

FY2016

Progress of Business Strategy

May 18, 2017



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President and Representative Director

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1) Overview of FY 2016 Business Performance

(JPY 100M)

| | | 2016(A) | 2015(B) | Difference (A) – (B) | 2017 Forecast(C) | Difference (C) – (A) | 15 3-Yr 2018 Estimate |
|--|---------------------|---------|---------|-------------------------|---------------------|-------------------------|--------------------------|
| Net Sales | | 7,861 | 8,554 | -693 | 8,550 | 689 | 10,600 |
| Operating Income | | 764 | 597 | 167 | 750 | -14 | 1,400 |
| Recurring Profit | | -16 | -128 | 112 | 900 | 916 | 1,700 |
| Equity Method profit | | -860 | -732 | -128 | 100 | 960 | 270 |
| Segment Profit | Mineral Resources | -536 | -443 | -93 | 490 | 1,026 | 660 |
| | Smelting & Refining | 333 | 253 | 80 | 260 | -73 | 800 |
| | Materials | 121 | 60 | 61 | 120 | -1 | 200 |
| | Others | -1 | -8 | 7 | -10 | -9 | -20 |
| | Diff. Adjustment | 67 | 10 | 57 | 40 | -27 | 60 |
| Net Income (Profit attributable to owners of parent) | | -185 | -3 | -182 | 630 | 815 | 1,200 |
| Copper (\$/t) | | 5,154 | 5,215 | -61 | 5,800 | 646 | 6,000 |
| Nickel (\$/lb) | | 4.56 | 4.71 | -0.15 | 4.75 | 0.19 | 7.00 |
| Gold (\$/Toz) | | 1,258 | 1,150 | 108 | 1,200 | -58 | 1,150 |
| Exchange (¥/\$) | | 108.40 | 120.15 | -11.75 | 110.00 | 1.60 | 120.00 |

2) Management Environment (1)

The world in 2017: An increasingly unclear global situation

1. The retreat of globalism and the march of populism

1) US

Protectionism under President Trump's "America First"

2) UK

Prime Minister May; move toward exit from the EU common market

3) EU

French legislative election, German Federal Diet election; possibility of populist parties emerging

4) Philippines

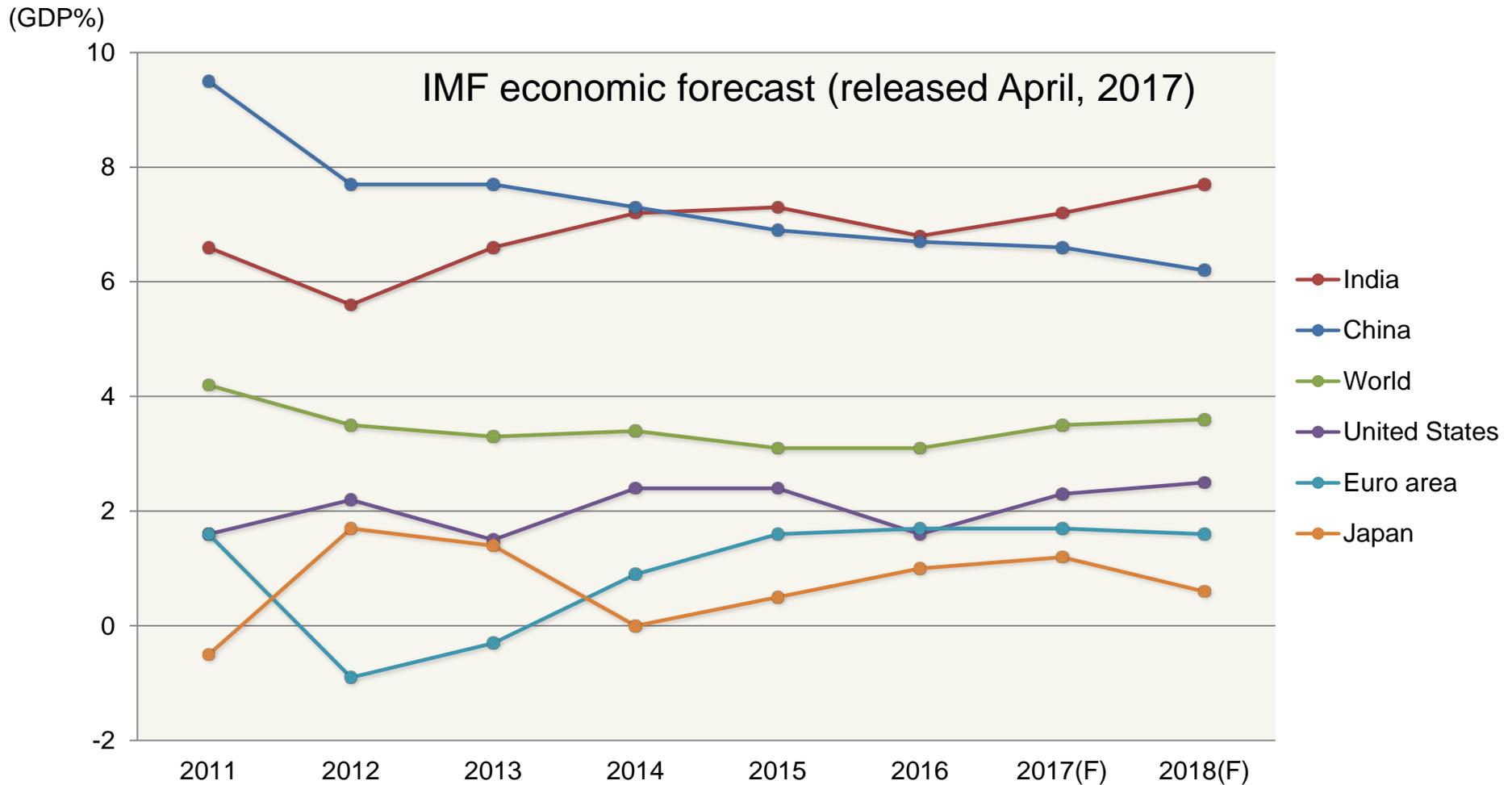
President Duterte; review of relationships with US and China

2. Heightened geopolitical risk

Destabilizing movements taking place in the Korean Peninsula and in Middle Eastern affairs

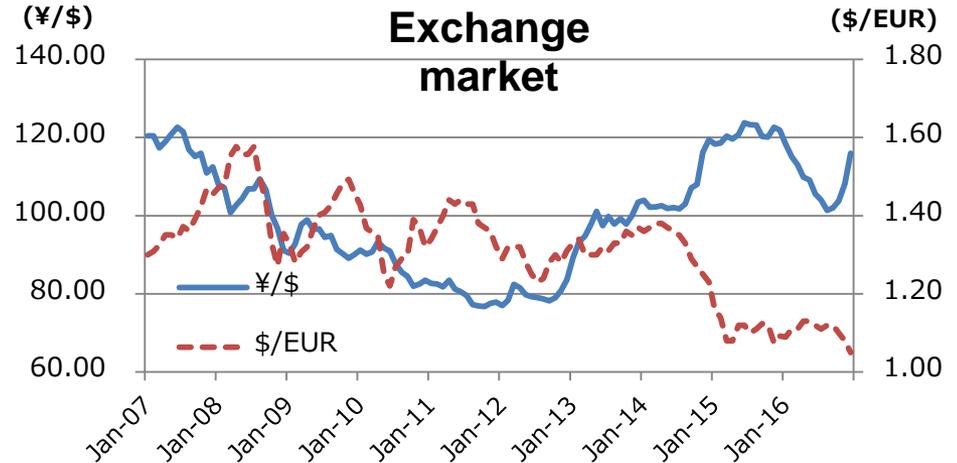
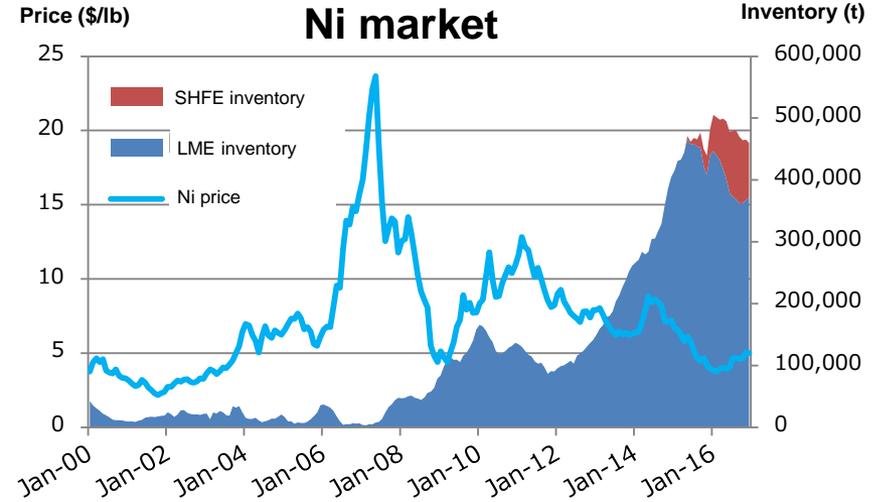
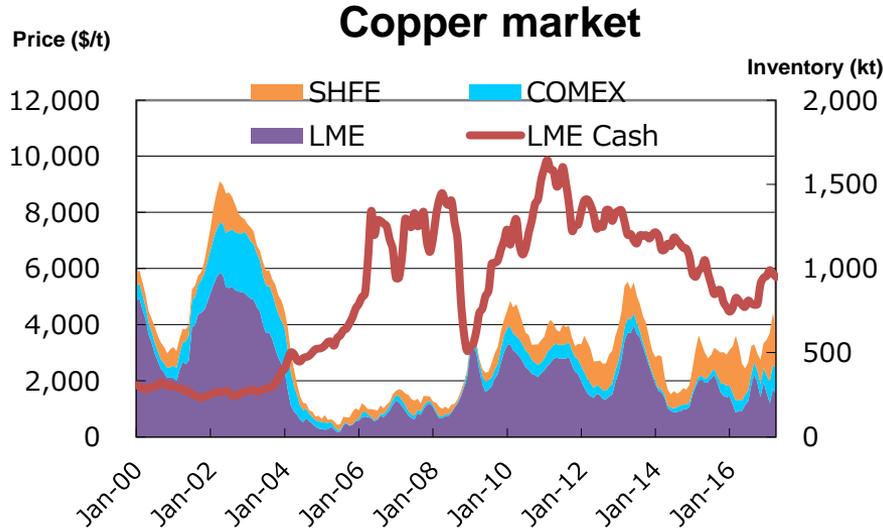
2) Management Environment (2) Global Economic Outlook

Overall, the outlook is for continued gradual growth, but uncertainty is increasing over geopolitical risk and overemphasis on protectionism



2) Management Environment (3) Nonferrous Metal Market

In the medium to long term, recovery to appropriate levels accompanying improvement in demand/supply balance is forecast, **but a significant rise in the market cannot be expected.**



3) Changes in the Business Environment (1)

Mineral Resources / Smelting & Refining Business

1. Increase in mine development costs

- 1) Higher, deeper, and more remote locations of mines
- 2) Handling declining ore grade and difficult-to-process ores (impurities)
- 3) Strengthening of environmental regulations
- 4) Higher hurdles to acquisition of social permission to operate
- 5) Human resource shortages in mineral resource-producing countries due to increase in development projects
- 6) Moves to negotiate labor conditions

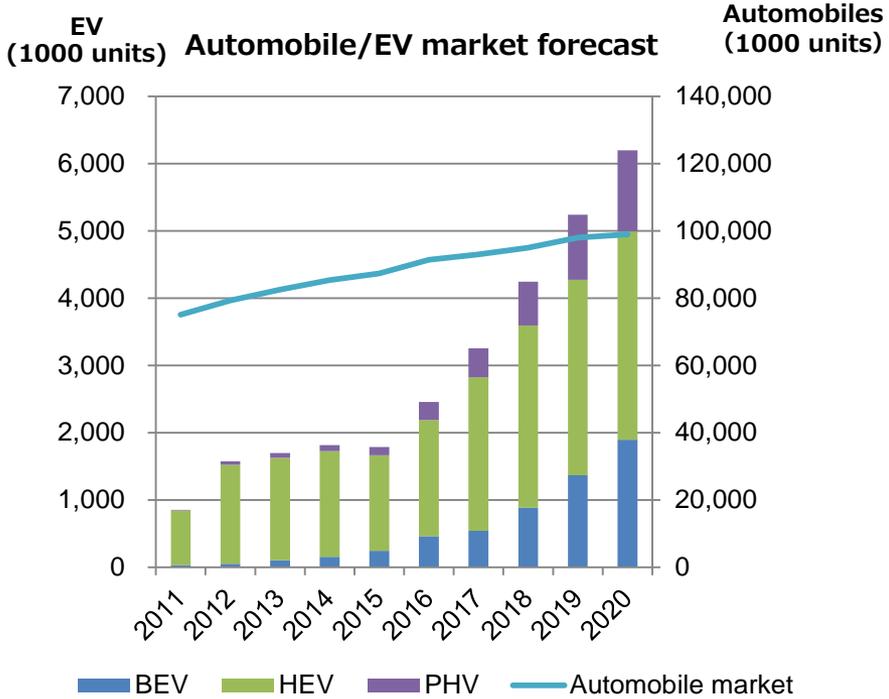
2. Growth of mineral resource nationalism

- 1) Export restrictions on unprocessed ores, etc.
- 2) Moves to introduce various royalties
- 3) Moves to strengthen taxation

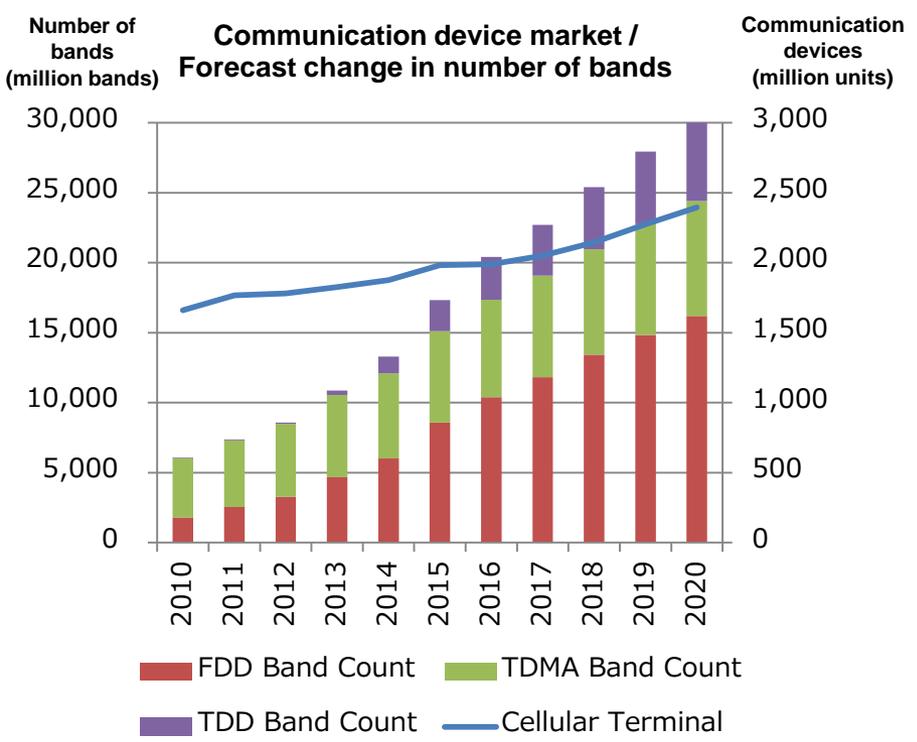
3) Changes in the Business Environment (2)

Materials Business (automobile batteries, communications)

- **Automotive market:** In addition to overall growth, shift to EVs/HVs accelerating against background of countries' environmental regulations
- **Smartphone market:** Although growth appears to be in a lull, robust growth is generally expected



(Data source) Statistic data by MarkLines Co., Ltd., Report by B3 Corporation Forecast by Sumitomo Metal Mining Co., Ltd.



