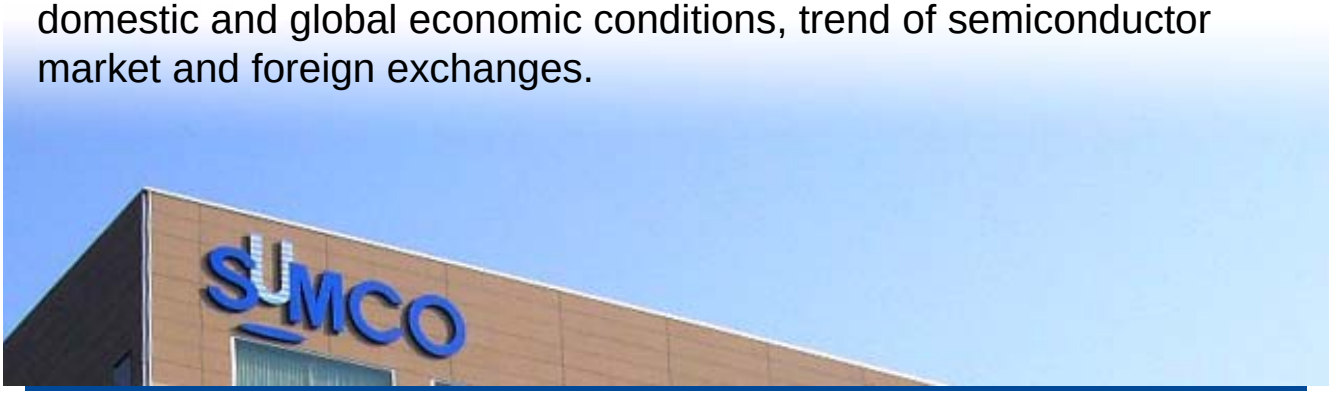
Results for Third Quarter of FY2019 (Ended September 30, 2019)

November 6, 2019
SUMCO Corporation
（Code：3436）
（LEI：353800SUSRUOM0V6KU92）

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

Representative Director,
CEO & Chairman of the Board

1-1. Summary

3Q-2019 Consolidated Business Result

(Billions of Yen)

	3Q-2019 Forecast	3Q-2019 Actual	Change
Net Sales	72.0	72.1	+0.1
Operating Income	8.0	8.9	+0.9
Ordinary Income	7.5	8.5	+1.0
Net Income (Note)	5.0	5.2	+0.2
Exchange Rate (Yen/US$)	108.0	107.6	(0.4)

4Q-2019 Consolidated Business Forecast

(Billions of Yen)

	3Q-2019 Actual	4Q-2019 Forecast	Change
Net Sales	72.1	69.0	(3.1)
Operating Income	8.9	7.0	(1.9)
Ordinary Income	8.5	6.5	(2.0)
Net Income (Note)	5.2	4.0	(1.2)
Exchange Rate (Yen/US$)	107.6	108.0	+0.4

(Note) Net income attributable to owners of the parent

1-2. Dividend

		FY2015 (Dec-2015)	FY2016 (Dec-2016)	FY2017 (Dec-2017)	FY2018 (Dec-2018)	FY2019 (Dec-2019)
Dividends per share for common stocks (Yen)	Interim	10.0	5.0	10.0	30.0	**25.0**
	Year-end	10.0	5.0	18.0	32.0	(FCST) **10.0**
	Total	20.0	10.0	28.0	62.0	(FCST) **35.0**
Dividends payment (Billions of Yen)	Interim	2.9	1.4	2.9	8.7	**7.3**
	Year-end	2.9	1.4	5.2	9.3	(FCST) **2.9**
	Total	5.8	2.9	8.2	18.1	(FCST) **10.2**
Dividend ratio	(%)	28.5%	44.5%	30.4%	31.0%	(FCST) **32.0%**

1. The financial targets set at the time of the public offering in 2015 have largely been achieved
2. Review of shareholder return measures
3. In addition to the existing dividend payout ratio of 30%, a shareholder return of 10% to be initiated by acquiring treasury stock

2-1. Market Environment

3Q-2019

✓ Volume - Solid performance for logic, continued volume correction for memory

✓ Pricing - Long-term contract prices holding steady, spot prices weak in line with expectations

