



FY2015

Progress of Business Strategy

May 2016



SUMITOMO METAL MINING CO., LTD.

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President and Representative Director

SUMITOMO METAL MINING CO., LTD.

Contents

I

12 3-Yr Business Plan Review
and 15 3-Yr Plan Strategy

II

Trends in Business Performance

III

Promotion of the 15 3-Yr Plan Strategy

IV

Business Environment

V

Financial Highlights
and Information Materials

I. 12 3-Yr Business Plan Review and 15 3-Yr Plan Strategy

I

12 3-Yr Business Plan Review
and 15 3-Yr Plan Strategy

II

Trends in Business Performance

III

Promotion of the 15 3-Yr Plan Strategy

IV

Business Environment

V

Financial Highlights
and Information Materials

Content of Today's Discussion (Summary)

Management Issues in the Non-Ferrous Metals Industry

– Impressions of 3-Yr Business Plan Announcement and Overseas IR Roadshow –

Responses to Changes in the Business Environment

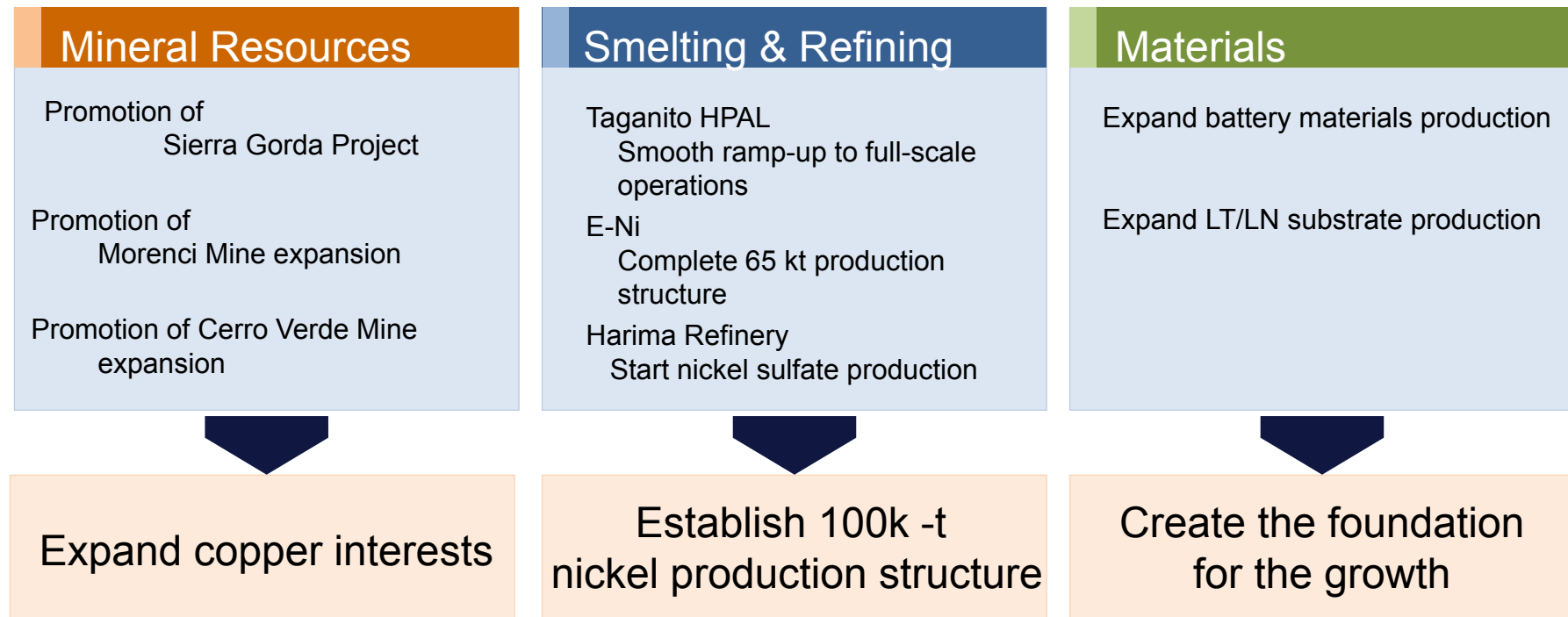
Review of 12 3-Year Business Plan and FY 2015 Results

Corporate Governance

– Through Dialogs with Overseas Investors (Takeover Defenses, etc.) –

1) 2012 3-Yr Business Plan Review

2012 3-Yr Business Plan Priorities



2012 3-Yr Business Plan goals unmet

Delay of Launch Sierra Gorda Mine
(Delay to involve as an active partner)

Withdraw from sapphire substrates
(Cost reduction targets not achieved)

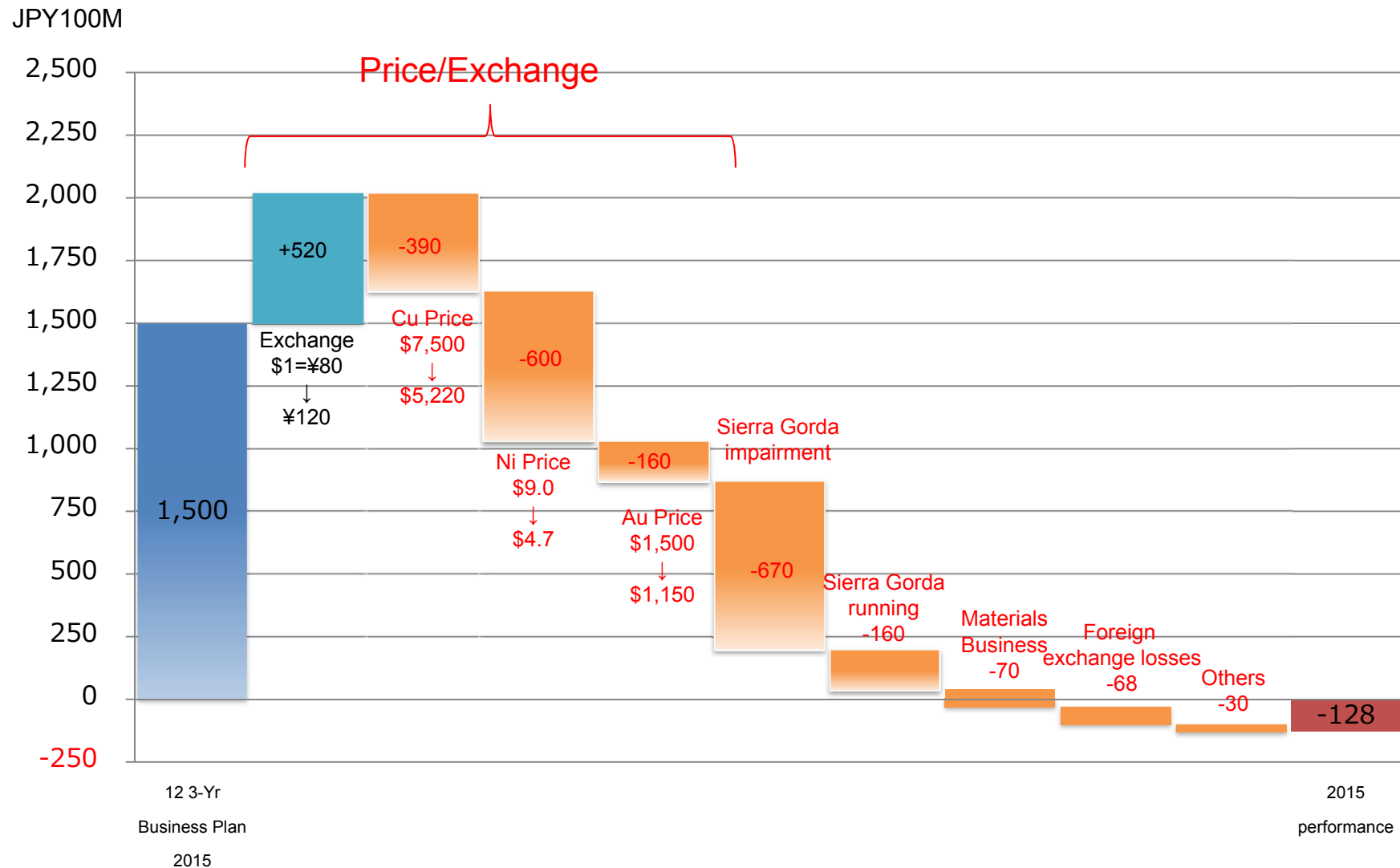
Strategy shift to
LT/LN which is a
high-growth
business

2) Status of 12 3-Year Plan Achievement

Major Projects in 12 3-Yr Business Plan

		Project name	09 3-Yr Business Plan			12 3-Yr Business Plan		
			2010	2011	2012	2013	2014	2015
Mineral Resources	Cu	Sierra Gorda Mine		 Decision to participate				 Start commercial production
	Cu	Morenci Mine			 Decision to expand project			 Start full production
	Cu	Cerro Verde Mine				 Decision to expand project		
Smelting & Refining	Ni	E-Ni 65 kt	 Decision on investment			 65kt Production structure completed		
	Ni	Taganito HPAL					 Start full-scale operations	
	Ni	Goro						 Withdrawal
	Ni	Harima Refinery Nickel sulfate				 Start nickel sulfate production		
Materials	Battery materials					 NCA850t Production structure completed		
	Crystal materials				 Sapphire Start mass production		 LT/LN Decision to expand production	 Withdraw from sapphire business

3) Recurring Profit Analysis: 12 3-Yr Plan 2015 vs FY2015 Results



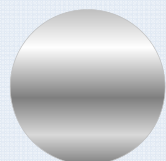
4) Long-Term Vision

Aiming to be a World Leader in the Non-Ferrous Metals Industry
and an Excellent Company of Japan

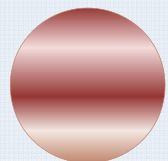
Targets

World Leader in the Non-Ferrous
Metals Industry

FY2021



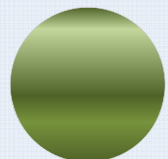
Nickel
150 kt



Copper interests
300 kt



Gold
30 t



New materials
Recurring profit
¥5 billion

Excellent Company of Japan

Net Sales ¥1 trillion

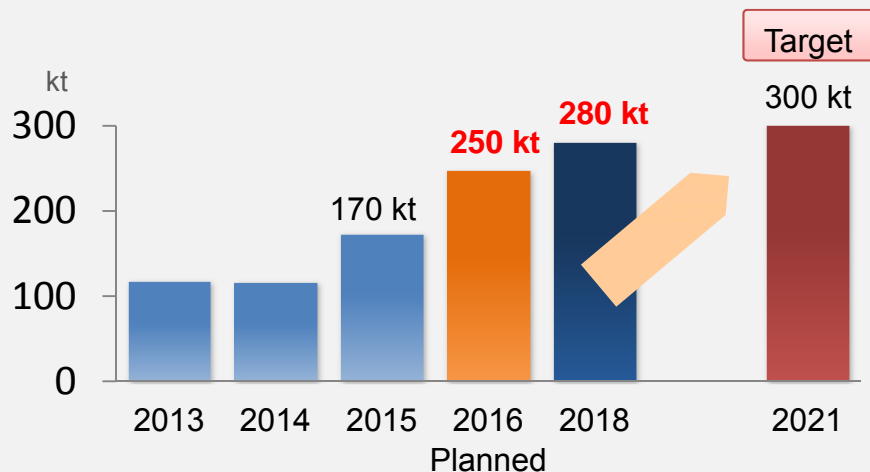
Net Income* ¥100 billion
(Recurring profit ¥150 billion)

- Grow steadily to achieve on our Long-Term Vision
- Reconsideration of strategy based on external business environment changes

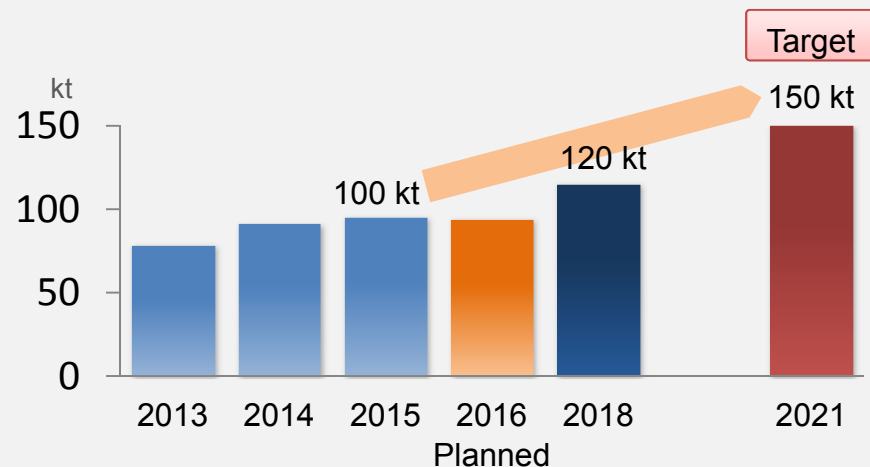
* Profit attributable to owners of parent

