Medium-Term Management Plan 2020

Unceasing Challenge for New Value Creation

May 9, 2018

Sumitomo Corporation
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   3-1. Overview
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   3-3. Reinforcement of Management Bases
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1. Corporate Vision and Management Principles

Corporate Vision

We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society.

Management Principles

Corporate Mission
To achieve prosperity and realize dreams through sound business activities

Management Style
To place prime importance on integrity and sound management with utmost respect for the individual

Corporate Culture
To foster a corporate culture full of vitality and conducive to innovation
Moving to **create new value** to face tomorrow’s social issues

**Six material issues to achieve sustainable growth with society**

- Achieving Harmony with the Global Environment
- Globalization and Protectionism
- Contributing to the Development of Local Communities and Industries
- Developing Human Resources and Promoting Diversity
- Enhancing Governance
- Providing Diverse “Accessibility”
3. “Medium-Term Management Plan 2020”
3-1. Overview

Medium-Term Management Plan 2020
- Unceasing Challenge for New Value Creation-

Promotion of growth strategies

Growth Strategy 1
Increasing the value of existing businesses

Growth Strategy 2
Creating the next-generation businesses

Growth Strategy 3
Leveraging cross-business platform

Expanding business support functions

Reinforcement of management bases

Enhancement of governance

Enhancement of human resources strategy

Enhancement of financial soundness
### Growth Strategy 1: Increasing the Value of Existing Businesses

#### Increasing the value of existing businesses

- Further reinforcing of existing earnings pillars
- Seeking to unlock the full potential of businesses
- Speedy response to changes in the business environment

<table>
<thead>
<tr>
<th>Metal Products</th>
<th>Media &amp; ICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Expand tubular products into adjacent businesses by utilizing customer network of the oil country tubular goods business</td>
<td>✓ Reinforce business foundations and enhance services in media &amp; ICT</td>
</tr>
<tr>
<td>✓ Provide unique/integrated services in the railway materials and equipment business</td>
<td>✓ Expand mobile solution businesses in emerging countries, and develop and expand peripheral businesses</td>
</tr>
<tr>
<td>✓ Expand value chain in Aluminum segment from our smelting business – our core business in this segment</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transportation &amp; Construction Systems</th>
<th>Living Related and Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Enhance leasing and financing businesses, and pursue synergies with other businesses</td>
<td>✓ Promote the growth of retail businesses, centered around Summit and TOMOD’S</td>
</tr>
<tr>
<td>✓ Promote various next-generation businesses in anticipation of the coming mobility society</td>
<td>✓ Improve earnings in the food and agriculture business by focusing on fruits and vegetables and on high-value-added foods</td>
</tr>
<tr>
<td>✓ Take up challenges in new fields in the manufacturing business</td>
<td>✓ Develop high-value-added real estate business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Mineral Resources, Energy, Chemical &amp; Electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Expand business foundations in global power, logistics, and social infrastructure</td>
<td>✓ Early achievement of profitability for upstream resources projects and reinforcing of cost competitiveness</td>
</tr>
</tbody>
</table>
| ✓ Shift to gas-fired power generation/renewable energy over the medium to long term  
  - Create power generation portfolio by around 2035, as follows:  
    - Share of coal from 50% → 30% (Generation capacity basis)  
    - Renewable energy ratio from current 20% → 30% | ✓ Expand trading in natural gas and LNG |
| | ✓ Enhance mineral resources/chemical-related value chain |
| | ✓ Make EMS businesses and companies with chemical businesses, such as distributors business for agrochemical related products, more robust |
3-2. Growth Strategy 2: Creating the Next-Generation Businesses

Creating the next-generation businesses

Commit a total of approx. ¥300 billion in funds to three emerging fields over three years

(1) Technology x Innovation (the fourth industrial revolution fields)
(2) Healthcare
(3) Social infrastructure

<table>
<thead>
<tr>
<th>Emerging fields</th>
<th>Megatrends/Social issues</th>
<th>Priorities</th>
</tr>
</thead>
</table>
| (1) Technology x Innovation (the fourth industrial revolution fields) | ✓ Revolution in industry structure and business models due to the shift to ICT and the disappearance of borders for all industries | ✓ Revolution in business models and upgrading of business by the acceleration of digital transformation (DX)  
 ✓ Promoting R&D activities as strategic move to build next-generation revenue stream (Set investment fund of ¥20 billion for next-generation businesses) |
## 3-2. Growth Strategy 2: Creating the Next-Generation Businesses

