

Quarterly Results for FY2016 (Nine-month period ended December 31, 2016)

February 7th, 2017
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 Q3 (Apr.-Dec.) (A)	Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)	Q3 (Oct.-Dec.)	FY2016 Q3 (Apr.-Dec.) (B)	Increase/ Decrease (B)-(A)
	Profit for the period	61.3	22.7	43.1	45.7	111.5
Basic profit (excl. impairment losses) ^{*1}	160.0	41.1	50.9	60.6	152.5	-7.4
Mineral resources ^{*2}	1.6	-6.0	2.7	8.8	5.5	+4.0
Tubular products ^{*2}	-1.4	-2.1	-4.4	-2.3	-8.9	-7.5
Non-mineral resources (excl. Tubular products)	159.8	49.1	52.6	54.1	155.9	-3.9
One-off profits/losses	Approx. -86.0	Approx. -14.0	Approx. -3.0	Approx. -15.0	Approx. -32.0	Approx. +54.0

〈 Summary (Results) 〉

- **Mineral resources** : ✓ Increase in the earnings due to cost reduction and sales volume increase
- **Tubular products** : ✓ Decrease in the earnings due to the drop in crude oil prices
- **Non-mineral resources** : ✓ Decrease in the earnings of ship business (lackluster shipping market) and automobile distribution & sales business (stagnant emerging markets)
✓ Robust performance by domestic major group companies in Media, ICT, Lifestyle Related Goods & Services segment^{*3} and leasing business
- **One-off profits/losses** : ✓ (FY2016) Impairment loss in Copper-molybdenum mining business in Chile (-33.6), Tax provisions in Silver-zinc-lead mining project in Bolivia, etc.
✓ (FY2015) Impairment losses^{*4}, Realized gains resulting from asset replacement, etc.

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

*4 Total amount: -111.6, Nickel Project in Madagascar: -77.0, Iron ore mining project in South Africa: -18.3, Copper and molybdenum mining business in Chile: -14.0

(Reference) Key indicators		FY2015 Q3 (Apr.-Dec.)	FY2016 Q3 (Apr.-Dec.)
Exchange rate	(YEN/US\$)	121.74	106.65
Interest rate	LIBOR 6M (YEN)	0.13%	0.00%
	LIBOR 6M (US\$)	0.52%	1.10%
Copper *1	(US\$/MT)	5,707	4,724
Zinc	(US\$/MT)	1,883	2,229
Nickel	(US\$/lb)	5.73	4.52
Iron ore	(US\$/MT)	53	62
Hard Coking coal *2	(US\$/MT)	97	126
Crude Oil	Brent *1 (US\$/bbl)	56	42
	WTI (US\$/bbl)	49	47

*1 These commodities show the prices in Jan.-Sep.

*2 Hard Coking coal : Market price

2. Cash Flows / Financial Position

● Cash Flows (Unit: Billions of yen)

	FY2015 Q3	FY2016 Q3
Operating activities	+ 391.3	+ 222.7
Investing activities	- 133.2	- 52.1
Free Cash Flow	+258.1	+170.6

<Cash in>		
Basic profit cash flow*	+ 149.8	+ 168.4
Depreciation	+ 91.2	+ 86.2
Asset replacement	Approx. + 80.0	Approx. + 120.0
Others	Approx. + 170.0	Approx. - 30.0
<Cash out>		
Investment & Loan	Approx. - 230.0	Approx. - 170.0

* 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 interests in Batu Hijau Copper Gold mine in Indonesia
 - ✓ Sale of all shares in Soukai Drug, etc.
- **Investment & Loan**
 - ✓ Acquisition of office buildings 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 Dec. 31, 2016	
Total asset 7.8		Total asset 7.9	
Current assets 3.4	Other liabilities 1.9	Current assets 3.5	Other liabilities 2.1
	Interest-bearing liabilities 3.7 (2.8)*		Interest-bearing liabilities 3.5 (2.6)*
Non-Current assets 4.4	Shareholders' equity* 2.3	Non-Current assets 4.4	Shareholders' equity* 2.3
D/E Ratio(Net) : 1.2		D/E Ratio(Net) : 1.1	

* 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. "Shareholders' equity" includes Exchange differences on translating foreign operations (199 billion yen→201), Financial assets measured at fair value through other comprehensive income (143→171).

