

Results for First Quarter of FY2019 (Ended March 31, 2019)

May 8, 2019
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-2019 Consolidated Business Result

(Billions of Yen)

	1Q-2019 Forecast	1Q-2019 Actual	Change
Net Sales	85.0	82.1	(2.9)
Operating Income	19.0	19.8	+0.8
Ordinary Income	18.0	19.0	+1.0
Net Income (Note)	13.0	13.1	+0.1
Exchange Rate (Yen/US\$)	110.0	110.3	+0.3

2Q-2019 Consolidated Business Forecast

(Billions of Yen)

	1Q-2019 Actual	2Q-2019 Forecast	Change
Net Sales	82.1	76.0	(6.1)
Operating Income	19.8	14.5	(5.3)
Ordinary Income	19.0	14.0	(5.0)
Net Income (Note)	13.1	10.5	(2.6)
Exchange Rate (Yen/US\$)	110.3	111.0	+0.7

(Note) Net income attributable to owners of the parent

1-2. Dividend

		FY2015 (Dec-2015)	FY2016 (Dec-2016)	FY2017 (Dec-2017)	FY2018 (Dec-2018)	FY2019 (Dec-2019)
Dividends per share for common stocks (Yen)	Interim	10.0	5.0	10.0	30.0	(FCST) 25.0
	Year-end	10.0	5.0	18.0	32.0	(Note 1) -
	Total	20.0	10.0	28.0	62.0	(Note 1) -
Dividends payment (Billions of Yen)	Interim	2.9	1.4	2.9	8.7	(FCST) 7.3
	Year-end	2.9	1.4	5.2	9.3	(Note 1) -
	Total	5.8	2.9	8.2	18.1	(Note 1) -
Dividend ratio	(%)	28.5%	44.5%	30.4%	31.0%	(Note 2) 31.1%

(Note 1) Year-end dividend for FY2019 is not determined.

(Note 2) Dividend ratio for FY2019 is calculated by interim dividend basis.

2-1. Market Environment

1Q-2019

- ✓ Volume
 - Slight decline in spot sales of 300 mm wafers
 - 200 mm wafer demand steady for automotive, softer for industrial and consumer
- ✓ Pricing
 - Prices trended in line with forecasts

2Q-2019 Forecast

- ✓ Volume
 - Correction phase to begin for 300 mm wafers with rise in customer inventories
 - 200 mm demand for automotive steady for self-driving and EV, sluggish for internal combustion vehicles; correction phase for industrial and consumer
- ✓ Pricing
 - Long-term agreement prices to hold steady; requests for price reductions of some non-long-term contracts, but will give priority to price over volume

