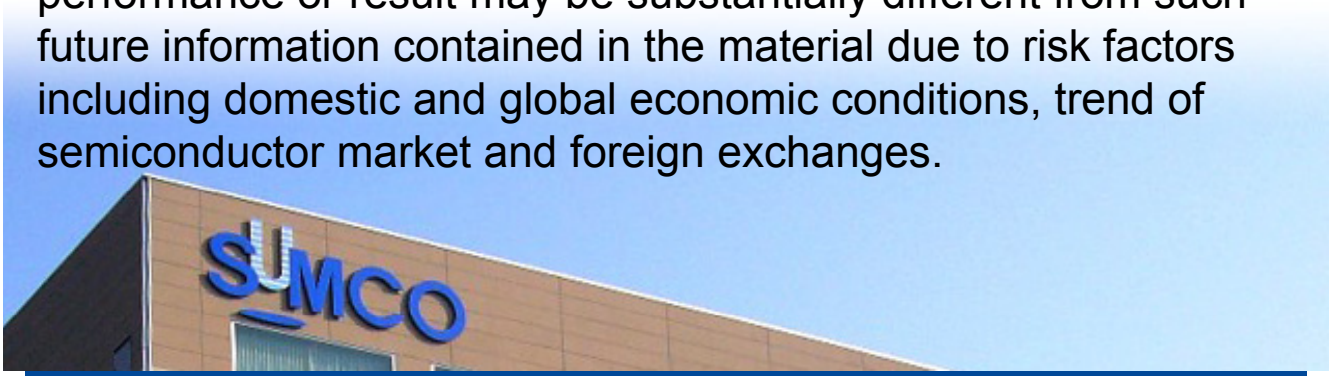
Results for Third Quarter of FY2014 (Ended September 30, 2014)

November 7, 2014
SUMCO Corporation
（Code：3436）

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 and Market Environment
- 3Q-FY2014 Consolidated Business Results
  1. Summary of Consolidated Business Results
  2. Analysis of Changes in Operating Income
  3. Consolidated Balance Sheet
  4. Consolidated Cash-Flow
- 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

3Q-FY2014 Consolidated Business Results

(Billions of Yen)

	3Q-2014 Forecast (Jan - Sep)	3Q-2014 Actual (Jan - Sep)	Change
Net Sales	164.0	167.4	+3.4
Operating Income	18.5	19.8	+1.3
Ordinary Income	15.0	16.7	+1.7
Net Income	11.0	12.7	+1.7

FY2014 Consolidated Business Forecasts

(Billions of Yen)

	2013 Actual (11 months)	2014 Forecast (12 months)	Change
Net Sales	185.1	221.0	+35.9
Operating Income	17.8	24.5	+6.7
Ordinary Income	7.0	20.0	+13.0
Net Income	0.7	14.5	+13.8

※ Forecasts of 4Q-2014 are calculated at the rate of 107 yen per US$.

Market Environment in 3Q-FY2014

✔ Based on the outlook for major customers, silicon wafer market for 3Q was initially expected to soften, due to inventory adjustment.
However, contrary to expectations, inventory adjustment did not occur and demand remained as strong as in the preceding quarter.

4Q-FY2014 Outlook

✔ Due to inventory adjustment, some decrease in demand is expected for silicon wafers during 4Q.

✔ The adjustment for 300mm wafers is anticipated to be slight.

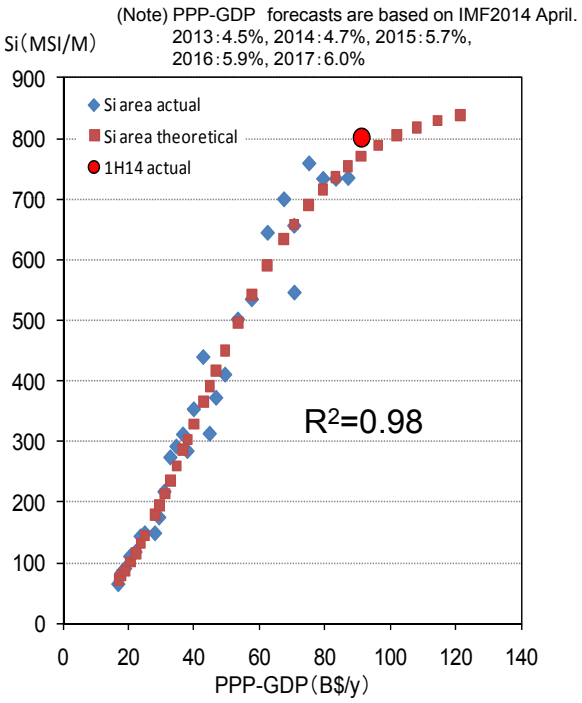
✔ SUMCO is scheduling periodic maintenance during 4Q.
Consequently, sales will be constrained by output volume.

