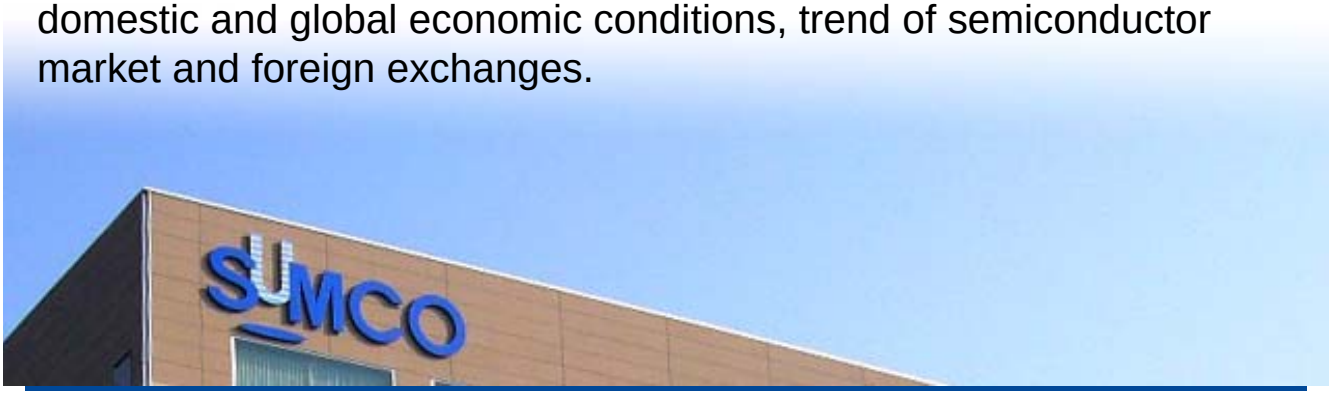
Results for Fiscal Year 2020 (Ended December 31, 2020)

February 9, 2021
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-2020 Consolidated Business Result

(Billions of Yen)

	4Q-2020 Forecast	4Q-2020 Actual	Change
Net Sales	72.5	72.6	+0.1
Operating Income	7.5	8.1	+0.6
Ordinary Income	7.0	7.1	+0.1
Net Income (Note)	5.0	5.3	+0.3
Exchange Rate (Yen/US$)	105.0	104.7	(0.3)

1Q-2021 Consolidated Business Forecast

(Billions of Yen)

	4Q-2020 Actual	1Q-2021 Forecast	Change
Net Sales	72.6	76.0	+3.4
Operating Income	8.1	8.5	+0.4
Ordinary Income	7.1	8.0	+0.9
Net Income (Note)	5.3	5.5	+0.2
Exchange Rate (Yen/US$)	104.7	104.0	(0.7)

(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) 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) 30.9%
Share Buyback						
Amount (Billions of Yen)	Total	-	-	-	3.3	(*1) 2.5
Ratio (%)	Total	-	-	-	10.0%	(*1) 9.8%
Total Return Ratio (%)	Total	44.5%	30.4%	31.0%	41.0%	(*1) 40.7%

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

2-1. Market Environment

4Q-2020

- ✓ Volume - Strong demand for 300 mm for logic, flat demand for memory
  - Rapid recovery in 200 mm demand starting at year end for automotive and consumer
- ✓ Pricing - Long-term agreement prices held firm, while spot prices for both 300 mm and 200 mm wafers ended up unchanged from previous levels

1Q-2021 Forecast

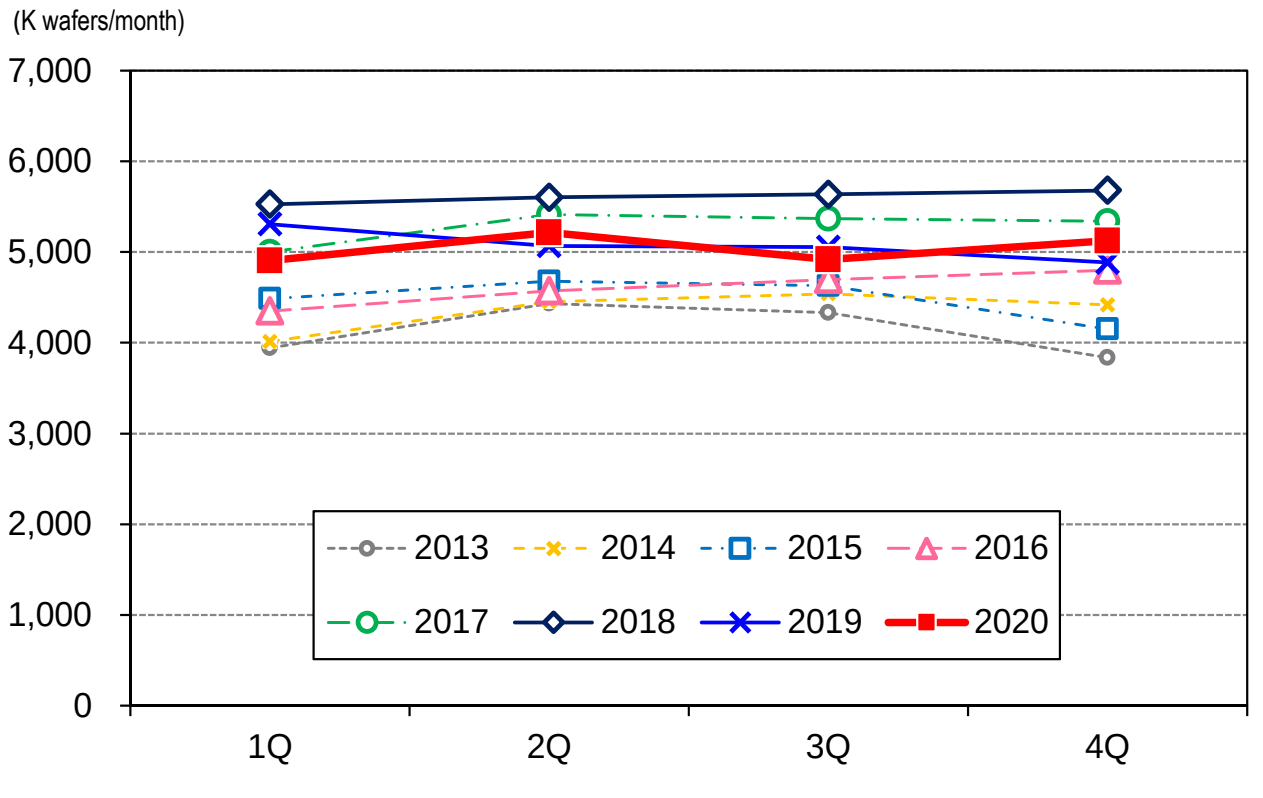
- ✓ Volume - Supply of 300 mm wafers for logic is unable to keep up with demand
  As for memory, demand for NAND is on a recovery trend
  - The rapid recovery in 200 mm demand mainly for automotive and consumer is likely to continue, with supply unable to meet demand
- ✓ Pricing - A portion of delivery on long-term agreements is being postponed, but agreement prices should hold steady
  As for spot prices, weakness is seen for memory but there are signs of a rebound in 300 mm wafers for logic and in 200 mm wafers

