Brief Statement on Consolidated Financial Results for the First Quarter (ended March 31, 2014) of Fiscal Year 2014 (ending December 31, 2014) [Japanese Accounting Standards]

May 15, 2014

Company name: SUMCO Corporation TSE First Section
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Scheduled date of filing of quarterly security report: May 15, 2014
Scheduled date of commencement of dividend payment: —
Supplementary materials for quarterly financial results: Yes
Quarterly results briefing: Yes (For institutional investors and security analysts)

(Amounts smaller than one million yen are rounded down)

1. Consolidated Business Results for the First Quarter (January 1, 2014–March 31, 2014) of Fiscal Year 2014 (ending December 31, 2014)

(1) Consolidated Financial and Operating Results (fiscal year-to-date)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
1Q of FY2014	50,931	—	5,063	—	4,031	—	2,808	—
1Q of FY2013	46,646	(11.6)	4,154	42.4	1,284	(32.0)	588	(72.5)

Note: Comprehensive income
1Q of FY2014: 858 million yen (—%); 1Q of FY2013: 4,185 million yen ((29.0)%)

	Net income per share for quarter (yen)	Diluted net income per share for quarter (yen)
1Q of FY2014	9.82	9.17
1Q of FY2013	1.22	—

(Note) The period of the first quarter of fiscal year 2014 (January 1, 2014 – March 31, 2014) is changed from that of fiscal year 2013 (February 1, 2013 – April 30, 2013). Therefore year-on-year changes are not shown.

(2) Consolidated Financial Position

	Total assets (millions of yen)	Equity (millions of yen)	Shareholders' equity ratio (%)
1Q of FY2014	494,046	194,426	34.0
FY2013	498,522	194,836	33.7

(Reference) Shareholders' equity: 1Q of FY2014: 168,108 million yen; FY2013: 168,050 million yen

2. Dividend Payments

	Yearly dividend per share				
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Full year (yen)
FY2013	—	0.00	—	1.00	1.00
FY2014	—				
FY2014 (Forecast)		—	—	—	—

Note: (1) Revisions to dividend forecasts made during the quarter under review: No
(2) Dividends per share for the fiscal year-ending December 31, 2014 are not determined.
(3) The above "Dividend Payments" is the status of dividend related to common stock. As for the status of dividend for class shares (unlisted) with different rights from those of the company's common stock, please see "(Reference) Dividend Payments for class A shares" on page 3.

3. Consolidated Business Forecasts for Fiscal Year 2014 (ending December 31, 2014)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
First half	107,000	—	12,000	—	10,000	—	7,500	—	26.92
Full year	—	—	—	—	—	—	—	—	—

Note: (1) Revisions to consolidated business forecasts made during the quarter under review: Yes

(2) The period of the first half of fiscal year 2014 (January 1, 2014 – June 30, 2014) is changed from that of fiscal year 2013 (February 1, 2013 – July 31, 2013). Therefore year-on-year changes are not shown.

(3) SUMCO will make an announcement of the full-year business forecasts as soon as the disclosure becomes possible. Please see "Explanation of Business Forecasts" on page 2 of Supplementary Materials.

* Notes

(1) Changes in important subsidiaries during the quarter under review: No
New Company: — Exclusion: —

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statement: No

(3) Changes in accounting policies, changes in accounting estimates and corrections of prior-period errors
[1] Changes in accounting policies applied with revisions of accounting standards: No
[2] Changes in accounting policies other than [1]: No
[3] Changes in accounting estimates: No
[4] Corrections of prior-period errors: No

(4) Number of issued shares (common stock)
[1] Issued shares as of the end of period (including treasury stock):
257,751,739 shares as of the end of first quarter of FY2014; 257,751,739 shares as of end of FY2013
[2] Treasury stock as of the end of period:
5,846 shares as of the end of first quarter of FY2014; 5,826 shares as of end of FY2013
[3] Average number of shares during period (fiscal year-to-date):
257,745,895 shares during the first quarter of FY2014; 257,746,460 shares during the first quarter of FY2013

* Note on implementation of quarterly review procedures:
This Brief Statement on Consolidated Financial Results is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had been completed at the time of the disclosure of this Brief Statement on Consolidated Financial Results.

