Sumitomo Metals FY 2006 Performance

(ended March 31, 2007)

April 27, 2007



Forward-looking Statement

This presentation contains certain forward-looking statements. The Company has tried, whenever possible, to identify these forward-looking statements using words such as

"anticipated," "believes," "estimates," "expects," "plans," "intends," "targets," and similar expressions. Similarly, statements herein that describe the Company's business strategy, outlook, objectives, plans, intentions or goals are also forwardlooking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company's actual results, performance or achievements to differ from those expressed in, or implied by, such statements. These risks and uncertainties may include, but are not limited to: the Company's ability to successfully implement its strategies to restructure the steel business and reinforce its financial structure; the effects of and changes in Japanese and worldwide general economic conditions and in the steel industry in particular, including the severity of any economic slowdown, technological and other changes affecting the manufacture of and demand for the Sumitomo Metals Group's products, changes in Japan's and other countries' laws and regulations, including with regard to taxation, and other risks and uncertainties set forth in subsequent press releases and in the Sumitomo Metals Group's public filings. These statements reflect the Company's current beliefs and are based upon information currently available to it. Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time. The Company disclaims any intent or obligation to update these forward-looking statements.





FY2006 Results



FY2007 Forecast



Supplement

Consolidated Results Highlights for FY06

Three Consecutive Years of Record-breaking Recurring Profit and Net Income

Recurring Profit 1: 327JPY billion (FYoFY change: +46.9JPY billion, UP16%)

- •Rising raw material costs < iron ore, nickel, zinc and others>
 - Offset by profit growth in distinctive key fields, mainly seamless pipes.

Steady strong performance in SMI group businesses, such as SUMCO and Sumitomo Titanium.

CAPEX used to accelerate distinctiveness

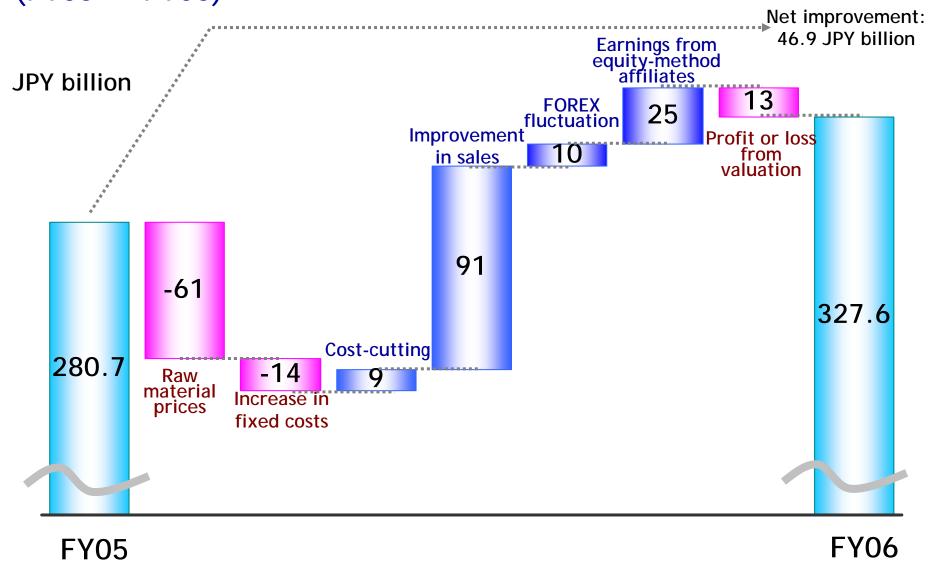
- Aggressive CAPEX Further enhanced distinctive key fields.
 - Aimed at driving steady growth by emphasizing balance between quality and scale.

