

Medium-Term Management Plan 2023 (Plastic Machinery Division)

12/15/2021



Sumitomo Heavy Industries, Ltd.

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I N D E X

01

Business Overview

02

Medium-Term Management Plan 2023

03

Topics

01

Business Overview

01

Overview of Plastic Machinery Division



Sumitomo Heavy Industries, Ltd.

Plastic Machinery Division

Chiba Works [Injection molding machines/IC sealing press machines]

Sumitomo Heavy Industries Modern, Ltd. [Film lines]

Sumitomo (SHI) Demag Plastics Machinery GmbH [injection molding machines]

Segment	Products
Mechatronics	Power transmission and controls, motors, inverters, precision positioning devices
Industrial Machinery	Plastic machinery , cryocooler for MRI, precision components, semiconductor production equipment, quantum equipment and medical devices, presses, industrial and environment equipment, machine tools, defense equipment
Logistics & Construction	Hydraulic excavators, road machinery, mobile cranes, material handling systems, forklifts
Energy & Lifeline	Energy-related and environmental protection systems, water treatment systems, turbines and pumps, pressure vessels, chemical processing equipment and plants, food processing machinery, ships
Others	Real estate, software



01 Overview of Plastics Machinery Division: History of Plastic Machinery Business

1965

Chiba Works
started
operations.

1970

1980

1996

The shipment volume
of the products made in
Japan reached **20,000**
units.

2000

Acquired the Modern
Machinery Co., Ltd.

2008

Acquired Demag
Plastics Group of
Germany

2014

The shipment volume
of the products made
in Japan
reached **70,000 units.**

2015

The **50th anniversary** of
Plastic Machinery
Division

1966

Technical tie-up with
NETSTAL of Switzerland
(until 1992)

1983

Special machine for
discs launched

1990

Fully automatic injection
molding machine **SE**
series launched

2004

The shipment volume
of the products made
in Japan reached
40,000 units.

2011

SE-EV
series launched

2012

SE-EV series
received the **Minister of
Economy Trade and
Industry Award**, a
recognition as an
excellent energy-efficient
machine.

2016

SEEV-A
series launched

2015

SEEV-A-HD
series launched

2020

Chiba Works
Current



01

Overview of Plastic Machinery Division

Plastic Machinery Division (Injection molding machines/IC sealing press machines/metallic molds)

◆ Injection molding machines



Launched in August 2021
new double-shot injection
molding machine
SE400HS-CI

◆ IC sealing press machines



◆ Molds for molding machines

**Sumitomo Heavy Industries Modern, Ltd.** (Film lines)

◆ Plastic extrusion molding machine



◆ Blown film lines



◆ Cast film lines

**Sumitomo (SHI) Demag Plastics Machinery GmbH** (injection molding machines)

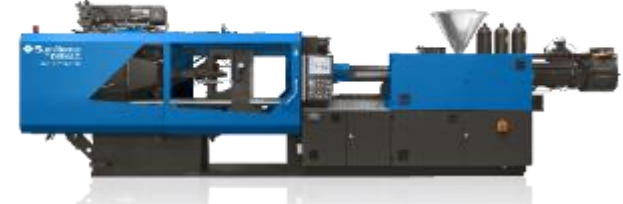
◆ Injection molding machine (electric)



◆ Injection molding machine (hydraulic)



◆ Injection molding machine (hybrid)



01

Overview of Plastic Machinery Division

Sumitomo Heavy Industries Modern: Medium-term Management Plan 2023

01 Overview of Plastic Machinery Division

Products created by using injection molding machines: for use in communications, optical applications, automobiles, daily supplies, medical supplies and others

Light guides



Precision lenses



Console panels



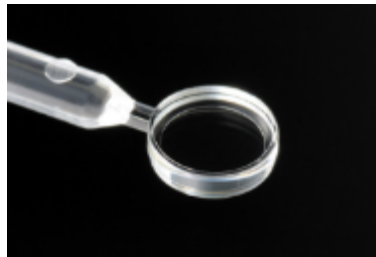
Petri dishes (medical)



