

Results for the Six-month period ended September 2017

November 8th, 2017
Sumitomo Corporation

Topics

1. Six-month results for FY2017 and Forecasts for FY2017

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

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. Six-month results for FY2017 and Forecasts for FY2017

1-1. Operating Results

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(Unit: Billions of yen)	FY2016 Q2 (Apr.-Sep.) (A)	FY2017 Q2		FY2017 Q2 (Apr.-Sep.) (B)	Increase (B)-(A)
		Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)		
Profit for the period	65.8	78.2	77.1	155.3	+ 89.5
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

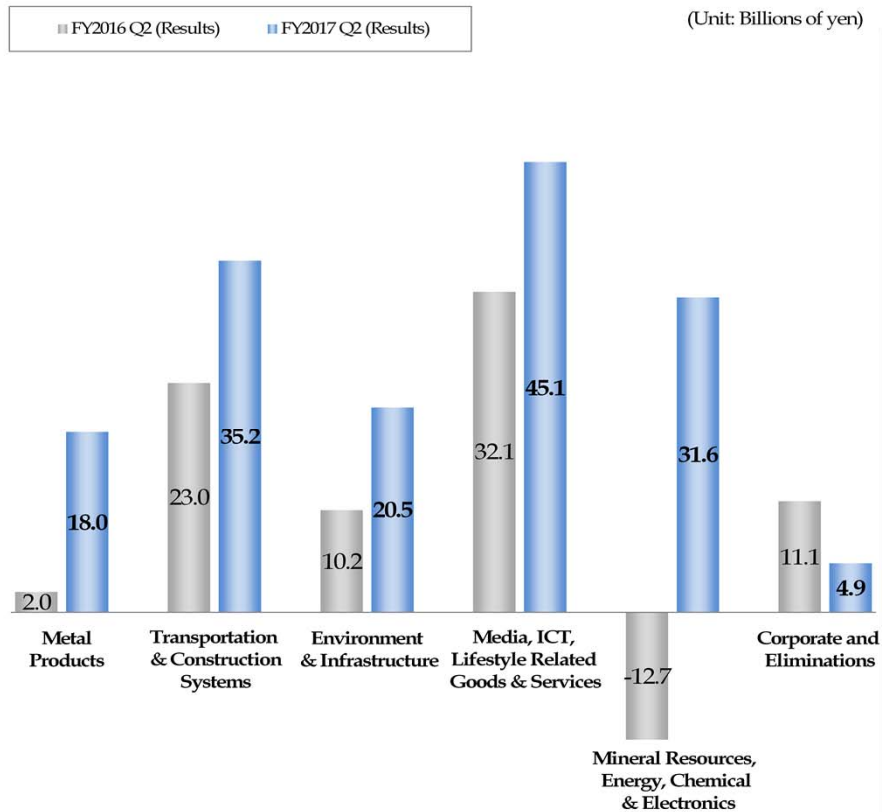
*1 Basic profit = (Gross profit + Selling, general and administrative expenses (excluding provision for doubtful receivables) + Interest expense, net of interest income + Dividends) × (1-Tax rate)
 + Share of profit (loss) of investments accounted for using the equity method

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

- Profit for FY2017 Q2(six-month period Sep. 2017): +155.3 billion yen (+ 89.5 billion yen compared with FY2016 Q2)
- Basic profit for FY2017 Q2 : +151.7 billion yen (+59.7 billion yen compared with FY2016 Q2)
 - ✓ Mineral resources : Significantly increase
 - Due to the higher commodity prices
 - ✓ Tubular products : Recovery
 - Gradual increase in rig counts in the U.S.
 - ✓ Non-mineral resources : Increase
 - Stable performance by real estate business and leasing business
 - Progress in construction of large-scale EPC projects
- One-off profits and losses : approx. +15 billion yen (approx. +32.0 billion yen compared with FY2016 Q2)
 - ✓ FY2016 Q2 : approx. -17 billion yen
 - Tax provisions in Silver-zinc-lead mining project in Bolivia
 - ✓ FY2017 Q2 : approx. +15 billion yen
 - Realized gains resulting from asset replacement

1-2. Profit for the period by Segment (Global basis*)

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< 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)

【Profit for the period by Segment】

➤ Profit for FY2017 Q2 (Results)

✓ All segments increased compared with FY2016 Q2.

