Sumitomo Metals
FY 2008 the Third Quarter
Performance
(ending March 31, 2009)

February 4, 2009



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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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

FY2008/3Q Results

FY2008 Forecast

Supplement

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

Production & Price	

	FY08/1~3Q 9months	Change from FY07/1~3Q			
Crude steel production (million tons)	10.39	(2.6%) 0.26			
Steel sales volume (million tons)	9.36	(2.0%) 0.19			
Ave. price of steel product (000JPY/ton)	122.4	16.2			

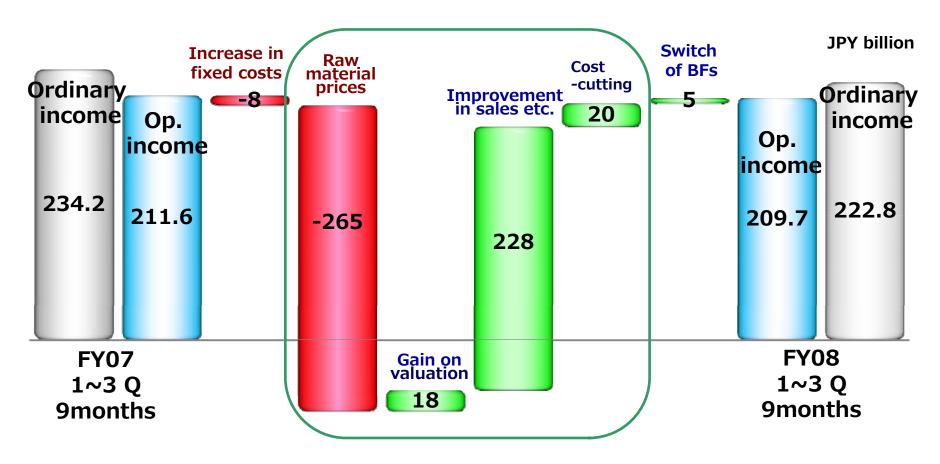


Sales	1,482.5	(14.5%)	187.7
Op. income	209.7	(-0.9%)	-1.9
Ordinary income	222.8	(-4.9%)	-11.3
Net income	119.4	(-17.2%)	-24.8

- Steel demand, particularly in the automotive sector and construction sector, dropped sharply.
- Sumitomo Metals began steel production cutbacks, mainly decrease in production of steel sheets, structural steel and specialty steel.
- Demand for our distinctive products such as seamless pipe for export and slabs remained stable.
- As a result of cost cutting, Op. income for FY08 1~3Q was close to the income of FY07 1~3Q.
- Loss on valuation of investment securities due to the decline in the stock market : 15.8 JPY billion

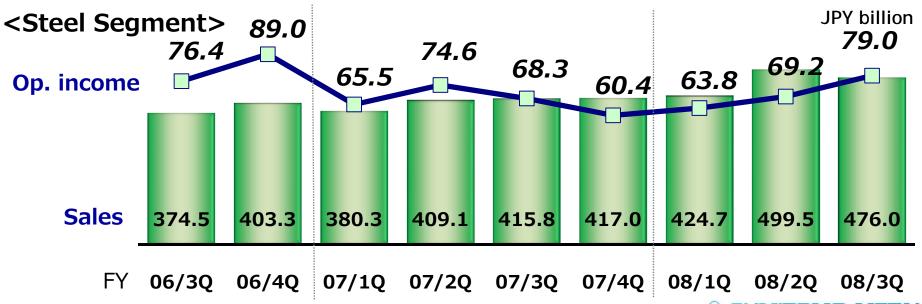
70V L'III'	FY)7		FY08		Change				
JPY billion	1~3Q	3Q	1~3 Q	2Q	3Q	%	1~3 Q YoY	%	2Q->3Q QoQ	
Sales	1,294.7	446.9	1,482.5	529.0	501.2	14.5	187.7	-5.3	-27.8	
Op. income	211.6	69.9	209.7	68.6	79.0	-0.9	-1.9	15.2	10.4	
Ordinary income	234.2	81.4	222.8	77.2	71.1	-4.9	-11.3	-7.9	-6.1	
Extraordinary income (loss)	(5.9)	(6.4)	(15.8)	-	(15.8)	164.7	-9.8	-	-15.8	
Income taxes- deferred	(83.9)	(27.6)	(87.5)	(28.6)	(27.8)	4.2	-3.5	-2.7	0.7	
Net income	144.2	47.3	119.4	48.5	27.3	-17.2	-24.8	-43.7	-21.2	
EPS (JPY)	31.58	10.43	25.75	10.48	5.90		-5.82		-4.58	
FOREX rate (JPY/USD)	117	114	103	108	96		-14		-12	

Improvement in sales and cost cutting offset raw materials cost push.



