

SUMIDA CORPORATION

Presentation of the 4th Quarter FY2007

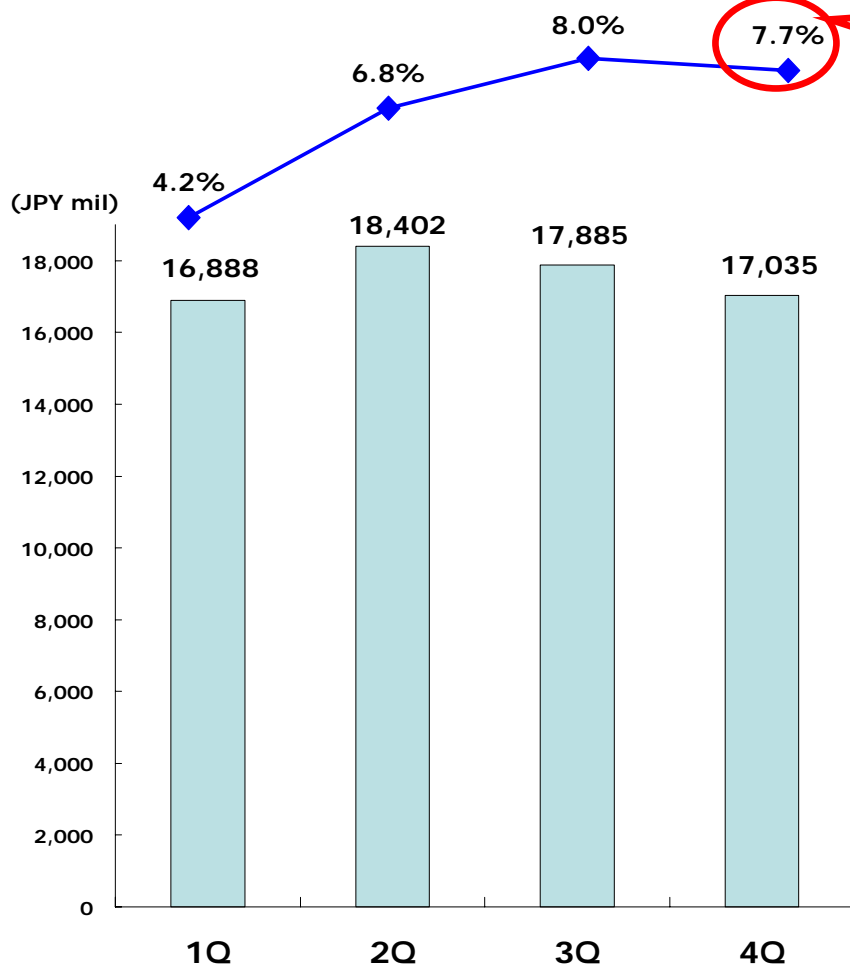
~ Summary of 2007/1B7 & Future Business Plan ~

19th February, 2008

Shigeyuki Yawata, CEO
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Summary of 1st to 4th Quarter FY07 (Consolidated)

■ Improvement of Net Sales and Operating Income Ratio



Reasons:

- ✓ Delay in the sale of Inverter Unit Business
- ✓ Delay in the restructuring of Mexico factory

Main action items in FY07

- Review of unprofitable business
 - Sale of Jensen (Sweden)
 - Production shift from Mexico to China
 - Restructuring of VOGT
 - Sale of Inverter Unit Business (Taiwan/China)
- Streamlining the balance sheet
 - Sale of non-core assets in Taiwan
 - Sale of headquarter building

Net Sales

Grew steadily with strong legacy business and expansion of Automotive and VOGT business.

-> UP 10.6% year-on-year

Operating Income

Increased by smooth expansion of existing business and improvement of profitability through structural reforms.

-> UP 13.0% year-on-year

Ordinary Income

Decreased due to smaller exchange gain occurred by strong yen.

-> DOWN 3.0% year-on-year

(However, UP 21% if excluding the exchange rate factor)

Net Income

Improved significantly by profit from sales of unprofitable business and fixed assets.

