

Results for First Quarter of FY2023 (Ended March 31, 2023)

May 11, 2023
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-2023 Consolidated Business Result

(Billions of Yen)

	1Q-2023 Forecast	1Q-2023 Actual	Change
Net Sales	105.0	109.9	+4.9
Operating Income	23.0	25.9	+2.9
Ordinary Income	25.0	27.3	+2.3
Net Income (Note)	45.0	37.6	(7.4)
Exchange Rate (Yen/US\$)	131.0	133.2	+2.2

2Q-2023 Consolidated Business Forecast

(Billions of Yen)

	1Q-2023 Actual	2Q-2023 Forecast	Change
Net Sales	109.9	108.0	(1.9)
Operating Income	25.9	17.0	(8.9)
Ordinary Income	27.3	16.0	(11.3)
Net Income (Note)	37.6	9.5	(28.1)
Exchange Rate (Yen/US\$)	133.2	134.0	+0.8

(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)	FY2023 (Dec-2023)
Dividends per share for common stocks (Yen)	Interim	30	25	18	17	36	^{(*)1} 40
	Year-end	32	10	9	24	45	-
	Total	62	35	27	41	81	-
Dividends payment (Billions of Yen)	Interim	8.7	7.3	5.2	4.9	12.6	^{(*)1} 14.0
	Year-end	9.3	2.9	2.6	8.4	15.7	-
	Total	18.1	10.2	7.8	13.3	28.3	-
Dividend ratio (%)	Total	31.0%	31.0%	30.9%	30.2%	40.4%	^{(*)2} ^{(*)3} 30.6%
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%	40.4%	-

*1. Interim dividend and its payment for FY2023 are forecast amounts.

*2. 1.5 billion yen of Subsidy income after tax from Saga Prefecture is excluded from dividends.

*3. Dividend ratio for FY2023 is calculated by Interim dividend basis.

1Q-2023

- ✓ Volume
 - 300 mm wafers for memory use in correction phase. Varied demand among customers for wafers for logic use, with only a slight correction, but customer wafer inventory increasing
 - 200 mm demand solid for automotive use but correction began for consumer and industrial uses
 - Demand stayed weak for 150 mm, mainly for consumer use
- ✓ Pricing - Contract prices kept to for both 300 mm and 200 mm

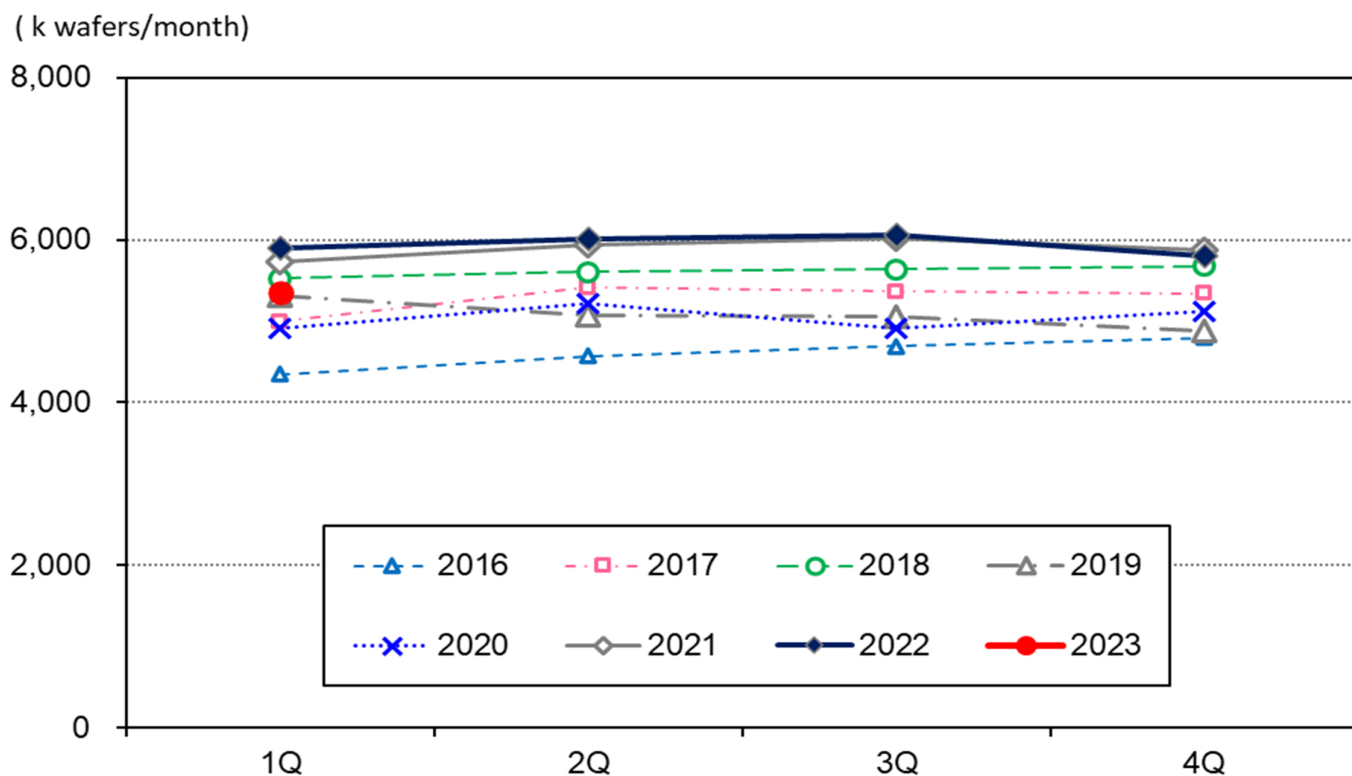
2Q-2023 Forecast

- ✓ Volume
 - With customers adjusting production, sales volumes of 300 mm wafers for both memory and logic seen as slightly behind pace
 - 200 mm correction continuing for consumer and industrial uses (other than automotive use)
 - Demand for 150 mm to remain weak
- ✓ Pricing - Contract prices being kept to for both 300 mm and 200 mm

