

MIRA INFORM REPORT

Report No. :	529177
Report Date :	08.09.2018

IDENTIFICATION DETAILS

Name :	SUMITOMO CORPORATION
Registered Office :	Office Tower Y Harumi Island Triton Square, 1-8-11 Harumi Chuoku, Tokyo 104-8610
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	December 1919
Com. Reg. No.:	0100-01-008692
Legal Form :	Limited Company
Line of Business :	General trading house for import, export and wholesale of: metals products, transportation & construction machinery, environment & infrastructure media, network, life-style-related goods & services, others
No. of Employees :	3,576

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating : A+

Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Maximum Credit Limit :	Yen 96,019.2 Million
Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

COMPANY NAME AND SUMMARY

SUMITOMO CORPORATION

REGD NAME: Sumitomo Shoji KK

MAIN OFFICE: Office Tower Y Harumi Island Triton Square, 1-8-11 Harumi Chuoku
Tokyo 104-8610 JAPAN
Tel: 03-5166-5000
Fax: 03-5166-6203

URL: <http://www.sumitomocorp.co.jp/>

E-Mail address: ir@sumitomocorp.co.jp (Investor Relations Division)

ACTIVITIES: General trading house of metals, industrial machinery, energy & chemicals, other

BRANCHES: Osaka, Nagoya, other (Tot 40 domestic); 110 overseas in 65 countries

OFFICERS: MASAYUKI HYODO, PRES Kuniharu Nakamura, ch
Hideki Iwasawa, v pres Masahiro Fujita, v pres
Koichi Takabatake, s/mgn dir Hideki Yamano, mgn dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 4,827,323 M
	PAYMENTS	REGULAR	CAPITAL	Yen 219,279 M
	TREND	STEADY	WORTH	Yen 2,558,160 M
	STARTED	1919	EMPLOYES	3,576

COMMENT

LEADING GENERAL TRADING HOUSE, NUCLEUS OF SUMITOMO GROUP FIRMS.
FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

MAX CREDIT LIMIT: YEN 96,019.2 MILLION, 30 DAYS NORMAL TERMS.

HIGHLIGHTS

This is a fourth-ranked comprehensive trading house. Began in the smokestack industry, including steel & machinery. Has strength in steel, particularly oil pipes, where it has close ties with Nippon Steel & Sumitomo Metal Corp. Known for the absence of earnings reliance on anyone business, including transport machinery, construction machinery, and the chemicals, resource and energy businesses. Scale of interests in the resource & energy business is relatively smaller than the top-ranked trading firms such as Mitsubishi Corp & Mitsui & Co., but group firms include leading companies in the media & IT-related business, such as the CATV firm, Jupiter Telecommunications, the TV sales firm, Jupiter Shop Channel, and the systems development firm, SCSK. A

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share exchange with Sumisho Specialty Steel Co is scheduled, and then the company will make it a wholly owned subsidiary.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 4,827,323 million, a 20.77% up from Yen 3,996,974 million in the previous term. The recurring profit was posted at Yen 412,295 million and the net profit at Yen 308,521 million, respectively, compared with Yen 213,101 million recurring loss and Yen 170,889 million net losses, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 430,000 million and the net profit at Yen 320,000 million, respectively, on a 3.58% up in turnover, to Yen 5,000,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements. Max credit limit is estimated at Yen 96,019.2 million, on 30 days normal terms.

REGISTRATION

Date Registered: Dec 1919
Regd No.: 0100-01-008692 (Tokyo-Chuoku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 2,000 million shares
Issued: 1,250,602,867 shares
Sum: Yen 219,279 million

Major shareholders (%): Master Trust Bank of Japan T (6.8), Japan Trustee Services T (5.2), Liberty Programming Japan (3.6), JP Morgan Chase Bank 385632 (2.6), Sumitomo Life Ins (2.4), Japan Trustee Services T5 (1.8), Mitsui Sumitomo Ins (1.5), State Street Bank West Tr. 505234 (1.5), Japan Trustee Services T1 (1.3); foreign owners (36.9)

No. of shareholders: 134,456

Listed on the S/Exchange (s) of: Tokyo, Nagoya & Fukuoka

Nothing detrimental is known as to the commercial morality of executives.

Related companies: Sumitomo Auto Lease, Sumisho Computer Systems, Sumisho Electronics, Sumitomo USA Inc, other

OPERATION

Activities: General trading house for import, export and wholesale of: metals products (10%), transportation & construction machinery (9%), environment & infrastructure media, network (7%), life-style-related goods & services, others (74%)

Overseas Trading Ratio (57%)

Clients: [Mfrs, wholesalers] Sumitomo Communication Global Commodities Ltd, Nippon Steel & Sumitomo Metal Corp, Sumitomo Metal Mining, Sumisho Materials Corp, Mitsubishi Materials, Chung Hung Steel, PT Hino Motors Manufacturing Indonesia, Idemitsu Kosan Kaisha, Kansai Electric Power, Sumitomo Chemical, other.

No. of accounts: 3,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] Sumitomo Communication Global Commodities Ltd, Nippon Steel & Sumitomo Metal Corp, Sumisho Materials Corp, Sumitomo Metal Mining, Oshima Shipbuilding Co, Petro Summit Pte Ltd, Hino Motors, Idemitsu Kosan Kaisha, Mitsubishi Material, Tonen General Sekiyu, Toshiba Corp, other.

Payment record: Regular

Location: Business area in Tokyo. Office premises at the caption address are leased and maintained satisfactorily.

Bank References:

SMBC (Tokyo)

MUFG (H/O)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	5,000,000	4,827,323	3,996,974	4,010,808
Recur. Profit	430,000	412,295	213,101	140,116
Net Profit	320,000	308,521	170,889	74,546
Total Assets		7,770,632	7,761,794	7,817,818
Net Worth		2,558,160	2,366,485	2,251,509
Capital, Paid-Up		219,279	219,279	219,279
Div.P.Share(¥)		62.00	50.00	50.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	3.58	20.77	-0.34	6.61
Current Ratio	
N.Worth Ratio		32.92	30.49	28.80

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N.Profit/Sales	6.40	6.39	4.28	1.86
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Notes: Forecast (or estimated) figures for the 31/03/2019 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.90
UK Pound	1	INR 93.04
Euro	1	INR 83.67
Yen	1	INR 0.65

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)