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Sumitomo Corporation Business Report

NEWS

The 1st Half of 152nd Newsletter to Shareholders
April 1, 2019 through September 30, 2019



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Unceasing Challenge for New Value Creation

Representative Director
President and Chief Executive Officer

Masayuki Hyodo

The growth of the global economy has continued to slow down during the first half of fiscal year 2019. The U.S. and Euro zone economy remain sluggish. In respect of emerging countries, the descending in of Chinese economic growth becomes clearer and the economic recovery in other Asian countries is lacking a momentum. Japanese domestic economy shows weakness in certain areas. Under this business environment, we recorded consolidated net income for the first half of fiscal 2019 of ¥152.4 billion, year-to-year decrease of ¥26.9 billion. Profit excluding one-off items was ¥129.0 billion, a decrease of ¥43.0 billion. On high level, the decline in profit attributes to (i) in respect of mineral resource businesses, lower commodity prices including coal price and lower earnings from the silver-zinc-lead mining project in Bolivia as well as nickel business in Madagascar, and (ii) in respect of non-mineral resources businesses, lower earnings from tubular products business in North America which had a positive performance in the previous fiscal year, as well as sluggish performance of automotive related business.

Based on the economic outlook prospect that the current business environment will stay as it is, we revised the annual consolidated net income forecast for the year downward from the initial forecast of ¥340.0 billion to ¥300.0 billion. To reflect this downward revision, the total expected dividend for this year is also changed from ¥90 to ¥80, including the ¥10 commemorative dividend.

Now we are at the mid point of our three-year Medium-Term Management Plan 2020, which started in April 2018. Cash flow earnings combining basic profit cash flow* with depreciation during this one and half year period totaled ¥640.0 billion, and the cash generated from asset replacement was ¥300.0 billion, making steady progress against the planned three-year cash flow. Investments and loans made during the same period were ¥500.0 billion. This includes ¥70.0 billion investments and loans in the three areas that we identified as part of our growth strategy to create next generation business – Technology x Innovation, Healthcare, and Social Infrastructure. Though we do not expect the profit contribution from the next-generation businesses until the next medium-term management plan and beyond, we will pursue this initiative in order to build foundation for our future. On the other hand, in respect of increasing the value of existing businesses which is our short term priority, we will, among all, approach in three ways: to steadily build up new quality assets, rapidly restructure low-

yielding businesses, and improve profitability from major projects in progress.

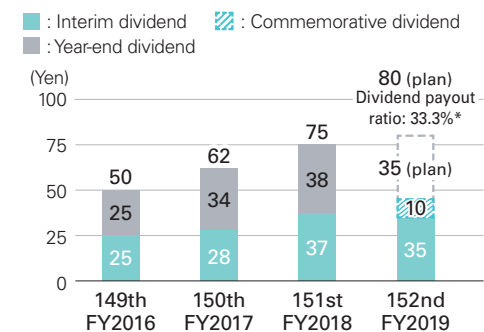
We take it seriously that we have had to revise our forecast of both initial profit and dividend. We will strive to increase our current earning capacity to achieve the revised targets while steadily pursuing our growth strategy to return to a trajectory projected as soon as possible. Each and every member of the group is working to make an unceasing challenge for new value creation and meet the expectations of our shareholders. We ask for your continuous support in our endeavors.

Planned Annual Dividend per Share of ¥80

We aim to increase dividends by achieving medium and long-term earnings growth while adhering to the fundamental policy of paying shareholders a stable dividend over the long term. In the Medium-Term Management Plan 2020 started from April 2018, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with a consolidated payout ratio of 30% as our guideline. Based on this policy, due to the fact that our annual forecast of consolidated net income is revised to 300.0 billion yen, the annual ordinary dividend for fiscal 2019 for the year is projected to be ¥70 per share (initial projection was ¥80 per share). Together with the ordinary interim dividend, we will award a commemorative dividend of ¥10 per share to commemorate the 100th anniversary of the company's establishment.

As a result, total annual dividend for the fiscal 2019 is projected to be ¥80 per share (initial projection was ¥90 per share). The interim dividend is the sum of ordinary dividend of ¥35 per share (half of the amount of planned annual ordinary dividend) and commemorative dividend of ¥10: ¥45 per share.

Dividend per share



*Basic profit = (Gross profit + Selling, general and administrative expenses [excluding provision for doubtful receivables] + Interest expense, net of interest income + Dividends) × (1-Tax rate) + Share of profit (loss) of investments accounted for using the equity method
 Basic profit cash flow = Basic profit - Share of profit (loss) of investments accounted for using the equity method + Dividend from investments accounted for using the equity method

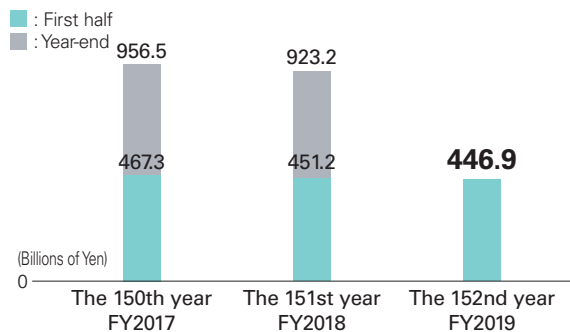
*The dividend payout ratio for the ordinary dividend of ¥70 is 29.1%

