

Results for First Quarter of FY2021 (Ended March 31, 2021)

May 11, 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

1Q-2021 Consolidated Business Result

(Billions of Yen)

	1Q-2021 Forecast	1Q-2021 Actual	Change
Net Sales	76.0	75.9	(0.1)
Operating Income	8.5	9.3	+0.8
Ordinary Income	8.0	9.4	+1.4
Net Income (Note)	5.5	7.3	+1.8
Exchange Rate (Yen/US\$)	104.0	104.8	+0.8

2Q-2021 Consolidated Business Forecast

(Billions of Yen)

	1Q-2021 Actual	2Q-2021 Forecast	Change
Net Sales	75.9	81.0	+5.1
Operating Income	9.3	11.5	+2.2
Ordinary Income	9.4	11.0	+1.6
Net Income (Note)	7.3	8.0	+0.7
Exchange Rate (Yen/US\$)	104.8	109.0	+4.2

(Note) Net income attributable to owners of the parent

1-2. Shareholder Return

		FY2017 (Dec-2017)	FY2018 (Dec-2018)	FY2019 (Dec-2019)	FY2020 (Dec-2020)	FY2021 (Dec-2021)
Dividends per share for common stocks (Yen)	Interim	10	30	25	18	(*) 16
	Year-end	18	32	10	9	(*) -
	Total	28	62	35	27	(*) -
Dividends payment (Billions of Yen)	Interim	2.9	8.7	7.3	5.2	(*) 4.6
	Year-end	5.2	9.3	2.9	2.6	(*) -
	Total	8.2	18.1	10.2	7.8	(*) -
Dividend ratio (%)	Total	30.4%	31.0%	31.0%	30.9%	(*) 30.4%
Share Buyback						
Amount (Billions of Yen)	Total	-	-	3.3	2.5	(*) -
	Ratio (%)	-	-	10.0%	9.8%	(*) -
Total Return Ratio (%)	Total	30.4%	31.0%	41.0%	40.7%	(*) -

*1. Interim dividend and its payment for FY2021 are forecast amounts.

*2. Dividend ratio for FY2021 is calculated by Interim dividend basis.

*3. Year-end dividend and share buyback for FY2021 are not determined.

2-1. Market Environment

1Q-2021

- ✓ Volume
 - Strong demand for 300 mm wafers for logic, with supply unable to keep up with demand; for memory, DRAM recovering and inventory nearing proper levels
 - For 200 mm and smaller wafers, tight supply-demand situation mainly for automotive and consumer
- ✓ Pricing
 - Despite a small number of partial shipment deferrals for memory, long-term agreement prices held firm, while spot prices for both 300 mm and 200 mm wafers were unchanged QoQ

2Q-2021 Forecast

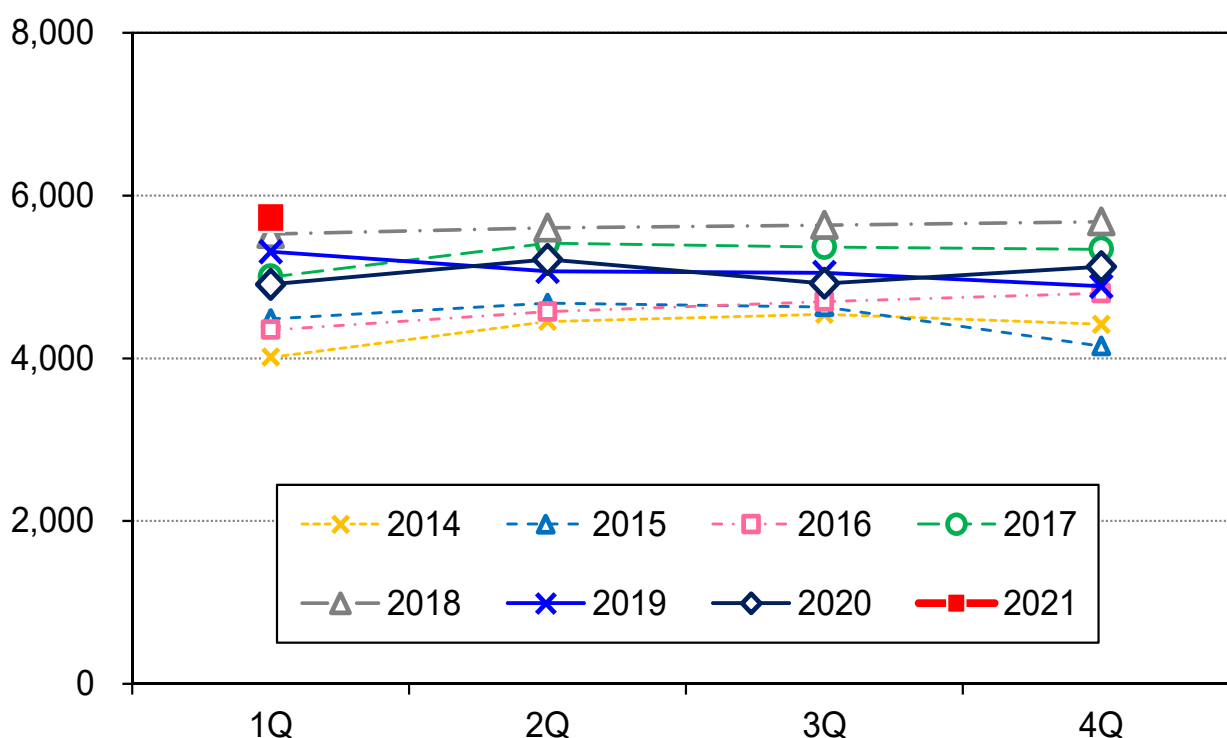
- ✓ Volume
 - Demand for 300 mm wafers for logic should expand and be tighter; for memory, NAND looks to recover following on DRAM
 - Demand for 200 mm and smaller wafers should recover, for automotive and consumer as well as industrial, such that supply will not be able to keep up with demand even after boosting production with additional personnel
- ✓ Pricing
 - Long-term agreement prices to hold firm; spot prices are starting to see price hikes for 300 mm wafers for logic, to be followed in 2H by price rises for 200 mm wafers as well

Outlook

- ✓ With 300 mm wafer demand for logic being driven by 5G, smartphone, data center and others, supply will continue to fall short of demand. The recovery in demand for memory will likewise result in supply tightness. Though Green Field Investment (building new plants) will be considered since it seems to be the only way to achieve sufficient new capacity, the decision will be made based on the pricing trend in the future
- ✓ Strong demand for 200 mm wafers is likely to continue for long time with the recovery in demand for automotive, consumer, and industrial

