

Quarterly Results for FY2019 (Nine-month period ended December 31, 2019)

February 7th, 2020

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.

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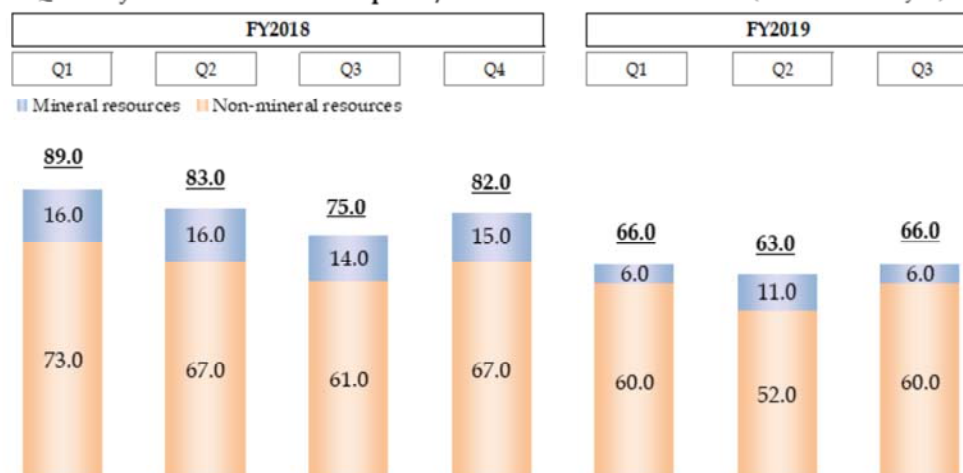
1. Operating Results(Profit for the period)

(Unit: Billions of yen)	FY2018 Q3 (Apr.-Dec.) (A)	Q1 (Apr.-Jun.)	Q2 (Jul.-Sep.)	Q3 (Oct.-Dec.)	FY2019 Q3 (Apr.-Dec.) (B)	Increase/Decrease (B)-(A)	FY2019 Revised Forecasts (as of Nov. 2019) (C)	Progress (B) / (C)
Profit for the period	241.8	79.7	72.7	58.9	211.3	- 30.4	300.0	70%
One-off profits/losses	approx. -6.0	approx.+14.0	approx.+9.0	approx. - 7.0	approx.+16.0	approx.+22.0	approx.+23.0	
excl. one-off profits/losses	approx.248.0	approx.66.0	approx.63.0	approx.66.0	approx.195.0	approx.-53.0	approx.277.0	70%
Mineral resources *1	46.0	6.0	11.0	6.0	23.0	-23.0	34.0	68%
Non-mineral resources *2	202.0	60.0	52.0	60.0	172.0	-30.0	243.0	71%

< Summary (excl. one-off profits/losses) (Results) >

- **Mineral resources**
 - ✓ Decrease in earnings of Silver-zinc-lead mining project in Bolivia
 - ✓ Decrease in earnings of coal mining projects in Australia
- **Non-mineral resources**
 - ✓ Decrease in earnings of tubular products business in North America
 - ✓ Decrease in earnings of automotive related business
 - ✓ Progress in construction of large-scale projects in power infrastructure business
 - ✓ Stable performance of real estate business

< Quarterly Trend for excl. one-off profits/losses >



< Summary of Revised Forecasts >

- **Annual forecasts**
Revised forecasts of profit for the year of 300 billion yen remains unchanged, as it shows steady progress.
- **Annual dividend plan**
Revised plan of 80 yen/share [payout ratio 33.3%] remains unchanged.
(Interim dividend: 45 yen/share, Year-end dividend: 35 yen/share [plan])
- Ordinary dividend: 70 yen/share [payout ratio 29.1%]
- In addition, Commemorative dividend for the 100th anniversary: 10 yen/share at interim dividend

(Reference) Key indicators	FY2018 Q3 (Apr.-Dec.)	FY2019	
		Q3 (Apr.-Dec.)	Revised Forecasts (as of Nov.2019)
Exchange rate (YEN/US\$)	111.14	108.05	110.00
Interest rate LIBOR 6M (YEN)	0.02%	-0.02%	-0.05%
Interest rate LIBOR 6M (US\$)	2.01%	2.18%	2.00%

*1 Mineral resources is a sum of Mineral resources division No.1, Mineral resources division No.2 and Energy division.

*2 Non-mineral resources business is calculated by subtracting Mineral resources business from the total (excl. one-off profits/losses)

* Sensitivity of profit for the year to exchange rate: Each appreciation of ¥1/US\$ will cause on decrease of approximately 1.0 billion yen.

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First, profit for the period in Q3 was JPY211.3 billion, a decrease of JPY30.4 billion from the same period of the previous fiscal year.

Although we recorded JPY7 billion in one-off losses for Q3 alone, we posted one-off profits of JPY16 billion for the cumulative period through Q3, due to one-off profits recorded as of Q2.

Excluding one-off profits and losses, profit for the period decreased by JPY53 billion from the same period of the previous fiscal year to JPY195 billion.

