




## Overview of Operations

---

---

At a Glance .....	34	
Metal Products .....	36	
Transportation & Construction Systems .....	40	
Environment & Infrastructure .....	44	
Media, Network, Lifestyle Related Goods & Services .....	48	
Mineral Resources, Energy, Chemical & Electronics .....	52	

# At a Glance

## Profit for the Year

(attributable to owners of the parent)

FY2013

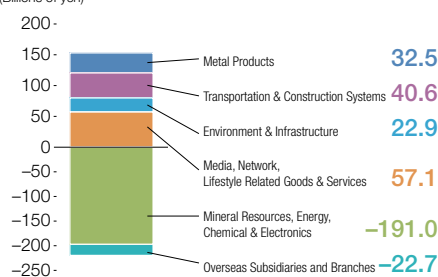
¥ **223.1** bn.

FY2014

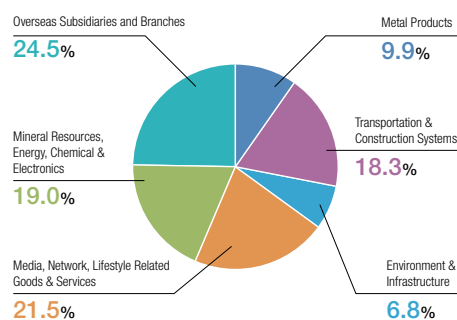
¥ **-73.2** bn.

## Profit (Loss) for the Year by Segment\* (FY2014)

(Billions of yen)



## Assets by Segment\* (FY2014)



## Metal Products



## Profit for the Year

FY2013

¥ **26.6** bn.

FY2014

¥ **32.5** bn.

## Transportation & Construction Systems



## Profit for the Year

FY2013

¥ **47.6** bn.

FY2014

¥ **40.6** bn.

## Environment & Infrastructure



## Profit for the Year

FY2013

¥ **19.1** bn.

FY2014

¥ **22.9** bn.

## Media, Network, Lifestyle Related Goods & Services



## Profit for the Year

FY2013

¥ **55.5** bn.

FY2014

¥ **57.1** bn.

## Mineral Resources, Energy, Chemical & Electronics



## Profit (Loss) for the Year

FY2013

¥ **23.6** bn.

FY2014

¥ **-191.0** bn.

## Overseas Subsidiaries and Branches



## Profit (Loss) for the Year

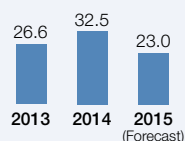
FY2013

¥ **41.4** bn.

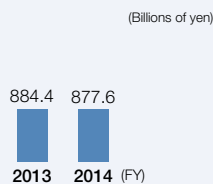
FY2014

¥ **-22.7** bn.

### Profit for the Year



### Total Assets

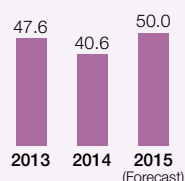


### Business Unit Overview

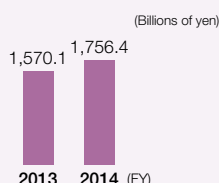
The global and extensive value chain we are developing as a business unit encompasses various metal products, including steel products such as steel sheets, tubular products, and non-ferrous metal products such as aluminum. In the steel sheet-related field, we deliver steel sheet products mainly to automotive and home appliance manufacturers via our worldwide steel service center network, which provides functions including procurement, inventory management, and processing. In the tubular products field, we function as a total service provider by making our proprietary supply chain management (SCM) system available to oil and gas companies. In addition, in the non-ferrous products & metals field, our priority is to expand our production and sales locations for aluminum ingot and aluminum sheets.

P. 36

### Profit for the Year



### Total Assets

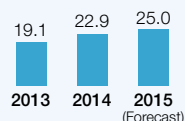


### Business Unit Overview

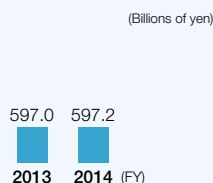
We are advancing our upstream, midstream, and downstream operations in the areas of ships, aircraft, railway, automobiles, and other transportation systems as well as construction equipment. In the ship, aerospace & transportation systems field, we run a leasing business focused on aircraft. We are also the only shipyard shareholder among Japanese trading companies and operate ships that we own and jointly own as well. In the automotive field, we are expanding and enhancing the major functions served by our value chain in areas such as manufacturing, sales and distribution, and lease and financing. In the construction equipment field, we have the highest transaction volume of construction equipment among trading companies. In addition to our worldwide equipment sales business, we focus on expanding our rental business for construction equipment and repair-maintenance service operation for mining equipment.

P. 40

### Profit for the Year



### Total Assets

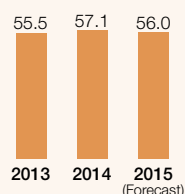


### Business Unit Overview

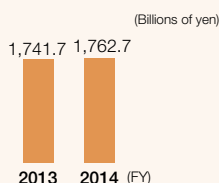
In the global power infrastructure field, we are developing overseas power generation businesses and EPC\* businesses as well as businesses involving rechargeable batteries. In the environment and infrastructure project field, we are advancing renewable energy businesses focused on wind and solar power generation in Japan and overseas, electricity retailing in Japan, industrial infrastructure businesses that are mainly involved with industrial facilities, and water infrastructure businesses. In the logistics & insurance fields, apart from our logistics services encompassing shipping, customs clearance, and delivery, we arrange various insurance contracts and also develop and operate overseas industrial parks.

P. 44

### Profit for the Year



### Total Assets

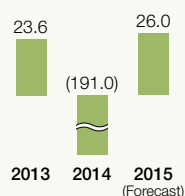


### Business Unit Overview

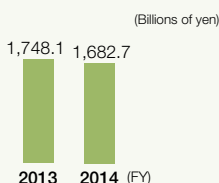
Our unit globally develops businesses that provide consumer-oriented products and services in fields such as media, network, retail, foods, materials & supplies and real estate. In our media and network fields, we focus primarily on Cable TV, IT solutions, and integrated mobile business. In our retail and food products fields, we are developing a wide range of businesses, from retail businesses such as supermarkets to food production and sales. In our materials & supplies and real estate fields, our portfolio consists of top-class operating companies in ready-mixed concrete as well as lumber and building materials. In addition, our main business pursuits are office buildings, retail facilities, and housing development and sales.

P. 48

### Profit (Loss) for the Year



### Total Assets

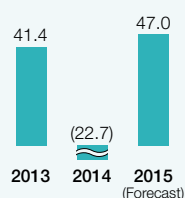


### Business Unit Overview

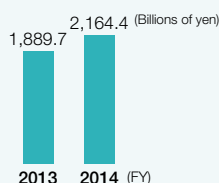
In the mineral resources and energy field, we are giving first priority to efforts aimed at the early completion of the Ambatovy nickel project and the Sierra Gorda copper and molybdenum mine project. On a global scale, our trading businesses provide carbon products, iron and steel making raw materials, petroleum, and gas as well as derivative product functions. In the chemicals and electronics field, we trade in raw materials, organic and inorganic chemicals and plastics, and cutting-edge electronics industry materials and actively engage in EMS operations. In the life science field, we handle pharmaceuticals, crop protection products, fertilizer, and pet care products.

P. 52

### Profit (Loss) for the Year



### Total Assets



\* Excluding corporate and eliminations

\*1 EPC: Engineering, Procurement, and Construction

Notes 1) On April 1, 2015, we transferred control of the Tires Division, which was under the control of the Media, Network, Lifestyle Related Goods & Services Business Unit, to the Transportation & Construction Systems Business Unit. Accordingly, past results are shown on the basis of this reorganization.

2) Consolidated net income in this report is the same as IFRS profit for the year attributable to owners of the parent.

## Metal Products Business Unit



**Makoto Horie**

General Manager,  
Metal Products  
Business Unit

### Main Fields

- Steel Sheet-related
- Tubular Products
- Non-Ferrous Products & Metals Field, etc.

