

SUMIDA CORPORATION

- Consolidated Results of the 1st Quarter FY2009 -

14th May, 2009

Shigeyuki Yawata, CEO

Saburo Matsuda, CFO

1. Forex Volatility



(Unit:yen)

	08.1Q	08.2Q	08.3Q	08.4Q	Average in 2008	09.1Q	2009 (Assumption)
JPY/USD	105.4	104.5	107.6	96.1	103.4	91.4	95.0
JPY/Euro	157.7	163.3	161.9	127.3	152.3	120.6	120.0
JPY/HKD	13.5	13.4	13.8	12.4	13.3	11.8	12.3

2. Consolidated Results 1st Quarter 2009



(Unit:Millions of yen)

	1 st quarter 2009 Actual	1 st quarter 2008 Actual	Difference
Net Sales	8,579	14,835	(42.2%)
Operating Income	(1,345)	1,042	—
Operating Income Ratio	—	7.0%	—
Ordinary Income	(1,057)	810	—
Net Income	(1,071)	502	—

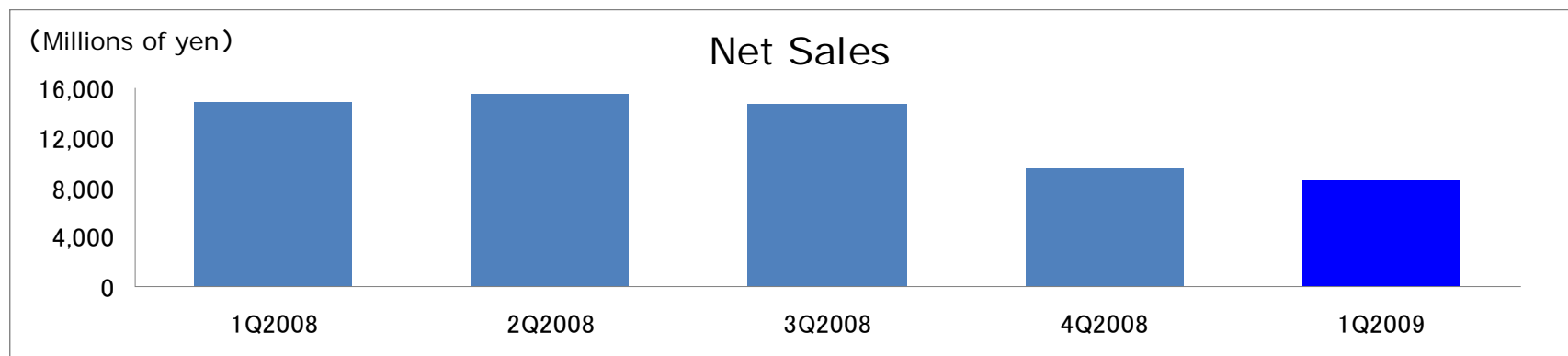
The results of 1st quarter 2009 were close to that of the Plan (which was not announced publicly).

3. Quarterly Consolidated Results



(Unit: Millions of yen)




	2008				2009
	1Q	2Q	3Q	4Q	1Q
Net Sales	14,835	15,479	14,701	10,719	8,579
Operating Income	1,042	1,051	819	(745)	(1,345)
Operating Income Ratio	7.0%	6.8%	5.6%	—	—
Ordinary Income	810	517	867	(2,340)	(1,057)
Net Income	502	(17)	531	(6,759)	(1,071)



4. Analysis of Sales



(Unit:Millions of yen)

	2008				2009	
	1Q	2Q	3Q	4Q	1Q	2Q
Magnetics	5,771	6,015	6,119	4,226	2,976	
Automotive	2,630	2,811	2,654	1,910	1,668	
Asia / Pacific Business	8,401	8,826	8,773	6,136	4,644	30%UP 
EU Business	6,434	6,653	5,928	3,423	3,247	2%UP 
Environmental / Energy Business	—	—	—	1,160	688	30%UP 
Total	14,835	15,479	14,701	10,719	8,579	

5. Analysis of Operating Income



《1Q Operating Income/Loss》

Asia / Pacific Business

(174M yen)

- Effect of fixed cost reduction measures (incl. retrenchment of manufacturing and indirect workers) was reflected from March
- Fixed cost reduction of 100 million yen per month
- Profit achieved in March (in a single month)

EU Business

(481M yen)

- Effect of fixed cost reduction measures (incl. labour retrenchment) was reflected from February
- Fixed cost reduction of 120 million yen per month

Environmental / Energy Business

(61M yen)

- Effect of fixed cost reduction measures (incl. integration effect) was reflected from February
- Fixed cost reduction of 20 million yen per month
- Profit achieved in March (in a single month)

An operating loss was estimated due to slumping sales in 1st quarter despite that most of the fixed cost reduction measures were taken in FY08 (effect can only be reflected after Feb)

6. Change in Business Segments

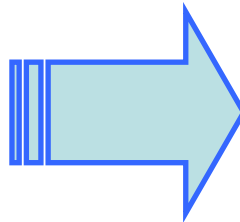
《In the past》

《From 1st quarter this year》

Coil Business

VOGT Business
/Component Business

VOGT Business
/EMS Business



Asia / Pacific Business

EU Business

Environmental / Energy
Business

Considering product lines and similarity of markets, we classified our businesses into Coil Business, VOGT Business/Component Business and VOGT Business/EMS Business. However, for a better reflection of our business activities, we decided to use Asia / Pacific Business, EU Business and Environmental / Energy Business as business segments instead which are used by Sumida top management when allocating business resources and evaluating business performance.

