

Sumitomo Metals
FY 2009 the Third Quarter
Performance
(ending March 31, 2010)

(ending March 31, 2010)

February 3, 2010

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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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

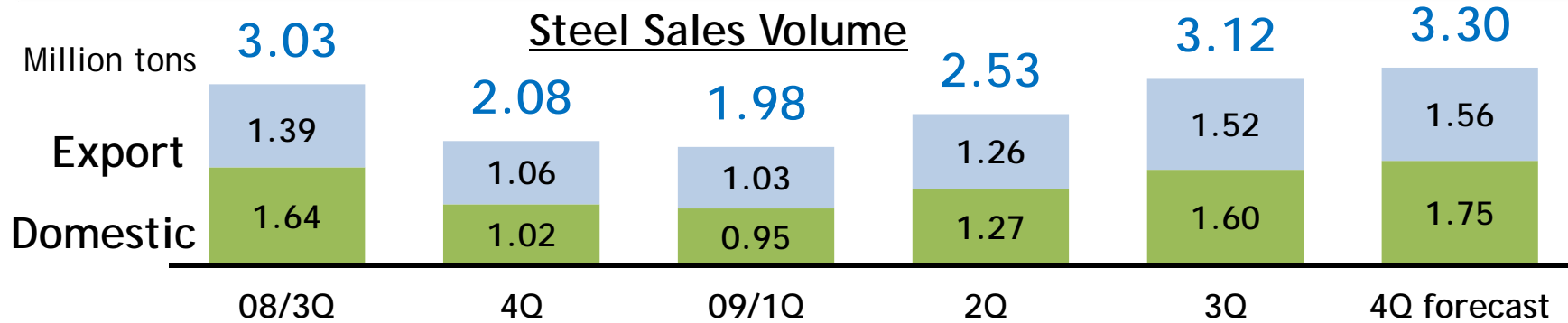
All output figures in this presentation are metric tons.
All output figures of “crude steel”, “steel sales volume” and “average price of steel product” are including Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation.

FY2009/3Q Results

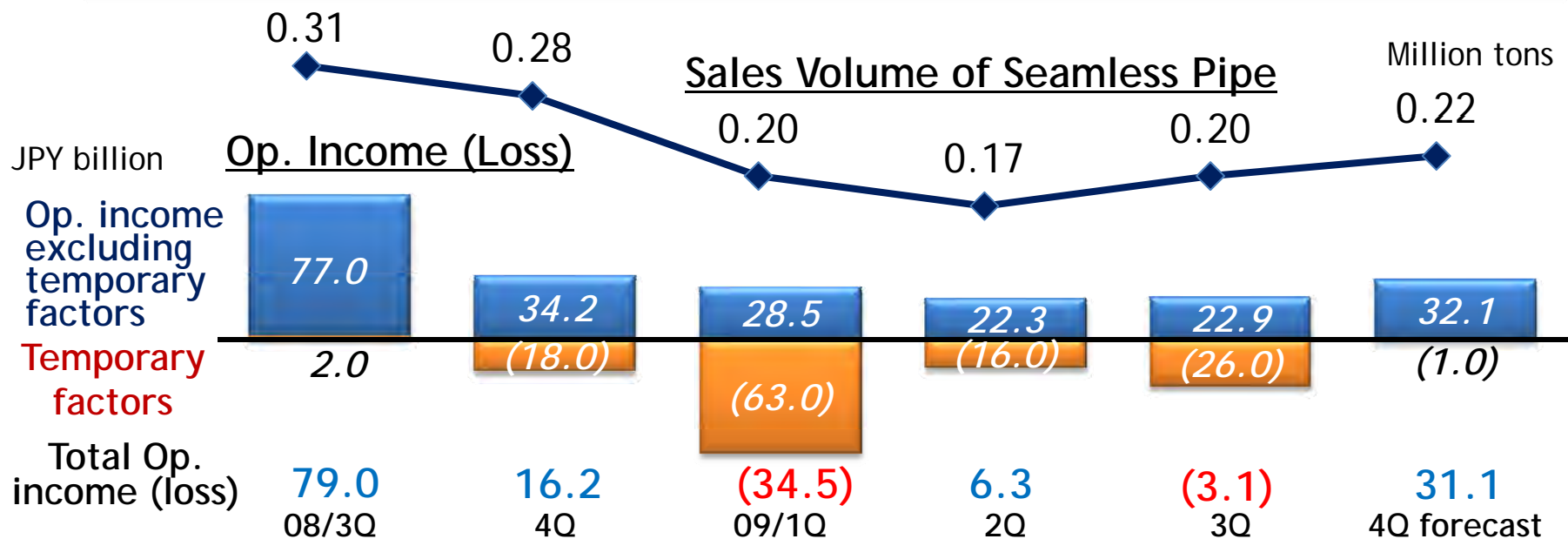
2009年3月期決算

Consolidated Results Highlights

Sales volume is on the stable upward trend primarily due to the recovering demand from autos.



We expect Op. loss to improve and return to black in FY09/4Q as a result of absence of temporary loss factors, while sales volume of seamless pipe is still picking up gradually.



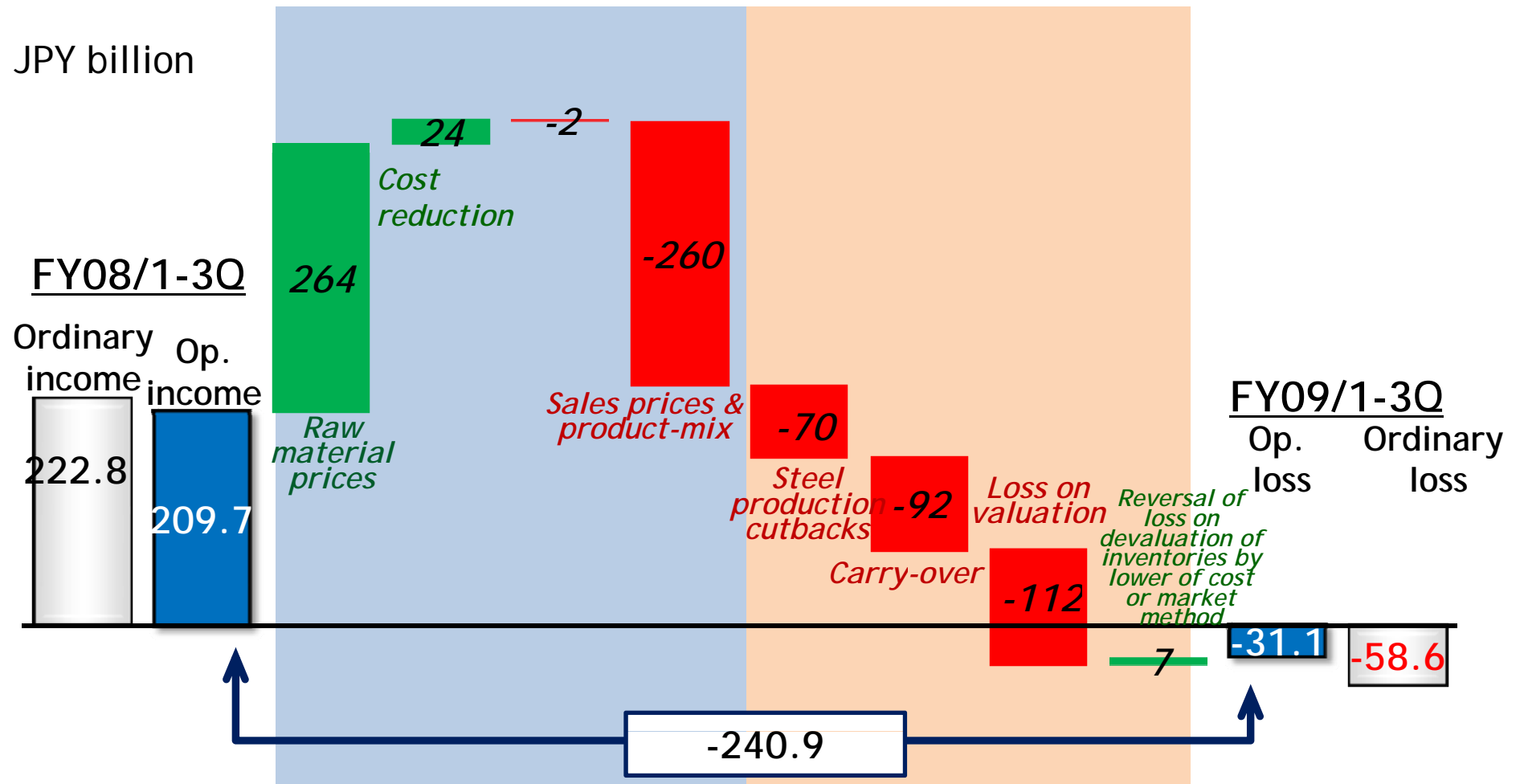
Overview of Consolidated Results for FY09/3Q

