

# Medium-Term Business Plan 2021-2023

June 24<sup>th</sup>, 2021

Sumitomo Bakelite Co., Ltd.

# Environment surrounding our Business

- **COVID-19**
- **Changes in the international situation**

## Changes in values and society

- Increased awareness of environmental issues (sustainability)
- Changes in lifestyle and behavior
- Accelerating the digital shift
- Changes in the supply chain

Viewing major and rapid social and environmental changes as an opportunity for our company.

# Vision and Ideal Image

## Vision

**Aiming to become**  
**“a purveyor of dreams (happiness) for the future”**  
**by expanding the possibilities of plastic**  
**and creating value for our clients**

## Ideal Image

- A company that contributes to solving social issues and continuously grows and evolves.
- A company that works together with customers and other shareholders
- A company where employees can be active.

# Basic Medium-Term Policy and Strategy

## Basic Medium-Term Policy

**Aiming at “Top shares in niche markets”  
in the functional chemical sector as well as  
expanding our business in accordance with SDGs**

## Basic Strategy

- Develop new products with competitive advantage, aiming at their prompt contribution
- Strengthen profitability of existing products and expand new customers, applications, and regions
- Proactive strategic investment in growth areas (M&A,DX etc.)

# Main Measures

## Vision

“a purveyor of dreams (happiness) for the future”

Basic Medium-  
Term Policy

Aiming at “Top shares in niche markets”  
in the functional chemical sectors

**Toward a  
new business model**

**Evolution of  
organizational culture**

Management  
Base

Cross  
organization



One Sumibe

R&D  
Marketing  
Manufacturing



Cultivating a challenging culture  
Review of personnel system  
Work style reform

**DX**

Priority  
Policy

- ① Aggressive investment in growth areas    ② Pioneering into environmental fields  
③ Enhancing sluggish businesses            ④ BCP measures

Numerical  
Target

Sales Revenue / Business Profit / ROE  
(+ in-house ROIC for existing businesses to improve profitability)

**Contribution to SDGs (Carbon neutrality)**

# Numerical Target

[Unit: Billion JPY]

	<b>FY2020</b>	<b>FY2021</b>	<b>FY2023</b>
Sales Revenue	209	230	250
Business Profit	16.6	19.0	25.0
ROE	7.0%	7.1%	10%

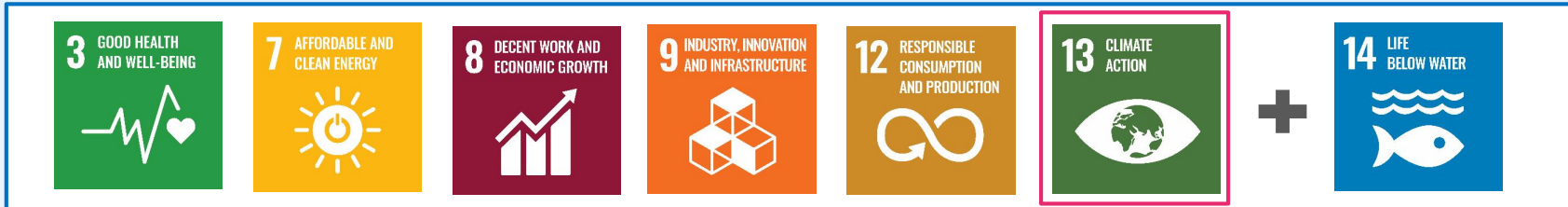
(※Exchange rate assumption: USD 105JPY, EUR 124JPY)

※“Business Profit” is based on revenue less cost of sales and SG&A expenses.

# Promotion of SDGs Initiatives

## Review of priority areas for SDGs

Added **"Goal 13. CLIMATE ACTION"** to focus areas  
We will promote our business centered on 6 +1 priority areas.



## Target of SDGs contribution product sales ratio

Promote activities to achieve long-term goals for contributing products.

FY2020(result)

37%

FY2023

50% or more

FY2030

70% or more

## TCFD Initiatives

We announced that we support the recommendations of the TCFD in February 2021. We establish a response team to understand the impact of climate change on business and consider ways to reduce risks and gain opportunities

**Create value that contributes to the resolution of changing social issues.**

# Initiatives for Carbon Neutrality

## Challenges for Net Zero

### 2030 Target

#### 46% reduction in CO2 emissions

(compared to 2013)

Energy conservation, MFCA activities  
and process efficiency reforms  
Introduction of renewable energy

### 2050 Target

#### Challenge to be carbon neutral

Active adoption of new fuel conversion  
technologies (Hydrogen, etc.)

