

Highlights of Consolidated Financial Results for the Year ended March 31, 2014 (IFRS)

May 8, 2014

Sojitz Corporation

Results Highlights

- ◆ The year ended March 31, 2014, the second year of Medium-term Management Plan 2014: Change for Challenge, saw economic slowdown in emerging countries. Nevertheless, conditions in the United States, Japan, and other developed countries have proved relatively firm as their economies showed recovery trends. Sojitz's net sales (JGAAP) for the year ended March 31, 2014, were up due to higher trading volumes for wheat, increased sales volumes of fertilizer in Southeast Asia, and the benefits of yen depreciation with relation to sales of chemicals in Asia. These benefits counteracted the impacts of the divestment of a petroleum product sales subsidiary. Similarly, gross profit increased due to the firm fertilizer businesses in Southeast Asia.
- Operating profit decreased due to the impairment of oil and gas field interests and ferroalloy interests as well as foreign exchange losses recorded in regard to an overseas automotive subsidiary. Nevertheless, profit for the year (attributable to the owners of the Company) was up, largely by virtue of an increase in share of profit of investments accounted for using the equity method, which was attributable to the exclusion from consolidation of a bioethanol production (Figures in parentheses are year-on-year changes)
- Net sales (JGAAP) 4,046.6 billion yen (+112.1 billion yen / +2.8%)
- Increase in net sales in the Consumer Lifestyle Business Division due to higher trading volumes for wheat and increased sales volumes of fertilizer
 - Decrease in net sales in the Energy & Metal Division due to the impacts of the divestment of a petroleum product sales subsidiary
- Gross profit 198.2 billion yen (+11.0 billion yen / +5.9%)
- Increase in gross profit in the Consumer Lifestyle Business Division due to increase in gross profit in the overseas fertilizer businesses
 - Increase in gross profit in the Machinery Division due to increase in gross profit in the overseas automotive businesses
- Operating profit 23.7 billion yen ((1.8) billion yen / (7.1)%)
- Impairment of oil and gas field and ferroalloy interests
- Profit for the year (attributable to owners of the Company) 27.3 billion yen (+13.9 billion yen / +102.6%)
- Increase in profit for the period (attributable to owners of the Company) due to growth in share of profit of investments accounted for using the equity method
- ◆ Cash dividend per share for the fiscal year ended March 31, 2014
- | | |
|-----------|--------------------|
| Year end | 2.00 yen per share |
| Full year | 4.00 yen per share |
- ◆ Earnings forecast for the fiscal year ending March 31, 2015
- | | |
|---|---------------------|
| Net sales (JGAAP) | 4,230.0 billion yen |
| Operating profit | 40.0 billion yen |
