

## **Supplementary Explanation for Financial Summary**

# **2nd Quarter FY2018 【IFRS】**

**November 8th, 2018**



**SUMITOMO METAL MINING CO., LTD.**

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# Comparison

## FY2018/2Q Result vs FY2017/2Q Result

JPY100M

	18/2H ①Result	17/2H ②Result	Diff. ①-②	③ 18/2H Forecast in Aug.	Diff. ①-③
Net sales	4,667	4,403	+264	4,770	-103
Gross profit	727	694	+33	760	-33
Profit before tax	732	483	+249	640	+92
Net income (loss) *1	581	383	+198	510	+71
(Inventory evaluation P&L)	-14	-66	+52	-30	+16
(Other exchange gain / loss *2)	37	4	+33	19	+18
Cu (\$/t)	6,487	6,005	+482	6,686	-199
Ni (\$/lb)	6.28	4.49	+1.79	6.28	0.00
Au (\$/toz)	1,260	1,268	-8	1,253	+7
Co (\$/lb)	38.55	26.65	+11.90	38.72	-0.17
Exchange (¥/\$)	110.28	111.08	-0.80	109.54	+0.74

  

Exchange	18/9E	18/6E	18/3E	17/12E	17/9E
(¥/\$)	113.58	110.45	106.25	113.00	112.74

### 【Diff of FY2018/1H Result vs FY2017/1H Result ①-②】

Profit before tax +249

Metal Price/Exchange +294(Metal Price +292 (Cu+126, Ni+122, Co+41 etc.), Exchange -23, Inventory evaluation +25), Quantity -31, Other exchange gain & loss +33, Cost@(reflecting lower production) -213, Material business +43, Profit on sale of Pogo +95, Cerro Verde royalty dispute +89, Unrealized Profit -75, others

### 【Diff of FY2018/1H Result vs Forecast in Aug. ①-③】

Profit before tax +92

Metal Price/ Exchange -8 (Metal Price -30 (Cu 0, Ni-17, Co-13 etc.), Exchange -2, Inventory evaluation +24), Quantity -7, Other exchange gain & loss +18, Cost@(reflecting lower production) -9, Material business +14, Profit on sale of Pogo +95, others

## New and Old Forecast of FY2018 (in Nov. vs in May) / 1H Result vs 2H Forecast

JPY100M

	18/1H ①Result	18/2H ②Forecast in Nov.	FY2018 ③Forecast in Nov.	FY2018 ④Forecast in May	Diff. ③-④	Diff. ②-①
Net sales	4,667	4,423	9,090	9,300	-210	-244
Gross profit	727	613	1,340	1,620	-280	-114
Profit before tax	732	338	1,070	1,210	-140	-394
Net income (loss) *1	581	229	810	940	-130	-352
(Inventory evaluation P&L)	-14	-65	-79	-83	+4	-51
(Other exchange gain / loss *2)	37	0	37	0	+37	-37
Cu (\$/t)	6,487	6,100	6,294	6,500	-206	-387
Ni (\$/lb)	6.28	5.50	5.89	6.00	-0.11	-0.78
Au (\$/toz)	1,260	1,220	1,240	1,300	-60	-40
Co (\$/lb)	38.55	30.00	34.27	35.00	-0.73	-8.55
Exchange (¥/\$)	110.28	110.00	110.14	105.00	+5.14	-0.28

### 【Diff. of FY2018/1H Forecast in Nov. vs Forecast in May ③-④】

Profit before tax -140

Metal Price/ Exchange +21 (Metal Price -55 (Cu-60, Ni+37, Co-16, Au-16 etc.), Exchange +72, Inventory evaluation +4), Quantity -95, Other exchange gain & loss +37, Cost@(reflecting lower production) -182, Material business -8, Profit on sale of Pogo +95, others

### 【Diff. of FY2018 2H Forecast vs 1H Result ②-①】

Profit before tax -394

Metal Price/ Exchange -239 (Metal Price -199 (Cu-144, Ni-23, Co-29, etc.), Exchange +11, Inventory evaluation -51), Quantity +58, Other exchange gain & loss -37, Cost@(reflecting lower production) +2, Material business -82, Profit on sale of Pogo -95, others

\*1: Net income (loss)=Profit (loss) attributable to owners of parent

\*2: Other exchange gain / loss: Exchange gain or loss included in Finance income (or cost) and Other income (or expenses).

