

# Siltronic AG Q2/2017 Results

July 28, 2017

# Highlights Q2/2017: Financials

## Sales

Sales of EUR 283.1m (Q1/2017: EUR 258.0m)  
+9.7% q-o-q

## EBITDA

EUR 72.7m (Q1/2017: EUR 53.0m)  
+37.2% q-o-q

## Margin

EBITDA margin of 25.7% (Q1/2017: 20.5%)

## EBIT

EUR 43.4m (Q1/2017: EUR 23.4m)  
+85.5% q-o-q

## CapEx

EUR 25.5m (Q1/2017: EUR 19.3m)

## Free Cash Flow

EUR 41.8m (Q1/2017: EUR 31.3m)

## Financial Assets

EUR 241.2m (December 31, 2016: EUR 175.0m)

# Market highlights

## Semiconductors

- ▶ Semiconductor market continued its strong growth in May
- ▶ Units grew +16.8% y-o-y (3MMA)
- ▶ IC Insights predicts a new all-time high for semiconductor CapEx in 2017 (~USD 76bn)

## Silicon wafer demand

- ▶ SEMI market in Q2 was ~6.4bn cm<sup>2</sup>/month, 4.2% up q-o-q and 10.1% up y-o-y

## Price increases

- ▶ Substantial increase in wafer prices for 300mm
- ▶ Price increase for 200mm wafers
- ▶ Siltronic negotiated additional price increases for Q3

