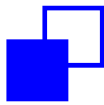


November 11, 2011

FY2011 1st Half Results and Activities towards 2012 Vision

Masayoshi Matsumoto
President and CEO



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1. Automotive

2. Information & Communications

3. Electronics

4. Electric Wire, Cables and Energy

5. Industrial Materials

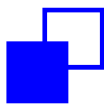
4. Dividend and Payout Ratio



1. FY2011 1st Half Results



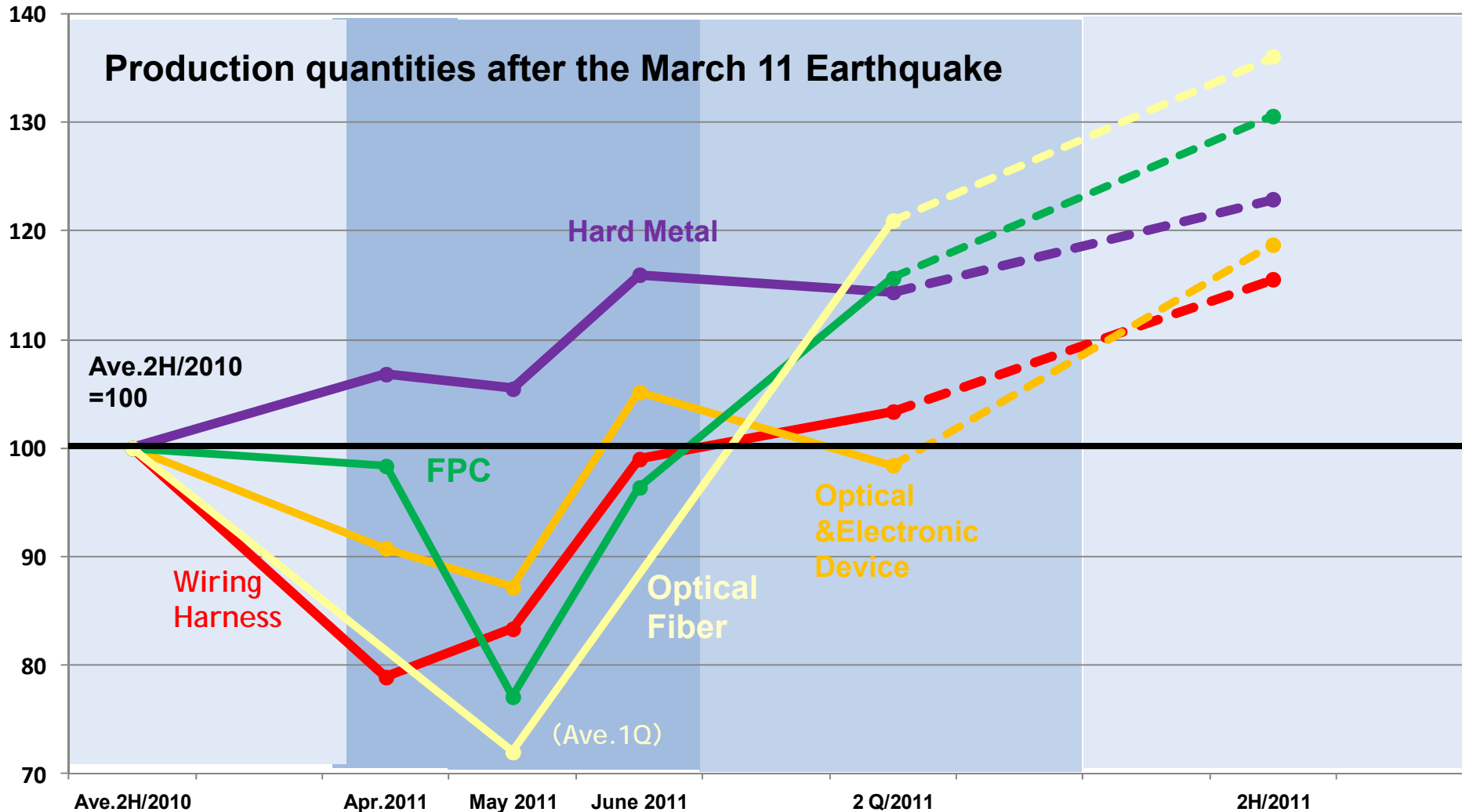
- ✓ Ordinary production systems were restored, as scheduled made just after March 11 earthquake, through quick recovery of production lines and measures to secure stable supply of electric power (power generators, co-generation plants, etc.).
Extraordinary loss from March 11 earthquake posted in FY2011 1st half was ¥5.3bn
- ✓ Although market demand in FY2011 1st half dropped temporarily, led by stagnation of production in automotive industry caused by the earthquake, we prepared for increase in production capacity and carried out speedy start-up of new products, based on presumptions that ①global market would continue growing and that ②automotive market would resume growing after recovery from the stagnation. In September sales quantities of wire harness and hard metal tool hit record high.
- ✓ Steep yen appreciation became a factor of decrease in OP by ¥7.1bn as compared with the previous year and by ¥5.0bn as compared with the original plan. However, actually our original plan was achieved through increase in sales quantity and improvement of production efficiency.
- ✓ Although FY2011 1st half results showed decreased sales and OP as compared with the previous year, interim dividend would be ¥9/share, the same as the previous year's, taking account of FY2011 yearly forecast.



1-2. Recovery from March 11 Earthquake and Meeting Global Market Demand

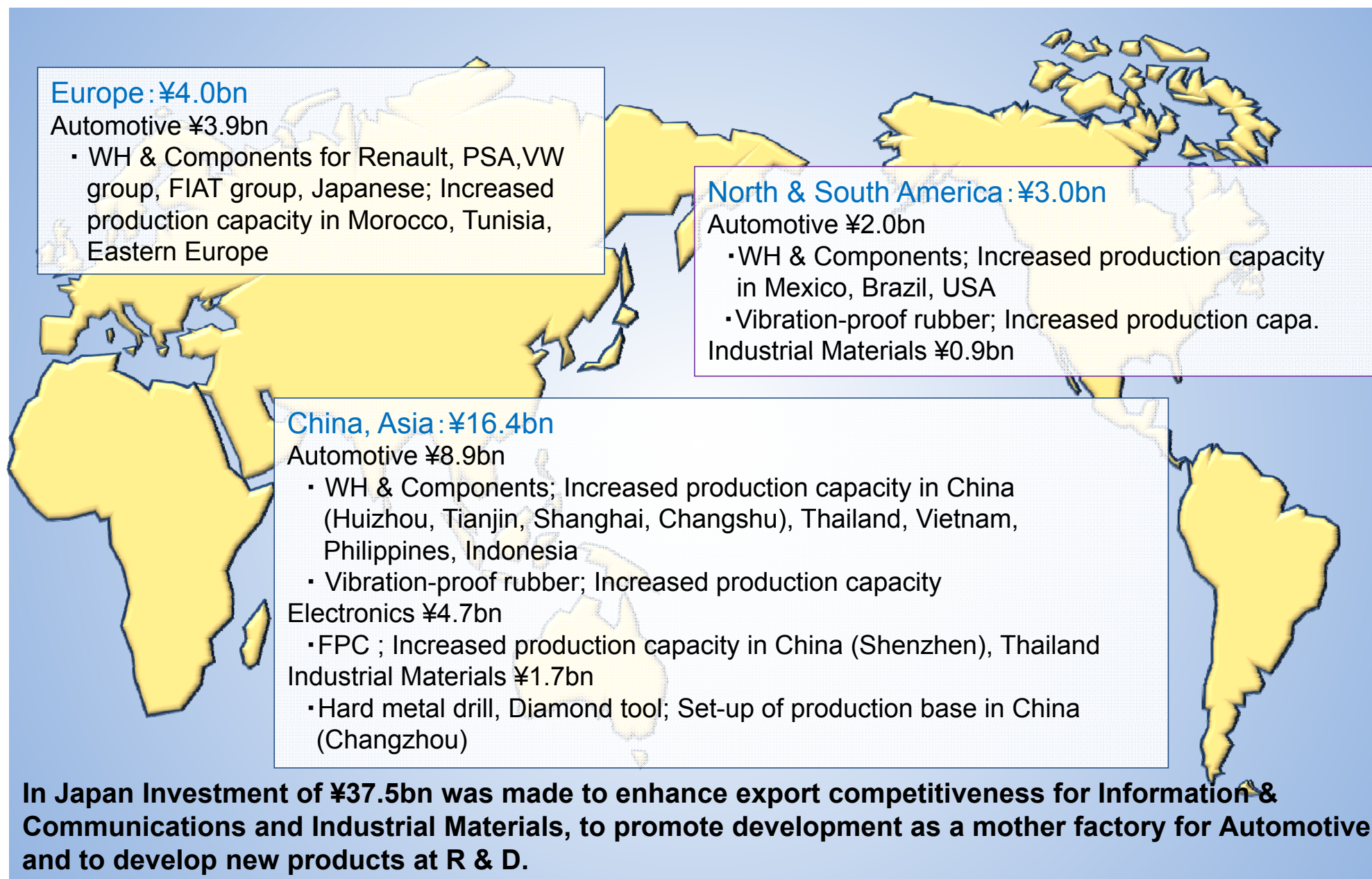
FY2011 1st Half Result

- Ordinary production was recovered by 2Q from shredded supply chain in automotive and electronics and from damaged production lines of optical fiber and devices. Global market expanded for hard metal tool without major damage from the earthquake. Production quantities of wire harness and hard metal tool hit record high.



