

Results for Second Quarter of FY2023 (Ended June 30, 2023)

August 8, 2023
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-2023 Consolidated Business Result

(Billions of Yen)

	2Q-2023 Forecast	2Q-2023 Actual	Change
Net Sales	108.0	110.7	+2.7
Operating Income	17.0	20.8	+3.8
Ordinary Income	16.0	21.2	+5.2
Net Income (Note)	9.5	12.0	+2.5
Exchange Rate (Yen/US\$)	134.0	135.9	+1.9

3Q-2023 Consolidated Business Forecast

(Billions of Yen)

	2Q-2023 Actual	3Q-2023 Forecast	Change
Net Sales	110.7	101.0	(9.7)
Operating Income	20.8	11.0	(9.8)
Ordinary Income	21.2	11.0	(10.2)
Net Income (Note)	12.0	7.0	(5.0)
Exchange Rate (Yen/US\$)	135.9	138.0	+2.1

(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	42
	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	14.7
	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%	(*) (*) 30.5%
Share Buyback							
Amount (Billions of Yen)	Total	-	3.3	2.5	-	-	-
	Ratio (%)	-	10.0%	9.8%	-	-	-
Total Return Ratio (%)	Total	31.0%	41.0%	40.7%	30.2%	40.4%	-

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

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

2Q-2023

- ✓ Volume - As customers continued adjusting production, 300 mm wafer shipments declined for both memory and logic
 - 200 mm and smaller wafer shipments declined due to low demand for end products
- ✓ Pricing - Long-term contract prices are being honored for both 300 mm and 200 mm wafers

3Q-2023 Forecast

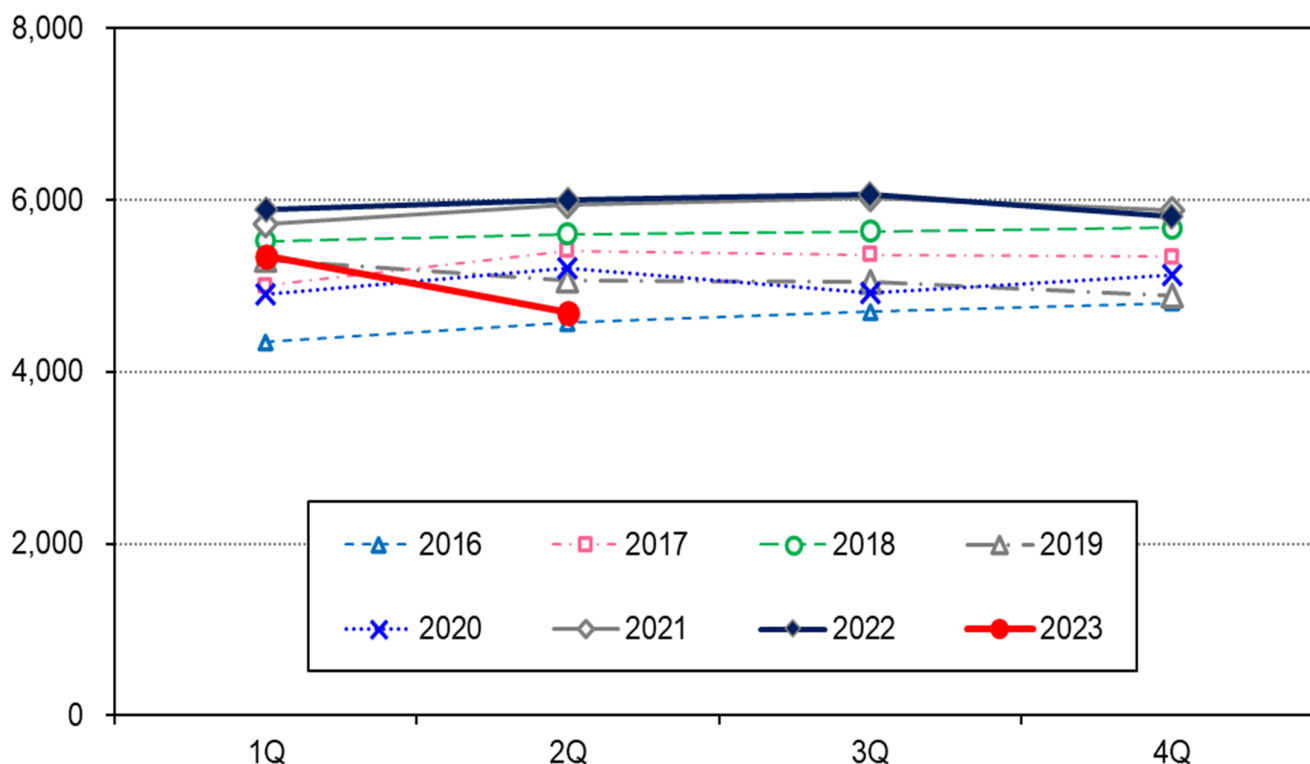
- ✓ Volume - A drop in shipments of 300 mm wafers is expected as customers continue adjusting production
 - With overall market conditions for 200 mm and smaller wafers remaining weak, the supply-demand adjustment phase is forecast to continue
- ✓ Pricing - Long-term contract prices for both 300 mm and 200 mm wafers are being honored

Outlook

- ✓ While there are products with solid demand in areas such as data center investment with increasing use of AI, and in the automotive and energy fields, demand for personal computers, smartphones and other such products is expected to remain weak, with overall semiconductor production continuing in an adjustment phase.

