

The First Half of FY2006 Results (ending March 31, 2007)

October 31, 2006

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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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

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I. The First Half of FY2006 Results

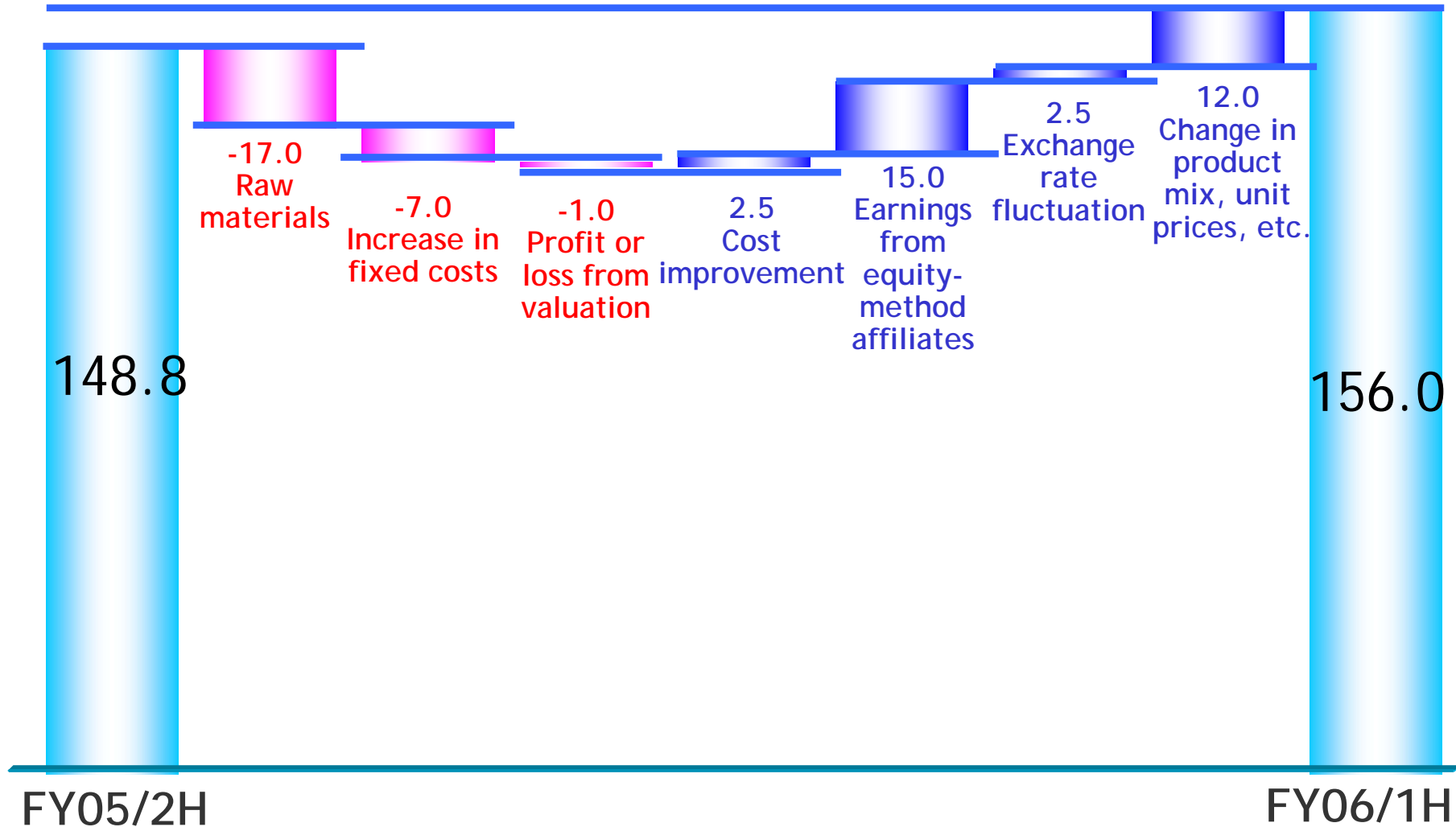
Overview of Consolidated Results for FY06/1H

JPY billion	FY05/2H	FY06/1H		Total	Change FY05/2H→FY06/1H
		1Q	2Q		
Sales	822.1	373.0	395.1	768.2	-53.9
Operating profit	160.9	62.5	7.3	135.1	-25.8
Recurring profit	148.8	69.2	86.7	156.0	+7.1
Non-recurring profit and (loss)	26.8	(3.5)	(0.1)	(4.6)	+31.5
Corporate taxes and minority interests	(46.5)	(24.0)	(27.4)	(51.5)	-4.9
Net income	129.1	41.5	5.8	99.7	-29.3
Net income per share (JPY)	26.86	8.66	12.12	20.78	-6.08
Exchange rate (JPY/USD)	117	114	116	115	-2

Change in Consolidated Recurring Profit (FY05/2H - FY06/1H)

