



三井金属



FY2006 Results & FY2007 Forecast

Mitsui Mining & Smelting Co., Ltd.
(MITSUI KINZOKU: TSE5706)

April 27, 2007

(Notes)

1. This document is created based on the consolidated figures.
2. The document is used to explain the financial results and forecasts that have been announced.
3. Actual business results may differ materially from the forecasts as a result of changes in the situation.

Business Overview



- Fiscal 2006 results: Profits rose, as in the previous term; recurring income and net income reached record highs. Operating income by segment varied significantly:
 - Mining & Fundamental Materials**: Profits increased significantly in the zinc division and copper division (equity method profit) owing to rises in the markets.
 - Intermediate Materials**: Profits plunged as a result of a downturn in demand for liquid crystal-related materials and fierce competition.
 - Parts Manufacturing and Assembly**: Profits fell because of a decline in sales of automotive door locks and a failure to achieve cost cutting targets.

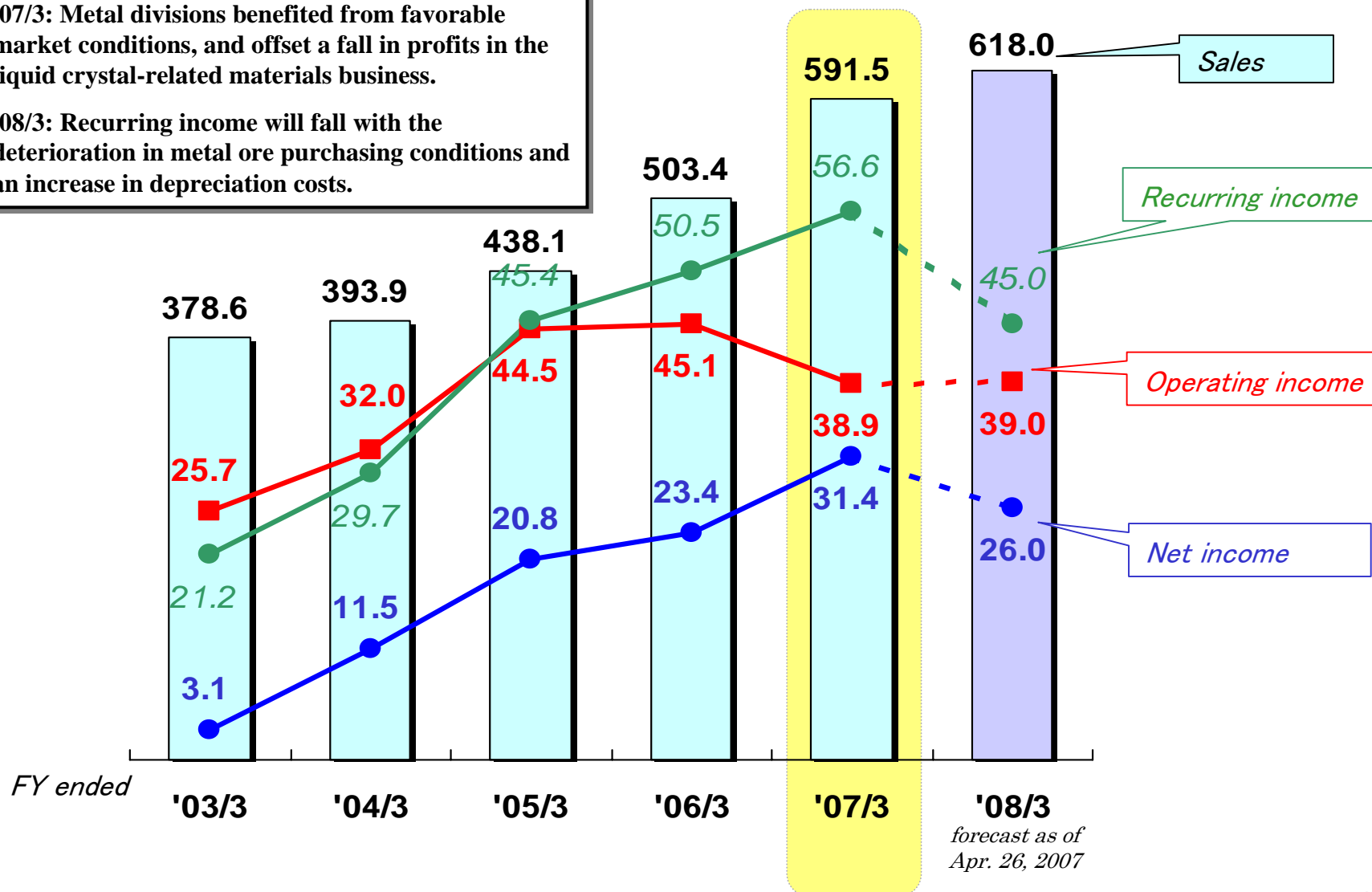
- Fiscal 2007 forecasts: Operating income move sideways; recurring income and net income fall.
 - Profits fall on weakening metal markets and worsening metal ore purchasing conditions.
 - Competition in the manufacture of TAB/COF tapes intensifies; recovery in profits of automotive door locks is delayed.
 - Depreciation costs increase due to system changes and high investments.
 - Capital investments remain at high levels due to increases in the production of reflux refined zinc, electro-deposited copper foil, etc.

