

Results for Second Quarter of FY2022 (Ended June 30, 2022)

August 4, 2022
SUMCO Corporation
(Code: 3436)
(LEI: 353800SUSRUOM0V6KU92)

Notes Regarding the Forecasts

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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-2022 Consolidated Business Result

(Billions of Yen)

	2Q-2022 Forecast	2Q-2022 Actual	Change
Net Sales	104.0	107.0	+3.0
Operating Income	23.5	26.3	+2.8
Ordinary Income	23.0	27.2	+4.2
Net Income (Note)	14.0	16.1	+2.1
Exchange Rate (Yen/US\$)	126.0	126.6	+0.6

3Q-2022 Consolidated Business Forecast

(Billions of Yen)

	2Q-2022 Actual	3Q-2022 Forecast	Change
Net Sales	107.0	115.0	+8.0
Operating Income	26.3	27.5	+1.2
Ordinary Income	27.2	27.0	(0.2)
Net Income (Note)	16.1	16.5	+0.4
Exchange Rate (Yen/US\$)	126.6	135.0	+8.4

(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	36
	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	12.6
	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%	^{(*)1} ^{(*)2} 40.2%
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. Dividend ratio for FY2022 is calculated by Interim dividend basis.

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

■ 2Q-2022

- ✓ Volume - Continued strong demand for both 300 mm and 200 mm wafers, exceeding supply capacity
- ✓ Pricing - For both 300 mm and 200 mm wafers, in line with agreement prices, while spot prices rising

■ 3Q-2022 Forecast

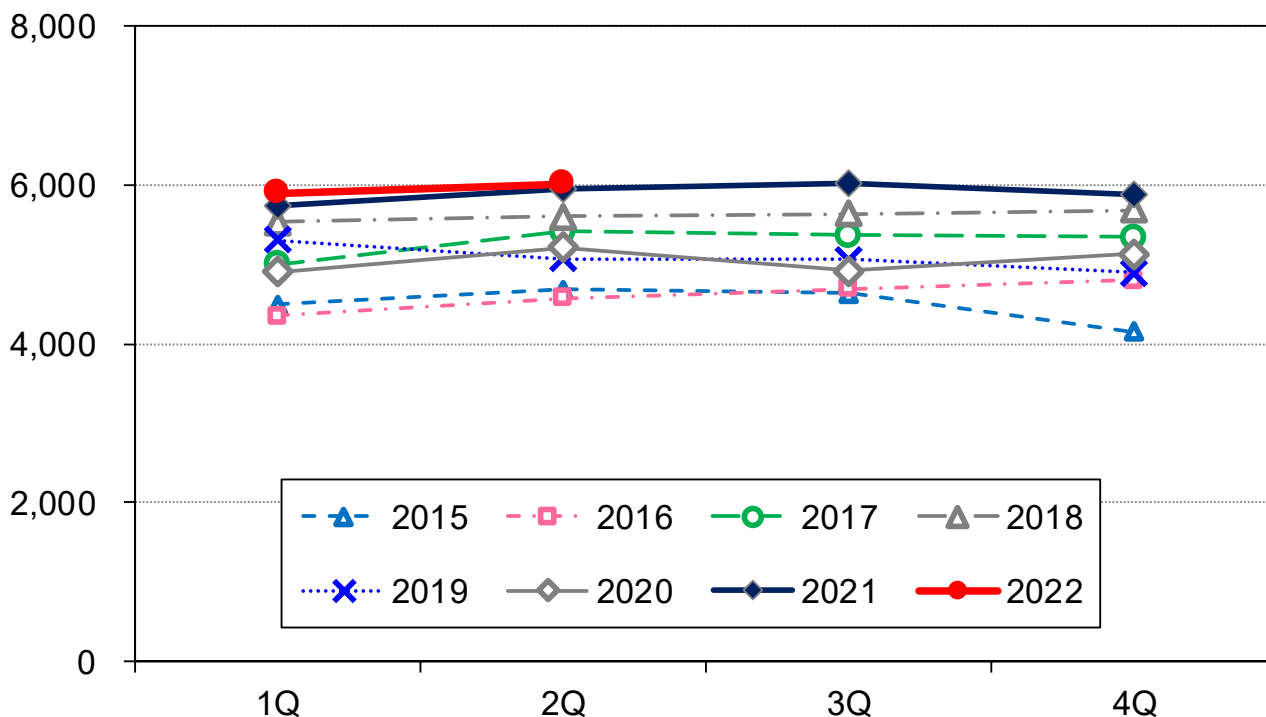
- ✓ Volume - Demand for 300 mm wafers both for logic and memory to continue exceeding supply capacity
 - Strong demand to continue for 200 mm wafers driven by robust automotive and industrial needs
 - For 150 mm wafers, supply-demand tightness should ease somewhat
- ✓ Pricing - For both 300 mm and 200 mm wafers, in line with agreement prices, while spot prices rising

■ Outlook

- ✓ Even as the markets for end products such as PCs and smartphones have begun to soften, data center and automotive needs are forecast to continue as demand drivers. Accordingly, supply of 300 mm epitaxial wafers for leading-edge applications, a focus of SUMCO, will continue falling short of demand
- ✓ Strong demand will continue for 200 mm wafers, driven by automotive and industrial needs
- ✓ Demand for 150 mm wafers will remain at a high level, but supply-demand tightness should ease somewhat