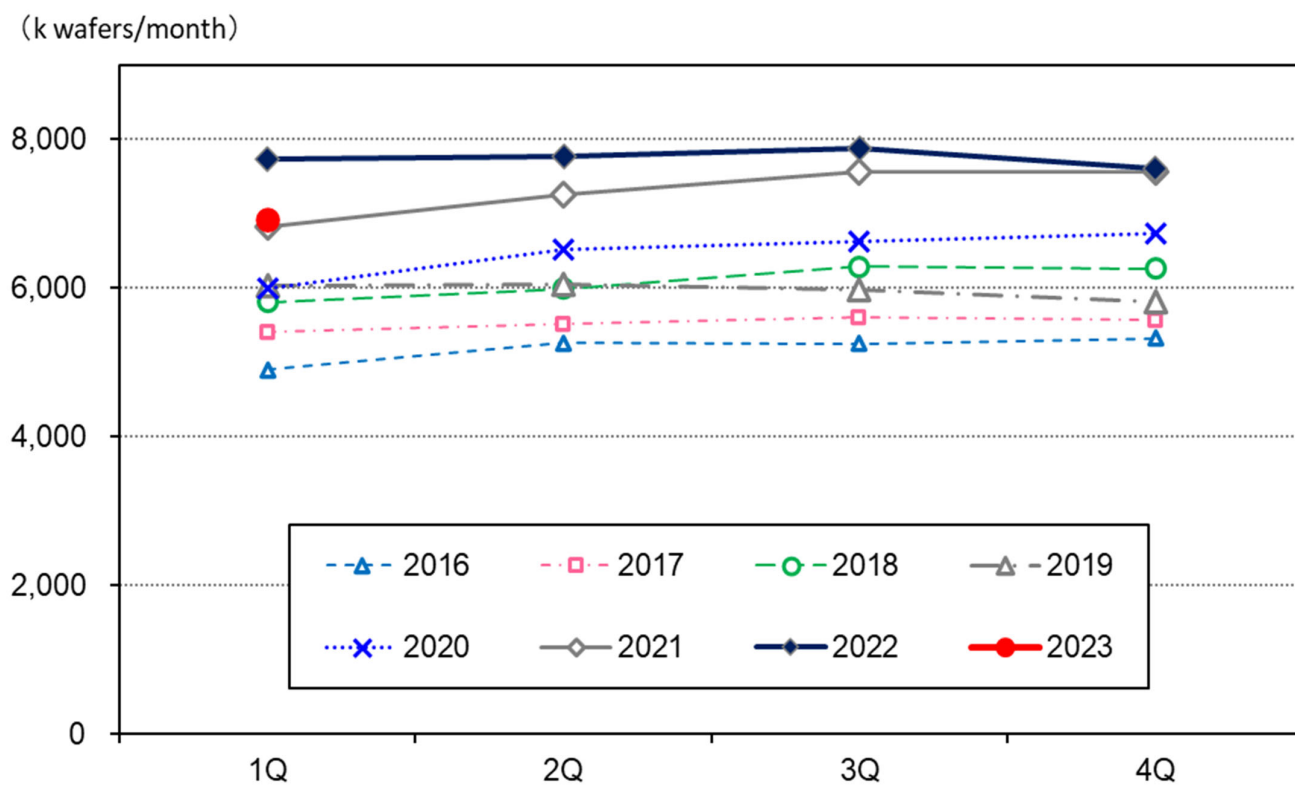
Outlook

- ✓ 300 mm demand expected to bottom out in 2023 2H. Gradual recovery in growth rate forecast in 2024 and after thanks to expanding markets for data center, automotive, 5G smartphone and other end product applications.
- ✓ 200 mm and smaller also expected to recover from 2024 along with 300 mm

2-2. 200mm Wafer Trend



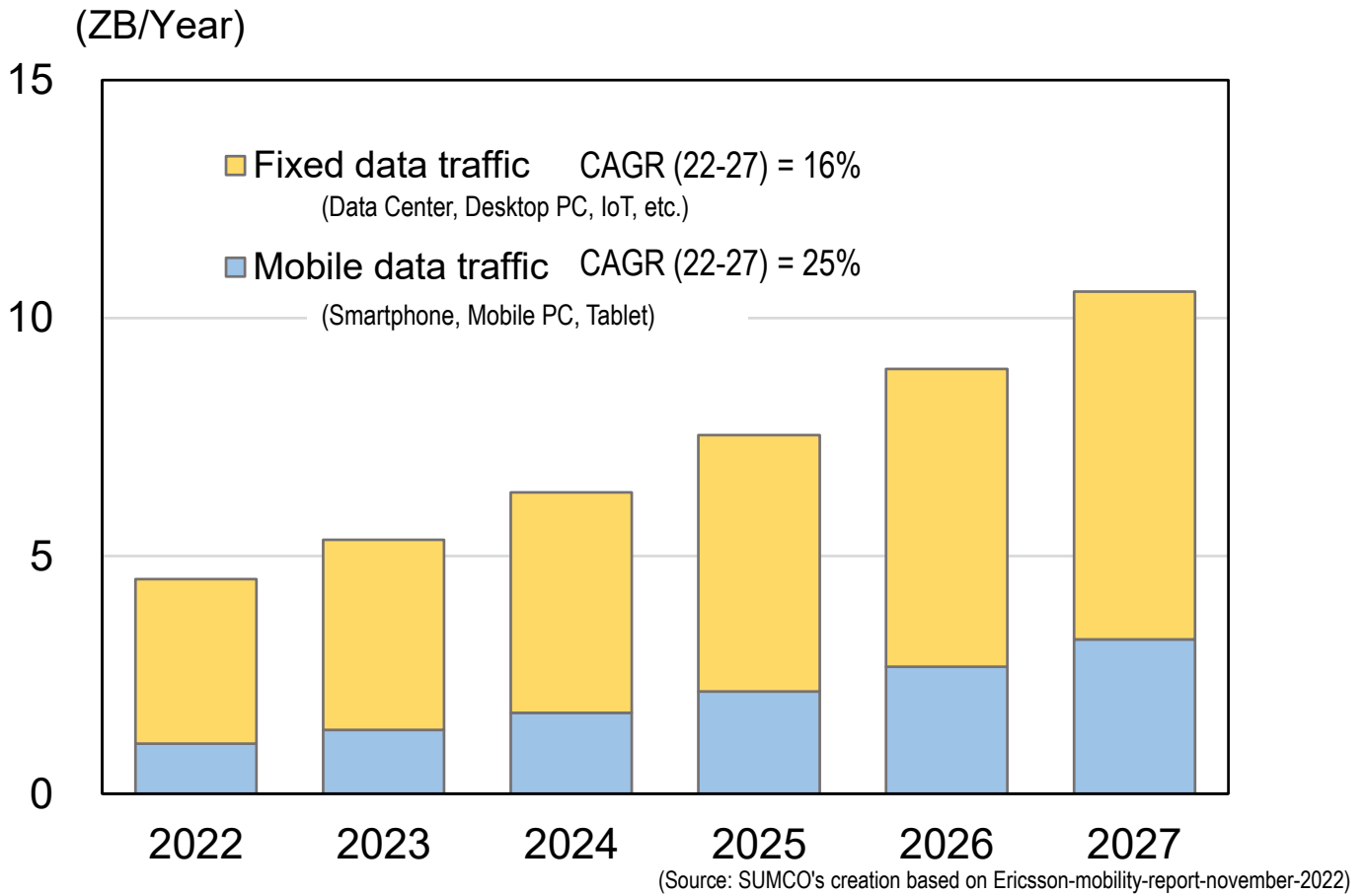
(Source: SUMCO's estimation)



(Source: SUMCO's estimation)

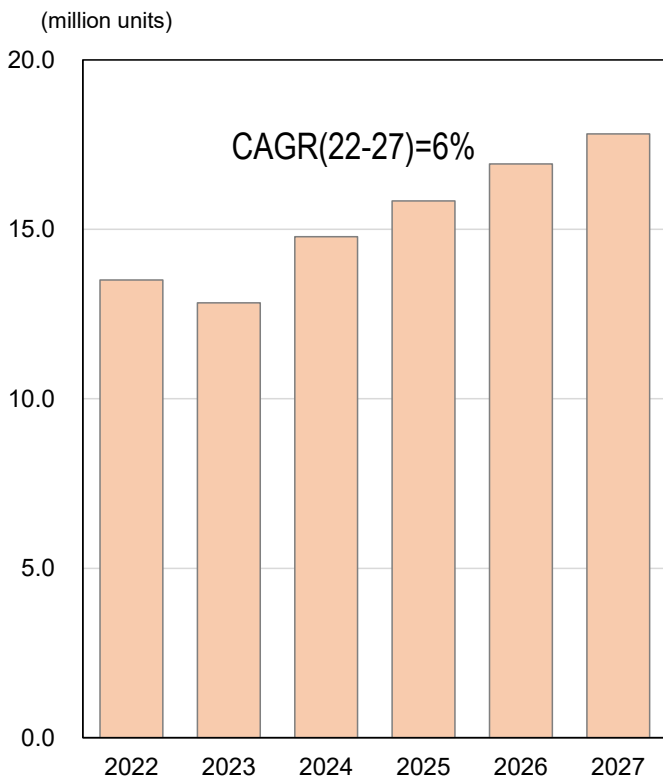
1. Forecast of Global Data Traffic
2. Demand Forecast for 300mm Wafers for Data Centers
3. Demand Forecast for 300mm Wafers for Smartphone
4. Memory / Semiconductor Market Forecast

