Results for First Quarter of FY2014 (Ended March 31, 2014)

May 15, 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.



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Summary and Market Environment

Mayuki Hashimoto,
President and CEO

1. Summary

1Q-FY2014 Consolidated Business Results

(Billions of Yen)	1Q-2013 Actual (Feb - Apr)	1Q-2014 Actual (Jan - Mar)	Change
Net Sales	46.6	50.9	+4.3
Operating Income	4.1	5.0	+0.9
Ordinary Income	1.2	4.0	+2.8
Net Income	0.5	2.8	+2.3

Revision of 1H-FY2014 Consolidated Business Forecasts

(Billions of Yen)	1H-2014 Previous Forecast	1H-2014 Revised Forecast	Change
Net Sales	102.0	107.0	+5.0
Operating Income	9.0	12.0	+3.0
Ordinary Income	6.5	10.0	+3.5
Net Income	4.5	7.5	+3.0

2-1. Market Environment

Market Environment in 1Q 2014

✔ Silicon wafer demand has rebounded and expanded since bottoming out last fall, without the seasonal adjustment that occurs in typical years

300mm wafers

- Demand for smartphones in emerging markets is rising, and migration to LTE networks in China is improving functionality
- Data center demand (for servers, workstations, etc.) is robust
- The PC market has bottomed out and is showing signs of improvement

⇒ Demand for logic and memory is strong

Smaller diameter (200mm or less)

- Demand for consumer and industrial applications such as automobiles is on the rise

Outlook

✔ Strong demand will continue in 2Q 2014
Silicon wafer demand in 2Q will surpass 1Q demand

✔ Customer forecasts for 3Q are robust, but in 4Q, volume fluctuation by moving up the demand and seasonality are concerned about.

2-2. Smartphone & Tablet Update

Current Situation

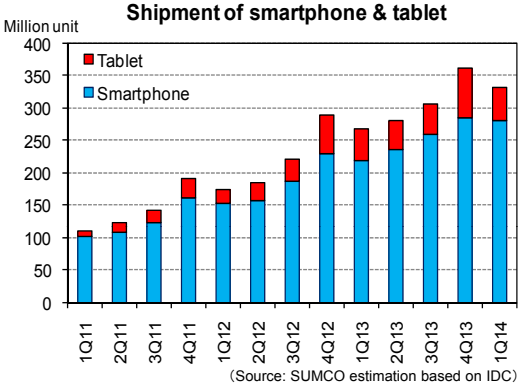
- ✔ Smartphone and tablet shipments continue to increase year on year
- ✔ Smartphone growth rates are polarizing:
  - Shipment for high-end products does not have the big growth, but functionality is improving
  - Shipment for low-end models is rising sharply due to new customers attracted by simplification of functions and lower prices
- ✔ Strong demand for logic devices (application processors) proportionate to increased volumes
- ✔ Although the amount of memory per product is not growing, rising volumes are boosting memory demand

Outlook

- ✔ High-end products will gain further functionality as they adopt 64-bit and octa-core processors
- ✔ Entry-level users will become mid-range users
- ✔ Silicon consumption per unit will increase due to larger screens, higher-pixel cameras, higher functionality, and LTE connectivity

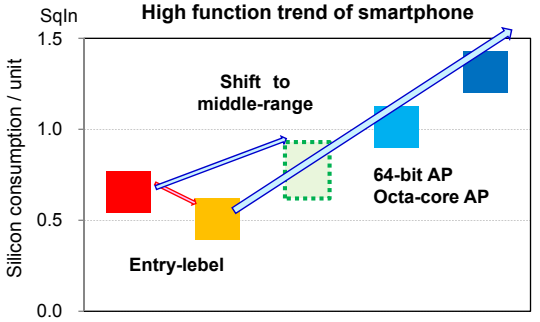
⇒ Silicon wafer consumption volumes are projected to continue their upward trend over a medium term

Shipment of smartphone & tablet



(Source: SUMCO estimation based on IDC)

High function trend of smartphone



(Source: SUMCO estimation)

2-3. A Growth Driver of 200mm or less (Automotive Devices)

