5405:JP
SMMLY:US

Sumitomo Metals FY 2011 the Third Quarter Performance (ending March 31, 2012)

February 2, 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 Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated with the passage of time.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.

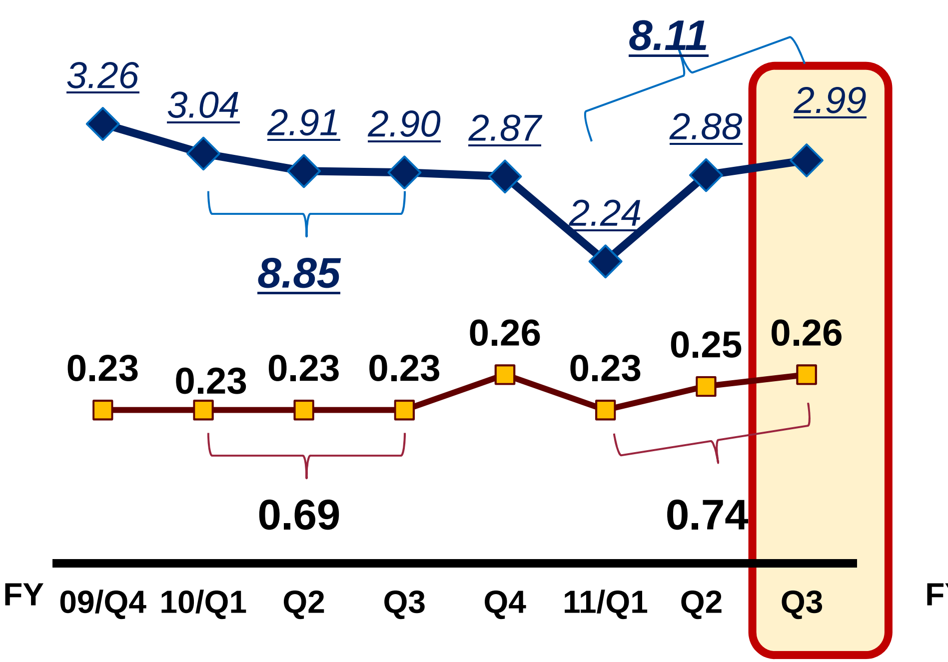
EBITDA= Operating income + Depreciation of property, plant and equipment

FY11/Q3 Consolidated Results Highlights

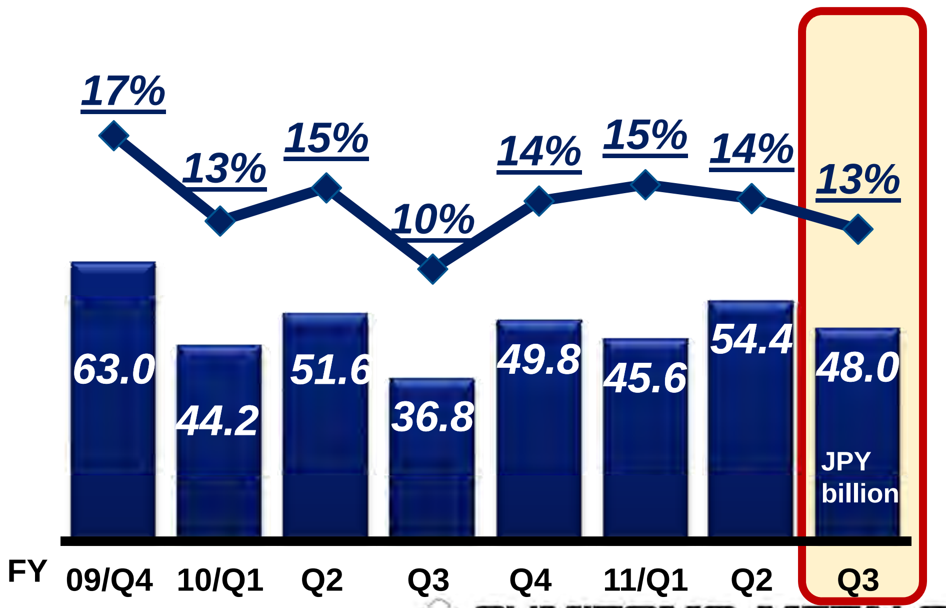
JPY billion	FY11/Q1-Q3	<YoY>
Sales	1,075.8	<30.1>
Operating income	57.7	<17.9>
Ordinary income	56.5	< 29.6>
Net loss	(37.6)	< -72.5>
EBITDA	148.0	< 15.3>

- The sales volume recovery from the quake slowed due to global economic deterioration and the floods in Thailand.
- Demand for seamless pipe remains firm.
- Op. income decreased QoQ to 16.4 JPY billion due to sales volume deterioration caused by the sluggish commodity steel market and carry-over of raw material contracts.

Sales volume and seamless pipe sales volume



EBITDA and EBITDA margin



FY11 Forecast

- We expect sales volume, mainly steel sheet, to decrease by 0.25 million tons from the last guidance due to the sluggish commodity steel market.
- Op. income forecast was revised down by 20 JPY billion to 70 JPY billion due to decreased sales volume and negative temporary factors such as carry-over.
- Ordinary income forecast was revised down by 45 JPY billion to 55 JPY billion due to SUMCO(an equity method affiliate)'s depressed earnings in addition to the above.
- Dividend forecast for Year-end of FY11: 2.5 JPY/share was revised down to 1.0 JPY/share.

JPY billion	FY10	H1	H2 forecast Approx.	(*Oct. 31)	FY11 forecast Approx.	YoY
Sales	1,402.4	692.2	790	*[1,520]*	1,480	78
Op. income (loss)	56.3	41.2	30	*[90]*	70	14
Ordinary income (loss)	34.0	41.3	14	*[100]*	55	21
Extraordinary income (loss)	(62.0)	(94.0)	(20)	*[(94)]*	(114)	-52
Net income (loss)	(7.1)	(32.3)	(23)	*[0]*	(55)	-48
EPS (JPY)	-1.54	-6.99	-4.96	*[0]*	-11.87	-10.33
Dividend (JPY/share)	3.5	1.0	1.0	*[3.5]*	2.0	-1.5
EBITDA	182.5	100.0	95	*[215]*	195	12.5
Steel sales volume (m. tons)	11.72	5.12	6.26	*[11.63]*	11.38	-0.34

*Oct. 31: Forecast as of Oct. 31, 2011

SUMITOMO METALS

FY2011/Q3 Results

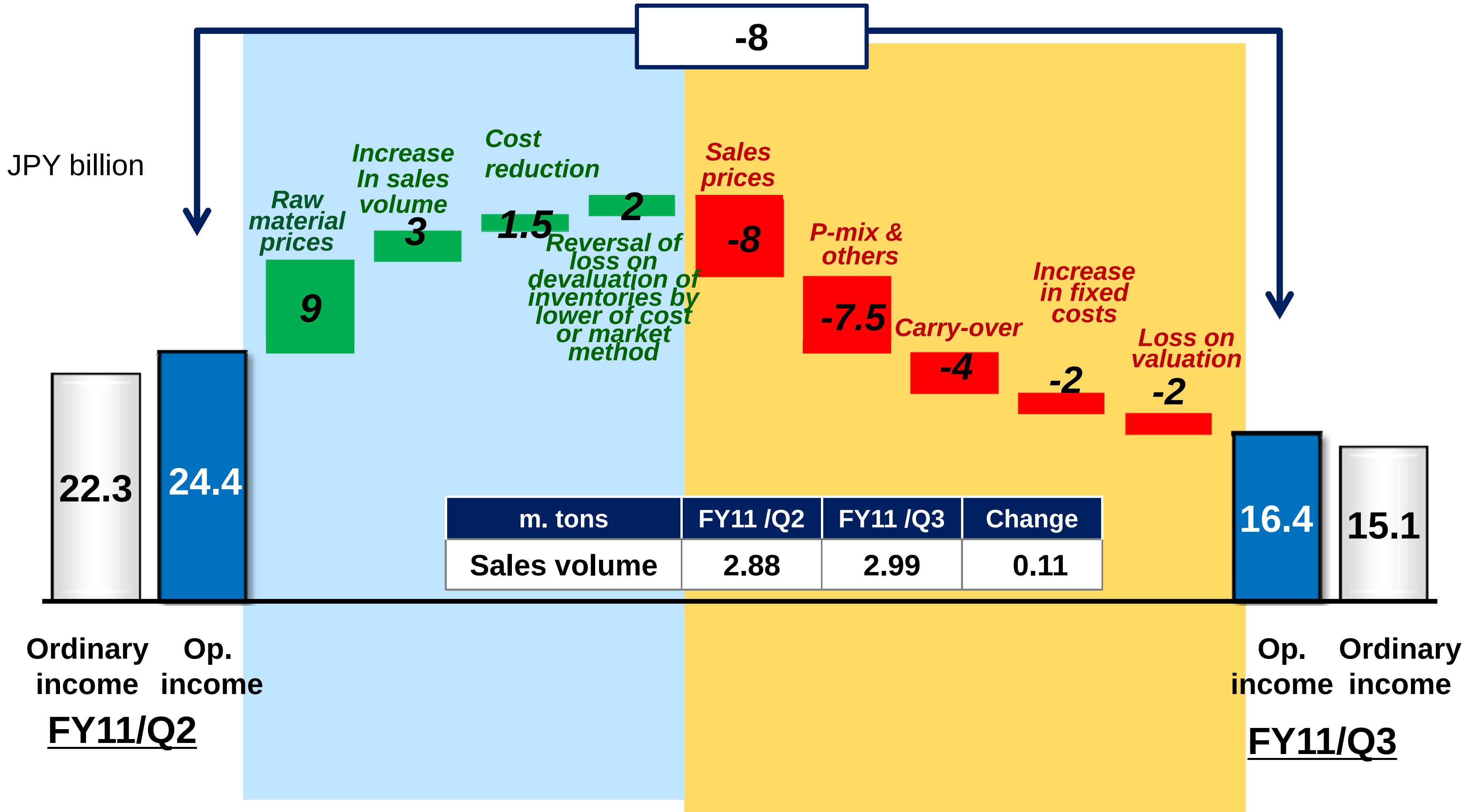
Overview of Consolidated Results for FY11/Q3

JPY billion		FY10/ Q1-3				FY11/ Q1-3	Change	
	Q3		Q1	Q2	Q3		FY11/Q3 QoQ	FY11/Q1-3 YoY
Sales	351.9	1,045.7	306.8	385.3	383.6	1,075.8	-1.6	30.1
Op. income(loss)	4.9	39.7	16.8	24.4	16.4	57.7	-8.0	17.9
Ordinary income(loss)	(2.0)	26.8	19.0	22.3	15.1	56.5	-7.1	29.6
Extraordinary income (loss)	-	-	(14.3)	(79.7)	(8.8)	(102.9)	70.8	-102.9
Income taxes and minority interest	2.1	8.0	(1.4)	21.8	(11.5)	8.7	-33.4	0.6
Net income	0.0	34.9	3.2	(35.6)	(5.2)	(37.6)	30.3	-72.5
EPS (JPY)	0.01	7.53	0.70	-7.69	-1.14	-8.12	6.55	-15.65
EBITDA	36.8	132.7	45.6	54.4	48.0	148.0	-6.4	15.3
FOREX rate (JPY/USD)	83	87	82	78	77	79	-1	-8

*Impact from the tax rate changes in Q3: -5 JPY billion (A part of deferred tax assets was written off because of the downward revision of tax rate)

Change in Consolidated Operating Income (FY11/Q2 →Q3)

Op. income decreased by 8 JPY billion due to decreased sales volume of flat products, weak prices and carry-over.

