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

January 31, 2008



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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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.

All output figures in this presentation are metric tons.



FY2007/3Q Results

FY2007 Forecast

Supplement

Consolidated Results Highlights for FY07/3Q *Nine Months Total

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Sales: 1,294.7JPY billion (YoY 10.8%)
Operating profit: 211.6JPY billion (YoY -0.7%)
Recurring profit: 234.2JPY billion (YoY -1.9%)
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- Demand remained strong & stable, especially from the Energy and Automobile sector.
- Cost increase: ship freight, fuel etc...
- Improvement in sales and cost-cutting covered that cost increase.

Strategy: Accelerate distinctiveness & grow

- Building a new second blast furnace at Wakayama, expand & enhance the cooperation with NSC and KOBE.
- Strategy to grow our steel sheet business in Emerging Markets.
 - → J/V in Vietnam with China Steel Corporation
 - → Participation in Bhushan Steel's Orissa Project (Integrated Steel Works) in India

Reinforce cooperation with Sumitomo Corp in growth markets

- Sumitomo Corp invests 10 billion yen to the integrated steel works joint venture in Brazil with Vallourec group.
- Sumitomo Corp purchases Sumitomo Metals' treasury share;
 Sumitomo Metals purchases Sumitomo Corp's share

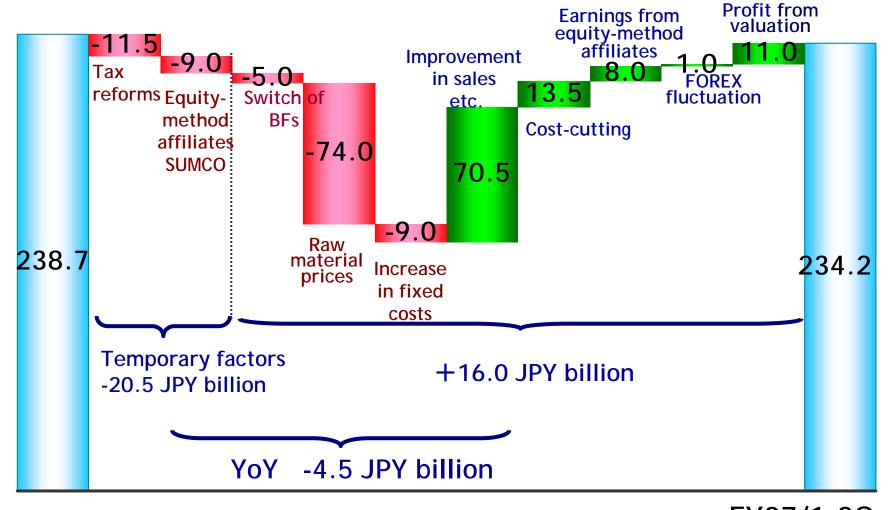
Overview of Consolidated Results for FY07/3Q

IDV hillion	FY06		FY07			Change			
JPY billion	1-3Q	3Q	1-3Q	2Q	3Q	%	YoY	%	QoQ
Sales	1,168.8	400.6	1,294.7	441.4	446.9	10.8	125.8	1.2	5.5
Op. profit	213.1	78.0	211.6	75.8	69.9	-0.7	-1.5	-7.8	-5.9
Rec. profit	238.7	82.7	234.2	77.4	81.4	-1.9	-4.5	5.1	3.9
Non-rec. profit (loss)	(1.0)	3.6	(5.9)	-	(6.4)		-4.9		-6.4
Corporate taxes and minority interests	(81.7)	(30.2)	(83.9)	(25.4)	(27.6)		-2.1		-2.1
Net Income	155.9	56.1	144.2	52.0	47.3	-7.5	-11.6	-9.0	-4.6
EPS (JPY)	32.72	11.97	31.58	11.46	10.43		-1.14		-1.03
FOREX rate (JPY/USD)	116	118	117	118	114		+1		-4

Change in Consolidated Recurring Profit (FY 06/1-3Q -> FY07/1-3Q)