5) Initiatives Towards Long-Term Vision

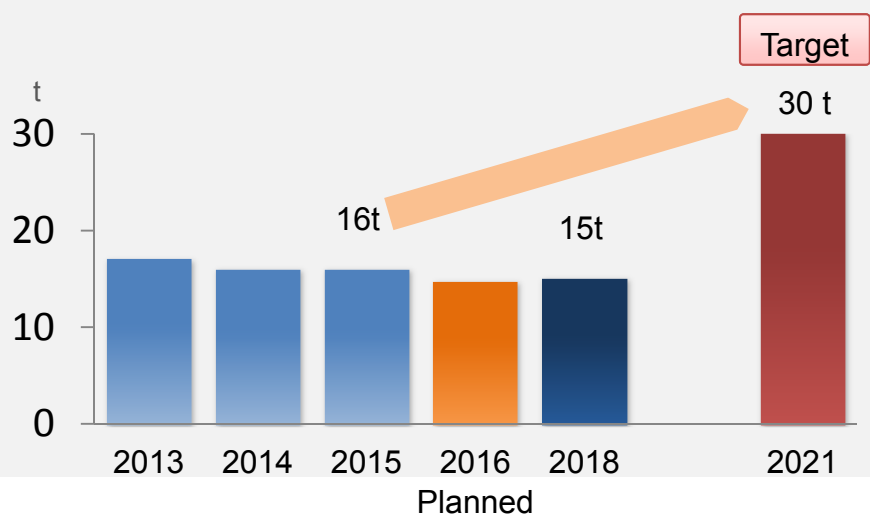
Cu Annual Production Interest



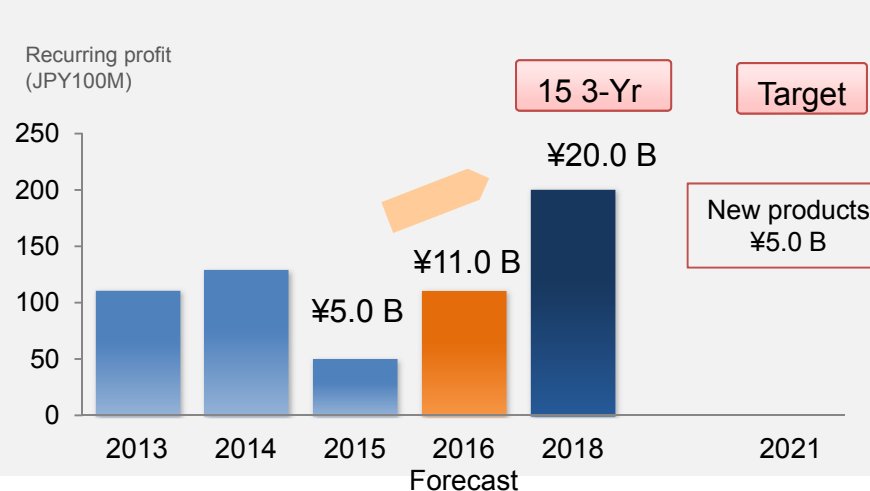
Ni Annual Production Capacity



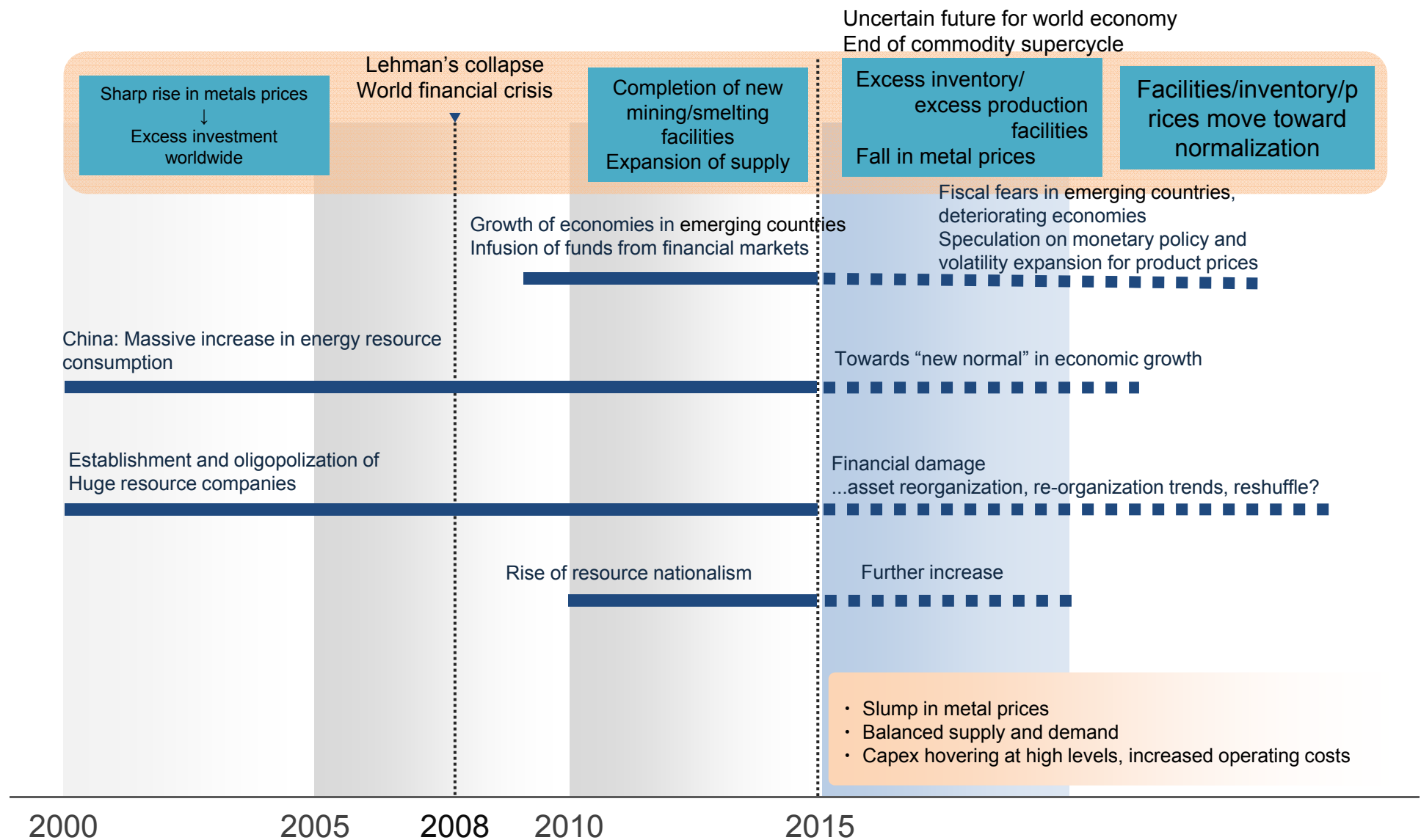
Au Annual Production



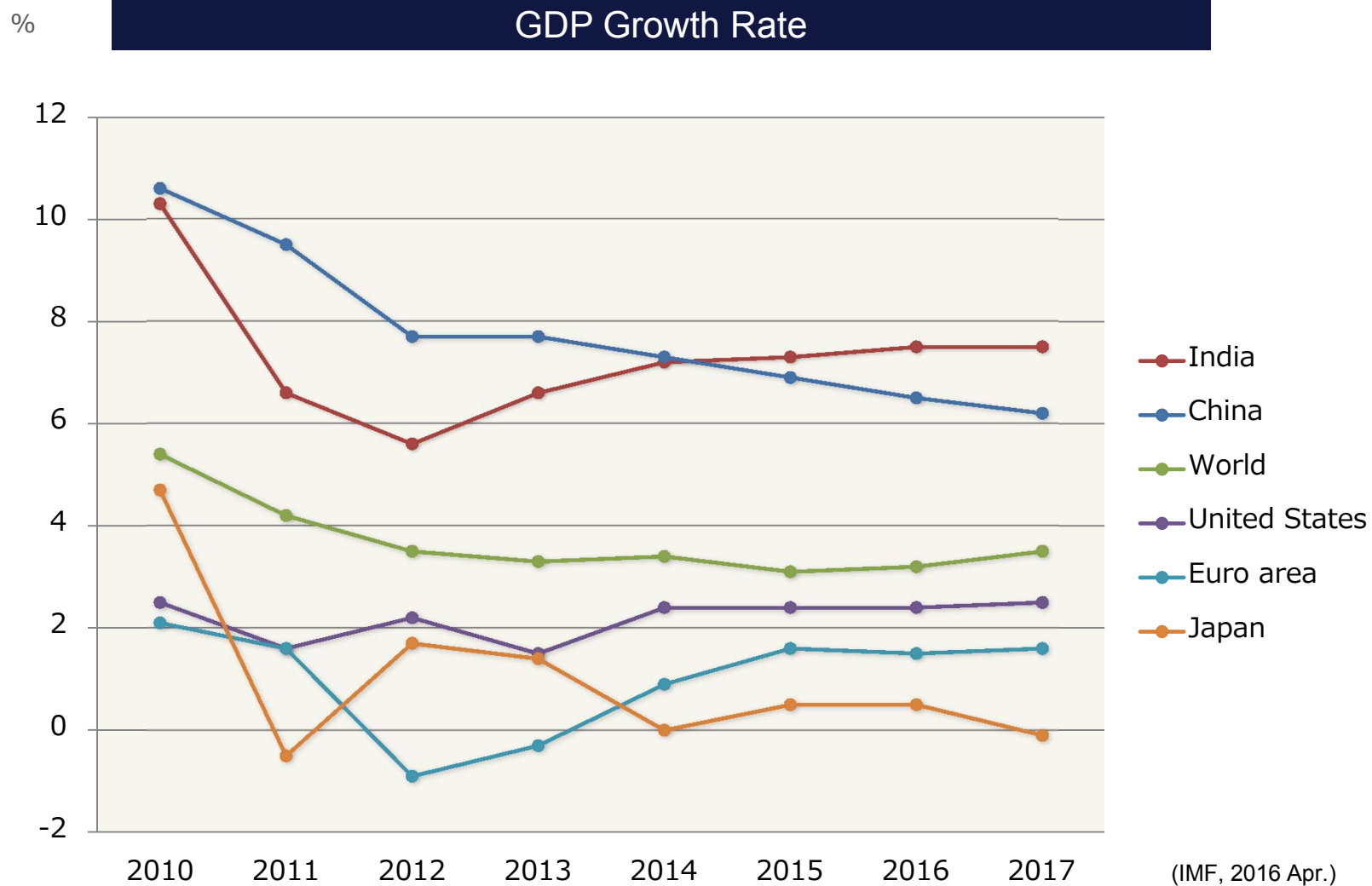
Materials Business Recurring Profit



6) Business Environment

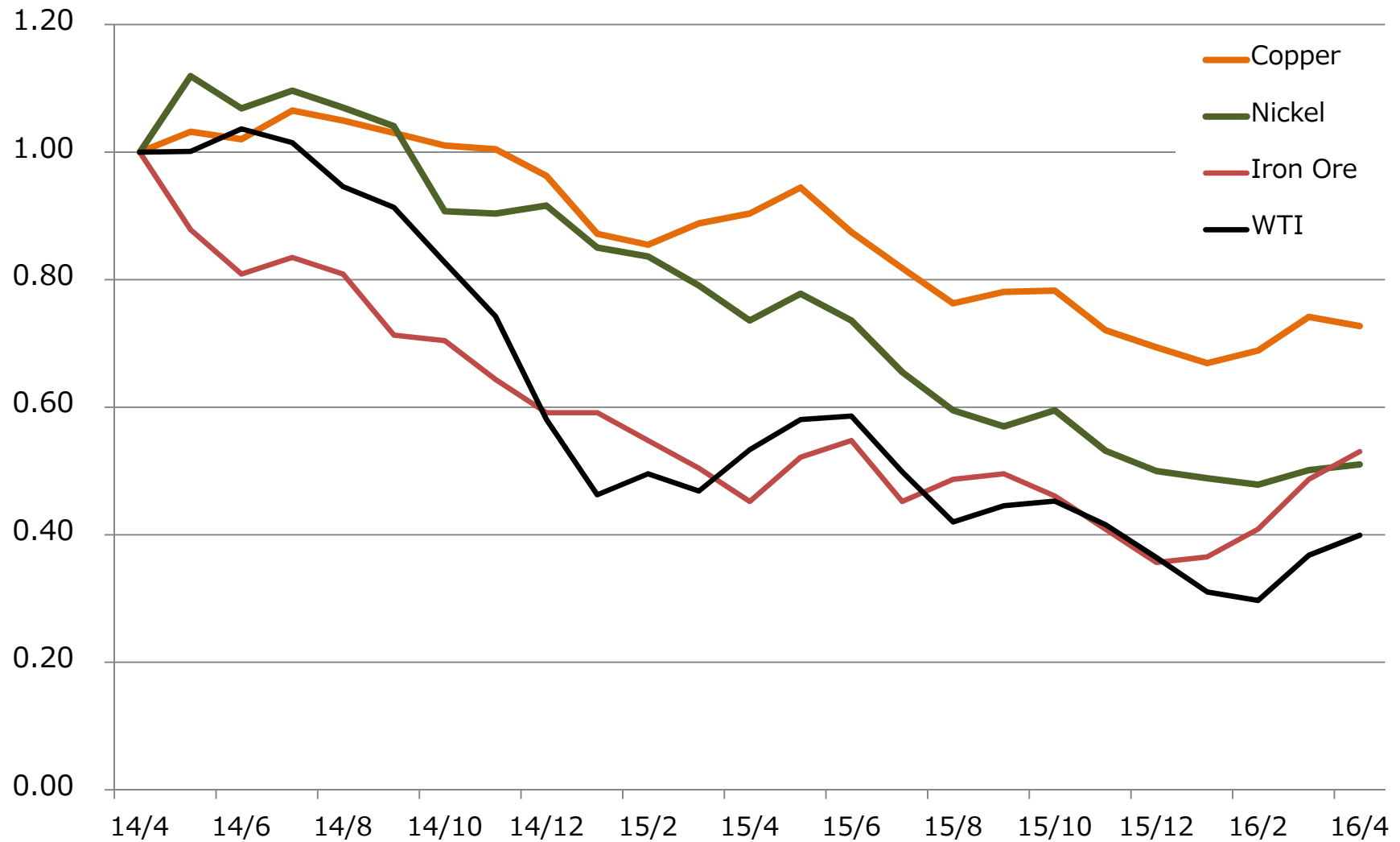


7) Global Economic Situation



8) Commodity Markets

Index 2014/Apr=1.0



9) Top Priorities in the 15 3-Yr Business Plan

Mineral Resources

- Full-scale production at the Sierra Gorda Copper Mine
- Acquire new Gold mine interests

Materials

- Profit contribution from expanded battery material and LT/LN substrate production
- Continuously create and adapt new products

Smelting & Refining

- Expand Taganito HPAL
- Advance growth strategies using HPAL peripheral technologies
- Enhance competitiveness of copper smelting business

R&D

- Develop new products and processes



In FY2016:
Make efforts to secure profits
under low metals prices

10) Major Projects in 2015 3-Yr Business Plan

		Project name	FY2013	FY2014	FY2015	15 3-Yr Business Plan	18 3-Yr Business Plan and later
Mineral Resources	Cu	Sierra Gorda Mine			● Start commercial production	● 2016 110 kt production structure	● Phase 2: project to increase production
	Cu	Morenci Mine		● Start expanded full-scale production	● Additional Interest acquired		
	Cu	Cerro Verde Mine				● 2016 Start full-scale operations of expansion project	
	Ni	Solomon				● 2018 Start operation	
Smelting & Refining	Ni	Taganito HPAL	● Opening ceremony	● Start full operation		● 2018 36 kt production structure	
	Ni	Pomalaa Project				● Conduct FS	● Decision on investment
	Ni	Harima Refinery Nickel sulfate		● Start first line production		● 2016 Second line launch	
Materials	Battery materials			● Completion of NCA 850 t structure	● NCA 1,850 t structure	● 2017~ NCA 2,550 t structure	● 2018 Ternary type Increase production
	Crystal materials (LT/LN)				● Decision on production increase	● 2016 300k pieces production structure	● 2017 400k pieces production structure