- To achieve rapid growth from FY2008
 - Our top priority is to rebuild the TAB/COF tapes and door lock businesses.
 - The Company will develop new businesses including the advanced sensor business.

Sales and Profit (billion yen)

'07/3: Metal divisions benefited from favorable market conditions, and offset a fall in profits in the liquid crystal-related materials business.

'08/3: Recurring income will fall with the deterioration in metal ore purchasing conditions and an increase in depreciation costs.



Statements of Income (billion yen)

	Results			Forecast		
	'06/3	'07/3	Change	'08/3	Change	first half
Net sales	503.4	591.5	88.1 17.5%	618.0	26.5 4.5%	300.0
Cost of sales	412.0	500.7	88.7 21.5%	-	-	-
Gross profit	91.4	90.8	-0.6 -0.6%	-	-	-
SG&A expenses	46.3	51.9	5.6 12.1%	-	-	-
Operating income	45.1	38.9	-6.2 -13.7%	39.0	0.1 0.3%	16.4
Non-operating income/expe	5.4	17.7	12.3	6.0	-11.7	3.6
Recurring income	50.5	56.6	6.1 12.1%	45.0	-11.6 -20.5%	20.0
Extraordinary profit/losses	-11.9	-7.5	4.4	-4.4	3.0	-3.6
Net income before	38.6	49.1	10.5 27.2%	40.6	-8.5 -17.4%	16.4
Income taxes and minority	15.3	17.8	2.5	14.6	-3.2	5.9
Net income	23.4	31.4	8.0 34.2%	26.0	-5.4 -17.1%	10.5

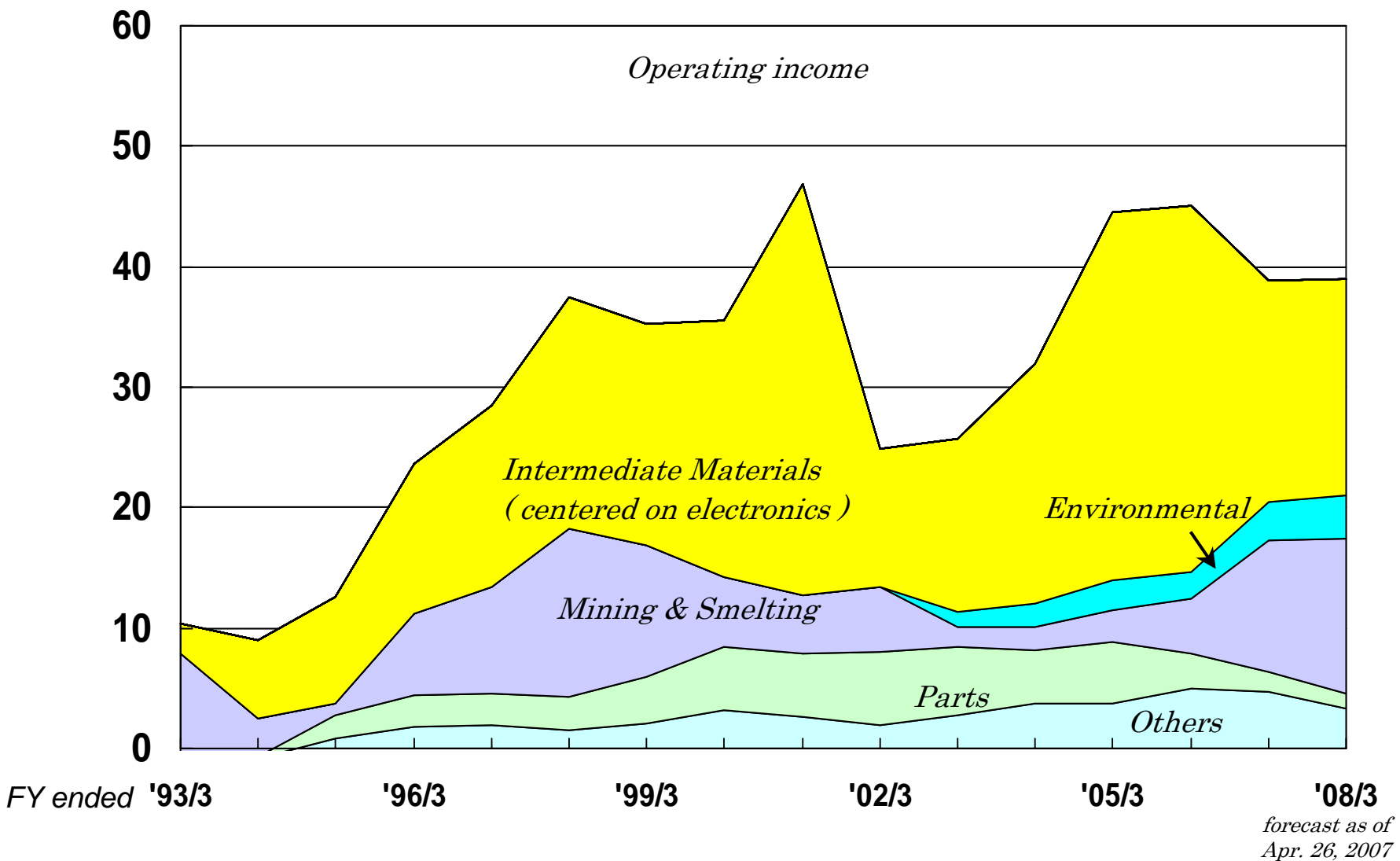
'08/3 Extraordinary items

Indemnity	- 0.2
Loss on sale/disposal of P.P.E.	- 1.4
Impairment on P.P. E.	- 0.5
Others	- 2.3
Total	- 4.4

