

SUMIDA CORPORATION

- Consolidated Results of the FY2008 -

25th February, 2009

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Forex Volatility in 2008



(Unit:Millions of yen)

	08.1Q	08.2Q	08.3Q	08.4Q	Average in year 2008	2009 (Assumption)
JPY/USD	105.4	104.5	107.6	96.1	103.4	95.0
JPY/Euro	157.7	163.3	161.9	127.3	152.3	120.0
JPY/HKD	13.5	13.4	13.8	12.4	13.3	
JPY/USD (2007)	119.3	120.6	117.8	113.0	117.6	

Consolidated Results 4th Quarter 2008



(Unit:Millions of yen)

	4 th Quarter 2008				4 th Quarter 2007		
	Actual	Plan	Difference	Compare to plan	Actual	Difference	Compare to plan
Net Sales	10,719	13,000	(2,281)	82.5%	17,035	(6,316)	62.9%
Operating Income	(745)	525	(1,270)	—	1,316	(2,060)	—
Operating Income Ratio	(7.0%)	4.0%	\		7.7%	\	
Ordinary Income	(2,340)	255	(2,595)	—	1,032	(3,372)	—
Net Income (Loss)	(6,759)	115	(6,874)	—	949	(7,708)	—

Consolidated Results of Fiscal Year 2008



(Unit: Millions of yen)

	FY2008				FY2007		
	Actual	Plan	Difference	Compare to plan	Actual	Difference	Compare to plan
Net Sales	55,734	58,000	(2,266)	96.1%	70,210	(14,476)	79.4%
Operating Income	2,167	3,430	(1,263)	—	4,712	(2,545)	46.0%
Operating Income Ratio	3.9%	5.9%	\		6.7%	\	
Ordinary Income	(146)	2,450	(2,596)	—	4,368	(4,514)	—
Net Income (Loss)	(5,743)	1,130	(6,873)	—	2,855	(8,598)	—

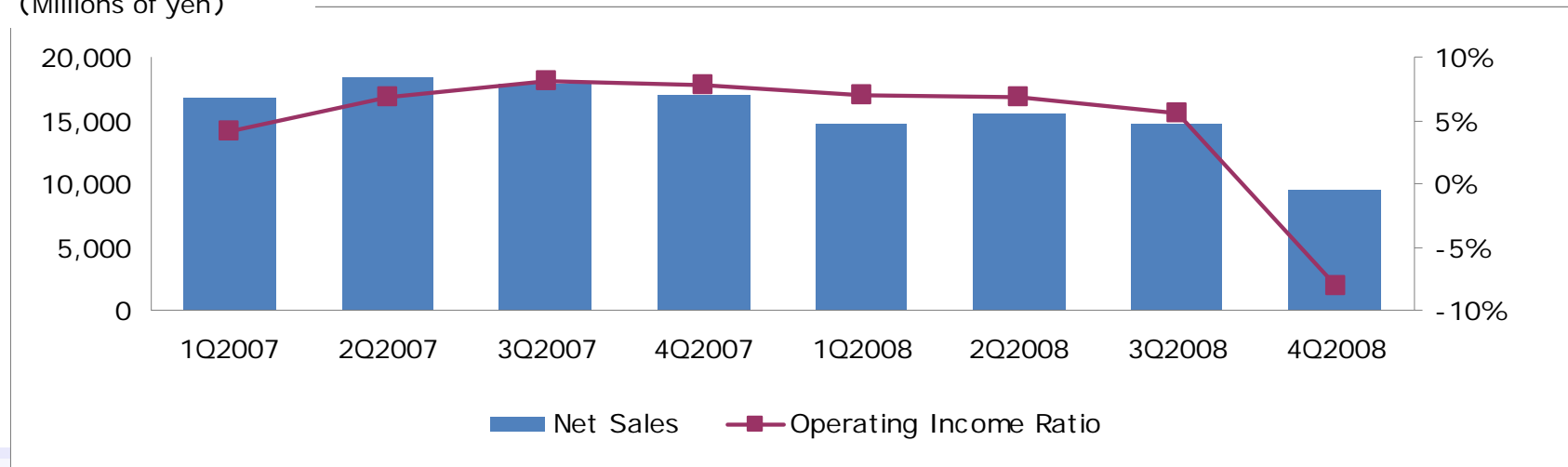
Consolidated Results of Fiscal Year 2008