### Creating the next-generation businesses

Commit a total of approx. ¥300 billion in funds to three emerging fields over three years

1. **Technology x Innovation** (the fourth industrial revolution fields)
2. **Healthcare**
3. **Social infrastructure**

<table>
<thead>
<tr>
<th>Emerging fields</th>
<th>Megatrends/Social issues</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(2) Healthcare</strong></td>
<td>✓ Aging of society/Inflation of medical expenses</td>
<td>✓ Development of new businesses that lead to greater efficiency in medical expenses</td>
</tr>
<tr>
<td></td>
<td>✓ Technology innovation, such as IoT and AI</td>
<td>✓ Expansion of digital health business utilizing cutting-edge technology</td>
</tr>
<tr>
<td></td>
<td>✓ Changes in industry structure</td>
<td>✓ Entering market for medical infrastructure installations in emerging countries</td>
</tr>
<tr>
<td><strong>(3) Social infrastructure</strong></td>
<td>✓ Population growth/Advance of urbanization</td>
<td>✓ Entering market for infrastructure installations, and urban development/Smart City project</td>
</tr>
<tr>
<td></td>
<td>✓ Shift to private-sector outsourcing</td>
<td>✓ Reinforcing eco-friendly businesses utilizing new technology</td>
</tr>
<tr>
<td></td>
<td>✓ Climate Change Issues</td>
<td>(Next-generation energy management business, storage batteries, hydrogen business etc.)</td>
</tr>
</tbody>
</table>
Growth Strategy 3: Leveraging Cross-Business Platform

Creating new value through hybridization of multiple businesses and cross-organizational collaboration

Leveraging cross-business platform for new value creation

Redefining existing businesses

Building new business models

Hybridization of multiple businesses and cross-organizational collaboration

Utilize the Sumitomo Corporation Group's business foundations and functions that have points of contact with various industries, societies and regions

<table>
<thead>
<tr>
<th>Industry</th>
<th>Society</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>Lease/Rental/Sharing</td>
<td>Residential/Office/Commercial</td>
</tr>
<tr>
<td>locations</td>
<td>Electric power infrastructure</td>
<td>facilities</td>
</tr>
<tr>
<td>network</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance/Economy</td>
<td>Digital platform</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global network</td>
<td>Customer base</td>
<td></td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Broadcasting networks</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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3-2. Growth Strategy: Expanding Business Support Functions

Promotion of growth strategies

Increasing the value of existing businesses
Creating the next-generation businesses
Leveraging cross-business platform

Business support function 1
Support for developing new businesses
- Promote cooperation between organizations/regions in order to develop new businesses
- Support for the incubation of new businesses that goes beyond the existing framework

Business support function 2
Full potential plan
- To maximize the value of the investment portfolio;
  - Support for preparing “prescription” to realize “full potential” of each investment
  - Monitor the implementation of the plan based on the prescription for each invested company

Business support function 3
Asset cycle management
- Utilize external capital effectively
- Support for planning and executing exit strategies for business investment

Business support function 4
Digital transformation
- Support/promote Companywide utilization of digital technology
- Hybridize knowledge in each field using technology to accelerate the digital revolution

Business Units
- Metal Products
- Transportation & Construction Systems
- Infrastructure
- Media & ICT
- Living Related & Real Estate
- Mineral Resources, Energy, Chemical & Electronics

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3-3. Reinforcement of Management Bases

Reinforcement of management bases 1

Enhancement of governance

● Reinforcement of monitoring functions of Board of Directors
  • Periodic monitoring of medium-term management plan and portfolio strategy
  • Monitoring of concentration risks and climate change response

● Reinforcing Sumitomo Corporation Group governance
  • Enhancing quality of operations and corporate value through internal control

⇒ Continuous promotion of managerial reform

Reinforcement of management bases 2

Enhancement of human resources strategy

● Diversity & Inclusion
  Making diverse strengths a source of competitiveness
  “Acknowledging, respecting and accepting individual differences”
  “Encouraging individuals to rise to the challenge, grow their strengths, and make good use of their strengths”

  • Review systems for encouraging individuals to rise to the challenge and to grow their strengths
  • Promote reform of work practices and health management
  • Invigorate job rotation so as to create multiple different experiences
  • Promote allocation of the right person, in the right place, at the right time, for Group human resources on a global basis
3-3. Reinforcement of Management Bases

