

SUMIDA CORPORATION

- Consolidated Results of the 3rd Quarter FY2008 -

29th October, 2008

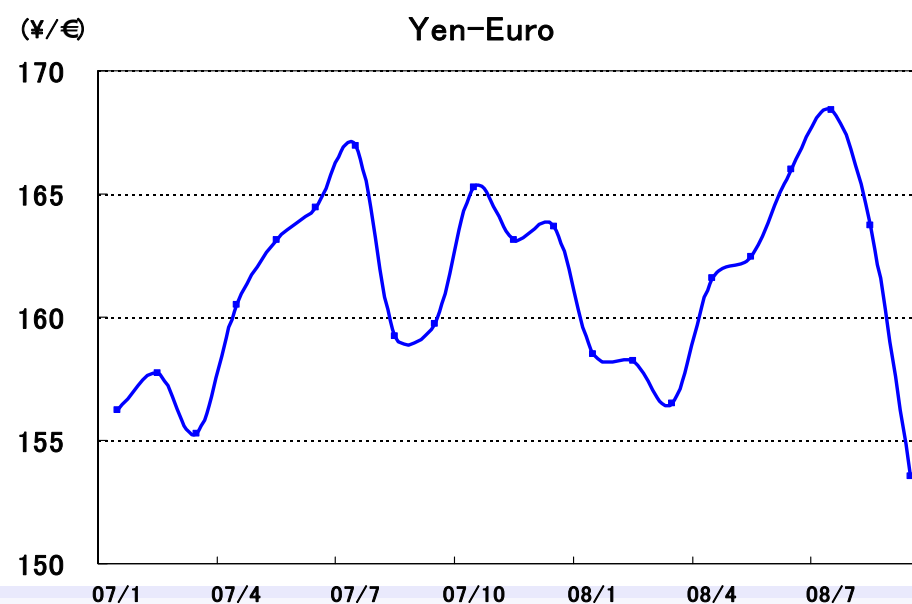
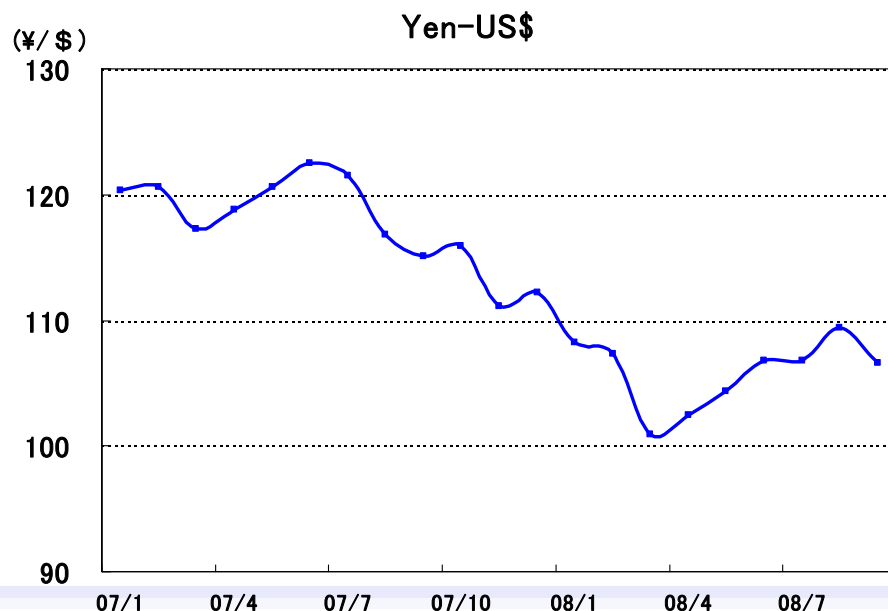
Shigeyuki Yawata, CEO

Saburo Matsuda, CFO

1. Forex Volatility



	3 rd Quarter FY08 (Assumption)	Jul. Monthly Average	Aug. Monthly Average	Sep. Monthly Average	3 rd Quarter FY08 Quarterly Average	End of 3 rd Quarter FY08	4 th Quarter FY08 (Assumption)
USD	1USD = ¥105	106.81	109.37	106.65	107.61	104.25	100.00
Euro	1Euro = ¥160	168.43	163.71	153.53	161.89	149.82	120.00