11) Initiatives in FY2016

Mineral Resources

Sierra Gorda: Improvement of recovery rate and cost cutting
Operating mines: Initiatives toward low-cost operating structure
New mining interests: Entry into new projects aimed at gold mine acquisitions

Materials

Assured implementation and profitization of growth strategies for batteries/crystals
Construction of systems for new product creation
Strengthening of relationships with customers

Smelting & Refining

Securing of profits with lower costs through stable operation
Execution of strategies matched to changes in demand/prices
Selection of investment timing

R&D

Highest priority on materials products (crystals/batteries/powders)
Research/achievement of cost reduction measures for nickel/copper smelting and refining

Others

Strengthening of corporate governance

Publishing of integrated report / Promotion of dialog with stakeholders

II. Trends in Business Performance

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12 3-Yr Business Plan Review
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II

Trends in Business Performance

III

Promotion of the 15 3-Yr Plan Strategy

IV

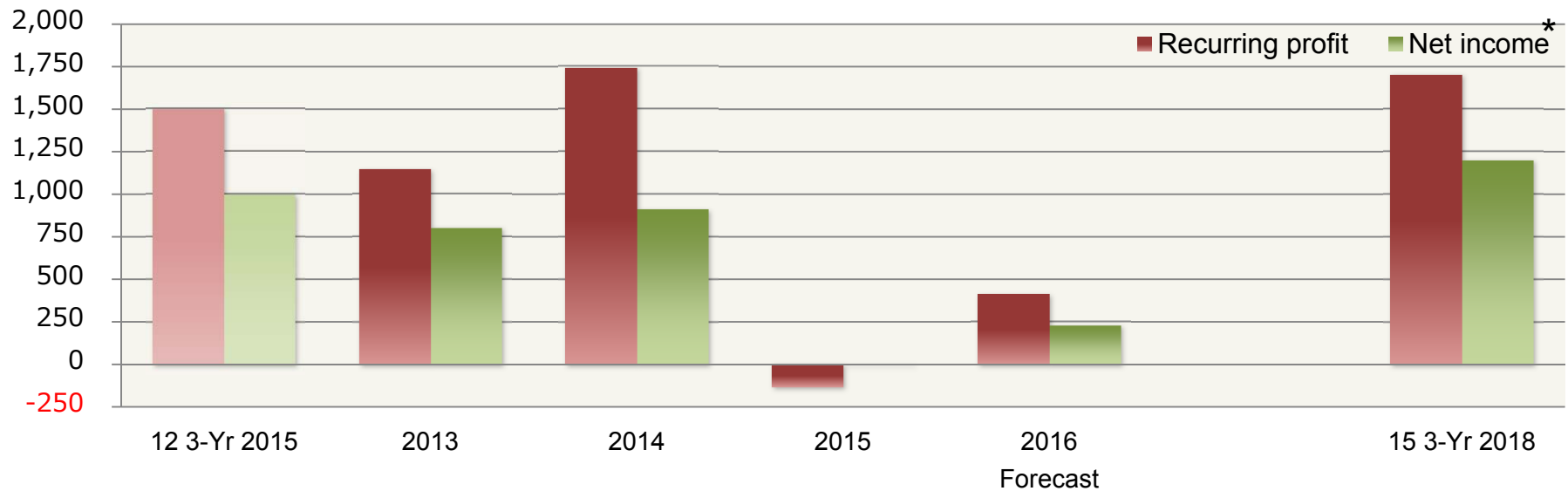
Business Environment

V

Financial Highlights
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1) Recurring Profit

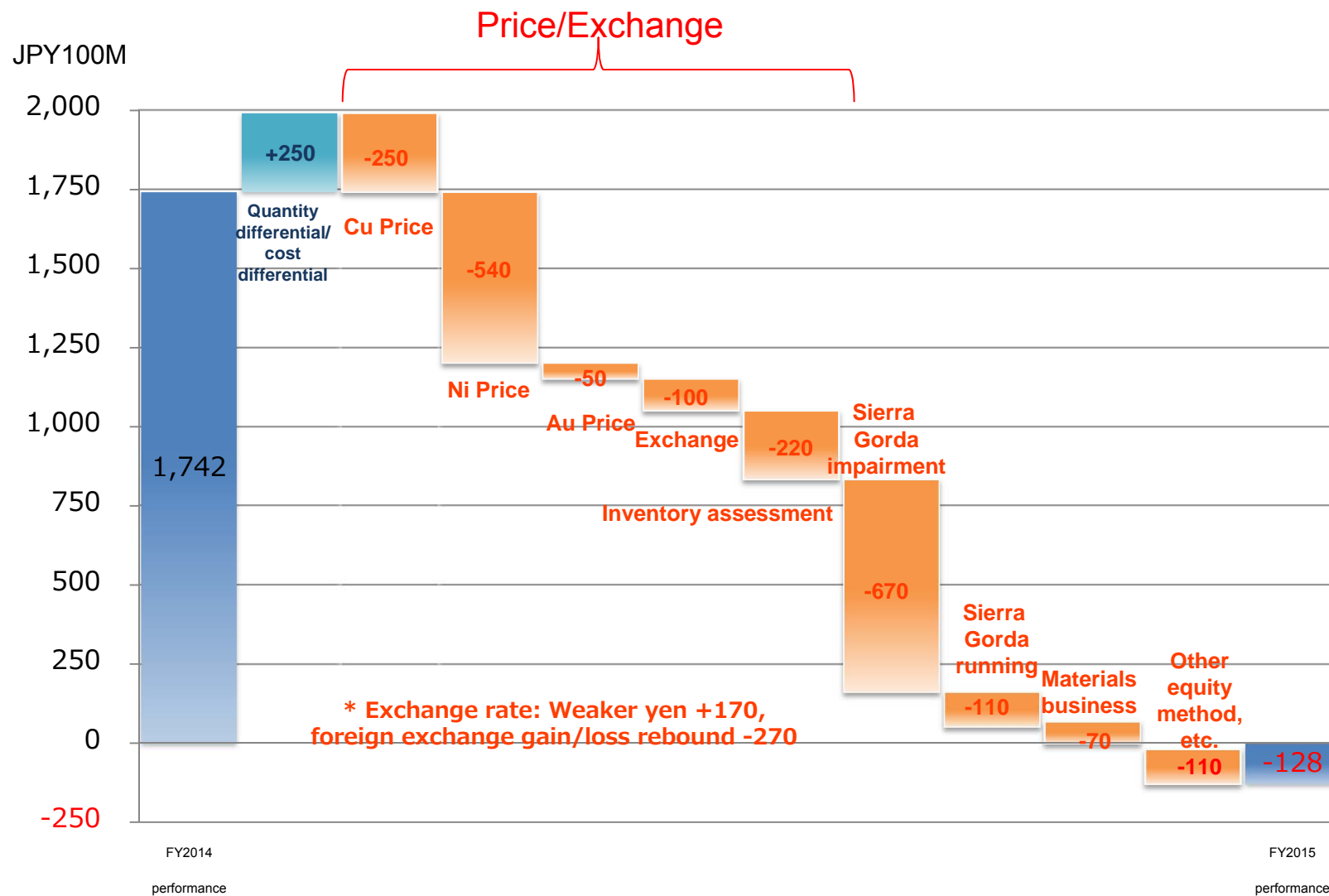
(¥100 million)



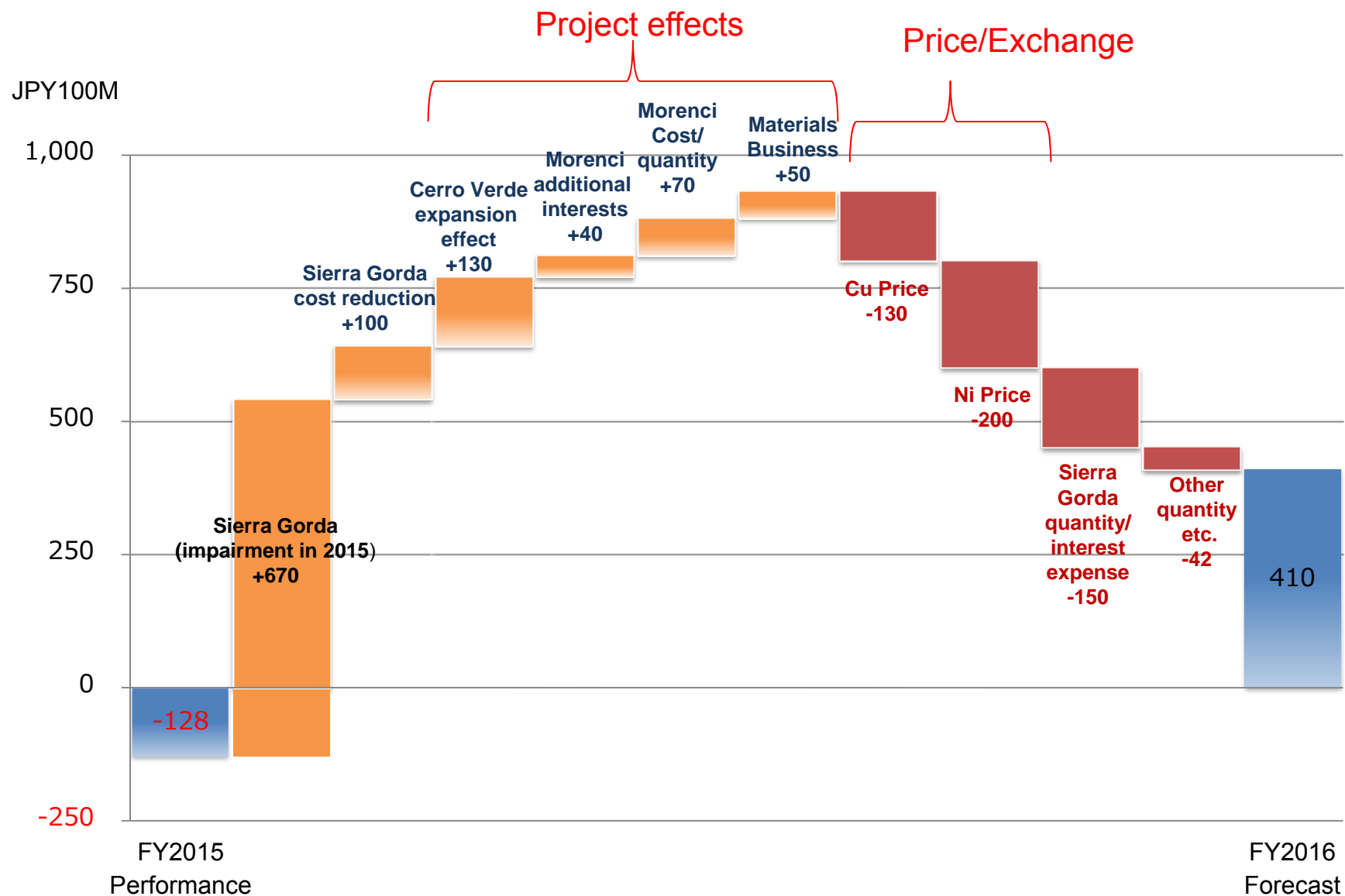
(¥100 million)

	12 3-Yr Plan 2015	2013	2014	2015	2016 Forecast	15 3-Yr Plan 2018
Recurring profit (¥100 million)	1,500	1,144	1,742	-128	410	1,700
Net income* (¥100 million) *Profit attributable to owners of parent	1,000	803	911	-3	230	1,200
Cu price (\$/T)	7,500	7,104	6,554	5,215	5,000	6,000
Ni price (\$/lb)	9.0	6.5	7.6	4.7	3.75	7.0
Au price (\$/toz)	1,550	1,327	1,248	1,150	1,200	1,150
Forex (¥/\$)	80.0	100.2	109.9	120.2	110.0	120.0

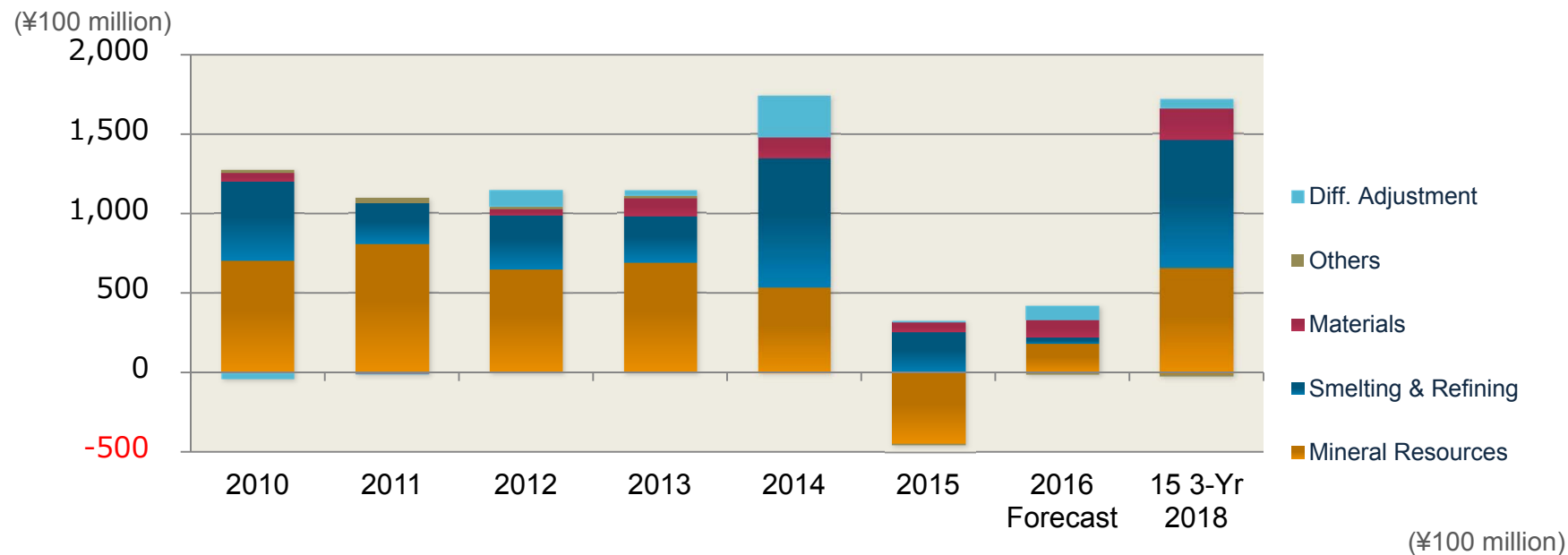
2) Recurring Profit Analysis (1) FY2014 vs FY2015



