

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2013 (IFRS)

February 7, 2014  
Sojitz Corporation

## Results Highlights

◆ Fiscal 2013, the second year of Medium-term Management Plan 2014: Change for Challenge, saw economic slowdown in emerging countries. Nevertheless, conditions in developed countries have proved relatively firm. Sojitz's net sales (JGAAP) for the nine-month period ended December 31, 2013, were up due to completed overseas orders for coal-fired power plants and benefits of yen depreciation with relation to sales of chemicals to Asia. These benefits counteracted the impacts of the divestment of a petroleum product sales subsidiary. Similarly, gross profit increased following solid performance in overseas automotive businesses as well as firm fertilizer in Southeast Asia. Profit for the period (attributable to the owners of the Company) also increased, largely by virtue of operating profit growth and an increase in share of profit of investments accounted for using the equity method, the latter of which was attributable to the exclusion from consolidation of a bioethanol production company.

(Figures in parentheses are year-on-year changes)

Net sales (JGAAP) 3,062.2 billion yen (+109.7 billion yen / +3.7%)

- Increase in net sales in the Machinery Division due to completed overseas orders for coal-fired power plants and benefits of yen depreciation in overseas automotive businesses

- Increase in net sales in the Chemicals Division due to benefits of yen depreciation with relation to sales to Asia

- Decrease in net sales in the Energy & Metal Division due to the impacts of the divestment of a petroleum product sales subsidiary

Gross profit 153.0 billion yen (+11.3 billion yen / +8.0%)

- Increase in gross profit in the Machinery Division due to increase in gross profit in the overseas automotive businesses

- Increase in gross profit in the Consumer Lifestyle Business Division due to increase in gross profit in the overseas fertilizer businesses

Operating profit 31.1 billion yen (+4.1 billion yen / +15.2%)

- Increase in operating profit due to increase in gross profit

Profit for the period (attributable to owners of the Company)

20.9 billion yen (+8.5 billion yen / +67.8%)

- Increase in profit for the period (attributable to owners of the Company) due to growth in operating profit and in share of profit of investments accounted for using the equity method

◆ Earnings forecast for the fiscal year ending March 31, 2014

Net sales (JGAAP) 4,280.0 billion yen

Operating profit 38.0 billion yen

Profit before tax 45.0 billion yen

Profit for the year (attributable to owners of the Company) 25.0 billion yen

◆ Assumptions

Exchange rate (annual average: JPY/US\$) : 95

Crude oil price (US\$/BBL) : 105 (Brent)

◆ Cash dividend per common stock for the fiscal year ending March 31, 2014

Interim 2.00 yen per share

Year end 2.00 yen per share (forecast)

\*1 Net sales (JGAAP) is a measure generally used by Japanese general trading companies and represents the aggregate value of the transactions for which the Group acts as a principal or agent. It is not to be construed as equivalent to, or a substitute for, revenues under IFRS.

\*2 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

\*3 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 such 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.

## Consolidated Statements of Profit or Loss

	(Billions of yen)					Reasons for the difference	FY2013 Forecast	Percentage achieved
	FY2013 9-month			FY2012 9-month				
	Results a	1H Results	3Q Results	Results b	Difference a-b			
<b>Net sales (JGAAP) *1</b>	3,062.2	2,002.2	1,060.0	2,952.5	109.7	4280.0	72%	
<b>Gross profit</b>	153.0	99.5	53.5	141.7	11.3	209.0	73%	
Gross profit margin	(5.00%)	(4.97%)	(5.05%)	(4.80%)	(0.20%)	4.88%		
Selling, general and administrative expenses	(117.7)	(76.6)	(41.1)	(114.1)	(3.6)	(163.0)		
<b>Other income/expenses</b>								
Gain/loss on sale and disposal of fixed assets, net	0.5	(0.1)	0.6	1.2	(0.7)			
Impairment loss on fixed assets	(5.2)	(0.3)	(4.9)	(2.2)	(3.0)			
Gain on sale of subsidiaries/associates	1.1	0.5	0.6	0.1	1.0			
Loss on reorganization of subsidiaries/associates	0.0	(0.2)	0.2	(0.7)	0.7			
Other operating income/expenses	(0.6)	(1.5)	0.9	1.0	(1.6)			
(Total other income/expenses)	(4.2)	(1.6)	(2.6)	(0.6)	(3.6)	(8.0)		
<b>Operating profit</b>	31.1	21.3	9.8	27.0	4.1	38.0	82%	
<b>Financial income/costs</b>								
Interests earned	4.1	2.7	1.4	3.9	0.2			
Interest expenses	(15.1)	(10.2)	(4.9)	(16.2)	1.1			
(Interest expenses, net)	(11.0)	(7.5)	(3.5)	(12.3)	1.3			
Dividends received	2.7	1.8	0.9	2.3	0.4			
Other financial income/costs	0.0	0.0	0.0	0.2	(0.2)			
(Financial income/costs, net)	(8.3)	(5.7)	(2.6)	(9.8)	1.5	(16.0)		
Share of profit (loss) of investments accounted for using the equity method	15.0	10.7	4.3	7.4	7.6	23.0		
<b>Profit before tax</b>	37.8	26.3	11.5	24.6	13.2	45.0	84%	
<b>Income tax expenses</b>	(13.1)	(9.4)	(3.7)	(9.1)	(4.0)	(16.0)		
<b>Profit for the period</b>	24.7	16.9	7.8	15.5	9.2	29.0	85%	
<b>(Profit attributable to)</b>								
<b>Owners of the Company</b>	20.9	14.0	6.9	12.4	8.5	25.0	84%	
Non-controlling interests	3.8	2.9	0.9	3.1	0.7	4.0		

