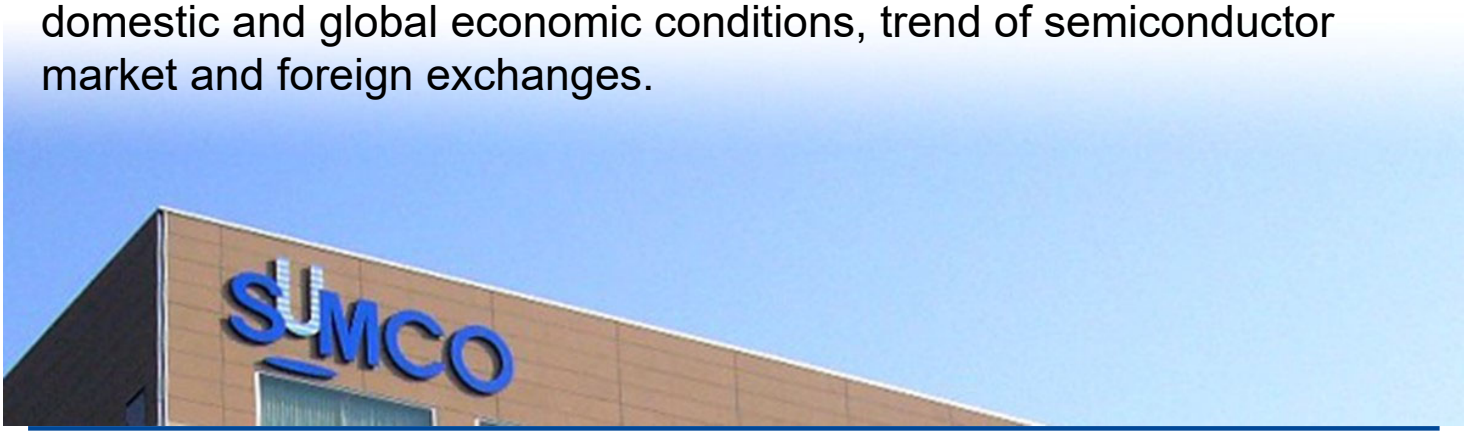
Results for Second Quarter of FY2024 (Ended June 30, 2024)

August 7, 2024
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-2024 Consolidated Business Result
  1. Summary of Consolidated Business Result
  2. Analysis of Changes in Operating Profit
  3. Consolidated Balance Sheet and Consolidated Cash-Flow
- 3Q-2024 Consolidated Business Forecast
  1. Consolidated Business Forecast
  2. Analysis of Changes in Operating Profit
- Reference Materials



Summary and Market Environment

Mayuki Hashimoto

Representative Director,
CEO & Chairman of the Board

1-1. Summary

2Q-2024 Consolidated Business Result

(Billions of Yen)

	2Q-2024 Forecast	2Q-2024 Actual	Change
Net Sales	99.0	104.7	+5.7
Operating Profit	9.0	12.2	+3.2
Ordinary Profit	8.0	11.3	+3.3
Profit (Note)	5.0	7.6	+2.6
Exchange Rate (Yen/US$)	150.0	155.2	+5.2

3Q-2024 Consolidated Business Forecast

(Billions of Yen)

	2Q-2024 Actual	3Q-2024 Forecast	Change
Net Sales	104.7	100.0	(4.7)
Operating Profit	12.2	7.0	(5.2)
Ordinary Profit	11.3	5.0	(6.3)
Profit (Note)	7.6	3.5	(4.1)
Exchange Rate (Yen/US$)	155.2	150.0	(5.2)

(Note) Profit attributable to owners of parent

1-2. Shareholder Return

		FY2019 (Dec-2019)	FY2020 (Dec-2020)	FY2021 (Dec-2021)	FY2022 (Dec-2022)	FY2023 (Dec-2023)	FY2024 (Dec-2024)
Dividends per share for common stocks (Yen)	Interim	25	18	17	36	42	15
	Year-end	10	9	24	45	13	-
	Total	35	27	41	81	55	-
Dividends payment (Billions of Yen)	Interim	7.3	5.2	4.9	12.6	14.7	5.2
	Year-end	2.9	2.6	8.4	15.7	4.5	-
	Total	10.2	7.8	13.3	28.3	19.2	-
Dividend ratio (%)	Total	31.0%	30.9%	30.2%	40.4%	31.0%	(*1) (*2) 42.4%
Share Buyback							
Amount (Billions of Yen)	Total	3.3	2.5	-	-	-	-
Ratio (%)	Total	10.0%	9.8%	-	-	-	-
Total Return Ratio (%)	Total	41.0%	40.7%	30.2%	40.4%	31.0%	-

*1. Subsidy income after tax is excluded from dividends.

*2. Dividend ratio for FY2024 is caluculated by Interim dividend basis.

2-1. Market Environment

2Q-2024

- ✓ Volume - 300 mm wafer shipments for both logic and memory entered a recovery phase after bottoming out in 1Q.
  - Shipments remained slow for 200 mm and smaller wafers.
- ✓ Pricing - Long-term contract prices were honored for both 300 mm and 200 mm wafers.