Light guide holders



Lenses for mobile devices



Automotive connectors



Medical supplies



Smartphone housings



PES lenses



Food packaging



Beverage cups



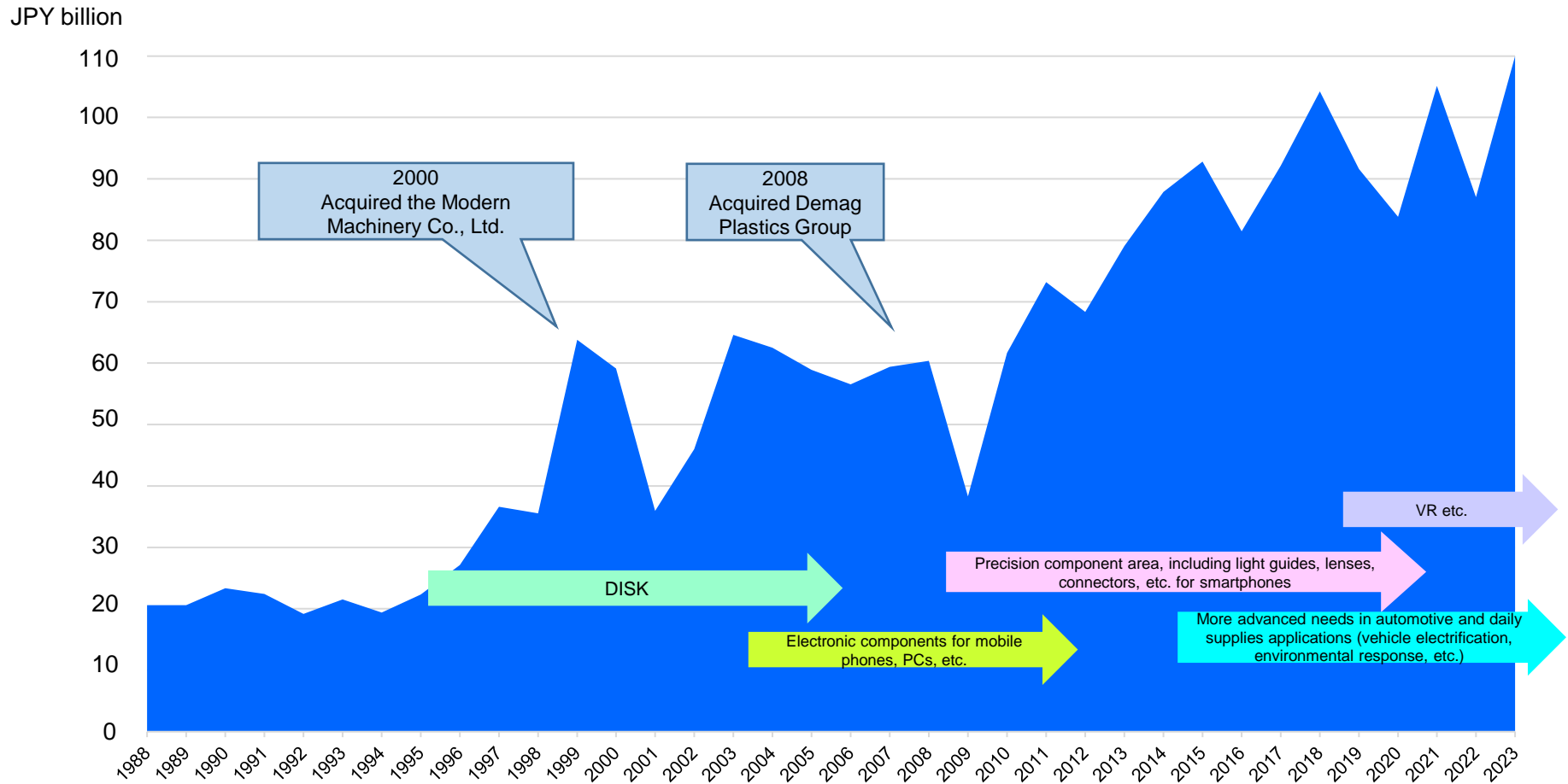
01

Overview of Plastic Machinery Division



01