1 – 3. Overseas Investment into Fixed Assets in FY2011 1st Half

FY2011 1st Half Result

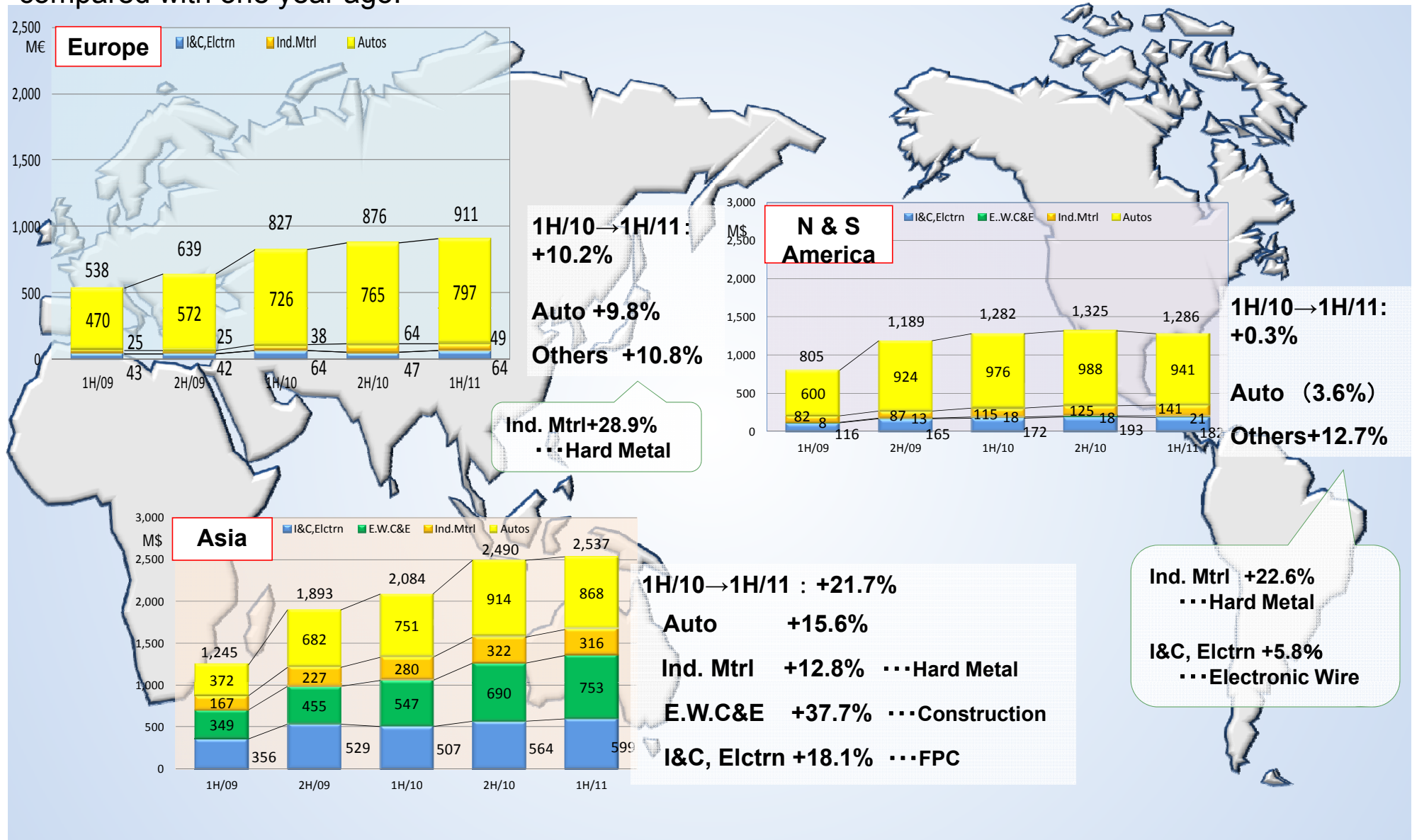




1-4. Overseas Sales

FY2011 1st Half Result

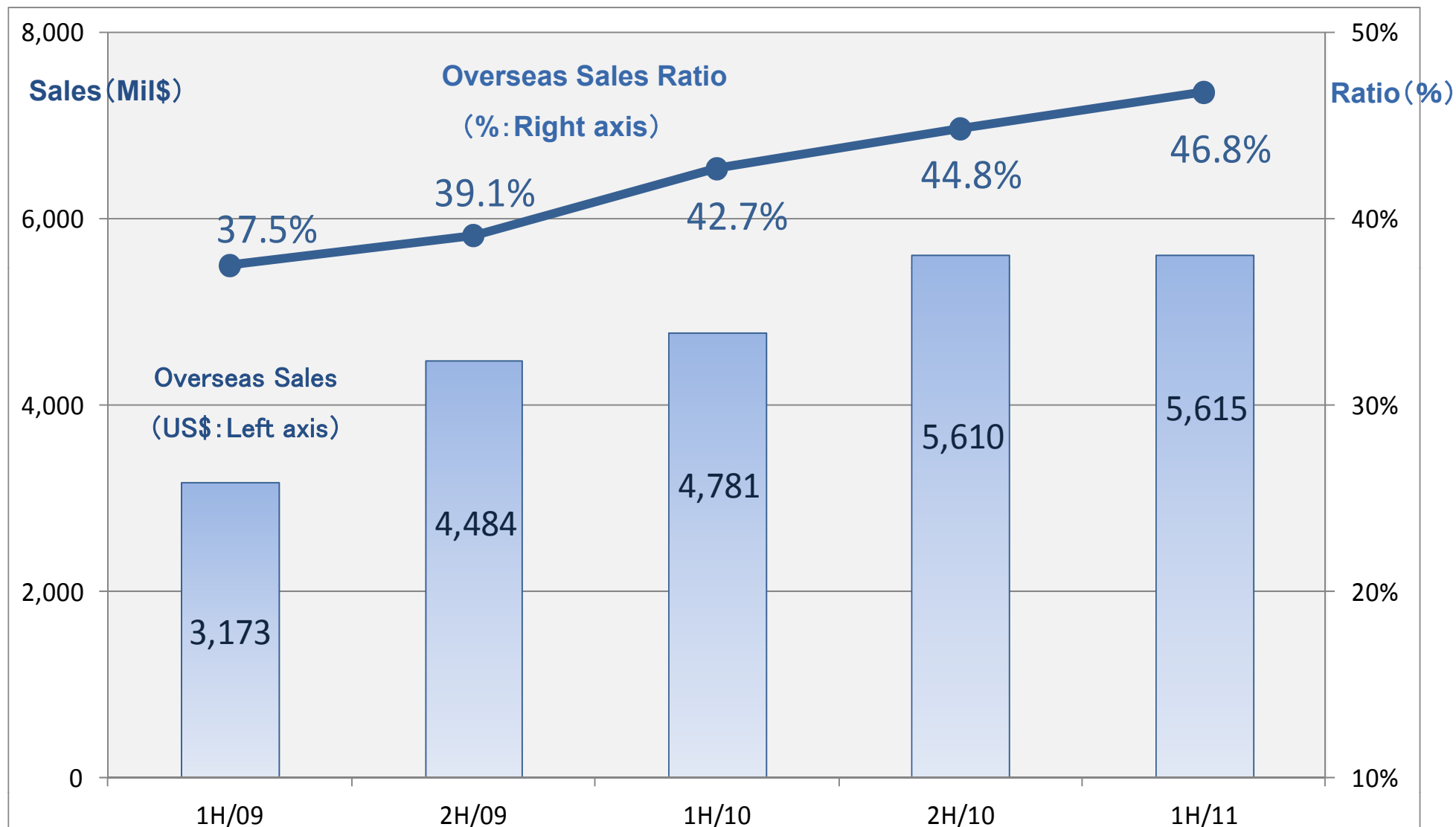
On top of sales increase in Europe and USA, sales in growing Asian emerging countries leaped, as compared with one year ago.





