

FY2017

Progress of Business Strategy

May 17, 2018



SUMITOMO METAL MINING CO., LTD.

Yoshiaki Nakazato
President and Representative Director

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II	Overview of FY 2017 Business Performance and Forecast for FY 2018
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I. Summary

1 . FY2017 Business Performance

1) Performance

Large upturn in year-on-year results / highest ever dividend

2) Management issues coming to light

-> Operational level issues

2 . FY2018 Outlook

1) State of company management

(1) Enhancement of management foundations

(2) Development of growth strategy

-> Increased importance in next 3-Year Plan

2) Strategy implementation capabilities

(conceptualization/implementation capabilities)

3) Improvement of on-site and production capabilities

-> Human resource development, strengthening of organization

II. Overview of FY 2017 Business Performance and Forecast for FY 2018



Summary



Overview of FY 2017 Business Performance and Forecast for FY 2018



Current Issues and Priority Measures



2015 3-Year Plan Review and Forecast for Achievement



Supplementary Materials

1) Trend of Business performance

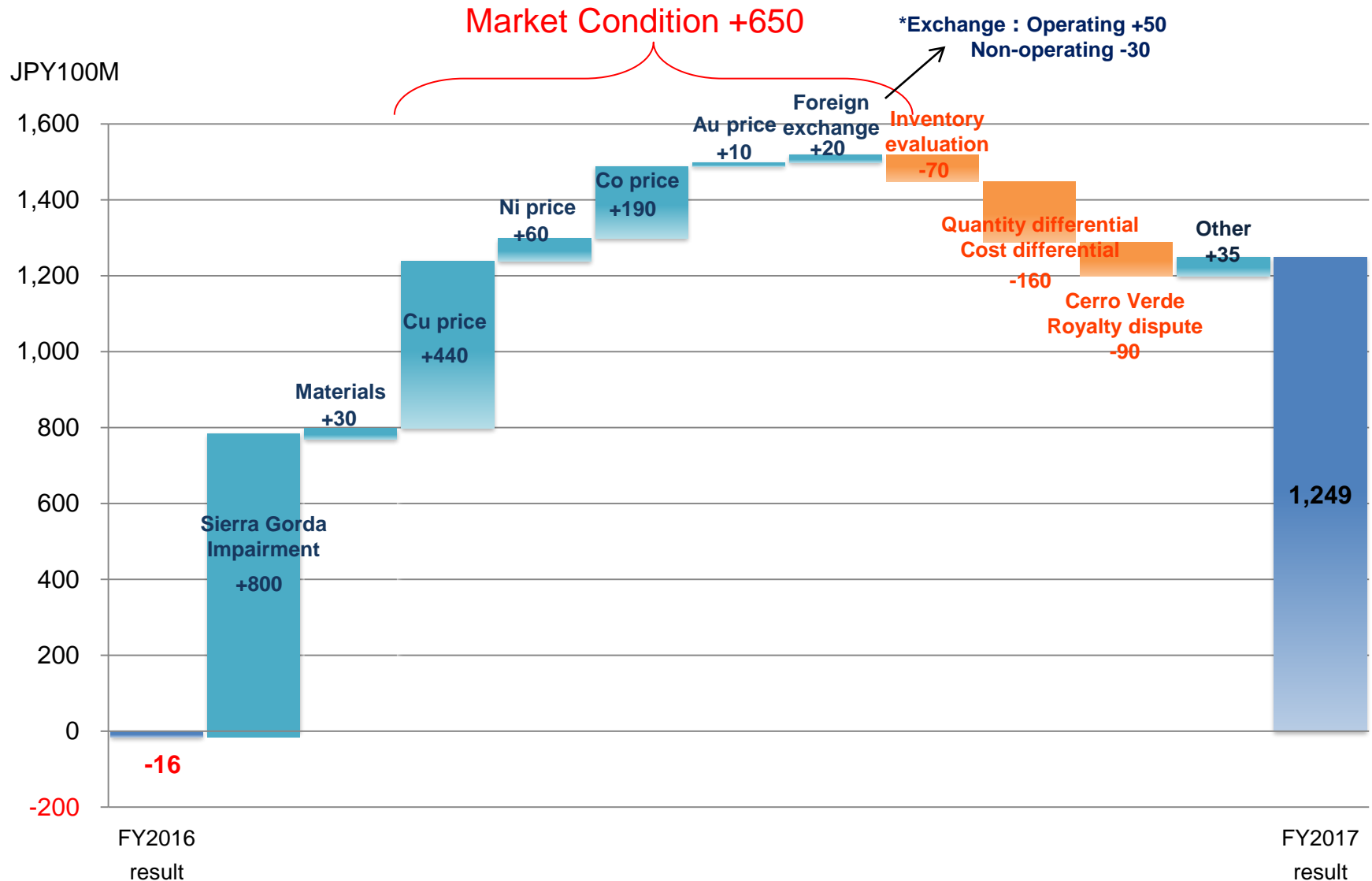
(JPY100M)		2012	2013	2014	2015	2016	2017	2018Forecast [IFRS]
Net Sales		8,085	8,305	9,213	8,554	7,861	9,335	9,300
Operating Income		958	754	1,258	597	764	1,102	—
Recurring Profit		1,150	1,144	1,742	-128	-16	1,249	—
Profit before tax		1,225	1,110	1,233	6	-60	1,058	1,210
Equity Method profit		171	298	239	-732	-860	114	90
Segment Profit	Mineral Resources	661	691	538	-443	-536	560	510
	Smelting & Refining	406	291	813	253	333	515	610
	Materials	33	111	129	60	121	153	150
	Other	16	16	-1	-8	-1	2	-60
	Diff. Adjustment	34	35	263	10	67	19	
Net Income (Profit attributable to owners of parent)		866	803	911	-3	-185	916	940
Copper (\$/t)		7,855	7,104	6,554	5,215	5,154	6,444	6,500
Nickel (\$/lb)		7.69	6.51	7.62	4.71	4.56	5.06	6.00
Gold (\$/Toz)		1,654	1,327	1,248	1,150	1,258	1,285	1,300
Cobalt (\$/lb)		12.29	12.67	13.69	11.73	13.67	30.64	35.00
Exchange (¥/\$)		83.11	100.24	109.93	120.15	108.40	110.86	105.00

2) Overview of 2017 Business Performance

(JPY100M)		2017(A)	2016(B)	Difference (A)-(B)	2017 Feb Forecast (C)	Difference (A)-(C)
Net Sales		9,335	7,861	+1,474	9,190	+145
Operating Income		1,102	764	+338	1,030	+72
Recurring Profit		1,249	-16	+1,265	1,180	+69
Equity Method profit		114	-860	+974	100	+14
Segment Profit	Mineral Resources	560	-536	+1,096	550	+10
	Smelting & Refining	515	333	+182	450	+65
	Materials	153	121	+32	130	+23
	Other	2	-1	+3	-10	+12
	Diff. Adjustment	19	67	-48	60	-41
Net Income (Profit attributable to owners of parent)		916	-185	+1,101	850	+66
Copper (\$/t)		6,444	5,154	+1,290	6,330	+114
Nickel (\$/lb)		5.06	4.56	+0.50	4.87	+0.19
Gold (\$/Toz)		1,285	1,258	+27	1,265	+20
Cobalt (\$/lb)		30.64	13.67	+16.97	27.93	+2.71
Exchange (¥/\$)		110.86	108.40	+2.46	111.28	-0.42

3) Recurring Profit Analysis

FY2016 Business Performance vs FY2017 Business Performance



4) Overview of FY2018 Business Performance Forecast

(JPY100M)

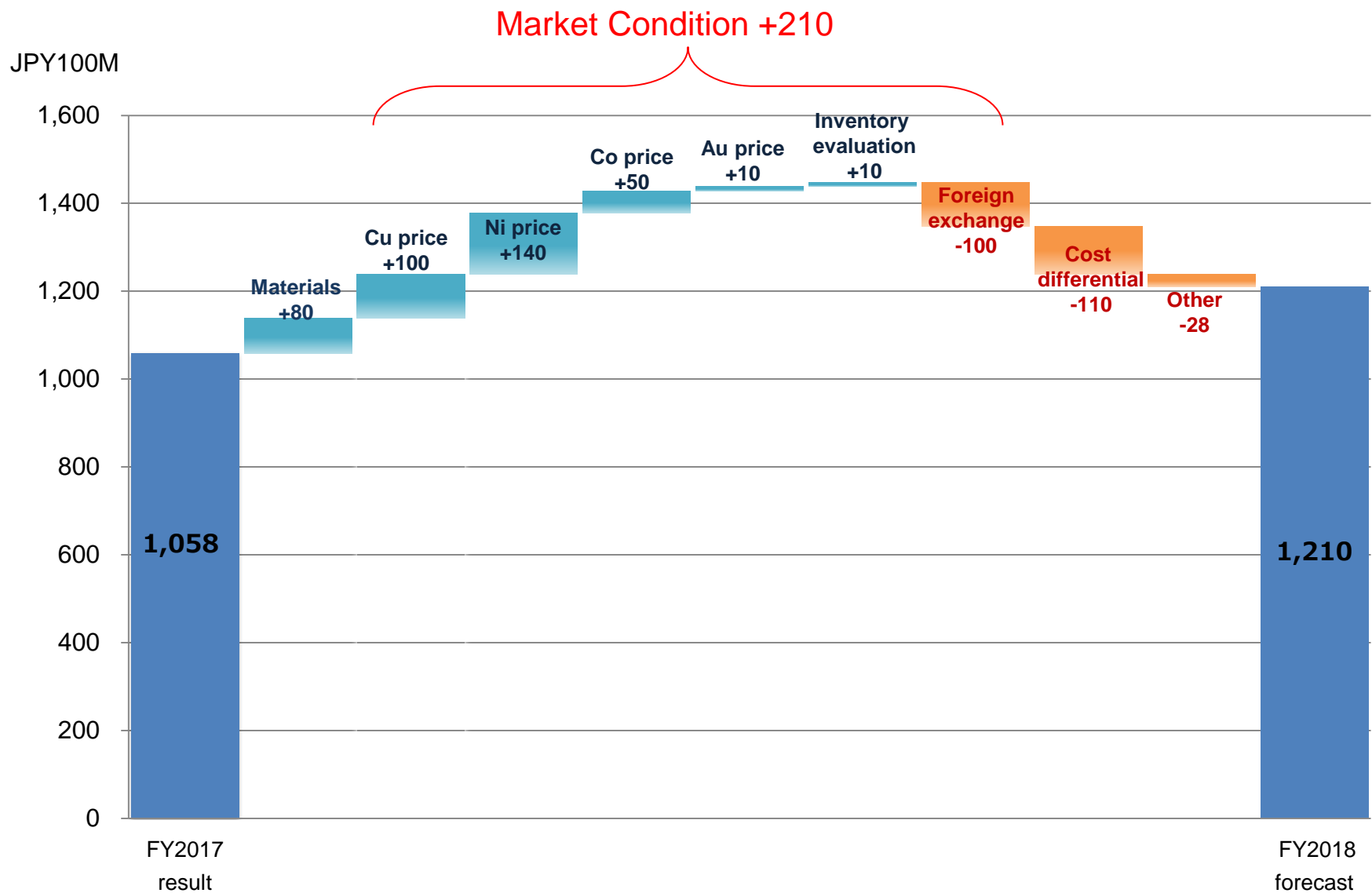
		2018(A) [IFRS]	2017(B) [Japanese Standards]	Difference (A) – (B)
Net Sales		9,300	9,335	-35
Profit before tax		1,210	1,058	+152
Equity Method profit		90	114	-24
Segment Profit	Mineral Resources	510	558	-48
	Smelting & Refining	610	480	+130
	Materials	150	72	+78
	Other & Diff. Adjustment	-60	-52	-8
Net Income (Profit attributable to owners of parent)		940	916	+24
Copper (\$/t)		6,500	6,444	+56
Nickel (\$/lb)		6.00	5.06	+0.94
Gold (\$/Toz)		1,300	1,285	+15
Cobalt (\$/lb)		35.00	30.64	+4.36
Exchange (¥/\$)		105.00	110.86	-5.86

(Note)

The above forecast for FY2018 was calculated based on IFRS, and as the FY2017 business performance shows segment profits and losses calculated approximately for one-off reference purposes on the basis of profit-before-tax based on Japanese standards, accurate simple comparison is not possible.