(Unit: Millions of yen)

	2007				2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	16,888	18,402	17,885	17,035	14,835	15,479	14,701	10,719
Operating Income	705	1,253	1,438	1,316	1,042	1,051	819	(745)
Operating Income Ratio	4.2%	6.8%	8.0%	7.7%	7.0%	6.8%	5.6%	(7.0%)
Ordinary Income	563	1,750	1,023	1,032	810	517	867	(2,340)
Net Income (Loss)	355	679	872	949	502	(17)	531	(6,759)

(Millions of yen)



(Unit:Millions of yen)

【Coil】	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>Inverter Business</u> <u>Difference in Forex</u> <u>(Appreciation in Yen)</u> <u>Total</u>			<u>Actual Difference</u>
				1Q	9,413	10,700	
2Q	9,856	11,855	(1,999)	1,530	1,350	2,880	+880
3Q	9,679	11,836	(2,157)	1,518	1,150	2,668	+511
4Q	6,622	11,613	(4,991)	1,520	693	2,213	(2,778)
Full Year	<u>35,570</u>	<u>46,004</u>	<u>(10,434)</u>	<u>5,668</u>	<u>4,083</u>	<u>9,751</u>	<u>(683)</u>

4Q: Net sales reached below the break-even point

Analysis of Sales ②



(Unit:Millions of yen)

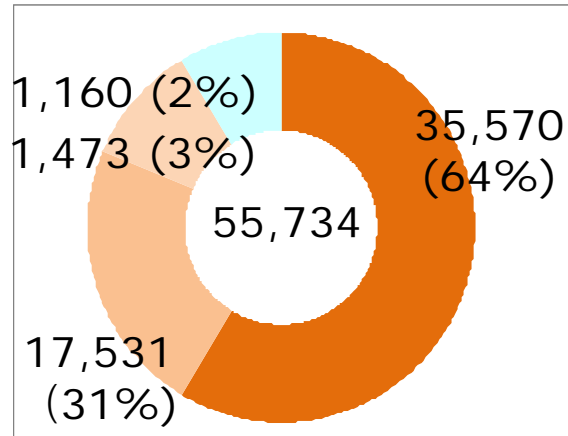
【VOGT】	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>Forex</u>	<u>Change of accounting procedure for EMS Business</u>	<u>Actual Difference</u>
1Q	5,422	6,188	(766)	—	800	+34
2Q	5,623	6,547	(924)	—	800	(124)
3Q	5,022	6,049	(1,027)	—	800	(227)
4Q	<u>2,937</u>	<u>5,422</u>	<u>(2,485)</u>	<u>1,240</u>	<u>200</u>	<u>(1,045)</u>
Full year	<u><u>19,004</u></u>	<u><u>24,206</u></u>	<u><u>(5,202)</u></u>	<u><u>1,240</u></u>	<u><u>2,600</u></u>	<u><u>(1,362)</u></u>

(Unit:Millions of yen)

	<u>Ordinary level</u>	<u>4Q.08</u>	
Coil	9,500	6,622	69.7%
VOGT	5,500	2,937	53.4%
	<hr style="width: 100%; border: 1px solid black;"/>	<hr style="width: 100%; border: 1px solid black;"/>	
	15,000	9,559	63.7%

※Sales in December was 50% down from ordinary single month

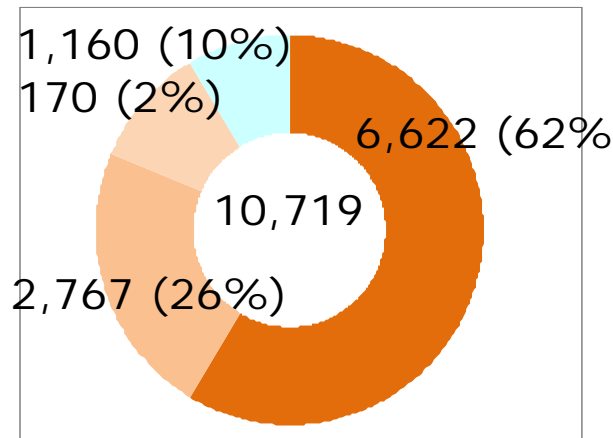
FY2008



(Unit:Millions of yen)