-> UP 30.9% year-on-year

Comments

- Sales grew steadily, and operating income ratio in the 4th Quarter has reached 8% level
- Various measures of structural reform have been completed

1. Exchange Profit/Loss

	07.1Q	07.2Q	07.3Q	07.4Q	2008	Average in past 12 months
Yen/USD	118.1	123.3	115.6	112.4	108	117.65
Yen/Euro	157.2	165.8	163.7	165.6	158	161.29
Yen/HKD	15.1	15.8	14.9	14.4	14	15.78
Exchange Profit/Loss (Unit:Million Yen)	59	455	△364	△122		28

2. Consolidated Result 4Q, FY2007

(Unit: Million Yen)

	4Q/07				4Q/06	YOY
	Actual	Projections	Change		Actual	
Net Sales	17,035	17,000	35	0.2%	17,162	Δ0.7%
Operating Income	1,316	1,400	Δ84	Δ6.0%	608	116.3%
O.I.R.	7.7%	8.2%		Δ0.5%	3.5%	
Ordinary Income	1,032	1,335	Δ303	Δ22.7%	492	109.8%
Net Income	949	940	9	0.9%	Δ55	—

3. Consolidated Result FY2007

(Unit: Million Yen)

	FY2007				FY2006	YOY
	Actual	Projections	Change		Actual	
Net Sales	70,210	70,200	10	0.0%	63,508	10.6%
Operating Income	4,712	4,800	Δ88	Δ1.8%	4,171	13.0%
O.I.R.	6.7%	6.8%	/	Δ0.1%	6.6%	/
Ordinary Income	4,368	4,700	Δ332	Δ7.1%	4,505	Δ3.1%
Net Income	2,855	2,900	Δ45	Δ1.5%	2,182	30.9%

4. Consolidated result of FY2007 (Actual)

(Unit: Million Yen, %)

	FY2007				Full business year
	1Q	2Q	3Q	4Q	
Net Sales	16,888	18,402	17,885	17,035	70,210
Operating Income	705	1,253	1,438	1,316	4,712
Sales Operating Income Ratio	4.2%	6.8%	8.0%	7.7%	6.7%
Ordinary Income	563	1,750	1,023	1,032	4,368
Net Income	355	679	872	949	2,855

5. Extraordinary Gain / Loss

(Unit: Million Yen)

	<u>1Q/07</u>	<u>2Q/07</u>	<u>3Q/07</u>	<u>4Q/07</u>	<u>FY2007</u>
Sale of fixed assets	Δ1	973	2,007	Δ142	2,837
Impairment loss Arima Device's stock etc.	—	Δ946	Δ265	—	Δ1,211
Structural reform of Inverter Business	—	Δ211	—	—	Δ211
Sale of Jensen	—	Δ162	0	—	Δ162
Sale of Inverter Unit Business	—	—	—	370	370
Structural reform of Sumida VOGT GmbH	—	Δ519	Δ621	Δ1,042	Δ2,182
Others	32	117	Δ892	549	Δ194
Total	31	Δ748	229	Δ265	Δ753

6. 4Q Sales Breakdown by Business

	4Q/07	4Q/06	Change	
	(¥million)	(¥million)	(¥million)	(%)
Magnetics	6,340	6,632	Δ292	Δ4.4
Inverter	1,720	1,988	Δ268	Δ13.5
Automotive	2,599	2,166	433	20.0
Panta	446	356	90	25.3
STELCO	503	471	32	6.8
VOGT Components	4,905	5,059	Δ154	Δ3.0
VOGT EMS	517	466	51	10.9
Others	5	24	Δ19	
Total	17,035	17,162	Δ127	Δ0.7

7. FY2007 Sales Breakdown by Business

	FY2007	FY2006	Change	
	(¥million)	(¥million)	(¥million)	(%)
Magnetics	25,447	23,634	1,813	7.7
Inverter	6,724	7,520	△796	△10.6
Automotive	9,862	8,231	1,631	19.8
Panta	1,867	356	1,511	424.4
STELCO	2,071	2,238	△167	△7.5
VOGT Components	21,699	18,878	2,821	14.9
VOGT EMS	2,507	2,381	126	5.3
Others	33	270	△237	
Total	70,210	63,508	6,702	10.6

