

【Presentation】

Results for the Six-month period ended September 2017 (Be the Best, Be the One 2017)

November 6th, 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

BE THE BEST. BE THE ONE

(Unit: Billions of yen)	FY2016 Q2 (Apr.-Sep.) (A)	Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)	FY2017 Q2 (Apr.-Sep.) (B)	Increase (B)-(A)
	Profit for the period	65.8	78.2	77.1	155.3
Basic Profit^{*1}	92.0	77.4	74.3	151.7	+ 59.7
Mineral resources ^{*2}	-3.3	13.6	14.6	28.2	+ 31.5
Tubular products ^{*2}	-6.6	2.4	1.5	3.9	+ 10.5
Non-mineral resources (excl. Tubular products)	101.8	61.5	58.1	119.6	+ 17.8
One-off profits/losses	Approx. -17.0	Approx. + 6.0	Approx. + 9.0	Approx. + 15.0	Approx. + 32.0

〈 Summary (Results) 〉

- Mineral resources : ✓ Increase in earnings due to higher commodity prices
- Tubular products : ✓ Recovery in earnings of tubular products business in North America
- Non-mineral resources : ✓ Stable performance by real estate business and leasing business
 ✓ Progress in development and construction of large-scale projects in power infrastructure business
- One-off profits/losses : ✓ Tax provisions in Silver-zinc-lead mining project in Bolivia, etc. in FY2016
 ✓ One-off profits from asset replacement, etc. in FY2017

(Reference) Key indicators		FY2016 Q2 (Apr.-Sep.)	FY2017 Q2 (Apr.-Sep.)
Exchange rate	(YEN/US\$)	105.25	111.04
Interest rate	LIBOR 6M(YEN)	0.00%	0.01%
	LIBOR 6M(US\$)	1.04%	1.44%
Copper *1	(US\$/MT)	4,699	5,749
Zinc	(US\$/MT)	2,085	2,779
Nickel	(US\$/lb)	4.33	4.49
Iron ore *1	(US\$/MT)	53	75
Hard Coking coal *2	(US\$/MT)	88	182
Thermal coal *2	(US\$/MT)	62	85
Crude Oil	Brent *1 (US\$/bbl)	40	52
	WTI (US\$/bbl)	45	48

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

*2 Coal...Market prices

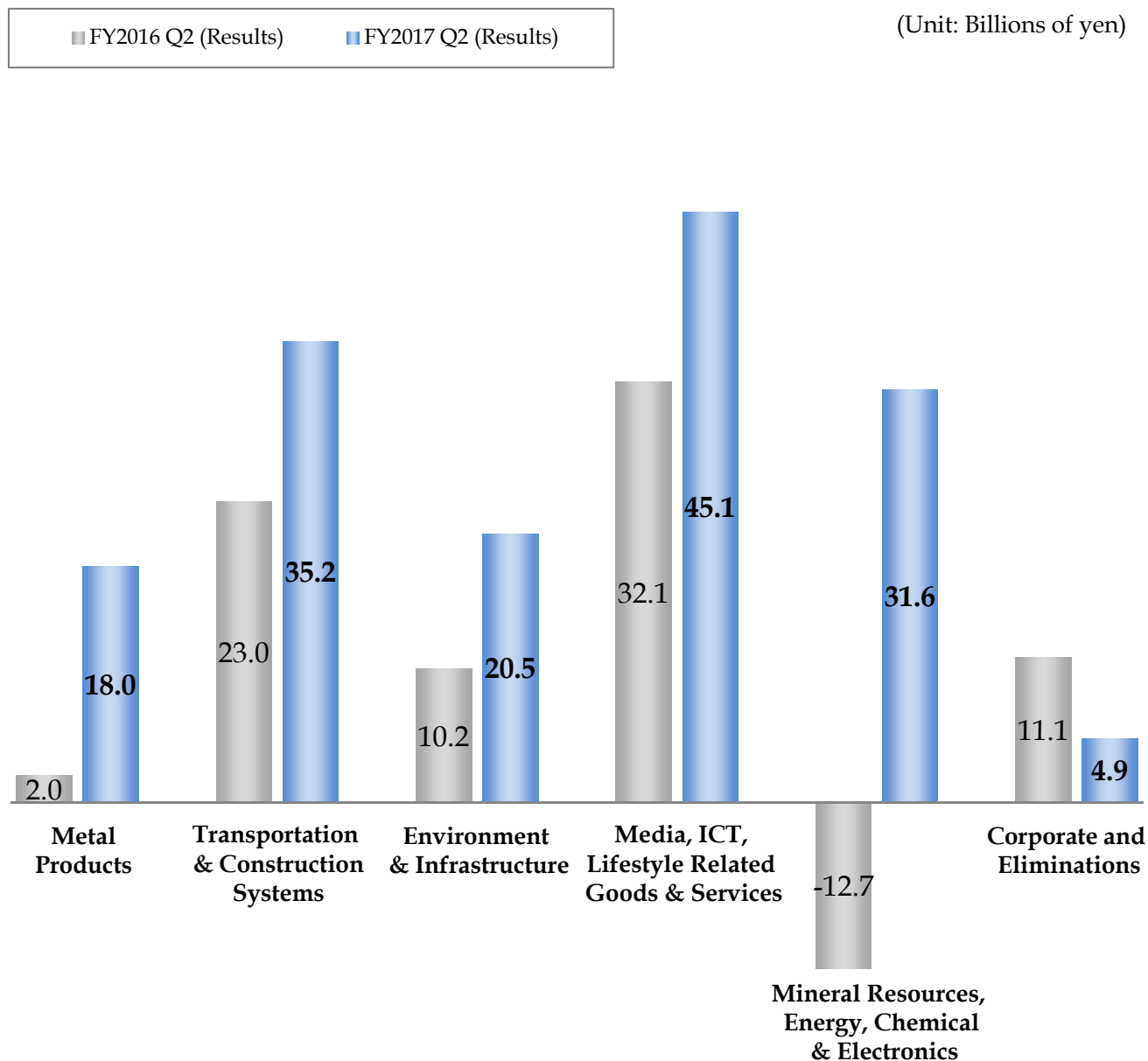
*1 Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables)

