

Media, Network, Lifestyle Related Goods & Services Business Unit

Main Fields

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

Organization

- Planning & Coordination 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.



“What We Aim to Be”

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

Hirohiko Imura

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

Media and network

- J:COM, with No. 1 share of Cable TV market
- Customer networks of SCSK and T-GAIA

Retail and food

- Expertise in retail business acquired through management of Summit, Tomod's, and Jupiter Shop Channel

Materials, supplies and real estate

- Comprehensive portfolio of real estate in Japan, including office buildings, retail facilities, and condominiums
- Operating companies with leading shares in Japanese construction materials-related markets
- Ownership of large-scale forest resources

Strengths

Media and network

- Further improvement of customer satisfaction for telecommunication business in Myanmar

Retail and food

- Expansion of revenue base of food businesses

Materials, supplies and real estate

- Establishment of biomass fuel manufacturing businesses
- Further expansion of forest resources
- Manage business against lower demand for construction materials in Japan and changing real estate market as depopulation advances

Challenges

Media and network

- Deregulation of electricity retailing
- Extensive utilization of ICT

Retail and food

- Growth of e-commerce market
- Diversification and increased sophistication of food in emerging countries

Materials, supplies and real estate

- Increase in demand for real estate and construction materials thanks to holding of 2020 Tokyo Summer Olympic and Paralympic Games
- Increase in demand for timber products in China due to ban on logging of natural forests in China
- Increase in demand for biomass accompanying rise in renewable energy

Opportunities

Media and network

- Increased competition in pay TV and fixed broadband businesses
- Structural change in the mobile telecom industry

Retail and food

- Weather and climate risks in agricultural businesses
- Decline in consumer confidence due to worsening economic conditions

Materials, supplies and real estate

- Rise in forest values
- Overheating of real estate market

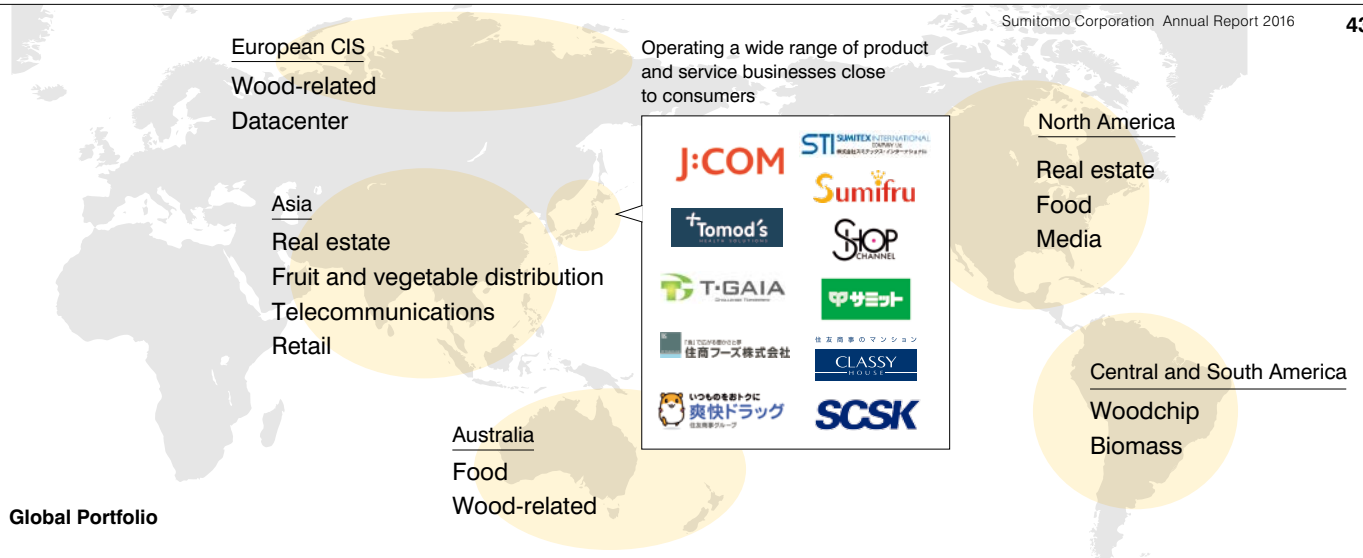
Risks

Performance Highlights

| (Billions of yen) | FY2014 | FY2015 | FY2016 Forecast |
|----------------------------------------------------------------------|---------|---------|-----------------|
| Gross profit | 239.0 | 254.6 | 260.0 |
| Operating profit | 44.7 | 55.6 | — |
| Share of profit of investments accounted for using the equity method | 40.1 | 44.2 | — |
| Profit for the year (attributable to owners of the parent) | 57.1 | 64.8 | 66.0 |
| Basic profit | 57.8 | 70.8 | — |
| Total assets | 1,762.7 | 1,735.0 | — |

Fiscal 2015 Results

In fiscal 2015, the year ended March 31, 2016, profit for the year rose ¥7.7 billion year on year, to ¥64.8 billion, thanks to solid performances in Japan by major operating companies, such as J:COM, SCSK, and Jupiter Shop Channel, and real estate businesses and the realization of real estate value in Japan and overseas.



