

FY2024 Results and FY2025 Forecasts

Sumitomo Electric Industries, Ltd.
May 22, 2025

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(Reference)

- Stock Price Trends
- Full Year Performance (by Segment)

1. FY 2024 Results

1-1. Performance summary

Announced in
February 2025

Announced in
May 2023

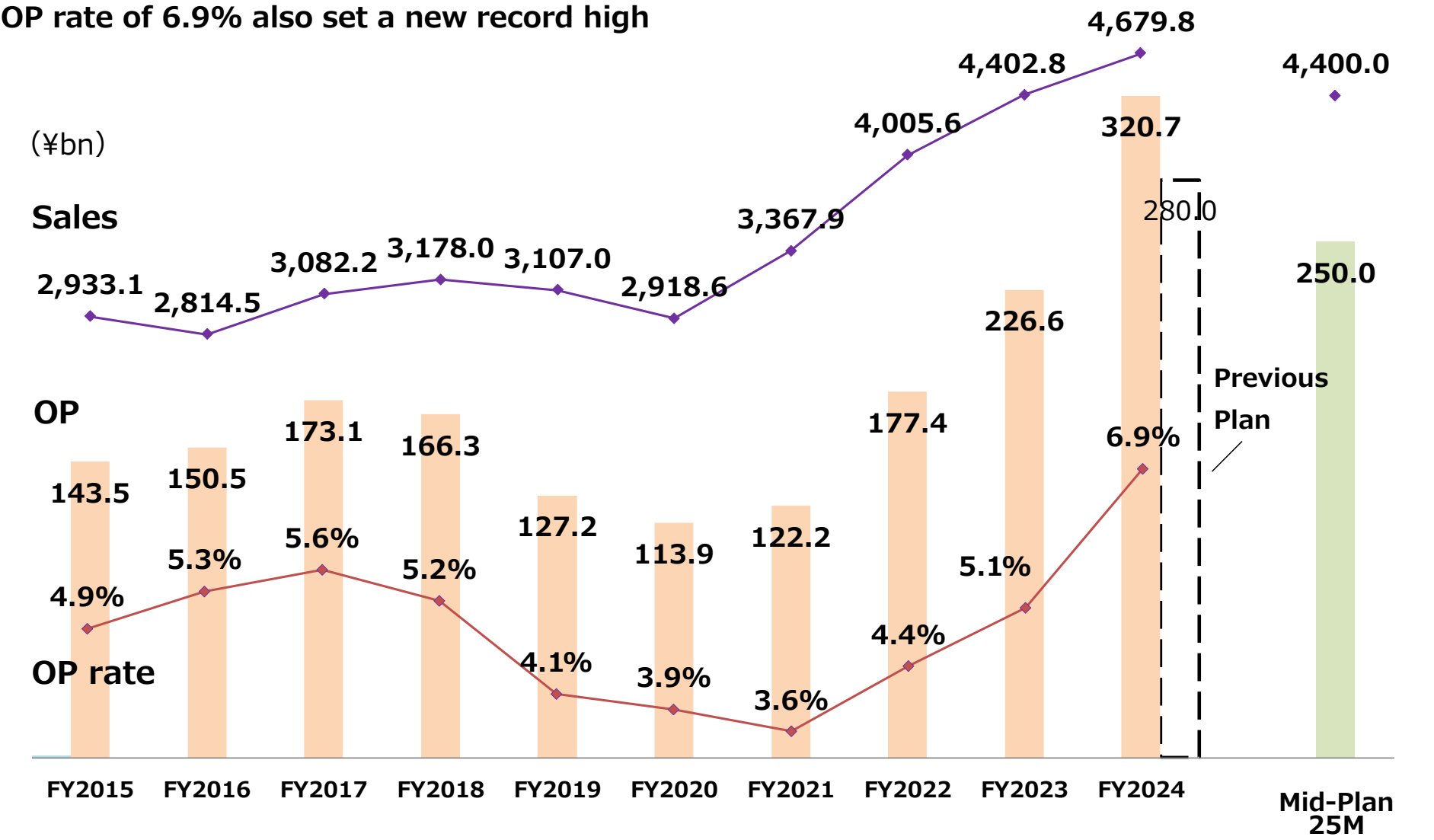
¥bn	FY2023 Actual	FY2024 Plan	FY2024 Actual	Growth	FY2025 25M Plan
Net Sales	4,402.8	4,600.0	4,679.8	+6%	4,400.0
Operating Profit	226.6	280.0	320.7	+41%	250.0
Ordinary Income	215.3	266.0	309.5	+44%	
Profit Attributable to Owners of the Parent	149.7	160.0	193.8	+29%	
Before tax ROIC	7.6%		9.3%		8% or more
ROE	7.3%		8.6%		8% or more
USD	¥145		¥153		¥130
EUR	¥157		¥164		¥140
Copper	¥1262k/t		¥1478k/t		¥1200k/t

Net sales increased by 6% from the previous year, mainly due to efforts to expand sales of products such as electric power cable and optical devices for data centers, as well as the yen's depreciation and rising copper prices. Profits also **increased from the previous year** as a result of sweeping improvements to productivity and sale prices as well as cost reductions. **Net sales, operating profit, ordinary profit, and net profit were all at record highs.**

Net sales, operating profit, ROIC (before taxes), and ROE all exceeded medium-term targets ahead of schedule.

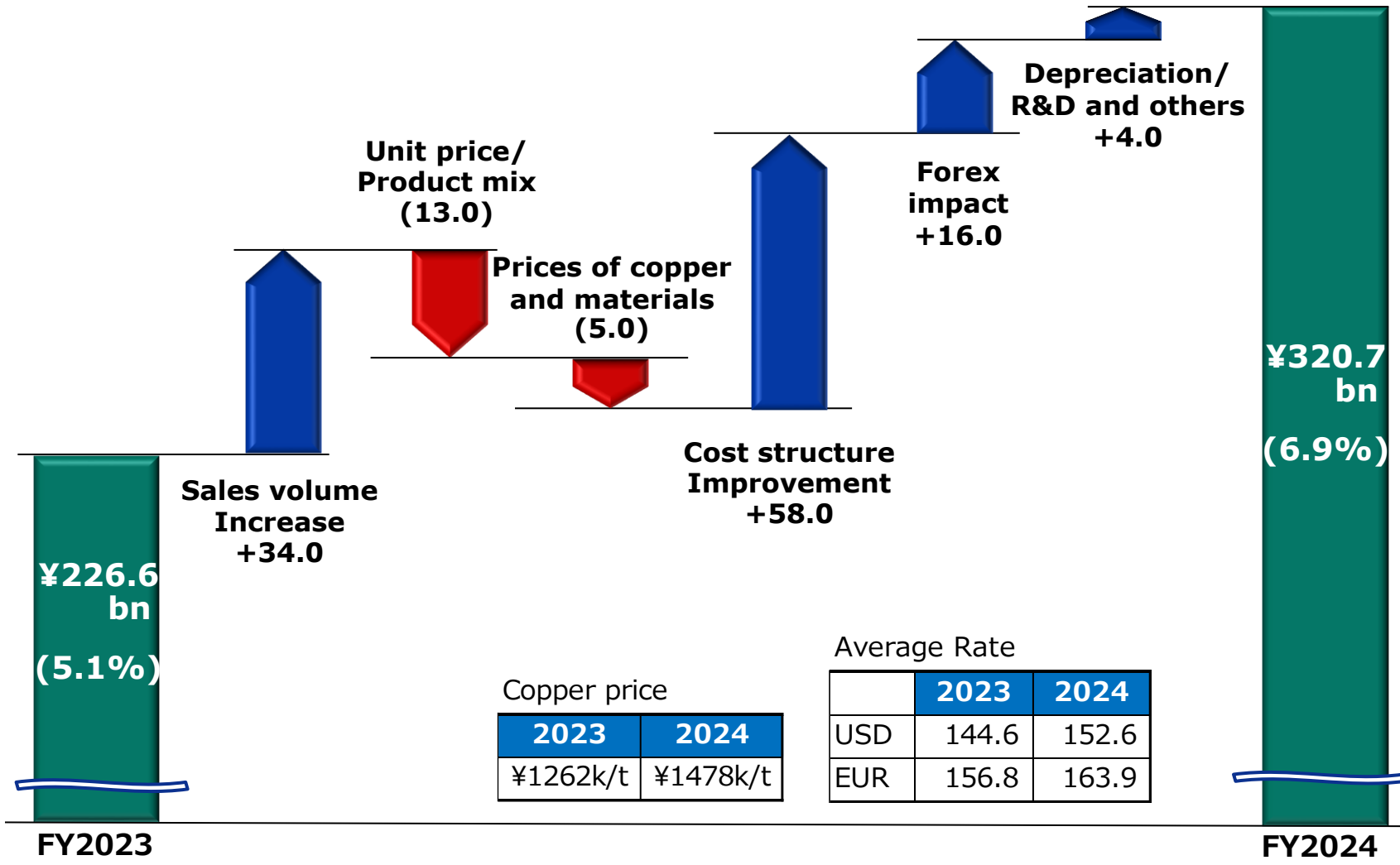
1-2. Performance trends

Operating profit reached 320.7 billion yen, setting a new record high
OP rate of 6.9% also set a new record high



1-3. OP variation factors from FY2023 to FY2024

(%):OP Rate



1-4. Sales and OP by segment

Environment and energy segment and automotive segments achieved record-high sales and operating profit.

¥ bn	FY2023 Actual ^①		FY2024 Revised Plan ^②		FY2024 Actual ^③		Growth ③－①		Difference ③－②	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Environment and Energy	980.0	42.9	1,090.0	65.0	1,081.3	78.7	+101.4	+35.8	(8.7)	+13.7
Infocommunications	206.1	(11.6)	230.0	17.0	223.3	19.9	+17.2	+31.5	(6.7)	+2.9
Automotive	2,596.4	144.7	2,670.0	152.0	2,734.7	172.4	+138.3	+27.7	+64.7	+20.4
Electronics	356.5	29.3	360.0	26.0	377.2	29.3	+20.8	+0.0	+17.2	+3.3
Industrial Materials and Others	364.2	21.1	360.0	20.0	372.7	20.6	+8.5	(0.5)	+12.7	+0.6
Total	4,402.8	226.6	4,600.0	280.0	4,679.8	320.7	+277.0	+94.0	+79.8	+40.7

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

1-5. BS as of FY2024 end

	¥ bn	FY2023 Actual①	FY2024 Actual②	Difference ②—①		¥ bn	FY2023 Actual①	FY2024 Actual②	Difference ②—①
Cash and Time Deposits		269.7	295.9	+26.2	Trade Payables		479.8	473.8	(6.0)
Trade Receivables		912.4	911.9	(0.5)	Interest Bearing Debt		801.5	775.9	(25.6)
Inventories		885.0	923.0	+38.0	Other		652.2	661.5	+9.3
Property, Plant and Equipment		1,098.2	1,121.8	+23.7	Total Liabilities		1,933.5	1,911.2	(22.3)
Investment Securities		607.1	604.7	(2.4)	Total Shareholders' Equity		1,738.1	1,862.9	+124.9
Other		593.0	584.2	(8.7)	Total Accumulated Other Comprehensive Income		469.6	427.5	(42.1)
					Non-Controlling Interests		224.2	240.0	+15.8
					Total Net Assets		2,431.9	2,530.4	+98.5
Total Assets		4,365.4	4,441.6	+76.2	Total Liabilities and Net Assets		4,365.4	4,441.6	+76.2

1-6. Free cash flow

Increased net profit generated cash of over 400 billion yen in operating cash flow.
We secured a surplus of 178.3 billion yen in free cash flow.

