

Siltronic AG Q2/2018 Results

July 25, 2018



MARKET UPDATE

Highlights Q2/2018: Financials

Sales	EUR 361.3m (Q1/2018: EUR 327.4m)
EBITDA	EUR 146.0m (Q1/2018: EUR 122.3m)
EBITDA margin	40.4% (Q1/2018: 37.4%)
EBIT	EUR 124.1m (Q1/2018: EUR 96.6m)
ROCE	64.2% (Q1/2018: 49.3%)
CapEx	EUR 45.2m (Q1/2018: EUR 33.4m)
Net cash flow	EUR 67.1m (Q1/2018: EUR 112.4m)
Net financial assets	EUR 602.7m (March 31, 2018: EUR 490.8m)

Market highlights Q2/2018

Semiconductors

- ▶ Semi units showed positive development in April (+8.1% YoY) after some volatility in previous months while silicon area continues to be on a high level. Semi revenues also went up significantly (+20.2% YoY), especially due to strong ASP increase

Silicon wafer market

- ▶ Wafer market in Q2 2018 was ~6.8 bn cm²/month, 2.6% over Q1 2018 average and 6.2% up YoY

Wafer demand

- ▶ Demand on sustainable high level
- ▶ Low raw wafer inventories at customers

Price increases

- ▶ Wafer ASP continue to increase in 2018

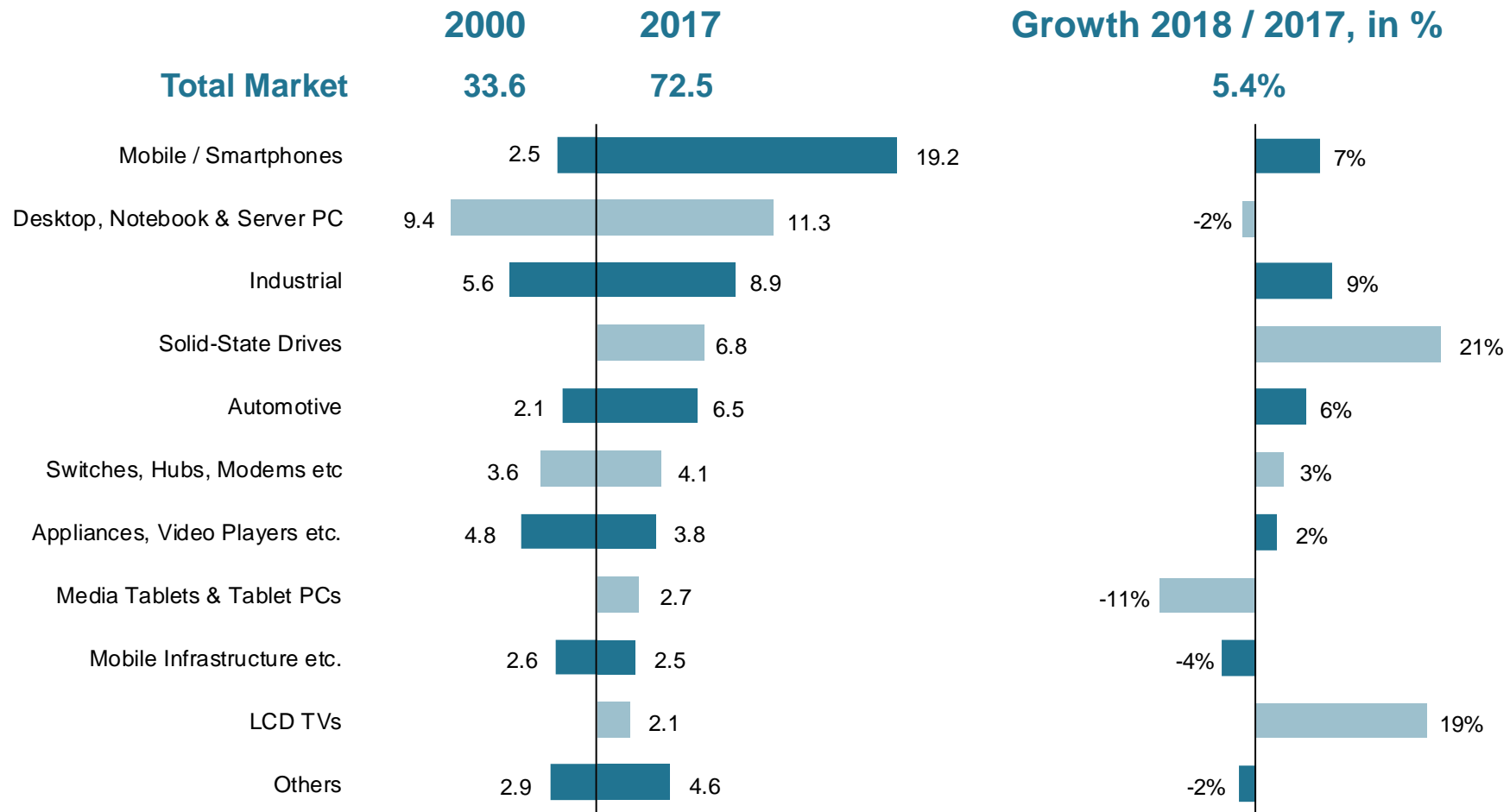
Competition

- ▶ Wafer suppliers continue to report strong demand for all diameters

Source WSTS up to May 2018

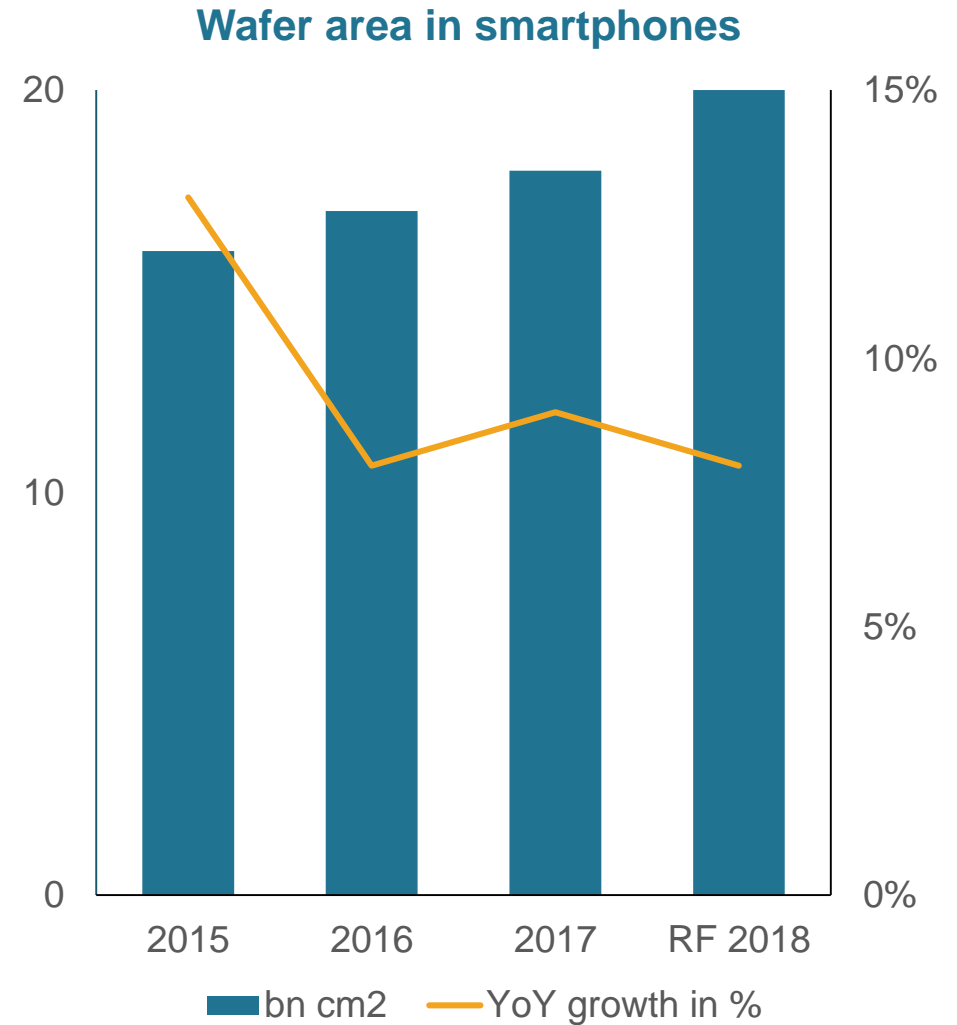
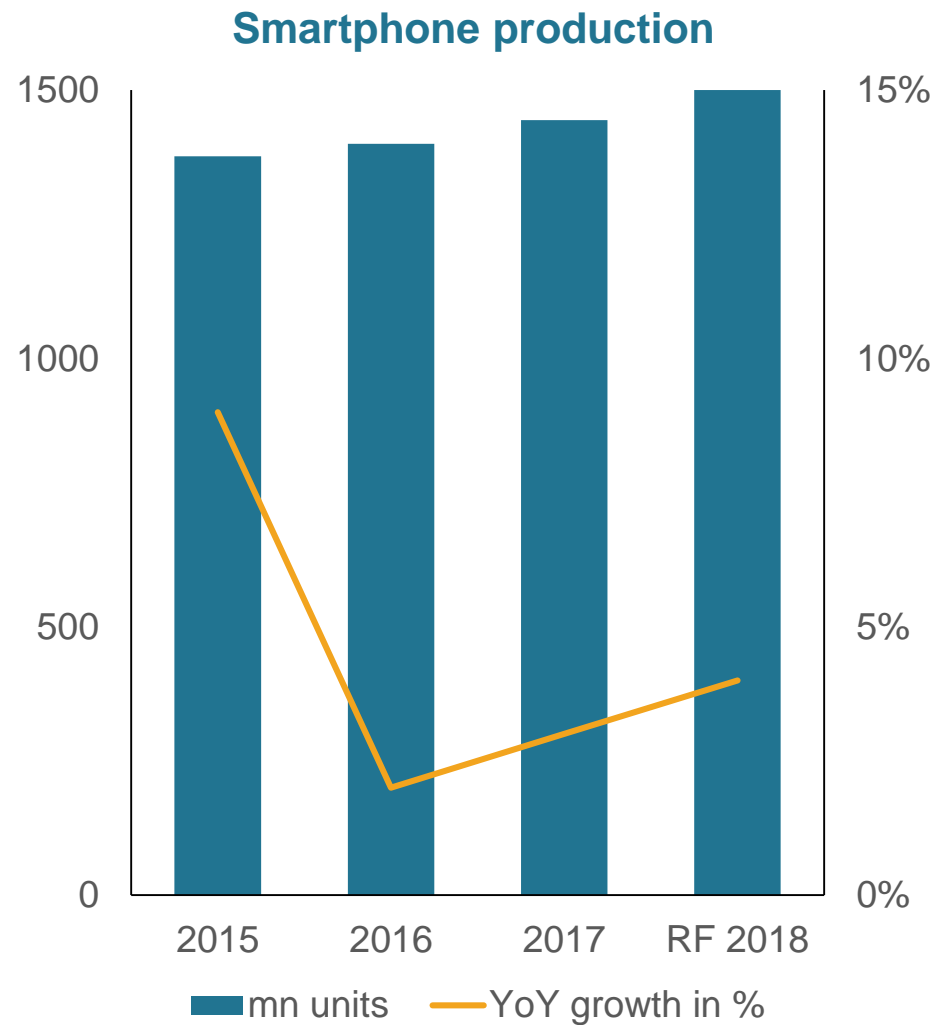
IHS Markit forecasts 5.4% growth for silicon area in 2018 with broad based growth in a wide range of applications.

