

FY2025 Results and FY2026 Forecasts

Sumitomo Electric Industries, Ltd.
May 22, 2026

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1. FY 2025 Results

1-1. Performance summary

Announced in
February 2026

Announced in
May 2023

	¥bn	FY2024 Actual	FY2025 Plan	FY2025 Actual	Growth	FY2025 25M Plan
Net Sales		4,679.8	4,900.0	5,110.2	+9%	4,400.0
Operating Profit		320.7	375.0	418.2	+30%	250.0
Ordinary Income		309.5	381.0	431.3	+39%	
Profit Attributable to Owners of the Parent		193.8	320.0	369.5	+91%	
Before tax ROIC		9.3%		14.7%		8% or more
ROE		8.6%		14.7%		8% or more
	USD	¥153		¥151		¥130
	EUR	¥164		¥175		¥140
	Copper	¥1478k/t		¥1695k/t		¥1200k/t

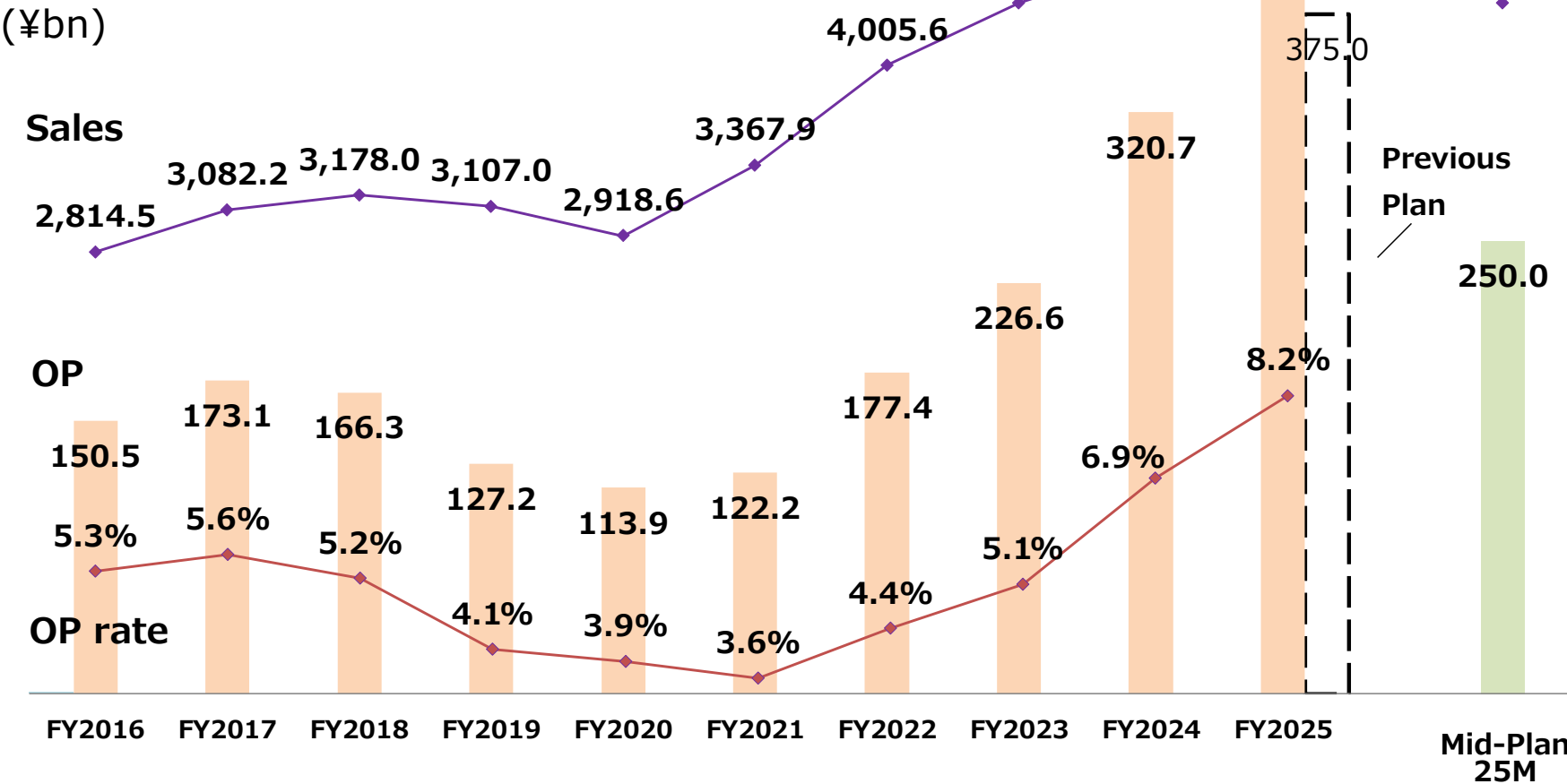
Net sales increased by 9% year-on-year, and reached 5 trillion yen, driven by expanded sales of optical connector products and optical devices for data centers, as well as the impact of rising copper prices.

Profit also increased year-on-year, driven by product mix improvement, productivity improvement, and selling prices improvement. Net profit in particular increased significantly, contributed by extraordinary incomes from the sale of Sumitomo Densetsu.

Net sales, operating profit, ordinary profit, and net profit all reached record highs.

1-2. Performance trends

Record-high in both of operating profit 418.2 billion yen and OP rate 8.2%



1-3. Sales and OP by segment

All business segments achieved record-high operating profits.

¥ bn	FY2024 Actual ^①		FY2025 Revised Plan ^②		FY2025 Actual ^③		Growth ③－①		Difference ③－②	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Environment and Energy	1,081.3	78.7	1,150.0	77.0	1,178.8	90.6	+97.4	+11.9	+28.8	+13.6
Infocommunications	223.3	19.9	310.0	65.0	326.6	77.4	+103.4	+57.5	+16.6	+12.4
Automotive	2,734.7	172.4	2,800.0	170.0	2,937.2	179.7	+202.4	+7.3	+137.2	+9.7
Electronics	377.2	29.3	390.0	35.0	409.1	39.5	+31.8	+10.2	+19.1	+4.5
Industrial Materials and Others	372.7	20.6	390.0	28.0	388.4	31.4	+15.7	+10.8	(1.6)	+3.4
Total	4,679.8	320.7	4,900.0	375.0	5,110.2	418.2	+430.4	+97.5	+210.2	+43.2

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

1-4. BS as of FY2025 end

	¥ bn	FY2024 Actual①	FY2025 Actual②	Difference ②—①		¥ bn	FY2024 Actual①	FY2025 Actual②	Difference ②—①
Cash and Time Deposits		295.9	237.0	(58.9)	Trade Payables		473.8	487.7	+13.8
Trade Receivables		911.9	948.2	+36.3	Interest Bearing Debt		775.9	709.8	(66.1)
Inventories		923.0	1,018.1	+95.2	Other		661.5	792.1	+130.6
Property, Plant and Equipment		1,121.8	1,189.4	+67.6	Total Liabilities		1,911.2	1,989.5	+78.3
Investment Securities		604.7	713.0	+108.3	Total Shareholders' Equity		1,862.9	2,124.5	+261.6
Other		584.2	718.7	+134.5	Total Accumulated Other Comprehensive Income		427.5	618.9	+191.5
					Non-Controlling Interests		240.0	91.6	(148.5)
					Total Net Assets		2,530.4	2,835.0	+304.6
Total Assets		4,441.6	4,824.5	+382.9	Total Liabilities and Net Assets		4,441.6	4,824.5	+382.9

1-5. Free cash flow

Following the previous fiscal year, operating cash flow exceeded 400 billion yen.
We secured a surplus of 250.3 billion yen in free cash flow.

	¥ bn	FY2024 Actual①	FY2025 Actual②	Difference ② – ①
Profit before Income Taxes		304.1	505.2	+201.1
Depreciation and Amortization		206.2	209.8	+3.7
Changes in Working Capital		△25.6	△ 91.4	(65.8)
Other		△82.4	△ 198.5	(116.1)
Cash Flows from Operating Activities		402.3	425.2	+22.9
Purchase of Property, Plant and Equipment		△199.8	△ 222.2	(22.4)
Proceeds from Sales of Investment Securities		13.0	11.3	(1.7)
Other		△37.1	36.0	+73.1
Cash Flows from Investing Activities		△223.9	△ 174.9	+49.0
Free Cash Flow		178.3	250.3	+72.0

2. FY 2026 Forecast

2-1. Consolidated performance forecast

¥bn	FY2024 Actual	FY2025 Actual	FY2025	FY2026 Plan	Growth	FY2028 28M Plan
Net Sales	4,679.8	5,110.2		5,300.0	+4%	6,000.0
Operating Profit	320.7	418.2	[Excluding the profit on the sale of Sumitomo Densetsu]	425.0	+2%	600.0
Ordinary Income	309.5	431.3		432.0	+0%	
Profit Attributable to Owners of the Parent	193.8	369.5		320.0	(13%)	
Before tax ROIC	9.3%	14.7%	[12.5%]	11.9%		15% or more
ROE	8.6%	14.7%	[11.9%]	11.4%		13% or more
	USD	¥151		¥150		¥150
	EUR	¥175		¥170		¥170
	Copper	¥1695k/t		¥1900k/t		¥1900k/t

Although Sumitomo Densetsu will be excluded from the consolidation from FY2026, this is expected to be offset by improvements in the Infocommunications segment. Net sales, operating profit, and ordinary profit expected to reach record highs.

Net profit is also expected to increase on a normalized basis, excluding profits from the sale of Sumitomo Densetsu.

2-2. Impact of the situation in the Middle East

Assumptions for our guidance

Given the rapidly changing situation, it is difficult to reasonably estimate the full-year impact; therefore, the guidance announced this time does not factor in the downside risks due to escalating tensions in the Middle East.

If risks materialize, we will strive to minimize the impact through recovery production, cost pass-through, and cost reduction.

