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FY2013 Results and FY2014 Forecasts

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1. FY2013 Results



1 – 1. Executive Summary

FY2013 Results and FY2014 Forecast

- Business environment surrounding SEI group
 - Stable demand for wiring harnesses continues mainly in abroad.
 - Demands for Environment and Energy, such as power cable, magnet wire, electrical work, electric power apparatus, and for Industrial Materials, like hard metal for automotive remain strong.

Under such circumstances as above, 2013 consolidated financial results were;

- Record high sales of ¥2,568.8bn was achieved. (Sales in the same period of the previous year, ¥2,159.9bn, up 18.9%)
- OP also increased to ¥120.1bn (OP in the same period of the previous year, ¥76.8bn, up 56.3%) due to cost reduction and yen depreciation effects, despite increase in depreciation and R&D expenses incurred by prior investment.



1 – 2. FY2013 PL

This year net sales, OP, ordinary income, income before income taxes and minority interests and net income all increased as compared with the same period of the previous year and the FY2013 plan.

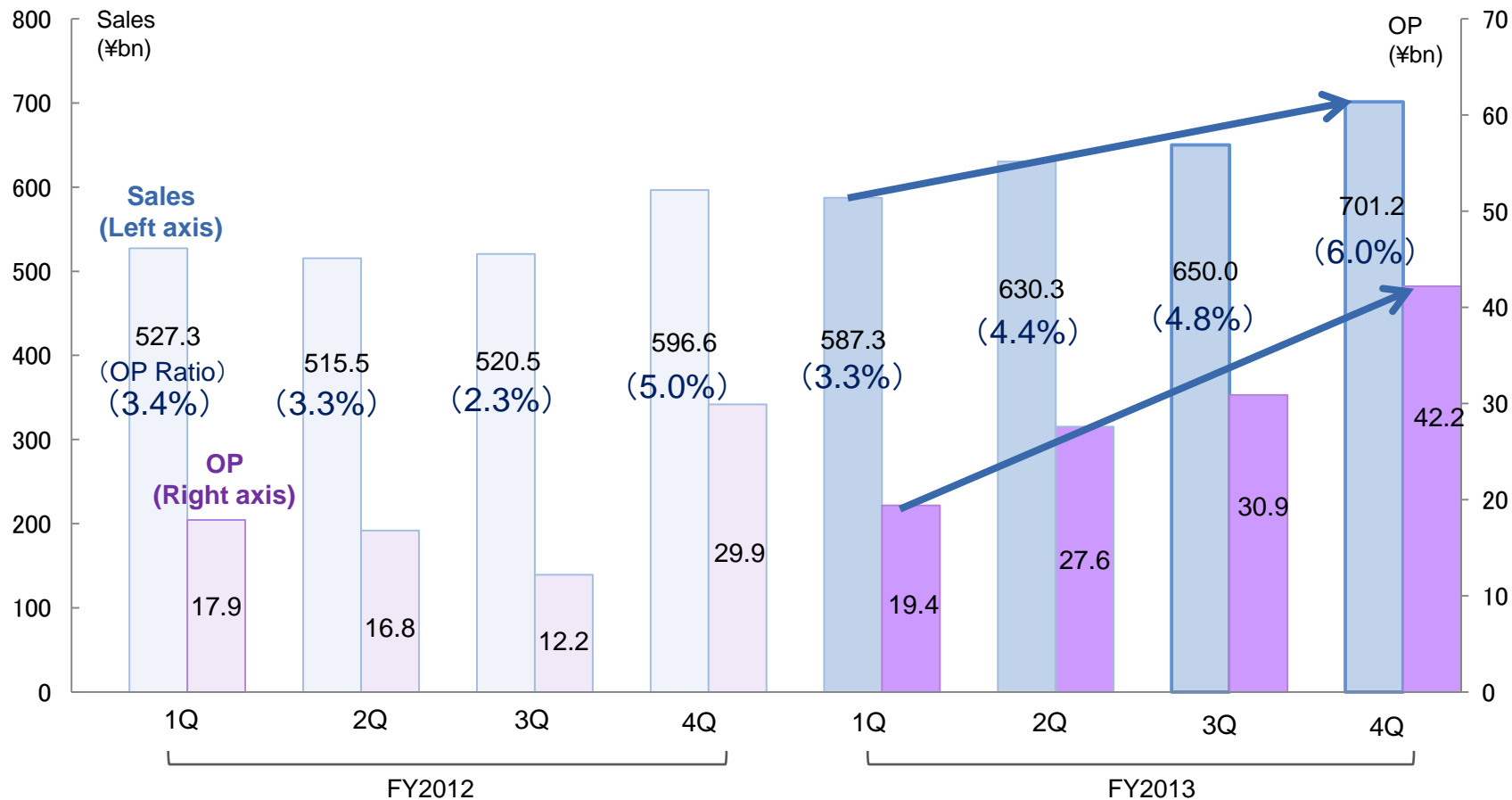
	FY2012		FY2013		Growth ③-①	Difference ③-②
	Actual①	Plan②	Actual③	Plan②		
Net Sales	2,159.9	2,500.0	2,568.8		+408.9	+68.8
Operating Profit	76.8	110.0	120.1		+43.3	+10.1
Equity in Net Income	22.1	29.0	29.6		+7.5	+0.6
Ordinary Income	94.1	135.0	145.4		+51.3	+10.4
Net Extraordinary Loss	(10.0)	(13.5)	(21.5)		(11.5)	(8.0)
Income before Income Taxes and Minority Interests	84.1	121.5	123.9		+39.8	+2.4
Income Taxes & Minority Interests	(46.1)	(56.5)	(57.2)		(11.1)	(0.7)
Net Income	38.0	65.0	66.7		+28.7	+1.7



1 – 3. Transition of Quarterly Sales and OP

FY2013 Results and FY2014 Forecast

In FY2013 every quarterly sales and OP increased as compared with the same quarterly period of the previous year.





1-4. Sales and OP by Segment (FY2013 vs FY2012)

FY2013 Results and FY2014 Forecast

Sales and OP by every segment increased or improved as compared with the same period of the previous year.

¥ bn	FY2012		FY2013		FY2013		Growth		Differences	
	Actual ^①		Plan ^②		Actual ^③		③-①		③-②	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Automotive	1,071.2	53.1	1,310.0	64.0	1,351.0	71.8	+279.8	+18.7	+41.0	+7.8
Infocommunications	155.1	(10.3)	180.0	1.0	164.9	(1.2)	+9.8	+9.1	(15.1)	(2.2)
Electronics	217.6	0.0	250.0	6.0	262.6	5.3	+45.0	+5.3	+12.6	(0.7)
Environment and Energy	511.2	19.1	550.0	21.0	564.2	24.1	+53.0	+5.0	+14.2	+3.1
Industrial Materials and Others	272.5	15.1	300.0	18.0	303.3	20.5	+30.8	+5.4	+3.3	+2.5
Total	2,159.9	76.8	2,500.0	110.0	2,568.8	120.1	+408.9	+43.3	+68.8	+10.1

