

# **mitsui kinzoku**

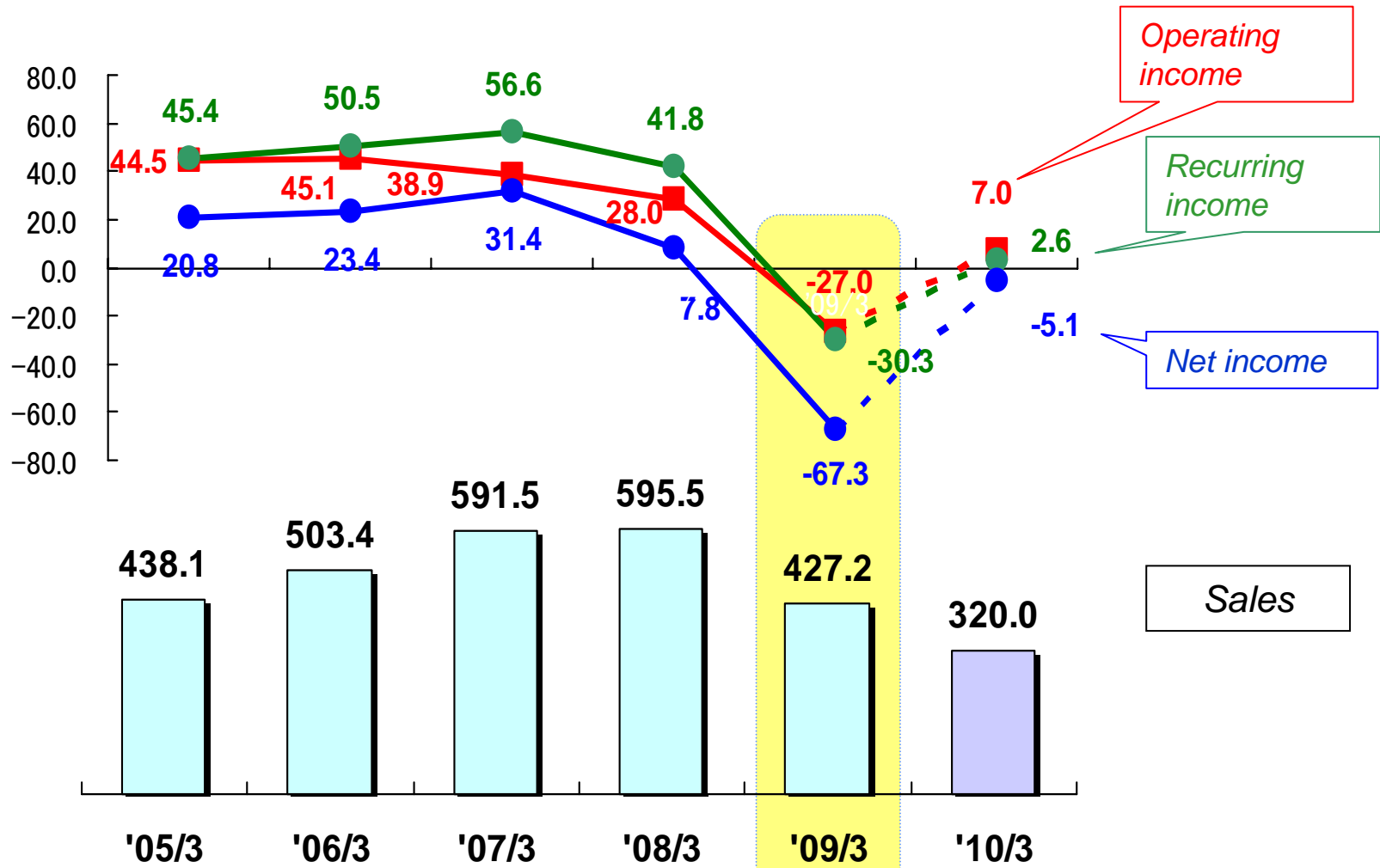
(Mitsui Mining & Smelting Co., Ltd. TSE5706)

*FY2008 Results & FY2009 Forecast*

May 8, 2009



# Sales and Profit (billion yen)



Dividend per share	7.0	10.0	12.0	12.0	0.0	0.0
Dividend payout ratio	19.3%	24.5%	21.9%	87.8%	-	-

Forecast as of May. 7, 2009

# Business Overview (1)

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## ■ Fiscal 2008 results:

- Nearly all our business operations reported a significant deterioration in revenues and earnings in fiscal 2008, owing to a decrease in demand worldwide and sharp falls in metal prices, as well as the impact of a loss on the valuation of inventories totaling ¥16 billion. Consequently, the Company reported an operating loss for the first time in its history. We have already implemented cost-cutting measures which include plans to reduce total staff groupwide by 4,000 employees by the end of September 2009.

Mining and Fundamental Materials Group and Environmental Engineering & Metals Recycling Group: Significant operating loss recorded, attributable to the stronger yen, falling metal prices, higher coke prices and a loss on the valuation of inventories.

Intermediate Materials: We are undertaking extensive management restructuring plans to respond to the posting of substantial operating losses in our TAB/COF tape operations.

Parts Manufacturing and Assembly: Profitability deteriorated as a result of a sudden shrinkage of the global automobiles market, particularly the North American market.

Non-operating income/expenses: Income declined as a result of a decrease in revenues from equity-method investments in the copper and zinc businesses and the discontinuation of the reversal of negative goodwill.

Extraordinary profit/losses: An impairment loss of ¥10.7 billion posted by the TAB/COF business

Tax expense: Full reversal of deferred tax assets (¥24.5 billion at the end of the third quarter on a non-consolidated basis).

- We made the decision to forego a term-end dividend payment for the fiscal 2008 term as a result of posting a net loss of ¥67.2 billion.

## ■ Fiscal 2009 forecasts:

- A full-scale recovery in demand is not expected by the end of fiscal 2009. We are determined to achieve a return to the black by means of cost-cutting efforts that include reform of our business structure, as well as payroll cuts.

Mining and Fundamental Materials Group and Environmental Engineering & Metals Recycling Group: Revenues will decline due to falling metal prices. We expect a decline in losses thanks to a rise in the proportion of recycled raw materials, a fall in energy costs, and the elimination of valuation losses on inventory assets.

Intermediate Materials: Implementing full-scale reforms of TAB/COF tape operations. We are expecting a recovery in profitability, centering on copper foil.

Parts Manufacturing and Assembly: Minimizing losses through a streamlining of production bases and a rationalization of operations.

