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## FY2024 Q3 Small Meeting

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February 17, 2025

**SWCC Corporation**

TSE PRIME: 5805

# Today's Agenda and Speakers

1. Summary of Q3 Results
2. Review of Numerical Targets in the Medium-term Management Plan



Senior Executive Vice President and  
Representative Director (COO)

Tetsuo Komata

3. Future Growth Strategy of the Communication and Industrial Devices Business



Executive Officer,  
Chief of the Communication and Industrial  
Devices Business Segment

Kazuhiko Inoue

# 1. FY2024 Q3 Overview of Financial Results

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# FY2024 Q3 Overview of Financial Results

## Management Environment

- Investment for a decarbonized society and semiconductor and digital-related demand increased.
- Construction projects were concentrated in Q3 while the trend towards leveling out continued.
- The automotive-related market continued to experience the suspension of production and shipping by some automakers and lackluster sales in China.
- In the electric wire industry, overall demand for electric wires slightly decreased.
- The average domestic quotation price for copper increased YoY.

## Net sales

**Sales increased YoY** due to strong performance in the Energy and Infrastructure Business.

[Status of Major Business Fields]

**Energy and Infrastructure:** There was **strong demand** for construction-related applications and electric power infrastructure.

**Automobile:** Demand for high-performance products for EVs is in an adjustment phase.

**Communication Cables:** Demand was solid in high-speed LAN for Construction and ADAS applications.

## Operating profit

Operating income **grew considerably YoY**, reflecting **favorable** market conditions in construction-related applications and electric power infrastructure.

# FY2024 Q3 Consolidated Statements of Income

The performance of the Energy and Infrastructure Business was strong and is expected to remain robust. However, **we revised the ordinary profit forecast downwards for the current fiscal year** after posting a share of loss of entities accounted for using the equity method and the provision of an allowance for doubtful accounts to a maximum extent.

(Unit: 100 million yen)		FY2024 Q3 Actual (YoY %)	FY2024 Full-year plan (before revision)	FY2024 Full-year plan (after revision)	Progress rate %
	FY2023 Q3 Actual				
Net sales	1,585	1,782 (+12.5%)	2,340	2,340	76.2%
Operating profit	93	Record high 167 (+78.2%)	205	Expected to reach a record high 205	81.3%
Operating profit margin (%)	5.9%	9.3% (+3.4pt)	8.8%	8.8%	—
Ordinary profit	92	71 (-22.7%)	170	105	67.5%
Profit attributable to owners of parent	63	Record high 77 (+22.5%)	100	Expected to reach a record high 100	77.5%

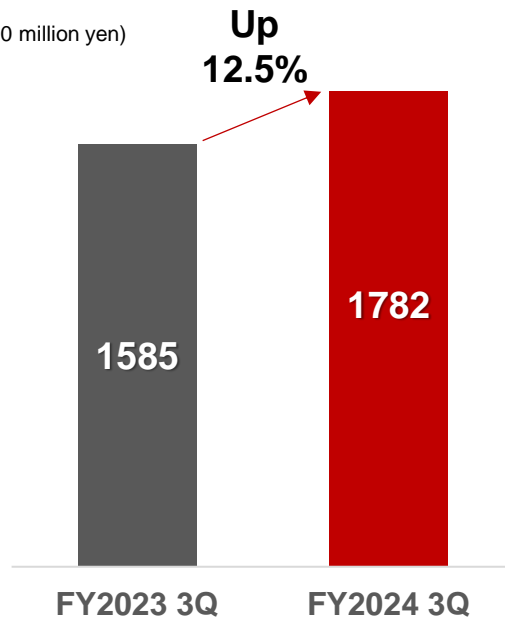
# Key Points of the Financial Results for Q3

## Q3 YoY Change

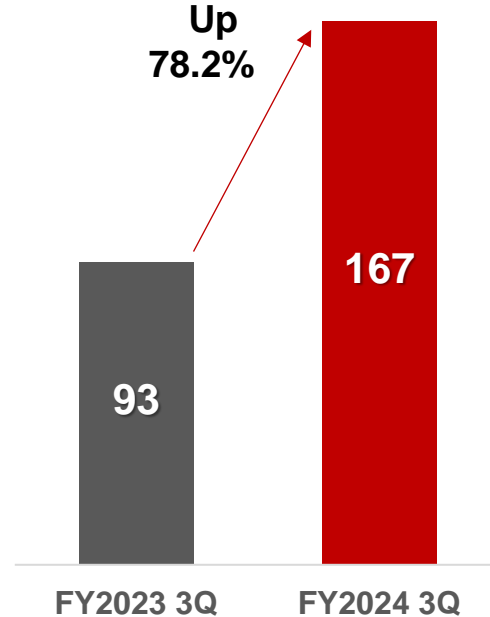
Operating income **increased substantially** following the healthy performance of the Energy and Infrastructure Business.

### Net sales

(Unit: 100 million yen)



### Operating profit



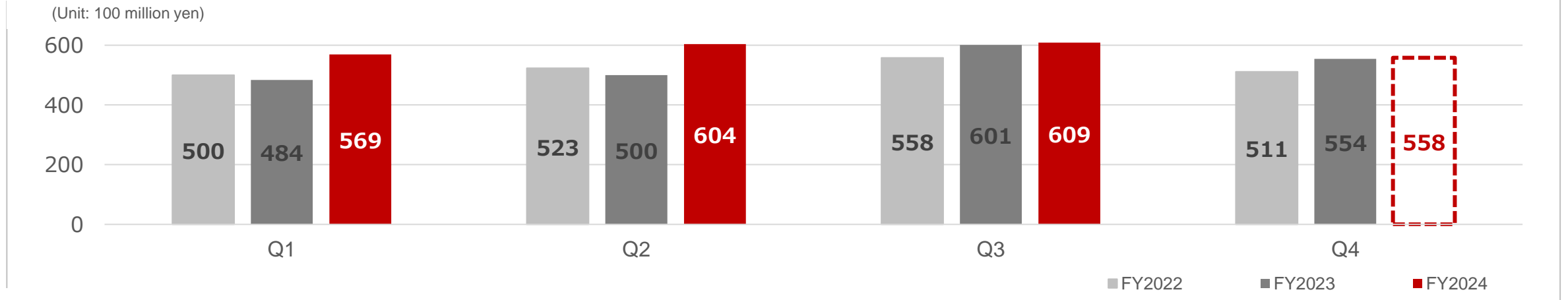
## Q3 Progress rate

The rate of progress for both sales and operating income was higher than usual.