2-2. 200mm Wafer Trend

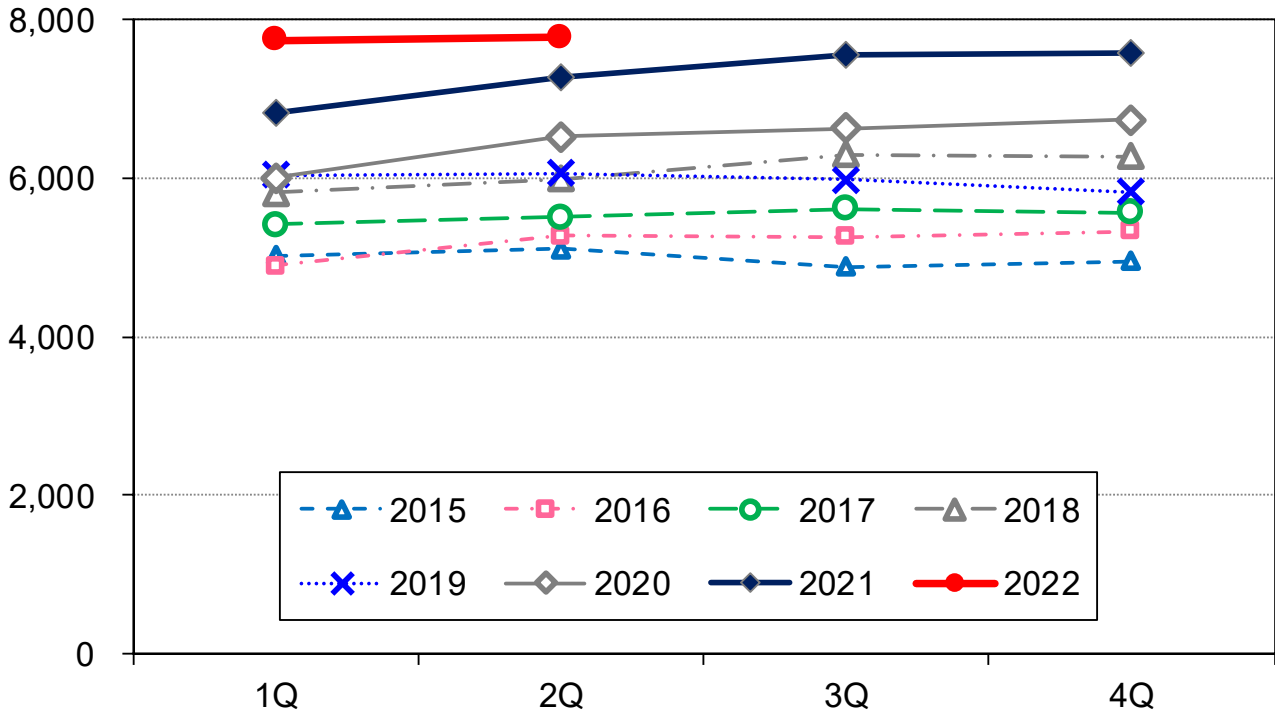
(K wafers/month)



(Source: SUMCO's estimation)

2-3. 300mm Wafer Trend

(K wafers/month)

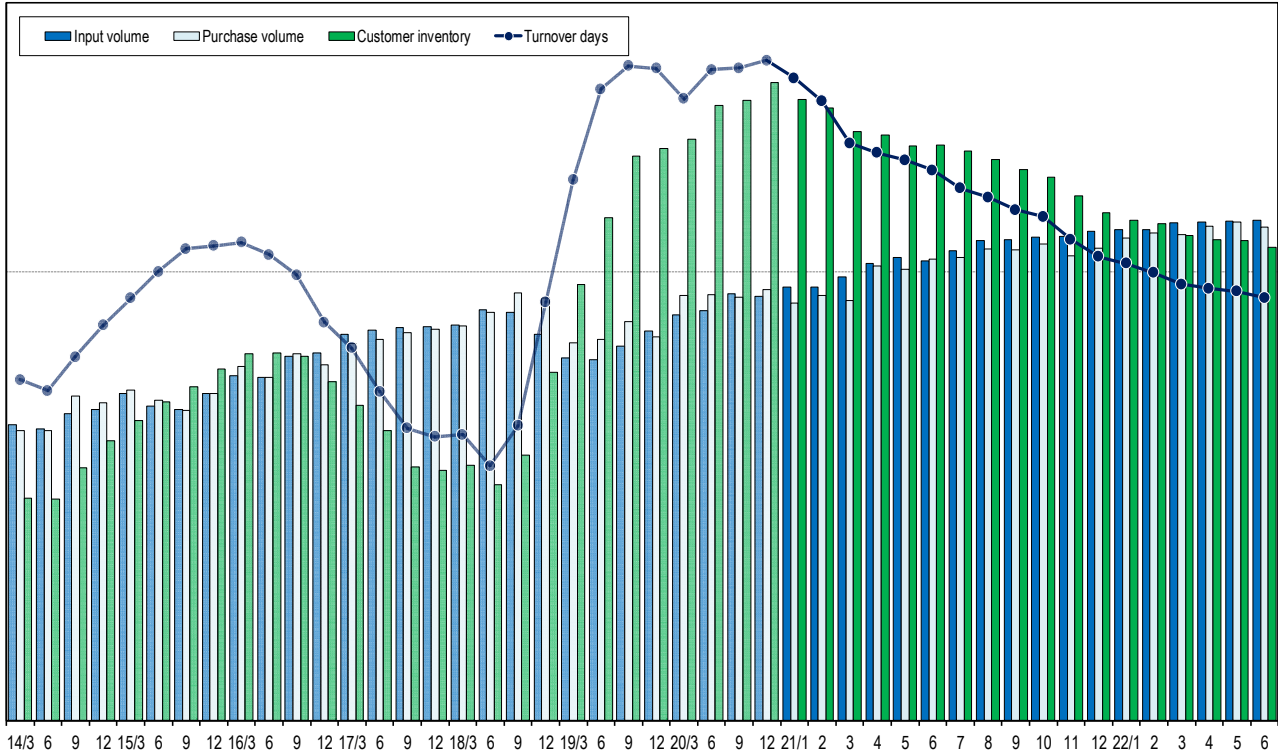


(Source: SUMCO's estimation)

