Brief Statement on Consolidated Financial Results for the Third Quarter (ended September 30, 2014) of Fiscal Year 2014 (ending December 31, 2014) [Japanese Accounting Standards]

November 7, 2014

Company name: SUMCO Corporation
TSE First Section
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Scheduled date of filing of quarterly security report: November 14, 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 Third Quarter (January 1, 2014 – September 30, 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)	(%)
3Q of FY2014	167,455	—	19,850	—	16,798	—	12,751	—
3Q of FY2013	147,365	(8.0)	15,573	61.7	5,685	(25.6)	382	137.8

Note: Comprehensive income
3Q of FY2014: 17,056 million yen (—%); 3Q of FY2013: 11,147 million yen (383.9%)

	Net income per share for quarter (yen)	Diluted net income per share for quarter (yen)
3Q of FY2014	46.21	41.63
3Q of FY2013	(1.78)	—

(Note) The period of the third quarter of fiscal year 2014 (January 1, 2014 – September 30, 2014) is changed from that of fiscal year 2013 (February 1, 2013 – October 31, 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 (%)
3Q of FY2014	502,892	210,220	36.0
FY2013	498,522	194,836	33.7

(Reference) Shareholders' equity: 3Q of FY2014: 181,058 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	—	0.00	—		
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 the Fiscal Year 2014
(January 1, 2014 – December 31, 2014)

(Percentage figures represent changes from previous year)

	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)
Full year	221,000	—	24,500	—	20,000	—	14,500	—	51.89

Note: (1)Revisions to consolidated business forecasts made during the quarter under review: Yes
(2)SUMCO discloses forecasts for the forthcoming quarter only. Please see "Explanation of Business Forecasts" on page 2 of Supplementary Materials.
(3)SUMCO changed its fiscal year-end and the fiscal year 2013 was the eleven month transitional period (February 1, 2013 – December 31, 2013). Therefore changes from previous year are not shown.

*** 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 third quarter of FY2014; 257,751,739 shares as of end of FY2013
[2] Treasury stock as of the end of period:
5,946 shares as of the end of third quarter of FY2014; 5,826 shares as of end of FY2013
[3] Average number of shares during period (fiscal year-to-date):
257,745,852 shares during the third quarter of FY2014; 257,746,183 shares during the third 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 not 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 November 7, 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 Third Quarter of Fiscal Year 2014

(1) Explanation of Business Results

Based on the outlook for major customers, the silicon wafer market for semiconductors was initially expected to soften during the three-month period ended September 30, 2014, due to inventory adjustment. However, contrary to expectations, inventory adjustment did not occur and demand remained as strong as in the preceding three-month period. Demand for 300 mm silicon wafers was firm, supported by demand for new smartphone models, PC sales that bottomed out, and demand for game equipment. Demand for small-diameter wafers of 200 mm or less was also firm thanks to strong demand primarily for automobile, communication, 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 167,455 million yen, operating income of 19,850 million yen, ordinary income of 16,798 million yen and net income of 12,751 million yen.

(2) Explanation of Business Forecasts

Due to the reasons described below, it is difficult for the SUMCO Group to formulate reasonable business forecasts for half-year and full-year. Consequently, SUMCO has adopted the policy of disclosing business forecasts for the forthcoming quarter only.

Reasons of Disclosure Policy

- The semiconductor industry in which the Group operates is characterized by volatile, drastically changes in the business environment over a short period of time.
- The Group operates in a single segment, which is the high-purity silicon business, and is significantly impacted by the above-mentioned changes in the business environment.
- The semiconductor manufacturers who are the Group's customers almost without exception disclose forecasts for the forthcoming quarter only and do not disclose half-year and full-year forecasts. Some present only qualitative information.

Due to inventory adjustment, some decrease in demand is expected for silicon wafers for semiconductors during the three-month period ending December 31, 2014. However, the adjustment for 300 mm wafers is anticipated to be slight.

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

SUMCO announces its consolidated business forecasts for the fiscal year 2014 as follows.

Consolidated Business Forecasts for the fiscal year 2014 (January 1, 2014 – December 31, 2014)

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Net income per share (yen)
Previous Forecasts (A)	—	—	—	—	—
Revised Forecasts (B)	221,000	24,500	20,000	14,500	51.89
Changes (B-A)	—	—	—	—	—
Rate of changes (%)	—	—	—	—	—
(Reference) Results for FY2013 (Eleven months)	185,105	17,801	7,065	715	(1.22)

(Notes)

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.