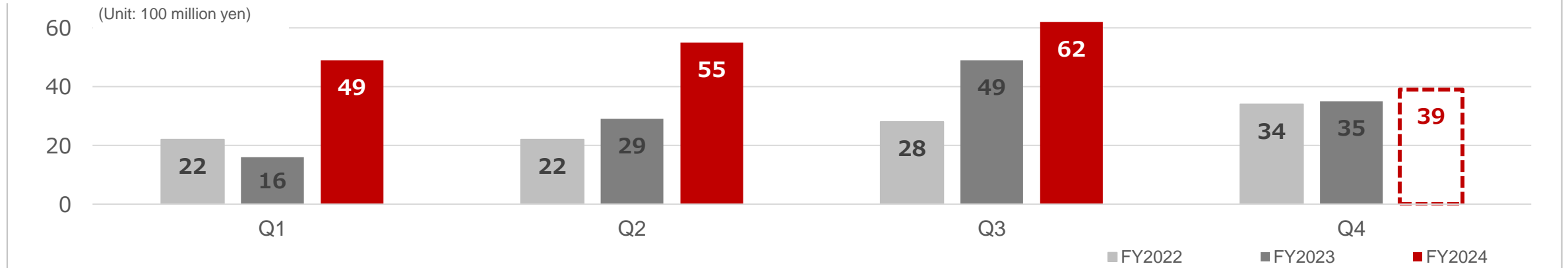
	Full-year plan	FY19-23 Avg. progress rate	Q3 Progress rate
Net sales	2,340	74.1%	76.2%
Operating profit	205	73.6%	81.3%

# FY2022-2024 Quarterly Performance Trends

## Net sales

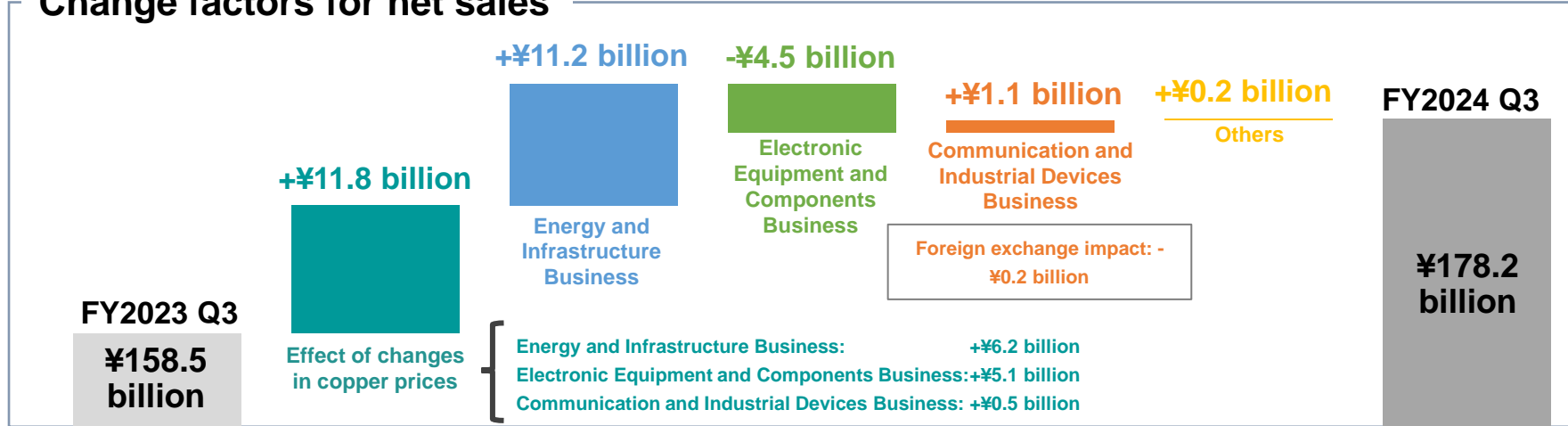


## Operating profit



# FY2024 Q3 Change Factors (YoY)

## Change factors for net sales



### [Change factors]

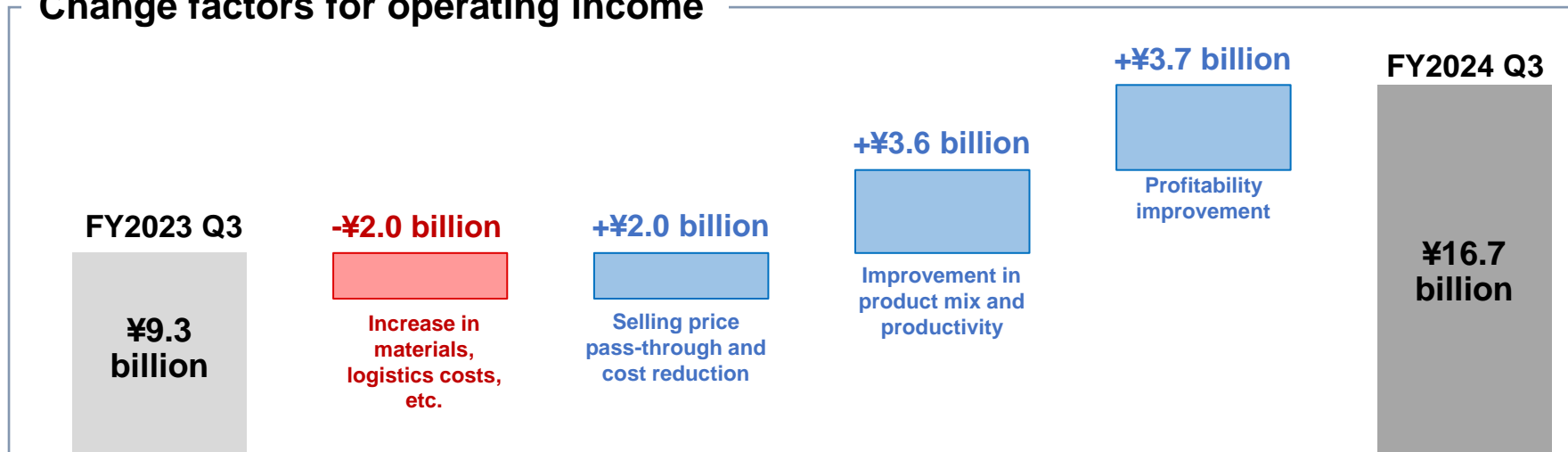
1. Net sales  
Contrary to initial expectations, domestic demand for construction-related applications did not weaken, and growth drivers also performed strongly, resulting in a **YoY increase in sales.**

2. Operating income  
Rising raw material and logistics costs were offset by selling price pass-through and cost reductions **Income increased significantly YoY** due to the implementation of various profit improvement measures and strong demand for electric power infrastructure.

### [Future Initiatives]

Secure an appropriate level of inventories in preparation for a rise in shipments following buoyant demand.

