

SUMIDA CORPORATION

Consolidated Results of the
4th Quarter FY2009 / Full-Year 2009
&
Mid-Term Business Plan FY2010 - 2012

19th February 2010
CEO Shigeyuki Yawata
CFO Saburo Matsuda

Performance in FY2009

Consolidated Results of the 4th Quarter FY2009
and Full-Year 2009 - *Performance in the 1st and 2nd Half-Year –*

Return to the Growth Path

- New Mid-Term Business Plan (2010 – 2012)
- Recover and regain the peak level performance of FY2007

Plan for FY2010

- Get through the crisis, creating foundation for growth
- “5-3-2-100”

Business Performance in the 4th Quarter FY2009 & Full-Year 2009

Consolidated Results of the 4th Quarter FY2009 / Full-Year 2009

(Unit: Million JPY)

	Q4-2009	Q4-2008	Difference	FY2009	FY2008	Difference
Net Sales	12,684	10,719	118.4%	43,653	55,734	79.3%
Operating Income	869	(745)	—	(233)	2,167	—
Operating Income Ratio	6.9%	—	—	—	3.9%	—
Ordinary Income	787	(2,340)	—	(774)	(146)	—
Net Income	166	(6,758)	—	(2,009)	(5,743)	—

Consolidated Results of the 4th Quarter FY2009 / Full-Year 2009: Business Performance




	FY2009				(in million JPY)
	Q1	Q2	Q3	Q4	FY2009
Net Sales	8,579	10,066	12,324	12,684	43,653
		18,645		25,008	
Operating Income	(1,345)	(377)	620	869	(233)
	(15.7%)	(3.7%)	5.0%	(6.9%)	(0.5%)
		(1,722)		1,489	
		(9.2%)		(6.0%)	
Ordinary Income	(1,057)	(641)	137	787	(774)
		(1,698)		924	
Net Income	(1,071)	(994)	(109)	165	(2,009)
		(2,065)		56	

Quarterly Net Sales FY2009 by Region



(Unit: Million JPY)

	Q1	Q2	Q3	Q4	FY2009	FY2008	Difference
Japan	1,423	1,593	2,446	2,579	8,041	8,777 Q average 2,194	(8.4%)
Hong Kong / China	1,194	1,684	1,797	1,695	6,370	9,562 Q average 2,390	(33.4%)
ASEAN	831	1,220	1,460	1,296	4,807	3,611 Q average 903	33.1%
Taiwan / Korea	206	283	309	245	1,043	1,317 Q average 329	(20.8%)
North America	688	824	1,245	1,394	4,151	4,946 Q average 1,236	(16.1%)
Europe	4,188	4,414	5,006	5,433	19,041	27,243 Q average 6,810	(30.1%)
Other	49	48	61	39	197	278	(29.1%)
Total	8,579	10,066	12,324	12,684	43,653	55,734	(21.7%)


 : Quarterly sales better than quarterly sales average in FY2008

Quarterly Net Sales by Business Segment in FY2009



(Unit: Million JPY)

	FY2009					
	Q1	Q2	Q3	Q4	Full Year 2009	Breakeven Sales (quarterly)
Asia-Pacific Business	4,644	5,721	6,798	6,950	24,114	5,250
EU Business	3,247	3,433	3,996	4,424	15,092	3,750
Environment/ Energy Business	688	912	1,530	1,317	4,447	1,350
Total	8,579	10,066	12,324	12,684	43,653	10,350

 : Profit achieved

Quarterly Operating Income



by Business Segment in FY 2009

(Unit: Million JPY)

		Q1	Q2	Q3	Q4	Full Year 2009
Asia-Pacific Business	Net Sales	4,644	5,721	6,798	6,951	24,114
	Operating Income	(174)	426	1,073	1,306	2,631
EU Business	Net Sales	3,247	3,433	3,996	4,416	15,092
	Operating Income	(481)	(319)	29	43	(728)
Environment/ Energy Business	Net Sales	688	912	1,530	1,317	4,447
	Operating Income	(61)	149	99	89	276
Total	Net Sales	8,579	10,066	12,324	12,684	43,653
	Operating Income	(716)	256	1,201	1,438	2,179
Elimination		(629)	(633)	(581)	(569)	2,412
Consolidated	Operating Income	(1,345)	(377)	620	869	(233)

Non - operating Gain / Loss



(Unit: Million JPY)

	FY2009				
	Q1	Q2	Q3	Q4	Full Year 2009
Interest expenses	(125)	(170)	(160)	(153)	(608)
Derivatives	316	(136)	(127)	137	190
Foreign exchange	50	21	(205)	(12)	(146)

Extraordinary Gain/Loss



(Unit: Million JPY)	Q1+Q2+Q3	Q4	Full year 2009
● Expenses for Structural Improvement in Japan / other Asian locations	(180)	(292)	(472)
● Adjusted Loss on Sale of Business	(400)	(28)	(428)
● Expenses for Structural Improvement in Europe	(130)	(234)	(364)
● Expenses for Structural Improvement at EIWA / MOSTEC	—	(104)	(104)
● Expenses related to the Domination Agreement with VOGT	(86)	(17)	(103)
● Gain from sale of investment in securities	187	—	187
● Loss on inventory valuation	(85)	—	(85)
● Others	(137)	(85)	(222)
TOTAL	(831)	(760)	(1,591)

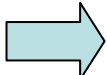
Consolidated Financial Statement



(Unit: Million JPY)

	Impact on Retained Earnings at the beginning of the year	Impact on the Consolidated P/L Statement
Goodwill	(1,629)	(311)
R&D	(156)	(160)
Others	(23)	(8)
	(1,808)	(479)

FY2000~ Foreign Currency Translation Adjustment Account (Unrealized Loss)

