

【Presentation】
Quarterly Results for FY2016
(Three-month period ended June 30, 2016)

August 1st, 2016
Sumitomo Corporation

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.

1. Operating Results

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(Unit: Billions of yen)	FY2015 Q1 (Apr.-Jun.)	FY2016 Q1 (Apr.-Jun.)	Increase/ Decrease	FY2016 Annual Forecasts (announced in May, 2016)	Progress
Profit for the period	82.0	22.7	-59.3	130.0	17%
Basic profit^{*1}	67.7	41.1	-26.6	150.0	27%
Mineral resources ^{*2}	5.0	-6.0	-11.0	-40.0	-
Tubular products ^{*2}	3.7	-2.1	-5.7	-	-
Non-mineral resources (excl. Tubular products)	59.0	49.1	-9.9	200.0	25%
			Impact of Forex	-10.0	
One-off profits/losses	Approx. 17.0	Approx. -14.0	Approx. -31.0	Approx. -20.0 ^{*3}	

(Reference) Key indicators		FY2015 Q1 (Apr.-Jun.)	FY2016 Annual Forecasts		
			Q1 (Apr.-Jun.)	Annual Forecasts	
Exchange rate	(YEN/US\$)	121.43	108.16	110.00	
Interest rate	LIBOR 6M (YEN)	0.14%	0.00%	0.00%	
	LIBOR 6M (US\$)	0.42%	0.92%	1.00%	
Copper ^{*1}	(US\$/MT)	5,815	4,668	4,589	
Zinc	(US\$/MT)	2,193	1,915	1,800	
Nickel	(US\$/lb)	6.51	4.00	3.92	
Iron ore ^{*1}	(US\$/MT)	62	48	50	
Hard Coking coal ^{*2}	(US\$/MT)	110	84	80	
Crude Oil	Brent ^{*1}	(US\$/bbl)	54	34	48
	WTI	(US\$/bbl)	58	46	46

^{*1} These commodities show the prices as Jan.-Mar. (Forecasts Jan.-Dec.)
^{*2} Hard Coking coal...Market price

Summary (Results)

- **Mineral resources・Tubular products** : ✓ Decrease in the earnings due to the drop in mineral resources prices
- **Non-mineral resources** : ✓ Decrease in the earnings of automobile distribution & sales business (stagnant emerging markets)
 ✓ Decrease in the earnings of ship business (lackluster shipping market)
 ✓ Robust performance in domestic major group companies
- **One-off profits/losses** : ✓ (FY2016) Tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia^{*4}, etc.
 ✓ (FY2015) Realized gains resulting from asset replacements, etc.

Summary (Annual Forecasts)

- **Mineral resources** : ✓ Holding up at levels of mineral resources prices than initial forecasts
- **Tubular products** : ✓ Gradual recovery in the 2nd half, despite of prolonged difficult business climate
- **Non-mineral resources** : ✓ Stable performance of core businesses, including leasing business, overseas IPP/IWPP businesses, and Media, Network, Lifestyle Related Goods & Services segments, etc.
 ✓ Progress in new large EPC^{*} projects in the 2nd half
 ✓ Impact of lackluster shipping market and stagnant emerging markets

^{*1} Basic profit = (Gross profit + Selling, general and administrative expenses (including provision for doubtful receivables) + Share of profit (loss) of investee) accounted for using the equity method
^{*2} Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)
^{*3} We set costs (2015) for strategic assets replacement in annual forecast
^{*4} Posted provision of withholding tax (10%) in San Cristobal silver-zinc-lead mining project in Bolivia
^{*} EPC ... Engineering, Procurement & Construction
 * Interest expense, net of interest income + Dividends) * (1-Tax rate)

