



Siltronic – a leading producer of silicon wafers

Q2/2016 Results

Highlights Q2/2016: Financials

Sales

Sales of 229.6 mn EUR (Q1/2016:220.6 mn EUR)
Growth of 4.1%

EBITDA

35.1 mn EUR (Q1/2016: 23.6 mn EUR),
Without negative FX effects* EBITDA would have been 37.8 mn EUR

Margin

EBITDA margin of 15.3% (Q1/2016: 10.7%)
Without negative FX effects* EBITDA margin would have been 16.4%

EBIT

6.0 mn EUR (Q1/2016: -5.6 mn EUR)

CapEx

22.4 mn EUR (Q1/2016: 20.4 mn EUR)

Free Cash Flow

0.1 mn EUR (Q1/2016: -6.7 mn EUR)
payments for CapEx 19 mn EUR in Q2/2016

Net Cash

150.9 mn EUR (March 31, 2016: 149.2 mn EUR)

* other operating income and expenses influenced by FX effects, mainly due to hedging

Market Update

GDP

- ▶ GDP growth in China continued at 6.7% y-o-y in Q2/2016
- ▶ U.S. economy grew with 2.1% y-o-y in Q1'16, compared to 2.0% y-o-y in Q4'15
- ▶ Eurozone GDP growth in Q1/2016 was at 1.7% y-o-y, stable vs. Q4'15

Silicon market

- ▶ Wafer market in Q2/2016 was ~5.8 bn cm²/month, 6.6% up q-o-q and 0.2% up y-o-y
- ▶ 300 mm market was ~5.3 mn wafers/month in Q2/2016, 7.5% up from Q1/2016 and 3.1% up y-o-y
- ▶ Silicon wafer area demand to grow 1.3% in 2016 (May forecast 1.6%)

Automotive and Industrial Sector

- ▶ Silicon demand for the automotive and industrial sector is outgrowing total market
- ▶ Key drivers in automotive: advanced driver assistance systems and infotainment applications. 2015-2019 CAGR forecast of 6.8%
- ▶ Key drivers in industrial: Internet of Things (IoT), medical and aerospace/military electronics and building & home and power & energy; 2015-2019 CAGR forecast of 8.5%

Source: Moody's Economy.com (July 2016); SEMI up to June 2016; IHS Markit Technology Semiconductor Silicon Demand Forecast Tool Q3 16

