

Sumitomo Metals
FY 2009 Performance
(ended March 31, 2010)

(ended March 31, 2010)

April 28, 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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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.

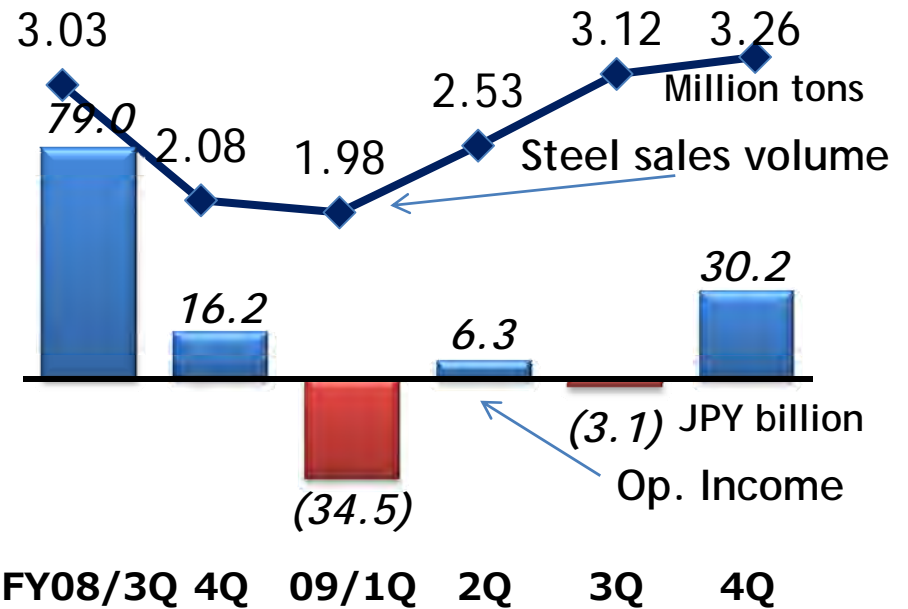
All output figures of “crude steel”, “steel sales volume” and “average price of steel product” are including Sumitomo Metals (Kokura), Sumitomo Metals (Naoetsu) and Sumikin Iron & Steel Corporation.

EBITDA= Operating income + Depreciation of property, plant and equipment

FY09 Consolidated Results Highlights

	JPY billion	<YoY>
● Sales	1,285.8	<-558.5>
● Operating loss	(0.9)	<-226.9>
● Ordinary loss	(36.6)	<-262.3>
● Net loss	(49.7)	<-147.0>
● EBITDA	119.9	<-216.0>

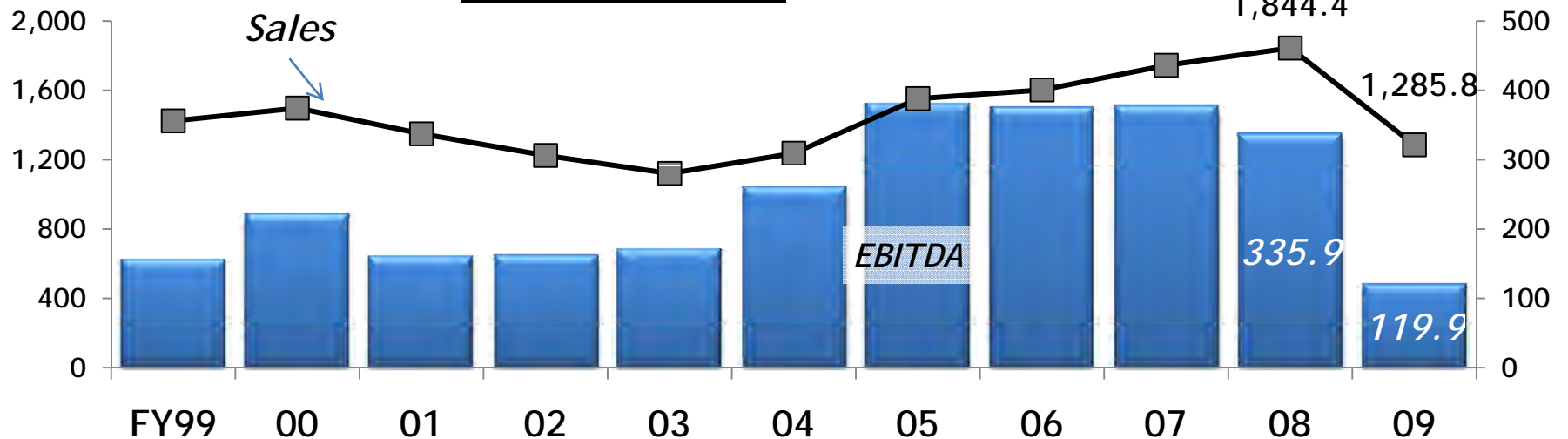
Steel Sales Volume & Op. Income



Sales

JPY billion

Sales & EBITDA



FY10 Forecast & Our Strategy

	JPY billion
● Operating income	90
● Ordinary income	80
● Net income	50
● EBITDA	220

- Price negotiation still in progress for raw materials and steel products.
- FY10 forecast = (FY09/4Q profit) + (Improvement) - (Risk factors)

Soaring raw materials prices and transition of pricing system (Annual bench mark → Quarterly basis)

- Explain to our customers what's going on in raw materials markets
- Aim to raise steel prices in accordance with raw materials

Sound balance sheet capable to cope with higher volatility of steel market

- Further cost reduction
- CAPEX had peaked. Depreciation will be close to CAPEX.

"Accelerating distinctiveness"
"Adding strength to strength"

- Smooth start-up of VSB (Seamless pipe mill in Brazil) [Profit contribution from FY11]
- Advancement of growth projects in India and Vietnam etc.
- Accelerate distinctiveness by concentrating our resources in areas of strength such as SG tube for nuclear power plants.

FY2009 Results

ΣΥΝΟΨΗ ΑΠΟΤΕΛΕΣΜΑΤΩΝ

Overview of Consolidated Results for FY09

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JPY billion	FY08	FY09						Change		
		1Q	2Q	3Q	[*Feb.3]	4Q	[*Feb.3]	FY09	YoY	QoQ
Sales	1,844.4	290.4	308.2	326.0	[365.2]	361.0	[1,290.0]	1,285.8	-558.5	35.0
Op. income(loss)	226.0	(34.5)	6.3	(3.1)	[31.1]	30.2	[0]	(0.9)	-226.9	33.3
Ordinary income(loss)	225.7	(41.6)	(5.9)	(11.0)	[13.6]	22.0	[(45.0)]	(36.6)	-262.3	33.0
Extraordinary income (loss)	(31.2)	-	(3.1)	-	[-]	-	[(3.1)]	(3.1)	28.1	-
Income taxes and minority interest	(97.1)	9.2	(5.2)	0.2	[(6.1)]	(14.3)	[(1.8)]	(10.0)	87.1	-14.5
Net income	97.3	(32.3)	(14.3)	(10.7)	[7.4]	7.7	[(50.0)]	(49.7)	-147.0	18.5
EPS (JPY)	20.98	-6.98	-3.09	-2.33	[1.61]	1.66	[-10.79]	-10.74	-31.72	3.99
EBITDA	335.9	-8.6	36.7	28.6	[67.1]	63.0	[124.0]	119.9	-216.0	34.3
FOREX rate (JPY/USD)	101	97	94	90	[90]	91	[93]	93	-8	1