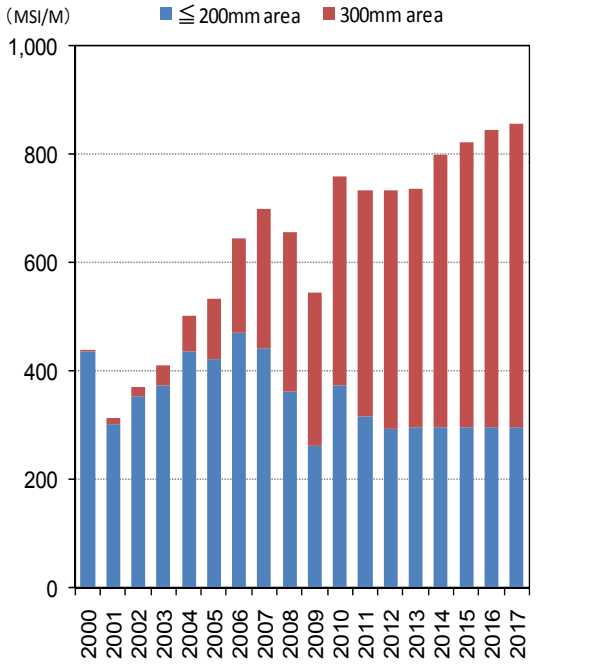
FY2015 Outlook

✔ Semiconductor makers are likely to increase capacity to meet demand growth.
This is expected to further tighten supply conditions for wafers.

2-2. Si Forecast based on Macro Economy Index

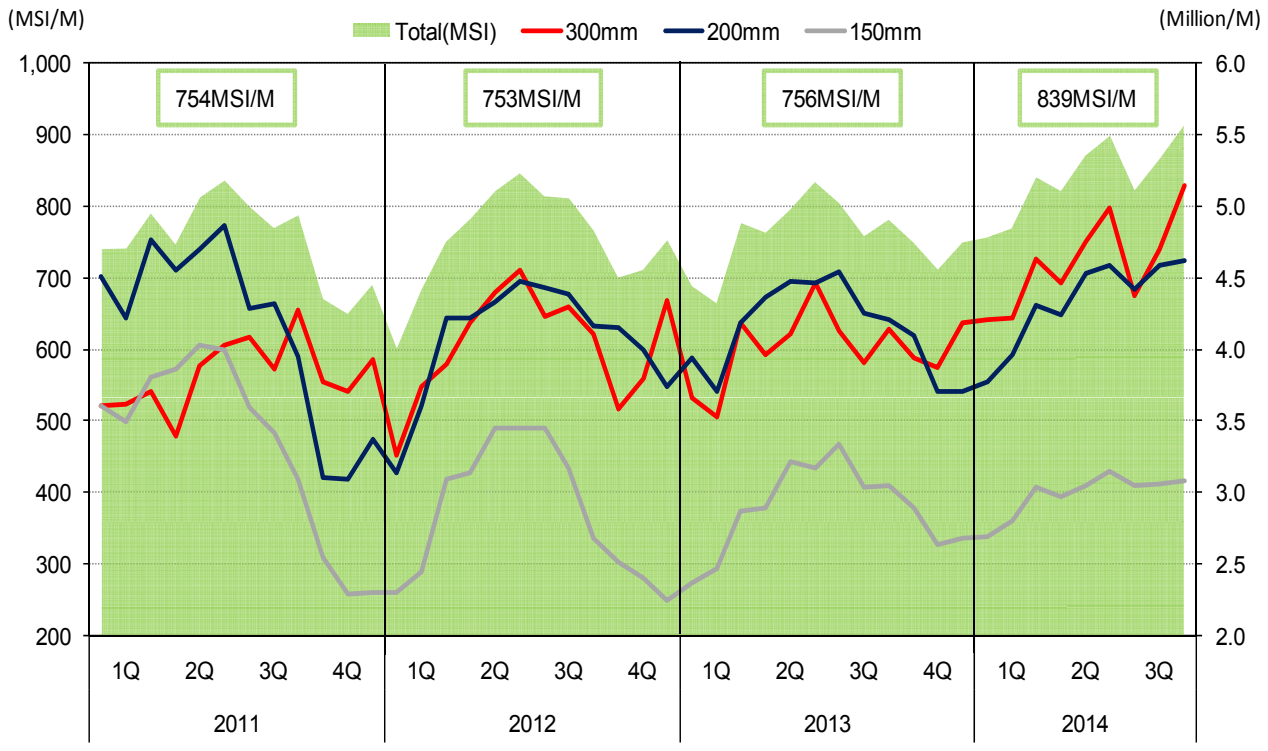
- ✔ There are good correlation between PPP-GDP and Si Area（R2=0.98）.
- ✔ Silicon Wafer demand will increase with PPP-GDP growth.