2-2. 200mm Wafer Trend

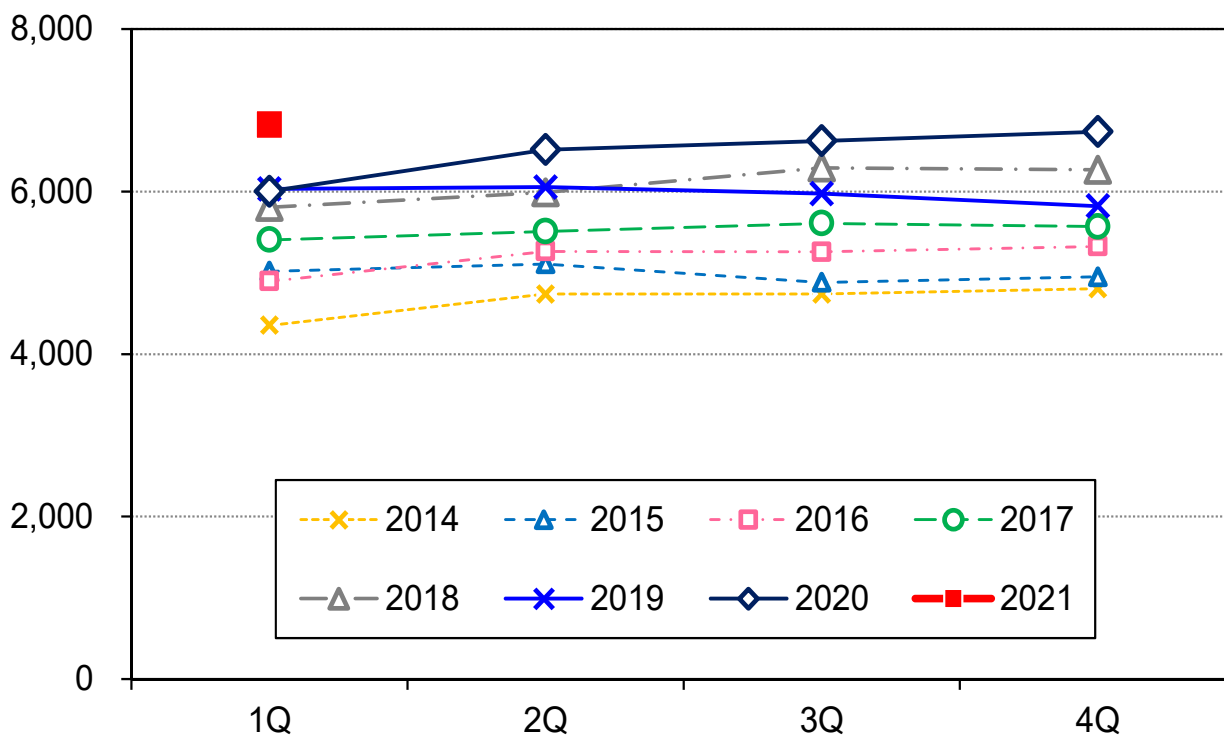
(K wafers/month)



(Source : SUMCO estimation)

2-3. 300mm Wafer Trend

(K wafers/month)

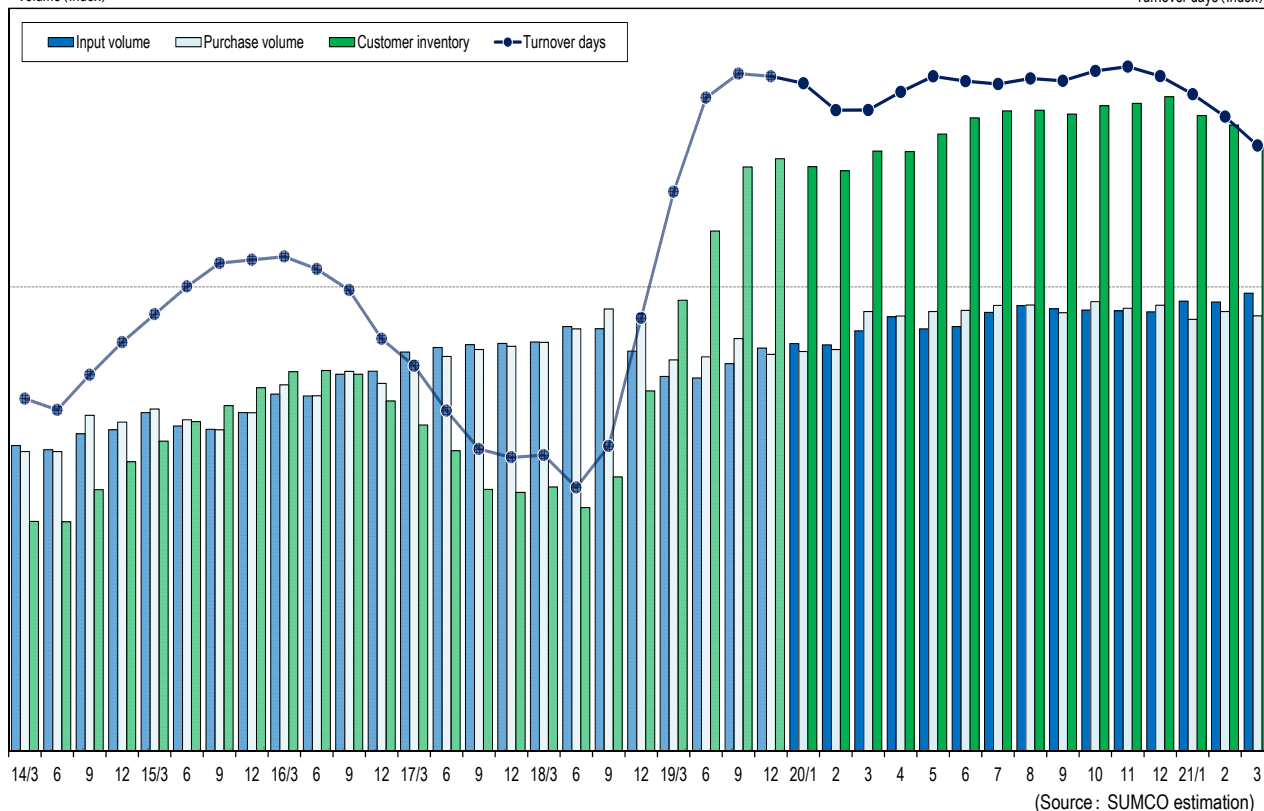


(Source: SUMCO estimation)

2-4. Customer 300mm Wafer Inventory Trend

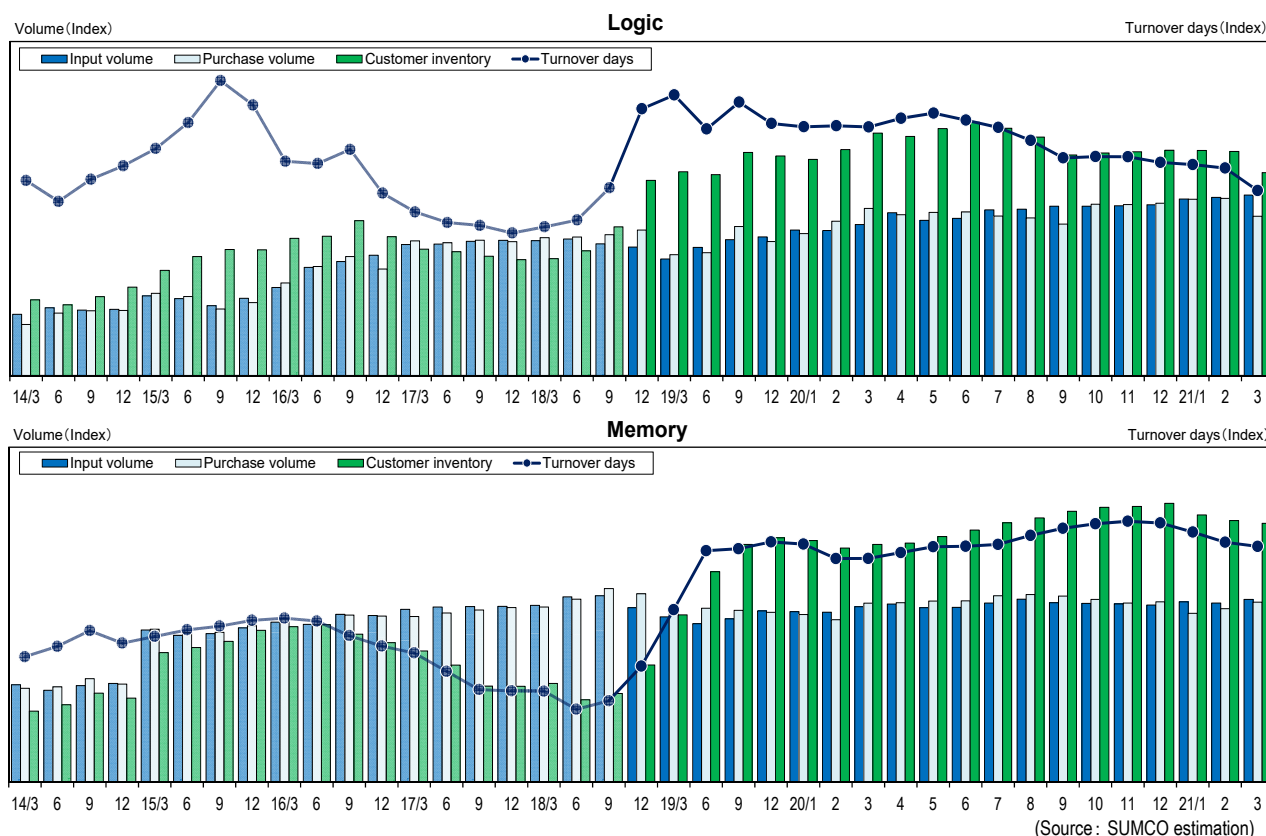
Volume (Index)

