

# Results for Third Quarter of FY2021 (Ended September 30, 2021)

November 4, 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.



- Summary and Market Environment
- Offering Summary
- 3Q-2021 Consolidated Business Result
  1. Summary of Consolidated Business Result
  2. Analysis of Changes in Operating Income
  3. Consolidated Balance Sheet
  4. Consolidated Cash-Flow
- FY2021 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

## 3Q-2021 Consolidated Business Result

(Billions of Yen)

	3Q-2021 Forecast	3Q-2021 Actual	Change
Net Sales	86.0	86.7	+0.7
Operating Income	12.5	14.8	+2.3
Ordinary Income	12.0	14.2	+2.2
Net Income (Note)	9.0	10.6	+1.6
Exchange Rate (Yen/US\$)	110.0	110.0	+0.0

## 4Q-2021 Consolidated Business Forecast

(Billions of Yen)

	3Q-2021 Actual	4Q-2021 Forecast	Change
Net Sales	86.7	88.5	+1.8
Operating Income	14.8	14.0	(0.8)
Ordinary Income	14.2	12.5	(1.7)
Net Income (Note)	10.6	9.0	(1.6)
Exchange Rate (Yen/US\$)	110.0	113.0	+3.0

(Note) Net income attributable to owners of the parent

## 1-2. Shareholder Return (Forecast)

		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	19
	Total	28	62	35	27	36
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	6.6
	Total	8.2	18.1	10.2	7.8	11.5
Dividend ratio (%)	Total	30.4%	31.0%	31.0%	30.9%	<sup>(*)1</sup> 30.4%
Share Buyback						
Amount (Billions of Yen)	Total	-	-	3.3	2.5	<sup>(*)2</sup> -
	Ratio (%)	Total	-	10.0%	9.8%	-
Total Return Ratio (%)	Total	30.4%	31.0%	41.0%	40.7%	30.4%

\*1. Dividend ratio for FY2021 is calculated by net income per share (118.61 yen) and dividend (36 yen).

\*2. Share buyback for FY2021 will not be implemented.

### 3Q-2021

- ✓ Volume - Supply and demand tightness continued for 300 mm wafers for memory in addition to those for logic. Supply fell short of demand despite efforts to boost production by introducing AI for improved productivity
  - Supply of 200 mm and smaller wafers was tight due to strong demand for automotive, consumer and industrial
- ✓ Pricing - Existing long-term agreement prices are being kept
  - Rises in spot prices for both 300 mm wafers and 200 mm and smaller wafers are taking hold

### 4Q-2021 Forecast

- ✓ Volume - In the face of continued supply and demand tightness for 300 mm wafers for logic and memory, we will be unable to meet calls to raise production
  - Supply of 200 mm and smaller wafers will continue falling short of demand
- ✓ Pricing - Existing long-term agreement prices will be kept. Spot prices will continue rising

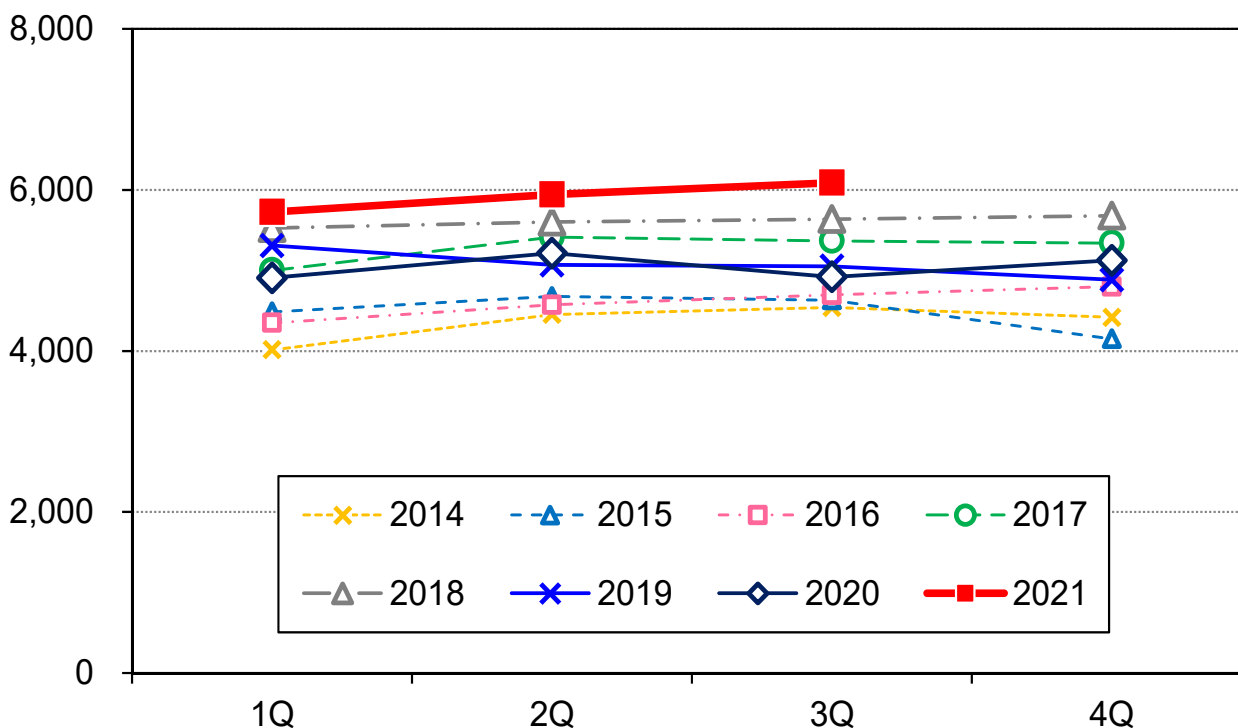
### Green-field Investment

- ✓ Capital investment in new buildings, utility equipment and manufacturing equipment was decided in order to make possible ongoing phased production increases for 300mm leading-edge silicon wafers

Location	Classification	Investment Amount (billion yen)			Schedule		
		Subtotal	Total	G. Total	Start Construction	Start Production	Full Operation
Imari, Saga (SUMCO)	A plant bldg and utility	78.6	201.5	228.7	at the beginning of 2022	Phased implementation from 2H23	in 2Q25
	Wafer mfg equipment	122.9					
Omura, Nagasaki (SUMCO TECHIV)	A plant bldg and utility	16.5	27.2				
	Wafer mfg equipment	10.7					

