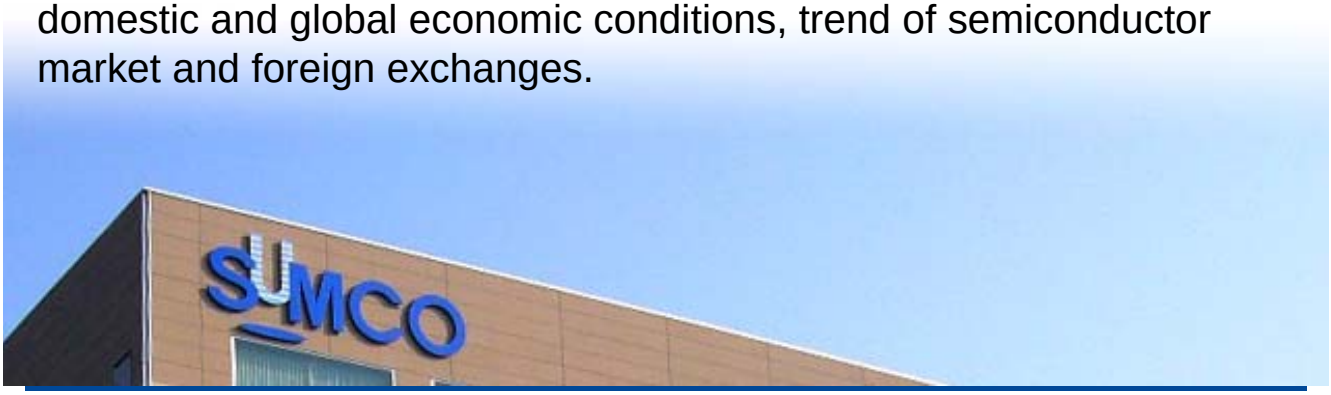
Results for Third Quarter of FY2020 (Ended September 30, 2020)

November 5, 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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- FY2020 Consolidated Business Forecast
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  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

3Q-2020 Consolidated Business Result

(Billions of Yen)

	3Q-2020 Forecast	3Q-2020 Actual	Change
Net Sales	73.0	71.6	(1.4)
Operating Income	8.0	6.6	(1.4)
Ordinary Income	7.0	5.9	(1.1)
Net Income (Note)	4.5	3.4	(1.1)
Exchange Rate (Yen/US$)	106.0	105.9	(0.1)

4Q-2020 Consolidated Business Forecast

(Billions of Yen)

	3Q-2020 Actual	4Q-2020 Forecast	Change
Net Sales	71.6	72.5	+0.9
Operating Income	6.6	7.5	+0.9
Ordinary Income	5.9	7.0	+1.1
Net Income (Note)	3.4	5.0	+1.6
Exchange Rate (Yen/US$)	105.9	105.0	(0.9)

(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) 9
	Total	10	28	62	35	(*1) 27
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) 2.6
	Total	2.9	8.2	18.1	10.2	(*1) 7.8
Dividend ratio (%)	Total	44.5%	30.4%	31.0%	31.0%	(*1) 31.2%
Share Buyback						
Amount (Billions of Yen)	Total	-	-	-	33	(*1) 25
Ratio (%)	Total	-	-	-	10.0%	(*1) 9.9%
Total Return Ratio (%)	Total	44.5%	30.4%	31.0%	41.0%	(*1) 41.1%

*1. Year-end dividend and share buyback for FY2020 are forecast amounts.

2-1. Market Environment

3Q-2020

- ✓ Volume - Solid demand for 300 mm logic and recovery trend for memory
  - Demand softened for 200 mm wafers for consumer and automotive due to slowing of the global economy
- ✓ Pricing - Long-term agreement prices held firm, while spot prices for smaller diameters were weak

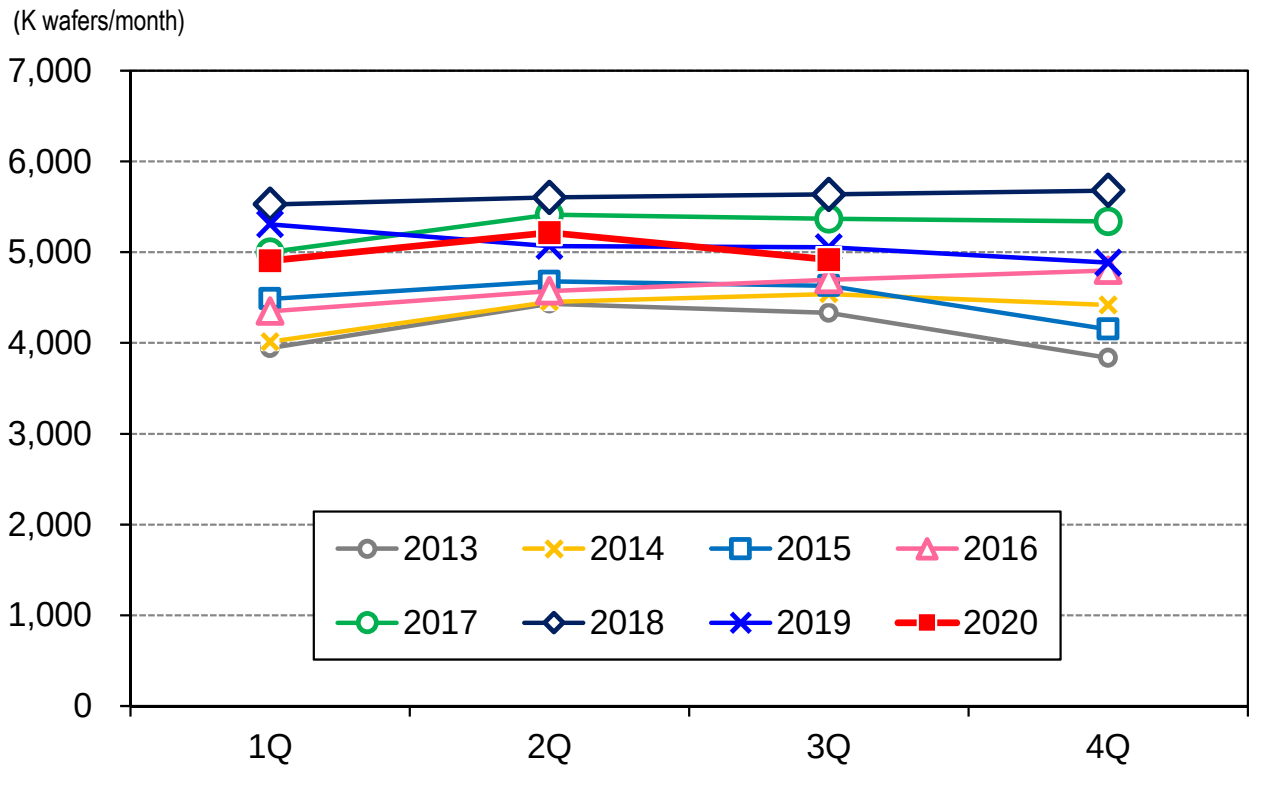
4Q-2020 Forecast

- ✓ Volume - Strong demand for 300 mm logic and solid demand for memory
  - For 200 mm and smaller, rapid recovery mainly for automotive toward year end
- ✓ Pricing - Long-term contract prices to hold firm; spot prices for smaller diameters at same level as 3Q

Outlook (Effects of COVID-19)