Outlook

With a view to recovery of the global economy that has suffered a decline in the COVID-19 pandemic,

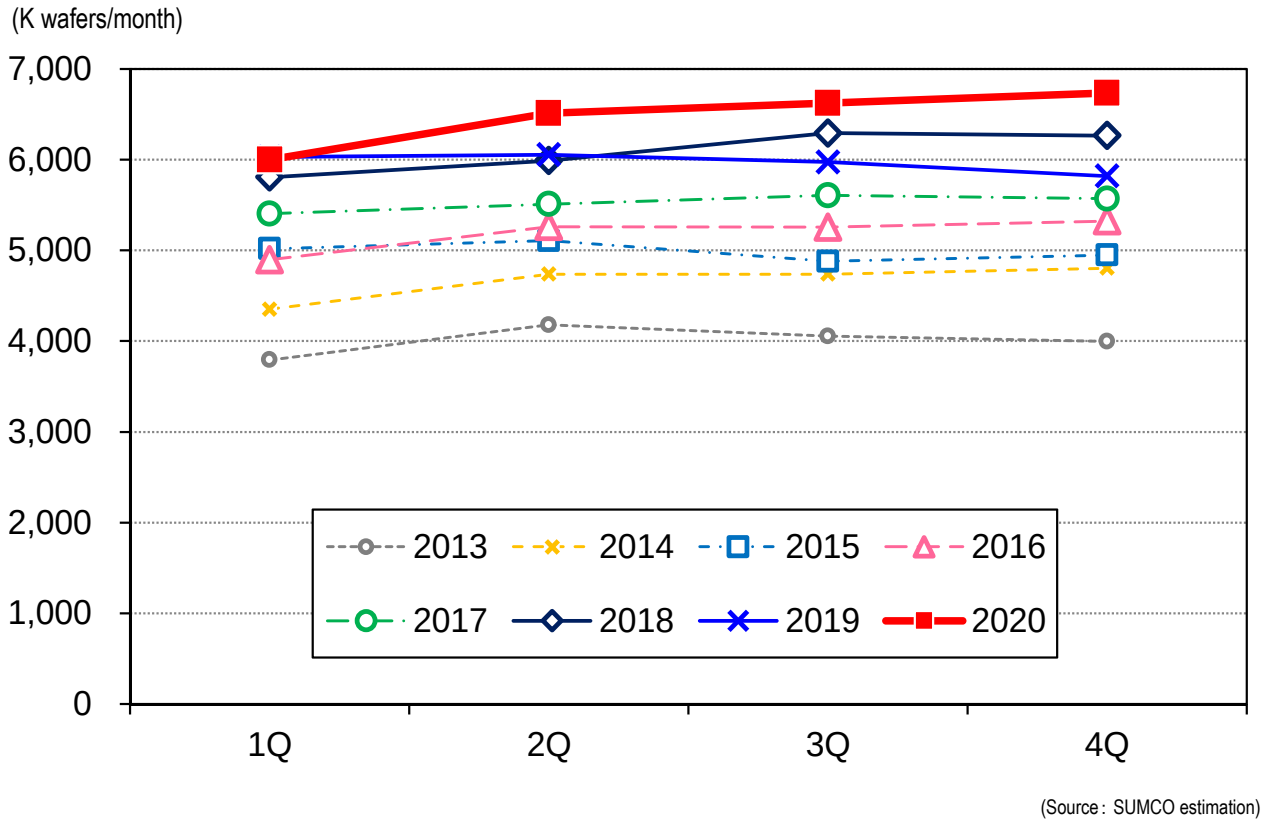
- ✓ As 300 mm wafer demand for logic continues to be driven by 5G, smartphone, and data center, there are concerns that supply will remain short of this demand. A gradual recovery is foreseen for memory, centering on DRAM
- ✓ Demand for 200 mm wafers for automotive and consumer is rapidly recovering, approaching the demand peak last seen in 2018, raising the possibility that supply will be short of demand until around 2022

2-2. 200mm Wafer Trend



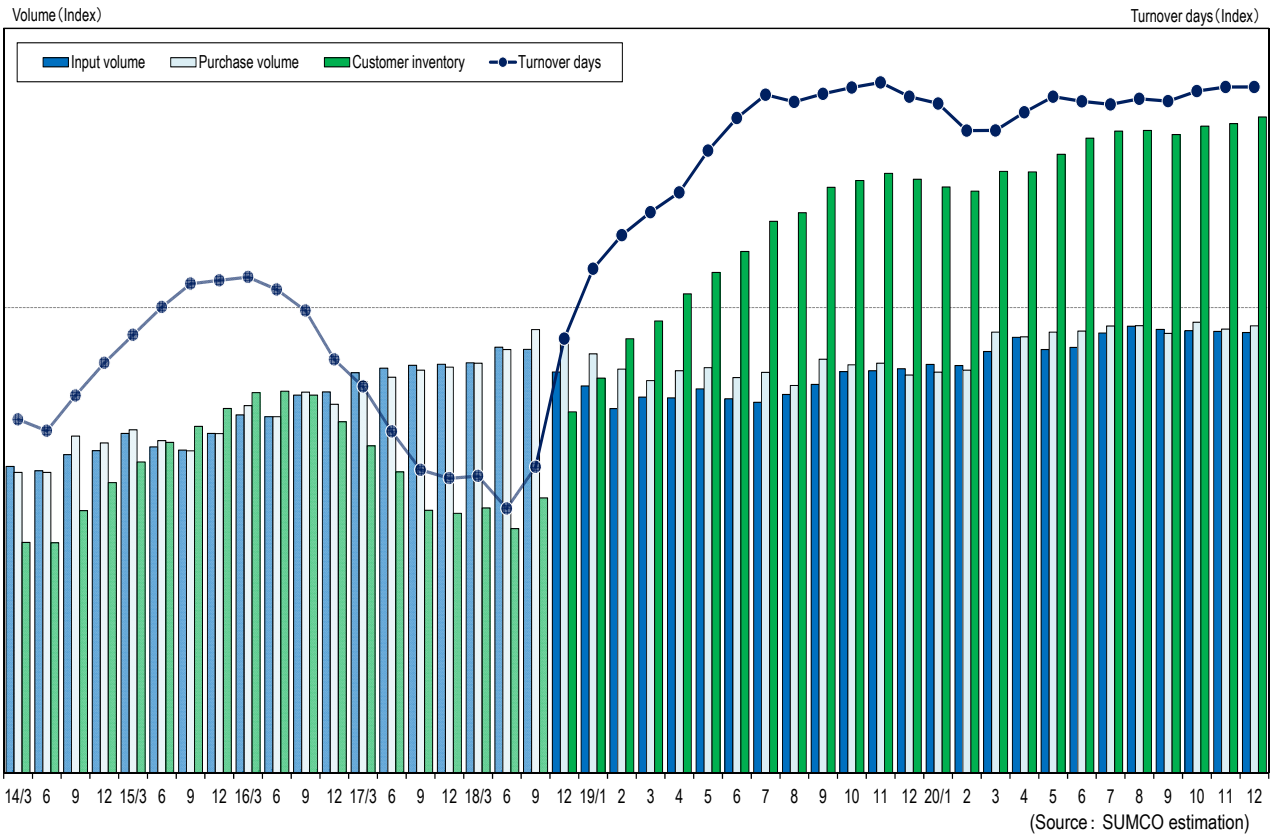
(Source : SUMCO estimation)