Wafer Demand 2000 / 2017, in bn cm²



Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q2'18 Update)

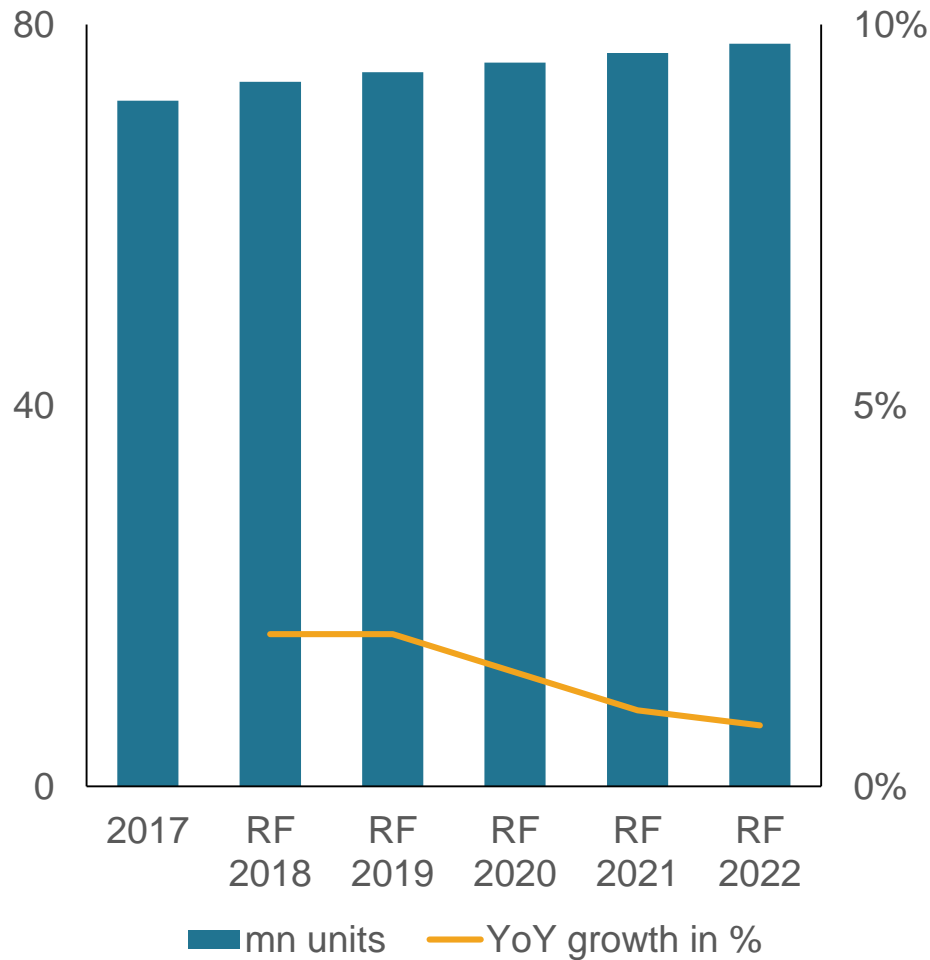
Smartphone growth slowing, however silicon content increasing with more memory and other features



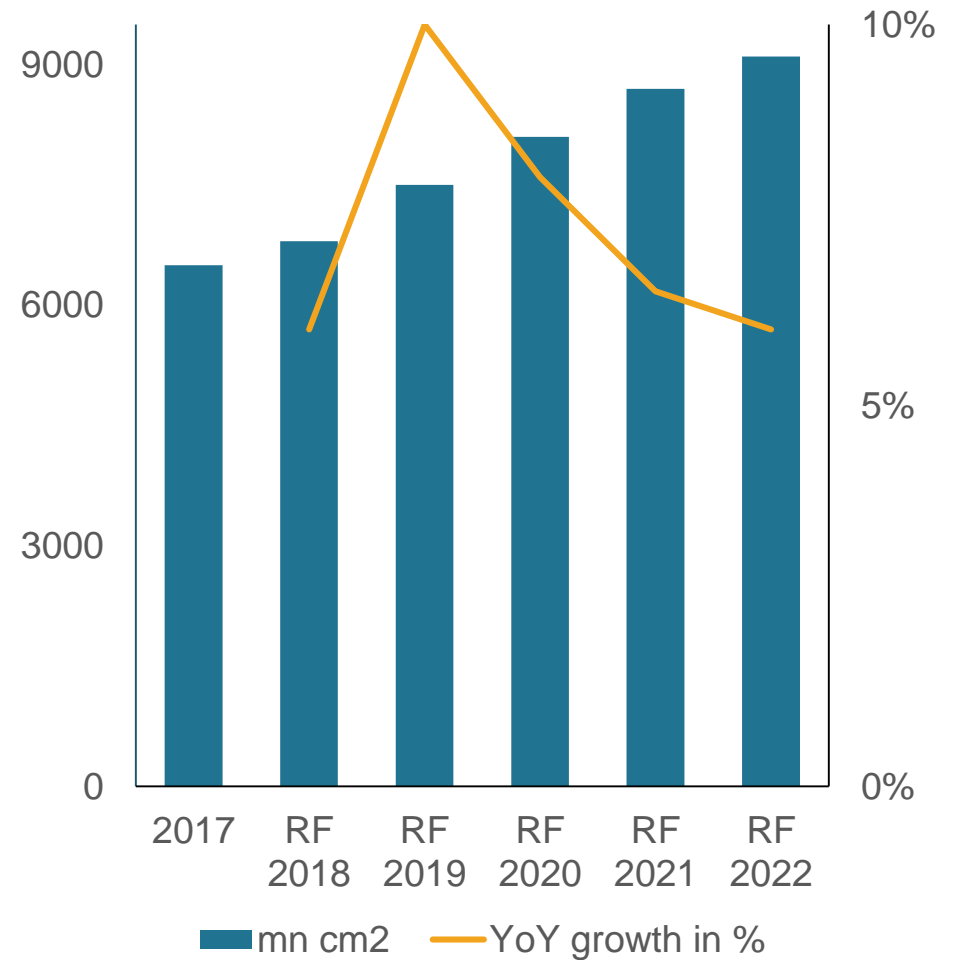
Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q2 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details

