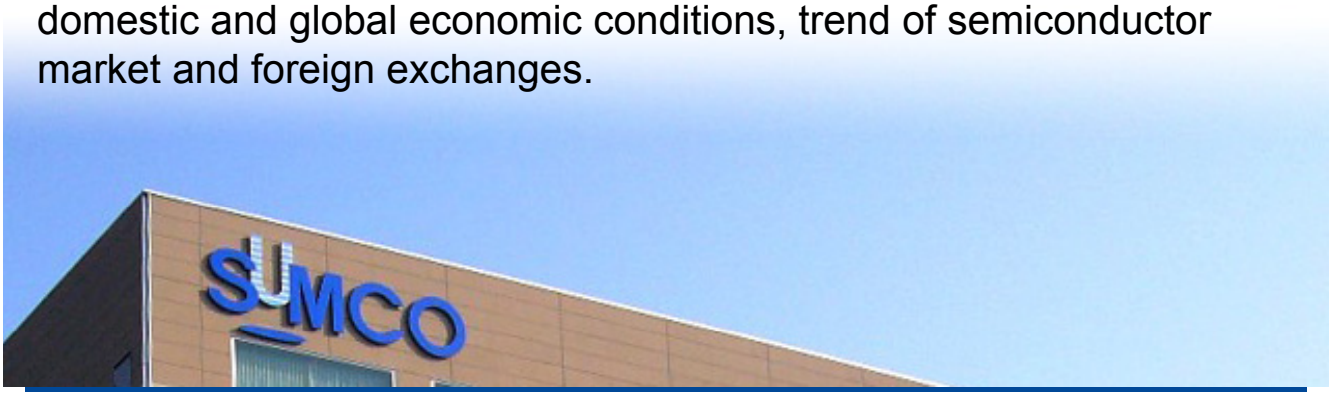
Results for First Quarter of FY2015 (Ended March 31, 2015)

May 14, 2015
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 (which includes our subjective judgment) 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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- Reference Materials



Summary and Market Environment

Mayuki Hashimoto,
President and CEO

1. Summary

1Q-FY2015 Consolidated Business Results

(Billions of Yen)

	1Q-2015 Forecast	1Q-2015 Actual	Change
Net Sales	59.5	60.4	+0.9
Operating Income	8.0	8.8	+0.8
Ordinary Income	6.5	7.4	+0.9
Net Income	4.0	5.1	+1.1
Exchange Rate (¥/$)	118.0	119.4	+1.4

1H-FY2015 Consolidated Business Forecasts

(Billions of Yen)

	1H-2014 Actual	1H-2015 Forecast	Change
Net Sales	109.0	123.0	+14.0
Operating Income	12.6	17.8	+5.2
Ordinary Income	10.3	15.0	+4.7
Net Income	7.8	10.5	+2.7
Exchange Rate (¥/$)	102.7	119.7	+17.0

Completion of Acquisition and Cancellation of Treasury Stock

2-1. Market Environment

Market Environment in 1Q-FY2015

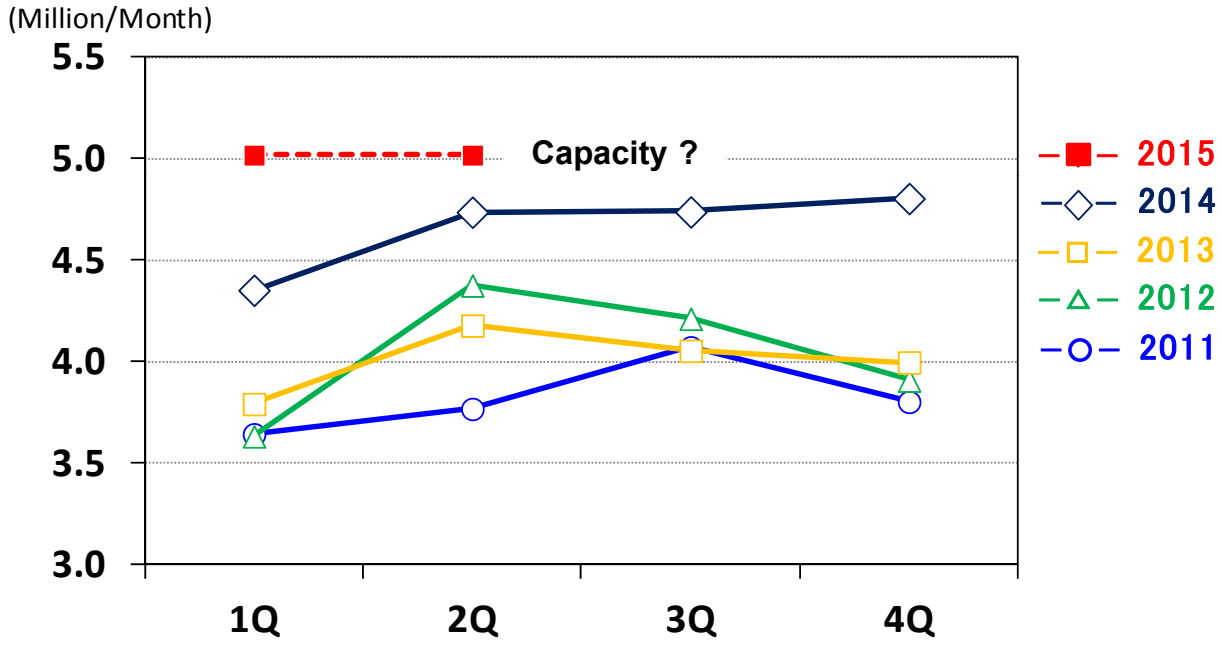
- ✔ Demand for 300mm silicon wafers remained strong.
  (1Q-2015 shipment: more than 5 million/month)
- ✔ Demand for smaller diameter of 200mm or less remained firm.