5) Analysis on profit before tax

FY2017 Business Performance vs FY2018 Forecast



6) Assessment of FY2012 vs FY2017

(*) Project: Total ¥31 billion

+ 16

Morenci

(Expansion of production from existing interest and additional interest)

+18

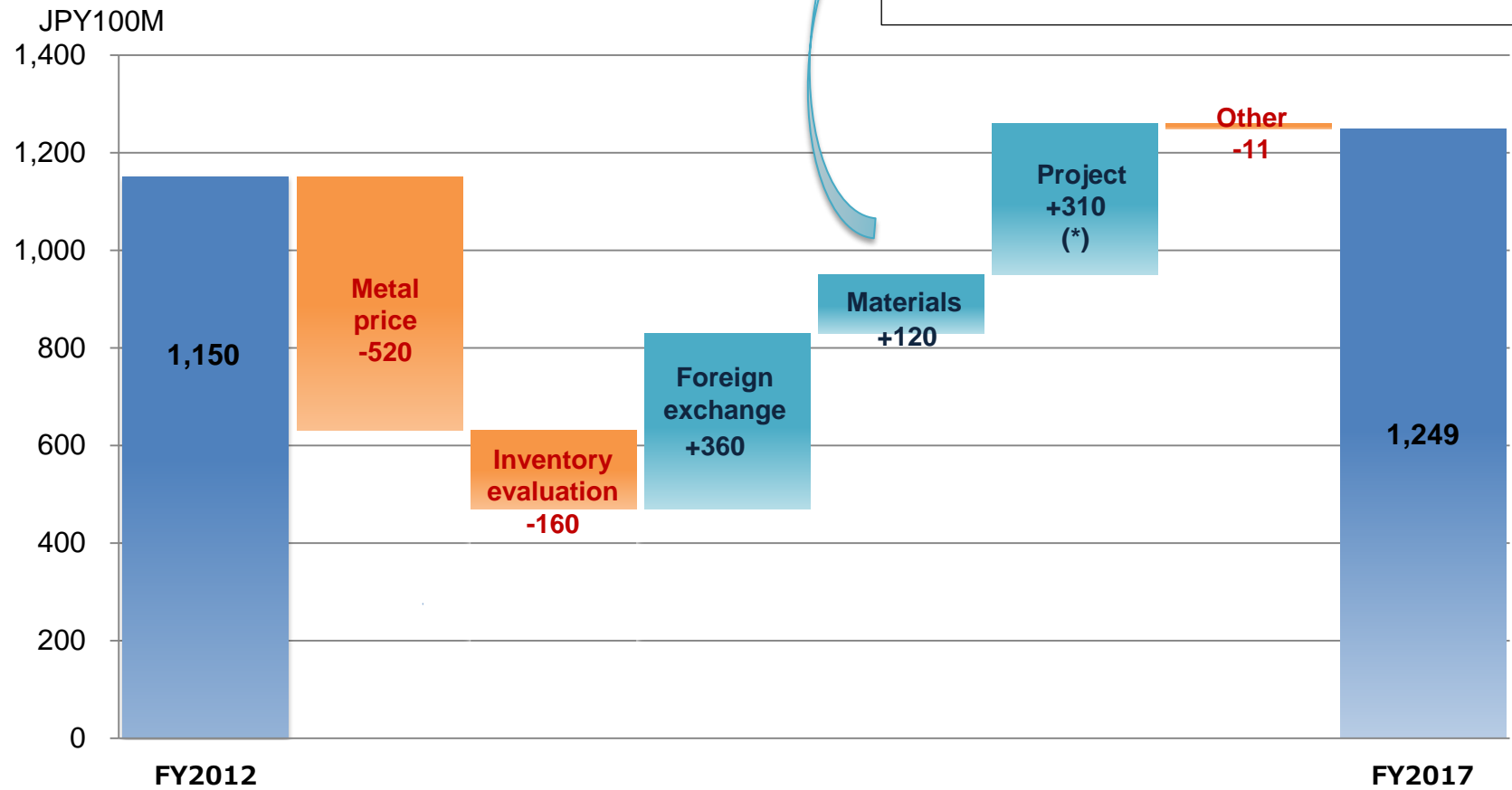
Expansion of Cerro Verde

+ 10

Expansion of Nickel production

-13

Sierra Gorda



7) Main decisions since FY2013 and progress

		2012 3-Yr Business Plan			2015 3-Yr Business Plan		
		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Mineral Resources	Cerro Verde expansion	Decided (January 2014)	----->	Full-scale production (March 2016)	----->	----->	----->
	Morenci copper mine interest additional acquisition			Decided (February 2016)	Closing	----->	----->
	Sierra Gorda impairment			SMM effect ▲ JPY 67.2 billion	SMM effect ▲ JPY 80.1 billion		
	Cote Gold project					Participation decided	----->
	Withdrawal from Solomon project					Decided	
Smelting & Refining	Harima nickel sulfate increase (II)		Decided II	----->	Complete	----->	----->
	Hyuga (shift to 2-1 operation)		Decided	2-1 operation transition (February 2016)	----->	----->	----->
	Withdrawal from Goro			Withdrawal (3E 2016)			
	Scandium recovery			Decided	----->	----->	Start of production
	Chromite recovery			Decided (January 2014)		Decided	----->
Materials	Battery NCA (300t/month -)	Decided (850t)	Decided (1,850t)	----->	Decided (3,550t)	3,550t Complete	4,550t Completion Planned
	LT/LN (120k pieces/month -)		Decided (210,000, 300,000)	Decided (400,000)	300,000 complete	400,000 almost complete	
	SiC substrate (SICOXS purchase)					Decided	----->
Selection and Concentration	Gold retail operations	Decided (January 2014)	Withdrawal/ sale completion				
	Lead frame withdrawal				Decided	6 Sumitomo companies, 3 Hitachi companies sale complete	----->
	Taihei Metals withdrawal					Decided	----->
Other	IFRS introduction		Establishment of preparatory office for introduction	----->	----->	Introduction decided	IFRS introduction
	Shifting to integrated reports	Decided			Issuing of integrated reports		
	Strengthen corporate governance			[FY2015] Multiple outside directors appointed, governance committee established, basic policy concerning corporate governance created. [FY2016] Ratio of Outside Directors on the Board of Directors increased to 1/3			
	JCO			Decided	Start of removal to overseas of uranium residues (October 2016)	----->	----->

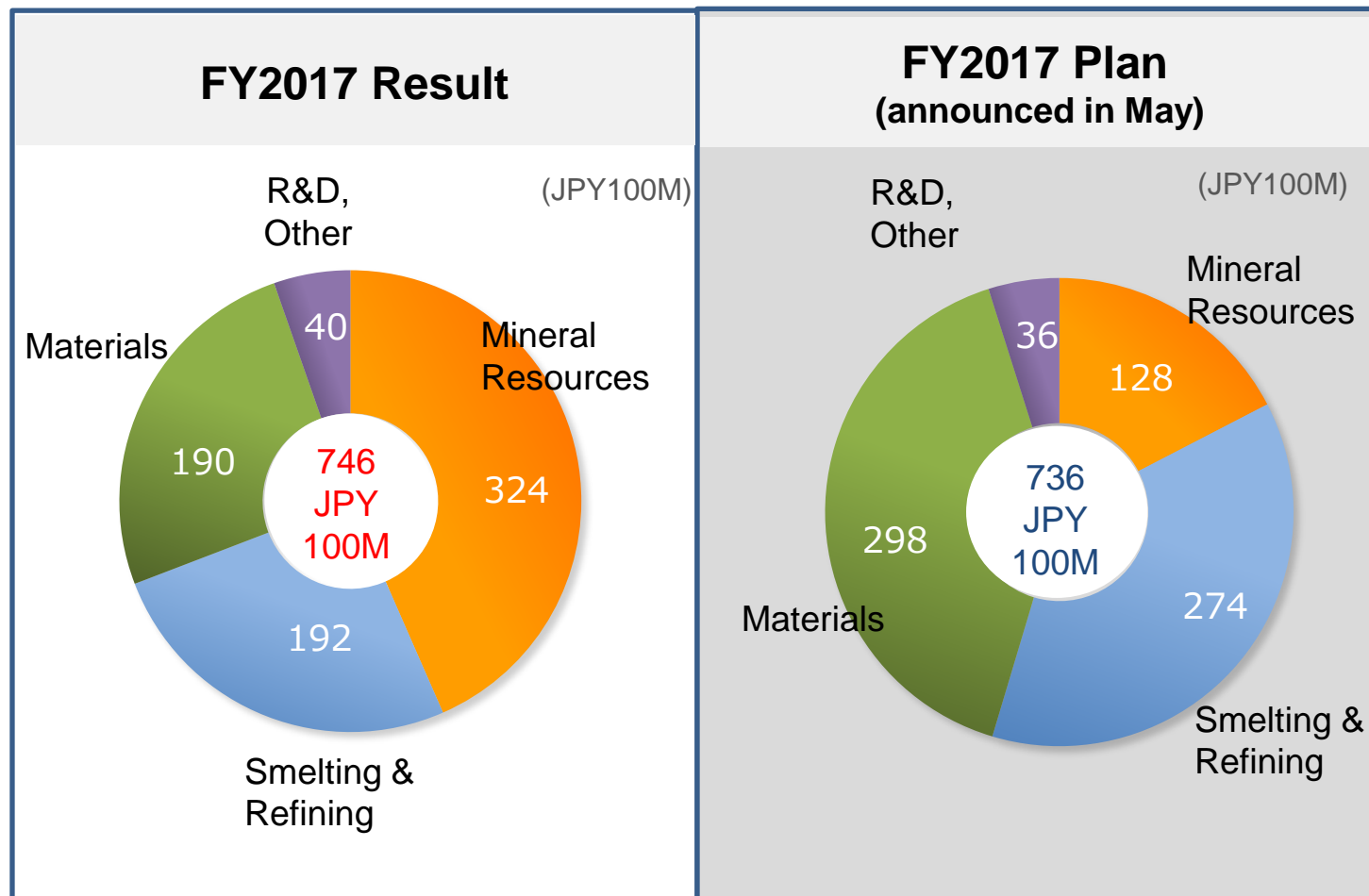
8) ROA Performance by Segment

	Mineral Resources	Smelting & Refining	Materials	Overall
FY2013	21.5%	4.4%	7.8%	5.5%
FY2014	14.3%	11.7%	7.8%	5.5%
FY2015	-12.3%	3.7%	3.2%	0.0%
FY2016	-13.7%	5.0%	6.1%	-1.1%
FY2017	11.9%	7.8%	6.9%	5.4%

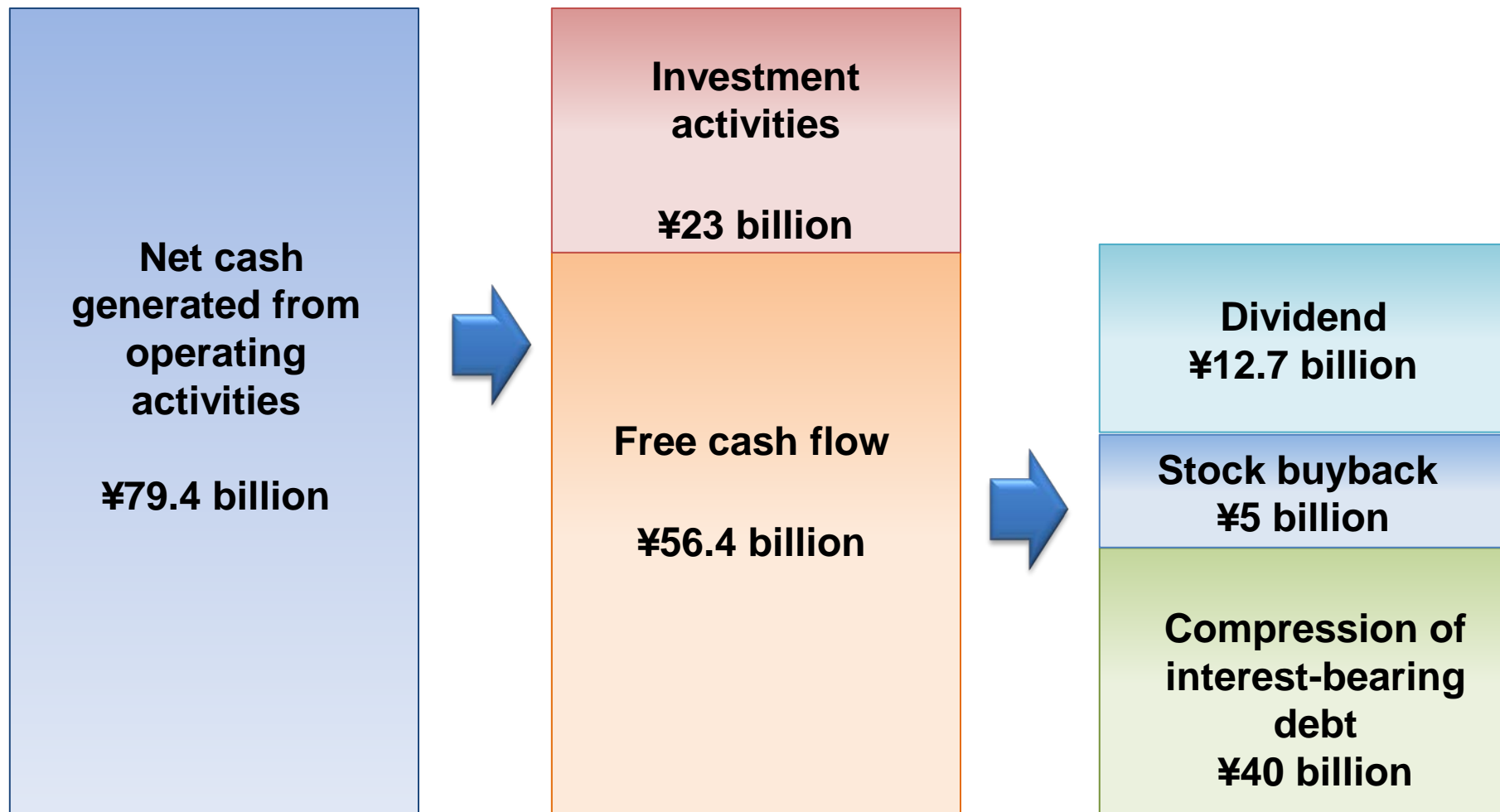
(Remark) ROA by segment is based recurring profit or loss.
 ROA for the whole company is based on net income or loss.

