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# SC NEWS

Sumitomo Corporation Business Report

The 1st Half of 150th Newsletter to Shareholders [April 1, 2017 through September 30, 2017]

Stock Exchange Code: 8053





# To fully implement the medium-term management plan “BBB02017,” and to move forward to the next stage

Representative Director  
President and Chief Executive Officer **Kuniharu Nakamura**

## Summary of Business Performance for the First Half of Fiscal 2017

**Consolidated net income**  
**¥155.3 billion**

During the period under review (the first half of fiscal 2017, i.e. April 1, 2017, through September 30, 2017), solid growth continued in the global economy. In the U.S., although the economy showed a continuous growth under a new administration, the pace of growth became slower than initially anticipated. Economic recovery continued in the Eurozone, as well as

in China and the surrounding countries in Asia. In Central and South America, the recovery was slow because of the persistent impact of monetary tightening to curb inflation. Mineral resources prices are expected to be stable after adjustment phase, which varies by commodity.

In the Japanese economy, personal consumption trended steadily aided by the lower unemployment rate, with overall exports maintaining stable performance. Recovery in capital investment continued due to a higher level of corporate earnings, while the execution of a supplementary budget in the previous fiscal year supported the economy.

In this environment, consolidated net income for the first half of fiscal 2017 amounted to ¥155.3 billion, an increase of ¥89.5 billion year on year. In mineral resources businesses, income increased due to robust mineral resources prices. Tubular products business in North America also saw earnings improvement primarily owing to a gradual increase in rig count in the U.S. In non-mineral resources businesses, core businesses such as real estate and leasing business showed stable performance, while progress in construction of large-scale EPC <sup>(\*)</sup> projects also contributed to earnings.

Free cash flow for the first half of fiscal 2017 amounted to ¥21.1 billion inflow due mainly to the steady cash generation through core businesses as well as the capital recovery of approximately ¥120 billion through asset replacements, despite loans and investments of approximately ¥140 billion. In the medium-term management plan, Be the Best, Be the One 2017 (BBBO2017), we plan for a total of ¥500 billion in post-dividend free cash flow over the three years, and the result from April 2015 to September 2017 trended steadily, amounting to a 30-month total of ¥544.4 billion inflow.

## Fiscal 2017 Business Performance Forecast

### Consolidated net income forecast of ¥280 billion

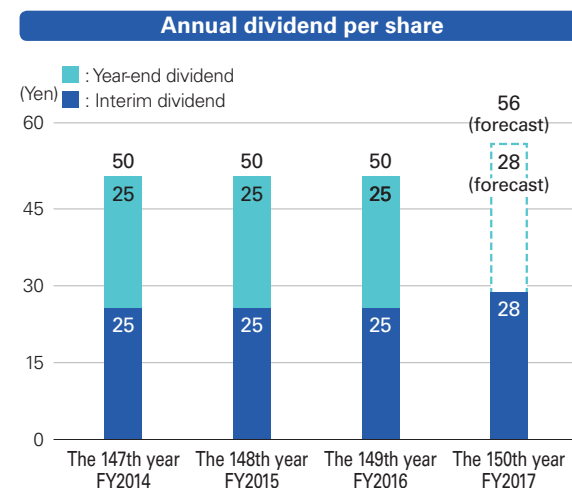
As regards to the outlook for the future global economy, it is expected that moderate growth will continue mainly in capital investment in the U.S. and in domestic demand in emerging countries. However, in the Eurozone, the economy remains uncertain although the gradual recovery continues. In Japan, it is projected that the economy will be supported by the fiscal and monetary policy led by the government and the Bank of Japan. International commodity markets, as overall, are expected to remain stable in the second half of fiscal 2017.

With regard to our forecasts for fiscal 2017, we have revised our forecast of basic profit <sup>(\*)</sup> for the year to ¥300 billion, ¥40 billion up from the initial forecast, and consolidated net income to ¥280 billion, ¥50 billion up from the initial forecast. We expect robust commodity prices in Mineral resources businesses, and also expect a demand recovery for tubular products under the market recovery in Tubular products business. In addition, strong performances of domestic major group companies and main businesses are expected in Non-mineral resources businesses. In the revised forecasts, approximately ¥20 billion of costs for strategic assets replacement

is still included as per initial forecasts.

## Dividend Policy

Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term. During BBBO2017, the current medium-term management plan for three years launched in April 2015, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with ¥50 per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference.



(\*) EPC: Engineering, Procurement and Construction

(\*) Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) x (1 - Tax rate) + Share of profit (loss) of investments accounted for using the equity method



The annual dividend for fiscal 2017 will be ¥56 per share (the previous plan was ¥50 per share) applying the consolidated dividend payout ratio of 25% to our revised consolidated net income forecast of ¥280 billion. Therefore, the interim dividend for fiscal 2017 is ¥28 per share, half of the amount of the planned annual dividend.

## Commitment to Material Issues

In April 2017, Sumitomo Corporation identified the “Six Material Issues to Achieve Sustainable Growth with Society” and defined them as important factors in developing medium- to long-term business strategies and in the decision-making process for individual businesses. Starting from the current fiscal year, we have incorporated in the internal discussions of new businesses the perspective of how the new business will have social significance in relation to the six material issues. To move forward to the next stage, we will secure our growth and address social issues simultaneously by fulfilling our Corporate Mission: To achieve prosperity and realize dreams through sound business activities.

We sincerely request the ongoing understanding, support and encouragement of all our shareholders.

