

Results Overview of the Automotive Segment

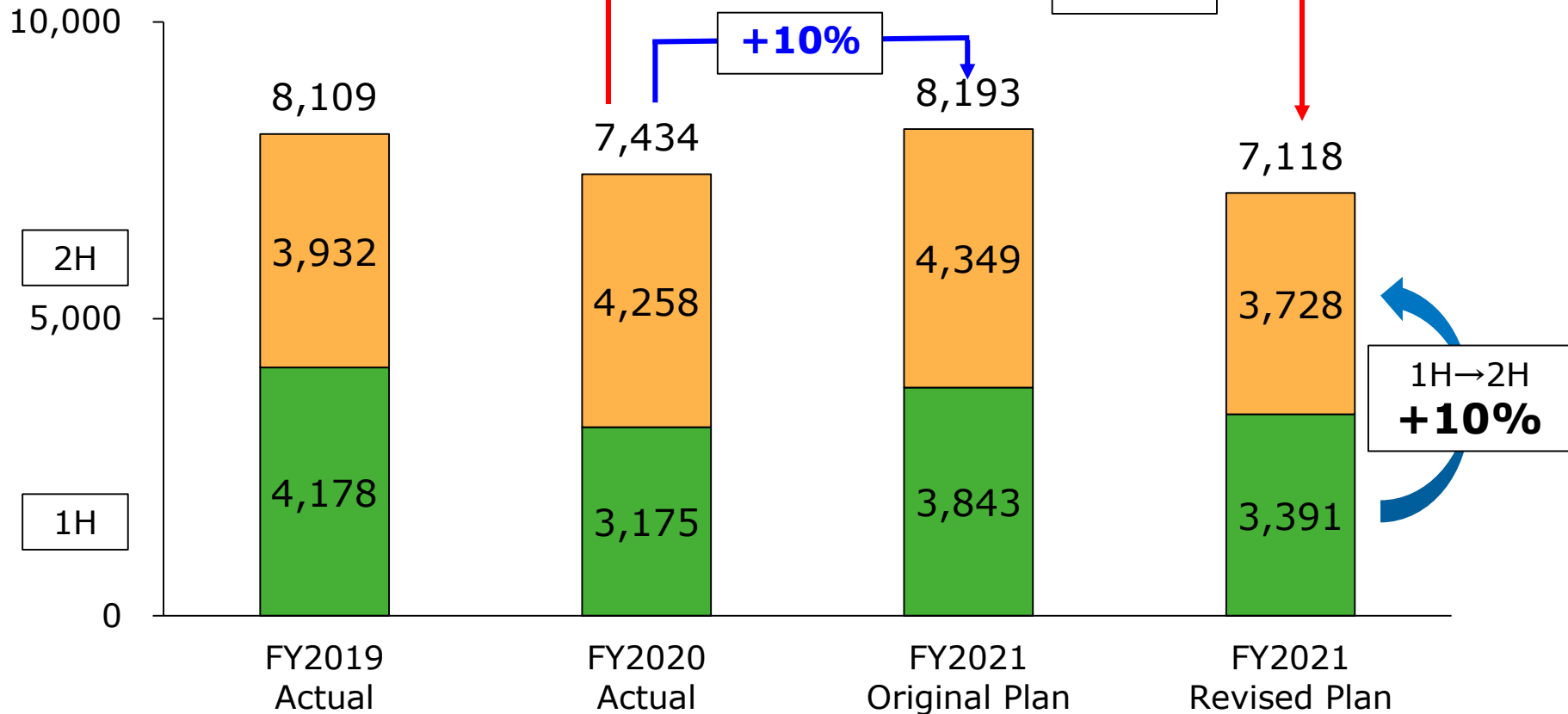
Sumitomo Electric Industries, Ltd.
Nov. 17, 2021

Global automotive production (2019-2021)

*FY basis

Source: IHS Markit Worldwide Light Vehicle Forecasts (November 2021 preliminary)

(10,000 units)