2. Consolidated Results 3rd Quarter 2008



(Unit : Millions of yen)

	3 rd Quarter 2008				3 rd Quarter 2007		
	Actual	Plan	Difference	Year on year comparison	Actual	Difference	Year on year comparison
Net sales	14,701	16,000	(1,299)	91.9%	17,885	(3,184)	82.2%
Operating income	819	1,100	(281)	74.5%	1,439	(620)	56.9%
Operating income ratio	5.6%	6.9%	/		8.0%	/	
Ordinary income	867	870	(3)	99.7%	1,023	(156)	84.8%
Net income	531	530	1	100.2%	872	(341)	60.9%

3. Analysis of Sales 3rd Quarter FY2008



(Unit : Millions of yen)

Sales forecast in 3rd quarter FY2008

16,000

Slowdown in sales for automotive products of
VOGT Component

(500)

Slowdown in sales for PC and PC peripheral
equipments

(400)

Slowdown in sales for communication
equipments

(200)

Others

(199)

Total (1,299)

Actual sales of 3rd quarter FY2008

14,701

4. Analysis of Operating Income 3rd Quarter 2008



(Unit : Millions of yen)

Operating income forecast for 3rd quarter FY08	1,100
Impact of sales variance	_____
(Sales variance (1,299) × Gross margin 22.2%)	(288)
Others	7

Total	(281)

Actual operating income for 3rd quarter FY08	819
	=====

【Compared with the same period the previous year】

Decrease of sales	(200)
Material cost	(250)
Labor cost	(170)

Operating income difference	(620)
against 3 rd quarter FY07	=====

5. Analysis of ordinary income 3rd Quarter FY2008

(Unit : Millions of yen)

Ordinary income forecast for 3 rd quarter FY08	870
Operating income difference	(281)
Transfer from non operating expense to extraordinary loss	190
Others	88
Total	(3)
Actual ordinary income for 3 rd quarter FY08	867

6. Analysis of extraordinary gain (loss)

3rd quarter FY2008

(Unit : Millions of yen)

Extraordinary gain (loss) for 3rd quarter FY08

Gain on sales of fixed assets	1
Loss on disposal of fixed assets	(4)
Structural reorganization expenses	(36)
Others	
extra cost related to commission on processing (RMB)	(331)
Romania related issue	(116)
Others	(16)
	<hr/>
	(502)
	<hr/> <hr/>

7. Operating Income Analysis



(Unit : Millions of yen, %)

	3Q 2008	3Q 2007	Difference
Coil	1,170	1,816	(646)
O.I.R. (%)	11.8	15.1	—
VOGT Components	196	239	(43)
O.I.R. (%)	4.3	4.4	—
VOGT EMS	53	62	(9)
O.I.R. (%)	11.3	9.0	—
Elimination	(609)	(678)	69
Total	819	1,439	(620)
O.I.R. (%)	5.6	8.0	—

8. Sales by Region



(Unit : Millions of yen)

	3Q 2008	Component ratio (%)	3Q 2007	Component ratio (%)	Change(%)
Japan	2,121	14.4	2,277	12.7	(6.9)
Hong Kong /China	2,776	18.9	3,373	18.9	(17.7)
ASEAN	922	6.3	922	5.1	0.0
Taiwan /Korea	343	2.3	1,391	7.8	(75.3)
NAFTA	1,324	9.0	1,980	11.1	(33.1)
EU	7,107	48.3	7,913	44.2	(10.2)
Other	108	0.8	29	0.2	(272.4)
Total	14,701	100.0	17,885	100.0	(17.8)

9. Consolidated Balance Sheet






(Unit : Millions of yen)

	End of FY2007	End of September FY2008
Short-term Loan	16,196	15,946
Bond (Alpine CB)	8,000	7,830
Long-term Loan + Bond	3,563	3,637
Total	27,759	27,413
Cash	9,181	6,772
Cash Equivalent		3,800
Net Debt	18,578	16,841

10. Capital Expenditure, Depreciation and R&D expenses FY2008

(Unit : Millions of yen)

	<u>Plan</u>		<u>Adjustment</u>
Capital expenditure	4,500		2,700
Depreciation	4,100		3,400
R&D expenses	3,600		3,600