< Summary (Unit: Billions of yen) >

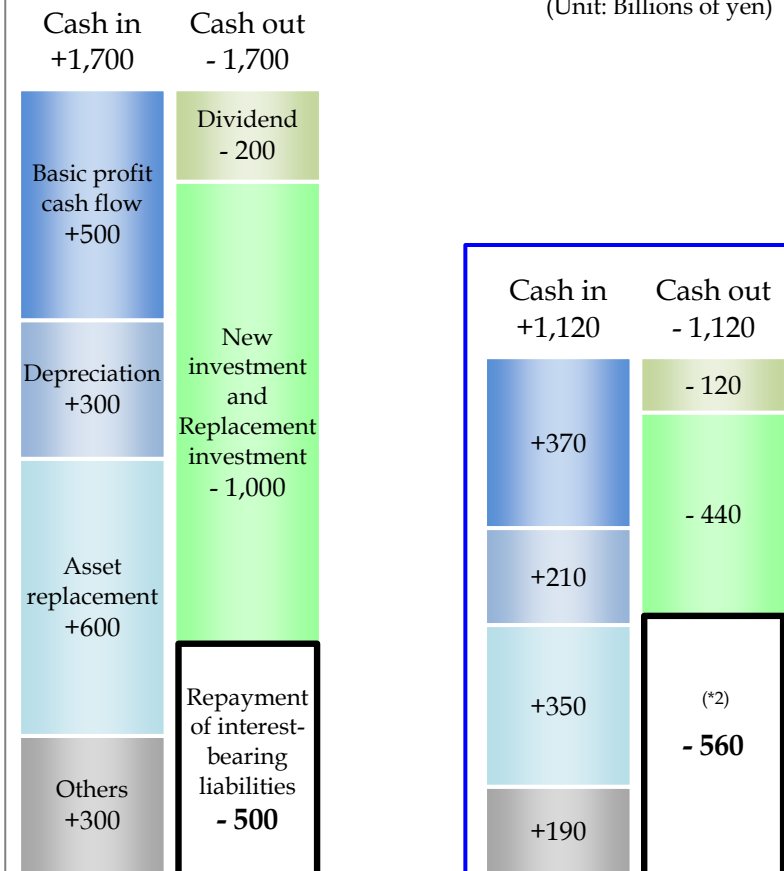
- **Total asset +74**
(7,818→7,891)
 - ✓ Increase due to the yen's depreciation
 - ✓ Decrease due to asset replacement
- **Shareholders' equity +77**
(2,252→2,329)
 - ✓ Increase in retained earnings

< Exchange rate (YEN/US\$) >

As of Mar. 31, 2016	As of Dec. 31, 2016
112.68	116.49

(Reference) 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)

3. Annual Forecasts

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(Unit: Billions of yen)	FY2016 Annual Forecasts as of Nov. 2016 (A)	Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)	Q3 (Oct.-Dec.)	FY2016 Q3 Q3 Results (Apr.-Dec.) (B)	Progress (B)/(A)
Profit for the period	130.0	22.7	43.1	45.7	111.5	86%
Basic profit (excl. impairment losses) ^{*1}	180.0	41.1	50.9	60.6	152.5	85%
Mineral resources ^{*2}	-10.0	-6.0	2.7	8.8	5.5	-
Tubular products ^{*2}	-10.0	-2.1	-4.4	-2.3	-8.9	-
Non-mineral resources (excl. Tubular products)	200.0	49.1	52.6	54.1	155.9	78%
One-off profits/losses	Approx. -40.0	Approx. -14.0	Approx. -3.0	Approx. -15.0	Approx. -32.0	-

〈 Summary (Progress) 〉

- Mineral resources : ✓ Mineral resources prices are holding up at levels above Annual Forecasts as of Nov. 2016
- Tubular products : ✓ Recovery is expected to delay
- Non-mineral resources : ✓ Stable performance of core businesses, including domestic major group companies in Media, ICT, Lifestyle Related Goods & Services segment and leasing business, etc.
- One-off profits/losses : ✓ Impairment loss in Copper-molybdenum mining business in Chile (-33.6)
✓ Possibility of impairment losses in the fourth quarter

