

# Annual Results for FY2016 Be the Best, Be the One 2017

May 10<sup>th</sup>, 2017  
Sumitomo Corporation

 Sumitomo Corporation

## Topics

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

2. Six Material Issues to Achieve Sustainable Growth with Society

### 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.

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# 1. Progress in Be the Best, Be the One 2017

## 1. Progress in Be the Best, Be the One 2017

### (1) Results for FY2016

(Unit: Billions of yen)	FY2015 (Apr.-Mar.) (A)	FY2016 (Apr.-Mar.) (B)	Increase/ Decrease (B)-(A)	FY2016 Annual Forecasts as of Nov. 2016
<b>Profit for the year</b>	<b>74.5</b>	<b>170.9</b>	<b>+96.3</b>	<b>130.0</b>
<b>Basic profit</b> <sup>*1</sup> (excl. impairment losses)	<b>193.2</b>	<b>226.7</b>	<b>+33.5</b>	<b>180.0</b>
Mineral resources <sup>*2</sup>	-9.5	16.1	+25.6	-10.0
Tubular products <sup>*2</sup>	-6.1	-12.5	-6.5	-10.0
Non-mineral resources (excl. Tubular products)	208.7	223.1	+14.4	200.0
<b>One-off profits/losses</b>	Approx. <b>-120.0</b>	Approx. <b>-46.0</b>	Approx. <b>+74.0</b>	Approx. <b>-40.0</b>

#### 〈 Summary (Results) 〉

- Mineral resources : ✓ Increase in the earnings due to higher commodity prices, cost reduction and sales volume increase
- Tubular products : ✓ Decrease in the earnings due to the drop in crude oil prices
- Non-mineral resources : ✓ Stable performance by domestic major group companies in Media, ICT, Lifestyle Related Goods & Services segment<sup>\*3</sup> and real estate business  
 ✓ Stable performance by leasing business  
 ✓ Decrease in the earnings of ship business (lackluster shipping market)
- 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<sup>\*4</sup>, Profits from the reorganization of automotive financing business in Indonesia etc.

(Reference) Key indicators		FY2015 (Apr.-Mar.)	FY2016 (Apr.-Mar.)
Exchange rate	(YEN/US\$)	120.14	108.38
Interest rate	LIBOR 6M (YEN)	0.11%	0.01%
	LIBOR 6M (US\$)	0.61%	1.20%
Copper *1	(US\$/MT)	5,502	4,863
Zinc	(US\$/MT)	1,831	2,367
Nickel	(US\$/lb)	5.32	4.55
Iron ore *1	(US\$/MT)	56	59
Hard Coking coal *2	(US\$/MT)	93	165
Crude Oil	Brent *1 (US\$/bbl)	52	44
	WTI (US\$/bbl)	45	48

<sup>\*1</sup> 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

<sup>\*2</sup> Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

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

<sup>\*4</sup> Total amount: -195.1, Nickel Project in Madagascar: -77.0, Iron ore mining project in South Africa: -18.3, Edgen Group: -18.1, Iron ore mining project in Brazil: -14.6, Copper and molybdenum mining business in Chile: -14.0 etc.

<sup>\*1</sup> These commodities show the prices in Jan.-Dec.

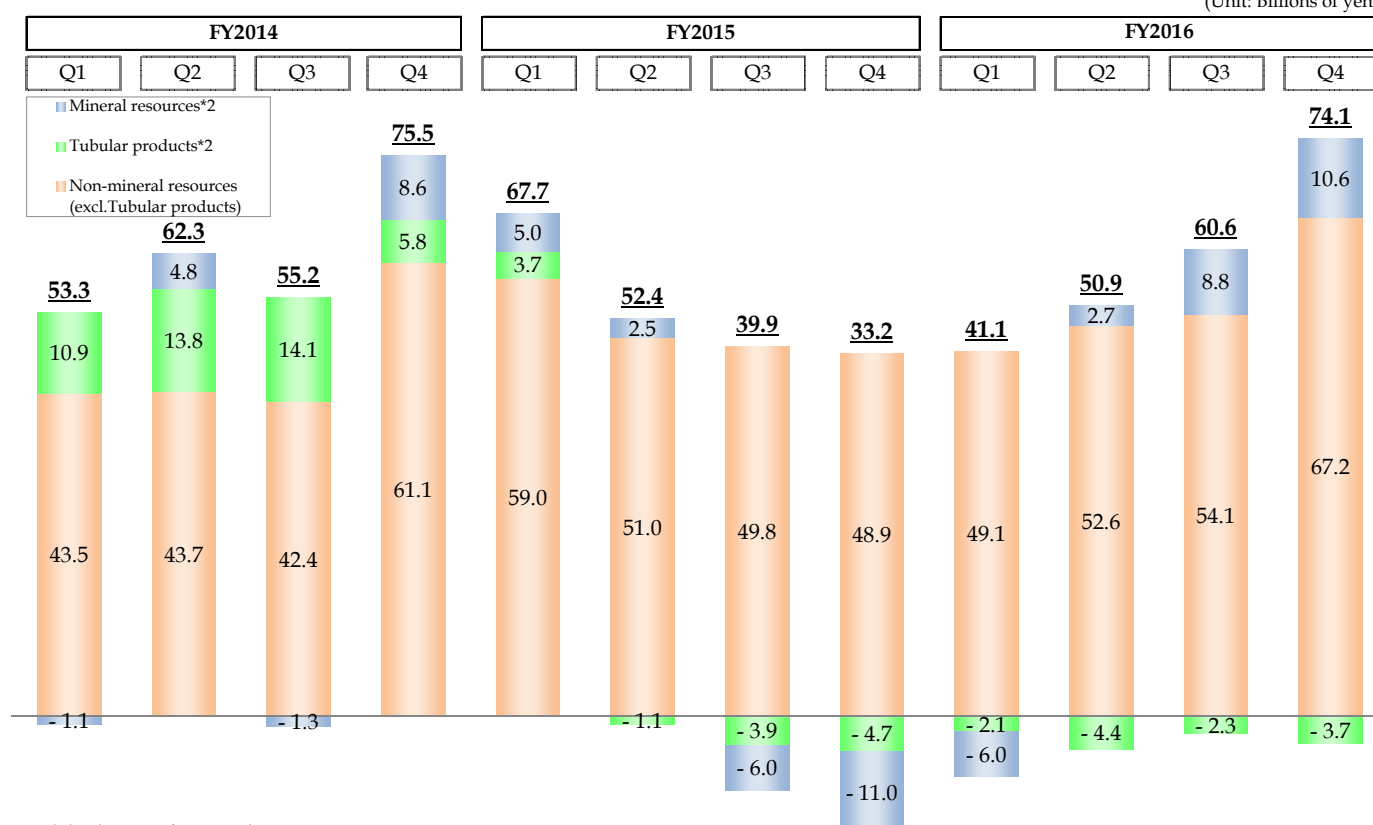
<sup>\*2</sup> Hard Coking coal : Market price

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## (2) Quarterly Trend for Basic profit <sup>\*1</sup>

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(Unit: Billions of yen)



<sup>\*1</sup> Excluding the impacts of impairment losses

<sup>\*2</sup> Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

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# 1. Progress in Be the Best, Be the One 2017

## (3) Cash Flows / Financial Position

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### ● Cash Flows (Unit: Billions of yen)

	FY2015	FY2016
Operating activities	+599.7	+345.8
Investing activities	- 85.4	- 180.7
<b>Free Cash Flow</b>	<b>+514.3</b>	<b>+165.1</b>
<b>&lt;Cash in&gt;</b>		
Basic profit cash flow*	+204.3	+210.6
Depreciation	+125.1	+114.3
Asset replacement	Approx. +230.0	Approx. +180.0
Others	Approx. +220.0	Approx. ±0.0
<b>&lt;Cash out&gt;</b>		
Investment & Loan	Approx. - 270.0	Approx. - 340.0

\* 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

### ● Financial Position (Unit: Trillions of yen)

As of Mar. 31, 2016		As of Mar. 31, 2017	
Total asset <b>7.8</b>		Total asset <b>7.8</b>	
Current assets	3.4	Current assets	3.3
Other liabilities	1.9	Other liabilities	2.0
Non-Current assets	4.4	Non-Current assets	4.4
Interest-bearing liabilities	3.7 (2.8)*	Interest-bearing liabilities	3.4 (2.6)*
Shareholders' equity*	2.3	Shareholders' equity*	2.4
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→158),  
Financial assets measured at fair value through other comprehensive income (143→173).

### 〈 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 Fyffes in Ireland
- ✓ Acquisition of office buildings in the U.S.

### 〈 Summary (Unit: Billions of yen) 〉

#### ■ Total asset 7,762

(decreased by 56 from Mar.31,2016)

- ✓ Decrease due to asset replacement

- ✓ Increase in investment and loan

#### ■ Shareholders' equity 2,367

(increased by 115 from Mar.31,2016)

- ✓ Increase in retained earnings

< Exchange rate (YEN/US\$) >	
As of Mar. 31, 2016	As of Mar. 31, 2017
112.68	112.19

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# 1. Progress in Be the Best, Be the One 2017

## (4) Forecasts for FY2017

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(Unit: Billions of yen)	FY2016 Results (A)	FY2017 Forecasts as of May. 2017 (B)	Increase/ Decrease (B)-(A)	FY2017 Revised Plans as of May. 2016
<b>Profit for the year</b>	<b>170.9</b>	<b>230.0</b>	<b>+59.1</b>	<b>220.0</b> or more
<b>Basic profit<sup>*1</sup></b> (excl. impairment losses)	<b>226.7</b>	<b>260.0</b>	<b>+33.3</b>	<b>240.0</b> or more
Mineral resources <sup>*2</sup>	16.1	30.0	+13.9	Approx. -10.0
Tubular products <sup>*2</sup>	-12.5	0	+12.5	Approx. 10.0
Non-mineral resources (excl. Tubular products)	223.1	230.0	+6.9	250.0 or more (adjustment for revision of forex assumption) -10.0
<b>One-off profits/losses</b>	Approx. <b>-46.0</b>	Approx. <b>-20.0<sup>*3</sup></b>	Approx. <b>+26.0</b>	Approx. <b>-20.0</b>

### 〈 Summary (Forecasts) 〉

- **Mineral resources** : ✓ Increase in the earnings due to higher commodity prices
- **Tubular products** : ✓ Recovery in the second half along with gradual increase in rig counts
- **Non-mineral resources** : ✓ Stable performance of core businesses, including domestic major group companies in Media, ICT, Lifestyle Related Goods & Services segment and real estate business, etc.  
 ✓ Progress in development and construction of new large-scale projects in power infrastructure business
- **One-off profits/losses** : ✓ (FY2017) Costs for strategic assets replacement (-20.0)  
 ✓ (FY2016) Impairment losses etc.

<sup>\*1</sup> 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

<sup>\*2</sup> Global basis, including operations in Overseas Subsidiaries and Branches segment (reference)

<sup>\*3</sup> One-off loss of -20 billion yen in FY2017 is budgeted for costs for strategic assets replacement.

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(Reference) Key indicators	FY2016 Results (Apr.-Mar.)	FY2017 Forecasts as of May. 2017 (Apr.-Mar.)
Exchange rate (YEN/US\$)	108.38	110.00
Interest rate LIBOR 6M (YEN)	0.01%	0.05%
LIBOR 6M (US\$)	1.20%	1.73%
Copper *1 (US\$/MT)	4,863	5,864
Zinc (US\$/MT)	2,367	2,650
Nickel (US\$/lb)	4.55	4.60
Iron ore *1 (US\$/MT)	59	70
Hard Coking coal *2 (US\$/MT)	165	150
Crude Oil Brent *1 (US\$/bbl)	44	53
WTI (US\$/bbl)	48	52

<sup>\*1</sup> These commodities show the prices in Jan.-Dec.