## 2-2. 200mm Wafer Trend

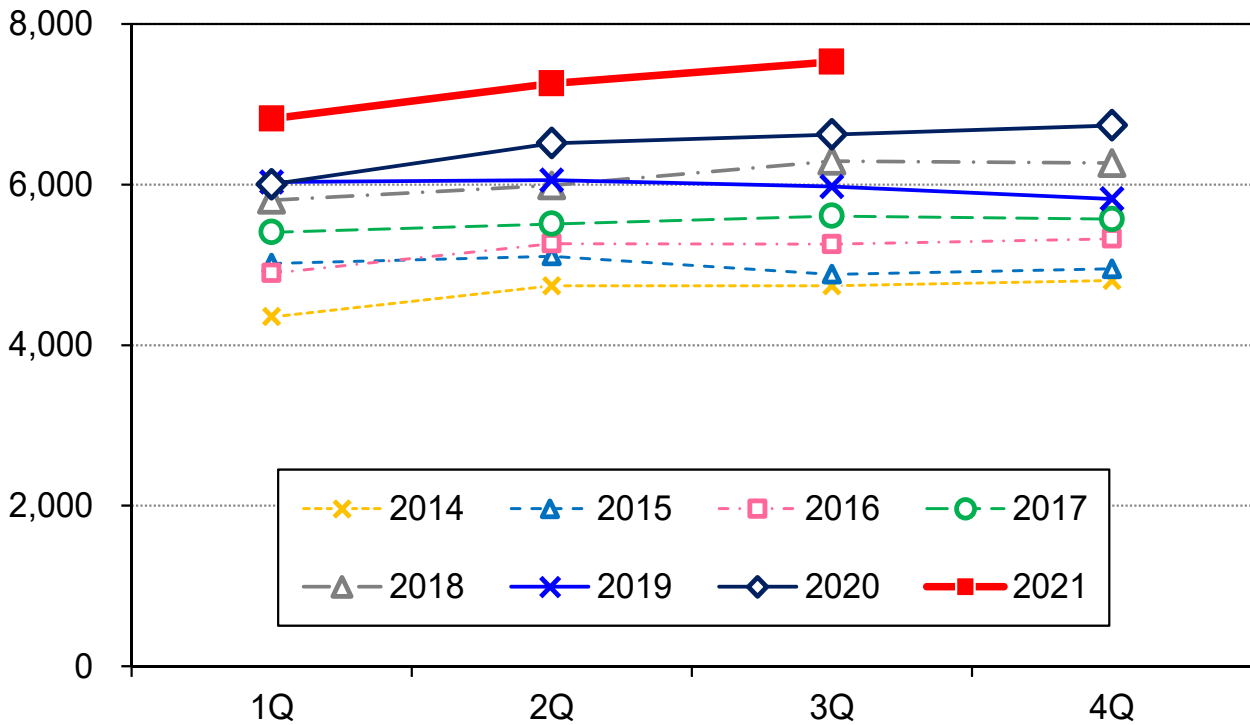
(K wafres/month)



(Source : SUMCO estimation)

## 2-3. 300mm Wafer Trend

(K wafers/month)

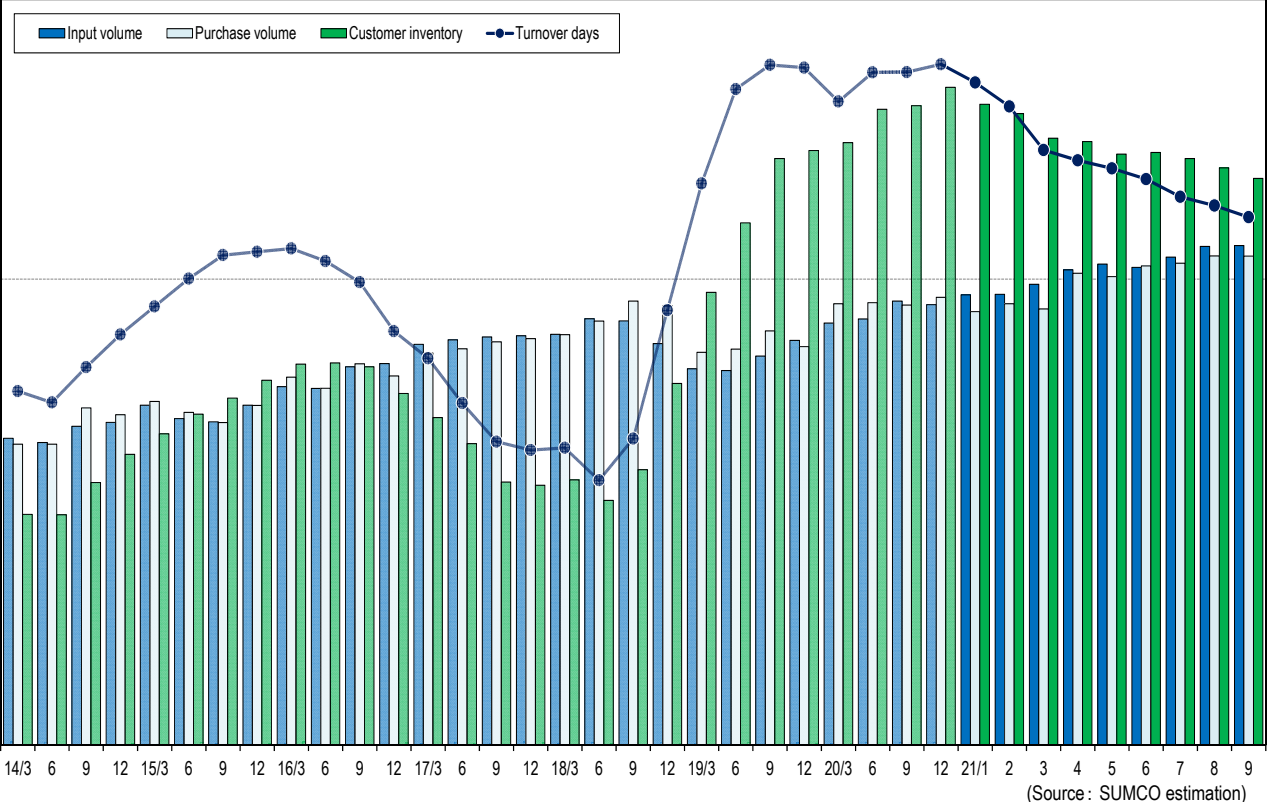


(Source: SUMCO estimation)

