



Siltronic – a leading producer of silicon wafers

Full Year Results 2016

March 14, 2017

Financial Year 2016: Highlights

Sales	Sales of EUR 933.4mn (2015: EUR 931.3mn)
EBITDA	EUR 146.0mn (2015: EUR 124.0mn), Without negative FX effects* EBITDA would have been EUR 166.9mn
Margin	EBITDA margin 15.6% (2015: 13.3%) Without negative FX effects* EBITDA margin would have been 17.9%
EBIT	positive at EUR 27.0mn (2015: EUR 2.7mn)
Cost Savings	around EUR 30mn
Investments**	EUR 88.8mn (2015: EUR 75.0mn), mainly in enhanced capabilities
Free Cash Flow	EUR 19.0mn (2015: EUR 37.4mn), despite EUR 11.1mn one-time payment to pension fund and EUR 20.5mn repayment of customer prepayments
Net Cash	EUR 175.0mn (2015: EUR 155.9mn)

*other operating income and expenses influenced by FX effects, mainly due to hedging . In 2016, FX effects added up to expenses of EUR 20.9mn.

** without investment in financial assets

Agenda

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

Market Update

Macro

- ▶ Q4'16 GDP growth in China, Japan and the U.S was slightly higher than in Q3'16.
- ▶ Unemployment stays low in the U.S. and Japan; Eurozone continues to recover slowly.
- ▶ Consumer confidence was relatively stable in most regions; Eurozone improved.
- ▶ Global PMI is positive, improving further in the U.S., Europe and Japan.

Silicon market

- ▶ Wafer market reached a new all-time high in Q4 (~5.9bn cm²/mo, 10.4% up y-o-y)
- ▶ 300mm market was ~5.3mn w/mo in Q4, 1.3% up from Q3 and 7.6% up y-o-y
- ▶ Silicon wafer area demand grew 2.9% in 2016 and is expected to grow 4.9% in 2017
- ▶ 2017 growth expected to occur in multiple areas: besides SSD, industrial applications and network infrastructure are forecast as major growth drivers.

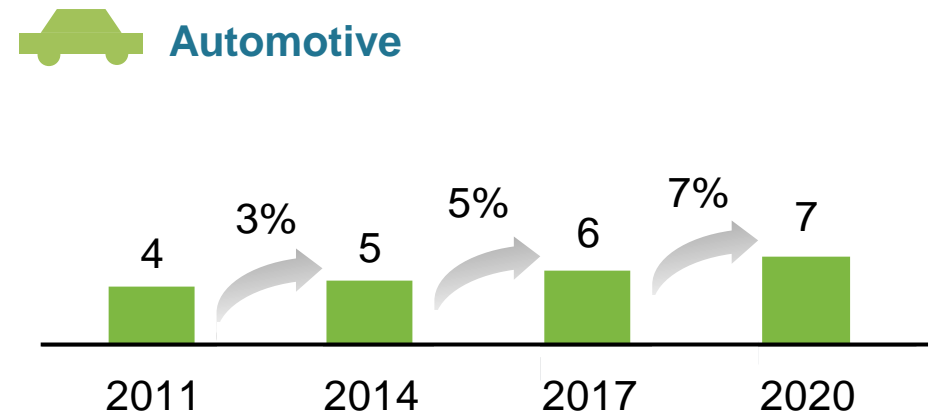
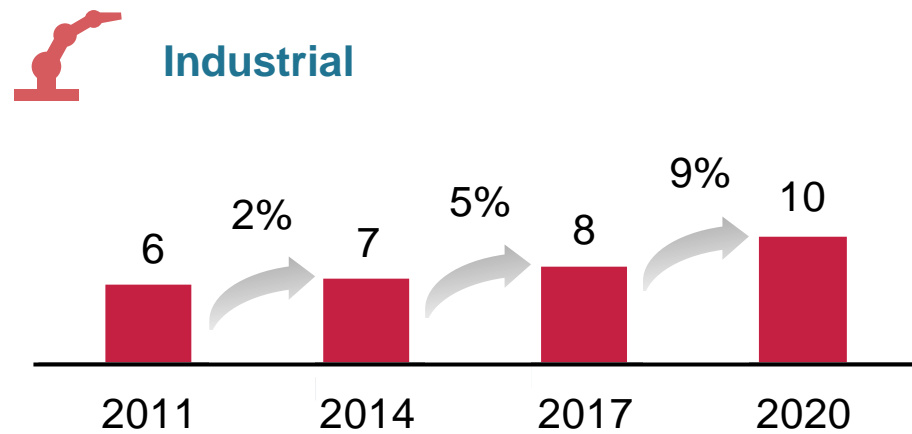
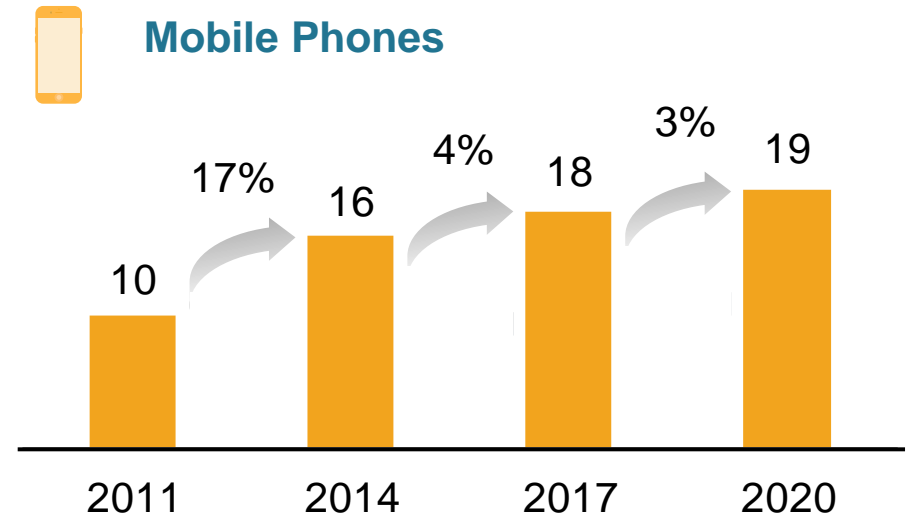
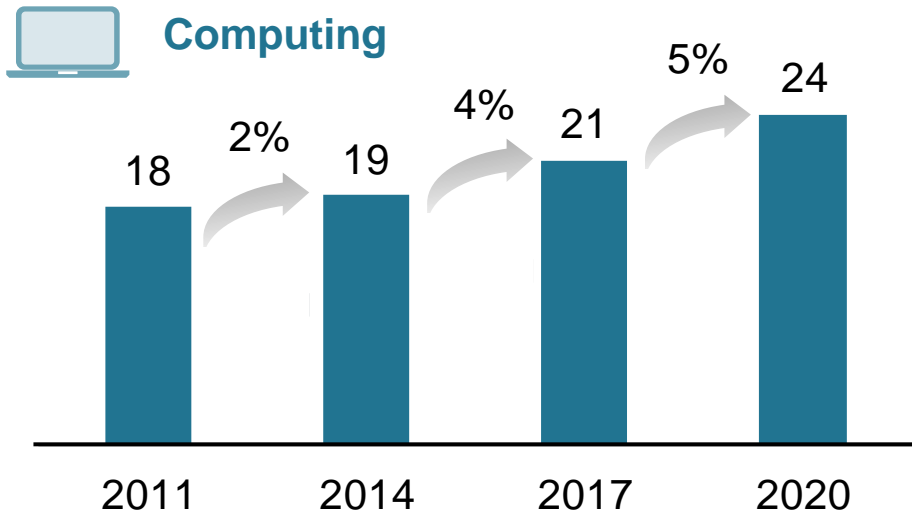
Competition

- ▶ All wafer suppliers report strong 200mm and 300mm wafer demand, customer orders on allocation and increasing prices

Source: Moody's Economy.com (Feb 2017), SEMI up to Dec 2016, IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'17 Update)

Industrial and automotive are expected to grow strong in the next years, while silicon demand growth for mobile phones slowing

