

Results for the Six-month period ended September 2016 Be the Best, Be the One 2017

November 2nd, 2016
Sumitomo Corporation

Topics

1. Six-month results for FY2016 and Forecasts for FY2016

2. Progress in Be the Best, Be the One 2017

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. Six-month results for FY2016 and Forecasts for FY2016

1-1. Operating Results

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(Unit: Billions of yen)	FY2015 Q2 (Apr.-Sep.) (A)	Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)	FY2016 Q2 (Apr.-Sep.) (B)	Increase/ Decrease (B)-(A)
Profit for the period	129.3	22.7	43.1	65.8	-63.6
Basic profit^{*1}	120.1	41.1	50.9	92.0	-28.1
Mineral resources ^{*2}	7.5	-6.0	2.7	-3.3	-10.8
Tubular products ^{*2}	2.5	-2.1	-4.4	-6.5	-9.0
Non-mineral resources (excl. Tubular products)	110.0	49.1	52.6	101.8	-8.2
One-off profits/losses	Approx. 20.0 ^{*3}	Approx. -14.0	Approx. -3.0	Approx. -17.0 ^{*3}	Approx. -37.0

〈 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 ship business (lackluster shipping market)
✓ Decrease in the earnings of automobile distribution & sales business (stagnant emerging markets)
✓ Robust performance by domestic major group companies
- One-off profits/losses : ✓ (FY2016) Tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia^{*3}, etc.
✓ (FY2015) Realized gains resulting from asset replacements, etc.

^{*1} Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables)

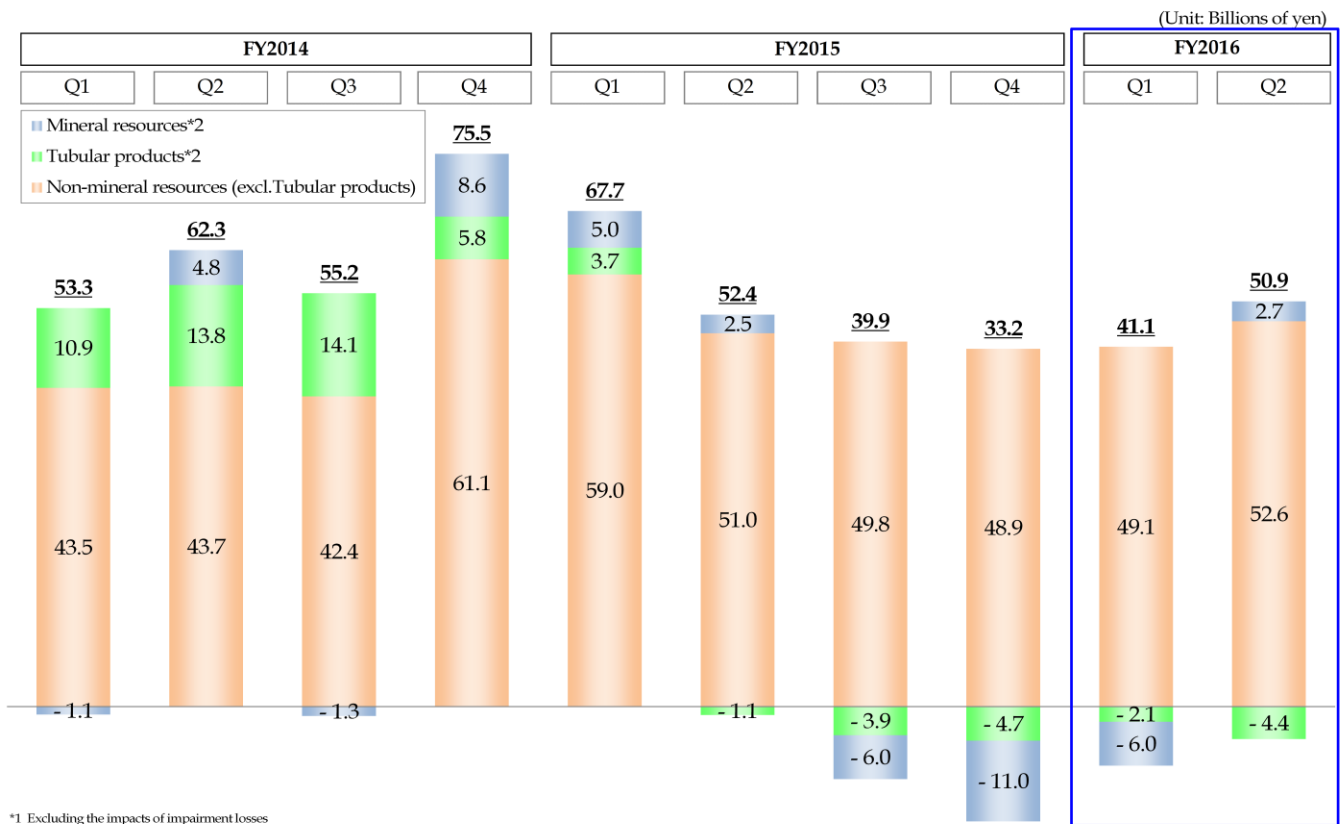
^{*2} Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