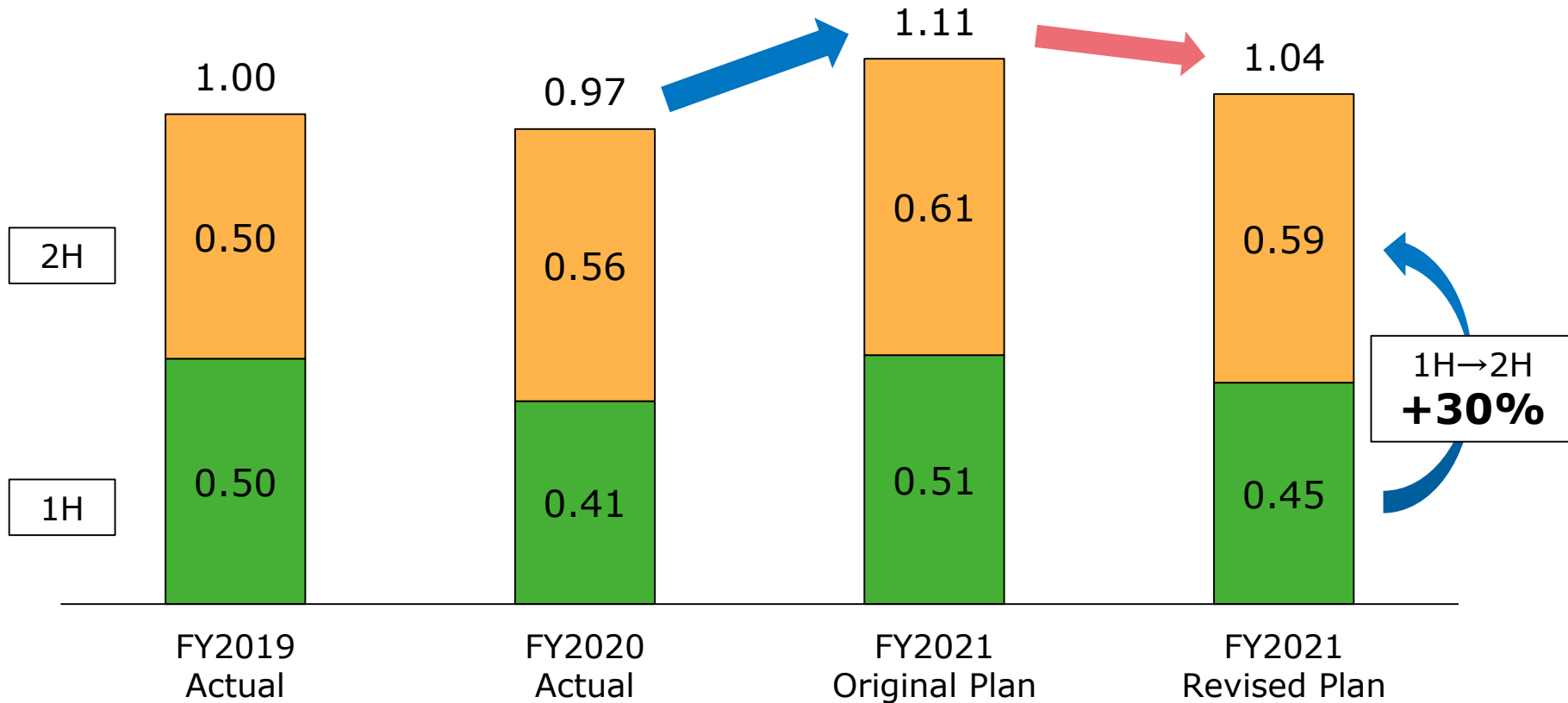
Although **+10%** yoy was expected in the original plan for 2021, the revised plan is **-4%** yoy due to the semiconductor shortages and the expansion of COVID-19 in ASEAN countries.