Dividend policy: 8 JPY/share (FYoFY change: + 1JPY/share)

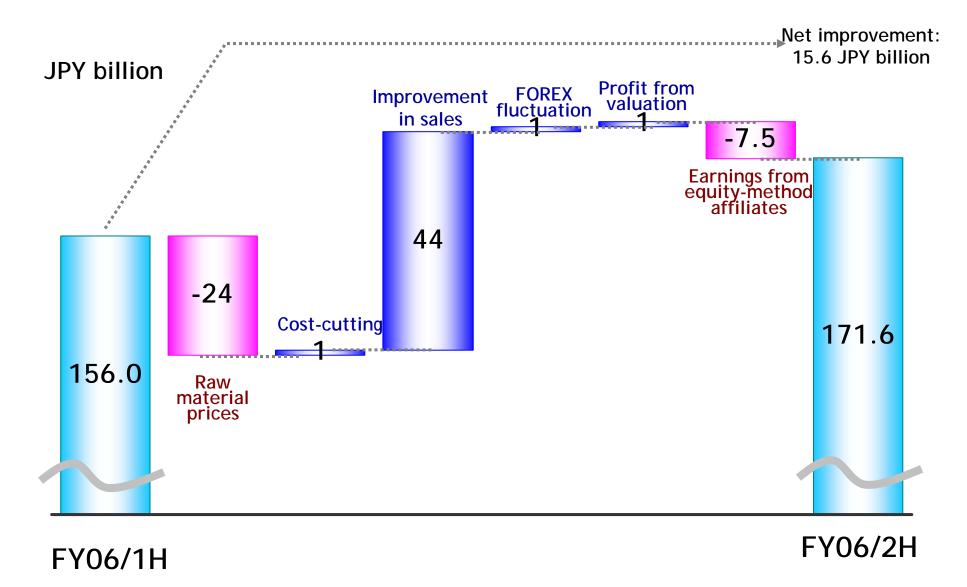
■ Due to three consecutive years of record-breaking recurring profit.

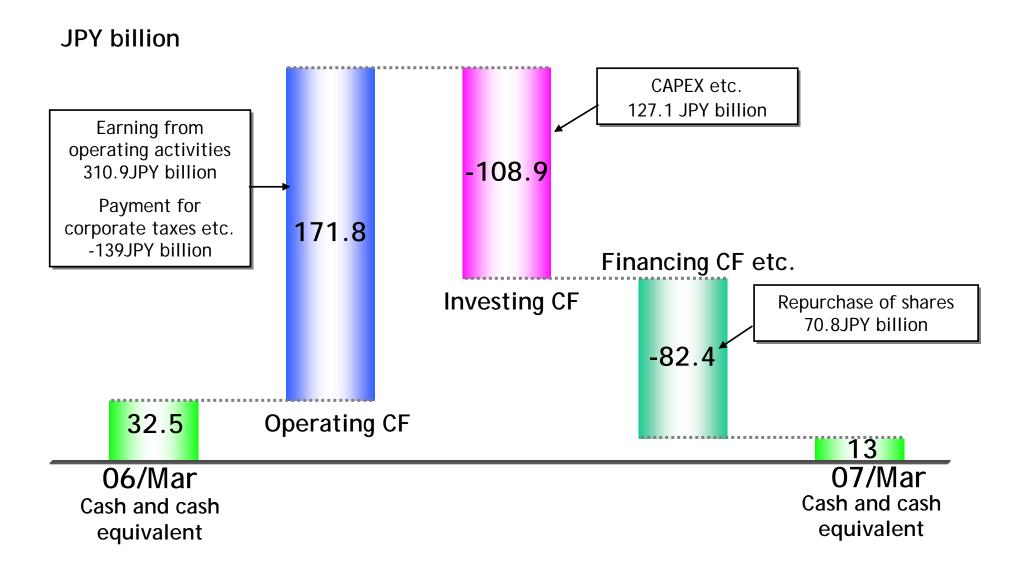
JPY billion	FY05		FYoFY				
31 1 51111011	1103	1Q	2Q	3Q	4Q	Total	Change
Sales	1,552.7	373.0	395.1	400.6	433.8	1,602.7	49.9
Operating profit	305.8	62.5	72.6	78.0	90.5	303.7	-2.0
Recurring profit	280.7	69.2	86.7	82.7	88.9	327.6	46.9
Non-recurring profit (loss)	25.4	(3.5)	(1.1)	3.6	15.0	14.0	-11.4
Corporate taxes and minority interests	(84.9)	(24.0)	(27.4)	(30.2)	(33.2)	(114.9)	-30.0
Net Income	221.2	41.5	58.2	56.1	70.7	226.7	5.4
EPS (JPY)	46.03	8.66	12.12	11.97	15.25	47.89	1.86
FOREX rate (JPY/USD)	113	114	116	118	120	117	4













