



## Press release

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### **Siltronic with strong sales growth in the first half of 2018 and slight forecast increase**

- Wafer demand in all diameters continues to be high
- Sales grew to EUR 688.7 million
- EBITDA increased to EUR 268.3 million and EBITDA margin to 39.0 percent
- Significant sales and earnings growth also quarter-on-quarter
- Forecast slightly increased

**Munich, Germany, July 25, 2018** - Siltronic AG (TecDAX: WAF) recorded a very pleasing first half of 2018. Demand for wafers remained at a high level. This led to further increases in average selling prices. After a successful start to the current financial year, the second quarter of 2018 also developed very positively.

"Wafers continued to show strong demand in the current financial year, driven by a variety of applications, especially by memory and logic, but also automotive and industrial applications. The higher average selling prices once again had a positive effect on our sales and earnings," said Dr. Christoph von Plotho, CEO of Siltronic.

## High wafer demand drives sales

In EUR million	Q2	Q2	Change		H1	H1	Change	
	2018	2017	Amount	Percent	2018	2017	Amount	Percent
Sales	361.3	283.1	78.2	27.6	688.7	541.1	147.6	27.3

Due to the high demand for wafers and the further rise in average selling prices, sales in the first half of 2018 increased to EUR 688.7 million and were 27.3 percent higher than in the previous year (EUR 541.1 million). Revenues increased by 10.4 percent from EUR 327.4 million in the first quarter to EUR 361.3 million in the second quarter of 2018.

As expected, revenue development was curbed by the stronger Euro against the US dollar, albeit less strongly than anticipated at the beginning of the year. In the first half of 2018 the Euro-USD exchange rate stood at 1.21, in the first half of 2017 however at 1.08.

## Gross profit doubled

In EUR million	Q2	Q2	Change		H1	H1	Change	
	2018	2017	Amount	Percent	2018	2017	Amount	Percent
Cost of sales	209.3	204.5	4.8	2.3	411.9	403.1	8.8	2.2
Gross profit	152.0	78.6	73.4	93.4	276.8	138.0	138.8	> 100
Gross margin	42.1%	27.8%			40.2%	25.5%		

Despite an increase in wafer area, cost of sales rose only slightly year on year from EUR 403.1 million to EUR 411.9 million in the first half of 2018. As a result of the price increases, gross profit increased significantly to 276.8 million (H1 2017: EUR 138.0 million) and the gross margin to 40.2 percent (H1 2017: 25.5 percent).

Cost of sales rose only slightly quarter-on-quarter. Due to the price increases gross profit and gross margin gained significantly to EUR 152.0 million (Q1 2018: EUR 124.9 million) or 42.1% (Q1 2018: 38.1%). The costs per wafer area were slightly down compared to the same period last year.

### Selling, R&D and general administration expenses stable

In EUR million	Q2	Q2	Change		H1	H1	Change	
	2018	2017	Amount	Percent	2018	2017	Amount	Percent
Selling expenses	8.9	9.7	-0.8	-8.2	17.3	18.0	-0.7	-3.9
R&D expenses	16.9	16.7	0.2	1.2	33.5	33.6	-0.1	-0.3
General administration expenses	7.1	6.2	0.9	14.5	13.7	12.2	1.5	12.3
Total selling, R&D, administration as a percentage of sales	9.1%	11.5%			9.4%	11.8%		

At EUR 64.5 million, selling, R&D and general administration expenses in the first half of 2018 were at the level of the first half of 2017 (EUR 63.8 million). Costs in relation to sales have declined significantly. The ratio fell from 11.8 percent to 9.4 percent. Compared to the previous quarter with costs of EUR 31.6 million and a ratio of 9.7 percent, there was no significant change.

### Other income from exchange rate effects of EUR 7.1 million

In EUR million	Q2	Q2	Change		H1	H1	Change	
	2018	2017	Amount	Percent	2018	2017	Amount	Percent
Other operating income	25.6	16.8	8.8	52.4	50.6	31.7	18.9	59.6
Other operating expenses	-20.6	-19.4	-1.2	6.2	-42.2	-39.1	-3.1	7.9
Other operating income and expenses, net	5.0	-2.6	7.6	>-100	8.4	-7.4	15.8	>-100
<i>of which exchange rate effects</i>	4.4	-2.7	7.1	>-100	7.1	-7.2	14.3	>-100

Furthermore, income from foreign exchange effects amounted to EUR 7.1 million in the first half of 2018, of which EUR 4.4 million was attributable to the second quarter and EUR 2.7 million to the first quarter of 2018. In the first half of 2017, there was an expense of EUR 7.2 million.