| Profit before tax | 55.0 billion yen |
| Profit for the year (attributable to owners of the Company) | 33.0 billion yen |
- (Assumptions)
- | | |
|--|---------------|
| Exchange rate (annual average: JPY/US\$) | : 100 |
| Crude oil price (US\$/BBL) | : 100 (Brent) |
- ◆ Cash dividend per share for the fiscal year ending March 31, 2015
- | | |
|----------|-------------------------------|
| Interim | 2.50 yen per share (forecast) |
| Year end | 2.50 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 + Dividends received + 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)							
	FY2013 Results a	FY2012 Results b	Difference a-b	Reasons for the difference	FY2013 Forecast c	Percentage achieved a/c	FY2014 Forecast
Net sales (JGAAP) *1	4,046.6	3,934.5	112.1	Net sales (JGAAP): change in segment Machinery +46.4 Energy & Metal (111.0) Chemicals +72.5 Consumer Lifestyle Business +78.2	4,280.0	95%	4,230.0
Gross profit	198.2	187.2	11.0	Gross profit: change in segment Machinery +5.2 Energy & Metal (7.3) Chemicals +3.8 Consumer Lifestyle Business +6.0	209.0	95%	206.0
Gross profit margin	(4.90%)	(4.76%)	(0.14%)		(4.88%)		(4.87%)
Selling, general and administrative expenses							
Personnel expenses	(79.5)	(80.7)	1.2				
Non-personnel expenses	(64.7)	(63.7)	(1.0)				
Depreciation	(6.3)	(6.6)	0.3				
Provision of allowance for doubtful accounts	(1.1)	0.0	(1.1)				
(Total selling, general and administrative expenses)	(151.6)	(151.0)	(0.6)		(163.0)		(156.0)
Other income/expenses							
Gain/loss on sale and disposal of fixed assets, net	6.1	2.2	3.9				
Impairment loss on fixed assets	(19.5)	(11.5)	(8.0)	Impairment of oil and gas field and ferroalloy interests			
Gain on sale of subsidiaries/associates	1.7	2.1	(0.4)				
Loss on reorganization of subsidiaries/associates	(2.7)	(3.5)	0.8				
Other operating income/expenses	(8.5)	0.0	(8.5)	Foreign exchange losses in regard to overseas automotive subsidiary			
(Total other income/expenses)	(22.9)	(10.7)	(12.2)		(8.0)		(10.0)
Operating profit	23.7	25.5	(1.8)		38.0	62%	40.0
Financial income/costs							
Interests earned	5.4	4.9	0.5				
Interest expenses	(19.9)	(21.2)	1.3				
(Interest expenses, net)	(14.5)	(16.3)	1.8				
Dividends received	3.8	2.8	1.0				
Other financial income/costs	0.0	0.3	(0.3)				
(Financial income/costs, net)	(10.7)	(13.2)	2.5		(16.0)		(11.5)
Share of profit (loss) of investments accounted for using the equity method	31.0	15.8	15.2	Exclusion of bioethanol production company from consolidation	23.0		26.5
Profit before tax	44.0	28.1	15.9		45.0	98%	55.0
Income tax expenses	(11.9)	(11.1)	(0.8)		(16.0)		(17.5)
Profit for the year	32.1	17.0	15.1		29.0	111%	37.5
(Profit attributable to)							
Owners of the Company	27.3	13.4	13.9		25.0	109%	33.0
Non-controlling interests	4.8	3.6	1.2		4.0		4.5
Revenue	1,803.1	1,747.8	55.3				
Core earnings *2	68.0	38.5	29.5		53.0		65.0