Orders for harnesses (2019-2021)

2020→2021 original plan
 Auto production: +10%
Harness orders: +15%

2020→2021 revised plan
 Auto production: -4%
Harness orders: +7%

*Indexed with 2019 as 1

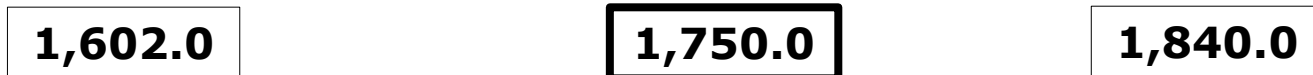


2021 1H→2H +30% expected due to launch of new order intake model

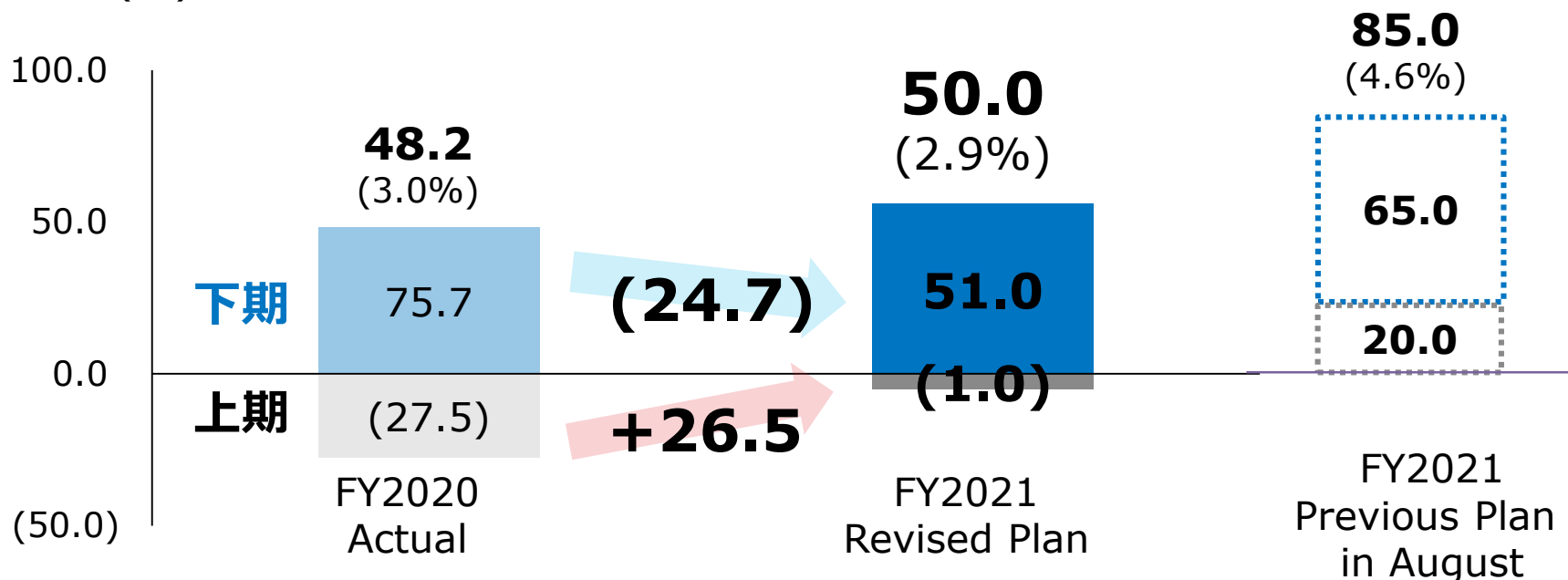
Earnings of automotive segment (2020-2021)

■ Sales

(¥bn)



■ OP(%)



1H: Significant yoy increase due to recovery from COVID-19 impact
2H: Yoy decrease expected due to surge in material prices and logistics costs, while increase expected on annual basis

Automotive Segment OP variation factors from FY2020 1st half to FY2021 1st half(+26.5)

