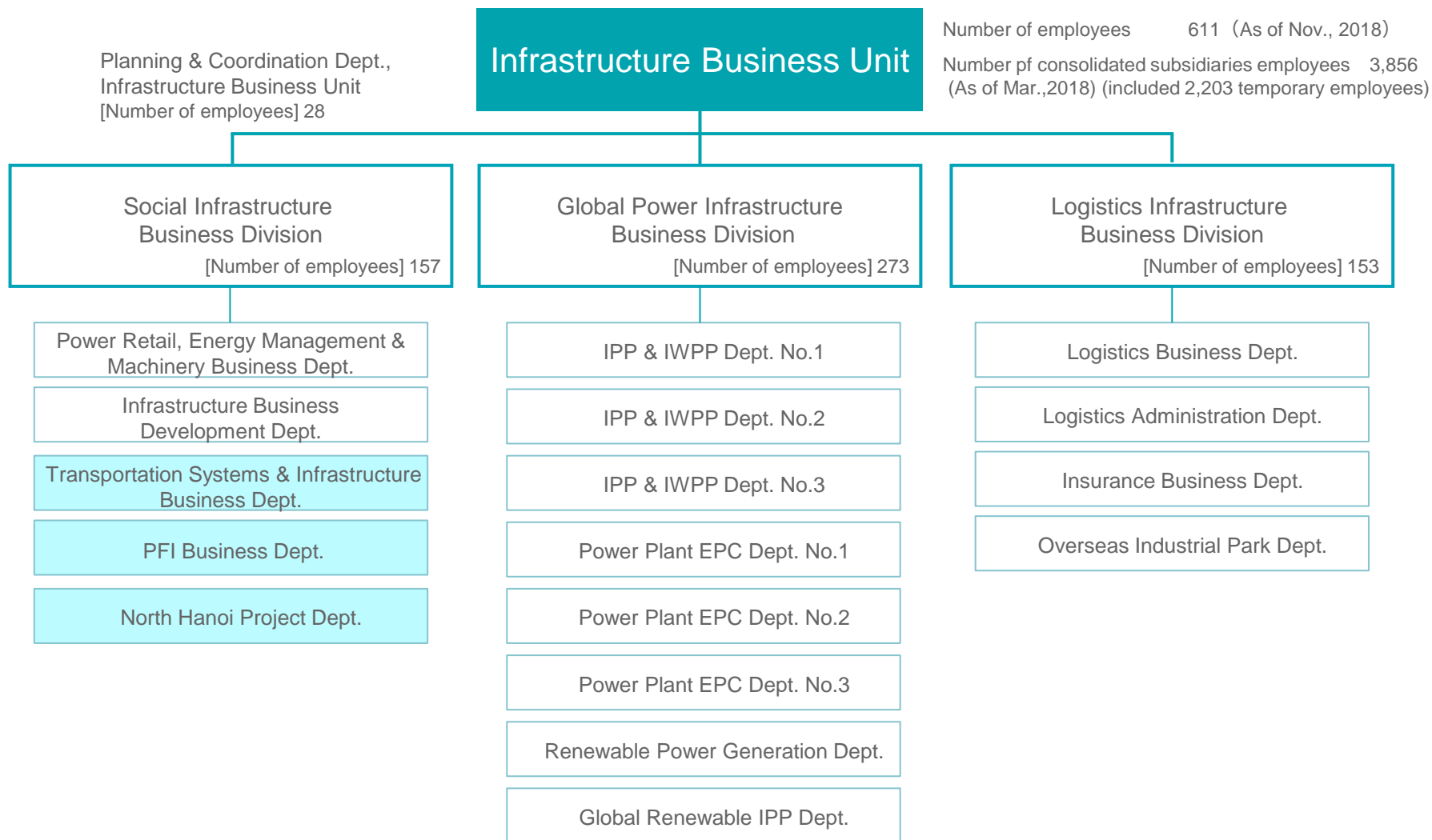


Infrastructure Business Unit IR Meeting

December 17, 2018

1. Overview of Infrastructure Business Unit

1-1. Organization



1. Overview of Infrastructure Business Unit

1-2. Business Lines

The Infrastructure Business Unit engages in a broad range of infrastructure-related business in the three fields of social infrastructure, global power infrastructure and logistics infrastructure.

Social Infrastructure Business

- Electricity retail business in Japan
- Water infrastructure business
- Traffic and transportation infrastructure-related business, etc.

Global Power Infrastructure Business

- Power generation business inside and outside Japan including renewable energy
- Power plant EPC business

Logistics Infrastructure Business

- Logistics service such as transportation
- Arranging of various insurance contracts
- Development and management of overseas industrial parks



Water and sewerage treatment facilities (Brazil)



Offshore wind power farm (Belgium)



Logistics center (Japan)

1. Overview of Infrastructure Business Unit

1-3. Addressing Social Issues (Materiality) Through Businesses

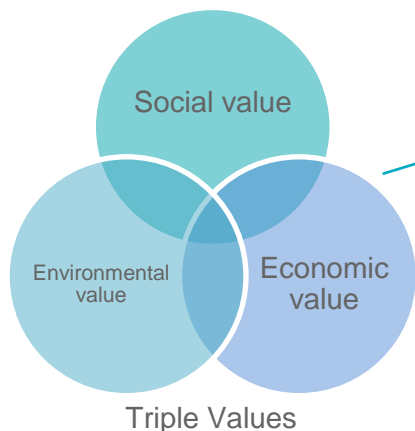
Contributes to addressing social issues through the development of infrastructure in accordance with regional and customer needs

▶ Basic policy for business activities

- ✓ Focus on environment-friendly infrastructure development in developed countries
- ✓ Contribute to social development and building foundations of people's lives by addressing power and water shortages and developing logistics networks in developing countries

▶ Valuation criteria for business portfolios

- ✓ Portfolios are valued from the perspectives of environmental value, social value and economic value (Triple Values)



