December 17, 2018

General Manager,
Transportation & Construction Systems Business Unit
Shoichiro Oka
Agenda

1. Organization and Business Overview

2. Strategy in “Medium-Term Management Plan 2020”

3. Financial Aspects
Organization Structure

4 Division
19 Dept.

Transportation & Construction Systems Business Unit

Before Mar. 2018

Planning & Coordination Dept., Transportation & Construction Systems Business Unit

Construction & Mining Systems Div.

Construction Equipment Sales & Marketing Dept. No.1

Construction Equipment Sales & Marketing Dept. No.2

Construction Equipment Rental Business Dept.

Ship, Aerospace & Transportation Systems Div.

- Lease & Business Development Dept.
- Ship & Marine Project Dept.
- Aerospace Dept.
- Aircraft & Engine Leasing Dept.
- Transportation Systems & Infrastructure Business Dept.
- PFI Dept.

Automotive Div., No.1

- Mobility Service Business Dept.
- Automotive Retail Finance Business Dept.
- Automotive Manufacturing Business Dept.1
- Automotive Manufacturing Business Dept.2

Automotive Planning Dept. (co-control)

Automotive Div., No.2

- Automotive Sales and Marketing Dept.1
- Automotive Sales and Marketing Dept.2
- Automotive Sales and Marketing Dept.3
- Tire Dept.

Automotive Div., No.1

Automotive Div., No.2

Before Mar. 2018
# Principal Businesses (by Division)

## Lease, Ship & Aerospace Business Division
- General lease business
- Trade of ships, chartered ship business
- Shipbuilding
- Trade of defense and aerospace equipment and related products
- Manufacturing of aircraft components
- Lease of aircraft and engines

## Construction & Mining Systems Division
- Trade of construction machinery
- Sales and services of construction machinery
- Sales and services of mining machinery
- Sales and services of agricultural machinery
- Rental of general construction machinery

## Automotive Manufacturing Business Division
- Trade of automotive components and production equipment
- Manufacturing of automobiles and automotive components
- After-sales market business

## Automotive Sales & Marketing Business Division
- Trade of automobiles
- Automotive distribution business
- Automotive dealing business

## Automobility Business Division
- Auto leasing business
- Business related to cells for EVs
- Automotive sales and finance business
- Trade and sales of tires
## Principal Businesses (by Function)

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>Lease, ship and aerospace field</th>
<th>Automotive field</th>
<th>Construction machinery and agricultural machinery field (including forklifts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbuilding</td>
<td>● Shipbuilding</td>
<td>● Manufacturing</td>
<td>● Manufacturing of mining machinery components</td>
</tr>
<tr>
<td>Manufacturing of aircraft components</td>
<td>● Manufacturing of aircraft components</td>
<td>● Manufacturing of automobiles</td>
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<tr>
<td>● Manufacturing of automobiles</td>
<td>● Manufacturing of automotive components</td>
<td>● Manufacturing of automobiles</td>
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<tr>
<th>Sales and Services</th>
<th>Lease, ship and aerospace field</th>
<th>Automotive field</th>
<th>Construction machinery and agricultural machinery field (including forklifts)</th>
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<tbody>
<tr>
<td>Trade (ship, aerospace, defense)</td>
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<td>● Trade</td>
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<td>● Distribution</td>
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<td>● Dealing</td>
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<td>● After-sales services</td>
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<td>● EV-related</td>
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</tbody>
</table>

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<tr>
<th>Finance and Asset</th>
<th>Lease, ship and aerospace field</th>
<th>Automotive field</th>
<th>Construction machinery and agricultural machinery field (including forklifts)</th>
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</thead>
<tbody>
<tr>
<td>General lease</td>
<td>● General lease</td>
<td>● Auto leasing</td>
<td>● Rental of general construction machinery</td>
</tr>
<tr>
<td>Chartered ships, co-owned ships</td>
<td>● Chartered ships, co-owned ships</td>
<td>● Sales and financial services for automobiles and motorbikes</td>
<td></td>
</tr>
<tr>
<td>Lease of aircraft</td>
<td>● Lease of aircraft</td>
<td></td>
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<tr>
<td>Lease of aircraft engines</td>
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1. Organization and Business Overview

2. Strategy in “Medium-Term Management Plan 2020”

3. Financial Aspects
【Direction of strategy during the mid-term management plan】

“Enhancing business bases” and “Creating new values”, facing the Fourth Industrial Revolution squarely

【Three pillars of the strategy】

1. To reinforce existing businesses
2. To enhance the function of leasing and financing business and make synergies with other business
3. To promote various businesses in the coming mobility society
Reinforcement of Construction & Mining Systems business

Only one general trading company that has the ‘Division’. (We are the biggest player in terms of not only business scale but also organization in the trading companies.)

