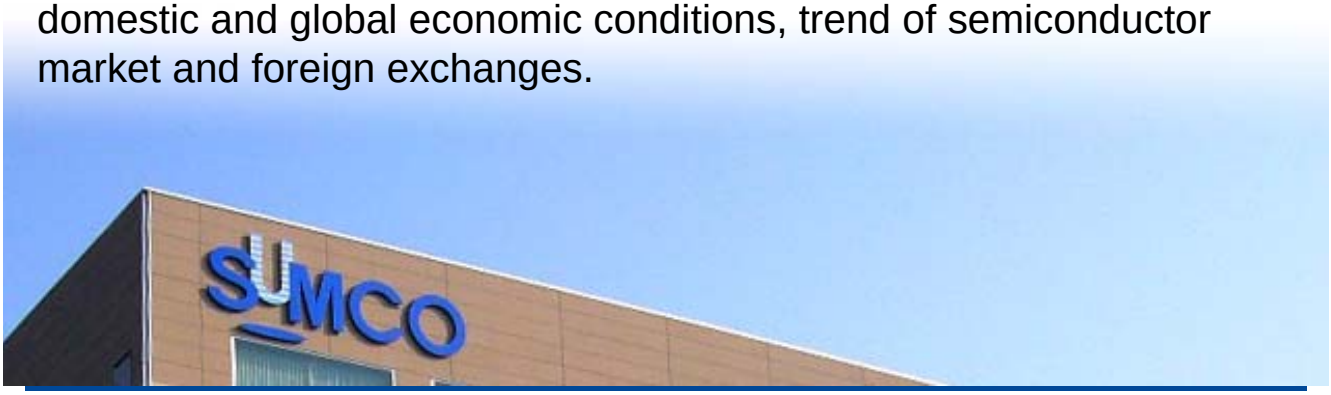
Results for Fiscal Year 2019 (Ended December 31, 2019)

February 13, 2020
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

4Q-2019 Consolidated Business Result

(Billions of Yen)

	4Q-2019 Forecast	4Q-2019 Actual	Change
Net Sales	69.0	70.9	+1.9
Operating Income	7.0	8.2	+1.2
Ordinary Income	6.5	7.1	+0.6
Net Income (Note)	4.0	5.0	+1.0
Exchange Rate (Yen/US$)	108.0	108.8	+0.8

1Q-2020 Consolidated Business Forecast

(Billions of Yen)

	4Q-2019 Actual	1Q-2020 Forecast	Change
Net Sales	70.9	71.0	+0.1
Operating Income	8.2	9.0	+0.8
Ordinary Income	7.1	8.0	+0.9
Net Income (Note)	5.0	5.5	+0.5
Exchange Rate (Yen/US$)	108.8	110.0	+1.2

(Note) Net income attributable to owners of the parent

1-2. Shareholder Return

		FY2015 (Dec-2015)	FY2016 (Dec-2016)	FY2017 (Dec-2017)	FY2018 (Dec-2018)	FY2019 (Dec-2019)
Dividends per share for common stocks (Yen)	Interim	10	5	10	30	25
	Year-end	10	5	18	32	**10**
	Total	20	10	28	62	**35**
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	**2.9**
	Total	5.8	2.9	8.2	18.1	**10.2**
Dividend ratio	Total	28.5%	44.5%	30.4%	31.0%	**31%**
Share Buyback	Total	-	-	-	-	**10%**
Total Return Ratio	Total	28.5%	44.5%	30.4%	31.0%	**41%**

(Note) Figures for FY2019 except for interim are forecasts.

2-1. Market Environment

4Q-2019

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

✓ Pricing - Long-term agreement prices holding steady, spot prices weak

1Q-2020 Forecast

✓ Volume - 300 mm demand was bottomed out in 4Q-2019 and has started recover in 1Q-2020
While inventory adjustment will continue for memory
Steady growth is seen mainly for logic as 5G and Data Center demand rises

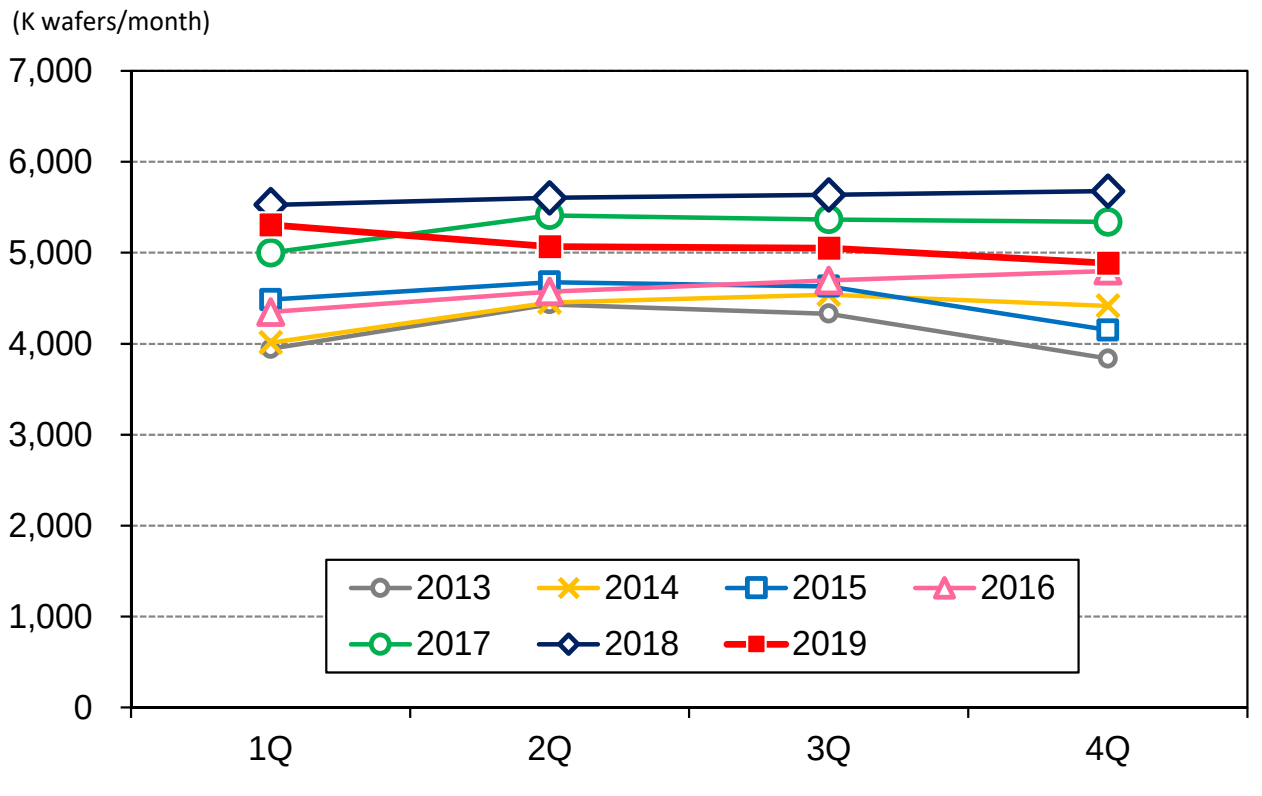
- 200 mm demand was bottomed out in 4Q-2019 and has started recover in 1Q-2020