Consolidated Sales and Operating Income by Business Segment

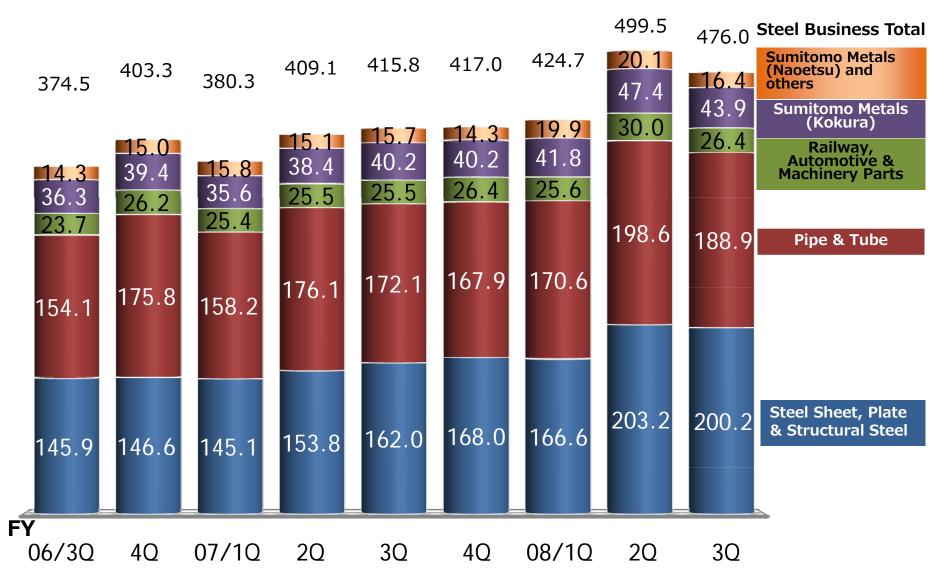
JPY billion	06/3Q	06/4Q	07/1Q	07/2Q	07/3Q	07/4Q	08/1Q	08/2Q	08/3Q
Steel	374.5	403.3	380.3	409.1	415.8	417.0	424.7	499.5	476.0
Engineering	2.3	3.4	3.1	3.9	3.2	5.0	2.1	3.0	2.3
Electronics	15.4	14.5	14.2	16.0	16.9	14.3	15.9	13.6	9.5
Others	8.3	12.4	8.6	12.2	10.9	13.3	9.3	12.8	13.2
Sales	400.6	433.8	406.3	441.4	446.9	449.8	452.2	529.0	501.2
Steel	76.4	89.0	65.5	74.6	68.3	60.4	63.8	69.2	79.0
Engineering	-0.3	-0.4	-0.1	-0.0	0.0	0.3	-0.1	-0.3	0.0
Electronics	0.7	0.5	-0.1	0.1	0.0	-0.2	0.1	-0.3	-0.9
Others	1.2	1.5	0.6	1.1	1.5	2.0	-1.6	0.0	0.9
Operating income	78.0	90.5	65.8	75.8	69.9	62.7	62.1	68.6	79.0





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Consolidated Balance Sheets

JPY billion	07		0	8		%	YoY	
JF I DIIIIOII	12E	3E	6E	9E	12E	70	101	
[Assets]								
Current assets	758.5	677.7	738.7	816.4	831.2	22.6	153.4	
Fixed assets	1,675.8	1,740.5	1,791.1	1,745.7	1,719.4	-1.2	-21.0	
Total assets	2,434.4	2,418.3	2,529.9	2,562.2	2,550.6	5.5	132.3	
[Liabilities and Sha	reholders' E	Equity]						
Current liabilities	890.0	781.9	777.8	835.0	842.7	7.8	60.7	
Long-term liabilities	624.3	687.1	760.8	743.5	758.4	10.4	71.2	
Net assets	920.0	949.3	991.2	983.5	949.5	0.0	0.2	
Debt	854.4	883.8	924.4	910.6	960.8	8.7	76.9	

