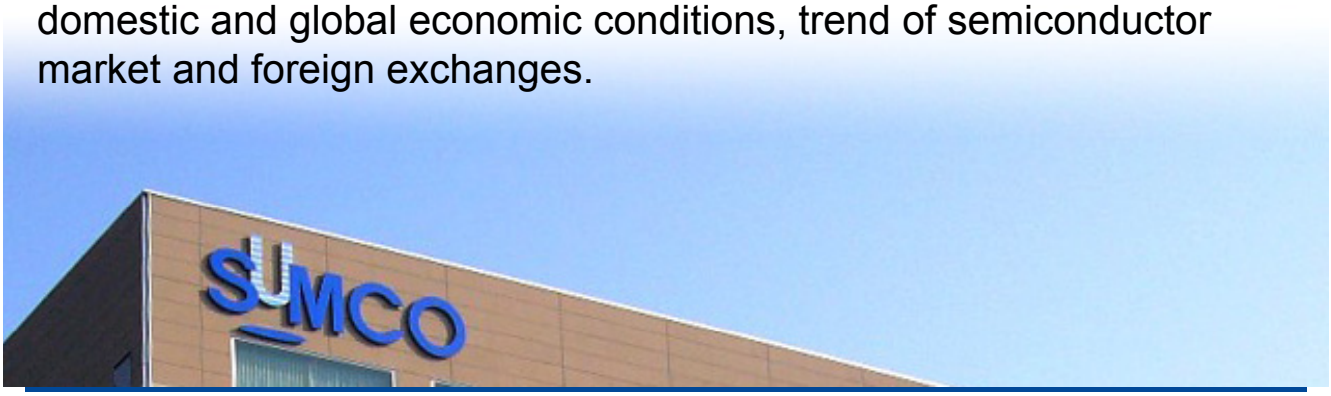
Results for First Quarter of FY2016 (Ended March 31, 2016)

May 12, 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.



Contents

- Summary and Market Environment
- 1Q-2016 Consolidated Business Results
  1. Summary of Consolidated Business Results
  2. Analysis of Changes in Operating Income
  3. Consolidated Balance Sheet
  4. Consolidated Cash-Flow
- 2Q-2016 Consolidated Business Forecasts
  1. Consolidated Business Forecasts
  2. Analysis of Changes in Operating Income
- Reference Materials



Summary and Market Environment

Mayuki Hashimoto
Representative Director,
Chairman & CEO

1-1. Summary

1Q-2016 Consolidated Business Results

(Billions of Yen)

	4Q-2015 Actual	1Q-2016 Actual	Change	%
Net Sales	54.9	51.7	(3.2)	(5.6%)
Operating Income	3.9	3.6	(0.3)	(7.9%)
Ordinary Income	3.3	2.6	(0.7)	(17.5%)
Net Income	4.0	1.5	(2.5)	(60.8%)
Exchange Rate (Yen/US$)	121.2	118.3	(2.9)	

2Q-2016 Consolidated Business Forecasts

(Billions of Yen)

	1Q-2016 Actual	2Q-2016 Forecast	Change	%
Net Sales	51.7	51.5	(0.2)	(0.5%)
Operating Income	3.6	2.0	(1.6)	(44.6%)
Ordinary Income	2.6	1.0	(1.6)	(62.6%)
Net Income	1.5	0.5	(1.0)	(68.3%)
Exchange Rate (Yen/US$)	118.3	110.0	(8.3)	

1-2. Market Environment

1Q-2016

✔ 300mm:

- EW: Weak demand for foundries due to inventory adjustment in smartphone in addition to sluggish PC, Tablet sales
- PW: Relatively firm due to demand for data centers and increased memory capacity for smartphone

✔ 200mm and smaller:

Weak demand for consumer and industrial, reflecting the macro-economic slowdown

OUTLOOK

✔ 300mm:

- EW: Steady recovery over the later half of second quarter led by logic foundries
- PW: In spite of sluggish chip price, Memory utilization seems flattish

✔ 200mm and smaller:

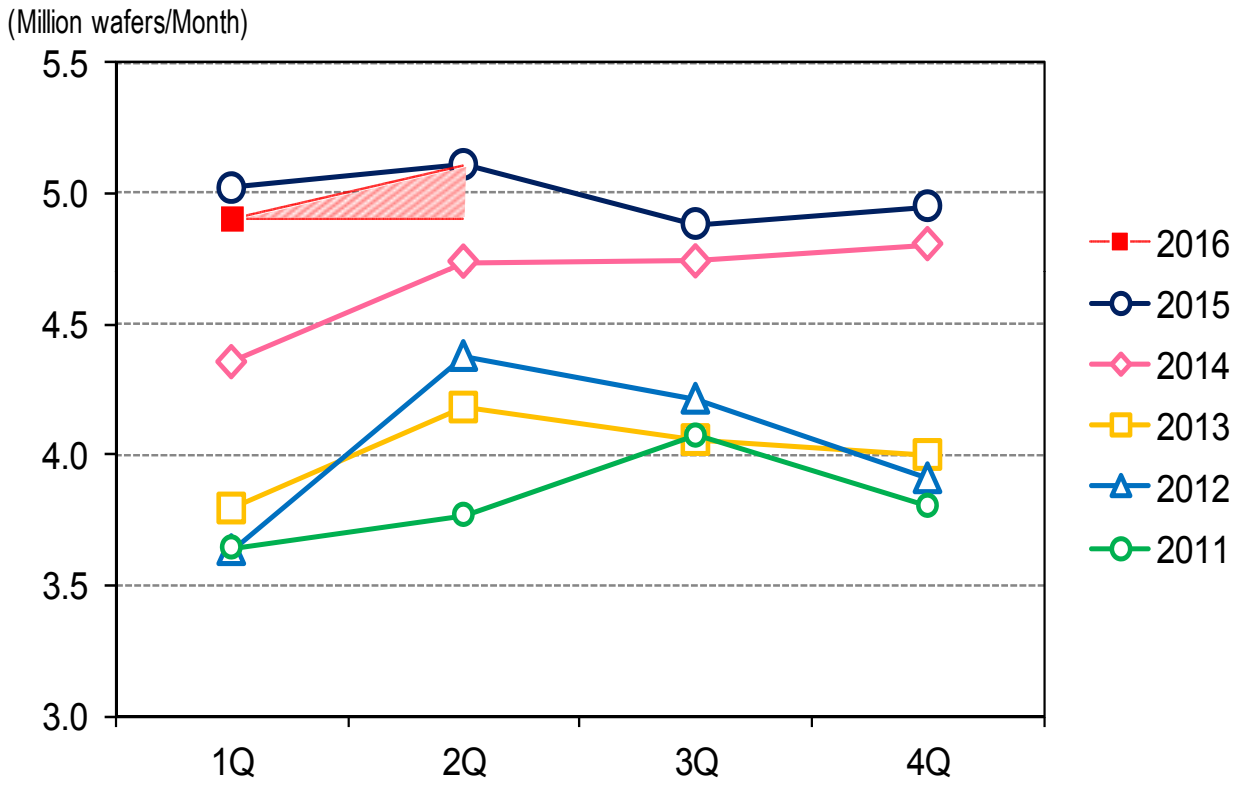
Firm demand for Auto and recovery in Consumer and Industrial

OTHERS

✔ The weakening of prices centered primarily on 300 mm EW has essentially subsided

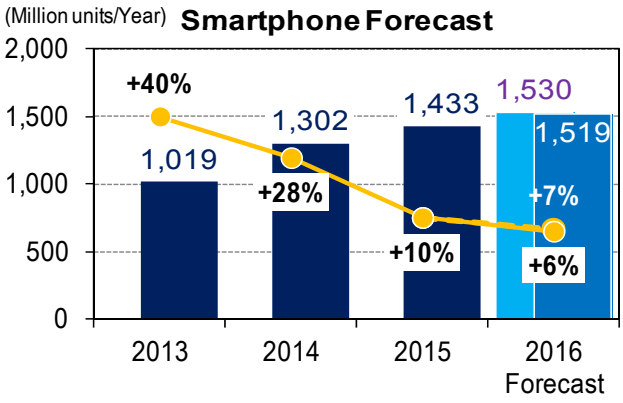
✔ While certain customers were affected by the Kumamoto Earthquake, the impact of the earthquake on the SUMCO Group is limited

2-1. Seasonality of 300mm Wafer Trend

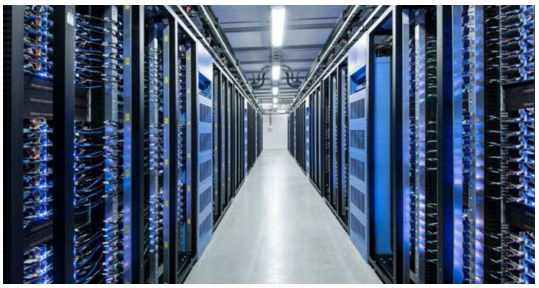


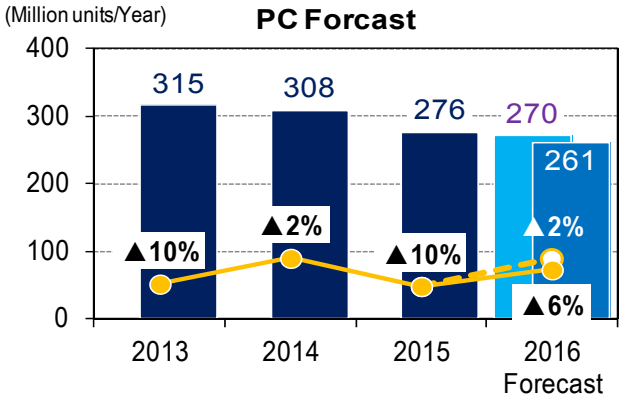
(Source: SUMCO estimation)

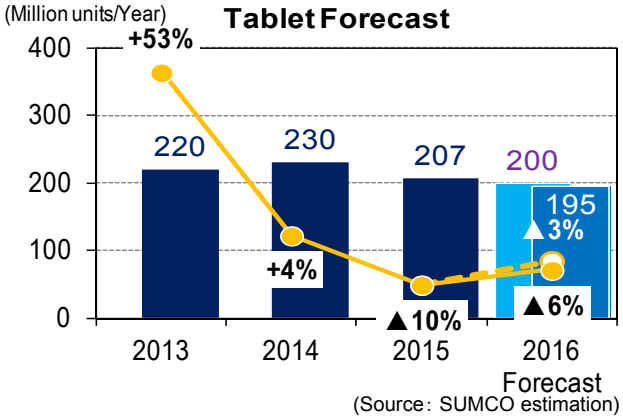
2-2. Smartphone, PC, Tablet and Data Center



Data Center







(Source: SUMCO estimation)

