

# SUMIDA CORPORATION

- Consolidated Results of the 1st Quarter FY 2008 -

8<sup>th</sup> May 2008

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# Summary of the 1<sup>st</sup> Quarter FY2008



|                  | Actual achievement     | Main reason  | Substantial Achievement (*) |
|------------------|------------------------|--|-----------------------------|
| Net Sales        | Decreased by 12.2% y/y | Disposal of Inverter Unit business and part of the VOGT EMS business in FY2007                             | Decreased by 2.0% y/y       |
| Operating Profit | Increased by 47.8% y/y | Improved profitability through the disposal of unprofitable businesses and the improvement of productivity | Increased by 18.0% y/y      |
| Net Income       | Increased 41.7% y/y    | Restored profitability by executing restructuring measures such as the disposal of unprofitable businesses |                             |

\* Year-on-year comparison after excluding the sale of the Inverter Unit and part of the VOGT EMS business

⇒ Due to various restructuring measures carried out last year, the profitability increased despite the uncertain external business environment

# 1. Consolidated Results 1Q 2008



(unit : Millions of yen)

|                     | 1Q 2008 |        |            |                      | 1Q 2007 | Comparison with<br>1Q 2008 |            |
|---------------------|---------|--------|------------|----------------------|---------|----------------------------|------------|
|                     | Actual  | Plan   | Difference | Achievement<br>ratio | Actual  | Difference                 | Diff. in % |
| Net Sales           | 14,835  | 15,600 | (765)      | 95.1%                | 16,888  | Δ2,053                     | 87.8%      |
| Operating<br>Income | 1,042   | 1,000  | 42         | 104.2%               | 705     | 337                        | 147.8%     |
| O.I.R.              | 7.0%    | 6.4%   | /          |                      | 4.2%    | /                          |            |
| Ordinary<br>Income  | 810     | 800    | 10         | 101.2%               | 563     | 247                        | 143.7%     |
| Net Income          | 502     | 560    | (58)       | 89.7%                | 355     | 147                        | 141.7%     |

## 2. Net Sales Breakdown



(unit : Millions of yen)

|                                 | 1Q 2008 | 1Q 2007 | Difference |
|---------------------------------|---------|---------|------------|
| Coil                            | 9,101   | 9,288   | (187)      |
| Inverter<br>(transformers only) | 312     | 1,412   | (1,100)    |
| VOGT Components                 | 5,004   | 5,563   | (559)      |
| VOGT EMS                        | 418     | 625     | (207)      |
| Total                           | 14,835  | 16,888  | (2,053)    |

### 3. Net Sales



(Comparison with 1Q 2007 taking into consideration disposal of business & change of accounts processing)

(Unit : Millions of yen)

|  | 1Q 2008       | 1Q 2007       |  |               | Difference   |
|--|---------------|---------------|--|---------------|--------------|
|  | Actual        | Actual        | Disposal of Business & Change of Accounts processing | Restatement   |              |
| Coil (incl. inverter transformers)<br>(disposal of Inverter unit business) | 9,413         | 10,700        | (1,100)  | 9,600         | (187)        |
| VOGT Components<br>(Charged provision to subcontracts)                     | 5,004         | 5,563         | (485)  | 5,078         | (74)         |
| VOGT EMS<br>(disposal of Letron)   | 418           | 625           | (170)  | 455           | (37)         |
| <b>Total</b>   | <b>14,835</b> | <b>16,888</b> | <b>(1,755)</b>                                       | <b>15,133</b> | <b>(298)</b> |

## 4. Net Sales



(comparison with restated 1Q 2007 and Forex impact)

(Unit : Millions of yen)

|   | <u>1Q 2008</u> | <u>1Q 2007</u> | <u>Diff.</u> |  |
|---|----------------|----------------|--------------|--|
| Disposal of business & change of accounting process | 14,835         | 15,133         | (298)        |  |
| Forex impact  |                |                |              |  |
| Coil  |                | (809)          |              | } Net sales in 1Q 2008 increased by +4.2% compared 1Q 2007, excluding Forex impact |
| Components  |                | (81)           |              |  |
| Total   | <u>14,835</u>  | <u>14,243</u>  | <u>+592</u>  | <u>104.2%</u>  |

