Brief Statement on Consolidated Financial Results for the Third Quarter (ended September 30, 2015) of Fiscal Year 2015 (ending December 31, 2015) [Japanese Accounting Standards]

November 5, 2015
TSE First Section

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Scheduled date of filing of quarterly security report: November 13, 2015
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, 2015 – September 30, 2015) of Fiscal Year 2015 (ending December 31, 2015)

(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 FY2015	181,989	8.7	25,525	28.6	22,294	32.7	15,725	23.3
3Q of FY2014	167,455	―	19,850	―	16,798	―	12,751	―

(Note) Comprehensive income
3Q of FY2015: 16,573 million yen ((2.8)%); 3Q of FY2014: 17,056 million yen (―%)

	Net income per share for quarter (yen)	Diluted net income per share for quarter (yen)
3Q of FY2015	56.56	54.08
3Q of FY2014	46.21	41.63

(Note) The period of the third quarter of fiscal year 2014 (January 1, 2014 – September 30, 2014) was changed from that of fiscal year 2013 (February 1, 2013 – October 31, 2013). Therefore year-on-year changes of 3Q of FY2014 are not shown.

(2) Consolidated Financial Position

	Total assets (millions of yen)	Equity (millions of yen)	Shareholders' equity ratio (%)
3Q of FY2015	490,818	239,350	42.3
FY2014	510,570	216,725	36.2

(Reference) Shareholders' equity: 3Q of FY2015: 207,397 million yen; FY2014: 185,001 million yen

2. Dividend Payments

	Yearly dividend per share				
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Full year (yen)
FY2014	―	0.00	―	4.00	4.00
FY2015	―	10.00	―		
FY2015 (Forecast)				10.00	20.00

Note: (1) Revisions to dividend forecasts made during the quarter under review: No
(2) 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 2015 (January 1, 2015 – December 31, 2015)

(Percentage figures represent changes from previous year)

	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)
Full year	234,400	4.0	28,500	11.1	24,200	10.4	17,200	5.6	61.02

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 "(2) 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: Yes
[2] Changes in accounting policies other than [1]: No
[3] Changes in accounting estimates: No
[4] Corrections of prior-period errors: No
(Note) Please see "(1) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior-Periods Errors" on page 3 of Supplementary Materials.

(4) Number of issued shares (common stock)
[1] Issued shares as of the end of period (including treasury stock):
293,285,539 shares as of the end of third quarter of FY2015; 257,751,739 shares as of the end of FY2014
[2] Treasury stock as of the end of period:
6,706 shares as of the end of third quarter of FY2015; 6,246 shares as of the end of FY2014
[3] Average number of shares during period (fiscal year-to-date):
278,013,231 shares during the third quarter of FY2015; 257,745,852 shares during the third quarter of FY2014

* 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 "(2) Explanation of Business Forecasts" on page 2 of Supplementary Materials.

Quarterly results briefing for institutional investors and security analysts are scheduled on November 5, 2015. Supplementary materials for quarterly financial results are available in our website 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)
FY2014	—	—	—	2,500,000.00	2,500,000.00
FY2015	—	—	—		
FY2015 (Forecast)				—	—

(Note) SUMCO has acquired and cancelled all class A shares on May 11, 2015, so dividend for class A shares will not be paid from FY2015.

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1. Qualitative Information for the Third Quarter of Fiscal Year 2015

(1) Explanation of Business Results

During the third quarter of fiscal year 2015 (July 1, 2015, to September 30, 2015), the market for semiconductor silicon wafers entered a correction phase, affected by such factors as a decline in PC sales volume and inventory adjustment in smartphones. Although 300 mm wafer demand for memory was solid mainly in NAND, a correction began in demand for logic. 200 mm wafer demand was flat overall, but demand for 150 mm wafers continued to decline.

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. The Group has also reinforced its financial base and realized a more flexible management structure by implementing its Capital Increase and Restructuring Plan.

As a result, for the period under review, the Group registered consolidated net sales of 181,989 million yen, operating income of 25,525 million yen, ordinary income of 22,294 million yen and net income of 15,725 million yen.

(2) Explanation of Business Forecasts

The market for semiconductor silicon wafers is expected to see softening demand in the October-December quarter compared to the third quarter, due to seasonal factors along with continuation of the correction phase. While demand is expected to decline for 300 mm wafers mainly for logic use due to semiconductor inventory adjustment for smartphone, a recovery is forecasted for the first half of coming fiscal year. 200 mm wafers, which had enjoyed solid demand, are forecasted to enter a correction phase in the October-December quarter. Demand for 150mm wafer is expected to decline further.

In this market environment, the Group will continue to pursue the development of cutting-edge technologies and to strengthen its profit base through cost rationalization.