* Feb.3: Forecast as of Feb. 3, 2010

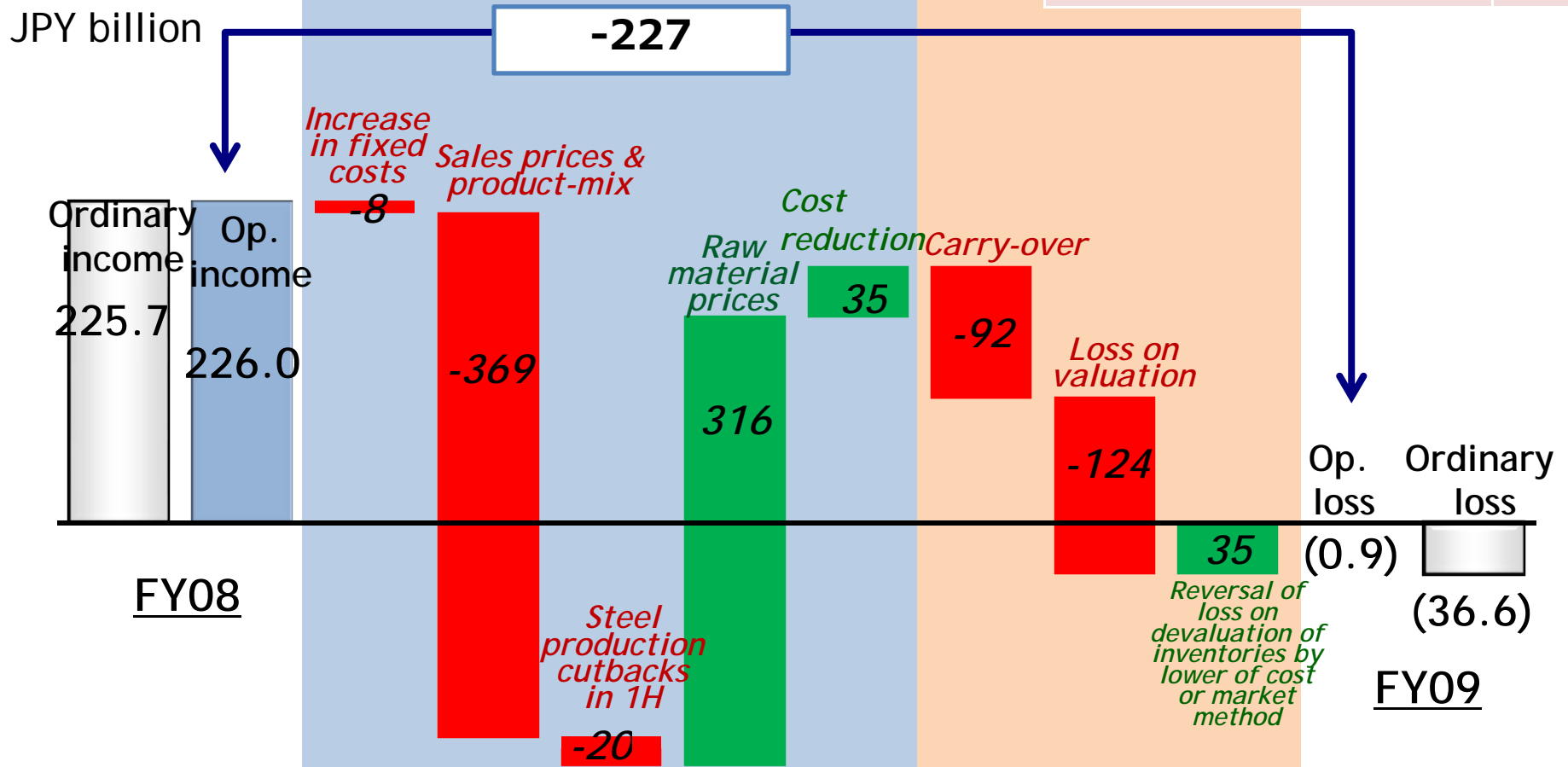
Change in Consolidated Operating Income (FY08 → FY09)

Change from our guidance as of Feb. 3, 2010

JPY billion

Sales prices & product mix	1
Sales volume etc.	-1
Valuation	-1

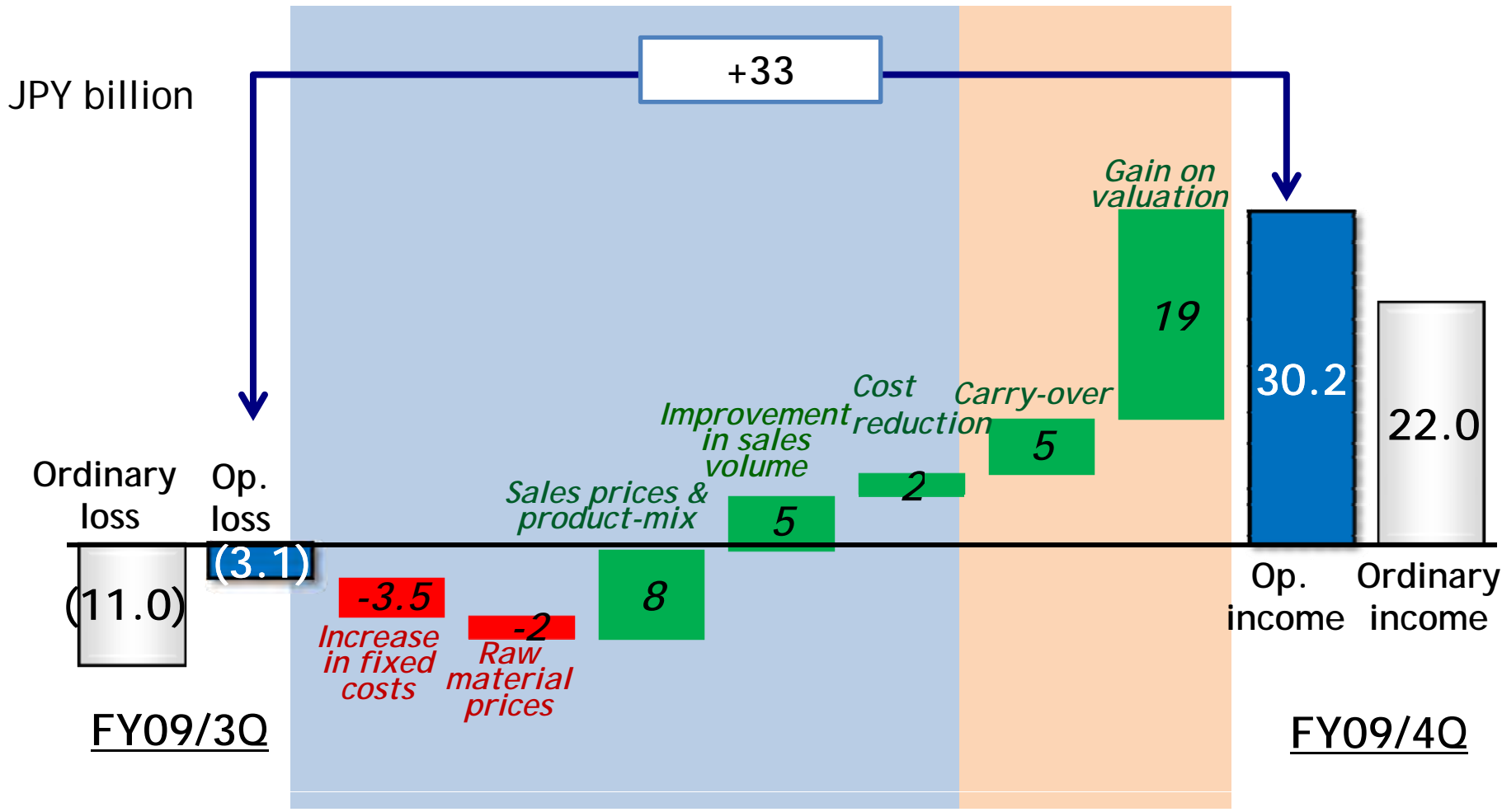
We posted an operating loss due to temporary factors such as carry-over cost of raw materials and loss related to inventory valuation, in addition to production cutbacks in FY09/1H.



•Earnings from equity-method affiliates: <FY08> 22.1JPY billion → <FY09>-22.5JPY billion

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

We returned to black and posted an operating income of 30.2 JPY billion as a result of improvement in sales volume and absence of temporary loss.



•Earnings from equity-method affiliates: <FY09/3Q> -4.3JPY billion → <FY09/4Q>-6.4JPY billion

Consolidated Sales & Op. Income by Internal Company

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JPY billion	FY08					4Q	[*Feb. 3]	FY09	YoY
		1Q	2Q	3Q					
Steel sheet, plate and structural steel	700.1	98.9	124.4	133.8	141.3	[500]	498.5	-201.6	
Pipe & tube	716.9	122.8	107.8	113.0	129.1	[475]	472.9	-244.0	
Railway & automotive	105.4	19.8	21.1	20.9	24.6	[85]	86.6	-18.8	
Kokura	148.0	20.7	20.7	28.8	31.2	[100]	101.6	-46.3	
Naoetsu and others	70.1	11.0	10.1	11.3	13.4	[50]	46.0	-24.0	
Total steel segment	1,740.7	273.3	284.3	308.1	339.9	[1,210]	1,205.8	-534.9	
Others	103.6	17.1	23.8	17.8	21.1	[80]	79.9	-23.6	
Total sales	1,844.4	290.4	308.2	326.0	361.0	[1,290]	1,285.8	-558.5	

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

Steel sheet, plate and structural steel	95	(33)	19	(5)	15	[0]	(4)	-99
Pipe & tube	Pipe & tube	101	8	5	(3)	6	16	-85
	Slabs	6	(11)	(6)	(3)	0	(20)	-26
Kokura	2	0	(13)	4	2	[(8)]	(7)	-9

Total steel segment	230.8	(34.4)	4.8	(5.3)	27.2	[(5)]	(7.6)	-238.4
Others	(4.7)	(0.1)	1.4	2.2	2.9	[5]	6.6	11.4
Total Op. income	226.0	(34.5)	6.3	(3.1)	30.2	[0]	(0.9)	-226.9

