



**Siltronic – a leading producer of silicon wafers**

**Full Year Results 2015**

# Highlights 2015: Financials

<b>Sales</b>	Sales of 931.3 mn EUR (2014: adjusted <sup>1</sup> 853.4 mn EUR) Growth of 9.1%
<b>EBITDA</b>	124.0 mn EUR (2014: adjusted <sup>1</sup> 117.7 mn EUR), Without negative FX effects <sup>2</sup> EBITDA would have been 169.7 mn EUR
<b>Margin</b>	EBITDA margin of 13.3% (2014: adjusted <sup>1</sup> 13.8%) Without negative FX effects <sup>2</sup> EBITDA margin would have been 18.2%
<b>EBIT</b>	positive at 2.7 mn EUR (2014: adjusted <sup>1</sup> -31.6 mn EUR)
<b>Cost Savings</b>	around 45 mn EUR realised
<b>CapEx</b>	75.0 mn EUR (2014: adjusted <sup>1</sup> 40.7 mn EUR), mainly in enhanced capabilities
<b>Free Cash Flow</b>	37.4 mn EUR (2014 adjusted <sup>1</sup> : 86.3 mn EUR)
<b>Net Cash</b>	155.9 mn EUR (2014: net debt of 24.5 mn EUR)

<sup>1</sup> adjusted for consolidation effects resulting from acquisition of Siltronic Silicon Wafer Pte.Ltd., Singapur

<sup>2</sup> other operating income and expenses influenced by FX effects, mainly due to hedging In 2015, These effects added up to expenses of 45.7 mn EUR.

# Agenda

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- ▶ Market Overview
- ▶ Financials
- ▶ Outlook
- ▶ Appendix

# What happened in 2015? - GDP growth slowed, electronics revenue went down, and semiconductor revenue stayed flat.

## Worldwide GDP

- ▶ grew 3.1% in 2015 (0.3% pts. less than in 2014), according to IMF

## Electronic revenue

- ▶ Electronics revenue was USD 1,423 bn in 2015 (2.1% down from 2014), according to IC Insights
- ▶ Overall key electronic categories weakened throughout 2015 as purchasing power declined (in some regions) due to strong dollar

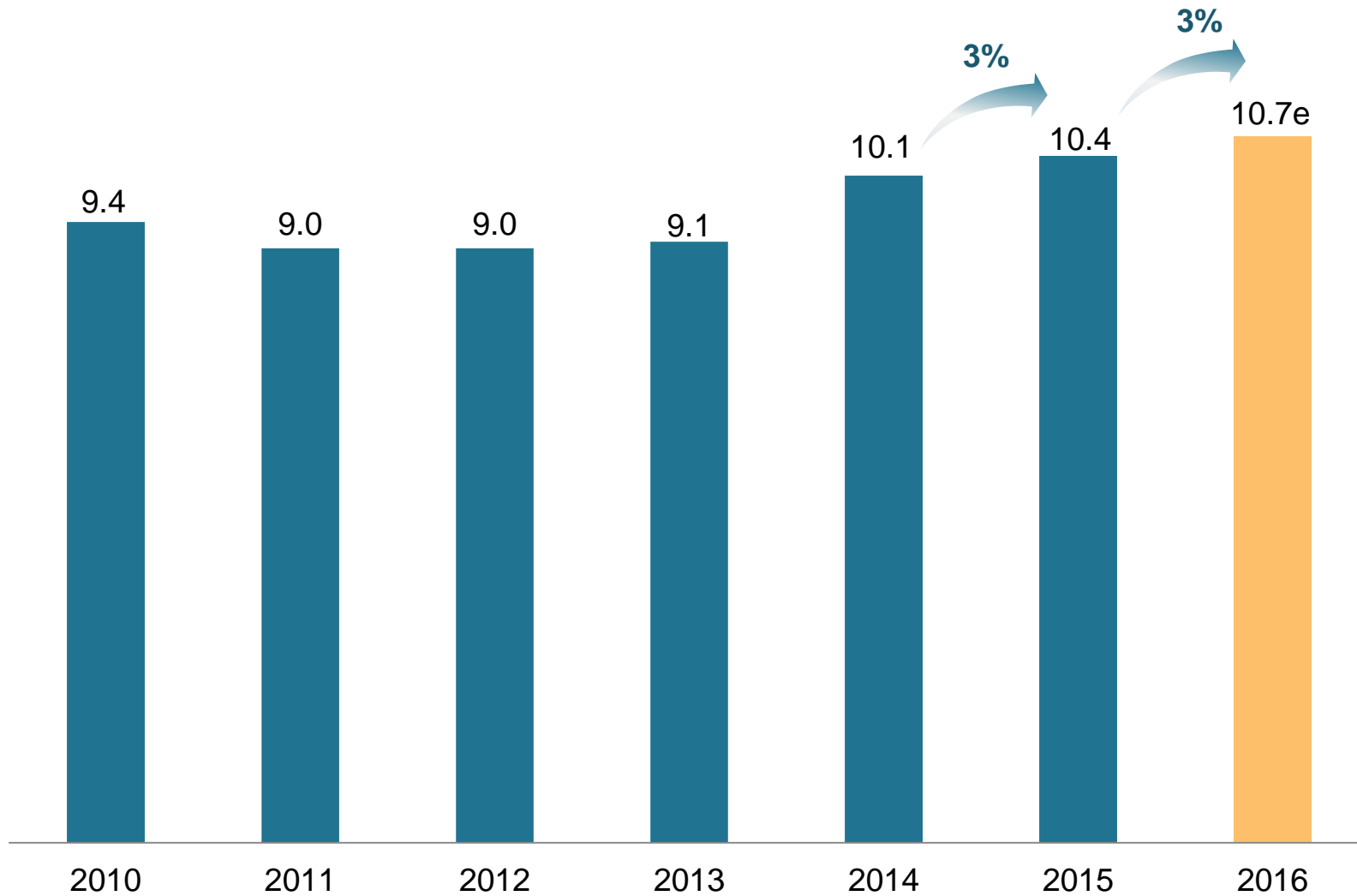
## Worldwide semiconductor market

- ▶ Semiconductor market equals around 25% of the electronics industry
- ▶ Semiconductor unit sales grew 2.7% YoY in 2015, while revenue was flat (-0.2% YoY), according to WSTS

Source: IMF, IC Insights, WSTS, Gartner, SEMI SMG

# Silicon area demand continues to grow

Silicon wafer demand, in bn in<sup>2</sup>



Source: SEMI SMG Silicon Area until 2015, IHS Semiconductor Silicon Demand Forecast Tool Q1 2016 (growth rates from 2016 onwards)