### Significant increase in profitability

In EUR million	Q2	Q2	Change		H1	H1	Change	
	2018	2017	Amount	Percent	2018	2017	Amount	Percent
EBIT	124.1	43.4	80.7	> 100	220.7	66.8	153.9	> 100
EBIT margin in %	34.4%	15.3%			32.0%	12.3%		
Depreciation, amortization and impairment less reversals thereof	21.9	29.3	-7.4	-25.3	47.6	58.9	-11.3	-19.2
EBITDA	146.0	72.7	73.3	> 100	268.3	125.7	142.6	> 100
EBITDA margin in %	40.4%	25.7%			39.0%	23.2%		

Driven by higher average selling prices, profitability has also continued to increase.

EBIT more than tripled from EUR 66.8 million in the first half of 2017 to EUR 220.7 million in the first half of 2018. The EBIT margin was 32.0 percent, compared with 12.3 percent in the first half of 2017. EBIT increased by 28.5 percent from EUR 96.6 million in the first quarter of 2018 to EUR 124.1 million in the second quarter. The EBIT margin increased from 29.5 percent to 34.4 percent.

EBITDA improved by 113.4 percent to EUR 268.3 million in the first six months of 2018, compared to EUR 125.7 million in the same period of the previous year. The EBITDA margin increased significantly from 23.2 percent to 39.0 percent. From the first to the second quarter of 2018, EBITDA increased by 19.4 percent from EUR 122.3 million to EUR 146.0 million. The EBITDA margin increased from 37.4 percent in the first quarter of 2018 to 40.4 percent.

## Half-year result more than tripled

In EUR million	Q2	Q2	Change		H1	H1	Change	
	2018	2017	Amount	Percent	2018	2017	Amount	Percent
Result before income tax	122.2	41.2	81.0	> 100	216.5	62.3	154.2	> 100
Expense of income taxes	-24.2	-6.0	-18.2	> 100	-36.5	-10.0	-26.5	> 100
Tax rate in %	20%	15%			17%	16%		
Net result for the period	98.0	35.2	62.8	> 100	180.0	52.3	127.7	> 100
Earnings per share	3.04	1.13	1.91	> 100	5.66	1.69	3.97	> 100

The profit for the period in the first half of 2018 was EUR 180.0 million and thus more than tripled compared to the same period of 2017. For the second quarter of 2018, there was a profit for the period of EUR 98.0 million (Q1 2018: EUR 82.0 million).

Earnings per share amounted to EUR 5.66 in the first half of 2018 (H1 2017: EUR 1.69). Of this, EUR 3.04 were generated in the second quarter of 2018.

In the first half of 2018, the return on capital employed (ROCE) was 57.4 percent compared to 18.6 percent in the same period of the previous year. Quarter-on-quarter, ROCE increased from 49.3 percent to 64.2 percent. The driving factor was the significant increase in EBIT.

## Net cash flow rises to EUR 179.5 million

In EUR million	H1 2018	H1 2017	Amount	Percent
Cash flow from operating activities without change in customer prepayments	252.8	110.0	142.8	> 100
Proceeds/payments for capital expenditure (including intangible assets)	-73.3	-41.2	-32.1	77.9
Net cash flow	179.5	68.8	110.7	> 100

The financial position also improved significantly. Due to the high net profit for the period, the net cash flow was EUR 179.5 million (H1 2017: EUR 68.8 million). In the second quarter of 2018, the net cash flow was EUR 67.1 million.

In the first half of 2018, Siltronic received customer prepayments of EUR 168.5 million. The company expects further advance payments from customers in the second half of 2018.

Cash outflows for property, plant and equipment and intangible assets came to EUR 73.3 million (H1 2017: EUR 41.2 million) mostly for capacity increases in 2019 and further automation of the production.

## Equity increased despite first-time dividend payment

Despite the first-time dividend payment of EUR 75.0 million in April 2018, equity increased by EUR 82.2 million to EUR 720.1 million. This is primarily attributable to the half-year profit of EUR 180.0 million.