Outlook

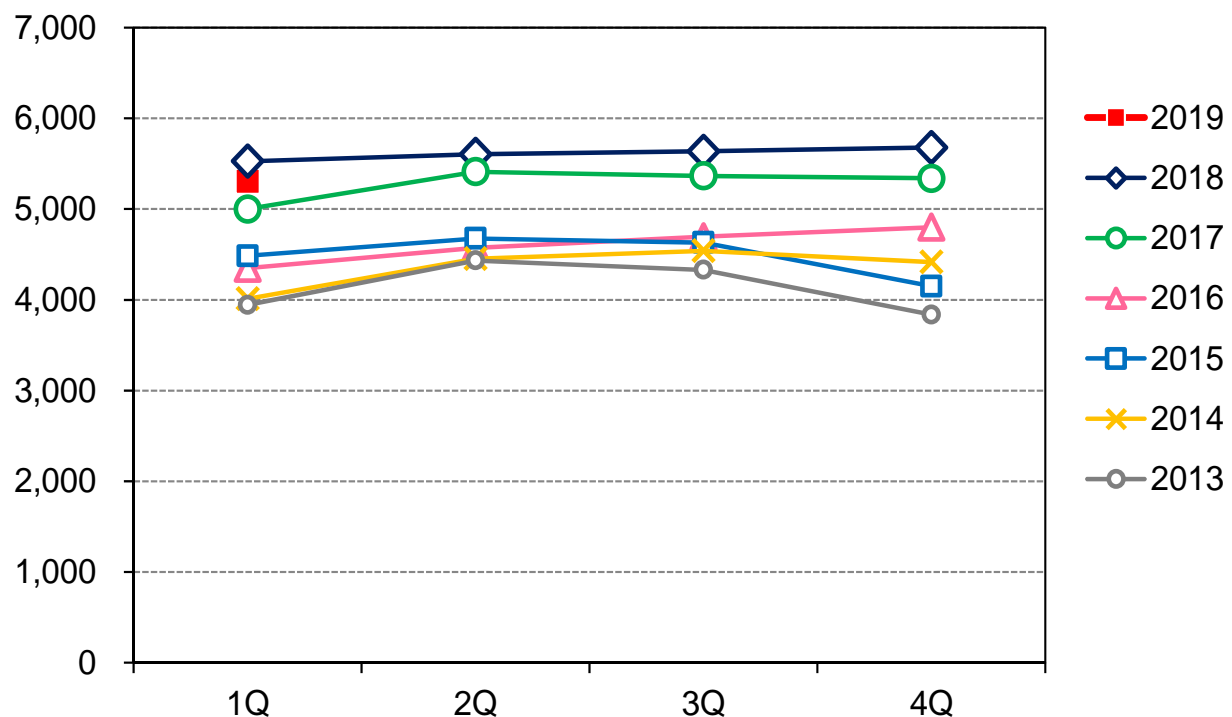
- ✓ Demand expected to begin recovering from 2H into next year
- ✓ Stable wafer demand growth to continue in the medium term due to greater volume of data handled, creation of demand in AI and 5G, and increased demand for automotive with advance of self-driving

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3-1. 200mm Wafer Trend

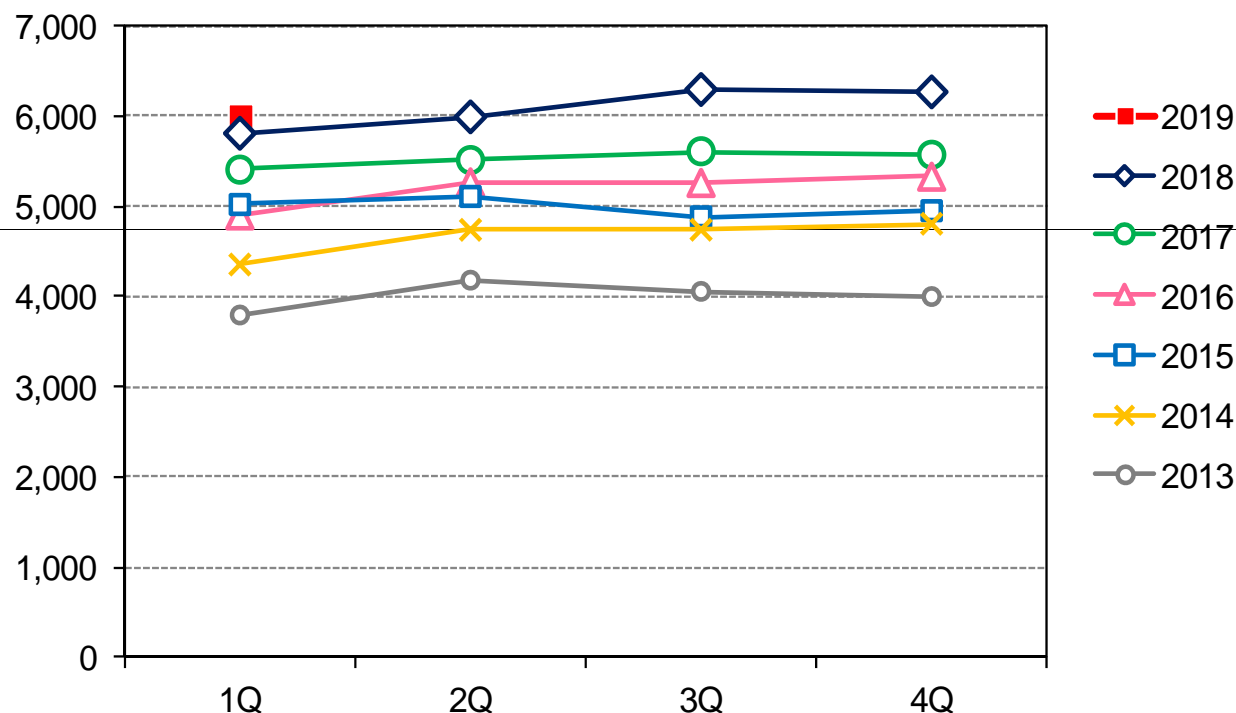
(K wafers/Month)



