# Results for Second Quarter of FY2020 (Ended June 30, 2020)

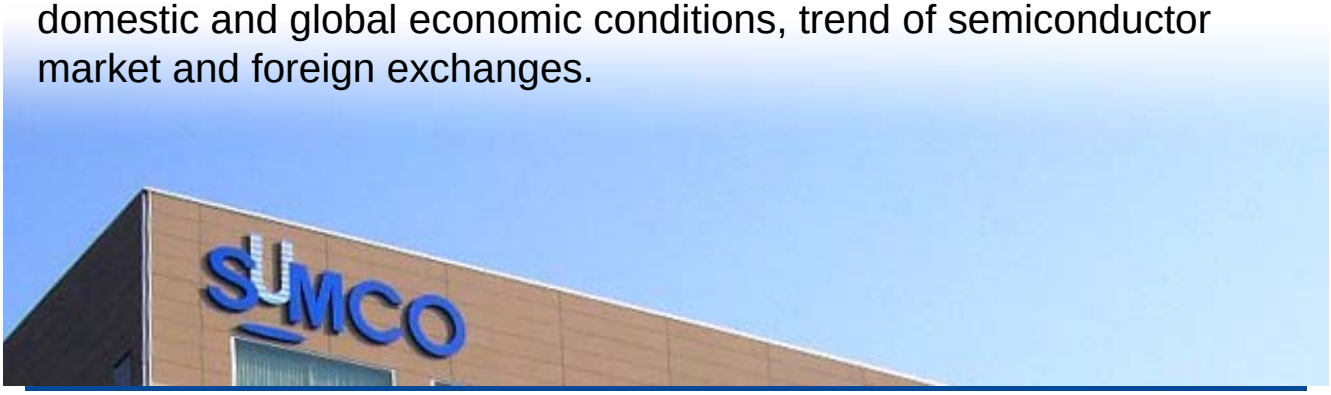
August 6, 2020
SUMCO Corporation
（Code：3436）
（LEI：353800SUSRUOM0V6KU92）



## 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.



# Contents


- Summary and Market Environment
- 2Q-2020 Consolidated Business Result
  1. Summary of Consolidated Business Result
  2. Analysis of Changes in Operating Income
  3. Consolidated Balance Sheet
  4. Consolidated Cash-Flow
- 3Q-2020 Consolidated Business Forecast
  1. Consolidated Business Forecast
  2. Analysis of Changes in Operating Income
- Reference Materials






# Summary and Market Environment


Mayuki Hashimoto

Representative Director,
CEO & Chairman of the Board

# 1-1. Summary

## 2Q-2020 Consolidated Business Result

(Billions of Yen)

| | 2Q-2020 Forecast | 2Q-2020 Actual | Change |
|---|---|---|---|
| Net Sales | 77.0 | 74.9 | (2.1) |
| Operating Income | 12.0 | 11.5 | (0.5) |
| Ordinary Income | 11.5 | 10.7 | (0.8) |
| Net Income (Note) | 8.5 | 8.4 | (0.1) |
| Exchange Rate (Yen/US$) | 108.0 | 107.7 | (0.3) |

## 3Q-2020 Consolidated Business Forecast

(Billions of Yen)

| | 2Q-2020 Actual | 3Q-2020 Forecast | Change |
|---|---|---|---|
| Net Sales | 74.9 | 73.0 | (1.9) |
| Operating Income | 11.5 | 8.0 | (3.5) |
| Ordinary Income | 10.7 | 7.0 | (3.7) |
| Net Income (Note) | 8.4 | 4.5 | (3.9) |
| Exchange Rate (Yen/US$) | 107.7 | 106.0 | (1.7) |

(Note) Net income attributable to owners of the parent



# 1-2. Shareholder Return

| | | FY2016 (Dec-2016) | FY2017 (Dec-2017) | FY2018 (Dec-2018) | FY2019 (Dec-2019) | FY2020 (Dec-2020) |
|---|---|---|---|---|---|---|
| Dividends per share for common stocks (Yen) | Interim | 5 | 10 | 30 | 25 | 18 |
| | Year-end | 5 | 18 | 32 | 10 | (*1) - |
| | Total | 10 | 28 | 62 | 35 | (*1) - |
| Dividends payment (Billions of Yen) | Interim | 1.4 | 2.9 | 8.7 | 7.3 | 5.2 |
| | Year-end | 1.4 | 5.2 | 9.3 | 2.9 | (*1) - |
| | Total | 2.9 | 8.2 | 18.1 | 10.2 | (*1) - |
| Dividend ratio (%) | Total | 44.5% | 30.4% | 31.0% | 31.0% | (*2) 31.2% |
| Share Buyback | | | | | | |
| Amount (Billions of Yen) | Total | - | - | - | 33 | (*1) - |
| Ratio (%) | Total | - | - | - | 10.0% | (*1) - |
| Total Return Ratio (%) | Total | 44.5% | 30.4% | 31.0% | 41.0% | (*1) - |

*1. Year-end dividend and share buyback for FY2020 are not determined.

*2. Dividend ratio for FY2020 is calculated by interim dividend basis.

# 2-1. Market Environment

## 2Q-2020

✓ Volume
- Demand recovered steadily for both 300 and 200 mm wafers after a 4Q19 bottom
- Though 300 mm wafer demand for logic grew steadily, a brief adjustment occurred in June due to geopolitical factors
- The recovery in 300 mm wafer demand for memory gained momentum

✓ Pricing
- Long-term agreement prices remained firm, spot prices were relatively stable

## 3Q-2020 Forecast

✓ Volume
- Adjustment for 300 mm wafer for logic will continue early in the quarter, but demand should recover firmly in the latter half
- General weakness in 300 mm wafer demand for memory is expected
- Demand softening should start for 200 mm wafer for consumer and automotive as the global economy slows