2Q-FY2015 Outlook

- ✔ Production of 300mm wafers will continue at full capacity, driven by demand for advance products.
- ✔ Demand for 200mm wafers will remain firm.
- ✔ Demand for 150mm wafers will be slightly weaker.

2-2. Seasonality

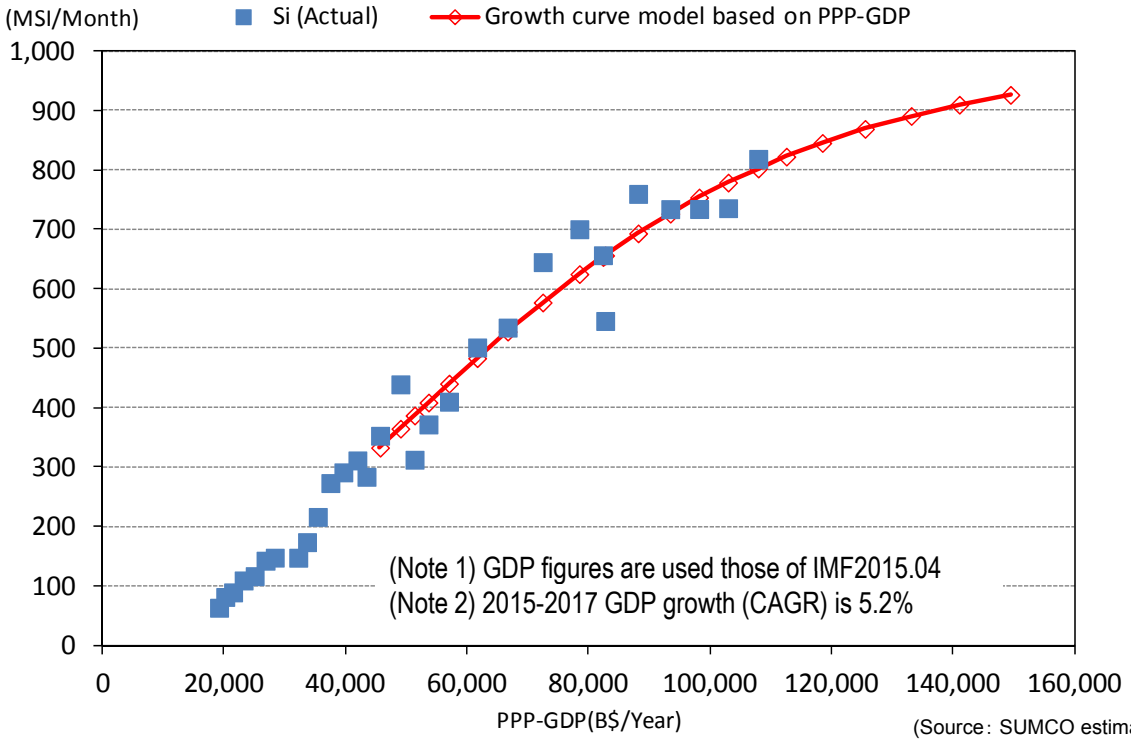
Seasonality of 300mm Wafer



(Source: SUMCO estimation)