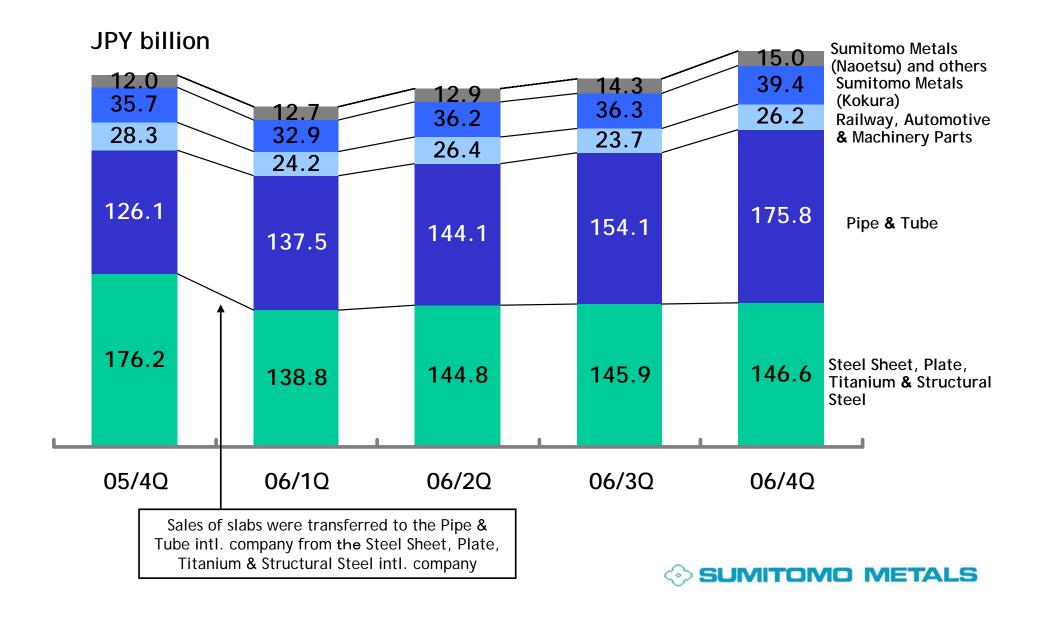
Consolidated Balance Sheets in FY06

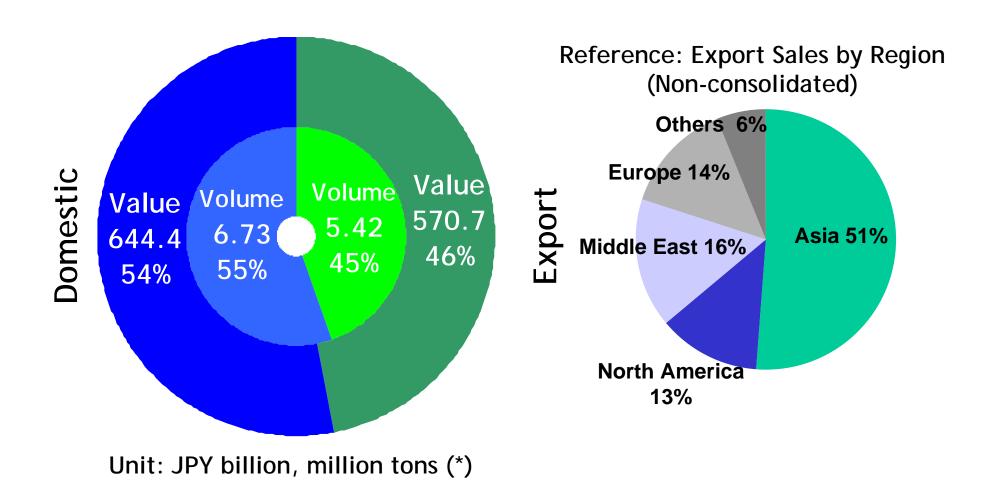
JPY billion	2006		2006		2007					
31 1 billion	End Mar	End Jun	End Sep	End Dec	End Mar					
[Assets]										
Current assets	675.2	644.6	665.5	683.4	672.5					
Property, plant and equipment	1,009.4	1,012.8	1,016.7	1,021.1	1,046.2					
Intangibles	6.2	5.9	5.6	5.2	5.0					
Investments and other assets	422.4	409.5	432.4	508.5	577.6					
Total assets	2,113.3	2,073.0	2,120.3	2,218.4	2,301.5					
[Liabilities and Shareholders Equ	uity]									
Current liabilities	862.9	811.4	805.2	860.3	807.8					
Long-term liabilities	488.2	492.1	485.5	533.7	568.9					
Net assets (*)	762.1	769.4	829.5	824.3	924.7					
Debt	679.7	724.5	667.7	741.6	717.9					