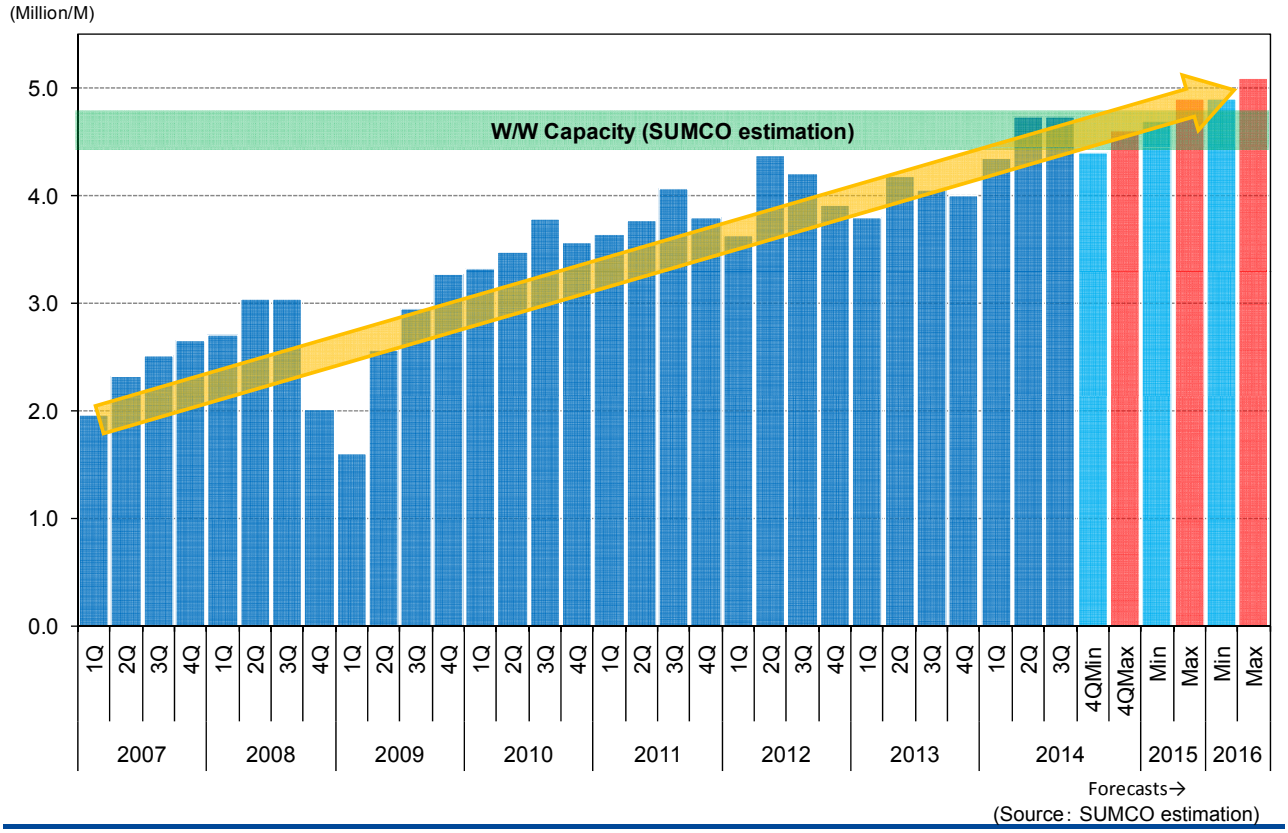
(Source：SUMCO)

2-3. Silicon Wafer Shipment (W/W)



(Source：SUMCO)

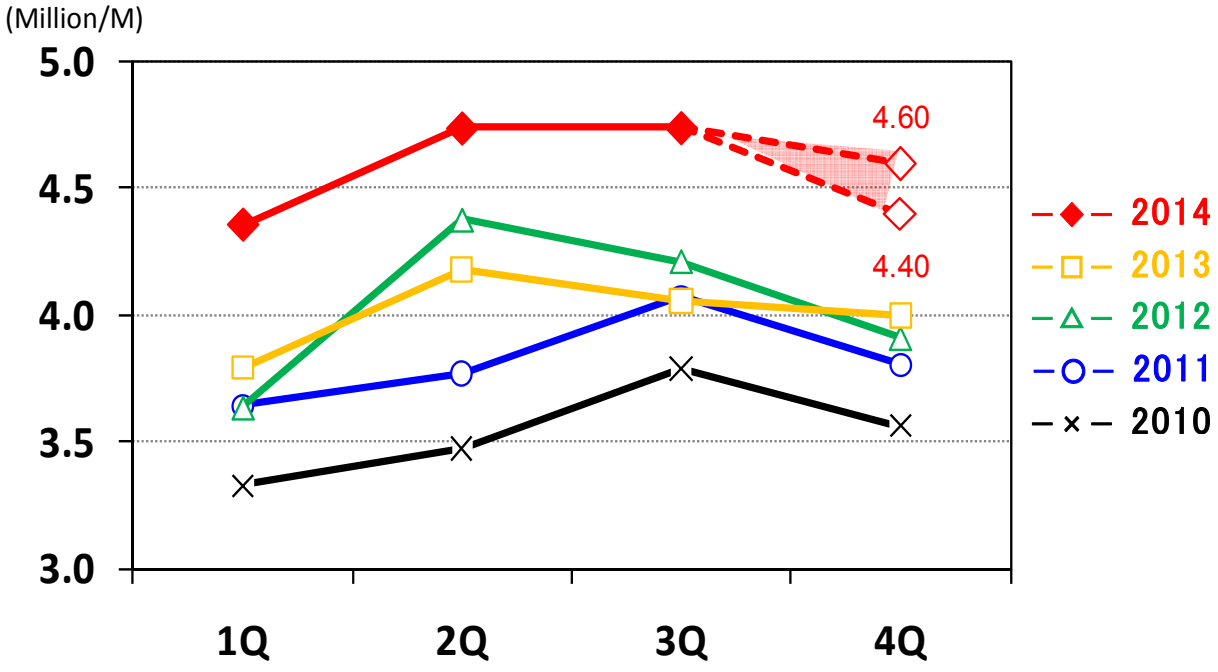
2-4. 300mm Wafer Demand



(Source: SUMCO estimation)

