

## Overview of Operations

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# BUSINESS HISTORY

## Reinforcement and Expansion of Business

- Tubular products
- Automobiles
- Electric power
- Real estate
- Crop protection chemicals

### Exploration of U.S. OCTG market

**1953** OCTG contract concluded with major oil company

### Our first shipment for automobile

**1954** Buses manufactured by Hino Motors, Ltd., exported to Myanmar (Post-war reparations project)

### Management of property of Osaka North Harbour Company Limited and Sumitomo family

### Construction management for Sumitomo companies

### Import of crop protection chemicals to Japan

**1953** Crop protection chemical business commenced by importing U.S.-made chemicals

### Conclusion of contract for large-diameter line pipes for use in large-scale pipelines

**1969** Trans-Alaska pipeline commenced in U.S. state of Alaska

### Expansion of export and sales in overseas market of Japanese brand vehicles

**1965** Exports of Toyota vehicles to Iraq started  
**1970** Joint-venture import and sales company for Mazda vehicles established in United States

### Commencement of electric power transmission and distribution equipment construction

**1962** Construction of electric power transmission equipment started in Venezuela  
**1965** Construction of electric power transmission and distribution equipment started in Bangladesh

### Full-fledged participation in office building business

### Full-fledged participation in condominium business

**1962** Sumitomo Building completed (previous Head Office in Osaka)  
**1964** Maison Nishinomiya (Hyogo) completed

### Start of Japan-made crop protection chemical export

**1963** Crop protection chemical transactions commenced

### Expansion of strategy sharing with Japanese tubular product manufacturer

**1978** Joint tubular product manufacturer in Saudi Arabia established with Japanese tubular product manufacturer

### Development of businesses with overseas automobile manufacturers

**1979** Exports started of made-in-Japan Ford vehicles (OEM and complete knockdown) mainly to Asia and Oceania

### Expansion of orders in overseas large electric power transmission equipments and power plants

**1977** Construction of electric power transmission equipment started in Iran  
**1978** Construction of Asahan hydraulic power plant in Indonesia

### Participation in commercial facility business

**1976** Opening of Ichihara Shopping Square (Chiba)

### Expansion of commercial rights through merger

**1970** Merger with Sogo Boeki Co., Ltd. (Acquisition of commercial rights for import to Japan and export to China and Eastern Europe)

### End of period of brisk OCTG sales and change of strategy

**1987** Support for establishment of Premier Pipe, LLC

### Entry into auto leasing business

**1981** Sumisho Auto Leasing Corporation established

### First order for construction of high efficiency combined-cycle thermal power plant

**1982** Combined-cycle thermal power plant constructed for Republic of Trinidad and Tobago

### Expansion of overseas real estate business

**1982** 600 Third Avenue acquired (New York, United States)  
**1985** Summitmas completed (Jakarta, Indonesia)

### Brisk export business negotiations in various regions

1950's 1960's 1970's 1980's

### Development and deployment of OCTG supply chain management business model

- 1993** Supply chain management services commenced for independent U.S. oil company

### Full-fledged entry into automotive retail finance business

- 1996** Investment made in Indonesian automotive retail finance company

### Participation in independent power producer (IPP) projects

- 1991** Joint stake of 45% acquired in U.S. geothermal power generation company

### Completion of large mixed-use facilities

- 1997** Queen's Square Yokohama completed

### Contraction of traditional trading businesses and start of crop protection chemical import and sales business abroad

- 1992** Establishment of crop protection chemical import and sales companies started from Eastern Europe and spread out to other areas

### Accelerated expansion into manufacturing and processing industries

- 2002** U.S. seamless pipe manufacturer acquired, together with French tubular product manufacturer

### Full-fledged participation in management of automotive component manufacturing business

- 2004** Auto components manufacturer KIRIU Corporation acquired

### Participation in domestic power market and advancement of large-scale overseas IPP projects

- 2001** Summit Energy Corporation established and electricity retail and generation operations commenced in conjunction with partial deregulation of domestic electricity market
- 2006** Units 1 and 2 of Tanjung Jati B Coal-Fired Power Plant in Indonesia completed
- 2008** Contract for units 3 and 4 of Tanjung Jati B Coal-Fired Power Plant in Indonesia concluded

### Completion of current Head Office, entry into fund business and build-to-suit business, and full-fledged initiatives of real estate securitization

- 2001** Harumi Island Triton Square completed (current Head Office in Tokyo)
- 2006** Retail facility funds and rental housing funds established

### Accelerated global development of crop protection chemical import and sales business (Europe, Middle East, South America, North America, Australia, etc.)

### Advancement into oil field equipment business in peripheral field to OCTG and enhancement of midstream and downstream value chain

- 2010** OMS Holdings Pte. Ltd. acquired
- 2010** Howco Group plc converted into subsidiary
- 2013** Edgen Group Inc. acquired

### Enhancement of manufacturing businesses in North American Free Trade Agreement area

- 2011** Joint-venture automobile production facility in Mexico established with Mazda Motor Corporation

### Expansion of renewable energy business initiatives

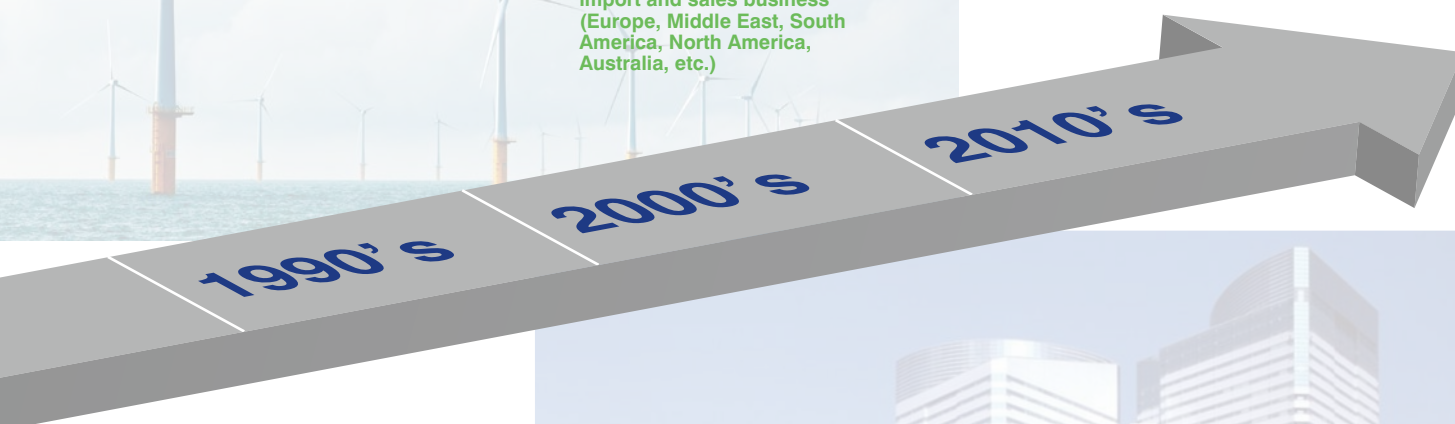
- 2012** Participation in one of world's largest mega-solar power generation projects in California, the U.S.
- 2014** Operation of Dorper wind farm project started in South Africa
- 2014** Participation in Belgian offshore wind farm projects

### Participation in private-placement REIT arrangement and logistics real estate development business

- 2015** Management of SC Realty Private REIT, Inc. commenced

### New business models and multifaceted support businesses

- 2011** Multifaceted support businesses started in Romania, capital participation in Alcedo S.R.L.
- 2015** Multifaceted support businesses started in Brazil, capital participation in Agro Amazonia Produtos Agropecuarios Ltda





# At a Glance

## Profit for the Year (Attributable to owners of the parent)

FY2014

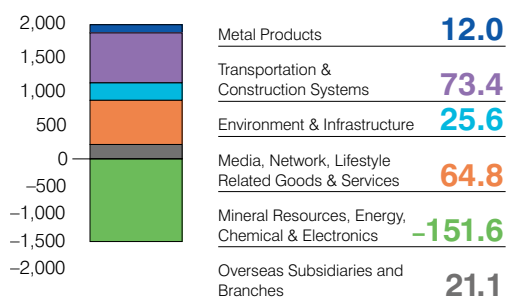
¥ **-73.2** bn.

FY2015

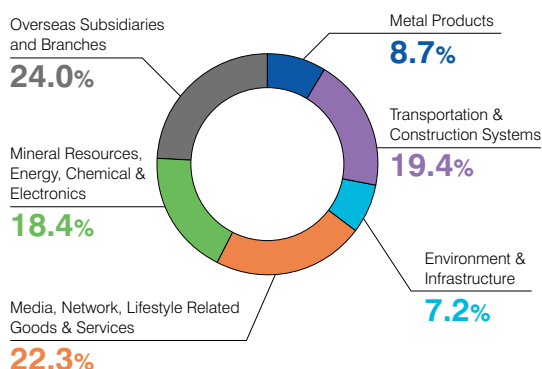
¥ **74.5** bn.

## Profit (Loss) for the Year by Segment\* (FY2015)

(Billions of yen)



## Assets by Segment\* (FY2015)



\* 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



### Profit for the Year

FY2014

¥ **32.5** bn.

FY2015

¥ **12.0** bn.

### Transportation & Construction Systems



### Profit for the Year

FY2014

¥ **40.6** bn.

FY2015

¥ **73.4** bn.

### Environment & Infrastructure



### Profit for the Year

FY2014

¥ **22.9** bn.

FY2015

¥ **25.6** bn.

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



### Profit for the Year

FY2014

¥ **57.1** bn.

FY2015

¥ **64.8** bn.

### Mineral Resources, Energy, Chemical & Electronics



### Profit (Loss) for the Year

FY2014

¥ **-191.0** bn.

FY2015

¥ **-151.6** bn.

### Overseas Subsidiaries and Branches



### Profit (Loss) for the Year

FY2014

¥ **-22.7** bn.

FY2015

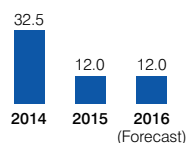
¥ **21.1** bn.

## Profit for the Year

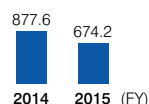
## Total Assets

## Business Unit Overview

P. 30



(Billions of yen)



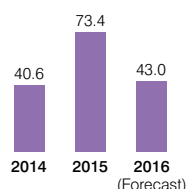
The global and extensive value chain we are developing as a business unit encompasses various metal products, including steel products such as steel sheets, tubular products, and nonferrous metal products such as aluminum. In the steel sheet-related field, we deliver steel sheet products mainly to automotive 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.

## Profit for the Year

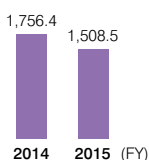
## Total Assets

## Business Unit Overview

P. 34



(Billions of yen)



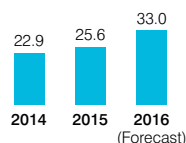
We are advancing our upstream, midstream, and downstream operations in the areas of ships, aircraft, railway, automobiles, and other transportation systems as well as construction equipment. In the ship, aerospace & transportation systems field, we run a leasing business focused on aircraft. We are also 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.

## Profit for the Year

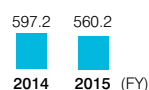
## Total Assets

## Business Unit Overview

P. 38



(Billions of yen)



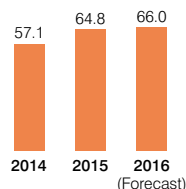
In the global power infrastructure field, we are developing overseas power generation businesses and EPC\*<sup>1</sup> businesses as well as businesses involving rechargeable batteries. In the environment and infrastructure project field, we are advancing renewable energy businesses focused on wind and 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.

## Profit for the Year

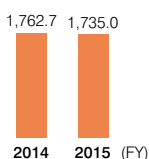
## Total Assets

## Business Unit Overview

P. 42



(Billions of yen)



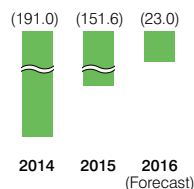
Our unit globally develops businesses that provide consumer-oriented products and services in fields such as media, network, retail, foods, materials & supplies and real estate. In our media and network fields, we focus primarily on Cable TV, IT solutions, and integrated mobile business. In our retail 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.

## Profit (Loss) for the Year

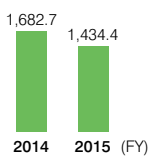
## Total Assets

## Business Unit Overview

P. 46



(Billions of yen)

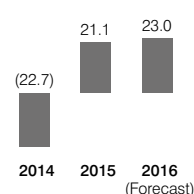


In the mineral resources and energy field, we are concentrating efforts bringing forward the completion and profit realization of projects that are in ramping up stages, such as the Ambatovy nickel project and the Sierra Gorda copper and molybdenum mine project. On a global scale, our trading businesses 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.