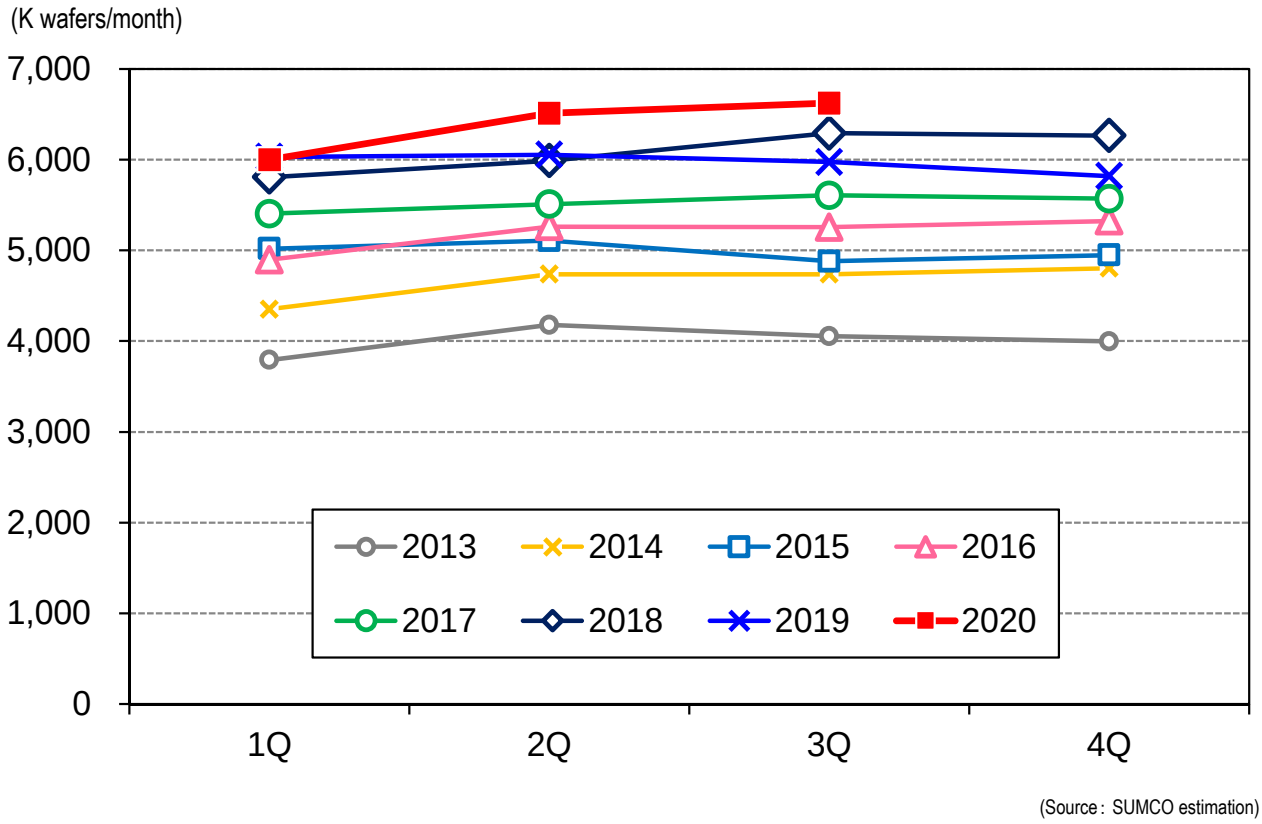
- ✓ Stable growth in 300 mm demand is expected to continue, especially for logic in smartphones and data centers, with the spread of teleworking and 5G communications service
- ✓ Although the global economy suffered a major decline with the spread of COVID-19, demand for 200 mm and smaller wafers is recovering rapidly, chiefly for automotive. Assuming demand recovers also for consumer and industry use, a full-scale recovery is expected in 2021 and after

2-2. 200mm Wafer Trend



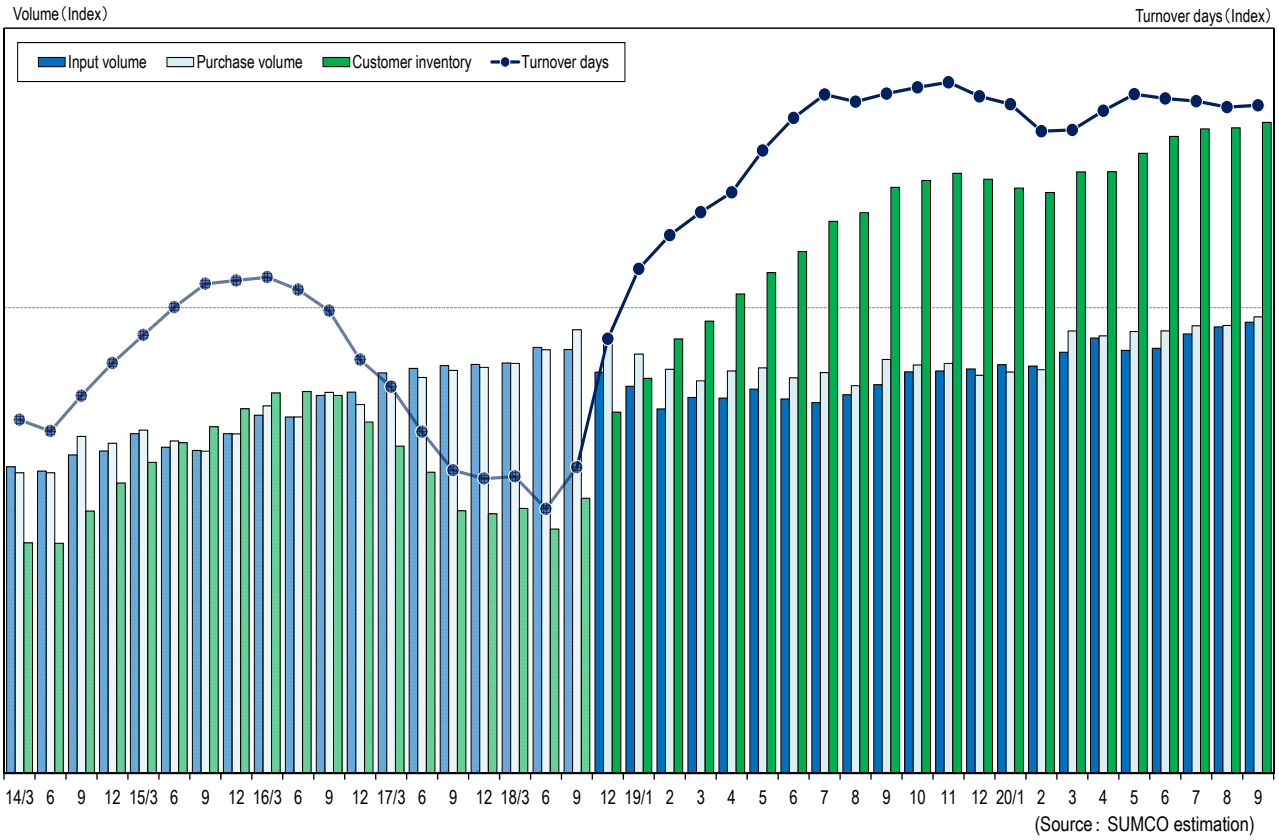
(Source : SUMCO estimation)

2-3. 300mm Wafer Trend



(Source : SUMCO estimation)

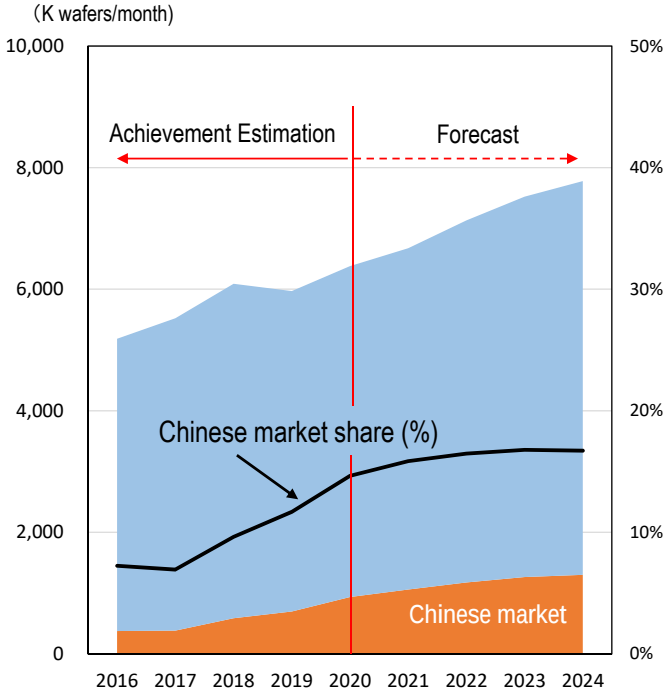
2-4. Customer 300mm Wafer Inventory Trend