8. 4Q Sales Breakdown by Region (Destination)

	4Q/07		4Q/06		Change (¥million)
	(¥million)	(%)	(¥million)	(%)	
Japan	2,510	14.8	2,583	15.1	△73
Hong Kong/ China	3,600	21.1	3,543	20.6	57
ASEAN	839	4.9	892	5.2	△53
Taiwan/ Korea	1,010	5.9	1,510	8.8	△500
NAFTA	1,552	9.1	1,740	10.1	△188
EU	7,514	44.1	6,821	39.8	693
Others	10	0.1	73	0.4	△63
Total	17,035	100.0	17,162	100.0	△127

9. FY2007 Sales Breakdown by Region (Destination)

	FY2007		FY2006		Change (¥million)
	(¥million)	(%)	(¥million)	(%)	
Japan	9,489	13.5	9,663	15.2	△174
Hong Kong/ China	13,524	19.3	11,028	17.4	2,496
ASEAN	3,297	4.7	3,163	5.0	134
Taiwan/ Korea	4,718	6.7	6,031	9.5	△1,313
NAFTA	7,133	10.2	5,931	9.3	1,202
EU	31,969	45.5	27,619	43.5	4,350
Others	80	0.1	73	0.1	7
Total	70,210	100.0	63,508	100.0	6,702

+10.6%

10. 4Q Breakdown of Operating Income by Business

(Unit: ¥million, %)

	4Q/07	4Q/06	Change
Coil	1,716	1,412	304
O. I. R. (%)	14.6	12.1	—
VOGT Components	278	△187	465
O. I. R. (%)	5.6	△3.7	—
VOGT EMS	△13	94	△107
O. I. R. (%)	△2.5	20.2	—
Elimination	△665	△711	46
Total	1,316	608	708
O. I. R. (%)	7.7	3.5	—

11. FY2007 Breakdown of Operating Income by Business

(Unit: ¥million, %)

	FY2007	FY2006	Change
Coil	6,344	6,060	284
O. I. R.(%)	13.6	14.3	—
VOGT Components	975	769	206
O. I. R.(%)	4.5	4.1	—
VOGT EMS	87	329	△242
O. I. R.(%)	3.5	13.8	—
Elimination	△2,694	△2,987	293
Total	4,712	4,171	541
O. I. R.(%)	6.7	6.6	—

12. Consolidated Balance Sheet

(Unit: million yen)

	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008(FC)</u>
Short-term loans	13,231	16,196	
Bond (Alpine bond)	8,000	8,000	
Long-term loans+ bond	6,307	3,563	
Total debt	27,538	27,759	
Cash and cash equivalent	6,417	9,180	
Net debt	21,121	18,579	

Reduce in Current assets/current liabilities	5,500
Profit of FY2008	4,900
Other financial assets	1,700
Subtotal	12,100
Treasury stock	1,500
Total	13,600

4,979

13. Projections for 1Q/FY08 Consolidated

	1Q/08 Projections (¥million Yen)	1Q/07 Actual (¥million)	Change	
			(¥million)	%
Net Sales	15,600	16,888	△1,288	△7.6%
Operating Income	1,000	705	295	41.8%
O. I. R	6.4%	4.2%		
Ordinary Income	800	563	237	42.1%
Net Income	560	355	205	57.7%

14. Projections for 1Q/FY08 Consolidated

1Q/07 Actual	Net Sales	16,888 M yen	Change: Δ1,288 M yen
1Q/08 Projections	Net Sales	15,600 M yen	

Inverter Unit Business	1Q/07	Net Sales	1,660 M yen
VOGT business	1Q/07	Net Sales	750 M yen
			2,410 M yen