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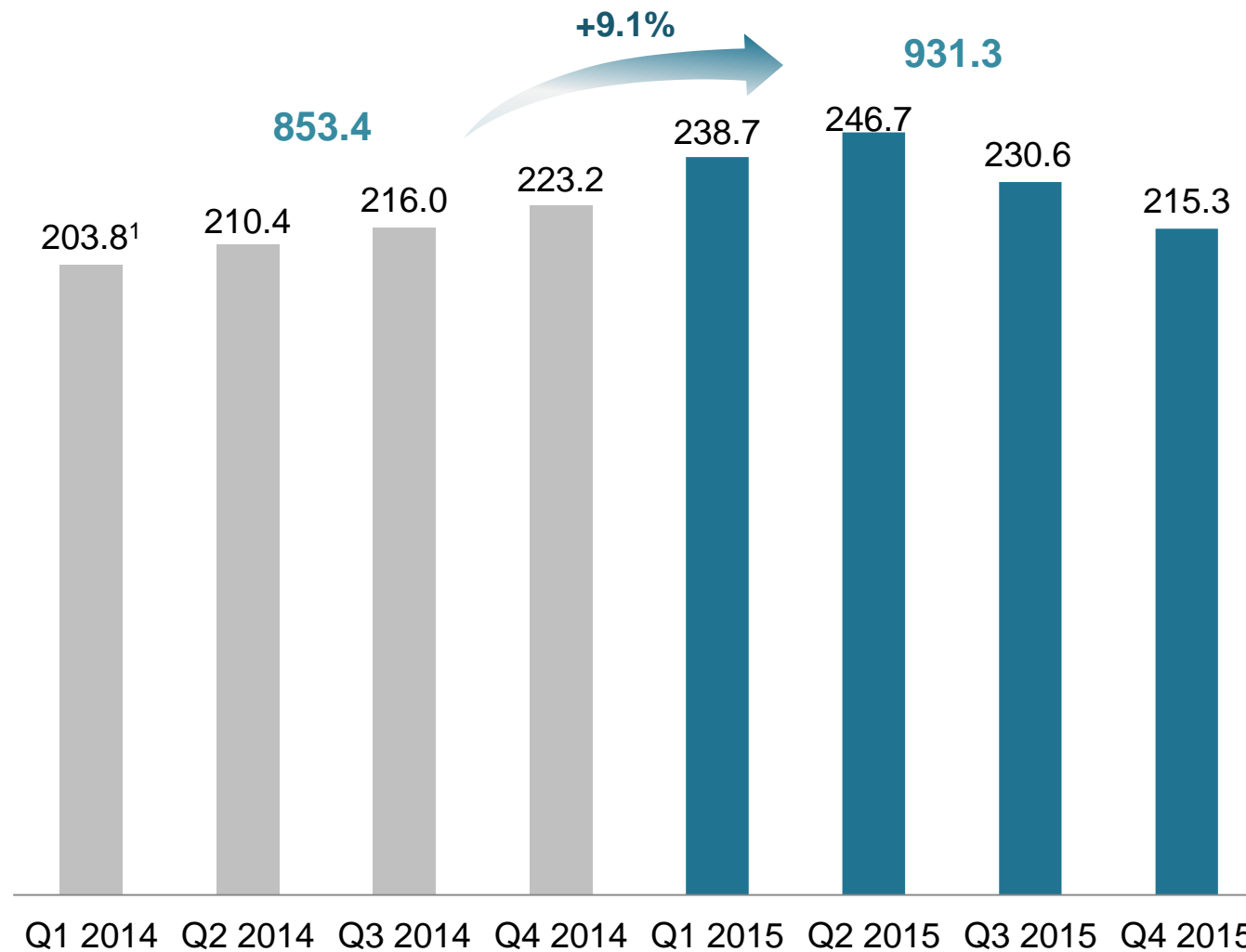
# Financials improved strongly

Adjusted <sup>1</sup> financial figures (EUR mn)	2015	2014	2013	2012
Sales	931.3	853.4	875.5	1030.0
EBIT	2.7	(31.6)	(87.3)	(75.5)
EBIT margin in %	0.3	(3.7)	(10.0)	(7.3)
EBITDA	124.0	117.7	112.6	122.5
EBITDA margin in %	13.3	13.8	12.9	11.9
CapEx	(75.0)	(40.7)	(39.7)	(144.3)
Free cash flow	37.4	86.3	64.7	(134.4)

<sup>1</sup> figures 2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring

# Sales development driven by higher wafer volumes and strong USD

Adjusted<sup>1</sup> sales, in EUR mn



## Comments

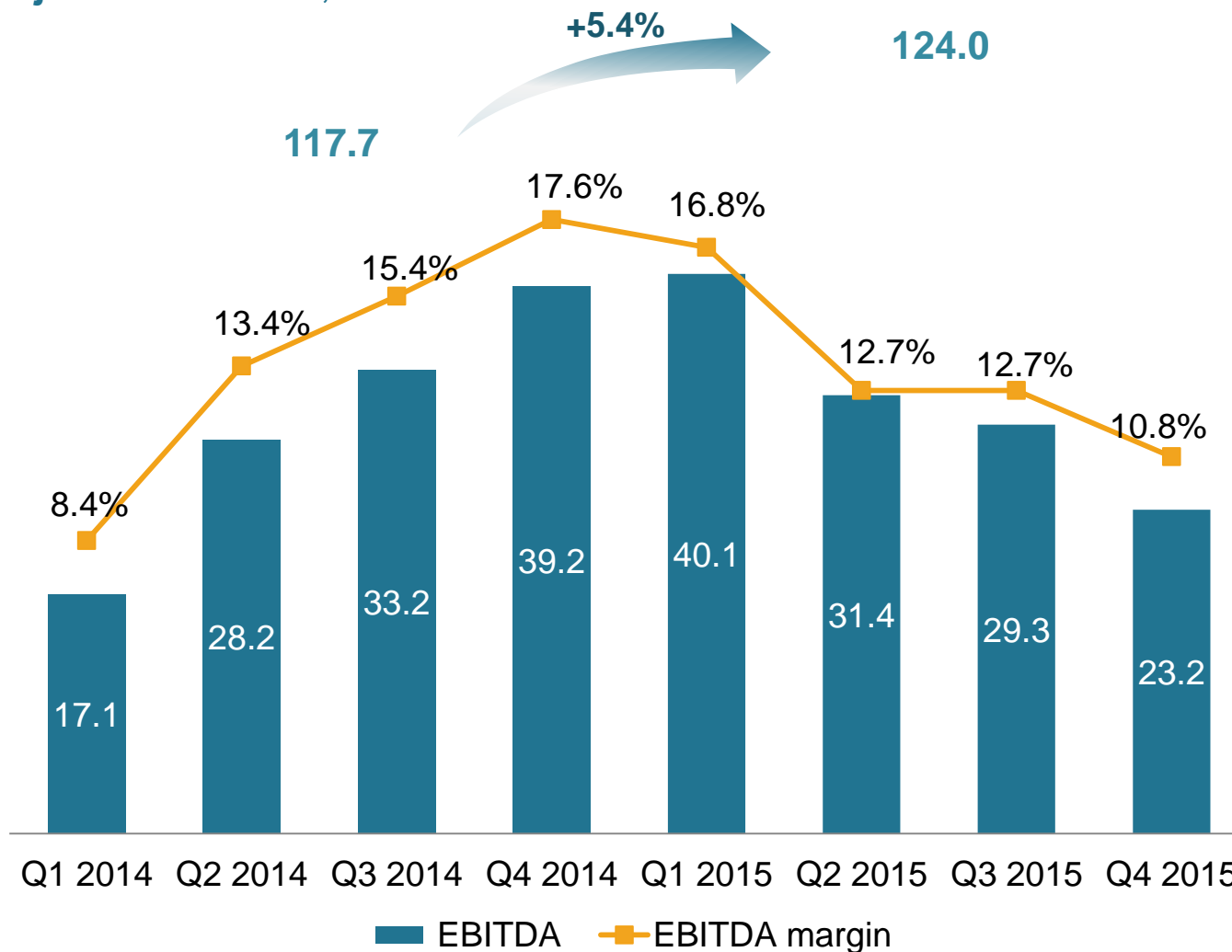
- ▶ Volumes FY 2015 up y-o-y
- ▶ Volumes Q4 decreased y-o-y as well as compared to previous quarters
- ▶ Prices decreased q-o-q in contract currency
- ▶ ASP y-o-y up in EUR due to stronger USD

<sup>1</sup> adjustments are based on the assumption that SSW would have been consolidated prior to January 1, 2014. Initial consolidation of SSW was made as of January 24, 2014. The adjustments are not in compliance with IFRS