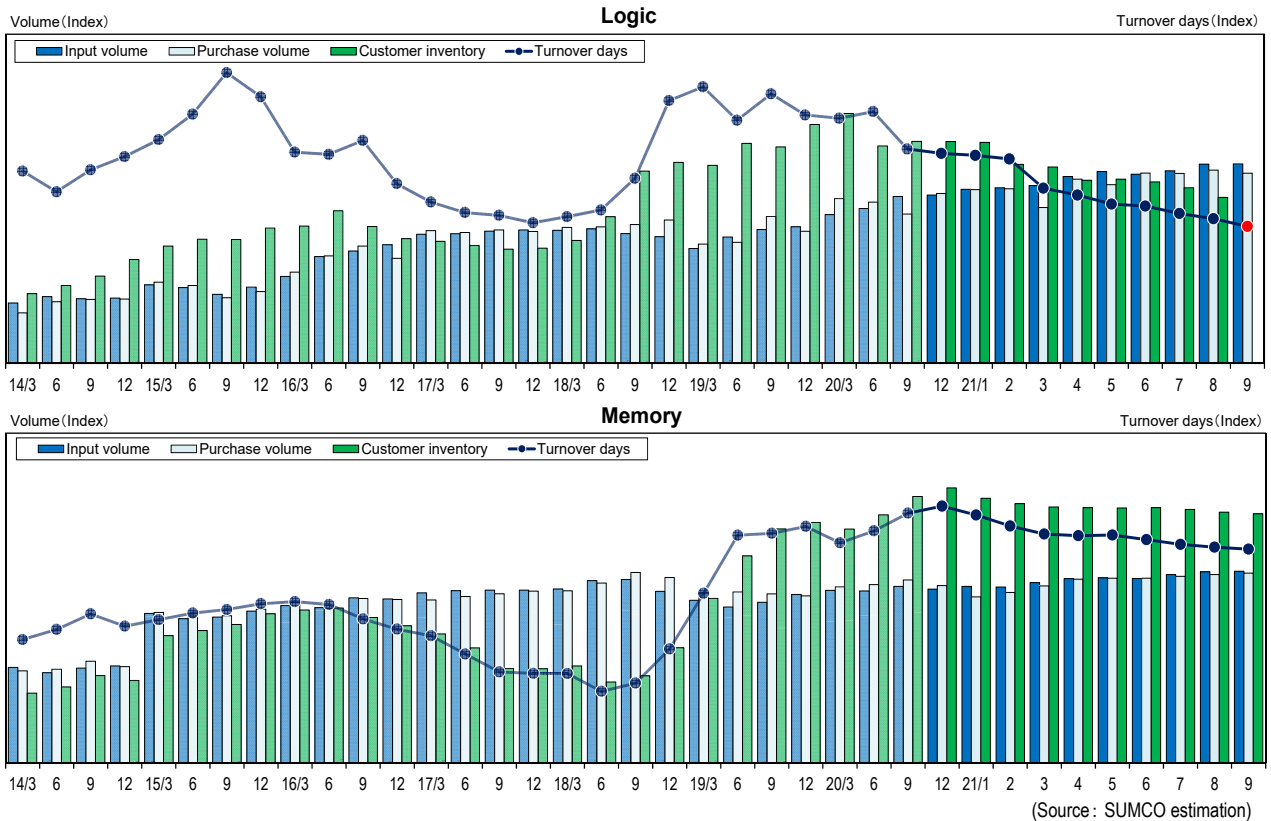
## 2-4. Customer 300mm Wafer Inventory Trend

Volume (Index)

Turnover days (Index)



(Source: SUMCO estimation)



## ✓ Semiconductor Market Forecast

- Semiconductor Wafer Demand (EW/PW)
- Semiconductor Capital Spending
- Foundry 300mm Wafer Fab Capacity Trend
- Ratio of Logic by Technology Node

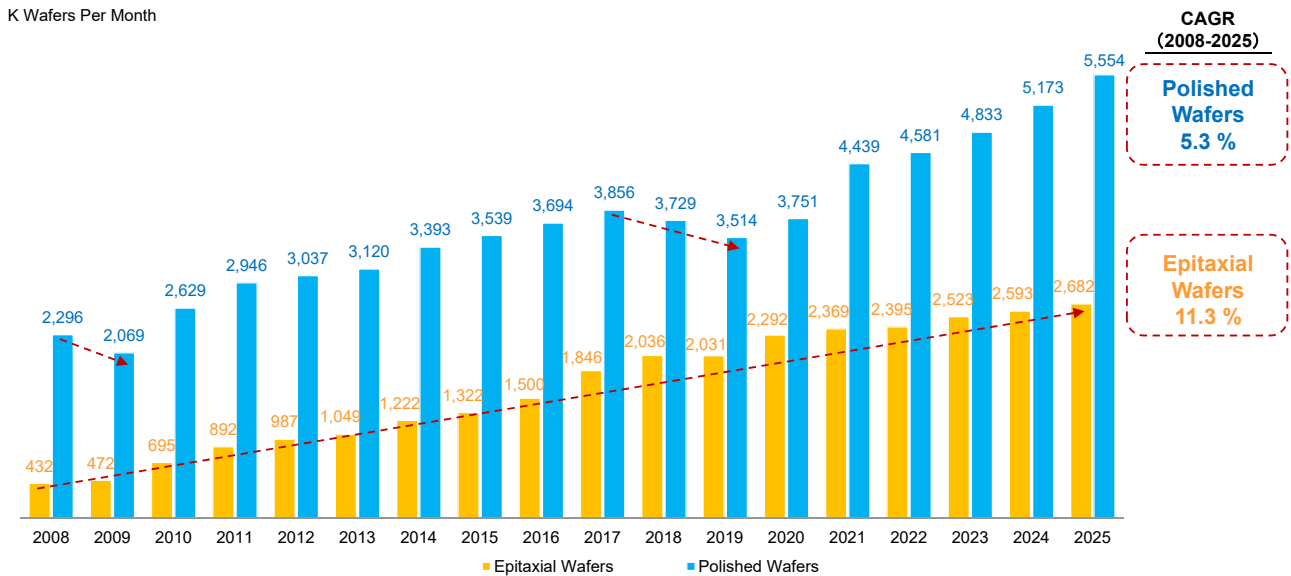
## ✓ 300 mm wafer Global Capacity and Demand Forecast

# 3-1. Semiconductor Wafer Demand (EW/PW)



- Epitaxial wafers have a long track record of high and stable growth compared to polished wafers
- Demand for epitaxial wafers is expected to continue to grow driven by the strong future expansion of foundry capacity

Historical and Expected Demand for 300mm Epitaxial Wafers and 300mm Polished Wafers



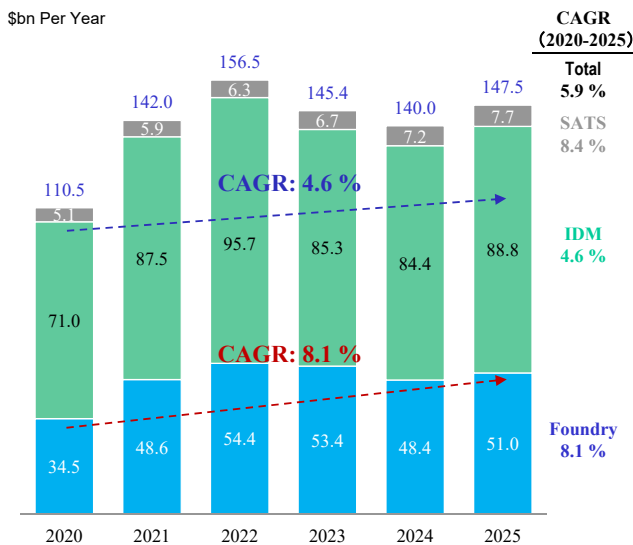
( Source : Omdia, "Semiconductor Silicon Demand Forecast Tool - Update Q3 2021" )