2-3. 300mm Wafer Trend



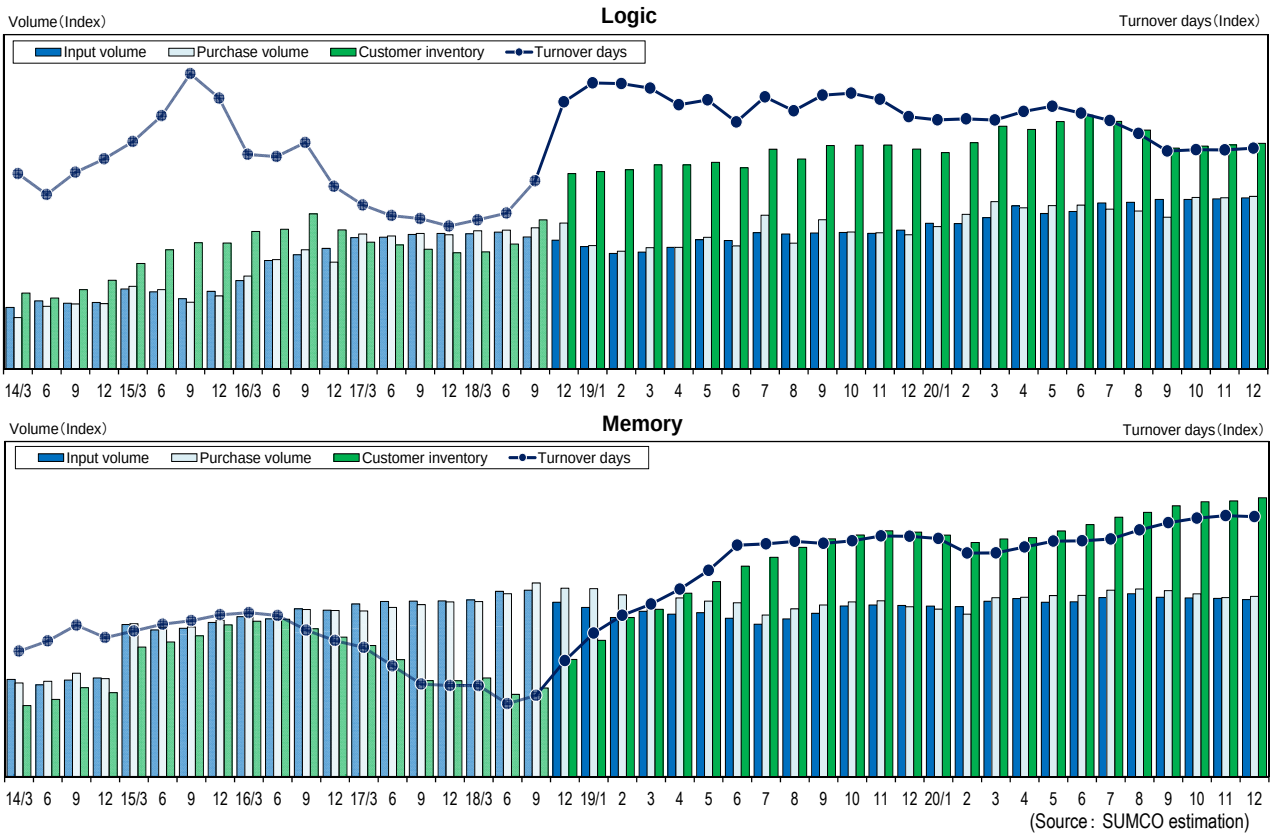
(Source : SUMCO estimation)

2-4. Customer 300mm Wafer Inventory Trend



(Source : SUMCO estimation)

2-5. Customer 300mm Wafer Inventory (Logic/Memory)

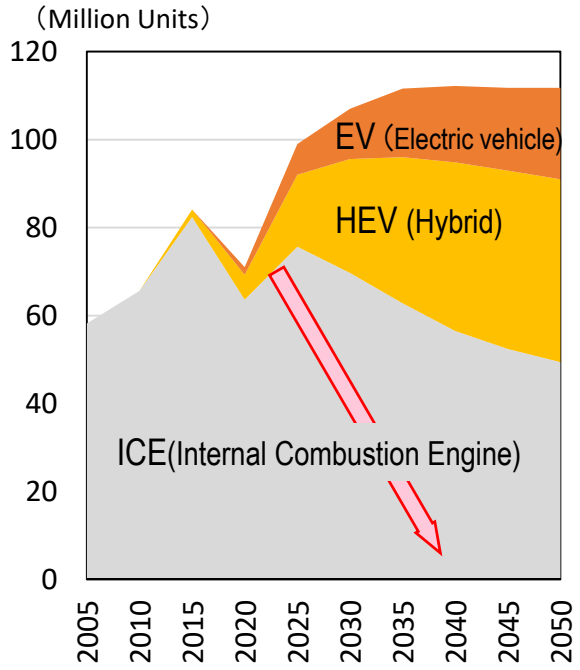


(Source : SUMCO estimation)

Wafer Demand Forecast for Automotive

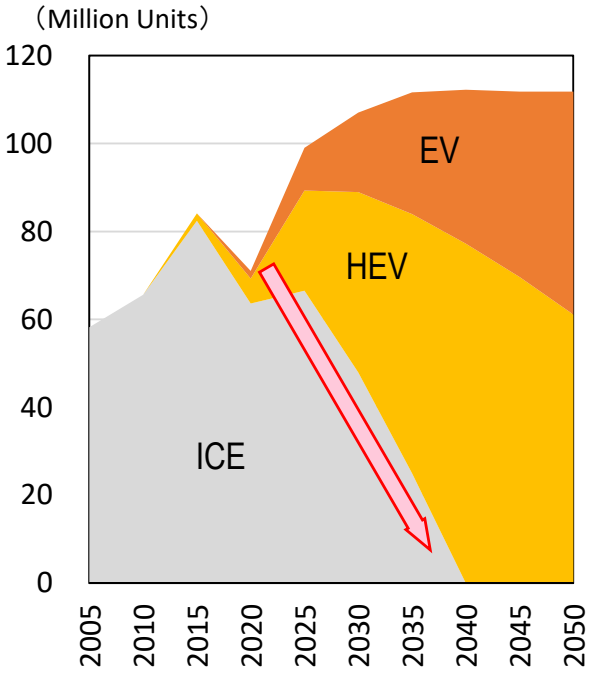
3-1. Growth in EV/HEV with Acceleration of a Low-Carbon Society

1. Number of Vehicles Forecast at start of 2020



2. New Scenario

・Acceleration of Decarbonization due to the Pandemic
(Decline in internal combustion engine (ICE) vehicles; 2040=zero ICE)



(Source: SUMCO estimation based on research company forecast data)

3-2. Moves toward EV/HEV in Major Countries

✓ Major countries are moving to ban gasoline-powered vehicles by 2040, switching to EV/HEV

Trend Away from Gasoline-Powered Vehicles

Country	Targets for Banning Sales of New Internal Combustion Vehicles
China	Aiming to make all new vehicles sold EV or HEV by 2035
USA	California to ban sales by 2035
Japan	Zero-sales policy by mid-2030s
Germany	Aiming to ban new vehicle sales by 2030
France	To ban sales by 2040
U. K.	To ban sales by 2030
Canada	Quebec to ban sales by 2035