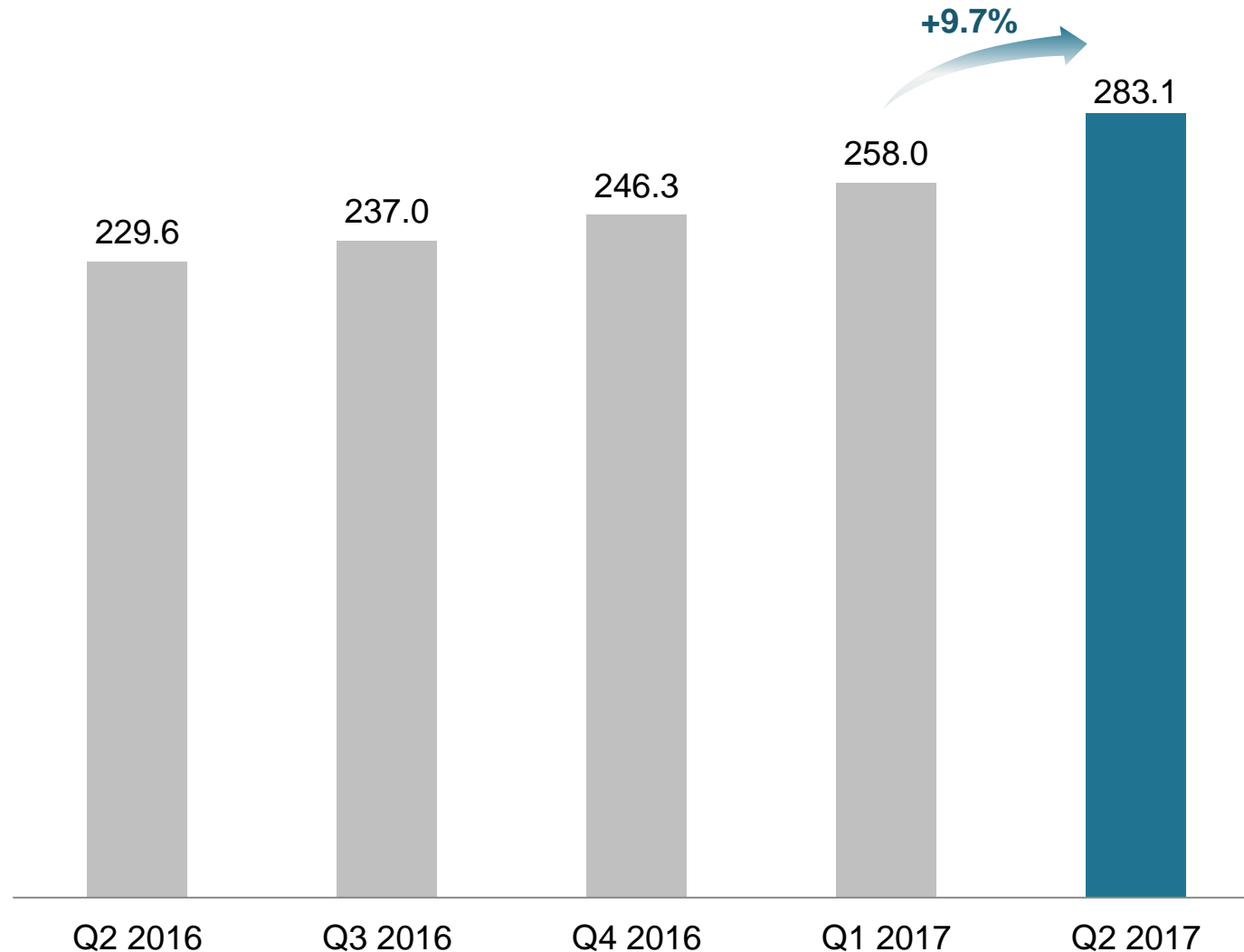
## Competition

- ▶ Wafer suppliers continue to report strong demand for all diameters, with fully utilized 200mm and 300mm lines

Source: WSTS up to May 2017, IC Insights (May 2017 Update), SEMI up to Jun 2017

# Q2 sales development driven by increased prices and slightly higher wafer volumes

Sales, in EUR million



## Comments

### ▶ Positive

- ▶ Slight volume growth q-o-q, especially in smaller diameters
- ▶ Higher wafer prices for 300mm and 200mm in Q2
- ▶ ASP up y-o-y and q-o-q
- ▶ Further price increases negotiated for Q3

