

## Message from the President and CEO: To Our Stakeholders



Kuniharu Nakamura  
President and CEO

A handwritten signature in black ink, which appears to read "K. Nakamura".

To begin, I must report that we were forced to post an overall loss for fiscal 2014 after recognizing substantial impairment losses.

The Sumitomo Corporation Group places great importance on conducting business activities that earn the trust of society, as represented by the inclusion of the phrase “integrity and sound management” in the Management Principles. I realize these impairment losses will undoubtedly erode the trust of stakeholders that the Group has worked hard to earn over the years, and I am fully aware of the seriousness of this situation. We are fully devoted to regaining any trust we may have lost by implementing managerial reforms and measures to improve profitability and performance in order to return the Group to a growth track. I would like to ask for your continued support and understanding as we undertake this endeavor.

# Be the Best, Be the One 2017 (BBBO2017)

To be launched in fiscal 2015, the new medium-term management plan—Be the Best, Be the One 2017 (BBBO2017)—calls for us to faithfully execute managerial reforms and growth strategies.

## Managerial Reforms

The first step of our managerial reforms will be to improve decision-making processes and strengthen risk management systems. In regard to decision-making processes, the Management Council will be positioned as the highest authority on business execution matters, thereby creating a system through which important decisions will be made following more multifaceted discussions incorporating a wider range of opinions. Reforms will be extended to the Board of Directors as well; we have strengthened supervisory functions for management execution and created a system for discussion that places greater weight on formulating Companywide strategies and basic policies.

As for risk management systems, we have set up a process to deliberate large-scale investments at multiple stages and different levels. Through this process, investment candidates will be discussed several times by the Investment Committee at both the business unit level and the Companywide level as well as during the stages of examining and conducting investments. In this way, we hope to more deeply investigate large-scale investment candidates from various perspectives based on their business feasibility and relation to the strategies of associated divisions.

In addition, we will steadily implement other managerial reforms, such as setting stricter investment evaluation standards and revising investment execution frameworks. By creating and displaying results through these reforms, we aim to regain lost trust. At the same time, we will pursue improvements in overall operational efficiency through such means as delegating authority in a manner that prevents these managerial reforms from adversely impacting business—by creating management redundancies or slowing decision-making speed, for example.

## Growth Strategies

Under BBBO2017, we will push forward with growth strategies in the metal products, transportation, and media businesses, all areas of strength for the Company. Moreover, the three areas of automobiles, infrastructure, and lifestyle and information services will be positioned as targets of Companywide, cross-organizational collaboration in consideration of projected medium-to-long-term macroeconomic trends. Furthermore, we have identified high-potential industrial fields and regions and will continue strengthening efforts to cultivate businesses in these areas on a Companywide basis. Such strategic industrial focuses include energy-related businesses, retail businesses in Asia, and food and agriculture-related businesses, while Brazil, India, Myanmar, Turkey, and sub-Saharan Africa have been identified as strategic regional focuses.

### ● Managerial Reforms and Growth Strategies

Please refer to P. 20, the Special Feature entitled “Medium-Term Management Plans—Results of BBBO2014 and Overview of BBBO2017,” for details on BBBO2017.

### ● Social Infrastructure, Retail Businesses in Asia

Please refer to P. 26, the Special Feature entitled “Initiatives under BBBO2017,” for details on BBBO2017.

Message from the President and CEO: To Our Stakeholders



The majority of the impairment losses recorded in fiscal 2014 can be attributed to the mineral resources and energy businesses. For the time being, we intend to devote our attention to starting up large-scale projects presently in the preparation phase, such as the Ambatovy nickel project, and reducing the costs of currently operating projects to improve the quality of our asset portfolio. Learning from our experience with these impairment losses, we have set upper limits for investments in individual projects and otherwise strengthened risk management systems. We have also established a specialist organization comprised of individuals with superior market analysis and technological evaluation capabilities assembled from both inside and outside of the Company.

We believe demand in the mineral resources and energy field will increase in the future as a result of medium-to-long-term growth in the global population as well as in the economies of emerging countries. Upstream mineral resources and energy businesses will still be viewed as an area of operations crucial to the future growth of the Sumitomo Corporation Group, and we therefore plan to continue operating these businesses going forward, albeit under newly reconstructed systems.

### Enhancement of Individual Capability and Organizational Capability

As an integrated trading company, the fundamental essence of our operations is to create new businesses, and this is a task that is spearheaded by our human resources. For this reason, human resource development has

been designated as a priority of utmost importance, and we have continued to provide our employees with opportunities to gain a diverse range of experience immediately upon joining the Company. In this manner, we have been working to enhance the capabilities of Sumitomo Corporation's human resources.

The human resources we have developed through these efforts are establishing various businesses for the Company. I suspect that our employees will be quite capable of creating new value by communicating with local customers and consumers in emerging countries, which are expected to continue developing on the back of brisk economic activity, and thereby form an understanding of their needs.