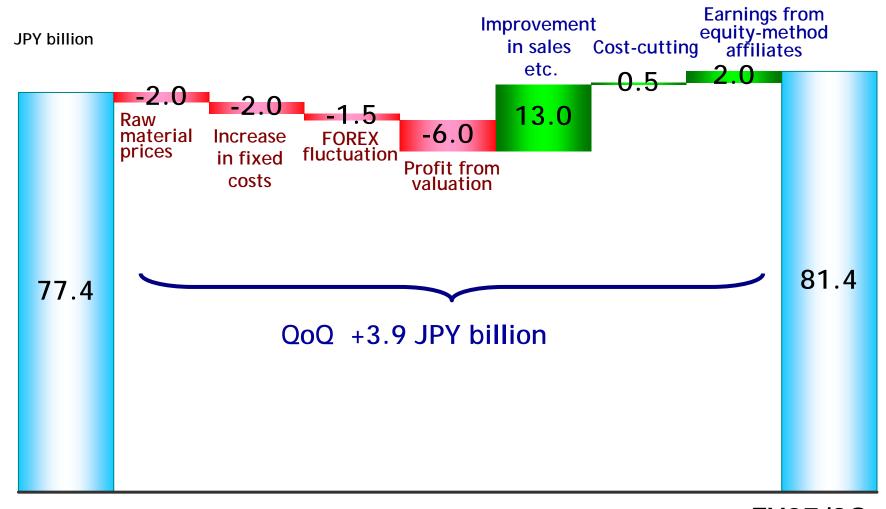
Rec. Profit: YoY -4.5 JPY billion -> +16.0 JPY billion (+7%) improvement after exclusion of temporary factors

JPY billion

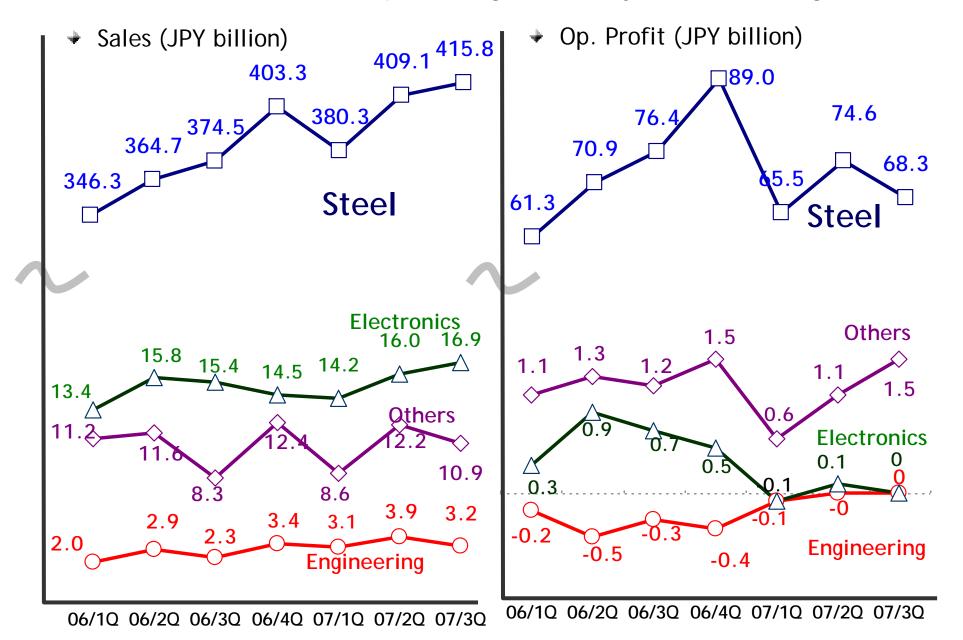


Change in Consolidated Recurring Profit (FY 07/2Q→FY07/3Q)

Rec. Profit: QoQ +3.9 JPY billion Strong sales improvement covered higher cost.