(Reference) Key indicators		FY2016 Annual Forecasts as of Nov.2016 (Apr.-Mar.)	FY2016 Q3 Results (Apr.-Dec.)
Exchange rate	〈YEN/US\$〉	100.00	106.65
Interest rate	LIBOR 6M (YEN)	0.00%	0.00%
	LIBOR 6M (US\$)	1.10%	1.10%
Copper *1	(US\$/MT)	4,766	4,724
Zinc	(US\$/MT)	2,048	2,229
Nickel	(US\$/lb)	4.24	4.52
Iron ore	(US\$/MT)	52	62
Hard Coking coal *2	(US\$/MT)	89	126
Crude Oil	Brent *1 (US\$/bbl)	44	42
	WTI (US\$/bbl)	46	47

*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)

*1 These commodities show the prices in Jan.-Dec.
*2 Hard Coking coal : Market price

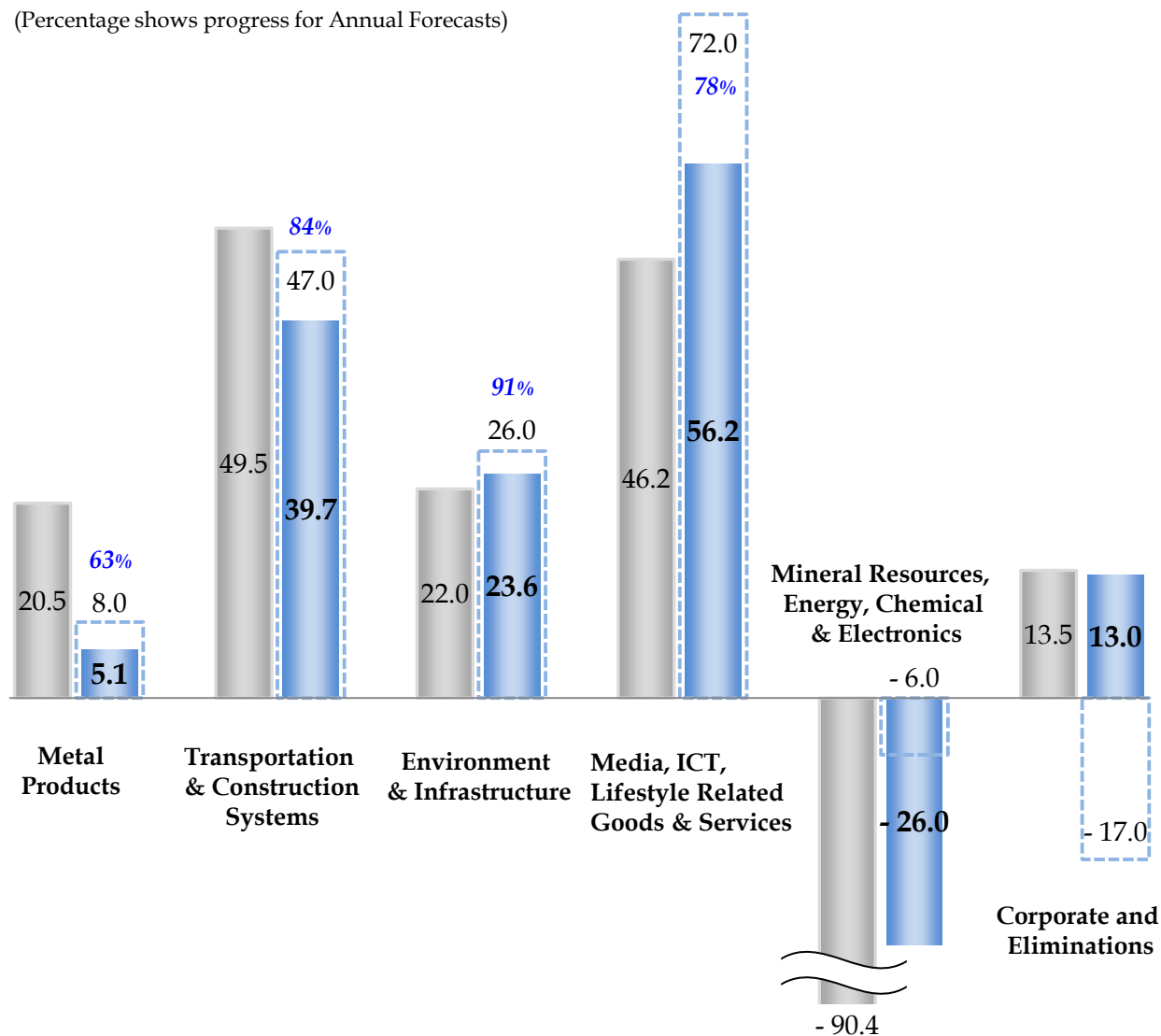
Appendix

4. Profit for the year by Segment (Global basis*)

■ FY2016 Q3 (Results) ■ FY2015 Q3 (Results)
 □ FY2016 (Annual Forecasts)

