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Sumitomo Metals FY 2011 Performance (ended March 31, 2012)

April 27, 2012

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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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

This presentation includes “forward-looking statements” that reflect the plans and expectations of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd. in relation to, and the benefits resulting from, their possible business combination (or integration) . To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the two companies in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the actual results, performance, achievements or financial position of one or both of the two companies (or the post-transaction group) to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. The two companies undertake no obligation to publicly update any forward-looking statements after the date of this document. Investors are advised to consult any further disclosures by the two companies (or the post-transaction group) in their subsequent domestic filings in Japan and filings with the U.S. Securities and Exchange Commission.

The risks, uncertainties and other factors referred to above include, but are not limited to:

- (1) economic and business conditions in and outside Japan;
- (2) changes in steel supply, raw material costs and exchange rates;
- (3) changes in interest rates on loans, bonds and other indebtedness of the two companies, as well as changes in financial markets;
- (4) changes in the value of assets (including pension assets), such as marketable securities;
- (5) changes in laws and regulations (including environmental regulations) relating to the two companies’ business activities;
- (6) rise in tariffs, imposition of import controls and other developments in the two companies’ main overseas markets;
- (7) interruptions in or restrictions on business activities due to natural disasters, accidents and other causes;
- (8) the two companies’ being unable to reach a mutually satisfactory agreement on the detailed terms of the possible business combination (or integration) or otherwise unable to complete it; and
- (9) difficulties in realizing the synergies and benefits of the post-transaction group.

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.

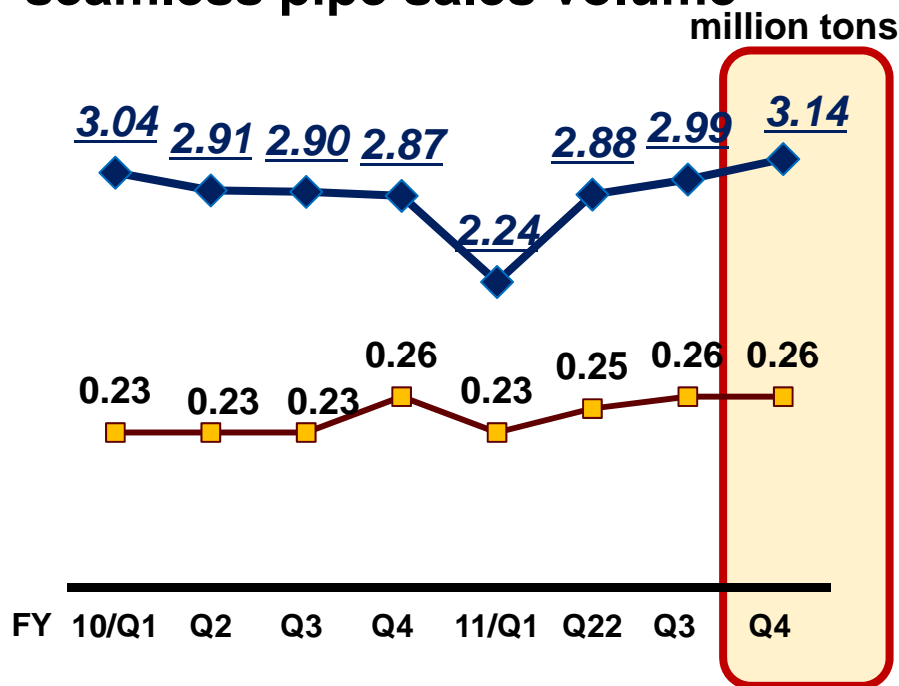
Sumitomo Metals (Kokura) and Sumitomo Metals (Naoetsu) were merged into Sumitomo Metals on January 1, 2012. Therefore, regarding all output figures prior to the merger in this presentation, Sumitomo Metals (Kokura) comes under the Bar and Wire Rod Internal Company, and Sumitomo Metals (Naoetsu) and others come under Stainless Steel & Titanium Division and others.

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

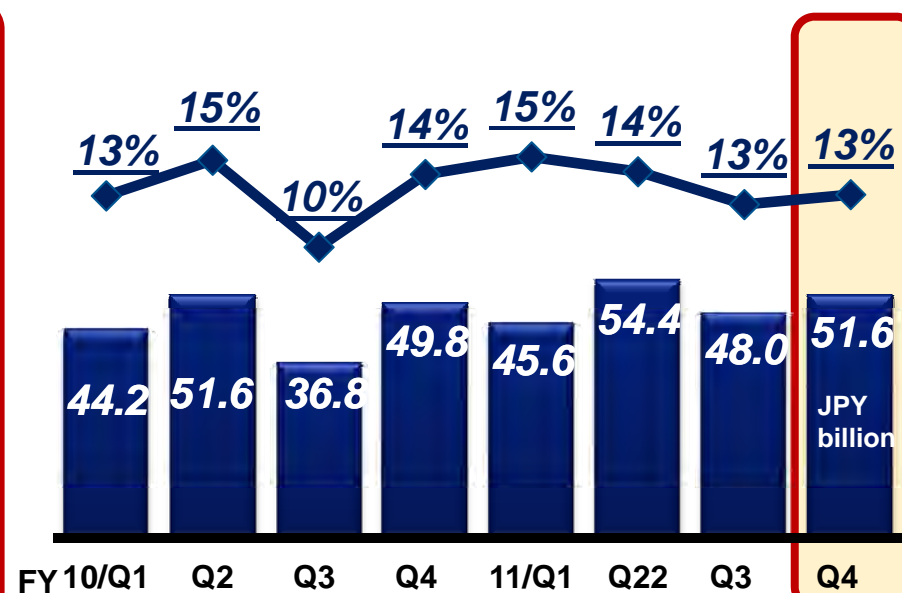
FY11 Consolidated Results Highlights

JPY billion	FY11	<YoY>	
● Sales	1,473.3	<70.9>	● Op. income increased YoY by 20.5 JPY billion. → Positive factors: Cost reduction including “Recovery Plan” from the quake and resilient demand for high-end products.
● Operating income	76.8	<20.5>	→ Negative factors: The aftermath of the quake, floods in Thailand, yen appreciation and the sluggish commodity steel market
● Ordinary income	60.8	<26.7>	
● Net loss	(53.7)	<-46.6>	● Net income decreased YoY by 46.6 JPY billion due to valuation loss on investments securities and SUMCO’s depressed earnings.
● EBITDA	199.7	<17.1>	

Sales volume and seamless pipe sales volume



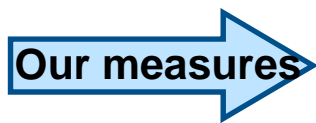
EBITDA and EBITDA margin



FY12 Forecast

Business Climate

- Global demand for steel products recovers gradually.
- Demand for our distinctive products from energy sector is brisk.
- Demand/supply for commodity steel products is still uncertain due to the impact from the slowdown of Chinese economy.
- Raw material costs remains high.



- Carry out cost reduction including “Recovery Plan” from the quake
- Aim to raise product prices

- Impossible to forecast for FY12 because we are currently negotiating with our customers on steel product prices.
- We intend to disclose our forecast for FY12 as soon as possible.

FY2011 Results

Overview of Consolidated Results for FY11

6

JPY billion	FY10	FY11						Change		
		Q1	Q2	Q3	[*Feb. 2] Q4	[*Feb. 2] FY11	YoY	QoQ		
Sales	1,402	306.8	385.3	383.6	[406]	397.4	[1,480]	1,473.3	70.9	13.8
Op. income(loss)	56.3	16.8	24.4	16.4	[13.5]	19.0	[70]	76.8	20.5	2.6
Ordinary income(loss)	34.0	19.0	22.3	15.1	[(1)]	4.2	[55]	60.8	26.7	-10.9
Extraordinary income (loss)	(62.0)	(14.3)	(79.7)	(8.8)	[(11)]	(9.1)	[(114)]	(112.0)	-50.0	-0.2
Income taxes and minority interest	20.8	(1.4)	21.8	(11.5)	[(6)]	(11.2)	[4]	(2.5)	-23.3	0.3
Net income	(7.1)	3.2	(35.6)	(5.2)	[(18)]	(16.1)	[(55)]	(53.7)	-46.6	-10.8
EPS (JPY)	-1.54	0.70	-7.69	-1.14	[-3.88]	-3.48	[-11.87]	-11.61	-10.07	-2.34
EBITDA	182.5	45.6	54.4	48.0	[47]	51.6	[195]	199.7	17.1	3.6
FOREX rate (JPY/USD)	86	82	78	77	[80]	79	[79]	79	-7	2