## Cash Flow Targets

In BBBO2017, we plan for a total of ¥1 trillion in “new loans and investments” over three years. From April 2015 to September 2017, we made new investments in mobility services in the automotive field and accumulated assets such as of overseas water concession business in the infrastructure field. The amount of new loans and investments increased steadily, amounting to a 30-month total of ¥750 billion.

Meanwhile, in “asset replacement and others,” we plan for a total of ¥700 billion over three years, and the results from April 2015 to September 2017 amounted to a 30-month total of ¥570 billion, mainly owing to the sale of all shares in an automotive finance business in Europe and partial sale of office buildings in the U.S.

### ● Cash Flow Targets (3-year total) (Billions of Yen)

	Targets (3-year total)	Results as of September 2017 (30-month total)
Basic profit cash flow	+650	+580
Depreciation	+350	+300
Asset replacement and others	+700	+570
Dividend	(200)	(160)
New investment and replacement	(1,000)	(750)
Free cash flow (post-dividend)	+500	+540

### ● New investment and replacement (3-year total) (Billions of Yen)

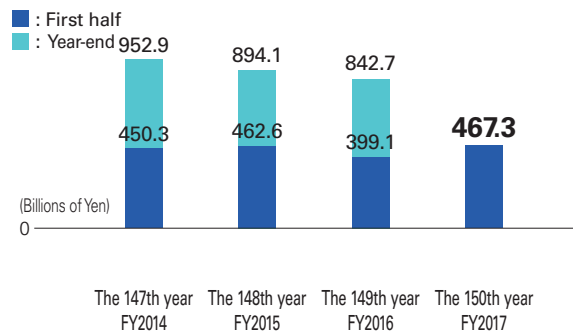
Business unit	Targets (3-year total)	Results as of September 2017 (30-month total)
<b>Metal Products</b>	120	42
<b>Transportation &amp; Construction Systems</b>	280	195
<b>Environment &amp; Infrastructure</b>	140	121
<b>Media, ICT, Lifestyle Related Goods &amp; Services</b>	280	253
<b>Mineral Resources, Energy, Chemical &amp; Electronics</b>	180	146
Total	1,000	750

# Performance Highlights

## Changes in primary management indicators

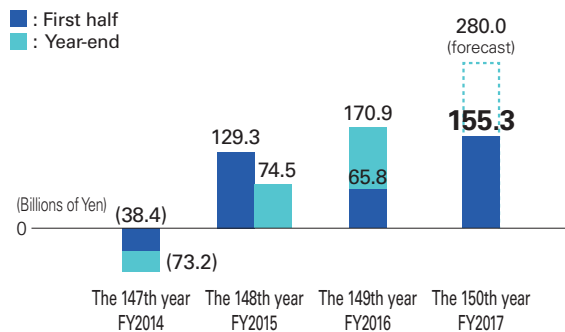
### Gross Profit

¥467.3 billion



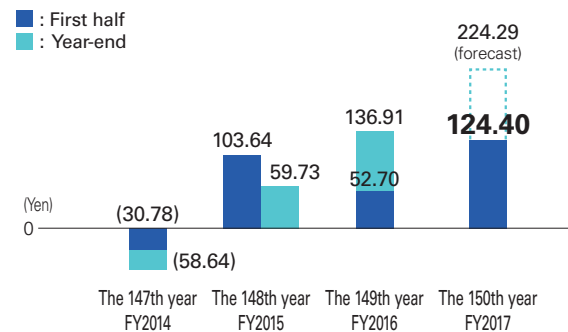
### Consolidated Net Income or Loss

¥155.3 billion



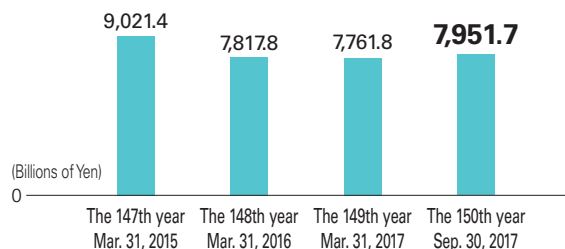
### Consolidated Net Income or Loss per Share

¥124.40



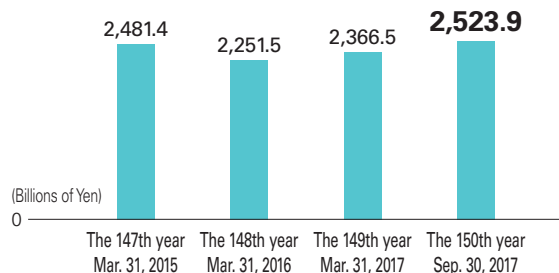
### Total Assets

¥7,951.7 billion



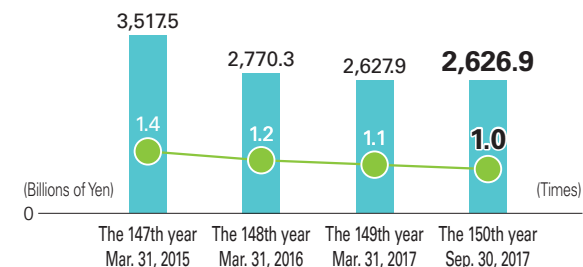
### Shareholders' Equity

¥2,523.9 billion



### Interest-Bearing Liabilities (Net) / Debt-Equity Ratio (Net)

Interest-Bearing Liabilities (Net) Debt-Equity Ratio (Net)  
¥2,626.9 billion 1.0 times



### Glossary of terms

#### Interest-bearing liabilities (net)

Gross interest-bearing liabilities (bank borrowing, corporate bonds, commercial paper, etc.) that must be repaid with interest, minus cash and cash equivalents.