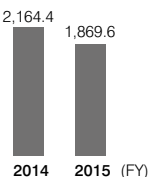
## Profit (Loss) for the Year

## Total Assets

P. 50



(Billions of yen)



# Metal Products Business Unit

## Main Fields

- Steel Sheet-Related
- Tubular Products
- Non-Ferrous Products & Metals Field

## Organization

- Planning & Coordination 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



## “What We Aim to Be”

We aim to build a unique business portfolio based on medium-to-long-term growth strategies and become an organization that combines impressive earning power and stability.

### Makoto Horie

General Manager  
Metal Products Business Unit

#### Steel sheet-related

- Leading market shares in such niche segments as rails, wheels, and axles for trains
- Expertise, solutions capabilities, and strong customer network in relation to steel sheets for automobiles

#### Tubular products

- One of the world's largest handlers of oil country tubular goods, strategic partnerships with energy majors, and service provision capabilities and development capabilities realized through global network

#### Non-ferrous products & metals

- Sharing of global growth strategies with major partners

## Strengths

#### Steel sheet-related

- Upgrading of existing business models based on information and expertise accumulated through steel sheet-related trading
- Creation of new business models reflecting customers' viewpoints

#### Tubular products

- Catering to localization of demand in oil-producing countries and utilizing ICT for marketing activities

#### Non-ferrous products & metals

- Securing stable supplies of bauxite and alumina, which are the raw materials of aluminum ingots

## Challenges

#### Steel sheet-related

- Advancement of modal shifts in developed countries and development of railway infrastructure in emerging countries
- Steady growth of automotive production globally

#### Tubular products

- Participation in oilfield equipment, materials, and services businesses, which are closely related to oil country tubular goods businesses; expansion of share of oil country tubular goods market; and business foundations that exploit network of Edgen Group Inc.

#### Non-ferrous products & metals

- Introduction of lighter vehicles in response to stricter fuel-efficiency regulations

## Opportunities

#### Steel sheet-related

- Oversupply of steel sheets produced in China and volatility in steel sheet market
- Obsolescence of existing products due to automotive industry's global environmental measures or dramatic change in business conditions due to emergence of alternative materials

#### Tubular products

- Change in purchasing format of oil and gas development industry, structural change in industry due to realignment of related industries, and spread of new alternatives to tubular products

#### Non-ferrous products & metals

- Intensification of competition due to aluminum products made in China

## Risks

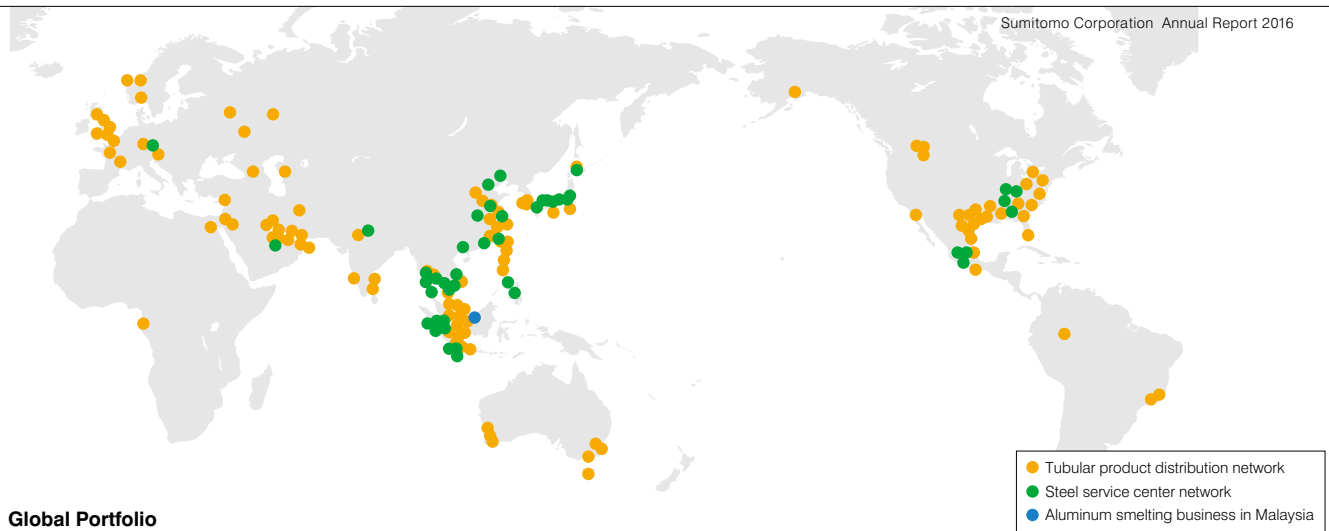
## Performance Highlights

(Billions of yen)

	FY2014	FY2015	FY2016 Forecast
Gross profit	103.5	77.3	74.0
Operating profit	37.4	11.6	—
Share of profit of investments accounted for using the equity method	9.1	4.7	—
Profit for the year (attributable to owners of the parent)	32.5	12.0	12.0
Basic profit	33.7	13.5	—
Total assets	877.6	674.2	—

## Fiscal 2015 Results

In fiscal 2015, the year ended March 31, 2016, profit for the year decreased ¥20.5 billion year on year, to ¥12.0 billion, because lower earnings from tubular products businesses in North America and the aluminum smelting business in Malaysia—reflecting falling crude oil prices and non-ferrous metal prices—counteracted generally steady performances by overseas steel service center businesses amid firm transactions with Japanese automotive manufacturers in China.



## Strategies for Becoming What We Aim to Be

### Earnings Pillars

- **Tubular products businesses**  
Expand value chain based on oil country tubular goods businesses
- **Metal products for transportation**  
Establish strong position in railway field (rails, wheels, axles, and maintenance)  
Aim to be a leading supplier in automobile-related field with lineup covering steel products through to parts  
Pursue synergies among existing steel service centers

### Future Pillars

- **Aluminum smelting and flat rolling products businesses**  
Expand value chain of aluminum smelting business (upstream) and rolling business (midstream)
- **Specialty steel**  
Cater to increasing local procurement in automotive parts industry
- **Electrical steel sheet**

## Fiscal 2015 Initiatives

Oil country tubular goods businesses continued to strengthen their customer bases by upgrading supply chain management. Further, we advanced lateral activities spanning organizations with a view to finding business opportunities in the oilfield equipment, materials, and services field. In response to rising demand for high-quality grain-oriented electrical steel sheets, which are used in transformers, we participated in a company in Turkey that processes electrical steel sheets. In the aluminum smelting business in Malaysia, we completed construction required for the third-phase expansion ahead of schedule and took measures aimed at achieving full production early.

## BBBO2017 Growth Strategies

In the metal products for the automotive & railway industry business, we aim to establish an unrivaled position in the railway field (rails, wheels, axles, and maintenance). As for the automobile-related field, we will step up initiatives aimed at becoming a leading supplier with a lineup that covers steel products through to parts. Our tubular products businesses will use oil country tubular goods businesses as a base upon which to develop businesses in the oilfield equipment, materials, and services field. In addition, we will expand the value chain of the aluminum smelting business (upstream) and rolling business (midstream).

## Initiatives Aimed at Addressing Social Issues

### Supporting the Manufacturing of Rechargeable Batteries That Underpin the Spread of Electric Cars

Facing increasingly serious air pollution problems as its economy develops, China is promoting the introduction of environment-friendly electric cars. Meanwhile, rechargeable batteries—a key component of electric cars—are in increasingly short supply.

Sumisho Metalex Corporation, a Group company, is contributing to the safe, efficient manufacturing of rechargeable batteries. Through tie-ups with multiple equipment manufacturers, the company is supporting the establishment of an optimal production line by performing the tasks required to construct a rechargeable battery production line that uses equipment made in Japan, such as purchasing individual facilities and pieces of equipment and linking and coordinating facilities.



An electric bus that incorporates rechargeable batteries



## Metal Products Business Unit

# Summary of Main Fields

## Steel Sheet-Related Field



The steel sheet processor Dongguan Summit Metal Products Co., Ltd.

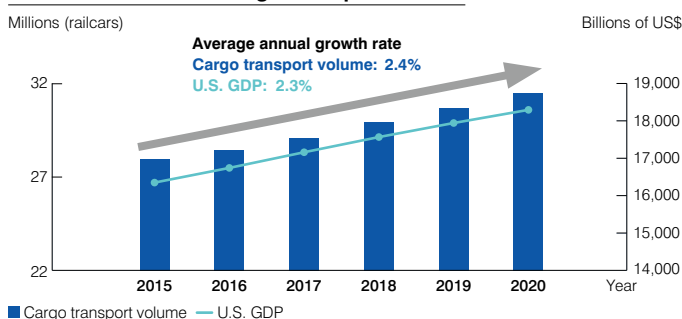
### Opportunities and Risks

Steel sheets have various applications. For example, demand for steel sheets for railway-related products (rails, wheels, and axles) is likely to grow steadily as emerging countries develop railway infrastructure and developed countries advance modal shifts. At the same time, heightening safety consciousness is boosting demand for maintenance and highly reliable parts. On the other hand, trade issues in countries worldwide resulting from the steel oversupply that China has caused have become a risk.

### Growth Strategies

We will pursue new synergies among a range of different steel sheet trading, using as a base our 32 overseas steel service center businesses operating in 13 countries, mainly emerging countries. In the railway field, we will focus particular efforts on supplying highly reliable parts and expanding operations in the maintenance field. As for the automobile-related field, we will concentrate on strengthening centralized purchasing capabilities through the processing bases that we have deployed to serve automotive production bases around the world.

### Forecast of U.S. Rail Cargo Transport Volume



Near-term U.S. rail cargo transport volume is projected to stagnate as coal transport volume flags. Over the medium-to-long term, however, it is projected to trend solidly on gradual population growth and increasing U.S. GDP. Also, the market for railway materials and equipment is likely to see continued firm growth.

Sources  
Cargo transport volume:  
Rail Car Outlook  
GDP growth rate: IMF

## Tubular Products Field



A tubular product storage yard in Norway

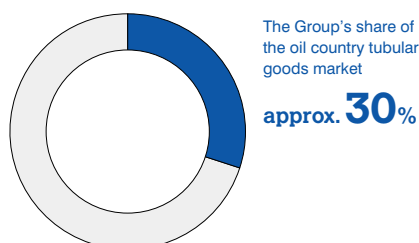
### Opportunities and Risks

Demand for energy is likely to remain steady, and demand for tubular products used in oil and gas development projects is expected to recover and return to a growth track in the medium-to-long term. The current slump in oil prices could present opportunities to enter into new businesses through business acquisitions. However, there is a risk of the slump in oil prices triggering changes in business models in the oil and gas industry or realignments that change the structure of the industry itself.

### Growth Strategies

Along with our unique technical services and logistics services, we will provide high-quality tubular products that are manufactured by highly reliable suppliers. In these efforts, our target customers will be those with operations in the main oil-producing countries and regions, including the North Sea, the Middle East, CIS, Asia and Oceania, and North America. In this way, we will contribute to the economic, stable production of oil and gas. Further, we will develop businesses engaged in the provision of oil well related equipment and services and expand business foundations.

### The Group's U.S. Market Share



Through Group companies that are major oil country tubular goods distribution businesses, the Sumitomo Corporation Group has established a strong presence in the United States, which has the world's largest market for oil country tubular goods. We account for approximately 30% of this market. Our 2013 acquisition of Edgen Group has expanded our value chain further and is enabling us to meet the needs of a wider range of customers and contribute to the development of the energy-related field.

## Non-Ferrous Products & Metals Field

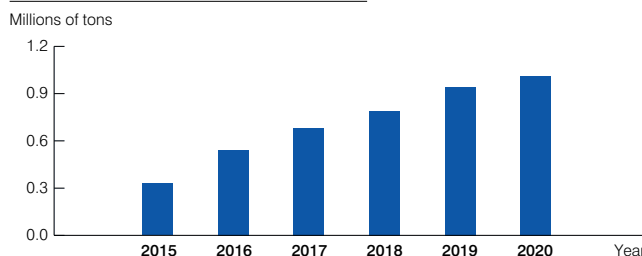


Our aluminum smelting joint venture with Press Metal in Malaysia

### Opportunities and Risks

The needs of aluminum products in automotive manufacturing is likely to increase given the continuing pressure to introduce lighter vehicles in response to stricter fuel-efficiency regulations in regions worldwide. Consequently, the automotive industry's use of aluminum sheets is expected to rise significantly, primarily in the United States and Europe. On the other hand, aluminum products produced in China could intensify competition. Other risks include being unable to secure stable supplies of bauxite or alumina, the raw materials of aluminum ingots.