Silicon demand for main wafer consuming applications, bn cm² p.a. and CAGR

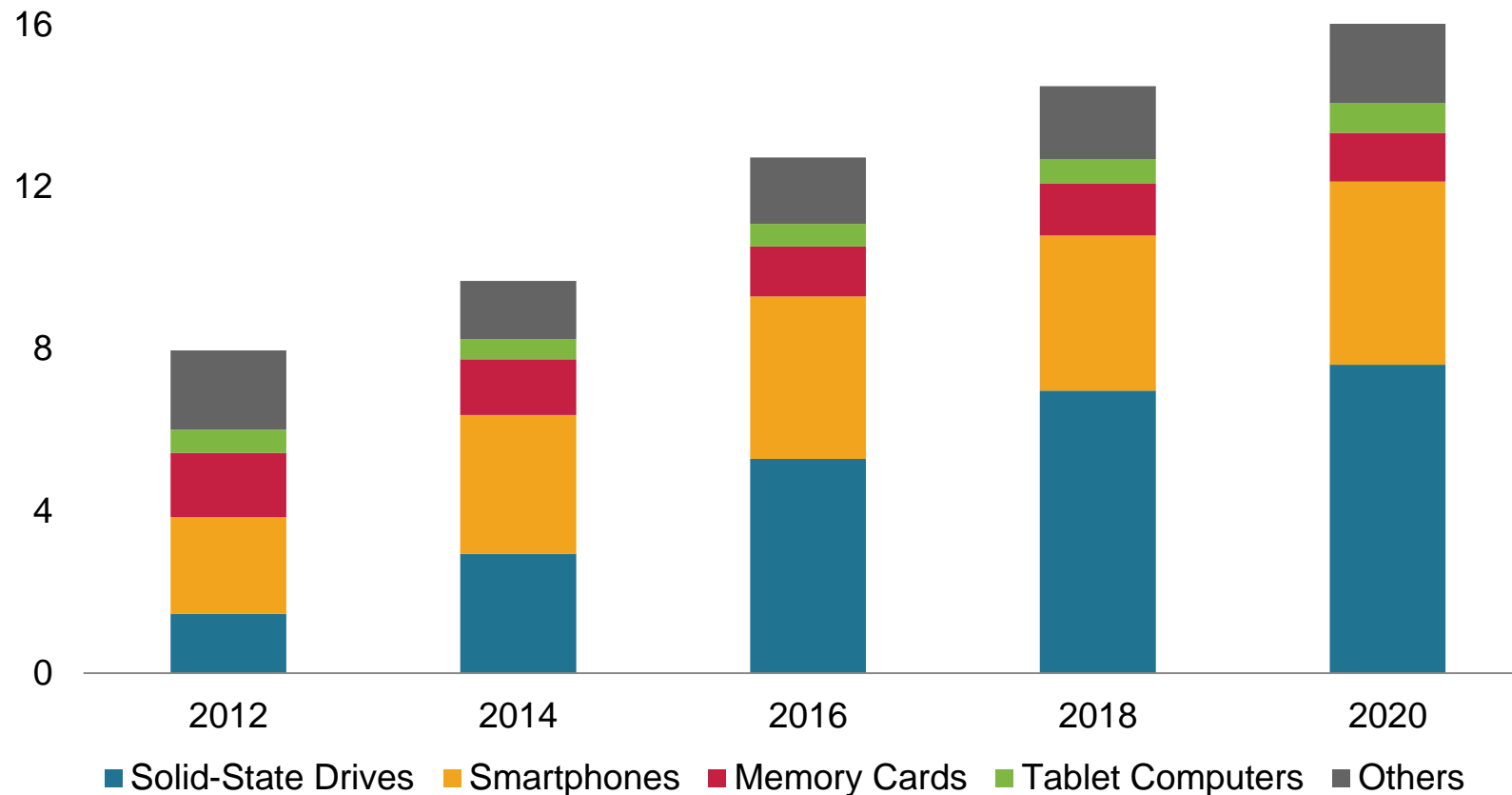


Source: IHS Markit Technology (Q1'17 Update)

Note: **Mobile phones:** Smart & Feature phones; **Computing:** Desktop, Notebook & Server PC & periphery, Tablets, SSD & DRAM

Silicon demand for NAND driven by growing demand for solid state drives and increasing storage in smartphones

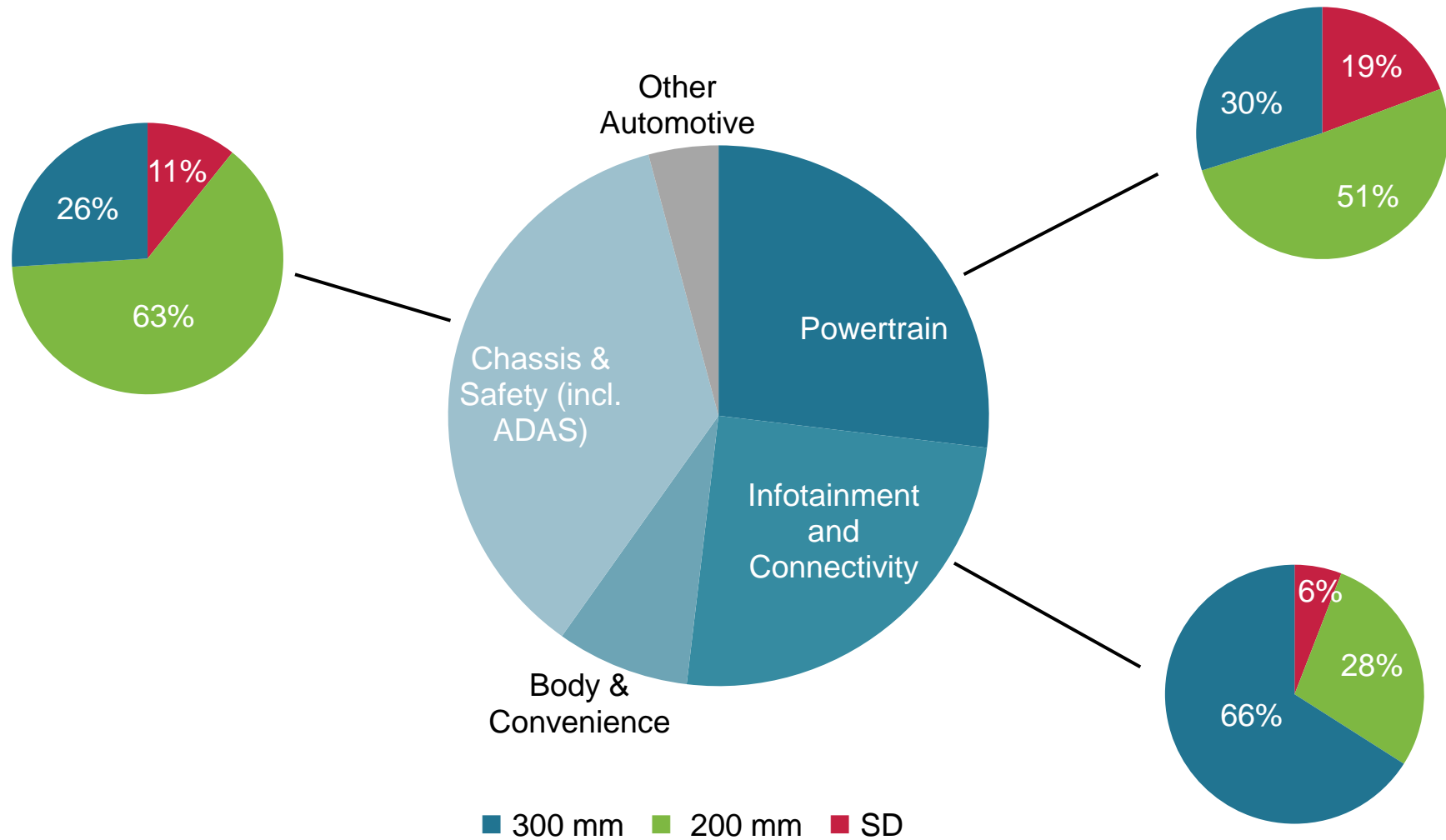
NAND silicon area demand by applications, bn cm² p.a.



Source: IHS Markit Q1 2017

Within a car, most silicon is used for powertrain, infotainment and safety

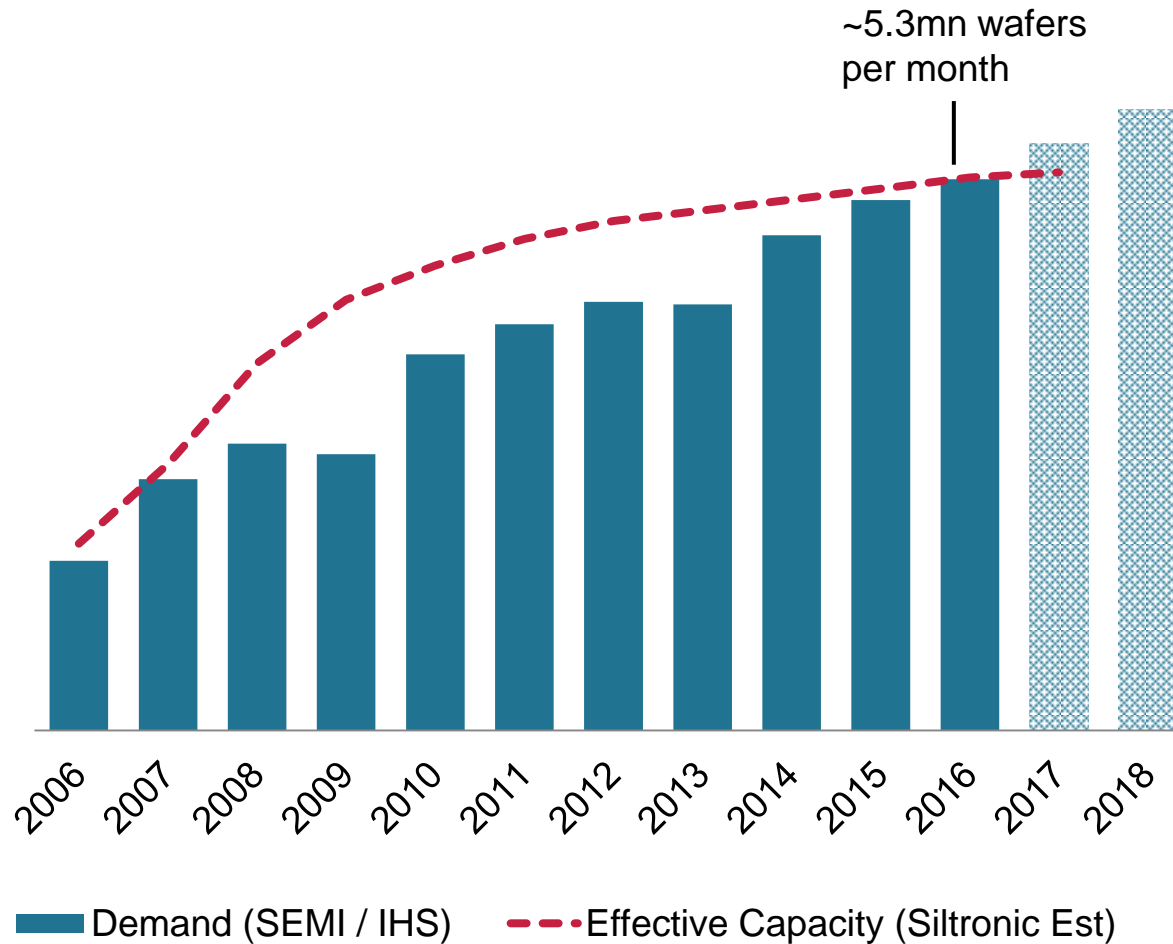
300mm demand in automotive, in %



¹ ADAS = advanced driver assistance system
Source: IHS Markit Q1 2017

300mm demand is expected above industry capacity, after almost a decade of over-supply