#### Debt-Equity Ratio (net)

The value of interest-bearing liabilities (net) divided by shareholders' equity; an indicator of financial soundness.

\*In this publication, "consolidated net income or loss" corresponds to "profit or loss for the year attributable to owners of the parent" under IFRS and "shareholders' equity" corresponds to "equity attributable to owners of the parent."

## Consolidated net income or loss by segment / Overview (Global basis<sup>(\*)</sup>)

### Metal Products Business Unit

- Posted profit of ¥18.0 billion, an increase of ¥16.0 billion year on year, owing to factors such as improved earnings in the tubular products business in North America and stable performances of overseas steel service centers, in addition to a one-off profit from asset replacement in the first half.

### Transportation & Construction Systems Business Unit

- Posted profit of ¥35.2 billion, an increase of ¥12.2 billion, owing to robust performances in the leasing, construction equipment sales & marketing, and construction equipment rental businesses, and a gradual recovery in the shipping market.

### Environment & Infrastructure Business Unit

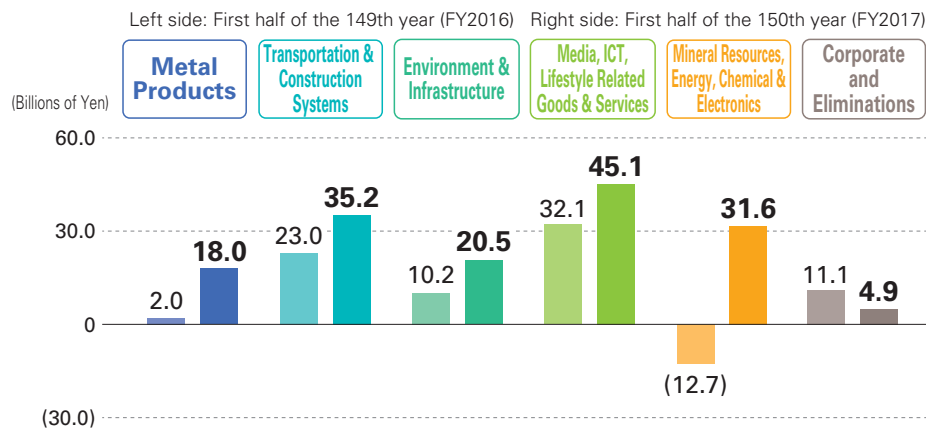
- Posted profit of ¥20.5 billion, an increase of ¥10.3 billion, due to stable performance of overseas IPP/IWPP business and progress in construction of large-scale EPC projects.

### Media, ICT, Lifestyle Related Goods & Services Business Unit

- Posted profit of ¥45.1 billion, an increase of ¥13.0 billion, due to robust performances of domestic major group companies and real estate business, and one-off profit from asset replacement.

### Mineral Resources, Energy, Chemical & Electronics Business Unit

- Posted profit of ¥31.6 billion, an increase of ¥44.2 billion. Silver-zinc-lead mining project in Bolivia, Iron ore mining projects in South Africa, and Coal mining projects in Australia showed robust performances because of higher mineral resources prices. Also, a tax provision was posted in the project in Bolivia in the first half of FY2016.



(\*) Above segment information is presented by global basis (reference figures for each segment including operations in Overseas Subsidiaries and Branches segment) from the first quarter of FY2016.

Further details can be found on our website at:

<http://www.sumitomocorp.co.jp/english/ir/>

## Sumitomo Corporation Group's Material Issues

Sumitomo Corporation Group is committed to addressing social issues through its global business operation. Placing the "Six Material Issues to Achieve Sustainable Growth with Society" at the core of the corporate management, we will continue to contribute to the realization of a sustainable society.



### Achieving harmony with the global environment

To realize recycling-oriented society and mitigate climate change, we are working to establish frameworks for the efficient use of resources and stable supply of renewable energy. In doing so, we will achieve growth in harmony with the global environment.



### Contributing to the development of local communities and industries

We steadily procure and provide goods and services to meet the needs of people in various countries and regions and contribute to developing industrial platforms. Through these means, we will create a virtuous cycle in which we can grow and develop together with local communities.



### Establishing a foundation for comfortable and enriching lifestyles

We strive to realize more convenient and comfortable lifestyles by providing goods and services for daily use while also responding to needs for high-quality lifestyles in order to support the physical and mental health of people around the world.



### Providing diverse "accessibility"

We provide diverse accessibility to open up the possibility of creating new value. To this end, we will improve mobility for safe and efficient flow of people and goods, and expand the network connecting information and finance.



### Developing human resources and promoting diversity

In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management resources.



### Enhancing governance

We will enhance our ability to draft and implement strategies for achieving sustainable growth and to provide appropriate supervision of these strategies, all while maintaining transparency. In this manner, we will improve management efficiency and maintain sound management.

Please visit the website below to view the details of material issues of the Sumitomo Corporation Group.

[http://www.sumitomocorp.co.jp/english/company/policy/material\\_issues/](http://www.sumitomocorp.co.jp/english/company/policy/material_issues/)

## ● Metal Products Business Unit ●

Contributing to the Development of Automotive Industry in India by Strengthening Ties with Local Companies



### Investment in specialty steel business in India



Sumitomo Corporation has reached an agreement with Mukand Ltd. ("Mukand"), India's leading manufacturer of specialty steel, to acquire 49% of the shares of Mukand Alloy Steels Private Limited. ("MASPL"), which is a fully owned subsidiary of Mukand. Under this agreement, MASPL will further process the specialty steel billets and blooms manufactured by Mukand, and also sell the finished products in markets in India. Mukand's specialty steel is widely used mainly in the Indian automotive industry, specifically as material for auto parts such as steering units<sup>(\*1)</sup>, fasteners<sup>(\*2)</sup>, and so on.