2-4. Customer 300mm Wafer Inventory Trend

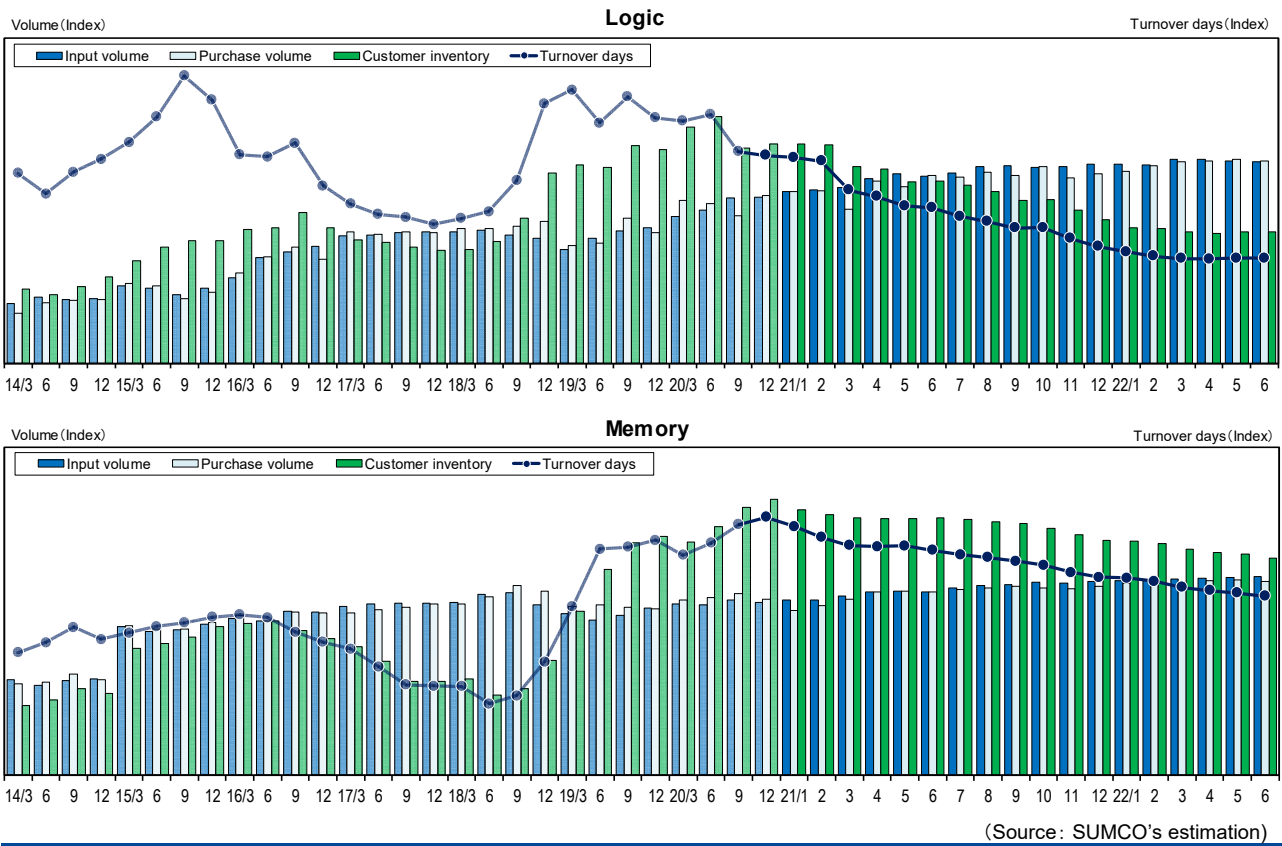
Volume (Index)

Turnover days (Index)



(Source: SUMCO's estimation)