* Explanations regarding appropriate use of business forecasts and other special instructions:
Business forecasts and other forward-looking statements contained in this Brief Statement on Consolidated Financial Results are based on information currently available to the Company and on certain assumptions that the Company considers to be reasonable, and do not constitute guarantees of future performance. Actual results may differ significantly from those projected in the forward-looking statements as a result of various factors. Regarding the assumptions underlying business forecasts, please see "Explanation of Business Forecasts" on page 2 of Supplementary Materials.

SUMCO changed its fiscal year-end from January 31 to December 31 because "Proposal for Partial amendment to Article of Incorporation" was approved at its general meeting of shareholders on April 25, 2013.

Dividends per share for the fiscal year-ending December 31, 2014 are not determined, and a forecast will be disclosed as soon as the disclosure becomes possible.

Quarterly results briefing for institutional investors and security analysts are scheduled on May 15, 2014. Supplementary materials for quarterly financial results are available in our web site after starting the briefing.

(Reference) Dividend Payments for class A shares

Dividend per share related to class shares (unlisted) with different rights from those of the company's common stock

Class A shares	Yearly dividend per share				
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Full year (yen)
FY2013	—	—	—	2,287,671.23	2,287,671.23
FY2014	—				
FY2014 (Forecast)		—	—	—	—

Note: Dividends per share for the fiscal year-ending December 31, 2014 are not determined.

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1. Qualitative Information for the First Quarter of Fiscal Year 2014

(1) Explanation of Business Results

During the first quarter of fiscal year 2014 (January 1, 2014–March 31, 2014), demand for 300 mm silicon wafers used in semiconductors continued to rebound as mobile terminal demand drove sales of wafers for logic and memory devices. Demand for small-diameter wafers of 200 mm or less also picked up amid rising demand for analog and logic devices, as well as power semiconductors used in automobiles and other consumer and industrial applications.

In this environment, following the direction set by the SUMCO Vision, the SUMCO Group has strived to bolster its market presence by developing technologies that meet customers' demands for high levels of precision and product differentiation, while simultaneously reducing costs to lower its break-even point.

As a result, for the period under review, the Group registered consolidated net sales of 50,931 million yen, operating income of 5,063 million yen, ordinary income of 4,031 million yen and net income of 2,808 million yen.

(2) Explanation of Business Forecasts

Strong demand is projected for the silicon wafer market in the second quarter, driven chiefly by ongoing robust demand for mobile terminals, analog and logic devices, and power semiconductors used in automobiles and other consumer and industrial applications.

In light of this market forecast, the Group is committed to strengthening its profit base by steadily meeting increasing demand and continuing to develop new technologies and reduce costs.

SUMCO has revised its consolidated business forecasts for the first half of fiscal year 2014 disclosed on February 14 as follows. Please refer to "Announcement of Revision of Business Forecasts for Fiscal Year 2014" disclosed today for the details.

The semiconductor industry in which the Group operates is characterized by drastic changes in the business environment over a short period of time, and since such fluctuations make reasonable forecasts difficult at the present time, no full-year projections have yet been made for fiscal year 2014. SUMCO will make an announcement of the full-year business forecasts as soon as the disclosure becomes possible.

Consolidated Business Forecasts for the first half of fiscal year 2014 (January 1, 2014 – June 30, 2014)

	Net Sales (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)
Previous Forecasts (A)	102,000	9,000	6,500	4,500
Revised Forecasts (B)	107,000	12,000	10,000	7,500
Changes (B-A)	5,000	3,000	3,500	3,000

(Note) Business forecasts and other forward-looking statements contained in this Brief Statement on Consolidated Financial Results are based on information currently available to the Company and on certain assumptions that the Company considers to be reasonable, and do not constitute guarantees of future performance. Actual results may differ significantly from those projected in the forward-looking statements as a result of various factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(millions of yen)