## Securing of Financial Soundness

A top priority of BBBO2017 is to regain the balance between Core Risk Buffers and Risk-adjusted Assets. The impairment losses recognized in fiscal 2014 resulted in risk assets growing to the point that they exceeded the extent of the Core Risk Buffers, destroying this balance that has underpinned our management. While this upset will not seriously impede the management of the Group, there is no doubt that we must restore this balance at the earliest date possible.

At the same time, management is placing a greater emphasis on cash flows to help ensure sustainable growth. The gross balance of interest-bearing debt on the Company's consolidated statement of financial position is approximately ¥4.0 trillion. Characterized by low interest rates, the current financial climate in Japan is conducive to a management approach that utilizes borrowings to fund investments and exercise leverage. However, for Sumitomo Corporation to realize sustainable growth, it is crucial to establish a financial constitution that is not overly dependent on interest-bearing debt. We therefore aim to limit investments and shareholder returns to within the scope of the cash generated by the Company through operating cash flows and asset replacement. Accordingly, BBBO2017 contains the basic policy of maintaining a positive free cash flow in terms of the three-year, post-dividend total.

## Shareholder Returns

Sumitomo Corporation's basic policy is to provide shareholders with stable dividends over the long term, and we also aim to raise per share dividend payments by pursuing profit growth in the medium-to-long term.

We are highly committed to achieving the targets of BBBO2017 and have thus set ¥50 per share as the lower limit for dividend payments over the period of the plan. Dividend amounts for each fiscal year will be decided based on considerations of basic profit and cash flow levels and with a consolidated dividend payout ratio of 25% as our target. In fiscal 2015, we intend to issue dividend payments of ¥50 per share.

### Dividends per share



## Sumitomo's Business Philosophy and the Company's Long-Term Vision

In 2019, we will celebrate the centennial anniversary of the foundation of the Osaka North Harbour Company Limited, the predecessor of Sumitomo Corporation. I hope to make the Sumitomo Corporation Group into a conglomerate that can thrive stably and continuously for another 50 years, 100 years, and on without end. By this, I do not refer to simply keeping the Company profitable; rather, I feel it is important for us to continue growing by adhering to the Management Principles, which are based on Sumitomo's business philosophy, the principal reason behind Sumitomo's ability to survive for 400 years.

One of the core concepts in Sumitomo's business philosophy is embodied in the phrase “Benefit for self and others, private and public interests are one and the same.” This phrase is based on the belief that Sumitomo's business does not exist only for the sake of Sumitomo, but should be an endeavor that contributes to the greater society. Likewise, I feel all Sumitomo Corporation Group employees should fully exert themselves to faithfully serve the stakeholders affected by their specific area of business. If all employees act in this manner, I am confident that Sumitomo Corporation will become a better company as a result.

Sumitomo's business philosophy also includes the virtue of integrity and sound management, a core business value. Sumitomo founder Masatomo Sumitomo penned this philosophy in a letter to a family member written in his later years, and this philosophy has continued to be handed down from generation to generation over the 400-year history of the Sumitomo Group. I believe Sumitomo's business philosophy embodies the distinctive business approach of Sumitomo Corporation. Staying true to this approach, we will push forward with managerial reforms and achieve our earnings targets with the aim of regaining any trust we may have lost with our stakeholders.

If we look to the past, we will see the 400-year history of Sumitomo. If we look to the future, we will see ourselves on the path toward realizing “What We Aim to Be.” We have continued to value trust throughout our history, and this will not change going forward, a fact that all members of the Sumitomo Corporation Group, myself included, should once again take to heart.



Please refer to “Our History” on P. 10.



## In Closing

In formulating the new medium-term management plan, Sumitomo Corporation's management engaged in thorough discussions with regard to measures that must be taken for the Company to regain lost trust. It was determined that the shortest path was to regain trust in the same way that we have earned it over our long history: by tenaciously pushing forward with managerial reforms and strengthening earning power, followed by displaying the results of these efforts to our stakeholders.

Devoted to winning back the trust of our stakeholders as soon as possible, everyone at the Sumitomo Corporation Group is united in their commitment to advancing BBBO2017 and working to return quickly to a growth track. I humbly ask for your continued understanding and support of our efforts.

August 2015

**Kuniharu Nakamura**  
President and CEO

# Medium-Term Management Plans— Results of BBBO2014 and Overview of BBBO2017

In May 2013, the Sumitomo Corporation Group announced its vision of “What We Aim to Be in 2019, Our Centennial Year,” together with the “Be the Best, Be the One 2014” (BBBO2014) medium-term management plan. Under BBBO2014, we worked to thoroughly enhance the Group’s earning power, and we were successful in reinforcing our earnings base, particularly with regard to non-mineral resource businesses. However, we were forced to record impairment losses centered on the upstream mineral resources and energy businesses, and we therefore failed to meet the quantitative targets of the plan. In April 2015, we launched a new medium-term management plan—“Be the Best, Be the One 2017” (BBBO2017)—which defines our intention to make Groupwide efforts to overcome issues and to outline a path toward the realization of what we aim to be.