### Organization

- Planning & Administration Dept., Metal Products Business Unit
- Steel Sheet & Construction Steel Products Division
- Metal Products for Automotive & Railway Industry Division
- Light Metals & Specialty Steel Sheet Division
- Tubular Products Division

## Message from the General Manager

### “What We Aim to Be”

We aim to realize growth strategies by anticipating changes in conditions and further strengthening relationships with our global partners.

### Growth Strategies for Becoming What We Aim to Be

We will further strengthen value chains centered on such products as steel sheets, tubular products, and aluminum to achieve further growth. Within the steel sheet-related field, we aim to be a leading supplier in the automobile-related field that provides a product lineup ranging from steel sheets through to components. As well as managing tubular product supply chains, in the tubular product field we will provide oilfield equipment, materials, and services to heighten added value. Also, aluminum businesses aim to build value chains in global markets by accelerating the development of production bases in areas from smelting operations upstream to rolling mills midstream.

**Q Please give us a review of BBBO2014.**

**A We steadily implemented value chain strategies in accordance with plans.**

In the steel sheet-related field, we sought to expand businesses that supply electrical steel sheets, which are indispensable for the improvement of automotive fuel efficiency. To this end, we advanced initiatives to step up the growth of Kienle + Spiess GmbH (K+S), one of Europe's largest manufacturers and marketers of motor cores. We acquired K+S in 2013. In the tubular products field, we expanded synergies between our existing businesses and Edgen Group Inc., which we made a wholly owned subsidiary in November 2013 with a view to strengthening tubular products value chains, particularly in midstream and downstream areas. Regarding the non-ferrous metal products field, we started the implementation of the third-phase expansion of Press Metal Berhad's aluminum smelting business in Malaysia, which will bring total production capacity to 760,000 tons per year upon completion.



Specialized vessel for transporting long rails

### Fiscal 2014 Results

Profit for the year rose ¥5.9 billion year on year, to ¥32.5 billion, because North American tubular products businesses and steel service center businesses continued to perform robustly.

**Q Please tell us about the measures you are taking in BBBO2017.**

**A We will deepen and enhance value chains in each field.**

The effect of recent falls in crude oil and gas prices is unavoidable in the short term. However, oil and gas development is expected to increase in tandem with

## Performance Highlights

	FY2013	FY2014	(Billions of yen) FY2015 Forecast
Gross profit	97.2	103.5	96.0
Operating profit	34.6	37.4	—
Share of profit of investments accounted for using the equity method	5.6	9.1	—
Profit for the year (attributable to owners of the parent)	26.6	32.5	23.0
Basic profit	26.0	33.7	—
Total assets	884.4	877.6	—

the growth of energy demand over the medium-to-long term. Therefore, demand for tubular products and oilfield equipment and materials is likely to increase. Further, demand for transport materials and equipment is also expected to rise due to the development of railway infrastructure in emerging countries and modal shift initiatives in developed countries. Rising demand for electrical steel sheets is expected to contribute to improved automotive fuel efficiency. Increases in automotive unit production and vehicle-lightening needs will stimulate demand for aluminum-related products.

In the steel sheet-related field, we aim to build a system that encompasses steel sheet businesses through to automotive component businesses based on our steel service center businesses. With respect to transport equipment and materials businesses, plans call for establishing an unrivaled position by extending operations from delivery to include the maintenance area. In the tubular products field, our goal is to establish a system that can provide one-stop services based on a lineup of materials and equipment that is centered on tubular products. With this goal in mind, we will strengthen the industry-leading global operational foundations of our oil country tubular goods businesses even further. Furthermore, we will develop the oilfield equipment, materials, and services field while realizing synergies with Edgen Group to build distribution networks for line pipes and specialty tubular products. Through these efforts, we will strengthen our ability to provide a one-stop range of equipment and materials centered on tubular products. Regarding the non-ferrous metal products field, we will expand our aluminum smelting business through the third-phase expansion of our aluminum smelting business in Malaysia.

**Q Could you please explain about CSR initiatives that you pursue through business activities?**

**A We view managing health, safety, security, and the environment (HSSE) as an extremely important aspect of business activities.**

In the Tubular Products Division, we have built a global HSSE management system in accordance with our basic policy of giving priority to compliance and HSSE in all businesses. Aiming to eliminate industrial disasters and environmental accidents, we are strengthening organizational capabilities, educating personnel, conducting risk assessment, and sharing know-how through global HSSE network meetings. As a result of these efforts, the number of accidents is decreasing steadily. In fiscal 2014, we set out “Beyond Zero Harm” as a new slogan, which reflects our determination to inculcate and entrench HSSE as part of our corporate culture and make the absence of disasters and accidents a matter of course.



Emphasizing rigorously safe behavior appropriate to each employee's workplace environment

## Metal Products Business Unit

### Summary of Main Fields

#### Steel Sheet-related Field

##### “What We Aim to Be”

We aim to become a leading supplier that offers a product lineup extending from steel sheets through to components by using our track record of handling many different types of steel sheets as a foundation.

##### Business Conditions

Burgeoning consumer spending in emerging countries is spurring growth in demand for automobiles, motorcycles, home appliances, construction materials, and other goods. Also, demand for steel-sheet products promises to rise even further given that developed countries are transferring to railway transport and emerging countries are developing railway infrastructure.

##### Strengths and Strategies

We will increase earnings through efficient management and realize higher added value by using as a foundation the sales capabilities of our steel service center businesses, which comprise 32 companies operating in 13 countries worldwide. Most of these are emerging countries. In addition, we will grow our share of markets for such transport equipment as train wheels and axles and automotive crank shafts by developing manufacturing and sales bases in regions worldwide.

##### Current Initiatives

In the automobile-related field, we will continue initiatives focused on becoming a global supplier that provides a product lineup covering steel sheets through to components. As part of these efforts, we aim to expand the businesses of K+S, acquired in 2013, to become the world's No.1 manufacturer in this area. To this end, we will advance motor core businesses, which are likely to see increasing demand for the use of their products in such vehicles as electric cars and hybrid cars due to the effect of environmental policies and energy costs.



Outside view of the Y-Tec Keylex Mexico automotive parts manufacturing facility

#### Tubular Products Field

##### “What We Aim to Be”

We aim to extend tubular product value chains to cater to medium-to-long-term increases in energy demand.

##### Business Conditions

In the medium-to-long term, demand for oil country tubular goods for use in crude oil and gas development projects and line pipes for transport use is expected to grow in response to heightening demand for energy centered on emerging countries.

##### Strengths and Strategies

Our tubular product businesses boast a solid customer base, network, and product lineup that are among the largest in the world. We have achieved this by drawing on our diverse capabilities to develop businesses globally. For example, in 15 countries worldwide we offer supply chain management that provides integrated services encompassing ordering and inventory management through to processing, inspection, transport, and repair. Going forward, we will continue strengthening the tubular product value chain that we have built and expand earnings foundations.

##### Current Initiatives

A global distributor of tubular products and metal for the energy industry, Edgen Group became a wholly owned subsidiary in November 2013. In this way, we are further strengthening businesses in the oilfield equipment, materials, and services field, which is adjacent to our core businesses in the tubular product field. By creating synergies with existing businesses, we will expand value chains steadily.



Manufacture of oil well equipment at Howco Group plc.



## Non-Ferrous Products & Metals Field

### “What We Aim to Be”

We will bolster our cost-competitive value chains by strengthening our relationships with global partners.

### Business Conditions

Applications for such non-ferrous metals as aluminum and titanium are increasing. The market for these metals is likely to continue growing given the strong focus on improving the fuel efficiency of automobiles, aircraft, and other vehicles by lightening them.

### Strengths and Strategies

Our aluminum trading activities have dominated the Japanese market. In order to enlarge our presence in the global market, we will accelerate further development of the value chain of the aluminum industry overseas, from upstream to midstream.

### Current Initiatives

In our aluminum smelting business with Press Metal in Malaysia, with the establishment of stable operations following the second-phase expansion, we are undertaking third-phase expansion, which will bring our total production capacity to 760,000 tons per year. The completion of this expansion will enable us to enhance our aluminum value chain.