3-1. Forecast of Global Data Traffic

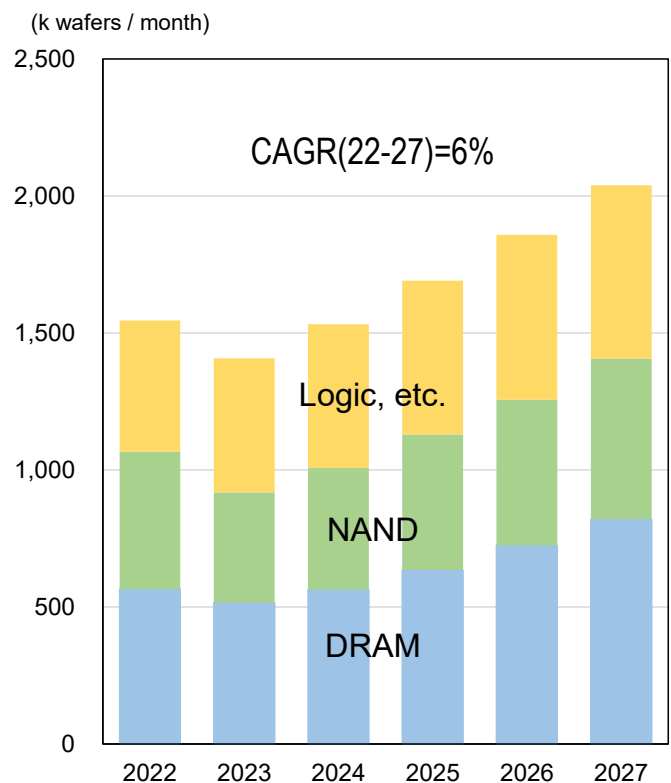


3-2. Demand Forecast for 300mm Wafers for Data Centers

Server Shipment Forecast



300mm Wafer

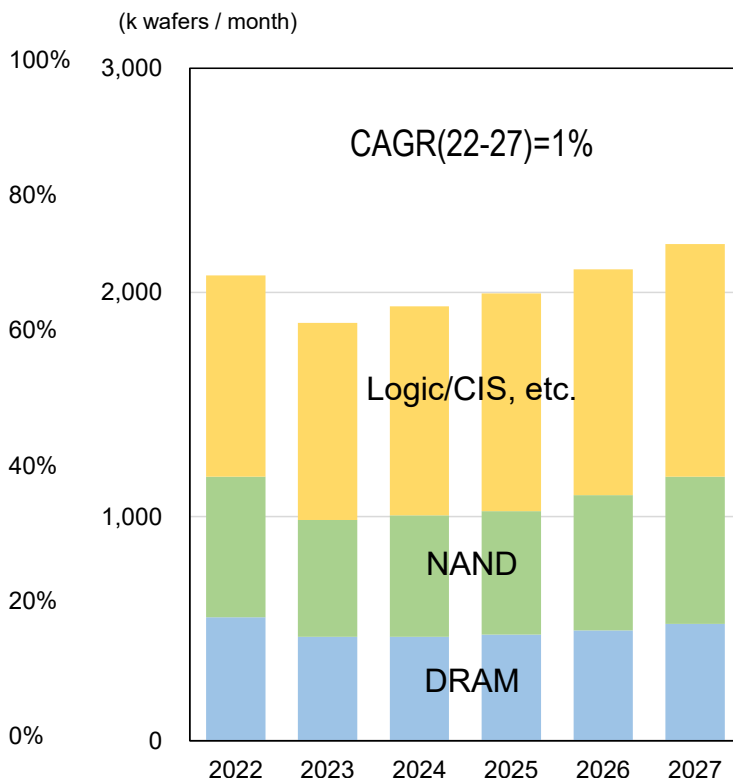
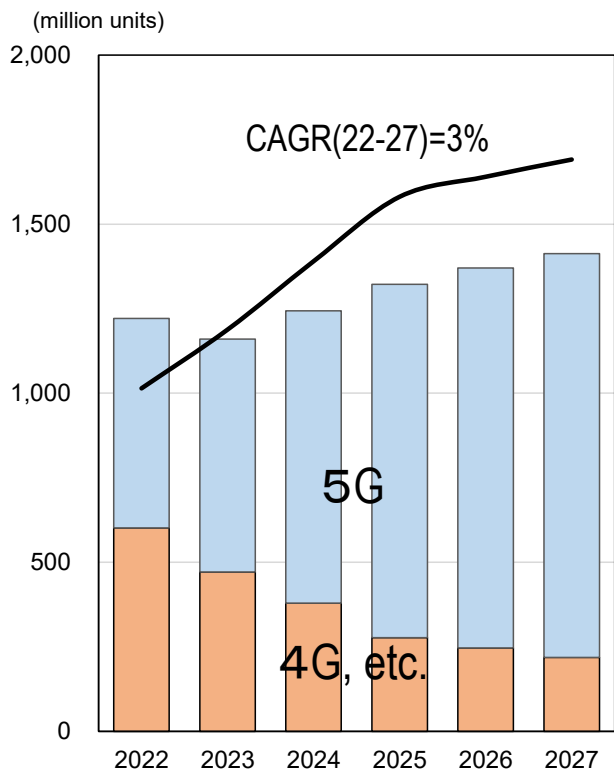


(Source : SUMCO's estimation)

3-3. Demand Forecast for 300mm Wafers for Smartphone

Smartphone Shipment Forecast

300mm Wafer



(Source : SUMCO's estimation)

3-4. Memory / Semiconductor Market Forecast

DRAM

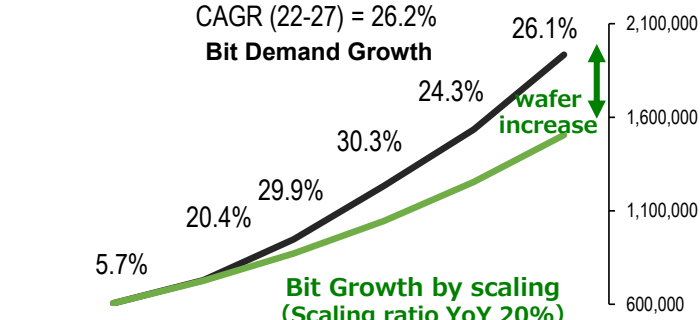
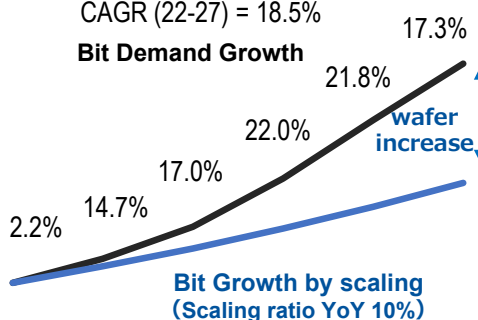
NAND

