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# **SUMIDA CORPORATION**

## **1<sup>st</sup> Half Year Results - 2005**

10<sup>th</sup> August 2005

**CFO**  
**SABURO MATSUDA**

# 1. Consolidated Results of Operations for Q2

(million yen,%)

	<u>05 Q1</u>	<u>05 Q2</u>	<u>Change</u>	<u>%Change</u>
Net Sales	9,179	9,700	521	5.7%
Operating profit	979	704	△275	△28.1%
Operating profit ratio	10.7%	7.3%		
Ordinary income	917	513	△404	△44.1%
Net income	645	318	△327	△50.7%

## 2. Net Sales

	<u>04 Q2</u>	<u>05 Q2</u>	<u>Change</u>	(million yen,%) <u>%Change</u>
5 Companies	8,063	9,031	968	12.0%
PMC	1,116	669	△447	△ 40.1%
Total	<u>9,179</u>	<u>9,700</u>	<u>521</u>	<u>5.7%</u>
Legacy	4,590	4,431	△159	△3.5%
Inverter	2,069	2,651	582	28.1%
Automotive	1,404	1,949	545	38.8%
5 Companies	<u>8,063</u>	<u>9,031</u>	<u>968</u>	<u>12.0%</u>

### 3. Operating Income

	(million yen,%)			
	<u>04 Q2</u>	<u>05 Q2</u>	<u>Change</u>	<u>%Change</u>
Legacy	2,272	2,052	△220	△9.7%
Inverter	442	365	△77	△17.4%
Automotive	401	520	119	29.7%
Subtotal	<u>3,115</u>	<u>2,937</u>	<u>△178</u>	<u>△5.7%</u>
PMC	143	128	△15	△10.5%
Elimination	<u>△2,279</u>	<u>△2,361</u>	<u>82</u>	<u>3.6%</u>
Operating profit	<u><u>979</u></u>	<u><u>704</u></u>	<u><u>△275</u></u>	<u><u>△28.1%</u></u>

## 4. 2005 Q2 Consolidated Results Of Operations

(million yen,%)

	<u>Commitment</u>	<u>Actual</u>	<u>Favor (UF)</u>	<u>Achievement</u>
Net Sales	11,290	9,700	△1,590	85.9%
Margin	3,570	3,097	△473	86.8%
Margin ratio	31.6%	31.9%		
SGA	2,385	2,393	△8	
Operating profit	1,185	704	△481	59.4%

## 4. 2005 Q2 Consolidated Results Of Operations

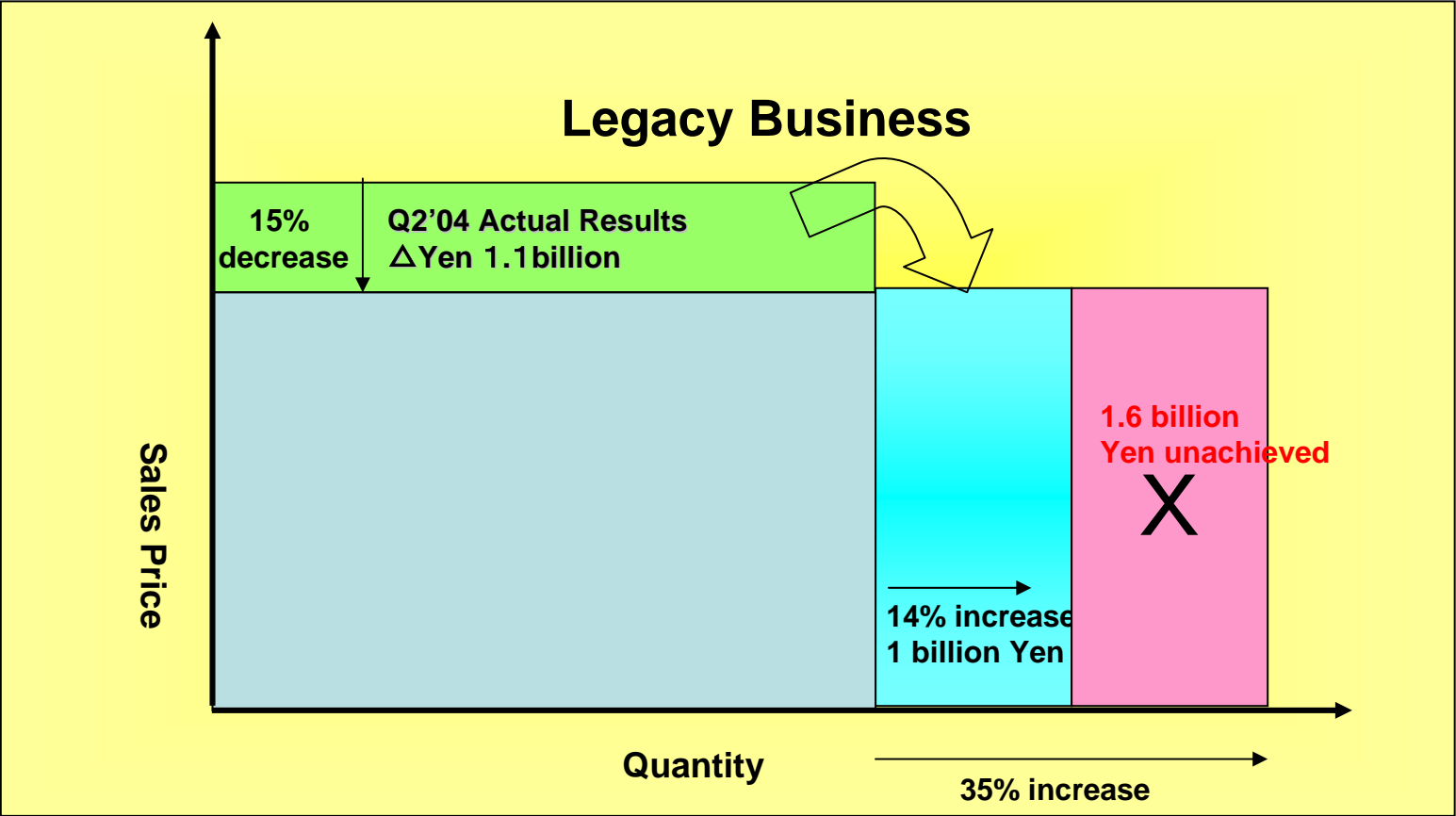
(million yen,%)

	<u>Commitment</u>	<u>Actual</u>	<u>Favor (UF)</u>	<u>Achievement</u>
Operating profit	1,185	704	△481	59.4%
Equity method	△ 120	△ 109	11	
Others	△ 5	△ 82	△77	
Recurring profit	1,060	513	△547	48.4%

# 5. Analysis of Q2 Sales Results

⇒ Strategy to increase Market Share: lower selling price by 15%, increase quantity by 35%

⇒ Result of Strategy : Sales price down by 15%, only achieved 14% increase in quantity



## 6. Profit Structure Analysis

(million yen,%)

	<b>Sales</b>	<b>Margin</b> (Actual - Forecast)	<b>Margin</b> (Theoretical)	<b>Fixed Costs</b>	<b>Operating profit</b>	<b>Operating profit ratio</b>
<b>05 Q1</b>	<b>9,424</b>	<b>30.9%</b>	<b>30.9%</b>	<b>2,200</b>	<b>712</b>	<b>7.6%</b>
<b>05 Q2</b>	<b>9,700</b>	<b>31.9%</b>	<b>31.4%</b>	<b>2,393</b>	<b>701</b>	<b>7.2%</b>
<b>05 Q3</b>	<b>10,200</b>	<b>31.5%</b>	<b>32.3%</b>	<b>2,385</b>	<b>828</b>	<b>8.1%</b>
<b>05 Target 1</b>	<b>11,000</b>	<b>31.5%</b>	<b>33.6%</b>	<b>2,385</b>	<b>1,080</b>	<b>9.8%</b>
<b>05 Target 2</b>	<b>11,100</b>	<b>31.5%</b>	<b>33.8%</b>	<b>2,385</b>	<b>1,112</b>	<b>10.0%</b>
<b>05 Target 3</b>	<b>11,700</b>	<b>31.5%</b>	<b>34.6%</b>	<b>2,385</b>	<b>1,301</b>	<b>11.1%</b>