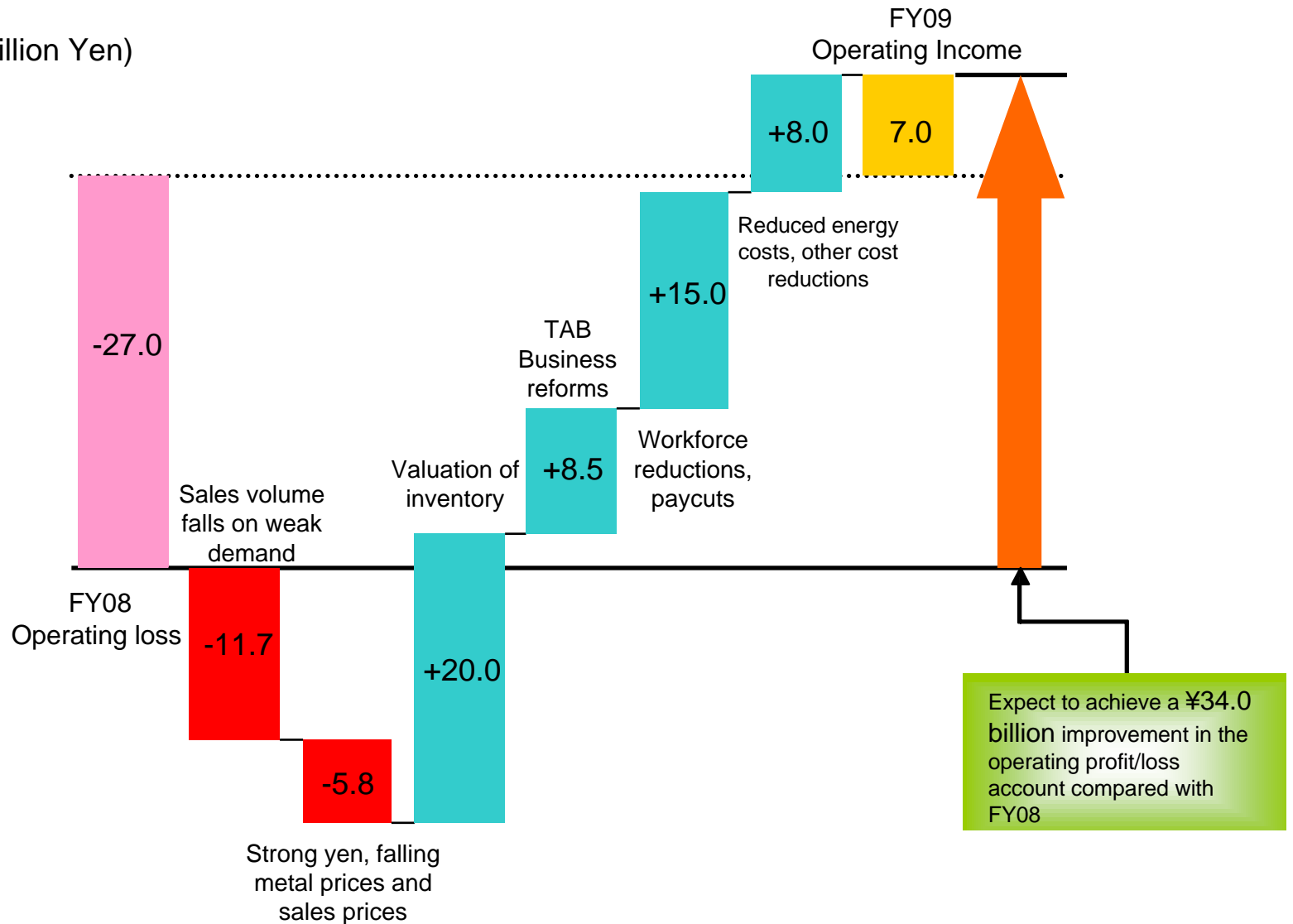
Extraordinary losses: We expect business restructuring expenses of ¥3.4 billion accompanying a workforce reduction.

- We will push management reforms while giving priority to ensuring an adequate level of cashflow. To this end, we will substantially reduce inventory assets and large-scale investment.

## Business Overview (2)

### Factors in improvement of operating profit/loss account for fiscal 2009

(billion Yen)



# Business Overview (3)

## ■ Progress Report on Rationalization Efforts

- ✓ Will reduce workforce by 4,000 employees by September 2009
- ✓ Will streamline the operational bases of the TAB/COF tape business, and continue business operations in the event that the realization of profitability and cashflow is foreseen
- ✓ In the door-lock business, reduce production bases worldwide from 13 to 9. Create a structure for realizing profits even if sales fall by 30%.

## ■ Our Management Strategies

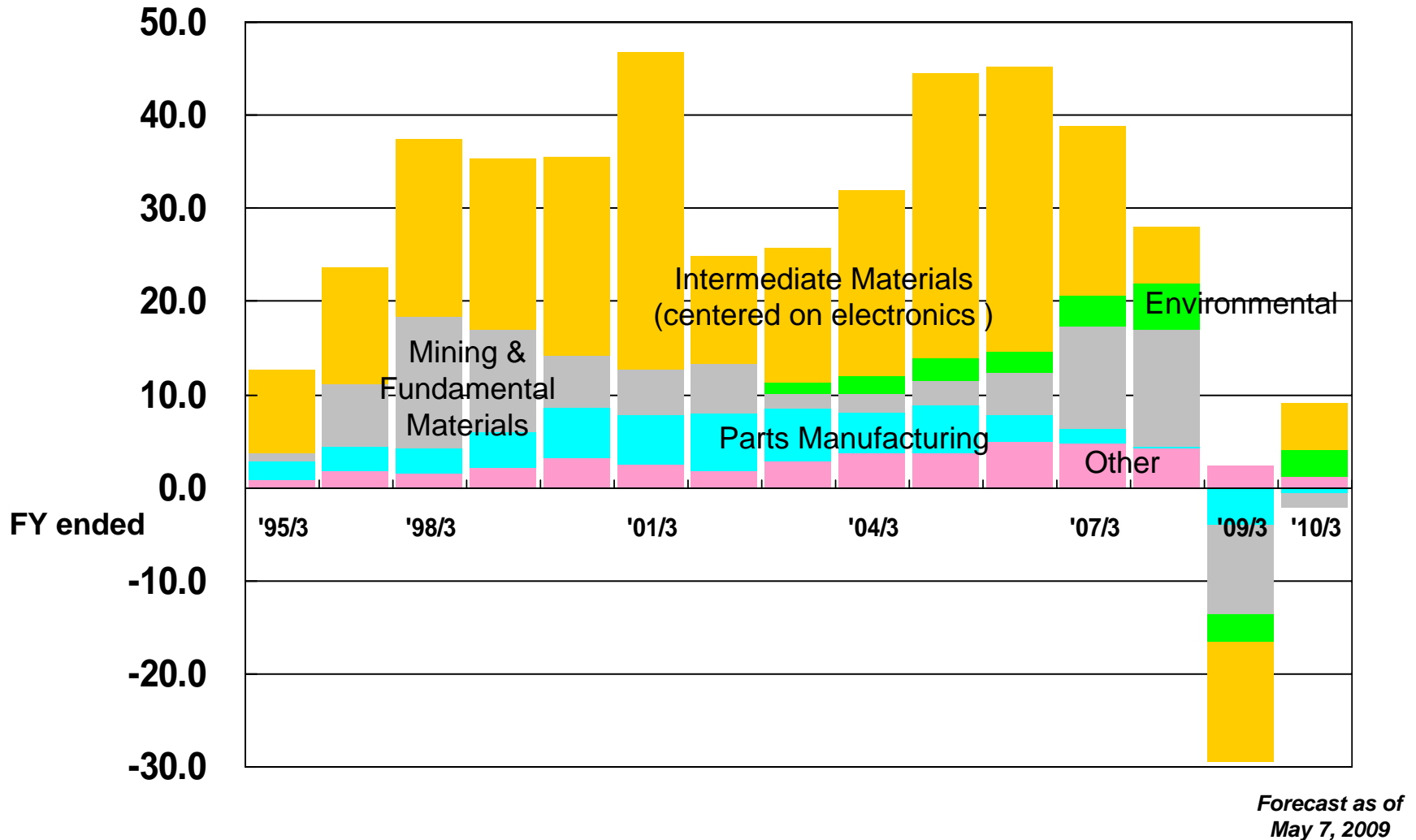
- ✓ A market recovery during the current term is not expected.