4Q-2019 Forecast

✓ Volume - No signs yet of recovery for memory

- 200 mm demand soften

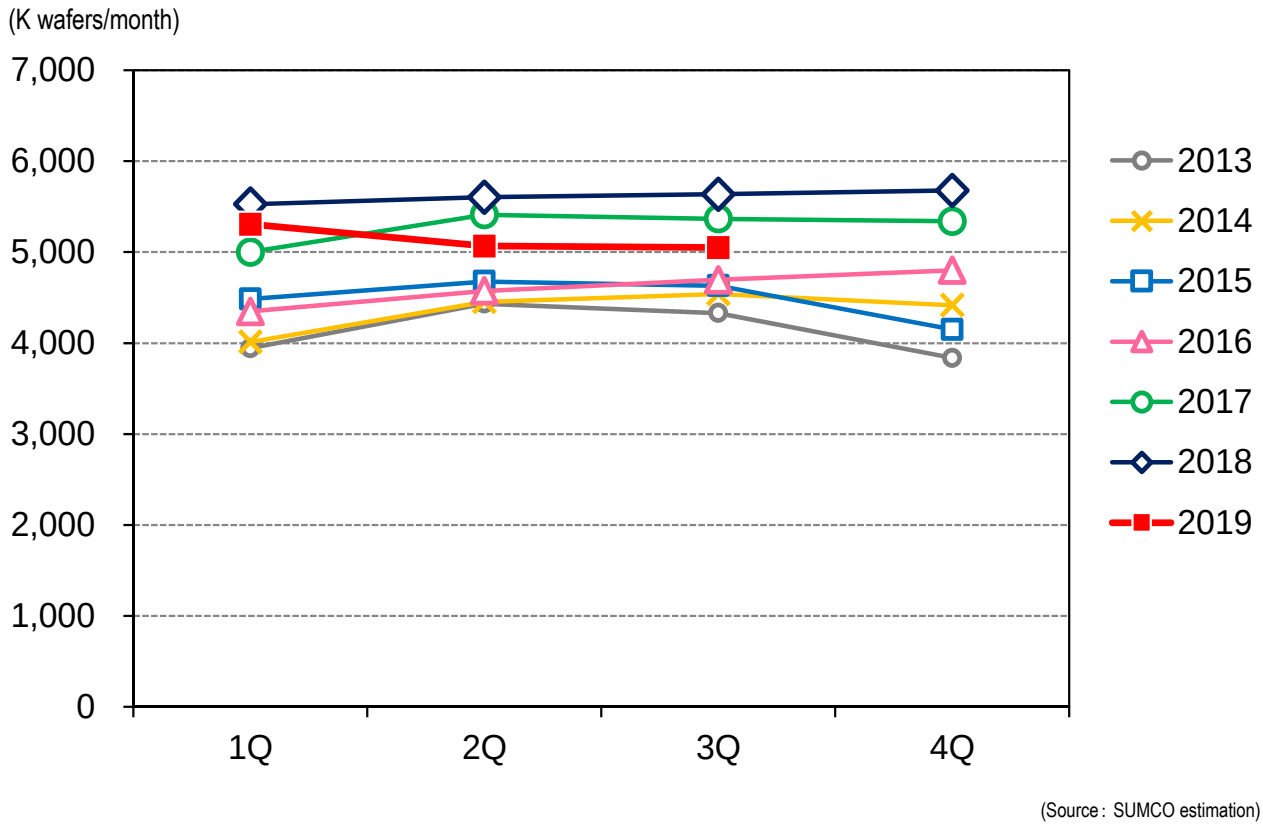
✓ Pricing - Long-term agreement prices are holding steady. While the majority of the market is covered by long-term agreements, spot prices for the remaining products are weak

Outlook

✓ 300 mm logic and CIS expected to return to normal, and memory market should begin recovering in 2020, but as wafer inventory drawdown will take time, wafer demand to recover in 2020 2H and after

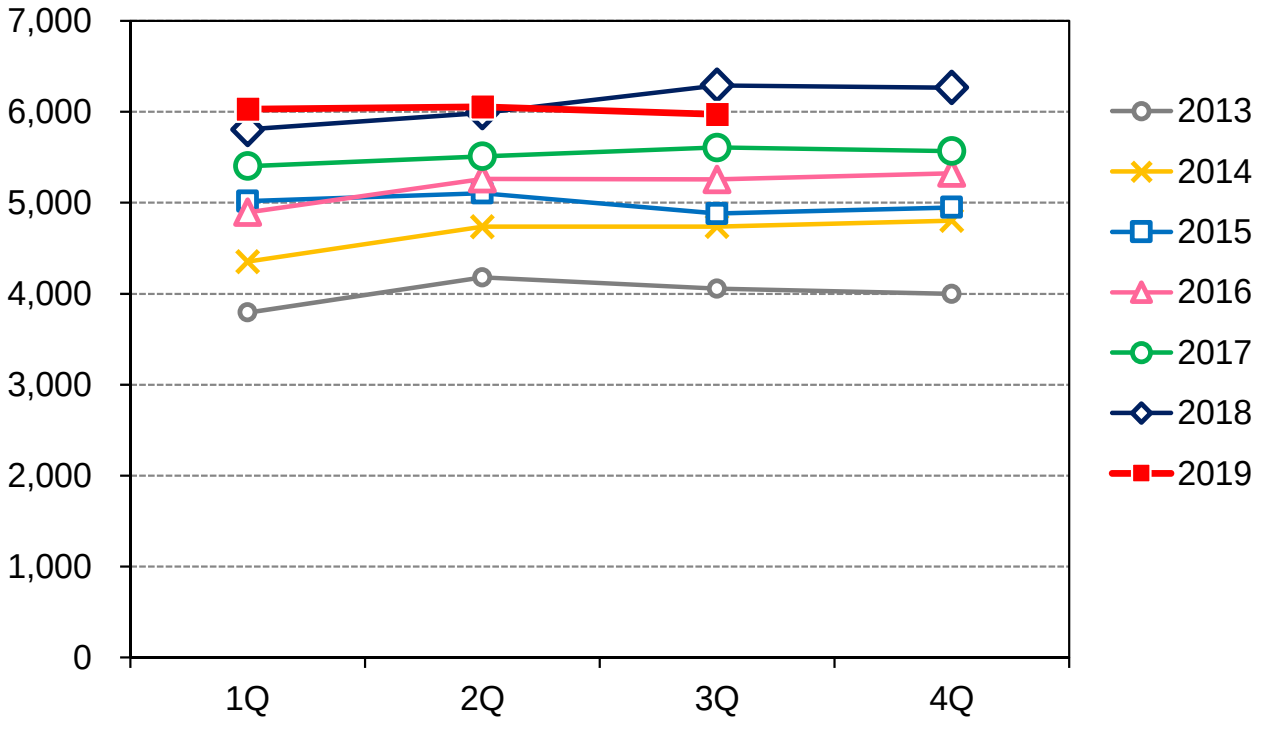
✓ 200 mm and smaller, Demand recovery is expected to be slow, due to the global economy downturn