# 3-2. Semiconductor Capital Spending



- Capex by semiconductor device manufacturers is expected to substantially increase in 2021 and is expected to remain high
- Foundries in particular are aggressively investing in leading-edge technologies

Capital Spending Forecast



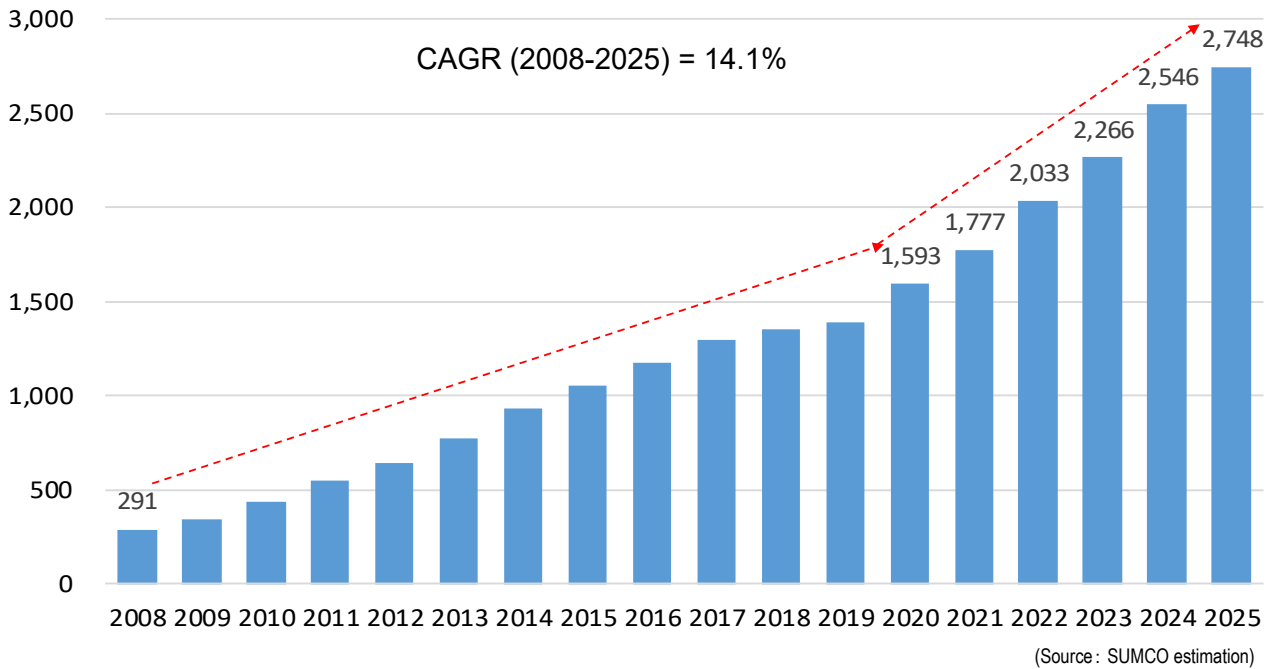
Key Investment Activities by Foundries

Company	Region	Amount	Announced	Node
tsmc	AZ, USA	\$12.0bn	May 15, 2020	5nm
	China	\$2.9bn	Apr 22, 2021	-
SAMSUNG	TX, USA	\$17.0bn	Jul 6, 2021	Advanced
UMC	Taiwan	NT\$150bn	Apr 28, 2021	-
intel	AZ, USA	\$20.0bn	Mar 23, 2021	7nm
	NM, USA	\$3.5bn	May 3, 2021	Advanced
GlobalFoundries	Singapore	\$4.0bn	Jun 22, 2021	Most Advanced
	NY, USA	\$1.0bn	Jul 19, 2021	Most Advanced

(Source: Company disclosure and SUMCO estimation)

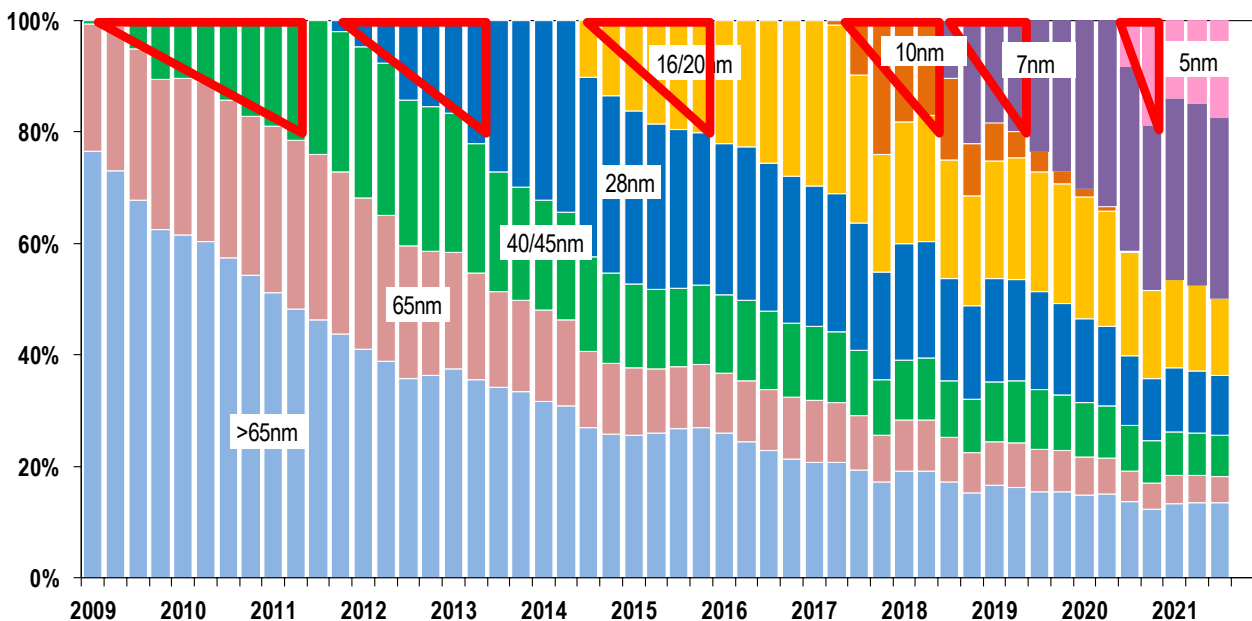
# 3-3. Foundry 300mm Wafer Fab Capacity Trend