^{*3} Posted provisions of withholding tax (-10.9) in San Cristobal silver-zinc-lead mining project in Bolivia

- Profit for the FY2016 Q2(six-month period Sep.2016): +65.8 billion yen
(- 63.6 billion yen compared with FY2015 Q2)
- Basic profit in FY2016 Q2 : +92 billion yen
(-28.1 billion yen compared with FY2015 Q2)
 - ✓ Mineral resources and Tubular products : Profit Decline
 - Drop in mineral resources prices.
 - ✓ Non-mineral resources excl. Tubular products : Profit Decline
 - Domestic major group companies in Media, Network, Lifestyle Related Goods & Services segment showed robust performance.
 - Lackluster shipping market and stagnant emerging markets led to sluggish performance for Ship business and Automobile distribution & sales business.
- One-off profits and losses : approx. -37 billion yen compared with FY2015 Q2.
 - ✓ FY2015 Q2 : approx. +20 billion yen
 - Realized gains resulting from asset replacements ,etc.
 - ✓ FY2016 Q2 : approx. -17 billion yen
 - Including tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia ,etc.

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

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^{*1} Excluding the impacts of impairment losses

^{*2} Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

【Basic Profit】

- Mineral resources(blue)
 - ✓ Improvement in Performance due to Mineral resources price started to rise on growing, though continue profit loss due to drop in mineral resources price and preceding cost in the start up projects.
- Tubular products(green)
 - ✓ Continuing net loss cause of the downfall in oil price and slower recover of demand than expected.
- Non-Mineral resources(orange)
 - ✓ Stable Performance in below business segment.
 - Domestic major group companies in Media and Network ; J:COM, SCSK, Shop Channel, etc.
 - Overseas IPP ; Tanjung Jati B Coal Fired Power Plant
 - Automotive Manufacturing Business
 - Leasing Business
 - ✓ Basic Profit is stable approx. 50 billion yen.

● Cash Flows (Unit: Billions of yen)

	FY2015 Q2	FY2016 Q2
Operating activities	+ 223.7	+ 175.0
Investing activities	- 116.5	- 26.5
Free Cash Flow	+107.3	+ 148.5
▽		
Cash in	Basic profit cash flow*	+ 103.9
	Depreciation	+ 55.3
	Asset replacement	Approx. + 50.0
	Others	Approx. + 50.0
Cash out	Investment & Loan	Approx. - 110.0

* 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 southern part of the interest in tight oil business in the U.S., etc.
- **Investment & Loan**
 - ✓ Acquisition of office building in the U.S.
 - ✓ Participation in an offshore wind farm in the U.K., etc.