(Data source) Report (March, 2017) by Navian Inc.

II. Progress of Management Strategy and Individual Measures

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1) Management Strategy (1) Business structure that promotes growth strategies

(Core businesses) Mineral resources + Smelting and refining + Materials

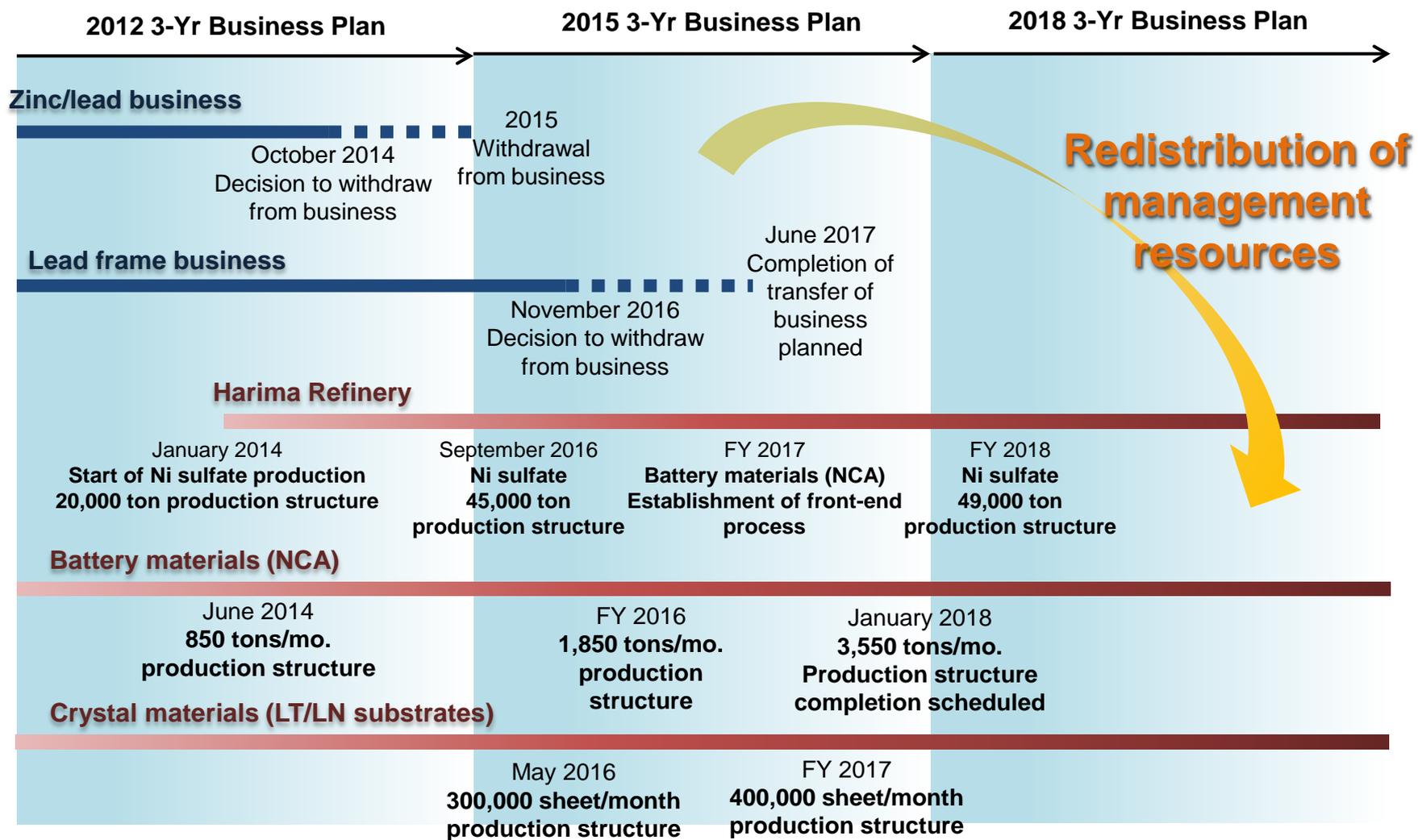


Mineral resources x **Smelting and refining** x **Materials**

Example: In terms of battery materials...



1) Management Strategy (2) Progress of Business Restructuring

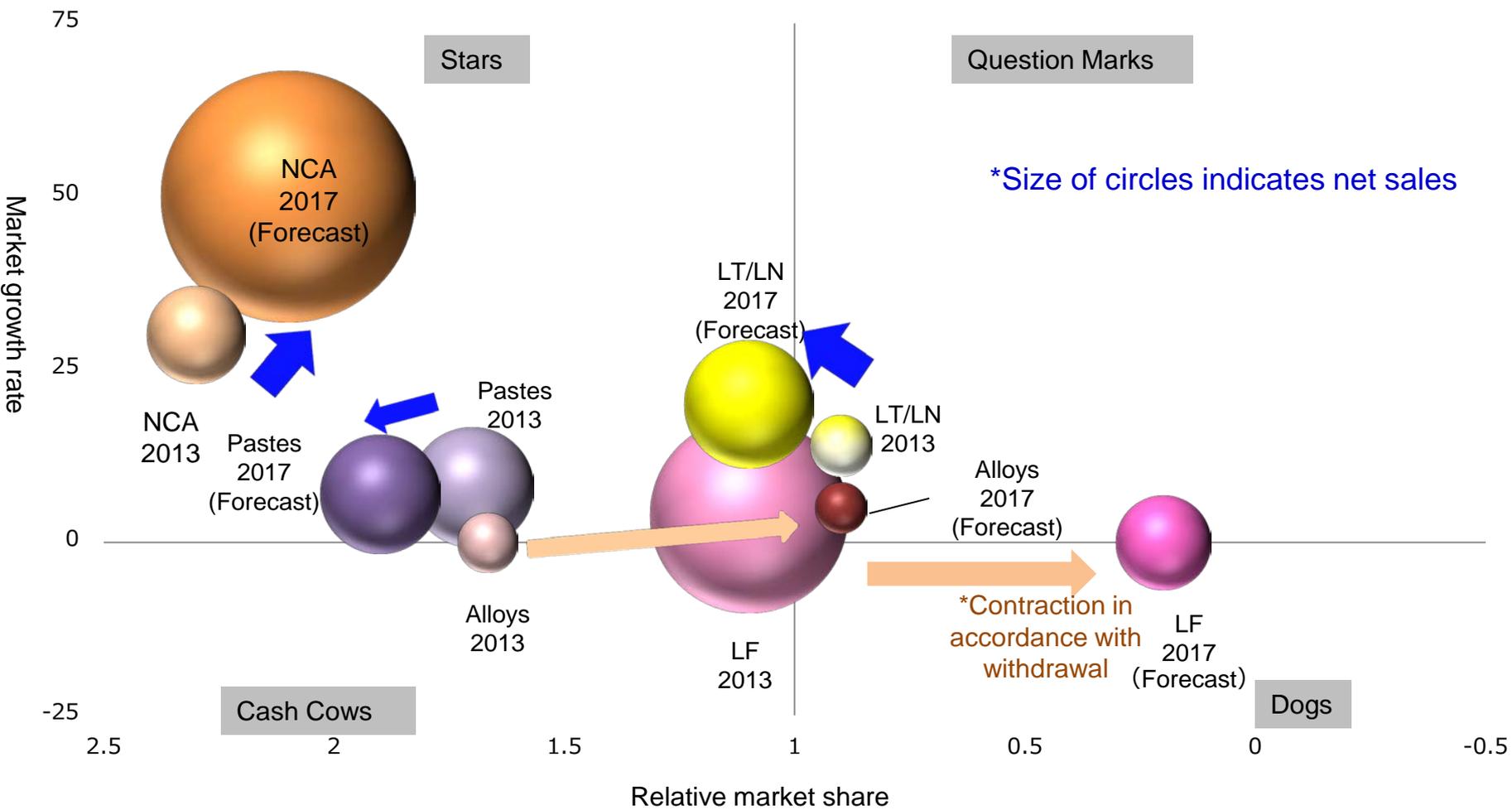


Steadily execute concentration and selection, and focus management resources on growth areas

1) Management Strategy (3) Reconstruction of the Materials Business (1)

Goal of Materials Business reconstruction

Re-concentration of resources (money, people)



1) Management Strategy (3) Reconstruction of the Materials Business (2)

Progress of withdrawal from lead frame business

| Before announcement of withdrawal | FY 2016 | FY 2017 | From FY 2018 |
|-----------------------------------|--|--|---|
| SH Asia Pacific | March 2017 Sale to Chang Wah Electromaterials Group (CWE) | | |
| Malaysian SH Electronics | | | |
| SH Electronics Taiwan | | | |
| SH Electronics Suzhou | | | |
| SH Electronics Chengdu | | | |
| SH Precision Chengdu | | | |
| Malaysian SH Precision | Malaysian SH Precision | June 2017 Sale to Jih Lin Technology Co., Ltd. (JLT) | |
| Suzhou SH Precision | Suzhou SH Precision | | |
| SH Precision | SH Precision | | |
| Ohkuchi Materials | Ohkuchi Materials | Ohkuchi Materials | Continue consideration of sale |
| Niihama Materials | Niihama Materials | Niihama Materials | Complete withdrawal (scheduled) upon completion of customer follow-up |
| SH Materials | SH Materials | SH Materials | |

Proceed with withdrawal according to plan, and re-distribute management resources into growth areas

Corporate governance structure

Multiple outside directors and increased ratio of outside directors
 Independent outside directors among all 8 directors:
 2015: 2-person structure → 2016: Toward 3-person structure

From 2015
 The Governance Committee regarding nominating and compensation of executive was established and started operation

2016
 Discussion of "ideal" for Board of Directors
 (Decision-making model suited to SMM; scale and composition of Board of Directors; etc.)

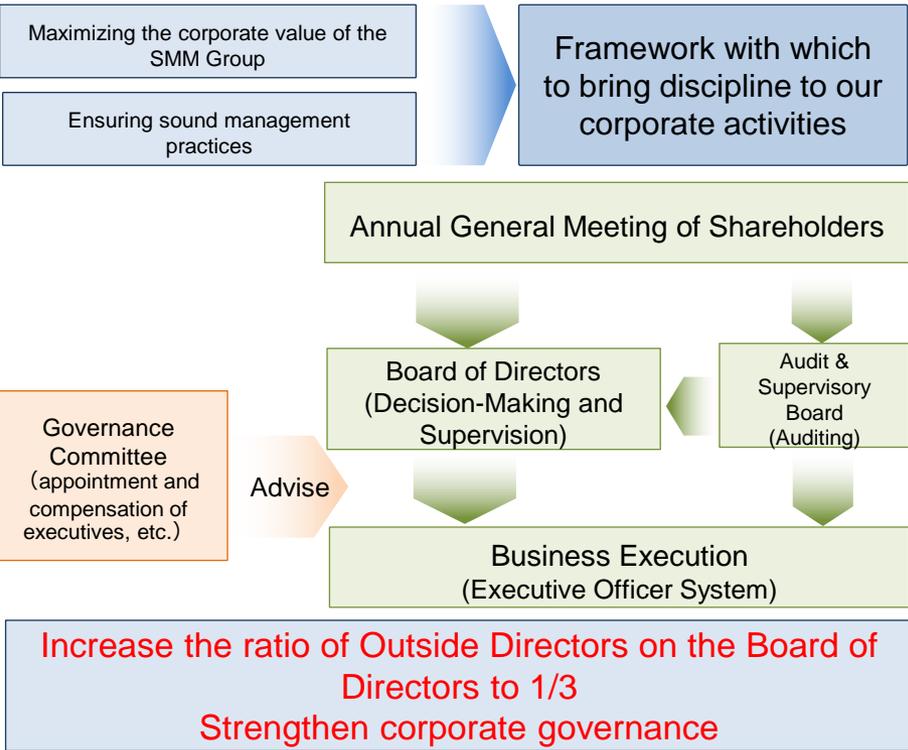
The Board of Directors puts a high value on decision making function, and set its goal to strengthen supervisory the execution of business through its decision-making.