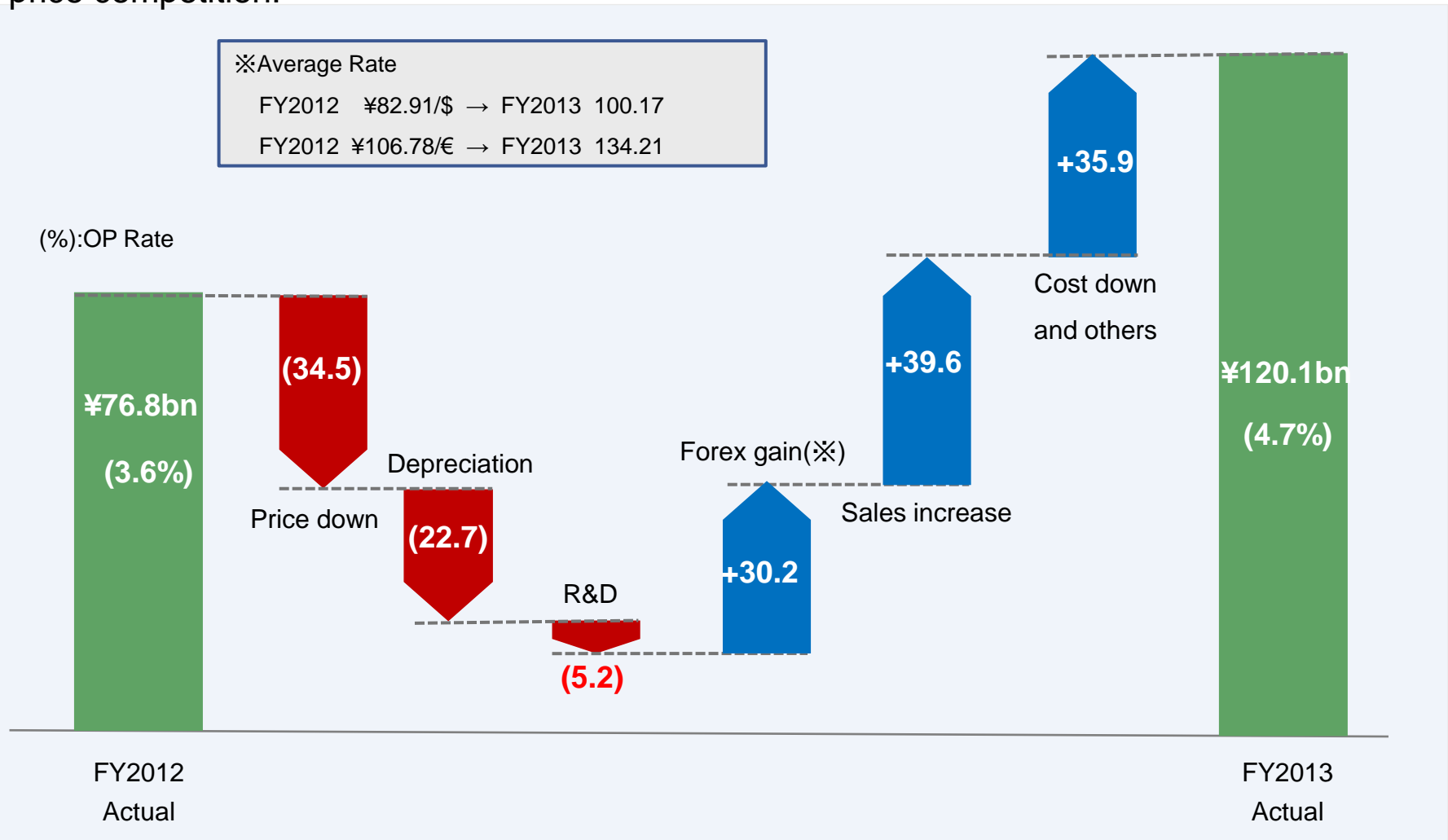
※ Differences between the aggregate of all segments and Total are eliminations.



1 – 5. Factors of Increase or Decrease in OP

FY2013 Results and FY2014 Forecast

OP increased by ¥43.3bn to ¥120.1bn due to sales increase, Forex gain and cost down, despite increase in depreciation · R&D expenses incurred by prior investment and intensified price competition.

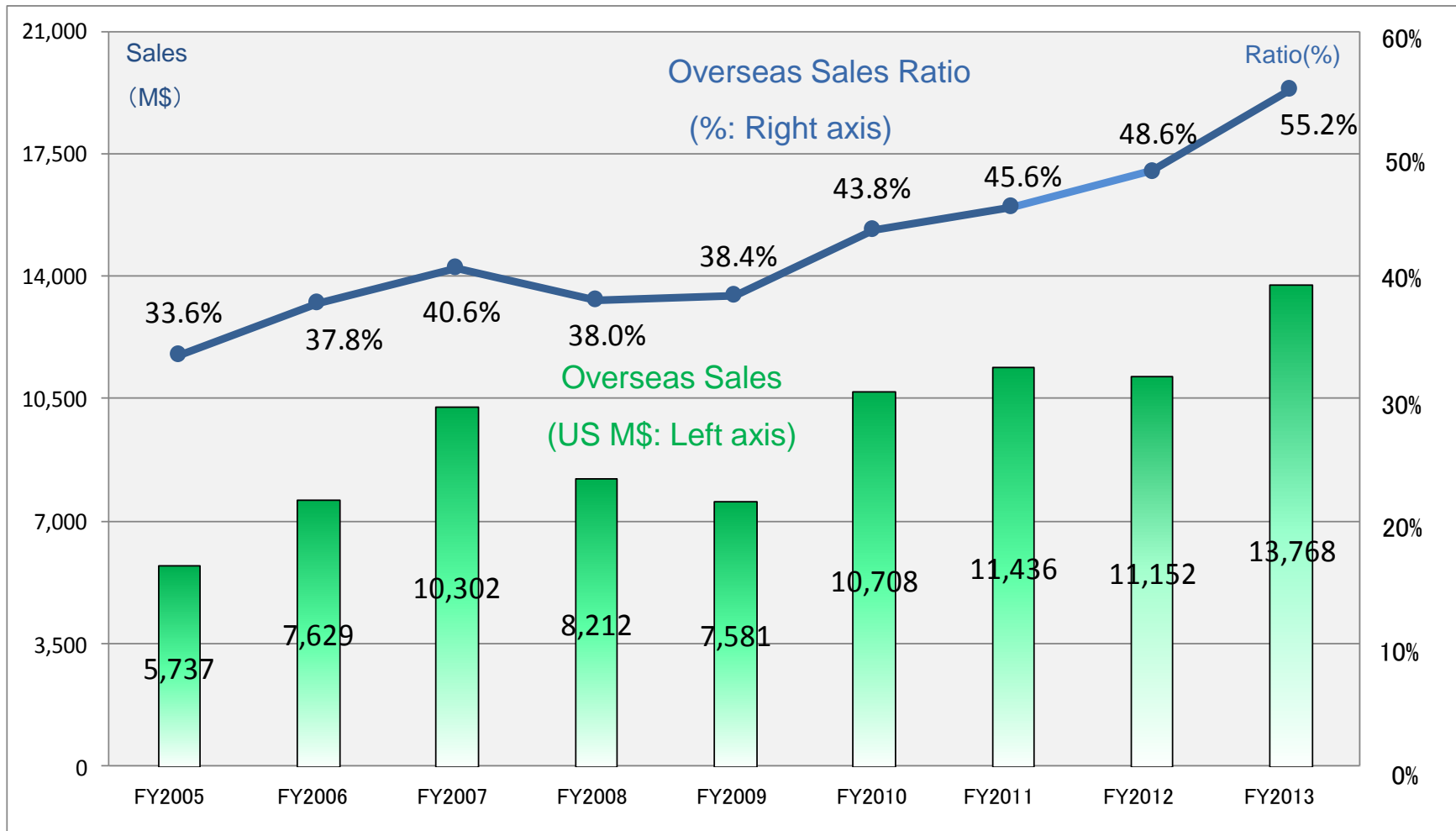




1 – 6. Overseas Sales Ratio

FY2013 Results and FY2014 Forecast

- Consolidated overseas sales ratio increases steadily except around times of Lehman shock.
- FY2013 overseas sales ratio was 55.2%.