Car shipments growing slowly, silicon content in automotive estimated to grow by 7% (CAGR 2017-2022)

Worldwide passenger car shipments



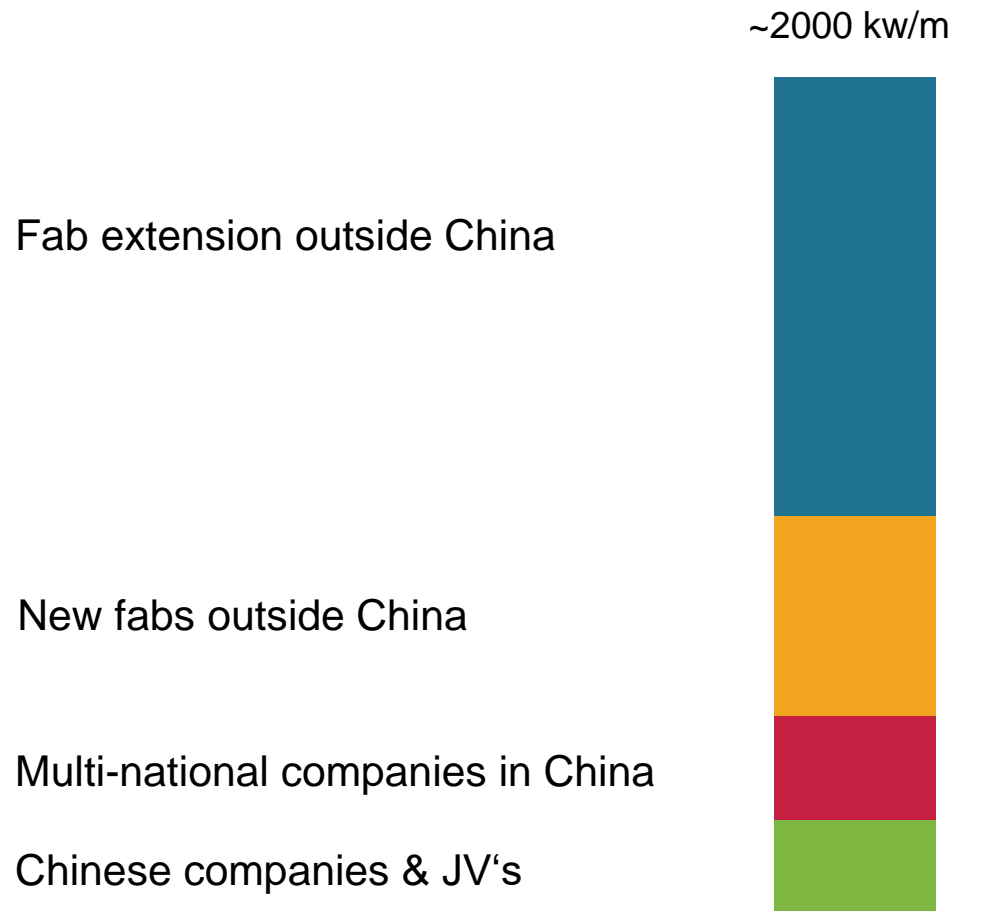
Wafer area in automotive



Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q2 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details. Other Source: Statista