Coil business	FY2008 Net Sales 35,570 Operating Income 4,652
	4Q2008 Net Sales 6,622 Operating Income 523
VOGT Component	FY2008 Net Sales 17,531 Operating Income 474
	4Q2008 Net Sales 2,767 Operating Income (386)
VOGT EMS	FY2008 Net Sales 1,473 Operating Income 49
	4Q2008 Net Sales 170 Operating Income (20)
Others	FY2008 Net Sales 1,160 Operating Income 86
	4Q2008 Net Sales 1,160 Operating Income 86

4th quarter 2008



Operating Income 4th Quarter 2008



4Q 2008	Coil		523
	VOGT Component		(386)
	VOGT EMS		(20)
	Others		86
	Total		<u>203</u>
	R&D basic	(320)	
	HQ expenses	(509)	
	Goodwill	(119)	
	Whole group		<u>(948)</u>
	Operating Income		<u>(745)</u>

- **High fixed cost**
- **Low effect from reduction of variable cost**

Strategies in 4th Quarter 2008



Net Sales Ordinary Net Sales 15,000M YEN
2008.4Q 9,560M YEN (36%)

Operating Loss
745M YEN

Reached below the break-even point

Decisions made in 4Q

- Speedy management in group
- Measures to be completed in 2008

- ①Review unprofitable businesses LCM/Production in NAFTA/VOGT North America & Sumida America
- ②Labour cost reduction Europe/Asia/Japan
- ③Streamlining production Reduce indirect workers
Shift production to Nanning etc.
Utilize Thailand factory
- ④Reduce investment
- ⑤Synergy from M&A

(Unit: Millions of yen)

【Forex】

⇒⇒⇒	Forward-exchange contract cost	584
⇒⇒⇒	Liquidation cost – SAI & SCH	206
⇒⇒⇒	Revaluation loss of assets in foreign currency	836
⇒⇒⇒	Others	77
	
		1,703
		=====

Established Financial Holding Company in the Netherlands

【Tax】

	Deferred tax assets	540
	Loss carried forward	550
	VOGT	500
	
		1,590
		=====

Extraordinary Loss



•Restructuring cost

(Unit: Millions of yen)

Retrenchment of labor		1,475	}	<u>1,596</u>
Reshuffle management		121		
Domination Agreement		103		
Discontinuation of LCM operation		184		
•Devaluation of investment in securities		403		
•RMB		425		
•Loss on liquidation (additional loss)		281	}	<u>410</u>
•Impairment loss (Loss on liquidation)		129		
<hr/>				
•VAT in Romania	(Penalty + refund)		204	
•Taiwan		130+288=418	}	<u>875</u>
•Others		253		
				<u>3,997</u>
				<u><u>3,997</u></u>

Consolidated Balance Sheet



Current Assets	Restructuring of SUMIDA AMERICA INC.	2,700M yen	Compensating balance
	Factoring	1,000M yen	
	Accounts receivable	3,300M yen	Assets in foreign currency reduced due to decrease in sales and yen appreciation
Current Liabilities	Increase in short-term loan	3,500M yen	
	Bond (Alpine CB)	7,770M yen	
	Unpaid restructuring expenses	1,200M yen	
Foreign currency translation adjustment		(8,174M) yen	

(Unit:Millions of yen)

	2009 Plan	2008 Actual
Capital Expenditure	2,000	3,006 (Included investment in intangible assets)
Depreciation	3,600	3,362
R&D expenses	1,250	1,424

(Unit:Millions of yen)

	FY2009 Plan	FY2008 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 (Loss)	700	(5,743)	6,443

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

Drastic Change of External Environment

World recession deepening: Decrease in demand for all business sectors (Consumer, Automotive, Power Electronics) since the 4th quarter

■ Uncertainty of market environment

- Automotive: Downsizing capacity
- Consumer Electronics: Production adjustment is still continuing.
- Power Electronics: Although environment-related business seems steady, the prospect is unclear