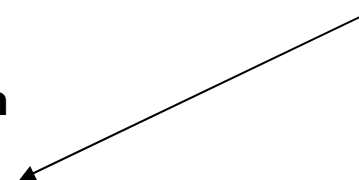
16,888 M yen

Δ2,410 M yen

Δ1,000 M yen (currency exchange)

13,478 M yen

+15.7% 15,600 M yen



15. Projections for FY2008 Consolidated

	FY2008 Projections (¥million)	FY2007 Actual (¥million)	Change	
			(¥million)	%
Net Sales	65,300	70,210	△4,910	△7.0%
Operating Income	5,230	4,712	518	11.0%
O. I. R	8.0%	6.7%		
Ordinary Income	4,830	4,368	462	10.6%
Net Income	3,380	2,855	525	18.4%

16. Projections for FY2008 Consolidated

FY2007 Actual	Net Sales	70,210 M yen	
FY2008 Projections	Net Sales	65,300 M yen	Change: Δ4,910 M yen

Inverter Unit Business	1Q/07	Net Sales	6,200 M yen
VOGT Business	1Q/07	Net Sales	3,000 M yen
			<hr/>
			9,200 M yen

70,210 M yen

Δ9,200 M yen

Δ3,200 M yen

(currency exchange)

57,810 million yen

+13.0%

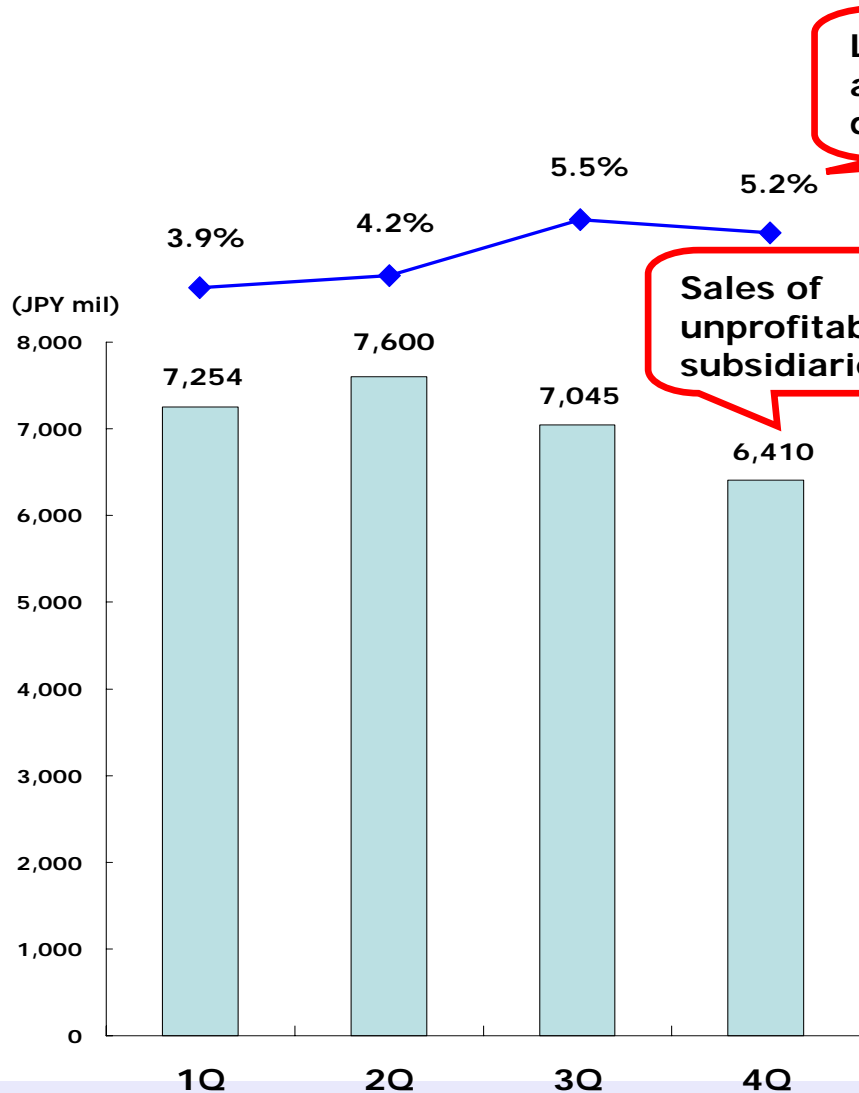
65,300 million yen

17. Capital Expenditure, Depreciation, R&D

Plan of 2008

·Capital expenditure	4,500 M yen
·Depreciation	4,100 M yen
·R & D expenses	(SECL) 2,800 M yen
	(SVG) 800 M yen
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	3,600 million yen