Our aluminum smelting joint venture with Press Metal, in Malaysia

## Project Overview

### Increasing Equity Interest in Aluminum Smelting and Enlarging Ingot Trading



Aluminum ingots produced by Press Metal

**P**ress Metal is the largest aluminum manufacturer in Malaysia and is currently operating two aluminum smelting businesses in the state of Sarawak. We have participated in two phases of expansion in this project through a joint venture with Press Metal. The total existing capacity of aluminum ingots is 440,000 tons per year, comprising 120,000 tons in the first-phase expansion and 320,000 tons in the second. We obtained a 20% equity interest in the first and second phases of the project in 2010 and 2014, respectively. Further, the construction of a plant in the third-phase expansion has begun; the plant is expected to commence operation in early 2016. Total capacity on completion of the third-phase expansion will be 760,000 tons per year, and we will have obtained a 20% equity interest in each phase of the project.

Together with our equity, metal supplied through our Australian smelting activities is also expanding. Particularly in Asia, as we expect more overseas forays among Japanese manufacturers and the localization of automotive manufacturing to grow demand for aluminum globally, we will concentrate efforts on further developing the global aluminum trading business through our partnership with Press Metal.



# Transportation & Construction Systems Business Unit



**Naoki Hidaka**

General Manager,  
Transportation &  
Construction Systems  
Business Unit

## Main Fields

- Ship, Aerospace & Transportation Systems
- Automotive
- Construction Equipment

## Organization

- Planning & Administration Dept., Transportation & Construction Systems Business Unit
- Ship, Aerospace & Transportation Systems Division
- Automotive Division, No. 1
- Automotive Division, No. 2
- Construction & Mining Systems Division

## Message from the General Manager

### “What We Aim to Be”

We aim to anticipate changes in business conditions and change and expand business fields flexibly while sustaining growth.

### Growth Strategies for Becoming What We Aim to Be

We will enhance the profitability of existing businesses rigorously while making earnings pillars stronger by incorporating related businesses. Further, we will actively tackle new businesses that have the potential to become future earnings sources, even taking on areas beyond the range of existing businesses.

At the same time, we will analyze market conditions, economic trends, and potential objectively. Based on our conclusions, we will allocate management resources discriminately and develop the personnel required.

**Q Please give us a review of BBBO2014.**

**A We expanded our earnings base through global business development initiatives.**

In the ship, aerospace and transportation systems field, although a lackluster shipping market affected ship businesses, aircraft leasing and other existing businesses performed solidly. In the automotive field, we grew such businesses as automobile manufacturing businesses in Mexico into new business pillars. At the same time, we focused efforts on maintaining and expanding existing businesses, including leasing businesses, financing businesses, and sales and distribution businesses. As for the construction equipment field, we grew sales and rental businesses in North America steadily, and we advanced projects to meet increasing demand in emerging markets. For example, we developed new businesses in Saudi Arabia.

Further, in Asia's retail field, we increased our business presence by investing in an Indonesian commercial bank.



An automobile manufacturing joint venture with Mazda Motor Corporation, in Mexico

### Fiscal 2014 Results

Profit for the year declined ¥7.0 billion year on year, to ¥40.6 billion, because the tire business of TBC Corporation (U.S.), transferred to the business unit as a result of reorganization, recognized impairment losses, which counteracted the full-fledged start-up of automobile manufacturing businesses in Mexico and steady performances by the leasing and construction equipment rental businesses.

**Q Please tell us about the measures you are taking in BBBO2017.**

**A We will expand existing businesses by strategically investing capital, realizing returns, and replacing assets while advancing initiatives that respond to external conditions.**

We expect sales and rental businesses to expand because the increasing

## Performance Highlights

	FY2013	FY2014	(Billions of yen) FY2015 Forecast
Gross profit	171.5	183.6	192.0
Operating profit	34.0	18.4	–
Share of profit of investments accounted for using the equity method	27.5	31.7	–
Profit for the year (attributable to owners of the parent)	47.6	40.6	50.0
Basic profit	47.5	51.4	–
Total assets	1,570.1	1,756.4	–

\* The business results of previous fiscal years have been reclassified to reflect reorganization implemented on April 1, 2015.

populations and rising living standards of rapidly growing emerging countries are likely to boost demand for automobiles and transportation steadily. Furthermore, stepped-up infrastructural development is heightening demand for construction equipment. Also, demand for aircraft leasing and railway development are growing centered on emerging countries.

In ship businesses, we will replace such assets as owned and jointly owned ships and diversify the portfolio with our sights set on a future market recovery. In relation to aircraft, existing aircraft and engine leasing businesses will accumulate assets to increase earnings. At the same time, we plan to enter new fields, including the provision of component-related services and manufacturing businesses. Regarding railway-related businesses, we will implement existing EPC (engineering, procurement, and construction) projects steadily while expanding high-speed railway projects and other businesses in emerging countries. In automobile businesses, focusing on emerging countries, we will enlarge the sales and distribution business, expand automobile and component manufacturing businesses, and grow and diversify retail financing and auto leasing businesses overseas. Also, we intend to proceed steadily with a plan to restructure tire businesses in North America. In the construction equipment field, we will increase the profitability of existing sales businesses by strengthening “the product support” (after-sales services), and expand rental businesses further.

### **Q Could you please explain about CSR initiatives that you pursue through business activities?**

#### **A Through our agricultural machinery sales businesses in India, we contribute to increasing agricultural productivity, strengthening the basis of food production, and heightening farmers’ quality of life.**

In India, which has the world’s second-largest farming population, we established an agricultural machinery sales company in partnership with Kubota Corporation in 2008. Since then, we have been selling high-quality agricultural machinery that reflects local needs. By combining Kubota’s advanced technology and expertise with our extensive experience in overseas marketing, this business will contribute to the solution of such issues as low agricultural productivity, which is attributable to a comparative lack of mechanization, labor shortages in rural areas brought about by increased industrialization and urbanization, and the rising demand for food that is accompanying growth of the economy and population. Furthermore, we believe that this business contributes to heightening farmers’ quality of life. Going forward, we will continue contributing to agricultural development in Tanzania, Myanmar, and other developing and emerging countries.



Not only selling agricultural machinery but also giving guidance on rice cultivation

## Transportation & Construction Systems Business Unit

### Summary of Main Fields

#### Ship, Aerospace & Transportation Systems Field

##### “What We Aim to Be”

We aim to achieve sustainable balanced growth by combining financing and assets businesses that are focused on earnings scale with the conventional trading and service-providing businesses of a trading company.

##### Business Conditions

The aircraft leasing business is expanding due to solid demand for aircraft among emerging countries and from airline companies seeking timely aircraft procurement. Although the shipping market is lackluster, we are closely monitoring current market conditions in the ship business. In Asia, there are a substantial number of railway projects, and significant business opportunities are likely to come up.

##### Strengths and Strategies

In the aviation field, we will further expand the aircraft leasing business of SMBC Aviation Capital (SMBC AC) while advancing engine leasing and other related businesses. We will develop and expand our ship business by capitalizing on the customer base developed through the trading business and the shipbuilding expertise of associated company Oshima Shipbuilding Co., Ltd. In transport infrastructure, we will seek to win orders for railroad EPC projects by taking advantage of our experience in this field.

##### Current Initiatives

Based on our expectations of growing lease demand, SMBC AC has gained lease assets, including through its recent ordering of 195 aircraft from Airbus S.A.S. and The Boeing Company. In the railway business, together with Nippon Sharyo, Ltd., we have succeeded in obtaining an order from PT MRT Jakarta, of Indonesia, for 96 subway railcars for the North-South Line of the Jakarta Mass Rapid Transit System, which will be the first subway project in Indonesia. Moreover, this will be the first shipment to Indonesia of Japan-made railcars in two decades.



A rendering of the North-South Line of the Jakarta Mass Rapid Transit System

#### Automotive Field

##### “What We Aim to Be”

We aim to further develop production, sales, distribution, and finance functions to expand our earnings base.