#### Forecast of North American Demand for Aluminum Automotive Body Sheets



As stricter fuel-efficiency regulations spur the introduction of lighter vehicles, demand for automotive aluminum body sheets is expected to increase. In the United States, the country with the highest demand, aluminum sheet demand is projected to rise rapidly from 2015's 300,000 tons to more than 1 million tons by around 2020. We will cater to this growing demand by entering the business field of surface treatment for automotive aluminum body sheets.

## Project Overview

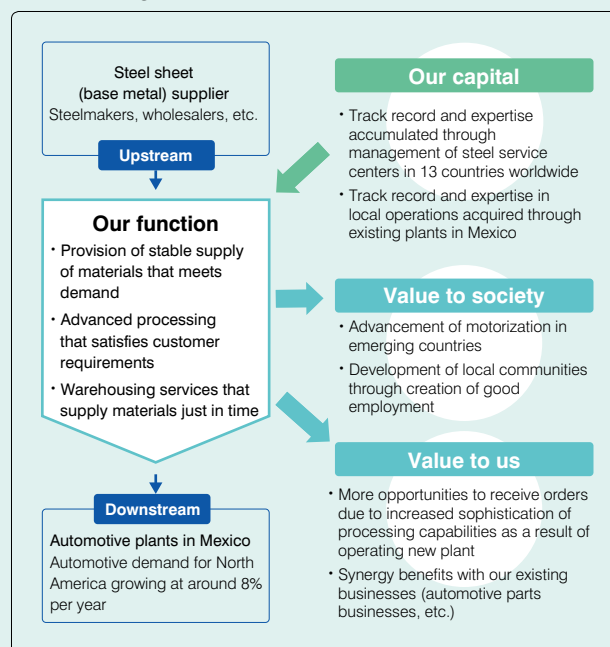
### Providing Steel Sheets to the Automotive Market, Which Promises Medium-to-Long-Term Growth

Through to 2020, Mexico's automotive unit production is expected to grow roughly 8% on average as automotive demand remains favorable domestically and in the country's main export destination, the United States. Additional processing supply capacity is required due to strong demand for steel used in the manufacture of steel sheets and parts for automobiles. To cater to this burgeoning demand, the Sumitomo Corporation Group's wholly owned steel service center in Mexico, Servilamina Summit Mexicana S.A. de C.V. (SSM), has begun building its third plant. Starting up production at the new plant will improve our ability to cater to customers' diverse needs and heighten profitability because the plant will enhance our processing supply capacity as well as our ability to provide high-value-added products and warehousing services.



A rendered image of the No. 3 SSM plant upon completion

#### Value-Creating Business Model



# Transportation & Construction Systems Business Unit

## Main Fields

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

## Organization

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



## “What We Aim to Be”

**We will anticipate changes in business conditions and change and expand business fields flexibly while realizing sustained growth.**

We aim to be the industry leader in all of our business fields.  
We will create new value through innovation based on out-of-the-box thinking.  
We will develop regionally rooted businesses and contribute to the advancement of countries, societies, and industries.

## Naoki Hidaka

General Manager,  
Transportation & Construction Systems Business Unit

### Ship, aerospace & transportation systems

- One of Japan's leading general leasing businesses
- World-class aircraft leasing businesses, transportation system businesses, and shipbuilding businesses

### Automotive

- Value chain that globally covers upstream through to downstream business fields

### Construction equipment

- Business management expertise and local executives in each region developed through many years of hands-on business management

## Strengths

### Ship, aerospace & transportation systems

- Replacement of assets in portfolios of ship businesses
- Expansion of foundations of general leasing businesses and aircraft leasing businesses
- Advancement of railway infrastructure businesses

### Automotive

- Business innovation in response to new car society resulting from revolution in automotive technology

### Construction equipment

- Strengthening and expansion of business foundations in emerging markets

## Challenges

### Ship, aerospace & transportation systems

- Increase in customers for aircraft and railways in emerging countries

### Automotive

- Progress of motorization with a focus on emerging countries
- New businesses resulting from new automotive technological innovation, such as self-driving cars and IoT

### Construction equipment

- Increase in construction demand as population increases and urbanization advances worldwide

## Opportunities

### Ship, aerospace & transportation systems

- Decrease in shipping cargo movements accompanying softening growth in China's economy

### Automotive

- Geopolitical market risk

### Construction equipment

- Cyclical nature of the market

## Risks

## Performance Highlights

(Billions of yen)	FY2014	FY2015	FY2016 Forecast
Gross profit	183.6	175.5	152.0
Operating profit	18.4	24.3	—
Share of profit of investments accounted for using the equity method	31.7	31.3	—
Profit for the year (attributable to owners of the parent)	40.6	73.4	43.0
Basic profit	51.4	50.7	—
Total assets	1,756.4	1,508.5	—

## Fiscal 2015 Results

In fiscal 2015, profit for the year increased ¥32.8 billion year on year, to ¥73.4 billion, due to the steady performance of aircraft leasing businesses, construction equipment rental businesses in North America and Japan, and the recognition of gain on sale and revaluation of shares accompanying reorganization of automotive retail financing businesses in Indonesia.



## Europe and CIS

- Automobile distributor
- Automobile dealer
- Tire wholesale and retail
- ▲ Construction equipment dealer
- Automobile retail finance

## East Asia

- Automotive parts manufacture
- Automobile dealer
- ▲ Construction equipment dealer

## Japan

- Auto leasing
- Electric vehicle-related
- Automotive parts manufacture
- ▲ General construction equipment rental
- Finance and general lease business
- Shipbuilding

## Americas

- Vehicle production facility
- Automotive parts manufacture
- Automobile dealer
- Tire wholesale and retail
- ▲ General construction equipment rental
- ▲ Construction equipment dealer
- Aerospace-related
- Railway and transport projects

## Middle East and Africa

- Automobile distributor
- Tire wholesale and retail
- Automobile retail finance
- ▲ Construction equipment dealer

## Asia and Oceania

- Automobile retail finance
- Automobile distributor
- Automobile dealer
- Auto leasing
- Automotive parts manufacture
- Tire wholesale and retail
- ▲ Agricultural machinery distributor
- ▲ Construction equipment dealer
- Finance and general lease business
- Railway and transport projects

## Other (global businesses)

- Aircraft leasing
- Aircraft engine leasing
- Ship-owning and operating business
- ▲ ■ Various types of trading

## Global Portfolio

- : Automotive
- ▲ : Construction equipment
- : Ship, aerospace & transportation systems
- Red: Manufacturing
- Green: Sales and services
- Blue: Financing and assets

## Growth Strategies for Becoming What We Aim to Be

- In our three core business areas—sales and services, manufacturing, and financing and assets—we will strengthen the earning power of existing businesses and advance initiatives in new businesses.
- We will modulate resource allocation in light of careful monitoring of business conditions and medium-to-long-term perspectives.

- We will strengthen Groupwide collaboration among organizations, bolster operational tie-ups with global partners, and take on new business areas.
- We will foster global personnel able to work in a hands-on, site-focused manner.

## Fiscal 2015 Overview

In automotive retail financing businesses in Indonesia, we reorganized the capital of P.T. Oto Multiartha and P.T. Summit Oto Finance to enable continuous expansion and advance growth strategies further. Aiming to capture solid leasing demand in Japan, Sumitomo Mitsui Finance and Leasing Company, Limited, acquired the General Electric Group's leasing business in Japan. Also, railway-related businesses received an order for the construction of a large-scale railway under the Thai government's Red Line Construction Project. As for existing businesses, our U.S. construction equipment rental business and auto leasing businesses in Japan performed solidly.

## BBBO2017 Growth Strategies

In the automobile and construction equipment sales and services fields, we intend to strengthen existing businesses and enter new markets. Further, we will steadily implement a plan to regenerate U.S. tire businesses. Regarding the financing and assets field, in aircraft leasing, engine leasing, auto leasing and automotive retail financing, and construction equipment rental, we will inject and collect funds strategically. As for the manufacturing field, plans call for tackling new businesses in the automotive and aircraft parts fields. Also, to create new value we will advance collaboration among organizations and partner-based strategies.

## Initiatives Aimed at Addressing Social Issues

## Japan Charge Network's Project to Establish Charging Stations for Electric Vehicles

To popularize electric vehicles and thereby help realize a low-carbon society, the establishment of charging stations that supply electricity to vehicles is vital. Through Japan Charge Network Co., Ltd., the Sumitomo Corporation Group has been at the forefront of efforts to expand and improve charging infrastructure since the earliest days of electric vehicles. By installing, managing, and operating charging stations, we aim to popularize environment-friendly vehicles and contribute to the realization a rich environment for tomorrow's society.



An example of an express charging station that Japan Charge Network has installed (Minokamo Service Area)



## Transportation & Construction Systems Business Unit

# Summary of Main Fields

## Ship, Aerospace & Transportation Systems Field



© BOEING



© AIRBUS

A leading-edge aircraft scheduled for use in one of our aircraft leasing businesses

### Opportunities and Risks

In aircraft leasing businesses, demand is expected to grow stably as the growth of emerging countries increases passenger numbers and low-cost carriers (LCCs) become more widespread. In overseas markets, the initiatives of leasing businesses promise favorable results. Meanwhile, conditions are sluggish in the shipping and shipbuilding markets, and we are paying careful attention to current market trends. Mainly in Asia, business opportunities are increasing due to the large number of urban railway and high-speed railway development projects that are planned.

### Growth Strategies

In the aviation field, we will expand the aircraft leasing businesses of SMBC Aviation Capital further, while advancing engine leasing and other related businesses and pursuing synergies. Leasing businesses will focus on expanding their customer bases in Japan and overseas and upgrading operations. As for ship businesses, we aim to secure stable earnings based on the shipbuilding businesses of Oshima Shipbuilding Co., Ltd., and ship trading and ship-owning and operating businesses. With regard to transport infrastructure, we will strive to win new orders for railway EPC projects and facilitate the fulfillment of contracts.

### Number / Percentage of Leased Aircraft among Aircraft Worldwide



As burgeoning passenger demand expands the commercial aircraft market, the aircraft leasing market continues to grow steadily as it provides airlines with a flexible means of procuring aircraft. Boasting the world's third largest number of owned or managed aircraft, SMBC Aviation Capital is advancing business development globally.

## Automotive Field



Continuing to grow, Indonesia's automobile and motorcycle markets

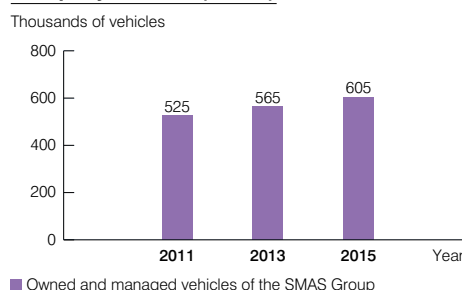
### Opportunities and Risks

Centered on emerging countries, demand for automobiles is likely to grow at a steady pace, and expansion is expected in all related business fields, including manufacturing, sales, distribution, services, and financing. Also, growing demand for lightweight vehicles and alternative fuel amid concern over environmental problems, as well as new needs associated with autonomous driving and the IoT are contributing to the growth of business opportunities in this field. On the other hand, geopolitical risk related to political instability in certain regions is a cause for concern.

### Growth Strategies

Automotive retail financing businesses, with a focus on Asia, will take an other related financial businesses to accelerate and diversify its growth in the finance and service business. As for mobility services businesses, which have auto leasing at their core, we will offer a range of solutions to respond to demand arising from "a new society of new mobility." Parts and vehicle manufacturing businesses and automobile and tire distribution businesses will expand existing businesses and services in regions worldwide and take on new challenges.

### Growth of Sumitomo Mitsui Auto Service Company, Limited (SMAS)



One of Japan's largest auto leasing companies, the Sumitomo Mitsui Auto Service Company, Limited (SMAS) Group, owns and manages approximately 600,000 vehicles worldwide on a consolidated basis. By providing vehicles and onboard equipment that enhance safety and environment friendliness, the SMAS Group will upgrade the services that it offers customers while stepping up the pace of business development overseas.