^{*} The figure as of Mar 2006 reflects shareholders' equity + minority interests



Consolidated Steel Sales by Internal Company





*Including Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation



FY2006 Results



FY2007 Forecast



Supplement

Consolidated Business Forecast for FY07

Recurring Profit: 300JPY billion, Net Income: 190JPY billion

Further accelerate distinctiveness

■ Strong sales environment to continue

Energy sector: Seamless pipes, steel plates

Automotive sector: Steel sheets, specialty steel,

crankshafts

■ CAPEX 190 JPY bil. (FYoFY change: +54.2JPY billion, UP28%)

Cost increase offset by improvement in other areas Cost increase : 80 JPY billion raw materials ↑, fixed costs ↑, due to new facilities start up Improvement: 82 JPY billion sales mix, Kaizen, etc.

■ Rec. profit 300JPY billion (forecast).

FYoFY change: -27.6JPY billion

tax reforms, extraordinary gain in FY06, etc

Dividend policy: 8 JPY/share



JPY billion	FY06	FY07	FYoFY	
OF I DIIIIOII	1 100	1H est.	Total	Change
Sales	1,602.7	830	1,700	97.3
Operating profit	303.7	130	280	-23.7
Recurring profit	327.6	140	300	-27.6
Non-recurring profit (loss)	14.0	_	-	-14.0
Corporate taxes and minority interests	(114.9)	(55)	(110)	4.9
Net Income	226.7	85	190	-36.7
EPS (JPY)	47.89	18.32	40.94	-6.95