K Wafers Per Month



# 3-4. Ratio of Logic by Technology Node

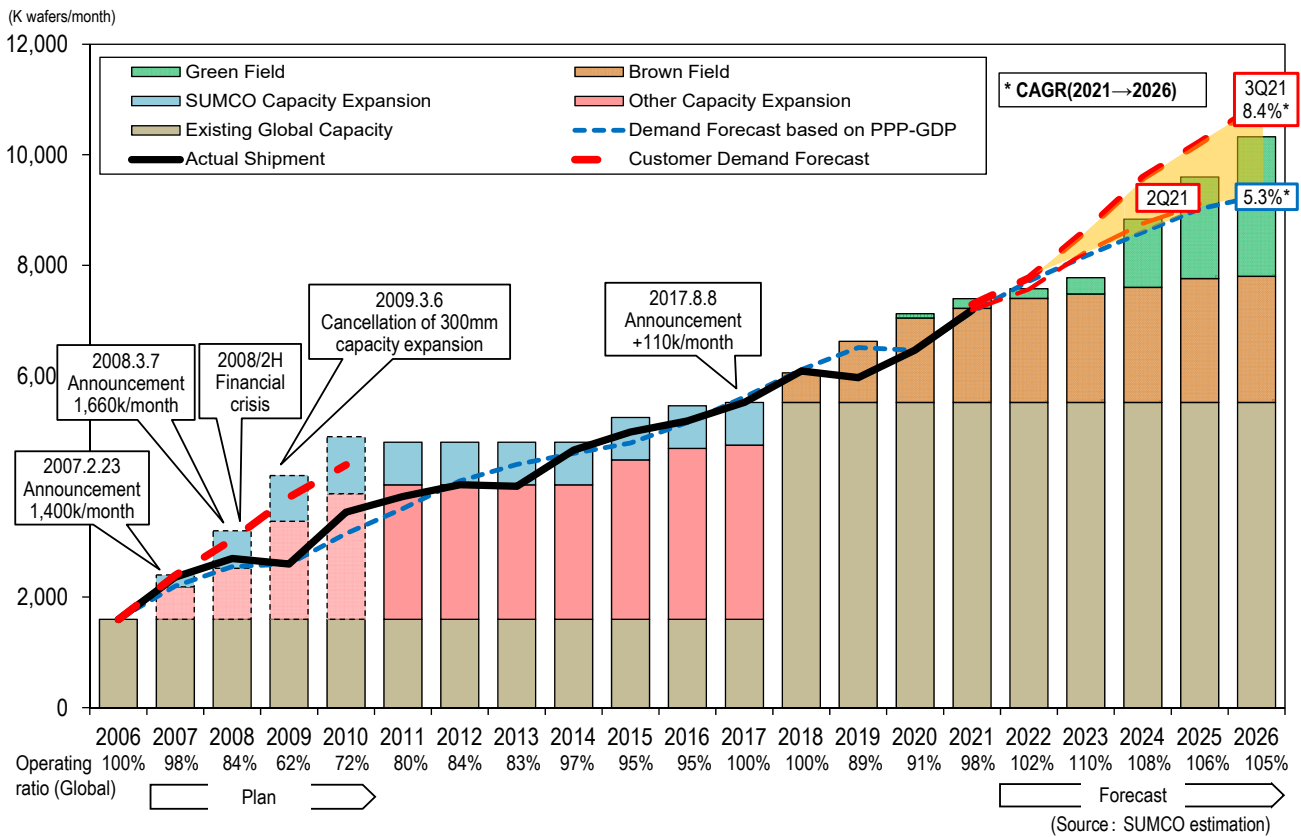
- ✓ Leading-edge Products appear every two and a half years
- ✓ Shorter start-up period → Wafer Technology Superiority is the Source of Competitiveness



(Source : SUMCO estimation)



# 4. 300 mm Wafer Global Capacity and Demand FCST



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3Q-2021 Results  
November 4, 2021

17



## Offering Summary

Michiharu Takii

Representative Director,  
Vice Chairman,  
Chief Financial Officer

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3Q-2021 Results  
November 4, 2021

18

## Use of Proceeds for the Offering

### Investment Plan (¥228.7bn in Total)

SUMCO Domestic Manufacturing Facility (Imari, Saga)	A new plant building and related utility equipment	¥78.6bn
	Building up of production capacity	¥122.9bn
SUMCO TECHXIV Domestic Manufacturing Facility (Omura, Nagasaki)	A new plant building and related utility equipment	¥16.5bn
	Building up of production capacity	¥10.7bn

### Funding Plan

#### Use of Proceeds for the Offering

- ¥78.6bn toward the construction of a new plant building and related utility equipment in Imari, Saga, Japan
- Remainder to fund a portion of the building up of production capacity for 300 mm leading-edge silicon wafers at the new plant

- Cash on hand

### Offering Summary

<b>Format of Offering</b>	Global Offering: Japanese Domestic Offering + International Offering (Regulation S / Rule 144A)
<b>Domestic and International Ratio</b>	Domestic: 18%, International: 82% (Originally Domestic: 25%, International: 75%)
<b>Number of shares</b>	60,000,000 shares
<b>Issue price</b>	2,097 yen (Discount rate: 3.0%)
<b>Total Amount</b>	120.6 billion yen

### Improving Business Agility to the Market Growth based on Strong Financial Foundation

	End of 3Q21	Offering	After Offering
(Billions of yen)			
Cash and Cash equivalents	94.4	120.6	215.0
Debt and borrowings	143.1		143.1
Capital stock	138.7	60.3	199.0
Capital surplus	24.9	60.3	85.2
Retained earnings	170.9		170.9
Others	47.7		47.7
Total equity	382.2	120.6	502.8
Reference: Equity	338.1	120.6	458.7
Shareholder's Equity Ratio	54.5%		62.0%
D/E Ratio (gross)	0.42		0.31
D/E Ratio (net)	0.14		(0.16)
Equity per Share (yen)	1,165.1		1,309.9

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3Q-2021 Results  
November 4, 2021

19

# 3Q-2021 Consolidated Business Result

## 6-1. Summary of Consolidated Business Result



(Billions of Yen)

	3Q-2020 (9 months)	3Q-2021 Actual (9 months)				Change
		1Q	2Q	3Q	Total	
Net sales	218.7	75.9	81.8	86.7	244.4	+25.7
Operating income	29.7	9.3	12.4	14.8	36.5	+6.8
Non-operating income and expenses	(1.2)	0.1	(0.9)	(0.6)	(1.4)	(0.2)
Ordinary income	28.5	9.4	11.5	14.2	35.1	+6.6
Extraordinary income and expenses	-	-	-	-	-	-
Income taxes	(5.9)	(1.3)	(1.9)	(2.6)	(5.8)	+0.1
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	10.6	26.9	+6.7
Capital expenditure (Acceptance basis)	42.2	11.2	14.8	22.7	48.7	+6.5
Depreciation	32.2	11.0	12.0	13.3	36.3	+4.1
EBITDA (*1)	63.2	20.8	24.7	28.5	74.0	+10.8
Exchange rate (Yen/US\$) (*2)	107.7	104.8	109.8	110.0	108.3	+0.6
Operating margin (%)	13.6%	12.3%	15.1%	17.1%	14.9%	+1.3%
EBITDA margin (%)	28.9%	27.4%	30.3%	32.8%	30.3%	+1.4%
ROE (%)	8.8%	9.3%	11.0%	12.7%	11.0%	+2.2%
Net income per share (Yen)	69.29	25.35	31.01	36.55	92.90	+23.61

\*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.