• Metal Products:

- Recovery in earnings of tubular products business
- Overseas steel service centers : stable
- One-off profit from asset replacement

• Transportation & Construction Systems

- Leasing business and construction equipment sales & marketing and rental business : stable
- Recovery in earnings of ship business due to the bottom out of shipping market

• Environment & Infrastructure

- IPP/IWPP business (overseas) : stable
- Profit contribution from progress in construction of large-scale EPC projects
- One-off profit in renewable energy power generation business

• Media, ICT, Lifestyle Related Goods & Services

- Major group companies in Japan and real estate business : stable
- One-off profit caused by tax effect in regard to SCSK's partial business transfer

• Mineral Resources, Energy, Chemical & Electronics

- Major businesses such as Silver-zinc-lead mining project in Bolivia are stable due to higher commodity prices
- Tax provisions were posted in Silver-zinc-lead mining project in Bolivia in the same period of the previous year

● 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

* 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

< 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.

● 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	Current assets	3.5
Other liabilities	2.0	Other liabilities	2.0
Non-Current assets	4.4	Non-Current assets	4.5
Interest-bearing liabilities	3.4 (2.6)*	Interest-bearing liabilities	3.4 (2.6)*
Shareholders' equity*	2.4	Shareholders' equity*	2.5
Shareholders' Equity Ratio: 30.5%		Shareholders' Equity Ratio: 31.7%	
D/E Ratio(Net): 1.1		D/E Ratio(Net): 1.0	

* 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).

< 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

【 Cash Flows 】

- Free Cash Flow for FY2017 Q2 : +21.1 billion yen
 - ✓ Basic profit cash flow : +164.8 billion yen
 - Core business generated cash steadily
 - Dividend from investments accounted for using the equity method such as J:COM
 - ✓ Asset replacement : approx. +120.0 billion yen
 - Sales of office building in the U.S., automotive finance business in Europe, etc.
 - ✓ Others : approx. - 180.0 billion yen
 - Increase in inventory of precious metal business, and in working capital due to growth of business
 - ✓ Investment & Loan : approx. - 140.0 billion yen
 - Participation in water concession business in Brazil, and additional investment in telecommunications business in Myanmar

【 Financial Position 】

- Total Assets : 7,951.7 billion yen
 (+189.9 billion yen compared with Mar. 31, 2017)
 • Increase in inventory, etc.
- Shareholders' equity : 2,523.9 billion yen
 (+157.4 billion yen compared with Mar. 31, 2017)
 ✓ Increased due primary to an increase in retained earnings
 ✓ Shareholders' equity ratio improved to 31.7% from 30.5% at Mar. 31, 2017
- D/E Ratio(Net) : 1.0 times (improved 0.1 pts compared with Mar. 31, 2017)

1-4. Annual Forecasts

(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 replacement	-	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)

- Profit for FY2017 forecast : 280.0 billion yen (revised from 230.0 billion yen)
 - ✓ 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.
 - ✓ Expect to exceed record-high surpassing 250.7 billion yen in FY2011
- Basic Profit : 300.0 billion yen (+40.0 billion yen compared with initial forecast)
 - ✓ Mineral Resources (50.0 billion yen: +20.0 billion yen from initial forecast)
 - Effects of higher commodity prices
 - ✓ Tubular Products (7.5 billion yen: +7.5 billion yen from initial forecast)
 - Recovery in earnings of tubular products business in North America due to gradual increase in rig counts
 - ✓ Non-mineral resources (242.5 billion yen: +12.5 billion yen from initial forecast)
 - Robust performance of business of Transportation & Construction Systems segment and Environment & Infrastructure segment
 - Robust performance in core business and real estate business of Media, ICT, Lifestyle Related Goods & Services segment
- One-off profits and losses : approx. -10 billion yen (+10 billion yen compared with initial forecast)
 - ✓ One-off profits of approx. +15 billion yen in 2017 Q2 by asset replacement
 - ✓ Costs (Approx.-20 billion yen) for strategic assets replacement in initial forecasts remain unchanged

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

(Unit: Billions of yen)	FY2016 Results	FY2017 Initial Forecasts as of May 2017 (A)	FY2017		Increase (C)-(A)	Progress (B)/(C)	<Summary>
			Q2 Results (B)	Revised Forecasts as of Nov. 2017 (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)

