# Results for Fiscal Year 2012 (Ended January 31, 2013)

March 8, 2013

SUMCO Corporation

## Notes Regarding the Forecasts

This material is prepared for the purpose of continuous disclosure to general shareholders and investors and will not constitute an offer or solicitation of securities of the Company in any states or jurisdictions.

The estimate, expectation, forecast and other future information is prepared based on the information which is available for the Company as of today and on certain assumptions and qualifications and the actual financial performance or result may be substantially different from such future information contained in the material due to risk factors including domestic and global economic conditions, trend of semiconductor market and foreign exchanges.



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# Market Environment, Business Reorganization Plan and Dividends Payment

# Mission Statement

Mayuki Hashimoto
President and CEO

# Market Status and Outlook

## Silicon wafer market in 2012

- ✓ Growth of silicon wafer was sluggish due to uncertainties of world economy
- ✓ 300 mm wafer demand grew with the growth of smartphones and tablet computers and also added volume by shifted demand from smaller diameter
- ✓ Volume adjustment phase has been started in Q4

## 2013 Outlook

- ✓ The growth of silicon wafer will be flattish
  - 200mm and smaller diameter wafer demand will decrease due to replacement to larger sizes
  - Demand of 300mm epitaxial wafer will expand with growth of smartphones and tablet computers
  - Overall 300 mm wafer demand includes polished wafer will expand moderately together with technology scaling
- ✓ Market recovery is expected to be in 2Q or later
  - Q1 seems severer than anticipated due to continuance adjustments of supply chain inventory



# Business Reorganization Plan and Dividends Payment

## Business Reorganization Plan

- ✔ Postpone Nagasaki 300mm line closure due to expected growth of EPI demand
- ✔ Ikuno 200mm plant will cease operation by the end of July 2013
- ✔ Imari 150mm line will cease operation by the end of July 2013
- ✔ Head count reduction is executing as planned

## Dividends payment

- ✔ Dividends per share are planed to pay at 2 yen for FY 2012
- ✔ Dividends per share for the FY2013 are not determined

| (Unit: billions of yen) | Year ended Jan. 2008 | Year ended Jan. 2009 | Year ended Jan. 2010 | Year ended Jan. 2011 | Year ended Jan. 2012 | Year ended Jan. 2013 |
|---|---|---|---|---|---|---|
| Net Sales | 474.9 | 391.9 | 218.2 | 276.9 | 247.1 | 206.6 |
| Ordinary Income | 133.0 | 39.3 | (114.7) | (26.1) | (5.6) | 9.4 |
| Net Income | 74.8 | 18.8 | (100.4) | (65.5) | (84.3) | 3.4 |
| Dividend per share | 55.0 | 40.0 | 0.0 | 0.0 | 0.0 | 2.0 |
| Amount of dividend | 14.0 | 10.3 | 0.0 | 0.0 | 0.0 | 0.5 |
| Consolidated dividend | 18.7% | 53.8% | — | — | — | 22.4% |

(Note) Above figures show dividend for common stocks.

## Mission Statement

- World's No. 1 in Technology
- Deficit-Resistant even during Economic Downturns
- Employees having a passion on the job together with a keen Awareness of Profit
- Competitiveness in Overseas Markets