11. Estimation for 4th Quarter FY2008



(Unit : Millions of yen)

	4 th Quarter FY08	4 th Quarter FY07	Difference	
	Estimation	Actual	Amount of difference	%
Net sales	13,000	17,035	(4,035)	76.3
Operating income	525	1,316	(791)	39.9
Operating income ratio	4.0%	7.7%		
Ordinary income	255	1,032	(777)	24.7
Net income	115	949	(834)	12.1

(Premise : US\$1=¥100, €1=¥120)

12. Forecast for FY2008



(Unit : Millions of yen)

	1 st Quarter (Actual)	2 nd Quarter (Actual)	3 rd Quarter (Actual)	4 th Quarter (Plan)	FY2008 (Plan)
Net sales	14,835	15,479	14,701	13,000	58,000
Operating income	1,042	1,051	819	525	3,430
Operating income ratio	7.0%	6.9%	5.6%	4.0%	5.9%
Ordinary income	810	517	867	255	2,450
Net income (losses)	502	(17)	531	115	1,130

13. Revision of Forecast for FY2008

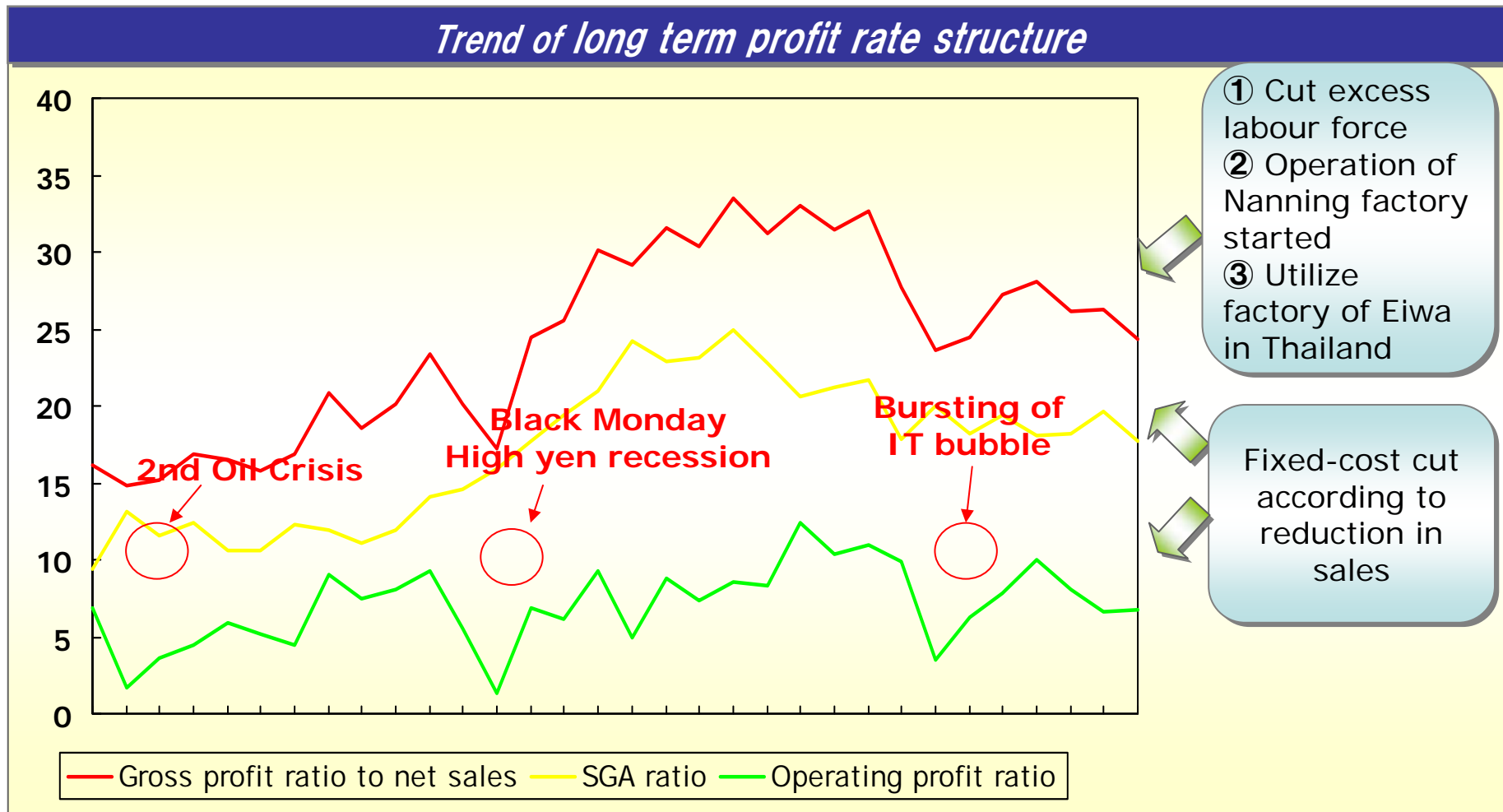


(Unit Millions of yen)

	Net sales	Operating income	Ordinary Income	Net income
Previous Forecast (Released on 6 th Aug. '08) (A)	62,000	4,200	3,000	2,200
Revised Forecast (Released on 28 th Oct. '08) (B)	58,000	3,430	2,450	1,130
Difference (B) - (A)	(4,000)	(770)	(550)	(1,070)
% of Difference (%)	(6.5)	(18.3)	(18.3)	(48.6)
(For reference) Actual FY2007	70,210	4,712	4,368	2,855

	Business environment analysis and measures to be taken
Net Sales	<p>1. Consumer Electronics In the challenging business environment towards 2009, the following approaches will be taken: ① Negotiation for price increase ② Review of low margin products (including to make those products to be outsourced)</p> <p>2. Automotive Quantitatively, steady growth is expected. We plan to strengthen development, production and sales of competitive products such as ABS coil etc. (However, yen based figure will drop if the appreciation of yen continues)</p> <p>3. Power Electronics We plan to proactively expand sales of this new strategic field</p>
Operating Income	<p>1. Copper price expected to drop due to the economic downturn ⇒ Positive impact on operating income expected to be 1.5% (in 2009)</p> <p>2. Satellite factory project (Sumida Silk Road) continues</p> <p>3. To reduce SGA (Selling & General Administration expenses) ⇒ Reduced by 10% of controllable costs in SGA</p> <p>4. To review manufacturing operations in Europe</p>