## Metal price and Exchange rate

	Copper (\$/t)			Copper (¢/lb)			Nickel (\$/lb)		
	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018
Apr	4,851	5,698	6,839	220	258	310	4.02	4.39	6.32
May	4,708	5,592	6,822	214	254	309	3.94	4.15	6.51
Jun	4,631	5,699	6,955	210	259	316	4.04	4.05	6.85
<b>1QAve.</b>	<b>4,730</b>	<b>5,663</b>	<b>6,872</b>	<b>215</b>	<b>257</b>	<b>312</b>	<b>4.00</b>	<b>4.20</b>	<b>6.56</b>
Jul	4,856	5,979	6,248	220	271	283	4.65	4.30	6.25
Aug	4,758	6,478	6,040	216	294	274	4.70	4.92	6.09
Sep	4,707	6,583	6,020	214	299	273	4.62	5.10	5.68
<b>2QAve.</b>	<b>4,774</b>	<b>6,347</b>	<b>6,103</b>	<b>217</b>	<b>288</b>	<b>277</b>	<b>4.66</b>	<b>4.77</b>	<b>6.01</b>
Oct	4,732	6,797		215	308		4.66	5.14	
Nov	5,443	6,826		247	310		5.05	5.44	
Dec	5,666	6,801		257	309		5.00	5.18	
<b>3QAve.</b>	<b>5,280</b>	<b>6,808</b>		<b>240</b>	<b>309</b>		<b>4.90</b>	<b>5.25</b>	
Jan	5,737	7,080		260	321		4.53	5.84	
Feb	5,942	7,002		270	318		4.82	6.16	
Mar	5,822	6,796		264	308		4.64	6.08	
<b>4QAve.</b>	<b>5,834</b>	<b>6,959</b>		<b>265</b>	<b>316</b>		<b>4.66</b>	<b>6.03</b>	
<b>FY Ave.</b>	<b>5,154</b>	<b>6,444</b>		<b>234</b>	<b>292</b>		<b>4.56</b>	<b>5.06</b>	
<b>Jan-Dec Ave.</b>	<b>4,863</b>	<b>6,163</b>		<b>221</b>	<b>280</b>		<b>4.35</b>	<b>4.72</b>	
Oct.-Mar.(FCST in Nov.)			<b>6,100</b>			<b>277</b>			<b>5.50</b>
FY2018(FCST in Nov.)			<b>6,294</b>			<b>286</b>			<b>5.89</b>
FY2018(FCST in May.)			<b>6,500</b>			<b>295</b>			<b>6.00</b>

	Cobalt (\$/lb)(LMB Low-Low)			Gold (\$/toz)			Exchange (¥/US\$)		
	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018	FY2016	FY2017	FY2018
Apr	10.51	24.82	43.45	1,242	1,266	1,335	109.84	110.13	107.45
May	10.58	24.28	43.03	1,260	1,245	1,303	109.13	112.26	109.76
Jun	10.54	26.33	40.86	1,275	1,261	1,282	105.55	110.94	110.04
<b>1QAve.</b>	<b>10.54</b>	<b>25.14</b>	<b>42.45</b>	<b>1,259</b>	<b>1,257</b>	<b>1,307</b>	<b>108.17</b>	<b>111.11</b>	<b>109.08</b>
Jul	11.03	27.68	37.06	1,337	1,236	1,238	103.99	112.44	111.39
Aug	11.94	28.18	33.51	1,341	1,282	1,202	101.34	109.94	111.09
Sep	12.20	28.60	33.38	1,326	1,316	1,199	101.99	110.76	111.92
<b>2QAve.</b>	<b>11.72</b>	<b>28.15</b>	<b>34.65</b>	<b>1,335</b>	<b>1,278</b>	<b>1,213</b>	<b>102.44</b>	<b>111.05</b>	<b>111.47</b>
Oct	12.56	29.32		1,268	1,280		103.82	112.96	
Nov	13.10	29.94		1,238	1,283		108.17	112.96	
Dec	13.92	33.52		1,152	1,264		115.99	113.03	
<b>3QAve.</b>	<b>13.19</b>	<b>30.93</b>		<b>1,219</b>	<b>1,276</b>		<b>109.33</b>	<b>112.98</b>	
Jan	15.30	36.26		1,193	1,332		114.78	110.87	
Feb	18.88	37.84		1,234	1,333		113.11	107.97	
Mar	23.54	40.86		1,231	1,325		113.05	106.08	
<b>4QAve.</b>	<b>19.24</b>	<b>38.32</b>		<b>1,219</b>	<b>1,330</b>		<b>113.65</b>	<b>108.31</b>	
<b>FY Ave.</b>	<b>13.67</b>	<b>30.64</b>		<b>1,258</b>	<b>1,285</b>		<b>108.40</b>	<b>110.86</b>	
<b>Jan-Dec Ave.</b>	<b>11.41</b>	<b>25.87</b>		<b>1,248</b>	<b>1,258</b>		<b>108.86</b>	<b>112.20</b>	
Oct.-Mar.(FCST in Nov.)			<b>30.00</b>			<b>1,220</b>			<b>110.00</b>
FY2018(FCST in Nov.)			<b>34.27</b>			<b>1,240</b>			<b>110.14</b>
FY2018(FCST in May.)			<b>35.00</b>			<b>1,300</b>			<b>105.00</b>

LME Price		18/1Q		18/2Q		18/2H(F)
E-Ni applied	Mar-May	6.30	Jun-Aug	6.40	Sep-Feb	5.53
Fe-Ni applied	Jan-Mar	6.03	Apr-Jun	6.56	Jul-Dec	5.75

Exchange		18/1Q		18/2Q		18/2H(F)
E-Ni applied	Mar-May	107.76	Jun-Aug	110.84	Sep-Feb	110.32
Fe-Ni applied	Jan-Mar	108.31	Apr-Jun	109.08	Jul-Dec	110.73

## Comparison

### (2018/1H Result vs 2017/1H Result)

JPY100M

JPY100M

Gross Profit			
	18/1H ①	17/1H ②	Diff. ①-②
Mineral Resources	304	295	+9
Smelting & Refining	314	244	+70
Materials	180	133	+47
Others	7	9	-2
Diff. Adjustment	-78	13	-91
<b>Gross Profit</b>	<b>727</b>	<b>694</b>	<b>+33</b>