2-2. 200mm Wafer Trend



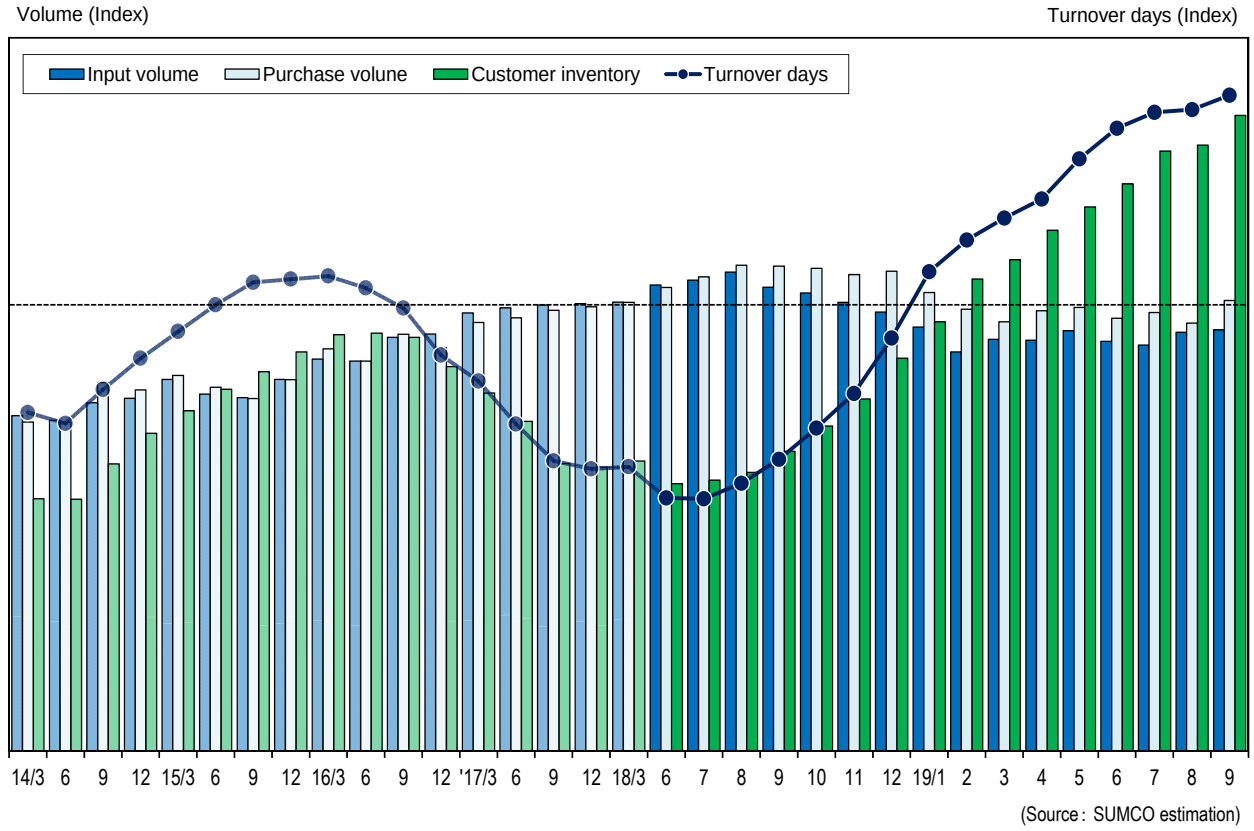
(Source : SUMCO estimation)