*Feb. 2: Forecast as of Feb. 2, 2012

Production & Prices

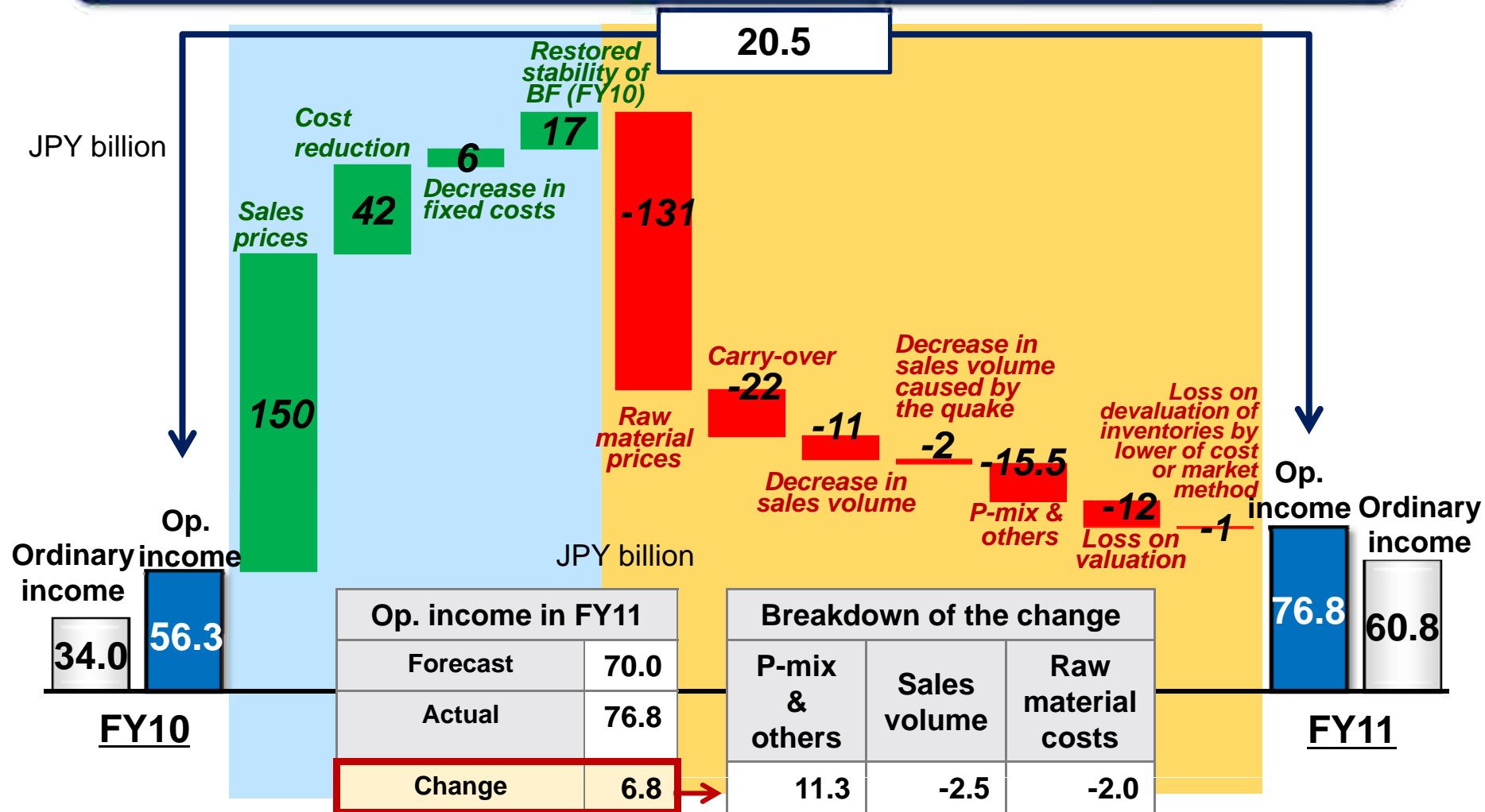
- Resilient demand bolstered sales volume in FY11/H2 despite output decline due to the aftermath of the quake in FY11/H1.
- We almost passed on raw material costs to steel product prices.

		FY10		FY11				*Feb.2	FY11	YoY
		Q4		Q1	Q2	Q3	Q4			
FOREX rate (JPY/USD)		82	86	82	78	77	79	[79]	79	-7
Crude steel production (million tons)		3.13	12.90	2.77	3.34	3.25	3.36	[12.74]	12.72	-0.18
Steel sales volume (million tons)		2.87	11.72	2.24	2.88	2.99	3.14	[11.38]	11.24	-0.48
Seamless pipe sales volume (million tons)		0.26	0.96	0.23	0.25	0.26	0.26	[1.01]	0.99	0.03
Ave. price of steel product (000JPY/ton)	Domestic	104.7	101.5	113.2	113.6	108.2	105.2	[110]	109.6	8.1
	Export	90.6	86.3	96.6	99.5	96.4	93.6	[96]	96.4	10.1
	Average	97.9	94.2	104.5	107.3	103.1	99.8	[103]	103.5	9.3
Balance (USD billion))	Receipts		5.2	2.9		3.5		[6.4]	6.4	1.2
	Payments		-5.2	-3.2		-3.8		[-7.0]	-7.0	-1.8
	Total		0	H1: -0.3		H2: -0.3		[-0.6]	-0.6	-0.6

*Feb. 2: Forecast as of Feb. 2, 2012

Change in Consolidated Operating Income (FY10 → FY11)

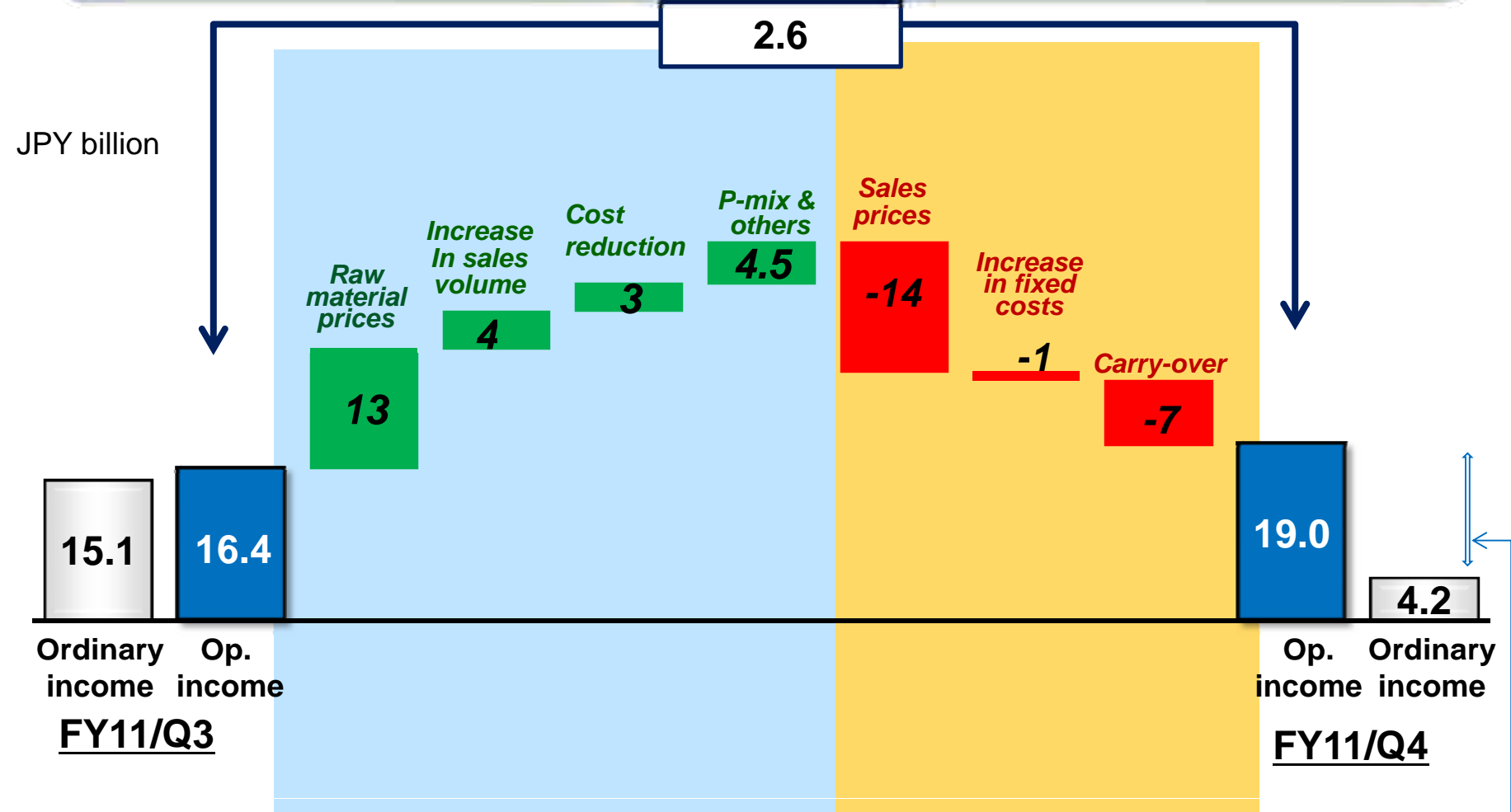
Op. income improved by 20.5 JPY billion because of seamless pipe prices hike and cost reduction including “Recovery Plan” from the quake despite soaring raw material costs.



*Earnings from equity-method affiliates: <FY10> -3.4JPY billion → <FY11> -6.4JPY billion

Change in Consolidated Operating Income (FY11/Q3 → Q4)

Op. income improved by 2.6 JPY billion as a result of increased sales volume and improvement of product-mix despite negative impact from carry-over.