Segment Profit (loss)			
	18/1H ③	17/1H ④	Diff. ③-④
Mineral Resources	372	181	+191
Smelting & Refining	258	181	+77
Materials	114	71	+43
Others	-7	-4	-3
Diff. Adjustment	-5	54	-59
<b>Profit before tax</b>	<b>732</b>	<b>483</b>	<b>+249</b>

### <<Explanation of Diff.>>

#### 1. Mineral Resources

JPY100M

	Diff.	Quantity	Price	Exchange	Cost@	Others
Hishikari (Au)	-3	+3	-1	-1	-2	-2
Pogo (Au)	-24	-8	+1	0	-18	+1
Morenci/NP (Cu)	+44	-1	+79	-6	-30	+2
Others	-8					
<b>Total</b>	<b>+9</b>					

Au Sales (t)	18/1H	17/1H	Diff.
Hishikari (Au)	3.0	2.9	0.1
Pogo(100%)*	3.3	4.2	-0.9

\*Pogo is consolidated until August 2018.

#### 2. Smelting & Refining

JPY100M

	Diff	Quantity	Price	Cost@	Inventory	Others
Copper	-28	+2	-19	-4	+3	-10
Nickel	+82	-24	+142	-49	+22	-9
Others*	+16					+16
<b>Total</b>	<b>+70</b>	<b>-22</b>	<b>+123</b>	<b>-53</b>	<b>+25</b>	<b>-3</b>

\*Others consists mainly the eliminations of transactions within the segment.

#### • Inventory evaluation P&L

	Total	Cu	Ni	Others
18/1H	-14	-29	15	0
17/1H	-39	-32	-7	0

## Comparison

(2018/1H Result vs 2017/1H Result)

### 3. Materials

JPY100M

	18/1H ①	17/1H ②	Diff. ①-②
Battery Materials (NCA, Nickel Hydroxide, etc.)	524	297	+227
Applied Powder Materials (Thick Film, Thin Film, Magnet, Alloy, Ink, etc.)	171	156	+15
Package Materials (Leadframes, CuPI, PWB, etc.)	92	140	-48
Crystal Material, Construction Materials, Connector, Others	278	273	+5
<b>Total</b>	<b>1,065</b>	<b>866</b>	<b>+199</b>

## Equity in earnings of affiliated companies

JPY100M

		18/1H ①	17/1H ②	Diff. ①-②
Cu	Cerro Verde	75	-20	+95
	Candelaria/Ojos	18	28	-10
	Sierra Gorda	-60	-68	+8
	Acids/Jinlong/MSMMBC	15	18	-3
	<b>Total</b>	<b>48</b>	<b>-42</b>	<b>+90</b>
Ni	PT Vale Indonesia/Figesbal/NAC	12	5	+7
	NECC/NK/MSZ/others	17	15	+2
	<b>Total</b>	<b>77</b>	<b>-22</b>	<b>+99</b>
Segment	Mineral Resources	33	-60	+93
	Smelting & Refining	27	23	+4
	Materials/Others	17	15	+2
	<b>Total</b>	<b>77</b>	<b>-22</b>	<b>+99</b>

## Financial income/cost, Other main increase/decrease in income/cost

JPY100M

	18/1H ①	17/1H ②	Diff. ①-②
Financial income (exchange gain/loss from valuation of financial assets and liabilities)	58	12	+46
Other expenses (exchange gain/loss from settlement of other assets and liabilities)	-21	-8	-13
Other income (gain on sales of the affiliate company (SMM Pogo))	95	0	+95

## Comparison

(FY2018 Forecast in Nov. vs Forecast in May.)

JPY100M				JPY100M			
Gross Profit				Segment Profit (loss)			
	FCST in Nov.	FCST in May	Diff.		FCST in Nov.	FCST in May	Diff.
	①	②	①-②		③	④	③-④
Mineral Resources	530	600	-70	Mineral Resources	480	510	-30
Smelting & Refining	580	770	-190	Smelting & Refining	470	610	-140
Materials	300	310	-10	Materials	150	150	0
Others	20	20	0	Others	-20	-20	0
Diff. Adjustment	-90	-80	-10	Diff. Adjustment	-10	-40	30
<b>Gross Profit</b>	<b>1,340</b>	<b>1,620</b>	<b>-280</b>	<b>Profit before tax</b>	<b>1,070</b>	<b>1,210</b>	<b>-140</b>

### <<Explanation of Diff.>>

#### 1. Mineral Resources

JPY100M

	Diff.	Quantity	Price	Exchange	Cost@	Others
Hishikari (Au)	-3	0	-13	+13	-3	0
Pogo (Au)	-38	-29	-3	0	-7	+1
Morenci/NP (Cu)	-25	+2	-31	+15	-22	+11
Others	-4					
<b>Total</b>	<b>-70</b>					

Au Sales (t)	FCST in Nov.	FCST in May	Diff.
Hishikari (Au)	6.0	6.0	0.0
Pogo(100%)*	3.3	8.2	-4.9

\*Pogo is consolidated until August 2018.

#### 2. Smelting & Refining

JPY100M

	Diff	Quantity	Price	Cost@	Inventory	Others
Copper	+19	+5	-4	+9	+31	-22
Nickel	-170	-59	-11	-83	-27	+10
Others*	-39					-39
<b>Total</b>	<b>-190</b>	<b>-54</b>	<b>-15</b>	<b>-74</b>	<b>+4</b>	<b>-51</b>

\*Others consists mainly the eliminations of transactions within the segment.