300 mm demand likely to grow by around 2m wafer/month between 2017 and 2020

Estimated growth in 300 mm wafer starts 2017 - 2020



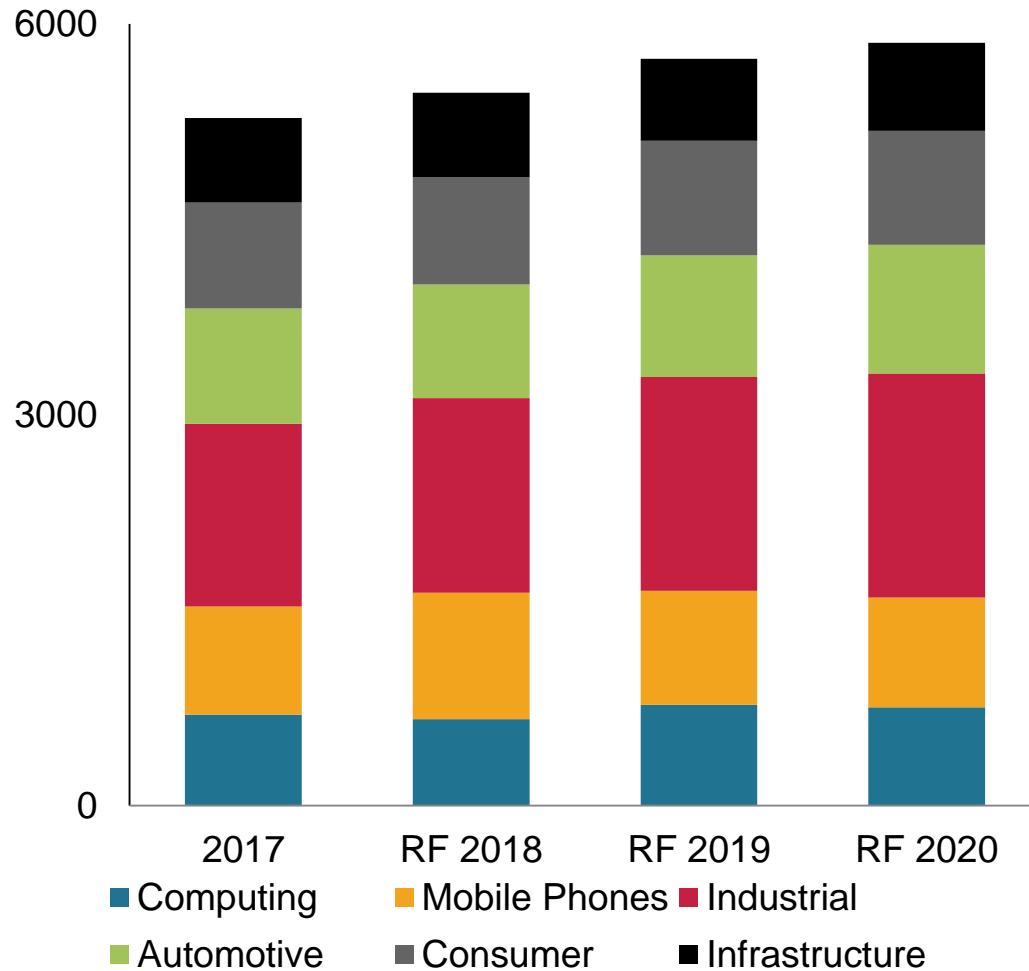
Comment

- ▶ ~12% CAGR of estimated 300 mm demand growth between 2017 and 2020
- ▶ Most capacity added outside China

Source: Siltronic own estimates May 2018

200 mm demand growth forecast of 3% CAGR 2017-2020 not attractive enough to consider major investments

200 mm demand by category, in k/w per month



Comment

- ▶ 200 mm demand expected to increase by 3% CAGR (2017-2020), according to IHS Markit.
- ▶ Less than 1,000k wafer/month capacity expansions until 2020 announced by wafer producers
- ▶ Full utilization of additional capacities depend on equipment lead-times and qualification lead-times of customers

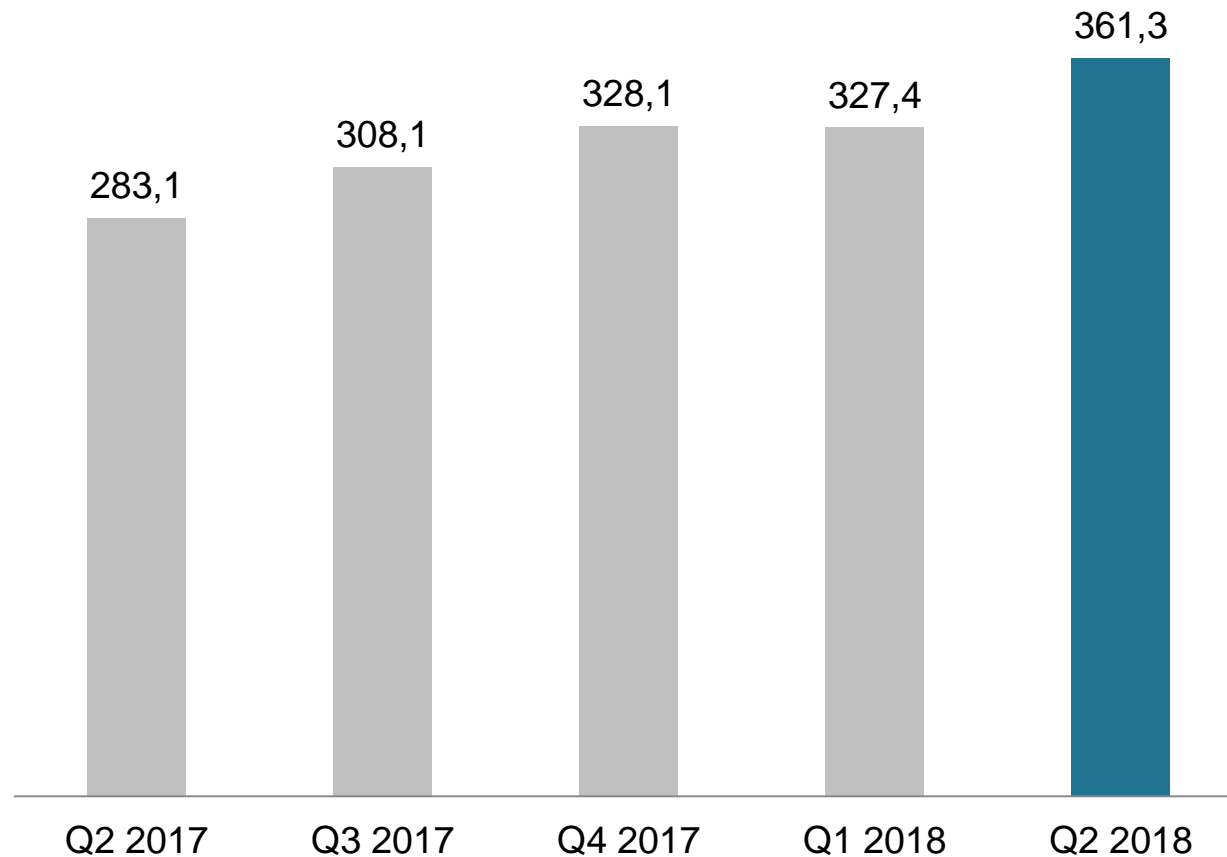
Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'18 Update), Companies' reports



FINANCIALS Q2/2018

Q2 sales 10% higher than Q1

Sales, in EUR million



Comment

▶ Positive

- ▶ Wafer area sold on very high level slightly up q-o-q
- ▶ Significant ASP increase y-o-y
- ▶ Solid ASP increase q-o-q
- ▶ Further ASP increases expected in 2018
- ▶ Tailwind from USD q-o-q

▶ Negative

- ▶ Headwind from USD y-o-y (but not as much as expected at the beginning of the year)