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| JPY billion | | | | | | | | Change | |
|--|--------|---------------|--------|--------|--------|---------------|------------------|----------------|--|
| | 3Q | FY08/ 1~3Q | 1Q | 2Q | 3Q | FY09/ 1~3Q | vs. FY08/1~3Q | vs. FY09/2Q | |
| Sales | 501.2 | 1,482.5 | 290.4 | 308.2 | 326.0 | 924.7 | -557.7 | 17.7 | |
| Op. income(loss) | 79.0 | 209.7 | (34.5) | 6.3 | (3.1) | (31.1) | -240.9 | -9.4 | |
| Ordinary income(loss) | 71.1 | 222.8 | (41.6) | (5.9) | (11.0) | (58.6) | -281.4 | -5.0 | |
| Extraordinary income (loss) | (15.8) | (15.8) | - | (3.1) | - | (3.1) | 12.7 | 3.1 | |
| Income taxes and minority interest | (27.8) | (87.5) | 9.2 | (5.2) | 0.2 | 4.3 | 91.8 | 5.4 | |
| Net income | 27.3 | 119.4 | (32.3) | (14.3) | (10.7) | (57.4) | -176.9 | 3.5 | |
| EPS (JPY) | 5.90 | 25.75 | -6.98 | -3.09 | -2.33 | -12.40 | -38.15 | 0.76 | |
| FOREX rate (JPY/USD) | 96 | 103 | 97 | 94 | 90 | 94 | -9 | -4 | |

Change in Consolidated Operating Income (FY08/1~3Q → FY09/1~3Q) ⁶

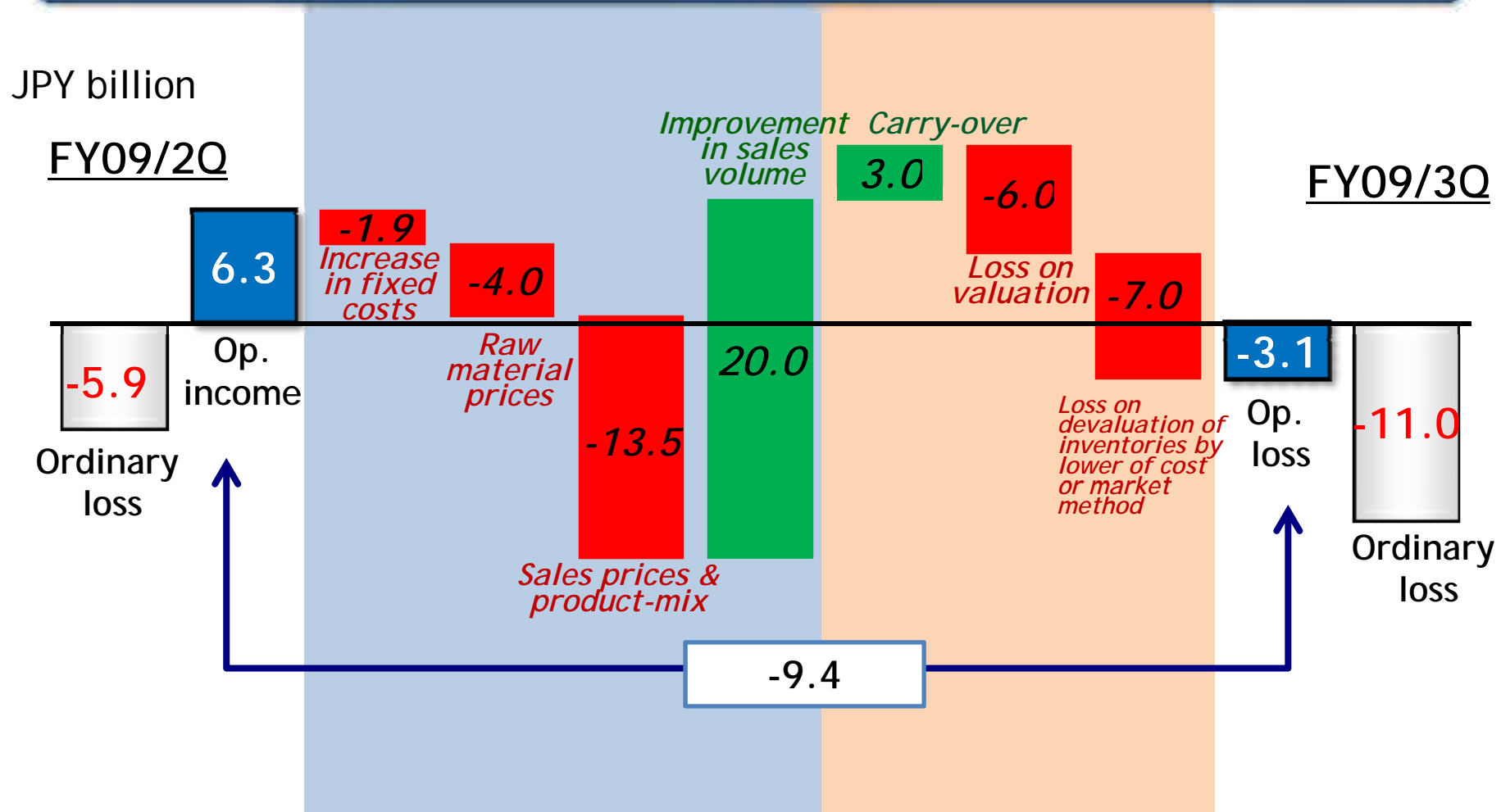
We posted an operating loss due to temporary factors such as carry-over cost of raw materials and loss related to inventory valuation, in addition to production cutbacks and deterioration of product-mix



- Earnings from equity-method affiliates:
 <FY08/1-3Q> 28.5JPY billion → <FY09/1-3Q>-16.0JPY billion

Change in Consolidated Operating Income (FY09/2Q→FY09/3Q)⁷

We posted an operating loss mainly due to temporary factors such as an increase in loss on inventory valuation.



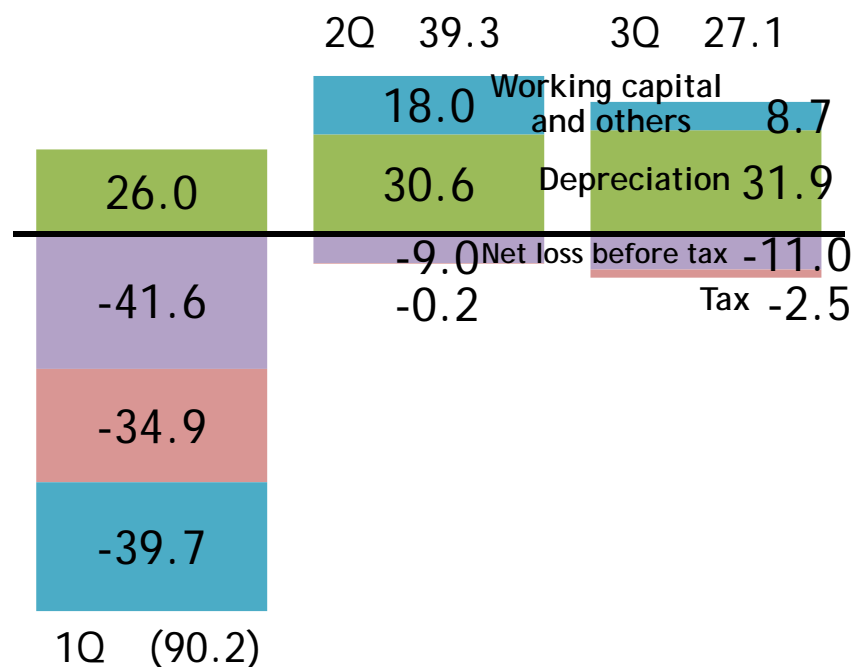
•Earnings from equity-method affiliates: <FY09/2Q> -6.2JPY billion → <FY09/3Q>-4.3JPY billion

Consolidated Balance Sheets

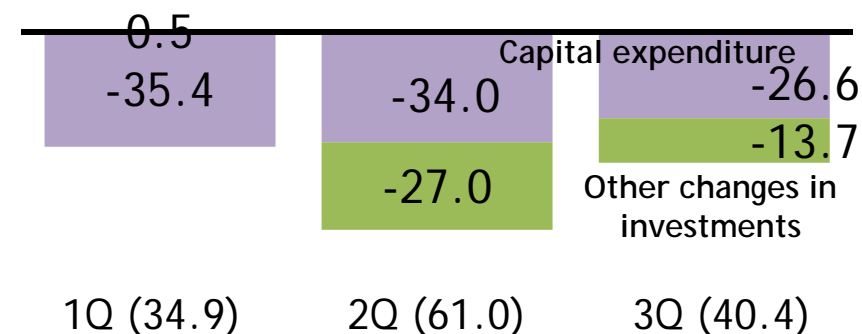
| JPY billion | 08 | 09 | | | | % | Change vs. 09/3E |
|--|---------|---------|---------|---------|---------|-------|------------------------|
| | 12E | 3E | 6E | 9E | 12E | | |
| [Assets] | | | | | | | |
| Current assets | 831.2 | 737.3 | 692.1 | 639.4 | 652.9 | -11.5 | -84.4 |
| Fixed assets | 1,719.4 | 1,715.1 | 1,752.1 | 1,772.5 | 1,795.4 | 4.7 | 80.2 |
| Total assets | 2,550.6 | 2,452.5 | 2,444.2 | 2,412.0 | 2,448.3 | -0.2 | -4.1 |
| [Liabilities and Shareholders' Equity] | | | | | | | |
| Current liabilities | 842.7 | 743.9 | 694.5 | 597.1 | 678.4 | -8.8 | -65.5 |
| Long-term liabilities | 758.4 | 804.1 | 858.4 | 940.8 | 911.9 | 13.4 | 107.7 |
| Net assets | 949.5 | 904.3 | 891.2 | 874.0 | 857.9 | -5.1 | -46.3 |
| Debt | 960.8 | 990.0 | 1,127.8 | 1,148.7 | 1,177.4 | 18.9 | 187.3 |