## 7. 2005 – 1<sup>st</sup> Half Year Consolidated Results

(million yen,%)

	<u>Previous</u>	<u>Current</u>	<u>Change</u>	<u>%Change</u>
Sales	17,366	19,124	1,758	10.1%
Operating profit	1,743	1,412	△331	△19.0%
Operating profit ratio	10.0%	7.4%		
Recurring profit	1,542	1,123	△419	△27.2%
Net income	1,120	692	△428	△38.2%

## 8. 2005 – 1<sup>st</sup> Half Year Results Comparison (Year on Year) - Sales

	(million yen,%)			
	<u>2004</u>	<u>2005</u>	<u>Change</u>	<u>%Change</u>
5 Companies	15,122	17,877	2,755	18.2%
PMC	2,245	1,247	△998	△ 44.4%
Total	<u>17,367</u>	<u>19,124</u>	<u>1,757</u>	<u>10.1%</u>
Legacy	8,607	8,591	△16	△0.2%
Inverter	3,777	5,470	1,693	44.8%
Automotive	2,738	3,816	1,078	39.4%
5 Companies	<u>15,122</u>	<u>17,877</u>	<u>2,755</u>	<u>18.2%</u>

## 9. 2005 – 1<sup>st</sup> Half Year Results Comparison (Year on Year) – Operating Profit

	(million yen,%)			
	<u>2004</u>	<u>2005</u>	<u>Change</u>	<u>%Change</u>
Legacy	4,275	3,973	△302	△7.1%
Inverter	682	772	90	13.2%
Automotive	858	1,038	180	21.0%
<b>Subtotal</b>	5,815	5,783	△32	△0.6%
PMC	283	247	△36	△12.7%
Elimination	△4,355	△4,618	263	6.0%
<b>Operating Profit</b>	<u>1,743</u>	<u>1,412</u>	<u>△331</u>	<u>△19.0%</u>

## 10. Others

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### ▪ Balance Sheet

Addressing our funding needs for TOB and others through

- issue of Convertible Bonds (in Q1)
- increase of commitment line facility by financial institutions

Sale of unutilized assets

Implementation of asset impairment accounting

### ▪ Cash Flow

Purchase of M.Lab (Sendai) land for 500 million yen

1,100 million yen investment for facilities and equipment for Automotive and Legacy

No extraordinary large investment planned for Q3

Investment plan for Q4, 500 million yen for Automotive and 200 million yen for power inductor and others (for equipment and facilities)

## 10. Others

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### ▪ Renminbi Revaluation

Our China factories – only 20 million RMB worth of transactions possible exposure of 50~60 million yen to our profit (only 1% of total profit)

To offset profit and costs by increasing RMB sales transactions

### ▪ Tax Issue

Received Notice of Tax Assessment based on the Tax Haven Adjustment. Plan to file appeal to the Tax Tribunal.

Considering the establishment of a China entity to address tax issue

# 11. Consolidated Forecast for 2005 Q3

(million yen,%)

	2005 (Q3)	2004 (Q3)	2005 (Q2)
<b>Sales</b>	<b>10,200</b>	<b>7.2% up</b>	<b>5.2% up</b>
<b>Operating Profit</b>	<b>820</b>	<b>20.8% down</b>	<b>16.5% up</b>
<b>Recurring Profit</b>	<b>720</b>	<b>22.9% down</b>	<b>40.4% up</b>
<b>Net Income</b>	<b>460</b>	<b>27.1% down</b>	<b>44.7% up</b>

Flash Report (million yen)		
	Sales Forecast	Actual
Jul 2005	3,300	100%
Aug 2005	3,400	
Sept 2005	3,500	
Total	10,200	