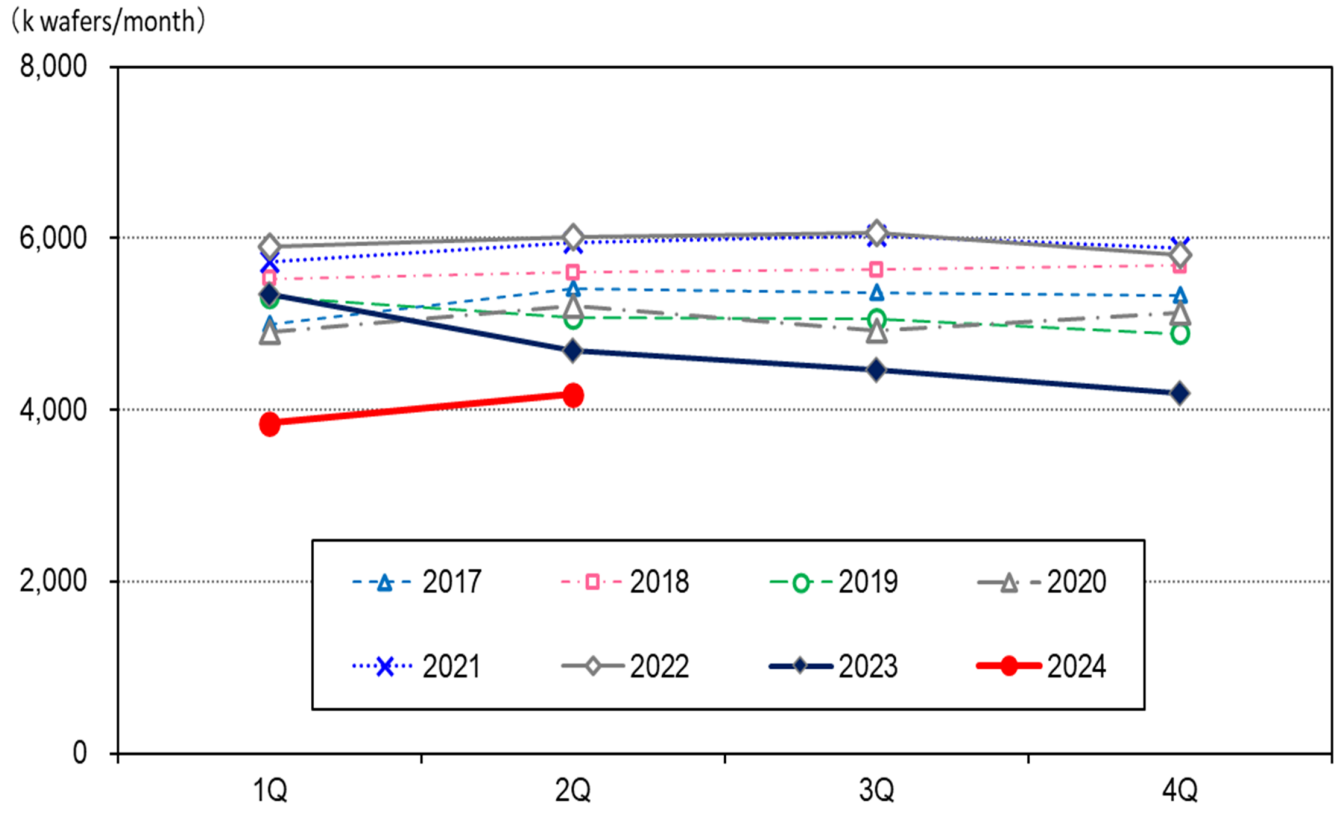
3Q-2024 Forecast

- ✓ Volume - Customers' inventories of 300 mm wafer for leading-edge products are at low levels, but inventory adjustments for legacy products may take time for some customers and applications, with shipment recovery overall expected to be gradual.
  - For 200 mm wafers, customers' production adjustments are expected to continue.
- ✓ Pricing - Long-term contract prices are being honored for both 300 mm and 200 mm wafers, while spot prices for smaller diameters vary widely by region and application.

Outlook

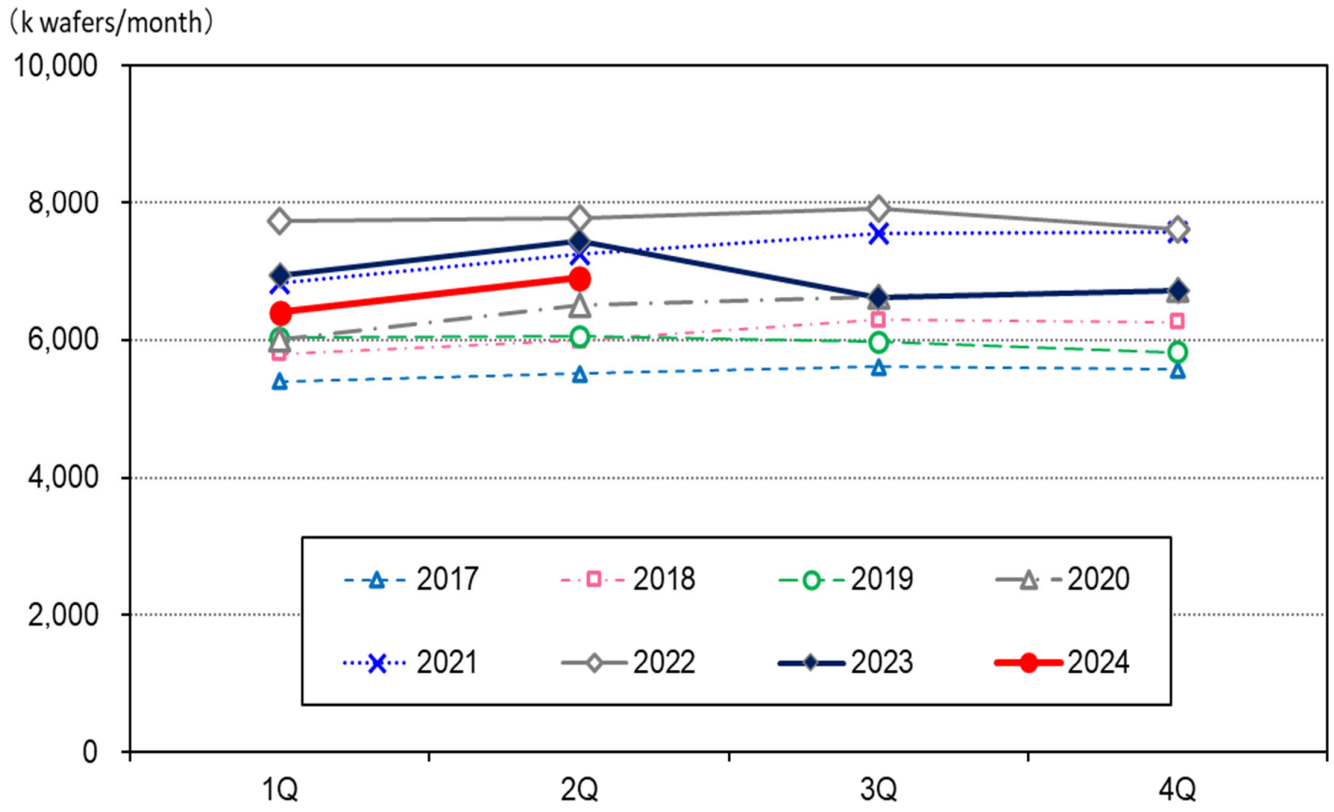
- ✓ Overall semiconductor market will see a gradual recovery with demand for data center applications recovering driven by strong AI demand and bottoming out of personal computer and smartphone applications, while industrial and automotive use will likely remain in a correction phase.
- ✓ Silicon wafer demand should continue to gradually recover throughout the year.

2-2. 200mm Wafer Trend



(Source: SUMCO's estimation)

2-3. 300mm Wafer Trend



(Source: SUMCO's estimation)

3. The Advance of AI and Wafer Demand Volume

1. New uses are spreading with the advance of AI
2. Semiconductors used in AI servers and silicon area
3. Improved functionality required with the advance of AI
4. Trends in transistor density and area in logic semiconductors
5. Growing use of stacking in leading-edge semiconductor chips
6. Silicon wafer demand forecasts for leading-edge logic chips (by DR)
7. Wafers for leading-edge memory chips required for high-bandwidth memory (HBM)

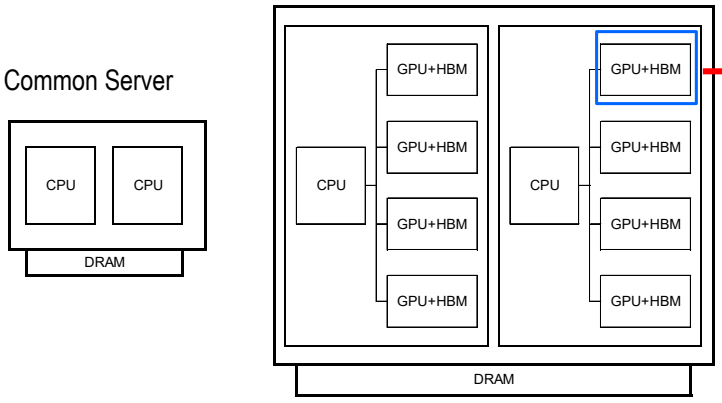
3-1. New uses are spreading with the advance of AI

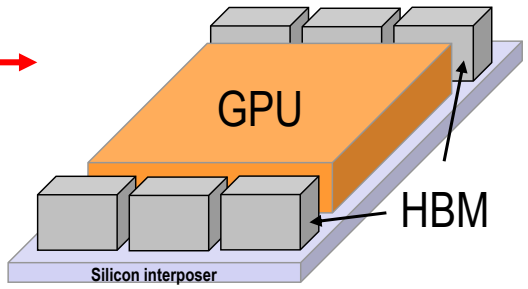
With the advance of AI, electronic device functionality continues to rise