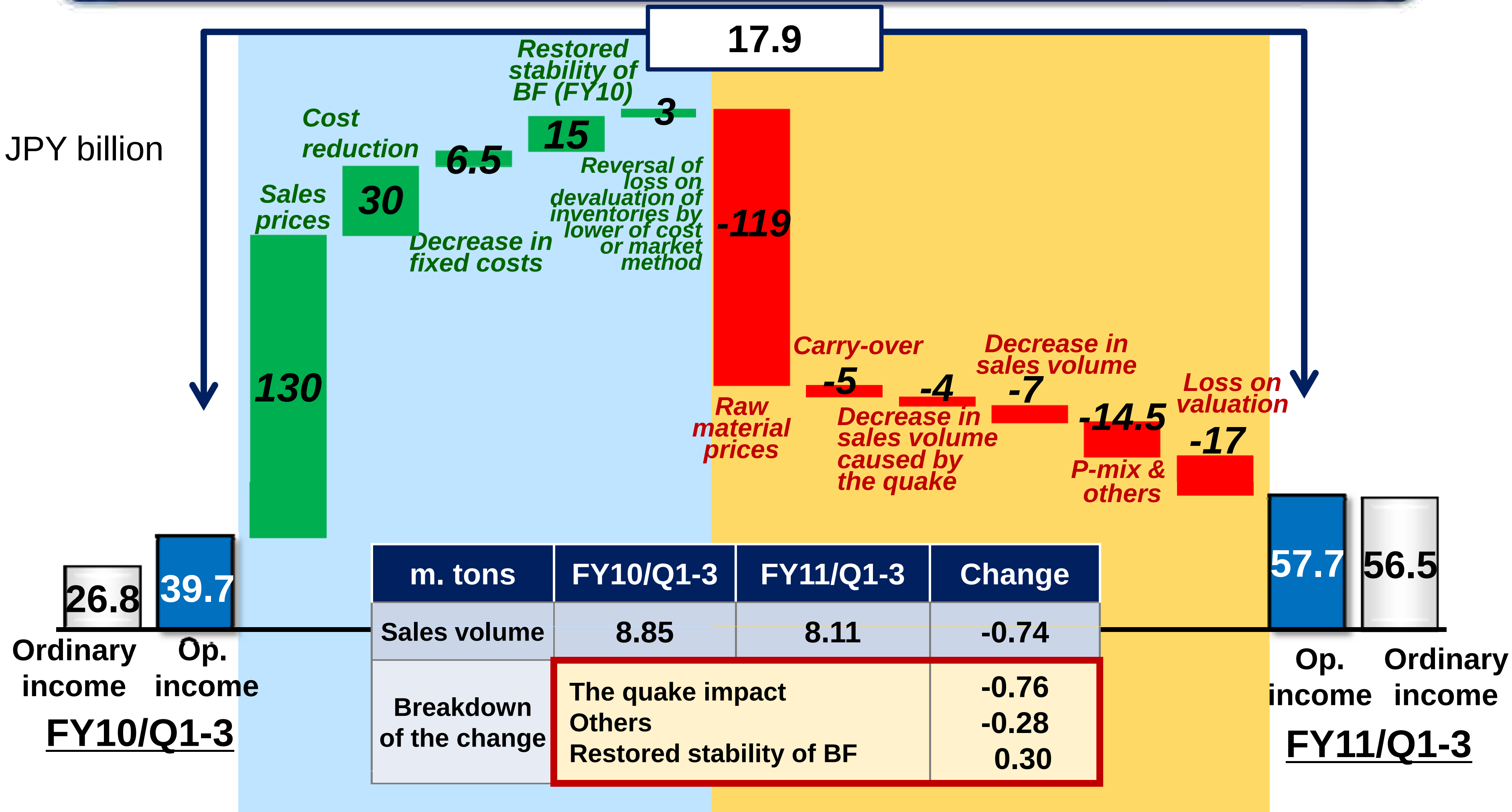


m. tons	FY11 /Q2	FY11 /Q3	Change
Sales volume	2.88	2.99	0.11

•Earnings from equity-method affiliates: <FY11/Q2> 3.2JPY billion → <FY11/Q3> 3.0JPY billion

Change in Consolidated Operating Income (FY10/Q1-3 → FY11/Q1-3)

Op. income improved by 17.9 JPY billion because of product prices hike and cost reduction despite soaring raw material costs and decreased sales volume due to the quake impact.



m. tons	FY10/Q1-3	FY11/Q1-3	Change
Sales volume	8.85	8.11	-0.74
Breakdown of the change	The quake impact Others Restored stability of BF		-0.76 -0.28 0.30

•Earnings from equity-method affiliates: <FY10/Q1-3> 3.3JPY billion → <FY11/Q1-3> 11.0JPY billion

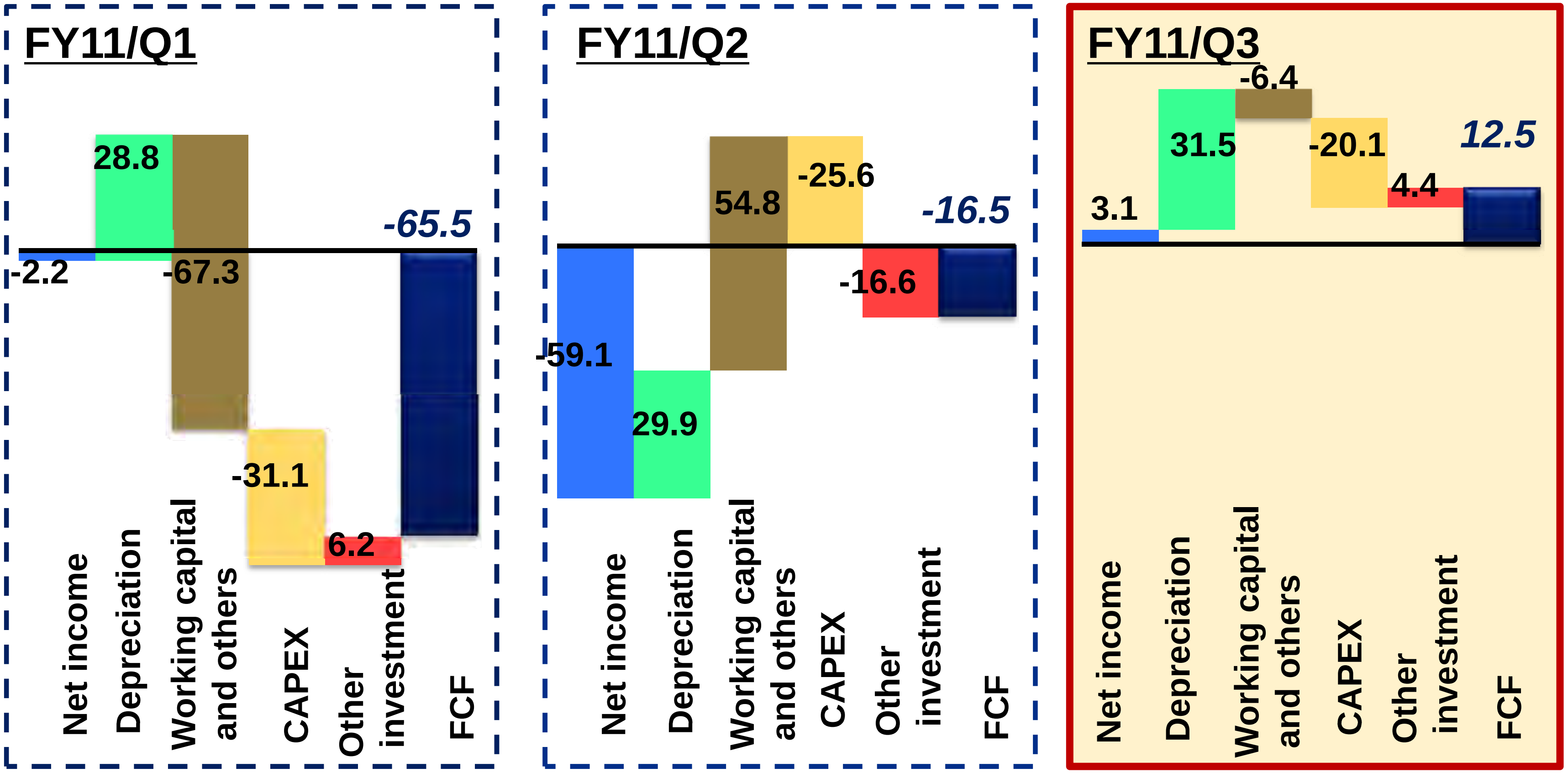
Consolidated Balance Sheets

JPY billion	10	11				%	Change vs. 11/3E
	12E	3E	6E	9E	12E		
[Assets]							
Current assets	618.9	647.9	632.8	693.5	707.5	9.2	59.6
Fixed assets	1,793.6	1,792.8	1,791.5	1,765.1	1,738.7	-3.0	-54.1
Total assets	2,412.6	2,440.7	2,424.4	2,458.6	2,446.2	0.2	5.5
[Liabilities and Shareholders' Equity]							
Current liabilities	699.5	800.6	793.1	830.4	783.0	-2.2	-17.5
Long-term liabilities	849.2	822.0	813.6	826.1	899.3	9.4	77.3
Net assets	863.7	818.0	817.6	802.1	763.8	-6.6	-54.2
Debt	1,111.1	1,173.3	1,197.4	1,207.2	1,204.2	2.6	30.9
D/E ratio	1.37	1.53	1.56	1.61	1.69		0.16

SUMITOMO METALS

Consolidated Cash Flows

JPY billion



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

JPY billion	10/12E	11/3E	11/6E	11/9E	11/12E
D/E ratio	1.37	1.53	1.56	1.61	1.69
Debt	1,111.1	1,173.3	1,197.4	1,207.2	1,204.2
Cash and equivalents	19.7	82.5	33.4	19.2	16.4
Net debt	1,091.3	1,090.8	1,164.0	1,187.9	1,187.8