(Source : SUMCO estimation)

3-2. 300mm Wafer Trend

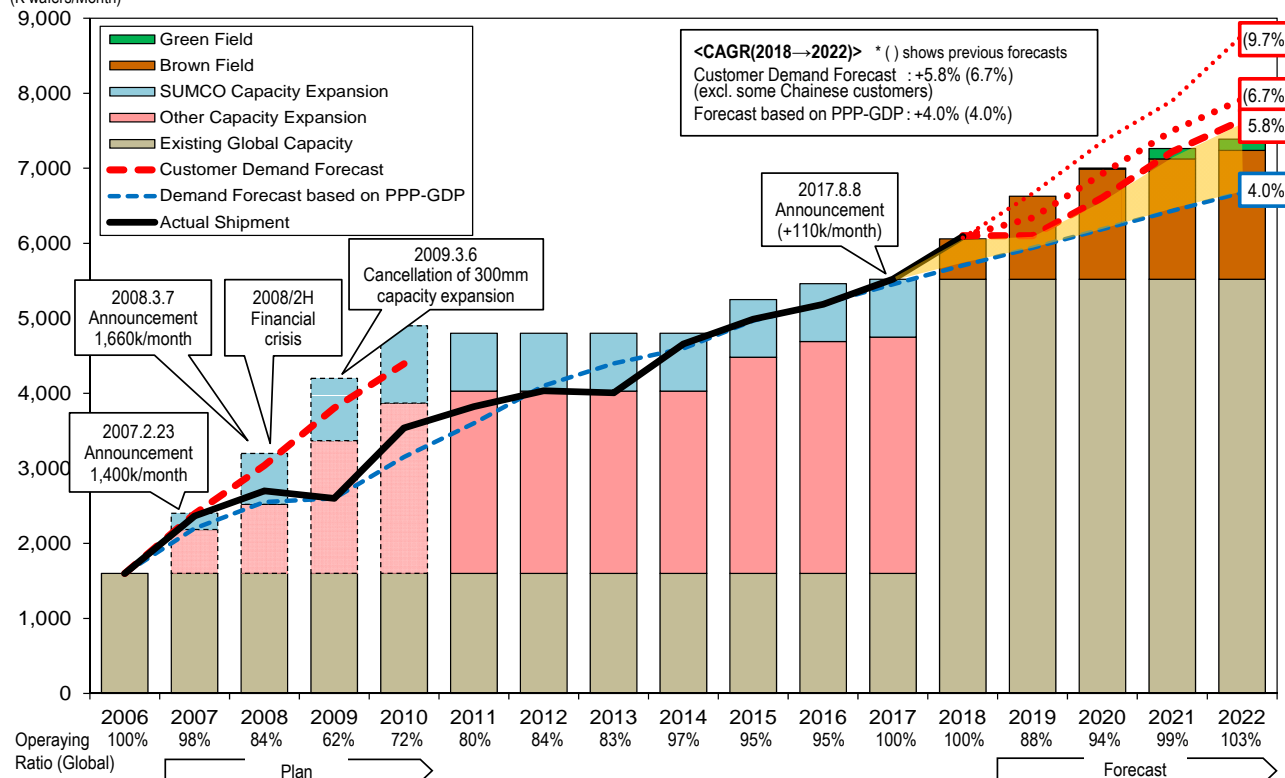
(K wafers/Month)



(Source : SUMCO estimation)