#### •Inventory evaluation P&L

JPY100M

	Total	Cu	Ni	Others
FCST in Nov.	-79	-74	-5	0
FCST in May	-83	-105	22	0

## Comparison

(FY2018 Forecast in Nov. vs Forecast in May.)

### 3. Materials

JPY100M

	FCST in Nov. ①	FCST in May ②	Diff. ①-②
Battery Materials (NCA, Nickel Hydroxide, etc.)	1,100	1,150	-50
Applied Powder Materials (Thick Film, Thin Film, Magnet, Alloy, Ink, etc.)	360	320	+40
Package Materials (Leadframes, CuPI, PWB, etc.)	180	180	0
Crystal Material, Construction Materials, Connector, Others	560	620	-60
<b>合計</b>	<b>2,200</b>	<b>2,270</b>	<b>-70</b>

## Equity in earnings of affiliated companies

JPY100M

		FCST in Nov. ①	FCST in May ②	Diff. ①-②
Cu	Cerro Verde	115	140	-25
	Candelaria/Ojos	15	20	-5
	Sierra Gorda	-160	-140	-20
	Acids/Jinlong/MSMMBC	25	20	+5
	<b>Total</b>	<b>-5</b>	<b>40</b>	<b>-45</b>
Ni	PT Vale Indonesia/Figesbal/NAC	35	20	+15
	NECC/NK/MSZ/others	30	30	0
<b>Total</b>		<b>60</b>	<b>90</b>	<b>-30</b>
Segment	Mineral Resources	-30	20	-50
	Smelting & Refining	60	40	+20
	Materials/Others	30	30	0
<b>Total</b>		<b>60</b>	<b>90</b>	<b>-30</b>

## Financial income/cost, Other main increase/decrease in income/cost

JPY100M

	FCST in Nov. ①	FCST in May ②	Diff. ①-②
Financial income (exchange gain/loss from valuation of financial assets and liabilities)	58	0	+58
Other expenses (exchange gain/loss from settlement of other assets and liabilities)	-21	0	-21
Other income (gain on sales of the affiliate company (SMM Pogo))	95	0	+95

## Production/Sales trend of Mineral Resources / Smelting & Refining Segment

		FY2016					FY2017					FY2018					
		Results					Results					Results		Forecast		Plan in May	Diff.
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	2H	① Total	② Total	①-②
<b>【Gold Mine】 (t)</b>																	
Hishikari	Production	1.8	1.2	1.4	1.9	6.3	1.9	1.2	0.9	2.0	6.0	1.2	1.6	3.3	6.0	6.0	0.0
	Sales	1.9	1.3	1.3	1.5	6.0	2.0	0.9	1.1	2.0	6.0	1.5	1.5	3.0	6.0	6.0	0.0
Pogo	Production	2.1	2.1	1.9	2.3	8.4	2.2	2.2	2.1	1.7	8.2	2.0	1.2		3.2	8.2	-5.0
	Sales	2.2	2.2	1.9	2.1	8.4	2.1	2.2	2.3	1.7	8.3	1.9	1.4		3.3	8.2	-4.9
<b>【Copper Mine】 (kt)</b> <span style="float: right; color: red;">↑ Pogo: included until Aug. 2018</span>																	
Morenci	Production	124	125	127	120	496	114	118	117	115	464	106	115	220	441	446	-5
	Sales	101	133	140	134	508	118	102	134	103	457	110	114	230	454	454	0
Cerro Verde	Production	123	126	120	133	502	119	118	129	116	482	111	118	243	472	472	0
	Sales	116	122	123	140	501	121	111	132	119	483	109	118	246	473	474	-1
Sierra Gorda	Production	27	22	21	24	94	26	24	23	24	97	22	23	52	97	102	-5
	Sales	23	21	25	26	95	27	24	23	18	92	23	22	51	96	103	-7
La Candelaria	Production	34	29	31	41	135	32	44	40	34	150	25	27	50	101	100	1
	Sales	35	29	33	37	134	36	39	46	31	152	27	28	42	97	103	-6
Ojos Del Salado	Production	6	7	7	5	25	6	7	7	7	27	6	7	15	28	28	0
	Sales	6	7	7	5	25	6	7	7	7	27	6	7	15	28	28	0
North Parkes	Production	13	11	11	11	46	12	11	10	11	44	11	10	19	40	40	0
	Sales	13	9	13	10	45	11	12	11	10	44	6	14	19	39	40	-1
Batu Hijau	Production	51	52	61													
	Sales	64	42	51													
<b>【Smelting &amp; Refining in Japan】 (kt)</b>																	
E-Cu	Production	111.9	115.3	113.0	111.3	451.5	112.5	111.4	98.2	110.1	432.2	116.0	114.6	221.4	452.0	452.0	0.0
	Sales	112.1	118.4	117.6	111.9	459.9	113.6	115.5	112.3	106.3	447.7	114.2	113.9	228.5	456.7	451.5	5.2
E-Ni	Production	15.5	16.1	14.4	16.2	62.2	14.5	16.4	14.2	15.2	60.3	13.8	14.4	31.7	59.9	64.9	-5.0
	Sales	16.3	16.8	14.0	15.5	62.6	14.5	16.9	15.3	14.8	61.5	13.6	13.8	32.6	60.0	64.0	-4.0
Nickel Sulfate (Product Qty)	Production	10.5	11.4	15.5	18.6	56.0	16.3	21.2	17.5	18.8	73.8	16.4	17.7	33.1	67.2	73.0	-5.8
	Sales	10.4	10.7	15.2	18.4	54.7	16.9	19.6	18.7	19.7	75.0	16.6	17.7	33.7	68.0	73.2	-5.2
FeNi (Ni content)	Production	3.6	3.0	4.2	3.2	14.0	3.5	2.8	3.7	3.0	13.0	3.5	2.7	6.3	12.4	12.4	0.0
	Sales	3.5	3.6	4.2	3.9	15.2	3.3	3.6	2.9	3.2	13.0	3.3	3.0	6.0	12.3	12.3	0.0
<b>【Smelting &amp; Refining overseas】 (kt)</b>																	
CBNC MS (Ni content)	Production	4.7	5.5	4.9	6.1	21.2	4.4	5.6	4.8	6.1	20.9	4.7	6.0	10.9	21.6	21.5	0.1
	Sales	5.5	4.0	5.7	5.8	21.0	4.8	5.7	4.4	6.4	21.3	4.4	6.2	10.9	21.5	21.5	0.0
THPAL MS (Ni content)	Production	4.1	7.1	9.2	6.9	27.3	9.5	7.0	6.2	6.2	28.9	7.5	5.4	17.7	30.6	36.0	-5.4
	Sales	3.9	7.8	9.1	7.2	28.0	7.9	8.6	6.2	5.8	28.5	7.8	5.4	17.4	30.6	36.0	-5.4
PT Vale Matte (Ni content)	Production	16.9	19.4	21.0	21.6	78.9	17.2	20.1	20.1	19.4	76.8	17.1	18.9	36.9	72.9	77.5	-4.6
	Sales	16.4	20.2	21.4	19.6	77.6	17.5	19.6	20.6	19.9	77.6	17.2	18.8	42.5	78.5	77.5	1.0



