

2nd Quarter of FY2012

Financial Results

& Financial Analysis

1. 2012.2Q Performance sumida

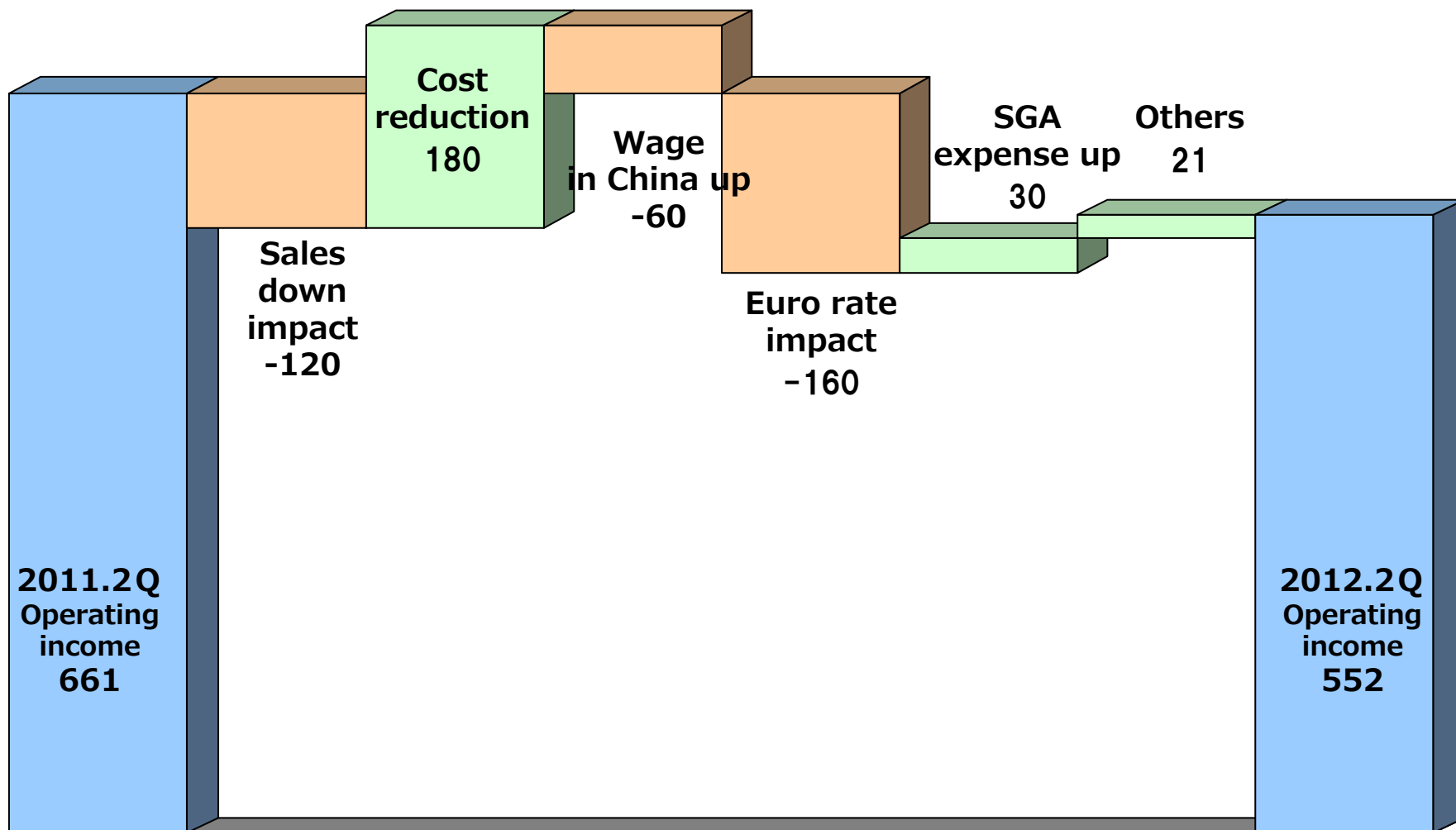
(JPY millions)

		2012.2Q	2011.2Q	YOY (%)	2012.1Q	QOQ (%)
		(A)	(B)	(A)/(B)	(C)	(A)/(C)
Sales		13,346	13,880	-3.8	12,375	7.8
Operating Income		552	661	-16.4	197	179.2
Ordinary Income		208	542	-61.5	164	27.1
Net Income		35	272	-86.8	90	-60.3
Exchange Rate (JPY)	USD	81.18	82.10	-1.1	77.69	4.5
	EUR O	106.07	117.05	-9.4	101.76	4.2