##### Business Conditions

Increasing motorization in certain emerging countries is expected to lead to expansion of automobile and component manufacturing, sales and distribution, and financing businesses. As for developed countries, new opportunities are likely to increase in relation to businesses based on new technologies required for alternative fuels and lighter vehicles.

##### Strengths and Strategies

We will grow our earnings base by capitalizing on relationships with global companies in the automotive field and on our familiarity with and ability to advance businesses in a wide range of fields. As for financing services businesses, we will expand and improve financing businesses for automobiles and motorcycles with a focus on Asia. At the same time, we will further expand auto leasing businesses in Japan and overseas. In the manufacturing related business area, we will expand the manufacturing of automobiles and components with a focus on emerging countries. Also, we aim to expand the existing sales and distribution business for automobiles and tires while continuing to take on the challenge of new markets.

##### Current Initiatives

In a joint initiative with Sumitomo Mitsui Auto Service Company, we acquired the auto leasing business of Carzonrent (India) Private Limited, which provides automobile-related services in India. The country's auto leasing market accounts for approximately 40,000 vehicles. However, corporate demand is expected to grow the market to 100,000 vehicles within several years. We aim to expand auto leasing businesses further through early participation in India's market, which promises growth.



India, where motorization is advancing rapidly

## Construction Equipment Field

### “What We Aim to Be”

We aim to establish a business model for sustained growth and become indispensable to our business partners.

### Business Conditions

We expect construction equipment rental businesses to sustain growth because construction investment is likely to continue as the economy picks up in the United States, where the trend toward renting rather than owning is increasing. In emerging countries, we anticipate stepped-up infrastructural development will grow demand.

### Strengths and Strategies

In rental businesses, we will implement an expansion strategy, aiming to increase the market share of U.S. construction equipment rental company Sunstate Equipment Co., LLC, in which we acquired an equity interest. Regarding sales and services businesses, we will take on the challenge of establishing new dealership businesses in emerging markets, including the Middle East, Asia, Latin America, and Africa, by leveraging our global business foundations and the expertise accumulated through dealership businesses.

### Current Initiatives

To cater to the diverse needs of customers in North America, Europe, China, the Commonwealth of Independent States (CIS), Saudi Arabia, and Japan, we operate businesses engaged in sales and services of general construction equipment and large mining equipment, and also in rentals and used equipment sales. As part of these efforts, we have been steadily growing business earnings in the United States—the world’s largest construction equipment rental market—since taking an equity interest in Sunstate Equipment in 2008. In addition, we are developing trading businesses for emerging countries in such regions as Asia, the Middle East, and Africa.



Rental construction equipment from Sunstate Equipment being transported to a customer

## Project Overview

### Aircraft and Aircraft Engine Leasing Businesses in a Growing Aircraft Market



Main Portfolio-to-be / New Generation Aircraft

In 2012, a consortium comprising Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Finance and Leasing Company, Limited, and Sumitomo Corporation acquired aircraft leasing businesses from a major U.K. financial institution, The Royal Bank of Scotland Group plc. We integrated the new businesses with existing businesses to form SMBC AC. At present, the company is the third largest in the aircraft leasing industry, which is expected to see demand for nearly 35,000 new aircraft over the coming two decades. Against this backdrop, we will continue forming a high-quality aircraft portfolio and meeting the needs of a wide range of customers. As part of these efforts, in 2014 we concluded purchase contracts for next-generation aircraft with Airbus, of France, and Boeing, of the United States.

As for the aircraft engine field, we began businesses providing aircraft engine leasing services in 2013 with a leading aircraft engine manufacturer and maintenance services provider MTU Aero Engines AG, of Germany. The aviation industry is seeing growing demand for spare aircraft engines under long-term lease formats as well as for short-term leasing when aircraft engines are being serviced. With these trends in mind, we will provide services tailored to customer needs. As of the end of March 2015, our aircraft engine leasing businesses had grown its assets to more than ¥10 billion. By increasing assets to ¥50 billion, providing component sales and maintenance services in the aircraft engine field, and creating synergies, we plan to expand our businesses in commercial aircraft value chains.



## Environment & Infrastructure Business Unit



**Michihiko Kanegae**

General Manager,  
Environment &  
Infrastructure  
Business Unit

### Main Fields

- Environment & Infrastructure Project Field
- Global Power Infrastructure Field
- Logistics & Insurance Field

### Organization

- Planning & Administration Dept., Environment & Infrastructure Business Unit
- Environment & Infrastructure Project Business Division
- Global Power Infrastructure Business Division
- Logistics & Insurance Business Division

## Message from the General Manager

### “What We Aim to Be”

We aim to expand long-term, stable earnings foundations and contribute to society's development by growing infrastructure businesses that cater to market demand and increasing and improving logistics capabilities.

### Growth Strategies for Becoming What We Aim to Be

To expand our earnings foundations, we will increase the allocation of management resources on priority fields, such as overseas power infrastructure businesses, overseas renewable energy power generation businesses, domestic electricity businesses, and overseas industrial park businesses. We intend to expand overseas power infrastructure businesses mainly in Asia, the Middle East, the Americas, and Sub-Saharan Africa. The focus of our expansion of renewable energy power generation businesses will be offshore wind power. Meanwhile, domestic electricity businesses will focus efforts on expanding our power generation capacity and growing the scale of retail sales. In addition, overseas industrial park businesses will extend existing industrial parks and develop new industrial parks. Also, we will foster water infrastructure businesses and battery businesses as future pillars of earnings.

**Q Please give us a review of BBBO2014.**

**A Profit for the year increased year on year due to the solid business results of the Tanjung Jati B Coal-Fired Power Plant in Indonesia and other overseas power infrastructure businesses.**

Overseas power infrastructure businesses began commercial operation of a gas-fired combined-cycle thermal power plant in the United Arab Emirates, participated in gas-fired combined-cycle thermal power plant projects in Kuwait and Ghana, and received orders for large-scale EPC (engineering, procurement, and construction) projects in Malaysia and Vietnam. Renewable energy power generation businesses began commercial operation of wind and solar farms that were constructed in Japan, the United States, and South Africa; participated in offshore wind power generation projects in Belgium; and started to build a bio-mass power plant in Japan. As for overseas industrial park businesses, we extended existing industrial parks and advanced a new development in Myanmar. Through such initiatives in all of the above businesses, we sought to expand earnings foundations steadily. As measures for strategic asset management, we disposed of certain equity interests in water infrastructure businesses in the United Kingdom and sold the operating companies of solar power generation and wind power generation businesses in Japan and overseas.



Manjung ultra-supercritical coal-fired power plant (Malaysia)

### Fiscal 2014 Results

Profit for the year rose ¥3.8 billion year on year, to ¥22.9 billion, reflecting steady performances by overseas power infrastructure businesses.

**Q Please tell us about the measures you are taking in BBBO2017.**

## Performance Highlights

	FY2013	FY2014	(Billions of yen) FY2015 Forecast
Gross profit	63.7	64.5	67.0
Operating profit	19.2	20.5	—
Share of profit of investments accounted for using the equity method	5.2	5.3	—
Profit for the year (attributable to owners of the parent)	19.1	22.9	25.0
Basic profit	15.6	17.5	—
Total assets	597.0	597.2	—

### **A** We will reinforce and expand earnings foundations and maintain their growth momentum by implementing growth strategies and undertaking appropriate asset management.

Overseas, emerging countries' economic growth and increasing populations are generating ever greater demand for power and water infrastructure. Moreover, demand is heightening for environment-friendly businesses that will help establish a sustainable society. In Japan, the full liberalization of power retailing scheduled for April 2016 promises to increase business opportunities. Further, as Japanese companies advance overseas, demand for logistics services and the development of industrial parks is becoming very strong.