Turnover days (Index)



(Source: SUMCO estimation)

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



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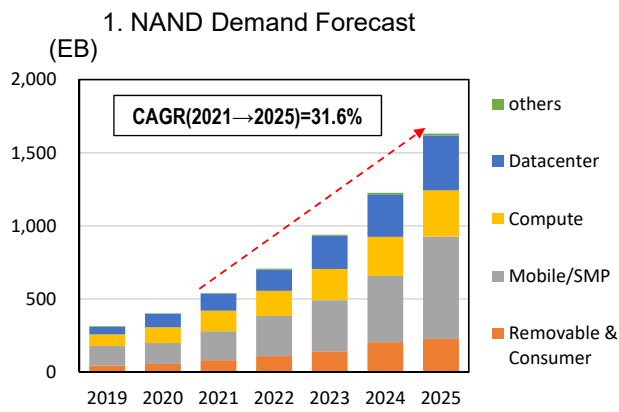
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Memory Bit Growth and Logic Quantity

- NAND
- DRAM
- Logic

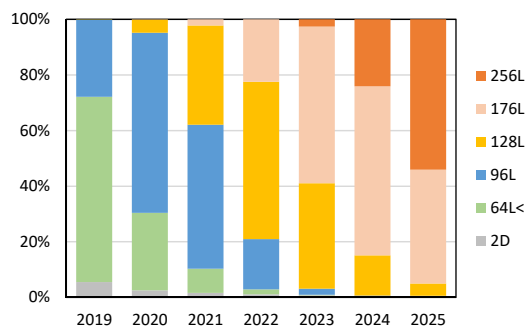
3-1. NAND: Bit Growth



2. 3D-NAND Product Technology Roadmap

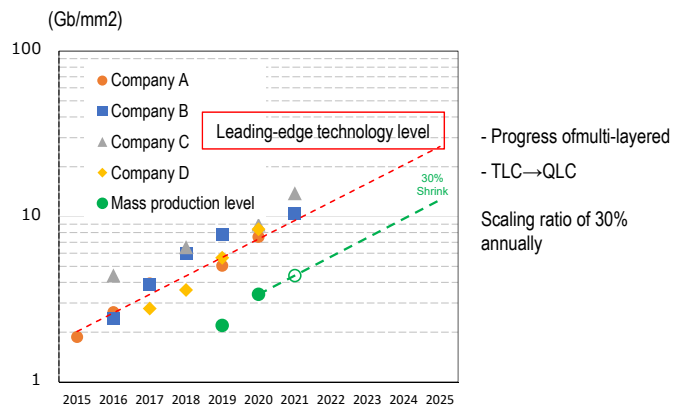
	2018	2019	2020	2021
Company A	64L	92L	128L	176L
Company B	64L	96L	112L	162L
Company C	64L	96L	128/144L	176L
Company D	72L	96L	128L	176L
Company E		32L	64L	128L

3. 3D Technology Migration Status



(Source: 1,3: SUMCO estimation based on research reports)

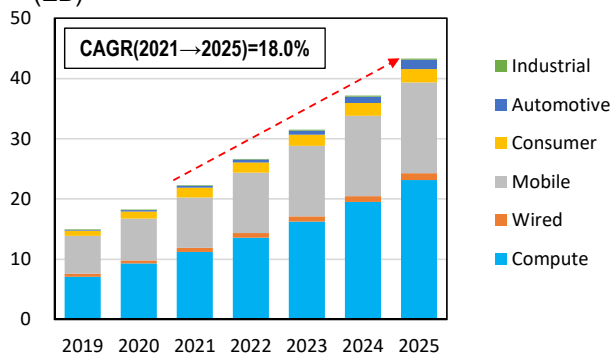
4. Bit Growth due to Increasing 3D Layers



(Source: 2,4: SUMCO estimation based on research reports)

3-2. DRAM: Bit Growth

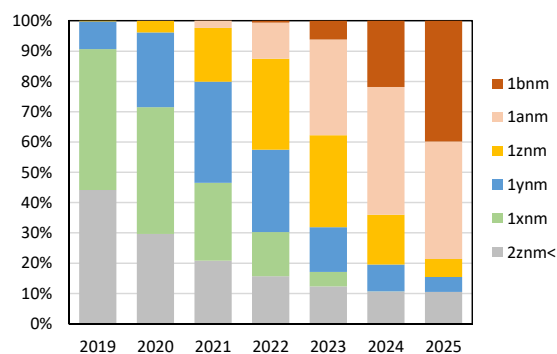
1. DRAM Bit Demand



2. DRAM Production Technology Roadmap

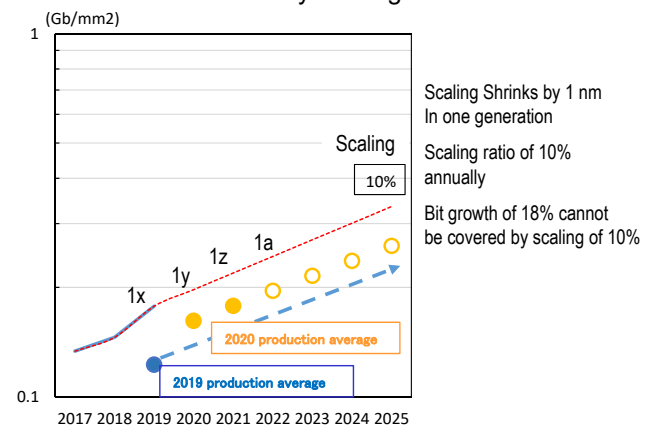
	2018	2019	2020	2021
Company A	1y	1z	1a	
Company B	1x	1y	1z	1a
Company C	1x	1y	1z	

