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FY2012 1st Half Results and Annual Forecast

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President and CEO



1. FY2012 1st Half Results

1. Executive Summary
2. FY2012 1st Half PL
3. Transition of Quarterly Sales and OP
4. Sales and OP by Segment(FY2011 1H vs FY2012 1H)
5. Factors of Increase or Decrease in OP
6. Sales and OP by Segment(FY2012 1H Plan vs Actual)
7. Overseas Sales Ratio
8. Measures for Positive Turnaround of Optical & Electric Devices Business
9. FY2012 1st Half BS

2. FY2012 2nd Half Efforts and Forecast

1. Revised Forecast and Executive Summary
2. Effect of Recent Chinese Issues
3. FY2012 Forecast (PL)
4. Sales and OP by Segment

5. Transition of Quarterly Forecast by Segment
6. Capital Investment by Region
7. R & D
8. R & D ~Toward Next Step
9. Transition of OP

3. Achievements and Efforts by Segment

1. Automotive
2. Information & Communications
3. Electronics
4. Electric Wire & Cable, Energy
5. Industrial Materials

4. Dividend and Payout Ratio



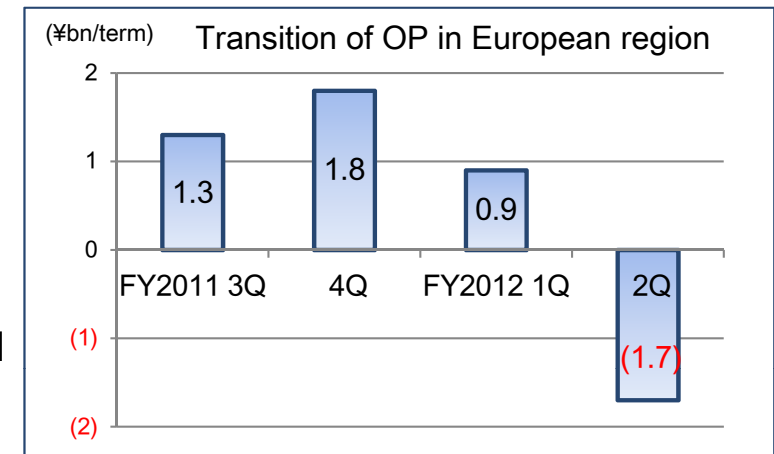
1. FY2012 1st Half Results



1-1. FY2012 1st Half Executive Summary

FY2012 1st Half Result

- ✓ A promising start was made in 1Q because of increase in demand for automotive parts, such as wire harness, vibration-proof rubber and sintered parts, in the background of recovery of global production of Japanese car manufacturers and eco-friendly car subsidy in Japan.
- ✓ In 2Q, however, the increase in demand slowed down particularly for wire harness and hard metal, due to increasingly prominent effects of reduced speed of growth in emerging markets, stagnant economy in Europe and also anti-Japan demonstration in China. Although it was expected that OP would increase in 2Q for seasonal reasons, it turned out to decrease as compared with 1Q.
- ✓ On top of the slowdown of growing business, normalization of yen appreciation beyond presuppositions at the beginning of the year (¥80/US\$, ¥105/€) and delayed start-up of FPC new product brought about decrease in OP as compared with the forecast, though both sales and OP increased as compared with the same period of the previous year.



Under the circumstances as above, following measures were carried out for recovery of performance and corporate constitutional reinforcement.

- ✓ Active restructuring of global bases for wire harness, in addition to transmission devices business
- ✓ Enhanced exploitation of global market under progressive yen appreciation, currently with overseas sales ratio at 47.9% (1.1% up from 2011 1H)
- ✓ Capital investment of ¥74.6bn (¥13.7bn up from 2011 1H) and R & D expenses of ¥46.4bn (¥5.5bn up from 2011 1H), continued investment for further growth in the future



1-2. FY2012 1st Half PL

FY2012 1st Half Result

- Income before income taxes and minority interests for FY2012 1H increased as compared with the same period of the previous year. Net income decreased, since those subsidiaries which incurred huge restructuring expenses (SEDI, WH subsidiaries in Europe) could not post deferred income tax assets.
- Income before income taxes and minority interests for FY2012 1H decreased as compared with the forecast due to the slowdown of economy and restructuring expenses in 2Q.

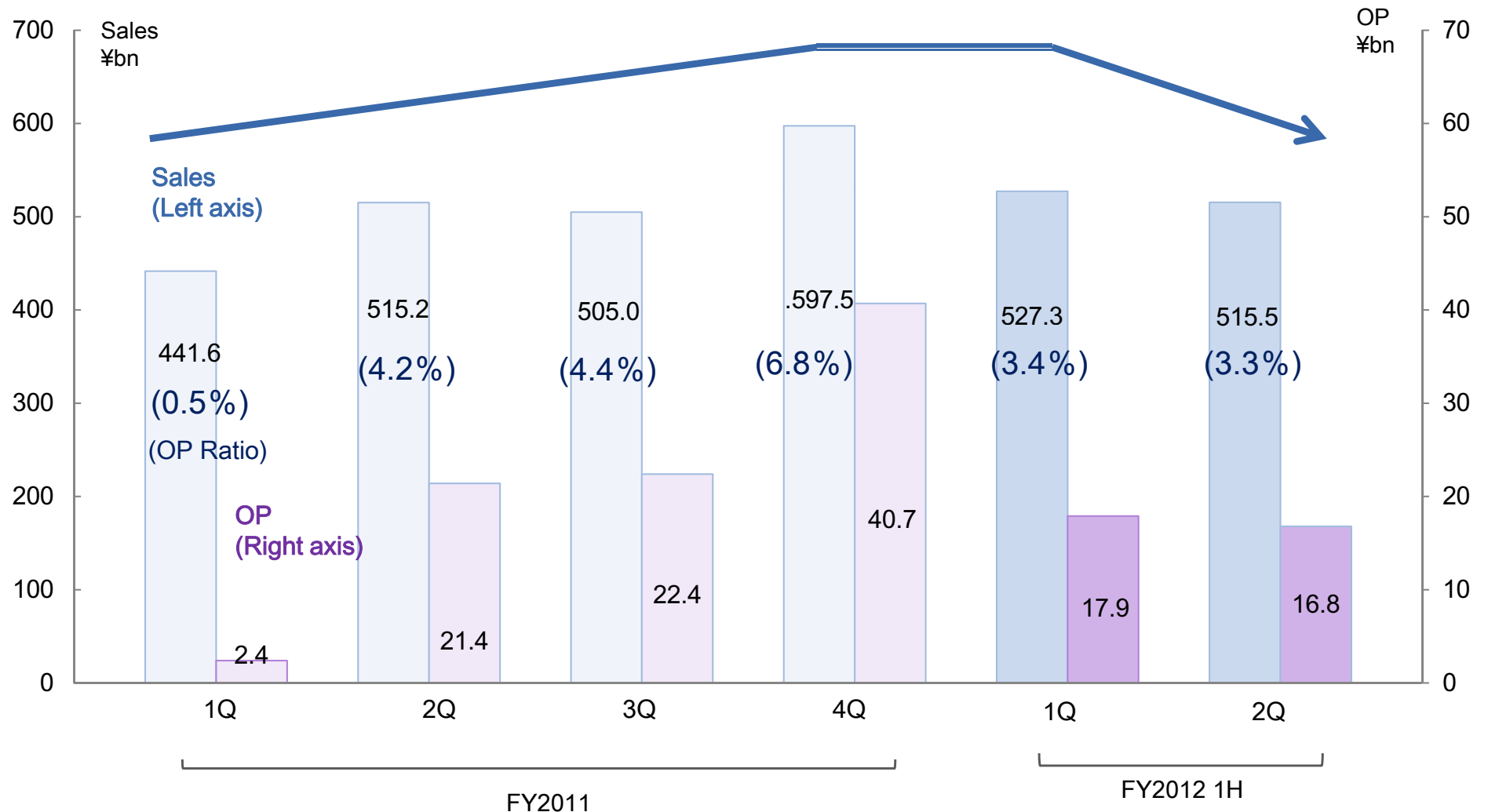
¥bn	FY2011 1st Half	FY2012 1st Half	FY2012 1st Half	Growth	Difference
	Actual①	Plan②	Actual③	③ / ①	③ / ②
Net Sales	956.8	1,000.0	1,042.8	+ 9%	+ 4%
Operating Profit	23.8	40.0	34.7	+ 46%	(13%)
Equity in Net Income	9.0	9.0	10.0	—	—
Ordinary Income	35.6	50.0	41.5	+ 17%	(17%)
Loss on Disaster	(5.3)	0.0	0.0	—	—
Restructuring Expenses	—	—	(6.2)	—	—
Extraordinary Others	(2.4)	(3.0)	(0.3)	—	—
Income before Income Taxes and Minority Interests	27.9	47.0	35.0	+ 25%	(26%)
Taxes & Minority Interests	(8.8)	(19.0)	(19.2)	—	—
Net Income	19.1	28.0	15.8	(17%)	(44%)



1-3. Transition of Quarterly Sales and OP

FY2012 1st Half Result

- After March 11 earthquake both sales and OP were on the path of recovery. Until FY2012 1Q our performance was steadily growing taking account of seasonal factors.
- In 2Q both sales and OP decreased as compared with 1Q due to continued stagnancy of Information & Communications in addition to the slowdown of growing business such as automotive and hard metal tool caused by reduced growth in Europe and emerging markets.