<sup>\*2</sup> Hard Coking coal : Market price

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# 1. Progress in Be the Best, Be the One 2017

## (5) Ambatovy Nickel Project

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### 【Sponsor Structural Change】

- An agreement in principle has been reached on revising the partnership structure of Ambatovy Nickel Project, as announced on May 2.
- ✓ Sumitomo Corporation will increase its interest to 47.7 % from 32.5%.
- ✓ Sherritt will reduce its interest to 12% from 40%, remain as operator and resume funding.
- ✓ This interest is in exchange of a non-recourse loan from Sumitomo Corporation to Sherritt, and thus requires no additional expenditure for the transaction and exposure of Sumitomo Corporation to Ambatovy of approx. 1.7 billion US dollars will not change after the close of the deal.

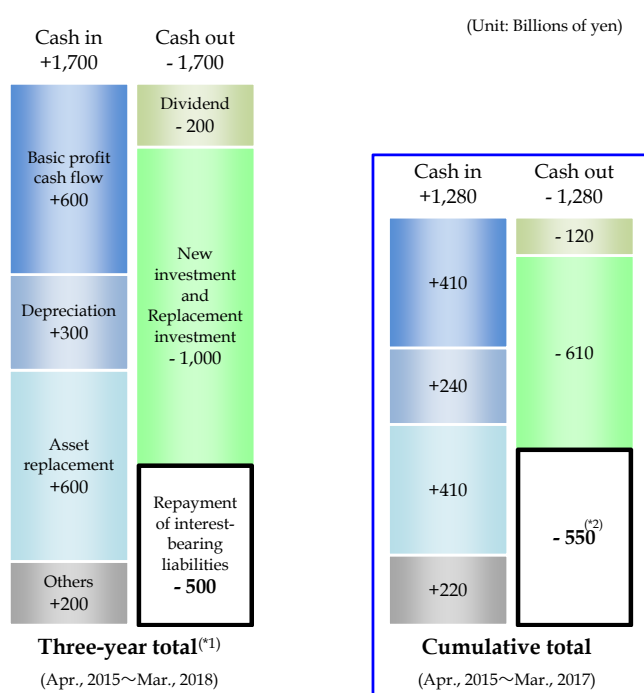
⇒ With the increased stability of partnership, we will continue and further enhance our support to the project in its endeavor to become a world leading nickel laterite project.



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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
Dividend	FY 2016 ¥50 per share (Interim ¥25 per share, Year-end ¥25 per share [plan]) FY 2017 ¥50 per share (plan)



(\*) 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. The plan above was revised from the plan announced in May 2016 in the following points.

- Basic profit cash flow : +100 (+600→+500)
- Others : -100 (+200→+300)

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

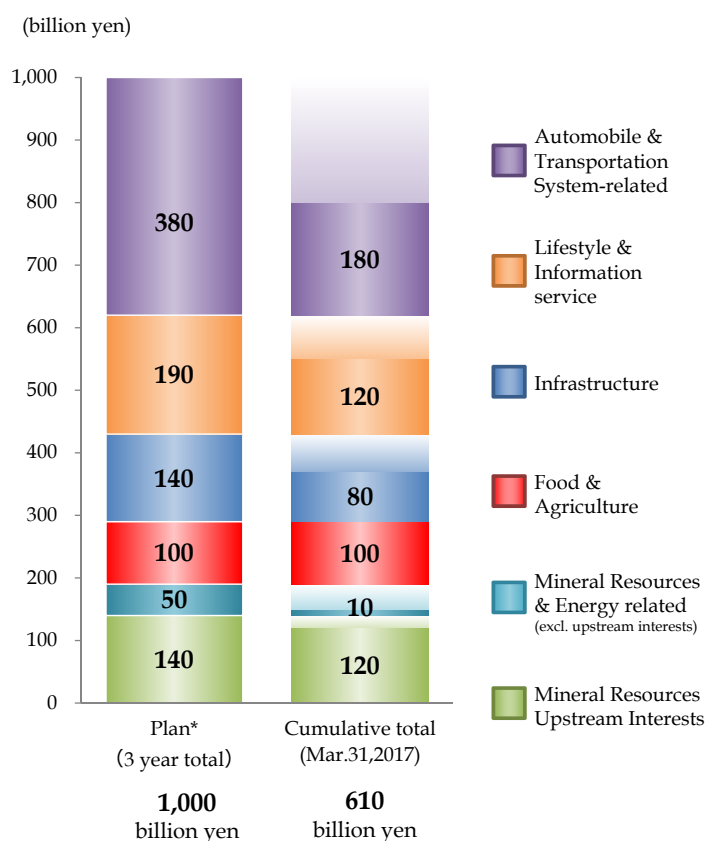
### 〈 Cash Flow Results〉

- **Basic profit cash flow**  
(Plans 600 billion yen /Results 410 billion yen)
  - ✓ Expect core businesses to generate cash continuously
- **Asset replacement and Others**  
(Plans 800 billion yen /Results 630 billion yen)
  - ✓ Collection from large-scale assets replacement  
(Sales of whole interest in Batu Hijau Copper/Gold mine, all shares in Soukai Drug, etc.)
  - ✓ Continue replacements steadily
- **New investment and Replacement investment**  
(Plans 1 trillion yen /Results 610 billion yen)
  - ✓ Executed investments for growth  
(Acquisition of Fyffes in Ireland, Office buildings in the U.S., etc.)

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## (8) Promote growth strategies (Investments by Business Field)

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Major investments (Apr.2015 - Mar.2017)	Investments to be expected
<ul style="list-style-type: none"> <li>Construction equipment rental business in the U.S.</li> <li>Aircraft engine leasing business, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Automotive forged parts business (specialty rolled steel business in India), etc.</li> </ul>
<ul style="list-style-type: none"> <li>Real estate business in Japan and overseas</li> <li>Capital investments in ICT businesses in Japan, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Real estate business in Japan and overseas</li> <li>Media, ICT related business, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Off-shore wind power generation business in Europe</li> <li>Biomass power generation business in Japan, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Electricity related business in Japan and Overseas</li> <li>Water infrastructure business in Brazil, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Multifaceted support business for crop production in Brazil</li> <li>Produce marketer and distributor in Ireland, etc.</li> </ul>	
<ul style="list-style-type: none"> <li>Manganese alloy manufacturing and sales business in Malaysia</li> <li>Nickel project in Madagascar, etc.</li> </ul>	

\* The breakdown of investment plans announced in May 2016 was revised.  
See appendix page 26 for investments by segment.

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## (9) Promote managerial reforms

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### Improve corporate governance and decision-making process

- **Update process in business management / Strengthen the function of Board of Directors**
  - ✓ Changed the Management Council into the top executive decision-making body
  - ✓ Strengthened the system of deliberation and monitoring of material issues through review of deliberation items of the Board of Directors
  - ✓ Plan to review the constitution of the Board of Directors after shareholders' meeting in 2017

➡ Enable for intense discussions from a wide range of viewpoints, separating the functions of management execution and supervision

### Strengthen risk management system

- **Establish a system of multiple-stage and multiple-layer deliberation of large-scale investments**
  - ✓ Established the Unit Investment Committee
  - Introduced two-stage deliberation at initial assessment stage and execution stage
- **Update a monitoring process after investment**
  - ✓ Strengthened follow-up actions after investment through "100 days plan"

➡ Improve investment success rate  
Bring forward start-up and profit realization

# 1. Progress in Be the Best, Be the One 2017

## (10) Key Financial Indicators

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(Unit: Billions of yen)	FY2015 (Results, Mar.31,2016)	FY2016 (Results, Mar.31,2017)	FY2017 (Forecasts, Mar.31,2018)
Profit for the year	74.5	170.9	230.0
Total Assets	7,817.8	7,761.8	8,000.0
Shareholders' Equity	2,251.5	2,366.5	2,500.0
Shareholders' Equity Ratio	28.8%	30.5%	approx. 30%
Interest-bearing Liabilities (Net)	2,770.3	2,627.9	2,700.0
DER (Net, times)	1.2	1.1	approx. 1.1
ROA	0.9%	2.2%	2.5% or more
ROE	3.2%	7.4%	approx. 9.0%
Risk-adjusted Return Ratio <sup>*1</sup>	3.2%	—	9.0% or more
Basic Profit Cash Flow	+204.3	+210.6	3-year total +600.0
Free Cash Flow	+514.3	+165.1	3-year total +700.0
Free Cash Flow (post-dividend)	+451.9	+102.7	3-year total +500.0
Risk-adjusted Assets [RA] <sup>*1</sup>	2,200.0	—	2,400.0
Core Risk Buffer [RB] <sup>*2</sup>	2,140.0	2,220.0	2,400.0
(Core RB-RA)	(-60.0)	—	(Regain balance)

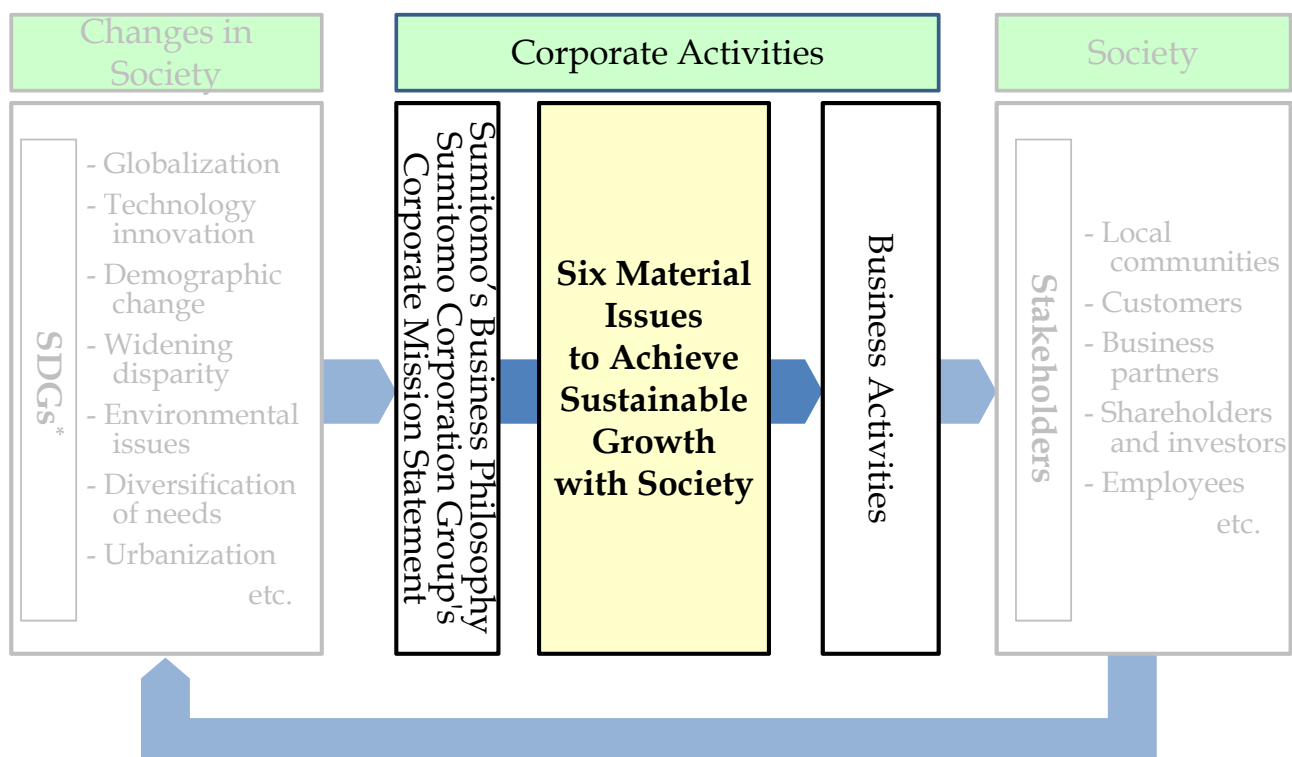
<sup>\*1</sup> Risk-adjusted Return Ratio and Risk-adjusted Assets for FY16 are displayed as "—", as those figures are to be calculated.