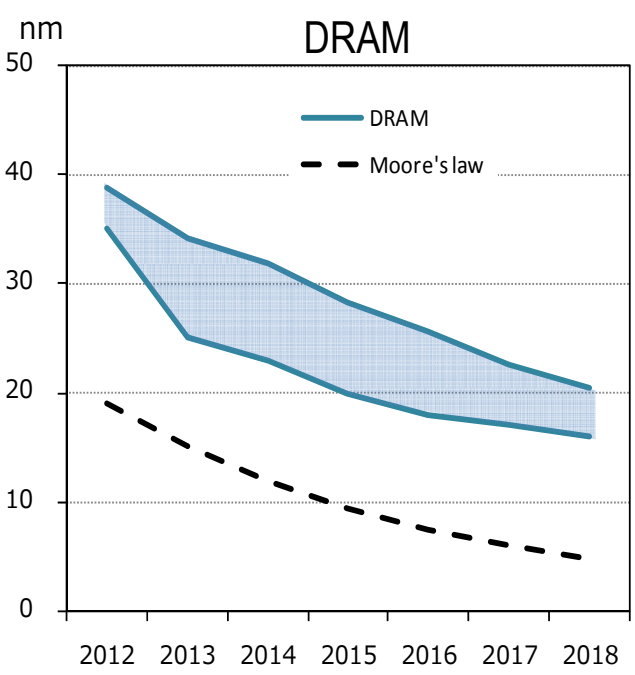
3. Scaling and Silicon Wafer Demand

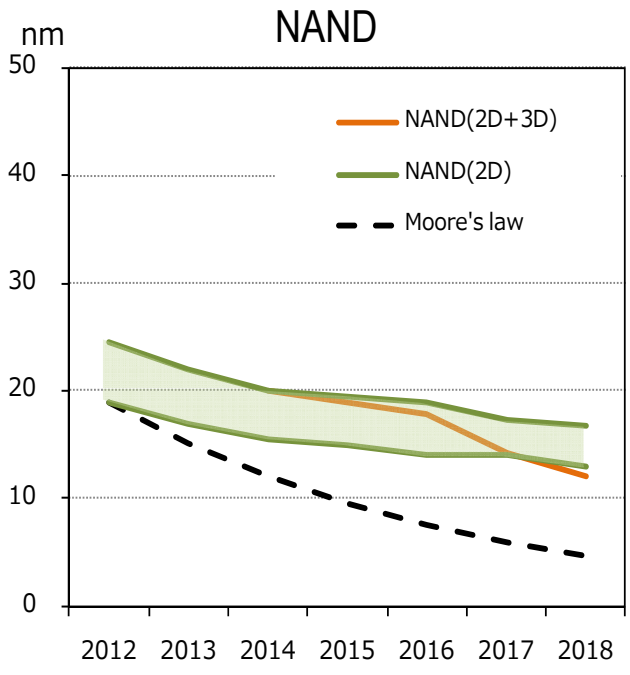
DRAM : Scaling slow down
Bit growth is 20's%
Wafer area growth is flattish

NAND : 2D scaling slow down
Bit density growth is lead by 3D Technology
Bit growth continues 40's%
Wafer area is expected to increase

LOGIC : High-Precision wafer demand is expected to increase lead by Scaling

3-1. Scaling Technology for Memory

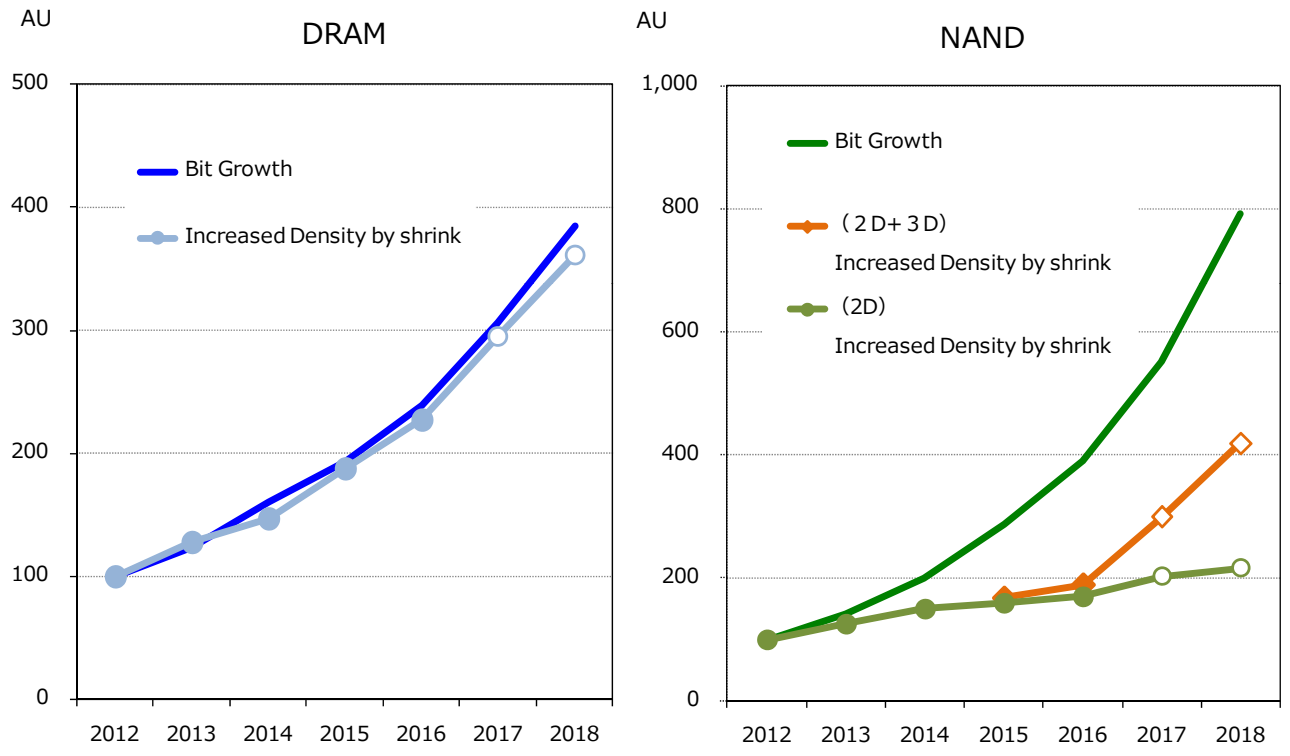




(Note) Calculated by converting the number of the layer of 3D to scaling of 2D technology