Pricing
- Long-term agreement prices to hold firm, spot prices relatively stable

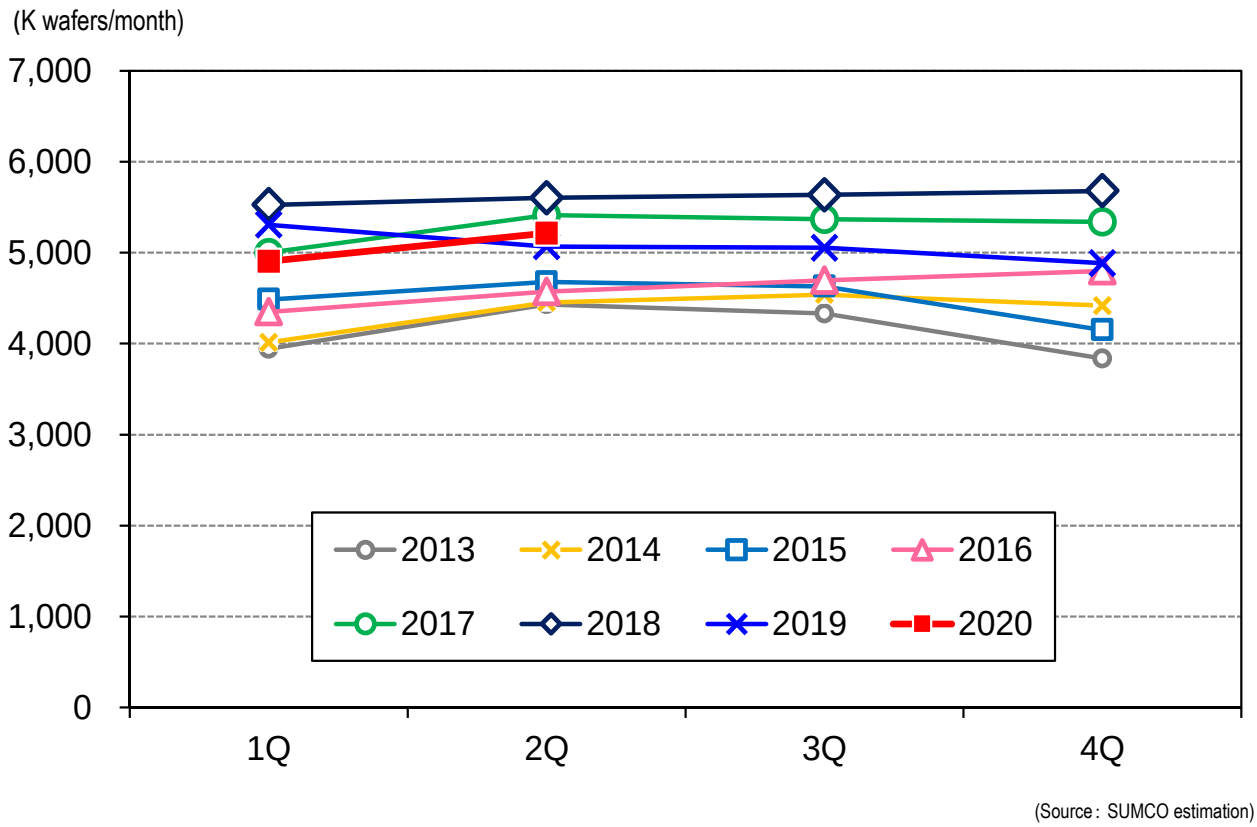
## Outlook (Effects of COVID-19)

✓ Despite the downturn in smartphones, firm overall growth in 300 mm demand is expected as strong needs continue for PCs, tablets, and data centers with the spread of teleworking. 200 mm wafer and smaller, on the other hand, face an uncertain future due to the major slump in consumer and automotive demand with the spread of COVID-19 outbreaks, and recovery is expected to take time.

✓ Compared to the strong semiconductor demand from teleworking, being introduced more rapidly due to COVID-19, demand for consumer applications has seen a large drop; but once the pandemic has been contained, a recovery is expected

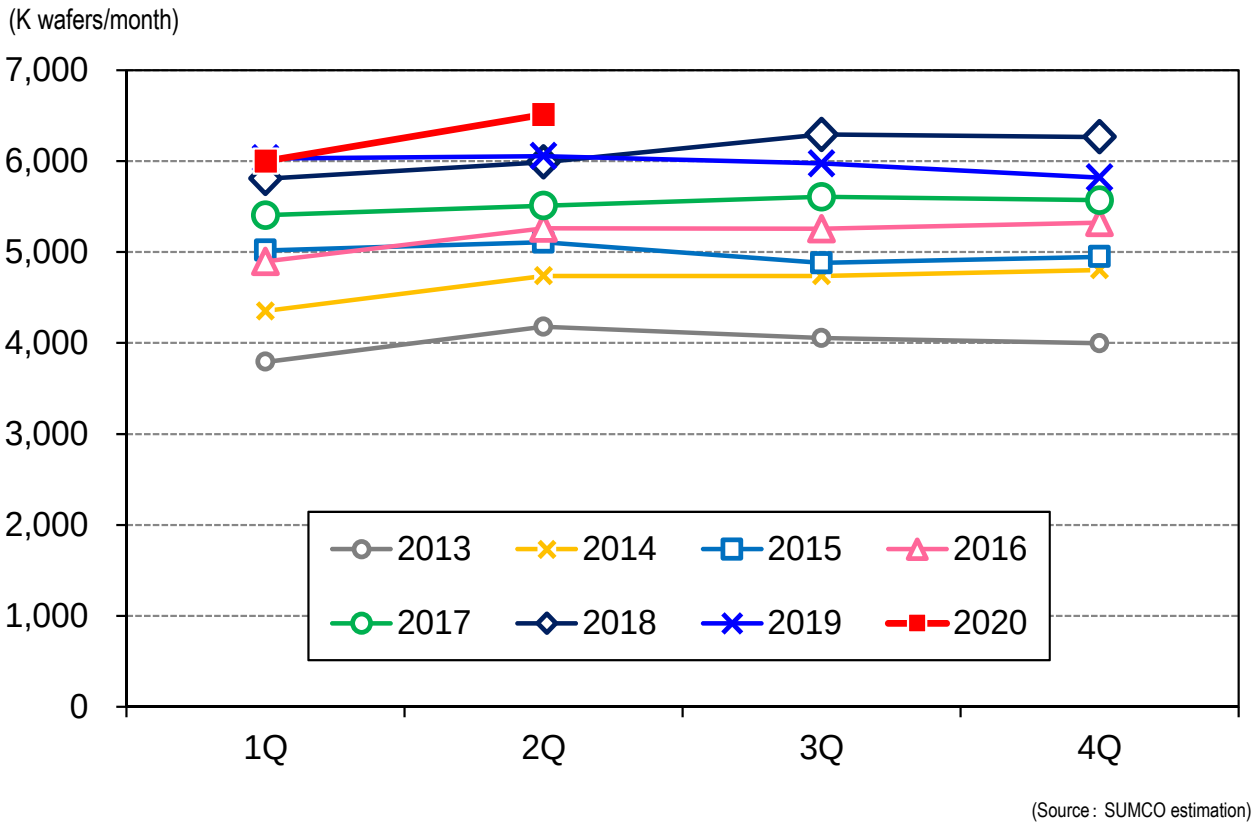


# 2-2. 200mm Wafer Trend




(Source : SUMCO estimation)