Consumption of 200mm or less silicon wafer in 2013

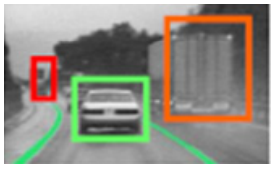
		Shipment (million unit / year)	Consumption (square Inch / unit)	Ratio among 200mm or less
Vehicle	EV/HV	1.8	30.0	22%
	Internal-combusion	78.0	10.0	
Smartphone		1,010.0	0.3	8%

(Source: SUMCO estimation)

Multimedia
MOSFET, Analog IC, Power IC
Navigation System
ETC System
Audio System

Body Control
MOSFET, IGBT, Power IC
Air-conditioning Sys.
Air-bag System
Acceleration Sensor
Lamp Control
Security System





Advanced Driver Assistance System

Power-train Control
Pressure Sensor, Power IC
Engine Control System
Gas & Diesel Vehicle
HEV Motor Control
IGBT Module, IPM, Drive IC
Transmission Control Sys.
Power IC

ECU
(Electronic Control Unit)

Safety Control
Pressure Sensor, MOSFET, Power IC
Antiskid Brake System
Power Steering Control System
Electronic Brake Control System
Traction Control System

1Q-FY2014
Consolidated Business Results

Michiharu Takii,
Executive Vice President and CFO

For All Innovation

1. Summary of Consolidated Business Results

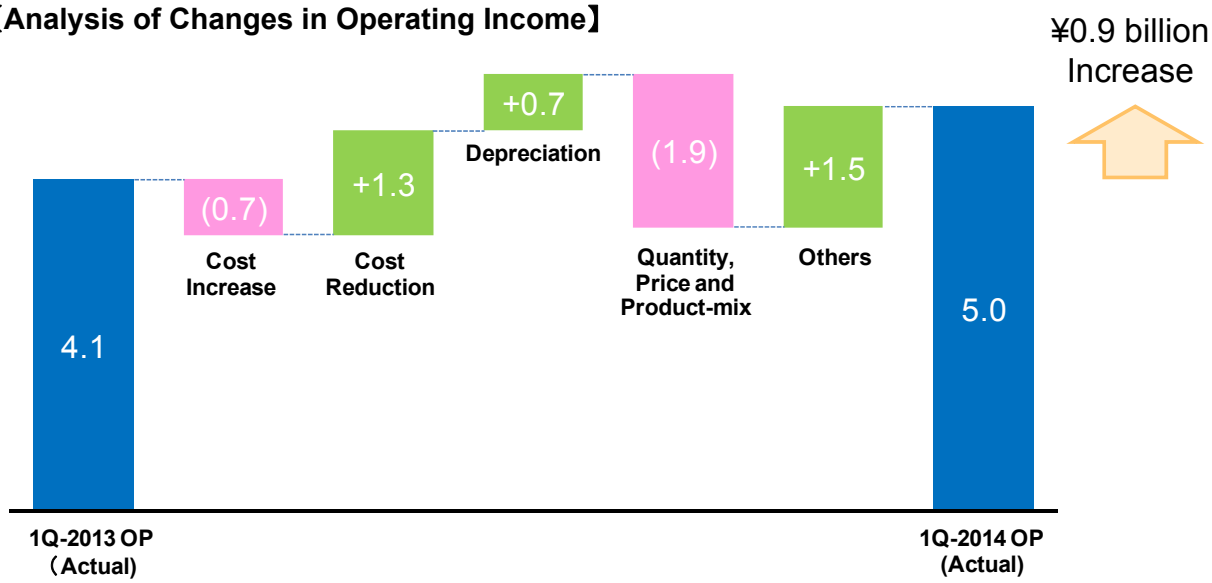
(Billions of yen)	1Q-FY2013 Actual (Feb - Apr)	1Q-FY2014 Actual (Jan - Mar)	Change
Net Sales	46.6	50.9	+4.3
Operating Income	4.1	5.0	+0.9
Non-operating Income and Expenses	(2.9)	(1.0)	+1.9
Ordinary Income	1.2	4.0	+2.8
Extraordinary Income and Expenses	(0.1)	0.0	+0.1
Income Taxes and Minority Interests	(0.6)	(1.2)	(0.6)
Net Income	0.5	2.8	+2.3
Capital Expenditure (Acceptance basis)	1.5	2.5	+1.0
Depreciation	5.5	4.7	(0.8)
EBITDA (Note)	9.9	10.1	+0.2
Exchange Rate (¥/US$)	92.7	103.2	+10.5