EBITDA and EBITDA-margin further up

EBITDA margin in %; EBITDA in EUR million

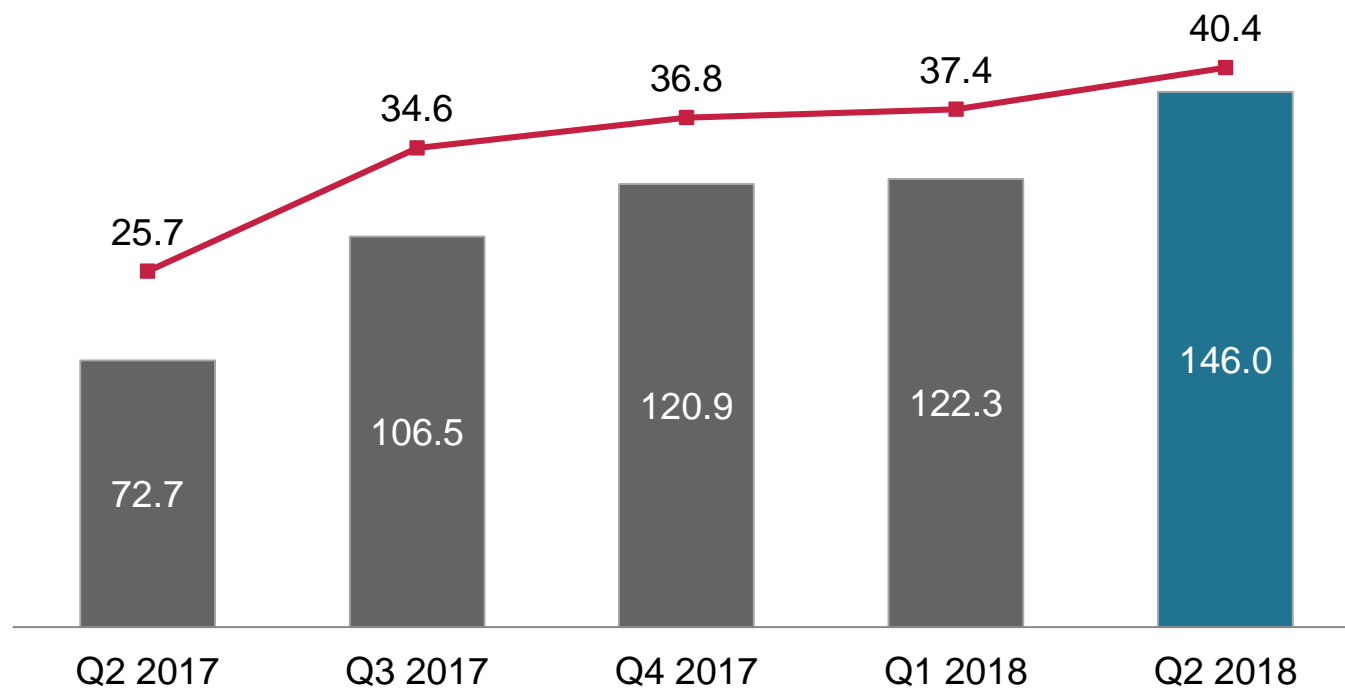
Comment

▶ Positive

- ▶ Significantly higher ASP y-o-y
- ▶ Further price increases q-o-q
- ▶ Cost of sales per wafer area slightly decreased y-o-y
- ▶ Tailwind from USD q-o-q