FY2008/3Q Results

FY2008 Forecast

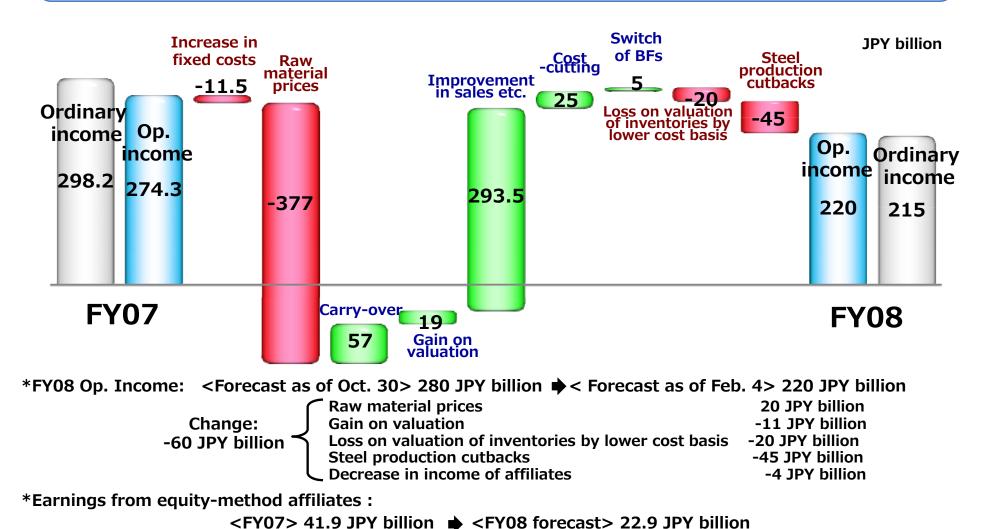
Supplement

- Steel demand, particularly in the automotive sector dropped sharply.
- The sales volume of steel products (YoY) is expected to decrease by 1.03 million tons. (Compared with the forecast as of Oct. 30: decrease of 1.16 million tons)

						()	EVOS		
JPY billion	FY07	1H	3Q	4Q forecast Approx.	2H forecast Approx.	*Oct.30	FY08 forecast Approx.	%	YoY
Steel sales volume (million tons)	12.49	6.33	3.03	2.10	5.13	[12.62]	11.46	-8.2	-1.03
Sales	1,744.5	981.3	501.2	377	879	[2,030]	1,860	6.6	115
Op. income	274.3	130.7	79.0	10	89	[280]	220	-19.8	-54
Ordinary income	298.2	151.7	71.1	(8)	63	[300]	215	-27.9	-83
Extraordinary income (loss)	(16.9)	-	(15.8)	(14)	(30)	[-]	(30)	77.3	-13
Net income	180.5	92.0	27.3	(19)	80	[185]	100	-44.6	-81
EPS (JPY)	39.43	19.85	5.90	-4.20	1.71	[39.88]	21.56	-	-17.87
FOREX rate (JPY/USD)	114	106	96	90	93	[103]	100	-	-14

^{*}Oct. 30: Forecast as of October 30, 2008

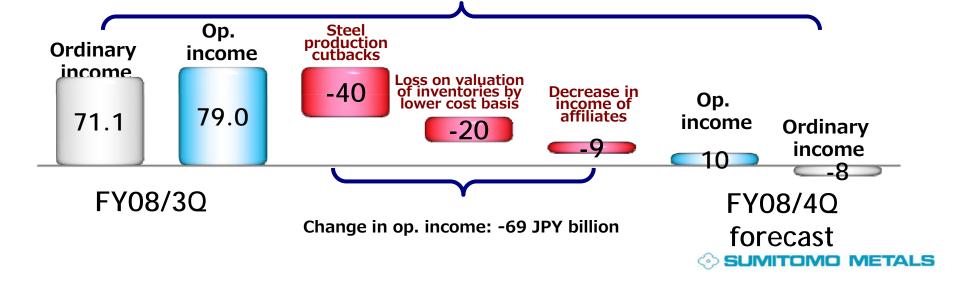
In FY08, Op. income is expected be 220 JPY billion mainly due to decrease in sales volume of steel products and loss on valuation of inventories by lower cost basis. (Change from the forecast as of Oct. 30: down 60 JPY billion)



