

# Siltronic AG

Q1/2017 Results

April 27, 2017

# Highlights Q1/2017: Financials

## Sales

Sales of EUR 258.0m (Q4/2016: EUR 246.3m)  
+4.8% q-o-q

## EBITDA

EUR 53.0mn (Q4/2016: EUR 50.5m)  
+5.0% q-o-q

## Margin

EBITDA margin of 20.5% (Q4/2016: 20.5%)  
stable despite the usual higher cost base in Q1 compared to Q4

## EBIT

EUR 23.4m (Q4/2016: EUR 20.0m)  
+17.0% q-o-q

## CapEx

EUR 19.3m (Q4/2016: EUR 23.9m)

## Free Cash Flow

EUR 31.3m (Q4/2016: EUR 10.0m)

## Net Cash

EUR 209.1m (December 31, 2016: EUR 175.0m)

# Market highlights

## Silicon wafer demand

- ▶ Wafer demand stays strong, exceeding supply
- ▶ Siltronic's 300mm and 200mm production fully utilized since Q3/2016
- ▶ Demand in SD wafers (<200mm) picked up; high utilization by now
- ▶ Customers want to negotiate expiring contracts at earlier stages and ask for longer contract terms

## Price increases

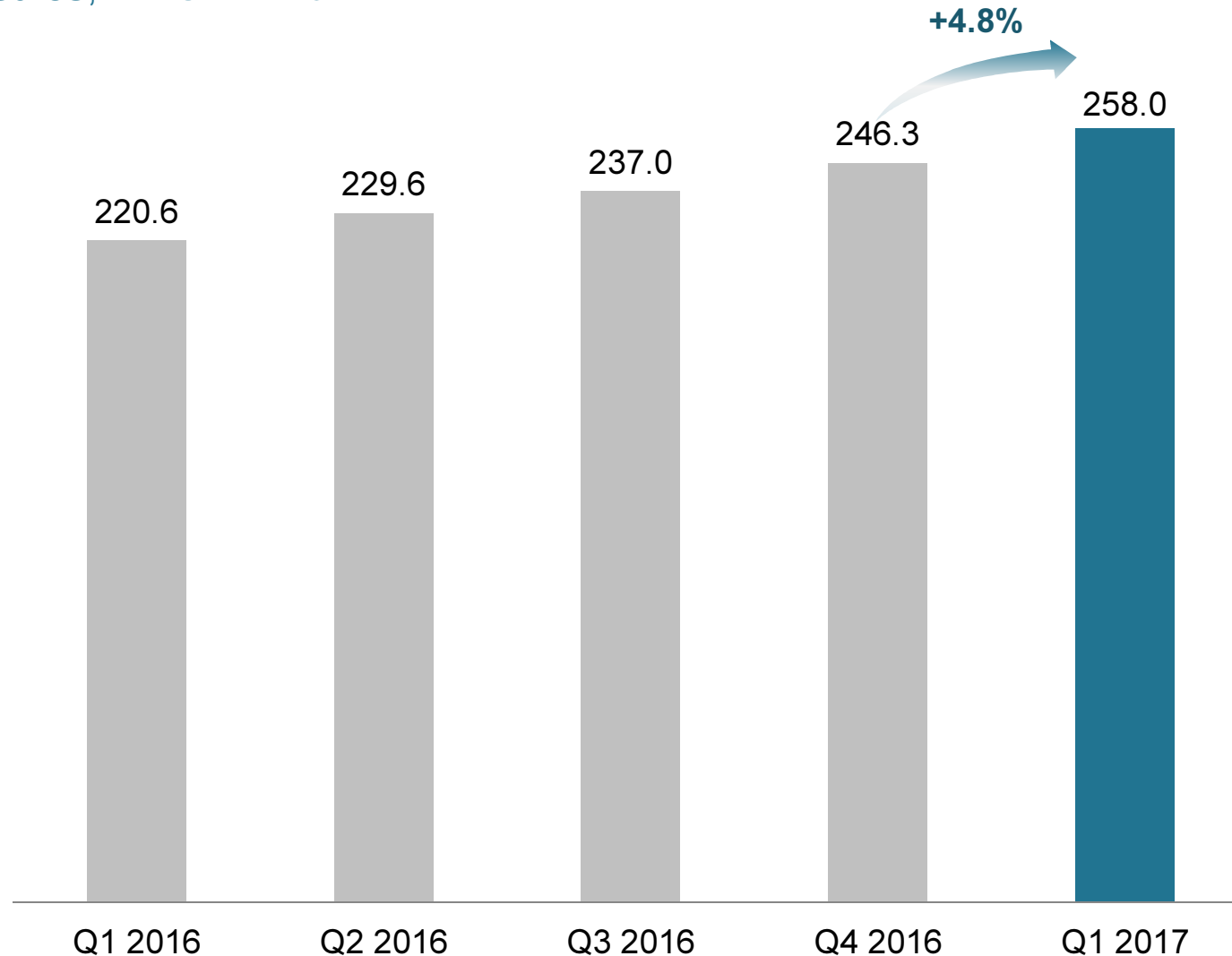
- ▶ Substantial increase in wafer prices for 300mm in Q1
- ▶ 200mm wafer prices also increased but not in the same magnitude as for 300mm
- ▶ Siltronic negotiated additional price increases for Q2
- ▶ Continuing positive price trend expected for Q3