# 4-1. Sales Analysis



(Unit : Millions of yen)

| Coil            | 1Q 2008      | 1Q 2007       | Diff. A*       | Diff. B**    | Forex Impact |
|-----------------|--------------|---------------|----------------|--------------|--------------|
| Inverter        | 312          | 1,412         | (1,100)        | (1,100)      |              |
| Coil (Japan)    | 2,269        | 2,347         | (78)           | (78)         |              |
| Coil (Overseas) | 6,832        | 6,941         | (109)          | +700         | 809          |
|                 | <u>9,413</u> | <u>10,700</u> | <u>(1,287)</u> | <u>(478)</u> |              |

\* Diff. A: 1Q 2008 vs. 1Q 2007 at respective exchange rates

\*\*Diff. B: 1Q 2008 vs. 1Q 2007 at current exchange rate also for 2007

Comparison at an exchange rate

of ¥105.4 per US\$

Coil (Overseas)

6,832

6,132

+700

11.4% ↑

@¥105.4 per US\$

@¥119.3 per US\$

# 4-2. Sales Analysis



(Unit : Millions of yen)

| VOGT Components                 | 1Q 2008 | 1Q 2007 | Diff. A* | Diff. B** | Forex Impact |
|---------------------------------|---------|---------|----------|-----------|--------------|
| Material sales for subcontracts | —       | 485     | (485)    | (485)     |              |
| Sales for North America         | 651     | 699     | (48)     | +33       | 81           |
| Sales for Europe                | 4,353   | 4,379   | (26)     | (26)      |              |
|                                 | 5,004   | 5,563   | (559)    | (478)     |              |

## Comparison at an exchange rate

of ¥105.4 per \$US      Sales for North America

\* Diff. A: 1Q 2008 vs. 1Q 2007 at respective exchange rates  
 \*\*Diff. B: 1Q 2008 vs. 1Q 2007 at current exchange rate also for 2007

|                  |                  |     |
|------------------|------------------|-----|
| 651              | 618              | +33 |
| @¥157.7 per EUR  | @¥156.5 per EUR  |     |
| @¥105.4 per US\$ | @¥119.3 per US\$ |     |
| US\$6.16M        | US\$5.86M        |     |

(¥699M)



## 4-3. Sales Analysis



(Unit : Millions of yen)

| EMS    | <u>1Q 2008</u> | <u>1Q 2007</u> | <u>Diff.</u> |
|--------|----------------|----------------|--------------|
| Letron | —              | 170            | (170)        |
| Others | 418            | 455            | (37)         |
|        | <u>418</u>     | <u>625</u>     | <u>(207)</u> |

Comparison at exchange rates of:

|                     |                     |
|---------------------|---------------------|
| @¥157.7<br>per EUR  | @¥156.5<br>per EUR  |
| @¥105.4<br>per US\$ | @¥119.3<br>per US\$ |

## 4-4. Sales Analysis



(Unit : Millions of yen)

|           | 1Q 2008 |        |            |
|-----------|---------|--------|------------|
|           | Actual  | Plan   | Difference |
| Net Sales | 14,835  | 15,600 | (765)      |

- ① Sales amount of March
  - Inventory stock adjustment by finished goods manufacturers (445)
- ② Delay of announcement of new products by the manufacturer
  - Hong Kong/China, North America (240)
- ③ Forex impact (80)