(Source: SUMCO estimation)

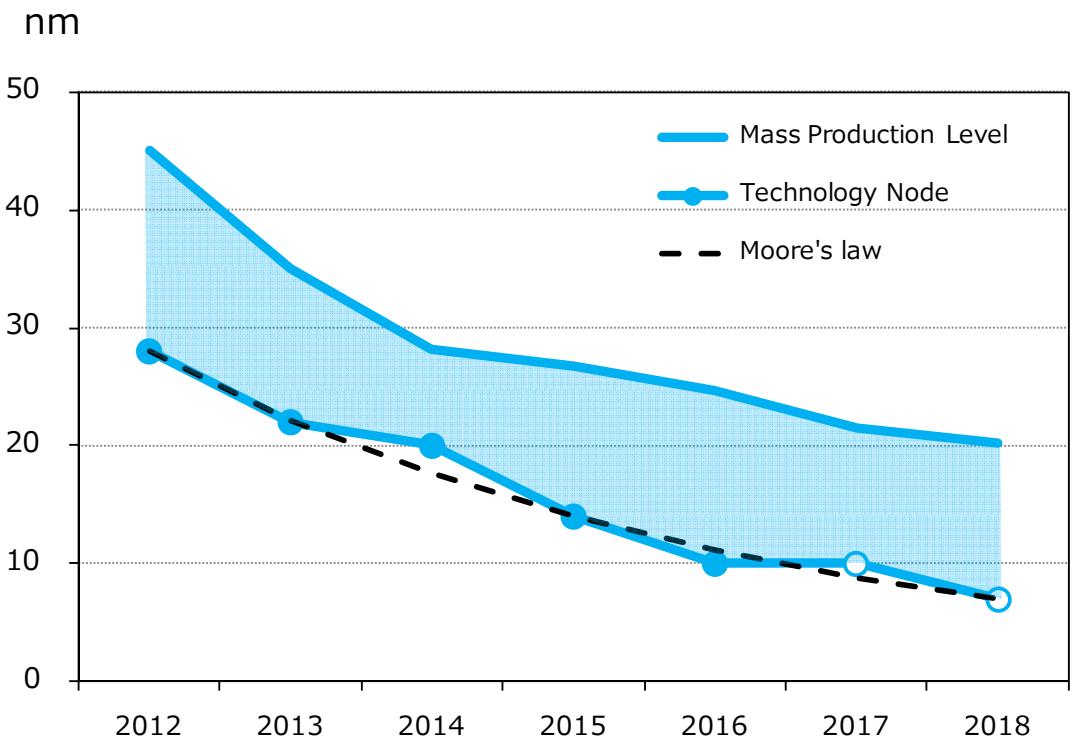
3-2. Scaling and bit growth of Memory



(Note) Absolute unit ; CY2012=100

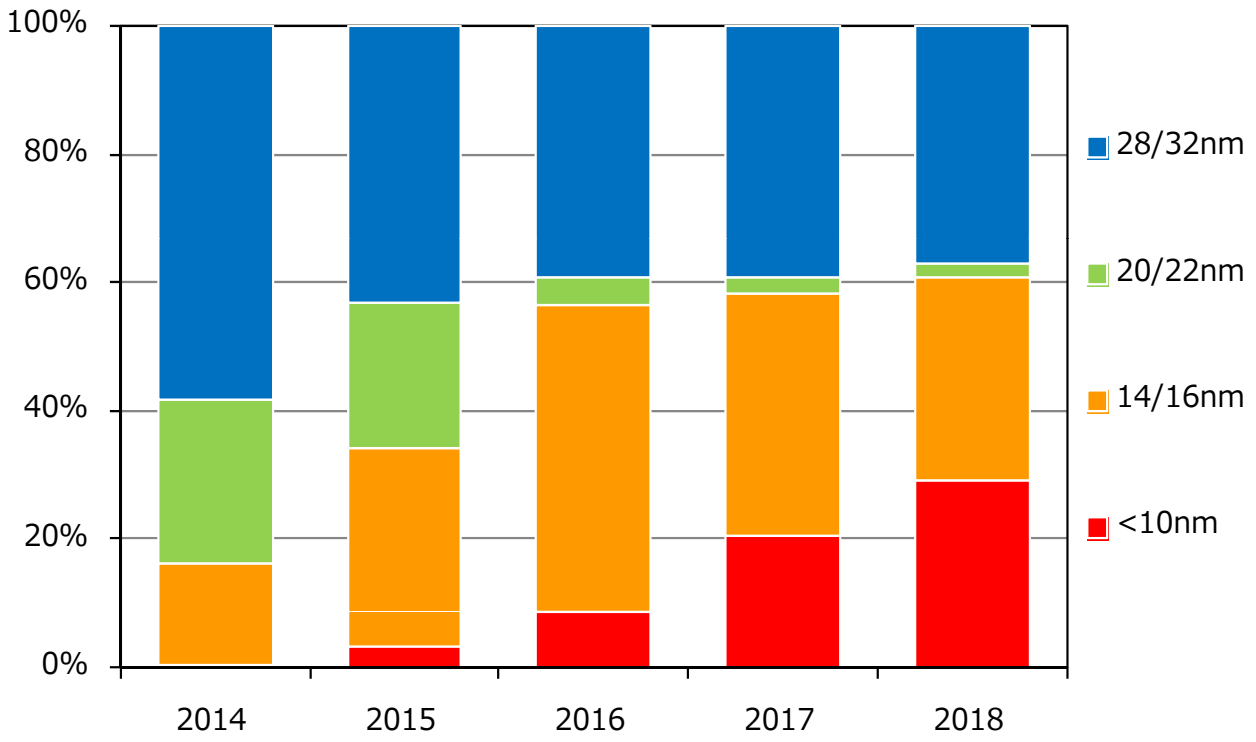
(Source: SUMCO estimation)