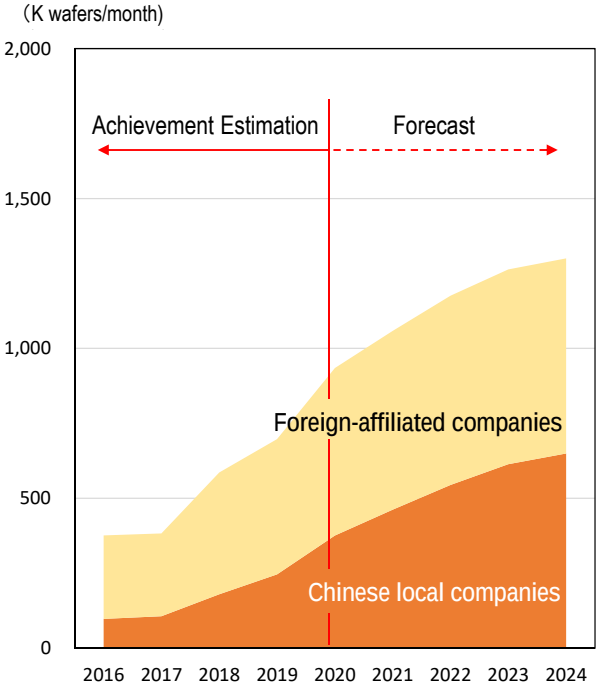
(Source : SUMCO estimation)

3-1. Impact of Wafer Demand due to US-China Trade Friction

Wafer Demand for China in The World Market

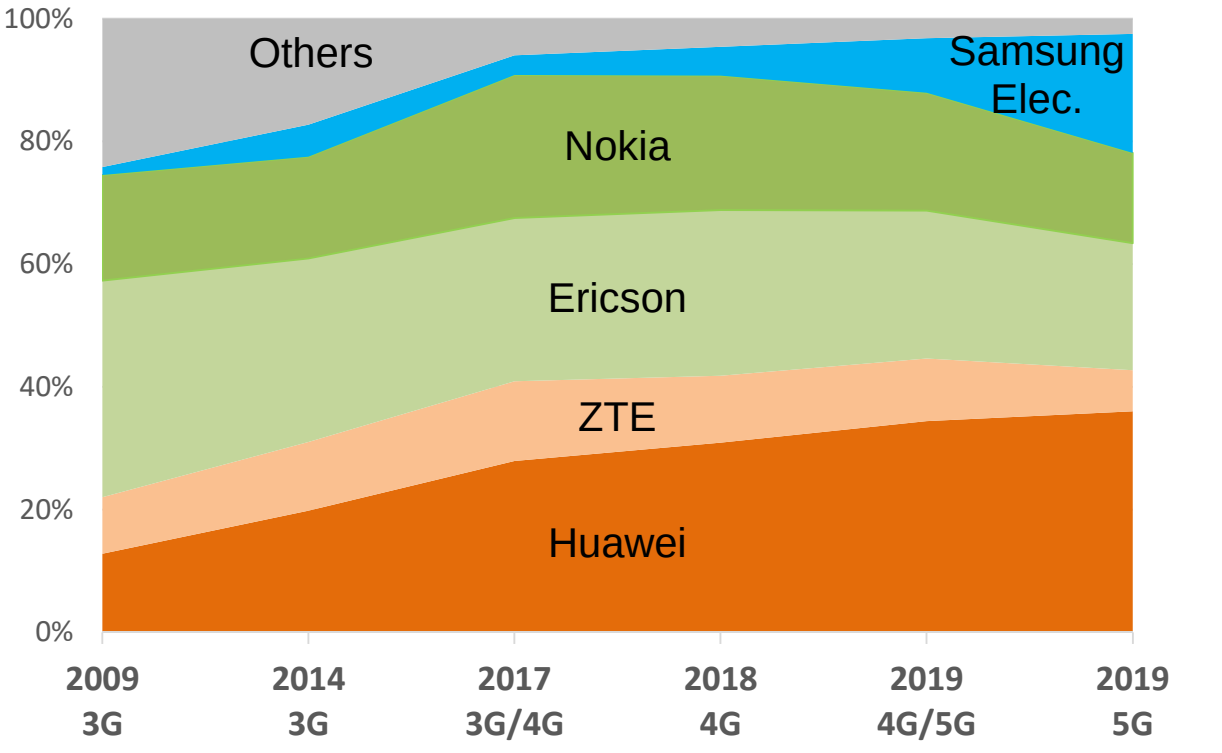


Chinese Local Company Ratio



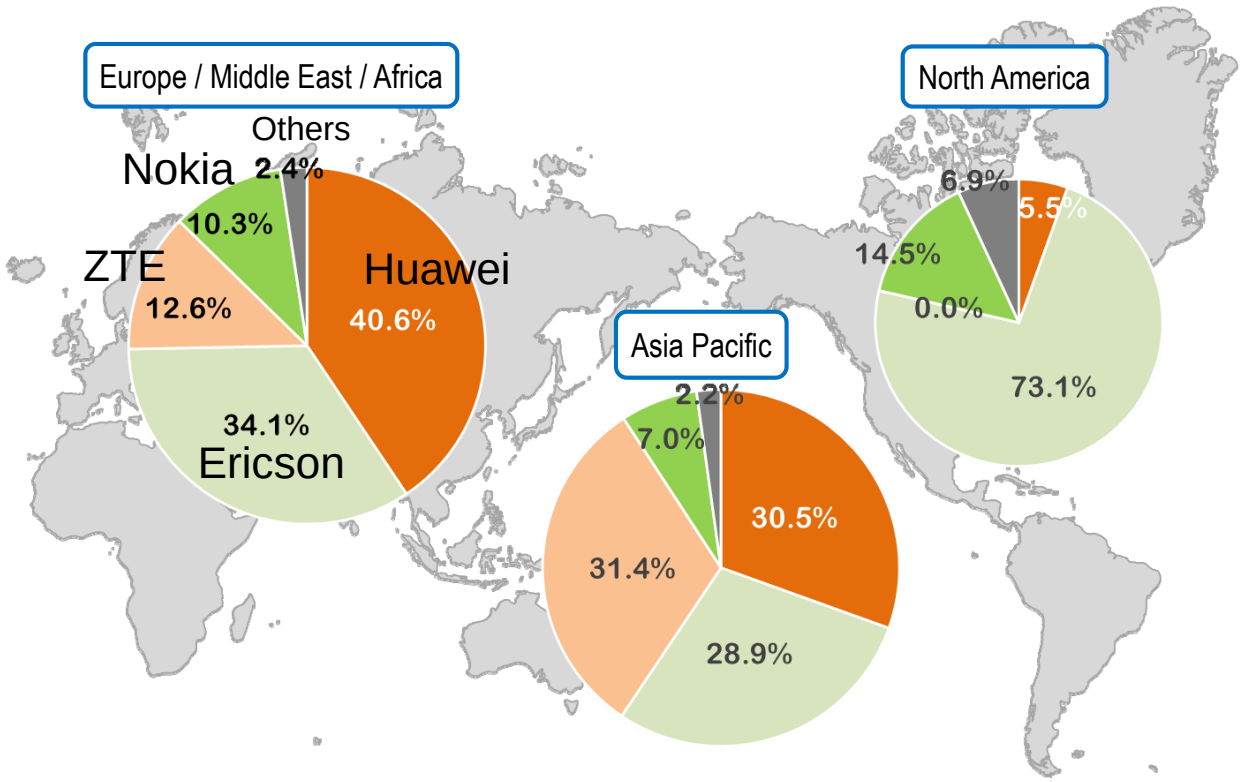
(Source : SUMCO estimation)