## Construction Equipment Field

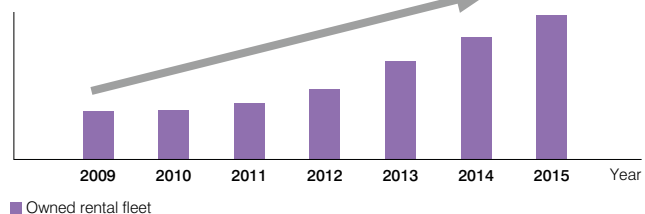


An on-site technician of Canadian subsidiary SMS Equipment Inc. conducting a diagnosis of construction equipment

## Opportunities and Risks

Worldwide demand for construction equipment is expected to grow steadily over the medium-to-long term as the population increases and urbanization advances. While demand for new equipment sales continues to be slow at present, demand for repair and maintenance services remains stable. Boasting high-quality service capabilities in the product support field, we believe that under the current business conditions, it is a good opportunity for us to enhance customer satisfaction further. Also, construction equipment rental businesses promise to expand due to growth in the rental penetration mainly in developed countries.

### U.S. Construction Equipment Rental Businesses



In the United States, the world's largest construction equipment rental market, we acquired an equity interest in Sunstate Equipment Co., LLC, in 2009 because we saw growth potential in this market. Since then, in accordance with our initial plan, the company has been increasing rental assets and growing earnings steadily.

## Project Overview

### Alliance Between Japan's Private and Public Sectors Helps Secure Thai Railway Construction Contract

In recent years, road congestion and air pollution have become serious problems in Thailand. Therefore, the country needs to build a low-carbon society and mass transport infrastructure. In March 2016, a consortium comprising Mitsubishi Heavy Industries, Ltd., Hitachi, Ltd., and Sumitomo Corporation won a contract to design, construct, and install railway electric and mechanical systems for a railway project in Bangkok, the Red Line Construction Project. The contract includes the supply of 130 railcars but excludes civil engineering work. We will maximize the project's value by taking advantage of capabilities that we have garnered as a result of our extensive experience in executing such contracts worldwide.

Further, funding for the railway's construction will include an international yen loan from the Japan International Cooperation Agency (JICA). Thus, an alliance between Japan's private and public sectors will export high-quality infrastructure to help sustain Thailand's growth.

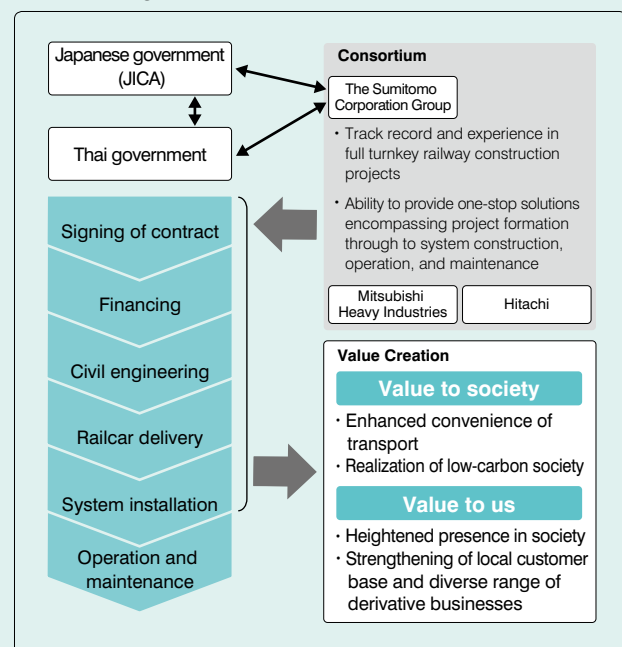


The Red Line in Bangkok, Thailand



The Red Line route map

### Value-Creating Business Model



# Environment & Infrastructure Business Unit

## Main Fields

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

## Organization

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



## “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.

### Masayuki Hyodo

General Manager,  
Environment & Infrastructure Business Unit

## Project formation and advancement capabilities underpinned by experience and track record

### Infrastructure businesses

- Project management capabilities that encompass stages from design through to construction and from business development through to management and industry network

### Logistics & insurance and overseas industrial parks

- Experience in global logistics for a wide range of goods, insurance-based risk management capabilities, wealth of experience in development and management of industrial parks overseas, and capabilities for supporting tenant companies

## Establishment of organizations that empower diverse personnel to exercise leadership

- Aiming to optimize utilization and deployment of personnel on global basis to develop the businesses globally, cultivate markets and capture demand, and secure cost competitiveness

## Challenges

## Creation of growth opportunities by combining environmental preservation with economic benefits

### Infrastructure businesses

- Increase in demand for environment-friendly infrastructure due to growing environmental awareness and economic development of emerging countries and increase in business opportunities resulting from deregulation of electricity retail market in Japan

### Logistics & insurance and overseas industrial parks

- Rise in need for logistics insurance services and overseas industrial parks as Japanese companies advance into overseas markets

## Agile responses to uncertain, volatile conditions

- Drastic changes in industries, such as realignment among heavy electrical machinery manufacturers in Japan, the United States, and Europe and the emergence of China
- Changes in conditions or regulatory strengthening for coal-fired power plants and changes to respective countries' incentive schemes for renewable energy power generation businesses

## Risks

## Performance Highlights

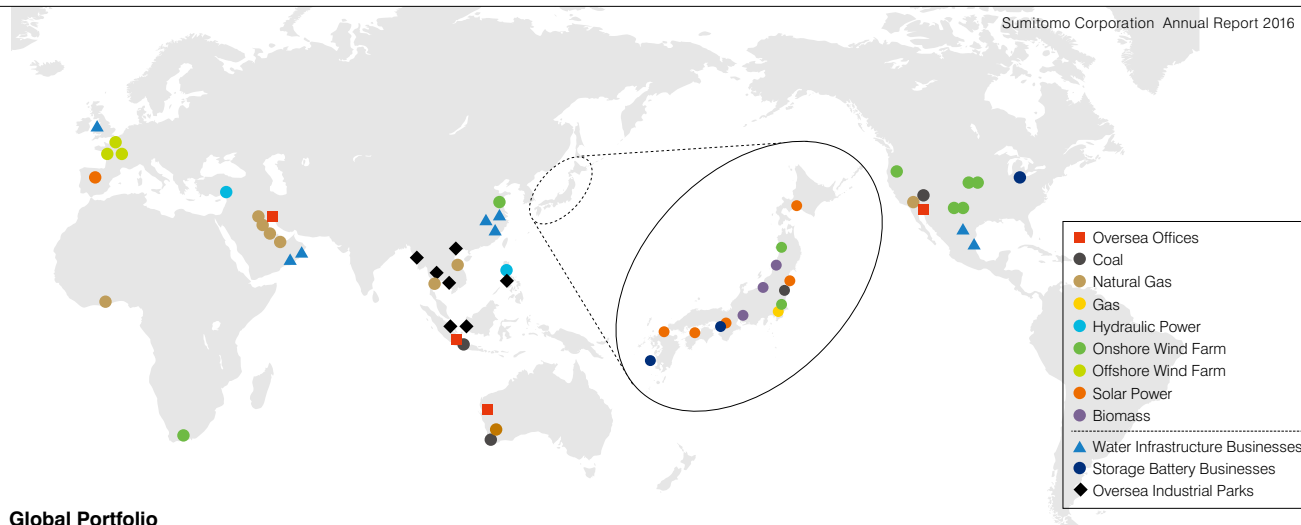
(Billions of yen)

	FY2014	FY2015	FY2016 Forecast
Gross profit	64.5	56.8	66.0
Operating profit	20.5	15.0	—
Share of profit of investments accounted for using the equity method	5.3	10.1	—
Profit for the year (attributable to owners of the parent)	22.9	25.6	33.0
Basic profit	17.5	19.6	—
Total assets	597.2	560.2	—

## Fiscal 2015 Results

In fiscal 2015, the year ended March 31, 2016, profit for the year increased ¥2.7 billion year on year, to ¥25.6 billion, because steady performances by overseas power infrastructure businesses, such as the Tanjung Jati B Coal-Fired Power Plant in Indonesia, and the realization of value in the renewable energy field in Japan and overseas more than compensated for the effect of lower electricity wholesale prices on domestic electricity sales businesses.





Global Portfolio

## Growth Strategies for Becoming What We Aim to Be

### Earnings Pillars

- **Overseas power infrastructure businesses (power generation businesses and EPC (engineering, procurement, and construction) projects for power plants)**  
Enhance power infrastructure businesses in Asia, the Middle East, the Americas, and Sub-Saharan Africa
- **Overseas renewable energy power generation businesses**  
Develop new projects in response to respective countries' incentive schemes  
Focus on expanding in the offshore wind power generation field  
Replace assets strategically
- **Domestic electricity businesses**  
Secure additional competitive power sources and expand retailing

### Logistics insurance and overseas industrial park businesses

Expand existing businesses and continue to develop new businesses  
Upgrade the capabilities and undertake global development of high-value-added businesses.

- **Domestic electrical machinery businesses**  
Capture demand from Japanese companies developing businesses overseas

### Future Pillars

- **Water infrastructure businesses**
- **Storage battery businesses**

## Fiscal 2015 Summary

In overseas power infrastructure businesses, gas-fired combined-cycle thermal power plant projects in Kuwait and Ghana progressed with construction, and we began EPC projects in Tanzania and Mozambique. Also, we concluded a power purchase agreement for the Tanjung Jati B Coal-Fired Power Plant Units 5 & 6 Expansion Project. Further, we began building an offshore wind farm in Belgium and a biomass power plant in Sakata City, Yamagata Prefecture. Other initiatives included opening an industrial park and a logistics company that provides logistics services in the industrial park in Myanmar and beginning commercial operations of a desalination plant in Oman. In addition, as part of efforts to replace assets strategically, we realized value in the renewable energy field in Japan and overseas.

## BBBO2017 Growth Strategies

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. Overseas renewable energy power generation businesses will expand their business foundations centered on offshore wind power generation in Europe while focusing on strategic asset replacement.

As for domestic electricity sales businesses, we will increase our competitive power generation capacity and expand retailing. In logistics insurance and overseas industrial park businesses, plans call for expanding and upgrading the capabilities of existing businesses while developing new projects.

## Initiatives Aimed at Addressing Social Issues

### Construction of Power Plants in Sub-Saharan Africa

In recent years, power shortages have become a serious problem in Sub-Saharan Africa, which has seen economic development and marked population growth. We began building Mozambique's first natural gas-fired combined-cycle thermal power plant in February 2016 and Tanzania's first such plant in the following month. By introducing the latest highly efficient power generation equipment that uses local natural gas, we will help solve power shortage problems and contribute to the development of local communities.



A rendered image of the completed Kinyerezi natural gas-fired combined-cycle thermal power plant in Tanzania



## Environment & Infrastructure Business Unit

# Summary of Main Fields

### Environment & Infrastructure Project Field



The Belwind offshore wind farm in Belgium

### Opportunities and Risks

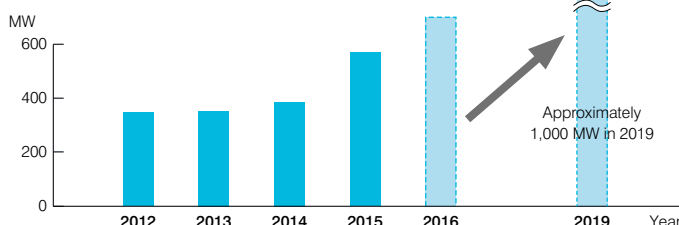
In relation to wind power and solar power generation businesses and other areas of the renewable energy field, although some developed countries are changing incentive schemes that encourage the introduction of renewable energy, its spread is likely to continue as a result of efforts to realize a low-carbon society. As for domestic electricity sales businesses, while the deregulation of the electricity retail market is creating opportunities to acquire new customers, competition is expected to intensify as a series of new companies enter the market.

### Growth Strategies

With respect to overseas renewable energy businesses, we will proceed through growth cycles by accumulating new high-quality assets, mainly related to offshore wind power generation in Europe, while realizing the value of existing assets.

As for domestic electricity sales businesses, we will increase our competitive power generation capacity through such initiatives as steadily starting up biomass power plants that are under construction. At the same time, we aim to collaborate closely with Cable TV operator J:COM, to grow the scale of retail sales.

### Electricity Supply Contracts of Domestic Electricity Sales Businesses



Following partial deregulation in March 2000, Japan's electricity retail market deregulated in stages and became fully deregulated in April 2016. Since establishing Summit Energy Corporation and entering this market in 2001, we have increased the scale of sales and expanded business foundations steadily. By exploiting the experience and expertise we have accumulated during this period, we aim to grow even more significantly.