Ordinary Income	<p>To minimize currency risk by strengthening the IHB (In House Bank) function</p>




Further improvement of flexible cost structure which resilient to the fluctuations of demand



For the past 30 years, Sumida has steadily maintained its profitability in the challenging business environment. We will further enhance the flexible cost structure and further strengthen financial base.

Progress of 5 main themes in New Mid-Term Business Plan "Triple Ex"



Main themes	Content							
	Activities carried out up to 3 rd quarter	Planned Approaches from the 4 th quarter onwards						
"Sumida Production Silk Road" Concept	<ul style="list-style-type: none"> ➤ To strengthen and expand the low-cost mass production in Asia 							
	<ul style="list-style-type: none"> ◎Nanning factory (first satellite factory) operation started in September ◎Reduce overtime in factories <u>Change in overtime</u> <table border="0"> <tr> <td>1Q</td> <td>117H</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">  Dropped by 30% </td> </tr> <tr> <td>2Q</td> <td>99H</td> </tr> <tr> <td>3Q</td> <td>80H</td> </tr> </table>	1Q	117H	 Dropped by 30%	2Q	99H	3Q	80H
1Q	117H	 Dropped by 30%						
2Q	99H							
3Q	80H							
<u>Utilization of Capabilities to respond to customers' needs</u>	<ul style="list-style-type: none"> ➤Sumida is utilizing the following competitive advantages globally to respond to needs of customers <ul style="list-style-type: none"> • Capability to respond to customers' demands in a most effective way (on performance, lead times and prices) • Development capability to implement new applications quickly 							
	<ul style="list-style-type: none"> ◎Full scale operation of C-Lab (New central research center in China) with pioneering equipments & engineers 	<ul style="list-style-type: none"> ◎Continue to transfer manufacturing technology and know-how to C-lab by Japanese engineers 						

Progress of 5 main themes in New Mid-Term Business Plan "Triple Ex"