Short-term (Fiscal 2009)	Streamlining of employees, equipment and organization; structural reforms	<ul style="list-style-type: none"> <li>• Return existing core businesses (Metals &amp; Environmental, Electronic Materials, Door-Lock) to the black</li> <li>• Regarding other existing businesses, seek returns as cash cows</li> </ul>
Medium-term (Fiscal 2010-2011)	Reinforce the profitability of existing businesses	<ul style="list-style-type: none"> <li>• Position copper foil to lead the Company's growth and realize an unchallengeable global superiority in this field</li> <li>• Reduce our exposure to metal price fluctuations by strengthening our comprehensive resources recycling business</li> </ul>
Long-term (Fiscal 2012 and after)	Materials for next-generation lithium-ion rechargeable batteries, new sputtering target materials, catalysts	<ul style="list-style-type: none"> <li>• Provide materials for application products with growth potential</li> <li>• Undertake M&amp;A activities to acquire needed technologies</li> </ul>

## Statements of Income (billion yen)

	Results			Forecast			
	'08/3	'09/3	change	'10/3	change	1st h	2nd h
<b>Net sales</b>	595.5	<b>427.2</b>	-168.3 <i>-28.3%</i>	<b>320.0</b>	-107.2 <i>-25.1%</i>	146.0	174.0
Cost of sales	510.1	<b>405.3</b>	-104.8 <i>-20.6%</i>	-	-	-	-
<b>Gross profit</b>	85.4	<b>21.9</b>	-63.4 <i>-74.3%</i>	-	-	-	-
SG&A expenses	57.4	<b>49.0</b>	-8.4 <i>-14.7%</i>	-	-	-	-
<b>Operating income</b>	28.0	<b>-27.0</b>	-55.0	<b>7.0</b>	34.0	-2.0	9.0
Non-operating income/ expenses - net	13.8	<b>-3.3</b>	-17.1	<b>-4.4</b>	-1.1	-1.4	-3.0
<b>Recurring income</b>	41.8	<b>-30.3</b>	-72.1	<b>2.6</b>	32.9	-3.4	6.0
Extraordinary profit/losses - net	-19.1	<b>-24.8</b>	-5.7	<b>-4.5</b>	20.3	-2.8	-1.7
<b>Net income before income taxes</b>	22.7	<b>-55.1</b>	-77.8	<b>-1.9</b>	53.2	-6.2	4.3
Income taxes and minority interests	14.8	<b>12.1</b>	-2.7	<b>3.2</b>	-8.9	0.4	2.8
<b>Net income</b>	7.8	<b>-67.3</b>	-75.1	<b>-5.1</b>	62.2	-6.6	1.5

# Historical Operating Income by Segment (billion yen)



# Segment Information by Business (billion yen)



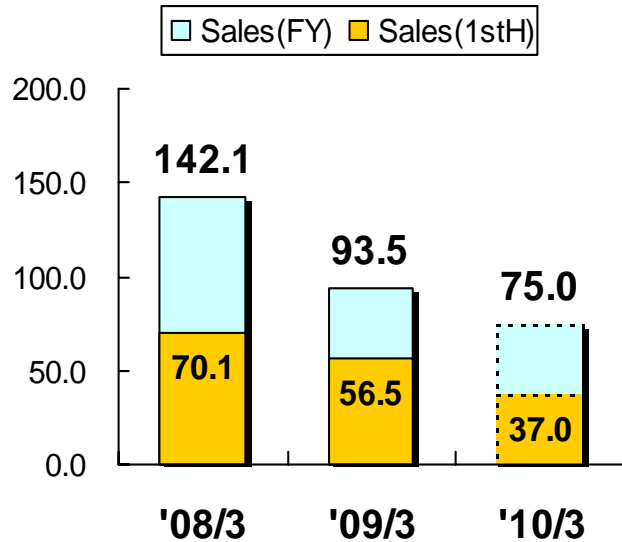
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	Results			Forecast			
	'08/3	'09/3	Change	'10/3	Change	'10/3 1st h	'10/3 2nd h
<b>■ Sales</b>							
Mining and Fundamental Materials	142.1	<b>93.5</b>	-48.6 -34.2%	<b>75.0</b>	-18.5 -19.8%	37.0	38.0
Intermediate Materials	243.8	<b>174.8</b>	-68.9 -28.3%	<b>109.0</b>	-65.8 -37.7%	50.0	59.0
Parts Manufacturing and Assembly	153.8	<b>119.5</b>	-34.3 -22.3%	<b>93.0</b>	-26.5 -22.2%	42.0	51.0
Environmental Engineering and Metals Recycling	69.1	<b>51.3</b>	-17.8 -25.7%	<b>43.0</b>	-8.3 -16.2%	20.0	23.0
Engineering	27.6	<b>24.8</b>	-2.8 -10.2%	<b>20.0</b>	-4.8 -19.3%	7.0	13.0
Services	60.7	<b>45.6</b>	-15.1 -24.9%	<b>30.0</b>	-15.6 -34.1%	14.0	16.0
Elimination	-101.6	<b>-82.4</b>	19.2	<b>-50.0</b>	32.4	-24.0	-26.0
<b>Consolidated</b>	<b>595.5</b>	<b>427.2</b>	-168.3 -28.3%	<b>320.0</b>	-107.2 -25.1%	146.0	174.0
<b>■ Operating income</b>							
Mining and Fundamental Materials	12.6	<b>-9.6</b>	-22.2	<b>-1.5</b>	8.1	-0.8	-0.7
Intermediate Materials	6.1	<b>-12.9</b>	-19.0	<b>5.1</b>	18.0	0.3	4.8
Parts Manufacturing and Assembly	0.1	<b>-4.0</b>	-4.1	<b>-0.6</b>	3.4	-2.7	2.1
Environmental Engineering and Metals Recycling	4.9	<b>-2.9</b>	-7.9	<b>2.8</b>	5.7	1.2	1.6
Engineering	1.3	<b>0.6</b>	-0.7 -51.0%	<b>0.1</b>	-0.5 -84.2%	-0.5	0.6
Services	1.9	<b>1.6</b>	-0.4 -19.0%	<b>1.0</b>	-0.6 -36.3%	0.5	0.5
Elimination	1.1	<b>0.2</b>	-0.9	<b>0.1</b>	-0.1	0.0	0.1
<b>Consolidated</b>	<b>28.0</b>	<b>-27.0</b>	-55.0	<b>7.0</b>	34.0	-2.0	9.0