Aim to create balanced portfolios in terms of Triple Values

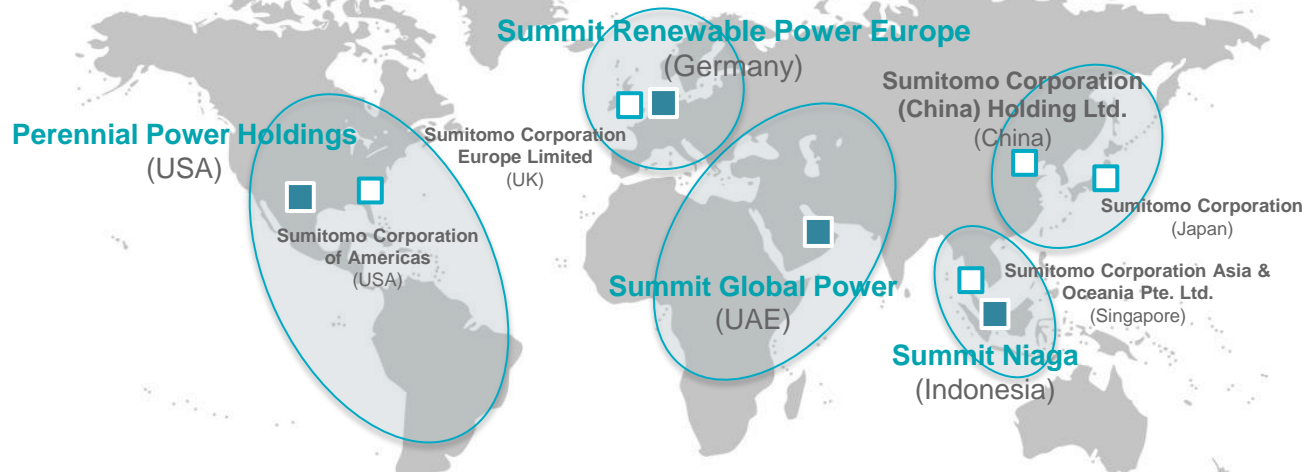
1. Overview of Infrastructure Business Unit

1-4. Business Unit Growth Strategies

Promotes the expansion of existing core businesses and initiates new infrastructure fields and business models

► Expansion of existing core businesses

- ✓ IPP: With a focus on gas and renewable energy, expand net capacity to the 10,000MW level*¹ as early as possible
- ✓ Water infrastructure business: Grow projects in the UK and Brazil and expand assets in China, Middle East, etc.
- ✓ Electricity retail business in Japan: Expand sales by leveraging the Group's integrated strength and pursue optimal power source composition
- ✓ Industrial parks: Expand businesses in Southeast Asia and promote development projects in emerging markets



Accelerate development of projects primarily led by Center of Excellence (CoE: development base) in each region

1. Overview of Infrastructure Business Unit

1-4. Business Unit Growth Strategies

Promotes the expansion of existing core businesses and initiatives for new infrastructure fields and business models

▶ Entry into new infrastructure fields

- ✓ Enter into new infrastructure fields in which Sumitomo Corporation has not previously engaged, including airport concessions, railroad operations, seaport business, urban development and so on

⇒ Pursue integrated development including peripheral fields rather than as a stand-alone project



Smart City project in North Hanoi, Vietnam

▶ Take on challenge for new infrastructure business models through Digital Transformation

- ✓ Promote the creation and sophistication of business models that utilize digital technologies such as the development of the third power business model following IPP and EPC, and the promotion of smart logistics



Solar Home System business in Africa

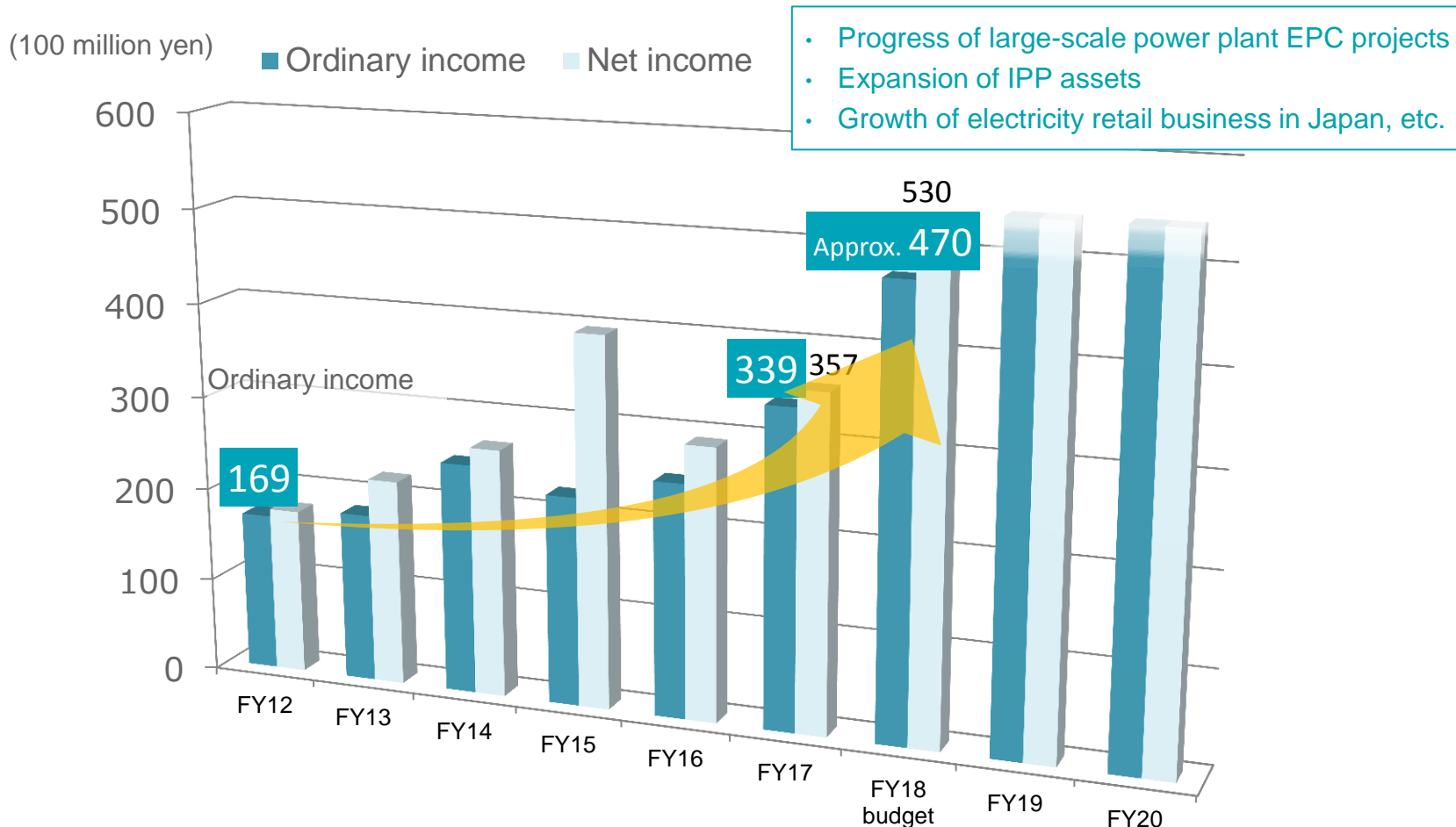
⇒ Lay the foundation for attaining new revenue sources looking beyond future growth