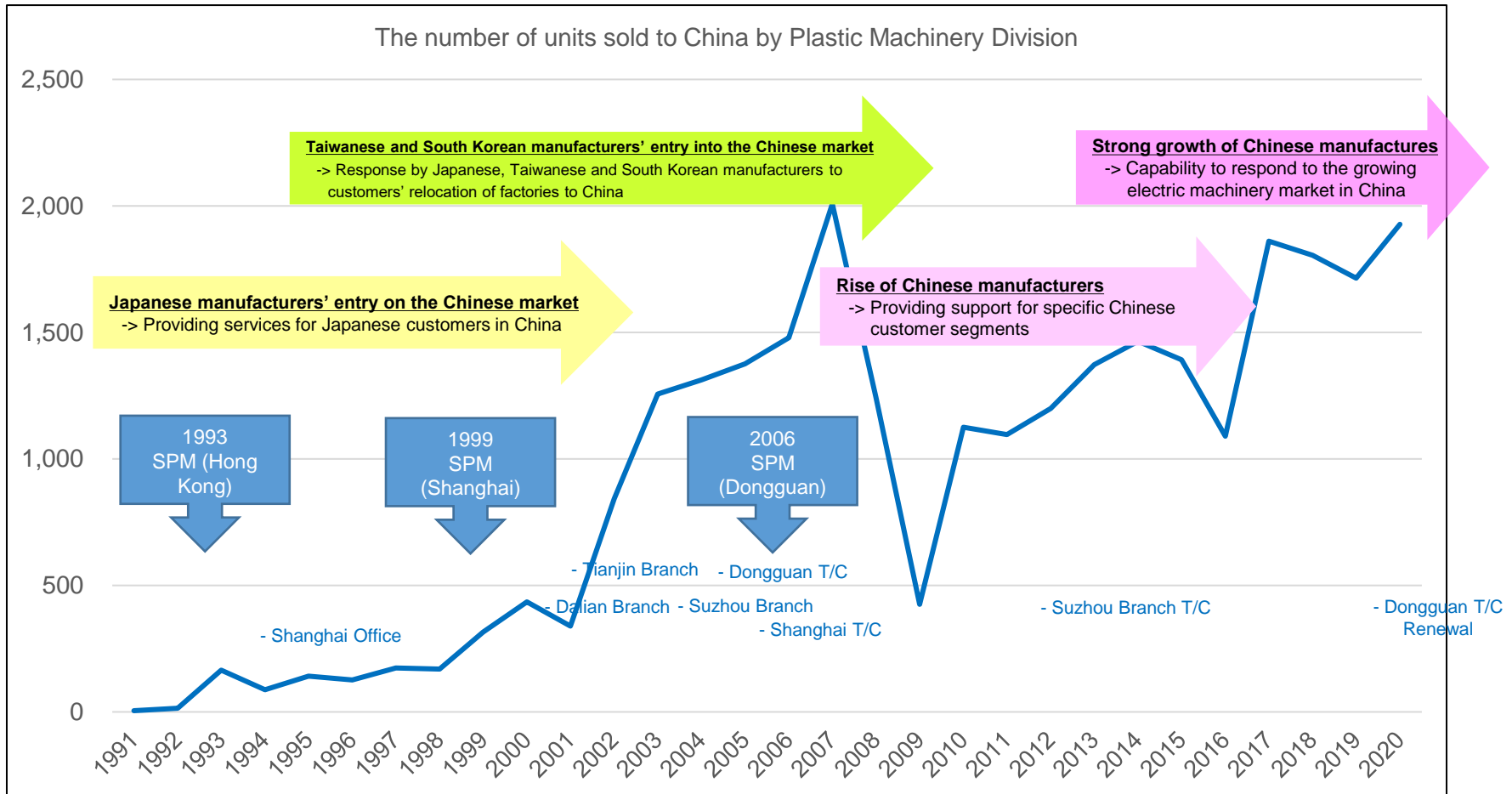
Overview of Plastic Machinery Division

Sales of the Plastic Machinery Division

01

Overview of Plastic Machinery Division

History of Plastic Machinery Division's business in China--Shipment volume historical trends and entry into the Chinese market

