

Sumitomo Metals
FY 2007 First Quarter
Performance
(ending March 31, 2008)

July 31, 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,” “forecasts,” “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 forward-looking 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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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.

I FY2007/1Q Results

II FY2007 Forecast

III Supplement

Consolidated Results Highlights for FY07/1Q

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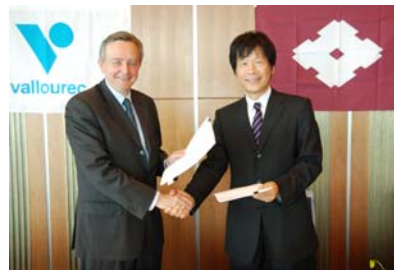
Sales: 406.3 JPY billion (06/1Q -> 07/1Q +8.9%)

Recurring profit: 75.2JPY billion (06/1Q -> 07/1Q +8.8%)

- Stable and strong sales environment to continue
- Rec. profit change (06/1Q -> 07/1Q) : +6 JPY billion
 - *Cost increase: Nonferrous raw materials (Ni, Mo & Mn etc.) & ship freight ↑ , influence of tax reforms, fixed costs ↑ due to CAPEX ↑ and R&D expenditure ↑
 - * Temporary influence: Switch of BFs in Kashima
 - * Improvement: Kaizen, Profit from valuation etc.

Aggressive CAPEX used to accelerate distinctiveness

- Steady start up in large-scale CAPEX: *Blowing-in of No.3 BF in Kashima (May)
*Operations of a power generation equipment as IPP in Kashima (Jun)
- Sign for an agreement on seamless pipe joint venture equipped integrated steel works in Brazil (Jul)



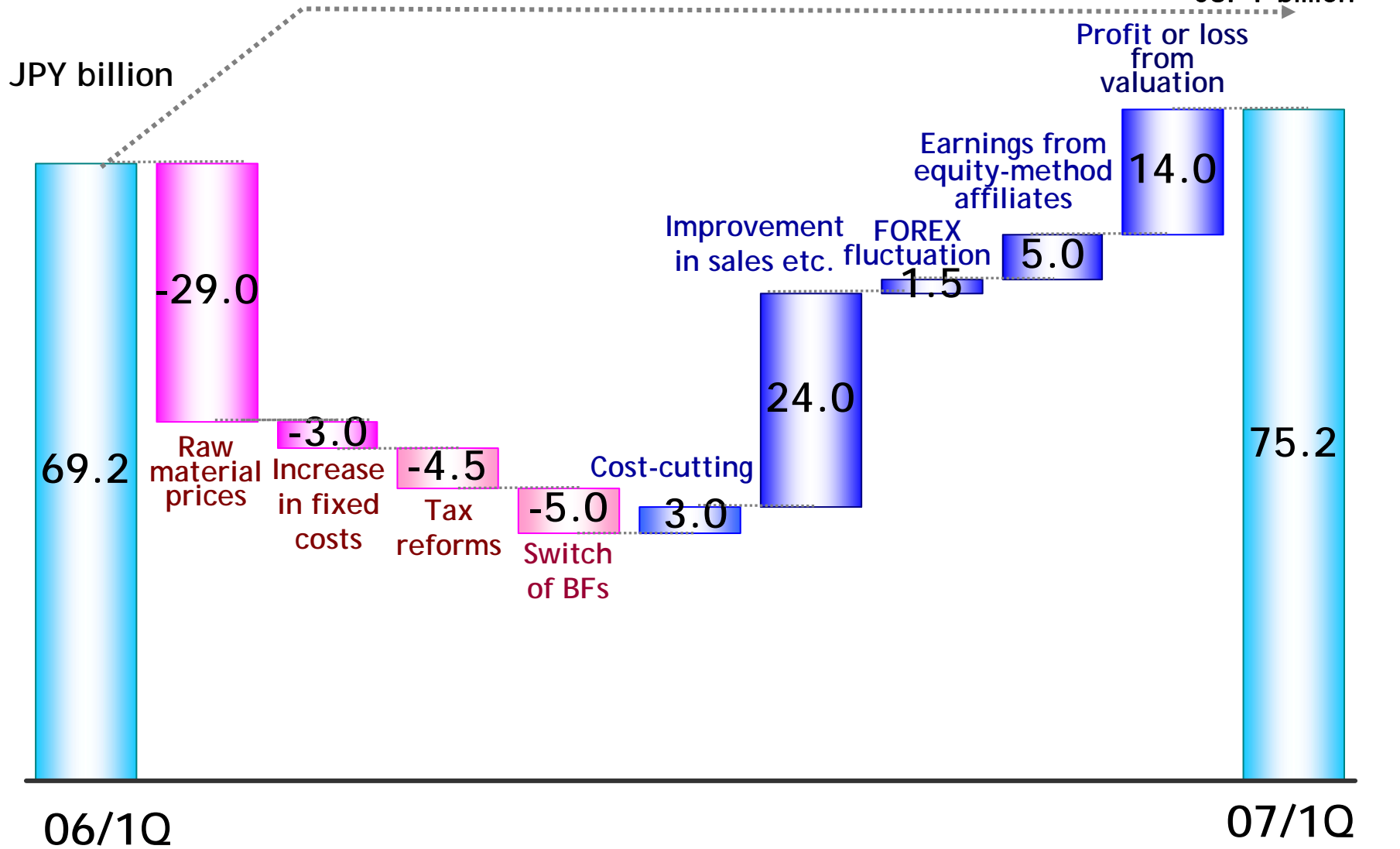
Repurchase of shares (May~July): 70JPY billion (96.5 million shares)