It is difficult for the SUMCO Group to formulate reasonable business forecasts for long-term, since the semiconductor industry to which the SUMCO Group belongs is characterized by drastic and short-term changes in the business environment. Therefore, SUMCO has adopted the policy of disclosing business forecasts for the forthcoming quarter only.

SUMCO announces its consolidated business forecasts for the fiscal year 2015 as follows.

Consolidated Business Forecasts for the fiscal year 2015 (January 1, 2015 – December 31, 2015)

	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)	234,400	28,500	24,200	17,200	61.02
Changes (B-A)	—	—	—	—	—
Rate of changes (%)	—	—	—	—	—
(Reference) Results for FY2014	225,319	25,642	21,926	16,289	58.84

(Notes) (1) 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) The above forecasts for the fourth quarter of fiscal year 2015 (October 1, 2015 – December 31, 2015) was made assuming translation rates of one U.S. dollar to 120 yen.

2. Matters regarding Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior-Period Errors

Changes in Accounting Policies

(Adoption of Accounting Standard for Retirement Benefits)

We have adopted "Accounting Standard for Retirement Benefits" (Corporate Accounting Standards No. 26 of May 17, 2012, hereinafter referred to as "Retirement Benefits Accounting Standards") and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Corporate Accounting Standard No. 25 of March 26, 2015, hereinafter referred to as "Implementation Guidance on Retirement Benefits") in the consolidated first quarter under the previous stipulated in the texts of the Section 35 of the Retirement Benefits Accounting Standards and of the Section 67 of the Implementation Guidance on Retirement Benefits: we have revised the accounting method for retirement benefit obligations and service cost, and have changed our method of attributing projected retirement benefits from a straight-line basis to a benefit formula basis along with changing the method of discount determination to a method that uses single-weighted average discount rate reflecting the estimated timing and amounts, either than the discount rate based on the average remaining year of service.

To apply the Retirement Benefits Accounting Standards, We comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of the revision of the method for calculation of retirement benefit obligations and service cost, financial effects are added to or subtracted from retained earnings at the beginning of this consolidated first quarter.

As the result, net defined benefit liability decreased by 2,896 million yen while retained earnings increased by 2,896 million yen as of the beginning of this consolidated first quarter. Please take note that the expected effect this change has on our operating income, ordinary income and income before income taxes during this consolidated third quarter (January 1, 2015 - September 30, 2015), is negligible.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(millions of yen)

	End of FY2014 (December 31, 2014)	End of 3Q of FY2015 (September 30, 2015)
Assets		
Current assets		
Cash and time deposits	42,016	42,757
Notes and accounts receivable – trade	42,522	42,306
Marketable securities	23,700	6,600
Finished products	15,204	16,947
Work in process	13,600	13,140
Raw materials and supplies	121,999	130,004
Other	6,751	7,761
Allowance for doubtful accounts	(8)	(11)
Total current assets	265,787	259,507
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	88,457	83,835
Machinery, equipment and vehicles, net	51,709	49,880
Land	20,321	20,279
Construction in progress	7,710	5,733
Other, net	826	1,005
Total property, plant and equipment	169,025	160,733
Intangible assets		
Goodwill	11,915	10,672
Other	2,736	3,479
Total intangible assets	14,651	14,151
Investments and other assets		
Investment securities	81	81
Long-term advance payments	50,814	47,899
Deferred income tax assets	5,092	3,712
Other	5,502	5,116
Allowance for doubtful accounts	(385)	(384)
Total investments and other assets	61,105	56,425
Total non-current assets	244,783	231,310
Total assets	510,570	490,818

(millions of yen)

	End of FY2014 (December 31, 2014)	End of 3Q of FY2015 (September 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	29,602	25,790
Short-term borrowings	65,673	68,603
Current portion of long-term lease obligations	954	1,249
Accrued income taxes	1,060	1,590
Reserve for bonuses	951	2,603
Other	14,313	12,819
Total current liabilities	112,556	112,656
Long-term liabilities		
Long-term debt	151,658	111,466
Long-term lease obligations	2,749	3,194
Net defined benefit liability	21,677	19,367
Other	5,203	4,782
Total long-term liabilities	181,288	138,811
Total liabilities	293,845	251,467
Equity		
Shareholders' equity		
Capital stock	136,607	138,718
Capital surplus	15,676	23,384
Retained earnings	30,946	44,479
Treasury stock	(10)	(11)
Total shareholders' equity	183,220	206,572
Accumulated other comprehensive income (loss)		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(1)	(0)
Land revaluation surplus	2,670	2,816
Foreign currency translation adjustments	2,600	1,189
Remeasurements of defined benefit plans	(3,488)	(3,180)
Total accumulated other comprehensive income	1,781	824
Minority interests	31,723	31,953
Total equity	216,725	239,350
Total liabilities and equity	510,570	490,818