	¥ bn	FY2023 Actual①	FY2024 Actual②	Difference ② – ①
Profit before Income Taxes		238.5	304.1	+65.5
Depreciation and Amortization		206.3	206.2	(0.2)
Changes in Working Capital		47.6	△ 25.6	(73.2)
Other		△99.0	△ 82.4	+16.6
Cash Flows from Operating Activities		393.5	402.3	+8.8
Purchase of Property, Plant and Equipment		△179.3	△ 199.8	(20.5)
Proceeds from Sales of Investment Securities		70.1	13.0	(57.1)
Other		△14.6	△ 37.1	(22.5)
Cash Flows from Investing Activities		△123.8	△ 223.9	(100.1)
Free Cash Flow		269.7	178.3	(91.3)

2. FY 2025 Forecast

2-1. Summary of business environment

- ✓ In the fields of info-communication, investment by data center operators is increasing due to the expansion of generative AI. Demand for data center-related products is increasing further.
- ✓ Demand for environment and energy is expected to remain strong both domestically and overseas.
- ✓ In automotive business, demand is expected to stagnate in China and Europe due to the economic slowdown, and additional tariffs imposed by the US are expected to affect both sales and costs (In the medium to long term, the direction of business opportunities expanding with the progress of CASE remains unchanged)



The impact of additional tariffs on the global economy is difficult to predict and the outlook is uncertain. However, we will strive to minimize the impact of tariffs and aim to increase profits based on our actual strengths, excluding the impact of tariffs.

2-2. Consolidated performance forecast

Announced in
May 2023

¥bn	FY2023 Actual	FY2024 Actual	FY2025 Plan	Growth	FY2025 25M Plan
Net Sales	4,402.8	4,679.8	4,500.0	(4%)	4,400.0
Operating Profit	226.6	320.7	275.0	(14%)	250.0
Ordinary Income	215.3	309.5	280.0	(10%)	
Profit Attributable to Owners of the Parent	149.7	193.8	190.0	(2%)	
Before tax ROIC	7.6%	9.3%	9.0%		8% or more
ROE	7.3%	8.6%	8.2%		8% or more
USD		¥153	¥140		¥130
EUR		¥164	¥155		¥140
Copper		¥1478k/t	¥1400k/t		¥1200k/t

Due to the impact of additional US tariffs and exchange rates, FY2025 plan is not as high as the FY2024 results, but net sales, operating profit, ordinary profit, and net profit will all reach the second-highest levels on record.

We plan to achieve medium-term targets for net sales, operating profit, ROIC (before taxes), and ROE.

2-3. Impact of US tariffs (Assumptions used in the latest guidance)

Direct impact (main impacts listed)

Wire harnesses: Additional 25% tariff on automotive parts
(USMCA-compliant products are exempt until June)

Other products: Additional 10% for the most part
(Mexico and Canada: +25%, Steel & Aluminum: +25%)

Indirect impact

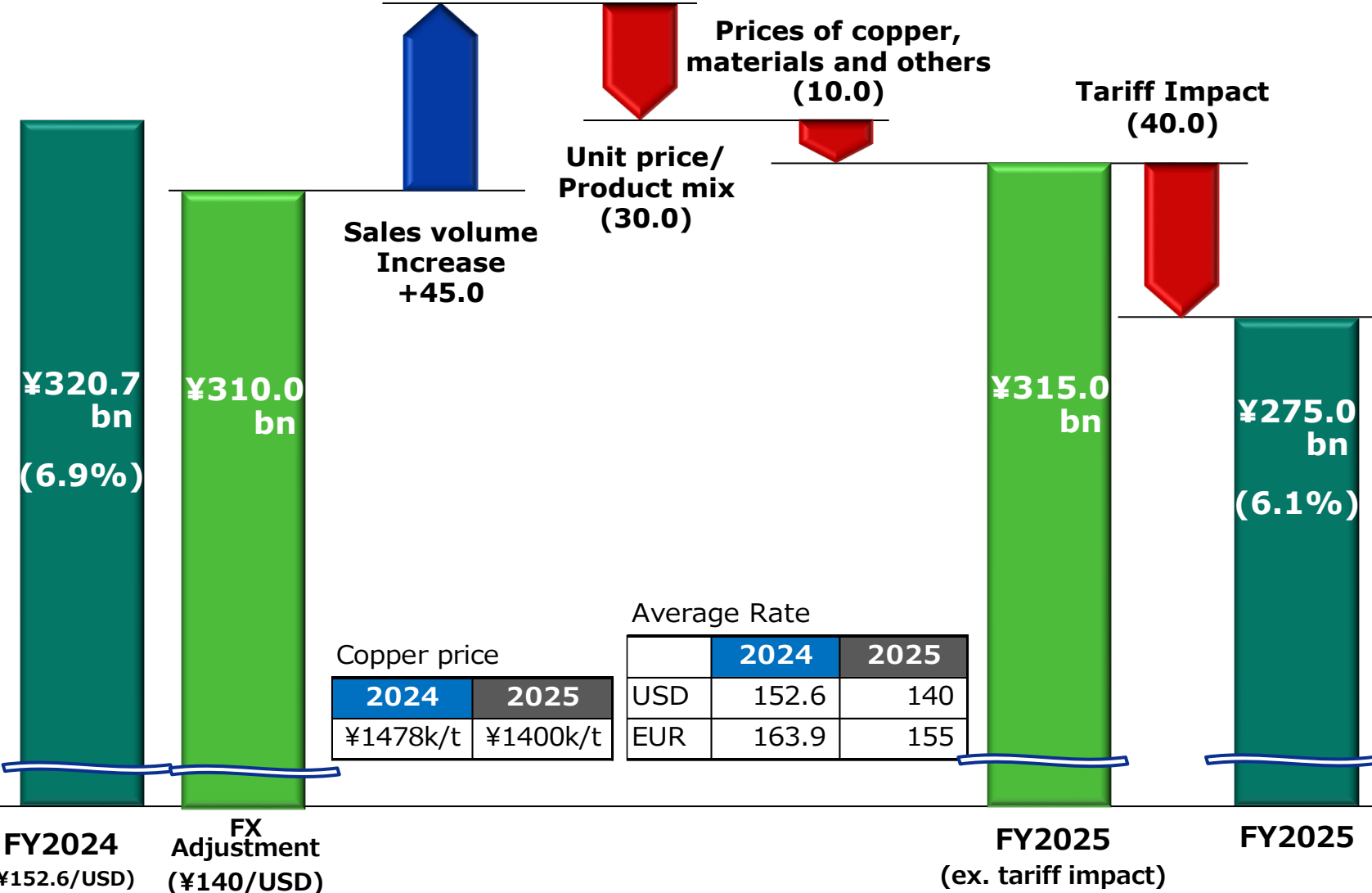
Decrease by 10% in automobile sales in the U.S. , etc.

Reflection in guidance

We will strive to minimize the impact through cost pass-through and production structure reviews, having factored in a downside risk of **40 billion yen in operating income losses**, including indirect effects.

2-4. OP variation factors from FY2024 to FY2025

(%):OP Rate



2-5. Sales and OP by segment

Info-communications segment is expected to achieve record operating profit.

¥bn	FY2024		FY2025				Difference		25M	
	Actual①		1HPlan		Annual Plan②		②－①		FY2025 Plan	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Environment and Energy	1,081.3	78.7	510.0	23.0	1,090.0	62.0	+8.7	(16.7)	1,020.0	50.0
Infocommunications	223.3	19.9	130.0	11.0	280.0	37.0	+56.7	+17.1	280.0	25.0
Automotive	2,734.7	172.4	1,210.0	35.0	2,500.0	127.0	(234.7)	(45.4)	2,500.0	110.0
Electronics	377.2	29.3	180.0	13.0	360.0	25.0	(17.2)	(4.3)	360.0	30.0
Industrial Materials and Others	372.7	20.6	190.0	9.0	390.0	24.0	+17.3	+3.4	390.0	35.0
Total	4,679.8	320.7	2,170.0	91.0	4,500.0	275.0	(179.8)	(45.7)	4,400.0	250.0

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

3. Status and initiatives by segment

3-1. Environment and Energy

Business environment

- The shift toward a decarbonized society continues.
Investment in energy infrastructure is very active in Japan and overseas, and demand for electric power cable and transmission and distribution equipment will remain bullish.
- Steady demand for the rectangular magnet wires for electric vehicles

Initiatives

- ✓ Increase orders for electric power cable, launch new European plant, reduce costs, improve quality, develop new products, and strengthen project management
- ✓ Increase orders for transmission and distribution equipment, expand production capacity, and strengthen development and proposals for environmentally friendly products
- ✓ Reduce costs for the rectangular magnet wires used in electric vehicles and develop next-generation products



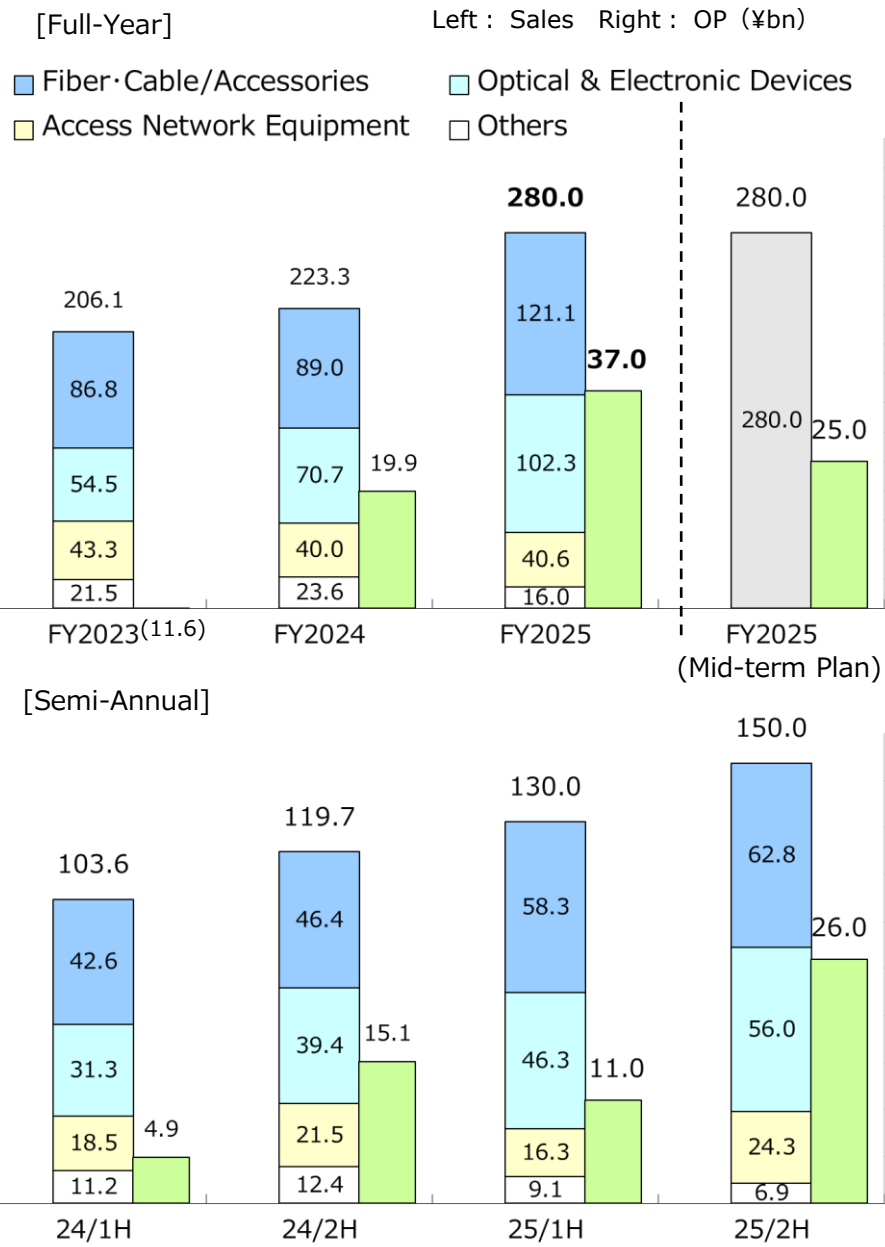
3-2. Info-Communications

Business environment

- The expansion of generative AI will increase demand for data center-related products (optical devices, optical connectors, optical cables, and compound semiconductor substrates)
- Telecom investment is expected to remain sluggish for the near future
- As the volume of data transmission increases, demands for higher speeds, smaller sizes, and lower power consumption will become even greater

