

For Immediate Release

Sumitomo Corporation Announces Quarterly Financial Results for the Fiscal Year 2016 (Nine-month period ended December 31, 2016)

On February 7, 2017, Sumitomo Corporation announced its consolidated results for the nine-month period ended December 31, 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 111.5 billion yen, representing an increase of 50.2 billion yen from the same period of the previous year. This increase was due mainly to the decrease of one-off losses. In this period, we posted one-off losses of approximately 32 billion yen in total, including impairment loss of 33.6 billion yen in Copper and molybdenum mining business in Chile on the other hand, we posted one-off losses of approximately 86 billion yen in total, including impairment losses of approximately 110 billion yen in the same period of the previous year.

“Basic profit (*1)”, which excludes extraordinary gains and losses including impairment losses, totaled 152.5 billion yen, down by 7.4 billion yen.

Basic profit for mineral resources businesses increased due mainly to the cost reduction and sales volume increase.

Tubular products business struggled caused by lower oil prices.

As regards our non-mineral resources businesses, although domestic major group companies in Media, ICT, Lifestyle Related Goods & Services segment (*3) and leasing business 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%

*3: Segment name has been changed from Media, Network, Lifestyle Related Goods & Services segment on October 1, 2016. (The same applies hereafter in this material.)

- “Free cash flow” totaled 170.6 billion yen inflow for the period. We executed investments and loans of approximately 170 billion yen, while our core businesses performed well in generating cash and asset replacement realized.
“Total assets” amounted to 7,891.4 billion yen, 73.6 billion yen higher than the previous fiscal year-end due mainly to yen’s depreciation despite realization of asset replacement.
“Equity attributable to owners of the parent” totaled 2,328.7 billion yen, 77.2 billion yen higher than the previous fiscal year-end due primarily to the increase in retained earnings.

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 effects of U.S. new administration’s policies, negotiation for U.K. exit from EU and heightened geopolitical risks of middle-east, moderate growth to continue in the U.S. and other advanced economies are expected. For international commodity markets, commodity prices will be generally buoyant though there are differences in strength for each commodity.
- Given the situation, although we posted impairment loss in Copper and molybdenum mining business in Chile and there is a possibility that additional impairment losses are posted in some businesses in the fourth quarter of FY2016, we expect our annual forecast of “Basic profit” be better than the revised forecast announced in last November, since mineral resources prices are holding up at levels above our expectations.
- As a result, we expect that our annual forecast of 130 billion yen for “Profit for the year attributable to owners of the parent” will be achieved.

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.