FY2011 Forecast

Production & Prices

-We expect sales volume to decrease by 0.25 million tons from the last guidance due to the sluggish commodity steel market.
- Forecast of seamless pipe sales volume for FY11: 1.01 million tons

		Q4	FY10	Q1	Q2	Q3	Q4 forecast Approx.	*Oct. 31	FY11 forecast Approx.	YoY
FOREX rate (JPY/USD)		82	86	82	78	77	80	*[80]*	79	-7
Crude steel production (million tons)		3.13	12.90	2.77	3.34	3.25	3.38	*[13.00]*	12.74	-0.16
Steel sales volume (million tons)		2.87	11.72	2.24	2.88	2.99	3.27	*[11.63]*	11.38	-0.34
Seamless pipe sales volume (million tons)		0.26	0.96	0.23	0.25	0.26	0.28	*[1.01]*	1.01	0.05
Ave. price of steel product (000JPY/ton)	Domestic	104.7	101.5	113.2	113.6	108.3	106	*[111]*	110	8
	Export	90.6	86.3	96.6	99.5	96.4	92	*[97]*	96	10
	Average	97.9	94.2	104.5	107.3	103.1	100	*[105]*	103	9
Balance (USD billion)	Receipts		5.2		2.9		3.5	*[6.5]*	6.4	1.2
	Payments		-5.2		-3.2		-3.8	*[-7.1]*	-7.0	-1.8
	Total		0		H1: -0.3		H2 forecast: -0.3	*[-0.6]*	- 0.6	-0.6

*Oct. 31: Forecast as of Oct. 31, 2011

Overview of Consolidated Business Forecast for FY11

- Op. income: Revised down by 20 JPY billion to 70 JPY billion
- Ordinary income: Revised down by 45 JPY billion to 55 JPY billion
- The reasons: The sluggish commodity steel market and negative temporary factors such as the floods in Thailand, carry-over and loss from SUMCO (an equity method affiliate).

JPY billion	FY10	H1	Q3	Q4 forecast Approx.	H2 forecast Approx.	(*Oct. 31)	FY11 forecast Approx.	YoY	Change vs. *Oct.31
Sales	1,402.4	692.2	383.6	406	790	[1,520]	1,480	77.5	-40
Op. income	56.3	41.2	16.4	13.5	30	[90]	70	13.6	-20
Ordinary income	34.0	41.3	15.1	(1)	14	[100]	55	20.9	-45
Extraordinary income (loss)	(62.0)	(94.0)	(8.8)	(11)	(20)	[(94)]	(114)	-51.9	-20
Net income (loss)	(7.1)	(32.3)	(5.2)	(18)	(23)	[0]	(55)	-47.8	-55
EPS (JPY)	-1.54	-6.99	-1.14	-3.88	-4.96	[0.00]	-11.87	10.33	-11.87
EBITDA	182.5	100.0	48.0	47	95	[215]	195	12.5	-20
Debt	1,173.3	1,207.2	1,204.2	1,190	1,190	[1,210]	1,190	-16.6	-20
D/E ratio	1.53	1.61	1.69	1.71	1.71	[1.61]	1.71	0.18	0.10

*Oct. 31: Forecast as of Oct. 31, 2011

Extraordinary loss

1. Breakdown of extraordinary loss

JPY billion	Q4	FY10	Q1	Q2	Q3	Q4 forecast Approx.	FY11 forecast Approx.
Loss caused by the quake	(62)	(62)	(12.3)	-	-	*2 (3)	(15.3)
Loss on sales of investment securities	-	-	(1.9)	-	-	-	(1.9)
Loss on valuation of investment securities	-	-	-	(79.7)	*1 (8.8)	-	(88.6)
Impairment loss of fixed assets						(8)	(8)
Extraordinary loss	(62)	(62)	(14.3)	(79.7)	(8.8)	(11)	(114)

*1 Due to the decline in stock prices *2 "Recovery Plan" from the quake impact is progressing as planned despite the increased cost because the decrease of CAPEX offset it.

2. Loss from SUMCO (an equity method affiliate)

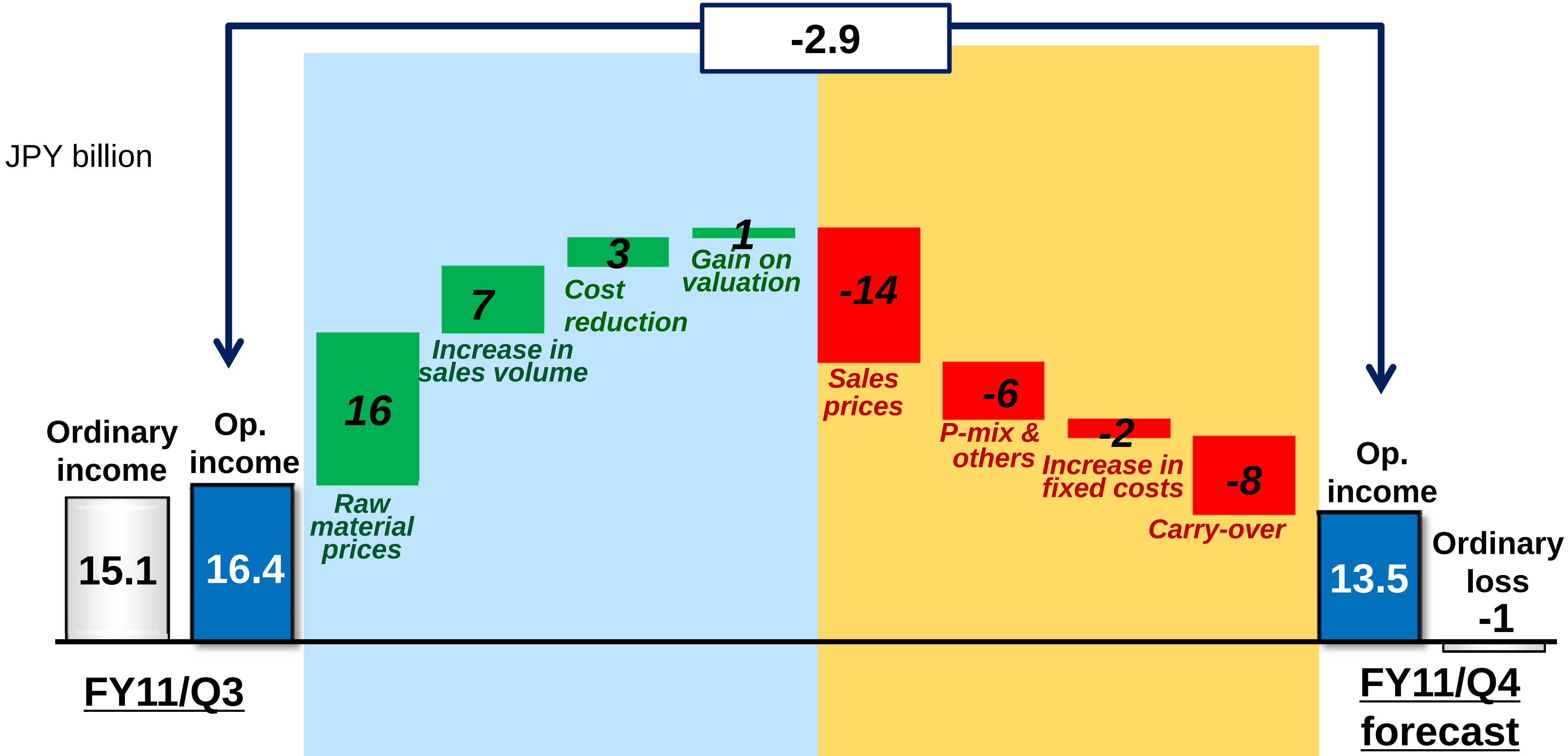
JPY billion	*Oct. 31	*Feb. 2	Change
SUMCO's net loss	2.5	(85.0)	-87.5
Impact from SUMCO on Sumitomo Metal's earnings from equity-method affiliates	0.7	(23.6)	-24.3
Sumitomo Metal's earnings from equity-method affiliates	19	(5.5)	-24.5

Ordinary loss: (6)
Extraordinary loss: (50)
Deferred tax assets: (29)

*Oct. 31: Forecast for FY11 as of Oct. 31, 2011
*Feb. 2: Forecast for FY11 as of Feb. 2, 2012

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

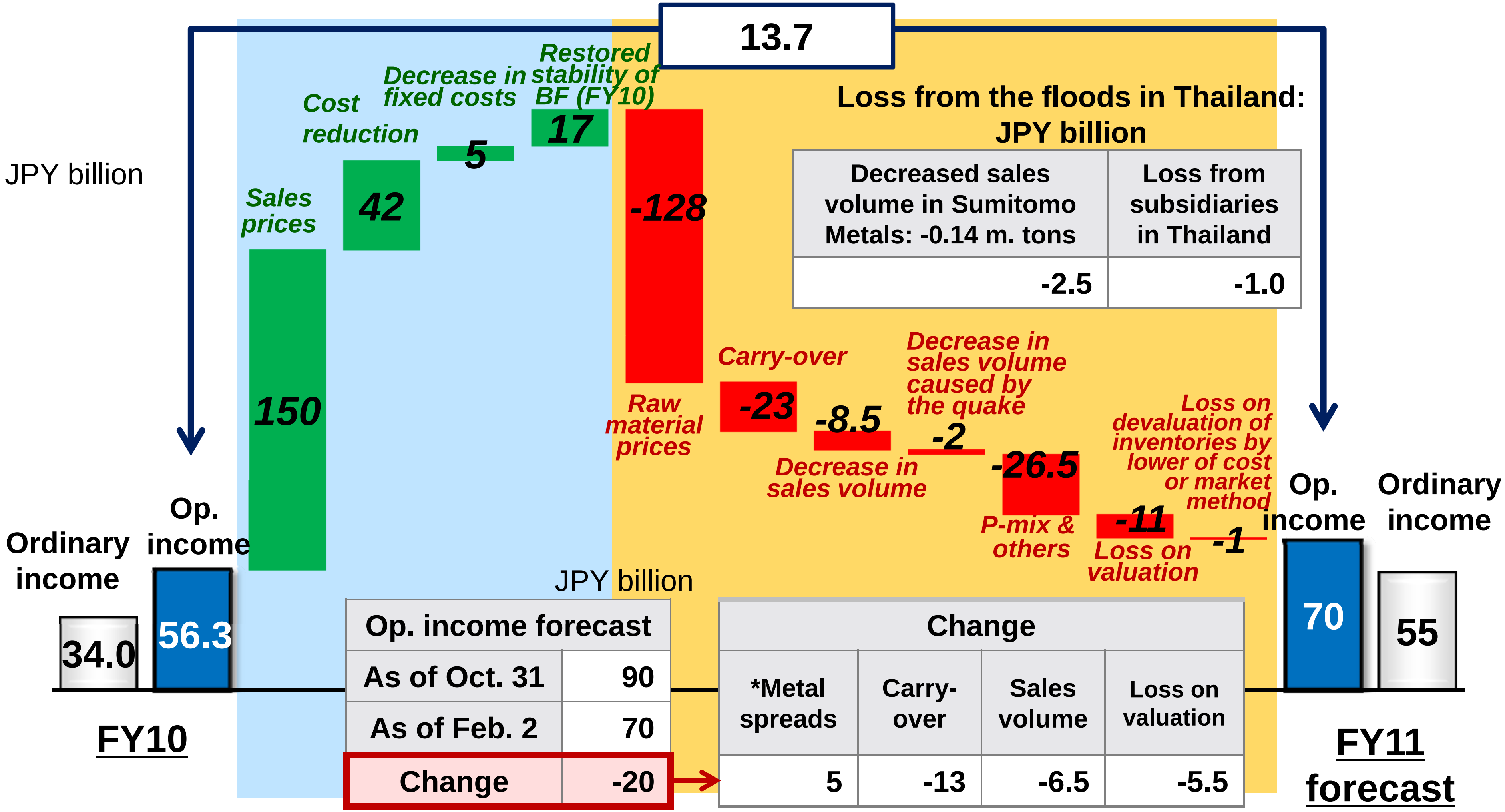
We expect Op. income to decrease by 2.9 JPY billion due to carry-over despite declined raw material prices and increased sales volume.