3-2. Mobile Phone Base Station ① Share Trend



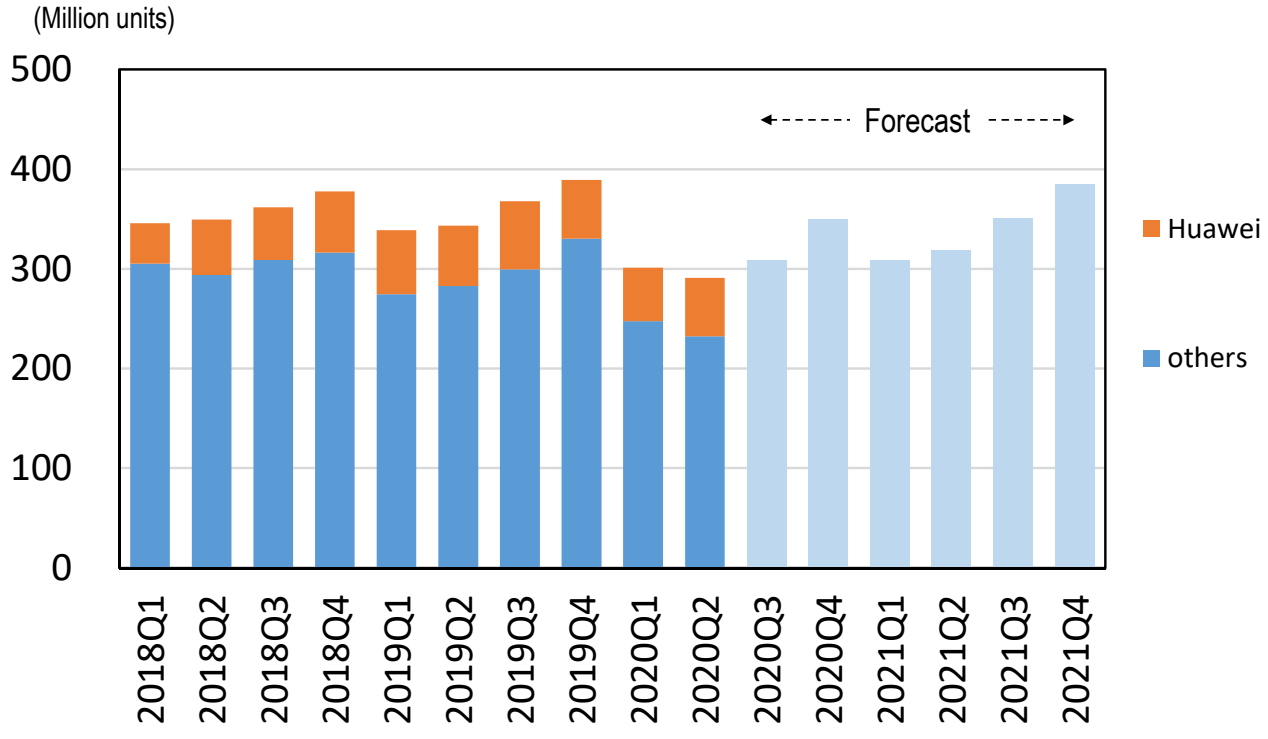
(Source: SUMCO estimation based on various market researches)

3-3. Mobile Phone Base Station ② Share by Region



（Source: SUMCO estimation based on various market researches）

3-4. Smartphone ① Global Shipment Trends and Huawei



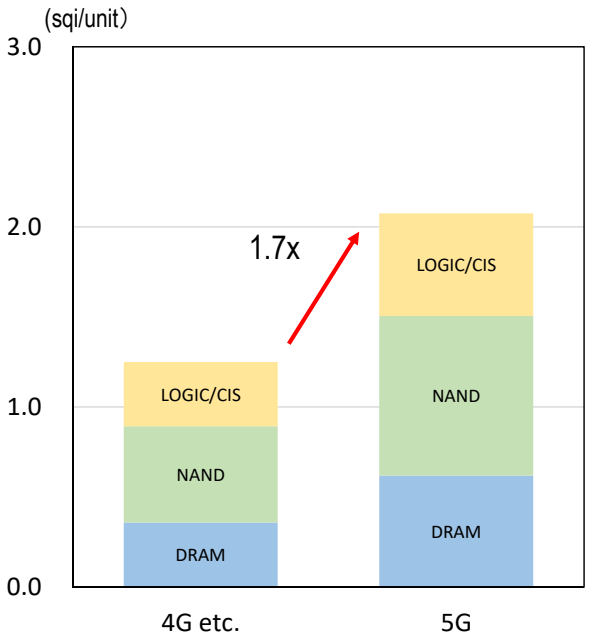
（Source: SUMCO estimation from the 3 research companies）

3-5. Smartphone ② 4G / 5G Function and Si Area

Generation-specific Function Range

	4G etc. specification	5G specification
DRAM	1 - 12 GB	6 - 13 GB
NAND	8 - 512 GB	128 - 512 GB
AP	4 - 8 Core	8 Core
5G modem	—	1 or integrated
CIS	1- 7 pieces	4 - 7 pieces

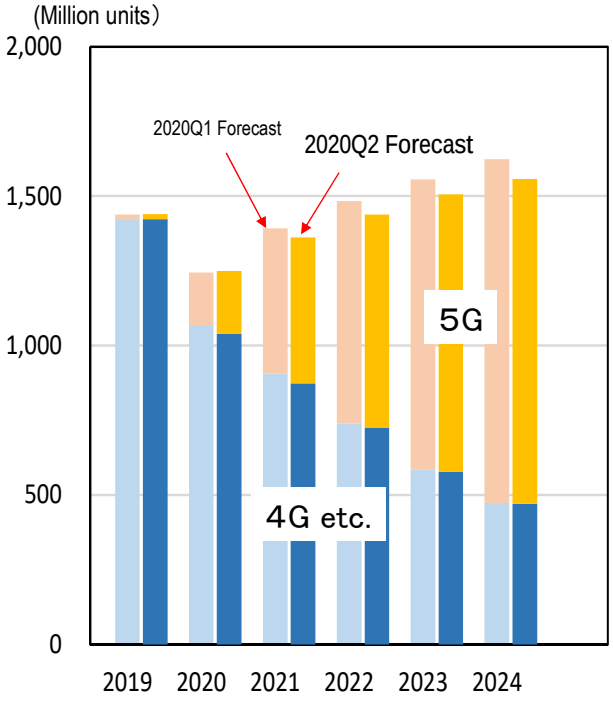
300mm Wafer Area by Generation



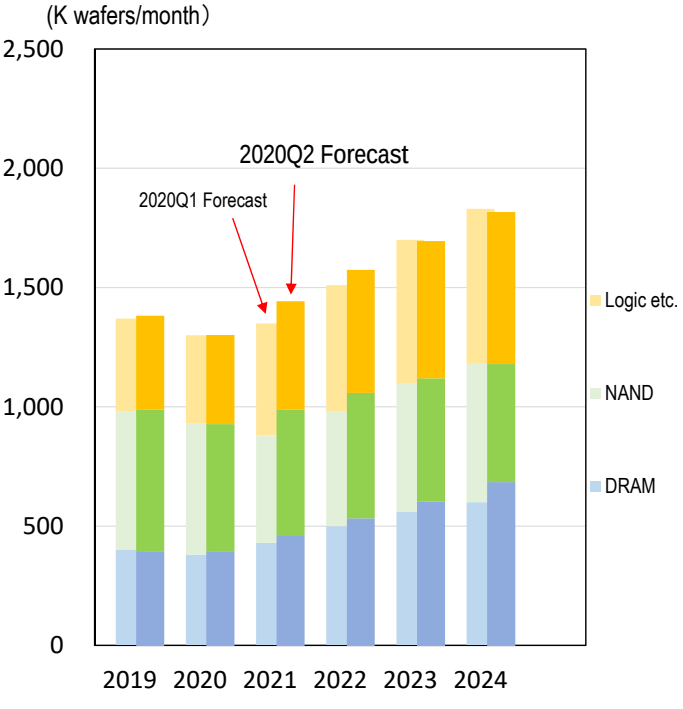
（Source: SUMCO estimation and TechInsights chip data）