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# **SUMIDA CORPORATION**

## **1st Half Year Results - 2005**

10<sup>th</sup> August 2005

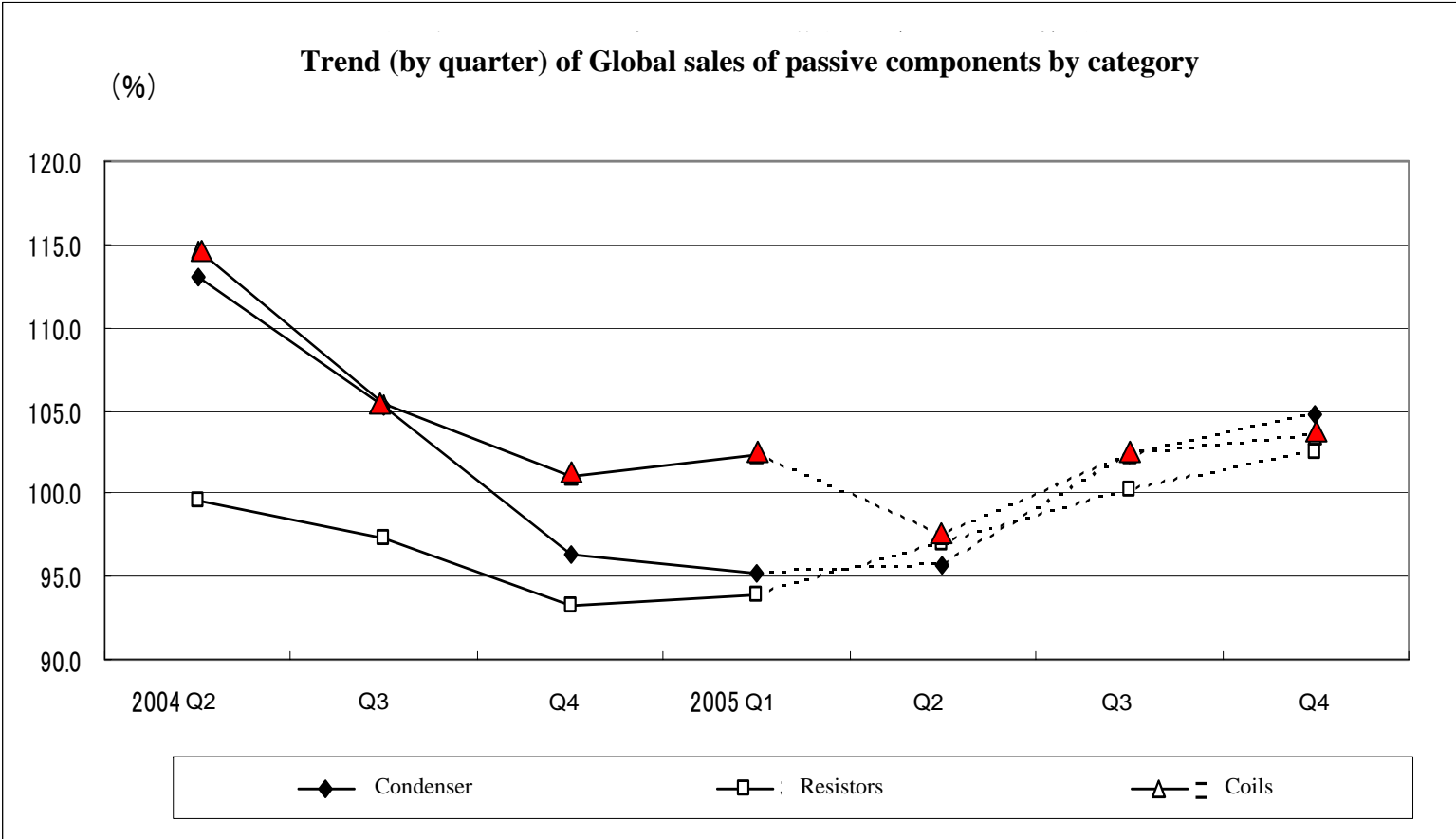
**GROUP PRESIDENT  
CHIU KA SHEUNG**

# Review of Market Environment for Q2

<b>Electronic Goods</b>	<ul style="list-style-type: none"> <li>■ Adjustment of production schedule due to inventory</li> <li>■ The positive effect of last year's Olympic Games on the electronic goods market was temporary causing manufacturers to adjust their inventory</li> <li>■ Trend of manufacturers delaying the launch of new products.</li> <li>■ Inventory adjustment over, continued consumer demand of high tech products, recovery of market expected later half of the year</li> </ul>
<b>Audio / Visual</b>	<ul style="list-style-type: none"> <li>■ Growth of the domestic LCD TV market</li> <li>■ Bearish trend in digital consumer product market</li> </ul>
<b>Personal Computer</b>	<ul style="list-style-type: none"> <li>■ Continued growth in Q2 with PC production of 49million – an increase of 14.8% compared to same period last year</li> </ul>
<b>Mobile Phone</b>	<ul style="list-style-type: none"> <li>■ Increased demand for new model replacement sales in western markets and growing demand in new, rising markets</li> </ul>
<b>Automotive</b>	<ul style="list-style-type: none"> <li>■ High sales for new cars in developed countries</li> <li>■ Growth in the Asia Pacific and other markets</li> <li>■ More growth as digitalization of cars continue</li> </ul>



# Adverse Market Conditions



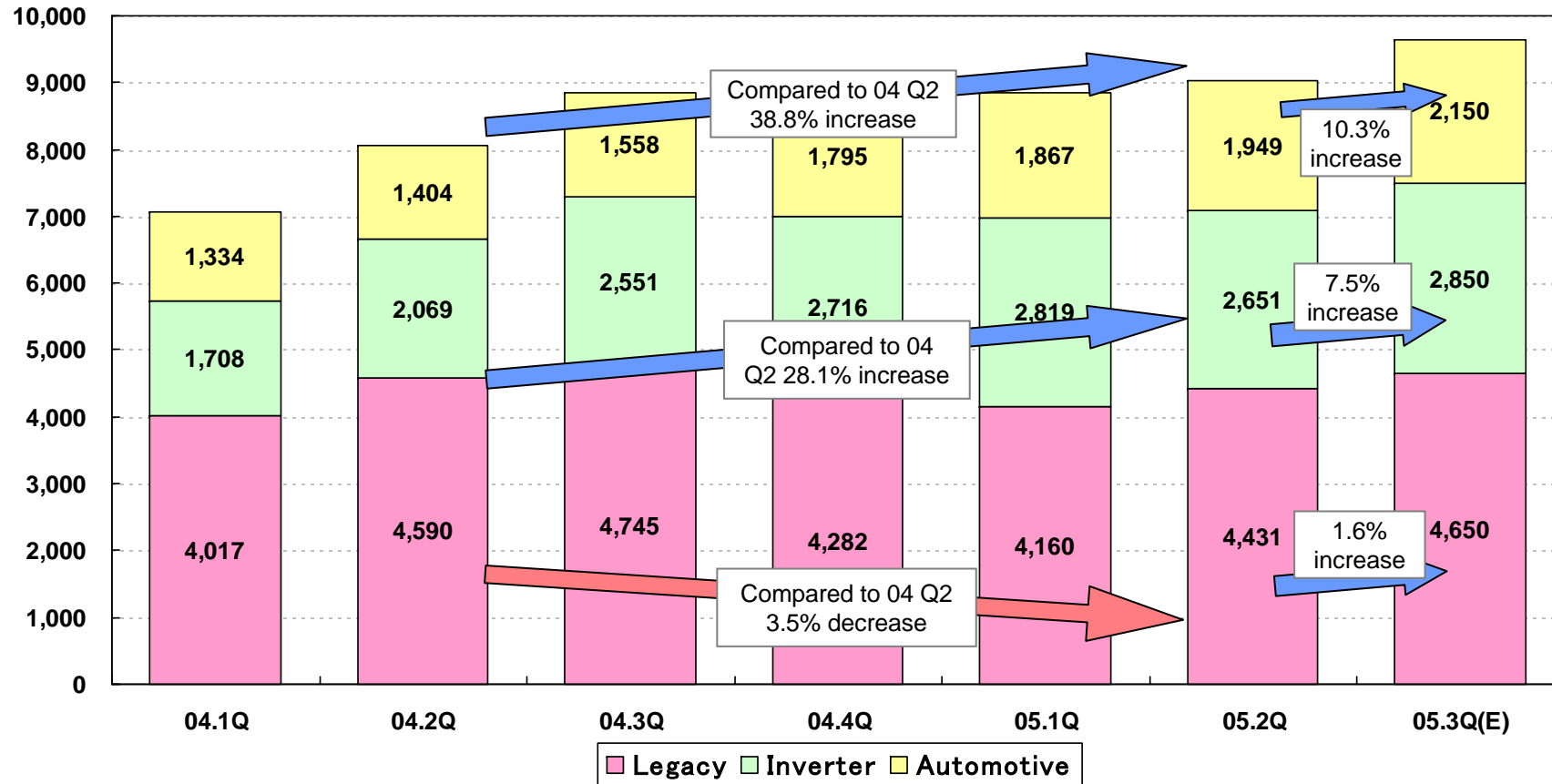
(Source: JEITA)



# Sales Trend Of Our 3 Main Businesses

## Trend : Continue to Maintain Growth

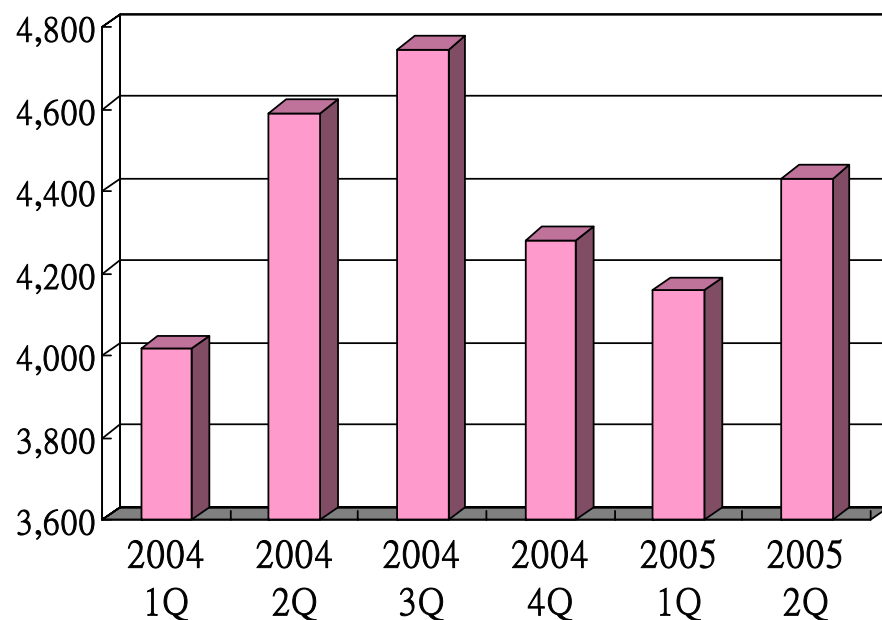
(Units : million yen)