* Feb.3: Forecast as of Feb. 3, 2010

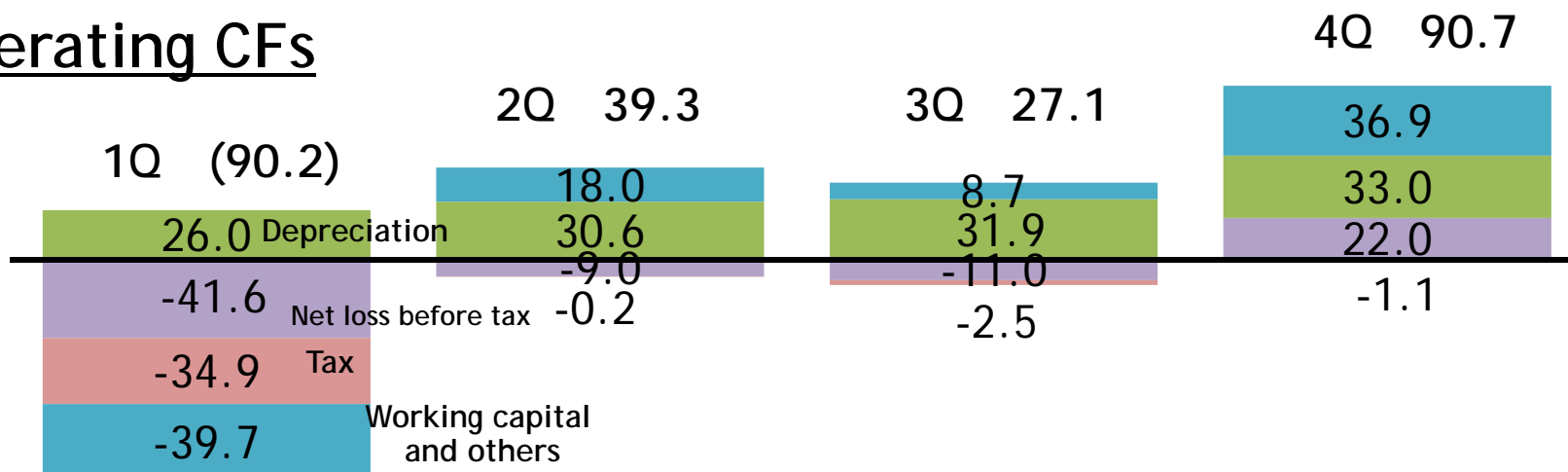
Consolidated Balance Sheets

JPY billion	09				10	%	Change vs. 09/3E
	3E	6E	9E	12E	3E		
[Assets]							
Current assets	737.3	692.1	639.4	652.9	606.4	-17.8	-130.9
Fixed assets	1,715.1	1,752.1	1,772.5	1,795.4	1,797.2	4.8	82.0
Total assets	2,452.5	2,444.2	2,412.0	2,448.3	2,403.6	-2.0	-48.8
[Liabilities and Shareholders' Equity]							
Current liabilities	743.9	694.5	597.1	678.4	639.3	-14.1	-104.6
Long-term liabilities	804.1	858.4	940.8	911.9	885.1	10.1	80.9
Net assets	904.3	891.2	874.0	857.9	879.2	-2.8	-25.1
Debt	990.0	1,127.8	1,148.7	1,177.4	1,138.3	15.0	148.3

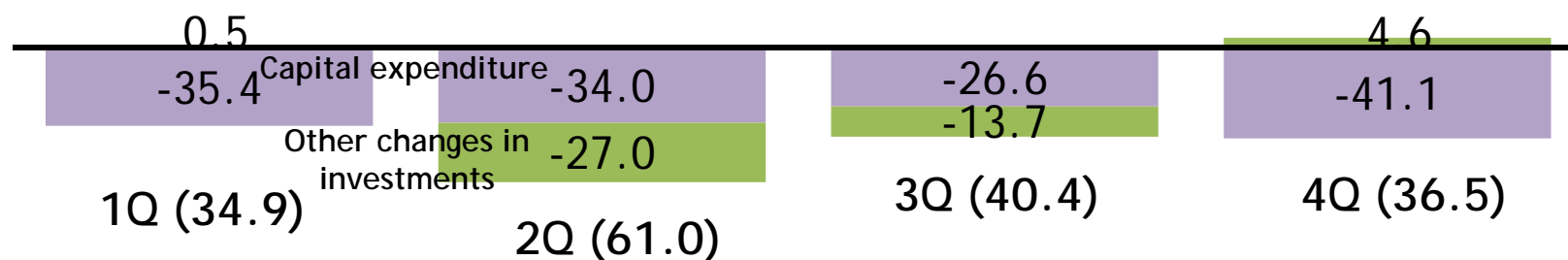
Consolidated Cash Flows

JPY billion

Operating CFs



Investing CFs



JPY billion	09/3E	09/6E	09/9E	09/12E	10/3E
Debt	990.0	1,127.8	1,148.7	1,177.4	1,138.3
Cash and equivalents	42.9	38.1	21.0	22.6	26.2
Net debt	947.0	1,089.6	1,127.6	1,154.7	1,112.1

FY2010 Forecast

Overview of Consolidated Business Forecast for FY10

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- The transition from annual to quarterly pricing system is inevitable.
- We aim at Op. income of 90 JPY billion through:
 - * negotiation for products prices hike and
 - * cost reduction & other improvements.

JPY billion					FY09	FY10 forecast Approx.	YoY
	1Q	2Q	3Q	4Q			
Op. income (loss)	(34.5)	6.3	(3.1)	30.2	(0.9)	90	91
Ordinary income(loss)	(41.6)	(5.9)	(11.0)	22.0	(36.6)	80	117
Extraordinary income (loss)	-	(3.1)	-	-	(3.1)	-	3
Net income (loss)	(32.3)	(14.3)	(10.7)	7.7	(49.7)	50	100
EPS (JPY)	-6.98	-3.09	-2.33	1.66	-10.74	10.79	21.53
FOREX rate (JPY/USD)	97	94	90	91	93	90	-3
Debt (JPY billion)	1,127.8	1,148.7	1,177.4	1,138.3	1,138.3	1,100	-38
D/E ratio	1.39	1.39	1.46	1.37	1.37	1.29	-0.08

Production & Prices

- We expect:

* Domestic demand to be firm, though FY10/1H will be less due to seasonal adjustment.

* Export to remain strong, mainly for Asia.

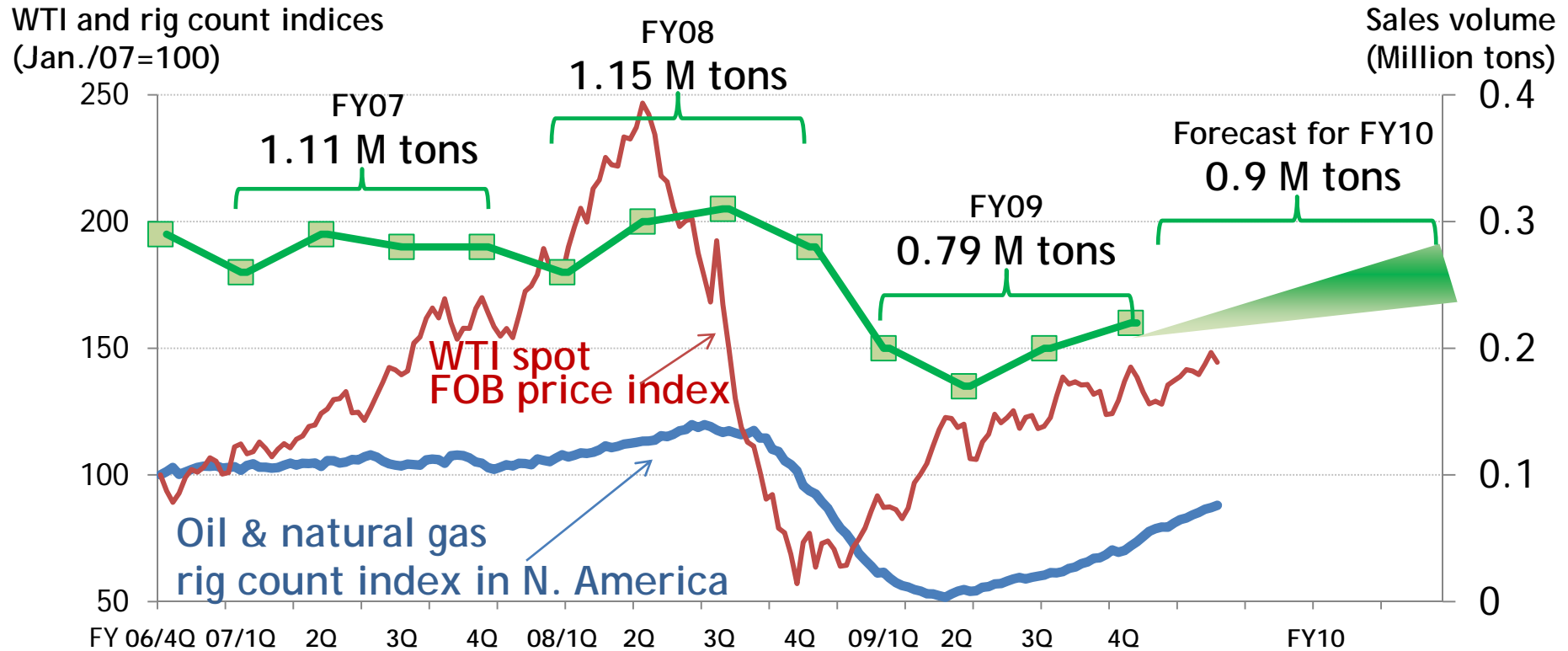
- Sales volume of seamless pipe is expected to pick up in FY10/2H.

→ Steel sales volume & crude steel production are expected to surpass their peaks of FY07.