With the rapid economic growth, the market size of India ranks first and fifth in the world for two-wheeled and four-wheeled vehicles, respectively. The automobile production and sales volumes in India are expected to grow steadily for years to come. This implies rising demand for specialty steel used for automobile manufacturing in the expanding regional market. Through this business, Sumitomo Corporation will contribute to the development of the automotive industry in India.



Processing site of specialty steel for automotive parts

(\*1) Units to control the direction of a vehicle

(\*2) Hardware devices to connect two or more parts, such as bolts and nuts

## ● Transportation & Construction Systems Business Unit ●

Renovating the Credit Screening with IoT to Promote the Development of Transportation Industry in the Philippines



### Investment in an IT venture with technical capabilities



Sumitomo Corporation acquired a portion of new shares issued through a third-party allocation by Global Mobility Service ("GMS"). GMS provides IoT platform service for vehicles as well as remote control service of vehicles which complement the credit screening system for auto loans<sup>(\*1)</sup>. One example is a service where the vehicle is equipped with an IoT device and to be stopped in safe location based on location information if monthly loan premium is not paid.

GMS established a local subsidiary in the Philippines in 2016 to start providing this service for tricycles<sup>(\*2)</sup> in Makati City. In the medium and long term, it is expected that the spread of this service will facilitate the use of auto loans for those who are too young to be financed and those who failed credit screening despite their payment capability. Through these initiatives, we will contribute to creating job opportunities, improving a living standard, and developing transportation industry in the Philippines. We are committed to supporting GMS to expand its services by fully leveraging our existing network.



Contract signing ceremony between GMS and Makati City

(\*1) Loans for purchasing vehicles

(\*2) A three-wheeled vehicle used as a taxi in the Philippines



# Business Topics

## Environment & Infrastructure Business Unit

Contributing to Local Job Creation and Industrial Expansion through Industrial Estate Development in the Growing Market of India



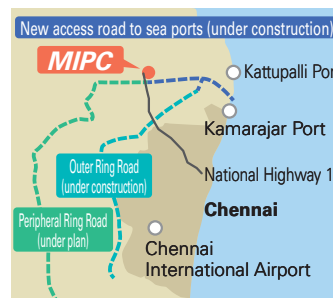
Land grading works have commenced at the Chennai site

### Start of sales activity of Mahindra Industrial Park Chennai (MIPC) Phase 1



Sumitomo Corporation has been developing Mahindra Industrial Park Chennai (MIPC) in Southern India with Mahindra World City Developers as partner. Sales activity for Phase 1 have started from June 2017 with the aim of starting operation in 2018. The development site is located at Ponneri Taluk, which is approximately one hour drive from central Chennai (\*\*1), and is designated as a priority development area in the Chennai-Bangalore Industrial Corridor (\*\*2). Social infrastructures such as electricity supply and road works have been under development with the Japanese government supporting especially road works.

With an aim to develop approximately 300 hectares in total, MIPC plans to initially develop 107 hectares as Phase 1 to mainly target approximately 20 to 30 Japanese investors. Sumitomo Corporation will contribute to local job creation and industrial development through supporting manufacturing companies to invest in India by developing industrial parks fully equipped with infrastructure and dedicated customer services.



Strategically located within commuting distance from Chennai near two main ports of Chennai

(\*1) Former Madras and current automotive industry hub in India

(\*2) Regional development project by Japanese and Indian governments to create an industrial corridor through infrastructure establishment in Southern India (between Chennai and Bangalore) where Japanese investments have especially concentrated.

## Media, ICT, Lifestyle Related Goods & Services Business Unit

Entering the European and U.S. Markets to Promote the Global Operation of Fruits and Vegetable Business



Fyffes boasts the largest trading volume of banana in Europe, and melon in the U.S.

### Acquisition of Fyffes, a fresh produce production and wholesale business operator



In order to expand the portfolio of fruits and vegetables business, Sumitomo Corporation acquired Fyffes, a fresh produce production and wholesale business operator, in February 2017 and made it a subsidiary.

We have been active in the banana industry since the 1960s and a market leader in Asia with a fully integrated business model, ranging from plantation operations in the Philippines to retail distribution across the Asian region. Furthermore, we operate an import and domestic distribution business for a wide range of produce, not only bananas.

Fyffes' activities include the production, procurement, shipping, ripening, distribution and marketing of bananas, pineapples, melons and mushrooms for the European, U.S., Canadian, Central and South American markets.

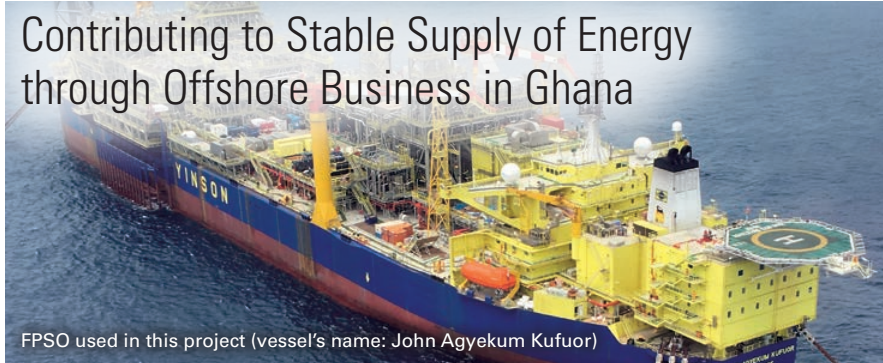
Taking advantage of Fyffes' network, we will contribute to the local and industrial development through the extension of product line, expansion of our plantations, and improvement of distribution efficiency.



