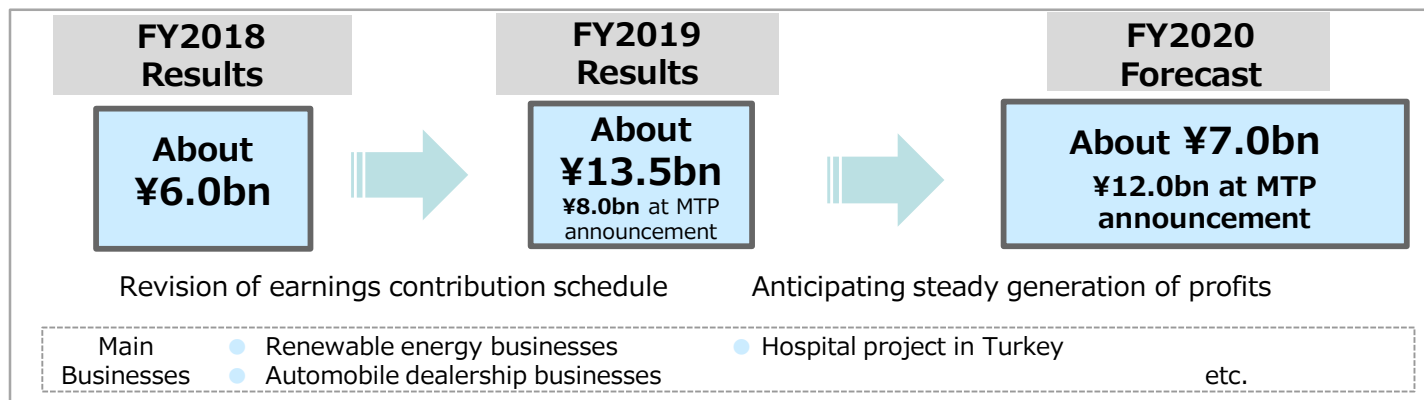
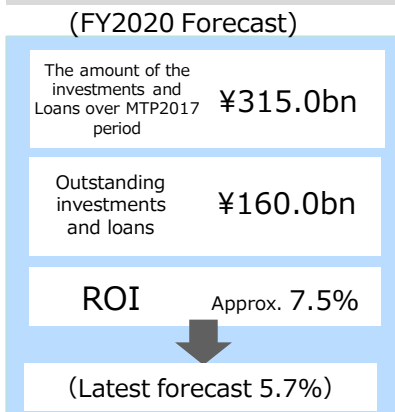
*3. Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement)
 – Dividends paid – Purchase of treasury stock

Prior Initiatives Under MTP 2020

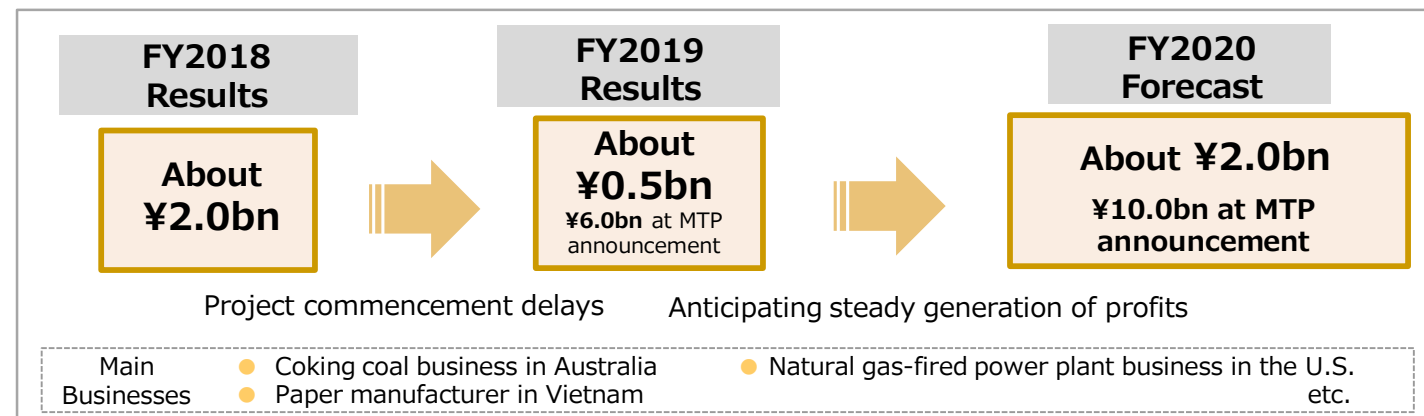
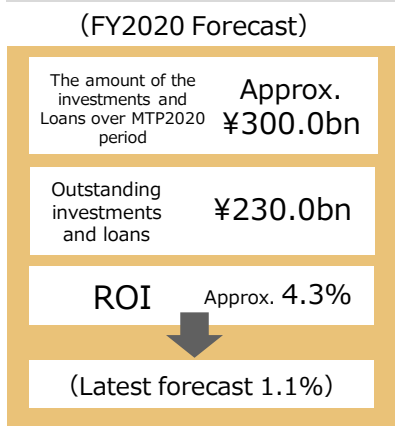
Investments and Loans 1 – Earnings Contributions