2. Operating income 2012.2Q vs. 2011.2Q



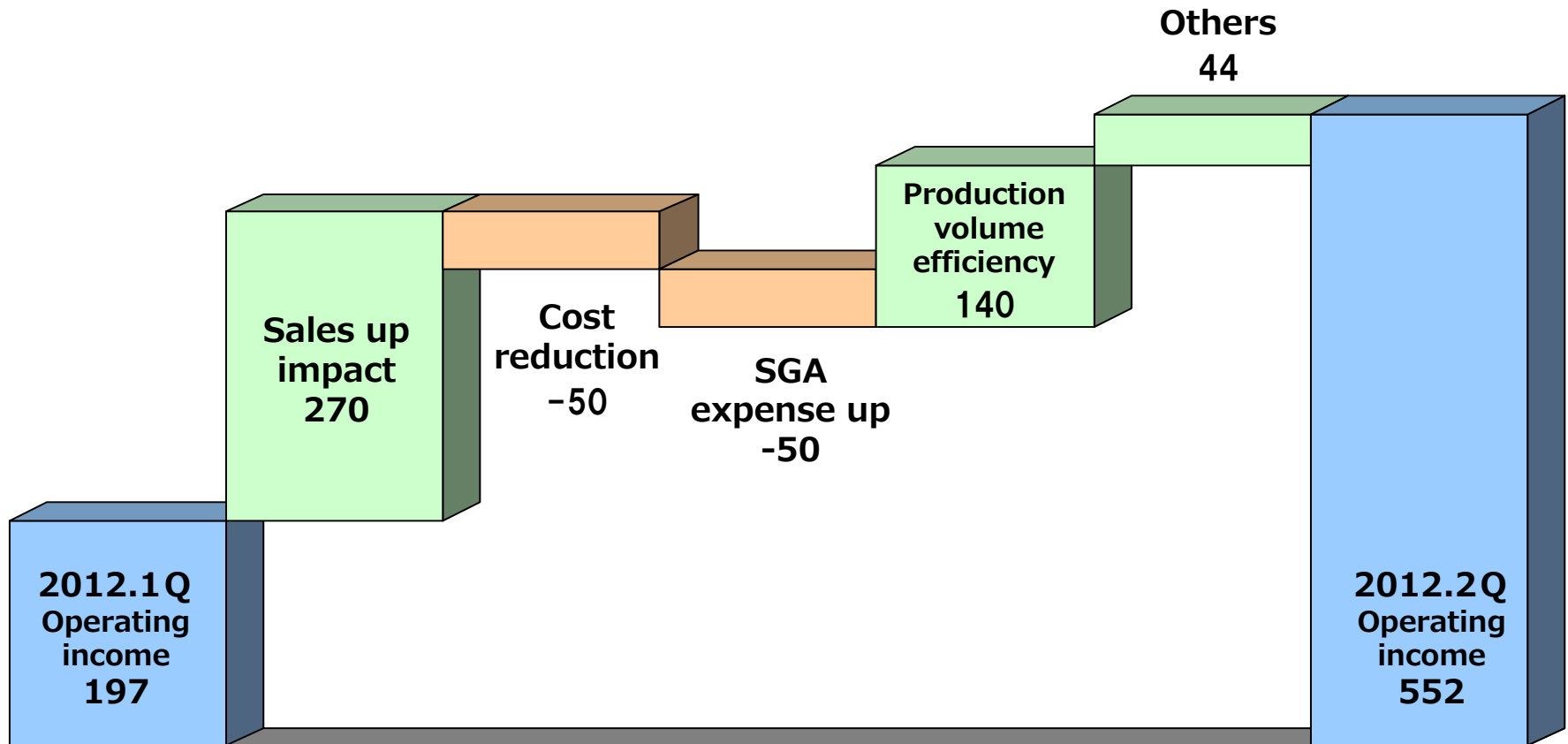
(JPY millions)



3. Operating income 2012.2Q vs. 2012.1Q



(JPY millions)



4. CONSOLIDATED CASH FLOW STATEMENTS



(JPY millions)

	2012.2Q (A)	2011.2Q (B)	YOY (A)-(B)	2012.1Q (C)	QOQ (A)-(C)
Cash Flow from Operating Activities	1,204	109	1,095	41	1,162
Cash Flow from Investing Activities	(634)	-524	-109	-573	-60
Cash Flow from Financing Activities	-2,104	-142	-1,961	-374	-1,729
Cash and Cash Equivalents	4,477	6,725	-2,248	6,390	-1,913

5. FY 2012 Earnings Forecast



(JPY millions)

		FY2012					FY2011 (Actual)
		1Q	2Q	1 st Half (Actual)	2 nd Half (Forecast)	FY2012 (Forecast)	
Sales		12,375	13,346	25,721	26,379	52,100	52,759
Gross profit		2,167	2,609	4,776	5,324	10,100	10,102
Gross profit ratio		17.5%	19.6%	18.6%	20.2%	19.4%	19.1%
Total selling, general and administrative expenses		1,969	2,056	4,026	4,174	8,200	7,992
Operating income		197	552	750	1,150	1,900	2,110
Net non-operating income/expense		-33	-343	-376	-300	-676	-816
Ordinary income		164	208	373	851	1,224	1,294
Net extraordinary income/expense		-239	11	-228	228	0	-417
Net income		90	35	126	539	665	496
Exchange rate	USD	77.69	81.18	79.43	77.00	77.00	80.25
	EUR	101.76	106.07	103.91	100.00	100.00	111.71



Mid-term Business Plan

2012-2014

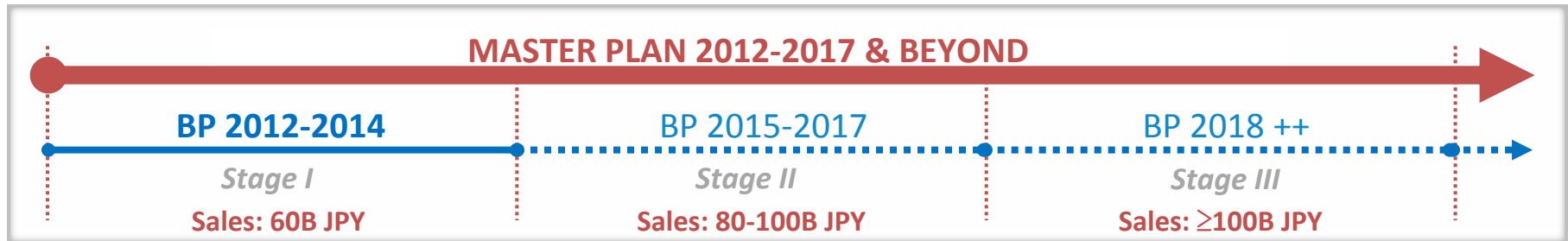
(Elaboration)

Thursday, 2 August 2012

Presented by:
Shigeyuki Yawata
Chief Executive Officer

- As a result of the debt crisis, developed economies such as Europe, USA and Japan are facing some growth challenges.
- Although emerging economies such as the BRICs have high growth potential in the coming years, we are observing slow downs in the rate of growth.
- Low cost manufacturers are improving on their product quality & service offering.
- In developing countries such as China which have been historically known as production locations, GDP growth have reached levels indicating that they should also be treated as a market.