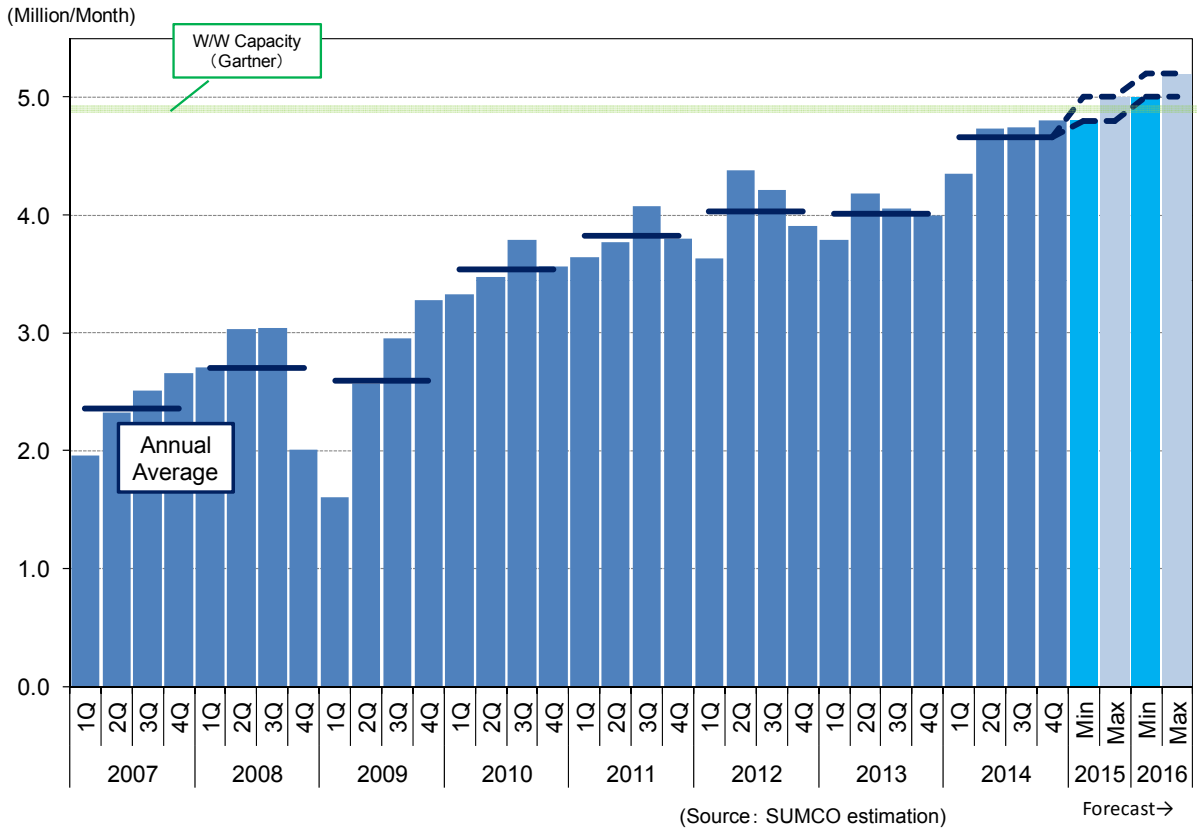
2-3. Mid-term Forecast based on PPP-GDP

Forecast of silicon wafer market by a growth curve model based on GDP after 1999



(Source: SUMCO estimation)

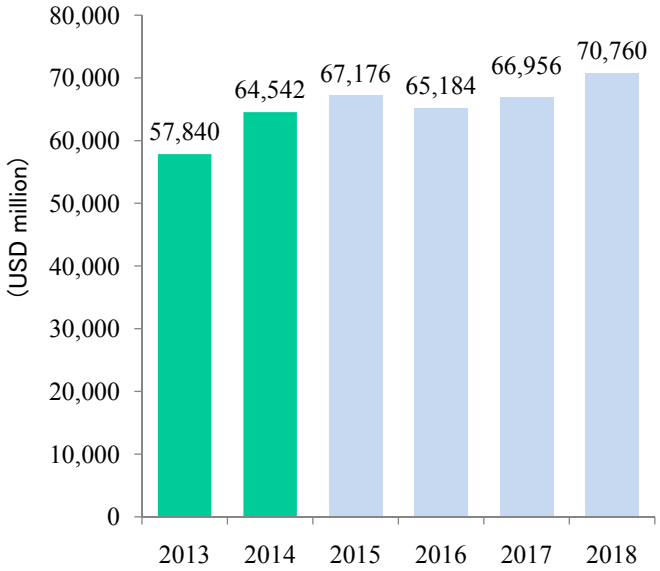
2-4. 300mm Wafer Forecast



2-5. Capital Spending by Device Manufacturers

- **Aggressive capital spending on leading-edge processes in both logic and memory**
- **For memory, various applications including smartphones and servers drive demand, leading to capital spending for capacity expansion**

Worldwide Semiconductor Capital Spending[1]



[1] Source: Gartner Research "Forecast: Semiconductor Capital Spending, Worldwide, 4Q14 Update" (As of December 18, 2014). Graphs generated by SUMCO with Gartner Research Data

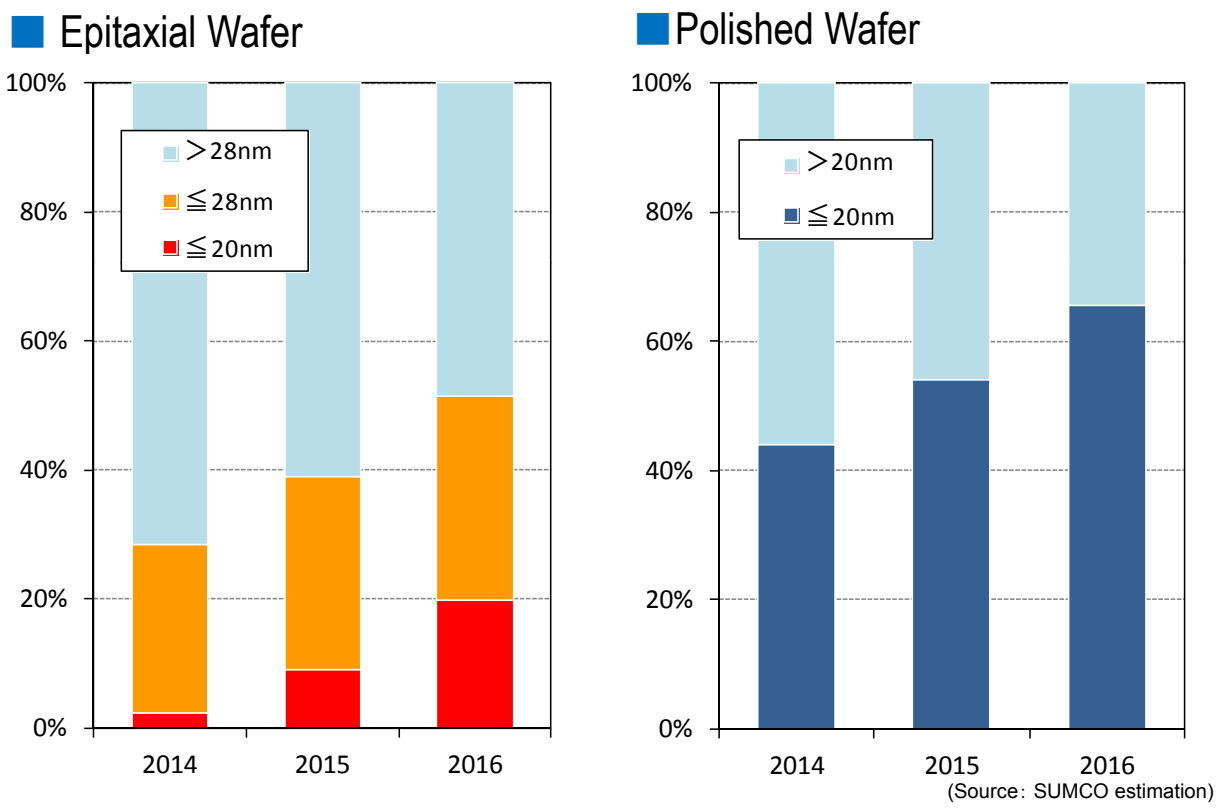
Note: Figures for 2014 to 2018 are Gartner's estimates