(Note) EBITDA = Operating Income + Depreciation + Amortization of Goodwill

2. Analysis of Changes in Operating Income (1Q-FY2013 → 1Q-FY2014)

(Billions of Yen)	1Q-FY2013 (Feb - Apr)	1Q-FY2014 (Jan - Mar)	Change
Net Sales	46.6	50.9	+4.3
Operating Income	4.1	5.0	+0.9
Exchange Rate (¥/$)	92.7	103.2	+10.5

【Analysis of Changes in Operating Income】



3. Consolidated Balance Sheet

(Billions of yen)	End of Dec-2013	End of Mar-2014	Change
Cash and time deposits	62.8	65.3	+2.5
Inventories	142.6	144.2	+1.6
Tangible and intangible assets	189.6	185.1	(4.5)
Deferred income tax assets	5.7	5.2	(0.5)
Other assets	97.8	94.2	(3.6)
Total Assets	498.5	494.0	(4.5)
Debt and borrowings	238.8	239.3	+0.5
Other liabilities	64.9	60.3	(4.6)
Liabilities	303.7	299.6	(4.1)
Capital stock	136.6	136.6	-
Capital surplus	15.6	15.6	-
Retained earnings	15.9	17.4	+1.5
Others	26.7	24.8	(1.9)
Equity	194.8	194.4	(0.4)
Shareholders' equity ratio	33.7%	34.0%	+0.3%
Equity per share (¥)	473.4	476.6	+3.2
D/E ratio (gross)	1.4	1.4	0.0
D/E ratio (net)	1.0	1.0	0.0

4. Consolidated Cash-Flow

(Billions of yen)	1Q-FY2014 Actual
Income before income taxes and minority interests	4.0
Depreciation	4.7
Subtotal	8.7
Increase in inventories	(1.2)
Changes in working capital, etc.	(2.4)
Net cash provided by operating activities	5.1
Capital expenditure (Acceptance basis)	(2.5)
Others, net	0.7
Net cash used in investing activities	(1.8)
Free cash-flow	3.3

1H-FY2014
Consolidated Business Forecasts

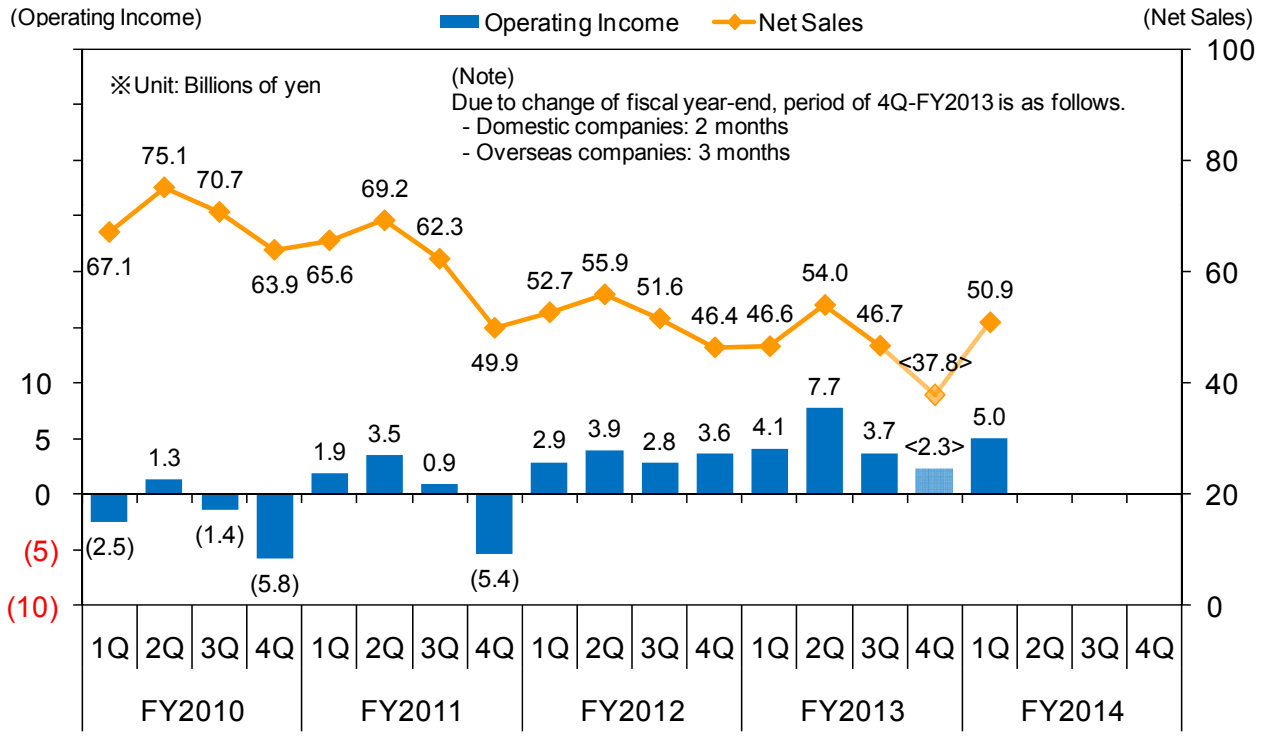
1. 1H-FY2014 Consolidated Business Forecasts