Engagement

Strengthening of engagement with shareholders, etc. by company management

Continue direct dialogue by top management and explanation of business strategy to investors, etc. by persons responsible for businesses

SMM's corporate governance structure



Consideration of introduction of international accounting standards (IFRS)

✓ **FY 2017: Start of preparations for introduction**

Financial information disclosure under Japanese standards
+ preparation for financial statement creation based on IFRS

✓ **From FY 2018: Start of application of IFRS scheduled**

Scheduled financial information disclosure under IFRS

Strengthening of ability to
communicate and explain information
to stakeholders

2) Individual Measures (1) Mineral Resources: Sierra Gorda (1)

Sierra Gorda Copper Mine (Chile)

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

Progress in FY 2016

Copper production output

FY2015 86 kt → FY2016 94 kt
⇒ FY2017 100 kt (forecast)

Operations

- Ore processing and copper recovery: Achieving full operation level

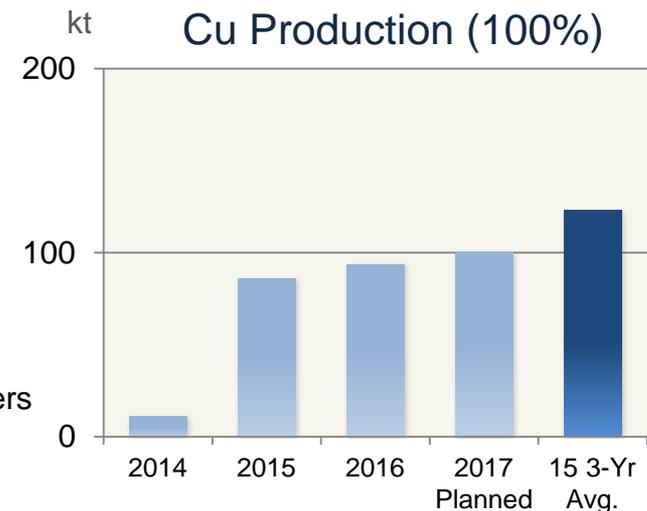
Initiatives for FY 2017

Issues

- Improvement of recovery of byproduct Mo
- Optimization of flotation process, with 2017 as goal
- Support through processing and maintenance technology with shareholders

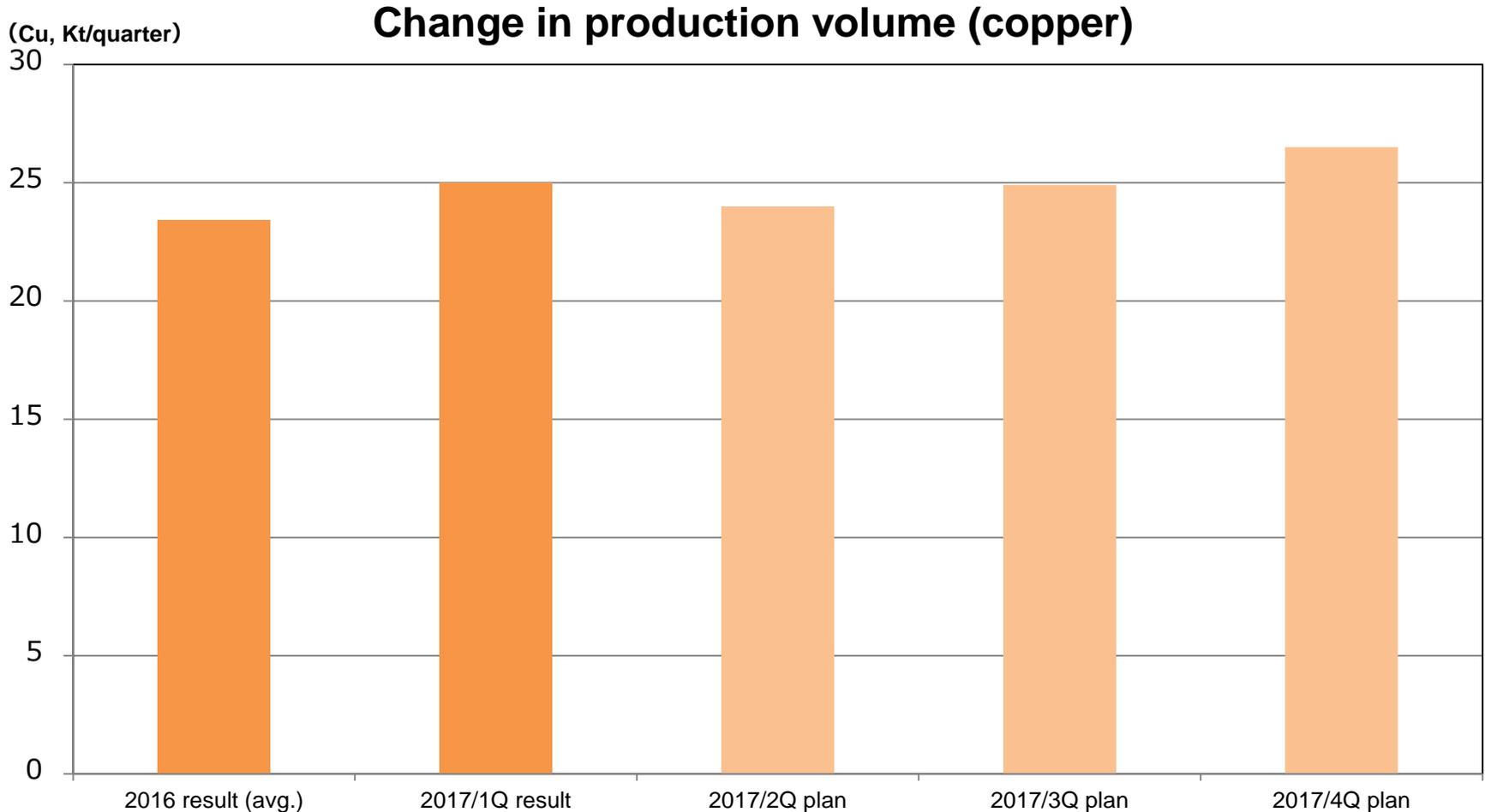
Consideration of expansion

- Phase 2 expansion plan → Change to plan that aims for a certain increased production



2) Individual Measures (1) Mineral Resources: Sierra Gorda (2)

Copper production output: Achieving full operation level, shift to continuous stable operation



2) Individual Measures (2) Smelting and Refining: Business Transformation at Harima Smelter (1)

(All nickel sulfate volume)

2016

Harima second line: Expansion operations

Completed in 1H; 45 kt structure from 2H

Ni sulfate production volume: 34 kt

[in addition, 24 kt at Niihama Nickel Refinery (forecast)]

2017

Nickel sulfate
Invest towards achieving
49 kt/year structure at
Harima

Battery materials (lithium
nickel oxide)
Establishment of front-end
process

Establishment of
scandium oxide refining
plant

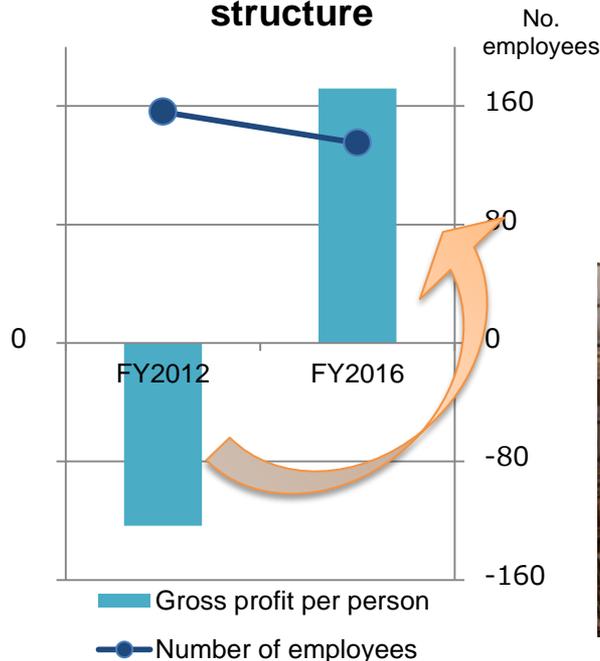
2018

Establishment of 49
kt/year structure at
Harima

Scheduled production of
1500 t of precursor

Scandium oxide
production scheduled
from early FY 2018

Harima Smelter: Change in profit structure



Scandium

Investment amount
¥4.0 billion

Production
7.5 t

Production of semi-finished products from HPAL process at Taganito

- Production of finished product (scandium oxide) at Harima Smelter
- Completion of investment scheduled within FY 2017; commercial production (scheduled) from FY 2018

Current scale of global demand is 10-15 t/year (scandium oxide equivalent)

Potential for scandium

Scandium oxide

Fuel cells

- ✓ Electrolytes
- ✓ Cathode material

Al-Sc mother alloy (Scandium: 2%)

Aluminum/scandium alloys

- ✓ Aircraft
- ✓ Automobiles
- ✓ Bicycles

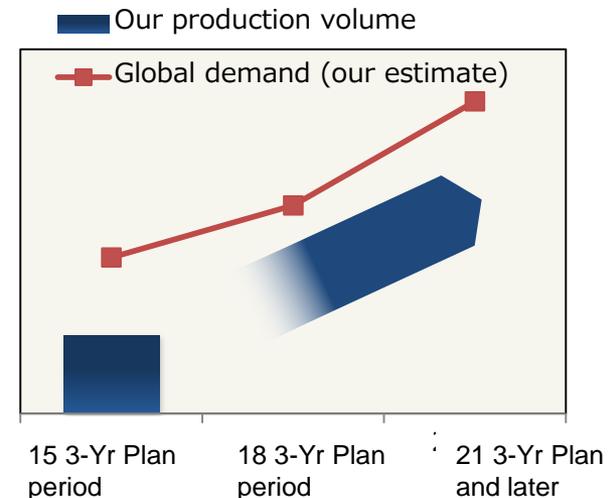
Scandium oxide

New markets

- ✓ LEDs
- ✓ Lasers
- ✓ Electronics materials
- ✓ Metal material strengthening agents
- ✓ New smelting and refining processes



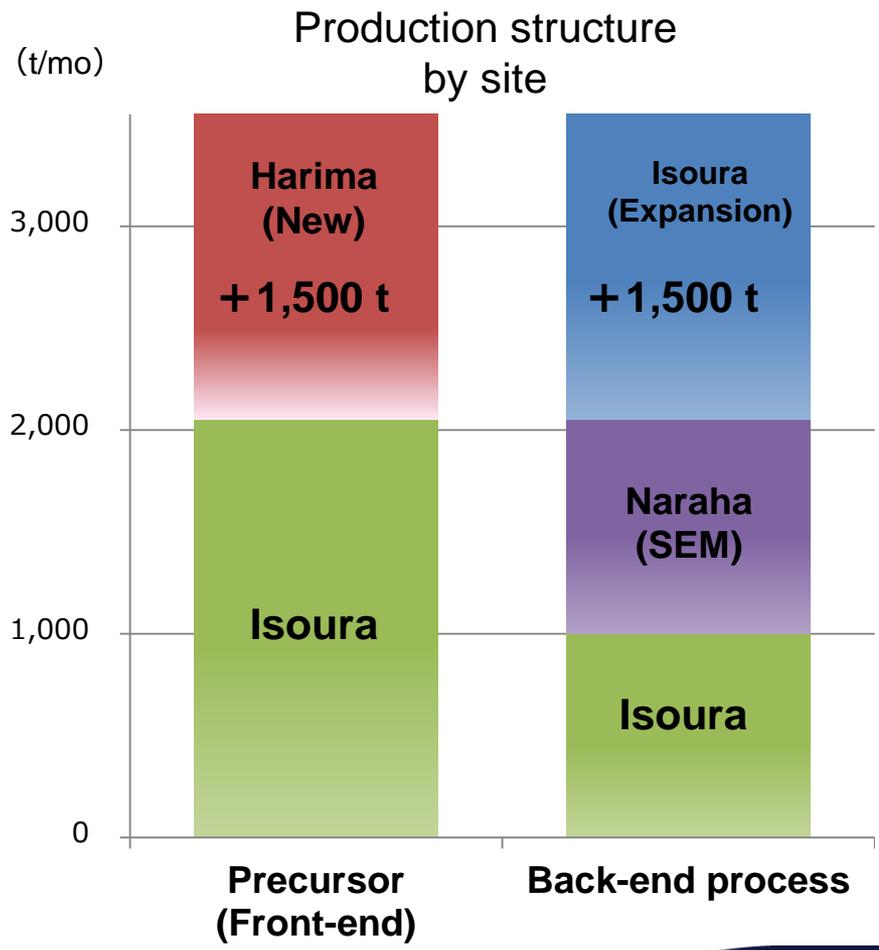
Production plan



On-schedule launch / development of market and applications

2) Individual Measures (3) Materials: Construction of Expansion Structure for Battery Materials Business

NCA Vertical launch of 3,550 t/month production structure and maintenance of stable supply structure for nickel hydroxide