JPY billion

Net improvement
of 7.1 JPY billion

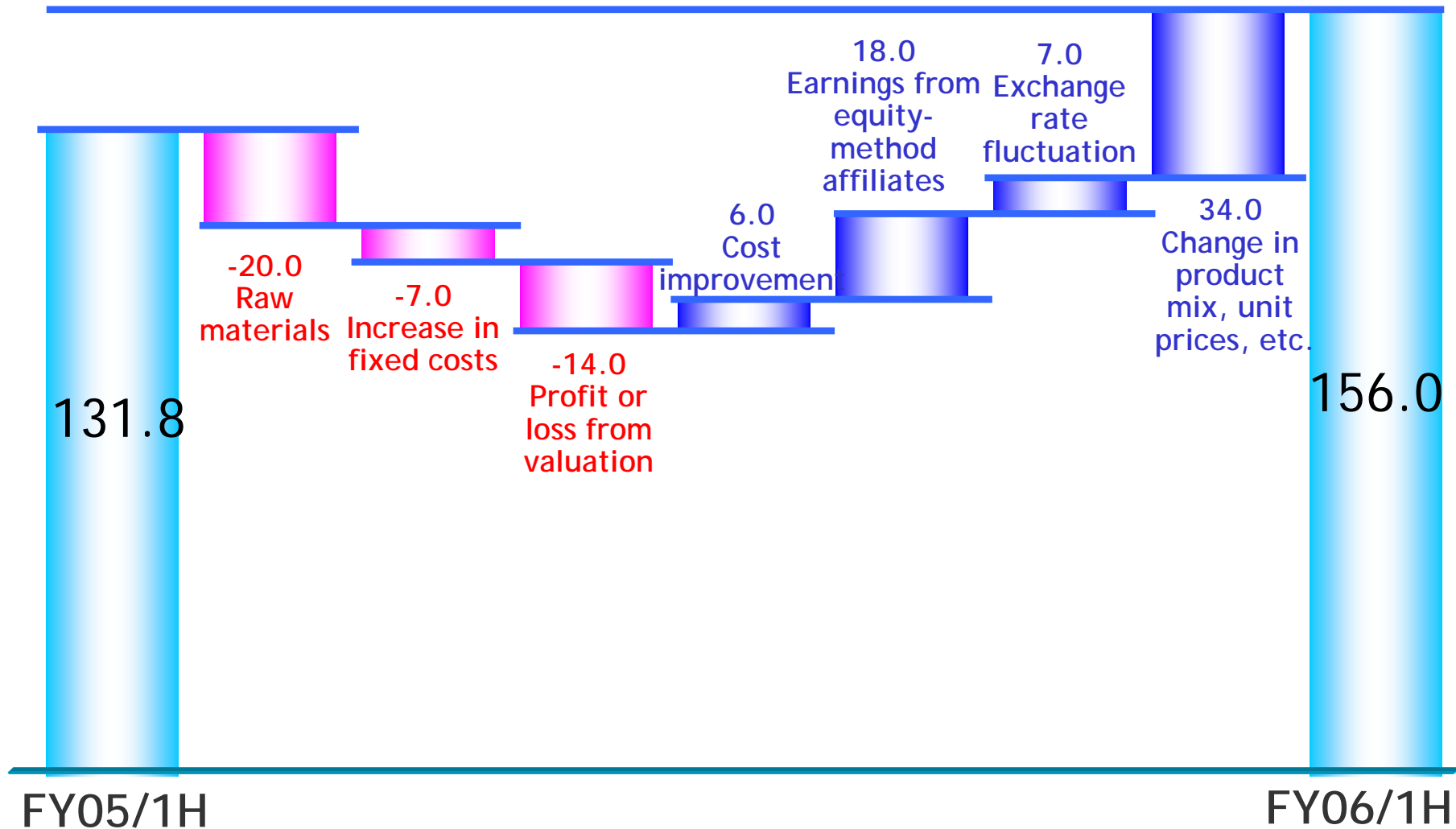


Change in Consolidated Recurring Profit

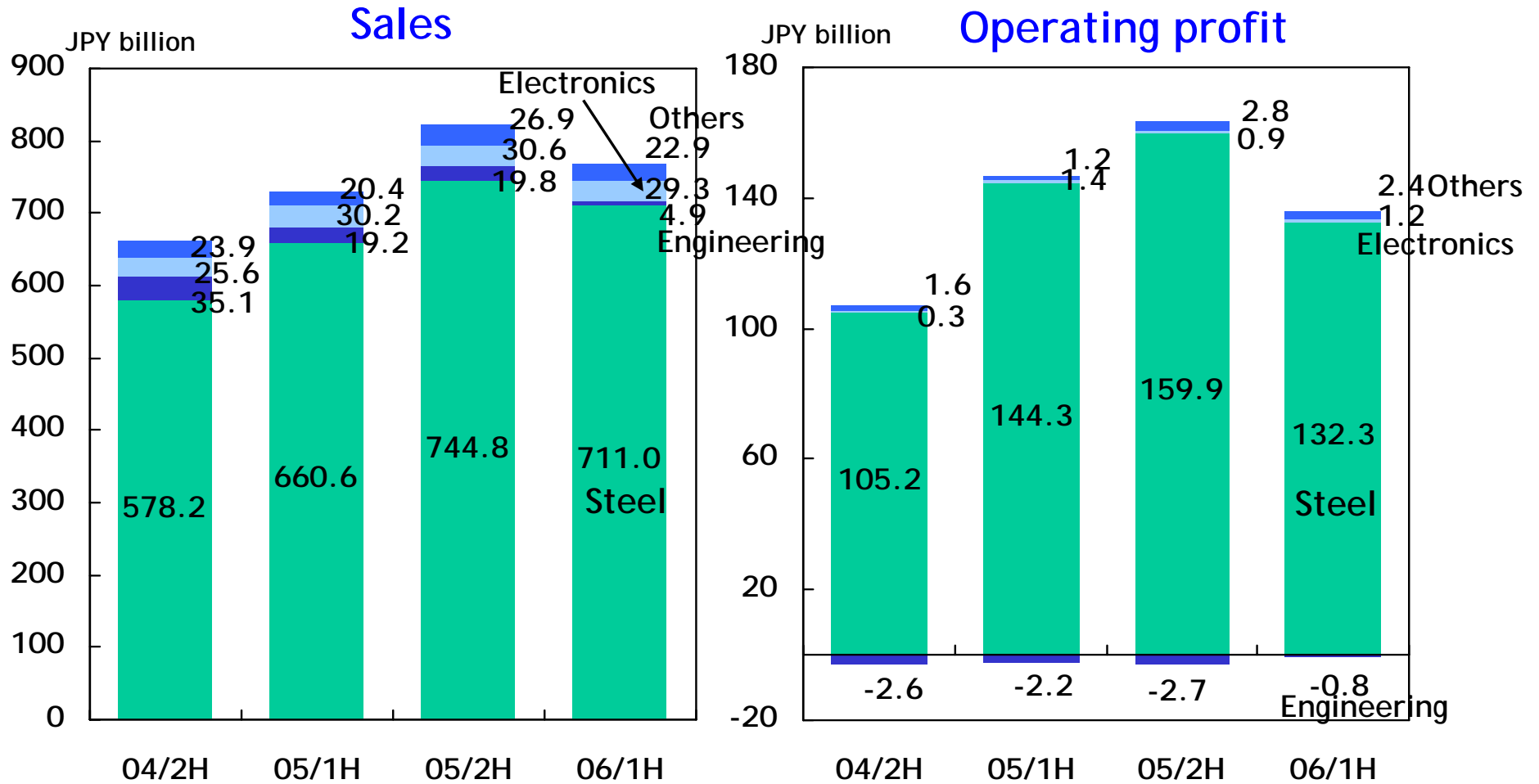
(FY05/1H - FY06/1H)