				[*Feb.3]	FY09	FY10			YoY
	3Q	4Q	1H			1H forecast Approx.	2H forecast Approx.	forecast Approx.	
Crude steel production (million tons)	3.26	3.32	6.58	[11.70]	11.65	6.80	6.90	13.70	2.05
Steel sales volume (million tons)	3.12	3.26	6.38	[10.93]	10.89	6.21	6.36	12.57	1.68
Seamless pipe sales volume (million tons)	0.20	0.23	0.42	[0.78]	0.79			0.90	0.11
Ave. price of steel product (000JPY/ton)	Domestic	86.9	89.8	88.4	[93]	FY09 Excess receipts of USD 0.7 billion FY10 FOREX: 90 JPY/USD			
	Export	70.7	78.2	74.5	[82]				
	Total	79.0	84.3	81.7	[88]				

* Feb.3: Forecast as of Feb. 3, 2010

Outlook of Seamless Pipe Sales Volume



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	<73>	(Apr.16/10)	1,491
Deep well (>=15,000ft)	283	249	<100> (Oct./08) 321	<66> (Jun./09) 211	<113>	(Mar./10)	362
International (except N. America, Russia and China)	1,079	997	<100> (Sep./08) 1,108	<85> (Aug./09) 947	<97>	(Mar./10)	1,074

Source: Baker Hughes and Smith international

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

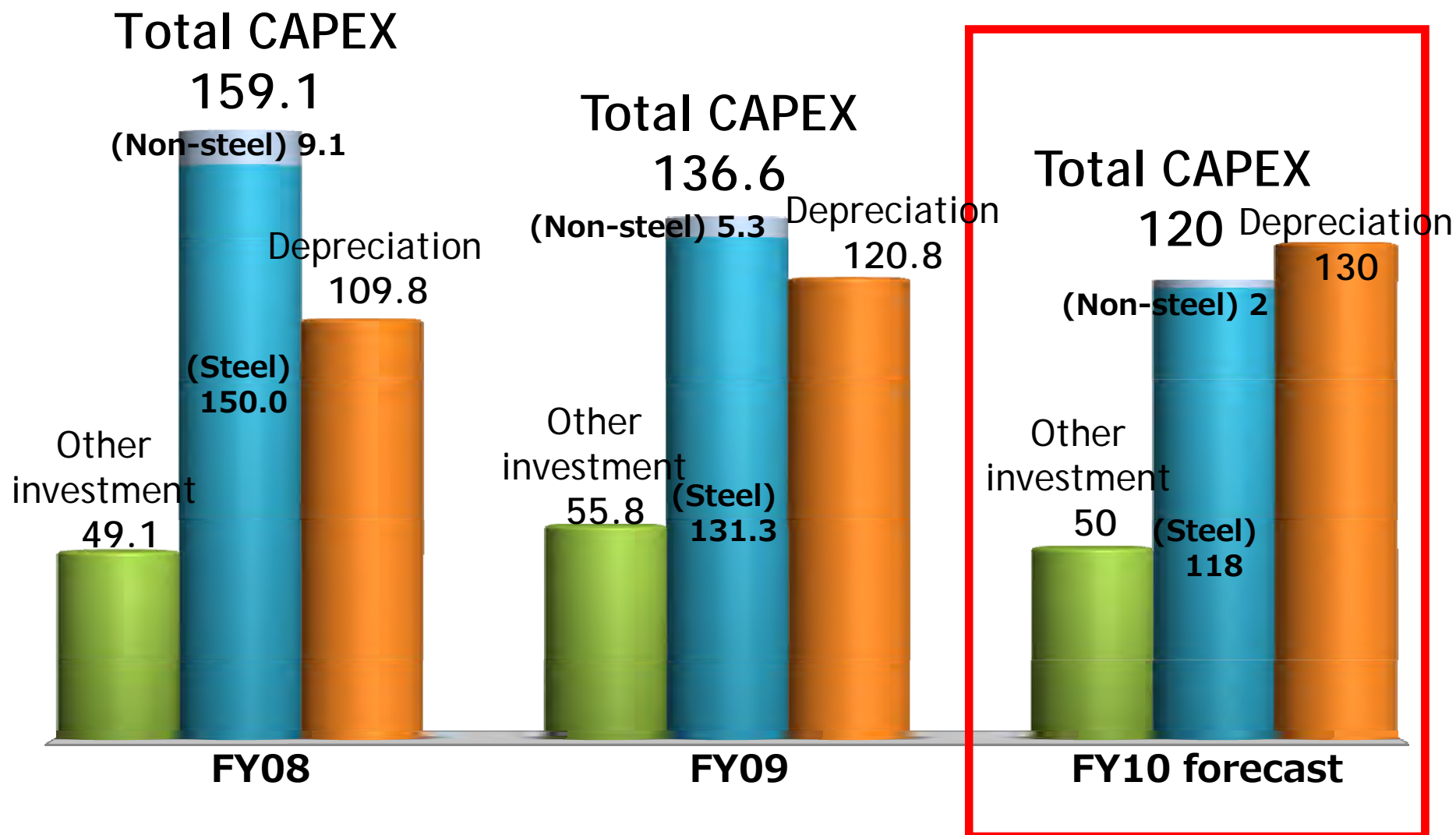
- 5.0 JPY/share (Interim 2.5 JPY/share, Year-end 2.5 JPY/share)

Dividend forecast in FY10

- 5.0 JPY/share (Interim 2.5 JPY/share, Year-end 2.5 JPY/share)

Forecast for Consolidated CAPEX, Depreciation and Other Investment

JPY billion



*CAPEX: Construction-base

*Other investment: Cash paid-base

CAPEX Plan and Overseas Business Investment Update

Schedule for starting operation		JPY billion	FY09	FY10	FY11	FY12	FY13	FY14
CAPEX								
Pipe & Tube	Renewal of upstream processes (Wakayama) -New No.1 BF + environmental protection -New No.2 BF + reinforcement of CC	160 115	→ Jul. 09					2H 12
	Increasing capacity for ultra high strength line pipes	10				Mar. 11		
	Increasing capacity for SG tubes for nuclear power plants	14						Apr. 13
Others	Steelmaking process innovations (Kokura)	27				Oct 10		
Other investment (J/V: Joint Venture total amount)								
Sheet & Plate	Steel sheet J/V in Vietnam (CSVC)	115						12
	Bhushan Steel in India Orissa PJ West Bengal PJ	Technical assistance Feasibility study						
Pipe & Tube	Integrated steel works with Seamless pipe mill J/V in Brazil (VSB)	200						Autumn in 10
	Strengthening cooperative relationship with Vallourec Strengthening premium joint business	11.3 8						
Railway & Auto.	Forged crankshaft business J/V in India (SMAC)	1						Apr. 10