# EBITDA 2015 increased by 5%

Adjusted<sup>1</sup> EBITDA, in EUR mn



## Comments

### ► Positive

- volume growth
- cost reduction
- strong USD

### ► Negative

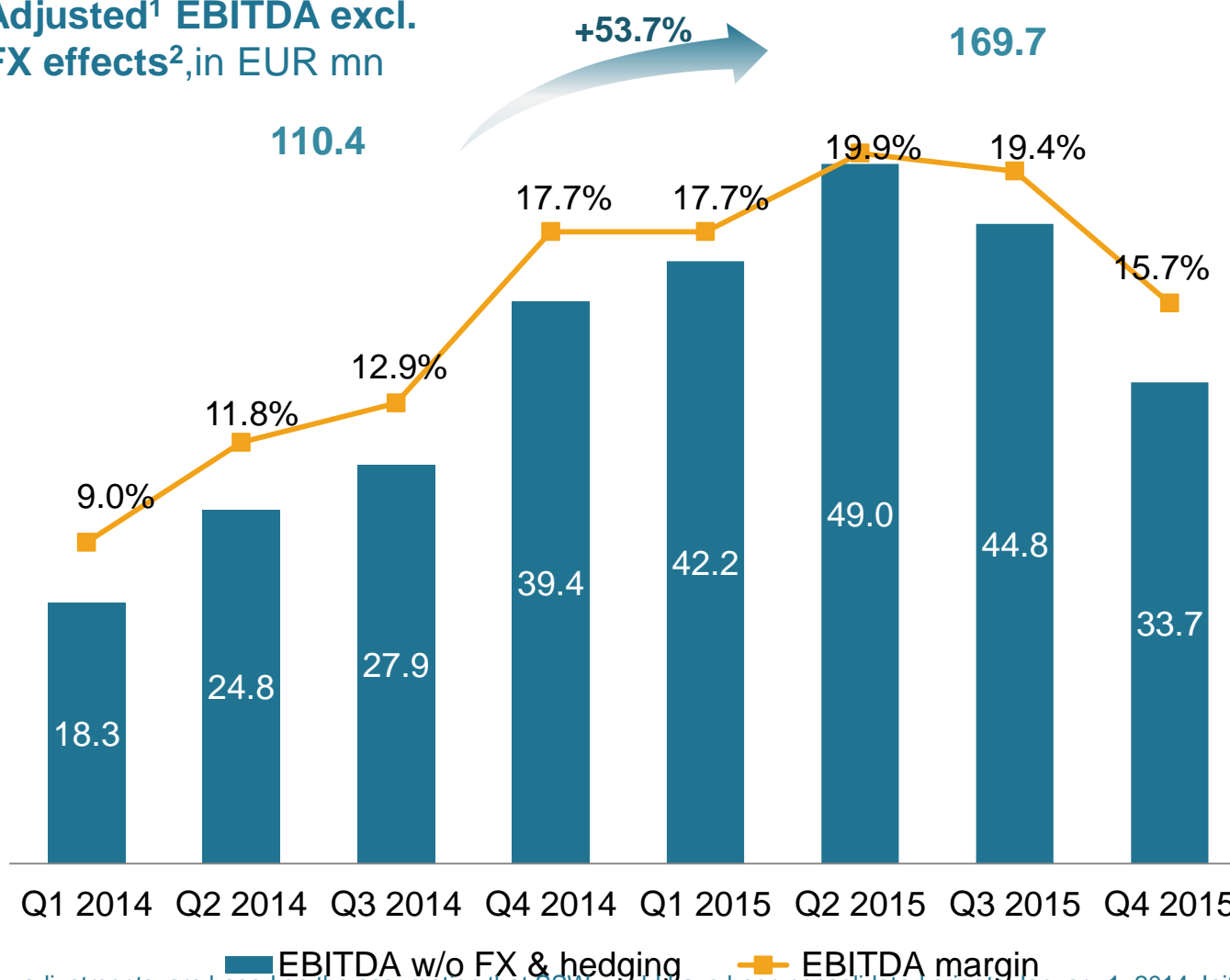
- ASP decline
- hedging losses<sup>2</sup>

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<sup>2</sup> other operating income and expenses influenced by FX effects, mainly due to hedging. In FY 2015, these effects added up to expenses of 45.7 mn EUR.

# EBITDA excluding FX and hedging improved by >50%

Adjusted<sup>1</sup> EBITDA excl. FX effects<sup>2</sup>, in EUR mn



## Comments

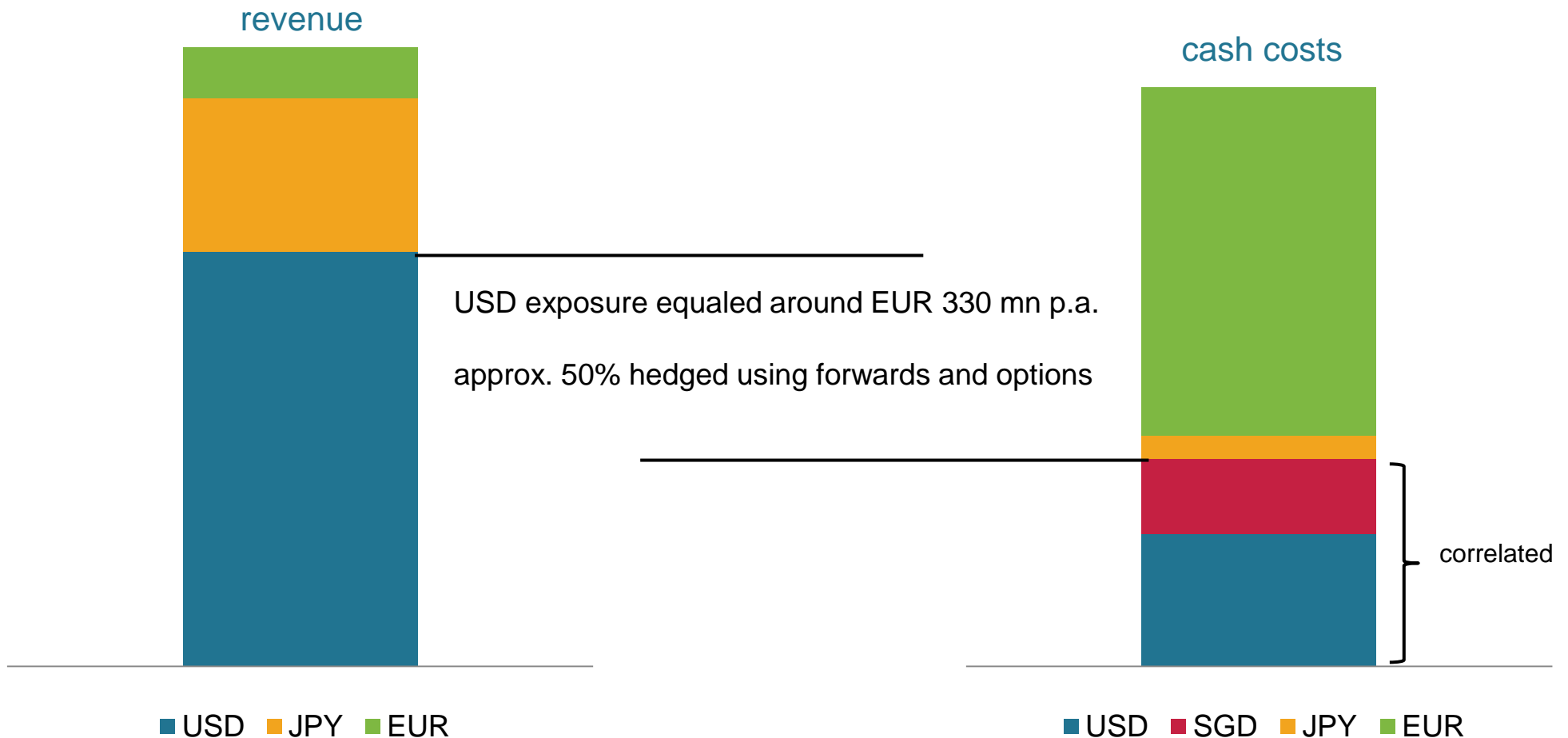
- ▶ FX effects due to hedging
  - positive EUR 7.3 mn in 2014
  - negative EUR 45.7 mn in 2015

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<sup>2</sup> other operating income and expenses influenced by FX effects, mainly due to hedging. In FY 2015, these effects added up to expenses of 45.7 mn EUR.

