



Press release

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Siltronic closes 2017 fiscal year successfully and anticipates highly positive 2018 fiscal year

- Sales totaled EUR 1,177.3 million in 2017, significantly up on previous year (2016: EUR 933.4 million)
- EBITDA more than doubled to EUR 353.1 million (2016: EUR 146.0 million)
- EBIT totaled EUR 235.7 million, significantly up year-on-year (2016: EUR 27.0 million)
- Proposal to General Annual Meeting to pay a dividend of 2.50 euro per share for fiscal year 2017
- Continued full capacity utilization in 300 mm and 200 mm wafer production
- Despite much stronger euro, sales well over EUR 1.3 billion and EBITDA margin close to 40 percent expected for 2018

Munich, Germany, March 5, 2018 – After a highly successful 2017, Siltronic AG, one of the world's leading manufacturers of wafers made of hyperpure silicon, expects business performance to continue developing positively in 2018.

"In 2017, our business was characterized by a combination of very high demand for silicon wafers and limited production capacities, a situation that has led to a considerable increase in average selling prices. Our customers are keen to secure their

wafer volumes well in advance and we have concluded a number of long-term contracts at favorable conditions," said Dr. von Plotho, CEO of Siltronic AG.

The positive market environment in 2017 enabled Siltronic to increase its average selling prices for 200-mm and 300-mm wafers quite significantly. In the fourth quarter 2017, prices in US dollars for 300-mm wafers as well as for Siltronic AG's entire product range were around 30 percent higher year-on-year.

At EUR 1,177.3 million, sales in 2017 were significantly up on the previous year (2016: EUR 933.4 million), mainly owing to higher average selling prices.

Cost of sales rose from EUR 761.5 million to EUR 807.0 million in 2017. Excluding one-time expenses, Siltronic was able to reduce the cost per wafer area compared with the previous year on the back of higher capacity utilization and successful cost-cutting measures.

Gross profit totaled EUR 370.3 million, more than doubling the previous year's figure. The gross profit margin jumped from 18.4 percent to 31.5 percent.

EBITDA amounted to EUR 353.1 million, also more than twice the amount recorded one year earlier (2016: EUR 146.0 million). EBITDA margin rose to 30.0 percent compared with 15.6 percent in 2016.

In 2017, the net expenses of EUR 3.0 million for currency hedging measures were significantly lower than EUR 20.9 million in 2016.

At EUR 235.7 million, earnings before interest and taxes (EBIT) were almost nine times higher than in the previous year (2016: EUR 27.0 million).

At EUR 192.2 million, net profit for the 2017 fiscal year improved significantly year-on-year (2016: EUR 8.7 million).

Earnings per share amounted to EUR 6.18 (2016: EUR 0.40).

Higher EBIT had a positive impact on return on capital employed (ROCE), which rose from 3.7 percent to 31.3 percent.

In 2017, Siltronic invested EUR 123.2 million in property, plant and equipment and intangible assets. Increases in wafer prices have reached a level that justifies investments in additional production capacity for 300 mm wafers. Consequently, in September 2017 Siltronic decided to expand its capacity by around 70,000 additional 300-mm wafers per month by mid-2019. The increase will enable Siltronic to keep pace with market growth and maintain its market share. Siltronic will invest around EUR 140 million in these planned measures. In 2017, Siltronic placed orders for the required production equipment and has already made advance payments to suppliers of around EUR 30 million. Moreover, automation projects that had already been initiated were continued and investments were made in new crystal pullers.

At EUR 169.6 million, free cash flow for 2017 was clearly positive and, as expected, well above the previous year's level of EUR 19.0 million.

Net financial assets improved accordingly to EUR 342.1 million (2016: EUR 175.0 million).

The Management Board and Supervisory Board of Siltronic AG will propose a dividend of EUR 2.50 per share for fiscal year 2017 at the Annual General Meeting in April. This equates to a total dividend payment of EUR 75 million. The pay-out ratio amounts to 40 percent of the net income attributable to Siltronic shareholders in 2017.

Exceptional sales performance in the fourth quarter of 2017

With sales of EUR 328.1 million in the fourth quarter of 2017 (Q4 2016: EUR 246.3 million), Siltronic continued to deliver the exceptionally good business performance seen in the first nine months of 2017. Ongoing full capacity utilization for 200 mm and 300 mm wafers, high capacity utilization for 150 mm and smaller wafers and sequential price increases contributed to this performance. Siltronic's EBITDA increased to EUR 120.9 million in the fourth quarter of 2017, largely attributable to selling price

increases. EBITDA for the same period of 2016 totaled EUR 50.5 million. EBITDA margin for the period from October to December 2017 was 36.8 percent (Q4 2016: 20.5 percent).