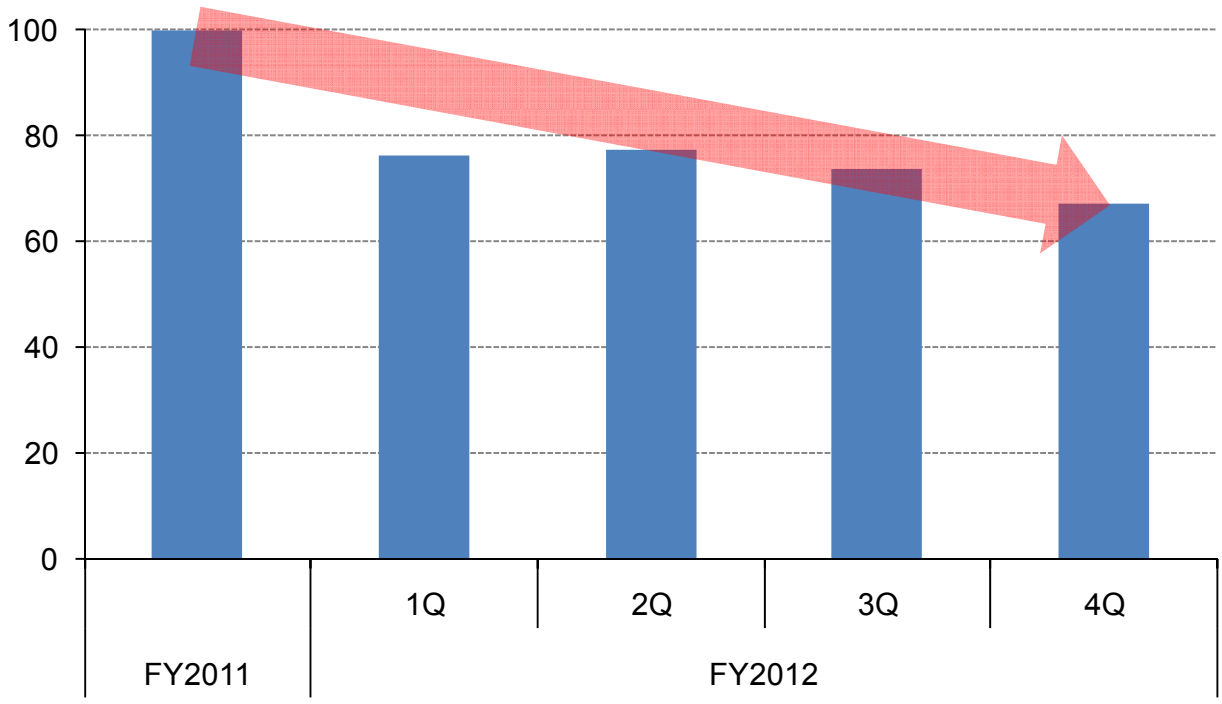


Mayuki Hashimoto, President and CEO

Michiharu Takii, EVP COO & CFO

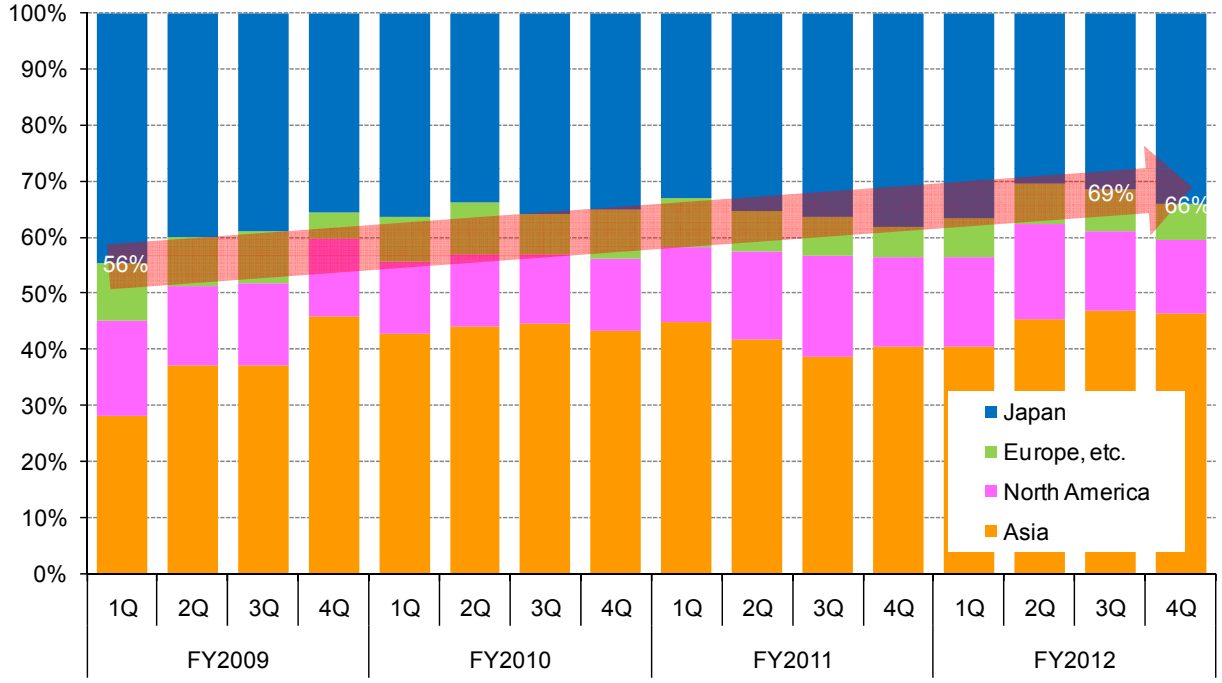
## 2. Deficit-Resistant even during Economic Downturns

- Improve BEP (Index number)