Performance Highlights

Changes in primary management indicators

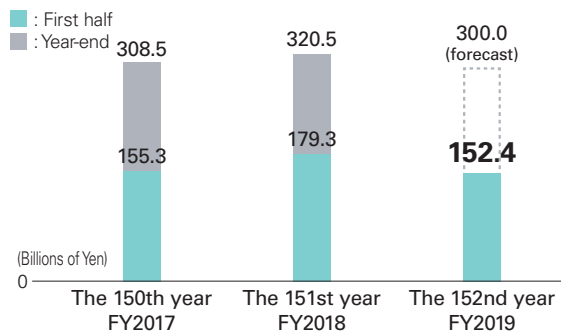
Gross Profit

¥446.9 billion



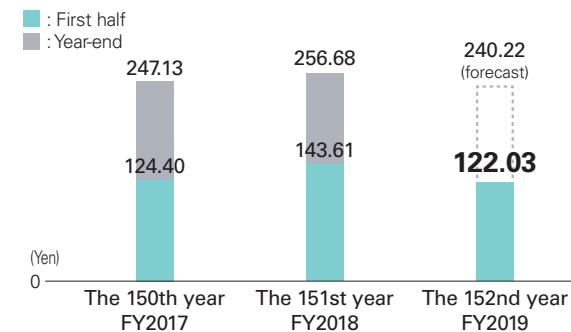
Consolidated Net Income

¥152.4 billion



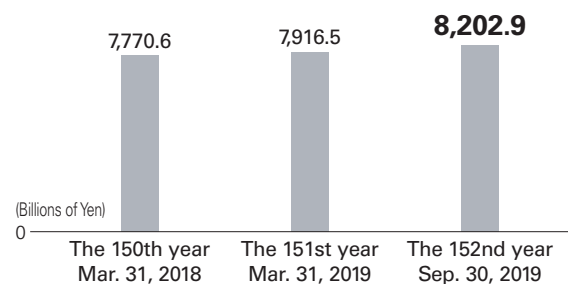
Consolidated Net Income per Share

¥122.03



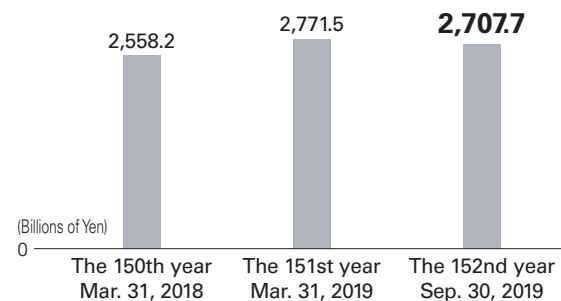
Total Assets

¥8,202.9 billion



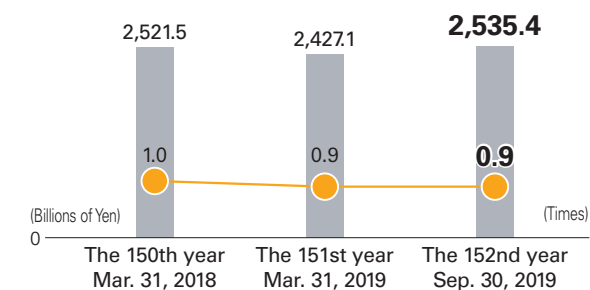
Shareholders' Equity

¥2,707.7 billion



Interest-Bearing Liabilities (Net) / Debt-Equity Ratio (Net)

Interest-Bearing Liabilities (Net) Debt-Equity Ratio (Net)
¥2,535.4 billion 0.9 times



Glossary of terms

Interest-Bearing Liabilities (net)

Gross interest-bearing liabilities (bank borrowing, corporate bonds, commercial paper, etc.) that must be repaid with interest, minus cash and cash equivalents.

Debt-Equity Ratio (net)

The value of interest-bearing liabilities (net) divided by shareholders' equity; an indicator of financial soundness.

*In this publication, "consolidated net income" corresponds to "profit for the year attributable to owners of the parent" under IFRS and "shareholders' equity" corresponds to "equity attributable to owners of the parent."

Cash Flow Results

As for the progress of the first half of the Medium-term Management Plan, the cash flow earnings totaled ¥640.0 billion, in line with the three-year plan's ¥1,200.0 billion, partly due to an increase of dividend from investments accounted for using the equity method.

Asset replacement is progressing steadily, and we recovered approx. ¥300.0 billion through the reorganization of the U.S. tire business TBC and the sale of the Indonesian commercial bank BTPN. On the other hand, net cash used in other activities was ¥250.0 billion mainly due to an increase in working capital.

Investment & loan also posted a cash-out of ¥500.0 billion, due mainly to the acquisition of the parking provider in northern Europe and the specialty steel business in India for the three-year plan of ¥1,300 billion.

As a result, free cash flow after dividends totaled ¥40.0 billion.

Progress in cash flow plan

(Billions of Yen)

	3-year plan total (Apr. 2018 - Mar. 2021)	1.5 years cumulative results (Apr. 2018 - Sep. 2019)
Basic profit cash flow	Approx. + 1,200	Approx. + 450
Depreciation and amortization		Approx. + 190
Asset replacement	Approx. + 600	Approx. + 300
Others		Approx. (250)
New investment and replacement	Approx. (1,300)	Approx. (500)
Dividend	Approx. (300)	Approx. (140)
Free cash flow (post-dividend)	Approx. + 200	Approx. + 40

Consolidated net income by segment / Overview

Metal Products Business Unit

- Posted profit of ¥11.1 billion, a decrease of ¥9.7 billion from the same period of the previous year, primarily due to decrease in earnings of tubular products business in North America and low performance of overseas steel service centers.

Transportation & Construction Systems Business Unit

- Posted profit of ¥21.5 billion, a decrease of ¥11.2 billion from the same period of the previous year, due to decrease in earnings of automotive manufacturing business, while leasing business and construction equipment sales & marketing and rental business kept solid performance.