2-3. 300mm Wafer Trend



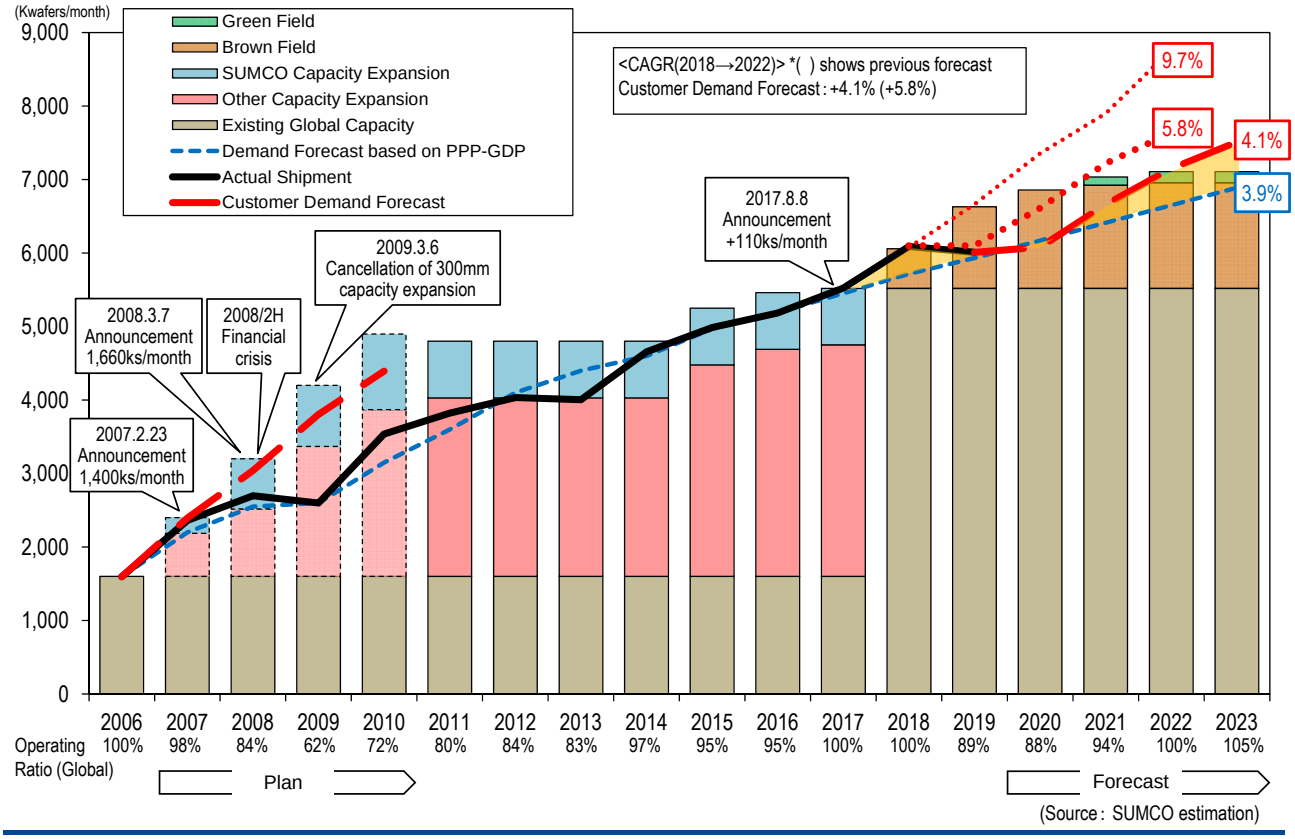
(Source : SUMCO estimation)

2-4. Customer 300mm Wafer Inventory Level



(Source : SUMCO estimation)

2-5. 300mm Wafer Global Capacity and Demand



(Source : SUMCO estimation)

3Q-2019
Consolidated Business Result

Michiharu Takii
Representative Director,
Vice Chairman

3-1. Summary of Consolidated Business Result

(Billions of Yen)

	3Q-2018 Actual (9 months)	3Q-2019 Actual 1Q	2Q	3Q	Total (9 months)	Change
Net sales	242.4	82.1	74.3	72.1	228.5	(13.9)
Operating income	64.2	19.8	13.7	8.9	42.4	(21.8)
Non-operating income and expenses	(1.5)	(0.8)	0.0	(0.4)	(1.2)	+0.3
Ordinary income	62.7	19.0	13.7	8.5	41.2	(21.5)
Extraordinary income and expenses	(0.8)	-	0.9	-	0.9	+1.7
Income taxes	(10.3)	(3.6)	(3.4)	(2.7)	(9.7)	+0.6
Net income attributable to non-controlling interests	(9.0)	(2.3)	(1.4)	(0.6)	(4.3)	+4.7
Net income attributable to owners of the parent	42.6	13.1	9.8	5.2	28.1	(14.5)
Capital expenditure (Acceptance basis)	40.9	18.8	10.9	15.6	45.3	+4.4
Depreciation	19.5	8.6	10.2	10.7	29.5	+10.0
EBITDA (Note 1)	84.9	28.8	24.3	20.0	73.1	(11.8)
Exchange rate (Yen/US$) (Note 2)	109.5	110.3	110.7	107.6	109.6	+0.1
Operating margin (%)	26.5%	24.1%	18.5%	12.4%	18.6%	(7.9%)
EBITDA margin (%)	35.1%	35.2%	32.7%	27.7%	32.0%	(3.1%)
ROE (%)	22.2%	18.3%	13.4%	7.0%	12.9%	(9.3%)
Net income per share (Yen)	145.47	44.78	33.57	17.57	95.92	(49.55)

(Note 1) EBITDA = Operating Income + Depreciation + Amortization of Goodwill
(Note 2) If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 0.9-1.0 billion yen per year.