•Earnings from equity-method affiliates: <FY11/Q3> 3JPY billion → <FY11/Q4 forecast> -16.5JPY billion

Change in Consolidated Operating Income (FY10→ FY11 forecast)

We expect op. income to improve by 13.7 JPY billion as a result of product prices hike of seamless pipe and cost reduction despite soaring raw material costs.



Loss from the floods in Thailand: JPY billion

Decreased sales volume in Sumitomo Metals: -0.14 m. tons	Loss from subsidiaries in Thailand
-2.5	-1.0

JPY billion

Op. income forecast	
As of Oct. 31	90
As of Feb. 2	70
Change	**-20**

Change			
*Metal spreads	Carry-over	Sales volume	Loss on valuation
5	-13	-6.5	-5.5

*Earnings from equity-method affiliates: <FY10> -3.4JPY billion → <FY11 forecast> -5.5JPY billion

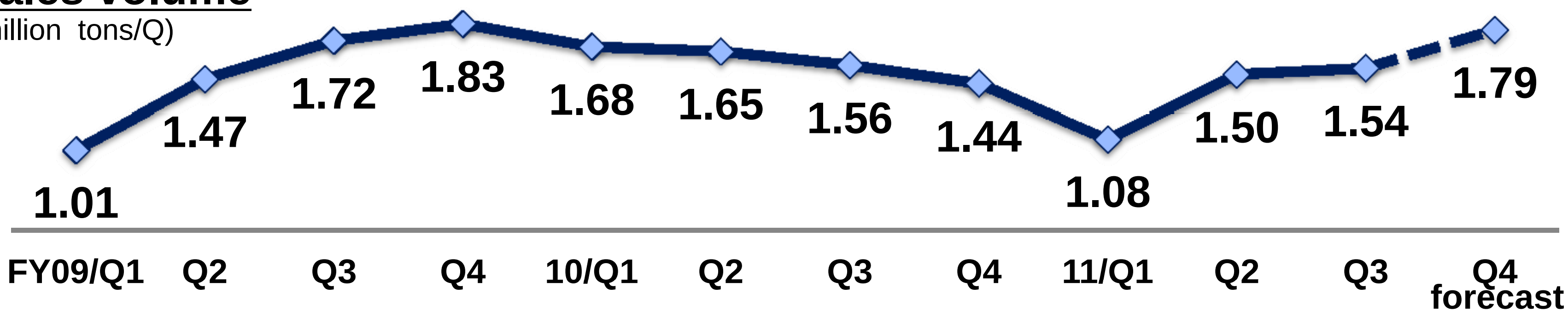
*Metal spreads: Steel product prices less material costs

Trends in Demand/Supply by Steel Product

Steel sheet, plate & structural steel

*Steel sheet: Although demand from autos remains firm, sales volume to other sectors decreased.
The impact on sales volume from the floods in Thailand: -0.11 m. tons
*Steel plate: Demand for high-end products from energy sector is resilient while demand for commodity grade products is slowing.
*Structural steel: Steel demand to reconstruct quake stricken communities has materialized in the area around Kashima steelworks.

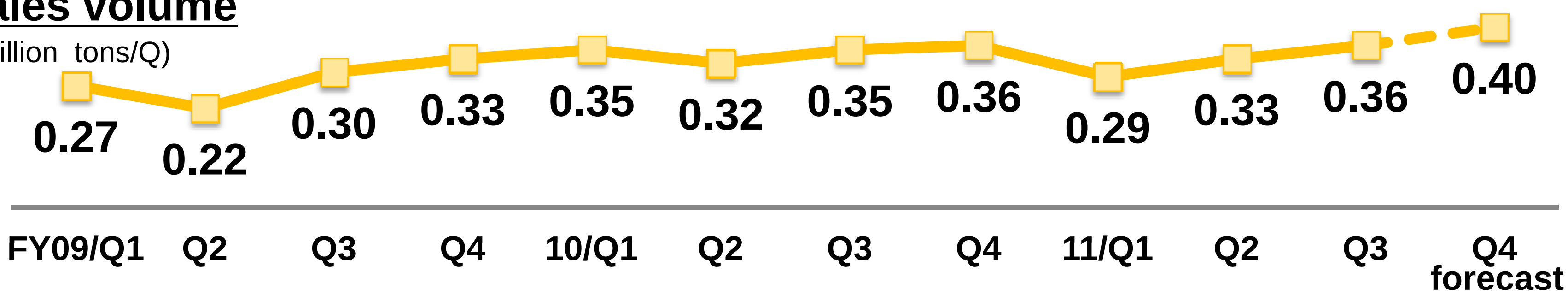
Sales volume
(million tons/Q)



Pipe & Tube

*Seamless pipe: We launched products of VSB in FY11/Q3.
*Large-diameter welded pipe: We expect sales volume to recover in FY11/H2 as a result of big projects in the Middle East.
(Sales volume Q1:0.04 -> Q2:0.05 -> Q3:0.07 -> Q4 forecast: 0.1 m. tons)

Sales volume
(million tons/Q)

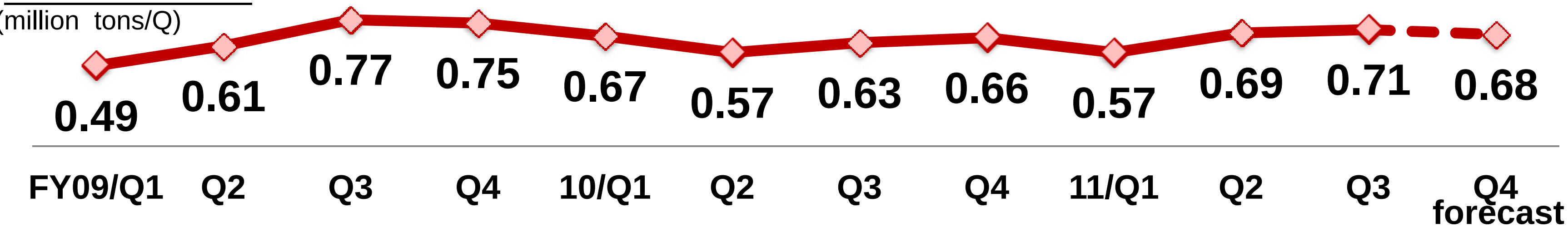


Trends in Demand/Supply by Steel Product

Slabs

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

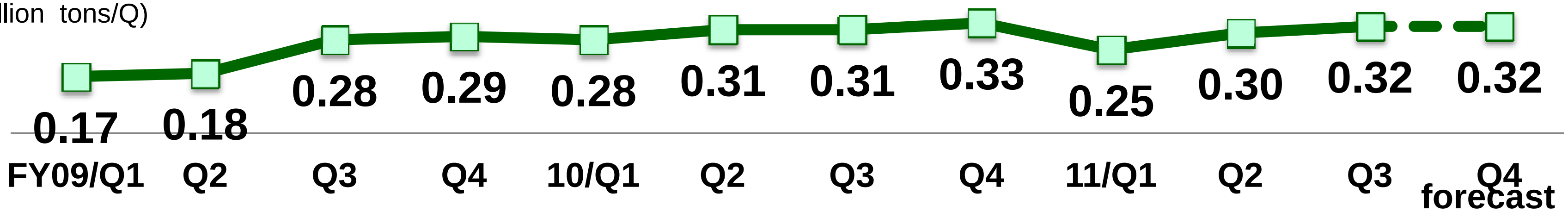
Sales volume
(million tons/Q)



Bar & wire rod

*The impact on sales volume from the floods in Thailand: -0.03 m. tons
*Autos: Demand is firm.
*Construction machinery: Demand is slowing.

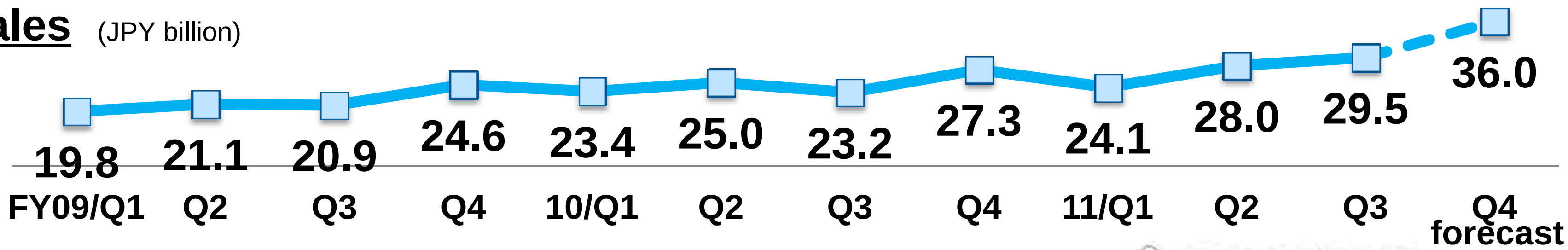
Sales volume
(million tons/Q)



Railway, automotive & machinery parts

*Railway parts: Demand from the US, Europe and China as well as Japan is stable.
We started consolidating Standard Steel of the US starting Dec., 2011.
*Crankshaft: We expect sales volume to decrease slightly from the last guidance due to the floods in Thailand.

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: Demand including high-end products is resilient. Lower inventory levels in North America will bolster product prices.
- Line pipe: Demand remains firm both for projects and distributors.

Specialty tube

- Strong demand for boiler tubes for thermal power plants offsets the order delay of SG tubes for nuclear power plants.

