

Results for Fiscal Year 2023 (Ended December 31, 2023)

February 14, 2024
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
- FY2023 Consolidated Business Result
 1. Summary of Consolidated Business Result
 2. Analysis of Changes in Operating Income
 3. Consolidated Balance Sheet and Consolidated Cash-Flow
- 1Q-2024 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

4Q-2023 Consolidated Business Result

(Billions of Yen)

	4Q-2023 Forecast	4Q-2023 Actual	Change
Net Sales	101.0	105.1	+4.1
Operating Income	6.5	11.2	+4.7
Ordinary Income	5.0	8.7	+3.7
Net Income (Note)	2.5	4.9	+2.4
Exchange Rate (Yen/US\$)	145.0	148.7	+3.7

1Q-2024 Consolidated Business Forecast

(Billions of Yen)

	4Q-2023 Actual	1Q-2024 Forecast	Change
Net Sales	105.1	87.0	(18.1)
Operating Income	11.2	4.5	(6.7)
Ordinary Income	8.7	4.0	(4.7)
Net Income (Note)	4.9	2.0	(2.9)
Exchange Rate (Yen/US\$)	148.7	145.0	(3.7)

(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	13
	Total	62	35	27	41	81	55
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	4.5
	Total	18.1	10.2	7.8	13.3	28.3	19.2
Dividend ratio (%)	Total	31.0%	31.0%	30.9%	30.2%	40.4%	^(*) 31.0%
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%	31.0%

*1. 1.7 billion yen of Subsidy income after tax is excluded from dividends.

4Q-2023

- ✓ Volume - As customers continued adjusting production, shipment of 300 mm wafers remained slow for both memory and logic
 - Market conditions for 200 mm and smaller wafers being weak overall, the correction phase continued and shipments declined
- ✓ Pricing - Long-term contract prices were honored for both 300 mm and 200 mm wafers

1Q-2024 Forecast

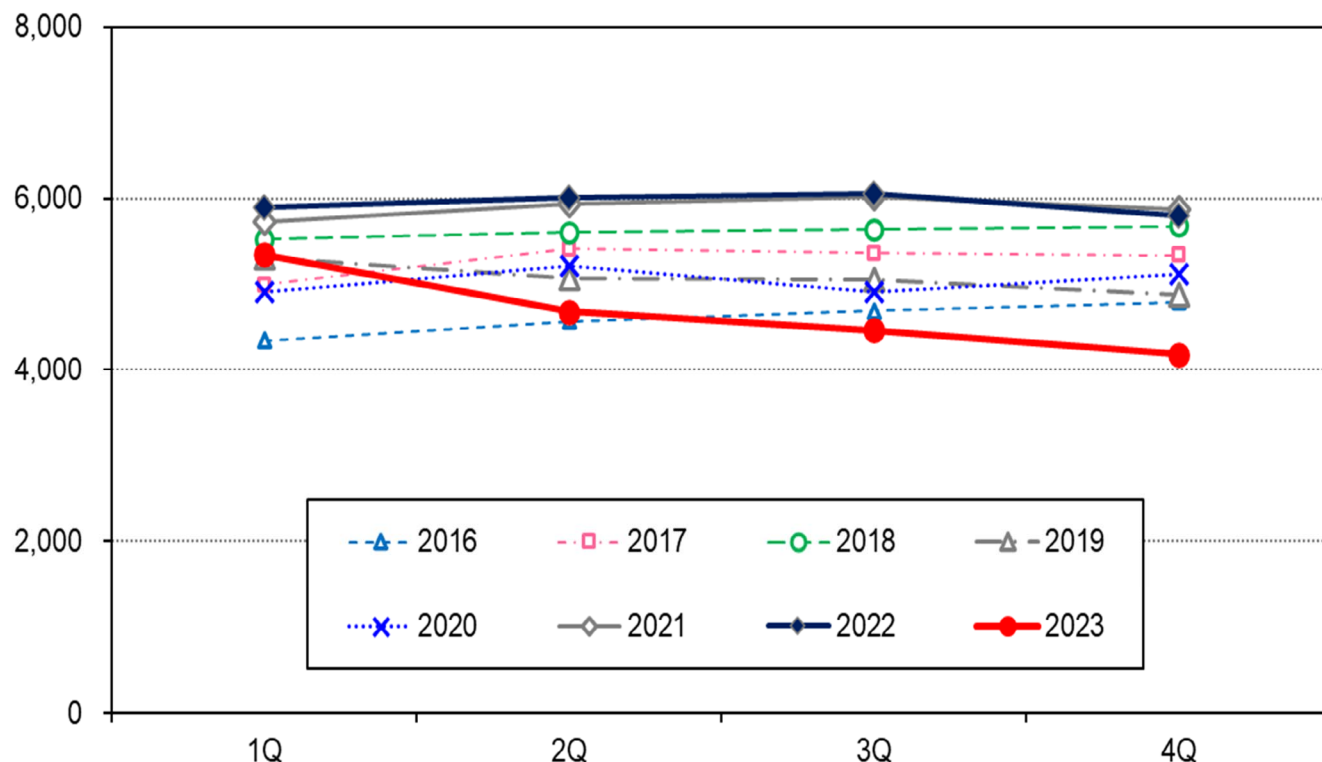
- ✓ Volume - Order volume recovery for 300 mm is not foreseen, as customers continue with production adjustments and wafer inventory drawdown
 - For wafers of 200 mm and smaller as well, shipments should decline as customers continue with production adjustments
- ✓ Pricing - Long-term contract prices are being honored for both 300 mm and 200 mm wafers
 - Spot prices for smaller diameters vary widely by region and application