Steady progress in generating profits from investments and loans, despite some delays

MTP 2017



MTP 2020



Prior Initiatives Under MTP 2020

Investments and Loans 2 — Earnings Contributions in Final Year of Plan

MTP 2017

Earnings Contribution Amounts

FY2020 Forecast
¥7.0bn

¥12.0bn
at MTP announcement

Progress Overview

- **Steady earnings contributions in line with plans**

Renewable energy businesses,
Hospital project in Turkey etc.

- * **Assets replacement and ahead-of-schedules earnings contributions in FY2019**

ex. Partial sell-down of a domestic solar power generation operation
Sales of a thermal coal project in Australia

Future Initiatives

Steady pursuit of profitability while **monitoring trends** in challenging operating environment

MTP 2020

Earnings Contribution Amounts

FY2020 Forecast
¥2.0bn

¥10.0bn
at MTP announcement

Progress Overview

- **Earnings contributions to be realized during period of current MTP**

Renewable energy businesses,
Natural gas-fired power plant business in the U.S.

- **Delays starting up projects**

- **Coking Coal Business in Australia**

- Structuring production as planned with cost reduction, poor business performance due to stagnant steel demand, and low commodity prices

- **Paper manufacturer in Vietnam**

- Cost optimization deterioration of operating environment conditions due to US-China trade friction

Future Initiatives

Steady contribution of earnings from projects under operation

- **Coking Coal Business in Australia**

Reinforcing sales while anticipating modest steel market recovery

- **Paper manufacturer in Vietnam**

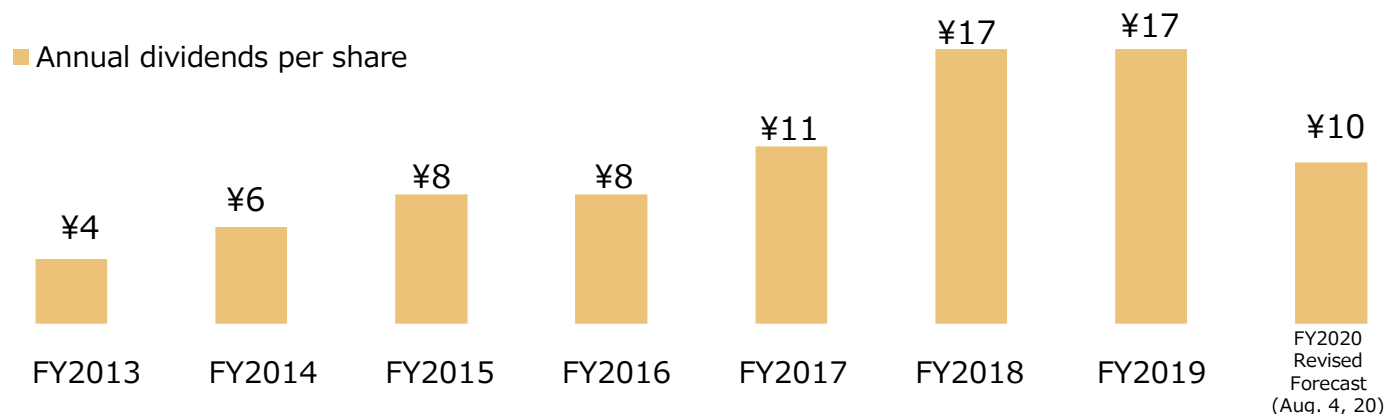
Accelerating the project generation by steadily incorporating demand

Dividend Policy

Basic Dividend Policy

Sojitz recognizes that paying stable, continuous dividends is a management priority, together with enhancing shareholder value and boosting competitiveness through the accumulation and effective use of retained earnings.