## Change factors for operating income



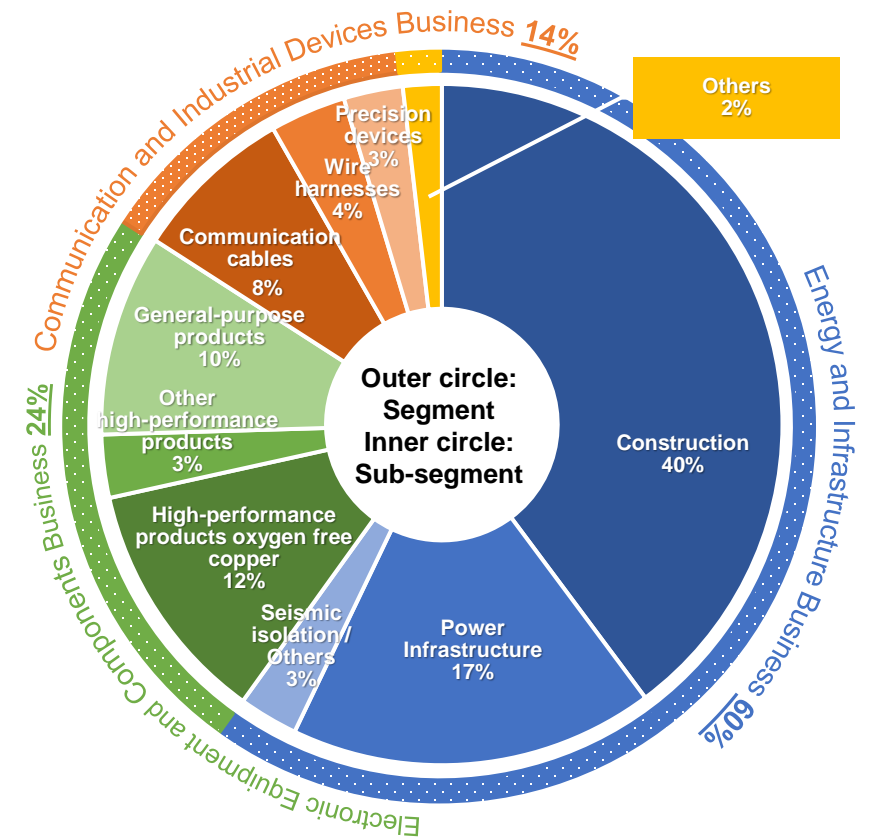


# FY2024 Q3 Segment Results

In the **Energy and Infrastructure Business**, operating income marked a record high after steady demand in construction applications, buoyant construction projects in the electric power infrastructure business and climbing demand for electric power equipment. In the **Communication and Industrial Devices Business**, the income margin rose significantly YoY, enjoying firm demand for communication cables and the effect of improved profitability in precision devices despite weak demand for wire harnesses for home appliances.

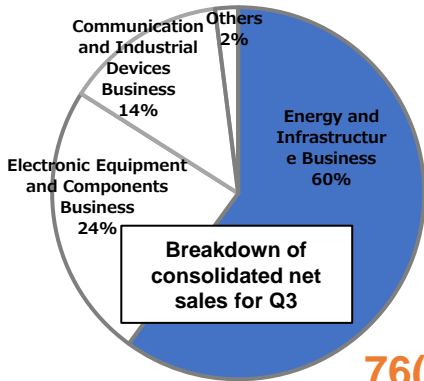
(Unit: 100 million yen)	FY2023 Q3 Results		FY2024 Q3 Results	
	Net sales	Operating profit (Income margin %)	Net sales	Operating profit (Income margin %)
<b>[Strong performance]</b> Energy and Infrastructure Business	<b>895</b>	<b>76</b> (8.5%)	<b>1,068</b>	<b>141</b> (13.2%)
<b>[Average performance]</b> Electronic Equipment and Components Business	<b>424</b>	<b>14</b> (3.3%)	<b>431</b>	<b>14</b> (3.2%)
<b>[Firm performance]</b> Communication and Industrial Devices Business	<b>235</b>	<b>10</b> (4.1%)	<b>251</b>	<b>20</b> (8.1%)
● Other	<b>31</b>	<b>1</b> (1.6%)	<b>33</b>	<b>2</b> (6.1%)
<b>Total</b>	<b>1,585</b>	<b>93</b> (5.9%)	<b>1,782</b>	<b>167</b> (9.3%)

## FY2024 Q3 Results Segment sales ratio



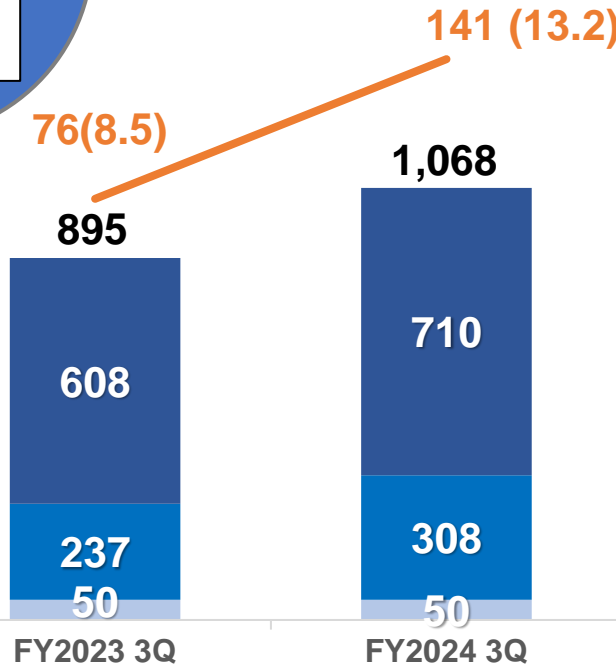
# FY2024 Q3 Results by Segment / Energy and Infrastructure Business

**Sales grew YoY (up 19.4%) and income jumped considerably (up 85.3%),** following the positive effect of various profit improvement measures, buoyant construction projects in the electric power infrastructure business and climbing demand for electric power equipment.



(Unit: 100 million yen, %)

- Construction
- Power Infrastructure
- Seismic isolation / Others
- Operating profit
- ( ) Operating profit margin



Against full-year plan	FY2023 Q3	FY2024 Q3
Progress rate in operating income	71.0%	81.8%

## Factors behind Q3 performance (strong performance)

**“Strong performance”**

**Construction**

- Review of selling prices taking rising raw material costs into consideration
- Improvement of profitability through promotion of DX and various productivity improvements

**“Strong performance”**

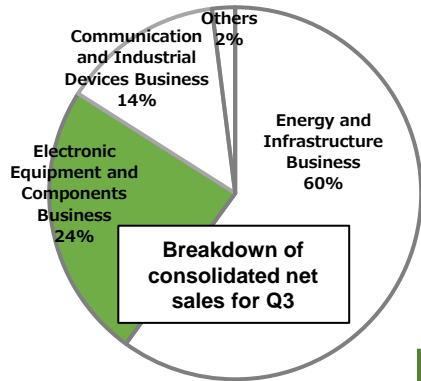
**Electric power**

- Increase in projects of electric power companies under revenue cap system
- Projects increased in Q3 while profit improvement measures involving the leveling of projects continued.
- Effect of improvement in prices that reflects product advantages and other added value
- Shipments of electric power equipment increased, due to the effect of investment in increased production.