JPY billion

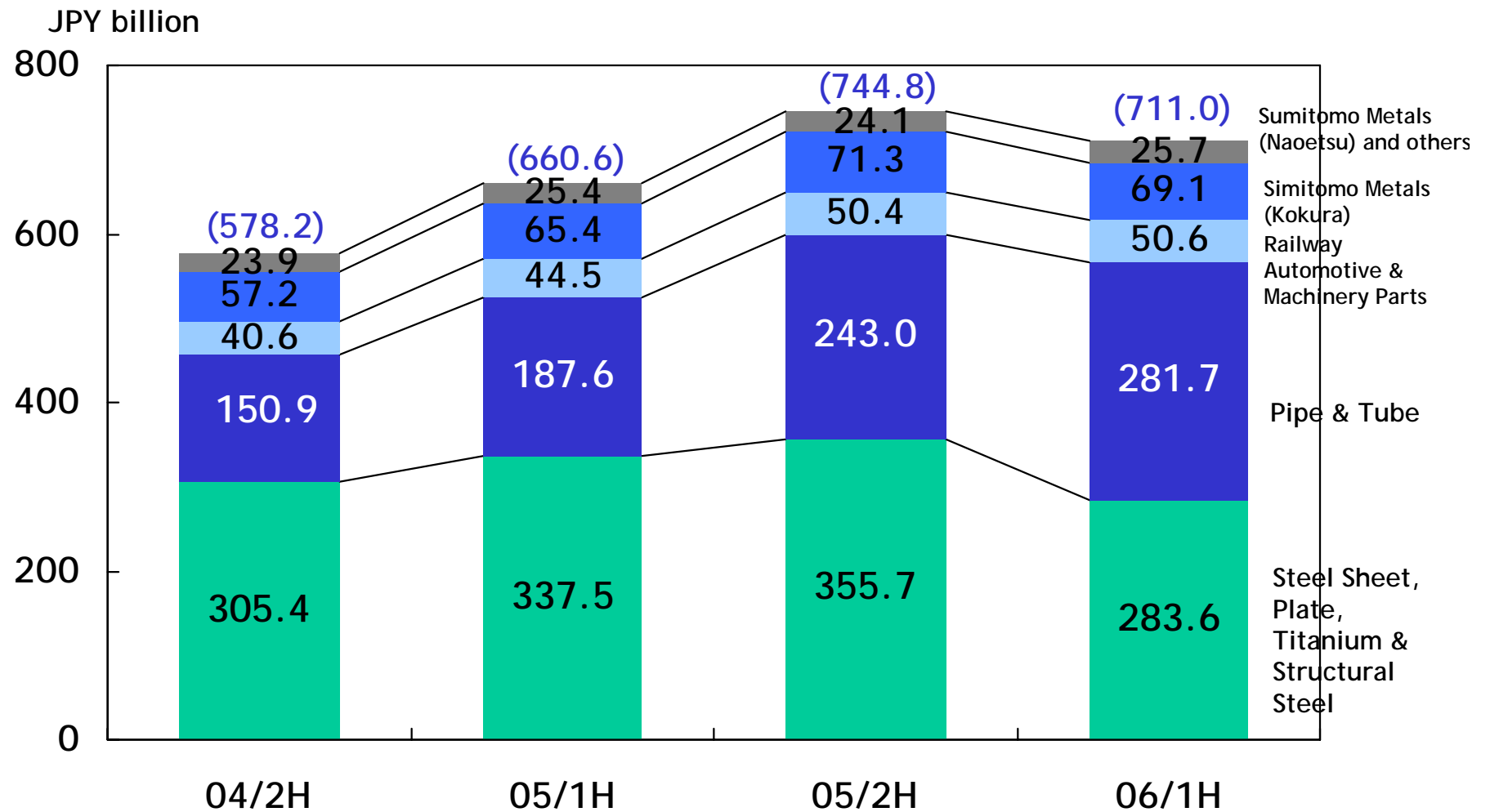
Net improvement
of 24.1 JPY billion



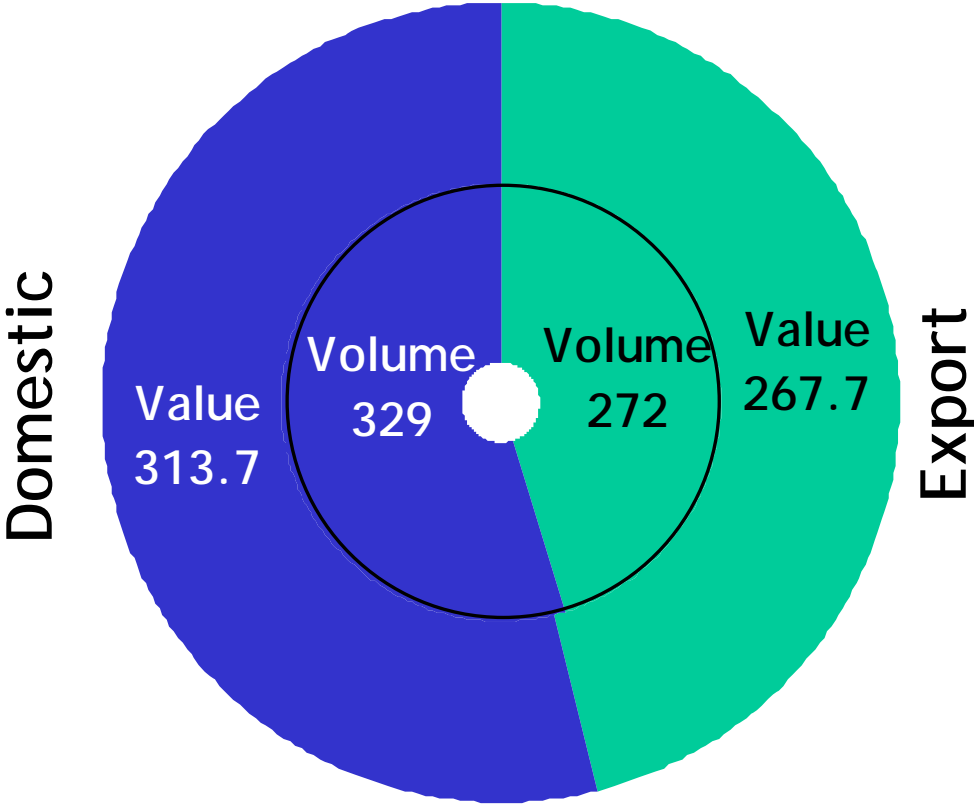
Consolidated Sales and Operating Profit by Business Segment