Enhancement of financial soundness

- Continue to focus on cash flow management
- Securing an incremental ¥200 billion or more in three-year total post-dividends FCF, and allocating to repayment of interest-bearing liabilities
  - Expand cash flow earnings power
  - Recover funds through continuous regeneration of business
  - Execute investments in preparation for future
- Maintaining a balance of
  [Core Risk Buffer] ≥ [Risk-adjusted assets]

Projection of cash allocation during “Medium-Term Management Plan 2020” (three years)

<table>
<thead>
<tr>
<th>Cash In</th>
<th>Cash Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>(Approx. ¥300)</td>
</tr>
<tr>
<td>Investment and</td>
<td>Loan (Approx. ¥1,300)</td>
</tr>
<tr>
<td>Repayment of</td>
<td>interest-bearing liabilities</td>
</tr>
<tr>
<td>Asset replacement</td>
<td>(Approx. ¥600)</td>
</tr>
<tr>
<td>others</td>
<td></td>
</tr>
<tr>
<td>Basic profit</td>
<td></td>
</tr>
<tr>
<td>cash flow (*)</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
</tr>
<tr>
<td>and amortization</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Approx. 1,800</td>
</tr>
<tr>
<td>Approx. 1,800</td>
<td></td>
</tr>
</tbody>
</table>

(*) 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
3-4. Quantitative Targets

<table>
<thead>
<tr>
<th></th>
<th>FY2017 Results</th>
<th>FY2018 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>308.5</td>
<td>320.0</td>
</tr>
<tr>
<td>Basic profit(*)</td>
<td>323.7</td>
<td>340.0</td>
</tr>
</tbody>
</table>

Efficiency indicators
- ROA 4% or higher
- ROE 10% or higher

<Basic profit(*)>

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineral resources businesses</td>
<td>193.2</td>
<td>207.3</td>
<td>223.1</td>
<td>226.7</td>
</tr>
<tr>
<td>Tubular products business</td>
<td>207.3</td>
<td>223.1</td>
<td>243.5</td>
<td>265.0</td>
</tr>
<tr>
<td>Non-mineral resources businesses</td>
<td>(4.7)</td>
<td>(12.5)</td>
<td>(9.5)</td>
<td></td>
</tr>
</tbody>
</table>

Targeting steady growth in profits by implementing growth strategies

(*) Excluding the impacts of impairment loss
3-5. Dividend Policy

**Basic policy**

To increase dividends by achieving mid-long term earnings growth while adhering to the Company’s fundamental policy of paying shareholders a stable dividend over the long term.

**“Medium-Term Management Plan 2020” dividend policy**

We will decide the dividend amount in view of the situations regarding basic profit and cash flow, with a consolidated payout ratio of 30% as a guideline.

**FY2018 dividends**

¥75/share (plan)  (interim ¥37/share, year-end ¥38/share)
“Unceasing Challenge for New Value Creation”

No Dream, No Success

Aim high, act on the principles and execute
Appendix
✓ Investments by Segment
✓ Medium-to long-term strategies and forecasts by Segment
✓ Historical Data for Medium-Term Management Plan
✓ Shareholders’ Composition
## Investment by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Investment (bil yen)</th>
<th>Major Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal Products</td>
<td>40</td>
<td>• Tubular products related business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Railway and automotive related business, etc.</td>
</tr>
<tr>
<td>Transportation &amp; Construction Systems</td>
<td>180</td>
<td>• Next-generation mobility related business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Manufacturing business, etc.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>290</td>
<td>• Overseas/domestic power infrastructure business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(including renewable energy)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Water concession project, Industrial Park, etc.</td>
</tr>
<tr>
<td>Media &amp; ICT</td>
<td>80</td>
<td>• Overseas Telecommunications Business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Additional Investment to existing business, etc.</td>
</tr>
<tr>
<td>Living Related &amp; Real Estate</td>
<td>220</td>
<td>• Overseas/domestic real estate business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Additional investment to existing business, etc.</td>
</tr>
<tr>
<td>Mineral Resources, Energy, Chemical &amp; Electronics</td>
<td>190</td>
<td>• New investments to mineral resources &amp; energy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Agriculture related business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Additional investment to existing business, etc.</td>
</tr>
<tr>
<td>Unallocated</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,300</td>
<td></td>
</tr>
</tbody>
</table>
Medium-to long-term Strategies and Forecasts

<Contents>
1 Metal Products
2 Transportation & Construction Systems
3 Infrastructure
4 Media & ICT
5 Living Related & Real Estate
6 Mineral Resources, Energy, Chemical & Electronics
1 Metal Products

Segment Strategy

✓ To enhance our Tubular products business
   - through our strong OCTG(*) customer network, which is our core competence, and
   - by upgrading our supply chain management services with digitalization and new technologies.

