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Sumitomo Metals Announces Estimated Loss Caused by East Japan Earthquake

Today, Sumitomo Metal Industries, Ltd. (Sumitomo Metals) announces its estimate of the loss caused by the earthquake that hit eastern Japan on March 11.

1. Estimated loss

(1) Impact on ordinary income

Mainly due to a decrease in sales caused by production disruption in Kashima Steelworks, Sumitomo Metals' consolidated ordinary income is estimated to be reduced by approximately 2 billion yen for the fiscal year ended March 31, 2011.

(2) Estimate of extraordinary loss

Extraordinary loss caused by the earthquake is estimated to be approximately 60 billion yen for the fiscal year ended March 31, 2011. This includes the cost to restore damaged facilities (including the cost to be paid after April 1, 2011), impairment loss of fixed assets, and the loss caused by production disruption and reduced capacity utilization at Kashima Steelworks during March of 2011.

We plan to report the results of fiscal 2010 (ended March 31, 2011) on April 28, 2011.

<Damage and Recovery Status at Kashima Steelworks>

(1) Damaged Facilities

Damaged facilities include the coke gas holders, coke ovens, auxiliary facilities of blast furnaces, port cranes and tubes and pipes for gas, steam and water.



Lower part of the gas holder



Upper part of the gas holder

Gas holder damaged by fire



Damaged coke oven



Damaged belt conveyer for raw materials

Facilities damaged by the quake



Restored status



A crane damaged by a wrecked ship



One of Wakayama's cranes was moved to Kashima. (The crane from Wakayama moored in port.)



Bumped pier



Repaired port in about a week



Coke gas pipe damaged by the quake



Damaged parts are being replaced

(2) First action taken after the earthquake

Thanks to repeated drills, quick actions were taken right after the earthquake. We started with accounting for all the employees and guests at the steelworks. The Disaster Management Task Force was also established right away. Kashima Steelworks had stockpiled approximately 40 thousand rations and drinking water which were enough for everyone in the steelworks for three days. The Tokyo headquarters also had rations and drinking water for three days. Thanks to our earthquake resistant facility reinforcement works, which began with the most vulnerable ones years ago, there was no damage to the stack, computers, or servers in Kashima. We believe the fact that there were no casualties or injuries at Kashima Steelworks, despite the scale of the earthquake, was the result of our preparations based on our Business Continuity Plan (BCP).

M/Day	Time	Events
3/11	2:46pm	The huge earthquake halted production lines.
	Around 3:00pm	Fire in the No.1 Coke gas holder. → Extinguished at around noon, on March 12.
	3:30pm	Alert for tsunami of 10 meters high was announced. → Evacuation
	4:20pm	Disaster Management Task Force was set up at each factory and SMI's Head Office. Information sharing began by the management and all colleagues. Achievements: → Grasped the state of damage and set up a support system for Kashima under the leadership of the President. → Mobilized supporting staff at each site and affiliated companies, and began dispatching them to Kashima. → Sent trucks carrying emergency aid supplies from Naoetsu in the evening. Other sites also sent out aid supplies to Kashima.
	7:30pm	Safety of all colleagues (including customers and partner companies) at the Steelworks was confirmed.

3/12	5:00am	Emergency aid supplies arrived at Kashima from Naoetsu. →Followed by aid supplies from other sites, affiliated companies and business partners.
	8:00am	Established a 24-hour video conferencing system which connected Kashima, Tokyo, Osaka and all other sites.
	a.m.	Determined damage at Kashima, drew up a recovery plan, and asked partner companies for support.
	Night	Supporting staff from other sites arrived. → Approx. 300 staffs and over 2,500 people from partner companies began the work.



Everyone at Kashima Steelworks was evacuated after the Tsunami Alert.

(3) Kashima Steelworks' Post-earthquake Recovery Timeline

3/12	Recovery policy was established. -Put priority on restarting the Lightweight Welded H-Beam Mill, with the first objective set at contributing to reconstruction of the quake-stricken areas. -The Plate Mill and steel sheet mills will successively restart equipment for secondary processes to finish work-in-process and ship products.
3/15	Shipment of lightweight welded H-beams, pipe piles, and sheets resumed.
3/17	Production of pipe piles at Sumikin Weld Pipe Company restarted.
3/18	Production of lightweight welded H-beams restarted. Seaborne shipping resumed.
3/19	Production of large-diameter welded pipes restarted.
3/20	Operation of the No.3 Blast Furnace restarted.
3/24	Export shipments resumed.
3/25	Kashima Power Station boilers lit.

3/26	Operation of the No.1 Blast Furnace restarted. Kashima Power Station recovered 100% operational output and began supplying its electricity (475 megawatts) to the Tokyo Electric Power Company (TEPCO).
3/29	Operation of the No. 2 Coke Oven restarted.
3/31	Shipped approximately 171,000 tons of products in March, in the days following the earthquake.
4/3	No.1 Steel Making Plant restarted steelmaking and continuous casting.
4/5	Plate Mill restarted rolling operation.
4/12	Hot Strip Mill started rolling operation and Small Diameter Welded Pipe Mill restarted.

(4) Full recovery estimate

We aim for Kashima's full recovery to be completed by the end of May 2011.