(Unit: Billions of yen)

(Percentage shows progress for Annual Forecasts)



〈 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

- ✓ Decrease in earnings of ship business and automobile distribution & sales business
- ✓ Robust performance by leasing business and construction equipment rental business in the U.S.

■ Environment & Infrastructure

- ✓ Stable performance of overseas IPP/IWPP businesses and one-off profits from sales of a part of interests
- ✓ Progress in development and construction of new large-scale projects in power infrastructure business
- ✓ Profit from value realization in renewable energy power generation business in FY2015 Q3

■ Media, ICT, Lifestyle Related Goods & Services

- ✓ Robust performance by domestic major group companies
- ✓ Realized gains resulting from asset replacement

■ Mineral Resources, Energy, Chemical & Electronics

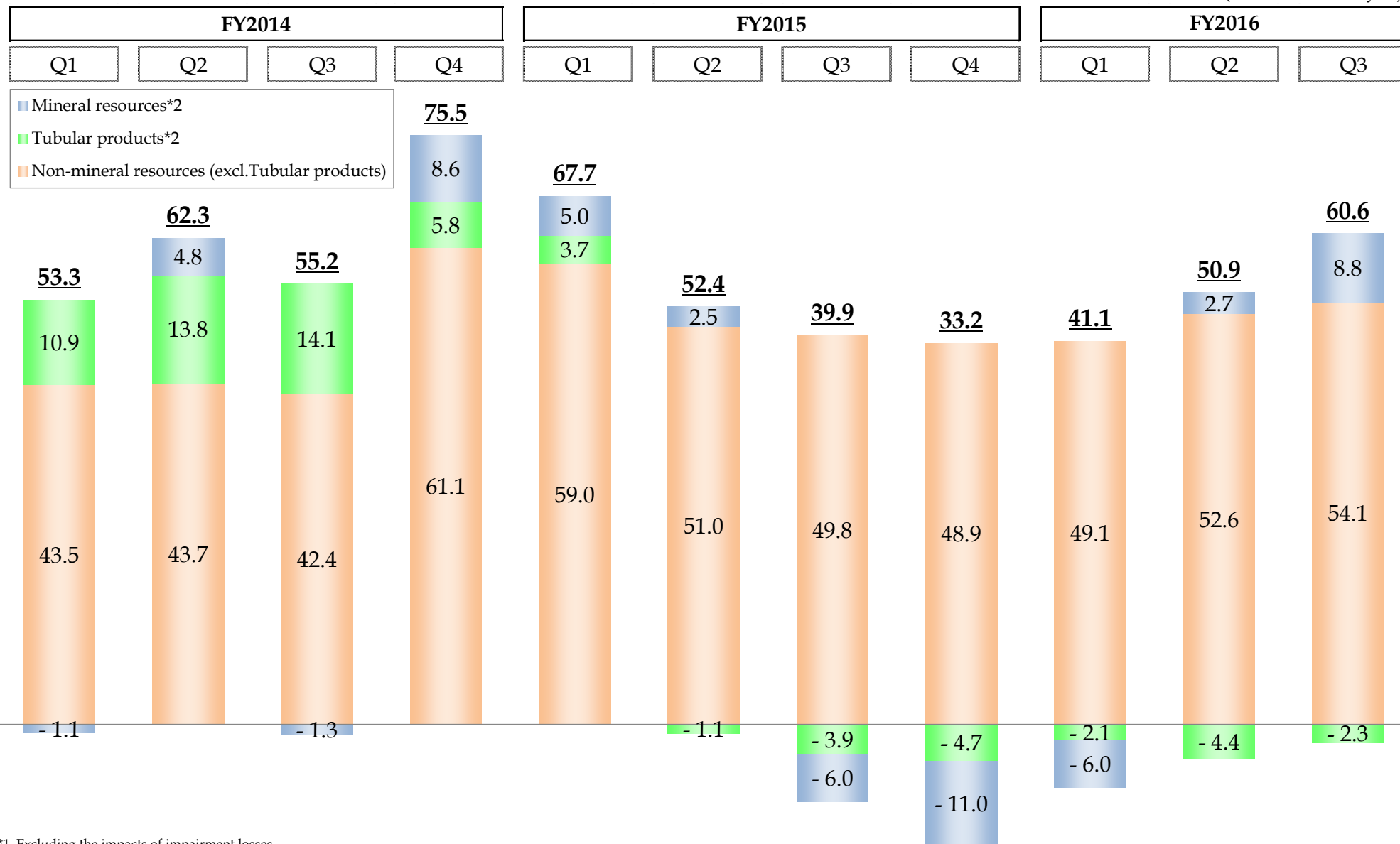
- ✓ Provisions of withholding tax in Silver-zinc-lead mining project in Bolivia, while stable operation
- ✓ Increase in earnings of coal mining projects in Australia
- ✓ Impairment losses (-33.6 in FY2016 Q3, -111.6 in FY2015 Q3)