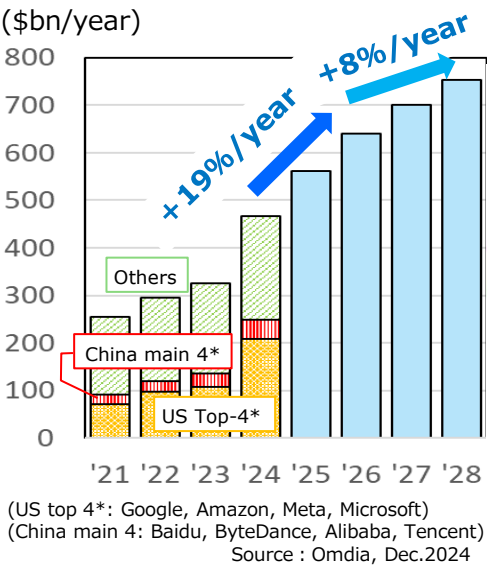
Initiatives

- ✓ Develop new products, promote sales and strengthen production capacity for data center products (Optical devices, optical connectors, optical cables, compound semiconductor substrates)
- ✓ Develop and promote ultra low-loss, high-capacity optical fiber for use as subsea cables
- ✓ Develop and promote high-efficiency GaN devices

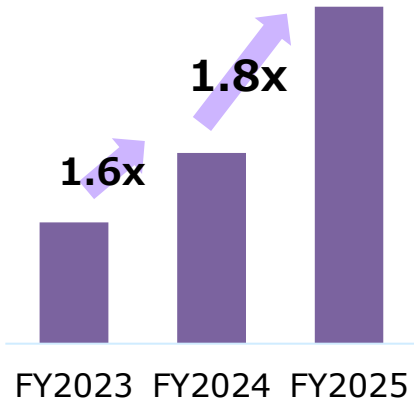


3-2. Info-Communications

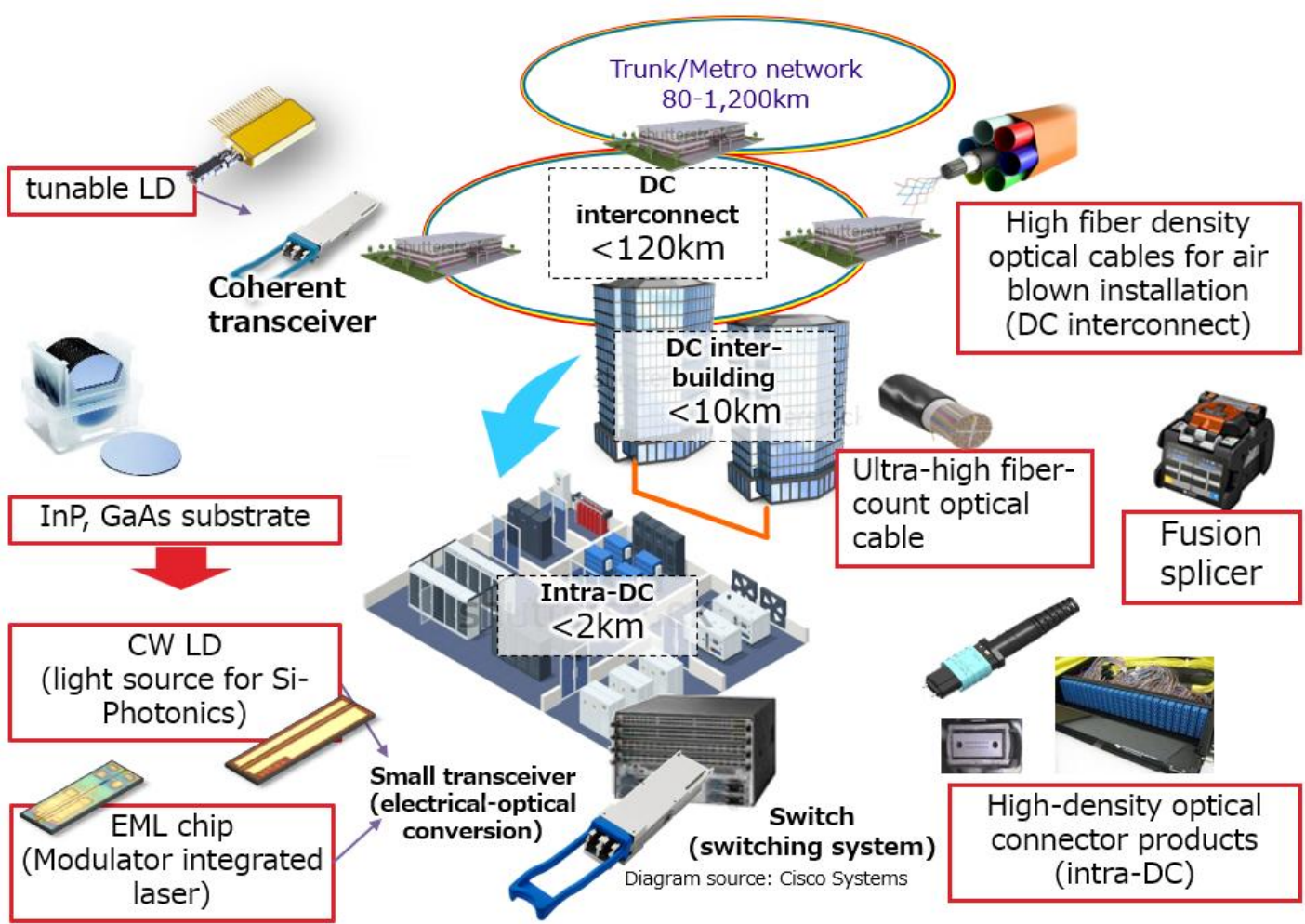
Global DC CAPEX



Our sales for DC

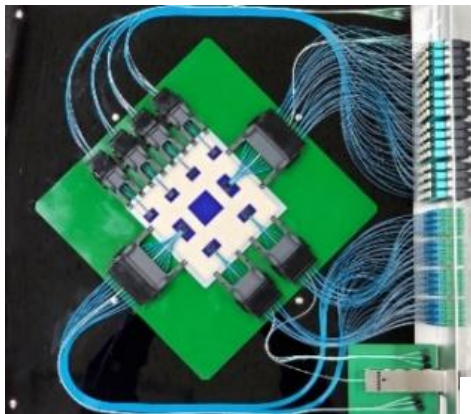


Our products for DC

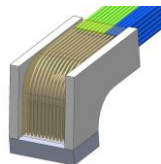


3-2. Info-Communications

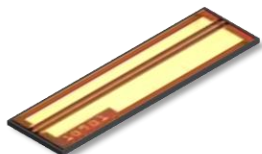
CPO (Co-Packaged Optics)



Example of CPO wiring inside equipment



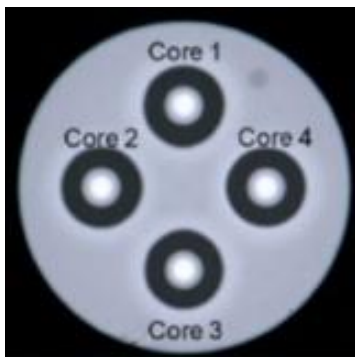
Optical IC connector



Optical device (CW-LD)
(light source for
Si-Photonics)

- CPO is expected to be adopted in the future as a technology that improves data transmission speed and reduces power consumption.
- We are recognized by our customers as a manufacturer that can provide many key components for CPO, which incorporates cutting-edge technologies.

Multi-core fiber



Cross section of multi-core fiber



Multi-core fusion splicer

- We are the first company in the world to successfully mass-produce multi-core fibers for subsea cables.
- We are currently proposing solutions using multi-core fibers to meet the demand for higher density in data centers.

3-3. Automotive

Business environment

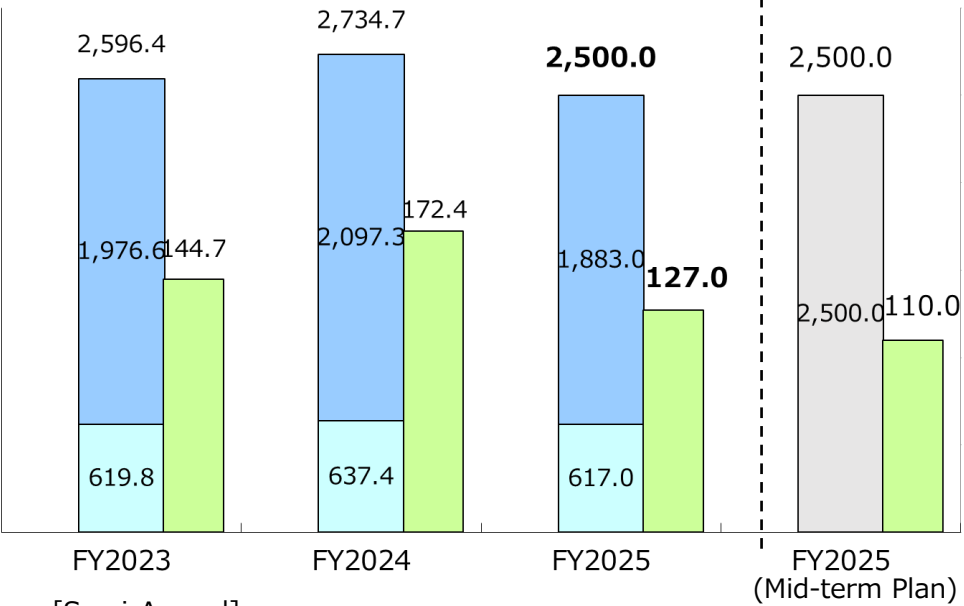
- In addition to declining customer demand in China and Europe, orders for wiring harnesses are expected to fall below the previous year due to the impact of additional US tariffs.
- Although the slowdown in EV sales continues, Japanese OEMs' HEV sales remain strong. Furthermore, the direction of CASE development will remain unchanged.