Main themes	Content	
	Activities carried out up to 3 rd quarter	Planned Approaches from the 4 th quarter onwards
<u>Invest in pioneering technologies and in stimulating environment to motivate innovative research of our engineers</u>	<ul style="list-style-type: none"> ➤ Market & customer oriented R&D activities in Germany and Japan. New R&D Center in China (C-Lab) will coordinate and facilitate the collaboration among engineers within the entire Group so as to develop application on new products 	<p>◎Strengthen Power Electronics field through the acquisition of Eiwa and Mostec into our group (investment in share acquisition)</p>
	<ul style="list-style-type: none"> ◎Further investigation and negotiation on M&A projects ◎Prioritize the identified promising technologies/ products (3 billion JPY additional investment on R&D projects) 	
<u>Implementation of global systems in R&D, production and sales aspects</u>	<ul style="list-style-type: none"> ➤ Seek opportunities by horizontal & vertical integration through M&A activities and expanding our global network in R&D, procurement, manufacturing, marketing and sales to further enhance and expand current business operations. 	<p>◎Acquisition of Eiwa and Mostec</p> <ul style="list-style-type: none"> ⇒ Expand network ⇒ Increase sales by utilizing sales network of Sumida
	<ul style="list-style-type: none"> ◎Continue to shift production (passive products of coil) from VOGT in Germany to China (VCM) ->enabled significant cost reduction 	

Progress of 5 main themes in New Mid-Term Business Plan "Triple Ex"

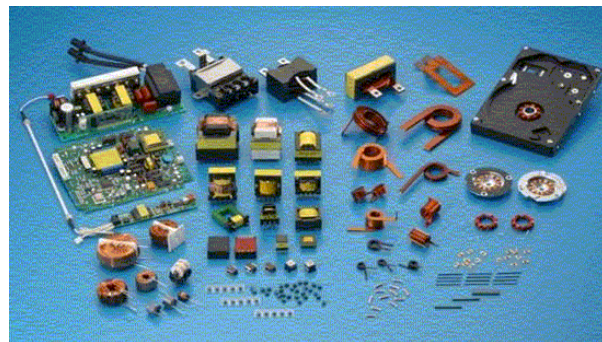


Main themes	Content	
	Activities carried out up to 3 rd quarter	Planned Approaches from the 4 th quarter onwards
<u>Develop and strengthen the Global Management System</u>	<p>➤ Further improve and strengthen our Global Management System and strive to make the most of our synergies that derive from the diverse cultures and experiences of Sumida Group.</p> <p>Take action more efficiently and more swiftly as we achieve unification and synergy across the diverse corporate cultures of the companies.</p>	
	<p>◎ Formulate individual HR plans by Sumida Academy</p>	<p>◎ Acquisition of Eiwa and Mostec ⇒ To foster sense of unity in early stage ⇒ Strive for synergy</p> <p>◎ Upgrading global finance & tax strategy ⇒ Conduct study to establish a financial holding company in Holland (to optimize finance operation within Sumida Group)</p> <p>◎ Conclusion of domination agreement with VOGT to enhance sense of unity, and strive for more synergy between VOGT and SECL</p>

Outline of EIWA



Company Name	EIWA Co., Ltd.
Major Business	High-frequency transformers, Unit for switching power supplies, motor coils and stator coils for HDDs
Major Operation Sites	HQ : Ota-ku, Tokyo Japan : Nagano (R&D, Sales), Aomori (Manufacturing / transformers: 100 workers) Outside Japan : Thailand (Manufacturing / motor coils & transformers: 2,200 workers) Guangdong, China (Manufacturing / transformers: 600 workers)
Net Sales	6,046 mil. Yen (as of March 31, 08) / Operating Income Ratio: 5%



Product Lineups



Factory in Thailand



Factory in China

Outline of MOSTEC

Company Name	Mostec Inc.
Major Business	Manufacturing, Sales and R&D for various types of edge-wise coils
Major Operation Sites	HQ : Kyotanabe-City, Kyoto (15 employees)
Net Sales	170 mil. Yen (as of September 30, 07)

Edge-wise coil:

“Edge-wise coil” is a generic term for the coils using rectangular copper winding wires and wind around the core spirally with short side of the wire.