# 4. Competitiveness in Overseas Markets

## Sales Ratio by Region






# FY2012 Consolidated Business Results

# FY2013 Consolidated Business Forecasts

# Business Reorganization Plan

Michiharu Takii,
Executive Vice President. COO & CFO

# FY2012 Consolidated Business Results

## 1. Summary of Consolidated Business Results

■ Net Sales: 206.6 billion yen, Operating Income: 13.2 billion yen, Net Income: 3.4 billion yen

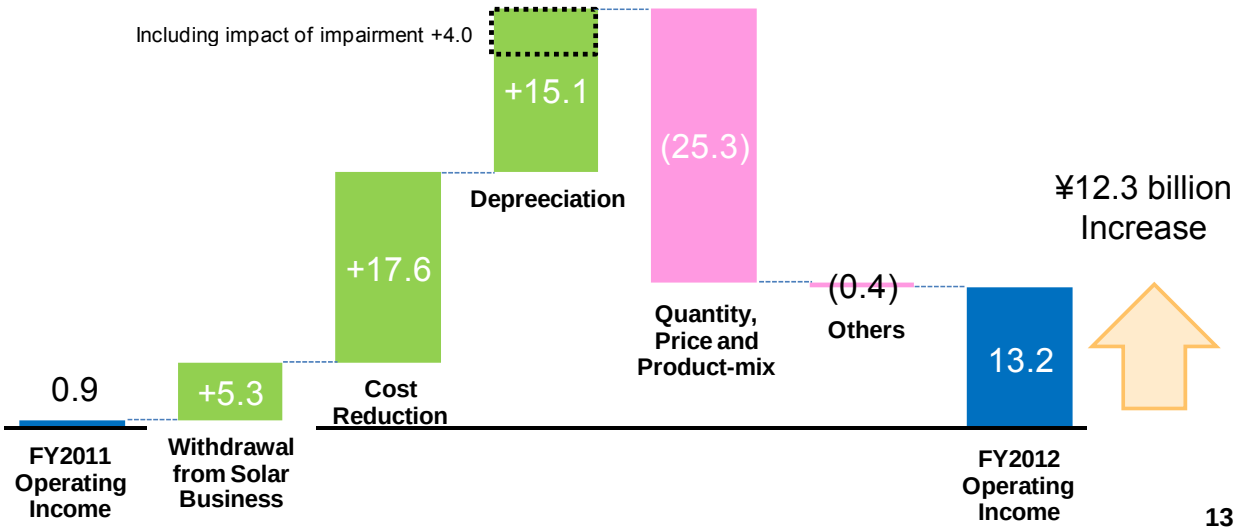
| (Billions of yen) | | FY2011 | FY2012 | | | | | Change ② - ① |
|---|---|---|---|---|---|---|---|---|
| | | | 1Q | 2Q | 3Q | 4Q | Total | |
| Net Sales | | 247.1 | 52.7 | 55.9 | 51.6 | 46.4 | 206.6 | -40.5 |
| Operating Income | | 0.9 | 2.9 | 3.9 | 2.8 | 3.6 | 13.2 | +12.3 |
| Non-operating Income and Expenses | Depreciation | -3.3 | -0.1 | -0.1 | -0.1 | -0.1 | -0.4 | +2.9 |
| | Others | -3.2 | -1.0 | -0.4 | -0.3 | -1.7 | -3.4 | -0.2 |
| Ordinary Income | | -5.6 | 1.8 | 3.4 | 2.4 | 1.8 | 9.4 | +15.0 |
| Extraordinary Income and Expenses (Note 1) | | -49.9 | 0.4 | 0.1 | -6.3 | 0.3 | -5.5 | +44.4 |
| Income Taxes and Minority Interests | | -28.8 | -0.1 | -0.7 | -0.9 | 1.2 | -0.5 | +28.3 |
| Net Income | | -84.3 | 2.1 | 2.8 | -4.8 | 3.3 | 3.4 | +87.7 |
| Capital Expenditure (Acceptance basis) | | 22.0 | 3.0 | 3.5 | 3.5 | 2.2 | 12.2 | -9.8 |
| Depreciation | | 51.9 | 7.8 | 7.8 | 8.3 | 8.4 | 32.3 | -19.6 |
| EBITDA (Note 2) | | 52.3 | 11.0 | 12.1 | 11.4 | 12.2 | 46.7 | -5.6 |
| Exchange Rate (¥/US$) | | 79.9 | 80.0 | 79.8 | 78.1 | 83.0 | 80.1 | +0.2 |