1-4. Sales and OP by Segment (FY2011 1H vs FY2012 1H)

FY2012 1st Half Result

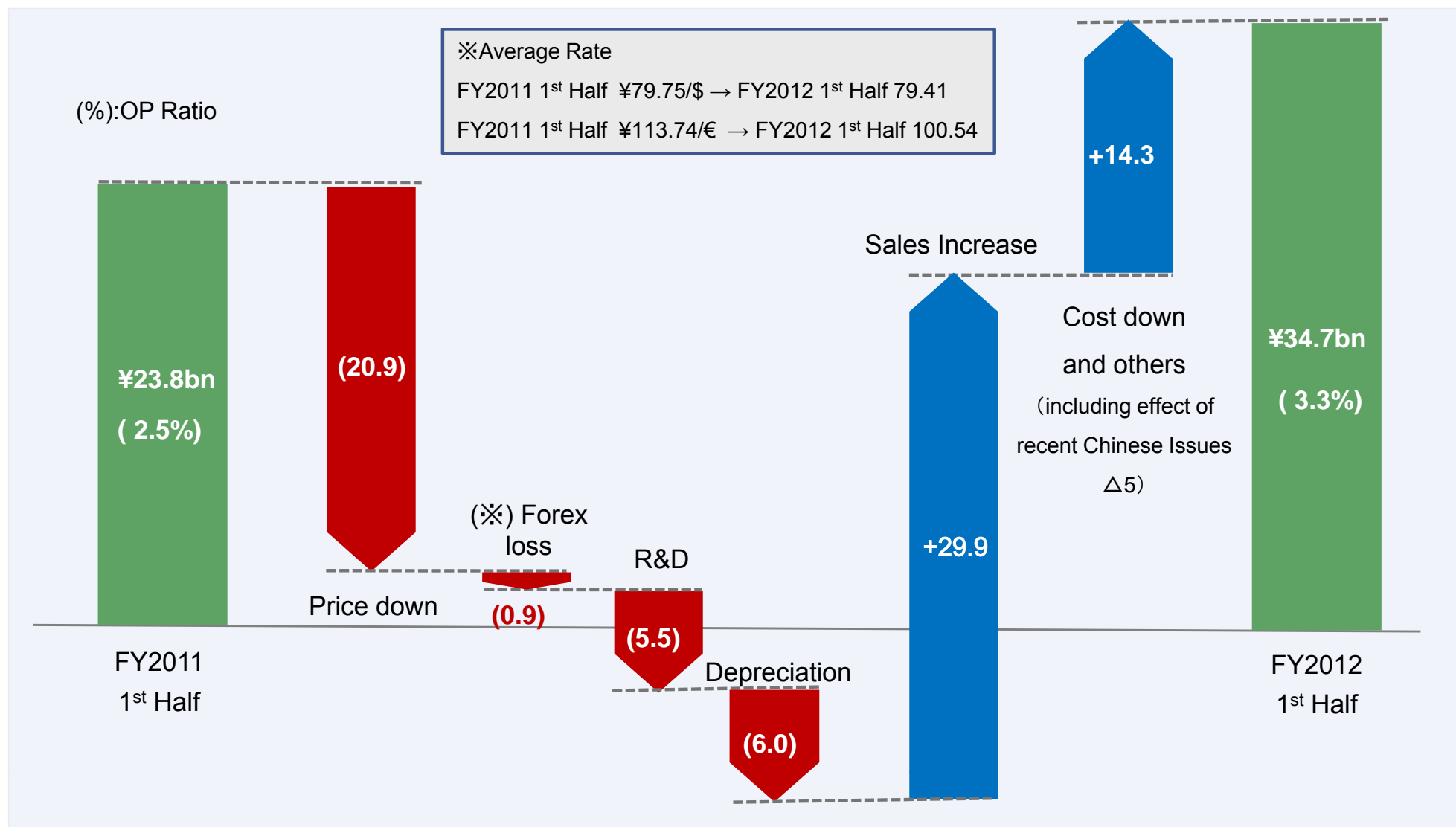
- Both sales and OP increased in FY2012 1H as compared with the same period of the previous year when there were strong effects from March 11 earthquake. By segment downturn of Optical & Electronic devices business made both sales and OP of Information & Communication worse and cost increase like depreciation expense, valuation loss of tungsten, etc made OP of Industrial Materials decrease.

¥bn	FY2011 1st Half						FY2012 1st Half						Increase/Decrease					
	1Q Actual		2Q Actual		Sales	OP	1Q Actual		2Q Actual		Sales	OP	1Q		2Q		Sales	OP
	Sales	OP	Sales	OP			Sales	OP	Sales	OP			Sales	OP	Sales	OP		
Automotive	194.0	(0.1)	257.3	14.1	451.3	14.0	274.4	15.7	256.6	12.9	531.0	28.6	+80.4	+15.8	(0.7)	(1.2)	+79.7	+14.6
Information & Communications	37.2	(2.2)	39.1	(2.0)	76.3	(4.2)	34.5	(4.2)	38.8	(3.6)	73.3	(7.8)	(2.7)	(2.0)	(0.3)	(1.6)	(3.0)	(3.6)
Electronics	41.6	(0.3)	44.5	0.3	86.1	0.0	47.1	0.0	52.0	1.0	99.1	1.0	+5.5	+0.3	+7.5	+0.7	+13.0	+1.0
Electric Wire & Cable, Energy	117.1	1.3	121.1	3.5	238.2	4.8	118.9	2.4	117.3	3.4	236.2	5.8	+1.8	+1.1	(3.8)	(0.1)	(2.0)	+1.0
Industrial Materials	65.6	3.7	70.6	5.5	136.2	9.2	69.1	4.0	68.4	3.3	137.5	7.3	+3.5	+0.3	(2.2)	(2.2)	+1.3	(1.9)
Eliminations	(13.9)	0.0	(17.4)	0.0	(31.3)	0.0	(16.7)	0.0	(17.6)	(0.2)	(34.3)	(0.2)	(2.8)	+0.0	(0.2)	(0.2)	(3.0)	(0.2)
Total	441.6	2.4	515.2	21.4	956.8	23.8	527.3	17.9	515.5	16.8	1,042.8	34.7	+85.7	+15.5	+0.3	(4.6)	+86.0	+10.9

1-5. Factors of Increase or Decrease in OP

FY2012 1st Half Result

- In 2012 1H sales quantities increased significantly based on production increase at Japanese car manufacturers as opposed to 2011 1H when there were strong effects from March 11 earthquake.
- Price down and cost up, such as depreciation and R&D restricted increase in OP by ¥10.9bn to ¥34.7bn.



1-6. Sales and OP by Segment (FY2012 1H Plan vs Actual)

FY2012 1st Half Result

- FY2012 1H OP was in deficiency of ¥5.3bn from the plan due to the slowdown of growing business such as Automotive and Industrial Materials in 2Q. By segment Automotive and Electric Wire & Cable, Energy achieved the plan. Downturn of Optical & Electronic devices made Information & Communications worse, delayed start-up of FPC new product made Electronics worse and slowdown of overseas markets made Industrial Materials worse and, as a result, neither sales nor OP of those segments met the plan.