1 – 5. Overseas Sales Ratio

- Overseas sales in US\$ increased by 17.4%, as compared with one year ago.
- Under steep yen appreciation overseas sales ratio is going up steadily.

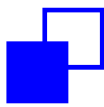


1-6. Quarterly Sales

FY2011 1st Half Result

• Although FY2011 1Q sales decreased as compared with FY2010 1Q due to March 11 earthquake, 2Q sales increased. While yen appreciation reduced sales amount, FY2011 1st half sales achieved the same level as FY2010 1st half, except for sales posted by spun-off subsidiary (Commuture).

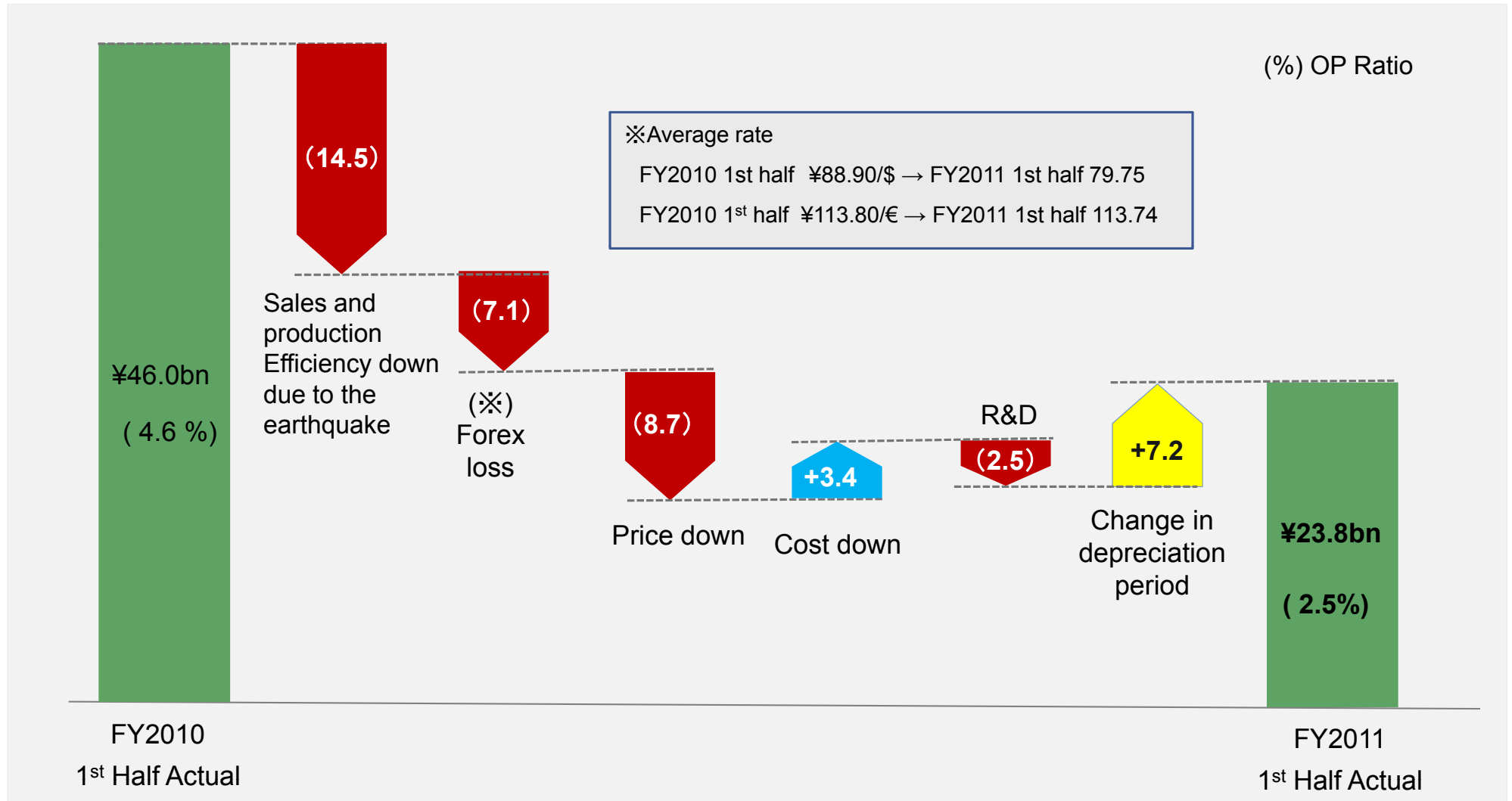
Unit: ¥Billion	FY2010			FY2011			Increase/Decrease		
	1Q Actual	2Q Actual	1st Half	1Q Actual	2Q Actual	1st Half	1Q	2Q	1st Half
Automotive	236.0	232.9	468.9	194.0	257.3	451.3	(42.0)	+24.4	(17.6)
Information & Communications	57.6	61.8	119.4	37.2	39.1	76.3	(20.4)	(22.7)	(43.1)
Electronics	42.6	43.4	86.0	41.6	44.5	86.1	(1.0)	+1.1	+0.1
Electric Wire, Cable & Energy	103.1	111.5	214.6	117.1	121.1	238.2	+14.0	+9.6	+23.6
Industrial Materials & Others	64.0	69.1	133.1	65.6	70.6	136.2	+1.6	+1.5	+3.1
Eliminations	(15.5)	(15.9)	(31.4)	(13.9)	(17.4)	(31.3)	+1.6	(1.5)	+0.1
TOTAL	487.8	502.8	990.6	441.6	515.2	956.8	(46.2)	+12.4	(33.8)



1-7. Factors of increase or decrease in OP ~March 11 Earthquake and Forex~

FY2011 1st Half Result

Production and sales down due to March 11 earthquake was so large that OP decreased by ¥22.2bn. However, advance expenditure on R & D was made actively.





1 – 8. Sales and OP by Segment

FY2011 1st Half Result

• Huge drop in 1Q caused FY2011 1st half sales and OP to decrease as compared with FY2010 1st half. However, as compared with FY2011 1st half plan the actual total OP increased by ¥3.8bn. In almost all segments actual sales and OP exceeded the plans except Electronics.

Unit: ¥Billion	FY2010 1H		FY2011 1H				Increase/Decrease		Increase/Decrease	
	Actual①		Plan②		Actual③		③ – ①		③ – ②	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Automotive	468.9	32.7	430.0	10.0	451.3	14.0	(17.6)	(18.7)	+21.3	+4.0
Information & Communications	119.4	(1.5)	75.0	(6.0)	76.3	(4.2)	(43.1)	(2.7)	+1.3	+1.8
Electronics	86.0	3.9	85.0	4.0	86.1	0.0	+0.1	(3.9)	+1.1	(4.0)
Electric Wire, Cable & Energy	214.6	3.9	225.0	2.0	238.2	4.8	+23.6	+0.9	+13.2	+2.8
Industrial Materials & Others	133.1	7.0	135.0	10.0	136.2	9.2	+3.1	+2.2	+1.2	(0.8)
Eliminations	(31.4)	0.0	(50.0)	0.0	(31.3)	0.0	+0.1	+0.0	+18.7	+0.0
TOTAL	990.6	46.0	900.0	20.0	956.8	23.8	(33.8)	(22.2)	+56.8	+3.8



1-9. FY2011 1st Half PL

FY2011 1st Half Result

- Despite severely adverse circumstances such as steep yen appreciation, net income of ¥19.1bn was attained due to increased OP and equity in net income than planned.

Unit:¥Billion	FY2010 1H Actual ^①	FY2011 1H Plan ^②	FY2011 1H Actual ^③	%Growth ③/①	%Growth ③/②
Net Sales	990.6	900.0	956.8	(3%)	+6%
OP	46.0	20.0	23.8	(48%)	+19%
Equity in Net Income	14.2	6.0	9.0	—	—
Ordinary Income	62.2	25.0	35.6	(43%)	+42%
Net Extraordinary Loss	—	(6.0)	(5.3)	—	—
Other Extraordinary Income	(0.9)	2.0	(2.4)	—	—
Income before Income Tax and Minority Interests	61.3	21.0	27.9	(54%)	+33%
Income Tax and Minority Interests	19.9	(8.0)	(8.8)	—	—
Net Income	41.4	13.0	19.1	(54%)	+47%

1 – 10. FY2011 1st Half BS

FY2011 1st Half Result

- Although accumulated other comprehensive income (foreign currency translation adjustment) decreased due to yen appreciation and falling stock prices, increase in shareholders' equity kept shareholders' equity ratio a level of 48% and debt/equity ratio as low as 0.37%.

