Quarterly Results for FY2020
(Three-month period ended June 30, 2020)

August 7th, 2020

Sumitomo Corporation

1. Operating Results (Profit / Loss for the period)

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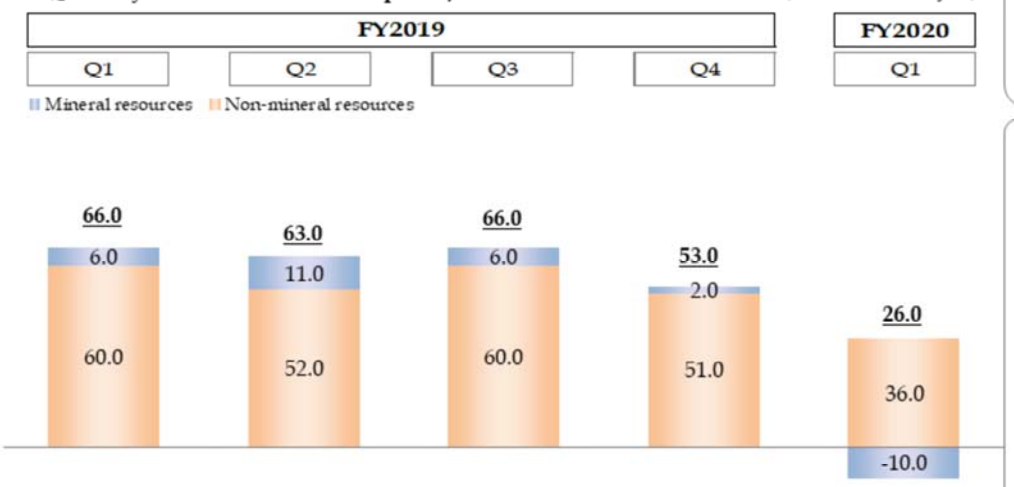
(Unit: Billions of yen)	FY2019 Q1 (Apr.-Jun.) (A)	FY2020 Q1 (Apr.-Jun.) (B)	Increase/ Decrease (B)-(A)
Profit / Loss (-) for the period	**79.7**	**- 41.1**	**- 120.8**
One-off profits/ losses	approx. +14.0	approx. - 67.0	approx. - 81.0
excl. one-off profits/losses	approx. **66.0**	approx. **26.0**	approx. **- 40.0**
Mineral resources *1	6.0	- 10.0	- 16.0
Non-mineral resources *2	60.0	36.0	- 24.0

< Quarterly Trend for excl. one-off profits/losses > (Unit: Billions of yen)



*1 Mineral resources is a sum of Mineral Resources Division No.1, Mineral Resources Division No.2 and Energy Division.
*2 Non-mineral resources is calculated by subtracting Mineral resources from the total (excl.one-off profits/losses)

〈 Summary(Results)〉

■ One-off losses
✓ Impairment loss in nickel mining and refining business in Madagascar (approx.-55.0 billion)

(excl. one-off profits/losses)

■ Mineral resources
✓ Suspension of operation
✓ 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
✓ Peak out of large-scale projects in power infrastructure business
✓ Stable performance of major group companies in Media & Digital segment
✓ Stable performance of IPP/IWPP business

(Reference) Key indicators			FY2019 (Apr.-Jun.) Results	FY2020 (Apr.-Jun.) Results
Exchange rate		(YEN/US$)	109.90	107.63
Interest rate	LIBOR 6M	(YEN)	0.00%	0.01%
	LIBOR 6M	(US$)	2.50%	0.71%
Copper *1		(US$/MT)	6,220	5,638
Zinc		(US$/MT)	2,762	1,992
Nickel		(US$/lb)	5.56	5.53
Iron ore *1		(US$/MT)	83	89
Hard coking coal *2		(US$/MT)	204	119
Thermal coal		(US$/MT)	80	55
Crude Oil	Brent *1	(US$/bbl)	64	50
	WTI	(US$/bbl)	60	28

*1 These commodities show the prices in Jan.-Mar.
*2 Hard coking coal…Market price

In the first quarter of the fiscal year under review, losses amounted to JPY41.1 billion, mainly due to a JPY55 billion impairment loss at the Nickel Mining and Refining Business in Madagascar.

This impairment loss was due partly to factors such as the shutdown period due to the impact of COVID-19 and has exceeded our expectations as of the end of the previous fiscal year, and also there was a decline in the outlook for nickel’s medium- to long-term prices, as we disclosed on the 20th July.

Excluding the one-off profits/losses for the fiscal year under review was JPY26 billion, a decrease of JPY40 billion from the same period of the previous fiscal year, due to the extremely severe business environment, including the impact of COVID-19.
Both Mineral Resources Businesses and Non-Mineral Resources Businesses posted YoY declines in profit.