Recent Trends by Major Players

Intel	■ 2015 capital spending: $8.2-9.2 bn ■ Expand capacity of 14nm products
Samsung	■ 2015 capital spending: Approx. $15 bn ■ Expand capacity of 14nm logic ■ New investment in DRAM at Hwaseong plant and leading-edge investment in 20nm generations
TSMC	■ 2015 capital spending: $10.5-11.0 bn ■ Build production lines for 16nm generation and invest in development of 10nm genarations
Micron	■ 2015 capital spending: $3.6-4.0 bn ■ Expand Fab 10 and begin production of new memory including 3D-NAND in 2017

(Source: Publicly Available Information)

2-6. Rising Demand for Higher-Precision Wafers

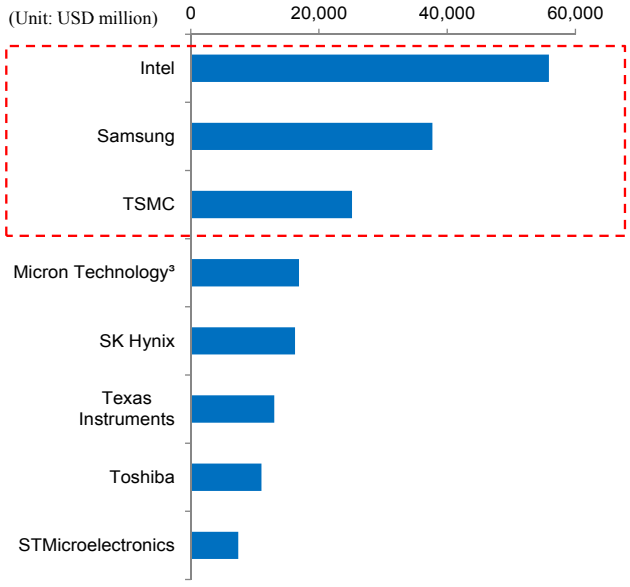


(Source: SUMCO estimation)

2-7. How Customers Evaluate SUMCO

- **SUMCO's strength lies in its collaboration with customers on high-precision wafers based on constructive relationships**
- **The first silicon wafer maker that was awarded simultaneously by Intel, Samsung, and TSMC**

Semiconductor Revenue of Major IDM[1]/Foundries (2014)[2]



High Recognition by Our Customers (2014)

Intel

Supplier Continuous Quality Improvement Award

- **Awarded for the 13th consecutive year and 14th time overall, out of more than 10,000 suppliers (First among all global suppliers)**

Samsung

Samsung Award of Honor (Special Award)

Best Partner Award

- **First silicon maker to receive the Samsung Prize (Special Prize) in 2012, also receiving the Best Partner Award in 2013 for our outstanding contribution to business development**

TSMC

Excellent Performance Award

- **The only silicon wafer maker to win an Excellent Performance Award, out of more than 600 major suppliers**

Source: Company disclosure
Note: Sales numbers of Samsung and Toshiba only include semiconductor business segment
[1] Integrated Device Manufacturers
[2] Average exchange rates for January to December in 2014 were used to translate results in foreign currencies into US dollar ($1=W1,053.6, $1=TW $30.3 and $1=¥105.8)
[3] Sales number of Micron Technology is twelve-month sales from November 29, 2013 to December 4, 2014

1Q-FY2015
Consolidated Business Results

Michiharu Takii,
Executive Vice President and CFO

1. Summary of Consolidated Business Results

(Billions of Yen)

	1Q-2014 Actual	1Q-2015 Actual	Change
Net Sales	50.9	60.4	+9.5
Operating Income	5.0	8.8	+3.8
Non-operating Income and Expenses	(1.0)	(1.4)	(0.4)
Ordinary Income	4.0	7.4	+3.4
Extraordinary Income and Expenses	-	-	-
Income Taxes and Minority Interests	(1.2)	(2.3)	(1.1)
Net Income	2.8	5.1	+2.3
Capital Expenditure (Acceptance basis)	2.5	2.8	+0.3
Depreciation	4.7	5.0	+0.3
EBITDA (Note)	10.1	14.2	+4.1
Exchange Rate (¥/US$)	103.2	119.4	+16.2