(Note 1) Loss incurred from business restructuring, Compensation income from solar business and others
(Note 2) EBITDA = Operating Profit + Depreciation + Amortization of Goodwill

# 2-1. Analysis of Changes in Operating Income (FY2011 Actual → FY2012 Actual)

| (Billions of Yen) | FY2011 | FY2012 | Change |
|---|---|---|---|
| Net Sales | 247.1 | 206.6 | (40.5) |
| Operating Income | 0.9 | 13.2 | +12.3 |

【Analysis of Changes in Operating Income】




¥12.3 billion Increase



# 2-2. Analysis of Changes in Operating Income (FY2012 Forecast → FY2012 Actual)

| (Billions of Yen) | FY2012 Forecast | FY2012 Actual | Change |
|---|---|---|---|
| Net Sales | 205.0 | 206.6 | +1.6 |
| Operating Income | 11.0 | 13.2 | +2.2 |

¥2.2 billion Increase

【Analysis of Changes in Operating Income】



# 2-3. Analysis of Changes in Operating Income (3Q-2012 → 4Q-2012)

| (Billions of Yen) | 3Q-2012 Actual | 4Q-2012 Actual | Change |
|---|---|---|---|
| Net Sales | 51.6 | 46.4 | (5.2) |
| Operating Income | 2.8 | 3.6 | +0.8 |

【Analysis of Changes in Operating Income】






# 3. Consolidated Balance Sheet

- Total Assets were increased 56.9 billion yen, Liabilities were increased 3.4 billion yen

| (Billions of yen) | End of Jan-2012 | End of Jan-2013 | Change |
|---|---|---|---|
| Cash and time deposits | 25.4 | 72.1 | +46.7 |
| Inventories | 77.1 | 113.0 | +35.9 |
| Tangible and intangible assets | 212.4 | 197.2 | (15.2) |
| Deferred income tax assets | 5.1 | 6.0 | +0.9 |
| Other assets | 116.4 | 105.0 | (11.4) |
| Total Assets | 436.4 | 493.3 | +56.9 |
| Debt and borrowings | 235.0 | 239.9 | +4.9 |
| Other liabilities | 74.6 | 73.1 | (1.5) |
| Liabilities | 309.6 | 313.0 | +3.4 |
| Capital stock | 114.1 | 136.6 | +22.5 |
| Capital surplus | 89.2 | 15.6 | (73.6) |
| Retained earnings | (82.6) | 16.8 | +99.4 |
| Others | 6.0 | 11.3 | +5.3 |
| Equity | 126.7 | 180.3 | +53.6 |
| Shareholder's equity ratio | 25.1% | 32.2% | +7.1% |
| Equity per share (¥) | 424.5 | 436.9 | +12.4 |
| D/E ratio (gross) | 2.1 | 1.5 | (0.6) |
| D/E ratio (net) | 1.9 | 1.1 | (0.8) |

# 4. Consolidated Cash-Flow

■ Net cash provided by operating activities: 16.3 billion yen, Net cash used in investing activities: 15.2 billion yen, Free cash-flow: 1.1 billion yen

| (Billions of yen) | FY2012 Actual |
|---|---|
| IBITMI (Note) | 3.9 |
| Depreciation | 32.3 |
| Subtotal | 36.2 |
| Increase in inventories | (30.5) |
| Change in working capital, etc. | 10.6 |
| Net cash provided by operating activities | 16.3 |
| Capital expenditure (Acceptance basis) | (12.2) |
| Others, net | (3.0) |
| Net cash used in investing activities | (15.2) |
| Free cash-flow | 1.1 |
| Net cash used in financing activities | 47.5 |
| Cash and cash equivalents | 72.1 |
| Debt and borrowings | 239.9 |