•Earnings from equity-method affiliates:
 <FY11/Q3> 3.0JPY billion → <FY11/Q4> -17.4JPY billion

Extraordinary Loss and “Recovery Plan” from the Quake¹⁰

JPY billion	FY10	[*Feb. 2] FY11	Item
Loss on disaster	(62)	[(15.3)] (16.7)	The quake impact: (16.1), the impact from the floods in Thailand: (0.5)
Loss on sales of investment securities	-	[(1.9)] (1.9)	Loss on sales of NAMISA related stocks
Loss on valuation of investment securities	-	[(88.6)] (80.8)	Due to the decline in stock prices
Impairment loss of fixed assets	-	[(8)]	(5.5) Impairment loss of employee housing
Loss on business restructuring	-		(3.3) Loss on business restructuring of a group company
Loss on emission rights	-		(3.6) Due to the decline in market price of emission rights
Extraordinary loss	(62)	[(114)] (112)	

*Feb. 2: Forecast as of Feb. 2, 2012

Loss on disaster due to the quake impact + Effect on ordinary loss due to decreased sales volume by the quake + Investment in facility recovery = Loss caused by the quake: approx.100 JPY billion

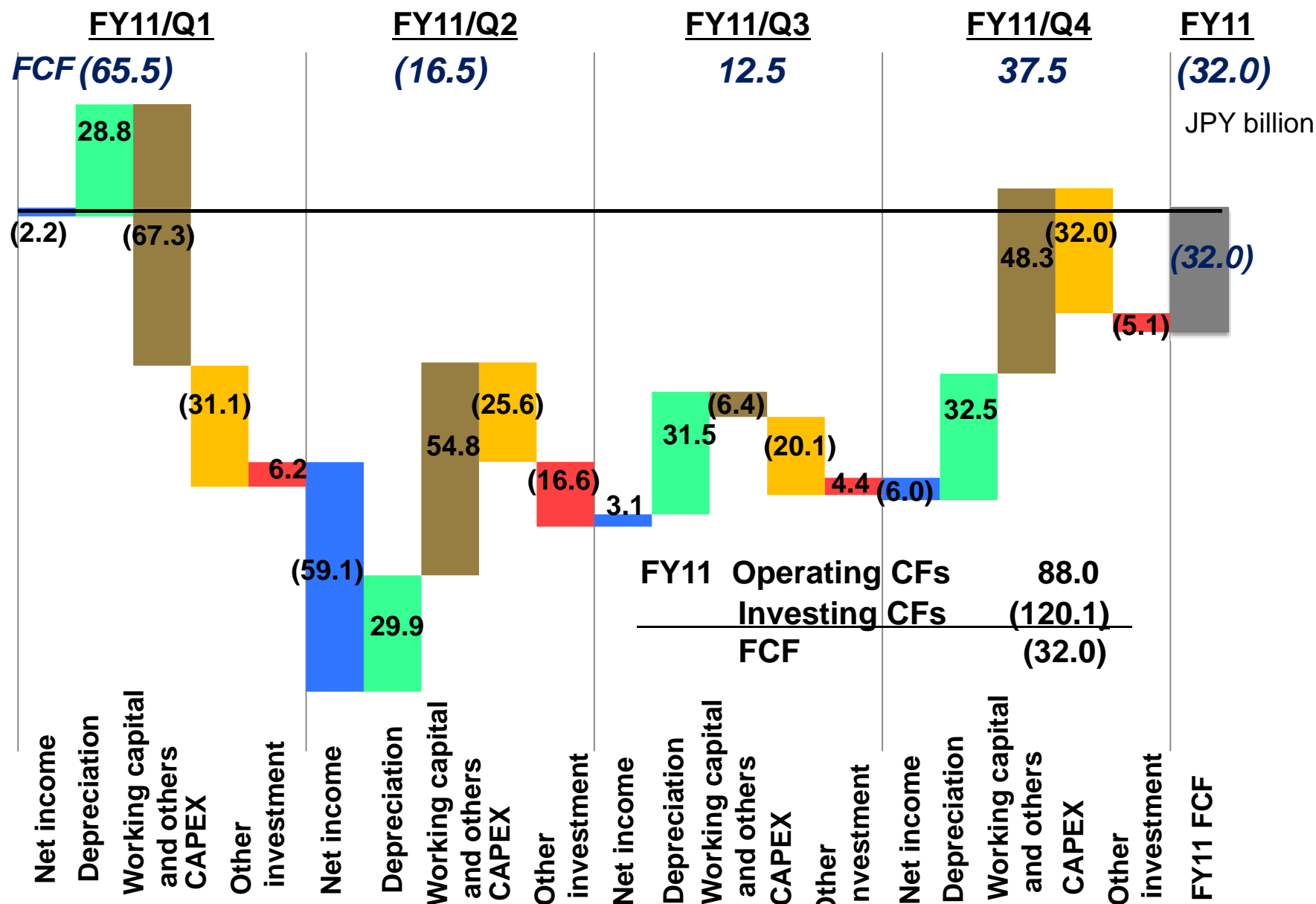
JPY billion	Total Recovery Plan	[FY11 forecast]	FY11 actual	
Deferment, etc., of investment in plant and equipment	30	[9]	14	
Reduction of costs / expenses	55	[24]	28	
Decrease in FY10 year-end & FY11 interim dividends	14	[14]	14	
Fixed costs and others	Exceeding 3	Exceeding [3]	4	
Improvement in FCF before taxes	Approx. 100	Exceeding [50]	Approx. 60	FY12 forecast: Exceeding 30 JPY billion

Consolidated Balance Sheets

11

JPY billion	11				12	%	YoY
	3E	6E	9E	12E	3E		
[Assets]							
Current assets	647.9	632.8	693.5	707.5	658.0	1.6	10.1
Fixed assets	1,792.8	1,791.5	1,765.1	1,738.7	1,728.0	-3.6	-64.7
Total assets	2,440.7	2,424.4	2,458.6	2,446.2	2,386.1	-2.2	-54.6
[Liabilities and Shareholders' Equity]							
Current liabilities	800.6	793.1	830.4	783.0	691.0	-13.7	-109.5
Long-term liabilities	822.0	813.6	826.1	899.3	933.6	13.6	111.5
Net assets	818.0	817.6	802.1	763.8	761.4	-6.9	-56.5
Debt	1,173.3	1,197.4	1,207.2	1,204.2	1,172.1	-0.1	-1.2
D/E ratio	1.53	1.56	1.61	1.69	1.65		0.12

Consolidated Cash Flows



Net income: Income before income taxes and minority interests + income taxes paid
 Depreciation: Excluding intangible assets

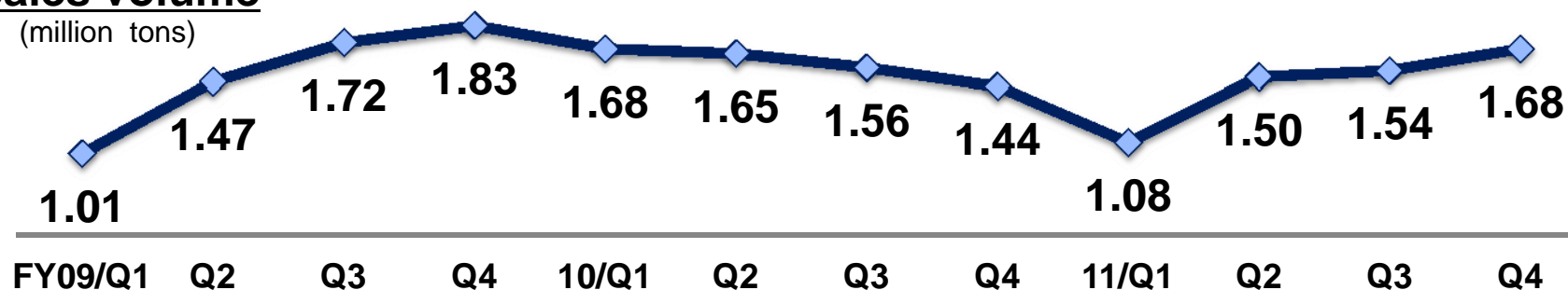
Trends in Demand/Supply by Steel Product

Steel sheet, plate & structural steel

- *Steel sheet: Although demand from autos in Japan remains firm, sales volume to other sectors decreased. Overseas demand broadly weakens.
- *Steel plate: Demand for high-end products from energy sector is resilient.
- *Structural steel: Steel demand to reconstruct quake stricken communities has materialized in the area around Kashima steelworks. Output is in line with the demand.

Sales volume

(million tons)

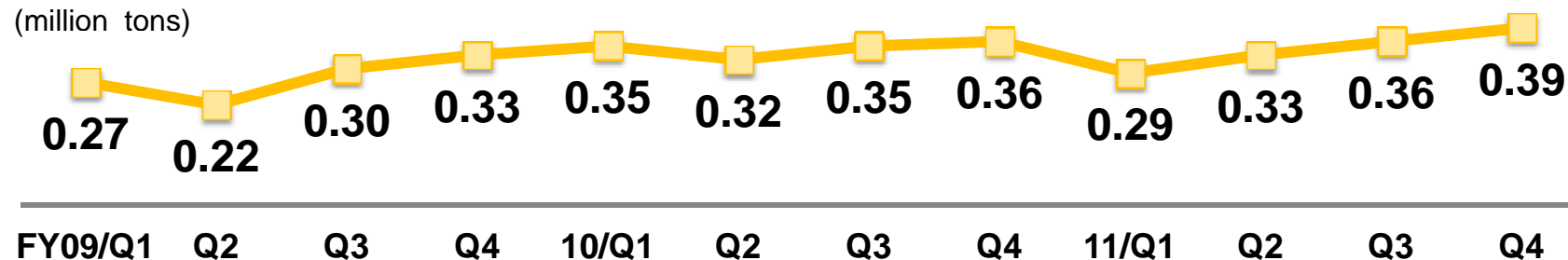


Pipe & Tube

- *Seamless pipe: Demand remains stable, but sales volume decreased slightly from the last guidance due to the impact from VSB's start-up delay.
- *Large-diameter welded pipe: Big projects in the Middle East bolstered sales volume in FY11/H2.