For further expansion of our banana business since the 1960s



## Contributing to Stable Supply of Energy through Offshore Business in Ghana



FPSO used in this project (vessel's name: John Agyekum Kufuor)

### Sumitomo to participate in the FPSO owning and chartering business for the first time



Sumitomo Corporation, Kawasaki Kisen Kaisha, JGC Corporation, and Development Bank of Japan, have agreed in principle to participate in the FPSO (\*) owning and chartering business for oil and gas field off the coast of Ghana, Africa. As the significance of development in the very deep sea area grows in conventional oil and gas development, demand for FPSO is expected to increase.

The four companies will jointly acquire 26% of the shares of a FPSO owning company operated by the Malaysian offshore production services provider, Yinson Holdings. The company has concluded a 15-year long-term FPSO chartering agreement and started oil production off the Ghanaese coast in May 2017. The FPSO used in this project is a large converted ship with a total length of 333 meters and is to commence natural gas supply to Ghana by mid-2018. Through the project, we will strive to acquire knowledge and expertise of FPSO to respond to the growing demand expected in the future. We will contribute to solving the problem of energy shortages in Ghana.



Joint participation of four Japanese companies in FPSO business

(\*) FPSO: Floating Production, Storage and Offloading

## Fiscal 2017 Corporate Advertisement

In this fiscal year, Sumitomo Corporation presents a series of advertisements which illustrate our initiatives to address social issues. TV commercials will be broadcasted on the economic program of TV TOKYO-affiliated networks "Future Century Zipangu" (Monday at 22:00-) from October 2017, and on "Hodo Station" (TV Asahi-affiliated networks Monday-Friday at 21:54; Our ad will be aired on Mondays) from January 2018. Furthermore, we are placing the newspaper ads with the same theme in "The Nikkei" and "The Asahi Shimbun," as well as special serial editorial ads on the news website "NewsPicks" in December. Please take a look at our advertisement: "Our Blueprint for the Future."



On the morning edition of *The Nikkei* on October 4

Please visit "Advertisement Gallery" on our website.

<http://www.sumitomocorp.co.jp/english/company/scad/>

Sumitomo Corporation advertisement

Search



## Future of the Light Metals & Metal Products for Transportation Business



Corporate Officer  
General Manager, Light  
Metals & Metal Products  
for Transportation Div.

### Akihiko Shono

Joined Sumitomo Corporation in 1986. Served at Light Metals Products Dept. and then held the position of Manager of Sumitomo Corp. of America Los Angeles, General Manager of Titanium & New Material Business Dept., and Deputy General Manager of Light Metals & Specialty Steel Sheet Div. before assuming his current position in April 2017.

# Enhancing the Value Chain for Further Growth

After the organizational restructuring in April 2017, the Light Metals & Metal Products for Transportation Division now consists of the Light Metals & Products Business Department that handles aluminum; the Railway Products, Forging & Casting, Steel Logistics Equipment Business Department that handles important parts of railways such as rails, wheels or axles, or crankshafts; and the Automotive Components Business Development Department jointly managed with the Metal Products for Automotive Industry Division. In both lines of the Light Metals & Products business and the Railway Products, Forging & Casting, Steel Logistics Equipment business, the Company has built a firm position as a leading player in the respective industries and markets, through both trading activities and business investment.

## Working on increasing demand for aluminum, and focusing on expanding global market share

The Light Metals & Products Business Department mainly handles upstream primary metals and midstream semi-finished products (coils) in



Primary metals of Press Metal. The Sumitomo Corporation's employees are seconded to the factory, and the company is managed by reflecting their findings at the production site.

terms of the aluminum value chain. In the upstream field, the Company has participated in an aluminum base metal smelting business in Malaysia. Initially, production began at a volume of 120,000 tons annually, but has now grown to 760,000 tons, boasting the largest production capacity in Southeast Asia today. In addition to profit from the smelting business, the Company also sells the primary metals produced in Malaysia to secure trade profit, and thereby strengthens its business foundation.

In the midstream field, the Company is promoting the global development of its mainstay aluminum coil business for beverage cans, and striving to obtain 10 percent of the global market share together with that of Tri-Arrows Aluminum, (TAA) in the U.S., which the Company has invested in. As aluminum is light and difficult-to-rust, its usage has expanded from construction materials to household goods, and in recent years, it is also used for automotive light-weighting to improve fuel efficiency. Propelled by the worldwide spread of electric vehicles (EV), demand is expected to further increase, and TAA has begun to produce aluminum coils for automotive panels and has been making investments to increase its production capacity.

## Providing a one-stop service to meet a wider range of railway-related needs

As the railway-related business is the mainstay business of the Railway Products, Forging & Casting Steel Logistics Equipment Business Department, the Company is to extend its product lineup, ranging from track components (rail, fastenings, turnout) to rolling stock components (wheel, axle, couplers). Business investments in the market are also being promoted, and there are plans to enter the maintenance sector, with the aim of creating a platform that can meet a wide range of needs in a one-stop manner. In North America, the Company jointly invested in the



Railway axles produced by GBSummit, a company established by the Sumitomo Corporation Group. Demand for rail transport is expected to grow in North America.