+ 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)

2. Profit for the period by Segment (Global basis*)



〈 Summary by segment (Results) 〉

■ Metal Products

- ✓ Recovery in earnings of tubular products business in North America
- ✓ Stable performance of the operation of overseas steel service centers
- ✓ One-off profit from asset replacement

■ Transportation & Construction Systems

- ✓ Stable performance of leasing business
- ✓ Gradual recovery in shipping market
- ✓ Stable performance of construction equipment sales & marketing and rental business

■ Environment & Infrastructure

- ✓ Stable performance of overseas IPP/IWPP business
- ✓ Progress in development and construction of large-scale projects in power infrastructure business
- ✓ One-off profits in renewable energy power generation business

■ Media, ICT, Lifestyle Related Goods & Services

- ✓ Stable performance by domestic major group companies and real estate business
- ✓ One-off profit from asset replacement

■ Mineral Resources, Energy, Chemical & Electronics

- ✓ Stable performance of Silver-zinc-lead mining project in Bolivia, Iron ore mining project in South Africa and Coal mining projects in Australia
- ✓ Tax provisions in FY16

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

3. Cash Flows / Financial Position

● Cash Flows (Unit: Billions of yen)

	FY2016 Q2	FY2017 Q2
Operating activities	+175.0	+50.0
Investing activities	- 26.5	- 29.0
Free Cash Flows	+148.5	+21.1
▽		
<Cash in>		
Basic profit cash flow*	+103.9	+164.8
Depreciation	+55.3	+58.6
Asset replacement	Approx. +50.0	Approx. +120.0
Others	Approx. +50.0	Approx. - 180.0
<Cash out>		
Investment & Loan	Approx. - 110.0	Approx. - 140.0

< Summary >

- **Basic profit cash flow**
 - ✓ Core businesses generated cash steadily
 - ✓ Dividend from investments accounted for using the equity method (88 billion yen)
- **Asset replacement**
 - ✓ Sale of all shares in an automotive finance business in Europe
 - ✓ Sale of a part of office buildings in the U.S., etc.
- **Others**
 - ✓ Increase in working capital, etc.
- **Investment & Loan**
 - ✓ Water concession business in Brazil, Telecommunications business in Myanmar, etc.

