

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

March 25, 2015
Sumitomo Corporation

I will explain our Medium-Term Management Plan.

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

Let me summarize the areas of improvement:

Strengthening risk management and reformulation of a strategy are necessary for the mineral resources and energy upstream businesses.

In addition, we recognize the need to further improve the profitability of our existing businesses, achieve steady profitability after implementing our investments and strengthen our earnings power by using our integrated corporate strength.

Moreover, as a result of the impact of the impairment losses, our risk-adjusted assets will exceed our core risk buffer.

It is important to strengthen our financial base by regaining the balance between our risk-adjusted assets and our core risk buffer, which is the foundation of our management, and enhance our capability for cash generation.



Now I will start to explain our new medium-term management plan, “Be the Best, Be the One 2017.” We will use the abbreviation “BBBO2017” here.

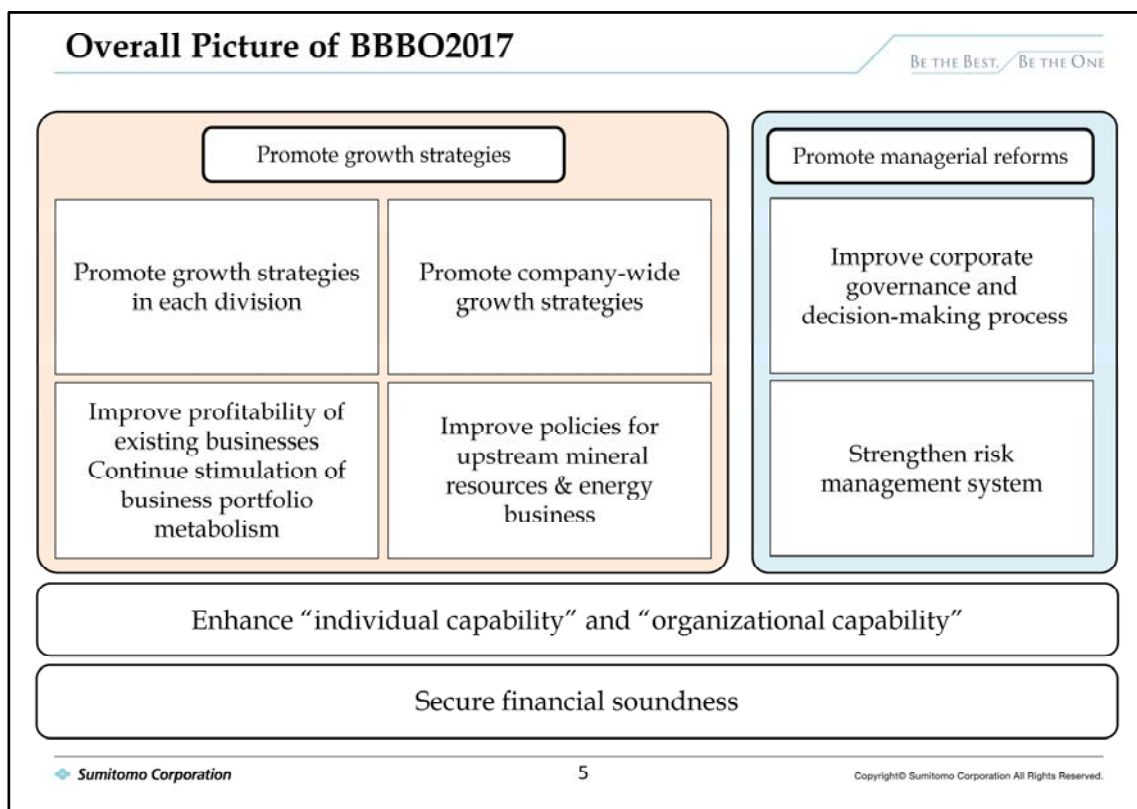
The theme of BBBO2017 is to make group-wide efforts to overcome the issues and to outline the path to realize “What We Aim to Be” and we have come with the following three base policies:

Firstly, we overcome the issues and continue to promote managerial reforms.

Secondly, we promote growth strategies and strengthen our earning power to a level that enables us to realize “What We Aim to Be.”