Overview of Consolidated Results for FY07/1Q

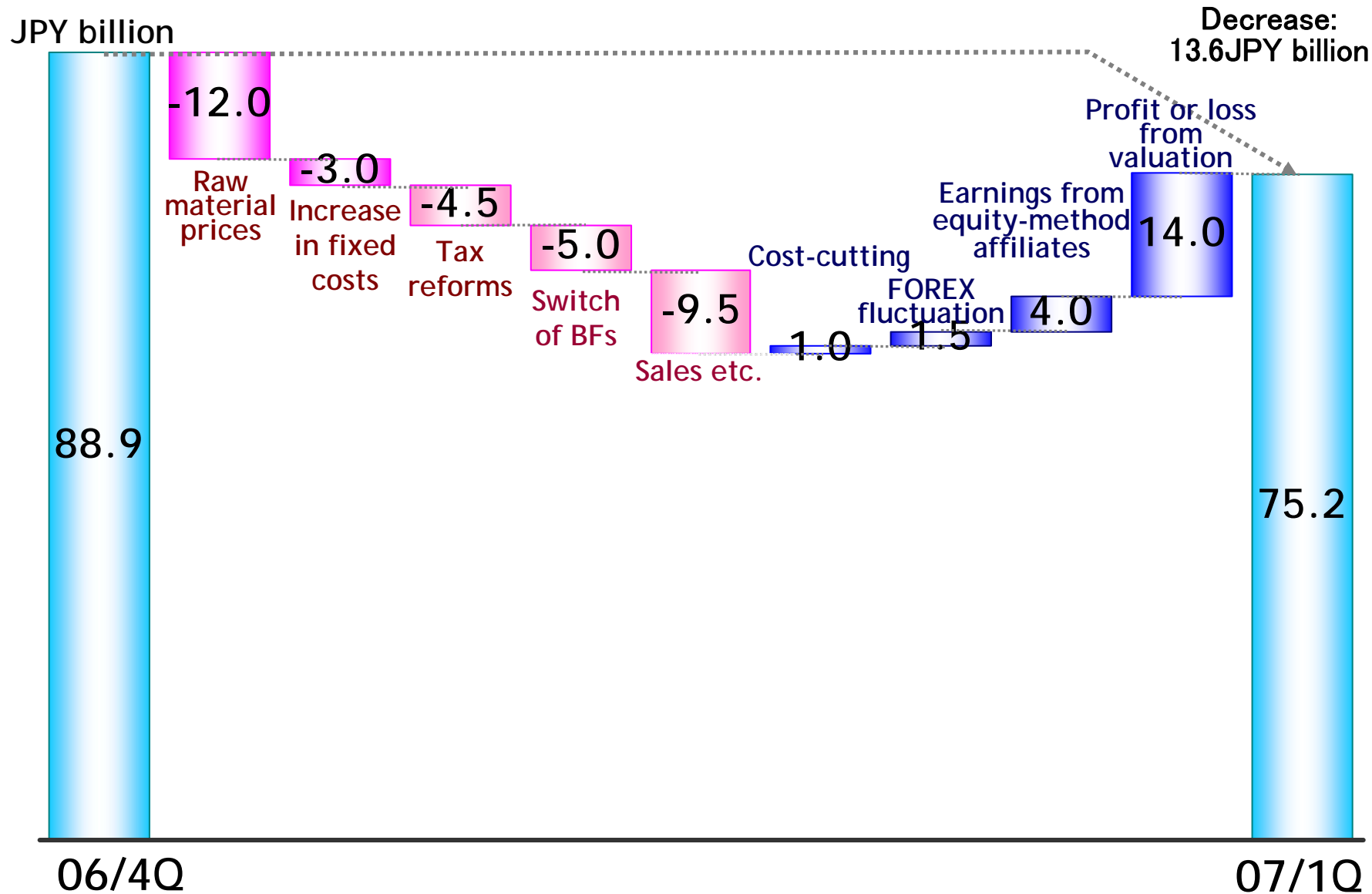
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JPY billion	FY06				FY07	Change to		Change to	
	1Q	2Q	3Q	4Q	1Q	%	07/1Q 06/1Q	%	07/1Q 06/4Q
Sales	373.0	395.1	400.6	433.8	406.3	109	33.2	94	-27.4
Op. profit	62.5	72.6	78.0	90.5	65.8	105	3.3	73	-24.7
Rec. profit	69.2	86.7	82.7	88.9	75.2	109	6.0	85	-13.6
Non-rec. profit (loss)	(3.5)	(1.1)	3.6	15.0	0.4		4.0	3	-14.5
Corporate taxes and minority interests	(24.0)	(27.4)	(30.2)	(33.2)	(30.9)	128	-6.8	93	2.3
Net Income	41.5	58.2	56.1	70.7	44.8	108	3.2	63	-25.9
EPS (JPY)	8.66	12.12	11.97	15.25	9.70	112	1.04	64	-5.55
FOREX rate (JPY/USD)	114	116	118	120	121		7		1

Change in Consolidated Recurring Profit (FY06/1Q→FY07/1Q)

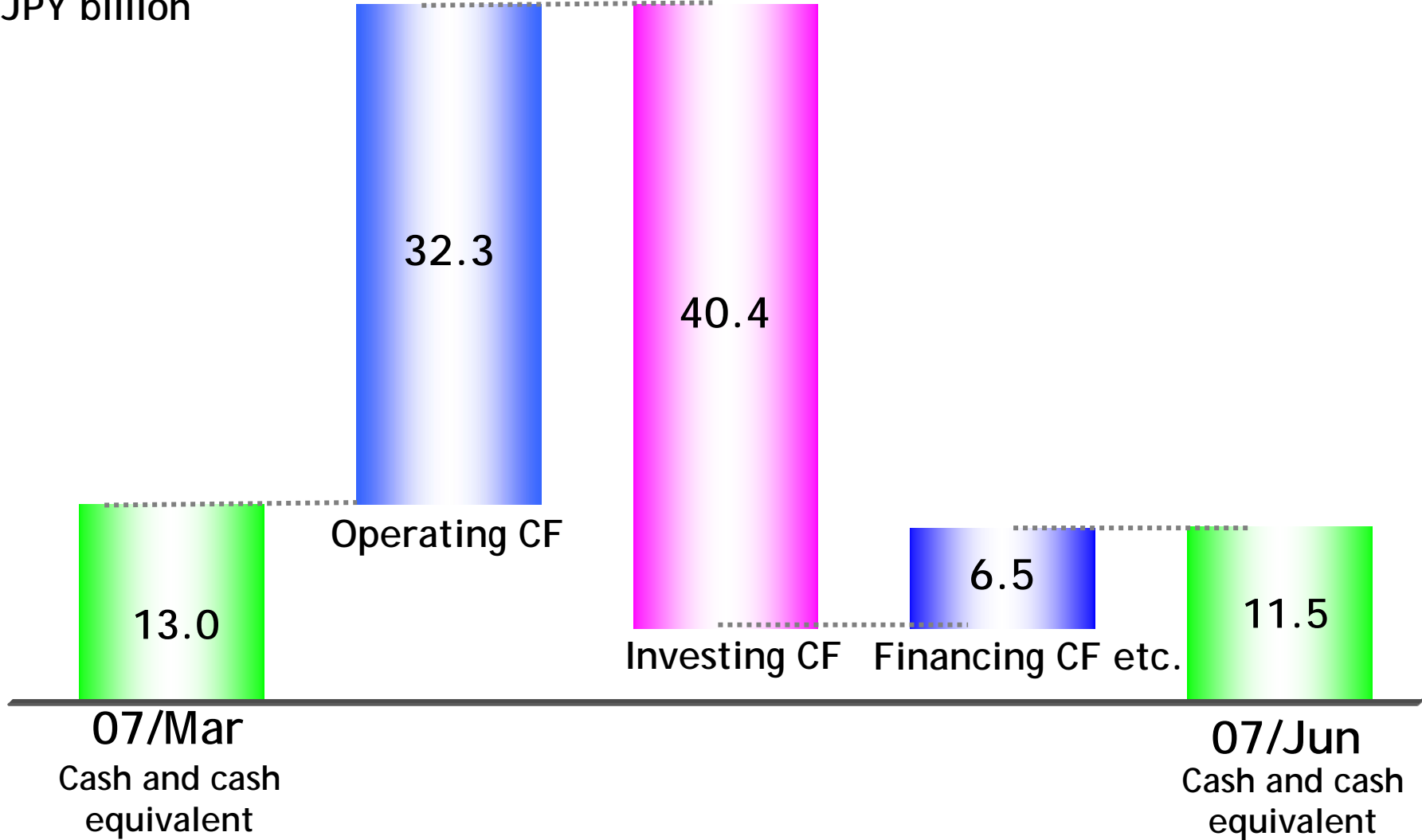


Change in Consolidated Recurring Profit (FY06/4Q→FY07/1Q)



