

SUMIDA CORPORATION

- Consolidated Results of the 1st Quarter FY 2008 -

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Summary of the 1st Quarter FY2008



	Actual achievement	Main reason	Substantial Achievement (*)
Net Sales	Decreased by 12.2% y/y	Disposal of Inverter Unit business and part of the VOGT EMS business in FY2007	Decreased by 2.0% y/y
Operating Profit	Increased by 47.8% y/y	Improved profitability through the disposal of unprofitable businesses and the improvement of productivity	Increased by 18.0% y/y
Net Income	Increased 41.7% y/y	Restored profitability by executing restructuring measures such as the disposal of unprofitable businesses	

* Year-on-year comparison after excluding the sale of the Inverter Unit and part of the VOGT EMS business

⇒ Due to various restructuring measures carried out last year, the profitability increased despite the uncertain external business environment

1. Consolidated Results 1Q 2008



(unit : Millions of yen)

	1Q 2008				1Q 2007	Comparison with 1Q 2008	
	Actual	Plan	Difference	Achievement ratio	Actual	Difference	Diff. in %
Net Sales	14,835	15,600	(765)	95.1%	16,888	Δ2,053	87.8%
Operating Income	1,042	1,000	42	104.2%	705	337	147.8%
O.I.R.	7.0%	6.4%	/		4.2%	/	
Ordinary Income	810	800	10	101.2%	563	247	143.7%
Net Income	502	560	(58)	89.7%	355	147	141.7%

2. Net Sales Breakdown



(unit : Millions of yen)

	1Q 2008	1Q 2007	Difference
Coil	9,101	9,288	(187)
Inverter (transformers only)	312	1,412	(1,100)
VOGT Components	5,004	5,563	(559)
VOGT EMS	418	625	(207)
Total	14,835	16,888	(2,053)

3. Net Sales



(Comparison with 1Q 2007 taking into consideration disposal of business & change of accounts processing)

(Unit : Millions of yen)

	1Q 2008	1Q 2007			Difference
	Actual	Actual	Disposal of Business & Change of Accounts processing	Restatement	
Coil (incl. inverter transformers) (disposal of Inverter unit business)	9,413	10,700	(1,100)	9,600	(187)
VOGT Components (Charged provision to subcontracts)	5,004	5,563	(485)	5,078	(74)
VOGT EMS (disposal of Letron)	418	625	(170)	455	(37)
Total	14,835	16,888	(1,755)	15,133	(298)

4. Net Sales



(comparison with restated 1Q 2007 and Forex impact)

(Unit : Millions of yen)

	<u>1Q 2008</u>	<u>1Q 2007</u>	<u>Diff.</u>	
Disposal of business & change of accounting process	14,835	15,133	(298)	
Forex impact				
Coil		(809)		} Net sales in 1Q 2008 increased by +4.2% compared 1Q 2007, excluding Forex impact
Components		(81)		
Total	<u>14,835</u>	<u>14,243</u>	<u>+592</u>	<u>104.2%</u>

4-1. Sales Analysis



(Unit : Millions of yen)

Coil	1Q 2008	1Q 2007	Diff. A*	Diff. B**	Forex Impact
Inverter	312	1,412	(1,100)	(1,100)	
Coil (Japan)	2,269	2,347	(78)	(78)	
Coil (Overseas)	6,832	6,941	(109)	+700	809
	<u>9,413</u>	<u>10,700</u>	<u>(1,287)</u>	<u>(478)</u>	

* Diff. A: 1Q 2008 vs. 1Q 2007 at respective exchange rates

**Diff. B: 1Q 2008 vs. 1Q 2007 at current exchange rate also for 2007

Comparison at an exchange rate

of ¥105.4 per US\$	Coil (Overseas)	6,832	6,132	+700	11.4% ↑
		@¥105.4 per US\$	@¥119.3 per US\$		

4-2. Sales Analysis



(Unit : Millions of yen)

VOGT Components	1Q 2008	1Q 2007	Diff. A*	Diff. B**	Forex Impact
Material sales for subcontracts	—	485	(485)	(485)	
Sales for North America	651	699	(48)	+33	81
Sales for Europe	4,353	4,379	(26)	(26)	
	<u>5,004</u>	<u>5,563</u>	<u>(559)</u>	<u>(478)</u>	