2) Recurring Profit Analysis (2) FY2015 Results vs FY2016 Forecast



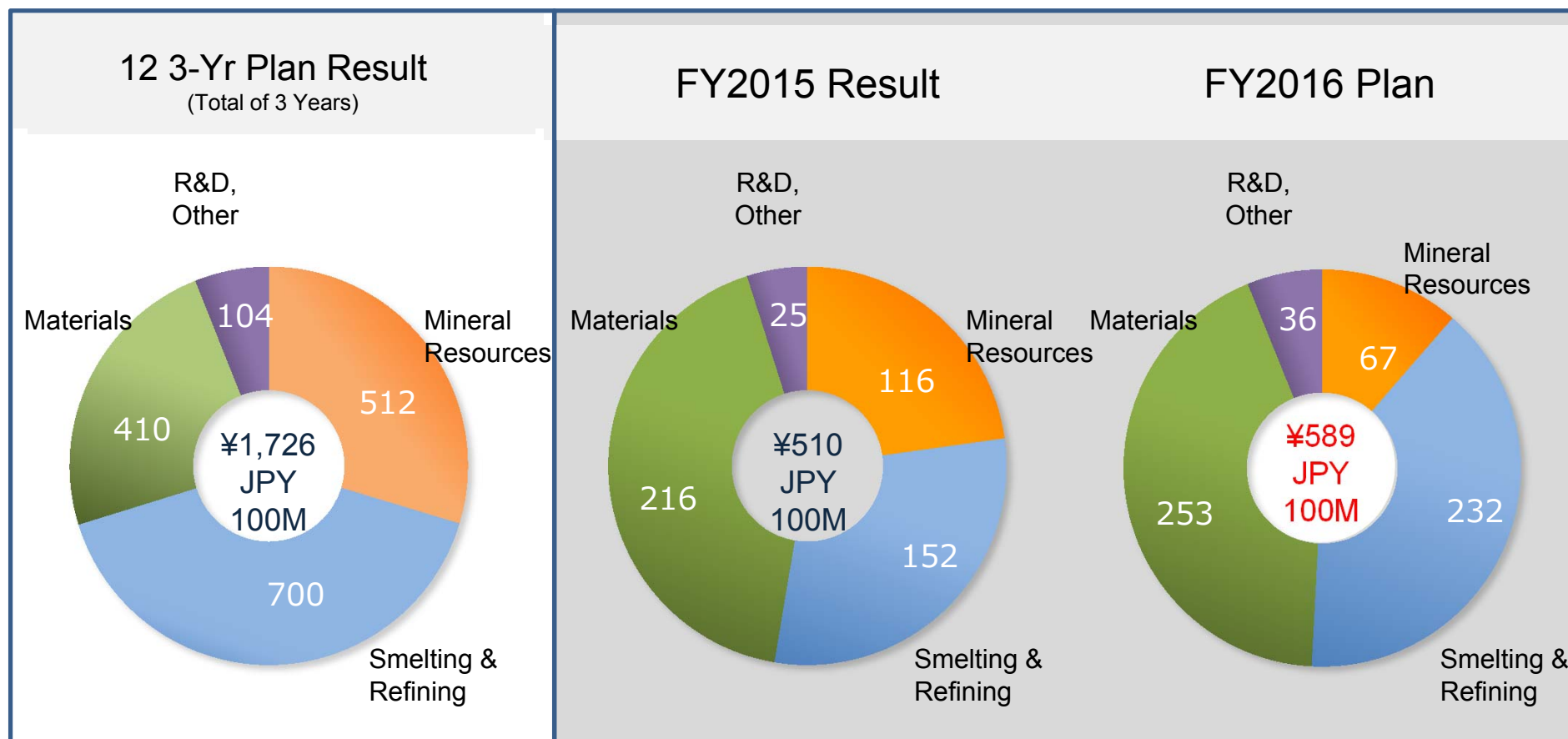
3) Profit Trends by Segment



		2010	2011	2012	2013	2014	2015	2016 Forecast	15 3-Yr 2018
Segment profit	Mineral Resources	704	806	652	691	538	-443	180	660
	Smelting & Refining	495	256	339	291	813	253	40	800
	Materials	54	-3	38	111	129	60	110	200
	Others	23	34	16	16	-1	-8	-10	-20
Adjustment		-39	-5	105	35	263	10	90	60
Recurring Profit		1,237	1,088	1,150	1,144	1,742	-128	410	1,700

4) Capital Expenditure

(¥100 million)



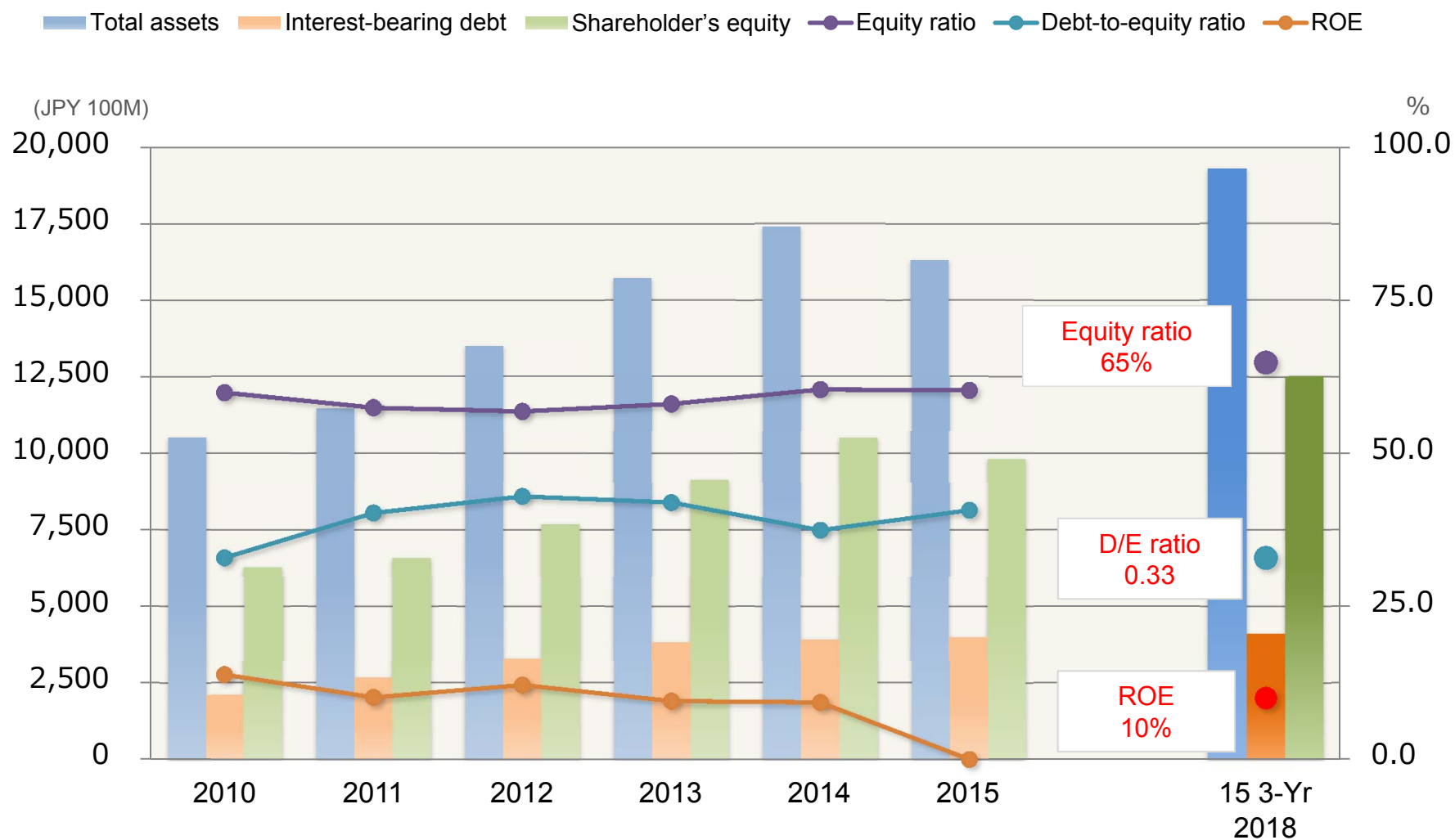
+

Acquisition of overseas interest

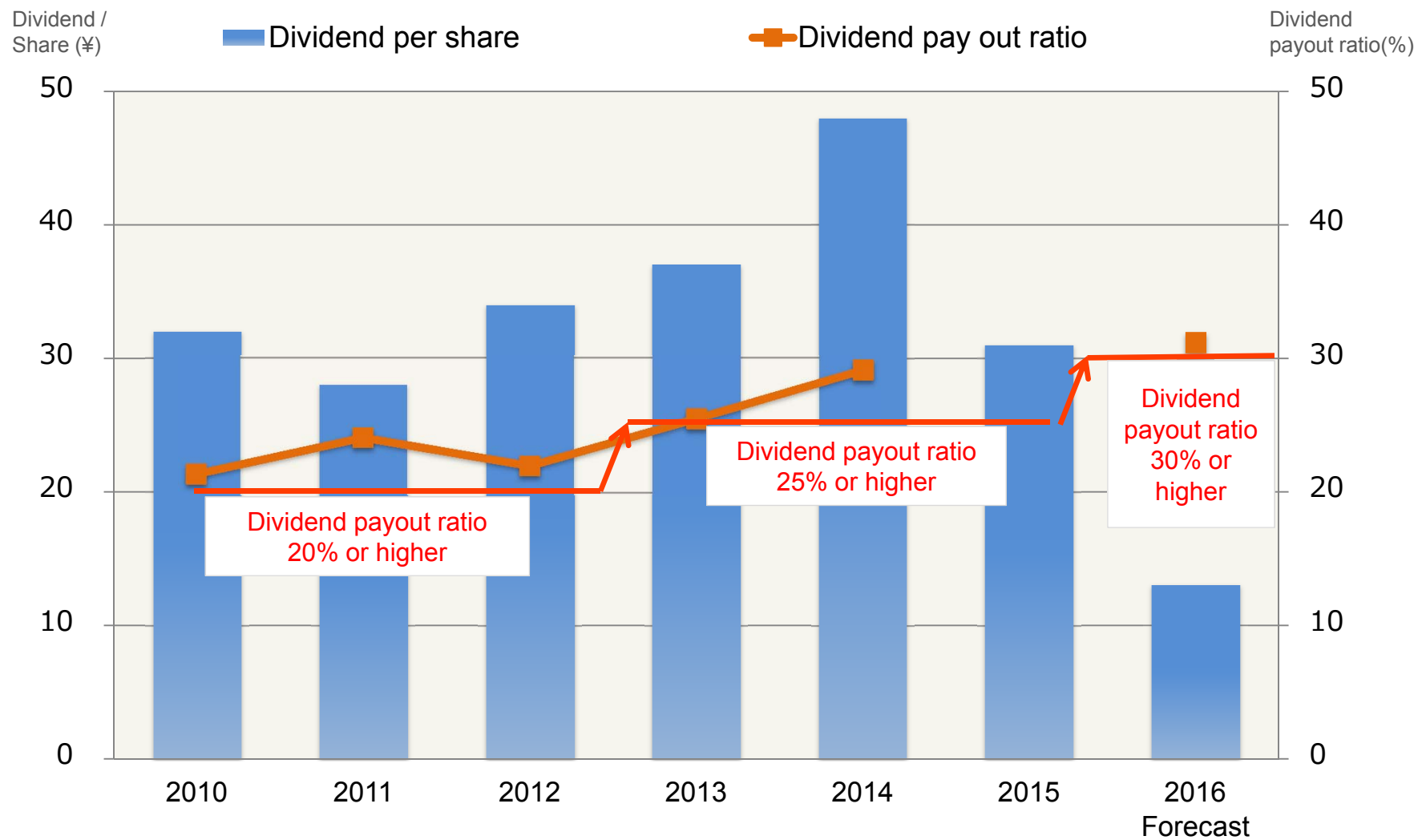
(Morenci, 1,100 (JPY100M))

5) Financial Strategies

Maintenance of a Sound Financial Structure



6) Trend of Dividend



III. Promotion of the 15 3-Yr Plan Strategy

I

12 3-Yr Business Plan Review
and 15 3-Yr Plan Strategy

II

Trends in Business Performance

III

Promotion of the 15 3-Yr Plan Strategy

IV

Business Environment

V

Financial Highlights
and Information Materials

1) Mineral Resources

(1) Cu: Development Project Completion: Sierra Gorda Mine

Sierra Gorda Mine (Chile)

Equity interest ratio	KGHM	55%
	SMM	31.5%
	Sumitomo Corp.	13.5%



FY2016 Initiatives

Production volume

FY2015 86kt → FY2016 97kt

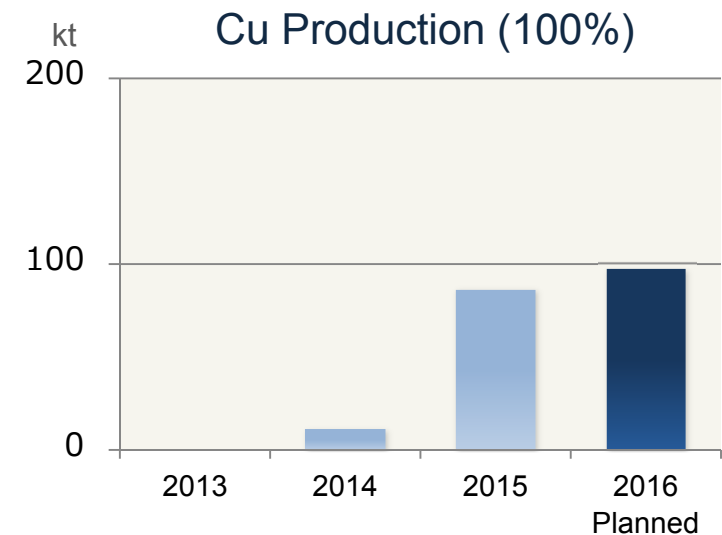
Toward cost-minimum operation

Cost reductions

Implement significant cost reductions with subcontracting expense reductions and other measures

Reduction of ¥10 billion (equivalent to 45% on SMM's equity method basis; projection by SMM)

Quickly establish cash-neutral structure



1) Mineral Resources

(2) Cu : Stable Operation of Existing Mine : Morenci

Morenci Mine (Arizona, US)

Feb 2016

Contract of Acquisition of additional Interest

Investment :US\$1.0B (about 110 billion JPY)