Our Planning Approach



“Improving profitability through cost reduction & optimisation of our product portfolio to suit market needs”

Key Targets to achieve by end of 2014

■ PROFITABILITY IMPROVEMENTS

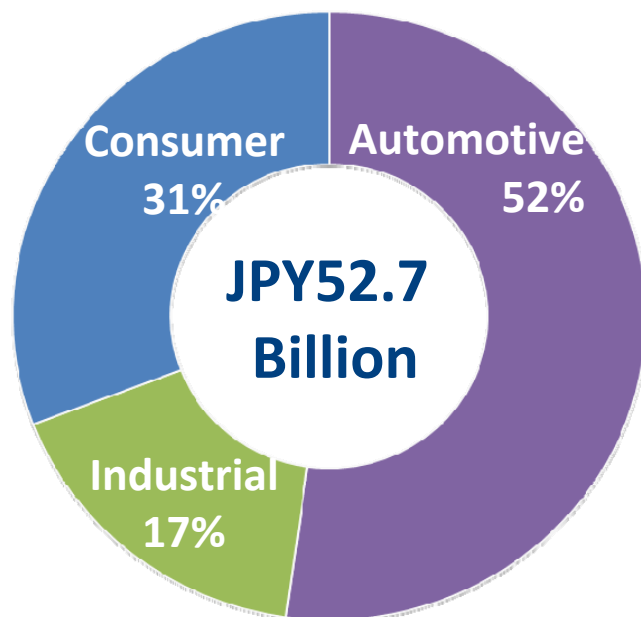
- Sales JPY 60 Billion
- OP JPY 5 Billion
- EBITDA JPY 8 Billion

■ BALANCE SHEET IMPROVEMENTS

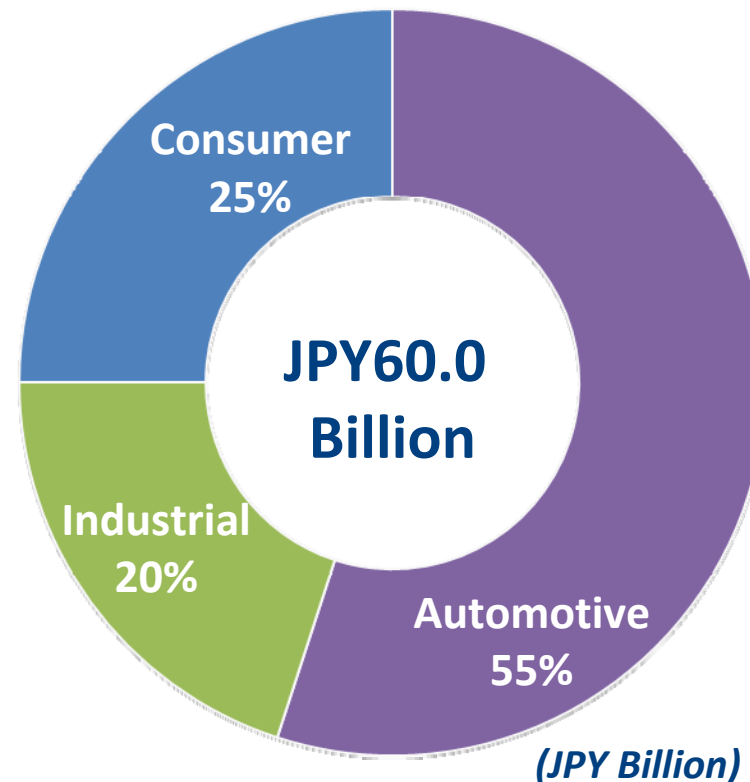
- D/E Ratio 1.4
- Cash Conversion Cycle (CCC) 50 days

Exchange Rate: 77JPY/1USD 105JPY/1EUR

FY2011 Results



FY2014 Targets



	2011 (actual)		2014 (targets)		CAGR ('12-'14)
Automotive	27.5	(52%)	33.0	(55%)	6.2%
Industrial	9.0	(17%)	12.0	(20%)	10.2%
Consumer Electronics	16.2	(31%)	15.0	(25%)	-2.6%

Leveraging Our Expertise to Develop Products for New Applications

- Further expansion of products with which we have high market share



ABS/ESC Coils



Smart Entry Systems



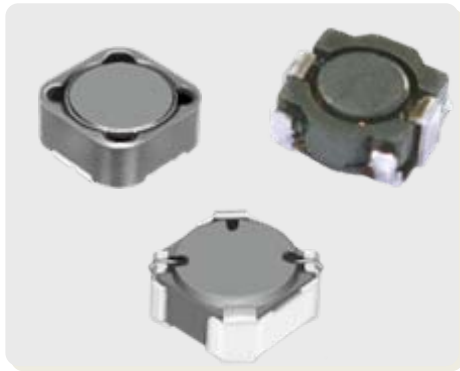
HID Module

- Business Expansion into new fields

▶ Mechatronics	Use knowledge gained from our long-term history with ABS coils to develop other Actuator products.
▶ Sensors	Expansion of products for a variety of in-vehicle sensors.
▶ EV/HV Applications	Expansion in the fields of reactors, transformers, battery charging and power management related products.

Specialise in Growth Segments with Emphasis on Profitability

- Further expansion of products which we have high market share



Power Inductors



Power Transformers



Chip Inductors

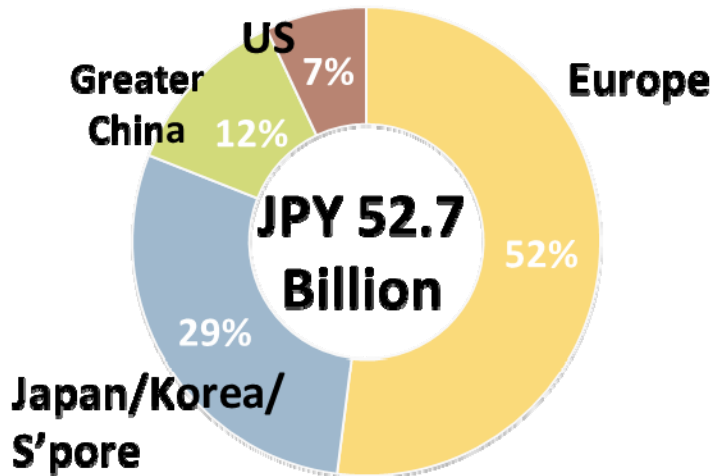
- Business expansion into new fields

▶ Smart Phone, Tablet PCs	Positioning ourselves in growth fields, promote new developing products for inductors and transformers.
▶ Digital SLR Cameras	Components designed for high-end models.
▶ Wireless Charging Systems	Expansion of newly developed wireless power transfer coils.