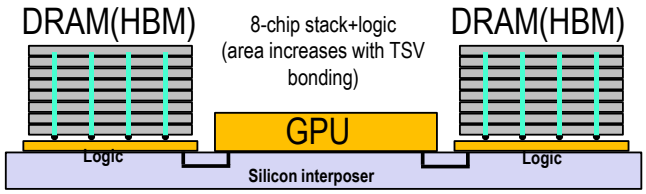
	Present		Future
Devices	Smartphones PCs and Tablets	Wearables Smart Homes IoT (consumer use)	Automotive vehicles IoT (industrial use)
Functions	Text input Voice recognition Voice assistant Chatbots Facial recognition Image generation	Data sensing Data analysis Anomaly detection Prediction	Self-driving Defect detection Data scope expansion High-speed processing Higher precision Error control

3-2. Semiconductors used in AI servers and silicon area

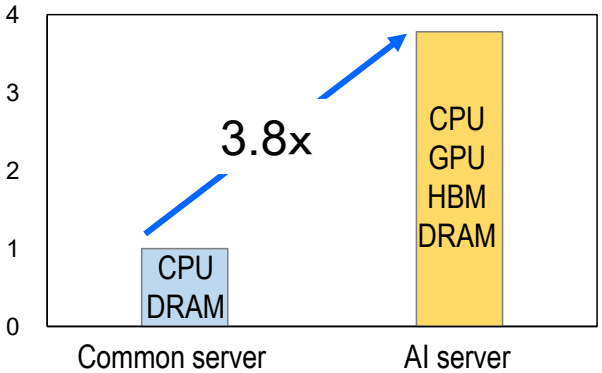
✓ Example of semiconductor configuration in leading-edge AI server







✓ Typical comparison by silicon area



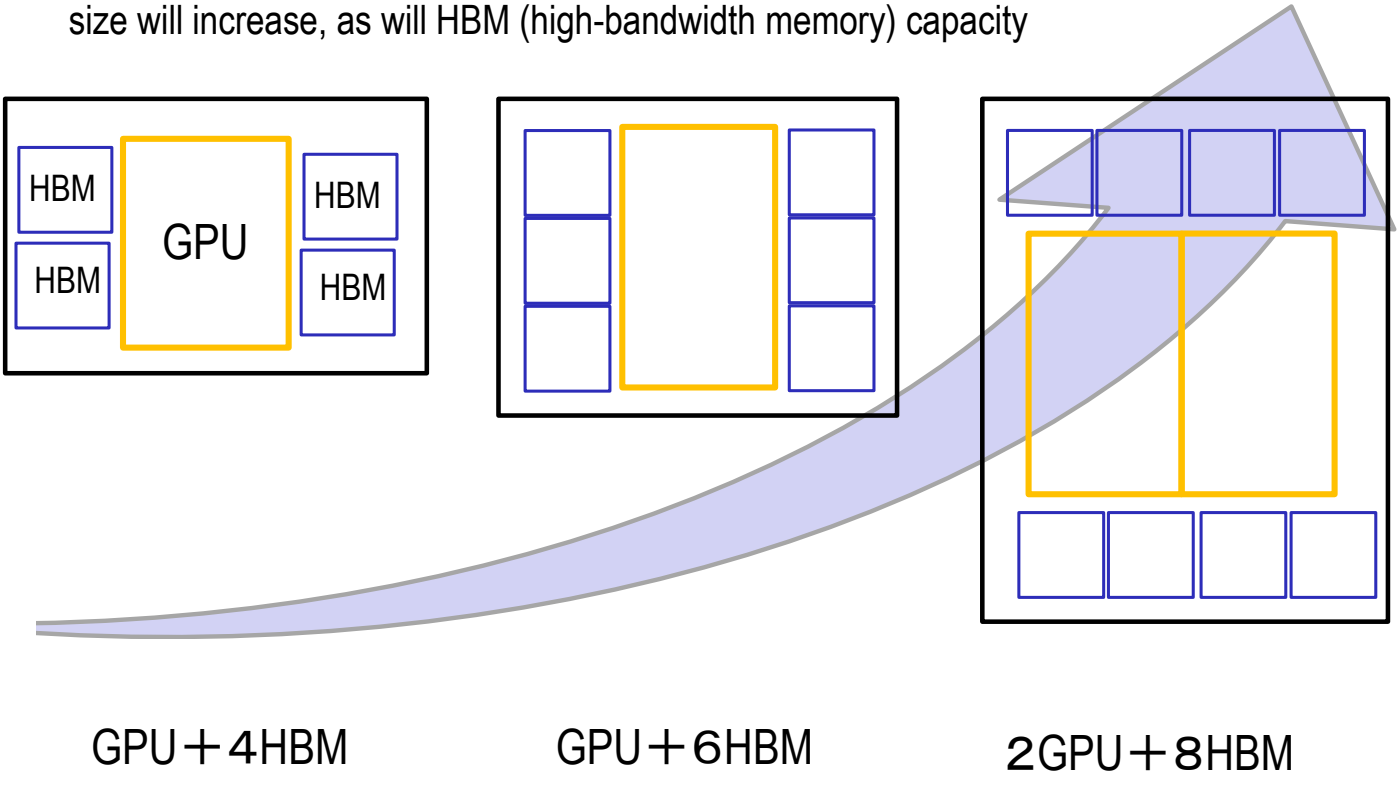
✓ Configured of many chips
✓ Great increase in silicon area used

Approx. 2 wafers (300 mm) used per AI server (Excluding storage)

(Source: SUMCO estimates based on various market research companies data)

3-3. Improved functionality required with the advance of AI

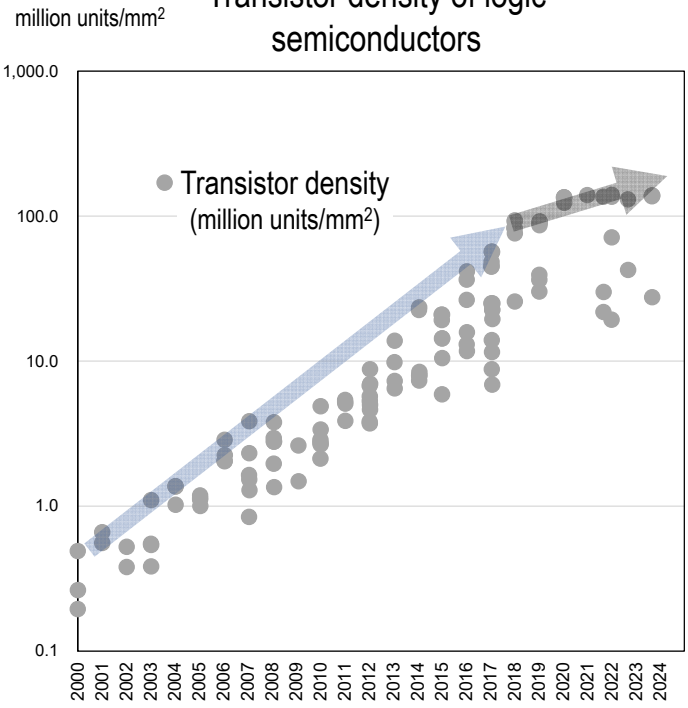
- ✓ With growing data processing needs, GPU (logic semiconductors) performance and size will increase, as will HBM (high-bandwidth memory) capacity