	End of FY2013 (December 31, 2013)	End of 1Q of FY2014 (March 31, 2014)
Assets		
Current assets		
Cash and time deposits	31,363	28,986
Notes and accounts receivable – trade	30,806	28,989
Marketable securities	31,500	36,400
Finished products	14,750	13,487
Work in process	12,189	14,884
Raw materials and supplies	115,719	115,894
Other	7,940	6,724
Allowance for doubtful accounts	(11)	(10)
Total current assets	244,259	245,356
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,804	90,888
Machinery, equipment and vehicles, net	51,976	49,706
Land	20,279	20,259
Construction in progress	8,133	8,038
Other, net	600	588
Total property, plant and equipment	173,794	169,480
Intangible assets		
Goodwill	13,573	13,158
Other	2,289	2,511
Total intangible assets	15,862	15,670
Investments and other assets		
Investment securities	119	86
Long-term advance payments	54,306	53,682
Deferred income tax assets	5,623	5,118
Other	4,953	5,045
Allowance for doubtful accounts	(396)	(392)
Total investments and other assets	64,606	63,539
Total non-current assets	254,263	248,690
Total assets	498,522	494,046

(millions of yen)

	End of FY2013 (December 31, 2013)	End of 1Q of FY2014 (March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,952	24,742
Short-term borrowings	89,110	52,519
Current portion of long-term lease obligations	3,727	1,903
Accrued income taxes	477	546
Reserve for bonuses	2,016	1,872
Other	9,955	10,508
Total current liabilities	135,238	92,092
Long-term liabilities		
Long-term debt	143,841	182,906
Long-term lease obligations	2,159	2,034
Liability for retirement benefits	17,505	17,571
Other	4,941	5,015
Total long-term liabilities	168,447	207,528
Total liabilities	303,686	299,620
Equity		
Shareholders' equity		
Capital stock	136,607	136,607
Capital surplus	15,676	15,676
Retained earnings	15,924	17,464
Treasury stock	(9)	(9)
Total shareholders' equity	168,198	169,738
Accumulated other comprehensive loss		
Net unrealized gain on available-for-sale securities	0	0
Land revaluation surplus	2,671	2,671
Foreign currency translation adjustments	(2,675)	(4,167)
Postretirement liability adjustments for foreign consolidated subsidiaries	(143)	(133)
Total accumulated other comprehensive loss	(147)	(1,629)
Minority interests	26,785	26,317
Total equity	194,836	194,426
Total liabilities and equity	498,522	494,046

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

(millions of yen)

	1Q of FY2013 (February 1, 2013– April 30, 2013)	1Q of FY2014 (January 1, 2014– March 31, 2014)
Net sales	46,646	50,931
Cost of sales	37,359	40,353
Gross profit	9,286	10,577
Selling, general and administrative expenses	5,132	5,513
Operating income	4,154	5,063
Non-operating income		
Interest income	8	8
Gain on sales of materials	5	54
Reward income	—	47
Other	220	41
Total non-operating income	234	152
Non-operating expenses		
Interest expense	829	925
Foreign exchange loss	2,060	118
Other	213	140
Total non-operating expenses	3,103	1,184
Ordinary income	1,284	4,031
Extraordinary loss		
Loss incurred from business restructuring	112	—
Total extraordinary loss	112	—
Income before income taxes and minority interests	1,171	4,031
Income taxes	245	625
Net income before minority interests	926	3,406
Minority interests	338	598
Net income	588	2,808

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	1Q of FY2013 (February 1, 2013– April 30, 2013)	1Q of FY2014 (January 1, 2014– March 31, 2014)
Net income before minority interests	926	3,406
Other comprehensive income		
Net unrealized loss on available-for-sale securities	(0)	(0)
Deferred gain on derivatives under hedge accounting	0	—
Foreign currency translation adjustments	3,523	(2,566)
Postretirement liability adjustments for foreign consolidated subsidiaries	(265)	19
Total other comprehensive (loss) income	3,258	(2,547)
Comprehensive income	4,185	858
Total comprehensive income attributable to:		
Owners of the parent	2,849	1,326
Minority interests	1,336	(467)

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

Not applicable