Consolidated Cash Flows

JPY billion



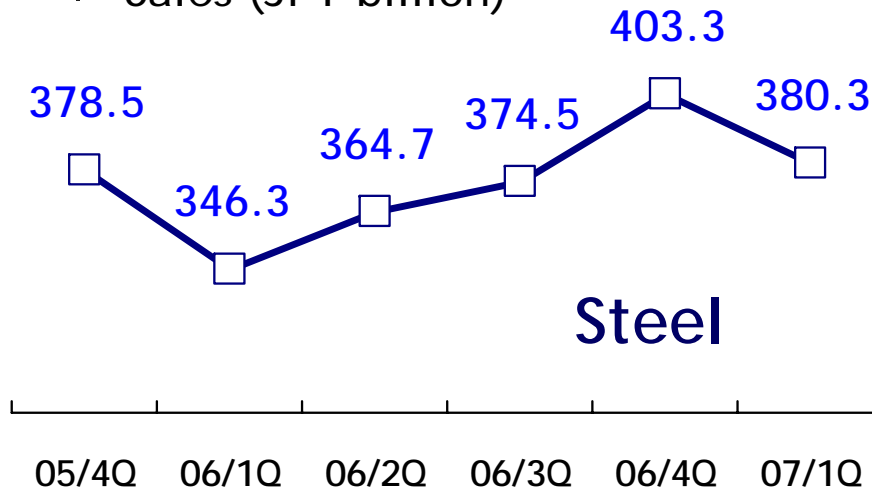
Consolidated Balance Sheets

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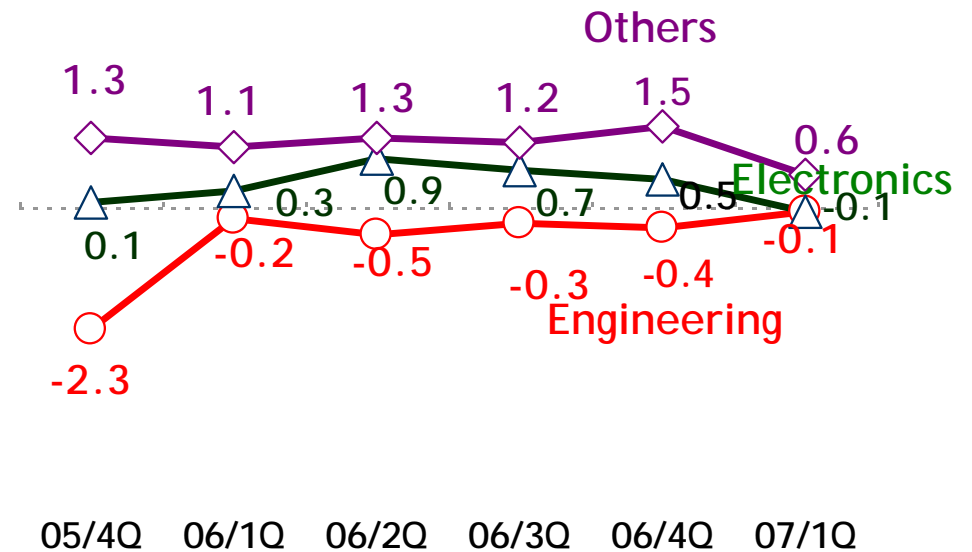
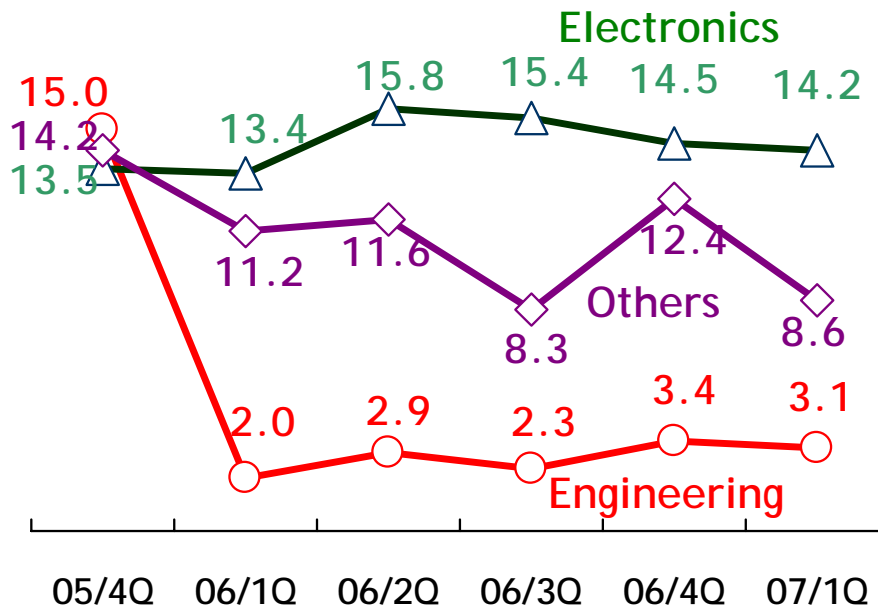
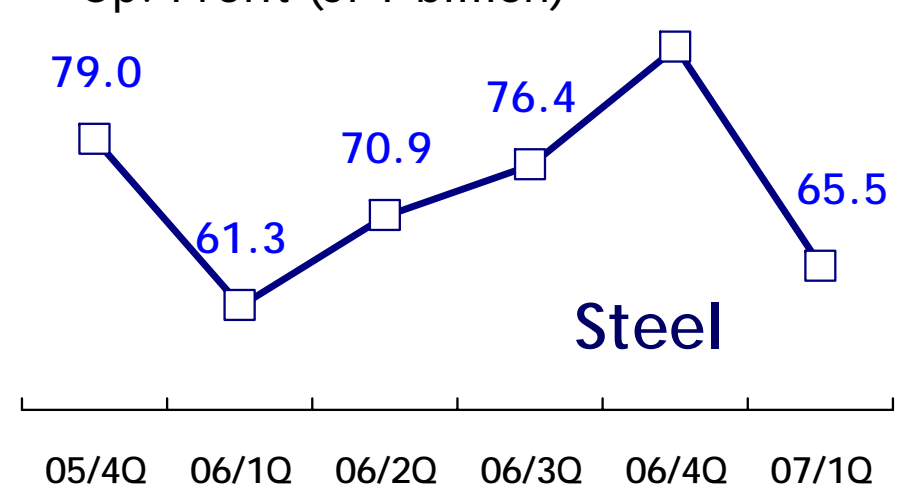
JPY billion	2006			2007	
	End Jun	End Sep	End Dec	End Mar	End Jun
【Assets】					
Current assets	644.6	665.5	683.4	672.5	712.9
Property, plant and equipment	1,012.8	1,016.7	1,021.1	1,046.2	1,065.7
Intangibles	5.9	5.6	5.2	5.0	4.7
Investments and other assets	409.5	432.4	508.5	577.6	612.5
Total assets	2,073.0	2,120.3	2,218.4	2,310.5	2,396.0
【Liabilities and Shareholders Equity】					
Current liabilities	811.4	805.2	860.3	807.8	893.9
Long-term liabilities	492.1	485.5	533.7	568.9	579.8
Net assets (*)	769.4	829.5	824.3	924.7	922.2
Debt	724.5	667.7	741.6	717.9	798.1