Interest ratio	FCX	85%→72%
	SMM	12%→25%
	Sumitomo Corp.	3% → 3%



Schedule for acquisition of additional interest

Feb 2016

Contract of acquisition of additional interest

June 2016

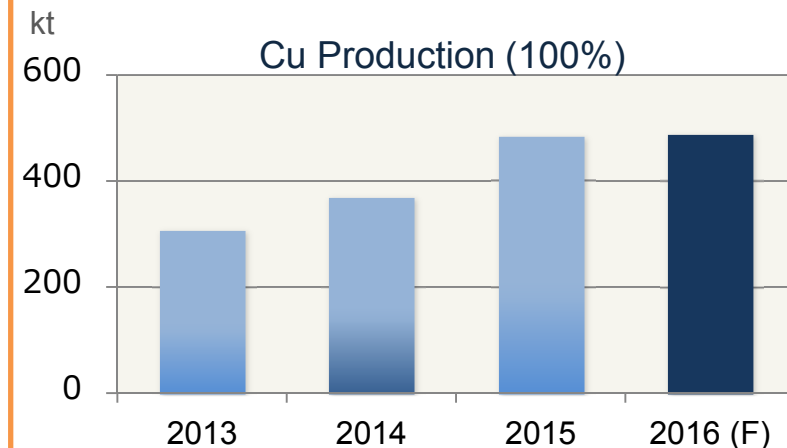
Expected to be closing and
completing transfer of interest

Projected +4.0 billion profit contribution through
13% increase in interests
(for half year from 2H of year)

Production volume

FY2015 483 kt → FY2016 487 kt

Projected significant cost reductions through
expansion effect



1) Mineral Resources

(3)Cu : Expansion Project : Cerro Verde

Cerro Verde Mine Expansion Project (Peru)

Equity
interest
ratio

FCX	53.56%	Total
SMM	16.80%	investment
Sumitomo Corp.	4.20%	\$4.6B
Other	25.44%	



Expansion details/production

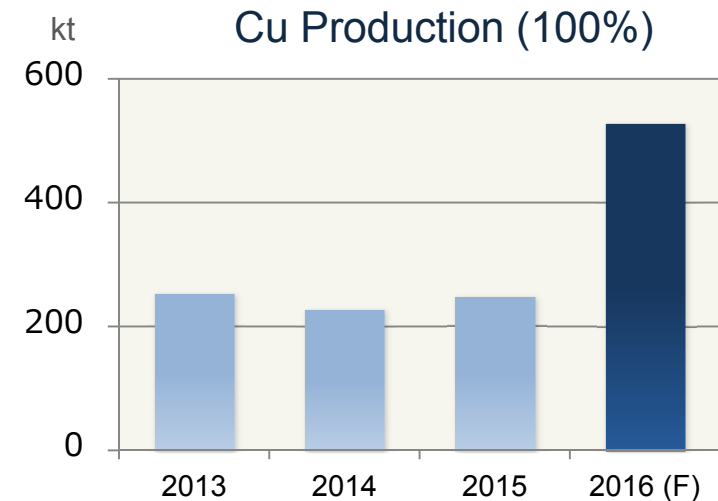
March 2016: Transition to full-operation structure

Production volume

FY2015 247 kt → FY2016 527 kt

Reduction of unit cost through significant increase of production volume

Projected approx. +6.0 billion profit contribution through expansion effect



1) Mineral Resources

(4) Au : Stable Operation of Existing Mine : Hishikari

Hishikari Mine (Kagoshima, Japan)

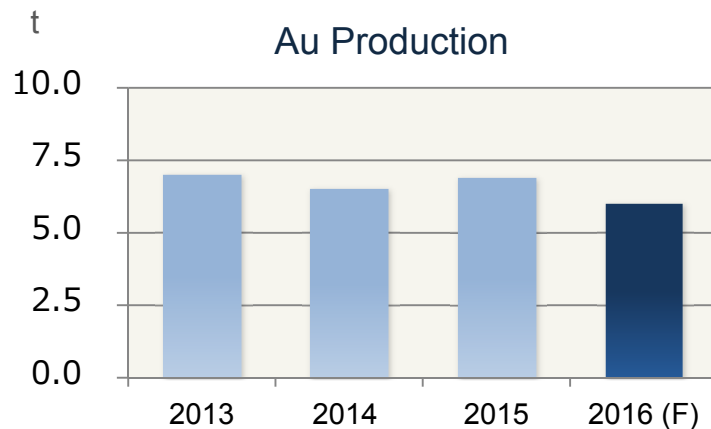
Equity
interest ratio

SMM

100%



- Development of lower ore bodies: Steady progress
- 2015 year-end reserves: 169 t (JIS standard)



Pogo Gold Mine (Alaska, US)

Equity
interest ratio

SMM

Sumitomo Corp.

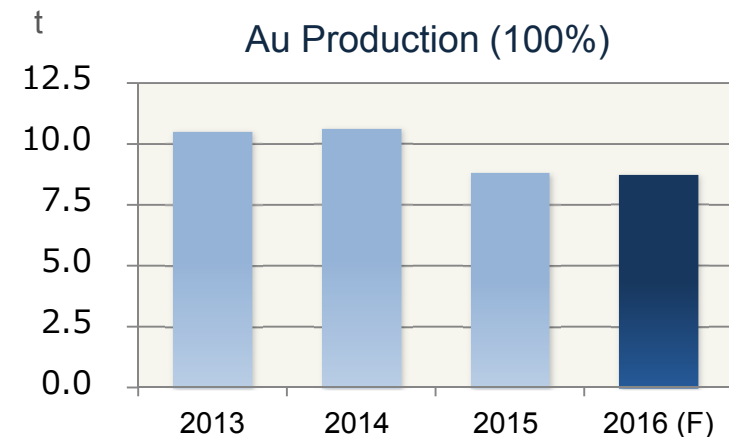
85%

15%



- To extend mine life, continually explore peripheral areas
- 2015 year-end reserves Reserve 62 t

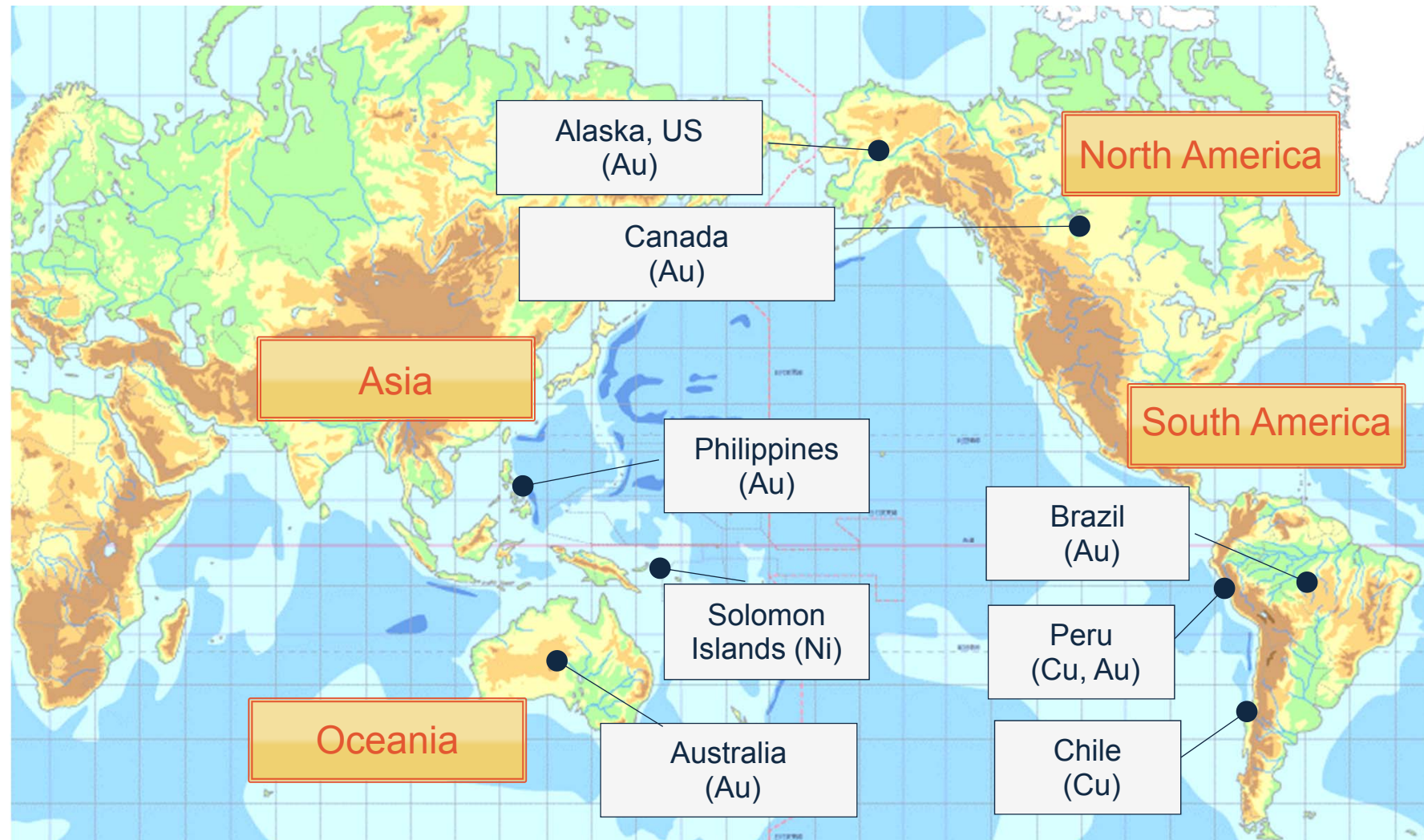
Resource 83 t (Canadian standards)



1) Mineral Resources (5) Exploration by SMM

Exploration plan

Focus on gold projects in FY2016



2) Smelting & Refining

(1) Strengthening Competitiveness in Copper Smelting (1)

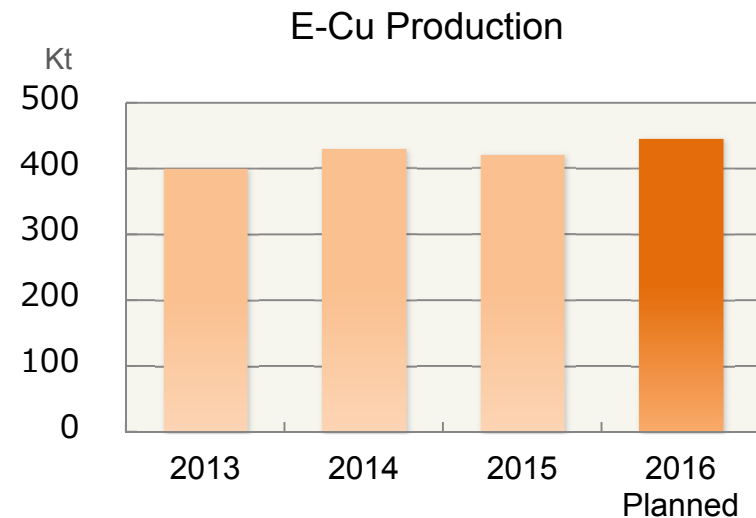
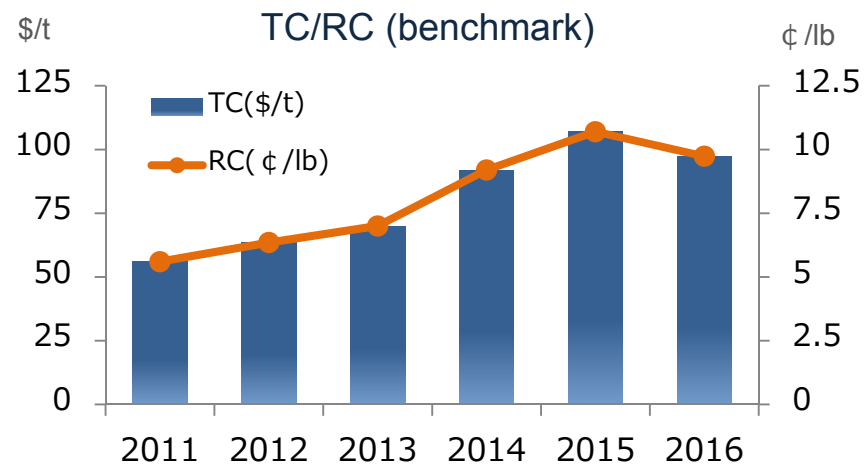
Toyo Smelter & Refinery production plan

Benefit from TC/RC increase
through full and stable production
under 450 kt structure



Production volume

FY2016: 445 kt – Plan for record-high production volume
(No plans for large-scale repairs)



2) Smelting & Refining

(1) Strengthening Competitiveness in Copper Smelting (2)

Strengthening Toyo Smelter & Refinery cost competitiveness

Further improve operational technology
Strengthen impurity-handling capability
Enhance secondary raw material pickup



Increase processing of profitable raw materials and cut costs
to further improve profitability
as world-leading Copper Smelter



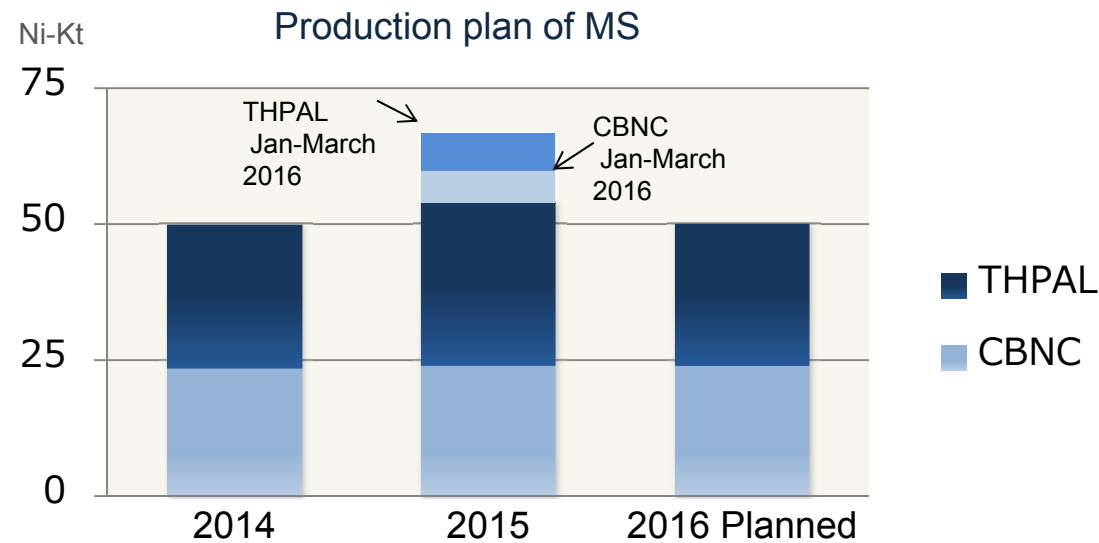
Enhance expanded pickup of secondary raw materials