Unit:¥Billion	FY2009	FY2010	FY2011 1H
Current Assets	959.9	988.8	963.1
Noncurrent Assets	980.0	967.5	968.0
Current Liabilities	557.9	531.0	560.1
Noncurrent Liabilities	317.5	332.7	300.8
(Interest-bearing Debt)	355.6	341.9	345.4
Shareholders' Equity	907.6	966.9	978.2
Accumulated Other Comprehensive Income	(3.5)	(17.8)	(48.4)
Minority Interest / Share Warrants	160.4	143.5	140.4
Total Assets	1939.9	1956.3	1931.1
Shareholders' Equity Ratio	46.6%	48.5%	48.1%
Debt/Equity Ratio	0.39	0.36	0.37



2. FY2011 2nd Half Activities and FY2011 Forecast



2-1. FY2011 2nd Half Executive Summary

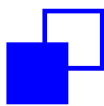
FY2011 1st Half Result

- ✓ In line with an increasing caution to debt and financial crises in Europe, there are intensifying concerns about slowdown/stagnation of global economy and further appreciation of yen. Moreover, in October Thailand where a growing center for automotive and electronics industries in Asia is suffering a terrible flood and the expanding damages is still in knife-edge situation. Thus, global economy is more and more uncertain and unpredictable.

- ✓ As far as market demand in 2011 2nd half is concerned, the disorder of supply chain caused by March 11 earthquake has been restored and increase in market demand is now in full scale. New products are starting up in electronics industry and market demand for hard metal tools is expanding globally. We will increase our production and shipments to meet those increases in market demands.

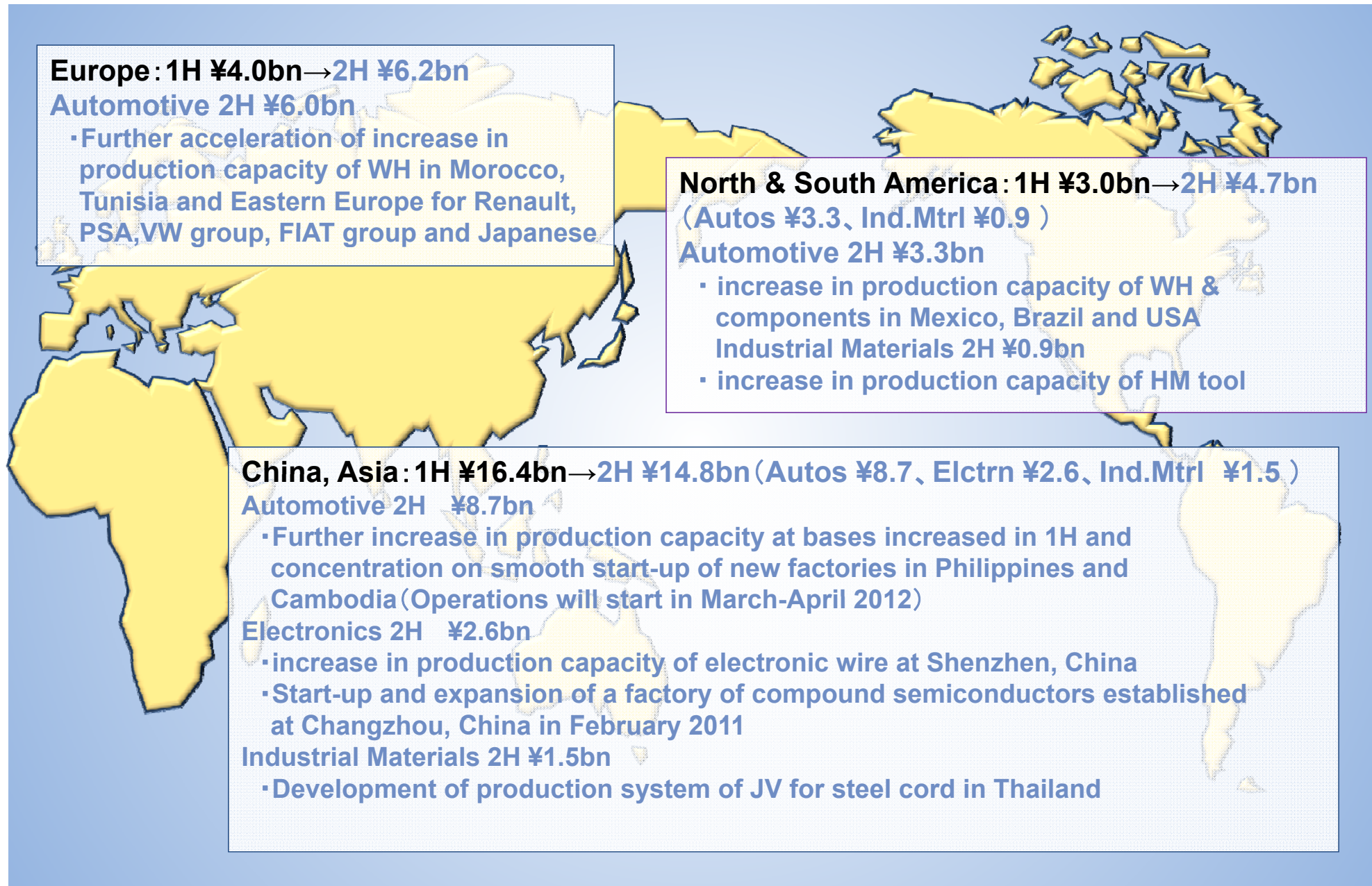
- ✓ Taking account of uncertainty of global economy, further appreciation of yen and what is happening in Thailand, a hurdle of OP of ¥100bn in FY2011 (This level is over ¥150bn, if converted by exchange rate in 2007 when a record high profit was posted.) now looks higher than the beginning of the year. However, we will make every effort to achieve the target and make a foothold towards 12Vision.

- ✓ Two major issues of R&D are ①strengthening development activities of themes targeted for 12V to be accomplished and ②enlargement and amalgamation of R&D areas to grow beyond 12V.