Infrastructure Business Unit

- Posted profit of ¥39.8 billion, an increase of ¥16.7 billion from the same period of the previous year. In addition to the one-off profit from IPP/IWPP business, the profit increase is due to the stable progress of construction of large-scale projects in power infrastructure business and stable performance of IPP/IWPP business.

Media & Digital Business Unit

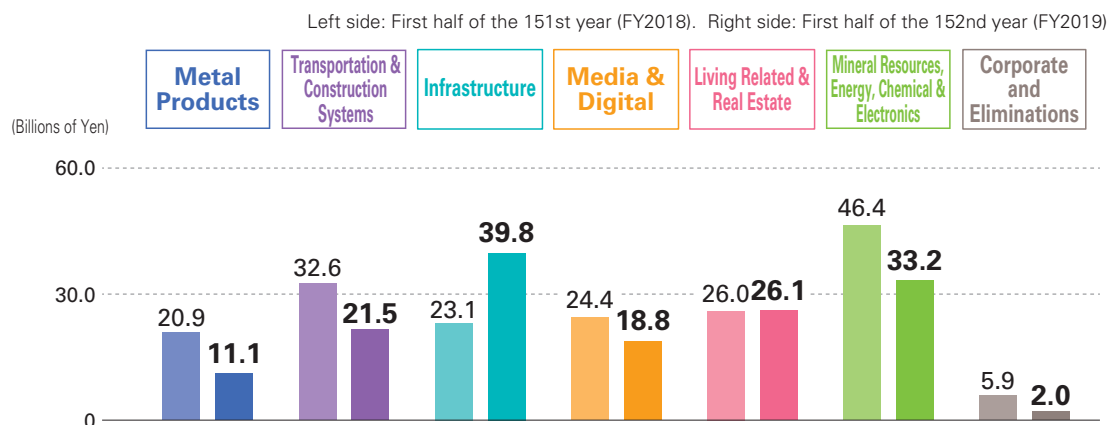
- Posted profit of ¥18.8 billion, a decrease of ¥5.7 billion from the same period of the previous year, due to the absence of earnings by telecommunication business in Myanmar caused by the change of their fiscal year and one-off profit from asset replacement in the same period of the previous year, while domestic major group companies kept solid performance.

Living Related & Real Estate Business Unit

- Posted profit of ¥26.1 billion, an increase of ¥0.1 billion from the same period of the previous year. The domestic major group companies and the real estate business are keeping solid performance.

Mineral Resources, Energy, Chemical & Electronics Business Unit

- Posted profit of ¥33.2 billion, a decrease of ¥13.2 billion from the same period of the previous year, due to decrease in earnings from San Cristobal silver-zinc-lead mining project in Bolivia impacted by lower shipment volume, and due to decrease in earnings from nickel mining and refining business in Madagascar and companies related to coal business in Australia which were impacted mainly by lower mineral resources prices, while there was one-off profit from change in the shareholding structure of Gyxis Corporation.



On October 1, 2018, Smart city project in North Hanoi, Vietnam was transferred from Living Related & Real Estate Business Unit to Infrastructure Business Unit. Accordingly, the segment information of the same period of the previous year has been reclassified.

Sumitomo Corporation Group: 100 Years of Creating New Value and Adapting to the Times

1919 Sumitomo Corporation's Roots

Sumitomo Corporation's roots date back to December 24, 1919, when The Osaka North Harbour Company was established. Founded to develop the port of Osaka and the surrounding area, it was responsible for land reclamation and development and real estate management in the North Port of Osaka and its surroundings. In November 1944, it was merged with Sumitomo Building renamed to Sumitomo Real Estate Building.

1919
Established



Head Office of The Osaka North Harbour Company

Photo Credit:
Sumitomo Historical
Archives



New Sumitomo Shoji Building (Hitotsubashi,
Chiyoda-ku, Tokyo)

1969
50
YEARS



Nippon Engineering

1945 — Decision to Advance into the Trading Business

In September 1945, facing the post-war dissolution of the zaibatsu (financial conglomerates), the Sumitomo Head Office decided to launch a trading business in Sumitomo Real Estate Building as a part of its business transformation. Renamed Nippon Engineering in November, "trading" was added to the articles of incorporation as its business purpose. In January 1946 Nippon Engineering established a sales department to handle trading activities with 32 members from the Sumitomo Head Office, affiliates, and others. The sales team, which initially had little experience, expanded the trading business significantly and became the driving force in creating Sumitomo Corporation.

1950 Expanding Abroad

In 1949, Nippon Engineering undertook its first post-war capital increase and listed on the stock exchanges of Tokyo, Osaka, and Nagoya. It posted an employee overseas for the first time to Bombay (now Mumbai), India in 1950, and then changed its name to Sumitomo Shoji Kaisha in June 1952, due to the deregulation of the usage restriction on its trade name and trademark that had been banned since the dissolution of the zaibatsu. This marked the start of Sumitomo Corporation's rapid advance as a trading company within the Sumitomo Group.



Announcement of company name
change (1952)

1970

Establishment of Management Foundation as a General Trading Company

In October 1970, upon the completion of the new Sumitomo Shoji Building, the Tokyo Office became the Tokyo Head Office, introducing a dual structure with the Head Office in Osaka. The Company merged with Sogo Boeki, which had strong trading links with the communist area. The oil crisis provided an opportunity to expand business fields to the Middle East, Africa, and Central and South America. By the mid-1970s, the number of overseas offices exceeded 100. A new system of sales divisions was introduced in 1979 to strengthen the sales capabilities.

