

Siltronic AG Q3/2017 Results

October 26, 2017



MARKET OVERVIEW & CAPEX STRATEGY

.....Capabilities, automation
and incremental invest to
keep stable market share
without providing excess
capacity to the market

Highlights Q3/2017: Financials

Sales

Sales of EUR 308.1m (Q2/2017: EUR 283.1m)

EBITDA

EUR 106.5m (Q2/2017: EUR 72.7m)

Margin

EBITDA margin of 34.6% (Q2/2017: 25.7%)

EBIT & ROCE

EUR 77.8m (Q2/2017: EUR 43.4m)
ROCE 43.4% (Q2/2017: 24.0%)

CapEx

EUR 16.9m (Q2/2017: EUR 25.5m)

Free Cash Flow

EUR 58.2m (Q2/2017: EUR 41.8m)

Net Financial Assets

EUR 294.8m (December 31, 2016: EUR 175.0m)

Market highlights

Semiconductors

- ▶ Semiconductor market continued its strong growth in August
- ▶ Units grew +14.8% y-o-y (3MMA)

Silicon wafer demand

- ▶ Silicon shipment volumes forecast to be 11,448 million square inches in 2017, 8.2% up y-o-y

Price increases

- ▶ Price increases for 300 mm wafers continued
- ▶ Substantial price increase for 200 mm wafers reached
- ▶ Siltronic negotiated additional price increases for Q4

Competition

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

Source: WSTS up to August 2017, SEMI press release October 16, 2017

Siltronic will incrementally add 70kWfr/month by mid-2019

- ▶ 2017/18 only debottlenecking / OEE improvement possible
- ▶ Decision taken to add ~70kWfr/month by mid-2019: around 15-18 months lead-time
- ▶ Capacity extension supported by LTAs & customer prepayments
- ▶ Keep 300mm market share of ~ 15%
- ▶ Invest of EUR ~2m need per 1kWfr/month
- ▶ Capable cleanroom space and facilities available
- ▶ Siltronic will continuously invest to support the market growth and to keep stable market share and to ensure long term prices stay on reinvest level

