Results for Fiscal Year 2013 (Ended December 31, 2013)

February 14, 2014
SUMCO Corporation
(Code: 3436)

For All Innovation

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.



Contents

- Summary
- Market Environment
- FY2013 Consolidated Business Results
  1. Summary of Consolidated Business Results
  2. Analysis of Changes in Operating Income
  3. Balance Sheet
  4. Cash-Flow
  5. Break-even Point
- 1H-FY2014 Consolidated Business Forecasts
  1. Consolidated Business Forecasts
  2. Analysis of Changes in Operating Income
- Reference Materials



Summary and Market Environment

Mayuki Hashimoto
President and CEO

1. Summary

Dividends Payment

✓ Dividends per share for FY2013 are planed to pay at 1 yen
✓ Dividends per share for FY2014 are not determined

(Unit: billions of yen)	Year ended Jan-2012	Year ended Jan-2013	Year ended Dec-2014 <11 months>
Net Sales	247.1	206.6	185.1
Operating Income	0.9	13.2	17.8
Ordinary Income	(5.6)	9.4	7.0
Net Income	(84.3)	3.4	0.7
Dividend per share (Yen)	0	2	1
Amount of dividend	0.0	0.5	0.2
Consolidated dividend ratio	—	22.4%	—

(Note) Above figures show dividend for common stocks.

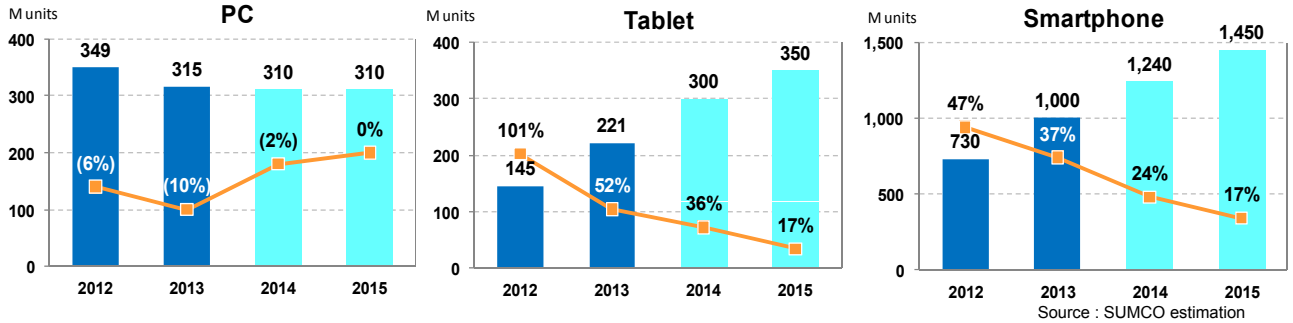
1H-FY2014 Consolidated Business Forecast

(Billions of Yen)	1H-2013 Actual	1H-2014 Forecast	Change
Net Sales	100.6	102.0	+1.4
Operating Income	11.8	9.0	(2.8)
Ordinary Income	3.7	6.5	+2.8
Net Income	0.1	4.5	+4.4

2. Market Environment

PC: Bottom Out, SMP & Tablet PCs: Continuous Growth

■ Forecast of electronic device shipment number



Source : SUMCO estimation

PC - Bottoming out in 2H of 2013; Server and Data center demand expand
- Shipment ; 2013: 10% down , 2014: 2% down (YoY)

Tablet - Shipment ; 2013: over 50%Growth (YoY), 2014: Increase to 300M units

Smartphone
- Shipment ; 2013: over 1B units, 2014: over 1.2B units
- Polarizing in High-end and low-end
  High-end SMP: Bigger panel size and Higher memory performance
  Low-end SMP: Boost in emerging market

Other (Power Device)
- Automobile Demand (EV/HEV/PHV)
- Expansion of the infrastructure demand in emerging countries

Outlook of Silicon Wafer Market

1. Overall

- Production adjustment of the foundries which started in 2H-2013 has completed, and demand is recovering gradually
- Semiconductor Capital Investment increases
- Leading edge product ratio becomes larger driven by scaling