Consolidated Sales and Operating Profit by Business Segment 10

Sales (JPY billion)

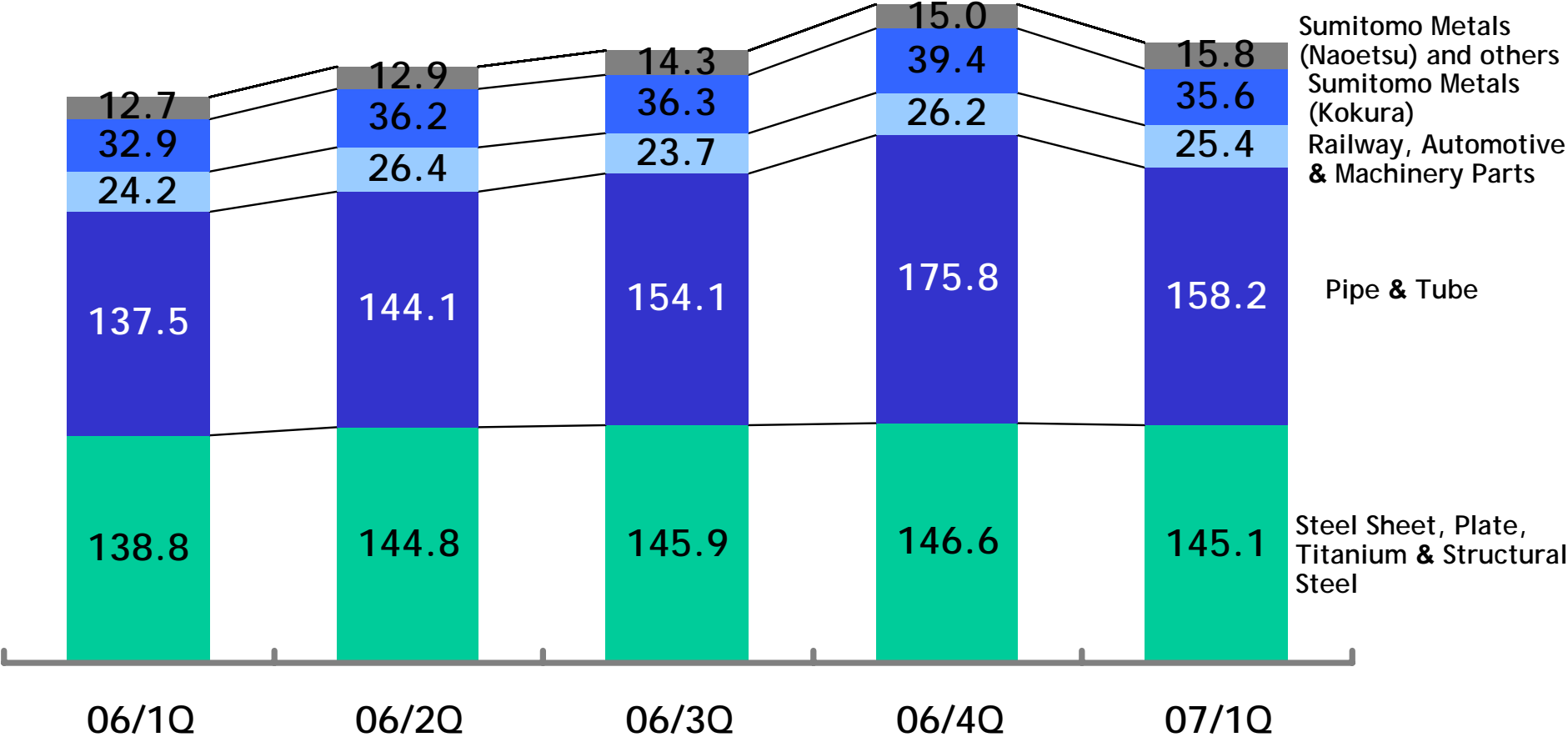


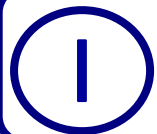
Op. Profit (JPY billion)



Consolidated Steel Sales by Internal Company

JPY billion





FY2007/1Q Results



FY2007 Forecast



Supplement

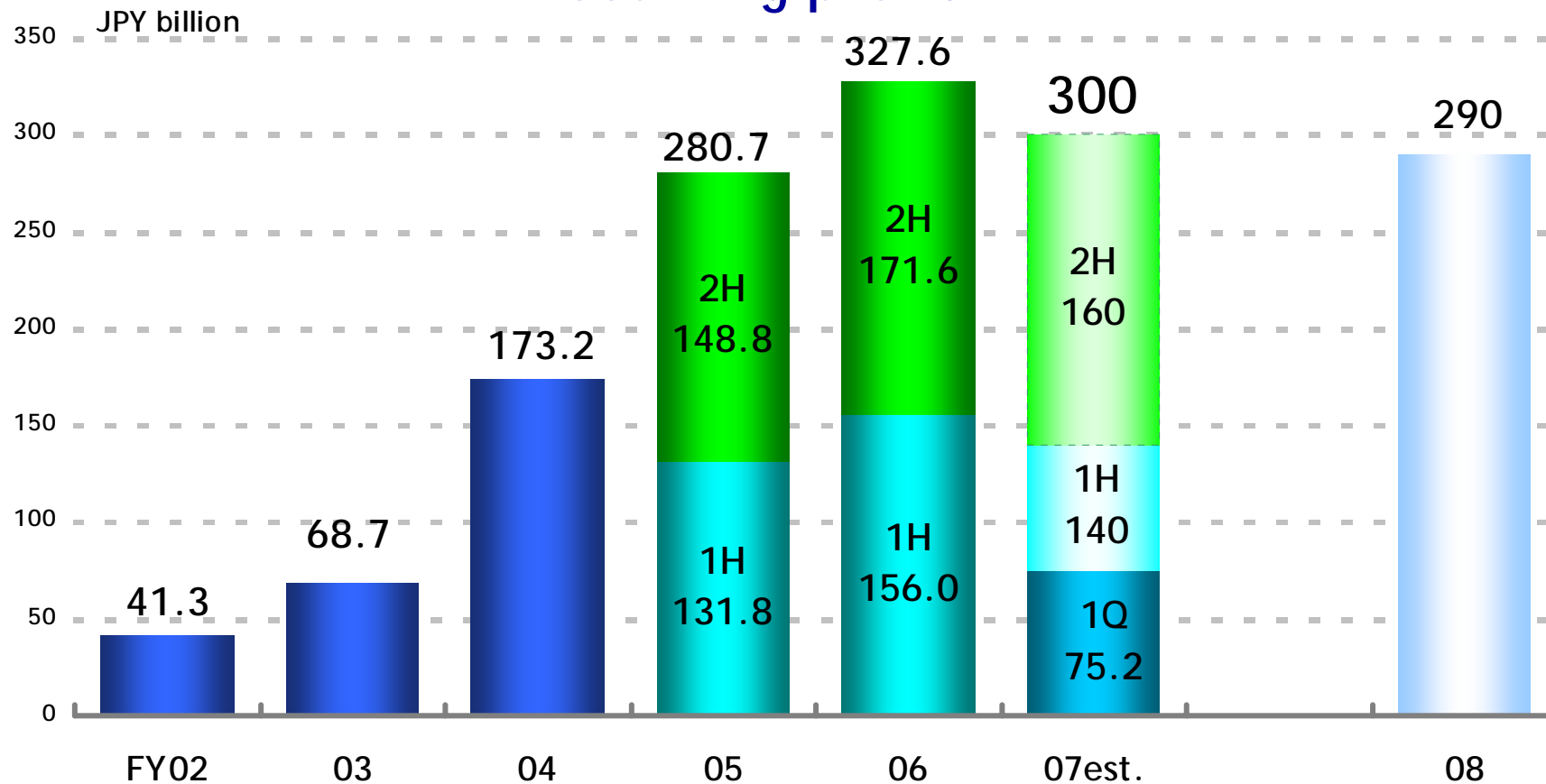
Consolidated Business Forecast for FY07

Sales:1,710JPY billion (Change compared with est. on Apr. 27:+10JPY billion)

