

Results for First Quarter of FY2022 (Ended March 31, 2022)

May 12, 2022
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.



- Summary and Market Environment
- 1Q-2022 Consolidated Business Result
 1. Summary of Consolidated Business Result
 2. Analysis of Changes in Operating Income
 3. Consolidated Balance Sheet and Consolidated Cash-Flow
- 2Q-2022 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

1Q-2022 Consolidated Business Result

(Billions of Yen)

	1Q-2022 Forecast	1Q-2022 Actual	Change
Net Sales	99.0	100.4	+1.4
Operating Income	21.0	23.4	+2.4
Ordinary Income	20.0	23.7	+3.7
Net Income (Note)	13.0	15.2	+2.2
Exchange Rate (Yen/US\$)	115.0	115.3	+0.3

2Q-2022 Consolidated Business Forecast

(Billions of Yen)

	1Q-2022 Actual	2Q-2022 Forecast	Change
Net Sales	100.4	104.0	+3.6
Operating Income	23.4	23.5	+0.1
Ordinary Income	23.7	23.0	(0.7)
Net Income (Note)	15.2	14.0	(1.2)
Exchange Rate (Yen/US\$)	115.3	126.0	+10.7

(Note) Net income attributable to owners of the parent

1-2. Shareholder Return

		FY2018 (Dec-2018)	FY2019 (Dec-2019)	FY2020 (Dec-2020)	FY2021 (Dec-2021)	FY2022 (Dec-2022)
Dividends per share for common stocks (Yen)	Interim	30	25	18	17	^{(*)1} 34
	Year-end	32	10	9	24	-
	Total	62	35	27	41	-
Dividends payment (Billions of Yen)	Interim	8.7	7.3	5.2	4.9	^{(*)1} 11.9
	Year-end	9.3	2.9	2.6	8.4	-
	Total	18.1	10.2	7.8	13.3	-
Dividend ratio (%)	Total	31.0%	31.0%	30.9%	30.2%	^{(*)2} ^{(*)3} 40.8%
Share Buyback						
Amount (Billions of Yen)	Total	-	3.3	2.5	-	-
	Ratio (%)	Total	-	10.0%	9.8%	-
Total Return Ratio (%)	Total	31.0%	41.0%	40.7%	30.2%	-

*1. Interim dividend and its payment for FY2022 are forecast amounts.

*2. Dividend ratio for FY2022 is calculated by Interim dividend basis.

*3. In place of share buyback, the dividend payout ratio will be raised by 10% to 40%.

1Q-2022

- ✓ Volume - Strong demand for wafers of 300 mm and of 200 mm and smaller, exceeding supply
- ✓ Pricing - New long-term agreement prices were applied to 300 mm wafers (toward greenfield investment).
New agreement prices were applied to 200 mm wafers as well.
Spot prices rose for all wafer sizes.

2Q-2022 Forecast

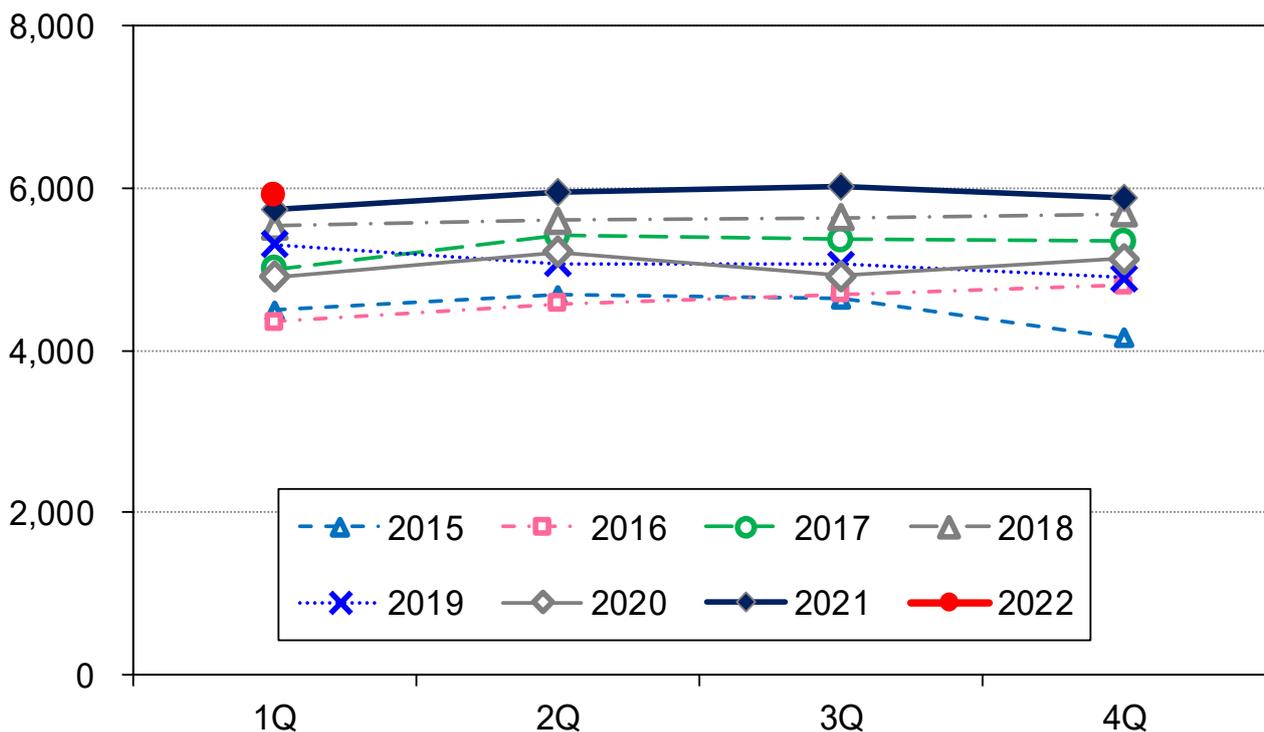
- ✓ Volume - Increasing supply-demand tightness in 300 mm wafers for logic, strongly felt shortage for memory. Unable to supply products to customers outside of long-term agreements.
- Supply of wafers of 200 mm and smaller will continue falling short of demand.
- ✓ Pricing - Application of long-term agreements, spot agreement prices to rise also in 2Q.

Outlook

- ✓ In addition to geopolitical risks, a partial correction phase is foreseen in 300 mm semiconductor wafer demand for memory. For logic, however, solid market growth is continuing, such that the situation of supply volume being unable to keep up with demand is expected to remain for some time. As for customer inventories of silicon wafers, these are continuing to decline.
- ✓ Continued strong demand is seen also for 200 mm wafers.