2. 300mm

✓**Logic (Epitaxial Wafer)**

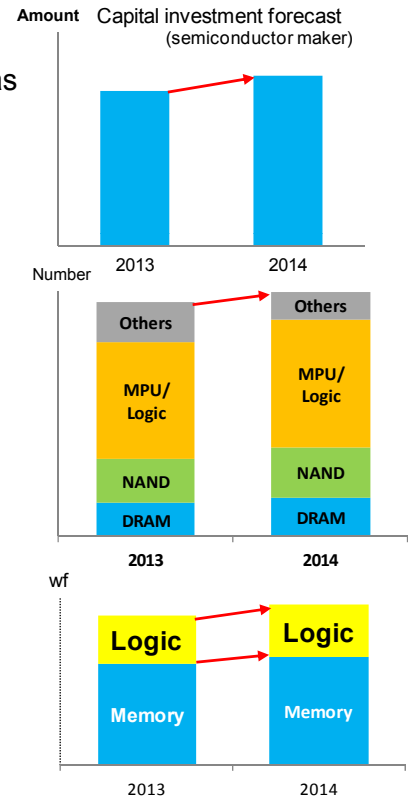
- Logic(Foundry) demand recovers by SMP demand for China
- Server demand increases by expansion of information processing
- PC demand is supporting the wafer demand

✓**Memory (Polished Wafer)**

- Supported by Personal Digital Assistant, Big-Data and Cloud's,

3. Smaller Diameter (200mm or less)

- Strong demand for Automobile and power controller of SMP



Source : SUMCO estimation

Scaling Technology (2013-2015)

	2013	2014	2015
DRAM	30nm	25nm	20nm
NAND	20nm	16nm	3D-NAND
MPU	22nm (FinFET)	14nm (FinFET)	
Foundry	28nm	20nm	14/16nm (FinFET)

Memory： development of larger-capacity with increasing information

✓**DRAM** 20nm node

✓**NAND** 16nm node , 3D-NAND

Logic： High performance and Lower power for processing Mass Information

✓**MPU** 14nm node (FinFET)

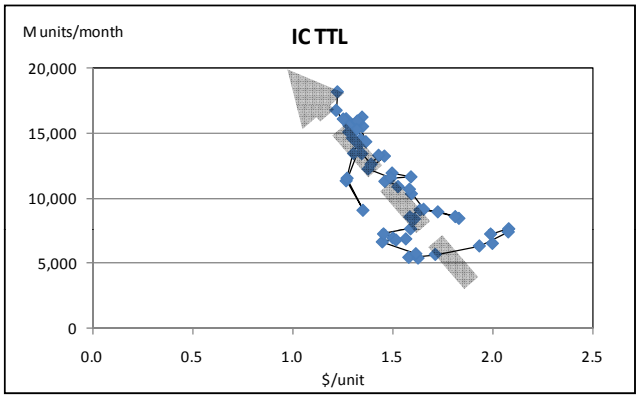
✓**Logic (Foundry)**

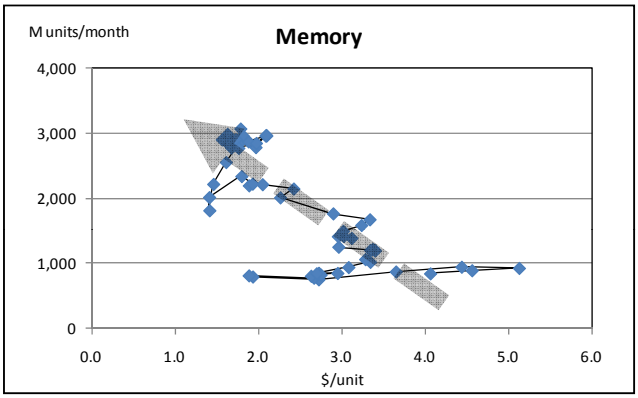
20nm node (AP demand for SMP & Tablet)