Autos & construction machinery

- Autos: Sales volume significantly recovers over FY11/H2.
- Construction machinery: Domestic demand is robust while demand from China is in a downtrend.

Rig count	05 Avg.	06 Avg.	07 Avg.	08 Avg.	09 Avg.	10 Avg.	The latest
The US	1,383	1,649	1,768	1,879	1,089	1,546	(Jan.27/12) 2,008
Deep well (>=15,000ft)	199	225	222	283	249	249	(Dec./11) 405
International (except N. America, Russia and China)	908	925	1,005	1,079	997	1,094	(Dec./11) 1,180

Source: Baker Hughes, Smith international

Consolidated Sales & Op. Income by Internal Company

JPY billion		FY10	Q1	Q2	Q3	Q4 forecast Approx.	(*Oct. 31)	FY11 forecast Approx.	YoY
Steel sheet, plate and structural steel		549.6	104.3	149.4	147.5	162	[585]	560	10.4
Pipe & tube		506.7	122.3	141.5	143.6	142	[560]	550	43.3
Railway & automotive		99.1	24.1	28.0	29.5	36	[115]	115	15.9
Bar and wire rod *		144.7	32.3	41.0	41.4	40	[160]	155	10.3
Stainless & titanium and others *		51.4	14.0	13.8	12.4	16	[60]	55	3.6
Total steel segment		1,351.6	297.2	373.8	374.8	396	[1,480]	1,440	88.4
Others		50.8	9.6	11.4	8.8	10	[40]	40	-10.8
Total sales		1,402.4	306.8	385.3	383.6	406	[1,520]	1,480	77.6

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

		FY10	Q1	Q2	Q3	Q4 forecast Approx.	(*Oct. 31)	FY11 forecast Approx.	YoY
Steel sheet, plate and structural steel		16	2	9	4	5	[36]	20	4
Pipe & tube	Pipe & tube	16	7	8.5	9	4.5	[27]	29	13
	Slabs	(5)	2	(2.5)	(6)	(5.5)	[(7)]	(12)	-7
Bar and wire rod *		6	0	2	3	3	[10]	8	2
Total steel segment		50.2	16.4	22.7	15.7	13.5	[87]	67	16.8
Others		6.2	0.4	1.6	0.6	0	[3]	3	-3.2
Total Op. income		56.3	16.8	24.4	16.4	13.5	[90]	70	13.7

*Sumitomo Metals (Kokura) and Sumitomo Metals (Naoetsu) were merged into Sumitomo Metals on January 1, 2012. Regarding all output figures prior to the merger, Sumitomo Metals (Kokura) comes under the Bar and Wire Rod company, and Sumitomo Metals (Naoetsu) and others come under Stainless Steel & Titanium and others.

*Oct. 31: Forecast as of Oct. 31, 2011

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.

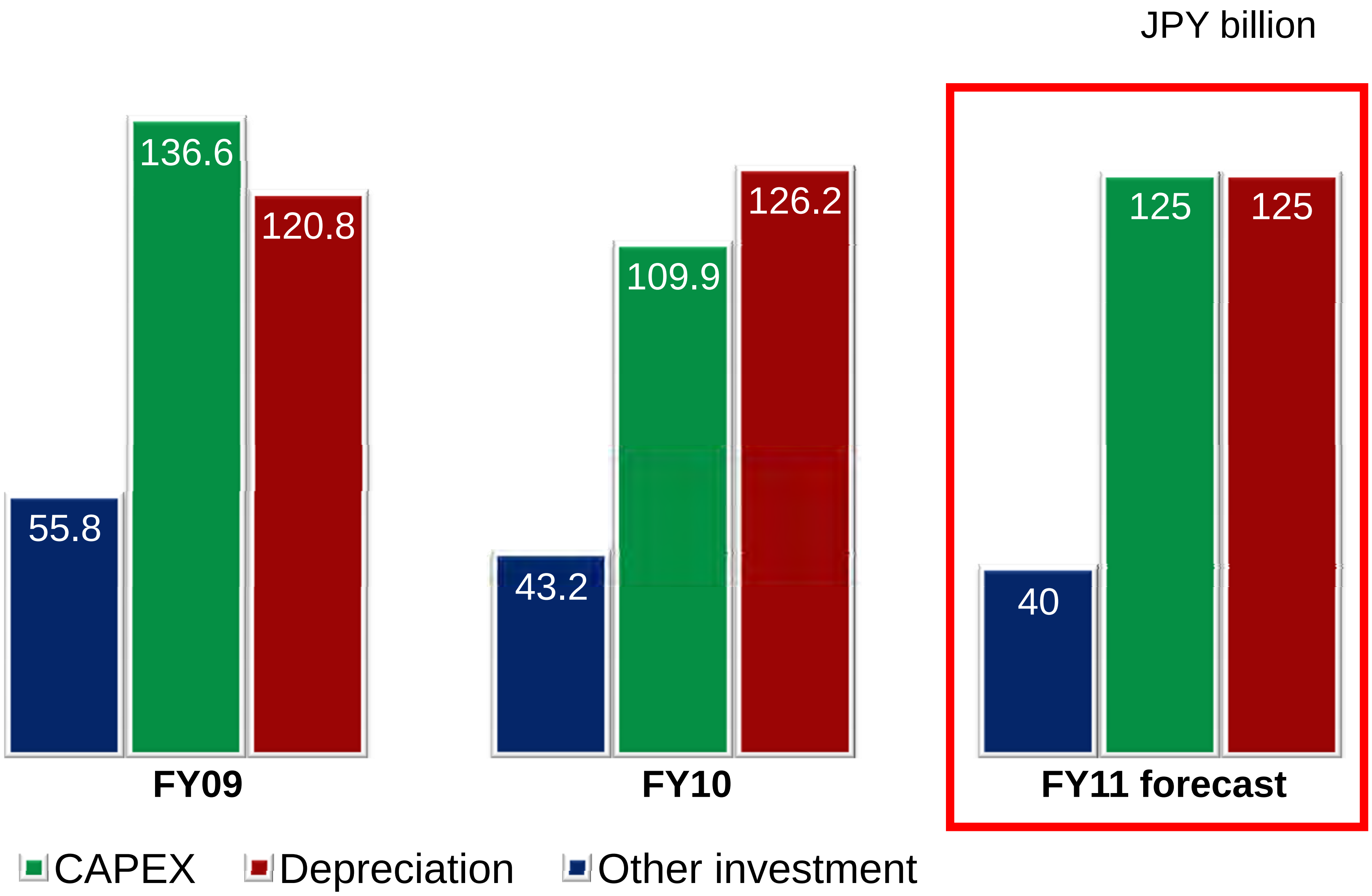
Financial target

- 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)
- Year-end dividend forecast was revised due to negatively revised guidance.

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

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				H2/12		
	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			May 12			
Other investment **(J/V: Joint Venture total investment amount, [ ]: Sumitomo Metals' investment amount)**								
Sheet & Plate	Steel sheet J/V in Vietnam (CSVC)	115				13		
	Bhushan Steel in India Orissa PJ West Bengal PJ	-Technical assistance -Feasibility study						
	Canadoil Group's steel plate mill In Thailand	[4.2]				13		
Pipe & Tube	Integrated steel works with Seamless pipe mill J/V in Brazil (VSB)	4.7 BRL billion (VSB's capital)						
Railway & Auto.	Forged crankshaft business J/V in India (SMAC)	1	Apr. 10					
	Acquisition of Standard Steel in the U.S.	325 USD million		Jun. 11				

SUMITOMO METALS

Supplement

Progress Report: Business Integration with Nippon Steel

● **The business integration of Nippon Steel and Sumitomo Metals has been approved by the Japan Fair Trade Commission on Dec. 14, 2011.**

<Reference: the remedies against competition>

1. Non-oriented electrical steel sheet

For five years after the merger, the products Sumitomo Metals currently sells to the domestic users will be supplied to Sumitomo Corp. while the commercial rights of Sumitomo Metals to the users will be transferred to Sumitomo Corp.

2. High-pressure gas pipeline business

When a newcomer requests to supply UO pipes or automatic welding machines, the integrated company shall supply the newcomer.

Note: For additional details regarding the results of the JFTC's review of the Business Integration, please visit the following website: http://www.jftc.go.jp/en/pressreleases/archives/individual-000457.html

● **Schedule of the merger (Plan)**

April, 2012	**Execution of the Merger Agreement**
June, 2012	**Shareholders meetings to approve the Merger Agreement**
October 1, 2012	**Date of Merger (effective date)**

Sumitomo Metals Starts Considering the Subscription of Preferred Shares of SUMCO

- **Sumitomo Metals believes the execution of SUMCO's "Business Reorganization Plan" and improvement of its profitability will lead to increase its corporate value.**

- **We decided to consider accepting SUMCO's request of subscription for the preferred shares of 15 JPY billion.**

- **Overview of SUMCO's preferred shares**

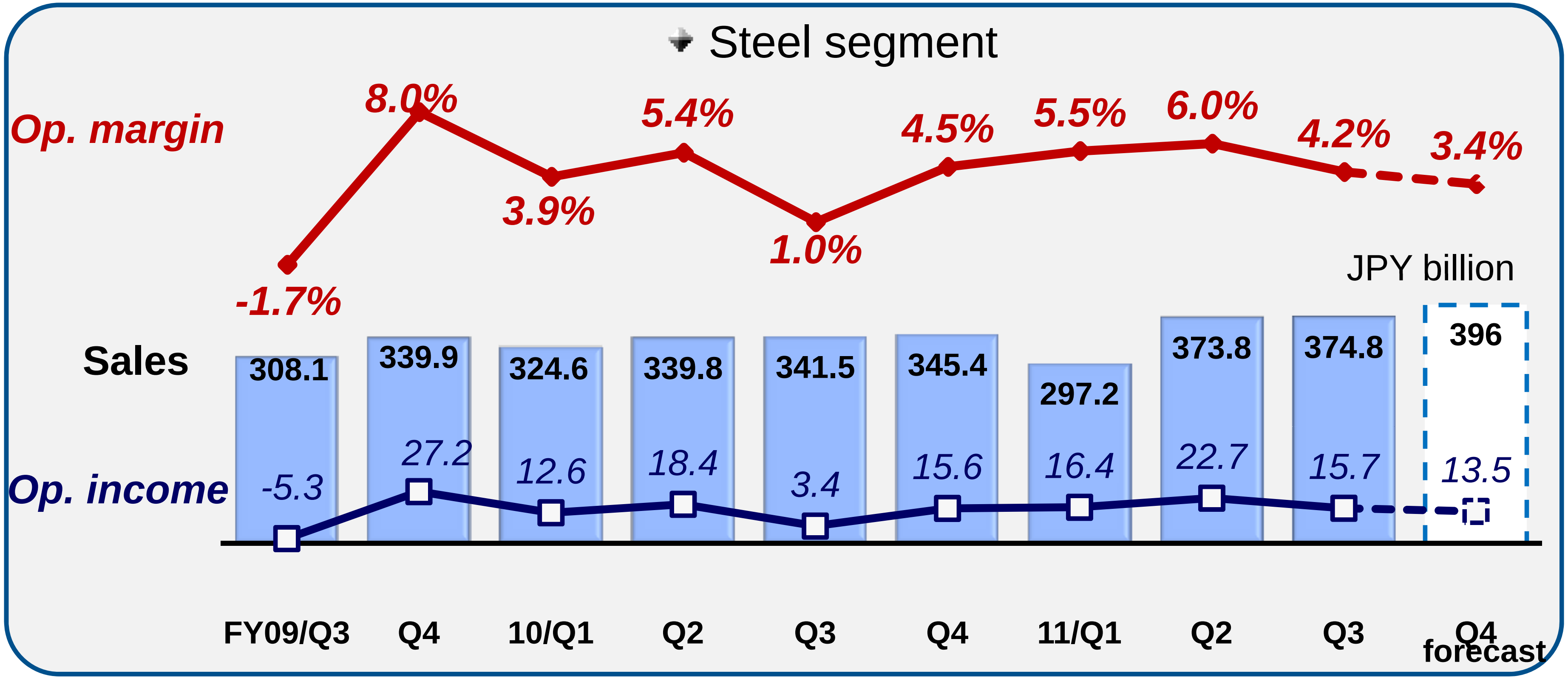
(The reason to issue preferred shares)	Improvement of profitability
(Method)	A third-party allotment
(Type of shares)	Preferred shares
(Size of issuance)	Up to 45 JPY billion
(Party to which preferred shares to be allotted)	Mitsubishi Materials Corporation, Sumitomo Metals and others
(Condition)	TBD