【Annual Forecasts by Segment】

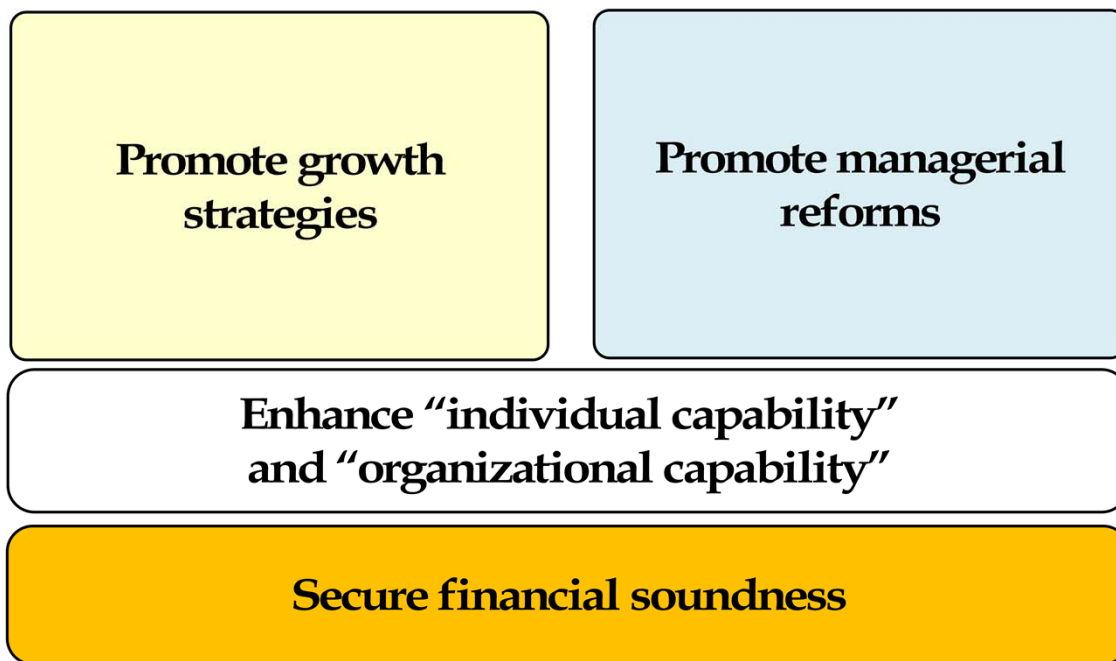
- Profit for FY2017 Forecasts
 - ✓ All segments will increase compared with initial forecasts.

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 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	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 30%; text-align: center;">Initial Plan (Announced in May, 2017)</th> <th style="width: 30%; text-align: center;">Revised Plan (Announced in Nov. 2017)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Net income</td> <td style="text-align: center;">230.0 billion yen</td> <td style="text-align: center;">280.0 billion yen</td> </tr> <tr> <td style="text-align: center;">Annual dividend(Plan)/share (Interim dividend/share)</td> <td style="text-align: center;">50 yen (25 yen)</td> <td style="text-align: center;">56 yen (28 yen)</td> </tr> </tbody> </table> <p style="text-align: center;">Applying the consolidated dividend payout ratio of 25% to annual forecast of profit of 280.0 billion yen</p>			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)
	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)									

【Dividends】

- We will decide 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 reference.
- Annual dividend for FY2017 will be 56 yen per share.
(+6 yen compared with initial forecasts)
 - ✓ Applying the consolidated dividend payout ratio of 25% to our annual forecast of profit of 280.0 billion yen.
- Interim dividend for FY2017 : 28 yen per share

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



- In our mid-term management plan "Be the Best, Be the One 2017 (BBBO2017)", we have been promoting improvement of profitability and reinforcing management foundation. To realize that, we execute "growth strategies" and "managerial reforms", based on enhancing "individual capability" and "organizational capability," and securing financial soundness.