3. Scaling Progress of Mass Production

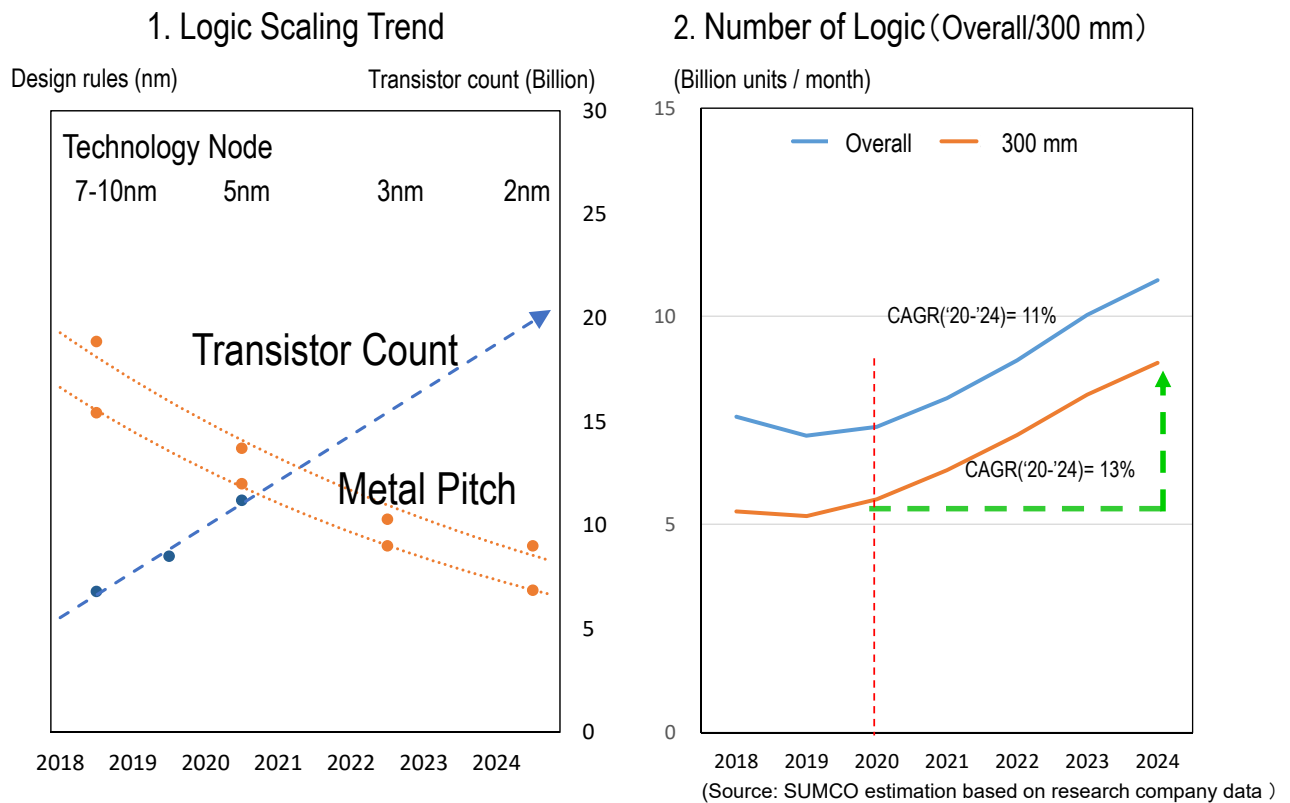


(Source: 1,3: SUMCO estimation based on various data)

4. Bit Growth by Scaling



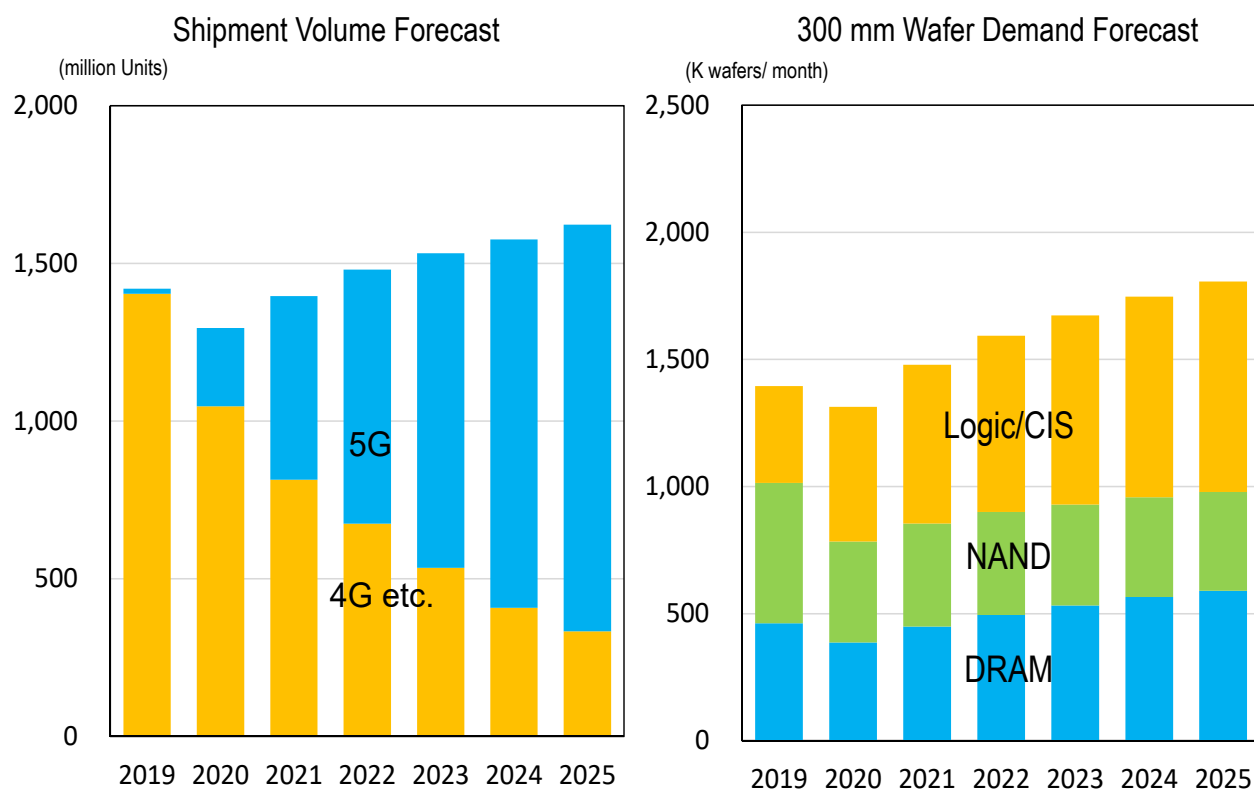
(Source: 2,4: SUMCO estimation based on research reports)