1988

Vision of Integrated Business Enterprise

In 1988 a corporate vision for the 21st century of becoming an Integrated Business Enterprise was formulated. This medium- to long-term vision envisaged trading and business activities as the two earnings pillars to build a new earning structure by reinforcing the company's integrated corporate strength and developing downstream businesses.

1998

Establishment of the Corporate Mission Statement

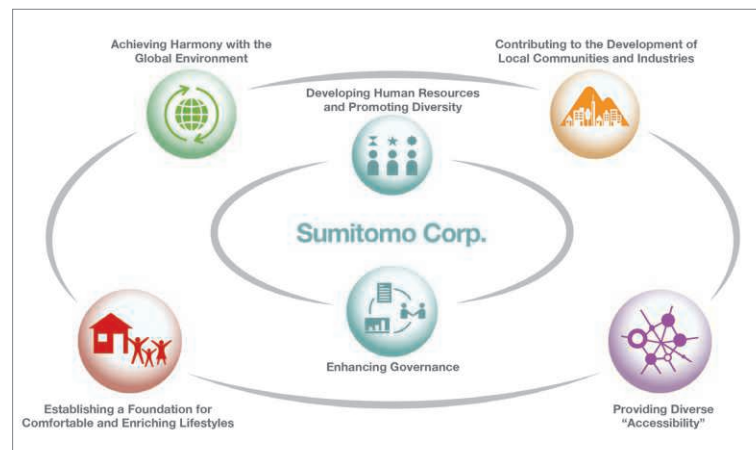
In 1998 the Sumitomo Corporation Group established its Corporate Mission Statement. The following year the medium-term management plan called Reform Package was formulated to win through the time of shake-out. The new management indicator, risk-adjusted return ratio, used to measure asset efficiency, formed the basis for driving forward the selection and concentration of business to expand the revenue base, strengthen financial standing, and conduct global consolidated management.

SUMITOMO CORPORATION GROUP'S CORPORATE MISSION STATEMENT	
Corporate Vision	We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.
Management Principles	
Corporate Mission	To achieve prosperity and realize dreams through sound business activities
Management Policy	To place prime importance on integrity and sound management with utmost respect for the individual
Corporate Culture	To foster a corporate culture full of vitality and conducive to innovation
Activity Guidelines	
	To act with honesty and sincerity on the basis of Sumitomo's business philosophy and in keeping with the Management Principles
	To comply with laws and regulations while maintaining the highest ethical standards
	To set high value on transparency and openness
	To attach great importance to protecting the global environment
	To contribute to society as a good corporate citizen
	To achieve teamwork and integrated corporate strength through active communication
	To set clear objectives and achieve them with enthusiasm

2017

Implementing Sustainability Management

Since 2017, the emphasis has been on sustainability management, with the aim of combining sustainable growth with solutions to social issues by defining "Six Material Issues to Achieve Sustainable Growth with Society."



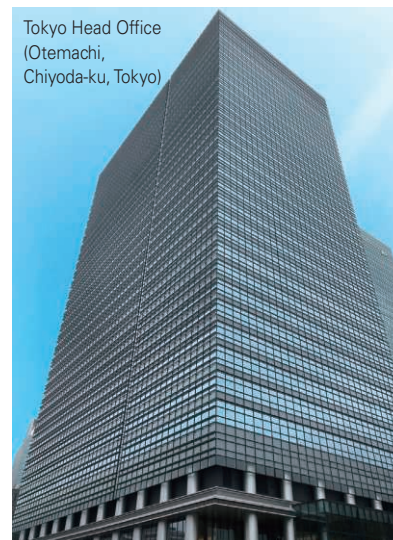
Six Material Issues

2019
100
YEARS

2019

Toward the Next 100 Years

To use our milestone 100th anniversary as a chance for self-transformation toward the next 100 years, in May 2019, the Sumitomo Corporation Group declared its Corporate Message "Enriching lives and the world" to encapsulate its aspiration going forward. It is the Sumitomo Corporation Group's unwavering pledge to further enrich the lives of people in society and around the world through sound business activities.





Future of Digital Business Division



Corporate Officer
General Manager, Digital
Business Division

Kazumasa Watanabe

Joined Sumitomo Corporation in 1987. Electronics Dept., Sumitronics USA Inc., a posting in Denver, then General Manager of IT Solution Business Dept. and Investment & Development Dept. in 2016, and Corporate Officer and General Manager of the ICT Business Div. in April 2018. Assumed current position in October.

Creating New Value by Digitalization

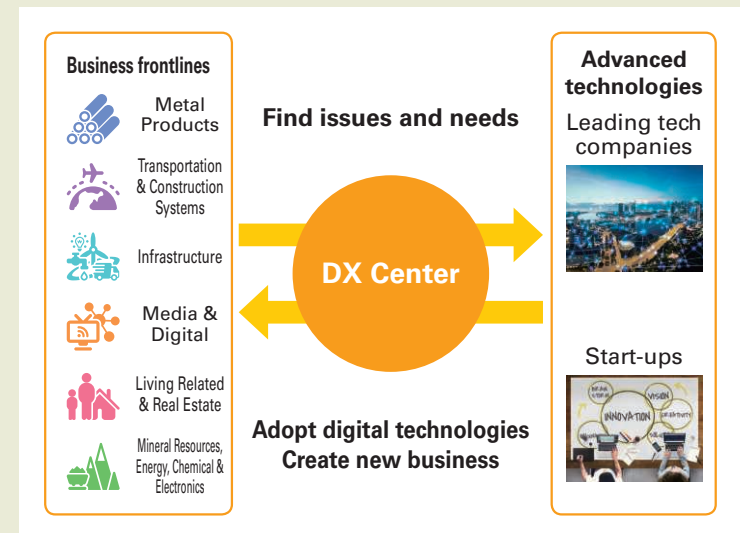
Digitalization for new businesses

The Digital Business Division has developed business in IT services centered on SCSK, built up and operated the Sumitomo Corporation Group's information systems, and invested in start-ups and developed our business to engage with the fast changing IT industry. Seeing the paradigm shift to digitalization as a chance to transform the business of the Sumitomo Corporation by leveraging this knowhow, we established the DX Center (DXC) to promote our company-wide digital transformation (DX). The DXC incorporates digital technologies into the various businesses that Sumitomo Corporation is engaged in, together with business units and regional organizations, to expedite the creation of new businesses.