 Impact on net assets due to the change of the accounting principle

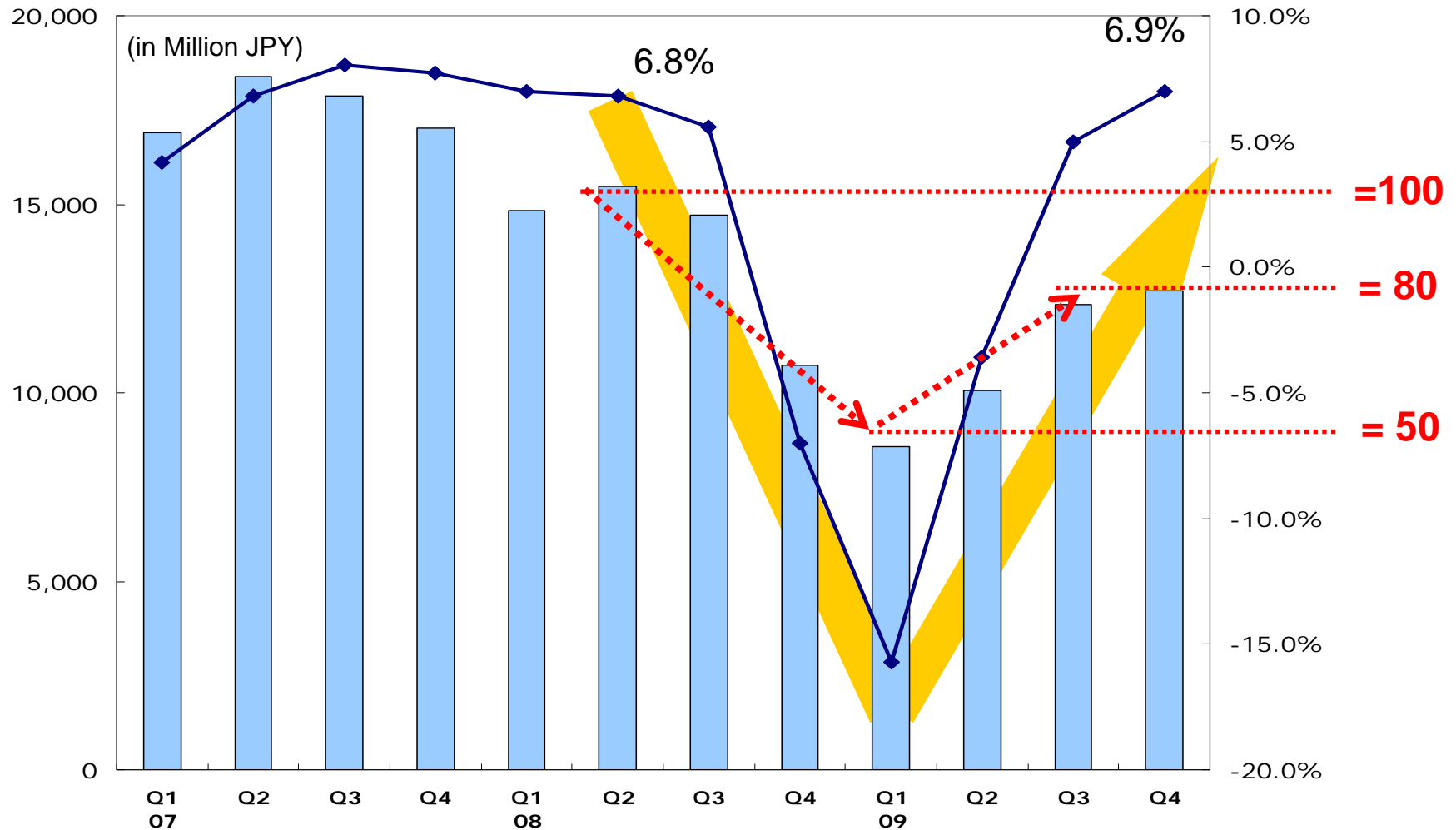
Cash Flow



	FY2008	FY2009	Difference
Cash flow from operating activities	2,015	1,888	(127)
Cash flow from investing activities	(1,687)	(129)	1,558
Cash flow from financing activities	2,717	(3,530)	(6,247)
Cash and cash equivalents, end of year	10,502	9,063	(1,439)

**Summary of the
Business Performance FY2009
&
New Mid-Term Business Plan (FY2010 – 2012)
- *Aiming to Regain FY2007's Performance* -**

Summary of FY2009: Performance of Consolidated Net Sales & Operating Income Ratio



- Net sales: Slump in sales to 50 points in Q1/09 since Q2/08 (=100)
Continuous recovery in Q2 and Q3 to 80 points ⇒ path to clear recovery
- Operating Income ratio: Continue to recover from 5% in Q3/09 ⇒ 6.9% Q4/09

Measures implemented in FY2009

■ Implementation of 'Global One SUMIDA'

- Integration of business operations of the Group companies -

- Accelerate cross selling of former SUMIDA and former VOGT products
- Global Key Account system to meet key customers' needs
- Production and development in optimum location
- Strengthen Global Cash Management: Formation of a company in Europe (January) to build a cash/foreign currency global cash management system
- Domination Agreement with former VOGT, Delisting of VOGT from the German Stock exchange

■ Improvement of profitability - Reduction of fixed costs -

- Retrench labor cost: Rationalization of personnel and reduction in wages
- Restructuring of the production system: Mexico plant ⇒ Promote optimal production e.g. shift to China ⇒ Succeeded in reducing fixed costs significantly