Consolidated Cash Flows

Operating CFs



Investing CFs



| JPY billion | 09/3E | 09/6E | 09/9E | 09/12E | Change |
|----------------------|-------|---------|---------|---------|--------|
| Debt | 990.0 | 1,127.8 | 1,148.7 | 1,177.4 | 28.6 |
| Cash and equivalents | 42.9 | 38.1 | 21.0 | 22.6 | 1.5 |
| Net debt | 947.0 | 1,089.6 | 1,127.6 | 1,154.7 | 27.1 |

FY09 Forecast

Overview of Consolidated Business Forecast for FY09

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- We expect Op. loss to improve and return to black in FY09/4Q as a result of absence of temporary loss factors, in addition to a progress in cost reduction and an increase in sales volume.
- Forecast for FY09 is in line.

| JPY billion | FY08 | 1H | FY09 | | | | FY09 forecast Approx. | YoY |
|--------------------------------|---------|---------|---------|---------------------------|---------------------------|------------|-----------------------------|--------|
| | | | 3Q | 4Q forecast Approx. | 2H forecast Approx. | (*Oct. 29) | | |
| Sales | 1,844.4 | 598.7 | 326.0 | 365.2 | 691.0 | [1,290] | 1,290 | -554 |
| Op. income (loss) | 226.0 | (28.0) | (3.1) | 31.1 | 28.0 | [0] | 0 | -226 |
| Ordinary income(loss) | 225.7 | (47.6) | (11.0) | 13.6 | 2.6 | [(45)] | (45) | -271 |
| Extraordinary income (loss) | (31.2) | (3.1) | - | - | - | [(3.1)] | (3.1) | 28 |
| Net income (loss) | 97.3 | (46.6) | (10.7) | 7.4 | (3.3) | [(50)] | (50) | -147 |
| EPS (JPY) | 20.98 | -10.07 | -2.33 | 1.61 | -0.72 | [-10.79] | -10.79 | -31.77 |
| FOREX rate (JPY/USD) | 101 | 95 | 90 | 90 | 90 | [93] | 93 | -8 |
| Debt (JPY billion) | 990 | 1,148.7 | 1,177.4 | 1,140 | 1,140 | [1,140] | 1,140 | 150 |
| D/E ratio | 1.15 | 1.39 | 1.46 | 1.40 | 1.40 | [1.41] | 1.40 | 0.25 |

* Oct. 29: Forecast for FY09 as of Oct. 29, 2009

Production & Prices

| JPY billion | FY08 | | FY09 | | | | FY09 forecast Approx. | YoY | | |
|---|----------|-------|-------|-------|------|---------------------------|-----------------------------|-------|-------|-----|
| | 4Q | | 1Q | 2Q | 3Q | 4Q forecast Approx. | | | | |
| FOREX rate (JPY/USD) | 94 | 101 | 97 | 94 | 90 | 90 | [93] | 93 | -8 | |
| Crude steel production (million tons) | 2.48 | 12.87 | 2.28 | 2.79 | 3.26 | 3.37 | [11.70] | 11.70 | -1.17 | |
| Steel sales volume (million tons) | 2.08 | 11.44 | 1.98 | 2.53 | 3.12 | 3.30 | [10.95] | 10.93 | -0.51 | |
| Seamless pipe sales volume (million tons) | 0.28 | 1.15 | 0.20 | 0.17 | 0.20 | 0.22 | [0.80] | 0.78 | -0.37 | |
| Ave. price of steel product (000JPY/tons) | Domestic | 130.2 | 119.2 | 110.5 | 93.4 | 86.9 | 89 | [94] | 93 | -26 |
| | Export | 135.1 | 130.2 | 108.5 | 80.2 | 70.7 | 77 | [81] | 82 | -48 |
| | Total | 132.7 | 124.3 | 109.4 | 86.8 | 79.0 | 83 | [88] | 88 | -37 |

FY08 Excess **payments** of USD
= approx. 0.2 billion/year



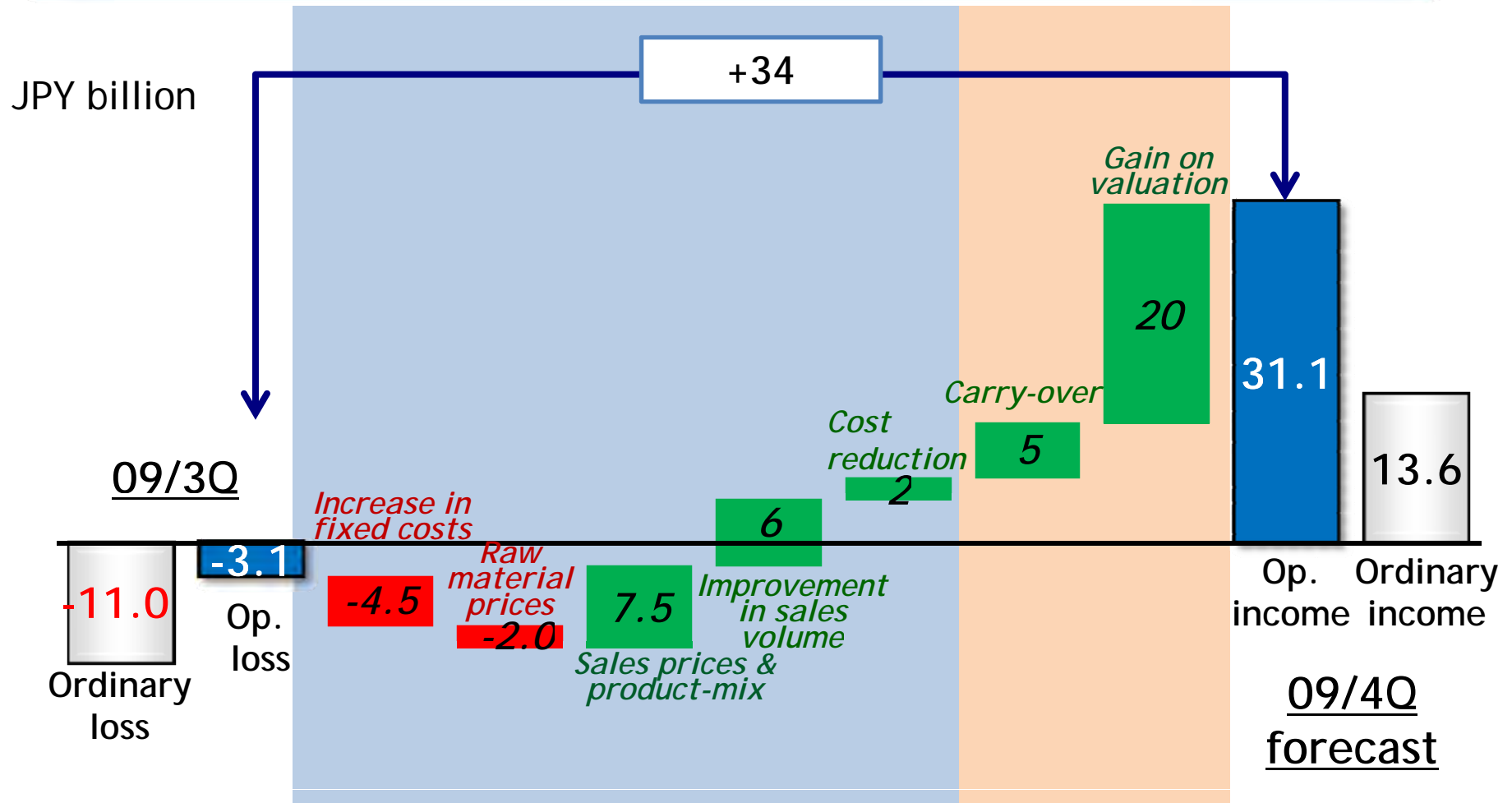
FY09 Excess **receipts** of USD
= approx. 0.7 billion/year

* Excess receipts were already hedged
by forward contracts for FY09.

* Oct. 29: Forecast for FY09 as of Oct. 29, 2009

Change in Consolidated Operating Income (FY09/3Q→FY09/4Q)¹³

We expect Op. loss to improve by 34 JPY billion and return to black as a result of sales improvement and absence of temporary loss factors.



•Earnings from equity-method affiliates: <FY09/3Q> -4.3JPY billion
 → <FY09/4Q forecast>-7.5JPY billion

Change in Consolidated Operating Income (FY08→FY09)

Forecast for FY09 is in line with our guidance as of Oct. 29, 2009.