7. Information by segments



(Unit: Millions of yen)

		1Q2009	1Q2008	Difference
Asia / Pacific Business	Net Sales	4,644	8,401	(3,757)
	Operating Income	(174)	1,259	(1,433)
EU Business	Net Sales	3,247	6,434	(3,187)
	Operating Income	(481)	442	(923)
Environmental/ Energy Business	Net Sales	688	—	—
	Operating Income	(61)	—	—
Total	Net Sales	8,579	14,835	(6,256)
	Operating Income	(716)	1,701	(2,417)
Elimination		(629)	(659)	30
Consolidated	Operating Income	(1,345)	1,042	(2,387)

8. Consolidated Balance Sheet



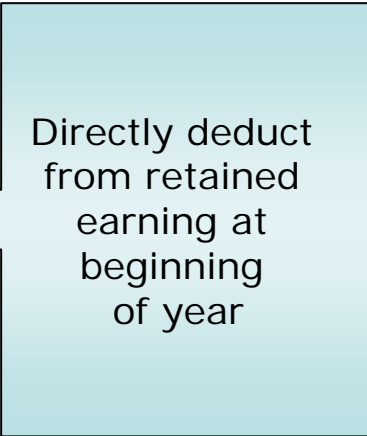
(Unit:Millions of yen)

		<u>1Q.09</u>	<u>4Q.08</u>	<u>Difference</u>
Current Assets	Cash & deposits	9,536	10,855	(1,319)
Current Liabilities	Short term debt	17,635	18,174	(539)
	Long term debt due within 1 year	2,639	2,075	564
	Bond	—	8,200	(8,200)
Fixed liabilities	Bond	4,550	1,815	2,735
	Long term debt	6,943	3,923	3,020
	Total interest-bearing debt	<u>31,767</u>	<u>34,187</u>	<u>(2,420)</u>
	Net interest bearing debt	<u>22,231</u>	<u>23,332</u>	<u>(1,101)</u>

9. Goodwill



(Unit:Millions of yen)

End of December 2008	5,275	
Amortization of past years (from acquired to 2008)	(1,629)	
Amortization in 1Q 2009	(69)	
Impact of FOREX	29	
End of March 2009	<u>3,606</u>	

10. Change of Net Assets



(Unit:Millions of yen)

Net loss of 1 st quarter	(1,071)
Retained earnings at the beginning of year	(1,808)
	<hr/>
R&D	(157)
Goodwill	(1,629)
Others	(22)
)
Dividend payment	(192)
Gains / losses on heading	198
Translation adjustment	1,299
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Valuable difference of other marketable securities	51
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Decrease in net assets	(1,523)

11. Capital Expenditure/Depreciation /R&D Expenses

(Unit:Millions of yen)

	2009 Forecast	1Q 2009 Actual	1Q 2008 Actual
Capital Expenditure	2,000	304	771
Depreciation (Including amortization of goodwill)	3,600	821	810
R&D Expenses	1,250	302	-

12. Forecast for Fiscal Year 2009



<Announced at 24th February 2009

(Unit:Millions of yen)

	2009 Forecast	2008 Actual	Difference
Net Sales	47,600	55,734	(8,134)
Operating Income	1,490	2,167	(677)
Operating Income Ratio	3.1%	3.9%	-
Ordinary Income	890	(146)	1,036
Net Income	700	(5,743)	6,443

(Assumption: Exchange rates are 1USD=95JPY, 1Euro=120JPY)

Summary of Business Result – 1st Quarter FY2009



	(Mil Yen)	Summary
Net Sales	8,579	<p>1. Sales dropped in all business segments (Consumer, Automotive, Environmental/Energy). y/y decreased by 42.2%. Sales amount was at the same level as Dec FY08. However, <u>number of purchasing order has been increasing since March.</u></p> <p>->The sales trend is as we expected.</p> <p>2. Unit price was maintained at last quarter level (y/y+1.7%)</p>
Operating Income	(1,345)	<p>1. Operating losses due to low sales (below break even sales point)</p> <p>2. The effect from fixed cost reduction measures realized</p> <p>(1) Asia/Pacific Business – from March</p> <p>(2) EU Business – from February</p>
Net Income	(1,071)	<p>1. Recorded 366 mil yen of non-operating profit (exchange gain etc.)</p> <p>2. Almost no extraordinary income/losses (extraordinary items were already recorded in FY08)</p>

Summary

1. Market Environment

a. Consumer Electronics

4th quarter of FY08 to Jan-Feb FY09 was the bottom -> Recovery is expected

b. Automotive

/Japan : Bottom seems to be hit

/EU & North America : Still unclear situation

c. Environmental/Energy

Hit the bottom during 1st quarter of FY09, but EIWA and MOSTEC (acquired in FY08) contributed to the profit as we planned

2. Implemented measures

a. Reduction of fixed cost

(1) Asia/Pacific Business:

Retrenchment of labors in China, wage cut

(incl. Japan effect reflected from March)

(2) EU Business:

Completed retrenchment of labors (effect reflected from February)

– decreased by 13% compared to end of FY08

(3) Environmental/Energy Business:

Completed retrenchment of labors in China and Thailand

-> Full effect (lowers sales break even point) from these measures is expected in 2nd quarter

b. Pursuit of synergies with acquired companies (EIWA, MOSTEC)

(1) to review possible cross selling projects (many potential projects)

(2) to enhance technical capabilities with support from Sumida Group

(3) to improve infrastructure for managements' integration and information sharing

Prospect and measures to be implemented from the 2nd quarter

1. Enhance Global Sales Function

- > **Assign Executive Officer responsible for Global Sales System, and strive for cross selling effectively by centralization of information**
- > **Strive for profits to be realized in a short time by getting orders with ensured marginal profits aggressively**

a. Asia/Pacific Business

Sales orders have shown some recovery after inventory adjustment of customers

- > **Sales forecast of the 2nd quarter is 6 billion yen**
- > **Recover break-even sales by fixed cost reduction measures in the 1st quarter**
- > **Expand sales aggressively (inverter transformer, transformers and inductors for consumer applications)**

b. EU Business

Recovery of business would take time as major sales is for automotive market

- > **Increase sales through cross selling activities with other businesses**

c. Environmental/Energy Business

Demand for electronic components would increase due to full scale approach to hybrid car, electric vehicles, solar energy generation etc.