# 5. Operating income Analysis



(Unit : Millions of yen)

|                  | <u>1Q 2008</u> | <u>1Q 2007</u> | <u>Diff.</u> |  |          |    |              |     |          |      |                  |  |
|------------------|----------------|----------------|--------------|--|----------|----|--------------|-----|----------|------|------------------|--|
| Coil             | 1,376          | 1,161          | +215         | { <table border="0"> <tr> <td>1.Jensen</td> <td>75</td> </tr> <tr> <td>2.Automotive</td> <td>182</td> </tr> <tr> <td>3.Others</td> <td>(42)</td> </tr> <tr> <td>4.Sales decrease</td> <td></td> </tr> </table> } | 1.Jensen | 75 | 2.Automotive | 182 | 3.Others | (42) | 4.Sales decrease |  |
| 1.Jensen         | 75             |                |              |  |          |    |              |     |          |      |                  |  |
| 2.Automotive     | 182            |                |              |  |          |    |              |     |          |      |                  |  |
| 3.Others         | (42)           |                |              |  |          |    |              |     |          |      |                  |  |
| 4.Sales decrease |                |                |              |  |          |    |              |     |          |      |                  |  |
| VOGT Components  | 396            | 238            | +158         | Effect of restructuring measures   |          |    |              |     |          |      |                  |  |
| VOGT EMS         | (4)            | (7)            | +3           |  |          |    |              |     |          |      |                  |  |
| Total            | 1,768          | 1,392          | +376         |  |          |    |              |     |          |      |                  |  |
| Elimination      | (726)          | (687)          | (39)         |  |          |    |              |     |          |      |                  |  |
|                  | <u>1,042</u>   | <u>705</u>     | <u>337</u>   |  |          |    |              |     |          |      |                  |  |

# 5-1. Operating Income Analysis



(Unit : Millions of yen, %)

|                        | 1Q 2008      | 1Q 2007      | Difference  |
|------------------------|--------------|--------------|-------------|
| <b>Coil</b>            | <b>1,376</b> | <b>1,161</b> | <b>215</b>  |
| O.I.R. (%)             | <b>14.3</b>  | <b>10.8</b>  | —           |
| <b>VOGT Components</b> | <b>396</b>   | <b>238</b>   | <b>158</b>  |
| O.I.R. (%)             | <b>7.8</b>   | <b>4.2</b>   | —           |
| <b>VOGT EMS</b>        | <b>(4)</b>   | <b>(7)</b>   | <b>3</b>    |
| O.I.R. (%)             | <b>(1.0)</b> | <b>(1.1)</b> | —           |
| <b>Elimination</b>     | <b>(726)</b> | <b>(687)</b> | <b>(39)</b> |
| <b>Total</b>           | <b>1,042</b> | <b>705</b>   | <b>337</b>  |
| O.I.R. (%)             | <b>7.0</b>   | <b>4.2</b>   | —           |

# 6. Forex Analysis



| Sales      |          | 08.1Q (@¥105) | 07.1Q (@¥120) | Difference  |
|------------|----------|---------------|---------------|-------------|
| Company A: | \$10,000 | ¥1,050,000    | ¥1,200,000    | ¥ (150,000) |
| Company B: | \$7,500  | ¥787,500      | ¥900,000      | ¥ (112,500) |
| Company C: | ¥300,000 | ¥300,000      | ¥300,000      |             |
|            |          | ¥2,137,500    | ¥2,400,000    | 89.1%       |

| Operating income |         |          |          |            |
|------------------|---------|----------|----------|------------|
| Company A:       | \$1,000 | ¥105,000 | ¥120,000 | ¥ (15,000) |
| Company B:       | \$750   | ¥78,750  | ¥90,000  | ¥ (11,250) |
| Company C:       | ¥70,000 | ¥96,250  | ¥70,000  | ¥26,250    |
|                  |         | ¥280,000 | ¥280,000 | ¥0         |

\$1,750

| Company C:       | (@¥120)  |         | (@¥105)  |
|------------------|----------|---------|----------|
| Sales            | ¥300,000 |         | ¥300,000 |
| Cost of sales    | ¥210,000 | \$1,750 | ¥183,750 |
| Gross profit     | ¥90,000  |         | ¥116,250 |
| SGA              | ¥20,000  |         | ¥20,000  |
| Operating income | ¥70,000  |         | ¥96,250  |