Sales development driven by sequentially higher wafer volumes

Sales, in EUR mn

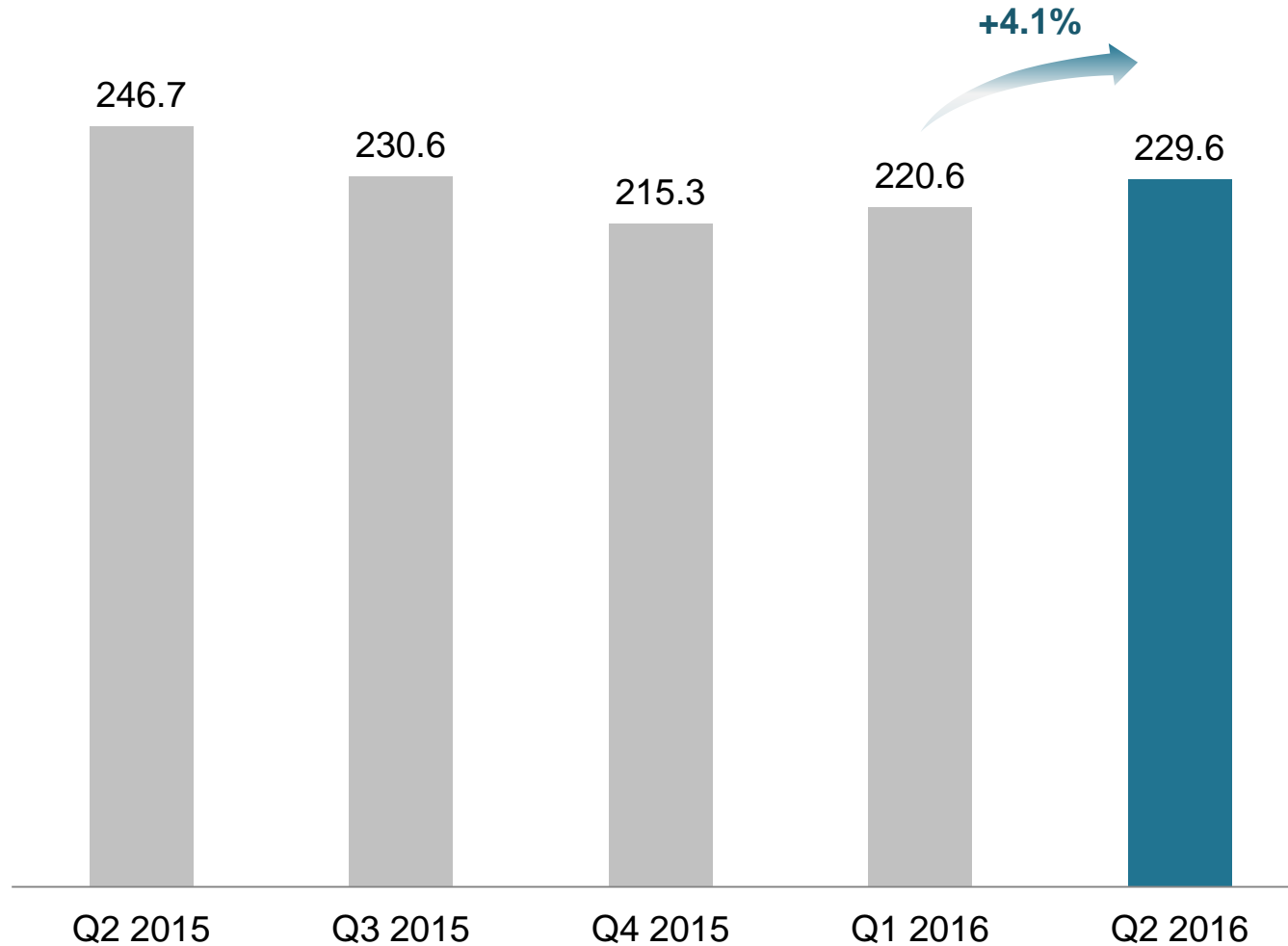
Comments

▶ Positive

- Volume growth q-o-q
- Favorable product mix
- Price pressure softened in Q2 vs. Q1
- ASP more or less flat Q2 vs. Q1
- Some tailwind from strong JPY
- Prices expected to stabilize in Q3