1. Overview of Infrastructure Business Unit

1-5. Quantitative Plan (PL)

Profitability excluding the effects of One-off profits has steadily increased.

Annual profits reach the 50.0-billion-yen level in the current medium-term management plan thanks to the contribution of large-scale power plant EPC projects, etc.



1. Overview of Infrastructure Business Unit

1-5. Quantitative Plan (CF)

Will expand assets in existing fields and invest in new fields and technologies aimed at future growth

Three-year investment and financing plan
under the medium-term management plan

New infrastructure businesses

- ✓ Airport concessions
- ✓ Railroad operation business
- ✓ Seaport business
- ✓ Urban development, etc.

Water infrastructure business

- ✓ Expansion of projects in Brazil
- ✓ New businesses in China, Middle East, etc.

Electricity retail business in Japan

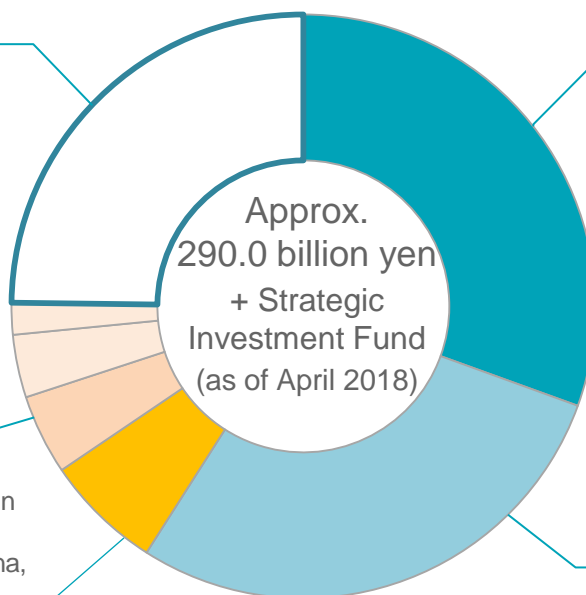
- ✓ In-house power source development using biomass, etc.

IPP (renewable energy)

- ✓ Offshore wind power farm in Europe
- ✓ Solar power generation in Japan, etc.

IPP (thermal)

- ✓ Gas power generation in Middle East and Africa
- ✓ Coal-fired power generation in Asia, etc.



- IPP (renewable energy)
- IPP (thermal)
- Electricity retail in Japan
- Water infrastructure business
- Industrial parks
- Logistics insurance
- New businesses

Currently working on the establishment of fund-based cash recycling scheme.

Aim to realize efficient business cycles for cash recovery and reinvestment

Growth Strategies in Respective Fields



Social Infrastructure Business Field



Global Power Infrastructure Business Field



Logistics Infrastructure Business Field

Growth Strategies in Respective Fields



Social Infrastructure Business Field



Global Power Infrastructure Business Field



Logistics Infrastructure Business Field

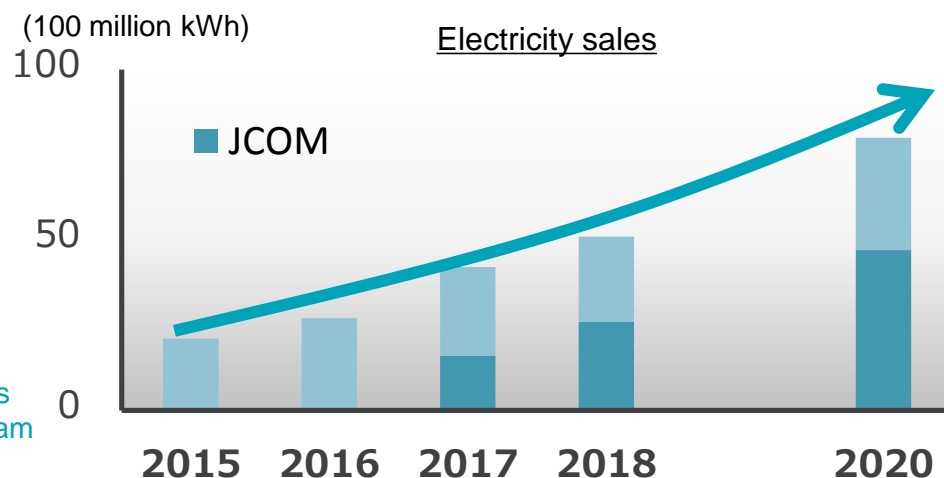
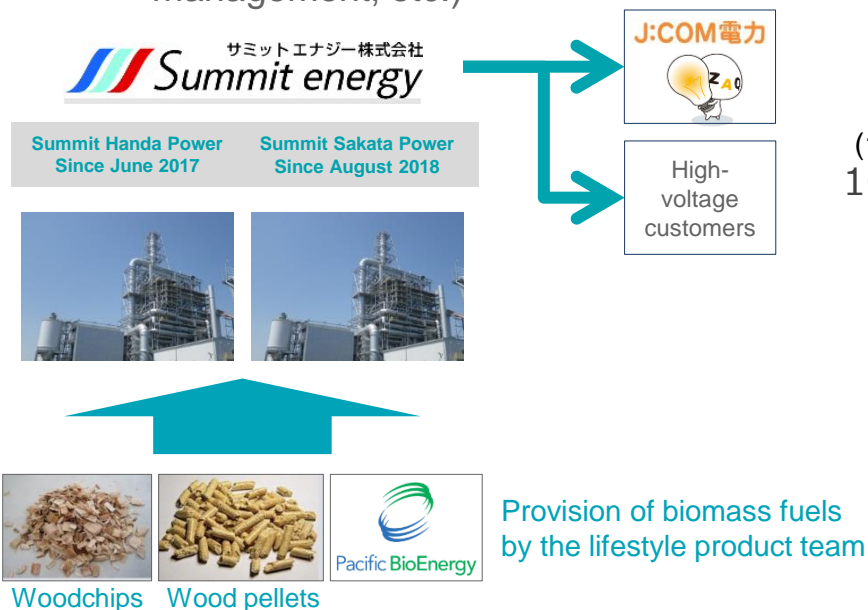
2. Growth Strategies for the Social Infrastructure Business Field

