

# SUMIDA CORPORATION

Consolidated Results of the  
1<sup>st</sup> Quarter FY2010

**27<sup>th</sup> April, 2010**

**CEO Shigeyuki Yawata**

**CFO Saburo Matsuda**

## **Business Performance in 1Q FY2010**

Consolidated Results of the 1<sup>st</sup> Quarter FY2010

### **A Good Start to Achieving Business Plan 2010 and Mid-Term Business Plan 2010-2012**

- Preparations during crisis paying off
- The coming months

# **Business Performance in the 1st Quarter FY2010**

# Consolidated Results of 1Q-FY2010 ①



( Millions of JPY)

	1Q-2010	1Q-2009	Change	
<b>Net Sales</b>	12,894	8,579	+4,315	+50.3%
<b>Operating Income</b>	1,025	(1,345)	+2,370	—
<b>Operating Income Ratio</b>	8.0%	(15.7%)	—	—
<b>Ordinary Income</b>	787	(1,057)	+1,844	—
<b>Net Income</b>	652	(1,071)	+1,723	—

# Consolidated Results of 1Q-FY2010 ②



( Millions of JPY)

	1Q-2010	4Q-2009	Change	
<b>Net Sales</b>	12,894	12,684	+210	+1.7%
<b>Operating Income</b>	1,025	869	+156	+18.0%
<b>Operating Income Ratio</b>	8.0%	6.9%	+1.1%	—
<b>Ordinary Income</b>	787	787	0	—
<b>Net Income</b>	652	165	+487	+295.2%

# Consolidated Results of 1Q (2006-2010)



(Millions of JPY)

	2006 1Q	2007 1Q	2008 1Q	2009 1Q	2010 1Q
<b>Net Sales</b>	14,806	16,888	14,835	8,579	12,894
<b>Operating Income</b>	1,082	705	1,042	(1,345)	1,025
<b>Operating Income Ratio</b>	7.3%	4.2%	7.0%	(15.7%)	8.0%
<b>Ordinary Income</b>	1,206	563	810	(1,057)	787
<b>Net Income</b>	727	355	502	(1,071)	652
<b>EPS(JPY)</b>	37.44	18.75	26.15	(55.73)	33.95

	(Millions of JPY)
Operating income for 4Q 2009	869
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Impact of sales increase	+84
Elimination of restructuring charges incurred in Europe in 4Q 2009	+72
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Operating income for 1Q 2010	1,025
(operating income ratio:7.95%)	

# Sales/Operating Income by Business Segment



(Millions of JPY)

		2009 1Q	2009 2Q	2009 3Q	2009 4Q	2010 1Q
Asia-Pacific Business	Net Sales	4,644	5,721	6,798	6,951	6,878
	Operating Income	(174)	426	1,073	1,306	1,270
EU Business	Net Sales	3,247	3,433	3,996	4,416	4,654
	Operating Income	(481)	(319)	29	43	282
Environment/ Energy Business	Net Sales	688	912	1,530	1,317	1,362
	Operating Income	(61)	149	99	89	28
Total	Net Sales	8,579	10,066	12,324	12,684	12,894
	Operating Income	(716)	256	1,201	1,438	1,580
Elimination		(629)	(633)	(581)	(569)	(555)
Consolidated	Operating Income	(1,345)	(377)	620	869	1,025

# Net Sales by Region



(Millions of JPY)

	2009				2010	10.1Q/09.4Q
	1Q	2Q	3Q	4Q	1Q	
<b>Japan</b>	1,423	1,593	2,446	2,579	2,634	+2.1%
<b>Hong Kong /China</b>	1,194	1,684	1,797	1,695	1,750	+3.2%
<b>ASEAN</b>	831	1,220	1,460	1,296	1,172	(9.6%)
<b>Taiwan /Korea</b>	206	283	309	244	250	+2.5%
<b>NAFTA</b>	688	824	1,245	1,397	1,360	(2.4%)
<b>E U</b>	4,188	4,414	5,006	5,433	5,698	+4.9%
<b>Others</b>	49	48	61	40	30	(25.0%)
<b>Total</b>	8,579	10,066	12,324	12,684	12,894	+1.7%

(Millions of JPY)