Examples of potential risks

- Rising costs of petrochemical products, energy, and transportation
- Delays in material procurement caused by supply chain disruptions
- Decrease in shipments to the Middle East
- Production cutbacks by customers resulting from supply chain disruptions
- Other related factors

2-3. Sales and OP by segment

In FY2026, Info-communications, Automotive, and Industrial materials segments are expected to achieve record-high operating profits.

¥bn	FY2025		FY2026				Difference		28M	
	Actual①		1HPlan		Annual Plan②		② – ①		FY2028 Plan	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Environment and Energy	1,178.8	90.6	500.0	14.0	1,060.0	44.0	(118.8)	(46.6)	1,200.0	70.0
[Of which Sumitomo Densetsu]	[228.4]	[25.6]					[(228.4)]	[(25.6)]		
Infocommunications	326.6	77.4	200.0	51.0	500.0	130.0	+173.4	+52.6	970.0	240.0
Automotive	2,937.2	179.7	1,480.0	65.0	3,040.0	184.0	+102.8	+4.3	3,100.0	210.0
Electronics	409.1	39.5	210.0	21.0	410.0	33.0	+0.9	(6.5)	440.0	40.0
Industrial Materials and Others	388.4	31.4	210.0	16.0	420.0	34.0	+31.6	+2.6	470.0	40.0
Total	5,110.2	418.2	2,540.0	167.0	5,300.0	425.0	+189.8	+6.8	6,000.0	600.0

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

3. Status and initiatives by segment

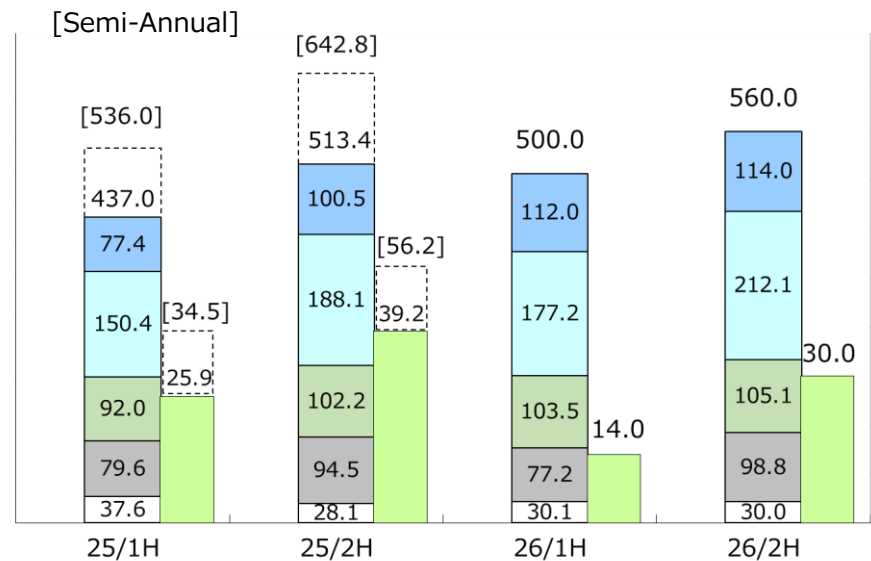
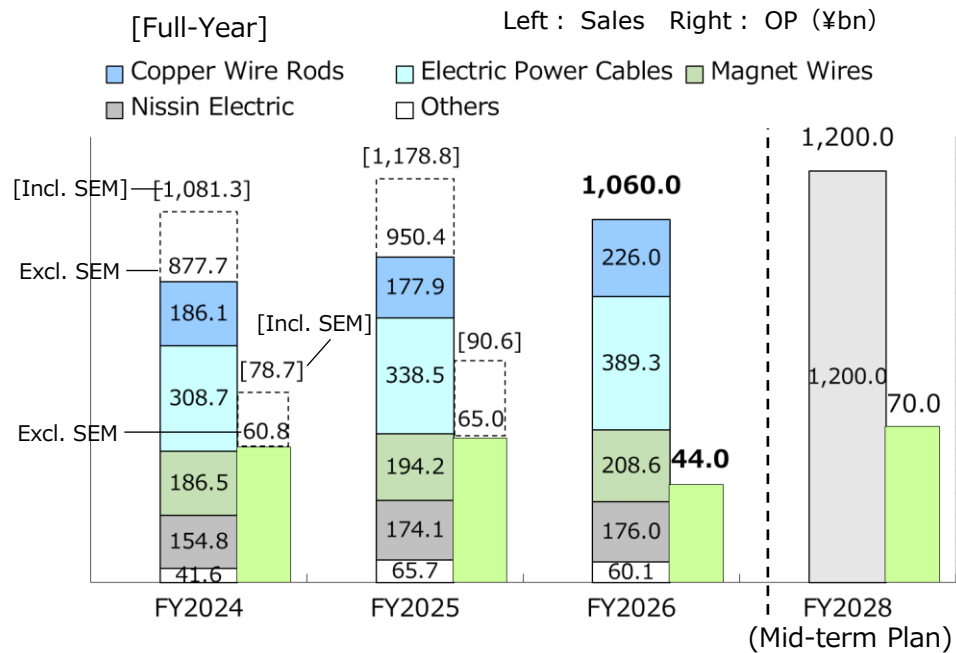
3-1. Environment and Energy

Business environment / FY2026 forecast

- 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
- In FY2026, profit is expected to decline year-on-year due to factors such as the exclusion of Sumitomo Densetsu (SEM) from consolidation, the absence of copper-related profits recorded in the previous year, the launch of a new plant in Europe, rising material and labor costs, and increased R&D expenses

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



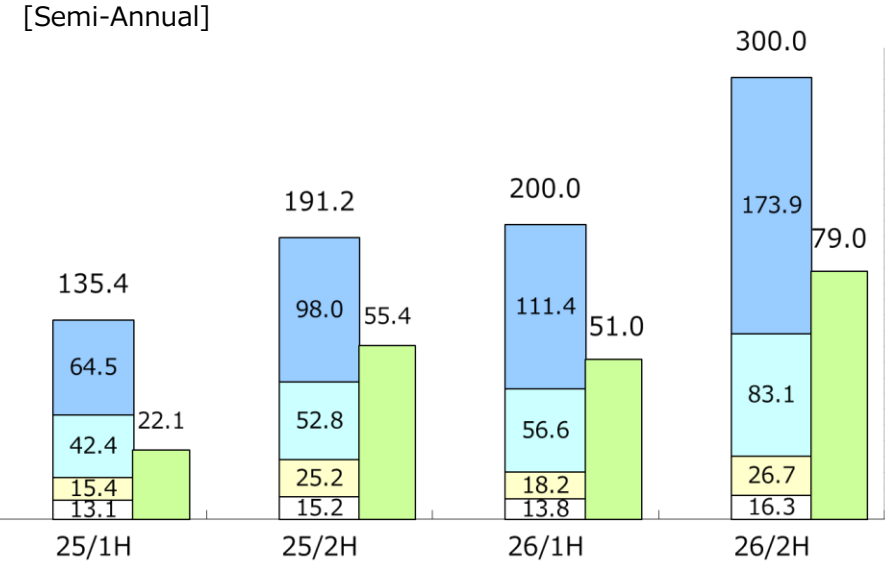
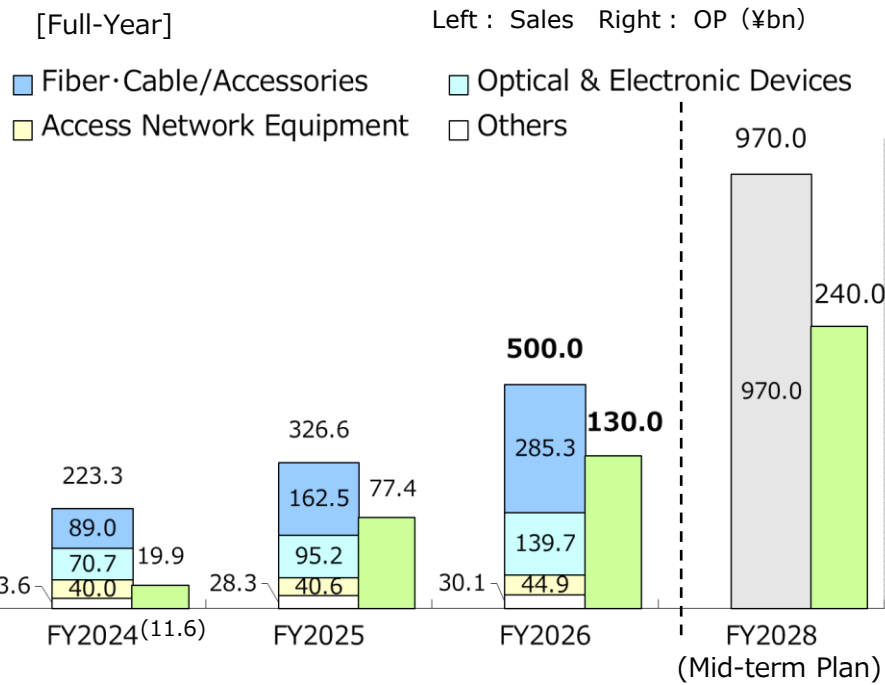
3-2. Info-Communications

Business environment / FY2026 forecast

- The expansion of generative AI will increase demand for data center-related products (optical connectors, optical devices, optical cables, and InP substrates)
- Demands for higher speeds, lower latency, and lower power consumption in data transmission will become even greater

Initiatives

- ✓ Strengthen production capacity, develop new products and promote sales for data center products (Optical devices, optical connectors, optical cables, InP substrates)
- ✓ Strengthen production capacity, develop new products, and promote sales of ultra-low-loss fiber and multicore fiber for subsea cables
- ✓ Strengthen production capacity, develop new products, and promote sales of high-efficiency GaN devices