▶ Negative

- Volumes Q2/2016 decreased y-o-y
- ASP y-o-y down



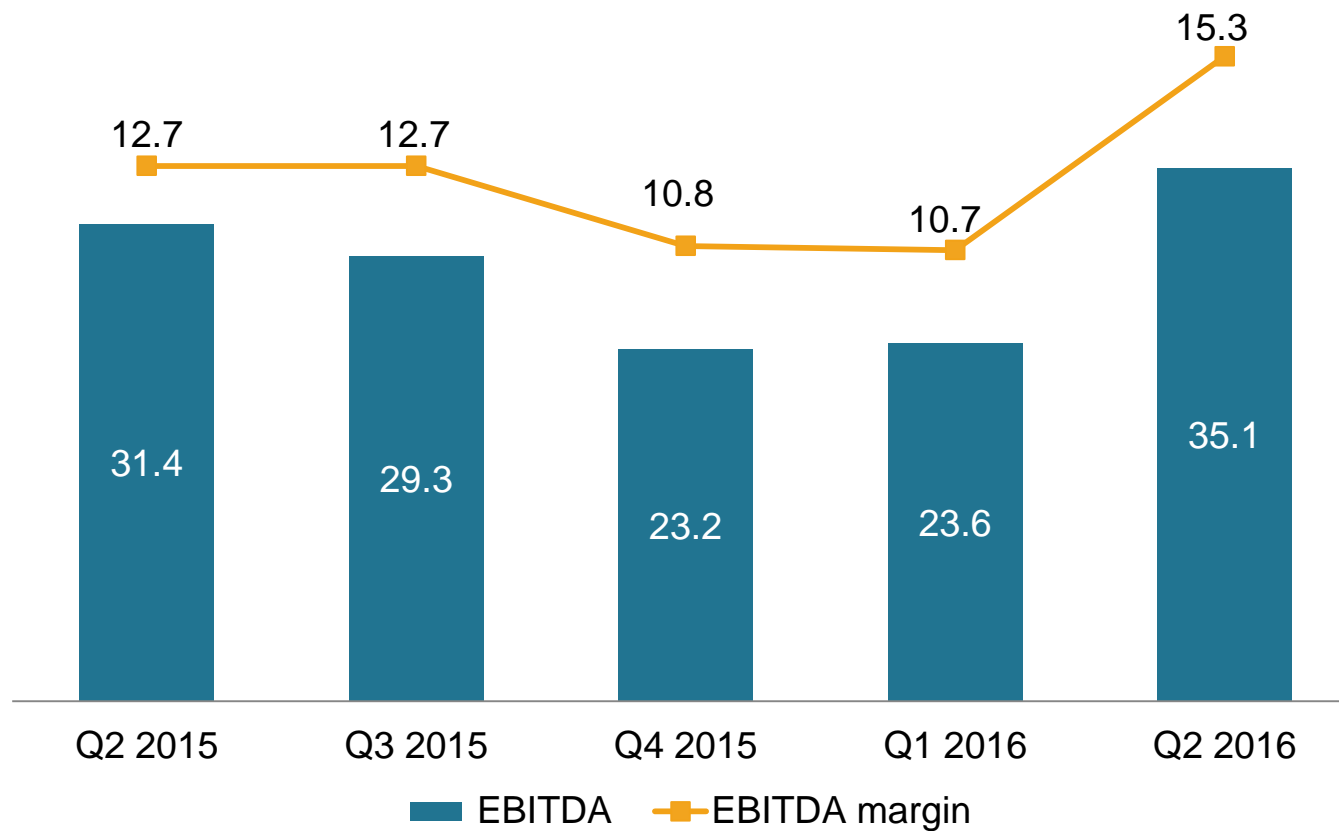
EBITDA increased

EBITDA, in EUR mn

Comments

► Positive

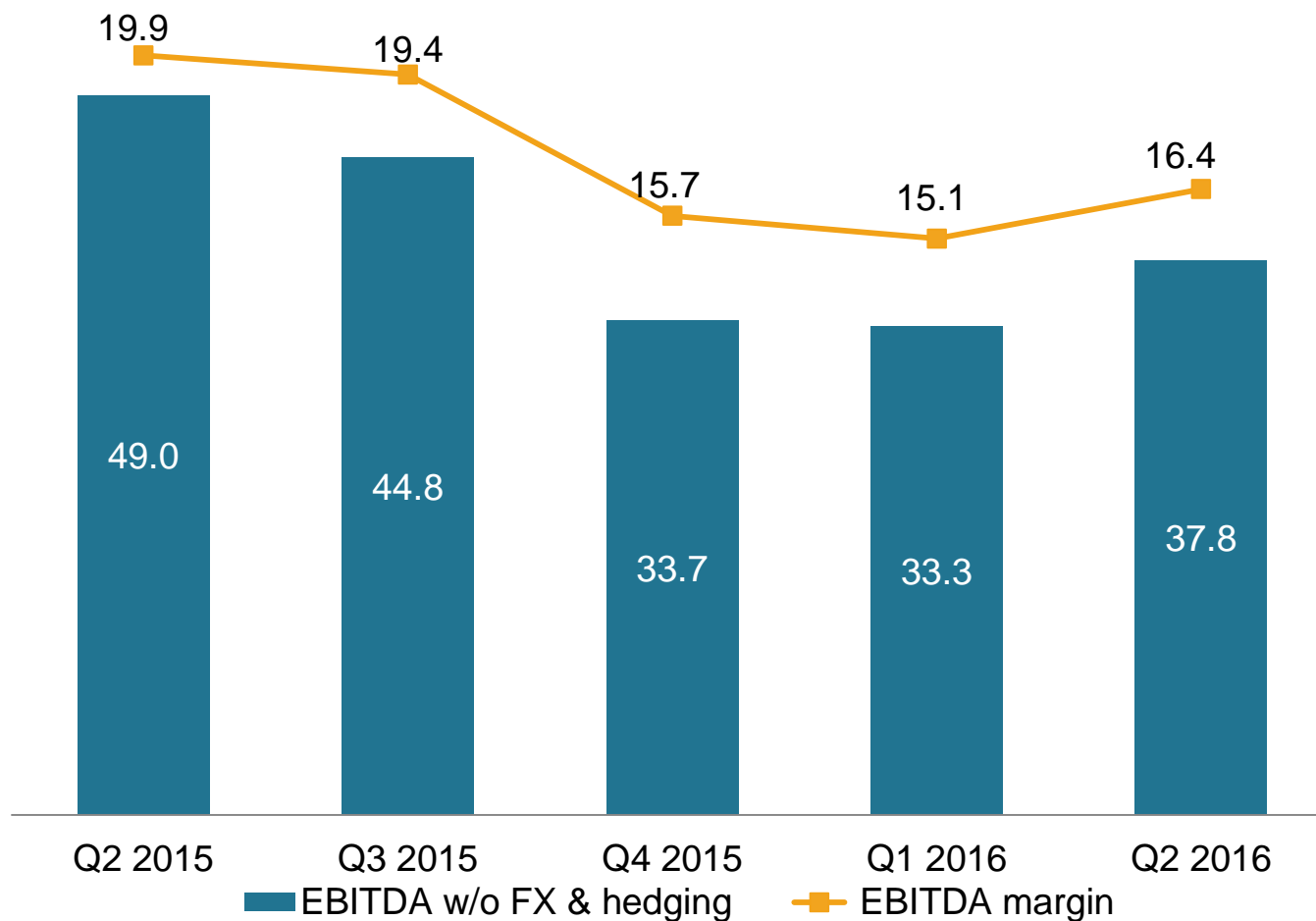
- Volume growth q-o-q
- ASP Q2 flat q-o-q
- Hedging losses* decreased by 14.9 mn EUR to -2.7 mn EUR y-o-y
- Cost reduction on track



