

## Press release

Siltronic AG  
Hanns-Seidel-Platz 4  
81737 Munich  
[www.siltronic.com](http://www.siltronic.com)

### **Siltronic AG reports strong Q3 business development**

- **Production of 300 mm and 200 mm wafers has already been fully loaded for five consecutive quarters**
- **Q3 sales up 9 percent on previous quarter**
- **Q3 EBITDA up 46 percent on previous quarter**
- **Q3 EBITDA margin of 35 percent**
- **Forecast raised slightly**

**Munich, Germany, October 26, 2017** - Following a positive H1, Siltronic AG (TecDAX: WAF) continues to report on strong business performance in Q3 2017.

As production of 300 mm and 200 mm wafers has already been fully loaded since Q3 2016 and is also close to being fully loaded for 150 mm and smaller diameter wafers, volume increases in terms of wafer area were barely possible in Q3.

"Q3 2017 proved to be strong, as we expected. Wafer demand remains at an undiminished high level. We further increased our operational excellence and marginally raised our production volumes. We achieved additional price increases for 200 mm and 300 mm wafers in Q3. Average US dollar selling prices for 300 mm wafers in Q4 2017 will be up by around 30 percent compared to Q4 2016. Based on these developments, we have decided to

increase our capacity in 300 mm wafers by around 70,000 wafers per month by mid-2019," notes Dr. Christoph von Plotho, CEO of Siltronic AG.

### Q1-Q3 sales growth driven by marked price increases and very high wafer area

EUR million	Q3	Q3	Change		Q1-Q3	Q1-Q3	Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Sales	308.1	237.0	71.1	30.0%	849.2	687.1	162.1	23.6%

The company's sales increased to EUR 308.1 million in Q3 2017, up 9 percent compared with the previous quarter (Q2/2017: EUR 283.1 million). At 1.17 to the euro in Q3 2017, the US dollar traded 7 percent weaker on average than in Q2 at 1.10. However, further increases in average selling prices more than offset this effect, making a strong contribution to the positive sales trend.

Sales in the January to September 2017 period were up by 24 percent year-on-year, reflecting rising average selling prices and a higher level of wafer area sold. The US dollar averaged 1.11 between January and September 2017, compared with an average of 1.12 in the previous year's equivalent period. The year-on-year trend in the euro exchange rate to the US dollar consequently had no significant impact.

### Gross profit more than doubled

EUR million	Q3	Q3	Change		Q1-Q3	Q1-Q3	Change	
	2017	2016	Amount	%	2017	2016	Amount	%
Cost of sales	197.8	191.7	6.1	3.2%	600.9	568.9	32.0	5.6%
Gross profit	110.3	45.3	65.0	> 100%	248.3	118.2	130.1	> 100%
Gross margin	35.8%	19.1%			29.2%	17.2%		

Cost of sales was down by 3 percent, from EUR 204.5 million in Q2 to EUR 197.8 million in Q3.

The EUR 32.0 million increase in cost of sales in the first nine months of 2017 versus 2016 were mainly due to higher sales volumes as well as performance-related personnel

expenses. Cost of sales per wafer area, however, have dropped thanks to the successful cost cutting programs.

At EUR 110.3 million, Q3 2017 gross profit had improved by 40 percent over Q2 2017 (EUR 78.6 million). The gross margin rose from 27.8 percent in Q2 2017 to 35.8 percent in Q3.

Gross profit in the January to September 2017 period of EUR 248.3 million more than doubled compared with the first nine months of 2016. The gross profit margin increased from 17.2 percent to 29.2 percent.

### Selling selling, R&D and general administration expenses slightly up

EUR million	Q3 2017	Q3 2016	Change		Q1-Q3 2017	Q1-Q3 2016	Change	
			Amount	%			Amount	%
Selling expenses	9.3	8.3	1.0	12.0%	27.3	24.8	2.5	10.1%
Research and development expenses (R&D)	16.9	17.3	-0.4	-2.3%	50.5	50.1	0.4	0.8%
General administration expenses	6.0	5.1	0.9	17.6%	18.3	16.0	2.3	14.4%
Total of selling, R&D and administration expenses	32.2	30.7	1.5	4.9%	96.1	90.9	5.2	5.7%
as percentage of sales	10.5%	13.0%			11.3%	13.2%		

Selling expenses, R&D and general administration expenses of EUR 32.2 million in Q3 were at the previous quarter's level (Q2/2017: EUR 32.6 million).

In a comparison of the nine-month period, selling expenses, R&D and general administration expenses in 2017 rose compared with 2016 especially due to performance-related personnel expenses.