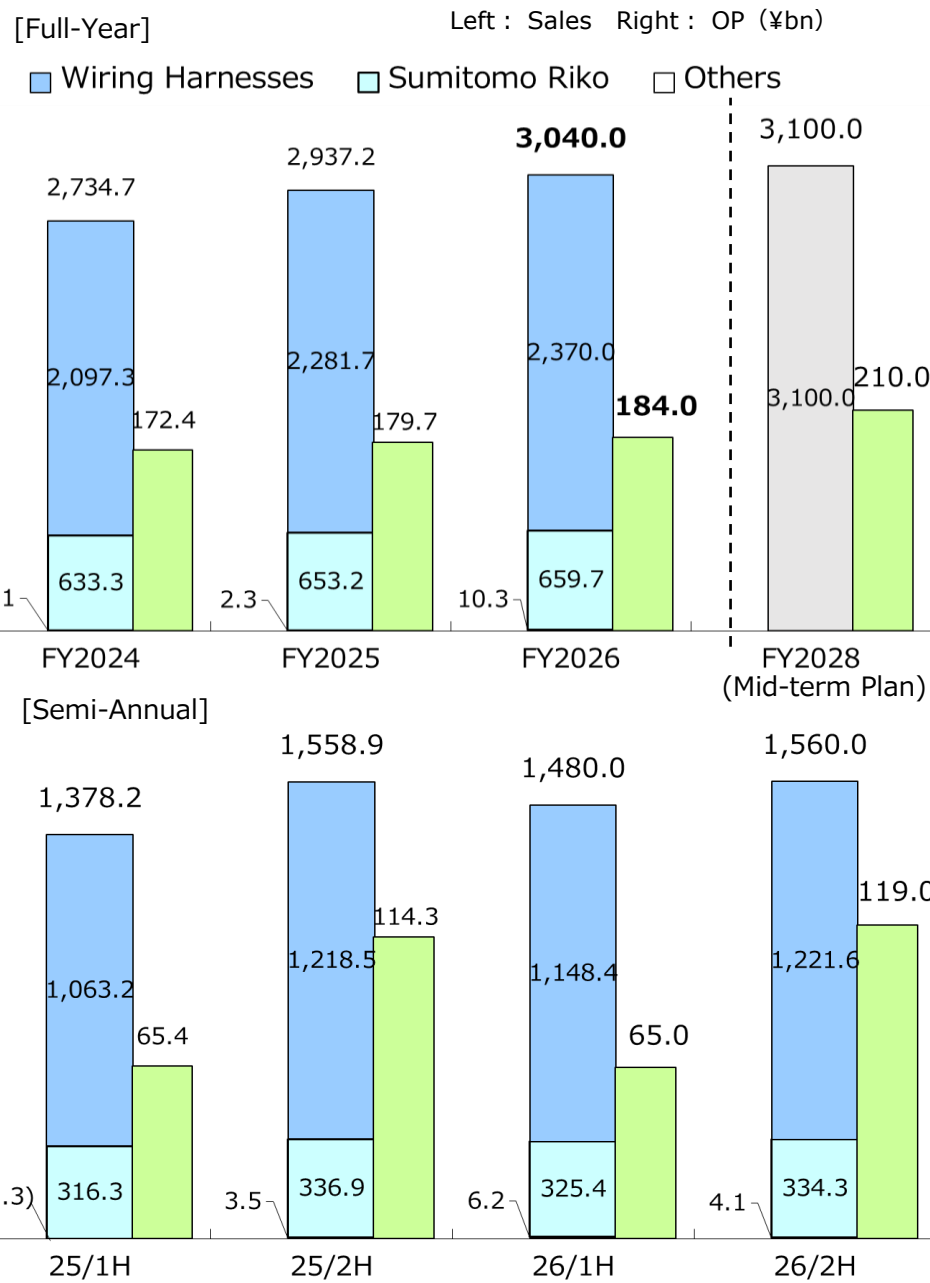
3-3. Automotive

Business environment / FY2026 forecast

- Global automotive production is expected to increase by 2% compared to the previous year.
- Although the slowdown in EV sales will continue, Japanese OEMs' HEV sales remain strong. Furthermore, the direction of CASE development will remain unchanged.
- Supported by the launch of new vehicles, both wire harnesses and automotive components are projected to see year-on-year volume growth.

Initiatives

- ✓ Make flexible responses to changes in the business environment, such as tensions in the Middle East and U.S. trade policies
- ✓ Strengthen business structure (enhance manufacturing capability and improve the efficiency of assets).
- ✓ Create and promote new product lines for CASE.
- ✓ Create further synergies with Sumitomo Riko



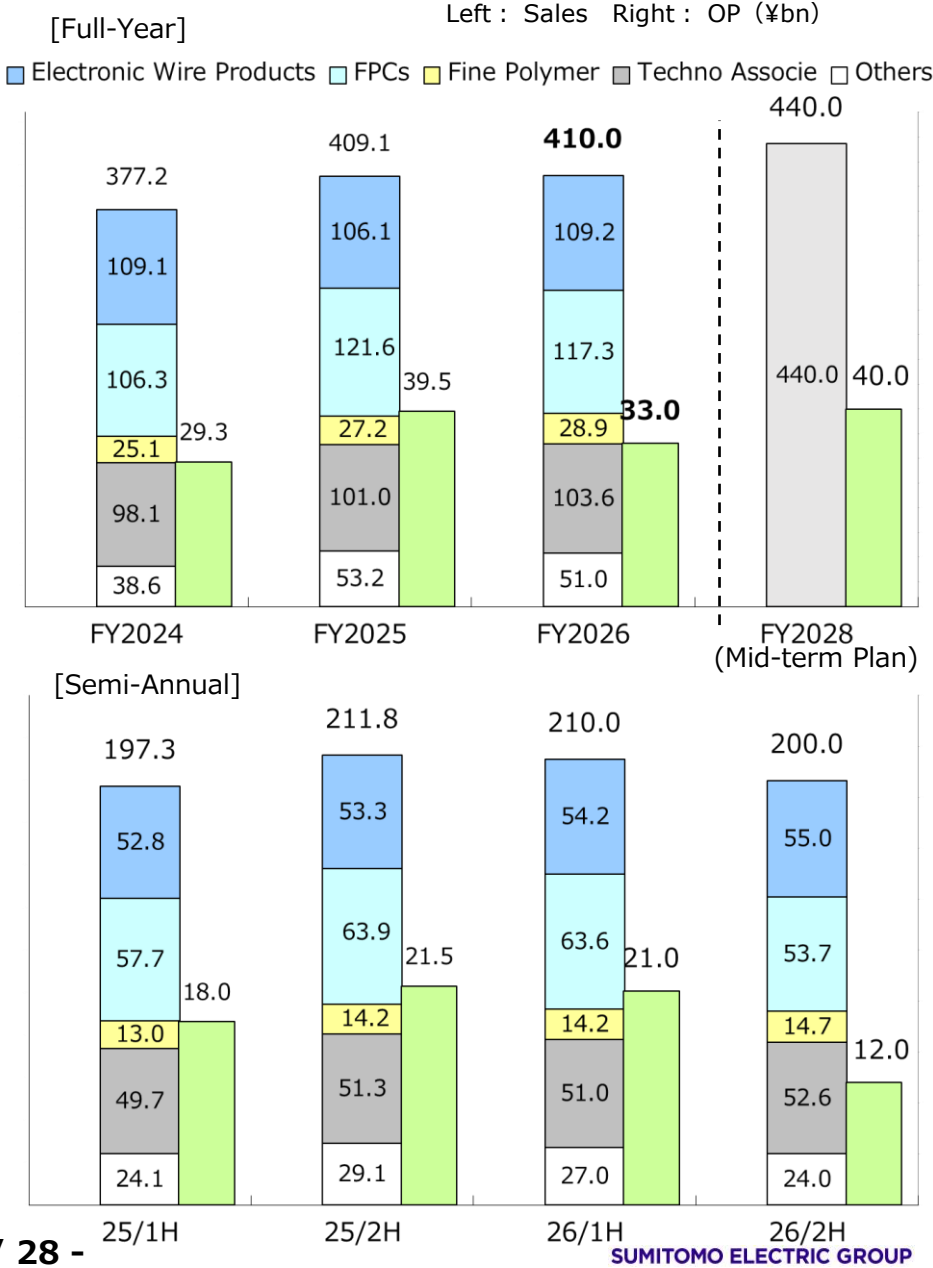
3-4. Electronics

Business environment / FY2026 forecast

- FPC demand for major customers remained strong; however, sales is expected to decline compared with the previous fiscal year, which was particularly strong
- For electronic wires, sales growth is expected in automotive applications, while new fields such as aerospace is also growing

Initiatives

- ✓ Further improve the performance of FPCs and expand sales to new fields (data centers, semiconductor manufacturing equipment, etc.)
- ✓ Capture demand for electronic wires for automotive applications and expand sales to new fields (data centers, 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