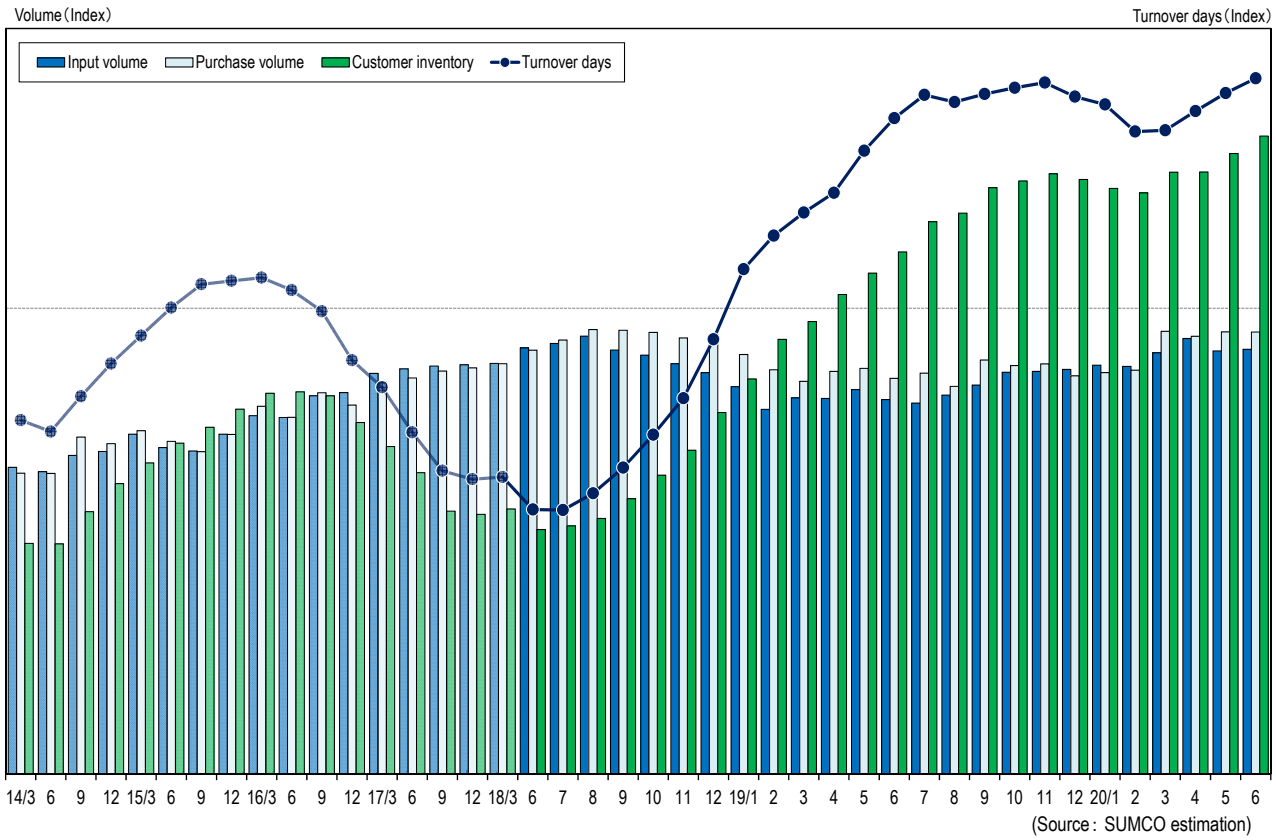
# 2-3. 300mm Wafer Trend




(Source : SUMCO estimation)



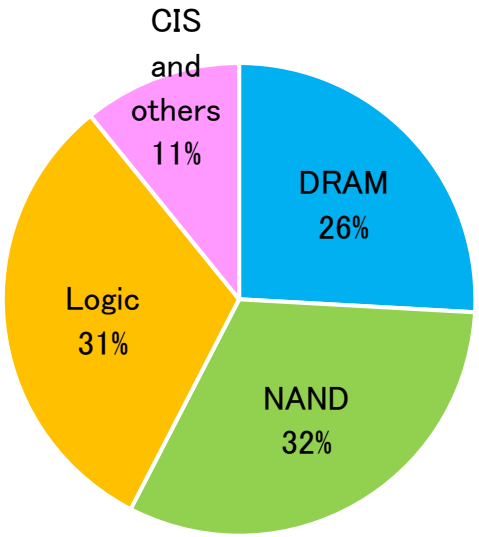
# 2-4. Customer 300mm Wafer Inventory Trend



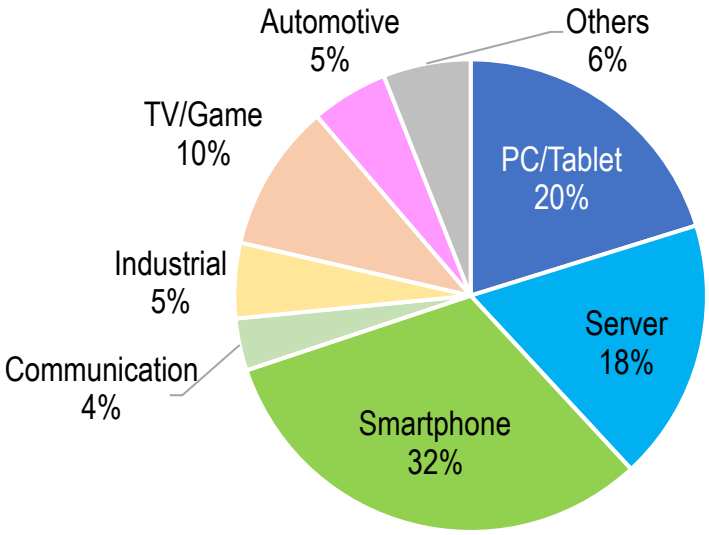

(Source : SUMCO estimation)

# 3-1. Estimated Demand Application for 300mm Wafer

## 1. Device composition ratio (wafer volume)




## 2. Application composition ratio (device amount US$)

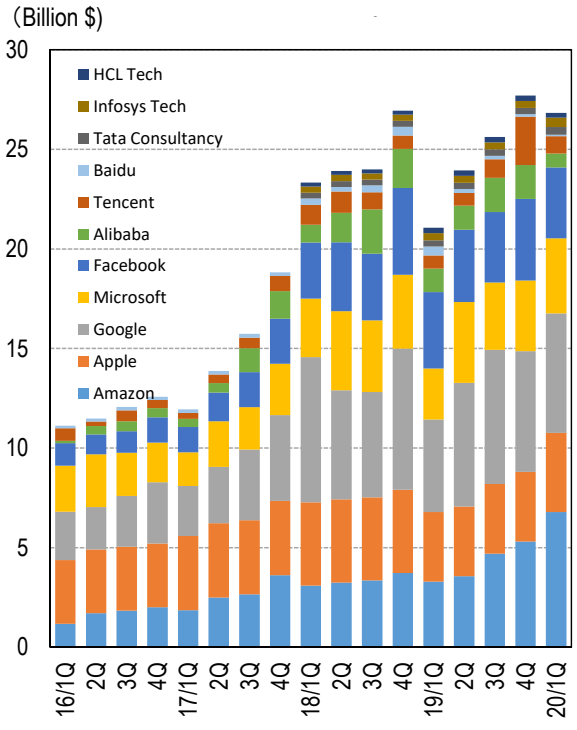



(Source: SUMCO estimation based on Research Reports)