Outlook

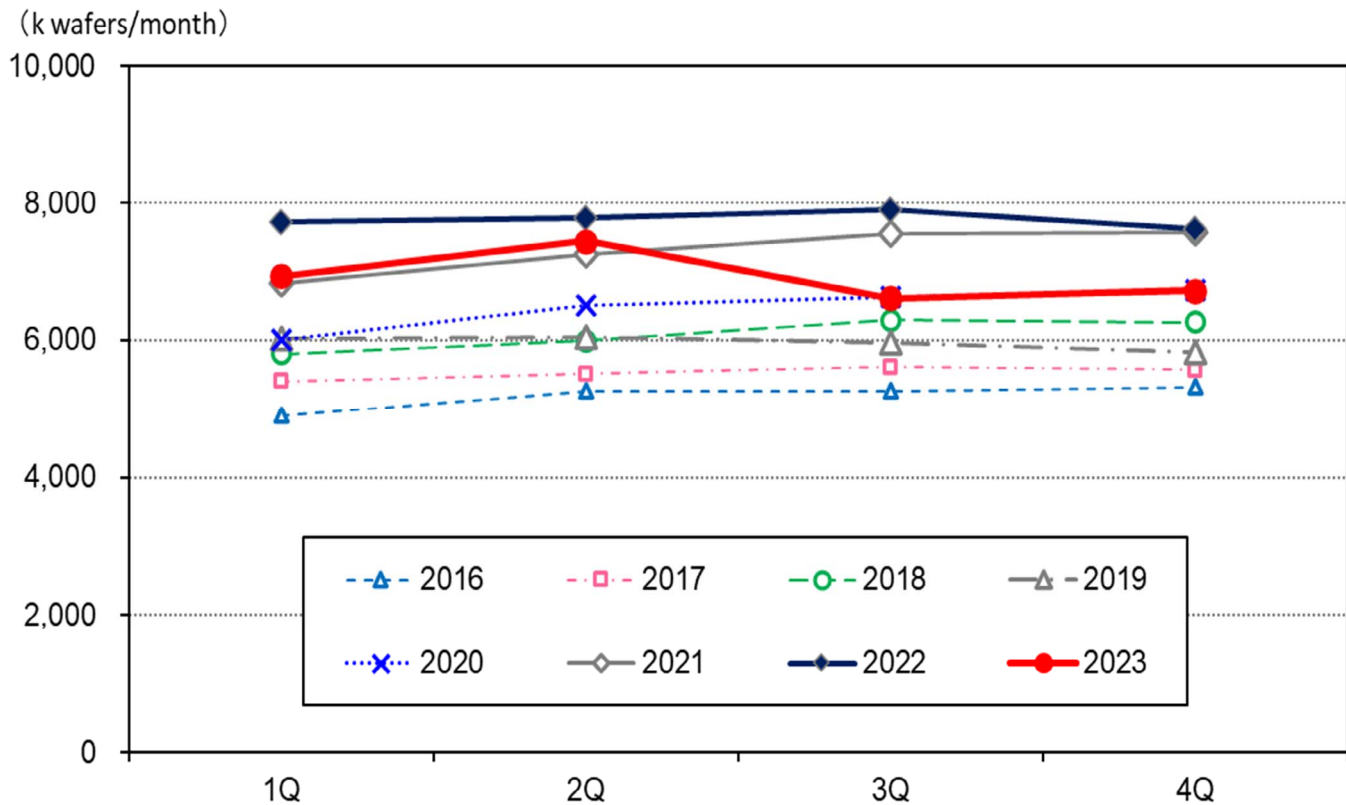
- ✓ Semiconductor demand is expected to recover gradually from the low point in 4Q/2023, as in addition to investment in data centers aimed at the booming market for generative AI, and continuing solid demand in the EV and energy fields, demand should bottom out for personal computers and smartphones. As for wafers, customers are holding inventory above normal levels as a result of ongoing purchases based on long-term contracts, so that a recovery in purchase volume is expected to take until 2H/2024.

2-2. 200mm Wafer Trend

(k wafers/month)



(Source: SUMCO's estimation)



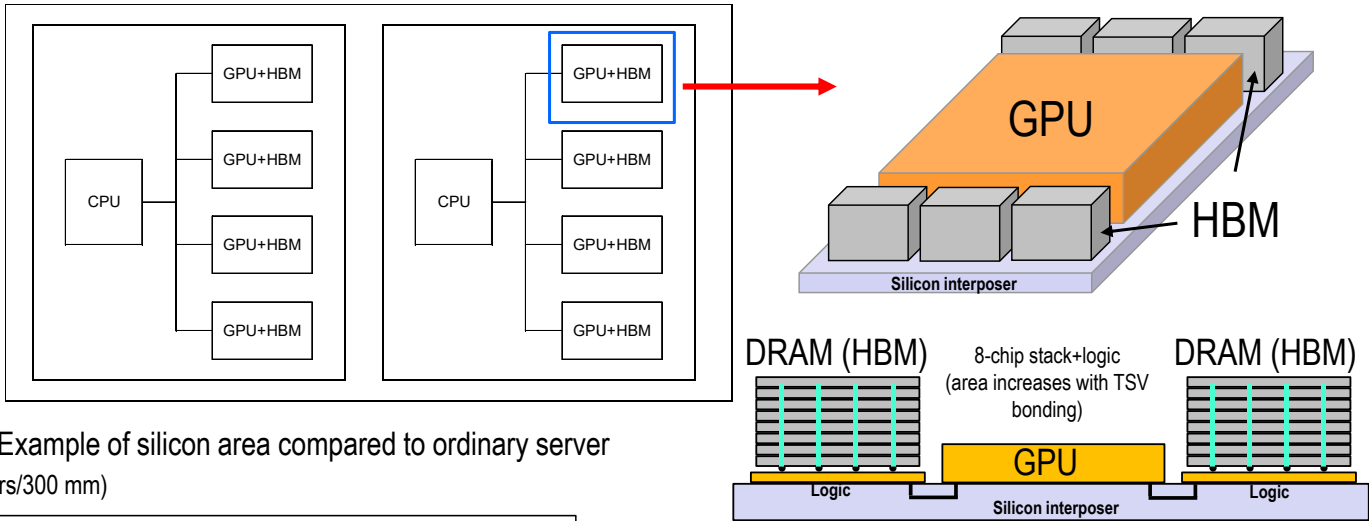
(Source: SUMCO's estimation)

3. Progress in AI and Wafer Demand

1. Semiconductors used in AI servers and silicon area
2. The rate of AI server use in data centers is rising
3. Wafer demand forecast for leading-edge process used in data centers
4. Wafer demand is expected to grow as AI-capable devices expand

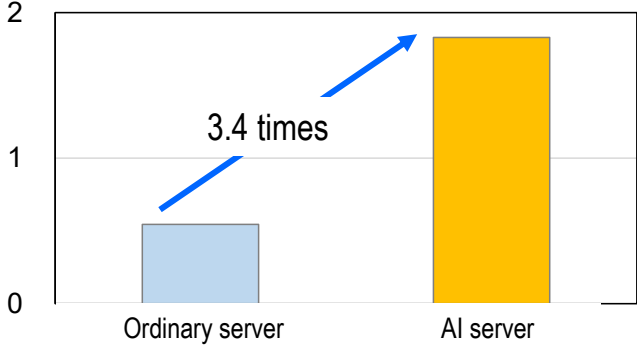
3-1. Semiconductors used in AI servers and silicon area

✓ Example of semiconductor configuration in leading-edge AI server



✓ Example of silicon area compared to ordinary server

(wafers/300 mm)