(Billions of yen)	Previous Forecast (2014.02.14)	Revised Forecast (2014.05.15)	Change	
Net Sales	102.0	**107.0**	+5.0	
Operating Income	9.0	**12.0**	+3.0	
Non-operating Income and Expenses	(2.5)	**(2.0)**	+0.5	
Ordinary Income	6.5	**10.0**	+3.5	
Extraordinary Income and Expenses	-	**-**	-	
Income Taxes and Minority Interests	(2.0)	**(2.5)**	(0.5)	<Reference> Annual Forecast
Net Income	4.5	**7.5**	+3.0	
Capital Expenditure (Acceptance basis)	5.0	**5.0**	+0.0	12.0
Depreciation	9.5	**9.5**	+0.0	20.0
EBITDA (Note)	19.0	**22.0**	+3.0	
Exchange Rate (¥/US$)	103.0	**103.0**	+0.0	

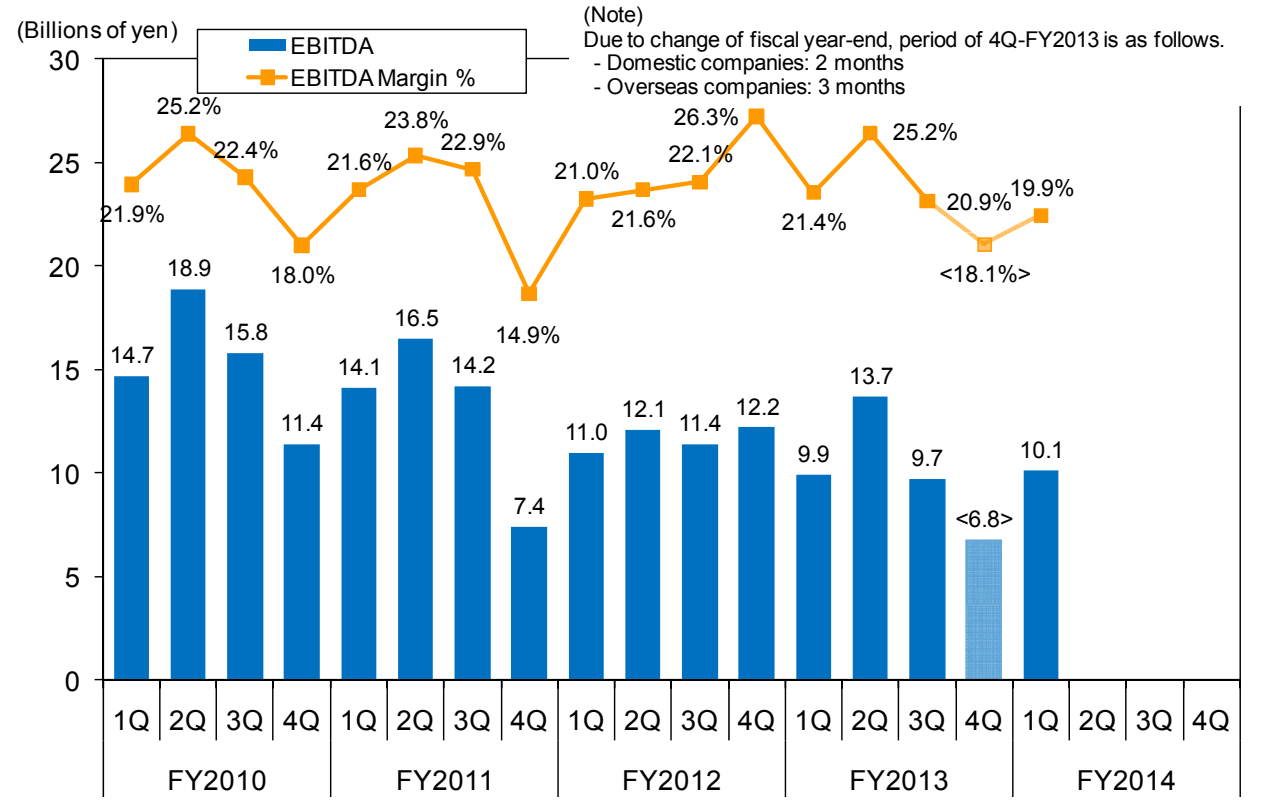
(Note) EBITDA = Operating Income + Depreciation + Amortization of Goodwill