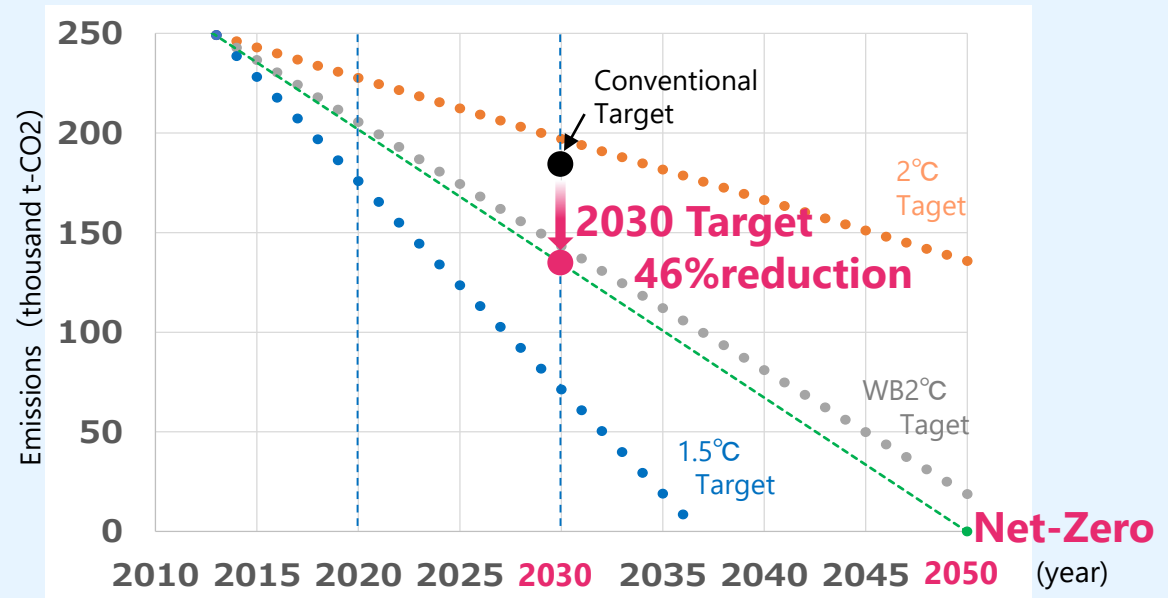
### Environmental Vision for 2050 (CO2 reduction)

#### ① Strive to achieve zero CO2 emissions (Scope 1 and 2) by 2050

- \* Reduce CO2 emissions via energy conservation activities, MFCA activities, and improving process efficiency
- \* Increase the share of our energy from renewable sources by getting a grasp of the electric power conditions in each country

#### ② Contribute to reducing CO2, including along supply chains.

- \* Develop products that factor in reducing CO2 throughout their life cycle
- \* We will work together with our supply chain



**Promote activities to achieve 2030 target.**



# Promotion of DX (Digital Transformation)

## Initiatives in the Medium Term

### R&D

#### MI (Materials Infomatics)

Shift to data-driven development  
Improve R&D efficiency and create  
new products

#### Infrastructure construction



Data  
accumulation  
system

#### Fostering Data-scientists

##### Specialists



##### Power-users



##### Researchers

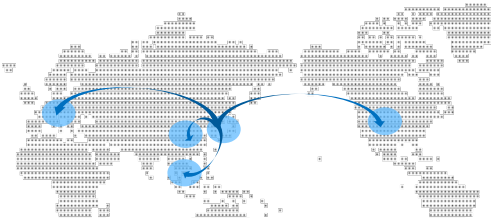


### Manufacturing

#### Digitalization of production technology

Build production systems that do not  
rely on people by using IoT & AI.