9) Capital Expenditure Results

FY2017 results vs. FY2017 plan (announced in May)



10) FY2017 cash flow (cash source and use)



11) Shareholder return

- **Dividend results and forecast**

FY2017 year-end dividend forecast ¥66/share
(FY2017 intermediate dividend results ¥17/share)

Calculation of intermediate dividends based on the standard after share consolidation (Oct 1, 2017) gives an annual dividend amount for FY2017 of ¥100/share

Dividend payout ratio 30.1%

III. Current Issues and Priority Measures



Summary



Overview of FY 2017 Business Performance
and Forecast for FY 2018



Current Issues and Priority Measures



2015 3-Year Plan Review and Forecast for
Achievement



Supplementary Materials

1) 3 business collaboration: To strengthen the pillar of each business

Mineral Resources



Smelting & Refining



Materials

- Stabilize operational earnings of Sierra Gorda Copper Mine
- Cote Gold project initiatives
- Proactive participation in new promising projects

- Increased productivity, enhanced cost competitiveness
- Further strengthening of nickel/cobalt business (progress with Pomalaa project)
- Stable provision to customers and materials business
- Industry/academia collaboration with Tohoku University

- Battery materials business
Steady investment in facilities and recovery of investment as planned
- Crystal materials business
Sound preparations for increase in demand

Strengthen the pillar of each business,
strengthened synergy through 3 business collaboration



2) To strengthen the pillar of each business: (1)

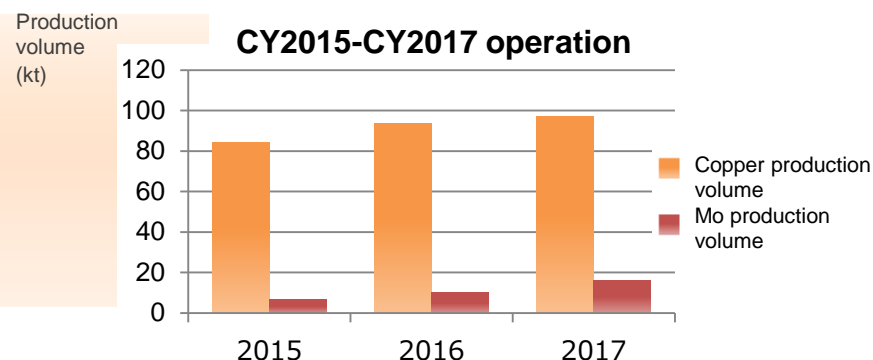
Mineral
Resources

Smelting
&Refining

Materials

➤ Stabilize operational earnings of Sierra Gorda Copper Mine and moving toward cash-neutral operation

Cu & Mo recovery percentage has almost reached the planned value
Next, start debottlenecking



➤ Cote Gold Project

Participate in management team, proactively contribute to F/S
F/S expected to be completed in FY2018

➤ Acquisition of new interest

Speed up evaluation of development projects with gold as the main target

2) To strengthen the pillar of each business: (2)

Mineral
Resources

**Smelting
& Refining**

Materials

➤ **Increased productivity at each smelting and refining plant, enhanced cost competitiveness**

Realization of stable operation with a full load base and achievement of planned production and sales through improvement of business management capability

➤ **Further strengthening of nickel and cobalt business**

Proceed with the acquisition of new nickel and cobalt sources such as Pomalaa to deal with increased demand based on battery materials and to ensure a stable supply to SMM's battery materials business

➤ **Industry/academia collaboration with Tohoku University**

Research & development concerning non-ferrous metal smelting and refining, and human resource development of smelting and refining engineers

2) To strengthen the pillar of each business: (3)

Mineral
Resources

Smelting
&Refining

Materials

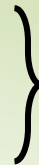
➤ Battery materials business

Bring 3,550t/month expansion to fruition promptly and ensure planned profit is achieved

<Direction henceforth>

[High Ni cathode material]

[Stable supply from Ni, Co raw material]



Business expansion by enhancing
relation with important customers

➤ Redistribution of management resources (people/things/money) to growth areas

“Lead frame business” to “battery materials business”

➤ Enhanced cost competitiveness

3) Company-wide issues

Production capabilities (site management capability enhancement and improvement)

- Minimization of opportunity loss
(facility management, recovery rate management,
inventory management, etc.)
- Elimination of quality/environment problems

Management capability enhancement and improvement

- Review of strategies and measures in line with changes
in business environment
- Speedy response to changes

Human resource development

- Reconstruction of a free organizational environment
- Enhancement of problem discover, conceptualization,
and problem solving abilities

**For [Corporate Value Improvement &
Maximization of Shareholder Profit]**

**Formulation of 2018 3-Year
Business Plan**

IV. 2015 3-Year Plan Review & Forecast for Achievement



Summary



Overview of FY 2017 Business Performance
and Forecast for FY 2018



Current Issues and Priority Measures



2015 3-Year Plan Review and Forecast for
Achievement



Supplementary Materials

1) Resources (1) Expansion of overseas mine interests

• Additional acquisition of Morenci copper mine interest



May 31, 2016

Held interest 12% -> 25%

<<Acquired amount>>

¥112 billion
(1 billion USD)

**<<Operating income from
additional interest>>**

FY2016 ¥3.7 billion
FY2017 ¥11.7 billion

• Participation in Cote Gold project (Canada)



June 2017

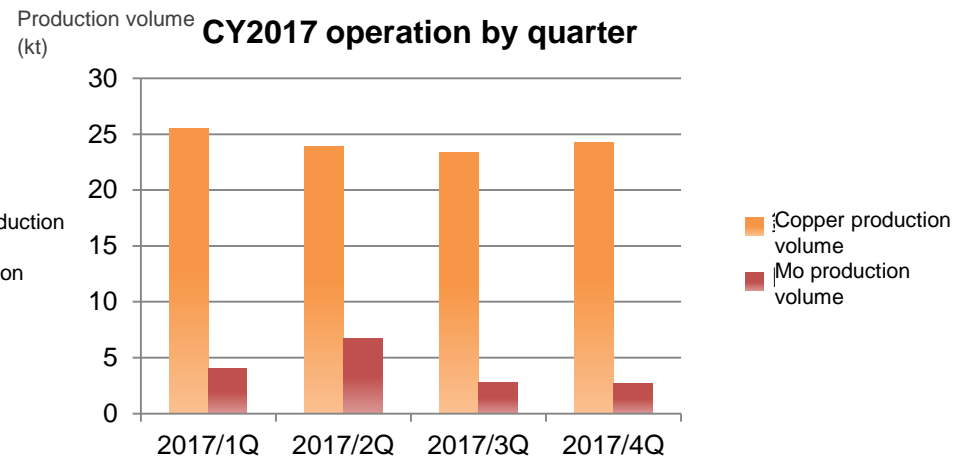
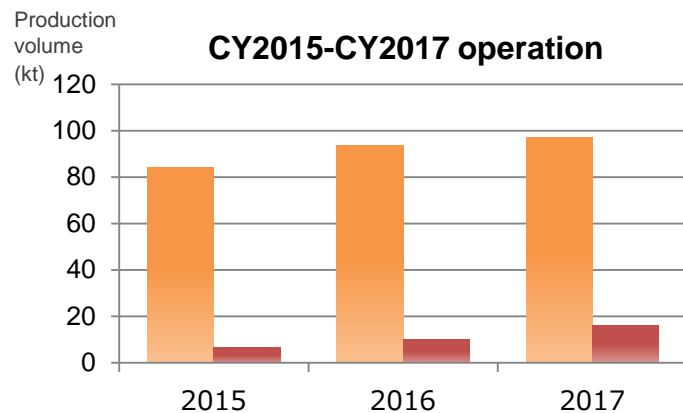
**Acquisition of 27.75% of interest in
the project**

- ✓ Acquired amount: USD\$195 million (approx. ¥21.5 billion)
- ✓ Mine life: 17 years approx.
- ✓ Total planned production: 168 t of gold
- ✓ Planned start of production: 2021

1) Resources (2) Launch and withdrawal from overseas projects

• Sierra Gorda impairment loss and operational results

- ✓ **Impairment loss for 2 consecutive years**
(FY2015: △¥67.2 billion, FY2016: △¥80.1 billion)
- ✓ **Continue efforts to stabilize operational earnings and move to cash-neutral operation**



• Withdrawal from Solomon nickel exploration project

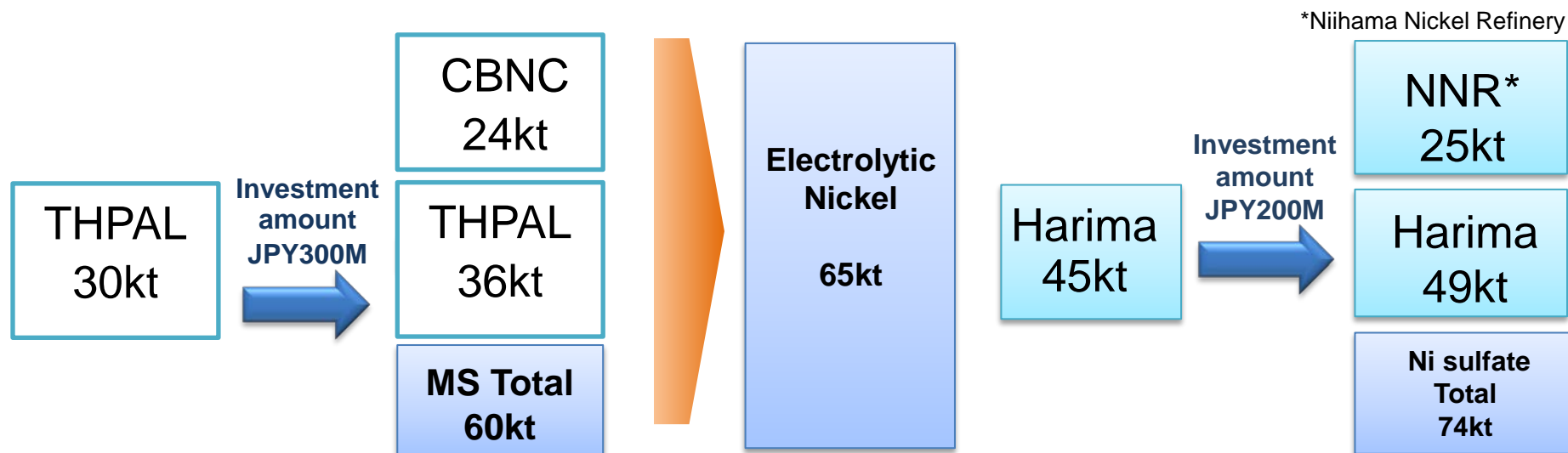
- ✓ **Based on changes in the business environment surrounding projects, lawsuits, and exploration results, decision made to withdraw in August 2017**
- ✓ **Removal of facilities, etc., proceeding as planned**

2) Smelting and Refining

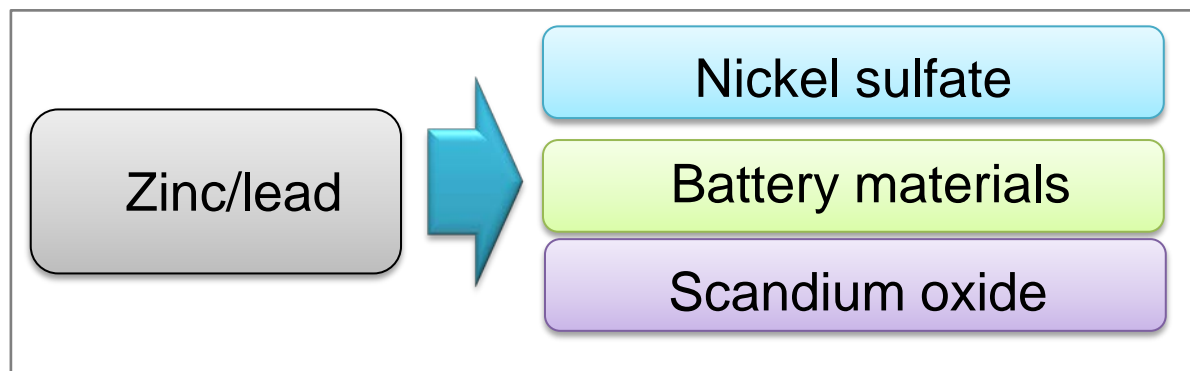
(1) Nickel production increase and Harima Refinery business structure reform

- Production increase of electrolytic nickel and nickel sulfate

Structure established for MS 60kt, electrolytic nickel 65kt, nickel sulfate 74kt



- Business structure reform for Harima Refinery



Business structure reform has completed to create a base involved in both smelting and refining and the materials business

2) Smelting and refining (2) New business

- **New valuable metal recovery (scandium, chromite)**
 - ✓ **Decision made for commercial production of scandium, chromite**
 - ✓ **HPAL technology cost competitiveness enhancement**

<Overview of scandium recovery commercialization>

1. Investment amount: about ¥4 billion
2. Manufacturing capacity: 7.5 t /year approx.
(scandium oxide equivalent)
3. Manufacturing base: (front-end process) THPAL
(back-end process) Harima
4. Start of production: 2018 (planned)

<Overview of chromite recovery commercialization>

1. Investment amount: USD \$31 million (planned)
2. Manufacturing capacity: 105,000 t/year
(Chromite volume)
3. Manufacturing base: THPAL
4. Start of production: 2020 (planned)