# USD sales significantly higher than USD/SGD costs

## Currency mix at Siltronic



# Equity ratio of 48% and strong net cash position of EUR 156 mn

## Balance sheet, in EUR mn

Assets	Dec 31, 2015	Comments
<b>Non-current</b>	<b>579.1</b>	
PP&E	<b>542.9</b>	
Other fixed	<b>36.2</b>	<i>30 intangible (related to SSW)</i>
<b>Current</b>	<b>461.7</b>	
Inventories	<b>142.7</b>	
Trade receivables	<b>100.4</b>	
Other current	<b>24.2</b>	
Cash and fixed term deposit	<b>194.4</b>	
<b>Total</b>	<b>1,040.8</b>	

Equity and liabilities	Dec 31, 2015	Comments
<b>Equity</b>	<b>497.3</b>	
Siltronic	<b>500.5</b>	
Other shareholders	<b>-3.2</b>	<i>Samsung's 22% in SSW</i>
<b>Liabilities</b>	<b>543.5</b>	
Pension provision	<b>299.4</b>	<i>Germany and US</i>
Other provisions	<b>36.4</b>	<i>33 personnel related (e.g. early retirement)</i>
Financial debt	<b>38.6</b>	<i>Samsung</i>
Trade liabilities	<b>72.1</b>	
Other	<b>97.0</b>	<i>46 prepayments 19 hedging 19 employee related</i>
<b>Total</b>	<b>1,040.8</b>	

# Capital discipline supports positive free cash flow

Cash flow, in EUR mn

	2015	2014 <sup>1</sup>
Cash flow from operating activities	96.1	123.7
Payments for CapEx	(58.7)	(37.4)
<b>Free cash flow</b>	<b>37.4</b>	<b>86.3</b>

## Comments

### ► 2014

- Prepayments of EUR 56 mn received

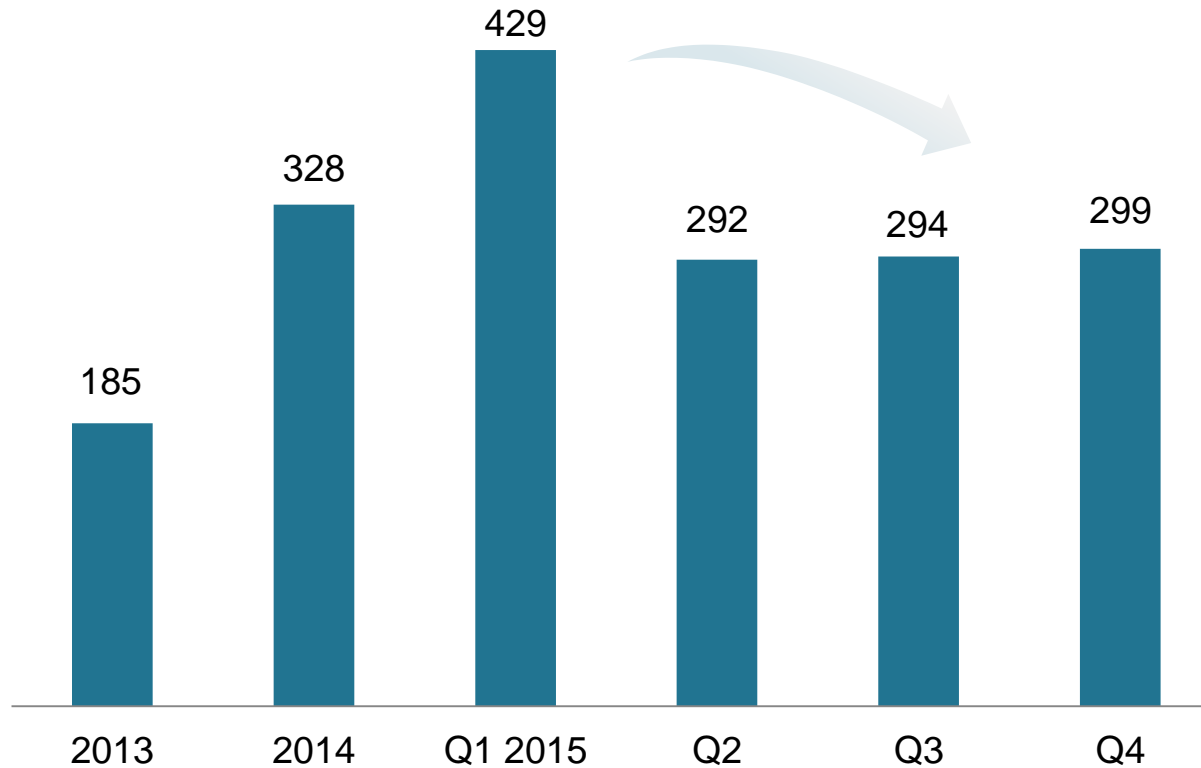
### ► 2015

- Repayment of around EUR 21 mn of prepayments
- closed some FX forwards prematurely with cash impact in 2015; P&L impact in 2016

<sup>1</sup> adjustments are based on the assumption that SSW would have been consolidated prior to January 1, 2014. Initial consolidation of SSW was made as of January 24, 2014. The adjustments are not in compliance with IFRS

# Pension provision decreased considerably

Pension provision, in EUR mn



## Comments

- ▶ decrease in Q2/2015 due to changes in interest rates
- ▶ stable since that time
- ▶ changes shown in equity