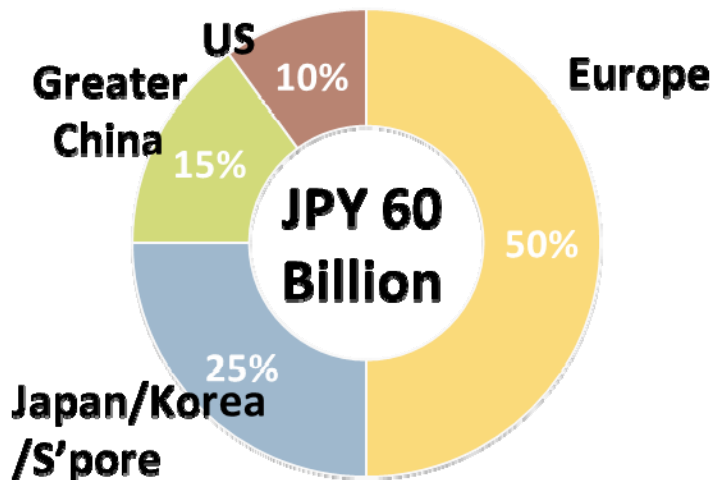
Business expansion in the following 6 fields will play an important role in the coming years

Industrial Machinery & Tools	Factory automation related machinery and tools, construction machinery, etc...
Energy	Power conditioning (inverter) oriented reactors and transformers.
Medical • Healthcare	Continuous expansion of high reliability components business.
Identification System	Expansion and development of small size and lightweight RFID products (ear tags) for use in livestock management.
Security	In addition to our product development to date, expansion of RFID related products.
Lighting	Investment into module development targeted for use with LED lighting.

FY2011 Results



FY2014 Targets



① Expanding US Sales:

In addition to our existing Automotive business, we will focus on high technology applications such as Energy, Medical and Security related areas which have very high potential for growth.

② Expanding China Sales:

- Strengthen design-in capabilities in Japan, US, and Europe to support sales increase in China
- For expansion of business with Chinese Companies, we are re-engineering our distribution system within China.

③ Further development and expansion of Global Key Account Management System to improve support of our global customers.

1. **Further Implementation of Automated Production Lines:**

Further production optimisation through accelerated automation of processes, particularly for automotive related products with long product life cycles and lower volume fluctuations.

2. **Strengthening our purchasing power as a Global One company:**

Strengthening our purchasing power through the unification of our procurement system and focusing on a single contact window to suppliers within Sumida Group Globally to expedite improvements.

3. **Production Transfer to Low Cost Sites:**

In addition to further automation of product lines, production transfers to low cost sites (satellite factories) will enable us to lower direct labour costs by 10-30%. Combined with the on-going development of new low cost sites for both Asia and Europe, additional cost reductions will be achieved.



R&D: US, Germany & Japan

R&D bases in developed countries focus on the development of new products and technologies.

- New Material Development
- Transition from component to module development
- Development of magnetics products

R&D: China

As the base for application engineering, fast response times to design changes and sample requests are used as the fundamental focus for further development in this region. In addition, alternative material (2nd source) development will also be researched here.

- Increased profitability through focused actions for productivity improvements.
- Cash creation through emphasis on management goals:
 - 1. Global Cash Management**

Putting emphasis on global cash flow management in relation to debt repayment, better utilise cash on hand. Use cash pooling to hasten repayment of debts.
 - 2. Cash Conversion Cycle (CCC)**

Through inventory reductions and reconsideration of accounts receivable and payable terms, focus is on reducing our CCC from 106 days down to 50 days to raise our capital efficiency.

Income Statement & Balance Sheet sumida

Income Statement

	<u>FY2011</u>	<u>FY2014</u>	(Million JPY)
Sales	52,759	60,000	
Gross Profit	10,103	14,100	
GPR	19.1%	23.5%	
SGA Expenses	7,993	9,100	
SGA/Sales Ratio	15.2%	*15.2%	<i>*Note: SGA/Sales Ratio remains flat due to planned additional investment into R&D.</i>
Operating Income	2,110	5,000	
OIR	4.0%	8.3%	
EBITDA (OP + Depreciation/Amortisation)	4,605	8,000	

Balance Sheet

Cash and cash equivalent	6,912	2,500
Trade receivables	9,581	9,863
Inventories	8,027	6,288
Other assets	22,977	24,768
Total Assets	47,497	43,419
Trade payables	3,397	7,545
Debts	31,752	17,792
Other liabilities	5,161	5,400
Total liabilities	40,310	30,737
Equity	7,187	12,682
Total equity and liabilities	47,497	43,419
CCC Days	106	50
D/E Ratio	4.4	1.4

