

Media, Network, Lifestyle Related Goods & Services



Hirohiko Imura
General Manager,
Media, Network, Lifestyle
Related Goods &
Services Business Unit

Main Fields

- Media and Network
- Retail and Food
- Materials, Supplies and Real Estate

Organization

- Planning & Administration Dept., Media, Network, Lifestyle Related Goods & Services Business Unit
- Media Division
- Network Division
- Lifestyle & Retail Business Division
- Food & Agriculture Business Division
- Materials, Supplies & Real Estate Division
- General Construction Development & Coordination Dept.

Message from the General Manager

“What We Aim to Be”

We will create new lifestyles by developing diverse consumer and lifestyle-related businesses globally.

Growth Strategies for Becoming What We Aim to Be

We will further strengthen our domestic businesses that already have robust foundations, including the Cable TV, TV shopping, and real estate businesses. At the same time, we will take advantage of our strengths and expertise acquired through management to develop existing domestic businesses so that we can use those strengths and expertise to capture demand and growth in emerging countries, particularly in Asia. Other initiatives will combine diverse businesses to create new value and lifestyles unique to Sumitomo Corporation, thereby fostering new earnings pillars.

Q Please give us a review of BBBO2014.

A We developed existing businesses globally and further bolstered our business foundations.

Jupiter Telecommunications Co., Ltd. (J:COM), maximized the benefits of integration with JAPAN CABLENET LIMITED (JCN)—which it acquired in 2013 when JCN was the industry’s second-largest company—and further strengthened business foundations. Our TV shopping business in Thailand expanded steadily after beginning to broadcast programs in November 2013. Further, we participated in a telecommunications business in Myanmar. In food businesses, as part of development of global upstream operations, we expanded sugar-refining businesses in Thailand in which we acquired an equity interest in fiscal 2013. In real estate businesses, we began initiatives for logistics facilities businesses and the management of private-placement REITs as a fourth pillar alongside office buildings, condominiums, and retail facilities.



A newly opened Summit Store in CLASSY TOWER, Higashi Nakano

Fiscal 2014 Results

Profit for the year rose ¥1.6 billion year on year, to ¥57.1 billion, thanks to robust performances by mainstay businesses in Japan, including J:COM and Jupiter Shop Channel Co., Ltd.

Q Please tell us about the measures you are taking in BBBO2017.

A We will take advantage of our domestic and overseas expertise in relation to each business to expand businesses.

The introduction of ICT is advancing in all industries, with fields that integrate IT and mobile technologies having particularly significant potential. In Japan, the e-commerce market continues to grow. Also, mainly in downtown Tokyo, real

Business Unit

Performance Highlights

	FY2013	FY2014	FY2015 Forecast
Gross profit	237.6	239.0	257.0
Operating profit	39.8	44.7	–
Share of profit of investments accounted for using the equity method	40.0	40.1	–
Profit for the year (attributable to owners of the parent)	55.5	57.1	56.0
Basic profit	59.3	57.8	–
Total assets	1,741.7	1,762.7	–

(Billions of yen)

* The business results of previous fiscal years have been reclassified to reflect reorganization implemented on April 1, 2015.

estate prices are rising in anticipation of the 2020 Tokyo Summer Olympic and Paralympic Games. Catering to increasing food demand accompanying population growth and expansion of the middle classes, particularly in emerging countries, has become a worldwide issue.

In Japan, we aim to raise customer satisfaction in the Cable TV and TV shopping businesses. To this end, J:COM has started to provide additional services, such as power supply, to existing services, while the TV shopping businesses will strengthen the appeal of the products they offer. As for the TV shopping business in Thailand, we aim to make it profitable as soon as possible by utilizing our expertise in broadcasting programs and merchandising. For the telecommunications business in Myanmar, in which we participated in 2014, to contribute to Myanmar's development, we will take advantage of our experience and expertise, which we gained when we were developing similar telecommunications businesses in such countries as Mongolia. In food businesses, where the Company is focusing on expansion, we will strengthen the existing advantages of banana businesses and build value chains for other products and regions. In materials, supplies, and real estate businesses, we will capture demand stemming from the 2020 Tokyo Summer Olympic and Paralympic Games. In conjunction with these efforts, we will establish business foundations as a general comprehensive real estate developer and expand private-placement REIT and fund businesses.

Q Could you please explain about CSR initiatives that you pursue through business activities?

A We contribute to reducing CO₂ emissions by providing a stable, long-term supply of wood biomass, a renewable fuel.

Biomass, a plant derived fuel, contributes to CO₂ emission reductions significantly. Demand for renewable energy is increasing steadily due to concern about the problem of global warming. In response, we have been playing a pioneering role in the industry by supplying wood biomass fuel to Japan since 2008. Moreover, to expand related businesses we concluded long-term supply contracts with Summit Energy Corporation and other power producers in 2014. Also, such factors as Japan's "Feed-in Tariff" system increase the likelihood that the use of biomass fuel will spread in the long term. Going forward, we will exploit our unique strengths and capabilities, such as expertise and networks developed over many years of engagement in wood resource businesses, to support long-term, stable supplies of renewable energy.



Unloading of wood pellets, a biomass fuel

Media, Network, Lifestyle Related Goods & Services Business Unit

Summary of Main Fields

Media and Network Field

“What We Aim to Be”

We aim to expand our earnings foundations by further strengthening and globally developing our industry-leading businesses in Japan.