## 7. Extraordinary Loss



(Unit : Millions of yen)

|  |    |
|--|----|
| 1. Merger of VOGT electronic Oberzell GmbH and VOGT electronic Components GmbH   | 6  |
| 2. Acknowledgement of a spin-off plan of a subsidiary, allocated accrued expense | 35 |
| 3. Others  | 7  |
| <hr/>  |    |
| Total  | 48 |

## 8. Sales by Business



|                 | 1Q 2008           | 1Q 2007           | Difference                  |             |
|-----------------|-------------------|-------------------|-----------------------------|-------------|
|                 | (Millions of yen) | (Millions of yen) | Amount<br>(Millions of yen) | (%)         |
| Magnetics       | 5,457             | 5,964             | (507)                       | 91.5        |
| Inverter        | 312               | 1,412             | (1,100)                     | 22.1        |
| Automotive      | 2,630             | 2,294             | 335                         | 114.6       |
| Panta           | 501               | 465               | 36                          | 107.7       |
| STELCO          | 508               | 553               | (45)                        | 91.9        |
| VOGT Components | 5,004             | 5,563             | (559)                       | 90.0        |
| VOGT EMS        | 418               | 625               | (207)                       | 66.9        |
| Others          | 5                 | 12                | (7)                         | 41.7        |
| <b>Total</b>    | <b>14,835</b>     | <b>16,888</b>     | <b>(2,053)</b>              | <b>87.8</b> |

## 9. Sales by Area



|                     | 1Q 2008           |                          | 1Q 2007           |                          | Difference<br>(Millions of yen) |
|---------------------|-------------------|--------------------------|-------------------|--------------------------|---------------------------------|
|                     | (Millions of yen) | Composition<br>ratio (%) | (Millions of yen) | Composition<br>ratio (%) |                                 |
| Japan               | 2,274             | 15.3                     | 2,347             | 13.9                     | (74)                            |
| Hong Kong<br>/China | 2,351             | 15.8                     | 3,023             | 17.9                     | (672)                           |
| ASEAN               | 678               | 4.6                      | 738               | 4.4                      | (60)                            |
| Taiwan<br>/Korea    | 389               | 2.6                      | 1,002             | 5.9                      | (613)                           |
| NAFTA               | 1,479             | 10.0                     | 1,641             | 9.7                      | (162)                           |
| EU                  | 7,613             | 51.3                     | 8,113             | 48.0                     | (500)                           |
| Others              | 52                | 0.4                      | 24                | 0.2                      | 28                              |
| <b>Total</b>        | <b>14,835</b>     | <b>100.0</b>             | <b>16,888</b>     | <b>100.0</b>             | <b>(2,053)</b>                  |



# 10. Forecast for 2Q 2008



|                  | 2Q 2008                       | 2Q 2007                     | Difference        |        |
|------------------|-------------------------------|-----------------------------|-------------------|--------|
|                  | Forecast<br>(Millions of yen) | Actual<br>(Millions of yen) | (Millions of yen) | %      |
| Net Sales        | 16,300                        | 18,402                      | (2,102)           | (11.4) |
| Operating Income | 1,280                         | 1,253                       | 27                | 2.2    |
| O.I.R.           | 7.9%                          | 6.8%                        |                   |        |
| Ordinary Income  | 1,000                         | 1,750                       | (750)             | (42.9) |
| Net Income       | 600                           | 679                         | (79)              | (11.6) |

## Challenge and results in 1<sup>st</sup> quarter

1. Sales for Automotive in Europe grew steady
2. Operational efficiency in Europe has improved significantly
3. Profit was stable without Forex impact
4. Seasonal labor force fluctuation in February better managed
5. Sales of consumer electronics in March decreased