■ Improvement of Net Sales & Operating Income Ratio



Main action items in 2007

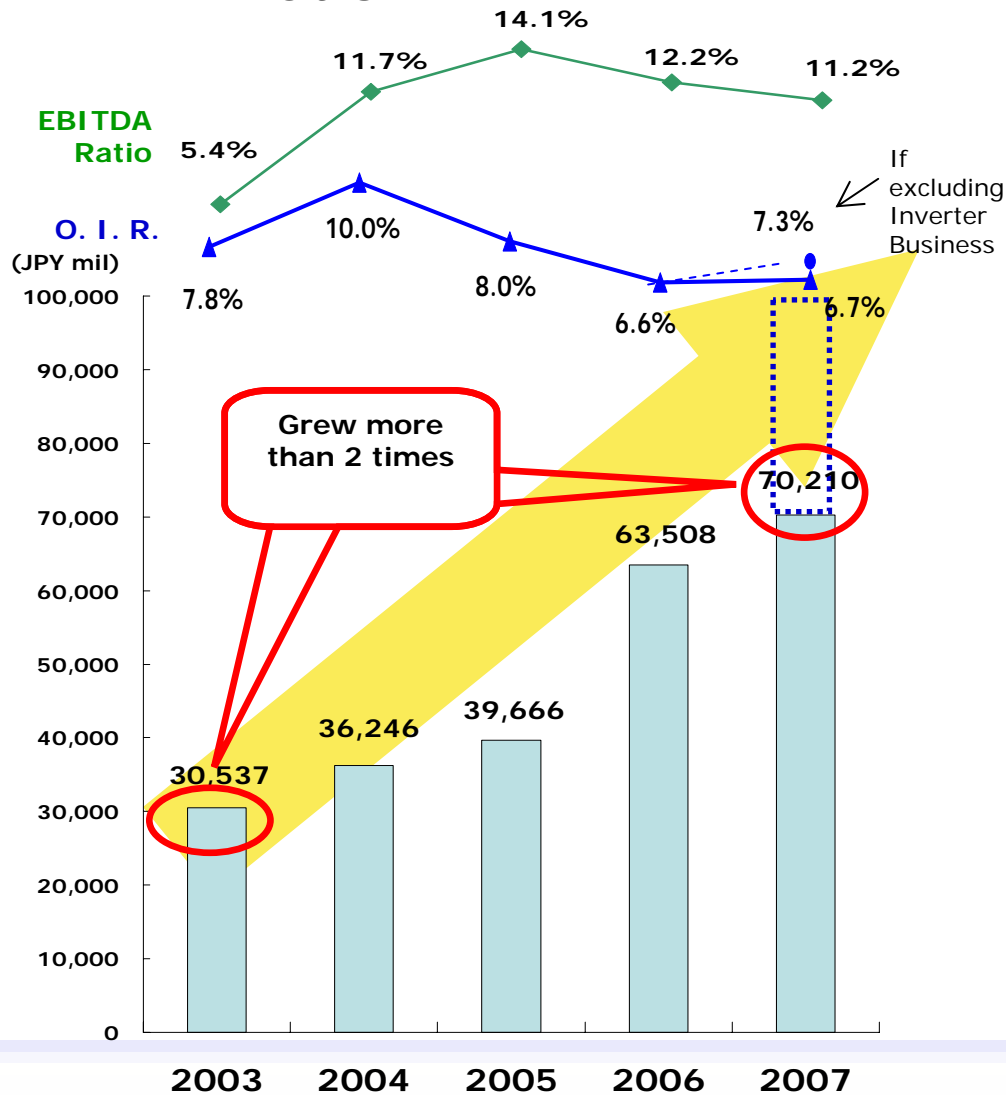
- Streamlining of unprofitable departments of VOGT
(Including restructuring of 2 companies)
- Production shift from East Europe to China
 - Improve productivities