- > **Strengthen partnerships with customers in order to take potential business chances**

Prospect and measures to be implemented from the 2nd quarter

2. Continue fixed cost management in order to further lower the break-even point

-> Lower the break-even point of Asia Pacific business + EU business to 3 billion yen per month

-> Well-organized preparation with appropriate production capacity for order recovery (utilization of satellite factory)

3. Become the consolidator of electronics components industry

Strengthen our position in electronics components industry as a consolidator and leading manufacturer based on coils

-> Keep on seeking for M&A chances after EIWA and MOSTEC

-> Basic agreement with Concord Electronics Industries at 17th April.

(Concord is strong on manufacturing coils for industrial machineries and medical equipments)

4. Further improve cash management (A financial subsidiary in the Netherlands was established in January and started operation in April)

-> Minimize FOREX risk

-> Improve the efficiency of cash management in the Group

To restore 80% of sales in 2008 peak and achieve profits in FY2009.

Outline of Concord Electronics Industries



Company Name	Concord Electronics Industries
Major Business	Development, manufacturing and sales of high current transformers and reactors
Major Operation Sites	Headquarter: Saku City, Nagano Japan: Nagano (R&D, Manufacturing, Sales) Outside Japan: Vietnam (Manufacturing)
Employees	120
Net Sales	2,260 million yen (as of July 31, 2008)

Product Examples:

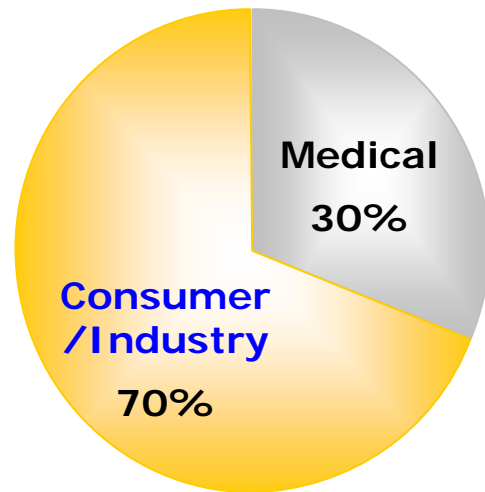


Transformers and choke coils for switching supplies (high-frequency)

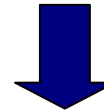
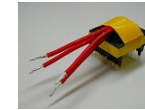
Advantages of acquiring Concord

1. Improvement of new product development speed

Sales Breakdown of Concord



Concord has similar product lineups with EIWA for Consumer and Industry

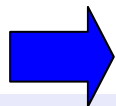


Enables to accelerate manufacturing speed of new products by utilizing the technologies

2. Chance to enter into new market (Medical)

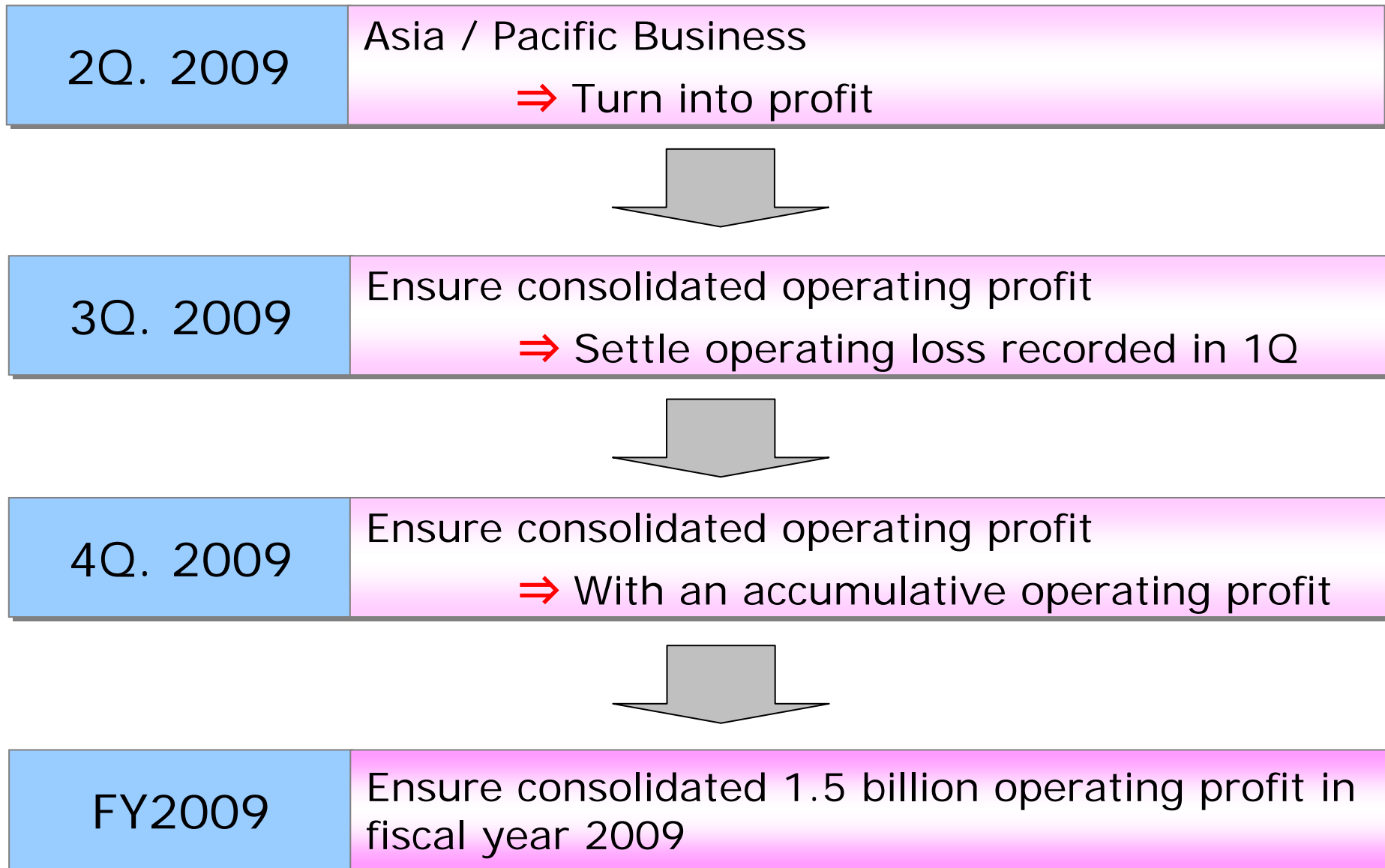
3. Enhancement of low-cost production capabilities (Sumida's core competence)