In overseas power infrastructure businesses, we will give priority to initiatives in regions in which we have abundant experience and expertise, such as Asia, the Middle East, and the Americas. At the same time, we will focus efforts on developing projects in Sub-Saharan Africa and other new markets. Renewable energy power generation businesses will expand business foundations centered on offshore wind power generation in Europe while focusing on strategic asset management. With sights set on the full liberalization of power retailing, domestic electricity businesses will expand our competitive power generation capacity, such as biomass power generation, and grow the scale of retail sales. Logistics businesses will contribute to additional growth of businesses throughout the Sumitomo Corporation Group by providing integrated, comprehensive support in Japan and overseas. As for overseas industrial park businesses, plans call for extending and upgrading the capabilities of existing industrial parks while developing new projects in emerging countries. Water infrastructure businesses will focus efforts on the development of new concession business projects, and battery businesses will conduct verification projects for energy management businesses in Japan and overseas that use storage batteries.

### **Q** Could you please explain about CSR initiatives that you pursue through business activities?

#### **A** We contribute to the development of local economies and communities through renewable energy power generation businesses in such areas as wind and solar power.

There is a growing concern that the growth of South Africa's economy and population could lead to increased power shortages as well as an increase in CO<sub>2</sub> emissions, due to its high dependency on coal-fired power generation. In an aim to resolve these issues, we took advantage of the experience and expertise accumulated through the wind power businesses in Japan and overseas to lead the development and construction of a 100MW wind farm project with a local partner. In August 2014, the project reached commercial operation. During the 20-year operational period, we will contribute and utilize part of our revenue from the project for the benefit of the local communities. As shown by one of our initiatives that provides extracurricular lessons for elementary schoolchildren, we will continue ensuring that our renewable energy businesses positively impact the lives of the local communities.



An extracurricular lesson for elementary schoolchildren



## Environment & Infrastructure Business Unit

### Summary of Main Fields

#### Environment & Infrastructure Project Field

##### “What We Aim to Be”

We aim to contribute to the realization of a sustainable society and sustainable industries by advancing projects for the development of efficient infrastructure that places minimal burden on the environment.

##### Business Conditions

In Japan, the increasing liberalization and deregulation of power retailing promises to create more business opportunities. With regard to renewable energy power generation, although change in the incentive schemes that respective countries are introducing is a risk, we expect demand for environment-friendly power generation capacity to continue. Also, demand for safe, hygienic water is likely to increase.

##### Strengths and Strategies

In domestic electricity businesses, we will exploit accumulated experience and Sumitomo Corporation’s integrated strength to secure additional competitive power generation capacity and increase the scale of retail sales. Meanwhile, renewable energy power generation businesses will take advantage of our experience in the development of projects in the United States, South Africa, and Belgium to accumulate high-quality assets and focus on strategic asset management. In water infrastructure businesses, our aim is to capitalize on experience garnered through the water supply businesses in the United Kingdom to participate in high-quality projects.

##### Current Initiatives

We began commercial operation of wind farms and solar farms that we constructed in Japan, the United States, and South Africa and participated in an offshore wind power generation project in Belgium that we expect will grow vigorously. In preparation for full liberalization in the power retail field, we are taking advantage of Sumitomo Corporation’s integrated strength by, for example, undertaking business collaboration with J:COM, which is a cable TV provider and has the largest market share in the industry. Also, in Japan we are building a biomass power plant as in-house power generation capacity.



Oga Wind Farm (Japan)

#### Global Power Infrastructure Field

##### “What We Aim to Be”

We aim to reinforce our leading position in the electric power development field through the two mainstays of power generation businesses and EPC projects.

##### Business Conditions

Global demand for power is expected to increase further due to the rising populations and economic growth of emerging countries, mainly in Asia, the Middle East, and Sub-Saharan Africa.

##### Strengths and Strategies

We will concentrate efforts on proposing and forming projects in which we can bring to bear more sophisticated and diverse capabilities. In such projects, we will identify changes in market needs accurately and integrate knowledge and expertise ranging from the design and construction of power stations through to the development and management of power generation businesses—acquired through many years of experience in the overseas power business. We will give priority to initiatives in such regions as Asia, the Middle East, and the Americas, where we have an extensive track record and in-depth knowledge. Furthermore, we will continue to take on the challenge of Sub-Saharan Africa and other new markets.

##### Current Initiatives

In the power infrastructure field, we are constructing Kuwait’s first private independent water and power producer (IWPP) project, the Az-Zour North project, with a view to beginning commercial operations in 2016. In addition, we are constructing a gas-fired combined-cycle thermal power plant in Ghana that will be one of the largest facilities of its kind in the country when commercial operations begin in 2017. In the power EPC field, we are proceeding with large-scale construction projects in Taiwan, Malaysia, and Vietnam. In other initiatives, battery businesses are conducting verification projects for energy management businesses in Japan and overseas that use storage batteries.



Az-Zour North Independent Water and Power Producer (IWPP) project (Kuwait)

## Logistics & Insurance Field

### “What We Aim to Be”

We aim to extend the business foundations of overseas industrial parks and to contribute to Companywide earnings through the expansion and improvement of logistics and insurance capabilities.

### Business Conditions

As the scale of the Sumitomo Corporation Group's businesses increases, more sophisticated logistics and insurance capabilities are required. Companies from countries worldwide, including numerous Japanese companies, are making advances into emerging countries centered on Asia. Consequently, demand for logistics services and industrial parks is rising.

### Strengths and Strategies

By leveraging the experience in handling logistics for diverse products that we have accumulated as a general trading company and expertise in insurance risk management acquired through the implementation of a variety of large-scale projects, we will help enhance the value of businesses throughout the Group as well as generate independent earnings. In overseas industrial park businesses, we aim to expand earnings foundations by extending and upgrading the capabilities of existing industrial parks while developing new projects in emerging countries.

### Current Initiatives

We are reorganizing logistics companies in Japan and overseas to heighten the sophistication of logistics capabilities and enhance management efficiency. Furthermore, we are contributing to earnings growth throughout the Company by providing comprehensive logistics support to new large-scale projects overseas. In overseas industrial park businesses, we are playing a leading role in the development of industrial parks as part of a public-private collaboration between Myanmar and Japan. Moreover, we are developing new industrial parks in India and Vietnam.



Thilawa Special Economic Zone (Myanmar)

## Project Overview

### Initiatives for Renewable Energy Power Generation Businesses in the United States



Mesquite Creek Wind Farm (U.S.)

Viewing overseas renewable energy businesses as one of our core businesses, we have developed and managed businesses in the Americas, Europe, South Africa, and China.

Our initiatives for renewable energy businesses in the United States began in 2009 when we acquired an equity interest in the existing Stanton wind farm in Texas. Since then, we have accumulated knowledge and experience in this field by participating in various projects. These include participation in the Shepherds Flat wind farm in Oregon; the Desert Sunlight solar farm in California, which is one of the world's largest solar farms; and the Cimarron II and Ironwood wind farms, which are jointly owned and operated by Duke Energy Renewables, a major utility and renewable energy developer in the United States.

In April 2015, we began commercial operation of the Mesquite Creek wind farm in western Texas, an initiative that we led at all stages, from the arrangement of project finance and conclusion of generated power off-take contracts through to development and construction. In the United States, companies involved in consumer business are increasingly and actively purchasing electricity from renewable sources. Following this trend, we concluded a long-term, 20-year off-take contract for the sale of most of the power generated by the Mesquite Creek wind farm with Mars, Inc., a major U.S. manufacturer and seller of confectioneries and pet food. As can be seen in this project, we are taking on the challenge of new schemes of selling power while contributing to the preservation and improvement of the environment.

# Media, Network, Lifestyle Related Goods & Services



**Hirohiko Imura**

General Manager,  
Media, Network, Lifestyle  
Related Goods &  
Services Business Unit

## Main Fields

- Media and Network
- Retail and Food
- Materials, Supplies and Real Estate

## Organization

- Planning & Administration Dept., Media, Network, Lifestyle Related Goods & Services Business Unit
- Media Division
- Network Division
- Lifestyle & Retail Business Division
- Food & Agriculture Business Division
- Materials, Supplies & Real Estate Division
- General Construction Development & Coordination Dept.