Sales volume

(million tons)



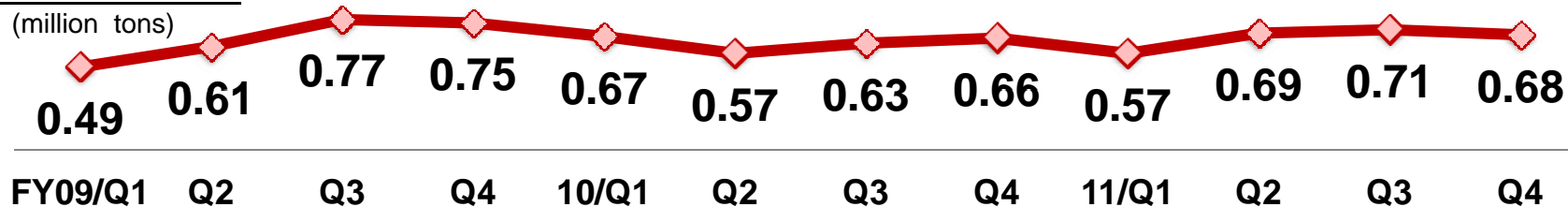
Trends in Demand/Supply by Steel Product

Slabs

*Sales volume recovered to the contracted level in FY11/H2 despite the negative impact from the quake in FY11/H1.

Sales volume

(million tons)

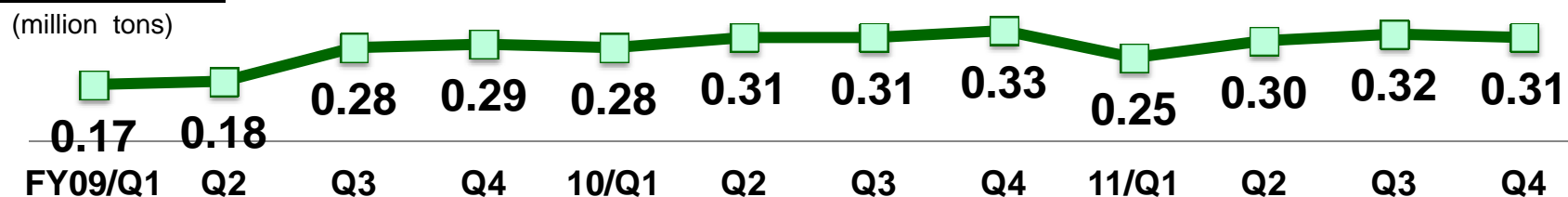


Bar & wire rod

*Autos: Demand is firm.
*Construction machinery: Demand is slowing.

Sales volume

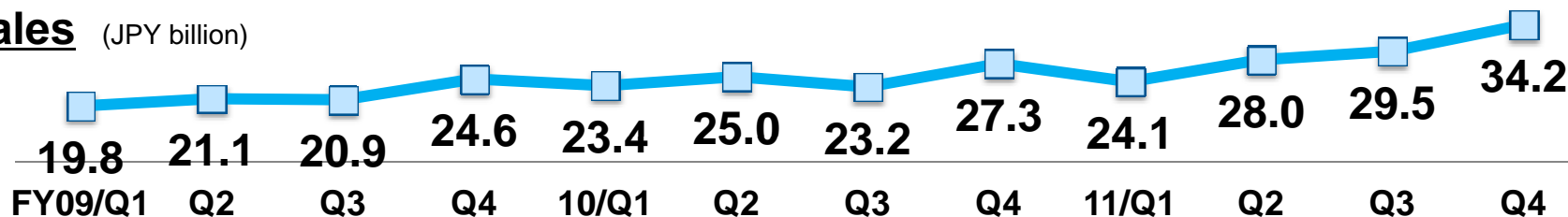
(million tons)



Railway, automotive & machinery parts

*Railway parts: Demand from the US, Europe and China as well as Japan is stable.
*Crankshaft: Recovery of demand from autos bolstered sales volume.

Sales (JPY billion)



Outlook of Seamless Pipe Demand/Supply

OCTG / line pipe

- ➔ Long-term contract customers: Demand, mainly from projects in the Middle East, remains stable.
- ➔ Spot market: Rig count is high.
Demand including high-end products is resilient.
- ➔ Line pipe: Demand remains firm both for projects and distributors.

Specialty tube

- ➔ Boiler tubes for gas-fired combined cycle power generator: Demand is robust.
- ➔ USC boiler tubes for coal-fired power plants: Demand is picking up.

Autos & construction machinery

- ➔ Autos: Demand is still firm despite the negative impact from the floods in Thailand.
- ➔ Construction machinery: Demand from China is in a downtrend.

Rig count	06 Avg.	07 Avg.	08 Avg.	09 Avg.	10 Avg.	11 Avg.	The latest
The US	1,649	1,768	1,879	1,089	1,546	1,875	(Apr. 20, 2012) 1,972
Deep well (>=15,000ft)	225	222	283	249	249	395	(March, 2012) 305
International (except N. America, Russia and China)	925	1,005	1,079	997	1,094	1,167	(March, 2012) 1,192

Source: Baker Hughes, Smith international

Consolidated Sales & Op. Income by Internal Company

JPY billion	FY10	FY11				YoY		
		Q1	Q2	Q3	Q4			
Steel sheet, plate and structural steel	549.6	104.3	149.4	147.5	149.4	[560]	550.7	1.1
Pipe & tube	506.7	122.3	141.5	143.6	150.9	[550]	558.5	51.7
Railway & automotive	99.1	24.1	28.0	29.5	34.2	[115]	116.0	16.9
Bar and wire rod *	144.7	32.3	41.0	41.4	37.8	[155]	152.7	8.0
Stainless & titanium and others *	51.4	14.0	13.8	12.4	14.8	[55]	55.2	3.8
Total steel segment	1,351.6	297.2	373.8	374.8	387.3	[1,440]	1,433.2	81.6
Others	50.8	9.6	11.4	8.8	10.1	[40]	40.1	-10.7
Total sales	1,402.4	306.8	385.3	383.6	397.4	[1,480]	1,473.3	70.9

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

Steel sheet, plate and structural steel	16	2	9	4	(1)	[20]	14	-2	
Pipe & tube	Pipe & tube	16	7	9	9	10.5	[29]	35	19
	Slabs	(5.0)	2	(2.5)	(6.0)	(3.5)	[(12)]	(10)	-5
Bar and wire rod *	6	0	2	3	3	[8]	8	2	
Total steel segment	50.2	16.4	22.7	15.7	17.9	[67]	72.9	22.6	
Others	6.2	0.4	1.6	0.6	1.1	[3]	3.9	-2.1	
Total Op. income	56.3	16.8	24.4	16.4	19.0	[70]	76.8	20.5	

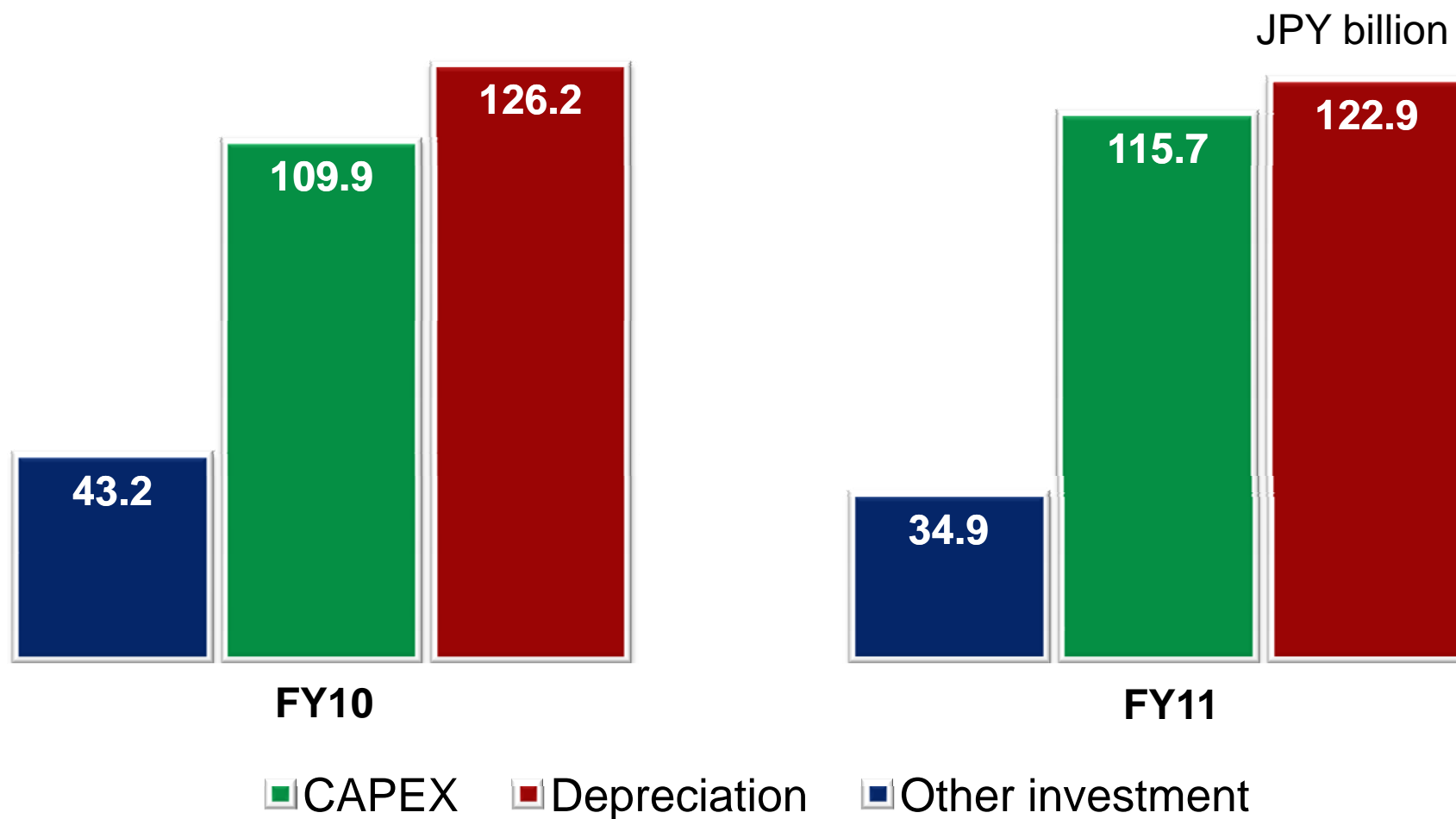
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*Feb. 2: Forecast as of Feb. 2, 2012