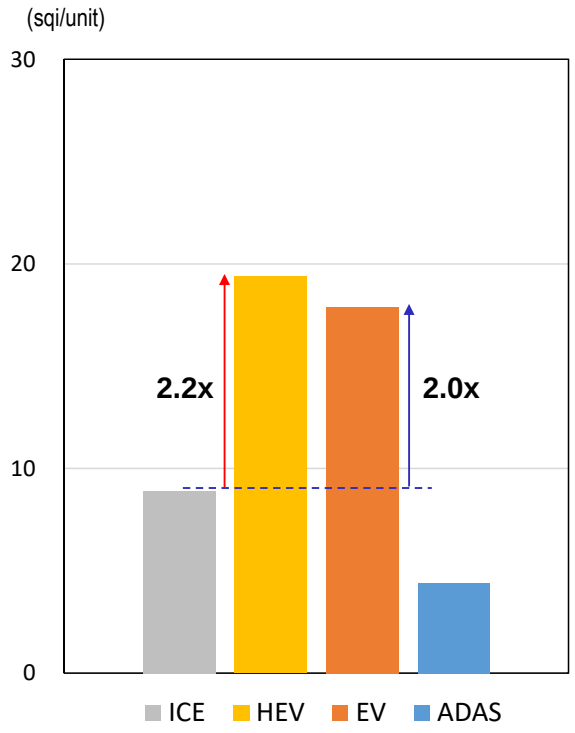
New Vehicle Registrations/Sales per Country in 2019

Country	Units (Million)	Ratio
China	25.77	29%
USA	17.48	20%
Japan	5.16	6%
Germany	4.02	4%
France	2.76	3%
U. K.	2.68	3%
Canada	1.98	2%
Total	59.83	67%
Worldwide	89.32	100%

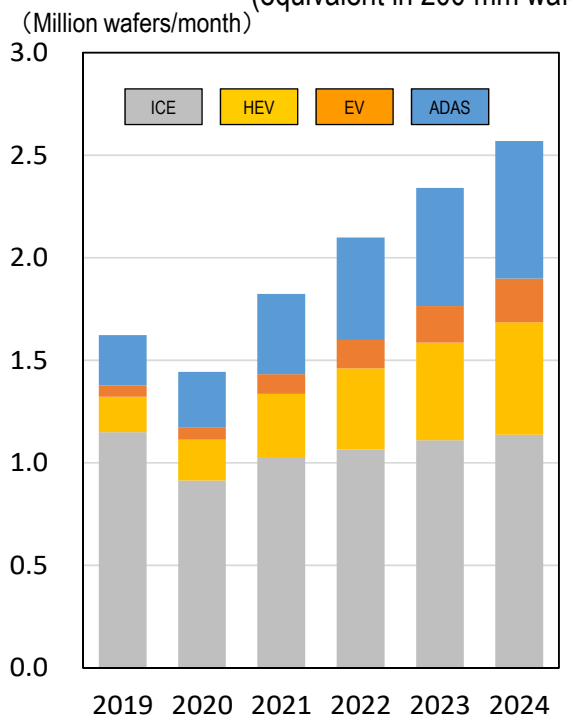
(Source: Created by SUMCO based on published information)

3-3. Wafer Demand Forecast for Automotive (equivalent in 200 mm wafers)

1. Silicon Area Used (per vehicle) by Power Train

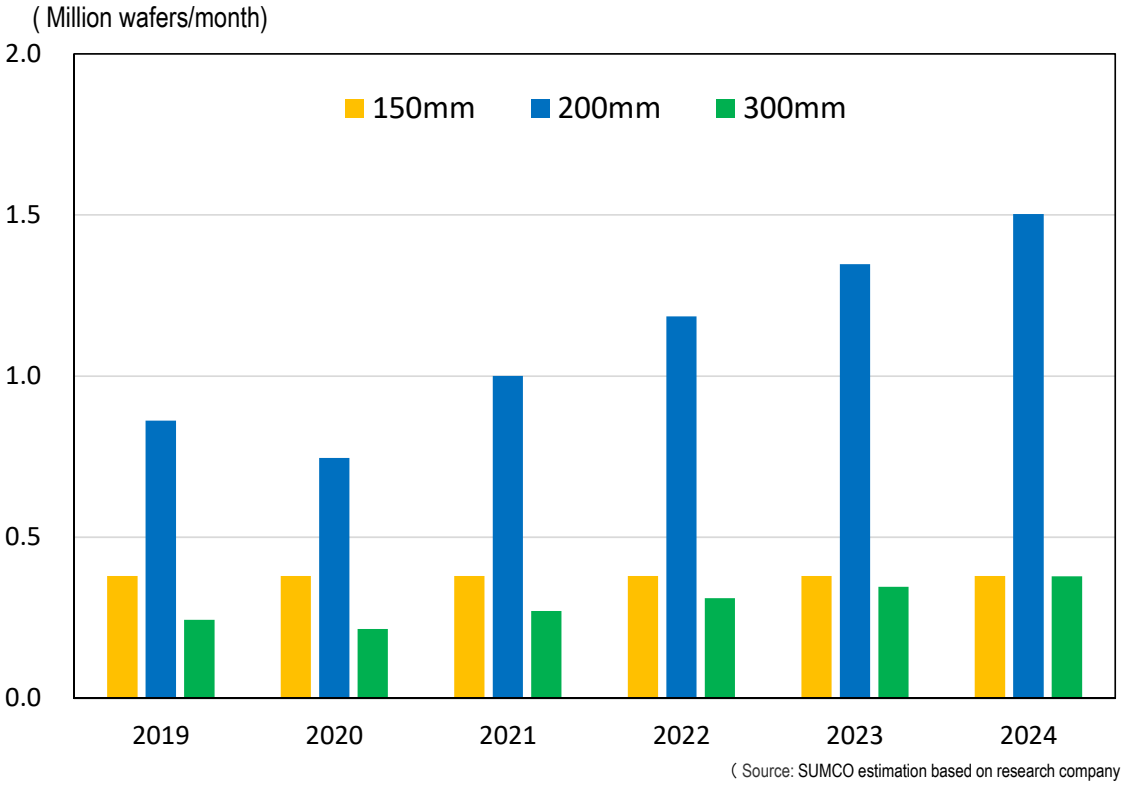


2. Wafer Demand Forecast (equivalent in 200 mm wafers)



(Source: SUMCO estimation based on research company forecast data)

3-4. Wafer Demand Forecast for Automotive (per size)