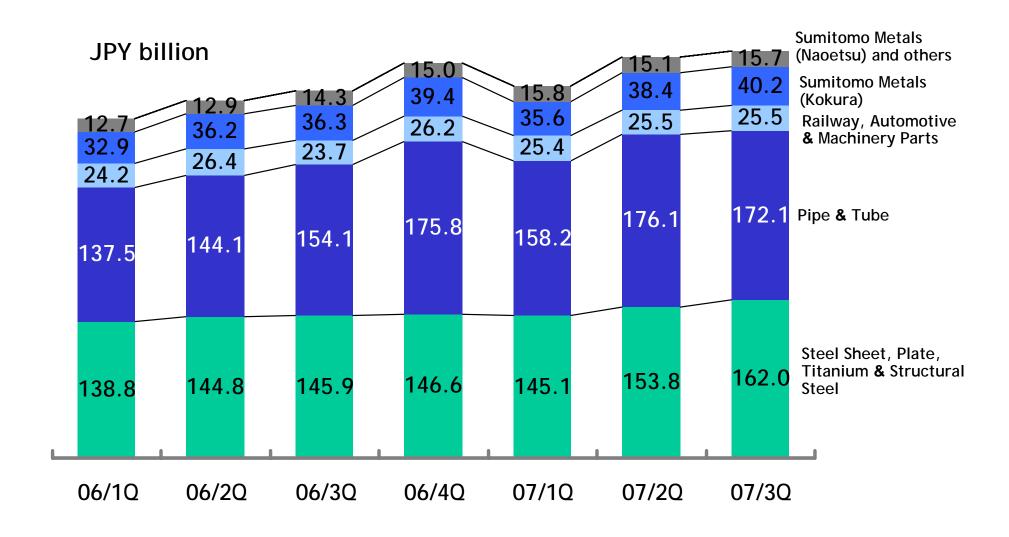
Consolidated Sales and Operating Profit by Business Segment



Consolidated Balance Sheets

JPY billion	06	07			%	YoY	
JPT DIIIIOII	End Dec.	End Mar.	End Sep.	End Dec.	/0	101	
[Assets]							
Current assets	683.4	672.5	719.4	758.5	11.0	75.1	
Fixed assets	1,534.9	1,629.0	1,686.2	1,675.8	9.2	140.8	
Total assets	2,218.4	2,301.5	2,405.6	2,434.4	9.7	216.0	
(Liabilities and Share	holders' Eq	uity]					
Current liabilities	860.3	807.8	862.3	890.0	3.5	29.7	
Long-term liabilities	533.7	568.9	614.1	624.3	17.0	90.5	
Net assets	824.3	924.7	929.1	920.0	11.6	95.7	
Debt	741.6	717.9	778.4	854.4	15.2	112.7	

Consolidated Steel Sales by Internal Company



FY2007/3Q Results

FY2007 Forecast

Supplement

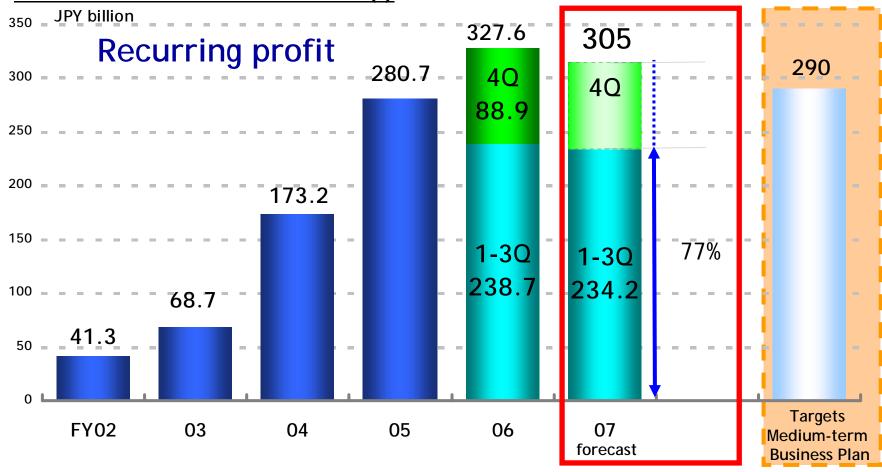
Sales: 1,730JPY billion (-)

(Change from the forecast on Oct. 30)

Operating profit: 280JPY billion (-5)
Recurring profit: 305JPY billion (-)

Net income: 190JPY/share (-)

Dividend forecast: 10JPY/share (-)