By utilizing Concord's production site in Vietnam "Sumida Silk Road Concept"

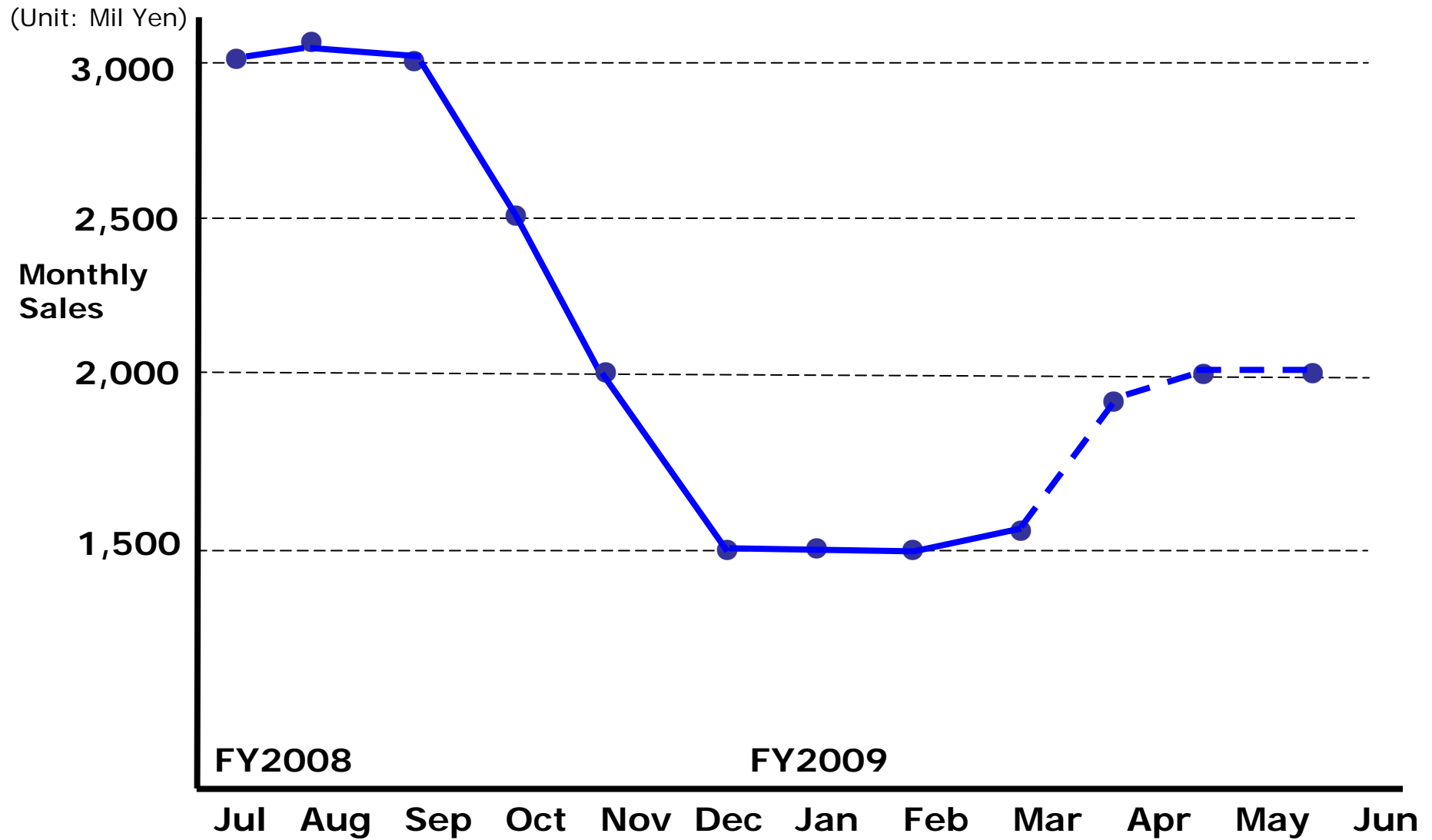


Expected to be consolidated from 3rd quarter

Forecast of FY2009