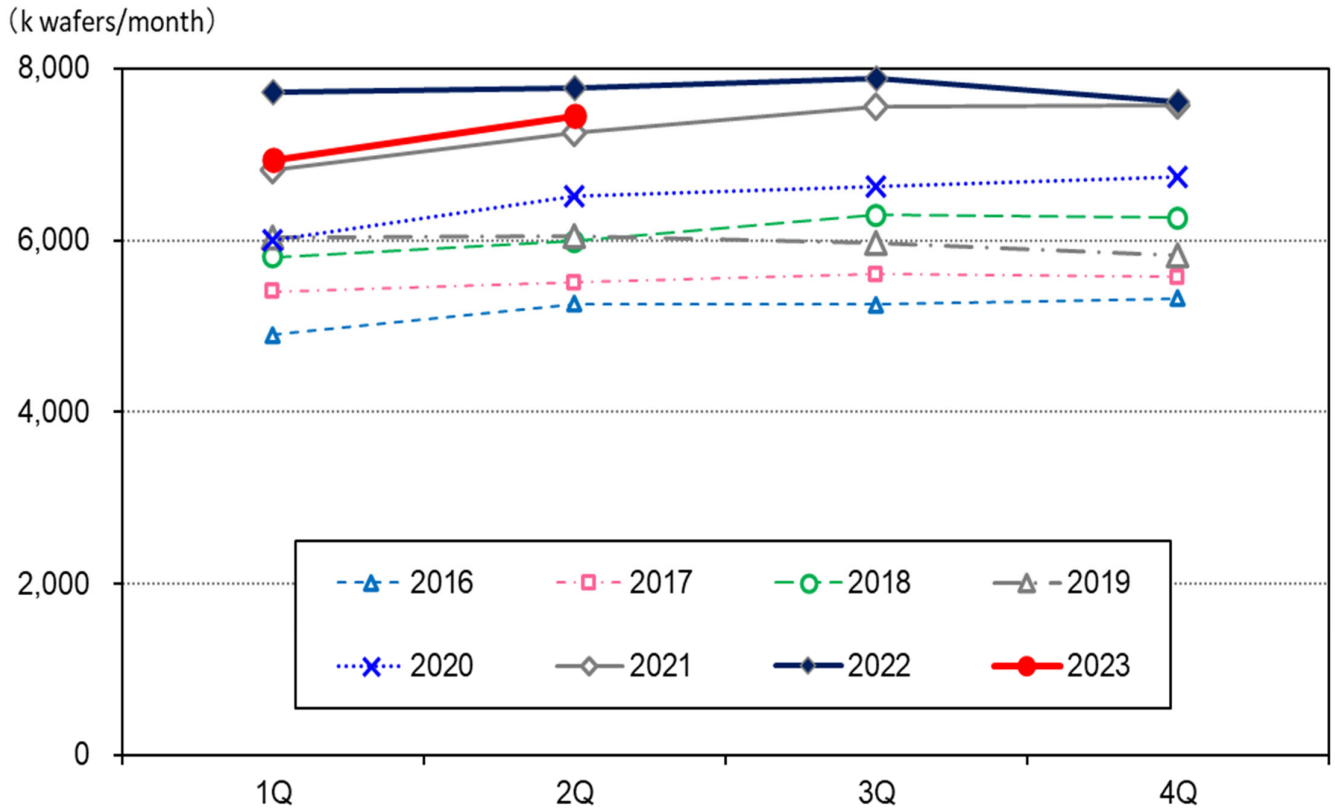
2-2. 200mm Wafer Trend

(k wafers/month)



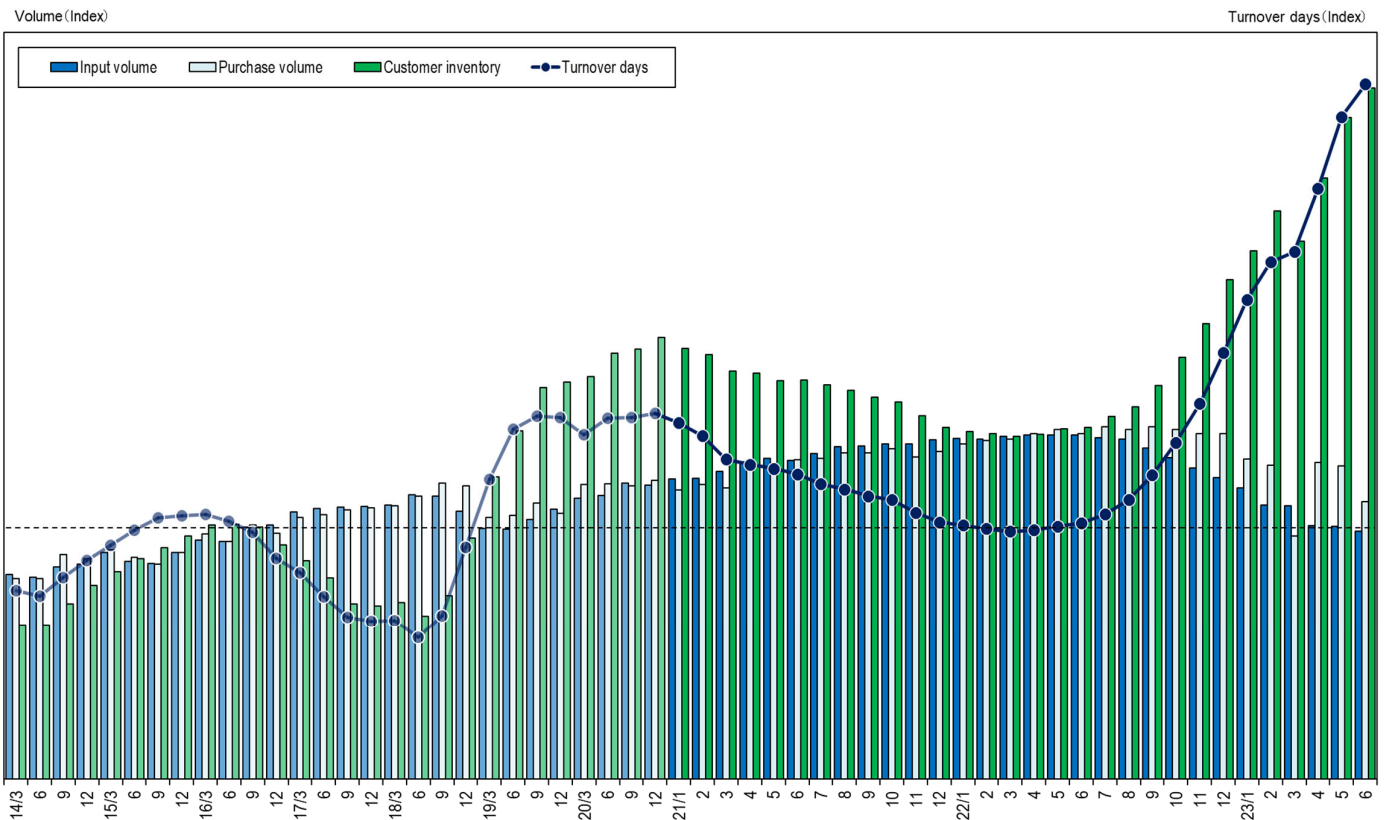
(Source: SUMCO's estimation)