**Future Strategies**

**Plan to increase hiring beyond Medium-term Management Plan target, including construction, manufacturing and maintenance personnel, to tap into robust electric power infrastructure demand.**

# FY2024 Q3 Results by Segment / Electrical Equipment and Components Business

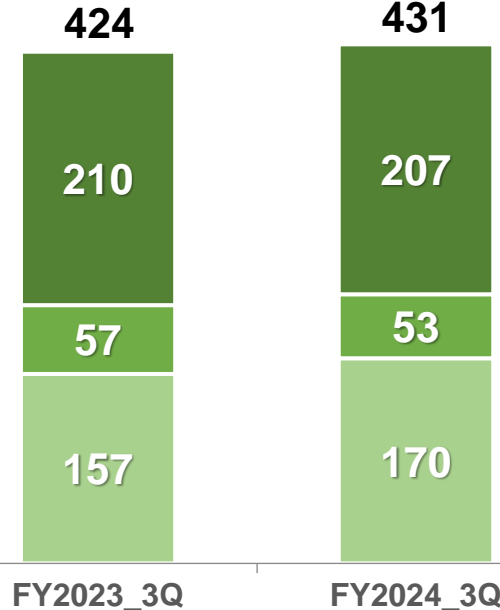


(Unit: 100 million yen, %)

- High-performance products oxygen free copper
- Other high-performance products
- General-purpose products
- Operating profit
- Operating profit margin

Although products for EVs were affected by the suspension of production and shipping by some domestic automakers and lackluster sales in China. While General-purpose magnet wires for heavy electrical appliances has been performing steadily, resulting in **YoY increase in sales (up 1.5%)** and **YoY decrease in income (down 2.7%)**.

14(3.3) 14 (3.2)



## Factors behind Q3 performance (mostly unchanged YoY)

MiDIP®

- In an adjustment phase due to the suspension of production and shipping by some domestic automakers

Flat winding wires

- In an adjustment phase, despite strong demand for hybrids in Europe

Heater wires

- Impacted by suspension of production and shipping by some domestic automakers and lackluster sales in China

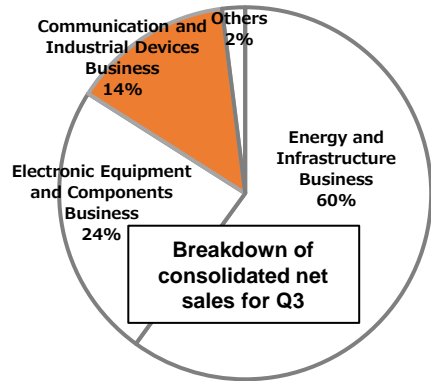
## Future Strategies

**Accelerate downstream strategy, and expand sales of high value added products.  
(for semiconductors, robots and others)**

\* MiDIP® is a strategic product included in "High-performance products oxygen free copper" on the left. Flat winding wires and heater wires are strategic products included in "Other high-performance products" on the left.

	FY2023 Q3	FY2024 Q3
Progress rate in operating income	86.6%	85.8%

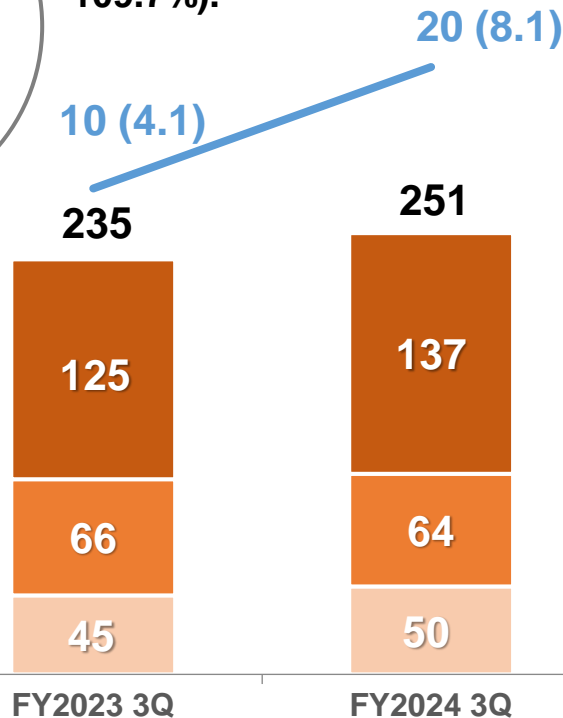
# FY2024 Q3 Results by Segment / Communication and Industrial Devices Business



Demand for both construction-related communication cables, including those for data centers, and for communication cables for ADAS was firm. Rollers also benefited from an improvement in demand in addition to the effect of profit improvement measures. As a result, **sales increased YoY (up 6.7%) and income also rose significantly (up 109.7%).**

(Unit: 100 million yen, %)

- Communication cables
- Wire harnesses
- Precision devices
- Operating profit
- ( ) Operating profit margin



## Factors behind Q3 performance (solid performance)

### Communications

- Products for data centers performed solidly. There was also continued demand for Tokyo Metropolitan Area redevelopment, Osaka Expo and renewable energy projects. Growth in sales of mainstay products and new products driven by strong market conditions contributed to performance.

### Wire harnesses

- Impacted by lackluster sales at Japanese home appliance manufacturers both in Japan and China.

### Rollers

- Recovery in demand for products for personal, office and industrial use in addition to effect of profit improvement measures initiated last year

## Future Strategies

Strengthen the FLANTEC® product lineup to increase sales(High speed communication cables for ADAS etc.) and e-Ribbon® increase sales.

	FY2023 Q3	FY2024 Q3
Progress rate in operating income	70.6%	73.0%

## 2. Review of Numerical Targets in the Medium-term Management Plan

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# Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan 2024

## Revision to Plan for FY2026 (consolidated)

Take into consideration the changes in business circumstances, we **revised upwards** some target figures for the final fiscal year of the Rolling Plan of the Medium-term Management Plan from those announced in May 2024.