3) Materials (1) Business structure reform

- **Business structure reform (withdrawal from lead frame business)**

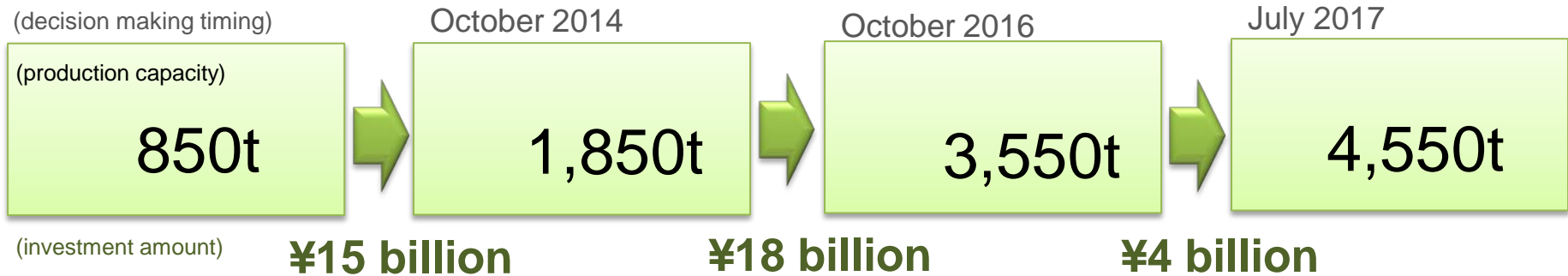
- ✓ **November 2016** **Decision made to withdraw from the lead frame business**
- ✓ **March 2017 :** Overseas IC lead frame production bases handed to Chang Wah Electromaterials, Inc. (Taiwan)
- ✓ **June 2017 :** Overseas power lead frame production bases handed to Jih Lin Technology (Taiwan)



**Switch focus of business from
electronic components to advanced materials**

3) Materials (2) Large production increase for strategic products

- Expansion of battery materials business (NCA 850t → 4,550t/month)



<Current status>

- ✓ 3,550t structure established and brought on-stream from FY2018
- ✓ 4,550t structure under construction

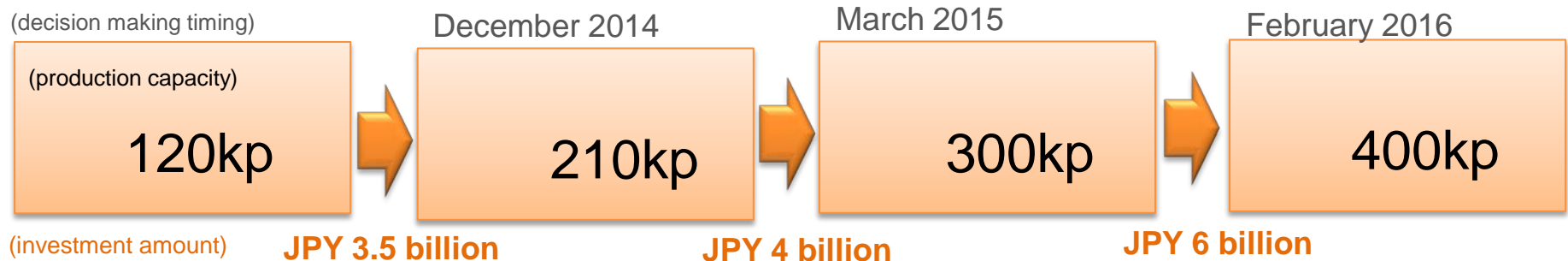
<Future outlook>

- ✓ Due to the tightening of environment regulations around the world, the xEV (electric vehicle) market grows and the demand for automobile-use secondary batteries increases as well
- ✓ Expand the battery material business to meet the increased demand of significant customers (partners) and expand the battery materials business

3) Materials (2) Large production increase for strategic products

- **Crystal materials business expansion**

(LT/LN 120kp -> 400kp/month)



<Current status>

- ✓ Investment to establish 400kp/month structure has almost completed
- ✓ With a decrease in demand, production capacity not able to be used for competitive advantage
- ✓ FY2018 is certain to see sales that are greatly below those expected when planning increased production, so expectations for recovery of investment in expansion is difficult
=> Fixed asset impairment loss of 8.7 billion yen recorded in 2017

<Future plan>

- ✓ Thorough the improvement of production yield and cost reduction to prepare the coming growth in demand

4) 2015 3-Yr Plan Progress of main project

		Project name	FY2015	FY2016	FY2017	FY2018
Mineral Resources	Cu	Sierra Gorda Copper Mine	Start commercial production	110,000 t structure operation		(Start of debottlenecking)
	Cu	Morenci Copper Mine	Start expanded full-scale production	Acquisition of additional interest (12%→25%)		
	Cu	Cerro Verde Copper Mine		Start expanded full-scale production		
	Ni	Solomon			Decision on project withdrawal	
	Au	Cote			Interest acquisition・FS start	
Smelting & Refining	Ni	Taganito HPAL			36,000t structure	
	Ni	Pomalaa Project				DFS start Decision on investment
	Ni	Harima Refinery Nickel sulfate		Second line launch	49,000t structure	
Materials	Battery materials		NCA 1,850t structure		NCA 3,550t structure	NCA 4,550t structure Ternary material on market
	Crystal materials (LT/LN)		Decision on production increase	300KP structure		(400KP structure)

5) Globalization of head office divisions

(1) Strengthening of governance

Corporate governance structure

Multiple outside directors and increased ratio of outside directors

Independent outside directors among all 8 directors:

From 2015 2-person structure

-> From 2016 3-person structure (1/3 or more outside directors)

-> From 2018 Appointment of female director (planned)

Evaluation of Board of Directors' effectiveness

- In 2016 Discussion of "ideal" for Board of Directors
- Periodic evaluation of Board of Directors' effectiveness
(Board of Directors discussion based on aggregation of results of director/company auditor self assessment and analysis and evaluation by external lawyers -> for further improved effectiveness)

Outside director (outside company auditor) support structure enhancement

- Implement an "Outside Officers Discussion Panel" formed entirely of outside directors and outside company auditors, and meetings for outside officers and top management to exchange opinions
- Systemization of observation of SMM Group domestic bases by outside directors



Strengthening of 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
- Hold new explanatory sessions for individual investors

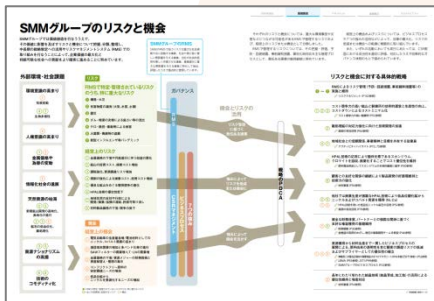
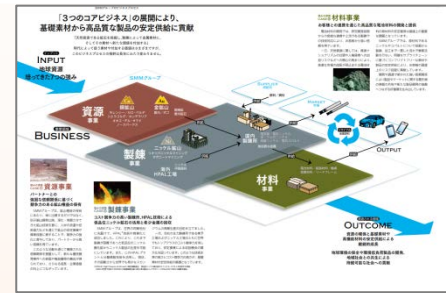
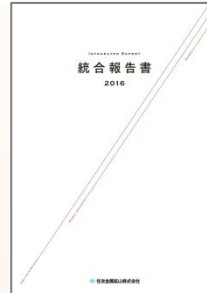
5) Globalization of head office divisions

(2) Integrated reports brush up

2nd year after shifting to integrated reports

FY2016 edition (first year)

FY2017 edition (2nd year)



- ✓ SMM group risk and opportunities, and a concrete plan for such
- ✓ Initiatives for work style reform from a long-term perspective
- ✓ Round table talks with stakeholders
- ✓ Transitions in SMM's governance

FY2018 edition (direction for 3rd year)

- ✓ Maximizing the corporate value through the collaboration of 3 core businesses
- ✓ SMM's Board of Directors from the perspective of an outside directors
- ✓ Human resource development issues and initiatives
- ✓ Applying GRI standard (management approach)
- ✓ Reviews based on external reviews and opinions

5) Globalization of head office division

(3) Voluntary application of International Financial Reporting Standards (IFRS)

Decision made to apply International Financial Reporting Standards (IFRS)

- Revenue and profit structure became more globalized with the expansion of SMM's business in overseas



- Enhance management foundations / response to globalization
- Applying the desirable financial reports as a company “aiming to be a non-ferrous leader and an excellent company in Japan”

Accounting period		Disclosure documentation	Applied accounting standards
FY2017 (year ended March 31, 2018)	End of year	Consolidated Financial results*, consolidated accounting documentation, annual securities report	Japanese standards
FY2018 (year ended March 31, 2019)	1st - 3rd quarters	Consolidated Financial results, quarterly securities report	IFRS
	End of year	Consolidated Financial results, consolidated accounting documentation, annual securities report	IFRS

(*Remark) Forecast of consolidated operating results for the year ended March 31, 2019 is based on IFRS

Next president

Akira Nozaki



April 1984 Joined Sumitomo Metal Mining Co., Ltd.

June 2007 General Manager of Nickel Sales and Raw Materials
Department, Non-Ferrous Metals Division

July 2010 Deputy General Manager of Corporate Planning Department

May 2012 Deputy General Manager of Administration Department,
Sierra Gorda Project Division

June 2013 Executive Officer
Senior Deputy General Manager of Non-Ferrous Metals Division

June 2014 DirectorExecutive Officer
General Manager of Corporate Planning Department

June 2015 Director
Executive Officer
General Manager of Non-Ferrous Metals Division

June 2016 Director
Managing Executive Officer
General Manager of Non-Ferrous Metals Division

Supplementary Materials



Summary



Overview of FY2017 Business Performance
and Forecast for FY 2018



Current Issues and Priority Measures

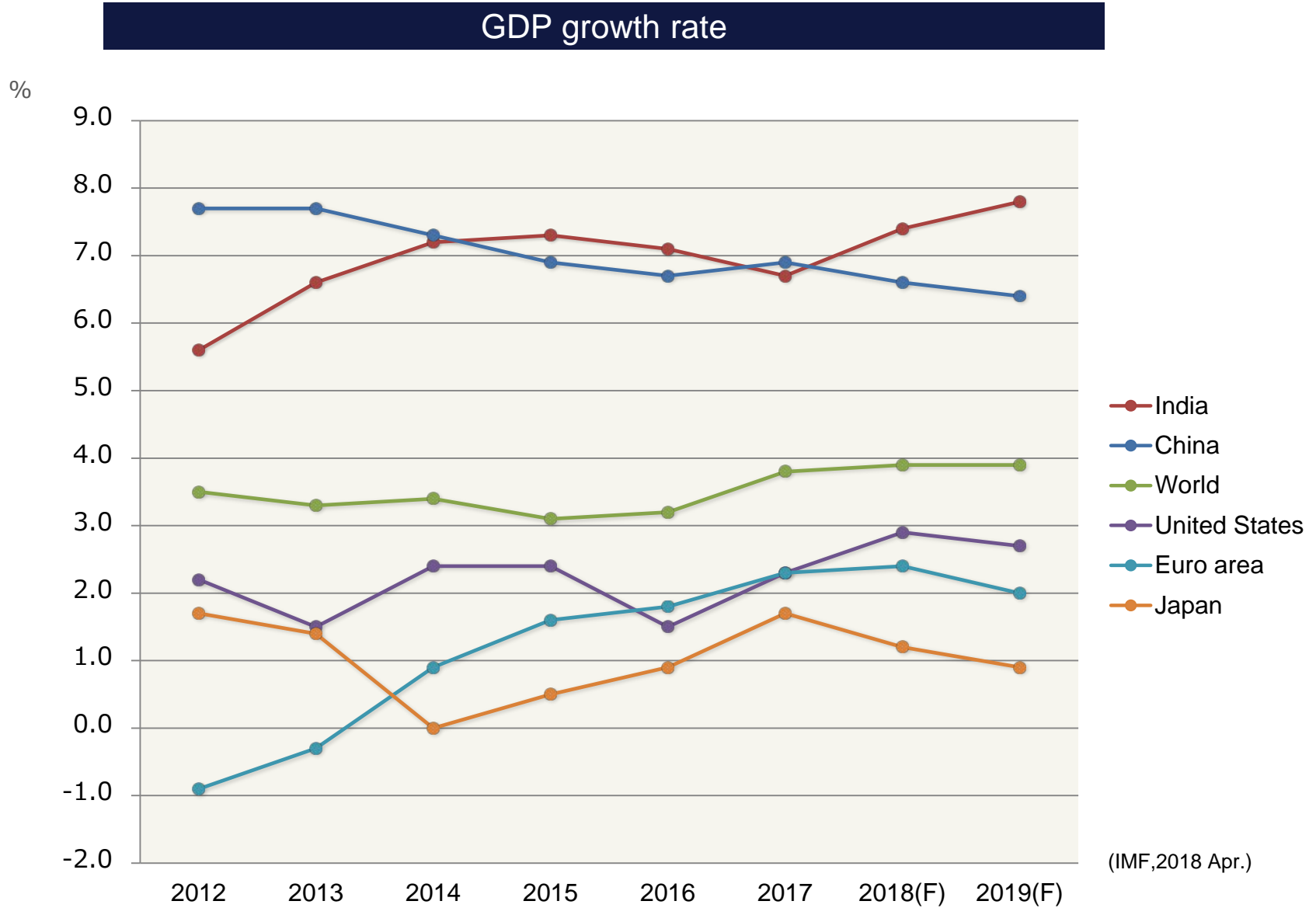


2015 3-Year Plan Review and Forecast for
Achievement



Supplementary Materials

1) Global economic situation



2) Changes in the business environment

1. Increase in cost of mine development

- 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 acquire of social license to operate