3-6. Smartphone ③ Demand Forecast for Smartphone

Shipment Volume Forecast



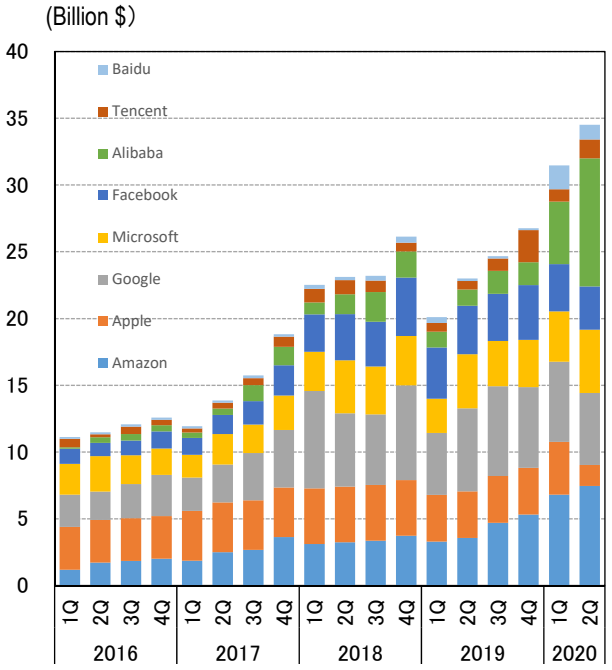
300mm Wafer Demand Forecast



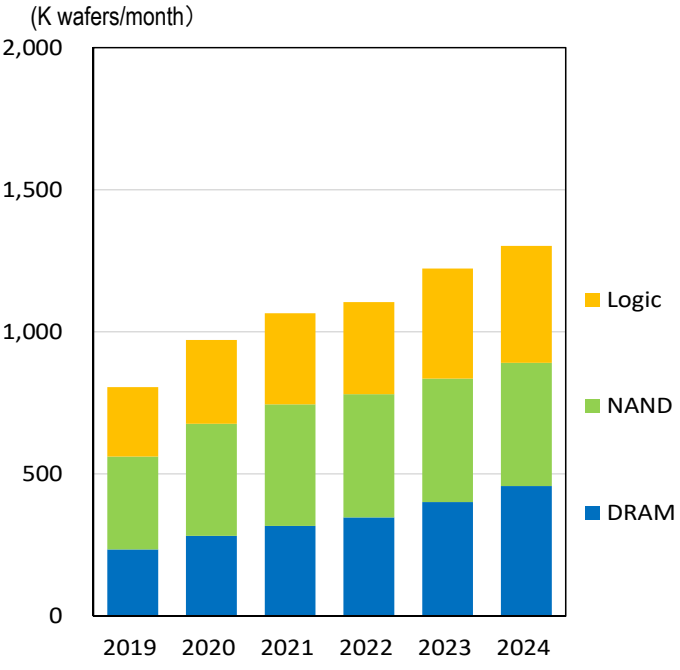
（Source: SUMCO estimation from the 3 research companies）

3-7. Demand Forecast for Data Center and Server

Data Center Capex

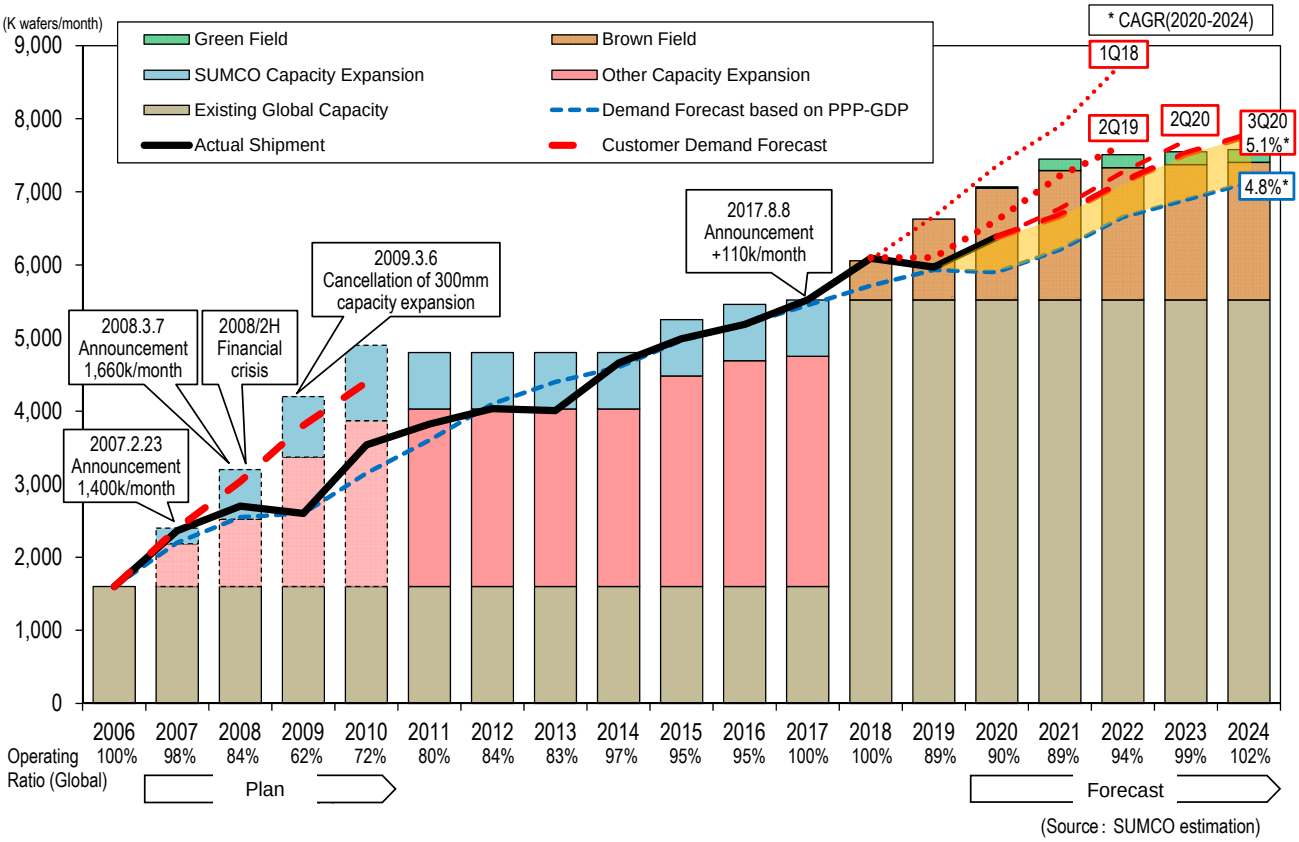


300mm Wafer Demand Forecast



(Source : SUMCO estimation based on Published Materials)

3-8. 300mm Wafer Global Capacity and Demand FCST



(Source : SUMCO estimation)

3Q-2020
Consolidated Business Result

Michiharu Takii
Representative Director,
Vice Chairman

4-1. Summary of Consolidated Business Result

(Billions of Yen)

	3Q-2019 (9 months)	3Q-2020 Actual (9 months) 1Q	2Q	3Q	Total	Change
Net sales	228.5	72.2	74.9	71.6	218.7	(9.8)
Operating income	42.4	11.6	11.5	6.6	29.7	(12.7)
Non-operating income and expenses	(1.2)	0.3	(0.8)	(0.7)	(1.2)	0.0
Ordinary income	41.2	11.9	10.7	5.9	28.5	(12.7)
Extraordinary income and expenses	0.9	-	-	-	-	(0.9)
Income taxes	(9.7)	(2.5)	(1.5)	(1.9)	(5.9)	+3.8
Net income attributable to non-controlling interests	(4.3)	(1.0)	(0.8)	(0.6)	(2.4)	+1.9
Net income attributable to owners of the parent	28.1	8.4	8.4	3.4	20.2	(7.9)
Capital expenditure (Acceptance basis)	45.3	20.2	11.4	10.6	42.2	(3.1)
Depreciation	29.5	9.5	10.9	11.8	32.2	+2.7
EBITDA (*1)	73.1	21.6	22.8	18.8	63.2	(9.9)
Exchange rate (Yen/US$) (*2)	109.6	109.3	107.7	105.9	107.7	(1.9)
Operating margin (%)	18.6%	16.1%	15.4%	9.3%	13.6%	(5.0%)
EBITDA margin (%)	32.0%	29.9%	30.5%	26.2%	28.9%	(3.1%)
ROE (%)	12.9%	11.2%	10.8%	4.4%	8.8%	(4.1%)
Net income per share (Yen)	95.92	29.01	28.61	11.64	69.29	(26.63)

*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.