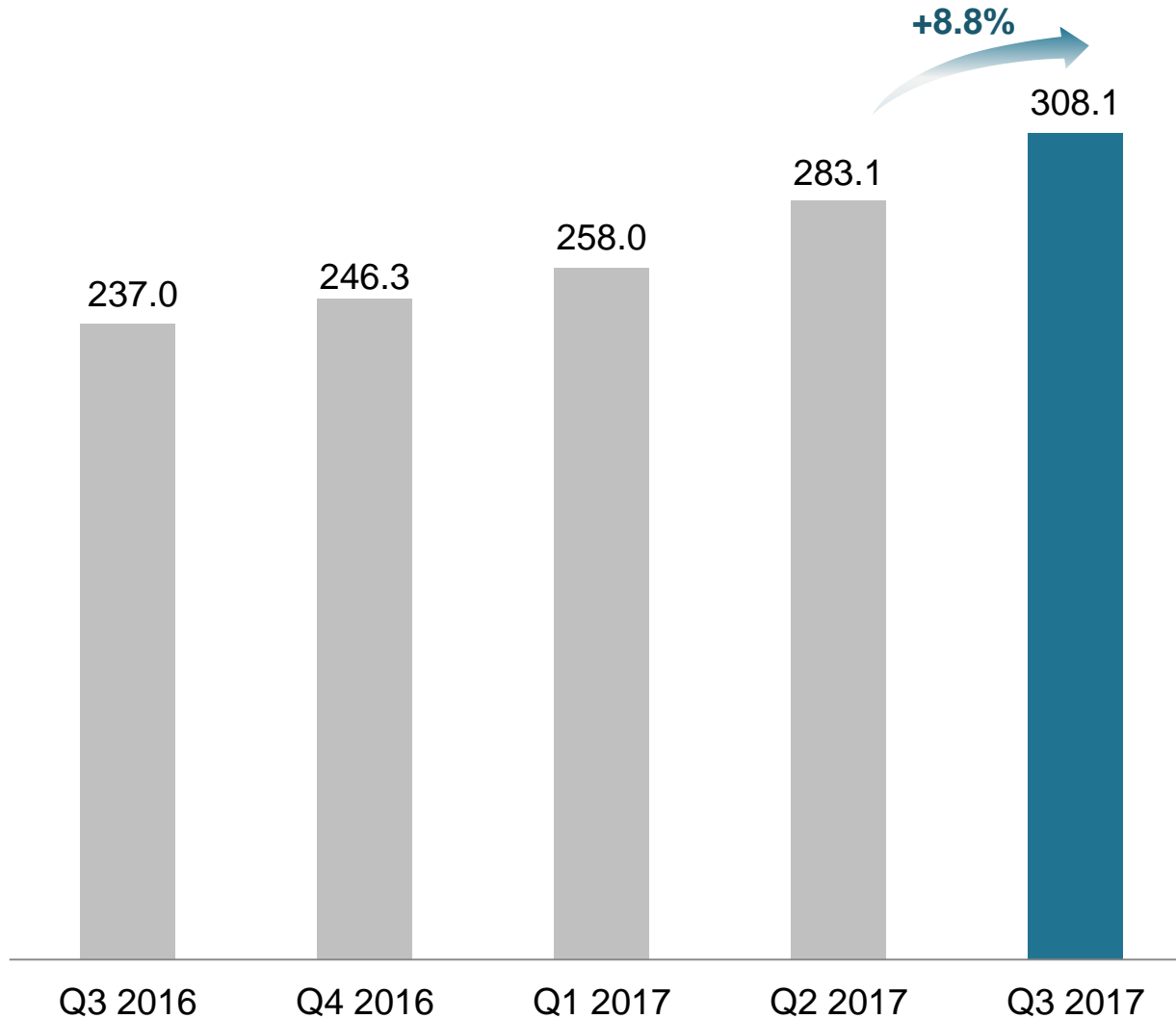


FINANCIALS Q3/2017

...price increases
accelerate continuous
improvement

Q3 sales development driven by increased prices

Sales, in EUR million



Comments

▶ Positive

- ▶ Slight volume growth q-o-q, especially in smaller diameters
- ▶ Higher wafer prices for 300mm and 200mm in Q3
- ▶ ASP up y-o-y and q-o-q
- ▶ Further price increases negotiated for Q4