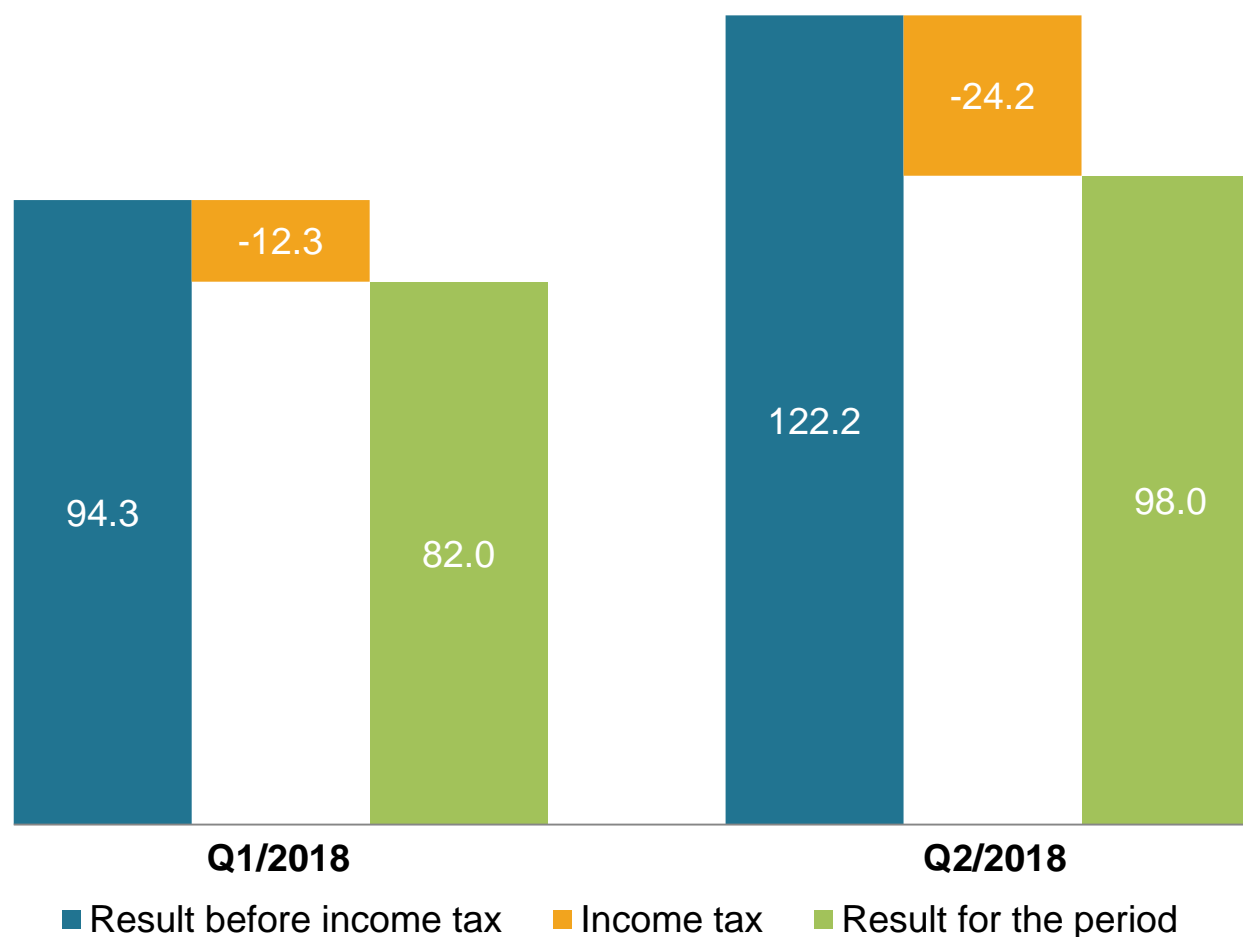
▶ Negative

- ▶ Headwind from USD y-o-y (but not as much as expected at the beginning of the year)



Strong growth of net profit

Result and income tax, in EUR million



Comment

- ▶ Net profit in Q2/2018 20% up vs. Q1/2018
- ▶ Higher ASPs and lower depreciation contributed
- ▶ EUR 24.5m expenses for effective taxes in Q2/2018

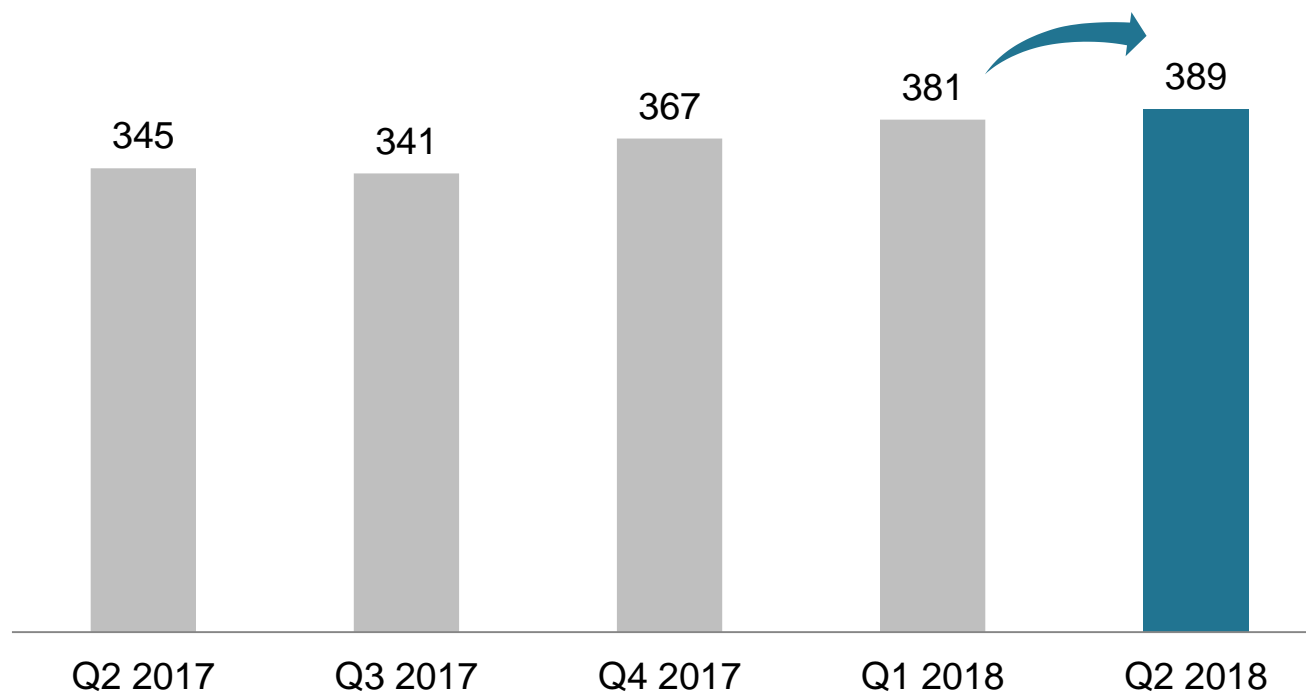
Equity further improved, stable equity ratio of ~47%

Balance sheet, in EUR million

Assets	Jun 30, 2018	Dec 31, 2017	Comments Jun 30, 2018	Equity and liabilities	Jun 30, 2018	Dec 31, 2017	Comments Jun 30, 2018
Non-current	585.1	546.6		Equity	720.1	637.9	
PP&E	546.6	513.3		Siltronic	709.3	637.3	
Other fixed	38.5	33.3	22 intangibles (related to SSW) 1 hedging	Other shareholders	10.8	0.6	Samsung's 22% in SSW
Current	958.9	705.8		Liabilities	823.9	614.5	
Inventories and contract assets	155.0	149.9		Pension provision	389.4	367.2	Germany and US
Trade receivables	175.1	159.9		Other provisions	67.7	59.5	36 personnel related (e.g. early retirement)
Other current	26.1	53.9	5 hedging	Trade liabilities	85.2	67.1	
Cash and fixed term deposits	602.7	342.1		Customer prepayments	222.8	69.8	
Total	1,544.0	1,252.4		Other	58.8	50,9	40 employee-related 14 hedging
				Total	1,544.0	1,252.4	