✓ Pricing - Long-term agreement prices are holding steady both 300 mm and 200 mm wafers, spot prices are weak

Outlook

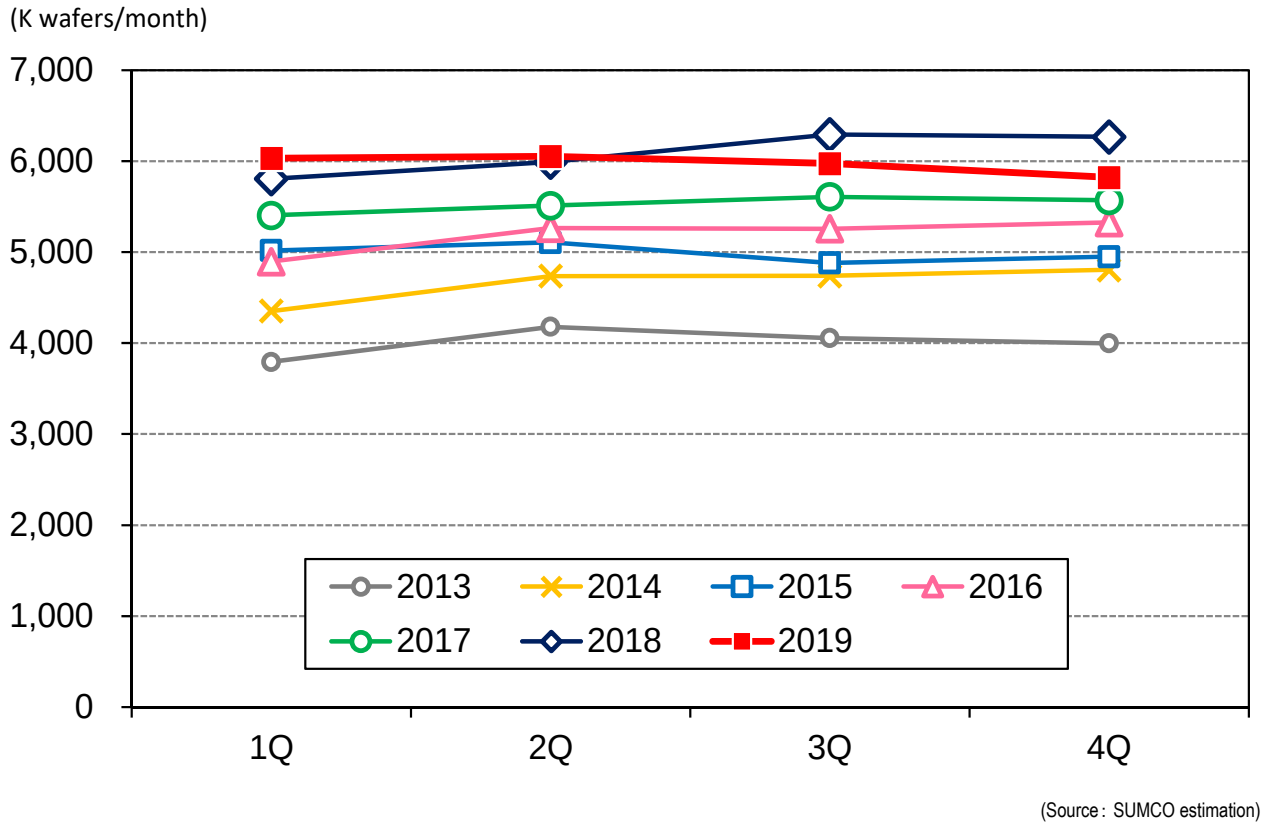
✓ 300 mm demand for logic will be strong, and memory market is recovering however it will take more time for customers to drawdown their wafer inventories. Therefore wafer demand as a whole is expected to recover in 2H or after

2-2. 200mm Wafer Trend



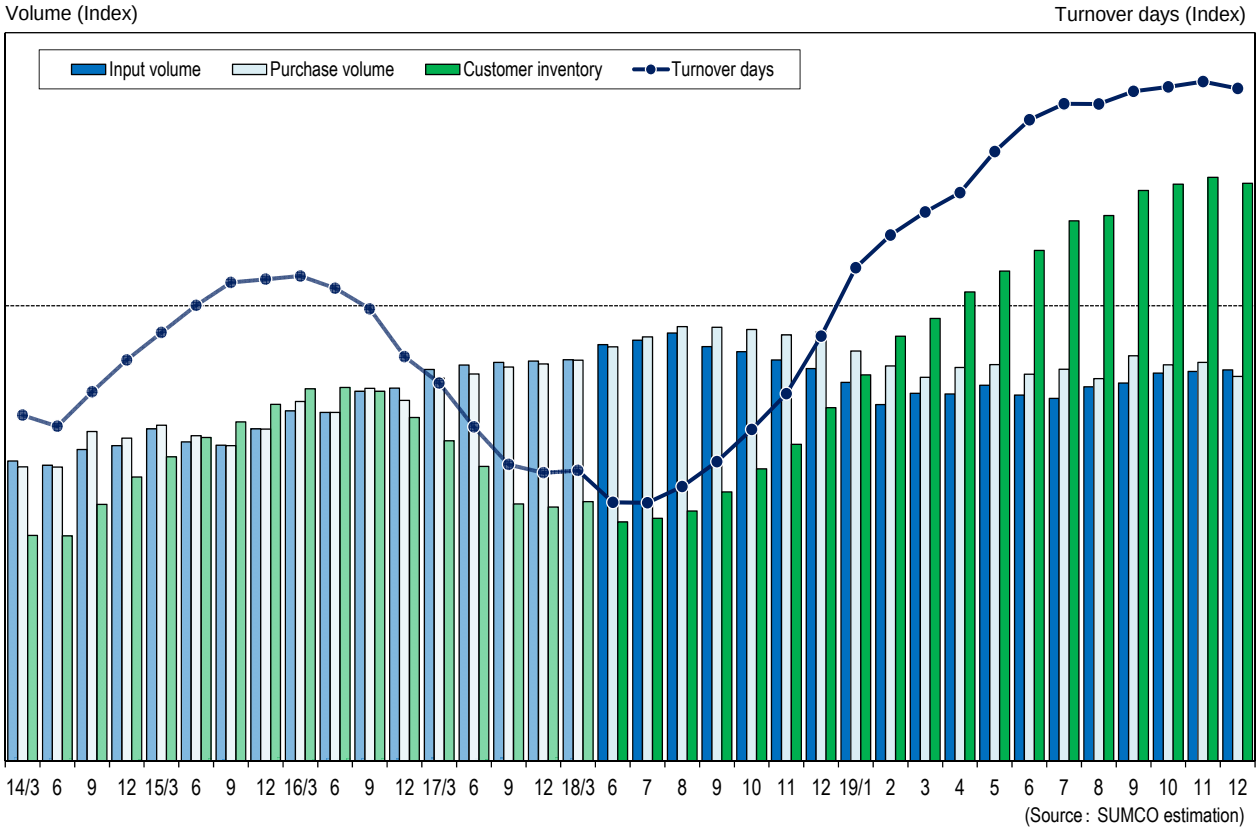
(Source : SUMCO estimation)