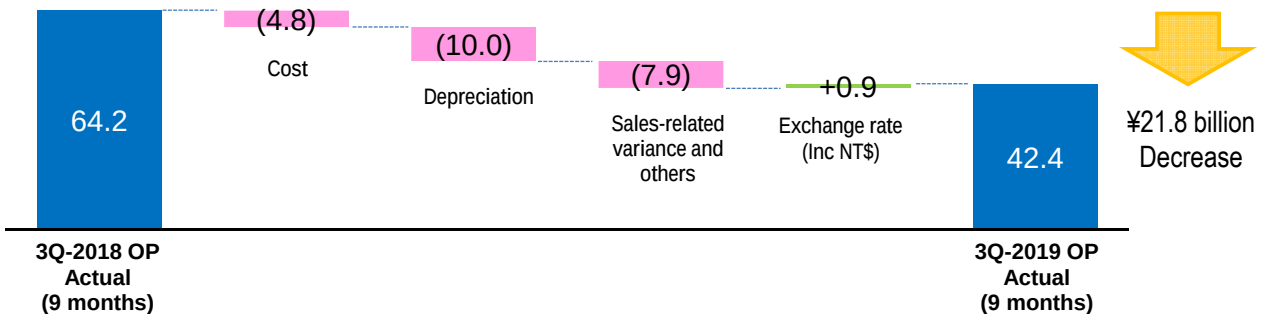
3-2. Analysis of Changes in Operating Income

■ 3Q-2018 Actual (9 months)→ 3Q-2019 Actual (9 months)

(Billions of Yen)

	3Q-2018 ACT (9 months)	3Q-2019 ACT (9 months)	Change
Net Sales	242.4	228.5	(13.9)
Operating Income	64.2	42.4	(21.8)
Exchange Rate (Yen/US$)	109.5	109.6	+0.1

【Analysis of Changes in Operating Income】



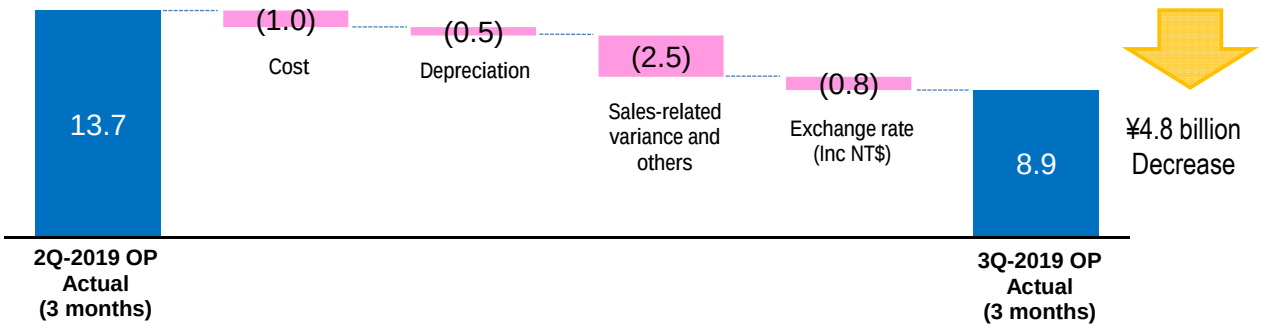
3-3. Analysis of Changes in Operating Income

■ 2Q-2019 Actual → 3Q-2019 Actual

(Billions of Yen)

	2Q-2019 Actual	3Q-2019 Actual	Change
Net Sales	74.3	72.1	(2.2)
Operating Income	13.7	8.9	(4.8)
Exchange Rate (Yen/US$)	110.7	107.6	(3.1)

【Analysis of Changes in Operating Income】



3-4. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2018	End of Sep-2019	Change
Cash and time deposits	78.9	61.1	(17.8)
Finished products and WIP	34.4	35.8	+1.4
Raw materials and supplies	153.1	149.9	(3.2)
Tangible and intangible assets	191.1	204.6	+13.5
Deferred income tax assets	15.1	12.0	(3.1)
Other assets	115.6	105.5	(10.1)
Total Assets	588.2	568.9	(19.3)
Debt and borrowings	153.3	153.0	(0.3)
Other liabilities	109.4	84.5	(24.9)
Liabilities	262.7	237.5	(25.2)
Capital stock	138.7	138.7	-
Capital surplus	30.7	30.7	-
Retained earnings	117.7	129.2	+11.5
Others	38.4	32.8	(5.6)
Equity	325.5	331.4	+5.9
Shareholders' equity ratio	48.4%	51.8%	+3.4%
Equity per share (Yen)	971.8	1,004.7	+32.9
D/E ratio (gross)	0.54x	0.52x	(0.02)x
D/E ratio (net)	0.26x	0.31x	+0.05x

