

Results for Second Quarter of FY2021 (Ended June 30, 2021)

August 5, 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

2Q-2021 Consolidated Business Result

(Billions of Yen)

	2Q-2021 Forecast	2Q-2021 Actual	Change
Net Sales	81.0	81.8	+0.8
Operating Income	11.5	12.4	+0.9
Ordinary Income	11.0	11.5	+0.5
Net Income (Note)	8.0	9.0	+1.0
Exchange Rate (Yen/US\$)	109.0	109.8	+0.8

3Q-2021 Consolidated Business Forecast

(Billions of Yen)

	2Q-2021 Actual	3Q-2021 Forecast	Change
Net Sales	81.8	86.0	+4.2
Operating Income	12.4	12.5	+0.1
Ordinary Income	11.5	12.0	+0.5
Net Income (Note)	9.0	9.0	+0.0
Exchange Rate (Yen/US\$)	109.8	110.0	+0.2

(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	17
	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	4.9
	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%	(*) 30.2%
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. Dividend ratio for FY2021 is calculated by Interim dividend basis.

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

2Q-2021

- ✓ Volume - Demand for 300 mm wafers for logic grew further, increasing tightness; for memory, NAND followed DRAM into recovery
 - Due to strong demand for 200 mm and smaller wafers for automotive, consumer, and industrial, supply fell short even after boosting production with additional personnel
- ✓ Pricing - Long-term contract prices held firm, while rises in spot prices have started to be accepted by some customers

3Q-2021 Forecast

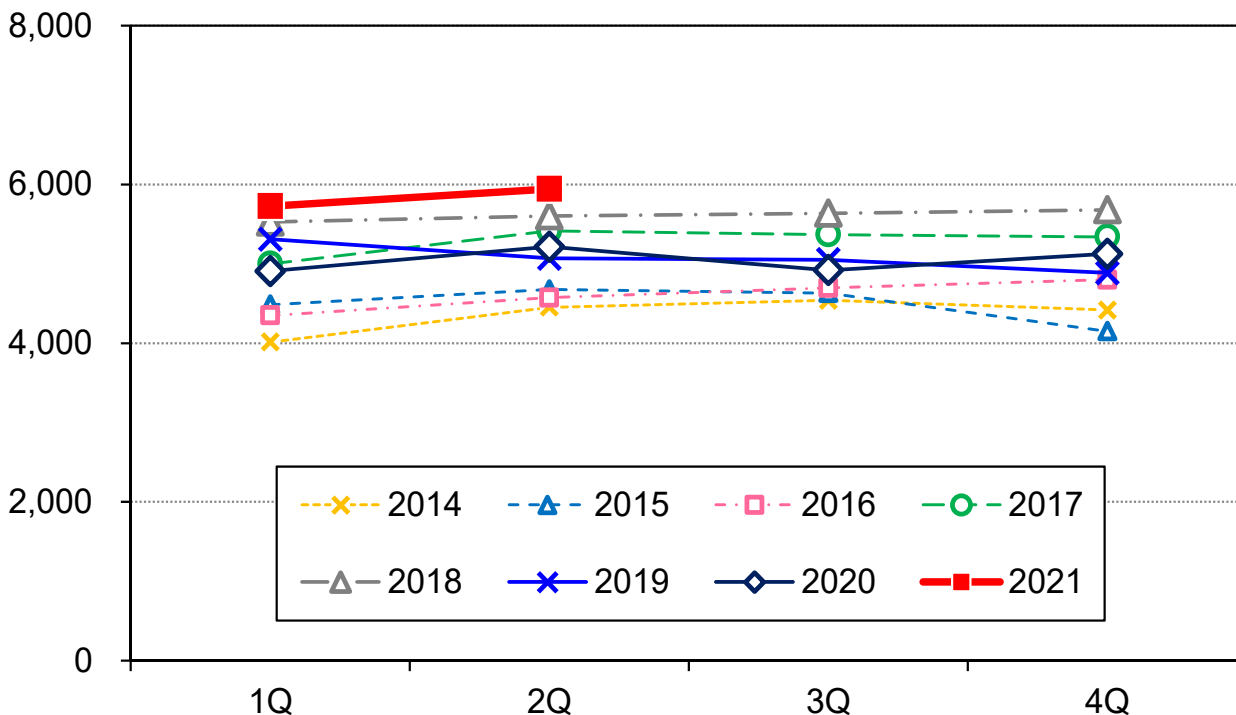
- ✓ Volume - Further supply and demand tightness for 300 mm wafers expected due to growing demand for memory in addition to ongoing logic demand
 - Demand for 200 mm and smaller wafers should continue strong, such that supply will not be able to keep up with demand even after boosting production with additional personnel
- ✓ Pricing - Aside from long-term agreement prices, rises in spot prices for both 300 mm and 200 mm wafers are taking hold

Outlook

- ✓ Strong demand for 300 mm wafers will continue, driven by 5G, smartphone, data center, and other needs. We have begun studies and negotiations on Green Field Investment; until Green Field Investment is launched and new production capacity is added, the supply and demand situation is expected to become increasingly tighter
- ✓ Strong demand for 200 mm wafers will also continue; supply and demand tightness is forecast to continue even after boosting production with additional personnel