2) Smelting & Refining

(2) THPAL/CBNC 60 kt HPAL structure

CBNC/THPAL stable operation



Production volume

FY2016: CBNC 24 kt
THPAL 26 kt



2) Smelting & Refining

(3) Recover rare earth in HPAL process

Scandium

Production of intermediate products from HPAL process at Taganito
Production of finished product (scandium oxide) at Harima Refinery
2018: Start of commercial production scheduled 7.5 t / year

¥4 billion
investment

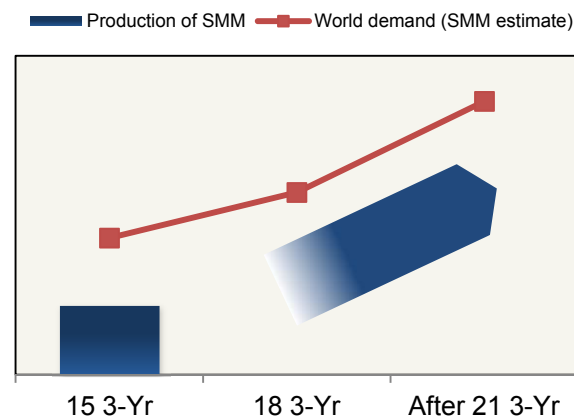
Conclusion of long-term sales agreements with U.S. major companies

Main use of Scandium oxide

- Solid Oxide Fuel Cells (SOFCs)
High efficiency and cleaner energy
Steady increase of demand is expected.
- Aluminum-Scandium Alloys
Enhance strength, corrosion resistance, heat resistance and give weldability
Aerospace/ Automobile application expected
- Others: Create new usage and develop the market

Current world demand is 10–15 t/year (scandium oxide equivalent)

Production plan



2) Smelting & Refining

(4) Ferro-nickel Optimal Production Structure

Hyuga Smelting Co., Ltd. Ferro-nickel production plan

Considerable increase in ore prices
due to enforcement of Indonesian new Mining Law
Increase of ore processing volume due to declining
in ore grade

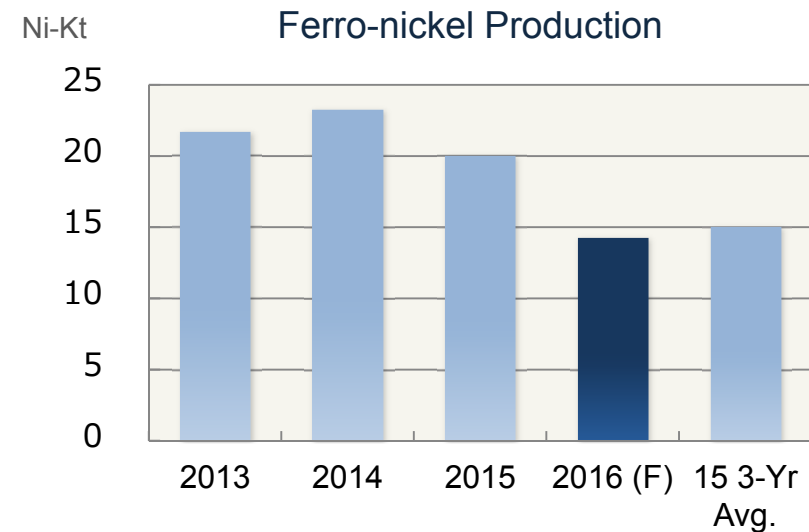
From FY2015 4Q:
Transition to 2-kiln, 1-electric furnace
operation

Production volume

FY2015: 20 kt

FY2016: 14 kt

Change production volume to cost-minimum
level
Secure profits through stable operations
technology



2) Smelting & Refining

(5) Toward a 150 kt Nickel Production Structure

Pomalaa Project (Indonesia)

Overview

P.T.Vale Indonesia holds mining rights
Implement F/S on possibility of refinery
construction

Schedule

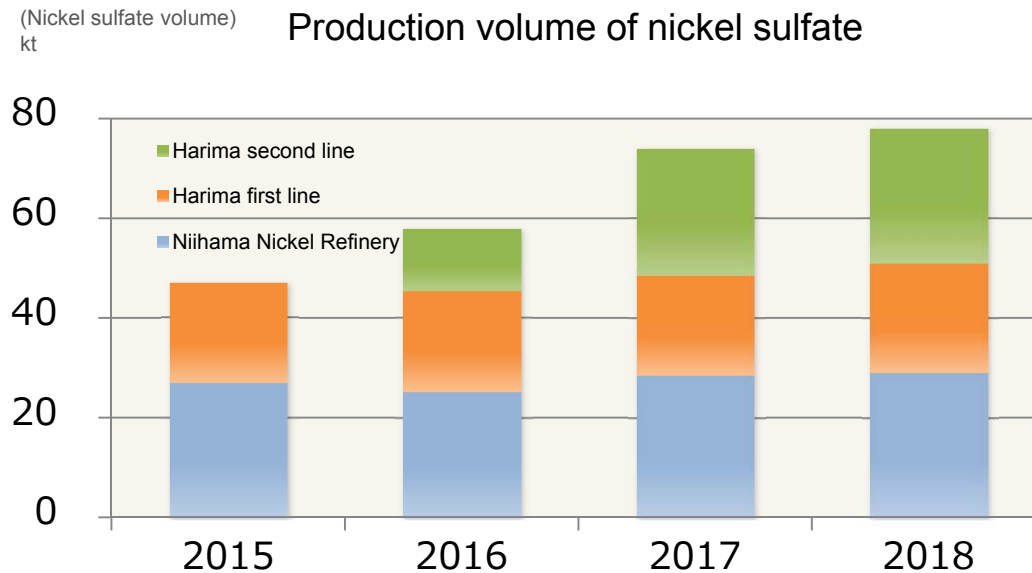
2015 — Investigation of plant location
2017 — Conduct DFS



2) Smelting & Refining

(6) Expand the Ni Sulfate capacity

Harima Refinery – Increasing production of nickel sulfate



2016

Start second line production at Harima (2H)
Ni sulfate production volume: 33 kt
(in addition, 25 kt
at Niihama Nickel Refinery)

2017

Invest towards achieving
49 kt/year structure at
Harima

2018

49 kt/year structure at
Harima

(Nickel sulfate volume)

3) Materials (1) Basic Policy

Business strategies in the 2015 3-Yr Business Plan

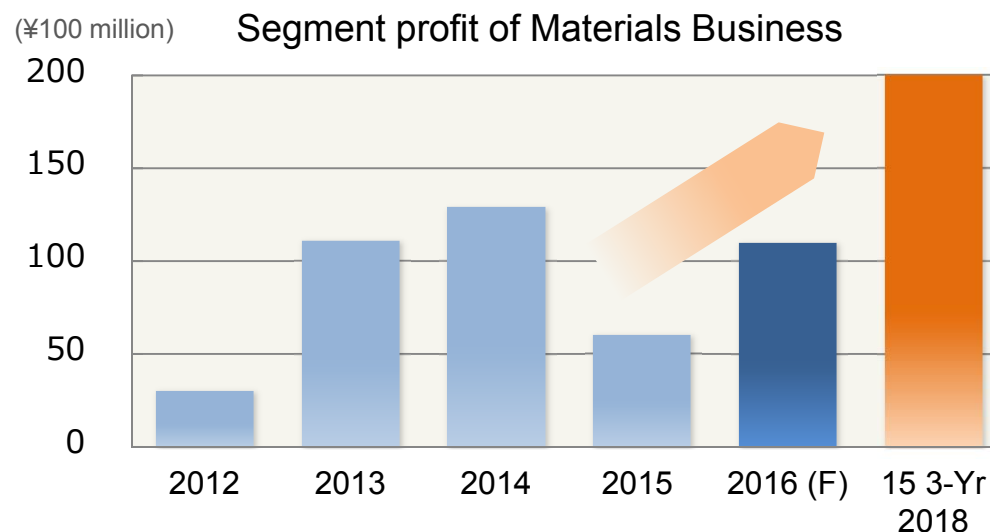
Aggressive investment in growth strategies
Fields of in-vehicle devices, environment, and
information and communications

Achieve smooth transition to new growing businesses
through selection and concentration

Strengthen relationships with customers as partner
Collaborate from the development stage to
new products

Bolster new business development capability
Build systems for creating new products

FY2016 Segment profit plan: ¥11 billion
Move ahead with profitization of battery material/crystal material



3) Materials (2) Battery Materials Business

Environmental changes concerning battery materials

Rapid expansion of eco-car market and growing usage of nickel cathode materials

Change occurred in vertically integrated structure of automobile and battery manufacturers

Importance of stable supply in light of growing cobalt usage

SMM Battery Materials (cathode material) Usage (1)

- Nickel Hydroxide:
TOYOTA Motor Corporation, used in hybrid vehicle
- Ternary Material:
TOYOTA Motor Corporation
Used in the lithium-ion battery
for new model of hybrid vehicle



(Photo : TOYOTA Motor Cop.)

3) Materials (2) Battery Materials Business

Strengthening of environmental regulations

EU CO₂ regulations → Growth of PHEVs is expected

California Zero Emission Vehicle regulations

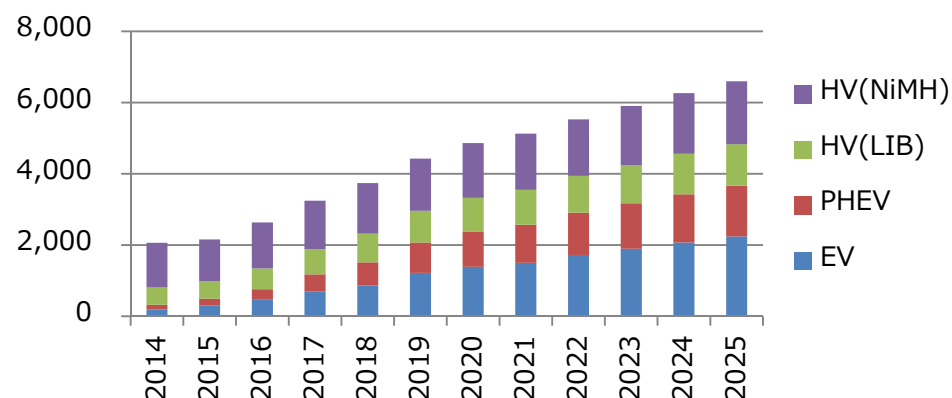
Strengthening of other countries' environmental regulations



Rapid increase in use of batteries in automobiles

Our battery materials are adopted
in both hybrid vehicles and electric vehicles

(1,000 vehicles) xEV (electric/hybrid) market forecast



(B3 Report)

SMM strengths and strategies

SMM strengths

Can supply diverse product types, from products that are very nearly raw materials to high added value products

Respond to customer needs with latest powder technology
Stable supply structure for nickel/cobalt

FY2016 strategies

March 2016: Carry out completion ceremony
for new Naraha Plant in Fukushima Prefecture
Proceed with production authorization to full production

Consideration for the further increased production structure

Track record of adoption of our battery materials
(positive electrode materials) (2)

- NCA: Sell to Panasonic; use in electric vehicle lithium-ion batteries

3) Materials (3) Crystal substrate (LT/LN)

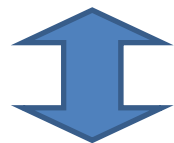
Outlook for device market

SAW filters

Increased volume of smartphone communications capacity
→ Increase in number of bands used

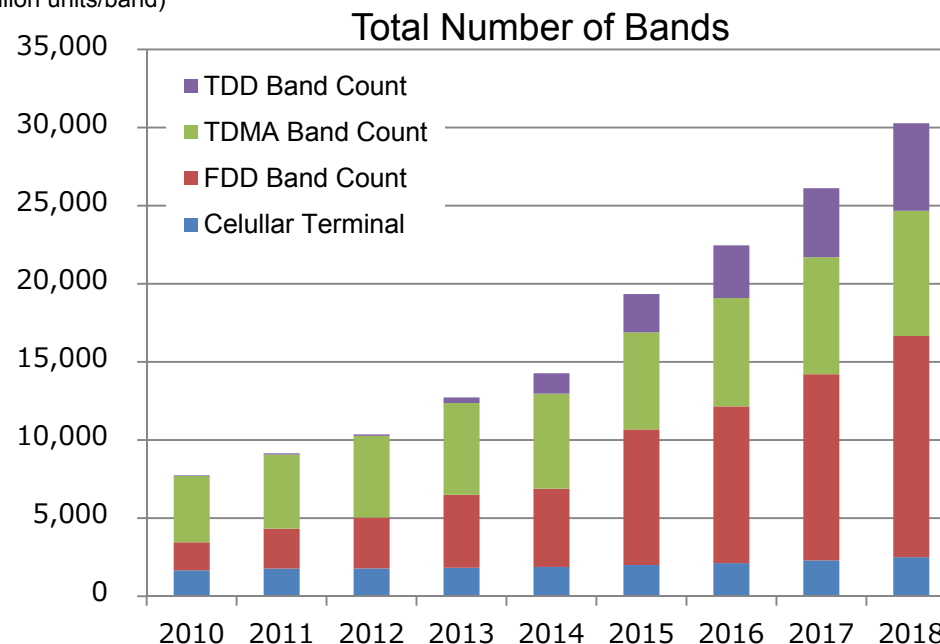
In line with increase in bands:
Dramatic increase in number of installed SAW filters

Growth in smartphone demand
Slowdown also forecast



SAW filter demand
Continued increase

(Million units/band)



(Navian Inc.)

Number of SAW devices per smartphone

Low end	Middle range	High end
9 - 12	12 - 20	20 - 40

(Estimate by Murata Manufacturing Co., Ltd.)