2. Growth of mineral resource nationalism

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

3. Global EV acceleration and massive reform by IoT, and AI, etc.

- 1) Development of business partnerships to secure raw materials
- 2) Entry to new industries through structural changes/harsh competition

3) Supply and demand trends Copper and nickel

Copper

[ICSG forecast April 2018]

(kt)

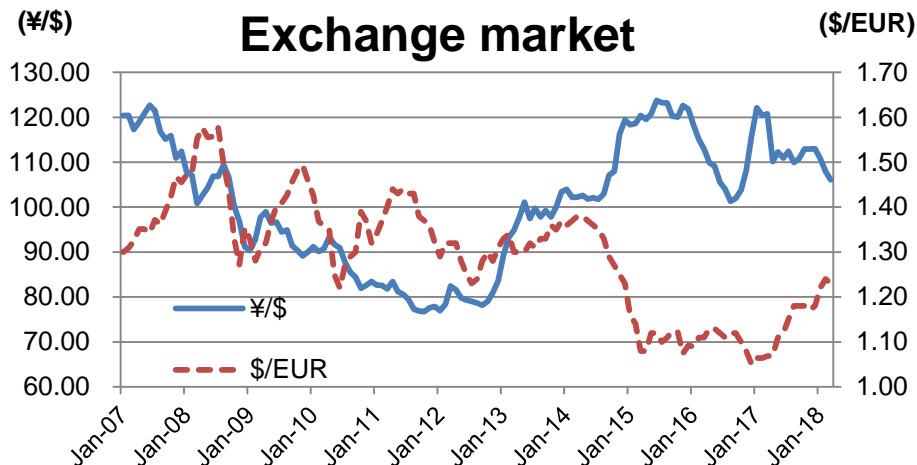
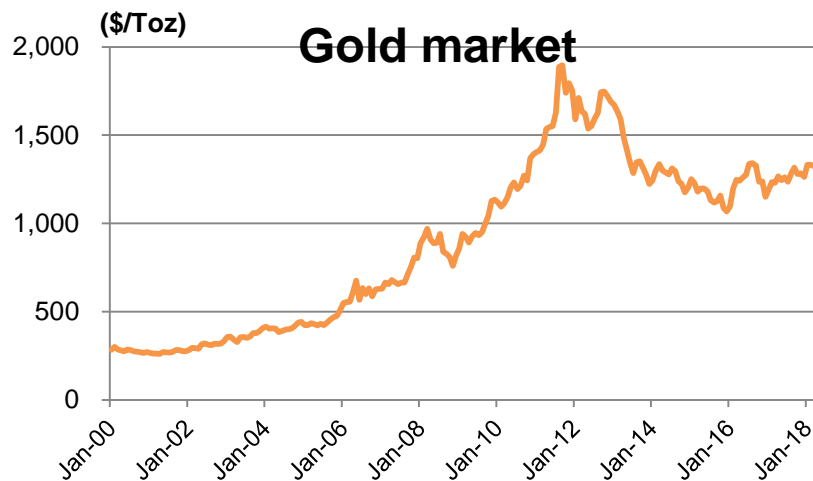
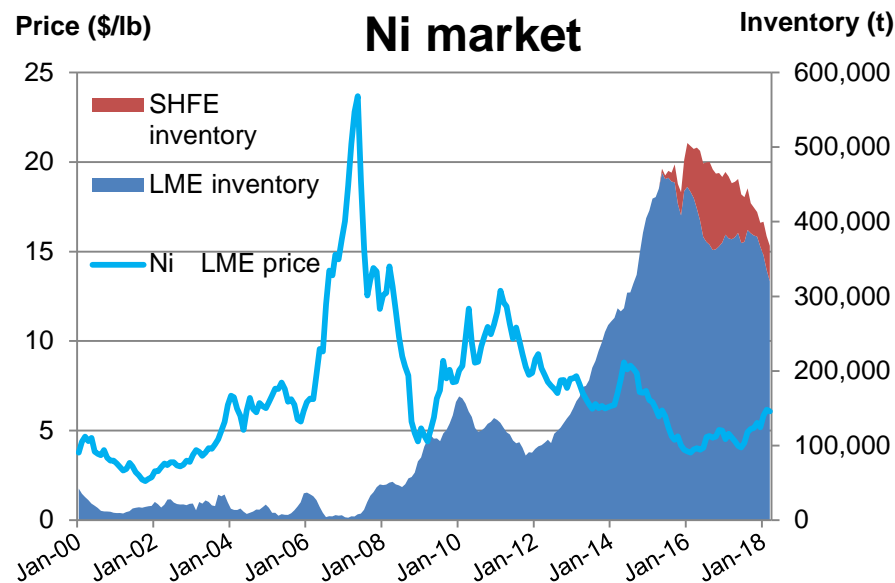
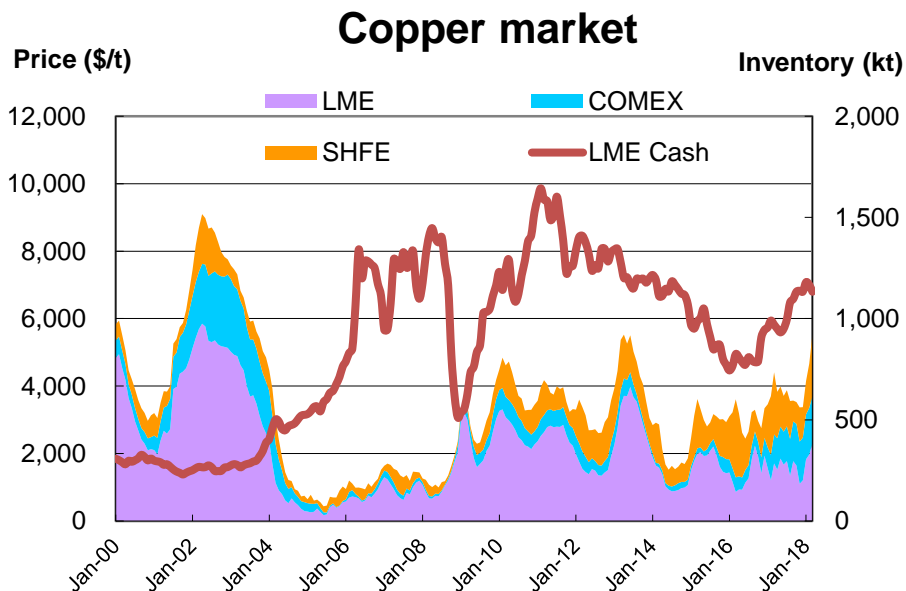
	2017	2018	2019
Production	23,503	24,511	24,664
Usage	23,758	24,468	24,995
Balance	-255	43	-331

Nickel

(kt)

	INSG forecast April 2018			SMM forecast Feb 2018		
	2016	2017	2018	2016	2017	2018
Production	1,989	2,076	2,227	2,049	2,068	2,190
Usage	2,033	2,192	2,344	2,079	2,154	2,273
Balance	-44	-116	-117	-30	-86	-83

4) Non-ferrous metals market and foreign exchange



5) Overview of 2018 Business Performance Forecast

(JPY100M)

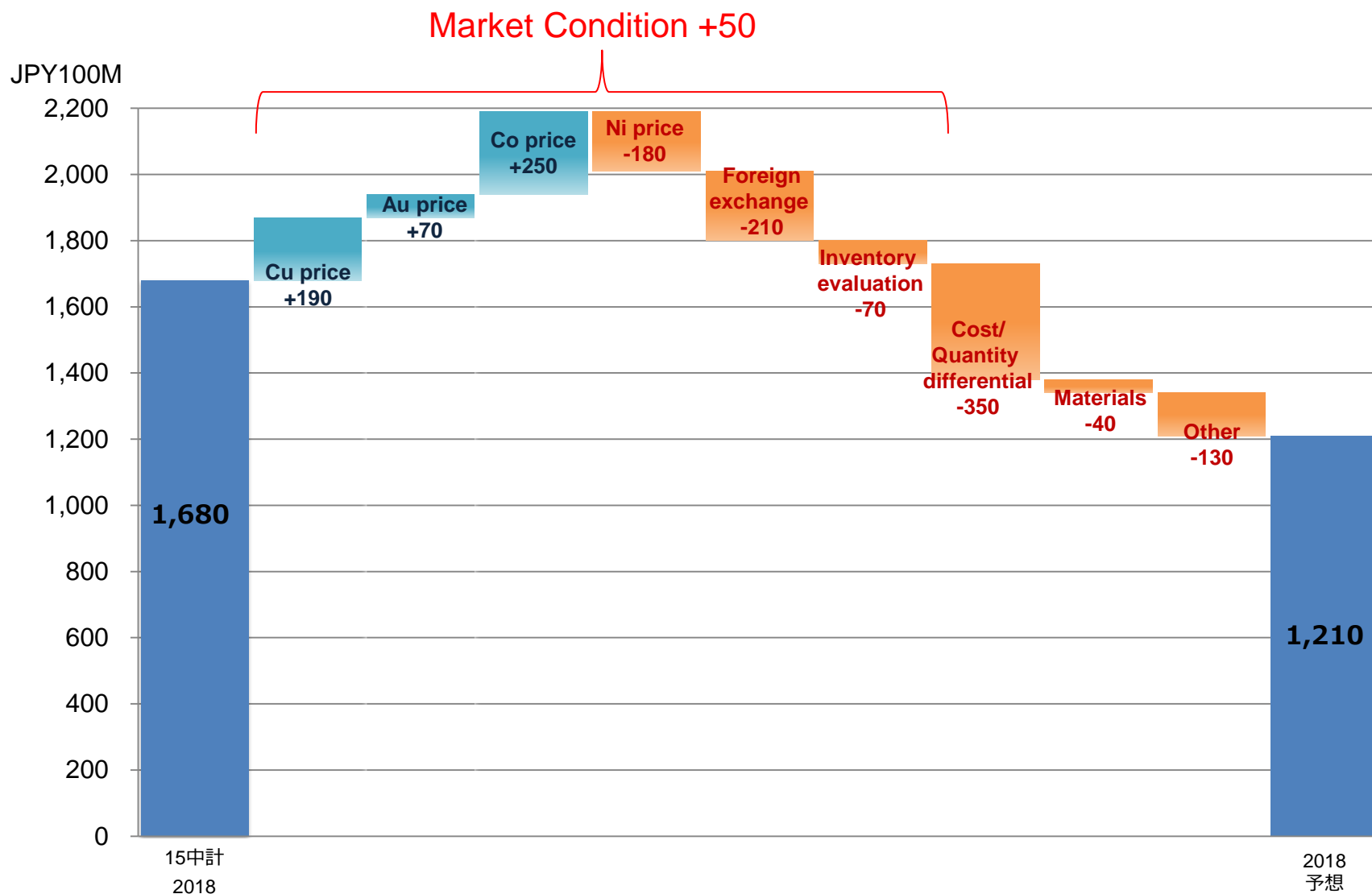
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Net Sales		9,300	9,335	-35	10,600	
Profit before tax		1,210	1,058	+152	1680	
Equity Method profit		90	114	-24	270	
Segment Profit	Mineral Resources	510	560	-50	660	
	Smelting & Refining	610	480	+130	800	
	Materials	150	70	+80	200	
	Other/Diff. Adjustment	-60	-50	-10	40	
Net Income (Profit attributable to owners of parent)		940	916	+24	1,200	-260
Copper (\$/t)		6,500	6,444	+56	6,000	+500
Nickel (\$/lb)		6.00	5.06	+0.94	7.00	-1.00
Gold (\$/Toz)		1,300	1,285	+15	1,150	+150
Cobalt (\$/lb)		35.00	30.64	+4.36	-	-
Exchange (¥/\$)		105.00	110.86	-5.86	120.00	-15.00

(Note)

The above forecast for FY2018 was calculated based on IFRS, and as the FY2017 business performance shows segment profits and losses calculated approximately for one-off reference purposes on the basis of profit-before-tax based on Japanese standards, accurate simple comparison is not possible.

6) Analysis on profit before tax

FY2018 forecast vs. 2015 3-Year Plan FY2018



(Note)

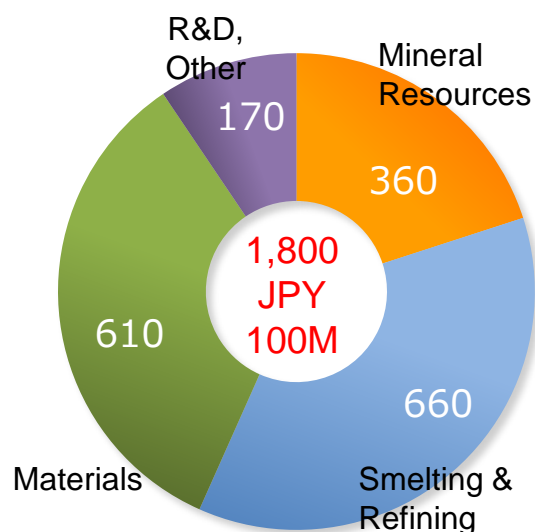
The above forecast for FY2018 was calculated based on IFRS, and as the FY2017 business performance shows segment profits and losses calculated approximately for one-off reference purposes on the basis of profit-before-tax based on Japanese standards, accurate simple comparison is not possible.

