

March 25, 2015

Press Release

Sumitomo Metal Mining Co., Ltd.

Increase in Production Capacity for Lithium Tantalate & Lithium Niobate Substrates at Subsidiary Companies

Sumitomo Metal Mining Co., Ltd. (SMM) has decided to increase production capacity at Sumiko Kunitomi Denshi and Ohkuchi Electronics in order to further increase production of the lithium tantalite substrates and lithium niobate substrates (hereinafter referred to as "LT/LN substrates") used in chips for SAW filters for information and communication terminals.

SMM produces and sells LT/LN substrates that are used in SAW filter* chips. In order to respond to the rapidly expanding market over recent years, the decision was made in December 2014 to enhance production facilities at SMM's wholly owned subsidiary Sumiko Kunitomi Denshi Co., Ltd. located in Hokkaido (as released on December 18, 2014) and at its Ome District Division located in Tokyo.

However, even after this enhancement there have been continuous requests from SAW filter manufacturers for increased production. As such, in addition to taking the decision to further enhance facilities at Sumiko Kunitomi Denshi, the decision has also been made to install new production facilities for LT/LN substrates at SMM's wholly owned subsidiary Ohkuchi Electronics located in Kagoshima. With these changes, SMM's LT/LN substrate production capacity will increase from 210,000 pieces per month (including that resulting from increased facility investment decided in December 2014) to 300,000 pieces per month.

The planned facility investment outlined here is approximately four billion yen, and enhancement work is scheduled to start in April 2015 with all facilities expected to be completed by October 2016. Production capacity increase incrementally as each facility is completed.

SMM aims to use its strengths, which include a proven track record of producing and selling LT/LN substrates for approximately 30 years and comprehensive production technology that extends from single-crystal fabrication to wafer processing, to achieve further growth in the LT/LN substrates market.

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***SAW (Surface Acoustic Wave) filter**

This is a device that extracts an electrical signal from a specific frequency band and is incorporated in information and communication terminals such as smartphones. In addition to the rapid growth in the market for devices such as smartphones, tablet terminals, and other such products over recent years, the number of filters incorporated in each device has increased greatly due to greater communication speed and volume, which has led to a rapid increase in demand.