300 mm Wafer Demand Forecast

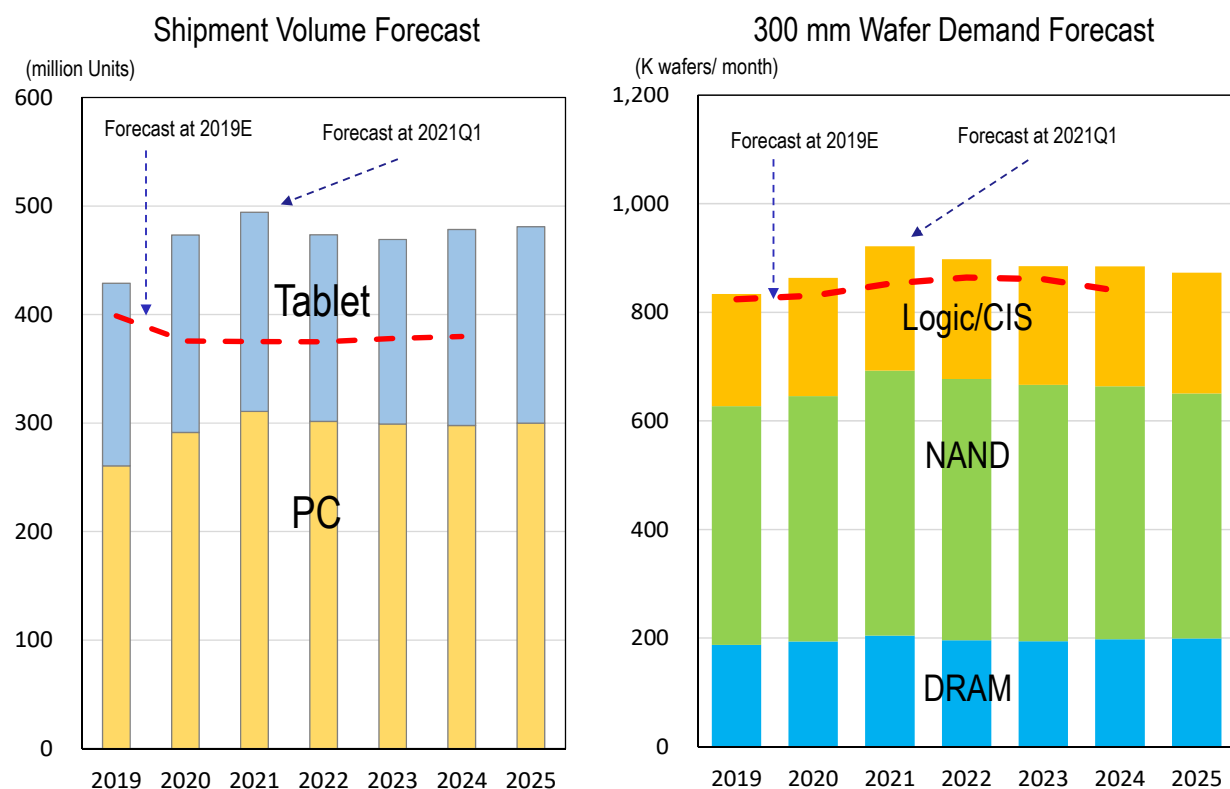
- Smartphone
- PC/Tablet
- Data Center

4-1. 300 mm Wafer Demand Forecast for Smartphone

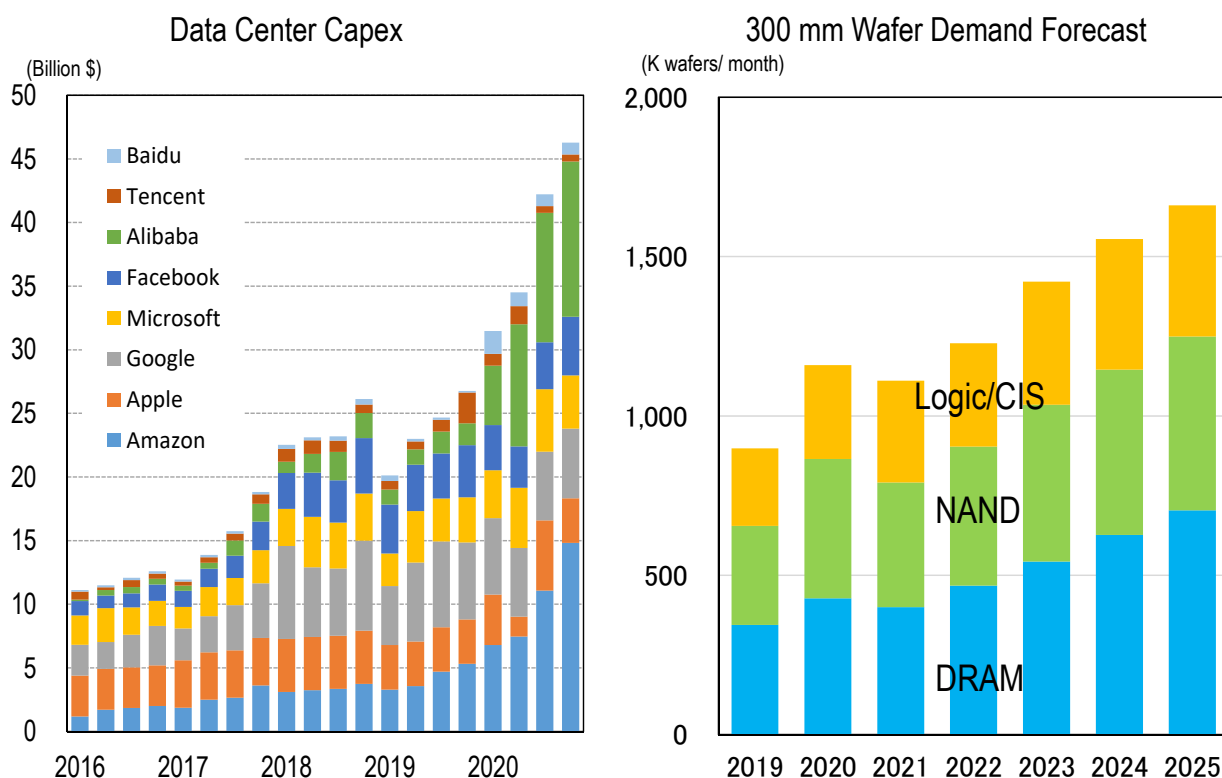


(source : Units/ Average value of 3 research companies, wafer/ SUMCO estimation)

4-2. 300 mm Wafer Demand Forecast for PC/Tablet



(source : Units/ Average value of 3 research companies, wafer/ SUMCO estimation)



(source : SUMCO estimation based on Publication Materials)

(source : SUMCO estimation)

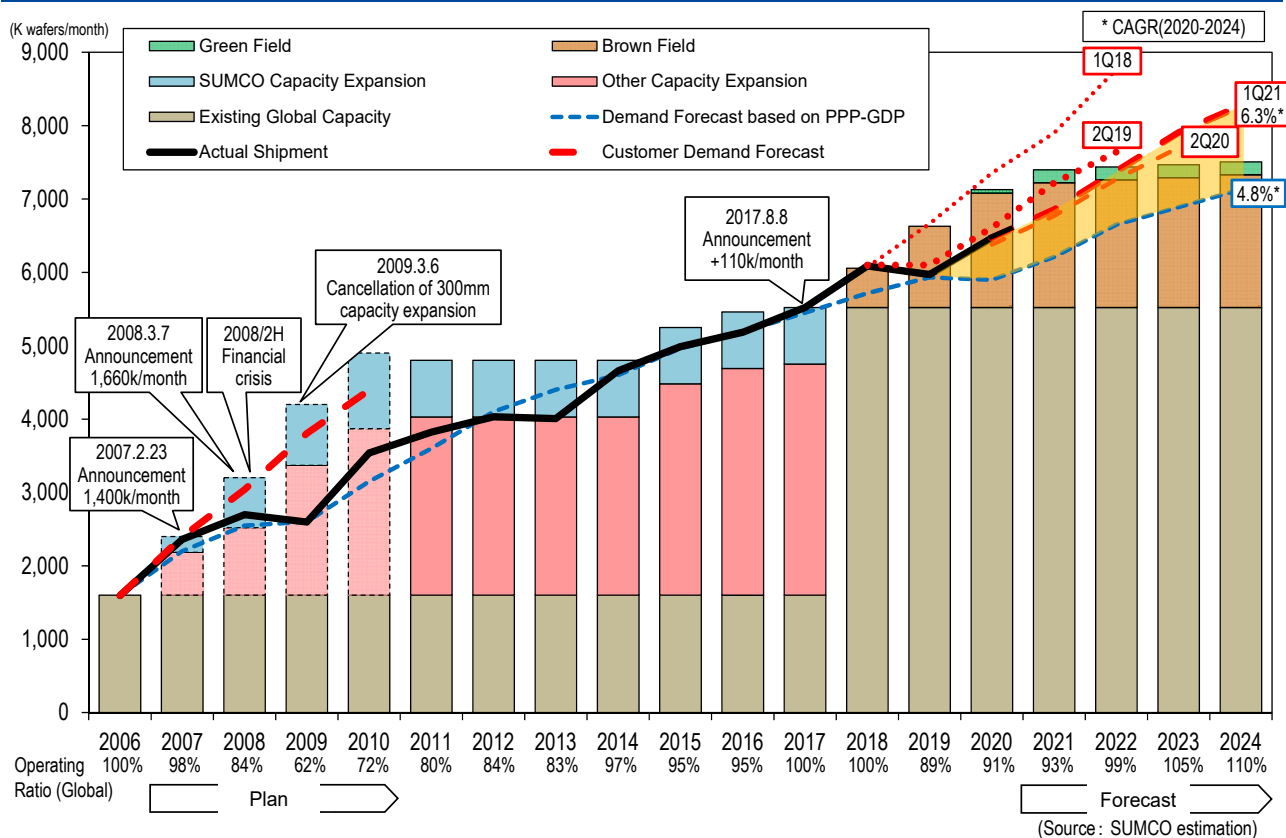
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300 mm wafer Global Capacity and Demand Forecast