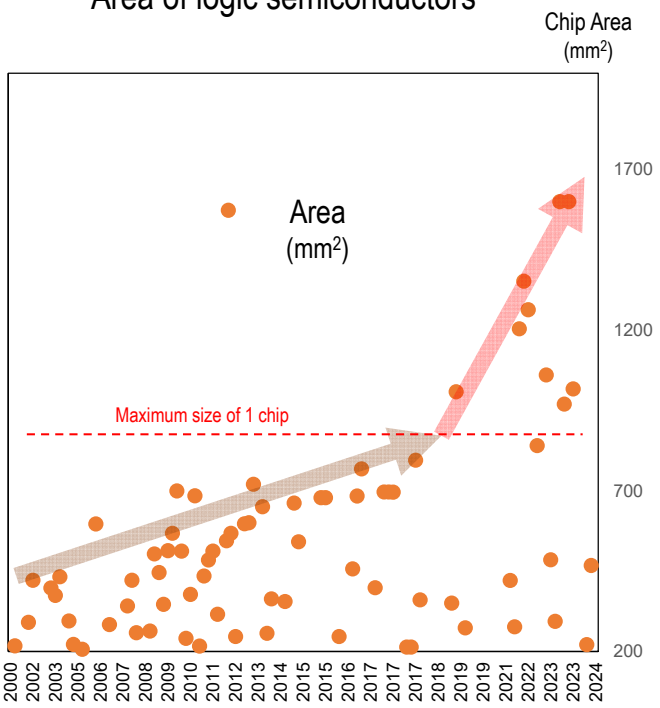
3-4. Trends in transistor density and area in logic semiconductors

- ✓ The pace of increase in transistor integration density per unit area (transistor scaling) is slowing
- ✓ Area is trending larger to meet the need for more transistors

Transistor density of logic semiconductors

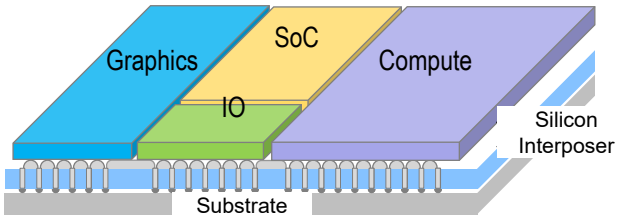
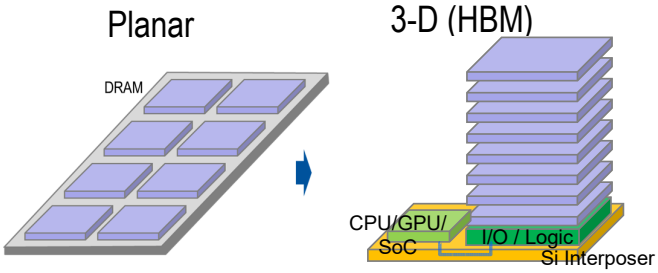


Area of logic semiconductors



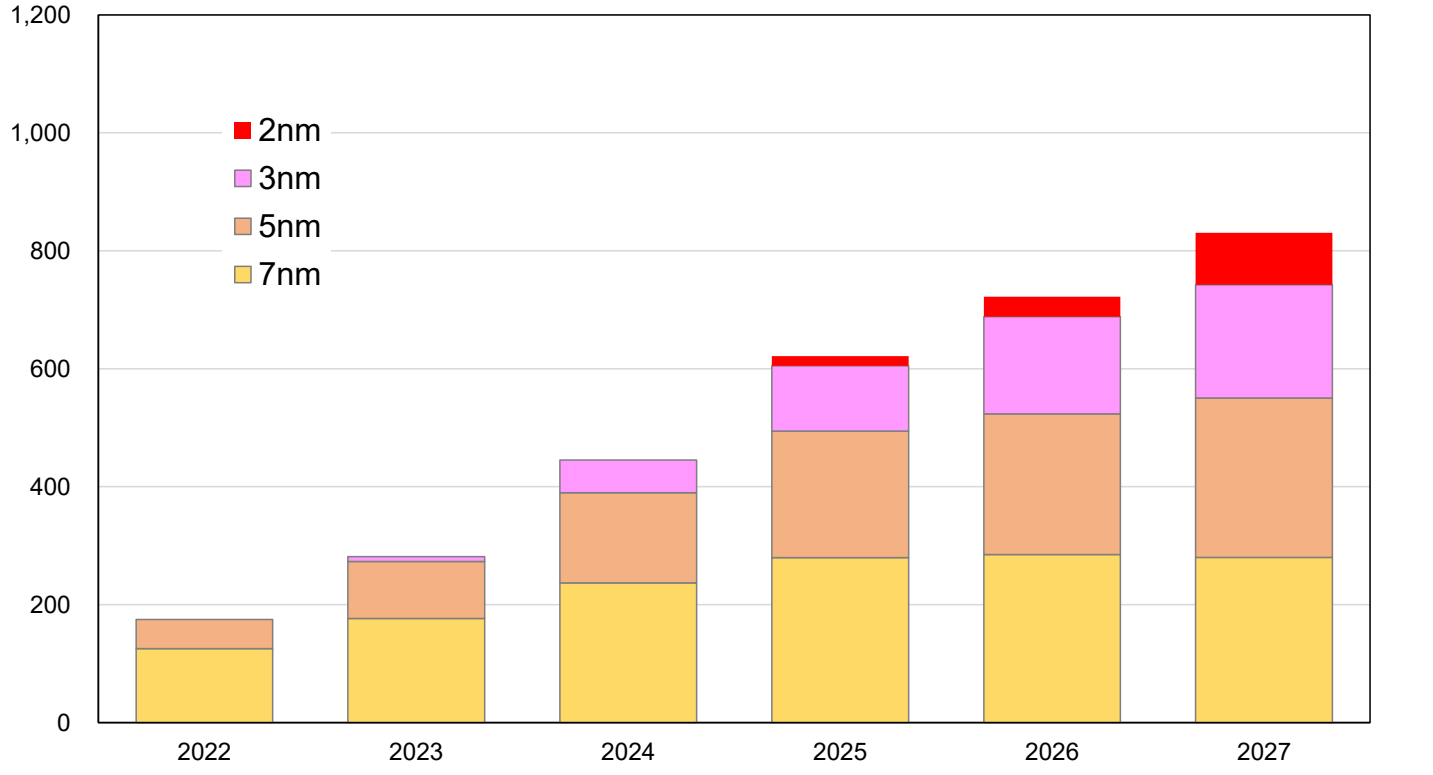
(Source: Created by SUMCO from publicly available data)

3-5. Growing use of stacking in leading-edge semiconductor chips

Logic	DRAM
✓ Functions realized by combining optimal processes →Chiplets / Interposers ✓ Functions realized by expanding chip area →Emergence of giant chips	✓ Emergence of HBM for fast processing of large data →Chip area increased by TSV bonding →Functions realized by DRAM stacking (8 layers→12 layers→16 layers) →Bonding of lower layer logic portion
	
・Use of silicon interposers, which interconnect chips, has more than doubled silicon wafer consumption	・Major reduction in interconnect length, faster speed ・Faster speed from TSV use ・Increase in silicon area with TSV structure ・Faster speed from interposer use

3-6. Silicon wafer demand forecasts for leading-edge logic (by DR)

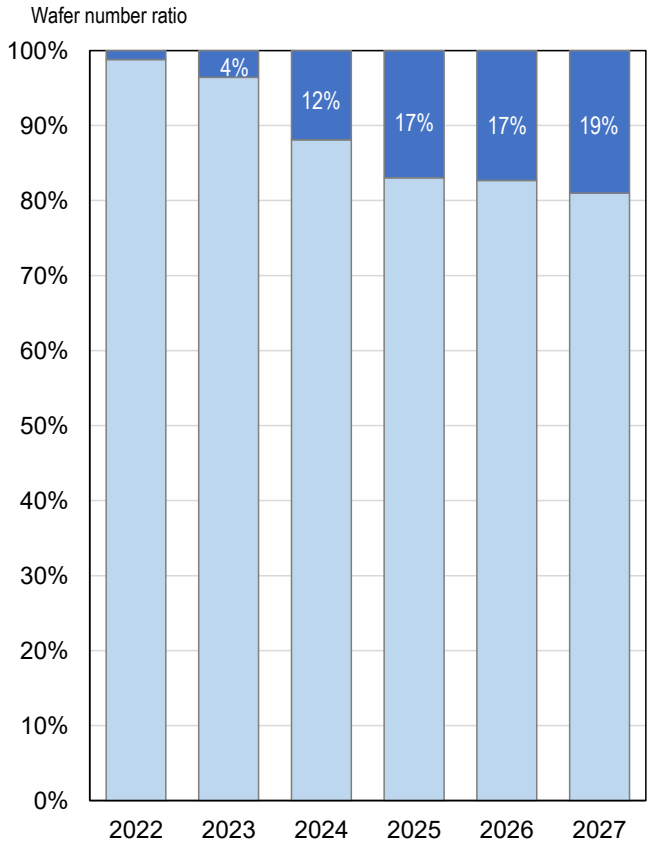
✓ With the rapid advance of AI, functionality is being raised by scaling and increasing area
✓ Strong growth can be expected in demand for silicon wafers for leading-edge logic use