2-2. Overseas Investment into Fixed Assets in FY2011 2nd Half

FY2011 1st Half Result

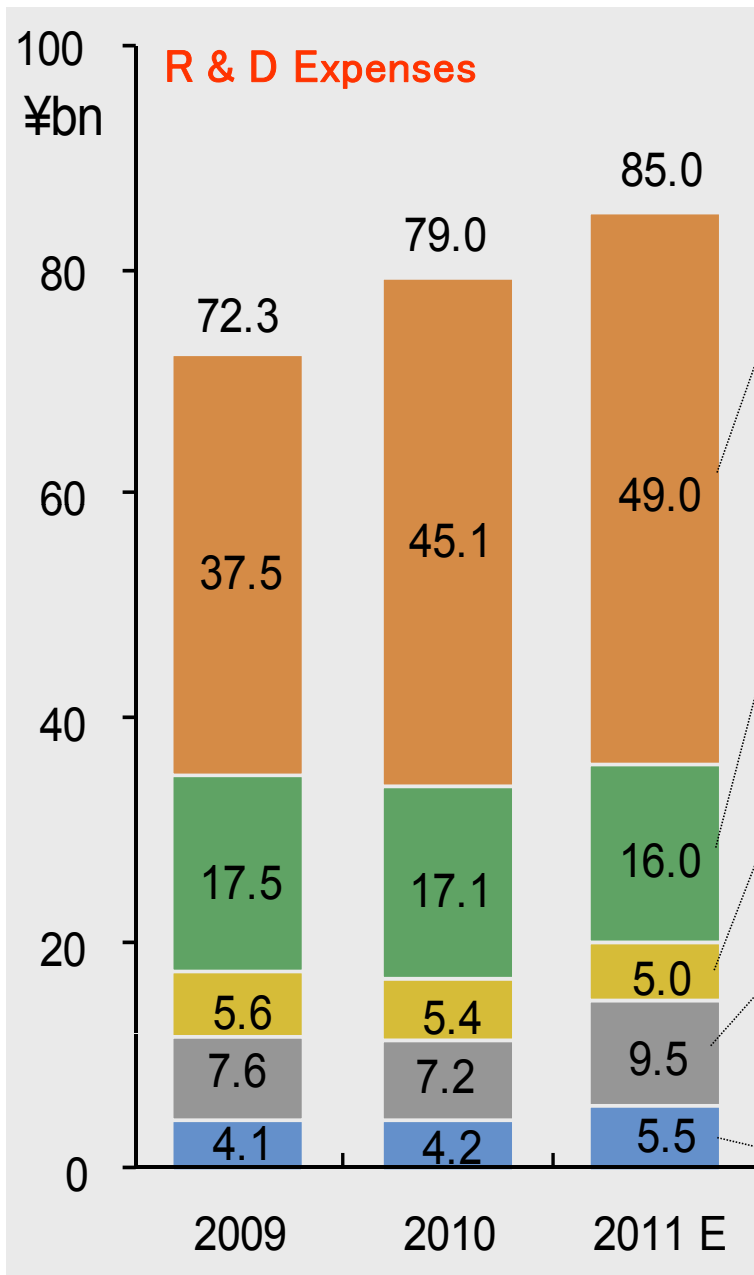




2—3. Impact of Yen Appreciation and Our Countermeasures

FY2011 1st Half Result

- ✓ Forex in 2nd Half are presumed to be \$1 = ¥80 and €1 = ¥110. If current level of Forex (¥77/\$, ¥105/€) continues, OP will be reduced by around ¥2.5bn.
- ✓ There is no tricky countermeasure to yen appreciation. We will accelerate further shift for globally best mixture of production location and will enhance global competitiveness through improvement of cost reduction and high added value for those products which are manufactured in Japan.
- ✓ In order to take the best advantage of yen appreciation, usage of imported materials and production outsourcing (out-in) to overseas production bases will be expanded. Moreover, purchasing power will be strengthened to buy parts and components with global class quality at an emerging country price (the world's lowest price) through multi-currency pricing, import in yen and cooperation among our procurement centers in overseas.
- ✓ Historical level of yen appreciation shall be used for capital reinforcement of overseas subsidiaries for the purpose of B/S soundness and finance. Postponed M&A business due to inviability will be revaluated with current market environment and forex, if the business needs are still there.



Business Unit	Market Trend	Key Technology/Activity
Automotive	Environmental(HEV/EV) Light weight Safety Comfort	Aluminum WH, Fine (Cu-SUS)WH, High voltage WH for HEV/EV, Booster circuit parts, Next generation automotive LAN, Solid Li battery, Electronic control unit, Automotive power distributor
Information & Communications	Capa increase in trunk line, FTTH, Wireless access, High speed wiring, Optical wiring, Net working of domestic appliances, Safety, Energy saving, Power device	High speed link/module, GaN electronic device, Photonic NW module, Optical wiring, Next generation optical fiber for trunk line, Applied optical power, Optical & wireless access, IP unit, Appliance for image distribution, ITS wireless appliance, Sensor technology for image and radio wave, SiC power device
Electronics	Compact, High density, Light weight, Energy saving	High performance FPC, High density parts & materials, Tab-lead for automotive, Metal nanoparticle, Large GaN substrate, Green GaN laser, GaN power device, Next generation semiconductor material
Electric Wire, Cable & Energy	Energy saving, Environmental, Paradigm shift of energy, Battery	High temperature superconducting wire-cable-coil, electricity controlling apparatus, Solar power generation, RF battery, Molten-salt battery, Aluminum celmet, High voltage insulating technology, HV coil
Industrial Materials	High accuracy machining, High performance automotive parts, Rare material measures	High performance tooling materials (Hard metal, Diamond, CBN), High performance magnetic powder, Magnesium alloy, High performance special steel wire, Infrared optical material, Tungsten recycling technology

2-5. FY2011 Forecast

FY2011 1st Half Result

While 1st half plan was achieved, circumstances in 2nd half look more uncertain than forecasted half a year ago. Although negative factors such as yen appreciation and expanding damages caused by flood in Thailand are getting worse, we will make every possible effort to achieve the targets (Sales ¥2,000bn, OP ¥100bn, Net income ¥65bn)

Unit:¥Billion	Actual①	1H Plan ②	1H Actual	2H Plan ③	Annual Plan ②+③=④	④/①
Sales	2033.8	900.0	[956.8]	1100.0	2000.0	(2%)
OP	103.8	20.0	[23.8]	80.0	100.0	(4%)
Equity in Net Income	23.9	6.0	[9.0]	9.0	15.0	
Ordinary Income	129.1	25.0	[35.6]	90.0	115.0	(11%)
Extraordinary Income	(15.3)	(4.0)	[(7.7)]	(3.0)	(7.0)	
Income before Income Tax and Minority Interests	113.8	21.0	[27.9]	87.0	108.0	(5%)
Income Tax and Minority Interests	(43.2)	(8.0)	[(8.8)]	(35.0)	(43.0)	
Net Income	70.6	13.0	[19.1]	52.0	65.0	(8%)



2-6. FY2011 Sales and OP by Segment

FY2011 1st Half Result

• Forex in 2nd Half are presumed to be ¥80/\$ (Original plan ¥85/\$) and ¥110/€ (Original ¥115/€). Our target of OP of ¥100bn shall be achieved in such a way that some business segments making excess profit over the plan will make up for the shortfall of others to make the total reach the target.

Unit:¥Billion	FY2011						FY2011	
	1H Plan①		[1H Actual]		2H Plan②		Yearly Plan①+②	
	Sales	OP	[Sales]	[OP]	Sales	OP	Sales	OP
Automotive	430.0	10.0	[451.3]	[14.0]	530.0	38.0	960.0	48.0
Information & Communications	75.0	(6.0)	[76.3]	[(4.2)]	95.0	7.0	170.0	1.0
Electronics	85.0	4.0	[86.1]	[0.0]	100.0	7.0	185.0	11.0
Electric Wire & Cable, Energy	225.0	2.0	[238.2]	[4.8]	270.0	13.0	495.0	15.0
Industrial Materials & Others	135.0	10.0	[136.2]	[9.2]	155.0	15.0	290.0	25.0
Eliminations	(50.0)	0.0	[(31.3)]	[0.0]	(50.0)	0.0	(100.0)	0.0
TOTAL	900.0	20.0	[956.8]	[23.8]	1,100.0	80.0	2,000.0	100.0

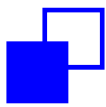


2-7. Securing OP towards Achievement of 12Vision

FY2011 1st Half Result

- Taking account of current market conditions, Forex and economic situation, the targets of 12V look high hurdles. However, we are determined to achieve OP forecast in FY2011 2nd half and make it a foothold to reach the 12V targets.