5. 300 mm Wafer Global Capacity and Demand FCST



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1Q-2021 Consolidated Business Result

Michiharu Takii

Representative Director,
Vice Chairman,
Chief Financial Officer

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6-1. Summary of Consolidated Business Result



	1Q-2020 Actual	4Q-2020 Actual	1Q-2021 Actual	(Billions of Yen) Change	
				YoY	QoQ
Net sales	72.2	72.6	75.9	+3.7	+3.3
Operating income	11.6	8.1	9.3	(2.3)	+1.2
Non-operating income and expenses	0.3	(1.0)	0.1	(0.2)	+1.1
Ordinary income	11.9	7.1	9.4	(2.5)	+2.3
Extraordinary income and expenses	-	-	-	-	-
Income taxes	(2.5)	(1.1)	(1.3)	+1.2	(0.2)
Net income attributable to non-controlling interests	(1.0)	(0.7)	(0.8)	+0.2	(0.1)
Net income attributable to owners of the parent	8.4	5.3	7.3	(1.1)	+2.0
Capital expenditure (Acceptance basis)	20.2	11.1	11.2	(9.0)	+0.1
Depreciation	9.5	12.9	11.0	+1.5	(1.9)
EBITDA (*1)	21.6	21.4	20.8	(0.8)	(0.6)
Exchange rate (Yen/US\$) (*2)	109.3	104.7	104.8	(4.5)	+0.1
Operating margin (%)	16.1%	11.2%	12.3%	(3.8%)	+1.1%
EBITDA margin (%)	29.9%	29.5%	27.4%	(2.5%)	(2.1%)
ROE (%)	11.2%	6.8%	9.3%	(1.9%)	+2.5%
Net income per share (Yen)	29.01	18.19	25.35	(3.66)	+7.16

*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 1.0 billion yen per year.

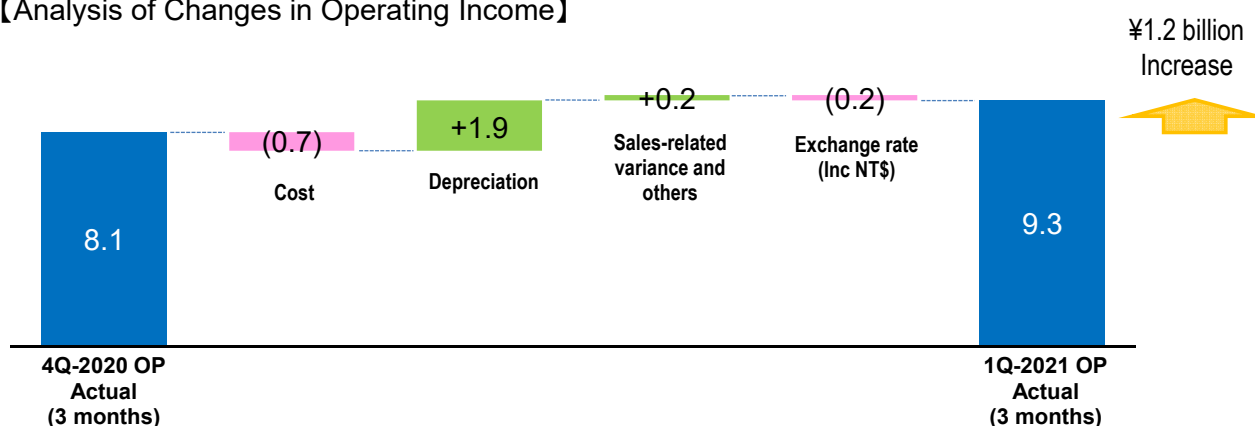
6-2. Analysis of Changes in Operating Income



■ 4Q-2020 Actual → 1Q-2021 Actual

	4Q-2020 Actual	1Q-2021 Actual	(Billions of Yen) Change
Net Sales	72.6	75.9	+3.3
Operating Income	8.1	9.3	+1.2
Exchange Rate (Yen/US\$)	104.7	104.8	+0.1

【Analysis of Changes in Operating Income】

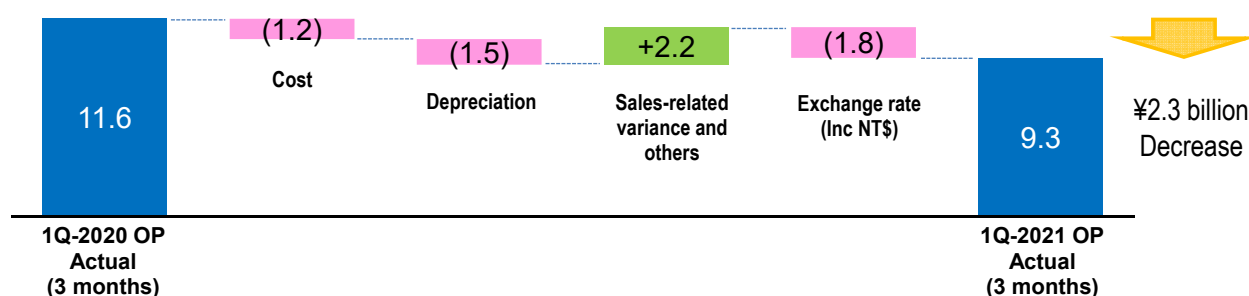


6-3. Analysis of Changes in Operating Income

■ 1Q-2020 Actual → 1Q-2021 Actual

	1Q-2020 Actual	1Q-2021 Actual	(Billions of Yen) Change
Net Sales	72.2	75.9	+3.7
Operating Income	11.6	9.3	(2.3)
Exchange Rate (Yen/US\$)	109.3	104.8	(4.5)

【Analysis of Changes in Operating Income】



6-4. Consolidated Balance Sheet

	End of Dec-2020	End of Mar-2021	(Billions of Yen) Change
Cash and time deposits	82.9	88.9	+6.0
Finished products and WIP	38.3	37.7	(0.6)
Raw materials and supplies	142.1	140.3	(1.8)
Tangible and intangible assets	214.1	215.8	+1.7
Deferred income tax assets	10.4	11.4	+1.0
Other assets	105.6	108.0	+2.4
Total Assets	593.4	602.1	+8.7
Debt and borrowings	149.8	147.6	(2.2)
Other liabilities	88.6	90.2	+1.6
Liabilities	238.4	237.8	(0.6)
Capital stock	138.7	138.7	-
Capital surplus	27.4	27.4	-
Retained earnings	151.5	156.2	+4.7
Others	37.4	42.0	+4.6
Equity	355.0	364.3	+9.3
Shareholders' equity ratio	53.1%	53.4%	+0.3%
Equity per share (Yen)	1,082.2	1,108.0	+25.8
D/E ratio (gross)	0.48x	0.46x	(0.02)x
D/E ratio (net)	0.21x	0.18x	(0.03)x