Change in Consolidated Business (FY08/3Q → FY08 /4Q forecast)

JPY billion	FY08/3Q	FY08/4Q forecast Approx.	QoQ	FY07/4Q	YoY
Steel sales volume (million tons)	3.03	2.10	-0.93	3.31	-1.2
Sales	501.2	377	-124	449.8	-73
Op. income	79.0	10	-69	62.7	-53
Ordinary income (loss)	71.1	(8)	-79	64.0	-72
Extraordinary income (loss)	(15.8)	(14)	2	(10.9)	-3
Net income(loss)	27.3	(19)	-46	36.2	-55

JPY billion Change in ordinary income: -79 JPY billion (Earnings from equity-method affiliates : -10 JPY billion)



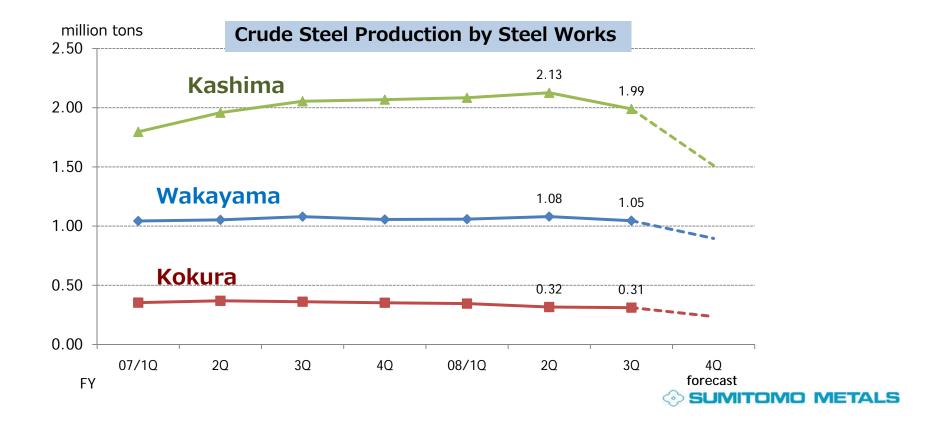
		Consolidate	ed	Non-consolidated				
JPY billion	FY08		FY08		FY08	FY08		
	1H	1~3 Q 9 months Approx.	Forecast Approx.	1H	1~3 Q 9 months Approx.	Forecast Approx.		
Extraordinary income *1	-	-	-	2.5	2.5	2.5		
Loss on valuation of investment securities	-	(15.8)	(16)	-	(15.8)	(16.0)		
Loss on impairment *2	-	-	(14)	-	-	(21.5)		
Extraordinary (loss)	-	(15.8)	(30)	-	(15.8)	(37.5)		
Total extraordinary income (loss)	-	(15.8)	(30)	2.5	(13.2)	(35. 0)		

^{*1} Extraordinary income: Gain on sales of electronics affiliate's stocks

^{*2} Loss on impairment: Loss on valuation of electronics business' assets

We know how to do production cutbacks efficiently 12

- Minimizing cost increase of steel production cutbacks by utilizing our know-how from the past experiences.
- Keep blast furnace line-up by blast furnace slowing technologies and higher hot metal ratio.
- New No.1 blast furnace at Wakayama will start operation in July, 2009 as scheduled.
- Idle time will not be wasted but used to enhance our competitiveness in the future.
 - -- Preventive maintenance of facilities
 - --Education & training to transfer the know-how to younger generation
 - -- Test and trial of new products



Forecast for Production & Prices

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

								EVOC	
		FY07	1H	3Q	4Q forecast Approx.	2H forecast Approx.	*Oct. 30	FY08 forecast Approx.	YoY
FOREX rate (JPY/USD)		114	106	96	90	93	[103]	100	-14
Crude steel p	roduction llion tons)	13.62	7.04	3.36	2.66	6.00	[14.00]	13.00	-0.62
Steel sales vo (mil	lume lion tons)	12.49	6.33	3.03	2.10	5.13	[12.62]	11.46	-1.03
Seamless pipo volume (milli	e sales ion tons)	1.11	0.56	0.31	0.28	0.59	[1.18]	1.15	0.04
	Domestic	97.9	113.7	124.3	126	125	[117]	119	21
Ave. price of steel product	Export	116.2	124.8	137.3	141	139	[131]	131	15
(000JPY/ton)	Total	105.7	118.6	130.3	134	132	[123]	125	18