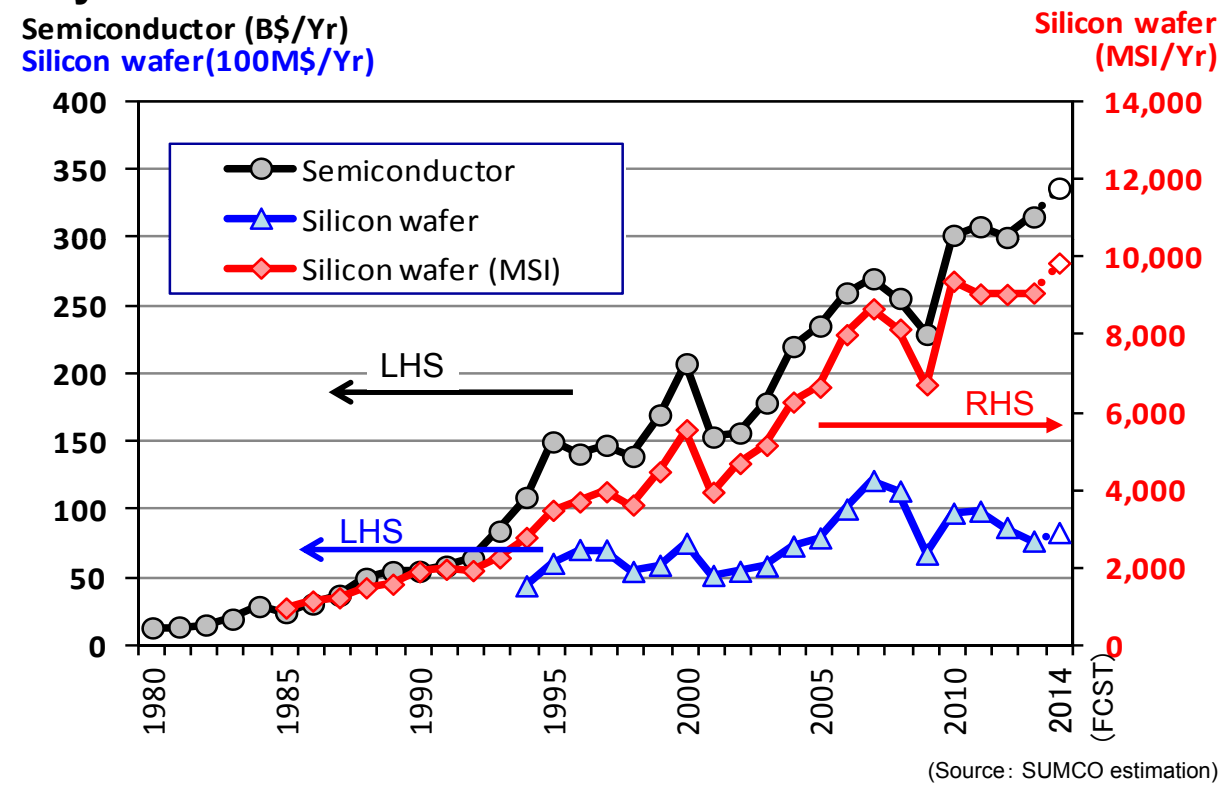
2-5. Seasonality

Seasonality of 300mm Wafer



(Source: SUMCO estimation)

Only a 3% of Semi Market is Si Wafer



(Source: SUMCO estimation)

3Q-FY2014
Consolidated Business Results

Michiharu Takii,
Executive Vice President and CFO

1. Summary of Consolidated Business Results

(Billions of Yen)

	3Q-2013 Actual (Feb-Oct)	3Q-2014 Actual 1Q	2Q	3Q	Total (Jan-Sep)	Change
Net Sales	147.3	50.9	58.1	58.4	167.4	+20.1
Operating Income	15.5	5.0	7.6	7.2	19.8	+4.3
Non-operating Income and Expenses	(9.9)	(1.0)	(1.3)	(0.8)	(3.1)	+6.8
Ordinary Income	5.6	4.0	6.3	6.4	16.7	+11.1
Extraordinary Income and Expenses (Note 1)	(2.6)	-	-	-	-	+2.6
Income Taxes and Minority Interests	(2.7)	(1.2)	(1.3)	(1.5)	(4.0)	(1.3)
Net Income	0.3	2.8	5.0	4.9	12.7	+12.4
Capital Expenditure (Acceptance basis)	5.9	2.5	2.0	3.4	7.9	+2.0
Depreciation	16.7	4.7	4.5	5.0	14.2	(2.5)
EBITDA (Note 2)	33.3	10.1	12.5	12.6	35.2	+1.9
Exchange Rate (¥/US$)	96.5	103.2	102.4	102.6	102.7	+6.2