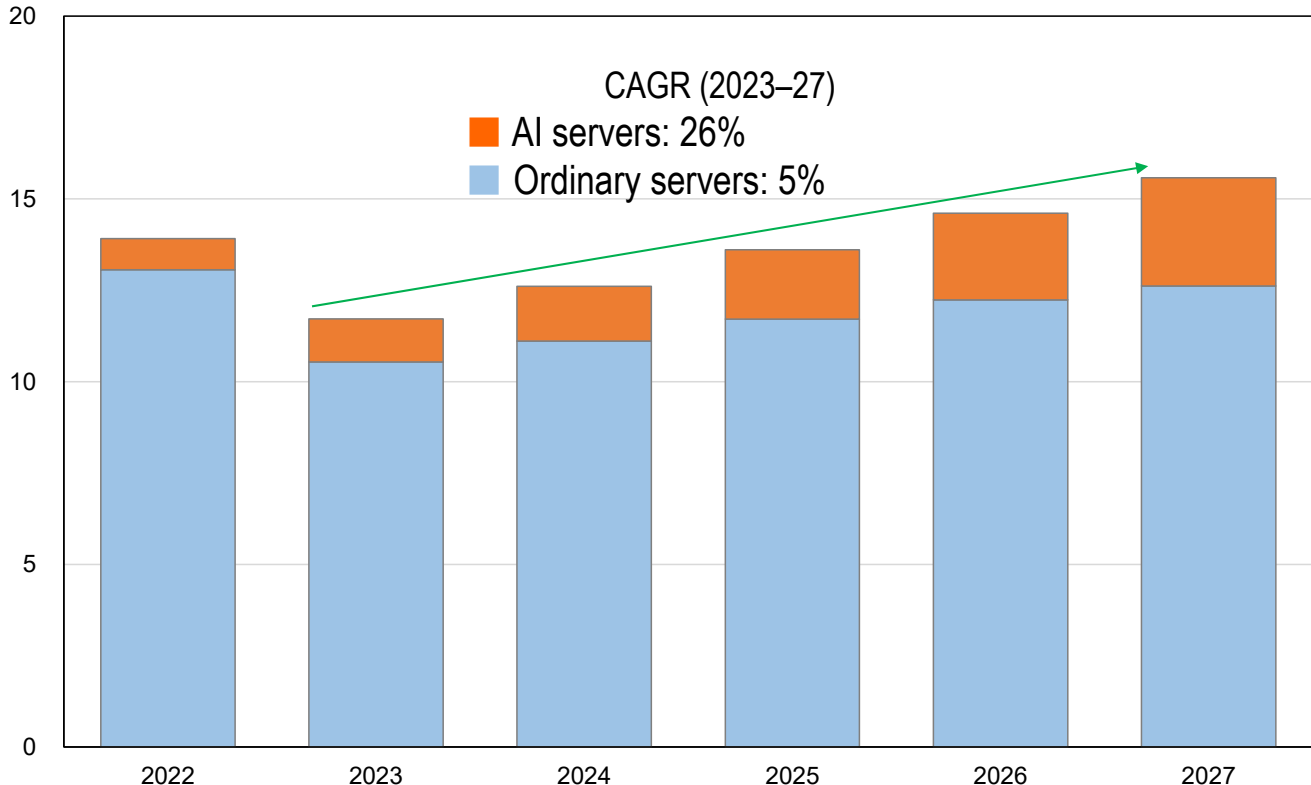
Configured of many chips
Great increase in silicon area used
Approx. 1.8 wafers (300 mm) used per AI server

(Source: SUMCO estimates based on various market research company data)

3-2. The rate of AI server use in data centers is rising

Server demand forecast

(million units)



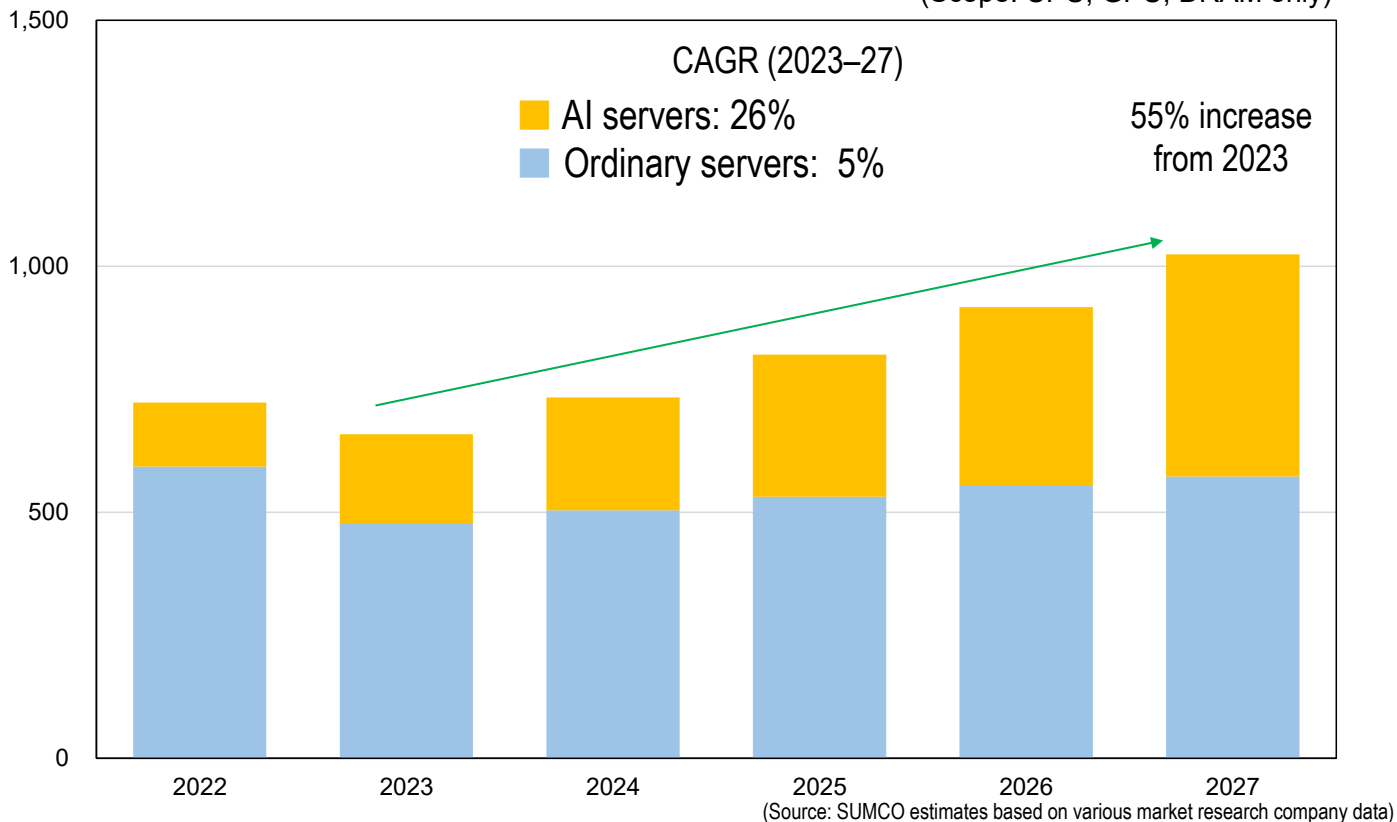
(Source: SUMCO estimates based on various market research company data)