* 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, 2017		As of Sep. 30, 2017	
Total asset 7.8		Total asset 8.0	
Current assets 3.3	Other liabilities 2.0	Current assets 3.5	Other liabilities 2.0
	Interest-bearing liabilities 3.4 (2.6)*		Interest-bearing liabilities 3.4 (2.6)*
Non-Current assets 4.4	Shareholders' equity* 2.4	Non-Current assets 4.5	Shareholders' equity* 2.5
D/E Ratio(Net) : 1.1		D/E Ratio(Net) : 1.0	

< Summary (Unit: Billions of yen) >

- **Total asset + 190**
(7,762→7,952)
✓ Increase in inventories, etc.
- **Shareholders' equity +157**
(2,367→2,524)
✓ Increase in retained earnings
✓ Dividend paid

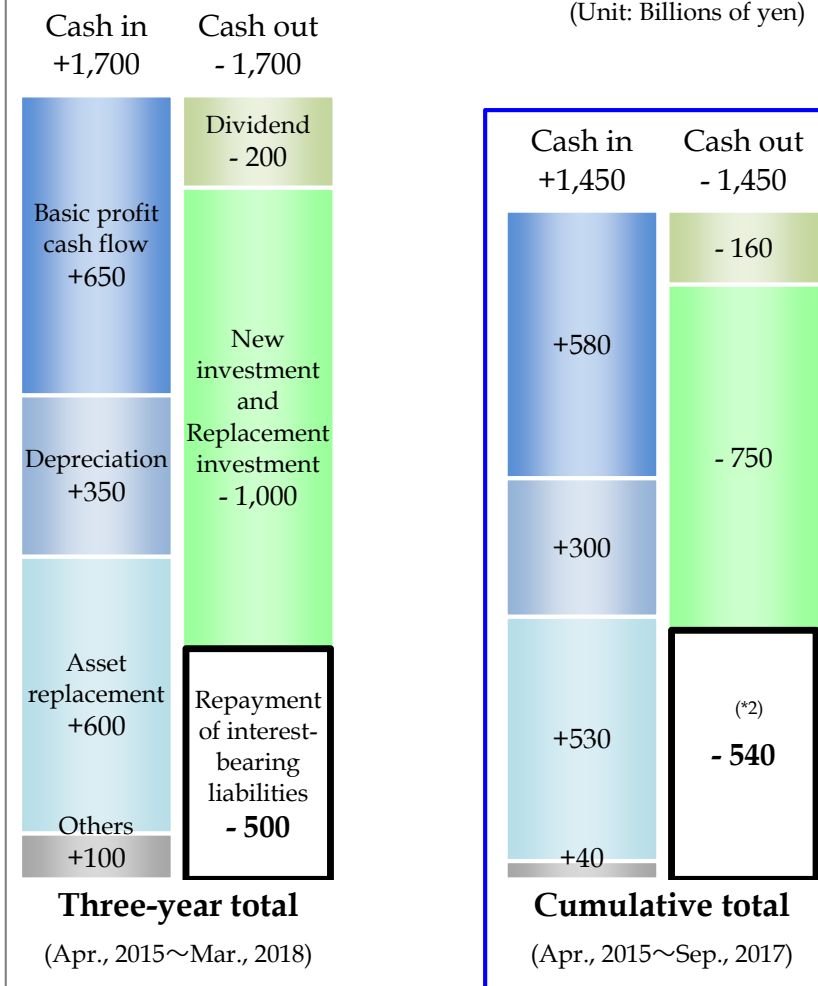
< Exchange rate (YEN/US\$) >	
As of Mar. 31, 2017	As of Sep. 30, 2017
112.19	112.73

* 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 (158 billion yen→174), Financial assets measured at fair value through other comprehensive income (173→188).

(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. The plan above was revised from the plan announced in May 2016 in the following points.
 • Basic profit cash flow : +50 (+650←+600)
 • Depreciation : +50 (+350←+300)
 • Others : -100(+100←+200)

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

4. Annual Forecasts

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(Unit: Billions of yen)	FY2016 Results	FY2017 Initial Forecasts as of May 2017 (A)	Q2 Results (B)	FY2017 Revised Forecasts (C)	Increase (C)-(A)	Progress (B)/(C)
Profit for the year	170.9	230.0	155.3	280.0	+ 50.0	55%
Basic profit^{*1} (excl. impairment losses)	226.7	260.0	151.7	300.0	+ 40.0	51%
Mineral resources	16.1	30.0	28.2	50.0	+ 20.0	56%
Tubular products	-12.5	0	3.9	7.5	+ 7.5	52%
Non-mineral resources (excl. Tubular products)	223.1	230.0	119.6	242.5	+ 12.5	49%
One-off profits/losses	Approx. -46.0	Approx. -20.0	Approx. +15.0	Approx. -10.0	Approx. +10.0	-
Costs for strategic assets replaceme	-	Approx. -20.0	-	Approx. -20.0		
Others	Approx. -46.0	-	Approx. +15.0	Approx. +10.0		