7) Capital Expenditure Plan

2015 3-Yr Plan

(Total of 3 Years)

(JPY100M)

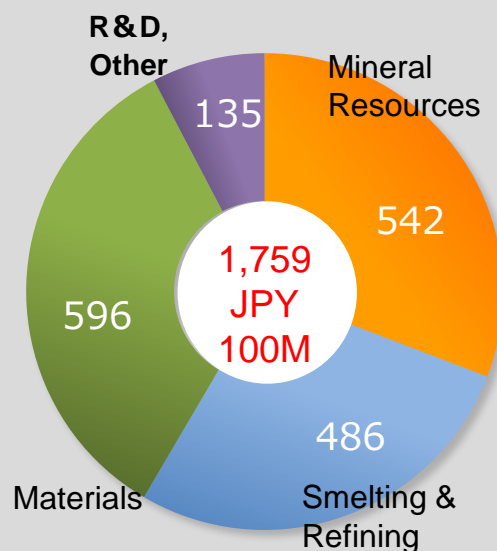


Acquisition of overseas interest

(Morenci ¥12 billion)

FY2016-18 Cumulative forecast

(JPY100M)

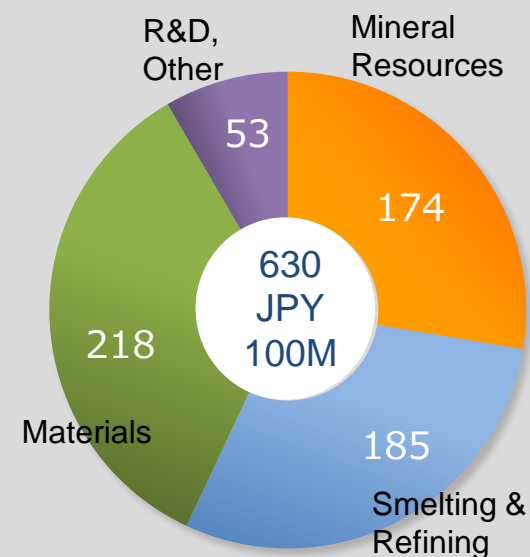


Acquisition of overseas interest

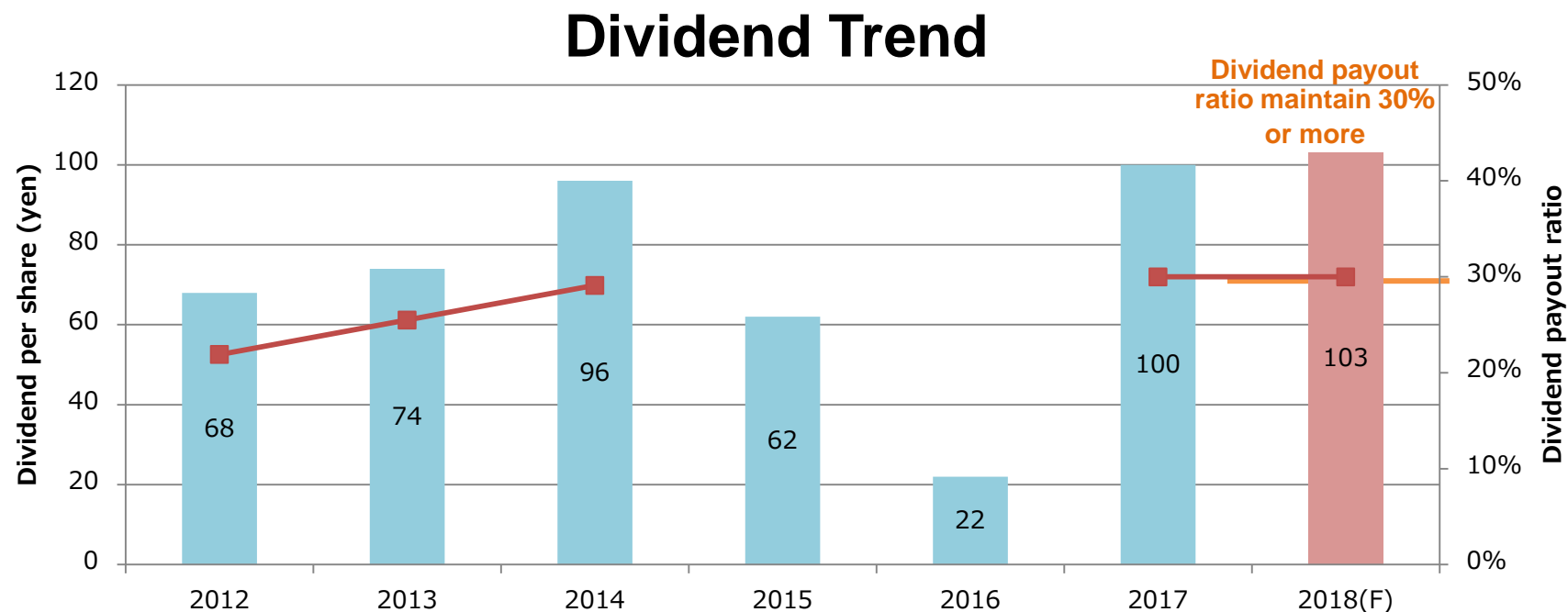
(Morenci ¥11.2 billion)

FY2018 Plan

(JPY100M)



8) Trend of Dividend



Change in the number of shares constituting one unit, and consolidation of shares

- Effective date: October 1, 2017
- Number of shares constituting one unit: 1,000 \Rightarrow 100 shares
- Consolidation of shares: Consolidation of 2 shares of common stock into 1 share

*The above graph is based on the standard after the consolidation of shares not only for 2018 but also 2017 and before

9) Overview of individual businesses -Mineral Resources-

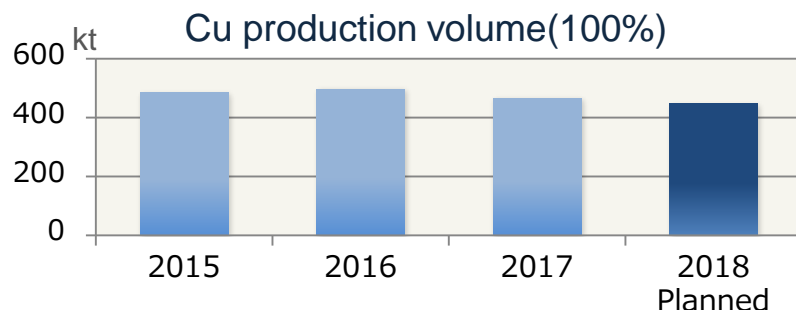
(1) Copper (Morenci/Cerro Verde)

Morenci copper mine (Arizona, USA)

Equity interest ratio	FCX	72%
	SMM	25%
	Sumitomo Corp.	3%



- FY2017 464 kt
- FY2018 446 kt (planned)

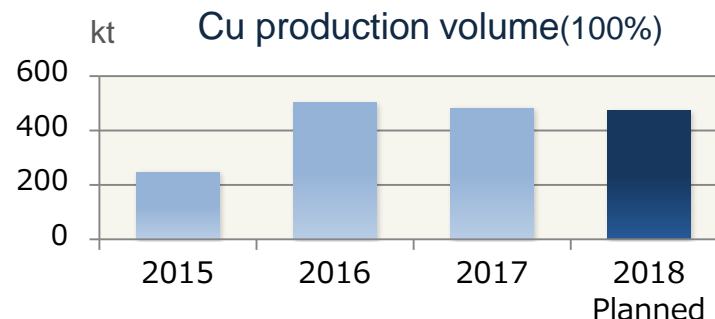


Cerro Verde copper mine (Peru)

Equity interest ratio	FCX	53.56%
	SMM	16.80%
	Sumitomo Corp.	4.20%
	Other	25.44%



- FY2017 482 kt
- FY2018 472 kt (planned)



Optimized operation plan and continued stable operation

9) Overview of individual businesses -Mineral Resources-

(2) Gold (Hishikari, Pogo)

Hishikari Mine

(Kagoshima Prefecture, Japan)

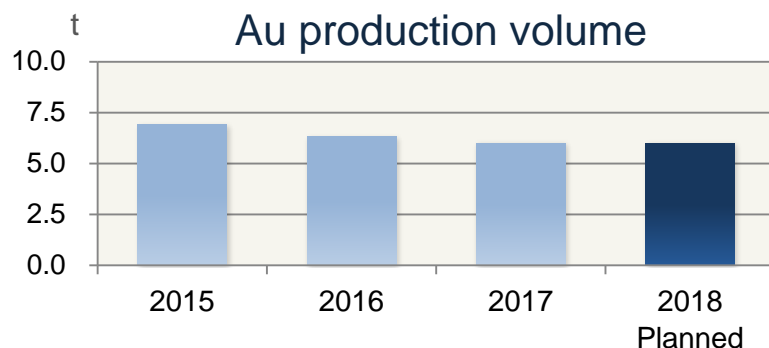
Equity interest
ratio

SMM

100%



- Lower ore deposit development completion 2018 → 2022
- End of 2017 Gold reserves 169t (JIS standards)



Pogo gold mine (Alaska, USA)

Equity interest
ratio

SMM

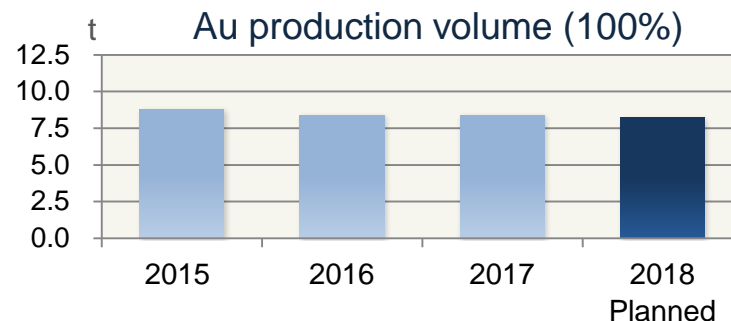
Sumitomo Corp.

85%

15%



- Promotion of cost reduction measures and continuation of active exploration of peripheral areas
- End of 2017 Gold reserves 24t
Gold resources 104t (Canada standards)



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

9) Overview of individual businesses -Smelting and refining-

(1) Copper (Toyo Smelter & Refinery)

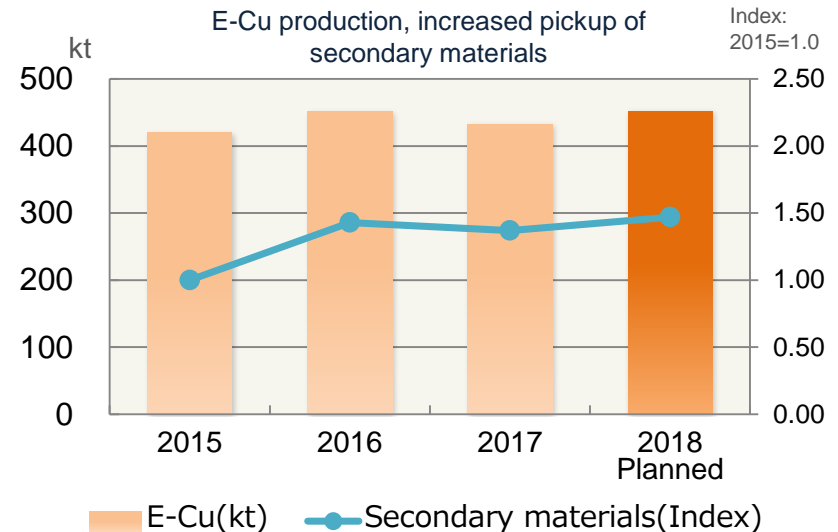
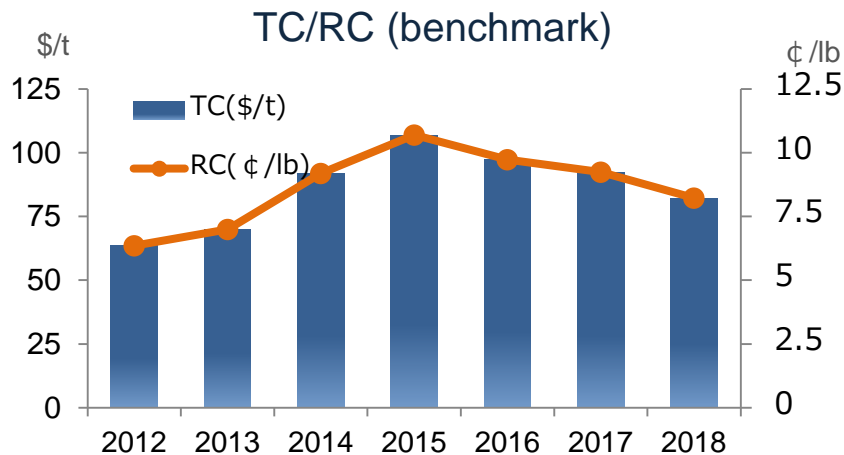
Toyo Smelter & Refinery

Production volume

2017 Performance 432 kt (regular maintenance and repair work)

FY2018 452 kt (planned)

Continuation of full operation and increased beneficial raw material processing - maintain profitability as a global top class copper smelting and refining plant



Structural strengthening through enhancement and improvement of on-site management and business management capability

9) Overview of individual businesses -Smelting and Refining- (2) Nickel (CBNC, THPAL, Niihama Nickel Refinery)