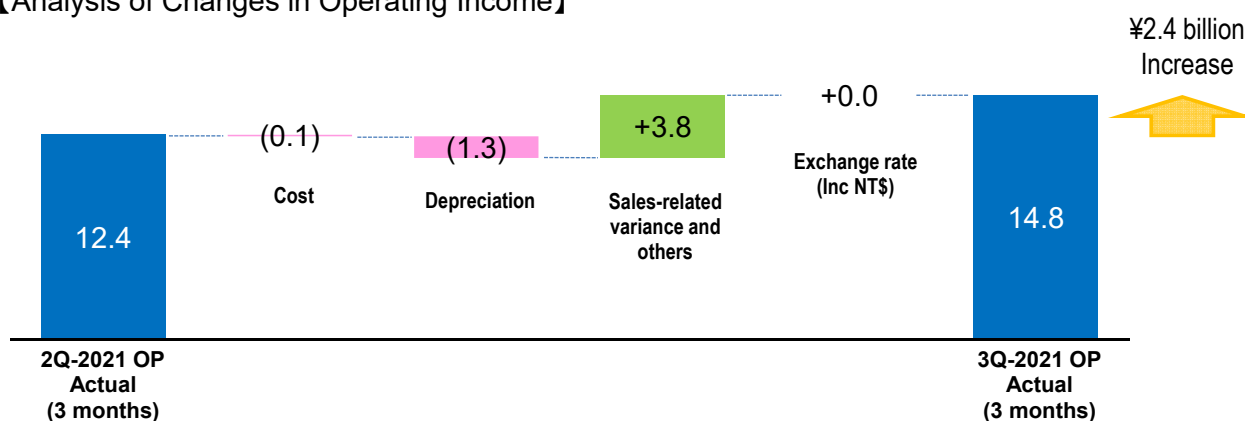
## 6-2. Analysis of Changes in Operating Income



### ■ 2Q-2021 Actual → 3Q-2021 Actual

	2Q-2021 Actual	3Q-2021 Actual	Change
Net Sales	81.8	86.7	+4.9
Operating Income	12.4	14.8	+2.4
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 Actual (9 months)

	(Billions of Yen)		
	3Q-2020 ACT (9 months)	3Q-2021 ACT (9 months)	Change
Net Sales	218.7	244.4	+25.7
Operating Income	29.7	36.5	+6.8
Exchange Rate (Yen/US\$)	107.7	108.3	+0.6

【Analysis of Changes in Operating Income】



## 6-4. Consolidated Balance Sheet



	(Billions of Yen)		
	End of Dec-2020	End of Sep-2021	Change
Cash and time deposits	82.9	94.4	+11.5
Notes and accounts receivable	60.4	68.7	+8.3
Finished products and WIP	38.3	38.6	+0.3
Raw materials and supplies	142.1	136.0	(6.1)
Tangible and intangible assets	214.1	228.3	+14.2
Deferred income tax assets	10.4	11.4	+1.0
Other assets	45.2	42.3	(2.9)
<b>Total Assets</b>	<b>593.4</b>	<b>619.7</b>	<b>+26.3</b>
Debt and borrowings	149.8	143.1	(6.7)
Other liabilities	88.6	94.4	+5.8
<b>Liabilities</b>	<b>238.4</b>	<b>237.5</b>	<b>(0.9)</b>
Capital stock	138.7	138.7	-
Capital surplus	27.4	24.9	(2.5)
Retained earnings	151.5	170.9	+19.4
Others	37.4	47.7	+10.3
<b>Equity</b>	<b>355.0</b>	<b>382.2</b>	<b>+27.2</b>
Shareholders' equity ratio	53.1%	54.5%	+1.4%
Equity per share (Yen)	1,082.2	1,165.1	+82.9
D/E ratio (gross)	0.48x	0.42x	(0.06)x
D/E ratio (net)	0.21x	0.14x	(0.07)x

		(Billions of Yen)
		3Q-2021 (9 months)
	Income before income taxes	35.1
	Depreciation	36.3
	Subtotal	71.4
	Decrease in inventories	10.0
	Changes in working capital, etc.	(5.9)
	<b>Net cash provided by operating activities</b>	<b>75.5</b>
	Capital expenditure (Acceptance basis)	(48.7)
	Others, net	(5.0)
	<b>Net cash used in investing activities</b>	<b>(53.7)</b>
	<b>Free cash-flow</b>	<b>21.8</b>
Use of cash, etc.	Dividends paid & payments for purchases of treasury stock	(11.8)
	Repayments of debt	(6.7)
	Time deposit (more the 3 months) adjustments	4.1
	Foreign currency translation adjustments	4.1
	<b>Net increase in cash and time deposits</b>	<b>11.5</b>

# FY2021

## Consolidated Business Forecast

## 7-1. FY2021 Consolidated Business Forecast



(Billions of Yen)

	FY2020 Actual	FY2021 Forecast				Total	Change
		1Q ACT	2Q ACT	3Q ACT	4Q FCST		
Net sales	291.3	75.9	81.8	86.7	88.5	332.9	+41.6
Operating income	37.8	9.3	12.4	14.8	14.0	50.5	+12.7
Non-operating income and expenses	(2.2)	0.1	(0.9)	(0.6)	(1.5)	(2.9)	(0.7)
Ordinary income	35.6	9.4	11.5	14.2	12.5	47.6	+12.0
Extraordinary income and expenses	-	-	-	-	-	-	-
Income taxes	(7.0)	(1.3)	(1.9)	(2.6)	(2.5)	(8.3)	(1.3)
Net income attributable to non-controlling interests	(3.1)	(0.8)	(0.6)	(1.0)	(1.0)	(3.4)	(0.3)
Net income attributable to owners of the parent	25.5	7.3	9.0	10.6	9.0	35.9	+10.4
Exchange rate (Yen/US\$) (*1)	106.9	104.8	109.8	110.0	113.0	109.6	+2.7
Operating margin (%)	13.0%	12.3%	15.1%	17.1%	15.8%	15.2%	+2.2%
ROE (%)	8.3%	9.3%	11.0%	12.7%	8.9%	9.2%	+0.9%
Net income per share (Yen)	87.48	25.35	31.01	36.55	26.31	118.61	+31.13

\*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.