(Petabytes)

(Petabytes)

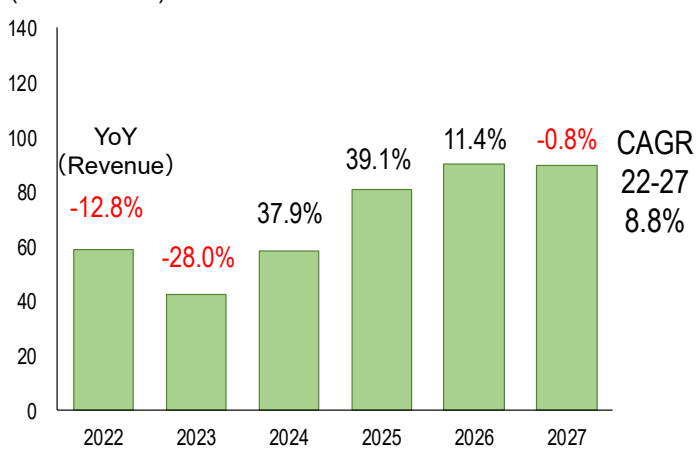
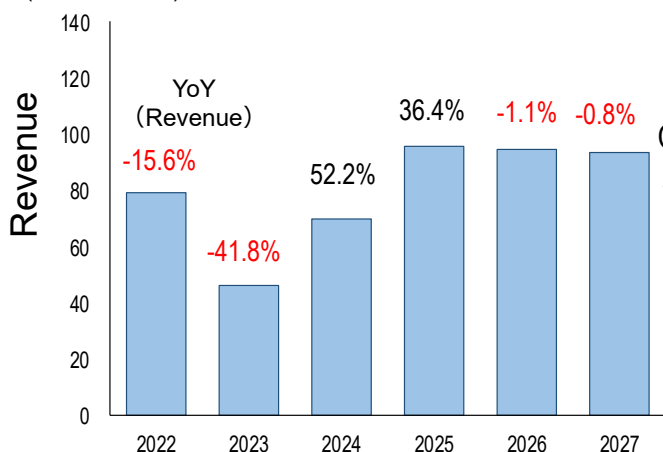
CAGR (22-27) = 18.5%
Bit Demand Growth

CAGR (22-27) = 26.2%
Bit Demand Growth



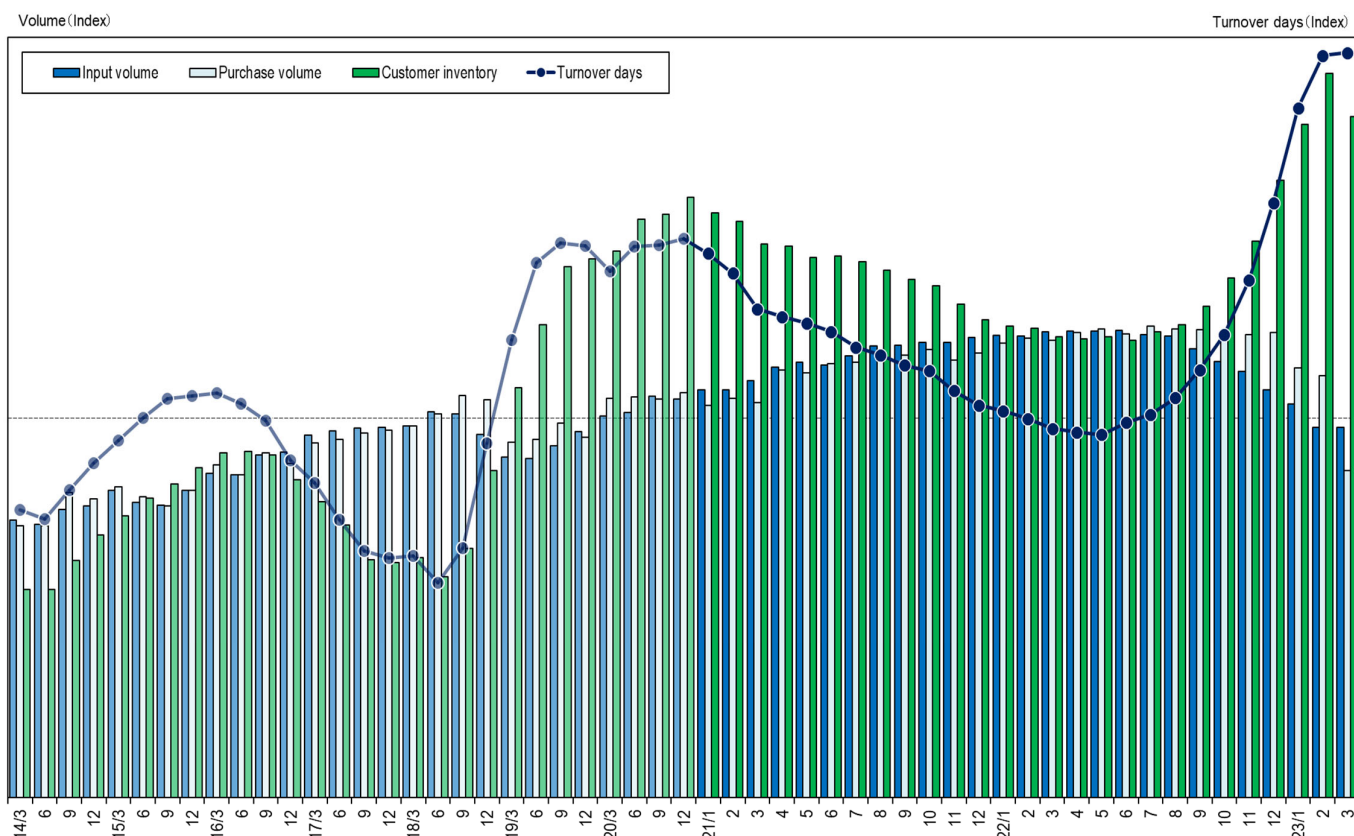
(billion dollars)

(billion dollars)