3) Materials (3) Crystal substrate (LT/LN)

Build an expanded production system for crystal materials

LT/LN crystal substrates for SAW filters

December, 2014

Decision to expand from 120K to 210K substrates/month

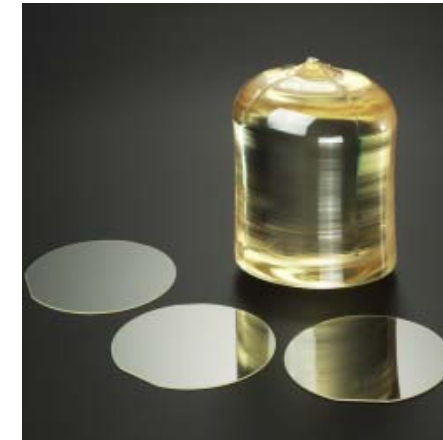
March, 2015

Decision to expand from 210K to 300K substrates/month to worldwide top share

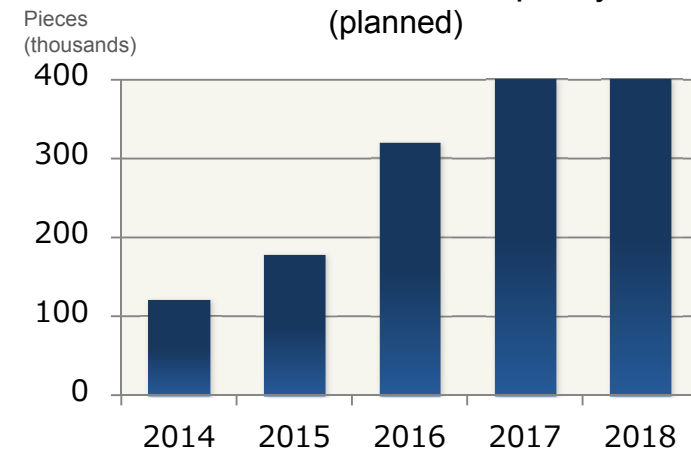
As of May 2016

Completion of 300K substrates/month structure

Proceed with facilities investment,
toward 400K substrates/month structure
in September 2017

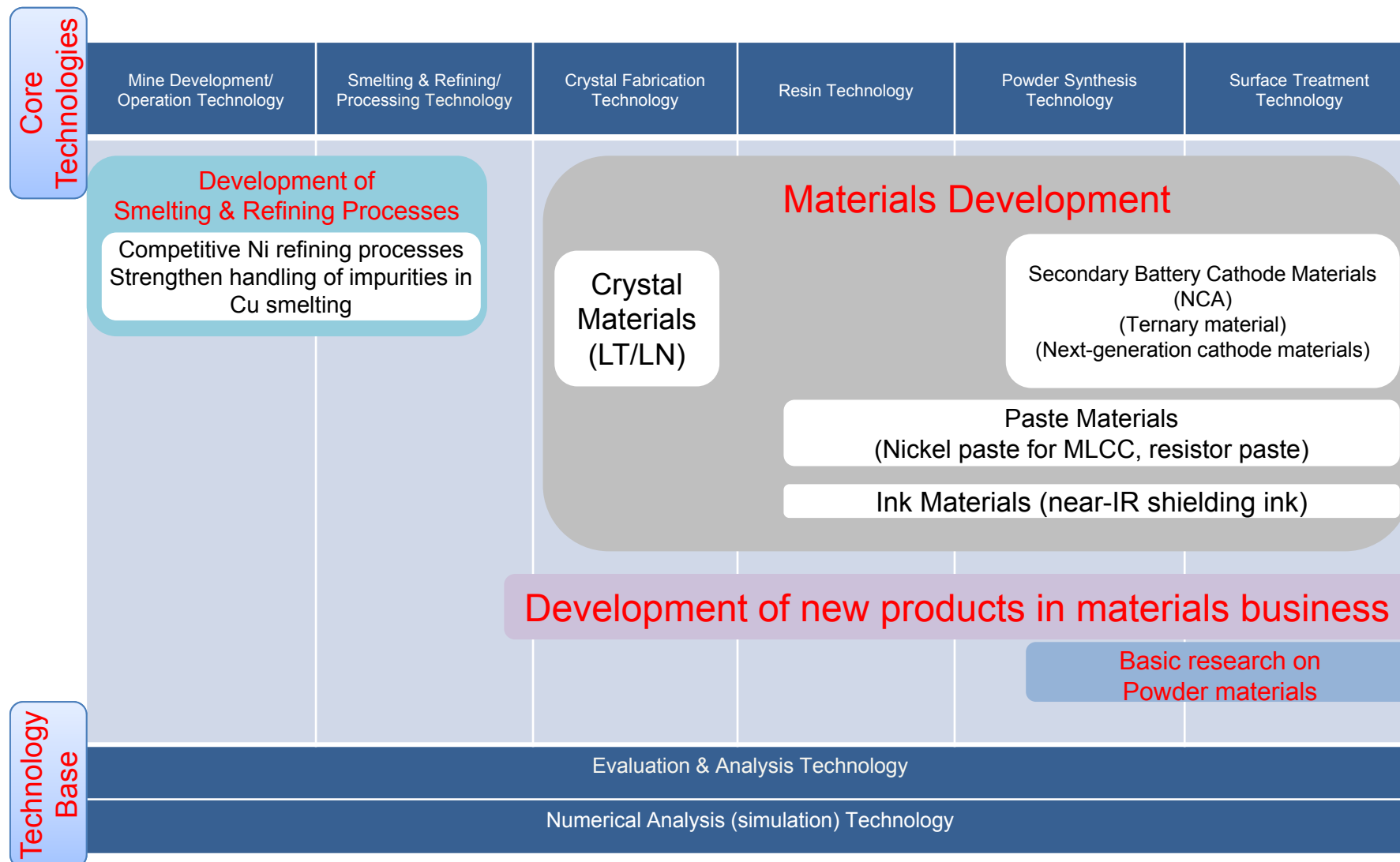


LT/LN Production capacity
(planned)



4) R&D

Concentrate R&D in Strategic Growth Areas



IV. Business Environment

I

12 3-Yr Business Plan Review
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III

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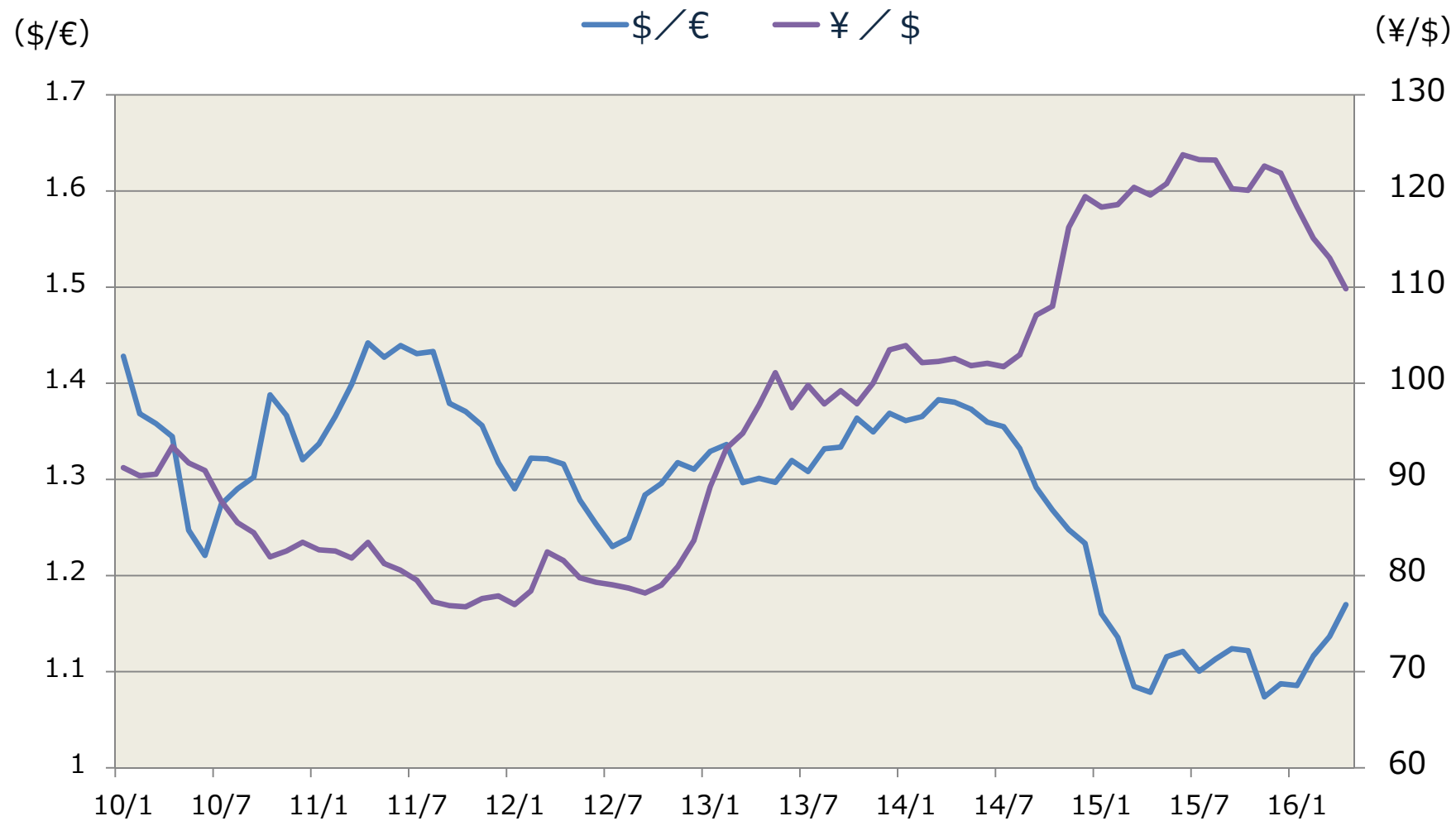
IV

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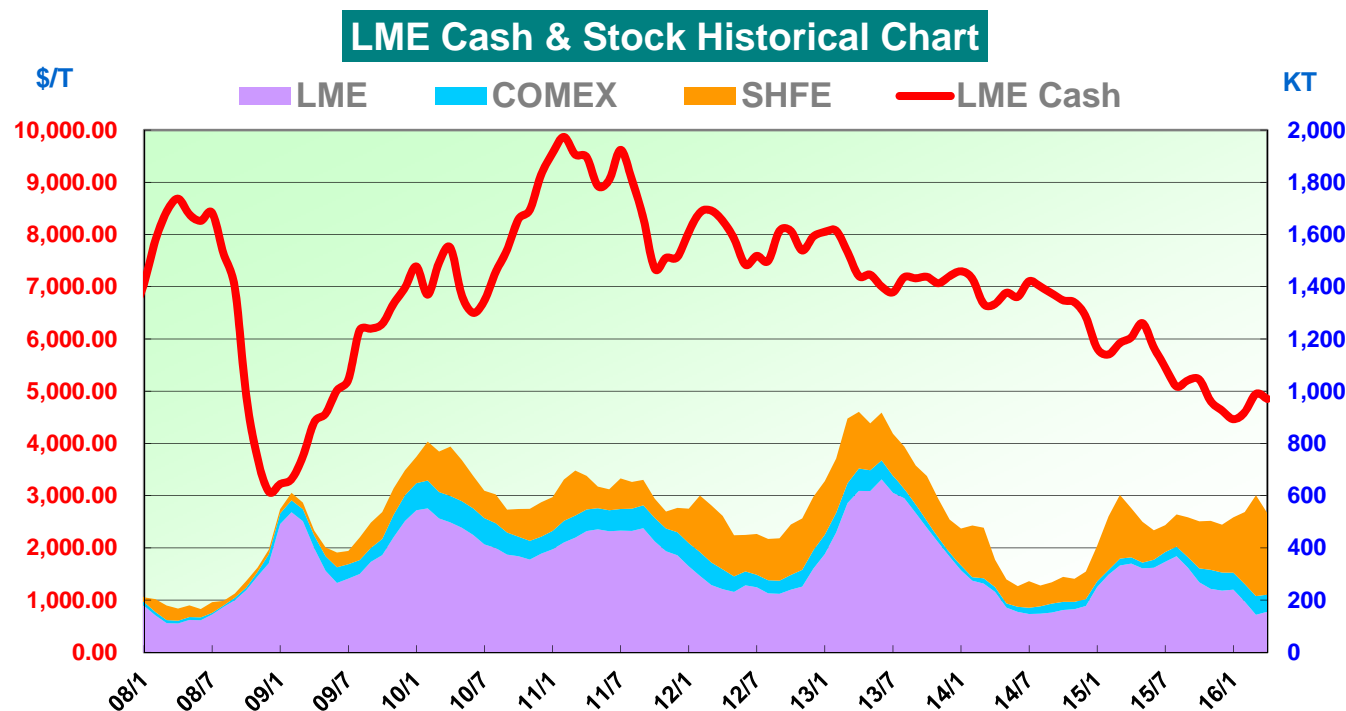
V

Financial Highlights
and Information Materials

1) Forex Trends



2) Cu – Price / Supply & Demand Balance

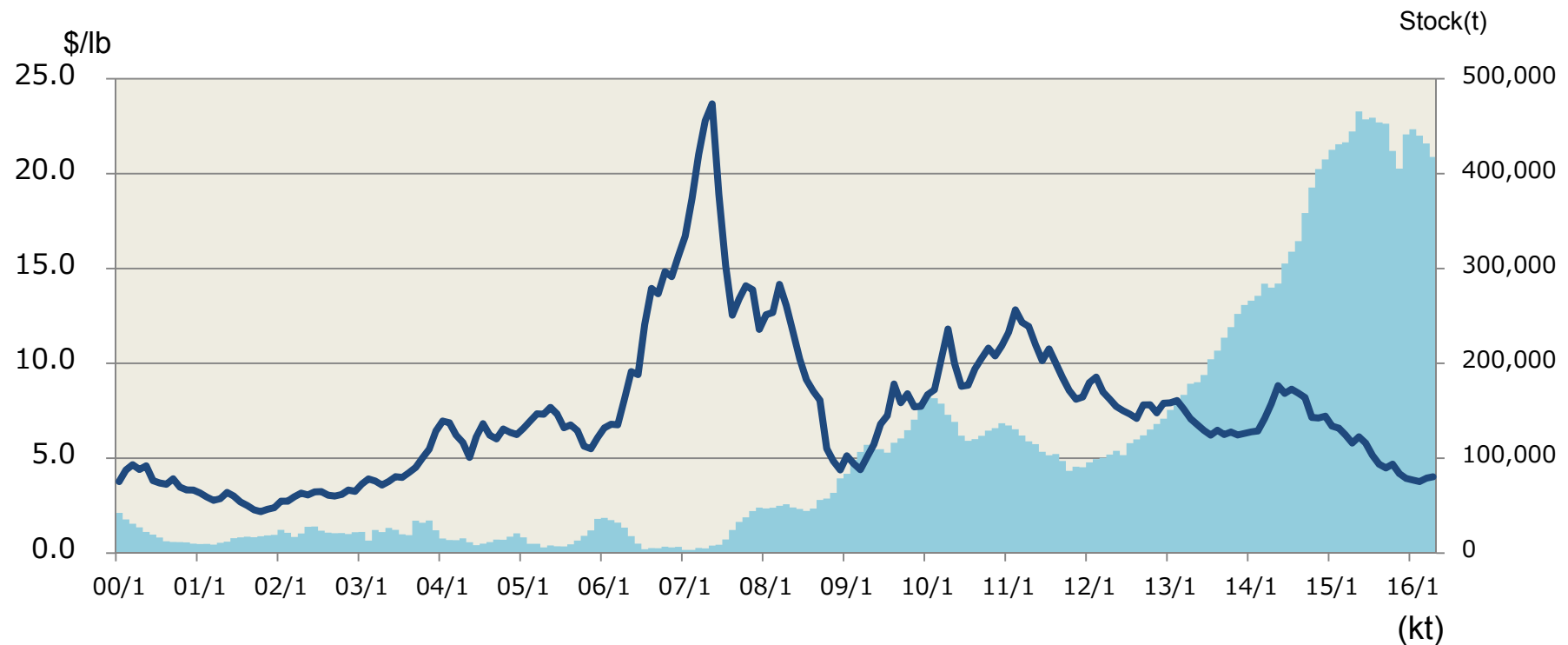


[ICSG Estimation Mar. 2016]