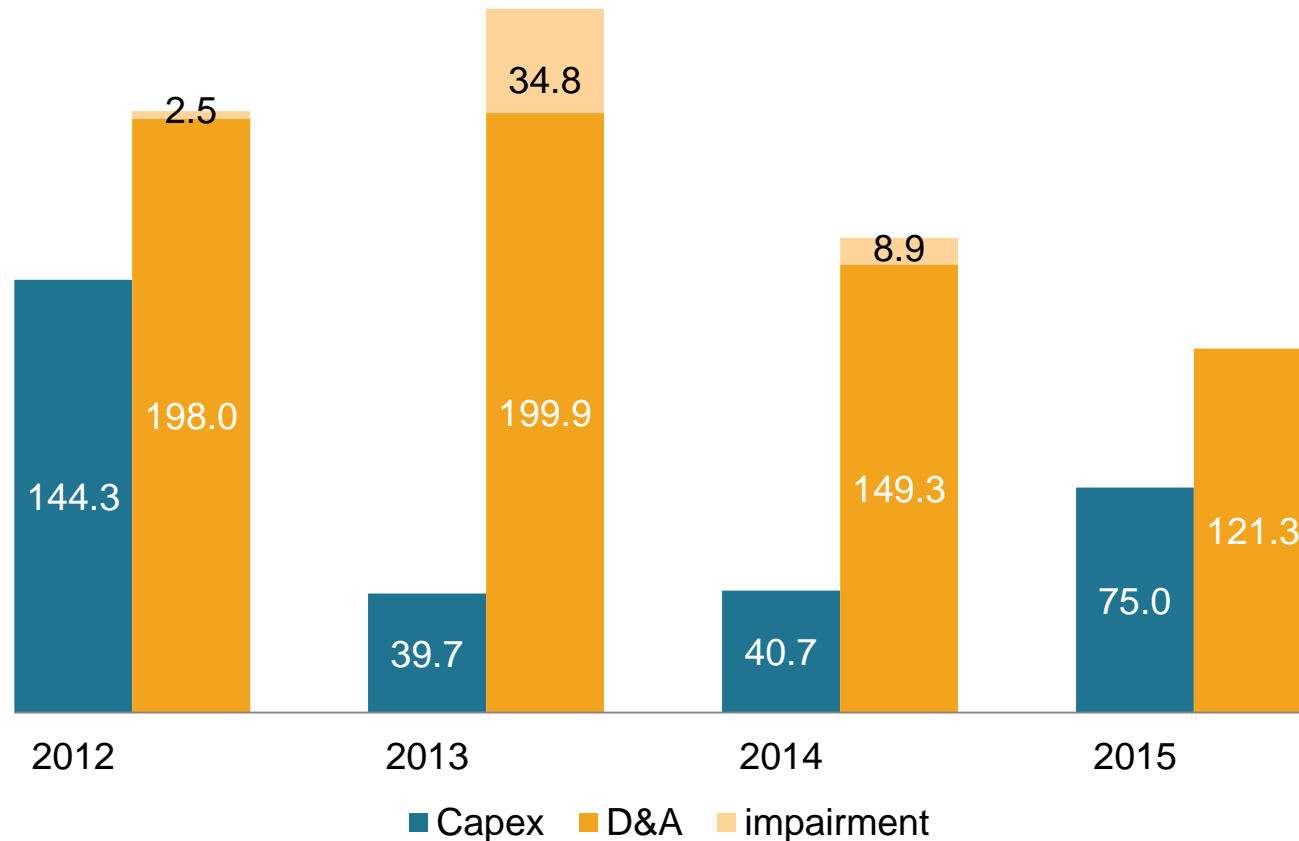
### interest rates IFRS

▶ USA	4.8%	3.8%	3.6%	4.3%	4.2%	4.2%
▶ Germany	3.8%	2.3%	1.65%	2.7%	2.8%	2.75%

currently:  
2.4 – 2.5%

# CapEx: spending mostly for capability and cost reductions

Adjusted<sup>1</sup> CapEx and D&A, in EUR mn



## CapEx focus on

- ▶ Capability improvement
  - New design rules
  - New generation crystal pullers
- ▶ Cost reduction (e.g. automation)
- ▶ Debottlenecking

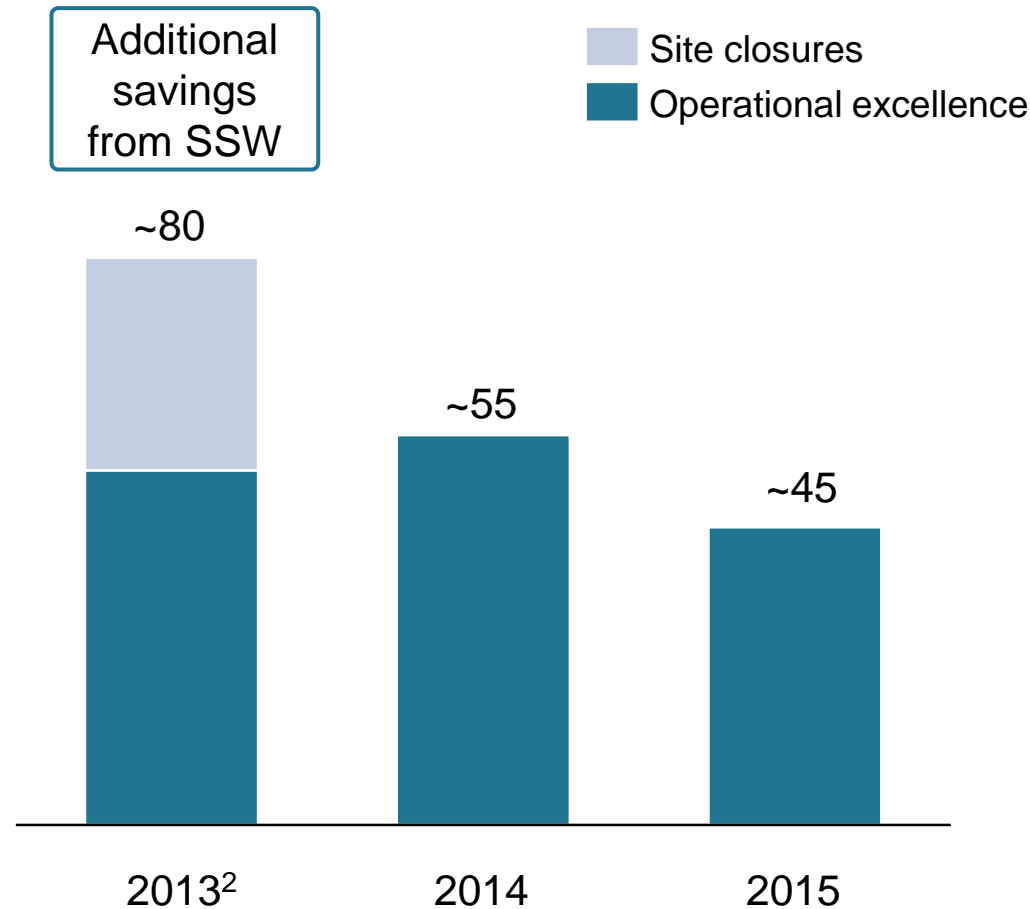
## No extensions planned

- ▶ Empty shell capacity would allow for fast and cost efficient extension
- ▶ Extensions not considered at current price levels

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# Siltronic continued successful track record of cost reduction

Cost reduction, in EUR mn<sup>1</sup>



## Additional Savings Levers:

- ▶ Cost reduction roadmap defined for 2016 and beyond
- ▶ Investing in automation in Germany
- ▶ up to 500 employees to be transferred to WACKER between 2014 and 2019 (~200 already transferred)
- ▶ Investing in new pullers to improve yields and capabilities
- ▶ Poly cost optimization ongoing
- ▶ Further productivity increases through various initiatives

<sup>1</sup> Based on the prior year cost basis to current year volumes and adjustments to certain current year costs to reflect prior year contractual and economic parameters (e.g. prior year unit labor cost).

<sup>2</sup> excluding SSW



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# 2016 is expected to bring slightly better GDP growth, driving moderate growth outlook for electronics and semiconductors.