● Financial Position (Unit: Trillions of yen)

As of Mar. 31, 2016		As of Sep. 30, 2016	
Total asset 7.8		Total asset 7.3	
Current assets 3.4	Other liabilities 1.9	Current assets 3.2	Other liabilities 1.8
Non-Current assets 4.4	Interest-bearing liabilities 3.7 (2.8)*	Non-Current assets 4.1	Interest-bearing liabilities 3.4 (2.6)*
	Shareholders' equity* 2.3		Shareholders' equity* 2.1
D/E Ratio(Net) : 1.2		D/E Ratio(Net) : 1.2	

* 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 -498** (7,818→7,320)
 - ✓ Decrease due to the yen's appreciation
 - ✓ Decrease in trade receivables
- **Shareholders' equity -172** (2,252→2,079)
 - ✓ Decrease due to the yen's appreciation

【 Cash Flows 】

- Free Cash Flow in FY2016 Q2 : +148.5 billion yen

< Cash In >

- Basic profit cash flow : + 103.9 billion yen
 - ✓ Core businesses generated cash steadily .
(mainly dividend from major group companies ex. J:COM).

< Cash Out >

- Investment & Loan : approx. - 110.0 billion yen
 - ✓ Acquisition of office building in the U.S. and participation in an offshore wind farm in the U.K., etc.

【 Financial Position 】

- Total Assets : 7,320.3 billion yen
 (-497.6 billion yen compared with Mar.31,2016)
 - ✓ Decrease due to the yen's appreciation and decrease in trade receivables.
- Shareholders' equity : 2,079.2 billion yen
 (-172.3 billion yen compared with Mar.31,2016)
 - ✓ Decrease due to the yen's appreciation.

1-4. Annual Forecasts

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(Unit: Billions of yen)	FY2016 Initial Forecasts as of May 2016 (A)	Q2 Results (Apr.-Sep.) (B)	FY2016 Revised Forecasts as of Nov. 2016 (C)	Increase/ Decrease (C)-(A)	Progress (Revised Forecasts) (B)/(C)
Profit for the year	130.0	65.8	130.0	±0	51%
Basic profit^{*1}	150.0	92.0	180.0	+30.0	51%
Mineral resources ^{*2}	-40.0	-3.3	-10.0	+30.0	-
Tubular products ^{*2}	0.0	-6.5	-10.0	-10.0	-
Non-mineral resources (excl. Tubular products)	200.0	101.8	200.0	±0	51%
Impact of Forex	-10.0	-	-	+10.0	-
One-off profits/losses	Approx. -20.0 ^{*3}	Approx. -17.0	Approx. -40.0 ^{*3}	Approx. -20.0	-

〈 Summary (Revised Forecasts) 〉

- Mineral Resources : ✓ Holding up at levels of mineral resources prices than Initial Forecasts
- Tubular products : ✓ Decrease in earnings of tubular products business in North America
- Non-mineral resources : ✓ Delay in development and construction of new large-scale projects in power infrastructure business
 ✓ Decrease in earnings of ship business and automobile distribution & sales business
 ✓ Stable performance of core businesses, including leasing business and Media, Lifestyle Related Goods & Services segments, etc.
- One-off profits/losses : ✓ Tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia
 ✓ Costs (Approx. -20.0) for strategic assets replacement in Initial Forecasts remain unchanged

^{*1} Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate)

+ Share of profit (loss) of investments accounted for using the equity method

^{*2} Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

^{*3} One-off profits/losses of Initial Forecasts and Revised Forecasts include costs (Approx. -20.0) for strategic assets replacement.

➤ World Economic Outlook

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.

➤ Profit for the FY2016 forecasts : 130 billion yen (remain unchanged)

- ✓ Annual forecast of 130 billion remain unchanged, though we reviewed about the profit of each business segment based on 2016 Q2 results and business environment.

➤ Basic Profit : 180 billion yen (+30 billion yen compared with initial forecasts)

- ✓ Mineral Resources (-40→ -10 billion yen)
 - Mineral resources prices are holding up at levels above our initial expectations.
- ✓ Tubular Products (0→ -10 billion yen)
 - Need time for recover
- ✓ Non-Mineral resources business (200→ 200 billion yen)
 - Remain unchanged, although annual forecasts for each segment have altered.