### ▶ Negative

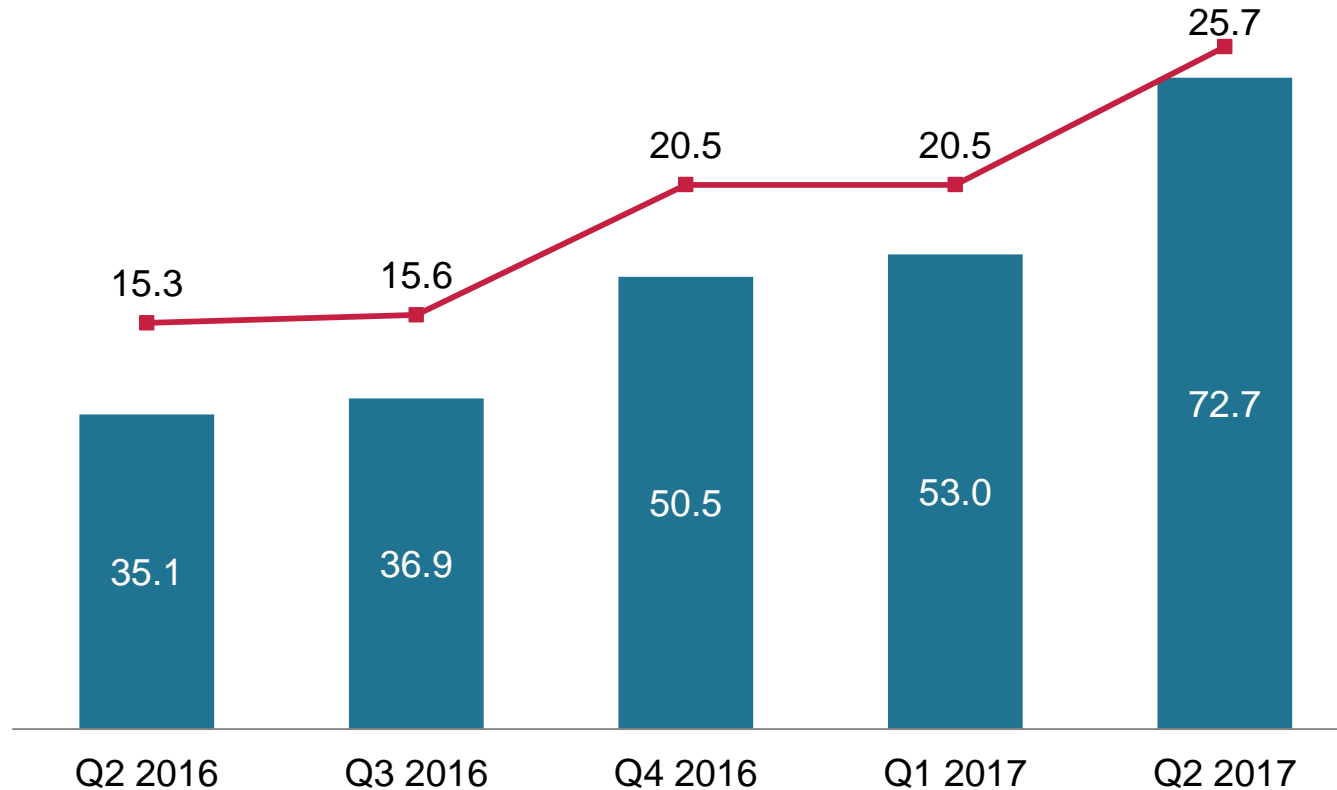
- ▶ Some headwind from USD q-on-q

# Positive development of EBITDA and EBITDA margin mainly due to higher ASP

EBITDA margin in %; EBITDA in EUR million

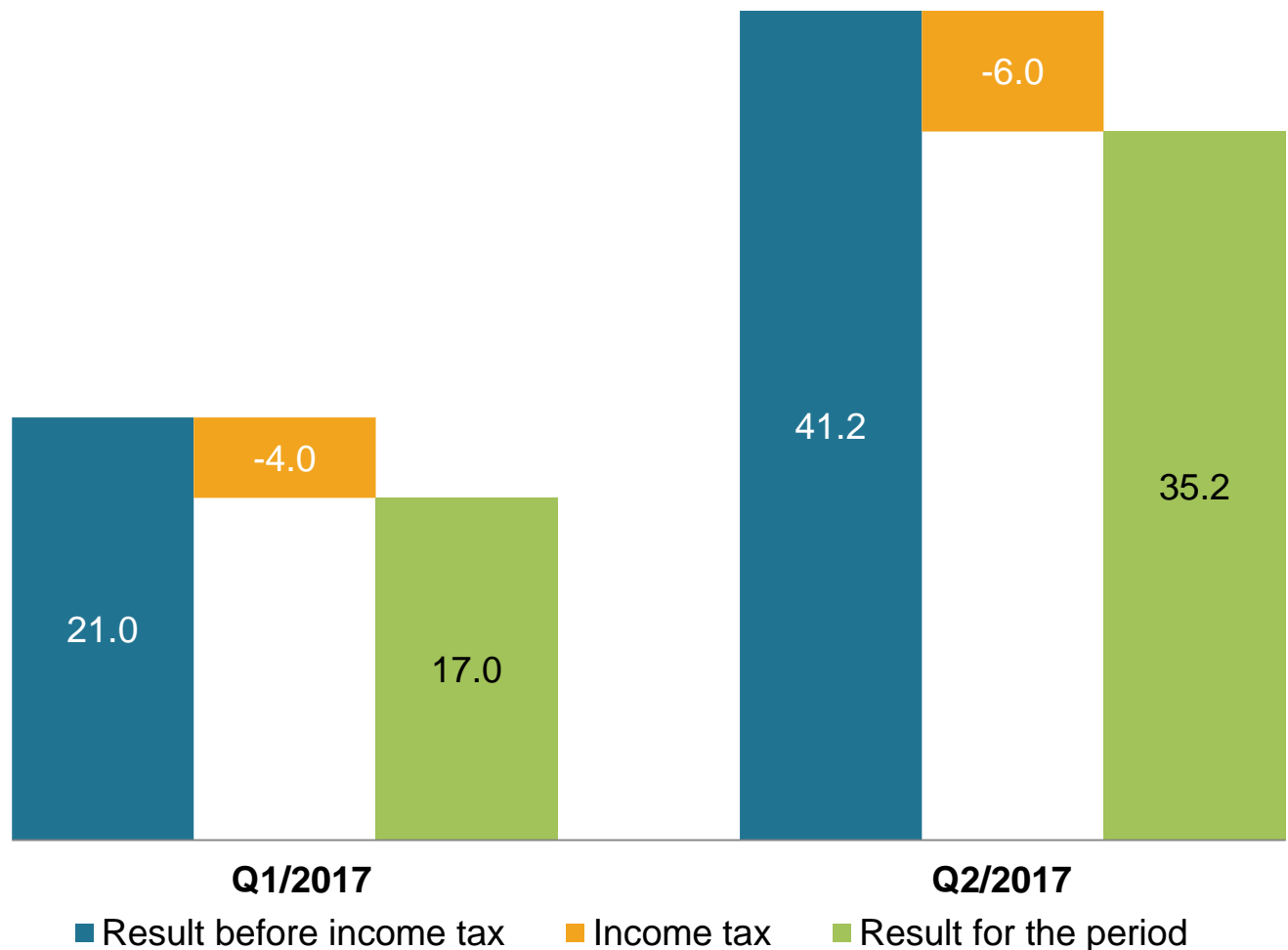
## Comments

- ▶ Positive
  - ▶ Higher ASP y-o-y and q-o-q
  - ▶ Successful cost reduction program continued – cost of sales per wafer area decreased



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

Result and income tax, in EUR million



### Comments

- ▶ Net profit of EUR 35.2m in Q2/2017
- ▶ Price increases and lower cost of sales per wafer area have positive effect
- ▶ EUR 6.0m effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)