2-1. Action Plan of the Medium-term Management Plan 2020

Increase the value of existing core businesses by leveraging the Sumitomo Corporation Group's comprehensive capabilities

▶ Electricity retail business Summit Energy

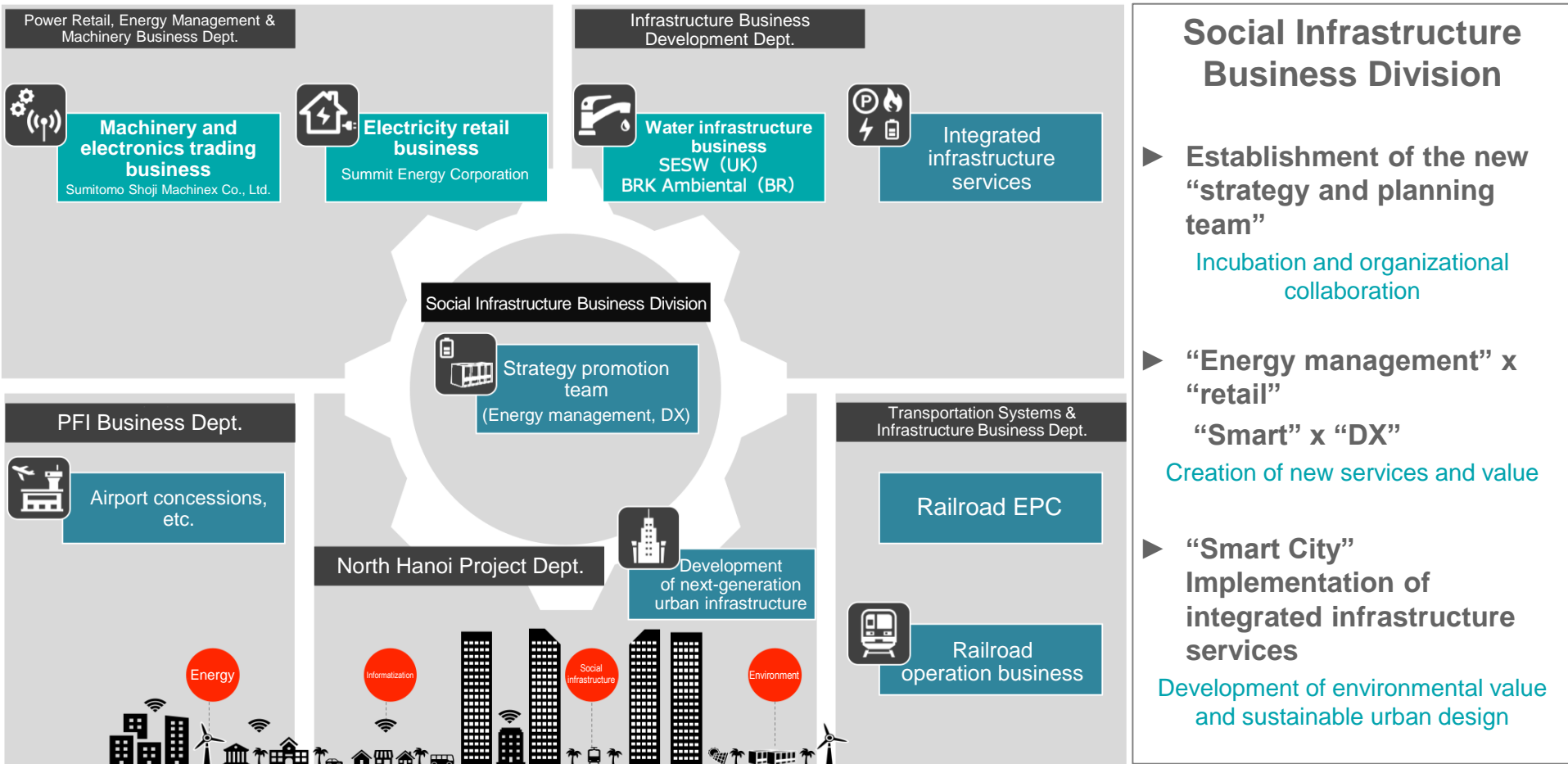
- ✓ Expansion of sales in the low-voltage field in collaboration with **J:COM** ← Balanced sales portfolio
- ✓ Commencement of operations of in-house biomass power sources (**Summit Handa Power** and **Summit Sakata Power**) ← Reinforcement of competitiveness
- ✓ Expansion of **new “service menus”** in line with customer needs (electricity retail x energy management, etc.)