3-3. Wafer demand forecast for leading-edge process used in data centers

✓ Demand for leading-edge process wafers is being spurred by AI advances

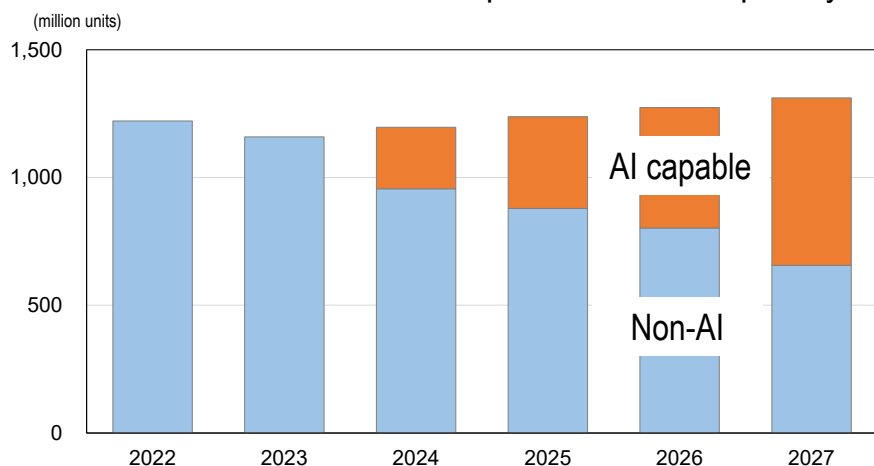
(300 mm, K wafers/month)

(Scope: CPU, GPU, DRAM only)



3-4. Wafer demand is expected to grow as AI-capable devices expand

Growth forecast for smartphones with AI capability



AI for multiple applications

70 bil. ≒

AI for specific applications

Number of parameters
(computation amount)
10 bil.

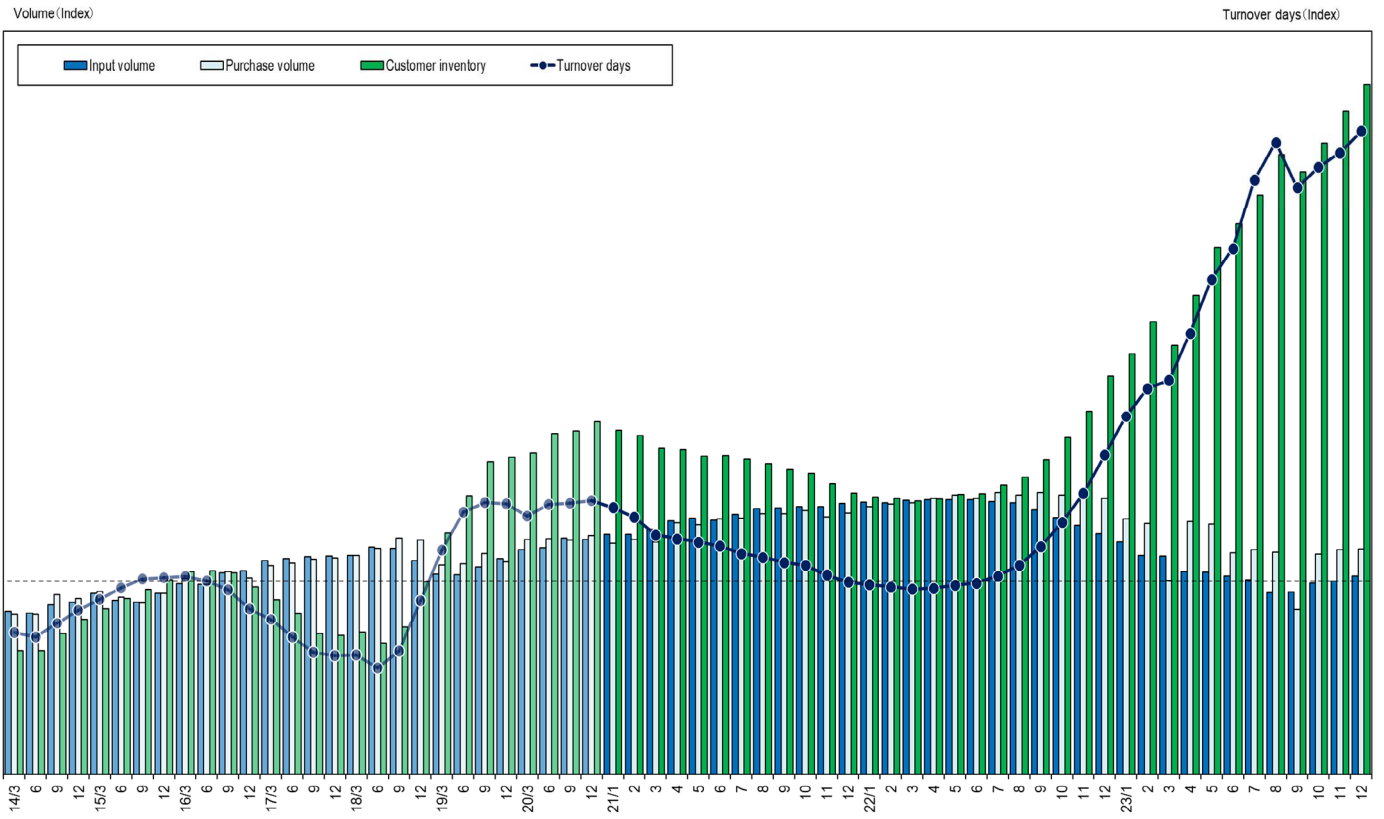
20 bil.