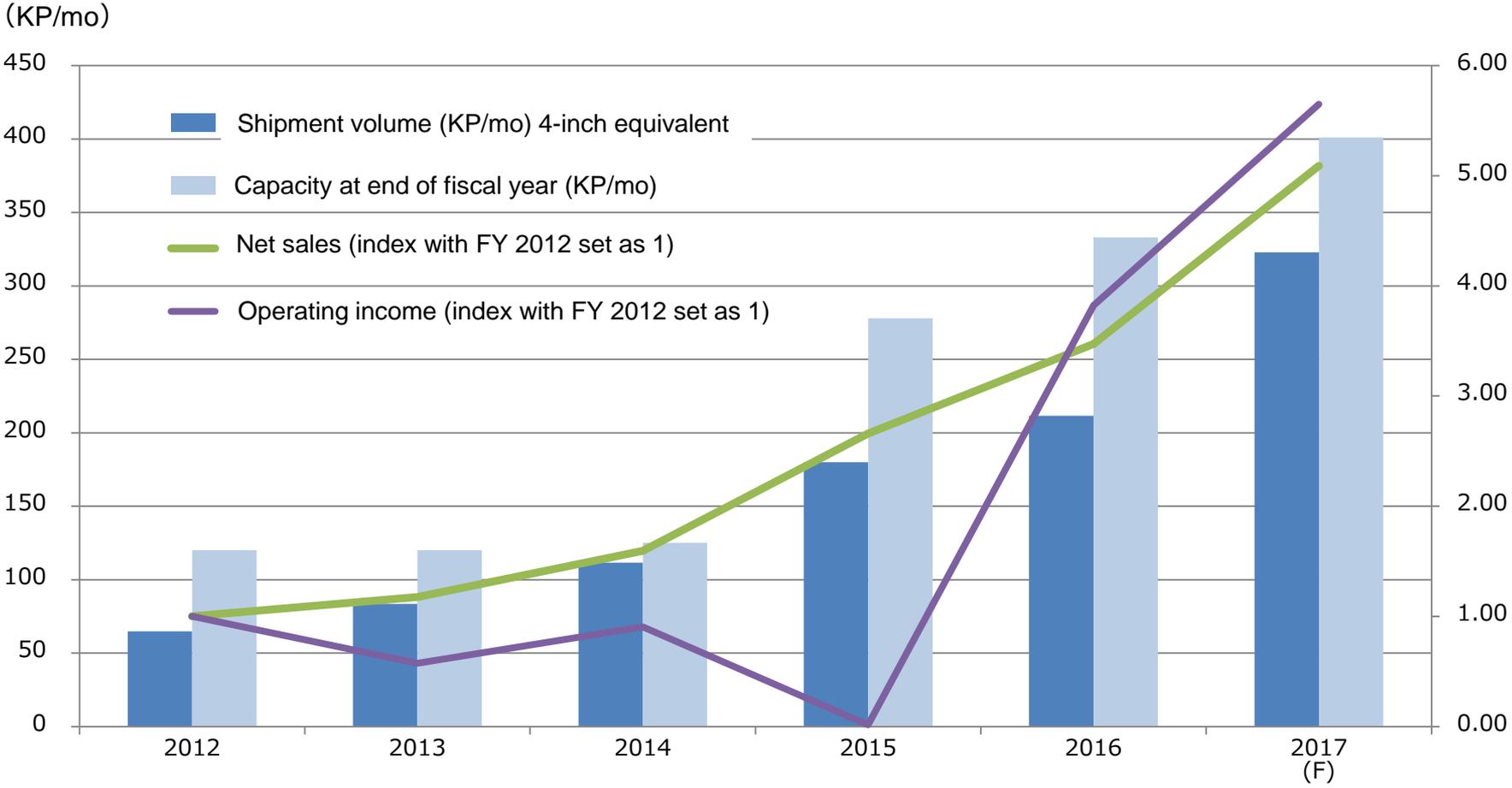
Nickel hydroxide

Lithium nickel oxide



2) Individual Measures (4) Materials: Crystal Materials Business

LT/LN Aiming for investment matched to market growth and expansion of profit



III. FY 2016 Business Results and FY 2017 Business Results Outlook

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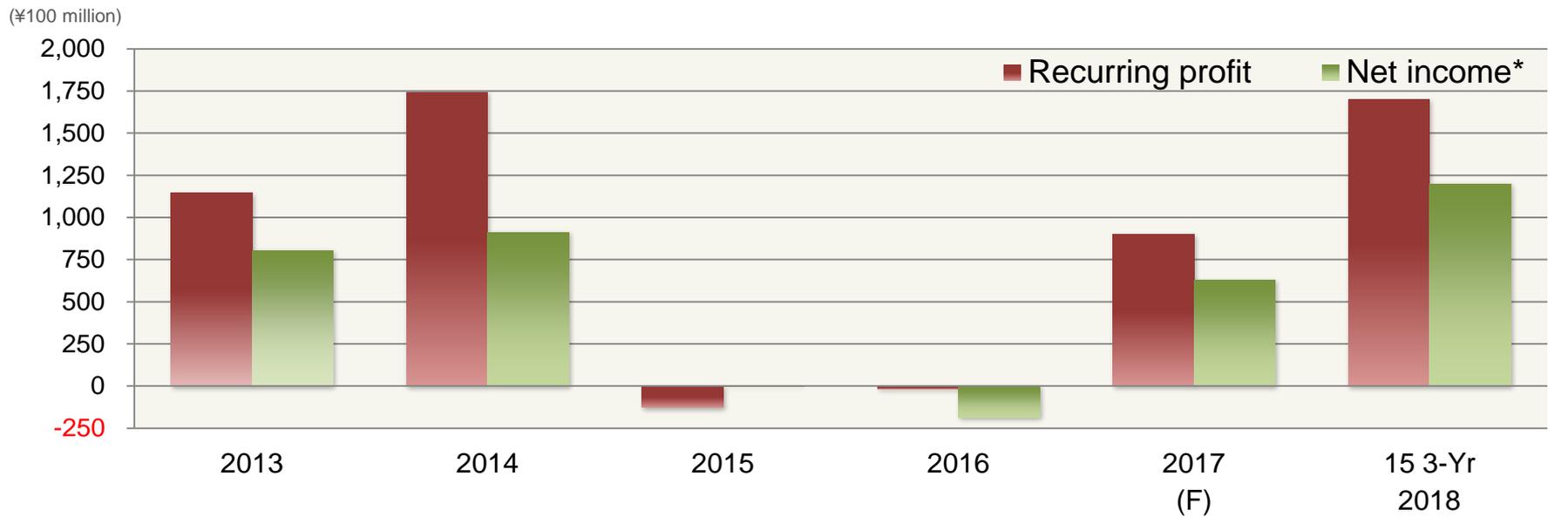
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1) Recurring Profit

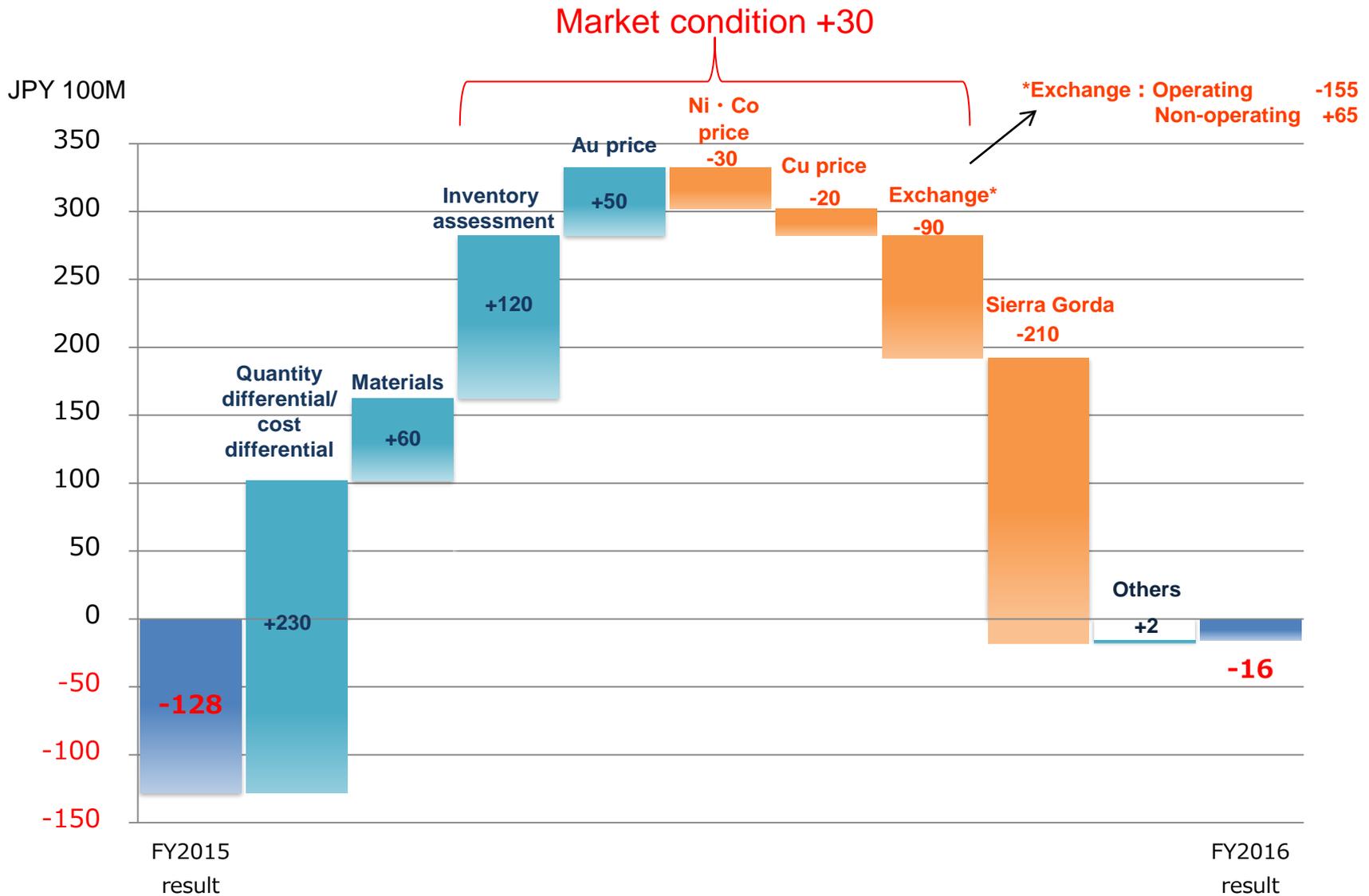


(¥100 million)

| | 2013 | 2014 | 2015 | 2016 | 2017 (F) | 15 3-Yr 2018 |
|--|-------|-------|-------|-------|----------|--------------|
| Recurring profit (¥100 million) | 1,144 | 1,742 | -128 | -16 | 900 | 1,700 |
| Net income* (¥100 million) *Profit attributable to owners of parent | 803 | 911 | -3 | -185 | 630 | 1,200 |
| Cu price (\$/T) | 7,104 | 6,554 | 5,215 | 5,154 | 5,800 | 6,000 |
| Ni price (\$/lb) | 6.51 | 7.62 | 4.71 | 4.56 | 4.75 | 7.00 |
| Au price (\$/toz) | 1,327 | 1,248 | 1,150 | 1,258 | 1,200 | 1,150 |
| Forex (¥/\$) | 100.2 | 109.9 | 120.2 | 108.4 | 110.0 | 120.0 |

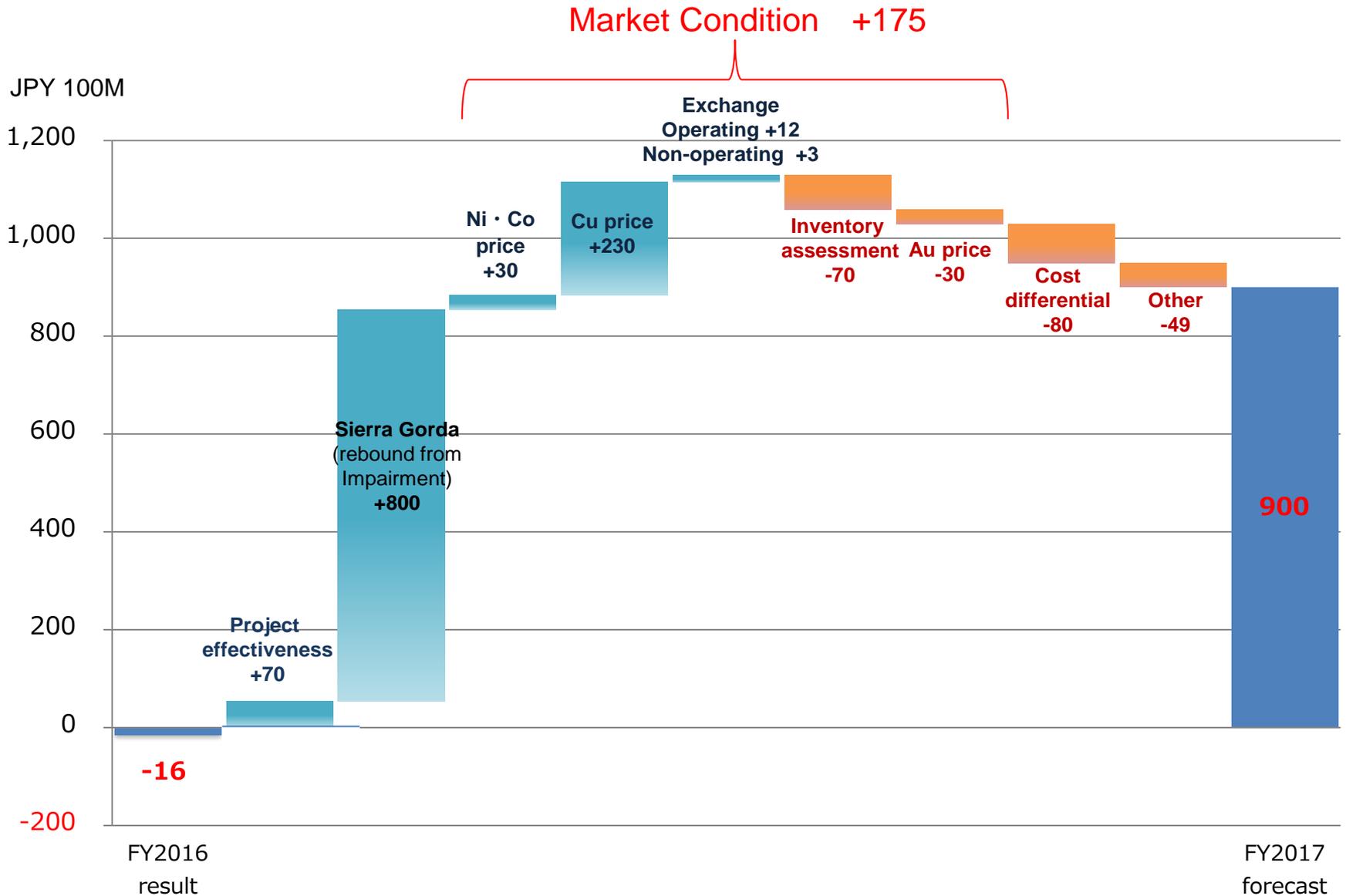
2) Recurring Profit Analysis (1)

FY 2015 business performance vs FY 2016 business performance



2) Recurring Profit Analysis (2)

FY 2016 Business Performance vs FY 2017 Forecast



3) Progress in Cost-Cutting

Cost-Cutting Measures in 15 3-Yr Business Plan

Cost cutting: Achievement of ¥10 billion/year

Aim for further ¥10 billion/year in cuts, based on FY 2015

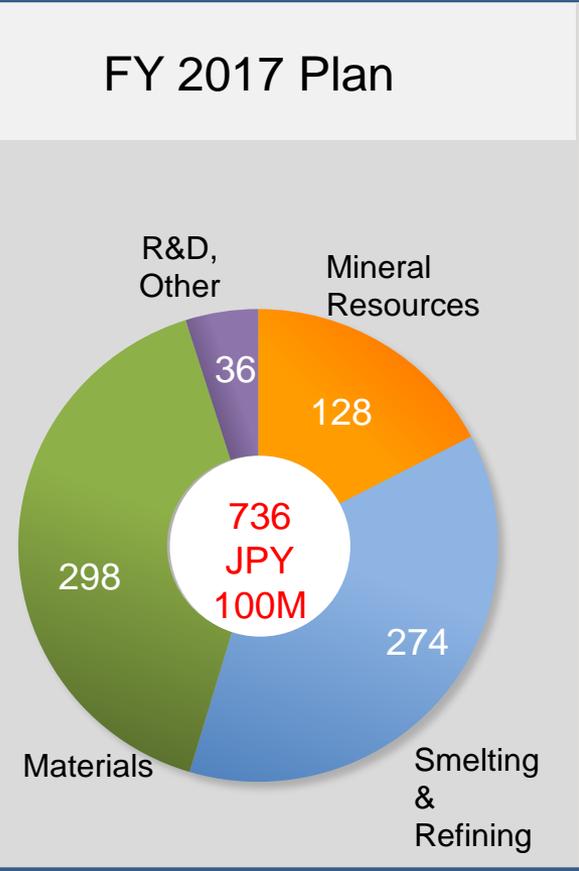
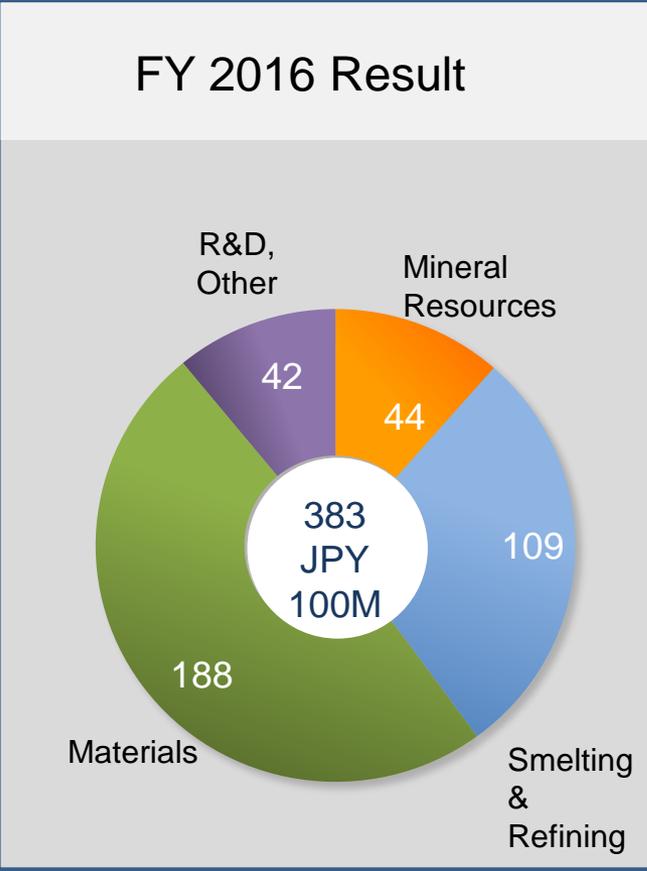
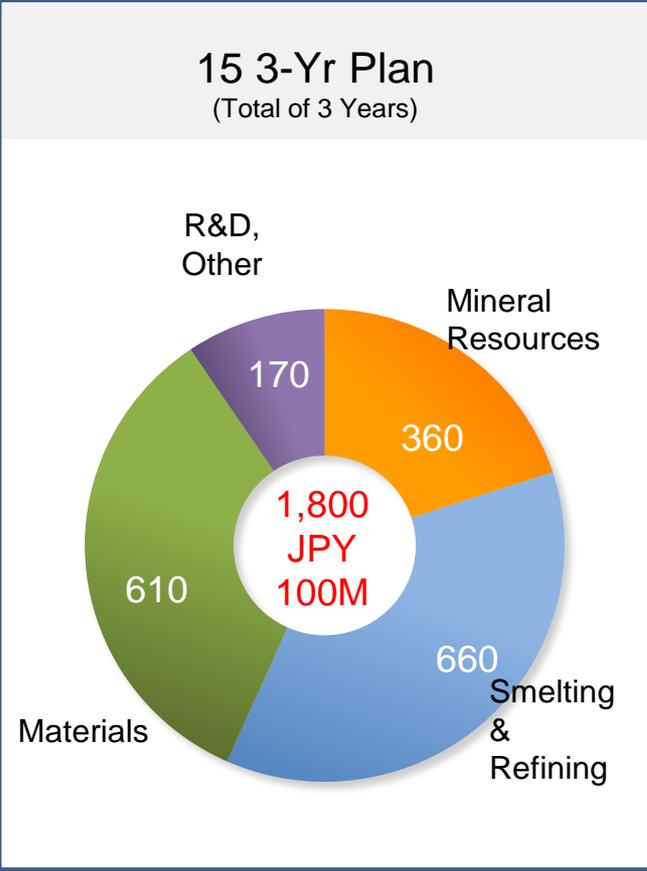
- ✓ Improvement of productivity
- ✓ Switch to low-priced materials
- ✓ Careful selection of fixed costs