(Note) Income before income taxes and minority interests



# FY2013
# Consolidated Business Forecasts

# 1. FY2013 Consolidated Business Forecasts

■ The operating income of FY2013 expects approximately 2 times of FY2012

| (Billions of yen) | FY2012 Actual | | | FY2013 Forecast | | | Change |
|---|---|---|---|---|---|---|---|
| | 1H | 2H | Total | 1H | 2H | Total | |
| Net Sales | 108.6 | 98.0 | 206.6 | 100.0 | 110.0 | 210.0 | +3.4 |
| Operating Income | 6.8 | 6.4 | 13.2 | 10.0 | 16.0 | 26.0 | +12.8 |
| Non-operating Income | (1.6) | (2.2) | (3.8) | (5.0) | (3.0) | (8.0) | (4.2) |
| Ordinary Income | 5.2 | 4.2 | 9.4 | 5.0 | 13.0 | 18.0 | +8.6 |
| Extraordinary Income and Expenses (Note 1) | 0.5 | (6.0) | (5.5) | (3.0) | 0.0 | (3.0) | +2.5 |
| Income Taxes and Minority Interests | (0.8) | 0.3 | (0.5) | (1.0) | (2.0) | (3.0) | (2.5) |
| Net Income | 4.9 | (1.5) | 3.4 | 1.0 | 11.0 | 12.0 | +8.6 |
| Capital Expenditure (Note 2) | 6.5 | 5.7 | 12.2 | 4.0 | 6.0 | 10.0 | (2.2) |
| Depreciation | 15.6 | 16.7 | 32.3 | 11.5 | 12.0 | 23.5 | (8.8) |
| EBITDA (Note 3) | 23.1 | 23.6 | 46.7 | 21.5 | 27.5 | 49.0 | +2.3 |
| Exchange Rate (¥/US$) | 79.9 | 80.4 | 80.1 | 90.0 | 90.0 | 90.0 | +9.9 |

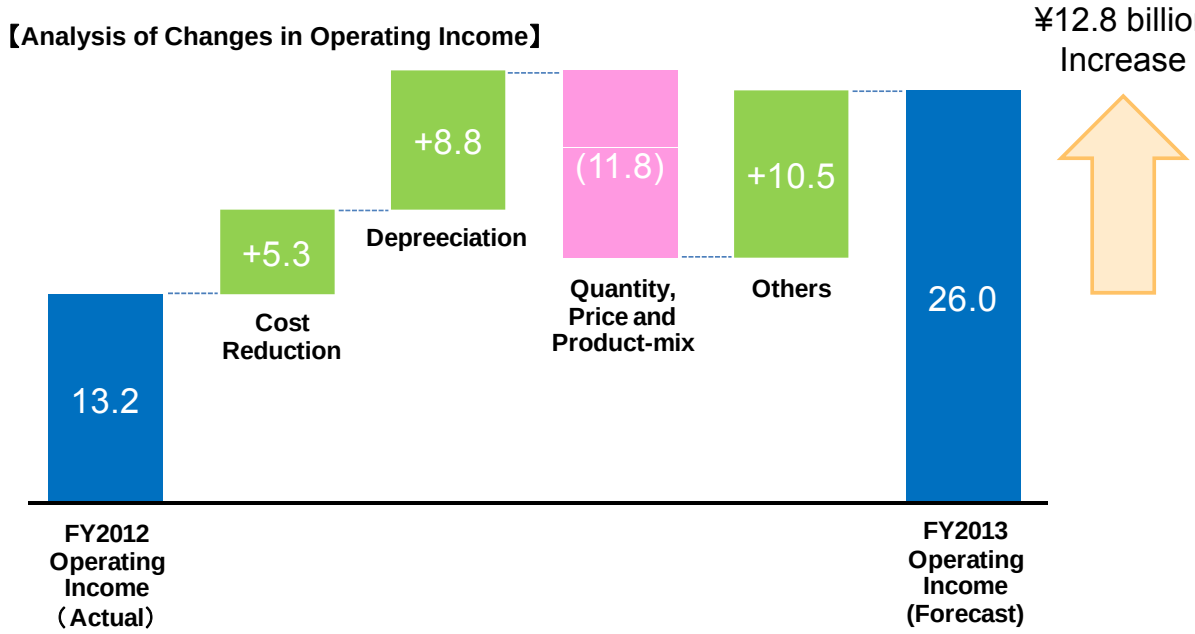
(Note 1) Loss incurred from business restructuring, Compensation income from solar business and others
(Note 2) Acceptance basis
(Note 3) EBITDA = Operating Profit + Depreciation + Amortization of Goodwill



# 2. Analysis of Changes in Operating Income (FY2012 Actual → FY2013 Forecast)

| (Billions of Yen) | FY2012 Actual | FY2013 Forecast | Change |
|---|---|---|---|
| Net Sales | 206.6 | 210.0 | +3.4 |
| Operating Income | 13.2 | 26.0 | +12.8 |

