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Fiscal Year 2007 Financial Report Briefing Meeting

Sumitomo Metal Mining Co., Ltd.

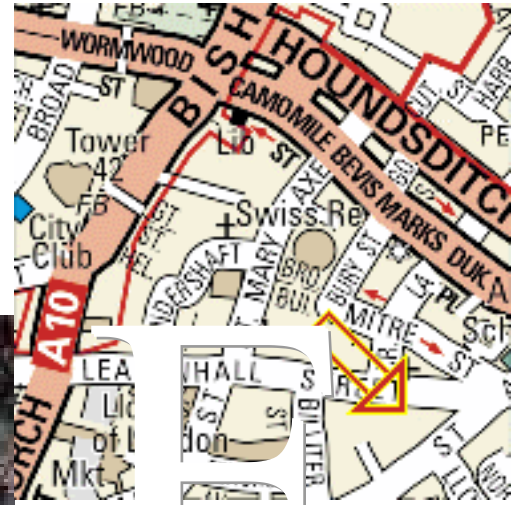
May 13, 2008



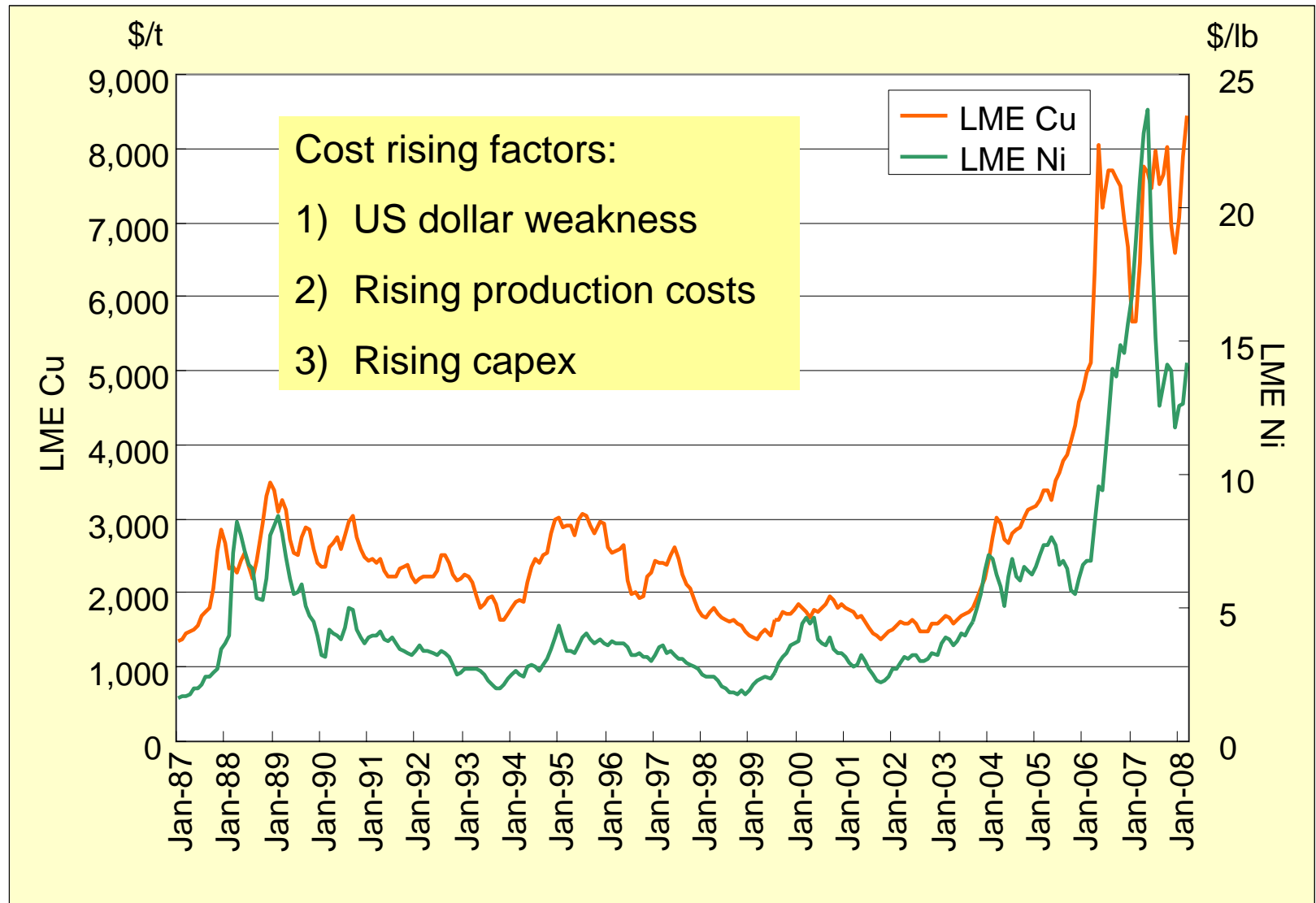
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Long-Term Strategy

. Metal Price/Forex Forecasts



Nonferrous Metals Prices: Common Factors



Cost Increasing at Major Mines

< Ni > P.T.INCO Unit cash cost

	2002	2003	2004	2005	2006	2007	08-1Q
\$/lb	1.38	1.60	1.83	2.29	3.13	3.47	4.02

< Ni > P.T.INCO Unit cash cost

	07-1Q	07-2Q	07-3Q	07-4Q	08-1Q
\$/lb	3.35	3.30	3.63	3.98	4.02
INDEX	1.00	0.99	1.08	1.19	1.20

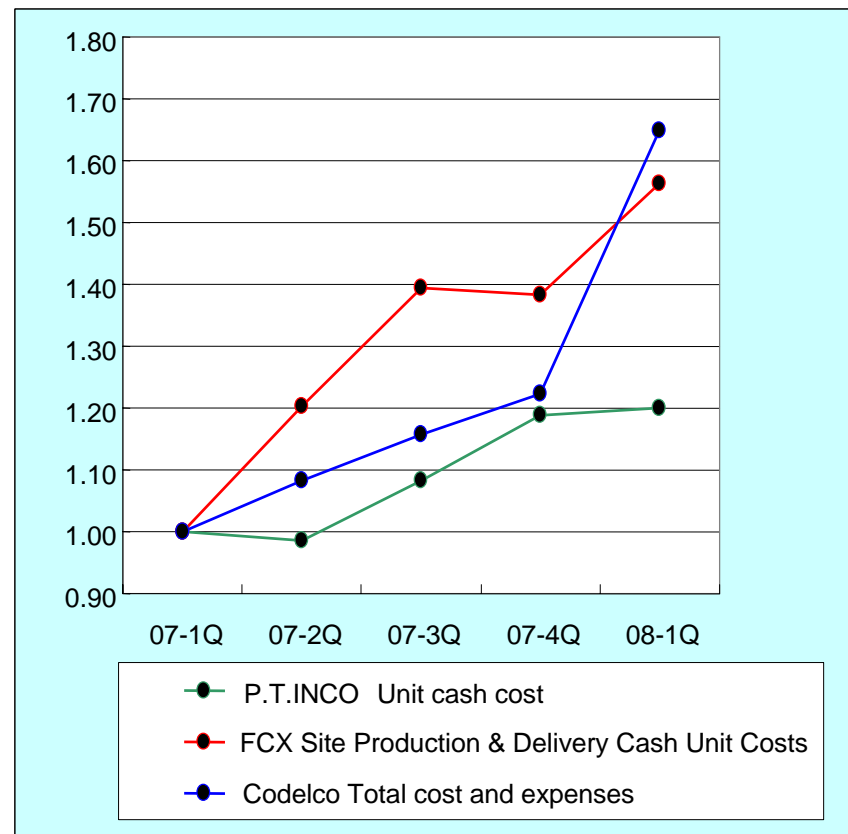
< Cu > FCX Site Production & Delivery Cash Unit Costs

	07-1Q	07-2Q	07-3Q	07-4Q	08-1Q
\$/lb	0.94	1.13	1.31	1.30	1.47
INDEX	1.00	1.20	1.39	1.38	1.56

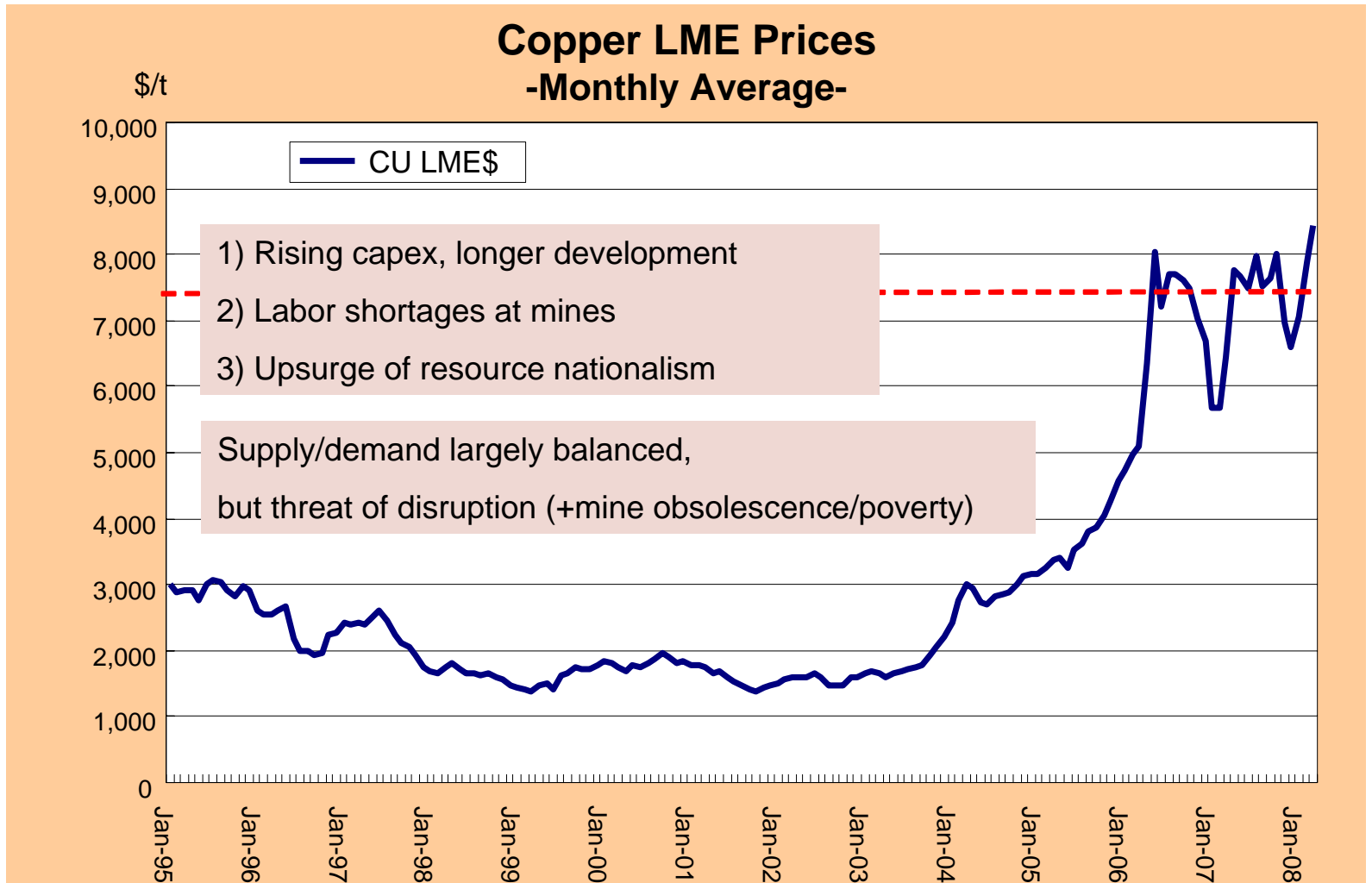
< Cu > Codelco Total cost and expenses

	07-1Q	07-2Q	07-3Q	07-4Q	08-1Q
\$/lb	1.16	1.26	1.35	1.42	1.92
INDEX	1.00	1.08	1.16	1.22	1.65

<INDEX>



Copper

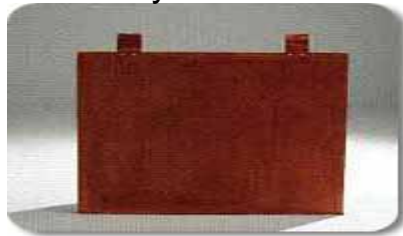


Copper: Supply/Demand & Price Forecasts

(kt)