FY07 Production & Shipment

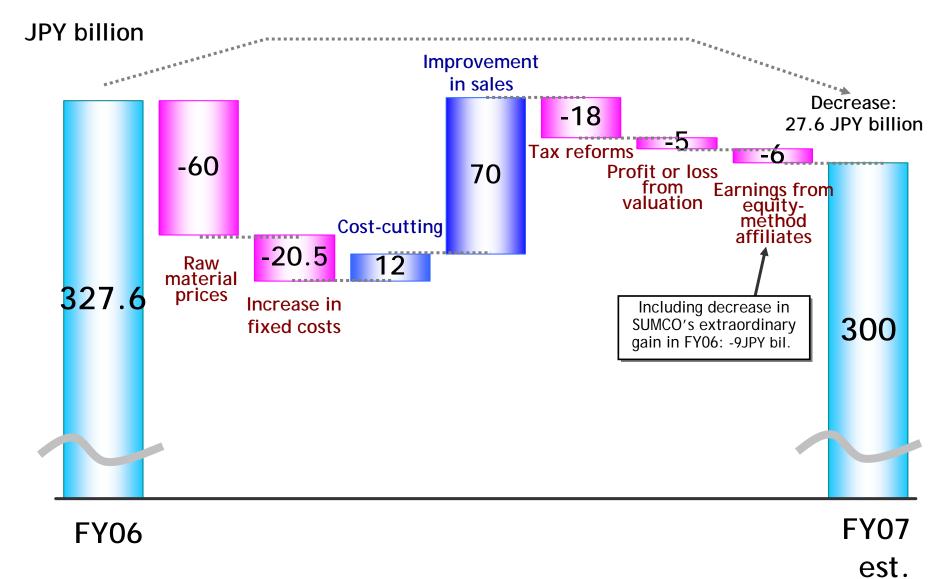
				FY06	FY07 est.		FYoFY		
		1 Q	2Q	3Q	4Q	Total	1H est.	Total	Change
FOREX rate	(JPY/USD)	114	116	118	120	117	115	115	2
Japan total crude steel production	(million tons)	29	29	30	30	118	58	118	-
Crude steel production of SMI(*)	(million tons)	3.29	3.38	3.34	3.37	13.38	6.6	13.4	0.02
Steel products sales volume of SMI(*)	(million tons)	2.93	3.08	3.04	3.10	12.15	6.09	12.35	0.20
Ave. price of steel	Domestic	95.3	95.4	95.7	96.5	95.7	97	98	
product of SMI	Export	95.8	101.1	105.5	119.1	105.3	113	113	
(*) (000JPY/ton)	Total	95.5	97.9	100.1	106.2	100.0	104	104	4

^{*}Including Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation

Excess Receipts of USD approx. 1.7 USD billion/year



Change in Consolidated Recurring Profit (FY06->FY07 Forecast)





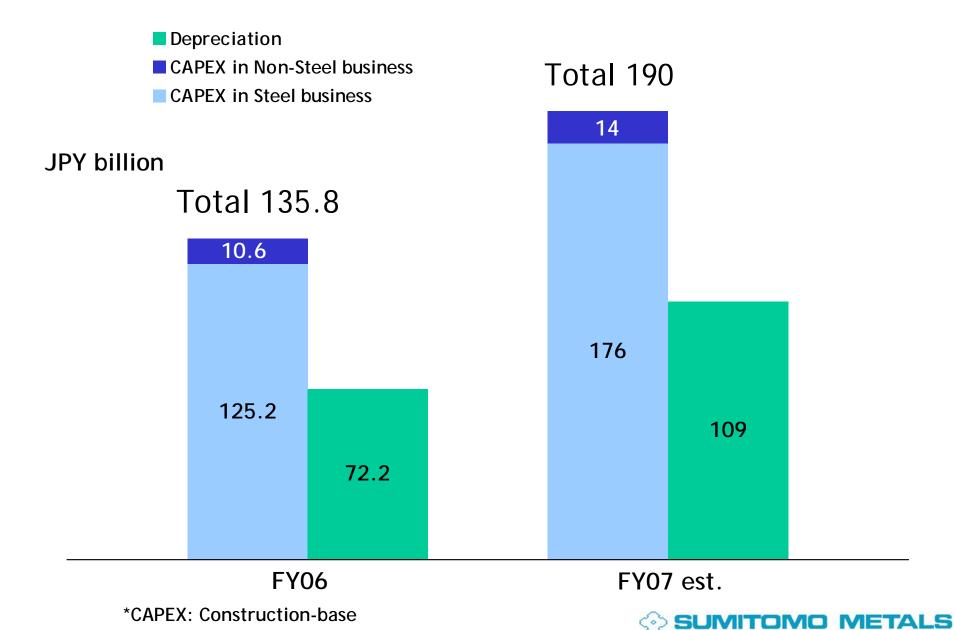
Key Indicators of Consolidated Performance

	FY04	FY05	FY06	FY07 est.	FY08 Targets Medium- Term
ROA *	9.7%	14.5%	15.4%	13%	13%
ROE	25.8%	36.7%	28.3%	20%	
Equity ratio	25.1%	34.1%	38.3%	41%	45%
D/E ratio	1.80	0.94	0.82	0.77	0.6
Debt (JPY billion)	885.9	679.7	717.9	795	680
Total asset (JPY billion)	1,923.1	2,113.3	2,301.5	2,500	2,380
Non-consolidated dividends / share (JPY)	5.0	7.0	8.0	8.0	
[Interim dividends]	[-]	[2.5]	[3.5]	[4.0]	