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

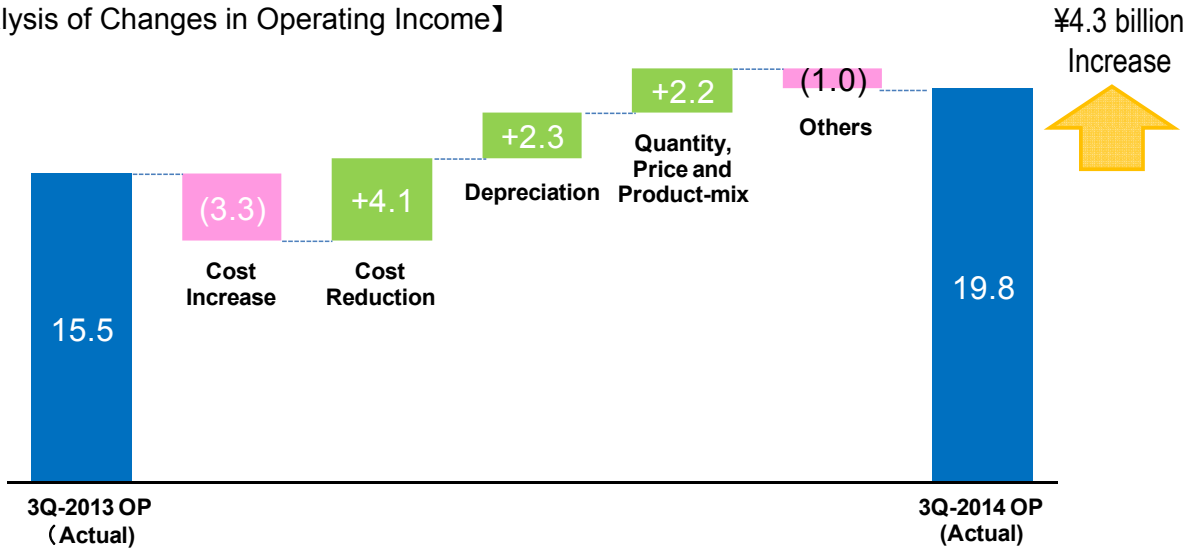
2-1. Analysis of Changes in Operating Income

■ 3Q-FY2013 (9 months)→ 3Q-FY2014 (9 months)

(Billions of Yen)

	3Q-2013 (Feb-Oct)	3Q-2014 (Jan-Sep)	Change
Net Sales	147.3	167.4	+20.1
Operating Income	15.5	19.8	+4.3
Exchange Rate (¥/$)	96.5	102.7	+6.2

【Analysis of Changes in Operating Income】



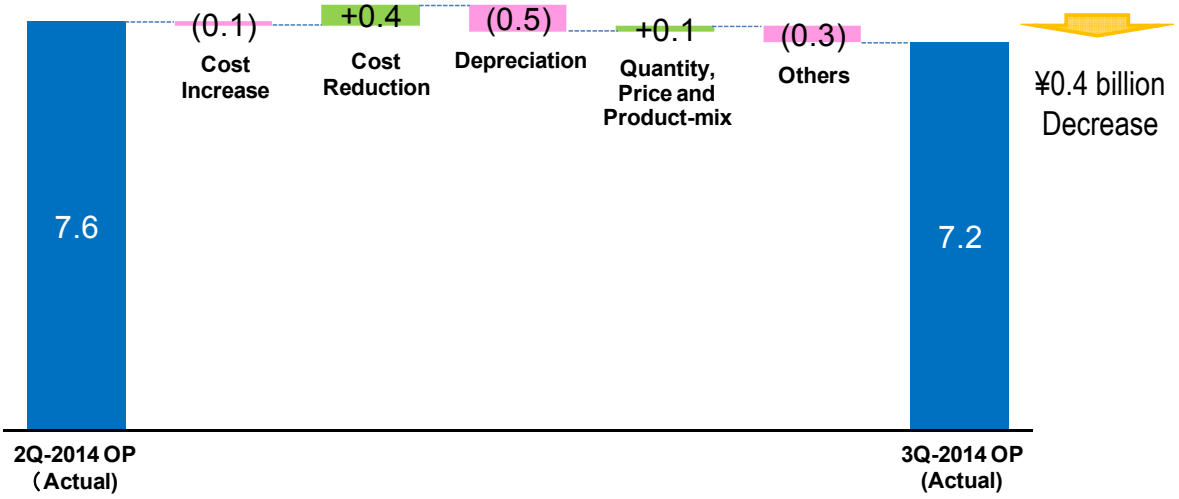
2-2. Analysis of Changes in Operating Income