2. Profit / Loss for the period by Segment

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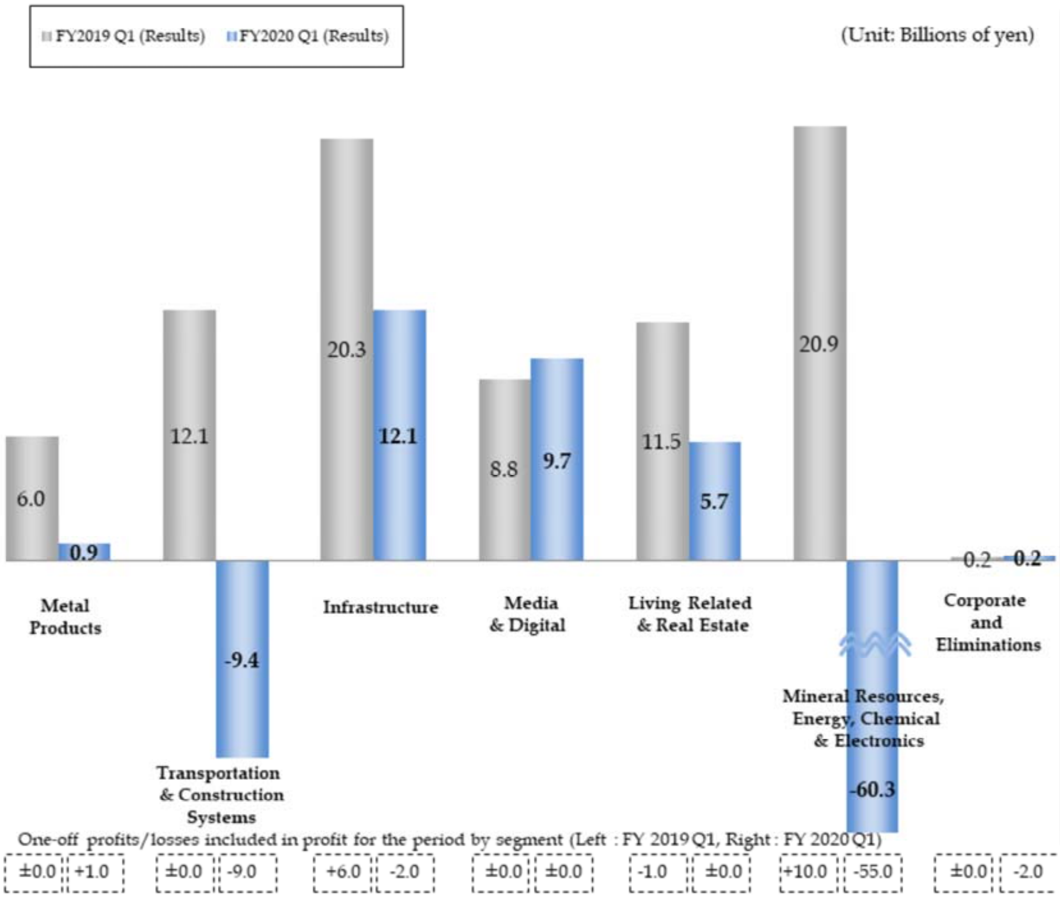


〈 Summary by segment 〉
(excl. one-off profits/losses (Results))

■ Metal Products
- ✓ Decrease in earnings of the operation of overseas steel service centers
- ✓ Decrease in earnings of tubular products business in North America

■ Transportation & Construction Systems
- ✓ Decrease in earnings of leasing business
- ✓ Decrease in earnings of automotive related business
- ✓ Decrease in earnings of construction equipment sales & marketing and rental business

■ Infrastructure
- ✓ Peak out of large-scale projects in power infrastructure business
- ✓ Stable performance of IPP/IWPP business

■ Media & Digital
- ✓ Stable performance of major group companies

■ Living Related & Real Estate
- ✓ Real estate business : large scale properties delivered in FY2019 Q1
- ✓ Fresh produce business : stagnant of market conditions in the U.S.
- ✓ Strong performance of supermarket chains in Japan