	2009				2010
	1Q	2Q	3Q	4Q	1Q
Net interest expenses	(125)	(170)	(160)	(153)	(140)
Derivatives	316	(136)	(127)	137	119
Foreign exchange	50	21	(205)	(12)	(218)

(Millions of JPY)

	2009 1Q	2010 1Q	2009 Full Year
Cash flow from operating activities	559	550	1,888
Cash flow from investing activities	(190)	(398)	(129)
Cash flow from financing activities	(2,023)	(713)	(3,530)
Cash and cash equivalents at end of year	9,222	8,335	9,063

(Millions of JPY)

	2009 1Q	2010 1Q	Change	2010 Full Year (Plan)
Capital expenditures	269	386	117	2,000
Depreciation including good-will amortization	821	717	(118)	3,000
R&D Expenses	302	274	(27)	1,200

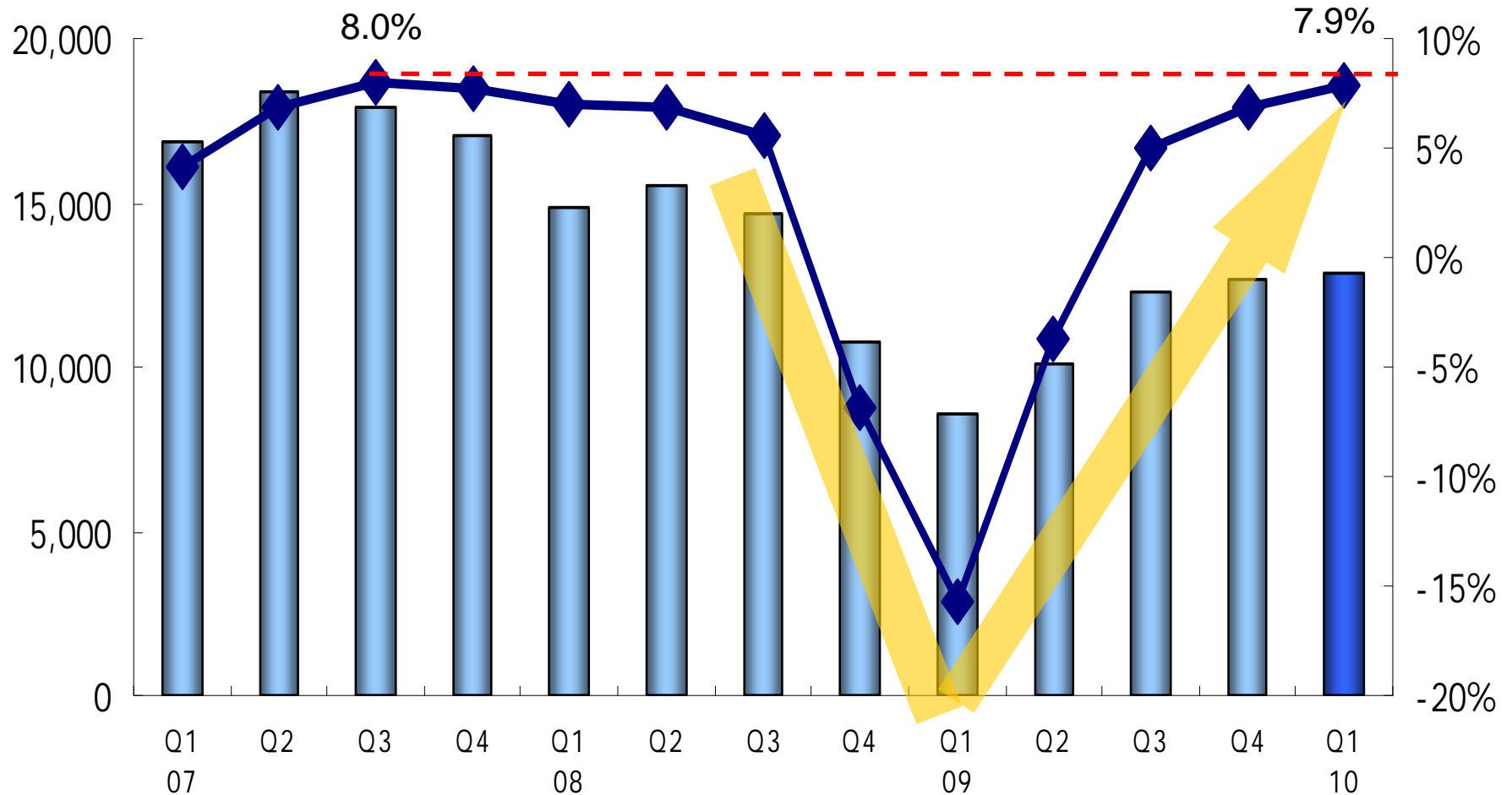
**1Q 2010 Business Performance**  
***-A Good Start to Achieving Business Plan 2010 and  
Mid-Term Business Plan 2010-12***