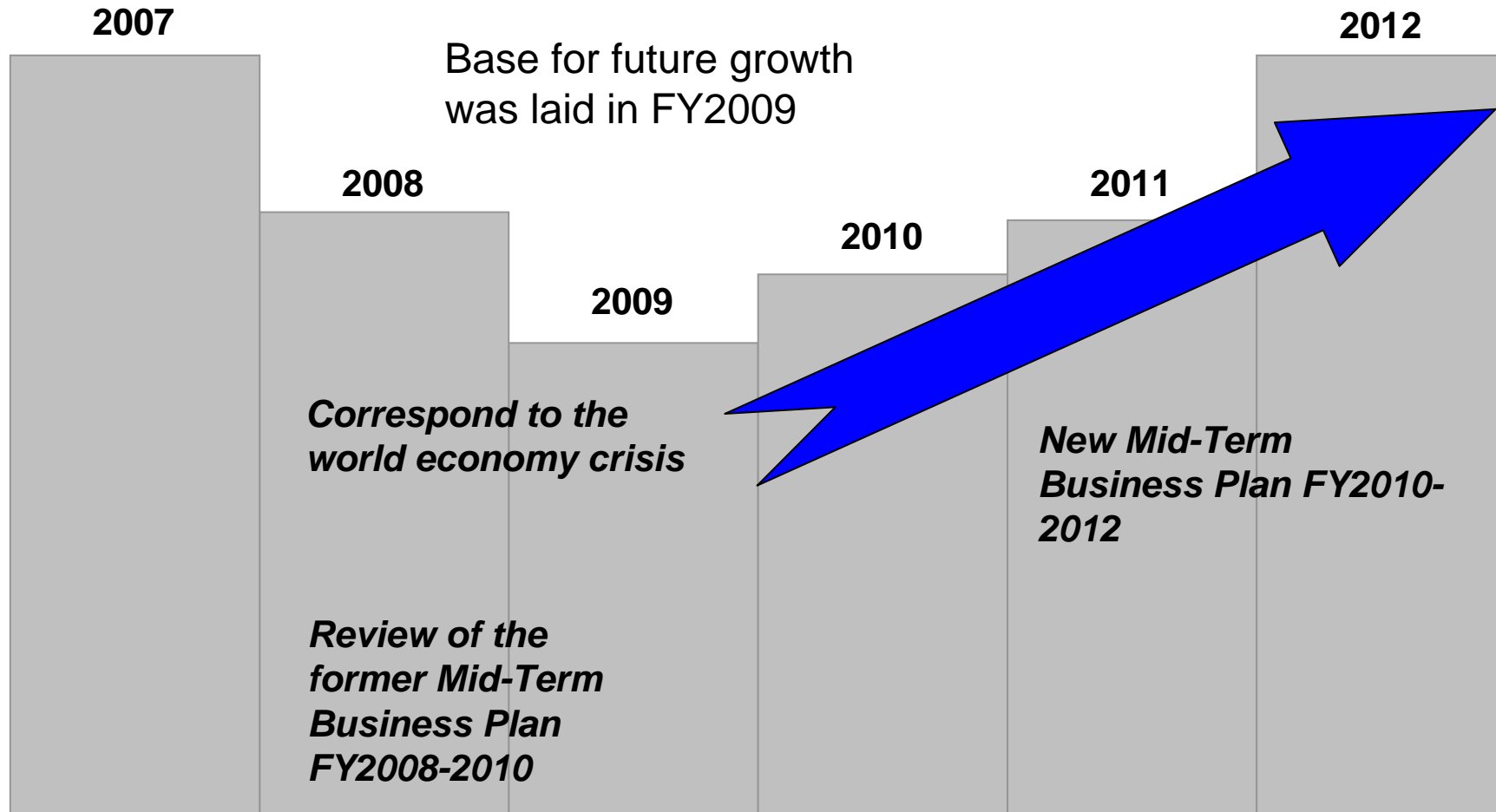
■ Extension of the Business Portfolio

- Through the acquisition of Concord Electronics Industries (July), basis for business in Medical Equipments were laid
(In the previous year, the Power Electronics business was strengthened through the acquisition of EIWA and MOSTEC)

Mid-Term Business Plan (FY2010 – 2012)



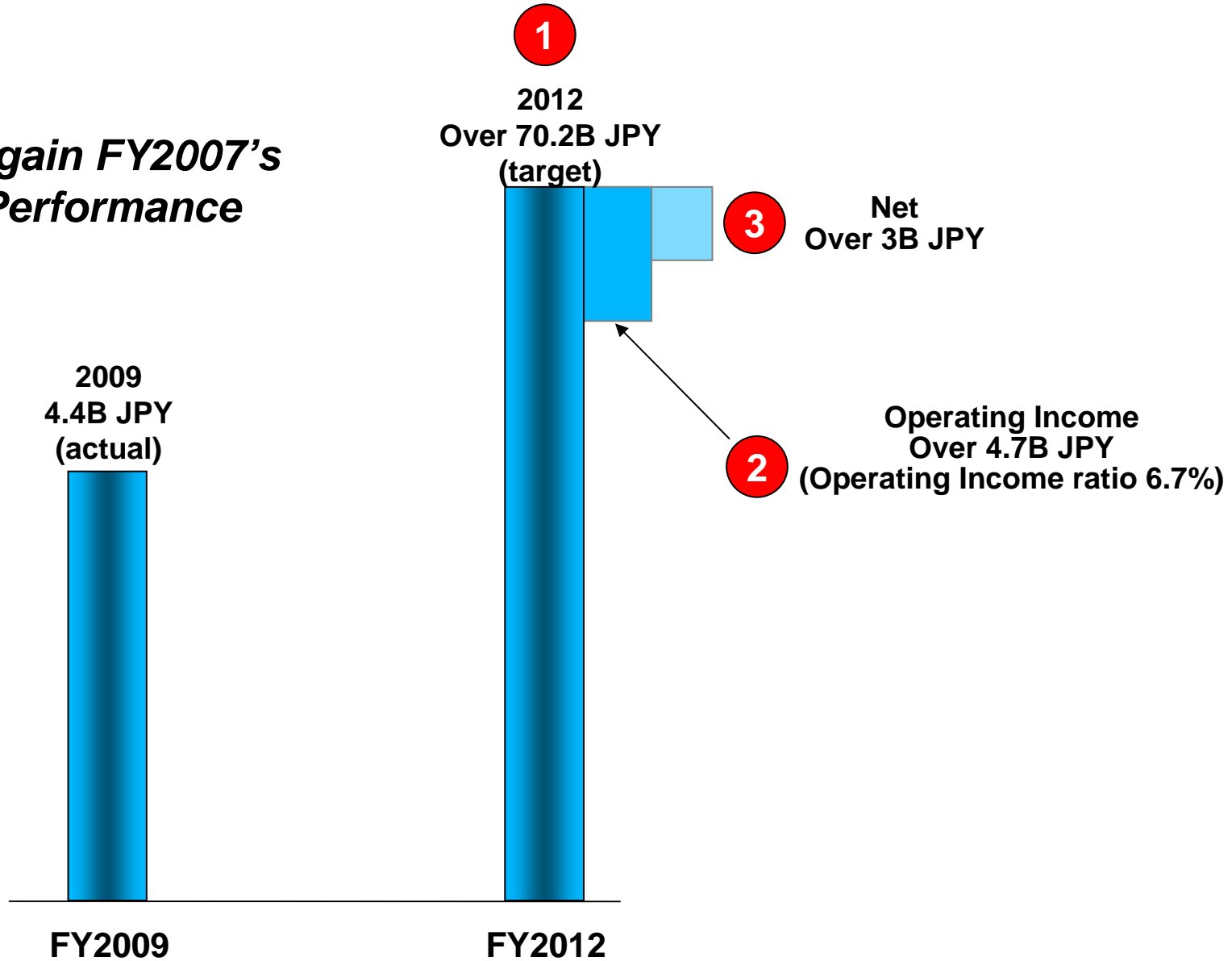
Trend and the future Plan of Net sales



Financial Target (FY2010 - 2012)



Regain FY2007's Performance



Financial Target (FY2010 - 2012)

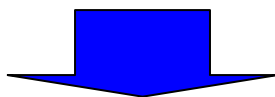
- Sumida's aim is to achieve the following consolidated financial targets in FY2012:

① **Net sales: 70.2B JPY**

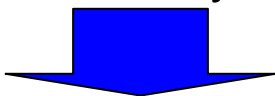
② **Operating income: 4.7B JPY (Operating income ratio: 6.7%)**

③ **Net income: 3B JPY**

- Sumida achieved the peak performance in FY2007, both in net sales and net income



Due to the effects of the world economy crises in the 2nd half of 2008, business performance fell drastically