Large volumes of data
processed at high
speed

Leading-edge wafer demand
increase for CPU, GPU, DRAM

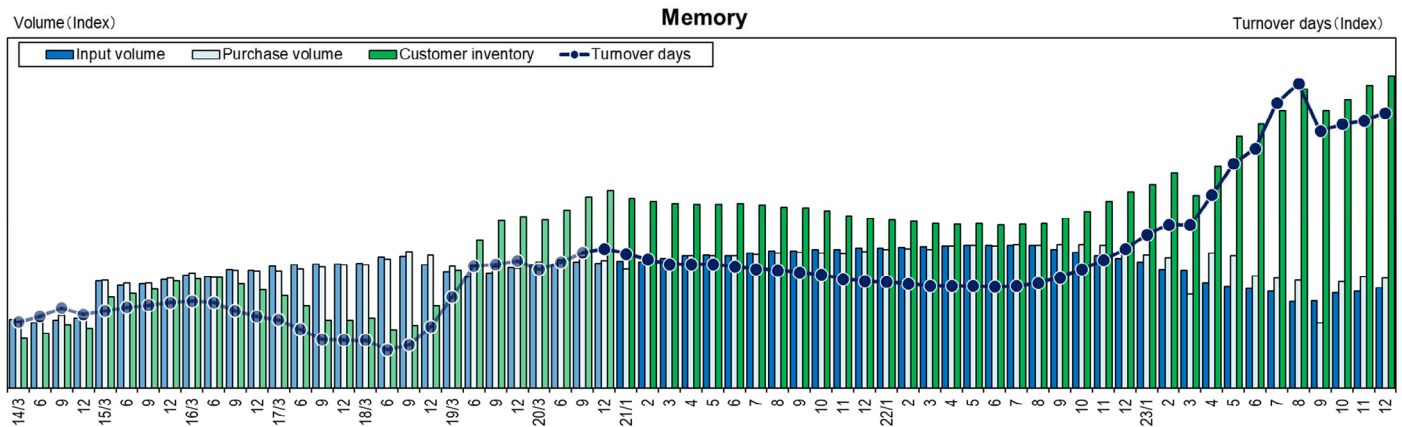
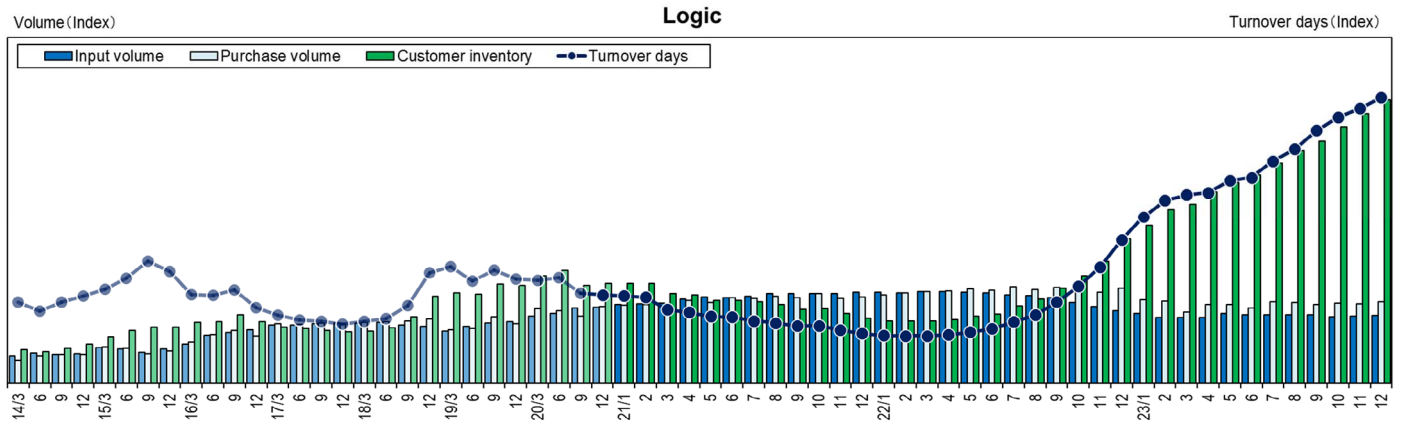
(Source: SUMCO estimates based on various market research company data)

4-1. Customer 300mm Wafer Inventory Trend



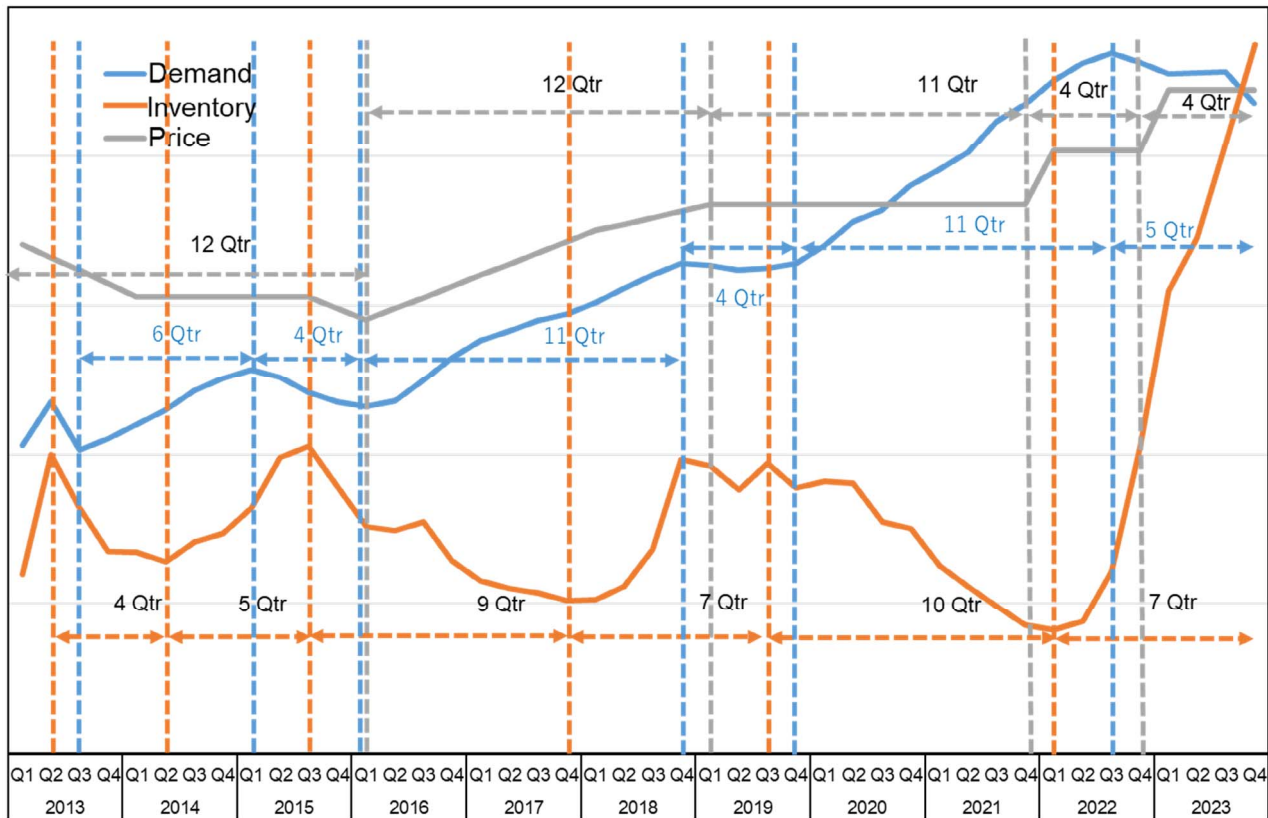
(Source: SUMCO's estimation)