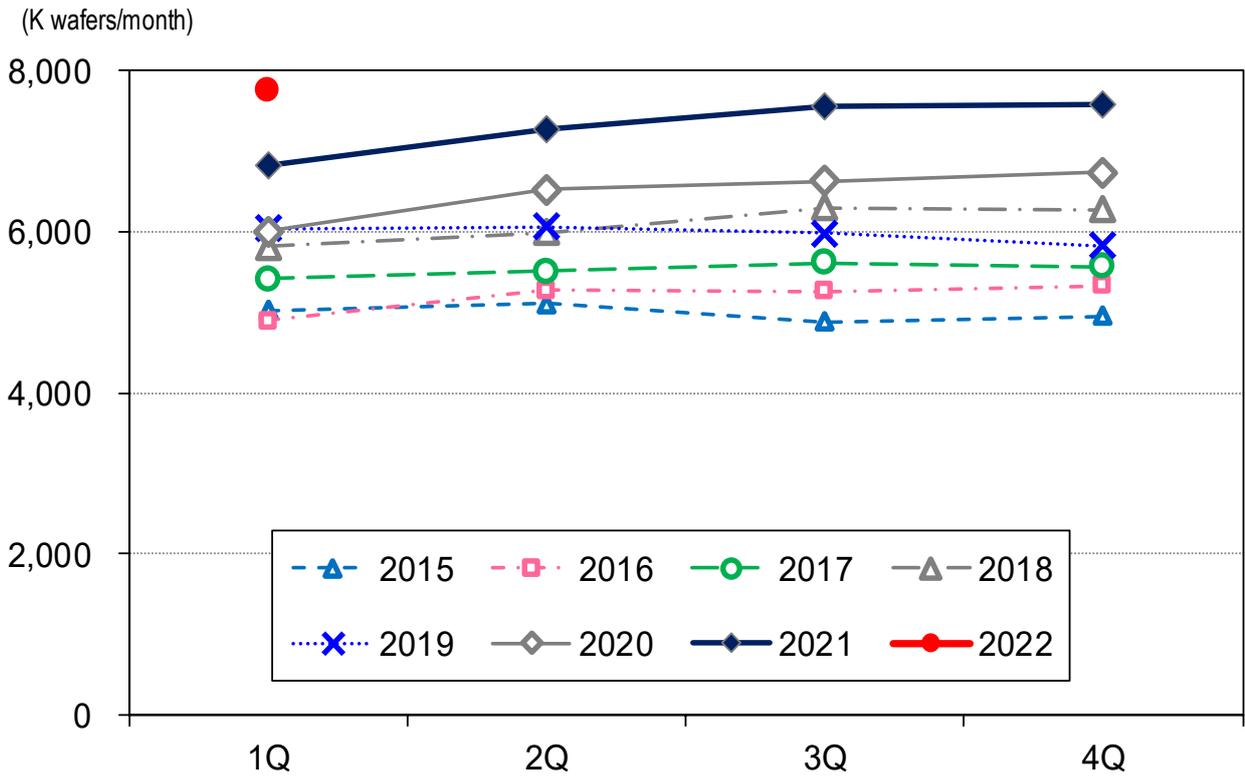
2-2. 200mm Wafer Trend

(K wafers/month)



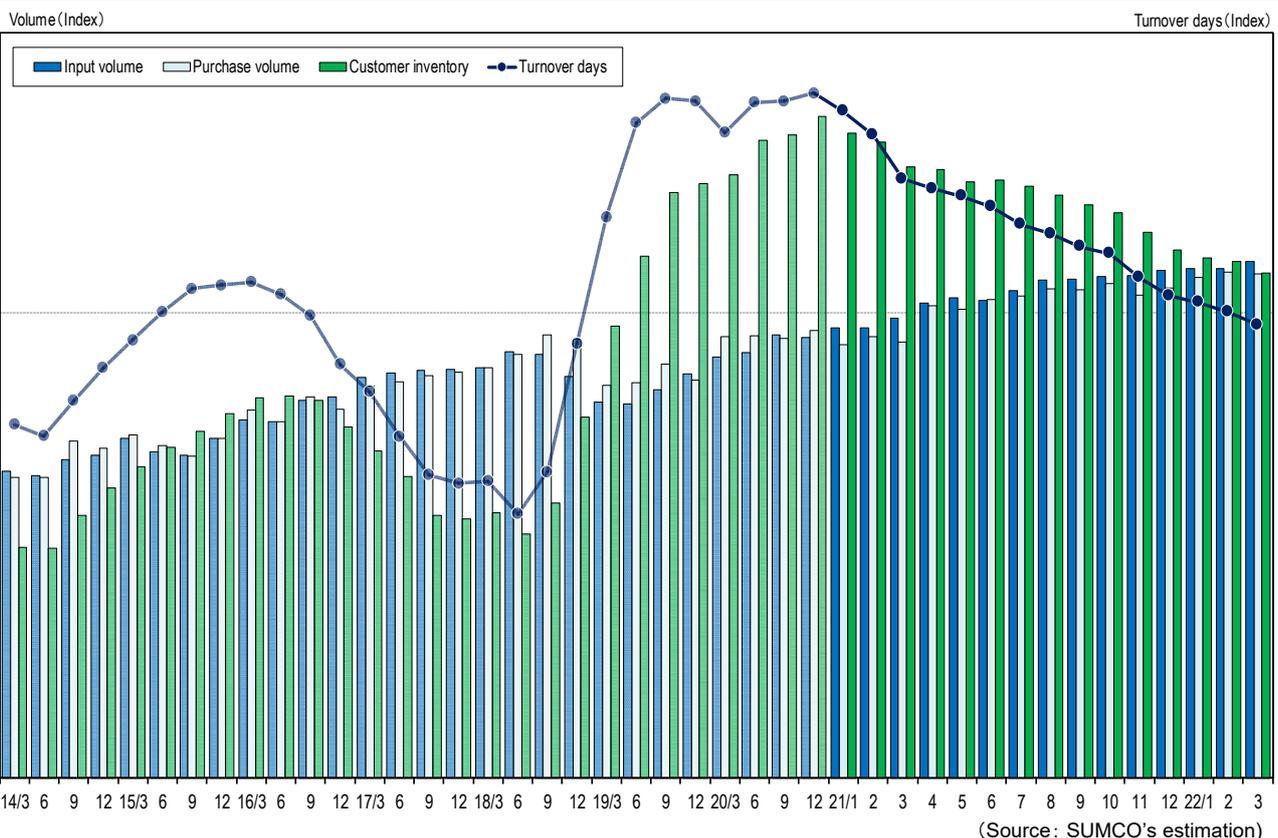
(Source: SUMCO's estimation)