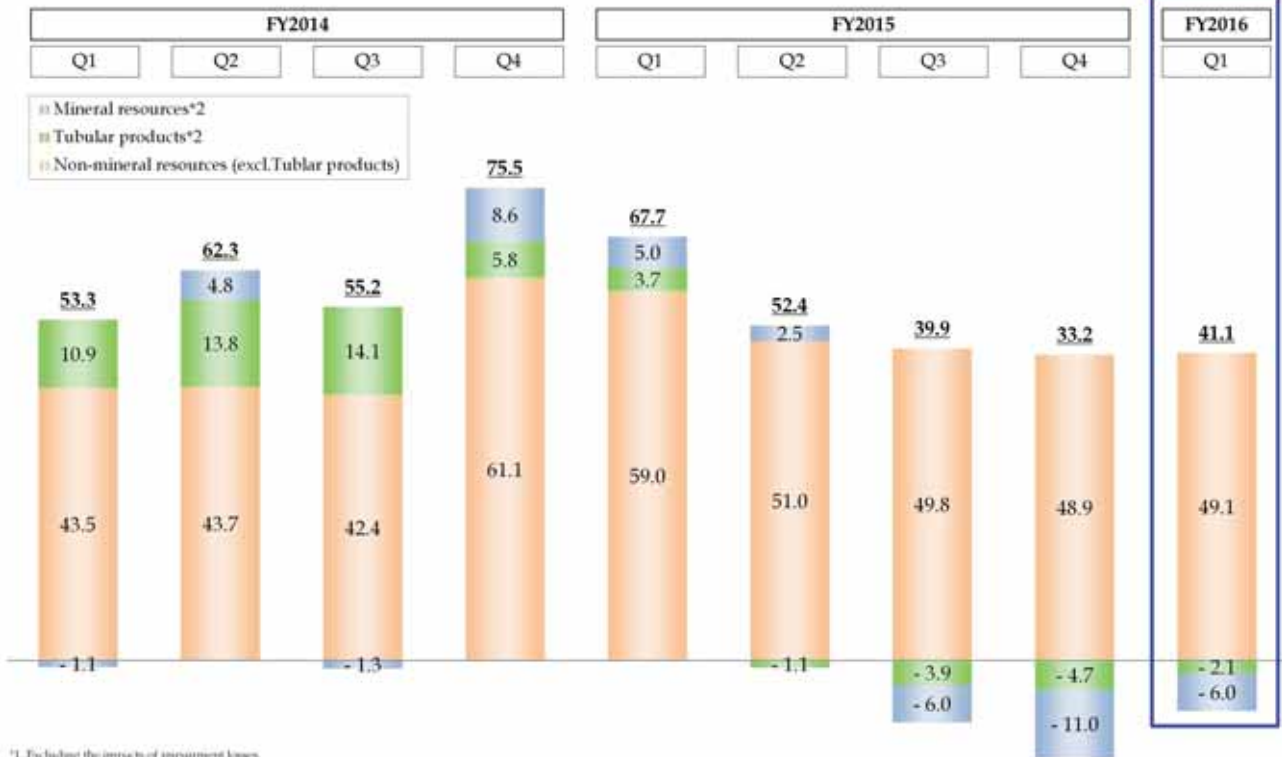
- Profit in 1Q FY2016 : 22.7 billion yen (-59.3 billion yen compared with 1Q FY2015)
- Basic profit in 1Q FY2016 : 41.1 billion yen (-26.6 billion yen compared with 1Q FY2015)
 - ✓ Mineral resources and Tubular products
 - Drop in mineral resources prices
 - ✓ Non-mineral resources excl. Tubular products
 - Steady growth continued in domestic major group companies in Media, Network, Lifestyle Related Goods & Services segment
 - Lackluster shipping market and stagnant emerging markets led to a sluggish performance for ship business and automobile distribution & sales business
 - In 1Q FY2015, large volume of properties transfer materialized in condo business, etc.
- One-off profits and losses
 - Approx. -31 billion yen compared with 1Q FY2015
 - ✓ 1Q FY2016 : approx. -14 billion yen
 - 10.8 billion yen of tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia, etc.
 - ✓ 1Q FY2015 : approx. +17 billion yen
 - Realized gains resulting from asset replacements, etc.
- Progress for the FY2016 Annual Forecasts
 - ✓ Profit : 17% of 130 billion yen
 - ✓ Basic profit : 27% of 150 billion yen

[FY2016 Annual Forecasts are described later]

2. Quarterly Trend for Basic profit^{*1}

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(Unit: Billions of yen)



*1. Excluding the impacts of impairment losses

*2. Global bases, including operations in Overseas Subsidiaries and Branches segment (reference)