▶ Negative

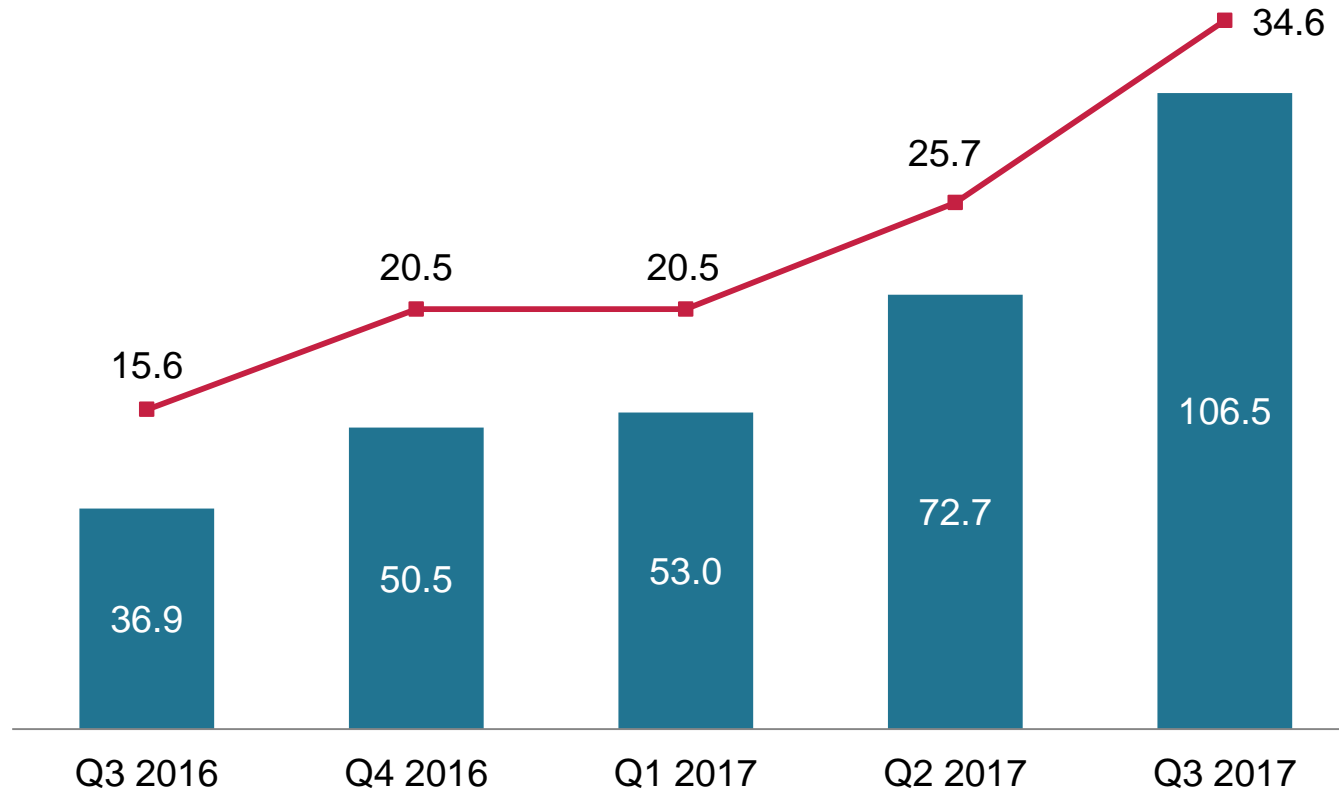
- ▶ Some headwind from USD q-on-q

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

EBITDA margin in %; EBITDA in EUR million

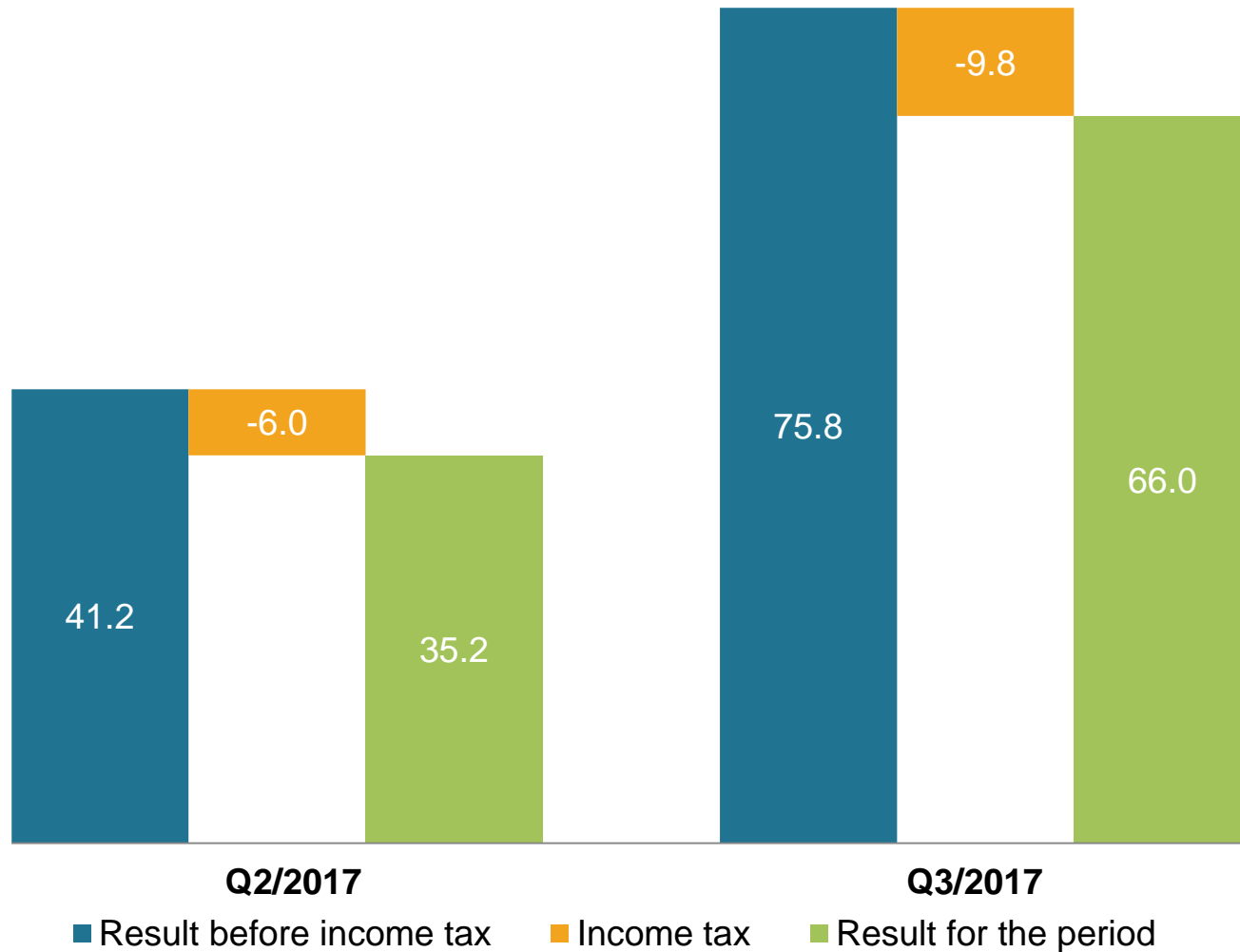
Comments

- ▶ 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

Result and income tax, in EUR million



Comments

- ▶ Net profit of EUR 66.0m in Q3/2017
- ▶ Price increases and lower cost of sales per wafer area had positive effects
- ▶ EUR 9.8m effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)

