

SUMIDA CORPORATION

Presentation of the 3rd Quarter FY2007 **- Summary of Structural Reforms -**

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Summary of the 3rd Quarter FY2007

Net Sales

Growing steadily especially products for digital camera and entertainment equipment.

Operating Income

Increased by steady order and the result of structural reform.
Operating income ratio improved to 8%.

Ordinary Income

Exchange Loss (364 million yen) emerged by appreciation of the yen, contrary to last quarter.

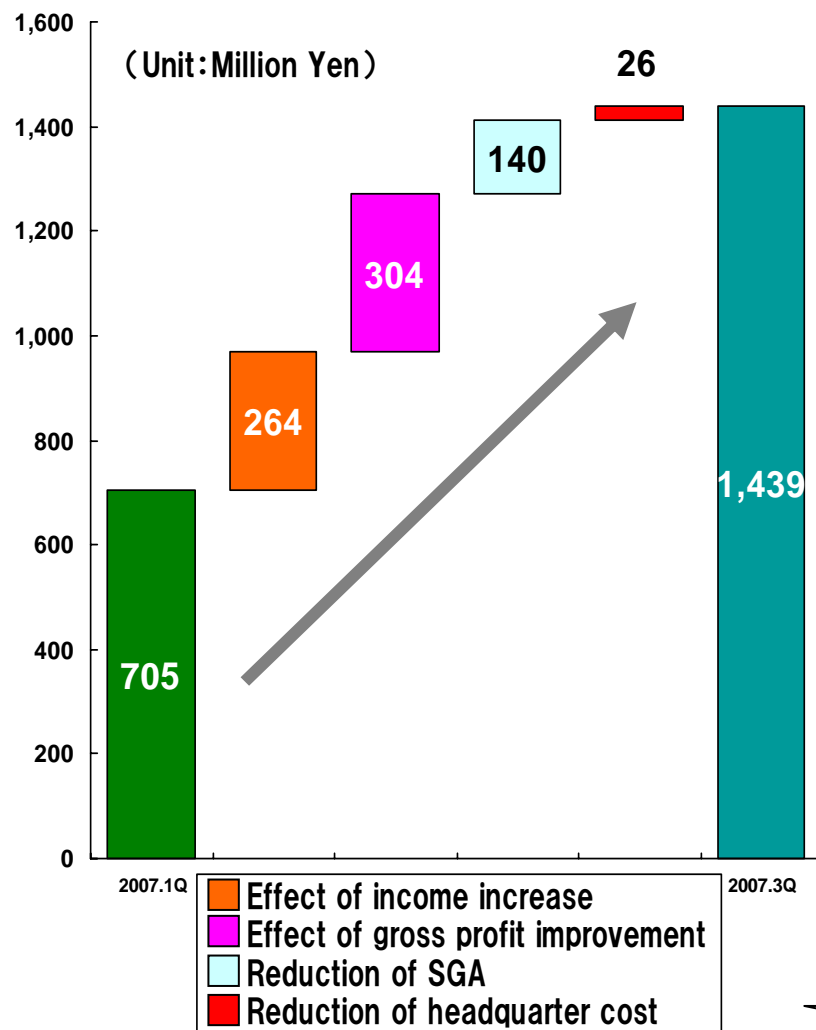
Net Income

Extraordinary profit by selling Headquarter building etc.
covered restructuring expense.

Comments

- Sales are growing steadily. Operating Income ratio improved to 8%.
- Structural reform plans have been in progress steadily.
- Reinforcement of the foundation for coming years have almost completed.

Improvement of Operating Income from the 1st to the 3rd Quarter



Effect of gross profit improvement

- Improvement of productivity in China
 - to improve productivity by partial automation etc.
- Partial transfer of production of Inverter business from Taiwan to China (Completed)
- Partial transfer of production of factory in Mexico to China