### Global Power Infrastructure Field



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

### Opportunities and Risks

Demand for power is likely to continue trending upward as emerging countries experience population increases and rapid economic growth. Given the building momentum worldwide of initiatives focused on realizing a low-carbon society—including the adoption of the Paris Agreement by COP21\*<sup>1</sup>—we must monitor regulatory changes affecting such areas as the public financing of coal-fired power generation projects. Also, in response to the acceleration of infrastructural investment in China, competition to win new orders is expected to become fiercer.

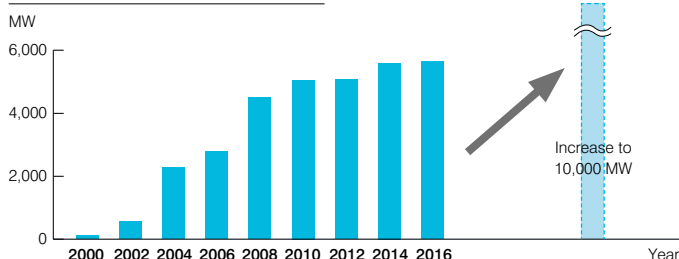
### Growth Strategies

We aim to expand business foundations by contributing to the realization of a low-carbon society and providing emerging countries with stable power supplies through the export of high-quality infrastructure, such as highly efficient power plants based on Japanese technology.

Also, we will create opportunities to acquire further orders by implementing regional strategies focused on Asia, the Middle East, and Sub-Saharan Africa and building partnerships with customers.

\*1. The 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change

### Net Ownership Power Generation Capacity of Overseas Power Generation Businesses\*<sup>2</sup>



\*2. Not including renewable energy

The Sumitomo Corporation Group began full-fledged initiatives focused on overseas power generation businesses in 2000. Since then, we have steadily expanded business foundations. Currently, net ownership power generation capacity is approximately 5,600 MW. Our next step will be to increase this to 10,000 MW by advancing development of additional projects. In conjunction with these efforts, we will concentrate on fostering personnel able to contribute to the efficient management of power generation assets.

## Logistics & Insurance Field



Thang Long Industrial Park in Vietnam

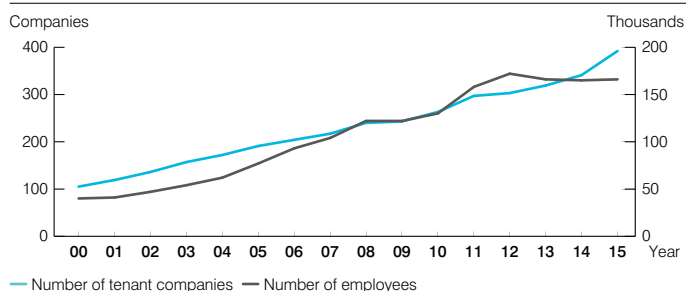
### Risks and Opportunities

Demand for logistics and overseas industrial parks is expected to increase over the long term as economic partnership agreements (EPAs), such as the Trans-Pacific Partnership (TPP), invigorate intra-regional logistics and drive economic growth in emerging countries. Meanwhile, we will pay close attention to the effects that the stagnation of China's market and the economic slowdown among emerging countries are having on companies' overseas forays. Further, the growing scale and complexity of the Sumitomo Corporation Group's businesses calls for increasingly sophisticated logistics and insurance capabilities.

### Growth Strategies

In overseas industrial park businesses, we will extend existing industrial parks and upgrade their capabilities. At the same time, we will expand our earnings base by developing new projects in India, Vietnam, and other emerging countries. Also, the Sumitomo Corporation Group will take advantage of its experience in providing global logistics for a wide range of goods as a general trading company and its expertise in insurance-based risk management to enhance the corporate value of the Group as a whole and concentrate on generating earnings and upgrading capabilities.

#### Number of Tenant Companies in Industrial Parks and Number of Employees in Industrial Park Businesses



Our overseas industrial park businesses not only support Japanese manufacturers in Asia but also help enrich local residents' lives by creating significant amounts of employment and encouraging the development and advancement of the surrounding areas.

## Project Overview

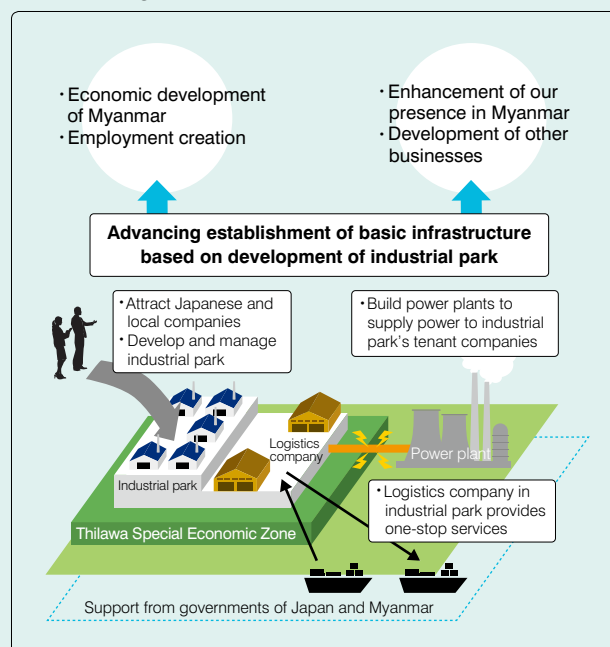
### Developing Infrastructure Business in Myanmar's Thilawa Special Economic Zone

In Myanmar, the development of social and industrial infrastructure is a pressing issue. After the country transitioned to a civilian government in 2011, the Sumitomo Corporation Group was one of the first overseas corporations to begin business activities there. In 2013, we participated in an industrial park development project in the Thilawa Special Economic Zone. The Group led construction in this joint project, which involved the private and public sectors of Japan and Myanmar and opened for business in September 2015. Further, in partnership with a Japanese logistics company we established a logistics company in the industrial park, enabling us to offer one-stop logistics services to companies establishing bases in the Thilawa Special Economic Zone. Also, we are building a gas-fired thermal power plant on land next to the zone. Through such projects to develop basic infrastructure, we will help invigorate industry and advance economic development in Myanmar.



Main gate A of the Thilawa Special Economic Zone

#### Value-Creating Business Model



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

## Main Fields

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

## Organization

- Planning & Coordination 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.



## "What We Aim to Be"

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

## Hirohiko Imura

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

### Media and network

- J:COM, with No. 1 share of Cable TV market
- Customer networks of SCSK and T-GAIA

### Retail and food

- Expertise in retail business acquired through management of Summit, Tomod's, and Jupiter Shop Channel

### Materials, supplies and real estate

- Comprehensive portfolio of real estate in Japan, including office buildings, retail facilities, and condominiums
- Operating companies with leading shares in Japanese construction materials-related markets
- Ownership of large-scale forest resources

## Strengths

### Media and network

- Deregulation of electricity retailing
- Extensive utilization of ICT

### Retail and food

- Growth of e-commerce market
- Diversification and increased sophistication of food in emerging countries

### Materials, supplies and real estate

- Increase in demand for real estate and construction materials thanks to holding of 2020 Tokyo Summer Olympic and Paralympic Games
- Increase in demand for timber products in China due to ban on logging of natural forests in China
- Increase in demand for biomass accompanying rise in renewable energy

## Opportunities

### Media and network

- Further improvement of customer satisfaction for telecommunication business in Myanmar

### Retail and food

- Expansion of revenue base of food businesses

### Materials, supplies and real estate

- Establishment of biomass fuel manufacturing businesses
- Further expansion of forest resources
- Manage business against lower demand for construction materials in Japan and changing real estate market as depopulation advances

## Challenges

### Media and network

- Increased competition in pay TV and fixed broadband businesses
- Structural change in the mobile telecom industry

### Retail and food

- Weather and climate risks in agricultural businesses
- Decline in consumer confidence due to worsening economic conditions

### Materials, supplies and real estate

- Rise in forest values
- Overheating of real estate market

## Risks

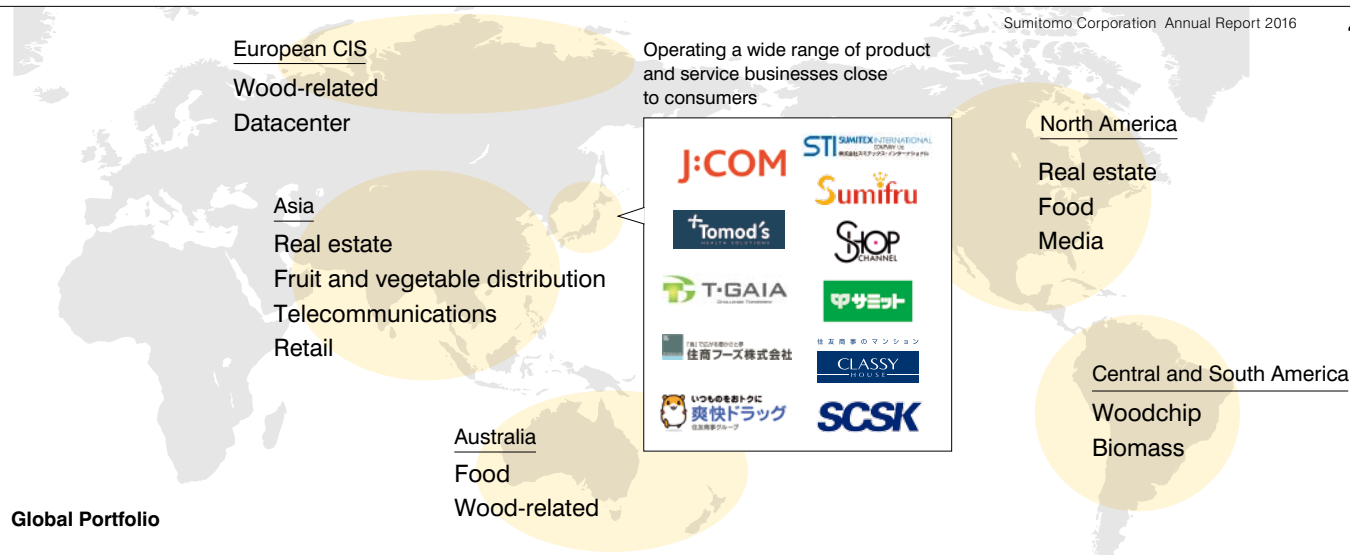
## Performance Highlights

(Billions of yen)	FY2014	FY2015	FY2016 Forecast
Gross profit	239.0	254.6	260.0
Operating profit	44.7	55.6	—
Share of profit of investments accounted for using the equity method	40.1	44.2	—
Profit for the year (attributable to owners of the parent)	57.1	64.8	66.0
Basic profit	57.8	70.8	—
Total assets	1,762.7	1,735.0	—

## Fiscal 2015 Results

In fiscal 2015, the year ended March 31, 2016, profit for the year rose ¥7.7 billion year on year, to ¥64.8 billion, thanks to solid performances in Japan by major operating companies, such as J:COM, SCSK, and Jupiter Shop Channel, and real estate businesses and the realization of real estate value in Japan and overseas.





## Growth Strategies for Becoming What We Aim to Be

### Earnings Pillars

- Strengthen foundations in media, ICT, and retail fields (J:COM, SCSK, Jupiter Shop Channel, etc.) further
- Heighten sophistication of operations and competitiveness of telecommunication business in Myanmar
- Strengthen foundations of food businesses
- Expand primary earning sources of wood resource businesses
- Advance general real estate businesses in Japan and overseas including office buildings, retail facilities, condominiums, and real estate finance

### Future Pillars

- Develop businesses that have succeeded in Japan's media, ICT, and retail fields in emerging countries within Asia and in other regions
- Advance businesses related to solid biomass fuel

## Fiscal 2015 Overview

In March 2016, we reorganized Jupiter Shop Channel's capital, resulting in stakes of 50% for J:COM, 45% for Sumitomo Corporation, and 5% for KDDI Corporation. By realizing collaboration and synergies among the companies, we will grow the earnings of J:COM and Jupiter Shop Channel even further.

As for the telecommunication business in Myanmar, we built mobile base stations and developed the sales network with a view to offering the best network coverage, service quality, and customer support.

In the materials, supplies and real estate field, we reinforced business foundations by participating in a biomass fuel manufacturing business in Brazil and participating in a mixed-use building development project in Ginza.