Forecast for Consolidated CAPEX, Depreciation and Other Investment

*CAPEX: Construction-base
*Depreciation: Excluding intangible assets
*Other investment: Cash paid-base



CAPEX Plan and Overseas Business Investment Update

18

Schedule for starting operation		Invest. amount JPY billion	FY10	FY11	FY12	FY13	FY14	FY15
CAPEX								
Pipe & Tube	Renewal of upstream processes (Wakayama) -New No.2 BF + reinforcement of CC	115				2 nd Half/12		
	Increasing capacity for ultra high strength line pipes	10		Jan. 11				
	Increasing capacity for SG tubes for nuclear power plants	14				Apr. 13		
Others	Steelmaking process innovations (Kokura)	27		Oct. 10				
	Renewal of Corporate Research & Development Laboratory (Amagasaki)	10			Oct. 11			
Other investment								
Sheet & Plate	Steel sheet J/V in Vietnam (CSVC)	115 (J/V total investment amount)				FY12		
	Collaboration with Bhushan Steel in India	-Technical assistance - OEM				Mar. 12		
Pipe & Tube	Integrated steel works with Seamless pipe mill J/V in Brazil (VSB)	5.4 BRL billion (VSB's capital)						
Railway & Auto.	Forged crankshaft business J/V in India (SMAC) - Installation of second forging press line	1Rs billion (Investment amount of SMAC)				Nov. 12		
	Acquisition of Standard Steel in the U.S.	325 USD million					Jun. 11	

Note: The business integration with Nippon Steel is scheduled for Oct. 1, 2012. Sumitomo Metals, therefore, wishes to caution that the "CAPEX Plan and Overseas Business Investment" may differ materially from our forecast after the merger.

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 target for financial leverage is a D/E ratio of below one.

Dividend forecast for FY11

- 2.0 JPY/share (Interim: 1.0 JPY/share, Year-end: 1.0 JPY/share)

Dividend forecast for FY12

- TBD

<Ref.> Dividend Policy of the integrated company

Consolidated dividend payout ratio target: approx. 20%.

Factors to be considered to return the profit to shareholders include:

- capital requirements for investments to raise corporate value,
- our performance forecast,
- consolidated and non-consolidated balance sheets.

Supplement

Progress Report: Business Integration with Nippon Steel²¹



NIPPON STEEL & SUMITOMO METAL CORPORATION

- Preparation for the business integration is on track.
- **Method of the Business Integration:** We changed the method to the two-step legal procedure (share exchange → absorption-type merger on the same day)
- Aim to achieve the management goals quickly.

● Schedule of the merger

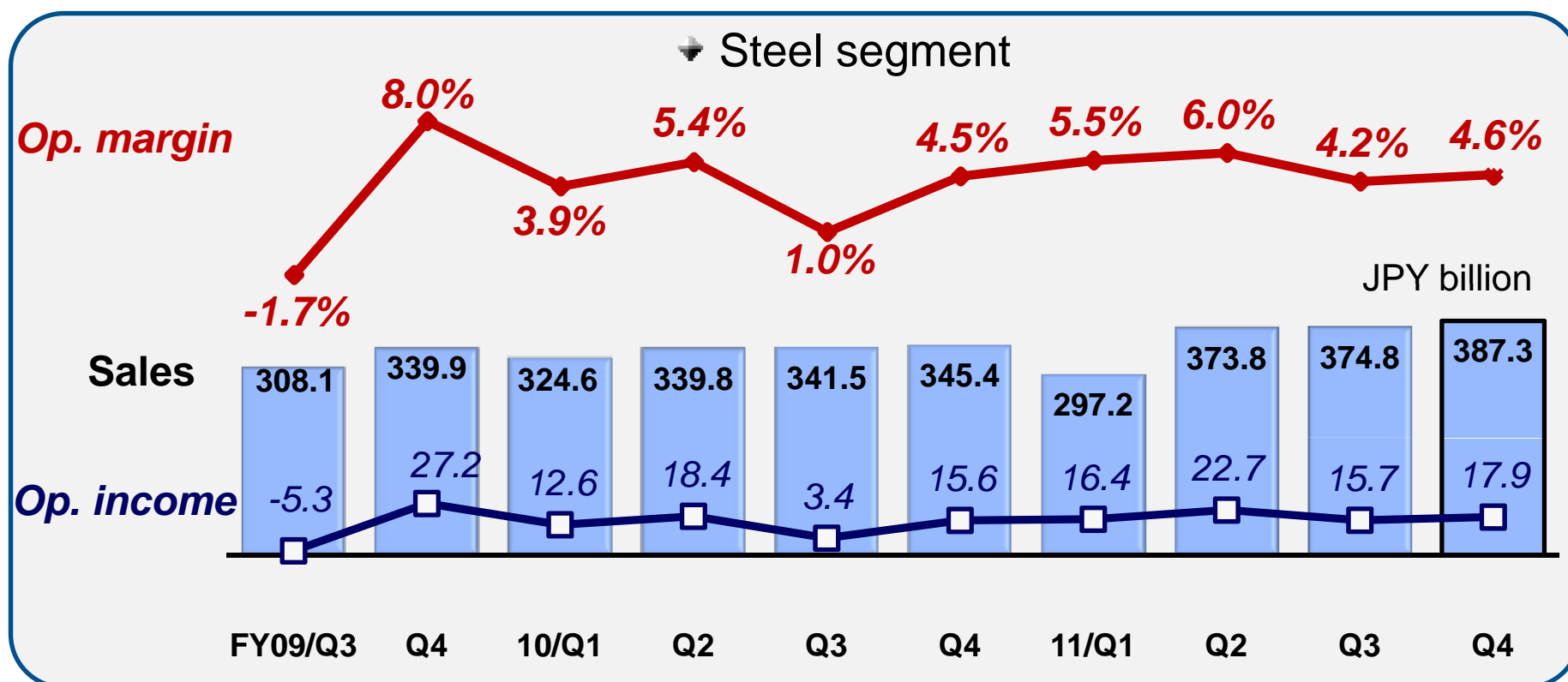
March 2, 2012	Nomination of the integrated company's CEO & COO
April 27, 2012	Execution of the Share Exchange Agreement and the Merger Agreement
	Nomination of the integrated company's board of directors and auditors
(Planned)	
June 26, 2012	Shareholders' meetings of the two companies to approve the Merger
October 1, 2012	Date of Share Exchange and Merger (effective date)

We intend to disclose the medium-term management goals and major measurement policy of the integrated company promptly after the merger.

Note: For additional details regarding the business integration, please read our press release: "Execution of Final Agreement regarding Business Integration between Nippon Steel Corporation and Sumitomo Metal Industries, Ltd." as of Apr. 27, 2012.

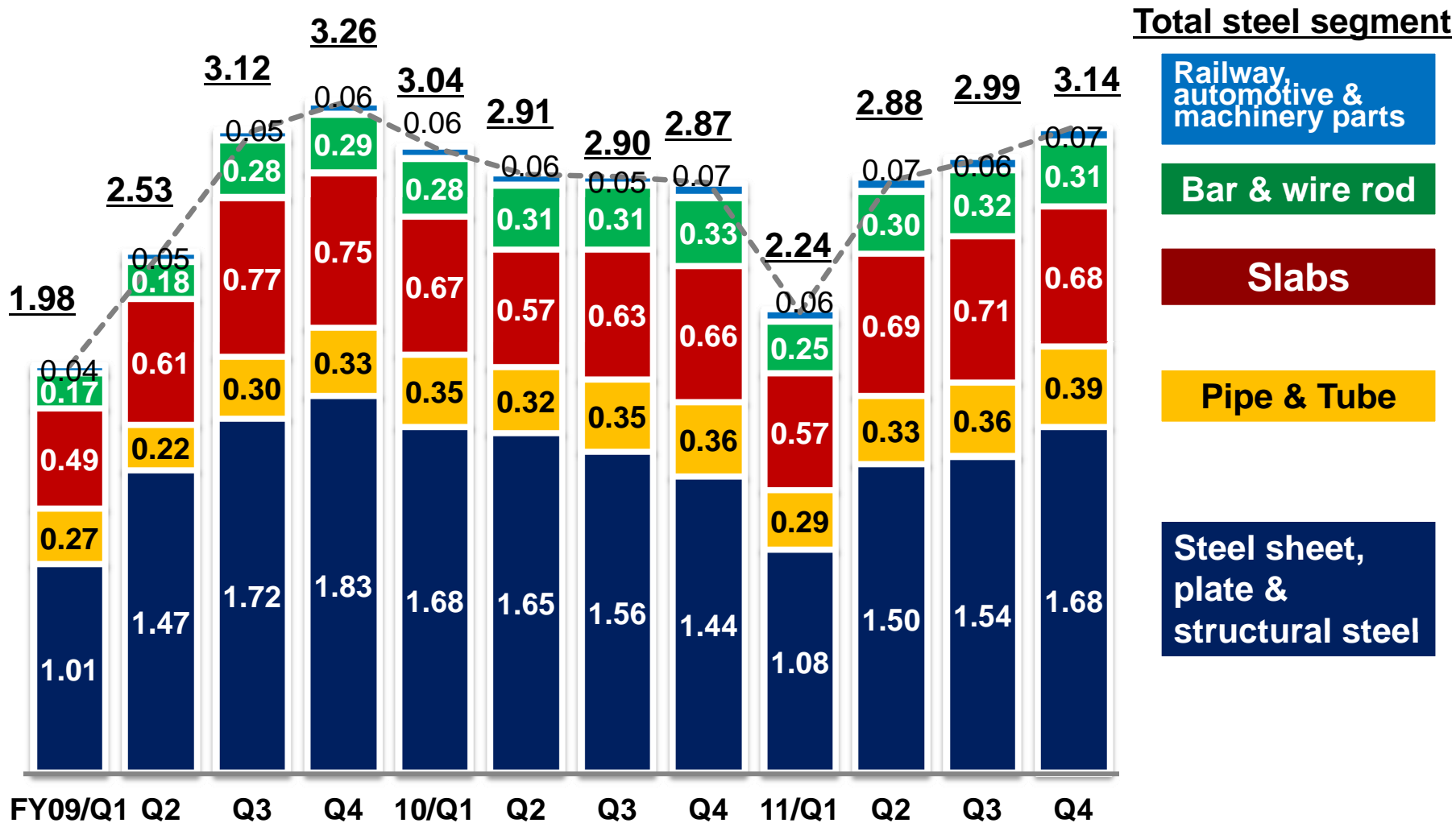
Consolidated Sales and Operating Income by Business Segment