14nm/16nm node (FinFET), Mass Production will start in 2015

Conventional device is growing for low-end SMP

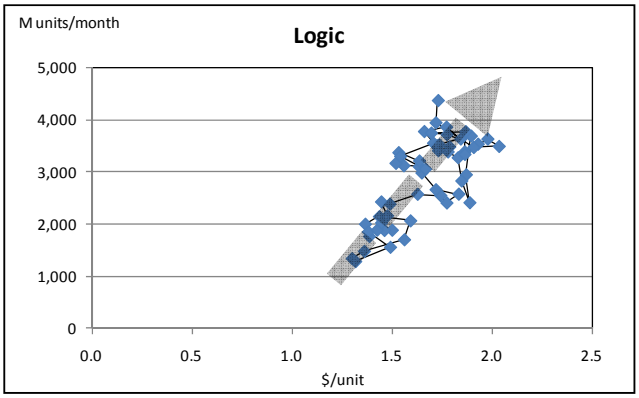
Growth of Memory and Logic





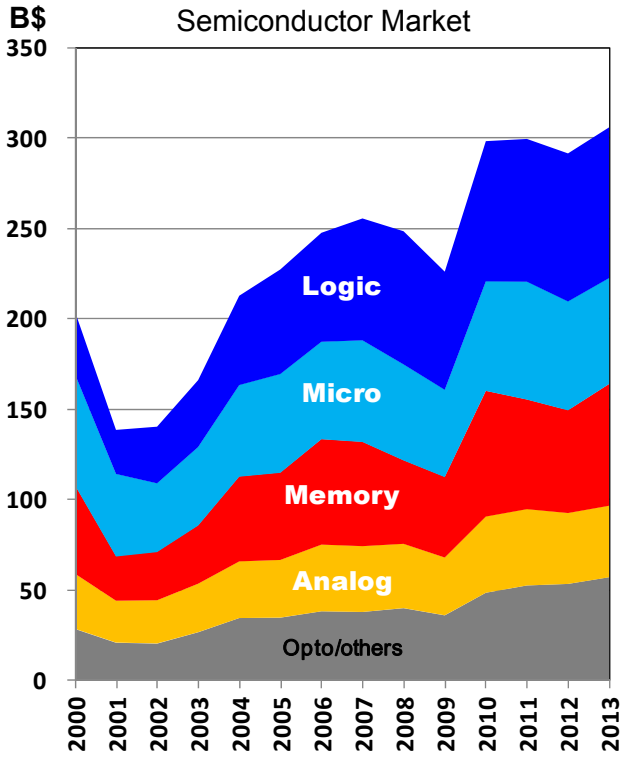
Source: SUMCO estimation based on WSTS（2000 1Q-2013 3Q)

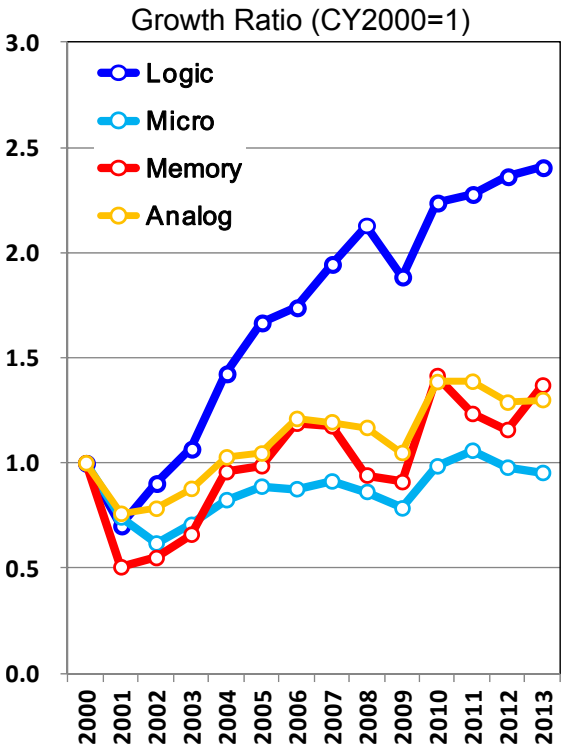
	Price Trend ratio (YoY%)	Growth ratio(YoY%)
IC TTL	(4.0%)	+6.9%
Memory	(6.7%)	+9.4%
Logic	+1.4%	+5.6%



Growth of Semiconductor Market

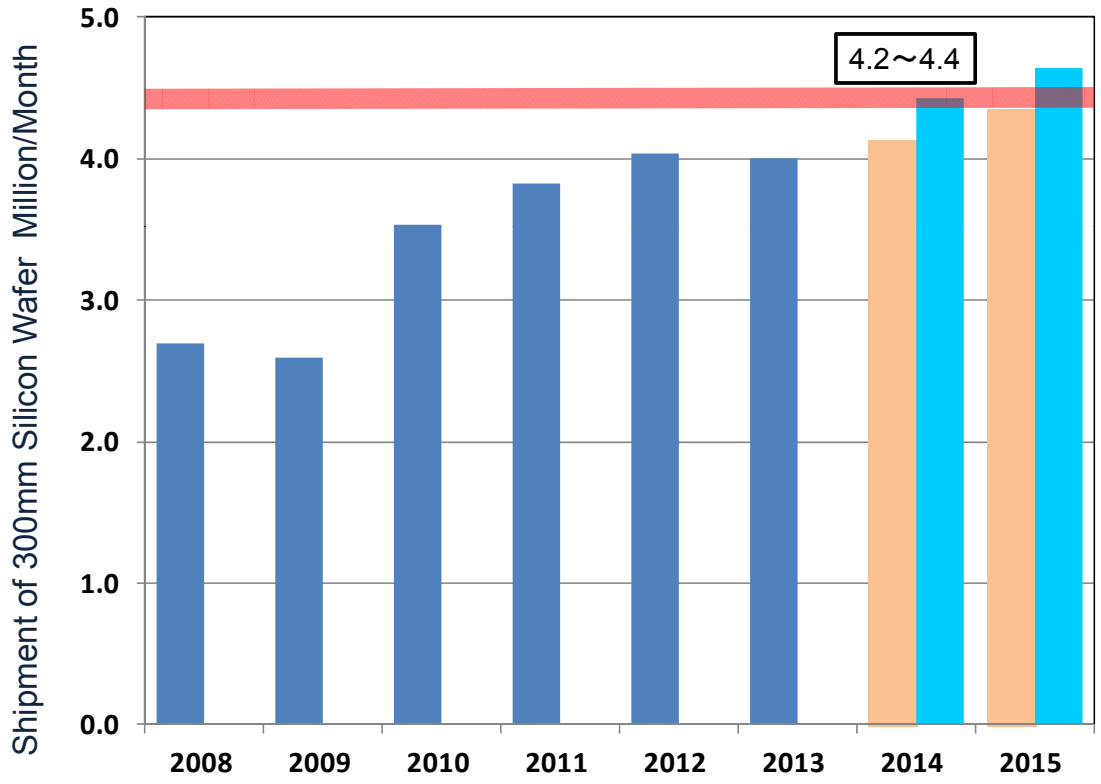
Growth of Logic Device using Epitaxial Wafers