## Quarterly sales and incomes (billion yen)

	07/Q1	07/Q2	07/Q3	07/Q4	08/Q1	08/Q2	08/Q3	08/Q4	YoY	YoY	YoY	YoY
<b>■ Sales</b>												
Mining and Fundamental	34.4	35.7	38.3	33.7	28.9	27.6	18.6	18.5	-5.5	-8.1	-19.7	-15.3
Intermediate Materials	62.3	63.1	63.9	54.5	60.7	59.3	35.0	19.8	-1.5	-3.9	-28.9	-34.7
Parts Manufacturing	41.1	35.9	39.3	37.6	36.7	35.5	27.8	19.5	-4.3	-0.3	-11.5	-18.1
Environmental & Recycling	17.3	17.4	18.3	16.1	14.9	16.0	9.8	10.7	-2.4	-1.4	-8.5	-5.4
Engineering	4.0	7.2	3.8	12.6	3.7	6.3	5.7	9.0	-0.2	-0.9	1.9	-3.6
Services	15.5	15.3	16.0	13.9	13.8	13.4	9.8	8.6	-1.8	-1.8	-6.3	-5.3
Consolidated	150.8	148.4	155.1	141.3	135.4	133.7	89.3	68.8	-15.4	-14.6	-65.8	-72.4
<b>■ Operating income</b>												
Mining and Fundamental	1.3	5.6	4.3	1.4	0.8	-0.6	-6.7	-3.2	-0.5	-6.2	-11.0	-4.6
Intermediate Materials	2.3	4.4	2.3	-2.9	6.5	2.2	-10.9	-10.8	4.2	-2.2	-13.1	-7.9
Parts Manufacturing	-0.0	0.4	0.2	-0.5	0.7	0.0	-2.0	-2.7	0.7	-0.4	-2.2	-2.2
Environmental & Recycling	1.0	1.9	0.7	1.3	1.7	0.1	-5.6	0.9	0.6	-1.8	-6.2	-0.4
Engineering	-0.2	0.3	0.0	1.1	-0.1	0.1	0.2	0.4	0.1	-0.2	0.2	-0.7
Services	0.4	0.6	0.1	0.8	0.4	0.4	0.3	0.4	-0.0	-0.1	0.2	-0.4
Consolidated	5.0	13.4	7.6	2.0	10.0	2.3	-24.5	-14.8	5.0	-11.2	-32.1	-16.8
<b>■ Recurring income</b>												
Recurring income	8.3	17.5	10.6	5.3	11.8	3.2	-29.4	-15.9	3.5	-14.3	-40.0	-21.3
<b>■ Net income</b>												
Net income	5.2	11.1	7.1	-15.5	3.6	0.7	-24.3	-47.2	-1.6	-10.4	-31.4	-31.7

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

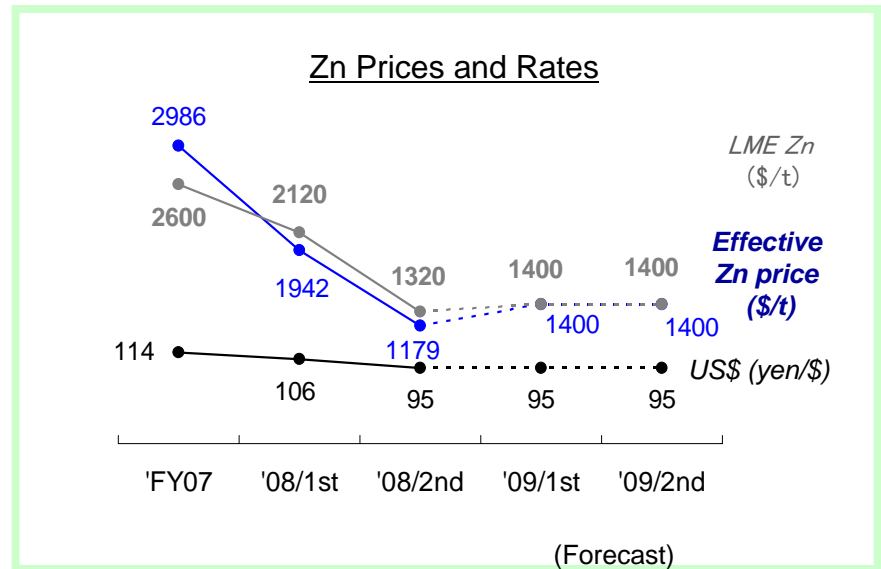
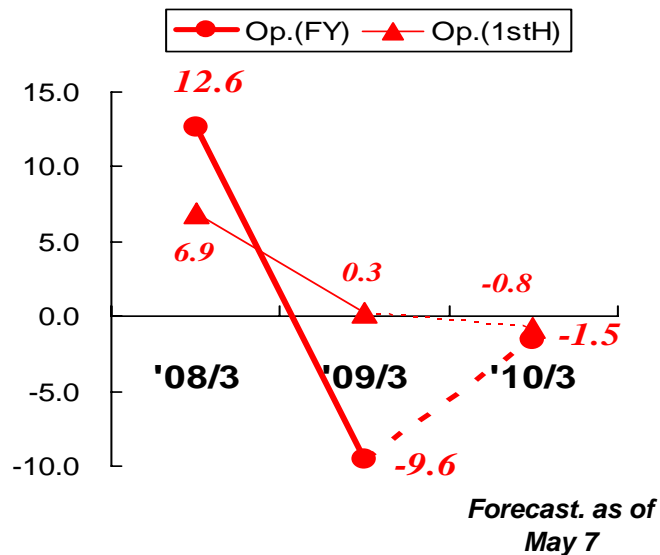