Equity ratio of ~50%

Net financial assets of EUR 295m

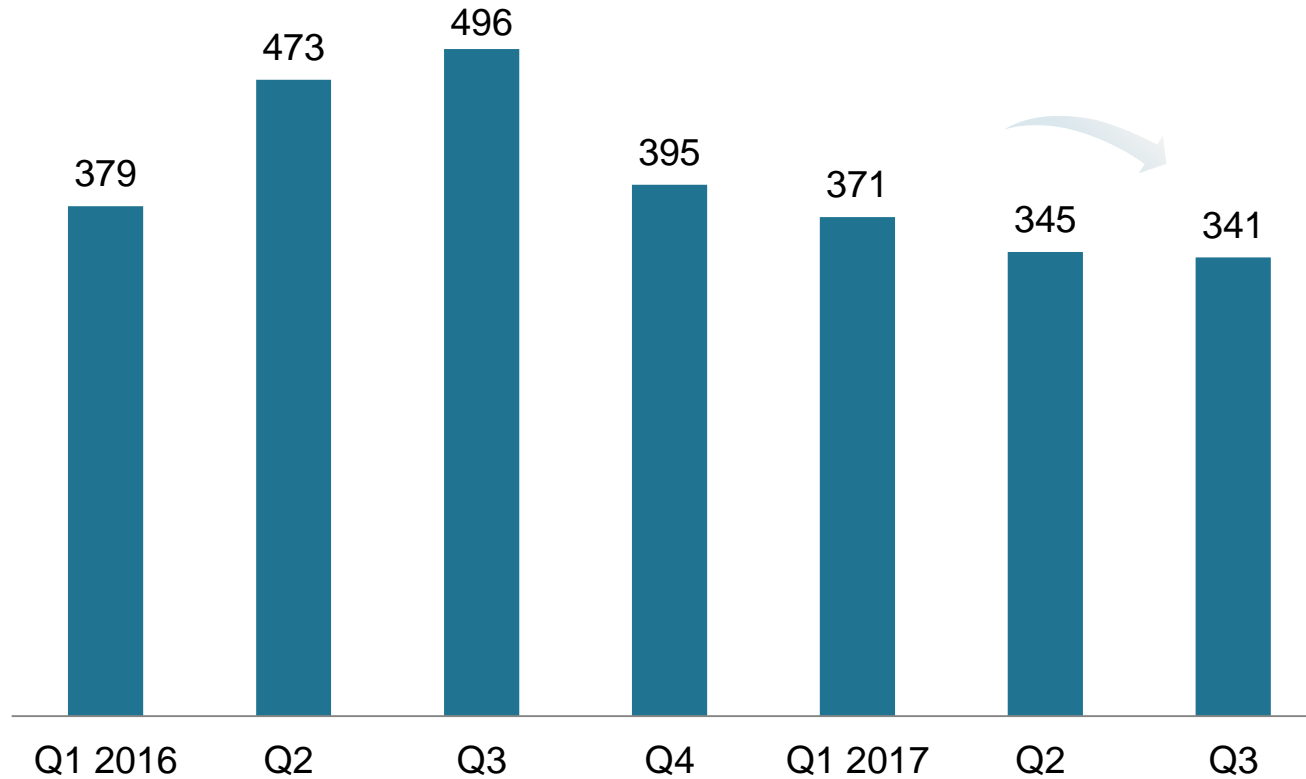
Balance sheet, in EUR million

Assets	Sep 30, 2017	Dec 31, 2016	Comments Sep 30, 2017
Non-current	516.1	554.1	
PP&E	481.2	519.8	
Other fixed	34.9	34.3	24 intangibles (related to SSW) 3 hedging
Current	668.6	502.7	
Inventories	143.3	140.9	
Trade receivables	150.3	118.2	
Other current	40.8	28.2	16 hedging
Cash and fixed term deposits	334.2	215.4	
Total	1.184,7	1,056.8	