Consolidated Steel Sales by Internal Company

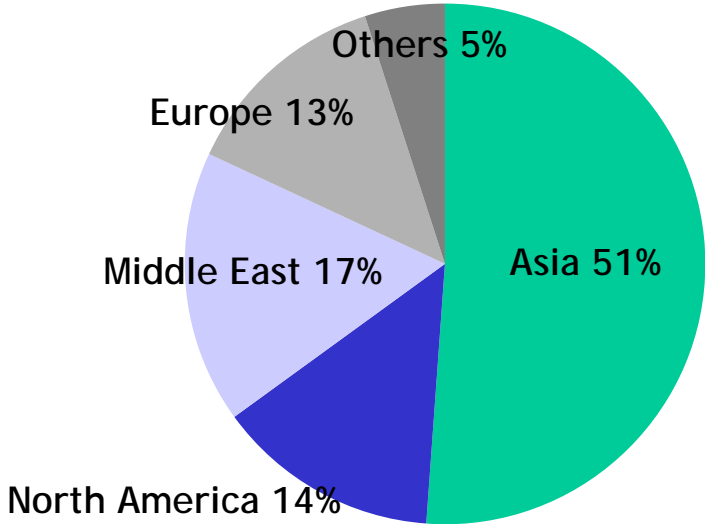


Domestic and Export Steel Sales for FY06/1H



Unit: JPY billion, 10,000 tons

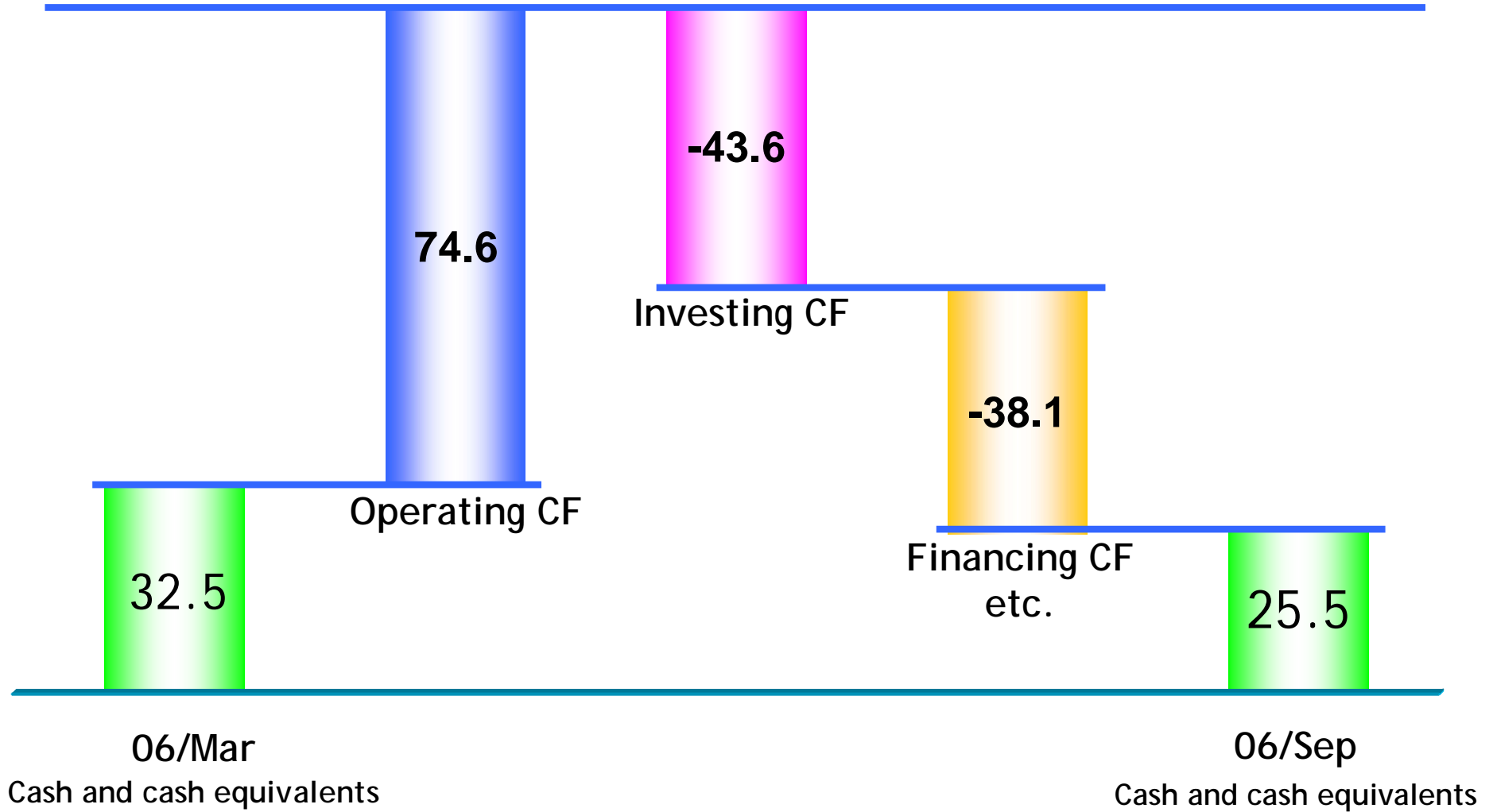
Reference: Export Sales by region (Non-consolidated)



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

Consolidated Cash Flows

JPY billion



II. FY2006 Targets

Overview of Consolidated Business Targets for FY06

	FY 05	FY 06 Targets			Change FY05→FY06
		1H	2H Targets	Total	
[] Targets as of July 26	JPY billion	JPY billion	JPY billion approx.	JPY billion approx.	JPY billion approx.
Sales	1,552.7	768.2 [765]	790 [795]	1,560 [1,560]	+7
Operating profit	305.8	135.1 [130]	145 [145]	280 [275]	- 26
Recurring profit	280.7	156.0 [130]	144 [140]	300 [270]	+19
Non-recurring profit and (loss)	25.4	(4.6) [(6)]	5 [(1)]	0 [(7)]	- 25
Corporate taxes and minority interests	(84.9)	(51.5) [(47)]	(59) [(55)]	(110) [(102)]	- 25
Net income	221.2	99.7 [77]	90 [84]	190 [161]	- 31