✓ To provide unique/integrated services for Railway segment (rail, wheel, axles, and maintenance services)
   where stable economic growth is expected.

✓ To expand value chain in Aluminum segment from smelting business in Malaysia - our core business in this segment.

✓ To capture demand for Steel products generated by
   - urbanization and improvement of living standard in emerging countries, and
   - replacement and upgrading of infrastructure in advanced countries.

✓ To strengthen earning power in Automotive manufacturing segment by merging Transportation & Construction Systems
   Business Unit’s “comprehensive view of automotive industry’s value chain” and our business unit’s “expertise on materials”.

[Segment Strategy and Material Issues]

“Contributing to the Development of Local Communities and Industries”
   - Meeting our customers’ diverse needs through collaboration with our business partners
     (Tubular products, Railway, Aluminum, Steel sheets, and Automotive manufacturing)

“Achieving Harmony with the Global Environment”
   - Reducing CO2 emission by contributing to promotion of
     • EV and lightweight metal (Aluminum and Automotive manufacturing),
     • mass transportation (Railway),
     • efficiency and innovation in oil&gas drilling activity (Tubular products)

“Providing Diverse Accessibility”
   - Contributing to acceleration of modal shift through value chain from material/equipment to maintenance (Railway)
### Results of major subsidiaries and associated companies

<table>
<thead>
<tr>
<th>Company</th>
<th>FY17 Results</th>
<th>FY18 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum smelting business in Malaysia</td>
<td>3.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Sumisho Metalex Corporation</td>
<td>0.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Edgen Group</td>
<td>0.2</td>
<td>1.0</td>
</tr>
<tr>
<td>ERYNGIUM Ltd.</td>
<td>-2.1</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

FY17 Results: 35.4 billion yen (1.6 billion yen increase from FY17)

- Recovery in earnings of tubular products business in North America
- Stable performance of the operation of overseas steel service centers
- Impact of U.S. tax reform in FY17: approx. -6.0 billion yen

Global Basis

<table>
<thead>
<tr>
<th></th>
<th>FY17 Results</th>
<th>FY18 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year attributable to owners of the parent</td>
<td>35.4</td>
<td>37.0</td>
</tr>
</tbody>
</table>
Creating new values by capturing changes in the business environment caused by the fourth industrial revolution

✓ To enhance the function of leasing and financing business and make synergies with other businesses
   We agreed with SMFG (Sumitomo Mitsui Financial Group, Inc.) about restructuring of SMFL (Sumitomo Mitsui Finance and Leasing Company, Limited) to be 50/50 ownership, respectively, for the purpose of strengthening the competitiveness of our entire leasing businesses including general leasing, aircraft leasing, and auto leasing. In addition, by crossing over our platform businesses such as above mentioned leasing businesses and Indonesian finance businesses, with other business units and overseas subsidiaries, or with other start-up investments, we will develop new businesses and create customer value.

✓ To promote various businesses in the coming mobility society
   We will further strengthen our existing wide value-chain while making investments and developing businesses in new domains in the coming mobility society such as electric vehicles, autonomous driving and car sharing. Also, we will aim at creating new business values by crossing over new technologies / business models of startup companies with our platform businesses, such as SMAS (Sumitomo Mitsui Auto Service Company, Limited) that has wide customer base in Japan or TBC that has wide tire sales network in the US.

✓ Challenging to new areas of manufacturing business
   Responding to changes in the business model caused by the fourth industrial revolution, we aim at expanding our manufacturing business centered on R&D functions, taking advantage of digital transformation. In addition, working together closely with the Metal Products Business Unit, we realize innovation in our manufacturing business by incorporating new technologies and latest developments in materials.