【Analysis of Changes in Operating Income】



# 3. FY2013 Consolidated C/F Forecasts

■ Net cash provided by operating activities: 10.0 billion yen, Net cash used in investing activities: 8.0 billion yen, Free cash-flow: 2.0 billion yen

| (Billions of yen) | FY2012 Actual | FY2013 Forecast |
|---|---|---|
| IBITMI (Note 1) | 3.9 | 15.0 |
| Depreciation | 32.3 | 23.5 |
| Subtotal | 36.2 | 38.5 |
| Increase in inventories | (30.5) | (24.0) |
| Change in working capital, etc. | 10.6 | (4.5) |
| Net cash provided by operating activities | 16.3 | 10.0 |
| Capital expenditure (Note 2) | (12.2) | (10.0) |
| Others, net | (3.0) | 2.0 |
| Net cash used in investing activities | (15.2) | (8.0) |
| Free cash-flow | 1.1 | 2.0 |

(Note 1) Income before income taxes and minority interests
(Note 2) Acceptance basis



# Business Reorganization Plan

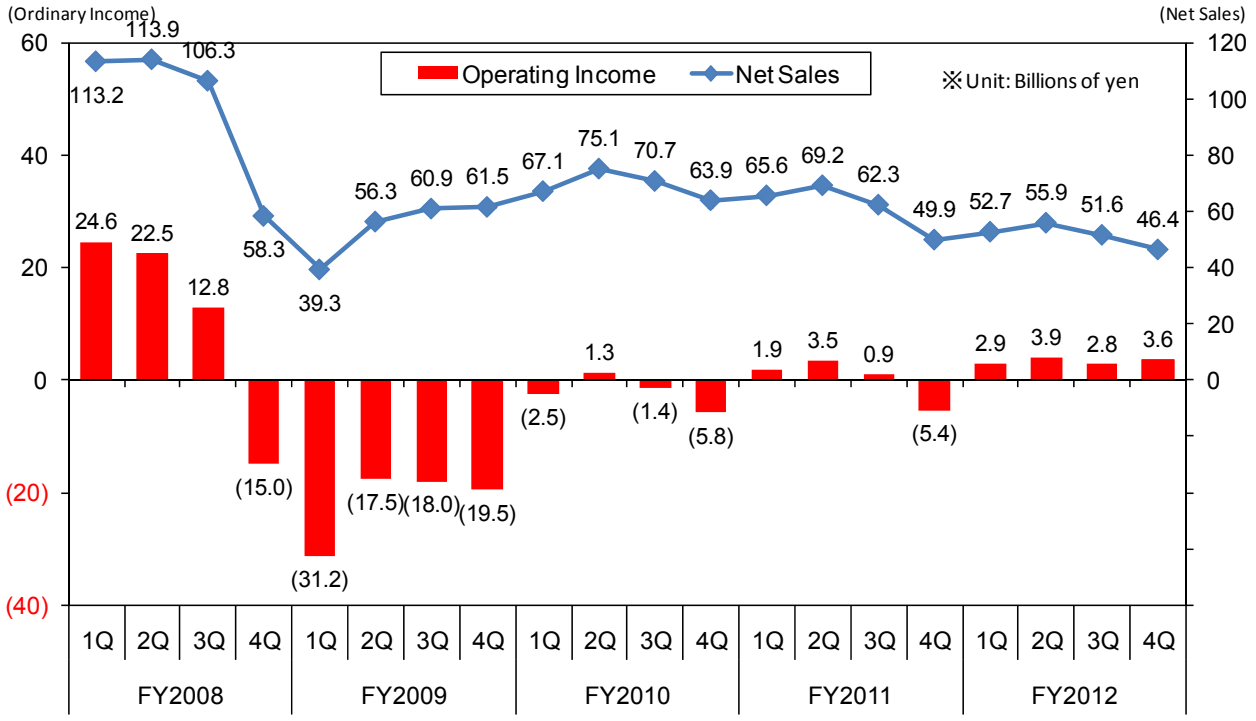
# Progress of the Business Reorganization Plan

| Business Reorganization Plan | | Progress |
|---|---|---|
| Solar Business | Withdrawal from Solar Business | Withdrawn January End 2012 |
| 300mm Wafer Business | Close Nagasaki Line (By FY2012) | Postpone Nagasaki 300mm line closure due to expected growth of EPI demand |
| 200mm Wafer Business | Close Ikuno Plant (By FY2013) | Cease operation by the end of July 2013 |
| 150mm Wafer Business | Close Imari Line (By FY2013) | Cease operation by the end of July 2013 |
| Personnel Plan | Early retirement 675<br>Attrition 70<br>Temporary transfer 555<br>Total 1,300 (Employees) | Early retirement 691<br>Next year forecast 200<br>Subtotal 890<br>Attrition 70<br>Temporary transfer 340<br>Total (Target) 1,300 *Estimation |
| Issuance of Class A Shares | Increase in capital for improvement of financial standing | Completion of Issuance of class A shares on May 11 |