FY 2016 Business Performance

Achievement of close to 1.5 times of the target in FY 2016 due to improvement in materials prices and transport prices

4) Capital Expenditure

(¥100 million)



+

Acquisition of overseas interest

(Morenci, ¥1,200 (JPY100M))

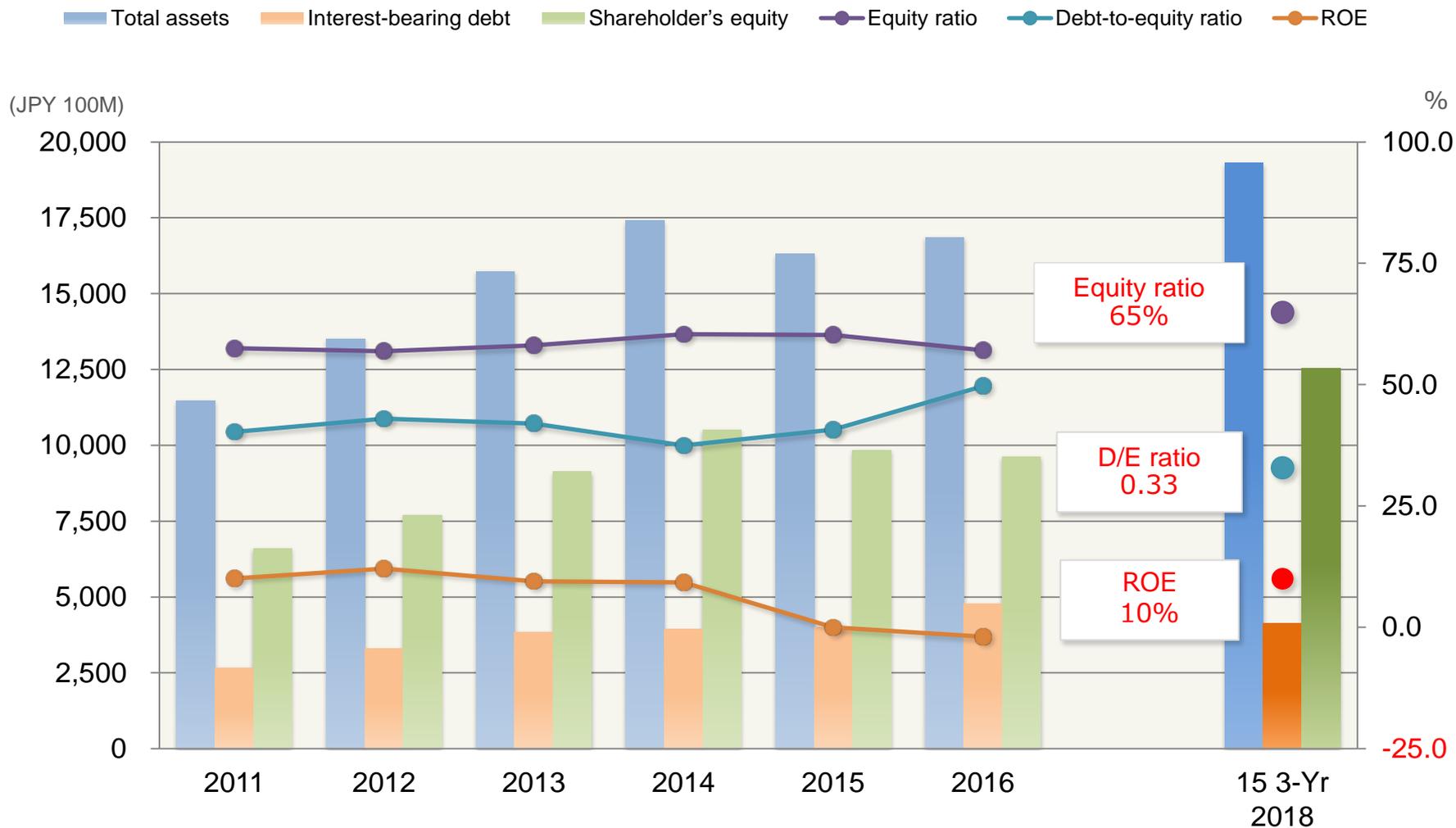
+

Acquisition of overseas interest

(Morenci, ¥1,120 (JPY100M))

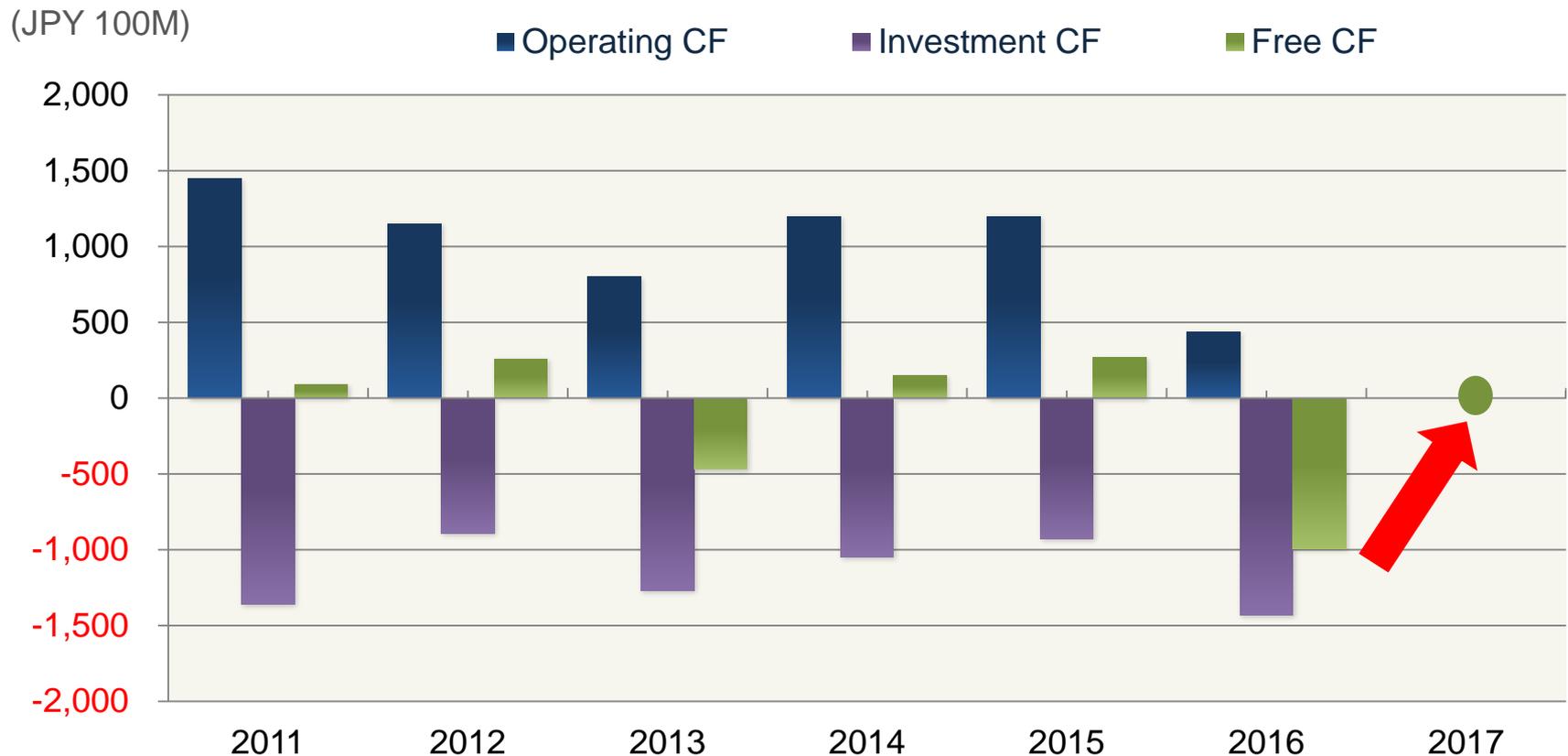
5) Financial Strategies

Maintenance of a Sound Financial Structure

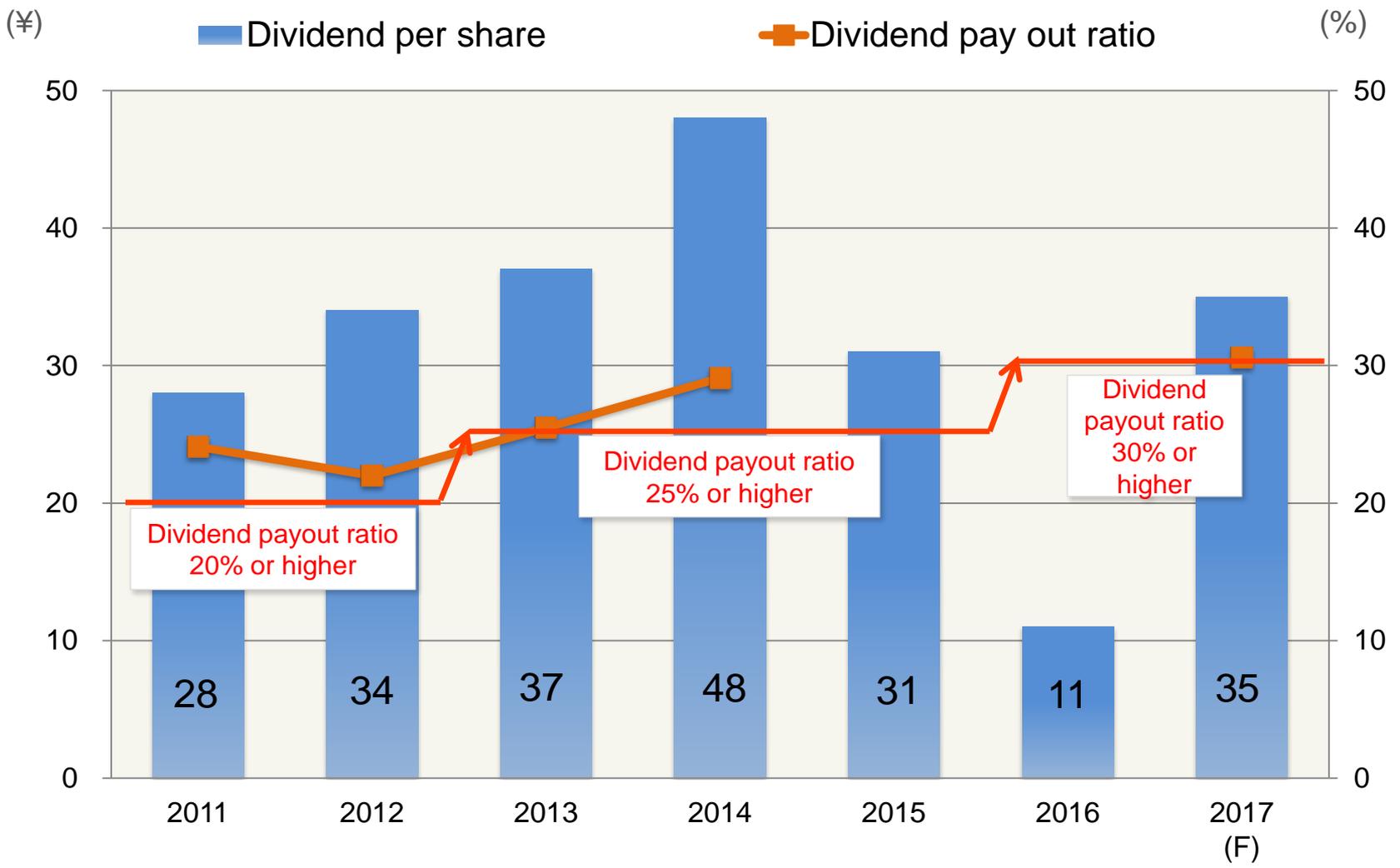


6) Cash Flow Trends

Although fiscal 2016 FCF will be significantly negative due to acquisition of additional interest in the Morenci Copper Mine, significant improvement is forecast for FY 2017



7) Trend of Dividend



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1) Mineral Resources

(1) Copper: Stable Operation of Existing Mine (Morenci, Cerro Verde)

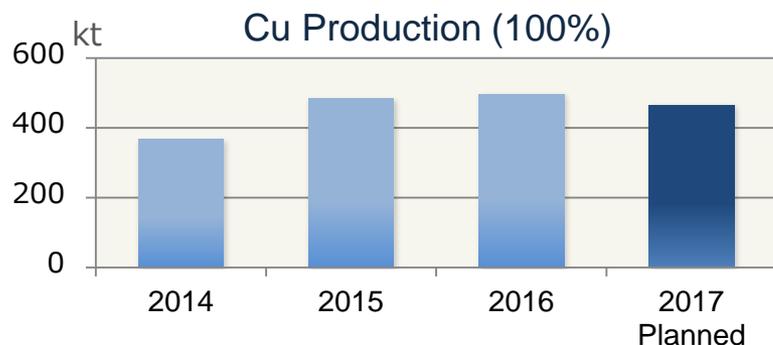
Morenci Copper Mine (Arizona, US)