Sumitomo Corporation has been operating in many regions and different industrial sectors, having business relations with over 100,000 companies. The DXC assembles business talents who are well experienced with actual business operations together with technology talents proficient in advanced technologies and data analysis in cooperation with SCSK, enhancing our DX promotion. We will co-create Sumitomo Corporation's own value by leveraging our strengths through DX in collaboration with start-ups and leading tech companies.

Objectives of digital transformation

Our approach to the DX involves the following three steps. The first is to digitalize operations. Tasks hitherto performed manually will be automated through software, with greater efficiency by leveraging AI. A specific example of this is the AI-based predictive maintenance technology of Falconry, a start-up in the U.S. that we have invested in. This technology is employed in our manufacturing and mining sites to reduce defect rates, etc. The second is to provide new added value by utilizing digital technologies in customer contact points. For example, we have



The DX Center collaborates with the departments and regional organizations to promote company-wide DX.

launched QUO Card Pay, a digital gift service usable on smartphones, by digitalization of the gift card, QUO Card. The third is to transform our business models and develop innovative businesses by incorporating the latest megatrends. To give one example, we have already begun proposing package-based advanced agricultural systems for paddy rice in the agricultural field, promoting the expansion of smart agriculture using advanced technologies such as drones and IoT. We will drive DX throughout Sumitomo Corporation and contribute to creating new value and expanding our business by integrating the wide-ranging business expertise of business units and regional offices in Japan and overseas with the Digital Business Division's knowledge in the digital field and external networks including start-ups.



The DX Center aims to transform our business model through implementing DX company-wide.

PICK UP

Investing in start-ups and digital transformation

As digital technology rapidly advances, collaborations with start-ups that continue to create new technologies and business models are becoming ever more important. Sumitomo Corporation founded Presidio Ventures in Silicon Valley in 1998 as a start-up investment office. Since then, we have globally expanded our network to Hong Kong, London, and Tel Aviv. By sharing vision, strategy, information, and resources globally, we will enhance the co-creative system with start-ups unique to Sumitomo Corporation.

Furthermore, we also serve as accelerators to help the business launch and encourage the growth of start-ups, providing support for the development of products or business models. Specifically, for software, we collaborate with Plug and Play based in Silicon Valley, while for hardware we launched HAX Tokyo in partnership with the accelerator in Shenzhen, China.

Our collaboration with start-ups dates back to the advent of information technology in the U.S. in the 1990s, and now covers various industrial sectors that the Sumitomo Corporation Group is globally involved in. Through these activities, we integrate various businesses of the Sumitomo Corporation Group with the advanced technologies and business models of start-ups to co-create new value. At the same time, these activities will also help to expand the ecosystem of innovations emerging from start-ups in Japan.



Global network for investment in start-ups



Healthcare Business Development in Malaysia

Managed care service contributing to quality medical care and improved health management

In March 2019, Sumitomo Corporation invested in Health Connect Holdings and PMCare, both major managed care service companies, which are also called Third Party Medical Claims Administrators (TPA) in Malaysia. Managed care is a system for providing medical care that has spread to countries with relatively small public healthcare systems. This scheme aims to promote inexpensive and quality medical care as well as to improve individuals' health management. TPA service companies specialize in management and administration of medical benefits for company employees or insured individuals on behalf of corporations and insurance companies. They work to limit medical costs and make more advanced healthcare services available by screening medical care billing details, ensuring appropriate dosages.

Malaysia's aging population and lifestyle-related diseases have caused medical costs to climb in recent years, increasing the demand for TPA service companies. The two companies combined hold the largest market share in Malaysia in this TPA sector. Through this investment, Sumitomo Corporation will act as a go-between for corporations/insurance firms and medical providers in Malaysia, with the view to introducing Japan's advanced medical technology/services, to ensure quality and efficient medical services and to promote improved health management for individuals. With an eye to the future, Sumitomo Corporation will develop a platform for Asian healthcare markets to bring greater sophistication to the managed care business, contributing to local and industry development and laying the foundations for comfortable and exciting living.



PMCare with a customer base comprising major private corporations

Health Connect Holdings with a customer base comprising insurance companies



Call center handling inquiries from members 24 hours a day



Senior Executive
Human Resource
PMCare Sdn Bhd

Amran Mohd Ali

PMCare Sdn Bhd is a Managed Care Organization specializing in management and administration of the corporate clients' medical benefits extended to their employees and eligible dependents. PMCare was incorporated in 1998 and has been leading the managed care market in Malaysia. Our corporate vision is to be the Premier Managed Care Organization in Malaysia by utilizing digital technology and big data to offer better experience for patients and clients.

My Favorite

One of my favorite places in Kuala Lumpur is Petronas Twin Towers (Malay: Menara Petronas, or Menara Berkembar Petronas). They are twin skyscrapers, and used to be the tallest buildings in the world from 1998 to 2004 and are still the tallest twin towers in the world. The buildings are a landmark of Kuala Lumpur, along with nearby Kuala Lumpur Tower.