## Worldwide GDP

- ▶ IMF is projecting 3.4% growth in 2016 (0.3% pts higher than in 2015)
- ▶ The importance of the Chinese economy will grow for consumer markets like personal computers, digital TVs, smartphones and automobiles. China's economy is forecasted to grow 6.3% in 2016, compared to 6.9% in 2015

## Electronics revenue

- ▶ IC Insights predicts 2.4% revenue growth, to USD 1.457 bn in 2016

## Worldwide semiconductor market

- ▶ Most analysts predict moderate growth for semiconductor revenue in 2016, but the individual forecasts cover a wider range (from -1% to +6%)

## Silicon Area

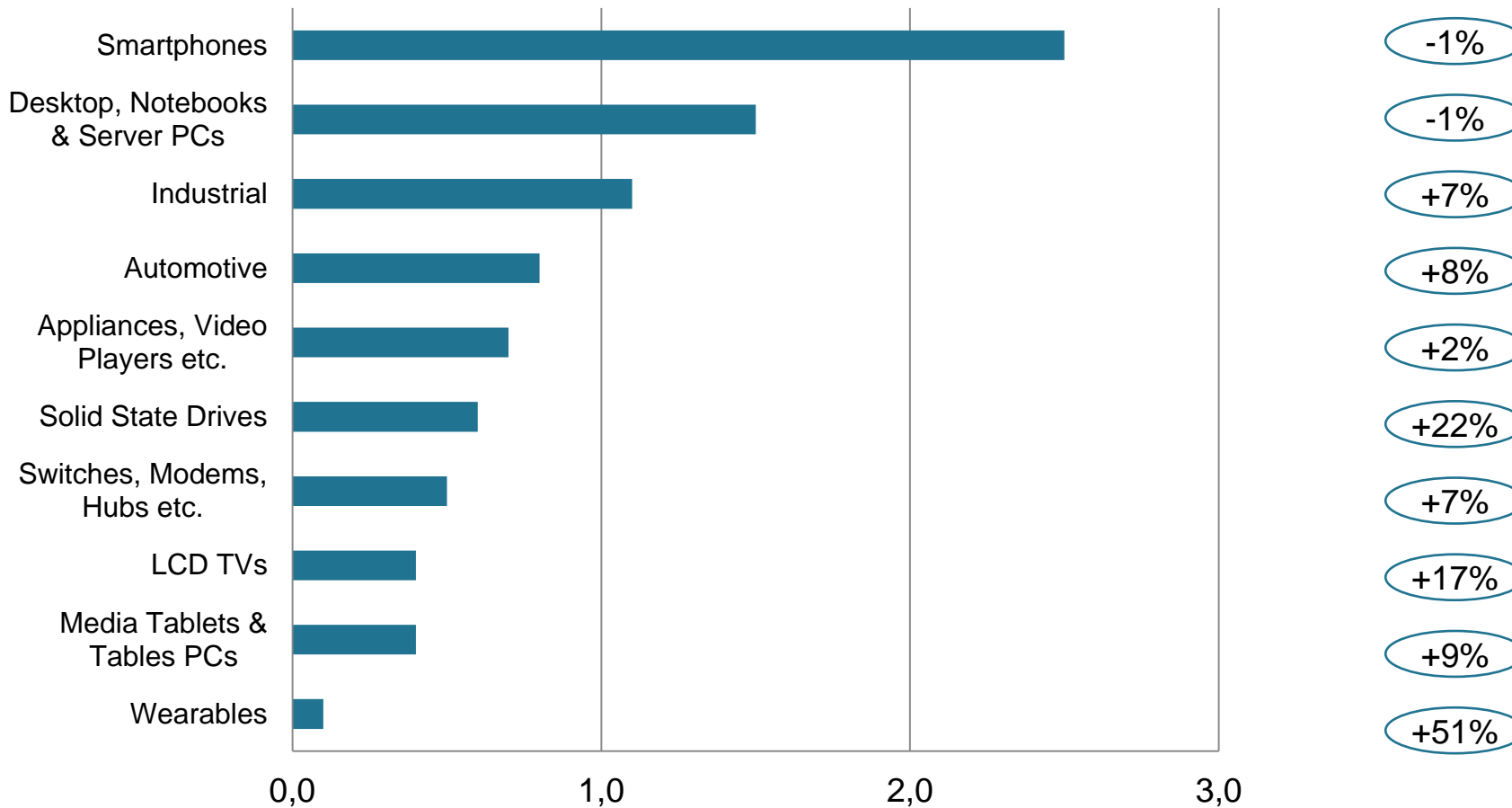
- ▶ IHS Technology is forecasting 3.3% with SSDs, the industrial sector and automotive as the biggest silicon market drivers
- ▶ SEMI (+1.4%) predicts small, but positive growth for silicon

Source: IMF, IC Insights, IHS Technology, WSTS, SEMI SMG

# IHS expects silicon area demand to grow 3.3% in 2016. Main drivers are SSDs, industrial sector and automotive

Wafer demand for key applications 2015, in bn in<sup>2</sup>

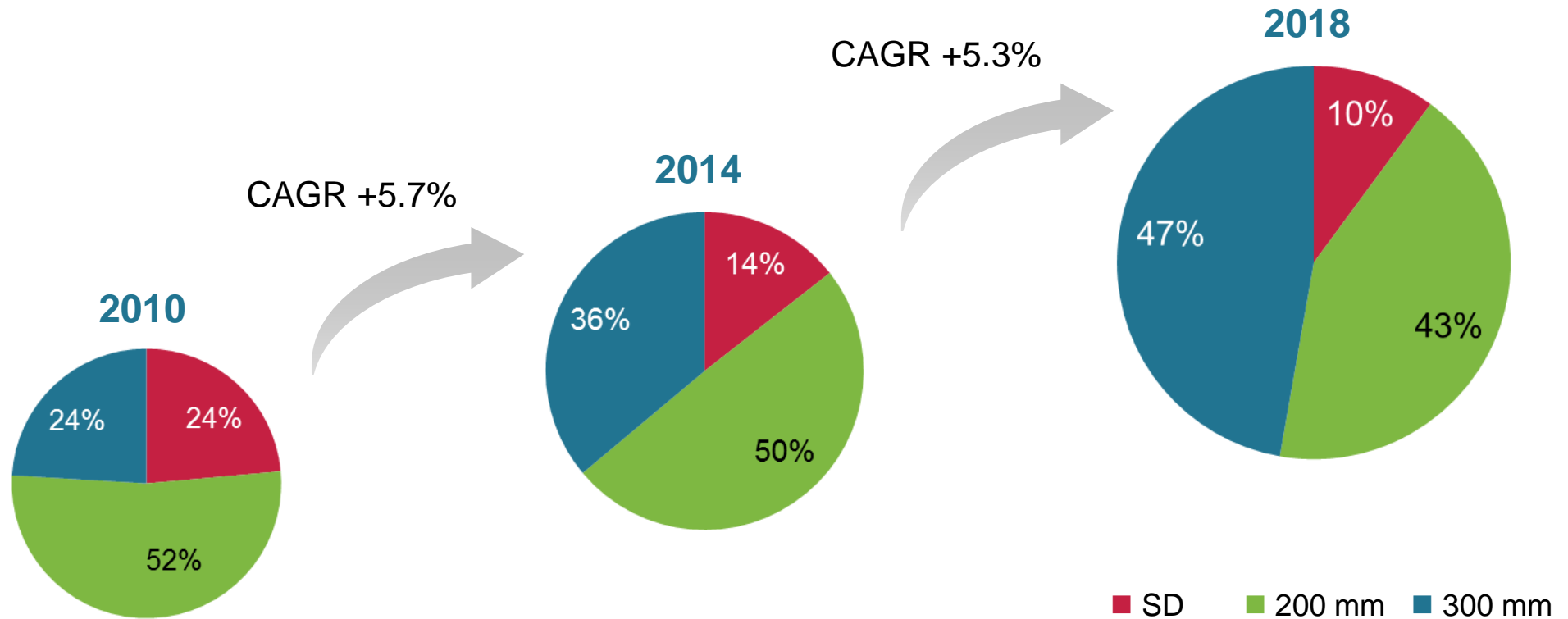
Estimated growth 2015/16, in %



Source: IHS Technology, Semiconductor Silicon Demand Forecast Tool (Q1'16 Update)