- **Schedule (Plan)**

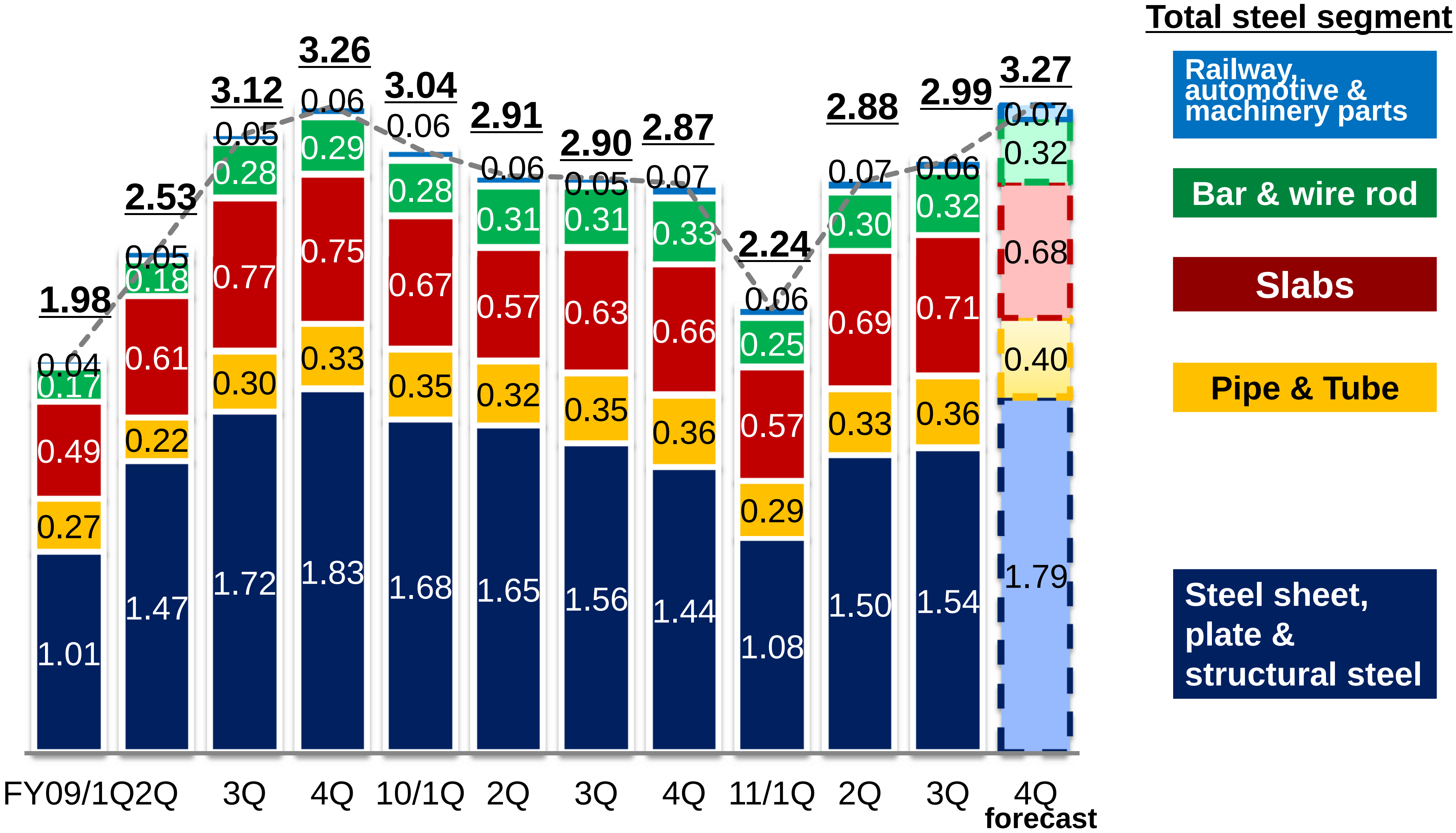
Early March, 2012	Preferred share issuance terms to be determined, final agreement to be concluded
Early May, 2012	Payment for preferred shares

Consolidated Sales and Operating Income by Business Segment

JPY billion	FY09/Q3	Q4	FY10/Q1	Q2	Q3	Q4	FY11/Q1	Q2	Q3	Q4 forecast
Steel	308.1	339.9	324.6	339.8	341.5	345.4	297.2	373.8	374.8	396
Others	17.8	21.1	16.9	12.2	10.4	11.2	9.6	11.4	8.8	10
Sale	326.0	361.0	341.6	352.1	351.9	356.6	306.8	385.3	383.6	406
Steel	(5.3)	27.2	12.6	18.4	3.4	15.6	16.4	22.7	15.7	13.5
Others	2.2	2.9	1.6	2.0	1.5	0.8	0.4	1.6	0.6	0
Op. income (loss)	(3.1)	30.2	14.2	20.4	4.9	16.5	16.8	24.4	16.4	13.5



Sales Volume by Product



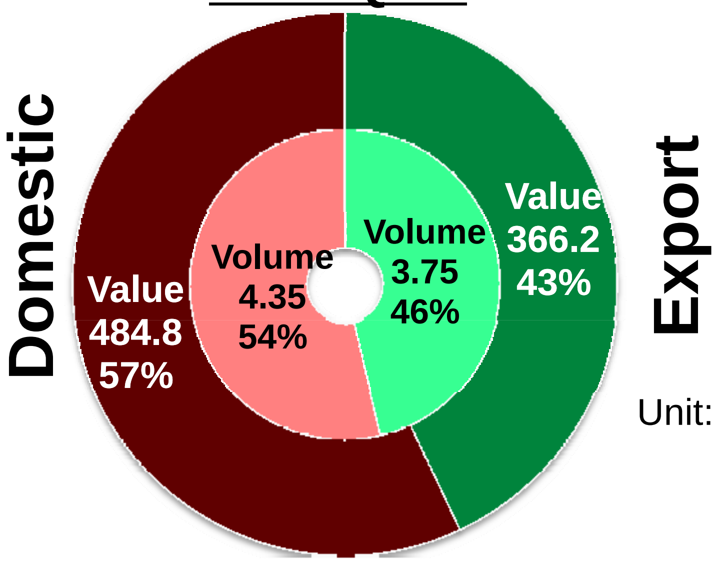
*Sumitomo Metals (Kokura) was merged into Sumitomo Metals on January 1, 2012.
Regarding all output figures prior to the merger, Sumitomo Metals (Kokura) comes under the Bar and Wire Rod company.

Temporary Factors

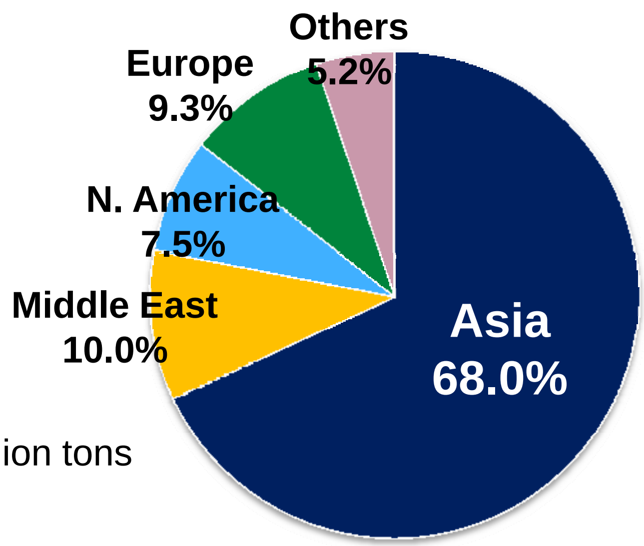
JPY billion	FY10	Q1	Q2	H1	Q3	Q4 forecast	H2 forecast	FY11 forecast	YoY
Carry-over	**25**	**18**	**0**	**18**	**(4)**	**(12)**	*<(3)>* **(16)**	*<15>* **2**	*<-10>* **-23**
Gain (loss) on inventory valuation		24	2		0	1			
Allocation of cost variance		(17)	0		0	0			
Total gain (loss) on inventory valuation	**21**	**7**	**2**	**9**	**0**	**1**	*<4>* **1**	*<13>* **10**	*<-8>* **-11**
Reversal		3	0		2	2			
Devaluation		(1)	(2)		(2)	(2)			
Net devaluation of inventories by lower of cost or market method	**1**	**2**	**(2)**	**0**	**0**	**0**	*<0>* **0**	*<0>* **0**	*<-1>* **-1**