Equity
interest
ratio

| | |
|----------------|-----|
| FCX | 72% |
| SMM | 25% |
| Sumitomo Corp. | 3% |



- Effect of acquisition of additional interests -> 12 months (FY 2016: 7 months)
- Production amount: FY 2017 464 kt (planned)



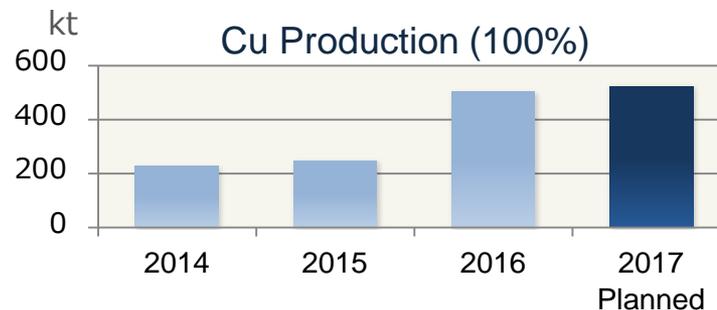
Cerro Verde Copper Mine (Peru)

Equity
interest
ratio

| | |
|----------------|--------|
| FCX | 53.56% |
| SMM | 16.80% |
| Sumitomo Corp. | 4.20% |
| Other | 25.44% |



- Production amount: FY 2017 522 kt (planned)



Concentration on stable production and cost reduction
Toward a structure able to fully benefit from expansion effects

1) Mineral Resources

(2) Gold: Stable Operation of Existing Mine (Hishikari, Pogo)

Hishikari Mine (Kagoshima, Japan)

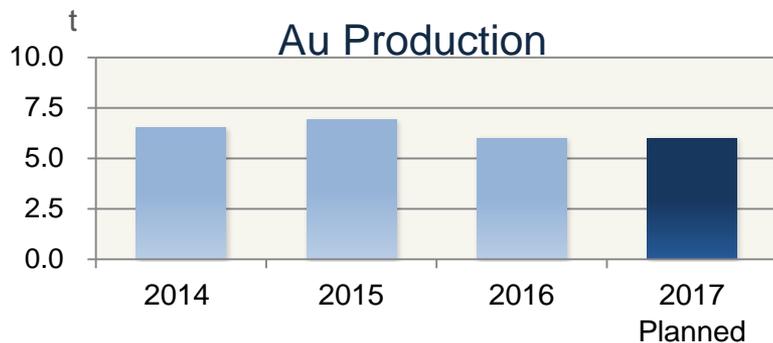
Equity interest ratio

SMM

100%



- Lower ore deposit development
Continuing with priority on safety
- 2016 year-end reserves: 169 t (JIS standard)



Pogo Gold Mine (Alaska, US)

Equity interest ratio

SMM

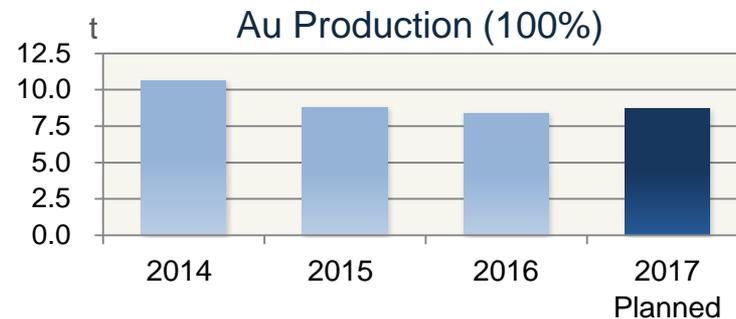
Sumitomo Corp.

85%

15%



- Promotion of cost reduction measures and continuation of active exploration of peripheral areas
- 2016 year-end reserves
Reserve 39 t
Resource 98 t
(Canadian standards)



Initiatives aimed at extension of mine life and continuation of stable production

1) Mineral Resources

(2) Gold: Initiatives towards Expansion of Interests

Exploration activities Currently expanding activities with focus on Canada, Australia, and South America

Establishment of new Business Development Team

Establishment of dedicated team for uncovering and evaluating gold development projects

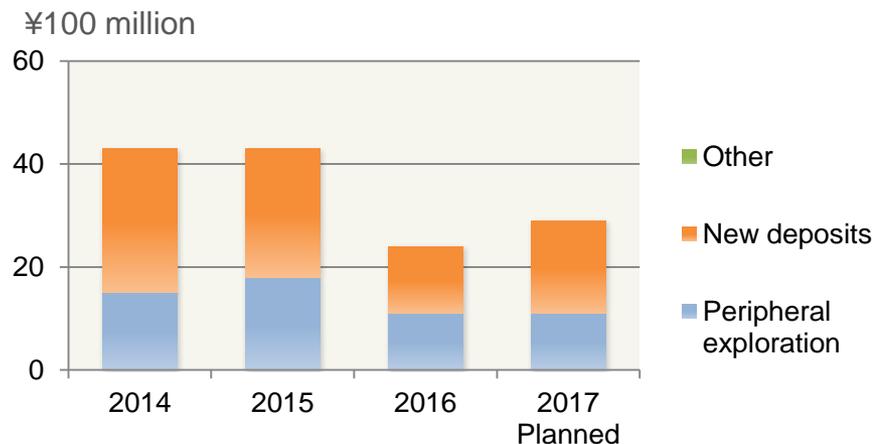
Expansion of information-gathering antenna and greater speed of gold development project evaluation

Expansion of gold production interest volume through collaboration with the world's medium producers

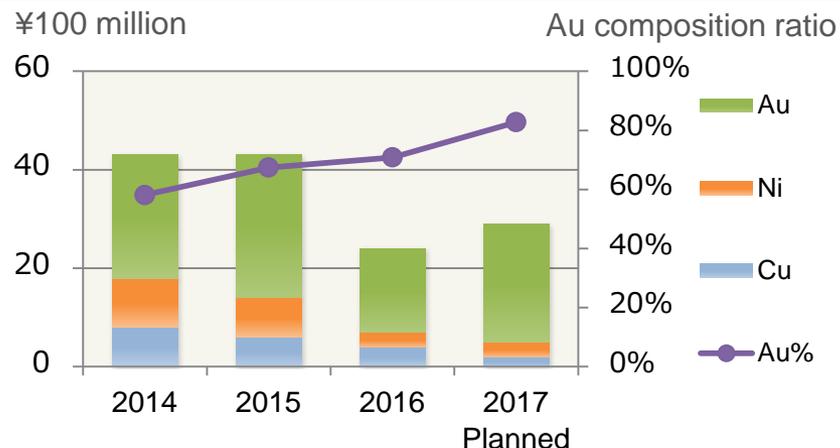
Efforts to uncover gold development projects that leverage SMM's technological capabilities and that will truly contribute to strengthening our management foundations

Exploration costs

By stage



By metal



Engage in exploration and acquisition of interests, with gold as the main target

2) Smelting & Refining (1) Copper smelting and refining: Maximization of competitiveness

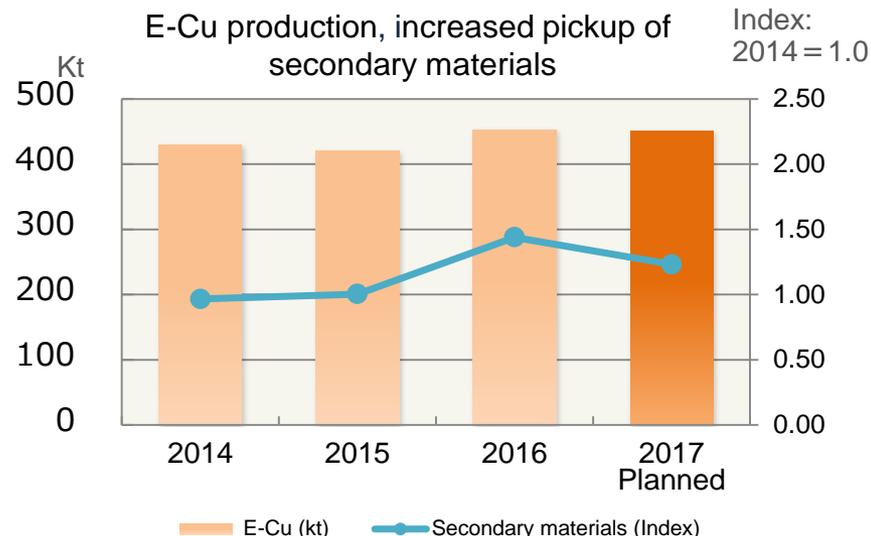
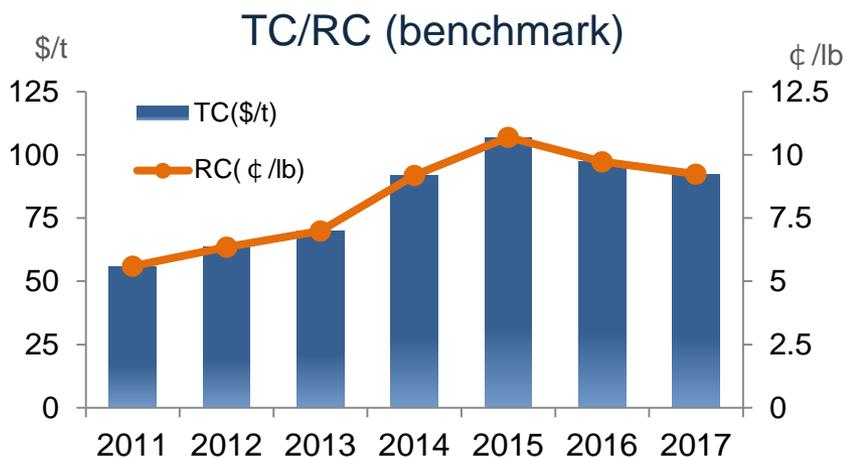
Toyo Smelter & Refinery

Production volume

FY 2016: Achieved record-high 451 kt

FY 2017: 450 kt (planned)

Further improve profitability as world-leading copper smelter through processing expansion of profitable raw materials and cost reductions



Benefit from high-level TC/RC through full production under 450 kt production structure under stable operation

2) Smelting & Refining (2) Nickel smelting and refining: Stable operation of HPAL and Niihama Nickel Refinery

CBNC/THPAL / Niihama Nickel Refinery

Current production capacity

CBNC 24 kt
THPAL 30 kt

THPAL expansion investment
¥300 million

Philippines 2 HPAL
Toward 60 kt structure

From FY 2017 2H

Production capacity
CBNC 24 kt
THPAL 36 kt

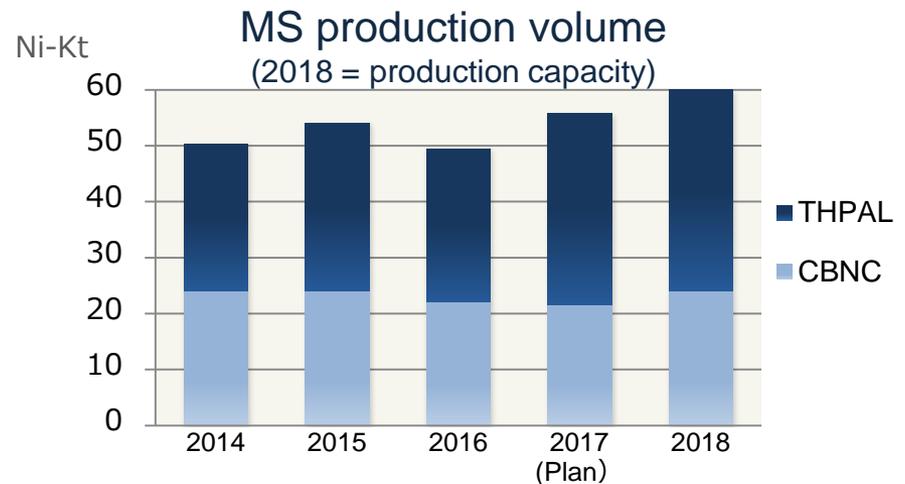


Production volume

FY 2017 plan

Electrolytic nickel 63 kt

- MS expansion at THPAL planned for FY 2017
- Due to expansion of nickel sulfate and decreased production of MS caused by decline in ore grade at CBNC, electrolytic nickel production is scheduled to decrease from previous year



Stable operation at HPAL 2 sites; 20% expansion at Taganito

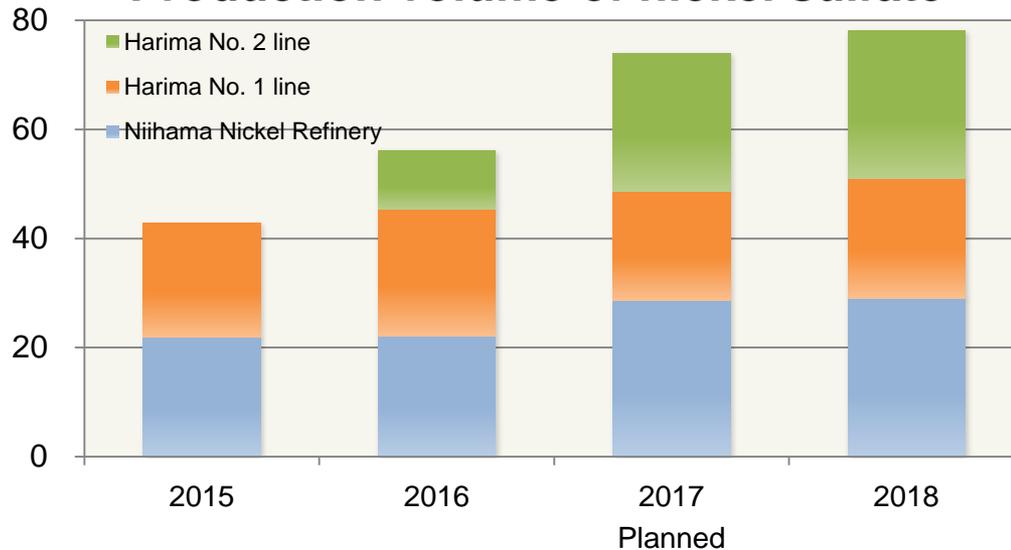
2) Smelting & Refining (3) Expansion of nickel sulfate business and strengthening of supply capabilities for battery materials

Harima Refinery

- Expansion operations completed in FY 2016 1H; launch of full operation in 2H
- Nickel sulfate production: Complete transition to 45 kt production structure