Initiatives

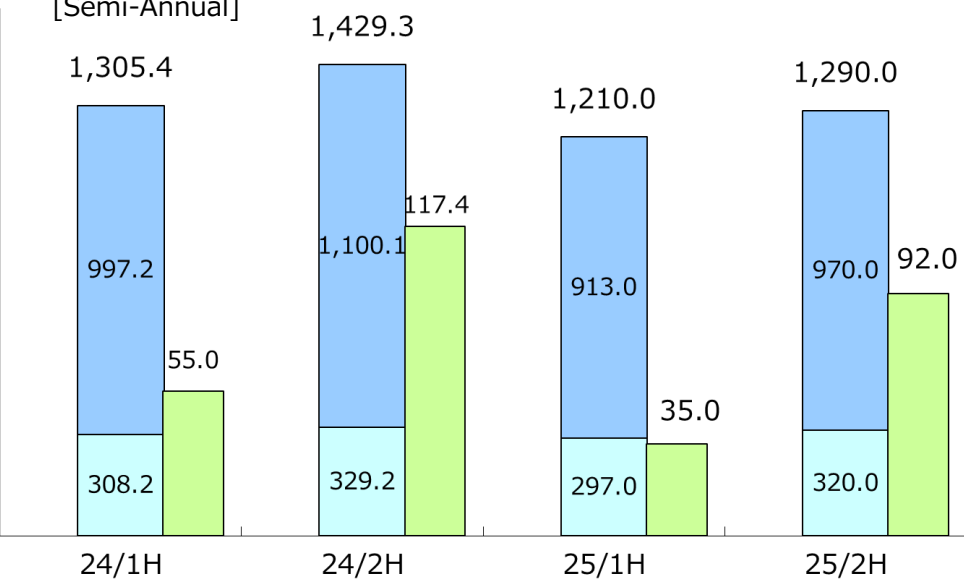
- ✓ Make flexible responses to changes in the business environment, including additional US tariffs.
- ✓ Strengthen business structure (enhance manufacturing capability and improve the efficiency of assets).
- ✓ Active expansion of new designs and production methods (split harnesses etc.).
- ✓ Create and promote new product lines for CASE.

[Full-Year] Left : Sales Right : OP (¥bn)

■ Wiring Harnesses ■ Sumitomo Riko & Others



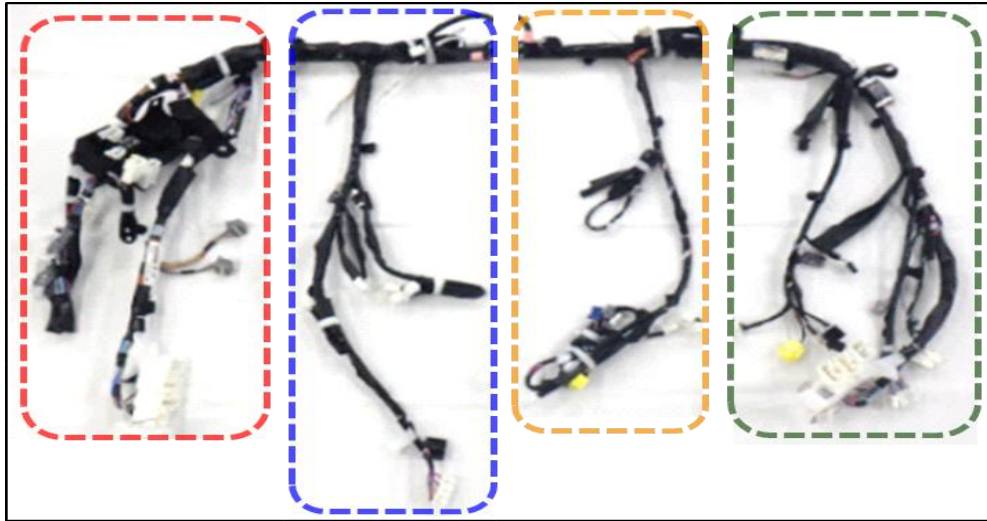
[Semi-Annual]



3-3. Automotive

– Active expansion of new designs and production methods –

Split harness



<Advantages>

- ① Simple form **that is easy to automate**
- ② **Capable of handling a wide variety of products with a small number of product numbers**
- ③ **Risk hedge and local production for local consumption** by avoiding centralized production

■ Progress: **Progressing according to plan**

Production preparations are proceeding as planned for the first vehicle model to feature this technology.

Prototype production is currently underway at locations in Japan and overseas. Mass production is scheduled to begin in FY 2025.

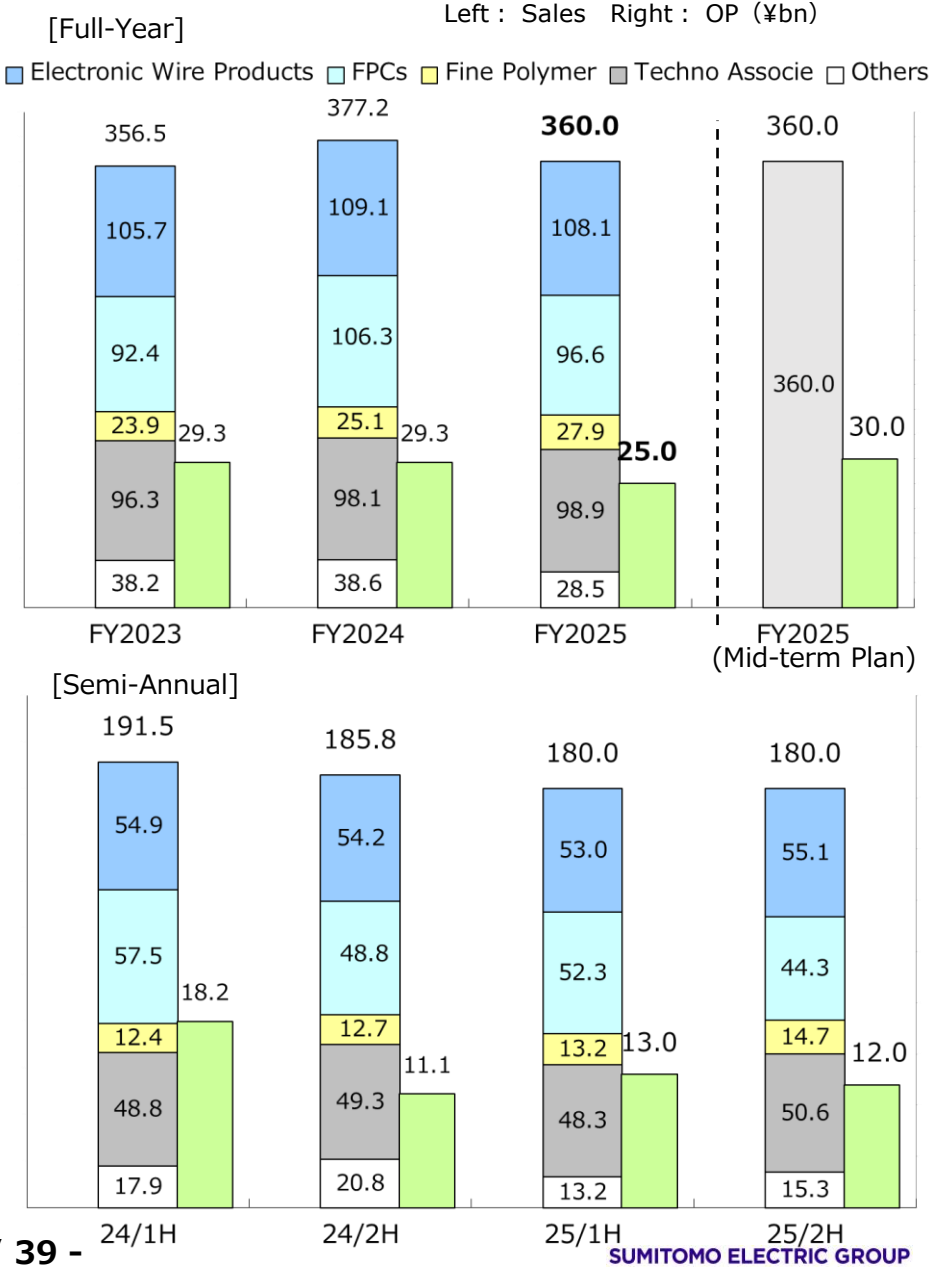
3-4. Electronics

Business environment

- FPC demand remains steady for major customers (Sales decrease in FY 2025 due to advance demand toward the previous fiscal year).
- Electronic wire sales are expected to increase in automotive applications, and new business areas such as aerospace will also see expansion.

Initiatives

- ✓ Further improve the performance of FPCs and expand sales to new fields (medical, CASE, data centers, etc.)
- ✓ Capture demand for electronic wires for automotive applications and expand sales to new fields (aerospace, medical, etc.)
- ✓ Expand market share of heat-shrinkable tubing in the automotive/aeronautics fields and expand sales to new fields (medical, infrastructure)
- ✓ Achieve thorough total cost reduction



3-5. Industrial materials

Business environment

- Demand for cemented carbide tools stagnated in China, Europe, and Japan in FY 2024. In FY 2025, orders are expected to increase due to a recovery in demand and expanded sales.
- Expansion into new markets such as electric vehicles, aircraft, and renewable energy. In addition, emerging markets such as India are also growing.

Initiatives

- ✓ Global sales promotion of cemented-carbide tools; breaking into new markets (electric vehicles, aircraft, semiconductors, and renewable energy) and expanding market share
- ✓ Develop and promote new sintered products for EVs and non-vehicle use, and enhance cost-competitiveness
- ✓ Reinforce manufacturing and selling structure for PC steel materials and wire used in springs while improving profitability by developing new products



4. Toward Enhancing Corporate Values

4. Toward Enhancing Corporate Values

Mid-term Management Plan 2025



Development of a Decarbonized Society

Evolution of the Information Society

With-covid/Post-covid Society

Decoupling and destabilization in the global community

FY2022 (actual)

Net sales : 4.0 trillion yen
Operating profit : 177.4 billion yen
Before tax ROIC : 6.6%

FY2025

Net sales : 4.4 trillion yen
Operating profit : 250 billion yen
Before tax ROIC : >8%

FY2030 (2030 VISION)

Net Sales : >5 trillion yen
Before tax ROIC : >10%

4. Toward Enhancing Corporate Values

Aiming for sustainable enhancement of corporate values by pursuing growth and efficiency through growth strategies and strengthening of the foundation set forth in the Mid-term Management Plan 2025.

Growth Potential

30V Target **Sales expansion of more than 1 trillion yen in 3 focal areas**
Three focal areas: Energy, Info-communications, and Mobility

- 25M Target** **Expand sales by 400 billion yen through growth themes**
(700 billion yen in 2022 → 1.1 trillion yen in 2025)
- Energy**
 - Interconnectors / battery storages for power grids
 - Renewable energy networks
 - Environmentally friendly power transmission and distribution / energy-saving equipment
 - Info-communications**
 - High-speed large-capacity and low-latency communications network
 - Data Centers and related Equipment
 - Next-generation telecommunication devices and equipment
 - Mobility**
 - Materials for electrified automobiles / weight reduced materials
 - Driver-assistance and autonomous driving systems
 - Mobility solutions from energy infrastructure and integrated transport infrastructure

Efficiency

30V Target **Before-tax ROIC of 10% or more**

25M Target **Before-tax ROIC of 8% or more**
ROE 8% or more

Maximize cash generation through efficiency.

EBITDD 1.6 trillion yen over 3 years

EBITDD: Earnings Before Interest Taxes Depreciation and Development

4-1. Initiatives to Improve ROIC

Set ROIC as the most important indicator for efficiency improvement and work on improvement.