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



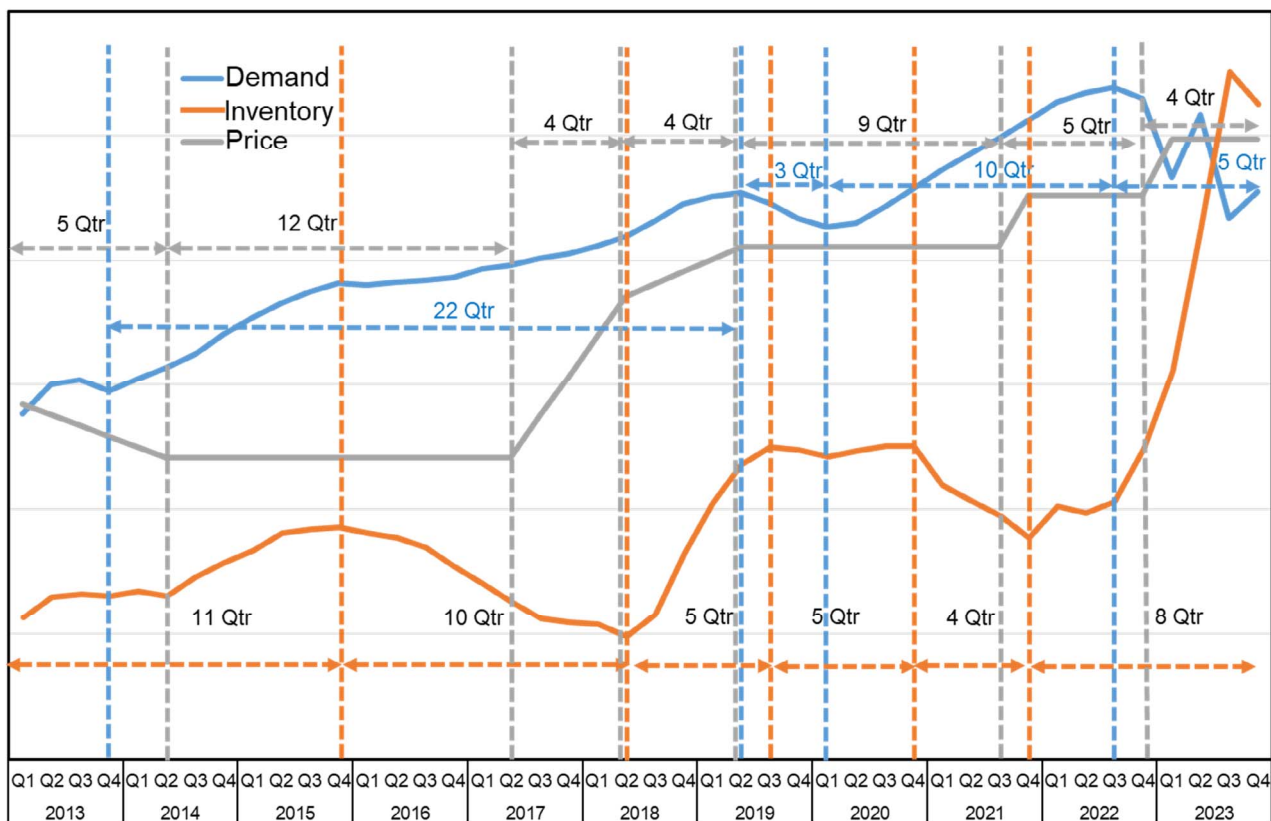
(Source: SUMCO's estimation)

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

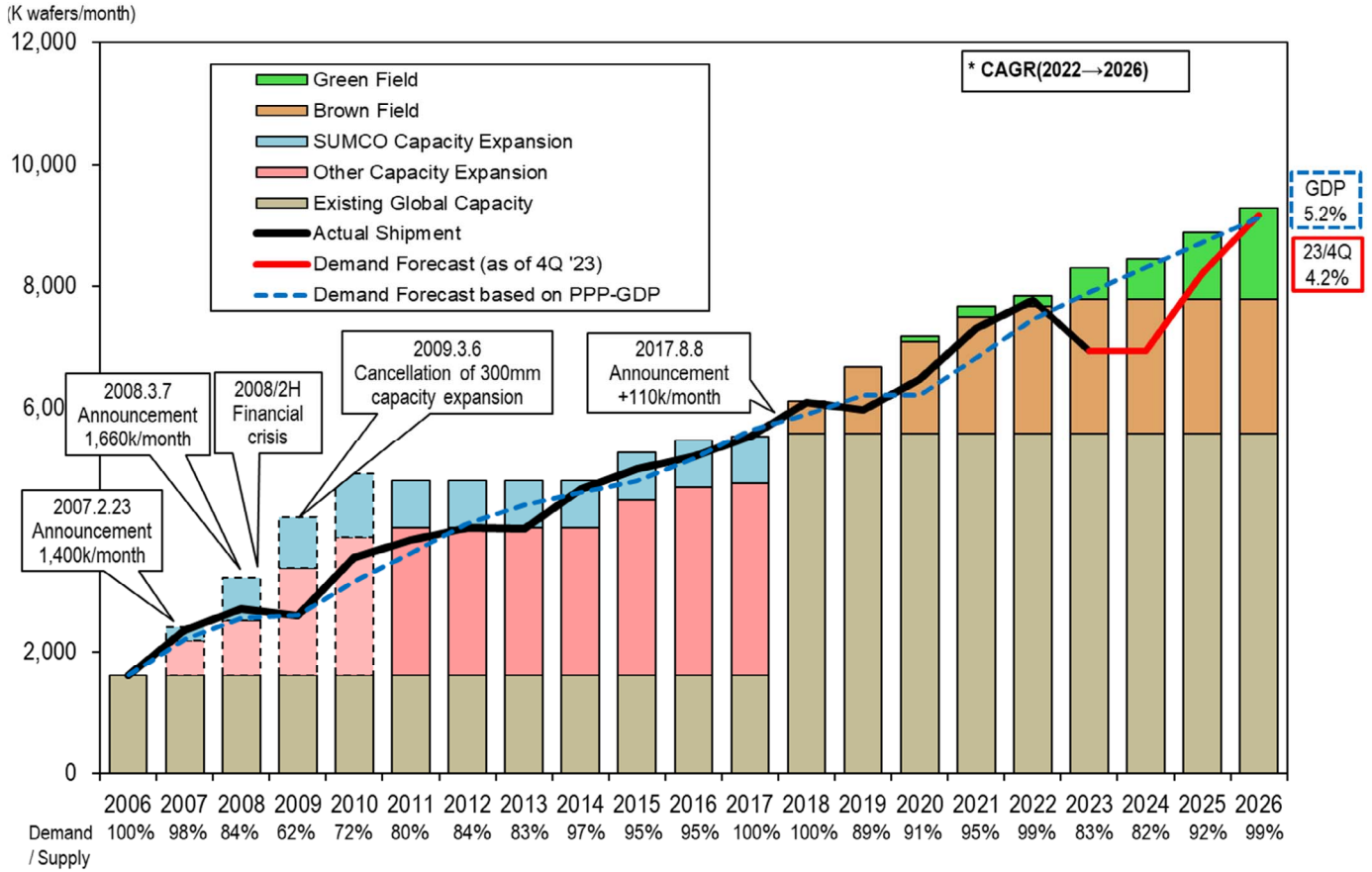


(Source: SUMCO's estimation)

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



(Source: SUMCO's estimation)



FY2023 Consolidated Business Result

Michiharu Takii
Representative Director,
Vice Chairman,
Chief Financial Officer

7-1. Summary of Consolidated Business Result

(Billions of Yen)