# Equity ratio of 46.9%

## Net financial assets of EUR 241.2m

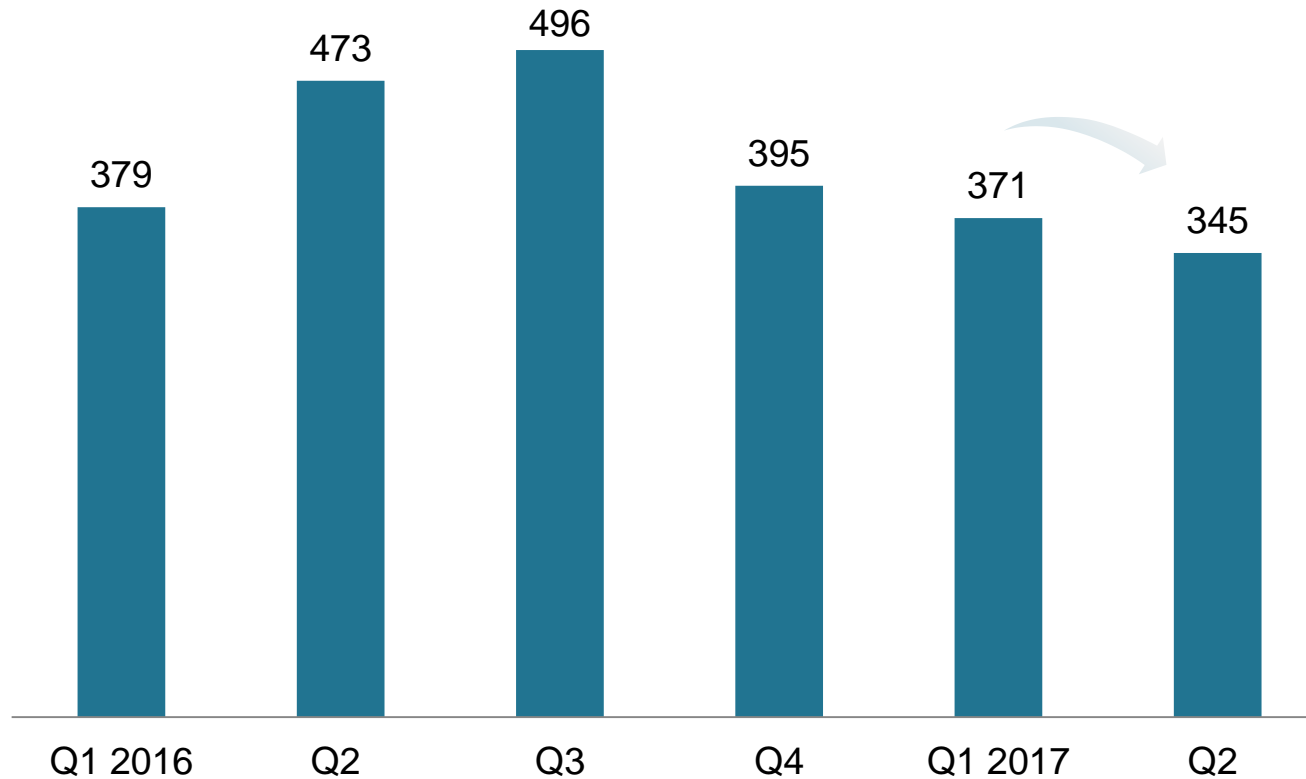
### Balance sheet, in EUR million

Assets	Jun 30, 2017	Dec 31, 2016	Comments Jul 30, 2017
<b>Non-current</b>	<b>531.4</b>	<b>554.1</b>	
PP&E	<b>498.1</b>	519.8	
Other fixed	<b>33.3</b>	34.3	25 intangibles (related to SSW) 3 hedging
<b>Current</b>	<b>581.1</b>	<b>502.7</b>	
Inventories	<b>139.9</b>	140.9	
Trade receivables	<b>131.0</b>	118.2	
Other current	<b>29.2</b>	28.2	12 hedging
Cash and fixed term deposits	<b>281.0</b>	215.4	
<b>Total</b>	<b>1,112.5</b>	<b>1,056.8</b>	

Equity and liabilities	Jun 30, 2017	Dec 31, 2016	Comments Jul 30, 2017
<b>Equity</b>	<b>522.1</b>	<b>425.3</b>	
Siltronic	<b>526.9</b>	431.9	
Other shareholders	<b>-4.8</b>	-6.6	Samsung's 22% in SSW
<b>Liabilities</b>	<b>590.4</b>	<b>631.5</b>	
Pension provision	<b>345.1</b>	395.1	Germany and US
Other provisions	<b>45.1</b>	51.1	42 personnel related (e.g. early retirement)
Financial debt	<b>39.8</b>	40.4	Samsung
Trade liabilities	<b>79.2</b>	81.6	
Other	<b>81.2</b>	63.3	30 prepayments 35 employee-related 1 hedging
<b>Total</b>	<b>1,112.5</b>	<b>1,056.8</b>	

# Fluctuations in pension provision due to interest rate movements

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	3.78%	3.47%	3.43%	3.92%	3.90%	3.65%
▶ Germany	2.15%	1.60%	1.38%	1.94%	2.07%	2.19%



# Payments for CapEx partly financed by customer prepayments

Cash flow, in EUR million

	Q2/ 2017	Q1/ 2017
Cash flow from operating activities	65.6	48.7
<i>thereof repayment of prepayments</i>	-5.2	-5.1
<i>thereof new customer prepayments</i>	9.3	5.5
Payments for CapEx	-23.8	-17.4
<b>Free cash flow</b>	<b>41.8</b>	<b>31.3</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 41.8m in Q2

# Siltronic Outlook 2017 (Update as of July 28, 2017)

<b>EBITDA margin</b>	at least 27%: <b>update</b> ↑
<b>ROCE</b>	substantially higher than in 2016, considerably higher than WACC
<b>Free Cash Flow</b>	clearly positive; by far above 2016
<b>Sales</b>	at least EUR 1.12bn: <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>Hedging Expenses</b>	substantially lower around EUR 10m
<b>Depreciation</b>	on the level of 2016
<b>Tax rate</b>	20% or slightly below
<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

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Listing:	Frankfurt Stock Exchange Prime Standard

## Financial Calendar

Q3 2017 Results

October 26, 2017



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