For Immediate Release

Sumitomo Corporation Announces Quarterly Financial Results for the Fiscal Year 2017 (Six-month period ended September 30, 2017)

On November 6, 2017, Sumitomo Corporation announced its consolidated results for the six-month period ended September 30, 2017, prepared on the basis of International Financial Reporting Standards (IFRS).

1. Financial Highlights

○ "Profit for the period attributable to owners of the parent" totaled 155.3 billion yen, representing an increase of 89.5 billion yen from the same period of the previous year.

"Basic profit (*1)", which excludes extraordinary gains and losses, totaled 151.7 billion yen, representing an increase of 59.7 billion yen from the same period of the previous year. Basic profit for mineral resources businesses increased due mainly to the robust mineral resources prices. Tubular products business in North America is recovering because of gradual increase in rig count.

As regards our non-mineral resources businesses, in addition to the robust performance of the core businesses such as real estate business and leasing business, large-scale projects in power infrastructure business also made good progress.

*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: FY2016 31%, FY2017 31%

One-off profits and losses were improved by approximately 32 billion yen. While losses of approximately 17 billion yen including tax provisions in San Cristobal silver-zinc-lead mining project in Bolivia in the same period of the previous year, profits of approximately 15 billion yen were posted in this period stemming mainly from asset replacements.

In terms of profit for the period by Segment, all segments increased the profit comparing to the same period of the previous year as well as the 1st quarter of this fiscal year.

○ "Free cash flow" totaled 21.1 billion yen inflow for this period. Our core businesses performed well in generating cash and we have received large amount of dividend from investments accounted for using the equity method, therefore Basic profit cash flow (*3) totaled 164.8 billion yen and we recovered funds of approximately 120.0 billion yen through asset replacements, including the sale of all shares in automotive finance business in Europe and of office buildings in the U.S. On the other hand, the increase in working capital due to brisk businesses and inventories accumulation of precious metal business resulted in around 180.0 billion yen outflow. In addition, we executed investments and loans of approximately 140.0 billion yen including participation in water infrastructure business in Brazil and additional investment in telecommunications business in Myanmar.

*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

"Total assets" amounted to 7,951.7 billion yen, 189.9 billion yen higher than the previous fiscal year-end due to increase in inventories.
"Shareholders' Equity" totaled 2,523.9 billion yen, representing an increase of 157.4 billion yen from the previous fiscal year-end due primarily to an increase in retained earnings.

2. Progress for the Fiscal Year Ending March 31, 2018

○ As regards the future global business environment, although we should keep paying attention to market trends for mineral resources prices and geopolitical risks, we expect the firm growth of world economy will be maintained in general.

○ Under such circumstances, we have revised our forecast of "Basic profit" for the year to 300.0 billion yen from 260.0 billion yen initial annual forecast since our robust performance in the first half of this fiscal year is expected to continue in the second half. In addition, we revised the One-off profits and losses forecast for this fiscal year to the loss of 10 billion yen from the initial forecast, loss of 20 billion yen since one-off profits were realized in this period while we kept the costs of 20 billion yen for improving our financial soundness through the steady execution of asset replacement, which was included in the initial annual forecast.

○ As a result, we have revised our forecast of profit for the year attributable to owners of the parent to 280.0 billion yen from 230.0 billion yen initial annual forecast, which is record-high surpassing 250.7 billion yen we marked in fiscal 2011.

3. Dividend

○ During “Be the Best, Be the One (BBBO) 2017”, the current medium-term management plan for three years 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.

○ The annual dividend forecast for the fiscal year ending March 2018 is projected to be 56 yen per share, increasing 6 yen per share from initial forecast, applying the consolidated dividend payout ratio of 25% based on our dividend policy during BBBO2017 to our annual forecast of profit of 280.0 billion yen. Therefore, the interim dividend for fiscal 2017 is projected to be 28 yen per share, half amount of the planned annual dividend.

For further information contact:
Sumitomo Corporation
Investor Relations Dept.
Phone: +81-3-5166-3469
Fax : +81-3-5166-6292
e-mail: ir@sumitomocorp.com