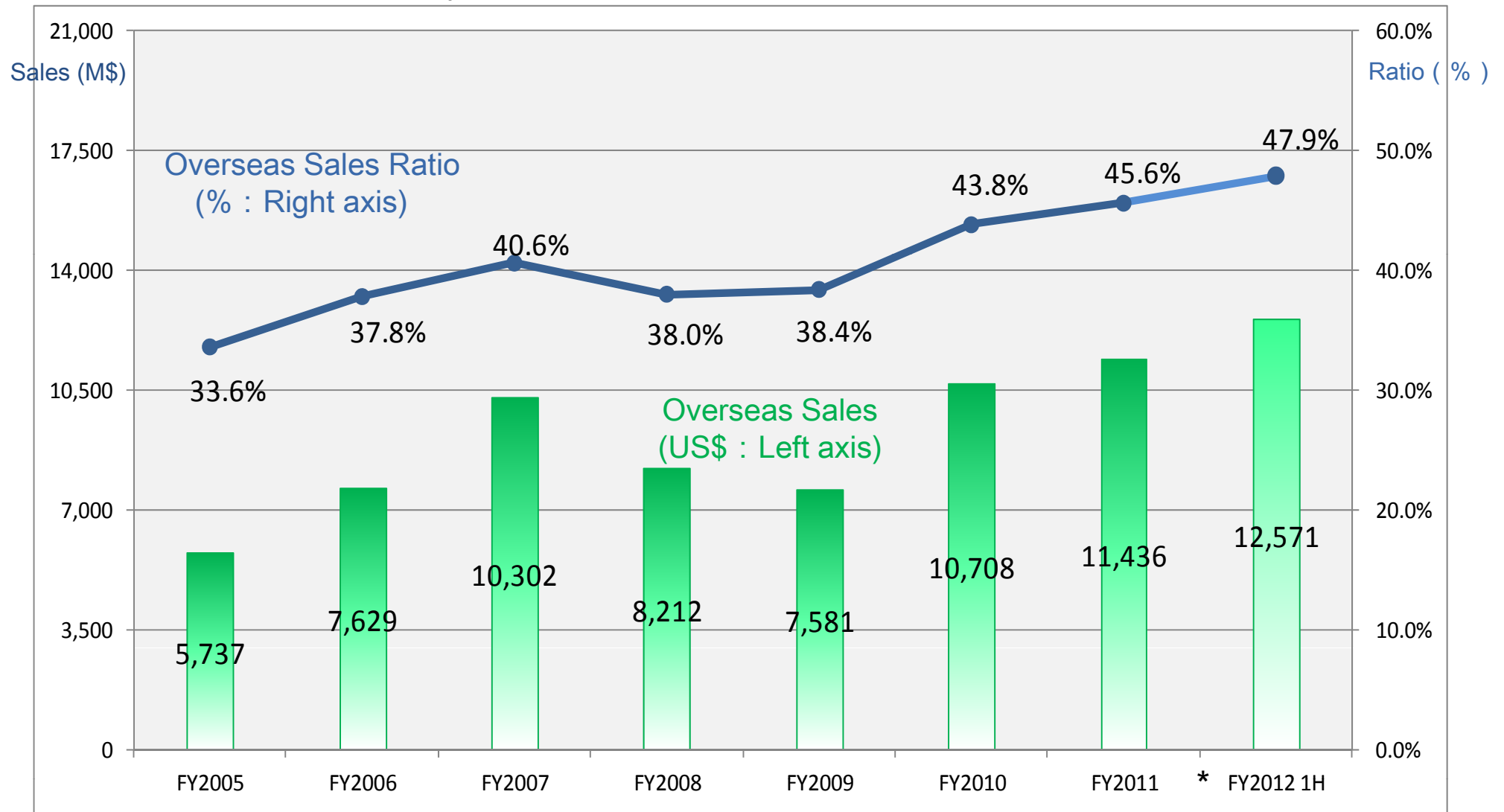
¥bn	FY2012 1st Half								Difference	
	Plan①		1Q Actual		2Q Actual		Total②		② - ①	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Automotive	520.0	28.0	274.4	15.7	256.6	12.9	531.0	28.6	+11.0	+0.6
Information & Communications	75.0	(6.0)	34.5	(4.2)	38.8	(3.6)	73.3	(7.8)	(1.7)	(1.8)
Electronics	105.0	3.0	47.1	0.0	52.0	1.0	99.1	1.0	(5.9)	(2.0)
Electric Wire & Cable, Energy	225.0	5.0	118.9	2.4	117.3	3.4	236.2	5.8	+11.2	+0.8
Industrial Materials	145.0	10.0	69.1	4.0	68.4	3.3	137.5	7.3	(7.5)	(2.7)
Eliminations	(70.0)	0.0	(16.7)	0.0	(17.6)	(0.2)	(34.3)	(0.2)	+35.7	(0.2)
Total	1,000.0	40.0	527.3	17.9	515.5	16.8	1,042.8	34.7	+42.8	(5.3)



1-7.Overseas Sales Ratio

FY2012 1st Half Result

- Despite the slowdown of European and emerging markets, overseas sales increased steadily. It increased by 10% in US\$ value in FY2012 1H.
- Its ratio in FY2012 1H went up to 47.9%.

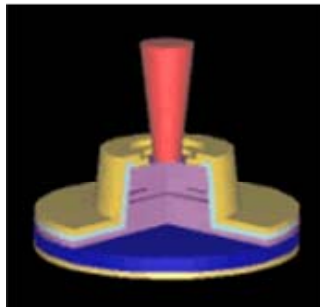


* Sales in FY2012 1H was adjusted to annual (doubled)

Restructuring actions for speeding positive turnaround

- Currently 5 domestic bases, 2 overseas bases → Closure and unification of domestic bases, acceleration of overseas production shift
- Narrowing down theme of new product development, retreat from unprofitable business
- Shift of surplus staffs to other departments generated from reorganization of R&D and improvement of production efficiency
 - Restructuring expenses of around ¥4bn was posted in September 2012 for impairment charges and stock valuation losses

Capture of growing markets, enhanced globalization



VCSEL (Vertical Cavity Surface Emitting Laser)

VCSEL business unit was purchased from Emcore, U.S.A. in May 2012

Application

- Data Center
- Super Computer



▲SEDV 社外観

Full-scale operation started at Vietnamese factory in April 2012
Accelerating production shift to mitigate yen appreciation and to lower production cost

Forecast in 2012 2H

Performance of Optical & Electronic devices business was deficit in FY2012 1H, but will post a small profit in 2H.

[Sales] ¥18.1bn (FY2012 1H) → ¥20.6bn (2H)

- Electronic Device : LTE base station, Satellite
- Optical link:40/100GHz
- VCSEL: Data Center

[Cost reduction]

- Accelerated shift of surplus staffs
- Narrowing down theme of R&D to reduce R&D expenses



1-9. FY2012 1st Half BS

FY2012 1st Half Result

- Shareholders' equity ratio was 47.6% at almost the same level as the previous year, though accumulated other comprehensive income decreased due to low stock prices and yen appreciation.
- Debt / Equity Ratio went up to 0.40% by 0.03point from the previous year due to increase in interest bearing debt made by increase in fixed assets investment.

¥bn	FY2010	FY2011	FY2012 1H
Current Assets	988.8	1,047.4	1,002.2
Non- current Assets	967.5	1,024.7	1,041.3
Current Liabilities	531.0	635.9	595.6
Non-current Liabilities	332.7	297.3	319.1
(Interest bearing Debt)	341.9	364.1	388.4
Shareholders' Equity	966.9	1,011.3	1,019.1
Accumulated Other Comprehensive Income	(17.8)	(23.3)	(45.8)
Minority Interest/Share Warrants	143.5	150.9	155.5
Total Assets	1,956.3	2,072.1	2,043.5
Shareholders' Equity Ratio	48.5%	47.7%	47.6%
Debt / Equity Ratio	0.36	0.37	0.40



2. FY2012 2nd Half Efforts and Forecast



2-1. Revised Forecast and Executive Summary

FY2012 1st Half Result

✓ Business circumstances in FY2012 2H are extremely uncertain about trend of global economy in addition to the recent Chinese Issues. Taking account of currently foreseeable risks, forecasted OP was adjusted downward to ¥87.0bn.

- Decrease in sales by Japanese car manufacturers due to anti-Japan demonstration in China
- Revision of sales plans for hard metal, etc. made in the beginning of the year, based on the slowdown in Europe and emerging markets

- Unachievable recovery of performance forecasted in the beginning of the year for Optical & Electronic devices

- Delayed start-up of FPC new product

- Progressive yen appreciation against other currencies such as Euro (Negative impact of ¥1.0bn to OP forecast)

Currency	Forecast (Annual average)	Revised forecast	
		Annual average	incl., 2H
\$	80.00	79.71	(80.00)
Euro	105.00	100.27	(100.00)
Yuan	12.81	12.46	(12.37)
Thai Baht	2.67	2.53	(2.51)

✓ Further acceleration of business development into growing markets and areas even under unfavorable trend of business circumstances.

- Enhanced sales promotion to growing markets through further increase in overseas sales ratio
- Thorough cost reduction through best mixture of production system making use of global production bases

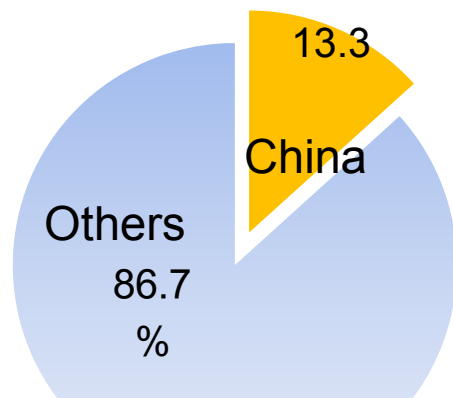
- R&D expenses not to be changed from ¥93.0bn as forecasted for future growth. Fulfillment of R&D themes for 12Vision and further acceleration of product development and its commercialization for 17Vision



2-2. Effect of Recent Chinese Issues

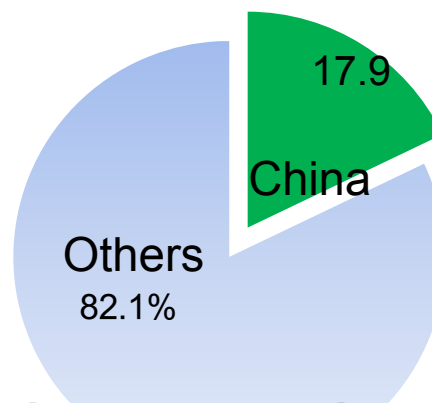
FY2012 1st Half Result

SEI Chinese sales ratio and Chinese production ratio



Chinese sales ratio

(FY2012 1H Actual)



Chinese production ratio

(FY2012 1H Actual)

On SEI consolidated financial statements at FY2012 1H

Chinese sales ratio : 13.3%

Chinese production ratio : 17.9%

China is extremely important as a market and a production base and is increasing its presence.

Chinese risks taken in Revised forecast, future policy on Chinese production

It is very difficult to foresee effect of anti-Japan demonstration. Available information such as decrease in sales by Japanese car manufacturers is taken in the revised forecast.

(For Japanese related -50% in Oct, -40% in Nov, -30% in Dec-Mar)

Effect on OP

¥ bn	1H	2H		FY2012	
		3Q	4Q		
Automotive	(0.5)	(5.3)	(3.4)	(8.7)	(9.2)
Others	0.0	(0.4)	(0.4)	(0.8)	(0.8)
Total	(0.5)	(5.7)	(3.8)	(9.5)	(10.0)

Taking account of such risks as a country risk, pay increase, etc, global production bases would be shifted to South East Asia. On the other hand Chinese market is still important and, therefore, production and investment at Chinese production bases would be kept for local production to local consumption.