2-3. 300mm Wafer Trend



(Source : SUMCO estimation)

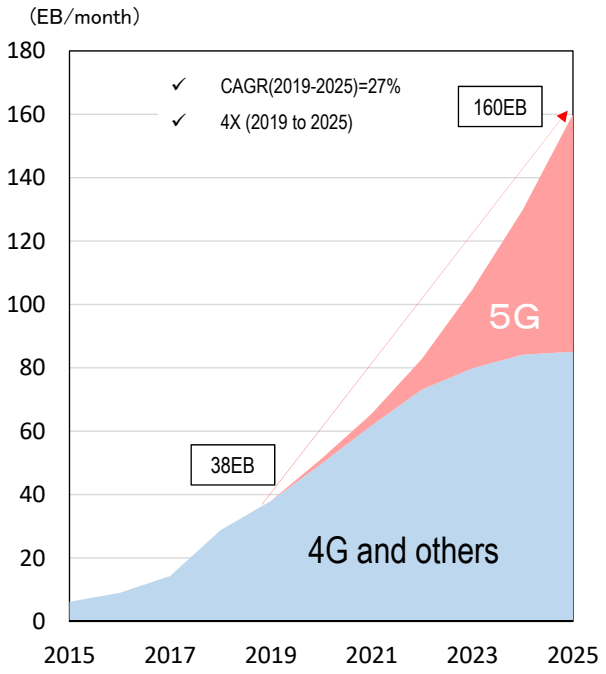
2-4. Customer 300mm Wafer Inventory Level



(Source : SUMCO estimation)

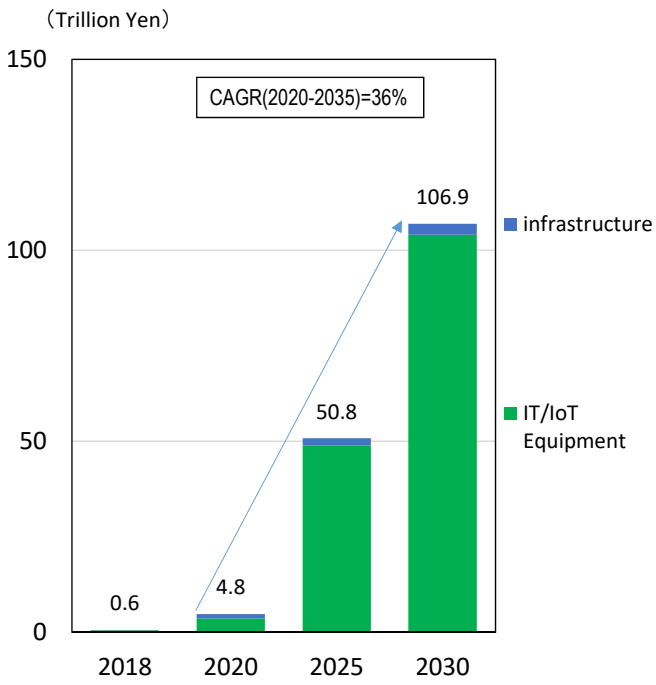
2-5. 5G demand forecast

Mobile traffic forecast



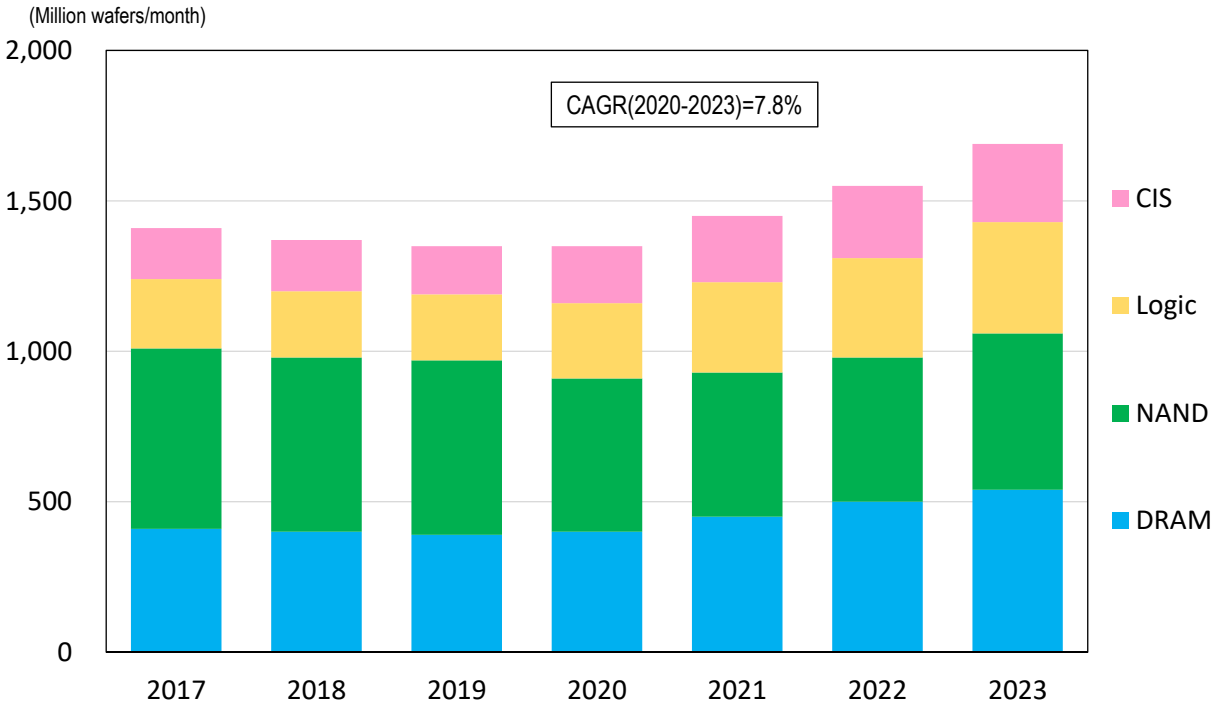
(Source : Ericsson Mobility Report-november-2019)