Positive development expected for 2018

The market research institute IHS Markit currently expects the total wafer area for the semiconductor industry to grow by 4.5 percent in 2018. Solid State Drives (SSD), which are based on NAND technology, are predicted to be one of the growth drivers, while the DRAM market is also showing an upward trend. Moreover, the automotive industry and industrial applications are additional growth drivers.

Demand for Siltronic wafers remains strong in the first quarter of 2018. 300 mm and 200 mm wafer productions are currently fully loaded. The production of 150-mm wafers as well as smaller diameters is also very close to full capacity.

Siltronic sees wafer prices to continue rising in 2018, however they should be lower than in the preceding quarters.

Siltronic expects the strong euro to have a negative impact on sales and EBITDA. Based on a EUR/USD exchange rate of 1.25 (2017: 1.13) and a EUR/JPY exchange rate of 135 (2017: 127), Siltronic expects a negative exchange rate impact of approximately EUR 100 million on sales and around EUR 60 million on EBITDA for 2018.

Despite the strong euro, sales are likely to be well above EUR 1.3 billion in 2018. The EBITDA margin is expected to be close to 40 percent. Net cash flow should be well above the 2017 level. Investments will range between EUR 240 million and EUR 260 million. Apart from maintenance capex, the figure also includes investment in capabilities as well as in automation projects and a new crystal pulling hall in Singapore. Earnings per share are predicted to rise significantly in 2018.

Siltronic is confident that the 2018 fiscal year will develop very positively overall.

"We expect wafer prices to continue rising in the course of 2018, albeit they should be less pronounced than in 2017. Despite the strong euro being expected to have quite a large negative impact on sales and EBITDA, we are confident to be able to further increase sales and EBITDA margin. With the construction of a new crystal pulling hall in Singapore, we are creating sufficient crystal capacity to further expand wafer capacity in our existing shells," said Dr. von Plotho.

Siltronic AG –Financial Figures 2017

| in EUR million | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2017 | 2016 |
|---|------------|------------|------------|------------|------------|---------|--------|
| Sales | 328.1 | 308.1 | 283.1 | 258.0 | 246.3 | 1,177.3 | 933.4 |
| EBITDA | 120.9 | 106.5 | 72.7 | 53.0 | 50.5 | 353.1 | 146.0 |
| EBITDA margin | 36.8% | 34.6% | 25.7% | 20.5% | 20.5% | 30.0% | 15.6% |
| EBIT | 91.1 | 77.8 | 43.4 | 23.4 | 20.0 | 235.7 | 27.0 |
| EBIT margin | 27.8% | 25.2% | 15.3% | 9.1% | 8.1% | 20.0% | 2.9% |
| Net result for the period | 73.9 | 66.0 | 35.2 | 17.0 | 15.5 | 192.2 | 8.7 |
| Earnings per share | 2.37 | 2.12 | 1.13 | 0.56 | 0.51 | 6.18 | 0.40 |
| Capex in property, plant and equipment and intangible assets | -61.4 | - 16.9 | - 25.5 | - 19.3 | - 23.9 | - 123.2 | - 88.8 |
| Free cash flow | 38.2 | 58.2 | 41.8 | 31.3 | 10.0 | 169.6 | 19.0 |

| in EUR million | Dec. 31, 2017 | Dec. 31, 2016 |
|-----------------------------|------------------|------------------|
| Total assets | 1,252.4 | 1,056.8 |
| Equity | 637.9 | 425.3 |
| Equity ratio | 50.9% | 40.2% |
| Net financial assets | 342.1 | 175.0 |

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 March 5, 2018 at 3:00 pm (CET). 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), the Annual Report, this press release and an Excel file with the most important key figures are also published on the Siltronic website.

Upcoming events

| | |
|------------------|---|
| April 19, 2018 | Annual General Meeting, Munich, Germany |
| April 25, 2018 | Q1 2018 Quarterly Statement |
| July 25, 2018 | Q2 2018 Quarterly Report |
| October 25, 2018 | Q3 2018 Quarterly Statement |

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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. Siltronic AG employs roughly 3,800 people and is a stock-listed company in Germany (Prime Standard) and included in the TecDAX.

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.