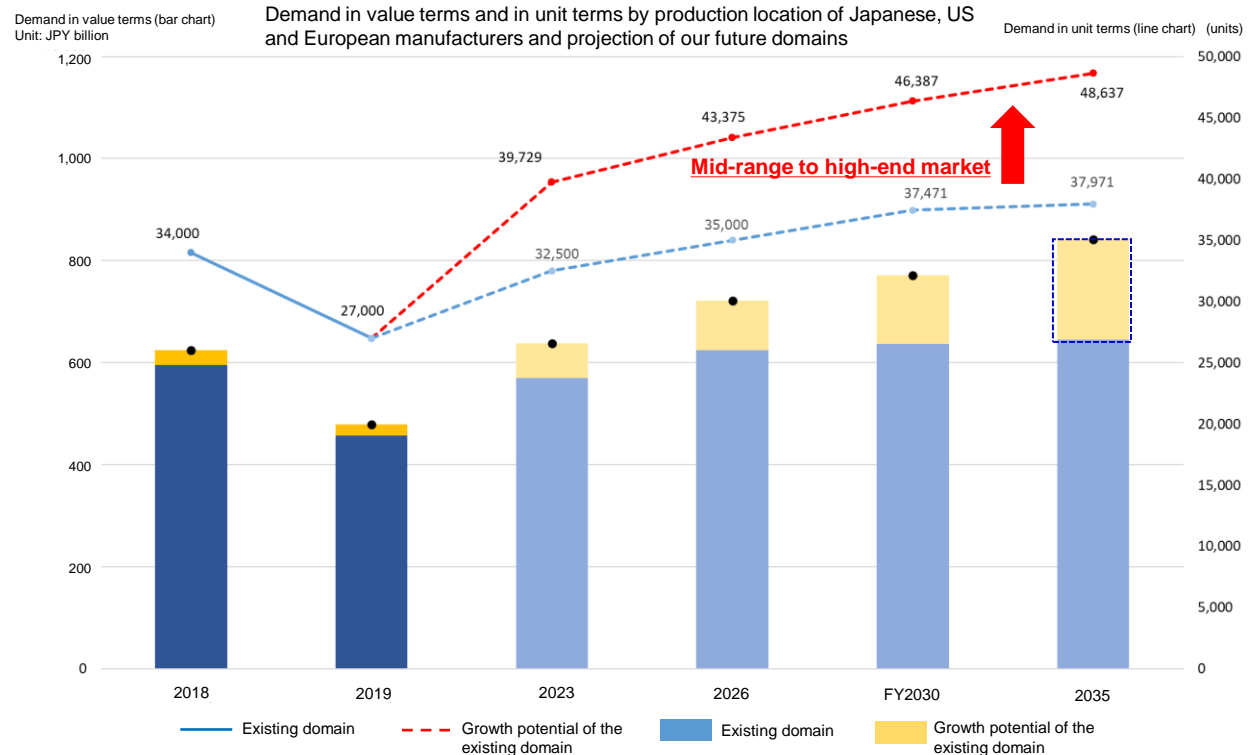
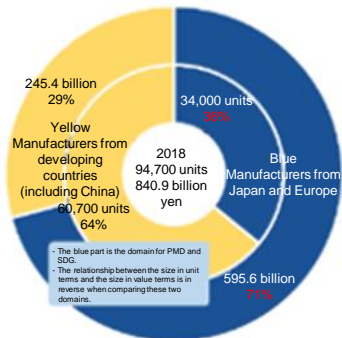


01 Overview of Plastic Machinery Division

Outlook for the Injection Molding Machine Market and Our Targets

Our major domain is the **high-end market**, where the volume is half and the price is twice as high, compared with the mid-range market.

2018 total demand for molding machines
(outer circle: value; inner circle: units)



[Medium- to long-term market outlook]