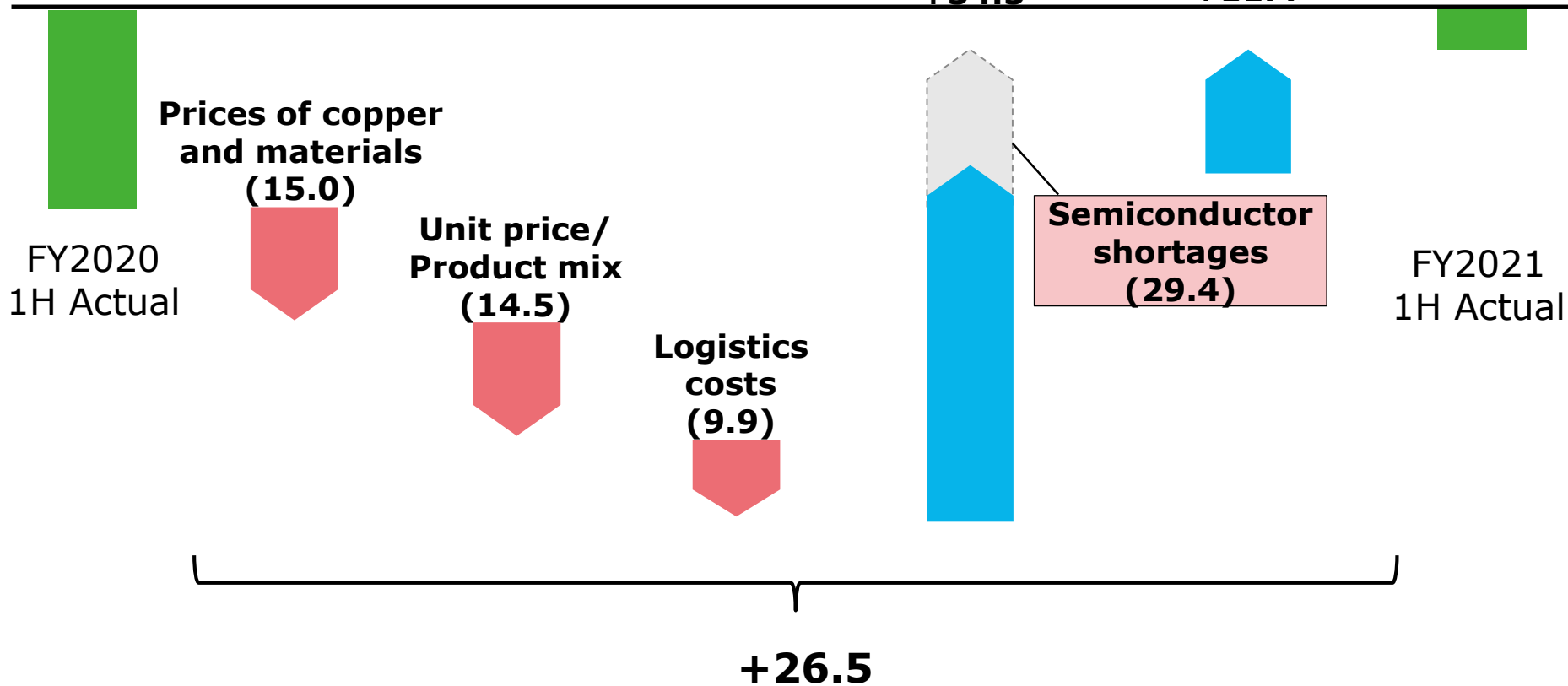
(¥bn)

(27.5)