3-3. Scaling Technology for Logic



(Source: SUMCO estimation)

3-4. Wafer Demand by Process Technology in 300mm EW



(Source: SUMCO estimation)

1Q-2016
Consolidated Business Results

Michiharu Takii
Representative Director,
President & COO

4-1. Summary of Consolidated Business Results

(Billions of Yen)

	1Q-2015 Actual	4Q-2015 Actual	1Q-2016 Actual	Change YoY	Change QoQ
Net Sales	60.4	54.9	51.7	(8.7)	(3.2)
Operating Income	8.8	3.9	3.6	(5.2)	(0.3)
Non-operating Income and Expenses	(1.4)	(0.6)	(1.0)	+0.4	(0.4)
Ordinary Income	7.4	3.3	2.6	(4.8)	(0.7)
Extraordinary Income and Expenses	-	(1.7) (*1)	-	-	+1.7
Income Taxes and Minority Interests	(2.3)	2.4 (*2)	(1.1)	+1.2	(3.5)
Net Income (*3)	5.1	4.0	1.5	(3.6)	(2.5)
Capital Expenditure (Acceptance basis)	2.8	5.3	6.2	+3.4	+0.9
Depreciation	5.0	5.7	5.0	0.0	(0.7)
EBITDA (*4)	14.2	10.1	9.0	(5.2)	(1.1)
Exchange Rate (Yen/US$)	119.4	121.2	118.3	(1.1)	(2.9)
Operating Margin (%)	14.7%	7.2%	7.0%	(7.7%)	(0.2%)
EBITDA Margin (%)	23.6%	18.4%	17.4%	(6.2%)	(1.0%)
ROE (%)	10.9%	7.7%	3.0%	(7.9%)	(4.7%)
Net Income per Share (Yen)	18.90	13.71	5.37	(13.53)	(8.34)

(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 the parent
*4. EBITDA = Operating Income + Depreciation + Amortization of Goodwill

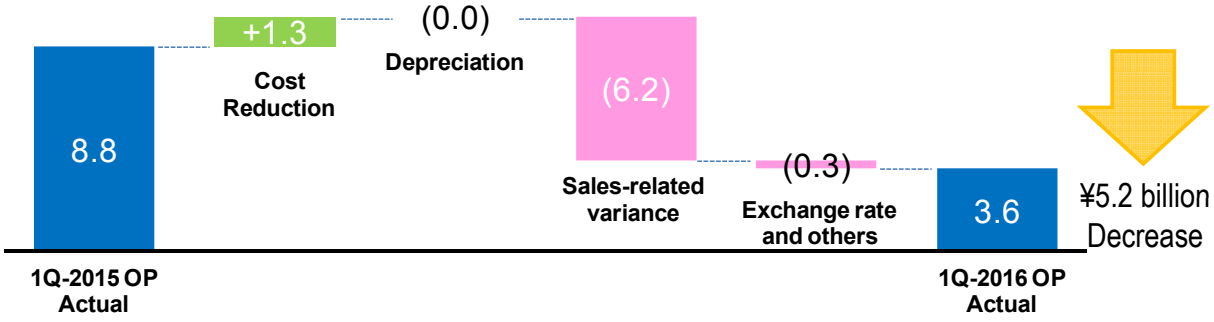
4-2. Analysis of Changes in Operating Income

■ 1Q-2015 Actual → 1Q-2016 Actual

(Billions of Yen)

	1Q-2015 Actual	1Q-2016 Actual	Change
Net Sales	60.4	51.7	(8.7)
Operating Income	8.8	3.6	(5.2)
Exchange Rate (Yen/US$)	119.4	118.3	(1.1)

【Analysis of Changes in Operating Income】



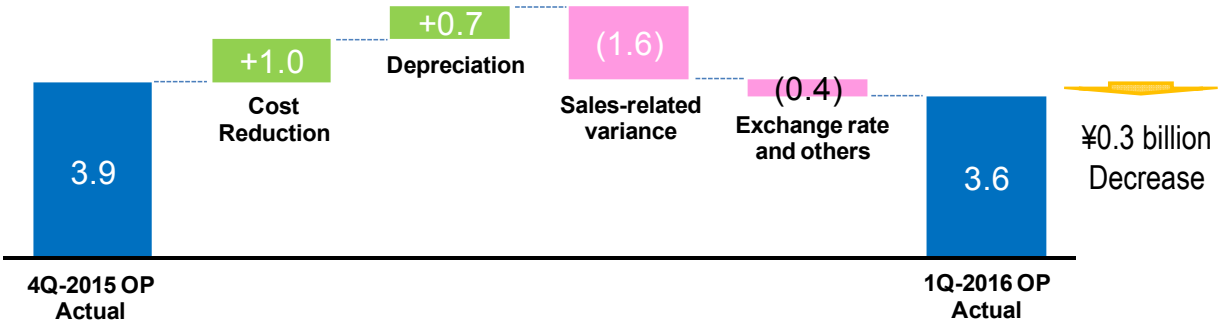
4-3. Analysis of Changes in Operating Income