2-2. 200mm Wafer Trend

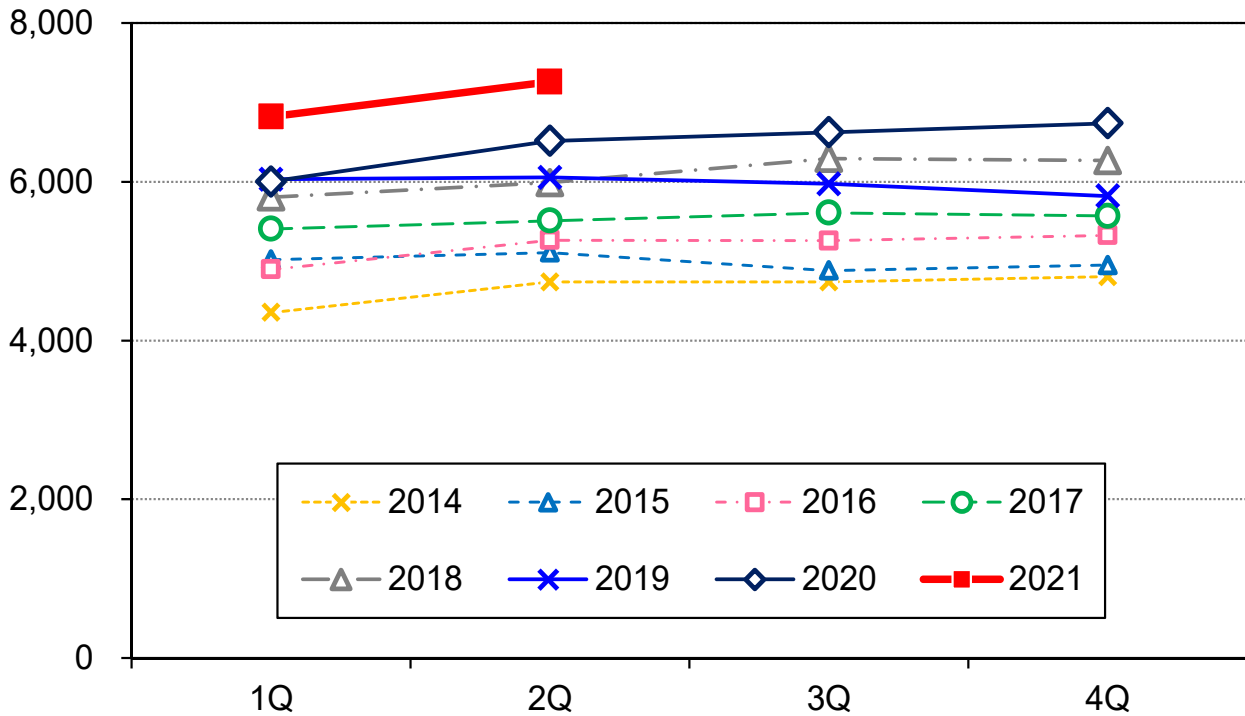
(K wafres/month)



(Source : SUMCO estimation)

2-3. 300mm Wafer Trend

(K wafers/month)

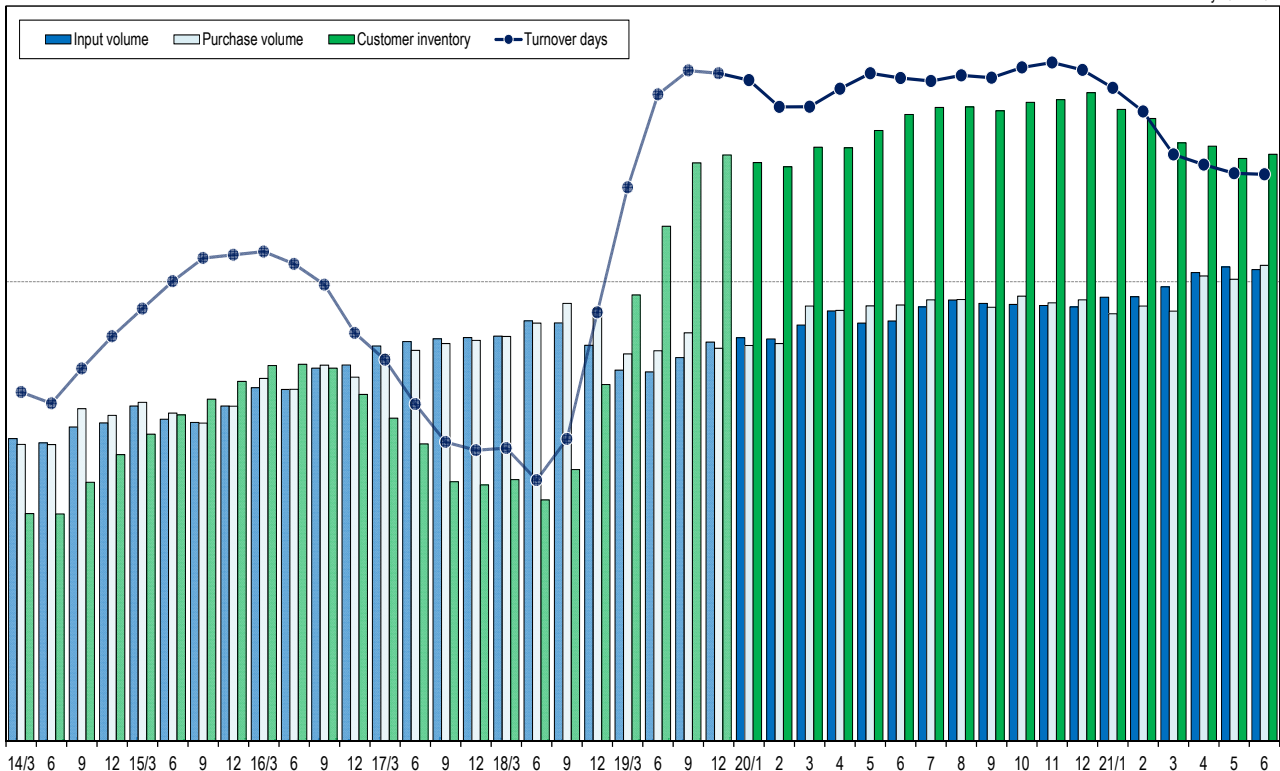


(Source: SUMCO estimation)