1-7. FY2013 BS

FY2013 Results and FY2014 Forecast

- Shareholders' equity ratio was 46.6%, down 0.1% from FY2012.
- D/E ratio was 0.45.

	FY2011	FY2012	FY2013
¥bn	Actual	Actual	Actual
Current Assets	1,047.4	1,115.8	1,203.6
Non-Current Assets	1,024.7	1,181.8	1,351.2
Current Liabilities	635.9	657.1	740.4
Non-Current Liabilities	297.3	395.7	434.5
(Interest Bearing Debt)	(364.0)	(485.6)	(534.6)
Shareholders' Equity	1,011.3	1,033.3	1,089.3
Accumulated Other Comprehensive Income	(23.3)	39.2	100.3
Minority Interest/Share Warrants	150.9	172.2	190.3
Total Assets	2,072.1	2,297.6	2,554.8
Shareholders' Equity Ratio	47.7%	46.7%	46.6%
Debt/Equity Ratio	0.37	0.45	0.45



2. FY2014 Efforts and Forecasts



2-1. Forecasts and Executive Summary

FY2013 Results and FY2014 Forecast

- FY2014 forecasts are ¥2,700bn sales, ¥125bn OP, ¥145bn ordinary income and ¥70bn net income.
(Presuppositions in FY2014) ¥100/\$, ¥130/€
- As from the previous year our group started medium-term management plan “VISION 2017” targeting ¥3,000bn sales, ¥180bn OP and ROA at 9% in FY2017, by growing in current business fields, of course, by expanding into integrated business fields and by challenging new business fields, aiming to be a glorious excellent company, under a key word of business innovation, on business bases of Sumitomo Spirit and Sumitomo Electric Group Corporate Principles. We targeted ¥130bn OP at mid-term FY2015.



2-2. FY2014 Forecast (PL)

FY2013 Results and FY2014 Forecast

¥2,700bn sales, ¥125bn OP, ¥145bn ordinary income and ¥70bn net income.
(Presuppositions in FY2014 ¥100/\$, ¥130/€)

	FY2013 Actual①	FY2014			Increase/ Decrease ②-①
		1H Plan	2H Plan	Total②	
Net Sales	2,568.8	1,300.0	1,400.0	2,700.0	+131.2
Operating Profit	120.1	45.0	80.0	125.0	+4.9
Equity in Net Income	29.6	11.0	15.0	26.0	(3.6)
Ordinary Income	145.4	55.0	90.0	145.0	(0.4)
Net Extraordinary Loss	(21.5)	(5.7)	(11.0)	(16.7)	+4.8
Income before Income Taxes and Minority Interests	123.9	49.3	79.0	128.3	+4.4
Income Taxes & Minority Interests	(57.2)	(19.3)	(39.0)	(58.3)	(1.1)
Net Income	66.7	30.0	40.0	70.0	+3.3

2-3. Sales and OP by Segment

FY2013 Results and FY2014 Forecast

Demands for Automotive and Industrial Materials will be generally strong. Except for Environment and Energy incurring prior investment and amortization of goodwill for 100% acquisition of J-Power Systems Corporation, OP of all segments are forecasted to increase.

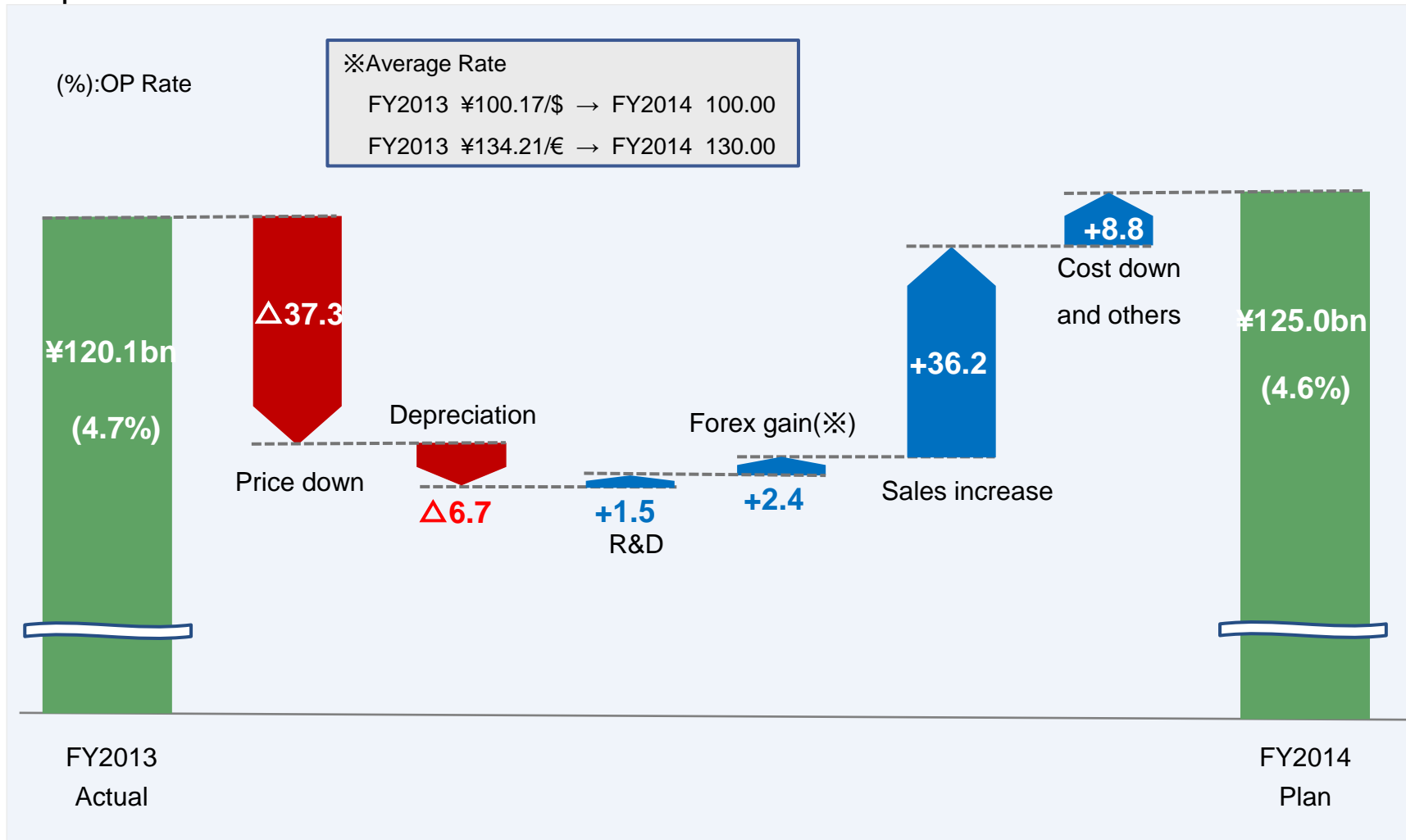
¥ bn	FY2013		FY2014 Forecast						Increase/Decrease	
	Actual①		1H		2H		Total②		②-①	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Automotive	1,351.0	71.8	690.0	33.0	710.0	42.0	1,400.0	75.0	+49.0	+3.2
Infocommunications	164.9	(1.2)	80.0	(3.0)	100.0	4.0	180.0	1.0	+15.1	+2.2
Electronics	262.6	5.3	130.0	3.0	150.0	5.0	280.0	8.0	+17.4	+2.7
Environment and Energy	564.2	24.1	280.0	1.0	330.0	16.0	610.0	17.0	+45.8	(7.1)
Industrial Materials and Others	303.3	20.5	160.0	11.0	170.0	13.0	330.0	24.0	+26.7	+3.5
Total	2,568.8	120.1	1,300.0	45.0	1,400.0	80.0	2,700.0	125.0	+131.2	+4.9