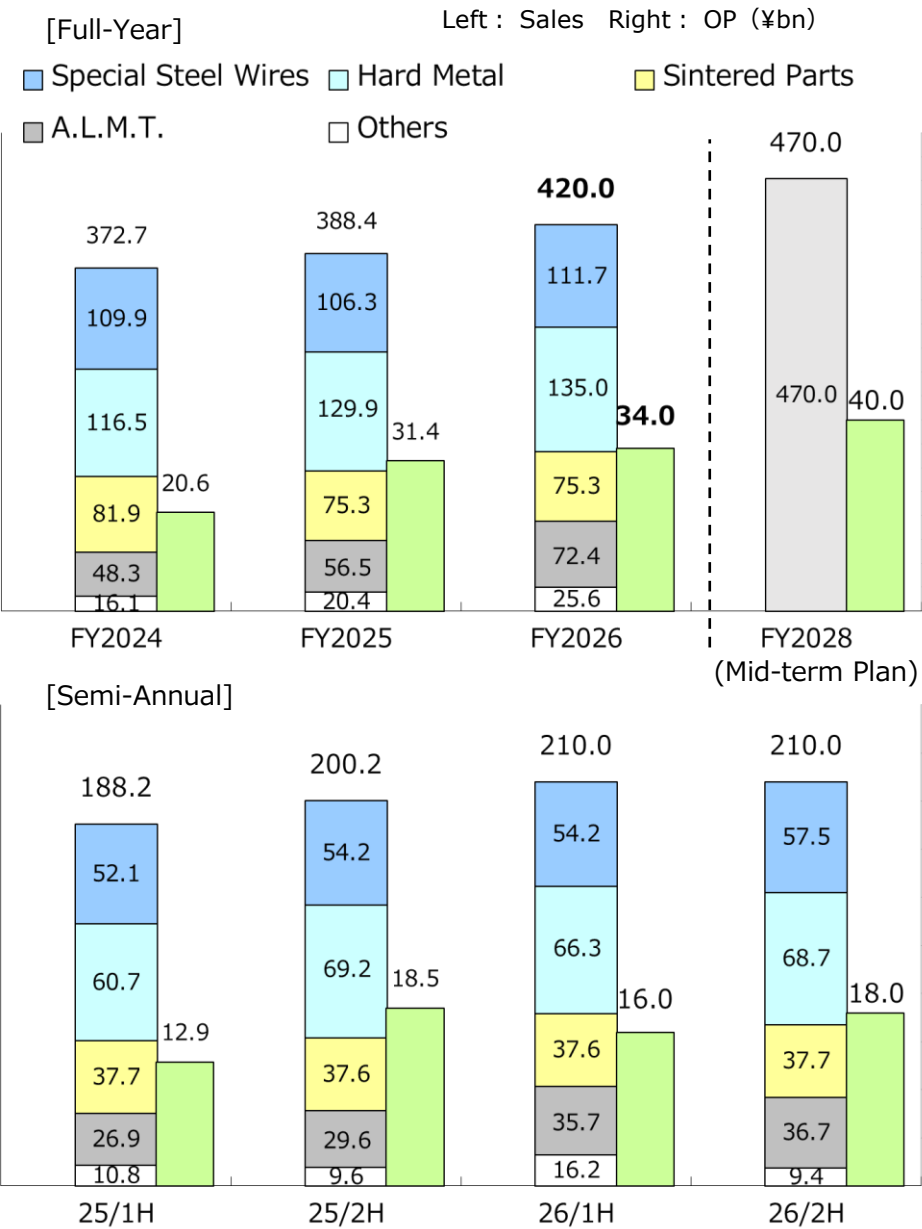
3-5. Industrial materials

Business environment / FY2026 forecast

- Sales and profit are expected to increase, driven by expanded sales of cemented carbide products, improvements in selling prices, and cost reductions
- New fields such as semiconductors, aircraft, and renewable energy-related sectors are expanding. Furthermore, emerging markets like India are also growing.