2. Growth Strategies for the Social Infrastructure Business Field

2-2. Medium- to Long-term Strategies

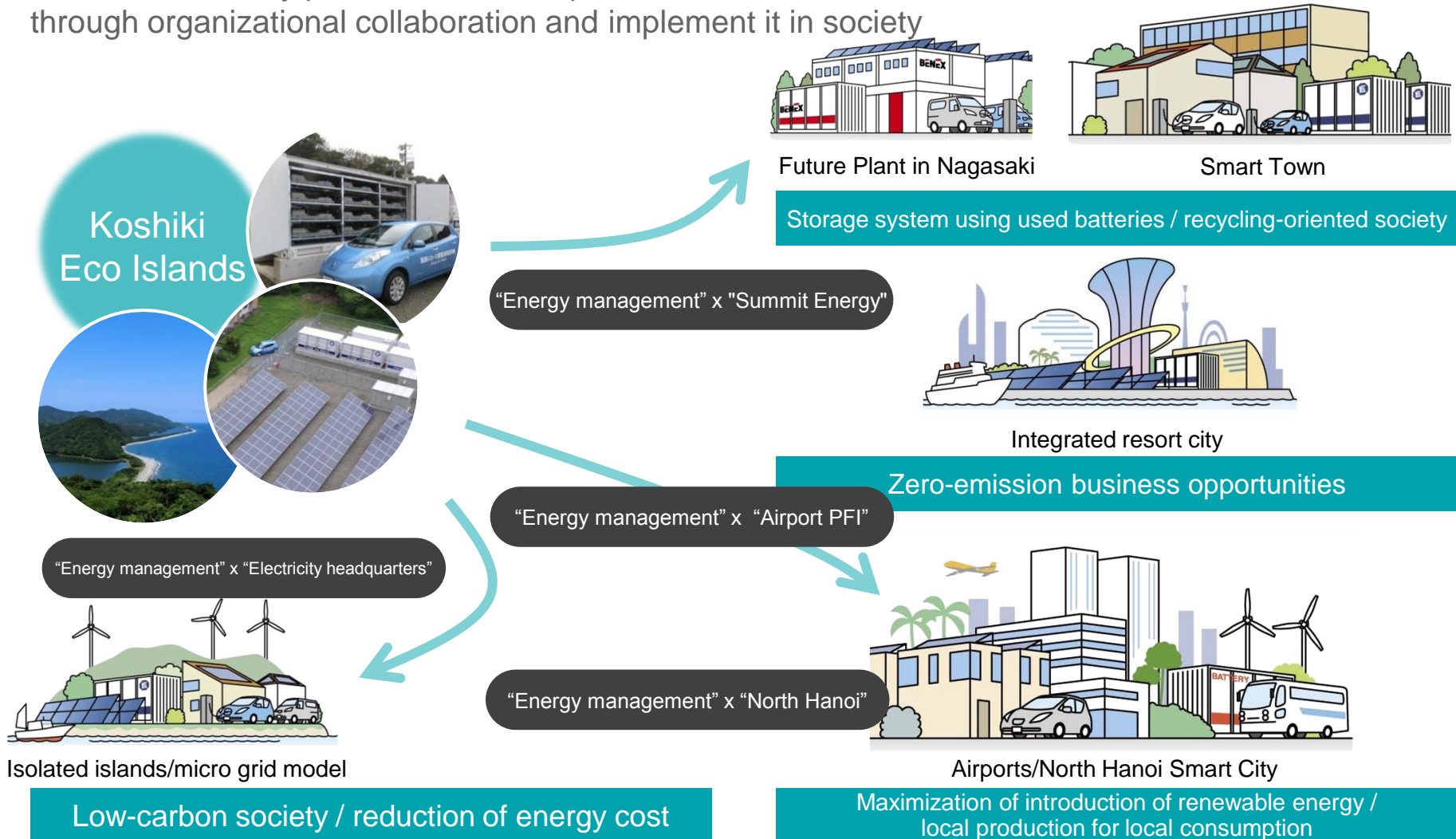
A new system based on a business model focused on the development of next-generation “smart infrastructure” and “urban management”



2. Growth Strategies for the Social Infrastructure Business Field

2-3. Case Study: Value Creation through “Organizational Collaboration”

Scheme to broadly promote the concept of “Eco Islands” in Koshiki Islands through organizational collaboration and implement it in society



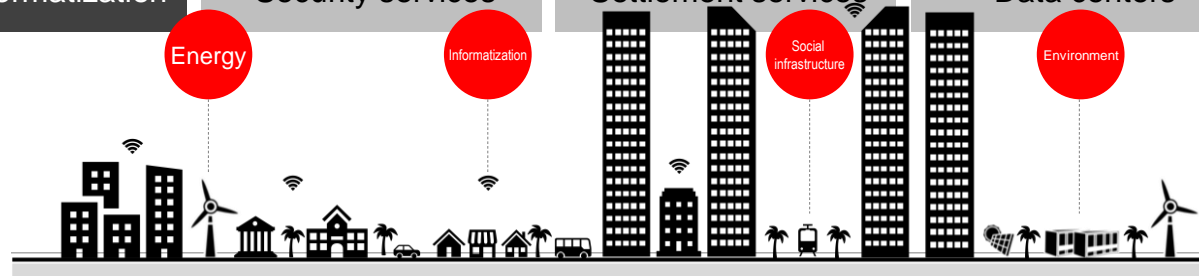
2. Growth Strategies for the Social Infrastructure Business Field

2-4. Case Study: Development of Next-generation Smart Infrastructure

Take steps toward building towns that fulfill people's dreams by leveraging the Sumitomo Corporation Group's comprehensive capabilities

Items to be considered as smart city elements

Real estate	High-rise apartments	Office buildings	Hospitals and schools
Social infrastructure	Commercial facilities	Transportation systems	Water supply and sewerage systems
	Education	Medical services	Public services
	Civil engineering	Power lines	Smart meters
Energy	Provision of electricity	Energy management	Thermal storage
Environment	Electric vehicles (EVs)	Renewable energy	Storage batteries
Informatization	Security services	Settlement services	Data centers



Vietnam North Hanoi Smart City

► **Development area: 272ha**

Investment permit obtained in June 2018

► **Establishment of the North Hanoi Project Dept.**

Integrated into this Business Division by spinning off from a relevant business unit