〈 Annual forecasts 〉

- Mineral resources : ✓ Effects of higher commodity prices
- Tubular products : ✓ Increase in earnings due to increased demand against market recovery
- Non-mineral resources : ✓ Stable performance of major businesses and group companies
- One-off profits/losses : ✓ One-off profits from asset replacement in the first half etc.
✓ Costs (Approx. -20.0) for strategic assets replacement in Initial Forecasts remain unchanged

*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)

(Reference)		FY2017 Forecasts (as of May, 2017)	FY2017 Q2 Results	FY2017 Forecasts (as of Nov. 2017)
Key indicators				
Exchange rate	(YEN/US\$)	110.00	111.04	110.00
Interest rate	LIBOR 6M(YEN)	0.05%	0.01%	0.05%
	LIBOR 6M(US\$)	1.73%	1.44%	1.65%
Copper *1	(US\$/MT)	5,864	5,749	6,191
Zinc	(US\$/MT)	2,650	2,779	2,985
Nickel	(US\$/lb)	4.60	4.49	4.89
Iron ore *1	(US\$/MT)	70	75	70
Hard Coking coal *2	(US\$/MT)	150	182	182
Thermal coal *2	(US\$/MT)	78	85	85
Crude Oil	Brent *1 (US\$/bbl)	53	52	54
	WTI (US\$/bbl)	52	48	50

*1 These commodities show the prices in Jan.-Dec. (Results: Jan.-Jun.)

*2 Coal...Market prices

*3 Sensitivity of profit for the year to exchange rate: Each appreciation of ¥1/US\$ will cause on decrease of approximately 1 billion yen.

5. Annual Forecasts by Segment (Global basis*1)

(Unit: Billions of yen)	FY2016 Results	FY2017 Initial Forecasts as of May 2017 (A)	FY2017 Revised Forecasts as of Nov. 2017		Increase (C)-(A)	Progress (B)/(C)	<Summary>
			Q2 Results (B)	(C)			
Metal Products	1.8	25.0	18.0	30.0	+ 5.0	60%	<ul style="list-style-type: none"> • Recovery in earnings of tubular products business in North America • Stable performance of overseas steel service centers • Stable performance of Aluminium smelting business
Transportation & Construction Systems	56.3	57.0	35.2	70.0	+ 13.0	50%	<ul style="list-style-type: none"> • Stable performance of leasing business • Gradual recovery in shipping market • Stable performance of construction equipment business
Environment & Infrastructure	29.1	29.0	20.5	37.0	+ 8.0	56%	<ul style="list-style-type: none"> • Stable performance of overseas IPP/IWPP business • Progress in construction in power infrastructure business • One-off profits in renewable energy power business
Media, ICT, Lifestyle Related Goods & Services	77.0	86.0	45.1	88.0	+ 2.0	51%	<ul style="list-style-type: none"> • Stable performance by domestic major group companies and real estate business • One-off profits from asset replacement
Mineral Resources, Energy, Chemical & Electronics	-6.6	53.0	31.6	63.0	+ 10.0	50%	<ul style="list-style-type: none"> • Increase in earnings due to higher commodity prices in coal mining projects in Australia, etc.
Sub total	157.6	250.0	150.4	288.0	+ 38.0	52%	
Corporate and Eliminations	13.3	-20.0	4.9	-8.0	+ 12.0	-	<ul style="list-style-type: none"> • Costs (Approx. -20.0) for strategic assets replacement in Initial Forecasts remain unchanged
Total	170.9	230.0	155.3	280.0	+ 50.0	55%	