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

2-1. Analysis of Changes in Operating Income

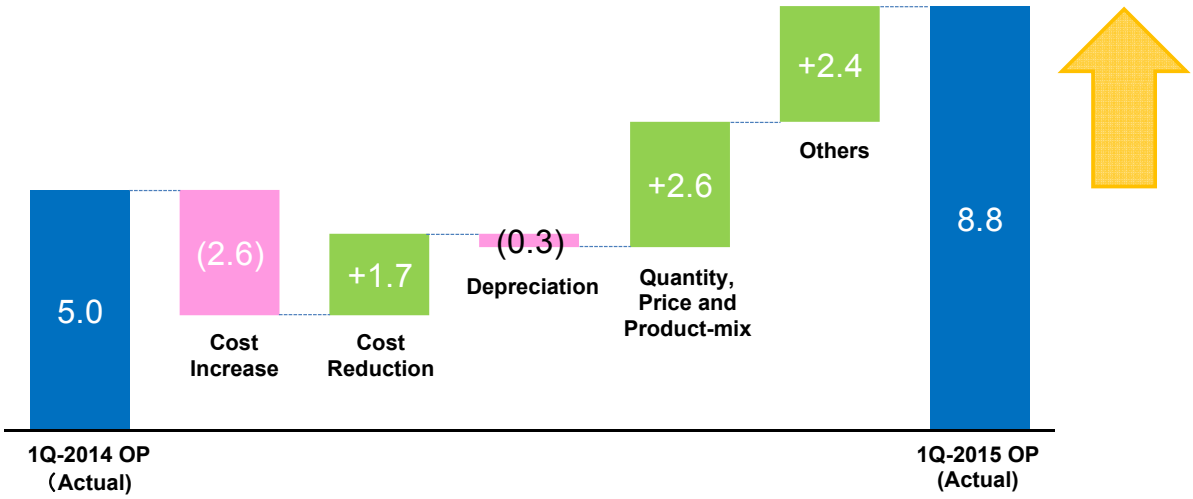
■ 1Q-2014 Actual → 1Q-2015 Actual

(Billions of Yen)

	1Q-2014 Actual	1Q-2015 Actual	Change
Net Sales	50.9	60.4	+9.5
Operating Income	5.0	8.8	+3.8
Exchange Rate (¥/$)	103.2	119.4	+16.2

【Analysis of Changes in Operating Income】

¥3.8 billion Increase



2-2. Analysis of Changes in Operating Income

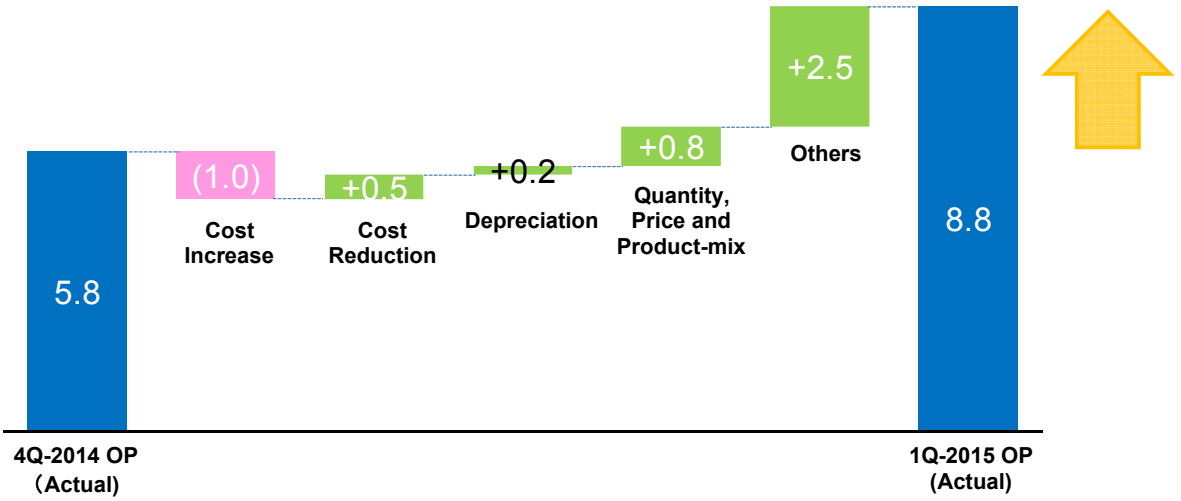
■ 4Q-2014 Actual → 1Q-2015 Actual

(Billions of Yen)

	4Q-2014 Actual	1Q-2015 Actual	Change
Net Sales	57.9	60.4	+2.5
Operating Income	5.8	8.8	+3.0
Exchange Rate (¥/$)	112.3	119.4	+7.1