➤ One-off profits and losses : -40 billion yen

(-20 billion yen compared with initial forecasts)

- ✓ One-off losses approx. -17 billion yen in 2016 Q2.
- ✓ Costs (Approx.-20) for strategic assets replacement in Initial Forecasts

1-5. Annual Forecasts by Segment (Global basis ^{*1})

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(Unit: Billions of yen)	FY2016 Initial Forecasts as of May 2016 (A)	Q2 Results	FY2016 Revised Forecasts as of Nov. 2016 (B)	Increase/ Decrease (B)-(A)	〈 Summary 〉
Metal Products	13.0	2.0	8.0	-5.0	- Decrease in earnings of tubular products business in North America - Stable performance of the operation of overseas steel service centers
Transportation & Construction Systems	53.0	23.0	47.0	-6.0	- Lackluster shipping market and stagnant emerging markets - Robust performance by leasing business and construction equipment rental business in the U.S.
Environment & Infrastructure	39.0	10.2	26.0	-13.0	- Delay in development and construction of new large-scale projects in power infrastructure business - Stable performance of overseas IPP/IWPP businesses
Media, Network, Lifestyle Related Goods & Services	67.0	32.1	72.0	+5.0	- Robust performance by domestic major group companies and real estate business
Mineral Resources, Energy, Chemical & Electronics	-18.0	-12.7	-6.0	+12.0	- Holding up at levels of mineral resources prices than Initial Forecasts - Tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia
Total	154.0	54.7	147.0	-7.0	
Corporate and Eliminations	-24.0	11.1	-17.0	+7.0	- Unwind of yen's appreciation adjustments (Approx. -10.0) included in the Initial Forecast ^{*2}
Consolidated	130.0	65.8	130.0	±0	

^{*2} Assumption about Exchange rate <YEN/US\$>
Initial Forecasts (May, 2016) : ¥110

¥120 is applied for Initial Forecasts of segments excluding Corporate and Eliminations, and Initial Forecast of Corporate and Eliminations includes anticipated negative impact of yen's appreciation adjustment (<YEN/US\$> ¥120 → ¥110) for company total
Revised Forecasts (Nov. 2016) : ¥100 is applied for Revised Forecasts of all segments

^{*1} Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

1-6. Key Financial Indicators

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(Unit: Billions of yen)	FY2015 (Results, Mar.31,2016)	FY2016 Q2 (Results, Sep.30,2016)	End of BBBO2017 (Plans, Mar.31,2018)
Total Assets	7,817.8	7,320.3	8,000.0
Shareholders' Equity	2,251.5	2,079.2	2,500.0
Shareholders' Equity Ratio	28.8%	28.4%	31.3%
Interest-bearing Liabilities (Net)	2,770.3	2,555.7	2,700.0
DER (Net, times)	1.2	1.2	approx. 1.1
ROA	0.9%	—	FY2017 2.5% or more
ROE	3.2%	—	FY2017 approx. 9.0%
Risk-adjusted Return Ratio	3.2%	—	FY2017 9.0% or more
Basic Profit Cash Flow ^{*1}	+204.3	+103.9	3-year total +500.0
Free Cash Flow ^{*1}	+514.3	+148.5	3-year total +700.0

^{*1} FY2015: Apr.2015-Mar.2016, FY2016 Q2: Apr.2016-Sep.2016

2. Progress in Be the Best, Be the One 2017

Earning targets

Earning Targets in FY2016	: 130 bil.yen	⇒ Results of Apr.-Sep. 2016 : 65.8 bil.yen (progress rate : 51%)
Earning Targets in FY2017	: 220 bil.yen or more	⇒ To be released in May 2017 simultaneously with announcement of Annual results of FY2016

Cash flow plans

Post-dividend free cash flow (Three-year total)	: +500 bil.yen	⇒ Cumulative results (from Apr.2015 to Sep.2016) +570 billion yen
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Regain the balance between Core Risk Buffer and Risk-adjusted Assets