2-3. FY2012 Forecast (PL)

FY2012 1st Half Result

- Forecasted sales was adjusted downward to ¥2,100bn, OP to ¥87.0bn, ordinary income to ¥100.0bn, net income to ¥45.0bn.

Presuppositions for the forecast Forex: ¥80/US\$ ¥100/€

Copper: ¥0.65million/ton (LME 7500US\$/ton)

¥bn	FY2011 Actual①	FY2012 Forecast			FY2012 Revised Forecast			Increase/ Decrease ③-①	Difference ③-②
		1H Plan	2H Plan	Total②	1H Actual	2H Plan	Total③		
Net Sales	2,059.3	1,000.0	1,200.0	2,200.0	1,042.8	1,057.2	2,100.0	+40.7	(100.0)
Operating Profit	86.9	40.0	70.0	110.0	34.7	52.3	87.0	+0.1	(23.0)
Equity in Net Income	20.5	9.0	11.0	20.0	10.0	10.0	20.0	(0.5)	-
Ordinary Income	106.7	50.0	80.0	130.0	41.5	58.5	100.0	(6.7)	(30.0)
Net Extraordinary Loss	(6.7)	(3.0)	(8.0)	(11.0)	(6.5)	(1.5)	(8.0)	(1.3)	+3.0
Income before Income Taxes and Minority Interests	100.0	47.0	72.0	119.0	35.0	57.0	92.0	(8.0)	(27.0)
Income Taxes, Minority Interests	(41.1)	(19.0)	(30.0)	(49.0)	(19.2)	(27.8)	(47.0)	(5.9)	+2.0
Net Income	58.9	28.0	42.0	70.0	15.8	29.2	45.0	(13.9)	(25.0)



2-4. Sales and OP by Segment

FY2012 1st Half Result

- Forecasted OP was decreased by ¥23.0bn. Roughly speaking, breakdown of the decrease would be ¥10.0bn for effect of the recent Chinese issues largely for Automotive, ¥7.0bn for the slowdown of European and emerging markets for hard metal tool and ¥6.0bn for the delayed recovery of transmission devices business and delayed start-up of FPC new product.

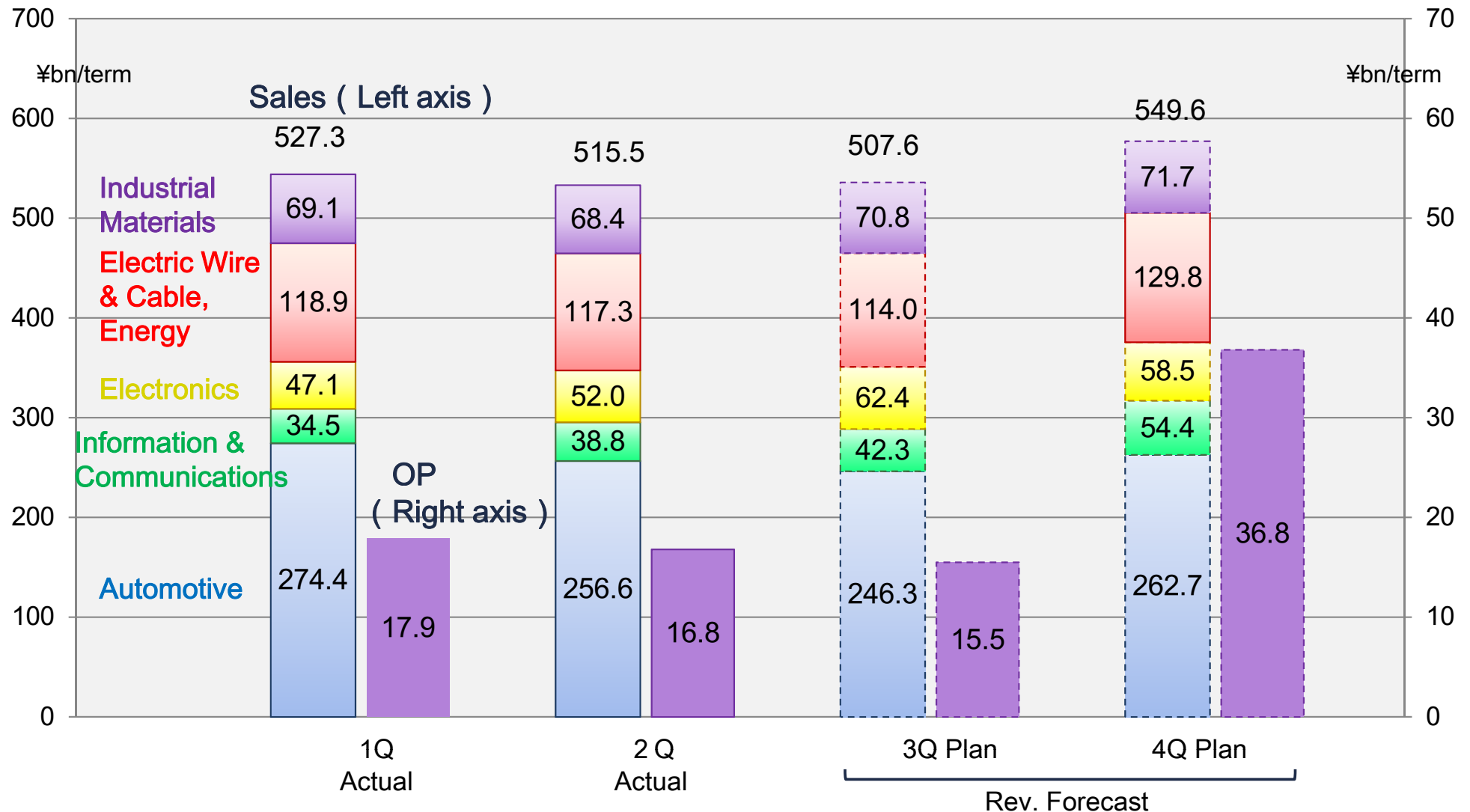
	FY2012 Forecast						FY2012 Revised Forecast						Difference					
	1H		2H				1H		2H				1H		2H			
¥bn	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Automotive	520.0	28.0	560.0	33.0	1,080.0	61.0	531.0	28.6	509.0	24.9	1,040.0	53.5	+11.0	+0.6	(51.0)	(8.1)	(40.0)	(7.5)
Information & Communications	75.0	(6.0)	115.0	7.0	190.0	1.0	73.3	(7.8)	96.7	3.8	170.0	(4.0)	(1.7)	(1.8)	(18.3)	(3.2)	(20.0)	(5.0)
Electronics	105.0	3.0	135.0	6.0	240.0	9.0	99.1	1.0	120.9	4.5	220.0	5.5	(5.9)	(2.0)	(14.1)	(1.5)	(20.0)	(3.5)
Electric Wire & Cable, Energy	225.0	5.0	255.0	12.0	480.0	17.0	236.2	5.8	243.8	10.2	480.0	16.0	+11.2	+0.8	(11.2)	(1.8)	+0.0	(1.0)
Industrial Materials	145.0	10.0	165.0	13.0	310.0	23.0	137.5	7.3	142.5	8.7	280.0	16.0	(7.5)	(2.7)	(22.5)	(4.3)	(30.0)	(7.0)
Eliminations	(70.0)	0.0	(30.0)	(1.0)	(100.0)	(1.0)	(34.3)	(0.2)	(55.7)	0.2	(90.0)	0.0	+35.7	(0.2)	(25.7)	+1.2	+10.0	+1.0
Total	1,000.0	40.0	1,200.0	70.0	2,200.0	110.0	1,042.8	34.7	1,057.2	52.3	2,100.0	87.0	+42.8	(5.3)	(142.8)	(17.7)	(100.0)	(23.0)



2-5. Transition of Quarterly Forecast by Segment

FY2012 1st Half Result

- 3Q OP was forecasted as ¥15.5bn, since negative effects in Automotive by the recent Chinese issues and the end of eco-friendly car subsidy seemed to appear stronger than increase in Electronics for FPC new project.
- 4Q OP was forecasted as ¥36.8bn because of such seasonal reasons as system and construction projects taking place coincidentally in this period. The negative effects in Automotive as above was taken into account, but was expected to mitigate compared with 3Q.