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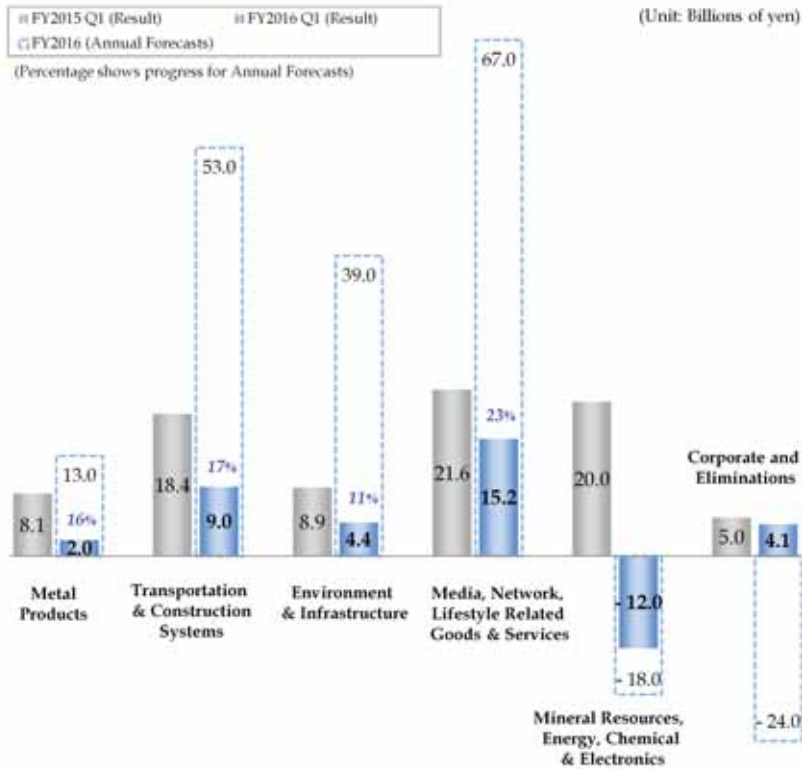
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- Basic profit of Non-mineral resources excl. Tubular products (orange)

Basic profit of 1Q FY2016 is decreased compared with 1Q FY2015, but looking at trends by quarter, continuing at roughly the same levels over the past three quarters

3. Profit for the period by Segment (Global basis*)

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< Summary by segment (Results) >

- **Metal Products**
 - ✓ Decrease in earnings of tubular products business in North America
 - ✓ Stable performance of the operation of overseas steel service centers
- **Transportation & Construction Systems**
 - ✓ Lackluster shipping market and stagnant emerging markets
 - ✓ Robust performance by leasing business and construction equipment rental business in the U.S.
- **Environment & Infrastructure**
 - ✓ Stable performance of overseas IPP/IWPP businesses
 - ✓ Profit from value realization in renewable energy power generation business in the same period of the previous year
- **Media, Network, Lifestyle Related Goods & Services**
 - ✓ Robust performance by domestic major group companies
 - ✓ Realized gains resulting from asset replacements in the same period of the previous year
- **Mineral Resources, Energy, Chemical & Electronics**
 - ✓ Decrease in earnings due to the drop in mineral resources prices
 - ✓ Tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia
 - ✓ The one-off profits stemming from business reorganization in the same period of the previous year

* Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

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- Detail information of segment performance are describe in [IR Supplemental Material]

* From 1Q FY2016, Profit for the period by Segment is presented with "Global basis" for reference purpose
 The numbers of "Global basis" consist of results including operations in Overseas Subsidiaries and Branches segment

4. Cash Flows / Financial Position

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● Cash Flows (Unit: Billions of yen)

	FY2015 Q1	FY2016 Q1
Operating activities	+152.9	+119.6
Investing activities	-46.0	-49.0
Free Cash Flow	+106.9	+70.7
Cash in		
Basic profit cash flow*		+71.7
Depreciation		+28.5
Asset replacement		Approx. +10.0
Others		Approx. +20.0
Cash out		
Investment & Loan		Approx. -60.0

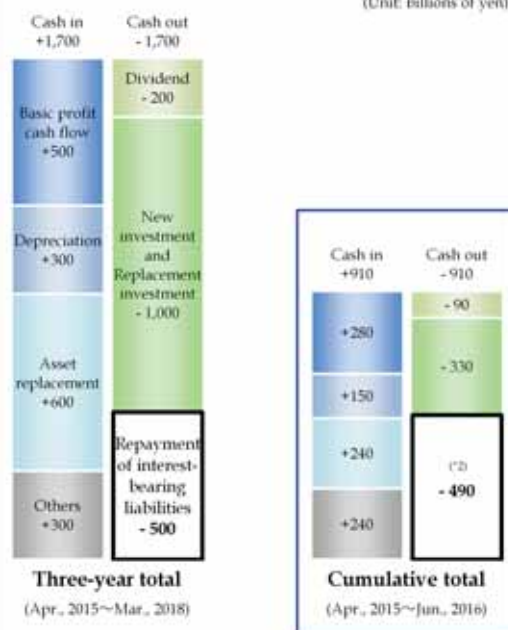
* Basic profit cash flow = Basic profit
 - Share of profit (loss) of investments accounted for using the equity method
 + Dividend from investments accounted for using the equity method