Financial Analysis

1. 2012.2Q Performance



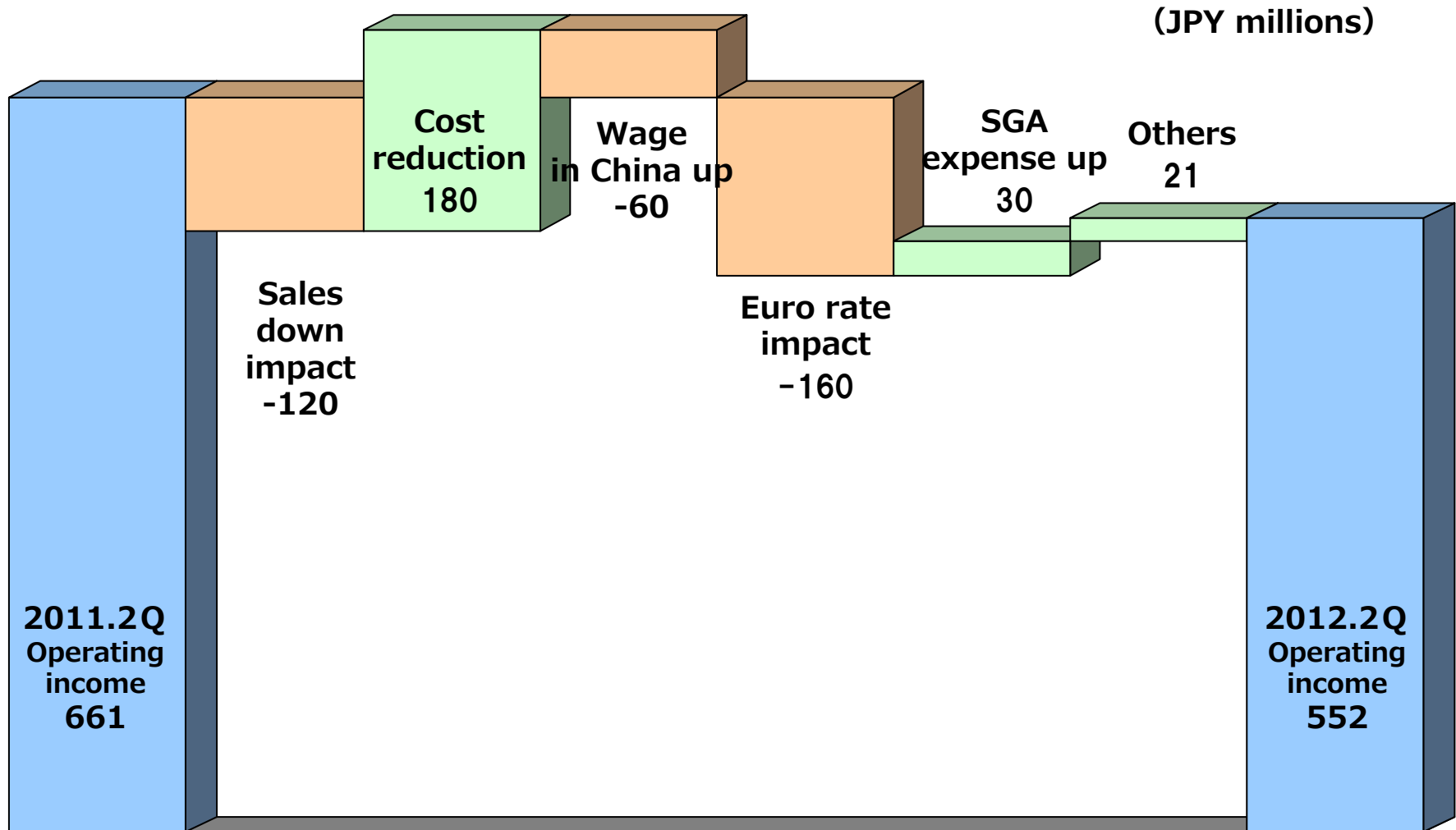
(JPY millions)

		2012.2Q	2011.2Q	YOY (%)	2012.1Q	QOQ (%)
		(A)	(B)	(A)/(B)	(C)	(A)/(C)
Sales		13,346	13,880	△3.8	12,375	7.8
Operating Income		552	661	△16.4	197	179.2
Ordinary Income		208	542	△61.5	164	27.1
Net Income		35	272	△86.8	90	△60.3
Exchange Rate (JPY)	USD	81.18	82.10	△1.1	77.69	4.5
	EUR O	106.07	117.05	△9.4	101.76	4.2

(JPY millions)

		FY 2012 1 st Half	FY2011 1 st Half	YOY(%)
		(A)	(B)	(A)/(B)
Sales		25,721	27,140	-5.2
Operating Income		750	1,279	-41.4
Ordinary Income		373	1,208	-69.1
Net Income		126	691	-81.8
Exchange Rate (JPY)	USD	79.43	82.49	-3.7
	EURO	103.91	114.06	-8.9