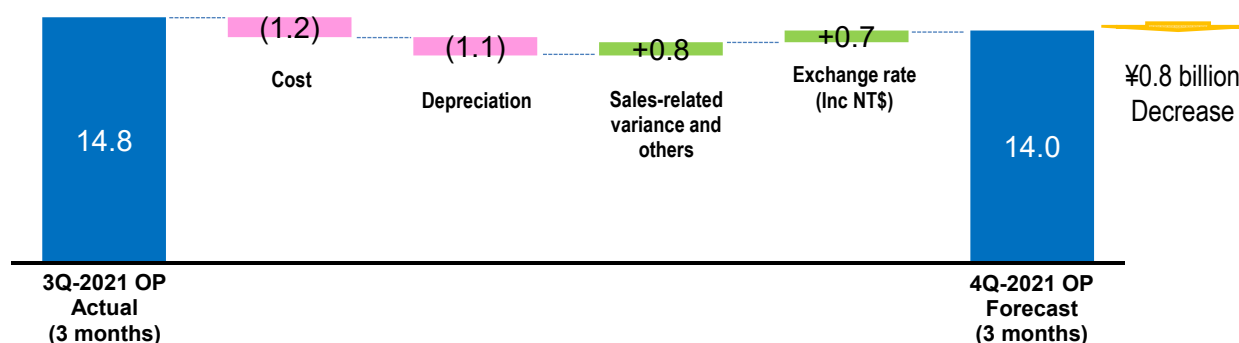
## 7-2. Analysis of Changes in Operating Income



### ■ 3Q-2021 Actual → 4Q-2021 Forecast

	3Q-2021 Actual	4Q-2021 Forecast	Change
Net Sales	86.7	88.5	+1.8
Operating Income	14.8	14.0	(0.8)
Exchange Rate (Yen/US\$)	110.0	113.0	+3.0

### 【Analysis of Changes in Operating Income】

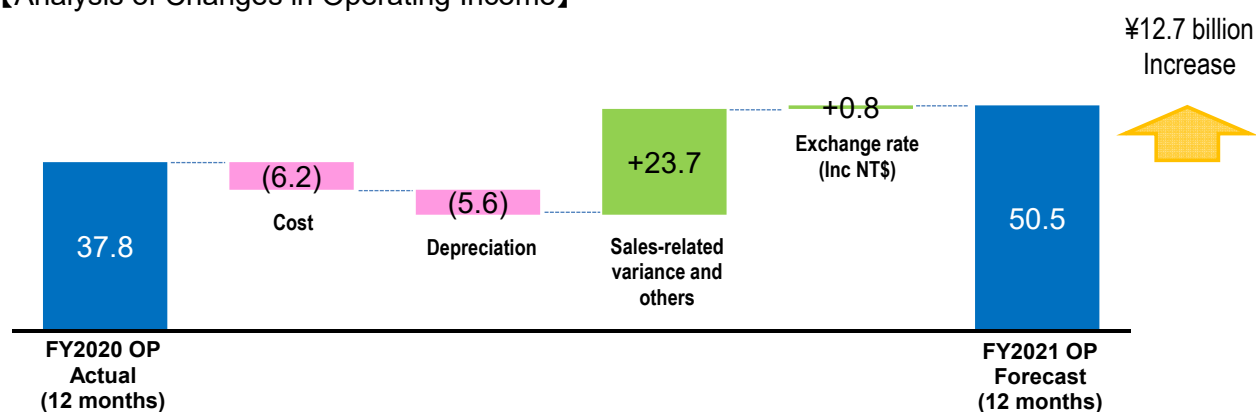


## 7-3. Analysis of Changes in Operating Income

■ FY2020 Actual (12 months) → FY2021 Forecast (12 months)

	(Billions of Yen)		
	FY2020 ACT (12 months)	FY2021 FCST (12 months)	Change
Net Sales	291.3	332.9	+41.6
Operating Income	37.8	50.5	+12.7
Exchange Rate (Yen/US\$)	106.9	109.6	+2.7

【Analysis of Changes in Operating Income】



## Reference Materials

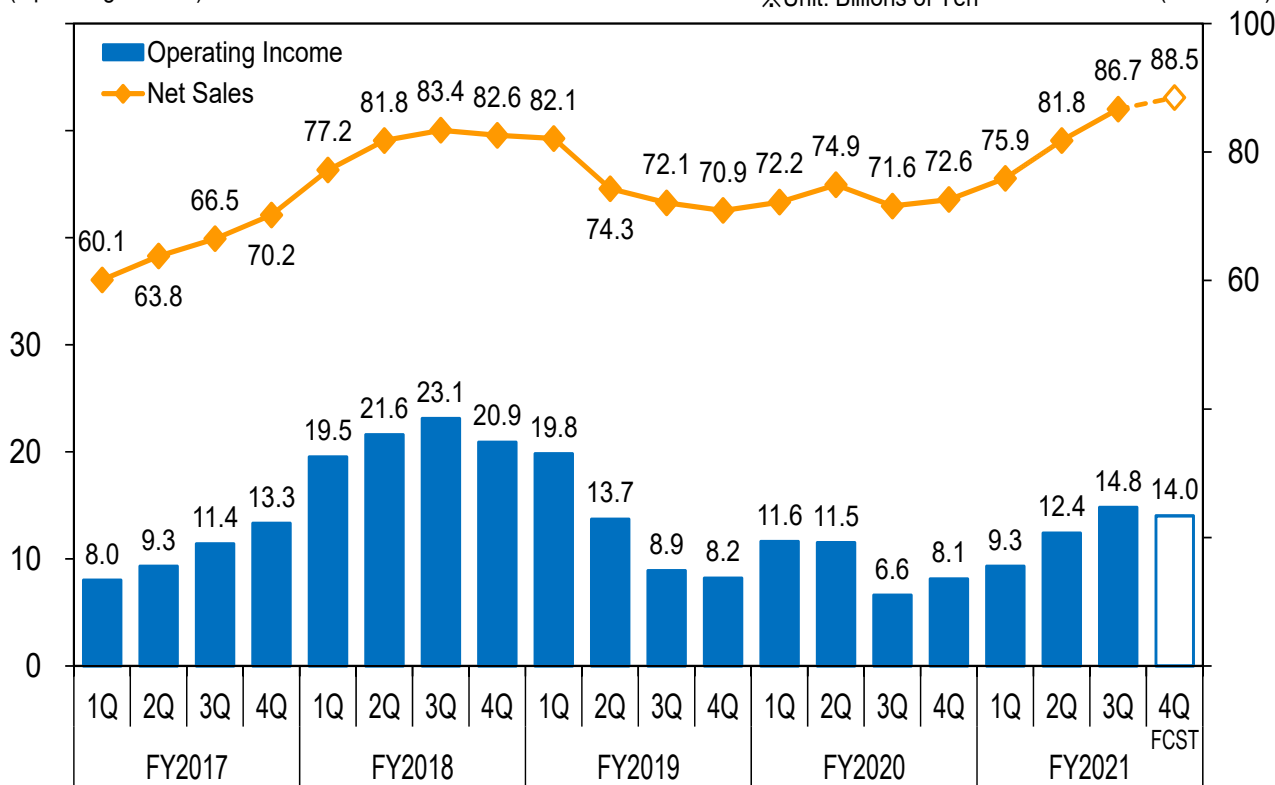
# Reference Materials: Quarterly Trend



(Operating Income)

