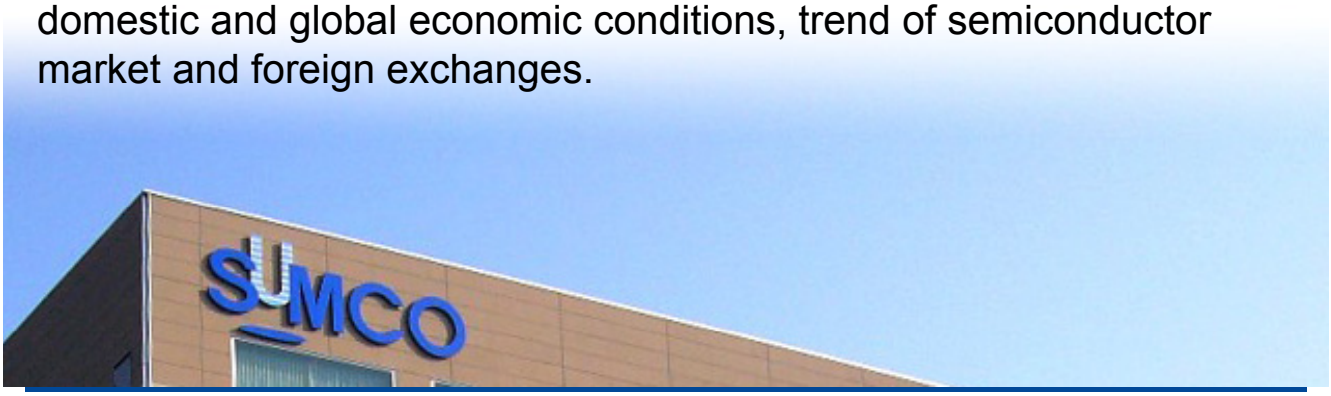
Results for Fiscal Year 2015 (Ended December 31, 2015)

February 9, 2016
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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Summary and Market Environment

Mayuki Hashimoto,
President and CEO

1-1. Summary

FY2015 Consolidated Business Results

(Billions of Yen)

	FY2014 Actual	FY2015 Actual	Change	%
Net Sales	225.3	236.8	+11.5	+5.1%
Operating Income	25.6	29.4	+3.8	+14.8%
Ordinary Income	21.9	25.5	+3.6	+16.5%
Net Income	16.2	19.7	+3.5	+21.2%
Exchange Rate (Yen/US$)	105.1	121.0	+15.9	

1Q-2016 Consolidated Business Forecasts

(Billions of Yen)

	4Q-2015 Act (3 months)	1Q-2016 FCT (3 months)	Change	%
Net Sales	54.9	51.0	(3.9)	(7.0%)
Operating Income	3.9	3.0	(0.9)	(23.5%)
Ordinary Income	3.3	2.5	(0.8)	(22.9%)
Net Income	4.0	1.0	(3.0)	(75.1%)
Exchange Rate (Yen/US$)	121.2	120.0	(1.2)	

1-2. Dividend and Others

FY2015 Dividend

		FY2011 (Jan 12)	FY2012 (Jan 13)	FY2013 (Dec 13) (11 months)	FY2014 (Dec 14)	FY2015 (Dec 15)
Dividends per share for common stocks (Yen)	Interim	-	-	-	-	**10.0**
	Year-end	-	2.0	1.0	4.0	**10.0**
	Total	-	2.0	1.0	4.0	**20.0**
Dividends payments (Billions of Yen)	Common stock	-	0.5	0.2	1.0	**5.8**
	Class A share	-	1.1	1.0	1.1	**-**
	Total	-	1.6	1.2	2.1	**5.8**
Dividend ratio	(%)	-	22.4%	(Note) -	6.8%	**28.5%**

(Note) Dividend ratio for FY2013 is not described due to net loss per share for common stocks.

Transaction to a Company with Audit and Supervisory Committee

It will be proposed to the 17th Ordinary General Meeting of Shareholders scheduled on March 29, 2016.

1-3. Market Environment

4Q-2015

✔ 300mm:

・Logic/DRAM: PC sales sluggish; growth for cloud/data centers; smartphones in correction phase

・NAND: SSD growth for data centers; smartphone demand firm

✔ 200mm: Impacted by macroeconomic slowdown, consumer and industrial demand in correction phase

✔ 150mm Due to sluggish demand with no outlook for recovery, posted impairment loss (1.1 billion yen) at Indonesia 150mm dedicated plant

OUTLOOK: Gradual recovery from 1Q low point

✔ 300mm:

・Logic/DRAM: Continued slow PC sales; continued growth for cloud/data centers; smartphone correction phase to continue before a growth in 2Q; mobile DRAM expected to recover with greater smartphone memory size

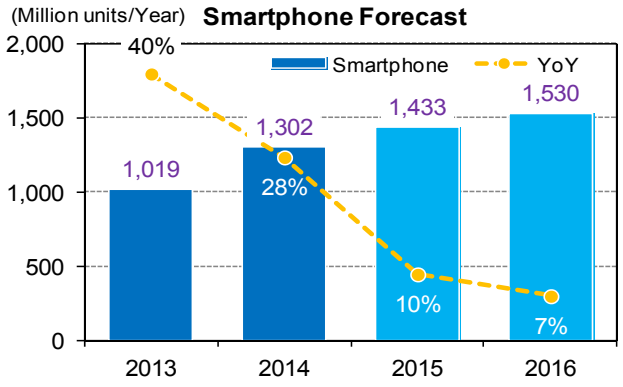
・NAND: Solid performance thanks to growth for data centers and increase in smartphone memory size

✔ 200mm and smaller: Automobile-related demand solid, but correction phase for consumer and industrial demand to continue due to macroeconomic slowdown

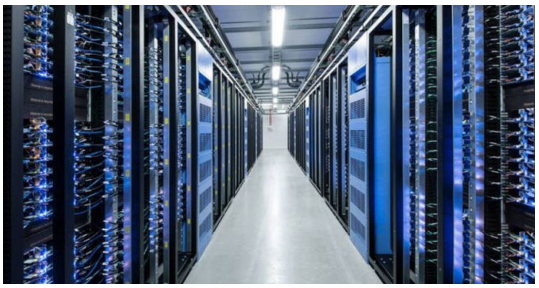
PRICE OUTLOOK

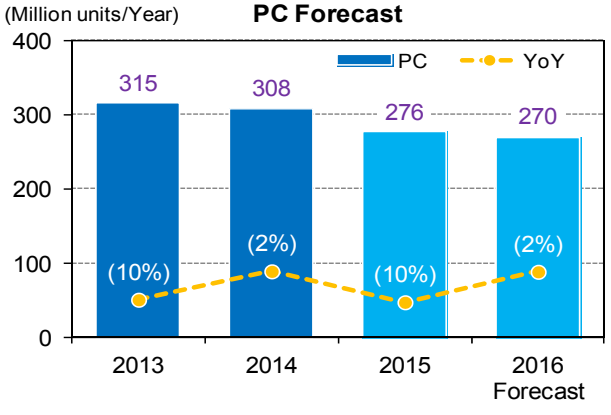
✔ In weak 300mm epitaxial wafer supply and demand situation, prices likely to soften with aggressive pricing aimed at obtaining volume among competitors with declining utilization ratio. Steady supply and demand for 300mm polished wafer should mean a stabilizing price trend.