(Nickel sulfate volume) kt

Production volume of nickel sulfate



Promotion of expansion investment aimed at Harima 49 kt production structure

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

FY2016: 14 kt

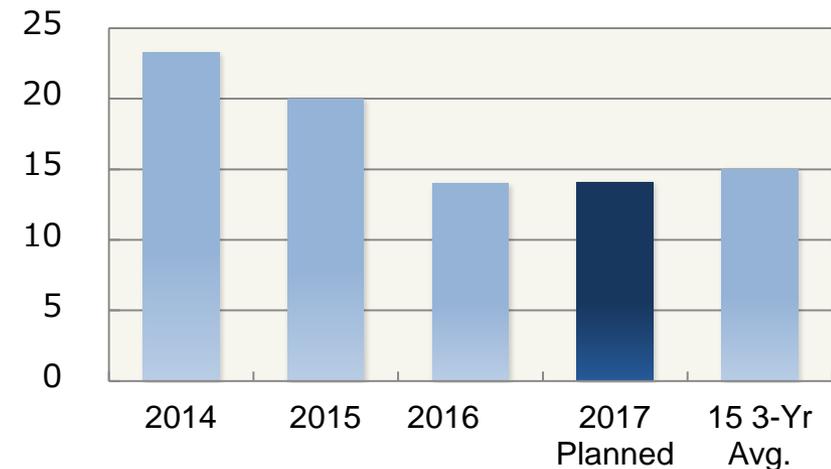
FY2017: 14 kt (planned)

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



Ni-Kt

Ferro-nickel Production



3) Materials (1) Battery Materials

FY 2015 3-Yr Business Plan: Expansion of production structure looking ahead toward
FY 2018 3-Yr Business Plan

Change in environment surrounding battery materials

Restructuring of automobile battery manufacturers

Changes in automobile/battery manufacturer supply chains

Access to giant market

Supply chain management accompanying rapid growth of market
Securing of raw materials (nickel, cobalt, lithium)

Our strengths

- Product development with partner customers, from the development stage
- Production of nickel and cobalt from own raw materials
- Can offer varied product forms, from state close to raw material to high value-added products

Record of adoption of our battery materials (positive electrode material) and 2015 3-Yr Business Plan (–2018) initiatives

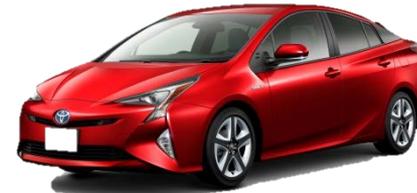
• Nickel hydroxide

Hybrid vehicles Used in rechargeable batteries

• Ternary material

Hybrid vehicles
Used in lithium-ion batteries

- Assured response to demand for automobile rechargeable batteries



(Photo : TOYOTA Motor Corp.)

xEV market

Toward market expansion also expected for 2020-2030

• NCA

Electric vehicles
Used in lithium-ion batteries

- Further expansion of NCA aimed at electric vehicles

1,850 t/mo.
(2015 3-Yr Plan)



Toward 3,550 t/mo. structure
(Completion scheduled for Jan 2018)

- Construction of new precursor plant at Harima Refinery
Toward structure of front-end process (precursor) 2 sites
back-end process (firing) 2 sites

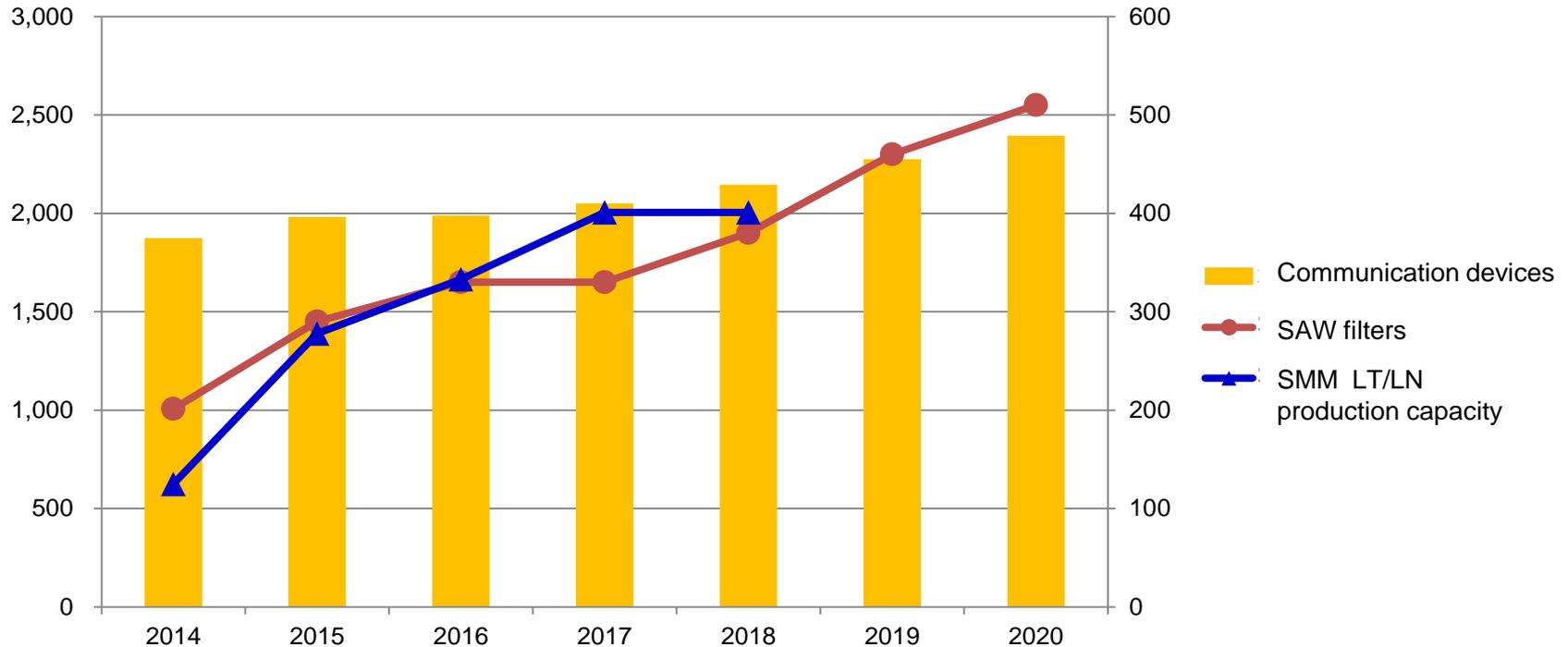
- Establishment of further production structure
- New product development to meet needs

3) Materials (2) Crystal Materials (LT/LN) (1)

Number of handsets shipped
(million units)

SAW filter market and production capacity

SAW filters (100 million units)
*On a device basis
LT/LN (KP)



Data source:

Created based on materials from Navian (March, 2017)

Implement expansion investment matched to growth of the SAW filter market

3) Materials (2) Crystal Materials (LT/LN) (2)

Build an expanded production system for crystal materials

LT/LN crystal substrates for SAW filters

Demand booming due to growth of multiband, high-speed communications

Market forecast

- Increase in object-to-object communication as IoT progresses
- In a 5G environment, the required number of high-frequency filters per device will become even higher

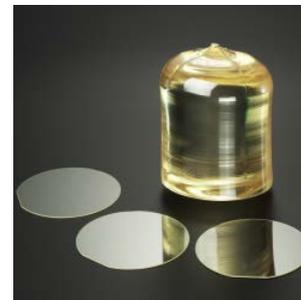
FY2017

Construction of further expanded structure aimed at 400 k units/mo.

(Completion scheduled for September 2017)

Toward improved productivity and further increased share

Promotion of production technology improvements, including shift to greater diameter and length

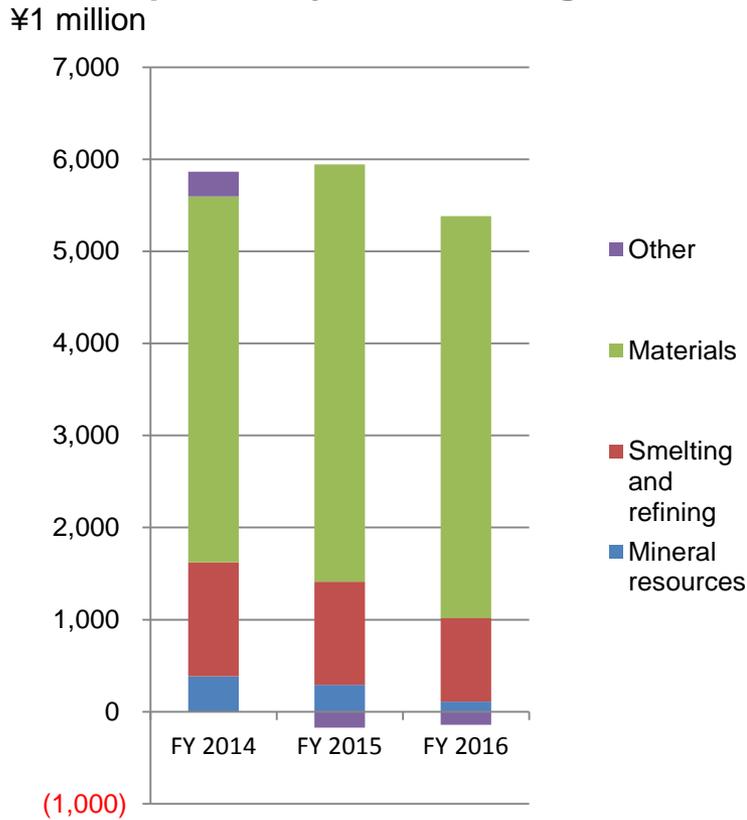


SAW filter

4) Research and Development (1) Achievements

Research and development achievements in fiscal 2016

Change in research and development expenses by business segment



Materials Business (materials development)

【Battery materials】

- Increased capacity through higher nickel content in electric vehicle battery cathode material (lithium nickel oxide) and improved output characteristics through particle surface coat (particle surface modification)

【Crystal materials】

- Improvement in crystal growth yield lithium tantalate single crystals for SAW filter devices, and reduction in cost of wafer manufacturing

Smelting & Refining Business (process development)

【Scandium recovery process】

- Recover scandium from nickel oxide ore using pilot test facilities

4) R&D (2) Domains and sectors

Development of mineral resources and metal process

Resource & Hydrometallurgy Process Center



Smelting and refining process technology



Sierra Gorda Copper Mine

Exploration, mining, and mineral processing technology

Analysis technology

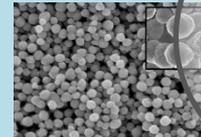
Computer aided engineering and analysis technology

Materials Development

Cathode materials for Lithium-ion secondary battery



Powder synthesis and surface treatment technology



Nickel powder for MLCCs

Crystal growth and processing technology

Single-crystal lithium tantalate



Core technology

Powder synthesis and surface treatment technology

Basic research

Powder material basic research

Fundamental technology

Powder material basic research

Core technology

Crystal growth and processing technology

Fundamental technology

Analysis Technology

Fundamental technology

Computer aided engineering and analysis technology

Fundamental technology

Information and communication technology (ICT)

Core technology

Smelting and refining process technology

Core technology

Exploration, mining, and mineral processing technology

Established new ICT promotion office in October 2016. Will aim to construct mechanisms for data analysis unified across the company.

Concentration on growth strategy fields, search for "seeds" of next-generation business

V. Supplementary Materials

I

Overview of FY 2016 Business Performance and Current Management Topics

II

Progress of Management Strategies and Individual Measures

III

FY 2016 Business Results and FY 2017 Business Results Outlook

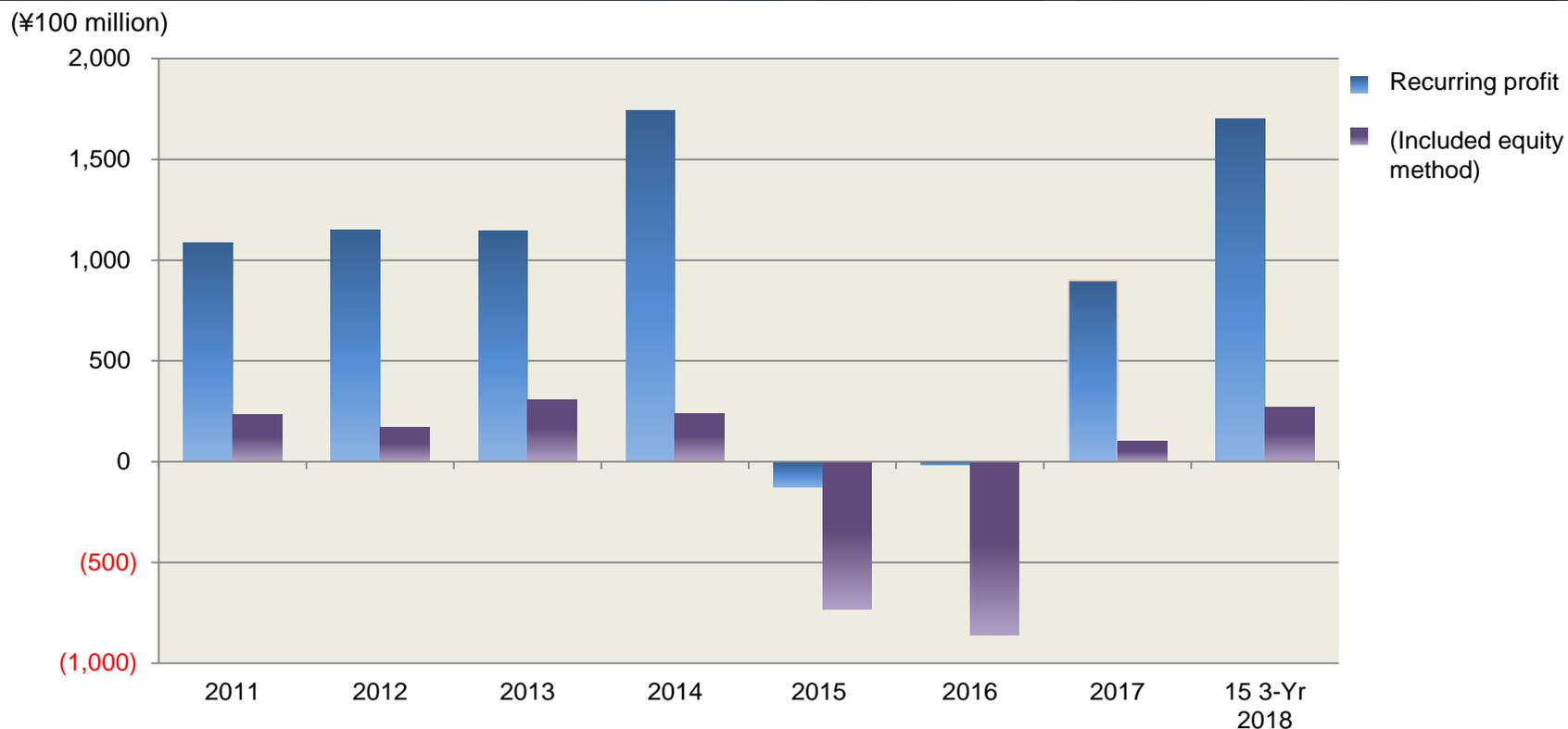
IV

Priority Measures in FY 2017

V

Supplementary Materials

1) Recurring Profit and Equity Method Investment Profit/Loss Trends



(Unit: ¥100 million)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 Forecast | 15 3-Yr 2018 |
|---|-------|-------|-------|-------|------|------|---------------|--------------|
| Recurring profit | 1,088 | 1,150 | 1,144 | 1,742 | -128 | -16 | 900 | 1,700 |
| (Included equity method investment profit/loss) | 232 | 171 | 298 | 239 | -732 | -860 | 100 | 270 |