2-3. 300mm Wafer Trend



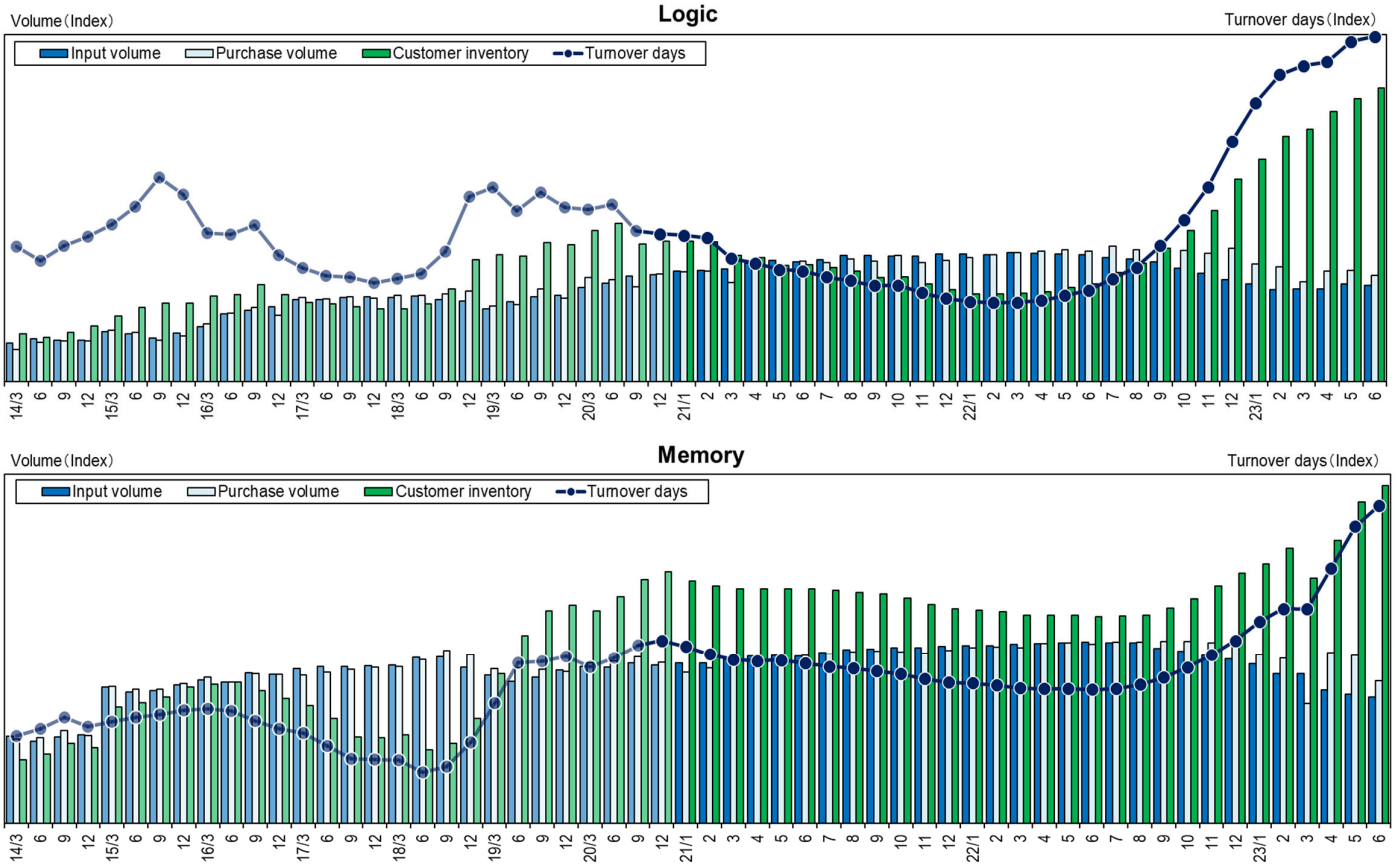
(Source: SUMCO's estimation)