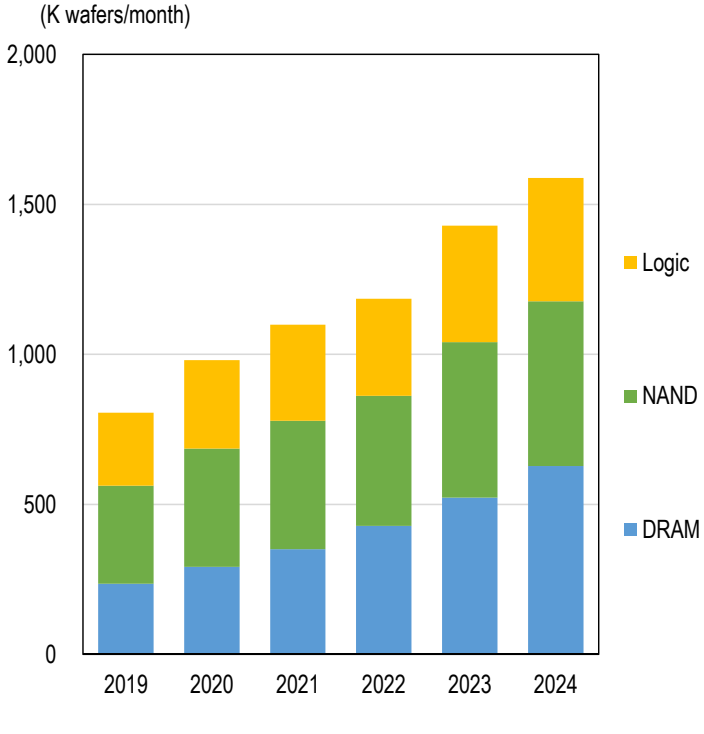
# 3-2. Demand Forecast for Data Center and Server

## Data Center Capex




(Source: SUMCO estimation based on Publication Materials)

## 300mm Wafer Demand Forecast

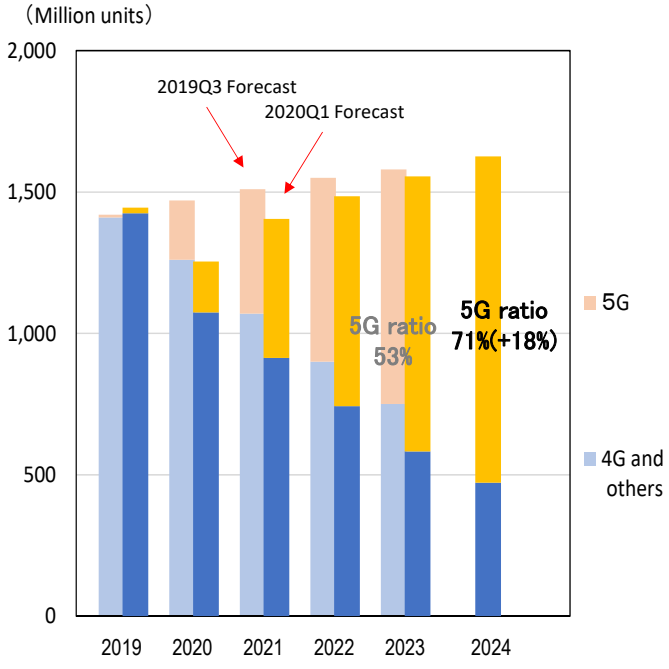



(Source: SUMCO estimation)

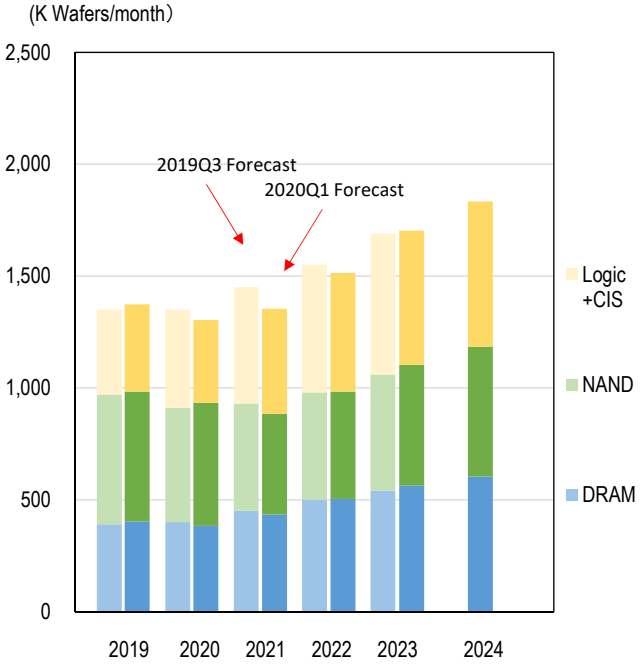
# 3-3. Demand Forecast for Smartphone

✓ 5G is accelerating
✓ Smartphone demand will drop in 2020, impacted by COVID-19, but should recover in 2021 and after

## Shipment Volume Forecast




## 300mm Wafer Demand Forecast

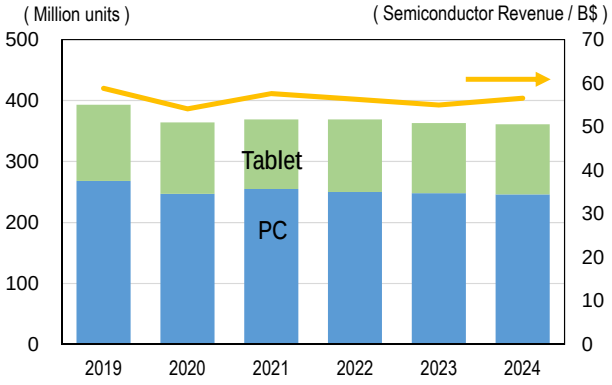



(Source: SUMCO estimation based on Gartner, IDC and Omdia)