## Customer prepayments

- ▶ Customers prepayments in 2017 of around USD 20m negotiated
- ▶ Prepayments partly received in Q1; further payments will be received during 2017
- ▶ Prepayments will be invested in production equipment for leading-edge products
- ▶ This will not lead to additional capacities but improve Siltronic's product mix

# Q1 sales development driven by increased prices, higher wafer volumes and some tailwind from USD

Sales, in EUR million



## Comments

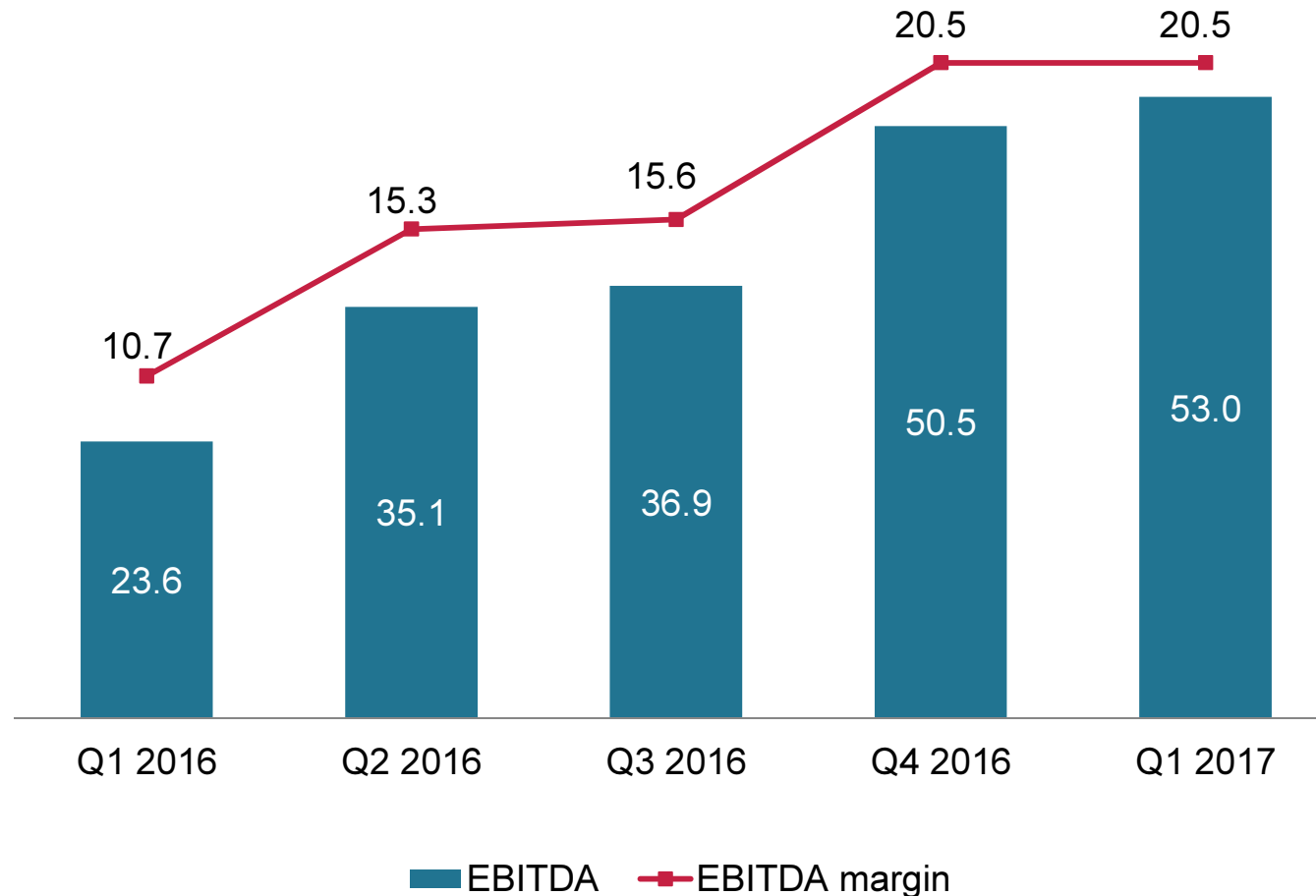
- ▶ Positive
  - ▶ Volume growth y-o-y
  - ▶ Higher wafer prices for 300mm and to some extent for 200mm in Q1
  - ▶ ASP up y-o-y and q-o-q
  - ▶ Some tailwind from USD compared to Q1/2016
  - ▶ Price negotiations with customers for 2017 ongoing with more price increases to follow

