

December 12, 2011

Press Release

Sumitomo Metal Mining Co., Ltd.

Regarding Commercialization of Large Sapphire Substrates

Sumitomo Metal Mining Co., Ltd. (Headquarters: Minato-ku, Tokyo, President: Nobumasa Kemori) announced a decision to launch commercialization of large sapphire substrates and to establish a mass production line within its fully-owned subsidiary Okuchi Electronics Co., Ltd. (Isa City, Kagoshima Prefecture).

Sapphire substrates are used as a substrate for fabricating gallium nitride for use in white and blue LEDs. Demand for white LEDs is growing for use in applications such as backlighting in large-screen LCD televisions, and is also expanding rapidly in the general lighting market due to LEDs' effect in saving energy and reducing environmental impacts. Accordingly, the sapphire substrate market is expected to see further growth.

Having planned entry into large sapphire substrates for some time, Sumitomo Metal Mining has made the decision to install a new large fabrication furnace within Okuchi Electronics Co., Ltd. and mass produce 6-inch-diameter sapphire substrates. The planned value of the capital investment is about ¥1.2 billion, including investment already completed. Through the investment, Sumitomo Metal Mining will construct a continuous production system extending from fabrication of large sapphire crystals to substrate processing.

At present, 2- to 4-inch-diameter sapphire substrates are prevalent in the market. However, due to demands for cost reductions from LED manufacturers, demand for larger-diameter substrates is forecast to expand. Production of 6-inch-diameter substrates requires the fabrication of large-size crystals, but production is technologically difficult and can be performed stably by only a small number of manufacturers worldwide. Sumitomo Metal Mining has secured mass production capability based on its crystal fabrication technology built over many years.

In the future, the company will enhance its development of materials in the environmental and energy sectors and will advance growth strategies in its materials business.

Overview of Okuchi Electronics Co., Ltd.

Address: 1755-2, Okuchi-Ushio, Isa, Kagoshima

Paid-in capital: ¥1 billion

Shareholders: Sumitomo Metal Mining Co., Ltd. (100%)

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