*Oct. 30: Forecast as of October 30, 2008

FY07 Excess <u>receipts of USD</u> = approx. 1.6 billion/year

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FY08 forecast

Receipts of USD = Payments of USD

	FY04	FY05	FY06	FY07	FY08 forecast Approx.	Medium- term Business Plan (Apr. 05) FY 08 Plan
ROA *	9.7%	14.5%	15.4%	13.2%	9 %	13%
ROE	25.8%	36.7%	28.3%	20.3%	11%	
Equity ratio	25.1%	34.1%	38.3%	37.3%	35%	45%
D/E ratio	1.83	0.94	0.82	0.98	1.14	0.6
Debt (JPY billion)	885.9	679.7	717.9	883.8	995	680
Total asset (JPY billion)	1,923.1	2,113.3	2,301.5	2,418.3	2,500	2,380
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)	

^{*} ROA: Return (Recurring income before interest payment) on assets

Consolidated Sales & Op. Income by Internal Company

JPY billion	FY07	1H	3Q	4Q Forečast Approx.	2H forecast Approx.	*Oct.30	FY08 forecast Approx.	YoY
Steel Sheet , Plate and Structural Steel	629.1	369.8	200.2	135	335	[775]	705	76
Pipe & Tube	674.5	369.3	188.9	167	356	[770]	725	50
Railway & Automotive	103.0	55.6	26.4	28	54	[115]	110	7
Kokura	154.5	89.2	43.9	17	61	[185]	150	-5
Naoetsu and Others	61.1	40.1	16.4	14	30	[75]	70	9
Total Steel Business	1,622.3	924.2	476.0	360	836	[1,920]	1,760	138
Engineering Business	15.3	5.1	2.3	3	5	[10]	10	-5
Electronics Business	61.6	29.5	9.5	5	15	[55]	45	-17
Others	45.1	22.2	13.2	10	23	[45]	45	-0
Total sales	1,744.5	981.3	501.2	377	879	[2,030]	1,860	115
Op. Income by Internal (Company (A	pprox.)						
Steel Sheet and Plate	72	49	36	(5)	31	[110]	80	8
Pipe & Tube	153	62	34	24	58	[130]	120	-33
Kokura	11	5	3	(10)	(7)	[10]	(2)	-13

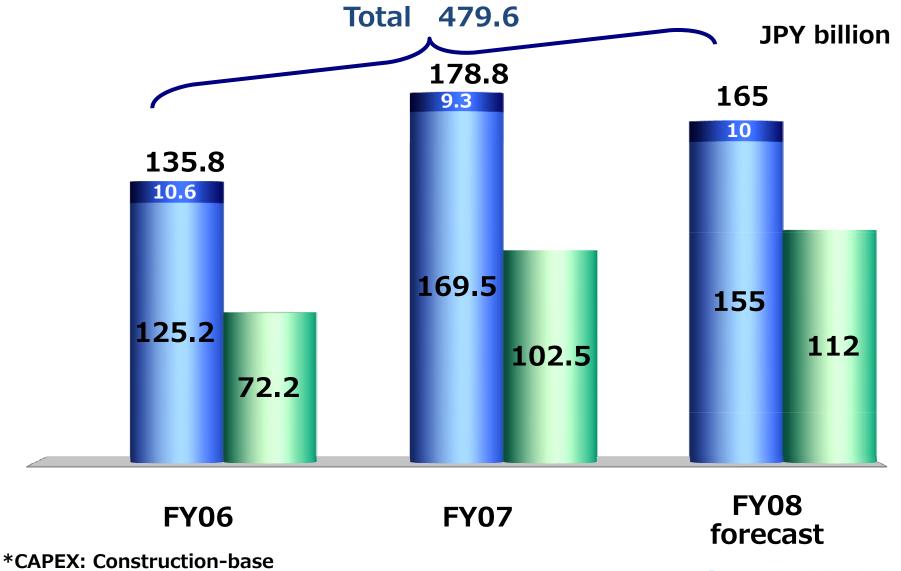
Capital Policy

- Sumitomo Metals intends to maximize corporate value by delivering sustained growth that balances quality and scale.
- Cash generated from operations will be used for investments that raise corporate value.
- Criteria for investments include whether they may accelerate distinctiveness of our group, and whether their returns could exceed the cost of capital, and thereby help raise our value.
- We will return profits to shareholders through stable payment of dividends.
- Our guideline for financial leverage is a D/E ratio of below one.