Rec. profit:300JPY billion (as est. on Apr. 27)

Dividend policy:8JPY/share (Interim:4JPY/Share, as est. on Apr. 27)

Recurring profit



Targets Medium-term
Business Plan

Overview of Consolidated Business Forecast for FY07

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JPY billion	FY06	FY07 est.				FYoFY	
		<i>[Est. as of Apr.27]</i>	1H	<i>[Est. as of Apr.27]</i>	Total	<i>[Change as of Apr.27]</i>	Change
Sales	1,602.7	<i>[830.0]</i>	830.0	<i>[1,700.0]</i>	1,710.0	<i>[97.2]</i>	107.2
Op. profit	303.7	<i>[130.0]</i>	130.0	<i>[280.0]</i>	280.0	<i>[-23.7]</i>	-23.7
Rec. profit	327.6	<i>[140.0]</i>	140.0	<i>[300.0]</i>	300.0	<i>[-27.6]</i>	-27.6
Non-rec. profit (loss)	14.0	<i>[-]</i>	0.4	<i>[-]</i>	0.4	<i>[-14.0]</i>	-13.5
Corporate taxes and minority interests	(114.9)	<i>[(55.0)]</i>	(55.0)	<i>[(110.0)]</i>	(110.0)	<i>[4.9]</i>	4.9
Net Income	226.7	<i>[85.0]</i>	85.0	<i>[190.0]</i>	190.0	<i>[-36.7]</i>	-36.7
EPS (JPY)	47.89	<i>[18.32]</i>	18.32	<i>[40.94]</i>	41.45	<i>[-6.95]</i>	-6.44

Change R.P. compared with est. on Apr. 27

Raw material prices	-20JPY billion	} 0
Improvement in sales etc.	9JPY billion	
Profit from valuation	11JPY billion	

FY07 Production & Shipment

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		FY06		FY07				
		4Q	Total	1Q	1H est. [Est. as of Apr.27]		Total est. [Est. as of Apr.27]	
FOREX rate (JPY/USD)		120	117	121	[115]	118	[115]	116
Japan total crude steel production (million tons)		30	118	30	[58]	60	[118]	118
Crude steel production of SMI * (million tons)		3.37	13.38	3.21	[6.60]	6.60	[13.40]	13.40
Steel products sales volume of SMI * (million tons)		3.11	12.15	3.02	[6.09]	6.09	[12.35]	12.36
Ave. price of steel product of SMI* (000JPY/ton)	Domestic	96.5	95.7	96.2	[97]	99	[98]	100
	Export	119.1	105.3	109.9	[113]	112	[113]	113
	Total	106.2	100.0	102.3	[104]	104	[104]	105

Excess Receipts of USD
approx. 1.7 USD billion/year

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

Key Indicators of Consolidated Performance

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	FY04	FY05	FY06	FY07		FY08 Targets Medium-term Business Plan
				<i>[Est. as of Apr. 27]</i>	Est.	
ROA *	9.7%	14.5%	15.4%	<i>[13%]</i>	13%	13%
ROE	25.8%	36.7%	28.3%	<i>[20%]</i>	20%	
Equity ratio	25.1%	34.1%	38.3%	<i>[41%]</i>	39%	45%
D/E ratio	1.83	0.94	0.82	<i>[0.77]</i>	0.83	0.6
Debt (JPY billion)	885.9	679.7	717.9	<i>[795.0]</i>	815.0	680.0
Total asset (JPY billion)	1,923.1	2,113.3	2,301.5	<i>[2,500.0]</i>	2,500.0	2,380.0
Non-consolidated dividends / share (JPY)	5.0	7.0	8.0	<i>[8.0]</i>	8.0	
<Interim dividends>	< - >	<2.5>	<3.5>	< <i>[4.0]</i> >	<4.0>	

* Return (Recurring profit before interest expense) on assets

CAPEX Plan

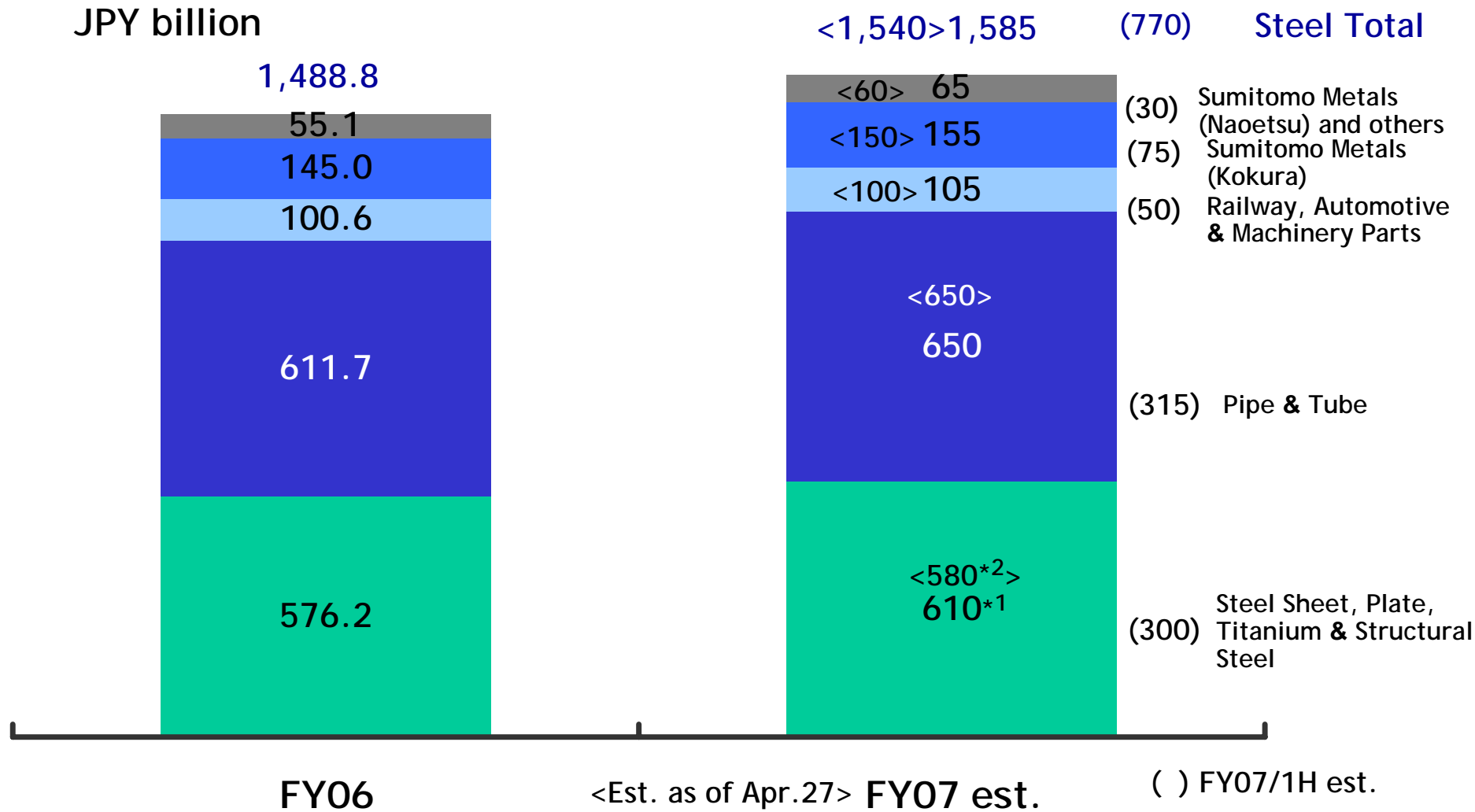
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	Total cost JPY billion	FY07	FY08~
The No.3 blast furnace renovation (Kashima)	29	Blowing-in on May 18	
New CGL & Continuous pickling line (Kashima)	9	Sep	
Increase in high-grade plate output (Kashima)	7	Nov	
Renewal of upstream processes (Wakayama)	160		
Increase in cutting-edge seamless pipe product output	35		08/Jul
Increase in stainless boiler tube output	6.5	Sep	
Increase in wheels output	2		Mar
IPP (Kashima)	57	Start up operations on June 1	
Vallourec & Sumitomo Tubos do Brasil *	200	Jul	mid 2010