Demand outlook for 5G and peripherals



(Source : Based on JEITA)

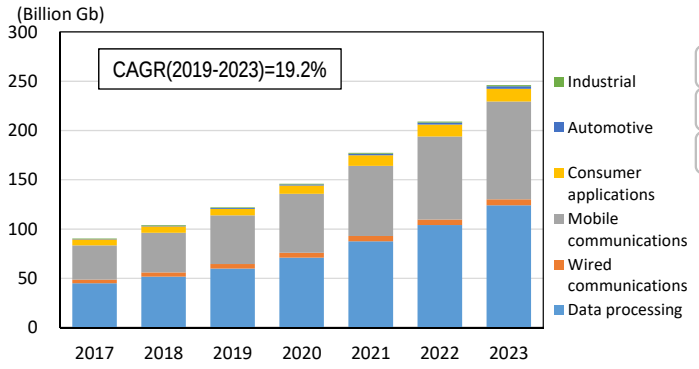
2-6. 300mm Silicon wafer demand for smartphones



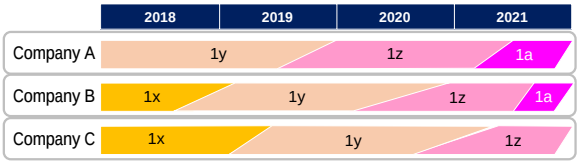
(Source : SUMCO estimation based on IDC, IHS and Gartner)

2-7. DRAM : Bit Growth

DRAM demand forecast

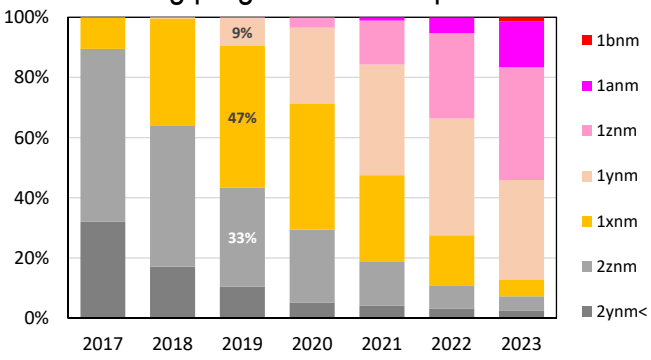


DRAM product technology road map



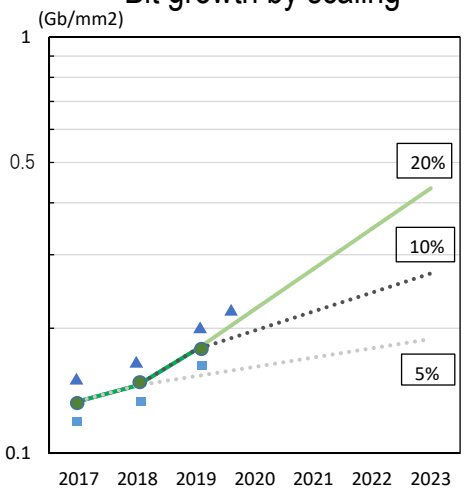
(Source : SUMCO estimation based on TechInsights)

Scaling progress of mass production



(Source : SUMCO estimation based on IHS)

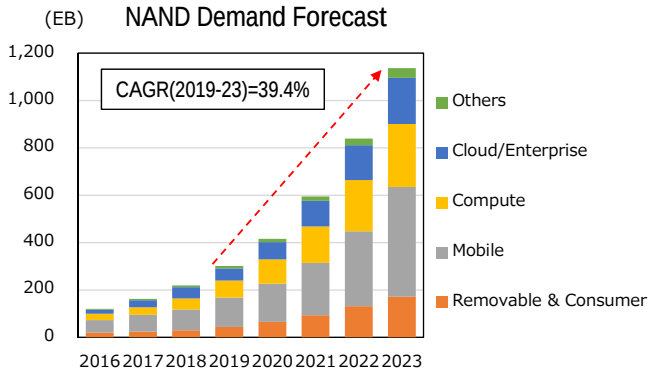
Bit growth by scaling



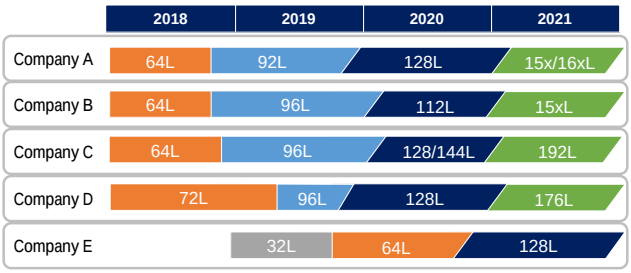
(Source : SUMCO estimation based on TechInsights)

2-8. NAND : Bit Growth

NAND Demand Forecast

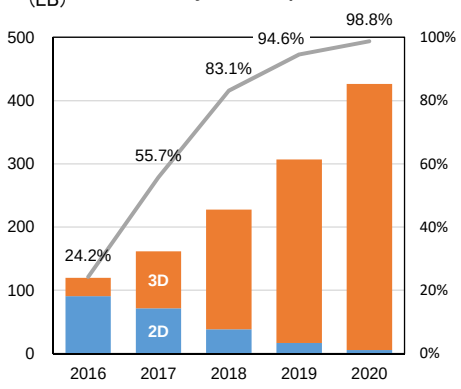


3D-NAND product technology road map



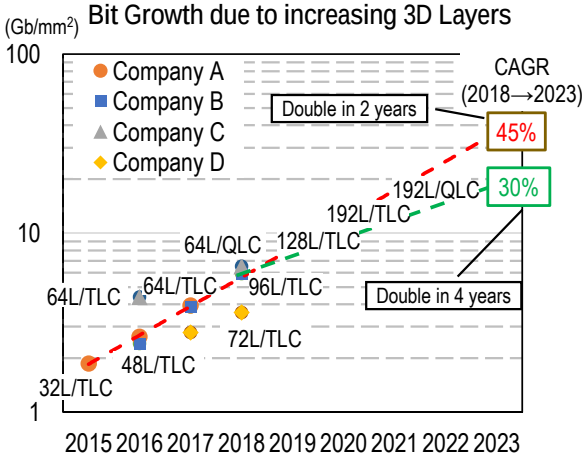
(Source : SUMCO estimation based on TechInsights)