'07/3 Extraordinary items

Sale of Cu business	+11.5
Indemnity	- 0.3
Loss on sale/disposal of P.P.E.	- 3.6
Impairment on P.P. E.	- 1.3
Liquidation of subsidiaries	- 6.5
Environmental expenditures	- 3.5
Others	- 3.8
Total	- 7.5

Operating Income Breakdown (billion yen)

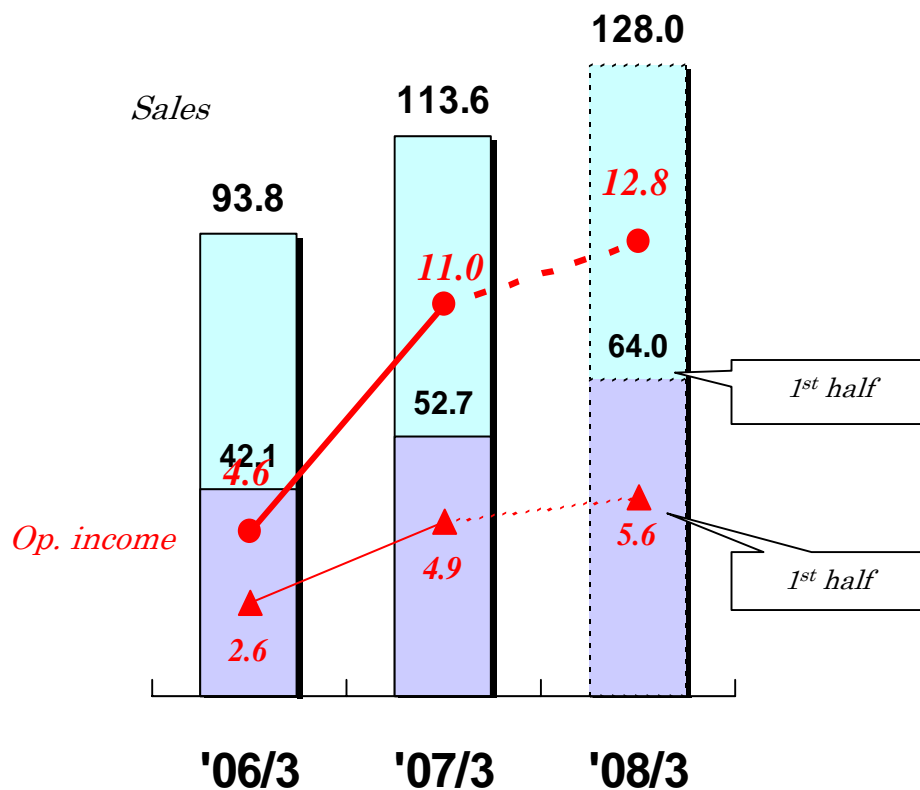


Segment Information by Business (billion yen)

		Results			Forecast		
		'06/3	'07/3	Change	'08/3	Change	first half
Sales	Mining and Fundamental Materials	93.8	113.6	19.8 21.1%	128.0	14.4 12.7%	64.0
	Intermediate Materials	208.3	249.3	40.9 19.6%	269.0	19.7 7.9%	129.0
	Parts Manufacturing and Assembly	159.3	161.8	2.4 1.5%	154.0	-7.8 -4.8%	74.0
	Environmental Engineering and Metals Recycling	38.8	53.4	14.5 37.3%	62.0	8.6 16.2%	30.0
	Engineering	40.6	46.2	5.7 13.9%	35.0	-11.2 -24.3%	13.0
	Services	46.8	61.8	15.1 32.2%	54.0	-7.8 -12.7%	27.0
	Elimination	-84.2	-94.5	-10.3	-84.0	10.5	-37.0
Consolidated		503.4	591.5	88.1 17.5%	618.0	26.5 4.5%	300.0
Operating income	Mining and Fundamental Materials	4.5	11.0	6.4 141.8%	12.8	1.8 16.4%	5.6
	Intermediate Materials	30.5	18.3	-12.1 -39.8%	18.0	-0.3 -1.8%	8.0
	Parts Manufacturing and Assembly	2.9	1.6	-1.3 -45.0%	1.3	-0.3 -18.0%	0.0
	Environmental Engineering and Metals Recycling	2.2	3.2	1.0 47.6%	3.6	0.4 12.4%	1.8
	Engineering	2.7	2.8	0.1 5.1%	1.6	-1.2 -43.8%	0.2
	Services	1.7	1.7	-0.0 -2.0%	1.3	-0.4 -22.8%	0.6
	Elimination	0.5	0.2	-0.3	0.4	0.2	0.2
Consolidated		45.1	38.9	-6.2 -13.7%	39.0	0.1 0.3%	16.4

Performance by Segment (1) Mining and Fundamental Materials (billion yen)

The zinc market fall on weakening, and ore purchasing (T/C) conditions worsening. However, the effective zinc rate (including hedge rate) for the March 2007 term is exceeded in FY2007, and profits rise.