- Total Investment for the whole JV
- Consolidated CAPEX for FY07
 - <Construction-base> 199 JPY billion (Change compared with est. on Apr. 27:+9JPY billion)
 - <Payment-base> 199 JPY billion (as est. on Apr. 27)

Consolidated Steel Sales for FY07 by Internal Company

JPY billion



*1 Including IPP sales

*2 Excluding IPP sales



FY2007/1Q Results



FY2007 Forecast



Supplement

Overview of Non-consolidated Business Forecast for FY07

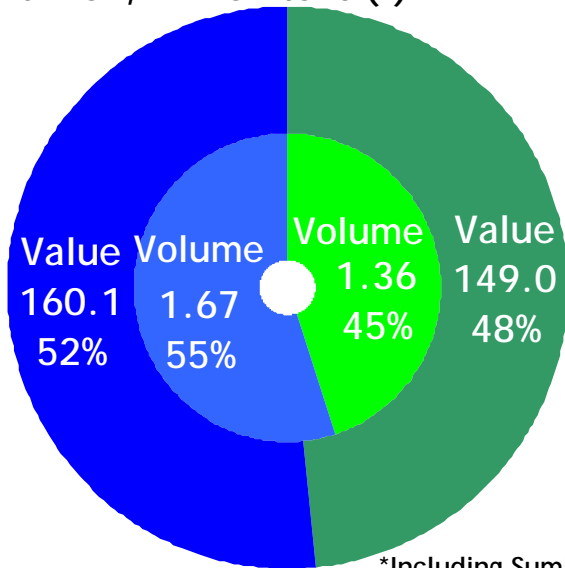
20

JPY billion	FY06	FY07 est.				FYoFY	
		<i>[Est. as of Apr. 27]</i>	1H	<i>[Est. as of Apr. 27]</i>	Total	<i>[Change as of Apr. 27]</i>	Change
Sales	1,031.4	<i>[545.0]</i>	545.0	<i>[1,110.0]</i>	1,110.0	<i>[78.5]</i>	78.5
Op. profit	238.5	<i>[100.0]</i>	100.0	<i>[205.0]</i>	205.0	<i>[-33.5]</i>	-33.5
Rec. profit	240.6	<i>[110.0]</i>	110.0	<i>[210.0]</i>	210.0	<i>[-30.6]</i>	-30.6
Non-rec. profit (loss)	(12.3)	-	0.4	-	0.4	<i>[-12.3]</i>	12.8
Corporate taxes and minority interests	(89.0)	<i>[(40.0)]</i>	(40.0)	<i>[(80.0)]</i>	(80.0)	<i>[9.0]</i>	9.0
Net Income	139.2	<i>[70.0]</i>	70.0	<i>[130.0]</i>	130.0	<i>[-9.2]</i>	-9.2

Domestic and Export Steel Sales for FY07/1Q

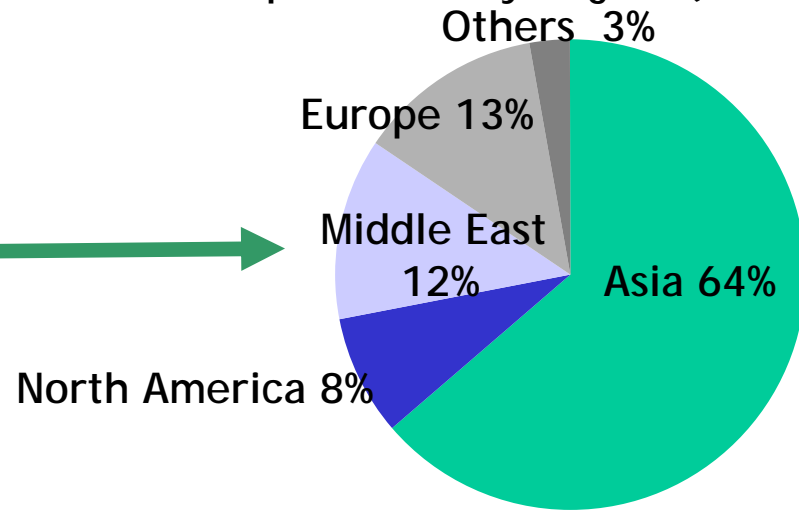
Unit: JPY billion, million tons (*)

Domestic



Export

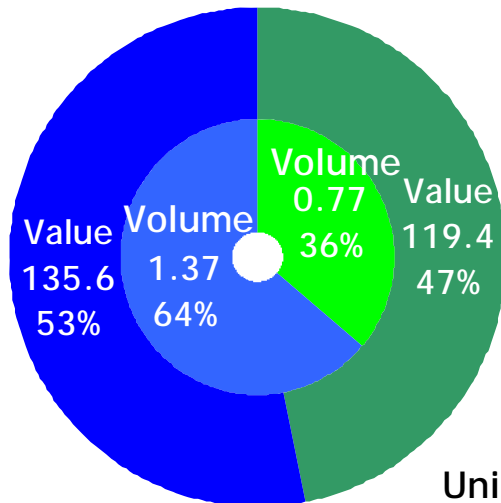
Export Sales by Region (Value basis)