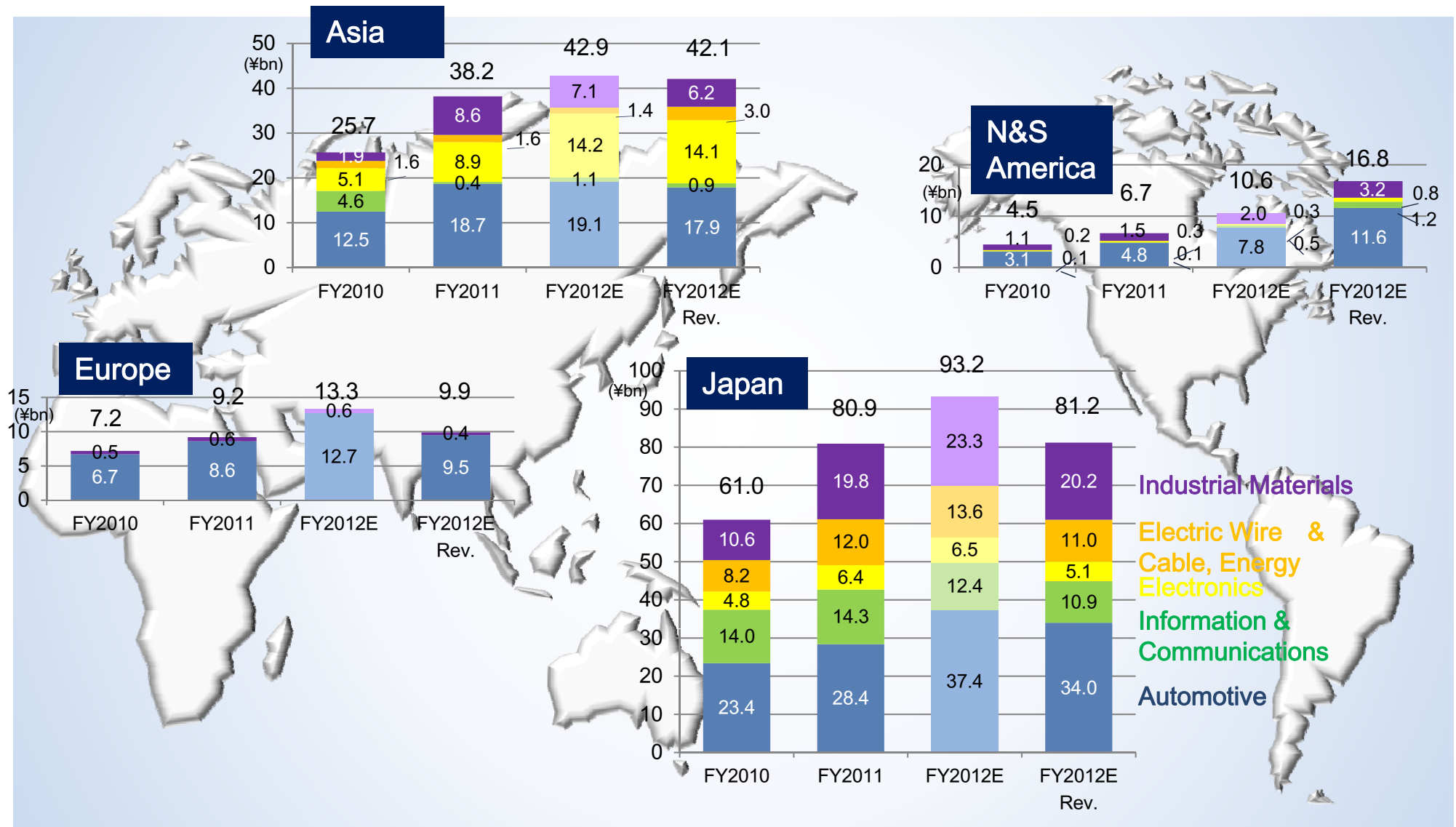
※Sales figures are after adjustment of intersegment sales



2-6. Capital Investment by Region

FY2012 1st Half Result

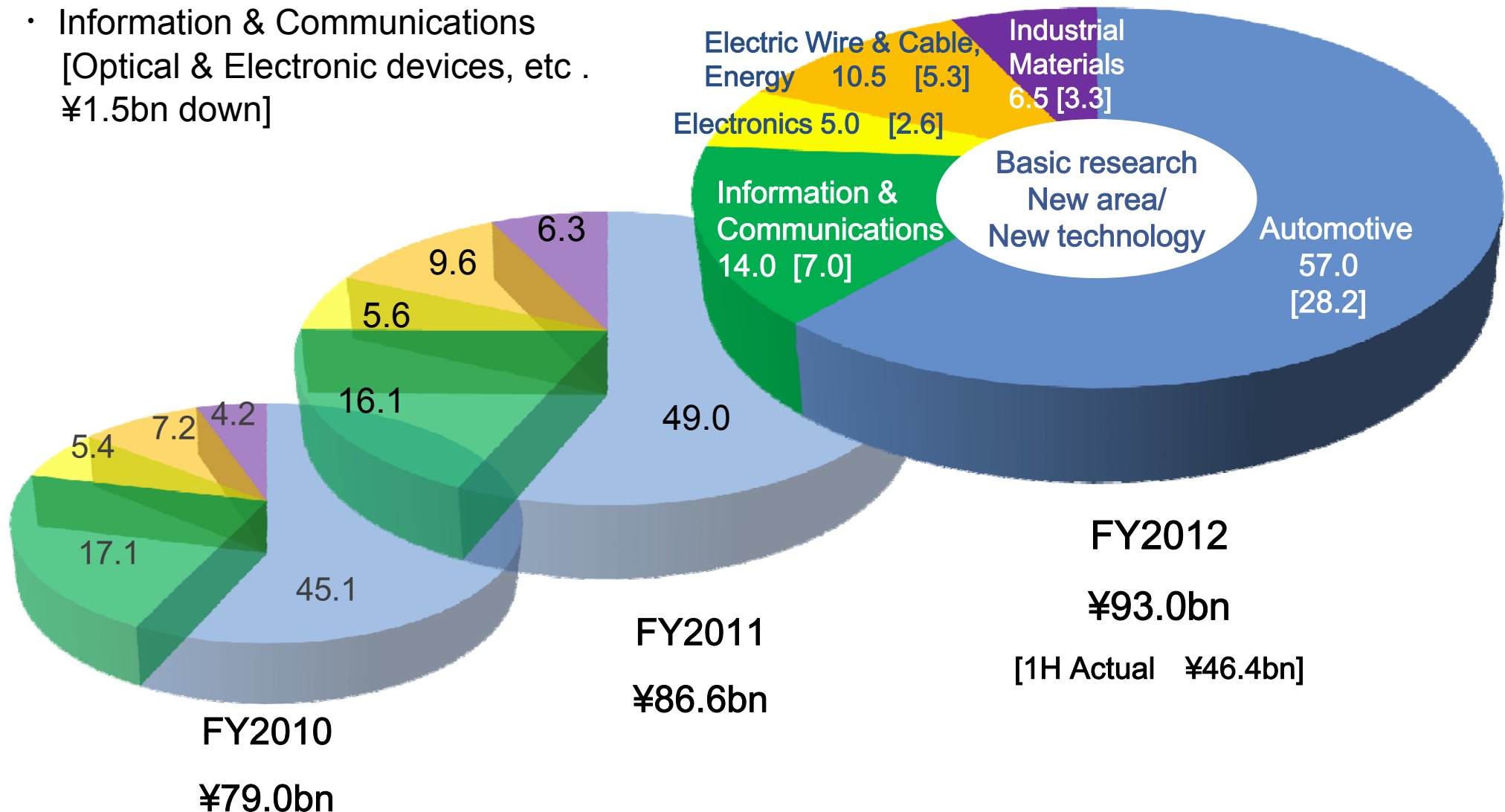
- Capital investment in FY2012 decreased to ¥150bn by ¥10.0bn from the forecast reflecting the slowdown of markets. By segment investment in Industrial Materials decreased largely. By region investment in Japan and Europe decreased considerably.



2-7. R&D

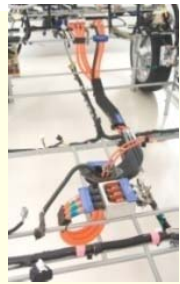
FY2012 1st Half Result

- R&D expenses for future growth shall be no change from ¥93.0bn as forecasted, 7.4% up from the previous year. Under slowdown situation themes shall be selected carefully and breakdown may change from the forecast.
- Automotive ¥2.0bn up
- Information & Communications [Optical & Electronic devices, etc. ¥1.5bn down]





2-8. R&D -toward next step-



Parts for eco-friendly car



Nano crystalline diamond
CBN-ceramics new material
Magnetic power material

Challenge for innovatively low environmental impact type material, system technology

Superconductivity wire, coil, motor
Concentrator photovoltaic (CPV) unit
Redox flow battery



Redox flow battery



Reactor

Innovation for next generation safety & ecology friendly car

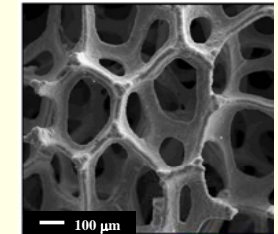
Technology for light weight WH
Power, drive related system
Electricity supply system

Industrial Materials

Electric Wire & Cable, Energy

Decentralized electric power system

Water treatment
Ballast water treatment
Molten salt battery
Aluminum-celmet
Electricity generator devices
Nano connection technology



Aluminum-celmet

Increase in global presence
Strengthening top technology

Automotive

Electronics

Innovation for ecology & resources-friendly materials

Green semiconductor laser
Power devices
Mg alloy

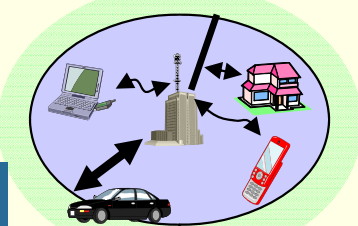


AZ91 Magnesium alloy cover for lap top computer

Information & Communications

Creation of new business applying optical technology

Business development of next generation optical communication



Mobile communication network

Optical branch network (PON)
Next generation transmission technology (40G·100Gbit/s)
Next generation optical fiber (Trunk line over100Gbit/s/ch)



Large capa. High speed Optical transceivers

Composition imaging system by far-red light

High speed traffic wire (Thunderbolt)



Optical Thunderbolt cable



High efficiency wireless Amplifier

Wireless unit for base station
GaN HEMT devices
Millimeter waveband IC (MMIC)