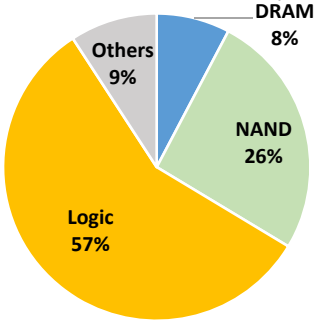


# 3-4. Demand Forecast for PC/Tablet

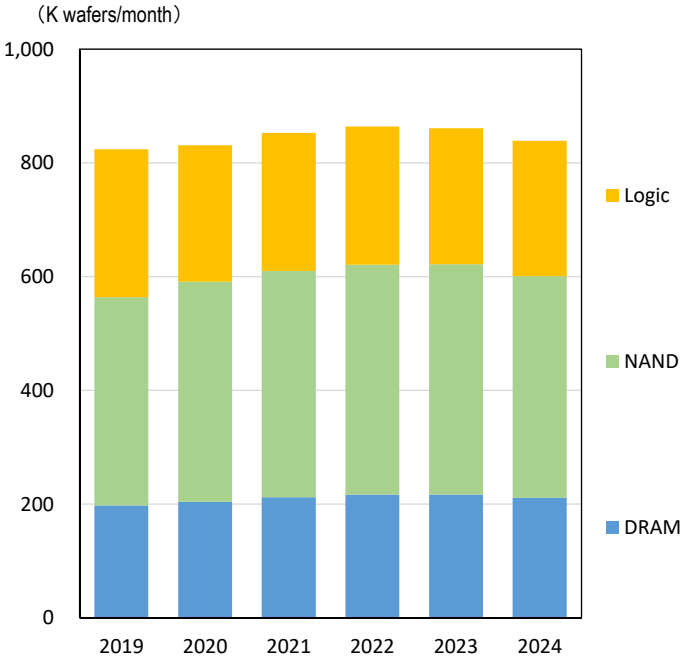
## Shipment Volume Forecast




## Device Composition ratio (amount)

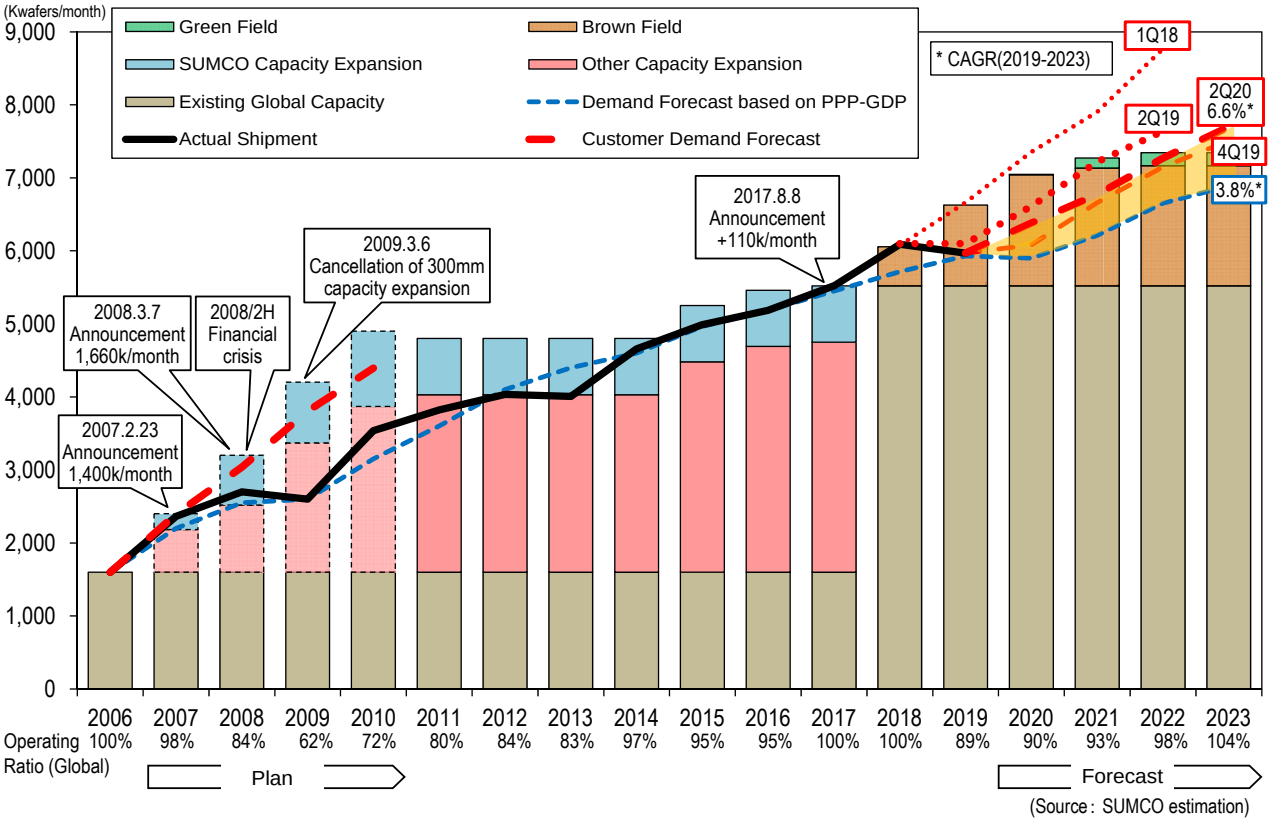



## 300mm Wafer Demand Forecast




(Source: SUMCO estimation based on Research Reports)

# 3-5. 300mm Wafer Global Capacity and Demand FCST






# 2Q-2020
# Consolidated Business Result


Michiharu Takii
Representative Director,
Vice Chairman

# 4-1. Summary of Consolidated Business Result

(Billions of Yen)

| | 2Q-2019 (6 months) | 2Q-2020 Actual (6 months) 1Q | 2Q | Total | Change |
|---|---|---|---|---|---|
| Net sales | 156.4 | 72.2 | 74.9 | 147.1 | (9.3) |
| Operating income | 33.5 | 11.6 | 11.5 | 23.1 | (10.4) |
| Non-operating income and expenses | (0.8) | 0.3 | (0.8) | (0.5) | +0.3 |
| Ordinary income | 32.7 | 11.9 | 10.7 | 22.6 | (10.1) |
| Extraordinary income and expenses | 0.9 | - | - | - | (0.9) |
| Income taxes | (7.0) | (2.5) | (1.5) | (4.0) | +3.0 |
| Net income attributable to non-controlling interests | (3.7) | (1.0) | (0.8) | (1.8) | +1.9 |
| Net income attributable to owners of the parent | 22.9 | 8.4 | 8.4 | 16.8 | (6.1) |
| Capital expenditure (Acceptance basis) | 29.7 | 20.2 | 11.4 | 31.6 | +1.9 |
| Depreciation | 18.8 | 9.5 | 10.9 | 20.4 | +1.6 |
| EBITDA (*1) | 53.1 | 21.6 | 22.8 | 44.4 | (8.7) |
| Exchange rate (Yen/US$) (*2) | 110.5 | 109.3 | 107.7 | 108.5 | (2.0) |
| Operating margin (%) | 21.4% | 16.1% | 15.4% | 15.7% | (5.7%) |
| EBITDA margin (%) | 34.0% | 29.9% | 30.5% | 30.2% | (3.8%) |
| ROE (%) | 15.8% | 11.2% | 10.8% | 10.9% | (4.9%) |
| Net income per share (Yen) | 78.35 | 29.01 | 28.61 | 57.62 | (20.73) |

*1. EBITDA = Operating Income + Depreciation + Amortization of Goodwill
*2. 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.