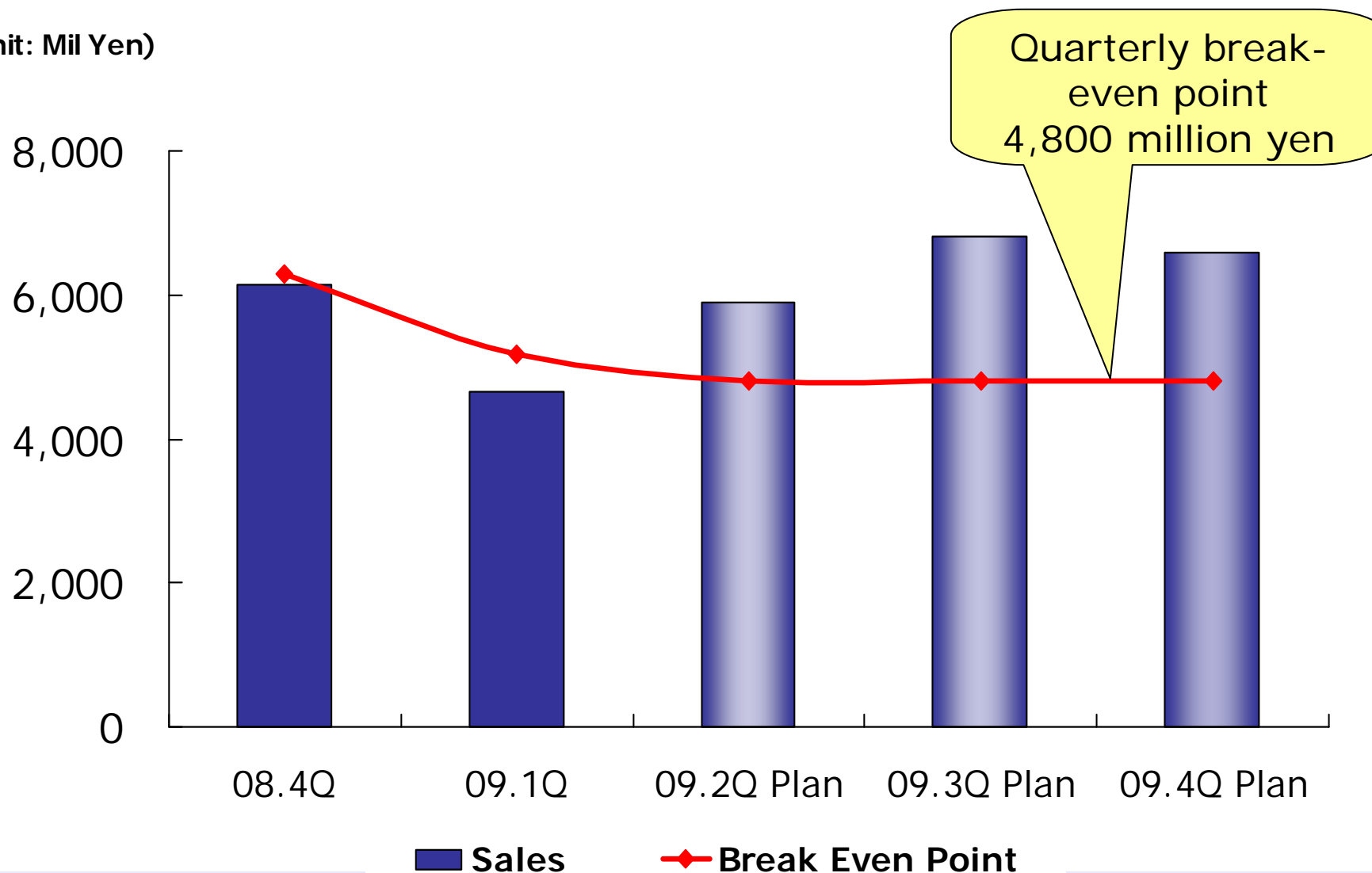
Basis of FY2009 Budget: Actual & Projection of Asia/Pacific Business



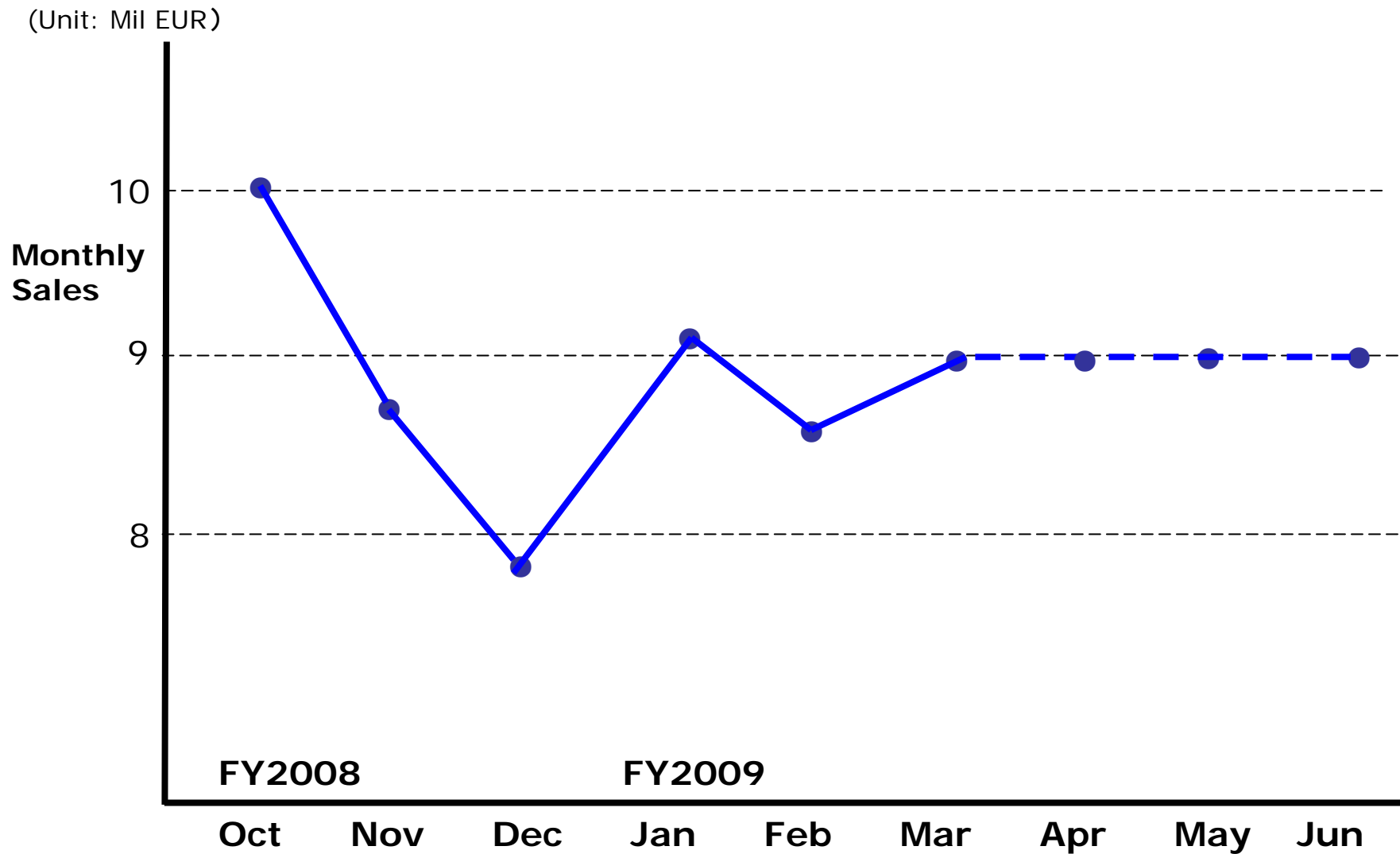
Basis of FY2009 Budget: Sales of Asia/Pacific Business