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

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
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BBBO2017 Dividend Policy	We will decide 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
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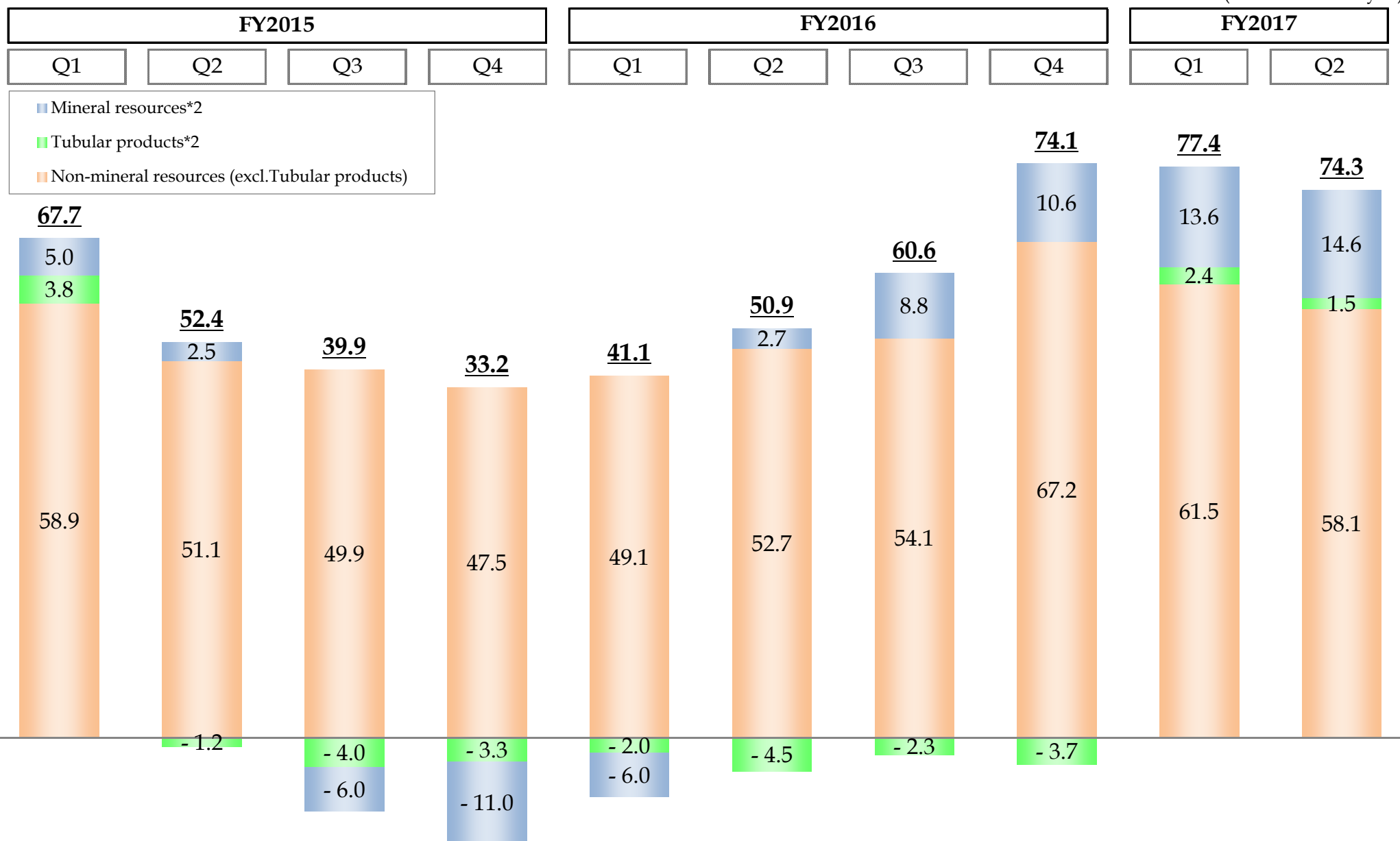
Dividend		Initial Plan (Announced in May, 2017)	Revised Plan (Announced in Nov. 2017)
	Net income	230.0 billion yen	280.0 billion yen
	Annual dividend(Plan)/share (Interim dividend/share)	50 yen (25 yen)	56 yen (28 yen)
<p>Applying the consolidated dividend payout ratio of 25% to annual forecast of profit of 280.0 billion yen</p>			

Appendix

7. 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)