## Sensitivity

JPY100M / Year

	Change	Profit Up · Down of FY2018 Profit before tax
Cu	±100 \$/t	27
Ni	±10 ¢ /lb	17
Au	±10 \$/TOZ	3
¥/\$	±1 ¥/\$	12

(Note. 1) USD/JPY translation include RC-related and Conversion rate of overseas consolidated / equity-method affiliate companies' profit.

(Note. 2) Inventory evaluation is not included.

# Financial Position

## 【Shareholder's Equity Ratio】

End of FY	J-GAAP					JPY100M IFRS	
	FY2014	FY2015	FY2016	FY2017	15 3-Yr 2018	FY2017	2018/2Q
Net assets	17,402	16,308	16,850	16,990	19,310	17,323	17,580
Shareholder's equity	10,512	9,829	9,617	10,364	12,540	10,294	10,708
Shareholder's Equity Ratio	60.4%	60.3%	57.1%	61.0%	65.0%	59.4%	60.9%

## 【D/E Ratio】

End of FY	J-GAAP					JPY100M IFRS	
	FY2014	FY2015	FY2016	FY2017	15 3-Yr 2018	FY2017	2018/2Q
Interest-bearing debt	3,941	4,006	4,955	3,924	4,130	3,618	3,453
Shareholder's equity	10,512	9,829	9,617	10,364	12,540	10,294	10,708
D/E ratio	0.37	0.41	0.52	0.38	0.33	0.35	0.32

## 【Dividend payout ratio】

	J-GAAP					IFRS	
	FY2014	FY2015	FY2016	FY2017	15 3-Yr 2018	FY2017	FY2018(F)
Dividend / share (JPY)	48.0	31.0	11.00	100.0	-	100.0	89.0
Net Income(loss) / share (JPY)	165.11	-0.56	-33.61	332.42	-	(327.26)	294.77
Dividend payout ratio	29.1%	-	-	30.1%	30%+	(30.6%)	30.2%

## 【Cash Flows】

	J-GAAP					JPY100M IFRS	
	FY2014	FY2015	FY2016	FY2017	15 3-Yr 2018	FY2017	2018/2Q
Cash and cash equivalents at beginning of period	2,026	1,777	1,978	1,703	—	1,729	1,373
Net cash provided by (used in) operating activities	1,200	1,197	438	794	1,260	785	821
Net cash provided by (used in) investing activities	-1,050	-929	-1,432	-230	-600	-225	-45
Free cash flows	150	268	-994	564	660	560	776
Net cash provided by (used in) financing activities	-390	-40	704	-901	-600	-901	-396
Net increase (decrease) in cash and cash equivalents	-240	228	-290	-337	60	-341	380
Effect of exchange rate change on cash and cash equivalents	-9	-27	15	-16	—	-15	-3
Cash and cash equivalents at end of period	1,777	1,978	1,703	1,350	—	1,373	1,750

## Consolidated companies (59\*) / Equity-method affiliated companies (15)

at September 30, 2018

### Mineral Resources

\*Including the money held in trust which is deemed one of consolidated companies.