JPY billion	FY09/Q3	Q4	FY10/Q1	Q2	Q3	Q4	FY11/Q1	Q2	Q3	Q4
Steel	308.1	339.9	324.6	339.8	341.5	345.4	297.2	373.8	374.8	387.3
Others	17.8	21.1	16.9	12.2	10.4	11.2	9.6	11.4	8.8	10.1
Sale	326.0	361.0	341.6	352.1	351.9	356.6	306.8	385.3	383.6	397.4
Steel	(5.3)	27.2	12.6	18.4	3.4	15.6	16.4	22.7	15.7	17.9
Others	2.2	2.9	1.6	2.0	1.5	0.8	0.4	1.6	0.6	1.1
Op. income (loss)	(3.1)	30.2	14.2	20.4	4.9	16.5	16.8	24.4	16.4	19.0



Sales Volume by Product

million tons/Q

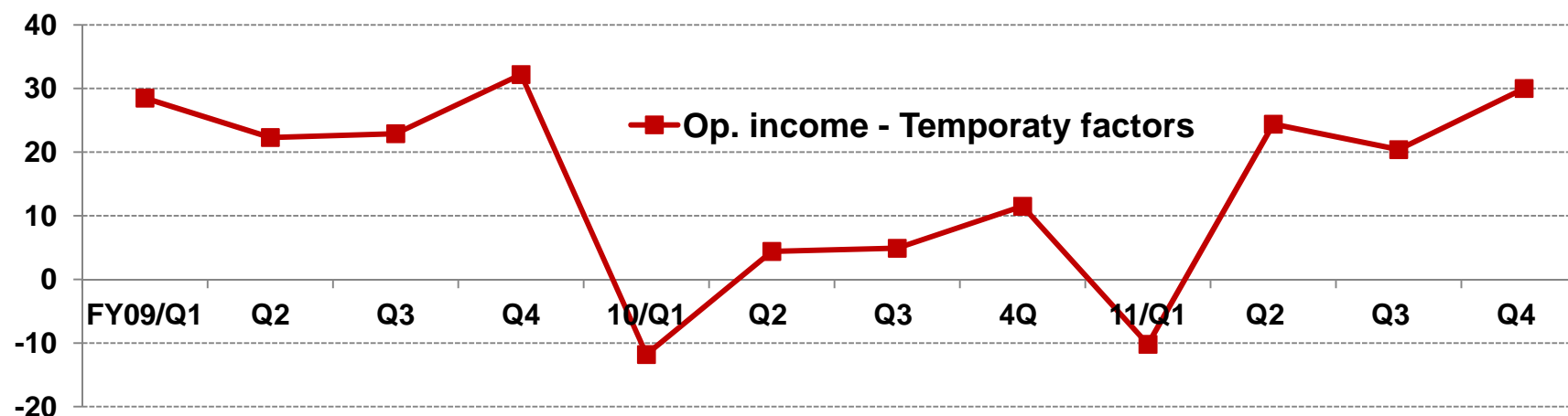


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Temporary Factors

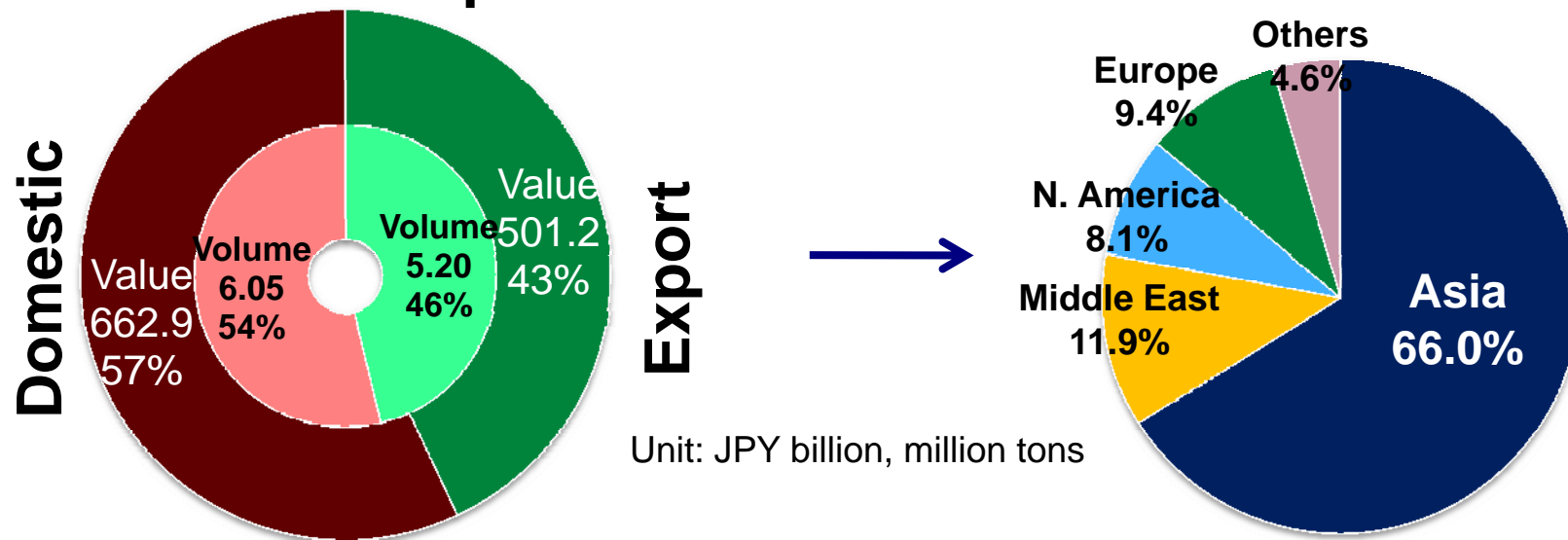
JPY billion	FY10					FY11	YoY
		Q1	Q2	Q3	Q4		
Carry-over	25	18	0	(4)	(11)	3	-22
Gain (loss) on inventory valuation	21	7	2	0	0	9	-12
Net devaluation of inventories by lower of cost or market method	1	2	(2)	0	0	0	-1
Total temporary factors	47	27	0	(4)	(11)	12	-35

JPY billion

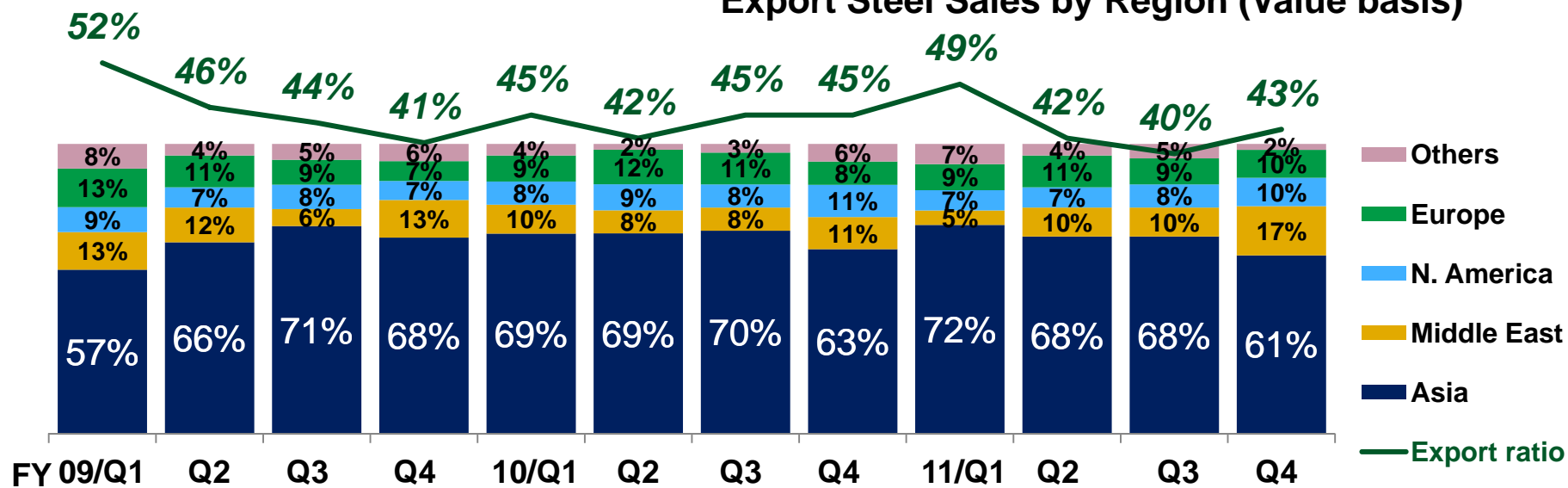


JPY billion	09/Q1	Q2	Q3	Q4	10/Q1	Q2	Q3	Q4	11/Q1	Q2	Q3	Q4
Op. income: A	(34.5)	6.3	(3.1)	30.2	14.2	20.4	4.9	16.5	16.8	24.4	16.4	19.0
Temporary factors: B	(63.0)	(16.0)	(26.0)	(2.0)	26.0	16.0	0.0	5.0	27.0	0.0	(4.0)	(11.0)
A-B	28.5	22.3	22.9	32.2	(11.8)	4.4	4.9	11.5	(10.2)	24.4	20.4	30.0