# Legacy Business - Q2 results analysis

## Q2 Sales Results Yen 4.431 billion

Compared to 04 Q2      96.5%  
Compared to 05 Q1      106.5%



### Price Erosion

- DSC/DVC market  
⇒ decrease production plans  
⇒ delay launch of new products

### Increase in Competition

- Entrance of Low Priced Products (China & Taiwan)
- Entrance of Material Manufacturers

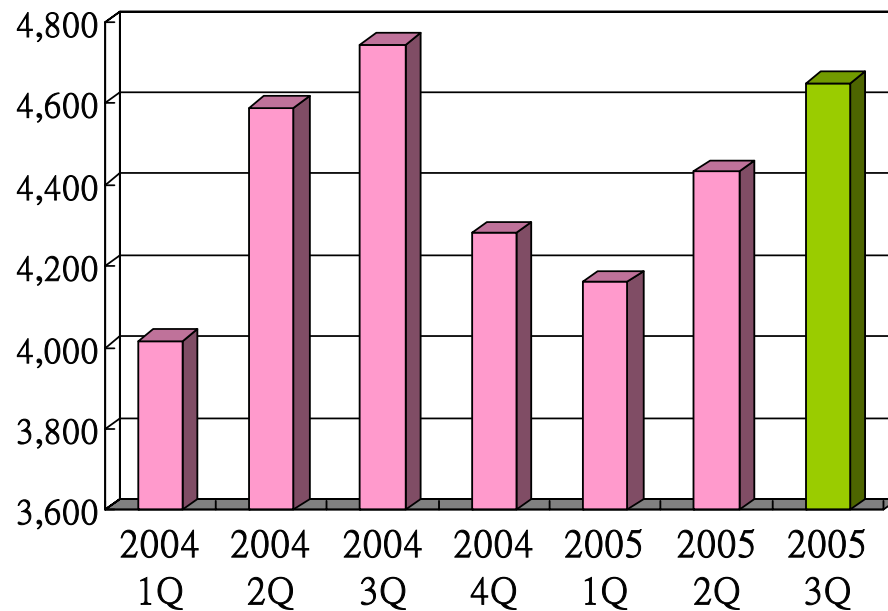
# Legacy Business - Course of Action

## Q3 Sales Forecast

Yen 4.65 billion

Compared to 04 Q3 98.0%

Compared to 05 Q2 104.9%



### Increase Market Share

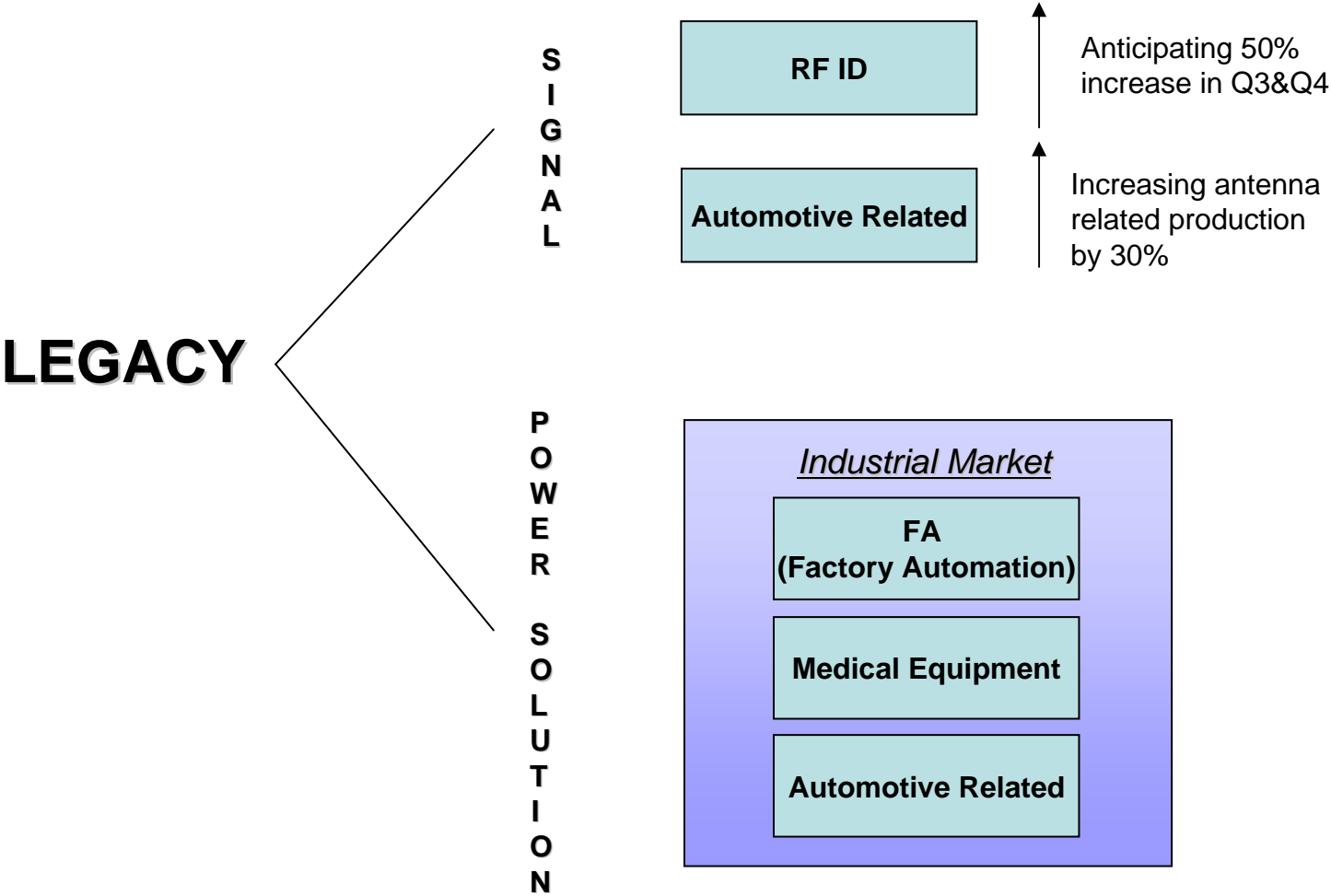
- Outsourcing Strategy to improve efficiencies
- Enter new markets

### Increase New Product Development

- 240 new development items in 2005(a 50% from 2004)

# Legacy Business - Course of Action

## Key Word ⇒ Growing Markets



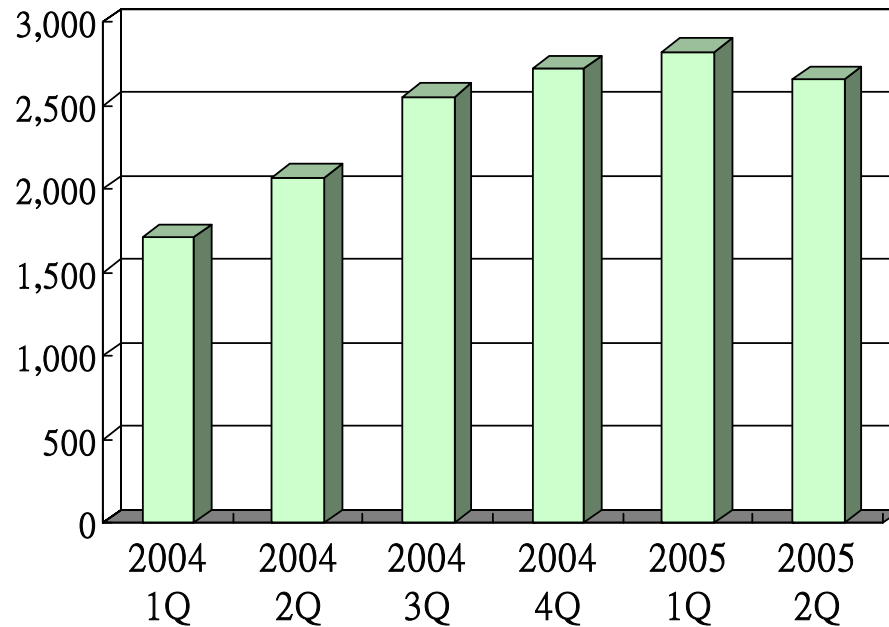
# Inverter Business - Q2 Results Analysis