Growth Strategies for Becoming What We Aim to Be

Earnings Pillars

- Strengthen foundations in media, ICT, and retail fields (J:COM, SCSK, Jupiter Shop Channel, etc.) further
- Heighten sophistication of operations and competitiveness of telecommunication business in Myanmar
- Strengthen foundations of food businesses
- Expand primary earning sources of wood resource businesses
- Advance general real estate businesses in Japan and overseas including office buildings, retail facilities, condominiums, and real estate finance

Future Pillars

- Develop businesses that have succeeded in Japan's media, ICT, and retail fields in emerging countries within Asia and in other regions
- Advance businesses related to solid biomass fuel

Fiscal 2015 Overview

In March 2016, we reorganized Jupiter Shop Channel's capital, resulting in stakes of 50% for J:COM, 45% for Sumitomo Corporation, and 5% for KDDI Corporation. By realizing collaboration and synergies among the companies, we will grow the earnings of J:COM and Jupiter Shop Channel even further.

As for the telecommunication business in Myanmar, we built mobile base stations and developed the sales network with a view to offering the best network coverage, service quality, and customer support.

In the materials, supplies and real estate field, we reinforced business foundations by participating in a biomass fuel manufacturing business in Brazil and participating in a mixed-use building development project in Ginza.

BBBO2017 Growth Strategies

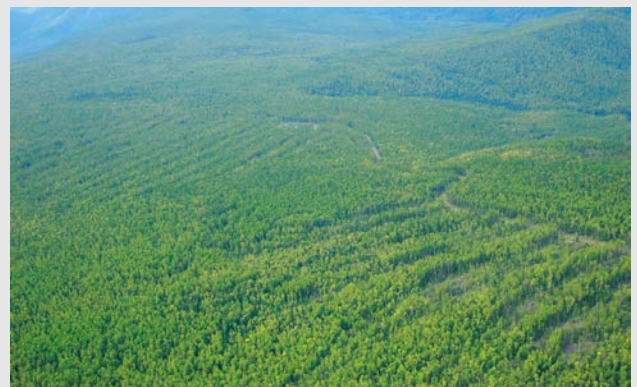
We will grow earnings by further expanding and strengthening the earnings foundations of major operating companies and other existing businesses in Japan while exploiting expertise and advantages fostered in existing businesses to advance global business development based on long-term perspectives.

Also, focusing on the five core businesses that are the strengths of this business unit and which comprise its earnings foundations—J:COM, SCSK, Jupiter Shop Channel, Summit, Inc., and real estate businesses—the business unit will bolster and expand collaboration among its various businesses and enhance the value of each business with a view to growing earnings even further.

Initiatives Aimed at Addressing Social Issues

Beginning of Sustainable Forestry Management

The Sumitomo Corporation Group has a stake in OAO Terneyles, which owns approximately 2.76 million hectares of forested land in the Russian Far East and operates a general forest products business. To preserve precious forest resources and ensure sustainability, the company uses a logging method called "ribbon cutting" or "strip felling," which leaves parent trees intact so that they can drop seeds, thereby allowing new trees to grow naturally. Based on this method, we will sustain its forests.



Adoption of ribbon-cutting method that leaves lines of trees

Media, Network, Lifestyle Related Goods & Services Business Unit

Summary of Main Fields

Media and Network Field



A sales store of our telecommunication business in Myanmar

Opportunities and Risks

In the media and telecommunications industry, users' lifestyles and market circumstances are changing in step with the rapid spread of smartphones, tablet computers, and higher speed data connectivity at lower prices.

Also, new business opportunities are increasing due to the increasingly widespread use of the Internet of Things (IoT) and other ICT across a range of industries and regulatory easing, such as the deregulation of electricity retailing.

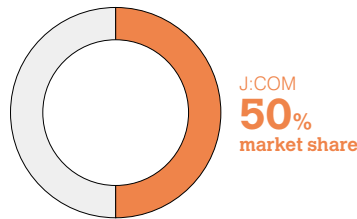
Growth Strategies

In Japan, focusing on J:COM and SCSK, which are leading companies in their industries, the Sumitomo Corporation Group will promote collaboration among divisions and expand earnings foundations. In addition, we will capitalize on expertise garnered through media businesses in Japan and telecommunications in emerging countries to advance global business development.

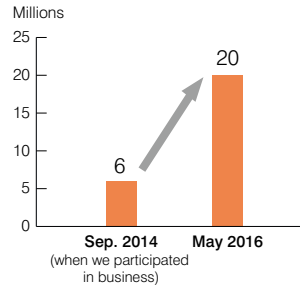
In the telecommunication business in Myanmar, aiming to win out intensifying customer acquisition competition, we will enhance the quality of our telecommunication service, expand the sales network, and offer value-added services such as mobile money.