“Pacific Spike” for transporting long rails allows a reduction in welding operations of rails locally, contributing to the reduction of time and costs.



track components manufacturer Arkansas Steel Associates, with Yamato Kogyo and jointly invested in the rolling stock components manufacturer Standard Steel with Nippon Steel & Sumitomo Metal Corporation, to strengthen the local production in North America. Also, the Company established a joint venture with Greenbrier Rail Services, the largest company engaging in the maintenance of freight car wheels and axles in North America, broadening the business in the axle processing field as well.

Furthermore, for its largest market, North America, the Company constructed the large-scale cargo ship “Pacific Spike” which can transport long rails that are each 150 meters in length, to differentiate its trading business.

Going forward, in the two fields of light metals and transportation equipment, the Company will continue enhancing its value chain by focusing on businesses where growth is expected.

## Tri-Arrows Aluminum

**On top of beverage cans, the Company also enters the automotive field where demand is expected to soar**

In August 2011, the Company jointly acquired Tri-Arrows Aluminum, (TAA) with a major Japanese aluminum rolling mill UACJ, and ITOCHU Corporation.

Headquartered in Kentucky, TAA is one of the largest aluminum rolling companies in the U.S. that specializes in producing aluminum coils for beverage cans. TAA jointly owns Logan Aluminum, the most competitive aluminum rolling mill in the world, with Novelis, a company in the same industry.

In the North American market where demand for beverage cans is stable, TAA has secured a firm customer base and contributes significantly to the profit of the Light Metals & Metal Products for Transportation Div.. In 2014, TAA established a company that manufactures aluminum sheets for automotive panels, Constellium-UACJ ABS (CUA), as a joint venture with major European aluminum rolling company Constellium, and CUA began operating last year. Accordingly, TAA is reinforcing its casting, hot rolling and cold rolling lines, and will bear the responsibility of providing base materials to CUA.



Expansion of Logan Aluminum, where 50 percent of aluminum coils for beverage cans sold in the U.S. are produced, is in progress in line with the entering of new fields.



# Distributing Petrochemicals from Singapore to the World

## A significant base as a trading hub

In Singapore, the petrochemicals industry is one of the key industries, that accounts for 12% of the country's total manufacturing output, and Singapore is currently the center of the petrochemicals industry in the ASEAN. The industry began as a national project in the 1970s between the Singaporean and Japanese governments. Currently, many Japanese companies as well as leading global corporations have entered the Singaporean market. As Jurong Island, the base for the petrochemicals industry, has a geographical advantage as a strategic point of marine traffic and market expansion of the ASEAN, large-scale capital investments have been planned there.

In such an environment, Sumitomo Corporation Asia & Oceania functions as the central base for the petrochemicals business in the region, and its operations are mainly carried out by local employees. It handles a wide range of products, from raw materials of basic chemicals to plastic products, and has global sales channels. Furthermore, it has invested in the operating company of the first naphtha decomposition factory in Singapore. As the core office in the region, Sumitomo Corporation Asia & Oceania will continue to promote growth.



Chemical plants constructed in the 1970s on Jurong Island, currently the center of the petrochemicals industry



Employees of the petrochemicals business working in Singapore



Various types of plastic raw materials make products used in daily life.



Deputy Group General Manager, Chemicals & Energy Group and Department Manager, Petrochemicals Department No. 1

**Yeoh Phee Soon**

I am very proud to belong to the Petrochemical Business Department which has long history in our company. The business environment is rapidly changing in South East Asia and of course globally. My responsibility is setting up sales strategies by foreseeing these changes, and by doing so, I hope to contribute to the growth of our region and our company.

### My Favorite

Singapore is a food paradise incorporating dishes with Chinese, Indian, Malay, Indonesian and European influences. They are found everywhere, from the hawker centers to food courts in shopping malls and in the quaint historical streets lined with shophouses. Eating is part of Singapore's heritage and it is only natural that I developed my favorite pastime: Eating. My long-time favorite is "Bak Kut Teh" or spare-rib tea; a direct translation from the Chinese Hokkien Dialect word.



## Sumitomo Corporation Group's Activities in Singapore

### Growing Together with Asia, a Region Full of Energy

#### HISTORY ● 62 years of history

Sumitomo Corporation assigned the first representative to Singapore in August 1955, and created a local subsidiary in 1991. In 2008, Sumitomo Corporation Asia was established to supervise business in Asia. In 2013, a new management structure covering a wider region including Australia was adopted, and the company's name was changed to Sumitomo Corporation Asia & Oceania.



Building where the Sumitomo Corporation office was located then

#### PRESENT ● Promoting business expansion as a regional hub

Sumitomo Corporation Asia & Oceania used to engage in the importing business, intermediary trade transactions as the hub have increased, and the company now handles petrochemicals, metal and aluminum products, ships, and cement. From trading business, infrastructure projects to business investments, Sumitomo Corporation Asia & Oceania engages in a wide range of businesses. Also, as a contribution to the local community, the company has actively participated in the volunteer activities since 2013.



Employees visiting a retirement home and providing support at a bowling tournament as part of their volunteering activities

#### FUTURE ● Contributing to the growth of Asian market

The Southeast and Southwest Asian regions are expected to experience further population increases and economic growth. Sumitomo Corporation aims to capture their changes and needs, and create new value with local business partners, in order to achieve prosperity and realize dreams in the communities.



Concluded a comprehensive partnership toward the new business alliances with a Vietnamese partner, BRG Group in December 2016.