Growth Strategies in Respective Fields



Social Infrastructure Business Field



Global Power Infrastructure Business Field

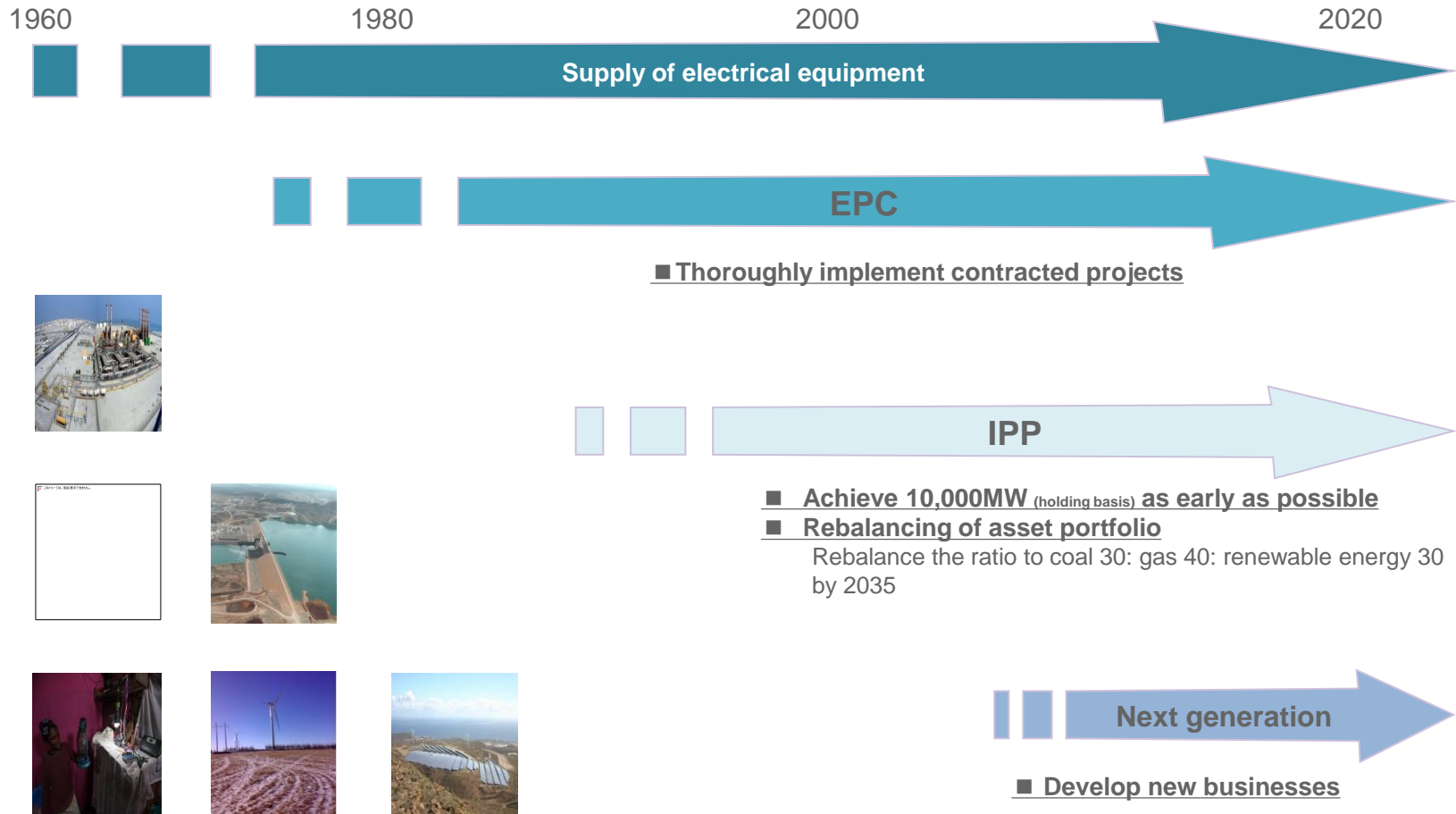


Logistics Infrastructure Business Field

3. Growth Strategies for the Global Power Infrastructure Business Field

3-1. Action Plan of the Medium-term Management Plan 2020

“Contribute to national interests of respective countries and simultaneously boost Sumitomo Corporation’s revenues by developing and providing global power infrastructure required by host countries by applying optimal technologies, cost and methods.”



3. Growth Strategies for the Global Power Infrastructure Business Field

3-2. Medium- to Long-term Growth Strategies

Enhance capabilities to conceptualize and promote businesses and develop optimal business portfolios

EPC

- Market strategies
 - Traditional markets: Indonesia, Thailand
 - Emerging markets: Bangladesh, Myanmar, Sub-Saharan Africa



IPP



- Business bases and professional groups located in the US, Europe, Asia and Middle East
- Partnerships with utility companies and developers in Japan, the US and Europe
- Strategic cash management through fund formation (currently under preparation)