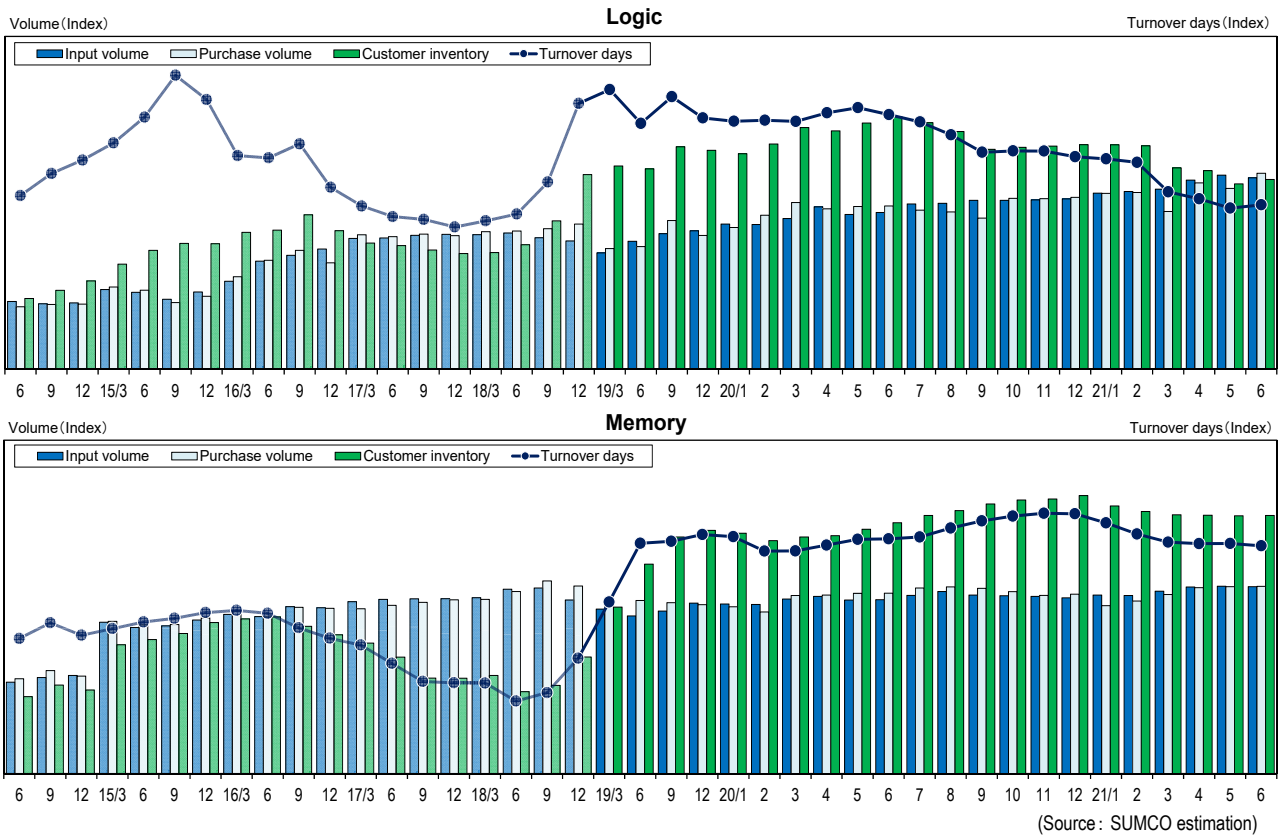
2-4. Customer 300mm Wafer Inventory Trend

Volume (Index)

Turnover days (Index)



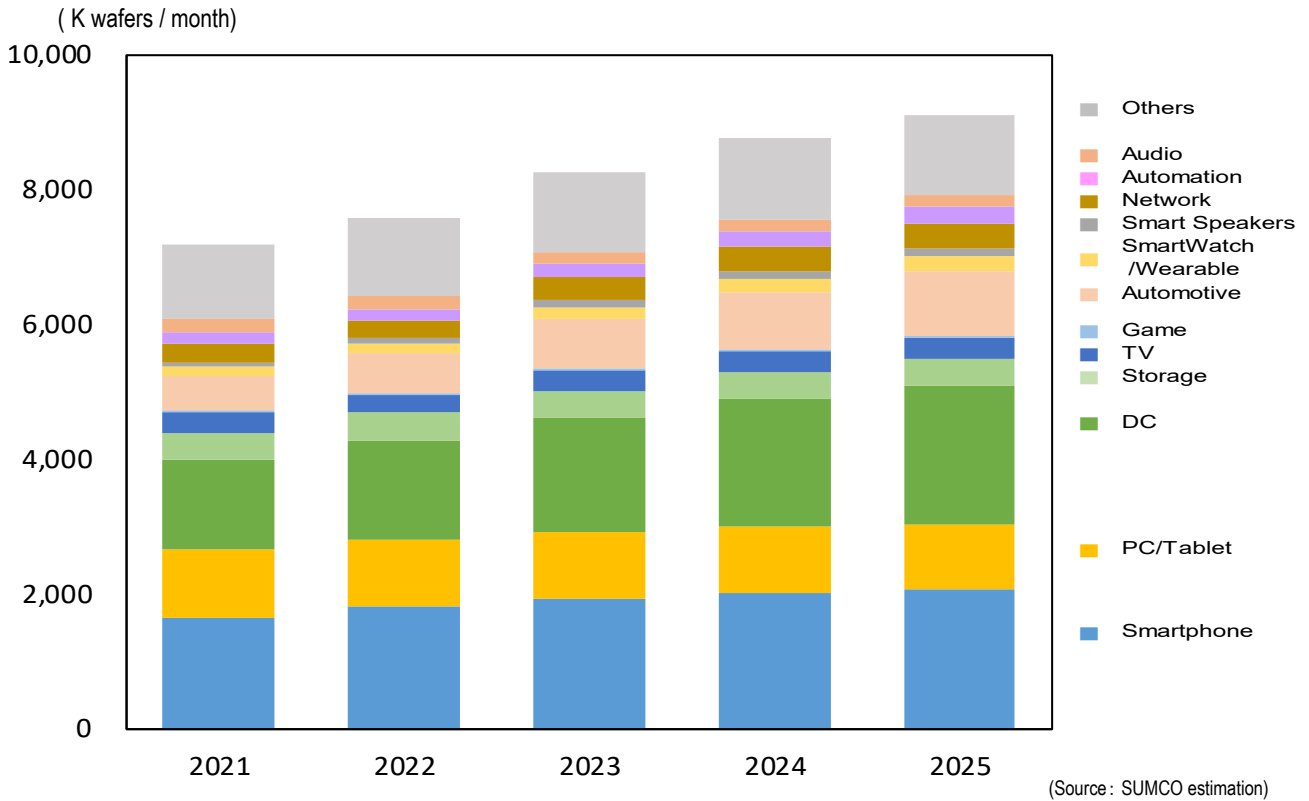
(Source: SUMCO estimation)



