

Briefing on Q2 Financial Results for the Fiscal Year Ending March 31, 2024
Sumitomo Bakelite Co., Ltd.

Q&A Summary

Date: November 6, 2023 (Monday) 3:00 p.m. - 4:30 p.m.

Presenter: Kazuhiko Fujiwara, President and Representative Director

[Company-wide matters]

Q: The revised consolidated financial forecast does not reach the 30 billion yen business profit target in the current medium-term business plan. Please tell us what was different from the company's expectations.

A: There are several factors: the stalling and slow recovery of the semiconductor market, and the impact of automobile production cuts due to the shortage of semiconductors.

Q: Please tell us about the cash allocation policy.

A: We consider various measures to increase shareholder returns in accordance with the situation. In addition, we anticipate cash needs for CAPEX, M&A, and investments to promote sustainability such as DX and carbon neutrality.

[Semiconductor Materials segment]

Q: Please tell us about the growth rate of semiconductor encapsulation materials and the situation by application.

A: The volume was almost flat compared to the first half of the previous fiscal year. By application, consumer products were weak, but automotive semiconductors and the three strategic products for mobility were strong.

Q: Please tell us about the outlook for semiconductor encapsulation materials in the second half of the year.

A: Compared to the first half, the business sentiment will remain unchanged, but the volume are anticipated to decline due to seasonal factors such as major holidays in China and other countries and regions.

Q: Please tell us about the factors that drove the upward revision of this fiscal year's plan for the three strategic products for mobility.

A: All three products are showing steady growth in this fiscal year.

[High Performance Plastics Segment]

Q: Please tell us about the background of the recovery in the second half of the year.

A: Retained market inventories of consumer products such as home appliances are being resolved. Aircraft interior components are also recovering moderately.

[Quality of Life Products Segment]

Q: Please tell us about the background of the downward revision of this fiscal year's forecast.

A: Recovery of Films & Sheets products for industrial applications used in semiconductor manufacturing process, etc., has been slow due to inventory adjustments by customers. As for Industrial Functional Materials, sales for general-purpose building materials applications were weak.

End