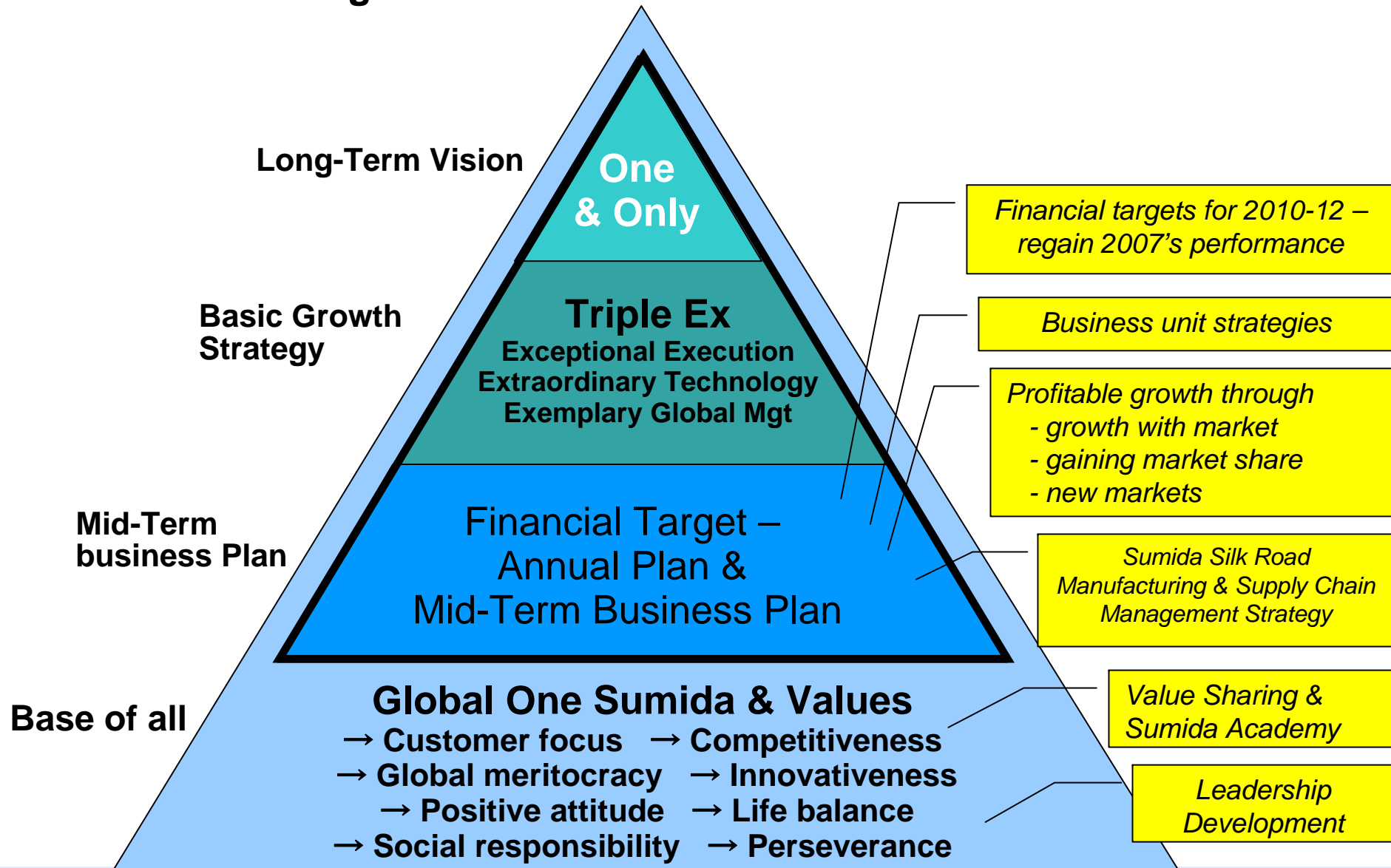


Sumida aims to recover its peak performance (FY2007) by FY2012

New Mid-Term Business Plan (FY2010 - 2012)