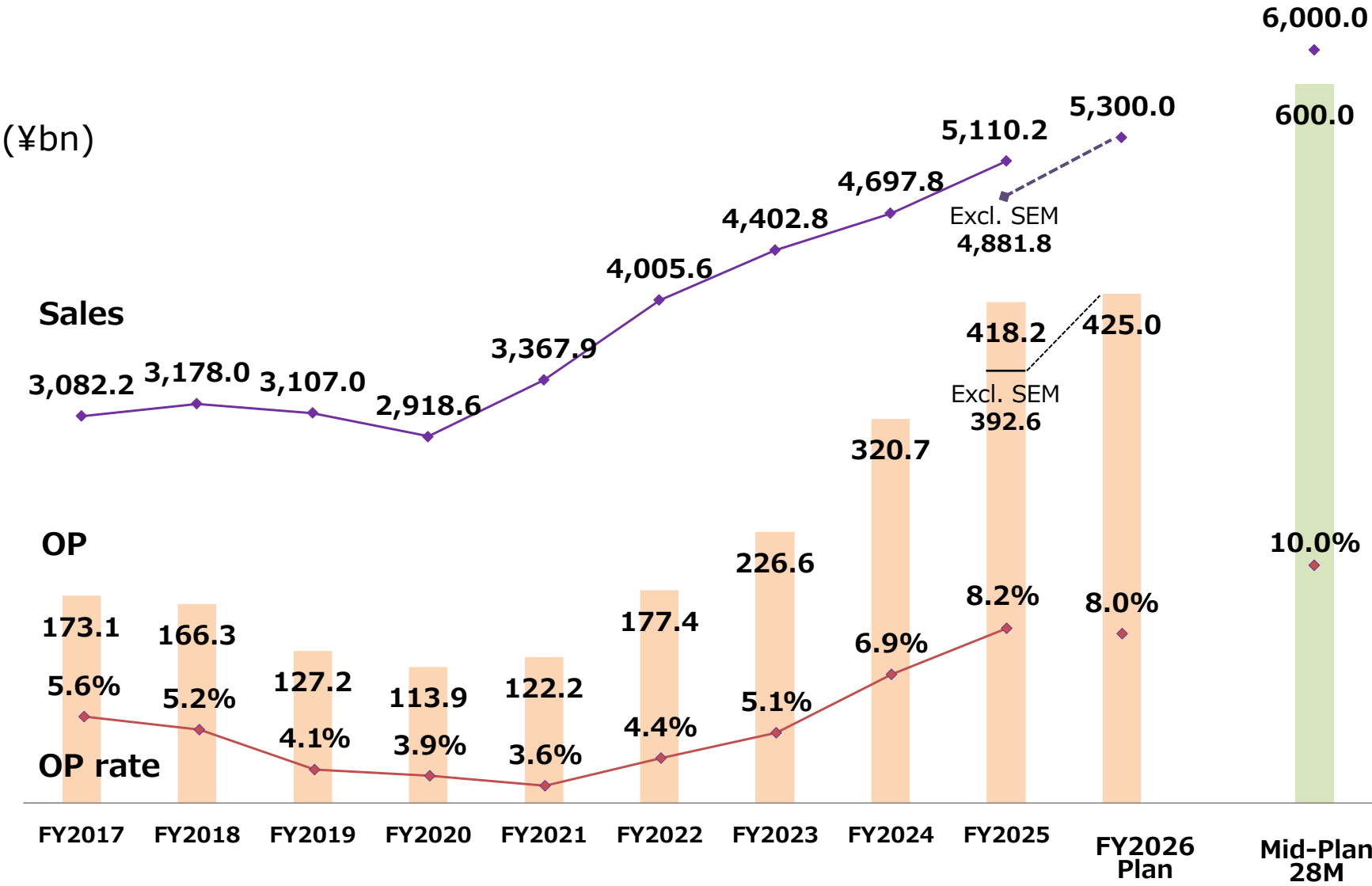
Initiatives

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



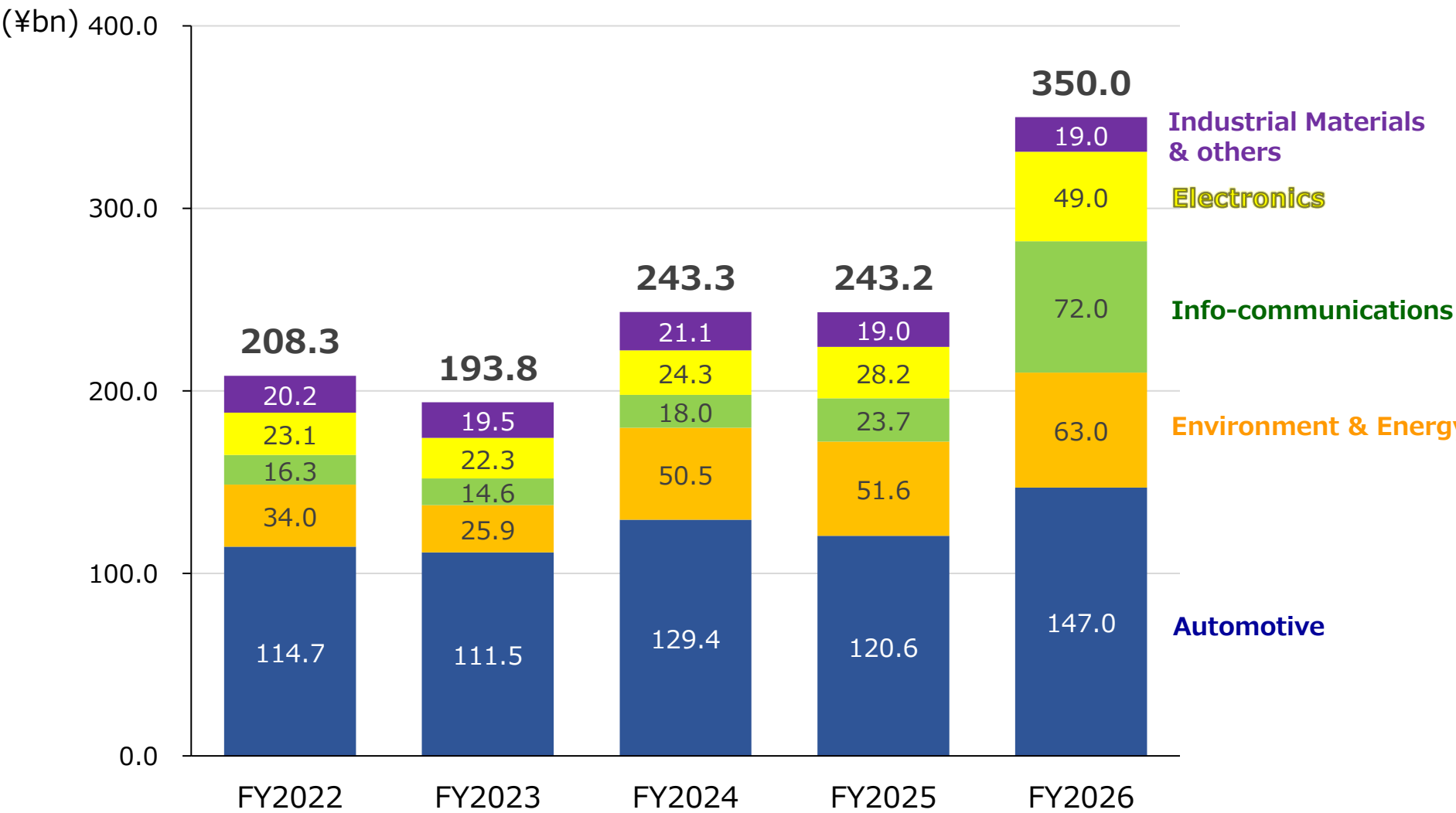
4. Toward Enhancing Corporate Values

4-1. Performance trends



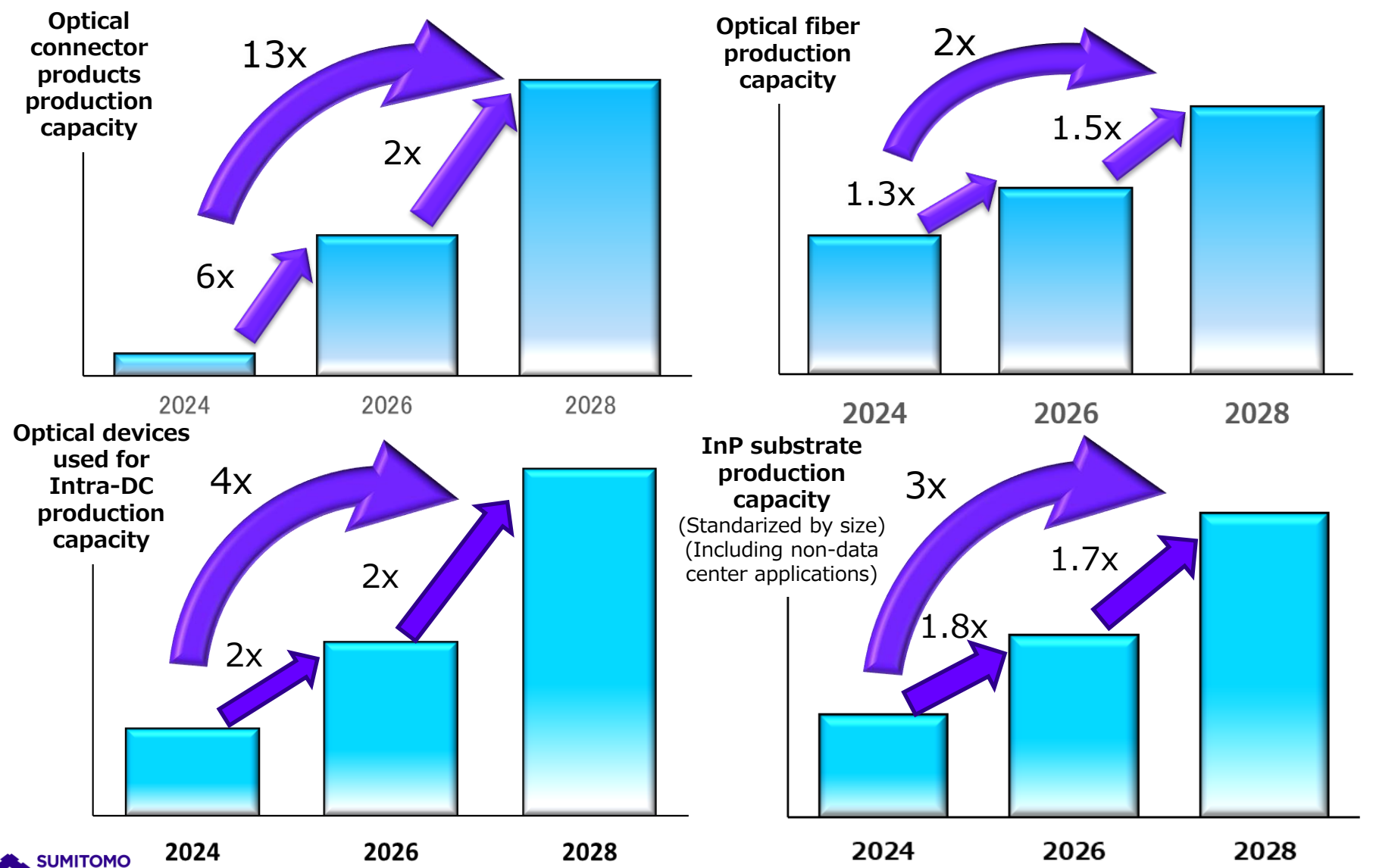
4-2. Capital investment

Capital investment by segment (Inspection basis)



4-2. Capital investment

Focusing on expanding production capacity for data center-related products



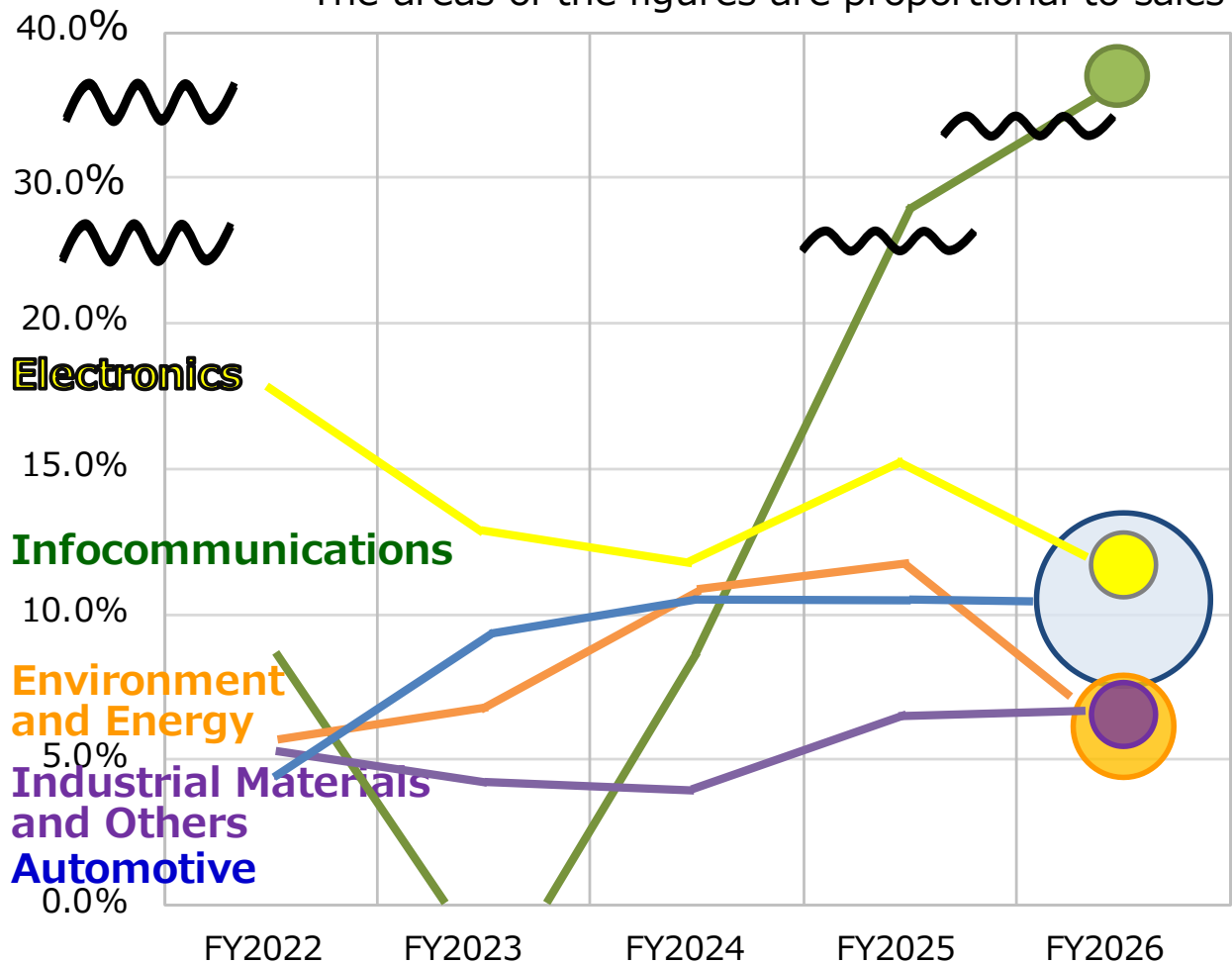
4-3. Initiatives to Improve ROIC

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"> Improving 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)

4-4. ROE and ROIC by segment

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



Operating profit ROIC	5.9%	7.2%	9.8%	12.2%	11.7%	28M Plan 15% or more 13% or more
Before-tax ROIC	6.6%	7.6%	9.3%	12.5%	11.9%	
ROE	6.1%	7.3%	8.6%	11.9%	11.4%	