## What We Aim to Be in 2019, Our Centennial Year

—Based on Our Management Principles and Activity Guidelines—

BE THE BEST, BE THE ONE

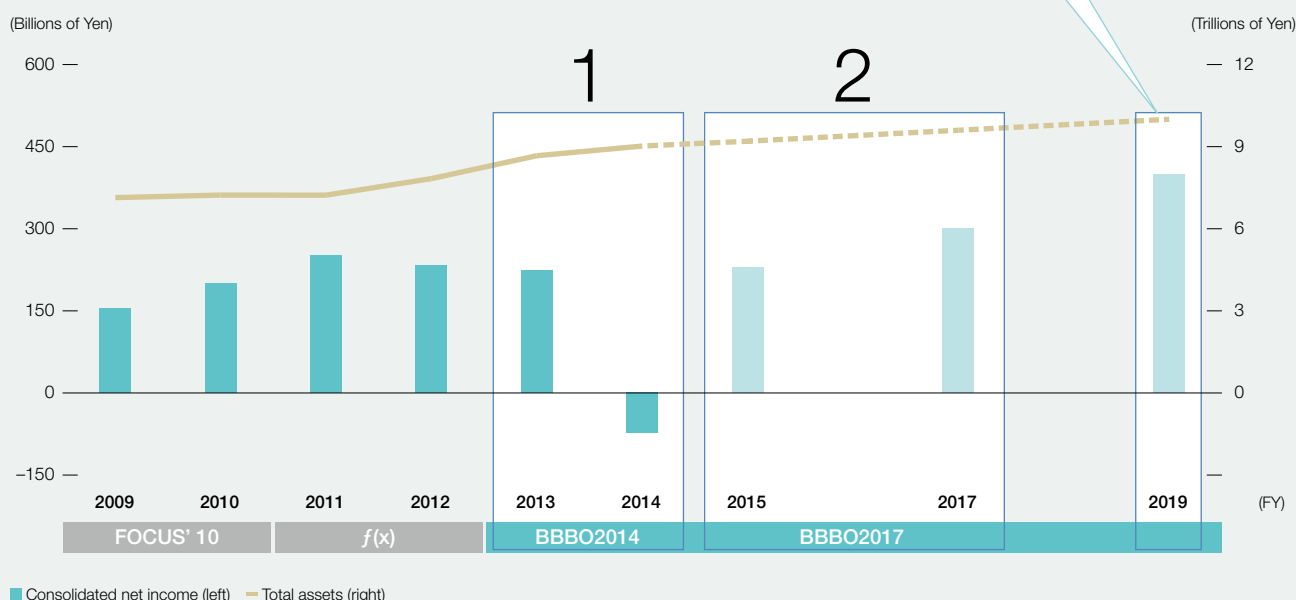
- We aim to be a corporate group that is recognized by society as meeting and exceeding the high expectations directed toward us, creating value that nobody else can match in ways befitting our distinctive identity.
- We aim to build a solid earnings base and aim for an even higher level of profit growth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

### Quantitative picture

Total assets:  
Around ¥ **10** trillion

Consolidated  
net income: ¥ **400** billion or more

## Medium-Term Management Plans



# 1

## Results of BBBO2014 (Fiscal years 2013 and 2014)

### Quantitative performance

In fiscal 2013, profit for the year (attributable to owners of the parent) amounted to ¥223.1 billion, falling below targets due in part to the recognition of an impairment loss of ¥27.7 billion on a coal mining project in Australia. Loss for the year (attributable to owners of the parent) of ¥73.2 billion was posted in fiscal 2014, due to the impacts of lower resource prices and impairment losses totaling ¥310.3 billion, which were recorded with regard to several large-scale projects, such as a tight oil development project in the United States.

	Quantitative Targets			Results	
	FY2013	FY2014		FY2013	FY2014
Consolidated Net Income (loss)	¥240 billion	¥270 billion		¥223.1 billion	¥(73.2) billion
Risk-adjusted Return Ratio	Approx. 12% (each fiscal year)			10.9%	—
Return on assets (ROA)	3% or more (each fiscal year)			2.7%	—



### Qualitative performance

Under BBBO2014, we worked to thoroughly enhance our earning power by stimulating the metabolism of our business portfolio through means such as making the existing earnings pillars even more robust, achieving greater value for existing investment projects, fostering and developing new pillars of earnings for the future, and replacing assets. As a result, we were able to reinforce our earnings base centered on non-mineral resource businesses. In addition, we established the Special Committee on Managerial Reform to address the impairment loss issue, and this committee provided the Company with advice on how to improve corporate value. In consideration of this advice and reflections on past events, the Company has determined the areas in which it will pursue improvement.