■ 4Q-2015 Actual → 1Q-2016 Actual

(Billions of Yen)

	4Q-2015 Actual	1Q-2016 Actual	Change
Net Sales	54.9	51.7	(3.2)
Operating Income	3.9	3.6	(0.3)
Exchange Rate (Yen/US$)	121.2	118.3	(2.9)

【Analysis of Changes in Operating Income】



4-4. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2015	End of Mar-2016	Change
Cash and time deposits	46.9	47.0	+0.1
Finished products and WIP	29.4	28.6	(0.8)
Raw materials and supplies	134.2	144.2	+10.0
Tangible and intangible assets	172.5	170.8	(1.7)
Deferred income tax assets	6.7	6.1	(0.6)
Other assets	100.1	96.8	(3.3)
Total Assets	489.8	493.5	+3.7
Debt and borrowings	180.3	179.9	(0.4)
Other liabilities	65.0	74.7	+9.7
Liabilities	245.3	254.6	+9.3
Capital stock	138.7	138.7	-
Capital surplus	23.3	23.3	-
Retained earnings	48.5	47.1	(1.4)
Others	34.0	29.8	(4.2)
Equity	244.5	238.9	(5.6)
Shareholders' equity ratio	43.2%	42.0%	(1.2%)
Equity per share (Yen)	721.8	706.2	(15.6)
D/E ratio (gross)	0.9x	0.9x	0.0x
D/E ratio (net)	0.6x	0.6x	0.0x

4-5. Consolidated Cash-Flow

(Billions of Yen)

	1Q-2016
Income before income taxes and minority interests	2.6
Depreciation	5.0
Subtotal	7.6
Increase in inventories	(9.1)
Changes in working capital, etc.	11.8
Net cash provided by operating activities	10.3
Capital expenditure (Acceptance basis)	(6.2)
Others, net	0.9
Net cash used in investing activities	(5.3)
Free cash-flow	5.0

2Q-2016
Consolidated Business Forecasts

5-1. 2Q-2016 Consolidated Business Forecasts

(Billions of Yen)

	1H-2015 Actual	1H-2016 Forecast			Change
		1Q Actual	2Q FCT	Total	
Net Sales	123.0	51.7	51.5	103.2	(19.8)
Operating Income	18.3	3.6	2.0	5.6	(12.7)
Non-operating Income and Expenses	(3.0)	(1.0)	(1.0)	(2.0)	+1.0
Ordinary Income	15.3	2.6	1.0	3.6	(11.7)
Extraordinary Income and Expenses	-	-	-	-	-
Income Taxes and Minority Interests	(4.4)	(1.1)	(0.5)	(1.6)	+2.8
Net Income (*1)	10.9	1.5	0.5	2.0	(8.9)
Capital Expenditure (Acceptance basis)	5.7	6.2	6.0	12.2	+6.5
Depreciation	10.4	5.0	5.5	10.5	+0.1
EBITDA (*2)	29.6	9.0	8.0	17.0	(12.6)
Exchange Rate (Yen/US$)	120.2	118.3	110.0	114.2	(6.0)
Operating Margin (%)	14.9%	7.0%	3.9%	5.4%	(9.5%)
EBITDA Margin (%)	24.1%	17.4%	15.5%	16.5%	(7.6%)
ROE (%)	11.1%	3.0%	0.8%	1.9%	(9.2%)
Net Income per Share (Yen)	40.38	5.37	1.45	6.82	(33.56)

(Note) *1. Net income attributable to owners of the parent
*2. EBITDA = Operating Income + Depreciation + Amortization of Goodwill

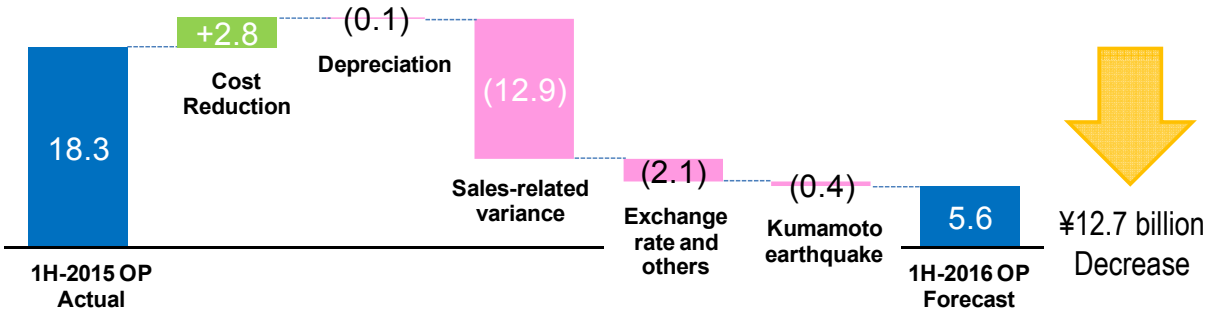
5-2. Analysis of Changes in Operating Income

■ 1H-2015 Actual → 1H-2016 Forecast

(Billions of Yen)

	1H-2015 Actual	1H-2016 Forecast	Change
Net Sales	123.0	103.2	(19.8)
Operating Income	18.3	5.6	(12.7)
Exchange Rate (Yen/US$)	120.2	114.2	(6.0)