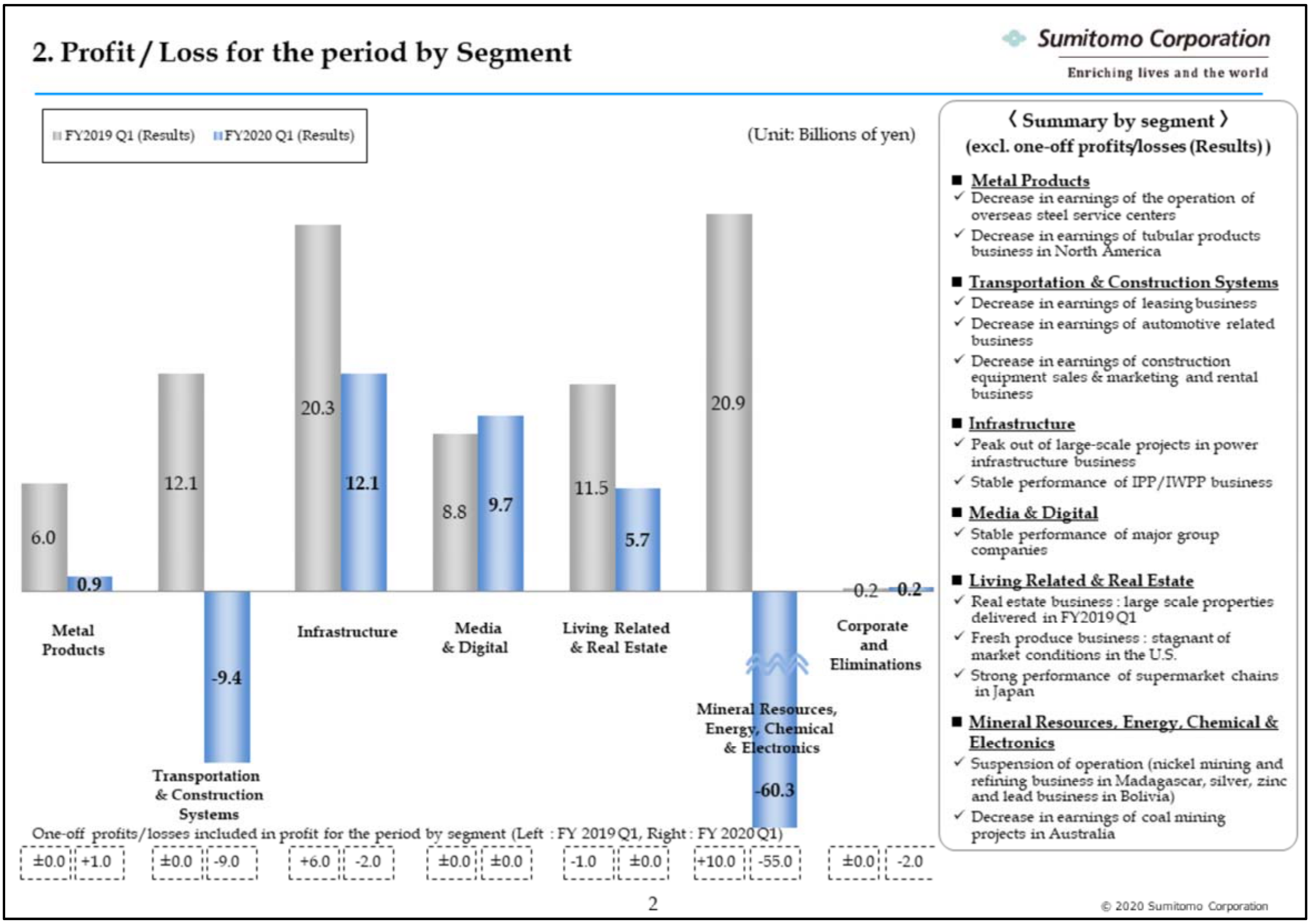
■ Mineral Resources, Energy, Chemical & Electronics
- ✓ Suspension of operation (nickel mining and refining business in Madagascar, silver, zinc and lead business in Bolivia)
- ✓ Decrease in earnings of coal mining projects in Australia

Regarding performance by Segment, compared with the same period of the previous fiscal year, operating income increased in Media & Digital, but decreased in other segments.
Of these, Transportation & Construction Systems, as well as Mineral Resources, Energy, Chemical & Electronics were in the red.

Regarding the Summary by segment, the Metal Products Segment was JPY900 million, down approximately JPY5 billion from the same period of the previous fiscal year. This was attributable to lower earnings at overseas steel service centers and Tubular Products Business in North America.

Losses on Transportation & Construction Systems Segment amounted to JPY9.4 billion, which resulted in a decrease of approximately JPY21 billion YoY. In addition to the decline in profits in Leasing Business and Automotive-Related Businesses, the Company recorded one-off losses of approximately JPY9 billion in the fiscal year under review, including credit costs in the Indonesian Automotive Financing Business.

Infrastructure Segment amounted to JPY12.1 billion, a decrease of approximately JPY8 billion from the same period of the previous fiscal year. Excluding one-off profit/losses, however, profit was basically unchanged from the same period of the previous fiscal year. While large EPC projects have peaked out, the Power Generation Business, which we have been working on, was in a solid performance position.



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Media & Digital Segment amounted to JPY9.7 billion, an increase of JPY1 billion YoY. Although some of the major group companies were affected by COVID-19, they maintained a stable performance as a whole.