		(Billions of Yen)
		1Q-2021 (3 months)
	Income before income taxes	9.4
	Depreciation	11.0
	Subtotal	20.4
	Decrease in inventories	4.9
	Changes in working capital, etc.	(1.2)
	Net cash provided by operating activities	24.1
	Capital expenditure (Acceptance basis)	(11.2)
	Others, net	(6.3)
	Net cash used in investing activities	(17.5)
	Free cash-flow	6.6

2Q-2021 Consolidated Business Forecast

7-1. 2Q-2021 Consolidated Business Forecast



(Billions of Yen)

	2Q-2020 Actual (6 months)	2Q-2021 Forecast			Change
		1Q ACT (3 months)	2Q FCST (3 months)	Total (6 months)	
Net sales	147.1	75.9	81.0	156.9	+9.8
Operating income	23.1	9.3	11.5	20.8	(2.3)
Non-operating income and expenses	(0.5)	0.1	(0.5)	(0.4)	+0.1
Ordinary income	22.6	9.4	11.0	20.4	(2.2)
Extraordinary income and expenses	-	-	-	-	-
Income taxes	(4.0)	(1.3)	(2.0)	(3.3)	+0.7
Net income attributable to non-controlling interests	(1.8)	(0.8)	(1.0)	(1.8)	0.0
Net income attributable to owners of the parent	16.8	7.3	8.0	15.3	(1.5)
Exchange rate (Yen/US\$) (*1)	108.5	104.8	109.0	107.0	(1.5)
Operating margin (%)	15.7%	12.3%	14.2%	13.3%	(2.4%)
ROE (%)	10.9%	9.3%	9.7%	9.5%	(1.4%)
Net income per share (Yen)	57.62	25.35	27.31	52.66	(4.96)

*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.

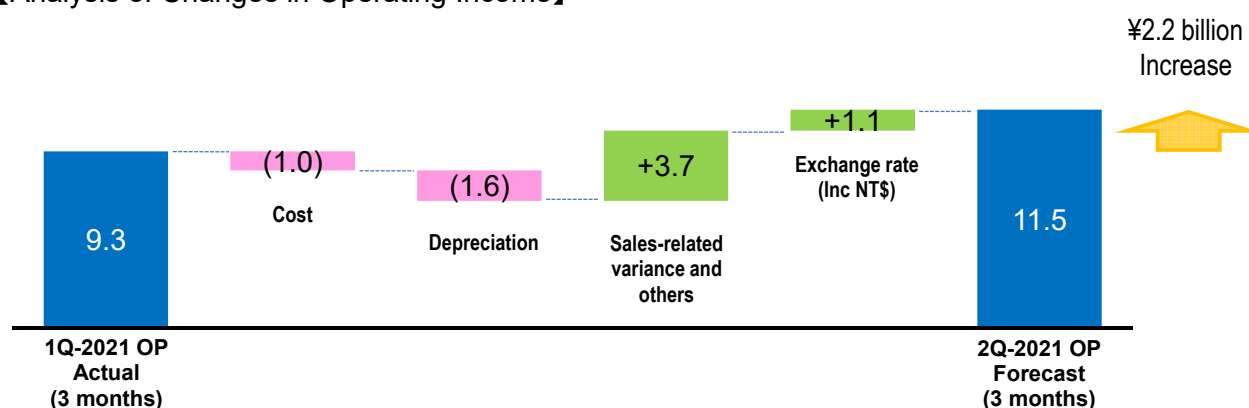
7-2. Analysis of Changes in Operating Income



■ 1Q-2021 Actual → 2Q-2021 Forecast

	1Q-2021 Actual	2Q-2021 Forecast	Change
Net Sales	75.9	81.0	+5.1
Operating Income	9.3	11.5	+2.2
Exchange Rate (Yen/US\$)	104.8	109.0	+4.2

【Analysis of Changes in Operating Income】

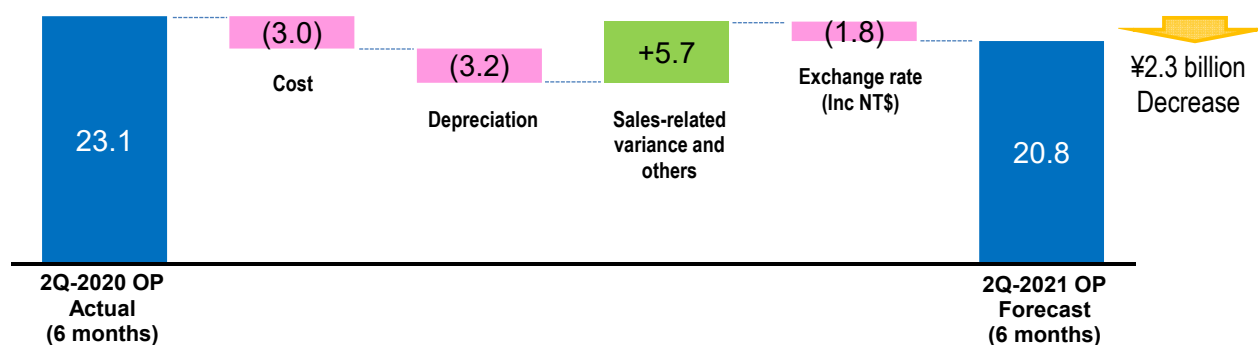


7-3. Analysis of Changes in Operating Income

■ 2Q-2020 Actual (6 months) → 2Q-2021 Forecast (6 months)

	(Billions of Yen)		
	2Q-2020 ACT (6 months)	2Q-2021 FCST (6 months)	Change
Net Sales	147.1	156.9	+9.8
Operating Income	23.1	20.8	(2.3)
Exchange Rate (Yen/US\$)	108.5	107.0	(1.5)