## Q2 Sales Results

Yen 2.651 billion

Compared to 04 Q2 128.1%

Compared to 05 Q1 94.0%



### Price Erosion

- Drop in LCD prices

### Growth as anticipated

- Q2 Sales increased 28% compared to same period last year

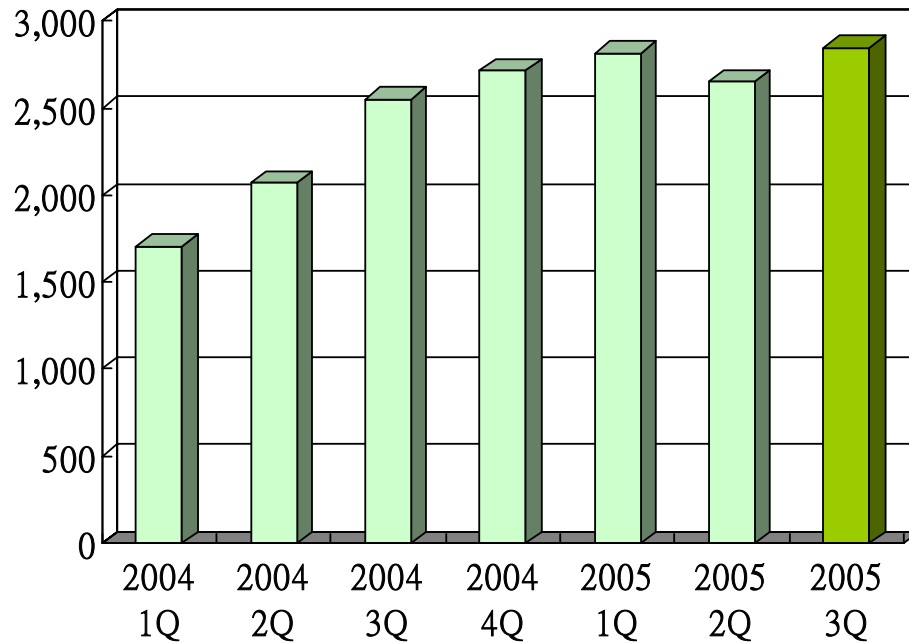
# Inverter Business - Course of Action

## Q3 Sales Forecast

Yen 2.85 billion

**Compared to 04 Q3 111.7%**

**Compared to 05 Q2 107.5%**



### Increase Market Share

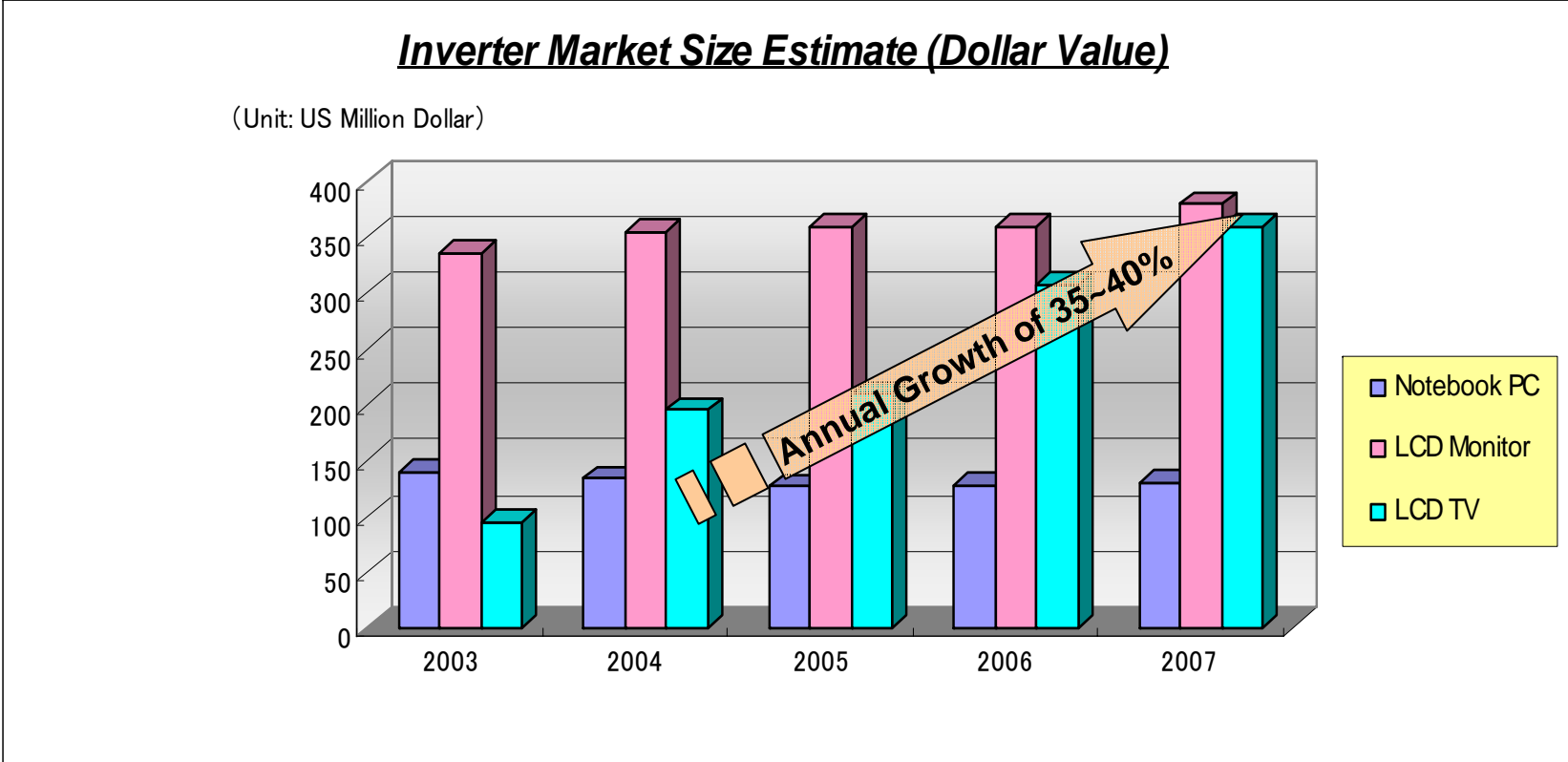
- Improve Price Competitiveness  
(cost reduction through improvements in R&D, investment in automation, vertical integration)
- Outsource expensive items