【Analysis of Changes in Operating Income】



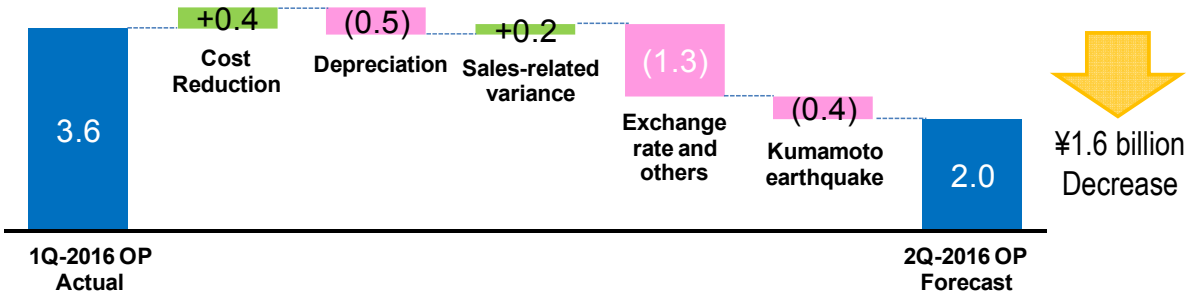
5-3. Analysis of Changes in Operating Income

■ 1Q-2016 Actual → 2Q-2016 Forecast

(Billions of Yen)

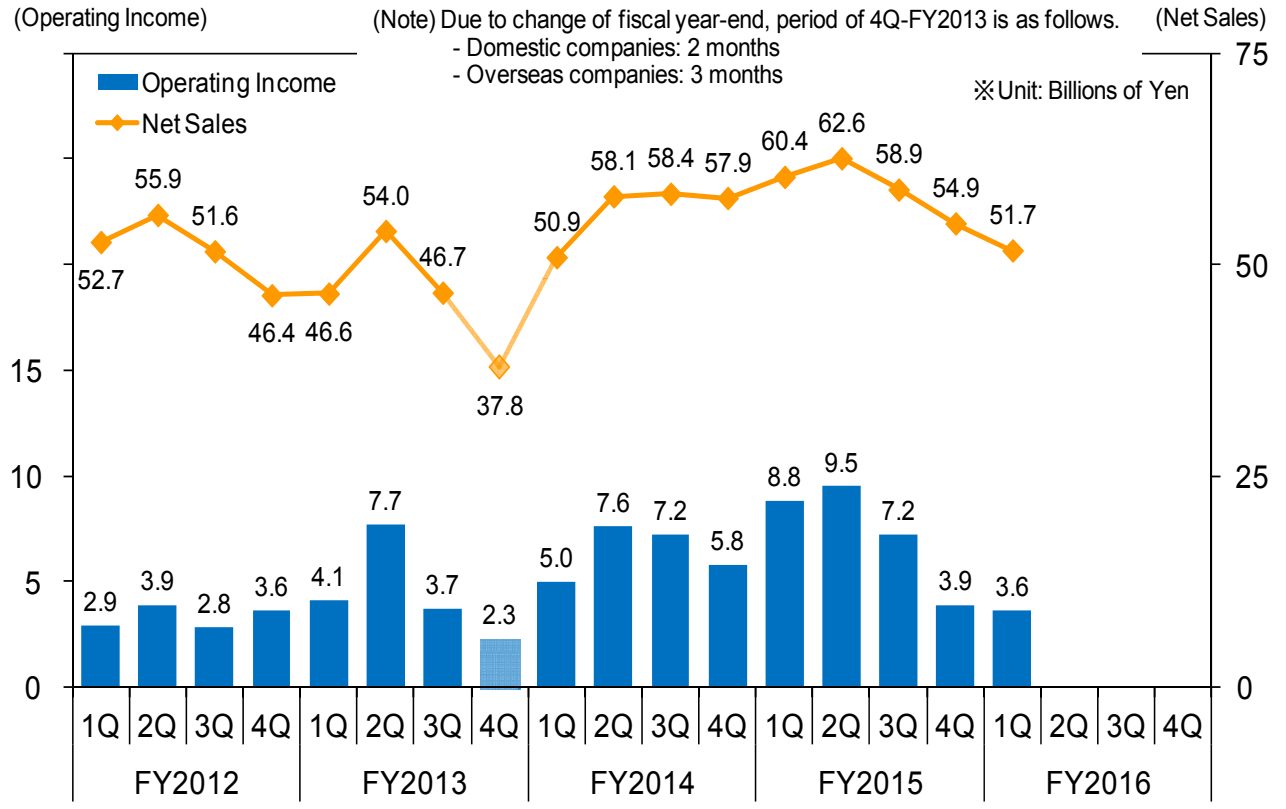
	1Q-2016 Actual	2Q-2016 Forecast	Change
Net Sales	51.7	51.5	(0.2)
Operating Income	3.6	2.0	(1.6)
Exchange Rate (Yen/US$)	118.3	110.0	(8.3)