Change from our guidance as of Oct. 29, 2010

JPY billion

| | | | |
|------------------------------|---|--------------------------------|----|
| Total of improvement factors | 7 | Total of deterioration factors | -7 |
| Fixed costs | 4 | Valuation | -4 |
| LCM* | 2 | Sales prices | -3 |
| Raw materials | 1 | | |

JPY billion



*LCM: Reversal of loss on devaluation of inventories by lower of cost or market method

•Earnings from equity-method affiliates: <FY08> 22.1billion → <FY09 forecast> -23.5JPY billion

Consolidated Sales & Op. Income by Internal Company

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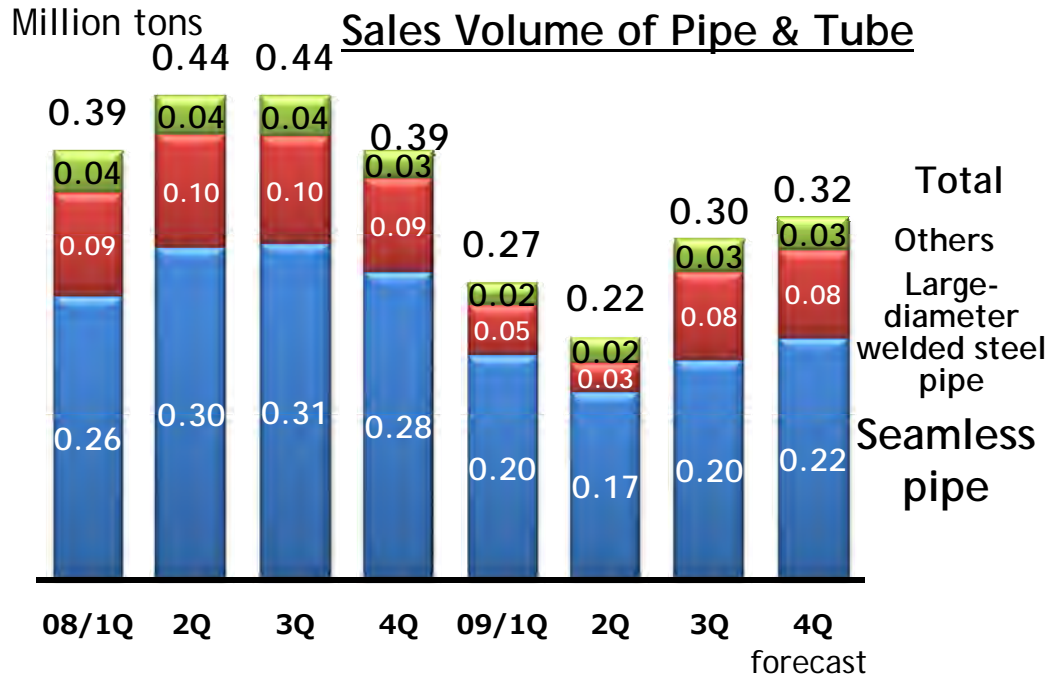
| JPY billion | FY08 | 1H | 4Q forecast | | 2H Approx. | [*Oct. 29] | FY09 forecast Approx. | YoY |
|---|---------|-------|-------------|---------|---------------|------------|-----------------------------|------|
| | | | 3Q | Approx. | | | | |
| Steel sheet, plate and structural steel | 700.1 | 223.3 | 133.8 | 142 | 276 | [495] | 500 | -200 |
| Pipe & tube | 716.9 | 230.7 | 113.0 | 131 | 244 | [480] | 475 | -242 |
| Railway & automotive | 105.4 | 40.9 | 20.9 | 23 | 44 | [90] | 85 | -20 |
| Kokura | 148.0 | 41.4 | 28.8 | 30 | 58 | [95] | 100 | -48 |
| Naoetsu and others | 70.1 | 21.2 | 11.3 | 16 | 28 | [50] | 50 | -20 |
| Total steel segment | 1,740.7 | 557.7 | 308.1 | 342 | 650 | [1,210] | 1,210 | -530 |
| Others | 103.6 | 40.9 | 17.8 | 22 | 40 | [80] | 80 | -24 |
| Total sales | 1,844.4 | 598.7 | 326.0 | 364 | 690 | [1,290] | 1,290 | -554 |

Op. Income (loss) by Internal Company (Approx.)

| | | | | | | | | |
|---|--------------|---------------|--------------|-------------|-----------|------------|----------|-------------|
| Steel sheet, plate and structural steel | 95.0 | (14.0) | (5.0) | 19 | 14 | [0] | 0 | -95 |
| Pipe & tube | 107.0 | (4.0) | (6.0) | 5 | (1) | [(5)] | (5) | -112 |
| Kokura | 2.0 | (13.0) | 4.0 | 1 | 5 | [(7)] | (8) | -10 |
| Total steel segment | 230.8 | (29.5) | (5.3) | 30 | 25 | [(5)] | (5) | -236 |
| Others | (4.7) | 1.5 | 2.2 | 1 | 3 | [5] | 5 | 10 |
| Total op. income | 226.0 | (28.0) | (3.1) | 31.1 | 28 | [0] | 0 | -226 |

* Oct. 29: Forecast for FY09 as of Oct. 29, 2009

Overview of Pipe & Tube Business



Trends in Seamless Pipe

Demand/Supply

- Demand for the energy sector is picking up
- Destocking is in progress

Sales Volume

- Gradual upward trend after bottoming in FY09/2Q

Sales Price

- Prices will recover later with a lag after volume recovery

We expect a full recovery of both sales volume & price in FY2010/2H.

| Rig count | 08 Avg. | 09 Avg. | Recent peak | | Recent bottom | | The latest | |
|---|---------|---------|-------------|--------------------|---------------|------------------|------------|-----------------------|
| US | 1,879 | 1,089 | <100> | (Sep./08) 2,031 | <43> | (Jun./09) 876 | <65> | (Jan. 29/10) 1,317 |
| Deep well (≥ 15,000ft) | 283 | 249 | <100> | (Oct./08) 321 | <66> | (Jun./09) 211 | <90> | (Dec./09) 289 |
| International (except US, Canada, Russia and China) | 1,079 | 997 | <100> | (Sep./08) 1,108 | <85> | (Aug./09) 947 | <92> | (Dec./09) 1,024 |

*cf. Baker Hughes, Smith international

*< > : Indices, recent peak=100

Capital and Dividend Policy

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.

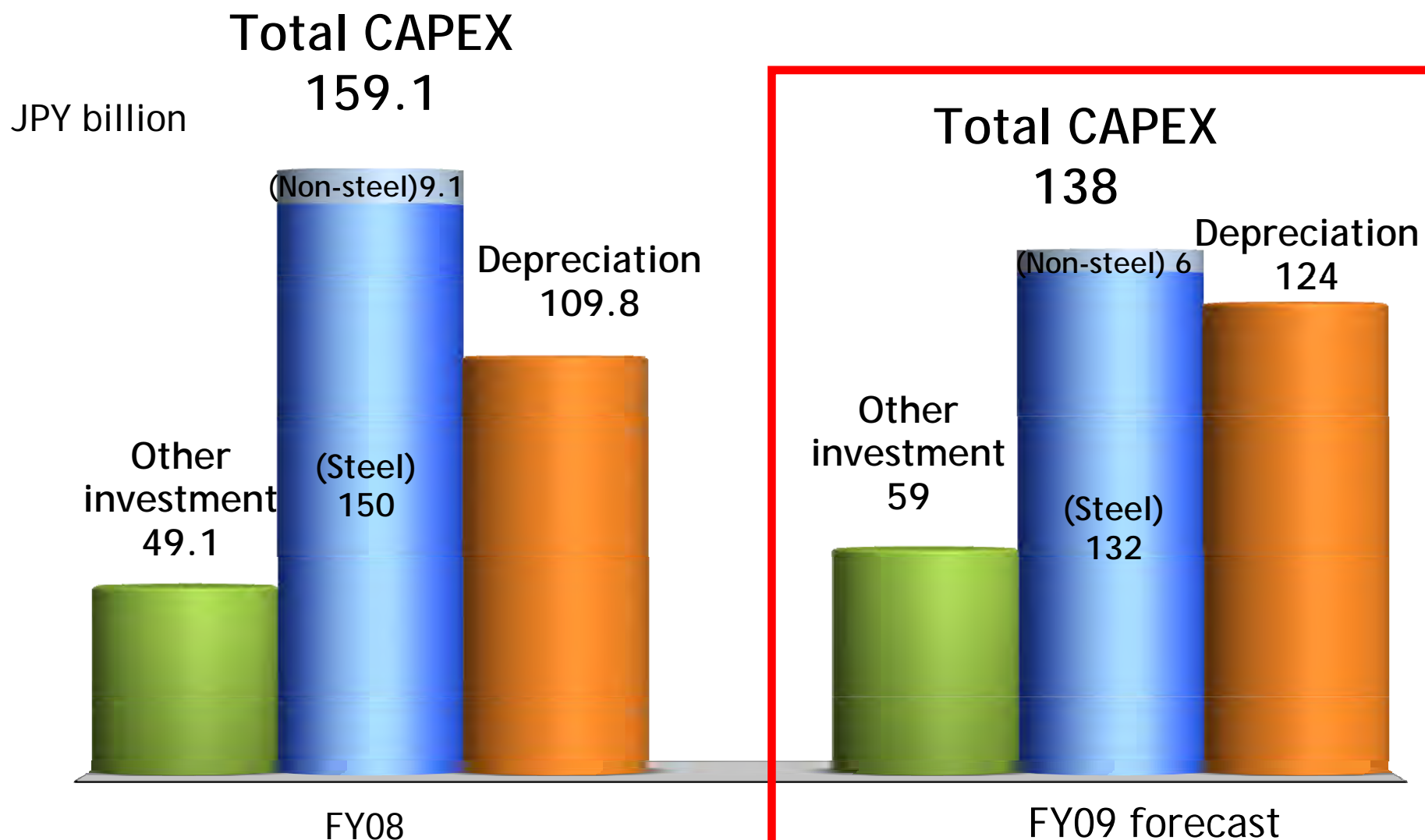
Financial target

- Our medium-term target for financial leverage is a D/E ratio of below one.