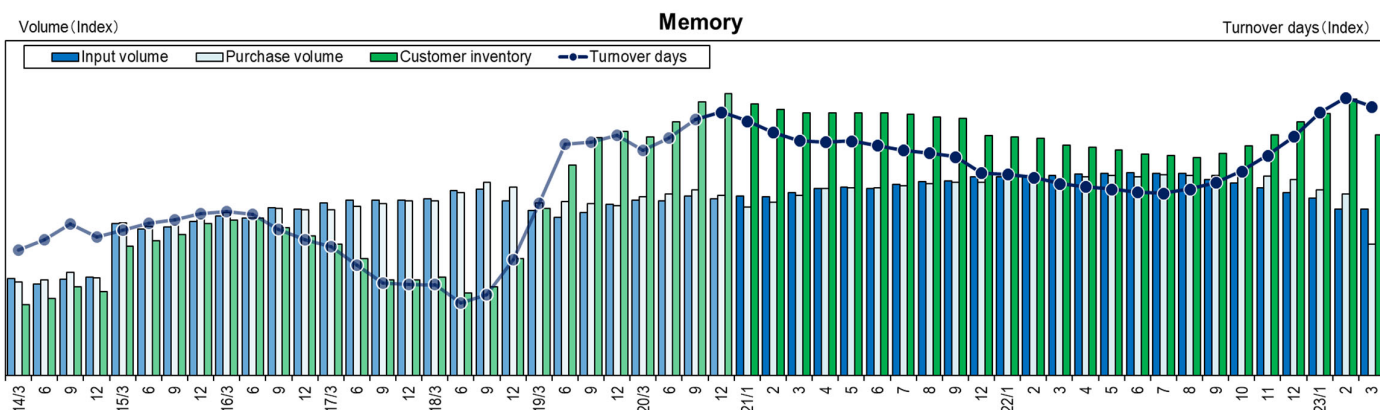
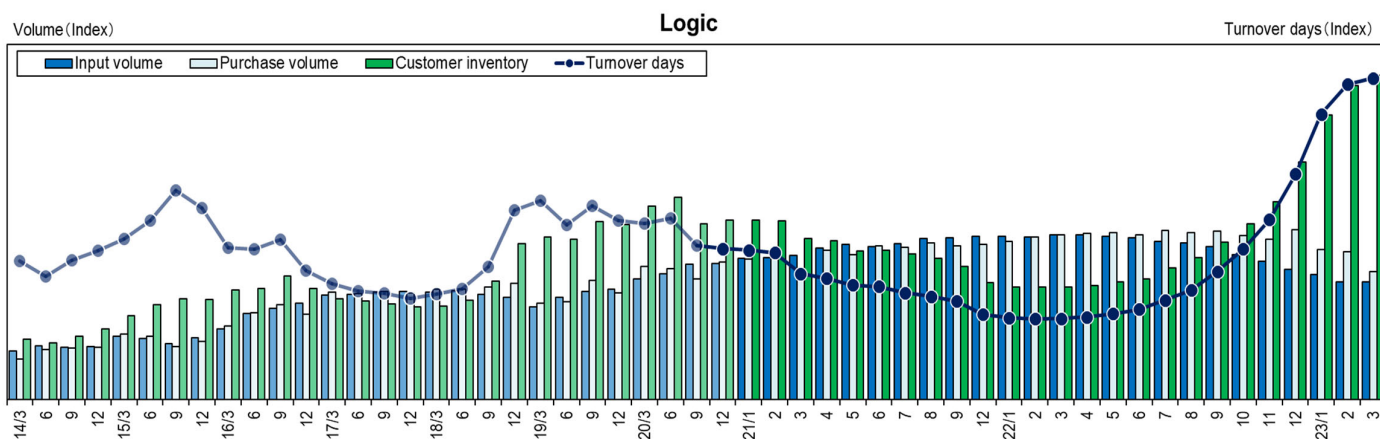
(Source : SUMCO's estimation based on multiple research company's data)

4-1. Customer 300mm Wafer Inventory Trend



(Source: SUMCO's estimation)

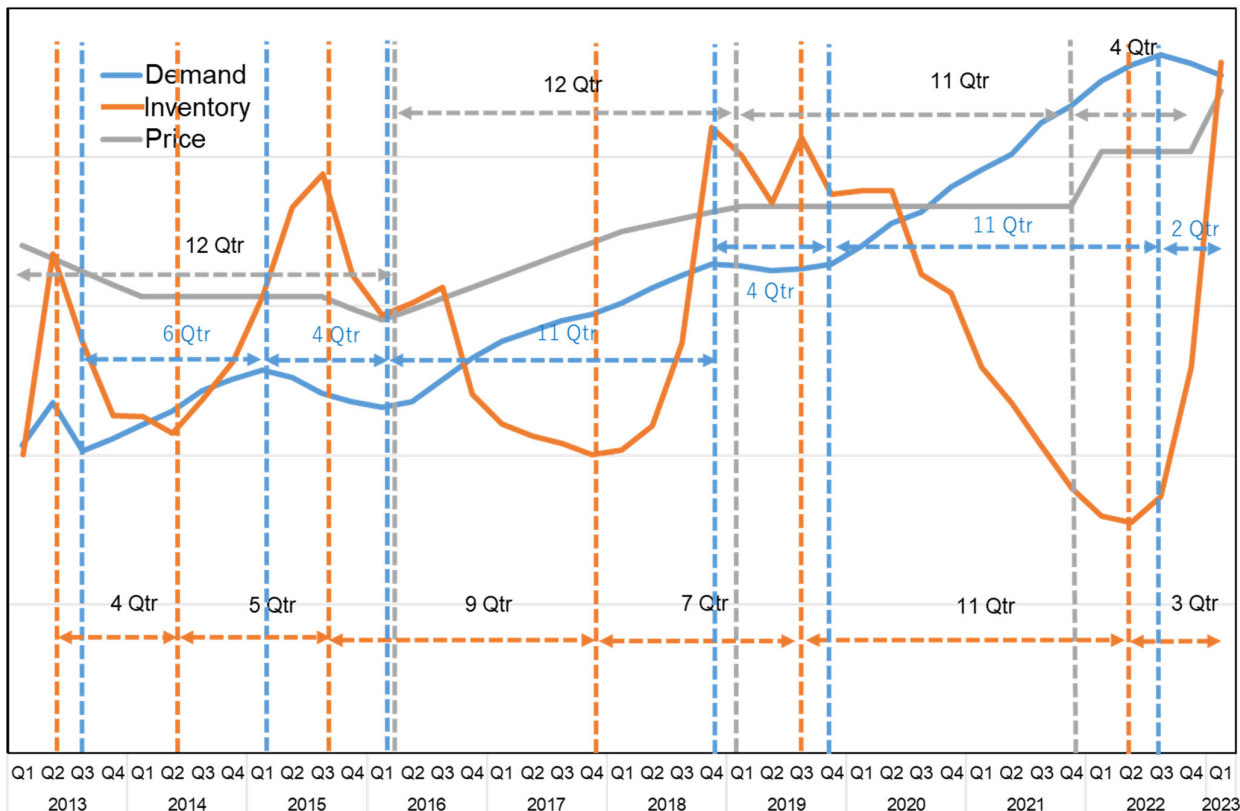
4-2. Customer 300mm Wafer Inventory (Logic/Memory)



(Source: SUMCO's estimation)