# Continued improvement especially in profitability.....



## Consolidated Net Sales & Operating Income Ratio

(in Million JPY)



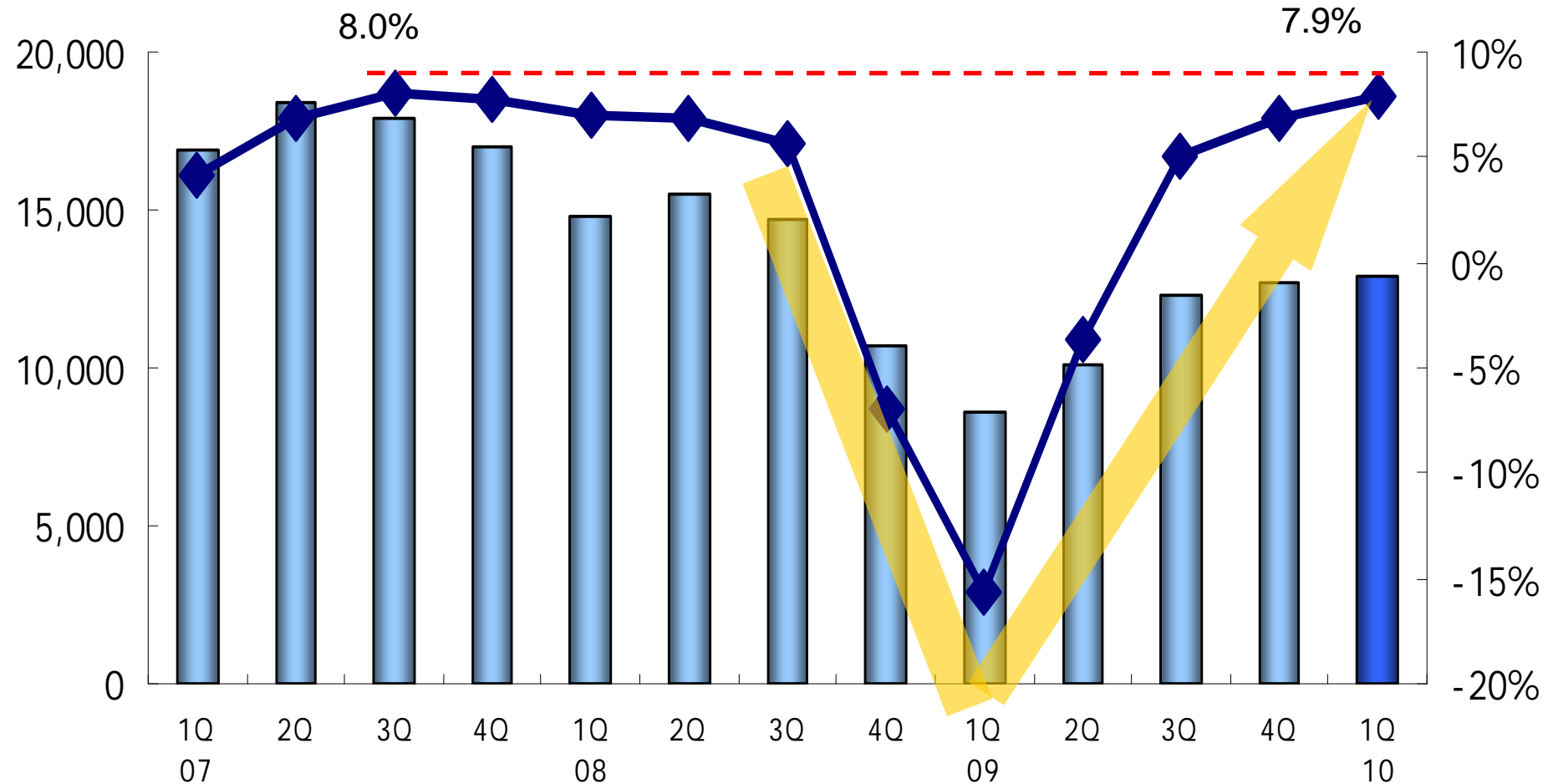
- Net sales (12,894M JPY) slightly improved vs. 4Q FY09 level (+ 1.7%)
- Operating Income Ratio (7.9%) almost the same level vs. 3Q FY07 peak level