ROIC Tree Items		Focal Initiatives
Improving profitability	Improving operating margin ratio	<ul style="list-style-type: none"> Improving profitability through higher added value Pursuing innovative technologies and manufacturing methods Improving orders-received profitability
	Reducing interest rate burden	<ul style="list-style-type: none"> Reducing interest-bearing debt (to improve financial soundness)
Improving asset efficiency	BS overall	<ul style="list-style-type: none"> Strengthening division-specific B/S and free CF management (estimation of WACC by division) Reviewing cross shareholdings
	CCC (Improving working assets)	<ul style="list-style-type: none"> Optimizing inventory balances and number of days held Improving balance of receivables and payables and number of days held
	Tangible fixed assets	<ul style="list-style-type: none"> Capital investment management (Improving investment certainty and strengthening investment budget management)

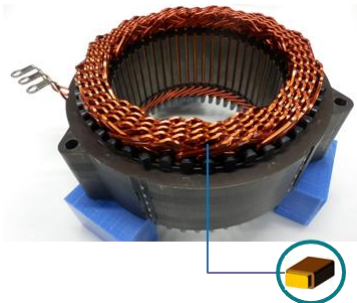
4-1-1. Initiatives to Improve Profitability

High added value

Pursuit of high value-added products through “business metabolism”

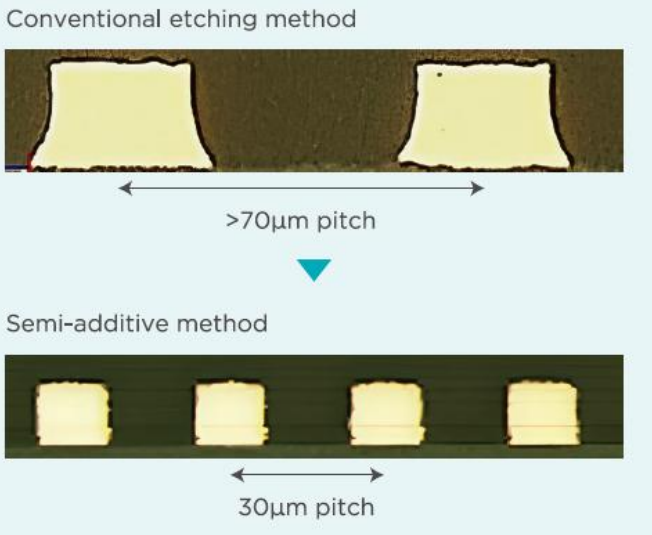
Magnet wire

Focusing on “rectangular magnet wires ” that contribute to higher performance and weight reduction of electric vehicles



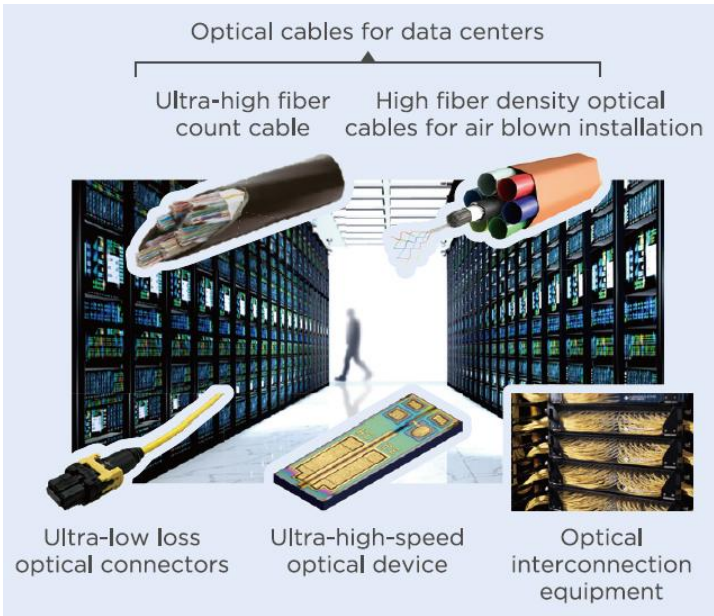
FPC

Focusing on high value-added products utilizing fine pitch circuit technology



Info-communications

Strengthening data center products



Wire harnesses

Expansion of new products contributing to electrification and connectivity

Cemented carbide tools

Introduction of new products such as tools for aircraft applications and wind power generation parts

4-1-2. Initiatives to Improve Asset Efficiency

Strategic shareholdings

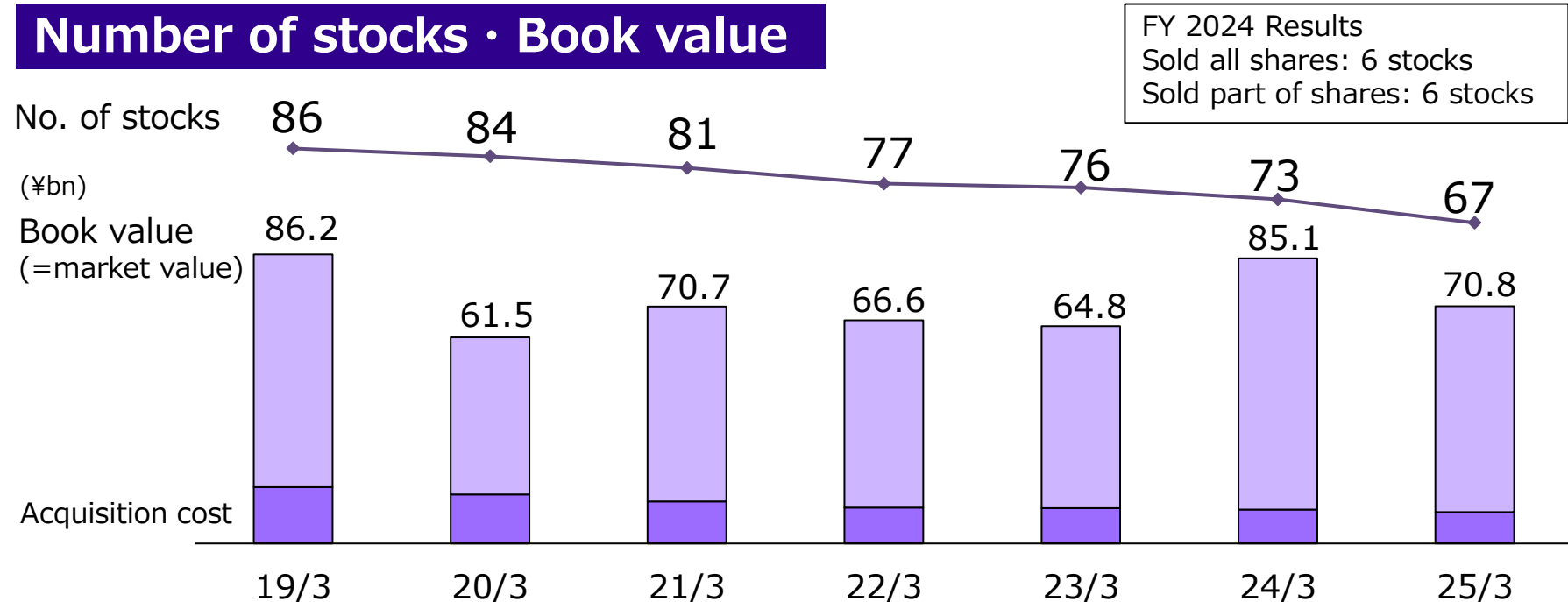
(Presentation material November 2024, republished)

Examining the significance of holding more strictly than before.

The balance is over 300 billion yen (as of the end of September 2024), including the pure investment purpose portion held by subsidiaries, but we will actively reduce it by at least half within the next few years.

The cash acquired will be used for future growth investments and shareholder returns.

Number of stocks · Book value

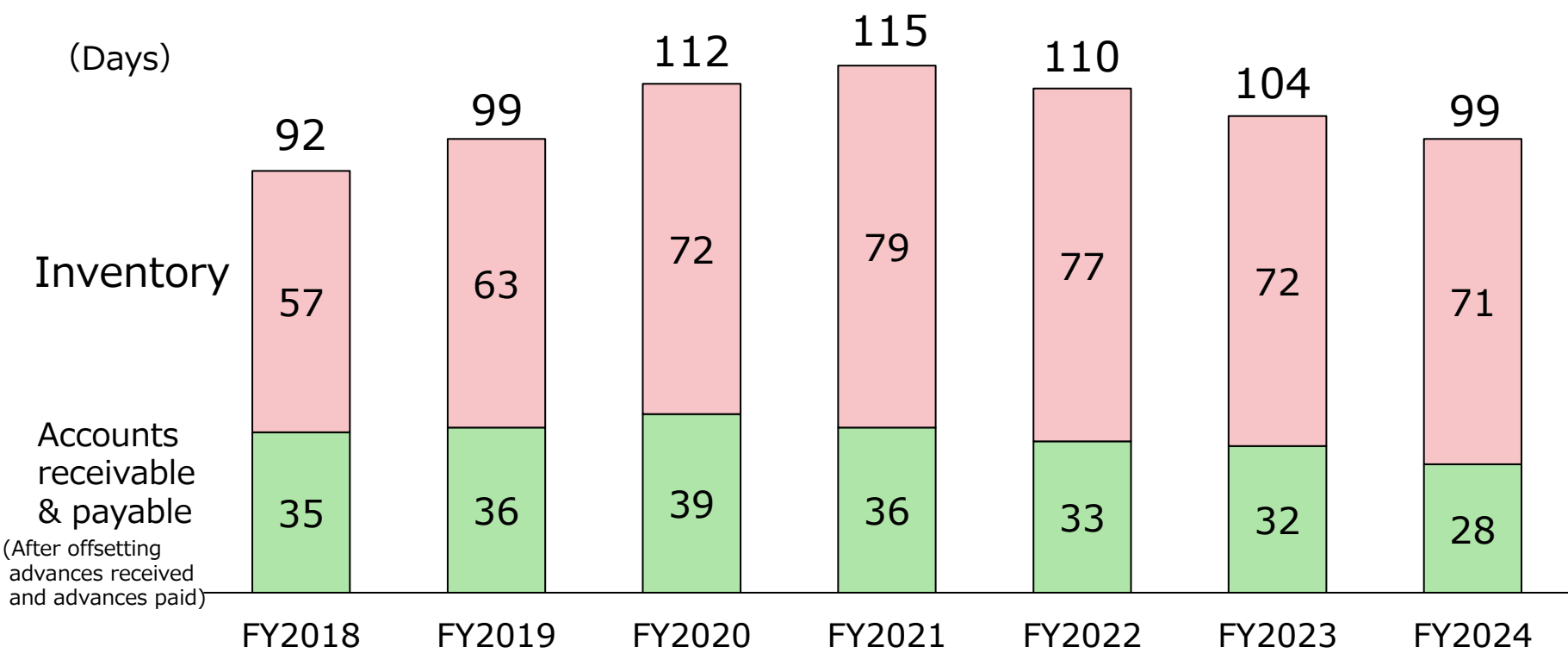


(Our holding amount as stated in the securities report)

4-1-2. Initiatives to Improve Asset Efficiency

CCC (Cash Conversion Cycle)

Promoting initiatives to reduce to pre-pandemic levels



Initiatives

- Shortening manufacturing and procurement lead times
- Visualizing inventory using DX
- Trade receivables and payables site negotiations
- ROIC analysis by customers