### Operating Income variance (billion yen)

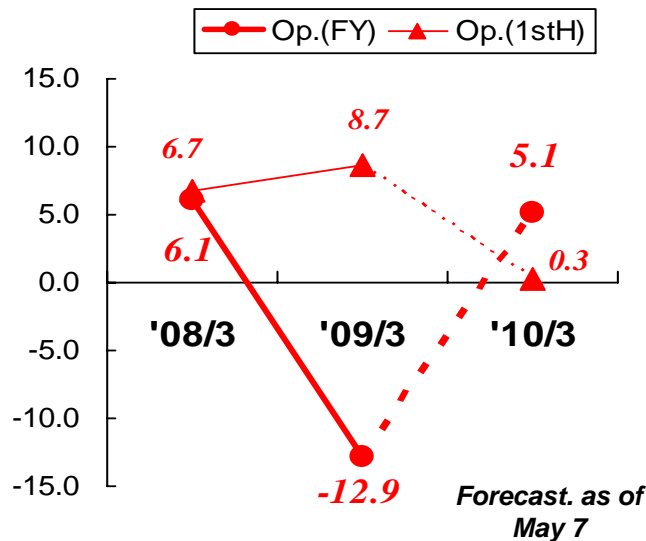
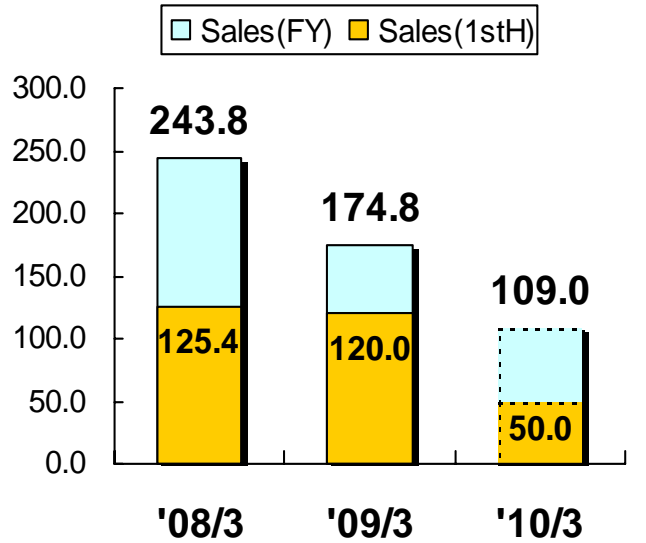
	['08/3→'09/3]	['09/3→'10/3]
Ex. Rate	-1.3	-1.0
LME	-11.3	-6.0
T/C	2.0	-0.5
Inventory valuation change	-6.7	11.2
Coke price	-4.5	3.4
Other	-0.4	1.0
<b>Total</b>	<b>-22.2</b>	<b>8.1</b>

Sensitivity to Op. (for FY 2009)

Zn \$100/t	± 1.2 billion yen
1US\$/JPY	± 0.1 billion yen



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



### Operating Income variance (billion yen)

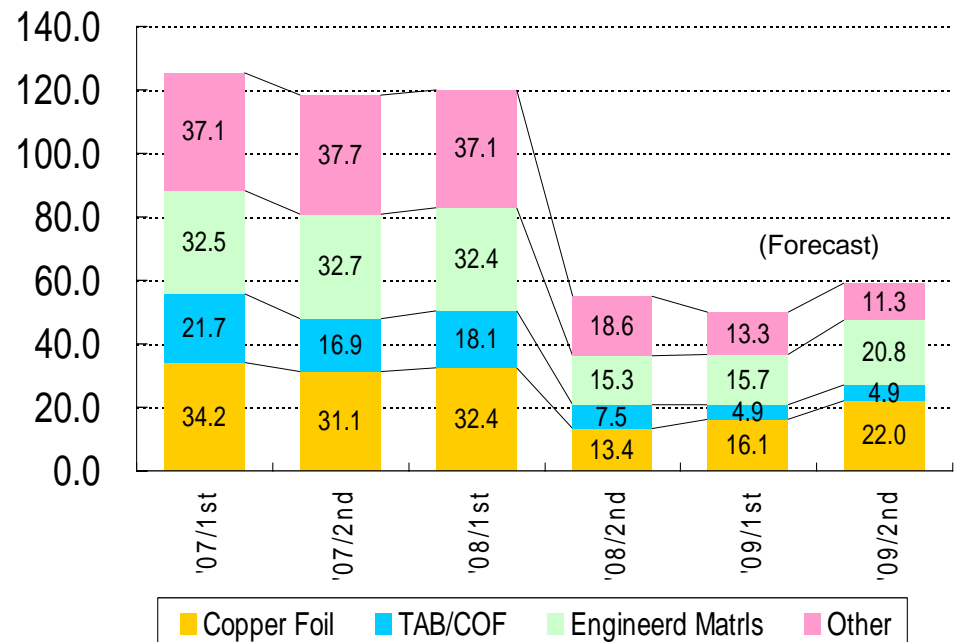
['08/3 → '09/3 - 19.0]

- Decline in sales due to weakening demand, lower of cost or market method for inventory assets (Deterioration: ¥7.6 billion)

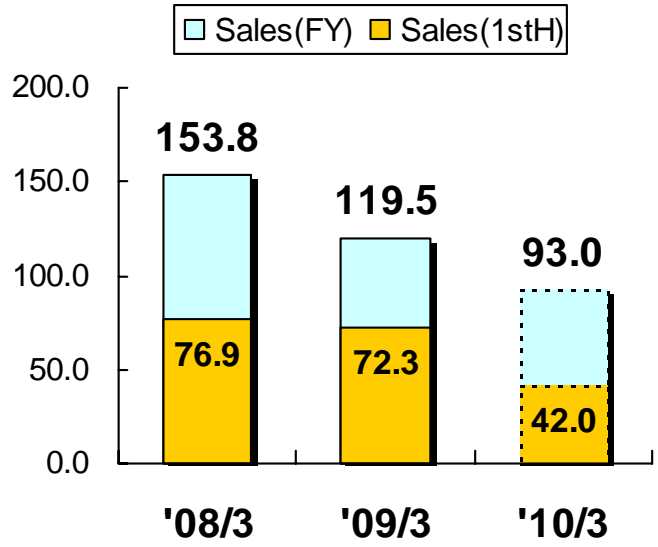
['09/3 → '10/3 + 18.0]

- Reduce TAB/COF tape business losses, rationalization, halt declining demand to achieve recovery