# Continued improvement especially in profitability.....



## Consolidated Net Sales & Operating Income Ratio

(in Million JPY)



- Net sales (12,894M JPY) slightly improved vs. 4Q FY09 level (+ 1.7%)
- Operating Income Ratio (7.9%) almost the same level vs. 3Q FY07 peak level

- General recovery in global economy and business sentiment & confidence
  
- Our preparations during the crisis for the recovery
  - Improving our cost structure
  - Developing and deepening our relationship with key customers
  - Reshaping our manufacturing management and infrastructure

Examples – Germany, China

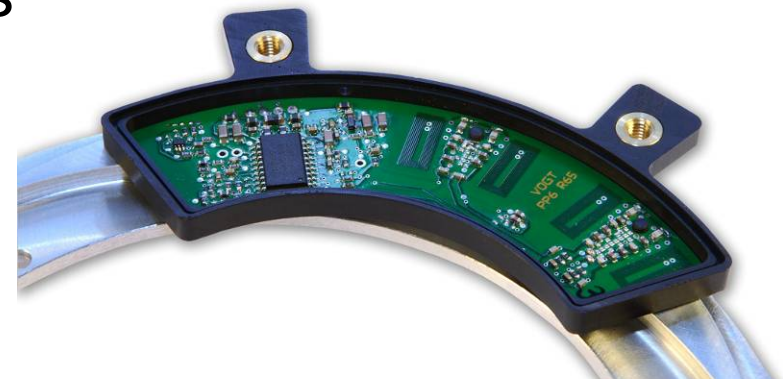
## Effectively restructured and close to customers

- Strategic acquisition to achieve global footprint and access to key global customers in Europe
- Effective, streamlined structure
  - Closer integration with Asia after domination agreement
  - Rebranding of German subsidiaries to carry Sumida name created consistent group image internally and to business partners
- Customer and technology access
  - Complementary technological capabilities in HID, sensors
  - Presence and access to key European automotive and consumer customers



## RPS (Rotor-Position Sensor):

- Technology developed in Germany
- Commercialized over two years by joint German-Japanese team
- Entry to exciting HV/EV markets in Europe
- Good prospects in China and other Asian markets



*Restructured and now profitable German operations – critical component of our Global One Sumida strategy*

- Long involvement in China
  - – since 1971, a pioneer
- China will remain a mainstay of
- Sumida's global strategy
  - Large and capable pool of labor
  - Fast growing large market
- Innovating to stay ahead of the competitors and meet new challenges
  - Government policy to favor interior regions over coastal regions – rising labor costs in current locations
  - Labor difficulties through keen competition for labor and CNY in 1Q

