## For Immediate Release

# Sumitomo Corporation Announces Quarterly Financial Results for the Fiscal Year 2018 (Three-month period ended June 30, 2018)

On August 3, 2018, Sumitomo Corporation announced its consolidated results for the three-month period ended June 30, 2018, prepared on the basis of International Financial Reporting Standards (IFRS).

### Financial Highlights

○ "Profit for the period attributable to owners of the parent" totaled 91.4 billion yen, representing an increase of 13.1 billion yen from the same period of the previous year. We could get off to a good start as "Profit for the period attributable to owners of the parent" progressed 29% towards our annual forecast of 320.0 billion yen which was announced in May.

The profit of approximately 89.0 billion yen which excluded one-off profits of around 2.0 billion yen from "Profit for the period attributable to owners of the parent" has represented solid performance.

The profit from Metal Products Business Unit totaled 10.1 billion yen, representing an increase of 2.1 billion yen from the same period of the previous year due to the recovery in earnings from tubular products business in North America and the stable performance of the operation of overseas steel service centers.

The profit from Transportation & Construction Systems Business Unit totaled 15.2 billion yen, representing a decrease of 1.0 billion yen from the same period of the previous year due to the one-off loss of around 1.0 billion yen in automotive business booked in this period. Core businesses such as leasing business, construction equipment sales & marketing and rental business kept solid performance. The profit from Infrastructure Business Unit totaled 11.5 billion yen, representing an increase of 1.4 billion yen from the same period of the previous year. Taking into consideration the fact that one-off profit of around 3.0 billion yen from renewable energy power generation business was booked in the same period of the previous year, the profit increased by 4.0 billion yen excluding the one-off profit.

Reasons of the increase were the stable progress of construction of large-scale

projects in power infrastructure businesses in Indonesia and others, and stable performance of IPP/IWPP business.
The profit from Media & ICT Business Unit totaled 11.8 billion yen, representing an increase of 1.5 billion yen from the same period of the previous year due to the stable profit contribution of domestic major group companies such as SCSK, J:COM and telecommunication business in Myanmar.
The profit from Living Related & Real Estate Business Unit totaled 11.6 billion yen, representing a decrease of 1.7 billion yen from the same period of the previous year. While real estate business has kept solid performance, the profit level of same period of the previous year was higher than normal level due to sale of several real estate projects.
The profit from Mineral Resources, Energy, Chemical & Electronics Business Unit totaled 26.4 billion yen, representing an increase of 8.7 billion yen from the same period of the previous year due to earnings increased in companies related to coal business in Australia and silver-zinc-lead mining project in Bolivia resulted from higher mineral resources price, and there was one-off profit of 3.0 billion yen in mineral resources and energy related business in this period.

"Basic profit (*1)", which excludes extraordinary gains and losses, totaled 92.5 billion yen, representing an increase of 15.1 billion yen from the same period of the previous year and representing a progress of 27% towards our annual forecast of 340.0 billion yen.

*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: FY2017 31%, FY2018 31%

In terms of "Basic Profit" for the period by three businesses, mineral resources businesses, tubular products business and non-mineral resources businesses, all three businesses have increased their "Basic Profit" comparing with the same period of the previous year and represented solid progress towards our annual forecasts. Looking at the historical trend of quarterly result, we can see that our earning power has become stable.

○ "Free cash flow" totaled 30.9 billion yen outflow for the period. Our core businesses performed well in generating cash while dividend from investments accounted for using the equity method decreased comparing with the same period of the previous year, therefore Basic profit cash flow (*3) totaled 103.7 billion yen.

As regards to depreciation, the result of 27.6 billion yen was almost same as the same period of the previous year. In addition, we recovered funds of around 80.0 billion yen through asset replacements mainly by reorganization of tire business in the U.S. and sale of cross-holding shares.

On the other hand, the increase in working capital due to brisk businesses and one-time inventories accumulation of precious metal business resulted in around 170.0 billion yen outflow. However, we prospect that our cash flow situation will be back to adequate level towards the end of this fiscal year. In addition, we executed investments and loans of approximately 70.0 billion yen including investment in the specialty steel business in India and participation in gold and copper mining business in Peru. The negative Free-cash flow for this period is prospected to be positive through this fiscal year.

*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” stood at 7,968.0 billion yen representing an increase of 197.3 billion yen from the previous fiscal year-end since the increase of inventories and the impact of yen’s depreciation offset the decrease in asset from reorganization of tire business in the U.S.

“Equity attributable to owners of the parent” totaled 2,642.5 billion yen, increased by 84.4 billion yen from the previous fiscal year-end due primarily to an increase in retained earnings. As a result, the “Debt-equity ratio (net)” resulted in 1.0 times.

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