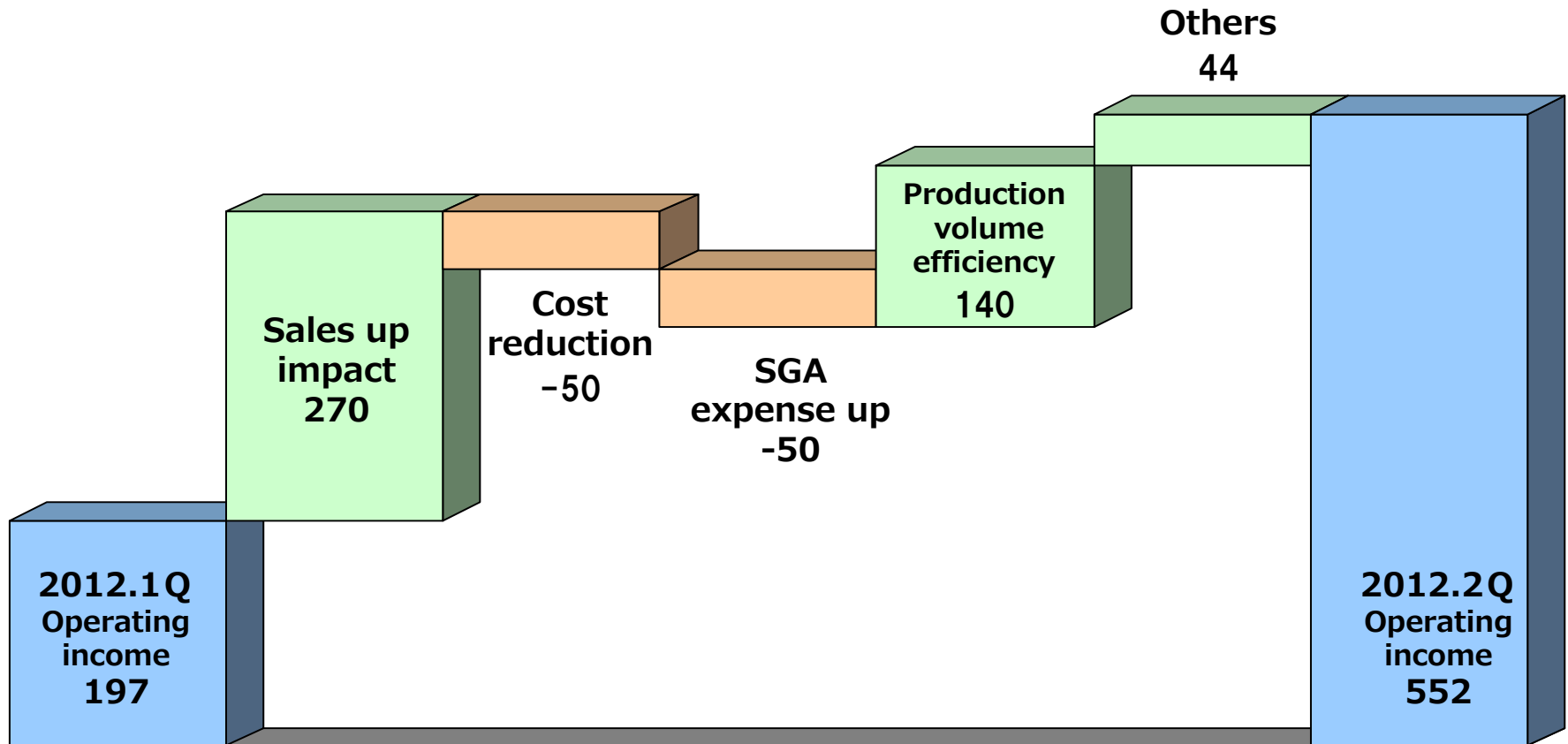
2. Operating income 2012.2Q vs. 2011.2Q



3. Operating income 2012.2Q vs. 2012.1Q



(JPY millions)



(JPY millions)

		2012.2Q	2012.1Q	FY2012 1 st Half	
Dividend Received & Interest Paid (Net)		△169	△176	△345	
Exchange gain/loss	Finance Subsidiary in Netherlands	Factoring	△76	△29	△105
		Netting	△39	47	7
	Derivatives inherited from acquisitions		△40	103	63
	Others		△8	25	16
Others		△8	△3	△12	
Net Non-operating income/-expense		△343	△33	△376	

Extraordinary gain/loss analysis



(単位：百万円)

		2012.2Q (A)	2011.2Q (B)	YOY (A)-(B)
Extraordinary Income	Gain on sales of fixed assets	139	5	134
	Others	5	-	5
	Total extraordinary income	145	5	140
Extraordinary Expense	Loss on disaster	44	-	44
	Restructuring expense	24	70	△45
	Loss on sales and retirement of fixed assets	24	2	21
	Others	40	9	32
	Total extraordinary loss	134	83	51
Net Extraordinary gain /-loss		10	△77	88

(JPY millions)

		2011.2Q	2011.3Q	2011.4Q	2012.1Q	2012.2Q
Sales		13,880	13,705	11,913	12,375	13,346
Operating income		661	530	300	197	552
Exchange rate	USD	82.10	79.04	76.99	77.69	81.18
	EURO	117.05	113.28	105.45	101.76	106.07

(JPY millions)

	As of June 30, 2012	As of Dec 31 2011	Change	
			Amount	(%)
Current Assets	24,443	26,481	858	3.2
Fixed Assets	21,413	20,952	1,396	6.7
Current Liabilities	26,058	30,613	-2,310	△--7.5
Fixed Liabilities	12,350	9,697	3,334	34.4
Shareholder's Equity	19,623	19,593	90	0.5
Translation Adjustment	△ 12,671	-12,914	1,075	8.3
Net Assets	7,530	7,186	1,261	17.6
Total Assets	45,939	47,497	2,285	4.8
Exchange Rate (JPY)	USD	79.63	77.65	
	EURO	100.08	100.59	

(JPY millions)