300mm effective capacity vs. demand, kpcs per month



Comments

- ▶ Extension not considered at current price levels
- ▶ ~30% to 35% overall empty shell capacity estimated to be available
 - ▶ Would allow for cost-efficient brownfield extension according to demand growth without need of creating over-capacity
- ▶ Takes around 12-18 months to bring brownfield capacity online

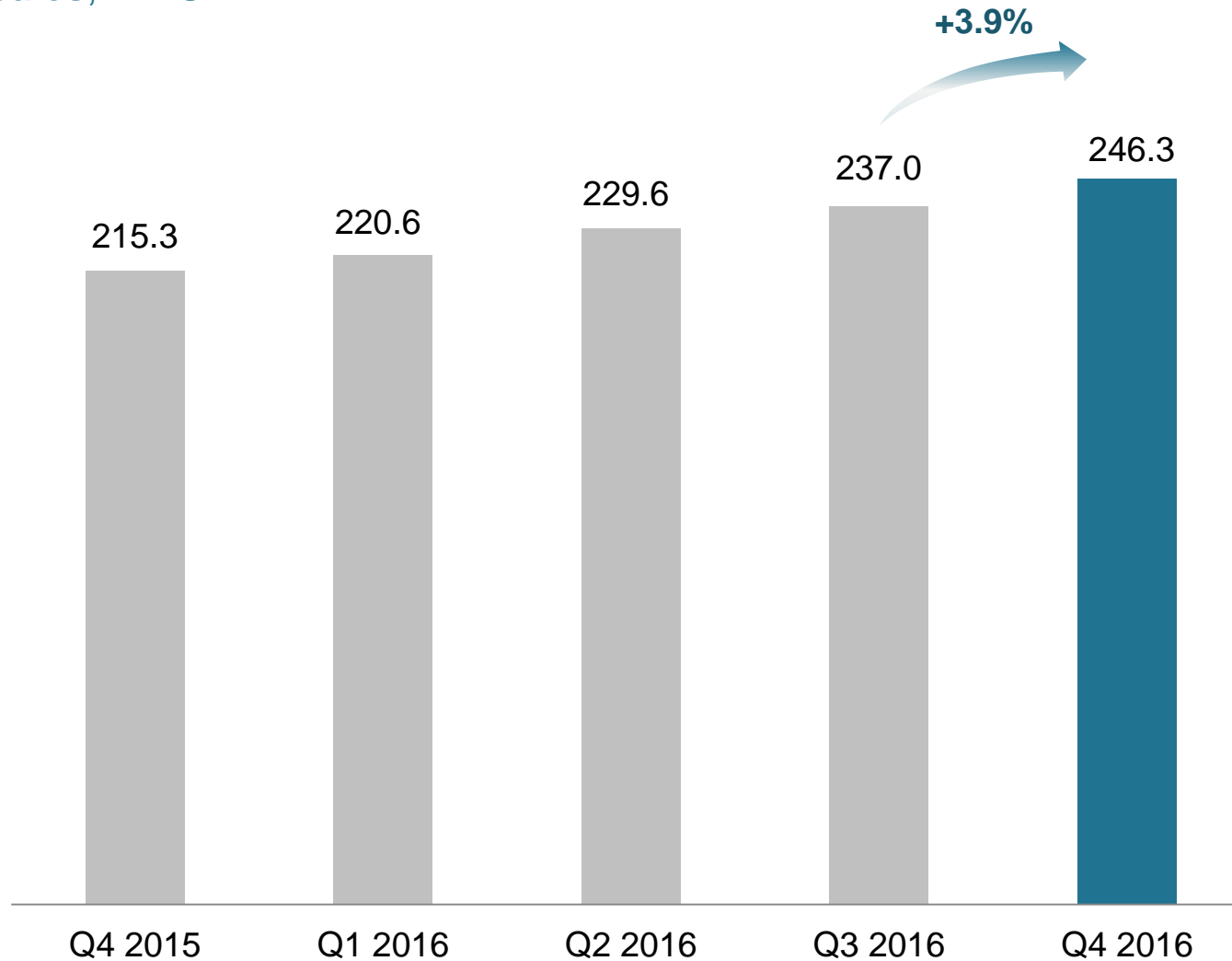
Sources: SEMI, IHS, Siltronic

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- ▶ **Financials**
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Q4 sales development driven by positive mix, increased spot prices and tailwind from JPY

Sales, in EUR mn



Comments

- ▶ Positive
 - ▶ Volume growth y-o-y
 - ▶ Volume stable q-o-q
 - ▶ Higher ASP in Q4 due to mix and increased spot prices
 - ▶ Some tailwind from strong JPY
 - ▶ Price negotiations with customers for 2017 started in Q4 and are well on track
- ▶ Negative
 - ▶ ASP y-o-y down

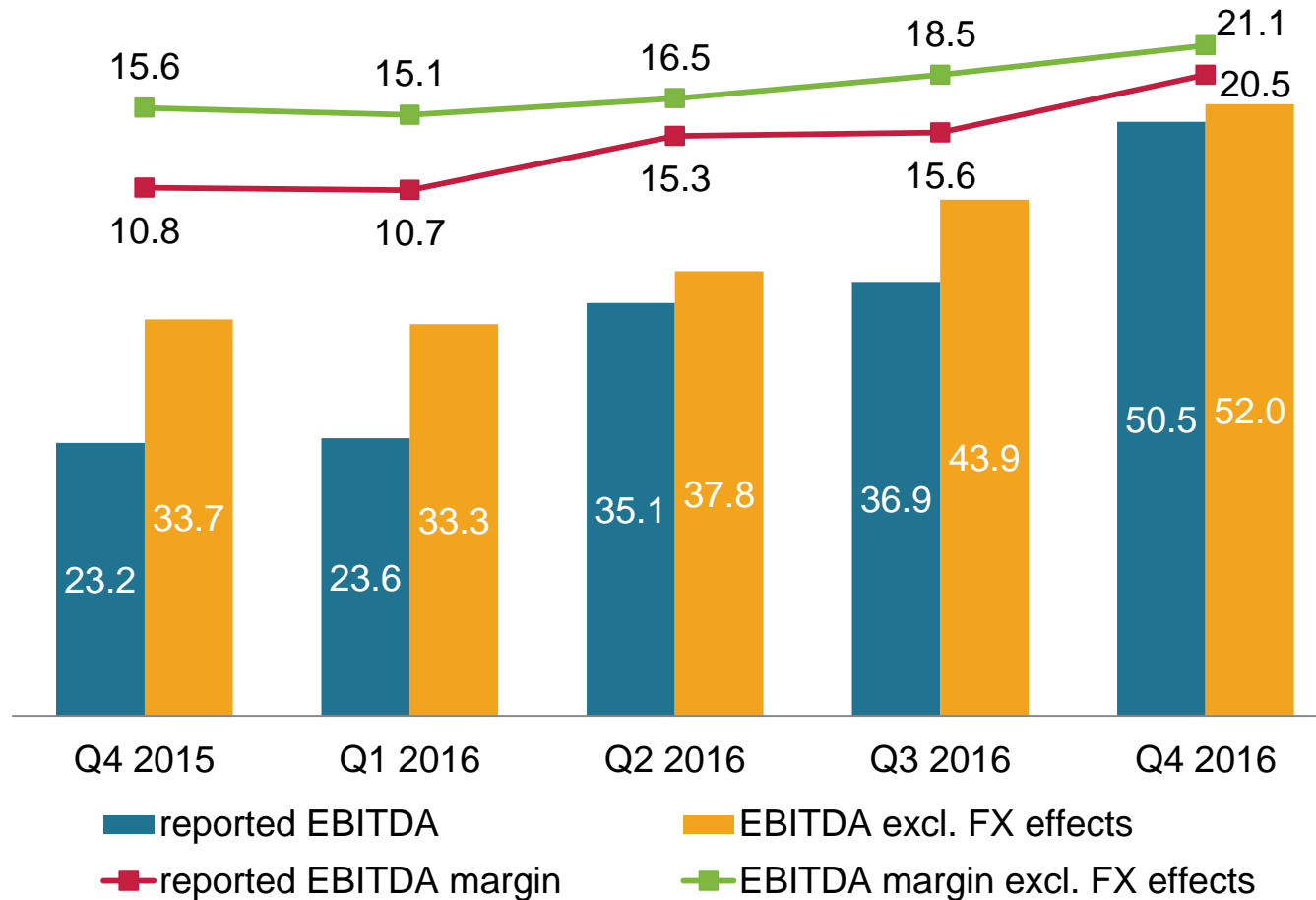
Positive development of EBITDA and EBITDA margin due to cost reductions and decreasing hedging expenses