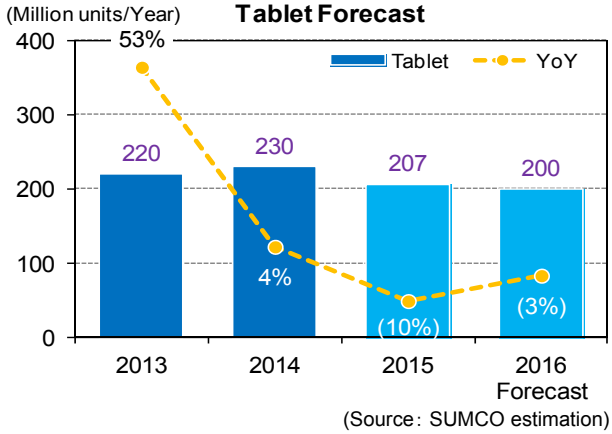
2-1. Smartphone, PC, Tablet and Data Center



Data Center

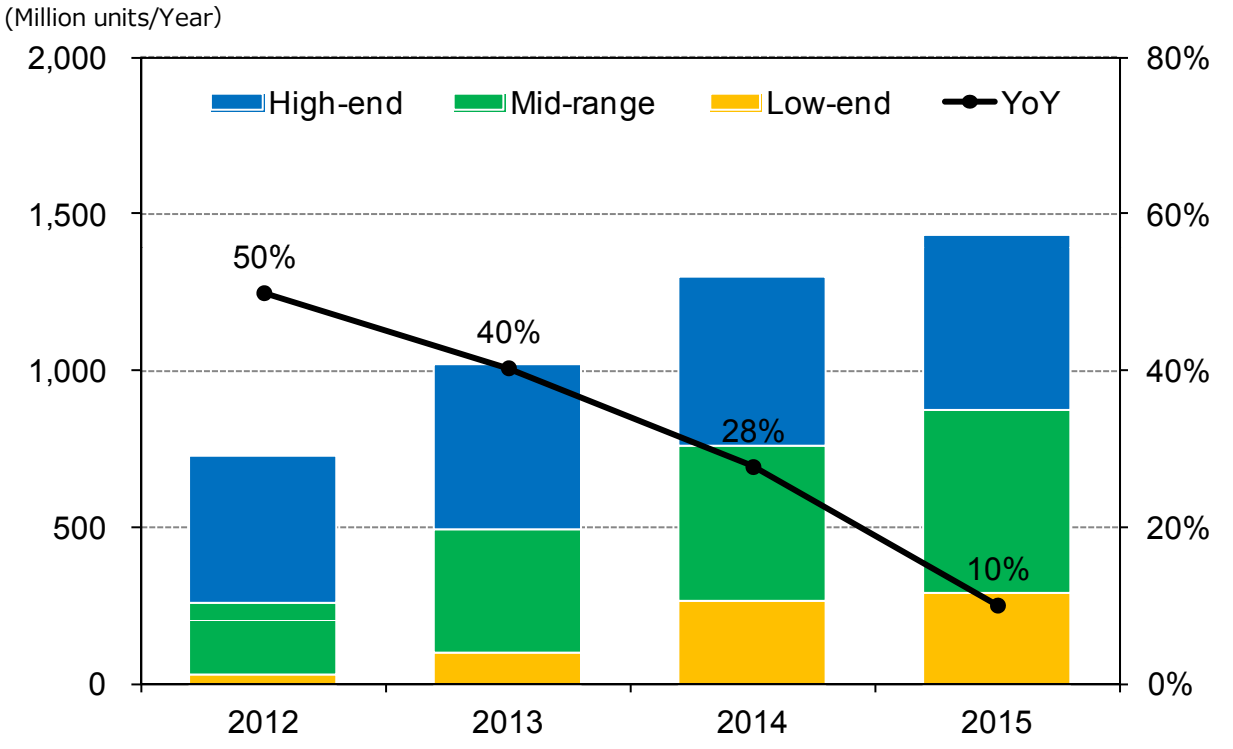






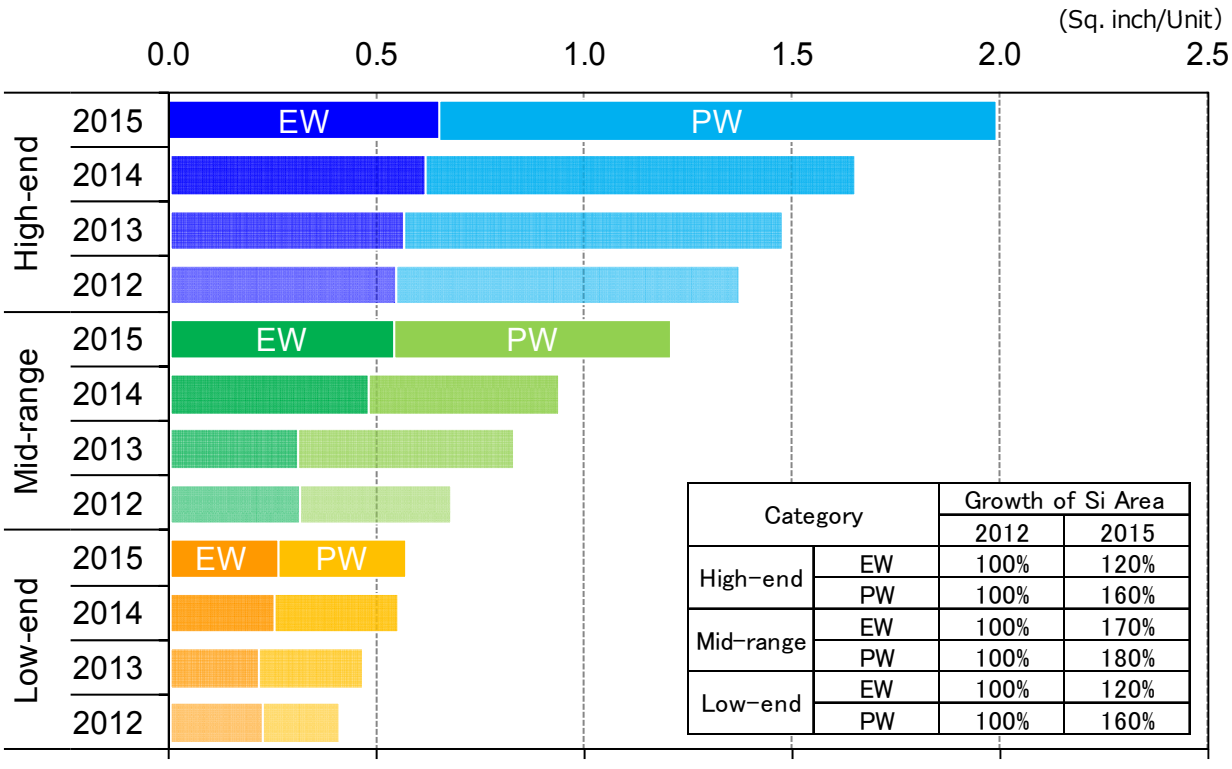
(Source: SUMCO estimation)

2-2. Smartphone Shipment (2012-2015)



(Source: SUMCO estimation)