【Analysis of Changes in Operating Income】



Reference Materials

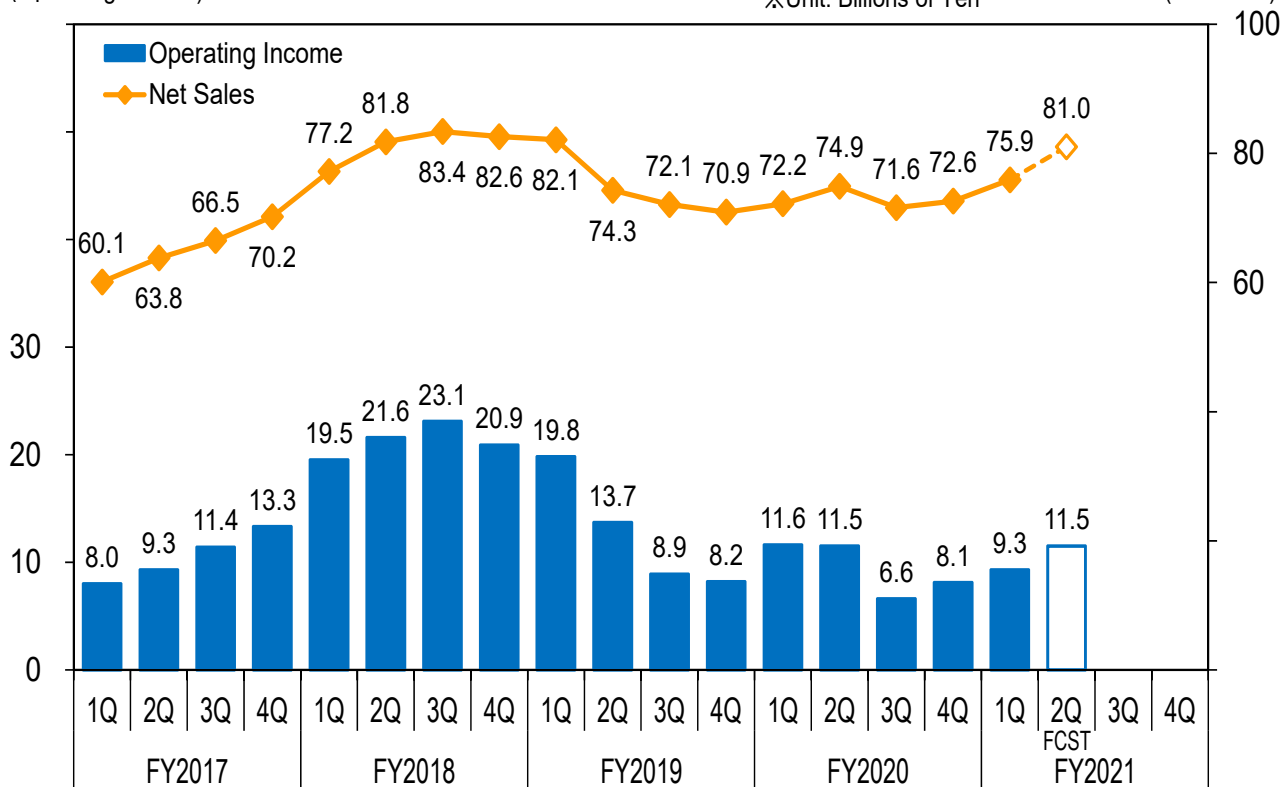
Reference Materials: Quarterly Trend



(Operating Income)

※Unit: Billions of Yen

(Net Sales)



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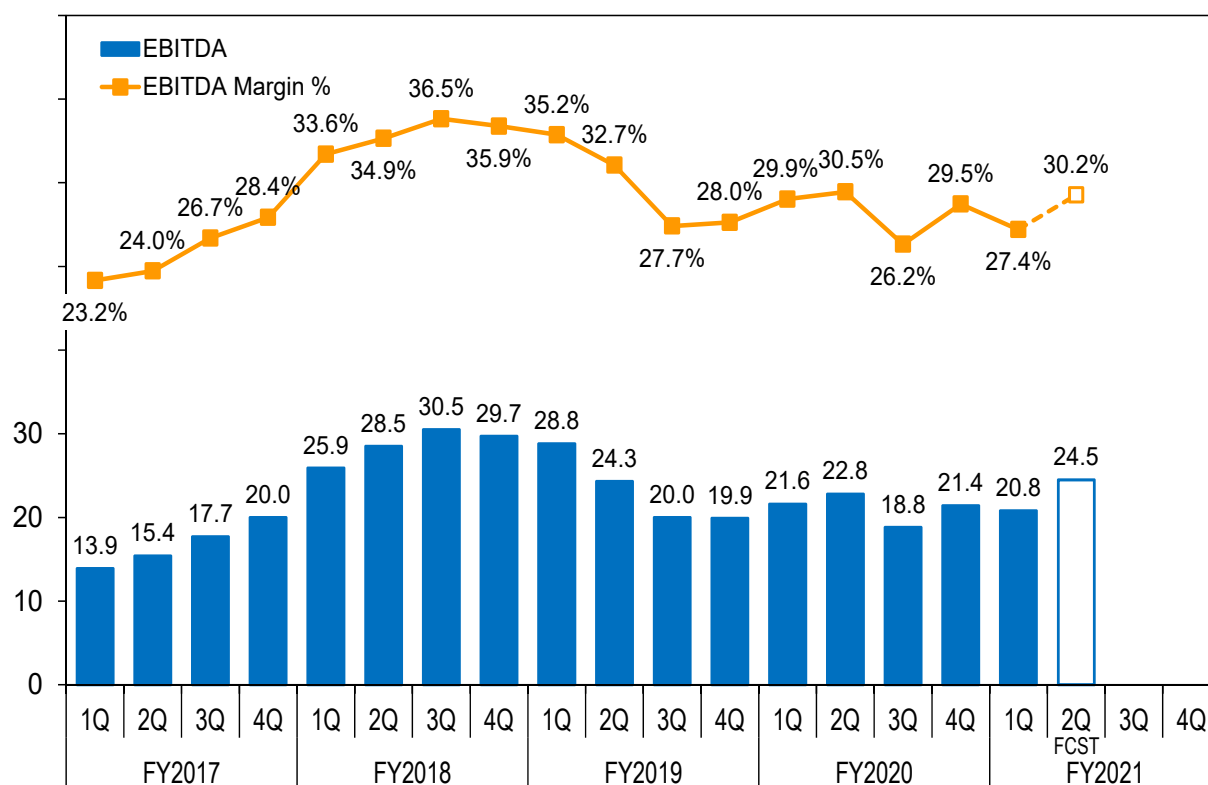
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Reference Materials: EBITDA



(Billions of Yen)

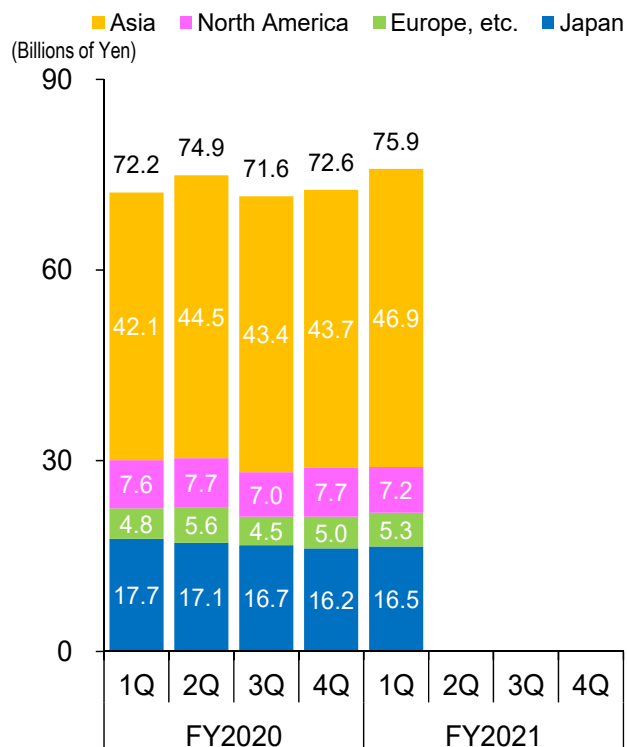


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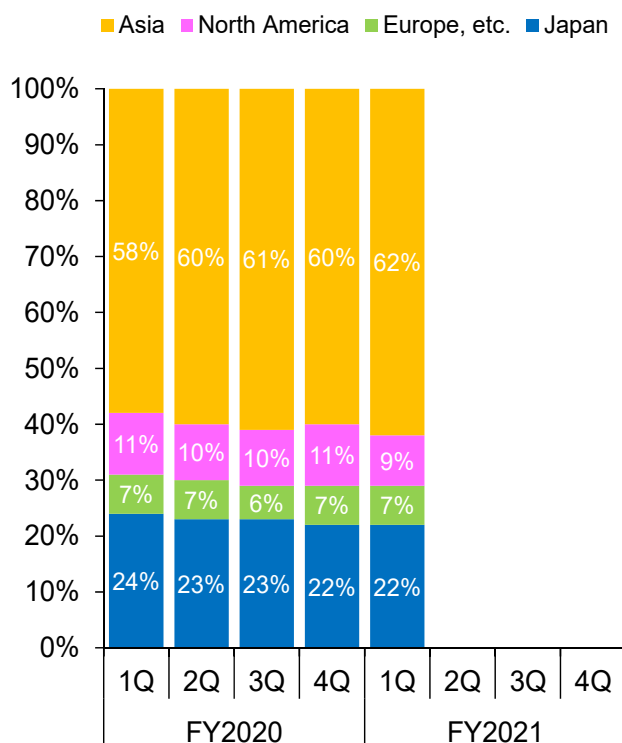
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Changes in Sales



Sales by Region



URL <https://www.sumcosi.com/>