Sales volume
Increase
+54.5

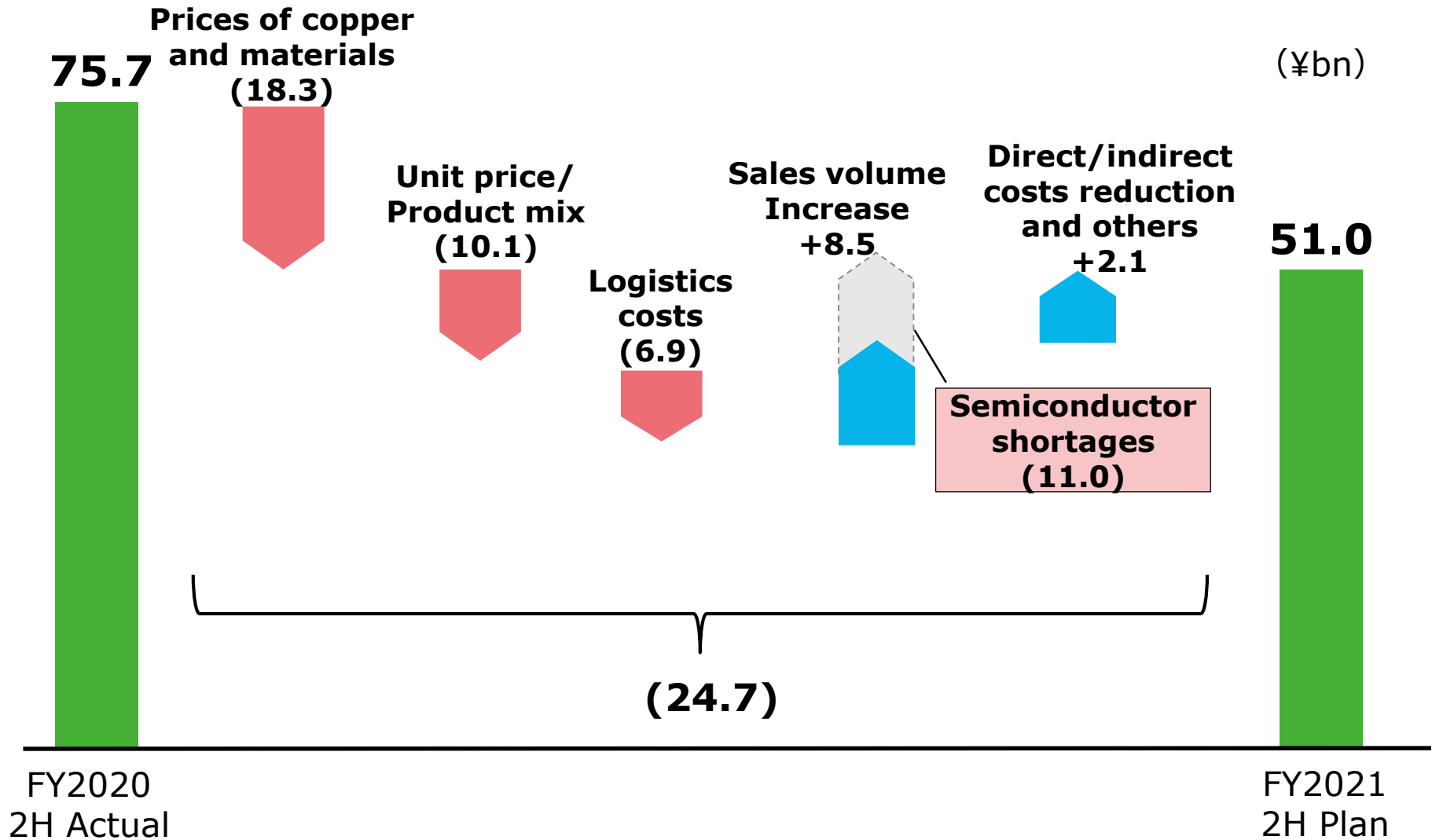
Direct/indirect
costs reduction
and others
+11.4

(1.0)



+26.5

Automotive Segment OP variation factors from FY2020 2st half to FY2021 2st half(-24.7)