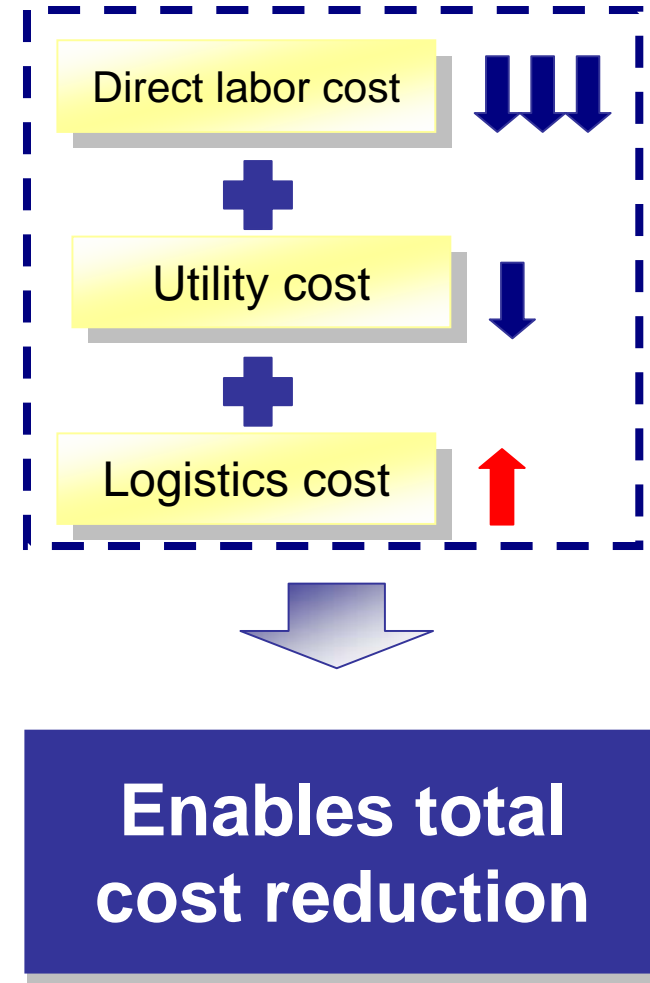
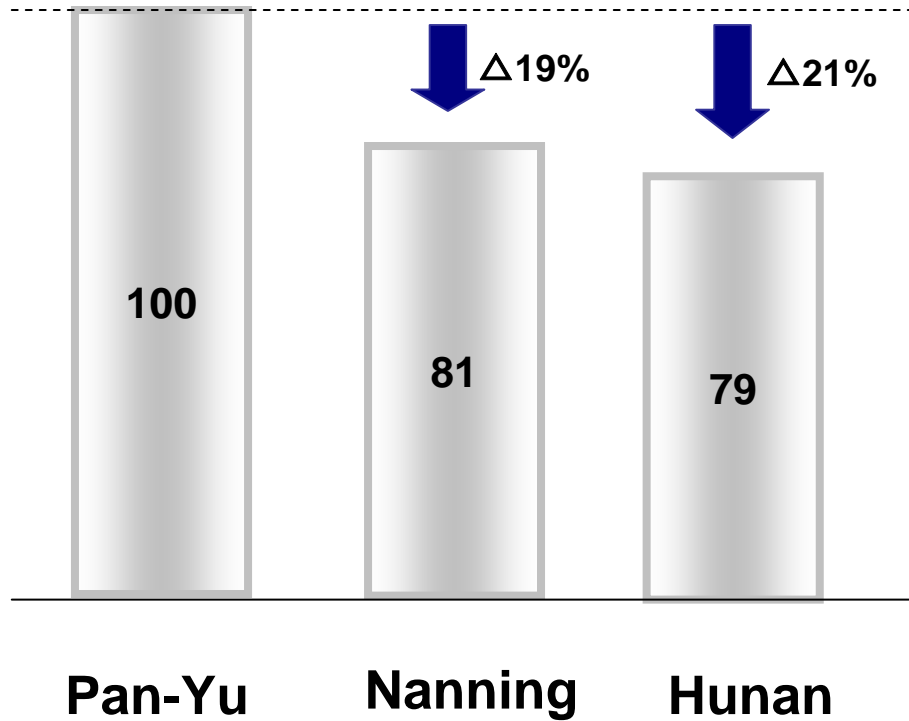