3D Memory Development



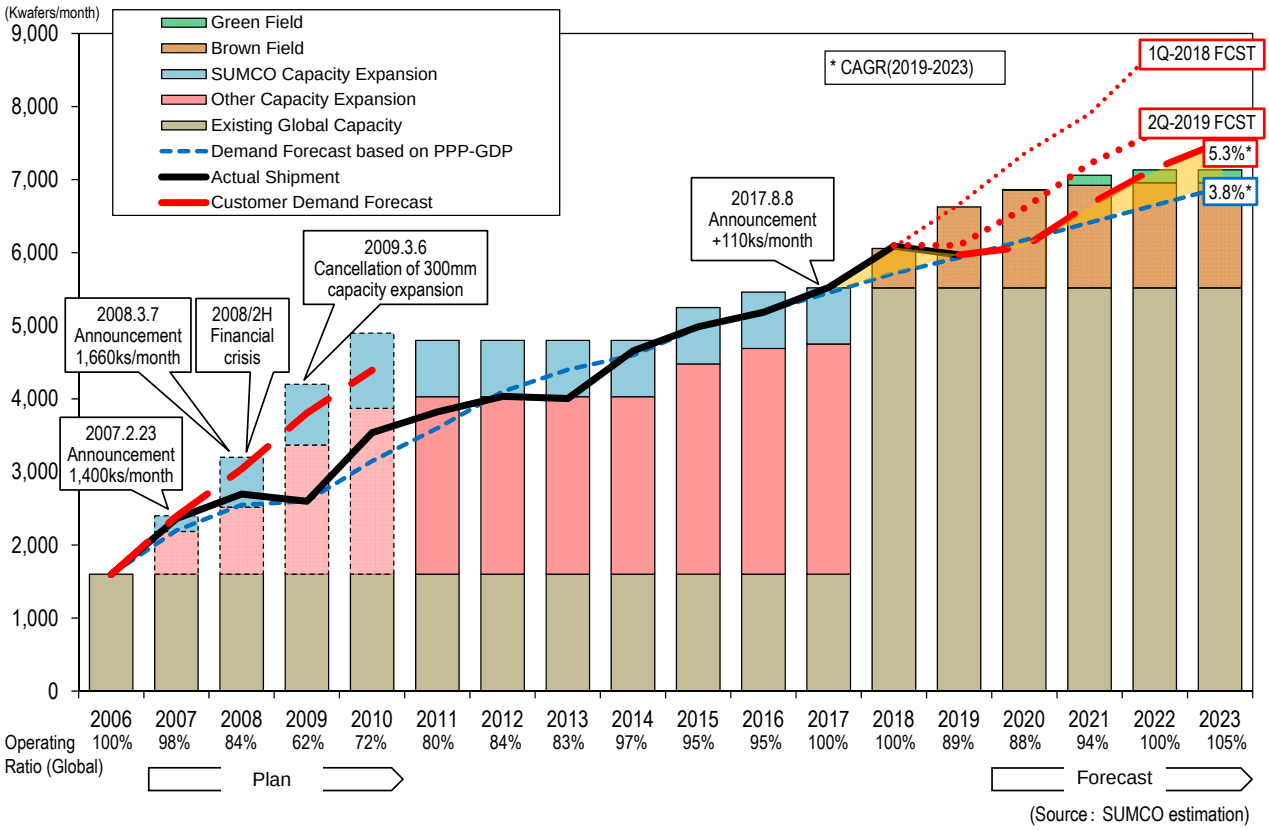
(Source : SUMCO estimation based on Research Reports)

Bit Growth due to increasing 3D Layers



(Source : SUMCO estimation based on Research Reports)

2-9. 300mm Wafer Global Capacity and Demand



FY2019
Consolidated Business Result

Michiharu Takii
Representative Director,
Vice Chairman

3-1. Summary of Consolidated Business Result

(Billions of Yen)

	FY2018 Actual	FY2019 Actual 1Q	2Q	3Q	4Q	Total	Change
Net sales	325.0	82.1	74.3	72.1	70.9	299.4	(25.6)
Operating income	85.1	19.8	13.7	8.9	8.2	50.6	(34.5)
Non-operating income and expenses	(2.1)	(0.8)	0.0	(0.4)	(1.1)	(2.3)	(0.2)
Ordinary income	83.0	19.0	13.7	8.5	7.1	48.3	(34.7)
Extraordinary income and expenses	(10.8)	-	0.9	-	-	0.9	+11.7
Income taxes	(1.7)	(3.6)	(3.4)	(2.7)	(1.6)	(11.3)	(9.6)
Net income attributable to non-controlling interests	(12.0)	(2.3)	(1.4)	(0.6)	(0.5)	(4.8)	+7.2
Net income attributable to owners of the parent	58.5	13.1	9.8	5.2	5.0	33.1	(25.4)
Capital expenditure (Acceptance basis)	59.2	18.8	10.9	15.6	13.5	58.8	(0.4)
Depreciation	27.9	8.6	10.2	10.7	11.2	40.7	+12.8
EBITDA (Note 1)	114.6	28.8	24.3	20.0	19.9	93.0	(21.6)
Exchange rate (Yen/US$) (Note 2)	110.5	110.3	110.7	107.6	108.8	109.4	(1.1)
Operating margin (%)	26.2%	24.1%	18.5%	12.4%	11.5%	16.9%	(9.3%)
EBITDA margin (%)	35.3%	35.2%	32.7%	27.7%	28.0%	31.1%	(4.2%)
ROE (%)	22.3%	18.3%	13.4%	7.0%	6.7%	11.3%	(11.0%)
Net income per share (Yen)	199.74	44.78	33.57	17.57	16.98	112.90	(86.84)

(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.