※Unit: Billions of Yen

(Net Sales)



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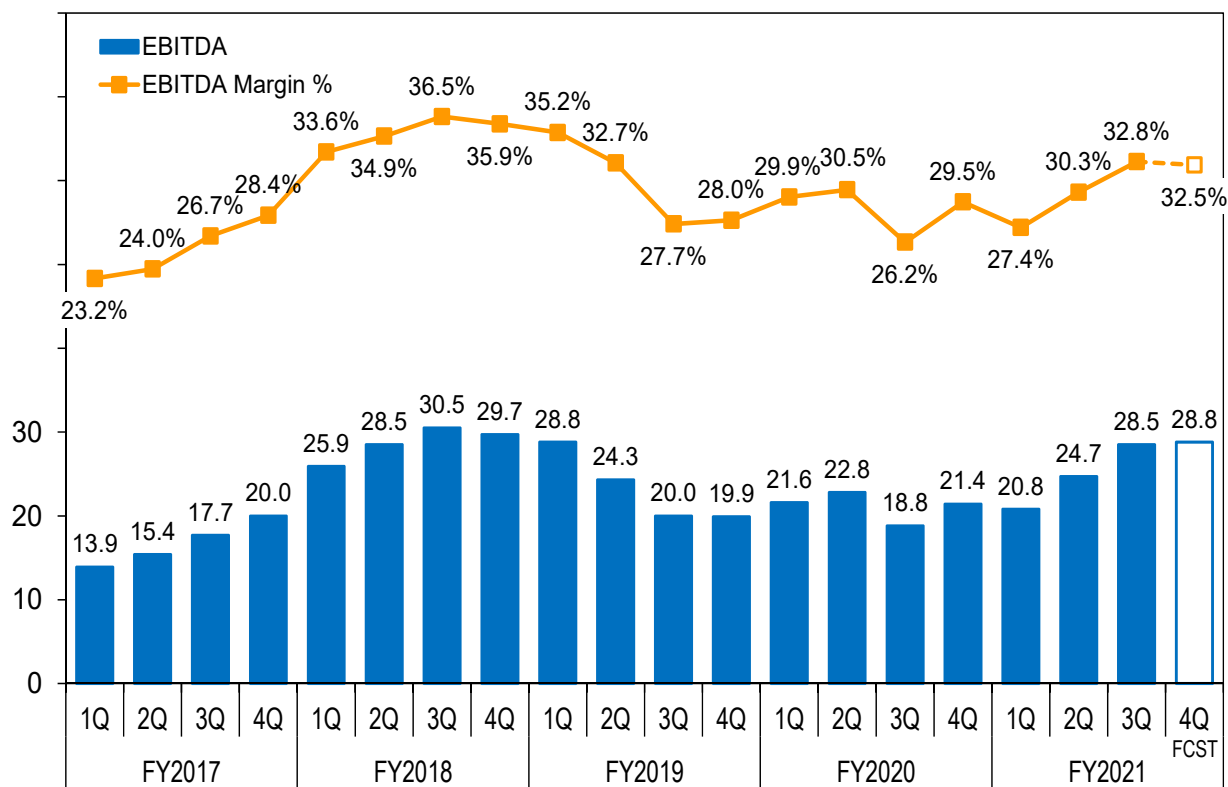
3Q-2021 Results  
November 4, 2021

31

# Reference Materials: EBITDA



(Billions of Yen)



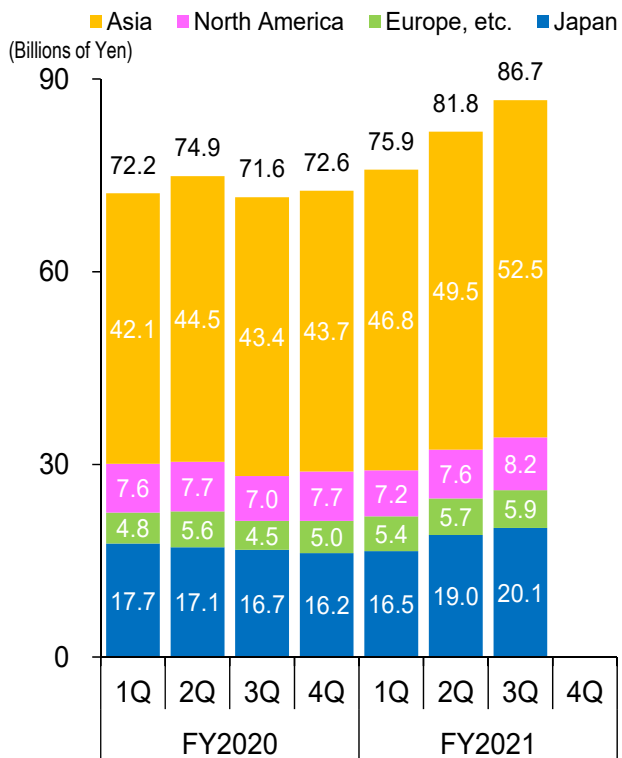
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3Q-2021 Results  
November 4, 2021

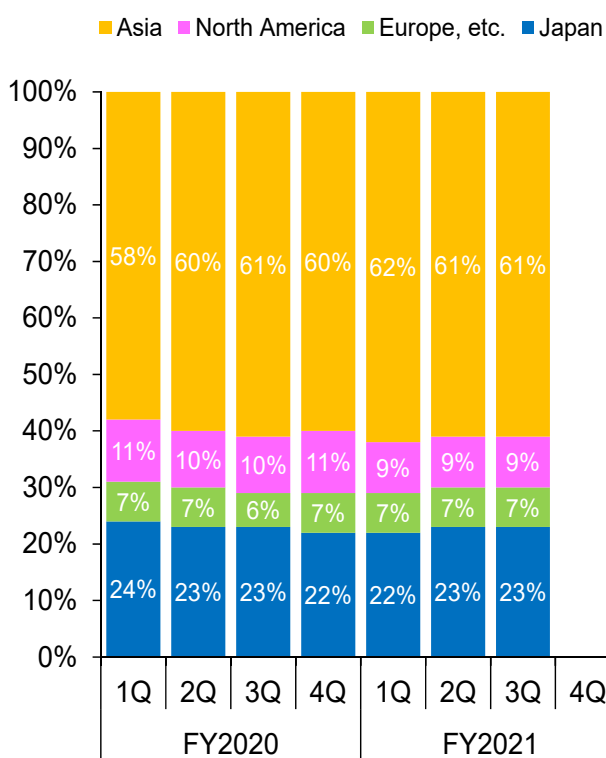
32



## Changes in Sales



## Sales by Region



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