For Immediate Release

Sumitomo Corporation Announces Quarterly Financial Results for the Fiscal Year 2017 (Nine-month period ended December 31, 2017)

On February 8, 2018, Sumitomo Corporation announced its consolidated results for the nine-month period ended December 31, 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 252.9 billion yen, representing an increase of 141.4 billion yen from the same period of the previous year.

"Basic profit (*1)", which excludes extraordinary gains and losses, totaled 232.6 billion yen, representing an increase of 80.0 billion yen from the same period of the previous year. Basic profit for mineral resources businesses such as San Cristobal silver-zinc-lead mining project in Bolivia, Iron ore mining business in South Africa and Coal mining projects in Australia increased due mainly to higher mineral resources prices. Tubular products business in North America was 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 leasing business, construction equipment sales & marketing and rental business, major group companies in Media, ICT, Lifestyle Related Goods & Services segment and real estate 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 69.0 billion yen. While losses of approximately 32.0 billion yen including impairment loss in Copper and molybdenum mining business in Chile were booked in the same period of the previous year, profits of approximately 37.0 billion yen were posted in this period stemming from U.S. tax reform and asset replacements.

○ "Free cash flow" totaled 83.7 billion yen inflow for this period. Our core businesses performed well in generating cash therefore Basic profit cash flow (*3) totaled 215.4 billion yen. In addition, we recovered funds of approximately 130.0 billion yen through asset replacements. On the other hand, the increase in working capital due to brisk businesses and inventories accumulation of precious metal business resulted in around 170.0 billion yen outflow. And, we executed investments and loans of approximately 190.0 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 8,029.8 billion yen, 268.0 billion yen higher than the previous fiscal year-end due mainly to increase in inventories.
"Shareholders' Equity" totaled 2,629.2 billion yen, representing an increase of 262.7 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 "Basic profit", although we have not revised our forecast of 300.0 billion yen, robust performance is expected to continue through this fiscal year. In addition to robust performance of "Basic profit", One-off profits of approximately 17.0 billion yen were posted due to the U.S. tax reform in this 3rd quarter which were not included in our forecast announced in November 2017. Taking these factors into account, we have revised our forecast of profit for the year attributable to owners of the parent by 20.0 billion yen to 300.0 billion yen from 280.0 billion yen announced in last November.

3. Dividend

○ Based on the revised forecast of profit for the year attributable to owners of the parent, the annual dividend forecast for the fiscal year ending March 2018 is projected to be 60 yen per share, increasing 4 yen per share from the previous forecast announced in last November applying the consolidated dividend payout ratio of 25% based on our dividend policy during current medium-term management plan to our revised profit forecast of 300.0 billion yen. Therefore, the year-end dividend forecast is 32 yen per share since interim dividend was 28 yen per share.

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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.