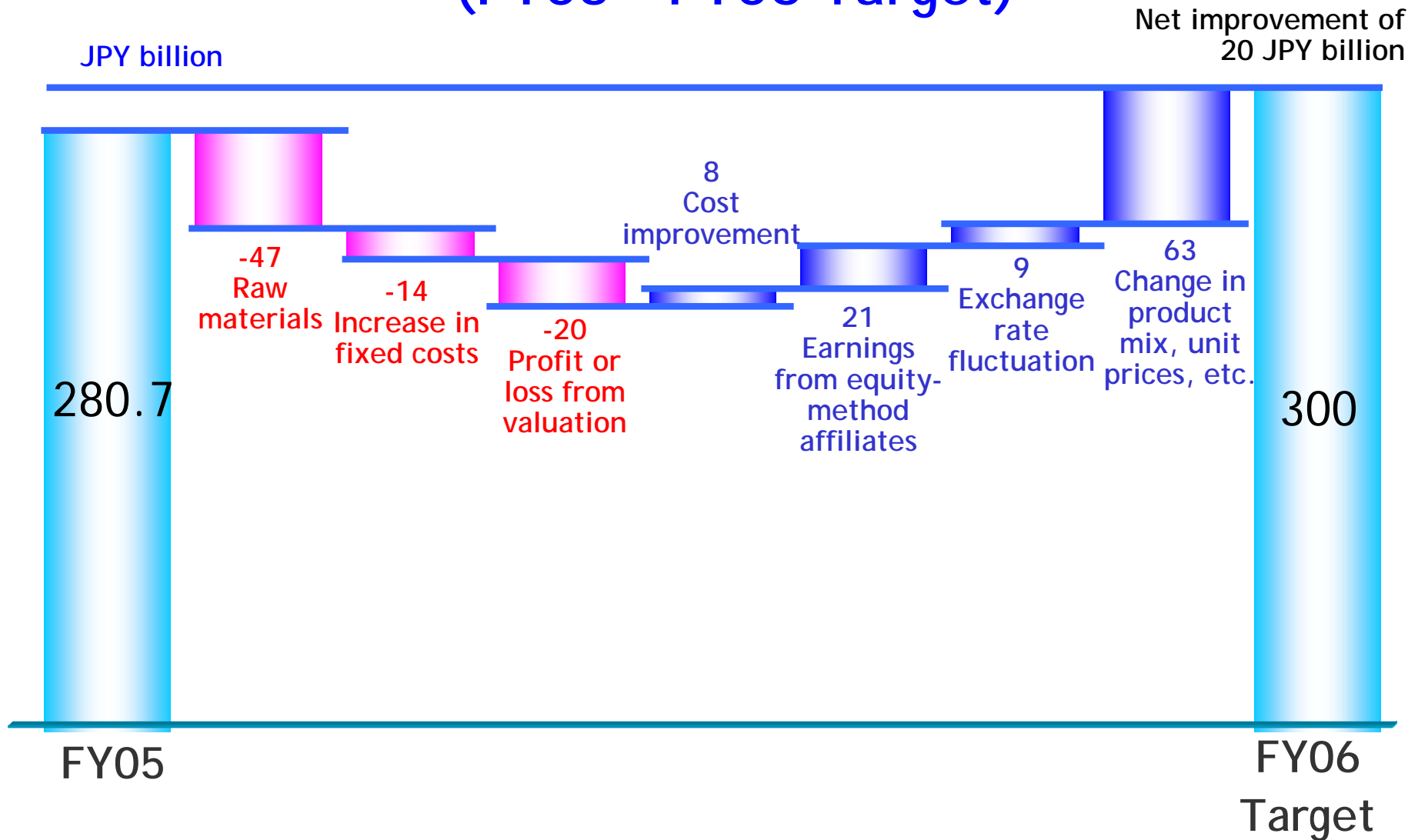
FY06 Production & Shipment

	FY 05	FY 06 Targets			Change FY05→FY06	
		1H	2H Targets	Total		
Exchange rate (JPY/USD)	113	115	115	115	+2	
Japan total crude steel production (million tons)	113	58	58	116	+ 3	
Crude steel production of Sumitomo Metals (10,000 tons) (*)	1,331	667	670	1,337	+ 6	
Steel products sales volume of Sumitomo Metals (10,000 tons) (*)	1,195	601	614	1,215	+ 20	
Average price of Steel products of Sumitomo Metals (1,000JPY/ton) (*)	Domestic	92.6	95.3	98	97	+ 4
	Export	95.0	98.4	103	101	+ 6
	Total	93.7	96.7	100	99	+ 5

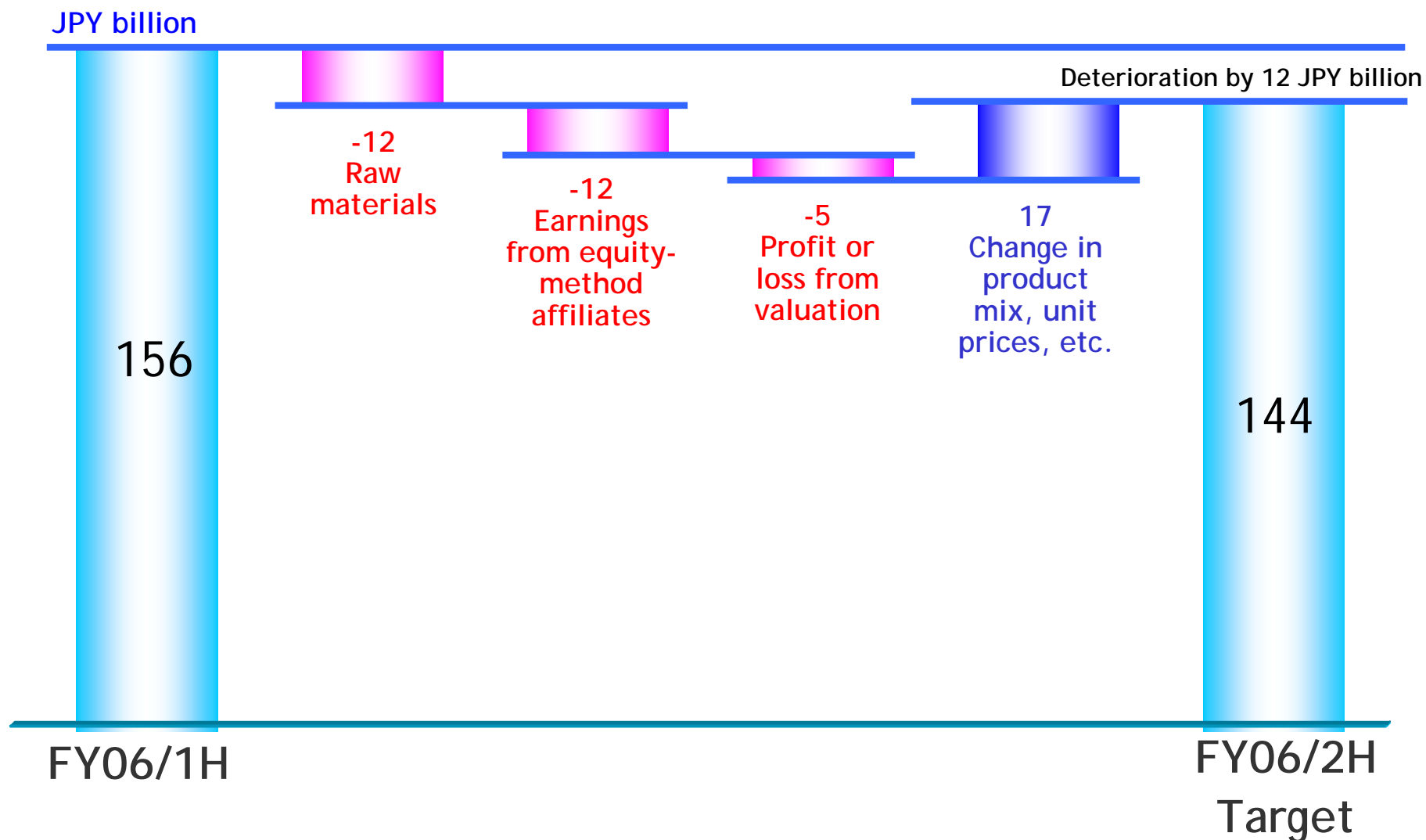
* Include Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation