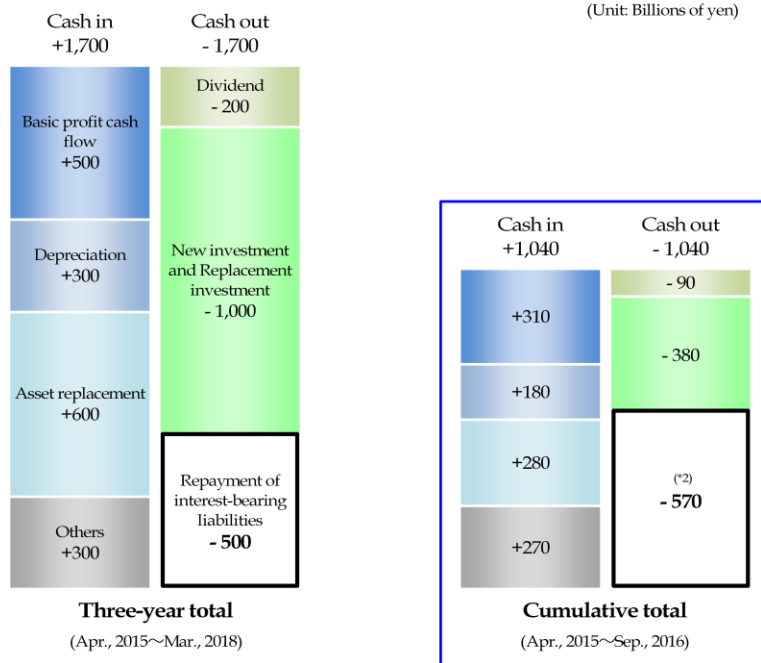
The balance should be regained by the end of BBBO2017.

⇒ Start of BBBO2017 (Mar.31,2015)	: -140 bil.yen	(RA:2,460 bil.yen, Core RB:2,320 bil.yen)
Mar.31,2016	: -60 bil.yen	(RA:2,200 bil.yen, Core RB:2,140 bil.yen)

- Revision of earning targets
 - ✓ Earning Targets in FY2016 : 130 billion yen (progress rate : 51%)
 - ✓ Earning Targets in FY2017 : To be revised along with FY2017 budgetary review and will be announced in May 2017 simultaneously with the annual results of FY2016.
- Results of Post-dividend free cash flow : +570 billion yen (from Apr.2015 to Sep.2016)
- Regain the balance between Core Risk Buffer(RB) and Risk-adjusted Assets(RA)
 - ✓ The balance of RB and RA should be regained by the end of BBBO2017 as initially planned.
 - Start of BBBO2017(Mar.31,2015) : -140 billion yen.
 - Mar.31,2016 : -60 billion yen.

BBBO2017^(*) Cash Flow Plans

(Unit: Billions of yen)



(*) 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.

(*) Cumulative total of our post-dividend free cash flow(+/- reversal)

〈 Cash flow summary 〉

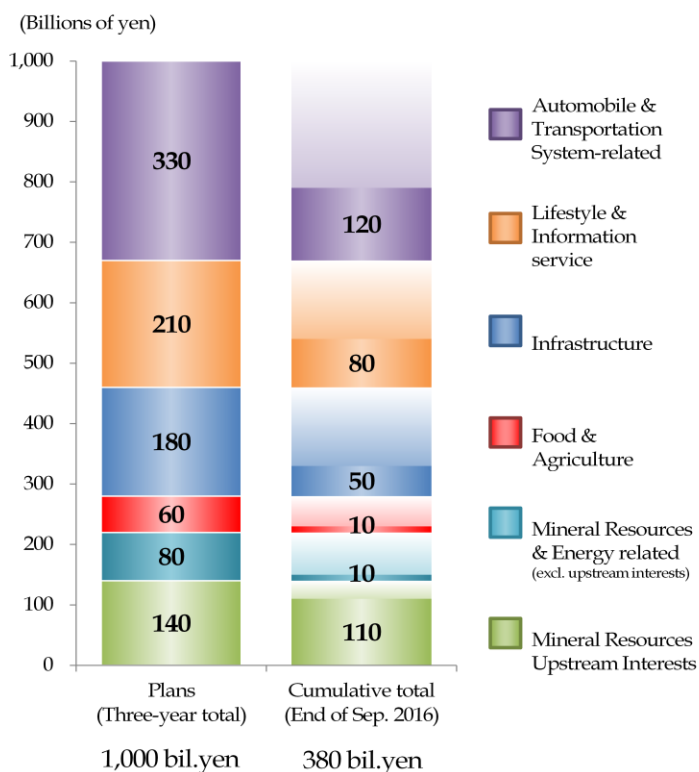
- Basic profit cash flow
(Plans 500 bil.yen/Results 310 bil.yen)
 - ✓ Steady cash generation from core business is expected
- Asset replacement and Others
(Plans 900 bil.yen/Results 550 bil.yen)
 - ✓ Major replacement realized
(Value realization in renewable energy power generation business, real estate, etc.)
 - ✓ To continue to replace assets steadily
- New investment and Replacement investment
(Plans 1,000 bil.yen/Results 380 bil.yen)
 - ✓ Investment plans remain unchanged