Dividend forecast in FY09

- We intend to pay an annual dividend of 5.0~ JPY/share at the minimum.
(Interim 2.5 JPY/share, Year-end 2.5~ JPY/share)

Forecast for Consolidated CAPEX, Depreciation and Other Investment



*CAPEX: Construction-base

*Other investment: Cash paid-base

CAPEX Plan and Overseas Business Investment Update

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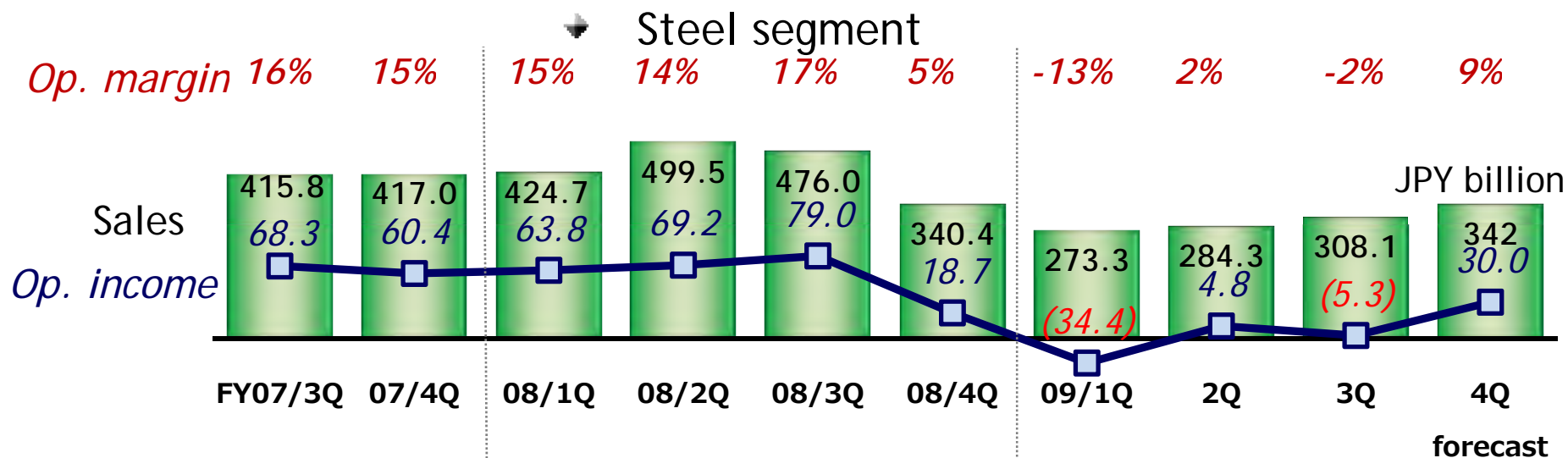
| Schedule for starting operation | | JPY billion | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 |
|---|---|-------------------------------------|-----------|-----------|------|-----------|------|---------------|
| CAPEX | | | | | | | | |
| Pipes & Tubes | Renewal of upstream processes (Wakayama) New No.1 BF + environmental protection New No.2 BF + reinforcement of CC | 160 115 | | → Jul. 09 | | | | → 2H 12 |
| | Cutting-edge seamless pipe output increase | 35 | → Jul. 08 | | | | | |
| | Increasing capacity for ultra high strength line pipes | 10 | | | | → Mar. 11 | | |
| Others | Steelmaking process innovations (Kokura) | 27 | | | | → Oct. 10 | | |
| Other investment (J/V: Joint Venture total amount) | | | | | | | | |
| Sheets & Plates | Steel sheet J/V in Vietnam (CSSV) | 115 | | | | | | → Early in 12 |
| | Integrated steel works project of Bhushan Steel in India | Technical assistance | | | | | | → |
| Pipes & Tubes | Integrated steel works with Seamless pipe mill J/V in Brazil (VSB) | 200 | | | | | | → Mid-year 10 |
| | Strengthening cooperative relationship with Vallourec Strengthening premium joint business | 12 8 | | | | | | → |
| Railway & Auto. | Forged crankshaft business J/V in India | Paid in capital: 540 million rupees | | | | | | ● Jul. 09 |
| Others | Acquisition of stake in Brazilian iron ore mining business (NAMISA) | 19.1 | | | | | | ● Dec. 08 |

Supplement

Supplement

Consolidated Sales and Operating Income by Business Segment

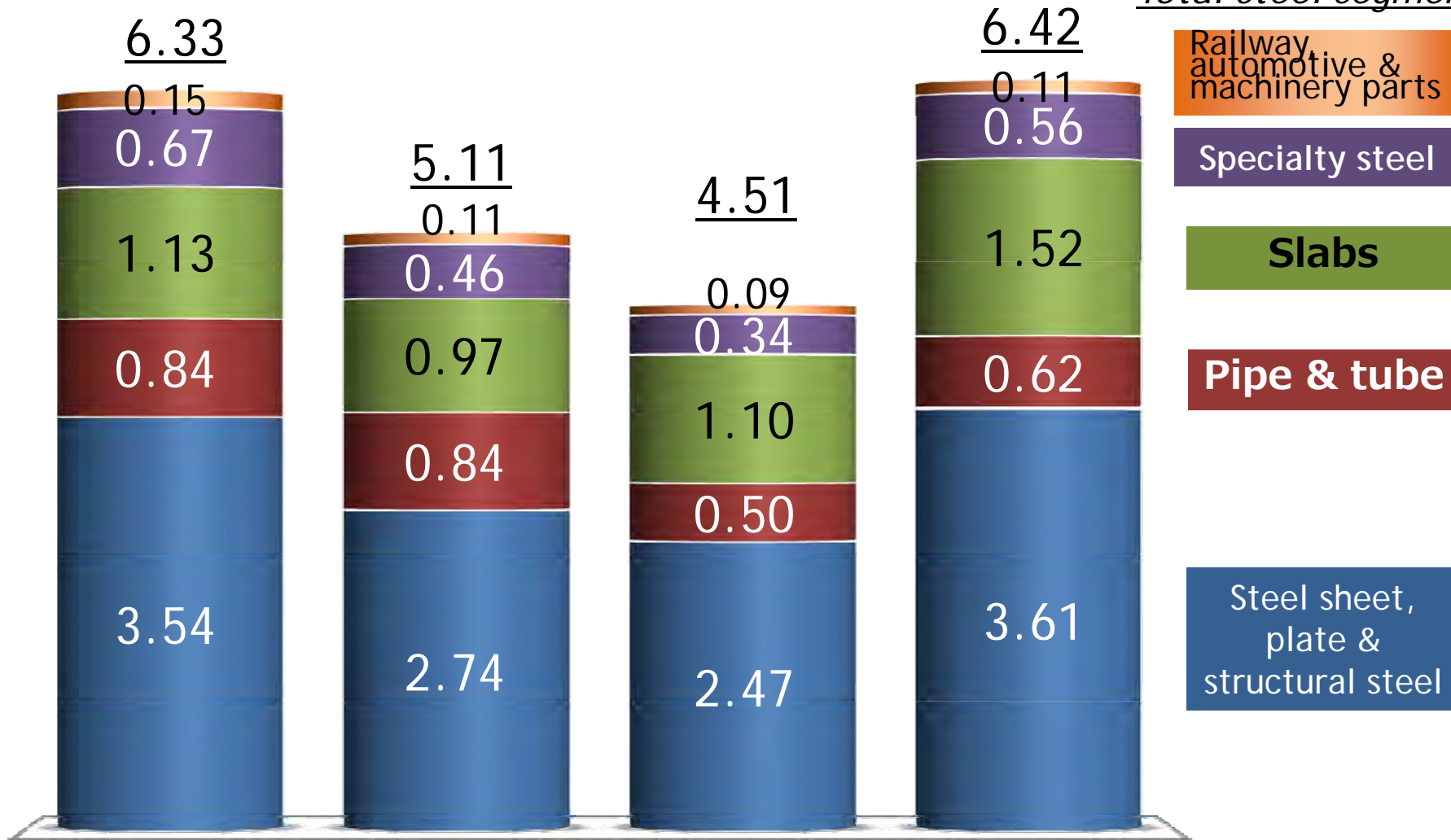
| JPY billion | 07/3Q | 4Q | 08/1Q | 2Q | 3Q | 4Q | 09/1Q | 2Q | 3Q | 4Q forecast |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|-------------|
| Steel | 415.8 | 417.0 | 424.7 | 499.5 | 476.0 | 340.4 | 273.3 | 284.3 | 308.1 | 342 |
| Engineering | 3.2 | 5.0 | 2.1 | 3.0 | 2.3 | 4.1 | | | | |
| Electronics | 16.9 | 14.3 | 15.9 | 13.6 | 9.5 | 6.2 | | | | |
| Others | 10.9 | 13.3 | 9.3 | 12.8 | 13.2 | 11.0 | 17.1 | 23.8 | 17.8 | 22 |
| Sales | 446.9 | 449.8 | 452.2 | 529.0 | 501.2 | 361.8 | 290.4 | 308.2 | 326.0 | 364 |
| Steel | 68.3 | 60.4 | 63.8 | 69.2 | 79.0 | 18.7 | (34.4) | 4.8 | (5.3) | 30 |
| Engineering | 0.0 | 0.3 | (0.1) | (0.3) | 0.0 | 0.2 | | | | |
| Electronics | 0.0 | (0.2) | 0.1 | (0.3) | (0.9) | (3.4) | | | | |
| Others | 1.5 | 2.0 | (1.6) | 0.0 | 0.9 | 0.7 | (0.1) | 1.4 | 2.2 | 1 |
| Op. income (loss) | 69.9 | 62.7 | 62.1 | 68.6 | 79.0 | 16.2 | (34.5) | 6.3 | (3.1) | 31.1 |