Petronas Twin Towers

Sumitomo Corporation Group's activities in Malaysia

Business for the next 100 years in Malaysia, the land of diversity

HISTORY 60 years of history

In 1959 we posted staff to Kuala Lumpur, then opened an office in 1960, which began exporting/importing as the Sumitomo Corporation Kuala Lumpur Office in 1962. In 2009 it became an office of Sumitomo Corporation Asia (Sumitomo Corporation Asia & Oceania from 2013) to enhance wide area management in Asia.

The building that housed our Kuala Lumpur office in the 1960s



PRESENT Trade & projects and Group collaboration

The Kuala Lumpur Office trades chemicals and resources, etc and engages in infrastructure projects in cooperation with Sumitomo Corporation Group companies. It also promotes collaboration among Group companies in Malaysia as Malaysia Unit.



Dinner party at the Kuala Lumpur Office themed on the Arabian Nights

FUTURE Contributing to Malaysia's development

In Malaysia Unit we are actively engaged in projects for all three next-generation business areas of the Medium-term Management Plan 2020: Technology x Innovation, Healthcare, and Social Infrastructure. Cementing our alliances with excellent local partners, we will enhance our business presence while contributing to the development of Malaysia.



New office of AXIATA Digital Advertising

Business Topics

Sumitomo Corporation Group deploys its global business operations in a wide range of industries, placing the “Six Material Issues to Achieve Sustainable Growth with Society” as the core of corporate management.

Metal Products Business Unit



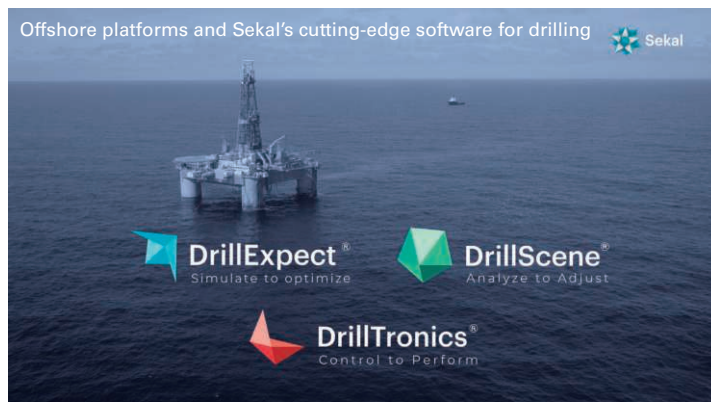
Safe and Efficient Oil and Gas Development with Advanced Technology

Stake acquired in oil and gas venture company in Norway

In July 2019, Sumitomo Corporation acquired a stake in Sekal, a Norwegian software technology company offering real time dynamic analytics and automated drilling process control for the oil and gas sector.

Norway is one of the biggest oil-producing nations in Europe, and a leader in reducing costs and improving safety in oil and gas development with support from the private, public and academic sectors. Sekal is a venture company with technology developed over two decades of research by the Norwegian Research Centre AS (NORCE). Its shareholders include NORCE, Equinor Technology Ventures (the biggest energy company in Northern Europe) and Saudi Aramco Energy Ventures.

Undersea and underground oil and gas development relies heavily on the knowledge and experience of individual onsite personnel and is constantly subject to rapid changes in environments, where safe and stable work is hard to ensure. Under Sekal's slogan of “Shaping the Future of Drilling,” Sumitomo Corporation is helping to shape the future of oil and gas development.



Transportation & Construction Systems Business Unit



Creating Mobility Services Meeting New Needs

Entering the parking facilities business in Northern Europe

Sumitomo Corporation acquired all shares of Q-Park Operations, a provider of parking facilities in Northern Europe, changing its name to Aimo Park. This company has about 20% market share in Sweden, Norway, and Finland, operating about 370,000 parking lots. It has a strong customer base held by securing parking space concentrated in highly convenient metropolitan areas. It is also active in introducing new services such as EV charging equipment, car maintenance, and tire replacement.

Parking lots are expected to play an increasingly important role going forward, solving urgent urban issues such as heavy traffic, air pollution, and lack of parking spaces.

Sumitomo Corporation is evolving parking lots into mobility platforms in cooperation with the mobility related businesses of the Group, such as the EV car sharing service operating since 2018 in Stockholm.

We will realize an even more convenient and enriched society by creating and expanding mobility services that meet today's needs.



Infrastructure Business Unit



Contributing to Economic Development through Infrastructure Improvement

Order received for a railway connecting major cities of Myanmar

Sumitomo Corporation, Fujita, and Nippon Signal received an order from Myanmar Railways for repair and maintenance work on Section CP101 (Pazundaung to Bago) as Phase 1 of the Yangon-Mandalay Railway Improvement Project, funded with Japan's Official Development Assistance (yen loans). Work began in June and will be completed in March 2023.

The Yangon-Mandalay Railway connects Myanmar's largest city Yangon with its second-largest commercial city Mandalay. It has been suffering from lower operating speeds, delays, and derailments due to aging facilities, equipment, and rolling stock, thus making improvements to transport services an important issue. This project will repair aged infrastructure and incidental equipment to improve safety and transport capacity in Myanmar's railways.

Utilizing our wealth of experience in railway construction and rolling stock export projects both inside and outside Japan, we will reliably and smoothly fulfill the project contract, and contribute to the economic development and quality of life of the people of Myanmar via infrastructure development.



Repair work to improve rail safety and transport capacity



Creating new businesses by connecting start-ups with various companies, universities, and people

Media & Digital Business Unit



Launch of the "HAX Tokyo" Accelerator Program

Managing programs to foster start-ups connecting Japan, China and the U.S.