Domestic and Export Steel Sales for FY11



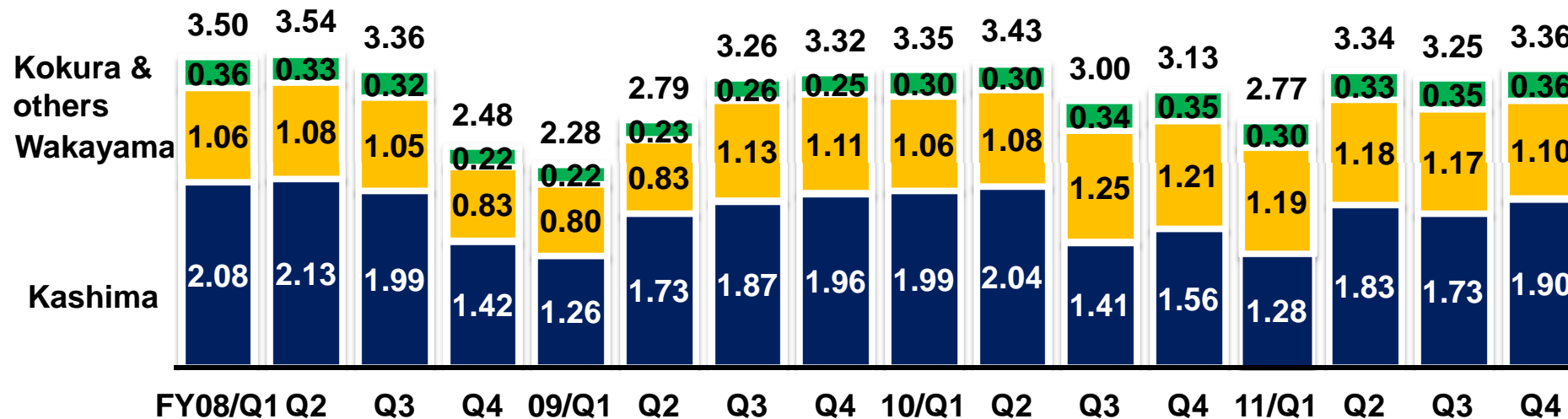
Export Steel Sales by Region (Value basis)



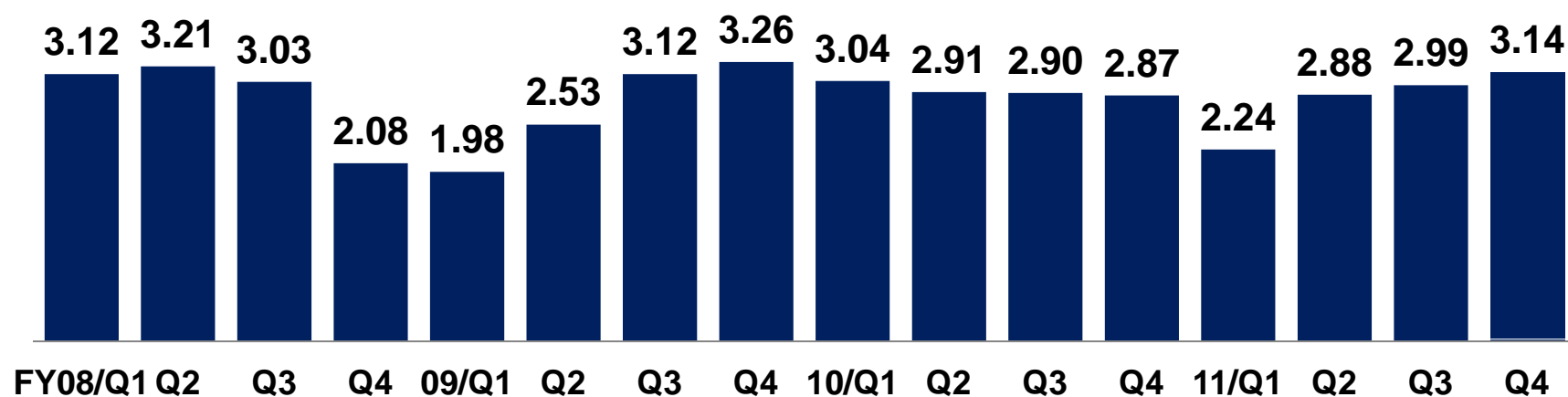
Reference (1)

Crude Steel Production

(million tons/Q)

Steel Products Sales Volume

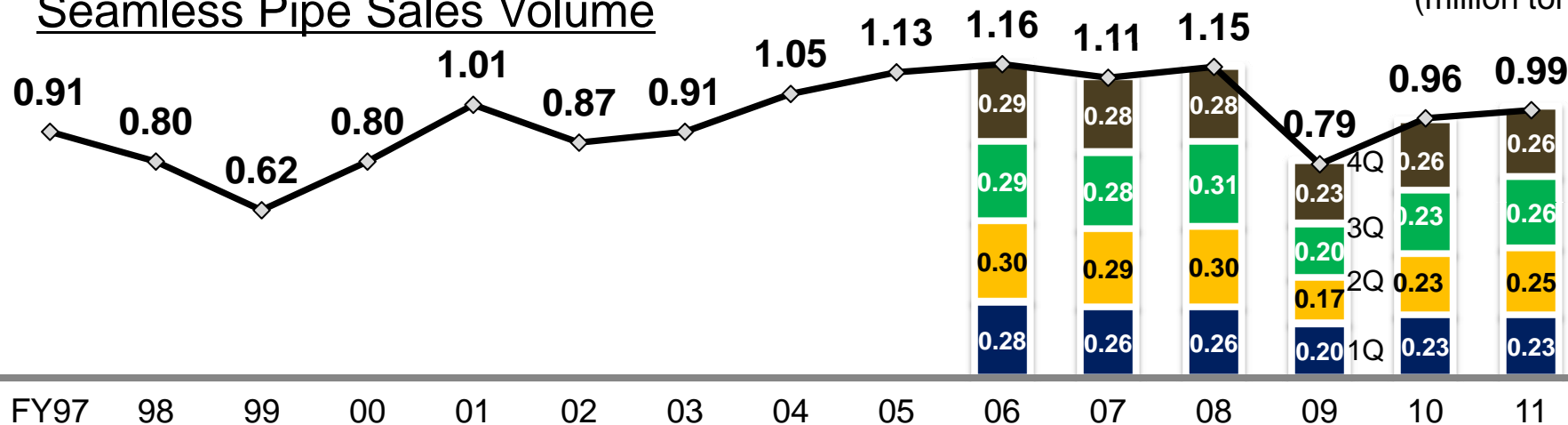
(million tons/Q)



Reference (2)

Seamless Pipe Sales Volume

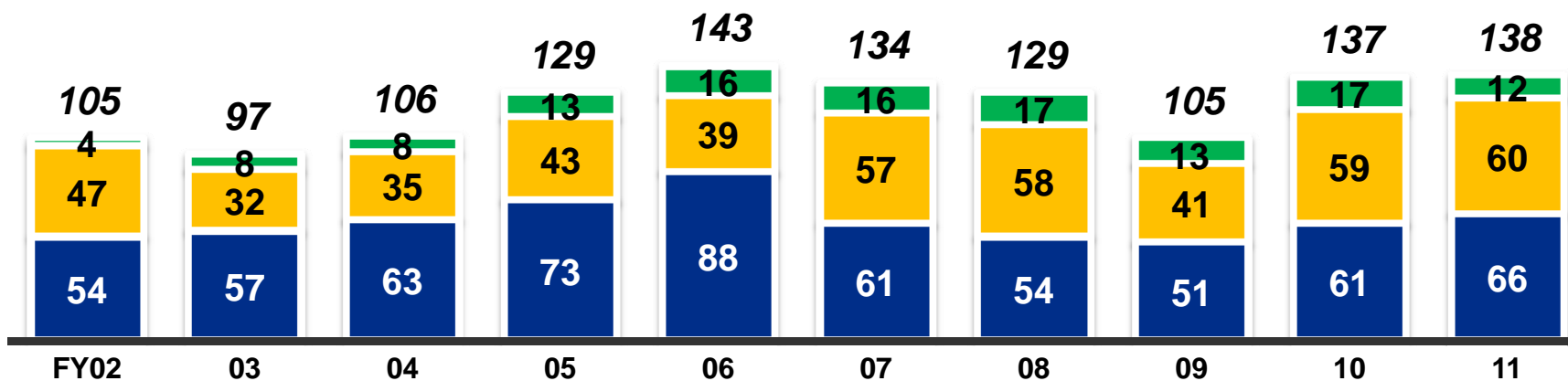
(million tons)