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

5. Quarterly Trend for Basic profit *1

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(Unit: Billions of yen)



*1 Excluding the impacts of impairment losses

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

6. Condensed Consolidated Statements of Comprehensive Income

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(Unit: Billions of yen)	Apr.1-Dec.31, 2015 (A)	Apr.1-Dec.31, 2016		Increase/(decrease)		Summary	Annual Forecasts as of Nov. 2016	
		(B)	Sep.1-Dec.31, 2016	Amount (A)-(B)	Percentage		Amount	Progress
Revenues	2,712.2	2,854.9	996.0	142.7	5%	Gross profit <Factors causing decrease> - Automobile financing business in Indonesia and other companies becoming associated company - Decrease in earnings of tubular products business in North America - Decrease due to the yen's appreciation <Factors causing increase> - Increase in earnings of Silver-zinc-lead mining project in Bolivia - Increase in earnings of Coal mining projects in Australia <u>Share of profit (loss) of investments accounted for using the equity method</u> - Stable performance of J:COM - Robust performance of leasing business - Impairment losses (-33.6 in FY2016 Q3, -111.6 in FY2015 Q3) <u>Gain (loss) on securities and other investments, net/ Gain (loss) on property, plant and equipment, net/ Other, net</u> - Tax provisions in Silver-zinc-lead mining project in Bolivia - Realized gains resulting from asset replacement in FY2015 Q3 <u>Income tax expense</u> - Tax effects on impairment losses posted in the past	-	-
Gross profit	675.4	610.9	211.8	(64.5)	(10%)		820.0	75%
Selling, general and administrative expenses (Provision for doubtful receivables)	(566.2) (6.0)	(506.6) 0.3	(170.2) 0.0	59.6 6.3	11% -		(700.0)	(72%)
Interest expense, net of interest income	(3.9)	(1.2)	0.3	2.7	69%		0.0	-
Dividends	7.6	6.9	2.2	(0.7)	(9%)		10.0	69%
Share of profit (loss) of investments accounted for using the equity method	(29.3)	43.2	(3.4)	72.5	-		90.0	48%
Gain (loss) on securities and other investments, net	17.7	(0.2)	2.3	(18.0)	-		(40.0)	(33%)
Gain (loss) on property, plant and equipment, net	4.6	(2.3)	(0.9)	(6.9)	-			
Other, net	21.6	(10.6)	1.7	(32.2)	-			
Profit (loss) before tax	127.5	140.1	43.9	12.6	10%		180.0	78%
Income tax expense	(54.5)	(17.2)	6.3	37.3	68%	(40.0)	(43%)	
Profit for the period	73.0	122.9	50.2	49.9	68%	140.0	88%	
Profit for the period attributable to:								
Owners of the parent	61.3	111.5	45.7	50.2	82%	130.0	86%	
Non-controlling interests	11.7	11.4	4.4	(0.3)	(3%)	10.0	114%	
Basic profit (Calculation for reference)*	50.4	118.9	27.0	68.6	136%	180.0	66%	
Comprehensive income for the period (attributable to owners of the parent)	(14.5)	142.6	285.4	157.1	-			

* 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