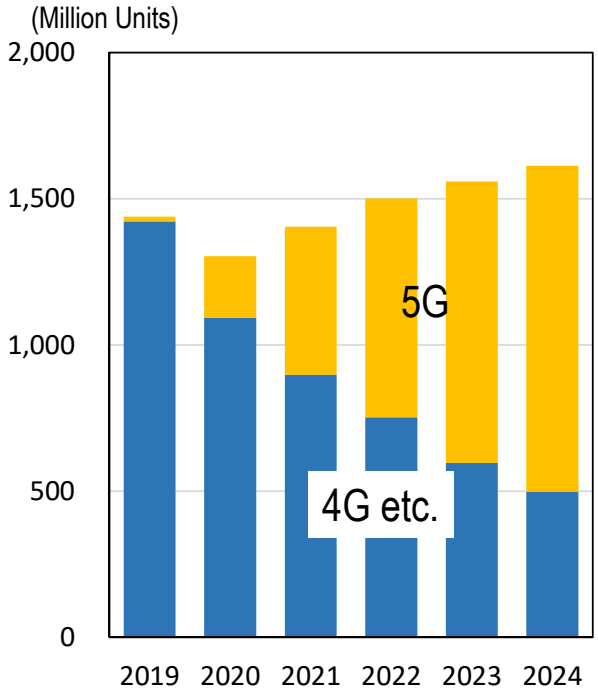


(Source: SUMCO estimation based on research company forecast data)

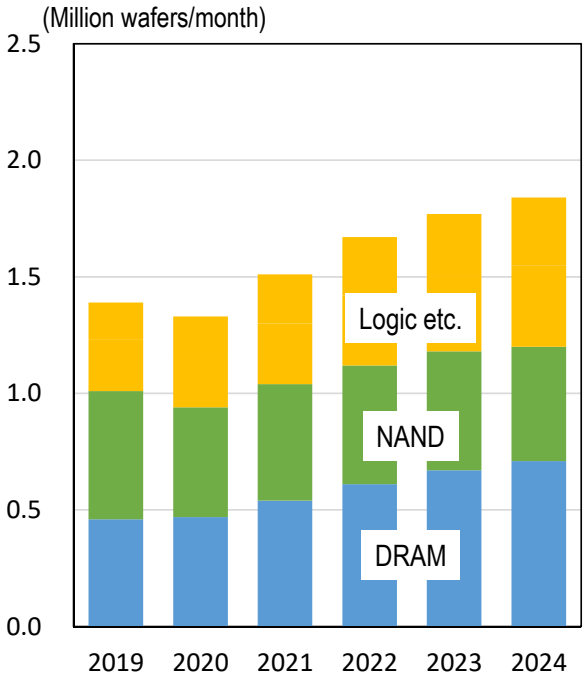
300mm Demand Forecast for Smartphones

3-5. 300mm Demand Forecast for Smartphones

1. Shipment Volume Forecast



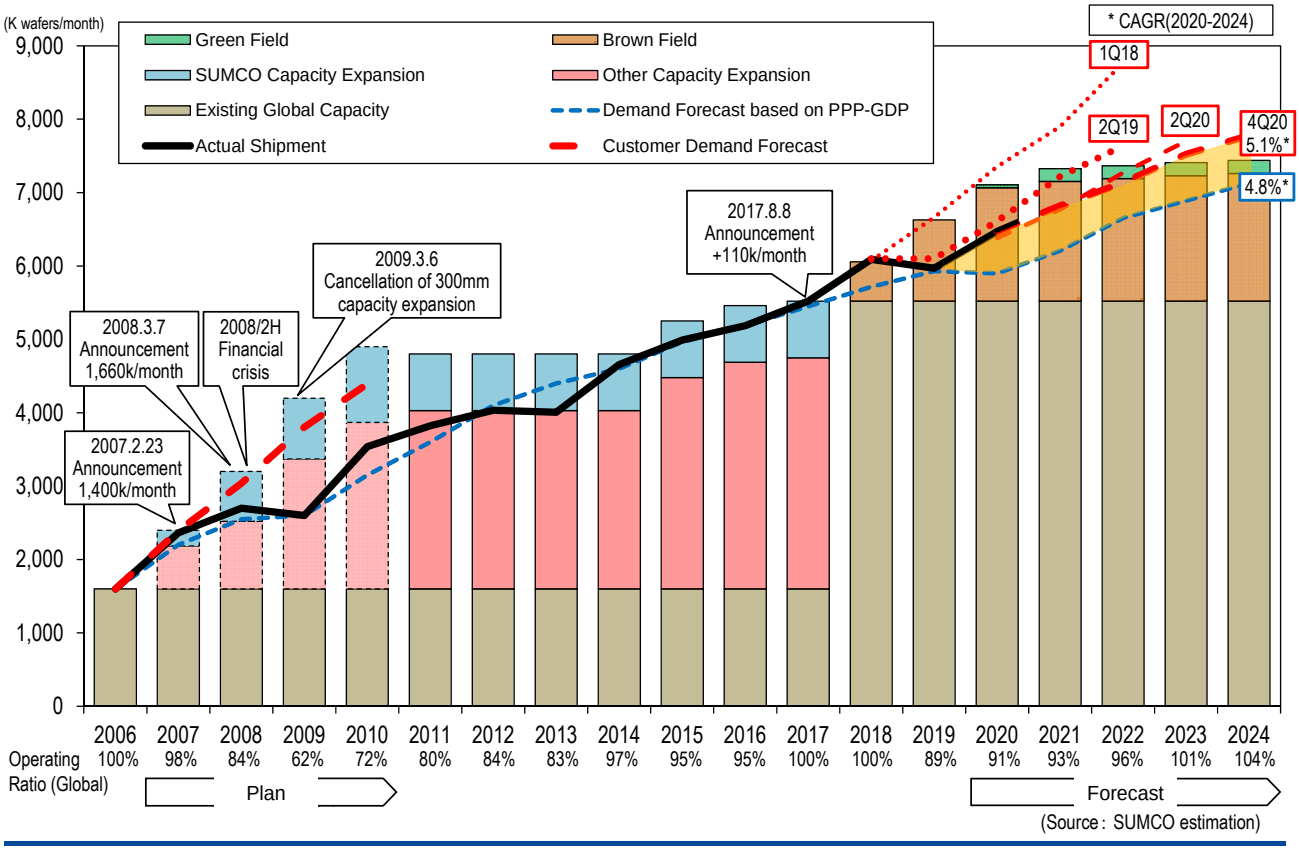
2. 300 mm Wafer Demand Forecast



(Source: SUMCO estimation based on research company forecast data)

300mm wafer
Global Capacity and Demand Forecast

4. 300mm Wafer Global Capacity and Demand FCST



FY2020
Consolidated Business Result

Michiharu Takii
Representative Director,
Vice Chairman

5-1. Summary of Consolidated Business Result

(Billions of Yen)

	FY2019 Actual	FY2020 Actual 1Q	2Q	3Q	4Q	Total	Change
Net sales	299.4	72.2	74.9	71.6	72.6	291.3	(8.1)
Operating income	50.6	11.6	11.5	6.6	8.1	37.8	(12.8)
Non-operating income and expenses	(2.3)	0.3	(0.8)	(0.7)	(1.0)	(2.2)	+0.1
Ordinary income	48.3	11.9	10.7	5.9	7.1	35.6	(12.7)
Extraordinary income and expenses	0.9	-	-	-	-	-	(0.9)
Income taxes	(11.3)	(2.5)	(1.5)	(1.9)	(1.1)	(7.0)	+4.3
Net income attributable to non-controlling interests	(4.8)	(1.0)	(0.8)	(0.6)	(0.7)	(3.1)	+1.7
Net income attributable to owners of the parent	33.1	8.4	8.4	3.4	5.3	25.5	(7.6)
Capital expenditure (Acceptance basis)	58.8	20.2	11.4	10.6	11.1	53.3	(5.5)
Depreciation	40.7	9.5	10.9	11.8	12.9	45.1	+4.4
EBITDA (*1)	93.0	21.6	22.8	18.8	21.4	84.6	(8.4)
Exchange rate (Yen/US$) (*2)	109.4	109.3	107.7	105.9	104.7	106.9	(2.5)
Operating margin (%)	16.9%	16.1%	15.4%	9.3%	11.2%	13.0%	(3.9%)
EBITDA margin (%)	31.1%	29.9%	30.5%	26.2%	29.5%	29.1%	(2.0%)
ROE (%)	11.3%	11.2%	10.8%	4.4%	6.8%	8.3%	(3.0%)
Net income per share (Yen)	112.90	29.01	28.61	11.64	18.19	87.48	(25.42)

*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.