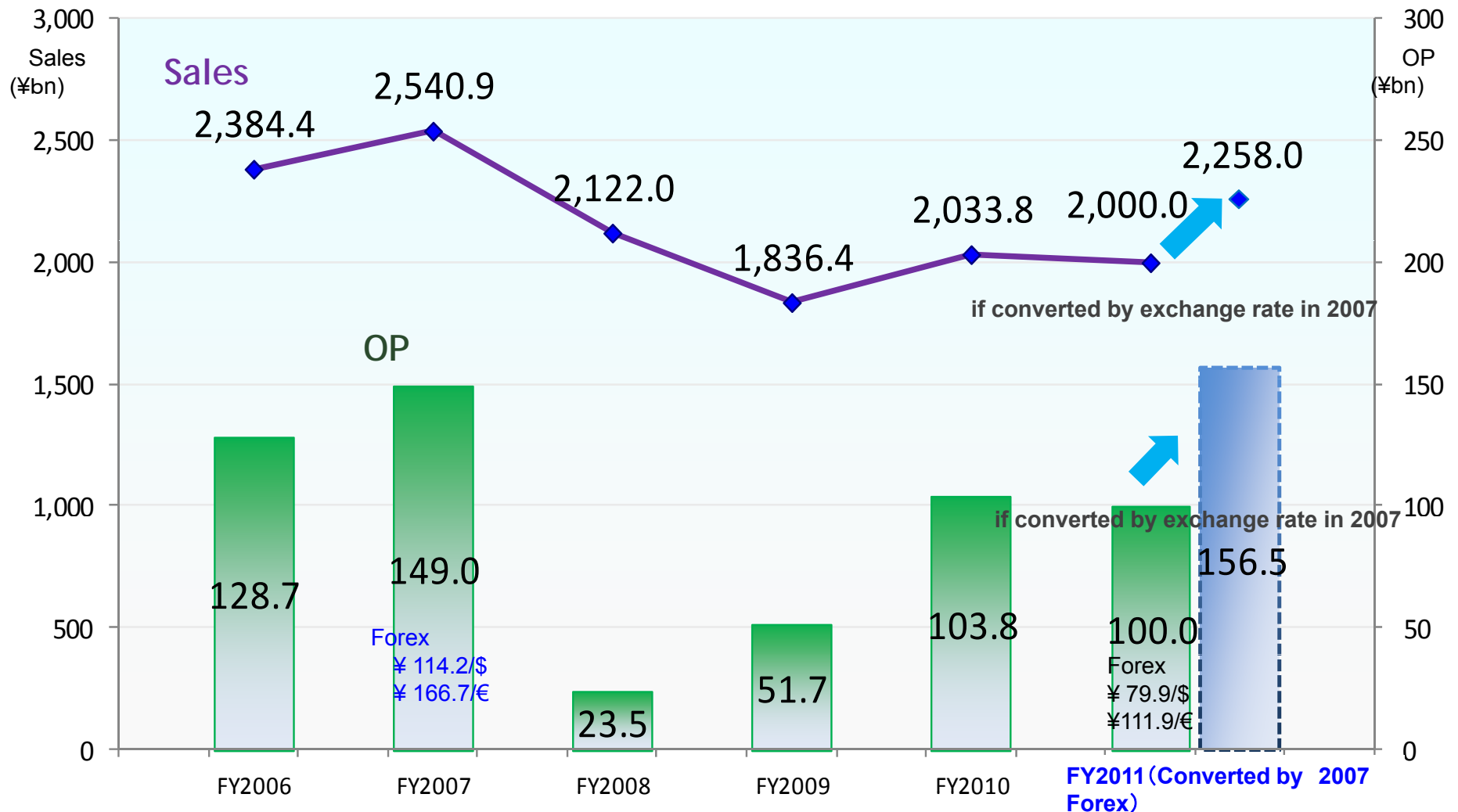




2-8. Level of FY2011 Forecast (Sales and OP)

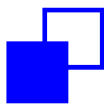
FY2011 1st Half Result

• FY2011 OP forecast of ¥100bn is equivalent to ¥156.5bn, if converted by exchange rate in 2007 when a record high profit was posted. We will achieve substantially record high level of targets set in the beginning of the year.

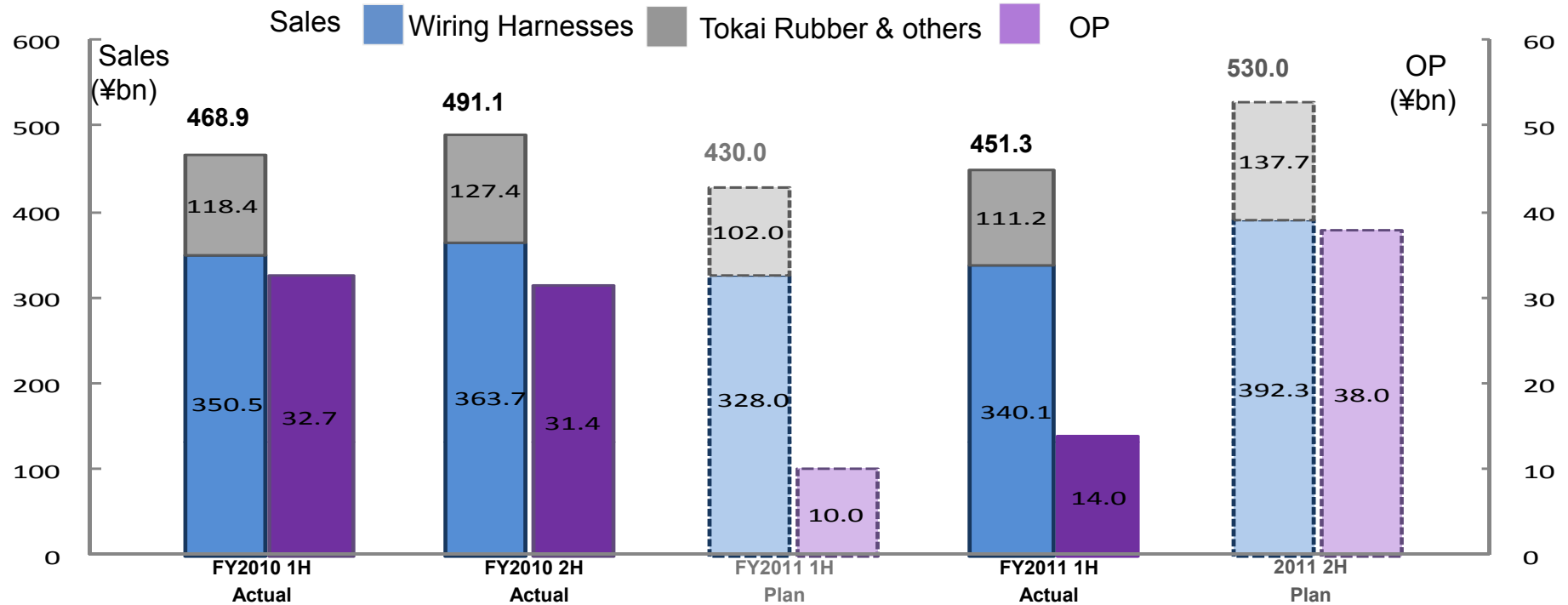




3. Achievements and Activities by Segment



3-1. Automotive

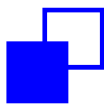


FY2011 1H

FY2011 2H

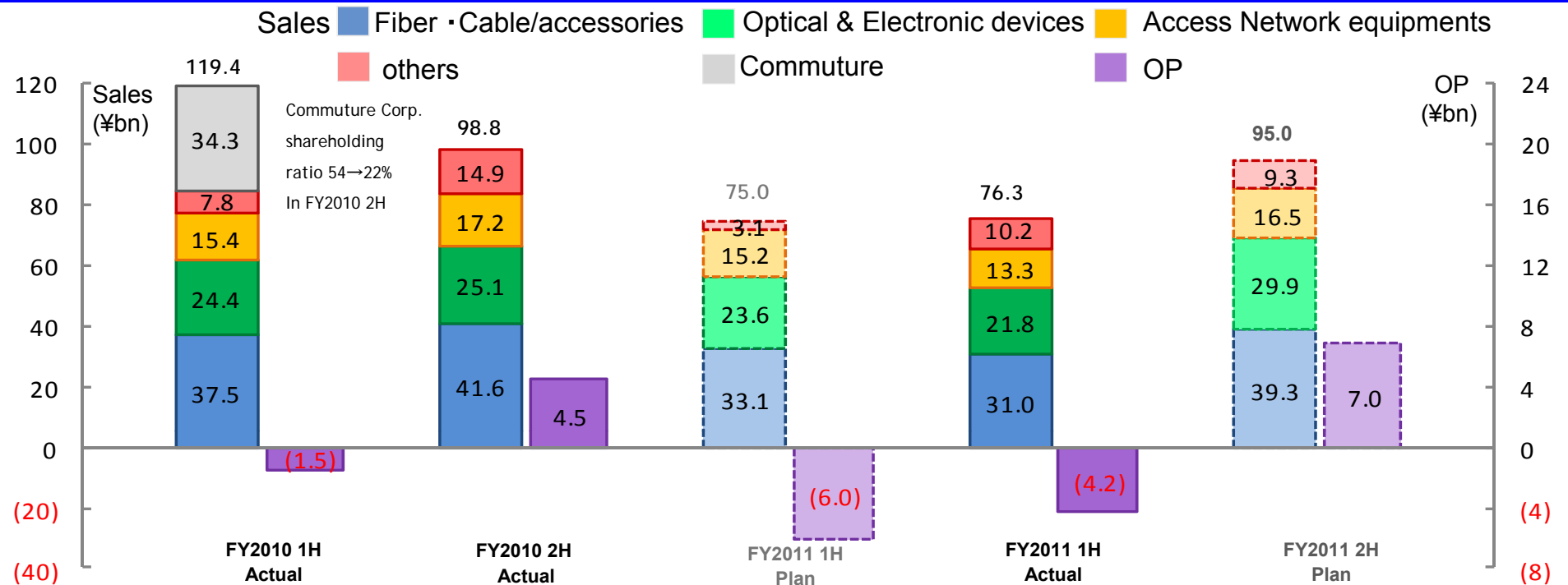
- While global automotive market was stable, Japanese car manufacturers reduced production due to March 11 earthquake and, therefore, our sales decreased by 4%.
- Because of smooth restoration of supply chain and increase in the market demand, our sales increased by ¥21.3bn and OP by ¥4bn as compared with the original plan.
- To meet recovery of production and increase in the market demand, investments were made at ¥13.4bn in Japan, at 8.9 in Asia, at 3.9 in Europe and at 2.0 in USA.