		Announced in May 2024		Latest revision	
		FY2026 (Targets)		FY2026 (Targets)	
Profitability	Operating profit	17.0 billion yen	➔	24.0 billion yen	+¥7.0 billion
Capital efficiency	ROE	14% or more		14% or more	
	ROIC	10% or more		10% or more	
Shareholder returns	Dividends (dividend payout ratio/DOE)	150 yen or more (35% or higher/4% or higher)		180 yen (35% or higher/4% or higher)	+¥30
Stability	D/E ratio	30-50%		30-50%	
	Net assets	93.0 billion yen		100.0 billion yen	+¥7.0 billion

# Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan 2024

## Revision to Plan for FY2026 (by segment)

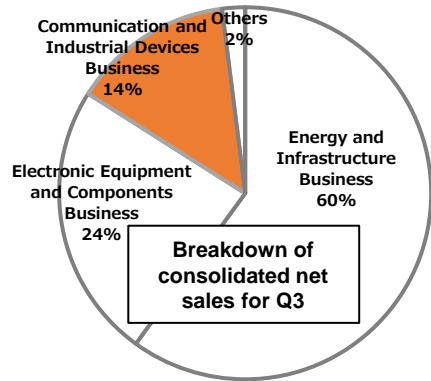
(Unit: 100 million yen, %)			Announced in May 2024 FY2026 (target)	Latest revision FY2026 (target)	Fluctuations	Key points of the revision
Energy and Infrastructure Business	Net sales	1,240		1,450	210	<b>■Changes in business circumstances</b> <b>Construction:</b> Demand remains high. <b>Electric power:</b> Given national policy, demand is growing for the replacement of aged equipment and for equipment for renewable energy and data centers. Events helpful to us continue, including the withdrawal of competitors and leveling of projects.  <b>■Measures</b> <b>Construction:</b> Maximize the cash cow business. <b>Electric power:</b> Continue to increase production(approximately 2 billion yen) and construction capacity.
	Operating profit	112		188	76	
	Operating profit margin	9.0%		13.0%	4.0%	
Electronic Equipment and Components Business	Net sales	730		590	▲140	<b>■Changes in business circumstances</b> <b>High-performance products:</b> The spread of xEVs is delayed. <b>■Measures</b> <b>High-performance products:</b> Step up and accelerate the shift to a downstream strategy.
	Operating profit	26		20	▲6	
	Operating profit margin	3.6%		3.4%	▲0.2%	
Communication and Industrial Devices Business	Net sales	360		360	-	<b>■Changes in business circumstances</b> <b>Communication:</b> Strong demand in the data center market. <b>Wire harnesses:</b> Decrease in demand for Japanese home appliance manufacturers.  <b>■Measures</b> <b>Communication:</b> Further expand sales of FLANTEC® and the e-Ribbon®. <b>Wire harnesses:</b> Expansion into the mobility segment.
	Operating profit	35		35	-	
	Operating profit margin	9.7%		9.7%	-	

### 3. Future Growth Strategy of the Communication and Industrial Devices Business

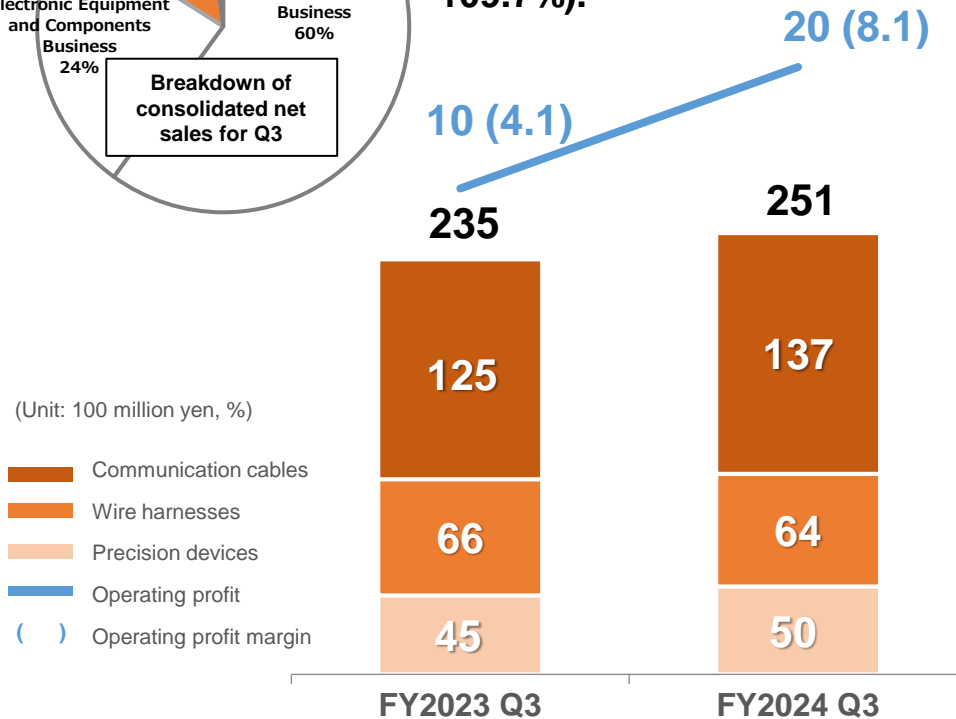
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# FY2024 Q3 Results by Segment / Communication and Industrial Devices Business



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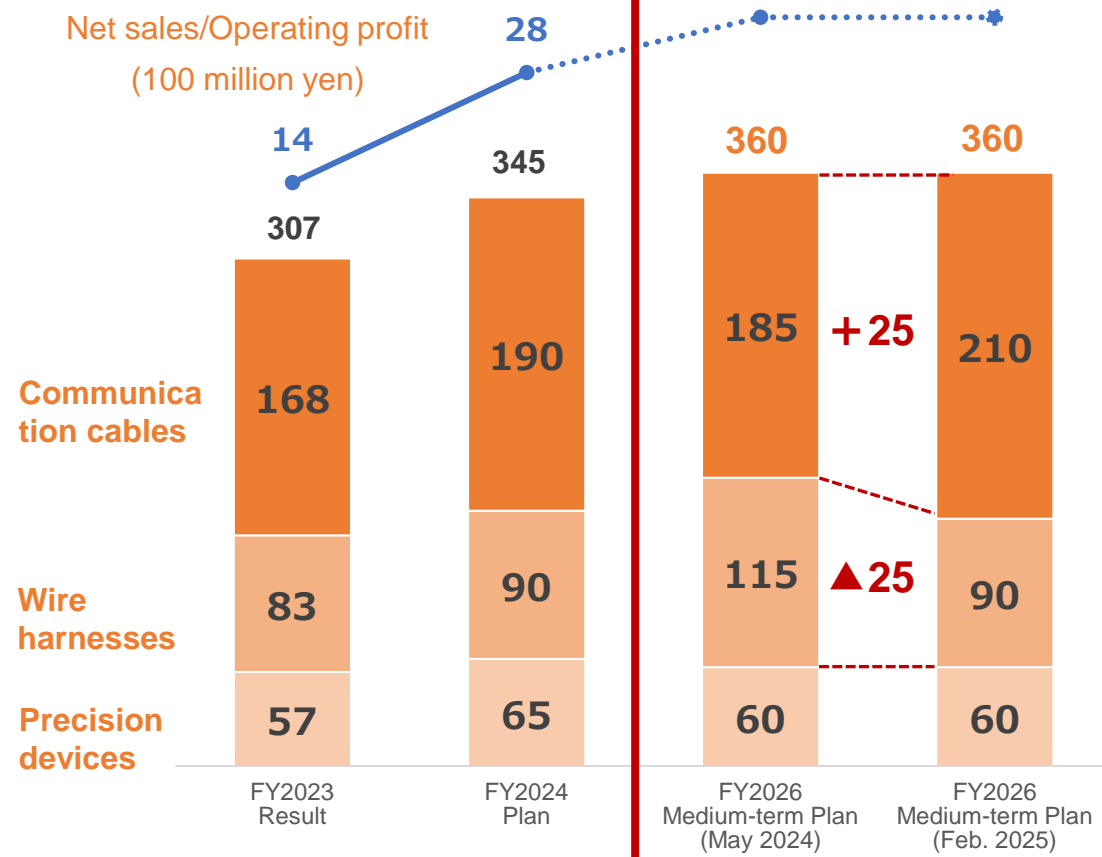
	FY2023 Q3	FY2024 Q3
Progress rate in operating income	70.6%	73.0%

# Rolling Plan 2024

## Future Growth Strategy of the Communication and Industrial Devices Business

Reflecting a weakened presence of Japanese consumer electronics manufacturers, **we revised downward the forecasts for the wire harnesses business** but **revised upward the forecasts for the communication cables business** owing to its robust performance.