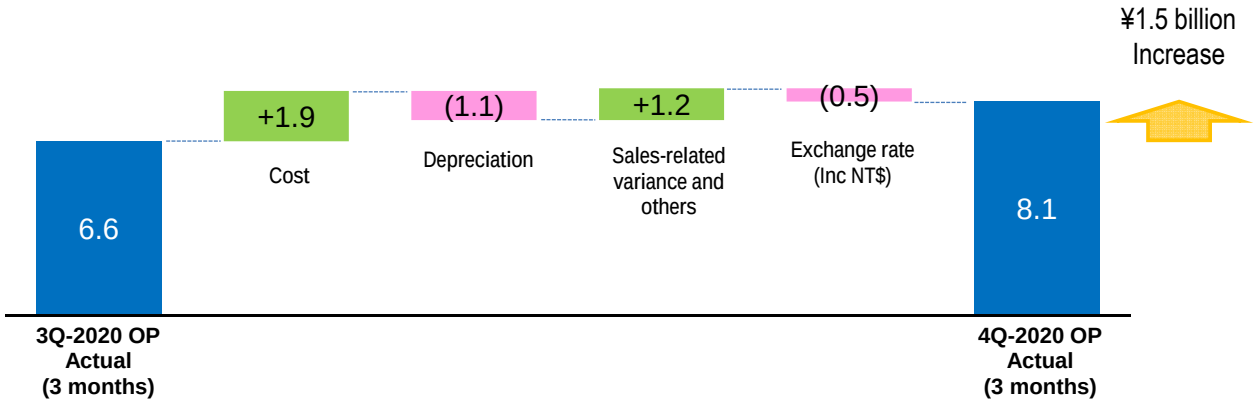
5-2. Analysis of Changes in Operating Income

■ 3Q-2020 Actual → 4Q-2020 Actual

(Billions of Yen)

	3Q-2020 Actual	4Q-2020 Actual	Change
Net Sales	71.6	72.6	+1.0
Operating Income	6.6	8.1	+1.5
Exchange Rate (Yen/US$)	105.9	104.7	(1.2)

【Analysis of Changes in Operating Income】



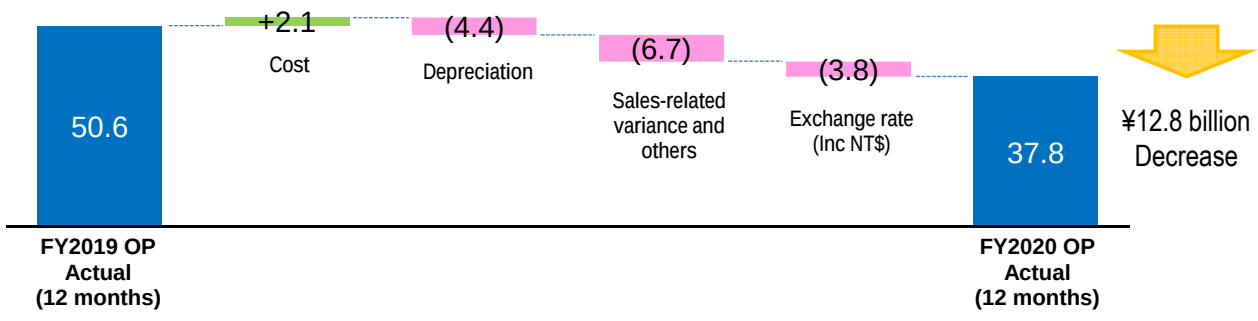
5-3. Analysis of Changes in Operating Income

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

(Billions of Yen)

	FY2019 Actual	FY2020 Actual	Change
Net Sales	299.4	291.3	(8.1)
Operating Income	50.6	37.8	(12.8)
Exchange Rate (Yen/US$)	109.4	106.9	(2.5)

【Analysis of Changes in Operating Income】



5-4. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2019	End of Dec-2020	Change
Cash and time deposits	70.0	82.9	+12.9
Finished products and WIP	35.0	38.3	+3.3
Raw materials and supplies	149.4	142.1	(7.3)
Tangible and intangible assets	207.6	214.1	+6.5
Deferred income tax assets	11.6	10.4	(1.2)
Other assets	104.9	105.6	+0.7
Total Assets	578.5	593.4	+14.9
Debt and borrowings	152.0	149.8	(2.2)
Other liabilities	85.4	88.6	+3.2
Liabilities	237.4	238.4	+1.0
Capital stock	138.7	138.7	-
Capital surplus	30.7	27.4	(3.3)
Retained earnings	134.2	151.5	+17.3
Others	37.5	37.4	(0.1)
Equity	341.1	355.0	+13.9
Shareholders' equity ratio	52.2%	53.1%	+0.9%
Equity per share (Yen)	1,030.4	1,082.2	+51.8
D/E ratio (gross)	0.50x	0.48x	(0.02)x
D/E ratio (net)	0.27x	0.21x	(0.06)x

5-5. Consolidated Cash-Flow

(Billions of Yen)

	FY2020 (12 months)
Income before income taxes	35.6
Depreciation	45.1
Subtotal	80.7
Decrease in inventories	5.9
Changes in working capital, etc.	(2.5)
Net cash provided by operating activities	84.1
Capital expenditure (Acceptance basis)	(53.3)
Others, net	(1.8)
Net cash used in investing activities	(55.1)
Free cash-flow	29.0

1Q-2021
Consolidated Business Forecast

6-1. 1Q-2021 Consolidated Business Forecast

(Billions of Yen)

	1Q-2020 Actual	4Q-2020 Actual	1Q-2021 Forecast	Change YoY	Change QoQ
Net sales	72.2	72.6	76.0	+3.8	+3.4
Operating income	11.6	8.1	8.5	(3.1)	+0.4
Non-operating income and expenses	0.3	(1.0)	(0.5)	(0.8)	+0.5
Ordinary income	11.9	7.1	8.0	(3.9)	+0.9
Extraordinary income and expenses	-	-	-	-	-
Income taxes	(2.5)	(1.1)	(2.0)	+0.5	(0.9)
Net income attributable to non-controlling interests	(1.0)	(0.7)	(0.5)	+0.5	+0.2
Net income attributable to owners of the parent	8.4	5.3	5.5	(2.9)	+0.2
Exchange rate (Yen/US$) (*1)	109.3	104.7	104.0	(5.3)	(0.7)
Operating margin (%)	16.1%	11.2%	11.2%	(4.9%)	+0.0%
ROE (%)	11.2%	6.8%	7.0%	(4.2%)	+0.2%
Net income per share (Yen)	29.01	18.19	18.89	(10.12)	+0.70

*1. If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.0 billion yen per year.