Domestic Cable TV market

(As of Sep. 2015)



Number of Subscribers of Our Telecommunication Business in Myanmar



Retail and Food Field



Produce area at a Summit Store, the supermarket

Opportunities and Risks

Consumers' lifestyles are changing constantly, and catering to changes in purchasing behavior in the retail industry, including such sectors as TV shopping and supermarkets, is required.

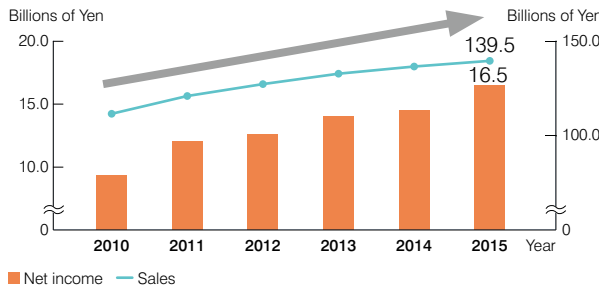
Further, due to the economic growth and rising populations of emerging countries within Asia and in other regions, securing a stable food supply is regarded as a global issue, and taking action in response to increasing demand is needed.

Growth Strategies

Based on the capital reorganization that involved J:COM and KDDI, we will further strengthen the business foundations of Jupiter Shop Channel and accelerate measures to create synergies.

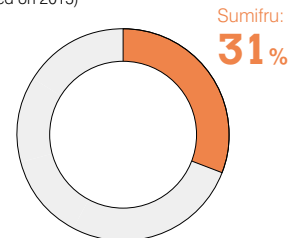
Regarding food businesses, we will reinforce food value chains in banana businesses, which are among our strongest businesses, and in the flour-milling, sugar-refining, and meat businesses to build an optimal business portfolio.

Sales and Net Income of Jupiter Shop Channel



Sumifru's Share of Japan's Banana Imports*

(Based on 2015)



* Source: Sumifru

Materials, Supplies and Real Estate Field



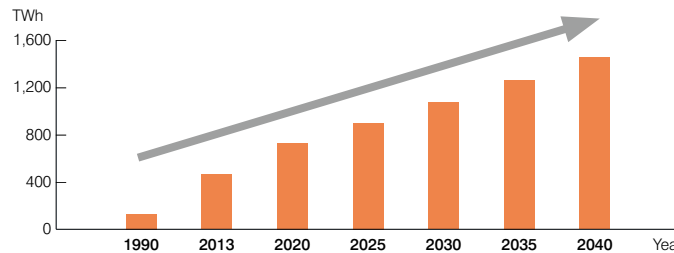
One of the largest mixed-use-building development projects in Ginza

Opportunities and Risks

The real estate property market in and around Tokyo is expected to remain solid as the 2020 Tokyo Summer Olympic and Paralympic Games approach. On the other hand, competition among developers has intensified due to a recent rise in the market.

In the materials and supplies field, reflecting the increasing momentum of environmental measures, interest in biomass fuel for power generation is growing worldwide. In addition, Japan is likely to see solid demand for construction materials in the run up to the 2020 Tokyo Summer Olympic and Paralympic Games.

Worldwide Biomass Power Generation Volume: Trend and Forecast



Growth Strategies

Our real estate businesses aims to expand further in the United States and Asia by exploiting comprehensive expertise fostered in Japan. With regard to domestic business, we have been focusing on accumulating high-quality assets in strategic areas as well as cultivating non-asset businesses in parallel with steady development of office buildings, retail facilities, and condominiums. In relation to materials and supplies businesses, we will take advantage of collaboration among organizations to strengthen the earnings foundations of businesses handling cement and other construction materials and develop manufacturing businesses to meet global demand for biomass fuel.

Project Overview

Capital Reorganization of TV Shopping Business

Since 1996, we have been operating a TV shopping business that caters to consumers' ever-changing needs through Jupiter Shop Channel. In March 2016, the ownership structure of Jupiter Shop Channel was altered by having J:COM and KDDI Corporation (KDDI) respectively acquire 50% and 5% of Jupiter Shop Channel shares, placing the company under the control of a new partnership among Sumitomo Corporation, J:COM, and KDDI. This will enable J:COM and Jupiter Shop Channel to conduct sales and promotional activities targeted at each other's customers to cultivate new customers and expand their businesses. This business unit is thus able to leverage the strength of each of its businesses while reinforcing collaborations among them to develop new services and businesses, which will lead to enhancing customer satisfaction and increasing earnings.



The building of J:COM Shonan, a J:COM operation station (top left)
TV screen image of "Shop Channel" broadcast (bottom right)

Value-Creating Business Model