## BBBO2017 Growth Strategies

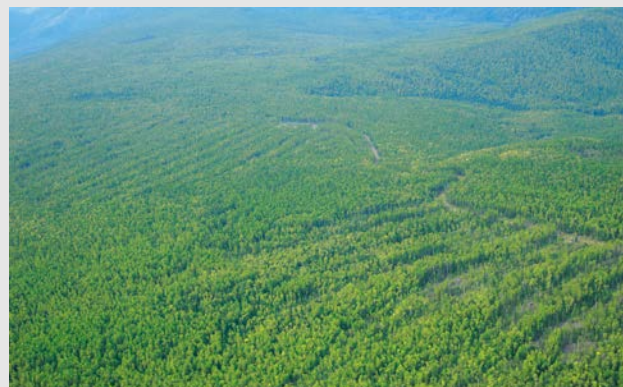
We will grow earnings by further expanding and strengthening the earnings foundations of major operating companies and other existing businesses in Japan while exploiting expertise and advantages fostered in existing businesses to advance global business development based on long-term perspectives.

Also, focusing on the five core businesses that are the strengths of this business unit and which comprise its earnings foundations—J:COM, SCSK, Jupiter Shop Channel, Summit, Inc., and real estate businesses—the business unit will bolster and expand collaboration among its various businesses and enhance the value of each business with a view to growing earnings even further.

## Initiatives Aimed at Addressing Social Issues

### Beginning of Sustainable Forestry Management

The Sumitomo Corporation Group has a stake in OAO Terneyles, which owns approximately 2.76 million hectares of forested land in the Russian Far East and operates a general forest products business. To preserve precious forest resources and ensure sustainability, the company uses a logging method called "ribbon cutting" or "strip felling," which leaves parent trees intact so that they can drop seeds, thereby allowing new trees to grow naturally. Based on this method, we will sustain its forests.



Adoption of ribbon-cutting method that leaves lines of trees



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

### Summary of Main Fields

#### Media and Network Field



A sales store of our telecommunication business in Myanmar

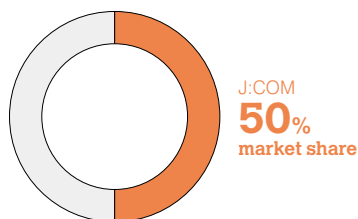
#### Opportunities and Risks

In the media and telecommunications industry, users' lifestyles and market circumstances are changing in step with the rapid spread of smart-phones, tablet computers, and higher speed data connectivity at lower prices.

Also, new business opportunities are increasing due to the increasingly widespread use of the Internet of Things (IoT) and other ICT across a range of industries and regulatory easing, such as the deregulation of electricity retailing.

#### Domestic Cable TV market

(As of Sep. 2015)

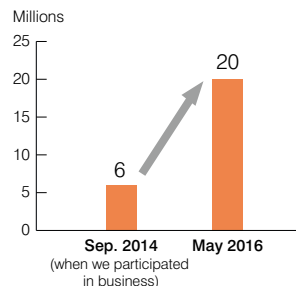


#### Growth Strategies

In Japan, focusing on J:COM and SCSK, which are leading companies in their industries, the Sumitomo Corporation Group will promote collaboration among divisions and expand earnings foundations. In addition, we will capitalize on expertise garnered through media businesses in Japan and telecommunications in emerging countries to advance global business development.

In the telecommunication business in Myanmar, aiming to win out intensifying customer acquisition competition, we will enhance the quality of our telecommunication service, expand the sales network, and offer value-added services such as mobile money.

#### Number of Subscribers of Our Telecommunication Business in Myanmar



#### Retail and Food Field



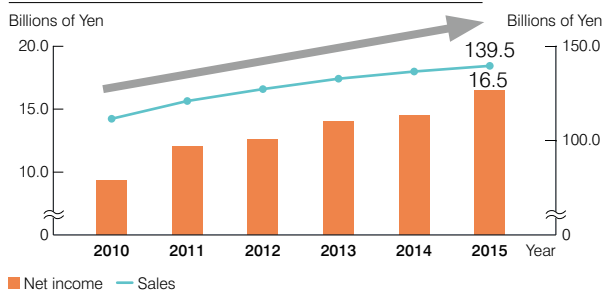
Produce area at a Summit Store, the supermarket

#### Opportunities and Risks

Consumers' lifestyles are changing constantly, and catering to changes in purchasing behavior in the retail industry, including such sectors as TV shopping and supermarkets, is required.

Further, due to the economic growth and rising populations of emerging countries within Asia and in other regions, securing a stable food supply is regarded as a global issue, and taking action in response to increasing demand is needed.

#### Sales and Net Income of Jupiter Shop Channel



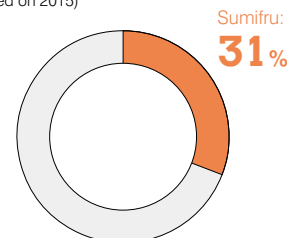
#### Growth Strategies

Based on the capital reorganization that involved J:COM and KDDI, we will further strengthen the business foundations of Jupiter Shop Channel and accelerate measures to create synergies.

Regarding food businesses, we will reinforce food value chains in banana businesses, which are among our strongest businesses, and in the flour-milling, sugar-refining, and meat businesses to build an optimal business portfolio.

#### Sumifru's Share of Japan's Banana Imports\*

(Based on 2015)



\* Source: Sumifru

## Materials, Supplies and Real Estate Field



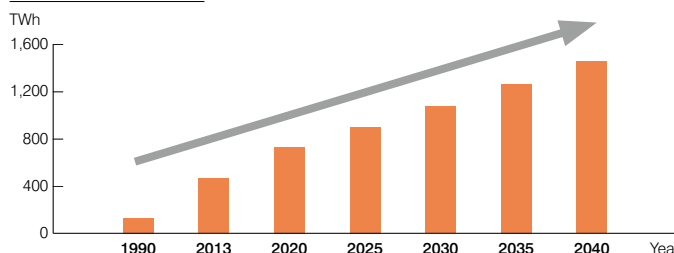
One of the largest mixed-use-building development projects in Ginza

### Opportunities and Risks

The real estate property market in and around Tokyo is expected to remain solid as the 2020 Tokyo Summer Olympic and Paralympic Games approach. On the other hand, competition among developers has intensified due to a recent rise in the market.

In the materials and supplies field, reflecting the increasing momentum of environmental measures, interest in biomass fuel for power generation is growing worldwide. In addition, Japan is likely to see solid demand for construction materials in the run up to the 2020 Tokyo Summer Olympic and Paralympic Games.

#### Worldwide Biomass Power Generation Volume: Trend and Forecast



### Growth Strategies

Our real estate businesses aims to expand further in the United States and Asia by exploiting comprehensive expertise fostered in Japan. With regard to domestic business, we have been focusing on accumulating high-quality assets in strategic areas as well as cultivating non-asset businesses in parallel with steady development of office buildings, retail facilities, and condominiums. In relation to materials and supplies businesses, we will take advantage of collaboration among organizations to strengthen the earnings foundations of businesses handling cement and other construction materials and develop manufacturing businesses to meet global demand for biomass fuel.

## Project Overview

### Capital Reorganization of TV Shopping Business

Since 1996, we have been operating a TV shopping business that caters to consumers' ever-changing needs through Jupiter Shop Channel. In March 2016, the ownership structure of Jupiter Shop Channel was altered by having J:COM and KDDI Corporation (KDDI) respectively acquire 50% and 5% of Jupiter Shop Channel shares, placing the company under the control of a new partnership among Sumitomo Corporation, J:COM, and KDDI. This will enable J:COM and Jupiter Shop Channel to conduct sales and promotional activities targeted at each other's customers to cultivate new customers and expand their businesses. This business unit is thus able to leverage the strength of each of its businesses while reinforcing collaborations among them to develop new services and businesses, which will lead to enhancing customer satisfaction and increasing earnings.

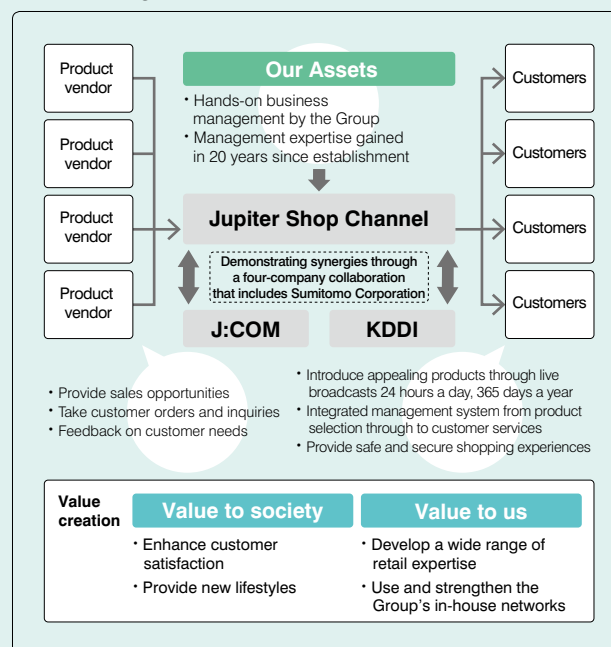


J:COM



The building of J:COM Shonan, a J:COM operation station (top left)  
TV screen image of "Shop Channel" broadcast (bottom right)

#### Value-Creating Business Model



# Mineral Resources, Energy, Chemical & Electronics Business Unit

## Main Fields

- Mineral Resources & Energy
- Chemical & Electronics

## Organization

- Planning & Coordination 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



## “What We Aim to Be”

In the mineral resources and energy field, we aim to build a high-quality portfolio that is effectively diversified against risk, while in the chemical and electronics field our goal is to develop high-value-added businesses.

## Masahiro Fujita

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

### Mineral resources and energy

- Equity interests in high-quality mines and oil and gas projects
- Track record of participating in operation and business management of mines and experience and expertise accumulated as a result
- Stable relationships with customers and business partners with global operations

### Chemical and electronics

- Expertise and global customer base developed through many years of trading
- Electronics Manufacturing Services (EMS), which call for advanced production technology as well as quality control and supply chain management

## Strengths

### Mineral resources and energy

- Bringing forward completion and profit realization of projects that are in ramping up stages
- Strengthening of competitiveness through ongoing cost reduction in existing businesses

### Chemical and electronics

- Rapid realization of profitability in new businesses in petrochemicals, crop protection products, and pharmaceuticals fields
- Participation in global fields for niche, high-value-added chemicals

## Challenges

### Mineral resources and energy

- Increase in the demand for mineral resources and energy over medium-to-long term as economic growth continues
- Based on replacement of existing assets, careful consideration of acquisition of equity interests in highly cost-competitive projects that are in production

### Chemical and electronics

- Acquisition of new businesses in step with population increases and economic development of emerging countries, mainly in Asia and South America
- Expansion and increasing sophistication of EMS value chains related to energy saving and resource saving

## Opportunities

### Mineral resources and energy

- Slumping demand and low resource prices stemming from slowdown of economic growth in China and emerging countries
- Competition to increase production among resource majors and continuation of oversupply
- Country risk associated with changes in legal systems of countries in which projects are located

### Chemical and electronics

- Slowdown of economic growth and currency depreciation among emerging countries
- Market downturns due to weather and other external factors
- Loss of advantages due to technological innovation, industry reorganization, or new entry of other companies