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

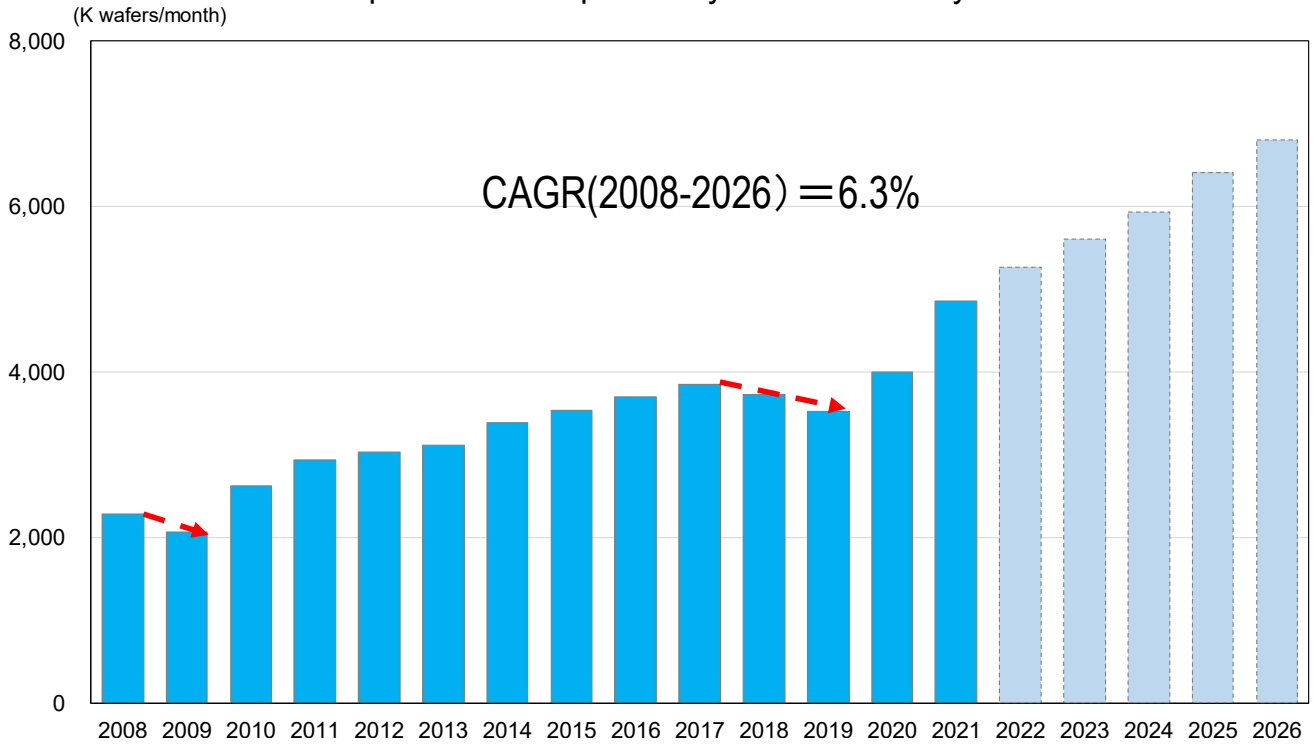


Memory Market

3-1. 300 mm Polished Wafer Market



Wafer Shipments are Impacted by Volatile Memory Demand

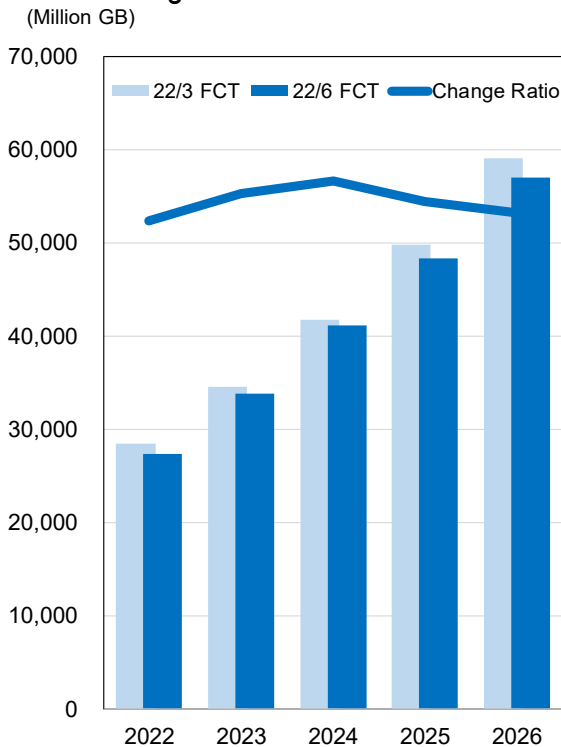


(Source: Omdia, "Semiconductor Silicon Demand Forecast Tool - Update Q1 2022")
Results are not an endorsement of SUMCO. Any reliance on these results is at the third-party's own risk.

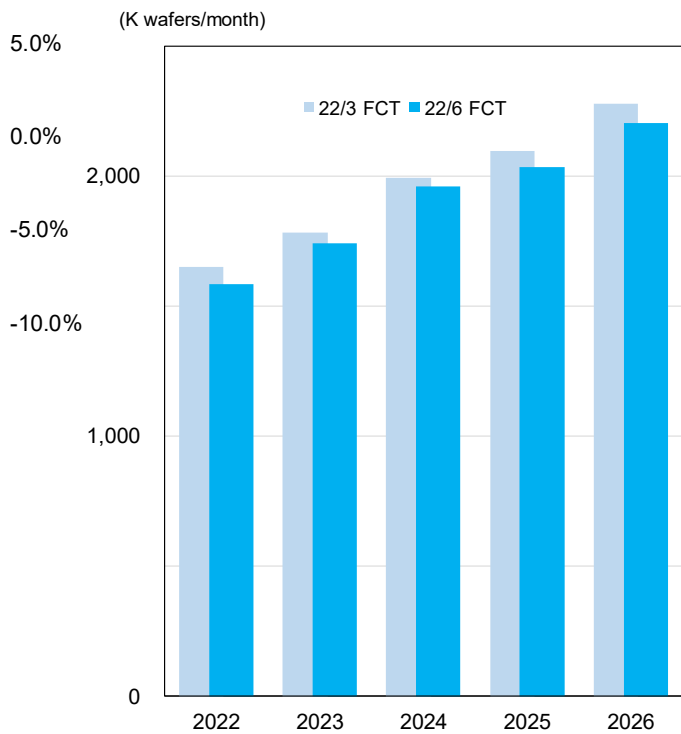
3-2. DRAM Bit Demand and Wafer Demand Forecast



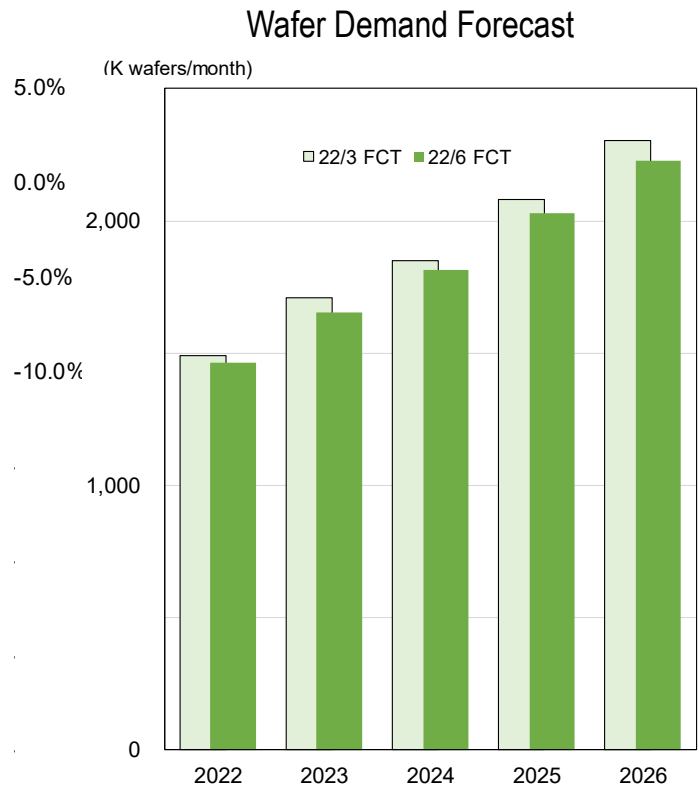
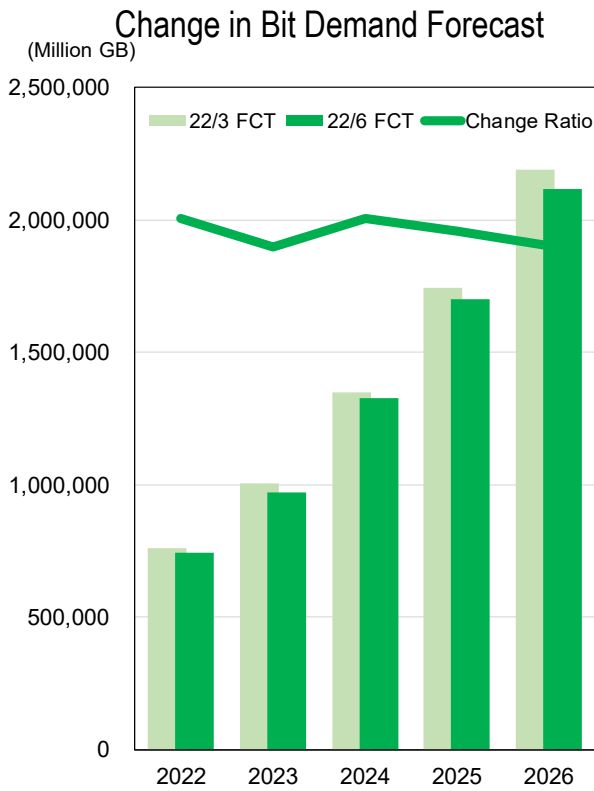
Change in Bit Demand Forecast