Sales Volume by product

million tons

Total steel segment



forecast

Temporary Factors

| JPY billion | | | | | | | | FY09 forecast Approx. | YoY | |
|--|------|------|------|------|------|------|---------------------------|-----------------------------|-------|------|
| | 1H | 2H | FY08 | 1Q | 2Q | 3Q | 4Q forecast Approx. | | | |
| Carry-over | 50 | 0 | 50 | (29) | (8) | (5) | 0 | [(42)] | (42) | -92 |
| Gain (loss) on inventory valuation | 61 | (5) | 56 | (53) | (15) | (16) | (3) | [(84)] | (87) | |
| Allocation of cost variance | (18) | 6 | (12) | 44 | (11) | (16) | (9) | [9] | 8 | |
| Total gain (loss) on inventory valuation | 43 | 1 | 44 | (9) | (26) | (32) | (12) | [(75)] | (79) | -123 |
| Reversal | | 3 | | 20 | 45 | 27 | 16 | [20] | 20 | |
| Devaluation | (3) | (20) | (20) | (45) | (27) | (16) | (5) | [(7)] | (5) | |
| Net devaluation of inventories by lower of cost or market method | (3) | (17) | (20) | (25) | 18 | 11 | 11 | [13] | 15 | 35 |
| Total (Approx.) | 90 | (16) | 74 | (63) | (16) | (26) | (1) | [(104)] | (106) | -180 |

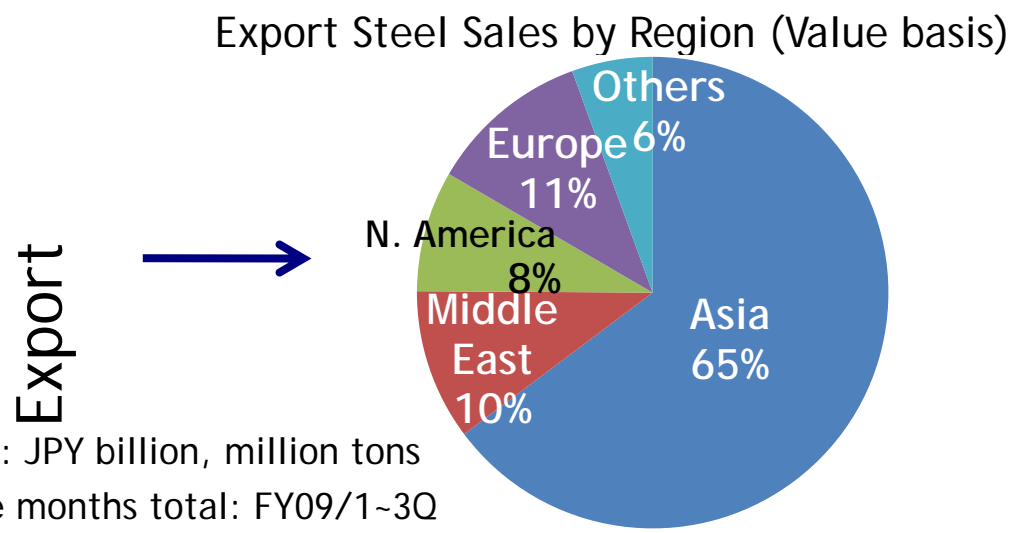
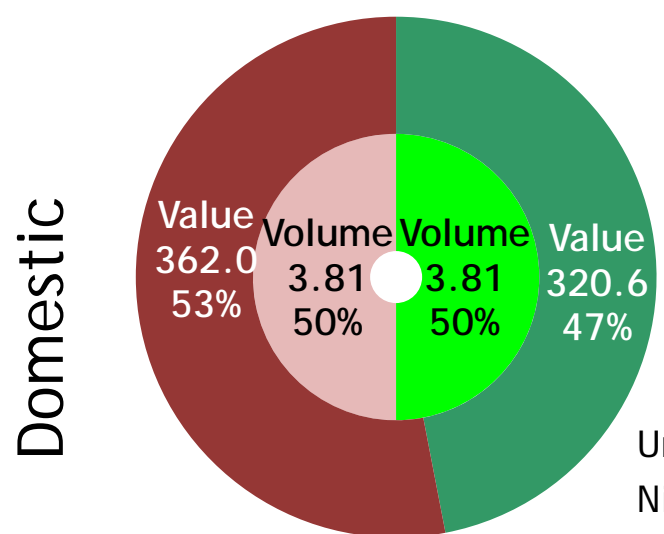
* Oct. 29: Forecast for FY09 as of Oct. 29, 2009

Overview of Non-consolidated Business Forecast for FY09 ²⁴

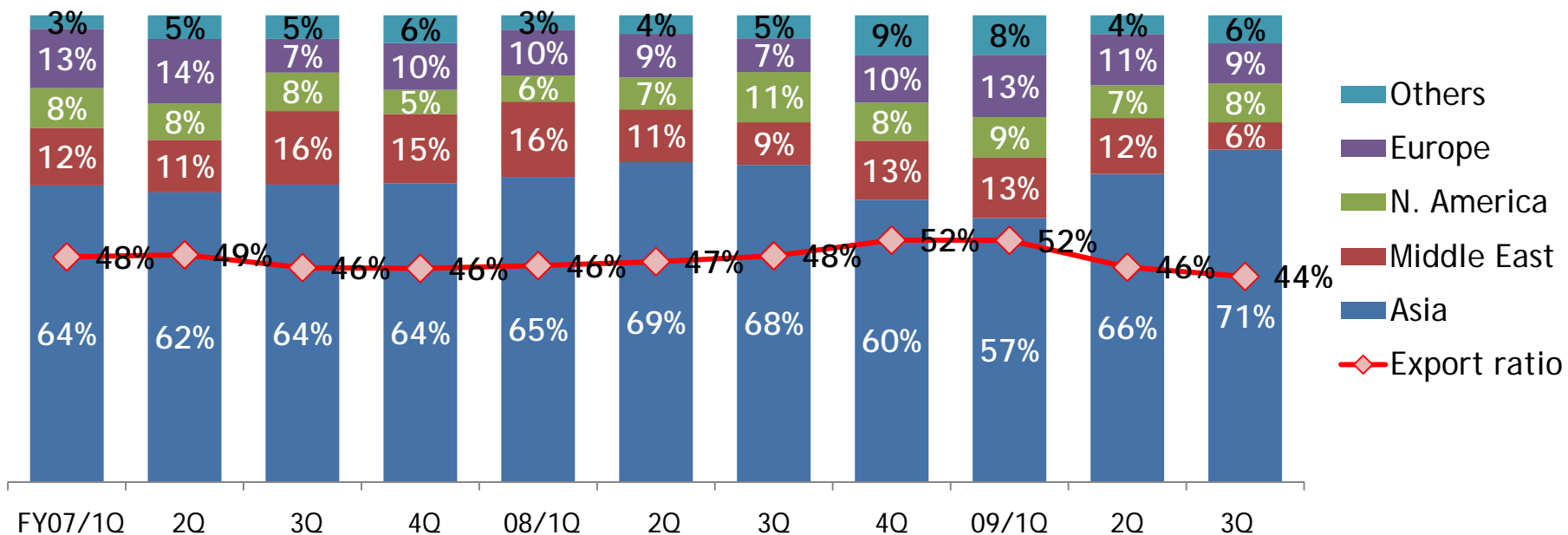
| JPY billion | FY08 | | | | | | FY09 forecast | YoY |
|--|---------|--------|--------|--------|----------------|------------|------------------|------|
| | | 1Q | 2Q | 3Q | 4Q forecast | (*Oct. 29) | | |
| Sales | 1,246.0 | 196.7 | 199.2 | 206.2 | 217.6 | [820] | 820 | -426 |
| Op. income (loss) | 187.6 | (20.8) | 24.9 | (7.1) | 22.9 | [20] | 20 | -168 |
| Ordinary income(loss) | 191.1 | (17.3) | 22.5 | (11.4) | 16.2 | [10] | 10 | -181 |
| Extraordinary income (loss) | (36.2) | - | (3.1) | - | - | [(3.1)] | (3) | 33 |
| Income taxes and minority interest | (64.1) | 9.2 | (10.3) | 4.1 | (4.9) | [(1.8)] | (2) | 62 |
| Net income (loss) | 90.7 | (8.0) | 9.0 | (7.2) | 11.2 | [5] | 5 | -86 |