【Analysis of Changes in Operating Income】

¥3.0 billion Increase



3. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2014	End of Mar-2015	Change
Cash and time deposits	65.7	73.4	+7.7
Inventories	150.8	153.6	+2.8
Tangible and intangible assets	183.6	181.7	(1.9)
Deferred income tax assets	5.2	4.9	(0.3)
Other assets	105.2	102.6	(2.6)
Total Assets	510.5	516.2	+5.7
Debt and borrowings	221.0	226.3	+5.3
Other liabilities	72.8	65.0	(7.8)
Liabilities	293.8	291.3	(2.5)
Capital stock	136.6	136.6	-
Capital surplus	15.6	15.6	-
Retained earnings	30.9	36.8	+5.9
Others	33.6	35.9	+2.3
Equity	216.7	224.9	+8.2
Shareholders' equity ratio	36.2%	37.1%	+0.9%
Equity per share (¥)	538.8	567.6	+28.8
D/E ratio (gross)	1.2	1.2	0.0
D/E ratio (net)	0.8	0.8	0.0

4. Consolidated Cash-Flow

(Billions of Yen)

	1Q-2015
Income before income taxes and minority interests	7.4
Depreciation	5.0
Subtotal	12.4
Increase in inventories	(1.7)
Changes in working capital, etc.	(3.1)
Net cash provided by operating activities	7.6
Capital expenditure (Acceptance basis)	(2.8)
Others, net	(0.4)
Net cash used in investing activities	(3.2)
Free cash-flow	4.4

1H-FY2015
Consolidated Business Forecasts

1. 1H-2015 Consolidated Business Forecasts

(Billions of Yen)

	1H-2014 Actual	1H-2015 Forecast			Change
		1Q Actual	2Q FCT	Total	
Net Sales	109.0	60.4	62.6	123.0	14.0
Operating Income	12.6	8.8	9.0	17.8	5.2
Non-operating Income and Expenses	(2.3)	(1.4)	(1.4)	(2.8)	(0.5)
Ordinary Income	10.3	7.4	7.6	15.0	4.7
Extraordinary Income and Expenses	-	-	-	-	-
Income Taxes and Minority Interests	(2.5)	(2.3)	(2.2)	(4.5)	(2.0)
Net Income	7.8	5.1	5.4	10.5	2.7
Capital Expenditure (Acceptance basis)	4.5	2.8	3.7	6.5	2.0
Depreciation	9.2	5.0	5.5	10.5	1.3
EBITDA (Note)	22.6	14.2	14.8	29.0	6.4
Exchange Rate (¥/US$)	102.7	119.4	120.0	119.7	17.0

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

2-1. Analysis of Changes in Operating Income

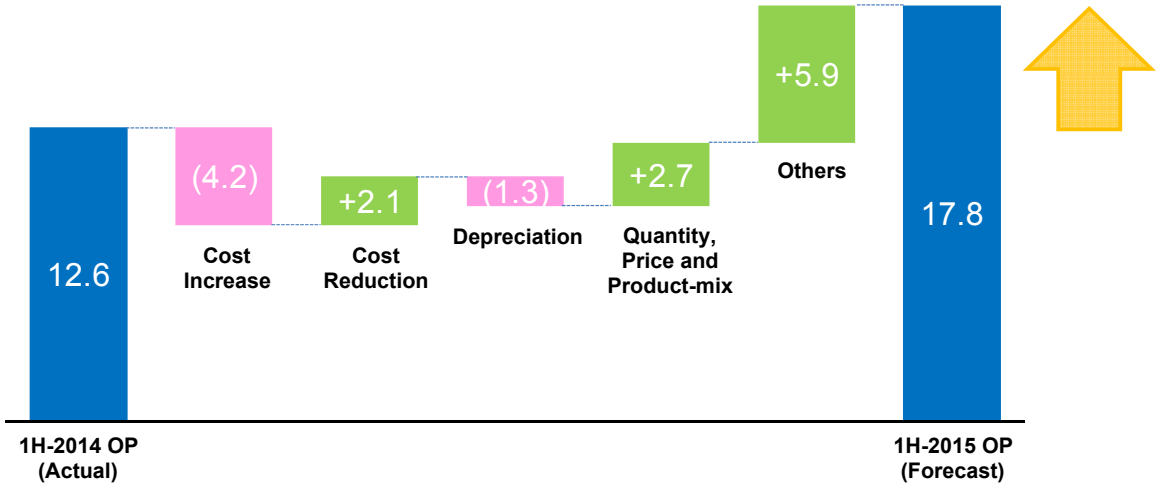
■ 1H-2014 Actual → 1H-2015 Forecast

(Billions of Yen)

	1H-2014 Actual	1H-2015 Forecast	Change
Net Sales	109.0	123.0	+14.0
Operating Income	12.6	17.8	+5.2
Exchange Rate (¥/$)	102.7	119.7	+17.0