## Approach and prospects from 2<sup>nd</sup> quarter onward

1. To increase the number of automotive products
2. To further improve the operational efficiency in Europe
3. To maintain a system which would not be influenced by Forex fluctuation
4. To implement a flexible and leaner HR strategy via the Silk Road Concept
5. To recover the sales of consumer electronics

**Establish a basis for achieving constant profitability through a global business expansion and the new Mid-Term Business Plan**

# Market Positioning of SUMIDA



FY2007

Unit: Millions of yen

| Market               | SECL    | SVG     | Internal transaction | Total in SUMIDA | Market Scale** | Market Share |
|----------------------|---------|---------|----------------------|-----------------|----------------|--------------|
| Consumer electronics | *27,200 | *11,900 | (800)                | 38,300          | 500,000        | 7.7%         |
| Automotive           | 9,800   | 12,200  | -                    | 22,000          | 500,000        | 4.4%         |
| Industrial machine   | -       | 4,200   | -                    | 4,200           | 200,000        | 2.1%         |
| Total                | 37,000  | 28,300  | (800)                | 64,500          | 1,200,000      | 5.4%         |

Including Inverter Unit and VOGT EMS

70,200

\* "Consumer Electronics" is excluding Inverter business of SECL and EMS business of VOGT.

\*\* Market scale is estimated by Sumida.

We aim for Excellence :      Sustained Profitability  
Market Leadership  
High Corporate Value



Through

**Exceptional Execution:**      Global, Speed, Focus  
Low cost/high quality products/solutions

**Extraordinary Technology:**      Innovative, Exciting, & „No one can duplicate“

**Exemplary Global Management System:**      Continuous Improvement & Adaptability  
Maximum Synergy from Integration

1. **“Sumida Production Silk Road” Concept**
2. **Utilization of capabilities to respond to customers’ needs**
3. **Investment in pioneer technique and innovative R&D**
4. **Implementation of global systems in R&D, production and sales aspects**
5. **Develop and strengthen the Global Management System**

# Measures to achieve "Triple Ex"

|  |   |
|--|---|
| <p>Manufacturing</p>                                       | <p>Sumida "Silk Road" concept<br/>           Challenge towards innovative productivity<br/>           Optimize the procurement control of materials<br/>           →Sharpen the low cost mass production capability based on Asia</p>   |
| <p>Marketing/<br/>Sales</p>                                | <p>Expand the consumer electronics market steadily<br/>           Deepen penetration in Automotive Market<br/>           Enter and Exploit market potentials: e.g. Industrial and medical business<br/>           →Offer capabilities to meet European and US markets needs<br/>           (Capabilities to meet customers' needs and to develop products for new application.)</p> |
| <p>R&amp;D</p>   | <p>Increase investment in R&amp;D<br/>           Transferring technology and experience of Japan and Germany to China.<br/>           (Utilizing C-Lab on application and commercialization of development.)</p>  |
| <p>M&amp;A</p>   | <p>Vertical Integration<br/>           (Create value added products, optimize material cost)<br/>           Horizontal Integration<br/>           (Pursue economy of scale and maintain existing technologies)</p>  |
| <p>Strengthen the<br/>Global<br/>Management<br/>System</p> | <p>Extract maximum synergy deriving from the diversity of cultures and experience within our group<br/>           Active investment in skill improvement of staff<br/>           Implementation of a performance based bonus</p>  |

We aim for excellence through the execution of the Mid-Term Business Plan "Triple Ex" and the above themes on the basis of Exemplary Global Management System.