✓ Human resources management
   We will continuously develop human resources who can lead businesses and create new business opportunities, and promote diversification of human resources.
【FY18 Forecasts : 73.0 billion yen 】
(2.2 billion yen increase from FY17)

- Stable performance by leasing business
- Stable performance in automotive financing business in Indonesia
- Robust performance in construction equipment rental business and sales & marketing business
- Impact of U.S. tax reform in FY17 : approx. -13.0 billion yen

<table>
<thead>
<tr>
<th>Company</th>
<th>Equity in earnings of the segment (Ref.)</th>
<th>FY18 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY17 Results</td>
<td></td>
</tr>
<tr>
<td>Sumitomo Mitsui Finance and Leasing Company, Limited (SMFL)*1</td>
<td>34.8</td>
<td>23.6</td>
</tr>
<tr>
<td>Automotive Financing Business in Indonesia</td>
<td>4.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Sumitomo Mitsui Auto Service Company, Limited</td>
<td>3.8</td>
<td>4.4</td>
</tr>
<tr>
<td>Sumisho Machinery Trade Corporation*1</td>
<td>1.9</td>
<td>0.8</td>
</tr>
<tr>
<td>TBC Corporation*2</td>
<td>2.1</td>
<td>-</td>
</tr>
<tr>
<td>PT. Bank Tabungan Pensiun Nasional Tbk (BTPN)*1,3</td>
<td>-13.0</td>
<td>-</td>
</tr>
</tbody>
</table>

*1 Equity in earnings for companies marked with an asterisk are equity amounts company-wide including other segments. The percentage of this segment/companywide of each company is as follows:
SMFL:35/40, BTPN:17.79/20.33, Sumisho Machinery Trade Corporation: 60/100

*2 We refrain from disclosing forecasts of FY18, due to reorganization.

*3 We refrain from disclosing forecasts of FY18 since BTPN does not disclose those.
3 Infrastructure

Segment Strategy

“Stay Ahead, Shape the Future”

✓ We value diversity and form attractive functional Business Unit in which every one of members enjoy their work.
✓ We make broad contributions to the development of society, by staying a step ahead in dealing with changes, and create new values that meet the needs of each region and customers.
✓ We create businesses that provide values unique to Sumitomo Corporation in each field, and achieve the goal as a whole.
✓ We make sizable effort to achieve sustainable growth, through good understanding over the trend of market, customer, and policy and change in society from long-term perspective.

〔Trends of social issues in relation to our strategies and the values we can offer for the solution.〕

In the recent movements, there has been a significant growth on the environmental awareness and the efforts to reduce greenhouse gas emissions. On top of that, the development of social infrastructure has been urgent matters because of the rapid urbanization and the population growth, especially in emerging countries.

Under such circumstances, we focus on
- development of eco-friendly infrastructures in developed countries, and
- contributions to social development and constructions of infrastructure for living, through improving shortage of electricity and water, and designing logistics networks in emerging countries.
3 Infrastructure

【FY18 Forecasts：53.0 billion yen】
(17.3 billion yen increase from FY17)

- Power infrastructure business (overseas):
  IPP/IWPP business: stable
  Large-scale EPC* projects: progress in construction

- Impact of U.S. tax reform: approx. -1.0 billion yen in FY17

*EPC: Engineering, Procurement & Construction

<table>
<thead>
<tr>
<th>Company</th>
<th>FY17 Results</th>
<th>FY18 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumisho Global Logistics Co., Ltd.</td>
<td>2.6</td>
<td>2.3</td>
</tr>
<tr>
<td>Summit Southern Cross Power Holdings Pty Ltd</td>
<td>2.0</td>
<td>0.9</td>
</tr>
</tbody>
</table>

【Results of major subsidiaries and associated companies】

(Ref.)
FY17 Results | FY18 Forecasts
---|---
Global Basis | 35.7 | 53.0

Profit for the year attributable to owners of the parent

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段落策略

- 为促进公司范围内的“数字化转型”倡议做出贡献，通过利用先进的技术/知识和开发具有专业知识的人力资源。

- 为建立舒适和丰富的生活方式做出贡献，通过提供符合消费者全球需求的产品和服务，以及通过我们的业务创造新的独特价值和生活方式。

（主要倡议）

〇 提升核心业务
  - J:COM：提升3项主要服务和升级服务，通过加强其基础设施。
  - Jupitershop频道：通过持续的资本支出和通过增强营销实践扩大客户基础。
  - SCSK：通过扩展产品线和转型为以服务为导向的业务模式，以改变收入模式。
  - T-GAIA/电信业务在缅甸（MPT）：通过充分利用市场领先地位，提高现有业务的价值和提供新服务。