3-5. Consolidated Cash-Flow

(Billions of Yen)

	3Q-2019 (9 months)
Income before income taxes	42.1
Depreciation	29.5
Subtotal	71.6
Increase in inventories	3.0
Cancellation Fee	(10.0)
Changes in working capital, etc.	(6.5)
Net cash provided by operating activities	58.1
Capital expenditure (Acceptance basis)	(45.3)
Others, net	(5.1)
Net cash used in investing activities	(50.4)
Free cash-flow	7.7

FY2019
Consolidated Business Forecast

4-1. FY2019 Consolidated Business Forecast

(Billions of Yen)

	FY2018 Actual	FY2019 Forecast 1Q ACT	2Q ACT	3Q ACT	4Q FCST	Total	Change
Net sales	325.0	82.1	74.3	72.1	69.0	297.5	(27.5)
Operating income	85.1	19.8	13.7	8.9	7.0	49.4	(35.7)
Non-operating income and expenses	(2.1)	(0.8)	0.0	(0.4)	(0.5)	(1.7)	+0.4
Ordinary income	83.0	19.0	13.7	8.5	6.5	47.7	(35.3)
Extraordinary income and expenses	(10.8)	-	0.9	-	-	0.9	+11.7
Income taxes	(1.7)	(3.6)	(3.4)	(2.7)	(1.5)	(11.2)	(9.5)
Net income attributable to non-controlling interests	(12.0)	(2.3)	(1.4)	(0.6)	(1.0)	(5.3)	+6.7
Net income attributable to owners of the parent	58.5	13.1	9.8	5.2	4.0	32.1	(26.4)
Exchange rate (Yen/US$) (Note)	110.5	110.3	110.7	107.6	108.0	109.2	(1.3)
Operating margin (%)	26.2%	24.1%	18.5%	12.4%	10.1%	16.6%	(9.6%)
ROE (%)	22.3%	18.3%	13.4%	7.0%	5.3%	11.0%	(11.3%)
Net income per share (Yen)	199.74	44.78	33.57	17.57	13.53	109.45	(90.29)

(Note) If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 0.9-1.0 billion yen per year.

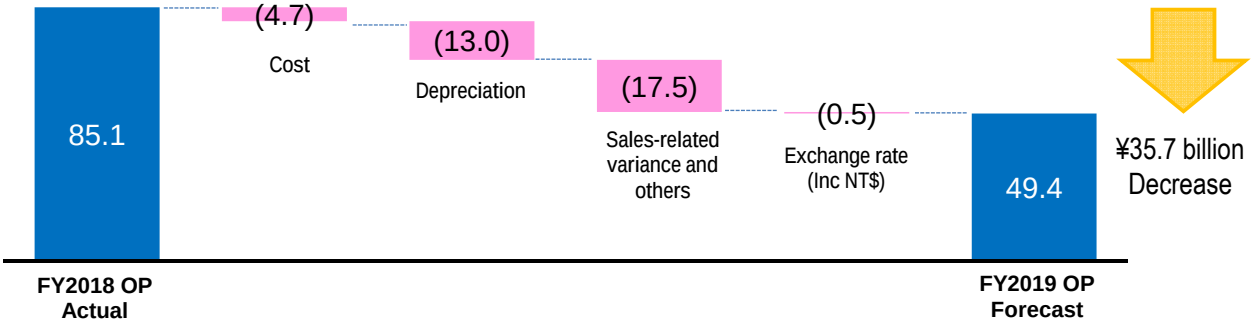
4-2. Analysis of Changes in Operating Income

■ FY2018 Actual → FY2019 Forecast

(Billions of Yen)

	FY2018 Actual	FY2019 Forecast	Change
Net Sales	325.0	297.5	(27.5)
Operating Income	85.1	49.4	(35.7)
Exchange Rate (Yen/US$)	110.5	109.2	(1.3)

【Analysis of Changes in Operating Income】



4-3. Analysis of Changes in Operating Income

■ 3Q-2019 Actual → 4Q-2019 Forecast

(Billions of Yen)