※ Differences between the aggregate of all segments and Total are eliminations.

2-4. Factors of Increase or Decrease in OP

FY2013 Results and FY2014 Forecast

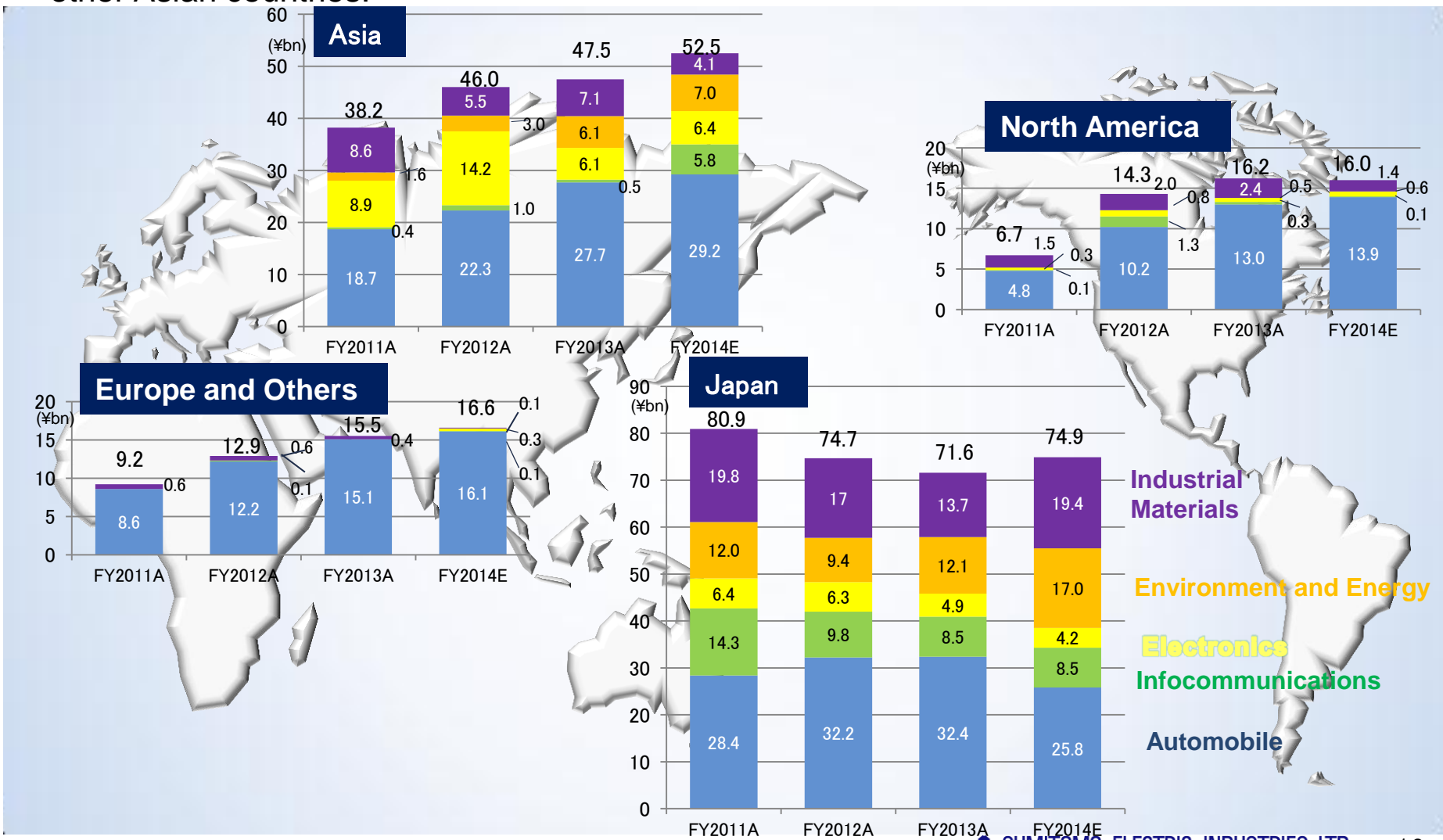
OP is forecasted to increase by more than 4% to ¥125bn due to sales increase and cost down, despite increase in depreciation charges incurred by prior investment and intensified price competition.