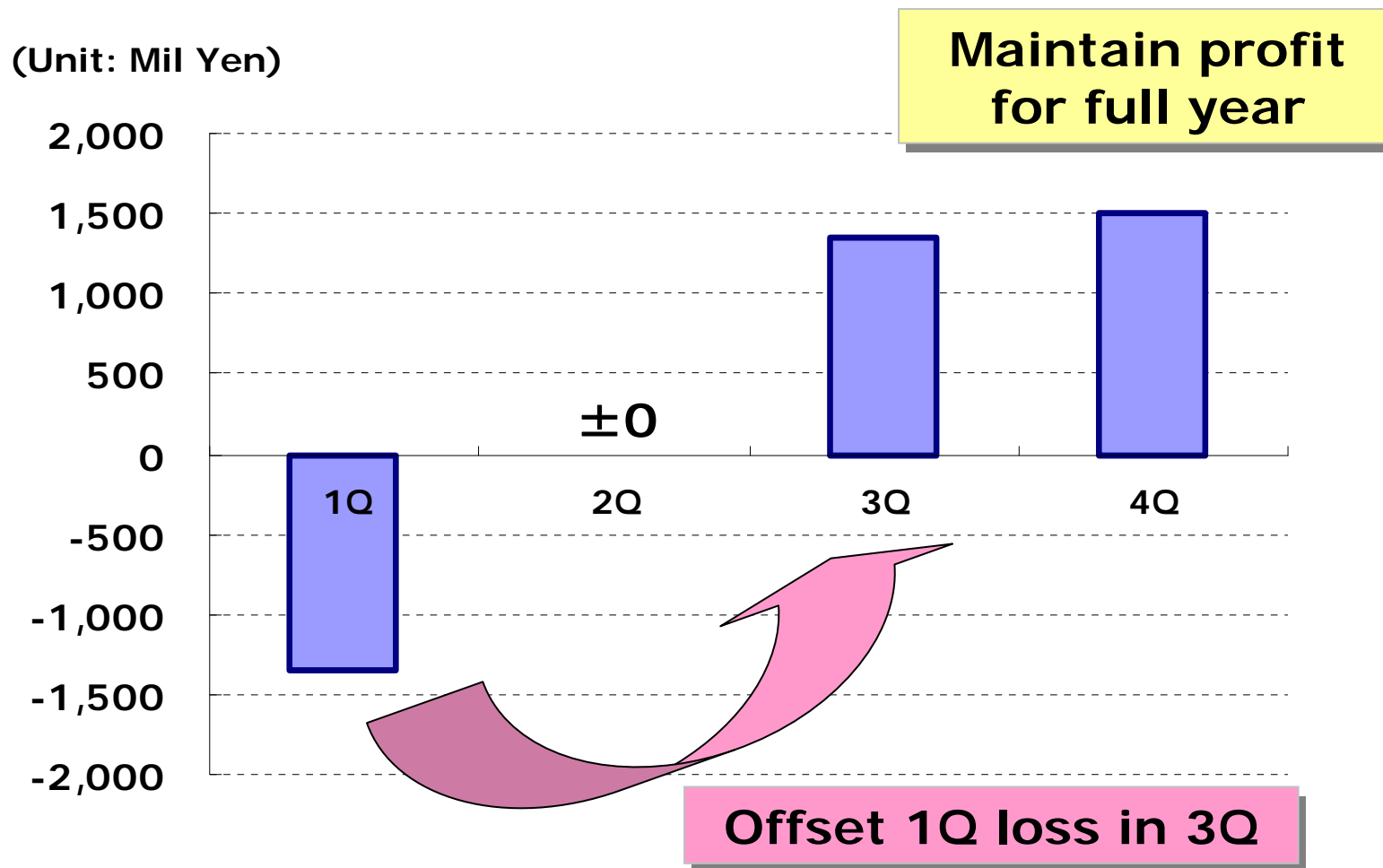
(Unit: Mil Yen)



