# **Opening Remarks**

President and CEO, Masayuki Hyodo

Sumitomo Corporation | Enriching lives and the world

### (1) Historical Performance Review and Identification of Issues (1/3)

### - Medium-term Management Plan 2020 -

- We achieved the initial forecast and record-high profits in FY2018, but fell short of the initial forecast in FY2019 due to factors including trade friction between the United States and China. In FY2020, we fell into the red as a result of recording a large one-off loss associated with restructuring of unprofitable businesses on top of the impact of COVID-19.
- Likewise, efficiency ratios exceeded the target in FY2018, but not in FY2019 or FY2020.
- As a result of enhanced cash flow management in "emergency mode", we exceeded a post-dividend free cash flow target of \(\frac{4}{2}\)200 billion for the three years.

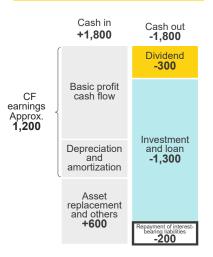
### Profit (loss) for the year (attributable to owners of the parent)



### Efficiency ratios

	Target	FY2018	FY2019	FY2020
ROA	4% or higher	4.1%	2.1%	-
ROE	10% or higher	12.0%	6.4%	-

### Three-year total cash flow



#### Three-year total projection (April 2018–March 2021)

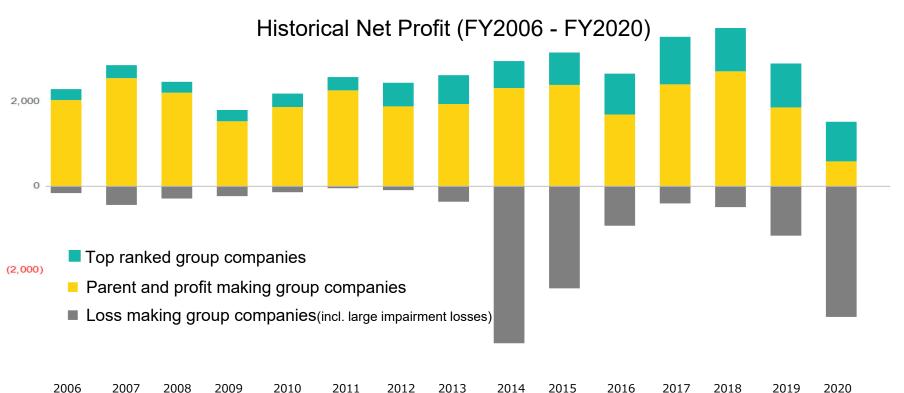


<sup>\*</sup> The amount of ¥50 billion has been deducted from the FY2019 and FY2020 results to reflect the increase in depreciation and amortization resulting from application of IFRS 16 "Leases." 6

Sumitomo Corporation

Enriching lives and the world

- (1) Historical Performance Review and Identification of Issues (2/3)
  - Historical Performance and Identification of Issues -



Sumitomo Corporation | Enriching lives and the world

7

- (1) Historical Performance Review and Identification of Issues (3/3)
  - Deep Diving the Issues -



Issue

## Group companies that have increased its earnings base for past years

Increasing earning power and improving resiliency of our business portfolio



- Accelerate asset recycle
- Ensure profitability of new investments
- Grow new core businesses

### **Our Direction**



Strengthening individual business /

Allocating management resource based on each business' capability

- (2) Purpose and Overview of New Medium-term Management Plan (1/2)
  - Overview of the Measures –

### **Business Portfolio SHIFT**

SHIFT-2023-

(Building a portfolio that is both highly profitable and resilient)

[Short term]

Asset recycling for growth investments (Divestment)

[Short to medium term]

Growing core earning pillars by leveraging strengths (Value Creation / Steady Business Growth)

[Medium to long term]

Adapting to social structural changes (Seeding)

**Business reform through digital transformation (DX)** 

**Enhancement of sustainability management** 

### Framework SHIFT

(Ensuring effectiveness)

Strengthening of individual business strategy management

Strengthening of cross-organizational efforts

Selective investment & strengthening of post-investment value-creation

Re-allocation of management resources across business units

### Management base SHIFT

**Enhancement of governance** 

Enhancement of human resources management

Maintenance and improvement of financial soundness

Sumitomo Corporation

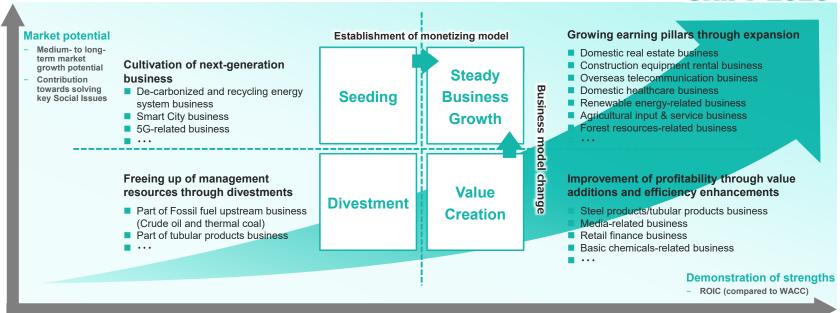
Enriching lives and the world

9

### (2) Purpose and Overview of New Medium-term Management Plan (2/2)

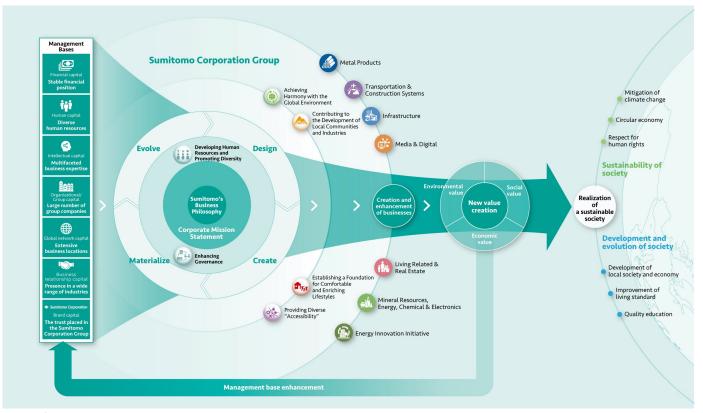
- Direction and Strategy of Our Business Portfolio -
- · Clarify positioning of individual strategic business units based on "market potential" and "our demonstration of strengths," and set relevant goals.
- · Shift portfolio to potential markets where our strengths can be fully demonstrated in order to increase both profitability and resilience.

SHIFT-2023-



Sumitomo Corporation | Enriching lives and the world

### (3) Sustainability Management



Sumitomo Corporation

Enriching lives and the world