	FY2013 9-month	FY2012 9-month
	Results a	Results b
<b>Revenue</b>	1,360.6	1,344.5
<b>Core earnings *2</b>	43.3	24.3

## Comprehensive Income

	(Billions of yen)				
	FY2013 9-month			FY2012 9-month	
	Results a	1H Results	3Q Results	Results b	Difference a-b
<b>Profit for the period</b>	24.7	16.9	7.8	15.5	9.2
<b>Other comprehensive income</b>	54.8	29.4	25.4	7.1	47.7
<b>Total comprehensive income for the period</b>	79.5	46.3	33.2	22.6	56.9
Comprehensive income attributable to:					
<b>Owners of the Company</b>	74.6	43.0	31.6	18.6	56.0
<b>Non-controlling interests</b>	4.9	3.3	1.6	4.0	0.9

## Cash Flows

	(Billions of yen)	
	FY2013 9-month	FY2012 9-month
	Results	Results
<b>Cash flows from operating activities</b>	25.1	46.3
<b>Cash flows from investing activities</b>	(9.1)	(15.3)
<b>Free cash flows</b>	16.0	31.0
<b>Cash flows from financing activities</b>	(22.4)	(60.8)
Cash and cash equivalents at the end of the period	428.0	400.4

## Consolidated Statements of Financial Position

	(Billions of yen)			Reasons for the difference
	Dec. 31 2013	Mar. 31 2013	Difference	
	d	e	d-e	
<b>Current assets</b>	1,324.6	1,291.2	33.4	
Cash and cash equivalents	428.0	424.4	3.6	
Time deposits	9.2	9.3	(0.1)	
Trade and other receivables	544.5	508.7	35.8	Increase due to rise in sales of foodstuffs and timber products
Inventories	281.0	297.4	(16.4)	
Other current assets	61.9	51.4	10.5	
<b>Non-current assets</b>	907.3	858.9	48.4	
Property, plant and equipment	238.9	231.8	7.1	
Goodwill	46.2	45.7	0.5	
Intangible assets	58.0	63.3	(5.3)	
Investment property	36.5	40.1	(3.6)	
Investments accounted for using the equity method and other investments	447.0	394.1	52.9	Increase due to change in foreign exchange rates and stock prices
Other non-current assets	80.7	83.9	(3.2)	
<b>Total assets</b>	2,231.9	2,150.1	81.8	
<b>Current liabilities</b>	801.1	849.0	(47.9)	
Trade and other payables	514.1	515.6	(1.5)	
Bonds and borrowings	218.4	258.4	(40.0)	Decrease due to redemption of bonds (30.0) and repayment of borrowings
Other current liabilities	68.6	75.0	(6.4)	
<b>Non-current liabilities</b>	937.1	889.8	47.3	
Bonds and borrowings	855.8	818.6	37.2	Increase due to issuance of bonds +30.0 and recording of new borrowings
Retirement benefits liabilities	17.2	16.2	1.0	
Other non-current liabilities	64.1	55.0	9.1	
<b>Total liabilities</b>	1,738.2	1,738.8	(0.6)	
Share capital	160.3	160.3	-	
Capital surplus	146.5	146.5	0.0	
Treasury stock	(0.1)	(0.1)	0.0	
Other components of equity	115.5	62.8	52.7	Increase due to change in foreign exchange rates and stock prices
Retained earnings	38.1	13.1	25.0	Profit for the period +20.9, dividends (4.4)
Total equity attributable to owners of the Company	460.3	382.6	77.7	
Non-controlling interests	33.4	28.7	4.7	
<b>Total equity</b>	493.7	411.3	82.4	
<b>Total liabilities and equity</b>	2,231.9	2,150.1	81.8	