Under MTP2020, our basis policy will be to target a consolidated payout ratio of about 30%.



Profit for the year (attributable to owners of the Company)	¥27.3bn	¥33.1bn	¥36.5bn	¥40.8bn	¥56.8bn	¥70.4bn	¥60.8bn	¥30.0bn
Consolidated payout ratio	18%	23%	27%	25%	24%	30.2%	34.8%	40.0%

MTP 2014
payout ratio of about 20%

MTP 2017
payout ratio of about 25%

MTP 2020
payout ratio of about 30%

Forward-Looking Initiatives—Value Creation

Function Augmentation and Other Innovation Investment Initiatives

Acquire and Strengthen Functions

Digital transformation investments, etc.
Utilizing digital technologies

Expansion of New business areas

Improvement of medium-to-long term corporate value,
development and strengthening of competitive edge

Utilization of new technologies in response to volatile operating environment, rapid digitization, and diversification of values and needs

Hospital project in Turkey

▶ **Telemedicine · Healthcare**

Renewable energy businesses

▶ **Decentralized energy development**



Automotive

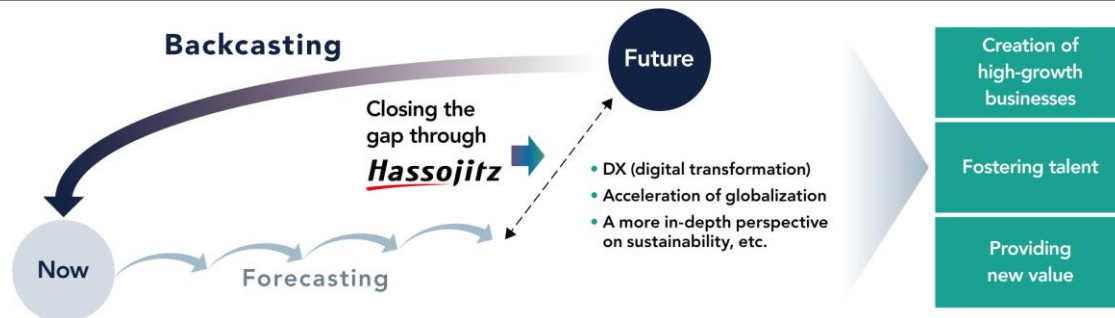
▶ **Automobile quality assurance**

Agricultural business in Vietnam

▶ **Farming Platform**

Human Resource Investment and Value Creation Initiatives

New value creation initiatives based on fresh ideas utilizing Backcasting approach



Initiatives for Sustainability

Formulating policies related to the coal interests business and the coal-fired power generation business

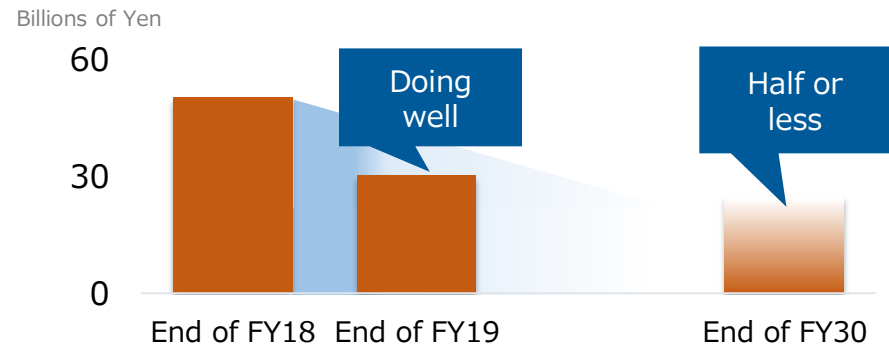
The Policies



- ✓ Reducing the assets of our thermal coal interests to **half or less by 2030**
- ✓ In principle, **not acquiring new thermal coal interests**
- ✓ **Not** undertaking new initiatives in **the coal-fired power generation business**
* We have no current projects