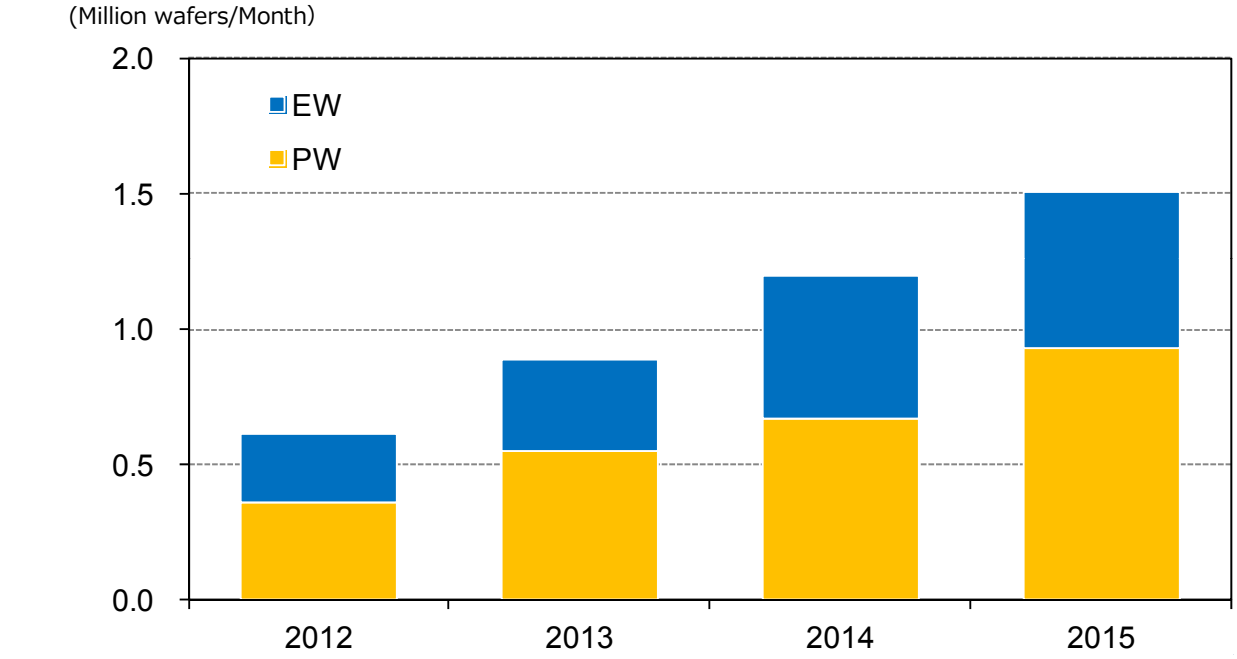
2-3. 300mm Wafer Usage for SMP (2012-2015)



Category		Growth of Si Area	
		2012	2015
High-end	EW	100%	120%
	PW	100%	160%
Mid-range	EW	100%	170%
	PW	100%	180%
Low-end	EW	100%	120%
	PW	100%	160%

(Source: SUMCO estimation)

2-4. 300mm Wafer for Smartphone (2012-2015)

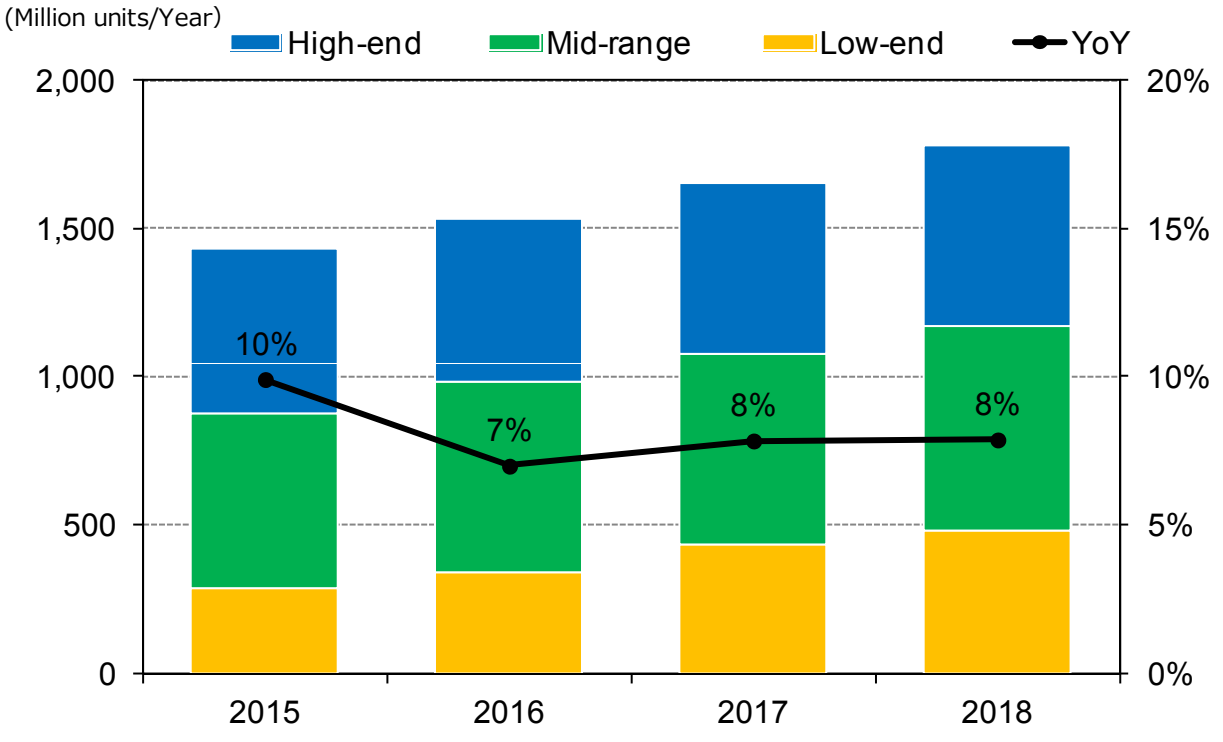


(Growth – YoY)

Smartphone	50%	40%	28%	10%
300mm wafer	–	46%	35%	26%

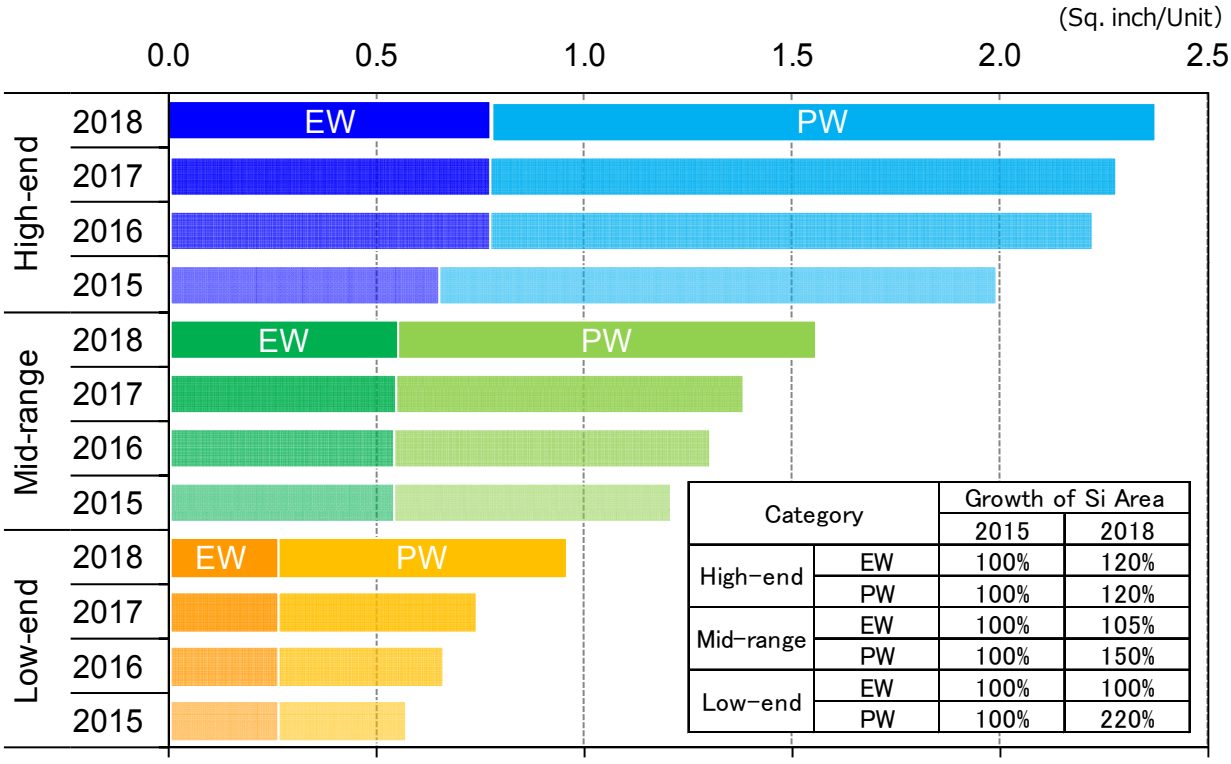
(Source: SUMCO estimation)