## Risks

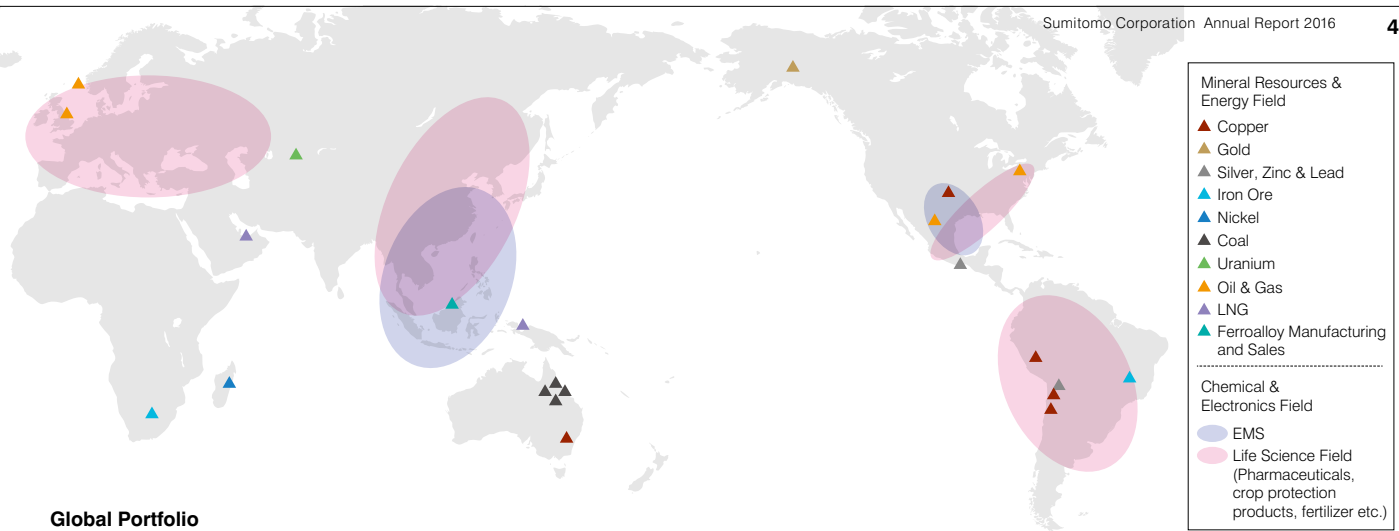
## Performance Highlights

(Billions of yen)	FY2014	FY2015	FY2016 Forecast
Gross profit	86.9	80.3	67.0
Operating profit (loss)	(170.3)	5.1	—
Share of profit of investments accounted for using the equity method	(53.8)	(155.4)	—
Profit (loss) for the year (attributable to owners of the parent)	(191.0)	(151.6)	(23.0)
Basic profit (loss)	(42.0)	(145.2)	—
Total assets	1,682.7	1,434.4	—

## Fiscal 2015 Results

In fiscal 2015, loss for the year improved ¥39.4 billion year on year, to ¥151.6 billion. As a result of revising medium-to-long-term forecasts for resource prices and business plans, impairment losses of ¥156.8 billion arose, which included losses arising from the Ambatovy nickel project in Madagascar and iron ore businesses in South Africa and Brazil. Excluding the effect of impairment losses, the results of businesses in the mineral resources and energy field were lackluster due to a further fall in market prices. In the chemical and electronics field, however, businesses performed solidly overall.





Global Portfolio

## Growth Strategies for Becoming What We Aim to Be

### Earnings Pillars

- **Mineral resources and energy**  
Increase value by strengthening cost competitiveness of existing projects that are in production
- **Chemical and electronics**  
Expand earnings bases of businesses related to crop protection products  
Bolster foundations of Electronics Manufacturing Services (EMS) businesses for automobiles

### Future Pillars

- **Mineral resources and energy**  
Bring forward completion and profit realization of projects that are in ramping up stages  
Advance trading centered on natural gas and LNG in the United States
- **Chemical and electronics**  
Maximize synergy benefits with phenol manufacturing businesses  
Enter the automotive parts business field  
Strengthen capabilities and services further in the pharmaceuticals field, including cosmetic ingredients

## Fiscal 2015 Overview

In the mineral resources and energy field, we concentrated efforts on bringing forward the start-up of projects that are in ramping up stages. For example, Ambatovy nickel project in Madagascar has achieved financial completion under project financing. Also, we prepared policies for the management of our upstream resources portfolio and established a dedicated organization with a view to strengthening market analysis capabilities and technology evaluation capabilities.

As for the chemical and electronics field, we took steps to expand businesses and strengthen earnings bases, including the establishment of a multifaceted crop-production support business in Brazil and deciding to begin an EMS business in Cambodia, where the growth of manufacturing industries is promising.

## BBBO2017 Growth Strategies

In the mineral resources and energy field, we will continue to make efforts to bring forward the completion and profit realization of projects that are in the ramping up stages. Also, based on the replacement of existing assets, we will carefully consider the acquisition of high-quality, cost-competitive assets. Regarding the chemical and electronics field, we aim to enhance profitability by establishing high-value-added, differentiated businesses and trading. With this in mind, we will anticipate needs in highly changeable industries, expand our business field into manufacturing, and realize synergies with the other business fields to heighten our capabilities even further.

## Initiatives Aimed at Addressing Social Issues

### The San Cristobal Mining Operation in Bolivia: Contributing to the Sustainable Development of Local Communities and Responding to the Rising Demand for Non-ferrous Metals

New mine development is necessary in order to respond to the expected medium-to-long-term growth in demand for non-ferrous metals, and contributing to the sustainable development of local communities is indispensable for the smooth development and operation of new mines. The San Cristobal mine in Bolivia, operated by the Sumitomo Corporation Group, contributes to the local economy through direct and indirect employment. Furthermore, the mine supports the sustainable development of local communities by establishing industrial and daily life infrastructure and developing human resources through technical training.



Providing instruction on vaccination of valuable livestock such as llamas



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

# Summary of Main Fields

## Mineral Resources and Energy Field

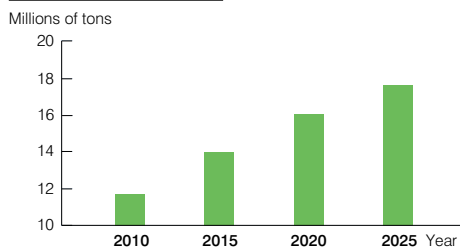


An offshore oil production platform in the British North Sea

### Opportunities and Risks

Over the medium-to-long term, demand for mineral resources and energy, which are used in a wide range of industries, is expected to rise as an increase in population continues to drive economic growth. Currently, however, demand remains soft and prices continue to fall due to decelerating growth among emerging countries. In these conditions, mineral resources companies continue to increase production with a view to decreasing the unit cost of products, which consequently ends in continued oversupply. Other potential threats include country risks associated with changes in the legal systems of countries in which projects are located.

### Zinc Demand Volume



### Growth Strategies

We will take advantage of the experience and expertise we have acquired through operations and participation in business management to enhance the quality of our portfolio. We intend to keep focusing efforts on bringing forward the profit realization of such projects as the nickel project in Madagascar and bringing forward the completion and profit realization of projects that are in the ramping up stages, such as the copper and molybdenum mine in Chile. In conjunction with these efforts, we will continue reducing costs in existing businesses to improve earning power. Based on the replacement of existing assets and careful consideration of timing, we will continue to make efforts to make new investments with a view to acquiring truly high-quality projects.

As the economies of emerging countries develop, demand for zinc continues to increase due to the growth in demand for galvanized automotive steel sheets and steel sheets for railway and power infrastructure. The Sumitomo Corporation Group operates the San Cristobal mine, zinc production of which ranks 6th in the world, and we will contribute to the stable supply of zinc by further increasing the mine's operational efficiency and competitiveness.

## Project Overview

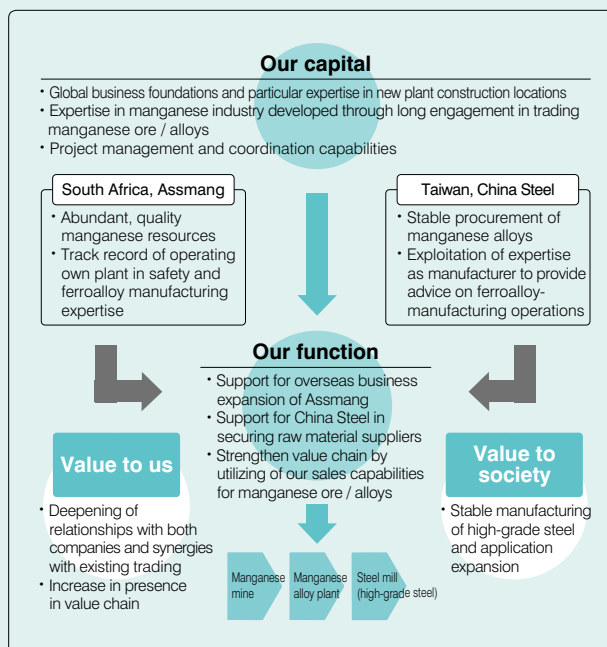
### Ferroalloy Manufacturing and Sales Business That Enables an Optimal Value Chain Linking Supply and Demand Regions

A raw material added to enhance steel's strength and wear resistance, manganese is essential in the manufacturing of high-grade automotive steel sheets. Demand for high-grade steel sheets and manganese alloys is likely to rise as emerging economies develop. With this in mind, the Sumitomo Corporation Group is advancing a manganese alloy manufacturing and sales business in Malaysia in partnership with Assmang Ltd., of South Africa, and China Steel Corporation, of Taiwan. Assmang has a wealth of manganese resources and wants to step up overseas expansion, while China Steel needs a stable supply of manganese alloys. Based on relationships of trust fostered through many years of trading with both companies, Sumitomo Corporation has developed this project, which is contributing to the expansion of their businesses and the growth of the Sumitomo Corporation Group, which coordinates the overall business.



A manganese alloy manufacturing plant in Malaysia

### Value-Creating Business Model



## Chemical and Electronics Field

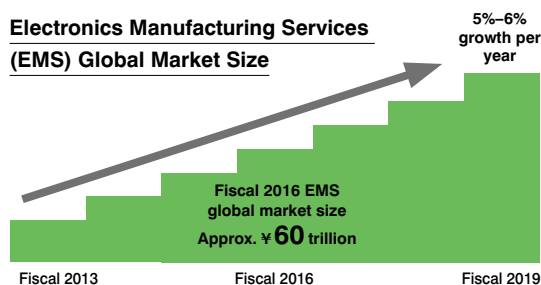


A Sumitomo Corporation Group Electronics Manufacturing Services (EMS) plant in Thailand

### Opportunities and Risks

Given the likelihood of greater demand for food as populations rise and economies develop in emerging countries, demand is expected to increase for crop protection products and fertilizers as they are essential for enhancing the quality and yield of agricultural products. Further, we view the need for responses to the raw material procurement risk accompanying the steady decline in Japan's petrochemical production as a business opportunity. On the other hand, crop protection products businesses need to address risks that include market downturns due to external factors, such as currency depreciation in emerging countries or weather.

#### Electronics Manufacturing Services (EMS) Global Market Size



### Growth Strategies

We will exploit the expertise and customer bases that we have acquired to develop high-value-added trading, maximize synergy benefits in phenol manufacturing businesses in China, and strengthen value chains for EMS businesses, which aim to expand in the vehicle installation field. Also, plans call for expanding our earnings base by extending our global sales network for crop protection products and bolstering existing businesses in such fields as fertilizers, pharmaceuticals, and cosmetic ingredients.

The global market for EMS continues to grow at a high rate of 5% to 6% annually, reflecting the increasing incorporation of electronics in automobiles and the spread of smartphones in emerging countries. In fiscal 2016, this market is likely to account for revenues of approximately ¥60 trillion.

Manufacturers of equipment installed in automobiles are stepping up outsourcing of manufacturing to providers of EMS. The Sumitomo Corporation Group will accurately identify such opportunities to expand EMS businesses.

## Project Overview

### Animal Health Business: Addressing to Growing Demand for Meat and Food Safety

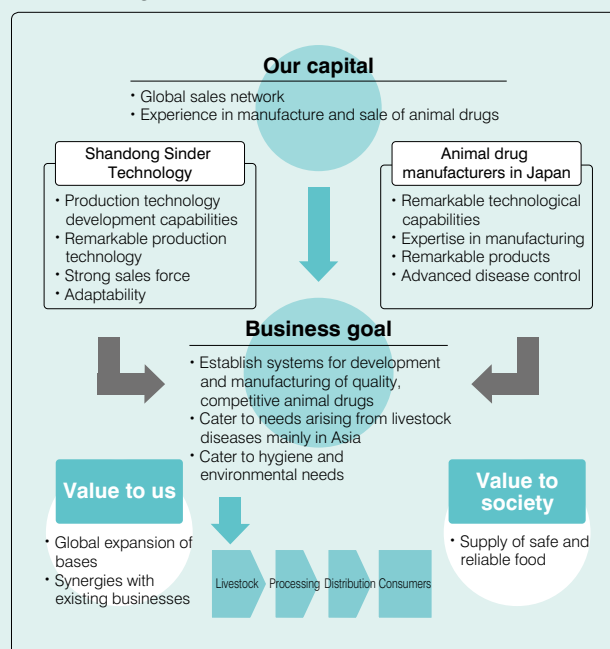
In accordance with the growth of the global population and living standards in emerging countries in Asia and other regions, demand for animal protein (meat) and food safety is rising. Further, in China, the world's largest livestock (LS) market, a new law more strictly controlling residual drugs in meat products has been enforced, and much safer livestock vaccines are required in the market.