■ Unstable material prices



Measures carried out in FY2008

■ Promotion of 5 main themes of Triple Ex

- Establishment of satellite factory (Guangxi, China)
- Acquisition of 2 companies related to Power Electronics business
- Streamlining of business in North America
- Reconstruction of intra-group financial control and foreign exchange risk management system (establishment of financial subsidiary in Europe)

■ Reduction of fixed cost considering difficult business environment (especially since 4th quarter)

	Summary
<p>Net Sales</p>	<ol style="list-style-type: none"> 1. Sales dropped drastically in all business segments since 4th quarter (Consumer, Automotive and Power Electronics) <= drastic decrease in demand, JPY appreciation 2. Sales decreased by 50% in Dec. compared to a regular month
<p>Operating Income</p>	<ol style="list-style-type: none"> 1. Although operating income dropped in 4th quarter, the operating profit is still maintained for fiscal year <ul style="list-style-type: none"> • The operating profit was kept achieving (21years in a row) since Sumida became the listed company 1988. • Operating income ratio decreased to 3.8% due to low sales (6.7% in 2007) 2. Fluctuation of material prices (positive impact on operating income is expected now)
<p>Net Income</p>	<ol style="list-style-type: none"> 1. Quick launch of structural reform – focus on reduction of fixed cost Retrenchment of labors (Europe), Consolidation of businesses (North America etc.) 2. FOREX losses due to JPY appreciation (esp. against Euro) 3. Net losses due to extraordinary losses (structural reform expenses)

Response to business environment

◆ Prospects of Market Environment

/Consumer Business: expected to recover from 2nd Quarter but still uncertain

/Automotive Business: inventory adjustments is expected to be slowing down from 2nd Quarter. Sales is expected to recover a half of the drop in December 08.

/Power Electronics Business: growing with high potential and our strategic area

◆ Sumida will further pursue Triple Ex and strengthen the ability to adapt to changing business environment through improving profitability

Measures to be taken to improve profitability

(Following measures will be taken in addition to cost reduction effect as a result of structural reform in 2008 as well as good effect of lowering of material cost)

•Reduction of personnel expenses: Asia region (wage cut, retrenchment of factory labors)

2.Shift of production site : From Mexico to China (lower production cost)

3.Reduction of capital investment:

Foundation of R&D sites has been made – more selective investment in future

4.Improvement of cash management :