2-5. Capital Investment by Region

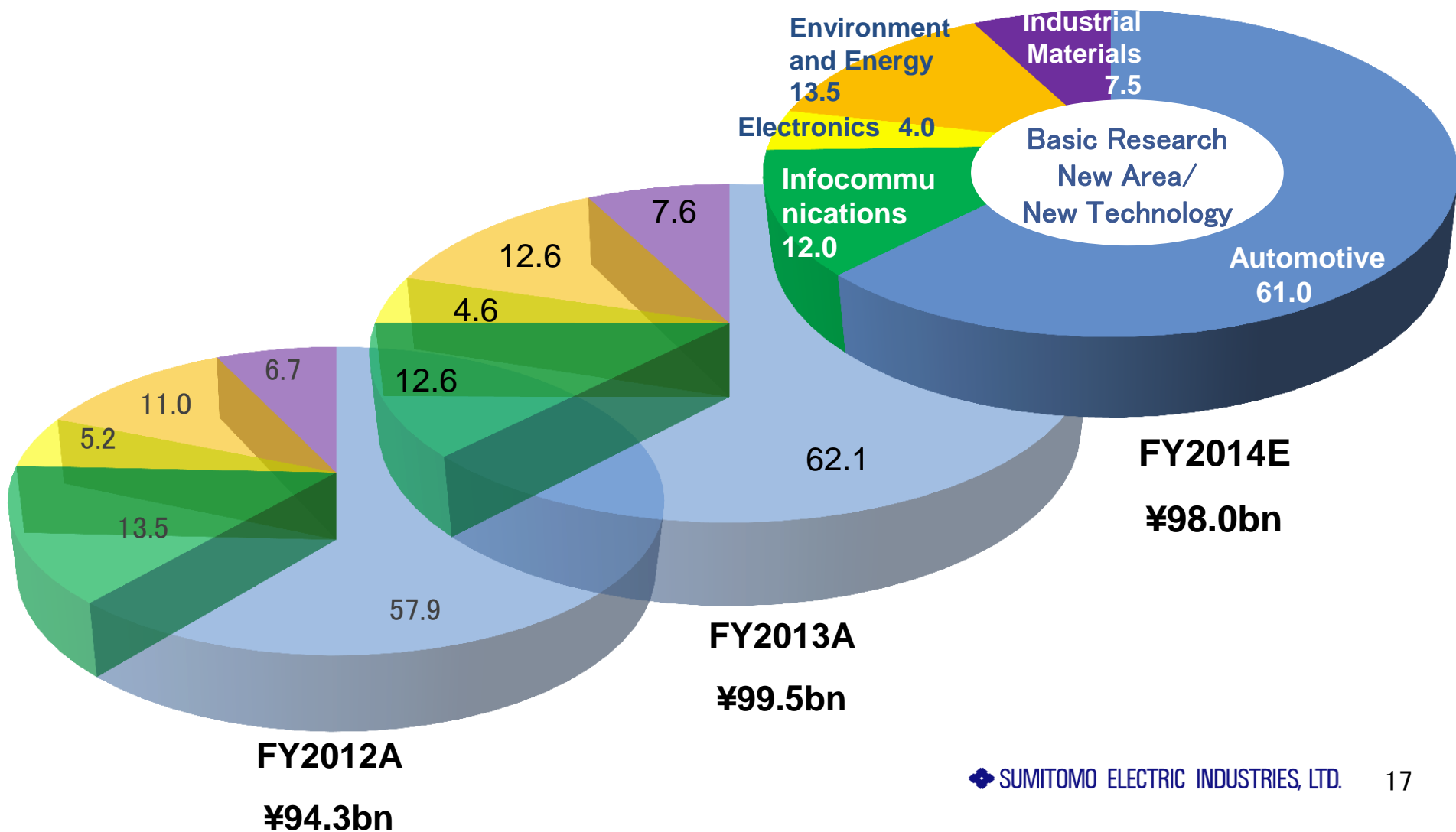
Capital investment in FY2014 is planned to be ¥160bn. By region it will increase in Japan and other Asian countries.





2-6. R&D

R&D expenses are estimated at continued high level of ¥98bn slightly less than the record high amount in the previous year.





2-7. Efforts in Environment and Energy

Contract Awarded for the Submarine Power Cable Project in San Francisco Bay (Jan, 2014)

- (1) Project Owner : Pacific Gas & Electric Company
- (2) Date of Award : January, 2014
- (3) Contract Amount : Approximately 37 M USD
- (4) Contract Main Element : Supply and installation of AC 230kV submarine power cable project
(Total power cable length 13.5km or route length of 4.5km)
- (5) Estimated date of completion : July, 2015.

Subcontract of Submarine Cable for European (Mar, 2014) Contract Amount is confidential

- (1) Prime Contractor : Prysmian Group
- (2) Date of Award : March, 2014
- (3) Contract Main Element : Supply of 500 kV DC Submarine Cable (115km)
- (4) Estimated date of Shipment : April, 2016

[Introduction of products in Environment and Energy]

Power Cable
(Electricity Transmission/ Distribution)



Power Conditioner



Superconducting Cable



Redox Flow Battery

Concentrator Photovoltaic System



2-7. Efforts in Environment and Energy

FY2013 Results and FY2014 Forecast

100% acquisition of J-Power Systems Corporation (JPS) (Apr, 2014)

Hitachi Metals transferred its 50 percent holdings of J-Power Systems' shares to Sumitomo Electric, and J-Power Systems became a wholly owned subsidiary of Sumitomo Electric on April 1.

【Outline of the Company】

Company name : J-Power Systems Corporation

Headquarters : Mita 43 MT. Bldg. 8F, 3-13-16 Mita, Minato-ku, Tokyo 108-0073, Japan

Representative : President, Sadao Fukunaga

Business : development, design, manufacturing, sales, installation and export of electric power cables and accessories, overhead power transmission lines, and related systems

Capital : 8 billion yen (as of the end of March 2014)

Establishment : July 3, 2001



2-7. Efforts in Environment and Energy

FY2013 Results and FY2014 Forecast

Start of international standardization activities for redox flow battery technology (Apr, 2014)

SEI was nominated for a leader of a project deliberating on Japanese proposals for international standard made by Japanese Industrial Standards Committee (JISC) under Ministry of Economy, Trade and Industry at International Electrotechnical Commission (IEC). While international standard for safety is expected to be established, SEI will develop a global market.

Productization of a concentrator photovoltaic (CPV) system (Mar, 2014)

A CPV system, envisioned as a next-generation photovoltaic system, was productized and two modules were installed at the Kibana Campus of the University of Miyazaki and are now in operation.

【 Features of the CPV system 】

- Efficient power generation system with high power output performance suitable for high temperature environment
- A thin and lightweight module
- Effective use of the installation area (under the module)



CPV installed at the University of Miyazaki

Practical application of real time monitoring system for mega solar

Practical application of monitoring system for mega solar employing power line communication (PLC) technology utilizing over 600V~1KV direct current high voltage power cable used for mega solar as a communication medium was successful. (Start of sales : July 2014 planned)