2-3. 300mm Wafer Trend

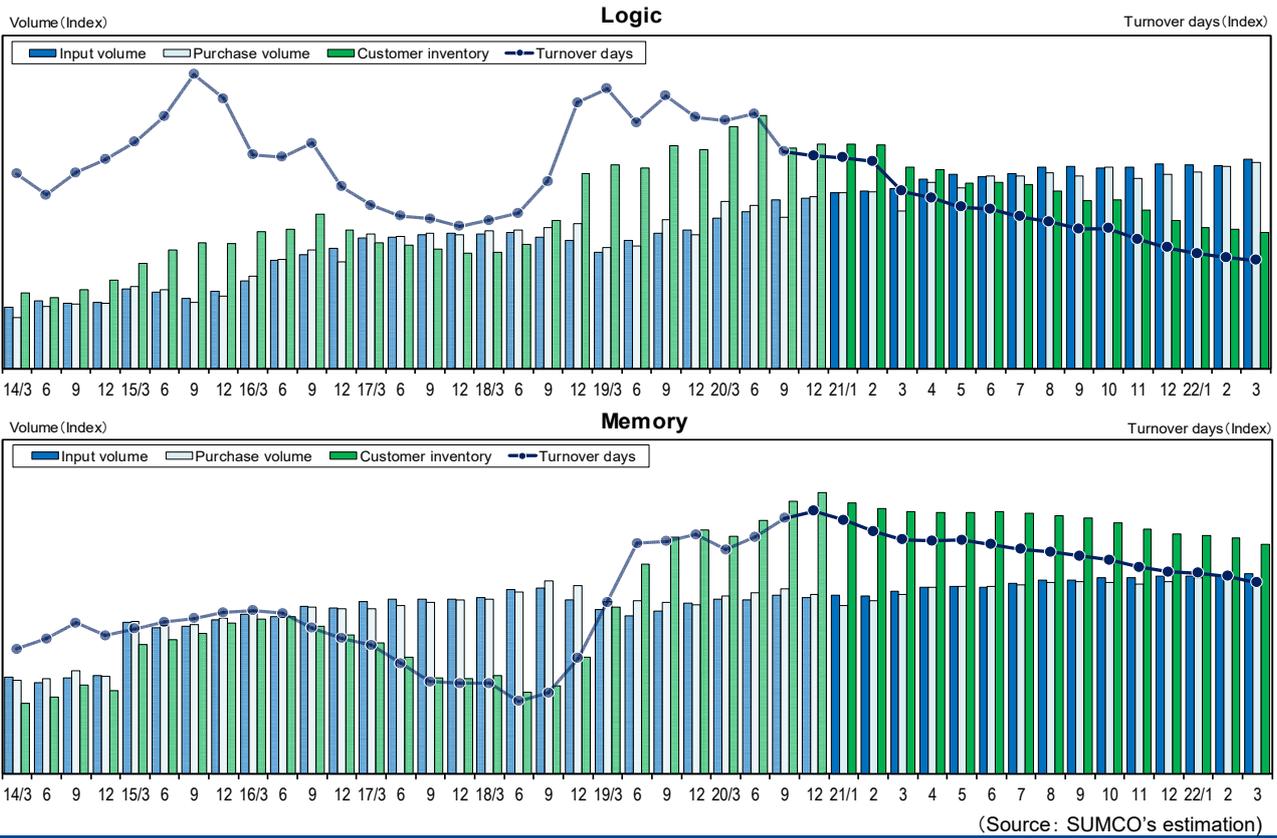


(Source: SUMCO's estimation)

2-4. Customer 300mm Wafer Inventory Trend

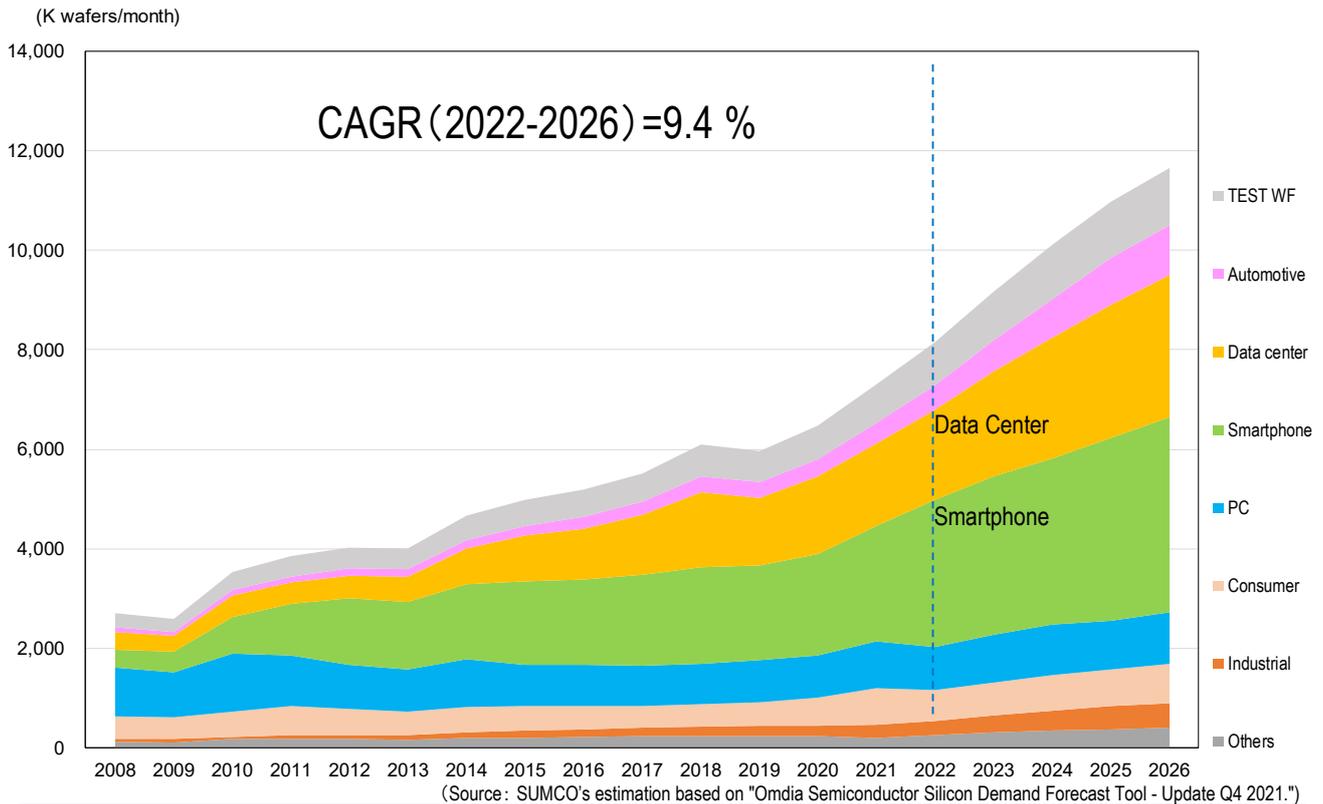


2-5. Customer 300mm Wafer Inventory (Logic/Memory)