	FY2022 Actual	FY2023 Actual					Change
		1Q	2Q	3Q	4Q	Total	
Net sales	441.0	109.9	110.7	100.2	105.1	425.9	(15.1)
Operating income	109.6	25.9	20.8	15.1	11.2	73.0	(36.6)
Non-operating income and expenses	1.7	1.4	0.4	0.3	(2.5)	(0.4)	(2.1)
Ordinary income	111.3	27.3	21.2	15.4	8.7	72.6	(38.7)
Extraordinary income	-	20.1	-	-	-	20.1	+20.1
Income taxes	(29.5)	(7.7)	(6.7)	(3.9)	(2.0)	(20.3)	+9.2
Net income attributable to non-controlling interests	(11.6)	(2.1)	(2.5)	(2.2)	(1.8)	(8.6)	+3.0
Net income attributable to owners of the parent	70.2	37.6	12.0	9.3	4.9	63.8	(6.4)
Capital expenditure (Acceptance basis)	130.8	91.6	55.3	78.4	90.1	315.4	+184.6
Depreciation	59.5	14.0	16.5	19.2	21.7	71.4	+11.9
EBITDA ^(*1)	169.5	40.1	37.4	34.2	32.9	144.6	(24.9)
Exchange rate (Yen/US\$) ^(*2)	131.0	133.2	135.9	144.1	148.7	139.8	+8.8
Operating margin (%)	24.9%	23.6%	18.8%	15.0%	10.7%	17.2%	(7.7%)
EBITDA margin (%)	38.4%	36.5%	33.8%	34.2%	31.3%	34.0%	(4.4%)
ROE (%)	13.9%	15.8%	8.5%	6.5%	3.4%	11.6%	(2.3%)
Basic Earnings per share (Yen)	200.49	107.66	34.14	26.57	14.15	182.59	(17.90)

*1. EBITDA = Operating Income + Operating 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

7-2. Analysis of Changes in Operating Income

1. 3Q-2023 Actual → 4Q-2023 Actual

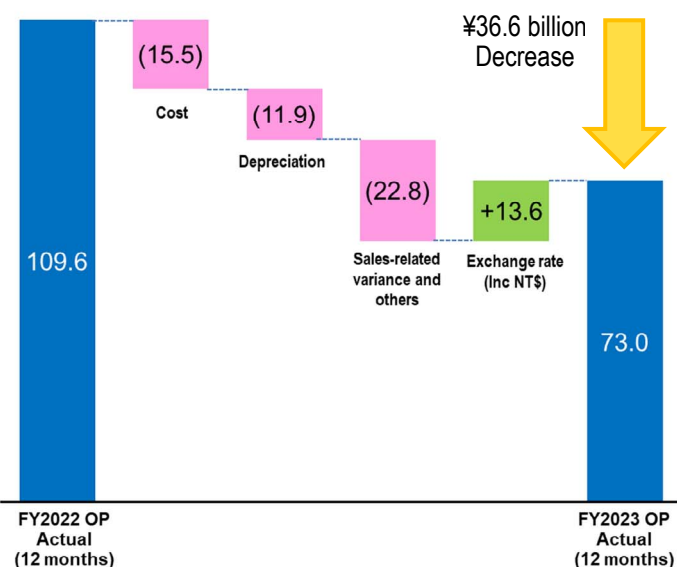
(Billions of Yen)

	3Q-2023 Actual	4Q-2023 Actual	Change
Net Sales	100.2	105.1	+4.9
Operating Income	15.1	11.2	(3.9)
Exchange Rate (Yen/US\$)	144.1	148.7	+4.6

2. FY2022 Actual → FY2023 Actual

(Billions of Yen)

	FY2022 Actual	FY2023 Actual	Change
Net Sales	441.0	425.9	(15.1)
Operating Income	109.6	73.0	(36.6)
Exchange Rate (Yen/US\$)	131.0	139.8	+8.8



7-3. Balance Sheet and Cash-Flow (Consolidated)

1. Consolidated Balance Sheet

(Billions of Yen)

	End of Dec-2022	End of Dec-2023	Change
Cash and time deposits	259.3	156.3	(103.0)
Notes and accounts receivable	89.9	82.8	(7.1)
Finished products and WIP	46.9	52.0	+5.1
Raw materials and supplies	135.4	166.3	+30.9
Tangible and intangible assets	308.6	559.6	+251.0
Deferred income tax assets	8.3	7.3	(1.0)
Other assets	44.1	48.7	+4.6
Total Assets	892.5	1,073.0	+180.5
Debt and borrowings	141.3	224.4	+83.1
Other liabilities	159.8	213.1	+53.3
Liabilities	301.1	437.5	+136.4
Capital stock	199.0	199.0	-
Capital surplus	85.2	85.2	+0.0
Retained earnings	234.3	267.7	+33.4
Non-controlling interests etc.	72.9	83.6	+10.7
Equity	591.4	635.5	+44.1
Shareholders' equity ratio	59.8%	53.3%	(6.5%)
Equity per share (Yen)	1,523.7	1,636.2	+112.5
D/E ratio (gross)	0.26x	0.39x	+0.13x
D/E ratio (net)	(0.22)x	0.12x	+0.34x

2. Consolidated Cash-Flow

(Billions of Yen)

	FY2023 (12months)
Income before income taxes	92.7
Extraordinary income	(20.1)
Depreciation	71.4
Subtotal	144.0
Increase in inventories	(17.8)
Others, net	(29.9)
Net cash provided by operating activities	96.3
Capital expenditure (Acceptance basis)	(315.4)
Proceeds from purchase of shares of subsidiaries	9.9
Others, net	57.9
Net cash used in investing activities	(247.6)
Free cash-flow	(151.3)
Cash flow from financing activities, etc.	
Dividends paid	(37.4)
Proceeds from debt	81.8
Foreign currency translation adjustments and others	3.9
Net decrease in cash and time deposits	(103.0)

1Q-2024 Consolidated Business Forecast

8-1. 4Q-2023 Consolidated Business Forecast



(Billions of Yen)

	1Q-2023 Actual	4Q-2023 Actual	1Q-2024 Forecast	Change YoY	Change QoQ
Net sales	109.9	105.1	87.0	(22.9)	(18.1)
Operating income	25.9	11.2	4.5	(21.4)	(6.7)
Non-operating income and expenses	1.4	(2.5)	(0.5)	(1.9)	+2.0
Ordinary income	27.3	8.7	4.0	(23.3)	(4.7)
Extraordinary income and expenses	20.1	-	-	(20.1)	-
Income taxes	(7.7)	(2.0)	(1.7)	+6.0	+0.3
Net income attributable to non-controlling interests	(2.1)	(1.8)	(0.3)	+1.8	+1.5
Net income attributable to owners of the parent	37.6	4.9	2.0	(35.6)	(2.9)
Depreciation	14.0	21.7	18.0	+4.0	(3.7)
EBITDA	40.1	32.9	22.1	(18.0)	(10.8)
Exchange rate (Yen/US\$) (*1)	133.2	148.7	145.0	+11.8	(3.7)
Operating margin (%)	23.6%	10.7%	5.2%	(18.4%)	(5.5%)
EBITDA margin (%)	36.5%	31.3%	25.4%	(11.1%)	(5.9%)
ROE (%)	15.8%	3.4%	1.1%	(14.7%)	(2.3%)
Basic Earnings per share (Yen)	107.66	14.15	5.72	(101.94)	(8.43)

*1. If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.2 billion yen per year.