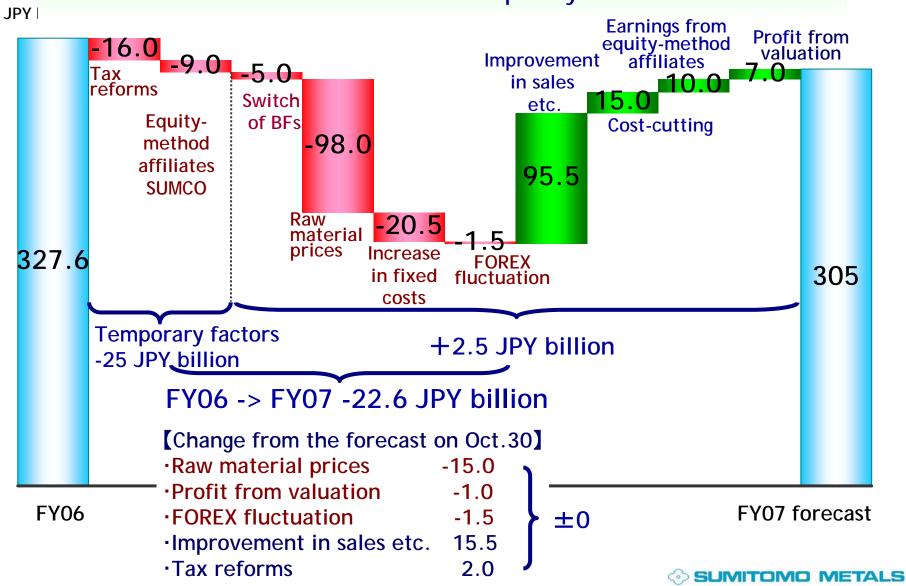


JPY billion	FY06				FY07		[Chang of	YoY
		1H	[Oct. 30]	2H	[Oct.30]	Total	forecast: lan.31-Oct.30]	Change
Sales	1,602.7	847.8	[880.0]	880.0	[1,730.0]	1,730	[-]	127.2
Op. profit	303.7	141.7	[143.0]	138.0	[285.0]	280	[-5.0]	- 23.7
Rec. profit	327.6	152.7	[153.0]	153.0	[305.0]	305	[-]	- 22.6
Non-rec. profit (loss)	14.0	0.4	[(9.5)]	(9.5)	[(9.0)]	(9)	[-]	- 23.0
Corporate taxes and minority interests	(114.9)	(56.3)	[(50.0)]	(50.0)	[(106.0)]	(106)	[-]	8.9
Net Income	226.7	96.9	[93.5]	93.5	[190.0]	190	[-]	-36.7
EPS (JPY)	47.89	21.15	[20.58]	20.44	[41.82]	41.50	[-0.32]	- 6.39

Oct. 30: Forecast as of October 30 Jan. 31: Forecast as of January 31

Change in Consolidated Recurring Profit (FY06 results -> FY07 forecast)

Rec. Profit: YoY -22.5 JPY billion -> +2.5 JPY billion after exclusion of temporary factors



Forecast for Production & Prices

			FY06		FY07 Total				
		1H	2H	Total	1H	2 [Oct. 30]	H Jan. 31	[Oct. 30]	Jan. 31
FOREX ra		115	119	117	119	[115]	112	[117]	116
Japan to steel pro (million t	duction	58	60	118	60	[58]	60	[118]	120
Crude ste production of SMI * (million	on	6.67	6.71	13.38	6.61	[6.90]	6.99	[13.50]	13.60
Steel pro sales volu SMI *(mill	ducts ume of lion tons)	6.01	6.14	12.15	6.08	[6.38]	6.36	[12.45]	12.43
Ave.	Domestic	95.3	96.1	95.7	97.2	[98]	98	[97]	98
steel product of SMI* (000JPY /ton)	Export	98.4	112.2	105.3	116.2	[113]	114	[115]	115
	Total	96.7	103.2	100.0	105.6	[105]	106	[105]	105