### Divisional Sales Breakdown (billion yen)



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



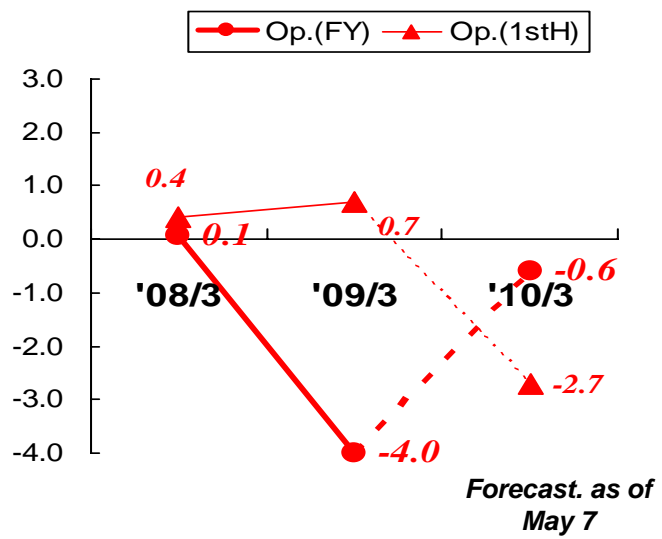
Operating Income variance (billion yen)

['08/3 → '09/3 - 4.1]

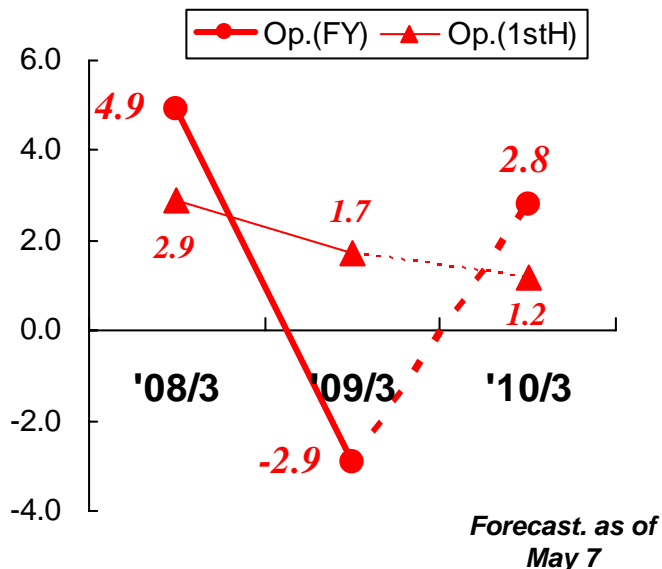
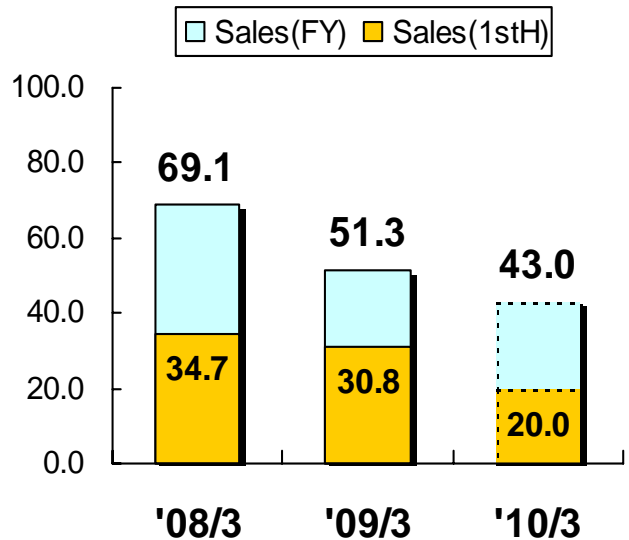
- Decline in sales due to significant weakening in demand

['09/3 → '10/3 + 3.4]

- Reduce losses through rationalization and streamlining of operational bases



## Performance by Segment (4) Environmental Engineering and Metals Recycling (billion yen)



### Operating Income variance (billion yen)

['08/3 → '09/3 - 7.8]

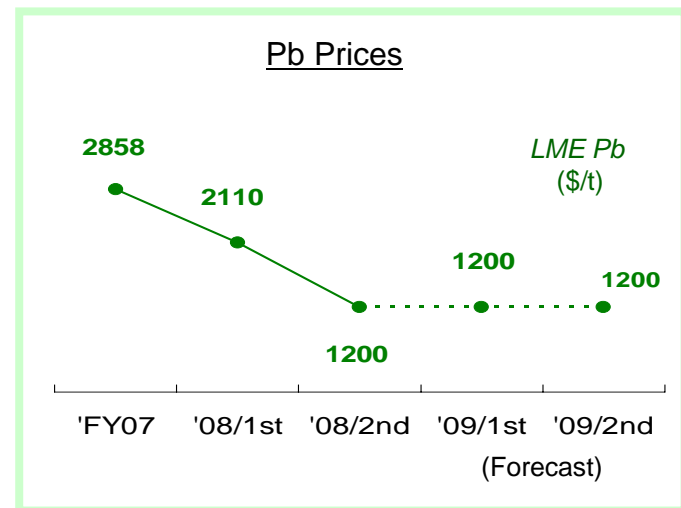
- Declining prices for metals, rising energy costs, valuation loss on inventory assets

['09/3 → '10/3 + 5.7]

- Discontinuation of valuation loss on inventory assets, rationalization and cost reductions

Sensitivity to Op. (for FY 2009)