*other operating income and expenses influenced by FX effects, mainly due to hedging

EBITDA excluding FX effects 16% in Q2/2016

EBITDA excl. FX effects*, in EUR mn



Comments

- ▶ FX effects due to hedging
 - Negative EUR 17.6 mn in Q2/2015
 - Negative EUR 9.7 mn in Q1/2016
 - Negative EUR 2.7 mn in Q2/2016
 - Positive effects of strong JPY on sales and gross profit outweigh negative effects on other operating income and expense

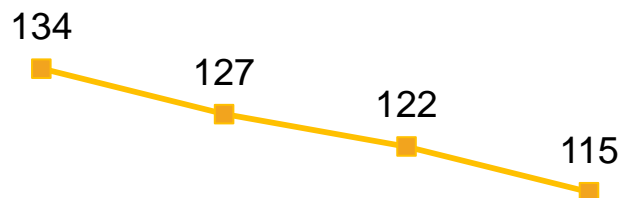
*other operating income and expenses influenced by FX effects, mainly due to hedging

JPY development impacts other operating income and expense

exchange rate development



2015 Q1 2016 Q2 2016 current
—■— EUR/USD



2015 Q1 2016 Q2 2016 current
—■— EUR/JPY

Comments

- ▶ 50% of JPY exposure hedged via forwards at EUR/JPY exchange rate of ~135
- ▶ At EUR/JPY of ~115 hedging losses of around 10 mn EUR
- ▶ Original forecast of total hedging losses of around 10-15 mn EUR for 2016 (assumption EUR/USD=1,10 and EUR/JPY=135)
- ▶ Due to Yen appreciation forecast update: hedging losses expected to be around 20-25 mn EUR in case JPY stays at around 115

*FX effect, mainly due to hedging, recognized in other operating income and expenses