3-1. Customer 300mm Wafer Inventory Trend



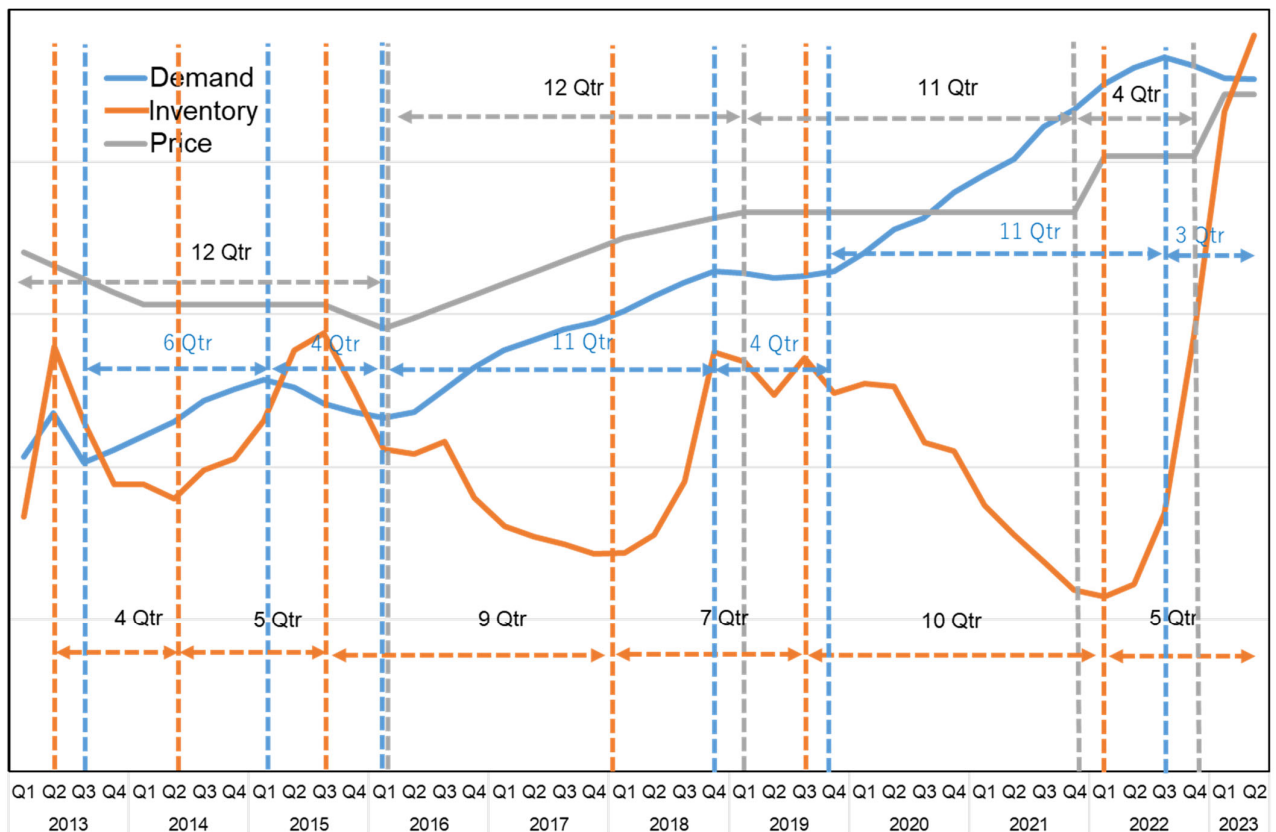
(Source: SUMCO's estimation)

3-2. Customer 300mm Wafer Inventory (Logic/Memory)