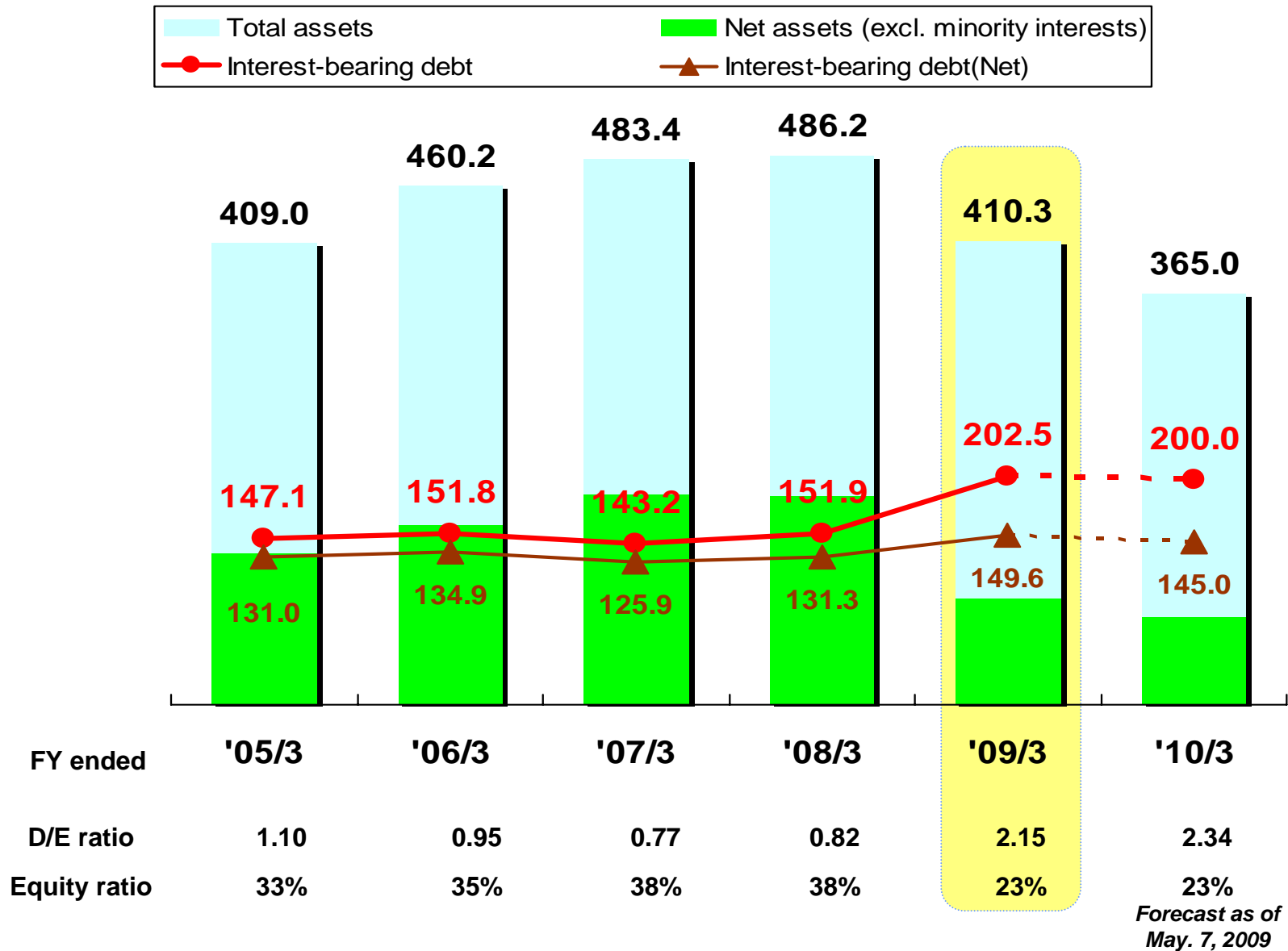
Pb \$100/t	± 0.1billion yen
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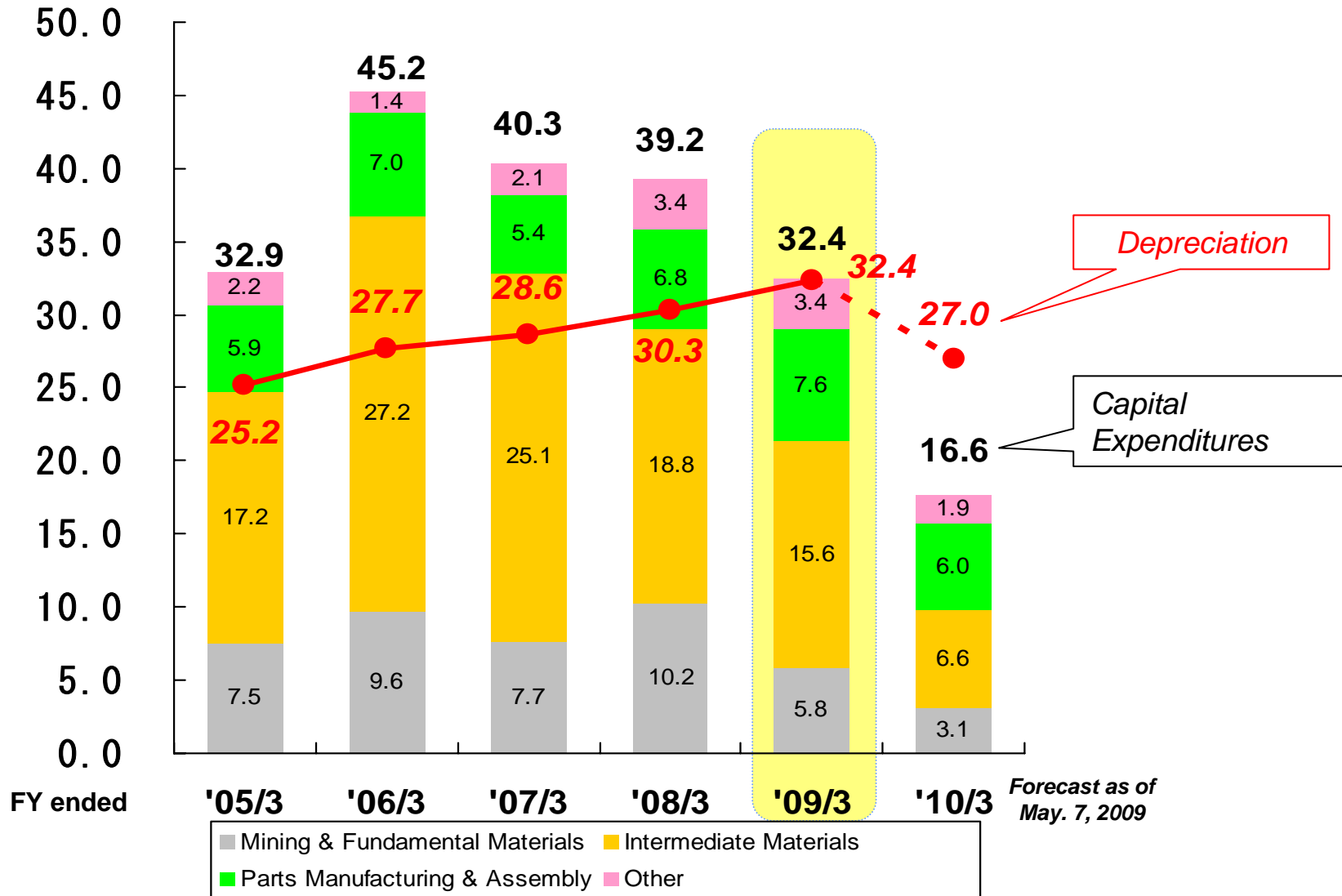
## Non-operating income/expenses and Extraordinary profit/losses (billion yen)