2-5. Forecast Smartphone Shipment (2015-2018)



(Source: SUMCO estimation)

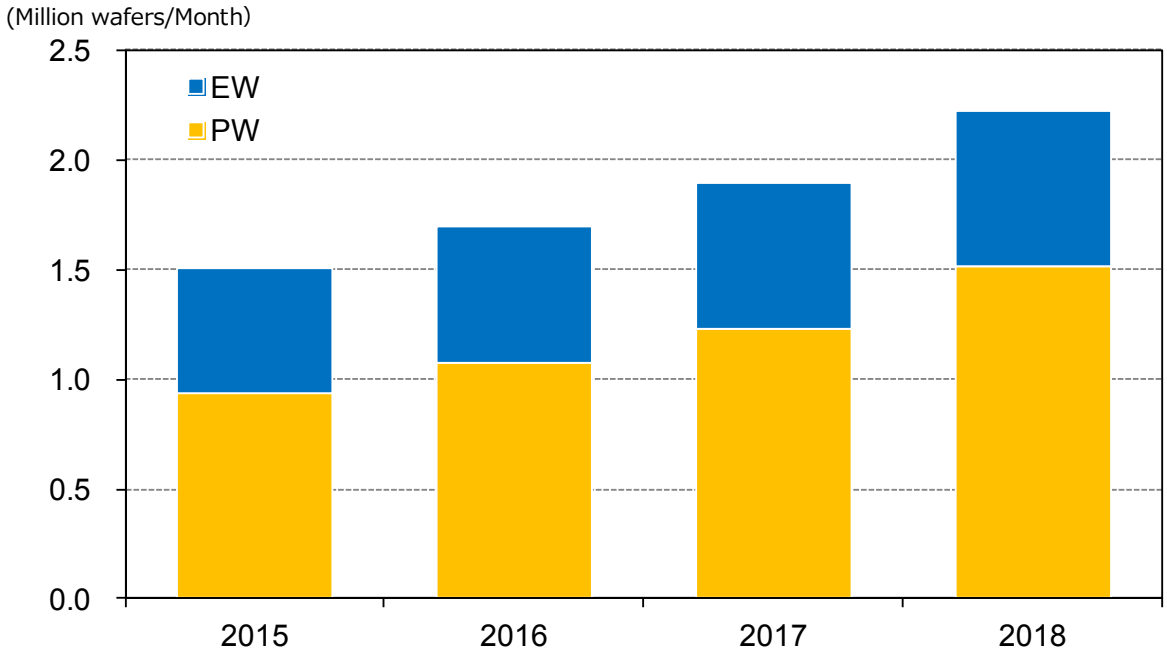
2-6. Forecast 300mm Wafer Usage for SMP (2015-2018)



Category		Growth of Si Area	
		2015	2018
High-end	EW	100%	120%
	PW	100%	120%
Mid-range	EW	100%	105%
	PW	100%	150%
Low-end	EW	100%	100%
	PW	100%	220%

(Source: SUMCO estimation)

2-7. Forecast 300mm Wafer for Smartphone (2015-2018)

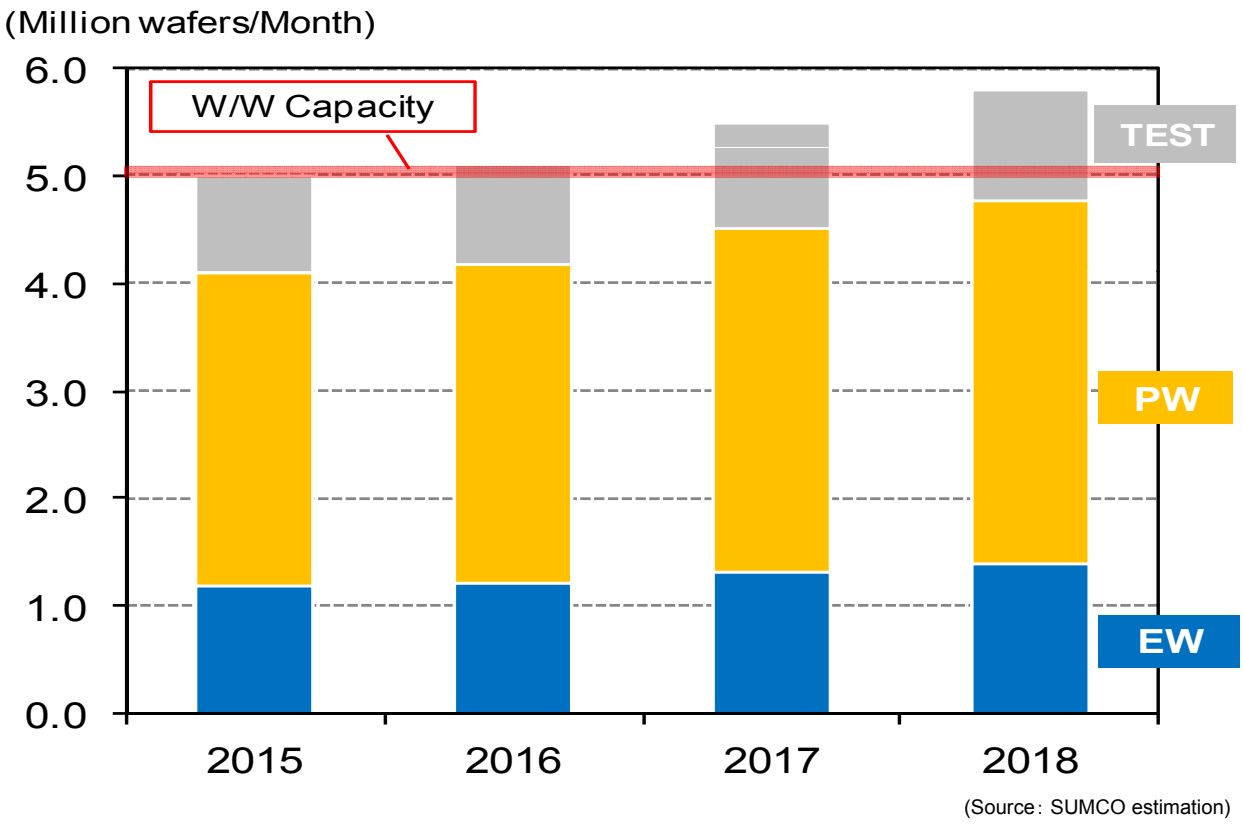


(Growth - YoY)