The Sumitomo Corporation Group entered into the animal medicine business in China by acquiring 25% of the stock of Shandong Sinder Technology Co., Ltd., which has particularly been focusing on animal vaccines. We are confident of being in a leading position in the animal health field due to our long business experience. Therefore, the partnership with Shandong Sinder Technology will enable us to lead Japanese animal health companies into overseas markets and contribute more to food safety and its stable supply. Our goal is to expand the animal health business globally and to achieve around ¥100 billion sales in the future.



Shandong Sinder Technology Co., Ltd., and one of its production lines

#### Value-Creating Business Model



## Overseas Four Broad Regions

# East Asia

## “What We Aim to Be”

**We will help the Sumitomo Corporation Group advance its growth strategy and become what it aims to be by identifying qualitative changes in East Asia’s economy and exploiting our unique capabilities as a regional organization.**



**Fumihiro Koba**

General Manager for East Asia

## Regional Strategies for Becoming What We Aim to Be

Comprising China, Taiwan, South Korea, and Mongolia, East Asia represents a market with burgeoning potential. In many fields in the region, economic growth and social change is giving rise to new business opportunities. Based on dynamic, timely business management decisions that take advantage of a wide-zone operation system, we will strengthen the earning power of the Group on a global basis by leveraging its global network and information acquired thanks to our strong presence in the region. In particular, we intend to continue focusing management resources on four fields that promise strong growth: mineral resources and energy, automobile-related, domestic consumption, and the environment related and energy saving business. Also, we aim to strengthen our earning power by advancing joint ventures with Chinese companies when they enter overseas markets. For example, we plan to deepen our relationship with China International Marine Containers (Group) Ltd., a world leading supplier of logistics and energy equipment in the logistics and energy fields.

## Initiatives Aimed at Addressing Social Issues

### Advancing Water Treatment Project in Partnership with a Major Company in China

While China has grown into the world's second largest economy, the country's rapid economic growth, industrialization, and urbanization have created serious environmental problems. In response, China's government is taking measures to prevent air, water, and soil pollution. With respect to water, the government announced an action plan for the prevention of water pollution in 2015. This plan calls for the treatment of 95% of sewage in urban areas by 2020 and sets emission standards for each region. To meet the target and standards, the government is promoting the building and upgrading of sewage treatment plants.

In response, the Sumitomo Corporation Group established a joint venture, Eastern Water Co., Limited, with Beijing Capital Co.,

Ltd., China's largest company in the water treatment field. In three Chinese cities, the joint venture treats approximately 380,000 tons of sewage per day. Moreover, in collaboration with Beijing Capital, we are developing new water treatment projects in China. In these projects, we are introducing Japan's water treatment-related technology and exploiting our experience and expertise in overseas infrastructure projects. Among our various environment-related projects in China, we view water treatment projects as one of our highest priority fields. By advancing water treatment projects, we will continue improving China's environment and contributing to the development of local communities.



The sewage treatment plant in Linyi, Shandong



# Asia and Oceania

## "What We Aim to Be"

**We will identify emerging trends and demands in Asia and Oceania's highly dynamic market, work with business partners in each country to create new value and help local communities achieve prosperity and realize dreams.**



**Masao Sekiuchi**  
General Manager for Asia & Oceania

## Regional Strategies for Becoming What We Aim to Be

In Asia and Oceania, deregulation in goods and services is set to progress further with the establishment of the ASEAN Economic Community and Trans-Pacific Partnership (TPP) in-principle agreement. Increased development of power, transportation and other social infrastructure, along with a rapidly growing middle class, will generate a wide array of business opportunities. Against this backdrop, the Sumitomo Corporation Group is actively deploying management resources to bring forth new value. For instance, we are strategically positioning retail, food, and agriculture in Asia as key industries to focus on, while strengthening our foothold in India and Myanmar aggressively. Asia and Oceania comprises countries of different cultures and stages of economic development. We will identify each country's social and economic needs, leverage our network in the region, and work with major business partners to steadily advance businesses that are rooted in local communities. Through these activities, we hope to help local communities achieve prosperity and realize dreams.

## Initiatives Aimed at Addressing Social Issues

### Developing Industrial Parks in Asian Countries that Help Advance Companies and Local Communities

The Sumitomo Corporation Group is developing industrial parks in Indonesia, the Philippines, Vietnam, and Myanmar. Our unstinting approach to customer service has earned these industrial parks an impressive reputation among local communities and tenant companies. When selecting candidate sites for industrial parks, as well as surveying ground, soil, and water quality, we carefully evaluate the impact on the living conditions of local residents. Also, we aim to exist in harmony with local communities. Gaining acceptance from local communities as good corporate citizens is important for industrial parks and tenant companies from the viewpoints of enabling tenant companies to conduct business activities with peace of mind and fulfilling corporate social responsibilities through employment of

local residents. With this in mind, we coordinate with tenant companies to contribute to the education and welfare of local communities. For example, we provide stationery to nearby schools and kindergartens, donate fire trucks to municipal authorities, repair aged school buildings, and provide vocational training to local residents. Our goal is to create industrial parks that not only help companies establish bases and conduct business smoothly in Asia but also help develop local communities and invigorate their economies. Based on the track record and experience we have acquired over many years, we will continue developing industrial parks that reflect the needs of each region and country and which enrich tenant companies and help local communities achieve prosperity and realize dreams.



Presenting scholarships to an elementary school near the Thang Long Industrial Park in Vietnam



## Overseas Four Broad Regions

# Europe, the Middle East, Africa, and the Commonwealth of Independent States (CIS)



## “What We Aim to Be”

**We will make an all-out effort to advance business development, organically linking the Sumitomo Corporation Group’s capabilities while strengthening our customer base and information networks even further in Europe, the Middle East, Africa, and the Commonwealth of Independent States (CIS), a region rich in diversity.**



**Kiyoshi Sunobe**

General Manager for Europe, Middle East, Africa & CIS

## Regional Strategies for Becoming What We Aim to Be

Working in Europe, the Middle East, Africa, and the CIS presents us with a wide spectrum of diverse markets with limitless business potential. Although markets in the region are facing a variety of challenges in their respective business environments, we are responding flexibly to market changes based on our networks and are developing businesses that capitalize on each area’s unique characteristics. In Europe, focusing on advances in the development of innovative technology, we are creating businesses in fields related to the environment and innovation. Meanwhile, in Africa and the CIS, we are focusing particular efforts on pioneering in infrastructure-related businesses. Furthermore, in the Middle East, by forging partnerships with major local companies, we are generating business opportunities not only in the energy-related business fields but also across a broad variety of industries.

The Sumitomo Corporation Group’s integrated corporate strength drives development forward, while our regional professionals and local networks support and enable such business development initiatives. In Europe, the Middle East, Africa, and the CIS, we will heighten these capabilities even further and continue forging ahead with ambitious initiatives in this region.

## Initiatives Aimed at Addressing Social Issues

### Aiming to Coexist and Prosper with Madagascar and Contribute to Its Sustained Development

In Madagascar, the Sumitomo Corporation Group is engaged in Ambatovy nickel project, one of the world’s biggest nickel projects, integrating ore extraction through to metal production. Given that this is Madagascar’s largest ever natural resource project, we are paying the utmost attention not only to safety but also to the project’s effect on the environment and society as the project proceeds. For this project, we are conducting an environmental program in collaboration with government bodies as well as NGOs in and out of Madagascar that specialize in environmental conservation. The mine is located in the eastern part of the country on the southern edge of a tropical rainforest, where slash-and-burn farming and hunting have taken a toll on the area’s environment. We are taking steps to ensure that our presence results in no net

loss, and preferably, a net gain of biodiversity for the area’s ecosystem. For example, we have established a buffer zone around the mine and are restoring the surrounding area to protect rare plants and animals. Also, at a site distant from the mine, we have chosen a nature preserve with similar ecological conditions as the mine area.

Further, the project has established the Social Investment Fund of US\$25 million principally tasked with developing social infrastructure. Collaborating with Madagascar’s government, municipal governments, and project partners and drawing on the experience and expertise of those involved in the project, we are selecting and executing infrastructure projects. In addition, we are using the fund to help establish systems and develop personnel to ensure the transparent management and

use of the significant amount of royalties that the project will pay to Madagascar’s national and municipal governments.



Local farmers receiving agricultural training, one of our many projects contributing to the local community

# The Americas

## "What We Aim to Be"

**The Americas is a region filled with infinite opportunity. We identify the characteristics of each market and focus efforts on expanding businesses in fields where we can effectively apply our strengths and take on challenges to drive growth.**



**Toshikazu Nambu**  
General Manager for the Americas

## Regional Strategies for Becoming What We Aim to Be

In the Americas, we mainly deploy management resources in four strategic fields: energy, infrastructure, consumer, and food and agriculture. In fields where we can benefit from the favorable conditions that North America's steady growth provides, we will accumulate high-quality assets and further strengthen the robust foundations and presence of our businesses. Also, through multiple working groups, we are engaged in collaborative projects that span our organization laterally. And, by strengthening relationships with customers and major partners, we are discovering new business opportunities. In Central and South America, a region with abundant potential, we identify particular needs and changing conditions ahead of competitors and build businesses in which we can realize our strengths. We intend to become thoroughly familiar with the market and acquire competence in proposing ideas for developing businesses rooted in the region. At the same time, we emphasize operational excellence. Our goal is to be the most trusted partner with businesses and customers. Through these efforts, we will contribute to the continued growth of the Sumitomo Corporation Group and the enrichment and development of respective regions.

## Initiatives Aimed at Addressing Social Issues

### Investing in a Biomass Fuel Manufacturing Business in Brazil

We concluded an agreement to take a 20% stake in Cosan Biomassa S.A., which is engaged in the manufacture and sale of sugarcane biomass pellets used in biomass power generation. Cosan Biomassa is part of the Cosan Group, a Brazilian conglomerate which owns the world's largest producer of sugar and sugarcane-based ethanol. In May 2016, we began participating in the business management of Cosan Biomassa, which has developed original technology for compression molding into solid fuel pellets, sugarcane residues such as bagasse from sugar mills and left-over straw from sugarcane fields. Commercial production is under way at the company's first plant. However, as a result of our participation in business management, the company plans to expand the plant and step up exports to Japan and Europe

as well as domestic sales in Brazil.

The state of São Paulo, where Cosan Biomassa is headquartered, produces sugarcane residue equivalent to 45 million tons of solid fuel pellets. As the market expands, we plan to increase production capacity to 2 million tons by 2025. Further in the future, we want to ramp up production capacity to 8 million tons—equivalent to 5% of the annual fuel consumption of all coal-fired thermal power plants in Japan.

Plant-derived biomass is a form of renewable energy that is carbon neutral: it does not add to the volume of CO<sub>2</sub> in the atmosphere. The CO<sub>2</sub> it produces when combusted is CO<sub>2</sub> that plants absorbed from the atmosphere through photosynthesis. Because it fuels power generation, reduces fossil fuel use, and curbs CO<sub>2</sub> emissions, plant-derived biomass is an energy resource that will

contribute to the prevention of global warming and the realization of a recycling-based society. By securing and supplying biomass resources, the Sumitomo Corporation Group is helping to promote global warming countermeasures worldwide.



Signing ceremony attended by (from left) the Vice Minister of Foreign Affairs and the Ambassador to Japan

## Appointment of General Manager for Japan Region to Support Cross-Organizational Collaboration

In April 2016, we changed our domestic organizational structure and appointed a general manager for Japan region. The aim of the new structure is to accelerate coordination between business units in formulating and advancing domestic market strategies that treat Japan as a single unified market. In addition, we will encourage cross-organizational collaboration among regional offices in the Kansai, Chubu, Kyushu, Hokkaido, and Tohoku regions; business units; and corporate groups, thereby reinforcing consolidated Group management and further exercising the Company's integrated corporate strength.



**Hiroki Inoue**

General Manager for Japan Region

### Message from the General Manager for Japan Region

The operating environment for the Japanese market is in a state of constant and significant change stimulated by the recent surge in inbound visitors from overseas and the utilization of private-sector funds and expertise to operate public facilities and provide public services.

In 2014, the second Abe Cabinet unveiled a new growth strategy that entails directly targeting local economic spheres to create virtuous cycles in regional economies through regional development in a type of "local Abenomics."

Against this background, we have chosen to once again position the Japanese market as a growth market. Accordingly, regional strategies will be formulated from an all-encompassing perspective, and cross-organizational collaboration will be promoted among the Japan Head Office, regional offices, operating companies, and local independent corporations. My duty is to facilitate these efforts.

By providing various forms of support to the domestic business efforts of each organization, I hope to contribute to increases in domestic earnings for the entire Sumitomo Corporation Group.