Living Related and Real Estate Segment amounted to JPY5.7 billion, a decrease of JPY6 billion from the same period of the previous fiscal year. The domestic Supermarket Business maintained a robust performance due to rising domestic food demand, while Fyffes, which is fresh produce business in Europe and the Americas, showed a decline in profit attributable to a deterioration in the US market.
In addition, although Real Estate Business remained in solid performance range, profit declined in the first quarter of this fiscal year due to an absence of the large scale properties delivered in the same period of the previous fiscal year.

Mineral Resources, Energy, Chemical & Electronics Segment recorded a loss of JPY60.3 billion in profit, a decrease of JPY80 billion from the same period of the previous fiscal year.
Excluding the impact of one-off profit/losses such as impairment loss at the Nickel Mining and Refining Business in Madagascar, profit declined by approximately JPY16 billion. This decline was mainly attributable to lower profits at coal mining projects in Australia due to declines in mineral resources price, as well as to the impact of the shutdown of operations at the Nickel Mining and Refining Business in Madagascar and the Silver, Zinc, and Lead Businesses in Bolivia.

3. Cash Flows / Financial Position

● Cash Flows (Unit: Billions of yen)

	FY2019 Q1	FY2020 Q1
Operating activities	+48.9	+46.8
Investing activities	-89.3	-53.2
Free Cash Flow	**-40.4**	**-6.4**
<Cash in>		
Basic profit cash flow*1	+109.8	+57.8
(Dividend from investments accounted for using the equity method, included in the above)	(+61.4)	(+46.3)
Depreciation and amortization	+38.4	+39.8
Asset replacement	approx. +30.0	approx. +10.0
Others	approx. -100.0	approx. -70.0
<Cash out>		
Investment & Loan	approx. -120.0	approx. -50.0

● Financial Position (Unit: Trillions of yen)

As of Mar. 31, 2020 — Total assets 8.1

Current assets 3.5	Other liabilities 2.4
Non-current assets 4.6	Interest-bearing Liabilities *2 3.2 (2.5)
	Shareholders' equity *3 2.5

D/E Ratio(Net) : 1.0

As of Jun. 30, 2020 — Total assets 8.0

Current assets 3.4	Other liabilities 2.3
Non-current assets 4.5	Interest-bearing Liabilities *2 3.1 (2.5)
	Shareholders' equity *3 2.5

D/E Ratio(Net) : 1.0

《Summary》

- Basic profit cash flow
  - ✓ Core businesses generated cash
- Others
  - ✓ Increase in working capital, etc.
- Investment & Loan
  - ✓ Participation in operation and maintenance of passenger railway business in Philippines
  - ✓ Participation in FPSO* owning and chartering business for offshore oil and gas field in Brazil , etc.

  *Floating Production, Storage and Offloading

《Summary (Unit: Billions of yen)》

- Total assets -176.1 (8,128.6→7,952.5)
  - ✓ Decrease in operating assets
  - ✓ Decrease in investments accounted for using the equity method due to impairment loss, etc.
- Shareholders' equity - 56.7 (2,544.1→2,487.4)
  - ✓ Loss for the period
  - ✓ Dividend paid, etc.

	As of Mar. 31, 2020	As of Jun. 30, 2020
Exchange rate (YEN/US$)	108.83	107.74

*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

*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.

I would like to explain Cash Flows and financial position.

As you can see, Free Cash Flow for the first quarter of the fiscal year under review totaled to an outflow of JPY6.4 billion.

The main factor behind this is Basic profit cash inflow of JPY57.8 billion, as stated. Subsequently, we recovered JPY10 billion from Asset replacement.

Others were a cash outflow at JPY70 billion due to an increase in working capital, et cetera.

Investment and Loan was a cash outflow of JPY50 billion, due to participation in the Philippines Rail Operation and Maintenance Business and the Brazilian FPSO Business.

Next, we move on to the financial position on the right-hand side of the material.

Total assets decreased by JPY180 billion from the end of the previous fiscal year to JPY8 trillion. This was mainly due to a decrease in operating assets and a decrease in investments accounted for using the equity method resulting from the recording of impairment loss, et cetera.

Shareholders' equity was JPY2.5 trillion, down JPY56.7 billion. This was mainly due to the recording of a loss for the fiscal year under review and the payment of dividends.

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■ Structural reform focusing on next medium-term management plan

Restructuring of unprofitable businesses

- ✓ There is a possibility of some one-off losses from multiple businesses due to delayed value-up for existing business and the impact from COVID-19
- ✓ Draw a roadmap for early improvement and returning to its growth path and shift our management resources to growing businesses

Strengthening of earning power

- ✓ Restructure our company's business portfolio
- ✓ Accelerate the shift of management resources to the businesses in which expecting higher growth with our corporate strength

Upgrading of sustainability management

- ✓ With six key social issues and long-term targets identified and set, promote initiatives to address each issue
- ✓ Enhance our corporate value by management based on the long-term trends related to social issues

I would like to explain our initiatives for FY2020 and our full-year outlook.