300 mm Wafer Demand Forecast

- 300 mm Wafer Demand Forecast by Application
- Expansion of Global Data Volume and Growth of Epi Wafer
- 300mm Epi Wafer Demand Forecast

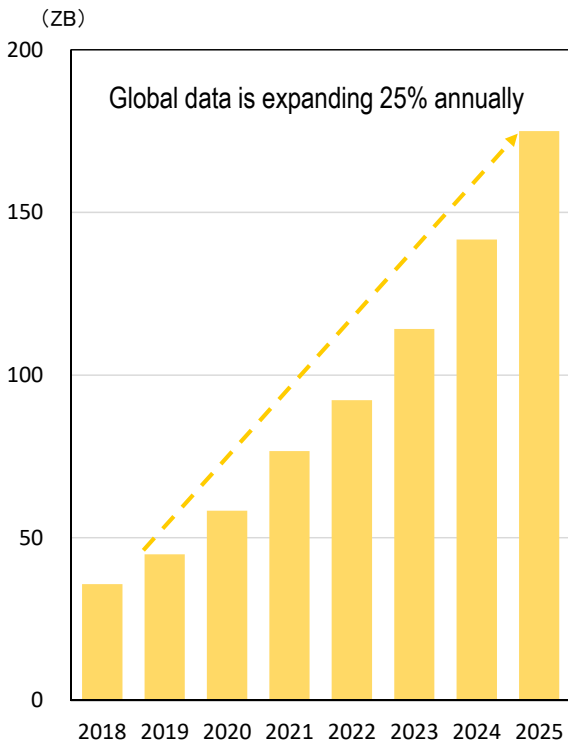
3-1. 300 mm Wafer Demand Forecast by Application



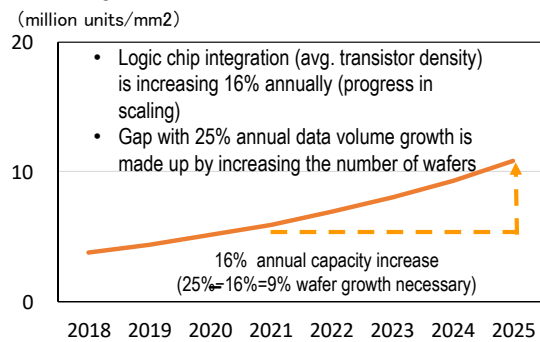
3-2. Expansion of Global Data Volume and Growth of Epi Wafer



