

For Immediate Release

Sumitomo Corporation Announces Quarterly Financial Results for the Fiscal Year 2016 (Six-month period ended September 30, 2016)

On November 1, 2016, Sumitomo Corporation announced its consolidated results for the six-month period ended September 30, 2016, prepared on the basis of International Financial Reporting Standards (IFRS).

1. Financial Highlights

- “Profit for the period attributable to owners of the parent” totaled 65.8 billion yen, 63.6 billion yen lower than the same period of the previous year.

“Basic profit (*1)”, which excludes extraordinary gains and losses, totaled 92.0 billion yen, down by 28.1 billion yen.

Basic profit for mineral resources businesses and tubular products business were slow due mainly to the drop in mineral resources prices.

As regards our non-mineral resources businesses, although domestic major group companies in Media, Network, Lifestyle Related Goods & Services segment showed robust performance, lackluster shipping market and stagnant emerging markets led to a sluggish performance for ship business and automobile distribution & sales business.

*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: FY2015 33%, FY2016 31%

One-off profits and losses were down by approximately 37 billion yen.

In addition to the absence of the one-off profits totaling approximately 20 billion yen stemming mainly from asset replacements in the same period of the previous year, a loss of approximately 17 billion yen were posted in this period including tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia.

- “Free cash flow” totaled 148.5 billion yen inflow for the period. We executed investments and loans of approximately 110 billion yen, while our core businesses performed well in generating cash.
 “Total assets” amounted to 7,320.3 billion yen, 497.6 billion yen lower than the previous fiscal year-end due to the yen’s appreciation and a decrease in trade receivables.
 “Equity attributable to owners of the parent” totaled 2,079.2 billion yen, 172.3 billion yen lower than the previous fiscal year-end due primarily to a decrease in “Exchange differences on translating foreign operations” caused by yen’s appreciation.

2. Progress for the Fiscal Year Ending March 31, 2017

- As regards the world economy, although we expect lack of clarity about the future, including the slow-down of the Chinese economy and political instability in emerging economies, moderate growth to continue in the U.S. and other advanced economies are expected. For international commodity markets, budding signs of recovery in some commodity prices are shown.
- Given the situation, although we posted one-off losses stemming primarily from tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia, which were not included in our initial forecast, we expect our annual forecast of “Basic profit” be better than the initial forecast, since mineral resources prices are holding up at levels above our initial expectations.
 The costs of 20 billion yen for improving our financial soundness through the steady execution of asset replacement, which were included in the initial forecast are maintained.
- As a result, our annual forecast of 130 billion yen for “Profit for the year attributable to owners of the parents” remain unchanged, although annual forecasts for each segment have altered.

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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.