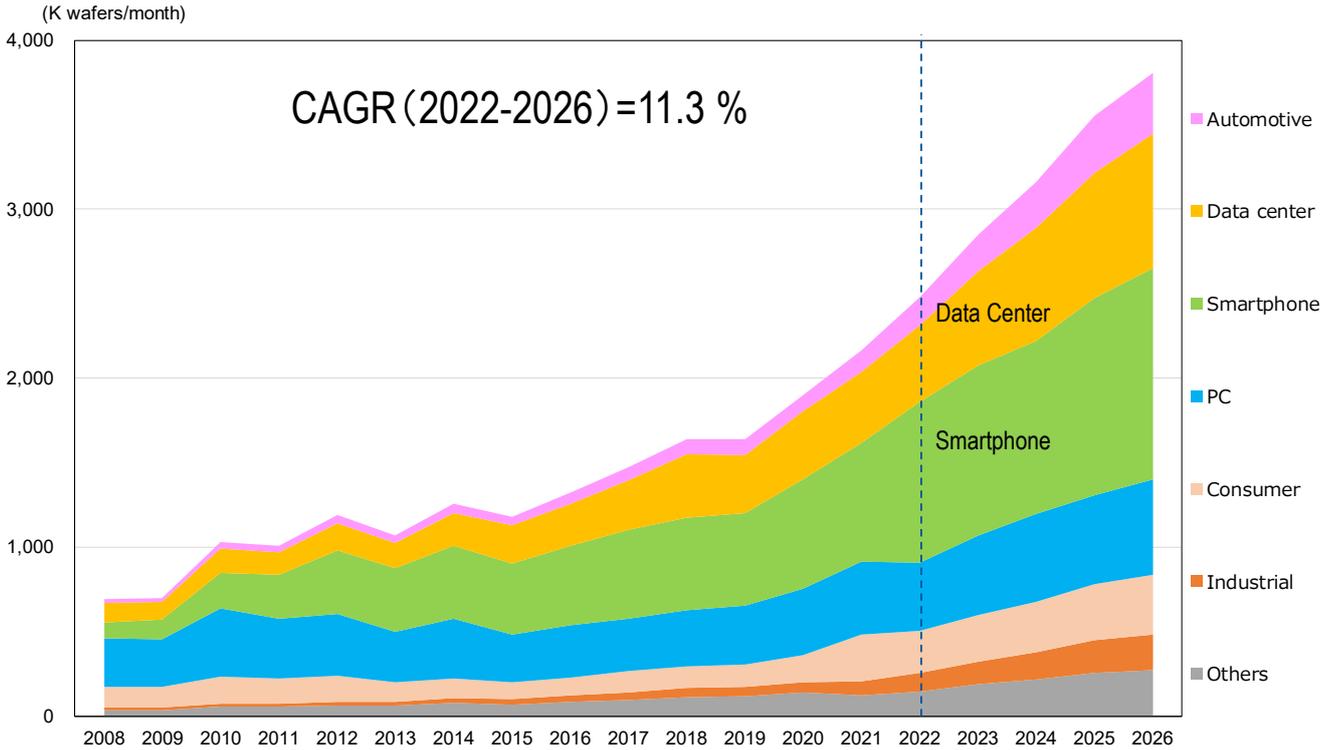
(Source: SUMCO's estimation)

3-1. 300 mm Wafer Demand Forecast by Application



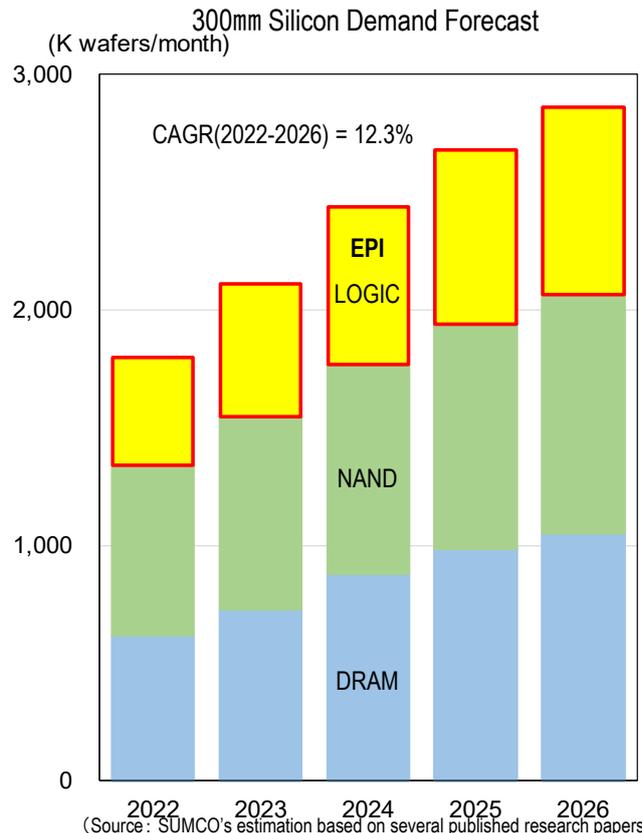
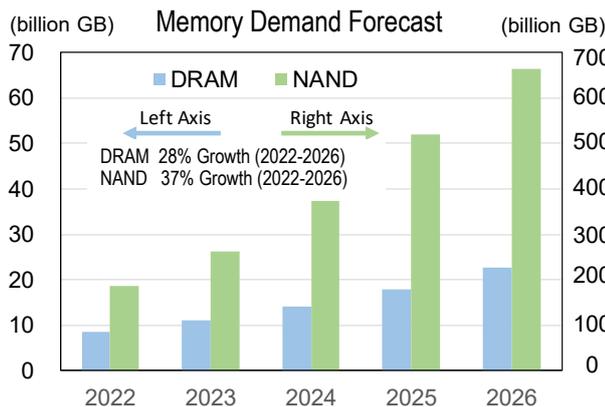
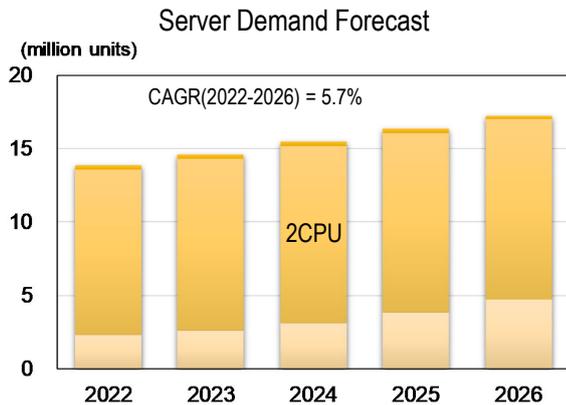
(Source: SUMCO's estimation based on "Omdia Semiconductor Silicon Demand Forecast Tool - Update Q4 2021.")