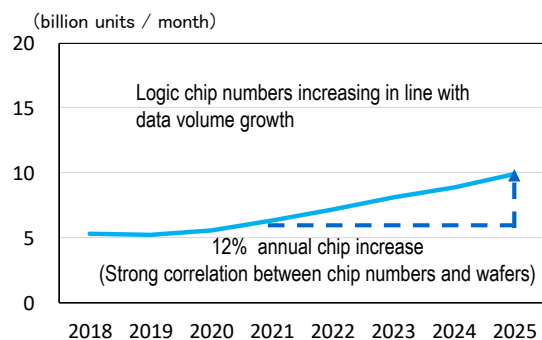
1. Forecast of Global Data Expansion



2. Logic Chip Performance Improvement Speed

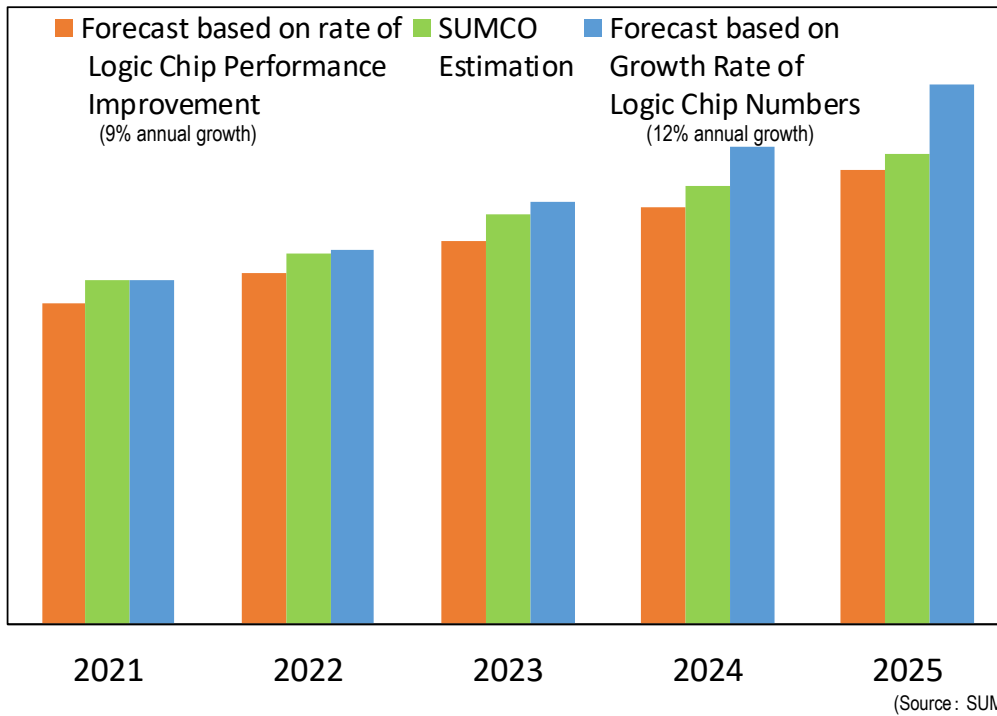


3. Increase in the Number of Logic Chips for 300 mm



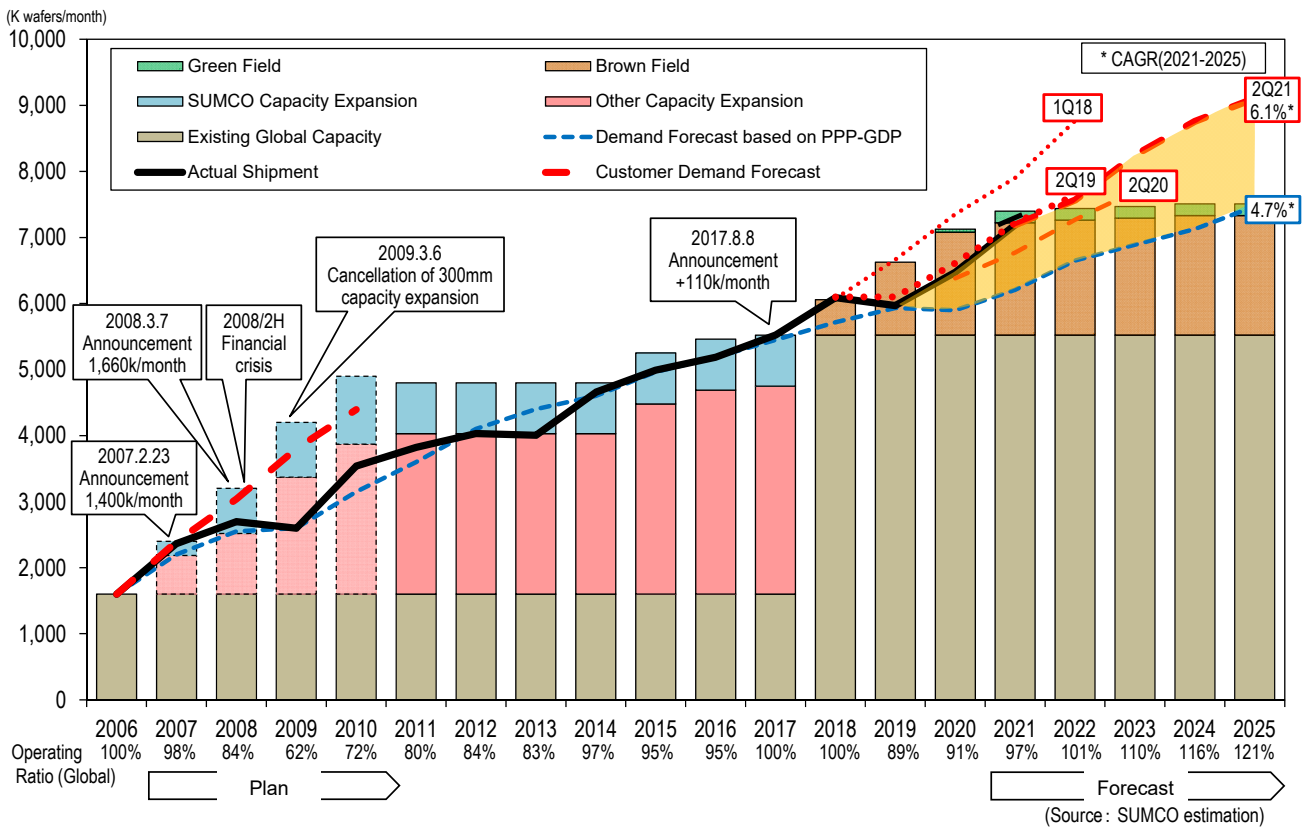
(Source : SUMCO estimation)

(K wafers / month)



300 mm wafer Global Capacity and Demand Forecast

4. 300 mm Wafer Global Capacity and Demand FCST



2Q-2021 Consolidated Business Result

Michiharu Takii
Representative Director,
Vice Chairman,
Chief Financial Officer

5-1. Summary of Consolidated Business Result



(Billions of Yen)

	2Q-2020 (6 months)	2Q-2021 Actual (6 months)			Change
		1Q	2Q	Total	
Net sales	147.1	75.9	81.8	157.7	+10.6
Operating income	23.1	9.3	12.4	21.7	(1.4)
Non-operating income and expenses	(0.5)	0.1	(0.9)	(0.8)	(0.3)
Ordinary income	22.6	9.4	11.5	20.9	(1.7)
Extraordinary income and expenses	-	-	-	-	-
Income taxes	(4.0)	(1.3)	(1.9)	(3.2)	+0.8
Net income attributable to non-controlling interests	(1.8)	(0.8)	(0.6)	(1.4)	+0.4
Net income attributable to owners of the parent	16.8	7.3	9.0	16.3	(0.5)
Capital expenditure (Acceptance basis)	31.6	11.2	14.8	26.0	(5.6)
Depreciation	20.4	11.0	12.0	23.0	+2.6
EBITDA (*1)	44.4	20.8	24.7	45.5	+1.1
Exchange rate (Yen/US\$) (*2)	108.5	104.8	109.8	107.4	(1.1)
Operating margin (%)	15.7%	12.3%	15.1%	13.8%	(1.9%)
EBITDA margin (%)	30.2%	27.4%	30.3%	28.9%	(1.3%)
ROE (%)	10.9%	9.3%	11.0%	10.1%	(0.8%)
Net income per share (Yen)	57.62	25.35	31.01	56.36	(1.26)

*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.