	ICSG		Macquarie	B.Hunt	SMM	
	2006	2007	2008			
Output	17,323	18,089	18,578	18,769	18,852	
Consumption	17,028	18,126	18,493	18,805	18,695	
Balance	295	-37	85	-36	157	
FY (\$/t)	6,970	7,584	-	-	-	7,500
CY (\$/t)	6,722	7,119	-	8,003	7,716	-
Forecast period	Result	Result	Apr. 2008	Apr. 2008	Apr. 2008	Apr. 2008

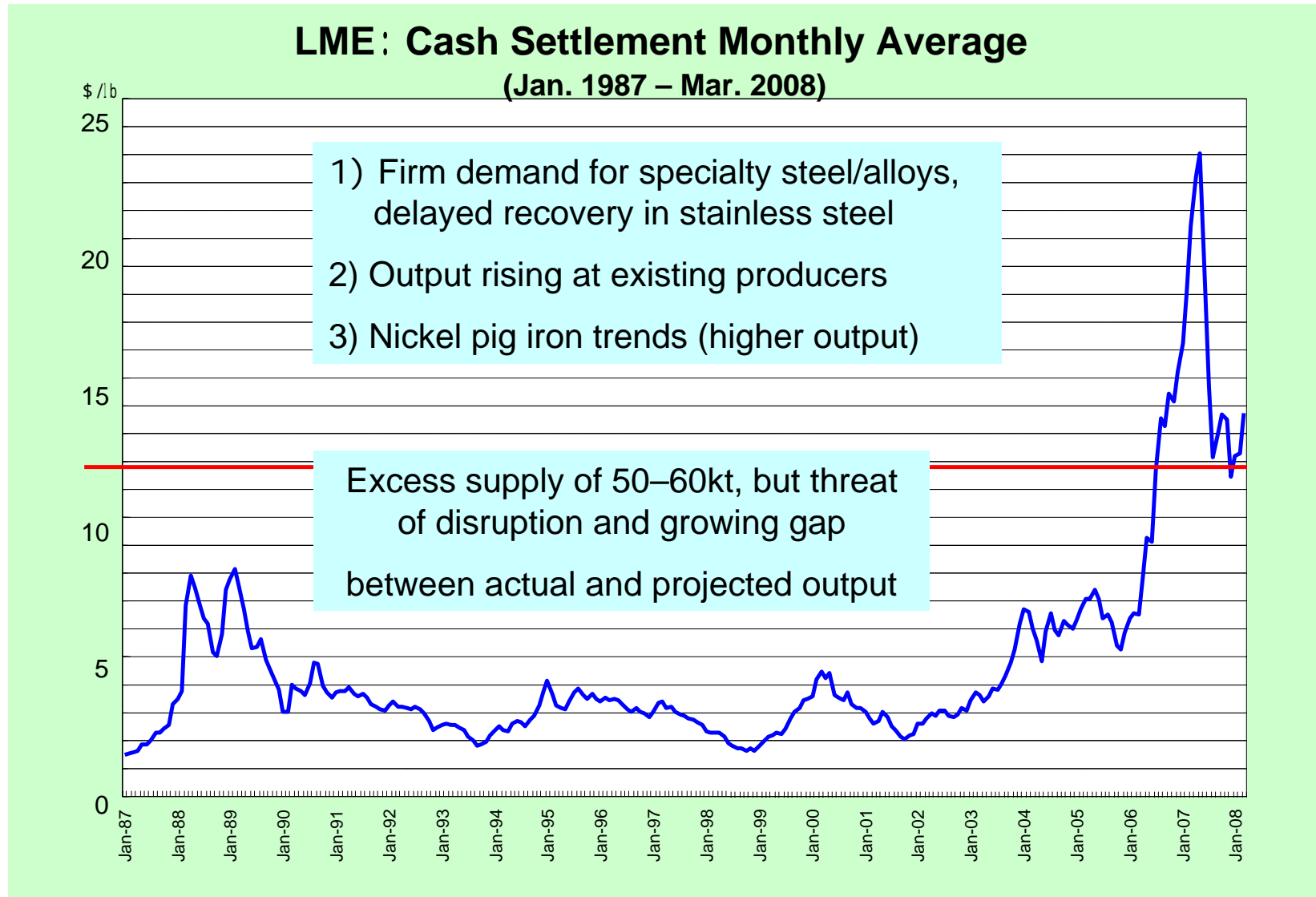
Electrolytic Cu



Wire/strip copper, etc.



Nickel

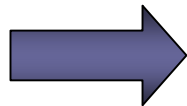
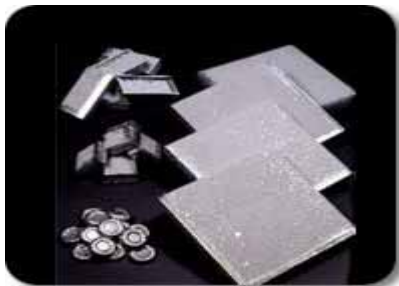


Nickel: Supply/Demand & Price Forecasts

(kt)

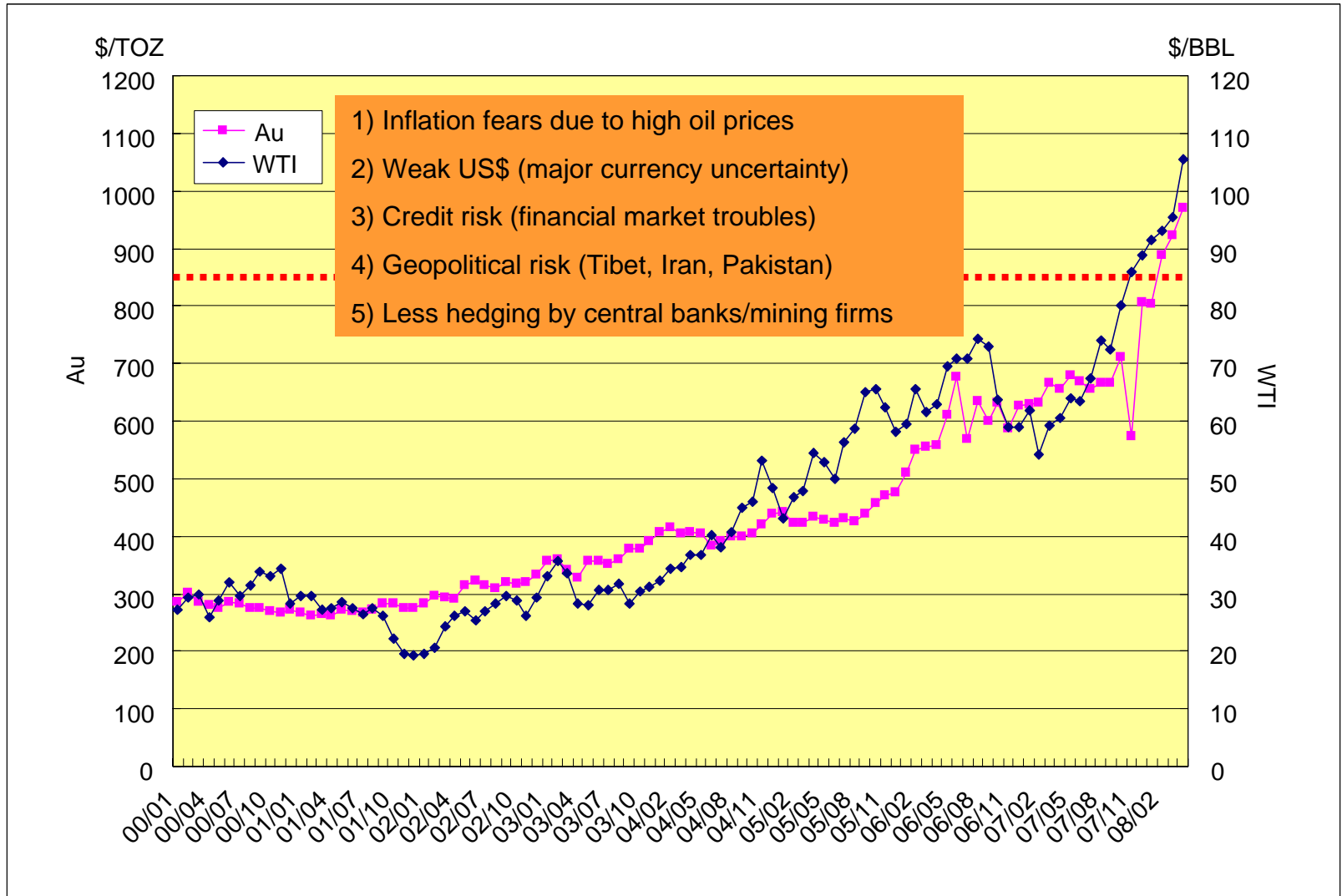
	SMM			CRU	B.Hunt	INSG
	2006	2007	2008			
Output	1,313	1,341	1,420	1,511	1,543	1,541
Consumption	1,354	1,287	1,383	1,486	1,545	1,465
Balance	-41	54	37	25	-2	76
FY(\$/lb)	14.02	15.47	12.00			
CY(\$/lb)				12.18	12.98	-
Forecast period	Result	Result	Apr. 2008	Feb. 2008	Jan. 2008	Apr. 2008
Nickel pig iron (Incl.output)	30	85	100			
Stainless steel production	28,603	28,365	31,478	31,479	32,971	-