#### Areas of improvement

- Strengthening risk management for upstream mineral resources and 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 Buffers and Risk-adjusted Assets and enhancing cash-generation capabilities

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

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

# 2 Overview of BBBO2017 (Fiscal years 2015 to 2017)

## Promote managerial reforms

### Improve corporate governance and decision-making process

Upgrade decision-making process in business management  
Strengthen the supervisory functions of the Board of Directors  
Respond to the Corporate Governance Code

P60 Corporate Governance System

### Strengthen risk management system

Upgrade decision-making process on investments  
Review methodology of investment assessment and framework of investment execution  
Strengthen risk management for upstream mineral resources & energy projects

P67 Risk Management

## Promote managerial reforms

Improve corporate governance and decision-making process

Strengthen risk management system

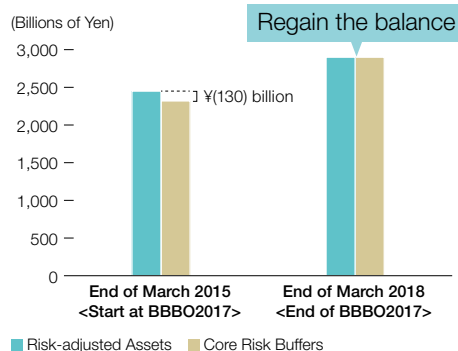
Enhance “individual capability” and “organizational capability”

Secure financial soundness

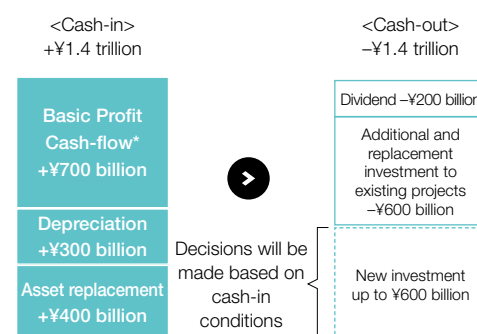
## Secure financial soundness

In regard to the basic policies of BBBO2017, the balance between Core Risk Buffers and Risk-adjusted Assets represents the basis for management, and regaining this balance will be a top priority. Moreover, we aim to achieve positive free cash flow in terms of the three-year, post-dividend total. To accomplish this objective, we intend to finance investments and dividend payments by utilizing cash generated through business activities and asset replacement. In each year of the plan, we will attempt to keep free cash flow within the range between a positive and negative ¥100.0 billion.