### Improve Technological Competitiveness

- Increase IC Technology through alliances

# Inverter Business - Course of Action

## Key Word ⇒ Growing Markets

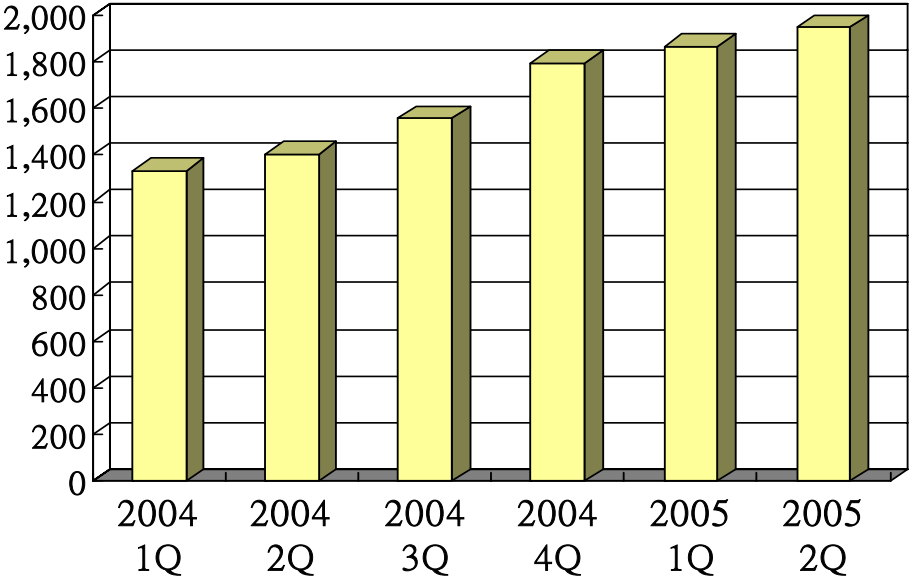




# Automotive Business - Q2 Results Analysis

## Q2 Sales Results Yen 1.949 billion

**Compared to 04 Q2 138.8%**  
**Compared to 05 Q1 104.4%**



### Marketing Strategy

- Get new customers
- Achieved 38% growth against market growth of 2%

### Growth exceeding expectations

- Keyless entry (domestic)
- Car air conditioning related (China)  
(especially high priced products)

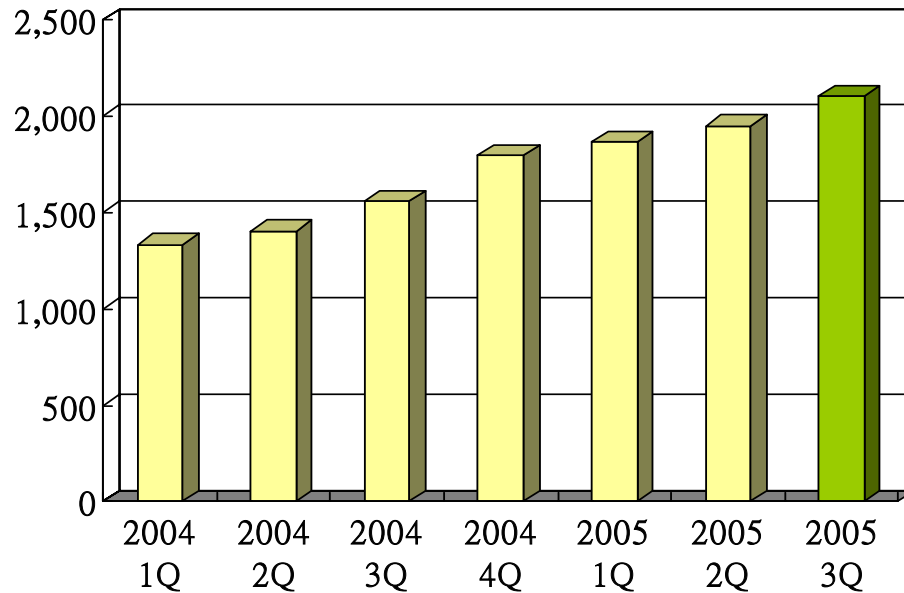
# Automotive Business - Course of Action

## Q3 Sales Forecast

Yen 2.1 billion

**Compared to 04 Q3 134.8%**

**Compared to 05 Q2 107.7%**



### Increase market share

- More accurate of short & mid term forecast of major customers' demand
- Preparation of shift of customers' production to China

### Improve Competitiveness

- Strengthen Quality Assurance & Control
- Improve price competitiveness to compete in global market by strengthening procurement

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# **SUMIDA CORPORATION**

## **1<sup>st</sup> Half Year Results - 2005**

10<sup>th</sup> August 2005

**CEO**  
**SHIGEYUKI YAWATA**

# Working towards integration with Saia-Burgess

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## 1. Saia-Burgess



Headquartered in Murten, Switzerland

Sales of approximately 50 billion yen, mainly car related products

Net income of 2 billion yen and EBITDA of 6 billion yen

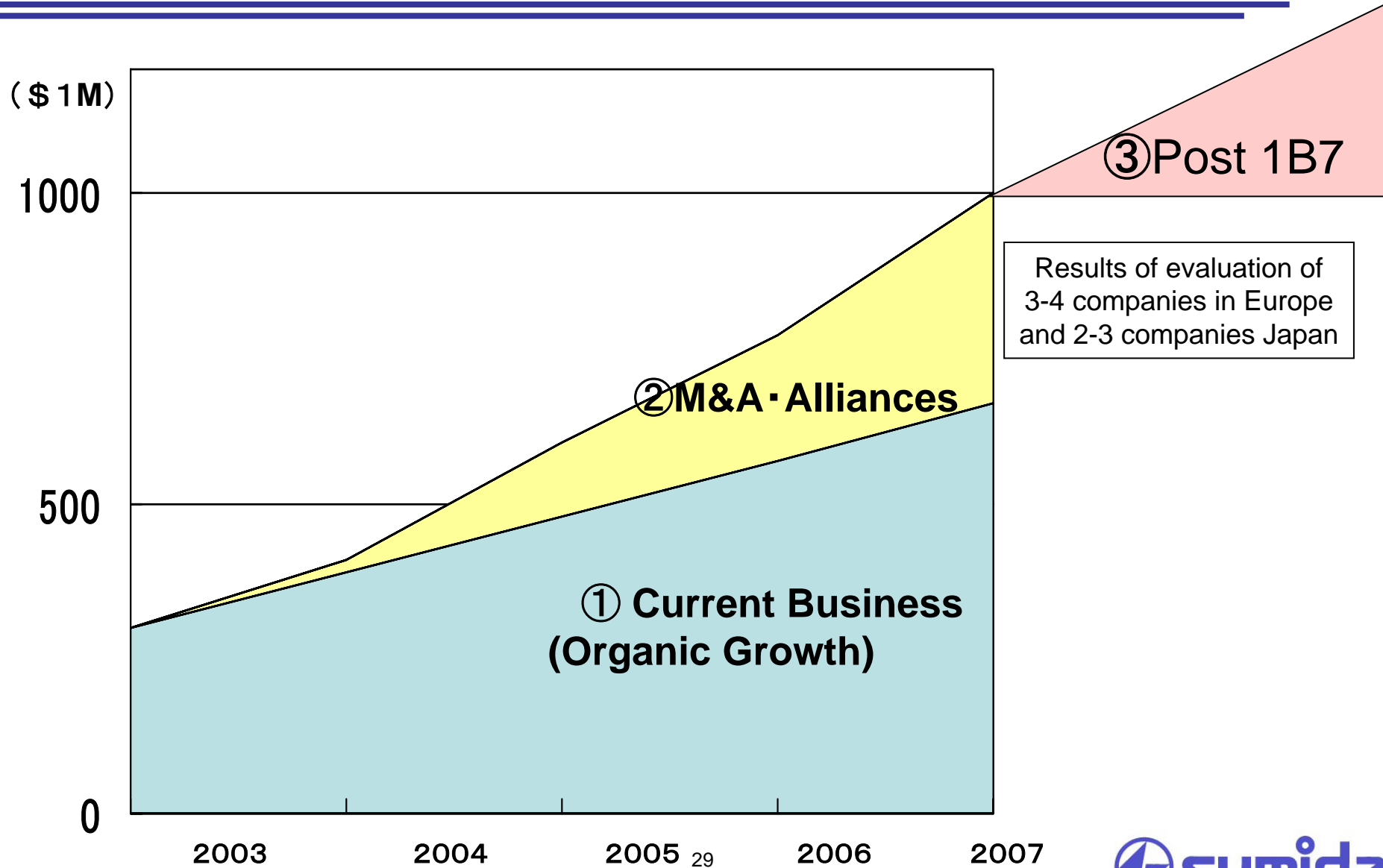
Growth rate of 15%, listed Swiss Company

## 2. Through this merger of Sumida & Saia-Burgess

Hope to deliver maximum results to all stakeholders through the synergies of both companies.

