At the October 27th Board meeting, Board members of Sumitomo Titanium Corporation have approved a production capacity enhancement project. Details of the project are as follow.

1. Backgrounds of the project

Titanium use for general industries is expanding, and with sharp increase in orders for new fuel-efficient civilian aircraft with high volume titanium use, robust demand for titanium is continuing strong. While titanium producers are carrying out capacity enhancement in response to such demand, tight supply seems to continue.

Ahead of any other producers, Sumitomo Titanium had reinforced production capacity from annual output of 18,000-ton to 24,000-ton, and has been operating at full capacity since April 2006.

As there is still far larger demand for our high quality titanium from mill producers, Sumitomo Titanium has decided further reinforcement of sponge titanium production capacity in response to requests from customers.

2. General outline of the production capacity enhancement

(1) Amount of increase in production capacity: 10,000-ton in annual capacity

Project Schedule
1st phase: annual output 24,000-ton → 32,000-ton Shipment will be begun in January, 2009
2nd phase: annual output 32,000-ton → 34,000-ton Shipment will be begun in July, 2009

(2) Amount of investment: 27.6 billion yen

(3) Breakdown of the investment

1) Construction of a new plant for processes such as electrolysis, reduction, and sizing
2) Expansion of facilities such as chlorination, and distillation
3) Infrastructures: electricity, treatment facilities for water discharge and gas emissions

(4) Cash planning: Self-financed investment

(5) Site for the new plant: Adjacent area of the Headquarters
Sponge Titanium Production Flow

Electrolysis

Magnesium Chloride
MgCl₂

Chlorine
Cl₂

Pure Titanium Tetrachloride

Reduction

Titanium sponge

Sizing

Chlorine
Cl₂

Diltillation

Magnesium
Mg

Melting

Rutile