<sup>\*2</sup> Core risk buffer = Common stock + Retained earnings + Foreign currency translation adjustments – Treasury stock, at cost

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## 2. Six Material Issues to Achieve Sustainable Growth with Society

### 2. Six Material Issues to Achieve Sustainable Growth with Society (1) Where Material Issues Fit In



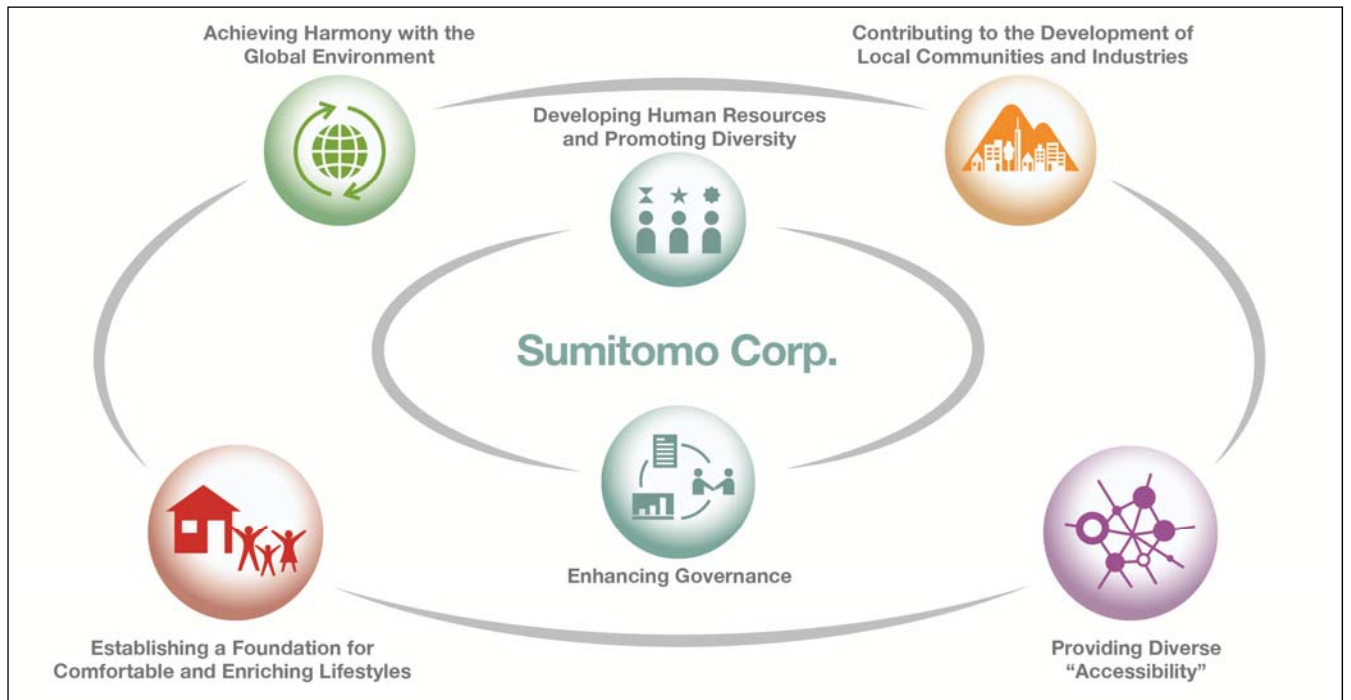
\*An abbreviation of Sustainable Development Goals. Comprising 17 goals encompassing global challenges to be achieved by 2030. These goals were embraced by all 193 UN member states at a UN General Assembly held in 2015.

## 2. Six Material Issues to Achieve Sustainable Growth with Society

### (2) Sumitomo Corporation's Material Issues

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- To achieve sustainable growth together with society into the future, we have identified material issues that we should address with priority by leveraging our strengths in April 2017.



## 2. Six Material Issues to Achieve Sustainable Growth with Society

### (3) Six Material Issues

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#### Social issues to address with priority by leveraging our strengths



#### Achieving Harmony with the Global Environment

To realize recycling-oriented society and mitigate climate change, we are working to establish frameworks for the efficient use of resources and stable supply of renewable energy. In doing so, we will achieve growth in harmony with the global environment.



#### Contributing to the Development of Local Communities and Industries

We steadily procure and provide goods and services to meet the needs of people in various countries and regions and contribute to developing industrial platforms. Through these means, we will create a virtuous cycle in which we can grow and develop together with local communities.



#### Establishing a Foundation for Comfortable and Enriching Lifestyles

We strive to realize more convenient and comfortable lifestyles by providing goods and services for daily use while also responding to needs for high-quality lifestyles in order to support the physical and mental health of people around the world.



#### Providing Diverse "Accessibility"

We provide diverse accessibility to open up the possibility of creating new value. To this end, we will improve mobility for safe and efficient flow of people and goods, and expand the network connecting information and finance.

#### Issues for ourselves



#### Developing Human Resources and Promoting Diversity

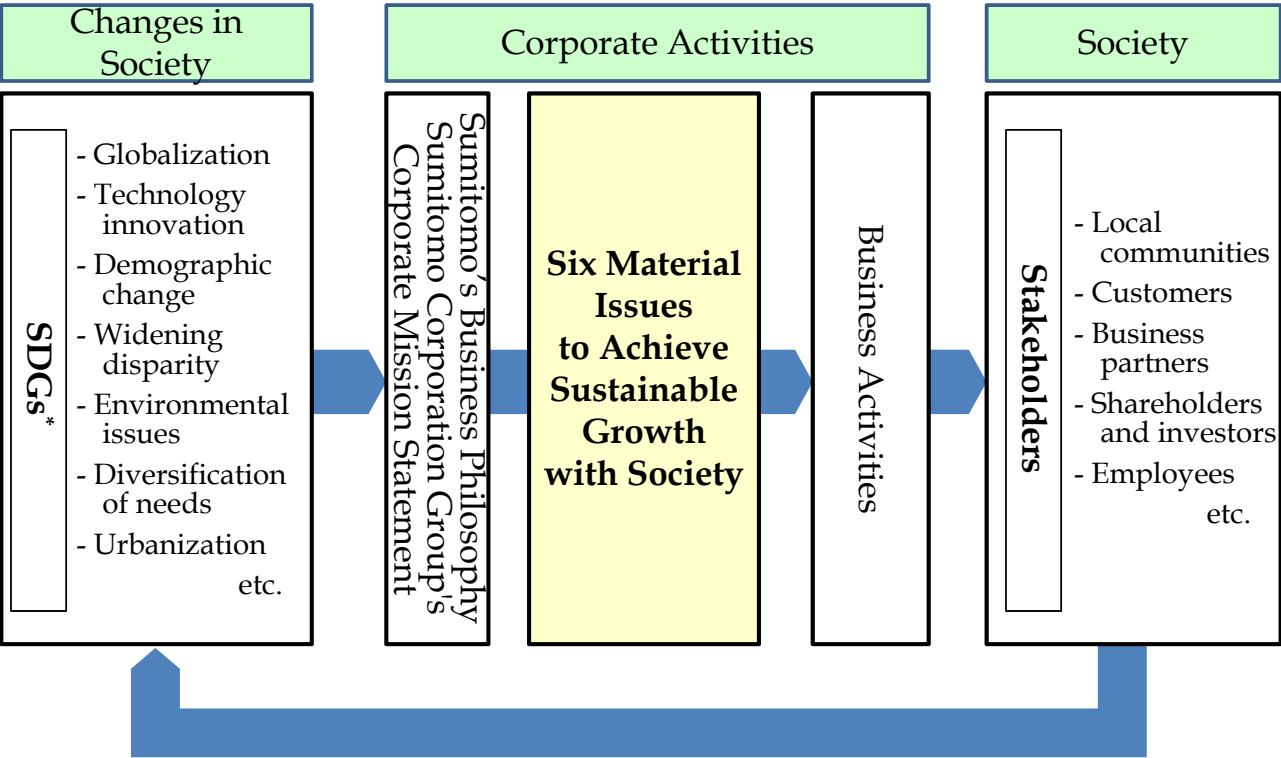
In order to create new value and innovation by allowing our diverse personnel to fully exercise their abilities in a variety of fields, we will promote the development and empowerment of human resources, which represent our most important management resources.



#### Enhancing Governance

We will enhance our ability to draft and implement strategies for achieving sustainable growth and to provide appropriate supervision of these strategies, all while maintaining transparency. In this manner, we will improve management efficiency and maintain sound management.

2. Six Material Issues to Achieve Sustainable Growth with Society  
(4) Future Initiatives



\*An abbreviation of Sustainable Development Goals. Comprising 17 goals encompassing global challenges to be achieved by 2030. These goals were embraced by all 193 UN member states at a UN General Assembly held in 2015.

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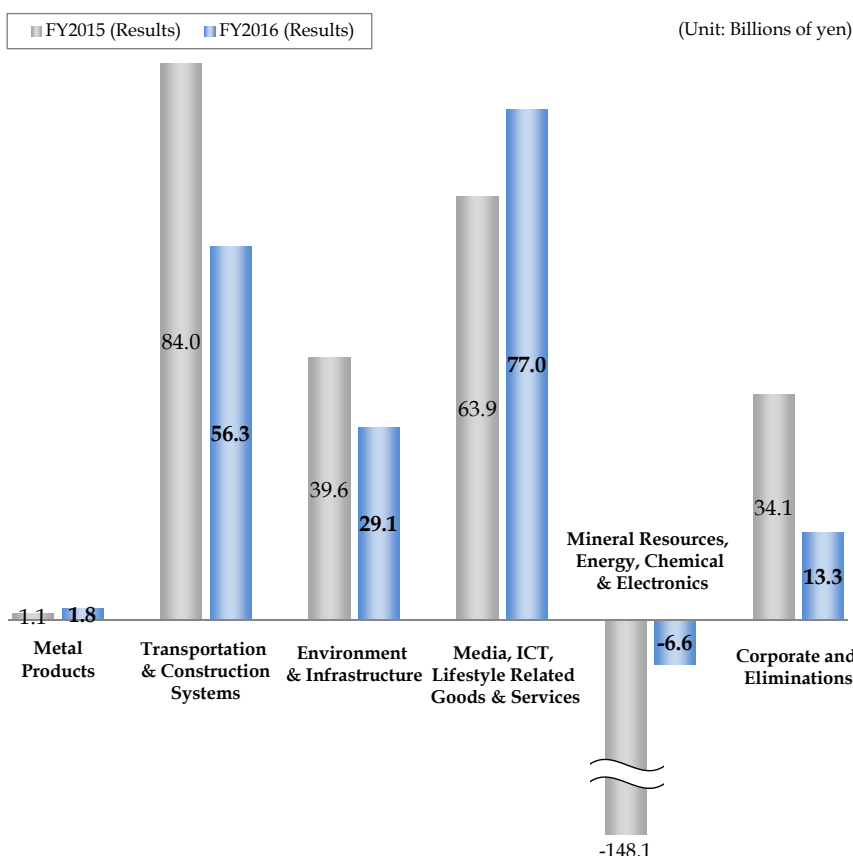
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## Appendix