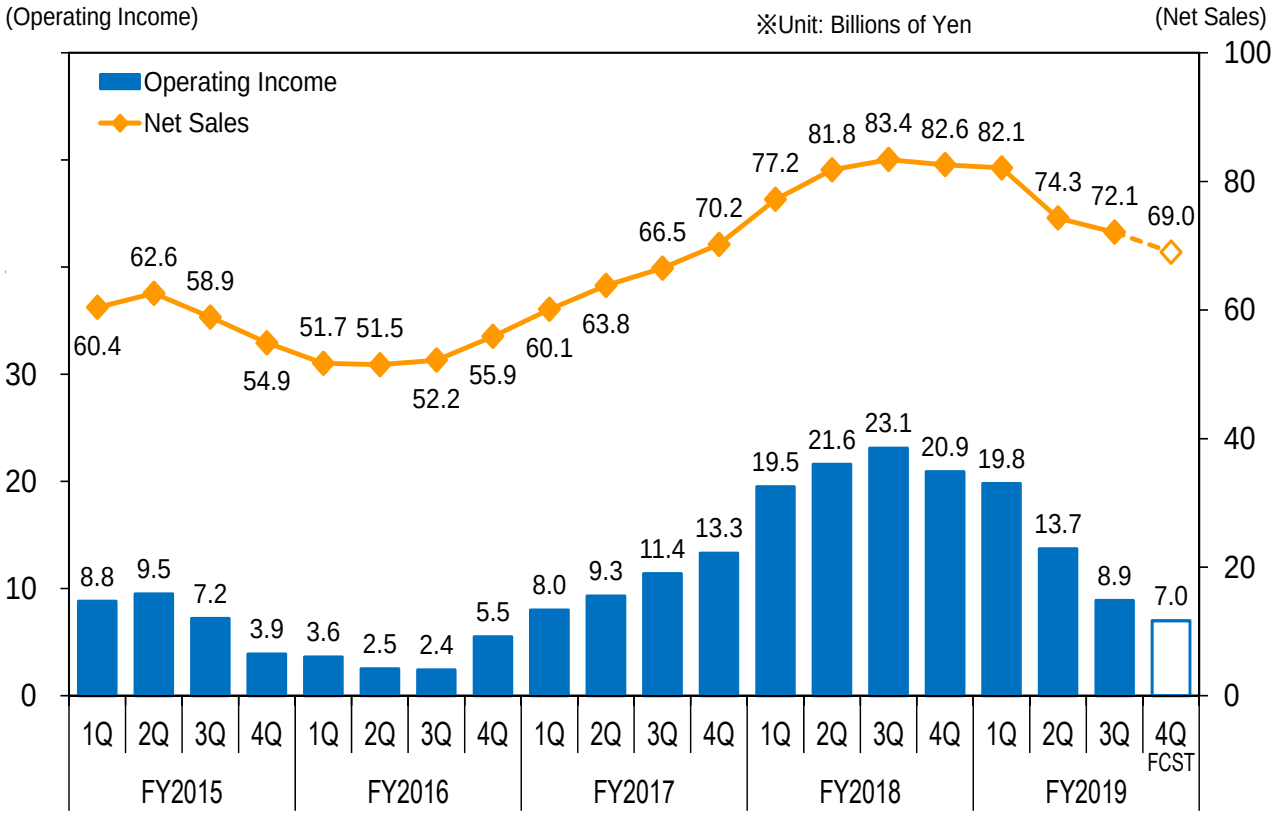
	3Q-2019 Actual	4Q-2019 Forecast	Change
Net Sales	72.1	69.0	(3.1)
Operating Income	8.9	7.0	(1.9)
Exchange Rate (Yen/US$)	107.6	108.0	+0.4