3-3. 300mm Wafer Global Capacity and Demand

(K wafers/Month)



(Source : SUMCO estimation)

1Q-2019

Consolidated Business Result

Michiharu Takii

Representative Director,
Vice Chairman

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4-1. Summary of Consolidated Business Result



	1Q-2018 Actual	4Q-2018 Actual	1Q-2019 Actual	(Billions of Yen) Change	
				YoY	QoQ
Net sales	77.2	82.6	82.1	+4.9	(0.5)
Operating income	19.5	20.9	19.8	+0.3	(1.1)
Non-operating income and expenses	(1.3)	(0.6)	(0.8)	+0.5	(0.2)
Ordinary income	18.2	20.3	19.0	+0.8	(1.3)
Extraordinary income and expenses	-	(10.0)	-	-	+10.0
Income taxes	(3.0)	8.6	(3.6)	(0.6)	(12.2)
Net income attributable to non-controlling interests	(2.5)	(3.0)	(2.3)	+0.2	+0.7
Net income attributable to owners of the parent	12.7	15.9	13.1	+0.4	(2.8)
Capital expenditure (Acceptance basis)	8.0	18.3	18.8	+10.8	+0.5
Depreciation	5.9	8.4	8.6	+2.7	+0.2
EBITDA (Note 1)	25.9	29.7	28.8	+2.9	(0.9)
Exchange rate (Yen/US\$) (Note 2)	109.7	113.4	110.3	+0.6	(3.1)
Operating margin (%)	25.3%	25.3%	24.1%	(1.2%)	(1.2%)
EBITDA margin (%)	33.6%	35.9%	35.2%	+1.6%	(0.7%)
ROE (%)	21.1%	22.9%	18.3%	(2.8%)	(4.6%)
Net income per share (Yen)	43.53	54.27	44.78	+1.25	(9.49)

(Note 1) EBITDA = Operating Income + Depreciation + Amortization of Goodwill

(Note 2) If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 0.9-1.0 billion yen per year.

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4-2. Analysis of Changes in Operating Income



■ 1Q-2018 Actual → 1Q-2019 Actual

(Billions of Yen)

	1Q-2018 Actual	1Q-2019 Actual	Change
Net Sales	77.2	82.1	+4.9
Operating Income	19.5	19.8	+0.3
Exchange Rate (Yen/US\$)	109.7	110.3	+0.6

【Analysis of Changes in Operating Income】



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4-3. Analysis of Changes in Operating Income

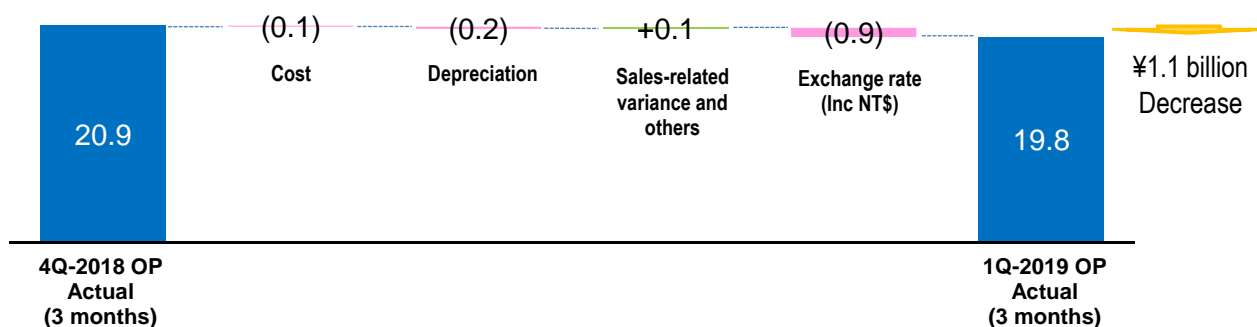


■ 4Q-2018 Actual → 1Q-2019 Actual

(Billions of Yen)

	4Q-2018 Actual	1Q-2019 Actual	Change
Net Sales	82.6	82.1	(0.5)
Operating Income	20.9	19.8	(1.1)
Exchange Rate (Yen/US\$)	113.4	110.3	(3.1)