## Message from the General Manager

### “What We Aim to Be”

We will create new lifestyles by developing diverse consumer and lifestyle-related businesses globally.

### Growth Strategies for Becoming What We Aim to Be

We will further strengthen our domestic businesses that already have robust foundations, including the Cable TV, TV shopping, and real estate businesses. At the same time, we will take advantage of our strengths and expertise acquired through management to develop existing domestic businesses so that we can use those strengths and expertise to capture demand and growth in emerging countries, particularly in Asia. Other initiatives will combine diverse businesses to create new value and lifestyles unique to Sumitomo Corporation, thereby fostering new earnings pillars.

**Q Please give us a review of BBBO2014.**

**A We developed existing businesses globally and further bolstered our business foundations.**

Jupiter Telecommunications Co., Ltd. (J:COM), maximized the benefits of integration with JAPAN CABLENET LIMITED (JCN)—which it acquired in 2013 when JCN was the industry’s second-largest company—and further strengthened business foundations. Our TV shopping business in Thailand expanded steadily after beginning to broadcast programs in November 2013. Further, we participated in a telecommunications business in Myanmar. In food businesses, as part of development of global upstream operations, we expanded sugar-refining businesses in Thailand in which we acquired an equity interest in fiscal 2013. In real estate businesses, we began initiatives for logistics facilities businesses and the management of private-placement REITs as a fourth pillar alongside office buildings, condominiums, and retail facilities.



A newly opened Summit Store in CLASSY TOWER, Higashi Nakano

### Fiscal 2014 Results

Profit for the year rose ¥1.6 billion year on year, to ¥57.1 billion, thanks to robust performances by mainstay businesses in Japan, including J:COM and Jupiter Shop Channel Co., Ltd.

**Q Please tell us about the measures you are taking in BBBO2017.**

**A We will take advantage of our domestic and overseas expertise in relation to each business to expand businesses.**

The introduction of ICT is advancing in all industries, with fields that integrate IT and mobile technologies having particularly significant potential. In Japan, the e-commerce market continues to grow. Also, mainly in downtown Tokyo, real

# Business Unit

## Performance Highlights

	FY2013	FY2014	(Billions of yen) FY2015 Forecast
Gross profit	237.6	239.0	257.0
Operating profit	39.8	44.7	–
Share of profit of investments accounted for using the equity method	40.0	40.1	–
Profit for the year (attributable to owners of the parent)	55.5	57.1	56.0
Basic profit	59.3	57.8	–
Total assets	1,741.7	1,762.7	–

\* The business results of previous fiscal years have been reclassified to reflect reorganization implemented on April 1, 2015.

estate prices are rising in anticipation of the 2020 Tokyo Summer Olympic and Paralympic Games. Catering to increasing food demand accompanying population growth and expansion of the middle classes, particularly in emerging countries, has become a worldwide issue.

In Japan, we aim to raise customer satisfaction in the Cable TV and TV shopping businesses. To this end, J:COM has started to provide additional services, such as power supply, to existing services, while the TV shopping businesses will strengthen the appeal of the products they offer. As for the TV shopping business in Thailand, we aim to make it profitable as soon as possible by utilizing our expertise in broadcasting programs and merchandising. For the telecommunications business in Myanmar, in which we participated in 2014, to contribute to Myanmar's development, we will take advantage of our experience and expertise, which we gained when we were developing similar telecommunications businesses in such countries as Mongolia. In food businesses, where the Company is focusing on expansion, we will strengthen the existing advantages of banana businesses and build value chains for other products and regions. In materials, supplies, and real estate businesses, we will capture demand stemming from the 2020 Tokyo Summer Olympic and Paralympic Games. In conjunction with these efforts, we will establish business foundations as a general comprehensive real estate developer and expand private-placement REIT and fund businesses.

**Q Could you please explain about CSR initiatives that you pursue through business activities?**

**A We contribute to reducing CO<sub>2</sub> emissions by providing a stable, long-term supply of wood biomass, a renewable fuel.**

Biomass, a plant derived fuel, contributes to CO<sub>2</sub> emission reductions significantly. Demand for renewable energy is increasing steadily due to concern about the problem of global warming. In response, we have been playing a pioneering role in the industry by supplying wood biomass fuel to Japan since 2008. Moreover, to expand related businesses we concluded long-term supply contracts with Summit Energy Corporation and other power producers in 2014. Also, such factors as Japan's "Feed-in Tariff" system increase the likelihood that the use of biomass fuel will spread in the long term. Going forward, we will exploit our unique strengths and capabilities, such as expertise and networks developed over many years of engagement in wood resource businesses, to support long-term, stable supplies of renewable energy.



Unloading of wood pellets, a biomass fuel



## Media, Network, Lifestyle Related Goods & Services Business Unit

### Summary of Main Fields

#### Media and Network Field

##### “What We Aim to Be”

We aim to expand our earnings foundations by further strengthening and globally developing our industry-leading businesses in Japan.

##### Business Conditions

In the media and telecommunications industry, users' lifestyles and market conditions are changing due to the rapid spread of smartphones, tablets, and higher speed data services at a lower price. Also, industries across the board are increasingly introducing ICT, and the use of ICT for differentiation and the realization of more advanced capabilities is becoming critical.

##### Strengths and Strategies

We have stakes in companies that are leaders in their respective industries, and we work with these companies to expand their businesses. For example, J:COM has the largest share of Japan's Cable TV market, while SCSK Corporation provides a full lineup of global IT services. While further strengthening these existing businesses, we intend to exploit our expertise cultivated through media businesses in Japan and telecommunications businesses in emerging countries to develop new businesses globally.

##### Current Initiatives

J:COM is adding two new services, power supplies and mobile virtual network operator (MVNO) services, to bundle five services, and it is offering new styles of watching TV to increase customers' satisfaction and enhance earnings. SCSK aims to achieve high profit growth by shifting to a service-oriented business and creating high-added-value services that meet society's evolving needs. In the telecommunications business in Myanmar, we aim to offer the best telecommunications coverage, quality, and customer support and expand the business.



SCSK's ninth base in Japan, netXDC Chiba Center 2

#### Retail and Food Field

##### “What We Aim to Be”

We aim to provide consumers worldwide with safe, reliable, and pleasant apparel, food, and dwellings.

##### Business Conditions

The consumer market in Japan is stable and one of the largest markets in the world. Moreover, the country's e-commerce market is continuing to grow. In addition, emerging countries in Asia and other regions are seeing demand for grains, oils, and meat rise as populations grow and economic development encourages diets that are more diverse and sophisticated.

##### Strengths and Strategies

We will further strengthen TV shopping businesses in Japan while expanding these businesses globally in Thailand and other countries. Taking advantage of our competence in food businesses, such as banana business, we will build value chains that link food supply and demand.

##### Current Initiatives

We are expanding the TV shopping business in Thailand by utilizing our strengths and expertise in broadcasting programs and merchandising. In food businesses, where the Company is focusing on expansion, we are building value chains linking upstream areas to midstream areas by participating in grain businesses and frozen dough businesses in Australia, flour-milling businesses in Vietnam, and sugar-refining businesses in Thailand and China.



Harvested and cleaned carrots in New Zealand

## Materials, Supplies and Real Estate Field

### “What We Aim to Be”

We aim to provide comfortable dwelling and communal environments through sustainable town development and other efforts to promote coexistence with nature.

### Business Conditions

In China and other countries, demand for lumber has grown over the medium-to-long term, and it is likely to continue increasing. In Japan’s real estate market, demand remains solid in downtown areas, while awareness of buildings’ safety, reliability, and environment-friendliness is heightening.

### Strengths and Strategies

In lumber businesses, we will acquire forest resources in the Pacific Rim region. As for the real estate field, we will develop high-quality properties as a comprehensive real estate developer, focusing on office buildings, condominiums, and commercial facilities. Going forward, as well as using expertise gained through real estate businesses in Japan to develop businesses overseas, we will focus efforts on private-placement REITs and funds.