## Other operating income and expenses still dominated by currency hedges

EUR million	Q3 2017	Q3 2016	Change		Q1-Q3 2017	Q1-Q3 2016	Change	
			Amount	%			Amount	%
Other operating income	15.7	6.4	9.3	> 100%	47.5	34.8	12.7	36.5%
Other operating expense	-16.0	-14.3	-1.7	11.9%	-55.1	-55.1	0.0	0.0%
Other operating income and expense, net	-0.3	-7.9	7.6	-96.2%	-7.6	-20.3	12.7	-62.6%
<i>of which exchange rate effects</i>	2.5	-7.0	9.5		-4.7	-19.4	14.7	

In Q3 2017, the company generated EUR 2.5 million of income from exchange rate effects (Q2/2017: expenses of EUR -2.7 million).

On a cumulative basis for the nine-month period, Siltronic recorded an expense of EUR -4.7 million from exchange rate effects which was considerably lower than during the first nine months of 2016 (Q1-Q3/2016: EUR -19.4 million).

## Very positive trend in EBIT and EBITDA margins

EUR million	Q3 2017	Q3 2016	Change		Q1-Q3 2017	Q1-Q3 2016	Change	
			Amount	%			Amount	%
EBIT	77.8	6.7	71.1	> 100%	144.6	7.0	137.6	> 100%
EBIT margin in %	25.2%	2.8%			17.0%	1.0%		
Depreciation, amortization & impairment								
less reversals thereof	28.7	30.2	-1.5	-5.0%	87.6	88.5	-0.9	-1.0%
EBITDA	106.5	36.9	69.6	> 100%	232.2	95.5	136.7	> 100%
EBITDA margin in %	34.6%	15.6%			27.3%	13.9%		

In Q3 2017, the company generated earnings before interest and tax (EBIT) of EUR 77.8 million, representing an increase of 79 percent compared with Q2 (Q2/2017: EUR 43.4 million). EBIT margin was 25.2 percent, compared with 15.3 percent in the previous quarter.

In the January to September 2017 period, EBIT improved by EUR 137.6 million over the 2016 equivalent period. EBIT margin was 17.0 percent, compared with 1.0 percent in Q1-Q3 2016.

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 106.5 million in Q3, reflecting 46 percent growth compared with Q2 (Q2/2017: EUR 72.7 million). The EBITDA margin reached 34.6 percent (Q2/2017: 25.7 percent).

During the first nine months of 2017, EBITDA rose to EUR 232.2 million (Q1-Q3/2016: EUR 95.5 million). The EBITDA margin increased from 13.9 percent to 27.3 percent.

### Result for the period and result per share increased

EUR million	Q3 2017	Q3 2016	Change		Q1-Q3 2017	Q1-Q3 2016	Change	
			Amount	%			Amount	%
Result before income tax	75.8	4.2	71.6	> 100%	138.1	-1.7	139.8	> -100%
Expense for income tax	-9.8	-0.3	-9.5	> 100%	-19.8	-5.1	-14.7	> 100%
Result for the period	66.0	3.9	62.1	> 100%	118.3	-6.8	125.1	> -100%
Tax rate in %	13%	7%			14%			

Net profit in Q3 2017 of EUR 66.0 million almost represented a doubling compared with Q2 (EUR 35.2 million), primarily thanks to higher prices.

Earnings per share amounted to EUR 2.12 in Q3 compared with EUR 1.13 in the previous quarter.

Profit for the first nine months of 2017 was EUR 118.3 million. In a comparison with the previous year's reporting period, this chiefly reflects price increases and higher wafer area sold.

Profit per common share in Q1-Q3 2017 amounted to EUR 3.81 (Q1-Q3 2016: EUR -0.12).

The clear improvement in EBIT had a positive effect on ROCE (Return on Capital Employed), which was up from 24.0 percent in Q2 to 43.4 percent in Q3.

In the January to September 2017 period, ROCE amounted to 26.7 percent, compared with 1.3 percent in Q1-Q3 2016.

### Equity increased thanks to positive results and higher interest rates on pensions

EUR million	30.09.2017	31.12.2016	Change
Equity	588.3	425.3	163.0
Provisions for pensions	340.5	395.1	-54.6
Financial liabilities	39.4	40.4	-1.0
Other liabilities	57.5	44.4	13.1
Non-current liabilities	437.4	479.9	-42.5

The EUR 163.0 million rise in equity is mainly attributable to the results for the period of EUR 118.3 million and slightly higher discount rates for pension provisions.