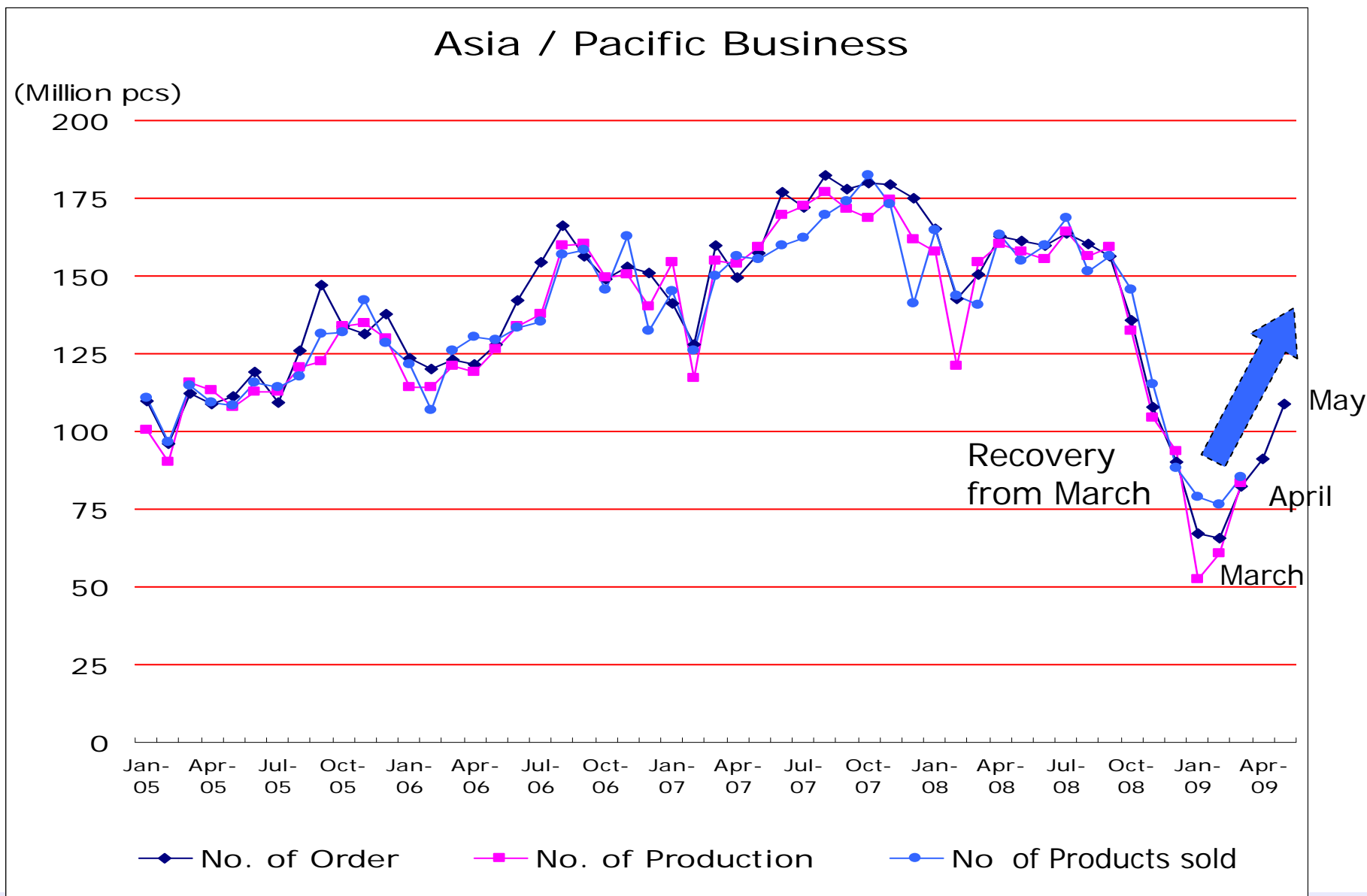
Basis of FY2009 Budget: Actual & Projection of EU Business



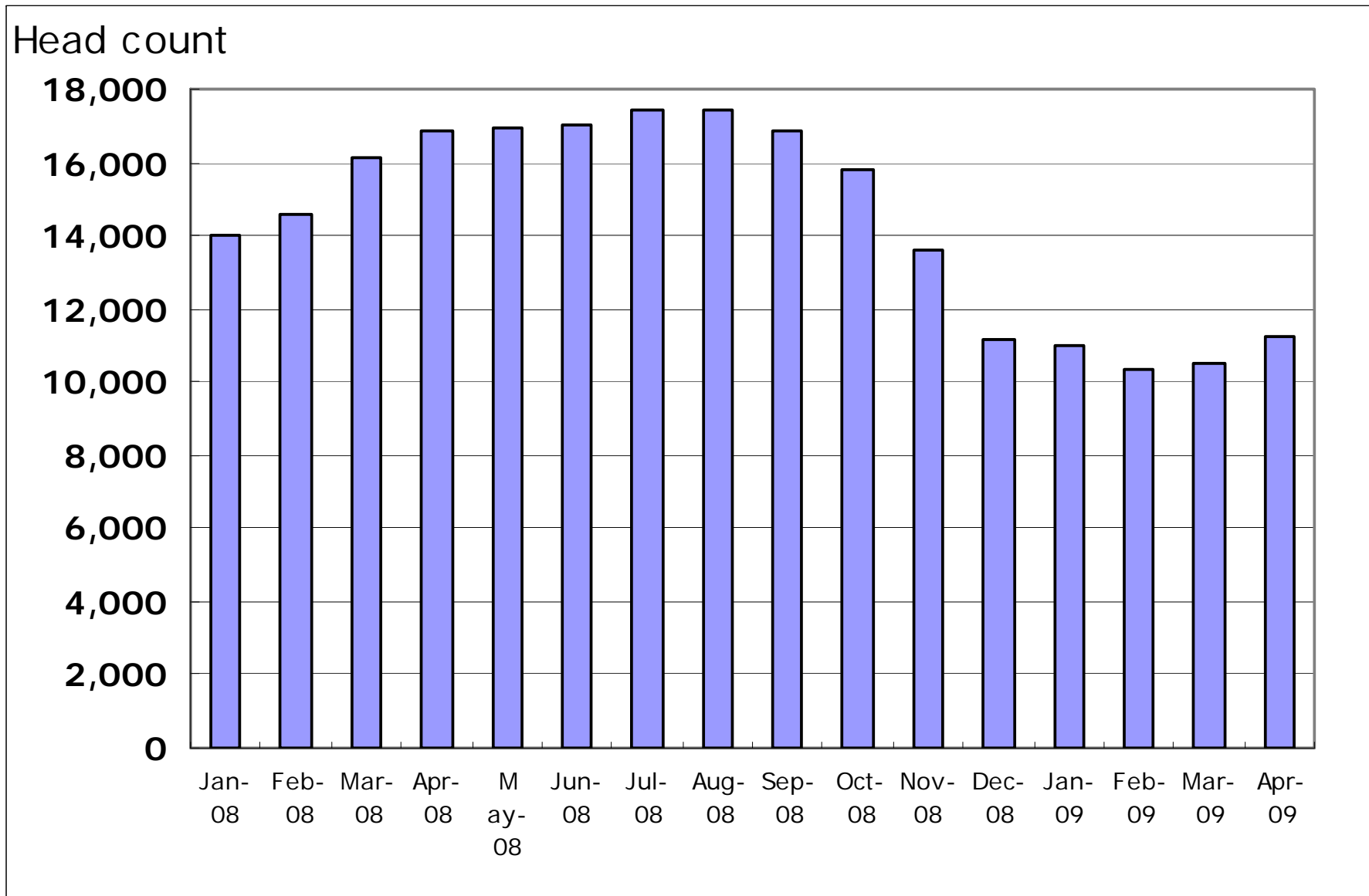
Basis of FY2009 Budget: Operating Profit