^{*} Return (Recurring profit before interest expense) on assets



Consolidated CAPEX and Depreciation for FY07

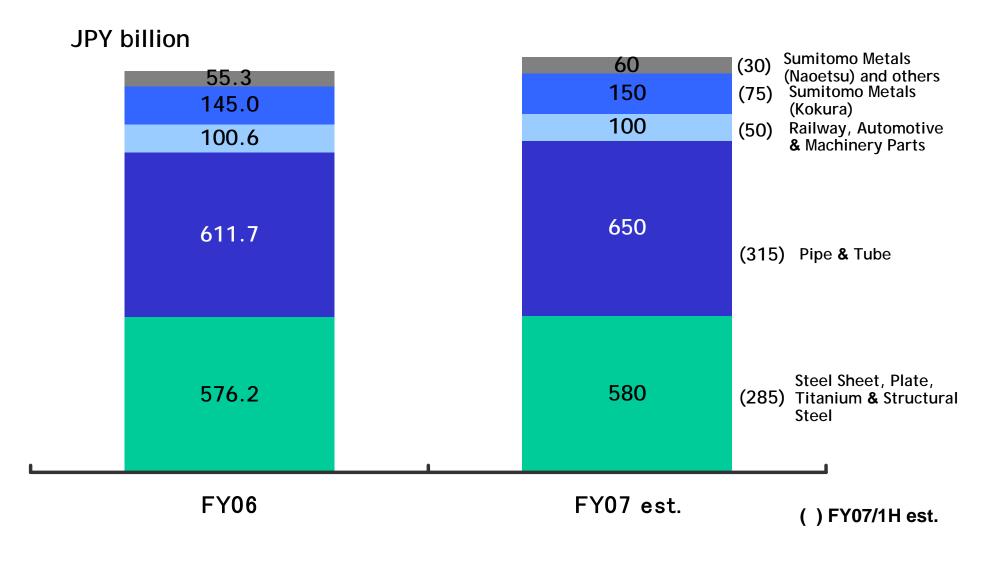


CAPEX Plan 19

	Total cost JPY billion	FY07				FY08~		
The No.3 blast furnace renovation (Kashima)	29	May						
New CGL & Continuous pickling line (Kashima)	9		Sep					
Increase in high-grade plate output (Kashima)	7			Nov				
Renewal of upstream processes (Wakayama)	160							
Increase in cutting- edge seamless pipe product output	35					08/J	lul	
Increase in stainless boiler tube output	6.5		Sep					
Increase in wheels output	2				Mar			
IPP (Kashima)	57	Ju	ın					