4-2. Cash generation and allocation

Free cashflow trends

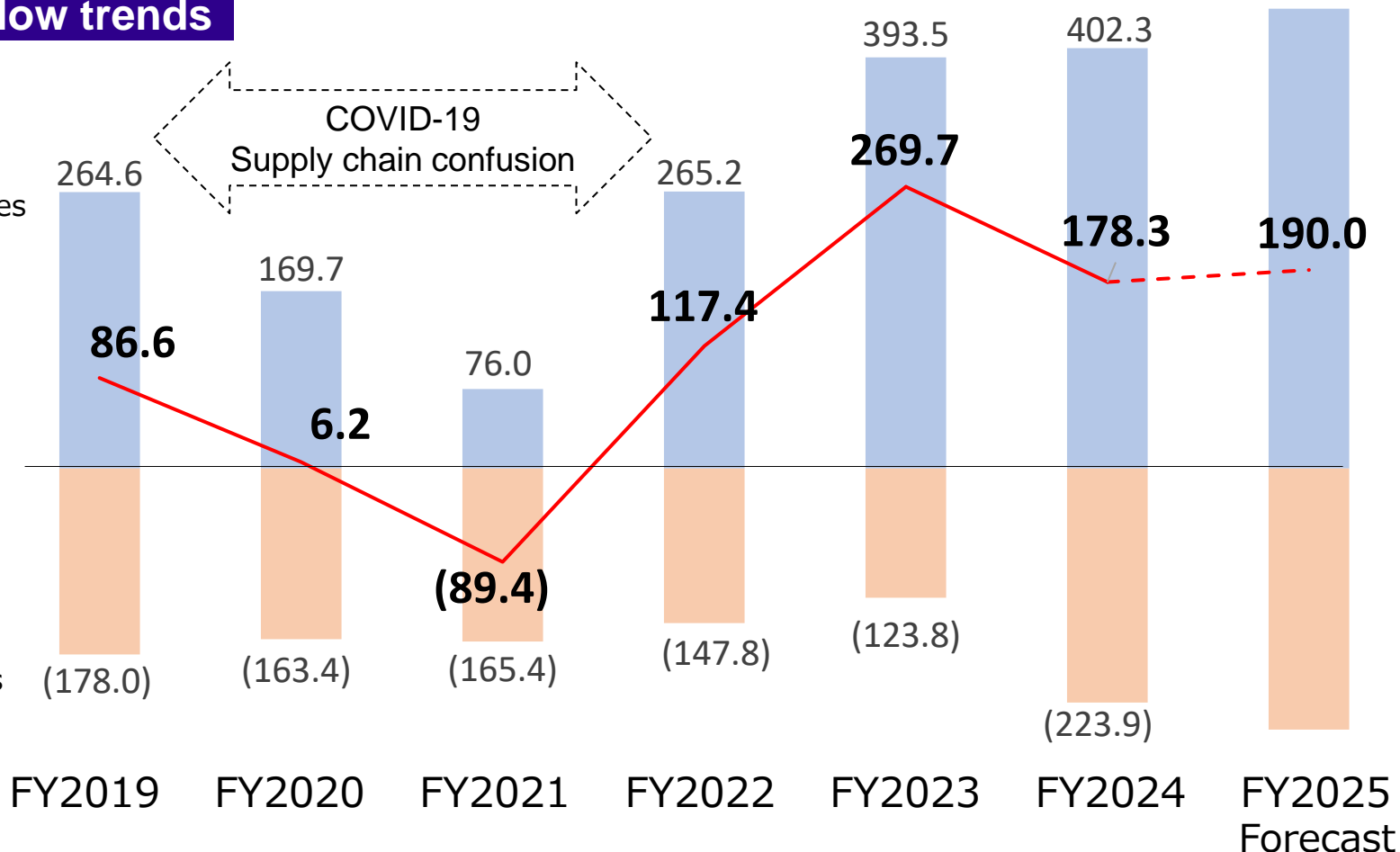
(¥bn)

Cash flows from
operating activities

**Free
cashflow**

COVID-19
Supply chain confusion

Cash flows from
investing activities



**Earning power has improved since the COVID-19 pandemic.
We are focusing on asset efficiency and maximizing free cash flow.**

4-2. Cash generation and allocation

EBITDD and use of cash

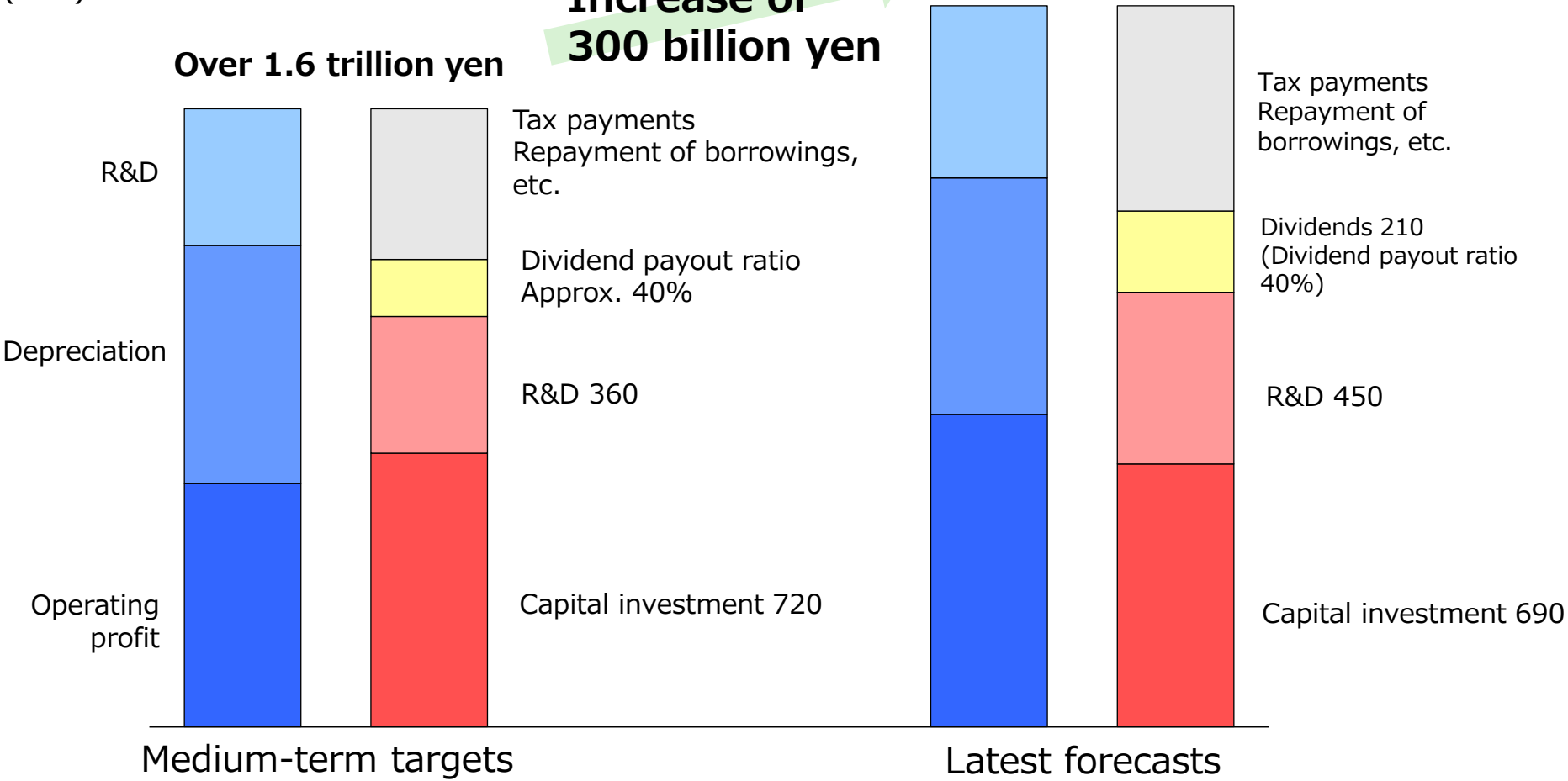
Earnings Before Interest Taxes Depreciation and Development

Three-year total for FY 2023–2025
(¥bn)