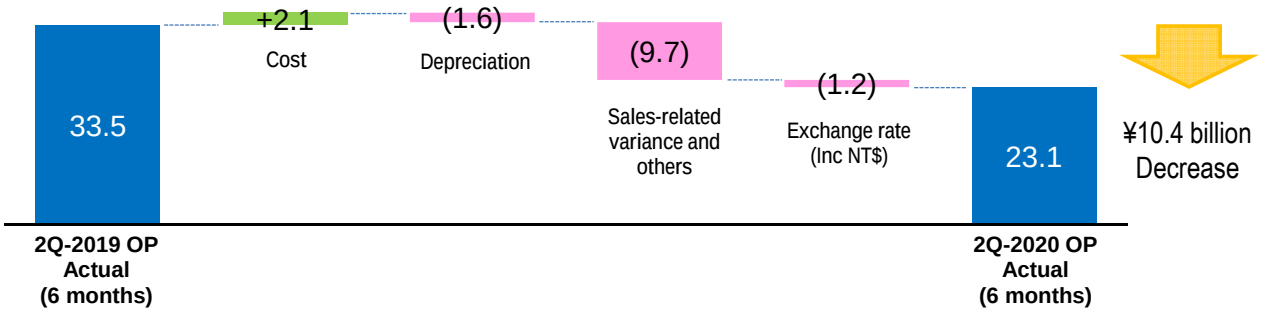
# 4-2. Analysis of Changes in Operating Income

■ 2Q-2019 Actual (6 months) → 2Q-2020 Actual (6 months)

(Billions of Yen)

| | 2Q-2019 ACT (6 months) | 2Q-2020 ACT (6 months) | Change |
|---|---|---|---|
| Net Sales | 156.4 | 147.1 | (9.3) |
| Operating Income | 33.5 | 23.1 | (10.4) |
| Exchange Rate (Yen/US$) | 110.5 | 108.5 | (2.0) |

【Analysis of Changes in Operating Income】



# 4-3. Analysis of Changes in Operating Income

■ 1Q-2020 Actual → 2Q-2020 Actual

(Billions of Yen)

| | 1Q-2020 Actual | 2Q-2020 Actual | Change |
|---|---|---|---|
| Net Sales | 72.2 | 74.9 | +2.7 |
| Operating Income | 11.6 | 11.5 | (0.1) |
| Exchange Rate (Yen/US$) | 109.3 | 107.7 | (1.6) |

【Analysis of Changes in Operating Income】






# 4-4. Consolidated Balance Sheet

(Billions of Yen)

| | | End of Dec-2019 | End of Jun-2020 | Change |
|---|---|---|---|---|
| | Cash and time deposits | 70.0 | 74.2 | +4.2 |
| | Finished products and WIP | 35.0 | 36.8 | +1.8 |
| | Raw materials and supplies | 149.4 | 145.6 | (3.8) |
| | Tangible and intangible assets | 207.6 | 218.0 | +10.4 |
| | Deferred income tax assets | 11.6 | 11.2 | (0.4) |
| | Other assets | 104.9 | 106.8 | +1.9 |
| Total Assets | | 578.5 | 592.6 | +14.1 |
| | Debt and borrowings | 152.0 | 152.0 | 0.0 |
| | Other liabilities | 85.4 | 89.7 | +4.3 |
| Liabilities | | 237.4 | 241.7 | +4.3 |
| | Capital stock | 138.7 | 138.7 | - |
| | Capital surplus | 30.7 | 27.4 | (3.3) |
| | Retained earnings | 134.2 | 148.1 | +13.9 |
| | Others | 37.5 | 36.7 | (0.8) |
| Equity | | 341.1 | 350.9 | +9.8 |
| Shareholders' equity ratio | | 52.2% | 52.8% | +0.6% |
| Equity per share (Yen) | | 1,030.4 | 1,073.7 | +43.3 |
| D/E ratio (gross) | | 0.50x | 0.49x | (0.01)x |
| D/E ratio (net) | | 0.27x | 0.25x | (0.02)x |

# 4-5. Consolidated Cash-Flow

(Billions of Yen)

| | 2Q-2020 (6 months) |
|---|---|
| Income before income taxes | 22.6 |
| Depreciation | 20.4 |
| Subtotal | 43.0 |
| Decrease in inventories | 3.0 |
| Changes in working capital, etc. | (5.5) |
| Net cash provided by operating activities | 40.5 |
| Capital expenditure (Acceptance basis) | (31.6) |
| Others, net | 0.6 |
| Net cash used in investing activities | (31.0) |
| Free cash-flow | 9.5 |



# 3Q-2020
# Consolidated Business Forecast

# 5-1. 3Q-2020 Consolidated Business Forecast

(Billions of Yen)

| | 3Q-2019 Actual (9 months) | 3Q-2020 Forecast (9 months) 1Q ACT | 2Q ACT | 3Q FCST | Total | Change |
|---|---|---|---|---|---|---|
| Net sales | 228.5 | 72.2 | 74.9 | 73.0 | 220.1 | (8.4) |
| Operating income | 42.4 | 11.6 | 11.5 | 8.0 | 31.1 | (11.3) |
| Non-operating income and expenses | (1.2) | 0.3 | (0.8) | (1.0) | (1.5) | (0.3) |
| Ordinary income | 41.2 | 11.9 | 10.7 | 7.0 | 29.6 | (11.6) |
| Extraordinary income and expenses | 0.9 | - | - | - | - | (0.9) |
| Income taxes | (9.7) | (2.5) | (1.5) | (1.5) | (5.5) | +4.2 |
| Net income attributable to non-controlling interests | (4.3) | (1.0) | (0.8) | (1.0) | (2.8) | +1.5 |
| Net income attributable to owners of the parent | 28.1 | 8.4 | 8.4 | 4.5 | 21.3 | (6.8) |
| Exchange rate (Yen/US$) (*1) | 109.6 | 109.3 | 107.7 | 106.0 | 107.7 | (1.9) |
| Operating margin (%) | 18.6% | 16.1% | 15.4% | 11.0% | 14.1% | (4.5%) |
| ROE (%) | 12.9% | 11.2% | 10.8% | 5.7% | 9.2% | (3.7%) |
| Net income per share (Yen) | 95.92 | 29.01 | 28.61 | 15.38 | 73.03 | (22.89) |

*1. 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.