EBITDA margin and EBITDA in EUR mn

Comments

► Positive

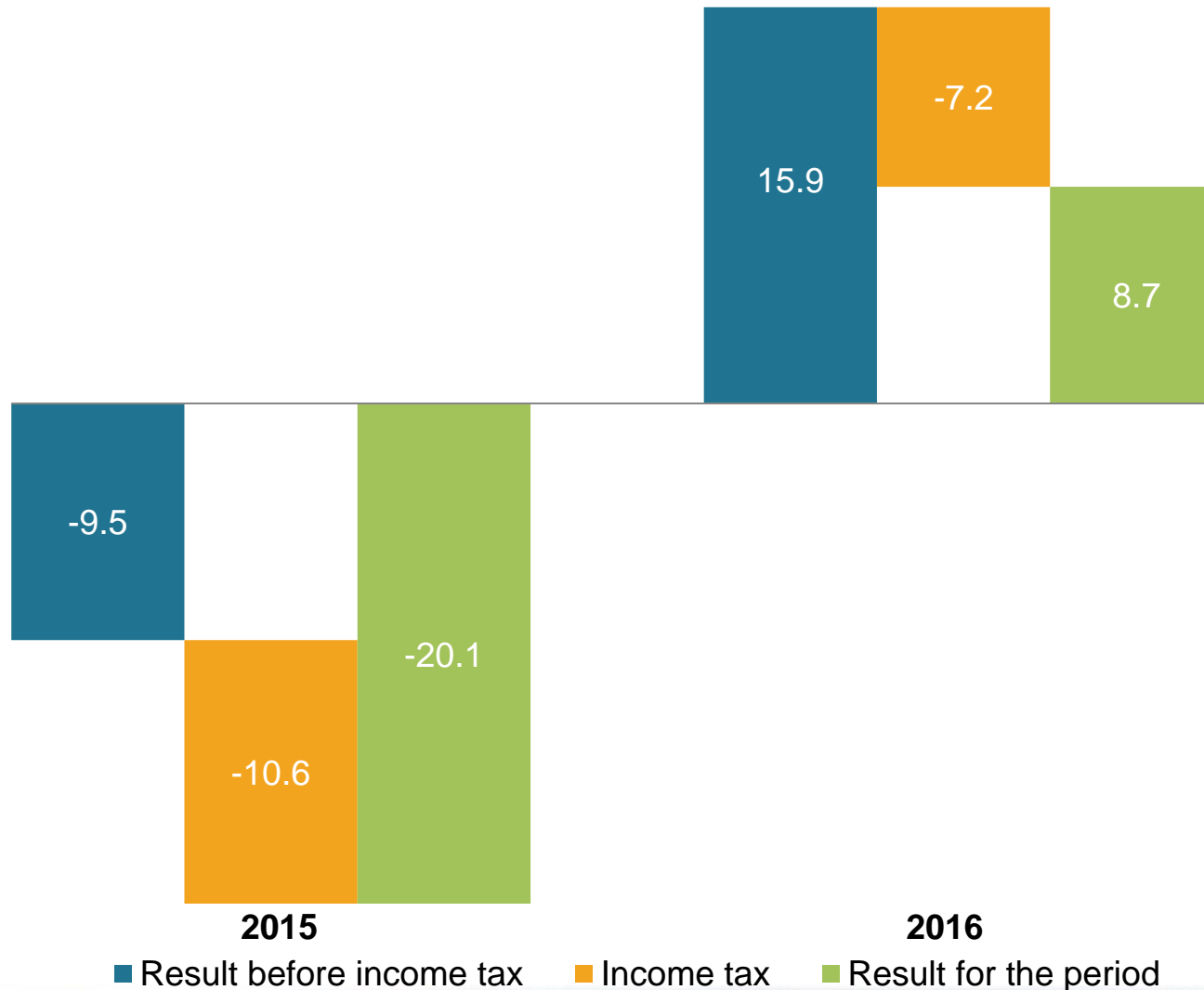
- Higher ASP in Q4 q-o-q due to mix and increased spot prices
- Cost reduction on track
- Hedging losses* for FY 2016 decreased to EUR 20.9mn y-o-y
- Positive effects of strong JPY on sales and gross profit outweigh negative effects on other operating income and expense



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

Positive development of net result

Result and income tax, in EUR mn



Comments

- ▶ Net profit of EUR 8.7mn in 2016
- ▶ Successful continuation of cost reduction program contributed to positive development
- ▶ EUR 7.2mn effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)
- ▶ Expect tax rate to come down to 20% to 25%

Equity ratio of 40.2%

Net financial assets of EUR 175mn

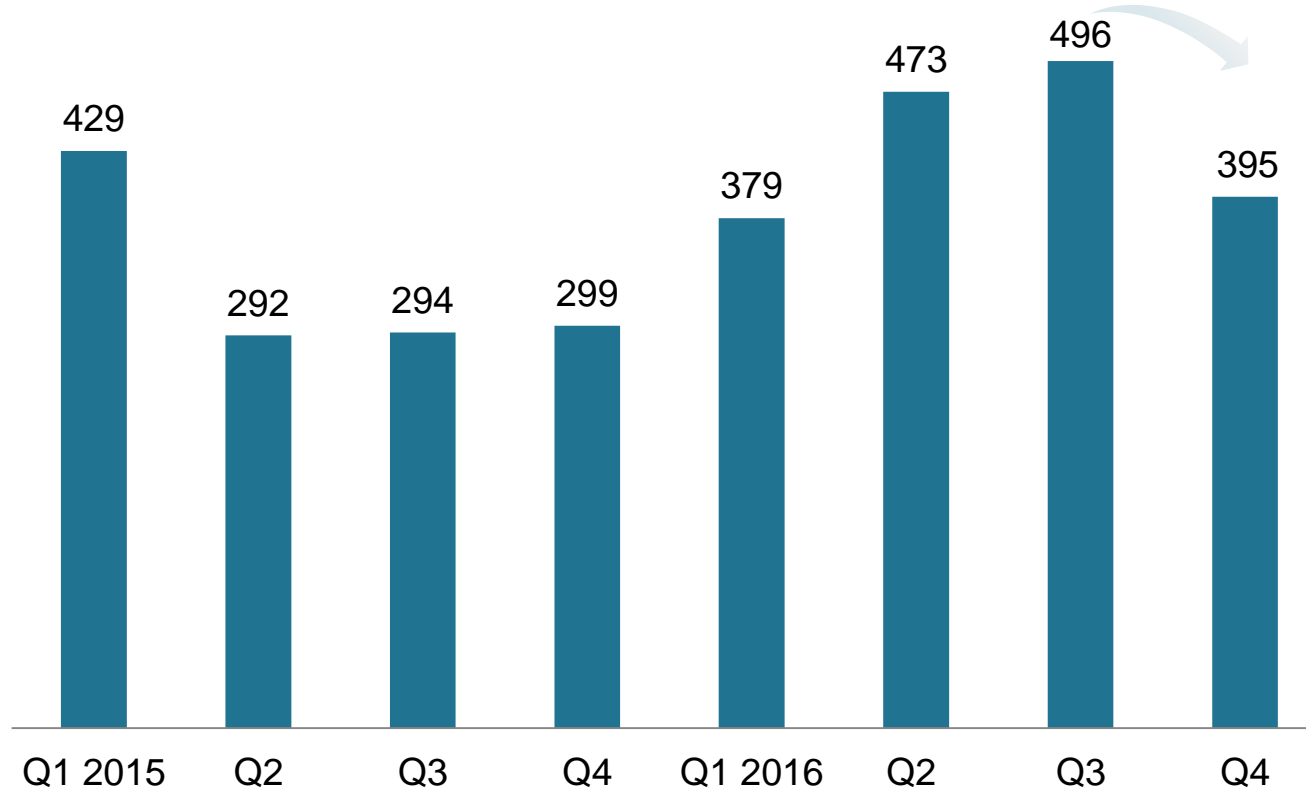
Balance sheet, in EUR mn

Assets	Dec 31, 2016	Dec 31, 2015	Comments Dec 31, 2016
Non-current	554.1	579.1	
PP&E	519.8	542.9	
Other fixed	34.3	36.2	25 intangibles (related to SSW)
Current	502.7	461.7	
Inventories	140.9	142.7	
Trade receivables	118.2	100.4	
Other current	28.2	24.1	3 hedging
Cash and fixed term deposits	215.4	194.5	
Total	1,056.8	1,040.8	

Equity and liabilities	Dec 31, 2016	Dec 31, 2015	Comments Dec 31, 2016
Equity	425.3	497.3	
Siltronic	431.9	500.5	
Other shareholders	-6.6	-3.2	Samsung's 22% in SSW
Liabilities	631.5	543.5	
Pension provision	395.1	299.4	Germany and US
Other provisions	51.1	41.7	40 personnel related (e.g. early retirement)
Financial debt	40.4	38.6	Samsung
Trade liabilities	81.6	72.1	
Other	63.3	91.7	26 prepayments 21 employee related 10 hedging
Total	1,056.8	1,040.8	

Pension provision increased y-o-y due to lower interest rates; however down q-o-q