Thirdly, we regain the balance between our risk-adjusted assets and our core risk buffer while continuing investment for growth and secure a positive post-dividend free cash flow.

To progress step-by-step, we have set the period of our new medium-term management plan for three years although our medium-term management plans were for two years in the past.



In BBBO2017, we will aim to enhance our earning power and strengthen our management base through “promoting growth strategies” and “promoting managerial reforms” along with these policies.

I will now explain “the company-wide growth strategies,” “policies for upstream mineral resources and energy business” and “managerial reforms” in the next few slides.

Promote Growth Strategies

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□ 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

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We analyzed the macro environment which is highly relevant for our business when proposing the company-wide growth strategies. As a result, these six industrial fields or functions have been identified as having high-growth potential in mid- to long-term.

Focusing on next three years, we expect that severe business situation in mineral resources and energy will continue for a while.

Although it is necessary to watch carefully geopolitical risks in the Middle East etc., the global economy will be led by the U.S. and Asia continuously in spite of sluggish growth in Europe.

In this regard, for example, automobile-related field has big growth potential due to increasing automobile sales around the world.

There are new opportunities such as globalization of production by Japanese manufacturers of parts and an increase in demand for new materials like aluminum, etc. which are seen as a lightweight solution for improving fuel efficiency.

In addition, in the infrastructure field, demand for infrastructure development is expected to expand as a result of population and economic growth in emerging countries. Moreover, market growth in the future is anticipated due to deregulations on electricity and gas progressing in Japan, such as full liberalization of electricity retailing in 2016.

Promote Growth Strategies

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□ 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

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Our business units are developing various business activities in each industrial field and leveraging their functions.

Let me explain our business in the automobile-related field.

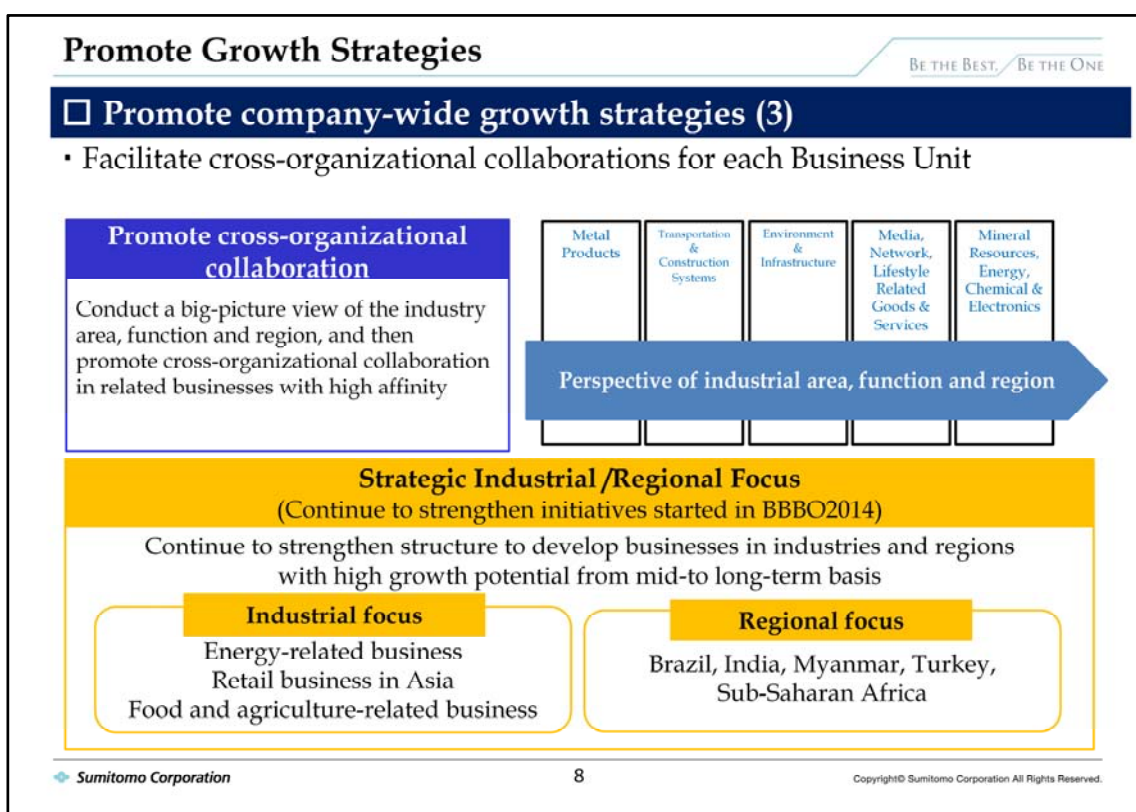
We have an automobile assembly business with Mazda and we supply parts such as brake disks through our Transportation & Construction Systems Business Unit, steel sheets for automobile and specialty steel products through our Metal Products Business Unit and plastic materials through our Mineral Resources, Energy, Chemical & Electronics Business Unit.