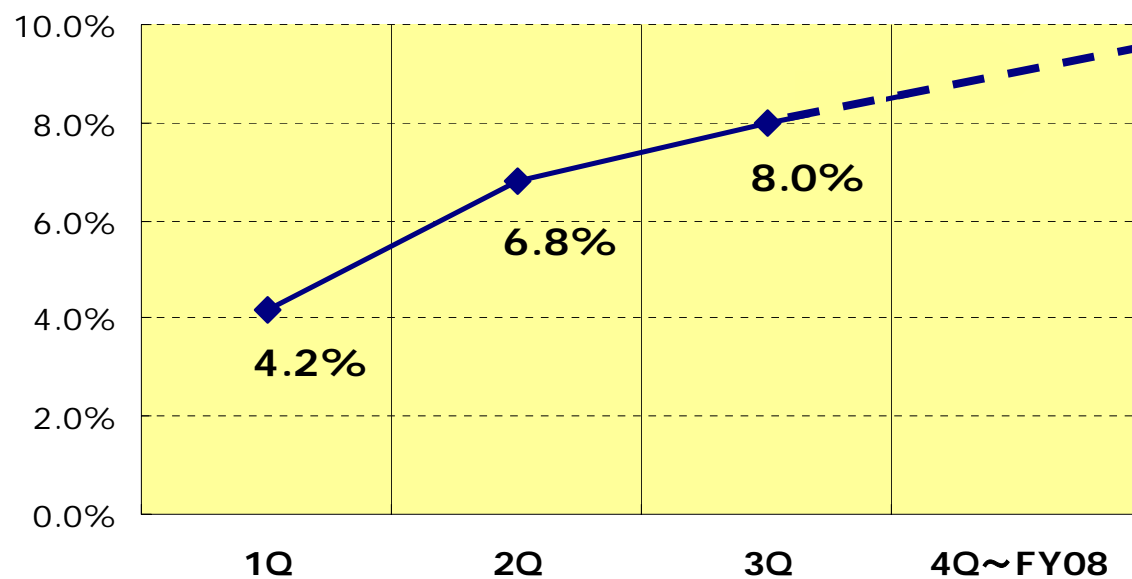
Reduction of SGA, Headquarter cost

- Strengthening applied R&D in China
 - To Strengthen competitiveness in R&D cost
- Reduction of administration cost for indirect section

Aim to create a structure which make a profit of ¥1.4 billion of Operation Income in a Quarter, sustaining current size of Sales

■ Improvement of Operating Income Ratio

**Aim at 10% of
operating income ratio**



1. Exchange Profit/Loss



	1Q	2Q	3Q	Total
Yen /USD	118.1	123.3	115.6	
		+4.4%	Δ6.2%	
Yen /Euro	157.2	165.8	163.7	
		+5.5%	Δ1.3%	
Yen /HKD	15.1	15.8	14.9	
		+4.6%	Δ5.7%	
Exchange Profit / Loss (Unit: Million Yen)	59	455	Δ364	150

2. Consolidated Results 3Q, FY2007



(Unit: Million Yen)

	3Q/07				3Q/06	YOY
	Actual	Projections	Change		Actual	
Net Sales	17,885	17,900	Δ15	Δ0.1%	16,587	7.8%
Operating Income	1,439	1,260	179	14.2%	1,356	6.1%
O.I.R	8.0%	7.0%			8.2%	
Ordinary Income	1,023	1,200	Δ177	Δ14.7%	1,574	Δ35.0%
Net Income	872	850	22	2.6%	924	Δ5.6%

3. Sales Breakdown by Business



	3Q/07	3Q/06	Change	
	(¥million)	(¥million)	(¥million)	(%)
Magnetics	6,593	6,397	196	3.1
Inverter	1,763	1,971	Δ208	Δ10.6
Automotive	2,507	2,099	408	19.4
Panta	463	—	—	—
STELCO	501	551	Δ50	Δ9.1
VOGT Components	5,359	4,667	692	14.8
VOGT EMS	690	726	Δ36	Δ5.0
Others	9	176	Δ167	Δ94.9
Total	17,885	16,587	1,298	7.8

4. Sales Breakdown by Region (Destination)

	3Q/07		3Q/06		Change (%)
	(¥million)	(%)	(¥million)	(%)	
Japan	2,277	12.7	2,438	14.7	Δ6.6
Hong Kong /China	3,373	18.9	2,939	17.7	14.8
ASEAN	922	5.1	891	5.4	3.5
Taiwan /Korea	1,391	7.8	1,589	9.6	Δ12.5
NAFTA	1,980	11.1	1,461	8.8	35.5
EU	7,913	44.2	7,269	43.8	8.9
Others	29	0.2	—	—	—
Total	17,885	100.0	16,587	100.0	0.2

5. Breakdown of Income



	(Unit: Million Yen)
(1) Operating income	
·Sales	17,885
·O.I.R	8.0%
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Total	1,439
(2) Ordinary income	
·Exchange loss	△364
·Interest paid and others	△52
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Total	1,023
(3) Income before income taxes	
·Gain on sales of fixed assets	2,024
·Loss of	△265
·Structural reform cost	△1,594
·Other	64
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Total	1,252

6. Breakdown of Operating Income by Business



(¥million, %)

	3Q/07	3Q/06	Change
Coil	1,816	1,641	175
O.I.R(%)	15.1	14.7	—
VOGT Components	239	368	△129
O.I.R(%)	4.4	7.9	—
VOGT EMS	62	103	△41
O.I.R(%)	9.0	14.2	—
Elimination	△678	△756	78
Total	1,439	1,356	83
O.I.R(%)	8.0	8.2	—