Higher interest rates for the evaluation of pension provisions led to a reduction in non-current liabilities. The pension provision in Germany was discounted applying a 2.21 percent interest rate as of September 30, 2017, compared with 1.94 percent as of December 31, 2016. In the USA, the interest rate for pensions was down from 3.92 percent of the end of December 2016 to 3.61 percent as of the end of September 2017.

### Strong free cash flow

EUR million	Q1-Q3 2017	Q1-Q3 2016	Change	Change in %
Cash flow from operating activities	191,7	86,9	104,8	> 100%
Proceeds/Payments for items of property, plant and equipment and intangible assets	-60,3	-77,8	17,5	-22,5%
Free cash flow	131,4	9,1	122,3	> 100%

Capital expenditure on property, plant and equipment and on intangible assets amounted to EUR 61.7 million during the first nine months of 2017 and relate primarily to the replacement of crystal pullers in Freiberg as well as the further automation of production in Germany. Payments for investments in property, plant and equipment and intangible assets amounted to EUR 60.3 million.

Cash flow from operating activities includes EUR 17.3 million of prepayments from customers. These prepayments are utilized for necessary investments in production systems for leading-edge technology, thereby improving the product mix. Siltronic's total capacity remains unchanged.

Thanks to the strong earnings generated in the period under review, free cash flow stood at EUR 58.2 million in Q3 2017 (Q2/2017: EUR 41.8 million).

In the first nine months of 2017, free cash flow totaled EUR 131.4 million, compared with EUR 9.1 million in the previous year's equivalent period.

#### **Net financial assets reach EUR 294.8 million**

EUR million	30.09.2017	31.12.2016	Change
Financial liabilities	-39,4	-40,4	1,0
Cash and cash equivalents	281,0	136,4	144,6
Fixed-term deposits	53,2	79,0	-25,8
Net financial assets	294,8	175,0	119,8

Net financial assets amounted to EUR 294.8 million as of September 30, 2017, thanks to the high level of free cash flow. Liquid assets of EUR 281.0 million account for the largest share.

#### **Siltronic slightly raises 2017 forecast and now expects sales of at least EUR 1.16 billion and an EBITDA margin of at least 29 percent**

"Wafer prices improved nicely year to date. We also expect more price hikes in Q4, but anticipate a slower rate than in previous quarters," remarks von Plotho. "We have successfully negotiated long-term contracts with some customers that are set to start in 2018 and 2019. We expect to receive the relevant prepayments from these customers in 2017 and 2018."

Siltronic is slightly adjusting its forecast for the full financial year 2017 and now expects sales of at least EUR 1.16 billion and an EBITDA margin of at least 29 percent.

Investments will prove somewhat higher than originally planned. "We will be making prepayments for new production equipment already in 2017. As a result, our capex will grow to around EUR 120 million this year," as Rainer Irle, CFO of Siltronic AG explains.

Due to continued high demand and short supply, maximizing output within the scope of existing production capacities continues to be the top priority at Siltronic.

### Overview of forecast adjustment

	Change Sept. / Jul.	Forecast Oct. 26, 2017	Forecast July 28, 2017	Forecast April 27, 2017	Forecast March 14, 2017
<b>EBITDA margin</b>	↑	at least 29 %	at least 27 %	at least 23 %	at least 20 %
<b>ROCE</b>	→	up considerably y-o-y; markedly above cost of capital	up considerably y-o-y; markedly above cost of capital	up considerably y-o-y; markedly above cost of capital	up considerably y-o-y; markedly above cost of capital
<b>Free cash flow</b>	→	significantly positive; well above 2016 level	significantly positive; well above 2016 level	significantly positive; well above 2016 level	significantly positive; well above 2016 level
<b>Group sales</b>	↑	at least EUR 1.16 billion	at least EUR 1.12 billion	at least EUR 1.06 billion	at least EUR 1 billion
<b>R&amp;D</b>	↓	around 6% of sales	around 7 % of sales	around 7 % of sales	around 7 % of sales
<b>Costs</b>	→	savings potential of around EUR 15 - EUR 20 million	savings potential of around EUR 15 - EUR 20 million	savings potential of around EUR 15 - EUR 20 million	savings potential of around EUR 20 - EUR 25 million
<b>Expense from currency hedges</b>	↓	below EUR 10 million	around EUR 10 million	around EUR 10 million	around EUR 10 million
<b>Depreciation and amortization</b>	→	at 2016 level	at 2016 level	at 2016 level	at 2016 level
<b>Tax rate</b>	↓	below 20%	20% or slightly less	20% or slightly less	20% to 25%
<b>Financial result</b>	→	around EUR 10 million of interest expenses	around EUR 10 million of interest expenses	around EUR 10 million of interest expenses	around EUR 10 million of interest expenses
<b>Capital expenditure</b>	↑	around EUR 120 million	around EUR 100 million	around EUR 100 million	around EUR 100 million
<b>Profit per common share</b>	→	marked increase compared with 2016	marked increase compared with 2016	marked increase compared with 2016	marked increase compared with 2016