- ✓ Annual Results for FY2016, Profit for the year by Segment, Global basis (P.23)
- ✓ Forecasts for FY2017, Profit for the year by Segment, Global basis (P.24)
- ✓ Breakdown of Impairment Losses (P.25)
- ✓ Investments by Segment (P.26)
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- ✓ Shareholders' Composition (P.48)
- ✓ (Reference) Current Initiatives of Six Material Issues (P.49)

## Results for FY2016, Profit for the year by Segment (Global basis\*)



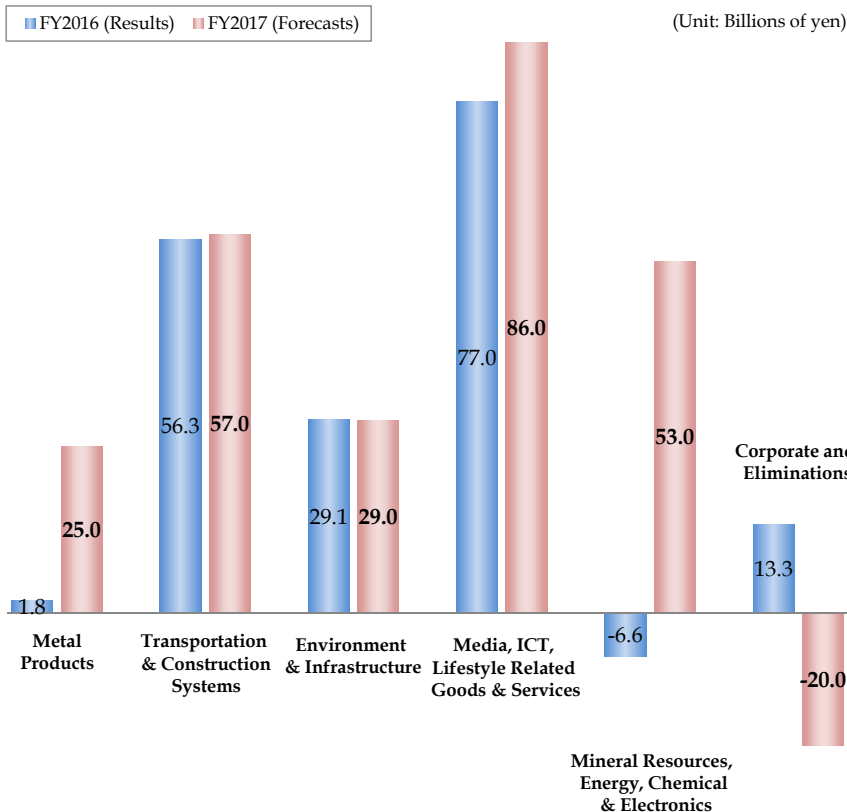
### 〈 Summary by segment (Results) 〉

- **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
  - ✓ Stable performance by leasing business and construction equipment rental business
  - ✓ Profits from the reorganization of automotive financing business in Indonesia in FY15
- **Environment & Infrastructure**
  - ✓ Stable performance of overseas IPP/IWPP businesses and one-off profits from sales of a part of interests
  - ✓ Profit from value realization in renewable energy power generation business in FY15
- **Media, ICT, Lifestyle Related Goods & Services**
  - ✓ Stable performance by domestic major group companies and real estate business
  - ✓ Impairment loss in grain business in Australia in FY15
- **Mineral Resources, Energy, Chemical & Electronics**
  - ✓ Stable operation of Silver-zinc-lead mining project in Bolivia, while provisions of withholding tax
  - ✓ Increase in earnings of coal mining projects in Australia
  - ✓ Decrease in impairment losses

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

## Forecasts for FY 2017, Profit for the year by Segment (Global basis\*)

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### Summary by segment (Forecasts)

#### ■ Metal Products

- ✓ Recovery in earnings of tubular products business in North America
- ✓ Stable performance of the operation of overseas steel service centers
- ✓ One-off losses in FY16

#### ■ Transportation & Construction Systems

- ✓ Recovery of automotive distribution and sales business in emerging countries
- ✓ Robust performance by leasing business and construction equipment rental business

#### ■ Environment & Infrastructure

- ✓ Stable performance of overseas IPP/IWPP businesses
- ✓ Progress in development and construction of new large-scale projects in power infrastructure business

#### ■ Media, ICT, Lifestyle Related Goods & Services

- ✓ Robust performance by domestic major group companies and real estate business
- ✓ Recovery of major food business

#### ■ Mineral Resources, Energy, Chemical & Electronics

- ✓ Effects of higher commodity prices
- ✓ One-off losses in FY16

#### ■ Corporate and Eliminations

- ✓ Costs for strategic assets replacement (approx.-20.0)

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

## Breakdown of Impairment Losses

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### ◆ FY 2016 Results

Projects	Amount (billion yen)
Copper and Molybdenum Mine Project in Chile (Sierra Gorda)	-33.6
Ship business	-7.1
Nickel Project in Madagascar (Ambatovy)	-4.8
Tubular products in North America (Edgen Group)	-2.5
Others	-6.8
<b>Total</b>	<b>-54.8</b>
Mineral resources	-40.7
Tubular products	-2.5
Non-mineral resources (excl. Tubular products)	-11.6

### (Reference) FY2015 Results

Projects	Amount (billion yen)
Nickel Project in Madagascar (Ambatovy)	-77.0
Iron Ore Mining Project in South Africa (Oresteel)	-18.3
Tubular products in North America (Edgen Group)	-18.1
Iron Ore Mining Project in Brazil (MUSA)	-14.6
Copper and Molybdenum Mine Project in Chile (Sierra Gorda)	-14.0
Coal Mining Projects in Australia	-12.1
Grain business in Australia	-11.4
Others	-29.5
<b>Total</b>	<b>-195.1</b>
Mineral resources	-155.3
Tubular products	-18.1
Non-mineral resources (excl. Tubular products)	-21.7

Business unit	Investment (bil.yen)		Major investments (Apr.2015 – Mar.2017)
	Results (15/4-17/3)	3 year Plans (15/4-18/3)	
Metal Products	37.0	120.0	<ul style="list-style-type: none"> <li>• Railcar axle machining business in the U.S.</li> <li>• Automotive forged parts manufacturing business in Europe</li> </ul>
Transportation & Construction Systems	152.0	280.0	<ul style="list-style-type: none"> <li>• Acquisition of 100% ownership of construction equipment rental subsidiary in the U.S.</li> <li>• Manufacturing and sales business of forged parts for wind power generation in Brazil</li> </ul>
Environment & Infrastructure	78.0	140.0	<ul style="list-style-type: none"> <li>• Off-shore wind power generation business in Europe</li> <li>• Biomass power generation business in Japan</li> </ul>
Media, ICT, Lifestyle Related Goods and services	214.0	280.0	<ul style="list-style-type: none"> <li>• Produce marketer and distributor in Ireland (Fyffes)</li> <li>• Real estate business in Japan and overseas</li> </ul>
Mineral Resources, Energy, Chemical & Electronics	136.0	180.0	<ul style="list-style-type: none"> <li>• Manganese alloy manufacturing and sales business in Malaysia</li> </ul>
(Upstream interests)	(120.0)	(140.0)	<ul style="list-style-type: none"> <li>• Nickel project in Madagascar</li> </ul>
Total	610.0	1,000.0	

## Assumptions

Assumption		FY2015	FY2016		FY2017	Sensitivity to profit <sup>*1</sup> (as of May 2017)
		Results <sup>*3</sup>	(reference) Initial Forecasts	Results <sup>*3</sup>	Forecasts	
Foreign Exchange (YEN/US\$) [Apr.-Mar., average]		120.14	110.00	108.38	110.00	around 1.0 billion yen (1YEN/US\$)
Interest rate	LIBOR 6M (YEN) [Apr.-Mar., average]	0.11 %	0.00%	0.01%	0.05%	-
	LIBOR 6M (US\$) [Apr.-Mar., average]	0.61 %	1.00%	1.20%	1.73%	-
Copper (US\$/MT) [Jan.-Dec., average]		5,502	4,589	4,863	5,864	around 430 million yen (100US\$/MT)
Zinc (US\$/MT) [Apr.-Mar., average]		1,831	1,800	2,367	2,650	around 900 million yen (100US\$/MT)
Nickel (US\$/lb) [Apr.-Mar., average]		5.32	3.92	4.55	4.60	around 5.3 billion yen (1US\$/lb)
Iron ore (US\$/MT) [Jan.-Dec., average]		56	50	59	70	around 290 million yen (1US\$/MT)
Coking coal (US\$/MT) [Apr.-Mar., average] <sup>*2</sup>		93	80	165	150	around 90 million yen (1US\$/MT)
Crude Oil	Brent (US\$/bbl) [Jan.-Dec., average]	52	48	44	53	around 80 million yen (1US\$/bbl)
	WTI (US\$/bbl) [Apr.-Mar., average]	45	46	48	52	-

<sup>\*1</sup> Foreign Exchange: including hedge, Others: excluding hedge

<sup>\*2</sup> Coking coal price is general market price.

<sup>\*3</sup> Prices in Jan.-Dec. or Apr.-Mar., Nickel: Jan.2015-Mar.2016 for FY2015, Apr.-Mar. for FY2016 and FY2017.

# Performance Overview

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- 1 Metal Products
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  - 3 Environment & Infrastructure
  - 4 Media, ICT, Lifestyle Related Goods & Services
  - 5 Mineral Resources, Energy, Chemical & Electronics
- Mineral Resources Equity Share of Production and Sensitivity to Profit for the Year  
Exposure of Upstream Mineral Resources & Energy Business

(Note) On April 1, 2016, a part of business of Battery Business Development Department was transferred from Environment & Infrastructure Business Unit to Transportation & Construction Systems Business Unit. The prior year results are also shown on a new organization basis accordingly.

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## 1 Metal Products

BE THE BEST. BE THE ONE

### 【 Profit for the Year (Apr. 2016-Mar. 2017)<sup>[Note]</sup> : 1.8 billion yen 】

(0.7 billion yen increase from Apr. 2015-Mar. 2016)

#### •Steel sheets

Overseas steel service center : stable

#### •Tubular products

North America : decreased

Edgen Group : Posted impairment loss in FY15 and FY16

### 【Investment & Replacement in FY16】

- Entered into railcar axle machining business on the west coast of the U.S. (Apr, 2016)
- Joint investment in automotive forged parts business in Europe (Mar, 2017)
- Acquisition of some shares in two automotive-related tubular products manufacturers, from Mitsui & Co., LTD. (Mar, 2017)
- Share transfer in Sofuku Koki Co., Ltd. to achieve further business development in logistics equipment segments (Mar, 2017)

### 【Business Outlook<sup>[Note]</sup>】

- Recovery in earnings of tubular products business in North America
- Stable performance of the operation of overseas steel service centers
- One off losses in FY 2016

(Note) From the first quarter of FY2016, above Segment Information is presented by Global Basis for reference purpose. The numbers of "Global Basis" consist of results including operations in Overseas Subsidiaries and Branches segment.