### Current Initiatives

In the real estate field, we have begun implementing a plan to develop one of the largest mixed-use buildings in the Ginza area, the Ginza 6-chome redevelopment project. Also, we are advancing development aimed at enhancing the appeal of whole urban areas. For example, in the Kanda area, which we have positioned as a strategically important area for our business, Terrace Square opened in May 2015, and we are developing the Kanda Nishiki-cho 2-chome project (provisional name). As for new business initiatives, we have begun manag-



Developing a large mixed-use building in the Kanda area, Terrace Square

ing private-placement REITs and logistics funds. In addition, plans call for capitalizing on networks developed through the lumber businesses to develop wood biomass resources.

## Project Overview

### Fourth Pillar of Real Estate Businesses: Non-Asset Businesses (Private-Placement REIT)



Examples of Sumitomo Corporation’s efforts in the non-asset businesses

Through a “hands-on” corporate culture of taking the initiative to become directly involved in projects from planning and development through to management, we have developed office buildings, housing, and retail facilities into the three main pillars of our real estate businesses. As an addition to these existing three pillars, in recent years we have been stepping up efforts to establish a fourth pillar by developing non-asset businesses, including private-placement REIT and private fund businesses. As part of these efforts, Sumisho Realty Management Co., Ltd., led the establishment of a private-placement REIT, SC Realty Private REIT, Inc., in January 2015.

We have begun management of the private-placement REIT, which has assets of ¥32.4 billion and comprises four properties, including large mixed-use buildings in the metropolitan area for which we led development. As the main sponsor of the private-placement REIT, we aim to increase its assets to ¥100 billion in three years and ¥200 billion in five years by continuing to make maximum use of our property-supply capabilities and management competence.

Regarding private fund businesses, as an addition to an existing office building fund, retail facility fund, and rental housing fund, we jointly established a large-scale logistics facilities fund with Kokyo Tatemono Co., Ltd., and companies of its corporate group in February 2014. We aim to supply the logistics facilities fund with properties and build up its assets to ¥100 billion as we enter the logistics real estate business field in earnest through such initiatives as the development of logistics facilities with advanced capabilities.

In our real estate non-asset businesses, our goal is to grow assets under management from their current level of approximately ¥200 billion, to ¥400 billion in fiscal 2019.



# Mineral Resources, Energy, Chemical &



**Masahiro Fujita**

General Manager,  
Mineral Resources,  
Energy, Chemical &  
Electronics Business Unit

## Main Fields

- Mineral Resources & Energy
- Chemical & Electronics

## Organization

- Planning & Administration Dept., Mineral Resources, Energy, Chemical & Electronics Business Unit
- Project Management Dept. for Mining & E&P
- Mineral Resources Division No. 1
- Mineral Resources Division No. 2
- Energy Division
- Basic Chemicals & Electronics Division
- Life Science Division

## Message from the General Manager

### “What We Aim to Be”

We will construct a high-quality portfolio in upstream mineral resources and energy to realize stable supplies for customers. At the same time, we will provide distinctive services in our midstream and downstream businesses.

### Growth Strategies for Becoming What We Aim to Be

In upstream businesses, our goal is to build a high-quality portfolio that, from a long-term viewpoint, is highly competitive and diversifies risk effectively by accumulating capabilities that will become strengths, stimulating the metabolism of our business portfolio, and steadily realizing profitability in projects in which we have invested. In midstream and downstream businesses, we aim to realize high-value-added, differentiated businesses and trading. To this end, we will achieve superior capabilities by exploiting our customer base, expertise, and abundant knowledge and experience in relation to the management of operating companies that we have developed in regions worldwide.

**Q Please give us a review of BBBO2014.**

**A We recognized significant losses in upstream resource equity interests due to reasons that included falling market prices.**

In the mineral resources and energy field, falling prices led to challenging business conditions. However, we increased competitiveness by reducing costs. As for the chemical and electronics field, we expanded the geographical coverage of our global crop protection businesses, built agricultural value chains that include fertilizer businesses, and expanded cosmetics businesses.

### Fiscal 2014 Results

Loss for the year was ¥191.0 billion, a decline of ¥214.7 billion compared with the previous fiscal year's profit for the year. We incurred impairment losses of ¥227.8 billion in a tight oil development project in the United States, an iron ore mining project in Brazil, coal mining projects in Australia, a shale gas project in the United States, and North Sea oil field interests. However, our nickel project in Madagascar achieved the 90% operating rate required for its financial completion. In the chemical and electronics field, businesses generally performed stably.



A rendering of the completed Cove Point LNG base in the United States (provided by Dominion Cove Point LNG, LP)

**Q Please tell us about the measures you are taking in BBBO2017.**

**A In upstream resources and energy businesses, we will enhance the quality of our portfolio.**

Over the medium term, we expect demand for resources and energy to strengthen as the world's population rises and emerging countries drive

# Electronics Business Unit

## Performance Highlights

	FY2013	FY2014	(Billions of yen) FY2015 Forecast
Gross profit	82.9	86.9	90.0
Operating profit (loss)	(11.4)	(170.3)	–
Share of profit of investments accounted for using the equity method	36.9	(53.8)	–
Profit (loss) for the year (attributable to owners of the parent)	23.6	(191.0)	26.0
Basic profit (loss)	43.2	(42.0)	–
Total assets	1,748.1	1,682.7	–

economic growth. Further, changing lifestyles in emerging countries are likely to increase demand for food qualitatively and quantitatively. However, concerns over the effects of global warming and the accompanying climate change will have on worldwide agricultural production is creating a need for enhanced agricultural productivity.

In upstream resources and energy businesses, our basic policy is to replace existing assets with new investments, with a view to heightening the portfolio quality that we had under BBBO2014. Also, we will reduce risk exposure through the early completion of the Ambatovy nickel project in Madagascar and the Sierra Gorda copper and molybdenum mine project in Chile, and we plan to continuously reduce costs and improve the profitability of existing businesses. In midstream and downstream businesses, we aim to expand the earnings base of businesses related to crop protection products so that they become a future pillar of earnings, and we are focusing our efforts on building global sales networks for crop protection products and expanding multifaceted support businesses, which handle agricultural materials. We are also working to strengthen energy trading businesses, such as LNG businesses, and bolster the foundations of electronics manufacturing services (EMS) businesses for automobiles in the United States as well as developing phenol businesses and other petrochemicals businesses in China.

**Q Could you please explain about CSR initiatives that you pursue through business activities?**

**A With contributing to stable food supplies and environment-friendly agriculture as our guiding vision, we are expanding crop protection product businesses in the global market.**

As food demand increases due to the growth of emerging countries' economies and populations, ensuring stable, safe food supplies has become a worldwide issue. Aiming to help solve this issue, we are focusing efforts on providing leading-edge, environment-friendly crop protection products and increasing sales of products created through pheromone-based technology, microbial crop protection products, and other products. In particular, products created through pheromone-based technology are becoming highly valued as a pest control option that does not affect beneficial insects, soil, or water quality because they use insect sex pheromones to obstruct the breeding of harmful insects, preventing their reproduction. Through a crop protection product sales network spanning more than 30 countries worldwide, we will protect food for future generations.



Usage of products for which pheromone-based technology has been applied

## Mineral Resources, Energy, Chemical & Electronics Business Unit

### Summary of Main Fields

#### Mineral Resources & Energy Field

##### “What We Aim to Be”

We aim to contribute to stable supplies of mineral resources and energy through investment in upstream equity interests and trading.

##### Business Conditions

At present, resource prices remain low due to the decelerating economic growth of China and other emerging countries. Over the medium-to-long term, however, sustained economic growth is likely to increase demand for mineral resources and energy because various industries in Japan and overseas make extensive use of oil, gas, and mineral resources, including iron and base metals (copper, lead, and zinc), rare metals (nickel and cobalt), and precious metals (gold, silver, and platinum).