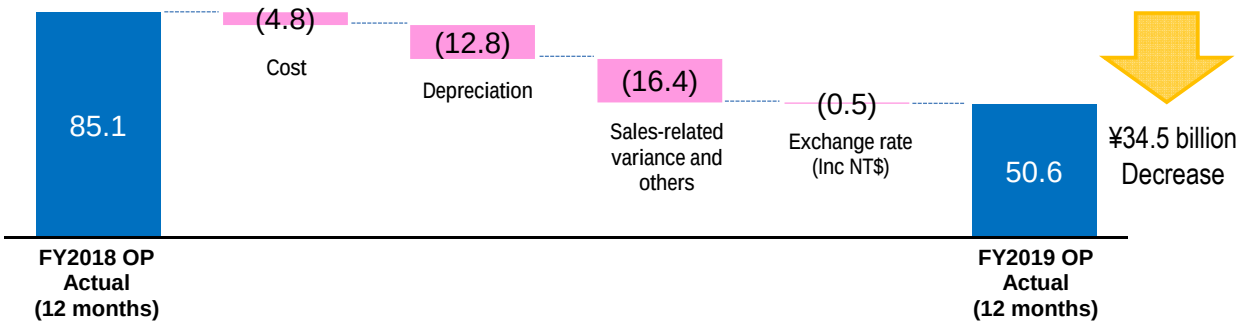
3-2. Analysis of Changes in Operating Income

■ FY2018 Actual (12 months)→ FY2019 Actual (12 months)

(Billions of Yen)

	FY2018 Actual	FY2019 Actual	Change
Net Sales	325.0	299.4	(25.6)
Operating Income	85.1	50.6	(34.5)
Exchange Rate (Yen/US$)	110.5	109.4	(1.1)

【Analysis of Changes in Operating Income】



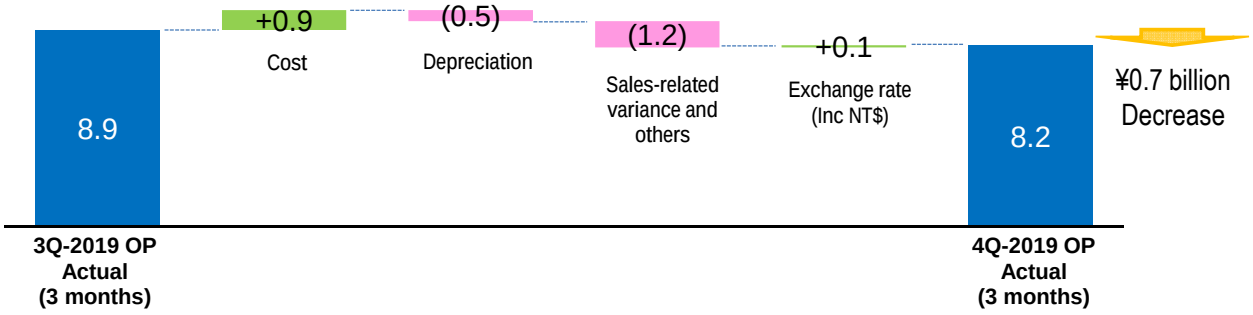
3-3. Analysis of Changes in Operating Income

■ 3Q-2019 Actual → 4Q-2019 Actual

(Billions of Yen)

	3Q-2019 Actual	4Q-2019 Actual	Change
Net Sales	72.1	70.9	(1.2)
Operating Income	8.9	8.2	(0.7)
Exchange Rate (Yen/US$)	107.6	108.8	+1.2

【Analysis of Changes in Operating Income】



3-4. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2018	End of Dec-2019	Change
Cash and time deposits	78.9	70.0	(8.9)
Finished products and WIP	34.4	35.0	+0.6
Raw materials and supplies	153.1	149.4	(3.7)
Tangible and intangible assets	191.1	207.6	+16.5
Deferred income tax assets	15.1	11.6	(3.5)
Other assets	115.6	104.9	(10.7)
Total Assets	588.2	578.5	(9.7)
Debt and borrowings	153.3	152.0	(1.3)
Other liabilities	109.4	85.4	(24.0)
Liabilities	262.7	237.4	(25.3)
Capital stock	138.7	138.7	-
Capital surplus	30.7	30.7	-
Retained earnings	117.7	134.2	+16.5
Others	38.4	37.5	(0.9)
Equity	325.5	341.1	+15.6
Shareholders' equity ratio	48.4%	52.2%	+3.8%
Equity per share (Yen)	971.8	1,030.4	+58.6
D/E ratio (gross)	0.54x	0.50x	(0.04)x
D/E ratio (net)	0.26x	0.27x	+0.01x

3-5. Consolidated Cash-Flow

(Billions of Yen)

	FY2019 (12 months)
Income before income taxes	49.2
Depreciation	40.7
Subtotal	89.9
Decrease in inventories	5.5
Cancellation Fee	(10.0)
Changes in working capital, etc.	(7.8)
Net cash provided by operating activities	77.6
Capital expenditure (Acceptance basis)	(58.8)
Others, net	(2.3)
Net cash used in investing activities	(61.1)
Free cash-flow	16.5

1Q-2020
Consolidated Business Forecast

4-1. 1Q-2020 Consolidated Business Forecast

(Billions of Yen)

	1Q-2019 Actual	4Q-2019 Actual	1Q-2020 Forecast	Change YoY	Change QoQ
Net sales	82.1	70.9	71.0	(11.1)	+0.1
Operating income	19.8	8.2	9.0	(10.8)	+0.8
Non-operating income and expenses	(0.8)	(1.1)	(1.0)	(0.2)	+0.1
Ordinary income	19.0	7.1	8.0	(11.0)	+0.9
Extraordinary income and expenses	-	-	-	-	-
Income taxes	(3.6)	(1.6)	(2.0)	+1.6	(0.4)
Net income attributable to non-controlling interests	(2.3)	(0.5)	(0.5)	+1.8	+0.0
Net income attributable to owners of the parent	13.1	5.0	5.5	(7.6)	+0.5
Exchange rate (Yen/US$) (Note)	110.3	108.8	110.0	(0.3)	+1.2
Operating margin (%)	24.1%	11.5%	12.7%	(11.4%)	+1.2%
ROE (%)	18.3%	6.7%	7.3%	(11.0%)	+0.6%
Net income per share (Yen)	44.78	16.98	18.75	(26.03)	+1.77

(Note) If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 0.8-0.9 billion yen per year.