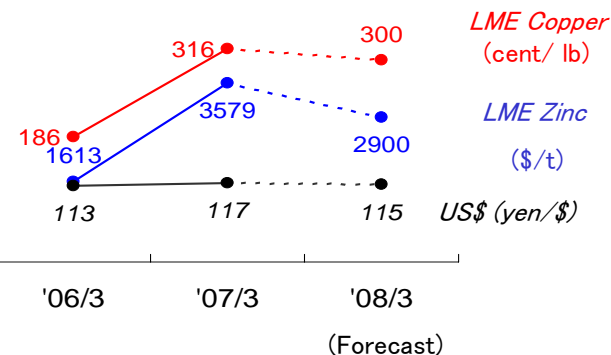


forecast as of
Apr. 26, 2007

Operating Income variance (billion yen)

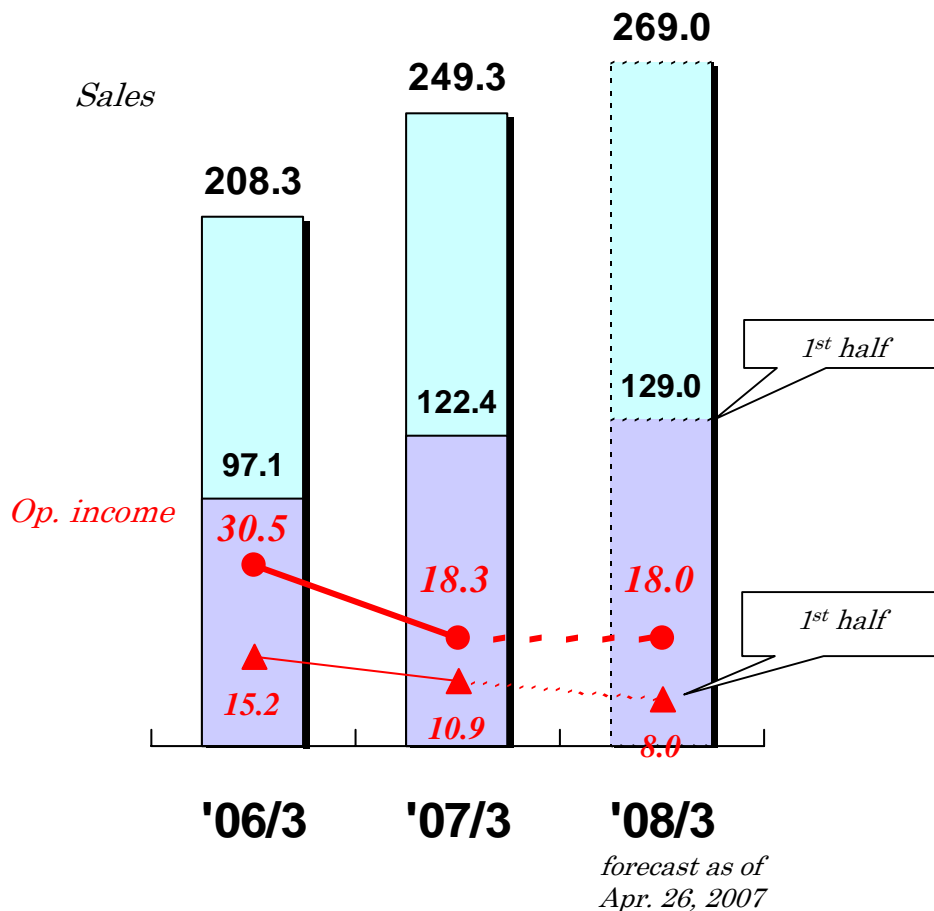
	[06/3→07/3]	[07/3→08/3]
Ex. Rate	0.7	
LME (Zn)	7.9	4.8
T/C (Zn)	-1.3	-1.3
Cu business	-1.9	
Others	1.0	-1.7
Total	6.4	1.8
[Effective Zn rate]	2,000 \$/t	2,600 \$/t

Market Prices and Rates (average of the year)



Performance by Segment (2) Intermediate Materials (billion yen)

**Rising material costs were passed on to prices.
However, prices of liquid crystal-related materials fell, leading to a plunge in profits.**