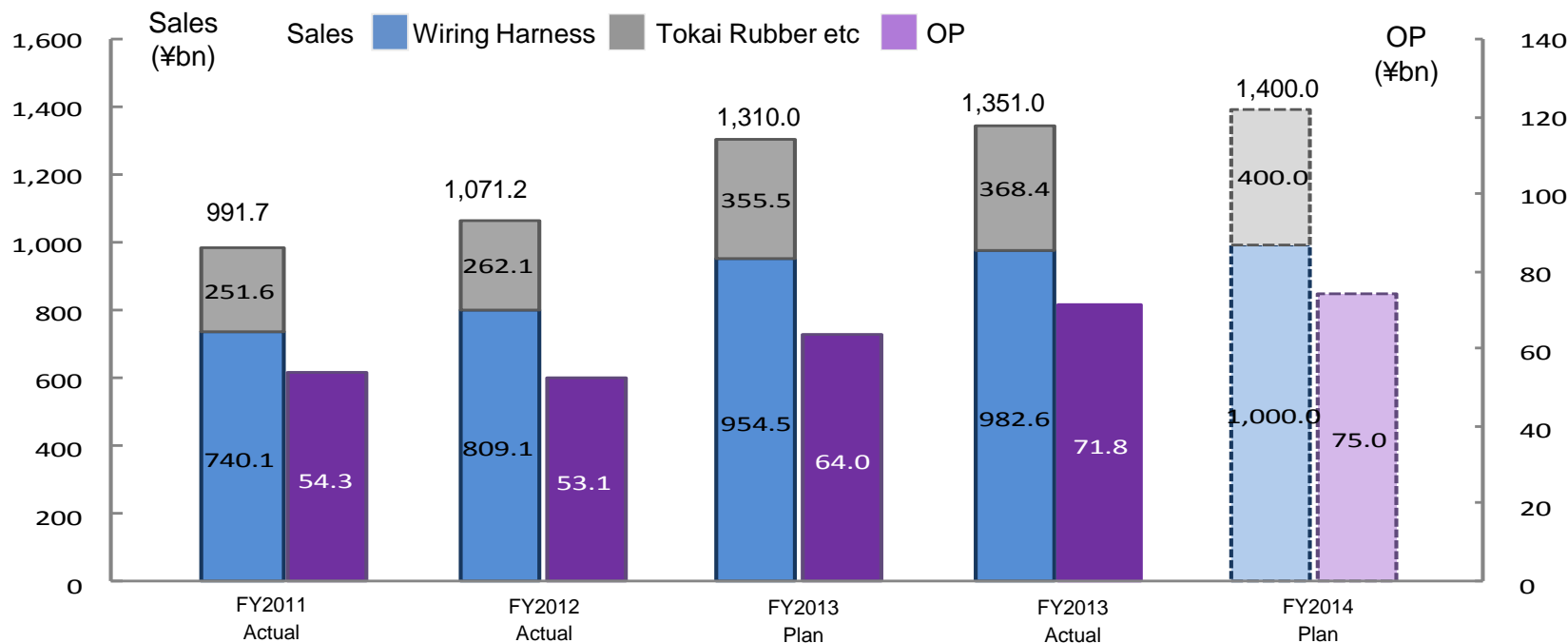
SEI Yokohama Works redox flow battery & CPV system



3. Achievement and Efforts by Segment



3-1. Automotive



FY2013

- Both sales and OP for WH increased as compared with the previous year due to good business conditions in overseas like North America and Asia as well as yen depreciation effects and cost down.
- Tokai Rubber Industries whose consolidation range was enlarged by business acquisition increased its sales and OP.

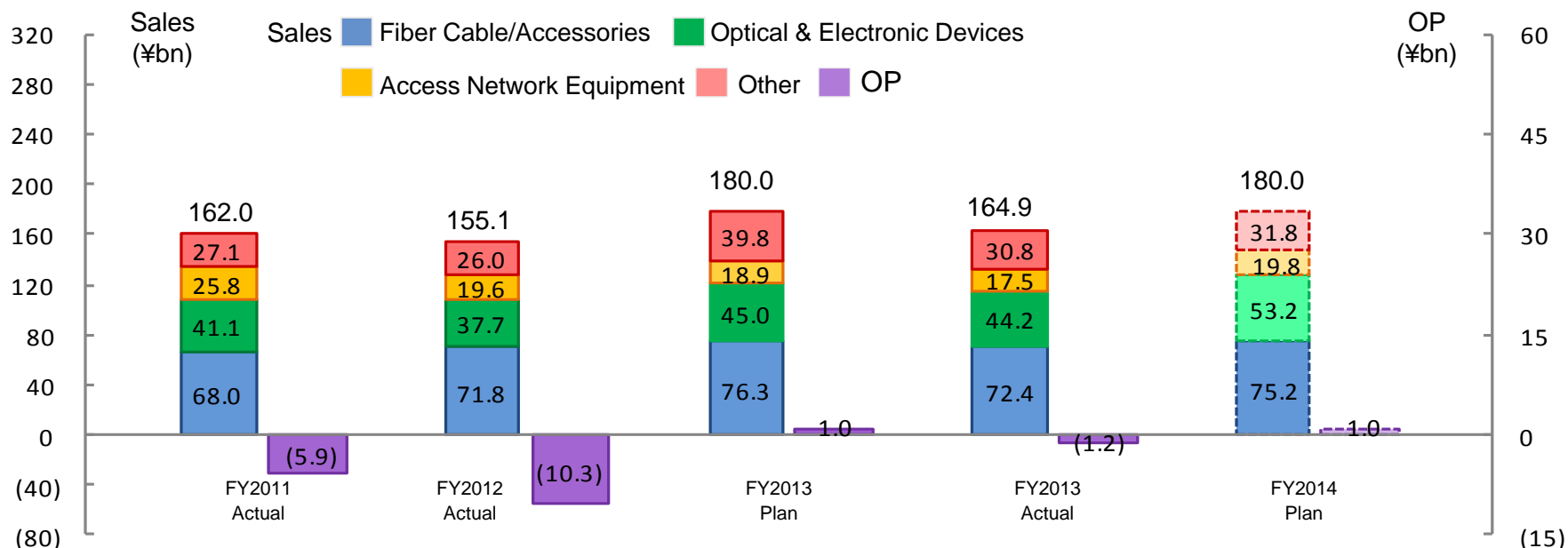
FY2014

- FY2014 forecasts are increases in sales and OP due to continued strong demands for WH and Tokai Rubber Industries.
- Efforts will be continued to develop and promote sales of aluminum WH contributing to light weight cars and high voltage WH for eco-friendly cars, aiming to be a global general parts supplier. Global supply system shall be established by Tokai Rubber Industries as a global supplier of vibration proof rubber · hose and it shall maximize synergistic effect with the business purchased last year.



3-2. Infocommunications

FY2013 Results and FY2014 Forecast



FY2013

- Sales increased due to 100Gbps new products for Optical & Electronic Devices, yen depreciation and cost down, and OP reduced deficit by ¥9.1bn to ¥1.2bn owing to sales decrease in access network equipment and cost-up of parts sourced overseas for yen depreciation.