【Analysis of Changes in Operating Income】



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4-4. Consolidated Balance Sheet



(Billions of Yen)

	End of Dec-2018	End of Mar-2019	Change
Cash and time deposits	78.9	71.6	(7.3)
Finished products and WIP	34.4	35.5	+1.1
Raw materials and supplies	153.1	153.0	(0.1)
Tangible and intangible assets	191.1	201.2	+10.1
Deferred income tax assets	15.1	14.1	(1.0)
Other assets	115.6	117.4	+1.8
Total Assets	588.2	592.8	+4.6
Debt and borrowings	153.3	153.0	(0.3)
Other liabilities	109.4	107.4	(2.0)
Liabilities	262.7	260.4	(2.3)
Capital stock	138.7	138.7	-
Capital surplus	30.7	30.7	-
Retained earnings	117.7	121.5	+3.8
Others	38.4	41.5	+3.1
Equity	325.5	332.4	+6.9
Shareholders' equity ratio	48.4%	48.9%	+0.5%
Equity per share (Yen)	971.8	987.7	+15.9
D/E ratio (gross)	0.54x	0.53x	(0.01)x
D/E ratio (net)	0.26x	0.28x	0.02x

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4-5. Consolidated Cash-Flow



(Billions of Yen)

	1Q-2019 Actual
Income before income taxes	19.0
Depreciation	8.6
Subtotal	27.6
Increase in inventories	(0.4)
Cancellation Fee	(10.0)
Changes in working capital, etc.	(2.7)
Net cash provided by operating activities	14.5
Capital expenditure (Acceptance basis)	(18.8)
Others, net	3.7
Net cash used in investing activities	(15.1)
Free cash-flow	(0.6)

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2Q-2019 Consolidated Business Forecast

5-1. 2Q-2019 Consolidated Business Forecast

(Billions of Yen)					
	2Q-2018 Actual (6 months)	2Q-2019 Forecast			Change
		1Q ACT	2Q FCST	Total (6 months)	
Net sales	159.0	82.1	76.0	158.1	(0.9)
Operating income	41.1	19.8	14.5	34.3	(6.8)
Non-operating income and expenses	(1.1)	(0.8)	(0.5)	(1.3)	(0.2)
Ordinary income	40.0	19.0	14.0	33.0	(7.0)
Extraordinary income and expenses	-	-	1.0	1.0	+1.0
Income taxes	(6.1)	(3.6)	(3.0)	(6.6)	(0.5)
Net income attributable to non-controlling interests	(5.8)	(2.3)	(1.5)	(3.8)	+2.0
Net income attributable to owners of the parent	28.1	13.1	10.5	23.6	(4.5)
Exchange rate (Yen/US\$) (Note)	108.9	110.3	111.0	110.6	+1.7
Operating margin (%)	25.9%	24.1%	19.1%	21.7%	(4.2%)
ROE (%)	22.4%	18.3%	14.2%	16.1%	(6.3%)
Net income per share (Yen)	95.99	44.78	35.69	80.47	(15.52)

(Note) If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 0.9-1.0 billion yen per year.

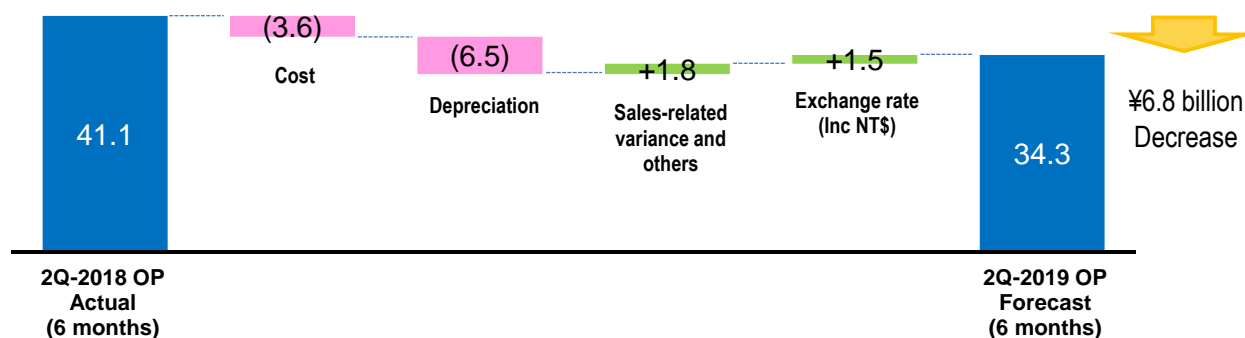
5-2. Analysis of Changes in Operating Income