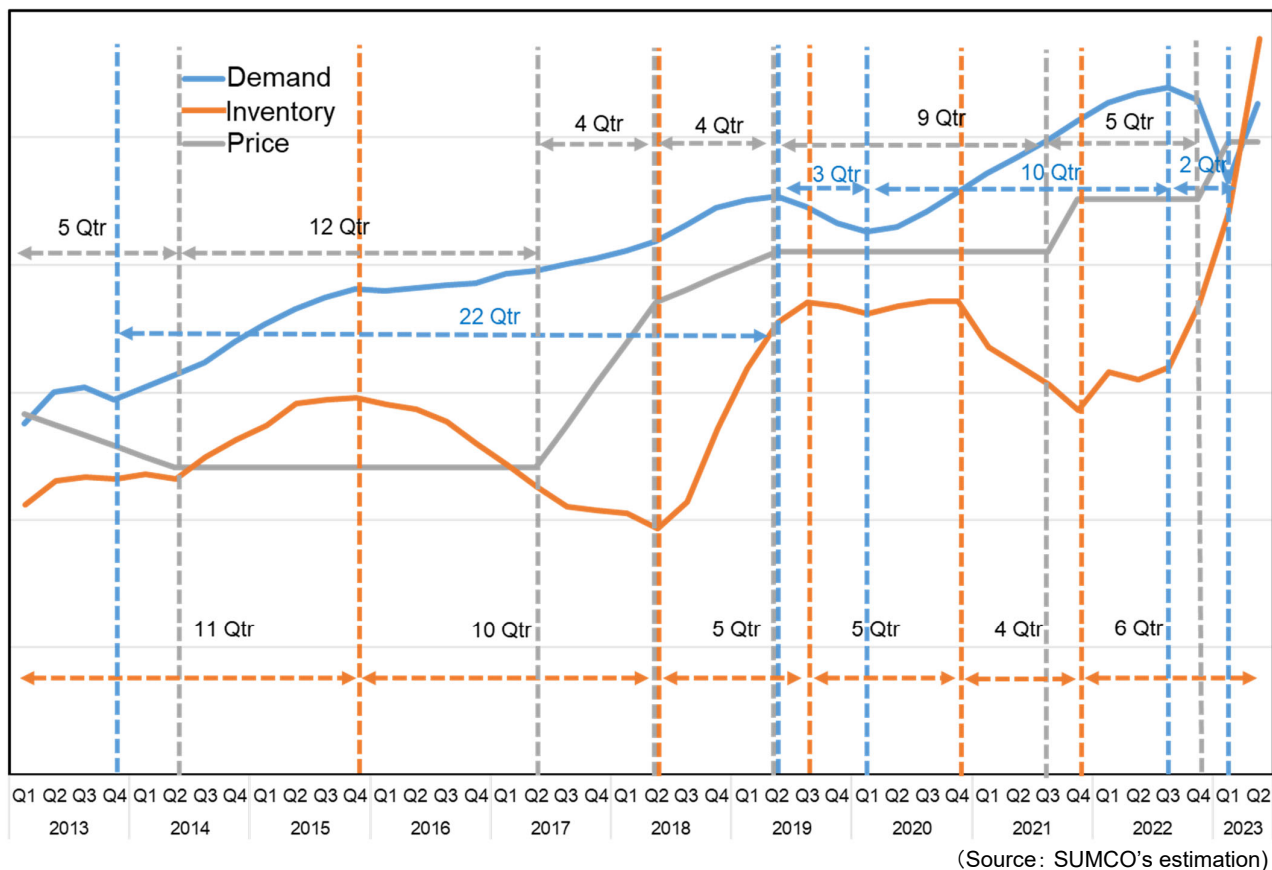
(Source: SUMCO's estimation)

4-1. 300mm Epi Wafer Demand, Inventory and Price Trend

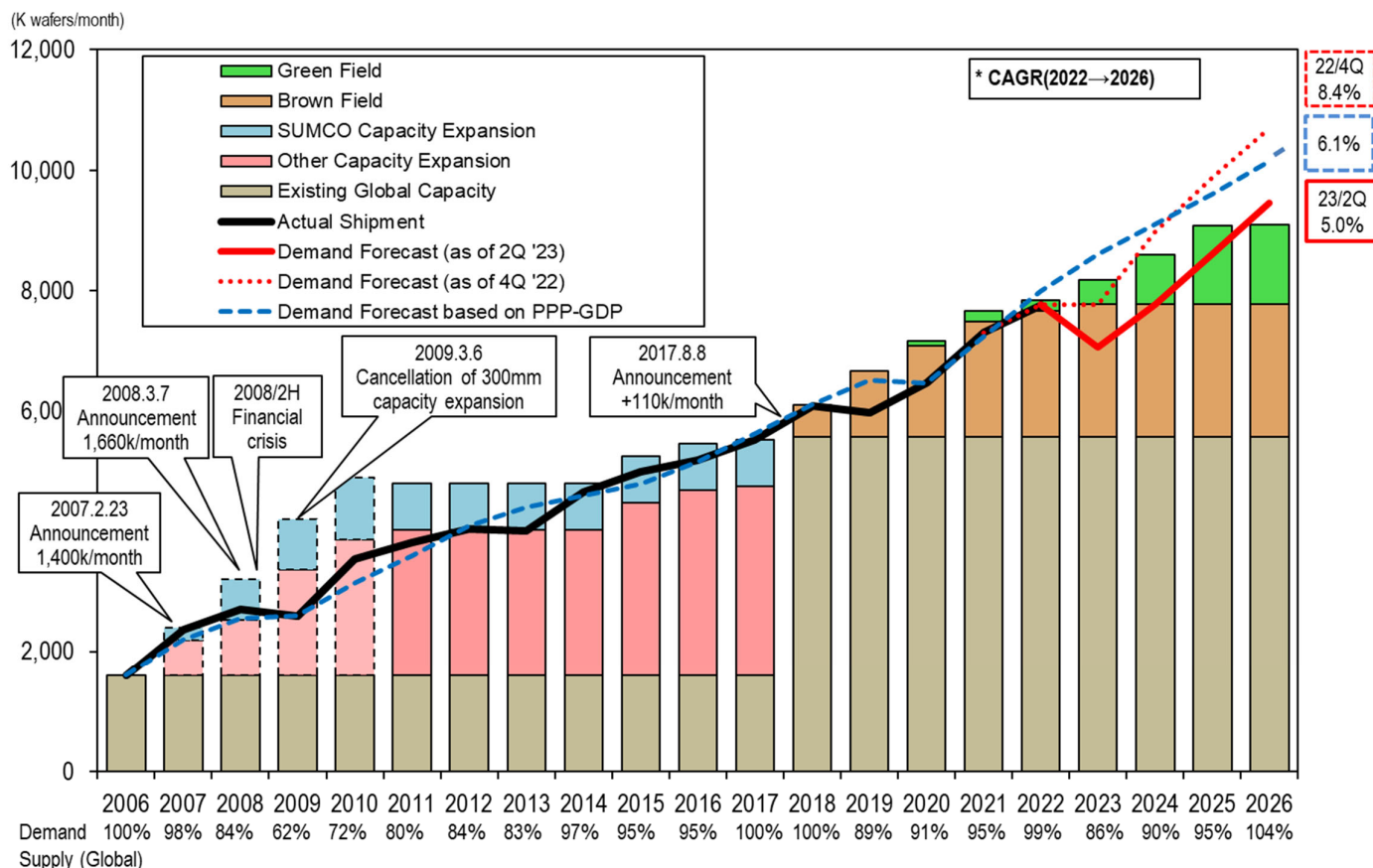


(Source: SUMCO's estimation)

