

New Medium-Term Management Plan (FY2015-FY2017)
Be the Best, Be the One 2017

March 25, 2015
Sumitomo Corporation

Review of “Be the Best , Be the One 2014”

New Medium-Term Management Plan “Be the Best , Be the One 2017”

Cautionary Statement Concerning Forward-looking Statements

This report includes forward-looking statements relating to our future plans, forecasts, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management forecasts included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts. The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.

【Areas of improvement】

- ◆ Strengthening risk management
for upstream mineral resources & energy businesses
- ◆ Improving profitability of our existing businesses
- ◆ Achieving steady profitability
after implementing business investments
- ◆ Exercising integrated corporate strength across our organization
through cooperation between organizations
- ◆ Regaining the balance between
core Risk Buffer and Risk-adjusted Asset
and enhancing cash generation

□ Theme of “Be the Best , Be the One 2017 (BBBO2017)”

To make group-wide efforts in overcoming issues and to outline a path toward the realization of “What We Aim to Be”

For “What We Aim to Be” in three years

FY2015

FY2016

FY2017

- Overcome issues and execute the managerial reforms
- Strengthen the earning power for “What We Aim to Be”
- Regain the balance between core Risk Buffer and Risk-adjusted Assets /
Achieve positive free cash flow (post-dividend, three-year total)

“What We Aim to Be”

Aim to build a solid earnings base and aim for an even higher level of profit growth while maintaining financial soundness

Promote growth strategies

Promote growth strategies
in each division

Promote company-wide
growth strategies

Improve profitability of
existing businesses
Continue stimulation of
business portfolio
metabolism

Improve policies for
upstream mineral
resources & energy
business

Promote managerial reforms

Improve corporate
governance and
decision-making process

Strengthen risk
management system

Enhance “individual capability” and “organizational capability”

Secure financial soundness

□ Promote company-wide growth strategies (1)

- Potential industrial fields and functions

Industrial Field/Function	Macro environment
Automobile-related	<ul style="list-style-type: none"> ▪ Automobile sales increasing in the world ▪ Japanese parts manufacturers shift from domestic to overseas ▪ Demand for aluminum parts for fuel efficient cars
Infrastructure	<ul style="list-style-type: none"> ▪ Expanding demand due to growth of population and economy in emerging countries ▪ Deregulations for infrastructure services in Japan
Mineral Resources & Energy-related	<ul style="list-style-type: none"> ▪ Expanding energy demand in the world ▪ Increasing non-conventional energy source in the future
Lifestyle & Consumer Services	<ul style="list-style-type: none"> ▪ Potential market growth in Japanese metropolitan area ▪ Expansion of Asian retail markets
Food & Agriculture	<ul style="list-style-type: none"> ▪ Needs for productivity improvement due to global demand and supply
Financial Services	<ul style="list-style-type: none"> ▪ Expanding global markets for lease and rental ▪ Demand of consumer finance due to increase of middle-class population in South East Asia

□ Promote company-wide growth strategies (2)

《Examples》

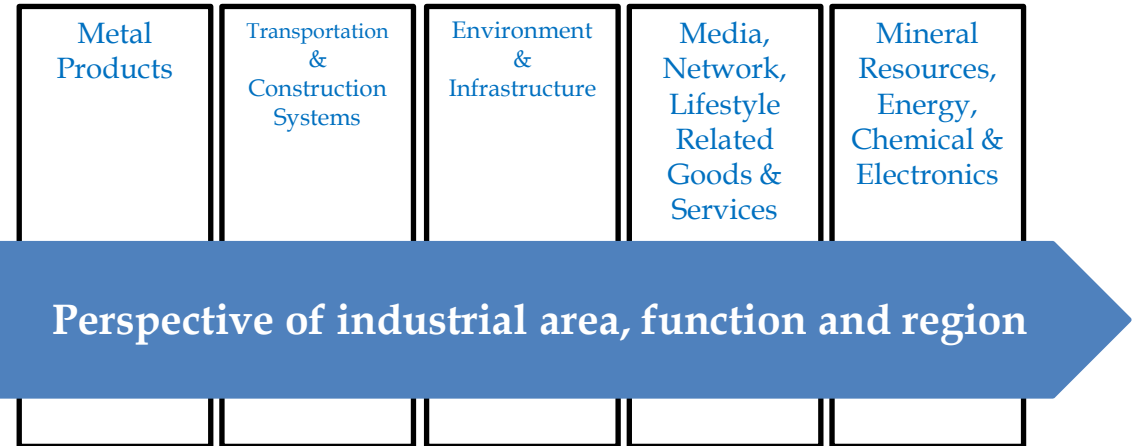
Industrial Fields	Macro environment	Our business	Business units
Automobile-related	Increase of automobile sales	<ul style="list-style-type: none"> ▪ Assembly automobiles ▪ Brake disk etc. ▪ Steel sheet for Automobile ▪ Specialty steel products ▪ Plastic materials 	<ul style="list-style-type: none"> ▪ Transportation & Construction Systems ▪ Metal Products ▪ Mineral Resources, Energy, Chemical & Electronics
	Demand for aluminum	<ul style="list-style-type: none"> ▪ Aluminum sheets for Automobile 	<ul style="list-style-type: none"> ▪ Metal Products
	Demand for finance	<ul style="list-style-type: none"> ▪ Automobile leasing ▪ Automobile financing 	<ul style="list-style-type: none"> ▪ Transportation & Construction Systems
Infrastructure	Expanding demand in emerging countries	<ul style="list-style-type: none"> ▪ Power infrastructure ▪ Logistics ▪ Industrial park ▪ Telecommunications infrastructure ▪ Railway infrastructure 	<ul style="list-style-type: none"> ▪ Environment & Infrastructure ▪ Media, Network & Lifestyle Related Goods & Services ▪ Transportation & Construction Systems
	Deregulations in Japan	<ul style="list-style-type: none"> ▪ Electricity in Japan ▪ J:COM ▪ Real Estate 	<ul style="list-style-type: none"> ▪ Environment & Infrastructure ▪ Media, Network & Lifestyle Related Goods & Services