	FY2013 9-month	FY2012 9-month
	Results	Results
Gross interest bearing debt	1,074.2	1,077.0
Net interest bearing debt	637.0	643.3
Net debt/equity ratio (times) *	1.38	1.68
Equity ratio *	20.6%	17.8%
Current ratio	165.3%	152.1%
Long-term debt ratio	79.7%	76.0%

\* "Total equity attributable to owners of the Company" is as recognized as "Total equity," and is consequently used in the denominator of "Net interest bearing debt" and the numerator of "Equity ratio."

(Billions of Yen)

**Profit or Loss**

	FY2013 9-month Results	FY2012 9-month Results	Difference	FY2013 Full-year Forecast (Nov. 6, 2013)	Achieved
<b>Net sales (JGAAP) *1</b>	<b>3,062.2</b>	<b>2,952.5</b>	+ 109.7	<b>4,280.0</b>	71.5%
<b>Gross profit</b>	<b>153.0</b>	<b>141.7</b>	+ 11.3	<b>209.0</b>	73.2%
Gross profit margin	(5.00%)	(4.80%)	(+0.20%)	(4.88%)	
Machinery	58.2	48.5	+ 9.7	79.0	73.7%
Energy & Metal	16.3	24.5	(8.2)	25.0	65.2%
Chemicals	28.1	25.3	+ 2.8	37.5	74.9%
Consumer Lifestyle Business	42.8	38.7	+ 4.1	58.5	73.2%
Other	7.6	4.7	+ 2.9	9.0	84.4%
Selling, general and administrative expenses	(117.7)	(114.1)	(3.6)	(163.0)	
Other income/expenses	(4.2)	(0.6)	(3.6)	(8.0)	
<b>Operating profit</b>	<b>31.1</b>	<b>27.0</b>	+ 4.1	<b>38.0</b>	81.8%
Financial income/expenses	(8.3)	(9.8)	+ 1.5	(16.0)	
Share of profit (loss) of investments accounted for using the equity method	15.0	7.4	+ 7.6	23.0	
<b>Profit before tax</b>	<b>37.8</b>	<b>24.6</b>	+ 13.2	<b>45.0</b>	84.0%
<b>Profit for the period</b>	<b>24.7</b>	<b>15.5</b>	+ 9.2	<b>29.0</b>	85.2%
<b>Attributable to owners of the Company</b>	<b>20.9</b>	<b>12.4</b>	+ 8.5	<b>25.0</b>	83.6%
Machinery	5.3	(0.7)	+ 6.0	5.5	96.4%
Energy & Metal	3.1	2.9	+ 0.2	10.0	31.0%
Chemicals	5.7	4.1	+ 1.6	6.5	87.7%
Consumer Lifestyle Business	7.0	5.7	+ 1.3	10.0	70.0%
Other	(0.2)	0.4	(0.6)	(7.0)	-
Non-controlling interests	3.8	3.1	+ 0.7	4.0	
Revenue	1,360.6	1,344.5	+ 16.1	-	
Core earnings *2	43.3	24.3	+ 19.0	53.0	

\*1 Net sales (JGAAP) is a measure generally used by Japanese general trading companies and represents the aggregate value of the transactions for which the Group acts as a principal or agent. It is not to be construed as equivalent to, or a substitute for, revenues under IFRS.