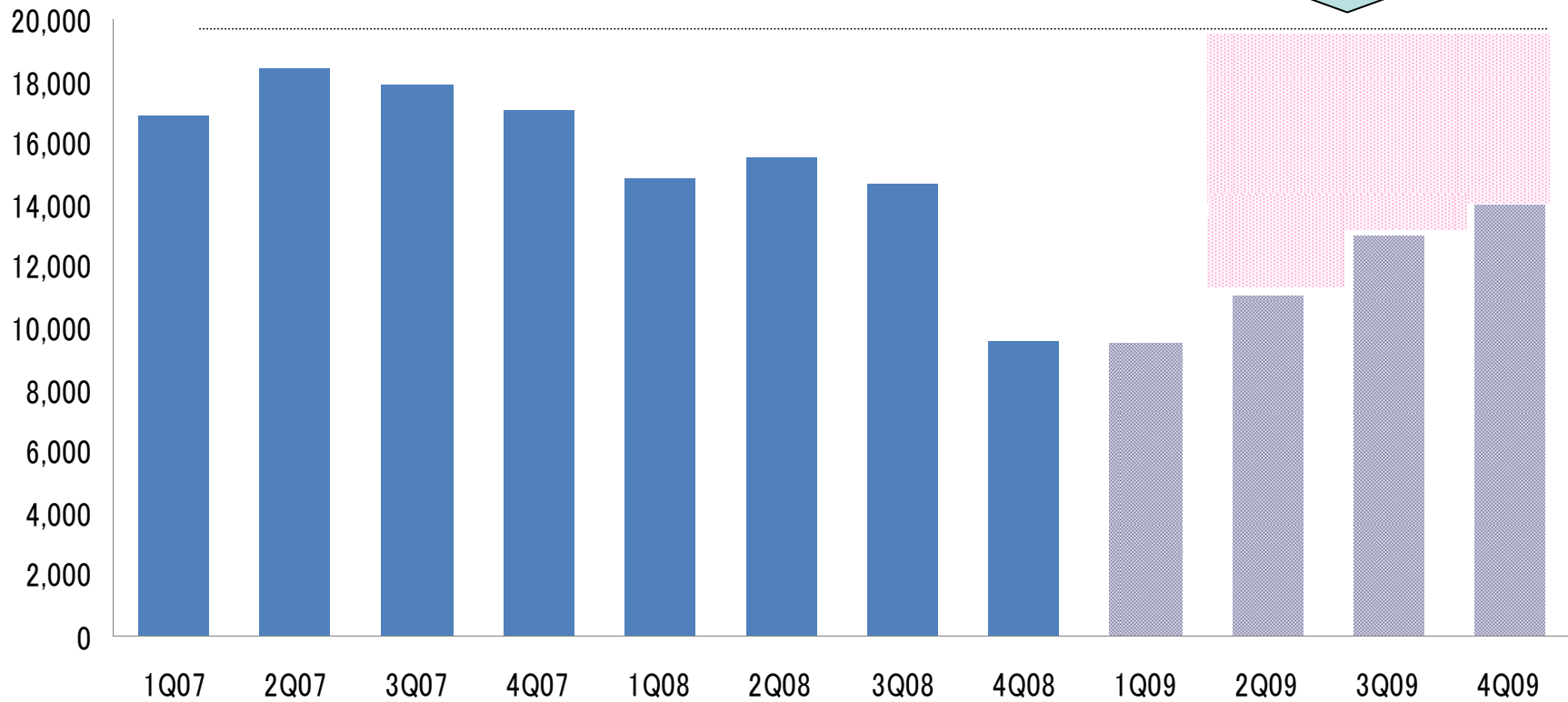
minimize FOREX risk (centralized management by a financial subsidiary in the Netherlands)

⇒ Further strengthen financial structure by focusing on reduction of cost and lower break-even point