Comparison at an exchange rate

of ¥105.4 per \$US Sales for North America

* Diff. A: 1Q 2008 vs. 1Q 2007 at respective exchange rates
 **Diff. B: 1Q 2008 vs. 1Q 2007 at current exchange rate also for 2007

651	618	+33
@¥157.7 per EUR	@¥156.5 per EUR	
@¥105.4 per US\$	@¥119.3 per US\$	
US\$6.16M	US\$5.86M	

(¥699M)

4-3. Sales Analysis



(Unit : Millions of yen)

EMS	<u>1Q 2008</u>	<u>1Q 2007</u>	<u>Diff.</u>
Letron	—	170	(170)
Others	418	455	(37)
	<u>418</u>	<u>625</u>	<u>(207)</u>

Comparison at exchange rates of:

@¥157.7 per EUR	@¥156.5 per EUR
@¥105.4 per US\$	@¥119.3 per US\$

4-4. Sales Analysis



(Unit : Millions of yen)

	1Q 2008		
	Actual	Plan	Difference
Net Sales	14,835	15,600	(765)

- ① Sales amount of March
 - Inventory stock adjustment by finished goods manufacturers (445)
- ② Delay of announcement of new products by the manufacturer
 - Hong Kong/China, North America (240)
- ③ Forex impact
 - (80)

5. Operating income Analysis



(Unit : Millions of yen)

	<u>1Q 2008</u>	<u>1Q 2007</u>	<u>Diff.</u>	
Coil	1,376	1,161	+215	{ <ul style="list-style-type: none"> 1.Jensen 75 2.Automotive 182 3.Others (42) 4.Sales decrease }
VOGT Components	396	238	+158	Effect of restructuring measures
VOGT EMS	(4)	(7)	+3	
Total	1,768	1,392	+376	
Elimination	(726)	(687)	(39)	
	<u>1,042</u>	<u>705</u>	<u>337</u>	

5-1. Operating Income Analysis



(Unit : Millions of yen, %)

	1Q 2008	1Q 2007	Difference
Coil	1,376	1,161	215
O.I.R. (%)	14.3	10.8	—
VOGT Components	396	238	158
O.I.R. (%)	7.8	4.2	—
VOGT EMS	(4)	(7)	3
O.I.R. (%)	(1.0)	(1.1)	—
Elimination	(726)	(687)	(39)
Total	1,042	705	337
O.I.R. (%)	7.0	4.2	—

6. Forex Analysis



Sales		08.1Q (@¥105)	07.1Q (@¥120)	Difference
Company A:	\$10,000	¥1,050,000	¥1,200,000	¥ (150,000)
Company B:	\$7,500	¥787,500	¥900,000	¥ (112,500)
Company C:	¥300,000	¥300,000	¥300,000	
		¥2,137,500	¥2,400,000	89.1%

Operating income				
Company A:	\$1,000	¥105,000	¥120,000	¥ (15,000)
Company B:	\$750	¥78,750	¥90,000	¥ (11,250)
Company C:	¥70,000	¥96,250	¥70,000	¥26,250
	\$1,750	¥280,000	¥280,000	¥0

Company C:	(@¥120)		(@¥105)
Sales	¥300,000		¥300,000
Cost of sales	¥210,000	\$1,750	¥183,750
Gross profit	¥90,000		¥116,250
SGA	¥20,000		¥20,000
Operating income	¥70,000		¥96,250

7. Extraordinary Loss



(Unit : Millions of yen)

1. Merger of VOGT electronic Oberzell GmbH and VOGT electronic Components GmbH	6
2. Acknowledgement of a spin-off plan of a subsidiary, allocated accrued expense	35
3. Others	7
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Total	48

8. Sales by Business



	1Q 2008	1Q 2007	Difference	
	(Millions of yen)	(Millions of yen)	Amount (Millions of yen)	(%)
Magnetics	5,457	5,964	(507)	91.5
Inverter	312	1,412	(1,100)	22.1
Automotive	2,630	2,294	335	114.6
Panta	501	465	36	107.7
STELCO	508	553	(45)	91.9
VOGT Components	5,004	5,563	(559)	90.0
VOGT EMS	418	625	(207)	66.9
Others	5	12	(7)	41.7
Total	14,835	16,888	(2,053)	87.8