3-2. 300 mm Epitaxial Wafer Demand Forecast by Application



(Source: SUMCO's estimation based on "Omdia Semiconductor Silicon Demand Forecast Tool - Update Q4 2021.")

3-3. Silicon Wafer Demand Forecast for Data Center

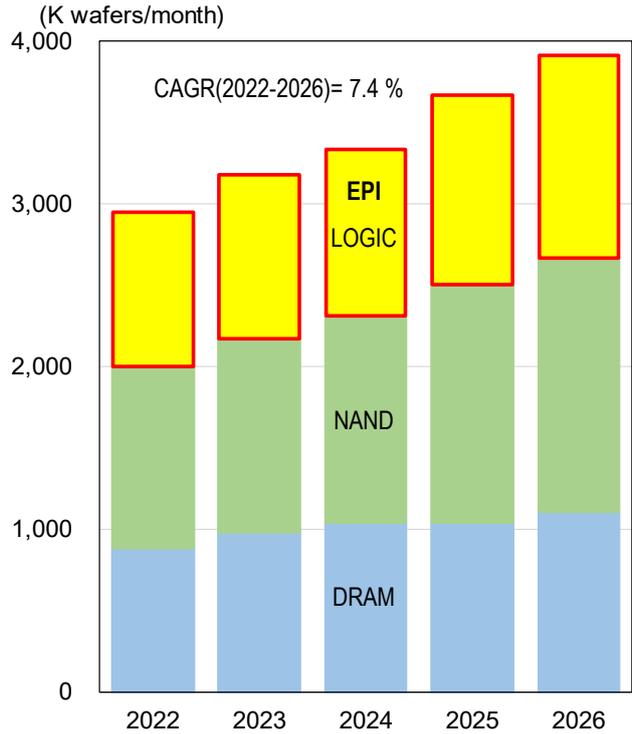
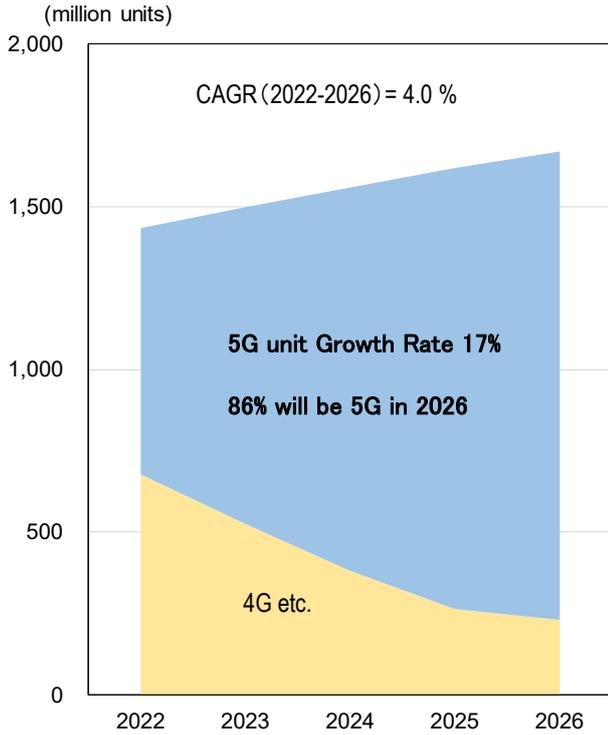


3-4. 300 mm Demand Forecast for Smartphones



Demand Forecast of Smartphones by Generation

300mm Silicon Demand Forecast



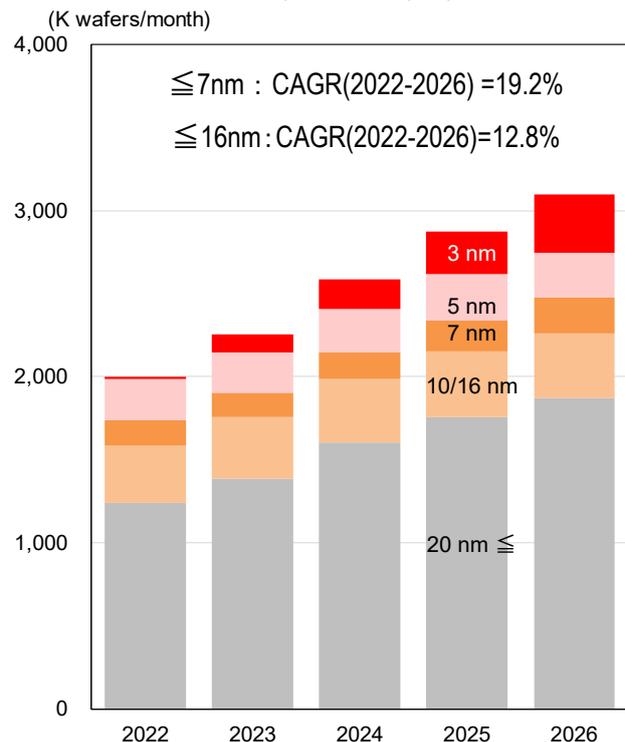
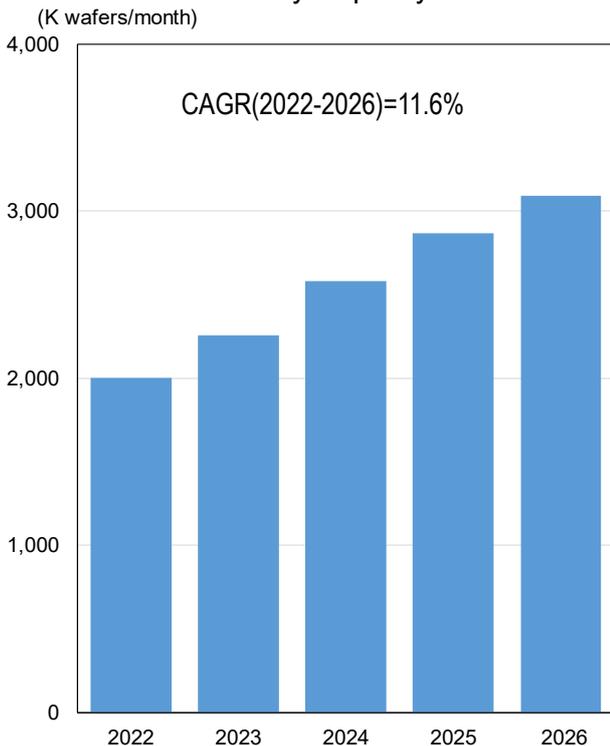
(Source : SUMCO's estimation based on several published research papers)