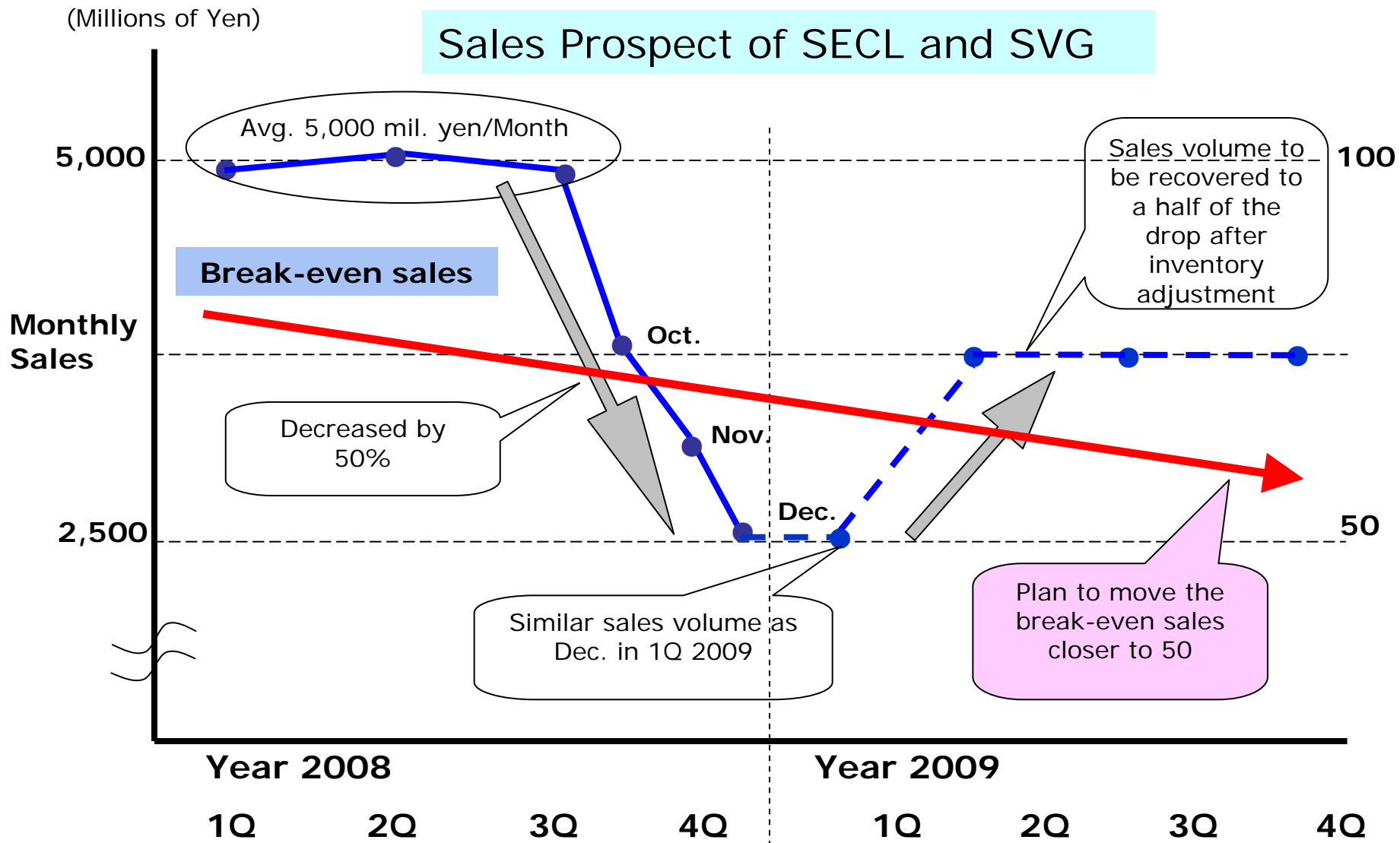
Net Sales

Need to consider how we recover the rest of sales by new products and market

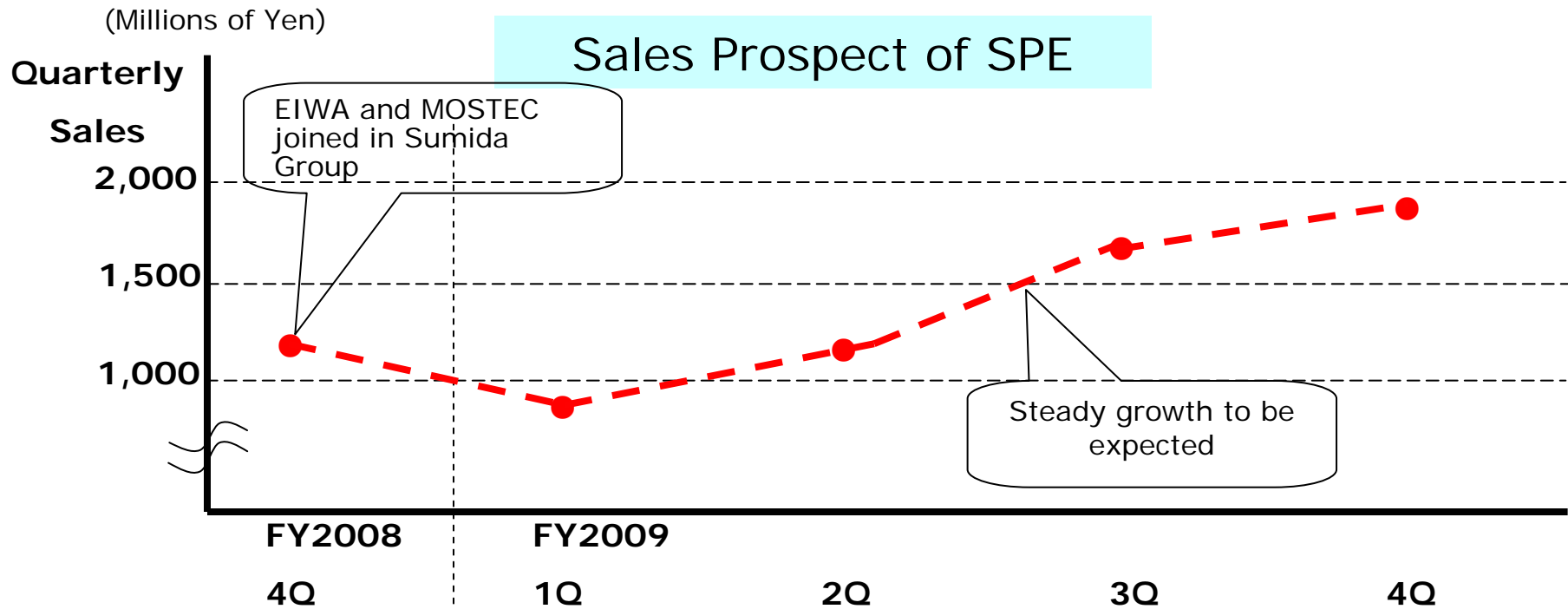
(Millions of Yen)