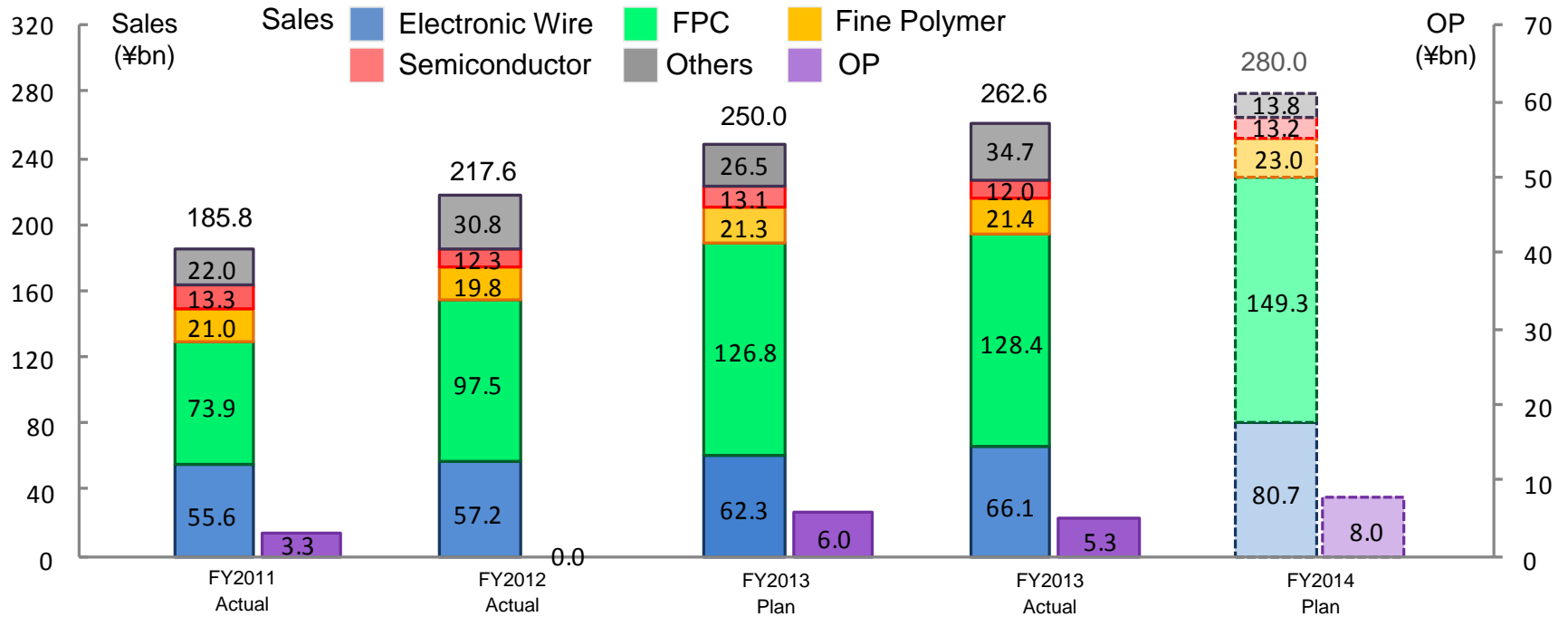
FY2014

- FY2014 forecasts are increase in sales due to strong demands for 100Gbps high speed optical devices, GaN devices for mobile phone base stations and optical fibers, and OP shift from ¥1.2bn deficit to ¥1.0bn profit due to new products and cost down.
- In order to increase profitability sales promotion will be made for extra low loss fibers·amplifier for submarine cable, 40/100Gbps high speed optical devices, GaN devices for mobile phone base stations and intelligent transport system.



3-3. Electronics

FY2013 Results and FY2014 Forecast



FY2013

- Both sales and OP increased due to strong demands for FPC for mobile units, Electronic Wire for automotive and tape wire for printer-game units as well as yen depreciation and cost down.

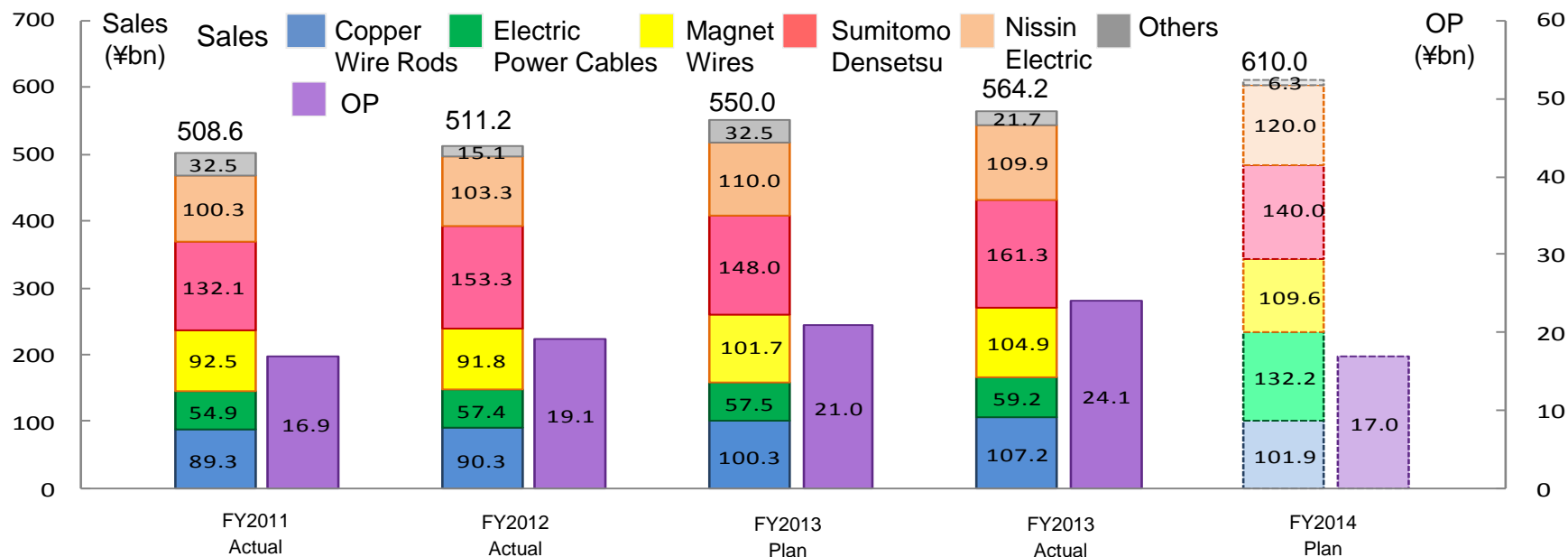
FY2014

- FY2014 forecasts are increases in sales and OP due to strong demands for FPC and Electronic Wire.
- Business development will be promoted for further finer · thinner FPC for mobile units, space saving high speed wiring materials applied by high speed transmission cable, heat resistant FPC recorded at 150°C last year and tab-lead for mobile units · automotive.



3-4. Environment and Energy

FY2013 Results and FY2014 Forecast



FY2013

●Both sales and OP increased due to copper price up, continued strong demands for copper wire rods and magnet wire, increase in electrical work by Sumitomo Densetsu and strong demands for Ion implanter for high definition·medium and small sized FPD (Flat Panel Display) and power conditioner for solar power generation by Nissin Electric.