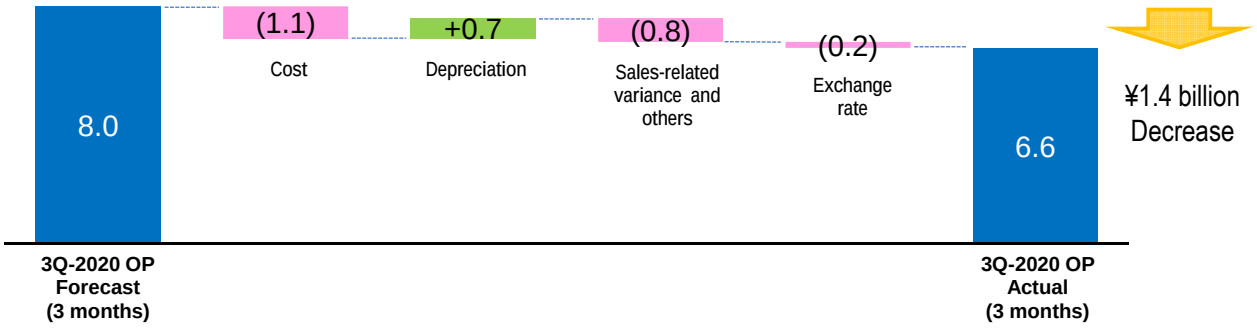
4-2. Analysis of Changes in Operating Income

■ 3Q-2020 Forecast → 3Q-2020 Actual

(Billions of Yen)

	3Q-2020 Forecast	3Q-2020 Actual	Change
Net Sales	73.0	71.6	(1.4)
Operating Income	8.0	6.6	(1.4)
Exchange Rate (Yen/US$)	106.0	105.9	(0.1)

【Analysis of Changes in Operating Income】



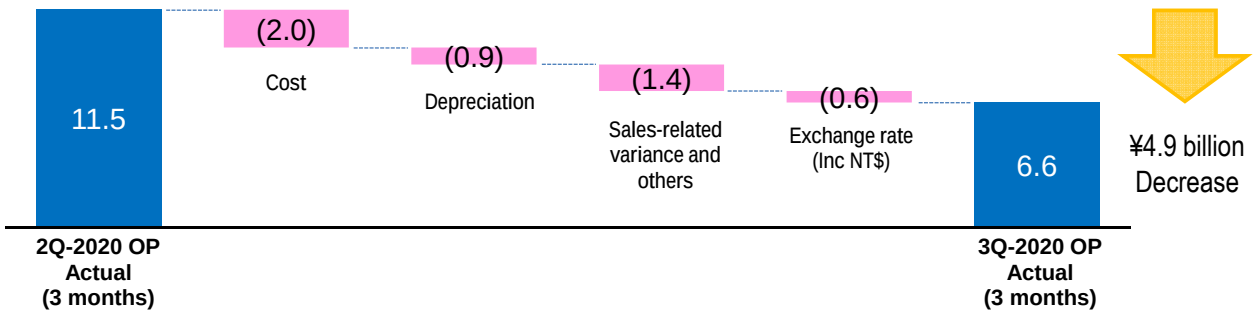
4-3. Analysis of Changes in Operating Income

■ 2Q-2020 Actual → 3Q-2020 Actual

(Billions of Yen)

	2Q-2020 Actual	3Q-2020 Actual	Change
Net Sales	74.9	71.6	(3.3)
Operating Income	11.5	6.6	(4.9)
Exchange Rate (Yen/US$)	107.7	105.9	(1.8)

【Analysis of Changes in Operating Income】



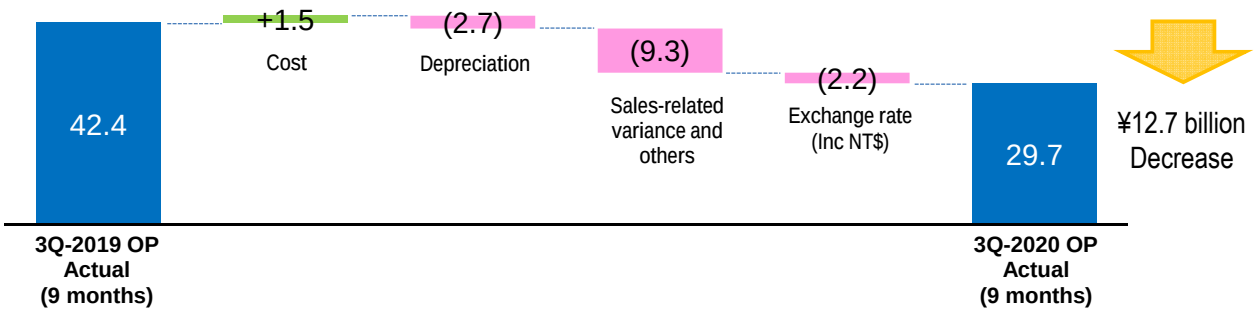
4-4. Analysis of Changes in Operating Income

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

(Billions of Yen)

	3Q-2019 ACT (9 months)	3Q-2020 ACT (9 months)	Change
Net Sales	228.5	218.7	(9.8)
Operating Income	42.4	29.7	(12.7)
Exchange Rate (Yen/US$)	109.6	107.7	(1.9)

【Analysis of Changes in Operating Income】



4-5. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2019	End of Sep-2020	Change
Cash and time deposits	70.0	74.7	+4.7
Finished products and WIP	35.0	36.5	+1.5
Raw materials and supplies	149.4	143.0	(6.4)
Tangible and intangible assets	207.6	216.3	+8.7
Deferred income tax assets	11.6	11.0	(0.6)
Other assets	104.9	102.9	(2.0)
Total Assets	578.5	584.4	+5.9
Debt and borrowings	152.0	152.0	0.0
Other liabilities	85.4	83.4	(2.0)
Liabilities	237.4	235.4	(2.0)
Capital stock	138.7	138.7	-
Capital surplus	30.7	27.4	(3.3)
Retained earnings	134.2	146.2	+12.0
Others	37.5	36.7	(0.8)
Equity	341.1	349.0	+7.9
Shareholders' equity ratio	52.2%	53.1%	+0.9%
Equity per share (Yen)	1,030.4	1,065.1	+34.7
D/E ratio (gross)	0.50x	0.49x	(0.01)x
D/E ratio (net)	0.27x	0.25x	(0.02)x

4-6. Consolidated Cash-Flow

(Billions of Yen)

	3Q-2020 (9 months)
Income before income taxes	28.5
Depreciation	32.2
Subtotal	60.7
Decrease in inventories	6.3
Changes in working capital, etc.	(3.2)
Net cash provided by operating activities	63.8
Capital expenditure (Acceptance basis)	(42.2)
Others, net	(3.2)
Net cash used in investing activities	(45.4)
Free cash-flow	18.4

