

For Immediate Release

Sumitomo Corporation Announces Financial Results for the Fiscal Year ended March 31, 2016

On May 9, 2016, Sumitomo Corporation announced its consolidated results for the fiscal year ended March 31, 2016, prepared on the basis of International Financial Reporting Standards (IFRS).

1. Financial Highlights

- For the fiscal year ended March 31, 2016, “Profit for the year attributable to owners of the parent” totaled 74.5 billion yen.

When we announced the 3rd quarter results of FY 2015 on February 5, 2016, we revised our annual consolidated earnings forecasts downward to 100.0 billion yen, due mainly to the impairment losses of approximately 170 billion yen. As a result, we posted the impairment losses of 195.1 billion yen in total as follows:

Impairment losses posted in FY 2015

Unit: Billions of yen (rounded to the nearest 100 million yen)	FY2015		
	Total	Q3	Q4
Total	(195.1)	(111.6)	(83.5)
Nickel mining and refining business in Madagascar	(77.0)	(77.0)	
Iron ore mining project in South Africa	(18.3)	(18.3)	
Edgen Group	(18.1)		(18.1)
Iron ore mining project in Brazil	(14.6)		(14.6)
Copper and molybdenum mining business in Chile	(14.0)	(14.0)	
Coal mining projects in Australia	(12.1)		(12.1)
Grain business in Australia	(11.4)		(11.4)
Others	(29.5)	(2.2)	(27.3)

“Basic profit (*1)”, excluding the impairment losses, totaled 193.2 billion yen, representing a decrease of 53.2 billion yen from the previous fiscal year.

Mineral resources businesses and tubular products business decreased of approximately 70 billion yen in total, while non-mineral resources businesses increased of 18.0 billion yen.

*1: Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) x (1 – Tax rate (*2)) + Share of profit (loss) of investments accounted for using the equity method

*2: Tax rate: FY2014 36%, FY2015 33%

- Summarizing the results for the fiscal year, following on from the previous fiscal year, we posted a large amount of impairment losses, principally in mineral resources businesses, owing to the decline in oil and mineral resources prices. In addition, our mineral resources businesses and tubular products business, excluding impairment losses, recorded deficits. On the other hand, our non-mineral resources businesses, such as media business and leasing business, showed robust performance and continued to increase profits.
- “Free cash flow” totaled 514.3 billion yen inflow.
In the fiscal year, despite the approximately 270 billion yen in investment execution, free cash flow recorded a large surplus, driven by collection of funds of approximately 230 billion yen due to asset replacements, including the business reorganization of the automobile financing business in Indonesia and sale of the renewable energy power generation businesses, along with the decrease in working capital. As a result of these factors and the effects of the yen’s appreciation, “Total assets” decreased by approximately 1,200 billion yen year-on-year to 7,817.8 billion yen.

2. Annual Forecasts for the Fiscal Year Ending March 31, 2017

The global economic situation and the annual forecasts are as follows:

- As regards the future global economy, though developed countries led by the U.S. are expected to continue their slow but steady growth, there is growing uncertainty about the future, including a slowdown of the Chinese economy, the acceleration of capital outflows from some emerging countries, and the prolonged decline of mineral resources prices, which could also weigh down the recovery of the Japanese economy.
- Looking at our business performance in this context, although stable performance is expected in our non-mineral resources businesses, we expect the difficult business climate for our mineral resources businesses and tubular products business.
In addition, we estimate approximately 10 billion yen in profit deterioration due mainly to the current appreciation of the yen, along with 20 billion yen as costs for improving our financial soundness through the steady execution of asset replacement, in the next fiscal year.
- Taking these factors into account, we forecast consolidated profits of 130 billion yen for the fiscal year ending March 31, 2017.

3. Dividend

- Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

During “Be the Best, Be the One (BBBO) 2017”, the medium-term management plan launched in March 2015, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with 50 yen per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference.

Although the consolidated profits for FY 2015 resulted 74.5 billion yen, the annual dividend for the fiscal year ending March 31, 2016, is projected to be 50 yen per share as recently announced. The year-end dividend is projected to be 25 yen per share since the interim dividend was 25 yen per share.

- The annual dividend forecast for the fiscal year ending March 31, 2017, is projected to be 50 yen per share based on our dividend policy during BBBO2017.

4. Partial modification of medium-term management plan “BBBO2017”

- We modified some parts of our medium-term management plan “BBBO2017”, originally announced on March 25, 2015. For details, please refer to the Consolidated results FY 2015 (Management Policy, 2. Management Challenges) released today.

For further information contact:

Sumitomo Corporation

Investor Relations Dept.

Phone: +81-3-5166-3469

Fax : +81-3-5166-6292

e-mail: ir@sumitomocorp.com

Cautionary Statement Concerning Forward-Looking Statements

This report includes forward-looking statements relating to our future plans, forecasts, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. The management forecasts included in this report are not projections, and do not represent management's current estimates of future performance. Rather, they represent forecasts that management strives to achieve through the successful implementation of the Company's business strategies. The Company may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts.

The Company is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.