When breaking down the results into mineral resources businesses and non-mineral resources businesses, profit for the period in the mineral resources businesses amounted to JPY23 billion, a decrease of JPY23 billion from the same period of the previous fiscal year.

The decline was mainly due to lower earnings at the San Cristobal silver-zinc-lead mining project in Bolivia and coal mining projects in Australia stemming from falling prices.

Profit for the period in the non-mineral resource businesses amounted to JPY172 billion, a decrease of JPY30 billion from the same period of the previous fiscal year.

The decline was mainly due to decreased earnings of the tubular products business in North America and sluggish performance in the automotive-related businesses, despite progress in energy EPC projects in the Infrastructure segment and solid performance in the real estate business.

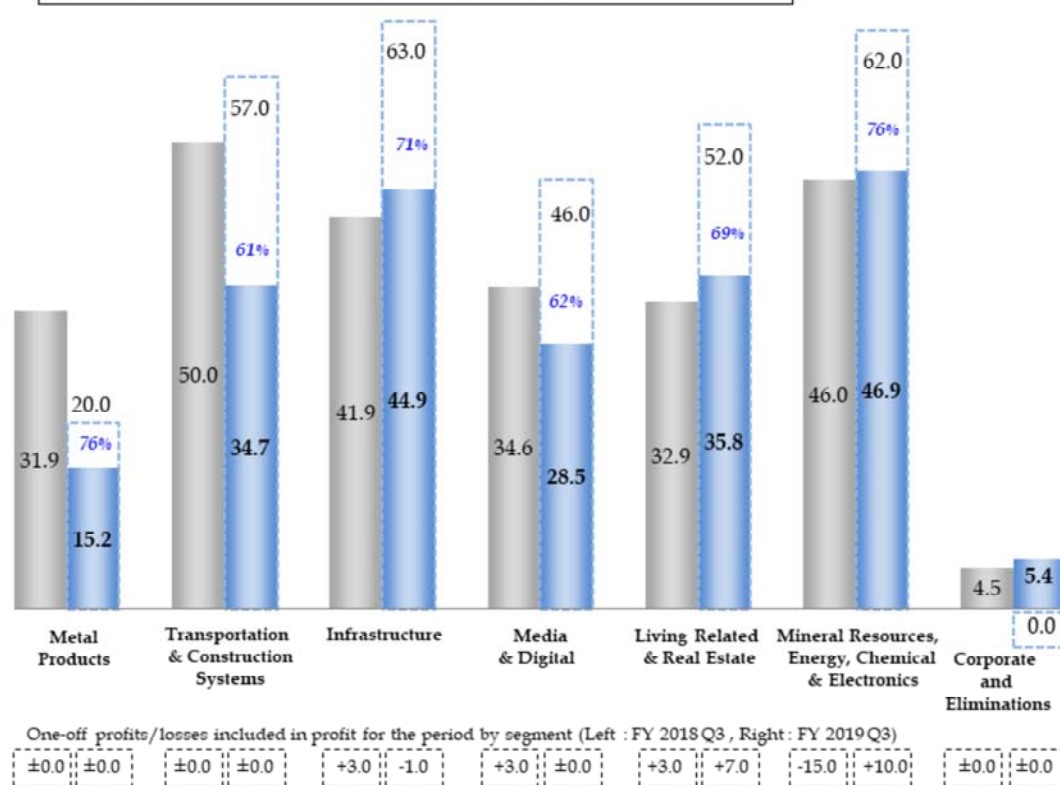
As for the full-year outlook, there has been no significant change in the business environment since the announcement as of Q2, and progress has generally been solid at 70% as of Q3.

We have left the full-year forecasts unchanged for both profit for the period at JPY300 billion and the annual dividend at JPY80 per share since the announcement as of Q2.

2. Profit for the period by Segment

■ FY2018 Q3 (Results)
 ■ FY2019 Q3 (Results)
 □ FY2019 (Revised Forecasts, as of Nov. 2019) (Percentage shows progress for Revised Forecasts)

(Unit: Billions of yen)



Summary by segment (excl. one-off profits/losses (Results))

- **Metal Products**
 - ✓ Decrease in earnings of tubular products business in North America
 - ✓ Decrease in earnings of the operation of overseas steel service centers
- **Transportation & Construction Systems**
 - ✓ Stable performance of leasing business
 - ✓ Decrease in earnings of automotive manufacturing business
- **Infrastructure**
 - ✓ Progress in construction of large-scale projects in power infrastructure business
 - ✓ Stable performance of IPP/IWPP business
- **Media & Digital**
 - ✓ Stable performance of domestic major group companies
 - ✓ Change of fiscal year of telecommunication business in Myanmar in FY2018
- **Living Related & Real Estate**
 - ✓ Stable performance of domestic major group companies
 - ✓ Stable performance of real estate business
- **Mineral Resources, Energy, Chemical & Electronics**
 - ✓ Decrease in earnings of Silver-zinc-lead mining project in Bolivia
 - ✓ Decrease in earnings of coal mining projects in Australia

Compared with the same period of the previous fiscal year, profits increased in Infrastructure, Living Related & Real Estate, and Mineral Resources, Energy, Chemical & Electronics.