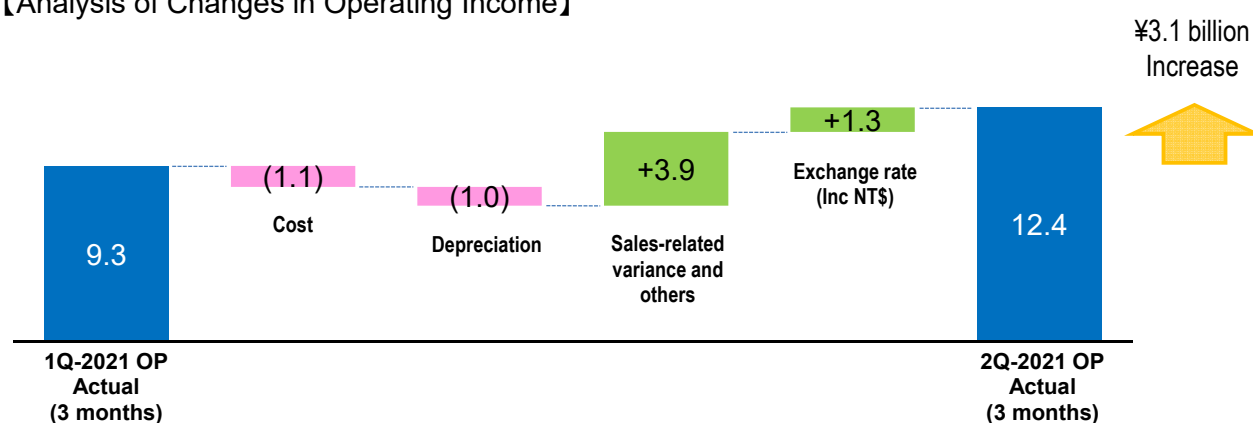
5-2. Analysis of Changes in Operating Income



■ 1Q-2021 Actual → 2Q-2021 Actual

	1Q-2021 Actual	2Q-2021 Actual	Change
Net Sales	75.9	81.8	+5.9
Operating Income	9.3	12.4	+3.1
Exchange Rate (Yen/US\$)	104.8	109.8	+5.0

【Analysis of Changes in Operating Income】



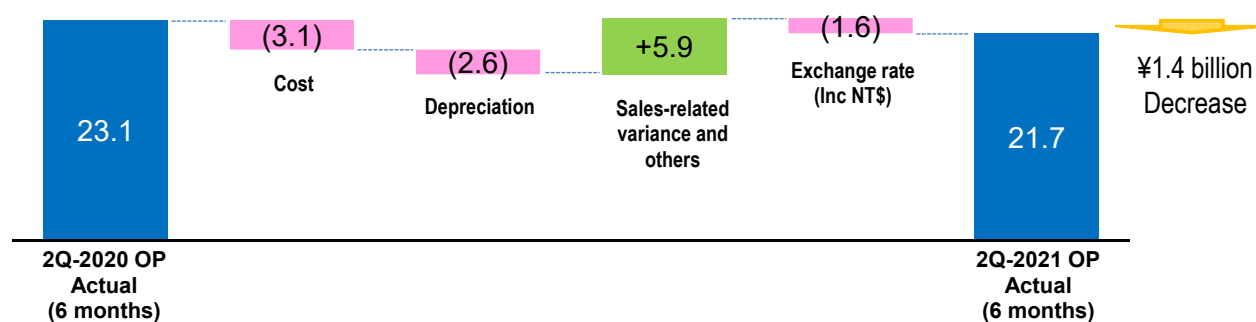
5-3. Analysis of Changes in Operating Income



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

	(Billions of Yen)		
	2Q-2020 ACT (6 months)	2Q-2021 ACT (6 months)	Change
Net Sales	147.1	157.7	+10.6
Operating Income	23.1	21.7	(1.4)
Exchange Rate (Yen/US\$)	108.5	107.4	(1.1)

【Analysis of Changes in Operating Income】



5-4. Consolidated Balance Sheet



	(Billions of Yen)		
	End of Dec-2020	End of Jun-2021	Change
Cash and time deposits	82.9	95.5	+12.6
Notes and accounts receivable	60.4	65.6	+5.2
Finished products and WIP	38.3	37.6	(0.7)
Raw materials and supplies	142.1	138.2	(3.9)
Tangible and intangible assets	214.1	218.6	+4.5
Deferred income tax assets	10.4	11.1	+0.7
Other assets	45.2	43.3	(1.9)
Total Assets	593.4	609.9	+16.5
Debt and borrowings	149.8	145.3	(4.5)
Other liabilities	88.6	90.7	+2.1
Liabilities	238.4	236.0	(2.4)
Capital stock	138.7	138.7	-
Capital surplus	27.4	24.9	(2.5)
Retained earnings	151.5	165.2	+13.7
Others	37.4	45.1	+7.7
Equity	355.0	373.9	+18.9
Shareholders' equity ratio	53.1%	54.3%	+1.2%
Equity per share (Yen)	1,082.2	1,141.8	+59.6
D/E ratio (gross)	0.48x	0.44x	(0.04)x
D/E ratio (net)	0.21x	0.15x	(0.06)x

		(Billions of Yen)
		2Q-2021 (6 months)
	Income before income taxes	20.9
	Depreciation	23.0
	Subtotal	43.9
	Decrease in inventories	7.9
	Changes in working capital, etc.	(5.4)
	Net cash provided by operating activities	46.4
	Capital expenditure (Acceptance basis)	(26.0)
	Others, net	(5.6)
	Net cash used in investing activities	(31.6)
	Free cash-flow	14.8
Use of cash, etc.	Dividends paid & payments for purchases of treasury stock	(5.1)
	Repayments of debt	(4.5)
	Time deposit (more the 3 months) adjustments	4.0
	Foreign currency translation adjustments	3.4
	Net increase in cash and time deposits	12.6

3Q-2021 Consolidated Business Forecast

6-1. 2Q-2021 Consolidated Business Forecast

(Billions of Yen)