Group Companies

- SR-O
- BALTEM
- Komatsu Poland
- KESA
- Transwest Mongolia
- Sumitec Ukraine
- Sumitec International
- Kubota
- Abdul Latif Jameel
- PT Tractor Nusantara
- TAIYO Kenki Rentall
- SCCM
- H&R Linder
- Veritread

- Distribution Businesses
- Rental Businesses
- Next-generation Businesses

16 Countries
27 Companies
360 Locations
9,700 Employees
### Strengthening Construction & Mining Systems business

#### Products
- Earthmoving
- Generator / compressor
- Material handling
- Crane
- Mining equipment
- Aerial
- Agricultural Equipment
- Small items and tools
- Road Equipment
- Demolition machine
- Forestry equipment
- House/Toilet

#### Main businesses

**[Distribution and service]**
- **Canada**: SMS Equipment
- **Russia**: Sumitec International
- **China**: SCCM
- **U.S**: Linder
- **Europe**: Tecnosumit

**[Rental]**
- **U.S**: Sunstate Equipment
- **Japan**: Taiyo Kenki Rental
【Vision】
• “No.1 One-Stop-Solution Provider”
• To build a resilient business infrastructure that can respond accurately to cyclical market

【Growth Strategy】
1. Distribution and Service Businesses
2. Rental Businesses

Promoting geographical business expansion by “Hands-on”
Reinforcement of Automobile Casting Parts Business

**KIRIU CORPORATION**  
(Tochigi pref.)  
Founded in 1906 (SC Participated in 2004)  
Number of employees: 5,722 (consolidated base)  
Products: Brake related parts and others

**Fujiwa Machinery Industry**  
(Kunshan, China)  
Founded in 1995 (SC Participated in 2006)  
Number of employees: 1,430  
Products: Brake parts, Drive parts etc.

<table>
<thead>
<tr>
<th>As of initial investment in KIRIU</th>
<th>As of now</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3 countries</strong></td>
<td><strong>7 countries</strong></td>
</tr>
<tr>
<td><strong>6 locations</strong></td>
<td><strong>15 locations</strong></td>
</tr>
<tr>
<td><strong>¥27 billion</strong></td>
<td><strong>¥49 billion</strong></td>
</tr>
</tbody>
</table>

Result of FY2017
Reinforcement of automobile casting parts business

- Location map of KIRIU Group/Fujiwa Group

- KIRIU-LIOHO
- Fujiwa machinery Industry[Hubei,Kunshan] (China)
- KIRIU TECHNO[Yantai] (China)
- KIRIU-SAMIC (KOREA)
- KIRIU USA
- KIRIU Corporation (Ashikaga, Yamagata, Oita, TECHNO)
- MUNJAL KIRIU[Haryana, Gujarat] (India)
- KIRIU Thailand
- KIRIU Indonesia
- KIRIU MEXICANA

Sophistication of manufacturing operation in China, India
Sumitomo Corporation became the largest shareholder of Sumitomo Precision Products Co., Ltd. in May 2017 and has been promoting further collaboration.

Business fields of Sumitomo Precision Products

- ICT-related businesses
- Thermal energy- and environment-related businesses
- Aerospace-related businesses

Main collaboration fields

- Aircraft landing gear systems
- Aircraft heat control systems
- Industrial heat exchangers
- Sensors (MEMS)

Sumitomo precision Products Co., Ltd.

Technologies and Development Capabilities

Sumitomo Corporation

Worldwide Customer Base
“Enhancing business bases” and “Creating new values”, facing the Fourth Industrial Revolution squarely

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Leasing and financing businesses

- General leasing
  - Sumitomo Mitsui Finance and Leasing
- Automobile leasing
  - Sumitomo Mitsui Auto Service
- Aircraft leasing
  - SMBC Aviation Capital
- Aircraft engine leasing
  - Sumisho Aero Engine Lease
- Car & motorcycle retail financing
  - OTO/SOF
General leasing

*Sumitomo Mitsui Finance and Leasing*

- **Automobile leasing**
- **Sumitomo Mitsui Auto Service**
- **Aviation Capital**
- **Sumisho Aero Engine Lease**
- **Car & motorcycle retail financing**
- **OTO/SOF**

**Customers**

170,000 companies

**Top-class in the sector**

**Total asset** ¥5.7 trillion
Leasing and financing business
- SMAS -

General leasing

Sumitomo Mitsui Finance and Leasing

Automobile leasing

Sumitomo Mitsui Auto Service

Aircraft leasing

SMBC Aviation Capital

- No. 1 in Japan

- Total asset ¥750 billion

- Number of vehicles 790,000

- Customers 40,000 Companies
Leasing and financing business
-SMBC AC-

No. 4 in the world

Total asset ¥1.4 trillion

Number of aircrafts 650

Aircraft leasing

SMBC Aviation Capital

Aircraft engine leasing

Sumisho Aero Engine Lease

Car & motorcycle retail financing

OTO/SOF
Leasing and financing business -SAEL-

- Established in 2013
- Number of engines 34
- Total asset ¥40 billion

Aircraft engine leasing

Sumisho Aero Engine Lease
Leasing and financing business
-OTO/SOF-

No. 1
As independent player

Total asset
¥300 billion

Customers
1.2 mil people

Branches
240 locations
Leasing business re-organization with SMFG

SMFL

Deepening of Business Collaboration
Leasing business re-organization with SMFG

- **Sumitomo Corporation**
  - **SMFG**
  - **SMFL**
  - **SMAS**
  - **SMBC AC**