Smartphone	10%	7%	8%	8%
300mm wafer	26%	13%	12%	17%

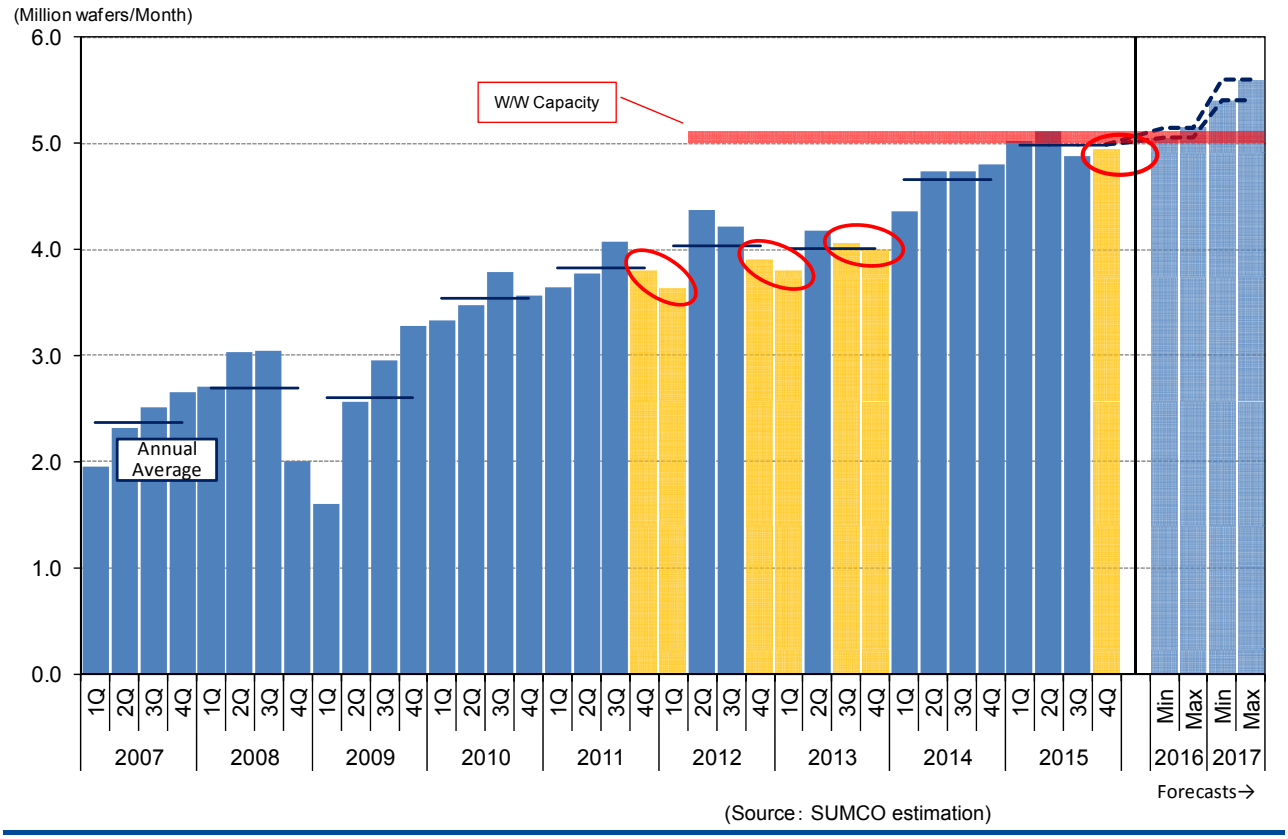
(Source: SUMCO estimation)

2-8. Forecast　300mm Wafer (1)



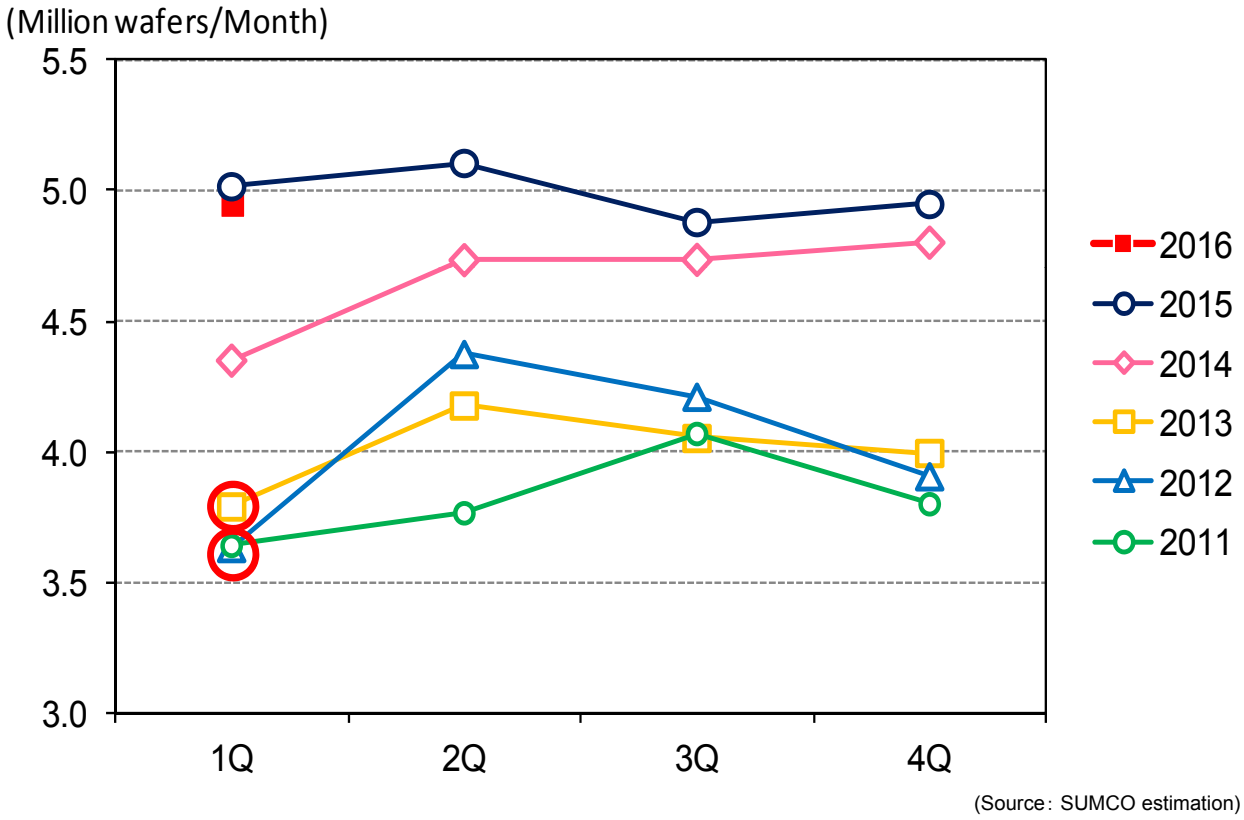
(Source：SUMCO estimation)