Excess dollar-denominated
receipts
(1.5 USD billion/year approx.)

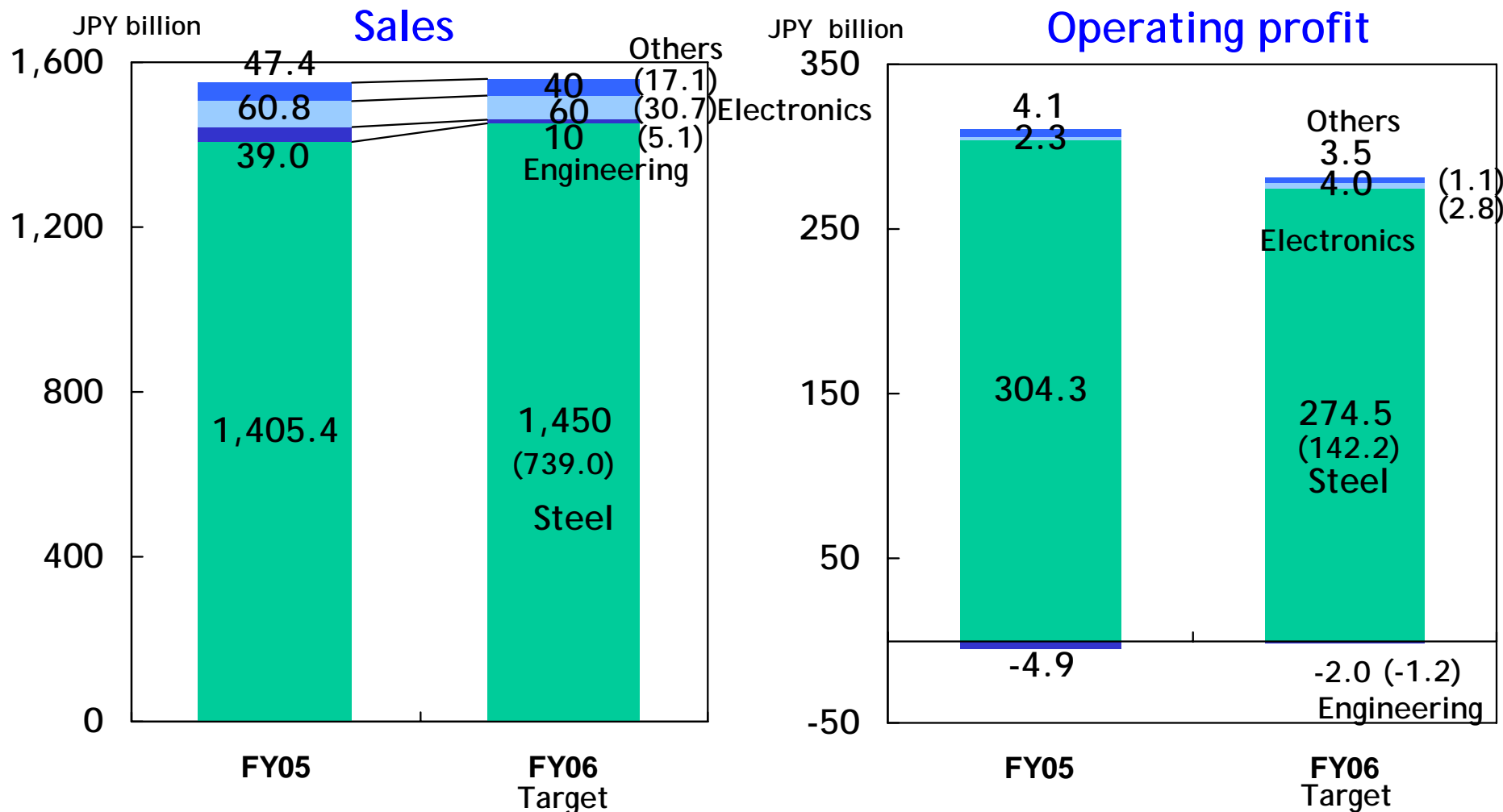
Change in Consolidated Recurring Profit (FY05 - FY06 Target)



Change in Consolidated Recurring Profit (FY06/1H - FY06/2H Target)