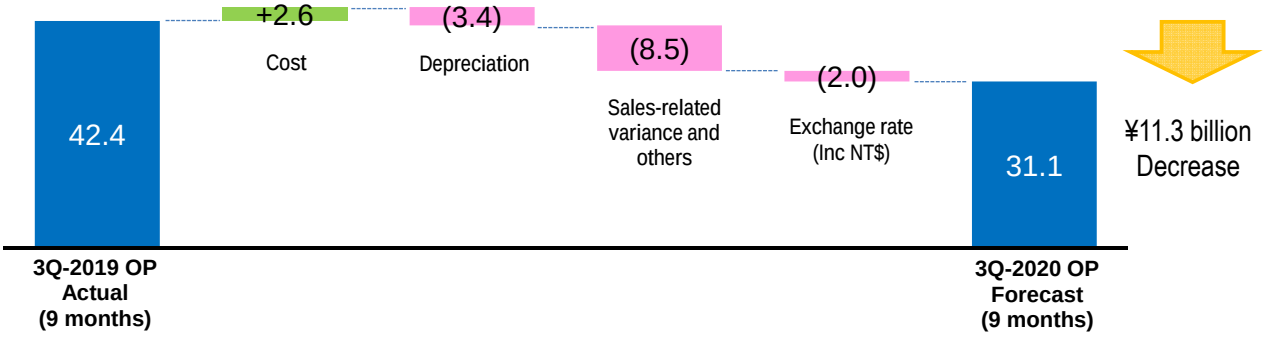
# 5-2. Analysis of Changes in Operating Income

■ 3Q-2019 Actual (9 months)→ 3Q-2020 Forecast (9 months)

(Billions of Yen)

| | 3Q-2019 ACT (9 months) | 3Q-2020 FCST (9 months) | Change |
|---|---|---|---|
| Net Sales | 228.5 | 220.1 | (8.4) |
| Operating Income | 42.4 | 31.1 | (11.3) |
| Exchange Rate (Yen/US$) | 109.6 | 107.7 | (1.9) |

【Analysis of Changes in Operating Income】



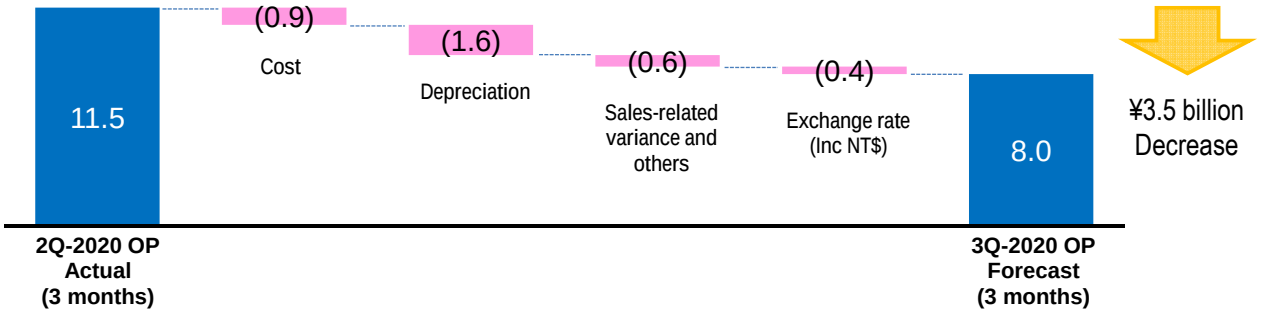
# 5-3. Analysis of Changes in Operating Income

■ 2Q-2020 Actual → 3Q-2020 Forecast

(Billions of Yen)

| | 2Q-2020 Actual | 3Q-2020 Forecast | Change |
|---|---|---|---|
| Net Sales | 74.9 | 73.0 | (1.9) |
| Operating Income | 11.5 | 8.0 | (3.5) |
| Exchange Rate (Yen/US$) | 107.7 | 106.0 | (1.7) |

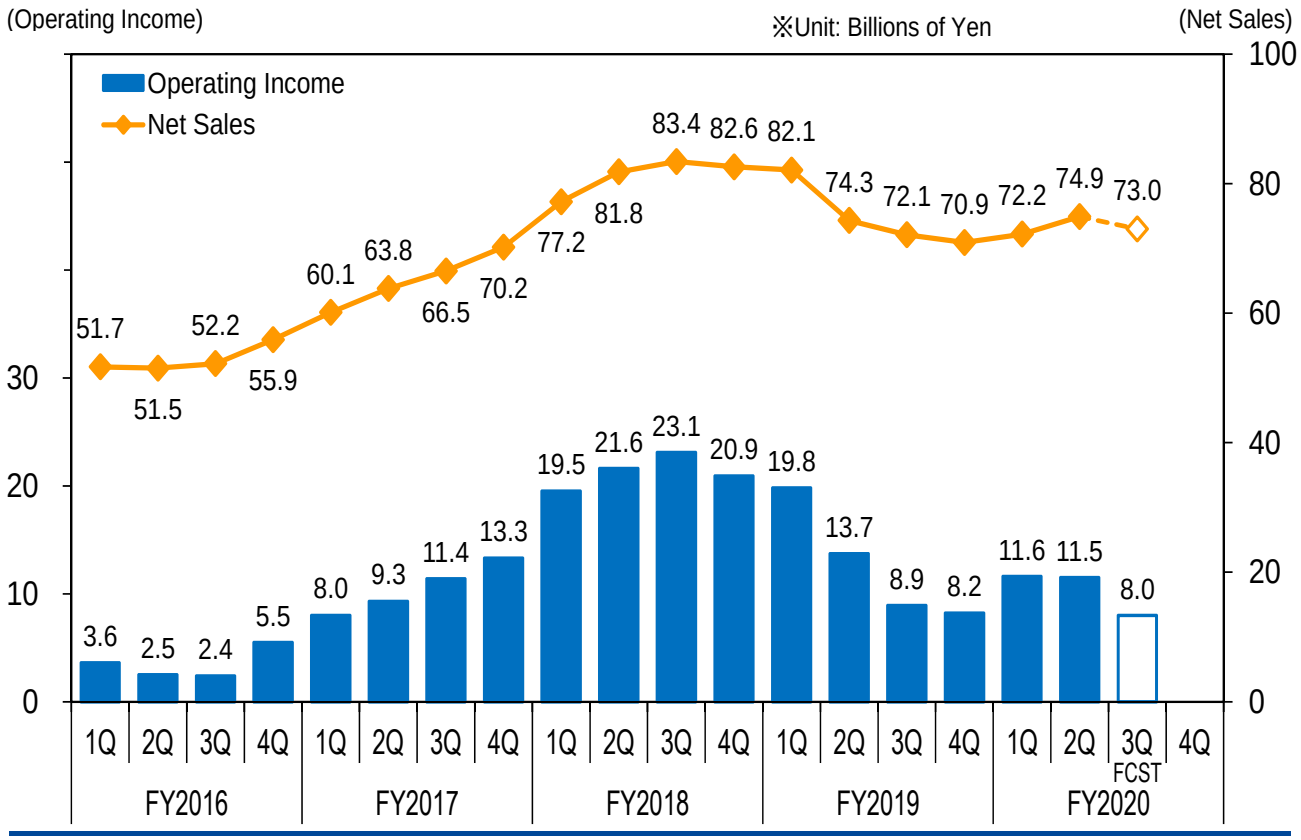
【Analysis of Changes in Operating Income】