- Further increase in the market share of 25% attained in FY2010.
- Shift for globally best mixture of production location to meet global increase in market demand (Investment in 2H ¥35bn)
- Promotion of high efficiency and further shift of production to improve OP ratio and ROA ····· Increase in production capa in Mexico and in Out/In with advantage of yen appreciation
- Development of products for eco-friendly vehicle (HV-Aluminum/optical WH)
- Further cost reduction of product for emerging countries



3-2. Information & Communications

FY2011 1st Half Result



FY2011 1H

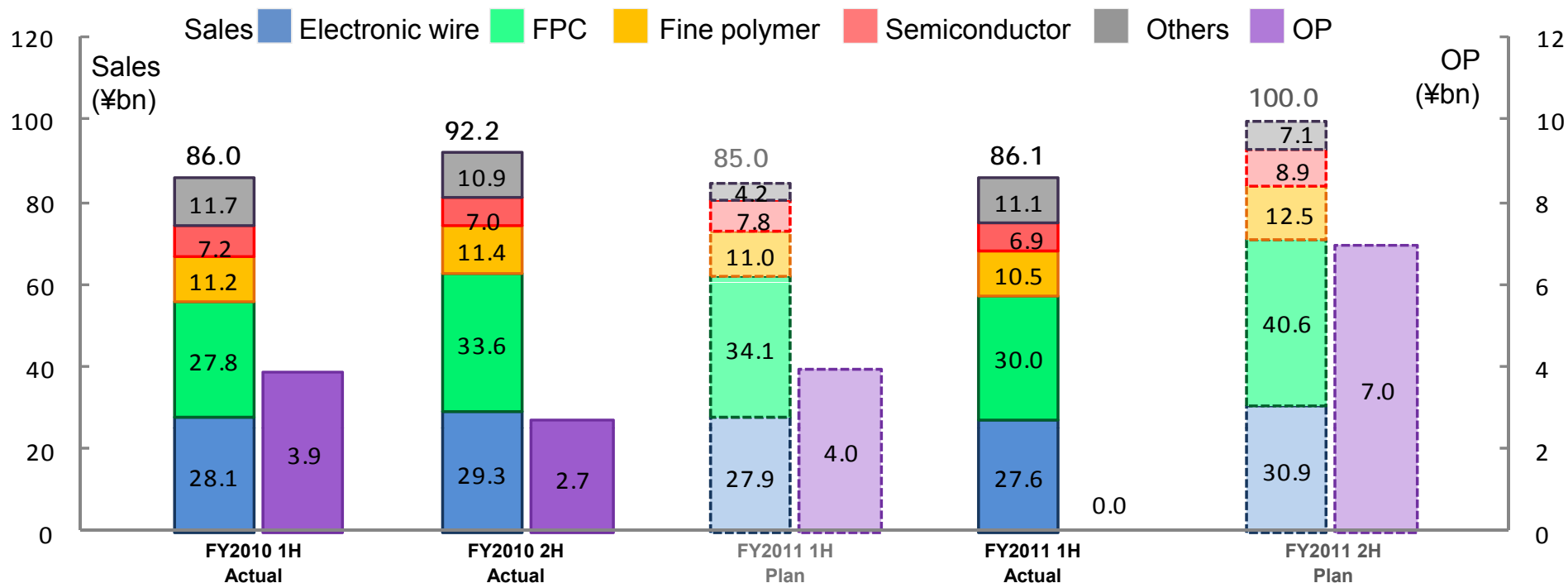
- Commutere having become equity method affiliate and production down by the earthquake made sales decrease by 36% and OP deficit of ¥4.2bn.
- Smooth recovery of production damaged by the earthquake and increase in global market demand got sales to increase by ¥1.3bn and negative OP to improve by ¥1.8bn as compared with the original plan.

FY2011 2H

- Sales promotion of optical fiber and optical device of which global demands are stable
- Sales promotion of GaN device for Long Term Evolution, 40/100Gbps optical device and network equipment for WiMAX and visual terminal
- Development and sales promotion of network equipment for CATV FTTH and new ITS units such as safe drive supporting system

3-3. Electronics

FY2011 1st Half Result



FY2011 1H

- Despite yen appreciation and damages from the earthquake, market demand for smart phone grew and sales stayed the same level and OP reduced by ¥3.9bn as compared with one year ago.
- As compared with the original plan, sales increased by ¥1.1bn, but OP decreased by ¥4bn due to yen appreciation and intensified global competition.
- Development of electronic wire suitable for high speed IF
- Orders received for new mobile game and smart phone.

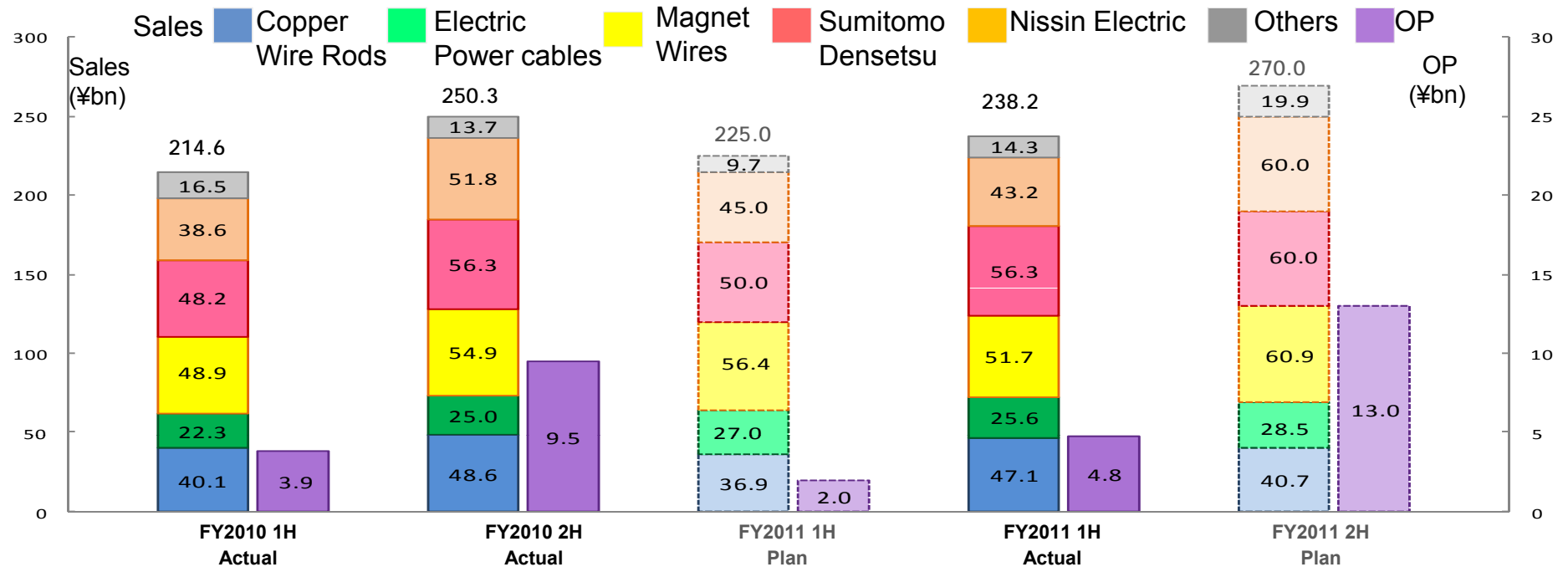
FY2011 2H

- Capture of global market demand mainly in emerging countries
- Sales promotion of new electronic wire such as tab-lead
- Capture of orders for new application for smart phone, tablet PC, game console, etc and smooth start-up of those production
- Integrated production of FPC in China, Improvement of overseas bases for electronic wire
- Best use of overseas factories of GaAs in USA, Taiwan, China.
- Sales promotion of GaN substrate for white LED.