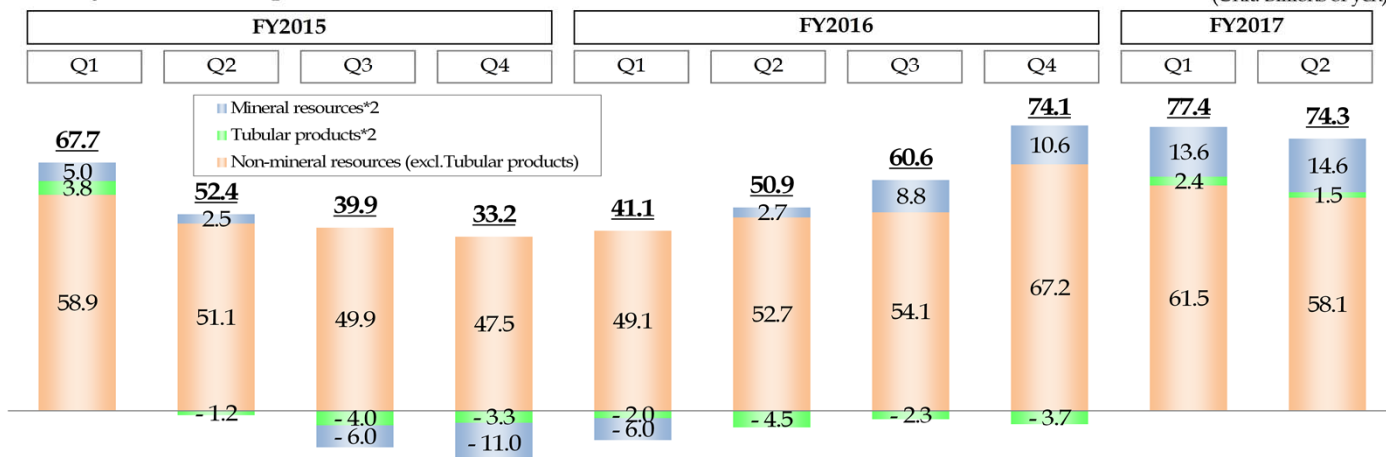
2-2. Progress in earning targets

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		Initial Plan (May, 2015)	Plans of the year	Results/Plans	Growth strategies	Managerial reforms
Profit for the year	FY2015	230.0 billion yen	230.0 billion yen	74.5 billion yen (result)	Enhance capabilities	Financial soundness
	FY2016	—	130.0 billion yen	170.9 billion yen (result)		
	FY2017	300.0 billion yen or more	230.0 billion yen	280.0 billion yen (plan)		
Basic profit (excl. impairment losses)	FY2015	230.0 billion yen	230.0 billion yen	193.2 billion yen (result)		
	FY2016	—	180.0 billion yen	226.7 billion yen (result)		
	FY2017	300.0 billion yen or more	260.0 billion yen	300.0 billion yen (plan)		

<Quarterly Trend for Basic profit *1>

(Unit: Billions of yen)



*1 Excluding the impacts of impairment losses

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

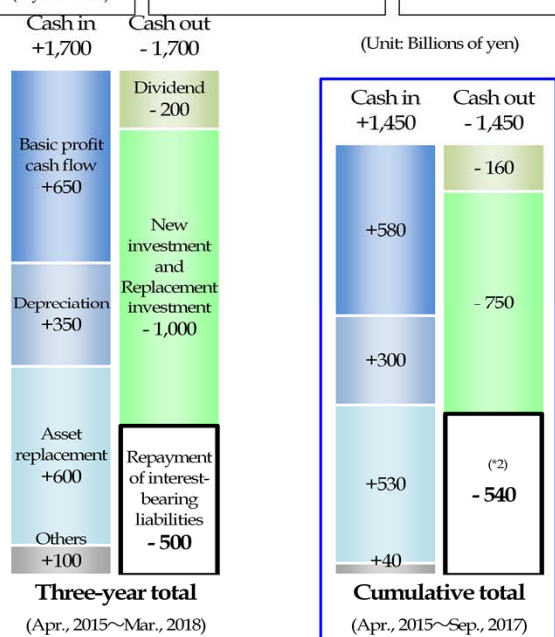
【Progress in earning targets】

- Revision of earning targets
 - ✓ FY2015 Result : 74.5 billion yen
 - Posted large impairment losses
 - ✓ FY2016 Result : 170.9 billion yen
 - Increased in earning compared with forecasts: 130.0 billion yen
 - ✓ FY2017 Forecast: 280.0 billion yen (initial forecast : 230.0 billion yen)
- Basic profit
 - ✓ Steady growth of earning power since FY2016
 - Have been generating approx. 70.0 billion yen or more every quarter since FY2016 Q4

2-3. Progress in cash flow plans*1

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	Initial plan (May, 2015)	Revised plan (May, 2016)	Result
Post-dividend free cash flow (3-year total)	Positive	+500.0 billion yen	+540.0 billion yen (as of the end of Sep. 2017)



- 〈 Summary 〉
- **Basic profit cash flow**
(Results: 580 billion yen)
✓ Core businesses generated cash steadily
 - **Asset replacement**
(Results: 530 billion yen)
✓ Collection from large-scale assets replacement
 - Value realization in renewable energy power generation business
 - Value realization in real estate business
 - Sale of all shares in Soukai Drug
 - Sale of whole interests in Batu Hijau Copper/Gold mine
 - **New investment and Replacement investment**
(Results: 750 billion yen)
* see P.15 for details

*1 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)