Nickel



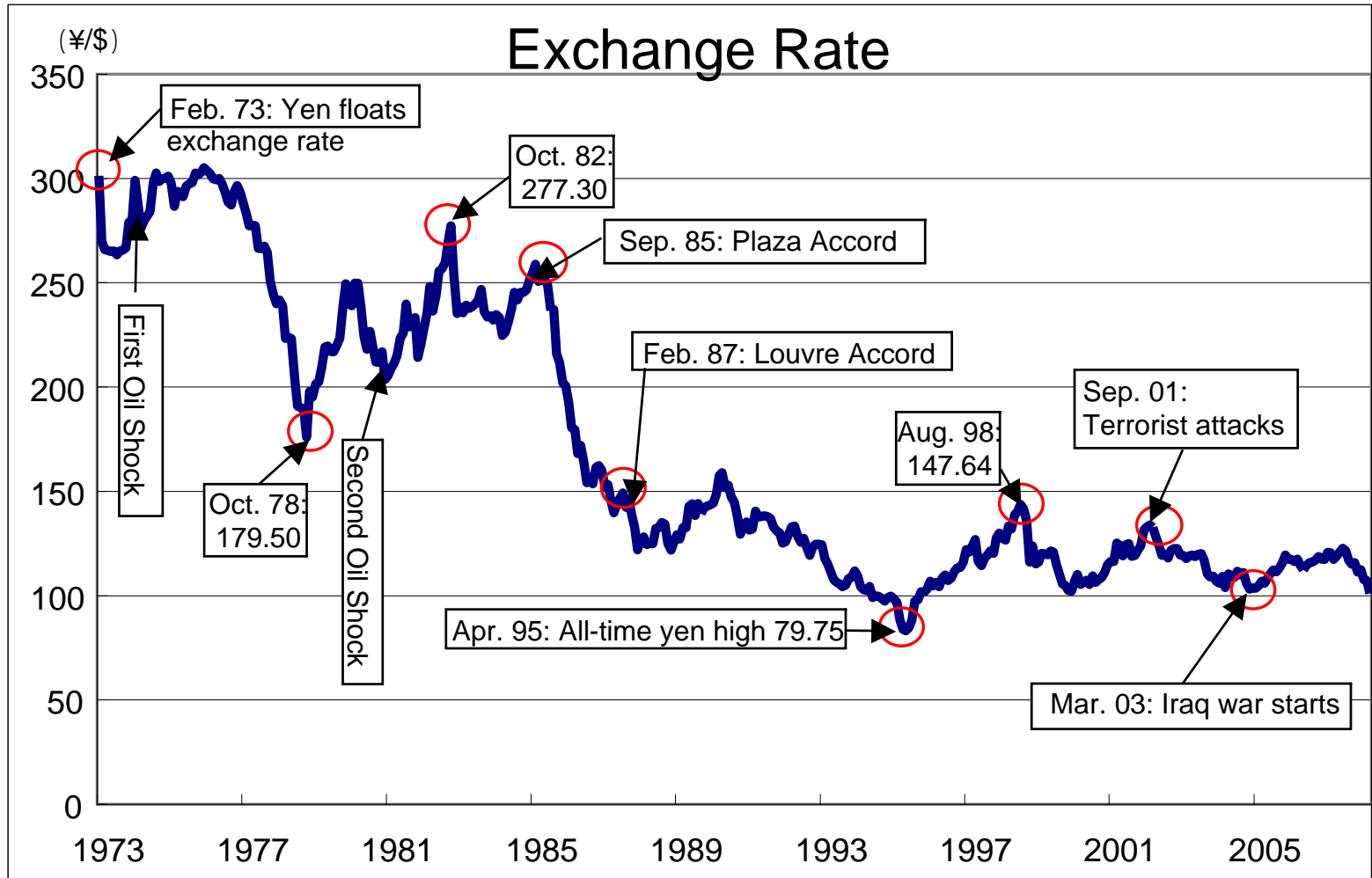
Special/stainless steel, electronic materials, etc.

Gold



USDJPY History

Forex	FY2004	FY2005	FY2006	FY2007	FY2008 projection
¥/\$	107.54	113.32	117.03	114.29	100.00



. Operating Results



Early 18C: tile from Sumitomo buildings in Nagasaki

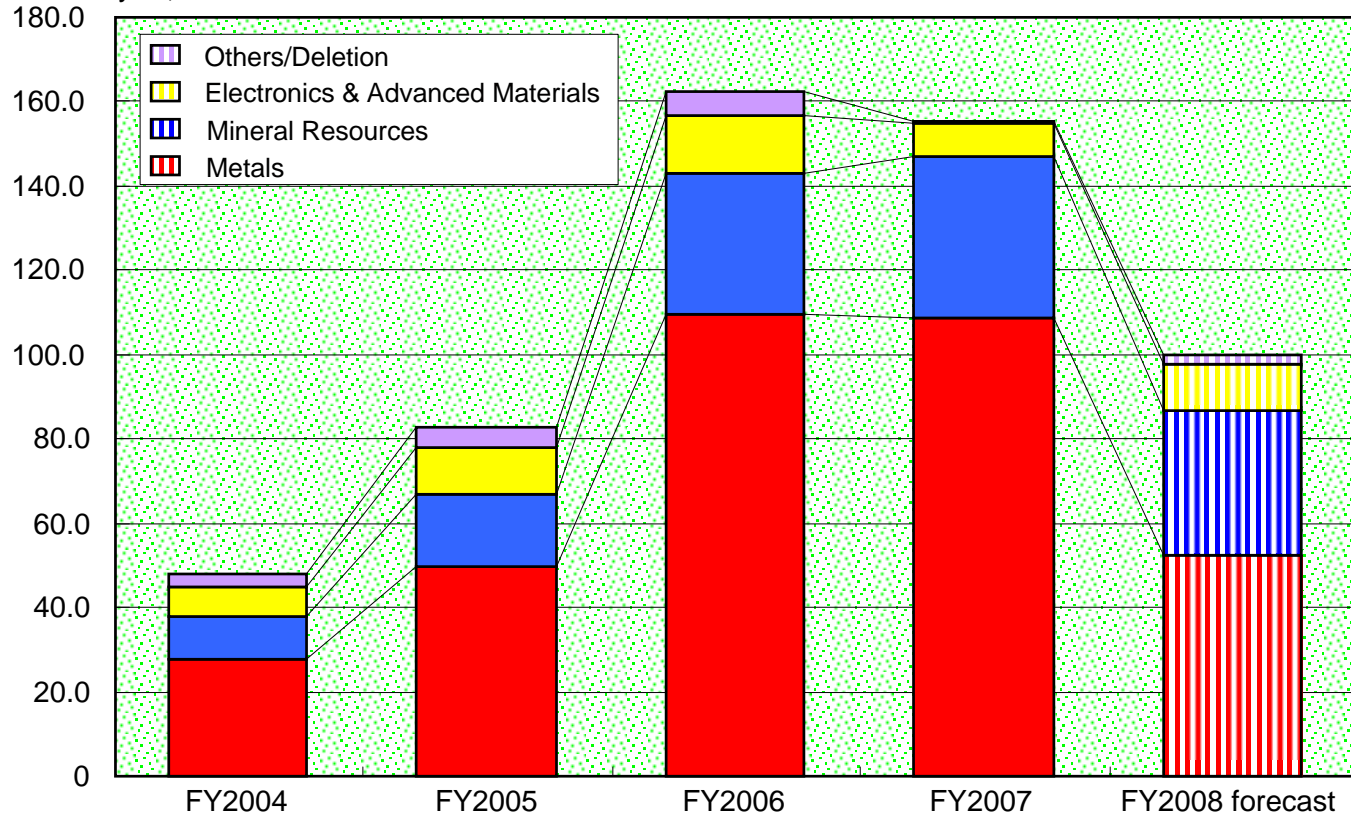
Consolidated Results

(Billions of yen)

	FY2004	FY2005	FY2006	FY2007	FY2008 forecast
Sales	484.6	625.6	966.8	1,132.4	957.0
Operating income	47.9	82.8	162.6	155.4	100.0
Recurring profit	54.5	99.7	205.3	217.9	152.0
Net income	37.0	62.8	126.1	137.8	91.0
Net income/Share (Yen)	64.77	109.96	220.49	238.13	157.10
Dividends/Share (Yen)	8.00	14.00	27.00	30.00	26.00

Operating income by segment

(Billions of yen)

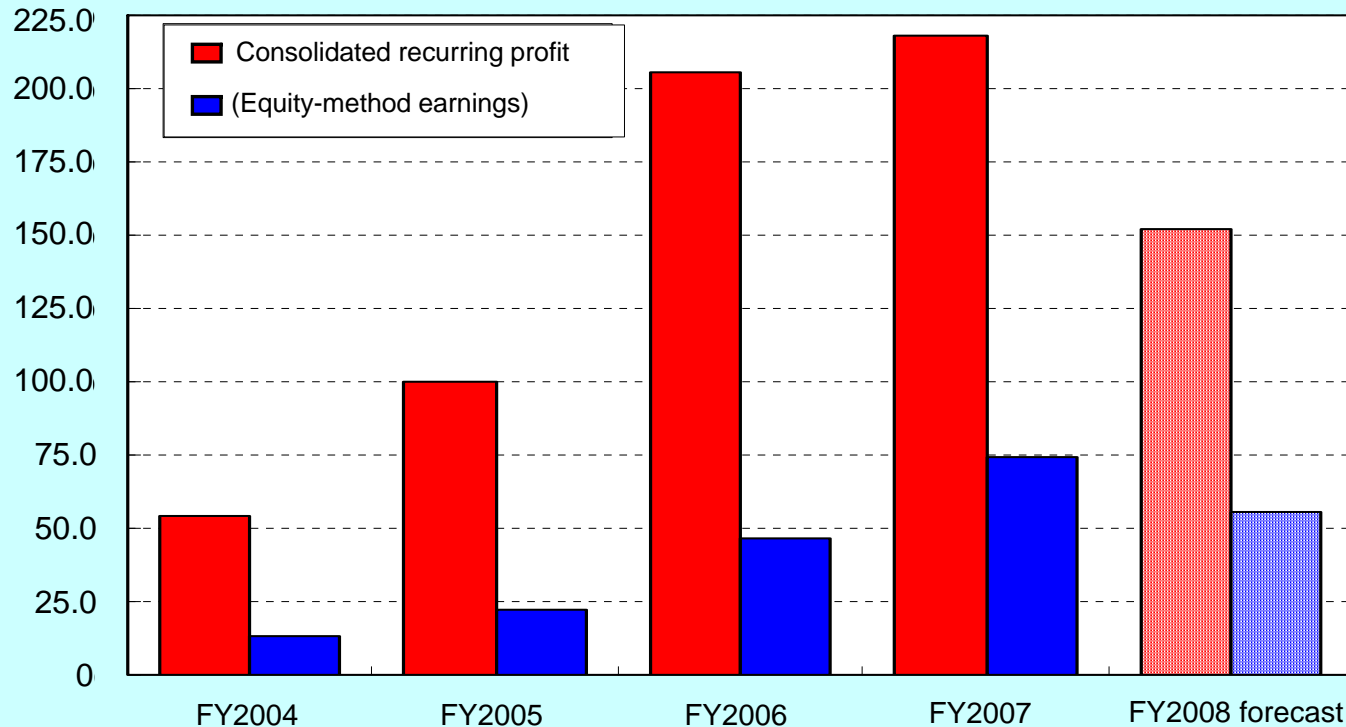


(Billions of yen)

	FY2004	FY2005	FY2006	FY2007	FY2008 forecast
Metals	27.7	49.7	109.6	108.8	52.3
Mineral Resources	10.0	17.1	33.5	38.1	34.4
Electronics & Advanced Materials	7.3	11.2	13.6	8.2	10.8
Others/Deletion	2.9	4.8	5.9	0.3	2.5
Total	47.9	82.8	162.6	155.4	100.0