□ Promote company-wide growth strategies (3)

- Facilitate cross-organizational collaborations for each Business Unit

Promote cross-organizational collaboration

Conduct a big-picture view of the industry area, function and region, and then promote cross-organizational collaboration in related businesses with high affinity



Strategic Industrial /Regional Focus

(Continue to strengthen initiatives started in BBBO2014)

Continue to strengthen structure to develop businesses in industries and regions with high growth potential from mid-to long-term basis

Industrial focus

Energy-related business
Retail business in Asia
Food and agriculture-related business

Regional focus

Brazil, India, Myanmar, Turkey,
Sub-Saharan Africa

□ Policy: Improvement of the asset quality for the upstream mineral resources & energy business

- ◆ Reduction of risk exposure through early financial completion
(Nickel project in Madagascar, Copper project in Chile etc.)
- ◆ Continuous cost reduction and earning power improvement in existing businesses
- ◆ Basic policy ; new investments replaces existing assets
(determine the timing for competitive assets)

□ Reconstruction of the upstream mineral resources & energy strategies

- ◆ Manage concentration risk
 - Guideline for ceiling of individual project exposure
 - Monitoring and stress test of portfolio regularly
- ◆ Improve methodology of project valuation
(improve criteria for pipeline screening and risk scenario analyses)
- ◆ Establish an expert organization
(strengthen market analyses and technical evaluation abilities,
complement expertise even with external human resources)

□ Investment and dividend within generated cash

- Sustainable growth with investment and dividend within cash generated from business activities and asset replacement
⇒ Achieve the positive free cash flow (post-dividend, three-year total)
- Apply the discipline basically to each Business Unit

Cash-in and Cash-out (three-year total during BBBO2017)

<Total> +1.4 trillion yen

Basic Profit Cash-flow
+700 billion yen

Depreciation
+300 billion yen

Asset replacement
+400 billion yen



<Total> -1.4 trillion yen

Dividend
-200 billion yen

New investment & replacement
-1,200 billion yen



Achieve the positive free cash-flow (post-dividend)

- Basic Profit Cash Flow = Basic Profit - Share of profit of investments accounted for using the equity method + Dividend from investments accounted for using the equity method
- Basic Profit = (Gross profit + Selling, general and administrative expensed(excluding provision for doubtful receivables) + interest expense, net of interest income + Dividends) x (1 - Tax rate) + Share of profit of investments accounted for using the equity method

□ Improve the corporate governance and the decision-making process

- ◆ Change the Management Council into a decision-making body
 - Change the Management Council to the top executive decision-making body and improve a decision-making system with more multilateral discussion than ever before to determine material issues
- ◆ Increase the number of outside directors
 - From two to three (June 2015)
 - Further increase for the future is under consideration
- ◆ Respond to the Corporate Governance Code
 - Establish an Appointment Committee and a Board of Outside Directors etc.
(The Remuneration Committee has been already established)
 - Formulate and disclose various principles, policies and standards

□ Improve risk management system

- ◆ Strengthen the system for handling important and large-scale investments
 - Strengthen examination/discussion structures at the entire company level
 - Strengthen the company-wide monitoring system after investments and address issues beforehand

- ◆ Adjust the hurdle rate for investments
 - Risk-return premium for the risk factor of each business sector

- ◆ Manage concentration risks
of upstream mineral resources & energy projects
 - Setting guideline for ceiling of individual project exposure
 - Monitoring and stress test of the portfolio regularly

		FY2017
Profit Targets	Consolidated net income*	¥300 billion or more
	ROA	3% or more
	Risk-adjusted return ratio	10% or more
	ROE	Around 10%
Financial policies	Core risk buffer - Risk-adjusted assets	FY2017 end Regain balance
	Free cash flow (Post-dividend free cash flow)	Three-year totals + ¥200 billion (Three-year totals Positive)
Investment Plan		Three-year totals ¥1,200 billion

* "Consolidated net income" is equivalent to the "profit attributable to owners of the parent" set out in the IFRS.

Profit Targets of BBBO2017

	FY2014 (Outlook)	FY2015 (Plan)	FY2017 (Plan)
(Unit: billion yen)			
Profit for the Year*	-85.0	230.0	300.0 or more
(excl. impairment losses in large projects etc.)	(240.0)		

*"Profit for the Year" is equivalent to the "profit attributable to owners of the parent" set out in the IFRS.



Base Policy

Aim to increase dividends by achieving medium- and long-term earnings growth while adhering to fundamental policy of paying shareholders a stable dividend over the long term

BBBO2017 Dividend Policy

We will decide 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 reference

Annual Dividend for FY2015

Projected to be ¥50 per share
(2Q end ¥25 per share, Year-end ¥25 per share)

What We Aim to Be in 2019, Our Centennial Year -Based on Our Management Principles and Activity Guidelines-

BE THE BEST, BE THE ONE

- ◆ We aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity.
- ◆ We aim to build a solid earnings base and aim for an even higher level of profit growth while maintaining financial soundness.

Total assets: Around ¥10 trillion

Consolidated net income: ¥400 billion or more