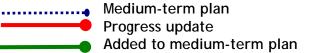
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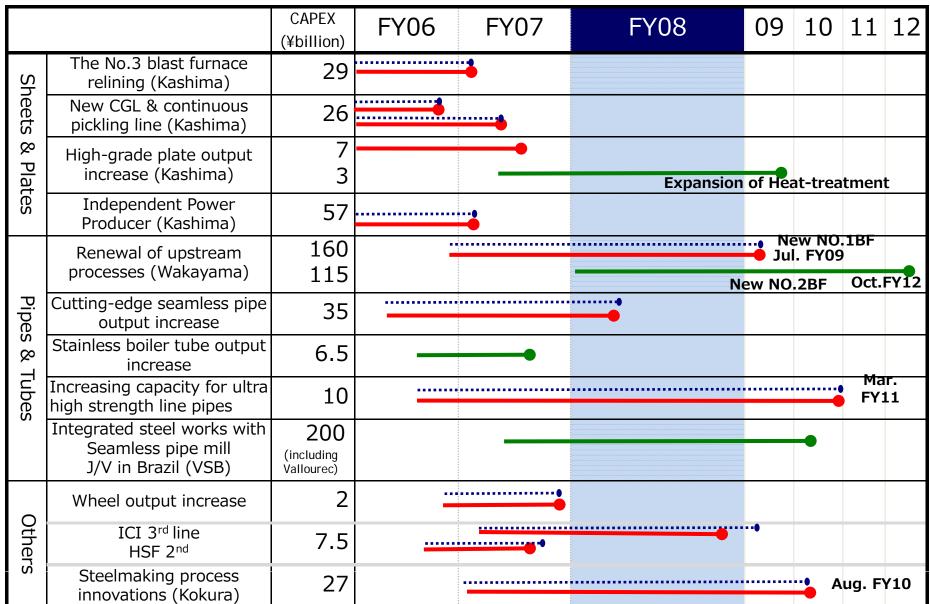
We intend to pay an annual dividend of 10.0 JPY per share.

■ CAPEX in Steel business **■** CAPEX in Non-Steel business **■** Depreciation



CAPEX Plan Update







FY2008/3Q Results

FY2008 Forecast

Supplement

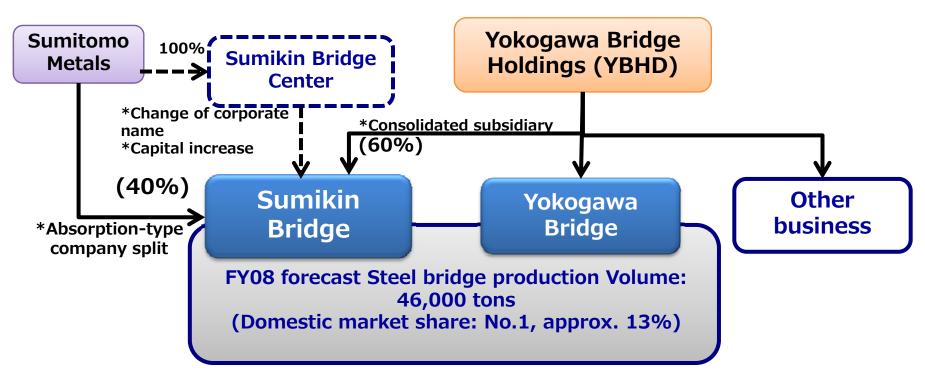
Sumitomo Metals

Yokogawa Bridge Holdings High productivity and strong
 product development capability

•Comprehensive technology and sales force

Joint operating company with top-class competitiveness in the industry due to the synergy of both companies' strength