- 1) **Data collection** (company-wide)
- 2) **Visualization** (data analysis/traceability)
- 3) **Autopilot control** (Automatic  
monitoring/ Autonomous control)



Horizontal expansion at domestic sites  
Expansion to overseas bases

### Business in general

#### Review business processes by IT

Promote RPA introduction  
Improve efficiency and reform  
working style

Review  
business  
processes



Working  
style reform

Introduce RPA

Foster  
power-users

**Develop into sales, marketing and business models**

**Develop DX human resources and DX culture**

**Promote DX-conscious management and  
create competitive products and services.**

# Evolution of Organizational culture

## Cross organization

- Promote **One Sumibe Activities** worldwide
- Provide customer-value through companywide cooperation



Create value through  
"Co-creation"  
with partners

## Individuals play active roles

### Cultivate a challenging culture by:

- Reviewing personnel system
- Promoting diversity  
(active roles for women and seniors)
- Implementing work style reforms  
(Improve work-life balance and supporting childcare and nursing care)

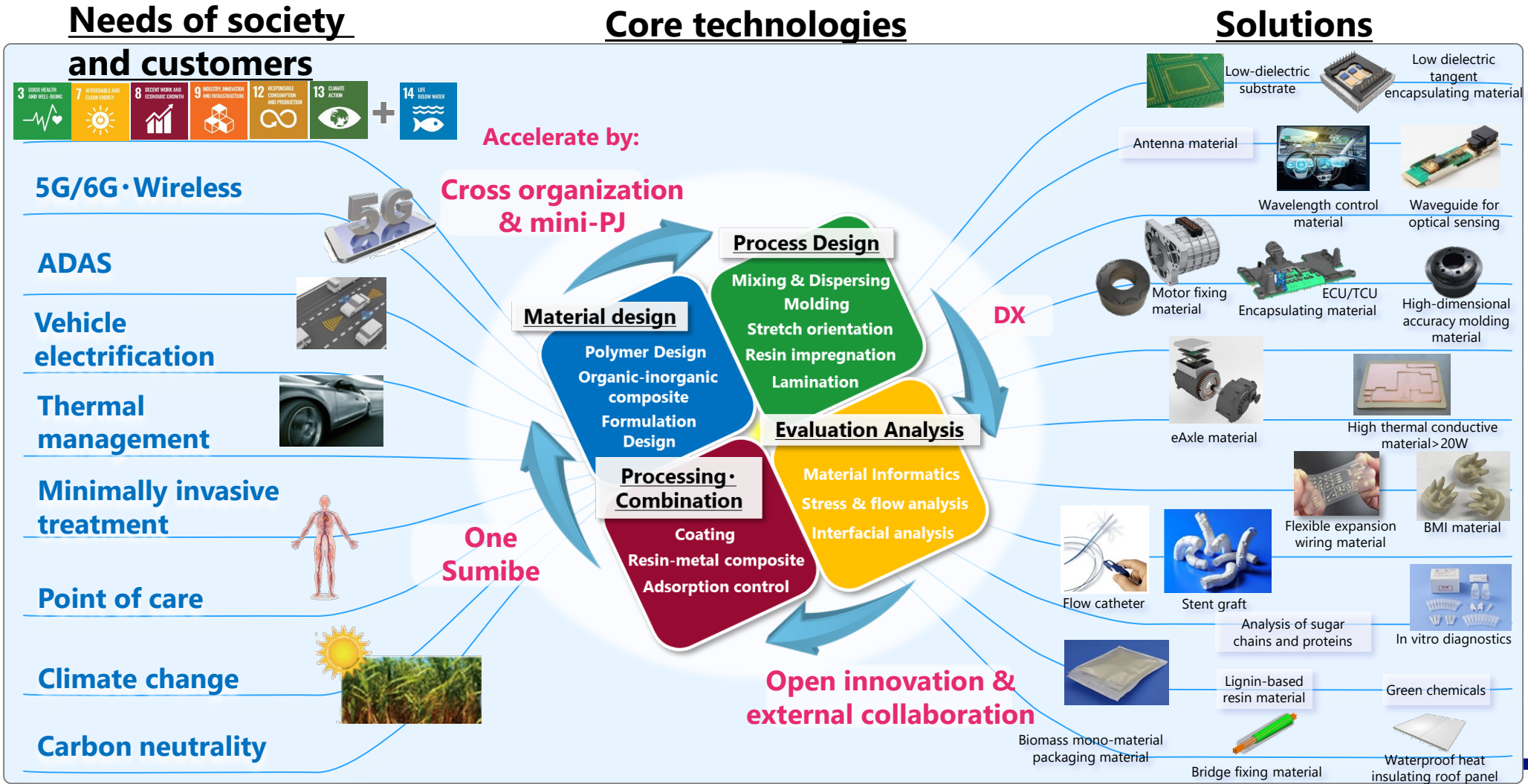
**Each individual feels a sense of accomplishment through challenges and learning (becoming a person of high caliber)**

