

For immediate release

(This is an English translation of the Japanese original.)

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Notice Concerning the New Medium-Term Management Plan (April 2018 through March 2021)

Sumitomo Corporation (hereinafter referred to as “Sumitomo”) hereby announces its medium-term management plan, “Medium-Term Management Plan 2020” for April 2018 through March 2021.

Please refer to the attachment.

“Medium-Term Management Plan 2020” (FY2018-2020)

In our medium-term management plan with its term for three years from FY2015 “Be the Best, Be the One 2017 (BBBO2017)”, we have promoted growth strategies and managerial reforms based on the theme of making Groupwide efforts in overcoming issues and outlining the return to the growth track in light of changes in the environments that surround our businesses as well as managerial issues.

In the changing business environment, industries are losing its boundaries and becoming more complex by rapid technological innovation driven by AI and IoT. In our new “Medium-Term Management Plan 2020”, we will create new value by promoting three core growth strategies, increasing the value of existing businesses, creating the next-generation businesses and leveraging cross-business platform, as well as continuous effort to reinforce management bases.

Major initiatives to be taken and quantitative targets are shown as follows.

○Major initiatives

1. Promotion of Growth Strategies

- (1) Increasing the value of existing businesses
- (2) Creating the next-generation businesses
 - Allocating management resources to 3 growth fields in prioritized manner
 - ① Technology x Innovation (the fourth industrial revolution fields)
 - ② Healthcare
 - ③ Social infrastructure
- (3) Leveraging cross-business platform
 - Expanding business support functions

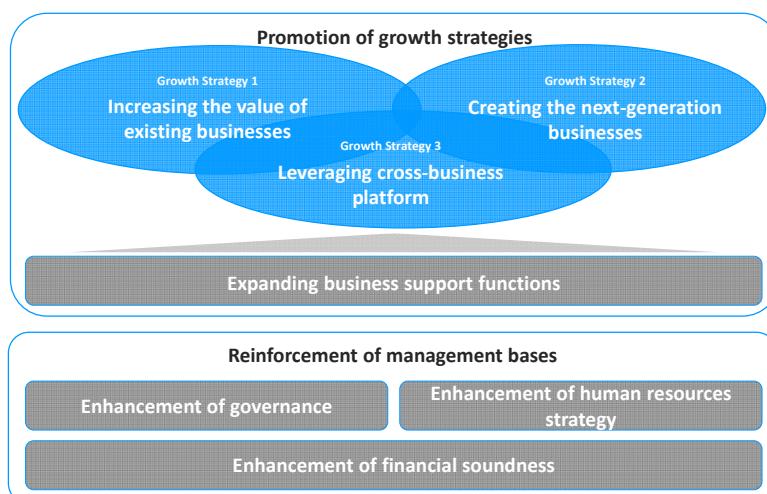
2. Reinforcement of Management Bases

- Enhancement of governance
- Enhancement of human resources strategy
- Enhancement of financial soundness

(Reference) Overview of “Medium-Term Management Plan 2020”

Medium-Term Management Plan 2020

- Unceasing Challenge for New Value Creation -



○Quantitative targets

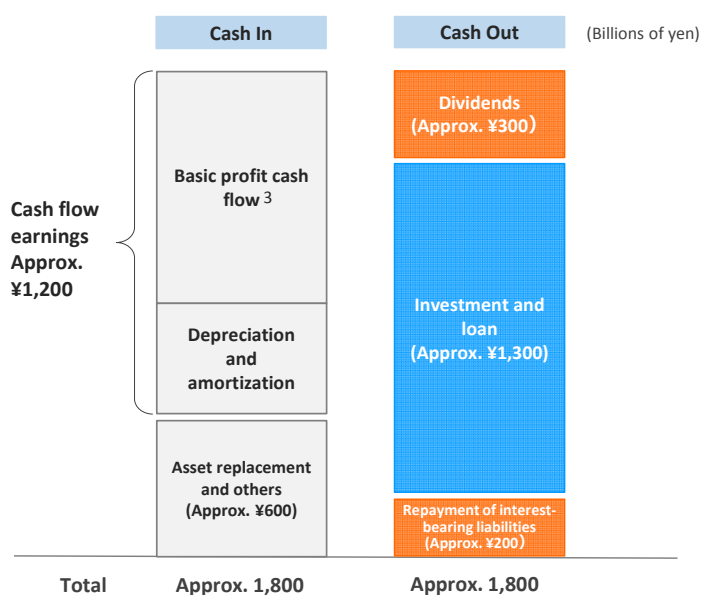
1. Profit targets

- Consolidated net income¹ FY2018 ¥320.0 billion
- Basic profit² FY2018 ¥340.0 billion
- ROA 4% or more
- ROE 10% or more

2. Financial policies

- Core risk buffer \geq Risk-adjusted assets Maintain balance
- Post-dividend free cash flow Three-year total ¥200 billion or more, and to be allocated to repayment of interest-bearing liabilities

Projection of cash allocation during “Medium-Term Management Plan 2020” (three years)



¹ “Consolidated net income” is equivalent to the “profit attributable to owners of the parent” set out in the International Financial Reporting Standards (IFRS).

² Calculation of 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) + Share of profit (loss) of investments accounted for using the equity method.

³ 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

○Dividend policy

We aim to increase dividends by achieving medium and long-term earnings growth while adhering to our fundamental policy of paying shareholders a stable dividend over the long term.

During “Medium-Term Management Plan 2020” started from April 2018, we decide the dividend amount in view of the situations regarding basic profit and cash flow, and with a consolidated payout ratio of 30% as our guideline.

The annual dividend forecast for the fiscal year ending March 31, 2019, is projected to be ¥75 per share as we forecast our profit for FY18 is 320.0 billion yen.

(Dividend status)

	Annual dividend			Payment ratio (Consolidated)
	2Q end	Year-end	Total	
	yen	yen	yen	%
FY2017 [FY ended March 31, 2018]	28.00	34.00	62.00	25.1
FY2018 [FY ending March 31, 2019] (forecast)	37.00	38.00	75.00	29.3

Cautionary Statement Concerning Forward-Looking Statements

This notice 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 notice 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 Sumitomo's business strategies. Sumitomo may be unsuccessful in implementing its business strategies, and management may fail to achieve its forecasts. Sumitomo is under no obligation -- and expressly disclaims any such obligation -- to update or alter its forward-looking statements.