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

【 Cash Flow Total (Apr. 2015 - Sep. 2017) 】

- Cash in : Accumulated steadily
 - ✓ Basic profit cash flow : 580.0 billion yen
 - Expect that core business will generate cash steadily
- ✓ Asset replacement : 530.0 billion yen
 - Executed asset replacement steadily and speedy
 - Value realization in renewable energy power generation business and in real estate business
 - Sale of all shares in Soukai Drug and of whole interests in Batu Hijau Copper/Gold mine
- New investment and Replacement investment : 750.0 billion yen
- Post-dividend free cash flow : +540.0 billion yen
 - ✓ Expect to be secured 3-year total plan (+500.0 billion yen) sufficiency

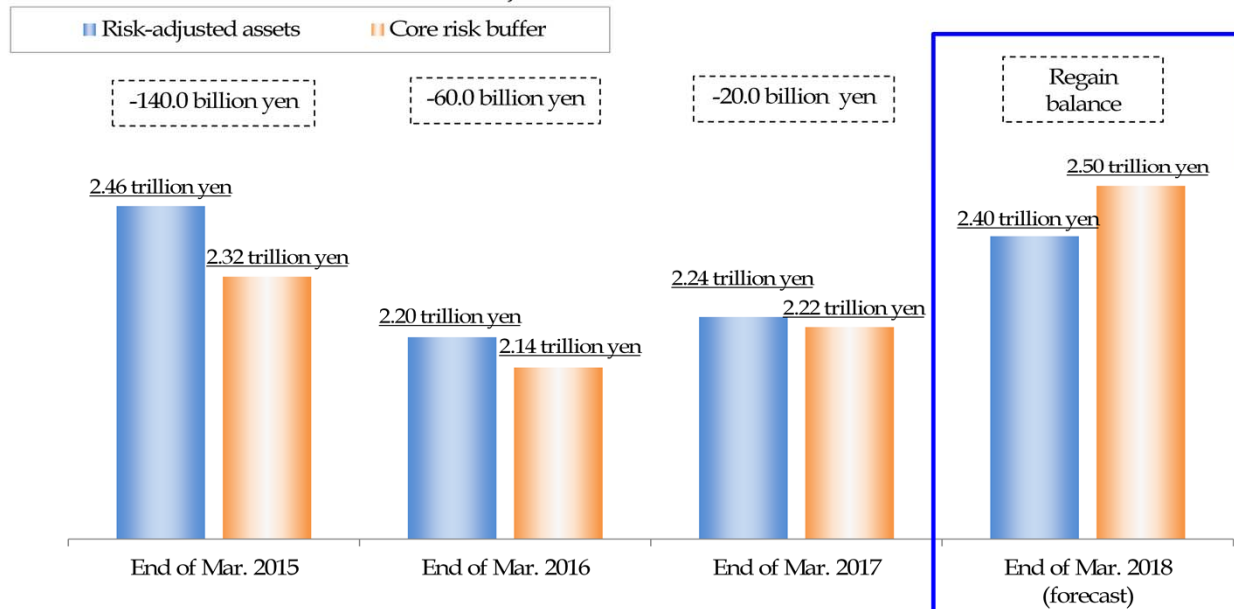
2-4. Progress in the balance between Core Risk Buffer and Risk-adjusted Assets

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Initial plan (May, 2015)	Revised plan (May, 2016)	Result
Regain balance by the end of Mar. 2018	Regain balance by the end of Mar. 2018	Regain balance by the end of Mar. 2018



< the balance between Core Risk Buffer and Risk-adjusted Assets >

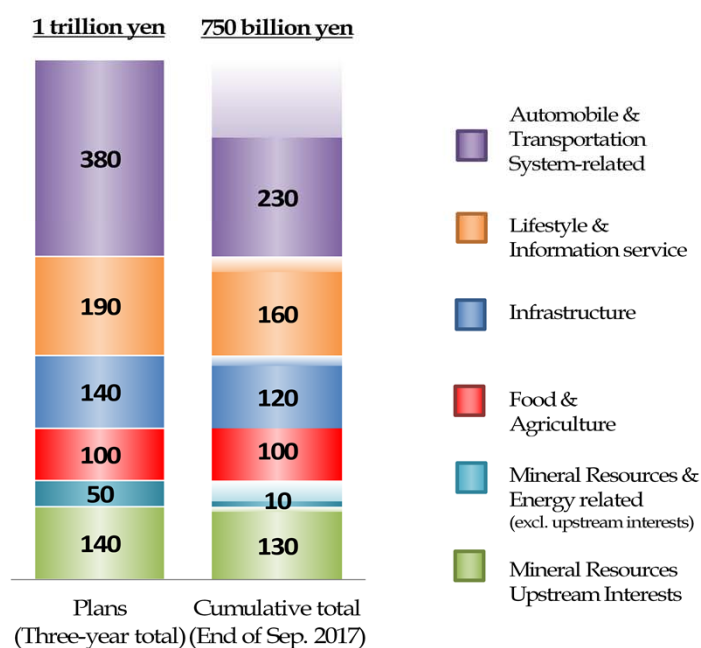
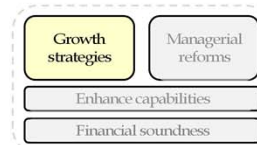