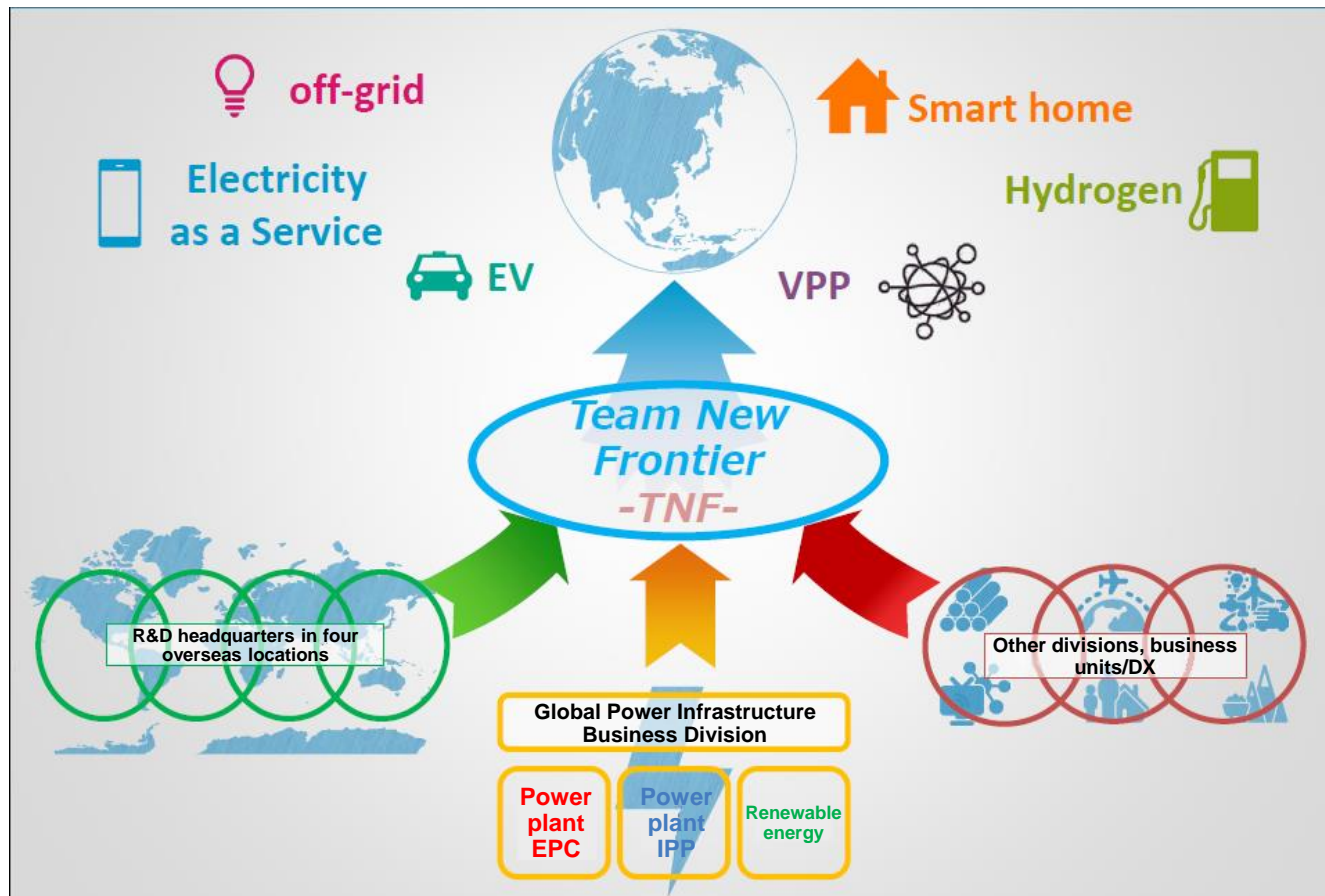
3. Growth Strategies for the Global Power Infrastructure Business Field

3-3. Case Study

TNF (Team New Frontier): Established on October 1, 2018

3D+1 (De-carbonization / De-centralization / Digitalization + Disruption)

By capturing rapid changes in the business environment, a new business organization has been established in order to pursue the third business model beyond the organizational framework.

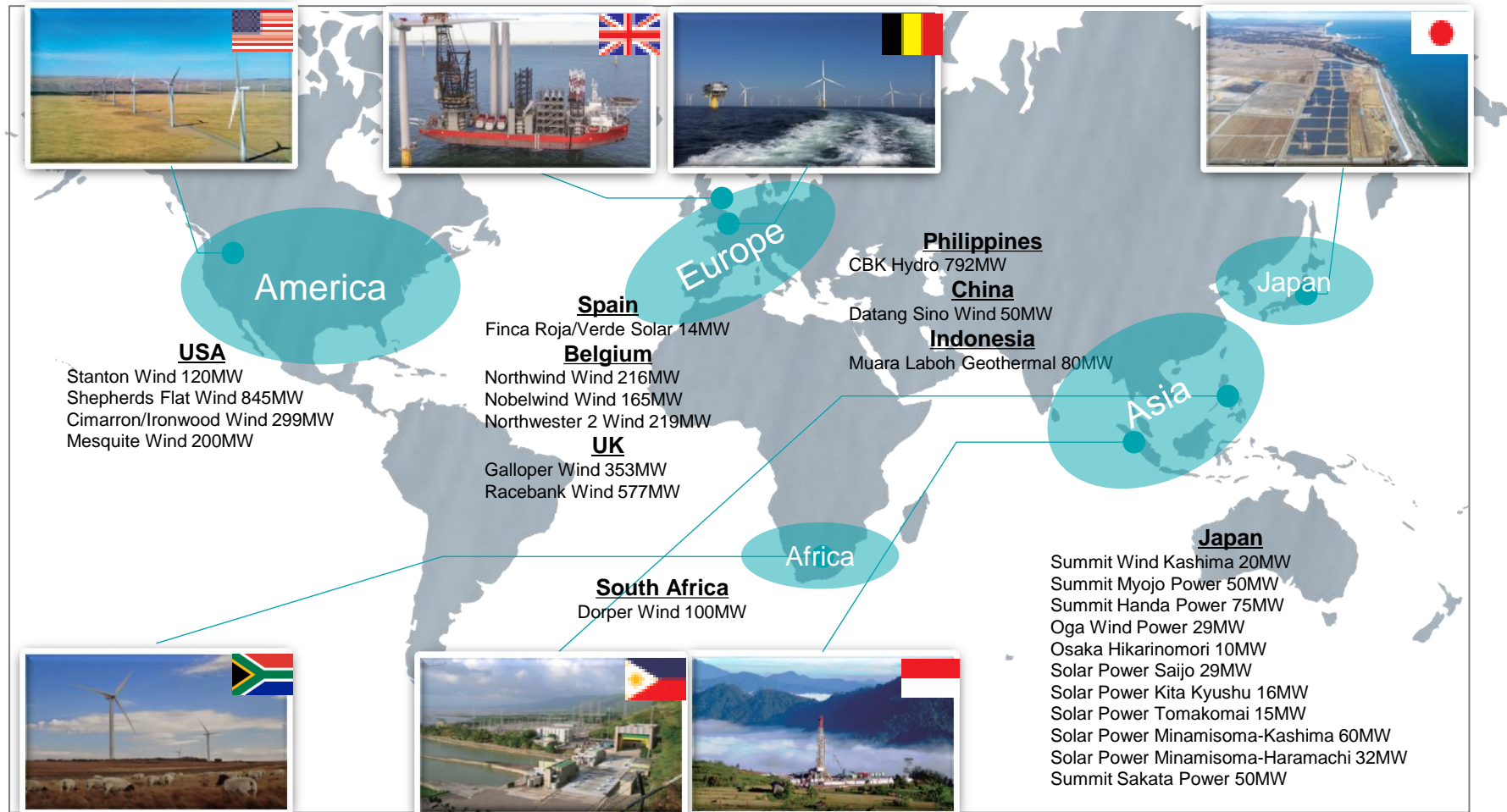


3. Growth Strategies for the Global Power Infrastructure Business Field

3-3. Case Study

Asset portfolio for renewable energy

(Power generation capacity --- Gross: 4,413MW / Net: 1,581MW)