# Positive development of EBITDA and EBITDA margin due to higher ASP, cost reductions and decreasing hedging expenses

EBITDA margin in %; EBITDA in EUR million

## Comments

- ▶ Positive
  - ▶ Higher ASP y-o-y and q-o-q
  - ▶ Successful cost reduction program continued
  - ▶ Lower hedging expenses\* y-o-y:
    - ▶ Q1/2017: EUR 4.5m
    - ▶ Q4/2016: EUR 1.5m
    - ▶ Q1/2016: EUR 9.7m
  - ▶ Positive effects of strong USD (compared to Q1 2016) on sales and gross profit outweigh negative effects on other operating income and expense



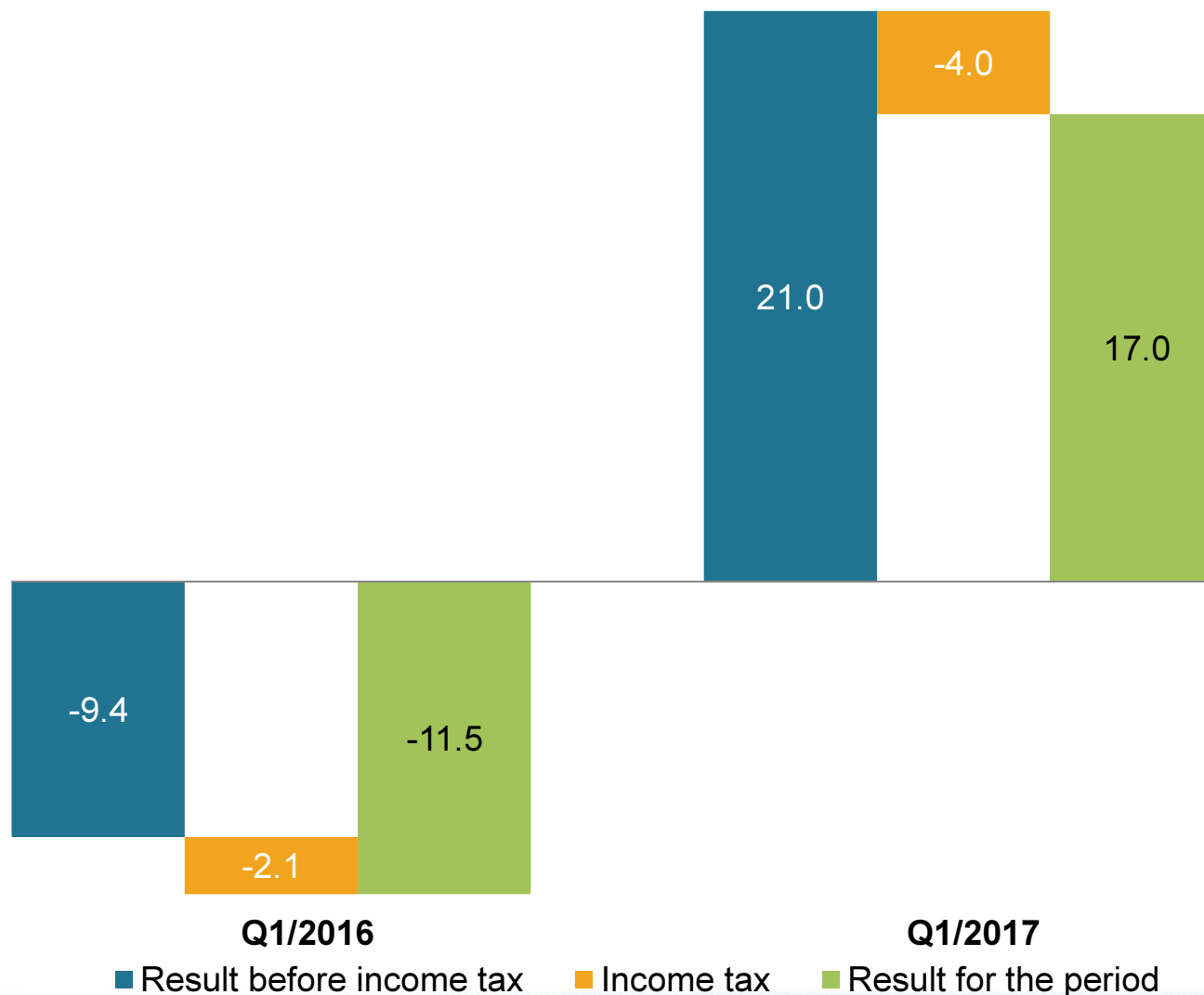
\*Other operating income and expenses influenced by FX effects, mainly due to hedging