	Voting Shares	Location	FY (consolidated)	Operations
<b>Consolidated companies</b>				
Sumiko Resources Exploration & Development Co., Ltd.	100	Japan	Mar.	Geological survey of resources; Test boring
Sumitomo Metal Mining America Inc.	100	USA	Dec.	Exploration; Management of mining subsidiaries in USA.
Sumitomo Metal Mining Arizona Inc.	80	USA	Dec.	Mining and related operations
SMM Morenci Inc.	100	USA	Dec.	Mining and related operations
SMMA Candelaria Inc.	100	USA	Dec.	Investment in local company in Chile operating Candelaria Mine
Sumitomo Metal Mining Canada Ltd.	100	Canada	Dec.	Exploration, Consulting
Sumitomo Metal Mining Oceania Pty. Ltd.	100	Australia	Dec.	Resource surveys, mine development and related operations in Oceania
SMM Resources Inc.	100	Canada	Mar.	Mineral Resources Business
SMM Cerro Verde Netherlands B.V.	80	Netherlands	Dec.	Investments in local Peruvian companies engaged in the Cerro Verde Mine operation.
SMM CV Holding B.V.	100	Netherlands	Dec.	Investment in a subsidiary in the Netherlands
SMM Exploration Corporation	100	USA	Dec.	Mineral Resources Business
SMM Solomon Limited	100	Solomon Islands	Dec.	Exploration in Solomon Islands
Sumitomo Metal Mining Peru S.A.	100	Peru	Dec.	Exploration in South America
Sumitomo Metal Mining Chile LTDA.	100	Chile	Dec.	Exploration in South America
Sumiko Solomon Exploration Co., Ltd.	70	Japan	Mar.	Exploration in Solomon Islands
Stone Boy Inc.	80	USA	Dec.	Exploration
SMM Sierra Gorda Inversiones Ltda.	70	Chile	Dec.	Investment in Sierra Gorda Project
SMM-SG Holding Inversiones Ltda.	100	Chile	Dec.	Investment in Sierra Gorda Project
Sumitomo Metal Mining do Brasil LTDA.	100	Brazil	Dec.	Exploration in Brazil
SMM Gold Cote Inc.	100	Canada	Dec.	Investment in Cote Gold Project
<b>Equity-method affiliated companies</b>				
Sociedad Minera Cerro Verde S.A.A.	21	Peru	Dec.	Cerro Verde Mine
Compania Contractual Minera Candelaria	20	Chile	Dec.	Candelaria Mine
Compania Contractual Minera Ojos del Salado	20	Chile	Dec.	Ojos del Salade Mine
Sierra Gorda S.C.M.	45	Chile	Dec.	Sierra Gorda Mine
Cordillera Exploration Co., Inc.	40	Philippines	Dec.	Exploration in Philippines

### Smelting & Refining

	Voting Shares	Location	FY (consolidated)	Operations
<b>Consolidated companies</b>				
Hyuga Smelting Co., Ltd.	60	Japan	Mar.	Ferro-nickel smelting
Shisaka Smelting Co., Ltd.	100	Japan	Mar.	Manufacture of crude zinc oxide
Sumiko Logistics Co., Ltd.	100	Japan	Mar.	Maritime trading; Harbor transportation and services; Land Transportation
Coral Bay Nickel Corporation	54	Philippines	Mar.	Manufacture of nickel and cobalt
Taganito HPAL Nickel Corporation	75	Philippines	Mar.	Manufacture of nickel and cobalt
Sumitomo Metal Mining Philippine Holdings Corporation	100	Philippines	Dec.	Regional headquarters for the nickel business
Sumitomo Metal Mining Management (Shanghai) Co., Ltd.	100	China	Dec.	Sales of SMM and SMM group company products in China, Provision of management business service for Chinese group companies, Business consulting
Sumitomo Metal Mining Management (Hong Kong) Co., Ltd.	100	China	Mar.	Sales of SMM and SMM group company products in China
Taihei Metal Industry Co., Ltd.	100	Japan	Mar.	Manufacture of heat-, corrosion- and friction-resistant steel castings and precision castings
<b>Equity-method affiliated companies</b>				
Jinlong Copper Co., Ltd.	27	China	Dec.	Manufacture and sale of electrolytic copper and sulfuric acid
Acids Co., Ltd.	50	Japan	Mar.	Manufacture and sale of sulfuric acid and related products
PT Vale Indonesia Tbk	20	Indonesia	Dec.	Nickel ore mining; Nickel smelting
Nickel Asia Corporation	26	Philippines	Dec.	Nickel ore mining
FIGESBAL	26	New Caledonia	Dec.	Nickel ore mining; Harbor transportation
MS Zinc Co., Ltd.	50	Japan	Mar.	Manufacture and sale of zinc and related operations
Mitsui Sumitomo Metal Mining Brass & Copper Co., Ltd.	50	Japan	Mar.	Manufacture and sale of copper and brass products and processed copper and brass products