### Leasing Business Re-organization

- **General leasing**
  - **SC**: 50
  - **SMFG**: 50

- **Automobile leasing**
  - **SC**: 34
  - **SMFG**: 22
  - **SMFL**: 26
  - **SMBC AC**: 32

- **Aircraft leasing**
  - **SMBC**: 32
  - **SMFL**: 68
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<th>Services</th>
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<td>Finance for real estate projects</td>
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Factoring of metal materials and products
Lease of manufacturing equipment for automotive components
Lease of facilities for overseas industrial parks
Lease of cable TV equipment
Finance for real estate projects
Factoring of chemical materials and products
Lease of factory facilities for chemicals materials
Business field of SMFL after re-organization

SMFL

Business field of Bank

Finance

Financial investment

SMFG

- Customer base
- Financial solution

Business field of Sumitomo Corp.

Joint-operation

- Existing business
  - Mezzanine finance
- Fund investment
- Operating leasing
- Finance leasing

- Joint-operation
  - Aircraft leasing
- Automobile leasing

- Development/PJ investment
- PJ management
- Real estate/Infrastructure

- Business investment

Sumitomo Corporation

- Value-chain Construction
- Business incubation

Customer base
Financial solution

Customer base
Financial solution

Value-chain Construction
Business incubation
**Strategy**

【Direction of strategy during the mid-term management plan】

“Enhancing business bases” and “Creating new values”, facing the Fourth Industrial Revolution squarely

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Environmental Changes

**Change to Value Proposition**

Ownership → Utilization

**Changes to Buyers**

Individuals → Fleet owners

**Changes to Leading Players**

Manufacturers and distributors → Service operators

**Change to Rules of the Game**

Pay per unit → Pay per km
Mobility Services Envisioned by Sumitomo Corporation

What are mobility services?

- Billable only when a vehicle is in motion
- Cannot charge or may have to reimburse when it is not in use

Who are mobility service providers?

- Take non-operation risks (risks of idleness)
- Own and manage assets

Platform

Partner and/or Tech

Mobility service provider
TBC (Alliance with Michelin)

Number of retail stores in the U.S. 2,500

Distribution warehouses 100 (After integration)

Consolidation of Secondary wholesales
Enhancing B2B business
Enhancing E-commerce

Capital alliance with Michelin ↓ Integration and further reinforcement of existing businesses ↓ To evolve to the next-generation mobility service provider

To be a mobility service platform in North America
Acquiring new platform - China -

Sumitomo Corporation

"Zhongxin Group"

Automotive repairing service company

100%

Customer

"Zhongxin automobile Co., Ltd.”

An automobile aftermarket parts sales company (New Company)

Number of car owned in China

- 2012: 0.11 billion
- 2017: 0.22 billion
- 2020: 0.28 billion (forecast)

Number of car owned (Billion)

Evolution SMAS - a joint venture with OEMs -

- **SMAS**
  - Expertise
  - Sales & service force

- **HINO MOTORS**
  - Technical capability
  - Customer base

- **Toyota Finance Corporation**
  - Financing power

- **Mobilots**
  - 33.4%
  - 16.5%
  - 50.1%

To Utilize connected technology to meet diversifying needs
Evolution of SMAS -collaboration with OEM-

Construction of cascade reuse model of EV

Battery status

- Primary use for new EV car
- Reuse as recycled battery for EV
- Reuse at limited area
- Stationary storage battery
Collaboration with “Start-ups”

**Electric**
- **HYLIION**
  electric shaft for trailer
- **RIVIAN**
  EV
- **Gogoro**
  EV scooters, Charging infrastructure
- **NExT-e Solutions**
  NExT-e Solutions
  Battery management system

**Shared**
- **Vulog**
  Free-floating carsharing
- **akippa**
  Parking sharing
- **TURO**
  P2P carsharing

**Connected**
- **ActiveScaler**
  Seamless Mobility solution
- **Smart Drive**
  Telematics

**Aerospace**
- **SINTAVIA**
  Metal Additive Manufacturing
- **Hawkeye360**
  Commercial satellites
  (geospatial information solution)

**Construction & Mining Equipment**
- **VERITREAD**
  B2B matching service

**Engine remote control**
- **GMS**

**Telematics**
- **Connected**
“Hands-on” Challenges for Next-Generation Mobility

1. Gogoro’s EV smart scooter sharing in Ishigaki island

2. Free-floating EV carsharing service in Stockholm
1. Organization and Business Overview

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3. Financial Aspects
Quantitative Targets

Profit for the year attributable to owners of the parent (Billions of yen)

- 2015: 84.0
- 2016: 56.3
- 2017: 72.3
- 2018: 73.0
- 2019: 73.0
- 2020:

Total assets (Billions of yen)

- 2015: 1,924
- 2016: 1,905
- 2017: 1,886

Enhancing Business Base

Creating New Values

Investments in the 3 years of medium-term management plan: ¥180 billion

“Medium-Term Management Plan 2020”
Sumitomo Corporation