Supplement

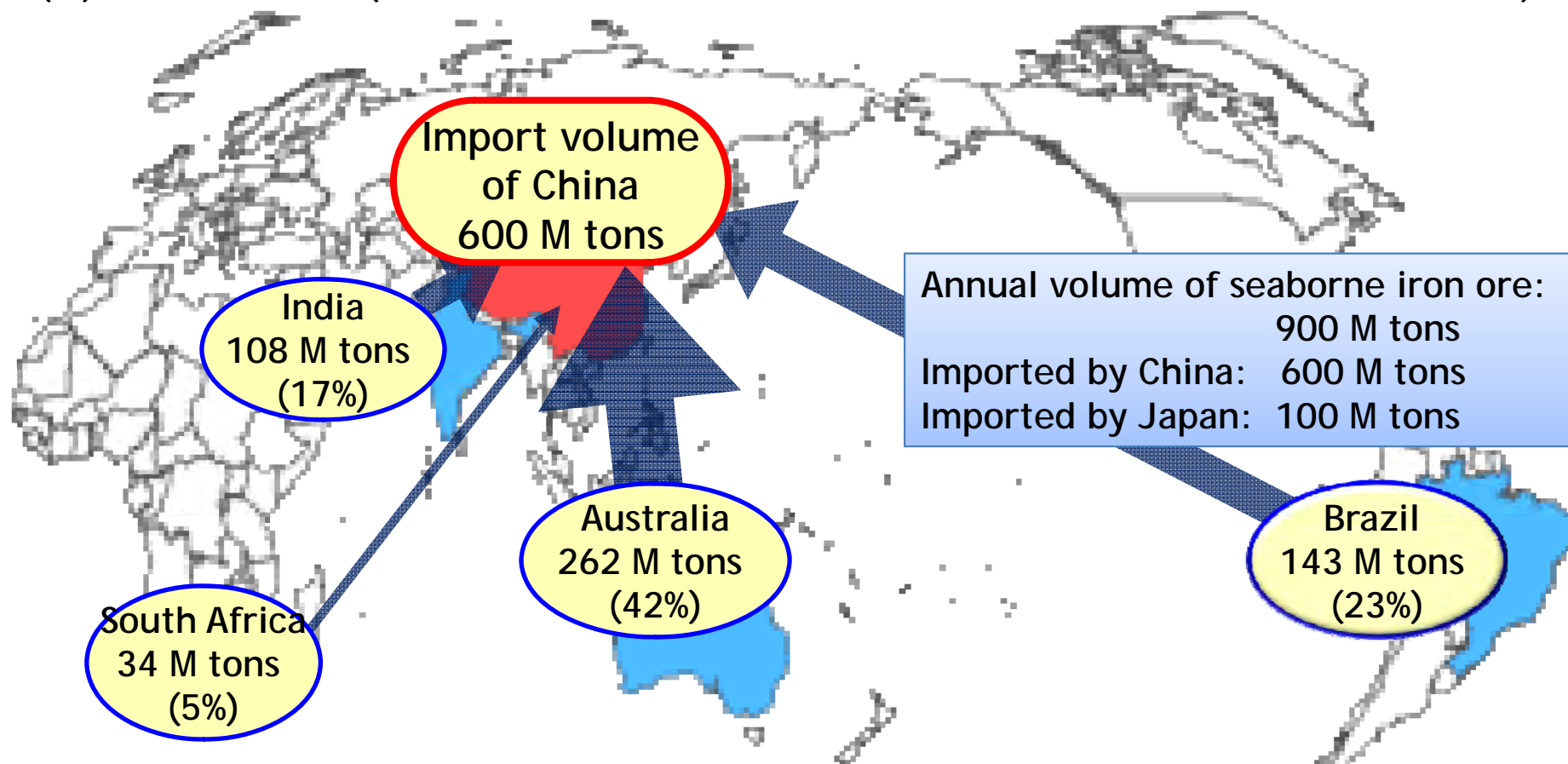
Supplement

Iron Ore Pricing Method by Index

C&F price at China <Plattz *Fe:62%* (*1) > + VIU(*2) - freight cost
= FOB price for each mine

(*1) C&F price at Qingdao port in North China

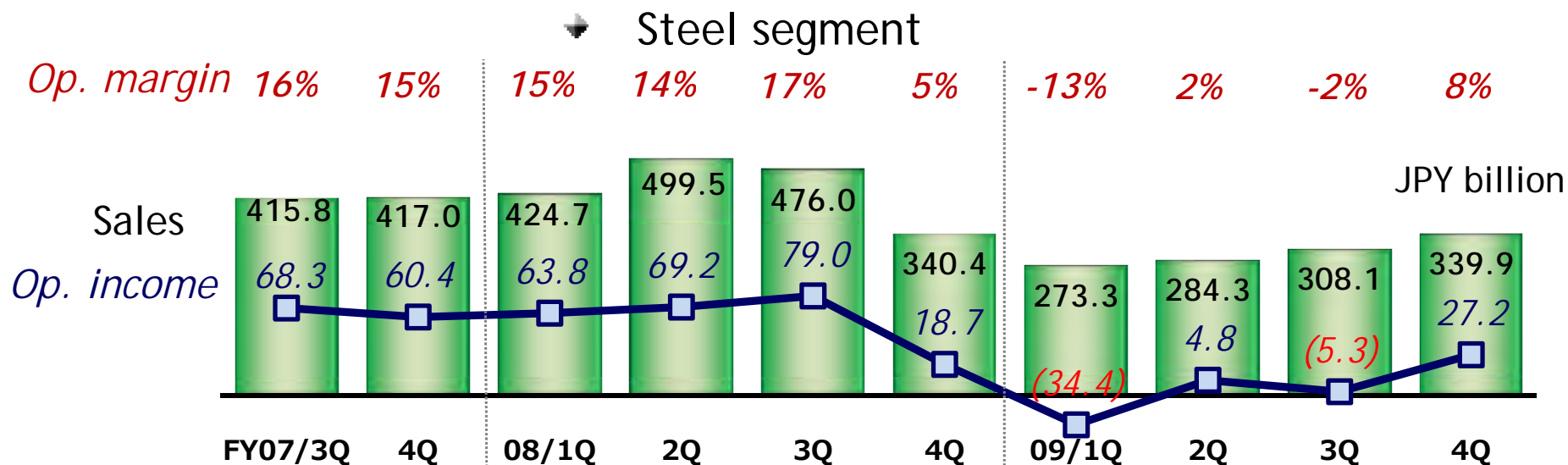
(*2) VIU: Value in Use (an assessed market value for Fe content differential % from Fe standard:62%)



Source: 2009 China Monthly Exports & Imports

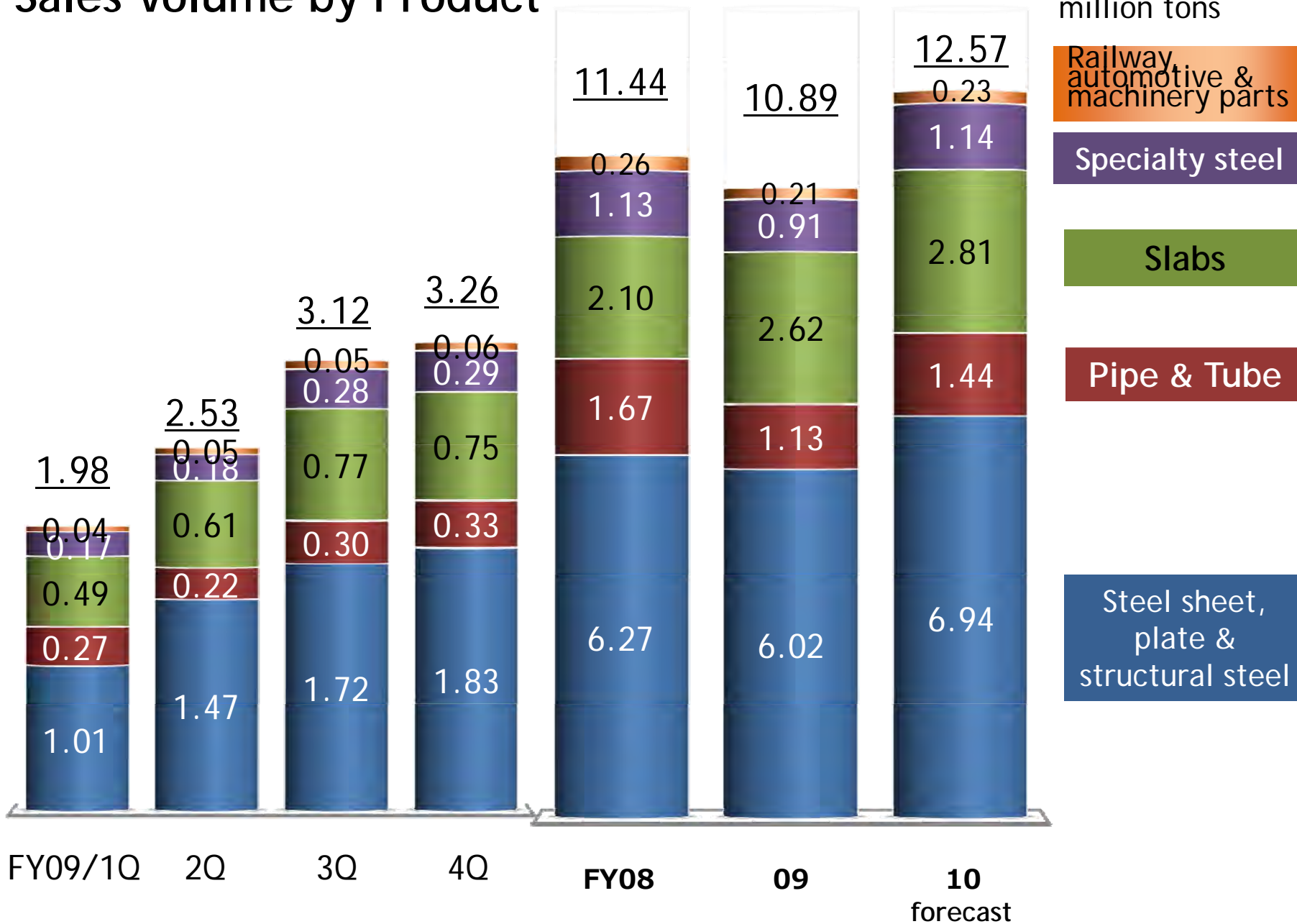
Consolidated Sales and Operating Income by Business Segment

JPY billion	07/3Q	4Q	08/1Q	2Q	3Q	4Q	09/1Q	2Q	3Q	4Q
Steel	415.8	417.0	424.7	499.5	476.0	340.4	273.3	284.3	308.1	339.9
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	21.1
Sales	446.9	449.8	452.2	529.0	501.2	361.8	290.4	308.2	326.0	361.0
Steel	68.3	60.4	63.8	69.2	79.0	18.7	(34.4)	4.8	(5.3)	27.2
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	2.9
Op. income (loss)	69.9	62.7	62.1	68.6	79.0	16.2	(34.5)	6.3	(3.1)	30.2