# Silicon demand for Automotive is outgrowing the semiconductor market, with the highest growth for 300 mm wafers.

## Wafer demand for automotive applications

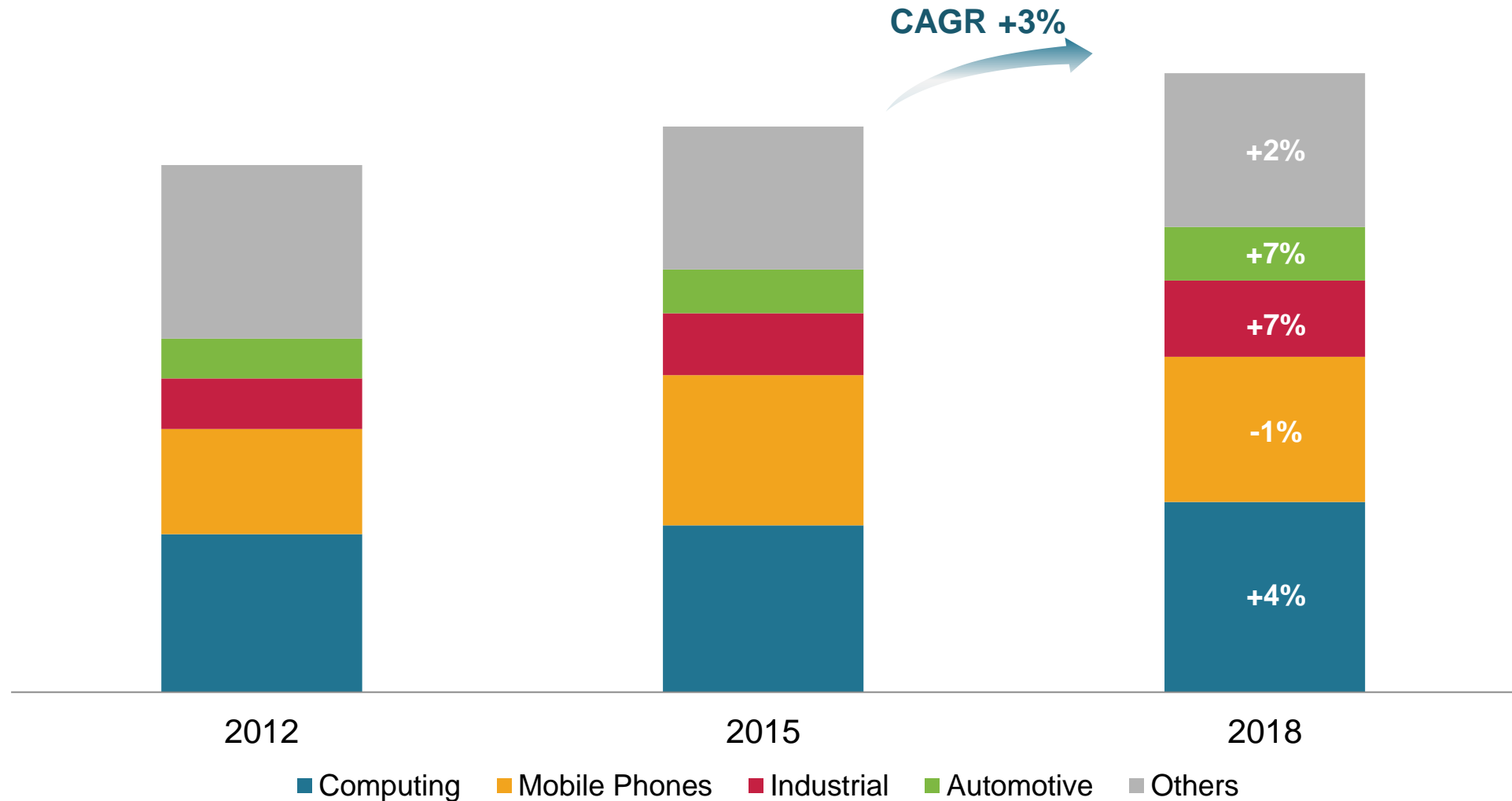


- ▶ Silicon area consumption in the automotive sector is outgrowing the market.
- ▶ 300 mm demand for automotive is growing strongest. Key drivers are advanced driver assistance systems and infotainment applications.

Source: IHS Q1 2016

# Industrial and automotive with higher growth rates in next years compared to computing and mobile

## Silicon demand for main wafer consuming applications



Source: IHS, Q1-2016;

# Silicon industry will experience challenges and opportunities in 2016

- ▶ Inventory adjustments which occurred in 2<sup>nd</sup> half of 2015 in the value chain seem to be done
- ▶ Usual post-Chinese New Year increase in market activities has not happened yet
- ▶ Some economic uncertainties due to recent market rumors on significant slow-down in Apple's demand
- ▶ Sequentially slightly higher volumes expected in Q1 2016 vs. Q4 2015 due to moderate demand growth
- ▶ Currently demand curve for 2016 expected to follow the usual pattern with sequentially higher demands in Q2 vs Q1
- ▶ Ongoing price pressure in contract currency expected for H1 2016 for some products with lower market utilization rates

# Siltronic will continue to focus on topics under its control

- ▶ Stay ahead of the markets in technology development
- ▶ Ongoing strengthening of cost position
- ▶ Further improve manufacturing and logistics excellence
- ▶ Further strengthening customer service and support

# Siltronic Outlook 2016

<b>EBITDA margin</b>	slight improvement
<b>ROCE</b>	in the mid single-digit percentage range
<b>Free Cash Flow</b>	clearly positive, but below the 2015 figure
<b>Sales</b>	slight year-on-year decrease
<b>R&amp;D</b>	unchanged at approx. 7% of sales
<b>Cost Position</b>	potential savings of around EUR 30-35 mn
<b>Hedging Losses</b>	substantially lower at around EUR 10-15 mn
<b>Depreciation</b>	slight reduction
<b>Tax</b>	roughly EUR 10 mn
<b>Financial Result</b>	roughly EUR 10 mn
<b>Earnings per Share</b>	presumably slightly positive
<b>CapEx</b>	around EUR 80 mn