# Positive development of net result due to price increases, higher wafer volumes and lower costs per wafer area

Result and income tax, in EUR million

## Comments

- ▶ Net profit of EUR 17.0m in Q1/2017
- ▶ Driven by price increases, higher wafer volumes and lower manufacturing costs per wafer area
- ▶ EUR 4.0m effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)



# Equity ratio of 43.3%

## Net financial assets of EUR 209m

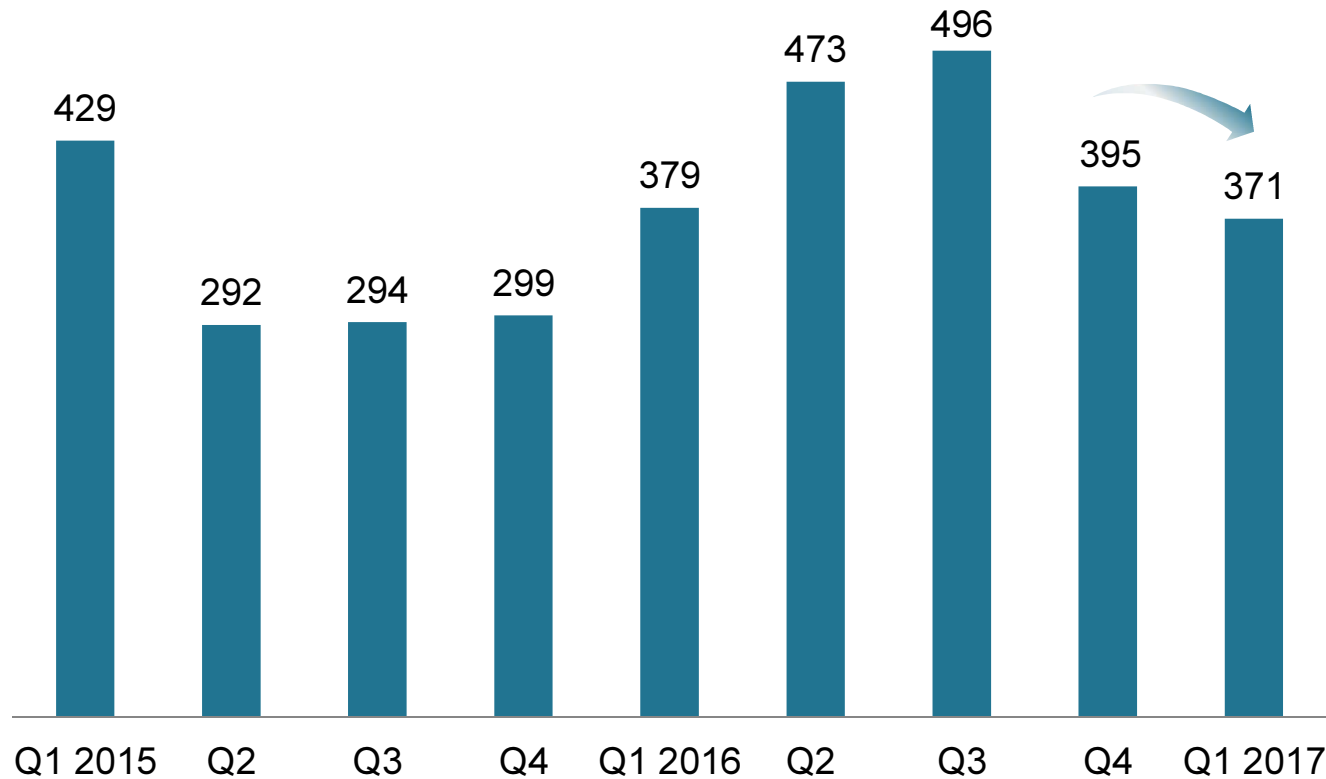
### Balance sheet, in EUR million

Assets	Mar 31, 2017	Dec 31, 2016	Comments Mar 31, 2017
<b>Non-current</b>	<b>547.0</b>	<b>554.1</b>	
PP&E	<b>514.6</b>	519.8	
Other fixed	<b>32.4</b>	34.3	25 intangibles (related to SSW)
<b>Current</b>	<b>550.2</b>	<b>502.7</b>	
Inventories	<b>144.3</b>	140.9	
Trade receivables	<b>128.4</b>	118.2	
Other current	<b>26.8</b>	28.2	2 hedging
Cash and fixed term deposits	<b>250.7</b>	215.4	
<b>Total</b>	<b>1,097.2</b>	<b>1,056.8</b>	

Equity and liabilities	Mar 31, 2017	Dec 31, 2016	Comments Mar 31, 2017
<b>Equity</b>	<b>475.1</b>	<b>425.3</b>	
Siltronic	<b>481.4</b>	431.9	
Other shareholders	<b>-6.3</b>	-6.6	Samsung's 22% in SSW
<b>Liabilities</b>	<b>622.1</b>	<b>631.5</b>	
Pension provision	<b>371.4</b>	395.1	Germany and US
Other provisions	<b>52.0</b>	51.1	40 personnel related (e.g. early retirement)
Financial debt	<b>41.6</b>	40.4	Samsung
Trade liabilities	<b>82.3</b>	81.6	
Other	<b>74.8</b>	63.3	27 prepayments 33 employee-related 7 hedging
<b>Total</b>	<b>1,097.2</b>	<b>1,056.8</b>	

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

Pension provision, in EUR million



## Comments

- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)

### interest rates IFRS

▶ USA	3.61%	4.30%	4.18%	4.20%	3.78%	3.47%	3.43%	3.92%	3.90%
▶ Germany	1.65%	2.70%	2.80%	2.75%	2.15%	1.60%	1.38%	1.94%	2.07%