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

(Consolidated Statement of Income)

(millions of yen)

	3Q of FY2014 (January 1, 2014– September 30, 2014)	3Q of FY2015 (January 1, 2015– September 30, 2015)
Net sales	167,455	181,989
Cost of sales	130,264	137,357
Gross profit	37,191	44,632
Selling, general and administrative expenses	17,341	19,106
Operating income	19,850	25,525
Non-operating income		
Interest income	27	69
Dividend income	20	26
Subsidy income	6	367
Other	352	200
Total non-operating income	406	664
Non-operating expenses		
Interest expense	2,737	2,529
Other	721	1,365
Total non-operating expenses	3,458	3,895
Ordinary income	16,798	22,294
Income before income taxes and minority interests	16,798	22,294
Income taxes	1,970	3,437
Net income before minority interests	14,827	18,856
Minority interests	2,075	3,131
Net income	12,751	15,725

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	3Q of FY2014 (January 1, 2014– September 30, 2014)	3Q of FY2015 (January 1, 2015– September 30, 2015)
Net income before minority interests	14,827	18,856
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	(0)	0
Deferred gain (loss) on derivatives under hedge accounting	(0)	0
Revaluation reserve for land	—	145
Foreign currency translation adjustments	2,208	(2,750)
Remeasurements of defined plans, net of tax	19	320
Total other comprehensive (loss) income	2,228	(2,283)
Comprehensive income	17,056	16,573
Total comprehensive income attributable to:		
Owners of the parent	14,275	14,768
Minority interests	2,780	1,804

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

1. Reduction in the Amount of Capital Reserve

On April 14, the Company, pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, has implemented the reduction in the amount of capital reserve and transferred such amount to other capital surplus.

- Amount of capital reserve to be decreased: 9,000,000,000 yen
- Amount of other capital surplus to be increased: 9,000,000,000 yen

2. Issuance of New Shares and Reduction in the Amount of Capital Stock and Capital Reserve Concurrently with the Issuance of New Shares

(1) Issuance of New Shares

The Company has resolved, at the board of directors meeting held on April 2, 2015, to issue the common stock and issued 33,903,800 shares on April 27, 2015.

- Amount of capital stock to be increased: 30,638,864,060 yen
- Amount of capital reserve to be increased: 30,638,864,060 yen

(2) Reduction in the Amount of Capital Stock and Capital Reserve Concurrently with the Issuance of New Shares

The Company, pursuant to the provisions of Article 447, Paragraphs 1 and 3 and Article 448, Paragraphs 1 and 3 of the Companies Act, has implemented the reduction in the amount of capital stock and capital reserve concurrently with the payment of issuance of new shares described above (1).

- Amount of capital stock to be decreased: 30,000,000,000 yen
- Amount of capital reserve to be decreased: 30,000,000,000 yen
- Amount of other capital surplus to be increased: 60,000,000,000 yen

3. Acquisition of Treasury Stock (Class A Stock and Class B Stock)

(1) Acquisition of Class A Stock

On May 11, 2015, the Company, pursuant to the provisions of Article 167 of the Companies Act, has acquired all class A stocks by cash and class B stocks.

- Total amount of cash paid: 45,403,767,123 yen

(2) Acquisition of Class B Stock

On the same day of the acquisition of class A stocks described above (1), the Company, pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, has acquired all class B stocks by cash.

- Total amount of cash paid: 9,000,000,000 yen

4. Cancellation of Treasury Stock

The Company, pursuant to the provisions of Article 178 of the Companies Act, has resolved cancellation of treasury stock of all class stock described above 3 at the board of directors meeting held on April 2, 2015, and implemented it on May 11, 2015.

- Amount of other capital surplus to be decreased: 54,403,767,123 yen
- Amount of treasury stock to be decreased: 54,403,767,123 yen

5. Issuance of New Shares by way of third-party allotment

The Company has resolved, at the board of directors meeting held on April 2, 2015, to issue the common stock and issued 1,630,000 shares on May 25, 2015.

- Amount of capital stock to be increased: 1,473,031,000 yen
- Amount of capital reserve to be increased: 1,473,031,000 yen

As a result of these developments, in the third quarter of fiscal year 2015, capital stock increased by 2,111 million yen, to 138,718 million yen as of the end of the quarter. At the same time, capital reserve decreased by 6,888 million yen while other capital surplus increased by 14,596 million yen, with the result that capital surplus rose by 7,708 million yen, to 23,384 million yen as of the end of the quarter.