9. Sales by Area



	1Q 2008		1Q 2007		Difference (Millions of yen)
	(Millions of yen)	Composition ratio (%)	(Millions of yen)	Composition ratio (%)	
Japan	2,274	15.3	2,347	13.9	(74)
Hong Kong /China	2,351	15.8	3,023	17.9	(672)
ASEAN	678	4.6	738	4.4	(60)
Taiwan /Korea	389	2.6	1,002	5.9	(613)
NAFTA	1,479	10.0	1,641	9.7	(162)
EU	7,613	51.3	8,113	48.0	(500)
Others	52	0.4	24	0.2	28
Total	14,835	100.0	16,888	100.0	(2,053)

10. Forecast for 2Q 2008



	2Q 2008	2Q 2007	Difference	
	Forecast (Millions of yen)	Actual (Millions of yen)	(Millions of yen)	%
Net Sales	16,300	18,402	(2,102)	(11.4)
Operating Income	1,280	1,253	27	2.2
O.I.R.	7.9%	6.8%		
Ordinary Income	1,000	1,750	(750)	(42.9)
Net Income	600	679	(79)	(11.6)

Challenge and results in 1st quarter

1. Sales for Automotive in Europe grew steady
2. Operational efficiency in Europe has improved significantly
3. Profit was stable without Forex impact
4. Seasonal labor force fluctuation in February better managed
5. Sales of consumer electronics in March decreased

Approach and prospects from 2nd quarter onward

1. To increase the number of automotive products
2. To further improve the operational efficiency in Europe
3. To maintain a system which would not be influenced by Forex fluctuation
4. To implement a flexible and leaner HR strategy via the Silk Road Concept
5. To recover the sales of consumer electronics

Establish a basis for achieving constant profitability through a global business expansion and the new Mid-Term Business Plan

Market Positioning of SUMIDA



FY2007

Unit: Millions of yen

Market	SECL	SVG	Internal transaction	Total in SUMIDA	Market Scale**	Market Share
Consumer electronics	*27,200	*11,900	(800)	38,300	500,000	7.7%
Automotive	9,800	12,200	-	22,000	500,000	4.4%
Industrial machine	-	4,200	-	4,200	200,000	2.1%
Total	37,000	28,300	(800)	64,500	1,200,000	5.4%
				70,200		

Including Inverter Unit and VOGT EMS

* "Consumer Electronics" is excluding Inverter business of SECL and EMS business of VOGT.

** Market scale is estimated by Sumida.

We aim for Excellence : Sustained Profitability
Market Leadership
High Corporate Value



Through

Exceptional Execution: Global, Speed, Focus
Low cost/high quality products/solutions

Extraordinary Technology: Innovative, Exciting, & „No one can duplicate“

Exemplary Global Management System: Continuous Improvement & Adaptability
Maximum Synergy from Integration

1. **“Sumida Production Silk Road” Concept**
2. **Utilization of capabilities to respond to customers’ needs**
3. **Investment in pioneer technique and innovative R&D**
4. **Implementation of global systems in R&D, production and sales aspects**
5. **Develop and strengthen the Global Management System**

Measures to achieve "Triple Ex"



<p>Manufacturing</p>	<p>Sumida "Silk Road" concept Challenge towards innovative productivity Optimize the procurement control of materials →Sharpen the low cost mass production capability based on Asia</p>
<p>Marketing/ Sales</p>	<p>Expand the consumer electronics market steadily Deepen penetration in Automotive Market Enter and Exploit market potentials: e.g. Industrial and medical business →Offer capabilities to meet European and US markets needs (Capabilities to meet customers' needs and to develop products for new application.)</p>
<p>R&D</p>	<p>Increase investment in R&D Transferring technology and experience of Japan and Germany to China. (Utilizing C-Lab on application and commercialization of development.)</p>
<p>M&A</p>	<p>Vertical Integration (Create value added products, optimize material cost) Horizontal Integration (Pursue economy of scale and maintain existing technologies)</p>
<p>Strengthen the Global Management System</p>	<p>Extract maximum synergy deriving from the diversity of cultures and experience within our group Active investment in skill improvement of staff Implementation of a performance based bonus</p>

We aim for excellence through the execution of the Mid-Term Business Plan "Triple Ex" and the above themes on the basis of Exemplary Global Management System.