Source SUMCO estimation based on WSTS

Shipment Forecast of 300mm Silicon Wafer



Source SUMCO estimation based on SEMI

FY2013
Consolidated Business Results

Michiharu Takii,
Executive Vice President and CFO

1. Summary of Consolidated Business Results

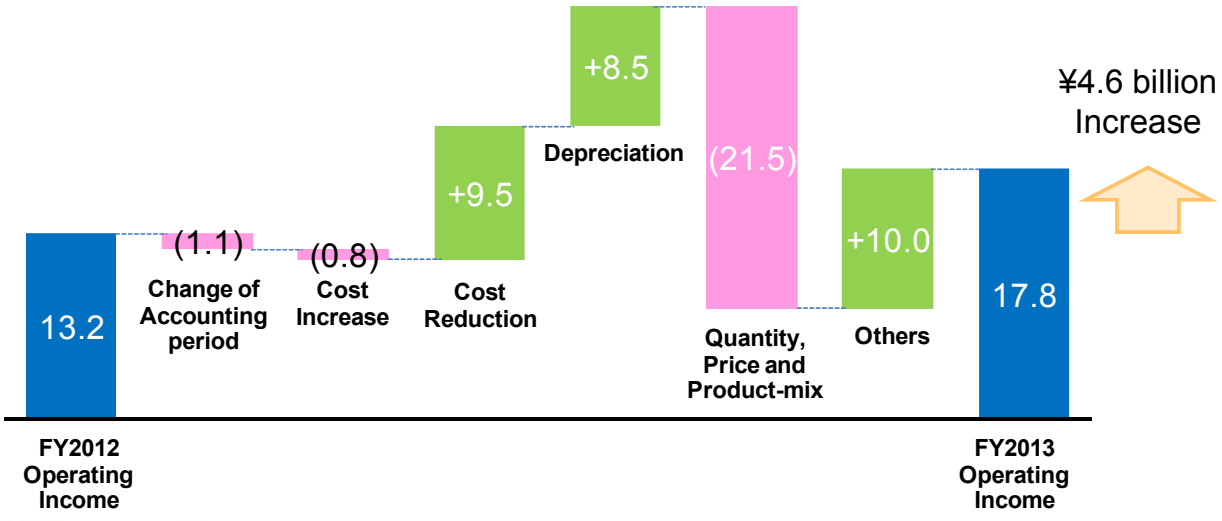
(Billions of yen)	FY2012	FY2013 (Note 1)					Change
		1Q	2Q	3Q	4Q	Total	
Net Sales	206.6	46.6	54.0	46.7	37.8	185.1	(21.5)
Operating Income	13.2	4.1	7.7	3.7	2.3	17.8	+4.6
Non-operating Income and Expenses	(3.8)	(2.9)	(5.2)	(1.8)	(0.9)	(10.8)	(7.0)
Ordinary Income	9.4	1.2	2.5	1.9	1.4	7.0	(2.4)
	(Note 2)					(Note 3)	
Extraordinary Income and Expenses	(5.5)	(0.1)	(2.0)	(0.5)	(0.0)	(2.6)	+2.9
Income Taxes and Minority Interests	(0.5)	(0.6)	(0.9)	(1.2)	(1.0)	(3.7)	(3.2)
Net Income	3.4	0.5	(0.4)	0.2	0.4	0.7	(2.7)
Capital Expenditure (Acceptance basis)	12.2	1.5	2.7	1.7	1.3	7.2	(5.0)
Depreciation	32.3	5.5	5.6	5.6	4.3	21.0	(11.3)
EBITDA (Note 4)	46.7	9.9	13.7	9.7	6.8	40.1	(6.6)
Exchange Rate (¥/US$)	80.1	92.7	99.2	98.2	100.6	97.1	+17.0