3-4. Electric Wire, Cables and Energy

FY2011 1st Half Result



FY2011 1H

- LV cable for restoration from damages by the earthquake, increased business of Sumitomo Densetsu in Asia and increased sales of Nissin Electric for Charged Particle Beam-oriented Equipment made sales increase by 11% and OP by ¥0.9bn, as compared with one year ago.
- As compared with the original plan, sales increased by ¥13.2bn and OP by ¥2.8bn.
- Development of Aluminum Celmet

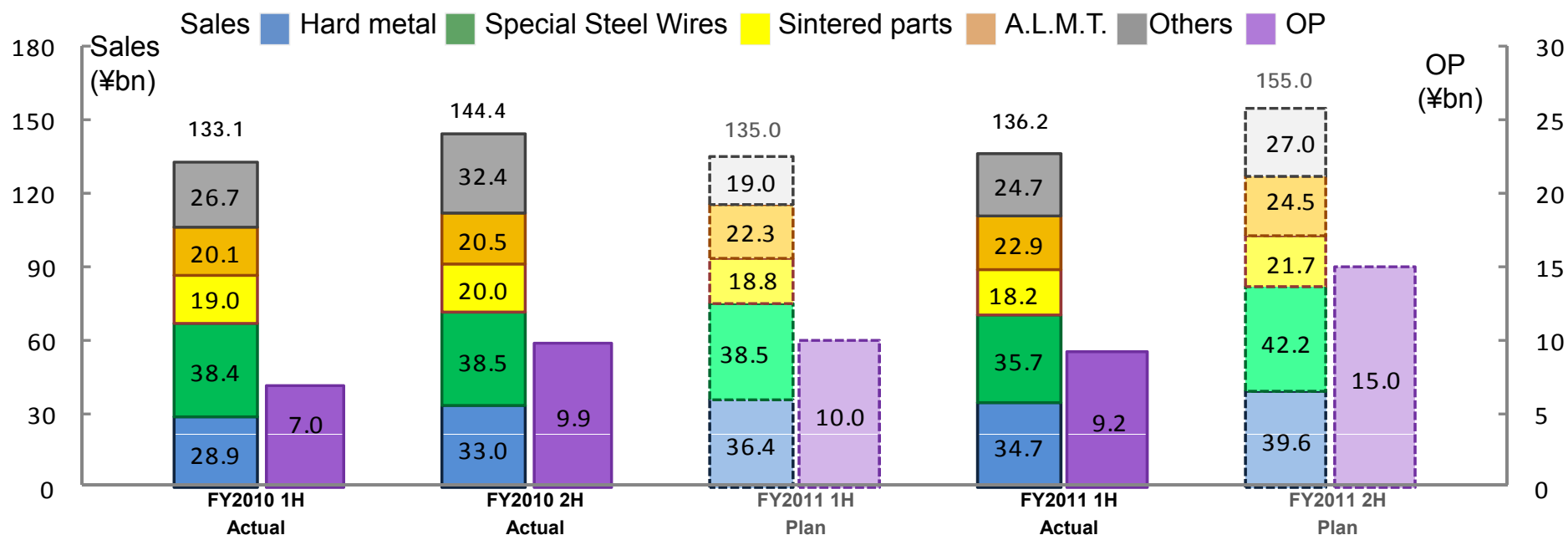
FY2011 2H

- Enhancement of sales and production of electrical component such as magnet wire, Celmet to meet production increase by Japanese car manufacturers
- Sales promotion of copper wire rod and magnet wire in Asia
- Capture of electric power infrastructure business in Asia - Middle east and Expansion of global business of HV cable
- Total cost reduction of magnet wire and development and sales promotion for HEV
- Development of renewable energy related products



3-5. Industrial Materials

FY2011 1st Half Result



FY2011 1H

- While automotive market demand reduced, growth of global market demand for hard metal tool made sales increase by 2% and OP by 31%, as compared with one year ago.
- As compared with the original plan, despite yen appreciation and decrease in market demand for saw wire, increase in sales of ALMT (Diamond product) brought the same levels of sales and OP.
- Operation started at JV with Hyosung for steel cord in Thailand in March and in China in May.

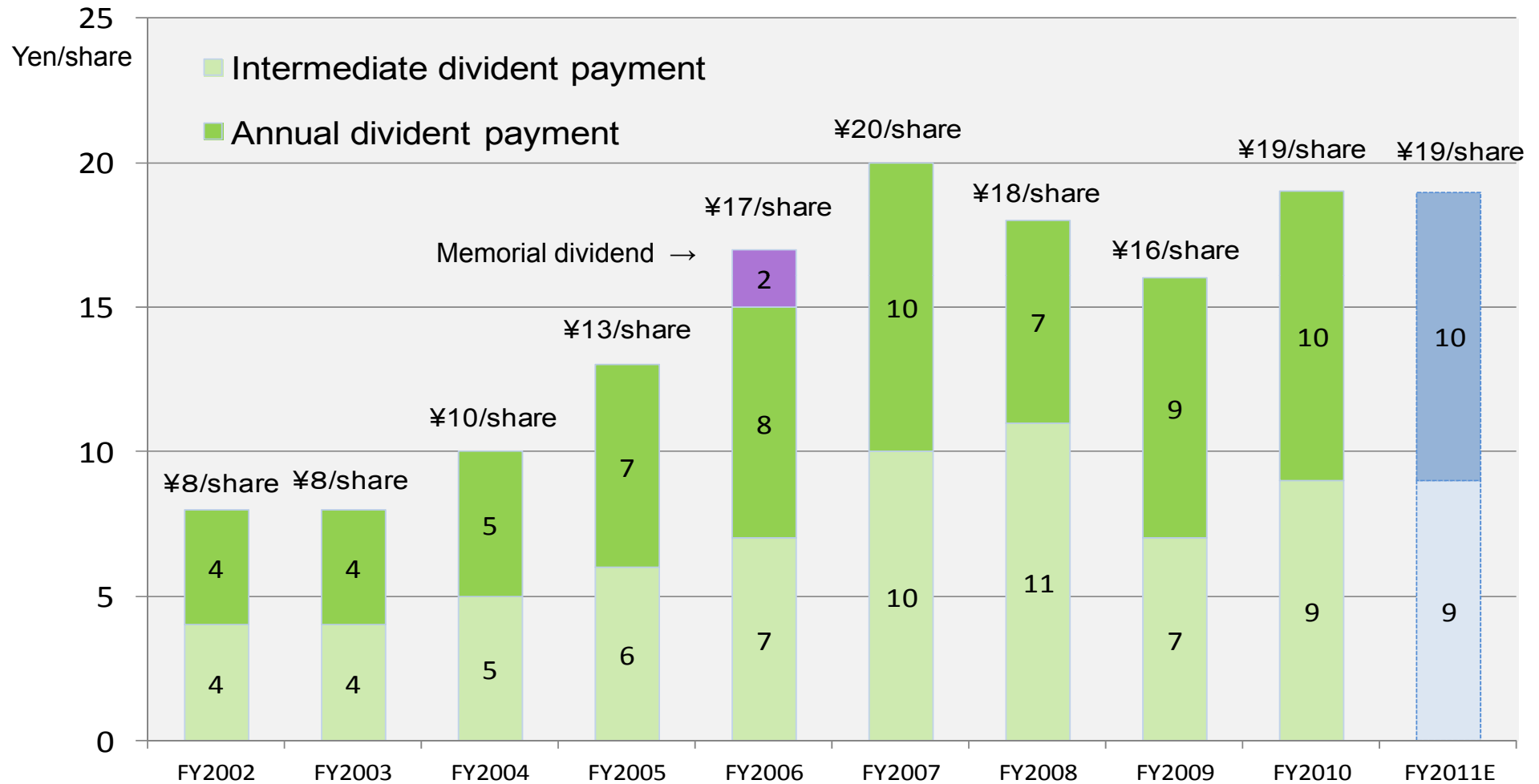
FY2011 2H

- Enhancement of sales and production of automotive parts such as spring wire and sintered products to meet increased production by Japanese car manufacturers
- Full scale operation of Tungsten recycling plant for hard metal
- Enhancement of production and sales bases in China for hard metal tools and sintered products
- Enhanced development of sintered parts for eco-friendly equipment (VVT, CVT, etc)
- Sales promotion of heat sink for cellular base station and electricity control



4. Dividend and Payout Ratio

• In 2011 interim dividend is planned to be ¥9/share and yearly dividend be ¥19/share.



Net income per share (yen)	(26.89)	34.29	48.01	76.43	100.22	112.74	21.78	36.19	89.02	81.95
Dividend payout ratio	—	23.3%	20.8%	17.0%	17.0%	17.7%	82.6%	44.2%	21.3%	23.2%



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