	Results			Forecast	
	'08/3	'09/3	Change	'10/3	Change
Interest income - net	-2.7	-2.7	-0.1	-3.4	-0.7
Dividend income -net	1.6	1.7	0.2	0.1	-1.6
Amortization of consolidation differences	3.0	0.1	-2.9	0.1	-0.0
Equity in gains/losses	11.6	-1.3	-12.9	-0.9	0.4
Cu price( ¢ /lb)	(344 ¢ )	(266 ¢ )	(-78 ¢ )	(150 ¢ )	(-116 ¢ )
Zn price (\$/t)	(\$2,986)	(\$1,560)	(-\$1,426)	(\$1,400)	(-\$160)
Other	0.3	-1.1	-1.4	-0.3	0.8
<b>Non-operating income/expenses - net</b>	<b>13.8</b>	<b>-3.3</b>	<b>-17.1</b>	<b>-4.4</b>	<b>-1.1</b>
Gain on sale of mining rights	3.7		-3.7		0.0
Indemnity	-0.2	-0.2	-0.0	-0.1	0.0
Loss on sale & disposal of P. P. E.	-1.7	-0.6	1.1		0.6
Impairment charges on P.P.E.	-18.5	-11.8	6.7	-0.1	11.8
Write-down of inventories		-4.7	-4.7		4.7
Reserve for loss on inventories		-2.5	-2.5		2.5
Restructuring charges		-1.8	-1.8	-3.4	-1.6
Other	-2.4	-3.1	-0.7	-0.9	2.2
<b>Extraordinary profit/losses - net</b>	<b>-19.1</b>	<b>-24.8</b>	<b>-5.7</b>	<b>-4.5</b>	<b>20.3</b>

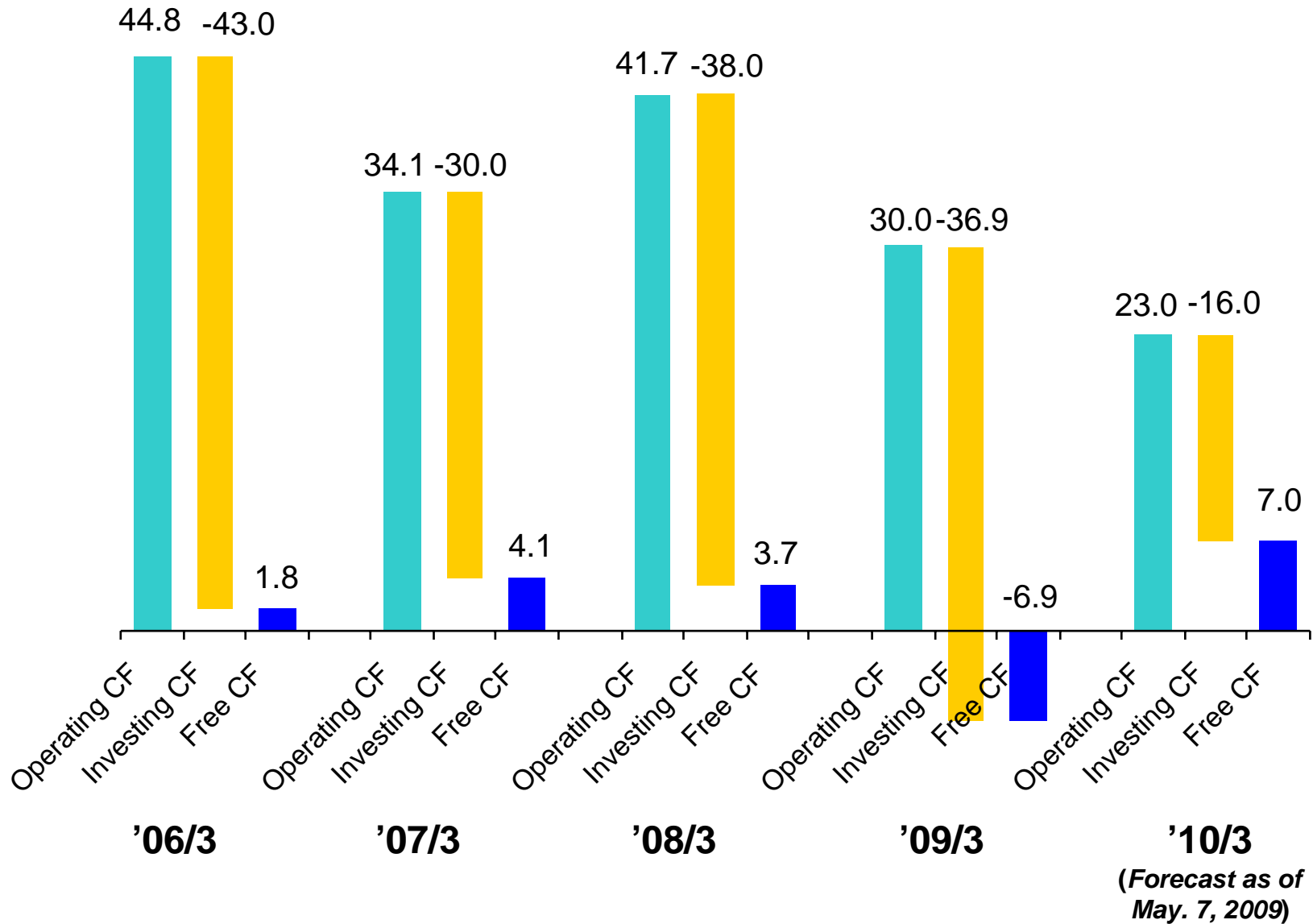
## Financial Position at Term Ends (billion yen)



# CAPEX and Depreciation (billion yen)



# Cash Flows (billion yen)



## Caution Concerning Forward-looking Statements

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Statements contained in these materials regarding forecasts of future events are qualified by various risks, both existing and unknown, and uncertainties, which may have a material impact on the actual business conditions and operational activities. Consequently, please be aware that actual performance may differ substantially from forecasts and business plans indicated herein because of various unforeseeable factors.

Mitsui Mining & Smelting Co., Ltd. cannot guarantee the validity of the targets, assumptions, expectations, predictions, plans, assessments and other information contained in this material, and the Company also cannot guarantee that its actual business performance will be consistent with the forecasts presented within.

Regarding latent risks which might impact forecast results and other uncertainties, some items are included in the “Business and Other Risks” section of our financial statements or our website. However, please recognize that these are just a summary rather than a comprehensive list of all possible items relating to latent risks and uncertainties.

This material was compiled with the aim of furthering the understanding of our shareholders and other investors with regard to the Company’s management policy and other details. This material is not for the purpose of soliciting investment through the purchase or sale of stocks. Accordingly, you are advised not to make your investment decision solely on the basis of the material presented herein.