Consolidated Steel Sales for FY07 by Internal Company





FY2006 Results

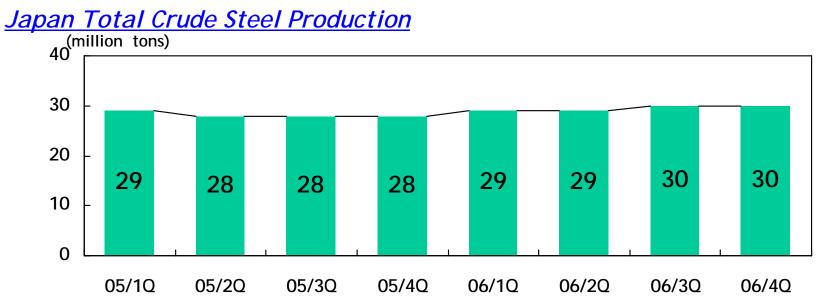
FY2007 Forecast

Supplement

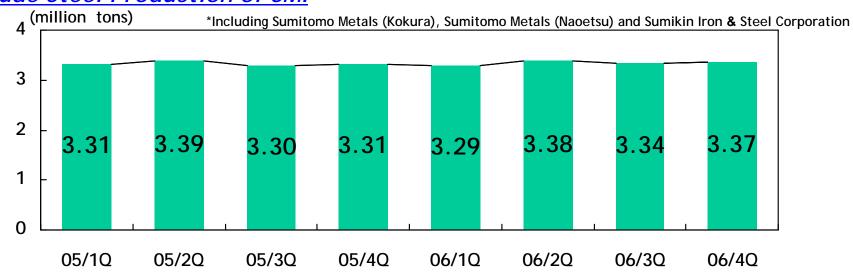
Overview of Non-consolidated Business Forecast for FY07

JPY billion			FY06	FY07	FYoFY			
	10	20	3Q	4Q	Total	1H est.	Total	Change
Sales	238.9	256.2	256.6	279.6	1,031.4	545	1,110	78.6
Operating profit	55.7	60.4	56.5	65.8	238.5	100	205	-33.5
Recurring profit	65.4	61.9	55.3	57.9	240.6	110	210	-30.6
Non-recurring profit (loss)	(4.4)	(2.8)	(4.1)	(0.9)	(12.3)	-	-	-12.3
Corporate taxes and minority interests	(18.7)	(24.0)	(22.0)	(24.2)	(89.0)	(40)	(80)	9.0
Net Income	42.2	35.0	29.1	32.7	139.2	70	130	-9.2

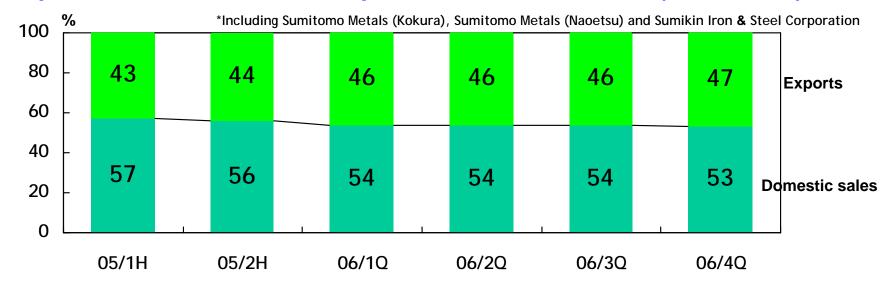
Reference (1)



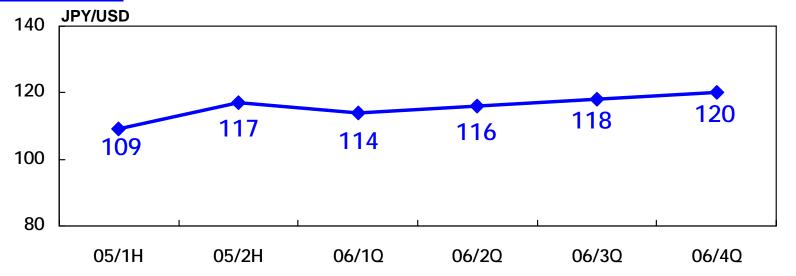
Crude Steel Production of SMI



Composition of Domestic and Export Steel Products Sales (value basis)



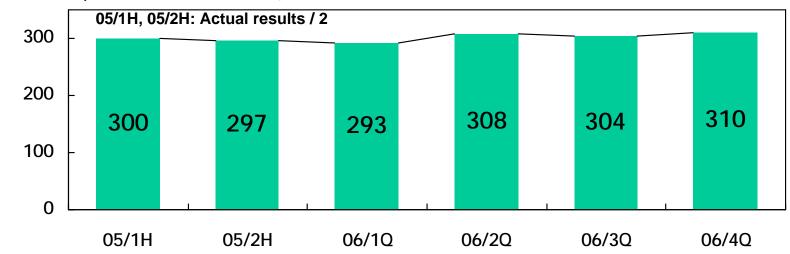
FOREX Rate





Steel Products Sales Volume of SMI

(million tons) *Including Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation



Average Price of Steel Products of SMI