3-5. Demand Forecast of 300mm Epitaxial Wafers for Foundries



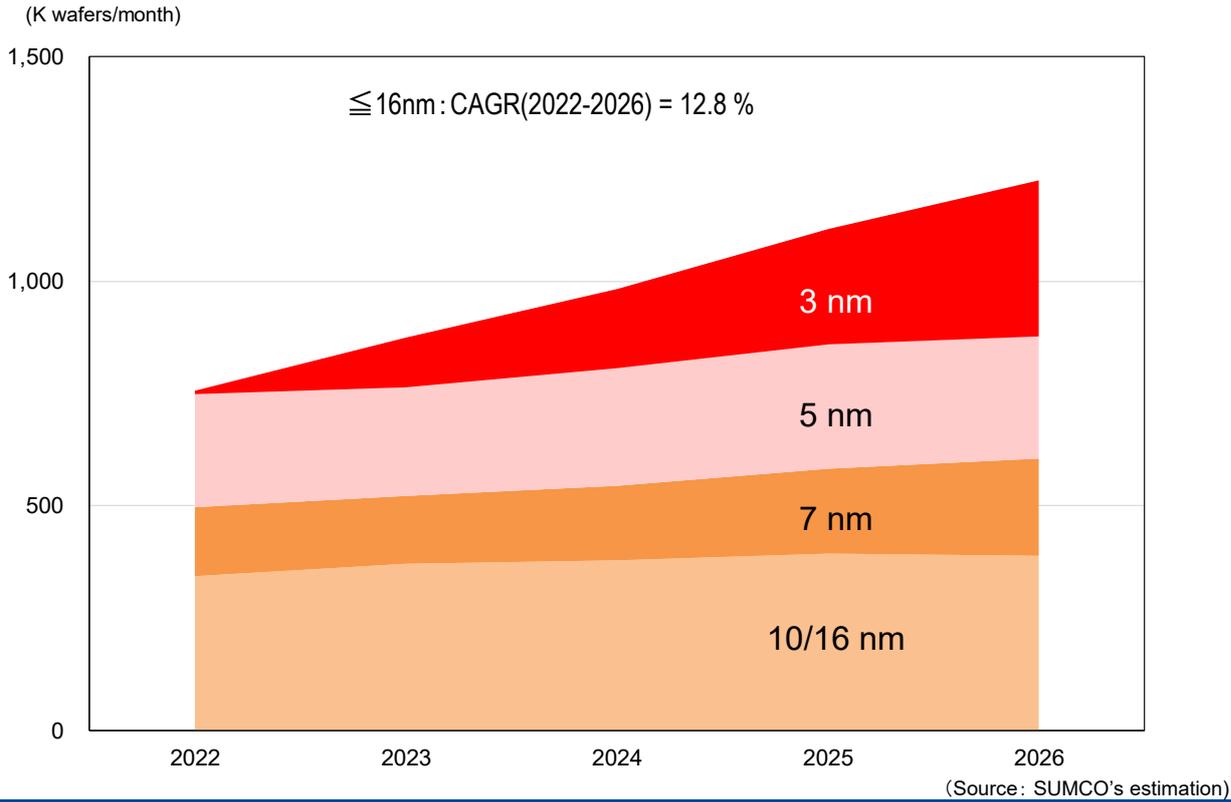
Foundry Capacity

Foundry Capacity by Node

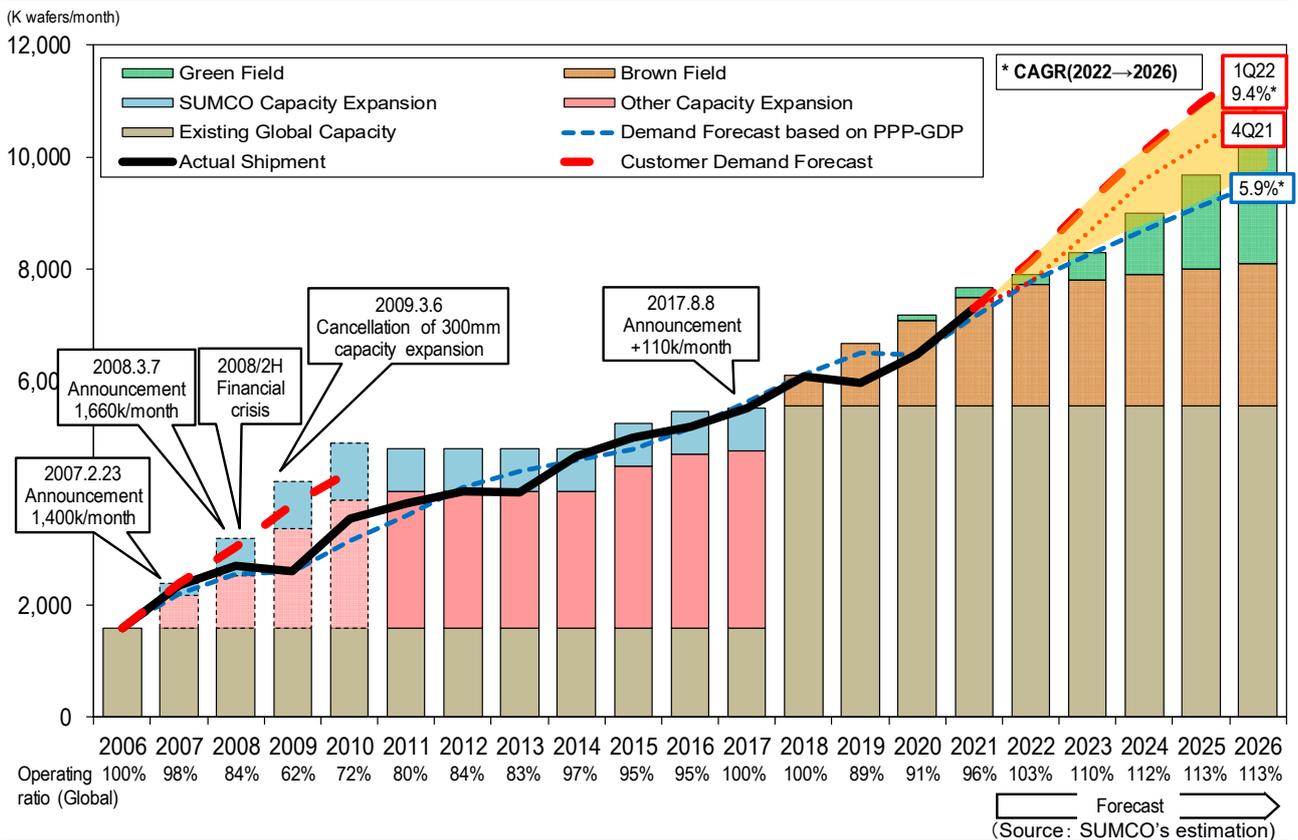


(Source : SUMCO's estimation)

3-6. 300 mm Leading Edge Epi (HPC) Wafer Demand Forecast for Foundries



3-7. 300 mm Wafer Global Capacity and Demand FCST



1Q-2022 Consolidated Business Result

Michiharu Takii

Representative Director,
Vice Chairman,
Chief Financial Officer

SUMCO CORPORATION

1Q-2022 Results
May 12, 2022

19

4-1. Summary of Consolidated Business Result

(Billions of Yen)