Comprehensive Income

(Billions of Yen)			
	FY2013 Results a	FY2012 Results b	Difference a-b
Profit for the year	32.1	17.0	15.1
Other comprehensive income	56.4	44.7	11.7
Total comprehensive income for the year	88.5	61.7	26.8
Comprehensive income attributable to:			
Owners of the Company	82.2	56.1	26.1
Non-controlling interests	6.3	5.6	0.7

Cash Flows

(Billions of Yen)		
	FY2013 Results	FY2012 Results
Cash flows from operating activities	47.0	55.1
Cash flows from investing activities	(24.5)	(11.7)
Free cash flows	22.5	43.4
Cash flows from financing activities	(30.9)	(56.2)
Cash and cash equivalents at the end of the year	420.7	424.4

Consolidated Statements of Financial Position

(Billions of Yen)				
	Mar. 31, 2014 d	Mar. 31, 2013 e	Difference d-e	Reasons for the difference
Current assets	1321.8	1291.2	30.6	
Cash and cash equivalents	420.7	424.4	(3.7)	
Time deposits	4.4	9.3	(4.9)	
Trade and other receivables	524.8	508.7	16.1	Increase due to higher wheat trading volumes
Inventories	302.0	297.4	4.6	
Other current assets	69.9	51.4	18.5	
Non-current assets	898.4	858.9	39.5	
Property, plant and equipment	213.9	231.8	(17.9)	Decrease due to impairment of oil and gas field and ferroalloy interests
Goodwill	46.3	45.7	0.6	
Intangible assets	61.0	63.3	(2.3)	
Investment property	25.3	40.1	(14.8)	
Investments accounted for using the equity method	470.4	394.1	76.3	Increase due to new investments and rise in share of profit of investments accounted for using the equity method
Other non-current assets	81.5	83.9	(2.4)	
Total assets	2220.2	2150.1	70.1	
Current liabilities	811.8	849.0	(37.2)	
Trade and other payables	514.6	515.6	(1.0)	
Bonds and borrowings	227.2	258.4	(31.2)	Decrease due to repayment, increase due to transference of borrowings to current liabilities
Other current liabilities	70.0	75.0	(5.0)	
Non-current liabilities	915.4	889.8	25.6	
Bonds and borrowings	838.1	818.6	19.5	Increase due to fund procurement, decrease due to transference of borrowings to current liabilities and repayment
Retirement benefits liabilities	16.9	16.2	0.7	
Other non-current liabilities	60.4	55.0	5.4	
Total liabilities	1727.2	1738.8	(11.6)	
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	119.6	62.8	56.8	Increase due to change in foreign exchange rates and stock prices
Retained earnings	33.6	13.1	20.5	Profit for the year +27.3, dividends (4.4)
Total equity attributable to owners of the Company	459.9	382.6	77.3	
Non-controlling interests	33.1	28.7	4.4	
Total equity	493.0	411.3	81.7	
Total liabilities and equity	2220.2	2150.1	70.1	
Gross interest-bearing debt	1065.3	1077.0	(11.7)	
Net interest-bearing debt	640.2	643.3	(3.1)	
Net debt/equity ratio (times)*	1.39	1.68	(0.29)	
Equity ratio *	20.7%	17.8%	2.9%	
Current ratio	162.8%	152.1%	10.7%	
Long-term debt ratio	78.7%	76.0%	2.7%	

* "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".

Highlights of Consolidated Financial Results for the Year Ended March 31, 2014 (IFRS) - Supplementary Material

May 8, 2014
Sojitz Corporation

(Billions of Yen)

Profit or Loss

	FY2013 Results	FY2012 Results	Difference	FY2013 Forecast (Nov. 6, 2013)	Percentage Achieved	FY2014 Forecast
Net sales (JGAAP) *1	4,046.6	3,934.5	+ 112.1	4,280.0	94.5%	4,230.0
Gross profit	198.2	187.2	+ 11.0	209.0	94.8%	206.0
Gross profit margin	(4.90%)	(4.76%)	(+0.14%)	(4.88%)		(4.87%)
Machinery	70.6	65.4	+ 5.2	79.0	89.4%	76.0
Energy & Metal	23.7	31.0	(7.3)	25.0	94.8%	24.0
Chemicals	38.4	34.6	+ 3.8	37.5	102.4%	40.0
Consumer Lifestyle Business	56.3	50.3	+ 6.0	58.5	96.2%	58.0
Other	9.2	5.9	+ 3.3	9.0	102.2%	8.0
Selling, general and administrative expenses	(151.6)	(151.0)	(0.6)	(163.0)		(156.0)
Other income/expenses	(22.9)	(10.7)	(12.2)	(8.0)		(10.0)
Operating profit	23.7	25.5	(1.8)	38.0	62.4%	40.0
Financial income/costs	(10.7)	(13.2)	+ 2.5	(16.0)		(11.5)
Share of profit (loss) of investments accounted for using the equity method	31.0	15.8	+ 15.2	23.0		26.5
Profit before tax	44.0	28.1	+ 15.9	45.0	97.8%	55.0
Profit for the year	32.1	17.0	+ 15.1	29.0	110.7%	37.5
Attributable to owners of the Company	27.3	13.4	+ 13.9	25.0	109.2%	33.0
Machinery	(2.3)	(0.8)	(1.5)	5.5	-	4.0
Energy & Metal	9.3	12.7	(3.4)	10.0	93.0%	14.5
Chemicals	7.9	3.2	+ 4.7	6.5	121.5%	8.0
Consumer Lifestyle Business	17.5	7.4	+ 10.1	10.0	175.0%	10.5
Other	(5.1)	(9.1)	+ 4.0	(7.0)	-	(4.0)
Non-controlling interests	4.8	3.6	+ 1.2	4.0		4.5
Revenue	1,803.1	1,747.8	+ 55.3	-		-
Core earnings *2	68.0	38.5	+ 29.5	53.0		65.0