Sumitomo Corporation and SCSK have launched "HAX Tokyo" in Japan, in collaboration with SOSV Investments, a U.S.-based venture capital firm which manages the HAX Accelerator Program in China and the U.S.

An accelerator program is designed to accelerate the growth of start-up companies with innovative technologies or business models, by providing work place, development functions, facilities and knowhow necessary for new business creation and product development. HAX Tokyo will specialize in fostering hardware start-ups engaging in fields such as robotics and IoT which have business synergies with the Sumitomo Corporation Group. After prototypes and business models are developed in Shenzhen (China) by start-ups discovered in Tokyo, funds will be raised to expand business in San Francisco. Through HAX Tokyo operation, we will take the lead of co-creation with start-ups to incorporate advanced technologies and new business models. These activities will accelerate the digital transformation of the Sumitomo Corporation Group in order to upgrade our businesses and create new businesses.



Retail Facility Boosting the Appeal and Liveliness of the Town

Grand opening of Terrace Mall Matsudo on October 25

Terrace Mall Matsudo, a large retail facility Sumitomo Corporation has been developing in Matsudo City, Chiba Prefecture, had its grand opening on October 25. Located on a redeveloped 49,000 square-meter site (equivalent to the size of Tokyo Dome) of the former Matsudo North Market, this is one of the biggest retail facilities in the area with 177 stores.

Since entering the retail facilities business in 1976, Sumitomo Corporation has been involved in many development and operation projects. We currently own and operate Terrace Mall Shonan (opened in 2011), Grand Emio Tokorozawa (opened in 2018) and other facilities, with a much-praised track record.

The Matsudo area is a commuter town near Tokyo with significant growth primarily in the number of households in their thirties or forties with children. The Terrace Mall series aims to be fully rooted in the community. In this spirit, Terrace Mall Matsudo will contribute to further enlivening and invigorating the local area.

Terrace Mall Matsudo with a concept of "A full and enjoyable everyday life"



The new plant has excellent access from a highway that forms a part of the Southern Economic Corridor



Expanding EMS Business as a Reliable Partner for Electronics Makers

New plant in Cambodia starts operation

Sumitronics, a subsidiary of Sumitomo Corporation, has established a new plant in Poipet, Cambodia, to expand its EMS* business. The plant began operating in May 2019. Poipet is on the Southern Economic Corridor near the Thai border, a region expected to develop as a manufacturing base for Thailand. The electronic products and equipment assembled at the new plant are mainly exported to makers manufacturing goods in Thailand.

The company's EMS business is spread across 11 sites mainly in Asia, first entering Cambodia in 2016, with the aim of establishing functional and efficient production matching the product lineup in Thailand and Cambodia. The new plant was constructed as part of this drive, and plans sales of ¥4.0 billion by 2021.

The low cost, high quality services it provides shall meet the expectations of ASEAN electronics makers located in and around Thailand.

*EMS (Electronics Manufacturing Services): The provision of electronics device manufacturing services on a contract basis.

Please visit the website below to view the details of Material Issues of the Sumitomo Corporation Group.

<https://www.sumitomocorp.com/en/jp/sustainability/material-issues>

Sumitomo Corporation Material Issues

Search



Corporate Profile / Stock Information

Corporate Profile (As of September 30, 2019)

Establishment:	December 1919
Paid-in Capital:	¥219,612,646,183
Status of Employees:	Number of Employees 5,435 ^(Note) Number of Employees (Consolidated basis) 67,384 (Note) It includes 168 persons whom overseas branches and offices of the Company employ.
Status of Subsidiaries and Associated Companies:	Number of Consolidated Subsidiaries 634 Number of Associated Companies 295
Status of Operating Locations, etc.:	Domestic 22 Overseas 113
Accounting Auditor:	KPMG AZSA LLC
Directors, Audit & Supervisory Board Members	

Chairman	Kuniharu Nakamura
Representative Director*	Masayuki Hyodo
Representative Director*	Koichi Takahata
Representative Director*	Toshikazu Nambu
Representative Director*	Hideki Yamano
Representative Director*	Takayuki Seishima
Outside Director	Nobuyoshi Ehara
Outside Director	Koji Ishida
Outside Director	Kimie Iwata
Outside Director	Hishashi Yamazaki
Senior Audit & Supervisory Board Member	Michihiko Hosono
Audit & Supervisory Board Member	Toshiaki Murai
Outside Audit & Supervisory Board Member	Haruo Kasama
Outside Audit & Supervisory Board Member	Toshio Nagai
Outside Audit & Supervisory Board Member	Yoshitaka Kato

*Indicates Representative Directors

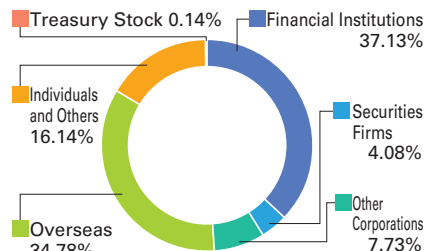
Stock Information (As of September 30, 2019)

Number of Shares Authorized for Issuance: 2,000,000,000 shares

Number of Issued Shares: 1,250,985,467 shares

Number of Shareholders: 163,106

Shareholders Composition:



Major Shareholders

Name	Number of Shares (In Thousands of Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	100,525	8.05
Japan Trustee Services Bank, Ltd. (trust account)	60,689	4.86
Sumitomo Life Insurance Company	30,855	2.47
Japan Trustee Services Bank, Ltd. (trust account 5)	24,353	1.95
JP Morgan Chase Bank 385632	21,556	1.73
Japan Trustee Services Bank, Ltd. (trust account 9)	20,193	1.62
Mitsui Sumitomo Insurance Company, Limited	19,000	1.52
JP Morgan Chase Bank 385151	17,956	1.44
State Street Bank West Client - Treaty 505234	17,354	1.39
Orbis SICAV	16,093	1.29

(Note) The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding – which is derived by deducting treasury stock (1,743,044 shares) from the total number of issued shares – and rounding to the nearest hundredth of a percent.