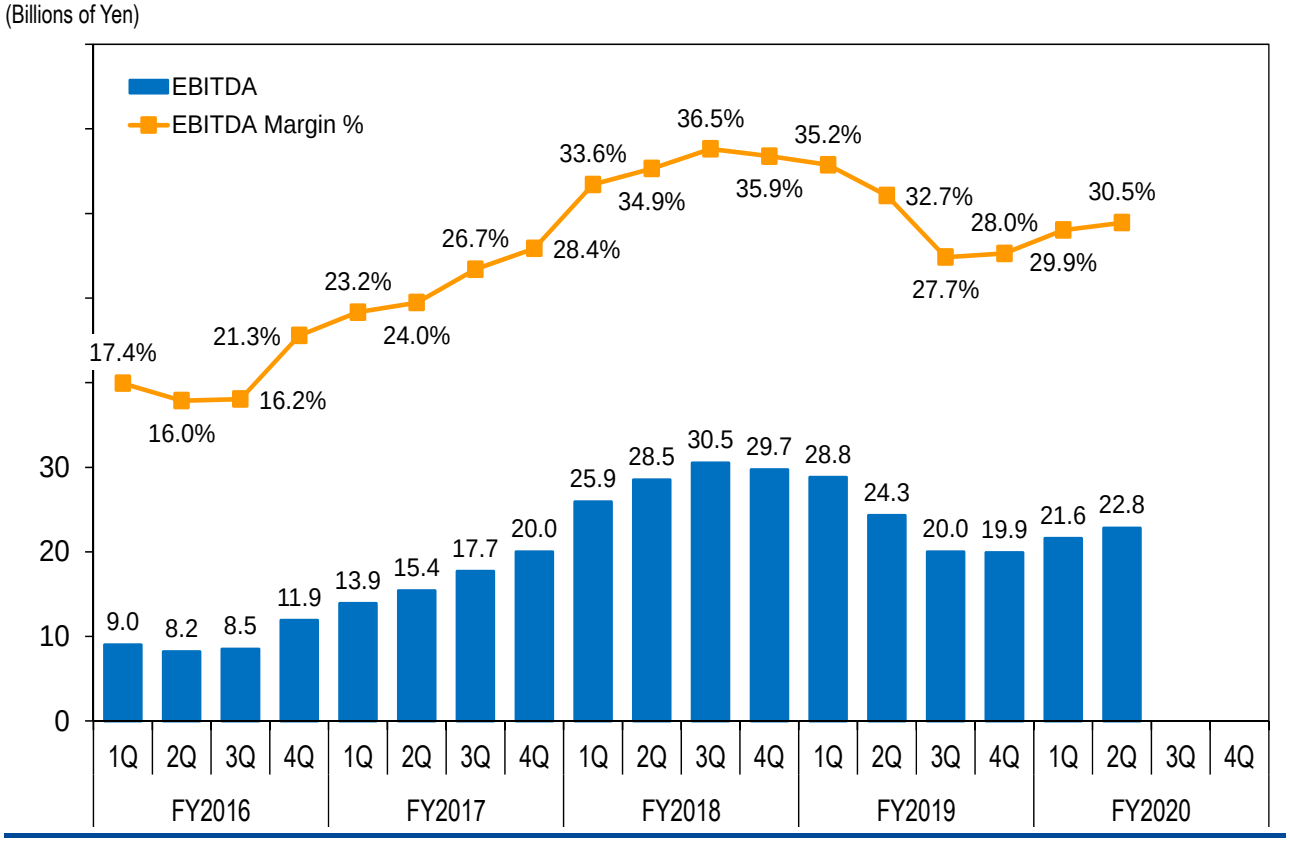

# Reference Materials

# Reference Materials: Quarterly Trend



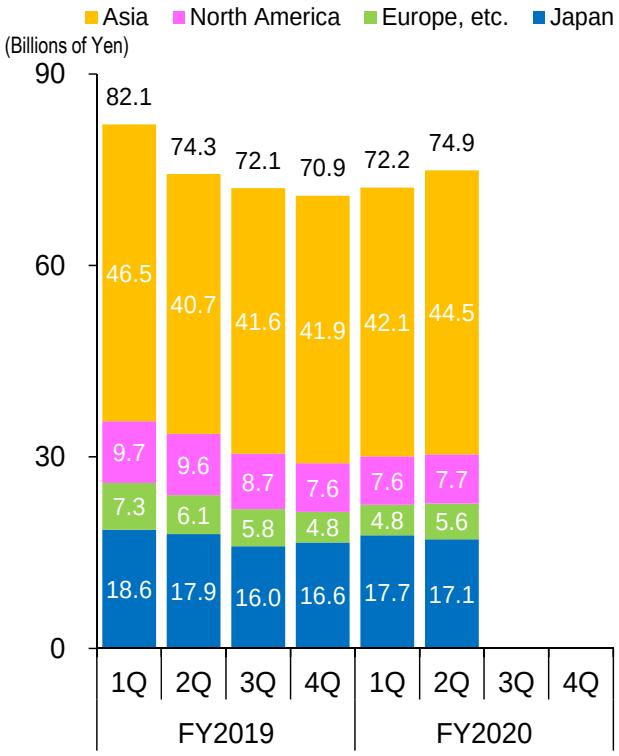



# Reference Materials: EBITDA

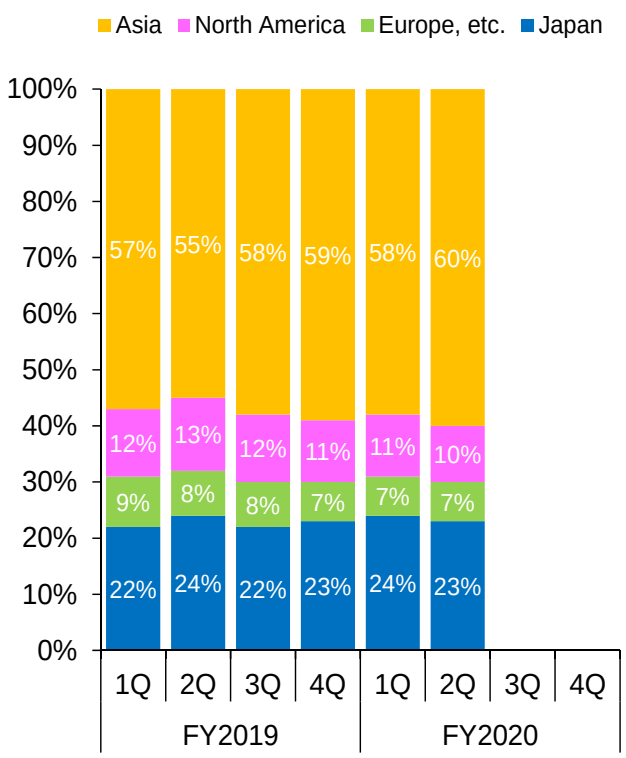


# Reference Materials: Sales Results

## Changes in Sales




## Sales by Region






**URL https://www.sumcosi.com/**