**Work style reform × DX**

**The source of new value creation is for each individual to work energetically and increase human productivity.**

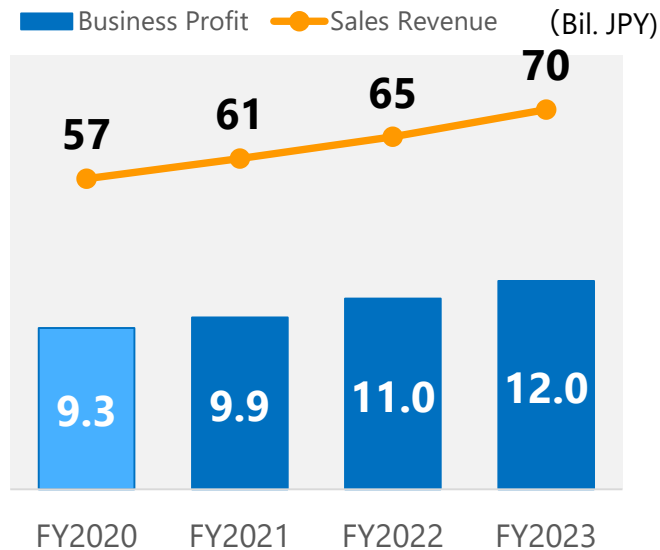
# R&D that meet the needs of society and customers

**Create new products that contribute to the real needs of the world and cultivate technologies for them**



# Business Strategy / Semiconductor material

## FY2023 Plan



## Main Products



Epoxy Molding Compounds  
Coating Resin  
Pastes for Die Bonding  
Substrate Materials

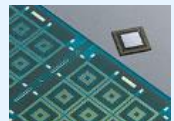
## SDGs Targets



## Major Initiatives (Semiconductor)

**Expand business through technological innovation in 5G, cloud, electric vehicles and IoT markets.**

- ✓ **Expand business in highly integrated devices**  
Increase share of semiconductor encapsulating materials, Mold-Under-Fill and Granular material for compression molding
- ✓ **Enhance advanced materials for 5G and DX**  
Materials for next-generation antennas  
(Dielectric characteristic control / three-dimensional circuit)  
Photosensitive materials for mini/micro LEDs

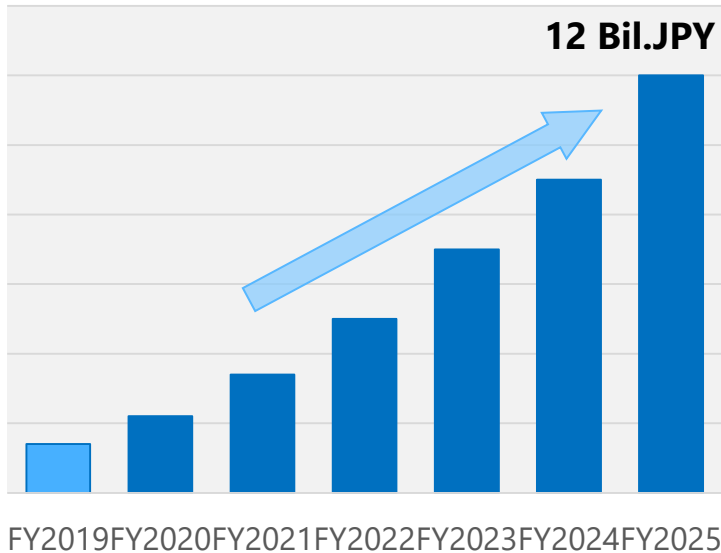


Low Dielectric tangent substrate material

- ✓ **Invest in demand in a timely manner**  
China: Investment to increase production at Suzhou  
Mobility: Production scheduled to start in EU, new line set up (2021 to 2022),  
Consider production in North America (late 2021)  
Mold-Under-Fill: Establish system and capability in Japan, China and Taiwan