Oct. 30: Forecast as of October 30 Jan. 31: Forecast as of January 31

Excess Receipts of USD = approx. USD 1.6 billion/year

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

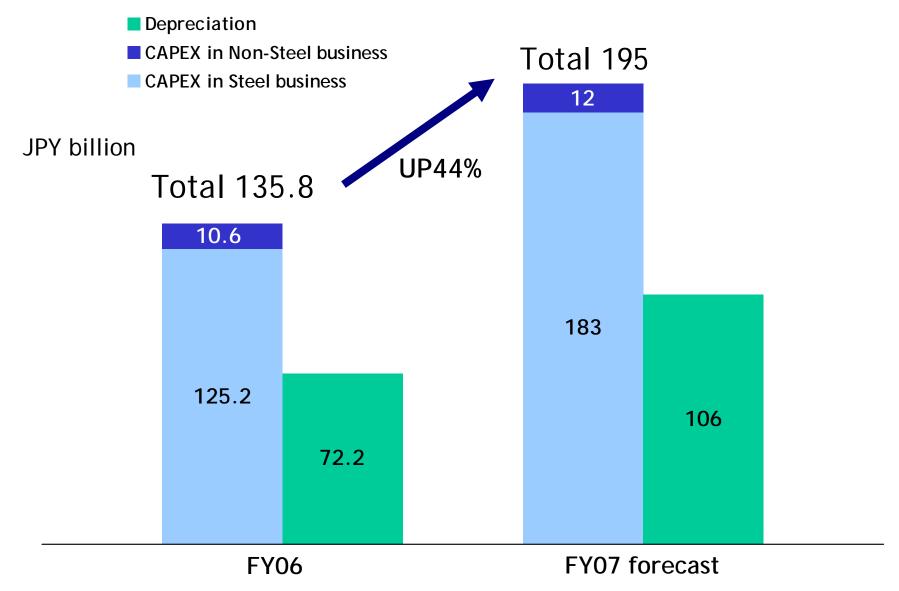
Key Indicators of Consolidated Performance

	FY04	FY05	FY06	FY07 [as of Oct. 30]	F orecast as of Jan. 31
ROA *	9.7%	14.5%	15.4%	[13%]	13%
ROE	25.8%	36.7%	28.3%	[21%]	21%
Equity ratio	25.1%	34.1%	38.3%	[39%]	38%
D/E ratio	1.83	0.94	0.82	[0.86]	0.95
Debt (JPY billion)	885.9	679.7	717.9	[815]	900
Total asset (JPY billion)	1,923.1	2,113.3	2,301.5	[2,450]	2,500
Non-consolidated dividends / share (JPY)	5.0	7.0	8.0	[10.0]	10.0
<interim dividends=""></interim>	<->	<2.5>	<3.5>	[<5.0>]	<5.0>

Medium-term Business Plan (Apr. 05)								
FY 05 Plan	FY 08 Plan							
13.8%	13%							
32.8%	45%							
0.99	0.6							
690.0	680.0							
2,120.0	2,380.0							

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

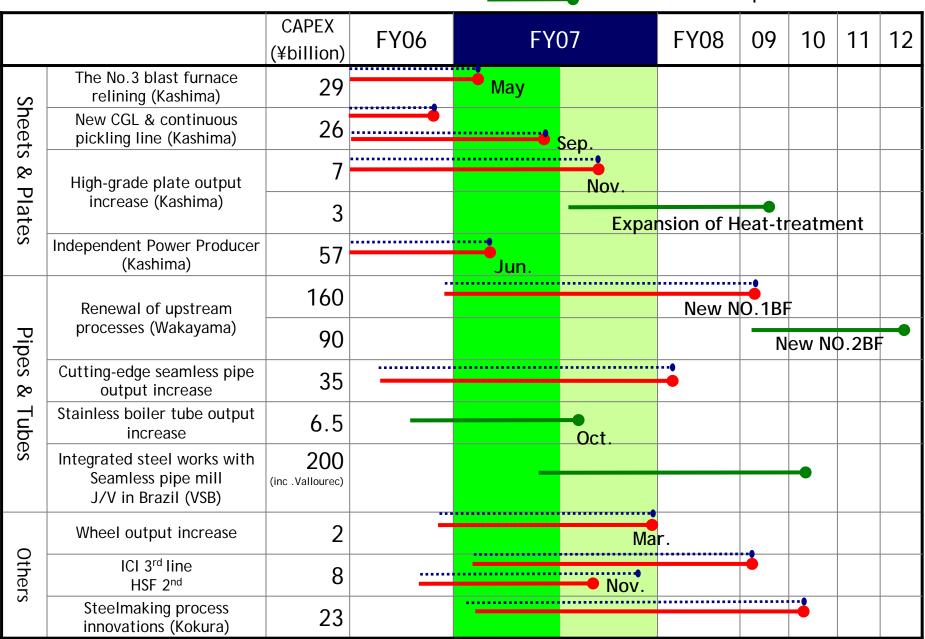
Forecast for Consolidated CAPEX and Depreciation