〇 创造下一代业务
  - 加速数字媒体业务的部署，全球扩展与视频内容相关的业务。
  - 促进SC集团的数字化转型与SCSK合作，并利用先进的技术。
  - 为发展中社会和产业的开发做出贡献，通过扩展电信基础设施和在东盟国家提供各种服务。

〇 利用平台
  - 基于J:COM/MPT的客户基础和电信基础设施开发各种新服务。
  - 通过整合“支撑功能”如金融和物流与SCSK的IT技术，升级我们的业务并创造新价值。
【FY18 Forecasts：46.0 billion yen】
(13.0 billion yen decrease from FY17)

- Increase in costs of capital investment by domestic major group companies
- One-off profit from asset replacement in FY17

<table>
<thead>
<tr>
<th>Company</th>
<th>Equity in earnings of the segment (unit: billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY17 Results</td>
</tr>
<tr>
<td>Jupiter Telecommunications Co., Ltd.</td>
<td>35.6</td>
</tr>
<tr>
<td>SCSK Corporation</td>
<td>22.6</td>
</tr>
<tr>
<td>Jupiter Shop Channel Co., Ltd.</td>
<td>8.8</td>
</tr>
<tr>
<td>T-Gaia Corporation</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Profit for the year attributable to owners of the parent

- Global Basis
  - FY17 Results: 59.0
  - FY18 Forecasts: 46.0
Segment Strategy

✓ To contribute establishing foundation for comfortable and enriching lifestyles by providing products and services meeting with consumers demand globally and by creating new distinctive values and lifestyles through our businesses

✓ To contribute promoting the company-wide initiative, “Digital Transformation” by leveraging advanced technologies/know-how and by developing human resources with expertise

(Main Initiatives)

〇 Enhancement of core business

・ Summit （supermarket）： Acceleration of new store opening, development of new small store format, enhancement of ready made dishes such as delicatessen products
・ TOMOD’S （drugstore）： To enhance its business by leveraging new store development including M&A opportunities, and by enlarging at-home prescription dispense service
・ Real estate business： To expand overseas business and fund business
・ Leveraging the foundation of core business including Summit/TOMOD’S/SC Foods/Real estate business

〇 Development of existing business

・ Fyffes： Increase of the value of existing business and acceleration of supply source integration

〇 Creation and enhancement of business in emerging fields

・ Creating foundation for domestic and overseas healthcare business
・ Expansion of wood resources business through acquisition of high quality forest asset
・ Increase of the procurement capacity for biomass fuel and expansion of biomass manufacturing
・ Initiatives for Smart City project by utilizing our integrated corporate strength
5 Living Related & Real Estate

【 FY18 Forecasts : 45.0 billion yen 】
(10.5 billion yen increase from FY17)

- Stable performance of real estate business
- Higher commodity price in fresh produce business
- Impact of U.S. tax reform in FY17: approx. -2.0 billion yen

【 Results of major subsidiaries and associated companies 】

<table>
<thead>
<tr>
<th>Company</th>
<th>FY17 Results (unit: billions of yen)</th>
<th>FY18 Forecasts (unit: billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summit, Inc.</td>
<td>4.7</td>
<td>4.4</td>
</tr>
<tr>
<td>SC Foods Co., Ltd.</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Fyffes Limited *</td>
<td>0.1</td>
<td>2.2</td>
</tr>
<tr>
<td>TOMOD’S Inc.</td>
<td>1.6</td>
<td>1.7</td>
</tr>
<tr>
<td>SUMMIT FORESTS NEW ZEALAND LIMITED</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>S.C.Cement Co., Ltd.</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Sumisho Realty Management Co., Ltd.</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Sumifru Singapore Pte. Ltd.</td>
<td>-1.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Grain business companies in Australia</td>
<td>0.1</td>
<td>0.2</td>
</tr>
</tbody>
</table>

* We started to disclose the equity in earnings from this quarter due to the completion of Purchase Price Allocation after the acquisition.

Profit for the year attributable to owners of the parent

<table>
<thead>
<tr>
<th>Global Basis</th>
<th>FY17 Results</th>
<th>FY18 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>34.5</td>
<td>45.0</td>
</tr>
</tbody>
</table>
In the mineral resources and energy field, we aim to fulfill stable supply to industry with a business portfolio which can contribute to earnings significantly over the medium to long term and is effectively diversified against risk.