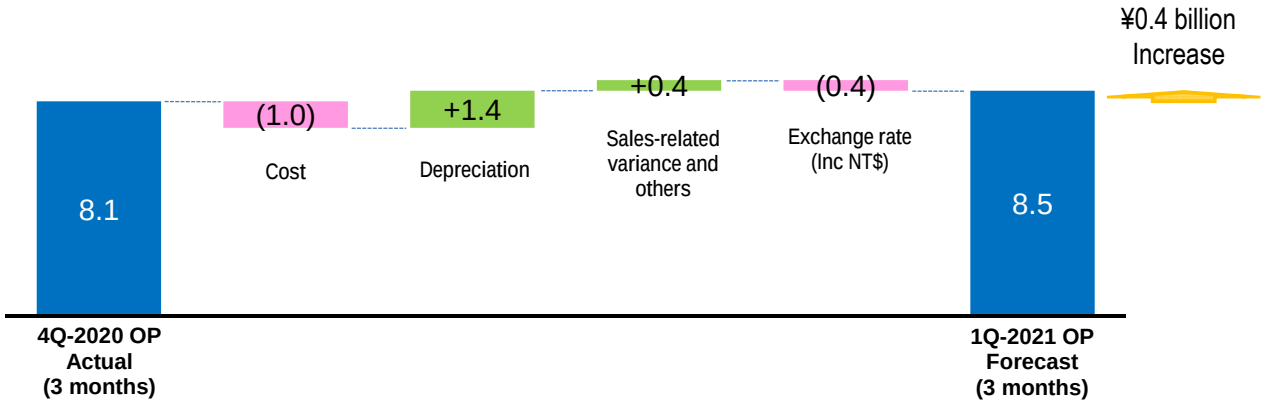
6-2. Analysis of Changes in Operating Income

■ 4Q-2020 Actual → 1Q-2021 Forecast

(Billions of Yen)

	4Q-2020 Actual	1Q-2021 Forecast	Change
Net Sales	72.6	76.0	+3.4
Operating Income	8.1	8.5	+0.4
Exchange Rate (Yen/US$)	104.7	104.0	(0.7)

【Analysis of Changes in Operating Income】



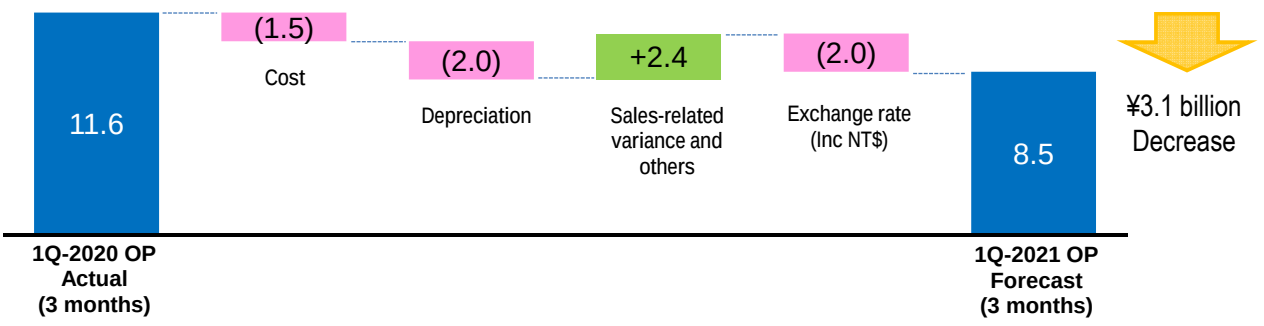
6-3. Analysis of Changes in Operating Income

■ 1Q-2020 Actual → 1Q-2021 Forecast

(Billions of Yen)

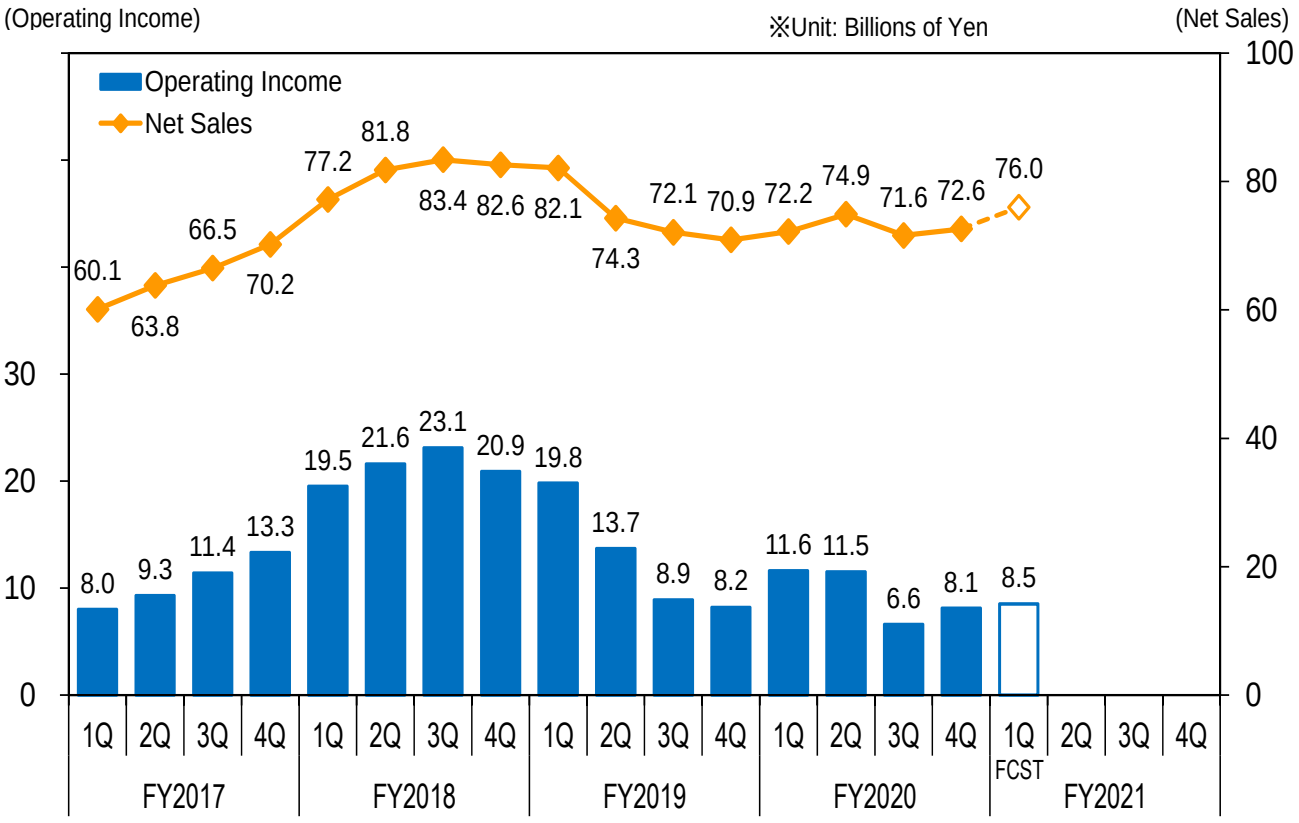
	1Q-2020 Actual	1Q-2021 Forecast	Change
Net Sales	72.2	76.0	+3.8
Operating Income	11.6	8.5	(3.1)
Exchange Rate (Yen/US$)	109.3	104.0	(5.3)