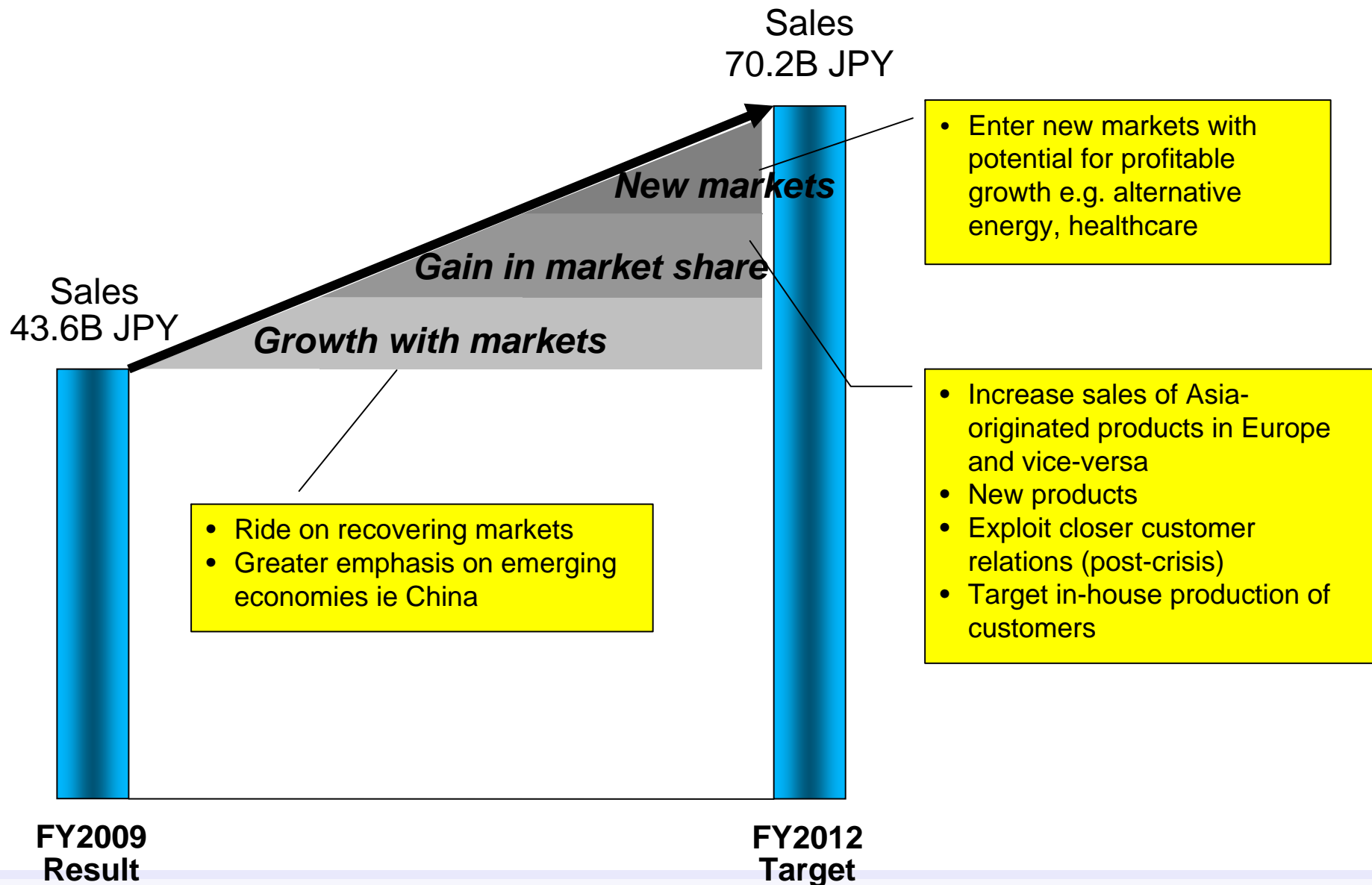


~ Return to the growth track ~

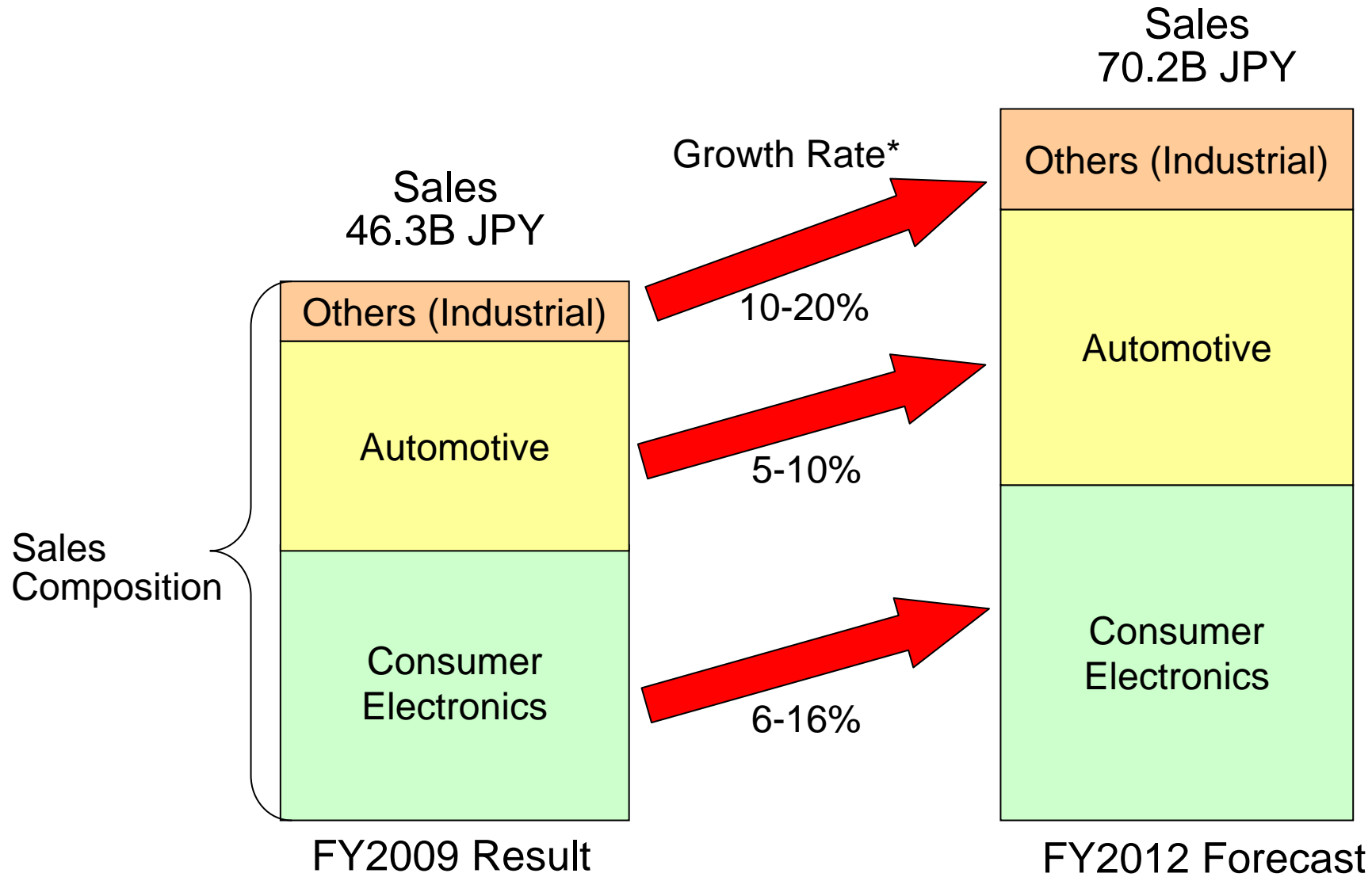




Sources for Growth – 3 Factors

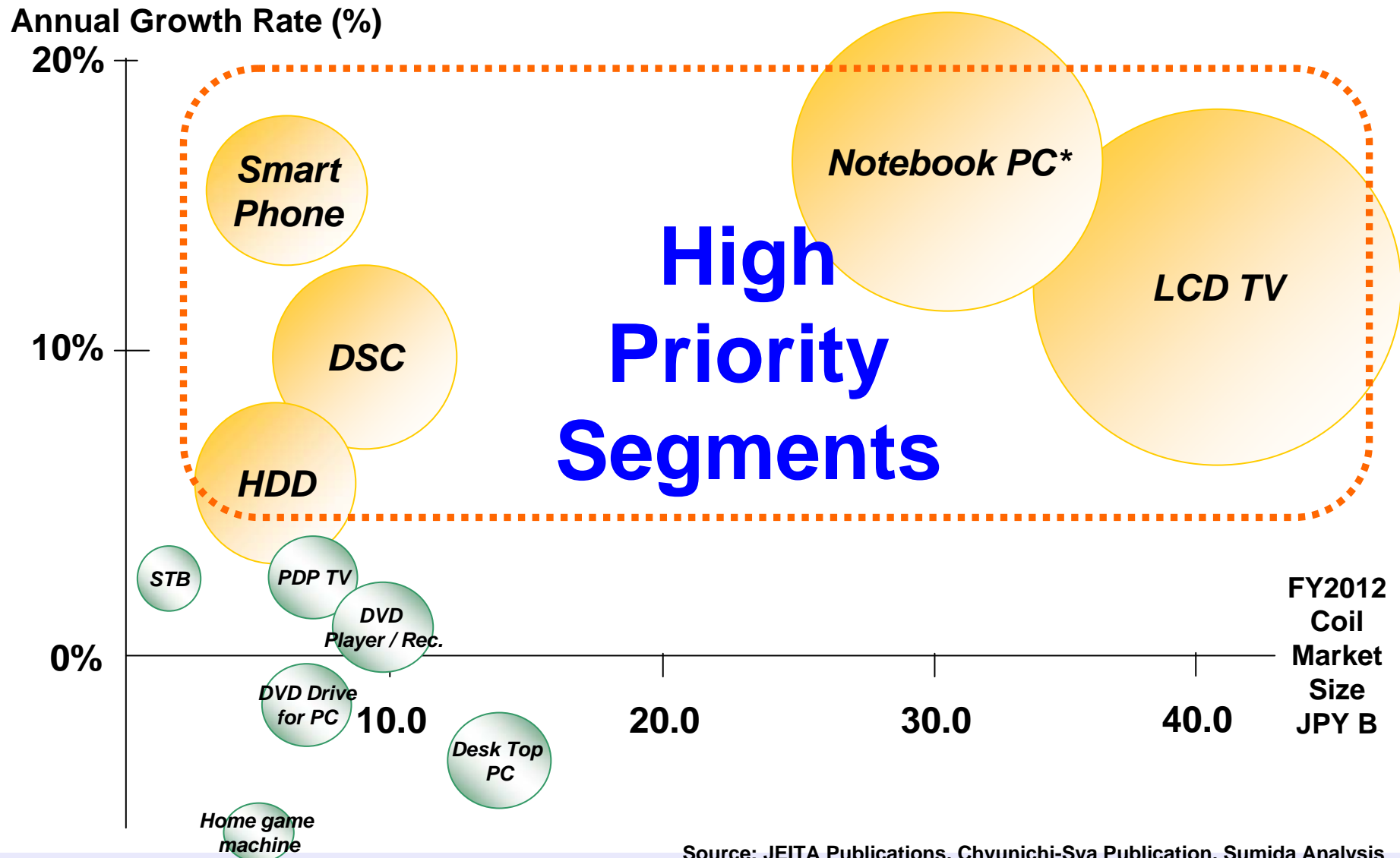


Market Growth Forecast (2009-2012)



* Growth rates were calculated by Sumida based on public documents

Available Market and Growth Rate of Coils Products (2009-2012)



Source: JEITA Publications, Chyunichi-Sya Publication, Sumida Analysis
 *: "Note PC" includes "Net Book" type

Consumer Electronics

– Target Products of Sumida (2009-2012)

High Priority Segments	Sumida Product Example
LCD TV	Transformers (flux transformer)
Notebook PC	Power inductors (iron core)
Smart Phone	Power inductors (for larger screen, multi-function phones)
Digital Still Camera	Power inductors (coils for strobe)
HDD	Transformer for power supply Coils for motors (former Eiwa products)

➤ Corresponding items

- ① Market : New products and functions, shorter lead time, demand fluctuation
- ② Spec : Smaller size and higher temperatures

Worldwide sales cars				
[Unit: million cars]				
	2008	2009	2010	2018
Combustion	69	59	61	71
Hybrid	0.55	0.87	0.87	1.97
Electric	<0.1	0.1	0.1	0.45

Region	2008	2009	2010	2011	2012
Europe	17.5	14.7	14.9	16.1	17.1
North America	12.6	8.3	10.1	12.0	13.5
South America	3.74	3.50	3.83	4.26	4.55
East Europe	3.30	1.85	2.14	2.93	3.53
China	7.34	9.57	10.5	11.8	12.9
Japan	10.8	8.16	9.09	9.54	9.61
India	1.98	2.28	2.59	3.06	3.55

Market leading products

- ABS coils
- Xenon igniters
- keyless antennas

Needed in all types of vehicles

Product development path

→ cost-optimize current generation models to protect market position

→ Development of next generation models in progress to sustain market leadership

High growth potential areas targeted

- (1) rotation position sensors (especially EV)
- (2) Customised modules in partnership with customers