	3Q-2020 Actual (9 months)	3Q-2021 Forecast (9 months)				Change
		1Q ACT	2Q ACT	3Q FCST	Total	
Net sales	218.7	75.9	81.8	86.0	243.7	+25.0
Operating income	29.7	9.3	12.4	12.5	34.2	+4.5
Non-operating income and expenses	(1.2)	0.1	(0.9)	(0.5)	(1.3)	(0.1)
Ordinary income	28.5	9.4	11.5	12.0	32.9	+4.4
Extraordinary income and expenses	-	-	-	-	-	-
Income taxes	(5.9)	(1.3)	(1.9)	(2.0)	(5.2)	+0.7
Net income attributable to non-controlling interests	(2.4)	(0.8)	(0.6)	(1.0)	(2.4)	0.0
Net income attributable to owners of the parent	20.2	7.3	9.0	9.0	25.3	+5.1
Exchange rate (Yen/US\$) (*1)	107.7	104.8	109.8	110.0	108.3	+0.6
Operating margin (%)	13.6%	12.3%	15.1%	14.5%	14.0%	+0.4%
ROE (%)	8.8%	9.3%	11.0%	10.7%	10.4%	+1.6%
Net income per share (Yen)	69.29	25.35	31.01	30.76	87.12	+17.83

*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

■ 2Q-2021 Actual → 3Q-2021 Forecast

	2Q-2021 Actual	3Q-2021 Forecast	Change
Net Sales	81.8	86.0	+4.2
Operating Income	12.4	12.5	+0.1
Exchange Rate (Yen/US\$)	109.8	110.0	+0.2

【Analysis of Changes in Operating Income】



6-3. Analysis of Changes in Operating Income

■ 3Q-2020 Actual (9 months) → 3Q-2021 Forecast (9 months)

	(Billions of Yen)		
	3Q-2020 ACT (9 months)	3Q-2021 FCST (9 months)	Change
Net Sales	218.7	243.7	+25.0
Operating Income	29.7	34.2	+4.5
Exchange Rate (Yen/US\$)	107.7	108.3	+0.6

【Analysis of Changes in Operating Income】



Reference Materials

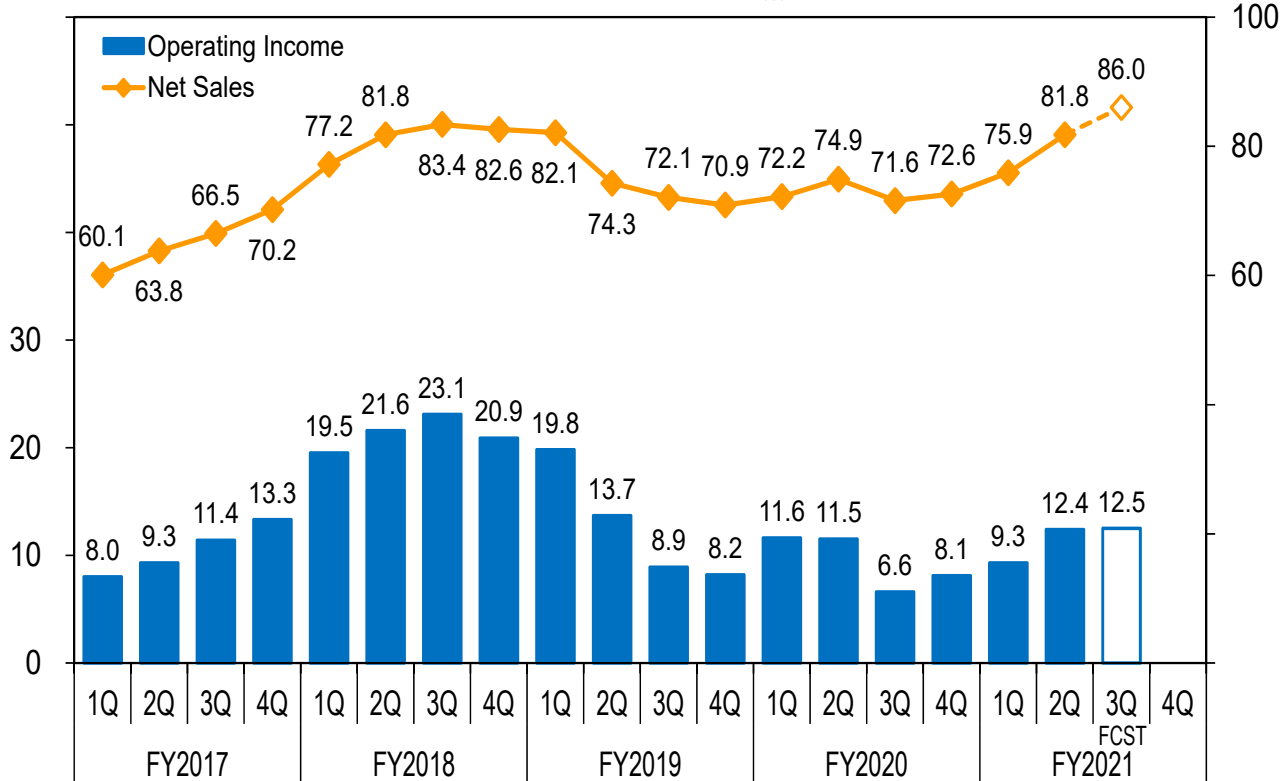
Reference Materials: Quarterly Trend



(Operating Income)

※Unit: Billions of Yen

(Net Sales)