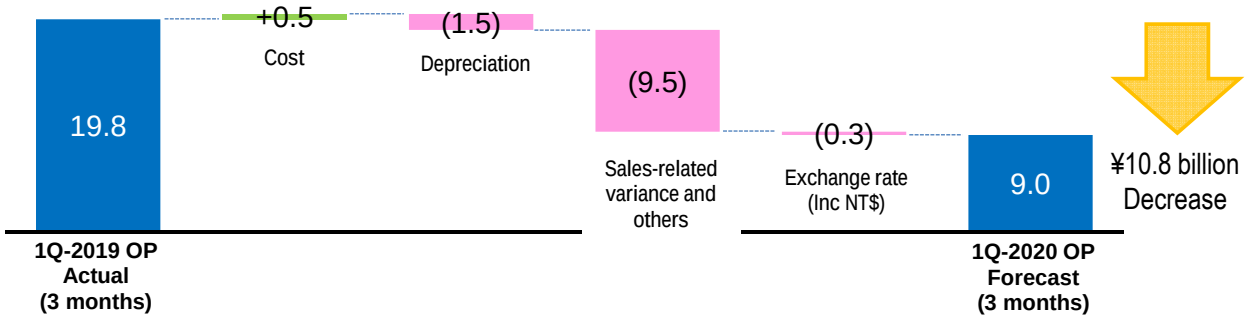
4-2. Analysis of Changes in Operating Income

■ 1Q-2019 Actual → 1Q-2020 Forecast

(Billions of Yen)

	1Q-2019 Actual	1Q-2020 Forecast	Change
Net Sales	82.1	71.0	(11.1)
Operating Income	19.8	9.0	(10.8)
Exchange Rate (Yen/US$)	110.3	110.0	(0.3)

【Analysis of Changes in Operating Income】



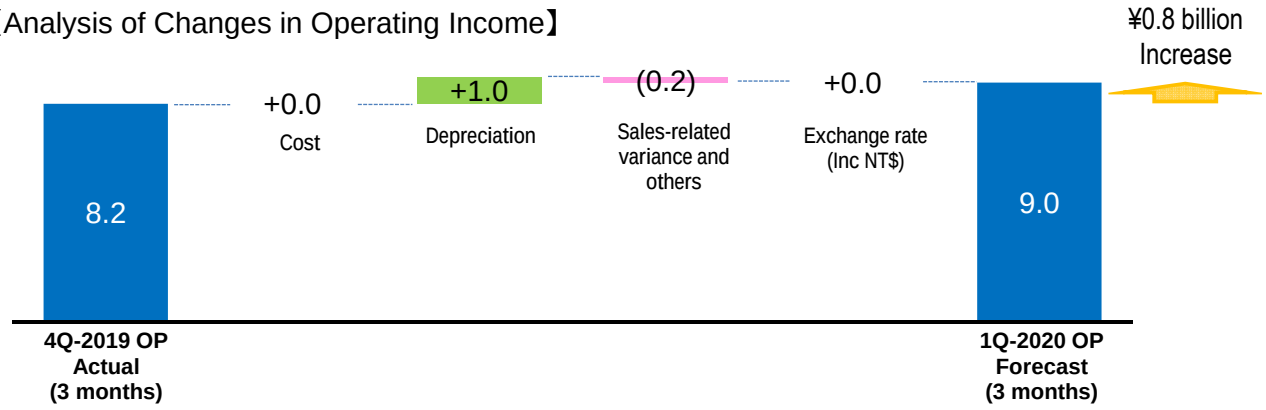
4-3. Analysis of Changes in Operating Income

■ 4Q-2019 Actual → 1Q-2020 Forecast

(Billions of Yen)

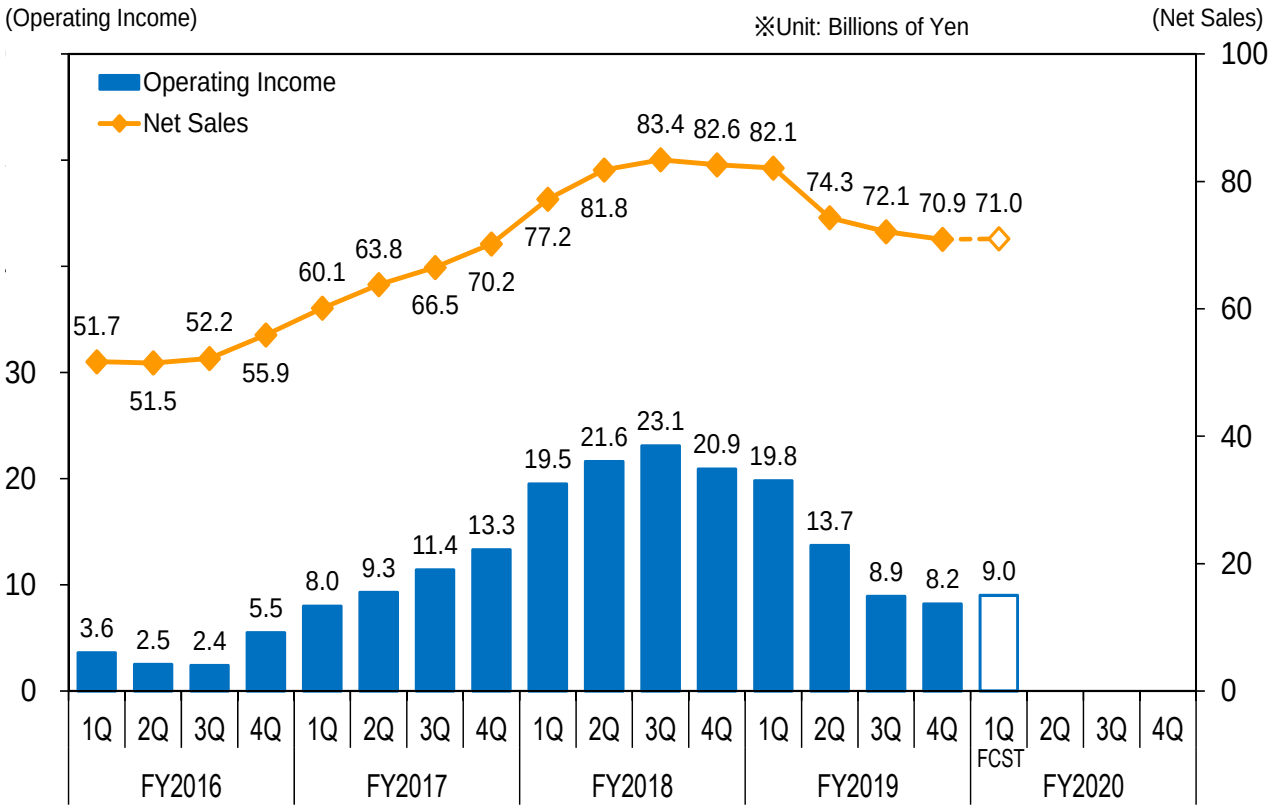
	4Q-2019 Actual	1Q-2020 Forecast	Change
Net Sales	70.9	71.0	+0.1
Operating Income	8.2	9.0	+0.8
Exchange Rate (Yen/US$)	108.8	110.0	+1.2