CBNC, THPAL, Niihama Nickel Refinery

Previous production capacity
CBNC 24kt
THPAL 30kt

THPAL
Investment on expansion
JPY 300 million

Philippines 2 HPAL
New 60kt structure

From **FY2017 2nd half**

Production capacity
CBNC 24kt
THPAL 36kt

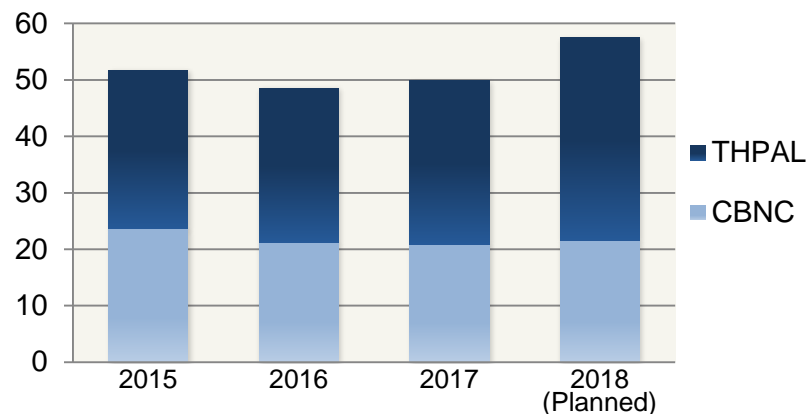


Production volume

(Units: Ni- kt)	FY2017 Results	FY2018 Forecast
CBNC	20.9	21.5
THPAL	28.9	36.0
Electrolytic Ni	60.3	64.9

Ni-Kt

MS production volume



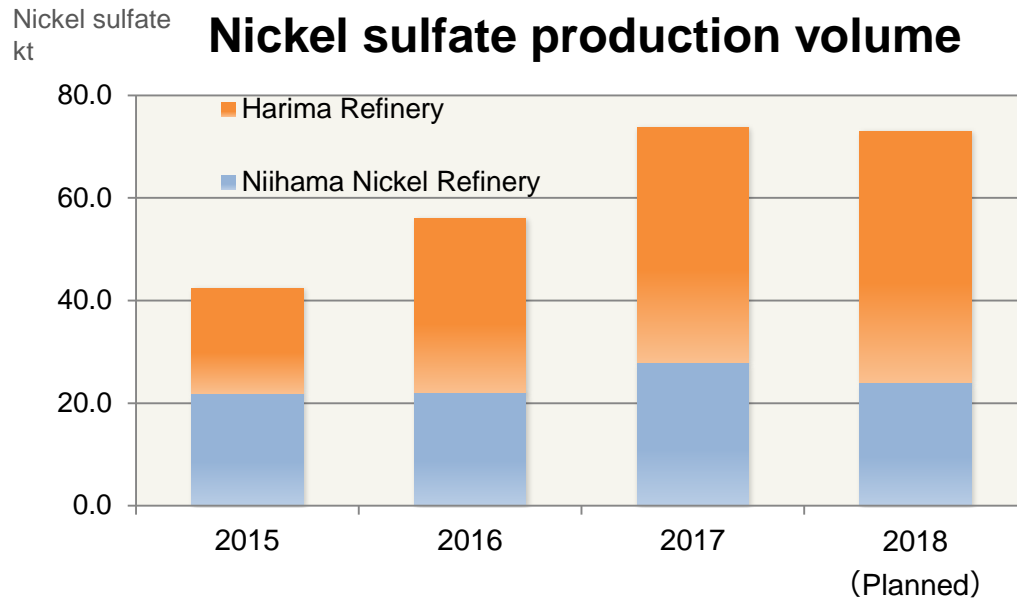
THPAL expansion completes 65kt structure for electrolytic nickel
Full contribution to revenue and profit from FY2018

9) Overview of individual businesses -Smelting and Refining-

(3) Nickel sulfate (Niihama Nickel Refinery, Harima Refinery)

Niihama Nickel Refinery, Harima Refinery

- Full production at Harima Refinery with 49 kt system planned
- Production of 74 kt of nickel sulfate by combining Niihama Nickel Refinery and Harima Refinery



74kt production structure for nickel sulfate complete with expansion at Harima
Full contribution to revenue and profit from FY2018

9) Overview of individual businesses -Smelting and Refining-

(4) Ferronickel (Hyuga Smelting)

Hyuga Smelting Co., Ltd. Ferronickel 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

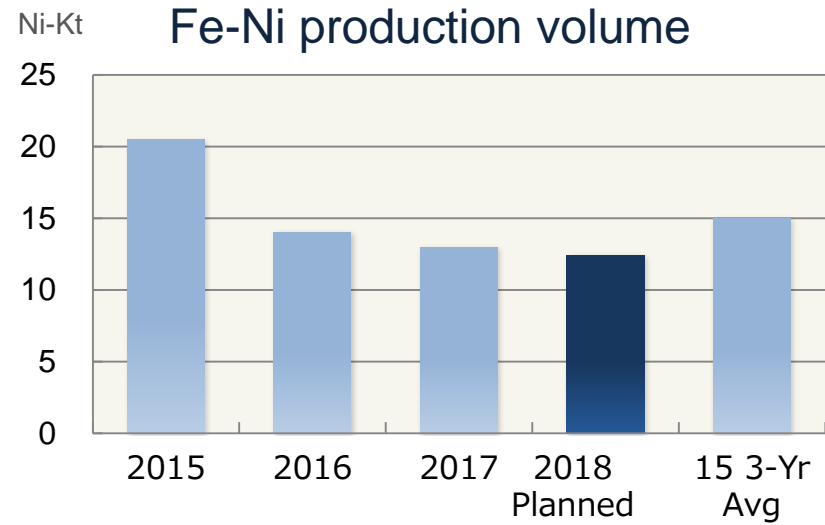
FY2015 4Q-
Transition to 2-kiln, 1-electric furnace operation

Production volume

FY2017 13,000t

FY2018 12,400t (planned)

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

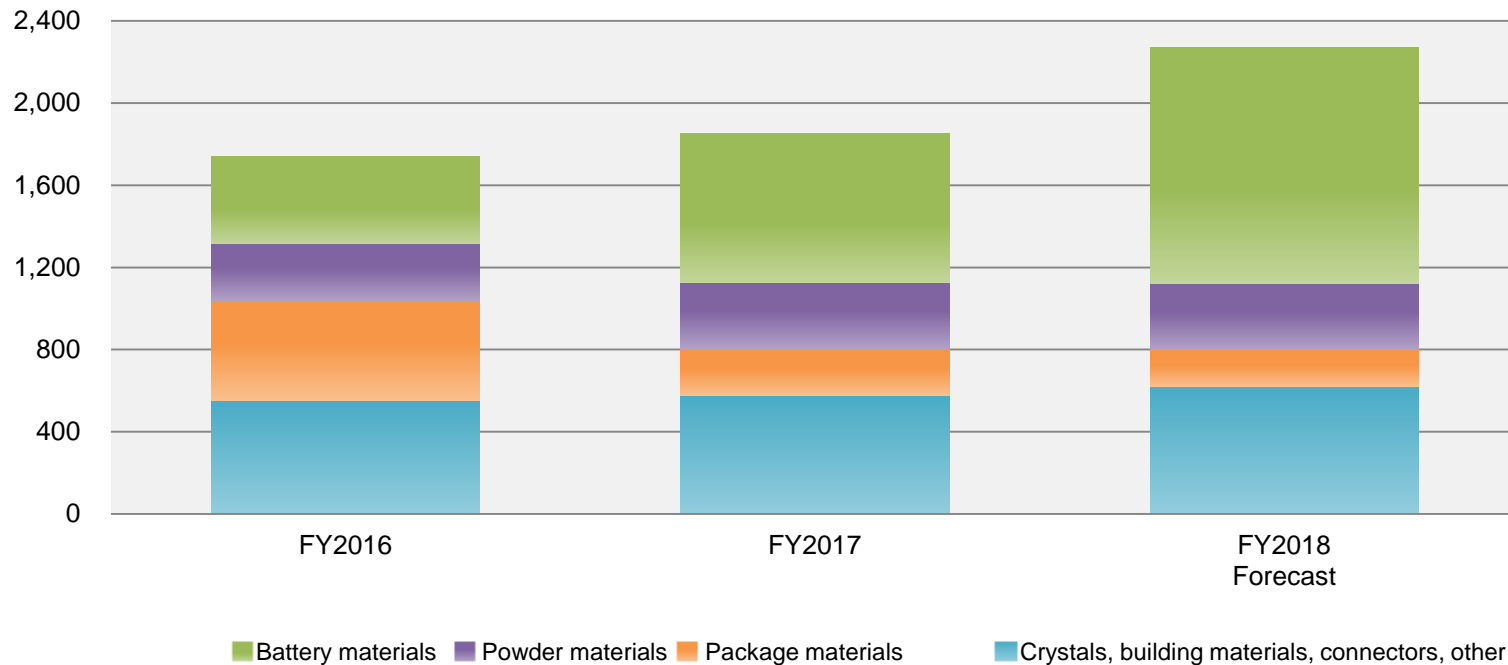


9) Overview of individual businesses -Materials-

Trend of sub-segment sales

- Battery materials** Establishment of increased production structure contributes to sales
- Powder materials** Expected to maintain robust sales
- Package materials** Withdrawal from business progressing, sales decreasing
- Crystal materials** Ongoing situation in which planned sales are far lower expected when the increased production was planned

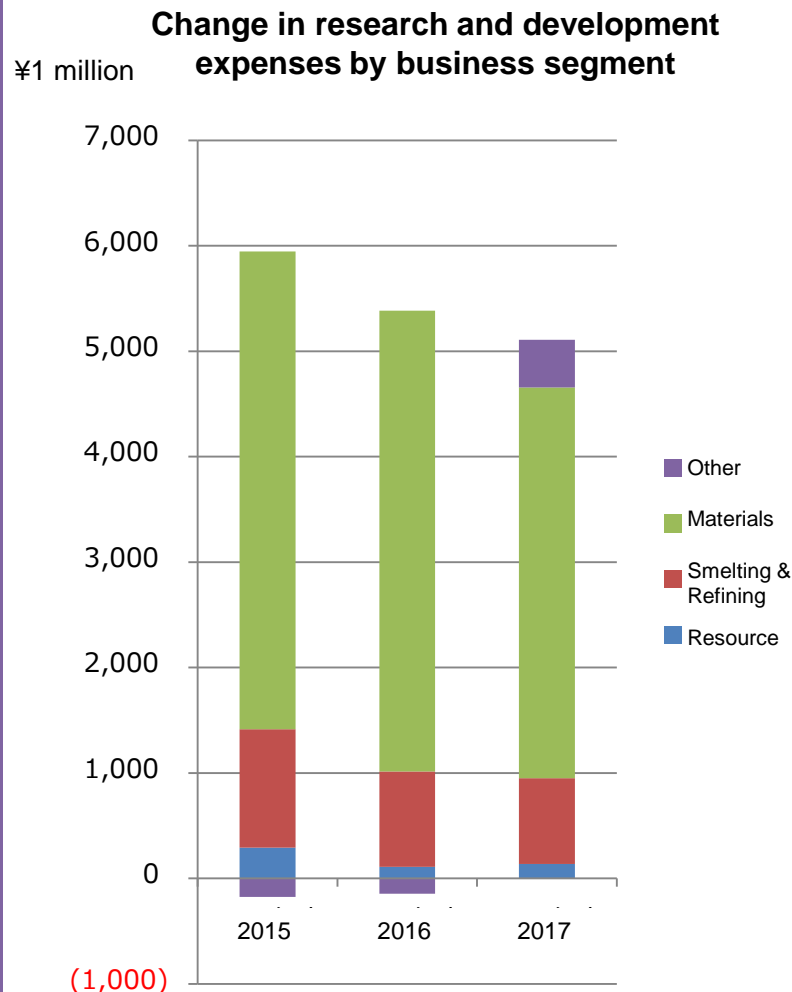
Sales trend of materials business



9) Overview of individual businesses -Research & development-

(1) Achievements

FY2017 research & development results



Materials business (material development)

[Battery materials]

- Research & development of higher performance battery cathode materials
- Customizing for solid electrolyte

[Crystal materials]

- Cost reduction ahead of commodification
Achievement of improved productivity through crystal lengthening and improved crystal growing/production yield, etc.
- Meeting new user needs
Large bore LT crystal growth technology established, now in user work

Smelting & Refining Business (process development)

[Securing raw material for batteries (Ni/Co)]