Growth Strategies in Respective Fields



Social Infrastructure Business Field



Global Power Infrastructure Business Field



Logistics Infrastructure Business Field

4. Growth Strategies for the Logistics Infrastructure Business Field

4-1. Action Plan of the Medium-term Management Plan 2020

Promote initiatives related to new business fields and business models while working on the expansion of business infrastructure of existing core businesses

▶ Expansion of logistics management and support systems on a global basis

- ✓ Expansion of sales support system and reinforcement of support for large-scale projects in collaboration with operating companies and overseas regional organizations
- ✓ Strengthening of logistics governance

▶ Provision of risk management function based on insurance

- ✓ Analysis and grasping of risks associated with businesses of the Sumitomo Corporation Group and optimization of insurance coverage
- ✓ Development of a loss control program



コンテンツ

▶ Expansion of revenue foundation for existing businesses, sophistication of functions and enhancement of profitability through improvement of efficiency

- ✓ (Logistics) Scale expansion, introduction of new technologies, enhancement of efficiency and promotion of usage of partners
- ✓ (Logistics) Responding to the needs of customers and markets in each region by leveraging strengths and networks of logistics operating companies
- ✓ (Logistics) Expansion of initiatives related to port terminals and retail logistics business
- ✓ (Industrial parks) Expansion and sales of existing industrial parks
- ✓ (Industrial parks) Development of new industrial parks and enhancement of services to tenants of existing industrial parks

4. Growth Strategies for the Logistics Infrastructure Business Field

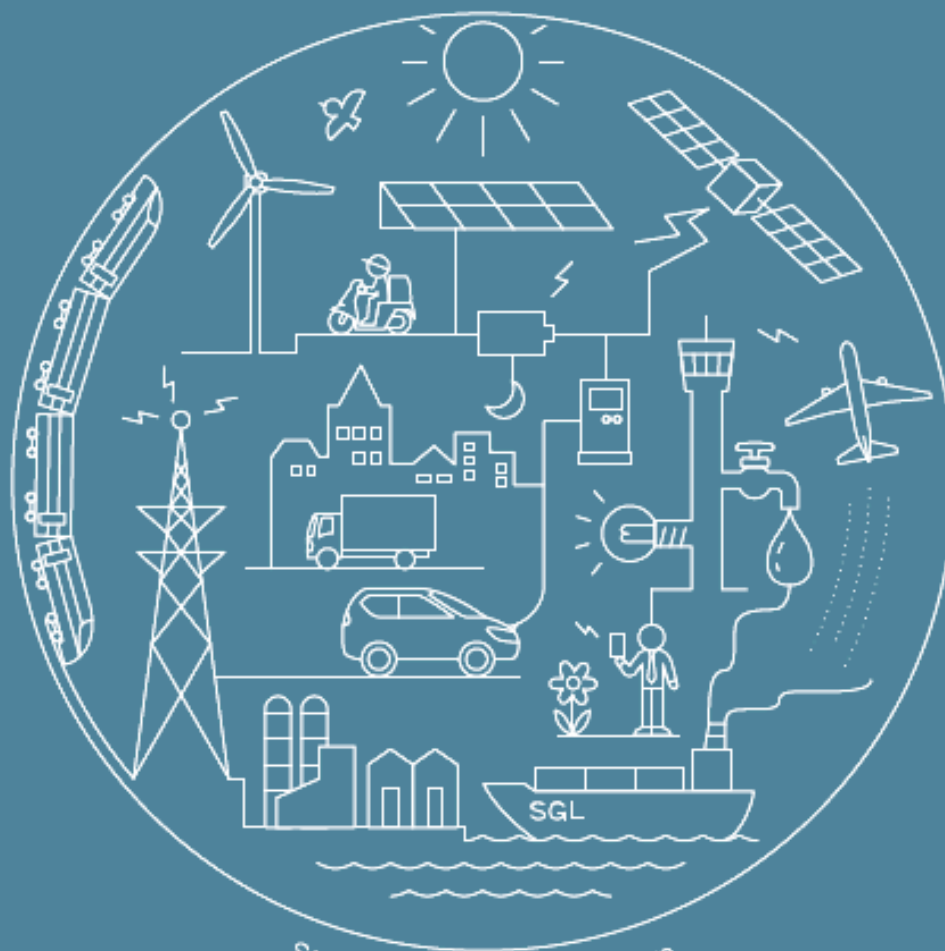
4-2. Medium- to Long-term Growth Strategies

Generate revenues and fulfill functions by implementing new businesses and services and realizing new core strengths as early as possible

- ▶ **Further promotion of organizational collaboration**
 - ✓ Development of new businesses that can leverage the combination of “logistics x insurance x industrial parks” as cross-organizational initiative within the business division with a focus on key regions subject to company-wide development and those with growth potential
- ▶ **Logistics business and insurance business**
 - ✓ Engagement in the retail logistics business and port terminal operations
 - ⇒ Realization of a broad-area smart logistics concept
 - ✓ Development of insurance products to address new risks such as cyber risks, reinforcement of proposal capabilities, support and participation in business investment projects in overseas regional organizations
- ▶ **Overseas industrial park business**
 - ✓ Increase value of existing industrial parks, development of new industrial parks
 - ✓ Development of new businesses and enhancement of services that meet the needs of employees of industrial parks and communities
 - ✓ Consideration of development of areas surrounding industrial parks



踏み出そう 一步先へ、創ってゆこう 地球の未来



Stay ahead. Shape the future