Reference Materials

Reference Materials: Quarterly Results



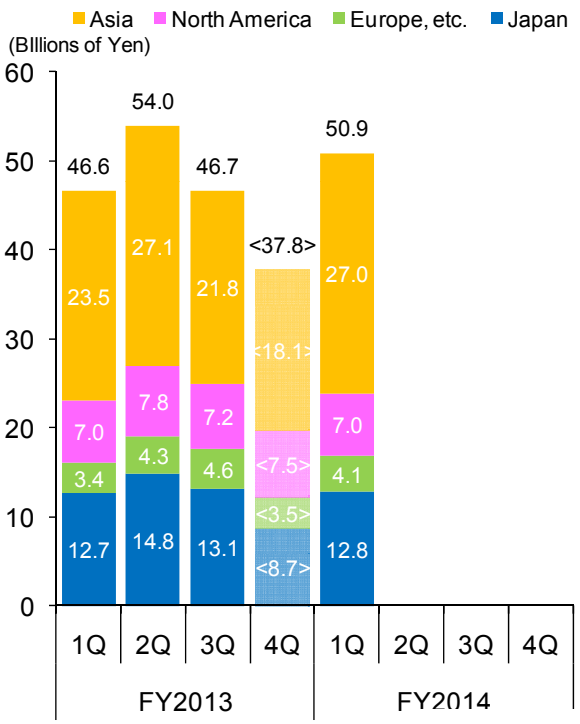
Reference Materials: EBITDA



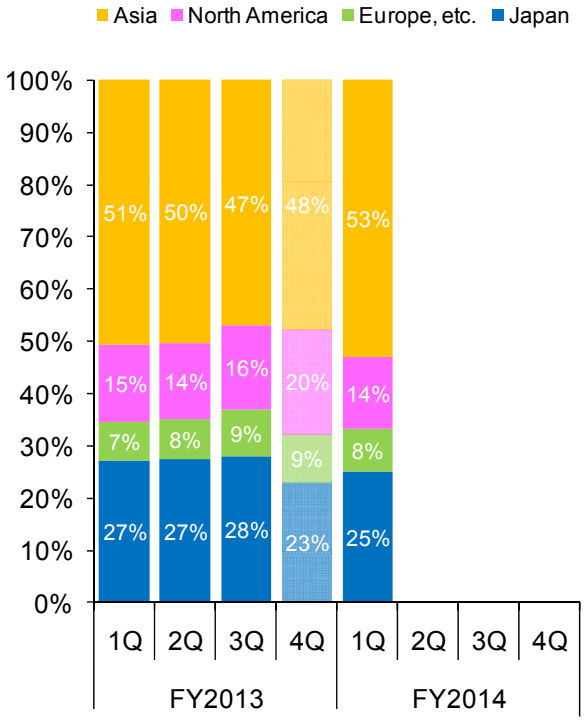
（Note）EBITDA = Operating Income + Depreciation + Amortization of goodwill

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/