Sales Volume by Product

million tons



Temporary Factors

23

JPY billion	FY08			FY09				[*Feb.3]	FY09	YoY
	1H	2H	FY08	1Q	2Q	3Q	4Q			
Carry-over	50	0	50	(29)	(8)	(5)	0	[(42)]	(42)	-92
Gain (loss) on inventory valuation	61	(5)	56	(53)	(15)	(16)	(4)	[(87)]	(88)	
Allocation of cost variance	(18)	6	(12)	44	(11)	(16)	(9)	[8]	8	
Total gain (loss) on inventory valuation	43	1	44	(9)	(26)	(32)	(13)	[(79)]	(80)	-124
Reversal	0	3	0	20	45	27	16	[20]	20	
Devaluation	(3)	(20)	(20)	(45)	(27)	(16)	(5)	[(5)]	(5)	
Net devaluation of inventories by lower of cost or market method	(3)	(17)	(20)	(25)	18	11	11	[15]	15	35
Total (Approx.)	90	(16)	74	(63)	(16)	(26)	(2)	[(106)]	(107)	-181

* Feb.3: Forecast as of Feb. 3, 2010

Overview of Non-consolidated Business Results for FY09

JPY billion	FY08					[*Feb.3]	FY09	YoY
		1Q	2Q	3Q	4Q			
Sales	1246.0	196.7	199.2	206.2	228.1	[820]	830.4	-415.5
Op. income (loss)	187.6	(20.8)	24.9	(7.1)	22.4	[20]	19.5	-168.0
Ordinary income(loss)	191.1	(17.3)	22.5	(11.4)	24.7	[10]	18.4	-172.6
Extraordinary income (loss)	(36.2)	-	(3.1)	-	(18.8)	[(3.1)]	(21.9)	14.2
Income taxes and minority interest	(64.1)	9.2	(10.3)	4.1	(9.2)	[(1.8)]	(6.1)	58.0
Net income (loss)	90.7	(8.0)	9.0	(7.2)	(3.3)	[5]	(9.6)	-100.3

* Feb.3: Forecast as of Feb. 3, 2010

Extraordinary Loss

JPY billion	Consolidated				Non-consolidated			
	1H	2H		FY09	1H	2H		FY09
		3Q	4Q			3Q	4Q	
Loss on change in equity	^{*1} (1.5)	-	-	(1.5)	-	-	-	-
Restructuring loss	^{*2} (1.5)	-	-	(1.5)	^{*3} (1.0)	-	-	(1.0)
Loss on valuation of affiliates' stocks	-	-	-	-	^{*4} (2.1)	-	^{*4} (18.8)	(20.9)
Extraordinary loss	(3.1)	-	-	(3.1)	(3.1)	-	(18.8)	(21.9)

[Consolidated]

^{*1} Loss on change in equity: Loss on transfer of an affiliate's stocks due to the integration of the arc-welded stainless steel pipe and tube businesses

^{*2} Restructuring loss: Loss due to the restructuring of Sumitomo Metal Micro Devices, Inc.

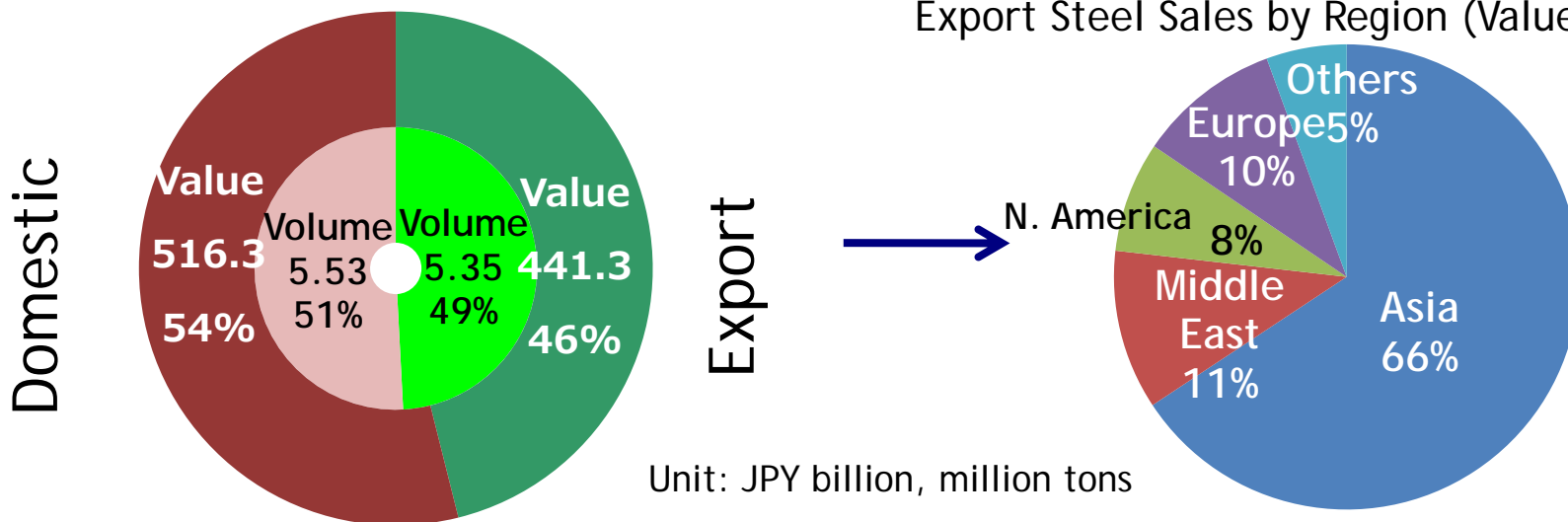
[Non-consolidated]

^{*3} Restructuring loss: Loss due to the restructuring of Sumitomo Metal Micro Devices, Inc.

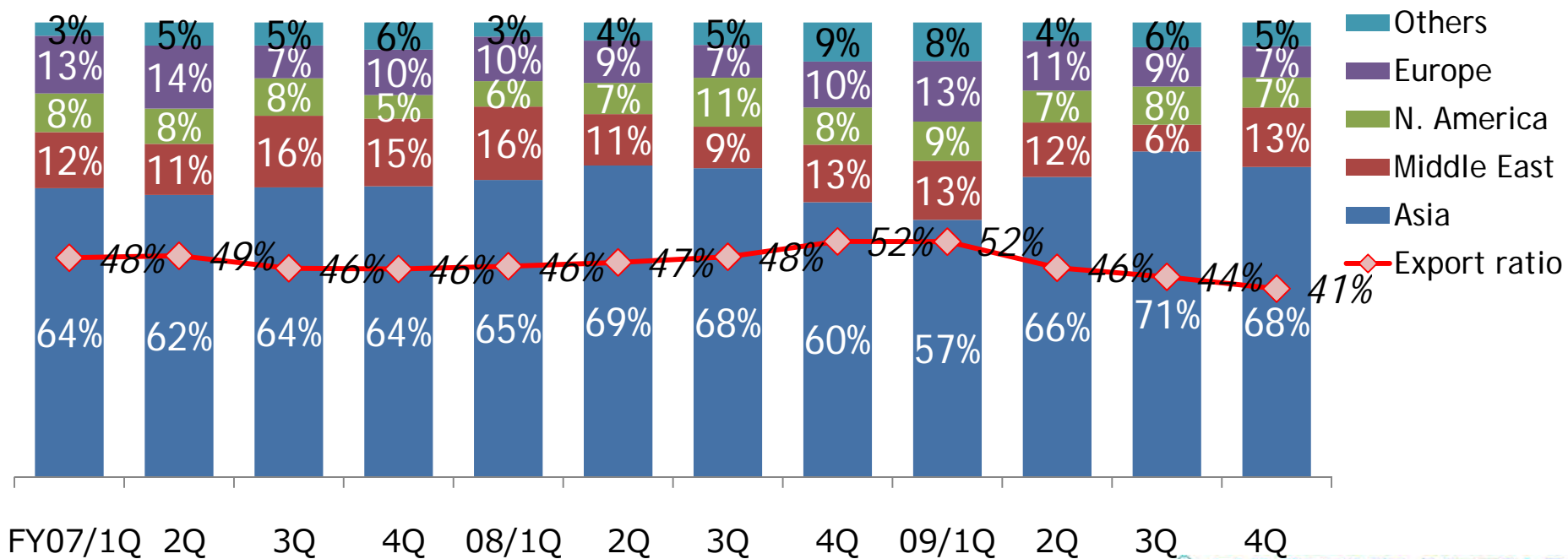
^{*4} Loss on valuation of affiliates' stocks:
 FY09/1H electronics business related affiliates
 FY09/2H East Asia United Steel Corporation

Domestic and Export Steel Sales for FY09

Export Steel Sales by Region (Value basis)