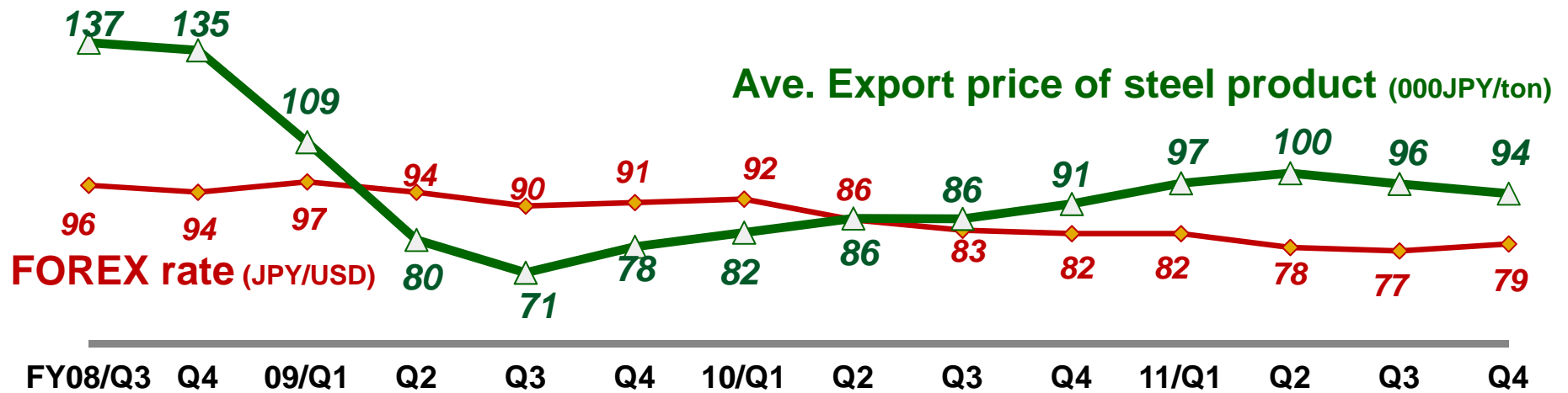
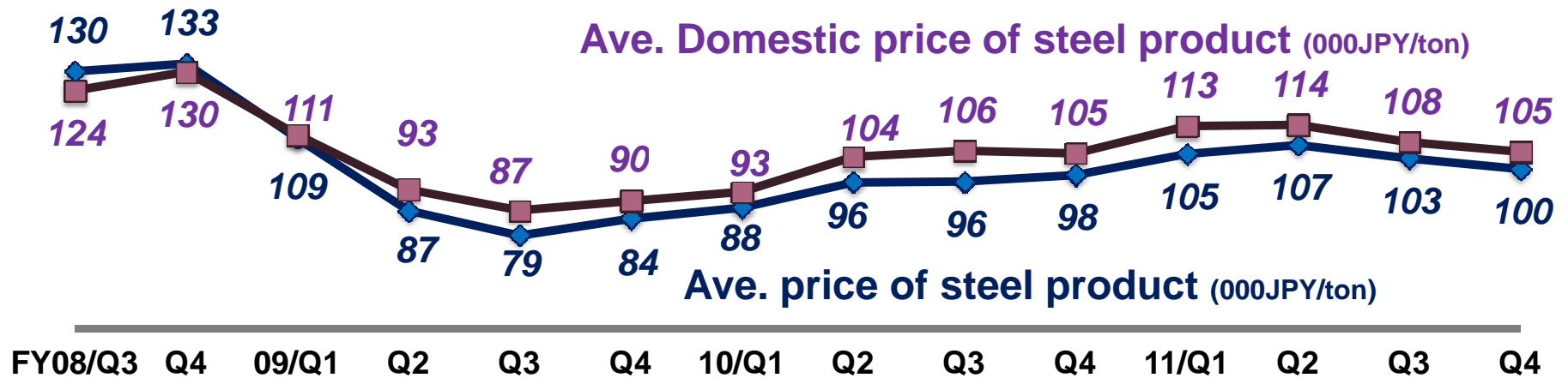
Seamless Pipe Super High-end Sales Volume

(thousand tons)

■ Super high-alloy for OCTG ■ Alloy steel for sour service ■ 13CR



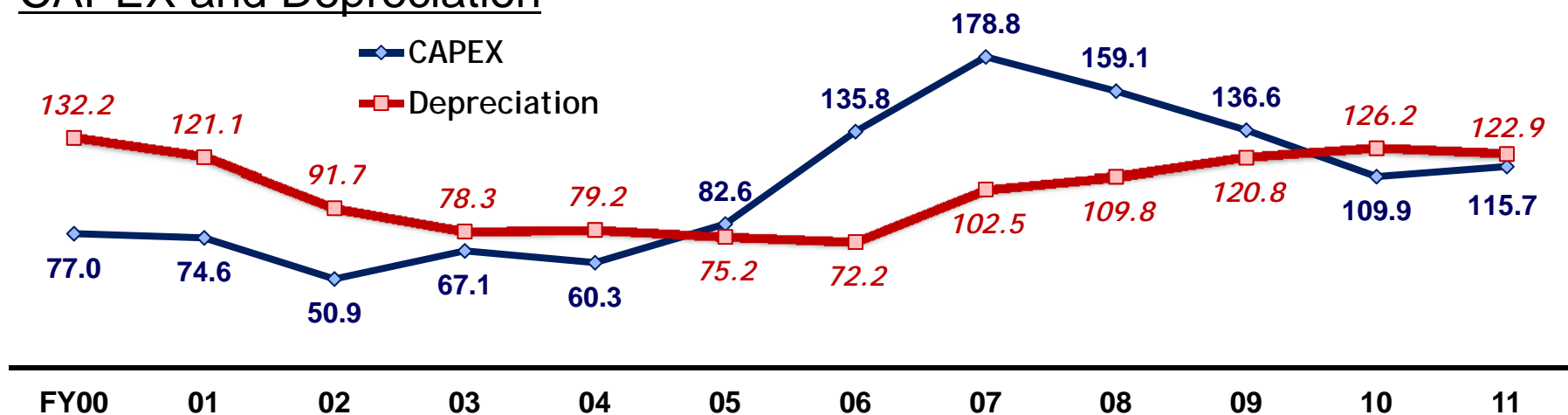
Reference (3)



Reference (4)

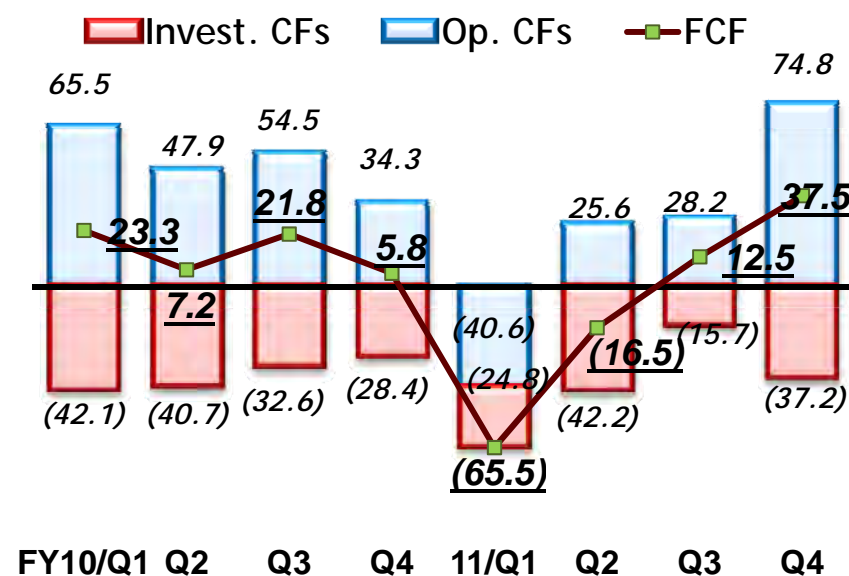
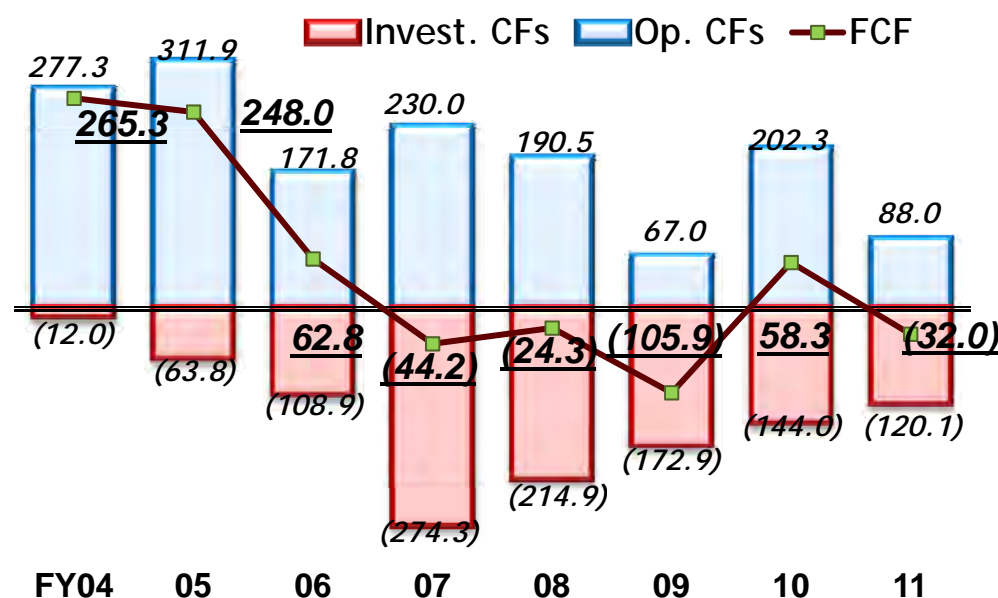
CAPEX and Depreciation

*CAPEX: Construction-base
 *Depreciation: Excluding intangible assets (JPY billion)



Free Cash Flows

(JPY billion)



Deliver sustained growth in
corporate value by emphasizing quality



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