***< >: Forecast as of Oct. 31, 2011**

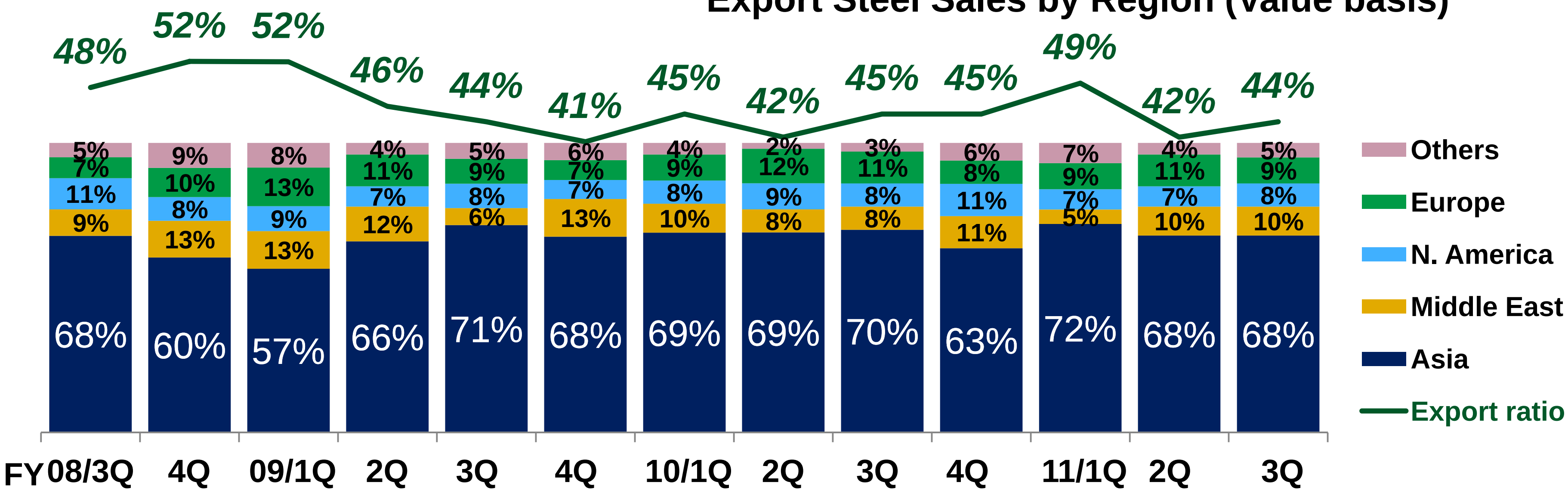
Domestic and Export Steel Sales



Unit: JPY billion, million tons



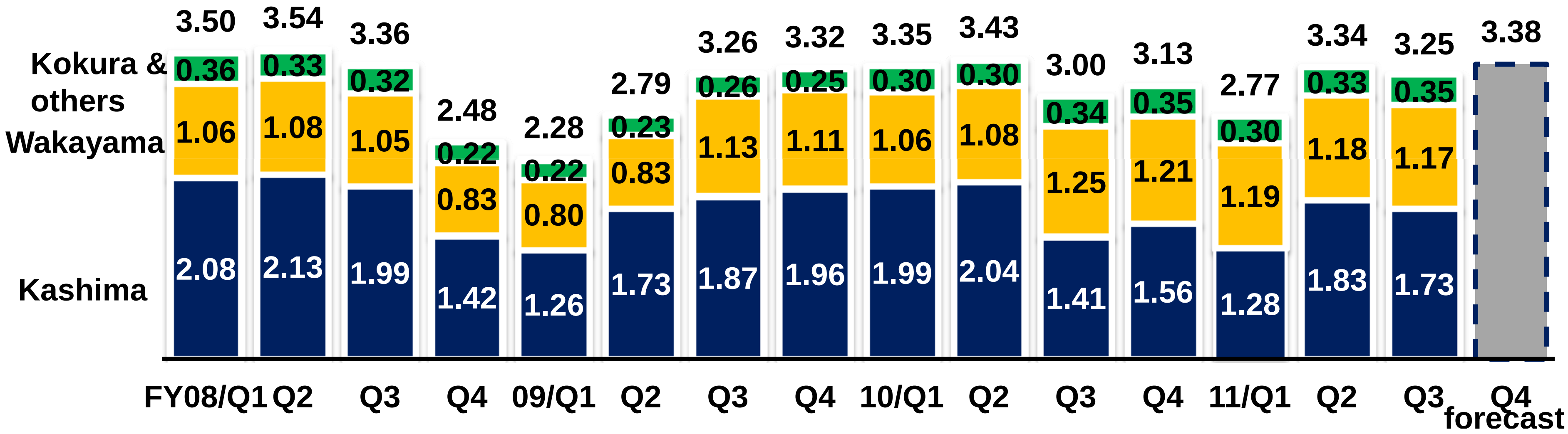
Export Steel Sales by Region (Value basis)



Reference (1)

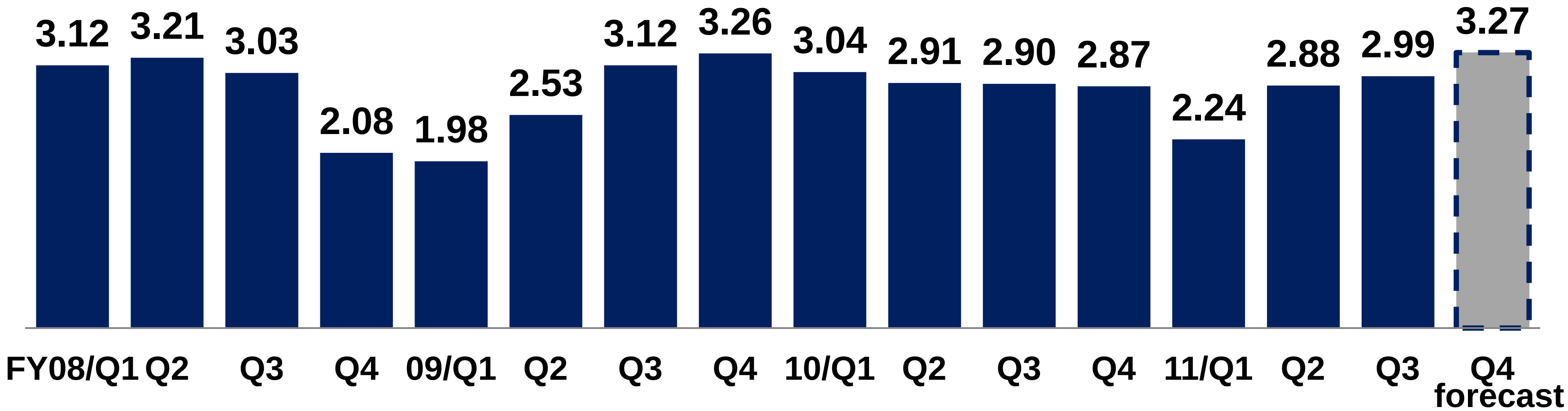
Crude Steel Production

(million tons/Q)



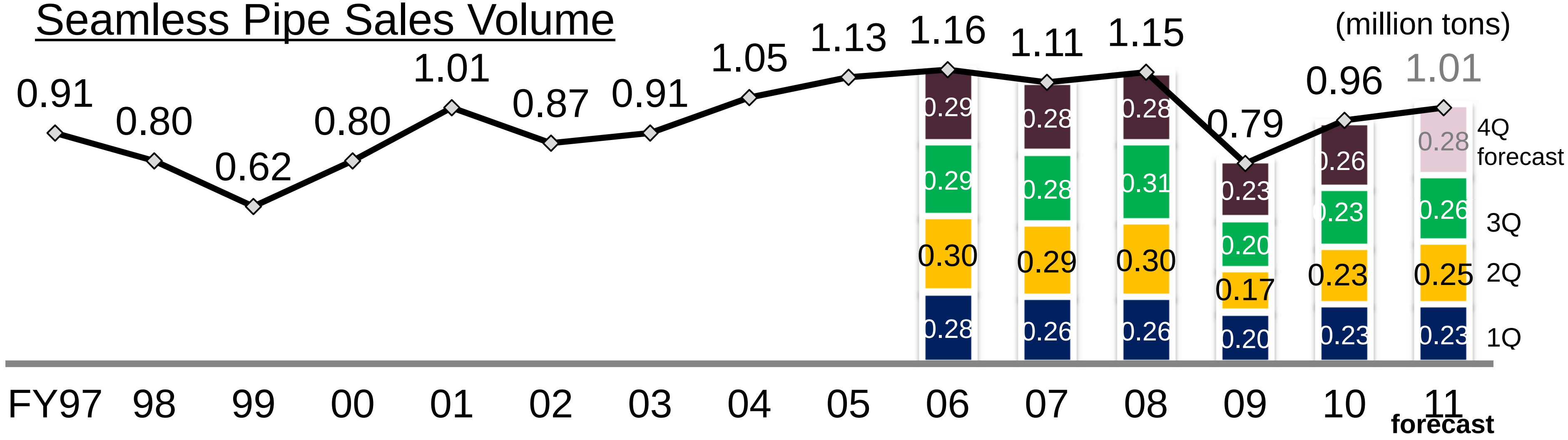
Steel Products Sales Volume

(million tons/Q)

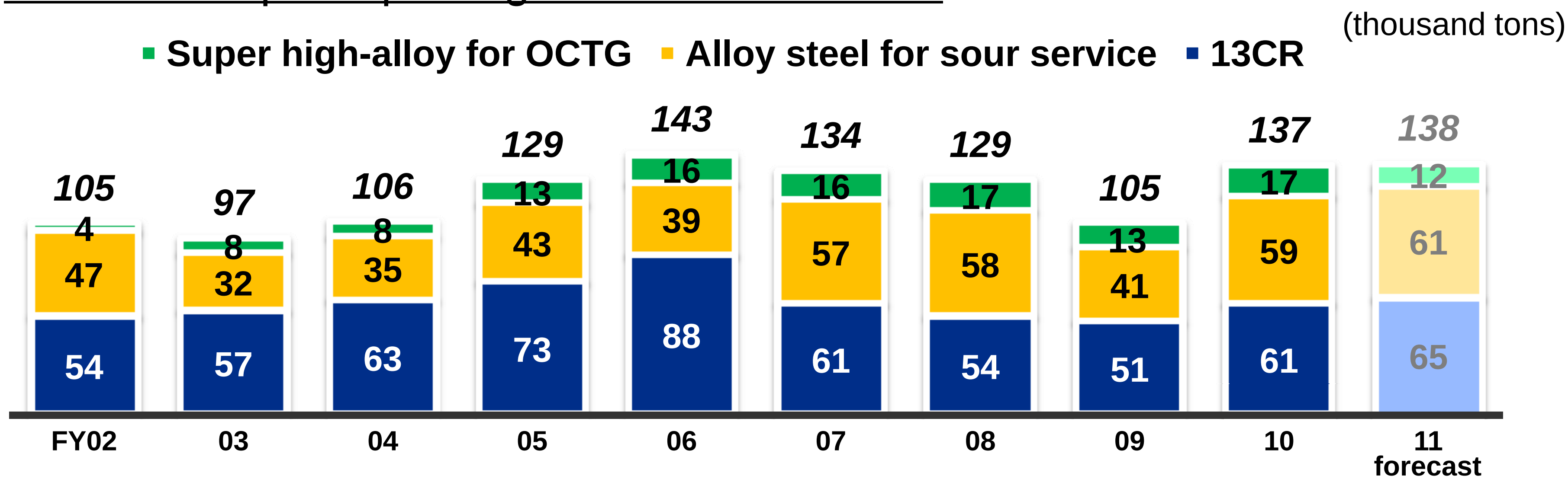


Reference (2)