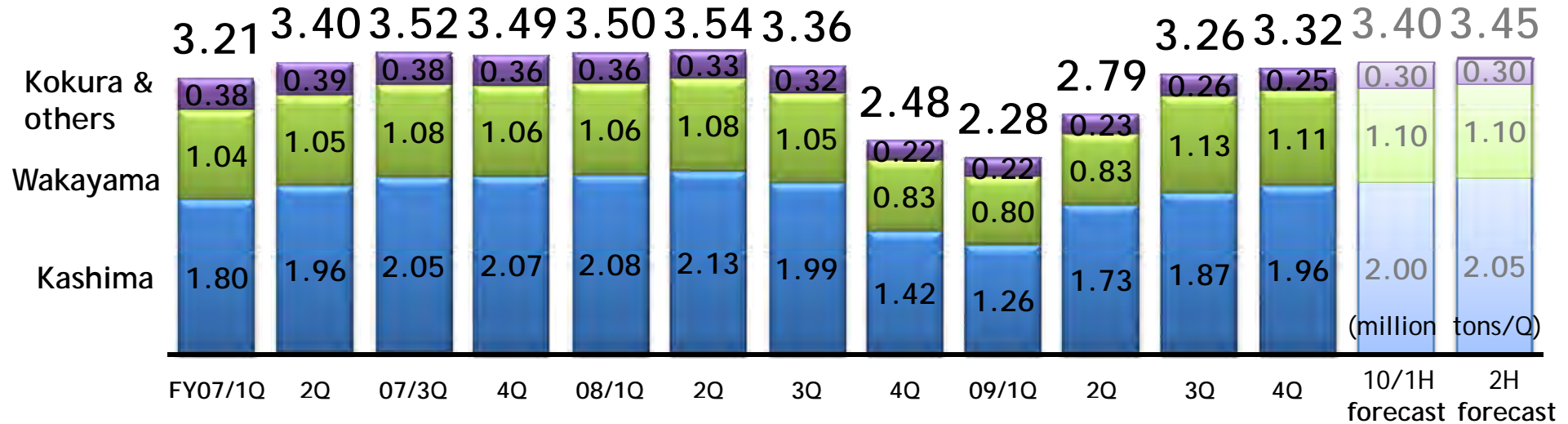
Export Steel Sales by Region (Value basis)



Reference (1)

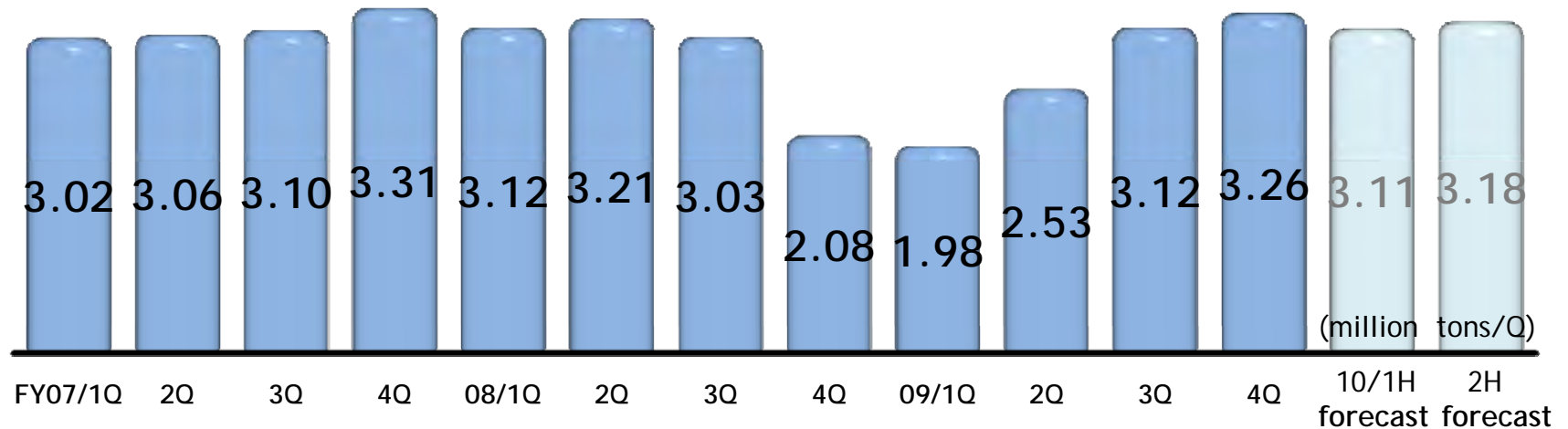
Crude Steel Production

(million tons)



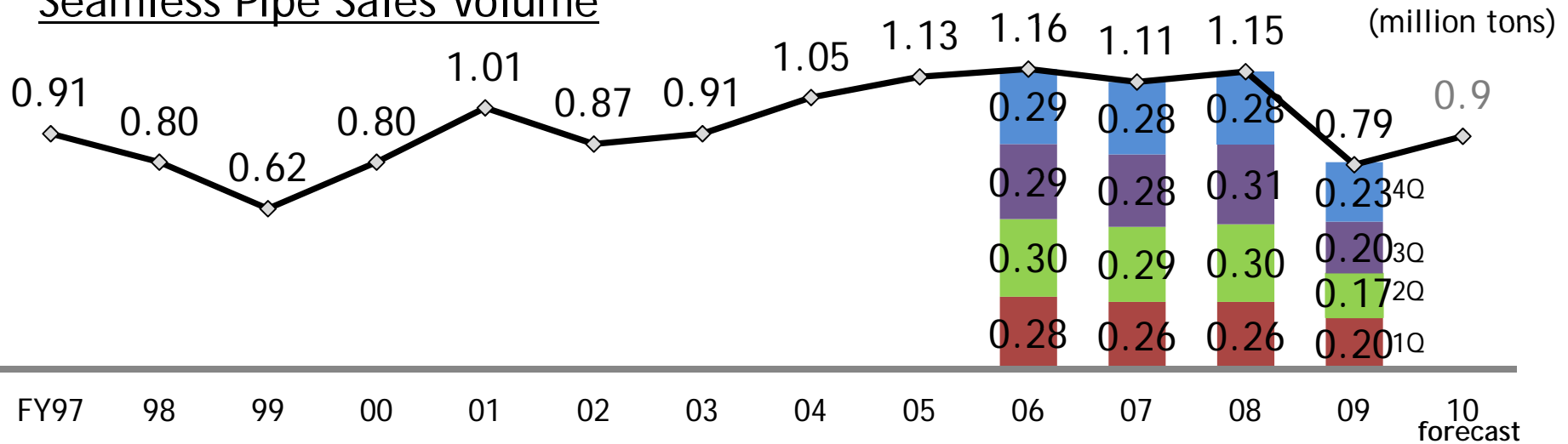
Steel Products Sales Volume

(million tons)

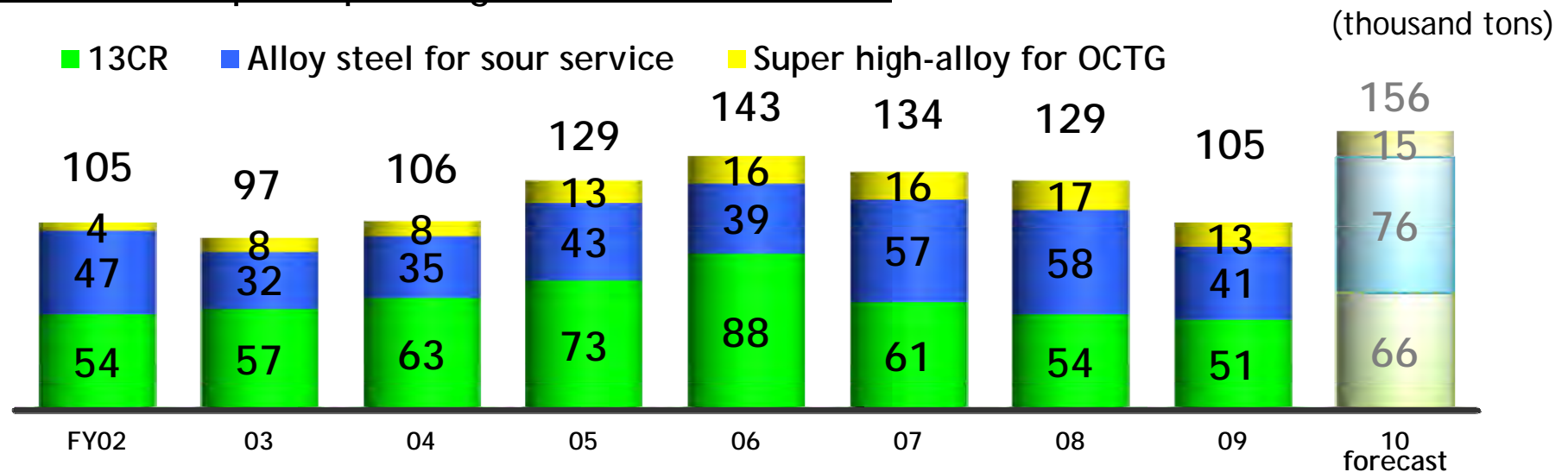


Reference (2)