■ 2Q-2018 Actual → 2Q-2019 Forecast

(Billions of Yen)

	2Q-2018 ACT (6 months)	2Q-2019 FCST (6 months)	Change
Net Sales	159.0	158.1	(0.9)
Operating Income	41.1	34.3	(6.8)
Exchange Rate (Yen/US\$)	108.9	110.6	+1.7

【Analysis of Changes in Operating Income】



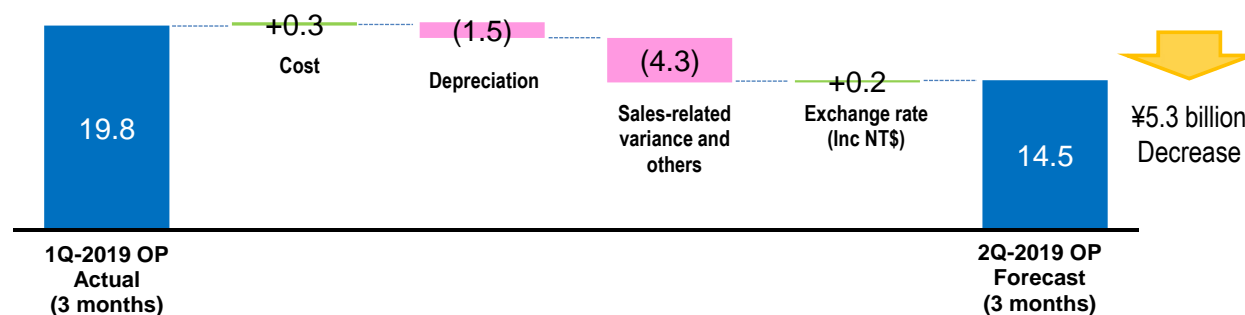
5-3. Analysis of Changes in Operating Income

■ 1Q-2019 Actual → 2Q-2019 Forecast

(Billions of Yen)

	1Q-2019 Actual	2Q-2019 Forecast	Change
Net Sales	82.1	76.0	(6.1)
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【Analysis of Changes in Operating Income】