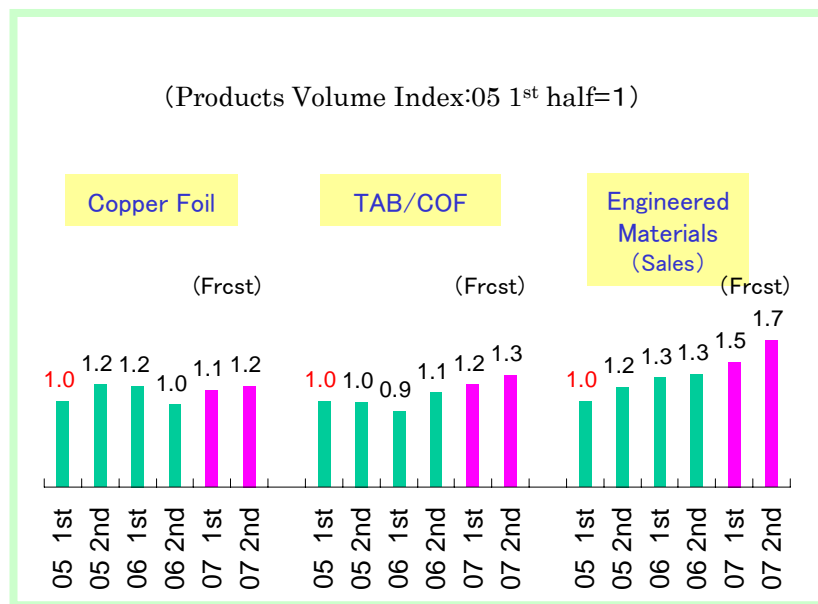
Operating Income variance(billion yen)

[06/3→07/3 -12.1]

- The liquid crystal-related materials business experienced a slump.
- Depreciation costs increased. -¥1.8 billion
- R&D costs also rose. -¥1.4 billion

[07/3→08/3 -0.3]

- An increase in depreciation costs (¥4.3 billion) will be offset by a rise in sales.



Performance by Segment (3) Parts Manufacturing and Assembly (billion yen)

Sales to major customers fell, and cost reduction targets were not reached. We have still yet to achieve a full-scale recovery.

Operating Income variance(billion yen)

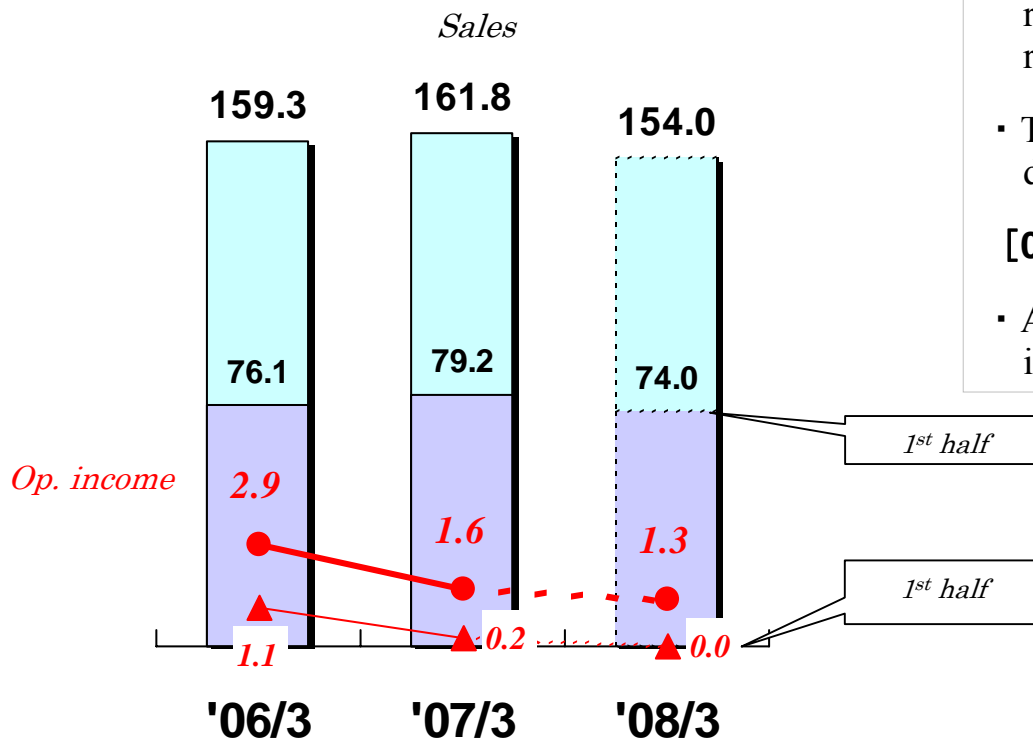
[06/3→07/3 -1.3]

- Sales to major customers declined, prices were reduced, prices of materials rose, and cost reduction targets were not achieved.

- The confusion associated with the transfer of the door lock business to Asia has settled.