¥5.2 billion Increase

【Analysis of Changes in Operating Income】



2-2. Analysis of Changes in Operating Income

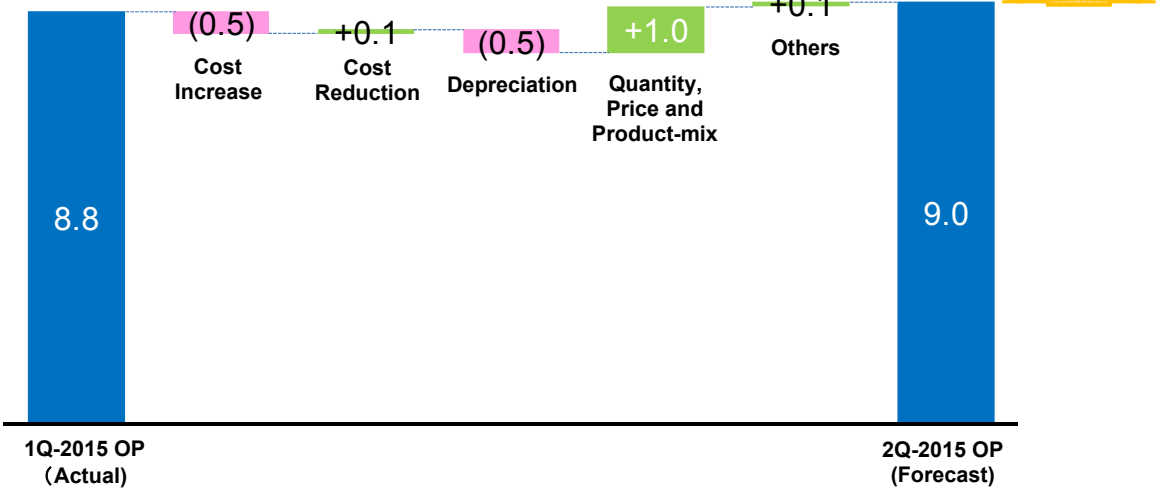
■ 1Q-2015 Actual → 2Q-2015 Forecast

(Billions of Yen)

	1Q-2015 Actual	2Q-2015 Forecast	Change
Net Sales	60.4	62.6	+2.2
Operating Income	8.8	9.0	+0.2
Exchange Rate (¥/$)	119.4	120.0	+0.6