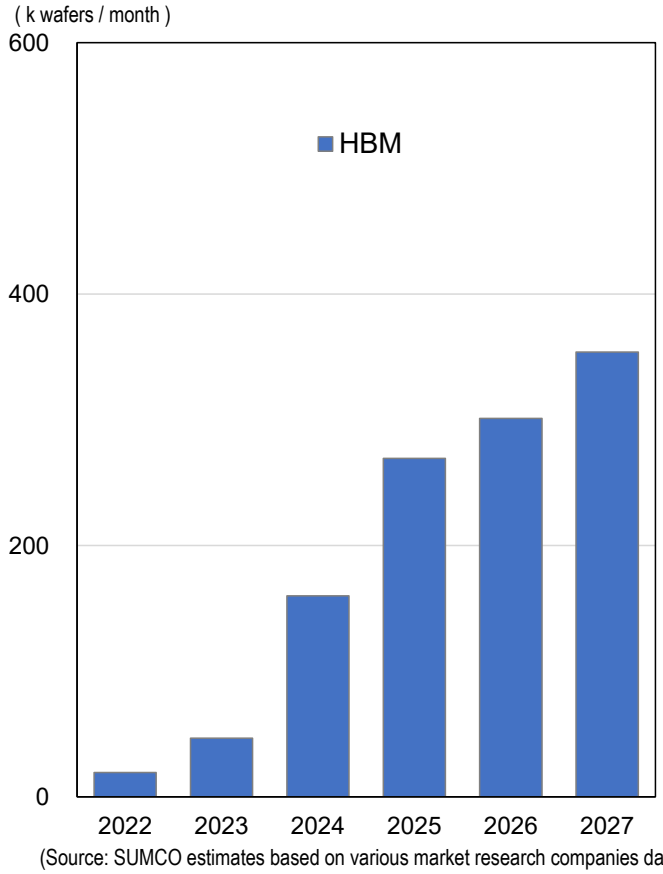
(Source: SUMCO estimates based on various market research companies data)

3-7. Wafers for leading-edge memory required for HBM

Forecast for HBM's share in DRAM

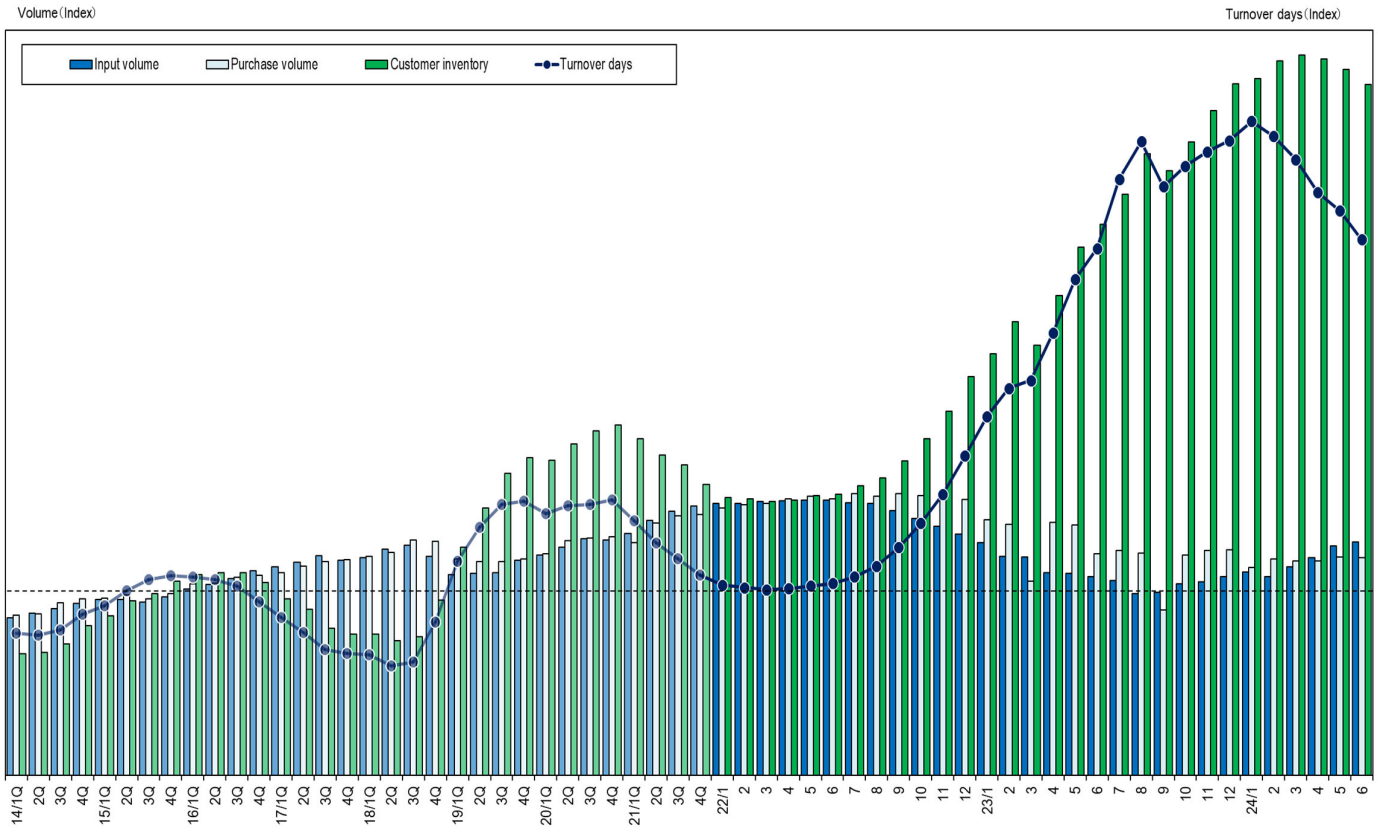


Wafer demand forecast for HBM



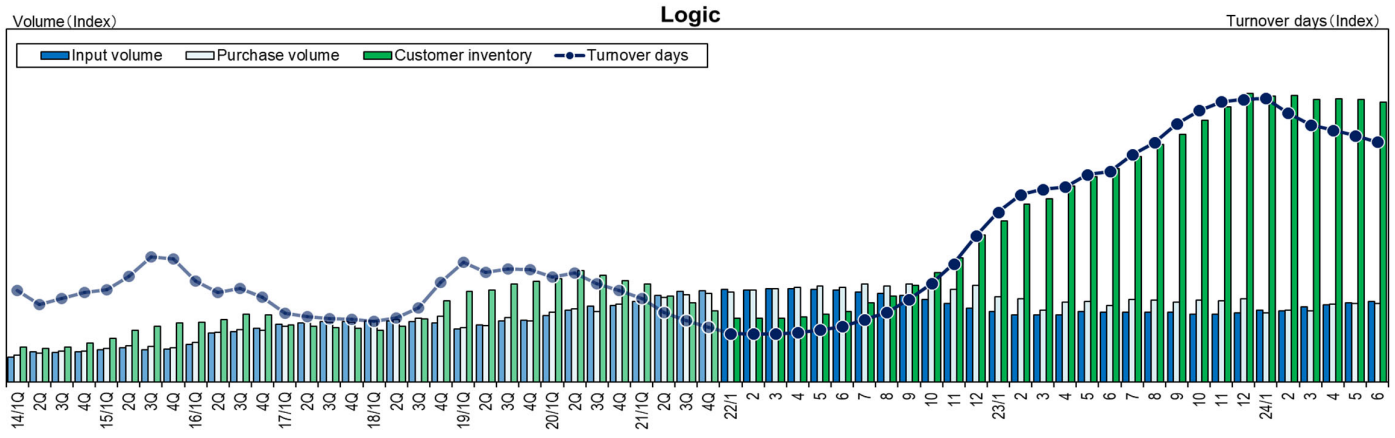
(Source: SUMCO estimates based on various market research companies data)