With Sumitomo's business philosophy as a pillar, the Group has adapted to the changes, overcome the challenges, and successfully developed. We will introduce the achievements of the forefathers of Sumitomo.

## Masatomo Sumitomo (1585-1652)

### The origins of Sumitomo's Business Philosophy

#### **"Monjuin Shiigaki" cautioned against pursuing easy gains**

In 1585, Masatomo Sumitomo, the founder of Sumitomo, was said to have been born in Maruoka, Echizen (Fukui Prefecture). At the age of 12, he began to study under Kugen, the founder of the Nehan sect of Buddhism, and was granted the Buddhist name of "Monjuin." However, the Nehan sect was later consolidated with the Tendai sect under the order of the Tokugawa shogunate. Unable to accept this, Masatomo persisted as an *Ingai Shamon* (the sectless priest) and opened a bookstore and a pharmacy, a forefront of businesses at the time.

Masatomo felt that it was his mission to spread the teachings of Buddhism to the public through his businesses. The letter *"Monjuin Shiigaki"* addressed by him in his final years began with "Not only in matters of business but in all situations, make efforts with deepest gratitude in every aspect." He cautioned against overly focusing on the pursuit of gains, lending out one's property or becoming a guarantor for another, and credit

transactions, and also explained the importance of compliance. Finally, he highlighted the accountability in "Politely explain your position to your customers until they have fully understood."

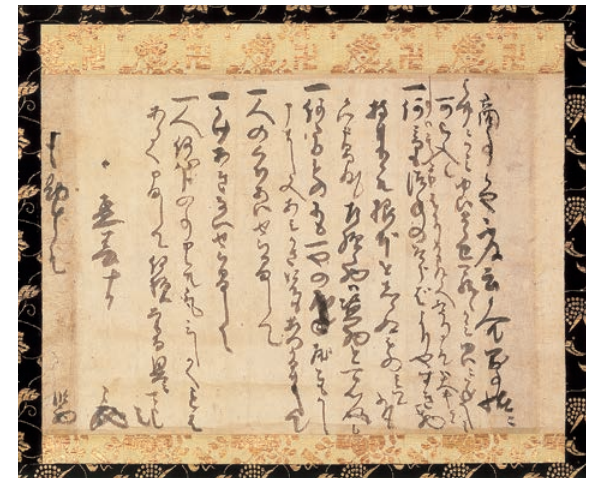
#### **Masatomo's beliefs have been passed on to the present generation**

*"Monjuin Shiigaki"* was based on Masatomo's Buddhist beliefs and faith, and has been passed on centuries. This most prominently shows in the "Business Principles the Rules Governing the House of Sumitomo, formulated in 1882 and revised in 1891. Masatomo's teachings that have been handed down through the generations for 250 years remain still highly relevant today.

Therefore, Masatomo's teachings including *"Monjuin Shiigaki"* have been passed on as a pillar of Sumitomo's business philosophy. Overcoming major changes, it has remained as the shared philosophy among members of the Sumitomo Group today.



Wooden statue of Masatomo Sumitomo (1585-1652)



*"Monjuin Shiigaki"* as stated by Masatomo, have served as the underlying basis of Sumitomo's business philosophy.

Photo Credit: Sumitomo Historical Archives



## Corporate Profile (As of September 30, 2017)

<b>Establishment:</b>	December 1919
<b>Paid-in Capital:</b>	¥219,278,931,183
<b>Status of Employees:</b>	Number of Employees 5,363 <sup>(Note)</sup> Number of Employees (Consolidated basis) 72,163 <small>(Note) It includes 169 persons whom overseas offices of the Company employ.</small>
<b>Status of Subsidiaries and Associated Companies:</b>	Number of Consolidated Subsidiaries 658 Number of Associated Companies 290
<b>Status of Operating Locations, etc.:</b>	Domestic 22 Overseas 107
<b>Accounting Auditor:</b>	KPMG AZSA LLC

## Directors and Corporate Auditors

Chairman	Kazuo Ohmori
President and CEO*	Kuniharu Nakamura
Executive Vice President*	Naoki Hidaka
Executive Vice President*	Hideki Iwasawa
Senior Managing Executive Officer*	Koichi Takahata
Senior Managing Executive Officer*	Masao Tabuchi
Outside Director	Yayoi Tanaka
Outside Director	Nobuyoshi Ehara
Outside Director	Koji Ishida
Standing Corporate Auditor (Full-time)	Takuro Kawahara
Corporate Auditor (Full-time)	Nobuhiko Yuki
Outside Corporate Auditor	Haruo Kasama
Outside Corporate Auditor	Toshio Nagai
Outside Corporate Auditor	Yoshitaka Kato

\*Indicates Representative Directors

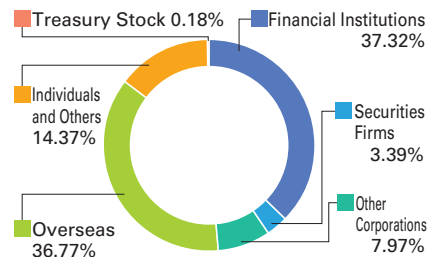
## Stock Information (As of September 30, 2017)

Number of Shares Authorized for Issuance: 2,000,000,000 shares

Number of Issued Shares: 1,250,602,867 shares

Number of Shareholders: 141,882

### Shareholders Composition:



## Major Shareholders

Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	79,263	6.35
Japan Trustee Services Bank, Ltd. (trust account)	60,444	4.84
Liberty Programming Japan, LLC	45,652	3.66
JP Morgan Chase Bank 385632	36,947	2.96
Japan Trustee Services Bank, Ltd. (trust account 9)	31,357	2.51
Sumitomo Life Insurance Company	30,855	2.47
Japan Trustee Services Bank, Ltd. (trust account 5)	23,458	1.88
Mitsui Sumitomo Insurance Company, Limited	20,000	1.60
State Street Bank West Client – Treaty 505234	19,035	1.52
Japan Trustee Services Bank, Ltd. (trust account 1)	17,096	1.37

(Note) The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding – which is derived by deducting treasury stock (2,224,641 shares) from the total number of issued shares – and rounding to the nearest hundredth of a percent.