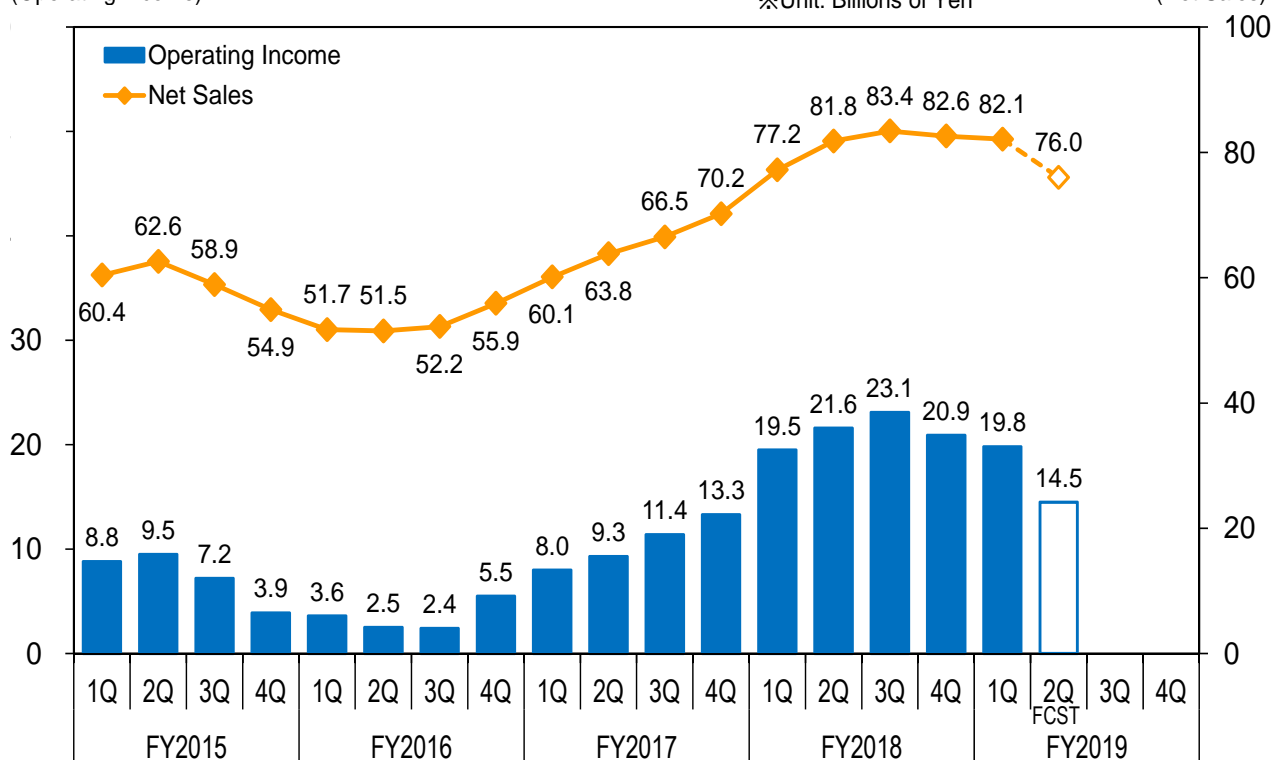
Reference Materials

Reference Materials: Quarterly Trend

(Operating Income)

※Unit: Billions of Yen

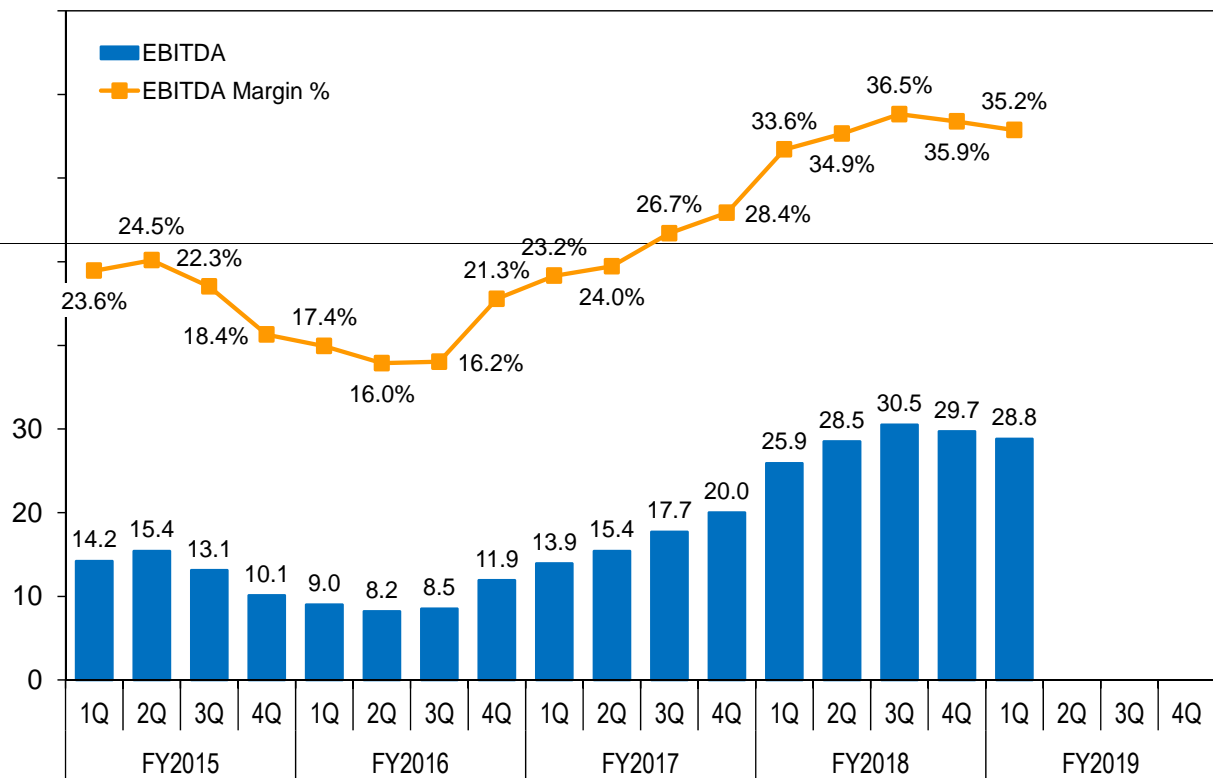
(Net Sales)