8. Condensed Consolidated Statements of Comprehensive Income

(Unit: Billions of yen)	FY2016 (16/4-16/9) (A)	FY2017 (17/4-17/9) (B)	Increase/(decrease)		Summary
			Amount (B)-(A)	Percentage	
Revenues	1,858.9	2,293.5	434.6	23%	<p>Gross profit</p> <ul style="list-style-type: none"> - Effects of higher commodity prices (Silver-zinc-lead mining project in Bolivia and Coal mining projects in Australia etc.) - Recovery in earnings of tubular products business in North America - Progress in development and construction of large-scale projects in power infrastructure business - Stable performance by real estate business <p>Share of profit (loss) of investments accounted for using the equity method</p> <ul style="list-style-type: none"> - Effects of higher commodity prices - Stable performance of leasing business - Stable performance of Aluminium smelting business in Malaysia <p>Gain (loss) on securities and other investments, net/ Gain (loss) on property, plant and equipment, net/ Other, net</p> <ul style="list-style-type: none"> - One-off profits from asset replacement in FY17 - Tax provisions in Silver-zinc-lead mining project in Bolivia in FY16
Gross profit	399.1	467.3	68.1	17%	
Selling, general and administrative expenses	(336.4)	(359.5)	(23.1)	(7%)	
<i>(Provision for doubtful receivables)</i>	0.2	(0.5)	(0.7)	-	
Interest expense, net of interest income	(1.5)	(2.5)	(1.0)	(66%)	
Dividends	4.7	5.8	1.1	24%	
Share of profit (loss) of investments accounted for using the equity method	46.7	74.7	28.1	60%	
Gain (loss) on securities and other investments, net	(2.6)	10.9	13.5	-	
Gain (loss) on property, plant and equipment, net	(1.4)	2.6	4.1	-	
Other, net	(12.3)	3.4	15.7	-	
Profit before tax	96.2	202.7	106.5	111%	
Income tax expense	(23.5)	(38.1)	(14.6)	(62%)	
Profit for the period	72.7	164.6	91.9	126%	
Profit for the period attributable to:					
Owners of the parent	65.8	155.3	89.5	136%	
Non-controlling interests	7.0	9.3	2.4	34%	
Basic profit (Calculation for reference)*	92.0	151.7	59.7	65%	
Comprehensive income for the period (attributable to owners of the parent)	(142.8)	188.4	331.2	-	

* 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

9. Key Financial Indicators

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(Unit: Billions of yen)	FY2015 Results (As of Mar.31,2016)	FY2016 Results (As of Mar.31,2017)	FY2017 Revised Forecasts (As of Mar.31,2018)	FY2017 Initial Forecasts (As of Mar.31,2018)
Profit for the year	74.5	170.9	280.0	230.0
Total Assets	7,817.8	7,761.8	8,000.0	8,000.0
Shareholders' Equity	2,251.5	2,366.5	2,600.0	2,500.0
Shareholders' Equity Ratio	28.8%	30.5%	approx. 32.5%	approx. 30%
Interest-bearing Liabilities (Net)	2,770.3	2,627.9	2,700.0	2,700.0
DER (Net, times)	1.2	1.1	approx. 1.0	approx. 1.1
ROA	0.9%	2.2%	approx. 3.5%	2.5% or more
ROE	3.2%	7.4%	approx. 11.0%	approx. 9.0%
Risk-adjusted Return Ratio	3.2%	7.7%	approx. 12.0%	9.0% or more
Basic Profit Cash Flow	+204.3	+210.6	3-year total +650.0	3-year total +600.0
Free Cash Flow	+514.3	+165.1	3-year total +700.0	3-year total +700.0
Free Cash Flow (post-dividend)	+451.9	+102.7	3-year total +500.0	3-year total +500.0
Risk-adjusted Assets [RA]	2,200.0	2,240.0	2,400.0	2,400.0
Core Risk Buffer [RB]*	2,140.0	2,220.0	2,500.0	2,400.0
(Core RB-RA)	(-60.0)	(-20.0)	(Regain balance)	(Regain balance)

* Core risk buffer = Common stock + Retained earnings + Foreign currency translation adjustments - Treasury stock, at cost

10. Investment by Segment

Business unit	Investment (bil.yen)		Major investments (Apr.2015 - Sep.2017)
	Results (15/4-17/9)	3 year Plans (15/4-18/3)	
Metal Products	42.0	120.0	<ul style="list-style-type: none"> • Railcar axle machining business in the U.S. • Automotive forged parts manufacturing business in Europe
Trasnsportation & Construction Systems	195.0	280.0	<ul style="list-style-type: none"> • Acquisition of 100% ownership of construction equipment rental subsidiary in the U.S. • Manufacturing and sales business of forged parts for wind power generation in Brazil
Environment & Infrastructure	121.0	140.0	<ul style="list-style-type: none"> • Off-shore wind power generation business in Europe • Biomass power generation business in Japan
Media, ICT, Lifestyle Related Goods and services	253.0	280.0	<ul style="list-style-type: none"> • Produce marketer and distributor in Ireland (Fyffes) • Real estate business in Japan and overseas
Mineral Resources, Energy, Chemical & Electronics	146.0	180.0	<ul style="list-style-type: none"> • Manganese alloy manufacturing and sales business in Malaysia • Nickel project in Madagascar
(Upstream interests)	(128.0)	(140.0)	
Total	750.0	1,000.0	