SUMCO changed its fiscal year-end and the fiscal year 2013 was the eleven month transitional period (February 1, 2013 – December 31, 2013).

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(millions of yen)

	End of FY2013 (December 31, 2013)	End of 3Q of FY2014 (September 30, 2014)
Assets		
Current assets		
Cash and time deposits	31,363	36,166
Notes and accounts receivable – trade	30,806	38,286
Marketable securities	31,500	30,800
Finished products	14,750	15,161
Work in process	12,189	13,256
Raw materials and supplies	115,719	117,119
Other	7,940	7,087
Allowance for doubtful accounts	(11)	(12)
Total current assets	244,259	257,866
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,804	89,023
Machinery, equipment and vehicles, net	51,976	51,354
Land	20,279	20,289
Construction in progress	8,133	6,629
Other, net	600	668
Total property, plant and equipment	173,794	167,964
Intangible assets		
Goodwill	13,573	12,330
Other	2,289	2,715
Total intangible assets	15,862	15,045
Investments and other assets		
Investment securities	119	81
Long-term advance payments	54,306	51,838
Deferred income tax assets	5,623	4,940
Other	4,953	5,524
Allowance for doubtful accounts	(396)	(368)
Total investments and other assets	64,606	62,016
Total non-current assets	254,263	245,026
Total assets	498,522	502,892

(millions of yen)

	End of FY2013 (December 31, 2013)	End of 3Q of FY2014 (September 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,952	24,671
Short-term borrowings	89,110	71,387
Current portion of long-term lease obligations	3,727	707
Accrued income taxes	477	787
Reserve for bonuses	2,016	2,138
Other	9,955	13,169
Total current liabilities	135,238	112,862
Long-term liabilities		
Long-term debt	143,841	155,160
Long-term lease obligations	2,159	1,717
Liability for retirement benefits	17,505	18,048
Other	4,941	4,883
Total long-term liabilities	168,447	179,809
Total liabilities	303,686	292,671
Equity		
Shareholders' equity		
Capital stock	136,607	136,607
Capital surplus	15,676	15,676
Retained earnings	15,924	27,408
Treasury stock	(9)	(9)
Total shareholders' equity	168,198	179,682
Accumulated other comprehensive income (loss)		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	—	(0)
Land revaluation surplus	2,671	2,670
Foreign currency translation adjustments	(2,675)	(1,161)
Postretirement liability adjustments for foreign consolidated subsidiaries	(143)	(133)
Total accumulated other comprehensive income (loss)	(147)	1,375
Minority interests	26,785	29,162
Total equity	194,836	210,220
Total liabilities and equity	498,522	502,892

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

(Consolidated Statement of Income)

(millions of yen)

	3Q of FY2013 (February 1, 2013– October 31, 2013)	3Q of FY2014 (January 1, 2014– September 30, 2014)
Net sales	147,365	167,455
Cost of sales	116,298	130,264
Gross profit	31,067	37,191
Selling, general and administrative expenses	15,494	17,341
Operating income	15,573	19,850
Non-operating income		
Interest income	25	27
Dividend income	16	20
Gain on sales of materials	5	156
Insurance income	40	88
Reward income	—	47
Other	348	66
Total non-operating income	435	406
Non-operating expenses		
Interest expense	2,570	2,737
Foreign exchange loss	5,847	132
Other	1,905	588
Total non-operating expenses	10,323	3,458
Ordinary income	5,685	16,798
Extraordinary loss		
Loss incurred from business restructuring	2,658	—
Total extraordinary loss	2,658	—
Income before income taxes and minority interests	3,027	16,798
Income taxes	1,460	1,970
Net income before minority interests	1,566	14,827
Minority interests	1,183	2,075
Net income	382	12,751

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	3Q of FY2013 (February 1, 2013– October 31, 2013)	3Q of FY2014 (January 1, 2014– September 30, 2014)
Net income before minority interests	1,566	14,827
Other comprehensive income		
Net unrealized loss on available-for-sale securities	(0)	(0)
Deferred (loss) gain on derivatives under hedge accounting	3,515	(0)
Foreign currency translation adjustments	6,343	2,208
Postretirement liability adjustments for foreign consolidated subsidiaries	(277)	19
Total other comprehensive income	9,581	2,228
Comprehensive income	11,147	17,056
Total comprehensive income attributable to:		
Owners of the parent	7,797	14,275
Minority interests	3,350	2,780

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

Not applicable