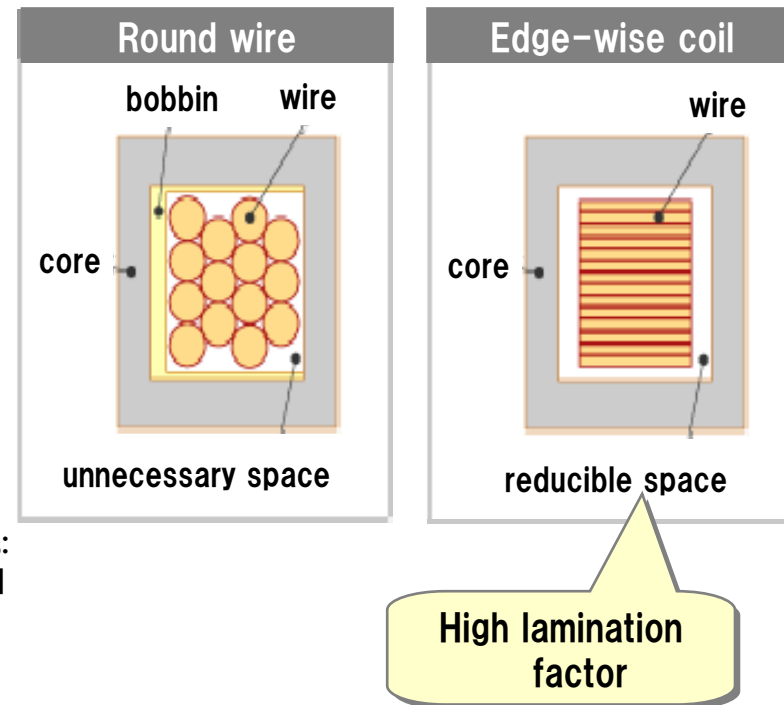
Edge-wise coil is single layered, has superior heat release quality and easy to maintain the shape. Using the coil enable to improve laminating factor as it doesn't require bobbin.

(*laminating factor means the surface ratio of the conductor in sector)

Advantages of edge-wise coil:

Compare to other coils, edge-wise coils provide the following advantages:

- 1) better product performance if the size is the same, can be smaller and lighter if the product performance is the same
- 2) resistant to quality change by the heat owing to better heat release
- 3) enable to improve frequency characteristic