Seamless Pipe Sales Volume

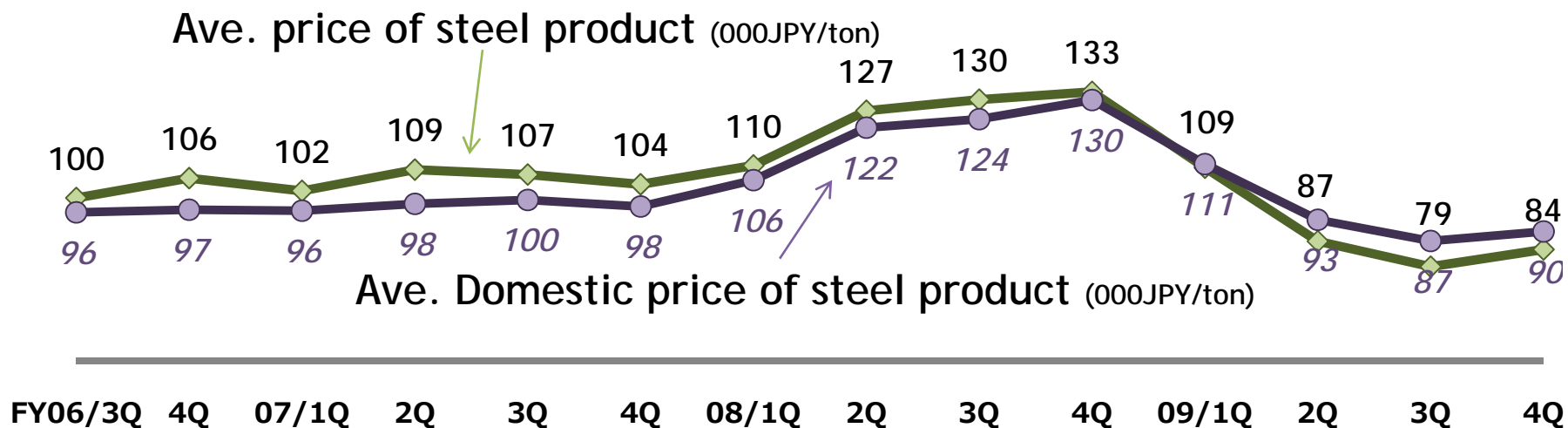


Seamless Pipe Super High-end Sales Volume



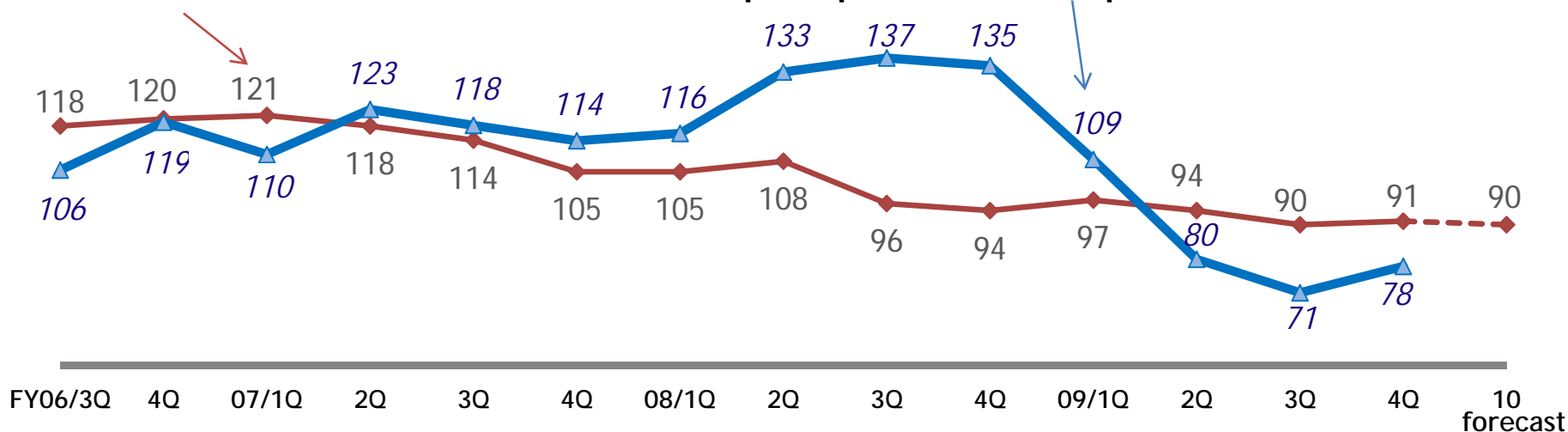
Reference (3)

Average Price of Steel Products & FOREX Rate



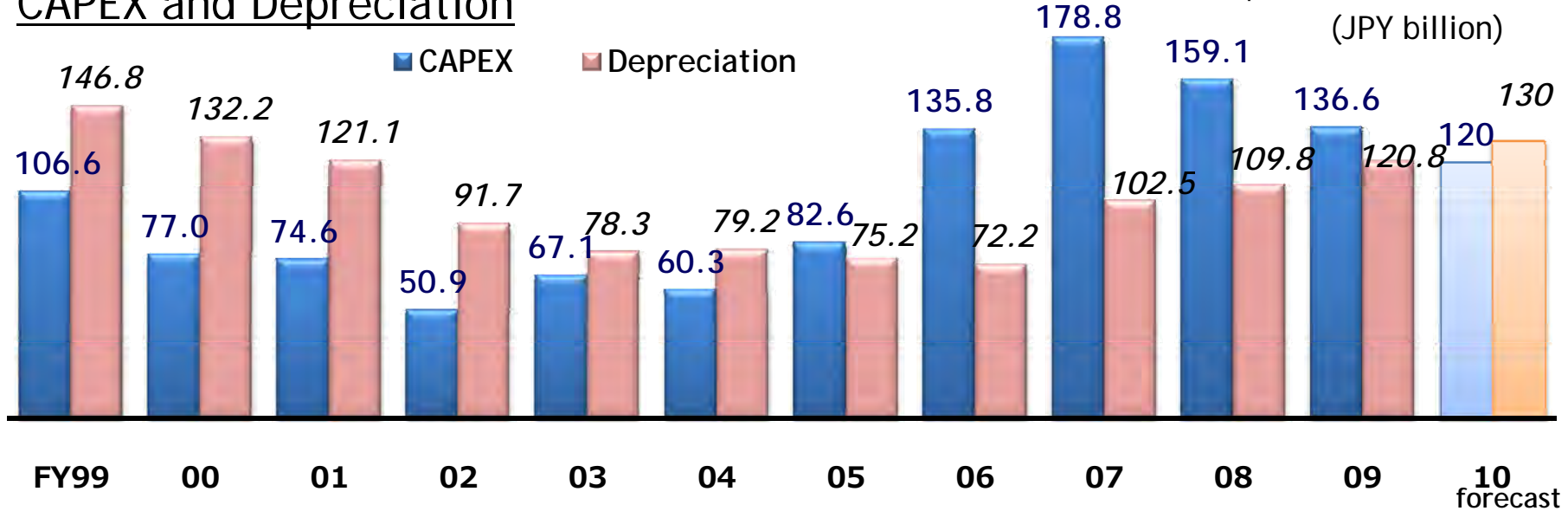
FOREX rate (JPY/USD)

Ave. Export price of steel product (000JPY/ton)

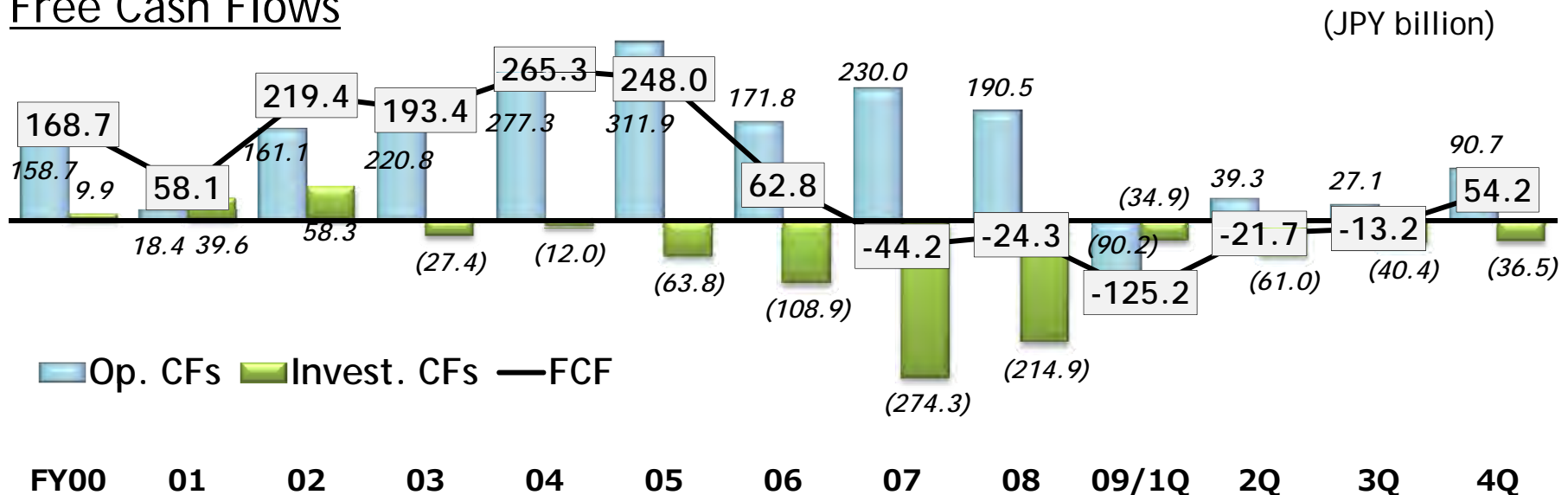


Reference (4)

CAPEX and Depreciation



Free Cash Flows



Deliver sustained growth in
corporate value by emphasizing quality



Become a company
trusted by all stakeholders