First of all, I'll discuss initiatives in FY2020.
In the fiscal year under review, we are working to strengthen cash-flow management, including careful screening of investments and loans, with the highest priority given to securing and maintaining on-hand liquidity, which is internally called an emergency mode. On that basis, we are implementing structural reforms with a view to the next medium-term management plan.

Specifically, I would like to explain the following three points from a short, medium-, and long-term perspective.

First, from a short-term perspective, we will restructure unprofitable businesses.
In addition to the initiative of cash flow management and delays in enhancing the value of existing businesses, which has been an issue in the past, the impact of COVID-19 is also factored into the outlook for the possibility of impairment losses on multiple businesses in the current fiscal year.

In regard to businesses in which revenues are low but there are no concerns about impairment at present, we are currently working on laying out a future path, including an option to withdrawal.

■ Structural reform focusing on next medium-term management plan

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(Continued)

We will take a bird's-eye view of the Company's business portfolio and classify fields that require restructuring, such as reforming business models and fields where we can expect further growth by leveraging our strengths. In the restructuring field, if improvement is difficult, we will withdraw without hesitation and shift its resources to focus on areas where growth is expected. We have also incorporated the costs necessary for this, and we are determined to do so accordingly.

Next is the second point.
We will thoroughly strengthen our earning power from a medium- to a long-term perspective. COVID-19 will be brought under control in the near future, and revenues of our business will recover with the global economy.
Without relying on this, however, we will continue to strengthen the quality and quantity of our revenue capabilities in case a similar situation occurs in the future as with COVID-19.

To this end, we will develop necessary internal systems, such as business strategy formulation processes, performance management methods, mechanisms for the allocation of management resources, and a new personnel system.

Through these initiatives, we will rebuild our company's business portfolio so that we can accelerate the shift of management resources to the businesses in which expecting higher growth with our corporate strength.

Finally, this is the third point. We will also work to enhance sustainability management from a long-term perspective.

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■ Structural reform focusing on next medium-term management plan

Restructuring of unprofitable businesses

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- ✓ With six key social issues and long-term targets identified and set, promote initiatives to address each issue
- ✓ Enhance our corporate value by management based on the long-term trends related to social issues

(Continued)

At the General Meeting of Shareholders held in June, we announced our six key social issues and long-term targets for enhancing sustainability management. In today's briefing, I am not going to mention details on that, but we hope to take another step into practicing a sustainable management that lets us grow along with society and clarify our roles toward achieving a sustainable society. With this in mind, we have selected six key social issues that we have been closely involved in and have set long-term targets linking to them.

In the future, we will set medium-term targets and KPIs for each business and promote initiatives to address these issues. By promoting sustainability management, which is our compass, we aim to increase long-term corporate value.

5. Forecasts of FY2020

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■ **Business environment**

- ✓ It is forecasted that the severe business environment will continue in this fiscal year though there are different scenarios by each business for improvement of performance and impacts from COVID-19.
- ✓ Although it is uncertain for the future outlook, we have set the annual forecast of FY2020 based on the results of FY2020 Q1.

(Unit: Billions of yen)	FY2019 Results (A)	Increase/ Decrease (B)-(A)	FY2020 Annual Forecasts (B)	FY2020 Q1 (Apr.-Jun.)
Profit / Loss for the year	171.4	-321.4	**-150.0**	-41.1
One-off profits/losses	approx. -77.0	approx. -173.0	-250.0	approx. -67.0
excl. one-off profits / losses	approx. 248.0	approx. -148.0	**100.0**	approx. 26.0
Mineral resources	25.0	-45.0	-20.0	-10.0
Non-mineral resources	223.0	-103.0	120.0	36.0

■ **Forecasts excl. one-off profits / losses**

- ✓ Metal Products, Transportation & Construction Systems, Mineral Resources, Energy, Chemical & Electronics have large impacts from COVID-19 and it is difficult to recover its profitability within this fiscal year.
- ✓ Infrastructure, Media & Digital, Living Related & Real Estate are not affected largely though there will be a decline due to solid performance in previous fiscal year.

■ **One-off profits / losses**

- ✓ There is a possibility of impairment losses in multiple businesses due to COVID-19 in addition to one-off losses posted in Q1.
- ✓ There will be some concerns in posting one-off losses in multiple businesses by promoting structural reform such as restructuring of unprofitable businesses returning to its growth path.

I would like to explain our full-year Forecasts of FY2020.

Excluding one-off factors, we expect the three segments—Infrastructure, Media & Digital, and Living Related & Real Estate—to remain generally firm even in this environment.