### Regain the balance between Core Risk Buffers and Risk-adjusted Assets

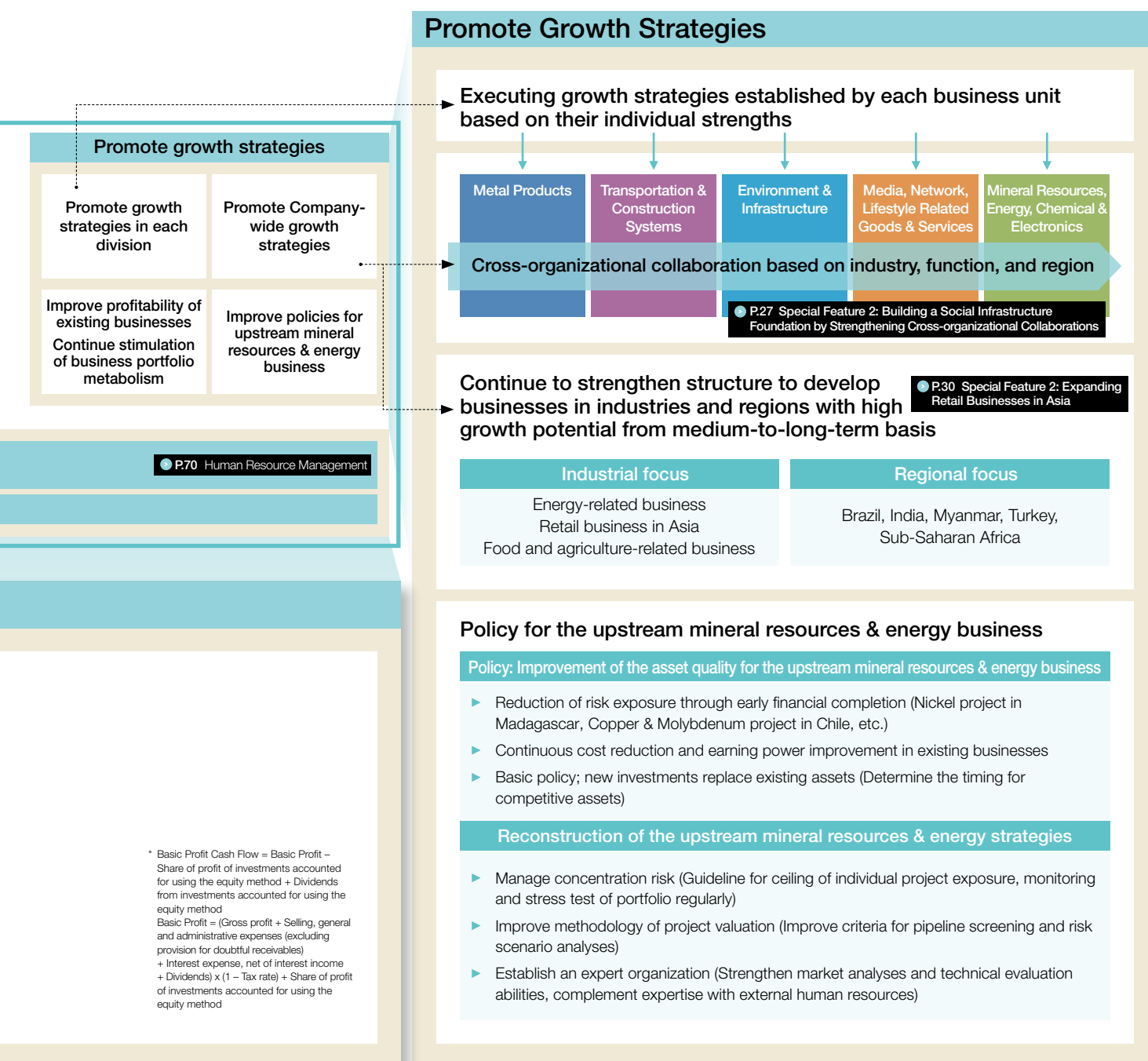


### Achieve positive free cash flow (post-dividend, three-year total)



BBBO2017 is based on the theme of making Group-wide efforts to overcome issues and outlining a path toward the realization of what we aim to be. The plan will therefore guide us as we advance managerial reforms and growth strategies through the following three basic policies:

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

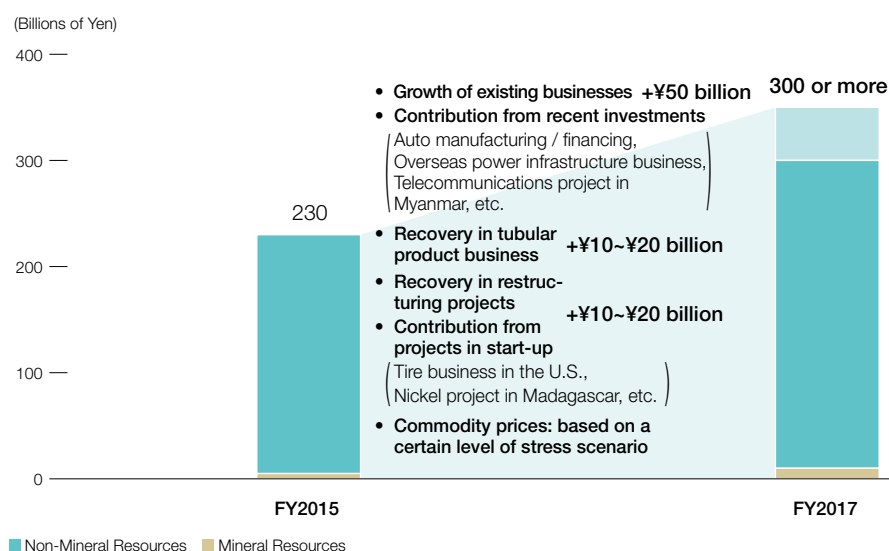


## Quantitative Performance Targets

### (1) Profit Targets

① Profit for the year ■ FY2015: ¥230 billion ■ FY2017: ¥300 billion or more

② Key indicators ■ FY2017: ROA 3% or more Risk-adjusted Return ratio: 10% or more ROE: Approx. 10%



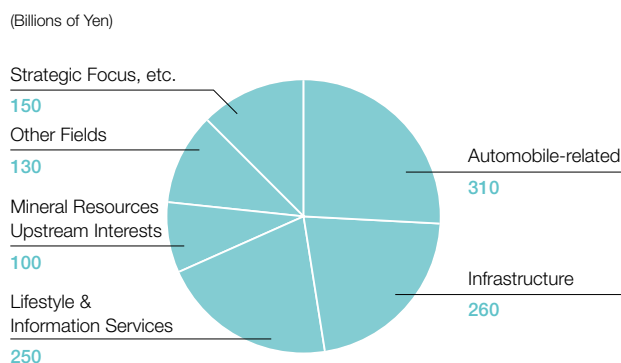
### (2) Investment Plans

3-year total: ¥1,200 billion

#### Investment Plan by Segment

	(Billions of Yen)
Metal Products	150
Transportation & Construction Systems	250
Environment & Infrastructure	250
Media, Network, Lifestyle Related Goods & Services	250
Mineral Resources, Energy, Chemical & Electronics	150
(Upstream Interests)	(100)
Strategic Focus, etc.	150

#### Investment Plan by Field



## Dividend Policy

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 (Interim ¥25 per share, Year-end ¥25 per share)

## Key Financial Indicators in BBBO2017

	Start of BBBO2017 (Results as of Mar. 31, 2015)		End of BBBO2017 (Forecasts as of Mar. 31, 2018)	
Profit (Loss) for the Year	¥(73.2) billion		¥300.0 billion or more	
Total Assets	¥9,021.4 billion		¥10.0 trillion	
Shareholders' Equity	¥2,481.4 billion		¥3,100.0 billion	
Shareholders' Equity Ratio	27.5%		31.0%	
Interest-bearing Liabilities (Net)	¥3,517.5 billion		¥3,500.0 billion	
DER (Net, times)	1.4 times		Approx. 1.1 times	
ROA	2-year average	0.9%	FY2017	3.0% or more
ROE	2-year average	3.2%	FY2017	Approx. 10.0%
Risk-adjusted Return Ratio	2-year average	3.5%	FY2017	10.0% or more
Basic Profit Cash Flow	2-year total ¥400.0 billion		3-year total ¥700.0 billion	
Free Cash Flow	2-year total ¥127.5 billion)		3-year total ¥200.0 billion	
Risk-adjusted Assets [RA]	¥2,450.0 billion		¥2,900.0 billion	
Core Risk Buffers [RB]	¥2,320.0 billion		¥2,900.0 billion	
(Core RB-RA)	(130.0)		(Regain balance)	