2-9. Forecast　300mm Wafer (2)



(Source：SUMCO estimation)

2-10. Seasonality of 300mm Wafer Trend



(Source: SUMCO estimation)

FY2015
Consolidated Business Results

Michiharu Takii,
Executive Vice President and CFO

3-1. Summary of Consolidated Business Results

(Billions of Yen)

	FY2014 Actual	FY2015 Actual 1Q	2Q	3Q	4Q	Total	Change
Net Sales	225.3	60.4	62.6	58.9	54.9	236.8	+11.5
Operating Income	25.6	8.8	9.5	7.2	3.9	29.4	+3.8
Non-operating Income and Expenses	(3.7)	(1.4)	(1.6)	(0.3)	(0.6)	(3.9)	(0.2)
Ordinary Income	21.9	7.4	7.9	6.9	3.3	25.5	+3.6
Extraordinary Income and Expenses	-	-	-	-	(1.7)(*1)	(1.7)	(1.7)
Income Taxes and Minority Interests	(5.7)	(2.3)	(2.1)	(2.1)	2.4 (*2)	(4.1)	+1.6
Net Income	16.2	5.1	5.8	4.8	4.0	19.7	+3.5
Capital Expenditure (Acceptance basis)	11.4	2.8	2.9	4.7	5.3	15.7	+4.3
Depreciation	19.4	5.0	5.4	5.6	5.7	21.7	+2.3
EBITDA (*3)	46.7	14.2	15.4	13.1	10.1	52.8	+6.1
Exchange Rate (Yen/US$)	105.1	119.4	121.0	122.5	121.2	121.0	+15.9
Operating Margin (%)	11.4%	14.7%	15.2%	12.2%	7.2%	12.4%	+1.0%
EBITDA Margin (%)	20.7%	23.6%	24.5%	22.3%	18.4%	22.3%	+1.6%
ROE (%)	9.2%	10.9%	11.5%	9.3%	7.7%	10.0%	+0.8%
Net Income per Share (Yen)	58.84	18.90	20.40	16.41	13.71	70.06	+11.22

(Note) *1. Impairment loss of (2.0) billion yen and gain in sales of non-current assets of 0.3 billion yen
*2. Including increase in deferred tax assets of US subsidiary of 3.1 billion yen.
*3. EBITDA = Operating Income + Depreciation + Amortization of Goodwill

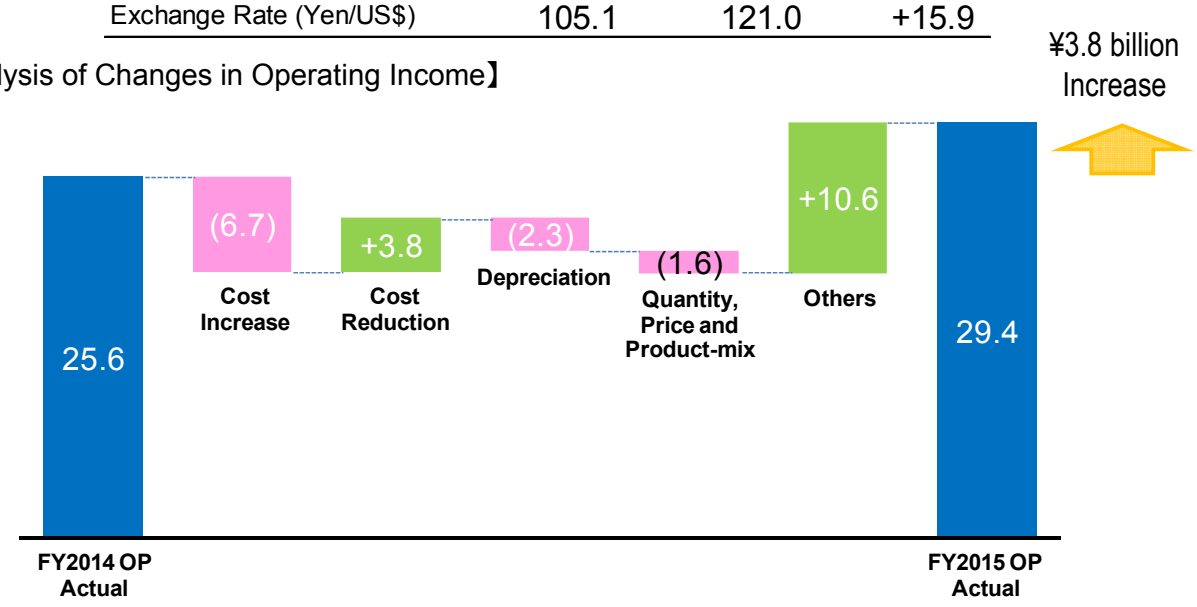
3-2. Analysis of Changes in Operating Income

■ FY2014 Actual → FY2015 Actual

(Billions of Yen)

	FY2014 Actual	FY2015 Actual	Change
Net Sales	225.3	236.8	+11.5
Operating Income	25.6	29.4	+3.8
Exchange Rate (Yen/US$)	105.1	121.0	+15.9

【Analysis of Changes in Operating Income】



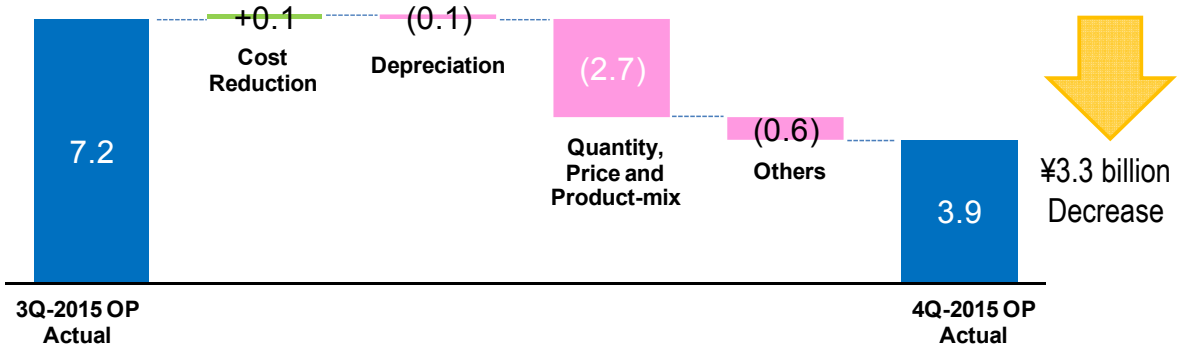
3-3. Analysis of Changes in Operating Income

■ 3Q-2015 Actual → 4Q-2015 Actual

(Billions of Yen)

	3Q-2015 Actual	4Q-2015 Actual	Change
Net Sales	58.9	54.9	(4.0)
Operating Income	7.2	3.9	(3.3)
Exchange Rate (Yen/US$)	122.5	121.2	(1.3)