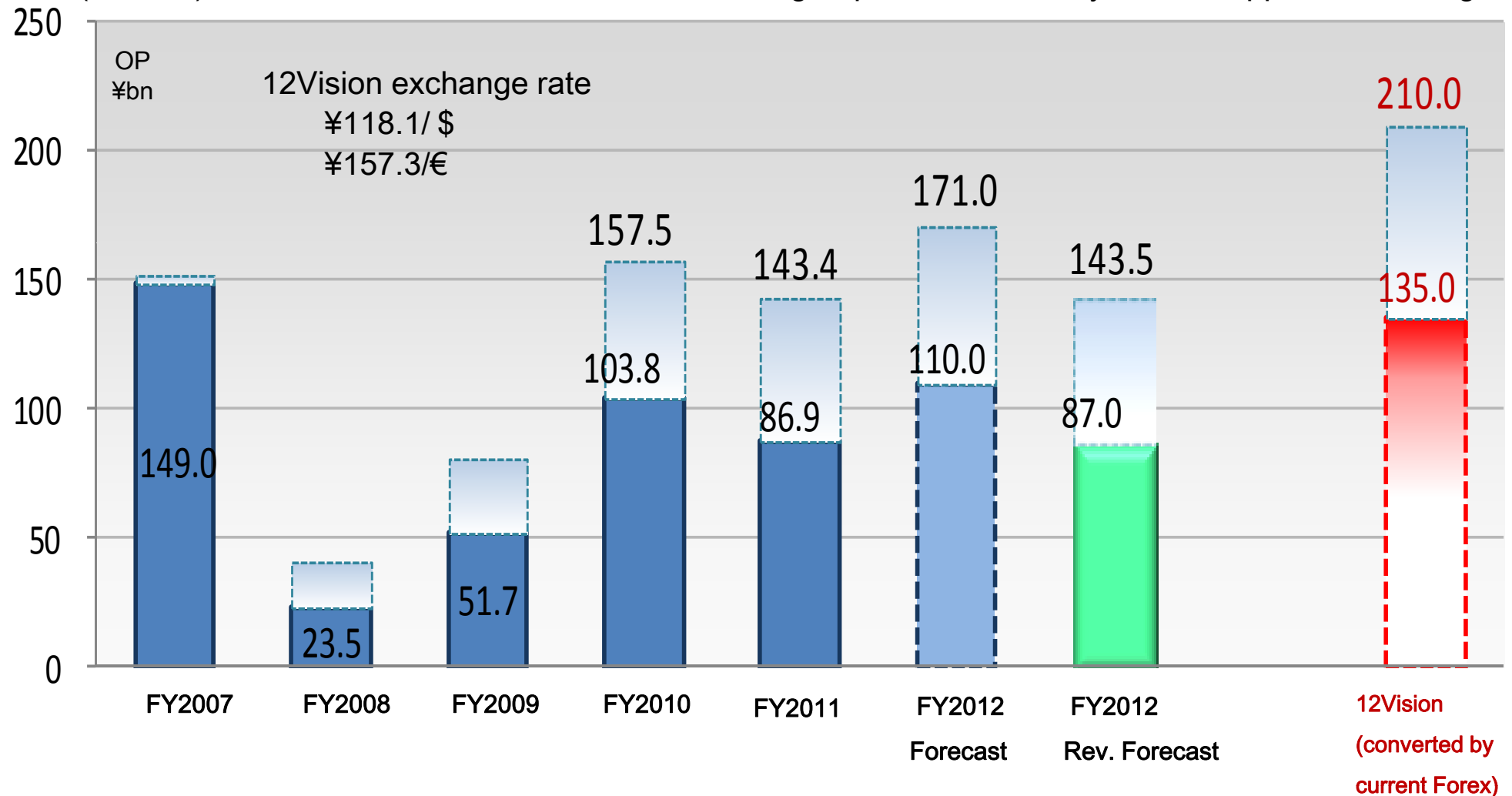
Business development of wireless broad-band access



2-9. Transition of OP

FY2012 1st Half Result

- FY2012 OP was adjusted downward to ¥87.0bn. If converted by Forex at the time 12Vision was planned, OP would be a little more than ¥140bn. Although 12Vision OP converted by current Forex (¥135bn) is difficult to achieve, we, as a whole SEI group, will make every effort to approach the target.

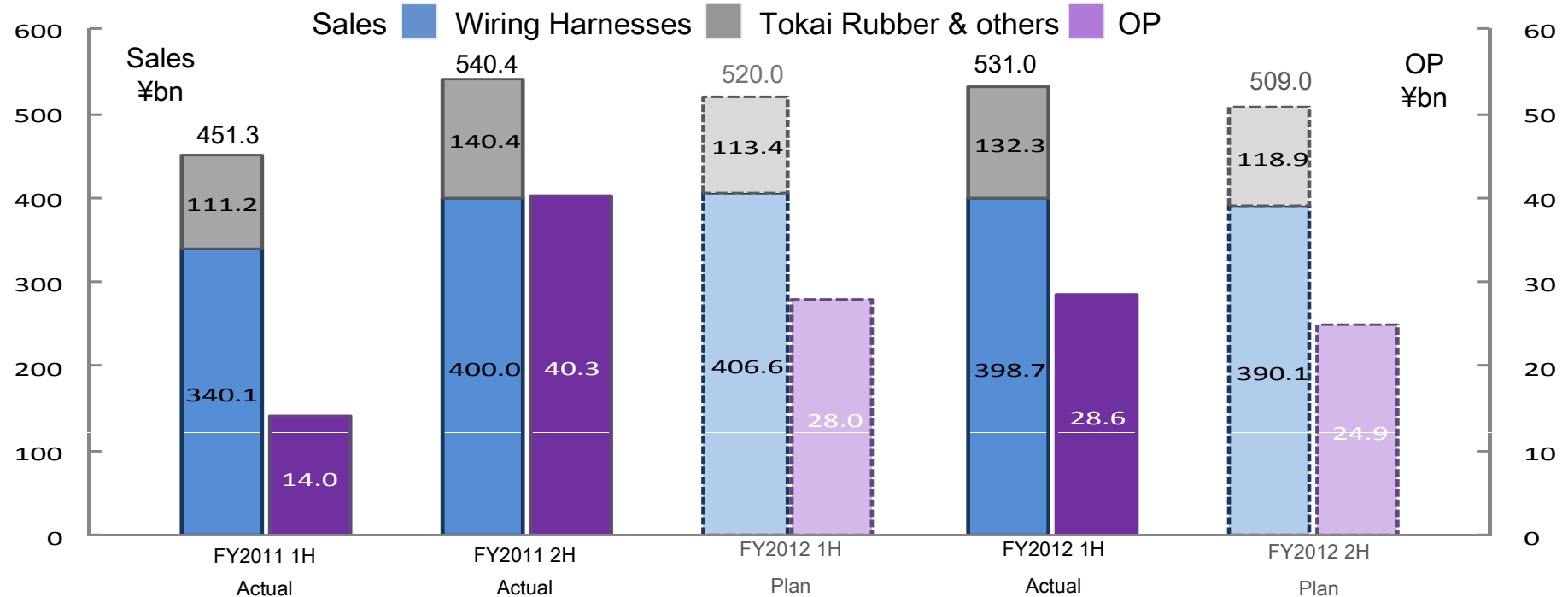




3 . Achievements and Efforts by Segment



3-1. Automotive



FY2012 1H

- As opposed to FY2011 1H with strong effects from March 11 earthquake, sales quantity increased and both sales and OP increased in the background of recovery of global production at Japanese car manufacturers and eco-friendly car subsidy in Japan.
- As compared with the forecast, 1Q performance was steady, and 2Q OP increased only a little due to increasingly prominent effects of the slowdown in Europe and emerging markets and also anti-Japan activities in China.
- Capital investment of ¥34.1bn was made for enhanced global production and ¥28.2bn was expensed for R&D to develop new products.