# Initiatives under BBBO2017



## Building a Social Infrastructure Foundation by Strengthening Cross-organizational Collaborations

**Providing an Integrated Electricity Supply Chain That Extends from Upstream to Downstream**

● **Environment & Infrastructure Business Unit × Media, Network, Lifestyle Related Goods & Services Business Unit**

In industrial fields, which are expected to achieve high medium-to-long-term growth, we plan to bolster existing cross-organizational collaborations and continue to push forward with initiatives that leverage our integrated strengths.

In this section, we will introduce the initiatives of “J:COM Electric Power,” which has commenced the provision of services through collaborations between the Environment & Infrastructure Business Unit’s power generation business, the Media, Network, Lifestyle Related Goods & Services Business Unit’s cable TV business, and housing development and sales.



## Expanding Retail Businesses in Asia

**Contributing to the Advancement of Emerging Countries by Leveraging the Knowledge and Know-How That We Have Nurtured over Many Years in Business**

● **Strategic Industrial and Regional Focus Initiatives**

Going forward, we will continue to strengthen our existing strategic industrial and regional focus initiatives as part of our medium-to-long-term development framework for businesses in fields and regions with high potential for growth.

From page 30, we will introduce the initiatives of our retail businesses in Asia, which include a TV shopping business in Thailand, automotive retail financing operations and investment in a commercial bank in Indonesia, and a telecommunications business in Myanmar.

# 1

## Building a Social Infrastructure Foundation by Strengthening Cross-organizational Collaborations

Providing an Integrated Electricity Supply Chain That Extends from Upstream to Downstream

● Environment & Infrastructure Business Unit × Media, Network, Lifestyle Related Goods & Services Business Unit

### Market Environment

Considered to suffer from structurally high costs, the Japanese electricity industry has been gradually reforming regulatory systems to promote participation by new power providers. One aspect of these reforms has been the deregulation of the electricity retail market. Since 2000, the restrictions for entering into the electricity industry have been sequentially lifted. Today, supply to large-scale users with electricity demand of more than 50 kW—a segment of the market accounting for approximately 60% of all electricity supplied—has been deregulated.

The complete deregulation of the electricity retail market is scheduled for April 2016. This development will lift the restrictions currently placed on small-scale users, such as stand-alone households and small condominium complexes, allowing electricity sales targeting these users to be conducted freely.

#### Electricity Retail Market Deregulation History

- 2000: Deregulation of retail sales to users with contract volume of more than 2,000 kW
- 2004: Deregulation of retail sales to high-voltage users with contract volume of more than 500 kW
- 2005: Deregulation of retail sales to high-voltage users with contract volume of more than 50 kW
- 2016: Complete deregulation of participation in electricity retail market

#### More than 2,000 kW

- Large-scale factories
- Department stores, large buildings, etc.

#### More than 500 kW

- Medium-scale factories
- Supermarkets, medium-sized buildings, etc.

#### More than 50 kW

- Small factories
- Medium-to-large-sized condominium complexes, etc.

Approx.  
60%

Currently deregulated

#### Less than 50 kW

- Convenience stores, offices
- Stand-alone households, small condominium complexes, etc.

Approx.  
40%

Restrictions to be lifted in April 2016

● Complete deregulation

## Response to Electricity Regulatory System Reforms by Summit Energy and J:COM

Wholly owned subsidiary Summit Energy Corporation is engaged in power generation and retail operations in the Japanese market. The company provides users with electricity from an ideal mix of power from its three thermal power plants in Japan and power procured from other generators as well as companies possessing in-house generation facilities and the Japan Electric Power Exchange. In addition, Summit Energy is in the process of constructing a new biomass-fired thermal power plant, which will be among the largest in Japan upon its scheduled completion in 2017.

At the same time, Jupiter Telecommunications Co., Ltd. (J:COM), a Cable TV and system operator in which the Company holds a 50% stake, is taking advantage of the aforementioned electricity regulatory system reforms to start an electricity retail business targeting medium-to-large-sized condominium complexes. J:COM conducts its cable TV operations in five areas throughout Japan: the Kanto and Kansai regions and the Sapporo, Sendai, and Kyushu areas. In these areas, a total of approximately 19 million households are equipped with the cables and other necessary infrastructure for receiving cable TV services. Of these households, roughly 5 million households were subscribed to J:COM's services as of March 31, 2015, indicating that J:COM provides these services, which are a central fixture in the lives of customers, as the industry share leader.