On the other hand, the three segments of Metal Products, Transportation & Construction Systems, and Mineral Resources, Energy, Chemical & Electronics are largely affected by COVID-19, and they are less likely to turn to profitability during the current fiscal year.

6. Forecasts of FY2020 (One-off profits / losses)

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- ✓ There is a possibility of posting one-off losses in multiple businesses mainly due to COVID-19 in the second quarter onward, including additional impairment from nickel mining and refining business in Madagascar.
- ✓ By promoting structural reform such as restructuring of unprofitable businesses returning to its growth path, there will be some concerns in posting one-off losses in multiple businesses.

(Unit:Billions of yen)

Business units	Projects	FY2020	
		Q1 (Apr .-Jun.)	Risks for the second quarter onward
Metal Products	Specialty steel business in India	-	Impairment loss, depending on the economic recovery in India
	Tubular products business	-	Impairment loss, depending on the the future outlook on the demand recovery
Transportation & Construction Systems	Automotive financing business in Indonesia	-6.0	Additional credit cost and impairment loss
Living Related & Real Estate	Fresh produce business in Europe and the Americas	-	Impairment loss for goodwill due to low performance. (Goodwill as of Jun. 2020 : approx. 35.0 billion yen)
Mineral Resources, Energy, Chemical & Electronics	Nickel mining and refining business in Madagascar	-55.0	Impairment loss due to worse business environment by longer period of operational suspension (Exposure as of Jun. 2020 : approx. 100.0 billion yen)
	Others	-0.6	Other impairment losses and losses related to restructuring of unprofitable businesses
Total		-67.0	There is a possibility of approx. -250.0 billion yen of one-off losses in FY2020.

I would like to explain one-off profits and losses.

Currently, the occurrence and amount of losses have not been determined yet. In addition, we cannot provide details due to the relationships with our customer or business partners. However, depending on the medium- to long-term outlook, we assume that impairment loss will occur in several projects as shown in the table, mainly due to the impact of COVID-19.

In addition, we expect losses from resolute structural reform, including the restructuring of unprofitable businesses, in order to return to its growth path. After incorporating these costs, we expect total one-off losses of approximately JPY250 billion.

I would like to explain the outline of the main projects.
First is the Special Steel Business in India for Metal Products Segment. This is an Automotive Specialty Steel Business jointly operated by Mukand in India.
Although operations have recently resumed from a lockdown, operations have not yet started in full-scale, and the potential for a future recovery in demand in India is expected. However, we must closely monitor the recovery trend in the Indian economy.

6. Forecasts of FY2020 (One-off profits / losses)

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Business units	Projects	FY2020	
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	Others	-0.6	Other impairment losses and losses related to restructuring of unprofitable businesses
Total		-67.0	There is a possibility of approx. -250.0 billion yen of one-off losses in FY2020.

(Continued)

The second is Tubular Products Business.
The Company recognized a loss of approximately JPY60 billion at the end of the previous fiscal year, including impairment losses and inventory valuation losses. Depending on the recovery trend in demand in the future such as in a case that actual rig count level lowers one step below, compared with the level estimated at the time as an assumption for impairment testing, it is possible that the Company will incur further impairment losses as in the previous fiscal year.

Next is the Automotive Financing Business in Indonesia for the Transportation & Construction Systems Segment.
In Indonesia, we operate a Financing Business for automobiles and two-wheeled vehicles and the business environment has been difficult due to the announcement of a deferral of repayment accompanying the introduction of emergency countermeasures against COVID-19 by the local government.
Currently, the increase in credit costs and the decrease in new contracts have had an impact.
In the first quarter of the fiscal year under review, the Company recorded one-off losses of JPY6 billion for credit costs. Depending on the circumstances in the future, there is a possibility of further increases in credit costs, and an impairment of goodwill is also likely to occur depending on the medium- to long-term perspective.

Next is about Fyffes in Europe and the Americas for the Living Related & Real Estate Segment.
Recently, our performance has been stagnant due to the deterioration of the US market. In the future, the development of the spread of COVID-19 in the producing region of Central and South America could lead to impairment.

6. Forecasts of FY2020 (One-off profits / losses)

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- ✓ There is a possibility of posting one-off losses in multiple businesses mainly due to COVID-19 in the second quarter onward, including additional impairment from nickel mining and refining business in Madagascar.
- ✓ By promoting structural reform such as restructuring of unprofitable businesses returning to its growth path, there will be some concerns in posting one-off losses in multiple businesses.