(kt)

	2015	2016	2017
Production	22,821	22,943	23,436
Usage	22,878	23,000	23,416
Balance	-57	-56	20

3) Ni – Price / Supply & Demand Balance



	INSG Estimation 2016/04			SMM Estimation 2016/04		
	2014	2015	2016	2014	2015	2016
Production	1,999	1,983	1,913	1,981	1,959	1,834
Usage	1,869	1,891	1,962	1,933	1,893	1,914
Balance	130	92	-49	48	66	-80

4) Au - Price



V. Financial Highlights and Information Materials

I

12 3-Yr Business Plan Review
and 15 3-Yr Plan Strategy

II

Trends in Business Performance

III

Promotion of the 15 3-Yr Plan Strategy

IV

Business Environment

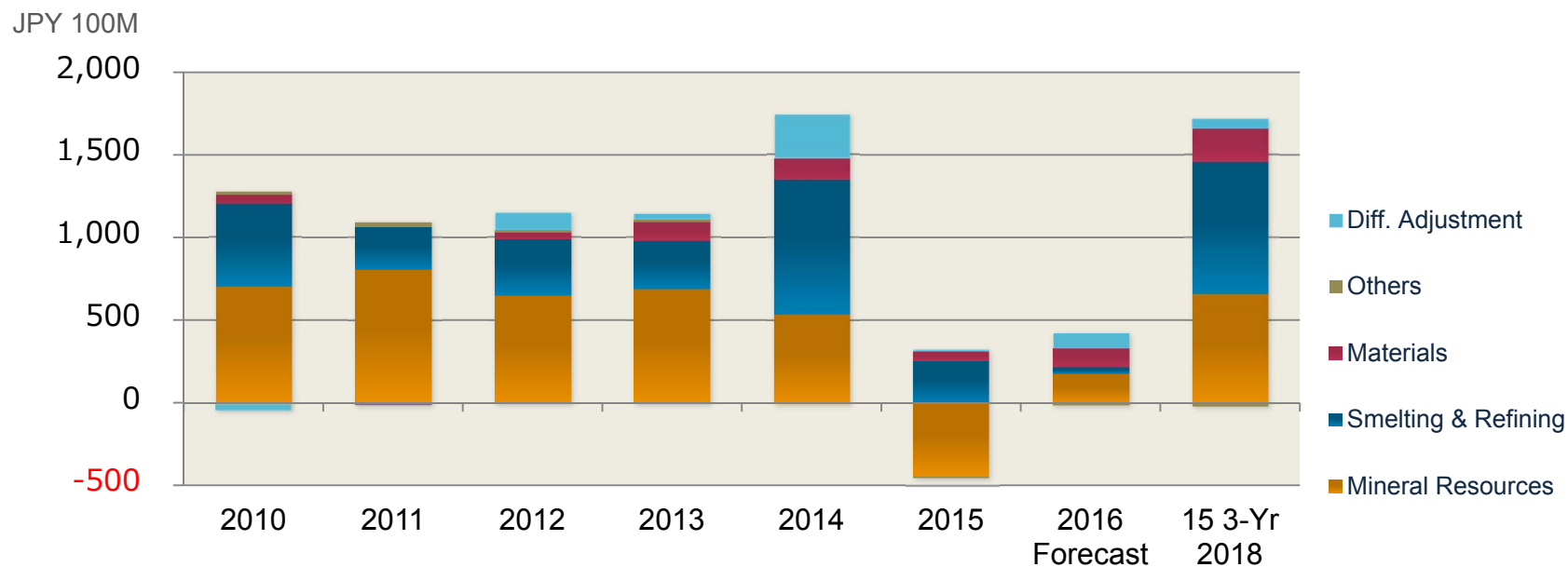
V

Financial Highlights
and Information Materials

1) Performance Trends

	2011	2012	2013	2014	2015	2016 Forecast	15 3-Yr 2018
Net Sales	8,479	8,085	8,305	9,213	8,554	7,330	10,600
Operating Income	886	958	754	1,258	597	460	1,400
Recurring Profit	1,088	1,150	1,144	1,742	-128	410	1,700
Equity Method profit	232	171	298	239	-732	-130	270
Net Income (Profit attributable to owners of parent)	653	866	803	911	-3	230	1,200
ROA (%)	5.9	6.9	5.5	5.5	-0.0	-	6
ROE (%)	10.1	12.1	9.5	9.3	-0.0	-	10
Dividend Per Share(¥)	28.0	34.0	37.0	48.0	31.0	13.0	N/A
Copper (\$/t)	8,485	7,855	7,104	6,554	5,215	5,000	6,000
Nickel (\$/lb)	9.6	7.7	6.5	7.6	4.7	3.75	7.0
Gold (\$/Toz)	1,646	1,654	1,327	1,248	1,150	1,200	1,150
Exchange(¥/\$)	79.1	83.1	100.2	109.9	120.2	110.0	120.0

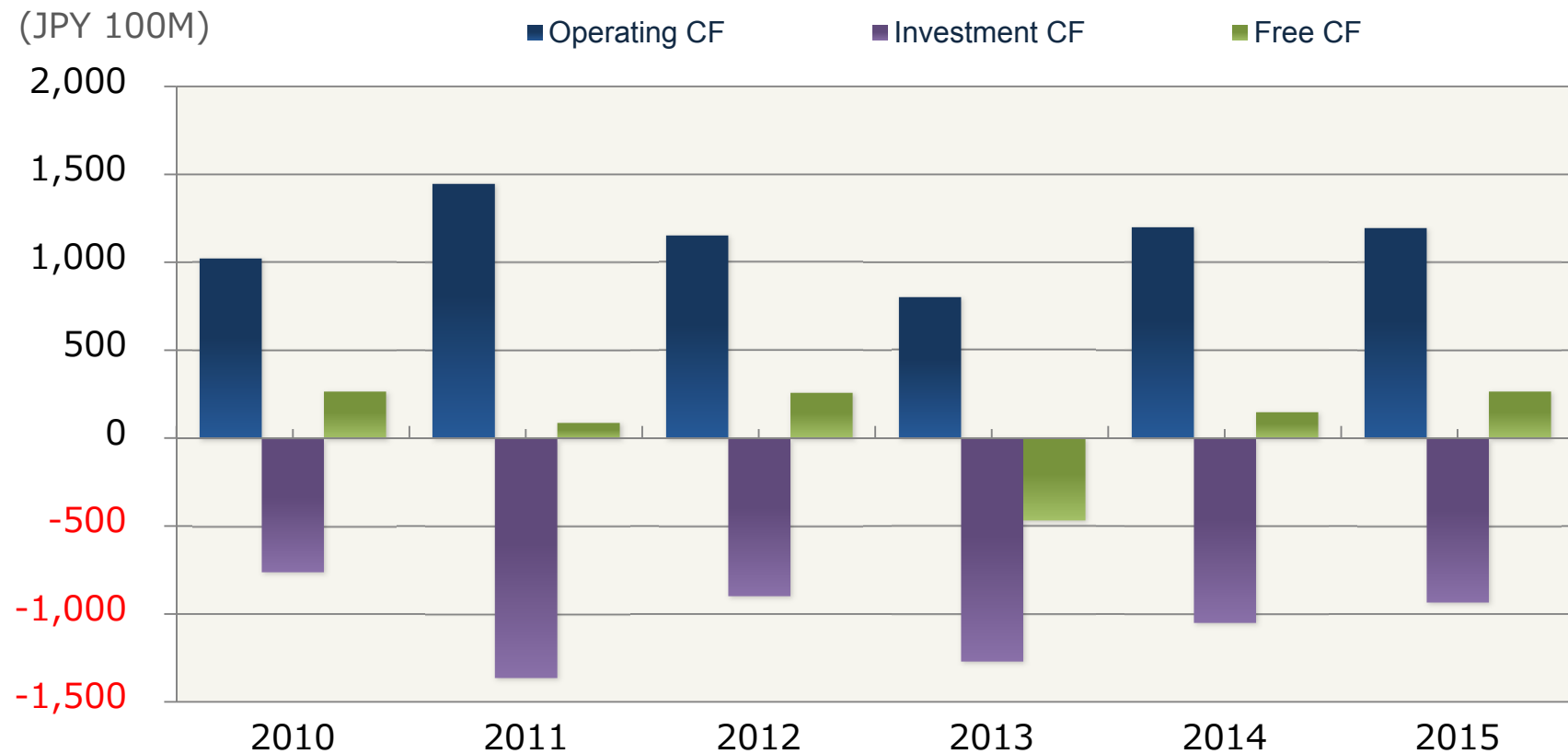
2) Segment Profit



JPY 100M

		2010	2011	2012	2013	2014	2015	2016 Forecast	15 3-Yr 2018
Segment Profit	Mineral Resources	704	806	652	691	538	-443	180	660
	Smelting & Refining	495	256	339	291	813	253	40	800
	Materials	54	-3	38	111	129	60	110	200
	Others	23	34	16	16	-1	-8	-10	-20
Diff. Adjustment		-39	-5	105	35	263	10	90	60
Recurring Profit Total		1,237	1,088	1,150	1,144	1,742	-128	410	1,700

3) Cash Flow Trends



4) Sensitivity

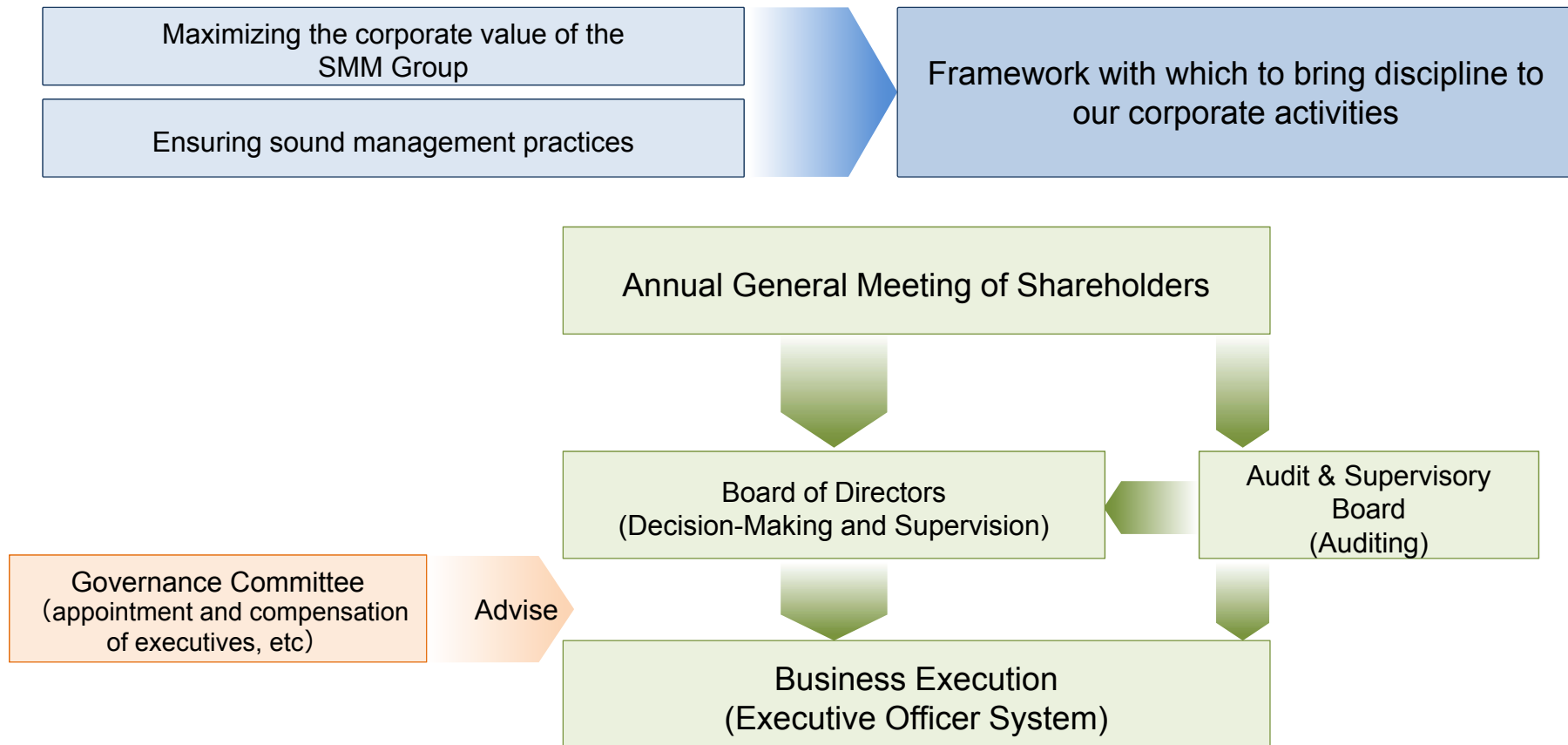
JPY100M

Element	Degree of variation	Operating income/ Recurring profit
Cu	±100\$/t	14/28
Ni	±10 ¢ /lb	16/18
Au	±10\$/toz	5/5
JP¥/ \$	±¥1/\$	7/5

(Remark) USD/JPY translation include RC-related and Conversion rate of overseas consolidated / equity-method affiliate companies' profit.

5) Corporate Governance

SMM's Corporate Governance



**Increase the ratio of Outside Directors on the Board of Directors to 1/3
Strengthen corporate governance**

Note

The materials provided herein are not intended as disclosure under the Securities Law, and no warranty is made as to their completeness or accuracy.

Any projections included in these materials are based solely on information available at the time of this briefing, and are subject to change based on market conditions, competitive conditions, and a number of other factors.

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