Progress Change in Thermal Coal Interests Assets

✓ Sold a part of thermal coal interests in FY2019



ESG Rating Inclusion in Major Indexes and Evaluations by ESG Rating Institutions



Leadership level "A-"

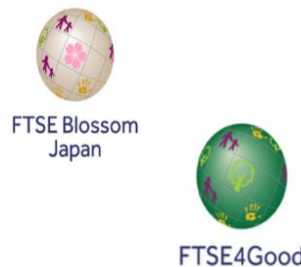
[2nd consecutive years]



In collaboration with



[3rd consecutive years]



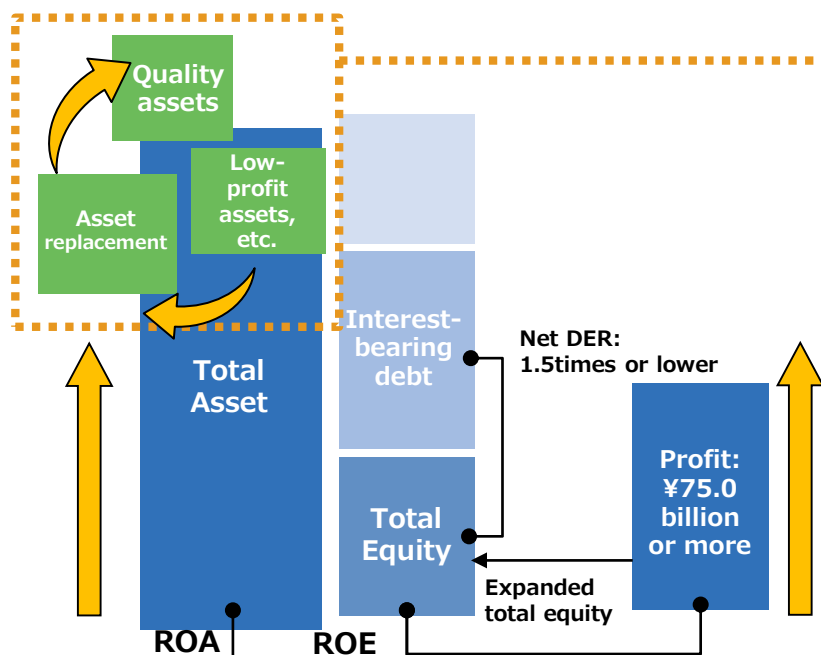
[4th consecutive years]

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



【Reference】 Policies of MTP2020

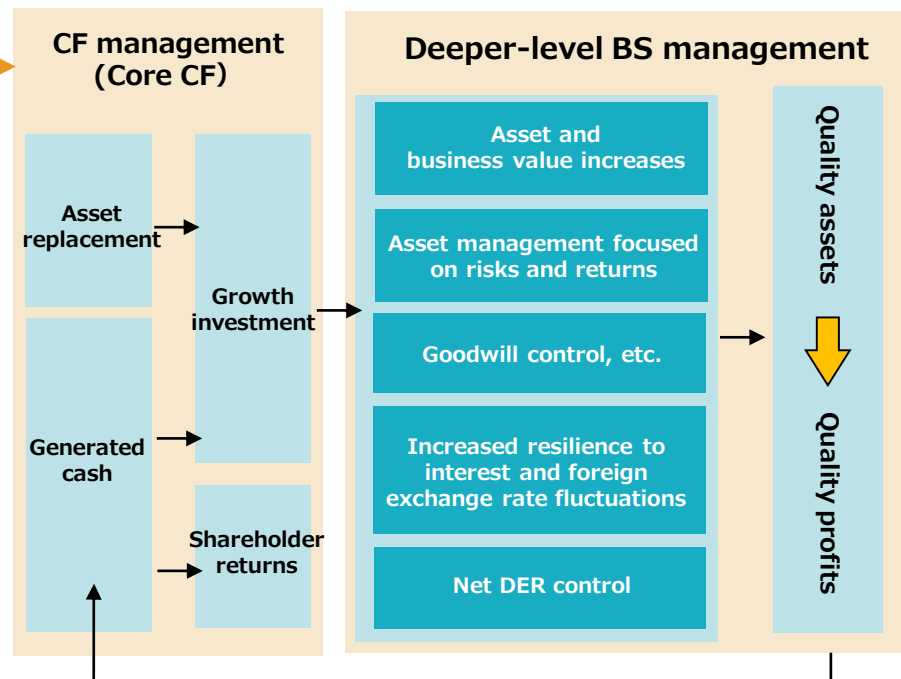
Disciplined Balance Sheet and Cash Flow Management