Wafer Demand Forecast



(Source: SUMCO's estimation based on demand forecasts from multiple research companies)



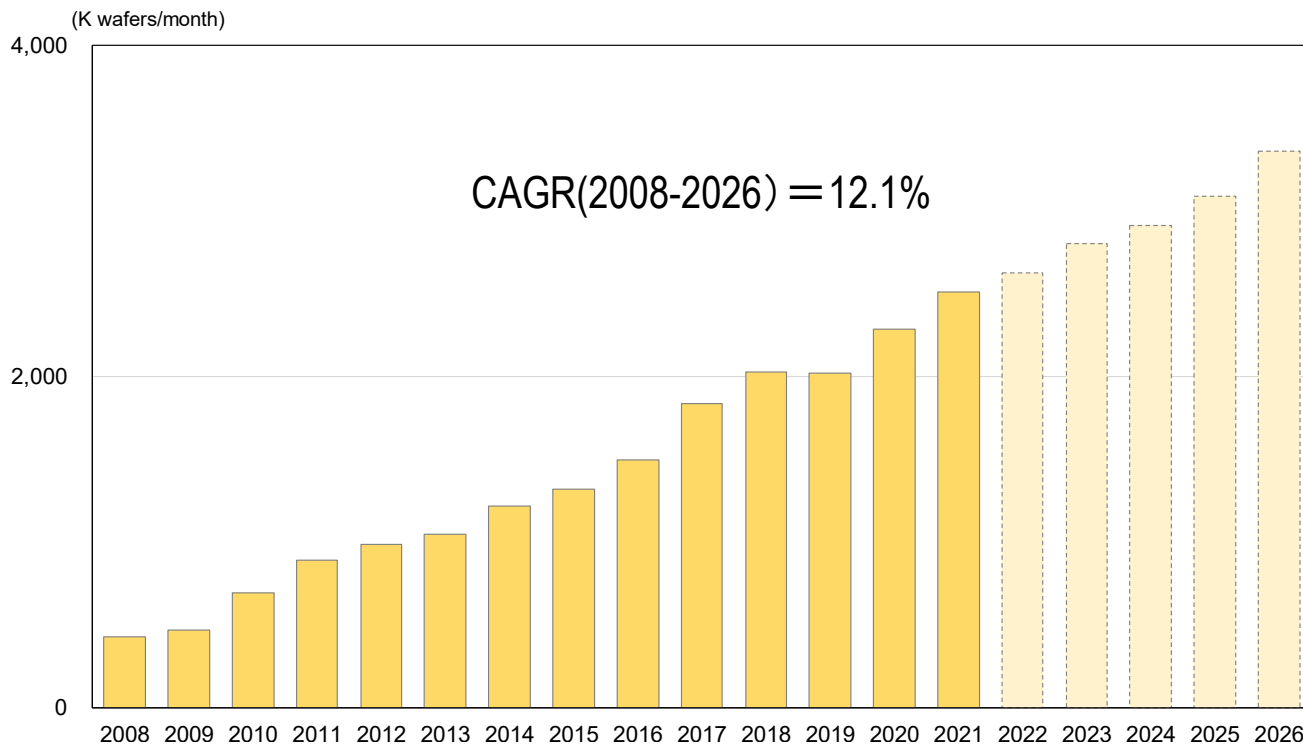
(Source: SUMCO's estimation based on demand forecasts from multiple research companies)