Pension provision, in EUR mn



Comments

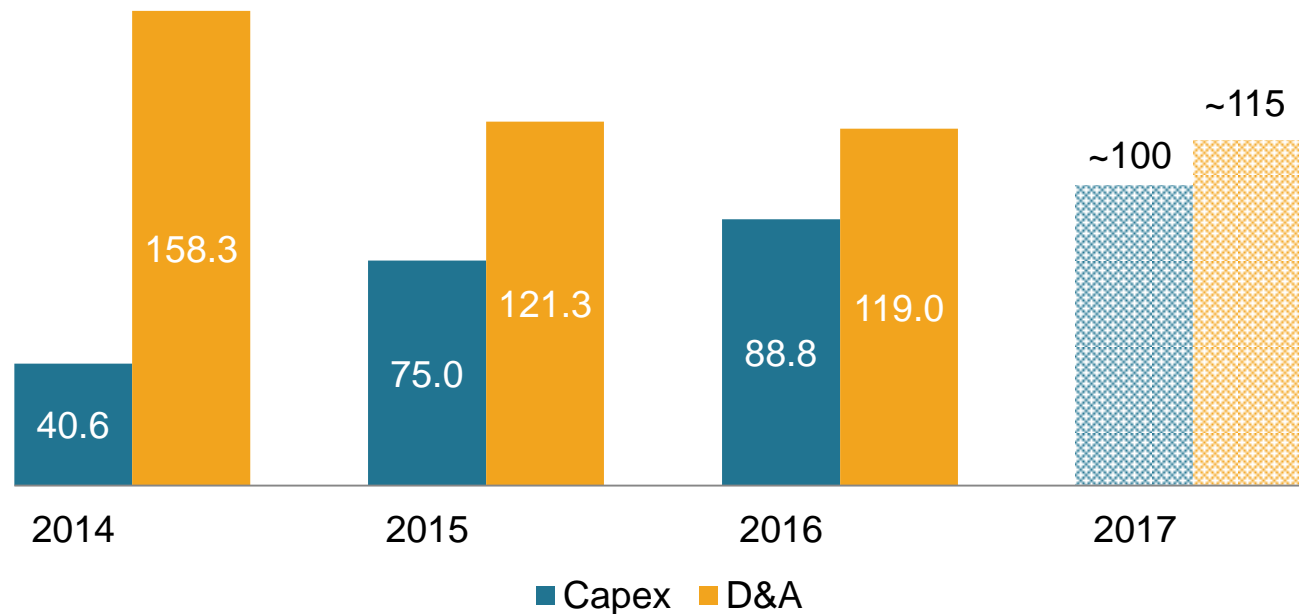
- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)
- ▶ One-time payment into pension fund of EUR 11.1mn in Q4 2016 had an impact on cash flow, not on financial result

interest rates IFRS

▶ USA	3.61%	4.30%	4.18%	4.20%	3.78%	3.47%	3.43%	3.92%
▶ Germany	1.65%	2.70%	2.80%	2.75%	2.15%	1.60%	1.38%	1.94%

CapEx: spending mostly for capability and cost reductions

Adjusted¹ CapEx and D&A, in EUR mn



CapEx 2015 and 2016

- ▶ New crystal pulling hall in Freiberg
- ▶ Exchange of old crystal pullers vs. state-of-the-art equipment
- ▶ Automation projects in Germany

2017 focus on

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

¹ 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.

Payments for CapEx above average in 2016

Cash flow, in EUR mn

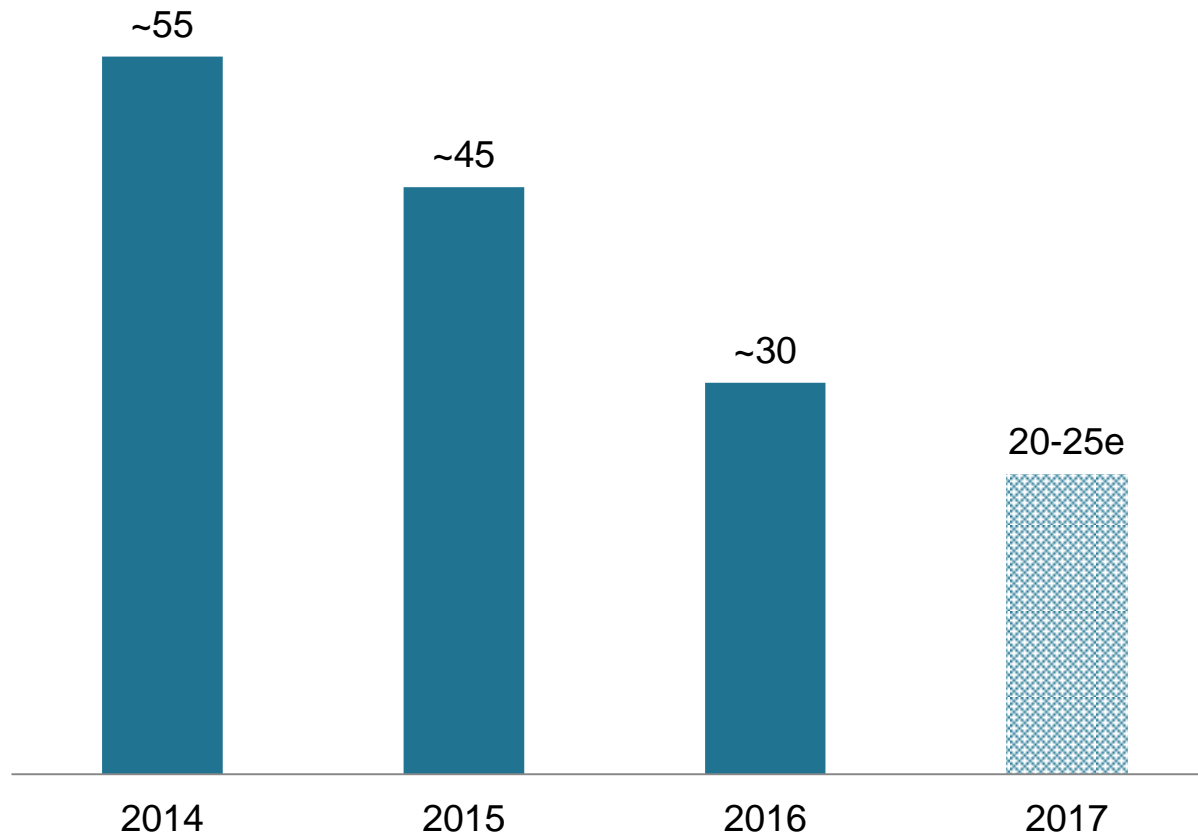
	2015	2016
Cash flow from operating activities	96.1	115.6
<i>thereof repayment of prepayments</i>	23.3	20.5
<i>thereof one-time payment to pension fund</i>	0	11.1
Proceeds/payments for CapEx	-58.7	-96.6
Free cash flow	37.4	19.0

Comments

- ▶ CapEx for investments in state-of-the-art crystal pullers and further automation of production sites
- ▶ Free cash flow still burdened by repayment of prepayments. These will be settled by mid-2018
- ▶ In 2016 one-time payment to pension fund of EUR 11.1mn

Successful cost reduction programs continue

Cost savings, in EUR mn¹



Additional savings levers:

- ▶ Investing in automation in Germany
- ▶ Investing in new pullers to improve yields and capabilities
- ▶ Poly cost optimization ongoing
- ▶ Further productivity increases through various initiatives

¹ Based on 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).

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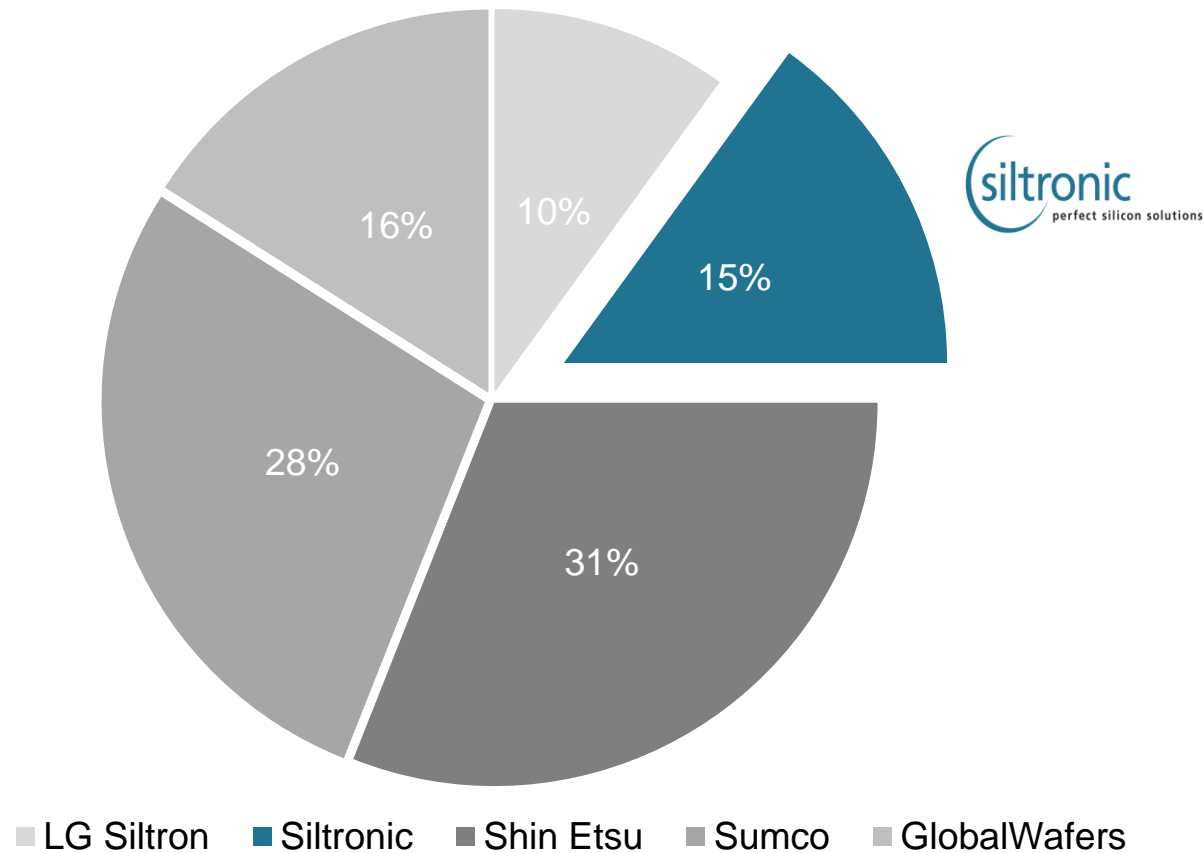
Siltronic Outlook 2017 (as per March 14, 2017)