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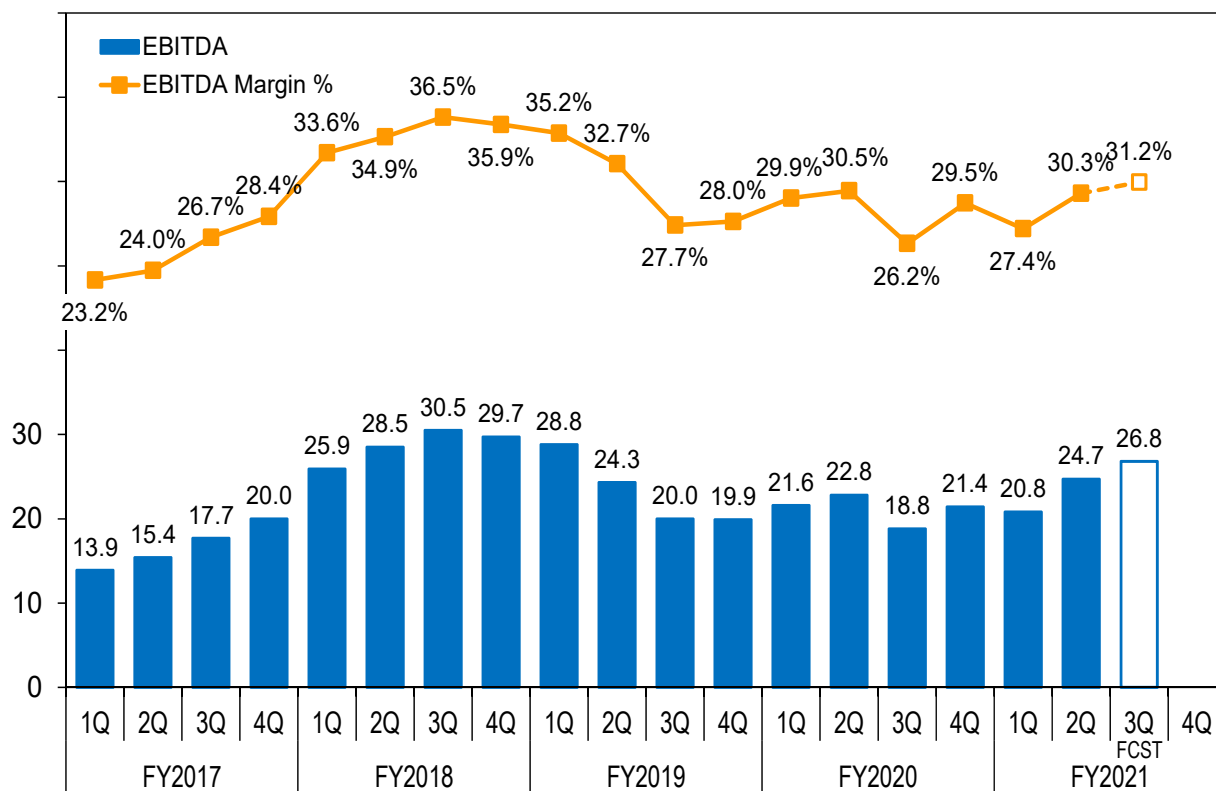
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Reference Materials: EBITDA



(Billions of Yen)

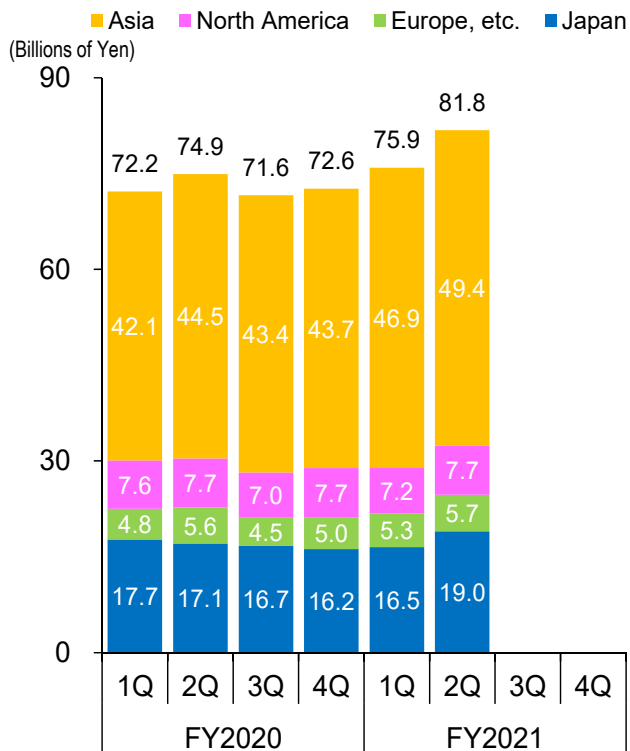


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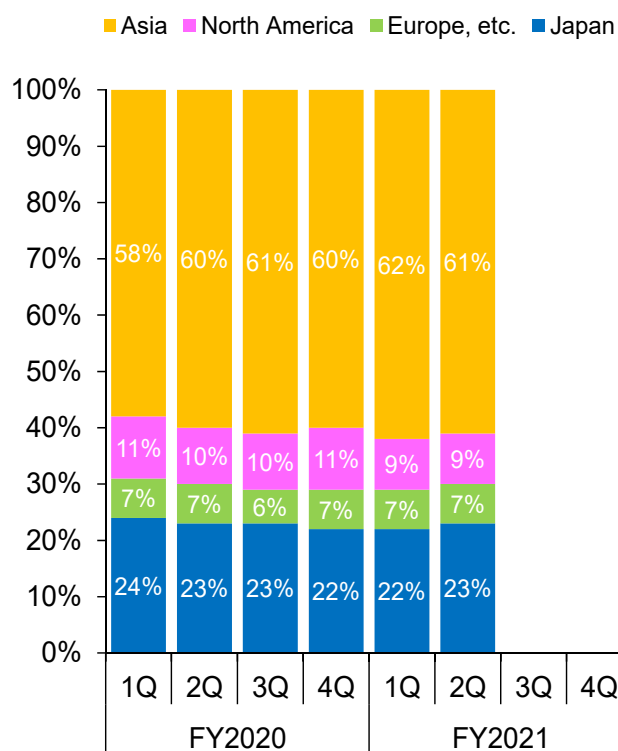
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Changes in Sales



Sales by Region



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