- Most restructuring measures have been completed within 2 years after the takeover of VOGT
- Aiming further improvement in profitability by focus on business expansion, and synergy effect with SECL

Summary of Mid-Term Business Plan "1B7" (FY03-07)

■ Improvement of Net Sales, Operating Income Ratio and EBITDA Ratio



1B7 target

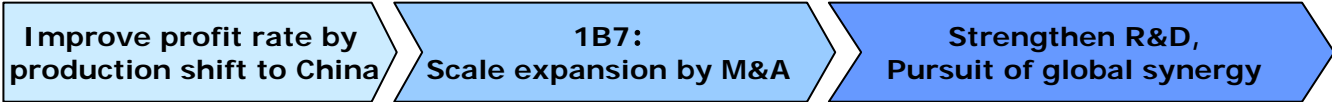
- Net Sales: 100 billion yen
- EBITDA Ratio: over 10%



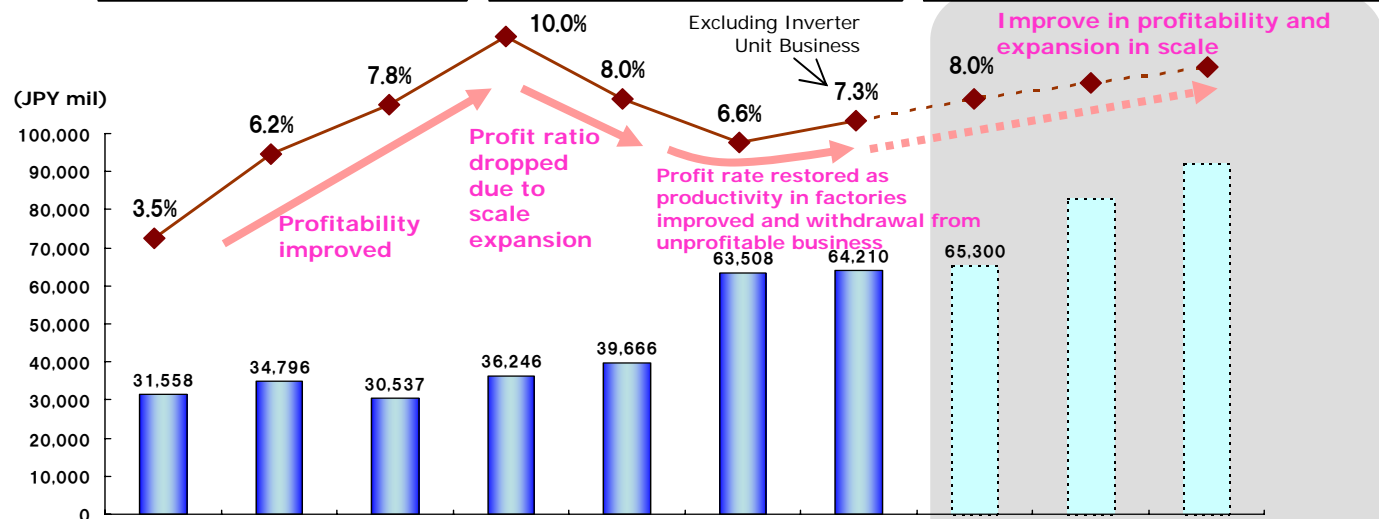
Results

- Achievement of quantitative target
 - Achieved EBITDA ratio target / net sales target under achievement due to the sale of businesses
- Establishment of strategic business field
 - 2 foci: general consumer electronics business and automotive business
- Mindset change of staff as a 100 billion yen enterprise
 - Self-consciousness as a member of a leading global enterprise
 - Secure excellent human resource through improving skill of staff