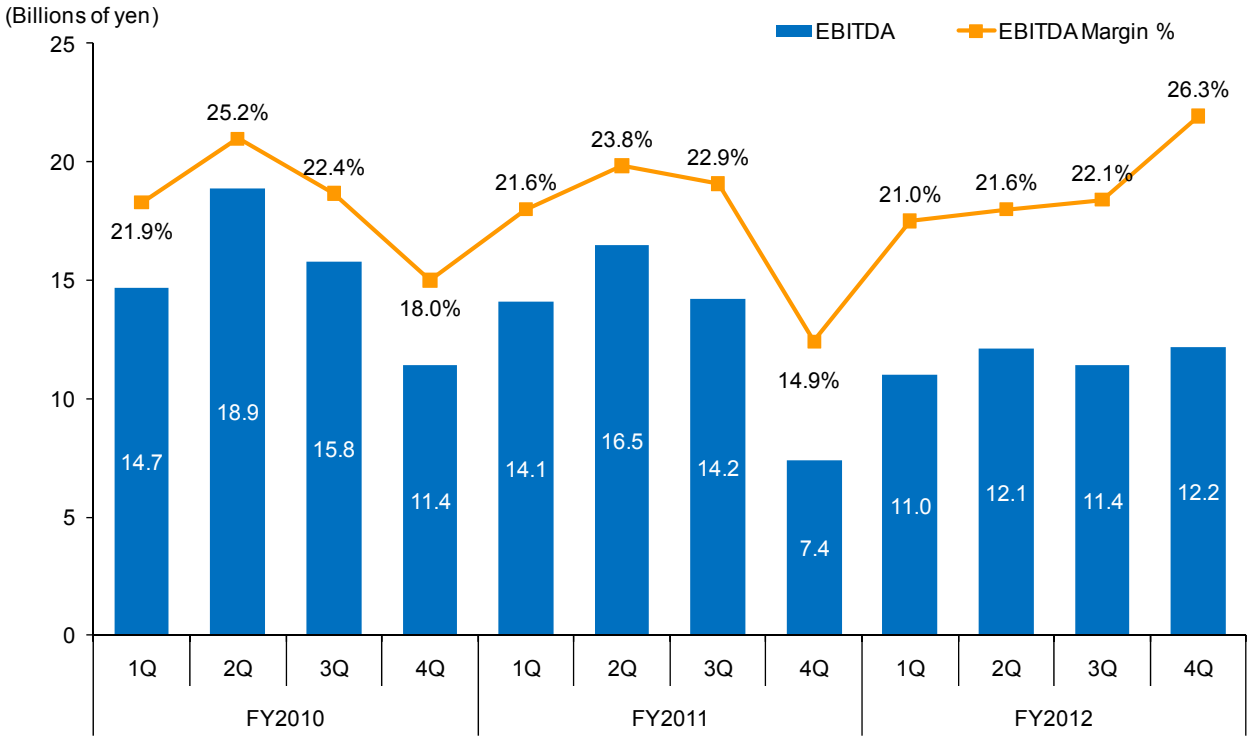
# Reference Materials

# Reference Materials: Quarterly Results





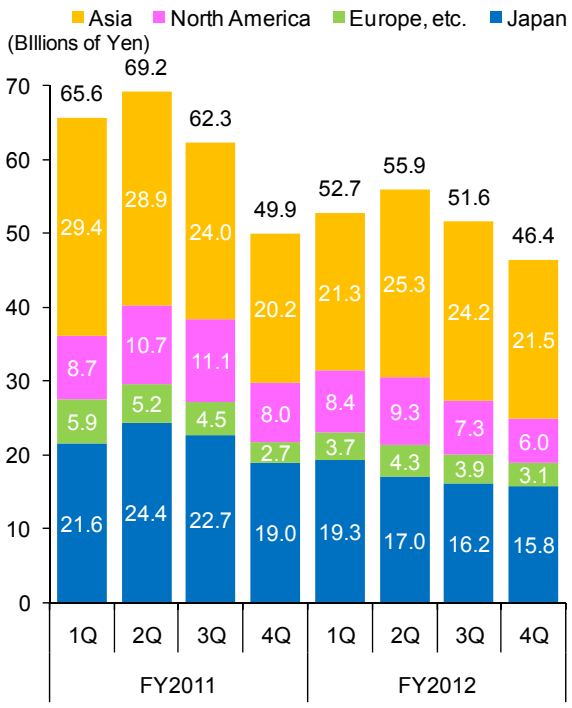

# Reference Materials: EBITDA



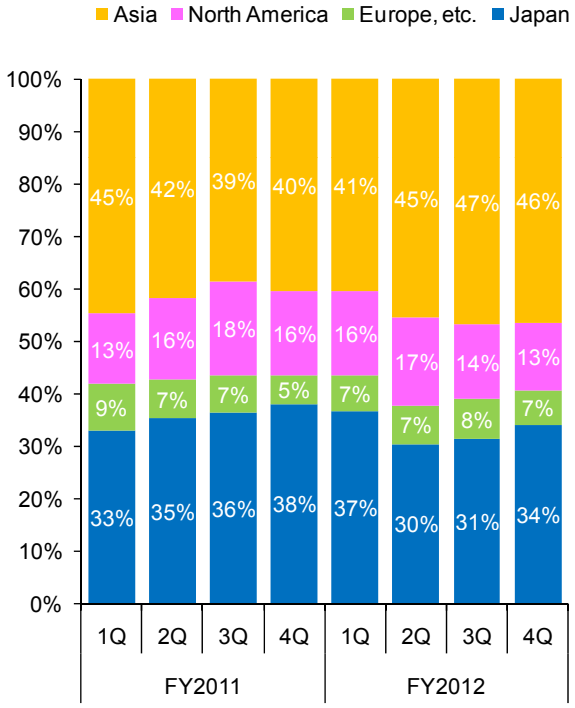

（Note）EBITDA = Operating Profit + Depreciation + Amortization of goodwill