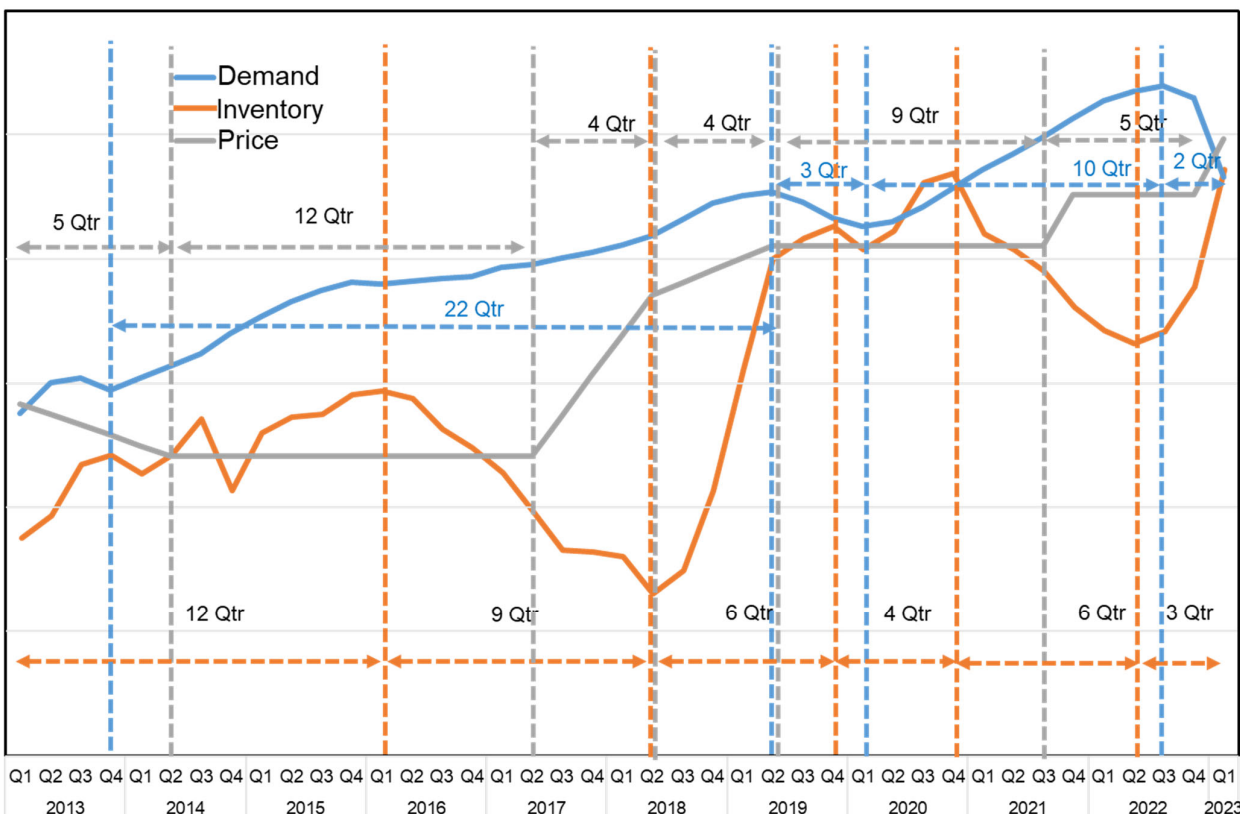
5-1. 300mm Epi Wafer Demand, Inventory and Price Trend

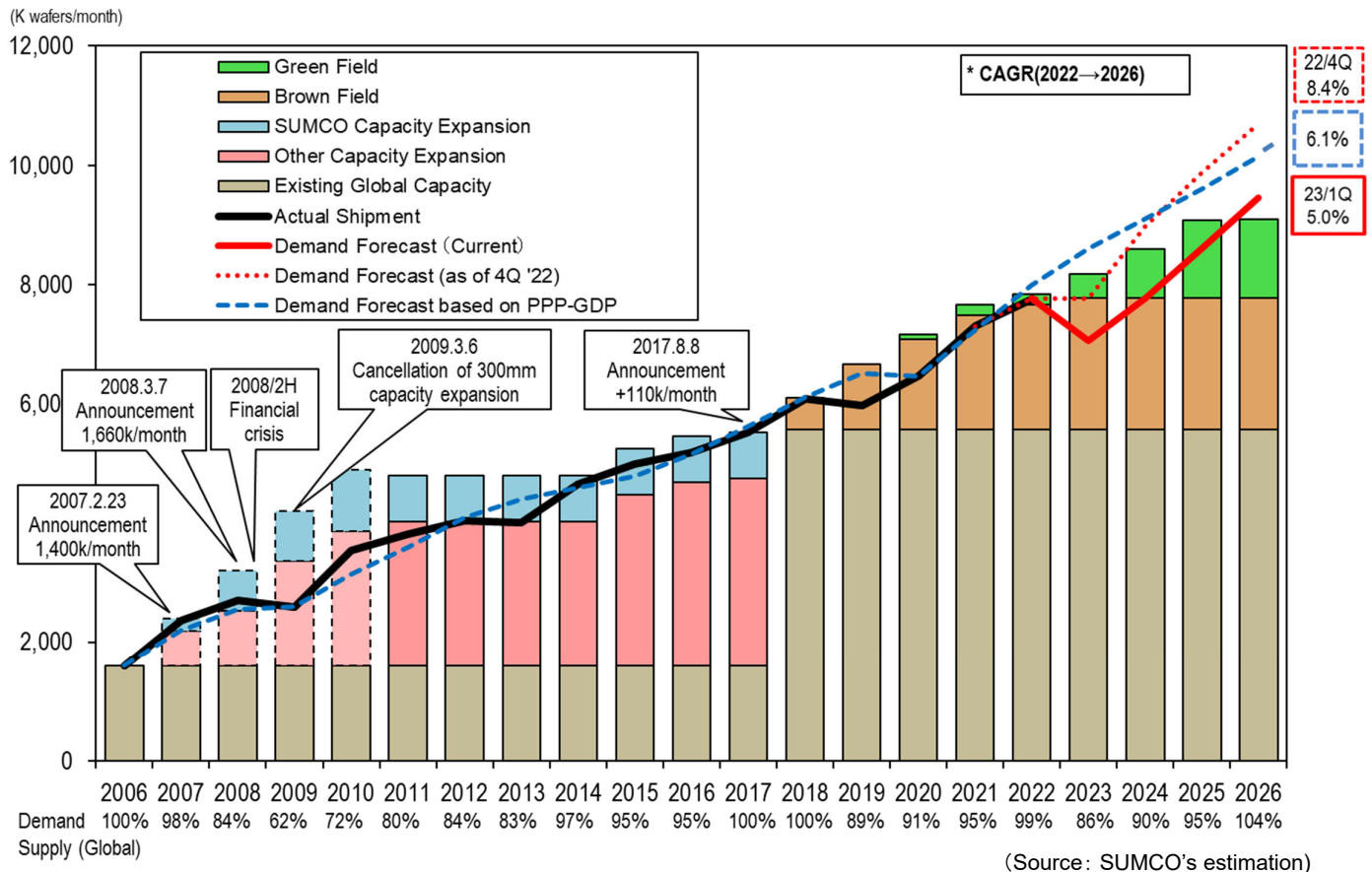
- Demand: Adjusted in '15, increased from '16 to 11Qtr, flat from '18Q4, increased from '20Q1
- Inventory change cycle: decrease 9~11Qtr, increase 5~7Qtr
- Demand increases even as inventories increase



5-2. 300mm Polished Wafer Demand, Inventory and Price Trend

- Demand: Increased 22Qtr from '13Q4 to '19Q2, decreased from '19Q2 to '20Q1, and increased thereafter
- Inventories: Increased 12 Qtr from '13 to '16Q1, decreased 9 Qtr from '1Q 16 to '18Q2, increased 10 Qtr by '20Q4, decreased thereafter. Inventory change cycle is longer than Epi Wafer.