(Unit:Billions of yen)

Business units	Projects	FY2020	
		Q1 (Apr .-Jun.)	Risks for the second quarter onward
Metal Products	Specialty steel business in India	-	Impairment loss, depending on the economic recovery in India
	Tubular products business	-	Impairment loss, depending on the the future outlook on the demand recovery
Transportation & Construction Systems	Automotive financing business in Indonesia	-6.0	Additional credit cost and impairment loss
Living Related & Real Estate	Fresh produce business in Europe and the Americas	-	Impairment loss for goodwill due to low performance. (Goodwill as of Jun. 2020 : approx. 35.0 billion yen)
Mineral Resources, Energy, Chemical & Electronics	Nickel mining and refining business in Madagascar	-55.0	Impairment loss due to worse business environment by longer period of operational suspension (Exposure as of Jun. 2020 : approx. 100.0 billion yen)
	Others	-0.6	Other impairment losses and losses related to restructuring of unprofitable businesses
Total		-67.0	There is a possibility of approx. -250.0 billion yen of one-off losses in FY2020.

(Continued)

Finally, the Nickel Mining and Refining Business in Madagascar for Mineral Resources, Energy, Chemical & Electronics Segment.
An impairment loss of JPY55 billion was recorded in the first quarter. At present, we are assuming that operations will resume in the fourth quarter of FY2020. However, we anticipate that further deterioration in the business environment, such as the prolonged suspension of operations, will result in additional impairment losses.

With regard to these projects, we will take steps to ensure that we can generate firm revenues after COVID-19 is brought under control.

7. Forecasts of FY2020 (by Segment, excl. one-off profits/losses)

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(Unit:Billions of yen)	FY2019 Results (A)	Increase/ Decrease (B)-(A)	FY2020 Annual Forecasts (B)	FY2020 Q1 (Apr.-Jun.)	<Forecasts for the second quarter onward>
Metal Products	17.0	-23.0	-6.0	0.0	･Steel products business : improve in automotive related business in FY2020 Q2/ stagnant market for home electronics business ･Tubular products business : severe environment continues due to low demand mainly in North America
Transportation & Construction Systems	39.0	-35.0	4.0	-1.0	･Automotive financing business in Indonesia : decrease in new contracts, COVID-19 influences remain during FY2020 ･Automotive manufacturing business : low performance despite resumption of operation in all production base
Infrastructure	63.0	-28.0	35.0	14.0	･IPP/IWPP business : stable ･EPC projects : peak out in large-scale projects
Media & Digital	38.0	-3.0	35.0	10.0	･Major group companies : stable
Living Related & Real Estate	49.0	-14.0	35.0	6.0	･Real estate business：delivering of properties in or after FY2020 Q2
Mineral Resources, Energy, Chemical & Electronics	45.0	-48.0	-3.0	-5.0	･Nickel mining and refining business in Madagascar : resume operation in FY2020 Q4 ･Iron ore mining project in South Africa : stable ･Chemicals & Electronics : stable
Corporate and Eliminations	-3.0	3.0	-	2.0	
Total	**248.0**	**-148.0**	**100.0**	**26.0**	

(Reference) Key indicators		FY2020 (Apr.-Mar.) Forecasts	Q1 (Apr.-Jun.)
Exchange rate (YEN/US$)		110.00	107.63
Interest rate	LIBOR 6M(YEN)	0.05%	0.00%
	LIBOR 6M(US$)	0.50%	0.71%

* Sensitivity of exchange rate is slight.

I would like to explain our full-year forecasts of FY2020, excluding one-off profits/losses by segment.

First of all, the Metal Products Segment.
Excluding one-off profits/losses, the full-year forecast is a loss of JPY6 billion. In the Steel Products Business, sales of home electronics are expected to be sluggish throughout the year.
In the Automobile-Related Business, the forecast is incorporating a certain extent of recovery in the second quarter onward.
On the other hand, the Tubular Products Business is expected to continue to face severe conditions, due to low demand mainly in North America.

The Transportation & Construction Systems Segment will amount to a profit of JPY4 billion. The number of new contracts for Automotive Financing Business in Indonesia is declining, and the impact of COVID-19 is expected to continue within this fiscal year.
In the Automotive Manufacturing Business, although all production bases have resumed operations, it is expected to take time until full-scale operations begin.

The Infrastructure Segment will generate a profit of JPY35 billion. Compared to the previous fiscal year, while the impact of the peak-out of large EPCs is expected in the second quarter onward, IPP/ IWPP business is expected to maintain a stable performance.