2) Sensitivity

(JPY100M)

| Element | Degree of variation | FY 2017 Operating income/ Recurring profit |
|---------|---------------------|--|
| Cu | ±100\$/t | 16/29 |
| Ni | ±10 ¢ /lb | 16/18 |
| Au | ±10\$/toz | 5/5 |
| JP¥/ \$ | ±1¥/\$ | 10/10 |

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

3) Copper, Nickel: Supply and Demand Forecast

Copper

[ICSG Estimation Apr. 2017]

(kt)

| | 2016 | 2017 | 2018 |
|------------|--------|--------|--------|
| Production | 23,309 | 23,748 | 24,157 |
| Usage | 23,429 | 23,895 | 24,327 |
| Balance | -120 | -147 | -170 |

Nickel

(kt)

| | INSG Estimation 2017/04 | | | SMM Estimation 2017/04 | | |
|------------|-------------------------|-------|-------|------------------------|-------|-------|
| | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 |
| Production | 1,976 | 1,989 | 2,067 | 1,967 | 2,044 | 2,132 |
| Usage | 1,882 | 2,027 | 2,114 | 1,893 | 2,074 | 2,136 |
| Balance | 94 | -38 | -47 | 74 | -30 | -4 |

4) 2015 3-Yr Business Plan (1) Targets for Long-Term Vision

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

Targets

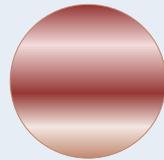
World Leader in the Non-Ferrous Metals Industry

Excellent Company of Japan

FY2021



Nickel
150 kt



Copper interests
300 kt



Gold
30 t



New materials
Recurring profit
¥5 billion

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

4) 2015 3-Yr Business Plan (2) Positioning of the 15 3-Yr Business Plan

Positioning of the 15 3-Yr Business Plan towards long-term vision achievement

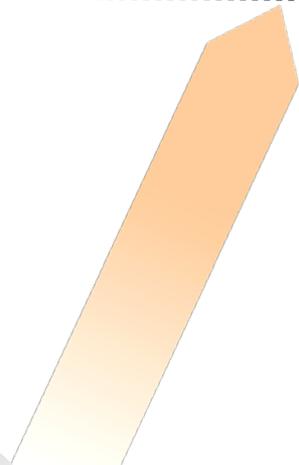
Large Scale Mineral Resources/Smelting & Refining projects mostly completed in 2012 3-Yr Business Plan



Sowing seeds and planting towards further growth in the 15 3-Yr Business Plan

Long-Term Vision

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



- 3rd HPAL
- Sierra Gorda
- Expansion at low Capex
- Acquisition of new gold interest
- Exploration activities
- Expanded production of battery materials
- New materials products



03 & 06 3-Yr Plans
 Move toward growth strategies
 Become major player in non-ferrous metals industry
 Achieve world top share in each of material business product

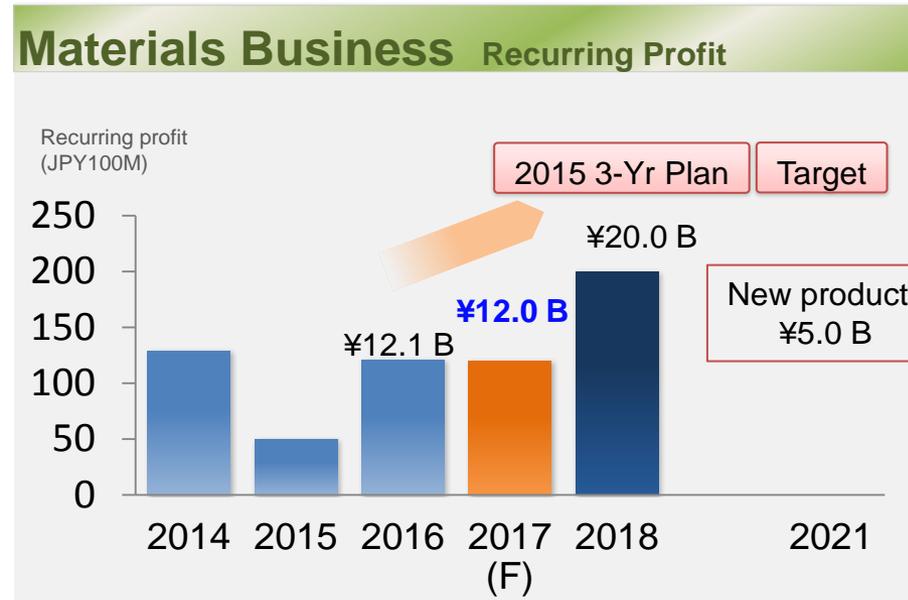
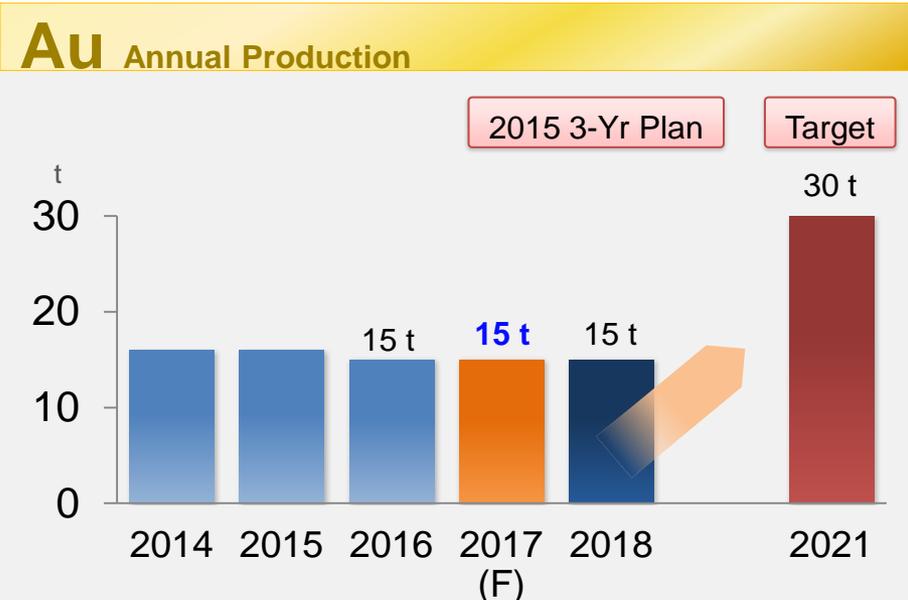
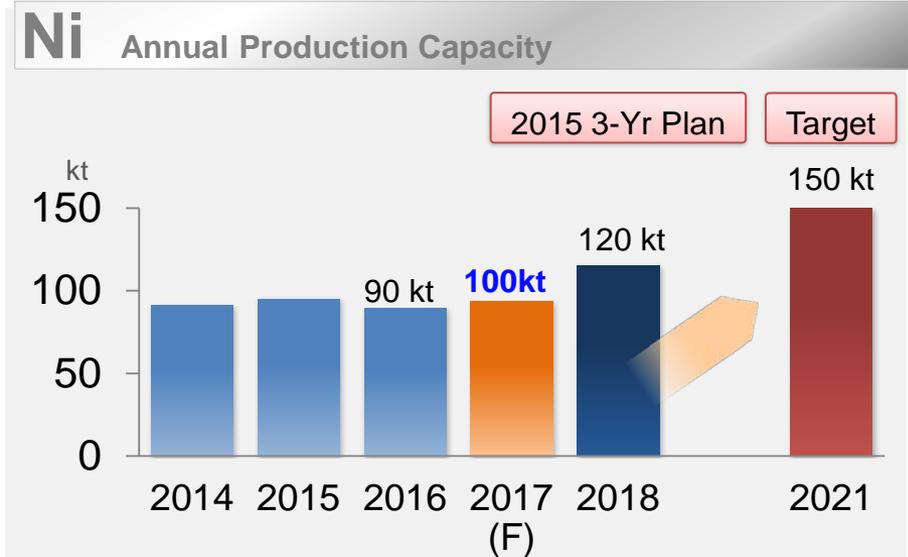
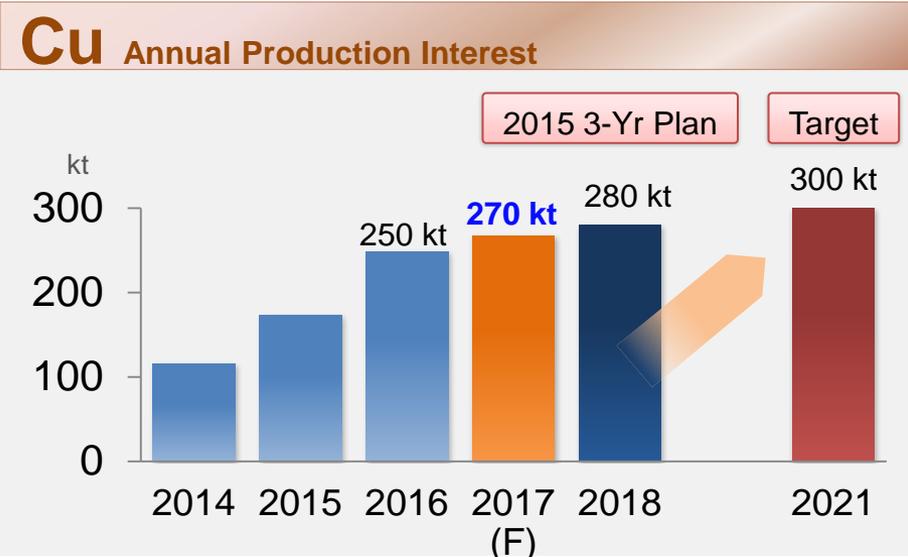
09 & 12 3-Yr Plans
 Promote Long-Term Vision-oriented growth strategies in the three core businesses

15 3-Yr Plan
 Respond to external environment changes (Promote strategies focused on cost/investment benefit)
 Prepare for future growth
Grow materials business as core business

5) Management Strategy (1) Progress of Major Projects in 2015 3-Yr Business Plan

| | Project name | FY 2015 | FY 2016 | FY 2017 | FY 2018 onward |
|---------------------|--------------------------------------|---|--|---------------------------------|---------------------------------------|
| Mineral Resources | Cu Sierra Gorda Copper Mine | ● Start commercial production | ● 110 kt production structure | ● Start debottlenecking | |
| | Cu Morenci Copper Mine | ● Start expanded full-scale production | ● Acquisition of additional interests (12%→25%) | | |
| | Cu Cerro Verde Copper Mine | | ● Start expanded full-scale production | | |
| | Ni Solomon | | | | ● Consideration of operation start |
| Smelting & Refining | Ni Taganito HPAL | | | ● 36 kt production structure | |
| | Ni Pomalaa Project | | | ● Conduct FS | ● Decision on investment |
| | Ni Harima Refinery Nickel sulfate | | ● Second line launch | | ● 49 kt production structure |
| Materials | Battery materials | | ● NCA 1,850 t structure | ● NCA 3,550 t structure | ● Ternary type Increase production |
| | Crystal materials (LT/LN) | ● Decision on production increase | ● 300KP structure | ● 400KP structure | |

5) Management Strategy (2) Status of Achievement of Long-Term Vision



6) Safety Performance

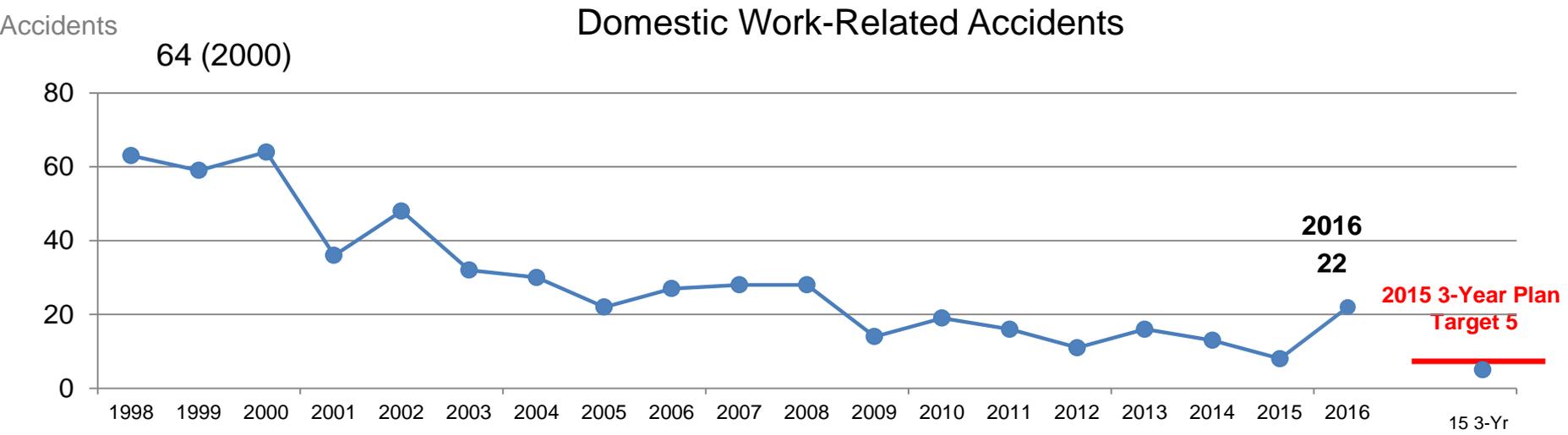
Safety — To achieve by FY2018

Use top-down approach to conduct effective safety activities at business sites and reduce major risks through appropriate equipment improvements.

Practice good communication to improve safety awareness among all employees and conduct proper line management to ensure safety.



| | |
|---|---|
| 2015 3-Yr Plan period Targets | Limit domestic work-related accidents to 5 or less |
| | Limit overseas work-related accidents to 9 or less |



7) Stance toward ESG and Significance of Initiatives

The regional impact of mine development is large, and extends broadly to the economy, environment, human rights, and the regional community



In addition to legal permit to operate, obtaining a "Social License to Operate," based on relationships of trust with local communities, is a prerequisite for business continuity, so that development can be performed in the area where the targeted resources are located



In order to acquire social license to operate and to engage in sustainable business operations

The promotion of our Corporate Philosophy of "sustainable co-existence with society and the global environment" and related investments are essential

- Minimize negative impacts
- Effectively return positive impacts to the community, through employment, procurement, social contribution activities, etc.
- Promotion of mutual understanding through regular dialogs with local residents, and construction of relationships of trust
- Enhancement of corporate governance

Note

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