4-2. 300mm Polished Wafer Demand, Inventory and Price Trend SUMCO



5. 300 mm Wafer Global Capacity and Demand FCST SUMCO



2Q-2023 Consolidated Business Result

Michiharu Takii

Representative Director,
Vice Chairman,
Chief Financial Officer

6-1. Summary of Consolidated Business Result

(Billions of Yen)

	2Q-2022 (6 months)	2Q-2023 Actual (6 months)			Change QoQ
		1Q	2Q	Total	
Net sales	207.4	109.9	110.7	220.6	+13.2
Operating income	49.7	25.9	20.8	46.7	(3.0)
Non-operating income and expenses	1.2	1.4	0.4	1.8	+0.6
Ordinary income	50.9	27.3	21.2	48.5	(2.4)
Extraordinary income	-	20.1	-	20.1	+20.1
Income taxes	(14.2)	(7.7)	(6.7)	(14.4)	(0.2)
Net income attributable to non-controlling interests	(5.4)	(2.1)	(2.5)	(4.6)	+0.8
Net income attributable to owners of the parent	31.3	37.6	12.0	49.6	+18.3
Capital expenditure (Acceptance basis)	45.0	91.6	55.3	146.9	+101.9
Depreciation	27.5	14.0	16.5	30.5	+3.0
EBITDA (*)	77.4	40.1	37.4	77.5	+0.1
Exchange rate (Yen/US\$) (*2)	121.0	133.2	135.9	134.5	+13.5
Operating margin (%)	24.0%	23.6%	18.8%	21.2%	(2.8%)
EBITDA margin (%)	37.3%	36.5%	33.8%	35.1%	(2.2%)
ROE (%)	12.7%	15.8%	8.5%	14.0%	+1.3%
Basic Earnings per share (Yen)	89.46	107.66	34.14	141.82	+52.36

*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 1.4 billion yen per year.

6-2. Analysis of Changes in Operating Income

1. 1Q-2023 Actual → 2Q-2023 Actual

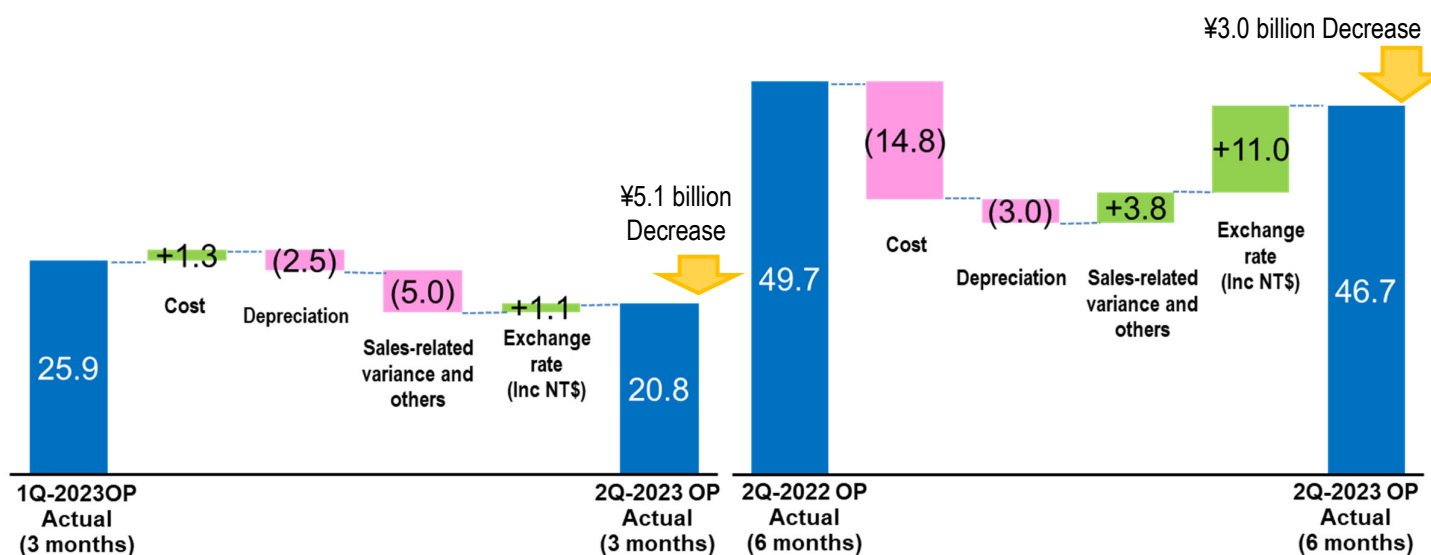
(Billions of Yen)

	1Q-2023 Actual	2Q-2023 Actual	Change
Net Sales	109.9	110.7	+0.8
Operating Income	25.9	20.8	(5.1)
Exchange Rate (Yen/US\$)	133.2	135.9	+2.7

2. 2Q-2022 Actual → 2Q-2023 Actual

(Billions of Yen)

	2Q-2022 Act (6 months)	2Q-2023 Act (6 months)	Change
Net Sales	207.4	220.6	+13.2
Operating Income	49.7	46.7	(3.0)
Exchange Rate (Yen/US\$)	121.0	134.5	+13.5