### **Conference call for analysts and investors**

The Executive Board of Siltronic AG will conduct a conference call with analysts and investors (in English only) on October 26, 2017 at 3:00 pm (CEST). This call will be streamed via the Internet. The audio webcast will be available live as well as on demand on Siltronic's website.

The latest investor presentation (in English only), this press release and an Excel file with the most important key figures are also published on the Siltronic website.

### **Contact:**

Petra Müller  
Head of Investor Relations & Communications  
Tel.: +49 (0)89 8564 3133  
Email: [investor.relations@siltronic.com](mailto:investor.relations@siltronic.com)

### **Company profile:**

Siltronic is one of the world's largest manufacturers of hyperpure silicon wafers and partner to many leading semiconductor companies. The company operates production sites in Asia, Europe and the USA. Siltronic develops and manufactures silicon wafers in diameters of up to 300mm. Silicon wafers form the basis for modern microelectronics and nanoelectronics and are a key component in semiconductor chips driving computers, smartphones, navigation systems and many other applications.

## Group Financial Information – according to IFRS, unaudited

### Consolidated Statement of Profit or Loss

in EUR million	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016
<b>Sales</b>	<b>308.1</b>	<b>237.0</b>	<b>849.2</b>	<b>687.1</b>
Cost of sales	-197.8	-191.7	-600.9	-568.9
<b>Gross profit</b>	<b>110.3</b>	<b>45.3</b>	<b>248.3</b>	<b>118.2</b>
Selling expenses	-9.3	-8.3	-27.3	-24.8
Research and development expenses	-16.9	-17.3	-50.5	-50.1
General administration expenses	-6.0	-5.1	-18.3	-16.0
Other operating income	15.7	6.4	47.5	34.8
Other operating expenses	-16.0	-14.3	-55.1	-55.1
<b>Operating result</b>	<b>77.8</b>	<b>6.7</b>	<b>144.6</b>	<b>7.0</b>
Interest income	0.5	0.3	1.4	1.0
Interest expense	-0.3	-0.5	-1.0	-2.8
Other finance cost, net	-2.2	-2.3	-6.9	-6.9
<b>Financial result</b>	<b>-2.0</b>	<b>-2.5</b>	<b>-6.5</b>	<b>-8.7</b>
<b>Result before income tax</b>	<b>75.8</b>	<b>4.2</b>	<b>138.1</b>	<b>-1.7</b>
Income taxes	-9.8	-0.3	-19.8	-5.1
<b>Result for the period</b>	<b>66.0</b>	<b>3.9</b>	<b>118.3</b>	<b>-6.8</b>
Of which				
attributable to Siltronic AG shareholders	63.6	4.8	114.3	-3.5
attributable to non-controlling interests	2.4	-0.9	4.0	-3.3
<b>Result per common share in EUR (basic / diluted)</b>	<b>2.12</b>	<b>0.16</b>	<b>3.81</b>	<b>-0.12</b>