4-5. Stock Split

Details

Split Ratio : One share of common stock will be split into four shares

Record Date : Tuesday, June 30, 2026

Effective Date : Wednesday, July 1, 2026

Purpose

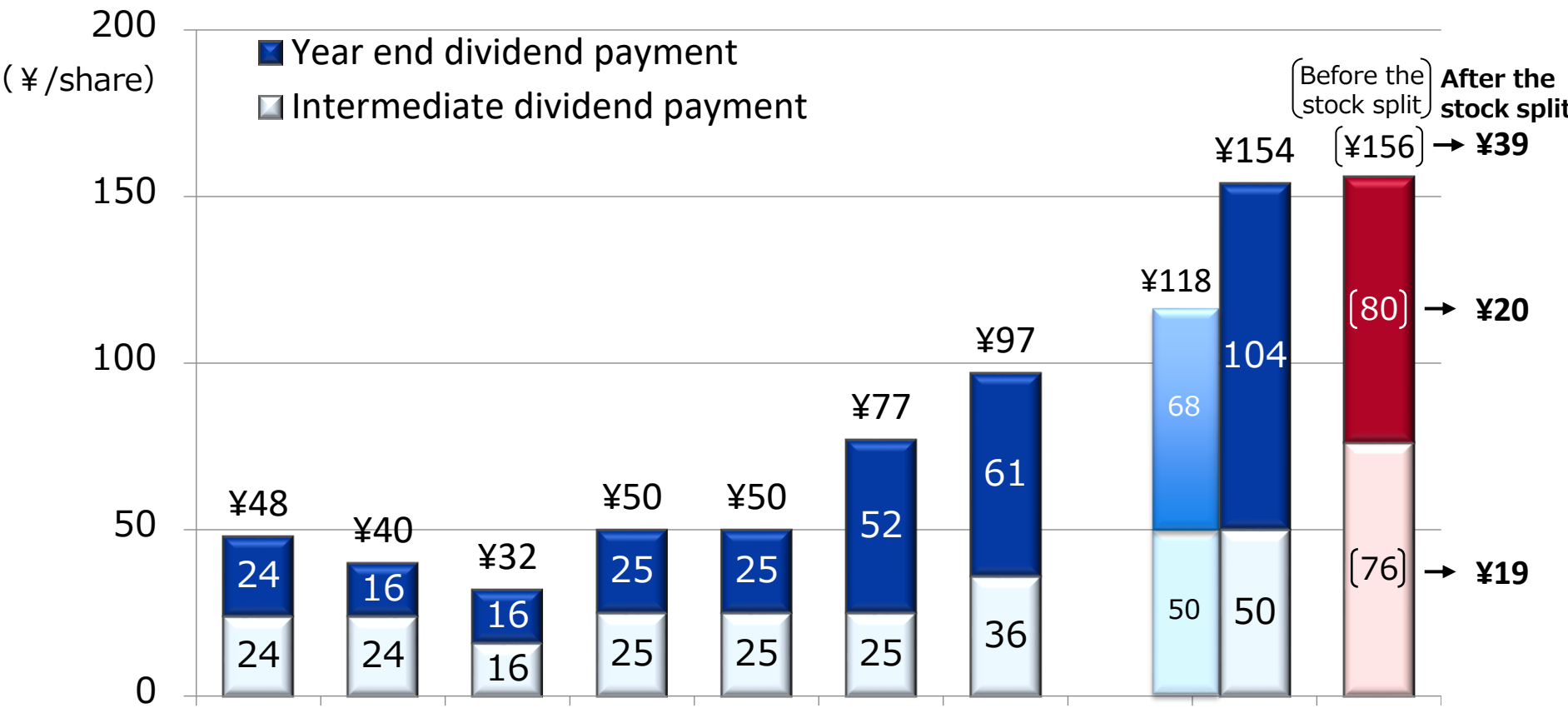
By lowering the amount per investment unit of stock, the company will allow for investing to become more accessible for our shareholders, as well as enable further expansion of our investor base.

Dividend

Assuming the stock split will be effective on July 1, 2026, the year-end dividend for the fiscal year ended March 31, 2026 with the record date of March 31, 2026 will be applicable to the common stock outstanding before the stock split.

4-6. Shareholder returns and dividends

Stock split of 1 share into 4 shares, effective, July 1, 2026

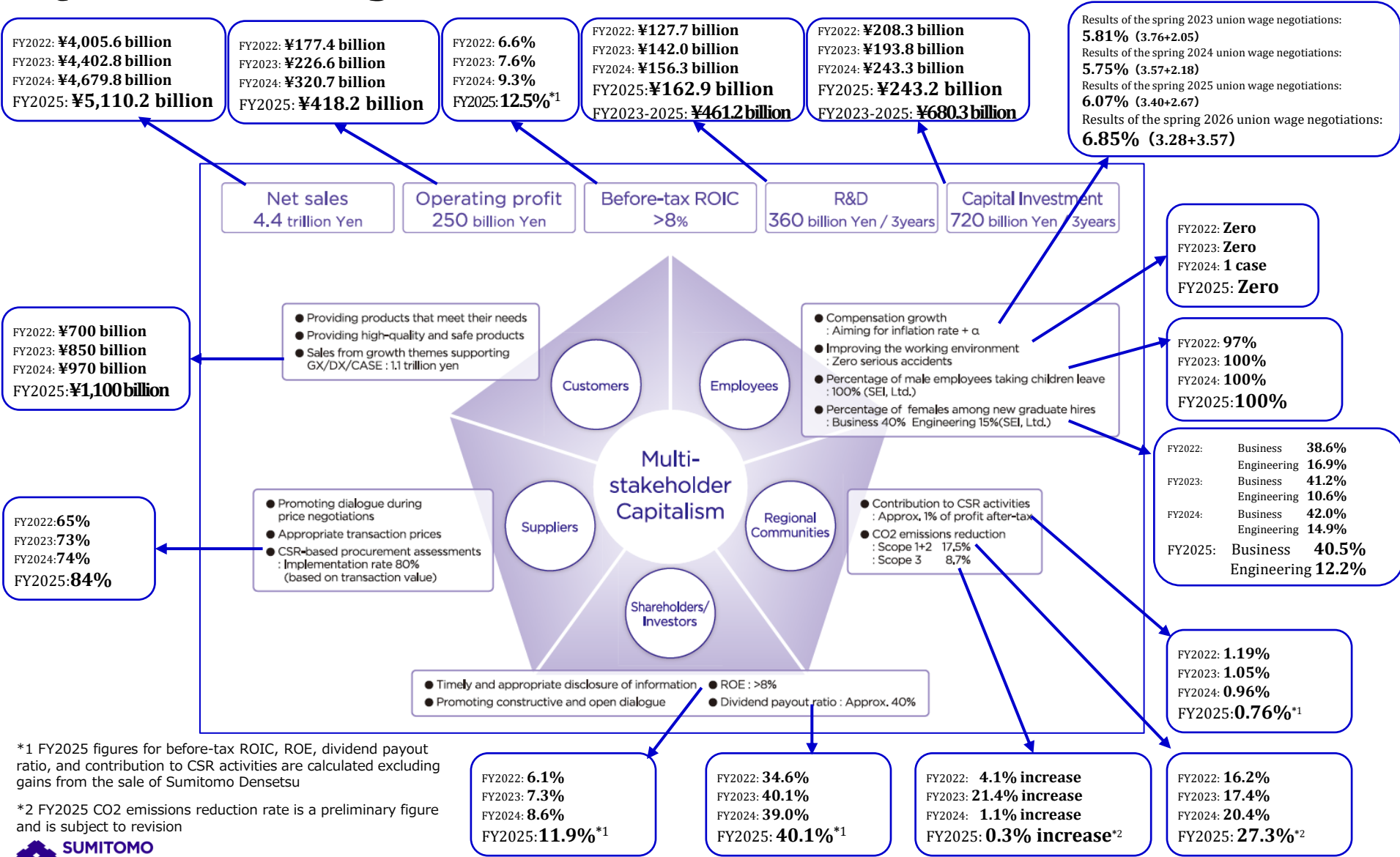


Earnings per share (Yen)	151.38	93.24	72.25	123.49	144.45	191.98	248.47	383.79	[410.30]→102.57
Dividend Payout Ratio	31.7%	42.9%	44.3%	40.5%	34.6%	40.1%	39.0%	40.1%	38.0%→38.0%

Calculated excluding the profit on the sale of Sumitomo Densetsu

4-7. "Goho Yoshi" (Five-Way Win) Multistakeholder Capitalism

Quantitative targets for each stakeholder were almost achieved



4-8. Mid-term Management Plan 2028

As the second step toward our 2030 vision, we have established the Medium-Term Management Plan 2028