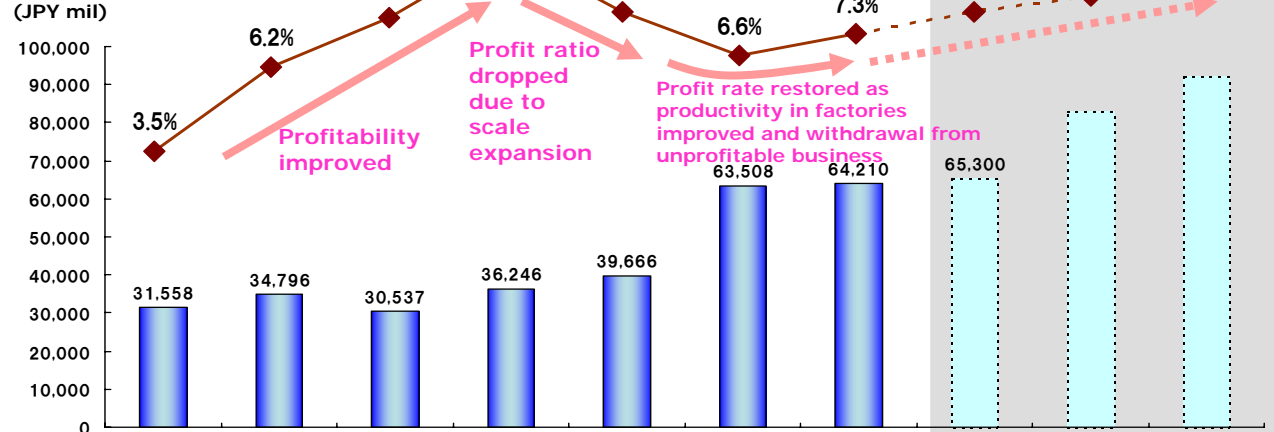
Actions for a New Growing Stage



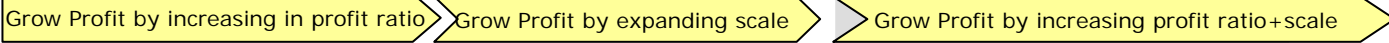
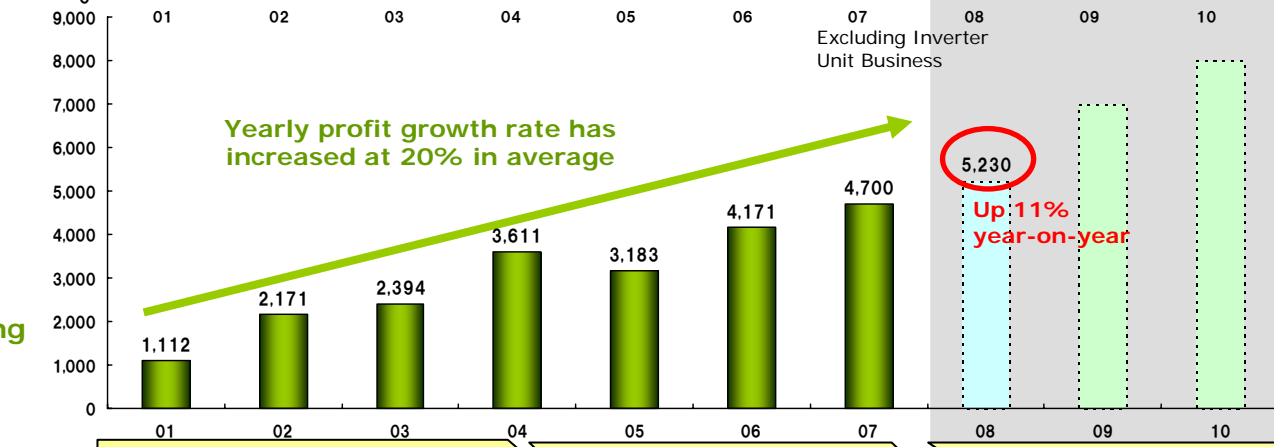
O. I. R.