Information for Shareholders

Fiscal Year:	From April 1 of each year through March 31 of the following year
Ordinary General Meeting of Shareholders:	June
Record Date:	Ordinary General Meeting of Shareholders March 31 Year-end Dividends March 31 Interim Dividends September 30
Stock Transfer Agent and Account Management Institution for Special Accounts:	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Stock Transfer Agent, Handling Office:	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(Mailing Address)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063
(Telephone Inquiries)	0120-782-031
(URL)	https://www.smtb.jp/tools/english
Shares per Unit:	100 shares
Stock Listings:	Tokyo, Nagoya, Fukuoka
Stock Exchange Code:	8053
Public Notices:	Public notices shall be made electronically. If electronic notice is impossible due to accident or other unavoidable reason, the notice shall appear in the <i>Nihon Keizai Shimbun</i> .
(Public notice URL)	https://www.sumitomocorp.com

● Contact for Notifications and Inquiries Concerning Shares

For shareholders having an account with a securities company, please contact your securities company for notifications of change of address, etc. and inquiries. For shareholders not having an account with a securities company, please contact the telephone inquiries number on the left.

● About Special Accounts

For shareholders who have not used the custody and book-entry transfer system for securities prior to introduction of electronic share certificate system, a special account has been established with Sumitomo Mitsui Trust Bank, Limited. For inquiries concerning special accounts, please contact the telephone inquiries number on the left.

Special 100th Anniversary Website

We have established a special website as part of corporate website for celebrating our 100th anniversary in December 2019. We welcome you to view this website.

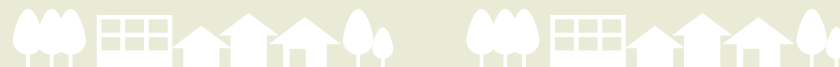


<https://www.sumitomocorp.com/en/jp/100th/index.html>

Sumitomo Corporation
100th Anniversary

Search

Everyday Life



"Family drugstores" that play a role in community medical care

Tomod's

A pioneer of drugstores with prescription departments

Tomod's was founded in 1993 under the management philosophy of being "Family drugstores contributing to the health and prosperity of our customers." As a pioneer of drugstores with prescription departments to manage medications according to prescriptions from medical institutions, Tomod's has expanded throughout Tokyo, with 184 stores as of September 2019.

Advancing into the super-aging society, Japan is promoting a community-based integrated care system in which patient support is provided, not by hospitals, but at home or by the community to reduce medical costs. Under the family drugstore philosophy and as a part of community medical care, Tomod's is also working with medical institutions to offer at-home prescription dispense services to deliver medicine to patients' homes.

Besides filling prescriptions, drugstores must also enhance functions for face-to-face services such as the at-home prescription dispense service and instructions on the use of drugs. Japan's first demonstration experiment of automated drug dispensing was started at Tomod's Matsudo-shinden store (Matsudo City, Chiba Prefecture) with the objective of developing an environment where pharmacists can exercise their occupational expertise to

meet society's needs. The initiative aims to reduce the pharmacist's dispensing workload by introducing robots and machines to automate or semi-automate 90% of the work, including weighing, mixing, dividing and collecting pharmaceuticals. This enables better consultations and medication support, and reduces waiting times for improved service quality.

As family drugstores playing a role in community medical care, Tomod's will continue providing high quality service for better communities, supporting the health and prosperity of its customers.



At-home prescription dispense service



Drug dispensing machine on trial at Tomod's Matsudo-shinden store

Helping people live the way they wish to

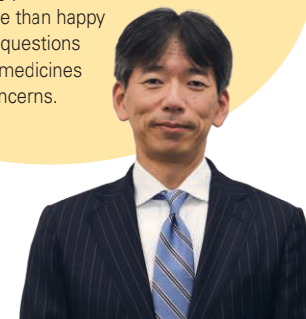
With the onset of a super-aging society, Japan's national medical expenditure is forecast to increase to ¥61 trillion by 2025. Drugstores with prescription departments and resident pharmacists are expected to play an important role in the community-based integrated care system the government is promoting to limit medical expenses and sustainably maintain social security.

Walking hand in hand with our communities toward a bright future, Tomod's works to create a society where everyone can live as they wish to in their familiar environment.

In recent years, more advanced and highly specialized medicines have come onto the market, and dosage instructions have become complicated, leading to problems such as side effects and mixing with other medications. The nature of medical treatment itself is also changing drastically as home care becomes increasingly common. Your local Tomod's pharmacist will be more than happy to help you with any questions you have about such medicines or other health concerns.

Director of Tomod's
(Health Care Business
Dept., Sumitomo
Corporation)

**Yoshiyuki
Yamaguchi**



Editor's Note

Sumitomo Corporation will celebrate its 100th anniversary on December 24, 2019. As a prelude to this, we set up an official Facebook page in August with the desire to let more people know about the "present" and "future" of Sumitomo Corporation which has continued to transform itself to stay ahead of the times. Please visit the page to view its wide-ranging contents covering the latest news releases, business activities, and topics, together with movies, etc.

● Caution Concerning Forward-looking Statement

Statements included in this publication regarding future performance and other matters have been determined on the basis of information currently available. Such statements may differ in future depending on changes in the business environment, etc., and Sumitomo Corporation does not guarantee their reliability.

Sumitomo Corporation

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