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

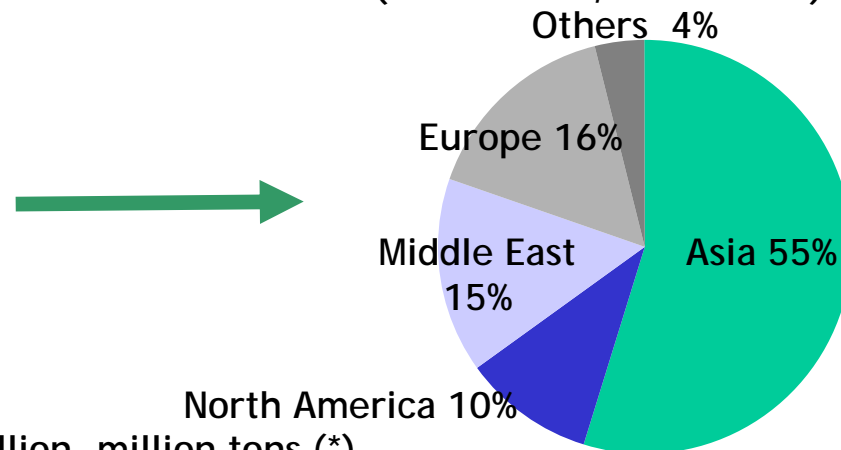
Reference: Domestic and Export Steel Sales (Stand alone)

Domestic



Export

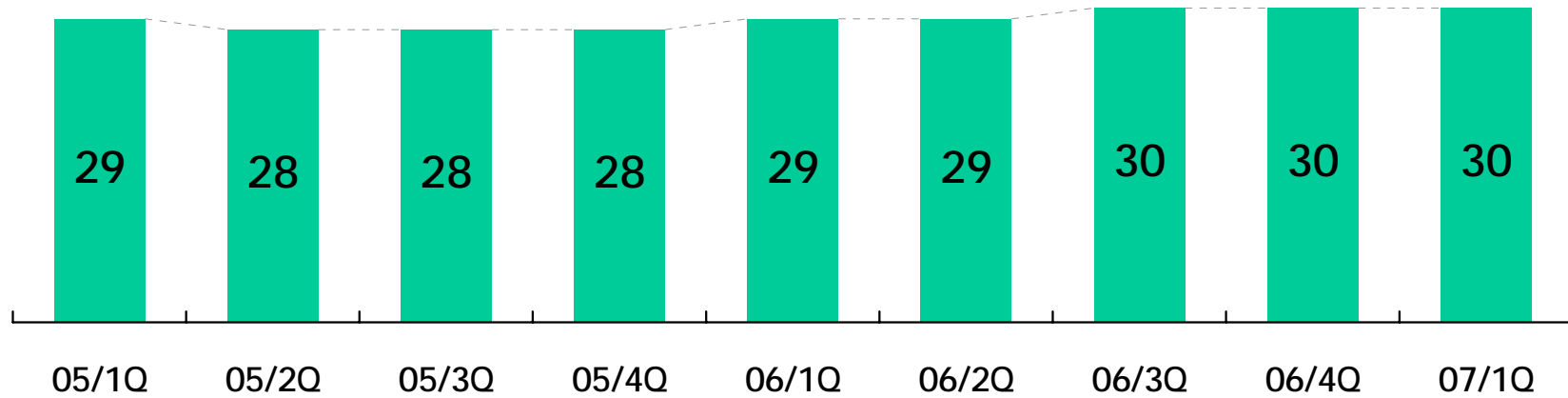
Reference: Export Sales by Region (Stand alone, Value basis)



Unit: JPY billion, million tons (*)

Japan Total Crude Steel Production

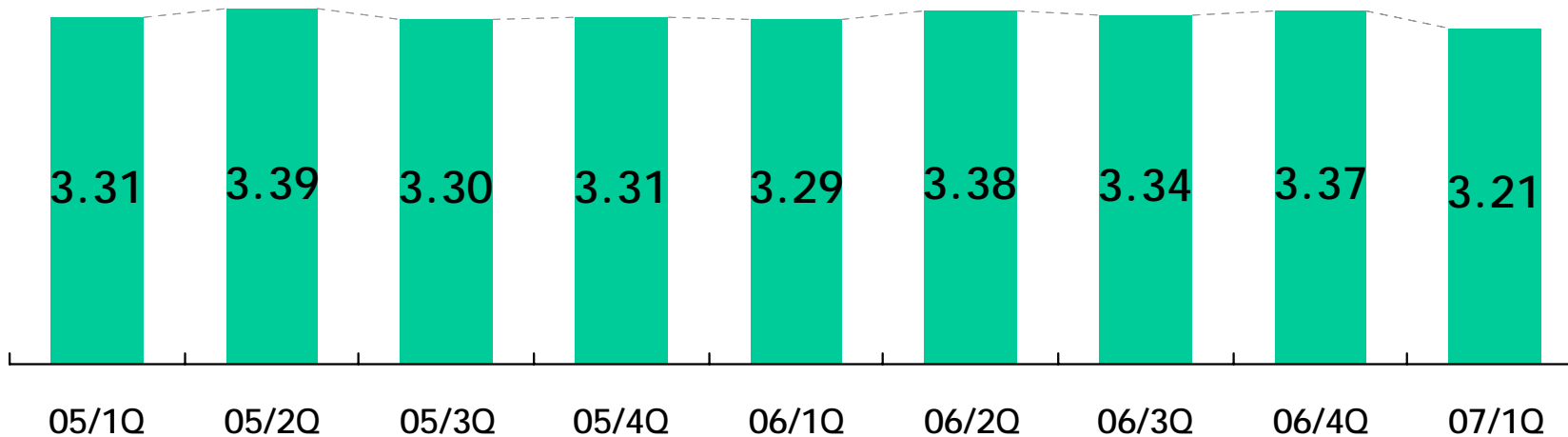
(million tons)



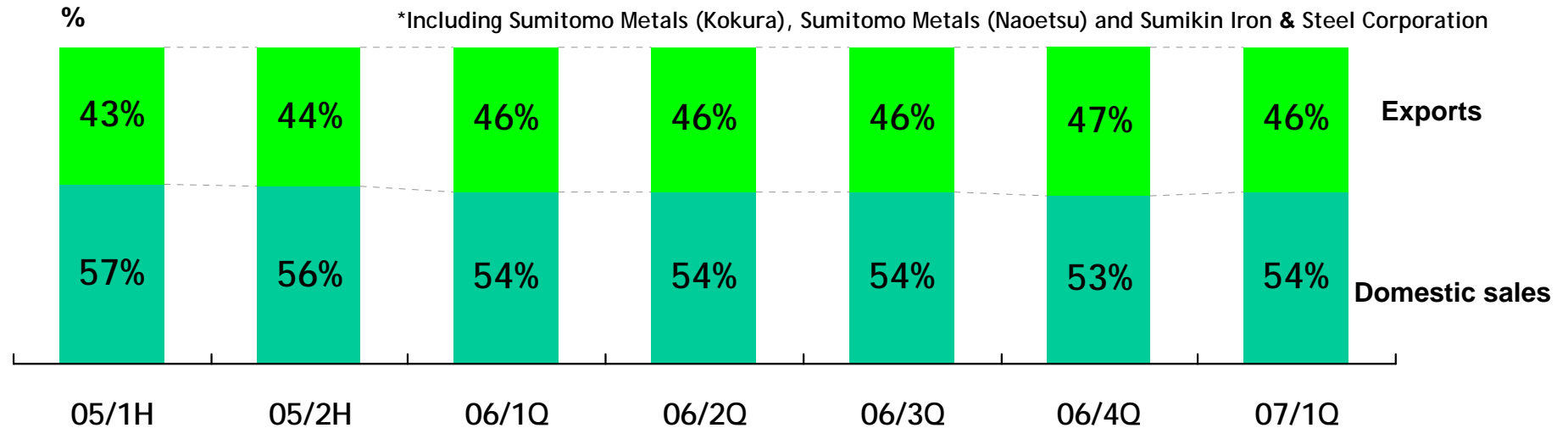
Crude Steel Production of SMI

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

(million tons)