■ 2Q-FY2014 → 3Q-FY2014

(Billions of Yen)

	2Q-2014 Actual	3Q-2014 Actual	Change
Net Sales	58.1	58.4	+0.3
Operating Income	7.6	7.2	(0.4)
Exchange Rate (¥/$)	102.4	102.6	+0.2

【Analysis of Changes in Operating Income】



3. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2013	End of Sep-2014	Change
Cash and time deposits	62.8	66.9	+4.1
Inventories	142.6	145.5	+2.9
Tangible and intangible assets	189.6	183.0	(6.6)
Deferred income tax assets	5.7	5.1	(0.6)
Other assets	97.8	102.3	+4.5
Total Assets	498.5	502.8	+4.3
Debt and borrowings	238.8	228.9	(9.9)
Other liabilities	64.9	63.7	(1.2)
Liabilities	303.7	292.6	(11.1)
Capital stock	136.6	136.6	-
Capital surplus	15.6	15.6	-
Retained earnings	15.9	27.4	+11.5
Others	26.7	30.6	+3.9
Equity	194.8	210.2	+15.4
Shareholders' equity ratio	33.7%	36.0%	+2.3%
Equity per share (¥)	473.4	524.6	+51.2
D/E ratio (gross)	1.4	1.3	(0.1)
D/E ratio (net)	1.0	0.9	(0.1)

4. Consolidated Cash-Flow

(Billions of Yen)

	3Q-FY2014 (9 months)
Income before income taxes and minority interests	16.7
Depreciation	14.2
Subtotal	30.9
Increase in inventories	0.0
Changes in working capital, etc.	(9.6)
Net cash provided by operating activities	21.3
Capital expenditure (Acceptance basis)	(7.9)
Others, net	1.5
Net cash used in investing activities	(6.4)
Free cash-flow	14.9

FY2014
Consolidated Business Forecasts

1. FY2014 Consolidated Business Forecasts

(Billions of Yen)

(Billions of yen)	FY2013 Actual (11 months)	FY2014 Forecast 1Q Actual	2Q Actual	3Q Actual	4Q FCST	Total (12 months)	Change
Net Sales	185.1	50.9	58.1	58.4	53.6	221.0	+35.9
Operating Income	17.8	5.0	7.6	7.2	4.7	24.5	+6.7
Non-operating Income and Expenses	(10.8)	(1.0)	(1.3)	(0.8)	(1.4)	(4.5)	+6.3
Ordinary Income	7.0	4.0	6.3	6.4	3.3	20.0	+13.0
Extraordinary Income and Expenses (Note 1)	(2.6)	-	-	-	-	-	+2.6
Income Taxes and Minority Interests	(3.7)	(1.2)	(1.3)	(1.5)	(1.5)	(5.5)	(1.8)
Net Income	0.7	2.8	5.0	4.9	1.8	14.5	+13.8
Capital Expenditure (Acceptance basis)	7.2	2.5	2.0	3.4	2.6	10.5	+3.3
Depreciation	21.0	4.7	4.5	5.0	5.3	19.5	(1.5)
EBITDA (Note 2)	40.1	10.1	12.5	12.6	10.3	45.5	+5.4
Exchange Rate (¥/US$)	97.1	103.2	102.4	102.6	107.0	103.8	+6.7

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

2-1. Analysis of Changes in Operating Income

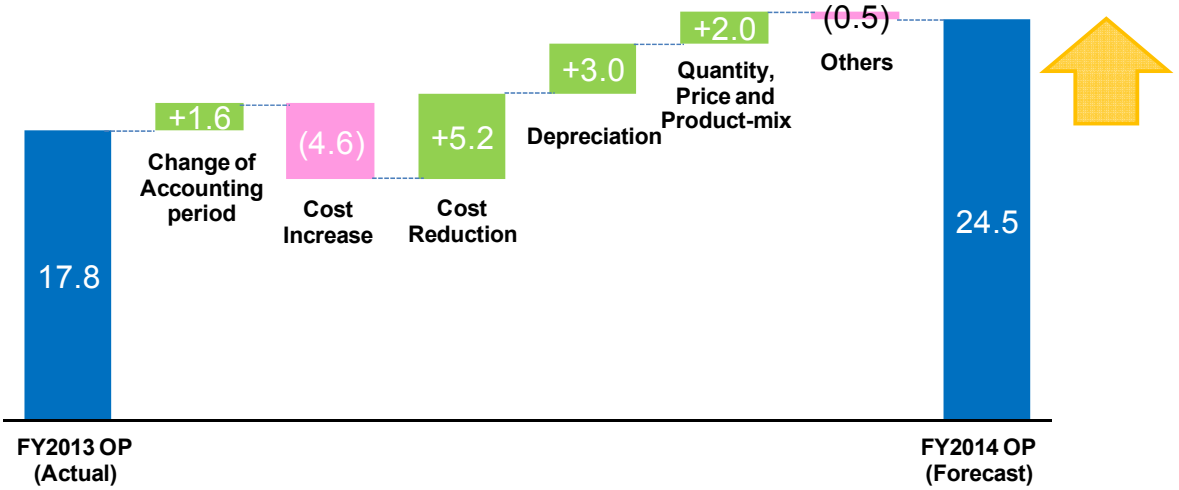
■ FY2013 Actual → FY2014 Forecast

(Billions of Yen)