Leading-edge Epitaxial Wafer

3-4. 300 mm Epitaxial Wafer Market

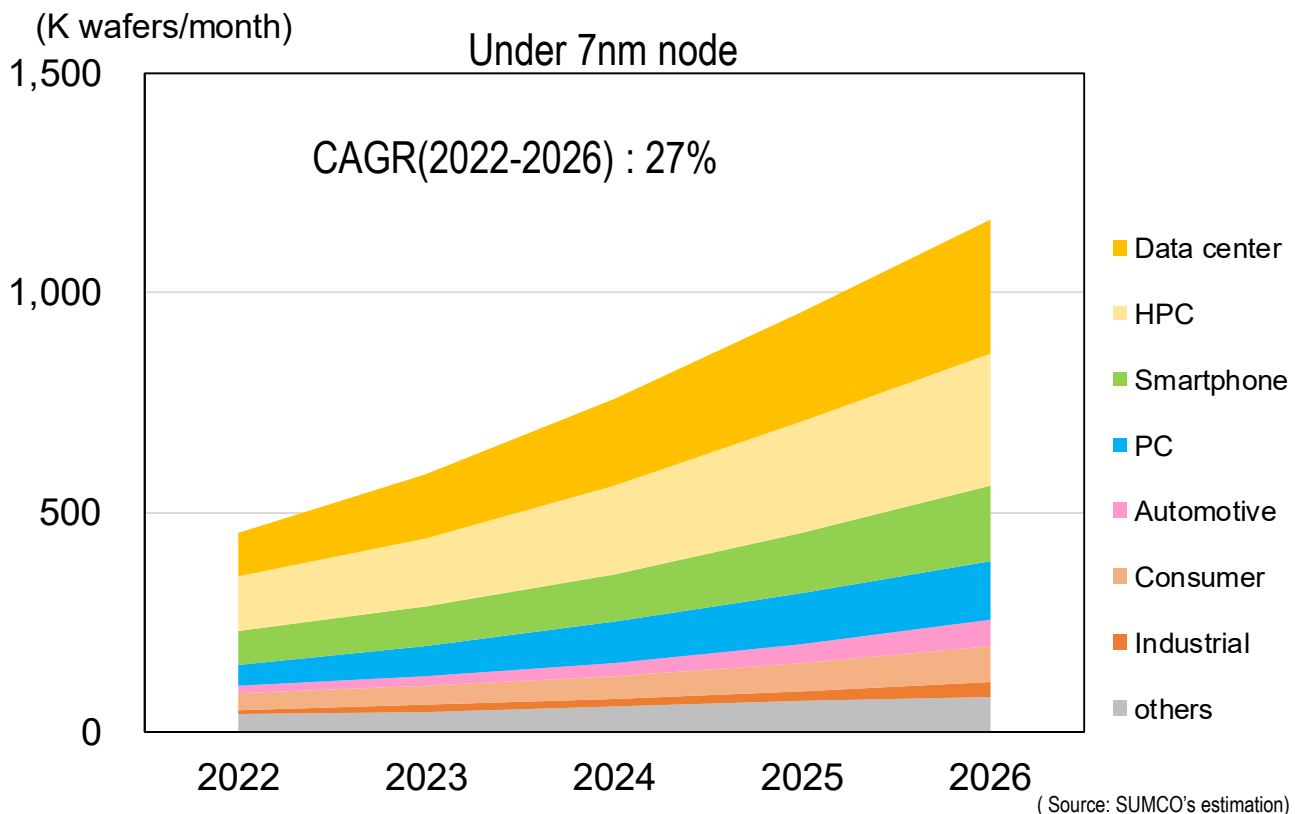


Continued Growth is Expected, Driven by Expansion of Foundry Capacity

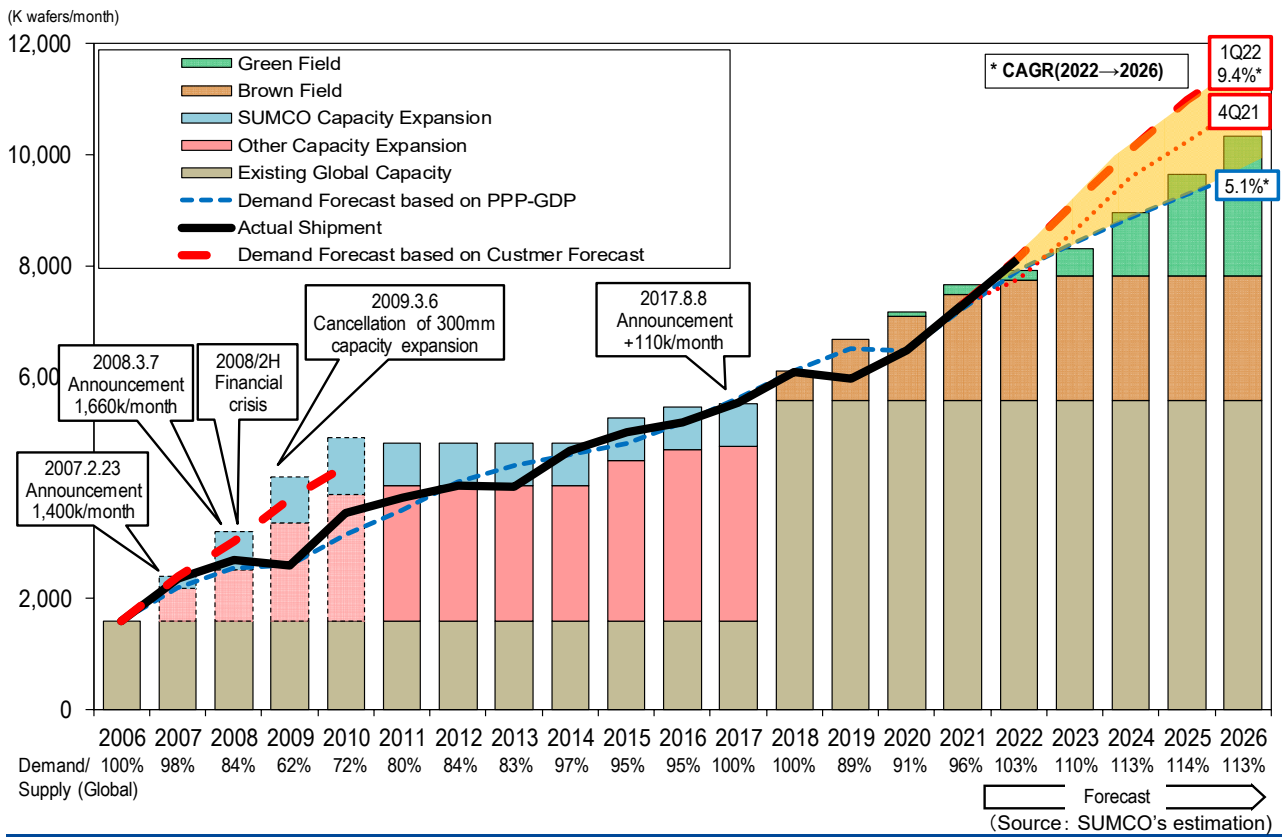


(Source: Omdia, "Semiconductor Silicon Demand Forecast Tool - Update Q1 2022")
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3-5. Demand Forecast for Leading-Edge Epitaxial Wafers



(Source: SUMCO's estimation)



2Q-2022 Consolidated Business Result

Michiharu Takii

Representative Director,
Vice Chairman,
Chief Financial Officer

4-1. Summary of Consolidated Business Result



(Billions of Yen)

	2Q-2021 (6 months)	2Q-2022 Actual (6 months)			QoQ
		1Q	2Q	Total	
Net sales	157.7	100.4	107.0	207.4	+49.7
Operating income	21.7	23.4	26.3	49.7	+28.0
Non-operating income and expenses	(0.8)	0.3	0.9	1.2	+2.0
Ordinary income	20.9	23.7	27.2	50.9	+30.0
Income taxes	(3.2)	(6.2)	(8.0)	(14.2)	(11.0)
Net income attributable to non-controlling interests	(1.4)	(2.3)	(3.1)	(5.4)	(4.0)
Net income attributable to owners of the parent	16.3	15.2	16.1	31.3	+15.0
Capital expenditure (Acceptance basis)	26.0	16.5	28.5	45.0	+19.0
Depreciation	23.0	13.3	14.2	27.5	+4.5
EBITDA (*1)	45.5	36.8	40.6	77.4	+31.9
Exchange rate (Yen/US\$) (*2)	107.4	115.3	126.6	121.0	+13.6
Operating margin (%)	13.8%	23.3%	24.6%	24.0%	+10.2%
EBITDA margin (%)	28.9%	36.7%	37.9%	37.3%	+8.4%
ROE (%)	10.1%	12.6%	12.9%	12.7%	+2.6%
Net income per share (Yen)	56.36	43.42	46.04	89.46	+33.10