In contrast, profits decreased in Metal Products, Transportation & Construction Systems, and Media & Digital.

For an overview of business results by segment, please see the explanation on the right-hand side of the material.

As for progress toward the full-year forecasts in each business segment, first on the very left is progress in Metal Products segment. Progress is at 76% of the JPY20 billion target and is generally solid.

In the Transportation & Construction Systems segment, progress is sluggish at 61% of the JPY57 billion target, but we expect a recovery in the automotive manufacturing business and the recording of one-off profits in Q4.

In the Infrastructure segment, progress remained at 71% of the JPY63 billion target due to the recording of one-off losses in Q3, but we expect to record one-off profits in the renewable energy power generation business in Q4.

In the Media & Digital segment, progress is sluggish at 62% of the JPY46 billion target, but we expect to record revenues in businesses that are skewed toward the end of the fiscal year.

In the Living Related & Real Estate segment, progress is at 69% of the JPY52 billion target, but we expect large-scale deliveries in the real estate business in Q4.

In the Mineral Resources, Energy, Chemical & Electronics segment, progress is at 76% of the JPY62 billion target.

Performance of mineral resources prices have been weak compared with the full-year outlook, but we expect to record gains on equity share of the South African iron ore business in Q4.

3. Cash Flows/ Financial Position

● Cash Flows (Unit: Billions of yen)

	FY2018 Q3	FY2019 Q3
Operating activities	+117.2	+187.3
Investing activities	-29.2	-177.4
Free Cash Flow	+88.0	+9.9
▽		
<Cash in>		
Basic profit cash flow *1	+229.7	+205.6
(Dividend from investments accounted for using the equity method, included in the above)	(+82.9)	(+91.0)
Depreciation and amortization	+83.9	+119.7
Asset replacement	approx. +170.0	approx. +80.0
Others	approx. -190.0	approx. -110.0
<Cash out>		
Investment & Loan	approx. -200.0	approx. -290.0

〈 Summary 〉

- **Basic profit cash flow**
 - ✓ Core businesses generated cash steadily
- **Asset replacement**
 - ✓ Sale of offshore wind farm project in the U.K.
 - ✓ Restructuring of aircraft engine leasing company, etc.
- **Others**
 - ✓ Increase in working capital, etc.
- **Investment & Loan**
 - ✓ Acquisition of parking provider in northern Europe
 - ✓ Acquisition of office buildings in the U.S., etc.

*1 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

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

● Financial Position (Unit: Trillions of yen)

As of Mar. 31, 2019		As of Dec. 31, 2019	
Total assets 7.9		Total assets 8.4	
Current assets 3.5	Other liabilities 2.0	Current assets 3.5	Other liabilities 2.4
Non-current assets 4.4	Interest-bearing Liabilities *2 3.1 (2.4)	Non-current assets 4.8	Interest-bearing Liabilities *2 3.2 (2.6)
	Shareholders' equity *3 2.8		Shareholders' equity *3 2.8
D/E Ratio(Net) : 0.9		D/E Ratio(Net) : 0.9	

〈 Summary (Unit: Billions of yen) 〉

- **Total assets +462.2**
(7,916.5→8,378.7)
- ✓ Increase by adopting IFRS 16 (change in accounting treatment for "lease") (approx. +390 bil. yen)
- **Shareholders' equity +17.9**
(2,771.5→2,789.4)
- ✓ Increase in retained earnings
- ✓ Dividend paid
- ✓ Decrease due to the yen's appreciation, etc.

	As of Mar. 31, 2019	As of Dec. 31, 2019
Exchange rate (¥/US\$)	110.99	109.56

*2 "Interest-bearing liabilities" is sum of bonds and borrowings (current and non-current), excluding lease liabilities. Figures in parenthesis in "interest-bearing liabilities" show "interest-bearing liabilities, net".

*3 "Shareholders' equity" is equivalent to "Equity attributable to owners of the parent" in Consolidated Statements of Financial Position.

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Next, I will explain our cash flows and financial position. The first is cash flows.

Please refer to the left-hand side of the material. The free cash flow for Q3 totaled a cash inflow of JPY9.9 billion.

Looking at cash flows by category, basic profit cash flow totaled a cash inflow of JPY205.6 billion, mainly due to the steady creation of cash by core businesses.

Asset replacements provided JPY80 billion in cash inflow, mainly through the sale of offshore wind farms in UK and the joint commercialization of the aircraft-engine leasing business.

Other cash outflows amounted to JPY110 billion due to an increase in working capital and other factors.

Investments and loans resulted in a cash outflow of JPY290 billion, chiefly due to the acquisition of the Nordic parking business and the acquisition of office buildings in the US.

Next, the financial position is shown on the right-hand side of the material.

Total assets increased to JPY8.4 trillion, an increase of JPY460 billion compared to the end of the previous fiscal year.

This was mainly due to an increase of approximately JPY400 billion in operating leases resulting from the adoption of IFRS 16, which is the standard for leases.