##### Strengths and Strategies

The strengths of Sumitomo Corporation in upstream resources businesses are its high-quality mines and equity interests; the experience acquired through the operation of a wholly owned silver, zinc, and lead mine, the San Cristobal mine in Bolivia; and long-term, stable relationships with global customers and partners. We will leverage these strengths to build a durable, competitive portfolio that can contribute to earnings significantly over the medium-to-long term.

Regarding midstream and downstream businesses, we intend to take advantage of our expertise and relationships with customers and partners in the energy market to entrench such existing projects as the Cove Point LNG

export project in the United States and to pursue new trading transactions boldly.

##### Current Initiatives

The Batu Hijau copper mine project in Indonesia stopped exports and production due to the Indonesian government's enactment of new mining legislation, resulting in a significant decrease in earnings in fiscal 2014. However, the project resumed production and exports in September 2014 and is expected to contribute to earnings throughout fiscal 2015. As for coal businesses in Australia, we completed the acquisition of the Clermont mine, for which we concluded a basic agreement in fiscal 2013. Meanwhile, our iron ore business in Brazil completed the first phase of an expansion project, which has entered the ramping-up stage. We will decide on when to begin a second-phase extension project in light of a careful analysis of market conditions. In crude oil and gas businesses, we integrated the respective LPG wholesale businesses of Cosmo Oil Co., Ltd., Showa Shell Sekiyu K.K., and TonenGeneral Sekiyu K.K. to establish Gyxis Corporation. This company's mission is to provide stable supplies of LPG and build one of Japan's leading LPG networks. Further, the Cove Point LNG project in the United States, in which we participate, aims to liquefy natural gas produced in the United States and begin exporting it to Japan from 2017. Also, we will heighten the value of the San Cristobal silver, zinc, and lead mine by reducing costs and increasing efficiency further.

- **P.56** Ambatovy Nickel Project
- **P.57** Sierra Gorda Copper and Molybdenum Mine Project

#### Map of Upstream Interests in Mineral Resources and Energy

- Copper
- Gold
- Silver, Zinc & Lead
- Iron Ore
- Nickel
- Rare Earth
- Coal
- Uranium
- Oil & Gas
- LNG



## Chemical & Electronics Field

### “What We Aim to Be”

We aim to provide growth industries with differentiated services and raw materials that promise high earnings.

### Business Conditions

As the increasing populations and economic development of emerging countries boost demand for food, a rising need for crop protection products and fertilizers that heighten the quality and yield of agricultural produce is probable. Further, business conditions are changing dramatically in the basic chemicals area, particularly in the petrochemicals field, and we need to respond accordingly.

### Strengths and Strategies

In the agricultural field, we have a network of global customers, strong relationships with manufacturers and suppliers, and a crop protection products sales network that spans 30 countries. We enjoy a well-established presence in the crop protection products industry thanks to in-depth specialist knowledge about crop protection products businesses and a wide-ranging ability to offer solutions.

In addition, we have benefited from a trading relationship with one of Spain's major petrochemicals companies, CEPSA Química S.A., for approximately 25 years, and we participate in its petrochemicals manufacturing businesses in China.

### Current Initiatives

In May 2015, we took a 65% stake in Agro Amazonia Produtos Agropecuarios S.A. a distributor of farm and livestock supplies, such as crop protection products, seeds, and fertilizers, in Brazil's largest granary, the state of Mato Grosso. Also, Sumitomo Corporation acquired a 25% equity interest in CEPSA Química China S.A., in which CEPSA Química has a stake. Going forward, we will manufacture and sell phenol and acetone, which are raw materials for plastic used in automotive and electronic components.



CEPSA Química China S.A.'s phenol plant in Shanghai

## Project Overview

### Advancement of Cosmetic Ingredients Business through Global Capabilities



Sample formula developed with Cosmotec in Brazil

Our acquisition of a U.S. cosmetic ingredients formulator, Presperse Corporation, as a wholly owned subsidiary in 2010 marked our full-fledged entry into the cosmetic ingredients related business field. Cosmetic ingredients formulators are specialized companies with expertise in how to choose and blend cosmetic ingredients and supply such ingredients to cosmetic manufacturers. Moreover, they develop and offer formulas as a way of promoting the sale of these ingredients. Counting such major cosmetic manufacturers as Estée Lauder, L'Oréal, Avon, and P&G among its mainstay customers, Presperse has provided services to about 300 cosmetic manufacturers.

In 2014, the global market for cosmetics, including skin care and hair care products, accounted for retail sales of about US\$460 billion. This is a promising market that is expected to grow 3% or 4% per year. The largest market for cosmetics is the United States, followed by Brazil and Japan. Other important markets are Europe and China. In particular, Brazil's market is buoyant and is expected to surpass the U.S. market in 2016.

Aiming to build networks in major markets around the world, in 2013 Sumitomo Corporation agreed to invest capital in Cosmotec International Especialidades Cosméticas Ltda. of Brazil to establish a formulator business. Further, in 2015 we entered the European market by assuming a business from Kyowa Hakko Europe GmbH that markets cosmetic ingredients mainly in Germany and its surrounding countries. Together with existing cosmetic ingredients businesses in Japan and China, the abovementioned businesses give us coverage of the major markets. In the future, we will explore the possibility of initiatives in Southeast Asia and Russia, as we develop businesses in this field globally.



Mineral Resources, Energy, Chemical & Electronics Business Unit

Mineral Resources & Energy Field      Progress of Large-Scale Development Projects



Ambatovy Nickel Project

Madagascar

**We aim to stabilize operations as soon as possible and enhance profitability.**

Stainless steel made from nickel has a wide range of applications, from consumer electronics through to construction, automobiles, and industrial equipment. Consequently, world-wide demand for nickel is trending upward. With this growing demand in mind, in 2005 Sumitomo Corporation participated in a project in Madagascar tasked with establishing nickel operations that integrate processes from production through to smelting. When operating at full capacity, the project produces 60,000 tons of nickel per year on average, making it one of the largest projects of its kind in the world.

The project began commercial production in January 2014. Furthermore, in March 2015 it passed a production test that was one of the key financing-related criterion for completing the project: achieving a 90% average operating rate for 90 out of 100 consecutive days. Until now, we have deployed personnel and other management resources to this project and given first priority to

starting it up. Aiming to realize the new task of moving into a phase of full production and stable operations, we are currently working in close collaboration with personnel in frontline operations.

Project Summary

Total project cost:	US\$7.2 billion
Annual average production at full capacity:	Nickel: 60,000 tons; Cobalt: 6,000 tons
Shareholders:	Sheritt International Corporation: 40%; Sumitomo Corporation: 27.5%; Korea Resources Corporation (KORES): 27.5%; SNC-Lavalin Group Inc.: 5%
Commencement of Sumitomo Corporation's participation:	2005
Sumitomo Corporation's exposure:	Approx. US\$2.7 billion (As of May 2015; Including completion guarantee)



## Sierra Gorda Copper and Molybdenum Mine Project

### Chile

**We are working to realize full production capacity by the end of 2015.**

With its partners, Sumitomo Corporation is advancing a project to produce copper concentrate and molybdenum concentrate in Chile. The project's advantages include nearby transport infrastructure, such as arterial highways, railways, and ports, and a location 1,700 meters above sea level, which is relatively low for mines in Chile.

Plant construction costs were higher than originally anticipated due to steep rises in material, equipment, and personnel costs. Nevertheless, production started up in 2014, and we are working to realize full production capacity by the end of 2015.

Moreover, we will conduct a detailed survey aiming to begin construction for an extension project in 2016.

#### Project Summary

Development investment:	US\$4.2 billion
Annual average production:	Copper concentrate: 730,000 tons; Molybdenum concentrate: 22,000 tons
Shareholders:	KGHM Polska Miedź S.A.: 55%; Sumitomo Metal Mining Co., Ltd.: 31.5%; Sumitomo Corporation: 13.5%
Commencement of Sumitomo Corporation's participation:	2011
Sumitomo Corporation's exposure:	Approx. US\$1.0 billion (As of May 2015; Including completion guarantee of US\$300 million)