*CAPEX: Construction-base

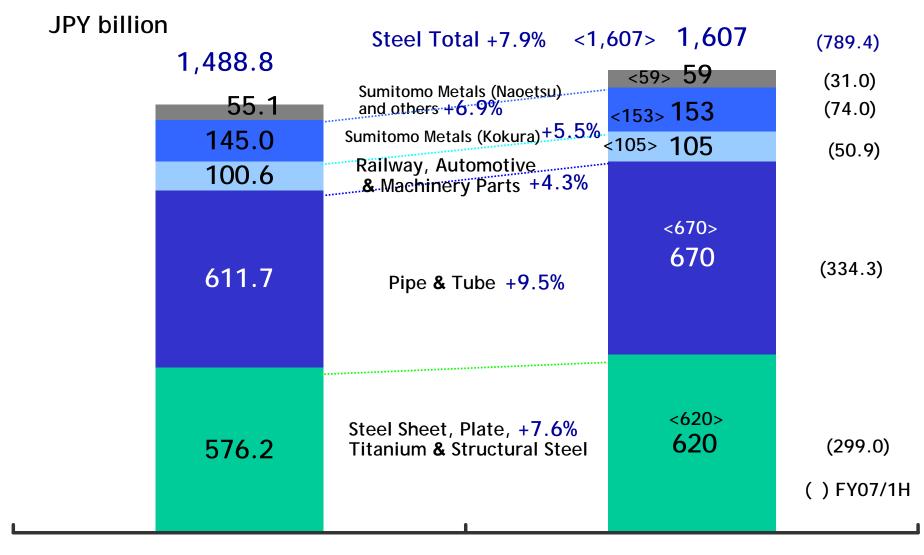


CAPEX Plan Update



Consolidated Steel Sales by Internal Company

FY06



FY07 forecast < > Forecast as of Oct. 30

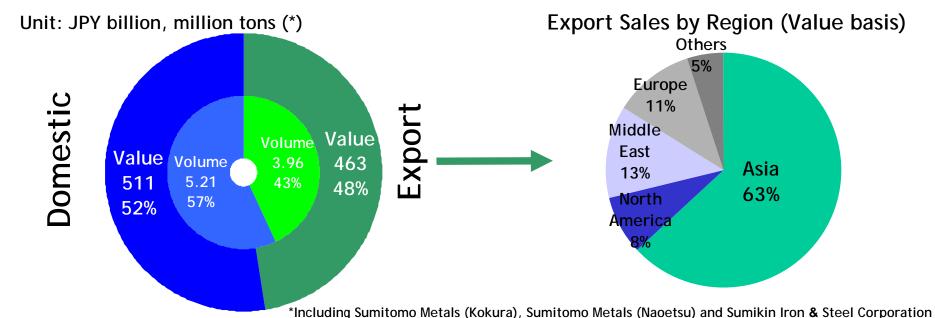
FY2007/3Q Results

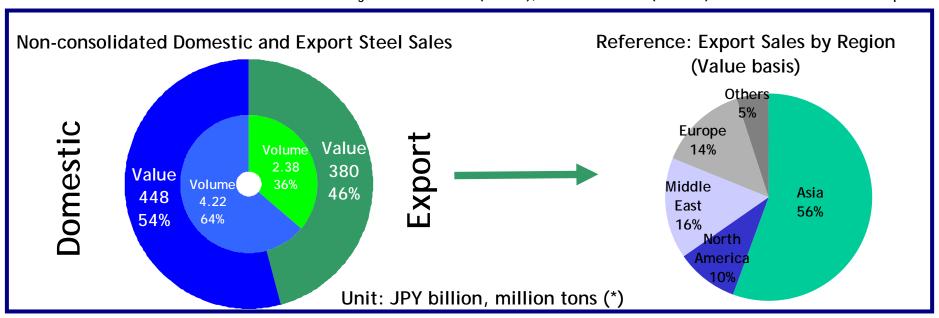
FY2007 Forecast

Supplement

JPY billion	FY06	FY07 Total [Chang of						
		1H	[Oct. 30]	2H Jan. 31	[Oct. 30]		[Chang of forecast: an.31-Oct.30]	Change
Sales	1,031.4	550.0	[580.0]	580.0	[1,130]	1,130	[-]	98.5