*1 Sumitomo Electric Group

(Reference) Stock Price Trends

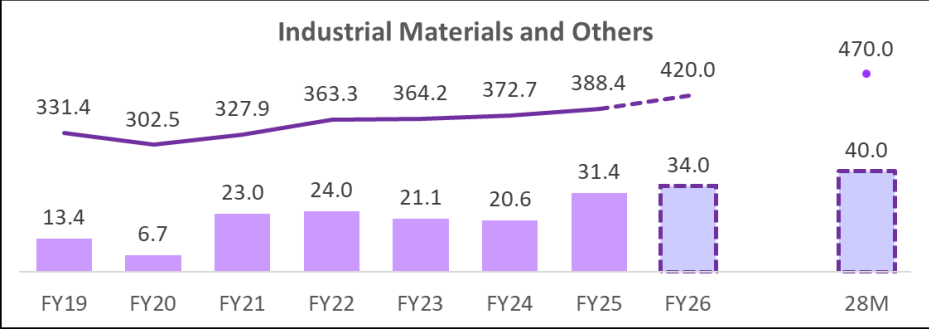
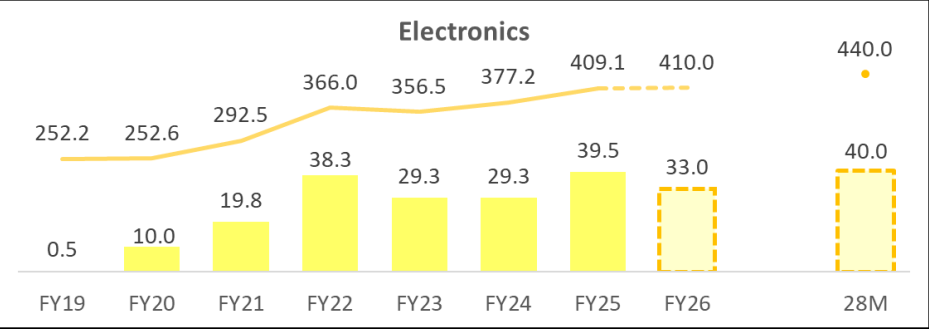
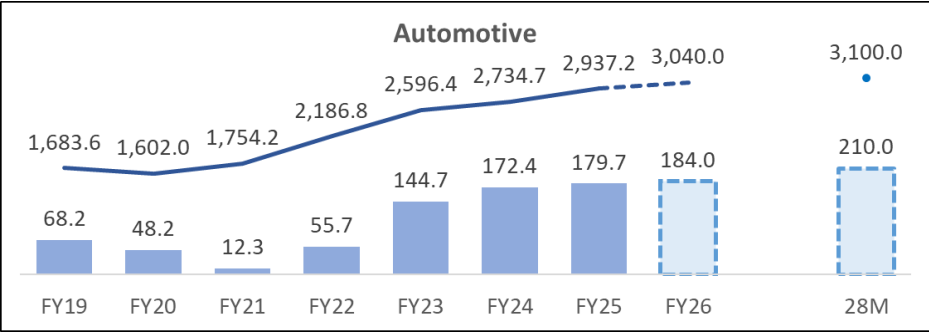
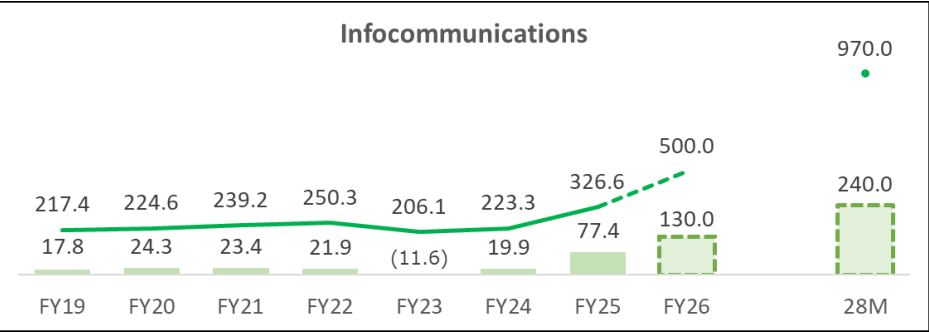
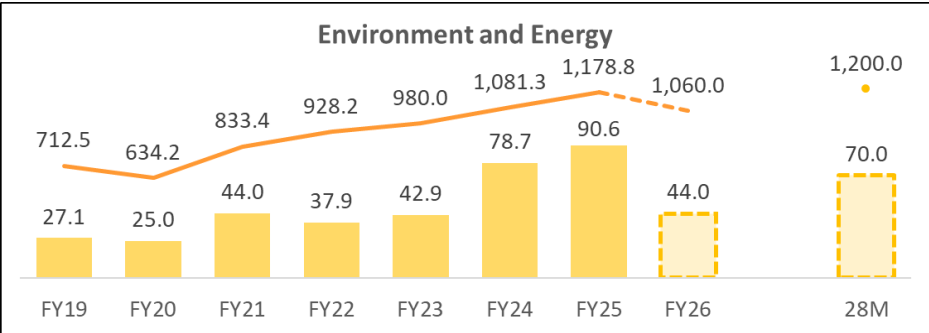
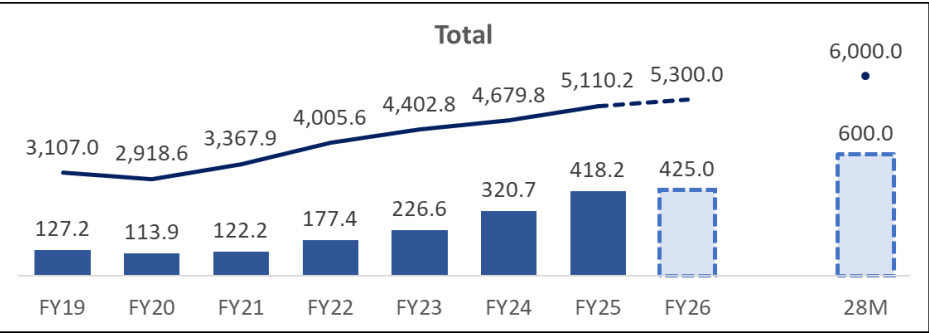
Stock Price Trends(over the most recent five-year period)

(yen/share)



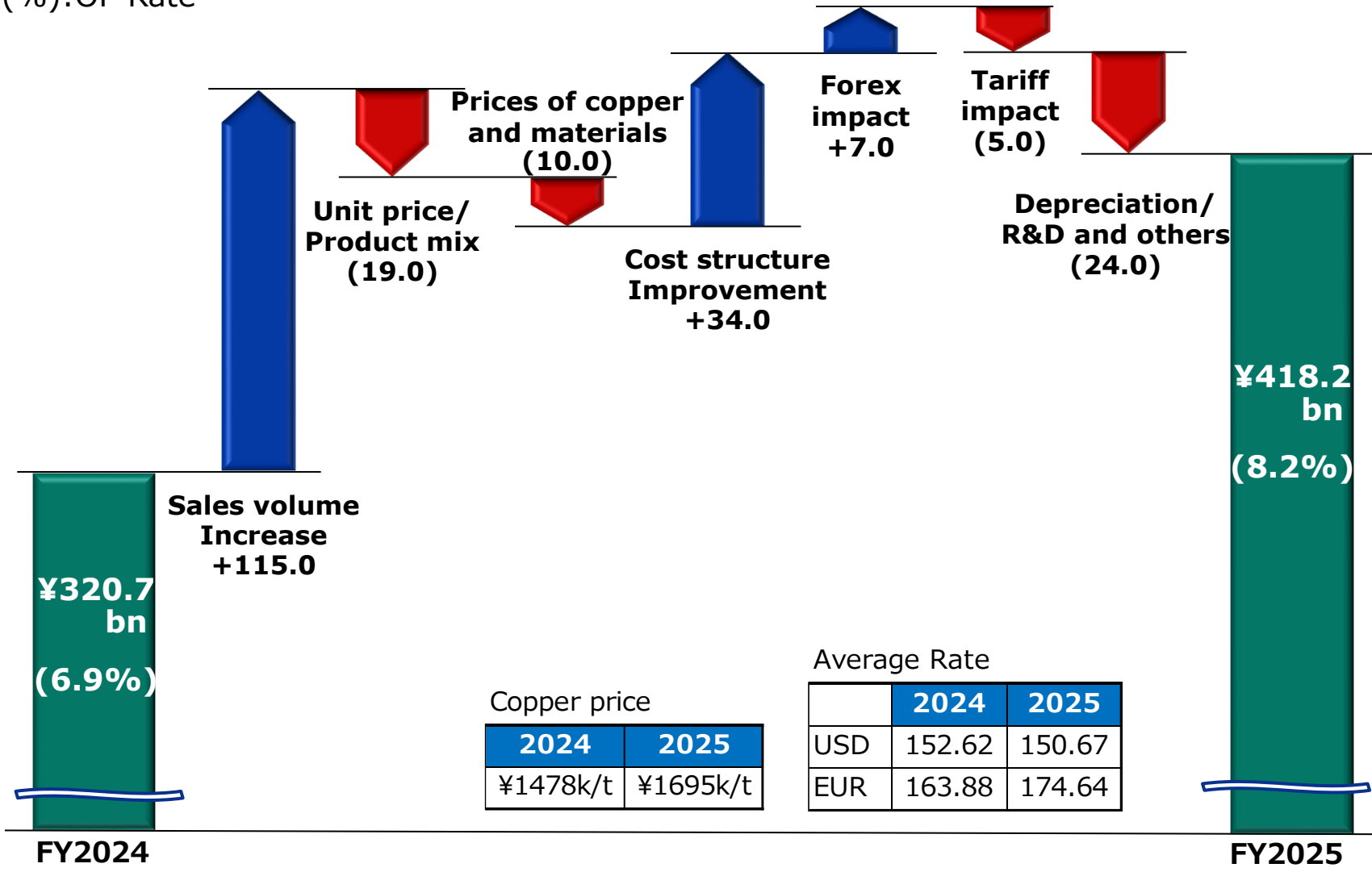
(Reference) Full Year Performance (by segment)

line:Sales bar:OP (¥bn)



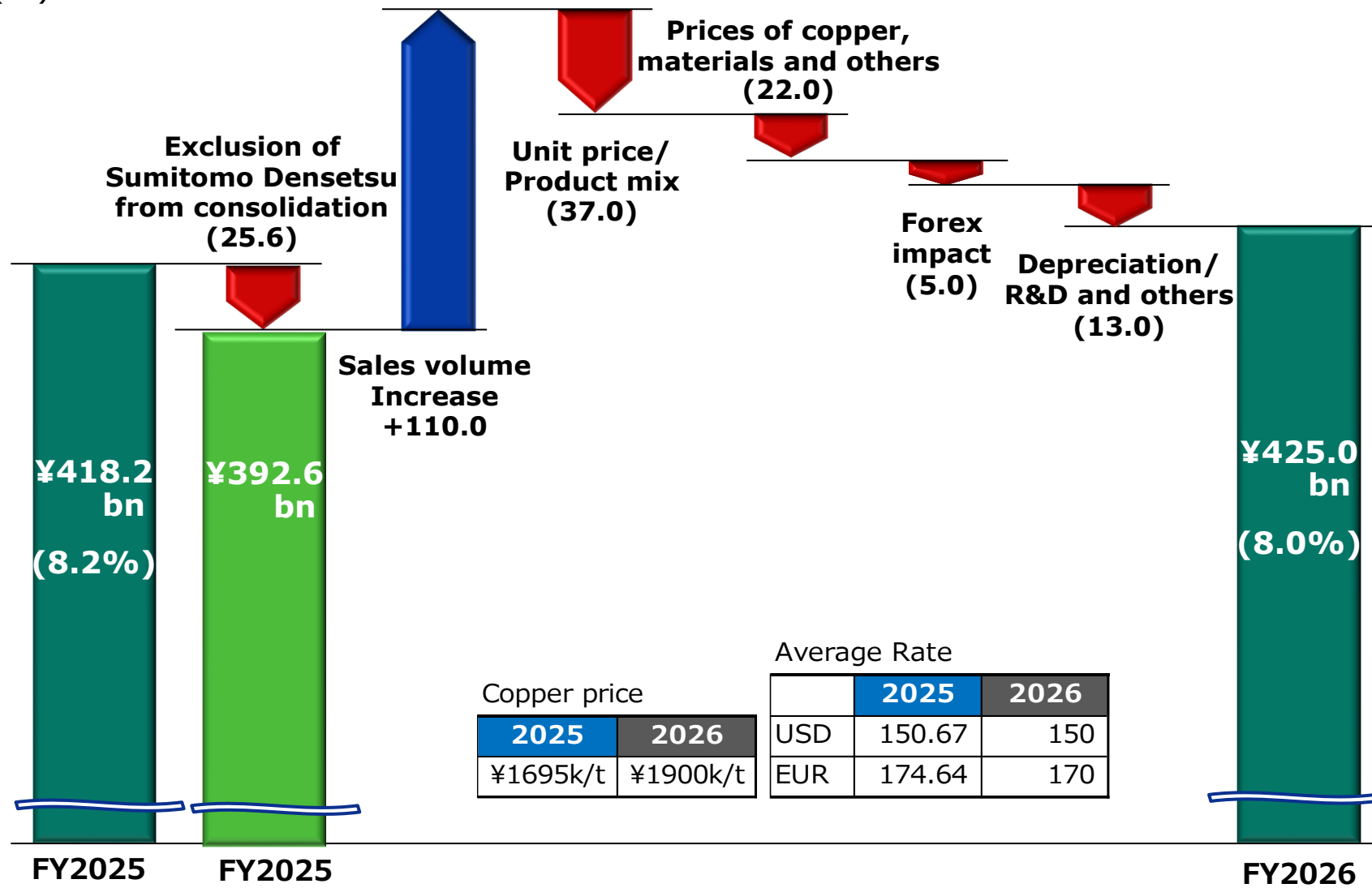
(Reference) OP variation factors from FY2024 to FY2025