(Note 1) FY2013 is the 11 months transitional period due to change of fiscal year-end.
(Note 2) Compensation income from solar business and loss incurred from business restructuring
(Note 3) Loss incurred from business restructuring
(Note 4) EBITDA = Operating Profit + Depreciation + Amortization of Goodwill

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

(Billions of Yen)	FY2012 (12 months)	FY2013 (11months)	Change
Net Sales	206.6	185.1	(21.5)
Operating Income	13.2	17.8	+4.6
Exchange Rate (¥/$)	80.1	97.1	+17.0

【Analysis of Changes in Operating Income】



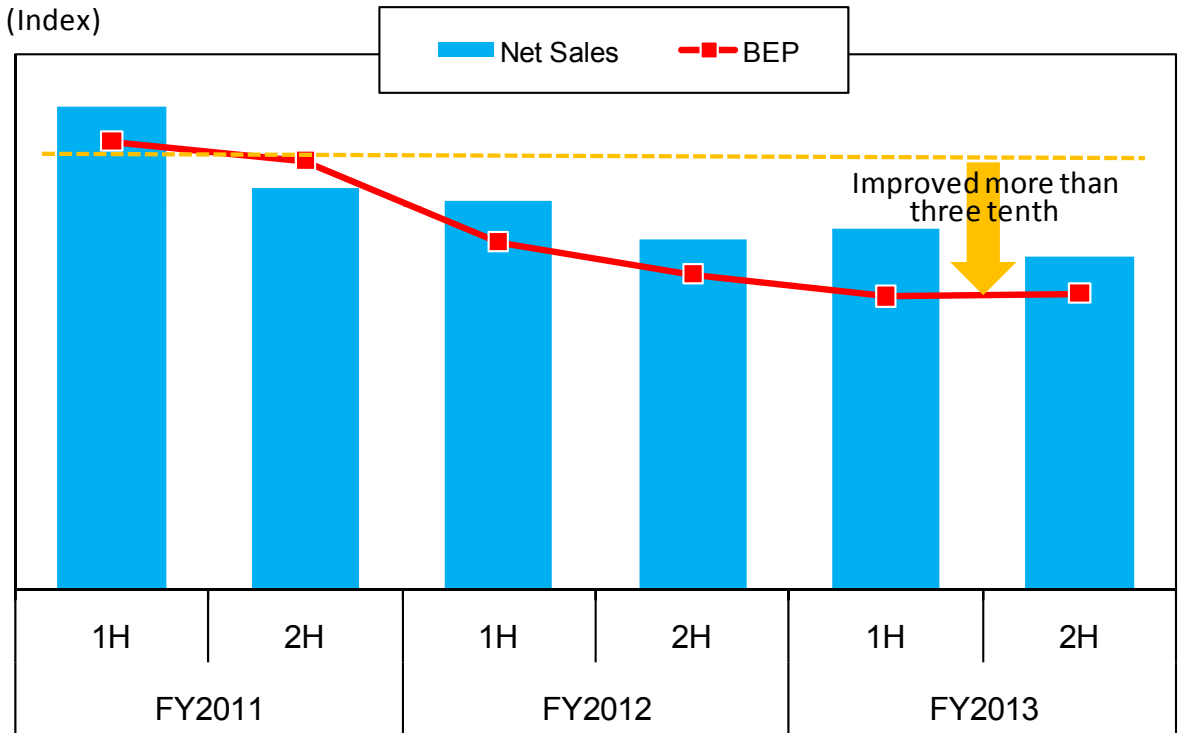
3. Consolidated Balance Sheet

(Billions of yen)	End of Jan-2013	End of Dec-2013	Change
Cash and time deposits	72.1	62.8	(9.3)
Inventories	113.0	142.6	+29.6
Tangible and intangible assets	197.2	189.6	(7.6)
Deferred income tax assets	6.0	5.7	(0.3)
Other assets	105.0	97.8	(7.2)
Total Assets	493.3	498.5	+5.2
Debt and borrowings	239.9	238.8	(1.1)
Other liabilities	73.1	64.9	(8.2)
Liabilities	313.0	303.7	(9.3)
Capital stock	136.6	136.6	-
Capital surplus	15.6	15.6	-
Retained earnings	16.8	15.9	(0.9)
Others	11.3	26.7	+15.4
Equity	180.3	194.8	+14.5
Shareholder's equity ratio	32.2%	33.7%	+1.5%
Equity per share (¥)	436.9	473.4	+36.5
D/E ratio (gross)	1.5	1.4	(0.1)
D/E ratio (net)	1.1	1.0	(0.1)