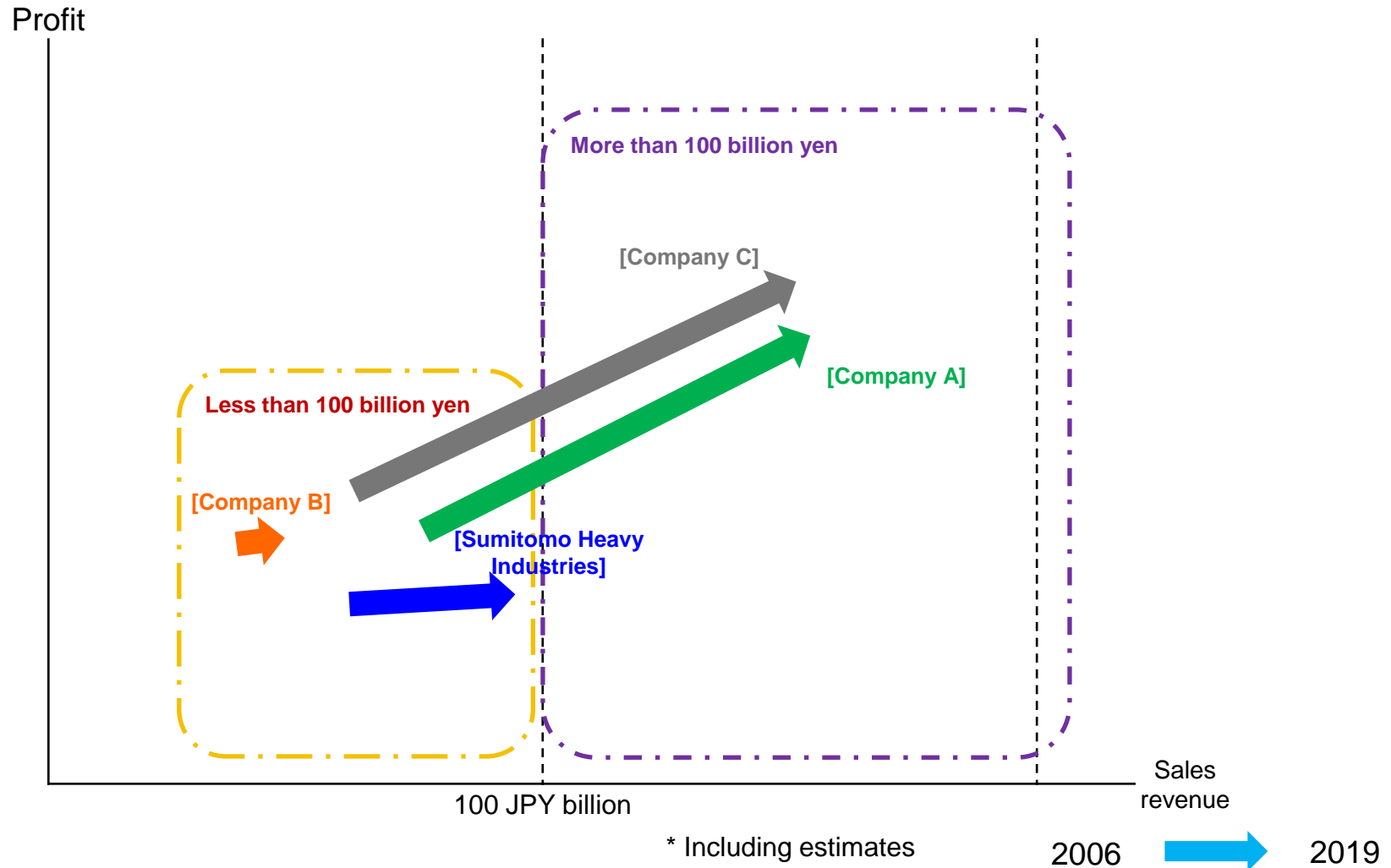
- Driven by the shift toward a decarbonized society (the shift to EVs, energy conservation, reduction of plastic use, etc.), the high-end market, where electric machinery is a leader, will continue to grow. In addition, manufacturers of mid-range products, primarily Chinese competitors who have been shifting their focus to electric machinery, will increasingly enter the high-end market. As a result, our addressable market (domain) will **grow at 2.2% per year** on average over the long-term (from 2018 to 2035) in value terms.

[Strategy of the Plastic Group]

- **Build capabilities** to swiftly capture and meet the needs of customers moving from the mid-range market to the high-end market
- **Expand share** in the high-end market by reaching untapped segments by the use of our global management resources