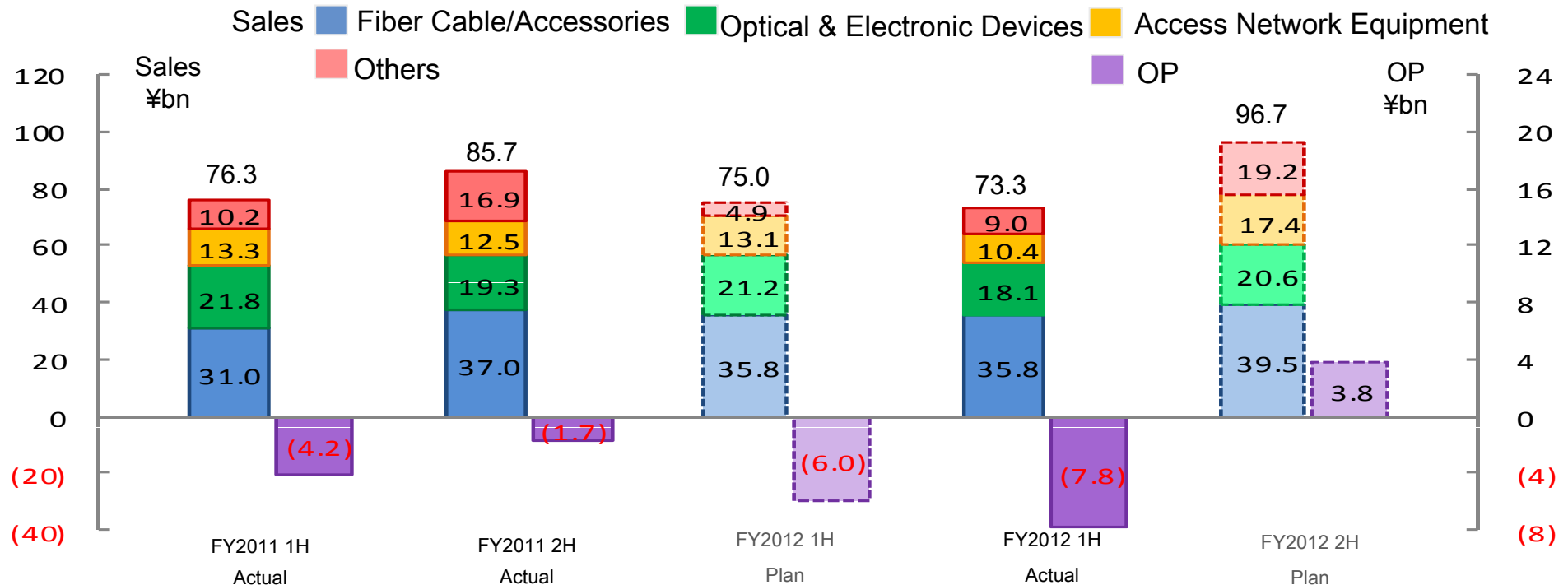
FY2012 2H

- Both sales and OP were forecasted to decrease as compared with both FY2011 2H and FY2012 1H due to effects of the recent Chinese issues and the end of eco-friendly car subsidy.
- Enhanced sales promotion to European car manufacturers to increase market share.
- Best mixture of global production bases.
 - Production capa. increase in South East Asia and avoidance of intensive production bases in China, C.R.
 - Production capa. increase in Mexico for U.S.A market
- Development of HV/AL/Optical WH for eco-friendly car.



3-2. Information & Communications

FY2012 1st Half Result



FY2012 1H

- The deterioration of Optical & Electronic devices was so significant that OP decreased from FY2011 1H by ¥3.6bn, though overseas demand for optical fiber cable increased.
- OP decreased from the forecast by ¥1.8bn due to Optical & Electronic devices.
- Optical & Electronic devices : Restructuring activities such as narrowing down theme of new product development and posting restructuring expenses of ¥4.0bn for impairment loss and inventory written down.

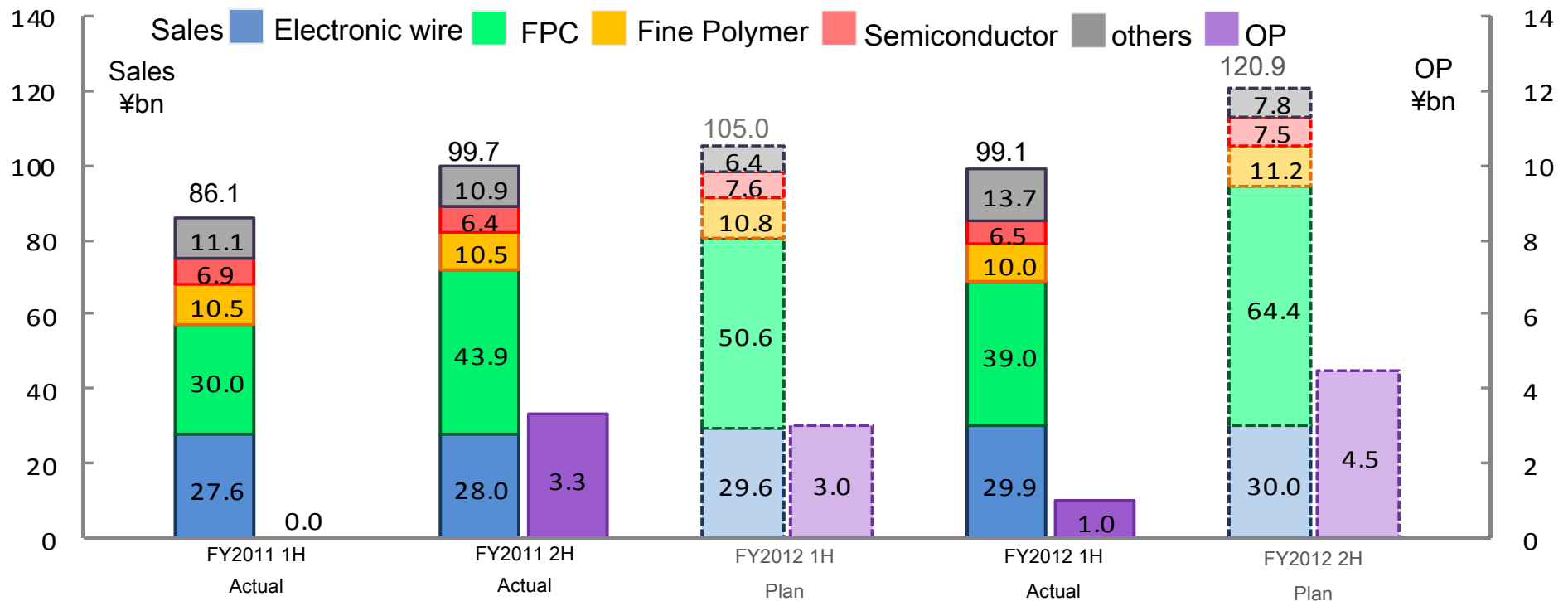
FY2012 2H

- Further sales promotion of optical fiber & cable , accessories in global markets.
- Optical & Electronic devices : Early positive turnaround from restructuring activities
 - Sales promotion in a growing market such as VCSEL
 - Further production shift and cost reduction at Vietnamese factory starting full-scale operation in April
 - Sales promotion of GaN devices for LTE, devices for 40/100Gbps optical transmission
- Network products : Further sales promotion in overseas markets of such as CATV products to U.S.A.
- Development and sales promotion of new ITS products such as safe drive supporting system.



3-3. Electronics

FY2012 1st Half Result



FY2012 1H

- Both sales and OP increased from FY2011 1H due to sales increase in FPC for smart phone and Thunderbolt cable.
- OP was as low as ¥1.0bn as compared with the forecast because of delayed start-up of FPC new product and damaged profitability caused by intensified competition of price and yen appreciation
- Electronic wire: Start of sales promotion of High speed IF (Thunderbolt cable)
- FPC: Production capacity increase mainly in Asia.

FY2012 2H

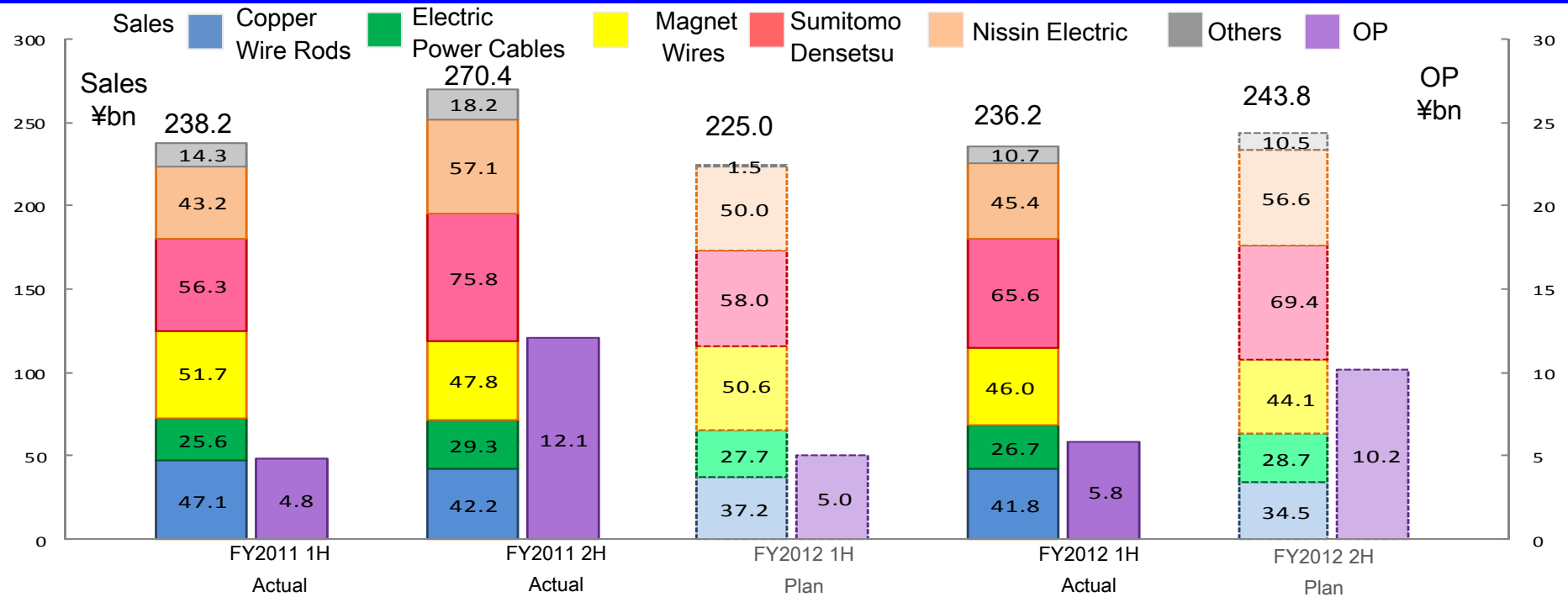
- Electronic wire: Sales promotion of new products (Thunderbolt cable, Tab-lead for automotive)
- FPC:
 - Securing orders and deliveries for new products for smart phone
 - Securing orders for a new application such as tablet PC
 - Production capa. Increase in China and South East Asia and firm start-up of new products
- Fine Polymer: Sales promotion of tubes, water treatment module
- Semiconductor: Development and sales promotion of GaN substrate for white LED, Green laser
- Others: Development and sales promotion of Mg alloy

* Thunderbolt is a trademark of Intel.



