Sumitomo Bakelite Co., Ltd. FY2025 Financial Results Briefing
Main Q&A Summary

Date: Tuesday, November 14, 2025, 3:00 PM – 4:00 PM
Presenter: President and CEO Shinichi Kajiya
(Supplementary explanations were provided by division heads during the Q&A session.)

【Company-Wide Matters】

Q: What is the progress of each segment toward its annual plan?
A: The High-Performance Plastics segment remains in a transitional phase due to continued declines in volume caused by the streamlining of unprofitable products. On the other hand, progress in the Semiconductor Materials and QOL segments is steady. In Semiconductor Materials, while there has been an increase in labor costs due to expanded production in China, the profit increase driven by higher volumes has surpassed these costs. QOL continues to perform steadily, with fixed-cost improvements driven by the integration of a medical device subsidiary in North America, and overall efficiency gains being realized.

Q: What is the company's future approach to capital policy, including M&A and shareholder returns?
A: There are no changes to our fundamental policy. We will continue to look for M&A opportunities, and in the absence of suitable deals, share buybacks will be considered.

【Semiconductor Materials Segment】

Q: What is the YoY growth in the first half and the QoQ growth in sales volumes and price trends for encapsulants?
A: Sales volumes increased by 11% YoY and approximately 5% QoQ. There have been no significant changes in pricing.

Q: What is the outlook for encapsulants in the second half?
A: In the second half, there will be a decrease in volume due to seasonal factors such as the Chinese New Year. However, at present, there are no negative developments, and excluding seasonality, performance is expected to remain very strong, particularly in China. If everything proceeds smoothly, there is a possibility of outperforming the first half, but the full-year forecast remains unchanged.

Q: What are the demand trends in China?

A: Subsidy policies have driven strong performance in home appliances, Chinese smartphones, and EV-related products. While geopolitical and political risks create some uncertainty, moderate growth is forecasted for the second half.

Q: What is the contribution of the expanding AI-related power device market?
A: AI-related power devices currently account for 10% of overall encapsulants sales, with potential growth to 15–20% in the future. Revenue contributions will be led by encapsulants, die bonding pastes, and L α Z, in that order.

Q: What is the annual outlook for L α Z?
A: L α Z has been adopted for power applications, achieving significant growth and improved performance in the previous fiscal year. It is expected to continue growing in the second half.

Q: Regarding price increases, how does the rise in silver prices affect pricing for die bonding pastes? Would you consider price increases for encapsulants if opportunities arise?
A: Price revisions are conducted periodically to address silver price increases, and prices are expected to catch up in the second half. For encapsulants, we will consider price increases in response to rising raw material costs, if necessary.

Q: What is the progress on mobility strategic products and the outlook for achieving next year's goals in the mid-term plan?
A: In the first half, sales grew by approximately 10% year-on-year. However, due to the overall sluggishness of the automotive market and the stagnation in power devices in Europe and the U.S., the annual plan of 11 billion yen currently appears slightly short of target. Moving forward, the situation will largely depend on trends in China's automotive and power semiconductor markets. If we can achieve this year's plan, it will provide clearer visibility for next year's figures.

Q: What is the impact of the recovery in the memory market?
A: Semiconductor photosensitive materials are primarily affected. In Q2, volumes grew by about 10% QoQ. In the second half, demand is expected to surpass Q2 levels, driven by DRAM recovery, leading to further growth.

【High-Performance Plastics Segment】

Q: What are the effects of structural reforms in the High-Performance Plastics division, and what are the future initiatives?

A: The most significant impact is expected from structural reforms in North America, with an improvement of approximately 1 billion yen. Improvements in Japan, Asia, and Europe are anticipated to be in the low single-digit hundred million yen in the next fiscal year. In North America, price adjustments are being implemented, but uncertainties remain regarding sales volumes in the next fiscal year and the indirect effects of Trump-era tariffs. We will closely monitor the situation and consider additional measures based on the results.

【Quality of Life Segment】

Q: There has been mention of strengthening the expansion of minimally invasive medical devices in the healthcare field. Does this primarily involve expanding the lineup of gastrointestinal stents?

A: In the minimally invasive domain, we are focusing on products such as gastrointestinal stents, steerable microcatheters for endovascular treatments, and thoracic aortic stent grafts. We aim to achieve more than a 10% increase in current sales. Starting from the second half, we plan to gradually expand the product lineup.