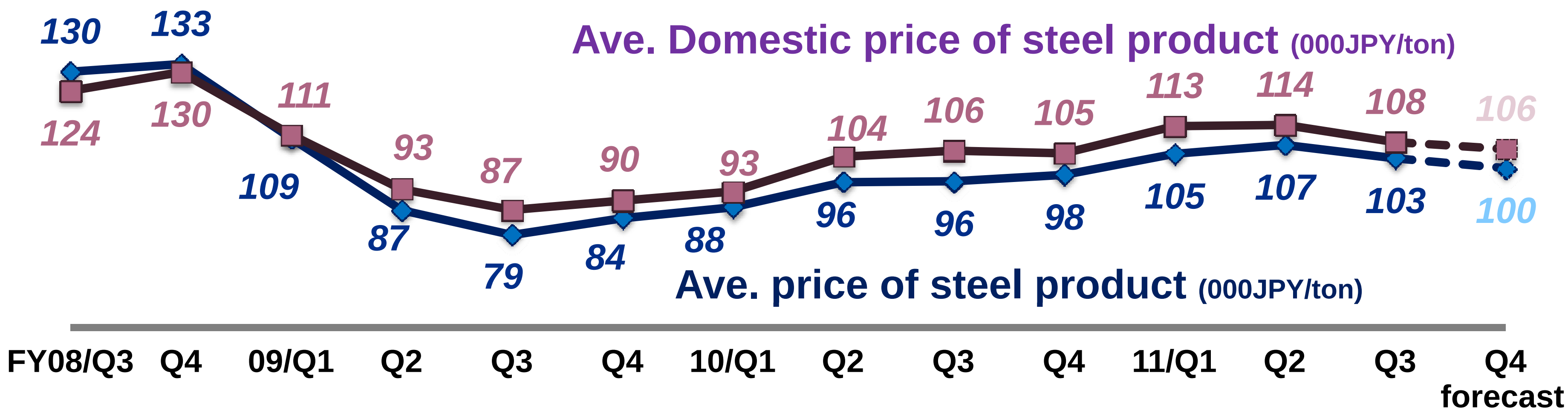
Seamless Pipe Sales Volume

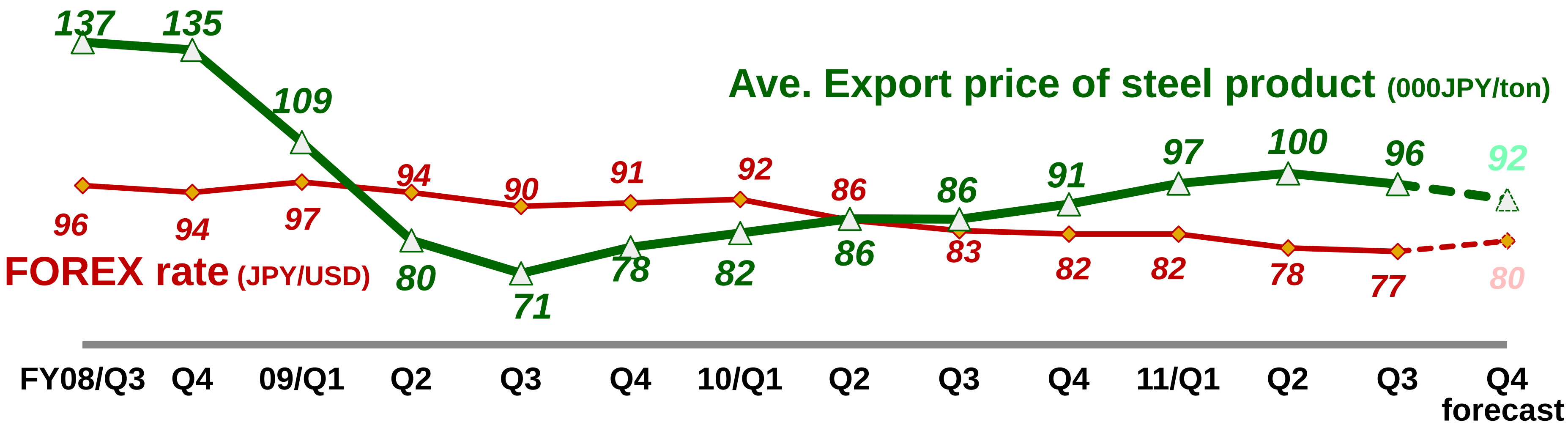


Seamless Pipe Super High-end Sales Volume



Reference (3)


Ave. Domestic price of steel product (000JPY/ton)
124 130 111 93 87 90 93 104 106 105 113 114 108 106
Ave. price of steel product (000JPY/ton)
130 133 109 87 79 84 88 96 96 98 105 107 103 100
FY08/Q3 Q4 09/Q1 Q2 Q3 Q4 10/Q1 Q2 Q3 Q4 11/Q1 Q2 Q3 Q4 forecast

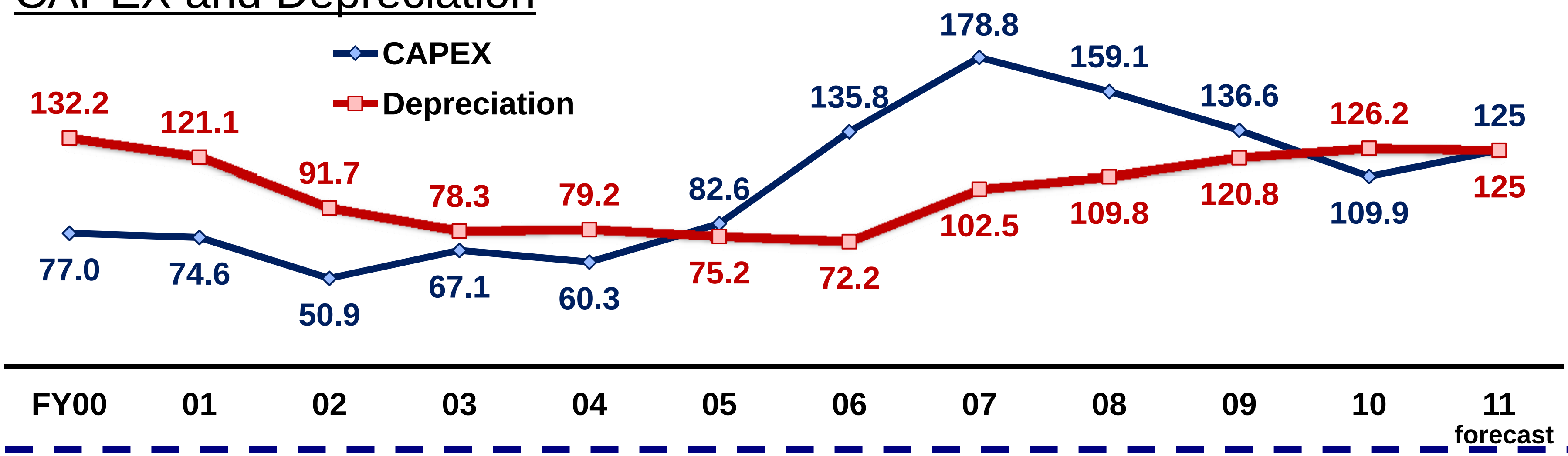

Ave. Export price of steel product (000JPY/ton)
137 135 109 80 71 78 82 86 86 91 97 100 96 92
FOREX rate (JPY/USD)
96 94 97 94 90 91 92 86 83 82 82 78 77 80
FY08/Q3 Q4 09/Q1 Q2 Q3 Q4 10/Q1 Q2 Q3 Q4 11/Q1 Q2 Q3 Q4 forecast

Reference (4)

CAPEX and Depreciation

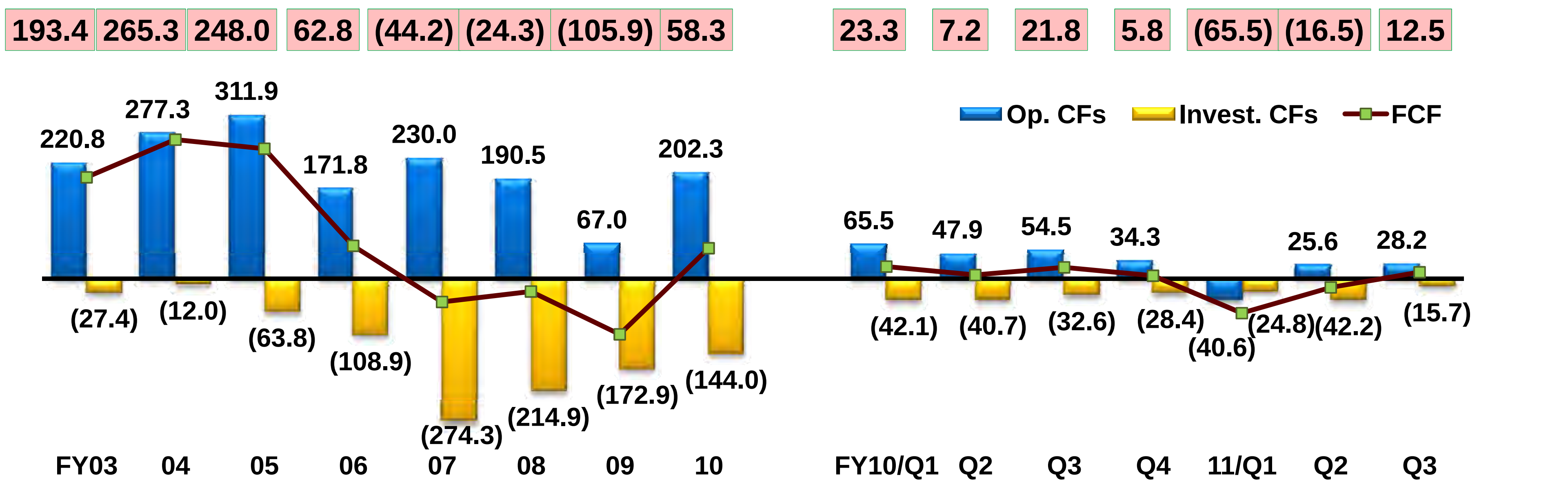
*CAPEX: Construction-base
*Depreciation: Excluding intangible assets

(JPY billion)



Free Cash Flows

(JPY billion)



Deliver sustained growth in
corporate value by emphasizing quality

SUMITOMO METALS

Become a company
trusted by all stakeholders