* Oct. 29: Forecast for FY09 as of Oct. 29, 2009

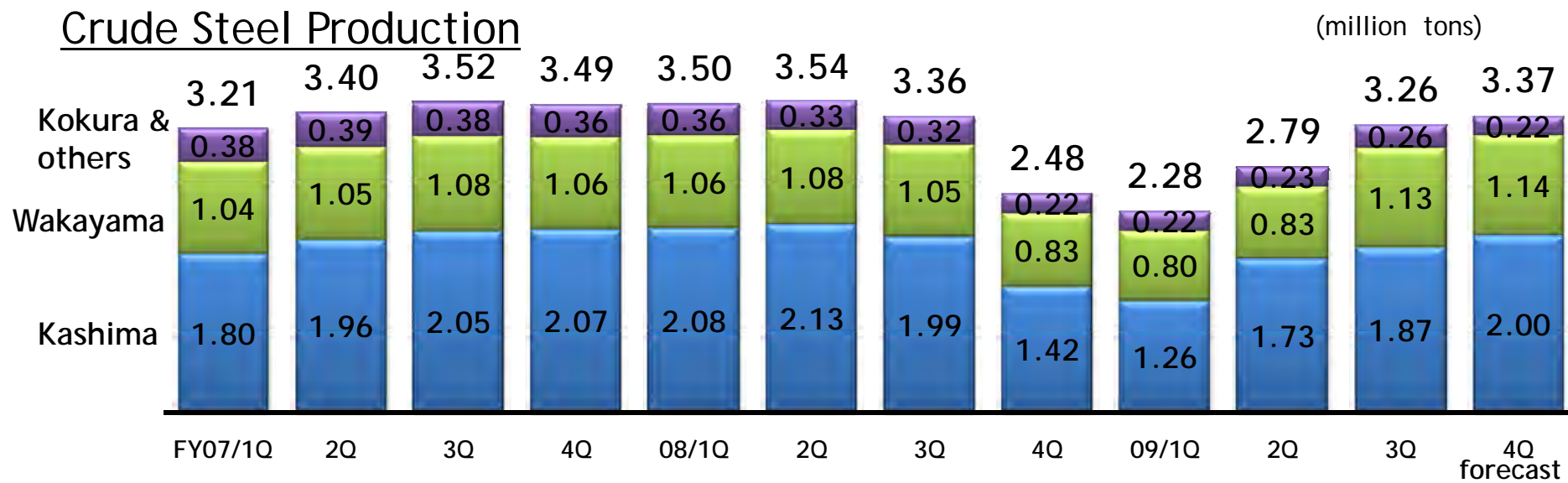
Domestic and Export Steel Sales for FY09/3Q



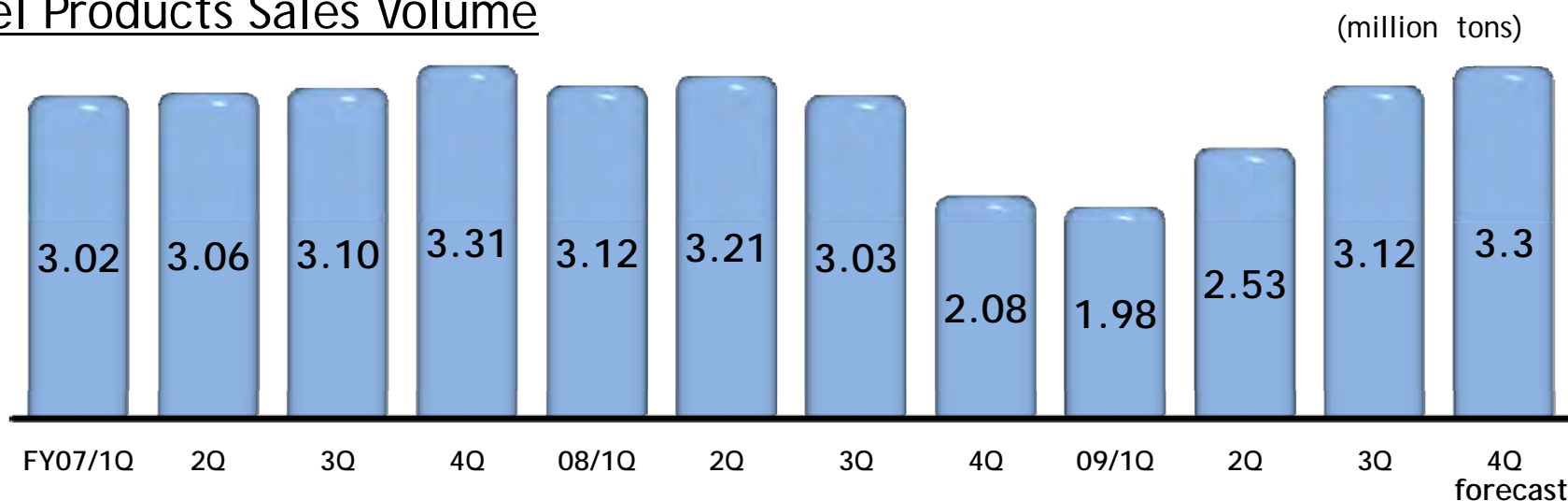
Export Steel Sales by Region (Value basis)



Reference (1)



Steel Products Sales Volume (million tons)

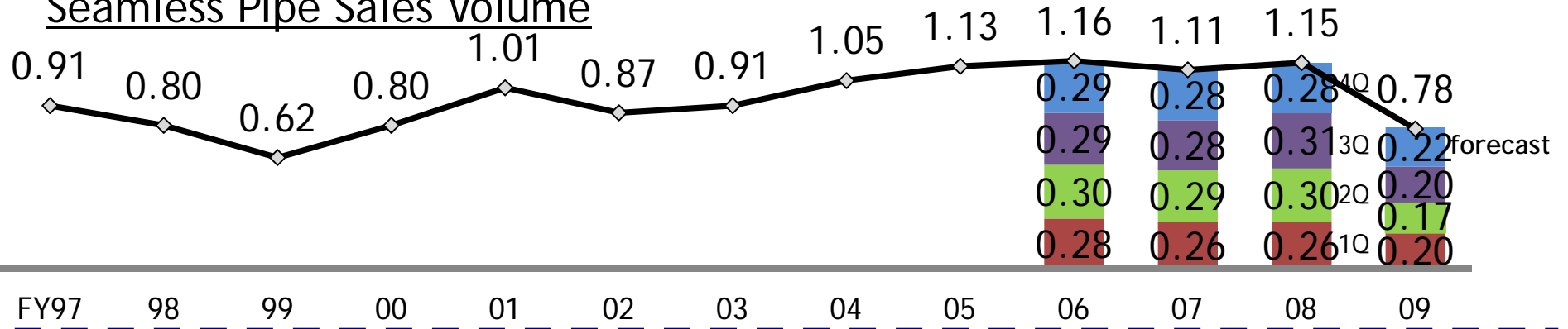


Reference (2)

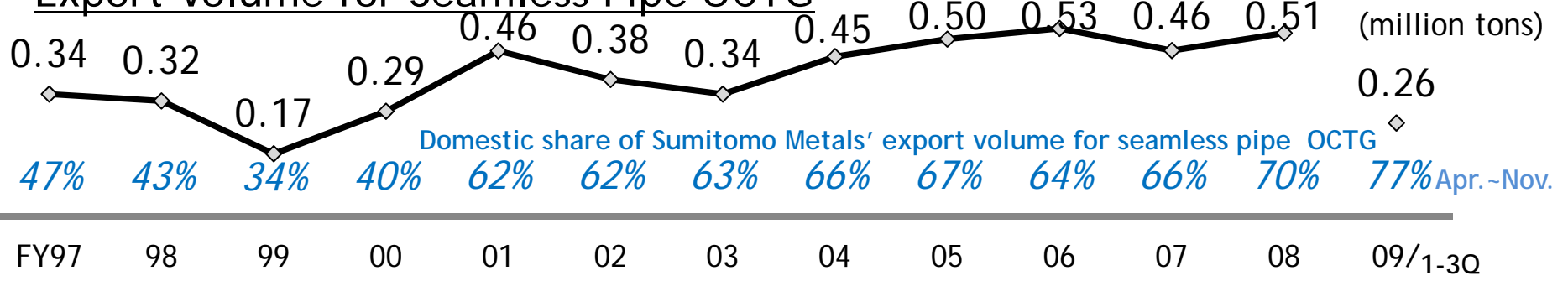
27

(million tons)