7. Structural Reform



(¥million, %)

	<u>1st Half /07</u>	<u>3Q/07</u>	<u>Total</u>
Appraisal loss on shares of Arima device etc.	△946	△264	△1,210
Loss on sales of securities of affiliated companies	△162	0	△162
Structural reform expenses	△402	△1,595	△1,997
Structural reform of Inverter business	△211		△211
Gain on sales of securities	32	71	103
Gain on sales of fixed assets (Headquarter building etc.)	971	2,007	2,978
Others		10	10
Total	△718	229	△489

8. Balance Sheet

	<u>3Q/2006</u>	<u>3Q/2007</u>	
			(¥million)
Short-term loans	9,751	14,444	
Long-term loans (pay back within 1year)	2,475	1,525	
Bond (Alpine bond)	8,000	8,000	
Long-term loans +bond	<u>4,279</u>	<u>3,942</u>	
Total debt	24,505	27,911	
Cash and cash equivalent	<u>7,464</u>	<u>8,538</u>	
Net debt	17,041	19,373	
Bond	8,000	8,000	⇒ Promotion of conversion
Debt	<u>9,041</u>	<u>11,373</u>	⇒ Reduction in assets
	<u>17,041</u>	<u>19,373</u>	

9. Consolidated Results (1Q – 3Q FY2007)



	1Q – 3Q /07	1Q – 3Q /06	Change	
	Actual (¥million)	Actual (¥million)	(¥million)	(%)
Net Sales	53,175	46,346	6,829	14.7%
Operating Income	3,396	3,563	△167	△4.7%
O.I.R	6.4%	7.7%		
Ordinary Income	3,336	4,013	△677	△16.9%
Net Income	1,906	2,237	△331	△14.8%

10. Consolidated Cash Flows

(Unit: Million Yen)

	<u>1Q – 3Q/07</u>	<u>1Q – 3Q/06</u>
Operating activities		
Depreciation	2,765	2,000
Investing activities		
Acquisition of tangible fixed assets	Δ3,193	Δ2,826

11. Projections for FY2007 Consolidated



(¥million, %)

	FY2007				Full year Projections
	1Q Actual	2Q Actual	3Q Actual	4Q Projections	
Net Sales	16,888	18,402	17,885	17,000	70,200
Operating Income	705	1,253	1,439	1,400	4,800
O.I.R	4.2%	6.8%	8.0%	8.2%	6.8%
Ordinary Income	563	1,750	1,023	1,335	4,700
Net Income	355	679	872	940	2,900

(JPY115.00/USD)

Main measures taken
from the 2nd Quarter to 2nd Half

1. Focus on Core Business
2. Review of Non-core Assets
3. Improvement of Efficiency in Sales, R&D and Manufacturing
4. Improvement of VOGT's EBIT

1. Focus on Core Business

Measure	Present Situation
Sales of Jensen	Completed within 2Q
Withdrawal from management of Arima	Completed within 2Q
Review of Inverter Unit Business	In the final stage of review
Shintex business operation in China	To make the 100% subsidiary of Sumida, and start marketing

2. Review of Non-core Assets

Measure	Present Situation
Sale of assets in Taiwan	Completed (About 1 billion yen of capital gain)
Sale of Headquarter building in Ningyocho	Sales contract was concluded (About 2 billion yen of capital gain)
Sale of shares of procurement company	Completed

3. Improvement of Efficiency in Sales, R&D and Manufacturing

Measure	Present Situation
Improvement in Sales	<ul style="list-style-type: none"> ▪ Collaboration with VOGT (Automotive Business)
Improvement in R&D	<ul style="list-style-type: none"> ▪ Starting of Operation in C-Lab (to strengthen applied R&D)
Improvement in Manufacturing	<ul style="list-style-type: none"> ▪ Slimming down of Taiping factory through reviewing production items ▪ Promotion of overall improvement of manufacturing system in Panyu factory ▪ Improvement of efficiency in manufacturing in factories by partial automation ▪ Integration of Sumida and VOGT's factories in Mexico (in progress) ▪ Integration of VOGT's factories in Eastern Europe (in progress)

4. Improvement of VOGT's EBIT

Measure	Present Situation
Promotion of manufacturing in Asia	Factories in Mexico and Eastern Europe are partially shifting to China
Reviewing subsidiary of VOGT	Promotion of review of group companies and structuring reforms

Impact of Structuring Reform

- Impact on P/L and Cash Flow Outlook for Present Situation -

(Unit: Yen)

Reform cost	Extraordinary Profit
Δ4.1 billion	3.6 billion

Cash In	Cash Out
7.55 billion	1.25 billion

Measures towards the 4th Quarter



Upon reviewing each measure, its effect to be reflected in next business strategy from FY2008

End of the Report

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