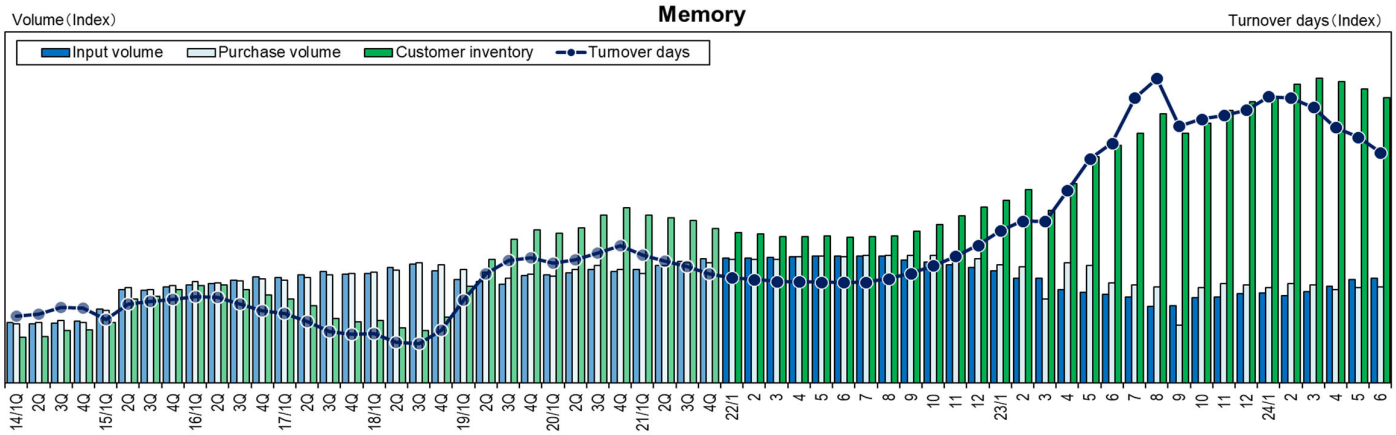
4-1. Customer 300mm Wafer Inventory Trend



(Source: SUMCO's estimation)

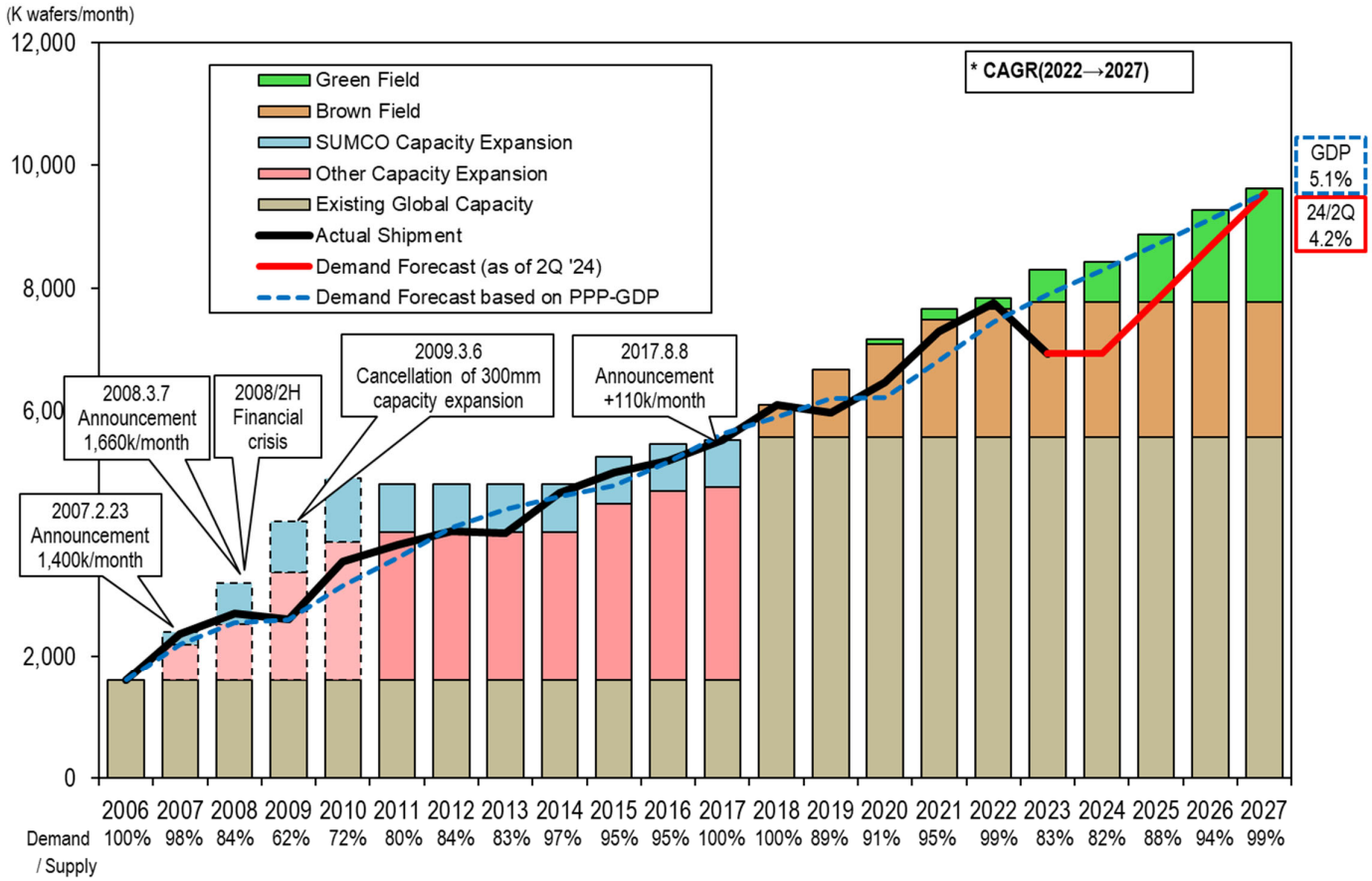
4-2. Customer 300mm Wafer Inventory (Logic/Memory)





（Source：SUMCO's estimation）

5. 300 mm Wafer Global Capacity and Demand FCST



（Source：SUMCO's estimation）

2Q-2024
Consolidated Business Result

Shinichi Kubozoe

Representative Director,
Executive Vice President,
Chief Financial Officer

6-1. Summary of Consolidated Business Result

(Billions of Yen)