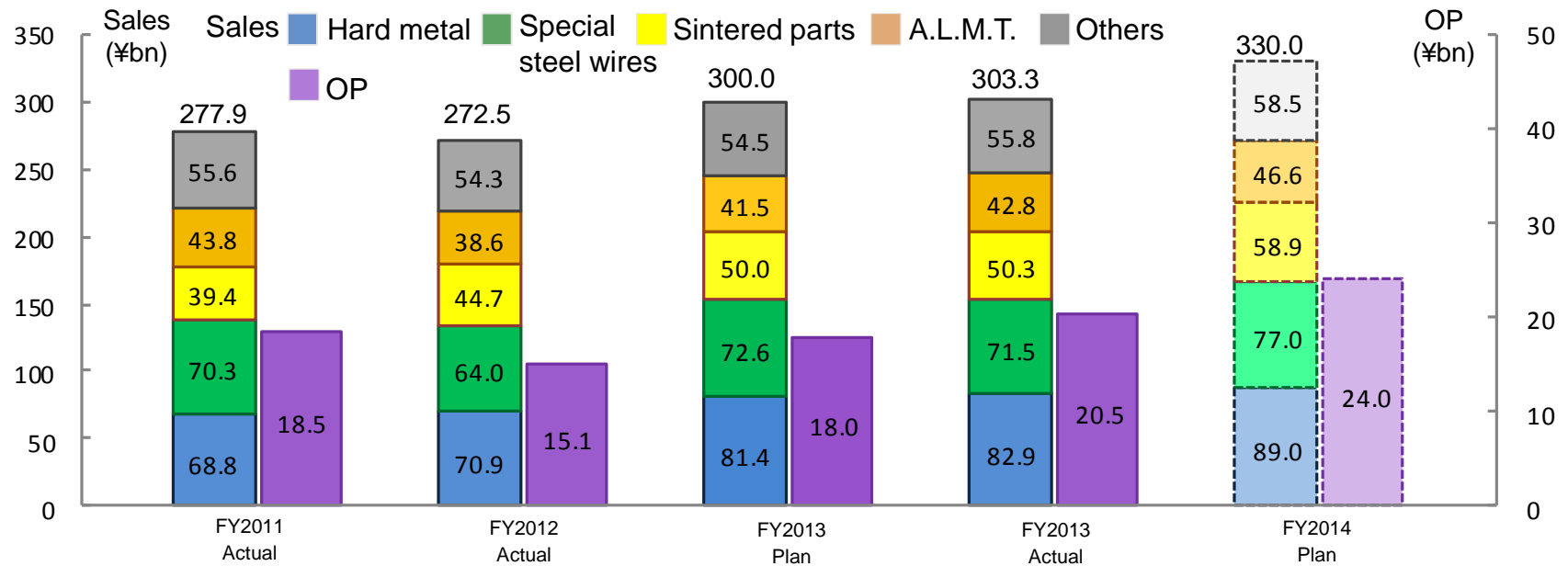
FY2014

- FY2014 forecasts are increase in sales due to strong demand for Nissin Electric and 100% acquisition of JPS, though decrease in electrical work by Sumitomo Densetsu, and decrease in OP by 29% to ¥17bn owing to increase in depreciation, R&D expenses and amortization of goodwill.
- Efforts will be made to secure orders for big submarine cable projects, following orders in the US in Feb. and in Europe in Mar.. Business development will be promoted for porous material for battery and magnet wire for motor for eco-friendly car. Contribution will be made to a new electric·energy society by smart energy system realizing environmental load reduction, improvement of electric power quality and security.



3-5. Industrial Materials and Others

FY2013 Results and FY2014 Forecast



FY2013

- Both sales and OP increased due to strong demands for Hard Metal and Sintered Parts for automotive as well as yen depreciation effects.

FY2014

- FY2014 forecasts are increases in sales and OP due to continued strong demands for Hard Metal and Sintered Parts for automotive.
- The first ore refining business was set up aiming at Hard Metal production system to control the supply chain from raw materials all the way to finished products within SEI group in North America. New business development will be continued for nano polycrystalline diamond for Hard Metal and electrification parts for automotive for Sintered Parts through strengthening · innovating core technology as well as setting up production bases to meet local demand.



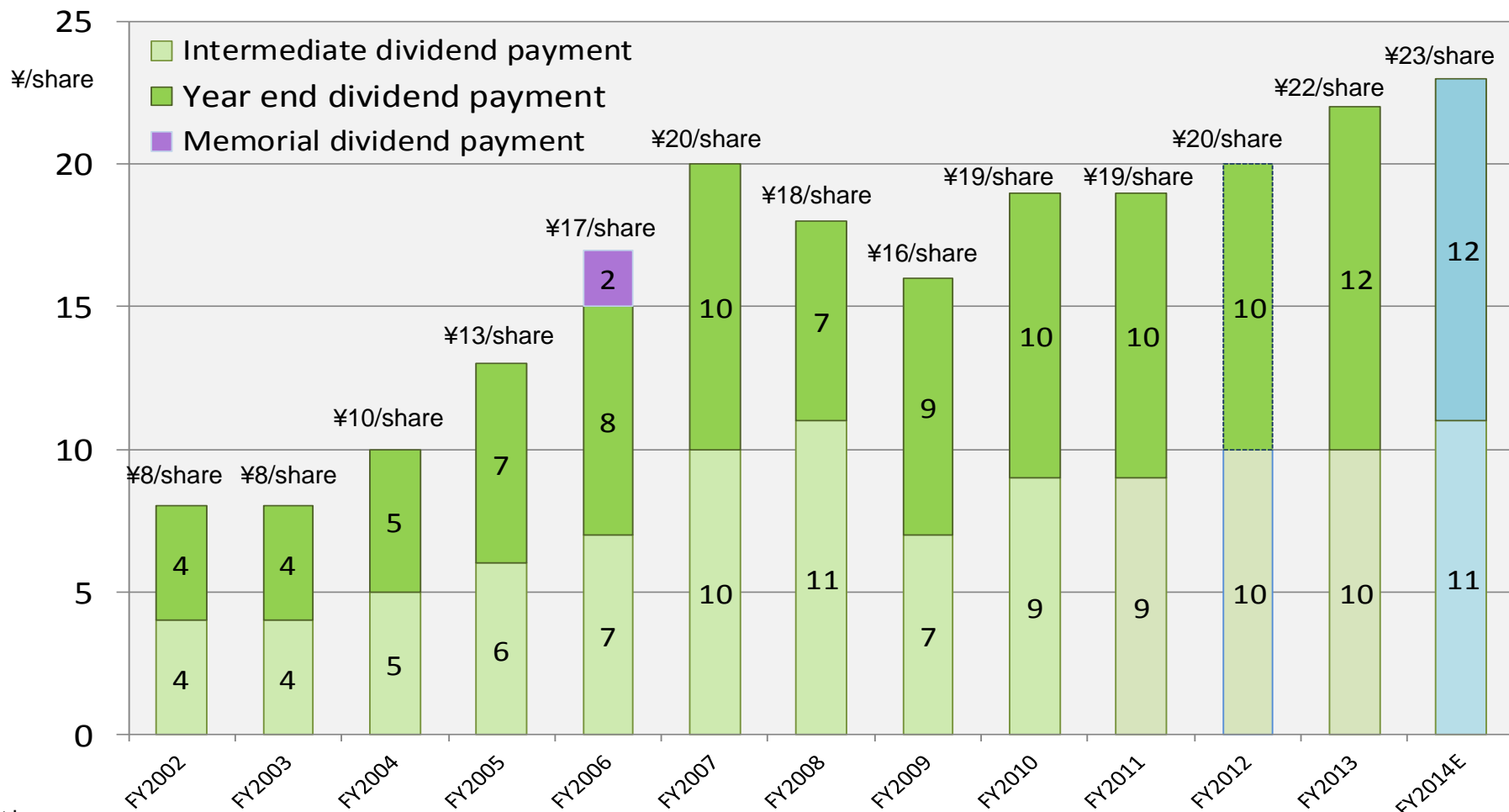
4. Dividend and Payout Ratio



4. Dividend and Payout Ratio

FY2013 Results and FY2014 Forecast

FY2013 annual dividend increased by ¥2 to ¥22 per share, taking account of the performance for the year. FY2014 annual dividend is planned to increase by ¥1 to ¥23 per share.



Net Income per Share (Yen)
Dividend Payout Ratio

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	47.85	84.15	88.25
Dividend Payout Ratio	—	23.3%	20.8%	17.0%	17.0%	17.7%	82.6%	44.2%	21.3%	25.6%	41.8%	26.1%	26.1%



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