EBITDA margin	at least 20%
ROCE	substantially higher than in 2016, approximately at WACC
Free Cash Flow	clearly positive; by far above 2016
Sales	at least EUR 1bn
R&D	unchanged at approx. 7% of sales
Cost Position	potential savings of around EUR 20mn to EUR 25mn
Hedging Expenses	substantially lower around EUR 10mn (at EUR/USD = 1.05; EUR/JPY = 120)
Depreciation	on the level of 2016
Tax	between 20% and 25%
Financial Result	roughly EUR 10mn interest expense
Earnings per Share	significantly higher than in 2016
CapEx	around EUR 100mn, partly financed by USD 20mn customer prepayments

Appendix

Siltronic is a strong wafer supplier with leading-edge technology

Top 5 wafer producers serve more than 90% of market across all diameters



Sources: Companies' revenue reports 2016, converted to USD mn

Financials improved strongly over the last years

Adjusted ¹ financial figures (EUR mn)	2012	2013	2014	2015	2016
Sales	1030.0	875.5	853.4	931.3	933.4
EBIT	(75.5)	(87.3)	(31.6)	2.7	27.0
EBIT margin in %	(7.3)	(10.0)	(3.7)	0.3	2.9
EBITDA	122.5	112.6	117.7	124.0	146.0
EBITDA margin in %	11.9	12.9	13.8	13.3	15.6
CapEx	144.3	39.7	40.7	75.0	88.8
Free cash flow	(134.4)	64.7	86.3	37.4	19.0

¹ figures 2012-2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring

FY sales development driven by higher wafer volumes and strong JPY, off-setting lower ASP y-o-y

in mn EUR

Sales	2015	2016	Change	Change in %
Q1	238.7	220.6	-18.1	-7.6
Q2	246.7	229.6	-17.1	-6.9
Q3	230.6	237.0	+6.4	+2.8
Q4	215.3	246.3	+31.0	+14.4
FY	931.3	933.4	+2.1	+0.2

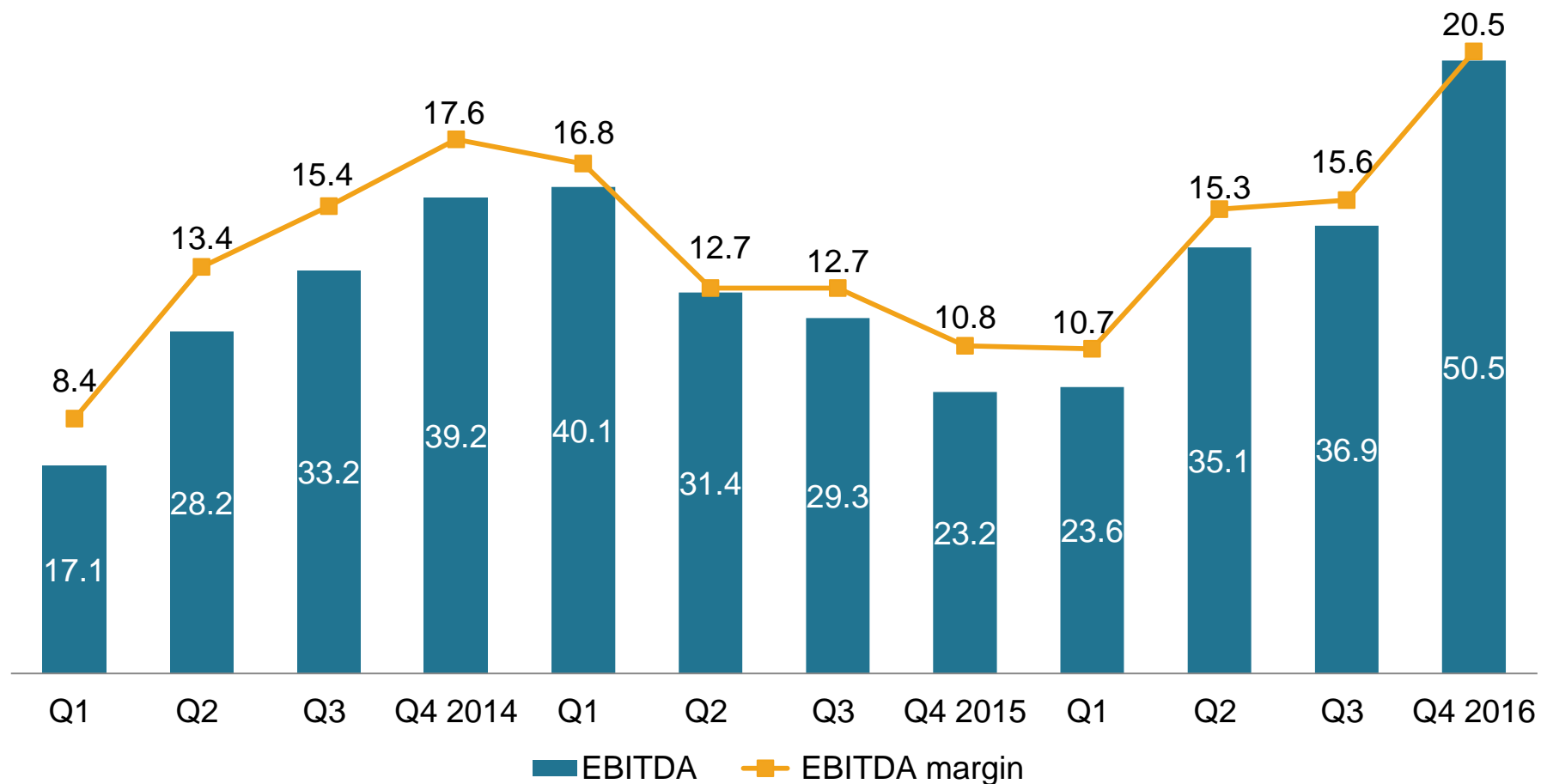
Positive EBITDA development driven by cost reductions and lower hedging expenses

in mn EUR

	2015			2016		
	EBITDA reported 2015	Hedging 2015	EBITDA w/o hedging 2015	EBITDA reported 2016	Hedging 2016	EBITDA w/o hedging 2016
Q1	40.1	2.1	42.2	23.6	9.7	33.3
Q2	31.4	17.6	49.0	35.1	2.7	37.8
Q3	29.3	15.5	44.8	36.8	7.0	43.8
Q4	23.2	10.5	33.7	50.5	1.5	52.0
FY	124.0	45.7	169.7	146.0	20.9	166.9

EBITDA development since 2014

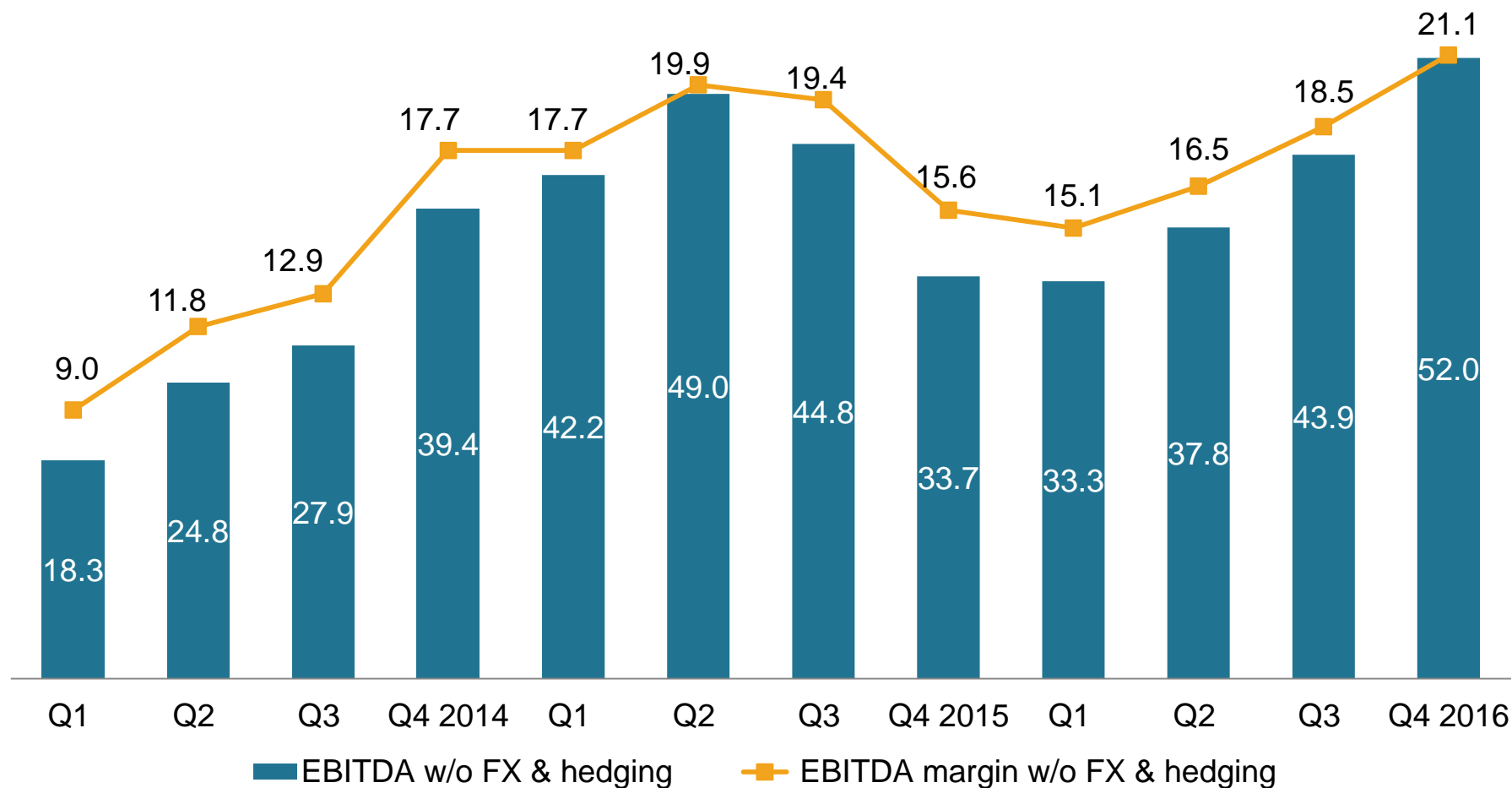
Adjusted¹ EBITDA margin and EBITDA in EUR mn