	FY2013 (11 months)	FY2014 (12 months)	Change
Net Sales	185.1	221.0	+35.9
Operating Income	17.8	24.5	+6.7
Exchange Rate (¥/$)	97.1	103.8	+6.7

¥6.7 billion Increase

【Analysis of Changes in Operating Income】



2-2. Analysis of Changes in Operating Income

■ 3Q-FY2013 Actual → 4Q-FY2014 Forecast

(Billions of Yen)

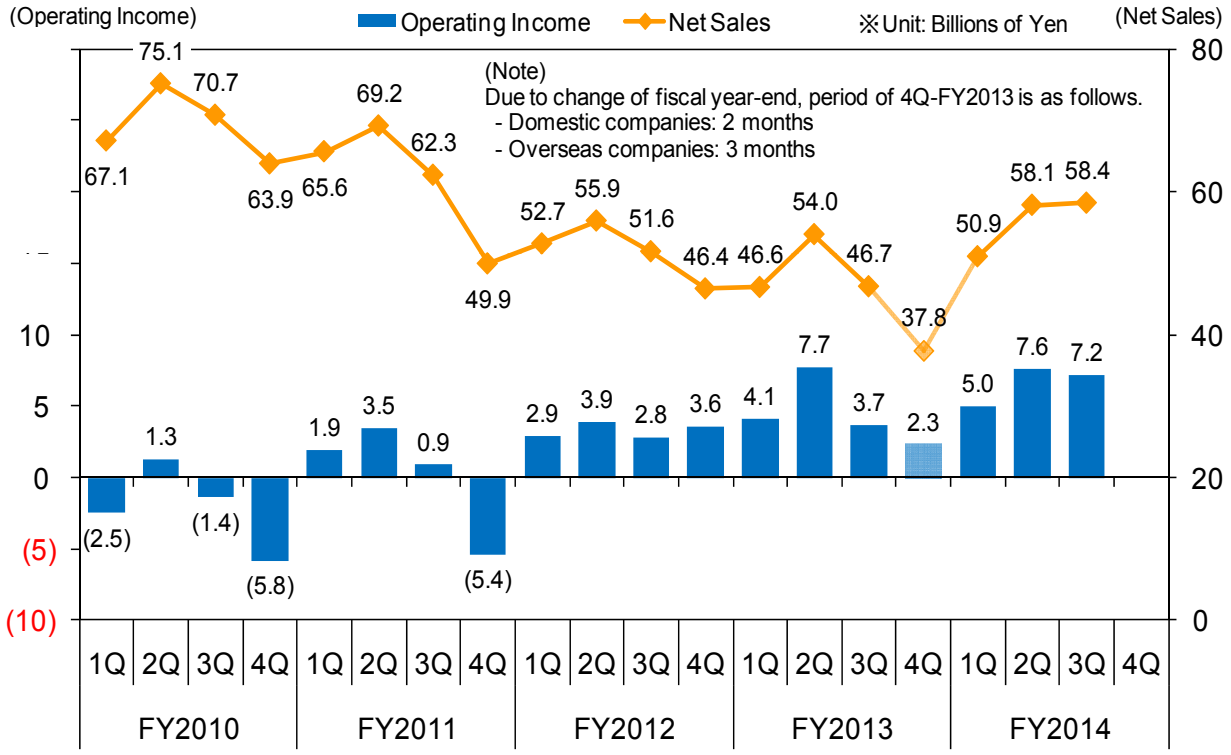
	3Q-FY2014 Actual	4Q-FY2014 Forecast	Change
Net Sales	58.4	53.6	(4.8)
Operating Income	7.2	4.7	(2.5)
Exchange Rate (¥/$)	102.6	107.0	+4.4