〈 Summary 〉

- **Basic profit cash flow**
 ✓ Core businesses generated cash steadily
 (Dividend from J:COM, Sumitomo Mitsui Finance and Leasing, etc.)
- **Asset replacement**
 ✓ Sale of domestic real estate, etc.
- **Investment & Loan**
 ✓ Acquired office building in the U.S.
 ✓ Increased assets in aircraft engine leasing business, etc.

(Reference) BBBO2017⁽¹⁾ Cash Flow Plans

(Unit: Billions of yen)



(1) We set our post-dividend free cash flow target of 500 billion yen (three-year total), with the funds recovered to be used to repay interest-bearing liabilities, during the term for our current medium-term management plan "Be the Best, Be the One 2017 (BBBO2017)", which covers three years from April 2015 to March 2018.

(2) Cumulative total of our post-dividend free cash flow(+/-) : reversed.

● Financial Position (Unit: Trillions of yen)

As of Mar. 31, 2016		As of Jun. 30, 2016	
Total asset 7.8		Total asset 7.4	
Current assets	3.4	Current assets	3.3
Other liabilities	1.9	Other liabilities	1.9
Non-Current assets	4.4	Non-Current assets	4.2
Interest-bearing liabilities	3.7 (2.8)*	Interest-bearing liabilities	3.5 (2.7)*
Shareholders' equity*	2.3	Shareholders' equity*	2.1
D/E Ratio(Net) : 1.2		D/E Ratio(Net) : 1.3	

* Figures in parenthesis in "interest-bearing liabilities" show "interest-bearing liabilities, net".
 * Shareholders' equity is equivalent to "Equity attributable to owners of the parent" in Consolidated Statements of Financial Position.

〈 Summary (Unit: Billions of yen) 〉

- **Total asset -369**
 (7,818→7,449)
 ✓ Decrease due to the yen's appreciation
 ✓ Decrease in trade receivables
- **Shareholders' equity -186**
 (2,252→2,065)
 ✓ Decrease due to the yen's appreciation

【 Cash Flows 】

- Free cash flow in 1Q FY2016 : +70.7 billion yen
 - ✓ Basic profit cash flow : +71.7 billion yen
 Core businesses generated cash steadily including dividend from major group companies (ex. J:COM)
 - ✓ Investment & Loan : approx. -60.0 billion yen
 Acquired office building in the U.S. and increased assets in aircraft engine leasing business, etc.

【 Financial Position 】

- Total Assets : 7,449.2 billion yen
 (-368.6 billion yen compared with Mar. 31, 2016)
 Due to the yen's appreciation and a decrease in trade receivables
- Shareholders' equity : 2,065.4 billion yen
 (-186.1 billion yen compared with Mar. 31, 2016)
 Due primarily to a decrease in "Exchange differences on translating foreign operations" caused by yen's appreciation

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- As of the end of the first quarter, the FY2016 annual forecasts, including forecast of consolidated profits of 130 billion yen, have not been reviewed
- World Economic Outlook
 We expect moderate growth to continue in the U.S. and other advanced economies, a number of factors are contributing to an increasing lack of clarity about the future, including the slow-down of the Chinese economy, political instability in emerging economies, and growing uncertainty in the wake of Brexit vote
- Outlook of our businesses
 - ✓ **Mineral Resources**
 Aside from one-off tax provisions posted in this first quarter, we expect periodic profit for mineral resources businesses to be better than the initial forecast since mineral resources prices are holding up at levels above our initial expectations
 - ✓ **Tubular Products**
 Continuing to face a challenging business climate, though we expect that earnings will gradually recover starting from the second half of the fiscal year
 - ✓ **Non-mineral resources businesses**
 Overall performance expected to continue according to the initial plan
 - Lackluster shipping market and stagnant emerging markets lead to a sluggish performance for ship business and automobile distribution & sales business
 - Core businesses including lease business, overseas IPP/IWPP businesses and businesses relating to Media, Network, Lifestyle Related Goods & Services, are expected to show stable performance
 - Contribution to revenue from new large EPC projects in the second half of the fiscal year