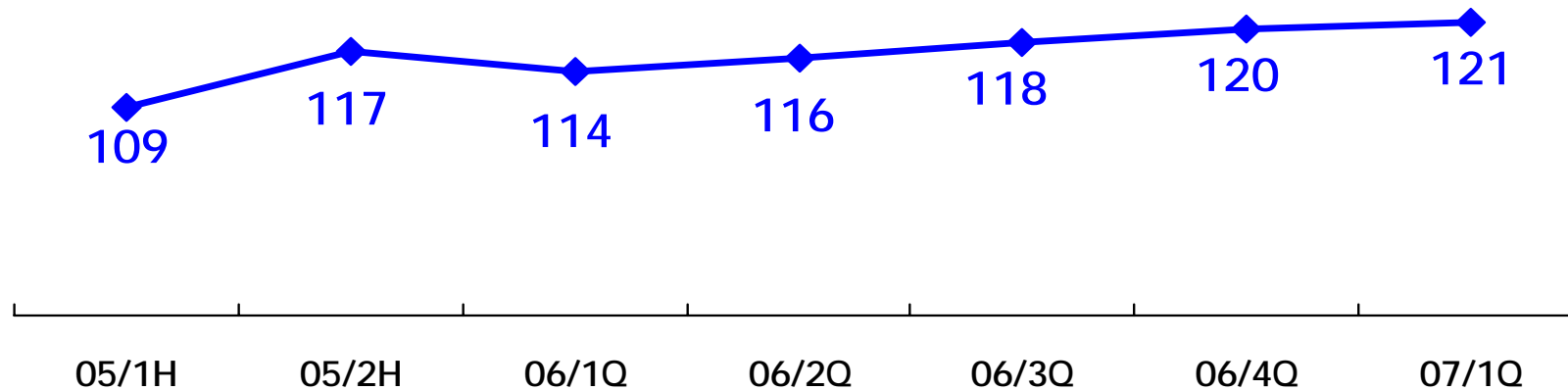


Composition of Domestic and Export Steel Products Sales (value basis)



FOREX Rate

JPY/USD

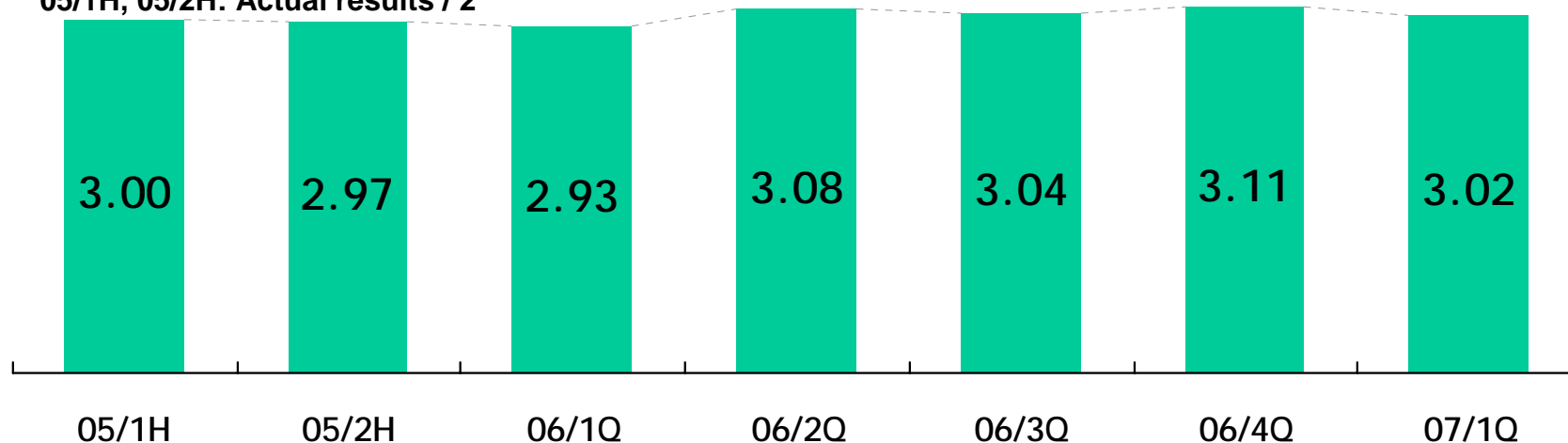


Reference (3)

Steel Products Sales Volume of SMI

(million tons)

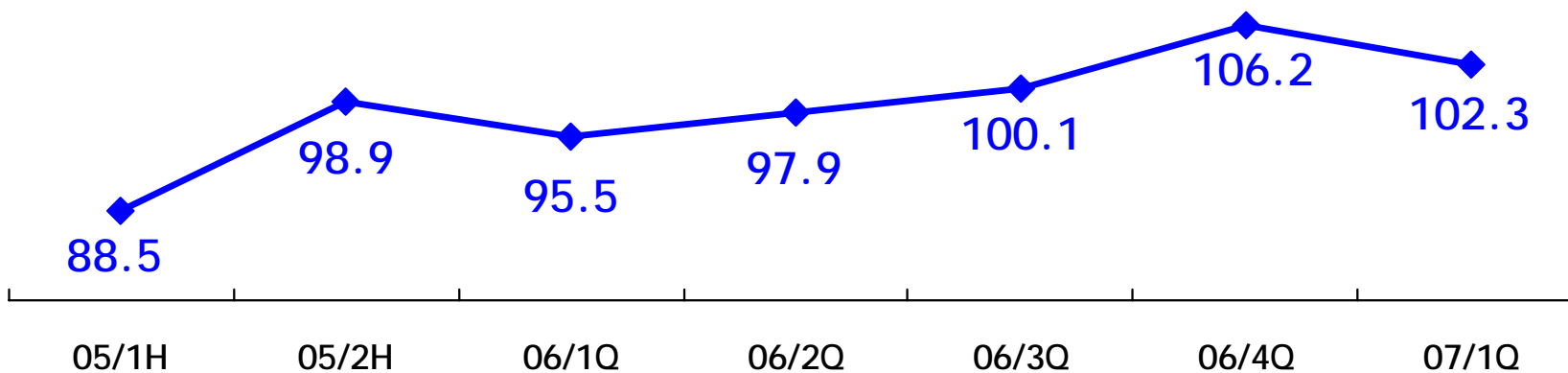
05/1H, 05/2H: Actual results / 2



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

Average Price of Steel Products of SMI

(000JPY/ton)



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