Equity and liabilities	Sep 30, 2017	Dec 31, 2016	Comments Sep 30, 2017
Equity	588.3	425.3	
Siltronic	590.6	431.9	
Other shareholders	-2.3	-6.6	Samsung's 22% in SSW
Liabilities	596.4	631.5	
Pension provision	340.5	395.1	Germany and US
Other provisions	65.3	51.1	43 personnel related (e.g. early retirement)
Financial debt	39.4	40.4	Samsung
Trade liabilities	79.0	81.6	
Other	72.2	63.3	27 prepayments 38 employee-related 2 hedging
Total	1.184,7	1,056.8	

Fluctuations in pension provision due to interest rate movements

Pension provision, in EUR million



Comments

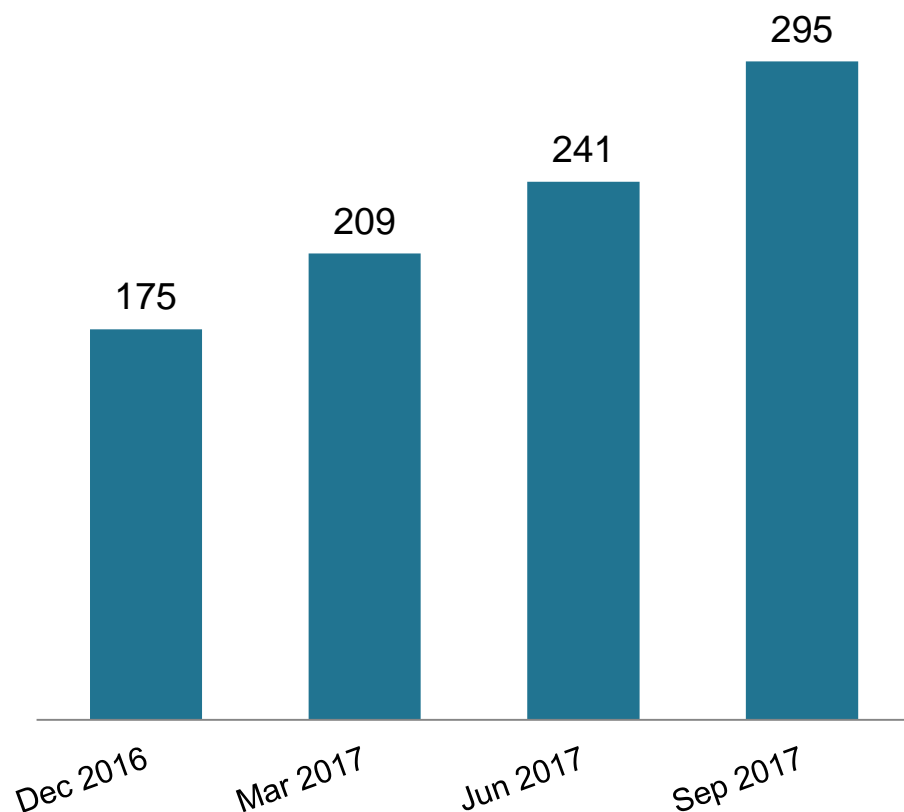
- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)

interest rates IFRS

▶ USA	3.78%	3.47%	3.43%	3.92%	3.90%	3.65%	3.61%
▶ Germany	2.15%	1.60%	1.38%	1.94%	2.07%	2.19%	2.21%