【Analysis of Changes in Operating Income】

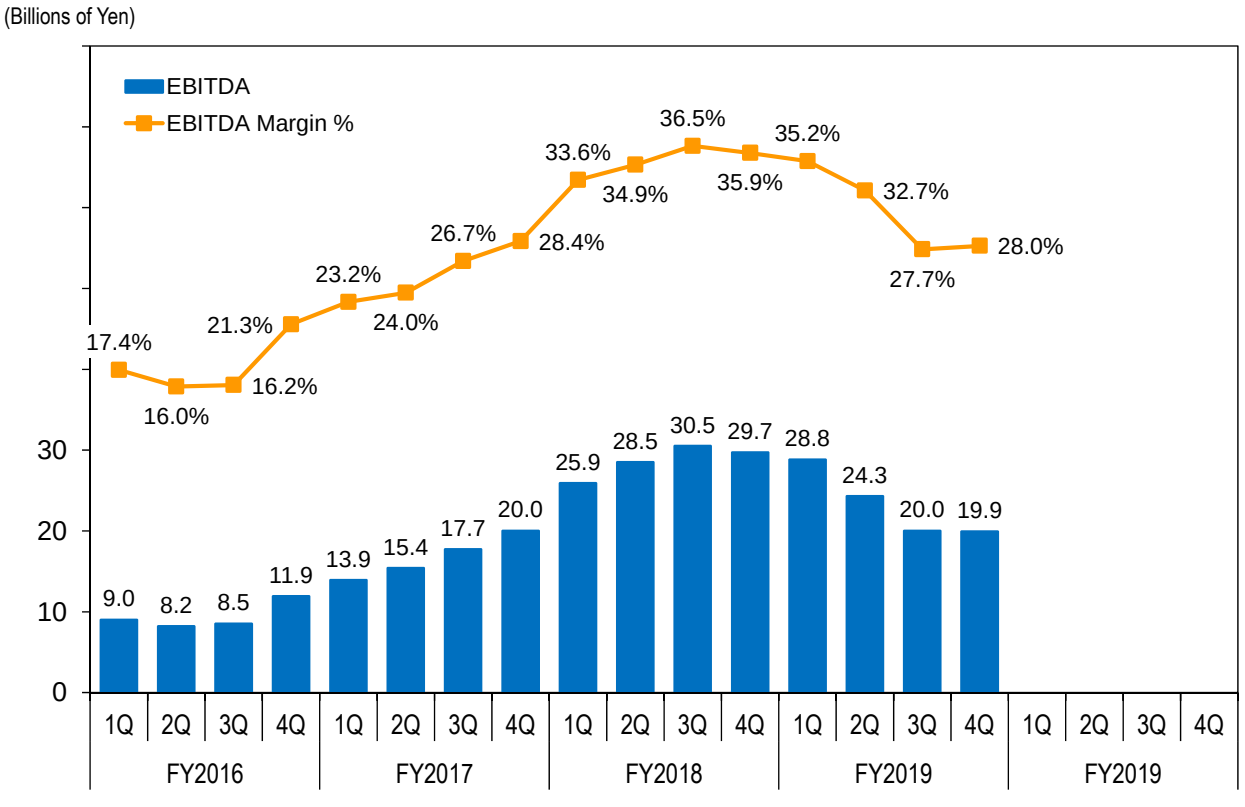


Reference Materials

Reference Materials: Quarterly Trend

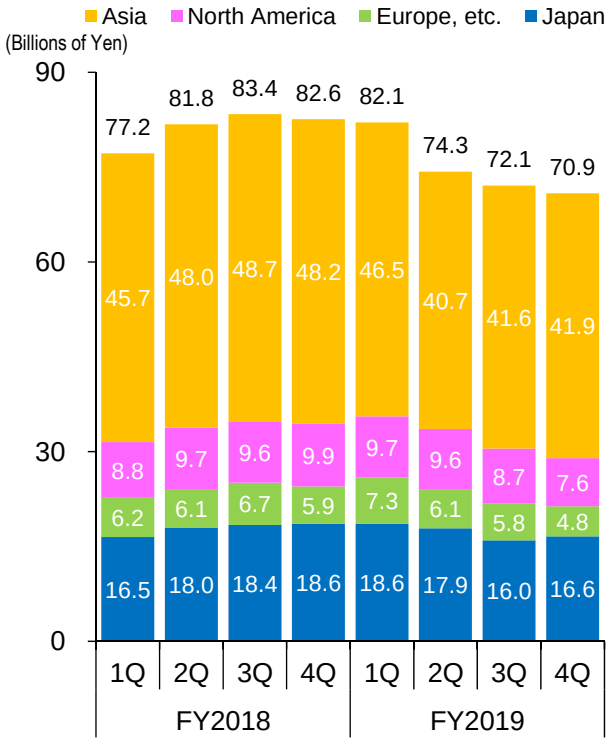


Reference Materials: EBITDA

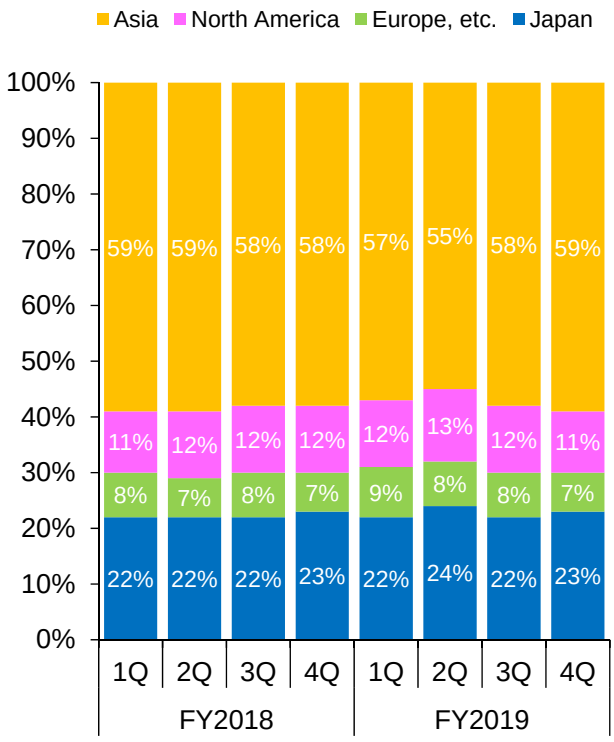


Reference Materials: Sales Results

Changes in Sales



Sales by Region



URL https://www.sumcosi.com/