*1. EBITDA = Operating Income + Depreciation + Amortization of Goodwill

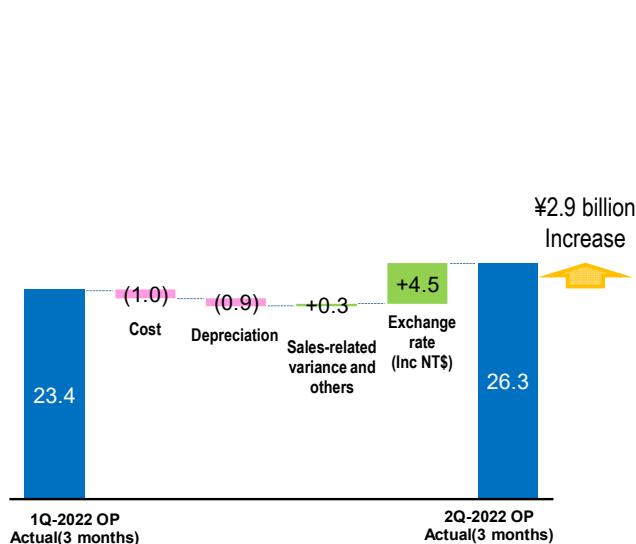
*2. If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.3 billion yen per year.

4-2. Analysis of Changes in Operating Income



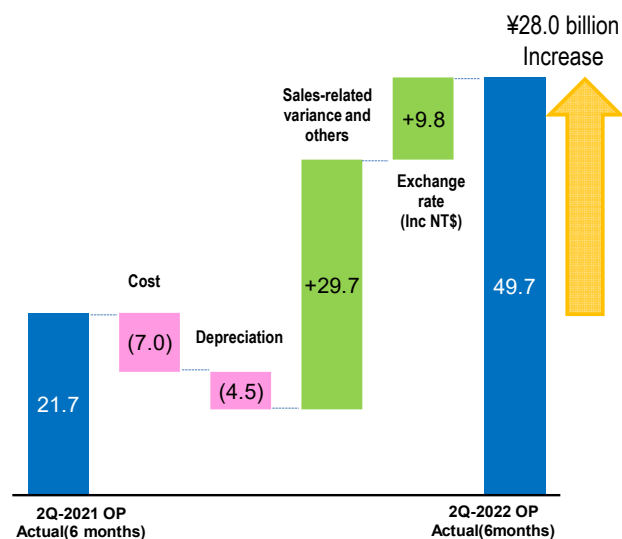
1. 1Q-2022 Actual → 2Q-2022 Actual

	1Q-2022 Actual	2Q-2022 Actual	Change
Net Sales	100.4	107.0	+6.6
Operating Income	23.4	26.3	+2.9
Exchange Rate (Yen/US\$)	115.3	126.6	+11.3



2. 2Q-2021 Actual → 2Q-2022 Actual

	2Q-2021ACT 6 months	2Q-2022ACT 6 months	Change
Net Sales	157.7	207.4	+49.7
Operating Income	21.7	49.7	+28.0
Exchange Rate (Yen/US\$)	107.4	121.0	+13.6



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

1. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2021	End of Jun-2022	Change
Cash and time deposits	224.6	278.6	+54.0
Notes and accounts receivable	75.8	87.3	+11.5
Finished products and WIP	39.8	42.2	+2.4
Raw materials and supplies	134.9	135.2	+0.3
Inventories	174.7	177.4	+2.7
Tangible and intangible assets	235.1	258.4	+23.3
Deferred income tax assets	12.5	8.3	(4.2)
Other assets	42.1	40.3	(1.8)
Total Assets	764.8	850.3	+85.5
Debt and borrowings	141.0	141.0	0.0
Other liabilities	101.0	143.9	+42.9
Liabilities	242.0	284.9	+42.9
Capital stock	199.0	199.0	-
Capital surplus	85.2	85.2	-
Retained earnings	185.0	207.9	+22.9
Non-controlling interests etc.	53.6	73.3	+19.7
Equity	522.8	565.4	+42.6
Shareholders' equity ratio	62.3%	60.0%	(2.3%)
Equity per share (Yen)	1,359.8	1,457.6	+97.9
D/E ratio (gross)	0.30x	0.28x	(0.02)x
D/E ratio (net)	(0.18)x	(0.27)x	(0.09)x

2. Consolidated Cash-Flow

(Billions of Yen)

	2Q-2022 (6 months)
Income before income taxes	50.9
Depreciation	27.5
Subtotal	78.4
Decrease in inventories	1.4
Changes in working capital, etc.	17.8
Net cash provided by operating activities	97.6
Capital expenditure (Acceptance basis)	(45.0)
Others, net	(0.2)
Net cash used in investing activities	(45.2)
Free cash-flow	52.4
Dividends paid	(8.4)
Repayments of debt	(0.2)
Foreign currency translation adjustments and others	10.2
Net increase in cash and time deposits	54.0

Cash flow from
financing activities:

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3Q-2022 Consolidated Business Forecast

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5-1. 3Q-2022 Consolidated Business Forecast



(Billions of Yen)

	3Q-2021 Actual (9 months)	3Q-2022 Forecast			Total (9 months)	Change
		1Q ACT (3 months)	2Q ACT (3 months)	3Q FCST (3 months)		
Net sales	244.4	100.4	107.0	115.0	322.4	+78.0
Operating income	36.5	23.4	26.3	27.5	77.2	+40.7
Non-operating income and expenses	(1.4)	0.3	0.9	(0.5)	0.7	+2.1
Ordinary income	35.1	23.7	27.2	27.0	77.9	+42.8
Income taxes	(5.8)	(6.2)	(8.0)	(8.0)	(22.2)	(16.4)
Net income attributable to non-controlling interests	(2.4)	(2.3)	(3.1)	(2.5)	(7.9)	(5.5)
Net income attributable to owners of the parent	26.9	15.2	16.1	16.5	47.8	+20.9
Exchange rate (Yen/US\$) (*1)	108.3	115.3	126.6	135.0	125.6	+17.3
Operating margin (%)	14.9%	23.3%	24.6%	23.9%	23.9%	+9.0%
EBITDA margin (%)	30.3%	36.7%	37.9%	37.7%	37.4%	+7.1%
ROE (%)	11.0%	12.6%	12.9%	12.9%	12.9%	+1.9%
Net income per share (Yen)	92.90	43.42	46.04	47.05	136.51	+43.61

*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.