In the aluminum-related business, we are strengthening our rolling business in North America which is one of the most promising markets.

As for financing function, we have our automobile leasing and financing businesses in emerging countries where future demands are anticipated.

In the infrastructure field, we have overseas power infrastructure businesses, logistics businesses and industrial park businesses mainly in emerging countries and these are carried out through our Environment & Infrastructure Business Unit; infrastructure businesses for telecommunications carried out through our Media, Network, Lifestyle Related Goods & Services Business Unit; and railway infrastructure businesses which are carried out through our Transportation & Construction Systems Business Unit.

In Japan, we have already started cross-organizational initiatives. For example, Summit Energy Corporation, which is our subsidiary, provides electricity to Jupiter Telecommunications' customers who live in condominiums sold by us and this is done in anticipation of a full liberalization in electricity retailing.



Taking into account such circumstances, in BBBO2017 as a company-wide growth strategy, we will promote cross-organizational collaboration among businesses which have compatibilities in terms of industry, function and region in respect of overall portfolio.

Moreover, we will continue to strengthen the structure to develop businesses in industries and regions with growth potential on a mid-to long-term basis.

As a strategic industrial focus, we will focus on energy-related business, retail business in Asia and food and agriculture-related business.

As a strategic regional focus, we will focus on Brazil, India, Myanmar, Turkey and the Sub-Saharan Africa.

During the BBBO2017, we will promote these company-wide growth strategies to strengthen our earning power for the future.

□ 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)

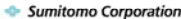
As for our upstream mineral resources and energy businesses, we will make it our base policy to improve the quality of our portfolio during the three-year BBBO2017 period. .

Firstly, we will focus on completion of projects and profit contributions as early as possible in respect of projects which are in progress, such as Ambatovy and Sierra Gorda.

Ambatovy, as announced yesterday, achieved an average production rate of 90% of its nameplate capacity for 90 days over a 100-day period. Although we are still waiting for verification from our lenders, this is a significant progress for the project as we are about to receive the most important certificate for financial completion.

Secondly, we will continue efforts in costs reduction and improve our earning power in existing businesses.

The base policy is that new investments will replace existing assets. We will determine the timing and aim to obtain a competitive production interest.

Policy for the upstream mineral resources & energy business		BE THE BEST, BE THE ONE
□ Policy: Improvement of the asset quality for the upstream mineral resources & energy business		
<ul style="list-style-type: none"> ◆ 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		
<ul style="list-style-type: none"> ◆ Manage concentration risk <ul style="list-style-type: none"> •Guideline for ceiling of individual project exposure •Monitoring and stress test for 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) 		
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We will also reconstruct the handling systems of the upstream mineral resources and energy businesses.

Firstly, in order to strengthen the management of concentration risks, we will set ceiling guidelines for exposure of individual projects (the amount is still under discussion) and carry out regular monitoring and stress tests of the portfolio.

We will also employ more sophisticated methods to evaluate individual projects and establish a separate organization with expertise within the business unit to strengthen these initiatives.