【Analysis of Changes in Operating Income】

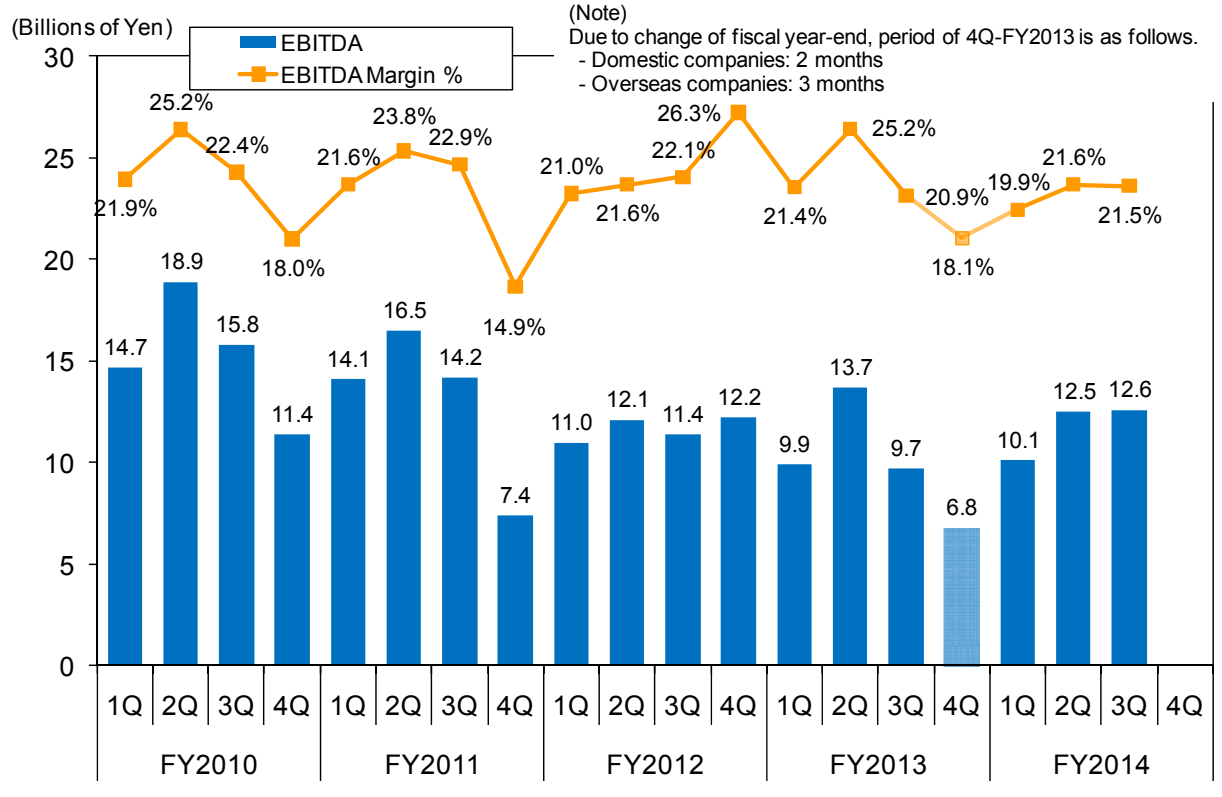


Reference Materials

Reference Materials: Quarterly Results



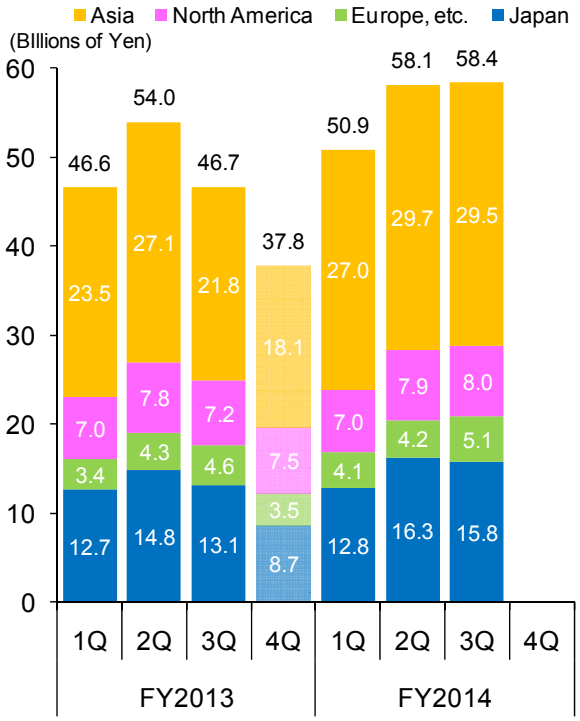
Reference Materials: EBITDA



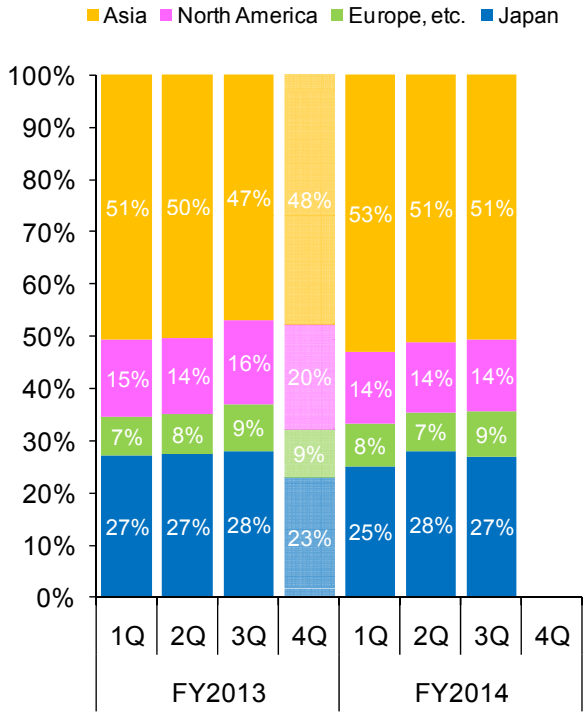
（Note） EBITDA = Operating Income + Depreciation + Amortization of goodwill

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/