With cable TV operations that link it to communities and households, J:COM aims to become an indispensable part of its customers' lives. This quest is guided by the concept of “J:COM Everywhere” that inspires this company to provide enjoyable, useful, and reliable services that can be accessed anywhere. Through collaboration with Summit Energy, which possesses its own generation capabilities and the ability to procure power from outside sources, J:COM arrived at the possibility of creating electricity retail operations.



The Handa Biomass Power Plant (Aichi Prefecture)



J:COM, boasting the largest share of Cable TV subscribing households in Japan

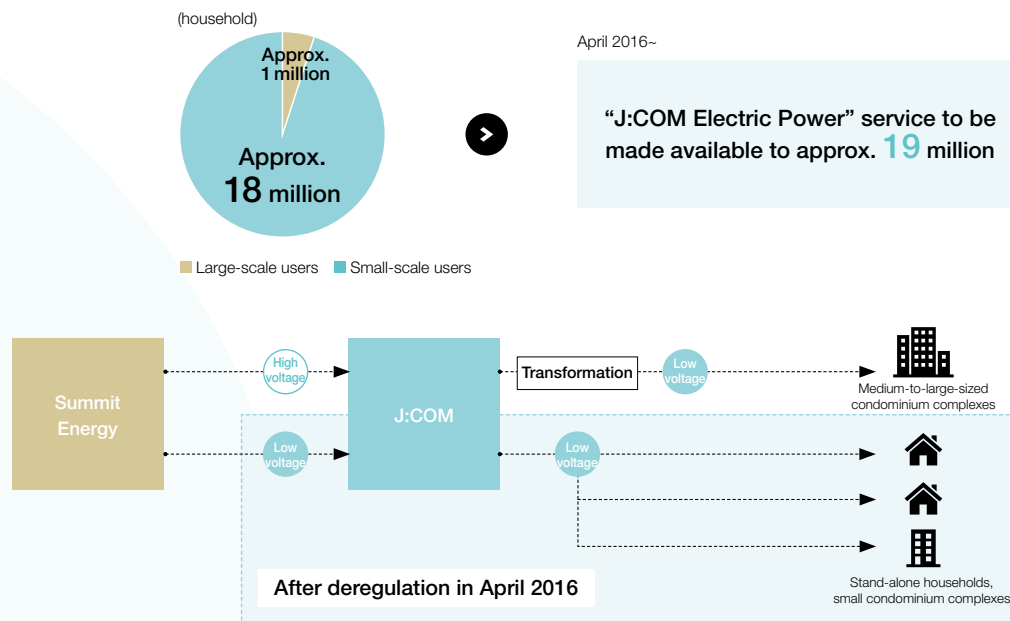
## Birth of “J:COM Electric Power”

In December 2012, the “J:COM Electric Power” batch-electricity provision service for condominium complexes was created. This service was set up through an alliance between Summit Energy, which possesses its own generation capabilities and the ability to procure power from outside sources, and J:COM, which has cultivated a massive customer database and accumulated extensive know-how regarding billing systems and retail activities aimed at residential households. Through the “J:COM Electric Power” service, electricity procured by Summit Energy, with volume adjusted based on supply and demand circumstances, will pass through transformation facilities operated by J:COM and then be sold to individual households in medium-to-large-sized condominium complexes. Not only will “J:COM Electric Power” offer electricity at lower rates than regional power companies, further discounts will be provided to users that bundle this service with other existing J:COM services, such as an Internet connection.

Currently, there are approximately 1 million households in medium-to-large-sized condominium complexes and other facilities classified as large-scale users in J:COM's service area, and only these are potential targets for the “J:COM Electric Power” batch-electricity provision service at the moment. However, after the complete deregulation of the electricity retail market, J:COM will be able to provide this service to stand-alone houses and small condominium complexes in its service area. With this influx of new potential users, the number of households able to take advantage of “J:COM Electric Power” will rise to roughly 19 million, representing a substantial expansion of the market for this service.

# JAPAN

## Breakdown of Potential “J:COM Electric Power” Users in J:COM’s Service Area



The “J:COM Electric Power” service is currently being utilized in conjunction with Sumitomo Corporation’s condominium operations. For example, J:COM participated in developing the CLASSY HOUSE Kamikitazawa condominium complex from the product planning and design stages, leading this complex to introduce both the “J:COM Electric Power” service as well as J:COM’s electricity consumption tracking service “ECOREPO,” which allows users to view the amount of electricity they have consumed. This synergistic relationship presents an opportunity for market expansion for J:COM and a chance to use the Internet and cable TV services provided by this company to boost customer satisfaction. Going forward, J:COM will step up collaboration with the Company’s condominium operations to continue expanding usage of its services.



CLASSY HOUSE Kamikitazawa

## Creation of Social Infrastructure

Guided by the concept of “J:COM Everywhere,” J:COM strives to provide a diverse range of services that enrich the lives of customers in local communities. Centered around broadcasting and communications, J:COM offers such services on a one-stop basis. With the new offering of electricity, an indispensable lifeline, J:COM will strengthen contact points with customers and develop services that are even more closely tied to local communities and households.

Going forward, Sumitomo Corporation will continue to foster internal collaboration of this nature to muster its collective strength in advancing initiatives in fields expected to grow over the medium-to-long term. In this manner, we aim to contribute to the creation of the social infrastructure that supports people’s everyday lives.