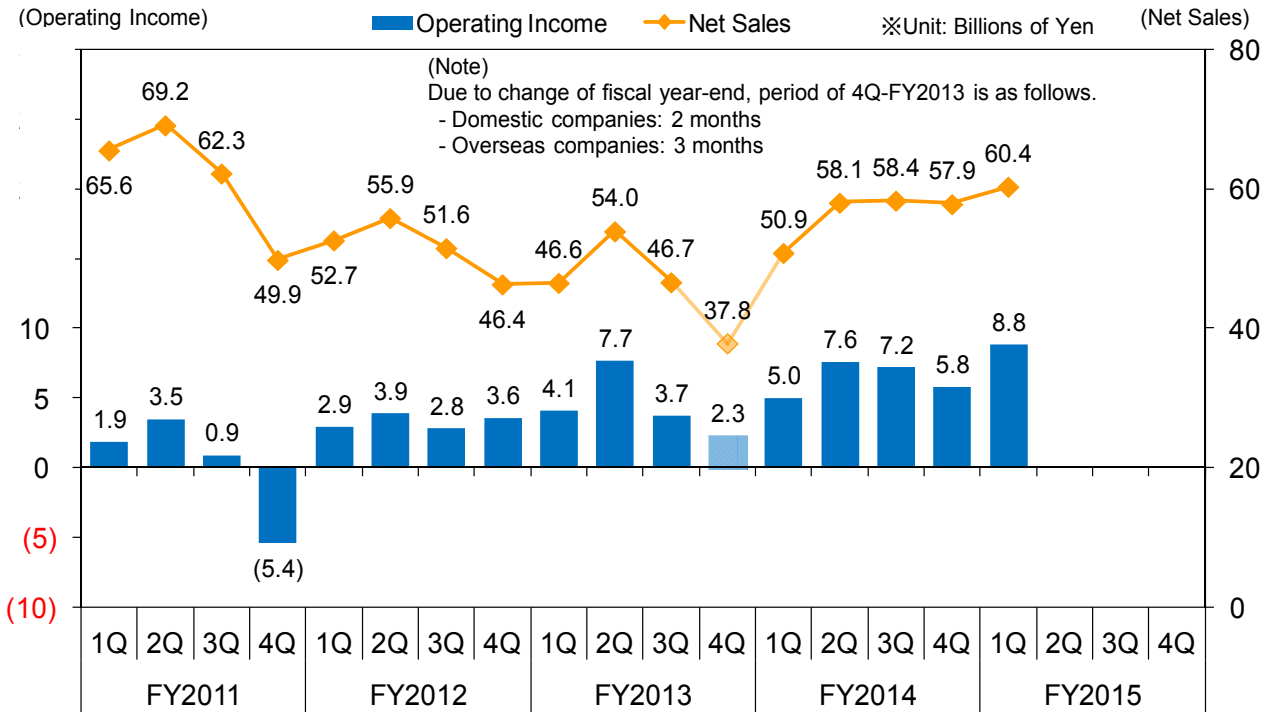
¥0.2 billion Increase

【Analysis of Changes in Operating Income】

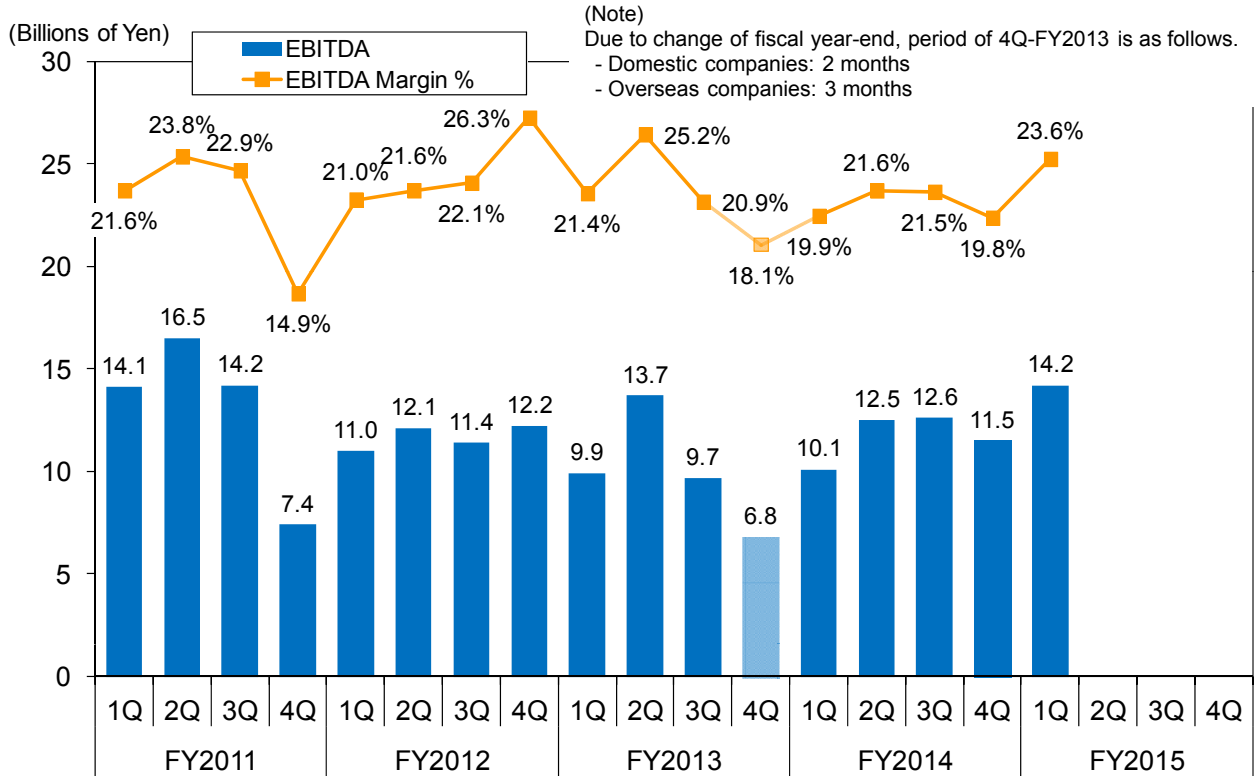


Reference Materials

Reference Materials: Quarterly Results



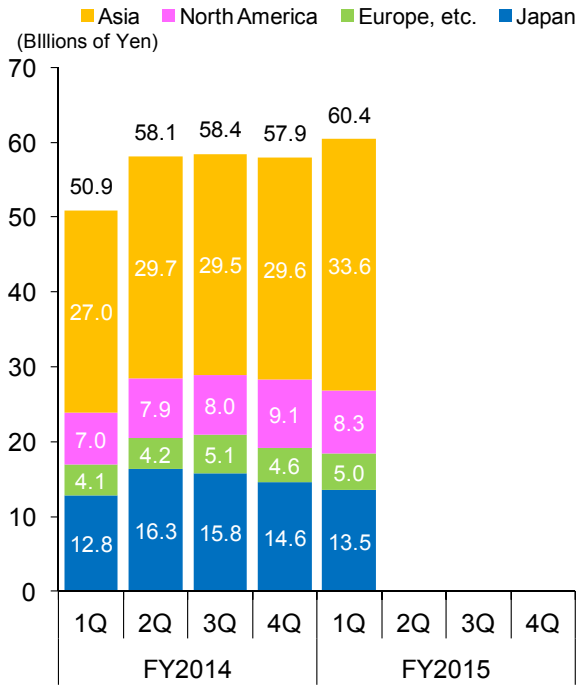
Reference Materials: EBITDA



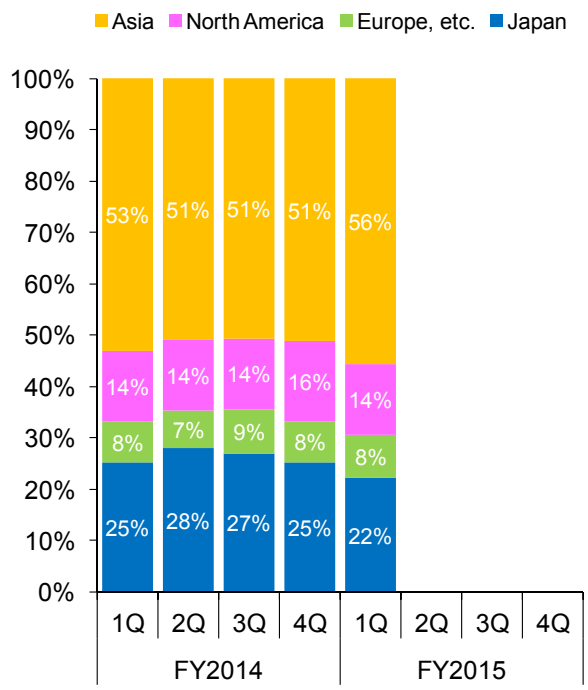
（Note） EBITDA = Operating Income + Depreciation + Amortization of goodwill

Reference Materials: Sales Results

Changes of Sales



Sales by Region





URL http://www.sumcosi.com/