Equity in earnings of affiliated companies

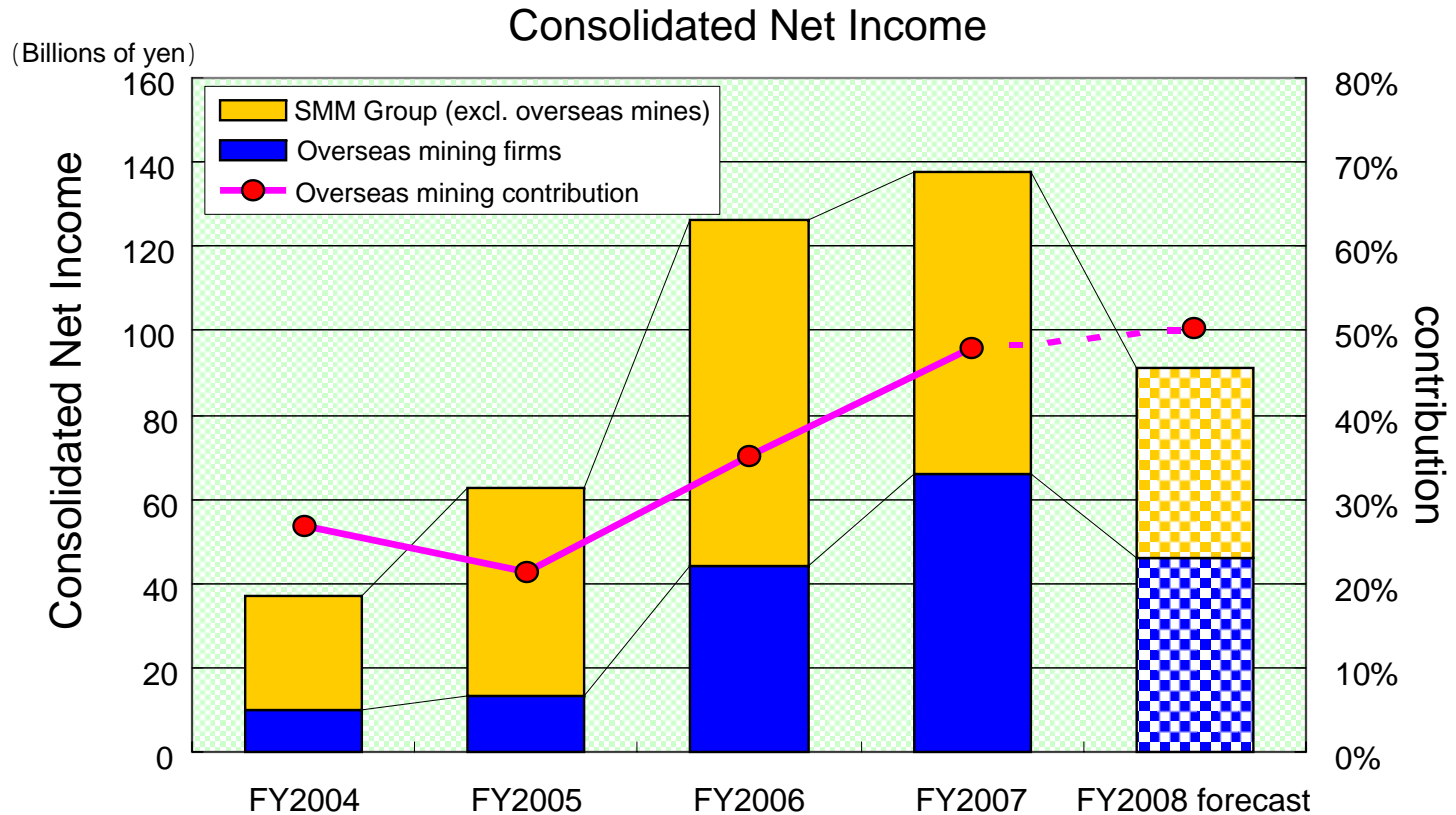
(Billions of yen)



(Billions of yen)

	FY2004	FY2005	FY2006	FY2007	FY2008 forecast
Consolidated recurring profit	54.5	99.7	205.3	217.9	152.0
(Equity-method earnings)	13.5	21.9	46.7	74.0	55.7

Rising contribution from overseas Metals & Mineral Resources segment



Overseas mining firms

Consolidated Cu : Morenci, Northparkes Ni : Coral Bay Gold : Pogo

Equity method Cu : Cerro Verde, Ojos, Candelaria Ni : P.T.INCO, Figesbal

. FY2007 vs. FY2006



Nickel refinery (Niihama, Ehime Prefecture)

FY2007 vs. FY2006 Results comparison

Factors behind +¥12.6bn recurring profit

(Billions of yen)

	FY2007	FY2006	Change
Net sales	1,132.4	966.8	165.6
Operating income	155.4	162.6	(7.2)
Recurring profit	217.9	205.3	12.6
Net income	137.8	126.1	11.7
Cu (\$/t)	7,584	6,970	614
Ni (\$/lb)	15.47	14.02	1.45
Au (\$/Toz)	766.0	628.6	137.4
Exchange rate (¥/\$)	114.29	117.03	(2.74)

1. Price-related gains: **+¥16bn**
2. Mineral/metal project benefits: **+¥23bn**
3. Volume gains: **+¥8bn**
4. Higher costs: **-¥13bn**
 - a) Non-project overseas mines: **-¥11bn**
(Labor and energy costs, etc.)
 - b) Domestic: **-¥2bn** (energy/material prices)
5. Elec. & Adv. Materials/Others: **-¥7bn**
6. Other factors: **-¥14.4bn**

FY2007 vs. FY2006

Results comparison

Breakdown of +¥12.6bn recurring profit increment

1. Price-related gains: +¥16bn

- a) Metal prices/supply terms: +¥48bn (Cu +3.3, Ni +42.9, Au +3.6, Zn -1.7)
- b) Inventory valuation: -¥28bn (gain in FY06, loss in FY07)
- c) Currency translation (on R/C): -¥1bn
- d) Other (derivative-related losses, etc.): -¥3bn

2. Mineral/metal project benefits: +¥23bn

3. Volume gains: +¥8bn

4. Higher costs: -¥13bn

Non-project overseas mines: -¥11bn (labor costs, energy prices), SMM Group in Japan: -¥2bn (energy/material prices)

5. Elec. & Adv. Materials/Others: -¥7bn

Elec. & Adv. Materials -¥5.4bn (lower unit prices for CCPF(copper-clad polyimide film)board /crystal materials)

Others -¥2.5bn (reprocessing project finished, lower building materials demand)

Overseas mines and proprietary interests (excl. P.T. Inco): +¥0.5bn

6. Other factors: -¥14.4bn

Higher taxes on overseas mining interests: -¥7.1bn; FX: -¥2.1bn; costs of equity-convertible loan agreement: -¥2bn

Other: -¥3.2bn

FY2007 vs. FY2006

(Operating income by segment)

(Billions of yen)

	FY2007	FY2006	Change	Explanation of change
Mineral Resources	38.1	33.5	4.6	Domestic +¥2.3bn, Pogo +¥1.9bn, overseas Cu mines +¥0.4bn
Metals	108.8	109.6	(0.8)	Higher gross profit (parent + CBNC) +¥1.1bn
Electronics & Advanced Materials	8.2	13.6	(5.4)	CCPF price competition, higher material prices (gold wire), ex-factory price erosion
Others	3.7	6.2	(2.5)	Lower sales from building materials/catalyst recycling, end of reprocessing project
Eliminations	(3.4)	(0.3)	(3.1)	FX movements from inventory booking of raw materials to payment: -¥3.5bn
Total	155.4	162.6	(7.2)	

Breakdown of change in gross profit (parent + CBNC)

(Billions of yen)

		Volume	Prices/terms	Forex	Cost-price gap *	Inventory valuation	Others
Cu	(8.8)	3.5	(9.7)	(1.0)	(1.0)	(2.4)	1.8
Ni	12.9	4.0	32.3	0.5	(0.2)	(24.2)	0.5
Zn, etc.	(3.0)		(1.7)	(0.1)		(1.8)	0.6
Total	1.1	7.5	20.9	(0.6)	(1.2)	(28.4)	2.9

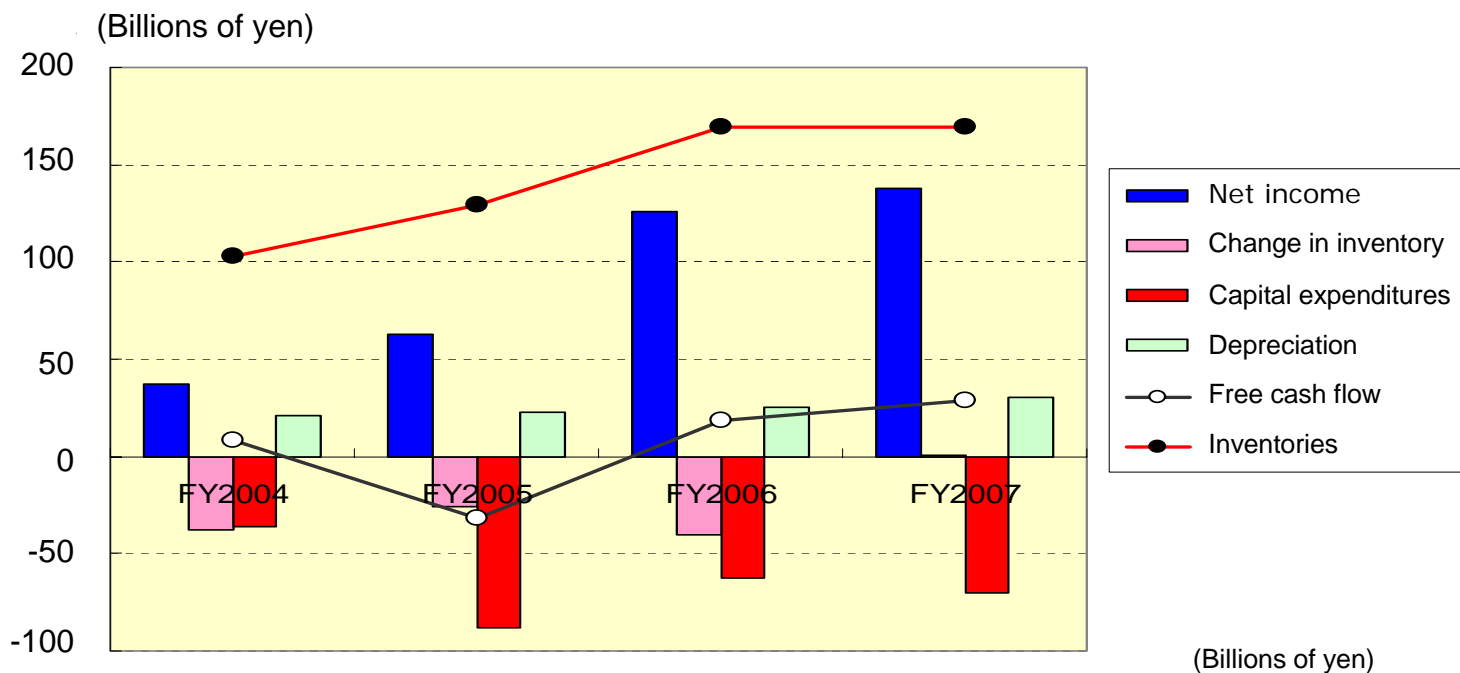
* Power/op. inputs (oil, coal, etc.)