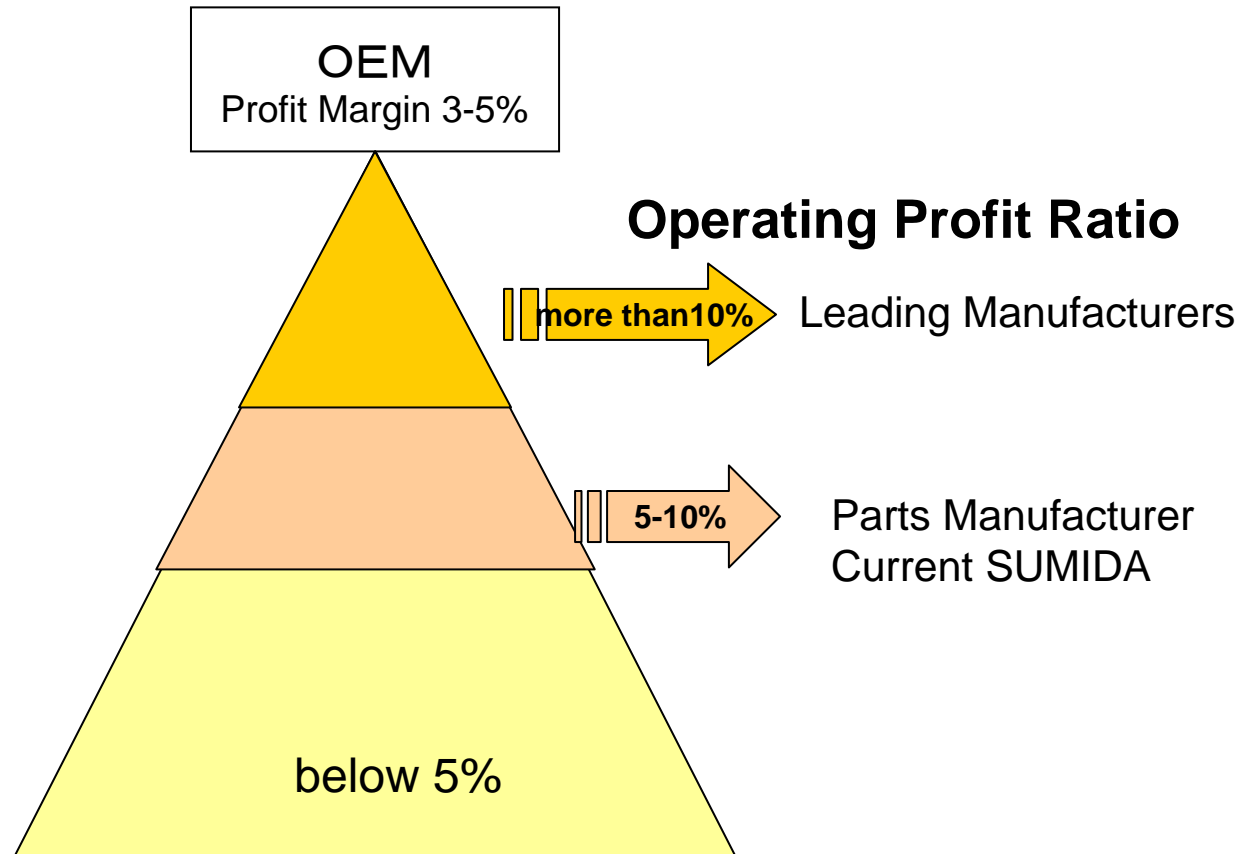
Currently processing TOB (8<sup>th</sup> August – 2<sup>nd</sup> September)