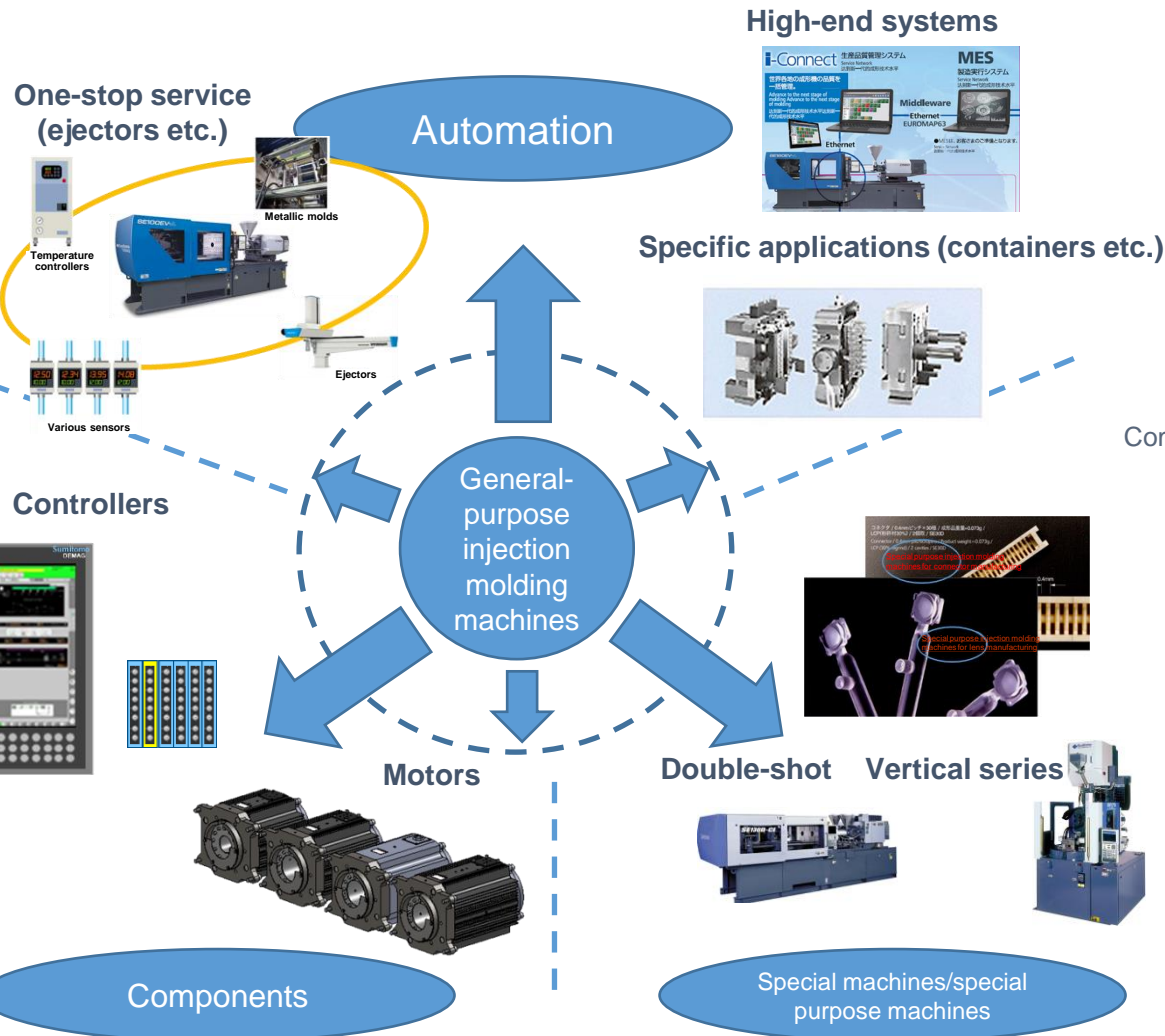
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Overview of Plastic Machinery Division