Over 1.6 trillion yen

Increase of
300 billion yen

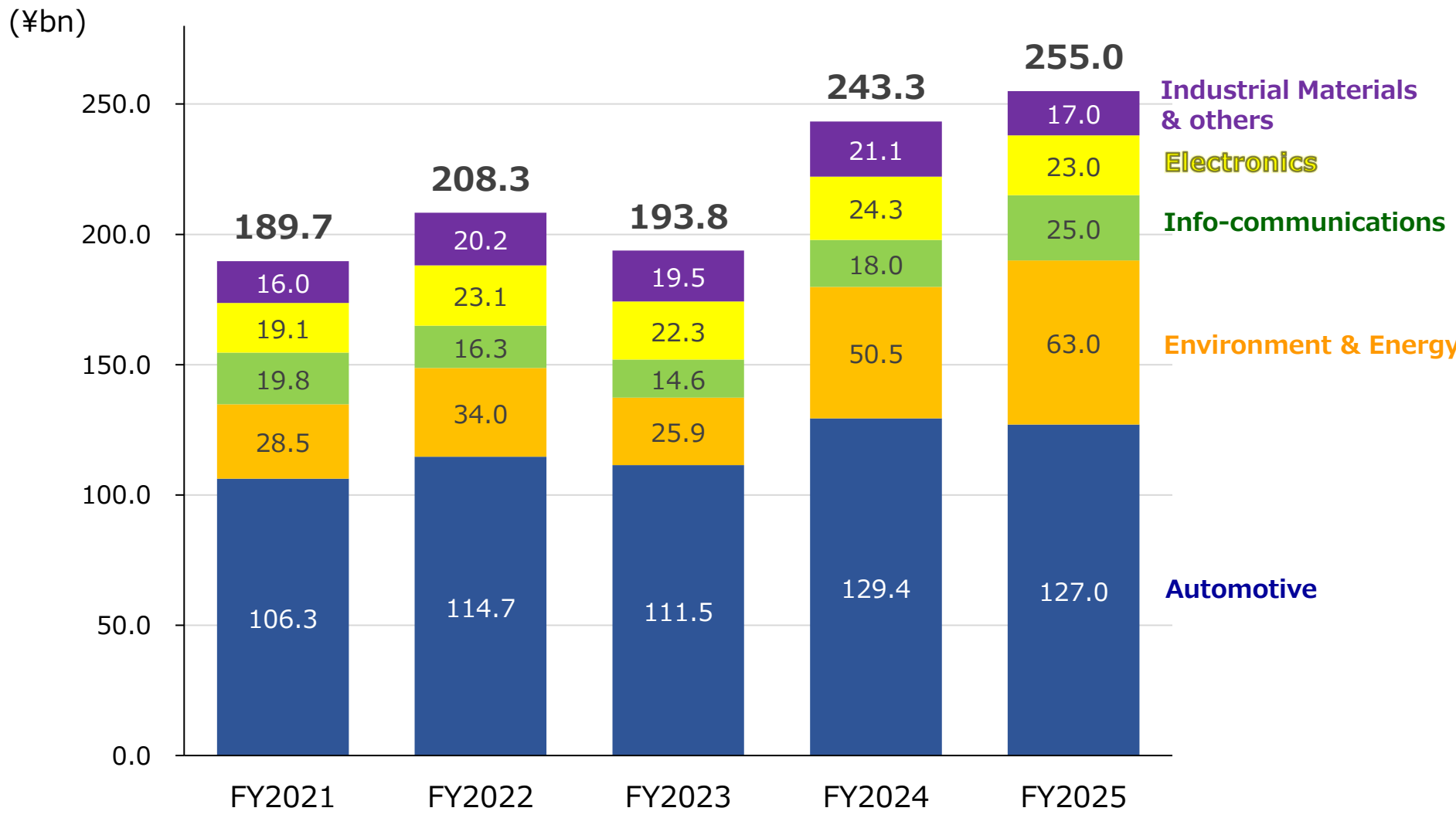
Approx. 1.9 trillion yen



4-2. Cash generation and allocation

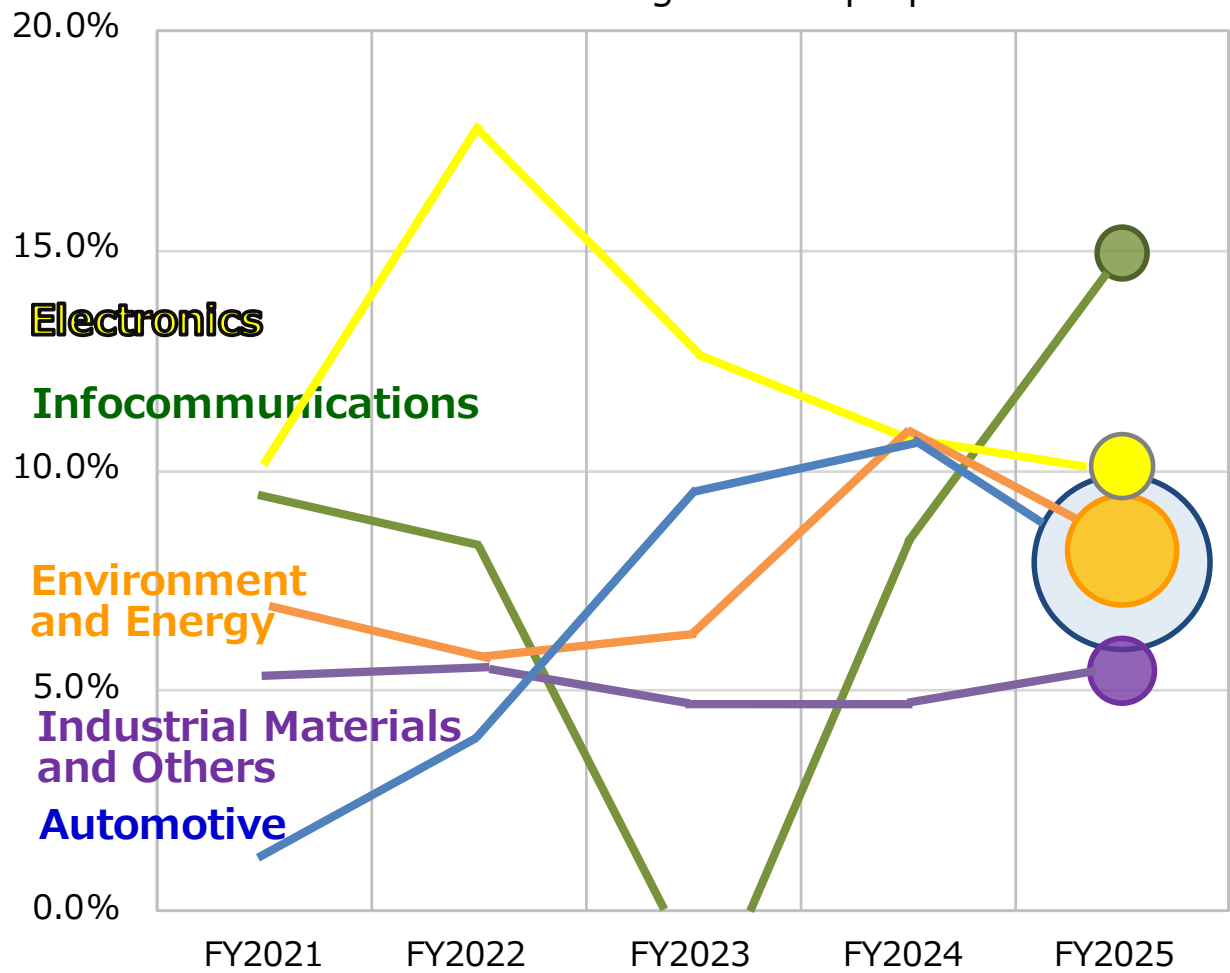
Capital investment by segment

Progress in line with medium-term targets
(average of 240 billion yen per year)



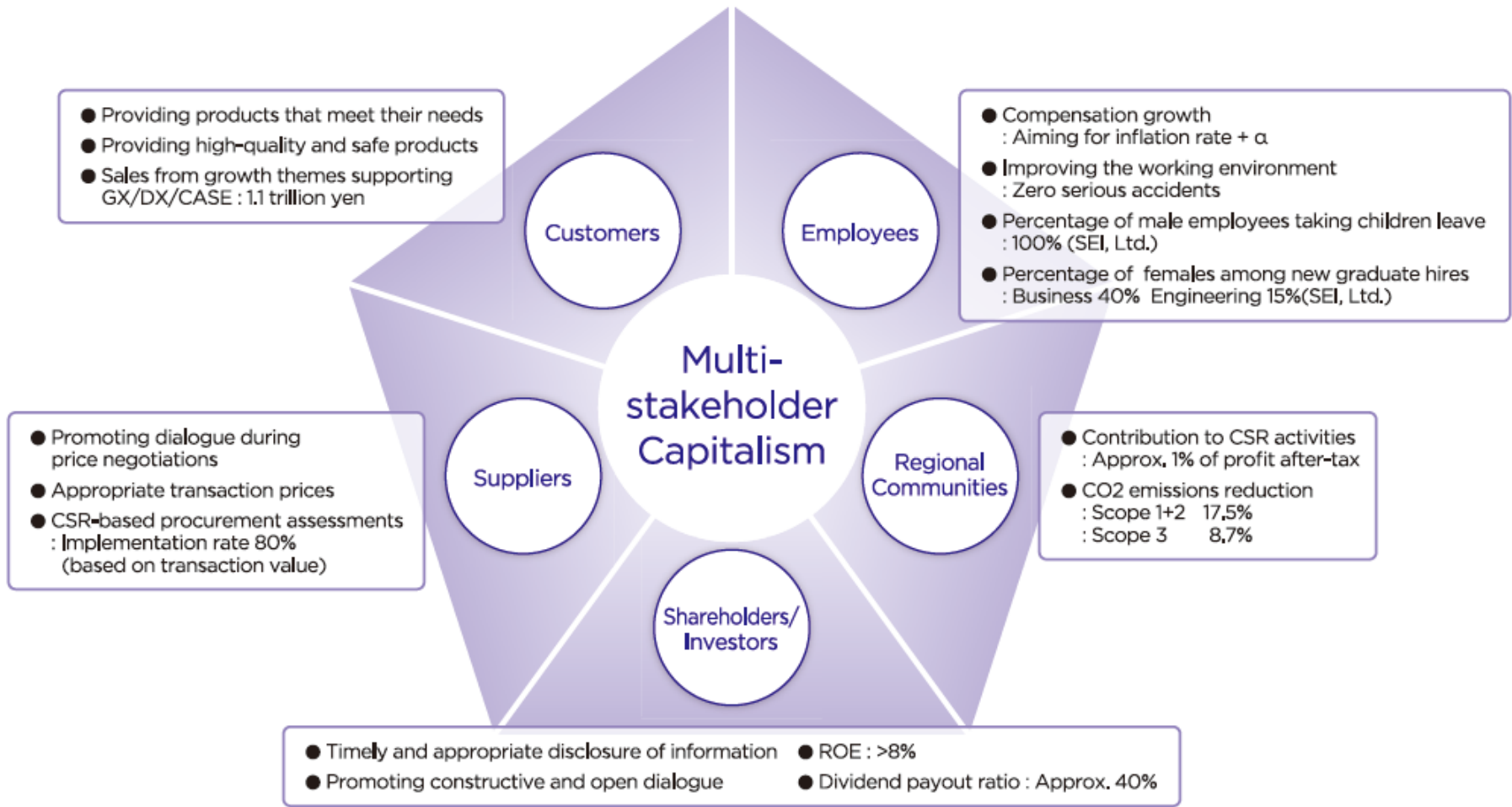
4-3. ROE and ROIC by segment

* The figure below is OP ROIC trends
* The areas of the figures are proportional to sales



Operating profit ROIC	4.5%	5.9%	7.2%	9.8%	8.4%	
Before-tax ROIC	5.8%	6.6%	7.6%	9.3%	9.0%	8% or more
ROE	5.7%	6.1%	7.3%	8.6%	8.2%	8% or more

4-4. "Goho Yoshi" (Five-Way Win) Multi-Stakeholder Capitalism

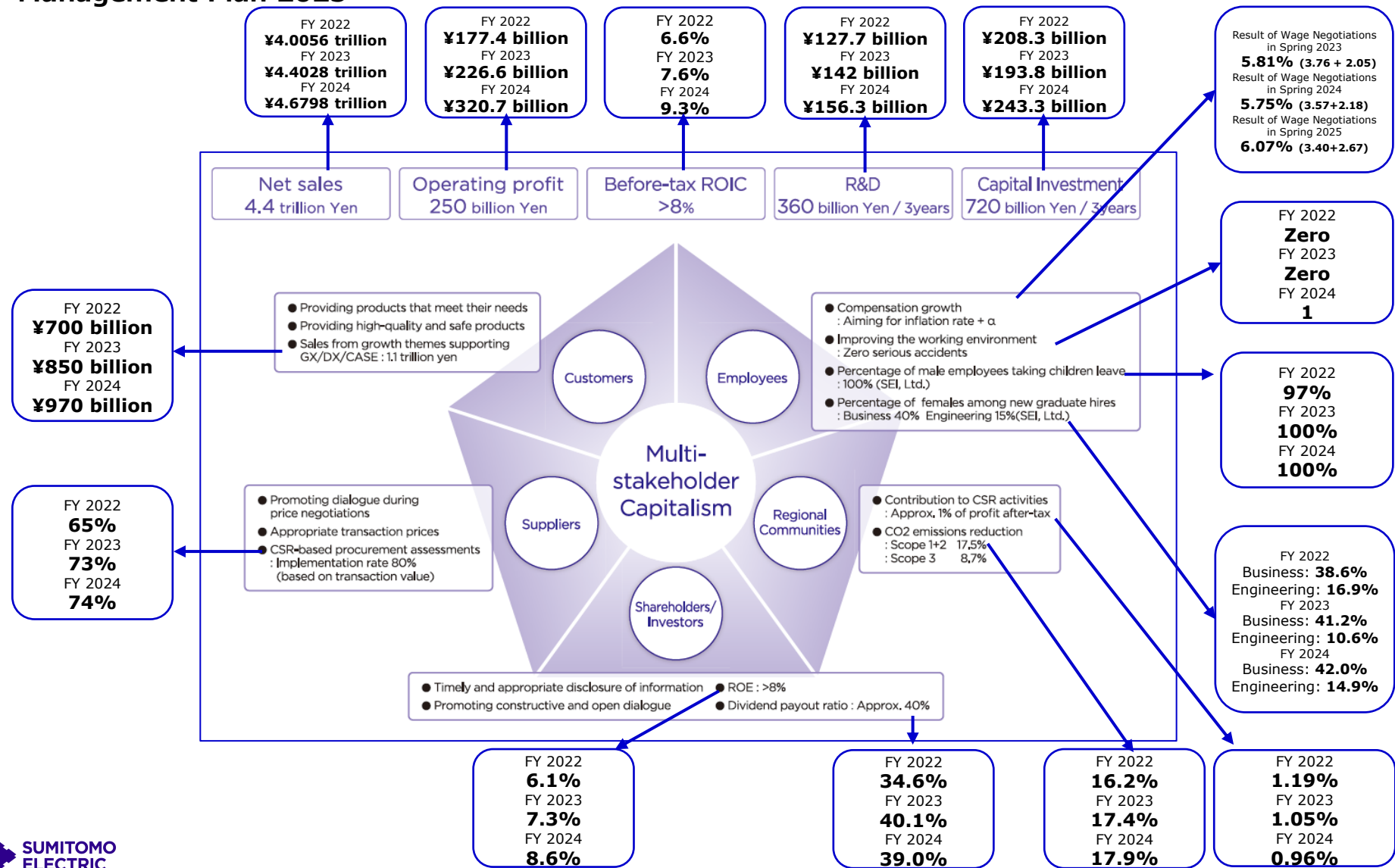


“Goho Yoshi” (Five-Way Win) is the approach by which our group has managed its operations thus far, based on the Sumitomo corporate philosophy.