1Q-2023 Consolidated Business Result

Michiharu Takii
Representative Director,
Vice Chairman,
Chief Financial Officer

7-1. Summary of Consolidated Business Result

(Billions of Yen)

	1Q-2022 Actual	4Q-2022 Actual	1Q-2023 Actual	Change	
				YoY	QoQ
Net sales	100.4	117.4	109.9	+9.5	(7.5)
Operating income	23.4	29.7	25.9	+2.5	(3.8)
Non-operating income and expenses	0.3	(1.8)	1.4	+1.1	+3.2
Ordinary income	23.7	27.9	27.3	+3.6	(0.6)
Extraordinary income	-	-	20.1	+20.1	+20.1
Income taxes	(6.2)	(7.1)	(7.7)	(1.5)	(0.6)
Net income attributable to non-controlling interests	(2.3)	(2.3)	(2.1)	+0.2	+0.2
Net income attributable to owners of the parent	15.2	18.5	37.6	+22.4	+19.1
Capital expenditure (Acceptance basis)	16.5	51.6	91.6	+75.1	+40.0
Depreciation	13.3	16.5	14.0	+0.7	(2.4)
EBITDA (*1)	36.8	46.4	40.1	+3.3	(6.3)
Exchange rate (Yen/US\$) (*2)	115.3	143.8	133.2	+17.9	(10.6)
Operating margin (%)	23.3%	25.3%	23.6%	+0.3%	(1.7%)
EBITDA margin (%)	36.7%	39.5%	36.5%	(0.2%)	(3.0%)
ROE (%)	12.6%	14.0%	15.8%	+3.2%	+1.8%
Basic earnings per share (Yen)	43.42	52.58	107.66	+64.24	+55.08

*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 1.5 billion yen per year

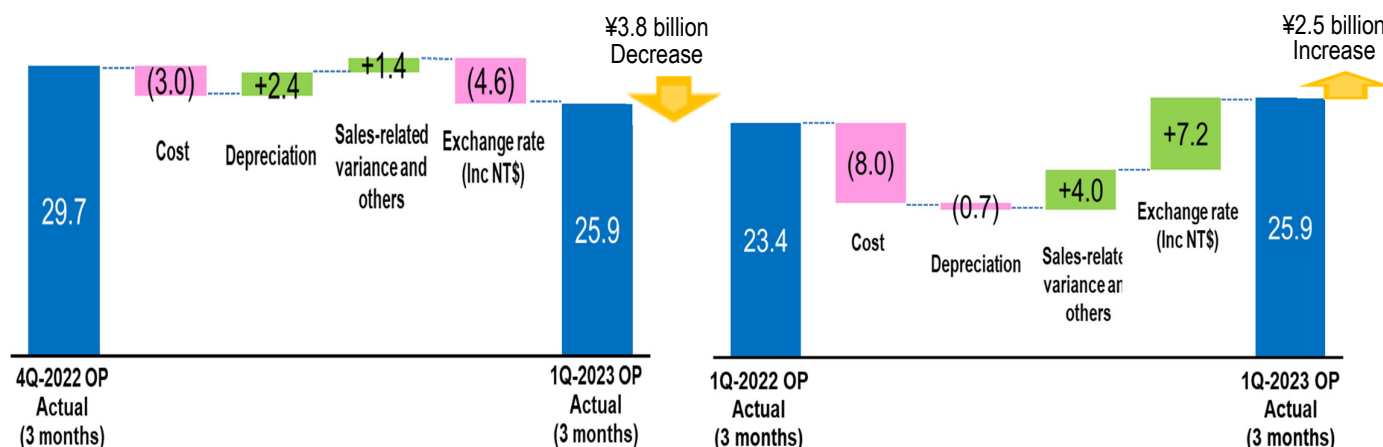
7-2. Analysis of Changes in Operating Income

1. 4Q-2022 Actual → 1Q-2023 Actual

	4Q-2022 Actual	1Q-2023 Actual	Change
Net Sales	117.4	109.9	(7.5)
Operating Income	29.7	25.9	(3.8)
Exchange Rate (Yen/US\$)	143.8	133.2	(10.6)

2. 1Q-2022 Actual → 1Q-2023 Actual

	1Q-2022 Actual	1Q-2023 Actual	Change
Net Sales	100.4	109.9	+9.5
Operating Income	23.4	25.9	+2.5
Exchange Rate (Yen/US\$)	115.3	133.2	+17.9



1. Consolidated Balance Sheet

	(Billions of Yen)		
	End of Dec-2022	End of Mar-2023	Change
Cash and time deposits	259.3	213.8	(45.5)
Notes and accounts receivable	89.9	90.3	+0.4
Finished products and WIP	46.9	49.5	+2.6
Raw materials and supplies	135.4	151.2	+15.8
Inventories	182.3	200.7	+18.4
Tangible and intangible assets	308.6	386.7	+78.1
Deferred income tax assets	8.3	9.1	+0.8
Other assets	44.1	46.0	+1.9
Total Assets	892.5	946.6	+54.1
Debt and borrowings	141.3	141.2	(0.1)
Other liabilities	159.8	195.9	+36.1
Liabilities	301.1	337.1	+36.0
Capital stock	199.0	199.0	-
Capital surplus	85.2	85.2	-
Retained earnings	234.3	256.2	+21.9
Non-controlling interests etc.	72.9	69.1	(3.8)
Equity	591.4	609.5	+18.1
Shareholders' equity ratio	59.8%	58.7%	(1.1%)
Equity per share (Yen)	1,523.7	1,586.6	+62.9
D/E ratio (gross)	0.26x	0.25x	(0.01)x
D/E ratio (net)	(0.22)x	(0.13)x	+0.09x

2. Consolidated Cash-Flow

	(Billions of Yen)	
		1Q-2023 (3 months)
Income before income taxes		47.4
Extraordinary income		(20.1)
Depreciation		14.0
Subtotal		41.3
Decrease in inventories		(3.6)
Changes in working capital, etc.		(11.4)
Net cash provided by operating activities		26.3
Capital expenditure (Acceptance basis)		(91.6)
Proceeds from purchase of shares of subsidiaries		9.9
Others, net		24.9
Net cash used in investing activities		(56.8)
Free cash-flow		(30.5)
Cash flow from financing activities, etc.		
Dividends paid		(15.7)
Repayments of debt		0.0
Foreign currency translation adjustments and others		0.7
Net increase in cash and time deposits		(45.5)

2Q-2023 Consolidated Business Forecast

8-1. 2Q-2023 Consolidated Business Forecast



(Billions of Yen)

	2Q-2022 Actual (6 months)	2Q-2023		Total (6 months)	Change	
		1Q ACT (3 months)	2Q FCST (3 months)			
Net sales	207.4	109.9	108.0	217.9	+10.5	
Operating income	49.7	25.9	17.0	42.9	(6.8)	
Non-operating income and expenses	1.2	1.4	(1.0)	0.4	(0.8)	
Ordinary income	50.9	27.3	16.0	43.3	(7.6)	
Extraordinary income and expenses	0.0	20.1	-	20.1	20.1	
Income taxes	(14.2)	(7.7)	(5.0)	(12.7)	+1.5	
Net income attributable to non-controlling interests	(5.4)	(2.1)	(1.5)	(3.6)	+1.8	
Net income attributable to owners of the parent	31.3	37.6	9.5	47.1	+15.8	
Depreciation	27.5	14.0	17.1	31.1	+3.7	
EBITDA	77.4	40.1	34.1	74.2	(3.2)	
Exchange rate (Yen/US\$)	(*)	121.0	133.2	134.0	133.6	+12.6
Operating margin (%)	24.0%	23.6%	15.7%	19.7%	(4.3%)	
EBITDA margin (%)	37.3%	36.5%	31.6%	34.1%	(3.2%)	
ROE (%)	12.7%	15.8%	6.8%	13.3%	+0.6%	
Basic earnings per share (Yen)	89.46	107.66	27.13	134.79	+45.33	

*1. If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.5 billion yen per year.