Op. profit	238.5	105.9	[104.0]	99.0	[210]	205	[-5.0]	-33.5
Rec. profit	240.6	115.3	[100.0]	100.0	[215]	215	[-]	-25.6
Non-rec. profit (loss)	(12.3)	0.4	[(5.5)]	(5.5)	[(5)]	(5)	[-]	7.3
Corporate taxes and minority interests	(89.0)	(43.2)	[(37.0)]	(37.0)	[(80)]	(80)	[-]	9.0
Net Income	139.2	72.5	[57.5]	57.5	[130]	130	[-3	-9.2

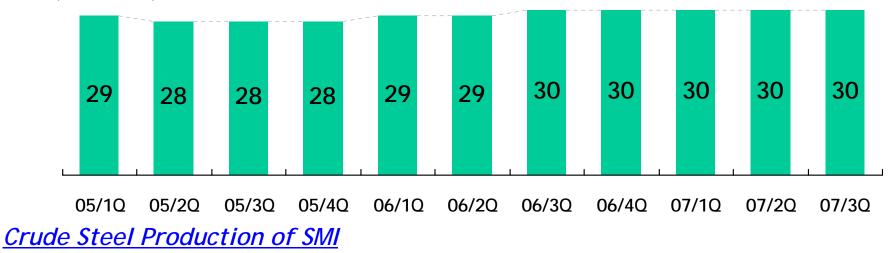
*Oct. 30: Forecast as of October 30



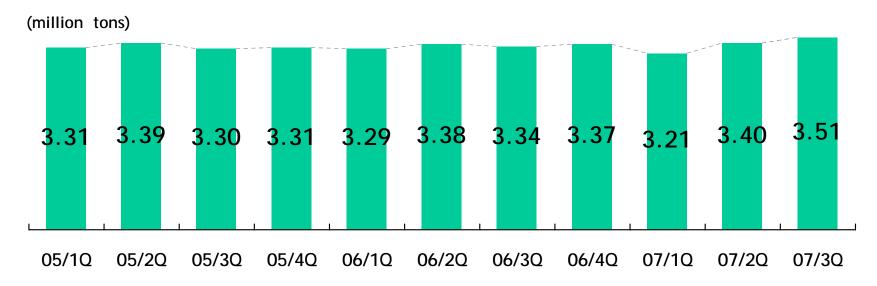


Japan Total Crude Steel Production

(million tons)