7. Forecasts of FY2020 (by Segment, excl. one-off profits/losses)

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(Unit:Billions of yen)	FY2019 Results (A)	Increase/ Decrease (B)-(A)	FY2020 Annual Forecasts (B)	FY2020 Q1 (Apr.-Jun.)	<Forecasts for the second quarter onward>
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Transportation & Construction Systems	39.0	-35.0	4.0	-1.0	・Automotive financing business in Indonesia : decrease in new contracts, COVID-19 influences remain during FY2020 ・Automotive manufacturing business : low performance despite resumption of operation in all production base
Infrastructure	63.0	-28.0	35.0	14.0	・IPP/IWPP business : stable ・EPC projects : peak out in large-scale projects
Media & Digital	38.0	-3.0	35.0	10.0	・Major group companies : stable
Living Related & Real Estate	49.0	-14.0	35.0	6.0	・Real estate business : delivering of properties in or after FY2020 Q2
Mineral Resources, Energy, Chemical & Electronics	45.0	-48.0	-3.0	-5.0	・Nickel mining and refining business in Madagascar : resume operation in FY2020 Q4 ・Iron ore mining project in South Africa : stable ・Chemicals & Electronics : stable
Corporate and Eliminations	-3.0	3.0	-	2.0	
Total	**248.0**	**-148.0**	**100.0**	**26.0**	

(Reference) Key indicators		FY2020 (Apr.-Mar.) Forecasts	Q1 (Apr.-Jun.)
Exchange rate (YEN/US$)		110.00	107.63
Interest rate	LIBOR 6M(YEN)	0.05%	0.00%
	LIBOR 6M(US$)	0.50%	0.71%

* Sensitivity of exchange rate is slight.

(Continued)

The Media & Digital Segment will enjoy a profit of JPY35 billion. Major business firms such as SCSK and J:COM are expected to maintain a solid performance.

The Living Related & Real Estate Segment will make a profit of JPY35 billion. In addition to stable performance of the Domestic Supermarket Business, we expect delivering of properties in Real Estate Business to grow in the second quarter and beyond, and we expect the Business to remain firm for the full fiscal year.

We expect a loss of JPY3 billion for the Mineral Resources, Energy, Chemical & Electronics Segment. Although this segment is expected to remain sluggish, the Nickel Mining and Refining Business in Madagascar, which is currently shut down, is expected to resume operations in the fourth quarter of FY2020. In addition, the iron ore mining projects in South Africa, which will show equity in earnings in the second and fourth quarters, are expected to remain firm on the back of stable performance of iron ore price.

8. Cash flow / Dividend plan in Medium-Term Management Plan 2020

Sumitomo Corporation
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(Unit : Billions of yen)	Revised plan (as of Aug. 2020) FY2018	FY2019	FY2020 Annual Plan	FY2020 Q1	3-year total (Apr. 2018 - Mar. 2021)	(reference) Original plan (Apr. 2018 - Mar. 2021)
Basic profit cash fow	+290.0	+239.0	+250.0	+57.8	+1,000.0	+1,200.0
Depreciation and amortization *	+111.8	+115.3		+27.3		
Asset replacement	+240.0	+120.0	+220.0	+10.0	+400.0	+600.0
Others	-120.0	-50.0		-70.0		
Investment & Loan	-300.0	-350.0	-280.0	-50.0	-920.0	-1,300.0
Free cash flows	+217.6	+73.2	+190.0	-18.9	+480.0	+500.0
Dividend	-88.7	-103.7	-87.5	-43.7	-280.0	-300.0
Free cash flow (post-dividend)	+128.9	-30.5	+102.5	-62.6	+200.0	+200.0

* Increase in depreciation by adopting IFRS16 is deducted.
FY2019 results and FY2020 annual plans : 50.0 billion yen, FY2020 Q1 : 12.5 billion yen.

【Cash flow plan】

Continue to reduce interest-bearing liabilities to enhance financial soundness

Initiatives to avoid deteriorating of cash flows :

- ✓ Thorough cost reduction
- ✓ Acceleration of asset replacement through structural reform
- ✓ Improvement in working capital
- ✓ Careful screening of investments

【Dividend plan】

Annual dividend: 70 yen/share as announced in May 2020
(Interim dividend: 35 yen/ share, Year-end dividend: 35 yen/ share)

Factors to keep the plan :

- ✓ Our fundamental policy of paying shareholders a stable dividend over the long term
- ✓ The fact that the major portion of one-off losses are non-cash losses
- ✓ Expectation to maintain the balance of Core Risk Buffer and Risk-weighted Assets

I would like to explain our Cash flow and Dividend plans.

First, Cash flow plan. There is no change in the policy of reducing interest-bearing liabilities by JPY200 billion in order to continue improving financial soundness.
Although cash inflows are expected to decline compared to the initial forecasts due to the impact of COVID-19, we will manage the entire cash flows by thoroughly cost reduction, acceleration of asset replacement through structural reform, Improvement in working capital, and Careful screening of investments.

Next, the Dividend plan for FY2020, on the right part.
Although the full-year forecast is a loss of JPY150 billion, in addition to fact that the major portion of one-off losses are non-cash losses, it is expected that the balance between Risk-weighted Assets and the Core Risk Buffer will be maintained. With that and so on, there is no change from the forecast of JPY70 per share announced at the beginning of the fiscal year.

[END]