- As of the beginning of BBBO 2017 (end of Mar. 2015), Risk-adjusted Assets exceeded Core Risk Buffer by 140.0 billion yen, but reduced to 20 billion yen as of the end of Mar. 2017.
- Expect to regain balance between Core Risk Buffer and Risk-adjusted Assets by the end of BBBO2017(Mar. 31, 2018)

2-5. Investments by Business Field

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	Initial plan (May, 2015)	Revised plan (May, 2016)	Result
Investment plan	1.2 trillion yen (3-year total)	1.0 trillion yen (3-year total)	750 billion yen (as of the end of Sep. 2017)



Major investments (Apr.2015-Sep.2017)
<ul style="list-style-type: none"> • Construction equipment rental business in the U.S. • Aircraft engine leasing business • Automotive forged parts manufacturing business in Europe
<ul style="list-style-type: none"> • Real estate business in Japan and overseas • Capital investments in ICT businesses in Japan • Additional investment in telecommunications business in Myanmar
<ul style="list-style-type: none"> • Off-shore wind power generation business in Europe • Water concession business in Brazil • Biomass power generation business in Japan
<ul style="list-style-type: none"> • Produce marketer and distributor in Ireland • Agricultural input & service business in Brazil
<ul style="list-style-type: none"> • Manganese alloy manufacturing and sales business in Malaysia
<ul style="list-style-type: none"> • Nickel project in Madagascar

【Investments by business field】

- Revised investment plan : 1.0 trillion yen (3-year total)
- Focus on three fields below where we have strengths and high growth can be expected.
 - ✓ Automobile & Transportation System-related
 - ✓ Lifestyle & Information service
 - ✓ Infrastructure
- Result of investments (Apr. 2015 - Sep. 2017): 750 billion yen
 - ✓ Invested steadily to the business that match our growth strategy.

2-6. Key Financial Indicators

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(Unit: Billions of yen)	FY2015 Results	FY2016 Results	FY2017 Revised Forecasts (As of Nov. 2017)	FY2017 Initial Forecasts (As of May, 2017)
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)

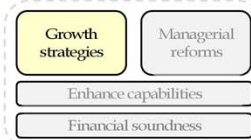
* Core risk buffer = Common stock + Retained earnings + Foreign currency translation adjustments - Treasury stock, at cost

- Indices such as ROA, ROE, and Risk-adjusted return ratio will be improved through BBBO2017
- Improvement in financial soundness with steady progress in quantitative targets



三井住友ファイナンス&リース
Sumitomo Mitsui Finance and Leasing

(Sumitomo Mitsui Finance and Leasing Company, Ltd.)



人とクルマを笑顔でつなぐ
住友三井オートサービス



(Sumitomo Mitsui Auto Service Company, Limited)

【Project to promote growth strategy】

- Reorganization of leasing business which is a strategic joint project with Sumitomo Mitsui Financial Group, Inc.
 - ✓ Sumitomo Mitsui Finance and Leasing Company, Ltd.(SMFL)
 - ⇒ General leasing company
 - ✓ SMBC Aviation Capital Limited/SMBC Aviation Capital (UK) Limited (SMBC-AC)
 - ⇒ Aircraft leasing company
 - ✓ Sumitomo Mitsui Auto Service Company, Limited (SMAS)
 - ⇒ Auto leasing company

Reorganization of Leasing business (SMFL/AC/SMAS)