We aim for mutual prosperity with our multi-stakeholders ,including our employees, customers, suppliers, communities, and shareholders/investors, as we work to achieve sustainable growth and improve our enterprise value over the medium and long terms.

4-4. "Goho Yoshi" (Five-Way Win) Multi-Stakeholder Capitalism

Periodically measure the progress of each stakeholder metric to help achieve the Mid-term Management Plan 2025



4-5. GX initiatives

New website launched to introduce our GX initiatives

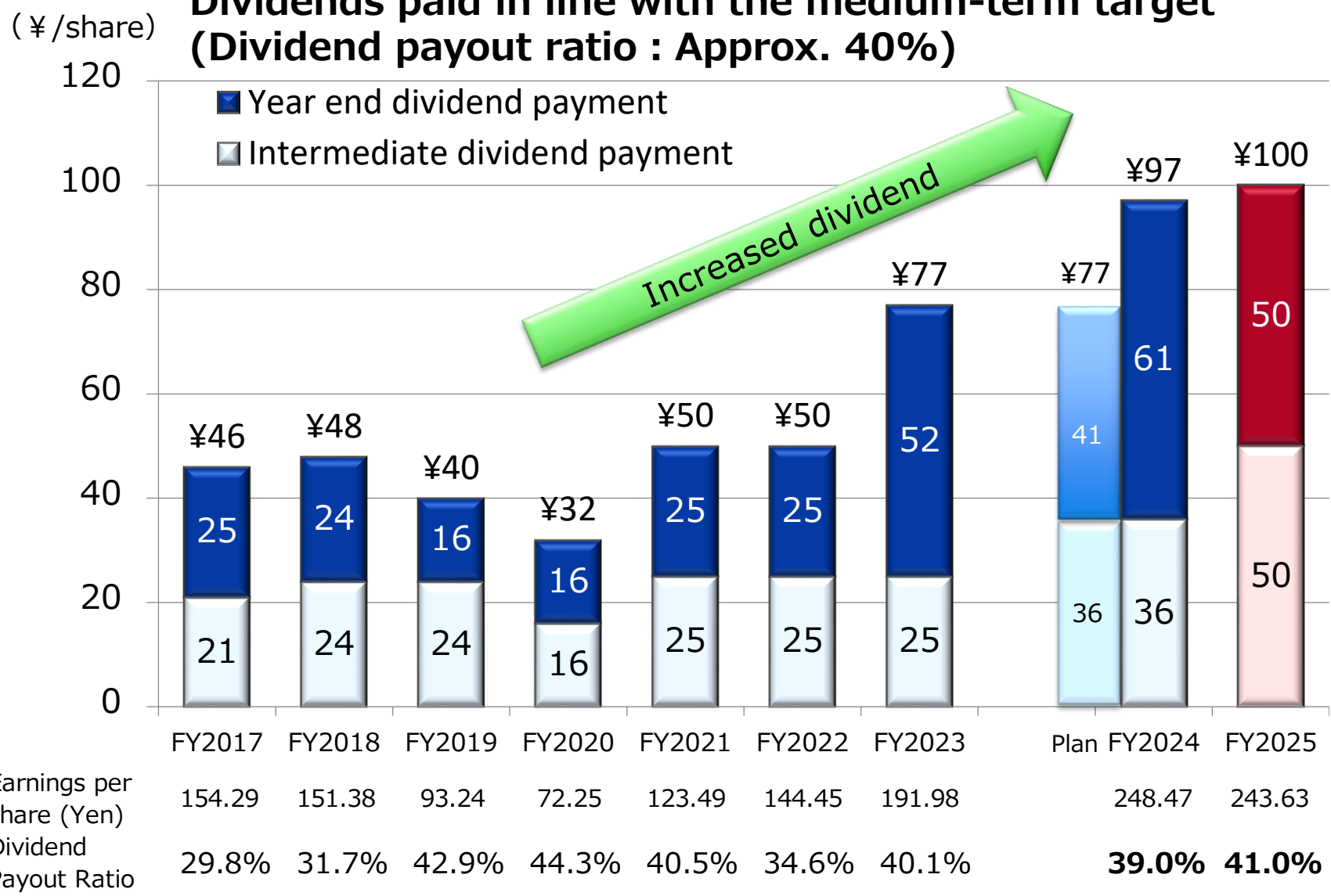


Consolidation of products, technologies and services that contribute to GX provided by our group, as well as activities such as reducing greenhouse gas emissions

URL: <https://sei.co.jp/gx/> (Japanese only)

4-6. Shareholder returns and dividends

Dividends paid in line with the medium-term target
(Dividend payout ratio : Approx. 40%)



(Reference) Stock Price Trends

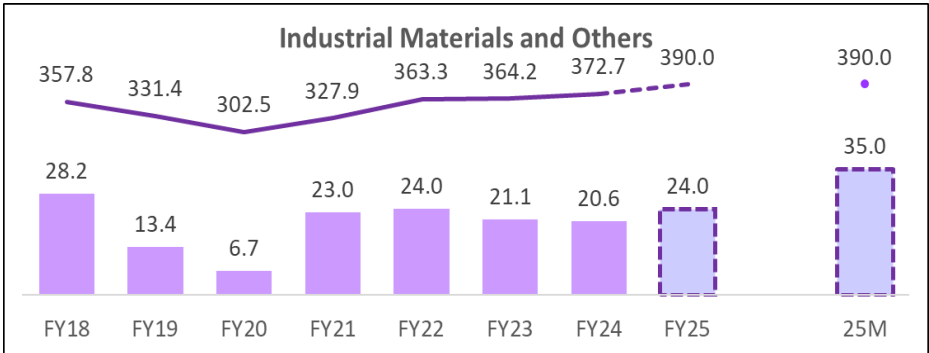
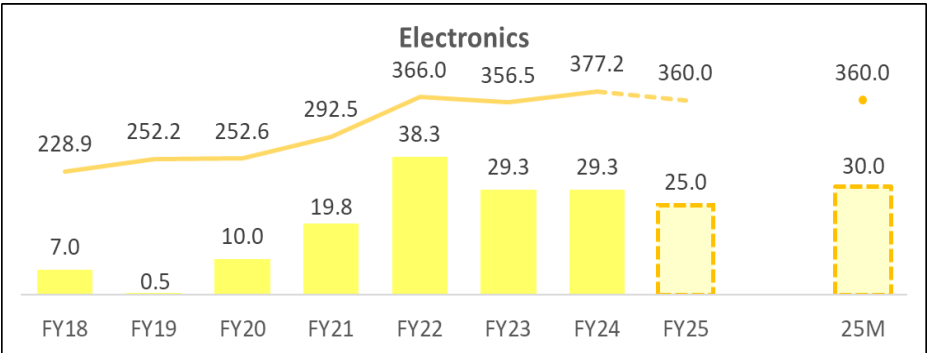
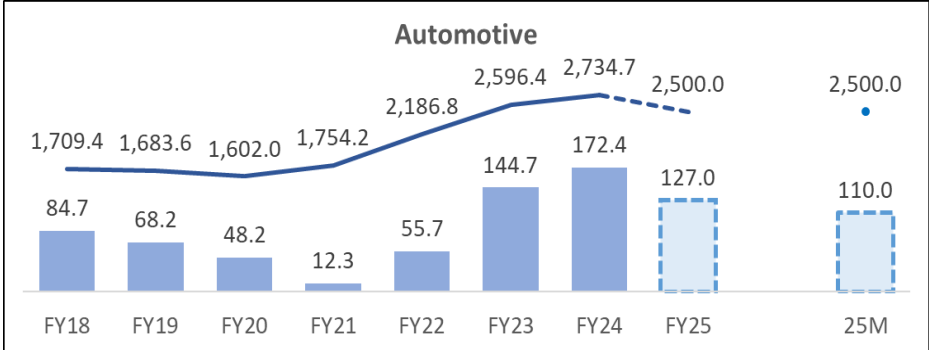
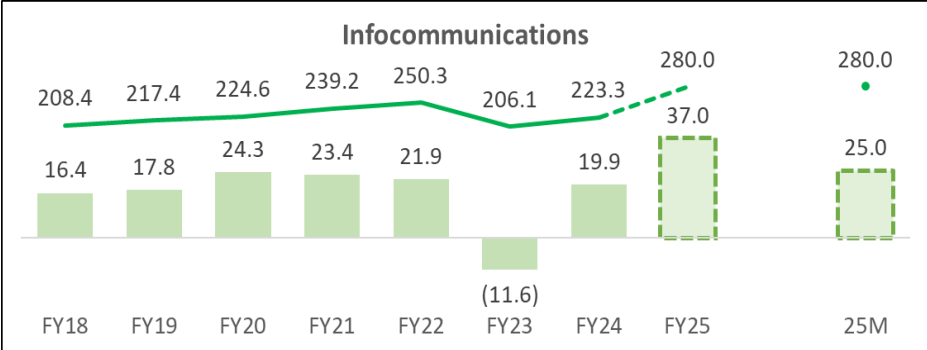
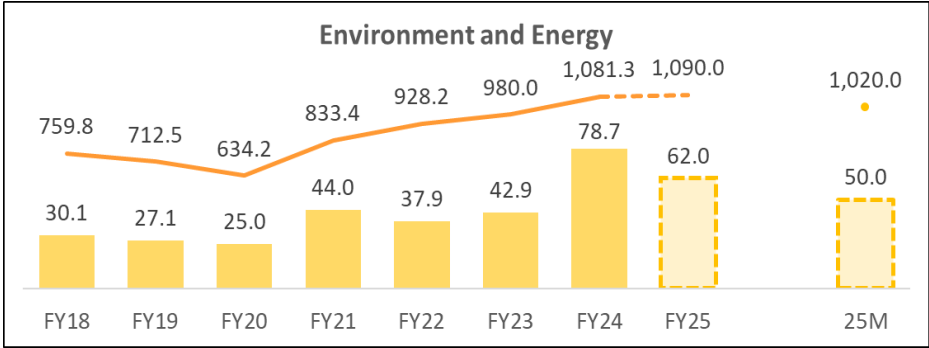
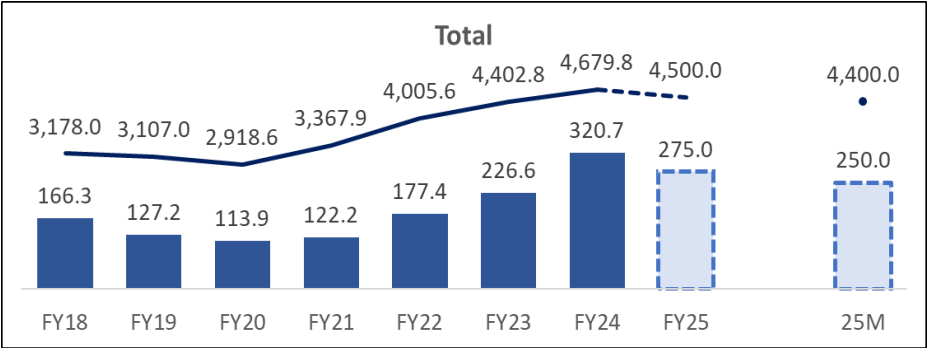
Stock Price Trends(over the most recent five-year period)

(yen/share)



(Reference) Full Year Performance (by segment)

line:Sales bar:OP (¥bn)

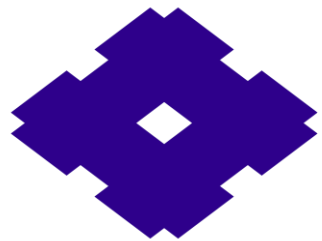


Notes on Perspective Information

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3. The ability of Sumitomo Electric and its affiliated companies to cope with rapid technological development.
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