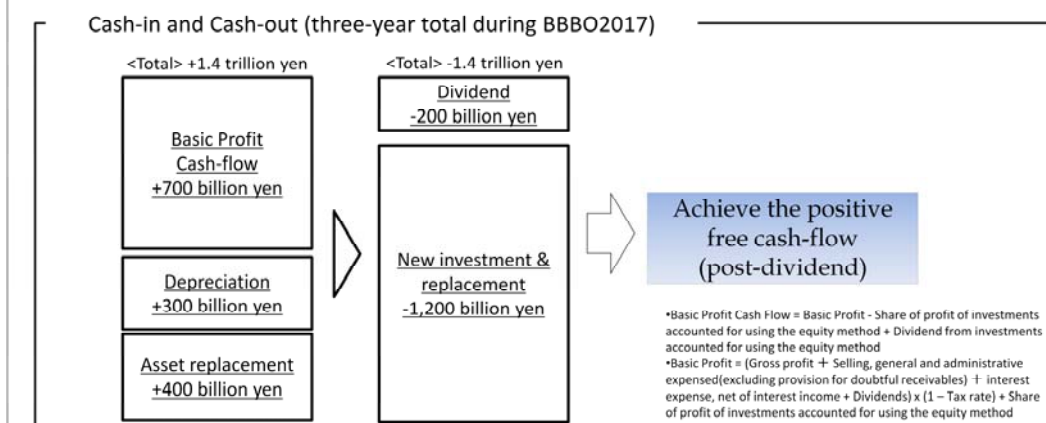
We will improve project management by introducing external experts such as exploration and engineering companies. We will also improve decision-making abilities on investments through collection of market information and market analysis by using internal resources such as other business departments, regional organizations and Sumitomo Corporation Global Research Co., Ltd.

Discipline in growth strategies

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□ 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



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Next, I would like to talk about the discipline for the promotion of our growth strategies.

In order to realize sustainable profit growth without excessive dependence on interest-bearing liabilities, we will make investments and pay dividends within the cash generated from business activities and asset replacements.

In the three-year period of the BBBO2017, we plan to collect cash of approximately 1.4 trillion yen through basic profit cash flow which is equivalent to profit based on cash, depreciation & amortization and asset replacement.

We plan to allocate approximately 200 billion yen to dividend payment and the remaining 1.2 trillion yen to investment.

We will basically apply this discipline to each business unit.

We will have a positive post-dividend free cash flow as the first priority and regain the balance between our risk-adjusted assets and our core risk buffer.

Promote managerial reforms

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□ 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

Now, I would like to move on to managerial reforms.

As an action plan for managerial reforms, firstly, we will change the Management Council into a top executive decision-making body to improve our decision-making system with more diversified discussion to consider and determine material issues.

Secondly, in order to strengthen the supervisory functions of the Board of Directors, we will increase the number of outside directors from two to three, subject to approval by our shareholders. Further increase in the future is also under consideration.

Furthermore, we will respond to the upcoming Corporate Governance Code, which will be introduced in June 2015, by establishing Appointment Committee, a Board of Outside Directors, etc.

Promote managerial reforms

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□ 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

Another measure of managerial reforms is that we will fundamentally re-examine our risk management system.

Firstly, we will leverage our company-wide expertise and know-how more than before and strengthen the system both at the stage of considering the investment and after implementation of the investment.

Secondly, we will improve the hurdle rate further for each investment by adding a risk premium in accordance with the risk of each business.

Finally, we will strengthen the management of the concentration risks in the upstream mineral resources and energy projects considering the impairment losses of several large-scale projects in this business at the same time.

As I have explained, we will set ceiling guidelines for exposure of individual projects and carry out regular monitoring and stress tests of the portfolio.