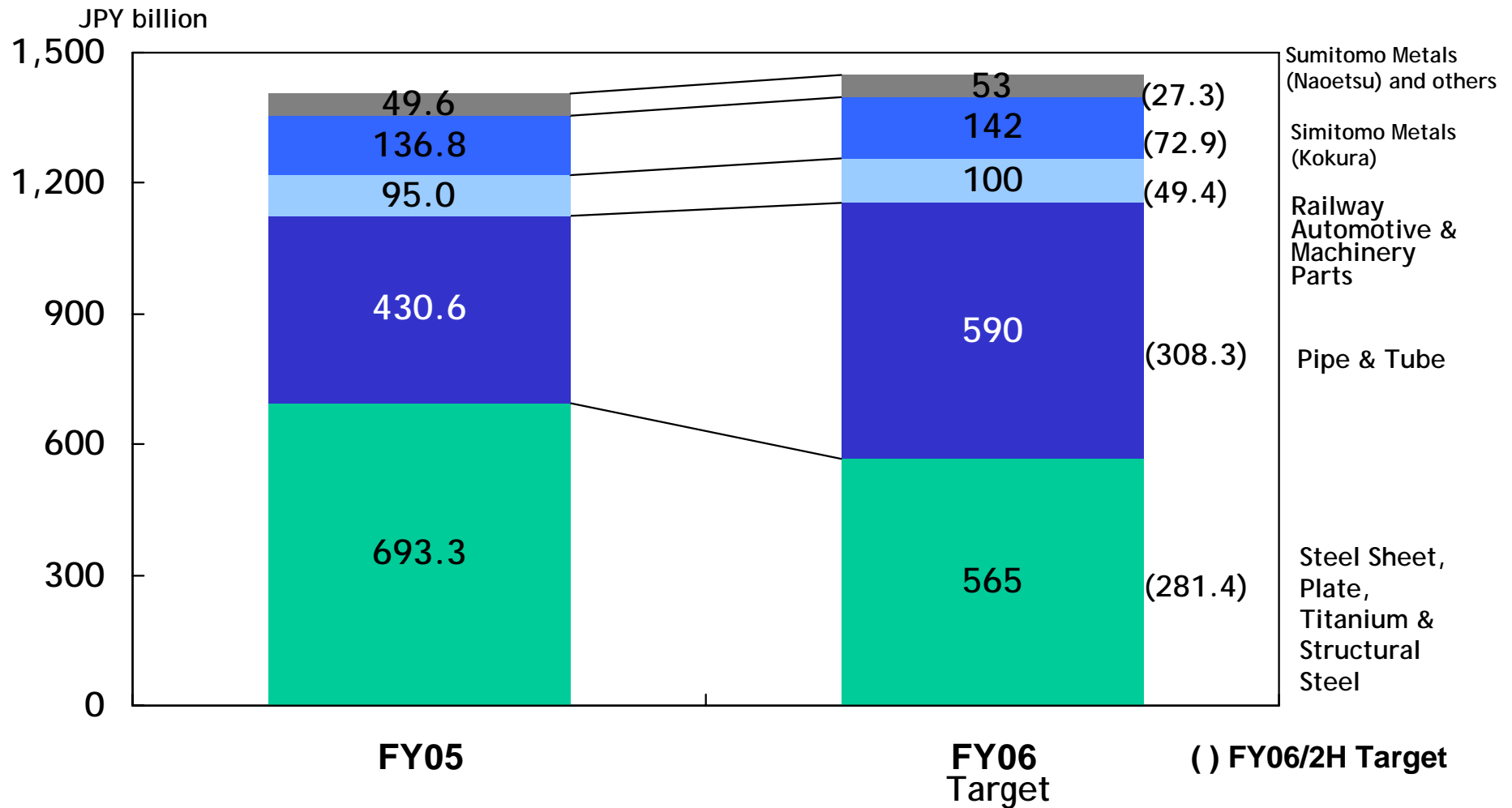


Consolidated Sales and Operating Profit for FY06 by Business Segment



() FY06/2H Target

Consolidated Steel Sales for FY06 by Internal Company



Repurchase of Shares

1. Reason for Repurchase of Shares

Sumitomo Metals will repurchase its shares in order to facilitate flexible capital management in response to the changing business environment.

2. Details of Repurchase

- (1) Class of shares to be repurchased: Common stock of Sumitomo Metals
- (2) Aggregate number of shares to be repurchased:
 - Up to 160 million shares
 - (3.33% of the total number of shares issued)
- (3) Aggregate repurchase price: Up to 75 billion yen
- (4) Period of repurchase: From November 1, 2006 to June 22, 2007

(Supplemental Materials)

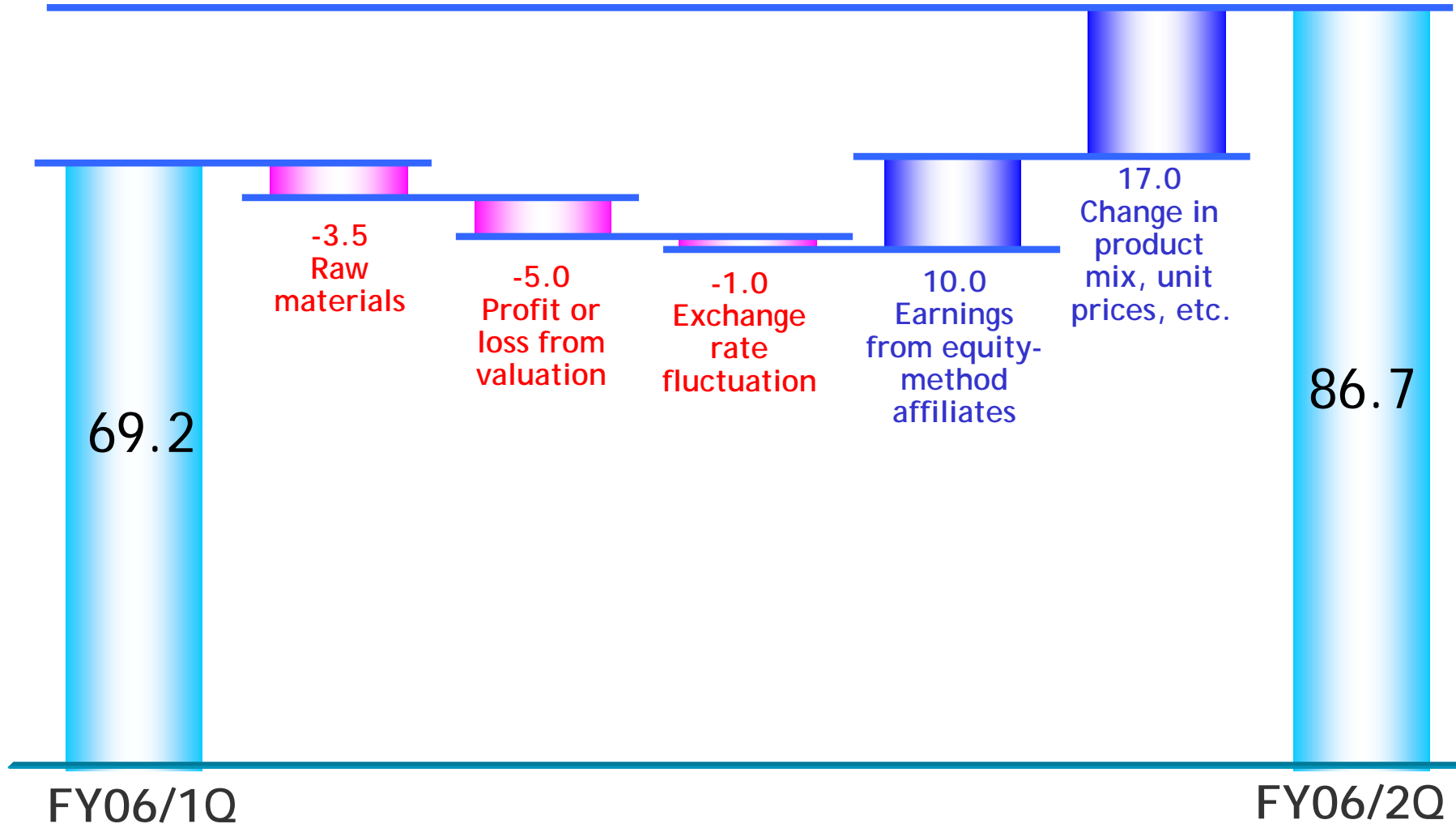
Overview of Non-consolidated Business Targets for FY06