¹ 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 development excluding FX and hedging since 2014

Adjusted¹ EBITDA margin and EBITDA in EUR mn, excl. FX effects²

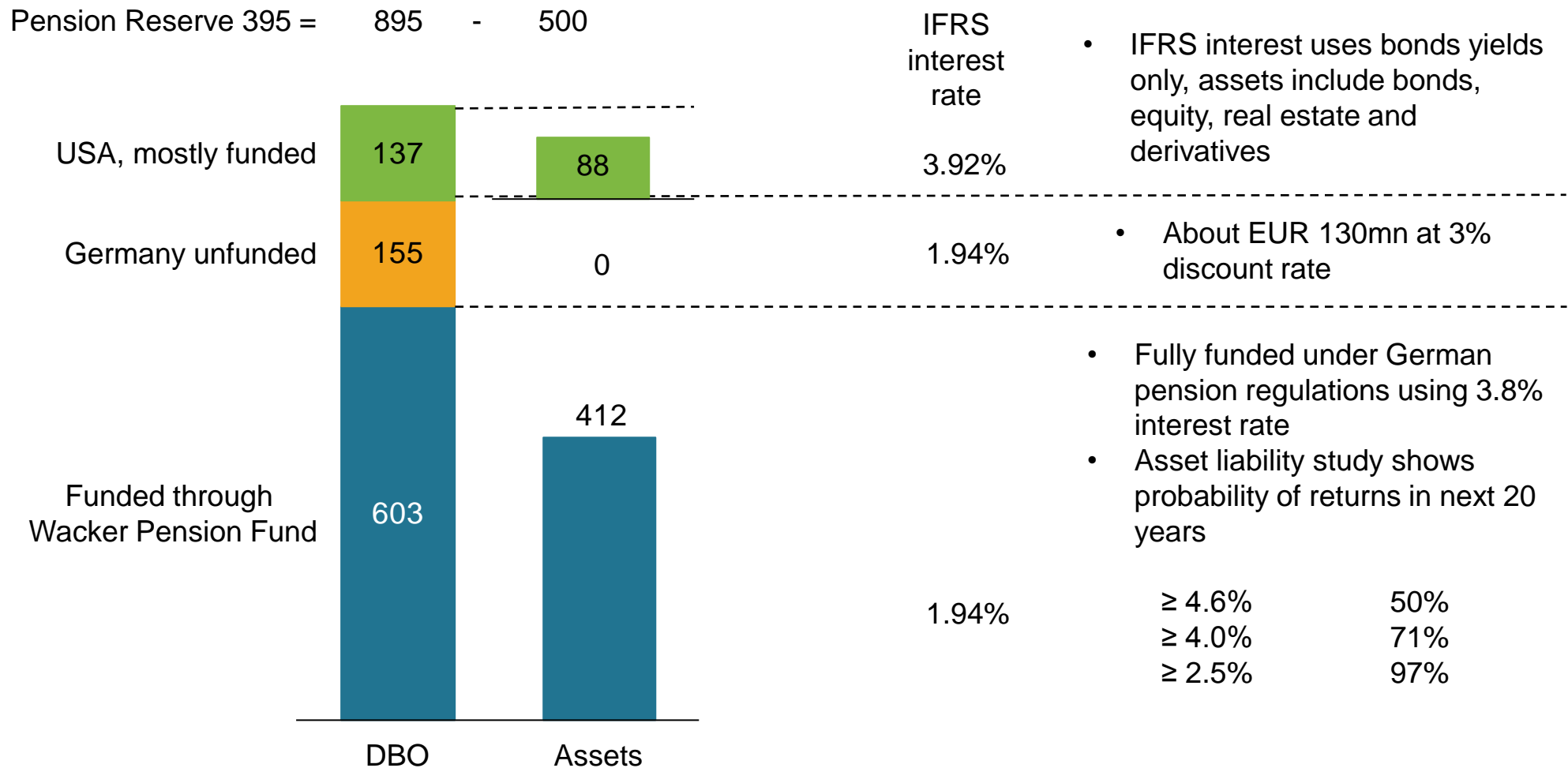


¹ adjustments are based on the assumption that SSW would have been consolidated prior to January 1, 2014. Initial consolidation of SSW was made as of January 24, 2014. The adjustments are not in compliance with IFRS

² other operating income and expenses influenced by FX effects, mainly due to hedging .

Historically low discount rates inflate DBO; expected asset returns significantly higher

DBO and pension reserve as of Dec 31, 2016, in EUR mn



After a decade of low utilization market finally back to positive momentum

Profit drivers

Capacity utilization 300mm

- ▶ ~60% capacity utilization in 2008
- ▶ Slowly increased over the years
- ▶ Fully loaded since Q3 2016

Capacity expansion

- ▶ ~1.5% p.a. expansion due to OEE (Overall Equipment Effectiveness)
- ▶ Investment in additional capacity only at substantially higher prices

Depreciation

- ▶ Declining in 2014, 2015 and 2018 due to lower Capex levels

ASP

- ▶ Overcapacity drove prices down
- ▶ Stable in Q3 and Q4/2016 with some price increases for spot orders in Q4
- ▶ favorable price increases since Q1/2017

FX

- ▶ Most revenue in USD and JPY
- ▶ Strong USD and JPY implies tailwind for Siltronic's profitability

Hedging

- ▶ ~46mn EUR net expenses in 2015
- ▶ ~21mn EUR net expenses in 2016
- ▶ ~10mn EUR net expenses expected in 2017

Based on technology leadership Siltronic is well positioned to improve returns

Improve returns and stay ahead in technology

Strategic Focus

Benefit

from market growth & favorable FX

Ensure

technology & quality leadership

Improve

financial performance & cash flow

Execute

cost reduction roadmaps

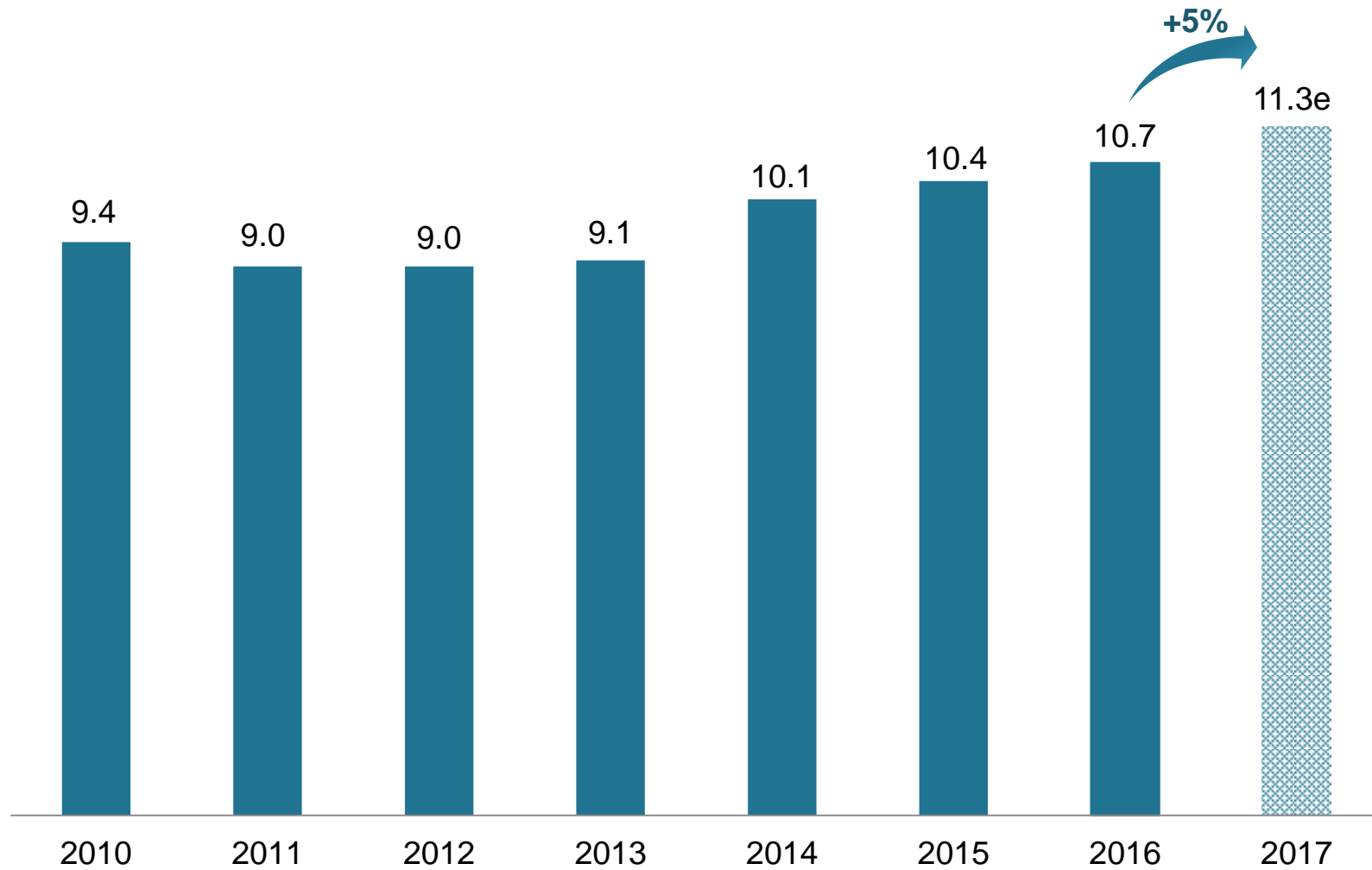
Siltronic – We develop intelligent solutions for sustainable growth.