- (2) Adaptation of european technology for emerging markets / HID
- (3) Strategic partnership with key Tier 1 companies – „design-in“ wins
- (4) Direct collaboration with OEMs – „design- in“ wins..

Exploit regional shifts in demand

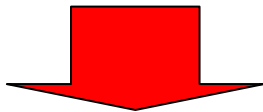
- (1) Increase focus on China market
- (2) Increase ties with European car manufacturers operating/entering China

Entry into potential high growth markets

→ Calculated approach to identify and capture future “cash cows”

Alternative energy (renewables) sector

- High & volatile oil prices
- Increasing CO2 concern & regulation



- Acquired technology and combined with existing power solutions
- Enter systems part of solar systems i.e. power conditioners
- Use Sumida's core strengths in coils to develop customised components for solar and wind systems manufacturers
- Attack China and US markets



Power conditioner:
Utilize technology for edge wise winding coils

Medical technology

- Developed economies' population aging and healthcare costs rising
- technology advances increase spectrum of applications
- global market over 25,245B JPY



- Acquired technology and combined with existing capabilities
- Adapting Sumida manufacturing, quality systems to deepen entry into medical technology market.
- Exploit Sumida's development strength in coils to offer components tailored for medical devices and requirements.



Product example:
electrocardiographic monitors,
electroencephalograph

RFID technology

- technology increasingly being used in many applications
- creates the potential of entering/creating new markets



- Current trials to deploy Sumida coil technology in animal identification chips (to be used in livestock management)
- Promising growth path in this market and markets with similar needs for tagging and traceability