# The Road to 1B7



# Sumida's Target (Consumer Electronics)

## Consumer Electronics

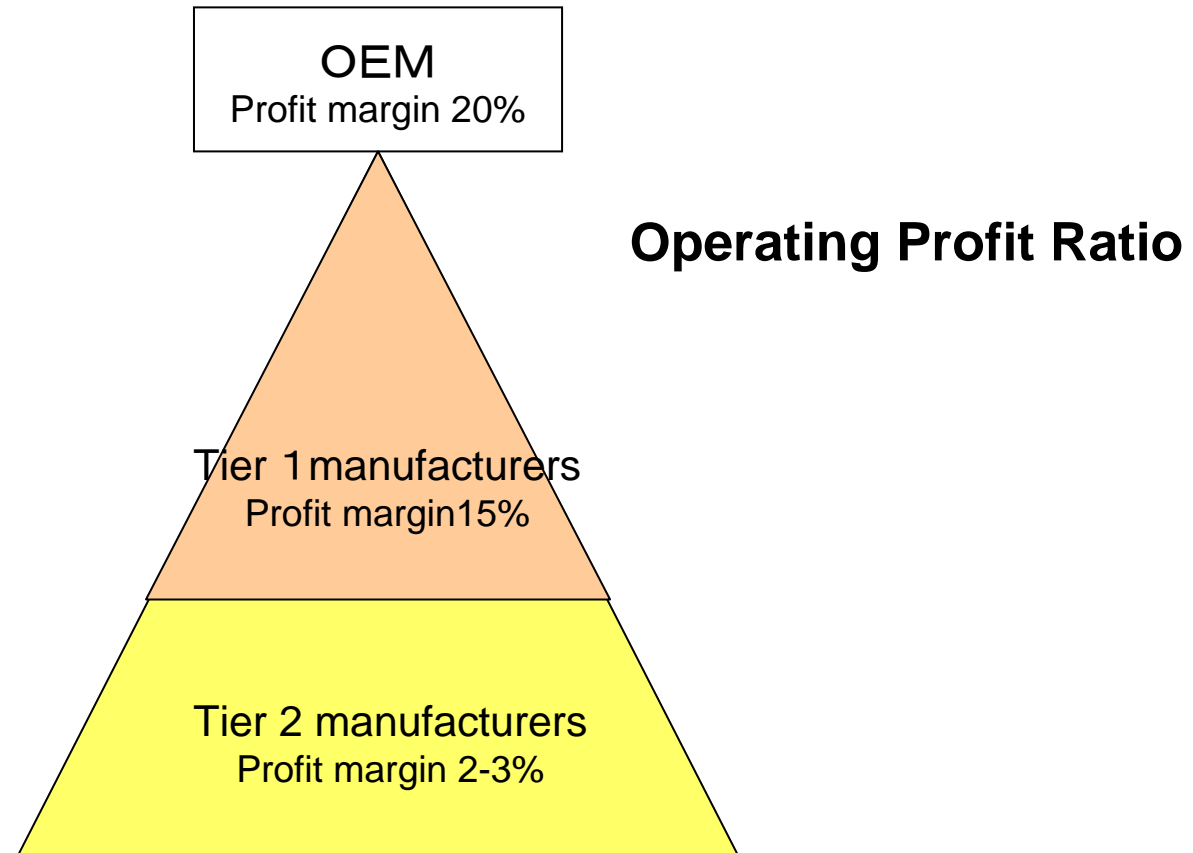


# Sumida's Target (Automotive Business)

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## Automotive Business

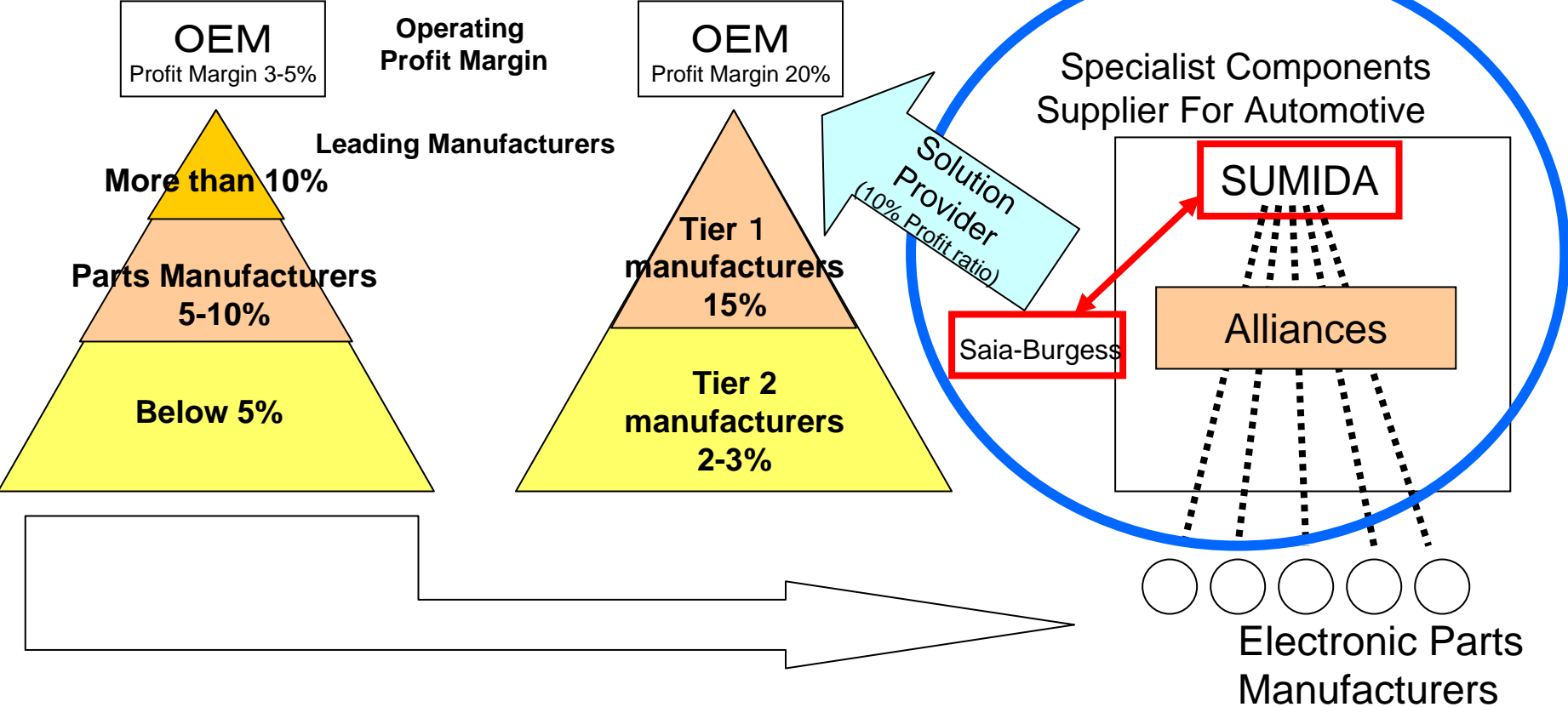


# Sumida's Target

## Consumer Electronics

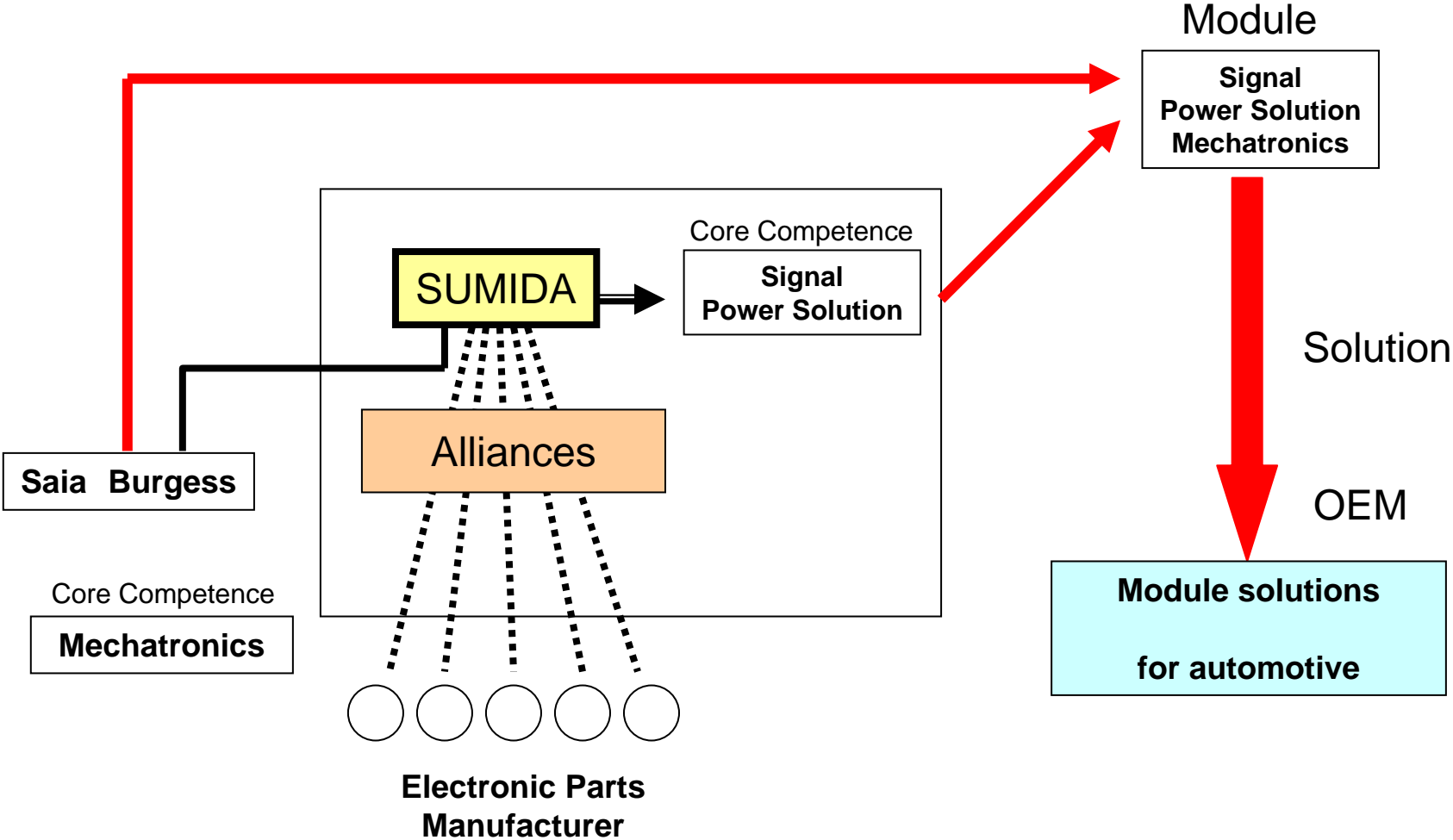
## Automotive Business

To take on the challenge of breaking tradition





# Sumida's Target



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## **Disclaimer**

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10<sup>th</sup> Aug.,2005