	2015 Results	2016 Results	2017 Forecasts
(unit: billions of yen)			
Global Basis <sup>[Note]</sup>			
Profit for the year attributable to owners of the parent	1.1	1.8	25.0
		1Q 2Q 3Q 4Q	
		2.0 Δ0.1 3.1 Δ3.3	
Segment Basis			
Gross profit	77.3	67.4	
Share of profit of Investments accounted for using the equity method	4.7	5.8	
Profit for the year attributable to owners of the parent	12.0	10.0	
		1Q 2Q 3Q 4Q	
		2.1 2.0 3.8 2.0	
Basic profit	13.5	11.8	
Total assets	674.2	676.1	

### 【Results of major subsidiaries and associated companies<sup>[Note]</sup>】

Company	Equity in earnings of the segment (unit: billions of yen)		
	2015 Results	2016 Results	2017 Forecasts
•Aluminium smelting business in Malaysia :	0.2	2.1	1.9
•Sumisho Metalex Corporation :	1.0	0.9	0.7
•ERYNGIUM Ltd. :	Δ0.5	Δ1.7	Δ0.3
•SC Pipe Services Inc <sup>*1</sup> . :	1.7	Δ2.0	-
•Edgen Group :	Δ26.2	Δ5.8	Δ0.3

\*1 We refrain from disclosing forecasts of FY2017 since the company, holding company of tubular products business in North America, will be liquidated in FY 2017 due to the change in investment structure.

## 2 Transportation & Construction Systems

BE THE BEST. BE THE ONE

【Profit for the Year (Apr. 2016-Mar. 2017)<sup>[Note]</sup> :56.3 billion yen】

(27.7 billion yen decrease from Apr. 2015-Mar. 2016)

### •Ships, Aerospace and Railway car

Ship business :

lackluster shipping market and posted impairment loss

Leasing business : stable and posted one off-profit by tax reform

### •Automobile

Distribution & Sales business :

affected by stagnant economies in emerging countries

Automotive Financing Business in Indonesia :

decrease in shares in equity and one-off profit from reorganization in FY15

Leasing business : stable

### •Construction equipment

Rental business : stable

### 【Investment & Replacement in FY16】

- Assets increase in leasing business and rental business
- Made the subsidiary of construction equipment rental business in the U.S. to wholly-owned company (Feb, 2017)
- Participation of forged parts for wind power generation in Brazil (Mar, 2017)

### 【Business Outlook<sup>[Note]</sup>】

- Recovery of automotive distribution and sales business in emerging countries
- Robust performance by leasing business and construction equipment rental business

(Note) From the first quarter of FY2016, above Segment Information is presented by Global Basis for reference purpose. The numbers of "Global Basis" consist of results including operations in Overseas Subsidiaries and Branches segment.

Sumitomo Corporation

	2015 Results	2016 Results				2017 Forecasts
(unit: billions of yen)						
Global Basis <sup>[Note]</sup>						
Profit for the year attributable to owners of the parent	84.0	56.3				57.0
		1Q	2Q	3Q	4Q	
		9.0	14.0	16.7	16.6	
Segment Basis						
Gross profit	175.6	131.2				
Share of profit of Investments accounted for using the equity method	31.8	43.1				
Profit for the year attributable to owners of the parent	74.0	46.9				
		1Q	2Q	3Q	4Q	
		7.4	10.9	13.2	15.4	
Basic profit	51.3	50.1				
Total assets	1,509.3	1,471.9				

### 【Results of major subsidiaries and associated companies<sup>[Note]</sup>】

Company	Equity in earnings of the segment (unit: billions of yen)	2015 Results	2016 Results	2017 Forecasts
•Sumitomo Mitsui Finance and Leasing Company, Limited*1:		19.8	28.1	20.4
•Sumitomo Mitsui Auto Service Company, Limited:		5.1	4.8	4.9
•PT. Bank Tabungan Pensiunan Nasional Tbk*1,2:		3.1	2.9	-
•Automotive Financing Business in Indonesia*3:		6.4	2.6	4.1
•Sumisho Machinery Trade Corporation*1:		1.6	1.4	1.3
•TBC Corporation:		-1.8	0.2	0.8

\*1 Equity in earnings for companies marked with an asterisk are equity amounts company-wide including other segments. The percentage of this segment/companywide of each company is as follows: SMFL:35/40, BTPN:17.79/20.33, Sumisho Machinery Trade Corporation: 60/100

\*2 We refrain from disclosing forecasts of FY2017 since BTPN does not disclose those.

\*3 Equity in earnings of P.T. Oto Multiartha and P.T. Summit Oto Finance, which were showed separately until the third quarter of FY 2015, are included according to the capital reorganization in March 2016.

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## 3 Environment & Infrastructure

BE THE BEST. BE THE ONE

【Profit for the Year (Apr. 2016-Mar. 2017)<sup>[Note]</sup> :29.1 billion yen】

(10.5 billion yen decrease from Apr. 2015-Mar. 2016)

- IPP/IWPP (overseas) : stable performance, and one-off profit from selling part of the interest
- New large EPC projects : progress in construction
- Value realization in renewable energy power generation businesses in FY15

### 【Investment & Replacement in FY16】

- Started construction of solar farms in the city of Minamisoma, Fukushima Prefecture (May, 2016/ Mar, 2017)
- Participation in off-shore wind power generation businesses in the U.K. (Aug, 2016/ Mar, 2017)
- Participation in natural gas-fired combined cycle power generation business in the U.S. (Sep, 2016)
- Started construction of geothermal power plant in Indonesia (Mar, 2017)
- Started construction of ultra-supercritical coal-fired power plant in Indonesia (Mar, 2017)
- Constructing biomass power plants in Japan and combined cycle power plant in Ghana
- Sold off-shore wind power generation business in Belgium (Mar, 2017)

### 【Business Outlook<sup>[Note]</sup>】

- Stable performance of overseas IPP/IWPP business
- Progress in constructing of New Large EPC projects

(Note) From the first quarter of FY2016, above Segment Information is presented by Global Basis for reference purpose. The numbers of "Global Basis" consist of results including operations in Overseas Subsidiaries and Branches segment.

Sumitomo Corporation

	2015 Results	2016 Results				2017 Forecasts
(unit: billions of yen)						
Global Basis <sup>[Note]</sup>						
Profit for the year attributable to owners of the parent	39.6	29.1				29.0
		1Q	2Q	3Q	4Q	
		4.4	5.9	13.4	5.4	
Segment Basis						
Gross profit	56.7	55.0				
Share of profit of Investments accounted for using the equity method	9.6	9.2				
Profit for the year attributable to owners of the parent	25.0	23.0				
		1Q	2Q	3Q	4Q	
		2.8	4.5	11.3	4.4	
Basic profit	19.1	15.4				
Total assets	559.4	666.3				

### 【Results of major subsidiaries and associated companies<sup>[Note]</sup>】

Company	Equity in earnings of the segment (unit: billions of yen)	2015 Results	2016 Results	2017 Forecasts
• Sumisho Global Logistics Co., Ltd:		1.6	1.8	2.3
• Summit Southern Cross Power Holdings Pty Ltd :		2.2	1.5	1.8

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## 【 Profit for the Year (Apr. 2016-Mar. 2017)<sup>[Note]</sup> : 77.0 billion yen 】

(13.1 billion yen increase from Apr. 2015-Mar. 2016)

- Major group companies in Japan and real estate business : stable
- Value realization from EC business in FY16
- Value realization from real estate business in FY15
- Grain Business in Australia: posted impairment loss in FY15

## 【 Investment & Replacement in FY16 】

- Investment in biomass fuel manufacturing business in Brazil (May, 2016)
- Investment in Xiwang International Trade Co., Ltd. (Sep, 2016)
- Acquired office buildings in the U.S. (Jun, Dec, 2016)
- Acquired Fyffes, an international produce marketer and distributor in Ireland (Feb, 2017)
- Acquired some real estate properties and sold other real estate properties
- Sold all shares in Soukai Drug (Dec, 2016)

## 【 Business Outlook<sup>[Note]</sup> 】

- Robust performance by major group companies in Japan and real estate business
- Recovery of major food business

(Note) From the first quarter of FY2016, above Segment Information is presented by Global Basis for reference purpose. The numbers of "Global Basis" consist of results including operations in Overseas Subsidiaries and Branches segment.

Sumitomo Corporation

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	2015 Results	2016 Results				2017 Forecasts
(unit: billions of yen)						
Global Basis <sup>(Note)</sup>						
Profit for the year attributable to owners of the parent	63.9	77.0				86.0
		1Q	2Q	3Q	4Q	
		15.2	16.9	24.1	20.8	
Segment Basis						
Gross profit	254.6	257.0				
Share of profit of Investments accounted for using the equity method	44.2	58.7				
Profit for the year attributable to owners of the parent	64.8	77.6				
		1Q	2Q	3Q	4Q	
		15.5	16.9	24.2	21.0	
Basic profit	70.8	88.1				
Total assets	1,735.0	1,909.3				

## 【 Results of major subsidiaries and associated companies<sup>[Note]</sup> 】

Company	Equity in earnings of the segment (unit: billions of yen)		
	2015 Results	2016 Results	2017 Forecasts
• Jupiter Telecommunications Co., Ltd.*1:	28.7	34.9	35.5
• SCSK Corporation:	9.0	12.1	11.1
• Jupiter Shop Channel Co., Ltd.*2:	8.2	8.5	8.5
• Summit, Inc.:	3.2	3.6	4.5
• SC Foods Co., Ltd.:	1.1	1.4	2.0
• TOMOD'S Inc.:	1.2	1.3	1.3
• S.C. Cement Co., Ltd.:	0.7	0.9	1.3
• Sumisho Realty Management Co., Ltd.:	1.0	0.7	0.8
• Grain business companies in Australia:	-21.2	-0.3	0.4
• Sumifru Singapore Pte. Ltd.*3:	1.4	-0.8	0.5

\*1 From Mar, 2016, its result includes 25% share of the result of Jupiter Shop Channel.

\*2 On Mar, 2016, we have lowered our share in this company from 50% to 45%.

\*3 We changed the name from "Banana business company" to "Sumifru Singapore Pte. Ltd.".

# 5 Mineral Resources, Energy, Chemical & Electronics

## 【 Profit for the Year (Apr. 2016-Mar. 2017)<sup>[Note]</sup> : -6.6 billion yen 】

(141.5 billion yen increase from Apr. 2015-Mar. 2016)

### • Mineral Resources & Energy (excl. impairment losses)

Apr. 2016 - Mar. 2017 / Apr. 2015 - Mar. 2016 (increase/decrease), billion yen

**Mineral Resources & Energy (excl. Impairment Losses) - 180.0 / 10.0 (+17.1)**

- Coal mining projects in Australia : increase in price 12.7 / -1.0 (+13.7)
- Nickel mining and refining business in Madagascar : reduction in cost -12.7 / -18.4 (+5.7)
- Oresteel Investments : increase in price 6.3 / 1.3 (+5.0)
- Silver, zinc and lead mining business in Bolivia : increase in price and volume, posted tax provisions 1.1 / -2.0 (+3.2)
- Iron ore mining business in Brazil : increase in price 1.6 / -0.5 (+2.1)
- Copper and molybdenum mining business in Chile : decline in price, started commercial production in second half FY15 -4.7 / -2.8 (-1.9)

**Mineral Resources & Energy Impairment Losses - 40.7 / -155.3 (+114.6)**

• Chemical & Electronics : stable, posted impairment loss in FY15

## 【 Investment & Replacement in FY16 】

- Sold southern part of the interest in tight oil business in the U.S. (Sep, 2016)
- Sold a part of interest in coal business in Australia (Sep, 2016)
- Sold whole interest in Batu Hijau Copper/Gold mine (Nov, 2016)

## 【 Business Outlook<sup>[Note]</sup> 】

- Increase in mineral resources prices
- Posted impairment losses in FY2016

(Note) From the first quarter of FY2016, above Segment Information is presented by Global Basis for reference purpose. The numbers of "Global Basis" consist of results including operations in Overseas Subsidiaries and Branches segment.