Net financial assets nearly doubled since IPO

Net financial assets, in EUR million

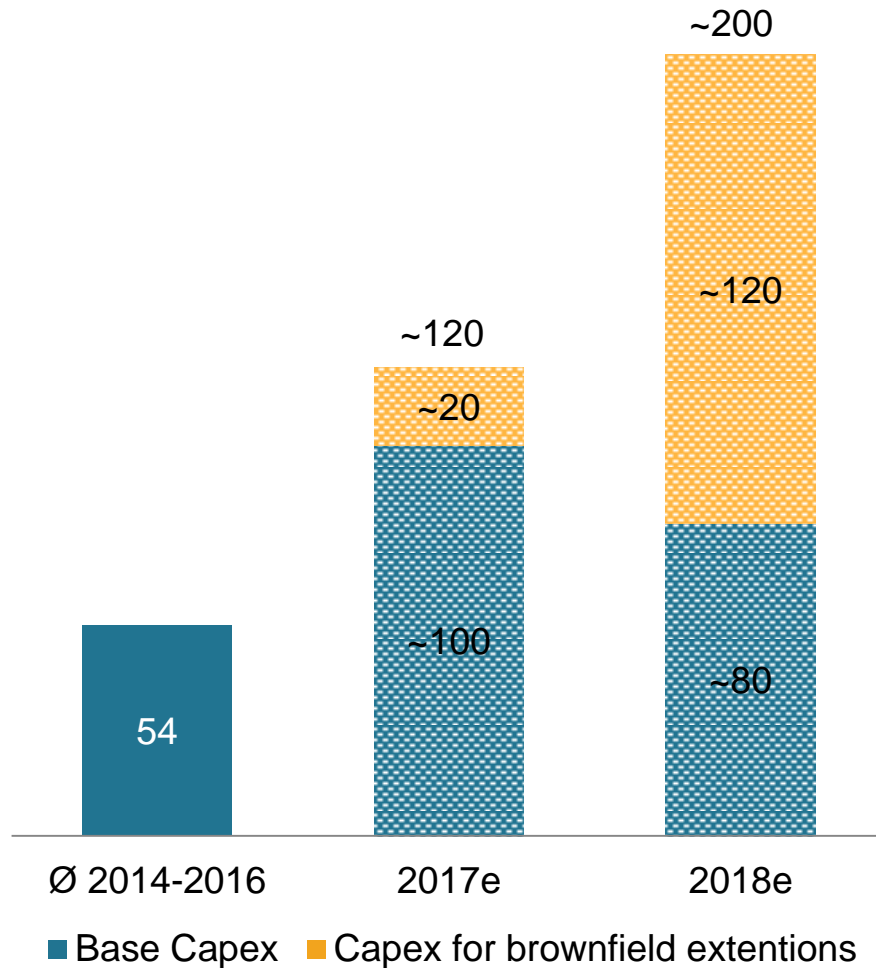


Dividend policy introduced in September 2017

- ▶ Pay-out ratio of ~40% of net shareholder earnings based on IFRS standards
- ▶ Dividend for 2017 payable in 2018
 - ▶ depending on approval of Annual General Meeting in April 2018
- ▶ High cash flow supports dividend payment