Sales Trend Prospect in Fiscal Year 2009



Sales Trend Prospect in Fiscal Year 2009



Consolidated Sales Forecast (SECL+SVG+SPE)

(Millions of Yen)

FY2009	Full Year
S E C L + S P E	42,000
S P E	5,600
T o t a l	47,600

Outline of "Triple Ex" Mid-term Business Plan of SUMIDA

SUMIDA Production "Silk Road Concept":

Strengthen and expand the low-cost mass production in Asia

Utilization of Capabilities to respond to customers' needs:

Sumida response to customers' need globally

Invest in pioneering technologies and motivate innovative research of our engineers:

R&D activities in Germany, Japan and C-Lab to develop applications on new products

Expansion of global systems in R&D, production and sales aspects:

Seek opportunities by horizontal & vertical integration through M&A, further enhance and expand current business operations.

Develop and strengthen the Global Management System:

Further improve the Global Management System and strengthen our capabilities to M&A

These core elements which must be implemented despite short term environmental changes remain our strategic initiatives both in the short term and in the mid-long term under the challenging business environment

Achieve through Triple Ex

Further enhance cost competitiveness resilient to the fluctuations of demand, and prepare individual counter measures whenever necessary

Secure our position as the No.1 coil manufacturer in the course of consolidation of the industry. Concentrate our resources on the development, manufacture and sales of competitive products (e.g. ABS coils) even in challenging environment

Expand the application of our products towards the areas of alternative energy or energy conservation through R&D and M&A

Create new value by combining our global business operation capabilities and technologies of other electronics manufacturers through M&A

Core competitive factors in challenging business environment

Cost control capability to cope with sudden decline of demand

Retaining the No. 1 position in the industry

Approaches to growing alternative energy/energy conservation fields

Ability to expand globally

Be flexible and adaptive enough to change our production structure responding to changing conditions, and pursue the optimization of all of our global business operations

Awareness of external environment

«Consumer electronics– quick recovery less likely»

Contraction of demand

- Need to prepare for the risk of further drop in demand (especially in 1st quarter) as the bottom still cannot be identified.
- Downsizing production capacity worldwide
- Changes in inventory adjustment trend to be expected after 2nd quarter

«Automotive and Energy

– high future growth to be expected»

1. More strategic role of power electronics due to increasing demand in industrial and energy related fields

- Increasing demand for electronic components related to alternative energy and environmental fields (e.g. hybrid cars, solar power generation etc.)
- Increasing demand for coils of power appliances
- Increasing demand for Japanese coil manufacturers as their reliability in terms of safety

2. Potential demand in emerging economies

- Increasing demand for electronic components in emerging economies such as China and India

3. Consolidation in electronics components industry

- Succession issues of coil manufacturers who has unique technologies
- Possibilities for some coil manufacturers to sell the business in the process of “concentration and selection” to focus more on their core competence”

Basic strategy

«Steady implementation of Triple Ex»

Contingency plan for a prolonged contraction of demand

- Continue to reduce fixed cost and lower the break-even point in accordance with downside scenario

1. Strengthen our foundations for near areas such as industrial and energy related fields

- Strengthen R&D capabilities in response to new market demand
- Seek for further synergies within Sumida Group
- Search potential partners in other electronic devices areas such as semi-conductor manufacturers


2. Active marketing to emerging markets

- Expand sales of our European automotive products in Asia market (e.g. Sales of HID for two-wheels vehicles in Southeast Asia)