(%):OP Rate



(Reference) OP variation factors from FY2025 to FY2026

(%):OP Rate



(Reference) Strategic shareholdings

Strategic shareholdings

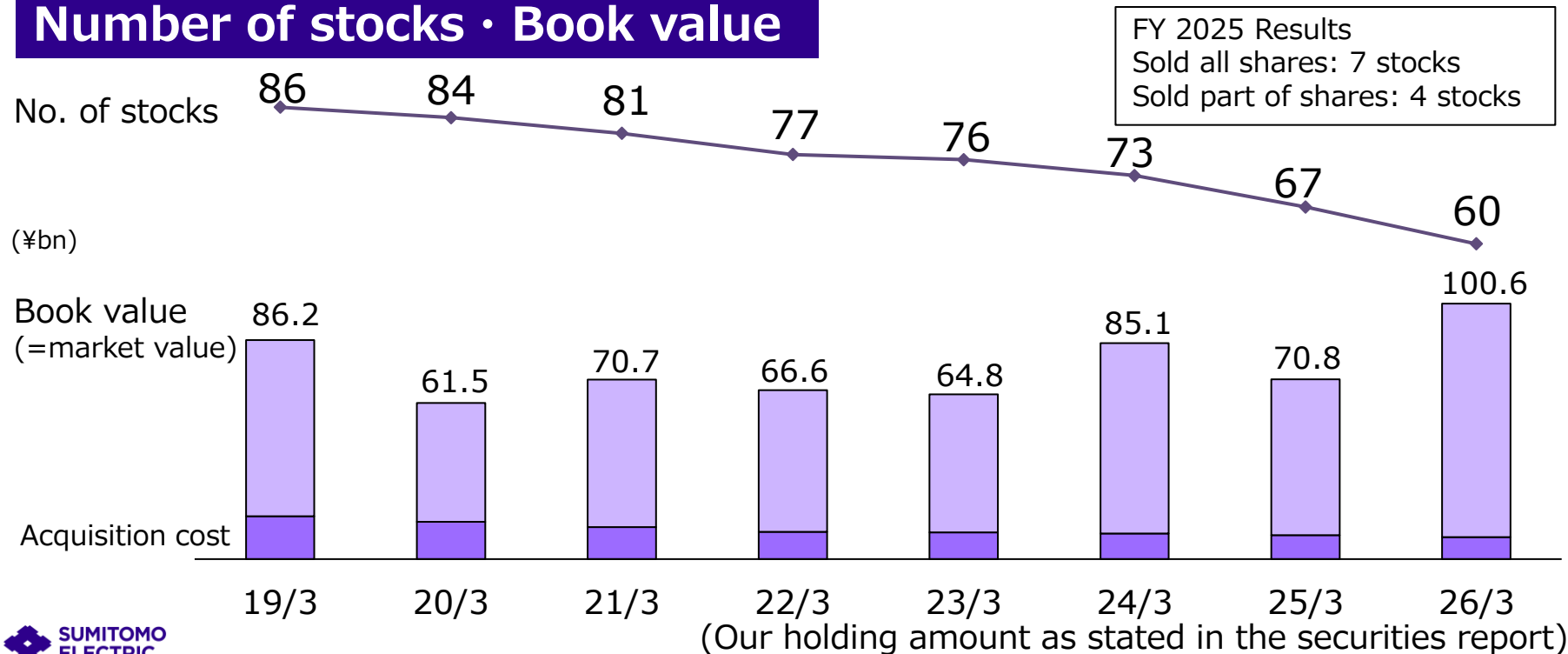
(Presentation material November 2024, republished)

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.

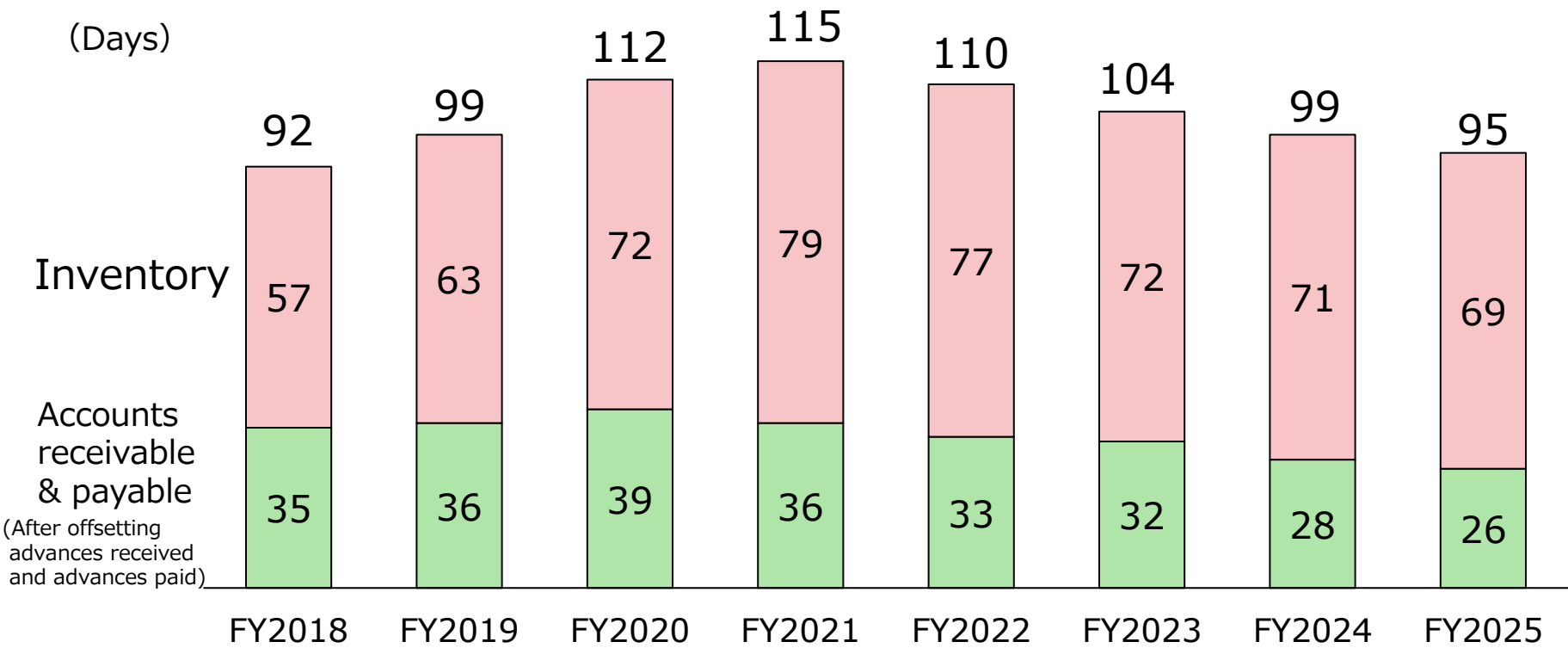
Number of stocks · Book value



(Reference) Cash Conversion Cycle

CCC (Cash Conversion Cycle)

Promoting initiatives to reduce to pre-pandemic levels



Initiatives

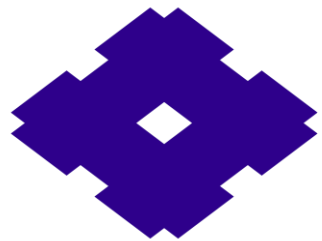
- Shortening manufacturing and procurement lead times
- Visualizing inventory using DX
- Trade receivables and payables site negotiations
- ROIC analysis by customers

Notes on Perspective Information

This presentation material contains various outlook and perspective information derived from our own presumptions and judgments based on currently available information on conditions and prospects of each market and economic circumstances such as currency exchange rate fluctuations. All figures and statements with respect to the future performances, projections, and business plans of Sumitomo Electric and its affiliated companies are constituted by those outlook and perspective information. Factors that could cause actual results to differ materially include, but not limited to:

1. Market and economic conditions in the United States, Europe, Japan and other Asian countries, especially increases and decreases in personal consumption and capital expenditures.
2. Fluctuations of currency exchange rates, especially between the Japanese yen and the U.S. dollar, the euro and Asian currencies.
3. The ability of Sumitomo Electric and its affiliated companies to cope with rapid technological development.
4. Changes in financial, management, environmental and other presumptions.
5. Current and future laws and regulations in foreign countries involving trade and other activities.
6. Changes in the market value of securities owned by Sumitomo Electric and its affiliated companies.

There are possibilities that actual sales and profits may be different materially from those described in this material. Sumitomo Electric and its affiliated companies are not obliged to update or make public any future performances, projections or business plans after releasing this material.



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