3-4. Electric Wire ,Cables and Energy

FY2012 1st Half Result



FY2012 1H

- OP increased from FY2011 1H by ¥1.0bn due to increase in “celmet” and sound performance of Sumitomo Densetsu, though sales of copper wire rod and magnet wire decreased because of copper price down.
- OP increased from the forecast by ¥0.8bn, as both sales and OP increased at Sumitomo Densetsu.
- Stable demand for celmet for HEV. Co-development of aluminum capacitor for Li-ion battery with Meidensha.

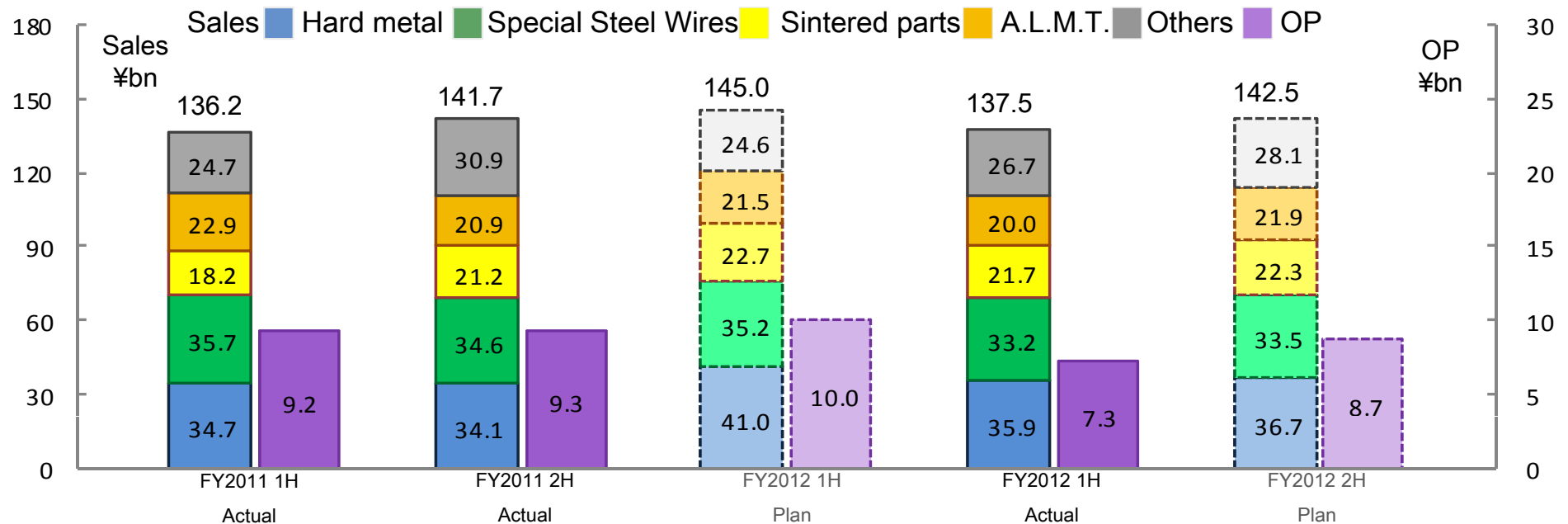
FY2012 2H

- Sales promotion of WR in growing Asian markets
- Industrial wire : Capture of orders for reconstruction and building after March 11 earthquake
- Magnet wire : Sales promotion and securing orders for scratch resistant magnet wire for HEV/EV
- JPS : Start-up of production bases in India and Saudi Arabia and capture of overseas demand
- Development and sales promotion of renewable energy related products
- Expansion of business such as overseas electrification construction by Sumitomo Densetsu and Charged particle beam-oriented equipment by Nissin Electric.



3-5. Industrial Materials

FY2012 1st Half Result



FY2012 1H

FY2012 2H

- OP decreased from FY2011 1H by ¥1.9bn due to cost increase such as depreciation expenses, yen appreciation and valuation loss of tungsten, though demand for automotive parts such as sintered parts, spring wire and hard metal tool increased.
- Both sales and OP decreased from the forecast, because of unachieved sales target of hard metal in domestic and overseas markets and decrease in demand for A.L.M.T. caused by the slowdown in emerging markets.
- Contracts were made for production joint ventures for hard metal and sintered parts in Indonesia. New sales offices were established for hard metal in Turkey, Brazil and Indonesia.

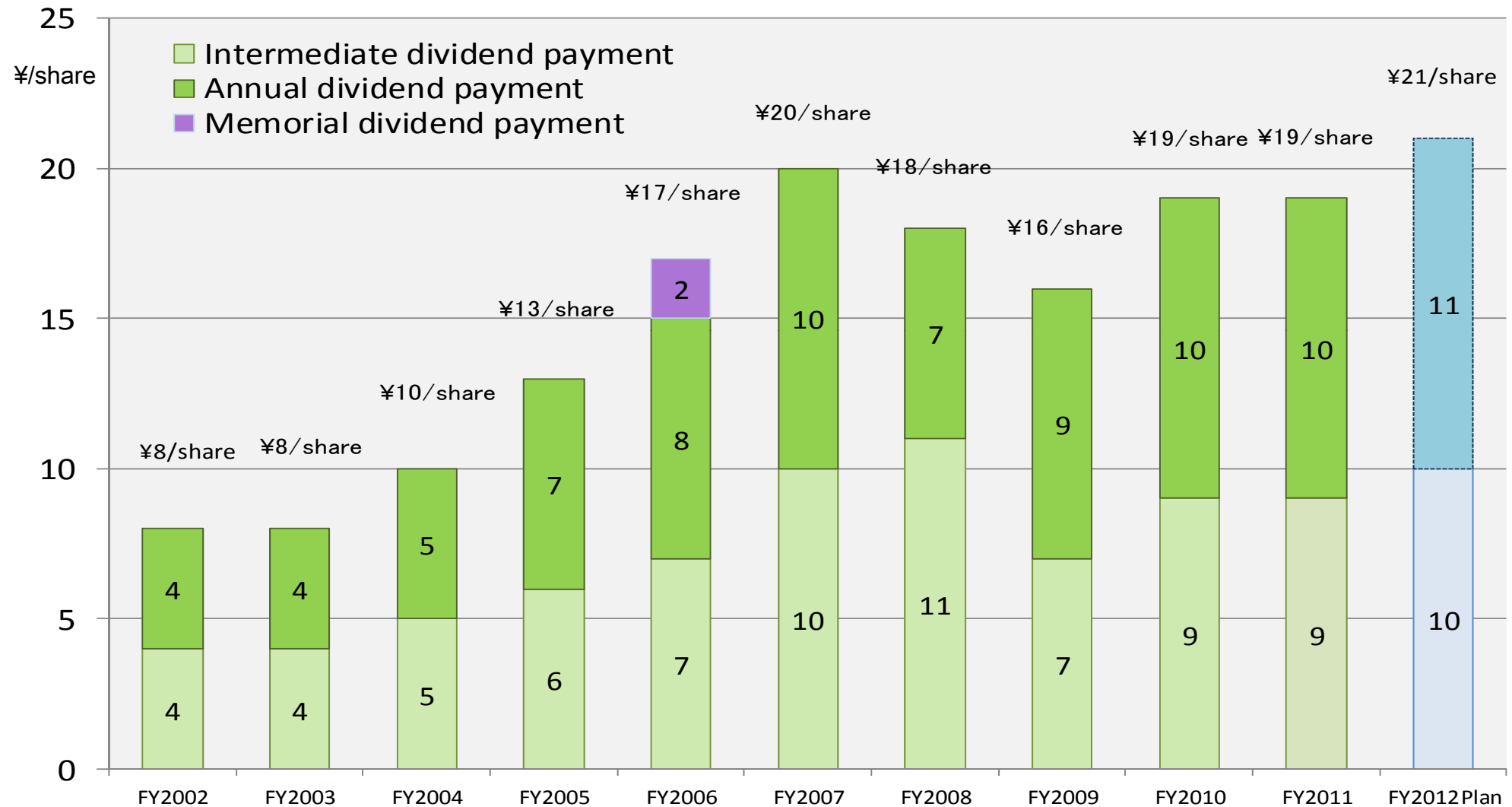
- Hard metal: Sales promotion through enhancement of sales office network in N. America and emerging markets
- Sintered parts: Enhanced development of eco-friendly parts (VVT, CVT, etc)
- Hard metal ·Sintered parts: Smooth start-up of production bases set up in this year in Indonesia (scheduled to start operation in Feb.-Apr. 2013)
- A.L.M.T.: Sales promotion of heat sink for base station and Molybdenum products
- Hard metal·A.L.M.T.: Establishment and expansion of tungsten recycle
- Special steel wire: Securing orders for PC for demand for rehabilitation from March 11 earthquake



4 . Dividend and Payout Ratio

FY2012 1st Half Result

- In FY2012 annual dividend is planned to be ¥21/share increased by ¥2/share from the previous year.



Net Income per Share (Yen)	(26.89)	34.29	48.01	76.43	100.22	112.74	21.78	36.19	89.02	74.21	56.73
Dividend Payout Ratio	-	23.3%	20.8%	17.0%	17.0%	17.7%	82.6%	44.2%	21.3%	25.6%	37.0%



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