6-3. Balance Sheet and Cash-Flow(Consolidated)

1. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2022	End of Jun-2023	Change
Cash and time deposits	259.3	208.2	(51.1)
Notes and accounts receivable	89.9	90.7	+0.8
Finished products and WIP	46.9	51.4	+4.5
Raw materials and supplies	135.4	156.1	+20.7
Tangible and intangible assets	308.6	433.2	+124.6
Deferred income tax assets	8.3	7.8	(0.5)
Other assets	44.1	43.5	(0.6)
Total Assets	892.5	990.9	+98.4
Debt and borrowings	141.3	166.1	+24.8
Other liabilities	159.8	191.0	+31.2
Liabilities	301.1	357.1	+56.0
Capital stock	199.0	199.0	-
Capital surplus	85.2	85.2	-
Retained earnings	234.3	268.2	+33.9
Non-controlling interests etc.	72.9	81.4	+8.5
Equity	591.4	633.8	+42.4
Shareholders' equity ratio	59.8%	57.9%	(1.9%)
Equity per share (Yen)	1,523.7	1,641.5	+117.8
D/E ratio (gross)	0.26x	0.29x	+0.03x
D/E ratio (net)	(0.22)x	(0.07)x	+0.15x

2. Consolidated Cash-Flow

(Billions of Yen)

	2Q-2023 (6 months)
Income before income taxes	68.6
Extraordinary income	(20.1)
Depreciation	30.5
Subtotal	79.0
Increase in inventories	(7.3)
Others, net	(18.7)
Net cash provided by operating activities	53.0
Capital expenditure (Acceptance basis)	(146.9)
Proceeds from purchase of shares of subsidiaries	9.9
Others, net	18.6
Net cash used in investing activities	(118.4)
Free cash-flow	(65.4)
Dividends paid	(15.7)
Repayments of debt	(15.7)
Proceeds from debt	40.5
Foreign currency translation adjustments and others	5.2
Net decrease in cash and time deposits	(51.1)

3Q-2023 Consolidated Business Forecast

7-1. 3Q-2023 Consolidated Business Forecast

(Billions of Yen)

	3Q-2022	3Q-2023 Forecast			Total (9 months)	Change
	Actual (9 months)	1Q ACT (3 months)	2Q ACT (3 months)	3Q FCST (3 months)		
Net sales	323.6	109.9	110.7	101.0	321.6	(2.0)
Operating income	79.9	25.9	20.8	11.0	57.7	(22.2)
Non-operating income and expenses	3.5	1.4	0.4	0.0	1.8	(1.7)
Ordinary income	83.4	27.3	21.2	11.0	59.5	(23.9)
Extraordinary income and expenses	-	20.1	-	-	20.1	+20.1
Income taxes	(22.4)	(7.7)	(6.7)	(2.5)	(16.9)	+5.5
Net income attributable to non-controlling interests	(9.3)	(2.1)	(2.5)	(1.5)	(6.1)	+3.2
Net income attributable to owners of the parent	51.7	37.6	12.0	7.0	56.6	+4.9
Depreciation	43.0	14.0	16.5	20.3	50.8	+7.8
EBITDA	123.1	40.1	37.4	31.3	108.8	(14.3)
Exchange rate (Yen/US\$) (*1)	126.4	133.2	135.9	138.0	135.7	+9.3
Operating margin (%)	24.7%	23.6%	18.8%	10.9%	17.9%	(6.8%)
EBITDA margin (%)	38.1%	36.5%	33.8%	31.0%	33.8%	(4.3%)
ROE (%)	13.9%	15.8%	8.5%	4.9%	12.4%	(1.5%)
Basic Earnings per share (Yen)	147.91	107.66	34.14	20.02	161.88	+13.97

*1. If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.4 billion yen per year.

7-2. Analysis of Changes in Operating Income

1. 2Q-2023 Actual → 3Q-2023 Forecast

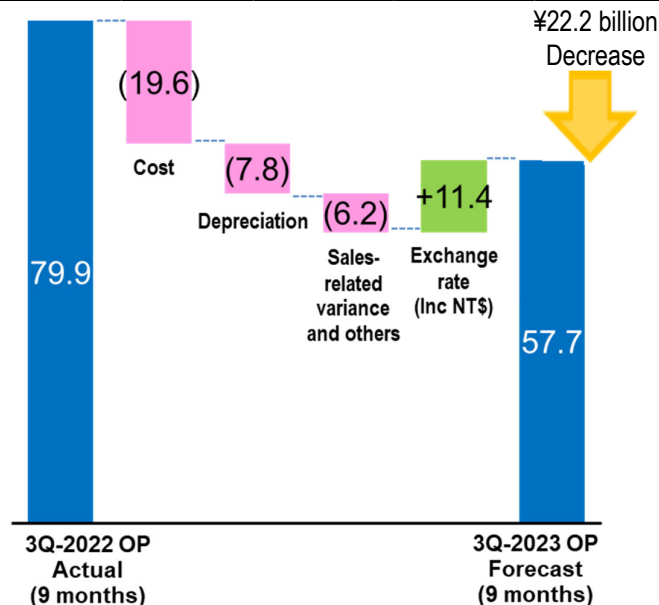
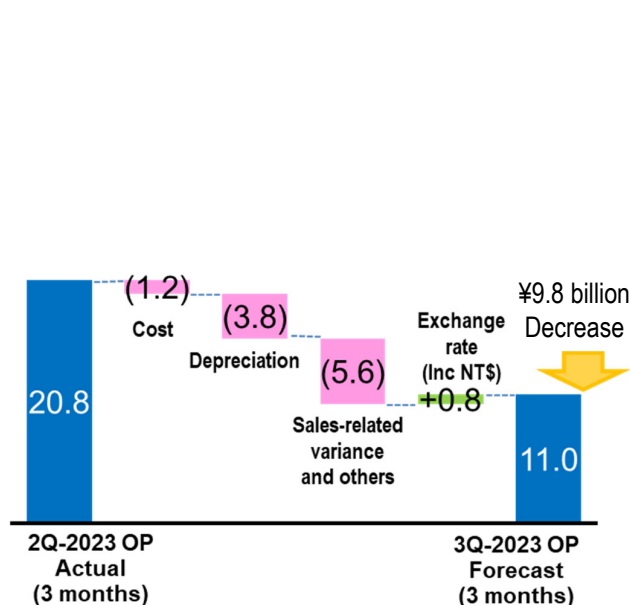
2. 3Q-2022 Actual (9 months) → 3Q-2023 Forecast (9 months)