## Materials

	Voting Shares	Location	FY (consolidated)	Operations
<b>Consolidated companies</b>				
SH Materials Co., Ltd.	100	Japan	Mar.	Manufacture and sale of leadframes
Ohkuchi Electronics Co., Ltd.	100	Japan	Mar.	Recovery and recycling of non-ferrous metals /Manufacture of functional inks
Niihama Electronics Co., Ltd.	100	Japan	Mar.	Manufacture of flexible circuit materials
Niihama Materials Co., Ltd.	100	Japan	Mar.	Manufacture of leadframes
Shinko Co., Ltd.	99	Japan	Mar.	Design, manufacture, and sale of printed circuit boards
Taiwan Sumiko Materials Co., Ltd.	100	Taiwan	Mar.	Manufacture of thin film materials
Sumiko Tec Co., Ltd.	100	Japan	Mar.	Terminals and connectors for electronic and electric equipment /Components, electric wire, power cords and pressure bonding machines relating to the above and their maintenance/Manufacture and sale of formed products for optical equipment, etc.
Sumiko Tec (Dongguan) Co., Ltd.	100	China	Dec.	Sales, quality service and export management service of terminals, connectors and electronic circuit board, also related jig for these products.
Sumiko Tec (Thailand) Co., Ltd.	100	Thailand	Dec.	Procurement and Sales of terminals, connectors and components
Nittosha Co., Ltd.	100	Japan	Mar.	Plating of metal products, surface treatment processing and distribution / Electromagnetic shielding processing to electronics resin products through a dry plating method
Sumiko Kunitomi Denshi Co., Ltd.	100	Japan	Mar.	Manufacture of crystal products and magnetic materials
Sumiko Energy Materials Co., Ltd.	100	Japan	Mar.	Manufacture of Battery Materials
Shanghai Sumiko Electronic Paste Co., Ltd.	69	China	Dec.	Manufacture and sale of thick-film paste
Dongguan Sumiko Electronic Paste Co., Ltd.	100	China	Dec.	Manufacture and sale of thick-film paste
SMM KOREA Co., Ltd.	100	Korea	Dec.	Sales support for advanced materials and business operations
SMM Precision Co., Ltd.	100	Japan	Mar.	Manufacture and sale of optical communications components
GRANOPT Co., Ltd.	51	Japan	Mar.	Manufacture and sale of rare earth iron garnet (RIG)
SICOXS CORPORATION	51	Japan	Mar.	Development, Manufacture, Sales, of SiC substrate for power semiconductor
Sumico Lubricant Co., Ltd.	100	Japan	Mar.	Manufacture and sale of various lubricants
Sumico Lubricant Trading (Shanghai) Co., Ltd.	100	China	Dec.	Sale of various lubricants
Sumitomo Metal Mining Siporex Co., Ltd.	100	Japan	Mar.	Manufacture and sale of ALC (Autoclaved Lightweight aerated Concrete) and other construction materials
<b>Equity-method affiliated company</b>				
N. E. Chemcat Corporation	50	Japan	Mar.	Manufacture of precious metal catalysts; Recovery and refining of precious metals
Nippon Ketjen Co., Ltd.	50	Japan	Dec.	Manufacture and sale of desulphurization catalysts for petroleum processing
Ohkuchi Materials Co., Ltd.	51	Japan	Mar.	Manufacture of leadframes

## Others

	Voting Shares	Location	FY (consolidated)	Operations
<b>Consolidated companies</b>				
Sumiko Techno-Research Co., Ltd.	100	Japan	Mar.	Environmental measurement verification operations such as water quality, air, soil, noise and vibration, etc. Data collection, adjustment and product evolution as well as technological development
Sumiko Technical Service Co., Ltd.	100	Japan	Mar.	Commission-based work in area of nonferrous smelting/ Personnel agency business
Sumitomo Metal Mining Engineering Co., Ltd.	100	Japan	Mar.	Environment sector machinery & equipment, Plant surveys, etc. design, manufacturing and repair & maintenance
Sumiko Plantech Co., Ltd.	100	Japan	Mar.	Manufacture of machinery & equipment and repair work for nonferrous metal smelting and chemical plants, etc. / Installation of machinery & equipment and piping work / Steel structure work
JCO Co., Ltd.	100	Japan	Mar.	Management of facilities using uranium and related wastes
Igeta Heim Co., Ltd.	100	Japan	Mar.	Construction of steel frame and reinforced concrete apartments and condominiums
Japan Irradiation Service Co., Ltd.	100	Japan	Mar.	Irradiation sterilization service for pharmaceutical products, medical instruments, and pharmaceutical containers, etc. /Modification of various industrial materials
SMM Holland B.V.	100	Netherlands	Dec.	Investment in nickel and copper development businesses

# 【Reference】

## Quarterly Financial Results

JPY100M

	FY2016(J-GAAP)					FY2017(J-GAAP)				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net sales	1,770	1,895	1,980	2,216	7,861	2,145	2,276	2,437	2,477	9,335
Operating income	80	139	261	284	764	218	229	337	318	1,102
①Recurring profit	3	114	-372	239	-16	300	163	447	339	1,249
Net income*	-69	102	-361	143	-185	221	130	299	266	916
Cu (\$/t)	4,730	4,774	5,280	5,834	5,154	5,663	6,347	6,808	6,959	6,444
Ni (\$/lb)	4.00	4.66	4.90	4.66	4.56	4.20	4.77	5.25	6.03	5.06
Au (\$/TOZ)	1,259	1,335	1,219	1,219	1,258	1,257	1,278	1,276	1,330	1,285
Co (\$/lb)	10.54	11.72	13.19	19.24	13.67	25.15	28.15	30.93	38.32	30.64
Exchange (¥/\$)	108.17	102.44	109.33	113.65	108.40	111.11	111.05	112.98	108.31	110.86
<b>Inventory impairment</b>										
(Smelting) Impairment	-6	0	+9	0	+3	-2	-13	+20	-13	-8
(Smelting) QP Diff etc.	-42	-40	+33	+31	-18	-11	-31	+10	-49	-81
(Smelting) Total	-48	-40	+42	+31	-15	-13	-44	+30	-62	-89
(Materials & others)	+3	+2	0	0	+5	0	-27	28	-9	-8
② Total	-45	-38	+42	+31	-10	-13	-71	+58	-71	-97
① - ②	48	152	-414	208	-6	312	234	389	410	1,345

