

For Immediate Release

Sumitomo Corporation Announces Financial Results for the Fiscal Year ended March 31, 2017

On May 9, 2017, Sumitomo Corporation announced its consolidated results for the fiscal year ended March 31, 2017, prepared on the basis of International Financial Reporting Standards (IFRS).

1. Financial Highlights

- For the fiscal year ended March 31, 2017, “Profit for the year attributable to owners of the parent” totaled 170.9 billion yen, representing an increase of 96.3 billion yen from the previous fiscal year.

“Basic profit (*1)”, which excludes extraordinary gains and losses including impairment losses, totaled 226.7 billion yen, representing an increase of 33.5 billion yen from the previous fiscal year. Although tubular products business decreased due to slow recovery of the demand affected by lower oil price, mineral resources businesses increased due to commodity prices increase, cost reduction and sales volume increase. In addition, non-mineral resources businesses also increased. The increase resulted from the robust performance of domestic major group companies of Media, ICT, Lifestyle Related Goods & Services Business Unit (*3), real estate business and leasing business although the earnings of shipping business decreased due to lackluster shipping market.

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

In this fiscal year, we posted one-off losses of approximately 46 billion yen in total, including impairment loss of 33.6 billion yen of Copper and molybdenum mining business in Chile on the other hand, we posted one-off losses of approximately 120 billion yen, including impairment losses, in FY 2015.

- “Free cash flow” totaled 165.1 billion yen inflow for the year. In addition to the 210.6 billion yen inflow of basic profit cash flow, almost 180.0 billion yen of cash has been collected by asset replacement, including the sale of interests in Batu Hijau Copper Gold mine in Indonesia and shares in Soukai Drug Co., Ltd.. On the other hand, we have made investments and loans of almost 340.0 billion yen, including the acquisition of office buildings in the US and Fyffes, an international produce marketer and distributor in Ireland.
“Total assets” amounted to 7,761.8 billion yen, almost the same as that of the last fiscal year-end.
“Shareholders’ Equity” totaled 2,366.5 billion yen, increased by 115.0 billion yen since retained earnings have been increased.

2. Annual Forecasts for the Fiscal Year Ending March 31, 2018

The global economic situation and the annual forecasts are as follows:

- As regards the future global economy, although there remains uncertainty about the future, including the policy of the new US administration, the progress in the UK’s negotiation about the withdrawal from EU and the geopolitical risks in the Middle East, slow but steady growth in the global economy mainly led by the US is expected to continue. Mineral resources prices are expected to remain unchanged or increase from the current level on the ground of stable domestic demand in China.
- Looking at our business performance in this context, we expect increase in the profit of mineral resources businesses due to commodity prices increase comparing with FY 2016, and profitability of tubular products business is getting recovered after the second half of FY 2017 onwards along with gradual increase in rig counts. In addition, stable performance is expected in our non-mineral resources core businesses. As planned in FY 2016, we also budgeted 20 billion yen of one-off loss as costs for improving our financial soundness through the steady execution of asset replacement, in FY2017.
- Taking into account these factors, for FY 2017, we forecast consolidated profit attributable to owners of the parent as 230 billion yen and the basic profit as 260 billion yen.

3. Dividend

- Sumitomo Corporation aims to increase dividends by achieving medium and long-term earnings growth while adhering to its fundamental policy of paying shareholders a stable dividend over the long term.

During “Be the Best, Be the One (BBBO) 2017”, the medium-term management plan launched in April 2015, we decide the dividend amount in view of the situations regarding basic profit and cash flow, with 50 yen per share as the minimum amount of annual dividend and a consolidated payout ratio of 25% or more as our reference.

Although the consolidated profits for FY 2016 resulted 170.9 billion yen, the annual dividend for the fiscal year ending March 31, 2017 is projected to be 50 yen per share based on our dividend policy during BBBO 2017. The year-end dividend is projected to be 25 yen per share since the interim dividend was 25 yen per share.

- The annual dividend forecast for the fiscal year ending March 31, 2018, is projected to be 50 yen per share in accordance with our dividend policy aforementioned.

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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.