8-2. Analysis of Changes in Operating Income



1. 4Q-2023 Actual → 1Q-2024 Forecast

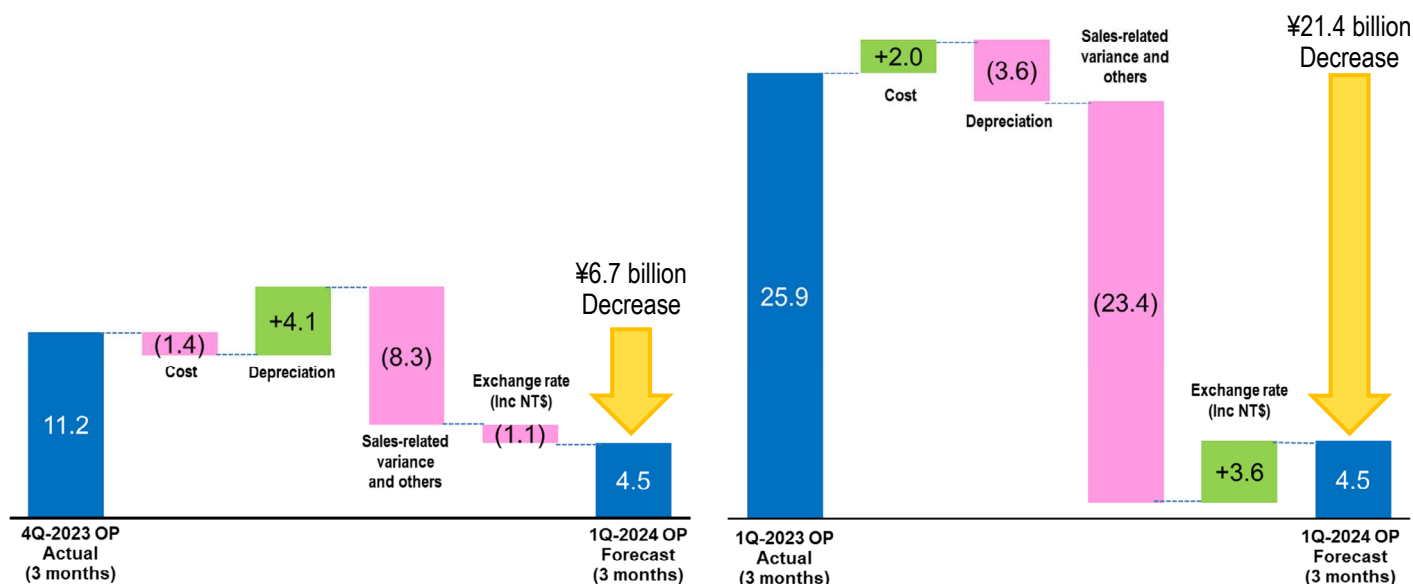
(Billions of Yen)

	4Q-2023 Actual	1Q-2024 Forecast	Change
Net Sales	105.1	87.0	(18.1)
Operating Income	11.2	4.5	(6.7)
Exchange Rate (Yen/US\$)	148.7	145.0	(3.7)

2. 1Q-2023 Actual → 1Q-2024 Forecast

(Billions of Yen)

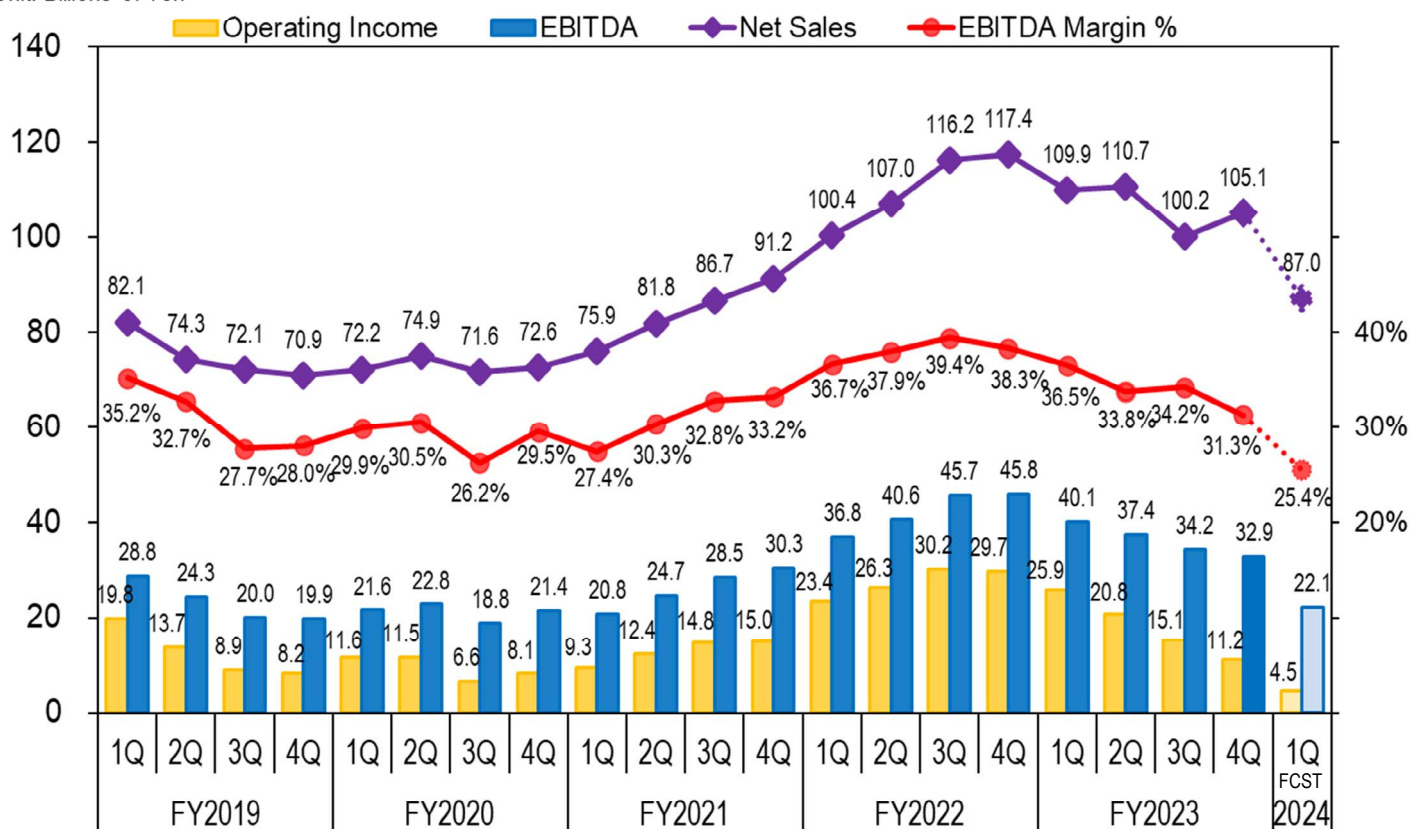
	1Q-2023 Actual	1Q-2024 Forecast	Change
Net Sales	109.9	87.0	(22.9)
Operating Income	25.9	4.5	(21.4)
Exchange Rate (Yen/US\$)	133.2	145.0	+11.8



Reference Materials

Quarterly Trend

Unit: Billions of Yen





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