【 Cash Flow Total (Apr.2015~Sep.2016) 】

- Basic profit cash flow: 310 billion yen
 - ✓ Expect that core business generate cash stably.
- Asset replacement and Others : 550 billion yen (280 and 270)
 - ✓ Realized profit from asset replacement in Renewable energy power generation and Real estate business, etc.
 - ✓ Execute assets replacement steadily and speedy.
⇒ Soukai Drug, Mineral resources business ex.Batu Hijau ,etc.
- New Investment and Replacement Investment : 380 billion yen
 - ✓ Although pipeline for investments is expected over 1,000 billion yen, we will review the feasibility, and will execute accordingly.
- Post-dividend free cash flow(Three-year total) : +500 billion yen
 - ✓ Expect to be secured substantially.

2-3. Promote growth strategies, Investments by Business Field

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Major investments (Apr.2015 - Sep.2016)	Investments to be expected
<ul style="list-style-type: none"> • Construction equipment rental business in the U.S. • Aircraft engine leasing business, etc. 	<ul style="list-style-type: none"> • Automotive materials and parts business, etc.
<ul style="list-style-type: none"> • Real estate business in Japan and overseas • Capital investments in ICT businesses in Japan, etc. 	<ul style="list-style-type: none"> • Real estate business • ICT business in Japan • Overseas telecommunications related business, etc.
<ul style="list-style-type: none"> • Off-shore wind power generation business in Europe • Thermal power generation business in the U.S., etc. 	<ul style="list-style-type: none"> • Electricity related business in Japan and Overseas, etc.
<ul style="list-style-type: none"> • Multifaceted support business for crop production, in Brazil, etc. 	
<ul style="list-style-type: none"> • Manganese alloy manufacturing and sales business in Malaysia, etc. 	
<ul style="list-style-type: none"> • Nickel project in Madagascar, etc. 	

* See appendix page 19 for investments by segment

➤ Investments by Business field is described as on the above table.

【Investments to be expected】

➤ Automobile & Transportation System-related

✓ Plan to invest mainly to Automobile materials and parts business.

⇒ On Aug.2016, we have made a basic agreement on the investment of Hay Holding , which is biggest manufacturer of forged and machine-processed components in Europe.(Plan to execute on May.2017.)

➤ Lifestyle & Information service

✓ Plant to invest to Real estate business in Japan and overseas, ICT business , Overseas telecommunications related business .

⇒ In Real estate business, we plan to increase overseas asset portfolio from 10% to 20% by 2019, especially in advanced countries. (ex. United States, etc.)

➤ Infrastructure

✓ Plan to invest to Electricity business in Japan and Overseas.

⇒ Japan : Two Biomass power Plant under construction(in Handa and Sakata)

⇒ Overseas : One of the focus area is Renewable energy, mainly Off-shore wind power generation business.

Base Policy	Aim to increase dividends by achieving medium- and long-term earnings growth while adhering to fundamental policy of paying shareholders a stable dividend over the long term
BBBO2017 Dividend Policy	We will decide dividend amount in view of the situations regarding basic profit and cash flow, with ¥50 per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as reference
Annual Dividend for FY2016	Interim ¥25 per share Year-end ¥25 per share (plan)

- As we announced on May.9,2016,
the annual dividend for FY2016 will be 50 yen per share.
- ✓ Interim 25 yen per share.
 - ✓ Year-end 25 yen per share (plan).

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✓ We expect that there remains uncertainty about the business environment in the future.

✓ On the assumption, we will

Secure further financial soundness by repayment of interest-bearing Liabilities

and Strengthen earning power and return to the growth track by executing

strategies of each businesses and the company-wide strategies, such as cross-organizational collaboration etc.