# Business Strategy / Semiconductor material

## Long-Term Plan (Mobility)

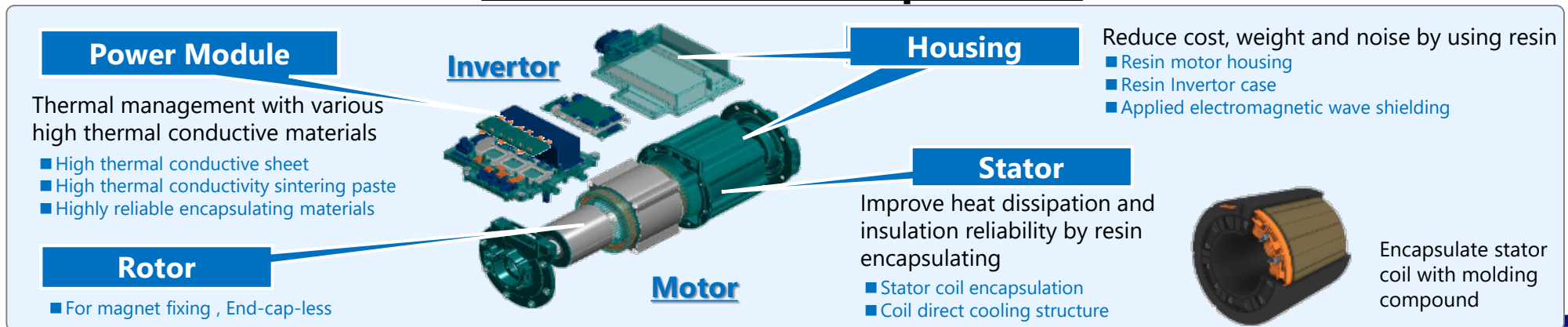


## Major Initiatives (Mobility)

### Propose new solutions for the advancement of electrification

- ✓ **Accelerate adoption of 3 mobility strategy products**  
 For motor magnet fixing: Available in Japan, the United States, EU, China, South Korea, and other WW countries  
 Direct molding for ECU: Focus on Europe Tier-1  
 Molding compounds for power modules: For SiC, GaN devices
- ✓ **Create and evaluate e-Axle using proprietary resin**  
**Support the demonstration and realization of customer value**

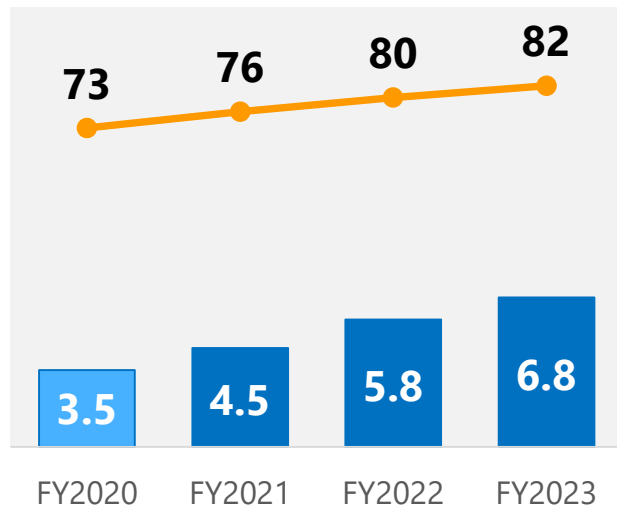
## e-Axle market development PJ



# Business Strategy / High Performance Plastics

## FY2023 Plan

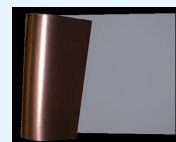
Business Profit Sales Revenue (Bil. JPY)



## Main Products



Phenolic Resin  
Molding Compounds  
Circuitry Materials  
Aero Parts



High thermal conductive sheet



High dimensional accuracy material "SiON®"