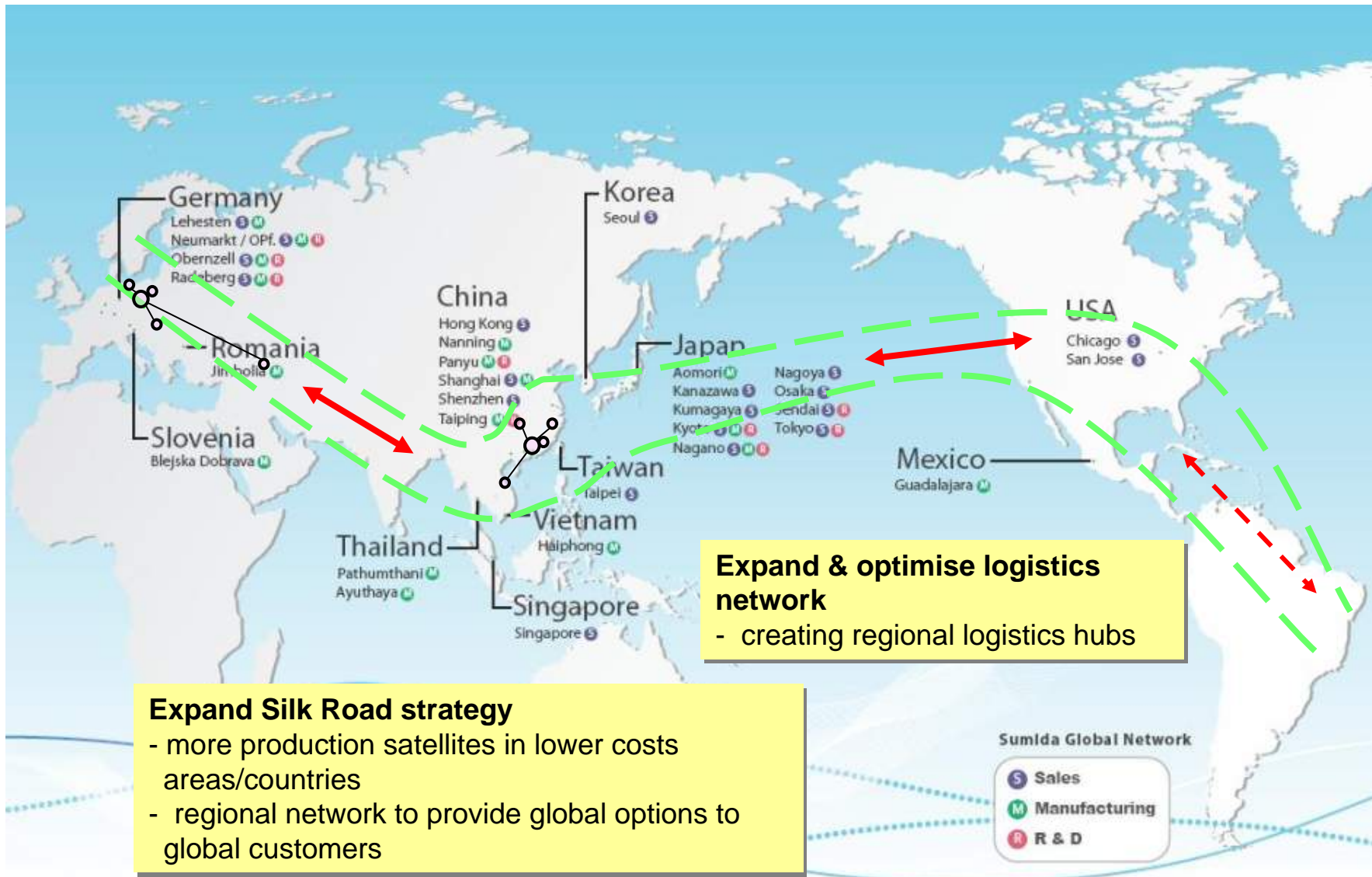


RFID example:
ear tag for farm animal

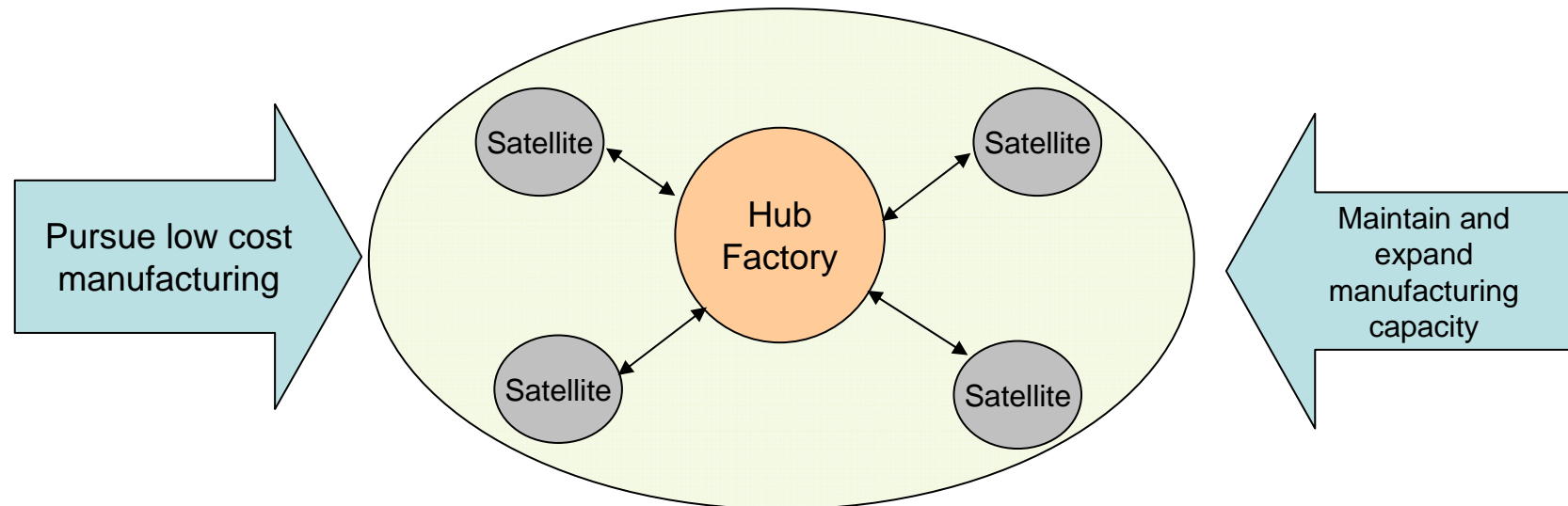
Manufacturing / Logistics Network



- Further cost efficiency and response



Hub and satellite factory manufacturing structure



1) Manufacturing structure in Asia

a. South China manufacturing site in Guangzhou China

Serve as hub function for low cost manufacturing network & mass production for Asia and North America

b. Satellite factories

Taiping (China), Nanning (South west of China), Bangkok (Thailand), Haiphong (Vietnam)

>> Plan to set up several factories in inland China

2) Manufacturing structure in Europe

a. Erlau (Germany)

Serve as hub function for manufacturing network in Europe

b. Romania and Slovenia factories for mass production

Consolidated Business Forecast for FY2010



Target “5-3-2-100”

(Assumption: US\$1=JPY90, €1=JPY127)
(Unit: Millions of yen)

	FY2010 Forecast	FY2009 Results	Comparison	
			Amount	%
Net Sales	50,000	43,653	6,340	Increase by 14.5%
Operating Income	3,000	(233)	3,233	-
Operating Income Ratio	6.0%	-	-	-
Ordinary Income	2,400	(774)	3,174	-
Net Income	2,000	(2,009)	4,009	-
EPS	100 yen	-		

⇒ Aim to achieve OIR 6.0% owing from profit improvement measures implemented in FY2009

⇒ Business restructuring completed in FY2009. Extra ordinary loss is not planned in FY2010.