	1Q-2021 Actual	4Q-2021 Actual	1Q-2022 Actual	Change	
				YoY	QoQ
Net sales	75.9	91.2	100.4	+24.5	+9.2
Operating income	9.3	15.0	23.4	+14.1	+8.4
Non-operating income and expenses	0.1	1.0	0.3	+0.2	(0.7)
Ordinary income	9.4	16.0	23.7	+14.3	+7.7
Extraordinary income and expenses	-	-	-	-	-
Income taxes	(1.3)	(0.9)	(6.2)	(4.9)	(5.3)
Net income attributable to non-controlling interests	(0.8)	(0.9)	(2.3)	(1.5)	(1.4)
Net income attributable to owners of the parent	7.3	14.2	15.2	+7.9	+1.0
Capital expenditure (Acceptance basis)	11.2	20.8	16.5	+5.3	(4.3)
Depreciation	11.0	15.0	13.3	+2.3	(1.7)
EBITDA ^(*1)	20.8	30.3	36.8	+16.0	+6.5
Exchange rate (Yen/US\$) ^(*2)	104.8	113.2	115.3	+10.5	+2.1
Operating margin (%)	12.3%	16.5%	23.3%	+11.0%	+6.8%
EBITDA margin (%)	27.4%	33.2%	36.7%	+9.3%	+3.5%
ROE (%)	9.3%	13.9%	12.6%	+3.3%	(1.3%)
Net income per share (Yen)	25.35	41.71	43.42	+18.07	+1.71

*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 1.3 billion yen per year.

SUMCO CORPORATION

1Q-2022 Results
May 12, 2022

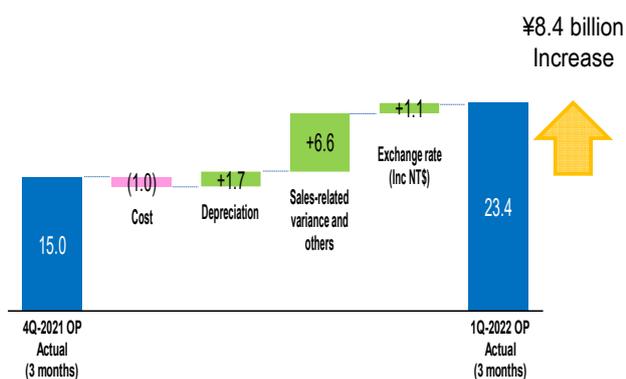
20

4-2. Analysis of Changes in Operating Income



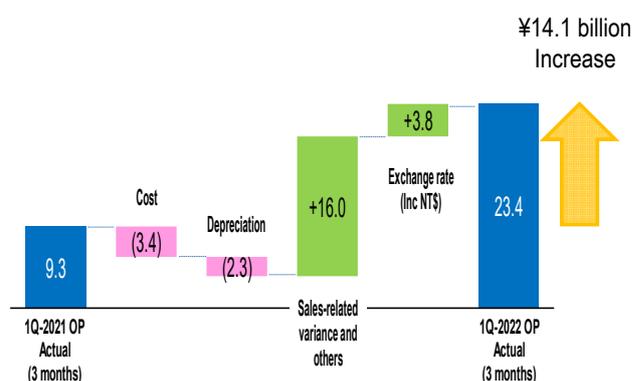
1. 4Q-2021 Actual → 1Q-2022 Actual

	4Q-2021 Actual	1Q-2022 Actual	Change
Net Sales	91.2	100.4	+9.2
Operating Income	15.0	23.4	+8.4
Exchange Rate (Yen/US\$)	113.2	115.3	+2.1



2. 1Q-2021 Actual → 1Q-2022 Actual

	1Q-2021 Actual	1Q-2022 Actual	Change
Net Sales	75.9	100.4	+24.5
Operating Income	9.3	23.4	+14.1
Exchange Rate (Yen/US\$)	104.8	115.3	+10.5



4-3. Balance Sheet and Cash-Flow(Consolidated)



1. Consolidated Balance Sheet

	End of Dec-2021	End of Mar-2022	Change
Cash and time deposits	224.6	243.4	+18.8
Notes and accounts receivable	75.8	79.6	+3.8
Finished products and WIP	39.8	40.4	+0.6
Raw materials and supplies	134.9	132.9	(2.0)
Tangible and intangible assets	235.1	240.0	+4.9
Deferred income tax assets	12.5	11.1	(1.4)
Other assets	42.1	40.7	(1.4)
Total Assets	764.8	788.1	+23.3
Debt and borrowings	141.0	141.1	+0.1
Other liabilities	101.0	110.1	+9.1
Liabilities	242.0	251.2	+9.2
Capital stock	199.0	199.0	-
Capital surplus	85.2	85.2	-
Retained earnings	185.0	191.8	+6.8
Non-controlling interests etc.	53.6	60.9	+7.3
Equity	522.8	536.9	+14.1
Shareholders' equity ratio	62.3%	61.7%	(0.6%)
Equity per share (Yen)	1,359.8	1,389.5	+29.7
D/E ratio (gross)	0.30x	0.29x	(0.01)x
D/E ratio (net)	(0.18)x	(0.21)x	(0.03)x

2. Consolidated Cash-Flow

	1Q-2022 (3 months)
Income before income taxes	23.7
Depreciation	13.3
Subtotal	37.0
Decrease in inventories	2.7
Changes in working capital, etc.	0.3
Net cash provided by operating activities	40.0
Capital expenditure (Acceptance basis)	(16.5)
Others, net	1.1
Net cash used in investing activities	(15.4)
Free cash-flow	24.6
Cash flow from financing activities, etc.	
Dividends paid	(8.4)
Repayments of debt	(0.1)
Foreign currency translation adjustments and others	2.7
Net increase in cash and time deposits	18.8

2Q-2022 Consolidated Business Forecast

5-1. 2Q-2022 Consolidated Business Forecast

(Billions of Yen)

	2Q-2021 Actual (6 months)	2Q-2022 Forecast			Change
		1Q ACT (3 months)	2Q FCST (3 months)	Total (6 months)	
Net sales	157.7	100.4	104.0	204.4	+46.7
Operating income	21.7	23.4	23.5	46.9	+25.2
Non-operating income and expenses	(0.8)	0.3	(0.5)	(0.2)	+0.6
Ordinary income	20.9	23.7	23.0	46.7	+25.8
Extraordinary income and expenses	-	-	-	-	-
Income taxes	(3.2)	(6.2)	(7.0)	(13.2)	(10.0)
Net income attributable to non-controlling interests	(1.4)	(2.3)	(2.0)	(4.3)	(2.9)
Net income attributable to owners of the parent	16.3	15.2	14.0	29.2	+12.9
Exchange rate (Yen/US\$) (*1)	107.4	115.3	126.0	120.7	+13.3
Operating margin (%)	13.8%	23.3%	22.6%	22.9%	+9.1%
EBITDA margin (%)	28.9%	36.7%	36.6%	36.6%	+7.7%
ROE (%)	10.1%	12.6%	11.3%	12.0%	+1.9%
Net income per share (Yen)	56.36	43.42	39.97	83.39	+27.03

*1. If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.3 billion yen per year.