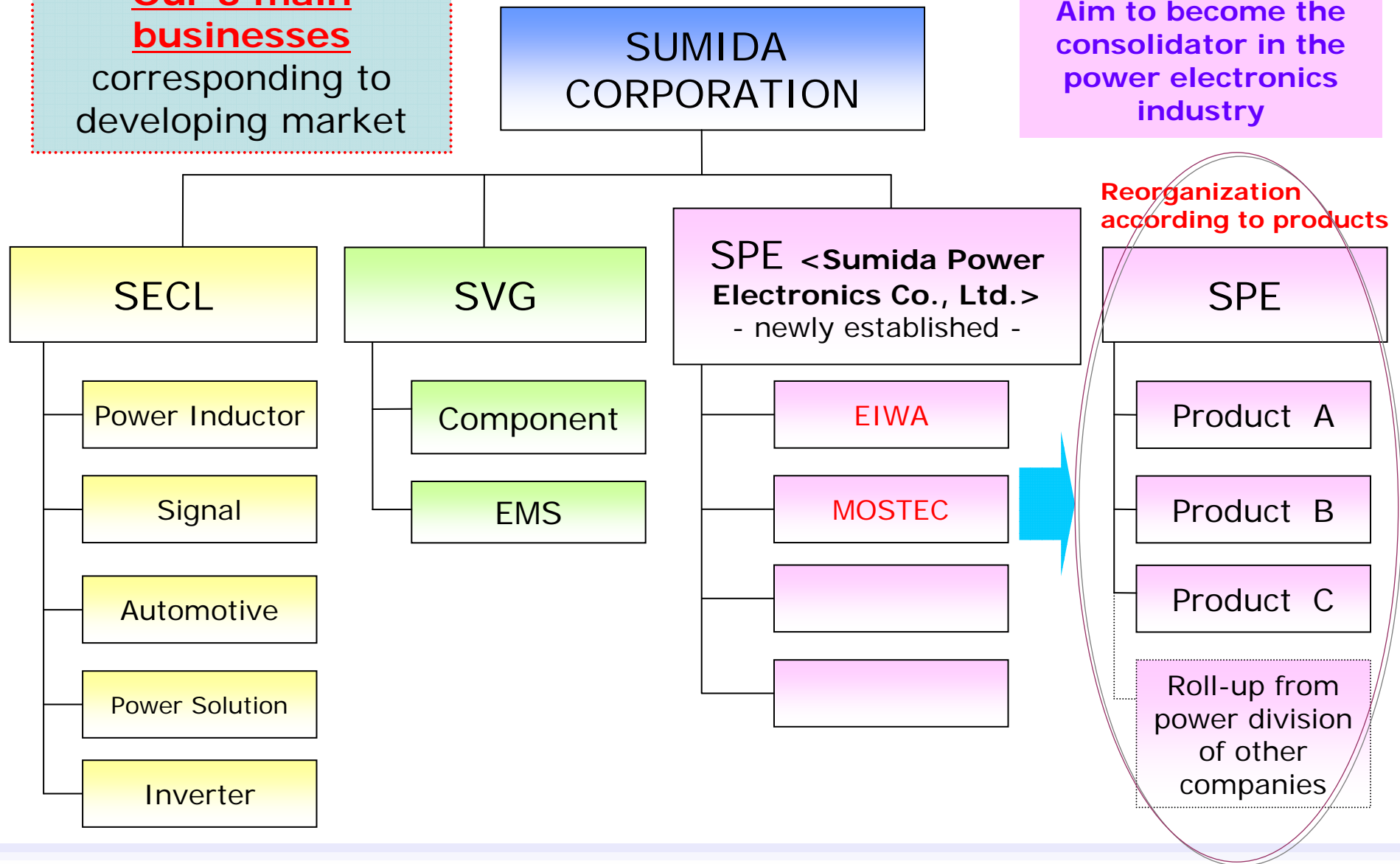


Business Structure in FY 2009



Our 3 main businesses
corresponding to
developing market

Aim to become the
consolidator in the
power electronics
industry



Expected growth in coil market and Sumida

Steady growth of coil market together with expansion in electric/electronics-related industry

- Long term growth owing to the promotion of digitalization, ubiquitous society, increase demand in sensor, energy saving
- Energy shift from internal-combustion to electric motor due to soaring fuel cost also accelerate Sumida's growth

③ Industry devices, new energy related

Market size: 200 bil. yen
Sumida share: 2.1%, 4.2 bil yen

Purpose of the new M&A

Energy shift (e.g. oil pressure control -> electric power control)

Most promising segment in the long term

② Automotive

Market size: 500 bil. yen
Sumida share: 4.4%, 22 bil. yen

/Accelerate hybrid, electric power
/Further improvement of automotive electric/ electronic components

① Consumer

Market size: 500 bil. yen
Sumida share: 7.7%, 38.3 bil. yen

/Further development in digitalization
/Ubiquitous digital society (communication function)

/Sensor function
/Products with smaller form factor
/Noise suppression in high density products

Expected total market size in 2008: 1200 bil. yen
Sumida's share: 5.4%, 64.2 bil. yen

① Consumer
SECL + SVG

+

② Automotive
SECL + SVG

+

③ Power Electronics
SPE

=

Net sales 100 bil. yen

Significance of share acquisition of EIWA and MOSTEC in Triple Ex



Further improvement of flexible cost structure which is resilient to the fluctuations of demand

- Accelerating Sumida Silk Road strategy by utilizing EIWA's factory in Thailand
 - Diversifying manufacturing operations against rising labor cost in China

Expanding coil application areas in the energy and energy-saving related fields by R&D and M&A

- Establishing competitive advantageous position in the energy and energy-saving related fields by acquiring EIWA and MOSTEC
- Accelerating commercialization of Sumida's energy and energy-saving related technologies

Securing No.1 position as pure-coil-manufacturer in the expected consolidation of industry