Reference Materials: EBITDA



(Billions of Yen)



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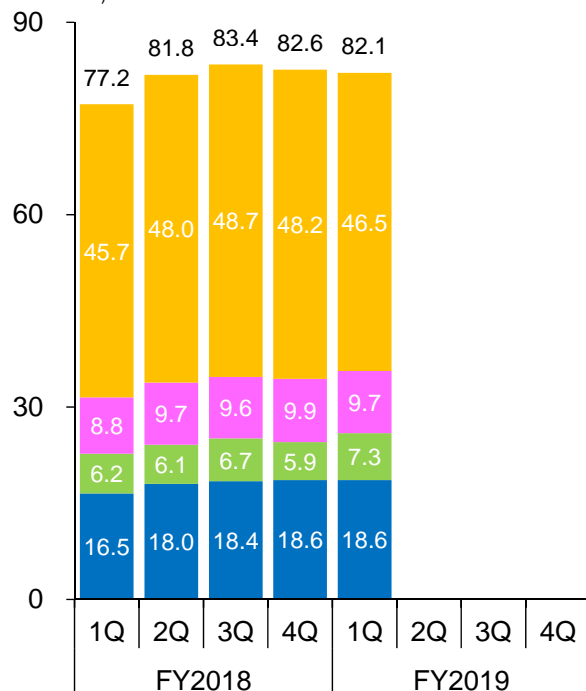
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Reference Materials: Sales Results



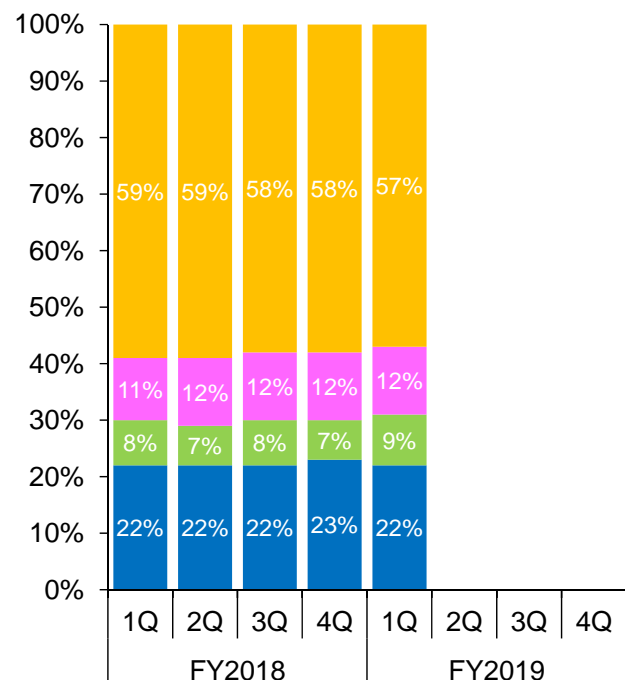
Changes in Sales

Asia North America Europe, etc. Japan



Sales by Region

Asia North America Europe, etc. Japan



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