5-2. Analysis of Changes in Operating Income

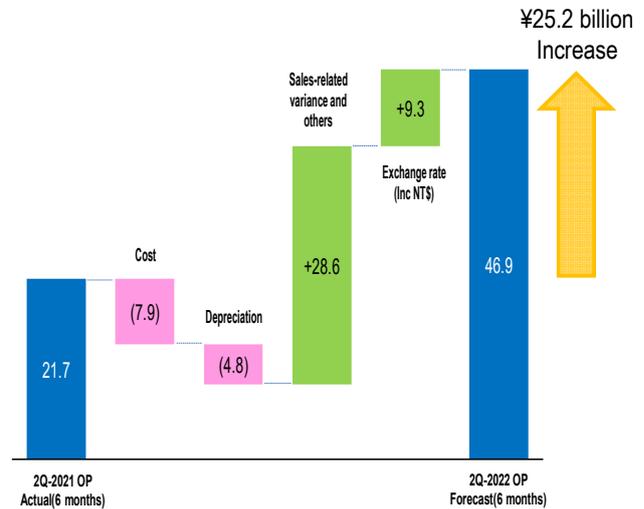
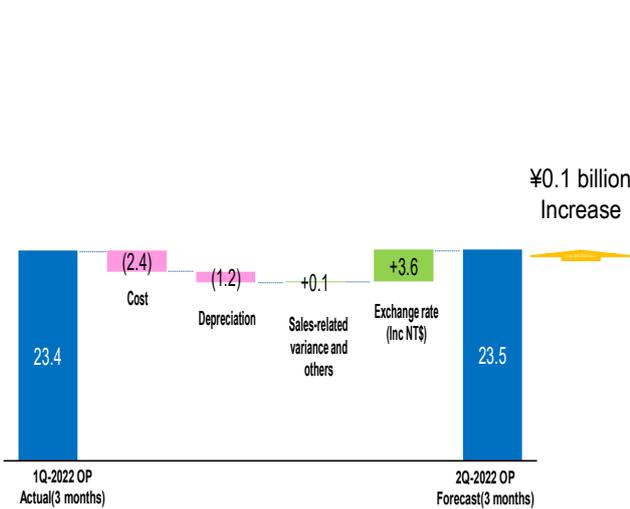


1. 1Q-2022 Actual → 2Q-2022 Forecast

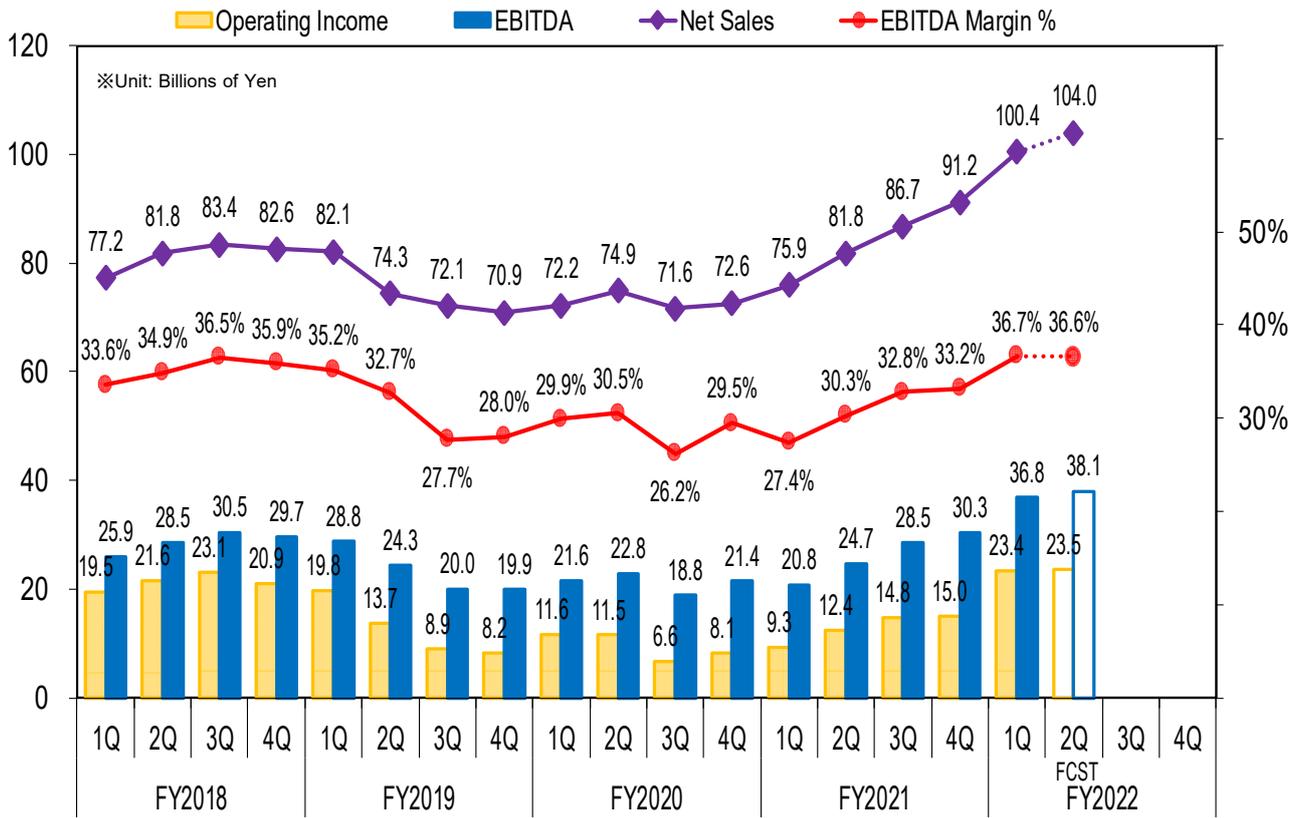
	1Q-2022 Actual	2Q-2022 Forecast	Change
Net Sales	100.4	104.0	+3.6
Operating Income	23.4	23.5	+0.1
Exchange Rate (Yen/US\$)	115.3	126.0	+10.7

2. 2Q-2021 Actual (6 months) → 2Q-2022 Forecast (6 months)

	2Q-2021 ACT (6 months)	2Q-2022 FCST (6 months)	Change
Net Sales	157.7	204.4	+46.7
Operating Income	21.7	46.9	+25.2
Exchange Rate (Yen/US\$)	107.4	120.7	+13.3



Reference Materials



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