Plant-derived lignin-organized phenol resin

## SDGs Targets



## Major Initiatives

**Increase profitability of existing products in growing markets.**

**Exploring and creating new markets.**

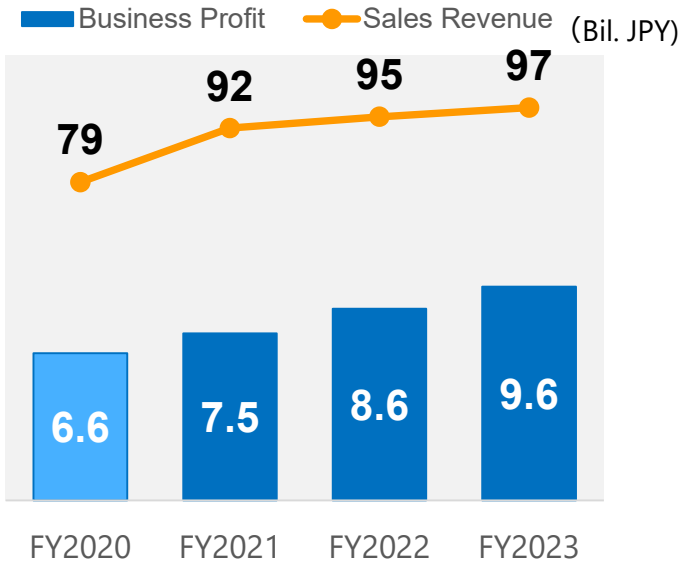
- ✓ **Increase market share of existing products**  
Expand global strategic products and regional competitive products  
(Molding compounds for brake pistons / Resin for tire applications and friction materials)  
Expand capacity in expanded markets (China)
- ✓ **Introduce products that anticipate market changes**  
Electrification, energy, environmentally friendly products

- ✓ **Improve profitability in stagnant market**  
Promote Mi-no-ta-ke management (AERO business, etc.)  
Restructure business models in response to change in the market environment



# Business Strategy / QOL

## FY2023 Plan



## Main Products



## SDGs Targets



## Major Initiatives (Healthcare)

**Expand business to become a comprehensive healthcare manufacturer responsible for “diagnosis” and “treatment”**

- ✓ **Integrate medical device business with Kawasumi Laboratories, Inc.**  
⇒ **Launch SB-KAWASUMI** (Oct.2021)  
Launch new products in the minimally invasive treatment field



Image of SB-KAWASUMI Head-Office



Aortic Stent Graft



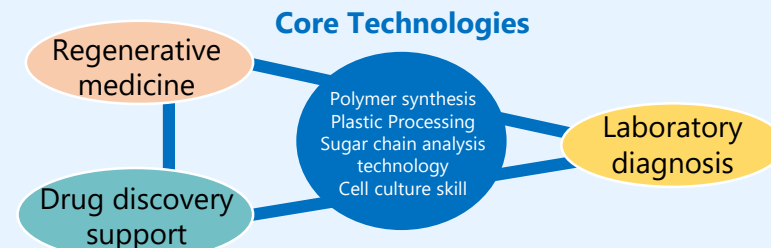
**Endoscopic treatment**



**Endovascular treatment**

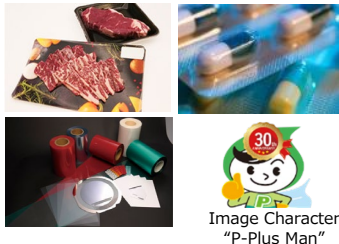
### Focus Area

- ✓ **Expand S-Bio business**  
Create synergies with the One-Bio system  
(S-Bio Div. - SB Bioscience – Bio-Science Lab.)



# Business Strategy / QOL

## Films and Sheets Products



Film products for  
 - Pharmaceutical products  
 - Food packaging  
 - Freshness preserve film  
 "P-Plus®"  
 - Industrial use



## SDGs Target (Film-Sheets)



## IFM/WP\* Products



Plate products  
 Waterproof business  
 products

## SDGs Target (IFM/WP)



## Major Initiatives (Film and Sheets)

**Expand business by creating new business areas.**

✓ **Create a skin-pack market**  
 Penetrate new brand



✓ **Launch environmentally friendly products**  
 Mono-material film and Biomass PTP

## Major Initiatives (IFM/WP)

**Expand business areas by adding functions**

✓ **Expand achievements in optical-related products**  
 Eyewear: Polarizer sheets for sunglasses for EU  
 Mobility: HUD、ADAS-related



✓ **Enter the roof-water-proof panel business in earnest**





# Financial Strategy

## Aggressive strategic investment

**Setting a total 50 bil. JPY for 3 years**

**as a strategic investment limit**

(to be set apart from the usual capital investment limits for business expansion)

- M&A in growth area
- Increase production capacity (semiconductor-related materials)
- DX

## Stable and continuous shareholder returns

**Target a payout ratio of 30% or more**

Stable and continuous return of profits in order to secure cash required for strategic investments

**Enhance corporate value through medium-to-long-term business expansion on the premise of maintaining a sound financial base.**

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