	FY 06 Targets				
	1H			2H	Total
	1Q	2Q	Total	Targets	
	JPY billion	JPY billion	JPY billion	JPY billion approx.	JPY billion approx.
Sales	238.9	256.2	495.1	500	1,000
Operating profit	55.7	60.4	116.1	109	225
Recurring profit	65.4	61.9	127.3	98	225
Non-recurring profit and (loss)	(4.4)	(2.8)	(7.2)	(6)	(13)
Corporate taxes, etc (including tax adjustments)	(18.7)	(24.0)	(42.8)	(39)	(82)
Net income	42.2	35.0	77.3	53	130
Exchange rate (JPY/USD)	114	116	115	115	115

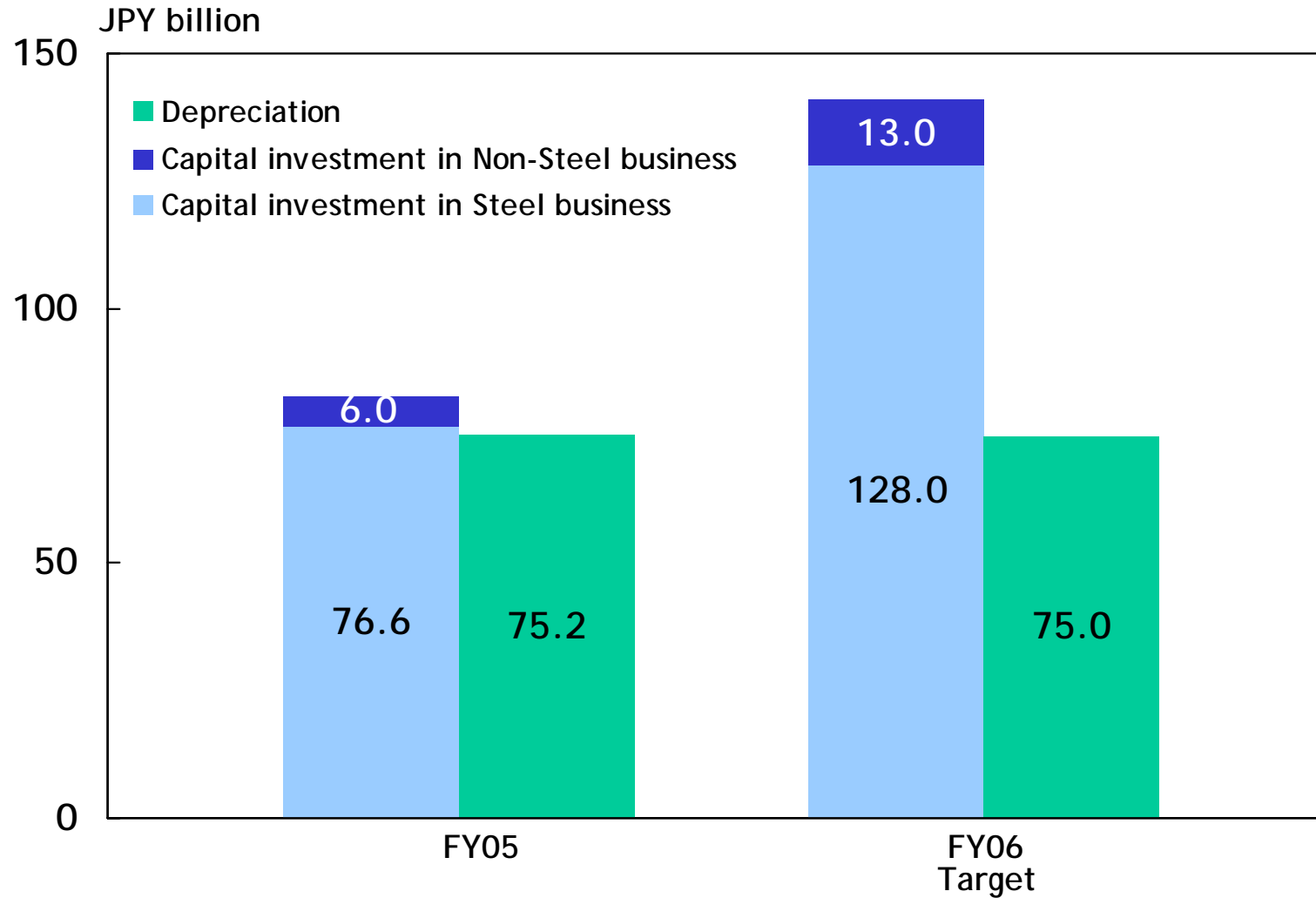
Change in Consolidated Recurring Profit (FY06/1Q→FY06/2Q)

JPY billion

Net improvement
of 17.5 JPY billion



Consolidated Capital Investment and Depreciation for FY06



Key Indicators of Consolidated Performance

	FY03	FY04	FY05	FY06 1H	FY06 Targets	FY08 Targets Medium-term Business Plan
ROA (*)	4.4%	9.7%	14.5%	15.2%	14%	13%
Equity ratio	18.8%	25.1%	34.1%	37.1%	36%	45%
D/E ratio	3.1	1.8	0.94	0.85	0.91	0.6
Debt (JPY billion)	1,171.2	885.9	679.7	667.7	720	680
Total assets (JPY billion)	2,001.7	1,923.1	2,113.3	2,120.3	2,180	2,380
Non-consolidated dividends per share (JPY)	1.5	5.0	7.0		7.0	
(Interim dividends)	(-)	(-)	(2.5)	(3.5)		

* Return (Recurring profit before interest expense) on Assets