Net Sales



Operating Income



FY01~FY04
Despite difficulties to increase sales due to the burst of IT bubble economy, production shift to China helped to increase in profit ratio.

FY04~FY07
Scale increased through active M&A activities. Although profit ratio is dropped, profit growth increased.

FY07~FY10

Targeting 20% increase in yearly profit growth rate

Measures to Sustain the Outcome of 1B7 and for Further Development



■ Strategic and financial results of 1B7: Profit growth by scale expansion

- Scale expansion through active M&A - aiming to pursue economies of scale and improve presence in the electronics component market
- Establishing two main strategic businesses (general consumer electronics, automotive) through expansion of business fields and trade areas
- Operating income ratio during FY04~FY06 dropped as a result of active scale expansion

■ Significance of FY2007 strategy: Foundation for the restoration profit rate

- Promotion of consolidating expanded organizations, production sites and streamlining unprofitable departments
- Sale of headquarter building and downsizing assets
- Further improvement of productivities in manufacturing
- Strengthening executive management by recruiting 2 COOs
- Actual achievement of rebound of operation income ratio if taking the sale of the inverter unit business as a prerequisite
- Establishment of the structure that can enjoy the advantages of scale expansion

Measures to Sustain the Outcome of 1B7 and for Future Development



- **Preparation for the new growing stage: To achieve 20% increase in yearly growth profit rate by improving profit ratio and scale expansion**
 - Create foundation of global management to maximize operation synergy and focus on 2 strategic businesses: general consumer electronics & automotive
 - To carefully promote integration with VOGT from a long-term perspective by considering cultural gap with Europe
 - To establish global production system by using China as the core – pursue the best production global network (plan to reduce intermediate stocks and running cost by improving efficiency in supply chain)
 - Japan & Europe (being the center of automotive electric component development) to focus on basic research and module components development
 - To expand VOGT's know-how on development of module components of globally (To establish an efficient structure which allows smooth operation)
 - To centralize development teams on product application to China (launch and utilization of Central-Lab)
 - Establishment of New Business Creation Company (NBCC) – aim at developing new business and coordination to achieve synergy
 - To create and develop new businesses
 - To list up and review potential M&A targets
 - To promote synergy effect among various organizations
 - To coordinate the interest among various organizations, and handle global management issues
 - Further improvement in efficiency of managing assets
 - To set up global financial management system (to pursue a more efficient capital management)
 - to maintain our global cash balance at a reasonable level
 - To reduce stock by reviewing batch production in VOGT

From FY2008 onward, we aim to further create our corporate value through business development with profitability – “An enterprise with profit of 100 billion yen”

Future Perspective – Good Business Environment which enables further Development

Condition: Growth rate of Coil market

- **Coil market is expected to maintain 10% value-based growth rate globally hereafter**
 - Increase demand for coil's noise removal function through digitalization of electric appliances
 - Increase demand for coil's technology which supports energy saving (power control / sensor function etc.)
 - Increase demand for coil's antenna function through improving communication feature
 - Increase the number of in-car coils through development of automotive electronics

Sources of Sumida Group to create its corporate value

- **Wire-wound coil to enjoy similar growth as the market**
 - Compartmentalization by product characteristics: Chip coil and piezoelectric ceramic
 - From our positioning in wire-wound coil market, it is very possible to achieve 10% growth in Asia and 5% growth in Europe
- **Concentrate the productization of coil in China (Utilize C-Lab)**
 - Improve development speed by information aggregation
- **Seeking new production sites for coil**
 - Idea of Sumida "Silk Road": making China/Panyu as core, to develop new production sites in Western part of South Asia (Guangxi, Vietnam, India)
-> aim further cost down
 - Shift coil production of VOGT to China to improve the profitability
 - Improve the efficiency of supply chain -> Improve cash flow/ customer service
- **Promoting synergy between SVG & SECL**
 - Promote VOGT's ability on module developing acquired through engaging European automotive industry to the whole Sumida Group

Seek to create new business by setting 2 main businesses

End of the Report

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