Equity ratio of 31% and strong net cash position of EUR 151 mn

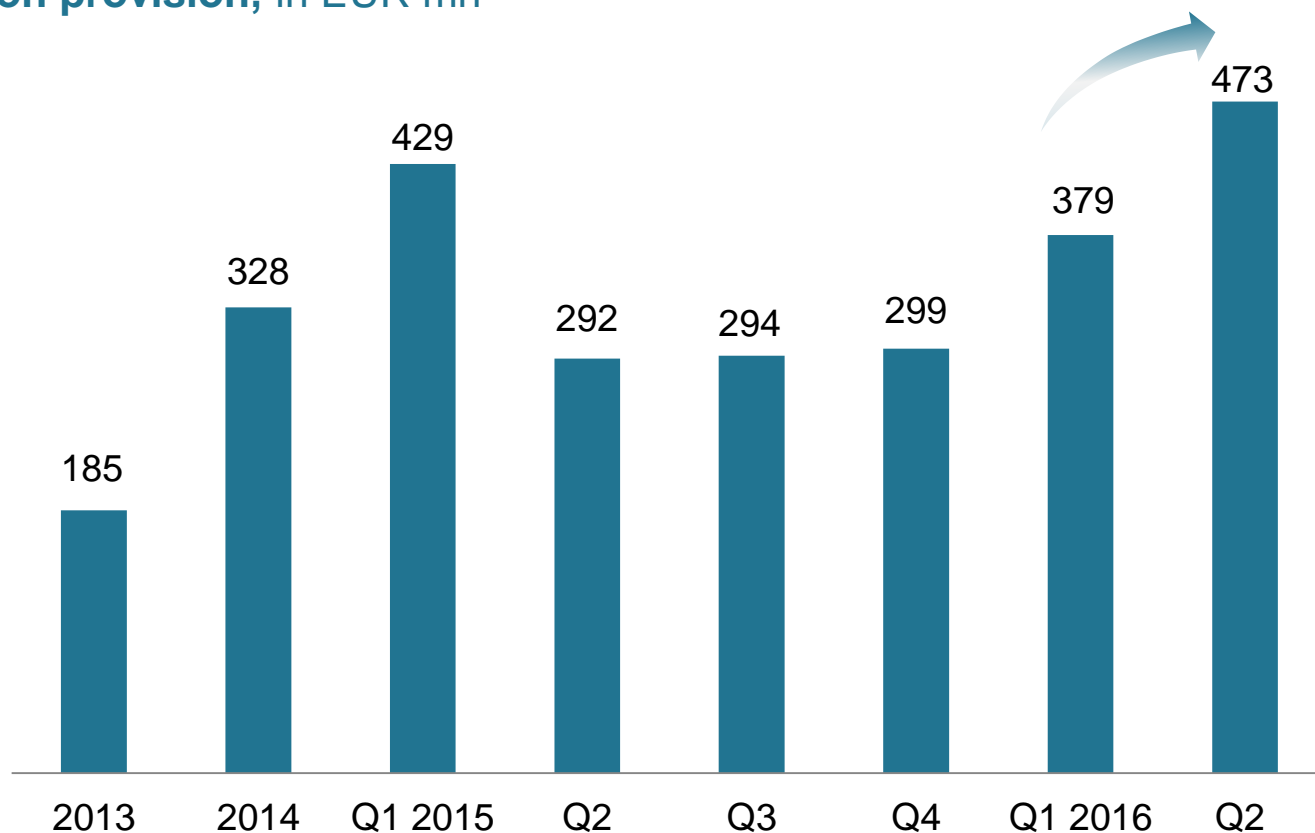
Balance sheet, in EUR mn

Assets	Jun 30, 2016	Dec 31, 2015	Comments Jun 30, 2016
Non-current	571.8	579.1	
PP&E	536.6	542.9	
Other fixed	35.2	36.2	28 intangible (related to SSW)
Current	465.2	461.7	
Inventories	145.1	142.7	
Trade receivables	105.1	100.4	
Other current	23.7	24.1	3 hedging
Cash and fixed term deposits	191.3	194.5	
Total	1,037.0	1,040.8	

Equity and liabilities	Jun 30, 2016	Dec 31, 2015	Comments Jun 30, 2016
Equity	323.6	497.3	
Siltronic	329.5	500.5	
Other shareholders	-5.9	-3.2	Samsung's 22% in SSW
Liabilities	713.4	543.5	
Pension provision	472.7	299.4	Germany and US
Other provisions	43.7	41.6	37 personnel related (e.g. early retirement)
Financial debt	40.4	38.6	Samsung
Trade liabilities	69.8	72.1	
Other	86.8	91.8	37 prepayments 23 employee related 16 hedging
Total	1,037.0	1,040.8	

Pension provision increased due to lower interest rates

Pension provision, in EUR mn



Comments

- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)
- ▶ Additional payments into pension scheme of 10-15 mn EUR expected in 2016 or 2017 due to low interest rates

interest rates IFRS

▶ USA	4.8%	3.8%	3.6%	4.3%	4.2%	4.2%	3.78%	3.47%
▶ Germany	3.8%	2.3%	1.65%	2.7%	2.8%	2.75%	2.15%	1.6%

▶ Will have an impact on cash flow, not on financial result

Payments for CapEx above average in H1/2016

Cash flow, in EUR mn

	Q2/2016	Q1/2016	Q2/2015
Cash flow from operating activities	19.1	28.8	14.9
<i>thereof repayment of prepayments</i>	<i>-5.1</i>	<i>-5.0</i>	<i>-7.5</i>
Payments for CapEx	-19.0	-33.5	-7.9
Free cash flow	0.1	-6.7	7.0

Comments

- ▶ CapEx for investments in state-of-the-art crystal pullers and further automation of production sites
- ▶ Payments in Q1 partly relate to CapEx in 2015
- ▶ Payments for CapEx 10 mn EUR higher than CapEx y-t-d

Siltronic Outlook 2016 as per July

EBITDA margin	slight improvement
ROCE	in the low to mid single-digit percentage range (Update)
Free Cash Flow	clearly positive, but below 2015
Sales	year-on-year decrease in the low to medium single-digit percentage range; strong JPY helps
R&D	unchanged at approx. 7% of sales
Cost Position	potential savings of around EUR 30-35 mn
Hedging Losses	substant. lower around EUR 10-15 mn; if EUR/JPY=115, losses of c. EUR 20-25 mn (Update)
Depreciation	slight reduction
Tax	roughly EUR 10 mn
Financial Result	roughly EUR 10 mn
Earnings per Share	presumably slightly positive
CapEx	around EUR 80 mn

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Financial Calendar

Q3 2016 Results

October 27, 2016



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