Business scheme



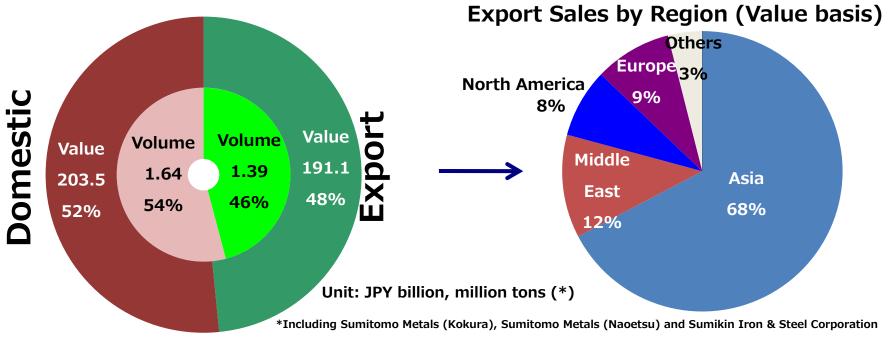
Joint Venture Schedule Jul. 2009: Transfer of Sumitomo Metals' bridge business to Sumikin Bridge Center based on the absorption-type split method.

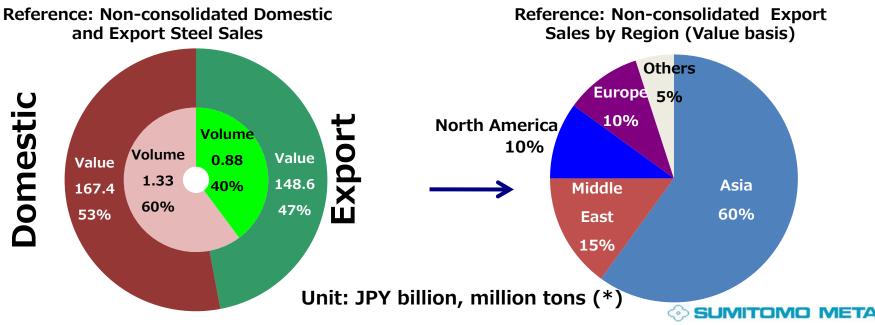
Oct. 2009: Purchase of 60% shares of Sumikin Bridge by YBHD (name to be changed on Oct. 1, 2009).

Overview of Non-consolidated Business Forecast for FY08

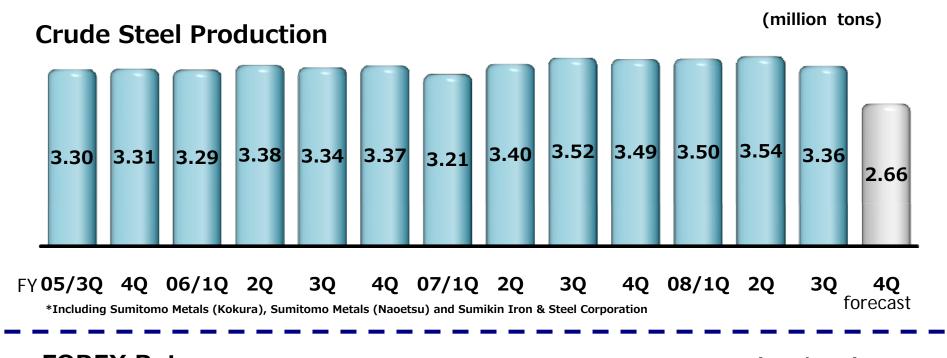
JPY billion	FY07								
		1H	2H				FY08	%	YoY
			3Q	4Q forecast Approx.	forecast Approx.	*Oct.30	forecast Approx.	70	101
Sales	1,141.4	648.2	339.0	263	602	[1,350]	1,250	9.5	109
Op. income	204.5	94.0	59.3	12	71	[200]	165	-19.3	-40
Ordinary income	214.9	113.4	51.1	5	57	[215]	170	-20.9	-45
Extraordinary income (loss)	(12.2)	2.5	(15.8)	(22)	(37.5)	[2.5]	(35)	185.9	-23
Income taxes- deferred	(73.3)	(39.7)	(19.4)	(6)	(25)	[(82.5)]	(65)	-11.4	8
Net income	129.3	76.2	15.9	(22)	(6)	[135]	70	-45.9	-59