	2012.2Q (A)	2011.2Q (B)	YOY (A)-(B)	2012.1Q (C)	QOQ (A)-(C)
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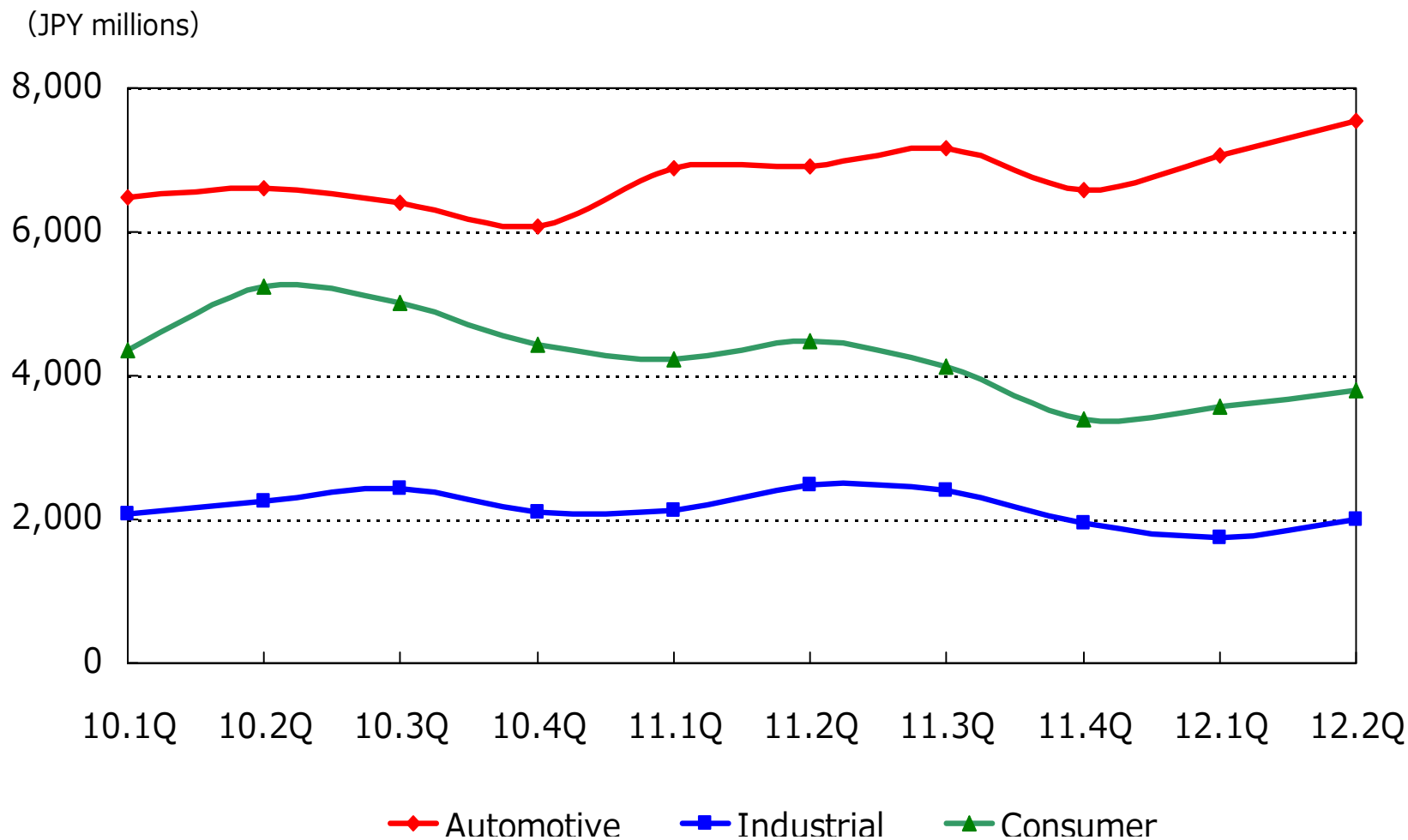
	FY2012 1 st Half (A)	FY2011 1 st Half (B)	YOY (A)-(B)
Cash Flow from Operating Activities	1,245	108	1,137
Cash Flow from Investing Activities	△1,208	△1,160	△47
Cash Flow from Financing Activities	△2,479	314	△2,794
Cash and Cash Equivalents	4,477	6,725	△2,248

Financial performance by segment



(JPY millions)

	2012.2Q	2011.2Q	YOY (%)	2012.1Q	QOQ (%)
Asia Pacific	8,831	8,601	2.7	8,017	10.2
EU	4,514	5,278	△14.5	4,358	3.6
Total	13,346	13,880	△3.8	12,375	7.8



5. FY 2012 Earnings forecast



		FY2012					(JPY millions)
		1Q	2Q	1 st half (Actual)	2 nd half (Forecast)	FY2012 (Forecast)	FY2011 (Actual)
Sales		12,375	13,346	25,721	26,379	52,100	52,759
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Gross profit ratio		17.5%	19.6%	18.6%	20.2%	19.4%	19.1%
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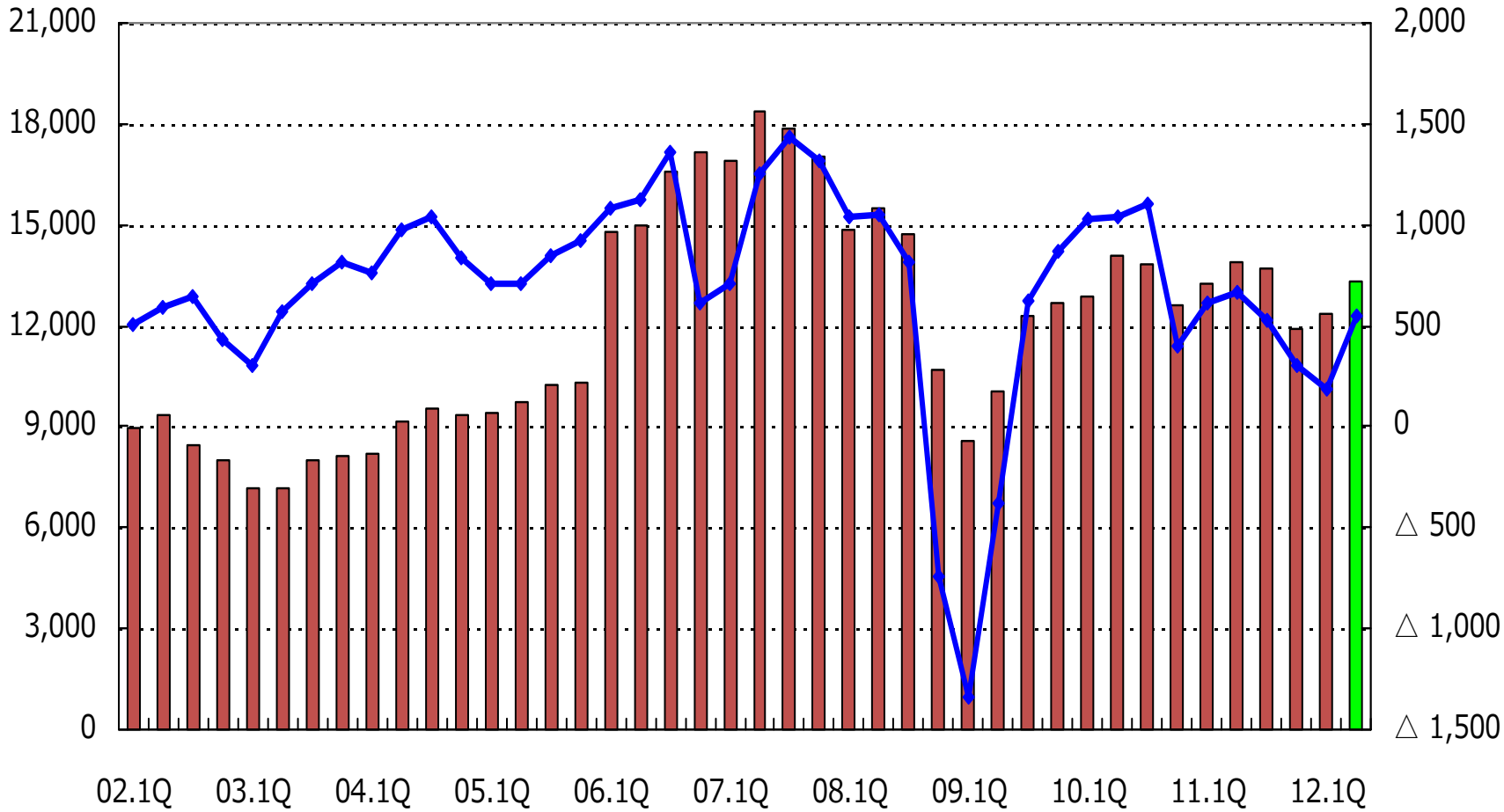
Performance by quarter