### Rolling medium-term targets



Business Environment

Initiatives

Capex

(Investment for increased production and renewal)

Communication

- Strong demand in the data center market

Wire harnesses

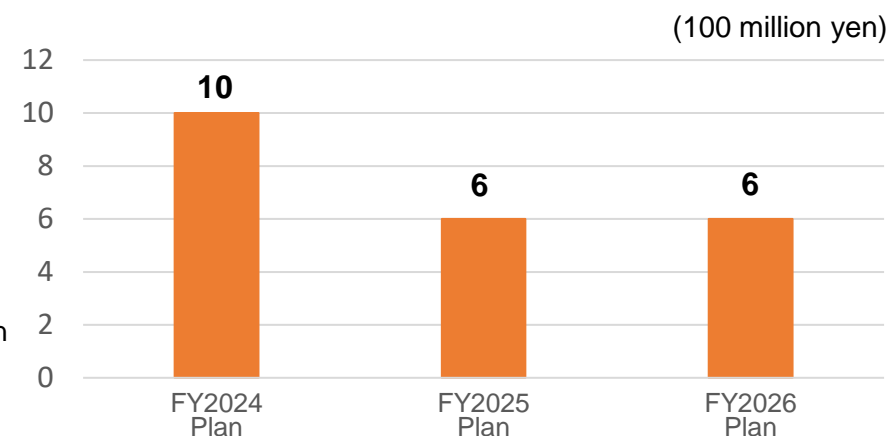
- Decline in demand from Japanese consumer electronics manufacturers

Communication

- **Further sales expansion of FLANTEC**

Wire harnesses

- Accelerate expansion into the mobility field



# Rolling Plan 2024

## Future Growth Strategy for FLANTEC® in the Communication Cables Business

**Growth strategy for our LAN cable brand FLANTEC®, which holds approximately 40% share in the domestic office environments, with an expected sales CAGR of 8% (FY2024–FY2026).**



# Strategy for FLANTEC® LAN Cables: High-Speed, High-Reliability, and Strong Competitive Advantage

With the advancement of digitalization and high-speed connectivity, sales for data centers and office use are expanding. Additionally, the industrial market is accelerating its transition to Ethernet.

## Market Change Drivers for Business Growth

With increased demand for cloud computing  
**Expansion of the data center market**



Speeding up next-generation wireless communications  
**Introduction and expanded use of WiFi6 and WiFi7**



Second phase of GIGA School Program  
**Building a NEXT GIGA program**

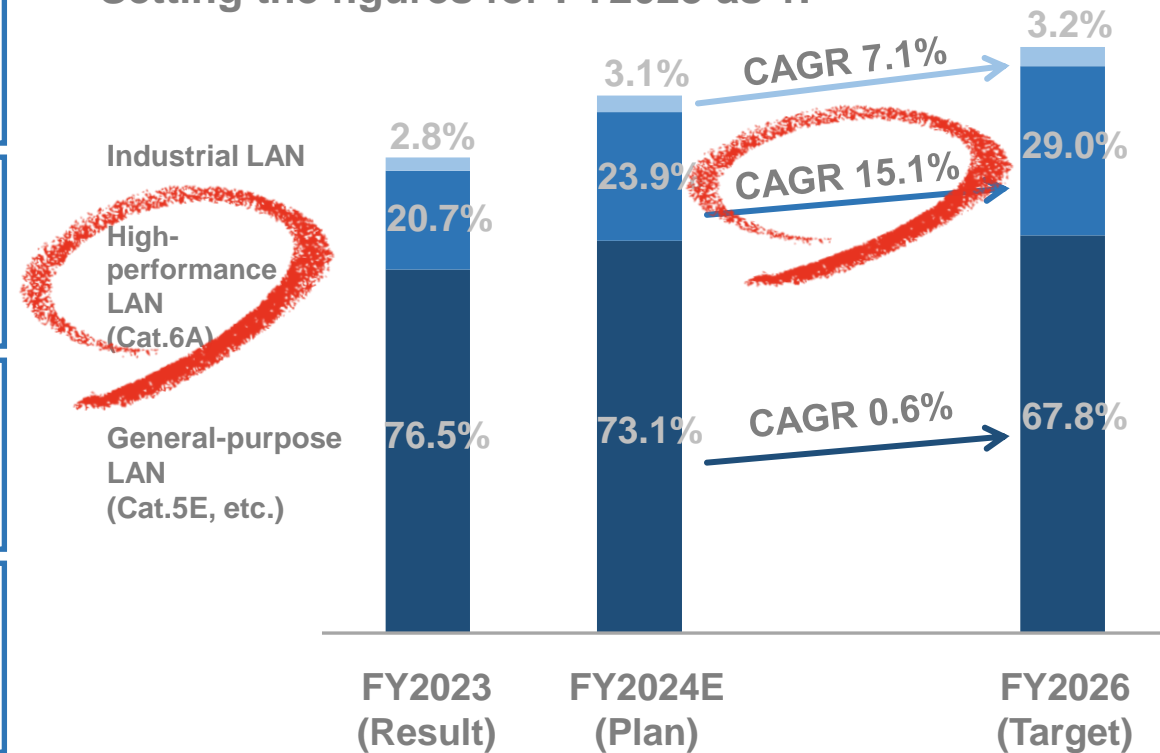


Through the use of IoT, M2M and image sensing  
**Expansion of smart factories**



## Sales Trends

Setting the figures for FY2023 as 1.