【Analysis of Changes in Operating Income】



3-4. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2014	End of Dec-2015	Change
Cash and time deposits	65.7	46.9	(18.8)
Finished products and WIP	28.8	29.4	+0.6
Raw materials and supplies	122.0	134.2	+12.2
Tangible and intangible assets	183.6	172.5	(11.1)
Deferred income tax assets	5.2	6.7	+1.5
Other assets	105.2	100.1	(5.1)
Total Assets	510.5	489.8	(20.7)
Debt and borrowings	221.0	180.3	(40.7)
Other liabilities	72.8	65.0	(7.8)
Liabilities	293.8	245.3	(48.5)
Capital stock	136.6	138.7	+2.1
Capital surplus	15.6	23.3	+7.7
Retained earnings	30.9	48.5	+17.6
Others	33.6	34.0	+0.4
Equity	216.7	244.5	+27.8
Shareholders' equity ratio	36.2%	43.2%	+7.0%
Equity per share (Yen)	538.8	721.8	+183.0
D/E ratio (gross)	1.2x	0.9x	(0.3)x
D/E ratio (net)	0.8x	0.6x	(0.2)x

3-5. Consolidated Cash-Flow

(Billions of Yen)

	FY2015
Income before income taxes and minority interests	23.8
Depreciation	21.7
Subtotal	45.5
Increase in inventories	(9.1)
Changes in working capital, etc.	(4.7)
Net cash provided by operating activities	31.7
Capital expenditure (Acceptance basis)	(15.7)
Others, net	2.3
Net cash used in investing activities	(13.4)
Free cash-flow	18.3

1Q-2016
Consolidated Business Forecasts

4-1. 1Q-2016 Consolidated Business Forecasts

(Billions of Yen)

	1Q-2015 Actual	4Q-2015 Actual	1Q-2016 Forecast	Change YoY	Change QoQ
Net Sales	60.4	54.9	51.0	(9.4)	(3.9)
Operating Income	8.8	3.9	3.0	(5.8)	(0.9)
Non-operating Income and Expenses	(1.4)	(0.6)	(0.5)	+0.9	+0.1
Ordinary Income	7.4	3.3	2.5	(4.9)	(0.8)
Extraordinary Income and Expenses	-	(1.7) (*1)	-	-	+1.7
Income Taxes and Minority Interests	(2.3)	2.4 (*2)	(1.5)	+0.8	(3.9)
Net Income (*3)	5.1	4.0	1.0	(4.1)	(3.0)
Capital Expenditure (Acceptance basis)	2.8	5.3	6.0	+3.2	+0.7
Depreciation	5.0	5.7	5.5	+0.5	(0.2)
EBITDA (*4)	14.2	10.1	9.0	(5.2)	(1.1)
Exchange Rate (Yen/US$)	119.4	121.2	120.0	+0.6	(1.2)
Operating Margin (%)	14.7%	7.2%	5.9%	(8.8%)	(1.3%)
EBITDA Margin (%)	23.6%	18.4%	17.6%	(6.0%)	(0.8%)
ROE (%)	10.9%	7.7%	1.9%	(9.0%)	(5.8%)
Net Income per Share (Yen)	18.90	13.71	3.41	(15.49)	(10.30)

<Reference> Annual Forecast

23.0

(Note) *1. Impairment loss of (2.0) billion yen and gain in sales of non-current assets of 0.3 billion yen
*2. Including increase in deferred tax assets of US subsidiary of 3.1 billion yen
*3. Net income attributable to owners of parent
*4. EBITDA = Operating Income + Depreciation + Amortization of Goodwill

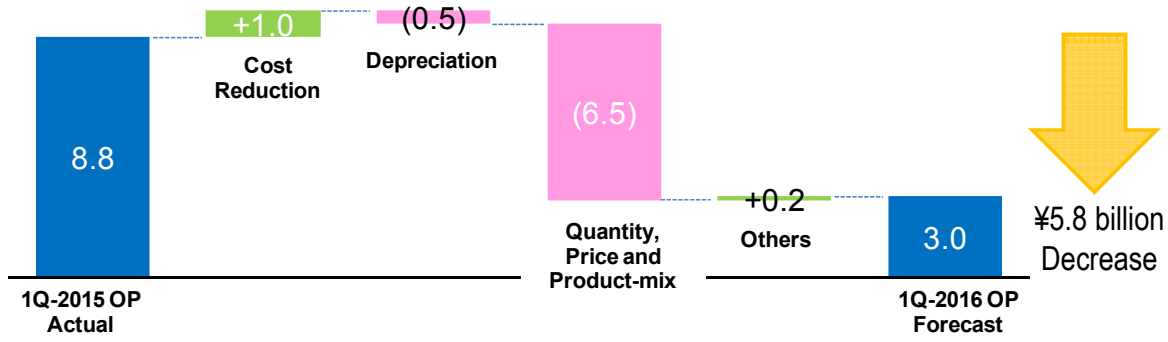
4-2. Analysis of Changes in Operating Income

■ 1Q-2015 Actual → 1Q-2016 Forecast

(Billions of Yen)

	1Q-2015 Actual	1Q-2016 Forecast	Change
Net Sales	60.4	51.0	(9.4)
Operating Income	8.8	3.0	(5.8)
Exchange Rate (Yen/US$)	119.4	120.0	+0.6

【Analysis of Changes in Operating Income】



4-3. Analysis of Changes in Operating Income

■ 4Q-2015 Actual → 1Q-2016 Forecast

(Billions of Yen)

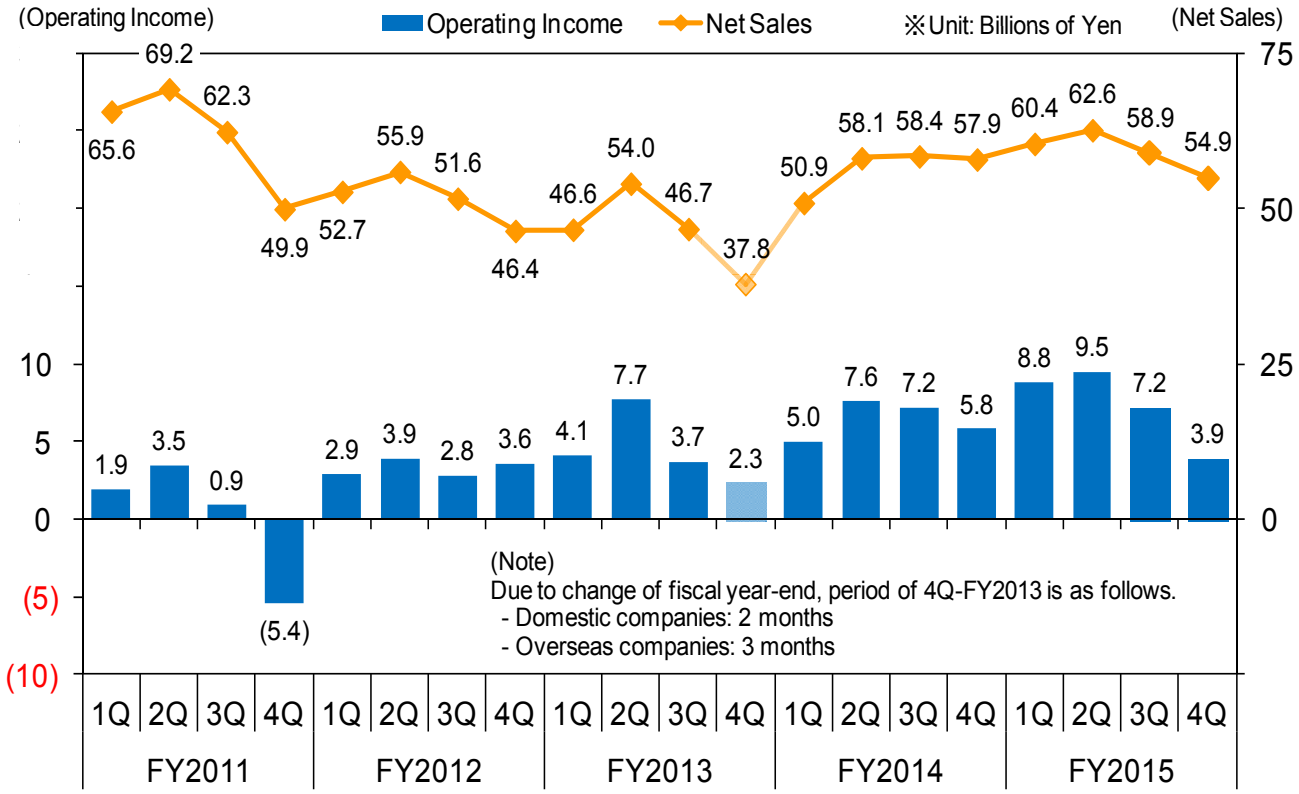
	4Q-2015 Actual	1Q-2016 Forecast	Change
Net Sales	54.9	51.0	(3.9)
Operating Income	3.9	3.0	(0.9)
Exchange Rate (Yen/US$)	121.2	120.0	(1.2)