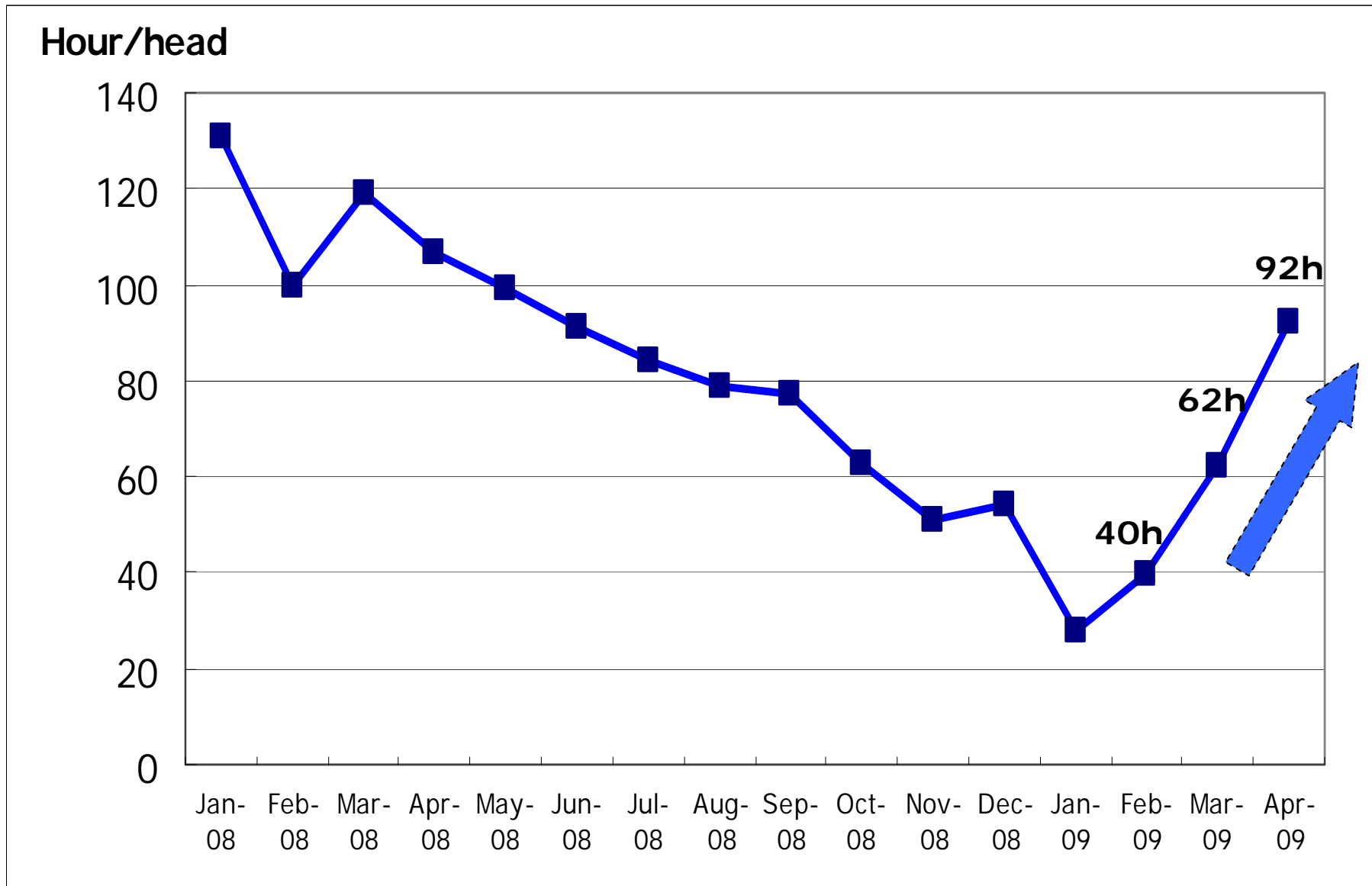
Trend of number of orders etc.



Change of total workers in China production sites



Overtime trend in China production sites



End of the Report

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