*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 + Dividends received + Share of profit (loss) of investments accounted for using the equity method

(Billions of Yen)

Financial Position

	Mar. 31, 2014	Mar. 31, 2013	Difference	Mar. 31, 2015 (Forecast)
Total assets	2,220.2	2,150.1	+ 70.1	2,260.0
Total equity *3	459.9	382.6	+ 77.3	480.0
Total equity	493.0	411.3	+ 81.7	-
Equity ratio (%)	20.7%	17.8%	+ 2.9%	21.2%
Net interest-bearing debt	640.2	643.3	(3.1)	670.0
Net D/E ratio (times)	1.39	1.68	(0.29)	1.40
Net D/E ratio based on total equity (times)	1.30	1.56	(0.26)	-
Risk assets	350.0	340.0	+ 10.0	-
Ratio of risk assets to equity (times)	0.8	0.9	(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 Year on Year Changes/Differences between Results and

- **Machinery Division**
 - Gross profit was up largely due to the benefits of yen depreciation in overseas automotive businesses. Foreign exchange losses were recorded in regard to an overseas automotive subsidiary, resulting in a year-on-year decline in profit for the year, underperforming the FY2013 forecast.
- **Energy & Metal Division**
 - A drop in mineral resource prices, as well as impairment losses related to certain oil and gas field and ferroalloy interests offset the benefits from a decrease in share of loss of investments accounted for using the equity method, and profits were down as a result.
 - Despite the impairment losses, the FY2013 forecast was met due to sales of interest as part of asset replacement and the decrease in internal income tax burden.
- **Chemicals Division**
 - Gross profit and profit for the year both increased, exceeding the FY2013 forecast, due to the strong performance of the methanol business.
- **Consumer Lifestyle Business Division**
 - Profits grew substantially, exceeding the FY2013 forecast, due to the benefits of strong overseas fertilizer businesses as well as increased share of profit of investments accounted for using the equity method.
- **Other**
 - Gross profit and profit for the year both improved due to the benefits of assets sales as part of asset replacement.
 - Performance exceeded forecast because of a decrease in asset replacement expenses which offset the rise in internal income tax burden.

FY2014 Current Position and Outlook

- **Machinery Division**
 - Profits are forecast to increase due to new earnings contributions from overseas automotive businesses as well as solid transaction volumes for infrastructure-, plant-, and aircraft-related transactions.
- **Energy & Metal Division**
 - Profits are forecast to increase due to the absence of the impairment losses recorded in relation to gas and oil field and ferroalloy interests in the year ended March 31, 2014, which will outweigh the impacts of low coal prices.
- **Chemicals Division**
 - Results are forecast to be in line with the year ended March 31, 2014, because of solid chemical transactions centered on Asia.
- **Consumer Lifestyle Business Division**
 - Profits are forecast to decrease as the impacts of a decline in share of profit of investments accounted for using the equity method will offset the overall strong performance that is expected.
- **Other**
 - Costs are expected in conjunction with asset replacement.

Commodity Prices and Exchange Rates

	FY2013 Results (Annual Avg.)	FY 2013 Results (Jan.-Mar.'14 Avg.)	FY 2014 Assumption (Annual Avg.)
Crude oil (Brent) **1	\$107.5/bbl	\$108.2/bbl	\$100/bbl
Thermal coal **2	\$89.5/t	\$87.4/t	\$82/t
Molybdenum	\$10.0/lb	\$10.0/lb	\$10/lb
Nickel **3	\$6.8/lb	\$6.3/lb	\$7/lb
Exchange rate **4	¥100.5/\$	¥102.6/\$	¥100/\$

**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.

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

**4 Impact of fluctuations in the exchange rate on earnings: ¥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. ¥2.0 billion.