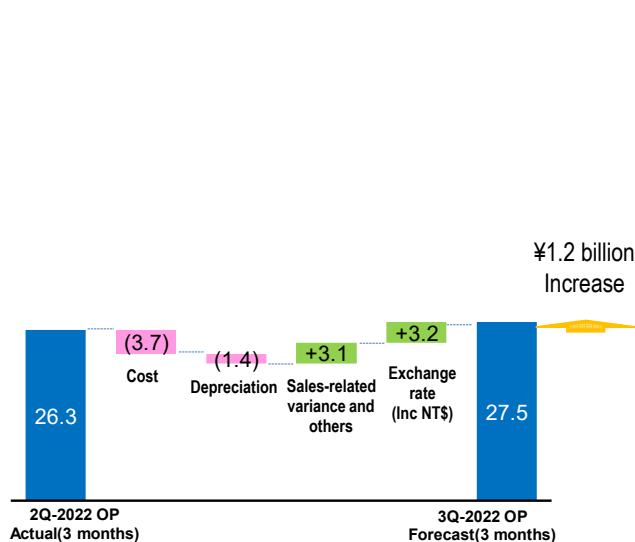
5-2. Analysis of Changes in Operating Income



1. 2Q-2022 Actual → 3Q-2022 Forecast

(Billions of Yen)

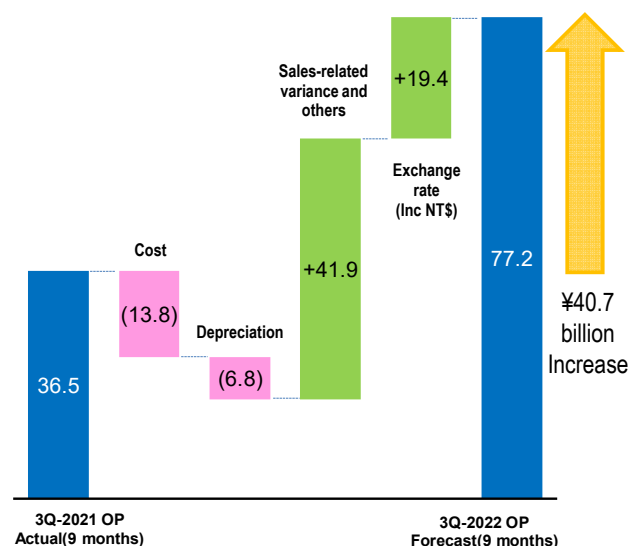
	2Q-2022 Actual	3Q-2022 Forecast	Change
Net Sales	107.0	115.0	+8.0
Operating Income	26.3	27.5	+1.2
Exchange Rate (Yen/US\$)	126.6	135.0	+8.4



2. 3Q-2021 Actual (9 months) → 3Q-2022 Forecast (9 months)

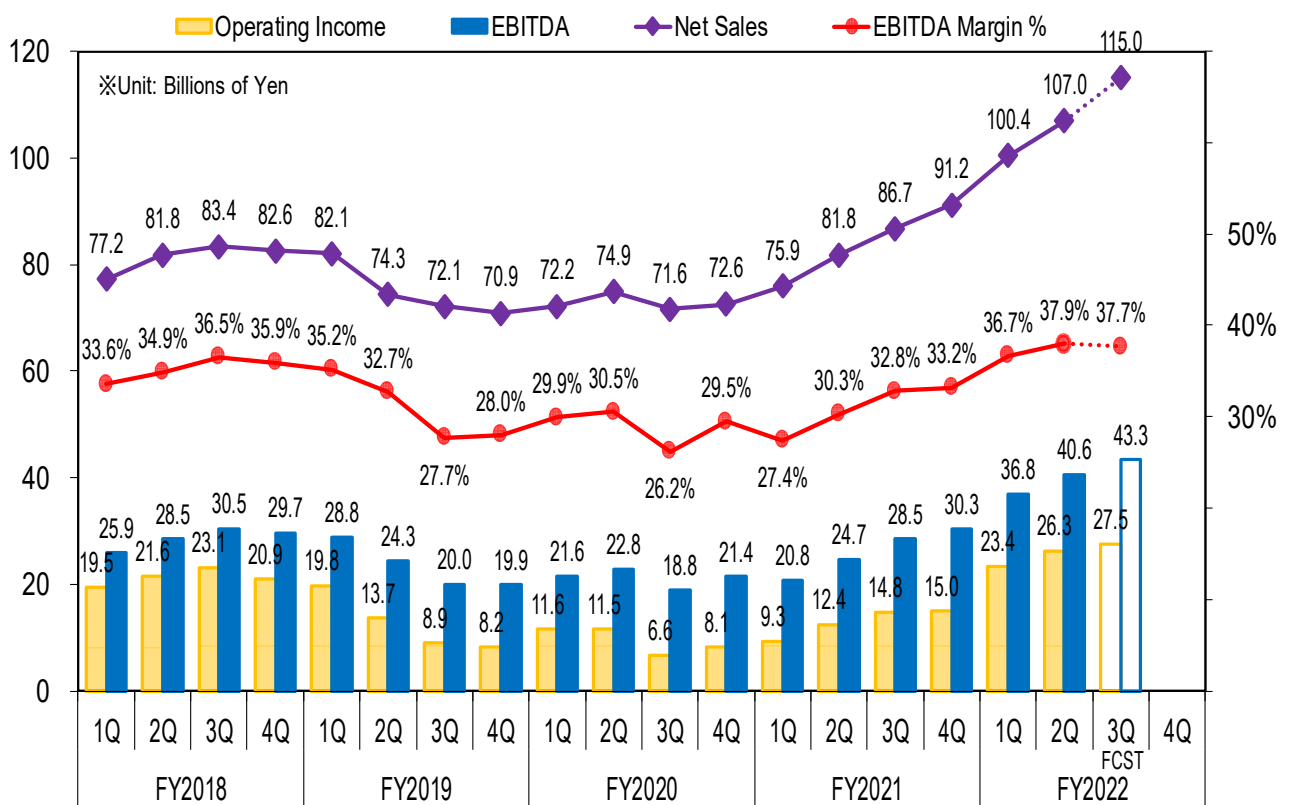
(Billions of Yen)

	3Q-2021 ACT (6 months)	3Q-2022 FCST (6 months)	Change
Net Sales	244.4	322.4	+78.0
Operating Income	36.5	77.2	+40.7
Exchange Rate (Yen/US\$)	108.3	125.6	+17.3



Reference Materials

Quarterly Trend





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