*Our response prepared over the last two years –  
the Sumida Silk Road*

# Implementation of Sumida Silk Road in China

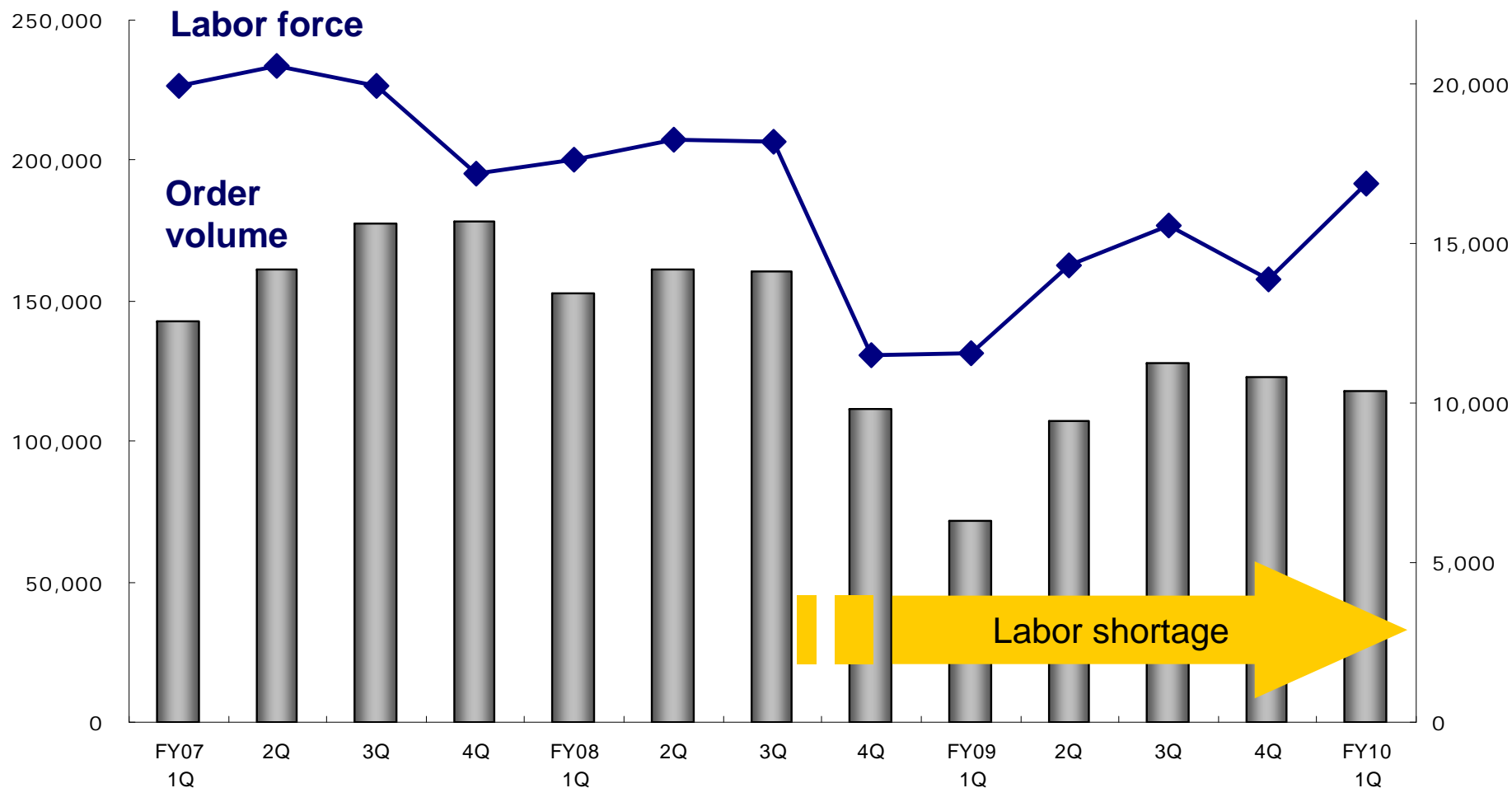


# Effect on cost management by utilizing satellite factory in China



Source: Analysis by Sumida... total cost of Pan-Yu factory = 100

# Sumida's key China competency



**Extensive and effective manufacturing facilities provides Sumida with Huge competitive advantage**

## ➤ Prospects of FY2010

### Sales:

- ➔ 2Q... good chance of being as good as 1Q
- ➔ 3Q-4Q... risks in external environment  
but cautiously optimistic

### Risks:

- ① Increasing labor cost in China
  - ⇒ Not a major risk since this is controlled risk
- ② Increasing copper price
  - ⇒ Negotiate with customers to hedge the risk

## ➤ Challenges

- ➔ Stabilize satellite factory
- ➔ Increase marketing efforts in the identified new market

# End of the Report

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