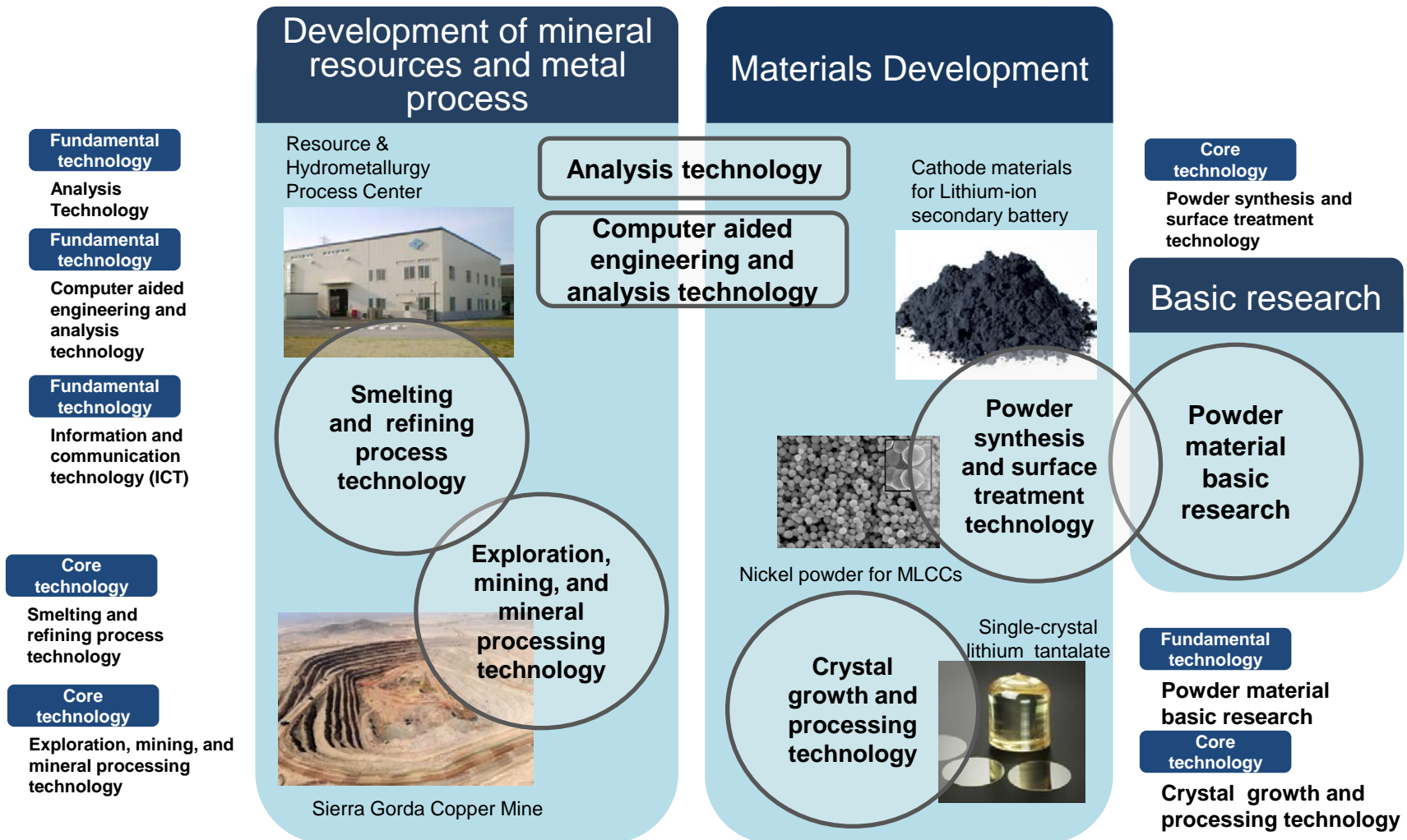
- Internal low cost chemical product manufacturing process established specialized in battery raw material
- New process to enable new Ni/Co raw material utilization, and enhance ability to handle raw materials

[Lithium ion battery recycling]

- Develop a new process to resolve current recycling process issues (cobalt cannot be recovered), and shift to scaled up testing

9) Overview of individual businesses Research & development

(2) Fields



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

10) Sensitivity trial calculation

(JPY 100M)

Element	Degree of variation	FY2018 Trial calculation based on profit before tax
Cu	±100\$/t	27
Ni	±10 ¢ /lb	17
Au	±10\$/toz	4
¥/\$	±1¥/\$	15

(Remark) ¥/\$ translation includes RC-related and Conversion rate of overseas consolidated / equity-method affiliate companies' profit.

11) 2015 3-Yr Plan long-term vision targets

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

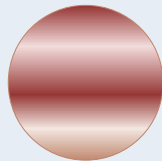
Targets

World Leader in the Non-Ferrous Metals Industry

FY2021



Nickel
150,000t



Copper interests
300,000t structure



Gold
30t



New materials
Recurring profit
¥5 billion

Excellent Company of Japan

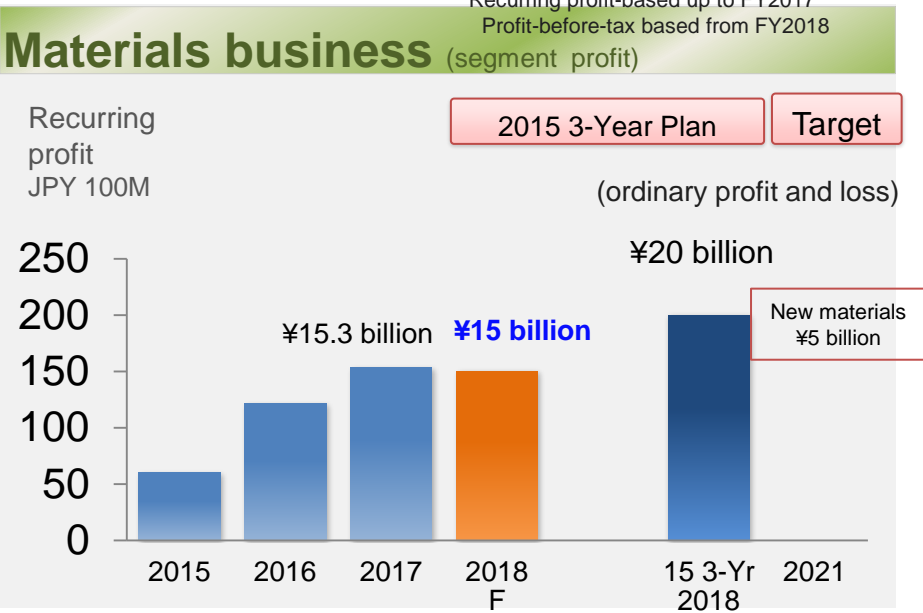
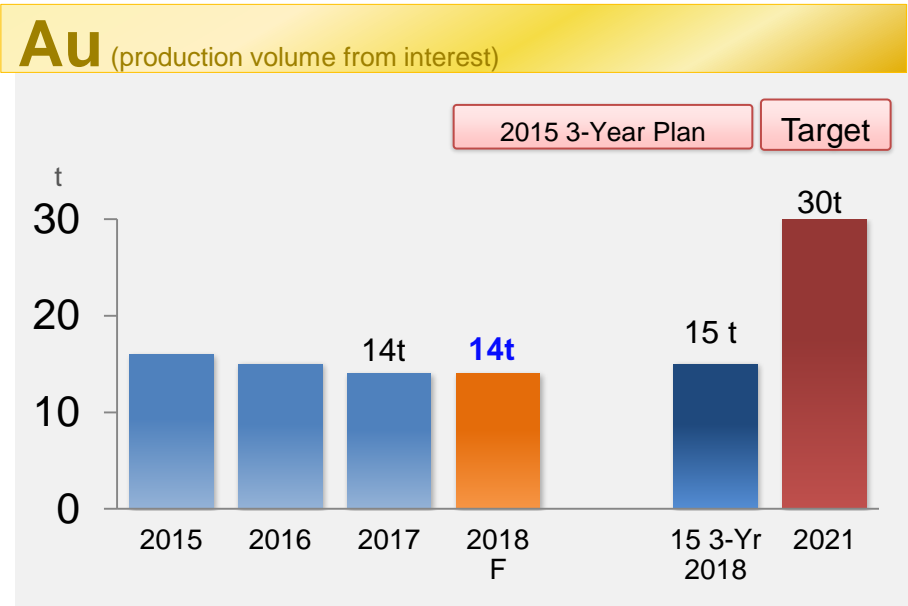
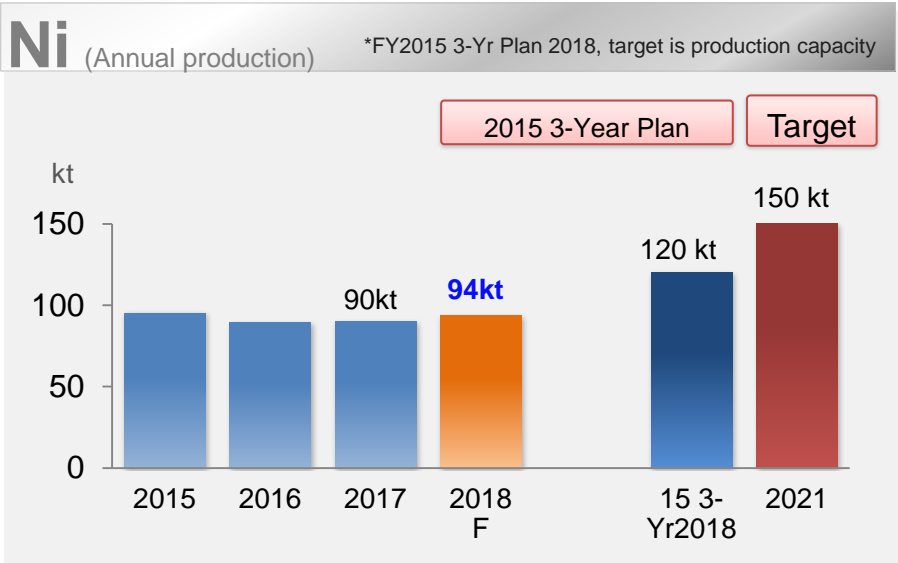
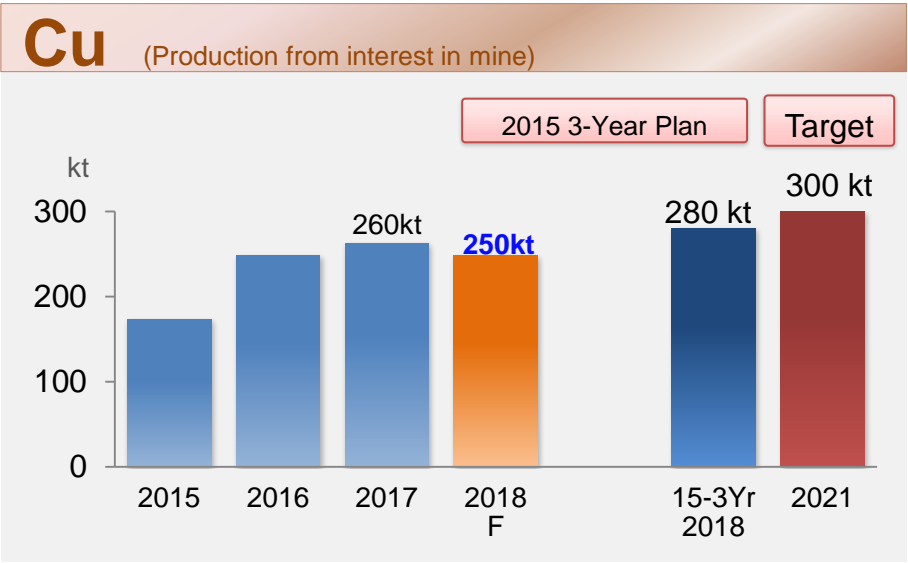
Net Sales ¥1 trillion

*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

13) Status of Achievement of Long-Term Vision



14) Safety Performance

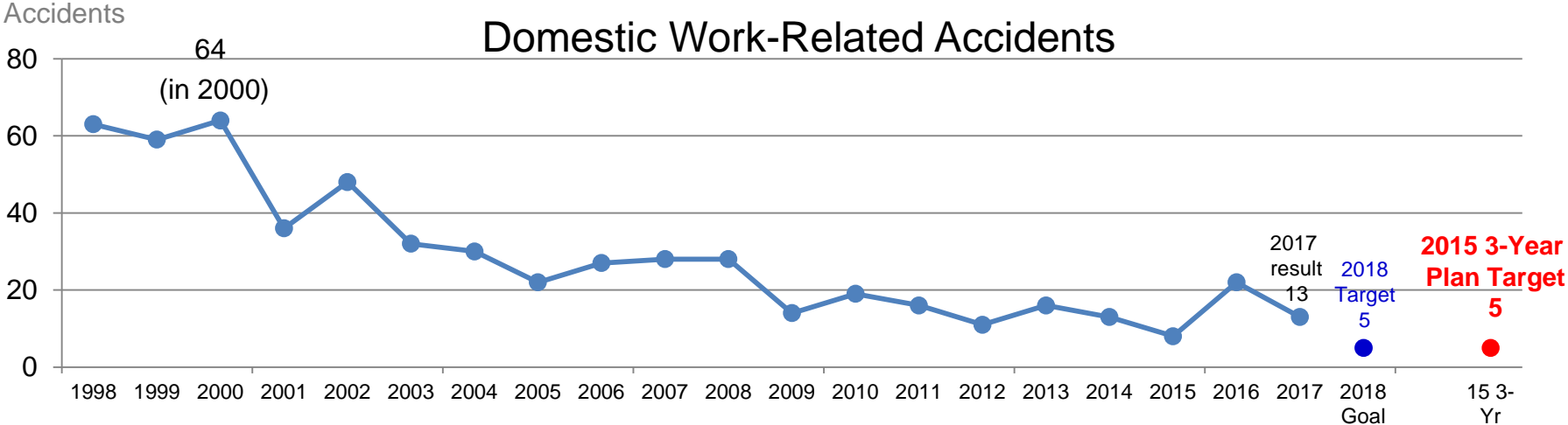
Safety — To achieve by FY2018

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 Targets

Limit domestic work-related accidents to 5 or less
Limit overseas work-related accidents to 9 or less



Note

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