8-2. Analysis of Changes in Operating Income

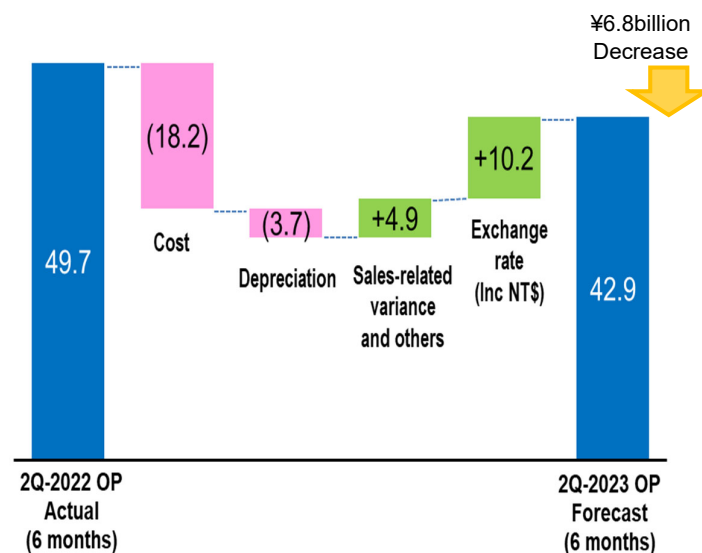
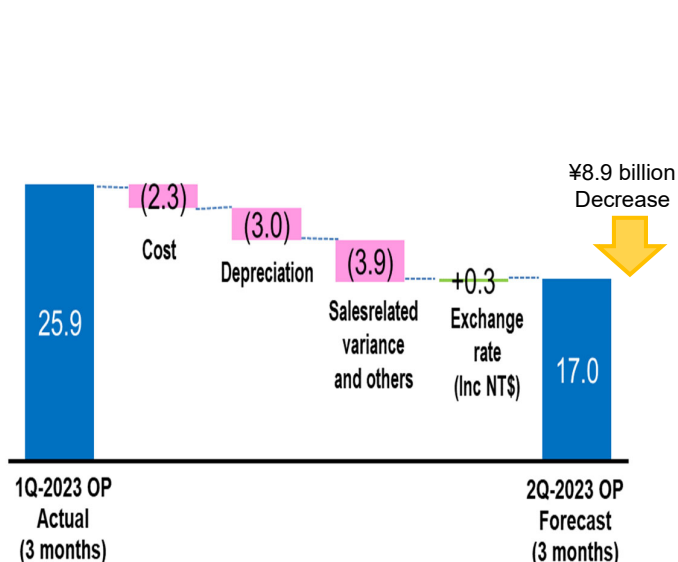


1. 1Q-2023 Actual → 2Q-2023 Forecast

2. 2Q-2022 Actual (6 months) → 2Q-2023 Forecast (6 months)

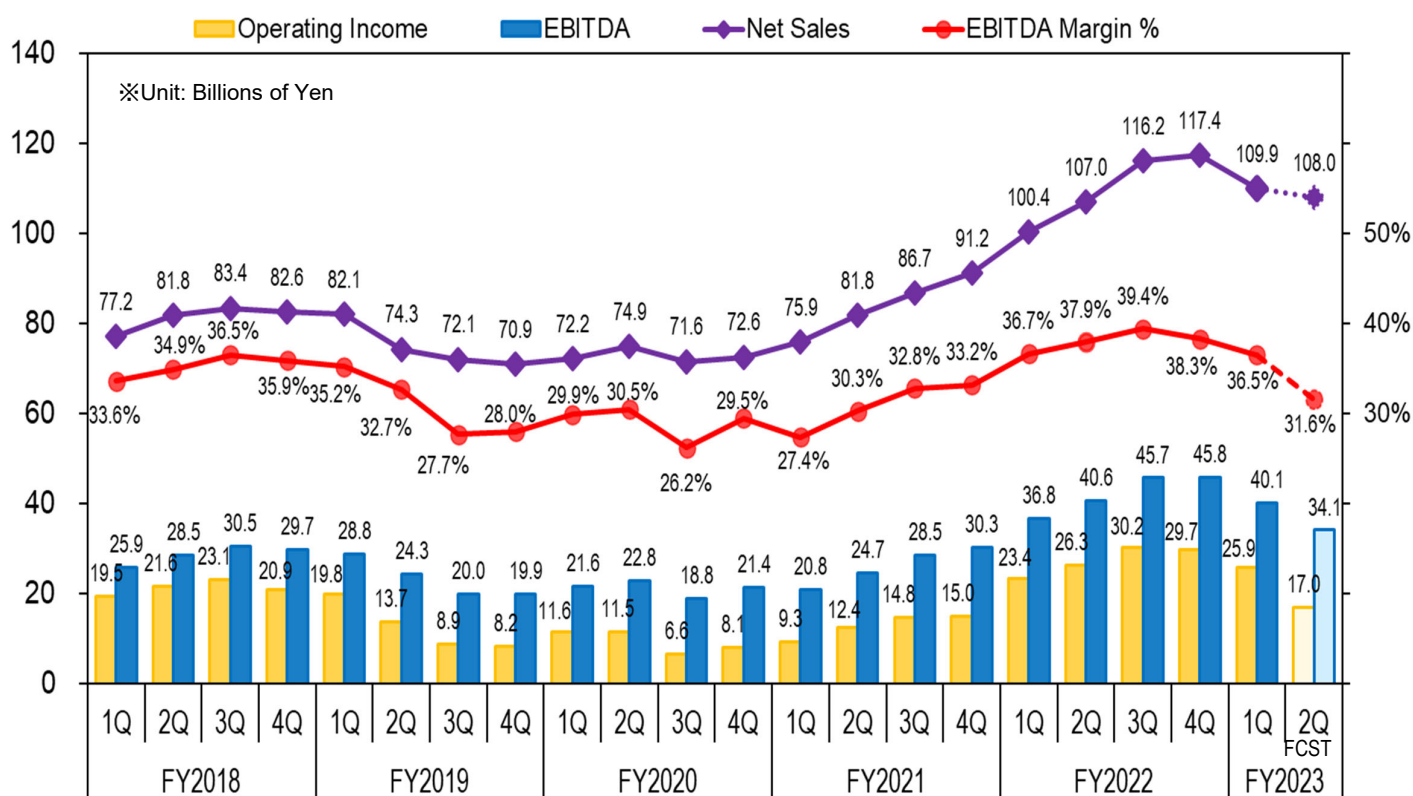
	1Q-2023 Actual	2Q-2023 Forecast	Change
Net Sales	109.9	108.0	(1.9)
Operating Income	25.9	17.0	(8.9)
Exchange Rate (Yen/US\$)	133.2	134.0	+0.8

	2Q-2022 Act (6 months)	2Q-2023 Fcst (6 months)	Change
Net Sales	207.4	217.9	+10.5
Operating Income	49.7	42.9	(6.8)
Exchange Rate (Yen/US\$)	121.0	133.6	+12.6



Reference Materials

Quarterly Trend





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