【Analysis of Changes in Operating Income】

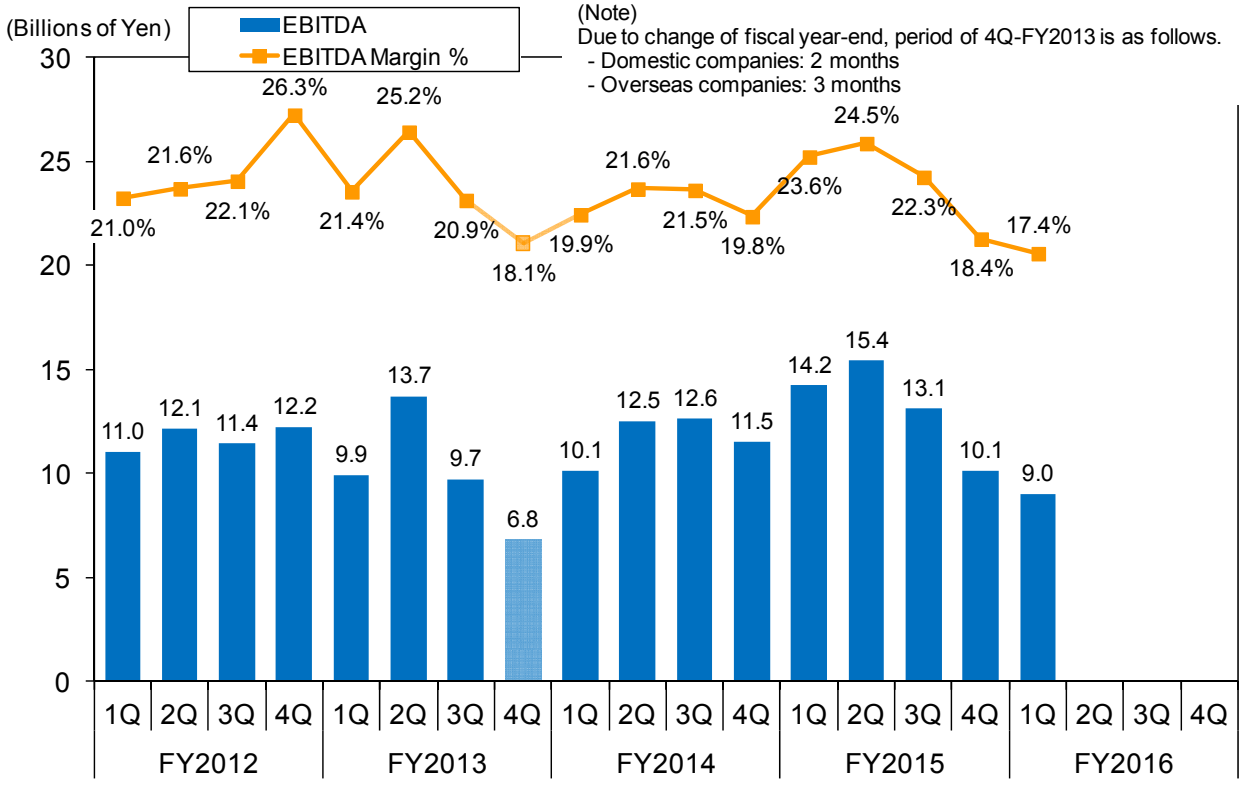


Reference Materials

Reference Materials: Quarterly Trend



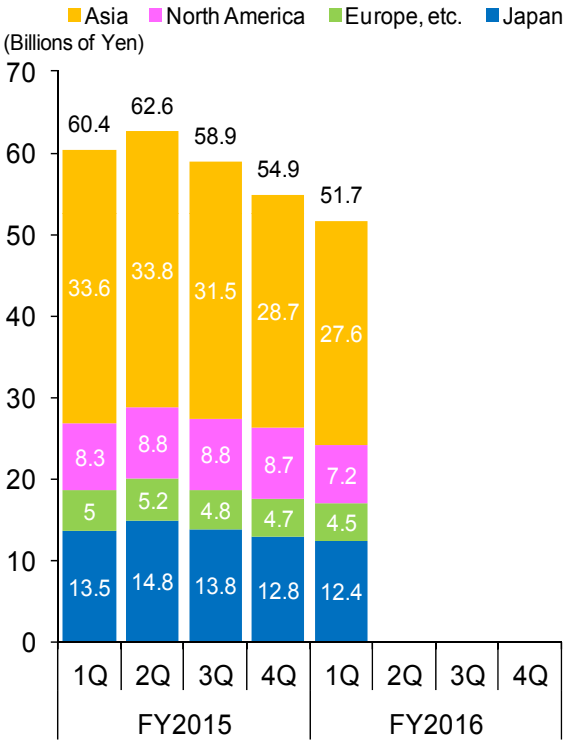
Reference Materials: EBITDA



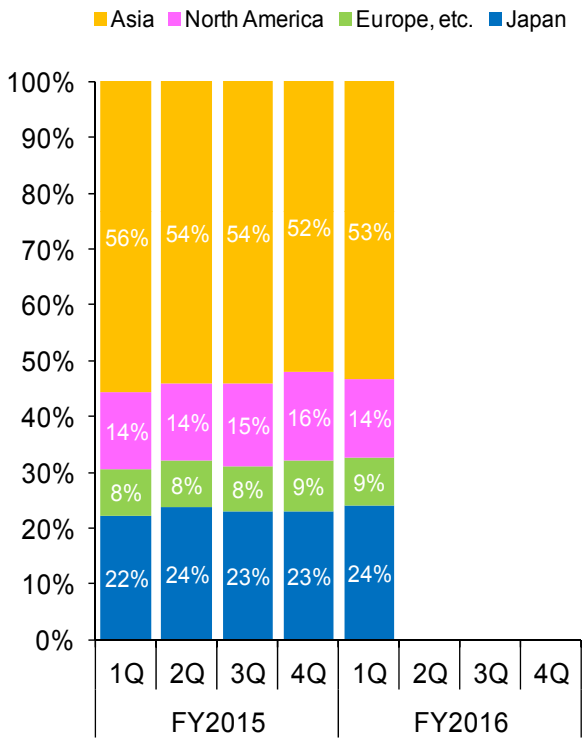
（Note） EBITDA = Operating Income + Depreciation + Amortization of goodwill

Reference Materials: Sales Results

Changes of Sales



Sales by Region



URL http://www.sumcosi.com/