Sumitomo Corporation

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	2015 Results	2016 Results				2017 Forecasts
(unit: billions of yen)						
Global Basis <sup>(Note 3)</sup>						
Profit for the year attributable to owners of the parent	-148.1 (-162.2)*	-6.6 (-40.7)*				53.0
		1Q	2Q	3Q	4Q	
		-12.0	-0.7	-13.4	19.4	
Segment Basis						
Gross profit	80.3	117.9				
Share of profit of Investments accounted for using the equity method	-155.4	-46.0				
Profit for the year attributable to owners of the parent	-151.6	-17.2				
		1Q	2Q	3Q	4Q	
		-12.9	-2.3	-19.0	17.0	
Basic profit	-145.2	-6.0				
Total assets	1,434.4	1,333.6				

\*The amount of impairment losses

## 【 Results of major subsidiaries and associated companies<sup>[Note]</sup> 】

Company	Equity in earnings of the segment (unit: billions of yen)		
	2015 Results	2016 Results	2017 Forecasts
• Companies related to coal business in Australia:	-13.1	12.7	8.1
• ORESTEEL INVESTMENTS:	-17.0	6.3	13.7
• SC Minerals America, Inc.:	2.5	2.9	4.6
• Sumitronics group <sup>1</sup> :	2.6	2.2	3.0
• 2 companies with oil field interests in the North Sea:	-1.5	1.9	0.6
• Sumitomo Shoji Chemicals Co., Ltd.:	1.9	1.9	2.3
• LNG Japan Corporation:	3.4	1.7	1.7
• Iron ore mining business in Brazil:	-15.1	1.6	3.4
• SMM Cerro Verde Netherlands B.V.:	0.0	1.4	2.5
• Pacific Summit Energy LLC:	1.4	1.1	0.8
• 2 silver, zinc and lead business companies in Bolivia:	-2.0	1.1	29.3
• Summit Rural Western Australia Pty. Ltd.:	0.7	0.8	0.7
• Shale gas business in the U.S.:	-2.4	-1.3	-0.7
• Nickel mining and refining business in Madagascar <sup>2</sup> :	-95.4	-17.4	-17.8
• Copper and molybdenum mining business in Chile:	-16.8	-38.3	-3.3

<sup>1</sup> From the first quarter of FY2016, equity in earnings of Sumitronics subsidiaries attributed to Overseas Four Broad Regions are included. FY2015 results is in the same manner.

<sup>2</sup> The results show equity in earnings of Apr. 2016 - Mar. 2017 for the period of FY2016, and Jan. 2015 - Mar. 2016 for the period of FY2015 respectively.

## Mineral Resources Equity Share of Production and Sensitivity to Profit for the Year

		FY15	FY16 Results					FY17	Sensitivity to net income (annual base/ excluding prices hedge)
		Results	1Q	2Q	3Q	4Q	Annual	Forecasts	
<b>Coking Coal</b>	Equity share of shipping Volume[mil MT]	1.8	0.4	0.4	0.5	0.4	1.8	1.4	¥90 mil (US\$1/MT)
	Prices[US\$/MT]*1	93	84	93	200	285	165	150	
<b>Thermal Coal</b>	Equity share of shipping Volume[mil MT]	5.7	1.4	1.5	1.1	1.2	5.2	5.3	¥330 mil (US\$1/MT)
	Prices[US\$/MT]*1	65	62	-*2	95	-*2	78	78	
<b>Iron Ore*3</b>	Equity share of shipping Volume[mil MT]	3.9	0.2	1.7	0.2	1.8	3.9	4.1	¥290 mil (US\$1/MT)
	Prices[US\$/MT]	56	48	57	59	71	59	70	
<b>Manganese Ore</b>	Equity share of shipping Volume [mil MT]	0.5	-	0.2	-	0.3	0.5	0.5	¥40 mil (US\$1/MT)
	Prices[US\$/MT]	133	105	167	173	363	202	264	
<b>Copper</b>  Nusa Tenggara Mining, included in the above	Equity share of Production[KMT]	90	15	14	14	15	59	60	¥430mil (US\$100/MT)
		42	-	-	-	-	-	-	
	Prices[US\$/MT]	5,502	4,668	4,730	4,774	5,281	4,863	5,864	

Note) FY17 forecasts and sensitivity to net income are as of May, 2017.

\*1 Prices are general market price.

\*2 Prices were not settled.

\*3 The figures in "Iron Ore" were reviewed due to change of disclosed companies.

## Mineral Resources Equity Share of Production and Sensitivity to Profit for the Year

		FY15	FY16 Results					FY17	Sensitivity to net income (annual base/ excluding prices hedge)
		Results	1Q	2Q	3Q	4Q	Annual	Forecasts	
<b>Silver</b>	Equity share of Production [mil toz]	13.4	3.7	4.0	3.4	2.3	13.4	17.2	¥800 mil (US\$1/toz)
	Prices[US\$/toz]	15.2	16.8	19.6	17.2	17.4	17.8	17.0	
<b>Zinc</b>	Equity share of Production [KMT]	194	56	68	57	46	227	244	¥900 mil (US\$100/MT)
	Prices[US\$/MT]	1,831	1,915	2,254	2,518	2,780	2,367	2,650	
<b>Lead</b>	Equity share of Production [KMT]	53	13	19	14	14	60	69	¥300 mil (US\$100/MT)
	Prices[US\$/MT]	1,770	1,719	1,872	2,150	2,278	2,005	2,200	
<b>Nickel</b>	Equity share of Production [KMT]	17.2*4	2.9	3.0	4.2	3.1	13.2	19.2-20.9	¥5.3 bil (US\$1/lb)
	Prices[US\$/lb]	5.32*5	4.00	4.66	4.90	4.66	4.55	4.60	
<b>Crude Oil, Gas (North Sea)</b>	Equity share of shipping Volume [mil bbl]	2.4	0.8	0.6	0.7	0.8	2.9	2.6	¥80 mil (US\$1/bbl)
	Prices[US\$/bbl, Brent]	52	34	46	46	49	44	53	
<b>LNG</b>	Equity share of shipping Volume [mil KMT]	350	90	80	90	90	350	340	-

Note) FY17 forecasts and sensitivity to net income are as of May, 2017.

\*4 Due to the change in fiscal period, it shows the equity share of production from Jan, 2015 to Mar, 2016.

\*5 Due to the change in fiscal period, it shows the average price during the period from Jan, 2015 to Mar, 2016.

## Exposure of Upstream Mineral Resources & Energy Business

(Unit: billion yen)

	End of Mar, 2016	End of Mar, 2017	<Reasons of differences>
<b>Coking/Thermal Coal</b>	80.0	90.0	
<b>Iron Ore</b>	60.0	80.0	• Increase due to appreciation of ZAR and BRL
<b>Copper</b>	230.0	120.0	• Decrease due to sale of interest and impairment
<b>Silver, Zinc, Lead</b>	120.0	110.0	
<b>Nickel</b>	190.0	190.0	
<b>Crude Oil, Gas, LNG</b>	100.0	80.0	• Decrease due to sale of interest
<b>Total</b>	790.0	670.0	

\* The amount of exposure is the total of investment, loan and guarantee

## Medium-to long-term Strategy

### <Contents>

- 1 Metal Products
- 2 Transportation & Construction Systems
- 3 Environment & Infrastructure
- 4 Media, ICT, Lifestyle Related Goods & Services
- 5 Mineral Resources, Energy, Chemical & Electronics
  - Policy for the upstream mineral resources & energy business

## Strategy to realize “What We Aim to Be”

### Existing Earnings Pillars to enhance

- ✓ Metal products for automotive industry
  - Enhance value chain of automotive-related products including steel products and parts to be a leading supplier
  - Pursue synergies across existing steel service centers
- ✓ Railway-related metal products
  - Establish firm position in railway field(rail / wheel / axle / maintenance)
- ✓ Tubular products
  - Based on OCTG business, expand value chain in oilfield related and synergistic markets, preparing for oil & gas market recovery
  - Expand to oilfield equipment, material and services segments
  - Optimize distribution network for oil & gas transport pipelines and special pipes

### Future Earnings Pillars to develop

- ✓ Aluminum smelting and rolling business
  - Expand value chain from upstream (smelting) to middle stream (rolling)

### Major initiatives

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>✓ Metal products for automotive industry               <ul style="list-style-type: none"> <li>• Joint Investment in Hay Holding GmbH, the Europe's largest manufacturer of forged and machine-processed components</li> <li>• Basic agreement to invest in specialty rolled steel business which is operated by a subsidiary of Mukand Limited, leading manufacturer in India</li> <li>• Agreement with Mitsui &amp; Co., LTD. to acquire some shares of three automotive-related tubular products manufacturers, including Seymour Tubing Inc. in the U.S.</li> </ul> </li> <li>✓ Railway-related metal products               <ul style="list-style-type: none"> <li>• Entered into north American railcar axle machining business on the west coast of the U.S. with Greenbrier Rail Services</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>✓ Tubular products               <ul style="list-style-type: none"> <li>• Strengthened business base by sophisticating supply chain management system and streamlining value chain by restructuring and consolidation of distribution network</li> <li>• Leveraging the network of group companies, including Howco, Edgen Group and OMS, to make integrated promotion of steel related materials and services to the customers in energy industry, including renewable energy industry</li> </ul> </li> <li>✓ Aluminum smelting and rolling business               <ul style="list-style-type: none"> <li>• Have begun operation of aluminum sheet factory in the U.S., which is jointly operated by Tri-Arrows Aluminum Holding and its partner</li> </ul> </li> </ul> |
|--|---|

# 2 Transportation & Construction Systems

## Strategy to realize “What We Aim to Be”

### Existing Earnings Pillars to enhance

- ✓ Sales and Services Business Area
  - Automotives: Strengthen and expand existing businesses, enter into new markets
  - Construction equipment: Strengthen product support business, expand sales network in emerging markets
  - Tire business in the U.S. : Execute restructuring plan steadily
- ✓ Finance and Asset Business Area
  - Execute strategic capital injection/collection and asset replacement
  - Strengthen aircraft and aircraft-engine leasing business, construction equipment rental business and vehicle leasing business
  - Diversify retail financing business in Indonesia and the other countries
  - Replace assets of ship owning/joint owning business
- ✓ Manufacturing Business Area
  - Strengthen existing manufacturing businesses of automotives and automotive parts
  - Expand into related business

### Future Earnings Pillars to develop

- ✓ Railways related business
  - Implement existing EPC projects successfully and receive orders of new projects
- ✓ Mobility services business
  - Create new businesses

### Major initiatives

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>✓ Completed capital reorganization in automotive/motorcycle retail finance business in Indonesia</li> <li>✓ Completed the acquisition of General Electric Group's leasing business in Japan by Sumitomo Mitsui Finance and Leasing</li> <li>✓ Concluded a business collaboration with akippa Inc. , a parking lot sharing platform</li> </ul> | <ul style="list-style-type: none"> <li>✓ Received an order of city railway construction project in Bangkok, Thailand</li> <li>✓ Participation of forged parts for wind power generation in Brazil</li> <li>✓ Made the subsidiary of construction equipment rental business in the U.S. to wholly-owned company</li> </ul> |
|--|---|