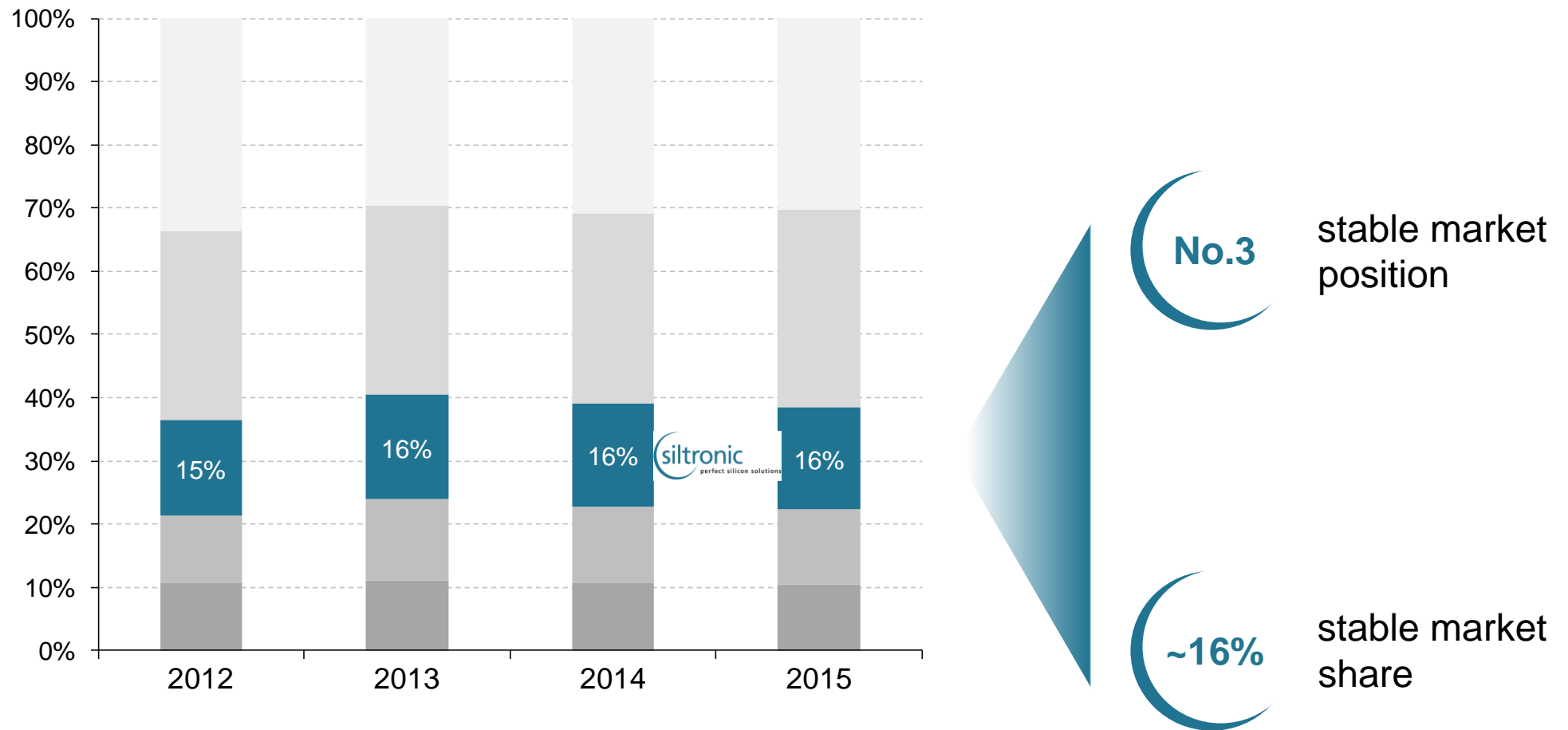


# Appendix

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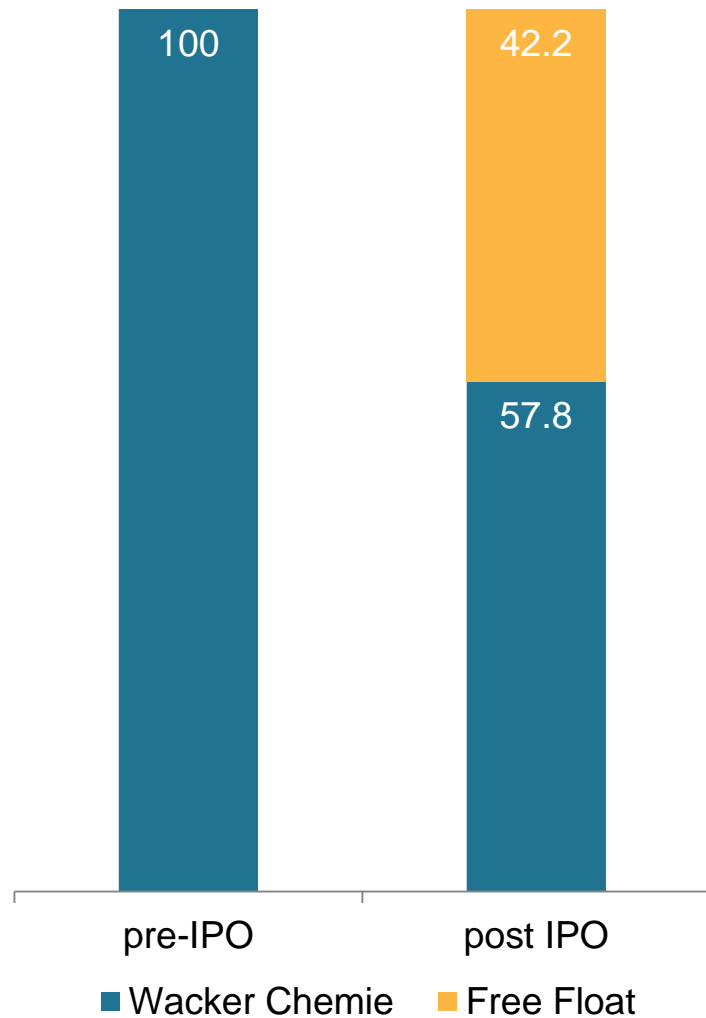
# Strong #3 Wafer Supplier

Market Share by Wafer Revenues (Top 5 Suppliers only), USD basis

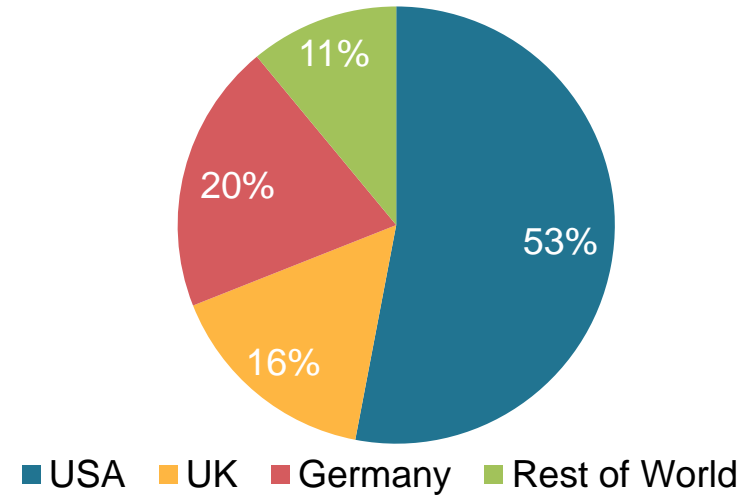


Sources: Companies' revenue reports until Q3 2015, converted to USD using annual foreign exchange rates;

# Shareholder structure



## Freefloat by regions<sup>1</sup>



## Major shareholdings included in freefloat<sup>2</sup>

Baupost Securities Group	8.7%
MainFirst Sicav	5.1%
Wellington Management Co.	2.8%
Morgan Stanley	1.8%

<sup>1</sup> as at January 2016

<sup>2</sup> as at 24 February 2016

# Siltronic Strategy: Improving returns and stay ahead in technology

## Strategic Focus

**Benefit From  
Market Growth**

- ▶ Drive 300 mm and 200 mm utilization
- ▶ Broaden market access
- ▶ Improve product mix

**Cost  
Reduction  
Roadmap**

- ▶ Drive automation and optimization of polysilicon supply & usage
- ▶ Selectively invest in technology and equipment & debottlenecking
- ▶ Continue reduction of direct and indirect staff

**Technology &  
Quality  
Leadership**

- ▶ Stay at least “one generation ahead”
- ▶ Support customers with innovation & intensify customer cooperation
- ▶ Continue highest quality and global customer service & support

**Financial  
Performance &  
Cash Flow**

- ▶ Capital discipline – focus on cash generation
- ▶ Continue operational excellence
- ▶ Capex below depreciation – drive debottlenecking

# Investment Highlights – Siltronic Strengths

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- 1 Strong market position in semiconductor silicon wafer manufacturing**
- 2 Technology and quality leader**
- 3 Supplier to all top 20 silicon wafer consumers with well-established relationships**
- 4 Strong track record in efficiency improvement and cost reduction**
- 5 Strategic supply of high-quality polysilicon at competitive cost**
- 6 Experienced management team and highly skilled workforce**

# Contact and Additional Information

## Issuer and Contact

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## Additional Information

ISIN:	DE000WAF3001
WKN:	WAF300
Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

## Financial Calendar

Full Year 2015 Results:	March 16, 2016
Q1 2016 Results:	April 28, 2016
Annual Shareholder Meeting:	May 12, 2016
Q2 2016 Results:	July 28, 2016
Q3 2016 Results	October 27, 2016



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