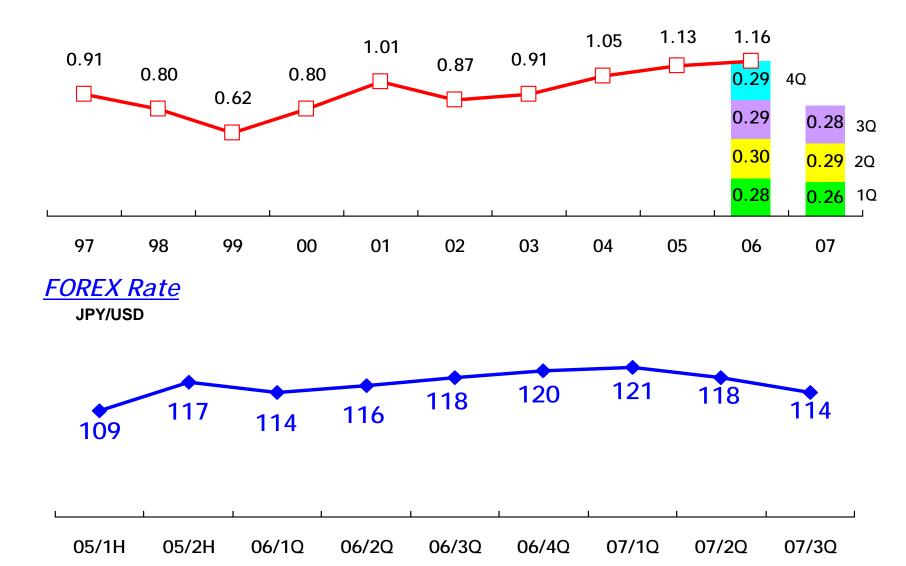


*Including Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation



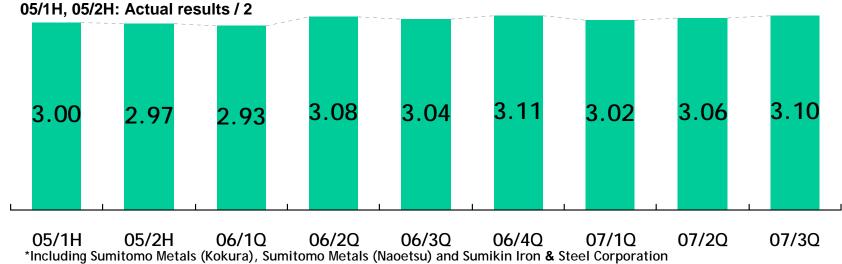
Reference (2)

Seamless Pipe Sales (million tons)



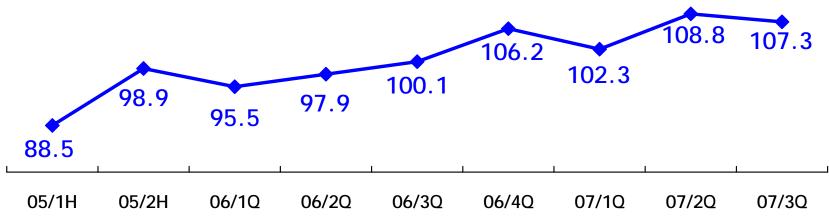
Steel Products Sales Volume of SMI

(million tons)



Average Price of Steel Products of SMI

(000JPY/ton)



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

Sumitomo Metals Reinforces Ties with, Sells Treasury Stock to Sumitomo Corporation

Reinforcement of ties between Sumitomo Metals and Sumitomo Corporation

To leverage Sumitomo Corp's strong overseas networks

- Sumitomo Corp invests in the integrated high-grade seamless pipe joint venture in Brazil
 - (1) Company name: Vallourec & Sumitomo Tubos do Brasil Ltda. (VSB)
 - (2) The size of an investment: JPY 10 billion (approx. 5%)

 Ownership: Vallourec group 56%; Sumitomo Metals approx. 39%;

 Sumitomo Corp approx. 5%

Utilizing the supply-chain management system developed by Sumitomo Corp and Sumitomo Metals will enable timely and stable supply of products to our customers.

- Recent examples of cooperation between Sumitomo Metals and Sumitomo Corp
- (1) Premium OCTG joints threading business in China (Vallourec 51%, Sumitomo Metals 34%, Sumitomo Corp 15%)
- (2) Crankshaft machining business in the U.S. (Sumitomo Metals 60%, Sumitomo Corp 40%)
- (3) Second crankshaft forging press line at Huizhou Sumikin (Sumitomo Metals 51%, TKC 34%, Sumitomo Corp 15%)



Treasury stock allotment and purchase of Sumitomo Corp's stock

Outline of treasury stock allotment

(1) Number of shares to be allotted: 96,120,000 shares

(2) Allotment price: ¥517 per share

(3) Value of shares allotted: JPY 49.6 billion

The average TSE closing price (excluding fractional amounts)

for the five business days (from January 24, 2008 to January 30, 2008)

(4) Allotment date: February 20, 2008

Outline of purchase of Sumitomo Corporation's stock

(1) Amount to be purchased: ¥15 billion

(2) Timing of purchase: On or after February 1, 2008

(3) Method of purchase: Market purchase

Deliver sustained growth in corporate value by emphasizing quality



Become a company trusted by all stakeholders