Consolidated Business Forecast for FY2010



Forecast by Business Segment

(Assumption: US\$1=JPY90, €1 = JPY127)

(Unit: Millions of yen)

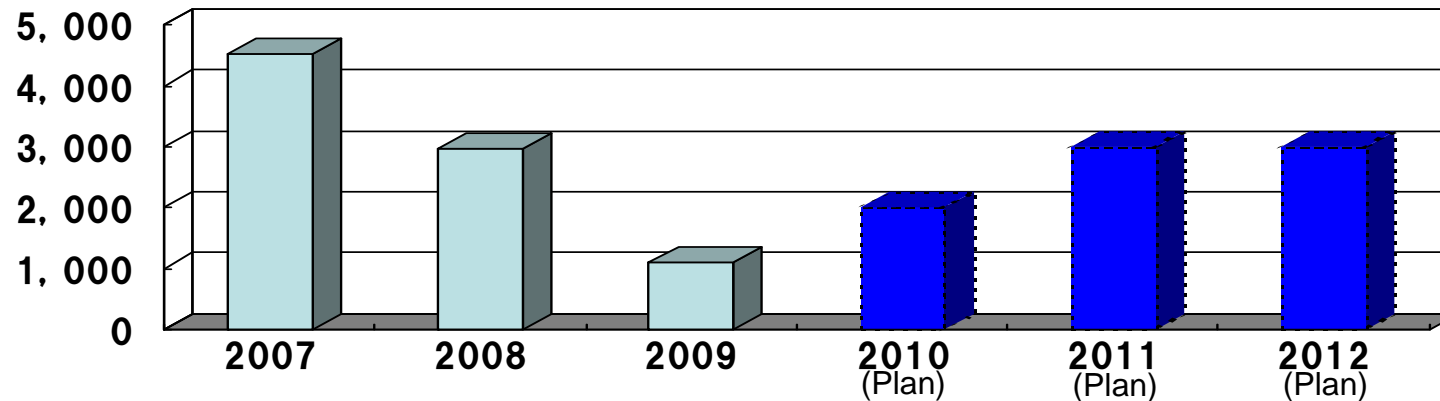
	Asia/Pacific Business	EU Business	Environment /Energy Business	HQ expense	Total
Net Sales	25,700	18,080	6,220		50,000
year-on-year	24,114 Increase by 6.6%	15,092 Increase by 19.8%	4,447 Increase by 39.9%		43,653 Increase by 14.5%
Operating Income	3,460	500	300	(1,260)	3,000
Operating Income Ratio	13.5%	2.8%	4.8%		6.0%

Trend of CAPEX and R&D Expense



Unit: Millions of yen

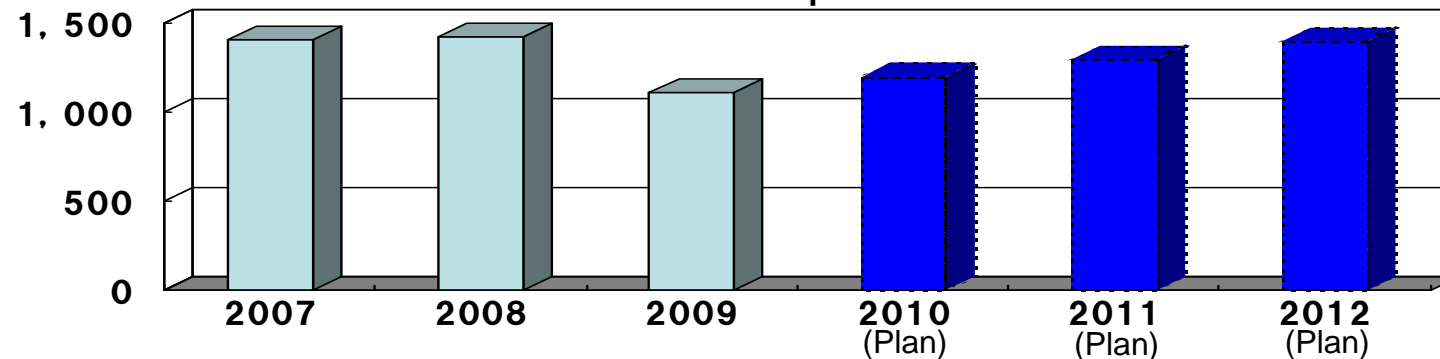
CAPEX



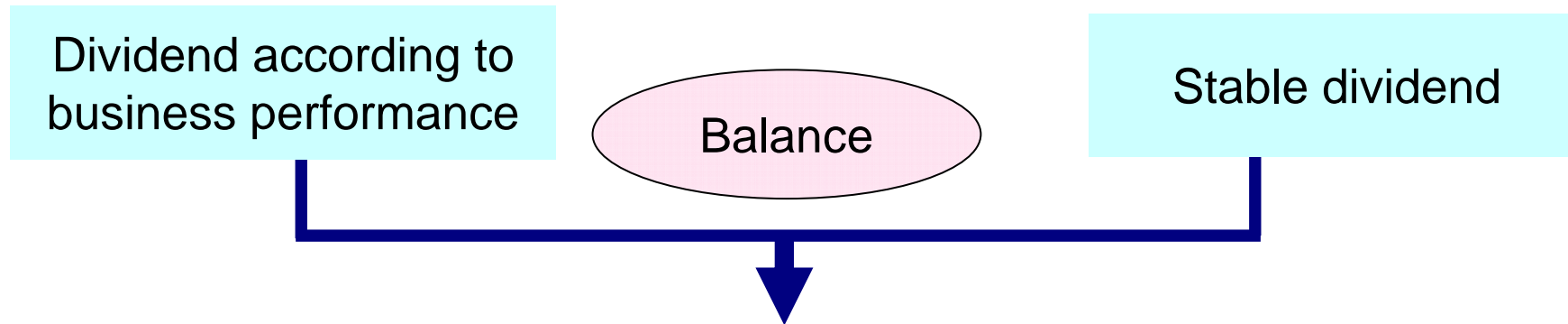
- CAPEX was reduced for FY2009, but it will be increased from FY2010 onwards
- Plan to maintain at FY2008 level in FY2012
(due to establishment of C-Lab, CAPEX in FY07 was higher than usual year)

Unit: Millions of yen

R&D Expense



- R&D Expense was reduced for FY2009 but it will be increased from FY2010 onwards
- Plan to maintain at FY2007 level in FY2012



1. Target annual dividend amount

Consolidated Net Income (Forecast) × Dividend payout ration 25~30%
 ⇒ Target annual dividend
 (Minimum amount is however 20 JPY or more)

2. Year end adjustment

Target annual dividend + Year end adjustment (“α” amount)

	1Q	2Q	3Q	4Q	Total
FY2010 (Plan)	5 JPY	5 JPY	5 JPY	5 JPY + α	20 JPY + α

End of the Report

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