	2Q-2023 (6 months)	2Q-2024 Actual (6 months) 1Q	2Q	Total	Change
Net sales	220.6	93.5	104.7	198.2	(22.4)
Operating profit	46.7	8.6	12.2	20.8	(25.9)
Non-operating income and expenses	1.8	0.5	(0.9)	(0.4)	(2.2)
Ordinary profit	48.5	9.1	11.3	20.4	(28.1)
Extraordinary income	20.1	-	-	-	(20.1)
Income taxes	(14.4)	(3.0)	(2.9)	(5.9)	+8.5
Profit attributable to non-controlling interests	(4.6)	(1.1)	(0.8)	(1.9)	+2.7
Profit attributable to owners of parent	49.6	5.0	7.6	12.6	(37.0)
Capital expenditure (Acceptance basis)	146.9	76.2	48.5	124.7	(22.2)
Depreciation	30.5	17.8	18.1	35.9	+5.4
Operating depriciation	30.5	17.4	17.6	35.0	+4.5
EBITDA (*1)	77.5	26.1	29.7	55.8	(21.7)
Exchange rate (Yen/US$) (*2)	134.5	147.0	155.2	151.3	+16.8
Operating margin (%)	21.2%	9.3%	11.6%	10.5%	(10.7%)
EBITDA margin (%)	35.1%	27.9%	28.4%	28.2%	(6.9%)
ROE (%)	14.0%	3.1%	5.1%	4.2%	(9.8%)
Basic Earnings per share (Yen)	141.82	14.46	21.61	36.07	(105.75)

*1. EBITDA = Operating profit + Operating Depreciation + Amortization of Goodwill
*2. If the yen appreciates by 1 yen against the US dollar, operating profit of SUMCO will decrease by 1.2 billion yen per year

6-2. Analysis of Changes in Operating Profit

1. 1Q-2024 Actual → 2Q-2024 Actual

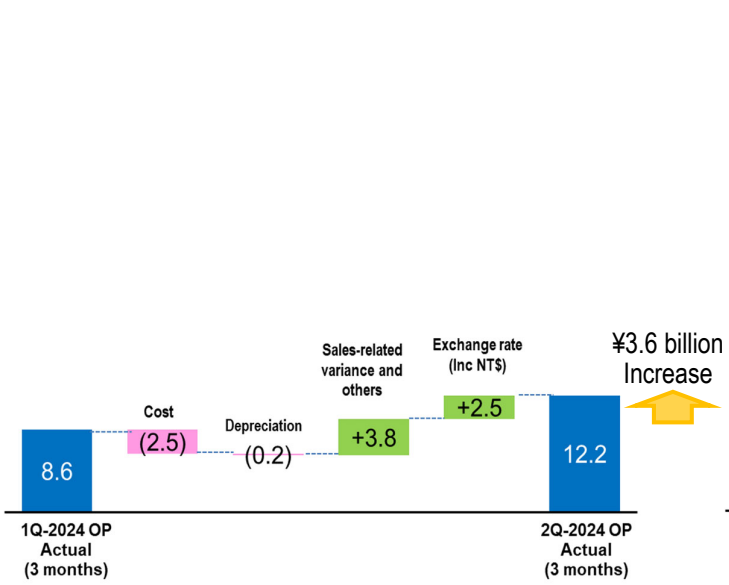
(Billions of Yen)

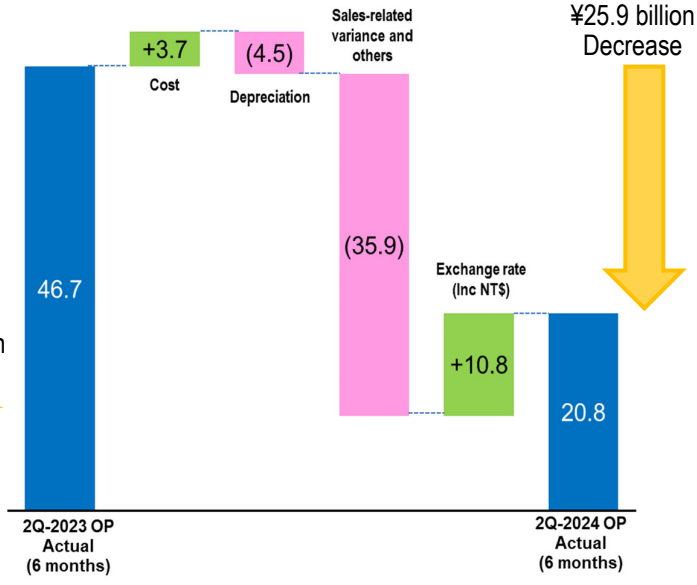
	1Q-2024 Actual	2Q-2024 Actual	Change
Net Sales	93.5	104.7	+11.2
Operating Profit	8.6	12.2	+3.6
Exchange Rate (Yen/US$)	147.0	155.2	+8.2

2. 2Q-2023 Actual → 2Q-2024 Actual

(Billions of Yen)

	2Q-2023 Act (6 months)	2Q-2024 Act (6 months)	Change
Net Sales	220.6	198.2	(22.4)
Operating Profit	46.7	20.8	(25.9)
Exchange Rate (Yen/US$)	134.5	151.3	+16.8





6-3. Balance Sheet and Cash-Flow (Consolidated)

1. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2023	End of Jun-2024	Change
Cash and deposits	156.3	155.2	(1.1)
Notes and accounts receivable	82.8	92.8	+10.0
Finished goods and WIP	52.0	51.8	(0.2)
Raw materials and supplies	166.3	175.4	+9.1
Tangible and intangible assets	559.6	662.2	+102.6
Deferred tax assets	7.3	7.3	+0.0
Other assets	48.7	44.0	(4.7)
Total Assets	1,073.0	1,188.7	+115.7
Interest-bearing debt	224.4	339.2	+114.8
Other liabilities	213.1	191.2	(21.9)
Total Liabilities	437.5	530.4	+92.9
Share capital	199.0	199.0	-
Capital surplus	85.2	85.2	-
Retained earnings	267.7	275.8	+8.1
Non-controlling interests etc.	83.6	98.3	+14.7
Total Net Assets	635.5	658.3	+22.8
Equity-to-asset ratio	53.3%	49.9%	(3.4%)
Net assets per share (Yen)	1,636.2	1,697.8	+61.6
D/E ratio (gross)	0.39x	0.57x	+0.18x
D/E ratio (net)	0.12x	0.31x	+0.19x

2. Consolidated Cash-Flow

(Billions of Yen)

		2Q-2024 (6months)
	Profit before income taxes	20.4
	Depreciation	35.9
	Subtotal	56.3
	Decrease (increase) in inventories	(3.8)
	Others, net	(16.0)
Net cash provided by operating activities		36.5
	Capital expenditure (Acceptance basis)	(124.7)
	Others, net	(26.0)
Net cash used in investing activities		(150.7)
Free cash-flow		(114.2)
Cash flow from financing activities, etc.	Dividends paid	(4.5)
	Net proceeds from borrowings	110.3
	Effect of exchange rate change and others	7.3
Net increase (decrease) in cash and cash equivalents		(1.1)

3Q-2024
Consolidated Business Forecast

7-1. 3Q-2024 Consolidated Business Forecast

(Billions of Yen)