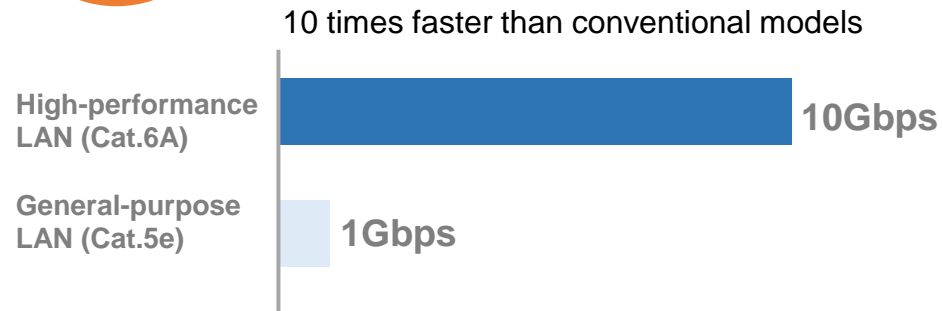


# Strategy for FLANTEC® LAN Cables: High-Speed, High-Reliability, and Strong Competitive Advantage

## Strengths of FLANTEC®

10 times  
speed

Responding to increased communications capacity  
through AI and IoT



About  
40% share

Brand power with top domestic  
market share

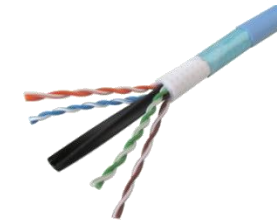
Multipurpose

FLANTEC® is playing a key role across a  
wide range of areas, from offices and  
data centers to factories.

## The areas where FLANTEC® excels

With its high-speed connectivity,  
FLANTEC is active in various areas where higher security is required.

**FLANTEC®**  
*Hi-Speed  
Industry*



High-performance LAN  
(Cat.6A)



Wiring between data center devices



Patch cord



Office wiring



Industrial LAN



In-plant wiring

# Strategy for FLANTEC®: Promote Entry into and Expand of High-Speed Mobility Communication Cables Market

The automotive camera market, essential for advanced driver-assistance systems (ADAS), is expected to continue growing. Additionally, mobility networks for data transmission are anticipated to become faster. **As such, our target market is projected to keep expanding.**

## Market Change Drivers for Business Growth

Mandatory use of automatic braking system and rear view camera  
**Revision of safety standards for the Road Transport Vehicle Act**



Laws and regulations

Improving mobility safety  
**Standard equipment for all-directional driver monitoring system**



Safety

Significant decrease in crash mortality rate  
**Improved safety increases buyer motivations**



Buyer motivation

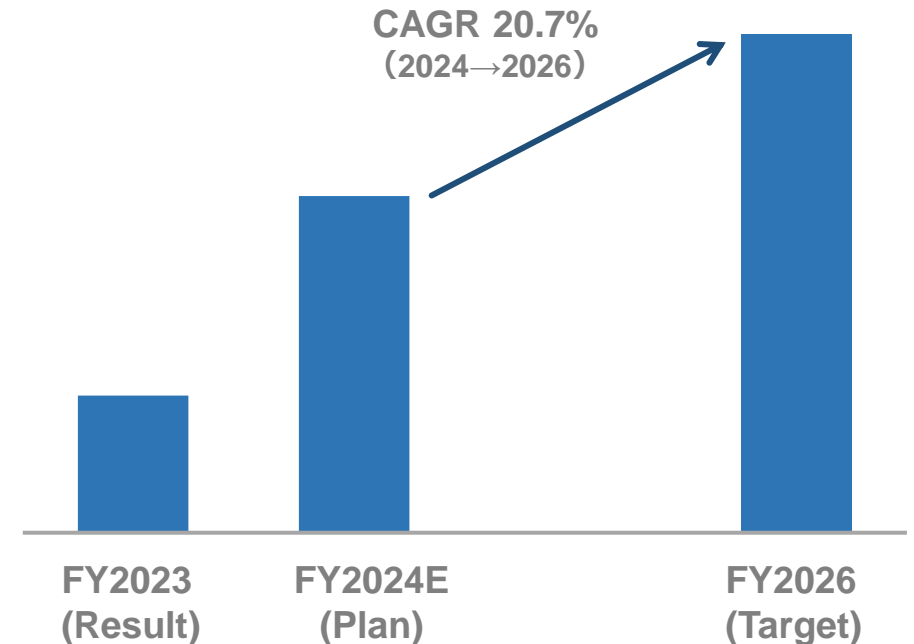
Increased speed and performance of advanced driving safety support systems  
**Converting mobility network to an Ethernet connection**



Technological evolution

## Sales Trends

Setting the figures for FY2023 as 1.



# Strategy for FLANTEC®: Promote Entry into and Expand of High-Speed Mobility Communication Cables Market



Provide solutions suitable for the transmission of images such as automotive cameras and high-speed data transmission between ECU.  
Contribute to **the communication network environment for advanced driver assistance systems.**

## Product strengths

High-speed transmission

Transmit automotive camera image **instantly**, supporting safe driving

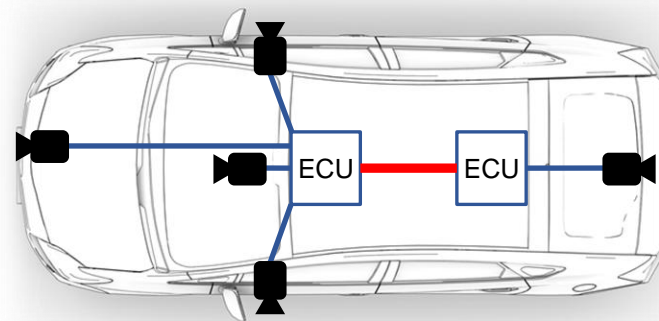
Noise measure

**Clear** transmission of automotive camera images, eliminating overlooked risks

Environmental compliance

Responding to various **mobility environment**  
**Reliable performance in any scene**

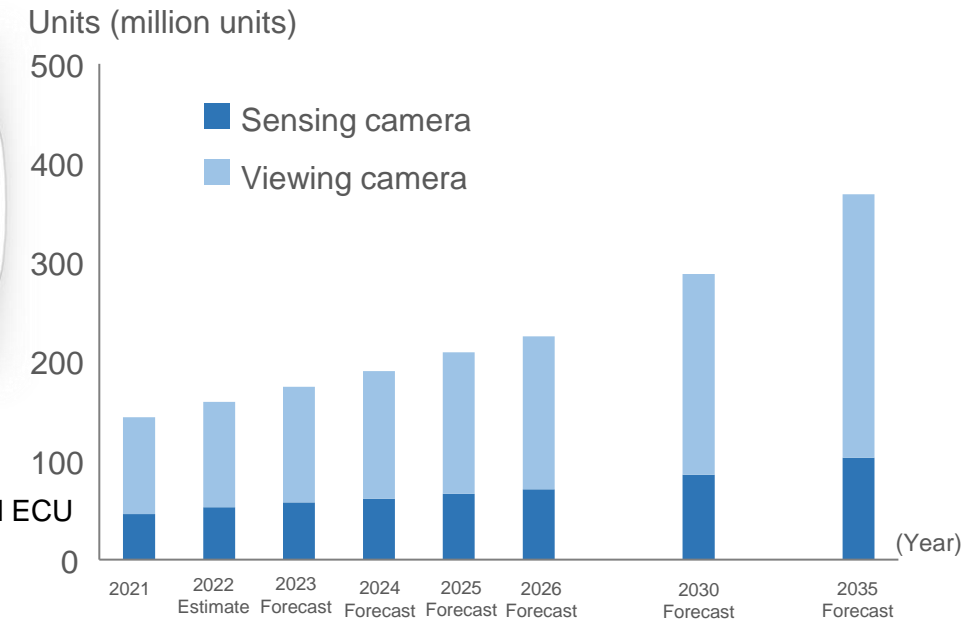
## Mobility network wiring



- : Automotive camera
- : Cable between automotive camera and ECU
- : Cable between ECU and ECU

\* ECU : Electronic Control Unit

## Automotive camera market



Source: Fuji Chimera Research Institute, Inc.  
Automotive Electrical Devices & Components Survey 2023 (Volume 1)



# Overseas Partnership Strategy for e-Ribbon®

Increasing demand for data centers and strengthening of communication infrastructure driven by the evolution of generative AI.