Investment highlights – Siltronic strengths

- 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 Experienced management team and highly skilled workforce**

Silicon area demand continues to grow

Silicon wafer demand, in bn in²



Source: SEMI (Silicon Area until 2016), IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'17 Update, Estimate 2017)

SSDs and industrial applications remain the main drivers for silicon demand. Turnaround in PC and tablet market also helps.



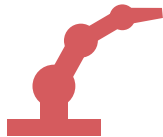
Computing

- ▶ Servers, mobile PCs and PC upgrades drive demand for SSDs.
- ▶ Mobile PC units will decline in 2017 but at the slowest rate in 10 years.



Mobile Phones

- ▶ Smartphone shipments are expected to grow.
- ▶ Technology migrations and content are key for silicon demand.



Industrial

- ▶ Industrial automation, smart homes and medical electronics will increase silicon demand for industrial applications in 2017.



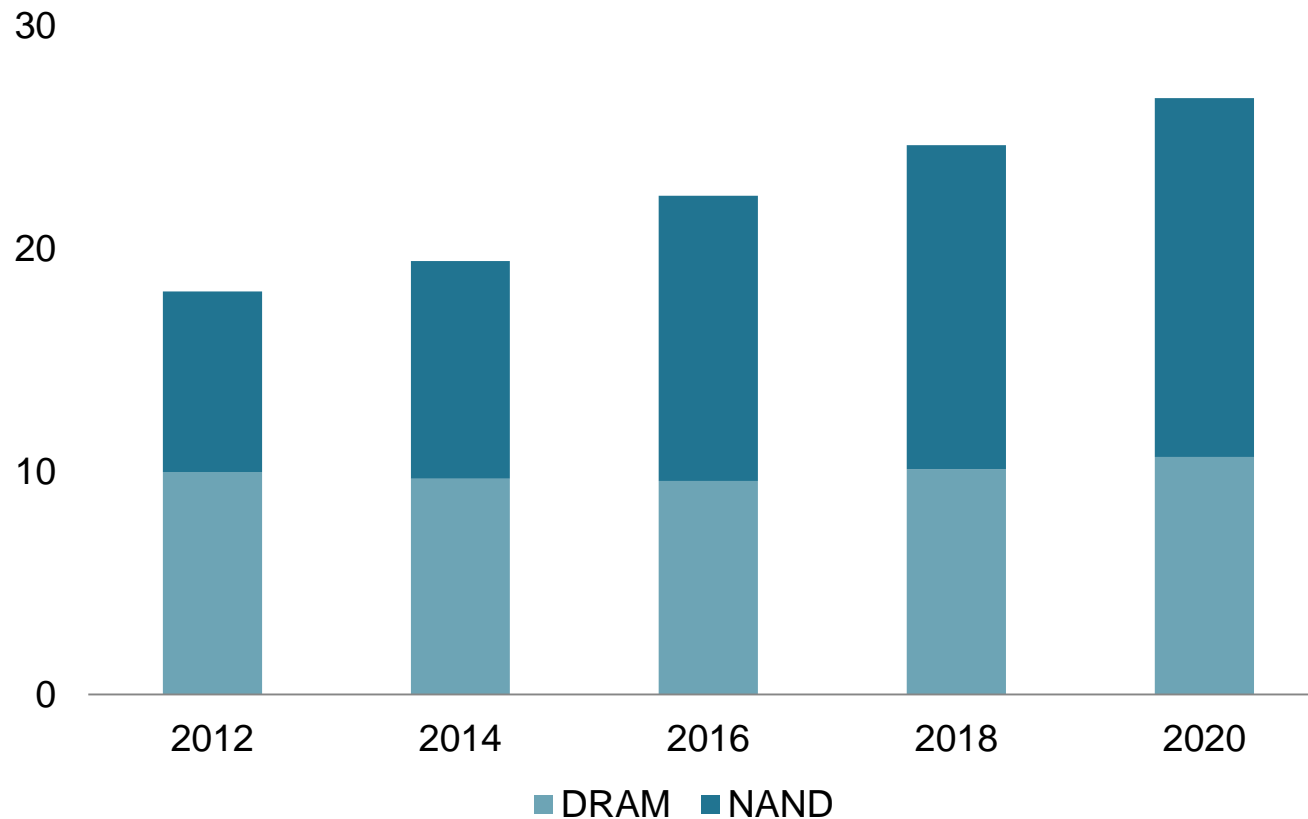
Automotive

- ▶ Semiconductor content in new cars grows, driven by electrification, automated driving and connectivity.
- ▶ Vehicle production also rises slowly.

Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'17 Update)

NAND is the growth engine in the memory sector. Silicon area for DRAM only shows moderate growth.

Split of memory silicon area market by DRAM and NAND, bn cm²



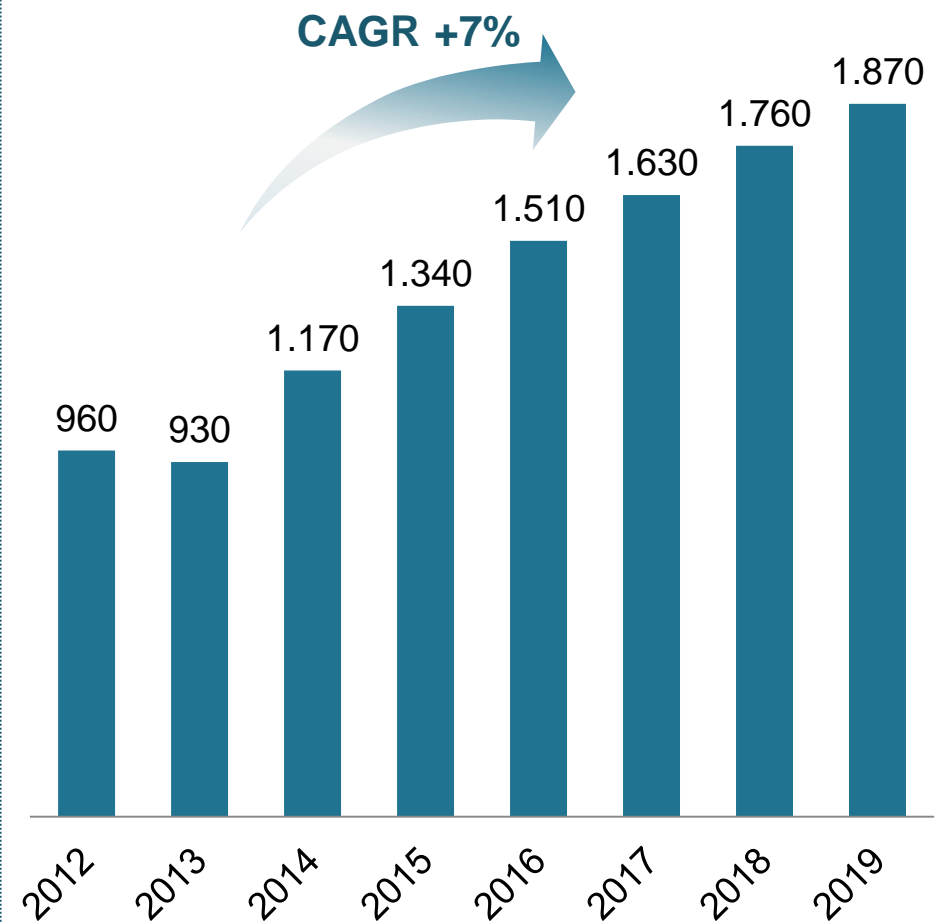
Source: IHS Markit Q1 2017

Bit growth is expected to exceed bit density growth in the foreseeable future. This will result in growing wafer demand.

2016-2019 NAND market growth

- ▶ bit density growth: ~33%
(technological progress)
 - ▶ bit demand growth: ~40%
(enabled by lower cost)
 - ➔ wafer demand growth: ~7%
-
- ▶ New NAND technology helps increase bit density and reduce costs.
 - ▶ This opens up new applications, and spurs demand growth.
 - ▶ As a result, bit demand grows faster, and more silicon is consumed.

300mm NAND silicon market, k/m



Source: IHS Markit Q3 2016

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Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

Financial Calendar

Q1 2017 Results	April 27, 2017
Annual General Meeting	May 9, 2017
Q2 2017 Results	July 28, 2017
Q3 2017 Results	October 26, 2017



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