4. Consolidated Cash-Flow

(Billions of yen)	FY2013
Income before income taxes and minority interests	4.3
Depreciation	21.0
Subtotal	25.3
Increase in inventories	(23.5)
Change in working capital, etc.	0.5
Net cash provided by operating activities	2.3
Capital expenditure (Acceptance basis)	(7.2)
Others, net	(1.5)
Net cash used in investing activities	(8.7)
Free cash-flow	(6.4)

5. Break-even Point



1H-FY2014
Consolidated Business Forecasts

1. 1H-FY2014 Consolidated Business Forecasts

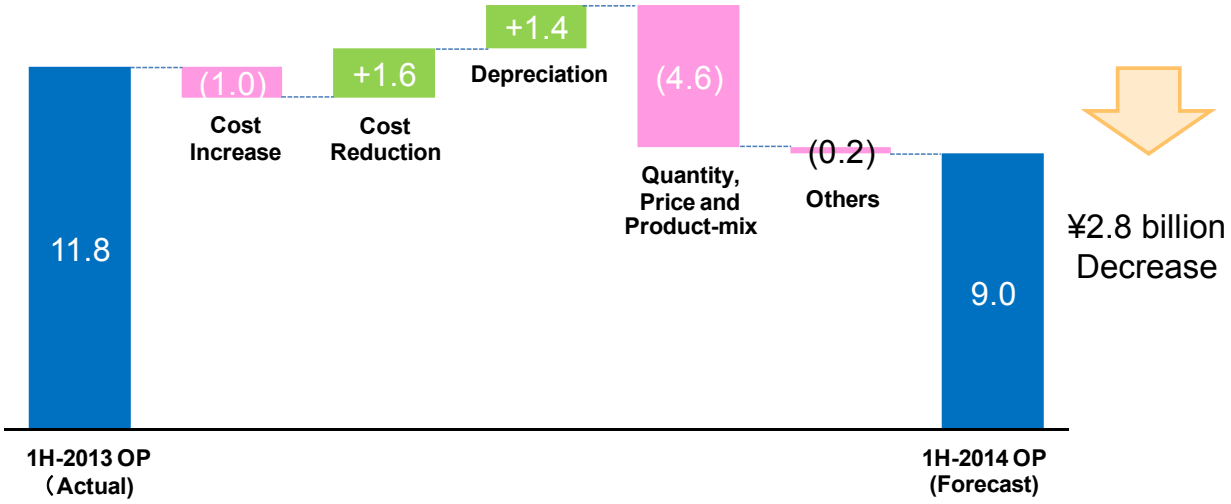
(Billions of yen)	FY2013 1H Actual (6 months)	FY2013 2H Actual (5 months)	FY2014 1H Forecast (6 months)	
Net Sales	100.6	84.5	102.0	
Operating Income	11.8	6.0	9.0	
Non-operating Income and Expenses	(8.1)	(2.7)	(2.5)	
Ordinary Income	3.7	3.3	6.5	
Extraordinary Income and Expenses (Note 1)	(2.1)	(0.5)	-	
Income Taxes and Minority Interests	(1.5)	(2.2)	(2.0)	<Reference> Annual Forecast
Net Income	0.1	0.6	4.5	
Capital Expenditure (Acceptance basis)	4.2	3.0	5.0	12.0
Depreciation	11.1	9.9	9.5	20.0
EBITDA (Note 2)	23.6	16.5	19.0	
Exchange Rate (¥/US$)	95.9	99.1	103.0	

(Note 1) Loss incurred from business restructuring
(Note 2) EBITDA = Operating Profit + Depreciation + Amortization of Goodwill

2. Analysis of Changes in Operating Income (1H-2013 Actual → 1H-2014 Forecast)

(Billions of Yen)	1H-2013 Actual	1H-2014 Forecast	Change
Net Sales	100.6	102.0	+1.4
Operating Income	11.8	9.0	(2.8)
Exchange Rate (¥/$)	95.9	103.0	+7.1