[07/3→08/3 -0.3]

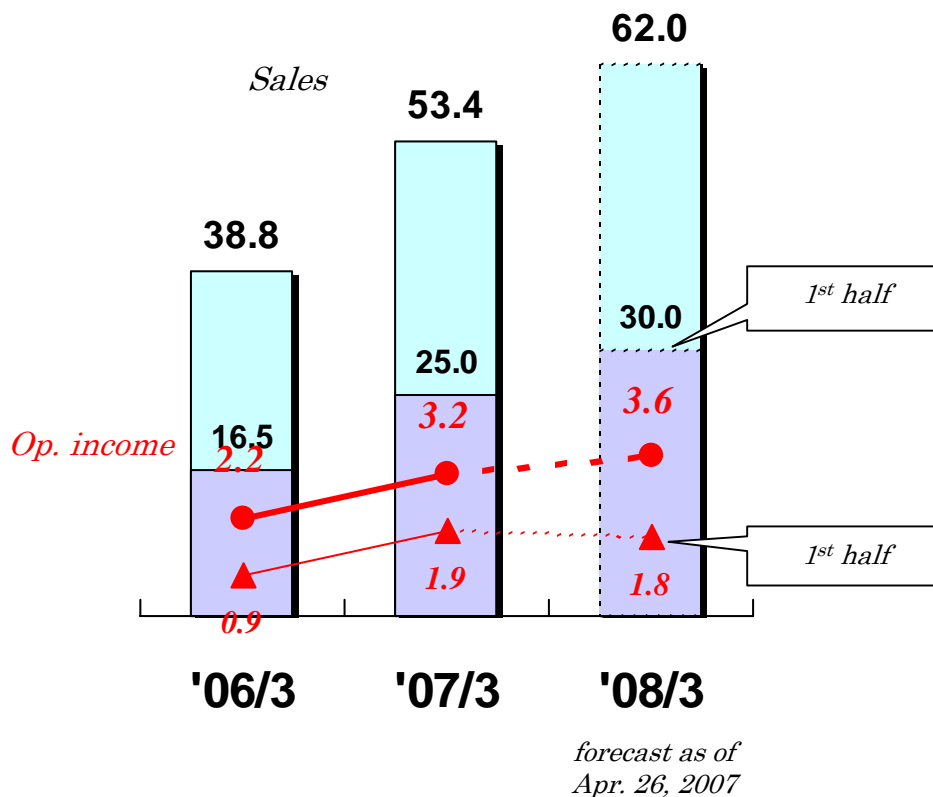
- A door lock business reconstruction plan will be implemented, but recovery will take time.



forecast as of
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Performance by Segment (4) Environmental Engineering and Metals Recycling (billion yen)

A growth trend has been maintained against a backdrop of rising metal prices



Operating Income variance(billion yen)

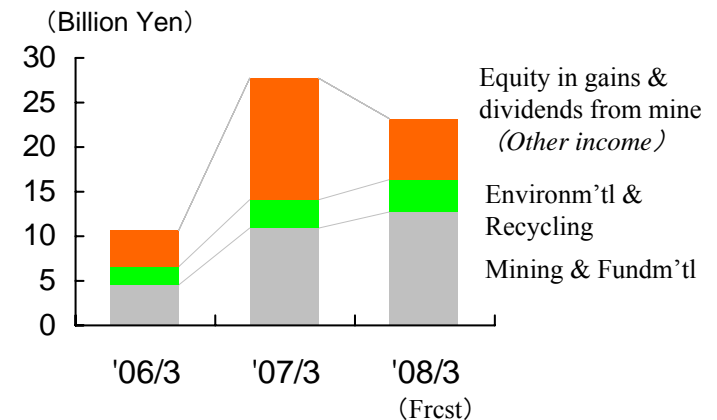
[06/3→07/3 +1]

- An improvement in material collection situation and rising metal prices

[07/3→08/3 + 0.4]