	03.1Q	03.2Q	03.3Q	03.4Q	04.1Q	04.2Q	04.3Q	04.4Q
Sales	7,202	7,162	8,033	8,140	8,187	9,179	9,519	9,361
Operating Income	301	571	709	813	764	979	1,036	832
	05.1Q	05.2Q	05.3Q	05.4Q	06.1Q	06.2Q	06.3Q	06.4Q
Sales	9,424	9,700	10,225	10,317	14,806	14,953	16,587	17,162
Operating Income	708	704	845	926	1,082	1,125	1,356	608
	07.1Q	07.2Q	07.3Q	07.4Q	08.1Q	08.2Q	08.3Q	08.4Q
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
	09.1Q	09.2Q	09.3Q	09.4Q	10.1Q	10.2Q	10.3Q	10.4Q
Sales	8,579	10,065	12,323	12,683	12,894	14,107	13,828	12,615
Operating Income	△1,344	△377	619	868	1,025	1,036	1,102	404
	11.1Q	11.2Q	11.3Q	11.4Q	12.1Q	12.2Q		
Sales	13,259	13,880	13,705	11,913	12,375	13,346		
Operating Income	618	661	530	300	191	552		

(Sales : JPY millions)

(Operating income: JPY millions)



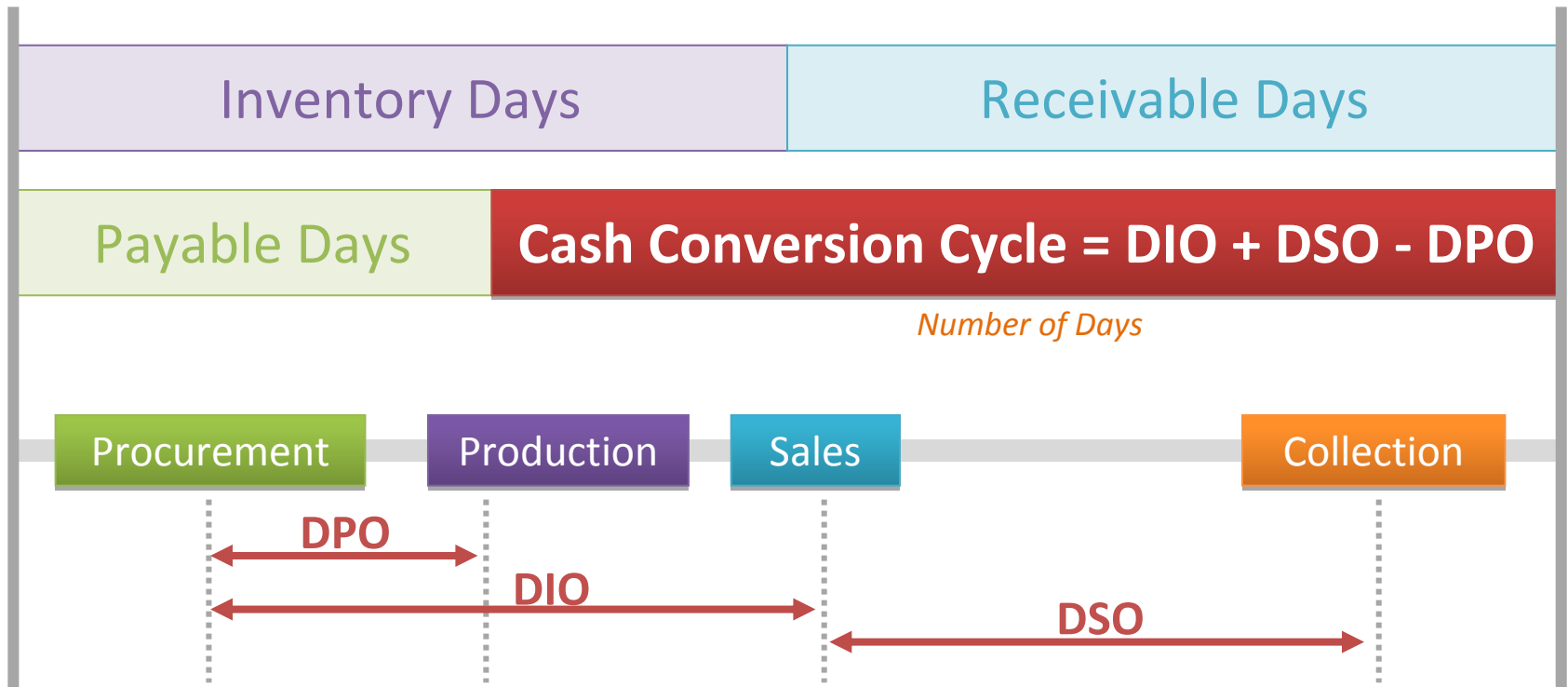
■ Sales ● Operating income

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APPENDIX



DIO = Days Inventory Outstanding

DSO = Days Sales Outstanding

DPO = Days Payable Outstanding