## 2

## Expanding Retail Businesses in Asia

Contributing to the Advancement of Emerging Countries by Leveraging the Knowledge and Know-How That We Have Nurtured over Many Years in Business

◆ Strategic Industrial and Regional Focus Initiatives

## Thailand

## Shop Channel in Thailand

Sumitomo Corporation established Jupiter Shop Channel Co., Ltd. (JSC), which is currently Japan's largest TV shopping company, in 1996, and has pursued this business since that time. After its founding, JSC was successful in providing live broadcasts on a 24-hour-a-day, 365-day-a-year basis, a feat that was revolutionary at the time. Leveraging its strengths in creating and broadcasting TV shopping programs and its ability to procure unique products, this company was a major pioneer in expanding Japan's TV shopping market. While growing the market, JSC has continued to broaden, simultaneously cementing its position as the industry leader.

In consideration of this success, Sumitomo Corporation has continued to examine the possibility of further expanding JSC's business foundations by commencing TV shopping operations in Asia and other rapidly growing emerging markets. In particular, we turned our focus to Thailand, which was ripe with business opportunities and possessed both the broadcasting infrastructure necessary for stable TV program transmissions and product tastes similar to those in Japan. Partnering with Central Department Store Limited, a core retail company in one of Southeast Asia's largest conglomerations, and I.C.C. International Public Company Ltd., a central consumer goods wholesaler of the major Thai conglomerate the SAHA Group, JSC established SHOP Global (Thailand) Co., Ltd., in February 2013. SHOP Global draws on the wealth of expertise and experience these partners offer with regard to the consumer market in Thailand as well as their operating facilities, equipment, and other infrastructure. At the same time, SHOP Global has access to the program creation and product procurement know-how that JSC has accumulated in Japan. Leveraging these assets, SHOP Global is pushing forward with the development of its TV shopping operations in Thailand, which is one of Southeast Asia's leading TV shopping markets.

Sales at SHOP Global have continued to grow smoothly since broadcasts commenced in November 2013, and this company aims to conduct broadcasts on a 24-hour-a-day, 365-day-a-year basis, similar to those of JSC in the future. Immensely capable of supplying unique products and conducting live broadcasts, SHOP Global is working toward becoming Thailand's largest TV shopping company. At the same time, this company is stimulating activity in the TV shopping market in Thailand and helping provide consumers with more rewarding experiences through its business.



Creating a TV program that includes guests



Supporting staff for live broadcasts



## Indonesia

### Automotive Retail Finance Businesses

With a population of more than 240 million people, Indonesia has become a major automotive and motorcycle market among ASEAN countries. Sales of new automobiles and motorcycles reached more than one million and eight million, respectively, as the market has grown more than 10% each year since the turn of the century. In Indonesia, Group companies P.T. Oto Multiartha and P.T. Summit Oto Finance—jointly referred to as the Oto Group—are conducting automotive retail finance businesses. The Oto Group has more than 200 branches located across Indonesia, mainly on the islands of Java and Sumatra. Through this network, we have provided service to more than six million customers to date. Looking ahead, the middle-income bracket in Indonesia is anticipated to grow to 200 million people by 2020, and it can therefore be expected that the markets for automobiles and motorcycles will continue to expand going forward. Through the retail services offered by the Oto Group, we will keep working to achieve prosperity and realize the dreams of our customers.

### Investment in Commercial Bank BTPN

In order to tap the voracious consumer demands of the growing middle classes in emerging countries, Sumitomo Corporation is commencing various initiatives. As part of these initiatives, we have invested in the financial sector of Indonesia. Indonesia is an extremely important market where a wide range of businesses are being developed, and we are anticipating high levels of growth particularly in the financial sector. We have focused our investments in the sector primarily on PT. Bank Tabungan Pensiunan Nasional Tbk (BTPN), a commercial bank that possesses strengths in the retail field. These investments were made from a long-term point of view. By producing synergies with BTPN, Sumitomo Corporation will continue to expanding its business portfolio and thereby make large contributions to economic growth in Indonesia and other Asian countries going forward.



Customer-oriented services at a BTPN Branch Office

## Myanmar

### Telecommunications Business in Myanmar

Myanmar has a population of approximately 50 million people. The government of this country has declared its intention to raise the penetration rate of mobile phones, which was approximately 30% on December 31, 2014, to 80% by 2016, a move that has resulted in the rapid proliferation of mobile phones. Together with KDDI Corporation, Sumitomo Corporation concluded an agreement with Myanmar Posts & Telecommunications (MPT) in July 2014 to jointly undertake telecommunications operations in this country, and these operations have since commenced. We are now expanding this business by constructing telecommunication networks and improving communications quality.

Leveraging the telecommunications business expertise gained through operations in Mongolia, Guam, and other parts of the world, Sumitomo Corporation aims to help spread mobile phone usage in Myanmar. We will also contribute to growing the country's economy and improving the quality of life of its people by providing telecommunications services of impeccable quality.



The first directly operated store and MPT employees in Yangon