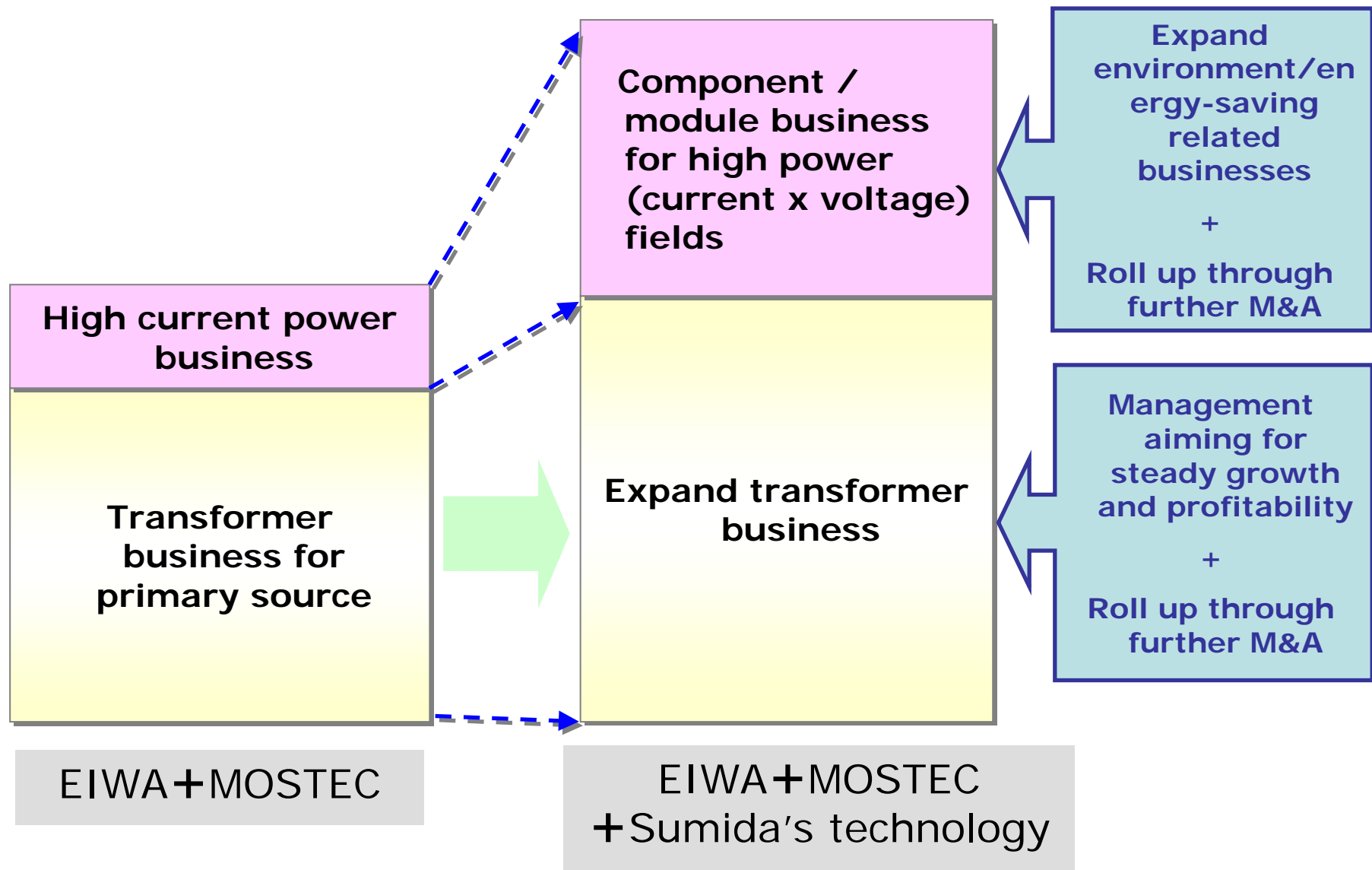
- Establishing 3 main operating bases by acquiring EIWA and MOSTEC
 - Minimizing influence from consumer electronics business
 - Stabilizing profitable business
 - Strengthening purchasing power by expanding business scale
 - Further improving position in coil industry

Creating more value by M&A – fusion of Sumida's global presence and electronics component manufacturers who have outstanding technologies

- Enhancing technology and manufacturing capabilities of EIWA and MOSTEC with Sumida's operating capability
- Continue seeking chances of acquiring companies with outstanding technologies

**For the past 30 years, Sumida has steadily maintained its profitability in the challenging business environment.
We will further enhance the flexible cost structure and further strengthen financial base.**

Effect of acquiring EIWA and MOSTEC



End of the Report

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