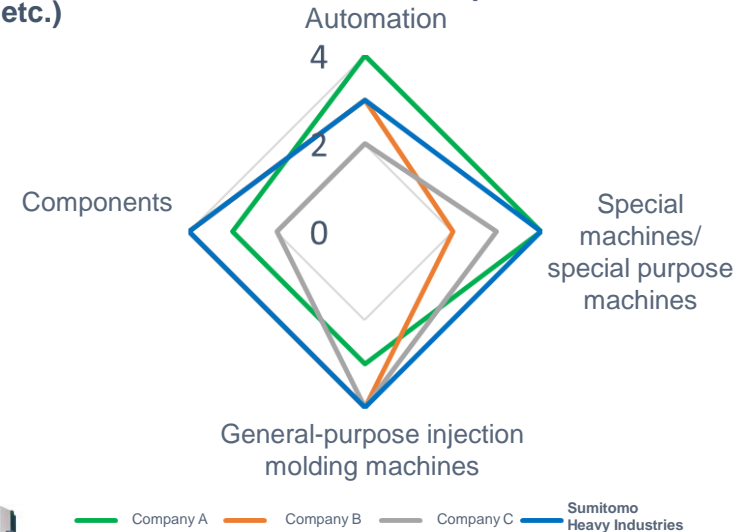
Global competition overview

01 Overview of Plastic Machinery Division

Injection Molding Machine Manufacturers' Growth Strategy



Comparison of Growth Strategy of SHI and Peer Companies



02

Medium-Term Management Plan 2023

02

Area Portfolio

	Japan	North Asia	South Asia	North America	Europe
Market Size	3,000-4,000 units	9,000-11,000 units	2,000-3,000 units	4,000-5,000 units	8,000-10,000 units
Medium-term target	Share in the region 3% UP	Share in the electric/electronic segment 10% UP	Share in the Japanese and European machine segment 3% UP	Share in the region 5% UP%	Share in the region 2% UP
Market characteristics	<ul style="list-style-type: none"> ❑ Matured market ❑ Major segments: automobiles, food packaging and medical supplies 	<ul style="list-style-type: none"> ❑ The world's largest market ❑ Electrification in progress ❑ Giant EMS providers in the electric/electronic segment ❑ Automobiles (development of EVs) 	<ul style="list-style-type: none"> ❑ Growth market ❑ Factories relocated from China, South Korea etc. ❑ Growing local customers' businesses 	<ul style="list-style-type: none"> ❑ Largest market after China and Europe ❑ World-class Tier-1 companies in the areas of automobiles and medical supplies 	<ul style="list-style-type: none"> ❑ Matured market ❑ Electrification in progress ❑ High environmental awareness ❑ Large market segments of automotive components, food packaging and medical supplies
Measures to address major issues	<ul style="list-style-type: none"> ■ Increase market share ➢ Reach new customers 	<ul style="list-style-type: none"> ■ Strengthen our marketing function ➢ Develop products that meet segment-specific needs 	<ul style="list-style-type: none"> ■ Develop new markets ➢ Address the needs of factories relocated from abroad ➢ Address automation needs 	<ul style="list-style-type: none"> ■ Strengthen our sales system ➢ Enhance sales force ➢ Compete with European manufacturers (in cooperation with Demag) 	<ul style="list-style-type: none"> ■ Establish a presence in the electric machinery and food packaging segments ➢ Address automation needs



02 Development of Global Platforms

Advance the standardization of electric molding machines through collaboration in the development of global platforms by Plastic Machinery Division and Demag

Medium-term Management Plan 2019 (2016-2019)

2020

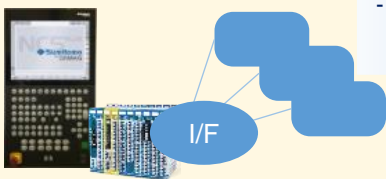
Medium-term Management Plan 2023 (2021-2023) and beyond

Integration and utilization of the assets of Plastic Machinery Division and SDG

Electric molding machine: IntElect2



Controller: NC5+



Remote service system: myConnect

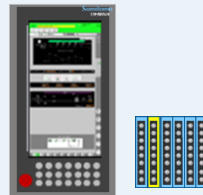


- Development of high-cycle electric machines
- Development of standardized controllers
- Multi-point data sharing
- Investment in development infrastructure building