Business Conditions

In the media and telecommunications industry, users' lifestyles and market conditions are changing due to the rapid spread of smartphones, tablets, and higher speed data services at a lower price. Also, industries across the board are increasingly introducing ICT, and the use of ICT for differentiation and the realization of more advanced capabilities is becoming critical.

Strengths and Strategies

We have stakes in companies that are leaders in their respective industries, and we work with these companies to expand their businesses. For example, J:COM has the largest share of Japan's Cable TV market, while SCSK Corporation provides a full lineup of global IT services. While further strengthening these existing businesses, we intend to exploit our expertise cultivated through media businesses in Japan and telecommunications businesses in emerging countries to develop new businesses globally.

Current Initiatives

J:COM is adding two new services, power supplies and mobile virtual network operator (MVNO) services, to bundle five services, and it is offering new styles of watching TV to increase customers' satisfaction and enhance earnings. SCSK aims to achieve high profit growth by shifting to a service-oriented business and creating high-added-value services that meet society's evolving needs. In the telecommunications business in Myanmar, we aim to offer the best telecommunications coverage, quality, and customer support and expand the business.



SCSK's ninth base in Japan, netXDC Chiba Center 2

Retail and Food Field

“What We Aim to Be”

We aim to provide consumers worldwide with safe, reliable, and pleasant apparel, food, and dwellings.

Business Conditions

The consumer market in Japan is stable and one of the largest markets in the world. Moreover, the country's e-commerce market is continuing to grow. In addition, emerging countries in Asia and other regions are seeing demand for grains, oils, and meat rise as populations grow and economic development encourages diets that are more diverse and sophisticated.

Strengths and Strategies

We will further strengthen TV shopping businesses in Japan while expanding these businesses globally in Thailand and other countries. Taking advantage of our competence in food businesses, such as banana business, we will build value chains that link food supply and demand.

Current Initiatives

We are expanding the TV shopping business in Thailand by utilizing our strengths and expertise in broadcasting programs and merchandising. In food businesses, where the Company is focusing on expansion, we are building value chains linking upstream areas to midstream areas by participating in grain businesses and frozen dough businesses in Australia, flour-milling businesses in Vietnam, and sugar-refining businesses in Thailand and China.



Harvested and cleaned carrots in New Zealand

Materials, Supplies and Real Estate Field

“What We Aim to Be”

We aim to provide comfortable dwelling and communal environments through sustainable town development and other efforts to promote coexistence with nature.

Business Conditions

In China and other countries, demand for lumber has grown over the medium-to-long term, and it is likely to continue increasing. In Japan’s real estate market, demand remains solid in downtown areas, while awareness of buildings’ safety, reliability, and environment-friendliness is heightening.

Strengths and Strategies

In lumber businesses, we will acquire forest resources in the Pacific Rim region. As for the real estate field, we will develop high-quality properties as a comprehensive real estate developer, focusing on office buildings, condominiums, and commercial facilities. Going forward, as well as using expertise gained through real estate businesses in Japan to develop businesses overseas, we will focus efforts on private-placement REITs and funds.

Current Initiatives

In the real estate field, we have begun implementing a plan to develop one of the largest mixed-use buildings in the Ginza area, the Ginza 6-chome redevelopment project. Also, we are advancing development aimed at enhancing the appeal of whole urban areas. For example, in the Kanda area, which we have positioned as a strategically important area for our business, Terrace Square opened in May 2015, and we are developing the Kanda Nishiki-cho 2-chome project (provisional name). As for new business initiatives, we have begun man-



Developing a large mixed-use building in the Kanda area, Terrace Square

ing private-placement REITs and logistics funds. In addition, plans call for capitalizing on networks developed through the lumber businesses to develop wood biomass resources.

Project Overview

Fourth Pillar of Real Estate Businesses: Non-Asset Businesses (Private-Placement REIT)



Examples of Sumitomo Corporation’s efforts in the non-asset businesses

Through a “hands-on” corporate culture of taking the initiative to become directly involved in projects from planning and development through to management, we have developed office buildings, housing, and retail facilities into the three main pillars of our real estate businesses. As an addition to these existing three pillars, in recent years we have been stepping up efforts to establish a fourth pillar by developing non-asset businesses, including private-placement REIT and private fund businesses. As part of these efforts, Sumisho Realty Management Co., Ltd., led the establishment of a private-placement REIT, SC Realty Private REIT, Inc., in January 2015.

We have begun management of the private-placement REIT, which has assets of ¥32.4 billion and comprises four properties, including large mixed-use buildings in the metropolitan area for which we led development. As the main sponsor of the private-placement REIT, we aim to increase its assets to ¥100 billion in three years and ¥200 billion in five years by continuing to make maximum use of our property-supply capabilities and management competence.

Regarding private fund businesses, as an addition to an existing office building fund, retail facility fund, and rental housing fund, we jointly established a large-scale logistics facilities fund with Kokyo Tatemono Co., Ltd., and companies of its corporate group in February 2014. We aim to supply the logistics facilities fund with properties and build up its assets to ¥100 billion as we enter the logistics real estate business field in earnest through such initiatives as the development of logistics facilities with advanced capabilities.

In our real estate non-asset businesses, our goal is to grow assets under management from their current level of approximately ¥200 billion, to ¥400 billion in fiscal 2019.