## Net financial assets increased to EUR 602.7 million

In EUR million	June 30, 2018	Dec 31, 2017	Change
Cash and cash equivalents	408.0	225.8	182.2
Fixed-term deposits	194.7	116.3	78.4
Net financial assets	602.7	342.1	260.6

Net financial assets reached a new high of EUR 602.7 million as of June 30, 2018. The amount consists of approximately two-thirds liquidity and one-third fixed-term deposits.

On an operational level, Siltronic celebrated the ground-breaking of its new crystal-pulling hall in Singapore. The ceremony took place at the end of June. The new pulling-hall will be completed in the second half of 2019 and will then be equipped with crystal pulling equipment over a period of about one year.

## Forecast slightly increased

Based on the development so far, Siltronic is optimistic about the second half of 2018. "As we continue to see high demand for wafers, we slightly raise our forecast given in March 2018. We now expect sales of close to EUR 1.4 billion and an EBITDA margin of around 40 percent. In addition, capital expenditures will increase slightly to around EUR 260 million and EUR 280 million, as we bring forward downpayments to our suppliers to 2018," says Christoph von Plotho.

## Siltronic AG – Financial figures H1/2018

<b>Consolidated statement of profit and loss / cash flow in EUR million</b>					
	<b>H1/2018</b>	<b>H1/2017</b>	<b>Q2/2018</b>	<b>Q1/2018</b>	<b>Q2/2017</b>
<b>Sales</b>	688.7	541.1	361.3	327.4	283.1
<b>EBITDA</b>	268.3	125.7	146.0	122.3	72.7
<b>EBITDA margin</b>	39.0%	23.2%	40.4%	37.4%	25.7%
<b>EBIT</b>	220.7	66.8	124.1	96.6	43.4
<b>EBIT margin</b>	32.0%	12.3%	34.4%	29.5%	15.3%
<b>Net result for the period</b>	180.0	52.3	98.0	82.0	35.2
<b>Earnings per share (in EUR)</b>	5.66	1.69	3.04	2.62	1.13
<b>ROCE</b>	57.4%	18.6%	64.2%	49.3%	24.0%
<b>Capital expenditure in property, plant and equipment and intangible assets</b>	78.6	44.9	45.2	33.4	25.5
<b>Net cash flow</b>	179.5	68.8	67.1	112.4	41.8

<b>Balance sheet in EUR Mio.</b>		
	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>Equity</b>	720.1	637.9
<b>Equity ratio</b>	46.6	50.9
<b>Net financial assets</b>	602.7	342.1
<b>Total assets</b>	1,544.0	1,252.4
<b>Employees (without temporary employees)</b>	3,825	3,730

### 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 July 25, 2018 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), the interim report and this press release are also published on the Siltronic website.



## **Other dates**

October 25, 2018    Quarterly statement for the third quarter of 2018

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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 300 mm. 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 around 3,800 people and is a stock-listed company in Germany (Prime Standard) and included in the TecDAX.

## **Disclaimer**

*This press release contains forward-looking statements based on assumptions and estimates made by the Executive Board of Siltronic AG. These statements can be identified by wording such as "expect", "want", "anticipate", "intend", "plan", "believe", "strive", "estimate", and "will" or similar terms. Although we assume that the expectations contained in these forward-looking statements are realistic, we cannot guarantee that they will prove to be correct. These assumptions may contain risks and uncertainties that could cause the actual figures to differ considerably from the forward-looking statements. Factors that can cause such discrepancies include changes in the macroeconomic and business environment, changes in exchange rates and interest rates, the introduction of products that compete with our own products, a lack of acceptance of new products or services, and changes in corporate strategy. Siltronic does not intend to update these forward-looking statements, nor does it assume any responsibility to do so.*

*This press release includes supplementary financial indicators that either are or may be so-called alternative performance indicators that are not clearly defined in the relevant financial reporting framework. In assessing the financial position and performance of Siltronic, these supplementary financial indicators should not be used in isolation or as an alternative to those presented in the consolidated financial statements and determined in accordance with the relevant financial reporting framework. Other companies that present or report alternative performance indicators with similar names may calculate them differently. Explanations of the key financial figures used are available in the Annual Report of Siltronic AG.*

*Due to rounding, some of the figures presented in this press release as well as in other reports may not add up exactly to the stated totals and percentages presented may not accurately reflect the absolute values to which they relate.*

*This press release corresponds to the Group quarterly statement in accordance with section 50 of the regulations of the Frankfurt Stock Exchange.*