Financial Position

(Billions of yen)

	FY2004	FY2005	FY2006	FY2007
Total assets	573.9	772.6	929.2	1,091.8
Interest-bearing debt	160.5	190.9	189.9	258.1
Interest-bearing debt ratio	28.0%	24.7%	20.4%	23.6%
Equity ratio	49.5%	48.4%	53.4%	54.0%
D/E ratio (times)	0.57	0.51	0.38	0.44
Inventories	102.8	128.9	169.3	169.6

Cash Flow



	FY2004	FY2005	FY2006	FY2007
Net income	37.0	62.8	126.1	137.8
Change in inventory (-)	(37.8)	(26.1)	(40.4)	(0.3)
Capital expenditures	(36.5)	(87.8)	(62.5)	(70.3)
Depreciation	20.6	23.0	25.7	30.5
Inventories	102.8	128.9	169.3	169.6
Free cash flow	8.5	(31.6)	18.6	28.9

. FY2008 Forecast vs. FY2007 Results



FY2008 Forecast vs. FY2007 Results

Factors behind -¥65.9bn recurring profit

(Billions of yen)

	FY2008 Forecast	FY2007 Results	Change
Net Sales	957.0	1,132.4	(175.4)
Operating Income	100.0	155.4	(55.4)
Recurring profit	152.0	217.9	(65.9)
Net income	91.0	137.8	(46.8)
Cu (\$/t)	7,500	7,584	(84)
Ni (\$/lb)	12.00	15.47	(3.47)
Au (\$/Toz)	850.0	766.0	84.0
Exchange rate (¥/\$)	100.0	114.29	(14.29)

1. Price factors: **-¥45bn**

2. Increased costs: **-¥20bn**

a) Overseas mines: -¥7bn (labor/energy costs)

b) Domestic: -¥13bn

(i) Energy/materials prices -¥6.3bn

(ii) Depreciation revisions -¥3.5bn

(iii) Ferronickel raw material shipping costs -¥3bn

3. Volume gains: **+¥8bn**

4. Elec. & Adv. Materials, overseas mines and proprietary interests (excl. P.T. Inco): **-¥3bn**

5. Other factors: **-¥5.9bn**

FY2008 Forecast vs. FY2007 Results

Breakdown of -¥65.9bn recurring profit

1. Price factors: -¥45bn

a) Metal prices/supply terms: -¥37bn

Cu +3.7, Ni -43.9, Au +4.8, Zn -1.5

b) Inventory valuation: +¥5bn (FY07 loss greatly reduced in FY08)

c) Currency translation (R/C equiv.): -¥15bn

d) Other (derivative-related losses, etc.): +¥2bn

2. Increased costs: -¥20bn

Overseas mines -¥7bn: labor costs, energy prices

Domestic -¥13bn: energy/materials prices -¥6.3bn, depreciation revisions -¥3.5bn,
ferronickel raw material shipping costs -¥3bn

3. Volume gains: +¥8bn

4. Elec. & Adv. Materials, overseas mines/proprietary interests (excl. P.T. Inco): -¥3bn

Elec. & Adv. Materials +¥2.6bn: higher board materials sales, no raw material QP losses

Overseas mines/proprietary interests (excl. P.T. Inco): -¥5.6bn: MSZ, Jinlong

5. Other factors: -¥5.9bn

FX translation -¥14.1bn (cons.); unrealized gains: +¥3.6bn; costs of equity-convertible loan agreement: +¥2bn; other +¥2.6bn

FY2008 Forecast vs. FY2007 Results (Operating income by segment)

(Billions of yen)

	FY2008 forecast	FY2007 results	Change	Explanation of change
Mineral Resources	34.4	38.1	(3.7)	Domestic –¥3.4bn, Pogo +¥5.8bn, overseas Cu mines –¥6.4bn, other/elimination +¥0.3bn
Metals	52.3	108.8	(56.5)	Lower gross profit (parent + CBNC) –¥59.5bn
Electronics & Advanced Materials	10.8	8.2	2.6	Gold wire price gap eliminated, higher sales of COF tape and CCPF
Others	2.5	3.7	(1.2)	Worse terms on catalyst recycling contracts, reprocessing project end in FY07
Offset	0	(3.4)	3.4	FX movements from inventory booking of raw materials to payment: +¥2.6bn
Total	100.0	155.4	(55.4)	

(Billions of yen)

	Volume	Prices/terms	Forex	Cost-price gap *	Inventory valuation	Others
Cu (22.3)	(1.5)	(2.5)	(3.8)	(1.5)	(8.1)	(4.9)
Ni (31.2)	3.4	(30.5)	(9.2)	(4.5)	13.5	(3.9)
Zn, etc. (6.0)		(1.0)	(0.2)	(3.5)	(0.6)	(0.7)
Total (59.5)	1.9	(34.0)	(13.2)	(9.5)	4.8	(9.5)

* Power/op. inputs (oil, coal) –¥4.9bn, rev. depreciation –¥1.6bn, ferronickel input shipping costs –¥3bn

Sensitivity

(Billions of yen)

	Fluctuation	FY2007	FY2008
Cu	± 100 \$/t	1.1/1.8	0.8/1.5
Ni	± 1 \$/lb	6.0/8.0	6.5/8.4
Au	± 30 \$/Toz	1.4/1.4	1.3/1.3
¥/\$	± 1 ¥/\$	10/10	11/11
Crude	± 10 \$/bbl	5/5	5/5
Coal	± 10\$/t	5/5	5/5
Coking coal	± 10\$/t	1/1	1/1

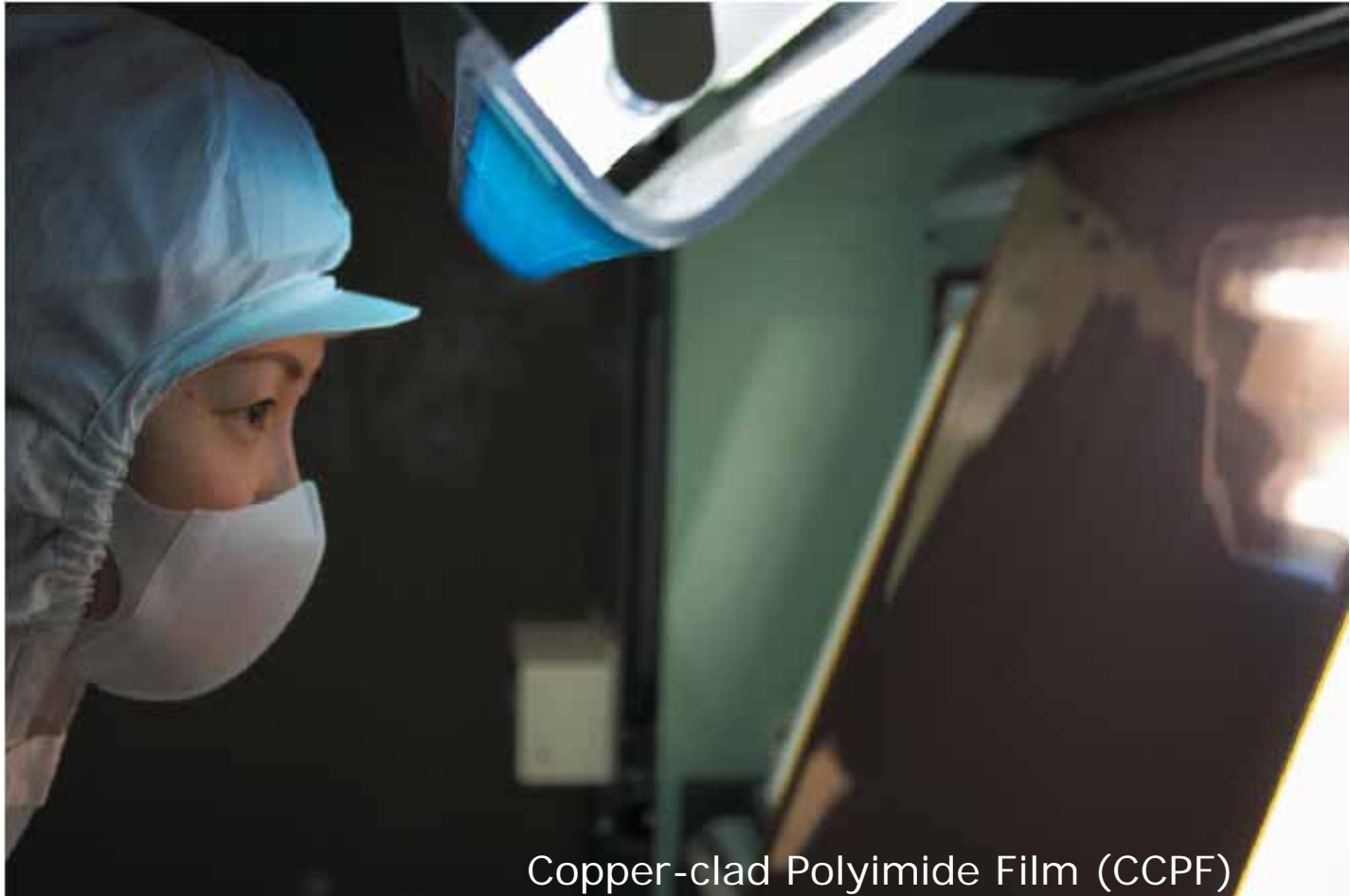
Operating income/recurring profit

USDJPY translation differences only RC-related (no cons. effects)

FY08 assumptions:

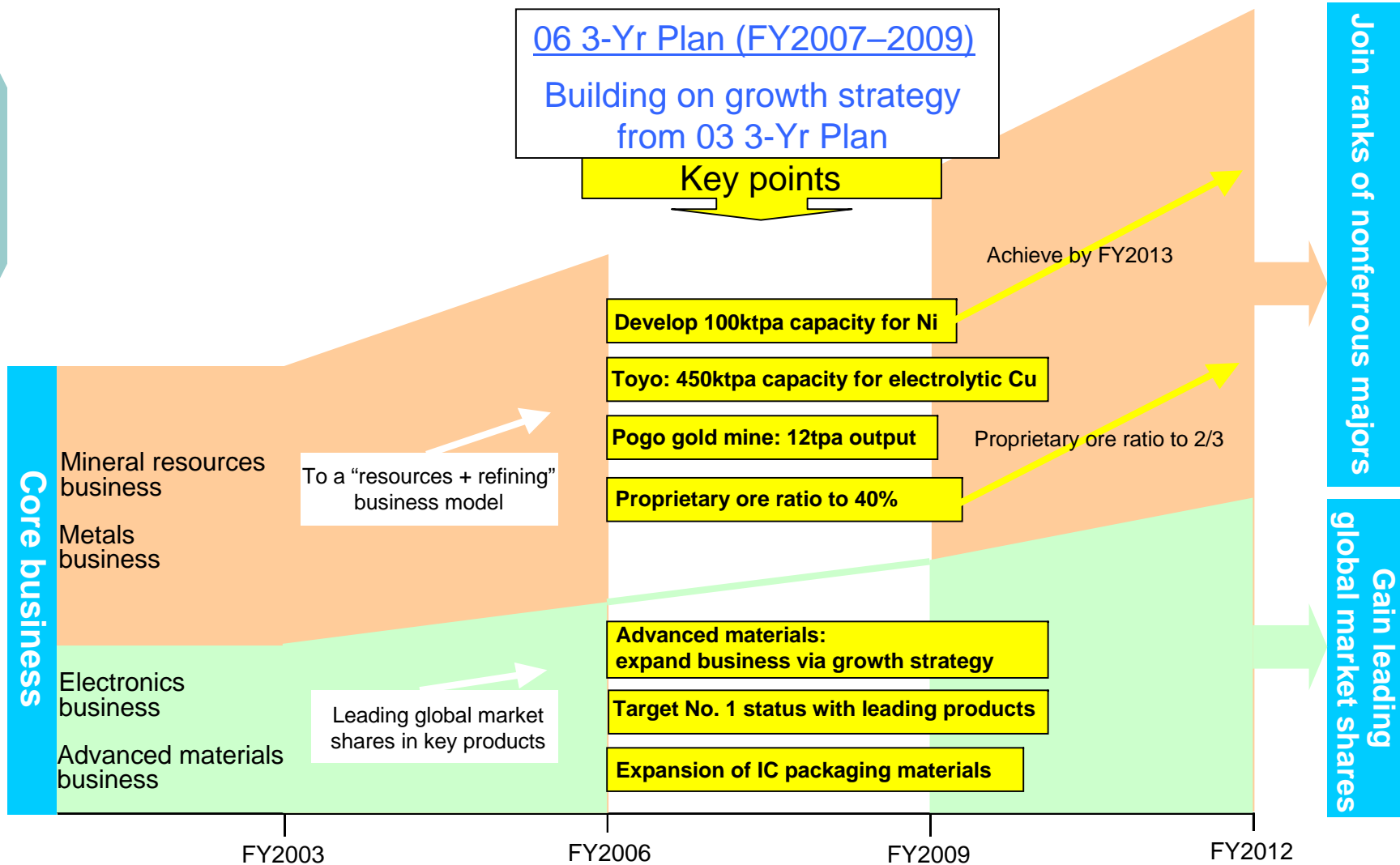
Dubai crude US\$100/bbl, coal US\$125/t, coking coal US\$300/t

. FY08 Positioning Within Long-Term Strategy

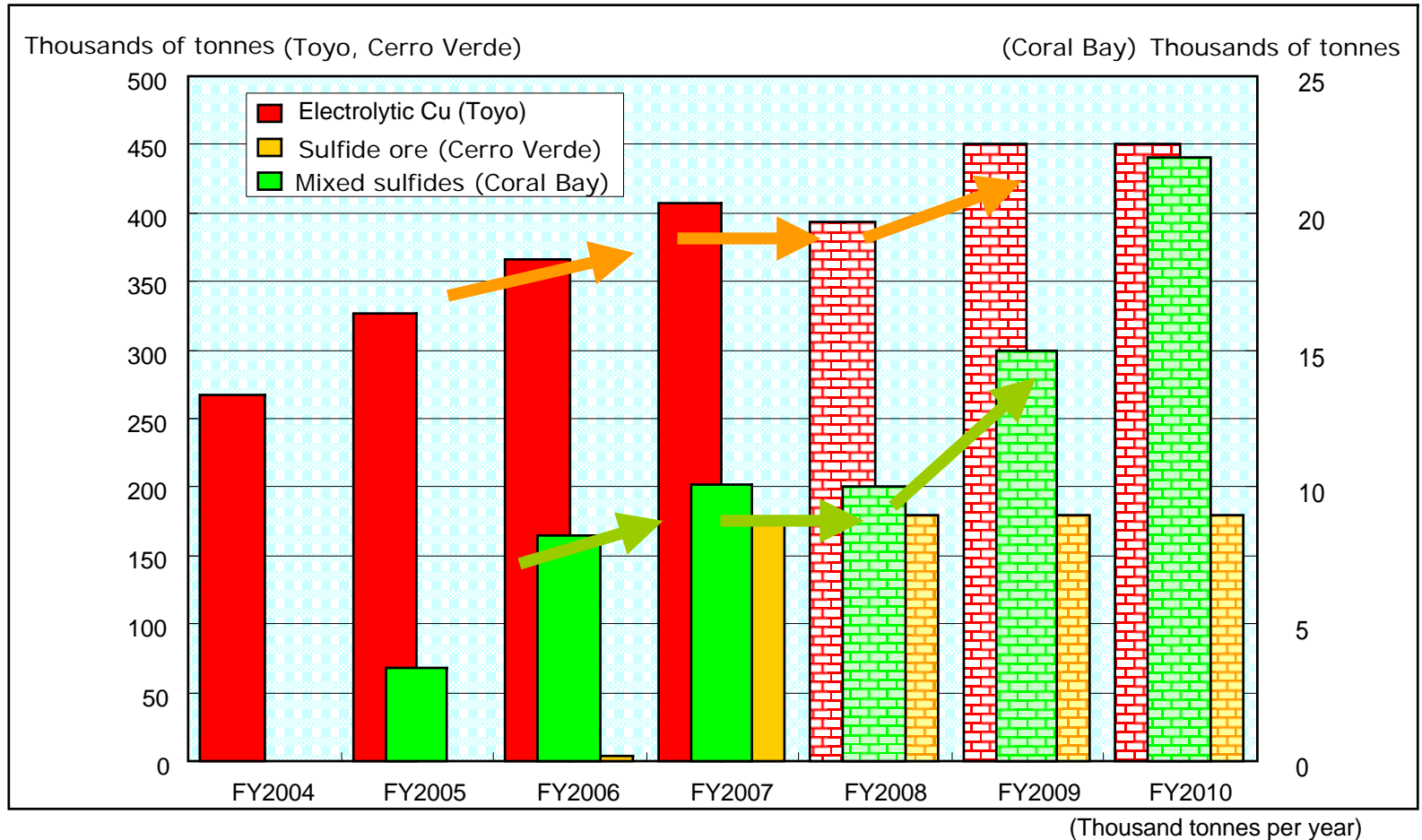


Copper-clad Polyimide Film (CCPF)

Positioning of 06 3-Yr Plan (FY2007–2009)



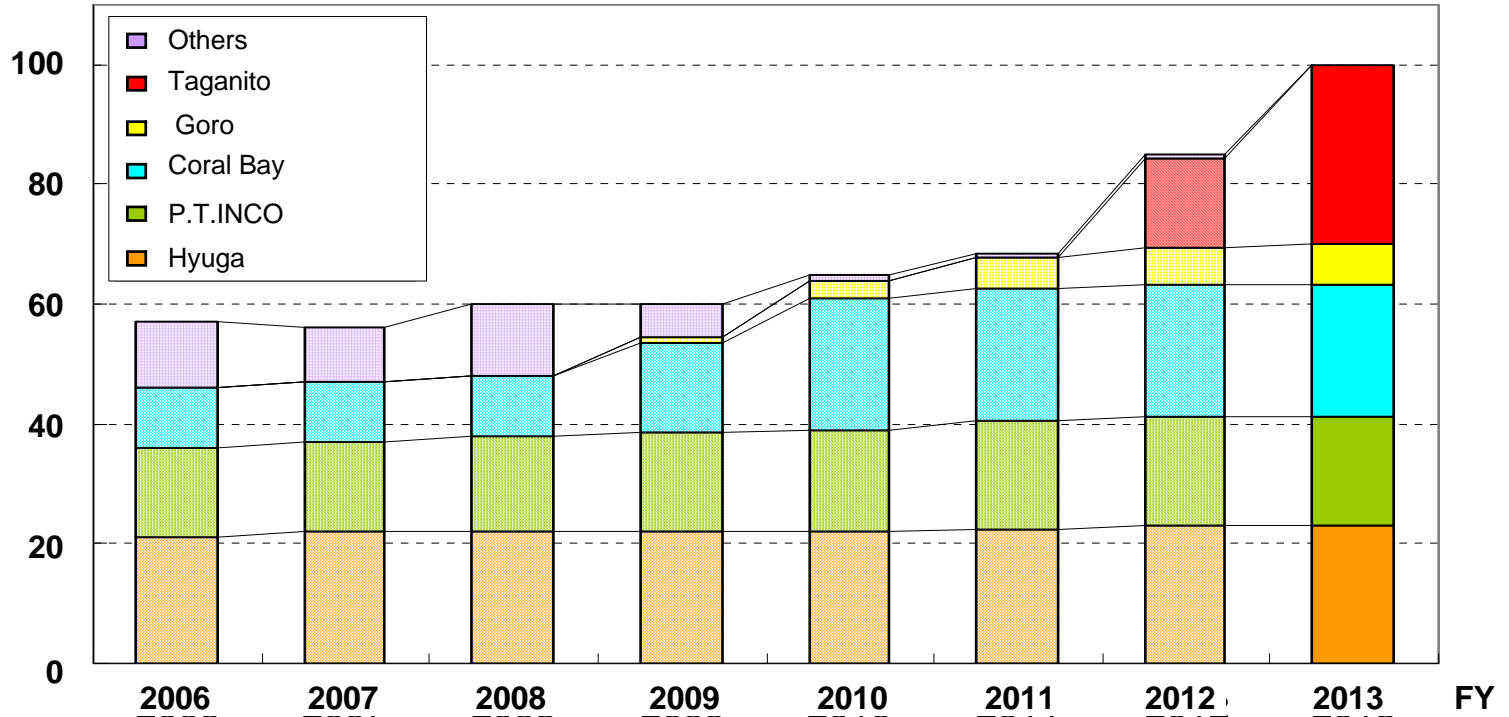
Mineral Resources & Metals Strategy: Progress Overview



	FY2004	FY2005	FY2006	FY2007	FY2008
Electrolytic Cu (Toyo)	268	327	366	407	394
Mixed sulfides (Coral Bay)	0	3.4	8.2	10.1	10.0
Sulfide ore (Cerro Verde)	0	0	4	177	180

Develop 100ktpa capacity for Ni

Thousands of tonnes



(1) Apr. 2005: Coral Bay Phase I start (10ktpa)

(2) Apr. 2009: Coral Bay Phase II start
(10ktpa → 22ktpa)

(3) FY09: Ni refinery capacity from 36ktpa to
41ktpa

(4) Early 2009: Goro start (60ktpa)

(5) 2010: P.T. Inco 200 million-lb start (15ktpa
→ 18ktpa)

(6) 2012: Taganito start (30ktpa)

(7) 2013: Ni refinery from 41ktpa to 65ktpa
100ktpa capacity achieved

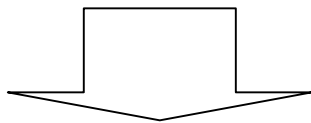
CBNC

Investment: US\$307mn Start-up in Apr. 2009

Double line to yield extra benefits (e.g. improved boiler functioning)

Capacity increase:

CBNC 10,000t



CBNC 22,000t



Electrolytic Ni 41ktpa start-up

**Apr. 2009: capacity increase 36ktpa → 41ktpa
(with completion of CBNC II)**

Total investment: ¥5.7bn

(Also planning more capital investment
to boost capacity to 65ktpa by 2013)

Exudation, solvent extraction,
higher electrolytic capacity, etc.