FY2020
Consolidated Business Forecast

5-1. FY2020 Consolidated Business Forecast

(Billions of Yen)

	FY2019 Actual	FY2020 Forecast 1Q ACT	2Q ACT	3Q ACT	4Q FCST	Total	Change
Net sales	299.4	72.2	74.9	71.6	72.5	291.2	(8.2)
Operating income	50.6	11.6	11.5	6.6	7.5	37.2	(13.4)
Non-operating income and expenses	(2.3)	0.3	(0.8)	(0.7)	(0.5)	(1.7)	+0.6
Ordinary income	48.3	11.9	10.7	5.9	7.0	35.5	(12.8)
Extraordinary income and expenses	0.9	-	-	-	-	-	(0.9)
Income taxes	(11.3)	(2.5)	(1.5)	(1.9)	(1.0)	(6.9)	+4.4
Net income attributable to non-controlling interests	(4.8)	(1.0)	(0.8)	(0.6)	(1.0)	(3.4)	+1.4
Net income attributable to owners of the parent	33.1	8.4	8.4	3.4	5.0	25.2	(7.9)
Exchange rate (Yen/US$) (*1)	109.4	109.3	107.7	105.9	105.0	107.0	(2.4)
Operating margin (%)	16.9%	16.1%	15.4%	9.3%	10.3%	12.8%	(4.1%)
ROE (%)	11.3%	11.2%	10.8%	4.4%	6.4%	8.2%	(3.1%)
Net income per share (Yen)	112.90	29.01	28.61	11.64	17.14	86.44	(26.46)

*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.

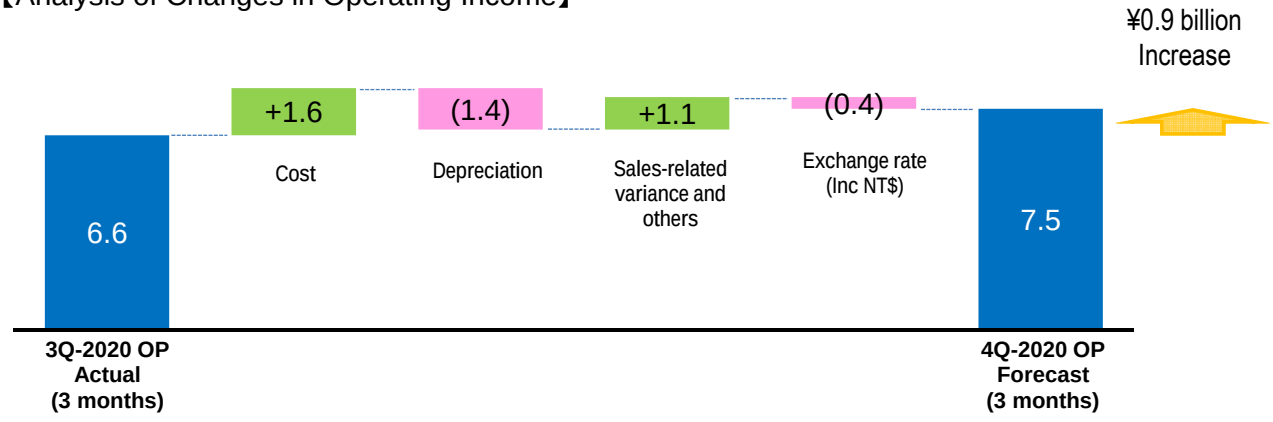
5-2. Analysis of Changes in Operating Income

■ 3Q-2020 Actual → 4Q-2020 Forecast

(Billions of Yen)

	3Q-2020 Actual	4Q-2020 Forecast	Change
Net Sales	71.6	72.5	+0.9
Operating Income	6.6	7.5	+0.9
Exchange Rate (Yen/US$)	105.9	105.0	(0.9)

【Analysis of Changes in Operating Income】



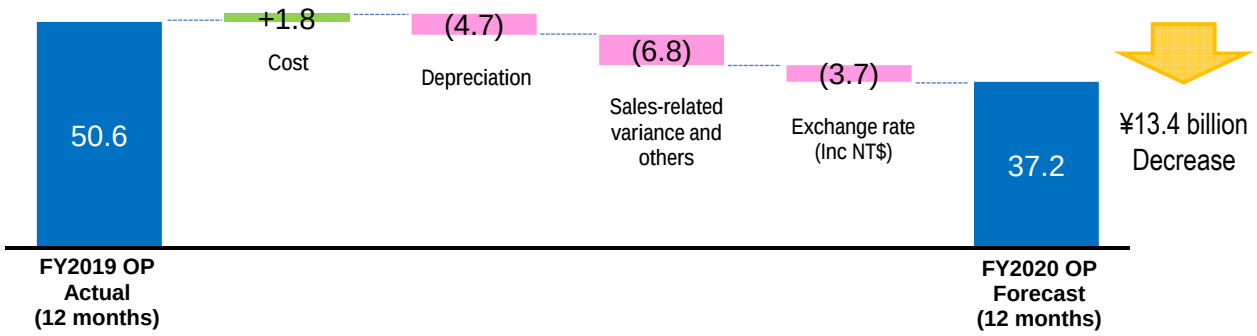
5-3. Analysis of Changes in Operating Income

■ FY2019 Actual (12 months)→ FY2020 Forecast (12 months)

(Billions of Yen)

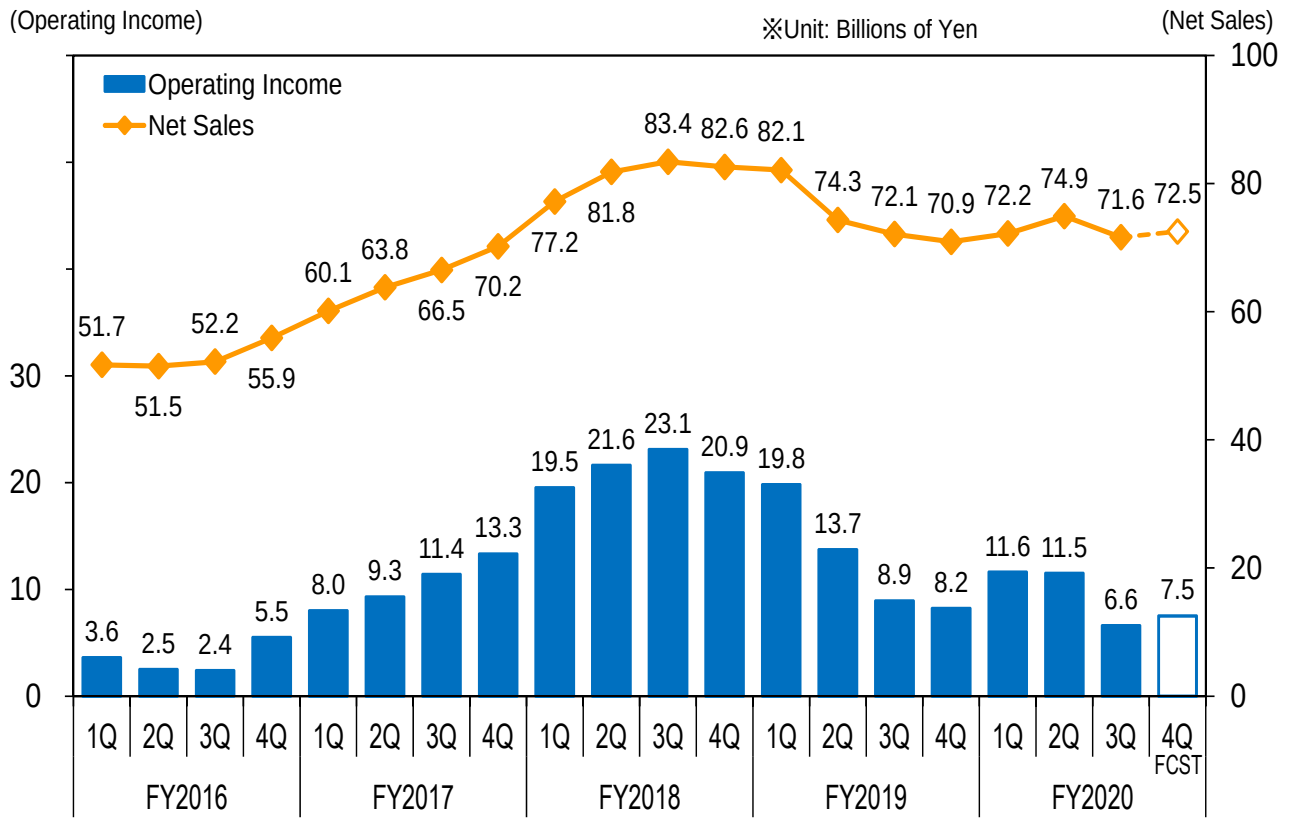
	FY2019 Actual	FY2020 Forecast	Change
Net Sales	299.4	291.2	(8.2)
Operating Income	50.6	37.2	(13.4)
Exchange Rate (Yen/US$)	109.4	107.0	(2.4)