## Strategy to realize “What We Aim to Be”

### Existing Earnings Pillars to enhance

- ✓ Power infrastructure business (IPP/IWPP / EPC\*, overseas)
  - Enhance electric power businesses in Asia, Middle East, Americas and Sub-Saharan Africa
- ✓ Electricity business (Japan)
  - Secure additional competitive power sources and expand retail business taking advantage of deregulation in the energy market
- ✓ Power generation from renewable energy (overseas)
  - Develop new projects getting support from renewable energy promotion policies in each country
  - Expand business focusing on off-shore wind power generation
  - Strategic asset replacement
- ✓ Industrial park (overseas)
  - Expand existing industrial parks, provide advanced functions and develop new projects in emerging markets continuously

\* EPC: Engineering, Procurement & Construction

### Future Earnings Pillars to develop

- ✓ Water infrastructure
- ✓ Power storage business

## Major initiatives

- ✓ Power infrastructure business (overseas) (IPP / IWPP businesses)
  - Participation in natural gas-fired combined cycle power generation business in the U.S.
  - Started construction of ultra-supercritical coal fired power plant in Indonesia
  - Started construction of geothermal power plant in Indonesia
  - Constructing plant for combined cycle power plant in Ghana
  - Completed construction of plant for IWPP in Kuwait
- ✓ Power generation from renewable energy (overseas)
  - Started construction of off-shore wind farm in Belgium
  - Participation in off-shore wind power generation businesses in the U.K.
  - Sold part of interest in wind power generation businesses in South Africa and the U.S.
  - Sold solar power generation business in the U.S.
  - Sold off-shore wind power generation business in Belgium
- ✓ Electricity business (Japan)
  - Constructing biomass power plants in Japan
- ✓ Industrial park (overseas)
  - Started construction of industrial park expansion in Myanmar
- ✓ Water infrastructure
  - Started commercial operation of desalination project in Oman
  - Participation in water infrastructure business in Brazil
- ✓ (EPC businesses)
  - Started construction of natural gas-fired combined cycle power plants in Tanzania and Mozambique
  - Started construction of ultra-supercritical coal fired power plant in Indonesia

# 4 Media, ICT, Lifestyle Related Goods & Services

## Strategy to realize “What We Aim to Be”

### Existing Earnings Pillars to enhance

- ✓ Further strengthen business base of core companies in the fields of Media, ICT and Retail (J:COM / SCSK / Jupiter Shop Channel etc.)
- ✓ Increase sophistication and competitiveness of operations in telecommunications business in Myanmar
- ✓ Strengthen base of food business
- ✓ Strengthen earnings base of timber resources business
- ✓ General real estate business including office buildings, retail facilities, condominiums, logistic facilities and asset management (Japan, overseas)

### Future Earnings Pillars to develop

- ✓ Enter into emerging markets including Asian countries, applying successful domestic business model in media, ICT and retail field
- ✓ Fruit and vegetable business in Europe, Americas and Asia
- ✓ Solid biomass fuel related business

## Major initiatives

- ✓ Media, ICT and Retail field
  - Realized synergy between J:COM and Jupiter Shop Channel promoted by the capital reorganization of Jupiter Shop Channel
- ✓ Telecommunications business in Myanmar
  - Kept on improving the quality of telecommunication network and expanding sales network and 4G LTE service
- ✓ Food
  - Expanded fresh food distribution business (expansion of value chains in banana and meat business) and strengthened sales force of SC Foods Co., Ltd.
  - Acquired Fyffes, an international produce marketer and distributor in Ireland
- ✓ Timber resources
  - Increased forest assets in Russia and New Zealand
  - Expanded timber trading in the Pacific rim
- ✓ General real estate business
  - Acquired “Miami Tower” and “Atlanta Financial Center”, office buildings in the U.S.
  - Completed “GINZA SIX”, Ginza area’s largest retail facility
- ✓ Solid biomass fuel
  - Expanded trading business and participated in manufacturing business of biomass fuel
- ✓ Building Material
  - Business Integration between Sumisho & Mitsubussan Kenzai Co., Ltd and Marubeni Building Materials Co., Ltd.

## Strategy to realize “What We Aim to Be”

### Existing Earnings Pillars to enhance

- ✓ Expand earnings base in crop protection business
  - Establish global distribution network
  - Expand multifaceted support business for crop production through expanding earnings base of existing business in Romania and steady start-up of new business in Brazil
- ✓ Strengthen the base of electronics manufacturing service (“EMS”) business for automotive manufacturers
- ✓ Petrochemical business
  - Maximize synergies with phenol production project
  - Enter into auto parts business area

### Future Earnings Pillars to develop

- ✓ Strengthen energy trade business
  - Promote trade business of natural gas in the U.S. and LNG
  - Strengthen business base of integrated LPG import and wholesale company
- ✓ Pharmaceutical and cosmetic businesses
  - Enhance functions and services by taking advantage of our global network

## Major initiatives

- ✓ Multifaceted support business for crop production
  - Invested in Agro Amazonia Produtos Agropecuarios S.A. in Brazil
- ✓ Distribution of crop protection products
  - Strengthened capital alliance with manufacturing and sales company of crop protection products, Sipcam in Italy
  - Established new sales company of crop protection products in Vietnam
- ✓ Manufacture and sales business of animal drugs
  - Invested in Shandong Sinder Technology Co., Ltd. which is engaged in manufacture and sales business of animal drugs
- ✓ Energy trading
  - Business integration of LPG wholesale companies into GYXIS Corporation
- ✓ EMS business
  - Established new site in Cambodia
- ✓ Phenol production in China
  - Started commercial production

## Policy for the upstream mineral resources & energy business

### Policy: Improvement of the asset quality for the upstream mineral resources & energy business

- ◆ Early completion and improvement in profitability of ramping-up projects  
(Nickel project in Madagascar, Copper & Molybdenum project in Chile etc.)
- ◆ Continuous cost reduction to improve profitability in existing businesses
- ◆ Basic policy : new investments replaces existing assets  
(targeting competitive and prime assets, considering the timing of investment)

### Reconstruction of the upstream mineral resources & energy strategies

- ◆ Manage concentration risk
  - Setting management policy of upstream mineral resources portfolio
  - Monitoring assets portfolio regularly
- ◆ Improve methodology of project valuation  
(improve criteria for screening projects and risk scenario analysis)
- ◆ Establish an expert organization  
(strengthen market analysis and technical evaluation abilities,  
complement expertise by active employment of external human resources)

# Condensed Consolidated Statements of Comprehensive Income

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(Unit: Billions of yen)	FY2015 (15/4-16/3) (A)	FY2016 (16/4-17/3)		Increase/(decrease)		Summary
		(B)	(17/1-17/3)	Amount (B)-(A)	Percentage	
Revenues	4,010.8	3,997.0	1,142.1	(13.8)	(0%)	<u>Gross profit</u> <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 - Stable performance of SCSK  <u>Share of profit (loss) of investments accounted for using the equity method</u> - Stable performance of J:COM - Stable performance of leasing business - Decrease in impairment losses  <u>Gain (loss) on securities and other investments, net/ Gain (loss) on property, plant and equipment, net/ Other, net</u> - Profits from the reorganization of automotive financing business in Indonesia in FY15 - Tax provisions in Silver-zinc-lead mining project in Bolivia in FY16 - Decrease in impairment losses <u>Income tax expense</u> - Tax effects on impairment losses posted in the past
Gross profit	894.1	842.7	231.8	(51.4)	(6%)	
Selling, general and administrative expenses (Provision for doubtful receivables)	(762.7) (10.4)	(693.8) (2.3)	(187.2) (2.5)	69.0 8.1	9% (78%)	
Interest expense, net of interest income	(2.6)	(1.7)	(0.5)	0.9	34%	
Dividends	10.6	9.4	2.5	(1.3)	(12%)	
Share of profit (loss) of investments accounted for using the equity method	(53.8)	83.5	40.2	137.3	-	
Gain (loss) on securities and other investments, net	72.2	12.9	13.1	(59.3)	(82%)	
Gain (loss) on property, plant and equipment, net	(33.4)	(19.7)	(17.4)	13.8	41%	
Other, net	15.8	(20.1)	(9.5)	(36.0)	-	
Profit before tax	140.1	213.1	73.0	73.0	52%	
Income tax expense	(51.5)	(25.9)	(8.7)	25.7	50%	
Profit for the period	88.6	187.2	64.3	98.6	111%	
Profit for the period attributable to:						
Owners of the parent	74.5	170.9	59.4	96.3	129%	
Non-controlling interests	14.0	16.3	4.9	2.3	16%	
Basic profit (Calculation for reference)*	46.5	193.1	74.1	146.6	315%	
Comprehensive income for the year (attributable to owners of the parent)	(164.4)	169.7	27.1	334.1	-	

\* 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

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## Historical Data(1) P/L, C/S

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	U.S.GAAP				IFRS					
	GG Plan		FOCUS'10		f(x)		BBBO2014		BBBO2017	
(Billion yen)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Revenues	3,670.9	3,511.6	2,884.2	3,100.2	3,261.0	3,016.2	3,317.4	3,762.2	4,010.8	3,997.0
Gross profit	934.5	935.2	779.5	864.0	918.8	827.0	894.4	952.9	894.1	842.7
Selling, general and administrative expenses	(669.4)	(654.4)	(639.2)	(660.7)	(686.4)	(657.1)	(706.4)	(755.2)	(762.7)	(693.8)
Interest expense, net	(42.8)	(36.1)	(24.1)	(18.1)	(15.1)	(15.8)	(17.4)	(13.0)	(2.6)	(1.7)
Dividends	15.3	14.6	11.3	10.0	11.2	13.4	14.9	17.2	10.6	9.4
Share of profit (loss) of investments accounted for using the equity method	56.9	90.0	76.1	95.6	110.6	107.4	126.2	49.1	(53.8)	83.5
Gain (loss) on securities and other investments, net	94.9	4.5	32.9	9.5	14.8	51.5	8.8	12.4	72.2	12.9
Gain (loss) on property, plant and equipment, net	(10.1)	(15.1)	5.0	(17.6)	(9.0)	(5.8)	(19.8)	(269.2)	(33.4)	(19.7)
Other, net	(0.7)	(1.6)	1.5	(2.2)	(3.6)	(1.6)	3.5	(13.0)	15.8	(20.1)
Profit(loss) before tax	367.6	319.6	223.3	280.5	341.4	319.0	304.2	(18.6)	140.1	213.1
Income tax expense	(119.8)	(96.3)	(61.8)	(70.7)	(77.7)	(75.3)	(70.4)	(52.3)	(51.5)	(25.9)
Profit(loss) for the year	247.8	223.3	161.5	209.8	263.7	243.7	233.9	(70.8)	88.6	187.2
Profit(loss) for the year attributable to:										
owners of the parent	238.9	215.1	155.2	200.2	250.7	232.5	223.1	(73.2)	74.5	170.9
Non-controlling interests	8.9	8.3	6.3	9.6	13.0	11.2	10.8	2.4	14.0	16.3
Basic profit	197.1	243.0	151.4	220.5	251.5	216.5	245.0	184.0	46.5	193.1
Net cash from operating activities	323.7	348.8	510.4	219.5	190.4	280.3	278.2	243.7	599.7	345.8
Net cash used in investing activities	(298.0)	(261.5)	(59.4)	(469.4)	(35.7)	(186.2)	(249.9)	(399.6)	(85.4)	(180.7)
Free cash flows	25.6	87.3	451.0	(249.9)	154.7	94.1	28.4	(155.9)	514.3	165.1
Net cash from (used in) financing activities	7.9	(5.8)	(150.1)	155.9	(33.3)	(24.7)	145.9	(74.8)	(507.2)	(254.4)