## Group Financial Information – according to IFRS, unaudited Consolidated Statement of Financial Position

in EUR million	Sept 30, 2017	Sept 30, 2016	Dec. 31, 2016
Intangible assets	24.5	27.3	26.4
Property, plant and equipment	481.2	524.0	519.8
Securities	1.3	-	-
Other financial assets	3.0	0.3	1.9
Deferred tax assets	6.1	5.7	6.0
<b>Non-current assets</b>	<b>516.1</b>	<b>557.3</b>	<b>554.1</b>
Inventories	143.3	138.4	140.9
Trade receivables	150.3	112.8	118.2
Fixed-term deposits	53.2	52.4	79.0
Other financial assets	17.3	3.2	16.8
Other non-financial assets	22.3	12.7	11.2
Income tax receivables	1.2	2.1	0.2
Cash and cash equivalents	281.0	152.6	136.4
<b>Current assets</b>	<b>668.6</b>	<b>474.2</b>	<b>502.7</b>
<b>Total assets</b>	<b>1,184.7</b>	<b>1,031.5</b>	<b>1,056.8</b>
Subscribed capital	120.0	120.0	120.0
Capital reserves	974.6	997.3	974.6
Retained earnings and net Group result	-340.7	-493.2	-455.0
Other equity items	-163.3	-320.5	-207.7
<b>Equity attributable to Siltronic AG shareholders</b>	<b>590.6</b>	<b>303.6</b>	<b>431.9</b>
Equity attributable to non-controlling interests	-2.3	-6.6	-6.6
<b>Equity</b>	<b>588.3</b>	<b>297.0</b>	<b>425.3</b>
Provisions for pensions	340.5	495.6	395.1
Other provisions	40.1	37.3	36.8
Provisions for income tax	0.5	-	-
Deferred tax liabilities	2.5	2.6	2.5
Financial liabilities	39.4	40.0	40.4
Other financial liabilities	0.2	1.4	1.2
Other non-financial liabilities	14.2	15.5	3.9
<b>Non-current liabilities</b>	<b>437.4</b>	<b>592.4</b>	<b>479.9</b>
Other provisions	11.0	4.4	7.8
Provisions and liabilities for income tax	13.9	5.8	6.6
Trade liabilities	79.0	72.8	81.6
Other financial liabilities	1.8	12.5	9.8
Other non-financial liabilities	53.3	46.6	45.8
<b>Current liabilities</b>	<b>159.0</b>	<b>142.1</b>	<b>151.6</b>
<b>Liabilities</b>	<b>596.4</b>	<b>734.5</b>	<b>631.5</b>
<b>Total equity and liabilities</b>	<b>1,184.7</b>	<b>1,031.5</b>	<b>1,056.8</b>

## Group Financial Information – according to IFRS, unaudited

### Consolidated Statement of Cash Flows

in EUR million	Q3 2017	Q1-Q3 2017	Q1-Q3 2016
Result for the period	66.0	118.3	-6.8
Depreciation/amortization of non-current assets, including impairment losses and reversals thereof	28.7	87.6	88.5
Other non-cash expenses and income	-15.0	-23.8	-1.9
Result from disposal of non-current assets	0.4	1.3	0.6
Interest income	-0.2	-0.4	1.8
Interest paid	0.0	0.0	-1.8
Interest received	0.5	1.3	1.0
Tax expense	9.8	19.8	5.1
Taxes paid	-7.3	-13.9	-5.3
Changes in inventories	-4.9	-6.5	4.8
Changes in trade receivables	-23.3	-42.7	-9.9
Changes in other financial and non-financial assets	1.4	-5.1	-2.4
Changes in deferred taxes	-0.4	-0.6	0.4
Changes in provisions	13.9	27.5	11.5
Changes in trade liabilities	6.8	8.2	9.5
Changes in other financial and non-financial liabilities	0.9	20.7	-8.2
<b>Cash flow from operating activities</b>	<b>77.3</b>	<b>191.7</b>	<b>86.9</b>
Payments for capital expenditures (including intangible assets)	-19.1	-60.3	-77.9
Proceeds from disposal of fixed assets	0.0	0.0	0.1
Payments for the acquisition of fixed-term deposits	-39.2	-133.1	-72.5
Proceeds from fixed-term deposits	104.5	153.8	60.0
<b>Cash flow from investing activities</b>	<b>46.2</b>	<b>-39.6</b>	<b>-90.3</b>
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Changes due to exchange-rate fluctuations	-3.4	-7.5	1.5
Changes in cash and cash equivalents	120.1	144.6	-1.9
at the beginning of the period	160.9	136.4	154.5
at the end of the period	281.0	281.0	152.6

**Important notice**

*This press release contains forward-looking statements based on assumptions and estimates made by the Executive Board of Siltronic AG. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee that they will prove to be correct. The assumptions can harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that can cause such discrepancies include, among others, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. Siltronic does not plan to update the forward-looking statements, nor does it assume the obligation to do so.*

*This press release includes - in the applicable financial reporting framework not clearly defined - supplemental financial measures that are or may be alternative performance measures (non-GAAP-measures). These supplemental financial measures should not be viewed in isolation or as an alternative to measures of Siltronic's net assets and financial positions or results of operations as presented in accordance with the applicable financial reporting framework in its Consolidated Financial Statements. Other companies that report or describe similarly titled alternative performance measures may calculate them differently. Explanations of financial measures used can be found in the Annual Report of Siltronic AG.*

*Due to rounding, numbers presented throughout this press release and other reports may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*

***This press release is a Quarterly Group Statement according to the Frankfurt Stock Exchange's stock exchange regulation 50.***