【Analysis of Changes in Operating Income】

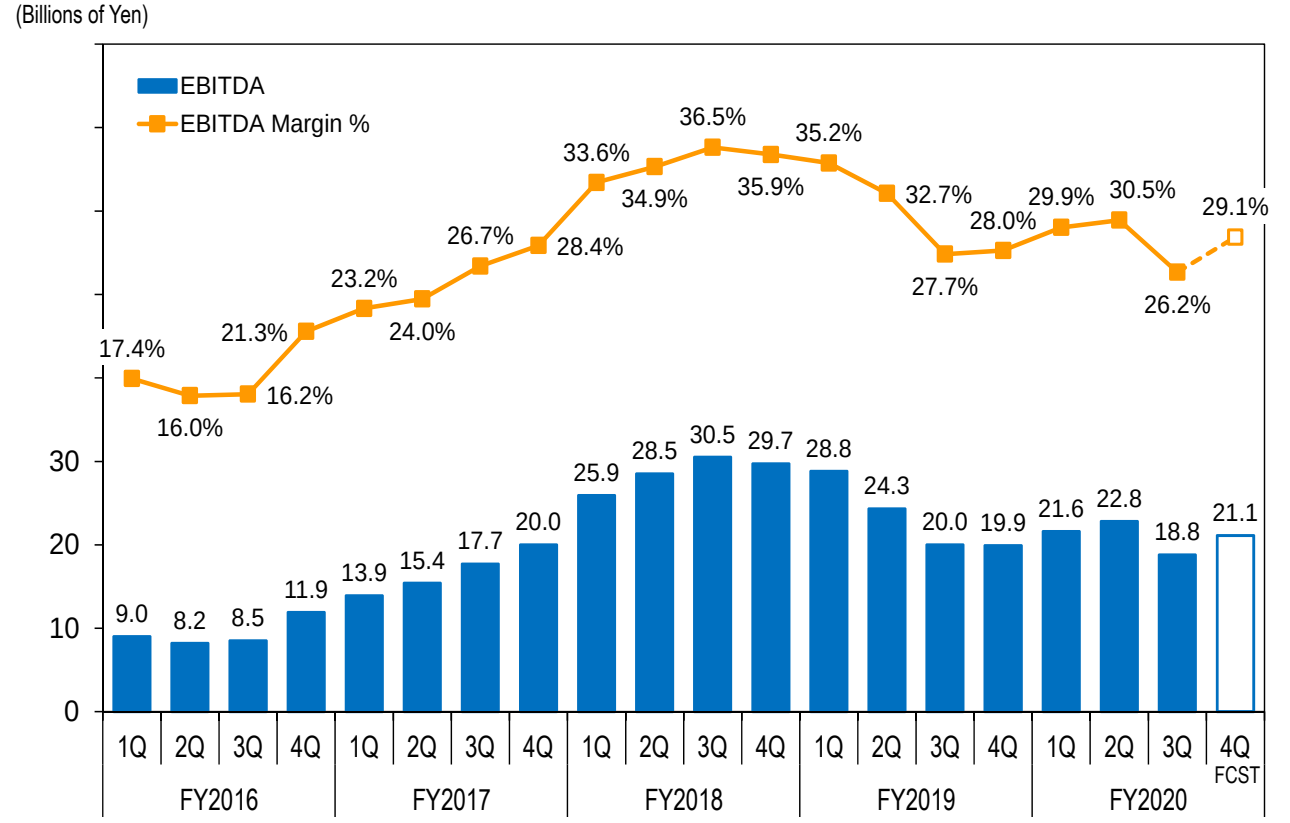


Reference Materials

Reference Materials: Quarterly Trend

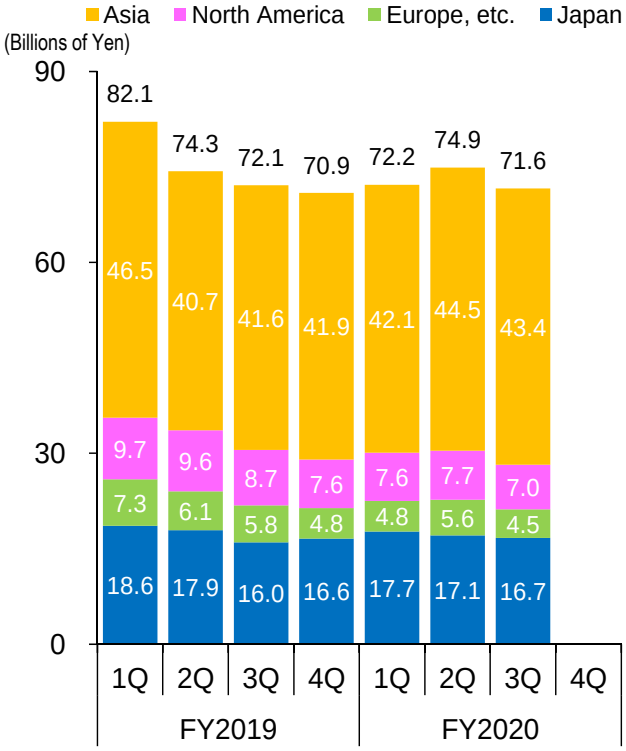


Reference Materials: EBITDA

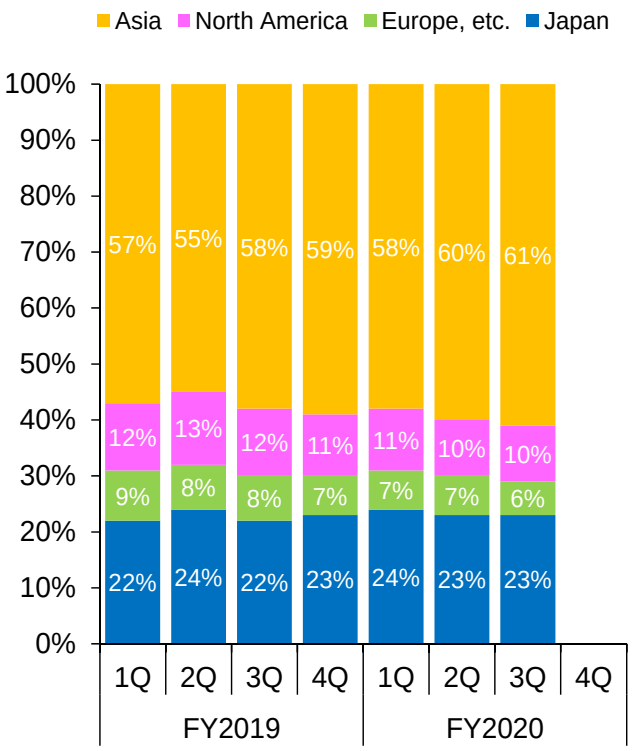


Reference Materials: Sales Results

Changes in Sales



Sales by Region



URL https://www.sumcosi.com/