【Analysis of Changes in Operating Income】

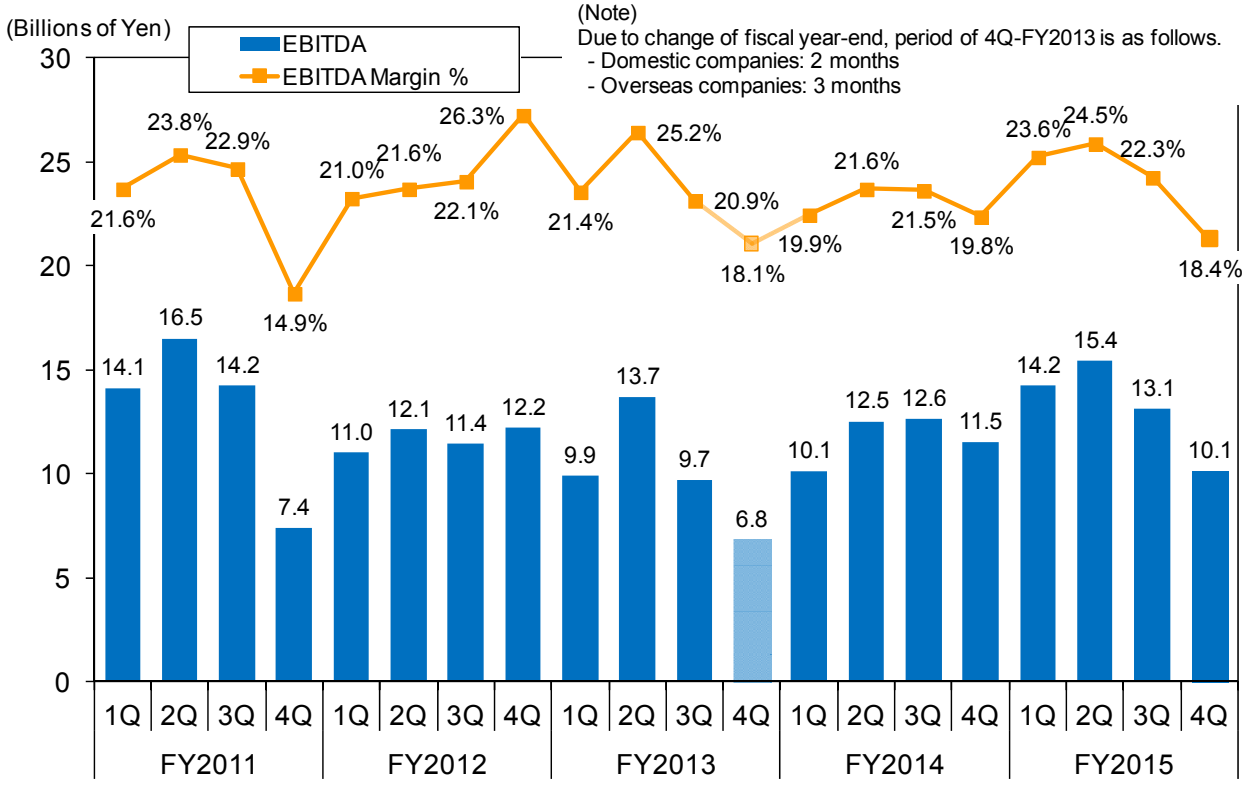


Reference Materials

Reference Materials: Quarterly Trend



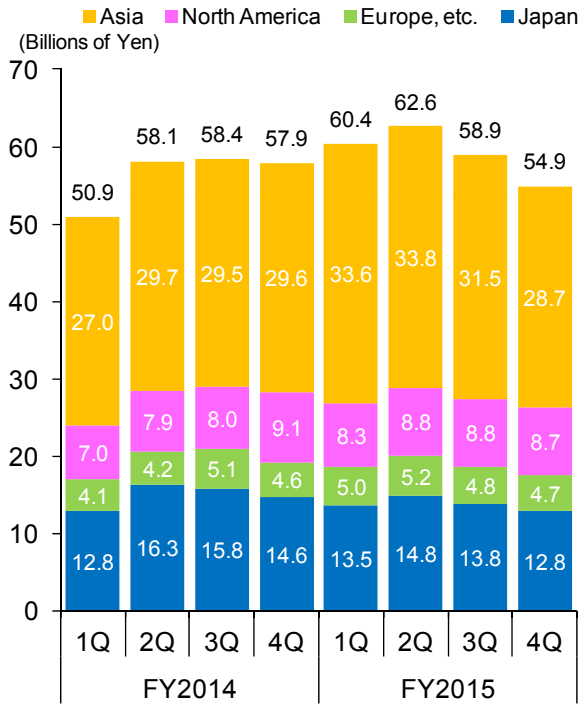
Reference Materials: EBITDA



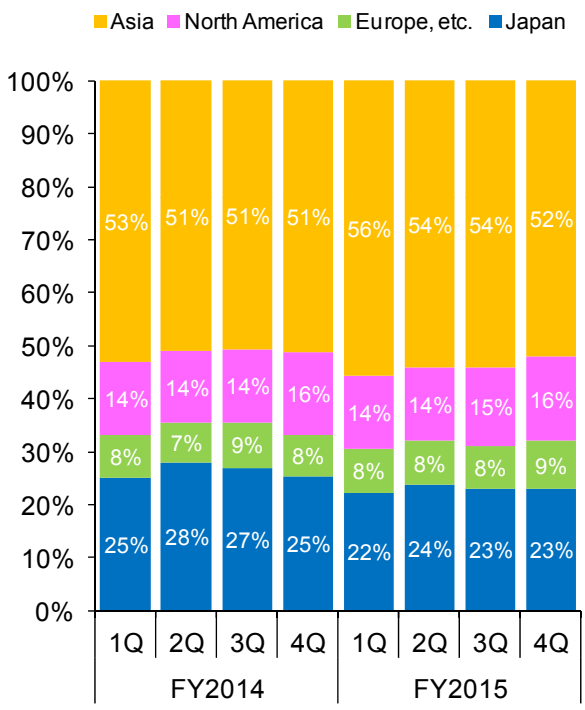
（Note）EBITDA = Operating Income + Depreciation + Amortization of goodwill

Reference Materials: Sales Results

Changes of Sales



Sales by Region



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