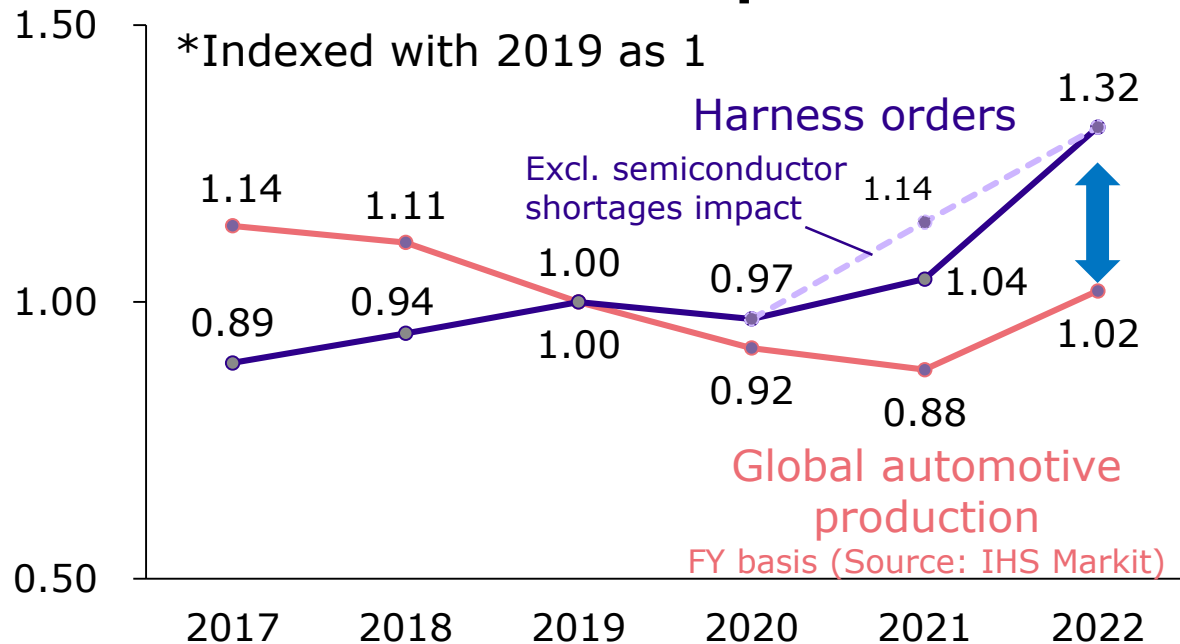


Cost reduction efforts

No.	Item	Initiatives
1	Logistics costs	<ul style="list-style-type: none"> • Promote advance booking by early determination and disclosure of cargo information • Improve capacity efficiency, re-examine marine transportation routes → Strengthen negotiations with shipping companies, suppression of increase in ocean freight cost • Reduce emergency air expenses • Reconsider optimal global production layout
2	Material costs	<ul style="list-style-type: none"> • Copper: Price slide rule with customers already in place • Materials: Expand application of inexpensive materials Negotiations with suppliers to curb price increase Optimization of price levels through persistent negotiations with customers
3	Processing costs	<ul style="list-style-type: none"> • Shift production to low-cost regions • Increase labor-saving equipment and methods and automation (robots)

Toward 22V and post-22V

■ Global automotive production and harness orders



Harness order volume is expected to increase at a faster pace than the market's growth due to the launch of the new order models, mainly for European and U.S. OEMs.

■ Priority initiatives

- Steady capture of recovery demand from customers and **achieve smooth launch of new order model.**
- **Curbing the market impact of material costs and rising logistics costs.**
- Implement BCP (Establish back-up system, ensure strategic inventory).
- **Strengthen CASE support and sales expansion to overseas customers toward post-22V.**

Diverse Range of Products for the CASE Era

Electric



Charging connectors and inlets



Bus bar modules



High-voltage JB



Pipe WH

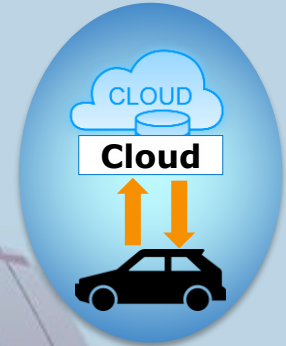


Power cables

Connected



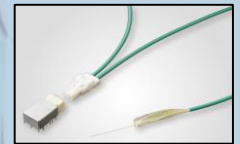
Traffic infrastructure control



Central gateway

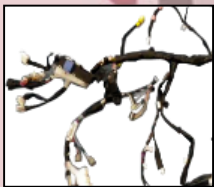


High-speed communication WH

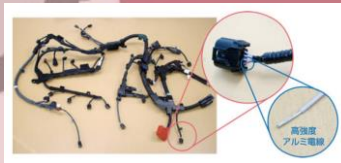


Optical WH

Low-voltage WH, connectors and wires/cables



Low-voltage WH



Aluminum WH



Connectors



Wires/cables



Electronics products

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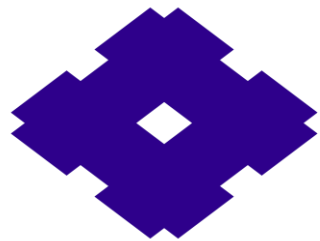


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