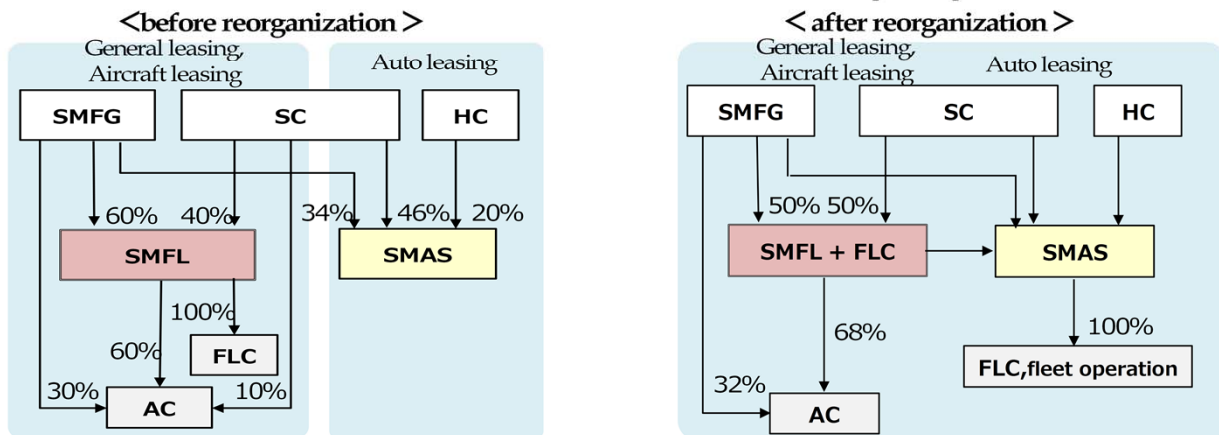
Growth strategies
Managerial reforms
Enhance capabilities
Financial soundness

- Increase business value through collaboration among companies
- Enhance the business partnership framework with SMFG

Companies involved

SMFG : Sumitomo Mitsui Financial Group, Inc.
SMFL : Sumitomo Mitsui Finance and Leasing Company, Limited
SMAS : Sumitomo Mitsui Auto Service Company, Limited

AC : SMBC Aviation Capital Limited,
SMBC Aviation Capital (UK) Limited
FLC : SMFL Capital Co., Ltd.
HC : Hitachi Capital Corporation



※ Concerned parties will engage in discussions concerning their respective ownership ratios in SMAS. The basic policy of the discussions is for SC to remain the largest shareholder in SMAS while making the company an equity method affiliate of SC, SMFL, SMFG, and HC.

- Reorganization scheme
 - ✓ Change the ownership ratio in SMFL
 - SC: SMFG = 40% : 60% ⇒ 50% : 50%
 - ✓ Make investment from SMFL to SMAS
- Improve the value of the entire group including aircraft leasing and auto leasing
- Further expansion of SMFL's business by strengthening integration of functions below
 - ✓ SMFG : Client base, ability to deliver diverse and cutting-edge financial solution
 - ✓ SC : Ability to construct value chains and create new business opportunities

Growth strategies and aims of reorganization

Growth strategies

Managerial reforms

Enhance capabilities

Financial soundness

Sumitomo Corporation

- Increase asset efficiency
- Expand aircraft-related business
- Strengthen business base in auto leasing business and provide a wide range of mobility services

SMFL

- Enter into business sectors which are expected future growth, such as eco-business, infrastructure, and healthcare
- Expand asset-based finance operations
- Create value chains with the aim of enhancing businesses targeting clients' commercial channels

【Purpose of reorganization of leasing business】

➤ SMFL :

Promote to engage in the full-scale of new business initiatives and to enhance the function by strengthening collaboration with Sumitomo Corporation's business know-how and business strategies in various industries

- Enter into business sectors which are expected to experience further growth such as eco-business, infrastructure, and healthcare
- Expand asset-based finance operations
- Create value chains with aim of enhancing businesses targeting clients' commercial channels

➤ Sumitomo Corporation :