Electrolytic Cu: 450ktpa at Toyo

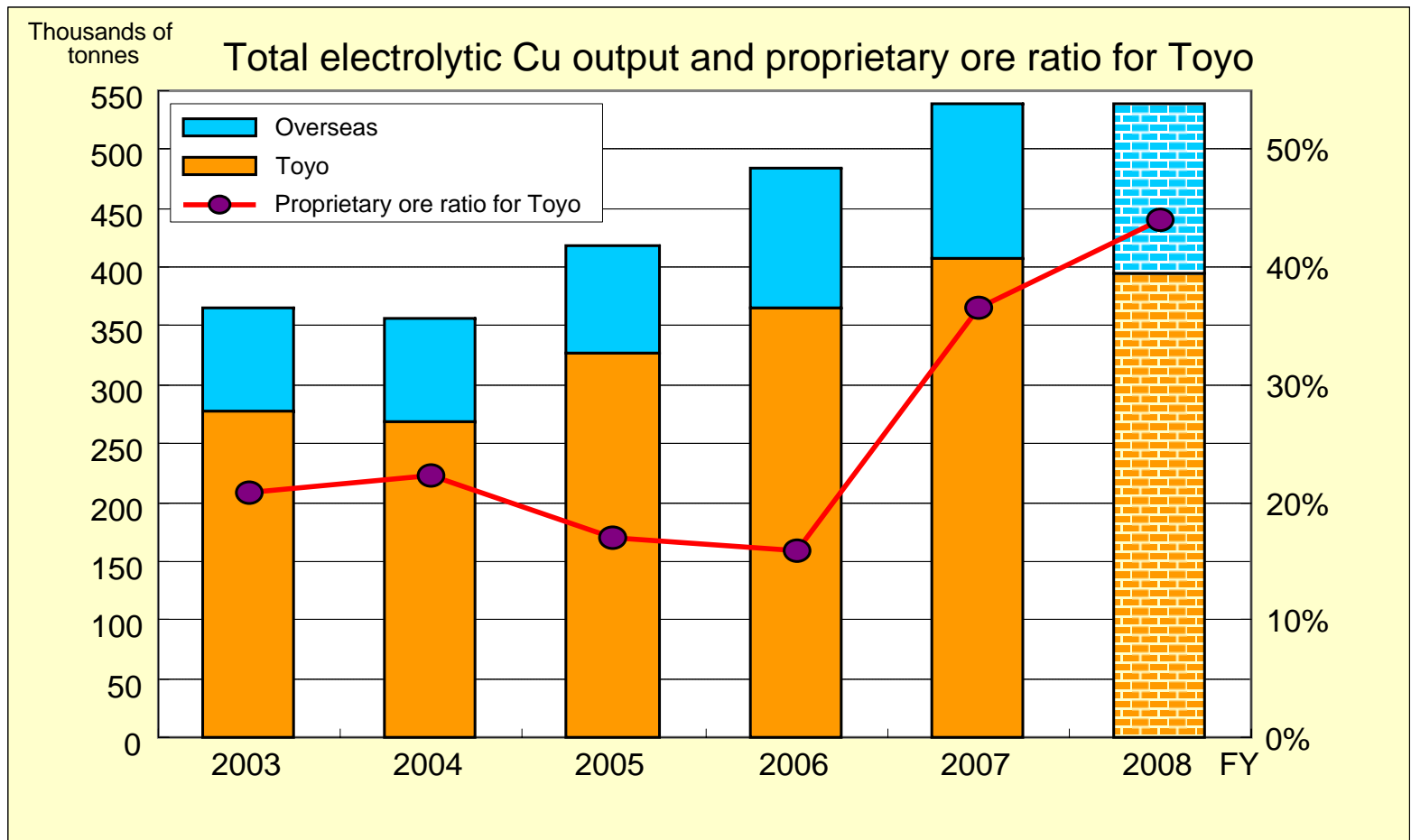
Key words

- 1. Secure raw materials**
- 2. Expand electrolytic Cu sales**
- 3. Secure sales channels for sulfuric acid**
- 4. Progress toward completion**

Improve transport to accommodate lower-grade Cu concentrate and realize operational stability



Total electrolytic Cu output



FY07: output reached 540kt due to higher SMM Group smelting capacity (Toyo/Jinlong) plus start of sulfate ore shipments from Cerro Verde

FY08: proj. output ~540kt; increases planned for Jinlong and Cerro Verde

Securing raw materials: Cerro Verde Copper Mine (Peru)

FY07 overview (entire operations):

Dec. 2006: first shipment of sulfate ore to SMM

Output:

Sulfate ore: 390.63 million-lbs (177.2kt)

Electrolytic Cu: 203.59 million-lbs (92.3kt)

Operating profit: US\$1,215.2 million

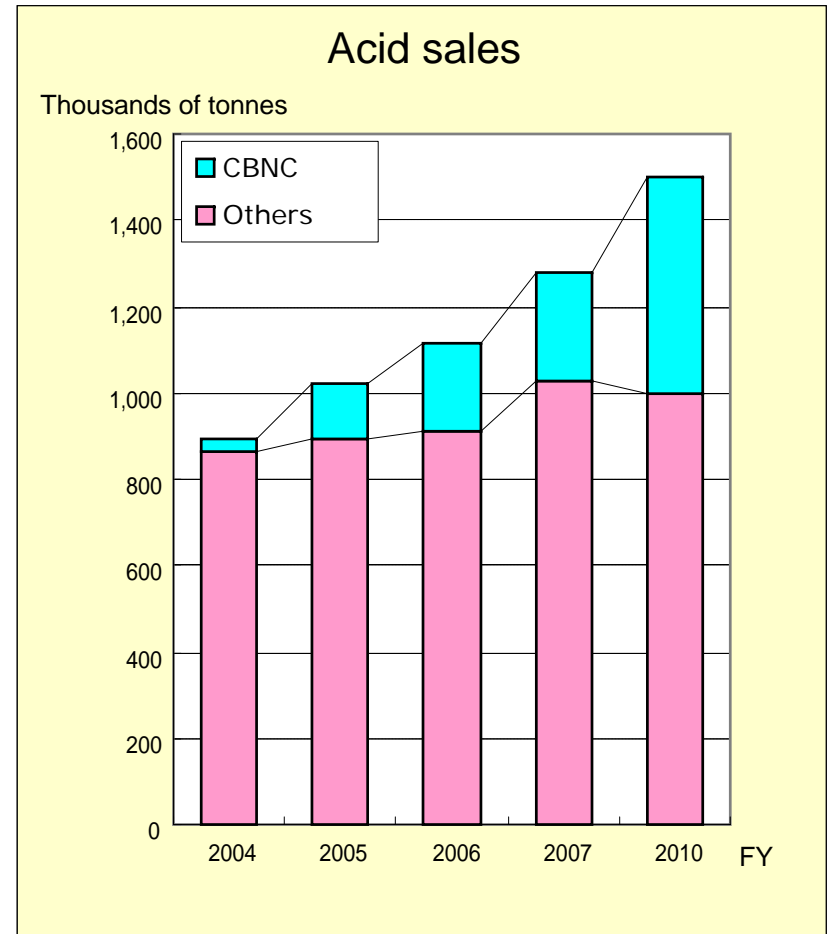
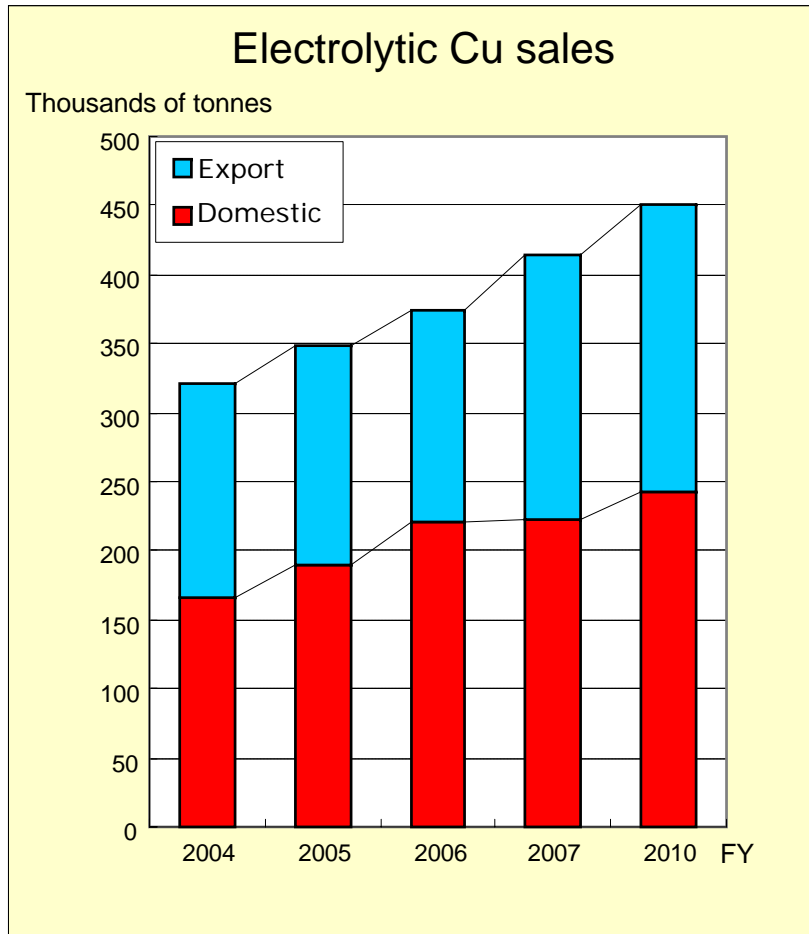


Production of sulfate ore at Cerro Verde pushed the proprietary ore ratio for Toyo up from 16% in FY06 to 37% in FY07.