	3Q-2023 Actual (9 months)	3Q-2024 1Q ACT (3 months)	3Q-2024 2Q ACT (3 months)	3Q-2024 3Q FCST (3 months)	3Q-2024 Total (9months)	Chage
Net sales	320.8	93.5	104.7	100.0	298.2	(22.6)
Operating profit	61.8	8.6	12.2	7.0	27.8	(34.0)
Non-operating income and expenses	2.1	0.5	(0.9)	(2.0)	(2.4)	(4.5)
Ordinary profit	63.9	9.1	11.3	5.0	25.4	(38.5)
Extraordinary income	20.1	-	-	-	-	(20.1)
Income taxes	(18.3)	(3.0)	(2.9)	(0.8)	(6.7)	+11.6
Profit attributable to non-controlling interests	(6.8)	(1.1)	(0.8)	(0.7)	(2.6)	+4.2
Profit attributable to owners of parent	58.9	5.0	7.6	3.5	16.1	(42.8)
Depreciation	49.7	17.8	18.1	21.3	57.2	+7.5
Operating depriciation	49.7	17.4	17.6	20.9	55.9	+6.2
EBITDA	111.7	26.1	29.7	27.9	83.7	(28.0)
Exchange rate (Yen/US$) (*1)	137.3	147.0	155.2	150.0	150.7	+13.4
Operating margin (%)	19.3%	9.3%	11.6%	7.0%	9.3%	(10.0%)
EBITDA margin (%)	34.8%	27.9%	28.4%	27.9%	28.1%	(6.7%)
ROE (%)	12.9%	3.1%	5.1%	2.4%	3.6%	(9.3%)
Basic Earnings per share (Yen)	168.42	14.46	21.61	10.01	46.08	(122.34)

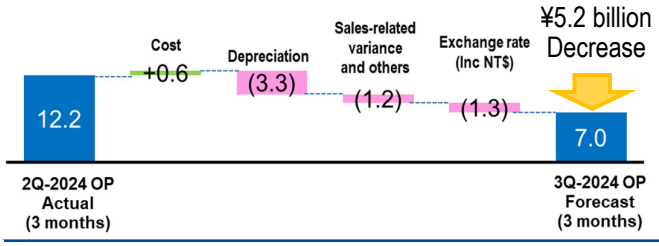
*1 . If the yen appreciates by 1 yen against the US dollar, operating profit of SUMCO will decrease by 1.2 billion yen per year.

7-2. Analysis of Changes in Operating Profit

1. 2Q-2024 Actual → 3Q-2024 Forecast

(Billions of Yen)

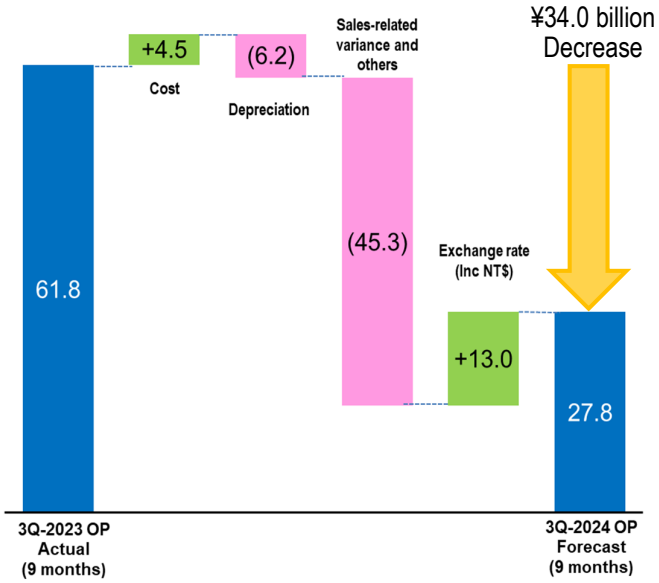
	2Q-2024 Actual	3Q-2024 Forecast	Change
Net Sales	104.7	100.0	(4.7)
Operating Profit	12.2	7.0	(5.2)
Exchange Rate (Yen/US$)	155.2	150.0	(5.2)



2. 3Q-2023 Actual (9 months) → 3Q-2024 Forecast (9 months)

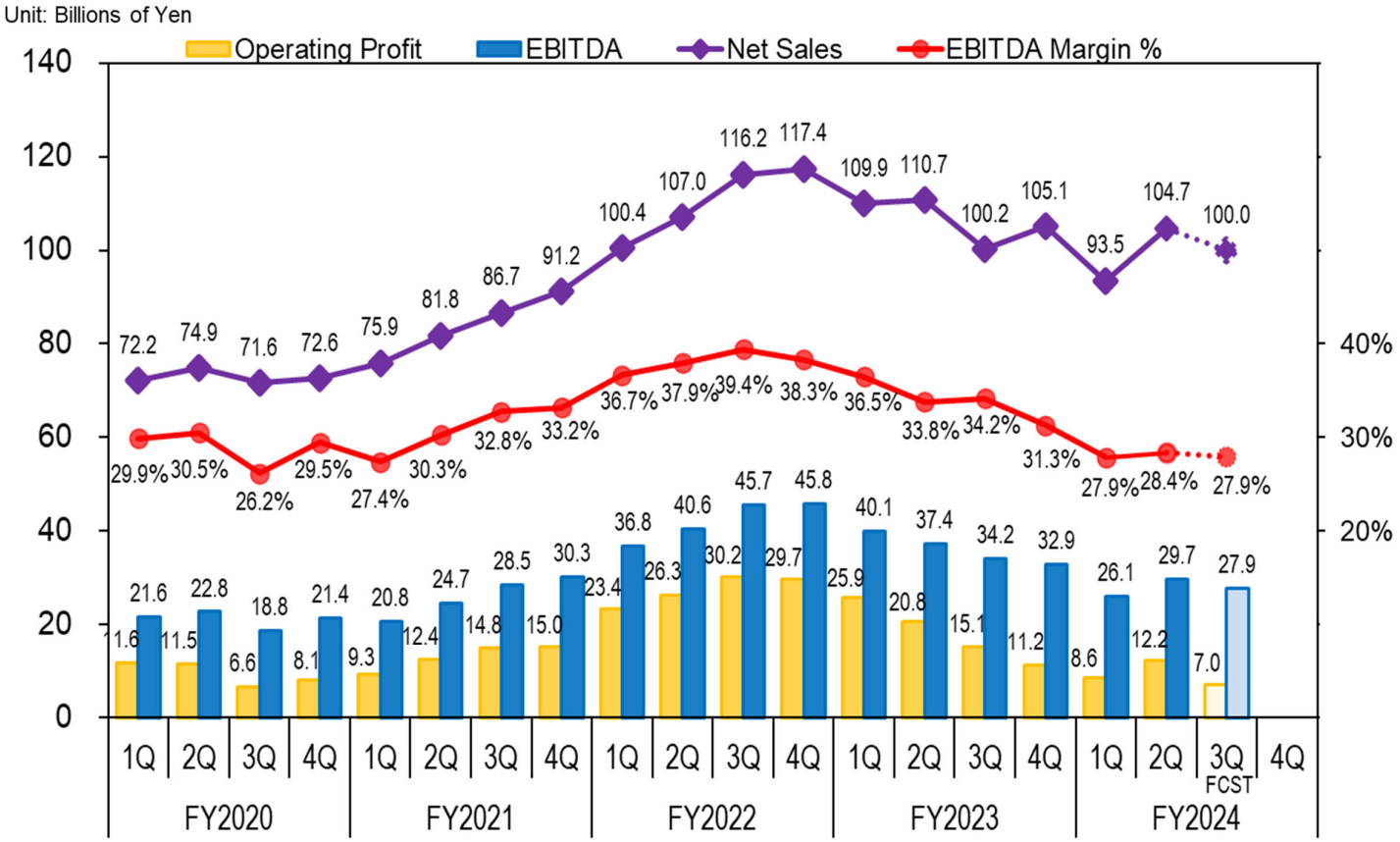
(Billions of Yen)

	3Q-2023 Act (9 months)	3Q-2024 Fcst (9 months)	Change
Net Sales	320.8	298.2	(22.6)
Operating Profit	61.8	27.8	(34.0)
Exchange Rate (Yen/US$)	137.3	150.7	+13.4



Reference Materials

Quarterly Trend



URL https://www.sumcosi.com/