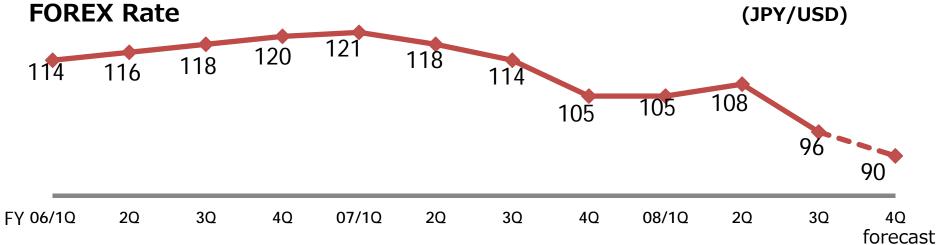
*Oct. 30: Forecast as of October 30, 2008



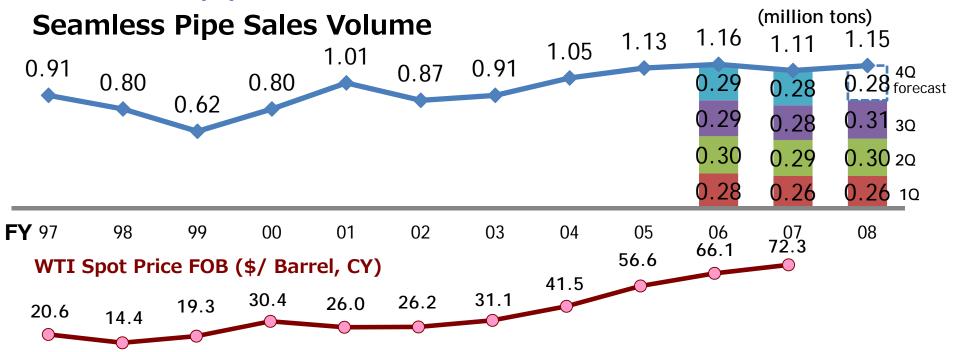


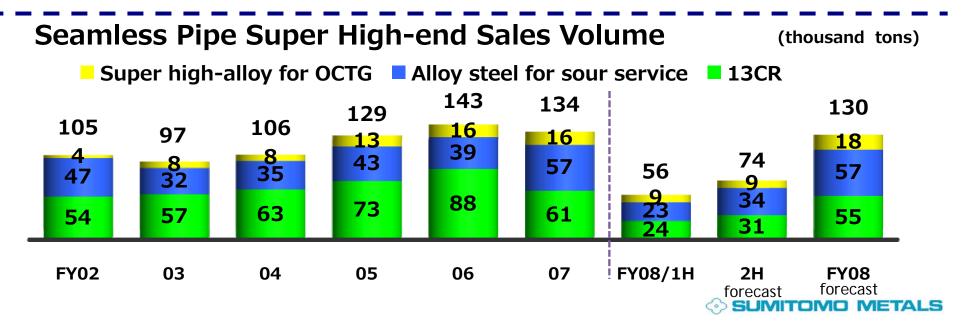
Reference (1)



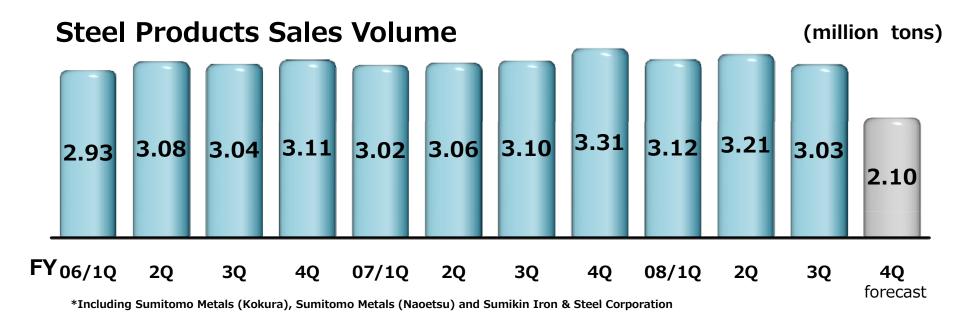


Reference (2)





Reference (3)



(000JPY/ton) **Average Price of Steel Products** 127 130 134 110 109 107 106 104 102 100 98 96 **FY** 06/1Q 2Q 08/1Q 2Q 3Q 3Q 4Q 07/1Q 2Q 3Q 4Q 4Q forecast

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

Deliver sustained growth in corporate value by emphasizing quality



Become a company trusted by all stakeholders