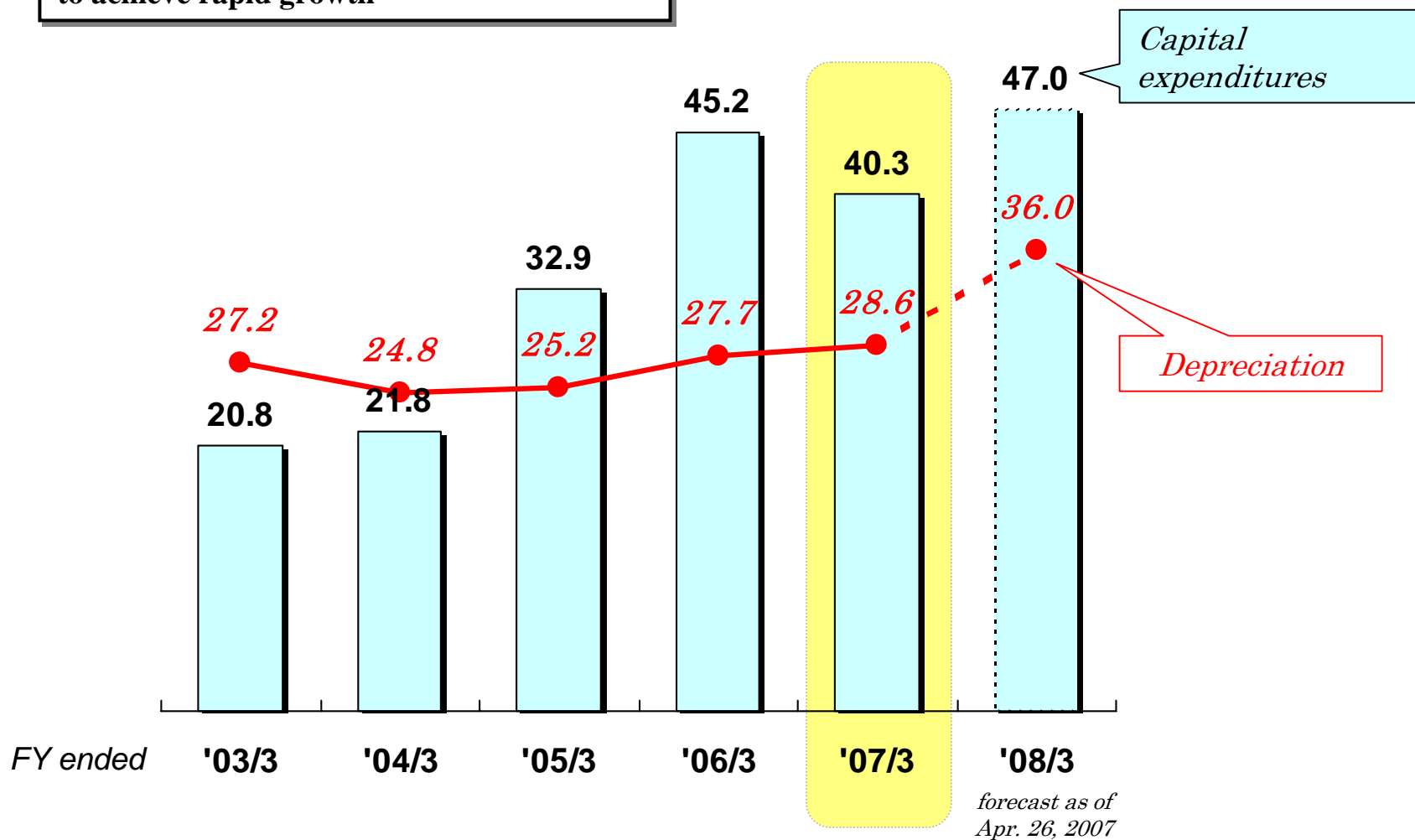
- Favorable metal prices

(FYR) Profits in the metal, environment and recycling businesses

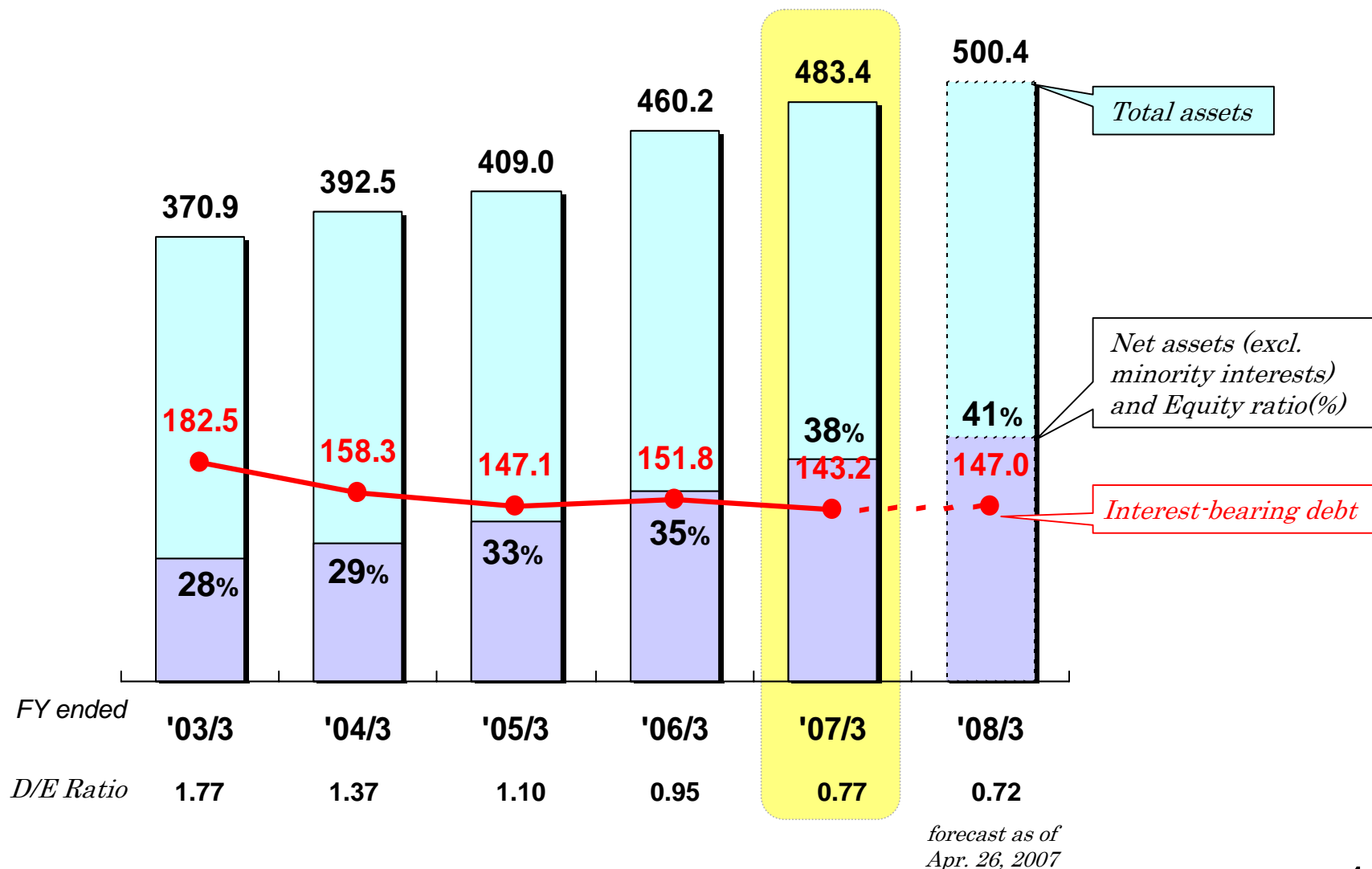


CAPEX and Depreciation (billion yen)