Capex will rise to EUR ~200m in 2018

Investment, in EUR million



Comments

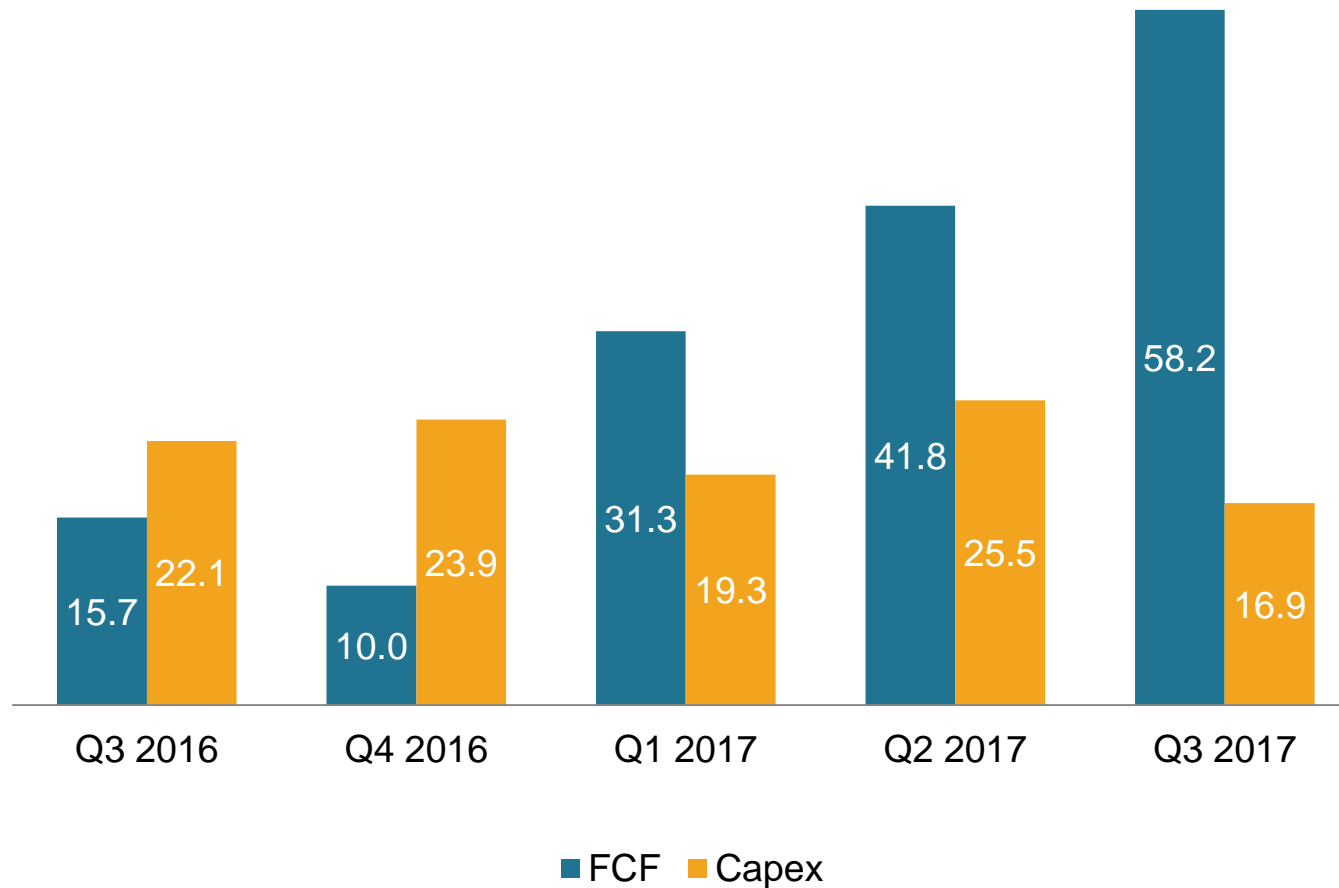
- ▶ Capex of EUR ~140m for 70k wafers/month over 2 years
- ▶ Exchange of ingot pullers (capability improvement) in Freiberg to be completed in 2017
- ▶ First preparations already needed in 2017 to incrementally increase capacities in following years
- ▶ Capex base level to sustain business:
 - ▶ MOB (maintenance of business)
 - ▶ Capabilities
 - ▶ Cost reductions
 - ▶ Automation

Increasing free cash flow generation

Capex and FCF, in EUR million

Comments

- ▶ Repayment of prepayments:
 - ▶ EUR ~5m per quarter
- ▶ Customer prepayments
 - ▶ EUR 17.3 m received up to Q3/2017 for product mix optimization
 - ▶ Expect further prepayments in 2017 and 2018
- ▶ **Capex 2017: EUR ~120m**



A person wearing a white cleanroom suit and a clear face shield is working in a cleanroom. They are positioned behind a large, highly reflective, metallic object that is suspended by a thin wire. The object has a conical top and a rounded bottom, resembling a large, polished metal component or a piece of equipment. The background is a clean, industrial environment with various pieces of machinery and equipment. A large, semi-transparent blue circle is overlaid on the left side of the image, containing the text.

OUTLOOK

.....a positive outlook in
Q4/2017 and beyond.....

Siltronic Outlook 2017 (Update as of October 26, 2017)

EBITDA margin	at least 29% update	
ROCE	substantially higher than in 2016, considerably higher than WACC	
Free Cash Flow	clearly positive; by far above 2016	
Sales	at least EUR 1.16bn update	
R&D	approx. 6% of sales update	
Cost Position	potential savings of around EUR 15m to EUR 20m	
Hedging Expenses	below EUR 10m update	
Depreciation	on the level of 2016	
Tax rate	below 20% update	
Financial Result	roughly EUR 10m interest expense	
Earnings per Share	significantly higher than in 2016	
CapEx	around EUR 120m due to prepayments in brownfield extensions in 2019 update	

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

Financial Calendar

Full Year 2017 Results	March 5, 2018
Annual General Meeting	April 19, 2018
Q1 2018 Results	April 25, 2018
Q2 2018 Results	July 25, 2018
Q3 2018 Results	October 25, 2018



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