**Meeting the growing demand for optical communication infrastructure with our top-tier technology and productivity, in collaboration with overseas partners.**

## Market Change Drivers for Business Growth

To meet increased demand for generated AI  
**Expansion of data center market**



U.S. BEAD funding allocation & digital divide resolution in Europe

**Progress in FTTH market in the US**



To combat with labor shortages and soaring labor costs  
**Increase in demand for high-performance cable**



Strengthening tariffs from the U.S. to Mexico, etc.

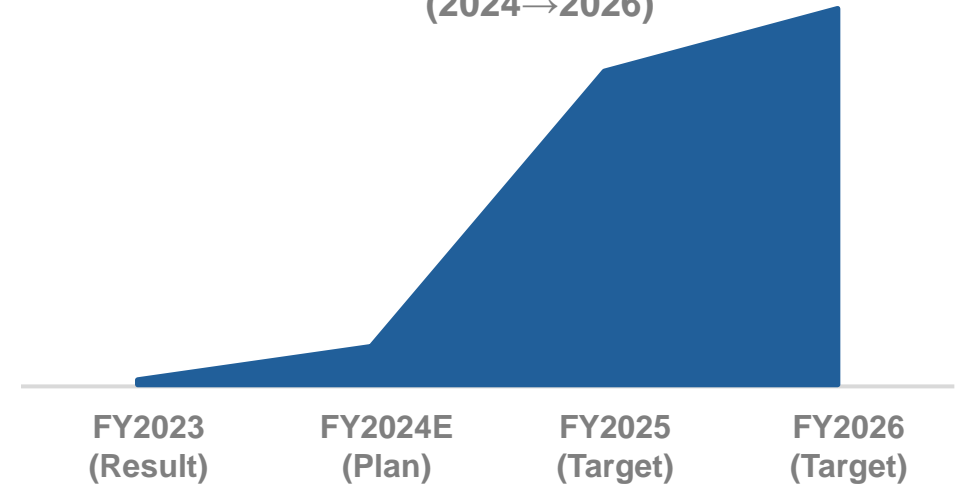
**Expansion of export opportunities to the US**



## Sales Trends

Setting the figures for FY2023 as 1.

CAGR 216%  
(2024→2026)

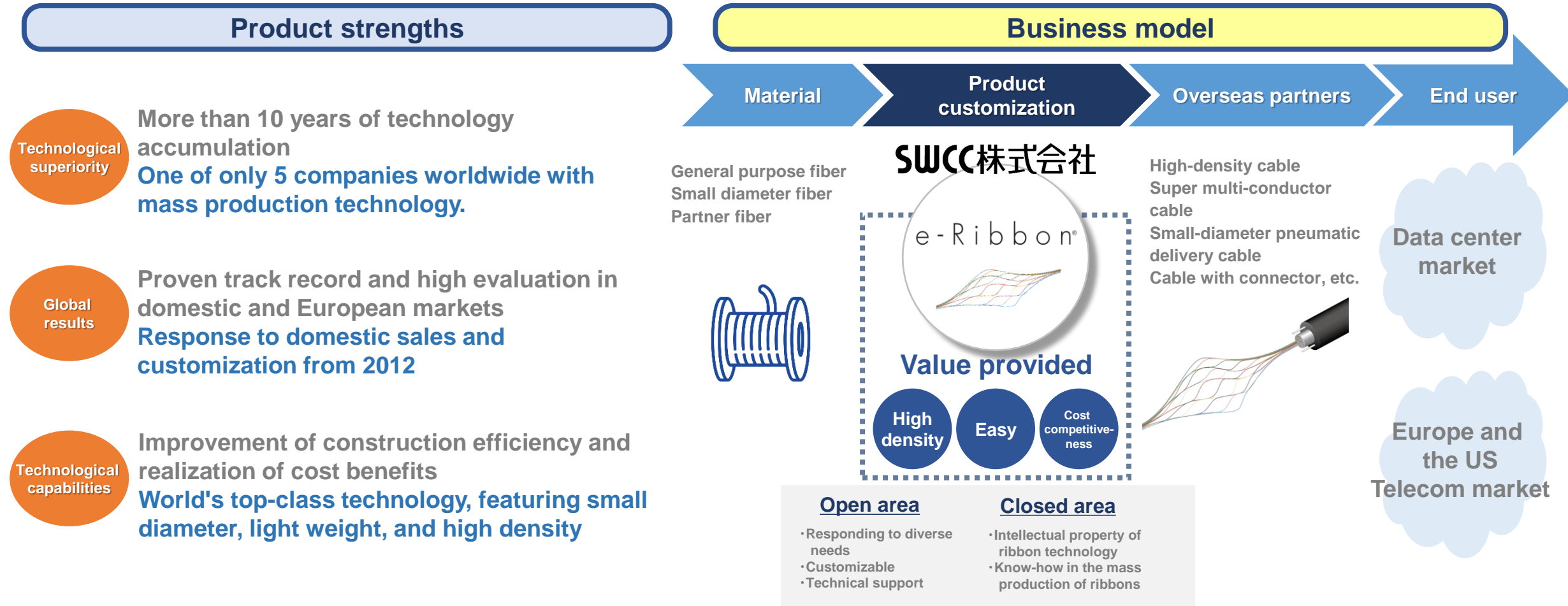


FY	FY2023	FY2024E	FY2025	FY2026
Assumed partner companies	3 companies	4 companies	7 companies	8 companies



# Overseas Partnership Strategy for e-Ribbon®

**Leveraging our top-class technology and productivity**, we are building a business model that allows us to form partnerships worldwide. By fully utilizing our open-close strategy, **we will implement a flexible investment approach with partners to accelerate profit growth.**





## **SWCC Corporation**

<https://www.swcc.co.jp>

Forward-looking statements in this document are based on information available at the time of publication and contain potential risks and uncertainties.

Therefore, actual results may differ materially from those projected in the forward-looking statements as a result of various factors.

Factors that could influence actual results include economic conditions, demand trends, raw material prices, and exchange rate fluctuations, as well as other items not limited to the above.