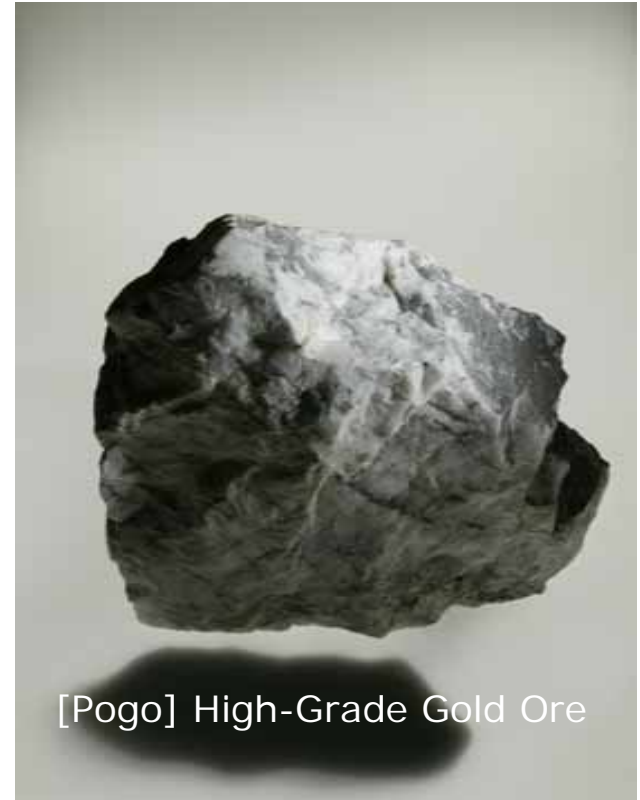
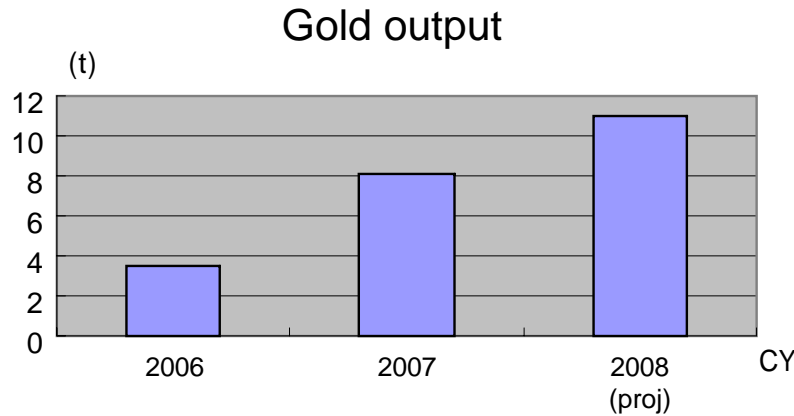
Electrolytic Cu/Acid sales growth

Electrolytic Cu sales rising with recovery in Japan and higher demand in S.E. Asia

Growth in sulfate sales to be absorbed by HPAL (High Pressure Acid Leach) process at Coral Bay



Pogo



FY07 overview:

Output: 8.1t

Cash operating cost: US\$542/toz

Operating loss: US\$1.6 million

Full-capacity output not achieved in FY07, with additional work on dressed ore filter press taking until March 2007.

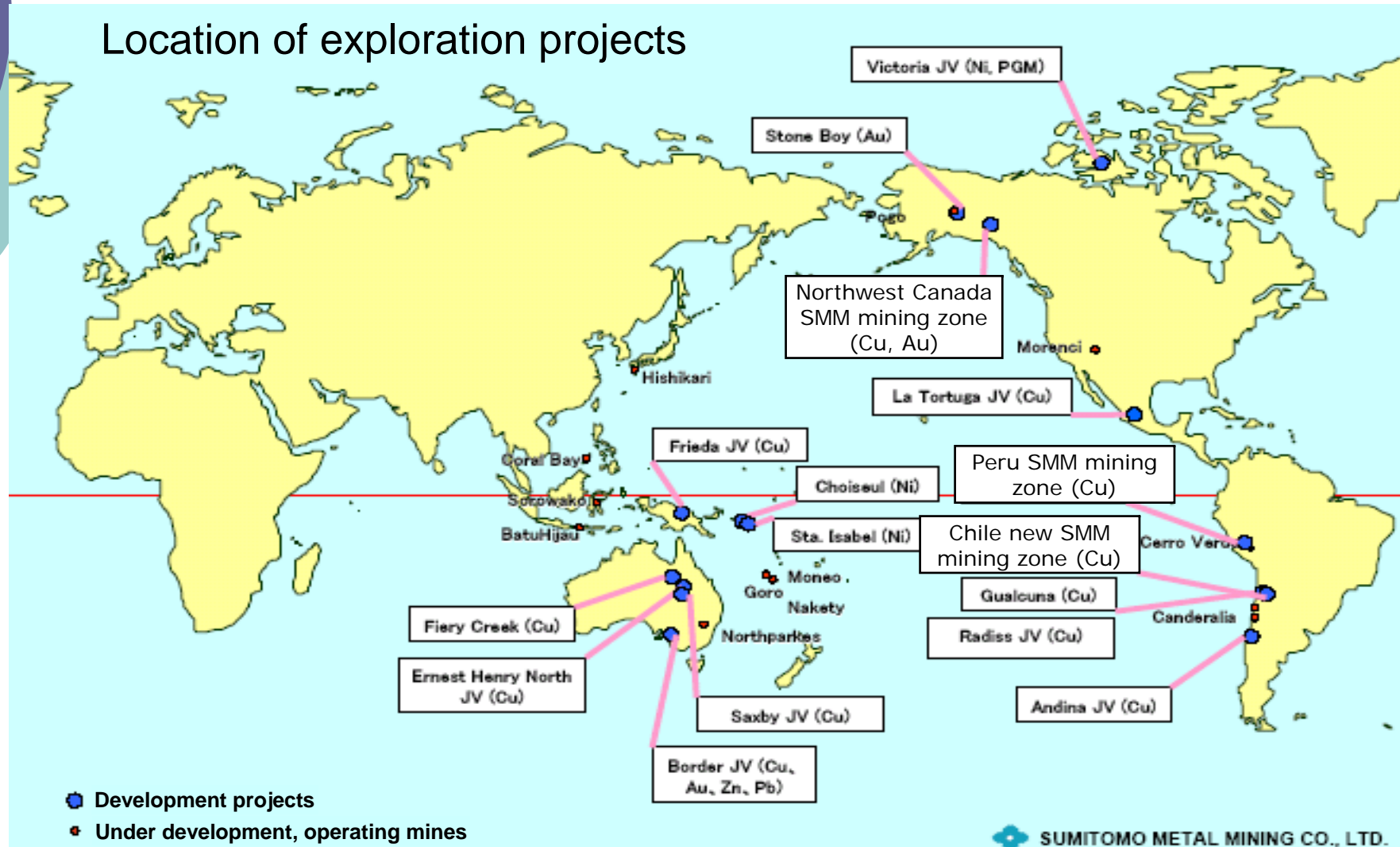
April 2007: output reached commercial base-load (80% of full capacity)

FY08: main priority to achieve planned target output of 11t

Expanded exploration

Exploration budget increased from ¥2.5bn to ¥4.7bn (led by Cu mines/Solomon Islands)

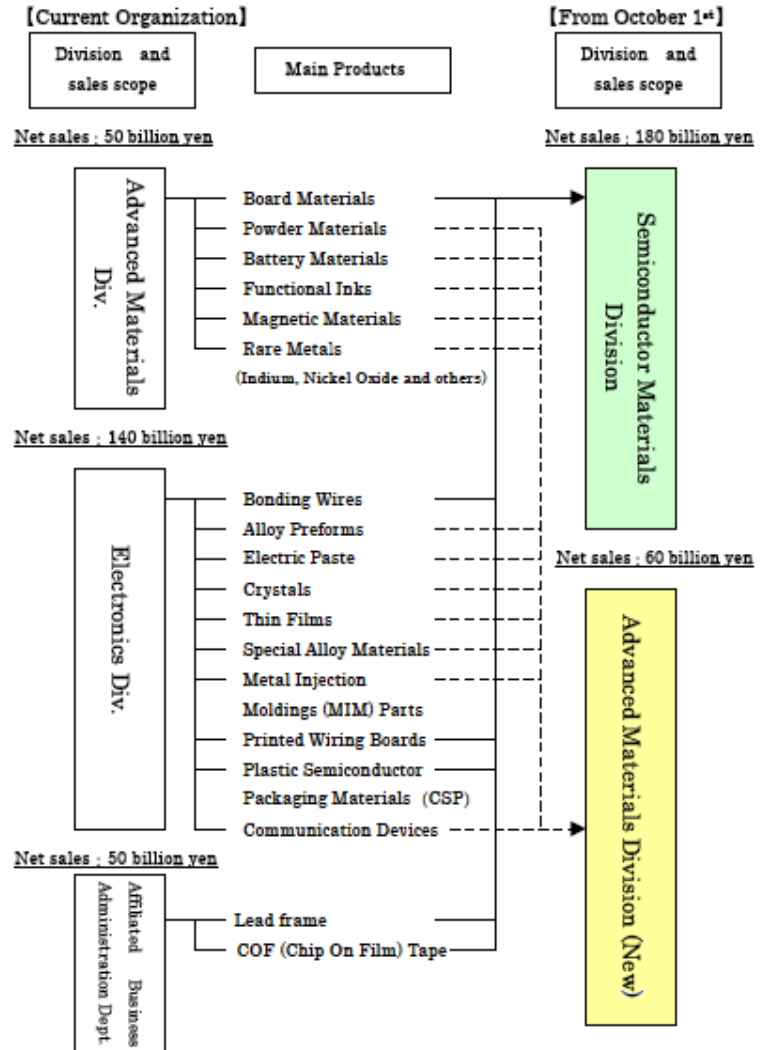
Location of exploration projects



Elec. & Adv. Materials: OP up to ¥20bn in FY09

Create strategic planning, development, sales and production system to exploit synergies

- Develop COF high-end products using semi-additive process
- Parallel development of Ni powder and Ni paste
- Integrate production of indium and thin-film materials

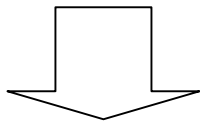


Elec. & Adv. Materials: creating synergy

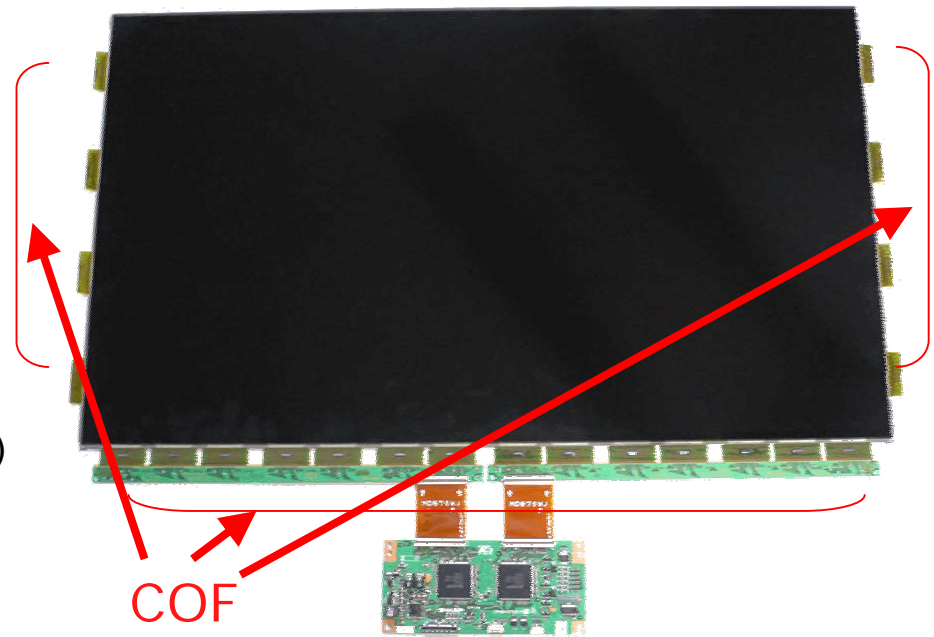
Increase COF output by semi-additive process

- Targeting high-end products with 20-micron pitch
- Exploit technical synergies between CCPF and COF

Boost share in Taiwan to 40% (from just under 20%)



Global share of 20%



Note

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