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## Historical Data(2) B/S, Key Financial Indicator

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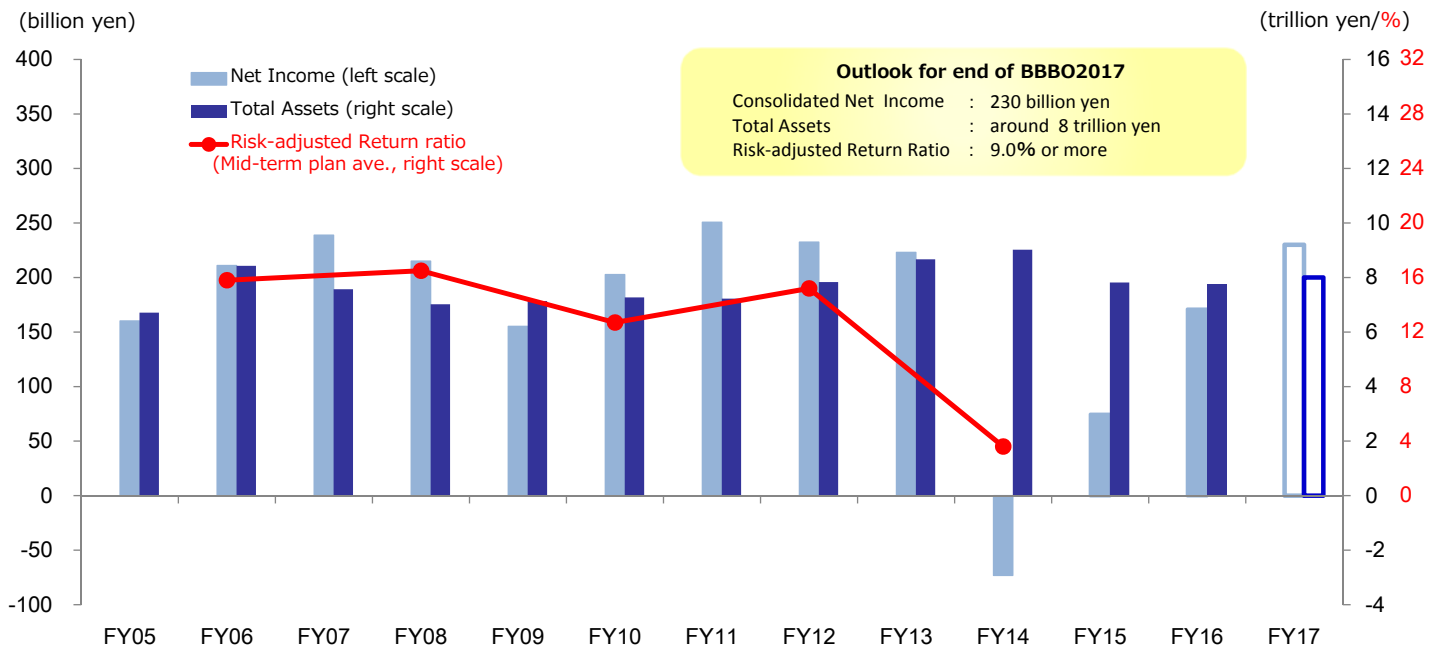
	U.S.GAAP				IFRS					
	GG Plan		FOCUS'10		f(x)		BBBO2014		BBBO2017	
(Billion yen)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Total Assets	7,571.4	7,018.2	7,137.8	7,230.5	7,226.8	7,832.8	8,668.7	9,021.4	7,817.8	7,761.8
Equity attributable to owners of the parent	1,492.7	1,353.1	1,583.7	1,570.5	1,689.1	2,052.8	2,404.7	2,481.4	2,251.5	2,366.5
Interest-bearing liabilities (gross)	3,709.8	3,702.7	3,600.7	3,767.4	3,613.8	3,861.4	4,238.9	4,421.3	3,650.9	3,418.3(*)
Interest-bearing liabilities (net)	3,247.6	3,186.8	2,781.8	3,056.3	2,786.7	2,930.3	3,123.5	3,517.5	2,770.3	2,627.9
Equity attributable to owners of the parent ratio (%)	19.7	19.3	22.2	21.7	23.4	26.2	27.7	27.5	28.8	30.5
ROE (%)	16.1	15.1	10.6	12.9	15.4	12.4	10.0	(3.0)	3.2	7.4
ROA (%)	3.0	2.9	2.2	2.8	3.5	3.1	2.7	(0.8)	0.9	2.2
Debt-Equity Ratio (net) (times)	2.2	2.4	1.8	1.9	1.6	1.4	1.3	1.4	1.2	1.1
(Yen)										
Stock price of Sumitomo Corp. (closing price)	1,313	843	1,075	1,189	1,196	1,178	1,313	1,286.0	1,118.5	1,497.5
(highest)	2,445	1,658	1,113	1,297	1,284	1,276	1,616	1,420.0	1,513.0	1,547.0
(lowest)	1,221	556	811	874	875	984	1,101	1,054.0	983.5	975.5
Nikkei stock average (closing price)	12,525.54	8,109.53	11,089.94	9,755.10	10,083.56	12,397.91	14,827.83	19,206.99	16,758.67	18,909.26
Shares of common stock issued (unit: thousand)	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603	1,250,603
Earnings per share attributable to owners of the parent (basic)	192.51	172.06	124.15	160.17	200.52	185.92	178.59	(58.64)	59.73	136.91

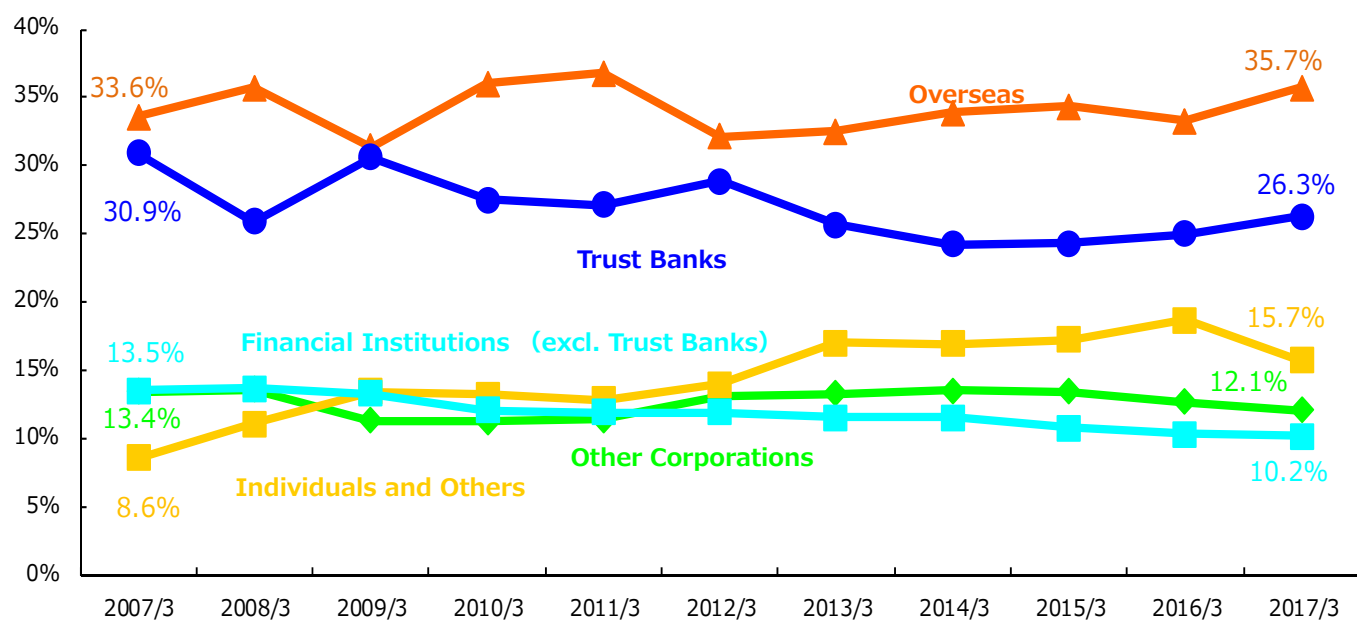
We have prepared consolidated financial statements in accordance with U.S. GAAP for FY2009 or earlier and International Financial Reporting Standards ("IFRS") for FY2010 or later. Under U.S. GAAP, "Share of profit of investments accounted for using the equity method" corresponds to "Equity in earnings of associated companies, net," "Profit for the year attributable to owners of the parent" corresponds to "Net income attributable to Sumitomo Corporation," "Equity attributable to owners of the parent" corresponds to "Sumitomo Corporation shareholders' equity" and "Equity attributable to owners of the parent ratio" corresponds to "Sumitomo Corporation shareholders' equity ratio."

(\*) Interest-bearing liabilities of financing for motor vehicles and rental for construction equipment related business ;96.2billion yen.  
Interest-bearing liabilities of project finance (non-recourse) ;131.5 billion yen.

## Medium-term Management Plans

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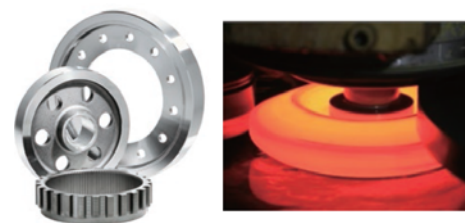
## (Reference) Current Initiatives of Six Material Issues

## Automobile & Transportation System-related field

### Automotive Forged Parts Business

Acquired 25% of the shares of Hay Holding GmbH, a major Germany manufacturer of automotive parts in March 2017.

Aim to strengthen partnerships and create new value, through expanding into the finished vehicle/parts manufacturing business by collaborating with Japanese finished-vehicle and parts manufacturers that were previously customers.



Automotive Forged Parts by Hay Holdings

#### Material issues to resolve



**Providing Diverse “Accessibility”**



**Contributing to the Development of Local Communities and Industries**

## Lifestyle & Information Service field

### Real Estate Business in Japan and Overseas

Acquired office buildings in Miami and Atlanta, the U.S. in 2016. Opened GINZA SIX, the largest retail facility in the Ginza area and started urban redevelopment project in the Kanda area, Tokyo in April 2017.

Expand real estate business in Japan and overseas and promote urban development in response to local needs to enrich people's daily life and revitalize community.



Left : Miami Tower  
Right : Kandanishiki-cho 2-chome project  
(tentative name)

#### Material issues to resolve



**Establishing a Foundation for Comfortable and Enriching Lifestyles**



**Contributing to the Development of Local Communities and Industries**

## Infrastructure field

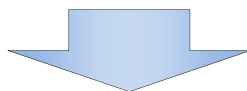
### Renewable Energy Power Generation Business

Invested in Galloper Off-shore Wind Farm in the U.K. in 2016.  
In Japan, constructing Biomass Power Plants in Sakata city,  
Yamagata pref. and Handa city, Aichi pref. and solar farm in  
Minamisoma city, Fukushima pref.

Promote renewable energy power generation business in Japan  
and overseas to provide environmentally-conscious, safe and  
stable energy.



Off-shore Wind Farm



#### Material issues to resolve



**Achieving Harmony with the Global Environment**



**Establishing a Foundation for Comfortable and Enriching Lifestyles**



**Contributing to the Development of Local Communities and Industries**