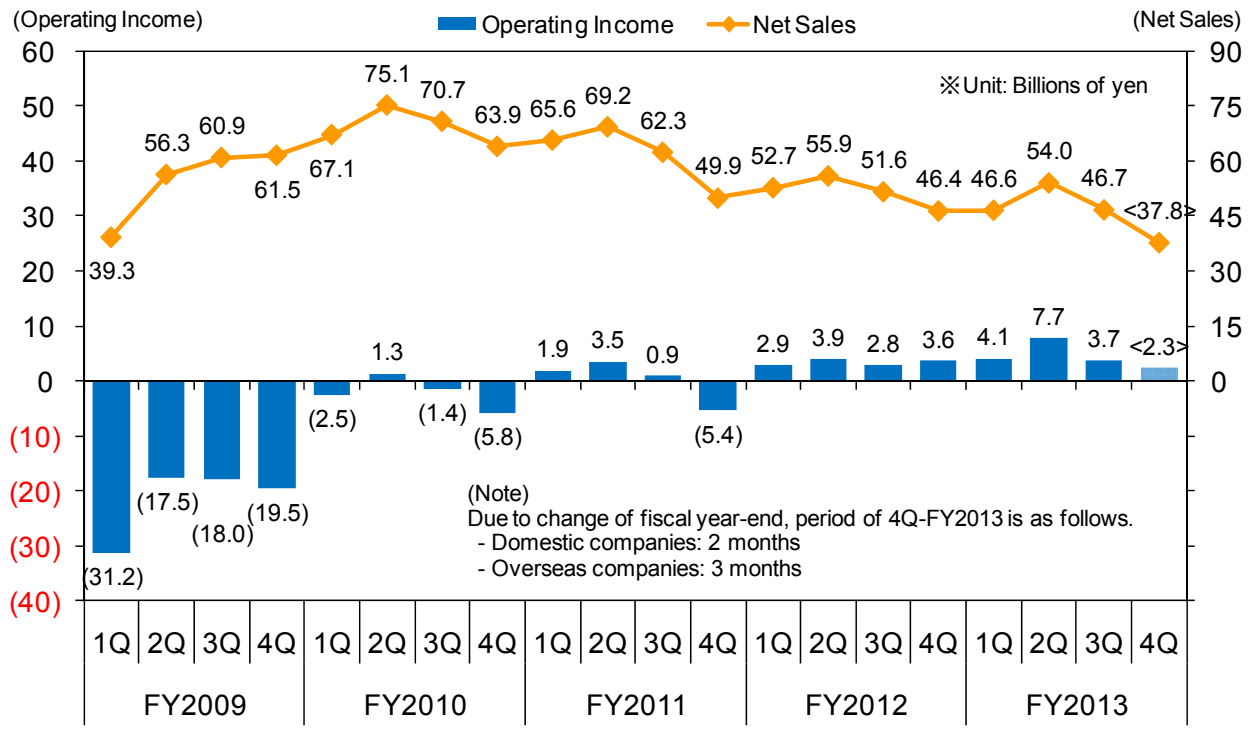
【Analysis of Changes in Operating Income】