\*2 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividend income + Share of profit (loss) of investments accounted for using the equity method

(Billions of Yen)

**Financial Position**

	Dec. 31, 2013	Mar. 31, 2013	Difference	FY2013 Full-year Forecast (Feb. 7, 2014)
<b>Total assets</b>	<b>2,231.9</b>	<b>2,150.1</b>	+ 81.8	<b>2,230.0</b>
<b>Total equity *3</b>	<b>460.3</b>	<b>382.6</b>	+ 77.7	<b>460.0</b>
Total equity	(493.7)	(411.3)	(+82.4)	-
<b>Equity ratio (%)</b>	<b>20.6%</b>	<b>17.8%</b>	+ 2.8%	<b>20.6%</b>
<b>Net interest-bearing debt</b>	<b>637.0</b>	<b>643.3</b>	(6.3)	<b>670.0</b>
<b>Net D/E ratio (times)</b>	<b>1.38</b>	<b>1.68</b>	(0.30)	<b>1.46</b>
Net D/E ratio based on total equity (times)	1.29	1.56	(0.27)	-
<b>Risk assets</b>	<b>370.0</b>	<b>340.0</b>	+ 30.0	-
Ratio of risk assets to equity (times)	<b>0.8</b>	<b>0.9</b>	(0.1)	-

\*3 "Total equity attributable to owners of the Company" is recognized as "Total equity" in bold above, and is also used in the denominator of "Net interest-bearing debt" and the numerator of "Equity ratio."

\*4 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 such 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.

**Main Factors behind Differences**

- Machinery Division
  - Profit grew due to firm overseas automotive businesses as well as a rise in plant-related transactions.
- Energy & Metal Division
  - Profit for the period was up due to a decrease in share of loss of investments accounted for using the equity method as well as a decline in income tax expenses. These factors effectively offset the decline in gross profit resulting from lower prices for mineral resources and charges related to amortization of certain mining interests.
- Chemicals Division
  - Profits increased due to the solid volume of transactions related to chemical products in Asia.
- Consumer Lifestyle Business Division
  - Profit growth was supported in particular by strong overseas fertilizer businesses.
- Other
  - Despite the gross profit increase supported by the income associated with asset replacements, profit for the period went down due to an increase of income tax expenses.

**FY2013 Current Position and Outlook**

- Machinery Division
  - Overseas automotive businesses and plant-related transactions remain solid. However, in Central and South American automotive businesses, we must carefully monitor risks related to currency devaluation.
- Energy & Metal Division
  - Progress toward full-year targets is poor due to lower prices for mineral resources and impairment losses related to certain energy-related interests.
- Chemicals Division
  - The solid volume of transactions related to chemical products in Asia suggests that full-year targets will be met.
- Consumer Lifestyle Business Division
  - We expect to meet full-year targets due to favorable performance seen in overseas fertilizer businesses.
- Other
  - Performance is generally in line with forecasts.

**Commodity Prices and Exchange Rates**

	FY 2013 Assumption (Annual Avg.)	FY 2013 Results (Apr.- Sep. '13 Avg.)	FY 2013 Assumption (Second half Avg.)	FY 2013 Results (Oct.- Dec.'13 Avg.)	FY 2013 Results (Apr.- Dec. '13 Avg.)
<b>Crude oil (Brent) **1</b> (\$/bbl)	\$105/bbl	\$106.3/bbl	\$105.0/bbl	\$109.2/bbl	\$107.3/bbl
<b>Thermal Coal **2</b> (\$/t)	\$95/t	\$92.5/t	\$85.0/t	\$85.2/t	\$90.1/t
<b>Molybdenum</b> (\$/lb)	\$12.5/lb	\$10.1/lb	\$10.0/lb	\$9.6/lb	\$10.0/lb
<b>Nickel **3</b> (\$/lb)	\$8.0/lb	\$7.3/lb	\$6.7/lb	\$6.3/lb	\$7.0/lb
<b>Copper **3</b> (\$/t)	\$8,000/t	\$7,537/t	\$7,300/t	\$7,073/t	\$7,382/t
<b>Exchange rate **4</b> (¥/\$)	¥95.0/\$	¥98.6/\$	¥95.0/\$	¥102.1/\$	¥99.8/\$

\*\*1 Impact of fluctuations in the crude oil price on earnings: A \$1/bbl change alters profit for the year (attributable to owners of the Company) by approx. ¥0.1 billion.

\*\*2 Actual thermal coal prices are the general trading price based on market data and differ from the Company's sales price.

\*\*3 The price assumptions of nickel and copper are based on the annual average from Jan. to Dec.

\*\*4 Impact of fluctuations in the exchange rate on earnings: A ¥1/US\$ change alters gross profit by approx. ¥0.4 billion, profit for the year (attributable to owners of the Company) by approx. ¥0.2 billion, and total equity by approx. ¥1.5 billion.