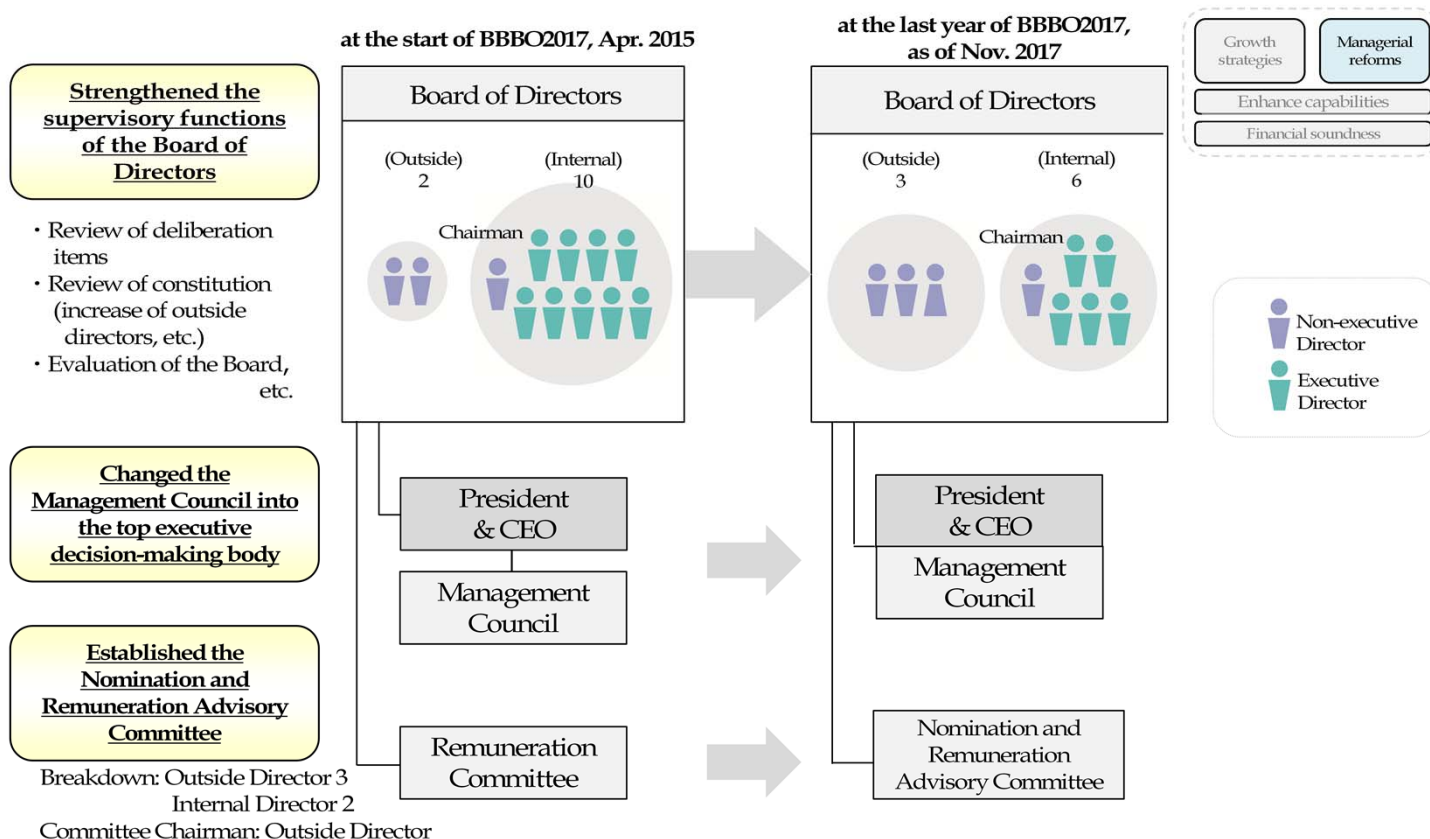
Utilizing SMFL's finance ability and function in the field of transportation and real estate business, and inventory management of trading business

- Increase asset efficiency
- Further expansion of aircraft-related and mobility-service business

➤ This reorganization will make our stable earning foundation further strengthen.

2-8. Promote managerial reforms, Governance

BE THE BEST. BE THE ONE



➤ Improve corporate governance

- ✓ Improve decision making process
 - Changed the Management Council into the top executive decision-making body
 - Decide important matters through having various opinion and multifaceted discussion
- ✓ Review the deliberative agenda of Board of Director
 - Discuss important matters deeply and monitor them
- ✓ Review of constitution of the Board of Directors
 - Increased the ratio of outside directors against Board of Directors for better use of the knowledge of outside directors
 - Plan to increase the number of outside directors
- ✓ Ensuring effectiveness of Board of Director
 - Conduct evaluation of internal/external directors and corporate auditors by third-party
- ✓ Nomination and Remuneration Advisory Committee
 - Consists of president, chairman, and three outside directors
 - Committee Chairman : an outside director

➤ Strengthen corporate governance by separating the functions of management execution and supervision, and revitalize discussions by exchanging opinions from wide range of view points

Achieve “Be the Best, Be the One 2017”

Initiatives toward the centennial
Relocation of Head Office
Workstyle innovation project



Return to
the growth track



Achieve sustainable growth with society over the next 100 years

- “Be the Best, Be the One 2017” is steadily in progress as planned.
 - Will achieve “Be the Best, Be the One 2017,” and return to the growth track
- Initiatives to achieve sustainable growth with society
 - ✓ Our Centennial Year: 2019
 - Planning to innovate workstyle, etc., in accordance with the relocation of head office
 - ✓ Identification of Material Issues (Apr. 2017)
 - Giving first priority to compliance, and executing individual projects with clarification of the social significance
- We will be achieving sustainable growth with society, aiming at over the next 100 years.

BE THE BEST, BE THE ONE