## Information for Shareholders

<b>Fiscal Year:</b>	From April 1 of each year through March 31 of the following year
<b>Ordinary General Meeting of Shareholders:</b>	June
<b>Record Date:</b>	Ordinary General Meeting of Shareholders March 31 Year-end Dividends March 31 Interim Dividends September 30
<b>Stock Transfer Agent and Account Management Institution for Special Accounts:</b>	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
<b>Stock Transfer Agent, Handling Office:</b>	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
<b>(Mailing Address)</b>	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063
<b>(Telephone Inquiries)</b>	0120-782-031
<b>(URL)</b>	<a href="http://www.smtb.jp/tools/english/">http://www.smtb.jp/tools/english/</a>
<b>Shares per Unit:</b>	100 shares
<b>Stock Listings:</b>	Tokyo, Nagoya, Fukuoka
<b>Stock Exchange Code:</b>	8053
<b>Public Notices:</b>	Public notices shall be made electronically. If electronic notice is impossible due to accident or other unavoidable reason, the notice shall appear in the <i>Nihon Keizai Shimbun</i> .
<b>(Public Notice URL)</b>	<a href="http://www.sumitomocorp.co.jp">http://www.sumitomocorp.co.jp</a>

### ● Contact for Notifications and Inquiries Concerning Shares

For shareholders having an account with a securities company, please contact your securities company for notifications of change of address, etc. and inquiries. For shareholders not having an account with a securities company, please contact the telephone inquiries number on the left.

### ● About Special Accounts

For shareholders who have not used the custody and book-entry transfer system for securities prior to introduction of electronic share certificate system, a special account has been established with Sumitomo Mitsui Trust Bank, Limited. For inquiries concerning special accounts, please contact the telephone inquiries number on the left.

## Company Website

The Sumitomo Corporation website provides latest news and a range of IR information for the understanding of the Company.



<http://www.sumitomocorp.co.jp/english>

Sumitomo Corporation

# Sumitomo Corporation Group in **Everyday Life**

A new service that takes advantage of J:COM's strengths

## J:COM Offers Low-cost Smartphones **J:COM MOBILE**

Comprehensive support and unlimited video viewing on J:COM smartphones, starting from 980 yen (excluding tax) per month.

Jupiter Telecommunications (J:COM) is a "one-stop" provider of essential services in daily life, including Cable TV, High-speed data, Voice and Power supply services, and is promoting the J:COM Everywhere concept to realize a fulfilling lifestyle of local customers. As a part of this move, J:COM launched the mobile service J:COM MOBILE in October 2015.

The services of J:COM MOBILE have four advantages: **(1)** A good number of plans to choose from; **(2)** Price of mobile device effectively waived (when a customer signs up for J:COM TV or J:COM NET; not applicable to iPhones); **(3)** Free video viewing on the go through the J:COM On-Demand App; **(4)** All procedures from signing up to initial setting can be done at home. Furthermore, a free on-site service is also available, so first-timers can get started easily.



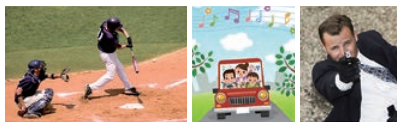
For more details, please visit the J:COM website.

<http://www.jcom.co.jp/service/mobile/>  
(Available in Japanese)

### Apps only J:COM can offer

#### Viewing videos while on the go

The "J:COM On-Demand" app allows customers to view videos while on the go. From live broadcasts of sports games to the latest movies, anime or dramas, customers can view each and every moment even while on the go, without worrying about mobile data charges.



#### Checking the latest local information

Using the local information app "DO LOCAL (Extremely Local)," customers can check the daily news and watch live camera footage of each region in Japan. Using J:COM's network, customers can check the latest local information, including live streaming of fireworks and other festivals.

\*Data charges apply.



J:COM MOBILE provides a distinctive mobile service. Customers can enjoy viewing various entertaining videos without worrying about data charges. Furthermore, with the comprehensive support system, first-timers can also feel at ease to enjoy the services. We look forward to having you on board.

Cable TV Dept.  
Sumitomo Corporation  
**Masaaki Agaya**



## Sumitomo Corporation

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Internet Website: <http://www.sumitomocorp.co.jp/english>  
(Publication: Corporate Communications Dept. seisaku-t@sumitomocorp.com)

### Editor's Note

In "Sumitomo's Forefathers," we introduced the founder Masatomo Sumitomo, the roots of our business philosophy "integrity and sound management." More pioneers will be introduced in the next few editions. Furthermore, our advertisement: "Our Blueprint for the Future" will be rolled out in newspapers, television commercials and the internet, so be sure to keep an eye out for it.

### ● Caution Concerning Forward-looking Statements

Statements included in this publication regarding future performance and other matters have been determined on the basis of information currently available. Such statements may differ in future depending on changes in the business environment, etc., and Sumitomo Corporation does not guarantee their reliability.