	FY2017(IFRS)				FY2018(IFRS)			
	1Q	2Q	3Q+4Q	Total	1Q	2Q	3Q(F)+4Q(F)	Total(F)
Net sales	2,114	2,289	4,894	9,297	2,420	2,247	4,423	9,090
Gross profit	355	339	796	1,490	401	326	613	1,340
Profit before tax	323	159	601	1,083	379	353	338	1,070
Net income (loss) *1	233	74	595	902	289	292	229	810
Cu (\$/t)	5,663	6,347	6,808	6,959	6,444	6,872	6,103	6,294
Ni (\$/lb)	4.20	4.77	5.25	6.03	5.06	6.56	6.01	5.89
Au (\$/TOZ)	1,257	1,278	1,276	1,330	1,285	1,307	1,213	1,240
Co (\$/lb)	25.15	28.15	30.93	38.32	30.64	42.45	34.65	34.27
Exchange (¥/\$)	111.11	111.05	112.98	108.31	110.86	109.08	111.47	110.00
<b>Inventory impairment</b>								
(Smelting) Impairment	10	-12				8	-2	6
(Smelting) QP Diff etc.	-23	-14				-20	0	-71
(Smelting) Total	-13	-26				-12	-2	-65
(Materials & others)	0	-27				-2	0	-2
② Total	-13	-53				-14	-10	-67
① - ②	336	212				393	363	405

## 【Reference】

### Operating income / Profit before tax / Segment Profit (loss)

JPY100M

		FY2017(J-GAAP)					Results(J-GAAP)				
		1Q	2Q	3Q	4Q	Total	2013	2014	2015	2016	2017
Operating income	Mineral Resources	133	101	140	152	526	452	432	338	390	526
	Smelting & Refining	75	97	158	135	465	306	718	228	282	465
	Materials	30	14	38	32	114	108	82	29	79	114
	Others	2	2	4	2	10	17	10	0	12	10
Diff. Adjustment		-22	15	-3	-3	-13	-129	16	2	1	-13
<b>Operating income Total</b>		<b>218</b>	<b>229</b>	<b>337</b>	<b>318</b>	<b>1,102</b>	<b>754</b>	<b>1,258</b>	<b>597</b>	<b>764</b>	<b>1,102</b>

		FY2017(IFRS)					FY2018(IFRS)				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q(F)+4Q(F)	Total	
Gross profit	Mineral Resources	172	123				158	146		226	530
	Smelting & Refining	115	129				189	125		266	580
	Materials	75	58				99	81		120	300
	Others	5	4				5	2		13	20
Diff. Adjustment		-12	25				-50	-28		-12	-90
<b>Gross profit Total</b>		<b>355</b>	<b>339</b>				<b>401</b>	<b>326</b>		<b>613</b>	<b>1,340</b>

JPY100M

		FY2017 (IFRS)					FY2018 (IFRS)				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q(F)+4Q(F)	Total	
Segment Profit (loss)	Mineral Resources	175	6				152	220		108	480
	Smelting & Refining	89	92				163	95		212	470
	Materials	48	23				66	48		36	150
	Others	-2	-2				-1	-6		-13	-20
Diff. Adjustment		13	41				-1	-4		-5	-10
<b>Profit before tax Total</b>		<b>323</b>	<b>160</b>				<b>379</b>	<b>353</b>		<b>338</b>	<b>1,070</b>

### Equity in earnings of affiliated companies

JPY100M

		FY2017					FY2018				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q(F)+4Q(F)	Total	
Cu	Cerro Verde	35	-60	46	51	72	30	45		40	115
	Candelaria/Ojos	16	13	32	18	79	9	9		-3	15
	Sierra Gorda	-24	-45	-23	-34	-126	-21	-39		-100	-160
	Acids/Jinlong/MSMMBC	10	8	16	5	39	8	7		10	25
	Total	37	-84	71	40	64	26	22		-53	-5
Ni	PT Vale Indonesia/Figesbal/NAC	1	3	7	6	17	2	10		23	35
NECC/NK/MSZ/others		11	5	9	8	33	8	9		13	30
<b>Total</b>		<b>49</b>	<b>-76</b>	<b>87</b>	<b>54</b>	<b>114</b>	<b>36</b>	<b>41</b>		<b>-17</b>	<b>60</b>

		Results				
		2014	2015	2016	2017	2018(F)
Cu	Cerro Verde	78	4	69	73	115
	Candelaria/Ojos	54	33	25	80	15
	Sierra Gorda	-39	-827	-1,033	-126	-160
	Acids/Jinlong/MSMMBC	11	-2	26	39	25
	Total	104	-792	-913	66	-5
Ni	PT Vale Indonesia/Figesbal/NAC/VNC	99	31	17	16	35
NECC/NK/MSZ/others		36	29	36	32	30
<b>Total</b>		<b>239</b>	<b>-732</b>	<b>-860</b>	<b>114</b>	<b>60</b>

FY2013, "Operating income" shows "Operating income (before allocation)."