**1. To achieve operating profit target of JPY 8.5 Billion by FY2010 (IFRS basis)**

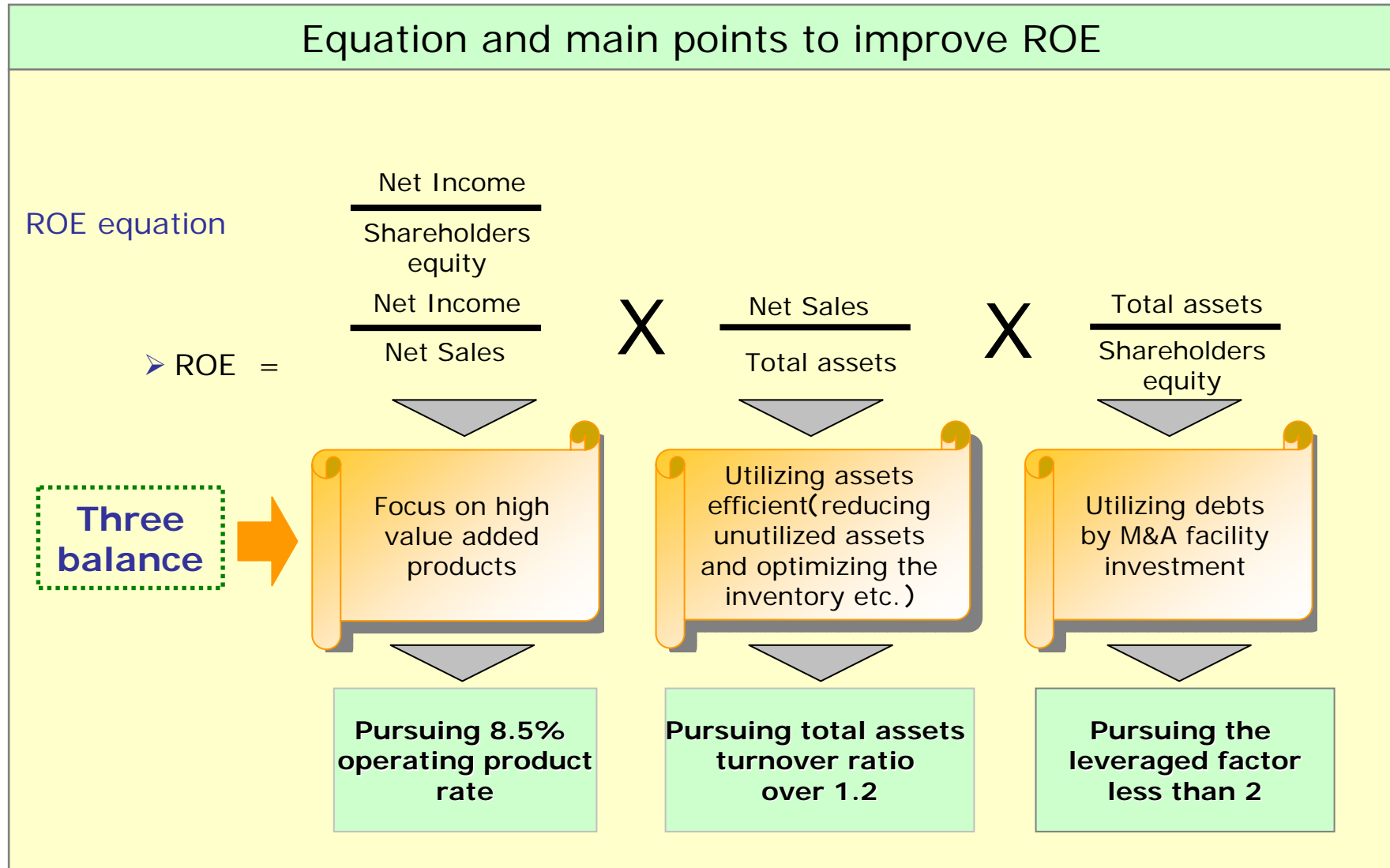
Excluding FY2010's additional JPY1.5B of R&D investment, JPY100 billion of Operating Profit is expected.

**2. Develop and launch leading products and solution at least 10 new market leading products**

**3. ROE (Return on Equity) 12%(IFRS basis) or more**

In order to drive profitability and further utilize our assets, we set our target return on equity (ROE) at above 12%

# Approaches to achieve ROE12%





# End of the Report

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