High-cycle machines equipped with NC5+



Controller: CC2.0



i-Connect
Production Quality Control System

Production Quality Management System



myCONNECT

Global platforms

Incorporate the high-cycle feature into standard models

Medium-size machines



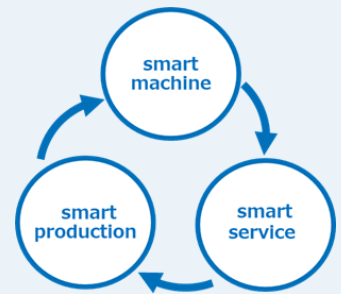
Small-size machines



Develop electric platform machines

Share the conformity to European IoT standards

Development in collaboration with CC2.0



i-Connect
Production Quality Control System
Production Quality Management System



myCONNECT

Next

Next

Address the needs of smart factories

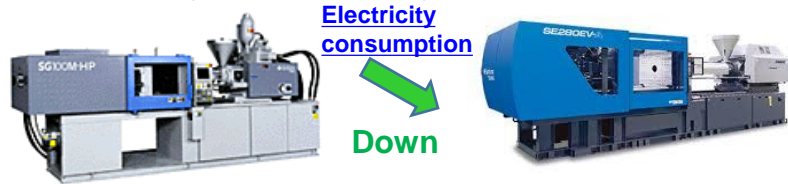
03

Topics

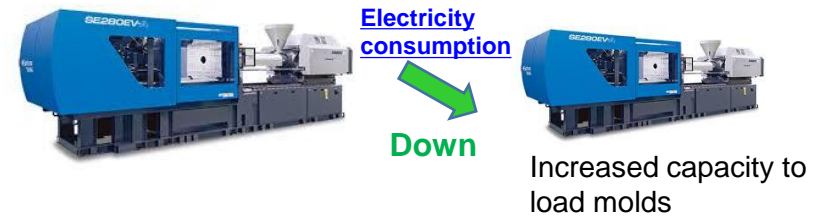
03 Sustainability

1. Replacement and renewal of hydraulic machinery ([energy conservation](#), [reduction of electricity cost](#))

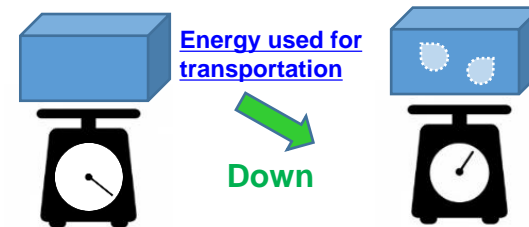
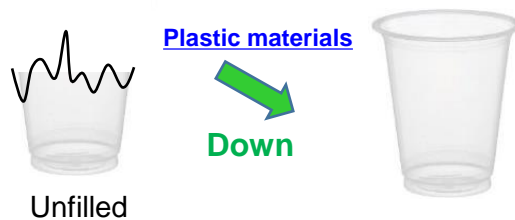
Replacement of hydraulic machines by electric machines



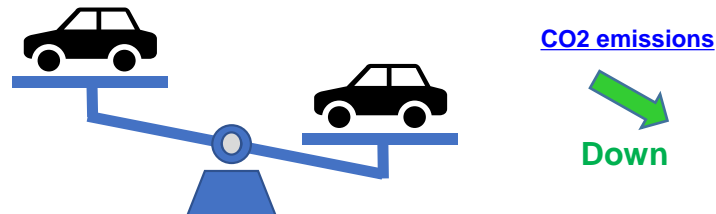
Downsizing of molding machines



2. Thinner-wall containers ([reduction of plastic use](#))



3. Increased use of plastic materials in automotive components for light-weighting ([electrification of vehicles](#), [reduction of CO2 emissions](#))



03 Sustainability

4. Energy-efficient extruders (special thermal insulation)
(energy conservation, reduction of electricity cost)

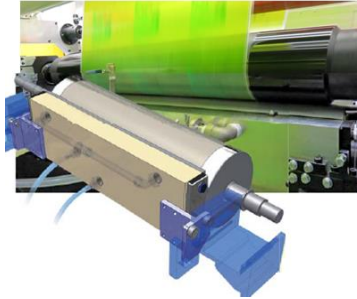


Electricity consumption



Down

7. Smart chambers (environmental compatibility, reduction of organic solvent gas emissions)

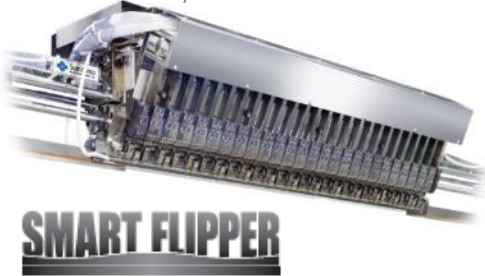


Organic solvent gas emissions



Down

5. Automatic pneumatic T-dies (resource conservation, reduction of CO2 emissions)

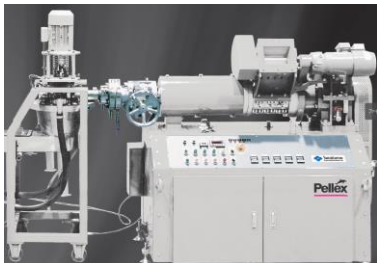


The amount of plastic material use



Down

6. Plastic recycling machines (Resource conservation, recycling of waste materials generated from production processes)



The amount of plastic material waste



Down

8. Multilayer inflation machines (for manufacturing functional films)



Barrier films for reduction of food loss



Easy-to-open films for universal designs





All forward-looking statements regarding the company's future performance are based on information currently available to Sumitomo Heavy Industries and determined subjectively. Future performance is not guaranteed and all information related to future performance contained herein is subject to changes in business environments.