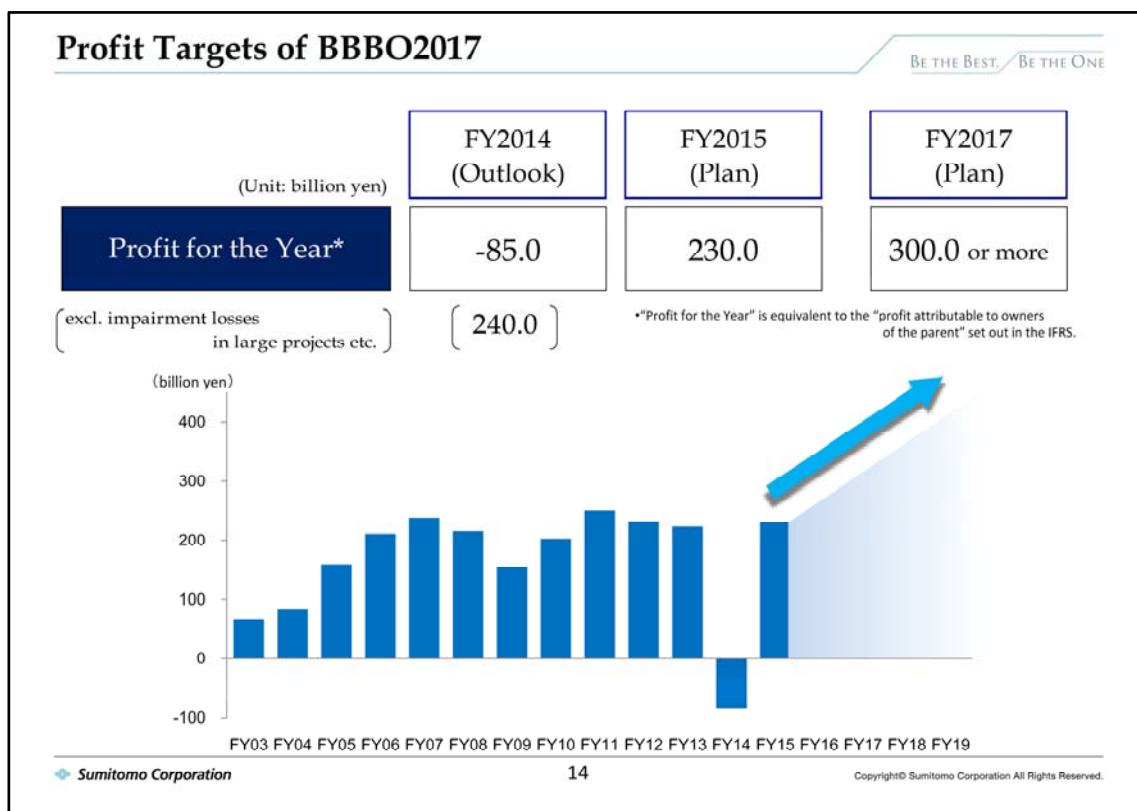
Quantitative Targets of BBBO2017

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		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.

Based on the aforementioned company-wide growth strategies and managerial reforms, we set quantitative targets for FY2017; a consolidated net income of 300 billion yen or more, an ROA of 3% or more, a risk-adjusted return ratio of 10% or more and an ROE of around 10%.



As for the profit targets of BBBO2017, profit for FY2015 is targeted at 230 billion yen and 300 billion yen or more for FY2017.

In FY2015, existing businesses are expected to grow in addition to profit contributions from investments made in recent years, such as the aluminum smelting project in Malaysia, automobile assembly business in Mexico and our commercial banking business in Indonesia.

However, the profit is expected to decline by 10 billion yen compared with the profit for FY2014 excluding impairment losses, as the performance of tubular products business as well as mineral resources businesses is anticipated to slow down due to the drop in mineral resource and energy prices.

In FY2017, on the other hand, we think the profit of 300 billion yen or more is fully achievable as the profit base of our existing non-mineral resources businesses is expected to grow even if the mineral resources and energy prices stay at the current level.

Dividend Policy

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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)

I will now explain our dividend policy.

The company 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 the period of BBBO2017, we will decide the dividend amount in view of the situations regarding basic profit and cash flow, with 50 yen per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference.

As such, our annual dividend for FY2015 is projected to be 50 yen per share.

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

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- ◆ 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

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We will overcome all the issues one-by-one by steadily promoting our growth strategies and managerial reforms and will outline a path to realizing “What We Aim to Be” to return to a growth track.

With that, I conclude my briefing.

Thank you for your attention.