【Analysis of Changes in Operating Income】

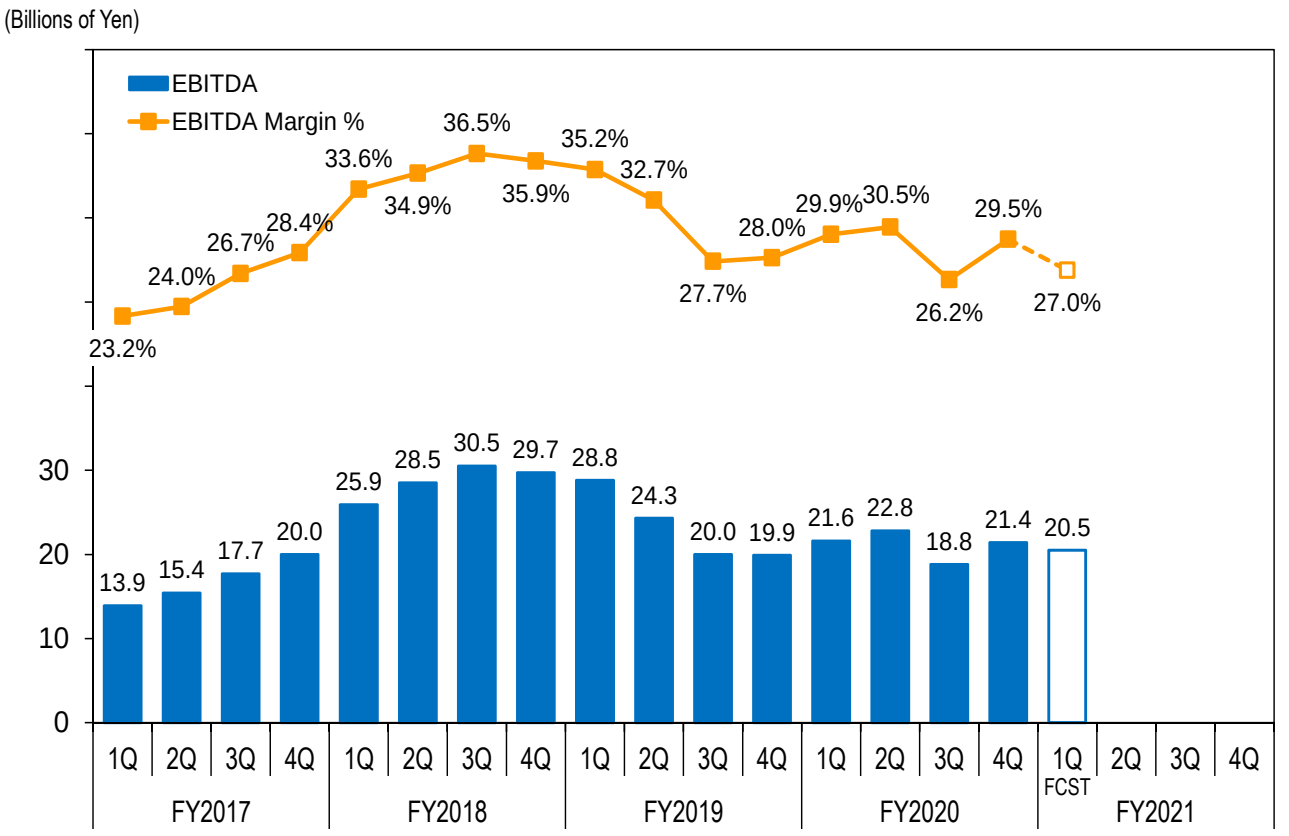


Reference Materials

Reference Materials: Quarterly Trend

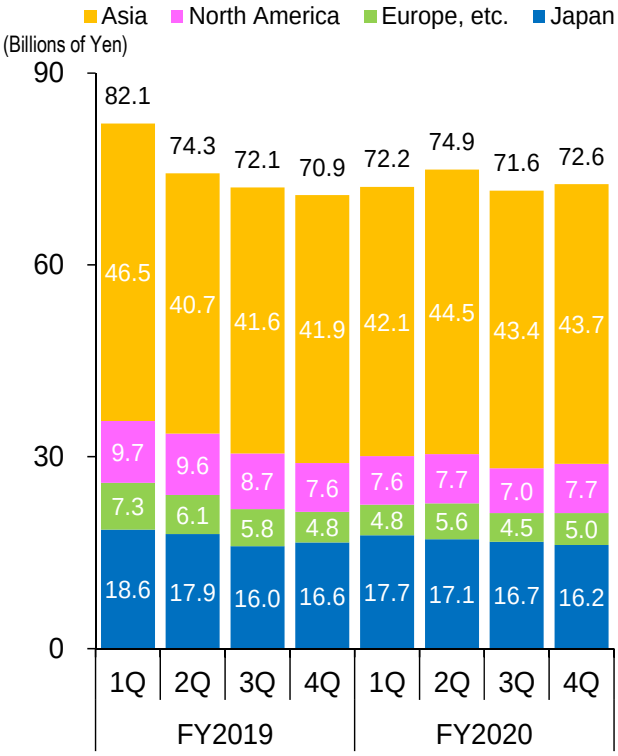


Reference Materials: EBITDA

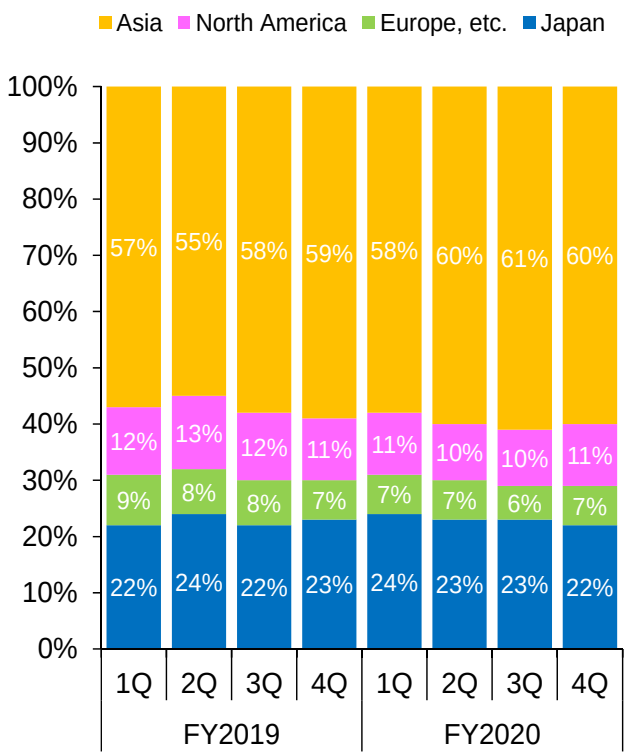


Reference Materials: Sales Results

Changes in Sales



Sales by Region





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