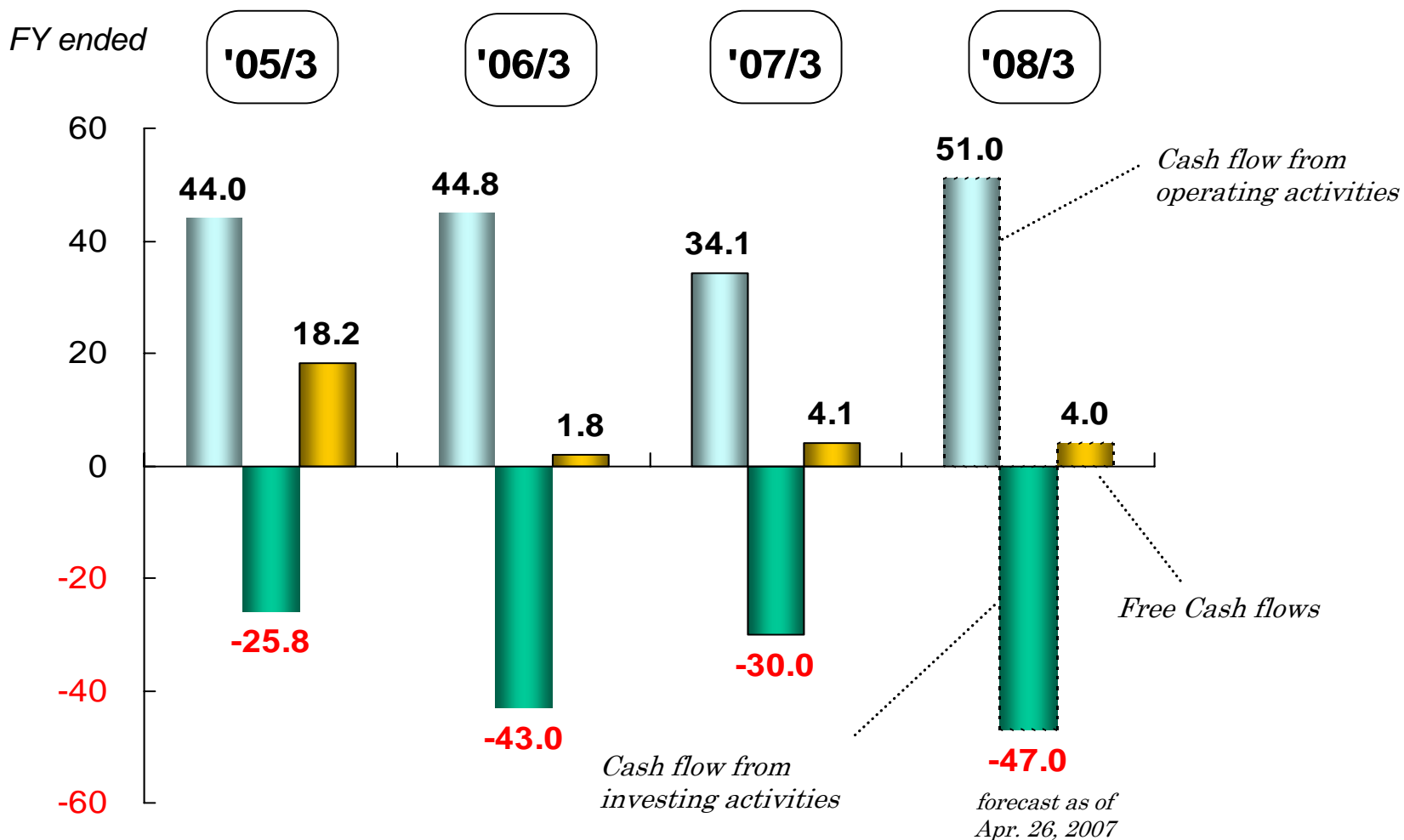
We continue to invest aggressively, aiming to achieve rapid growth



Financial Position at Term Ends (billion yen)



Cash Flows (billion yen)



Profitability Indexes