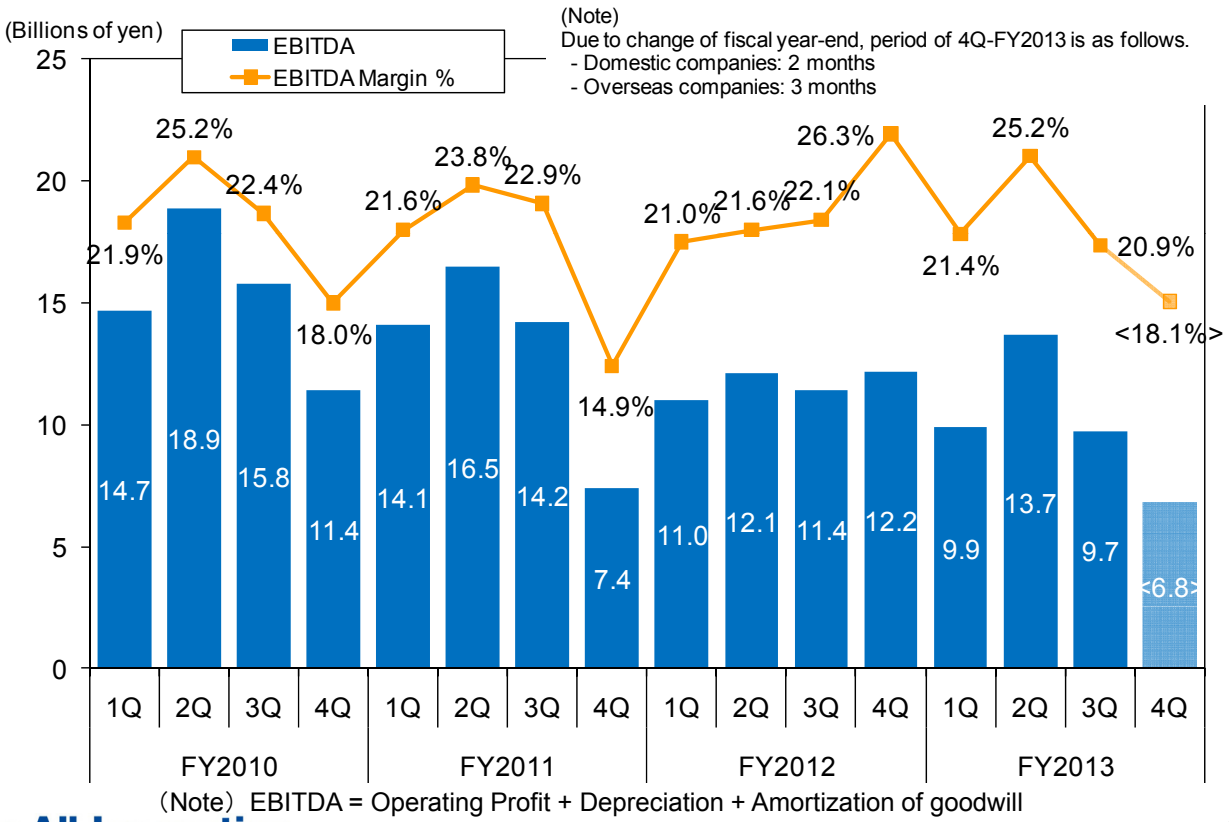
Reference Materials

For All Innovation

Reference Materials: Quarterly Results



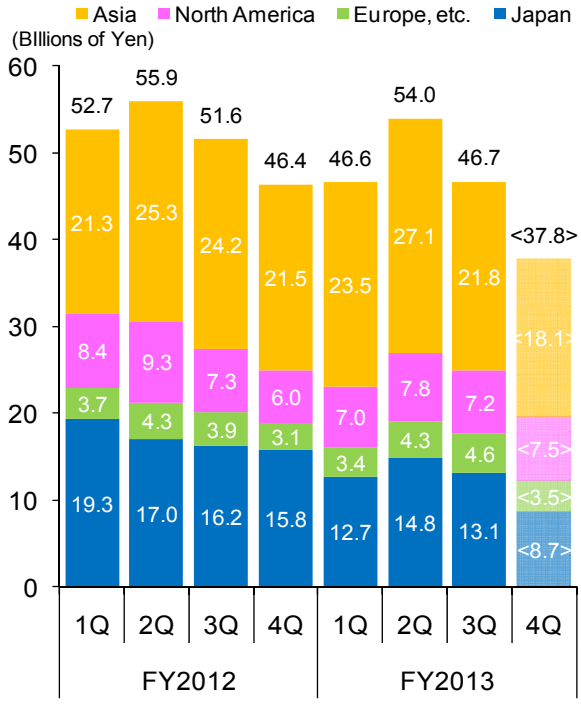
Reference Materials: EBITDA



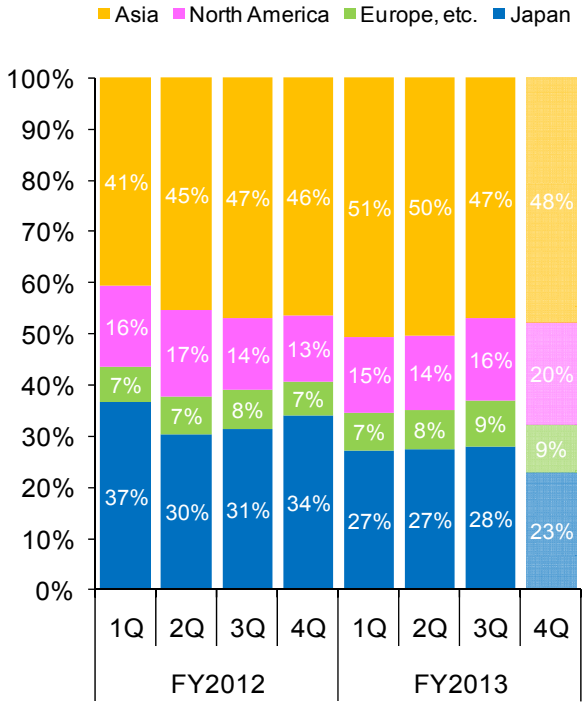
（Note）EBITDA = Operating Profit + Depreciation + Amortization of goodwill

Reference Materials: Sales Results

Changes of Sales



Sales by Region



(Note)
Due to change of fiscal year-end, period of 4Q-FY2013 is as follows.
- Domestic companies: 2 months
- Overseas companies: 3 months



URL http://www.sumcosi.com/

For All Innovation