# Reference Materials: Sales Results

## Changes of Sales



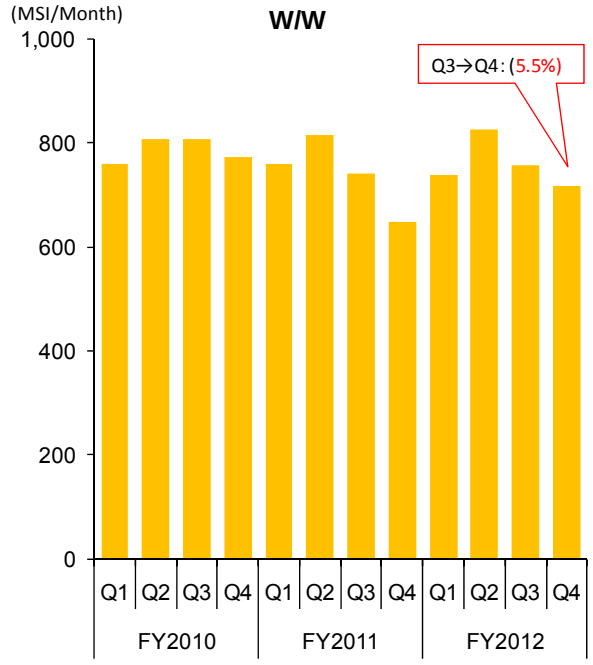

## Sales by Region



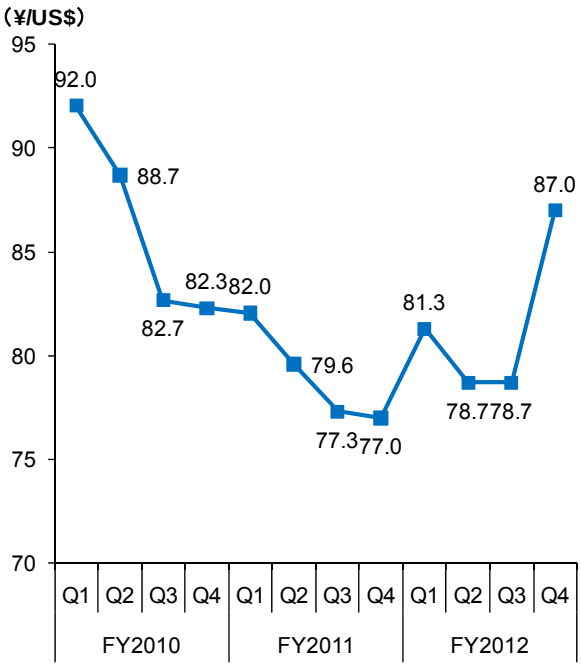



# Reference Materials: Business Environment

## Trend in Global Shipment of Silicon Wafers for Semiconductors by Surface Area




## Trend in Exchange Rate (Reuters TTM)






Developing Technology to Create the Future