(Billions of Yen)

	2Q-2023 Actual	3Q-2023 Forecast	Change
Net Sales	110.7	101.0	(9.7)
Operating Income	20.8	11.0	(9.8)
Exchange Rate (Yen/US\$)	135.9	138.0	+2.1

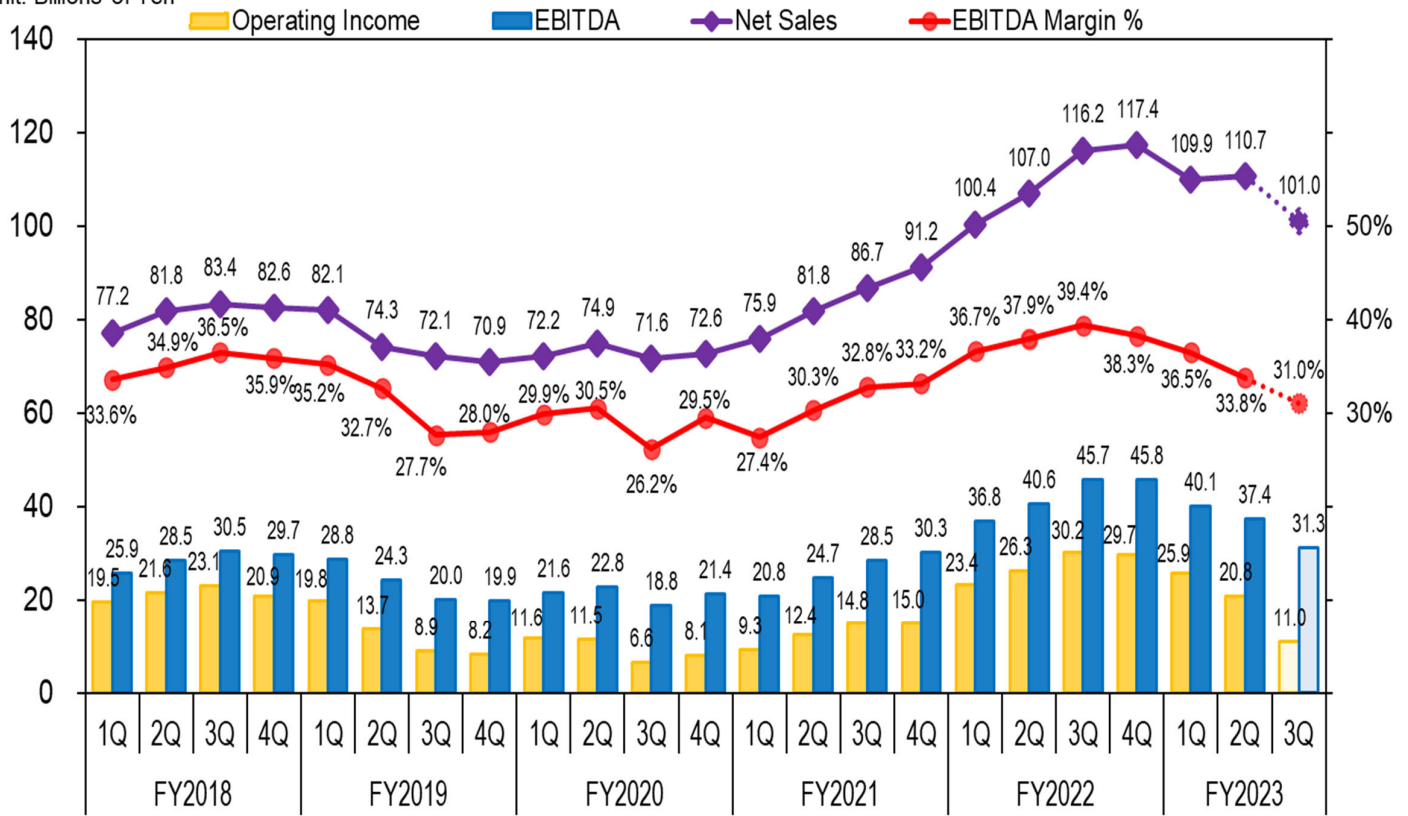
(Billions of Yen)

	3Q-2022 Act (9 months)	3Q-2023 Fcst (9 months)	Change
Net Sales	323.6	321.6	(2.0)
Operating Income	79.9	57.7	(22.2)
Exchange Rate (Yen/US\$)	126.4	135.7	+9.3



Reference Materials

Unit: Billions of Yen



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