1. To achieve operating profit target of JPY 8.5 Billion by FY2010 (IFRS basis)

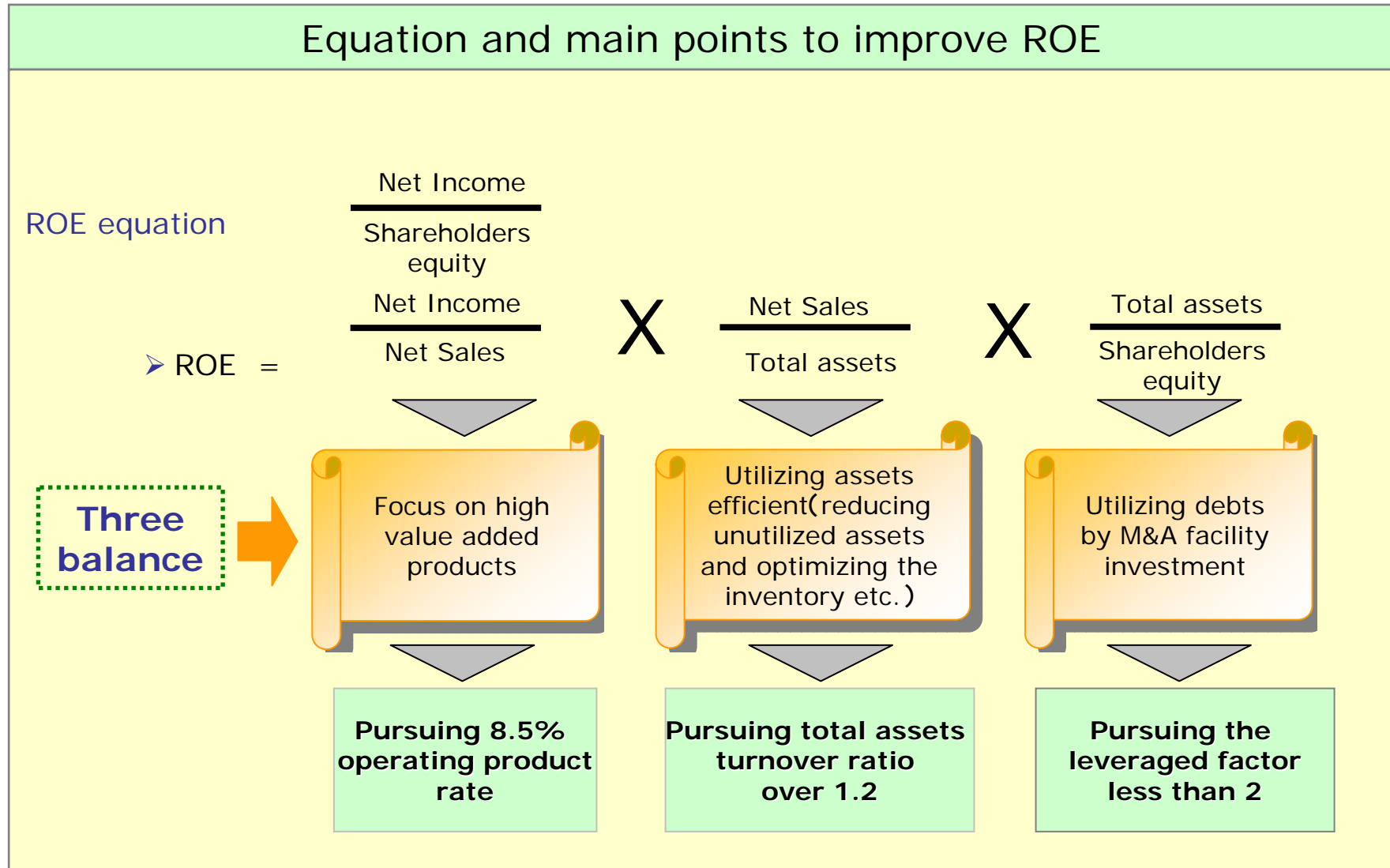
Excluding FY2010's additional JPY1.5B of R&D investment, JPY100 billion of Operating Profit is expected.

2. Develop and launch leading products and solution at least 10 new market leading products

3. ROE (Return on Equity) 12%(IFRS basis) or more

In order to drive profitability and further utilize our assets, we set our target return on equity (ROE) at above 12%

Approaches to achieve ROE12%



End of the Report

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