【Analysis of Changes in Operating Income】

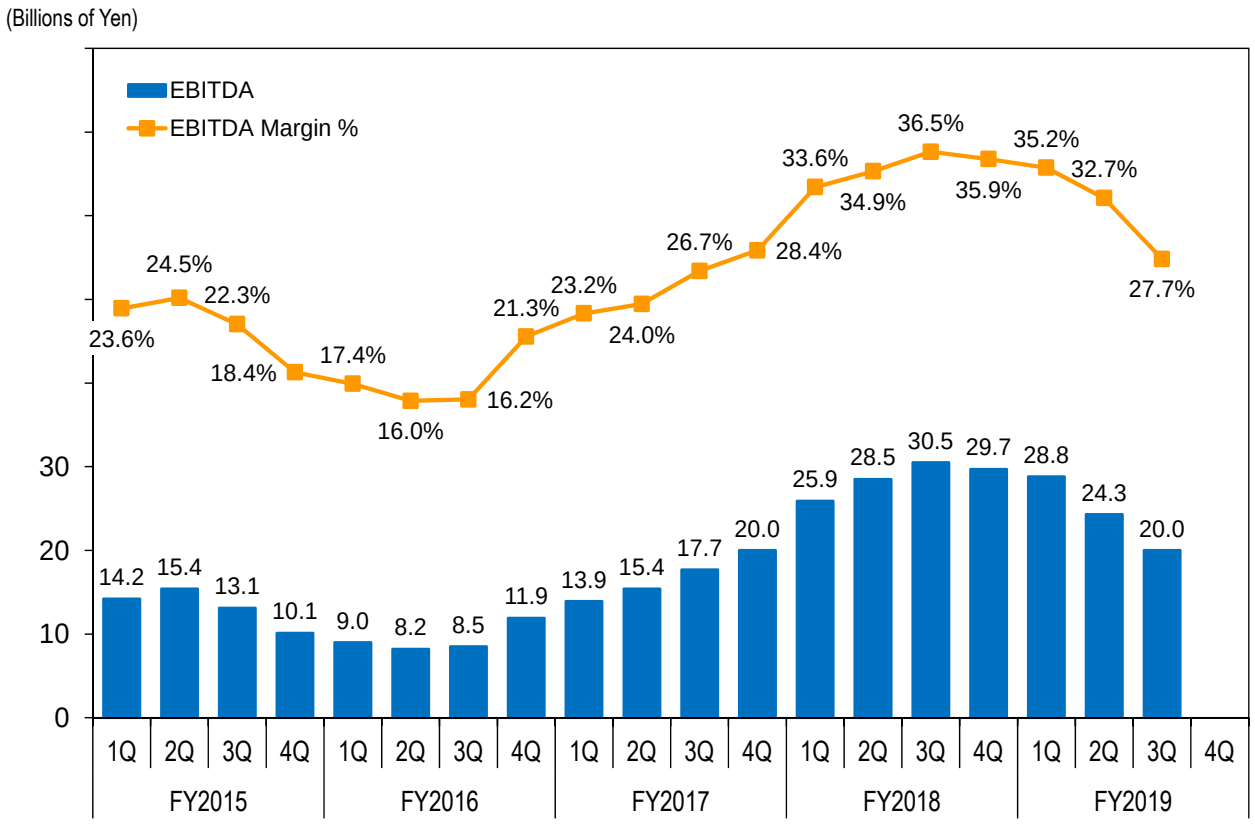


Reference Materials

Reference Materials: Quarterly Trend

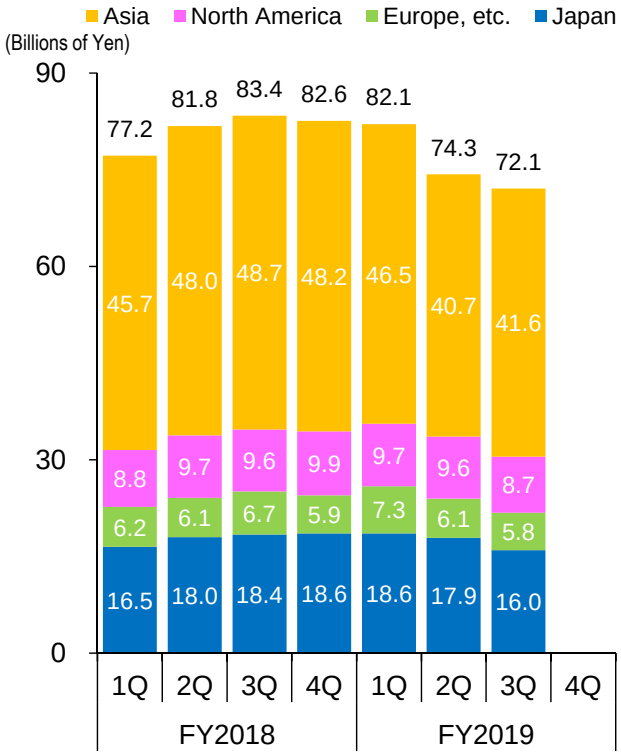


Reference Materials: EBITDA

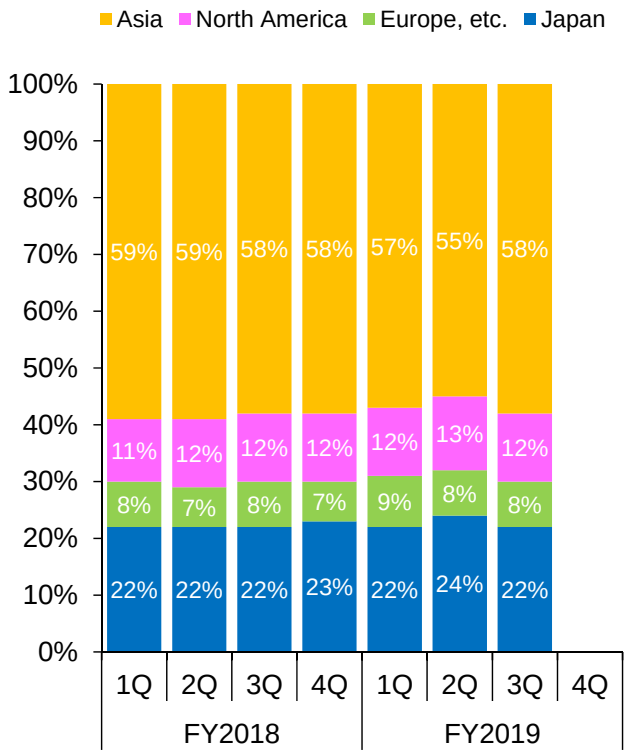


Reference Materials: Sales Results

Changes in Sales



Sales by Region





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