3. Strengthen and secure our position in electronic components industry as leading manufacturer based on coils


- Continuing search for M&A chances following EIWA and MOSTEC
- Further strengthen our position in the industry as specialized manufacturer of coils

Progress of 5 main themes in New Mid-Term Business Plan "Triple Ex"

Main themes	Content	
	Activities carried out in FY2008	Planned Approaches from FY2009
<u>"Sumida Silk Road Concept" manufacturing strategy</u>	➤ To further enhance and expand our low-cost production capabilities in Asia	
	◎Nanning factory (1 st satellite factory) operation started ◎Reduced overtime in existing factories <u>Change in overtime</u> 1Q 117H 2Q 99H 3Q 80H 4Q 56H 	◎Review the production system <ul style="list-style-type: none"> • Retrenchment of production force • Focus on improving production efficiency and cost reduction • Establishment of the best production site for each product ◎Ongoing investigation of 2 nd and 3 rd satellite factories ◎Utilize the EIWA factory in Thailand
<u>Making the most of our ability to respond to customer needs</u>	➤ Sumida is utilizing the following competitive advantages globally to respond to needs of customers <ul style="list-style-type: none"> • Ability to respond to customers' needs in a most effective way (on performance, lead times and prices) • Development strength to enable us to adopt quickly to new applications 	
	◎Full scale operation of C-Lab (New central research center in China) was started with pioneering equipments & engineers	◎Speed up the transfer of production technology and expertise to C-lab by Japanese engineers

Progress of 5 main themes in New Mid-Term Business Plan "Triple Ex"



Main themes	Content	
	Activities carried out in FY2008	Planned Approaches from FY2009
<u>Investing in pioneering technology and progressive R&D</u>	➤ Pursue R&D in close proximity to the markets and our customers in Japan and Germany, focus on applied development and commercialization at C-Lab	
	◎Continued to focus development on a few main themes ◎Pursued further opportunities for M&A  ◎Strengthened our presence in the power electronics sector with the addition of new Group companies EIWA and MOSTEC (M&A)	◎Look for new technologies in Power Electronics sector • Start new business in medical machinery field through roll up M&A in the industry
<u>Expanding global system for manufacturing, production, and sales</u>	➤ By pursuing horizontal and vertical integration through M&A, work to deploy even more effectively our global networks for R&D, procurement, manufacturing, marketing, and sales, to further strengthen and expand Sumida's business foundations.	
	◎Transferred VOGT production of passive coil components to China ->enabled significant cost reduction ◎Reorganized our North American sales business	◎Enhance sales operation in North America under the new sales system • Products of Sumida, VOGT and EIWA will be handled together to achieve optimal sales synergy ◎Shift production from Mexico to China ◎Further integration of EIWA, MOSTEC in Sumida Group

Progress of 5 main themes in New Mid-Term Business Plan "Triple Ex"



Main themes	Content	
	Activities carried out in FY2008	Planned Approaches from FY2009
Developing and strengthening our global management system	<p>➤ Further improve and strengthen our Global Management System and strive to make the most of our synergies that derive from the diverse cultures and experiences of Sumida Group. Take action more efficiently and more swiftly as we achieve unification and synergy across the diverse corporate cultures of the companies.</p>	
	<ul style="list-style-type: none"> ◎Started integration of EIWA and MOSTEC to Sumida Group ◎Formulated HR development plans by Sumida Academy ◎Upgraded global finance & tax strategy <ul style="list-style-type: none"> • Worked out new group finance management policy based on the Financial Holding Company in Netherlands (Optimize group finance management by Central IHB function) ◎Decided to conclude Domination Agreement with VOGT and decided to no longer list VOGT shares, effectively making VOGT a wholly-owned subsidiary of Sumida 	<ul style="list-style-type: none"> ◎Proceed further integration with EIWA and MOSTEC <ul style="list-style-type: none"> • Strive for synergy ◎ Upgrading global finance & tax strategy <ul style="list-style-type: none"> • establish a financial holding company in the Netherlands which is planned to operate from April ◎Conclude Domination Agreement with VOGT (January) <ul style="list-style-type: none"> • Approval to be made in Extraordinary Shareholders General meetings (March) of VOGT together with delisting • Strive for further synergy

End of the Report

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