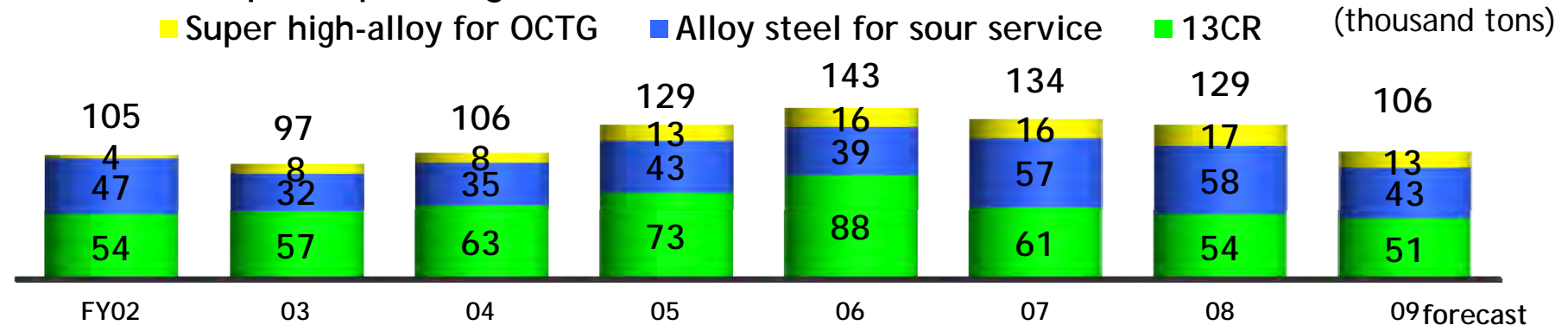
Seamless Pipe Sales Volume



Export Volume for Seamless Pipe OCTG



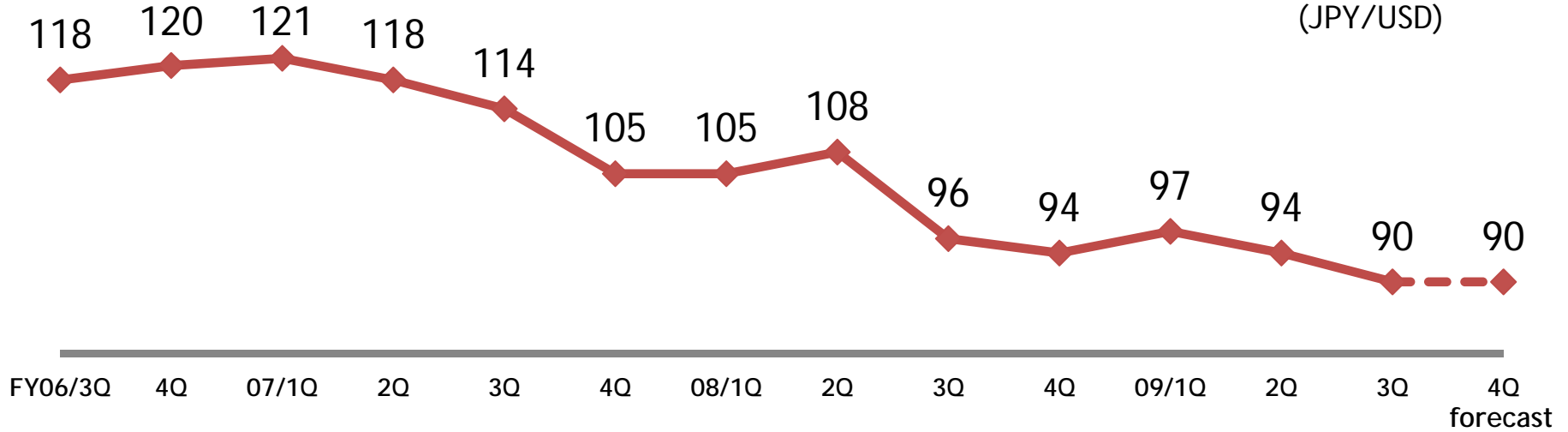
Seamless Pipe Super High-end Sales Volume



Reference (3)

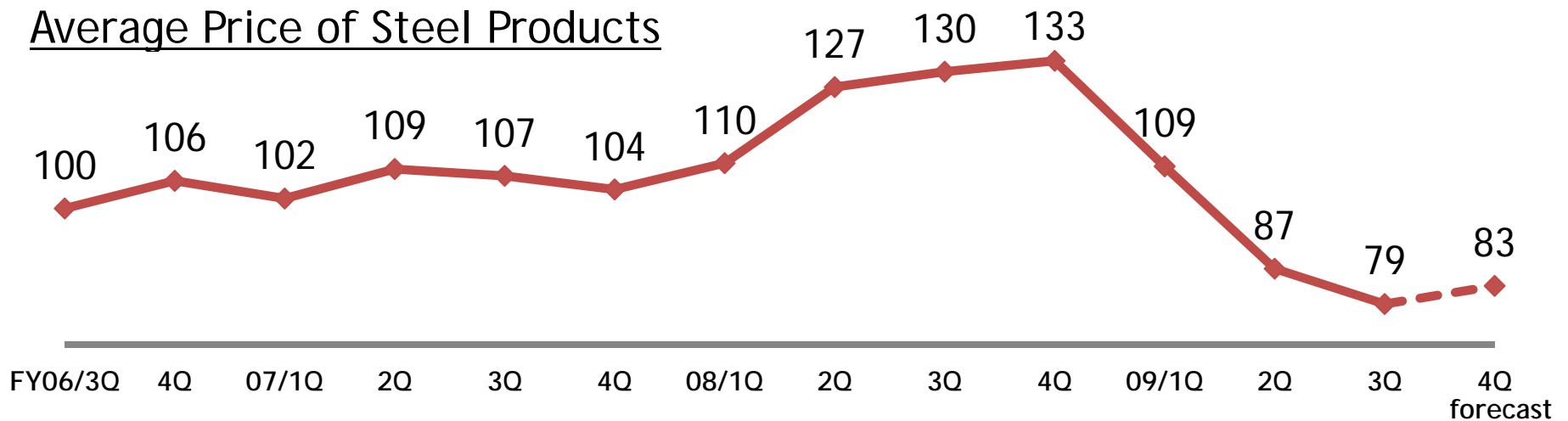
FOREX Rate

(JPY/USD)



Average Price of Steel Products

(000JPY/ton)

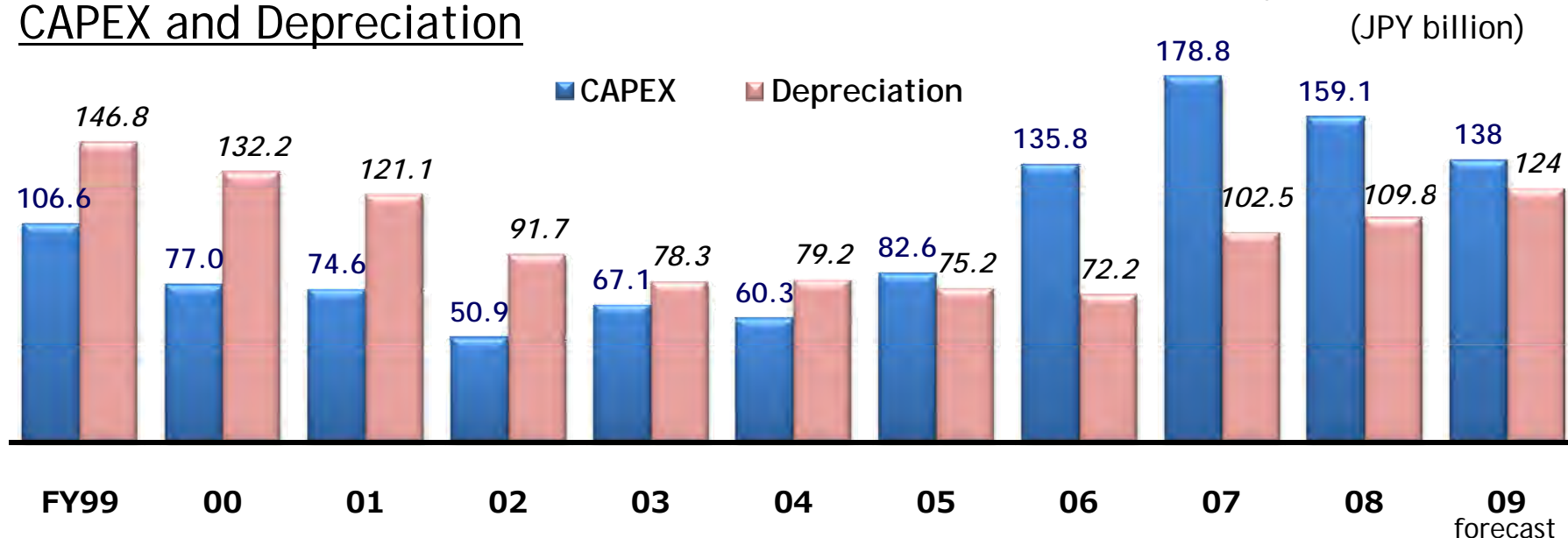


Reference (4)

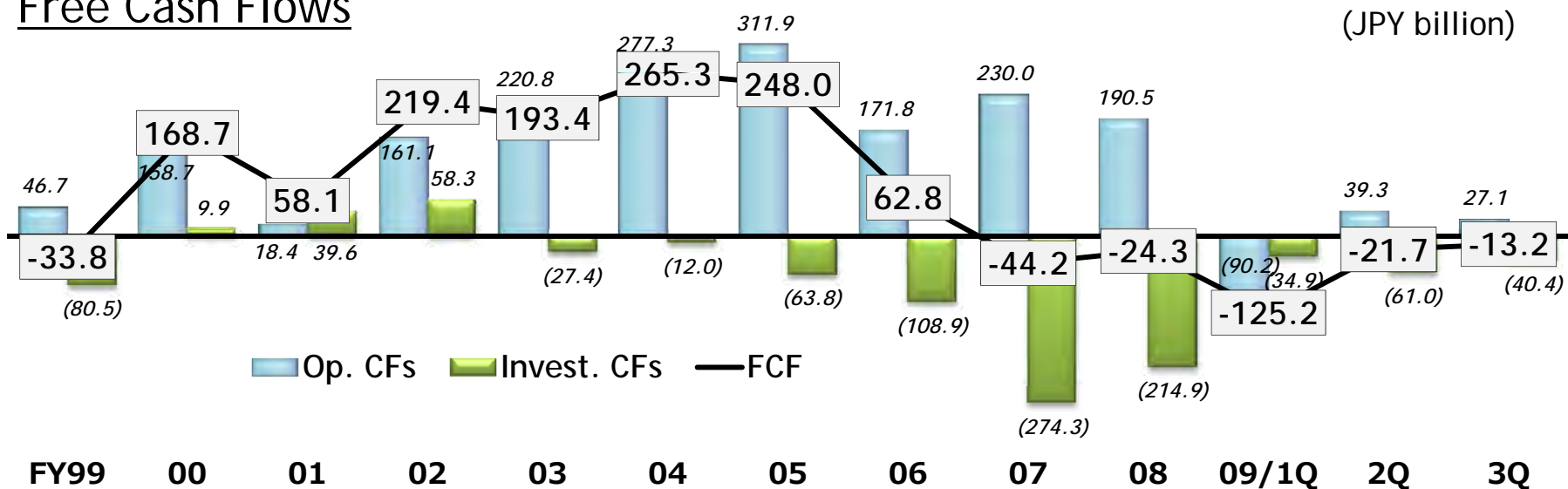
*CAPEX: Construction-base

*Other investment: Cash paid-base

CAPEX and Depreciation



Free Cash Flows



Deliver sustained growth in
corporate value by emphasizing quality



Become a company
trusted by all stakeholders