MTP2017	MTP2020
● ROA 2.5%	● ROA 3% or above
● ROE 10.0%	● ROE 10% or above

Basic Approach

- Improve ROA through ongoing asset replacement and accumulation of quality assets
- Expand total equity and improve ROE
- Keep net DER to below 1.5 times
- Improve ratings to enhance funding quality



BS/CF Management

- Manage growth investments and shareholder returns with cash generated via operating activities and asset replacement (Core CF>0)
- Asset management focused on asset and business value increases, risks, and returns
- Expand total equity by controlling goodwill, etc. and increasing resilience to interest/foreign exchange rate fluctuations

➡ Create quality profits and cash flows out of quality assets via ongoing BS management and realize a growth model through effective CF management

Examples of Value Creation

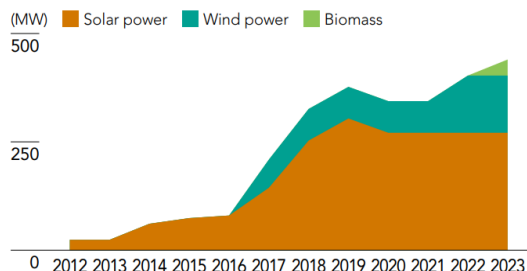
Renewable Energy Business

The business model of Sojitz's Renewable Energy Business

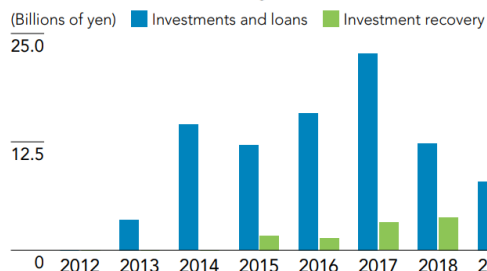


- **Stable earnings** from the energy business
- **An enhanced brand** as a stable manager
- Achieving cash flow management that will accelerate growth through **the asset turnover-oriented business model**

Net power-generation capacity

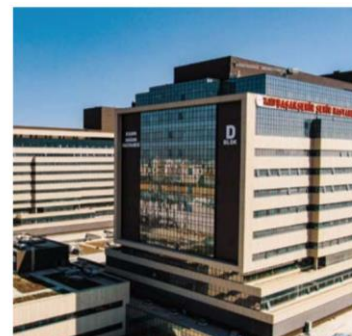


Changes in investments and loans and Investment recovery



Hospital Project in Turkey

May, 2020 Opened Deal Value: JPY30 billion
Contributing to improved quality of life by providing high-quality medical infrastructure



The open Basaksehir Çam & Sakura City Hospital (Turkey)

Sojitz's Capabilities Displayed

- A project portfolio in the fields of medicine and infrastructure, both in Japan and overseas
- Business management accomplished through a combination of strong networks and expertise

Contribution (in Billion of Yen)

	FY2017	FY2018	FY2019
Contribution	0.8	2	3.5

▶ Acquiring stable earnings

Existing businesses

- **Strengthening our fertilizer business and developing into surrounding areas**

We aim to expand sales by implementing detailed promotion strategies for each region and each type of agri-products in Thailand, the Philippines, and Vietnam, and by increasing exports to neighboring regions. We will also venture into agriculture-related businesses by capitalizing on the long-standing initiatives of our fertilizer business, which has firmly established roots in local areas.



New business

- **Myanmar Telecommunication Infrastructure Business**
- **Retail business in ASEAN** (logistics, bread business)
- **AI·IoT Business**

(FinTech services (Japan) that will create opportunities for automobile financing, Connected car-related business , AI medical diagnostic support, Farming platform)





New way, New value

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. Actual results may differ materially based on various factors including the timing at which the COVID-19 pandemic ends; 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.