# Payments for CapEx partly financed by customer prepayments






Cash flow, in EUR million

	Q1/ 2017	Q4/ 2016	Q1/ 2016
Cash flow from operating activities	48.7	28.7	26.8
<i>thereof repayment of prepayments</i>	-5.1	-5.9	-5.0
<i>thereof new customer prepayments</i>	5.5	0	0
Payments for CapEx	-17.4	-18.7	-33.5
<b>Free cash flow</b>	<b>31.3</b>	<b>10.0</b>	<b>-6.7</b>

## Comments

- ▶ CapEx for investments in:
  - state-of-the-art crystal pullers and further automation of production sites
  - product mix optimization (leading-edge products)
- ▶ CapEx for 2017 will be around EUR 100m; partly financed by USD 20m customer prepayments
- ▶ Strong net profit lead to high free cash flow of EUR 31.3m in Q1

# Siltronic Outlook 2017 (Update as of April 27, 2017)

<b>EBITDA margin</b>	at least 23%: <b>update</b> 
<b>ROCE</b>	substantially higher than in 2016, considerably higher than WACC: <b>update</b> 
<b>Free Cash Flow</b>	clearly positive; by far above 2016
<b>Sales</b>	at least EUR 1.06bn: <b>update</b> 
<b>R&amp;D</b>	unchanged at approx. 7% of sales
<b>Cost Position</b>	potential savings of around EUR 15m to EUR 20m: <b>update</b> 
<b>Hedging Expenses</b>	substantially lower around EUR 10m (at EUR/USD = 1.05; EUR/JPY = 120)
<b>Depreciation</b>	on the level of 2016
<b>Tax rate</b>	20% or slightly below: <b>update</b> 
<b>Financial Result</b>	roughly EUR 10mn interest expense
<b>Earnings per Share</b>	significantly higher than in 2016
<b>CapEx</b>	around EUR 100m, partly financed by USD 20m customer prepayments

# Contact and Additional Information

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## Additional Information

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

## Financial Calendar

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



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