In the chemical and electronics field, we aim to provide differentiated, highly profitable and value added services and raw materials in growing industries.

The global macro trends such as population growth, increasing incomes and urbanization change the demand-supply mineral resources, energy and food, and the industrial structure of IoT. Considering those changes, we aim to accomplish following material issues:

- Achieving harmony with the global environment;
- Contributing to the development of local communities and industries;
- Developing human resources and promoting diversity of colleagues working in the field around the world;
- Establishing a foundation for comfortable and enriching lifestyles.

**Mineral Resources & Energy**
- Improve profitability of existing large projects.
- Acquire cost competitive assets in medium to long term view.
- In mid-downstream business, we will create high value-added business by pursuing synergies with upstream business and utilizing derivative functions. We will expand our existing business and explore new business models.

**Chemical & Electronics**
- Strengthen our earnings base through the combination of the trading and manufacturing businesses, as well as corporation between organizations.
- We will utilize our specialty, knowledge and knowhow to strengthen the earnings base of existing businesses in the area where we have competitiveness, such as in Electronics Manufacturing Service, crop protection product, and pharmaceutical products. We will also add values to existing projects that we recently invested in.
- Create new businesses considering the change in industrial structures such as EV, Energy-saving and IoT.
【Results of major subsidiaries and associated companies】

<table>
<thead>
<tr>
<th>Company</th>
<th>FY17 Results</th>
<th>FY18 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silver, zinc and lead business companies in Bolivia</td>
<td>27.8</td>
<td>18.8</td>
</tr>
<tr>
<td>Oresteel Investments (Proprietary) Limited</td>
<td>15.4</td>
<td>14.5</td>
</tr>
<tr>
<td>Companies related to coal business in Australia</td>
<td>10.1</td>
<td>13.7</td>
</tr>
<tr>
<td>SC Minerals America, Inc.</td>
<td>4.4</td>
<td>4.9</td>
</tr>
<tr>
<td>Sumitronics group</td>
<td>3.1</td>
<td>3.9</td>
</tr>
<tr>
<td>Sumitomo Shoji Chemicals Co., Ltd.</td>
<td>2.6</td>
<td>3.1</td>
</tr>
<tr>
<td>SMM Cerro Verde Netherlands B.V.</td>
<td>1.5</td>
<td>2.8</td>
</tr>
<tr>
<td>LNG Japan Corporation</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Iron ore mining business in Brazil</td>
<td>3.7</td>
<td>1.4</td>
</tr>
<tr>
<td>Companies with oil field interests in the North Sea</td>
<td>0.9</td>
<td>1.4</td>
</tr>
<tr>
<td>Summit Rural Western Australia Pty. Ltd.</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Shale gas business in the U.S.</td>
<td>0.2</td>
<td>-0.1</td>
</tr>
<tr>
<td>Copper and molybdenum mining business in Chile</td>
<td>-0.8</td>
<td>-1.1</td>
</tr>
<tr>
<td>Nickel mining and refining business in Madagascar</td>
<td>-14.1</td>
<td>-9.8</td>
</tr>
</tbody>
</table>

【FY18 Forecasts : 66.0 billion yen】
(12.5 billion yen decrease from FY17)

- Silver, zinc and lead mining business in Bolivia: Decrease in earnings
- Posted one-off profits in FY17

Global Basis
Profit for the year attributable to owners of the parent
FY17: 78.5
FY18: 66.0

(Ref.)
FY17 Results
FY18 Forecasts
Global Basis 66.0
Profit for the year attributable to owners of the parent 78.5

(12.5 billion yen decrease from FY17)
**Historical Data for Medium-Term Management Plan**

**Net Income (left scale)**

**Total Assets (right scale)**

**Risk-adjusted Return ratio**

(mid-term plan ave., right scale)

<table>
<thead>
<tr>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
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</tr>
</tbody>
</table>

**GG Plan**

(2 year)

Pursuit of further improvement of quality heading for a new stage of growth

**FOCUS’10**

(2 year)

A growth scenario on a new stage

**f(x)**

(2 year)

Growth across regional, generational and organizational boundaries

**BBBO2014**

(2 year)

Heading for an even higher level of profit growth by thorough enhancement of our earning power

**BBBO2017**

(3 year)

To make group-wide efforts in overcoming issues and to outline a path toward the realization of “What We Aim to Be”

**Medium-Term Management Plan 2020**

(3 year)

Unceasing challenge for new value creation

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