Pension provision relatively stable q-o-q

Pension provision, in EUR million



Comment

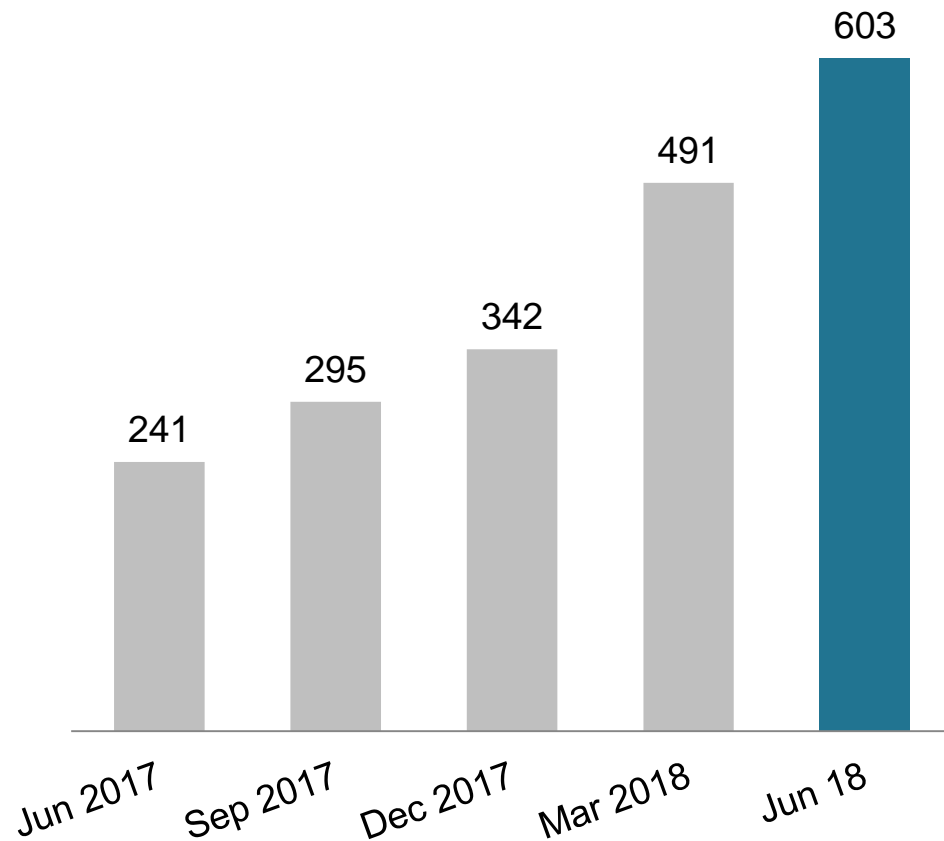
- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)

interest rates IFRS

▶ USA	3.65%	3.61%	3.45%	3.81%	3.99%
▶ Germany	2.19%	2.21%	2.10%	2.02%	2.00%

Net financial assets substantially increased

Net financial assets, in EUR million

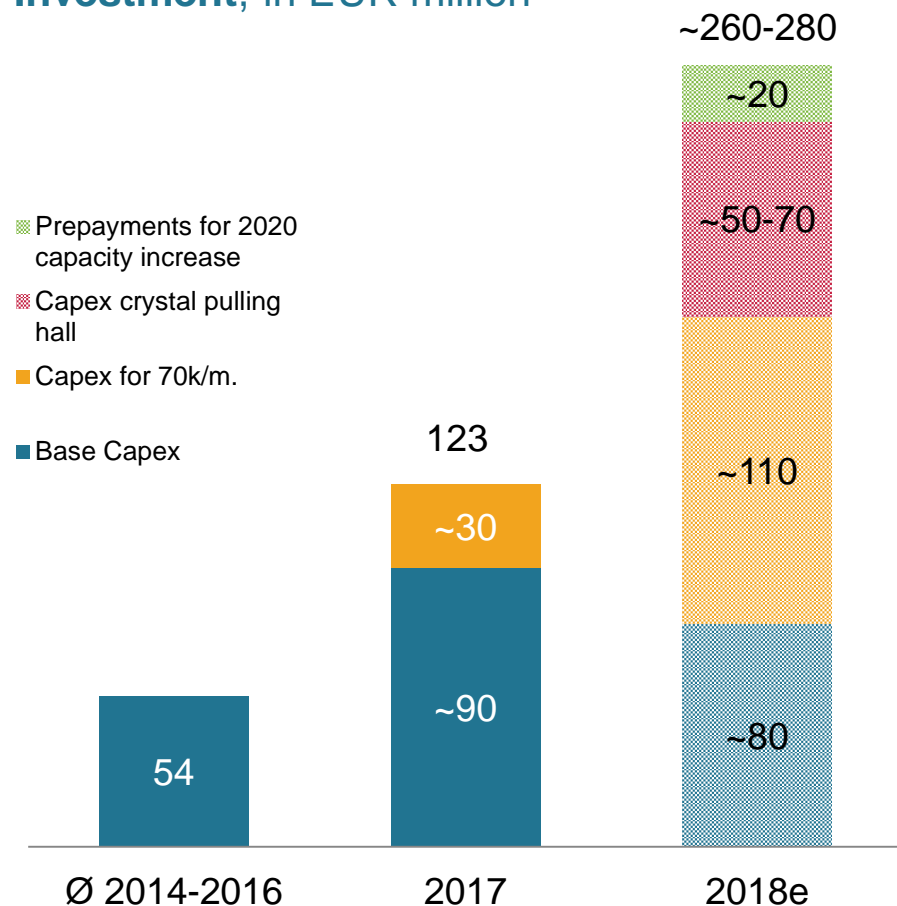


Comment

- ▶ Dividend payment of EUR 75m in April 2018
- ▶ Prepayments of EUR 116m (net) received in Q2

Capex 2018: slightly up to EUR 260m to EUR 280m

Investment, in EUR million

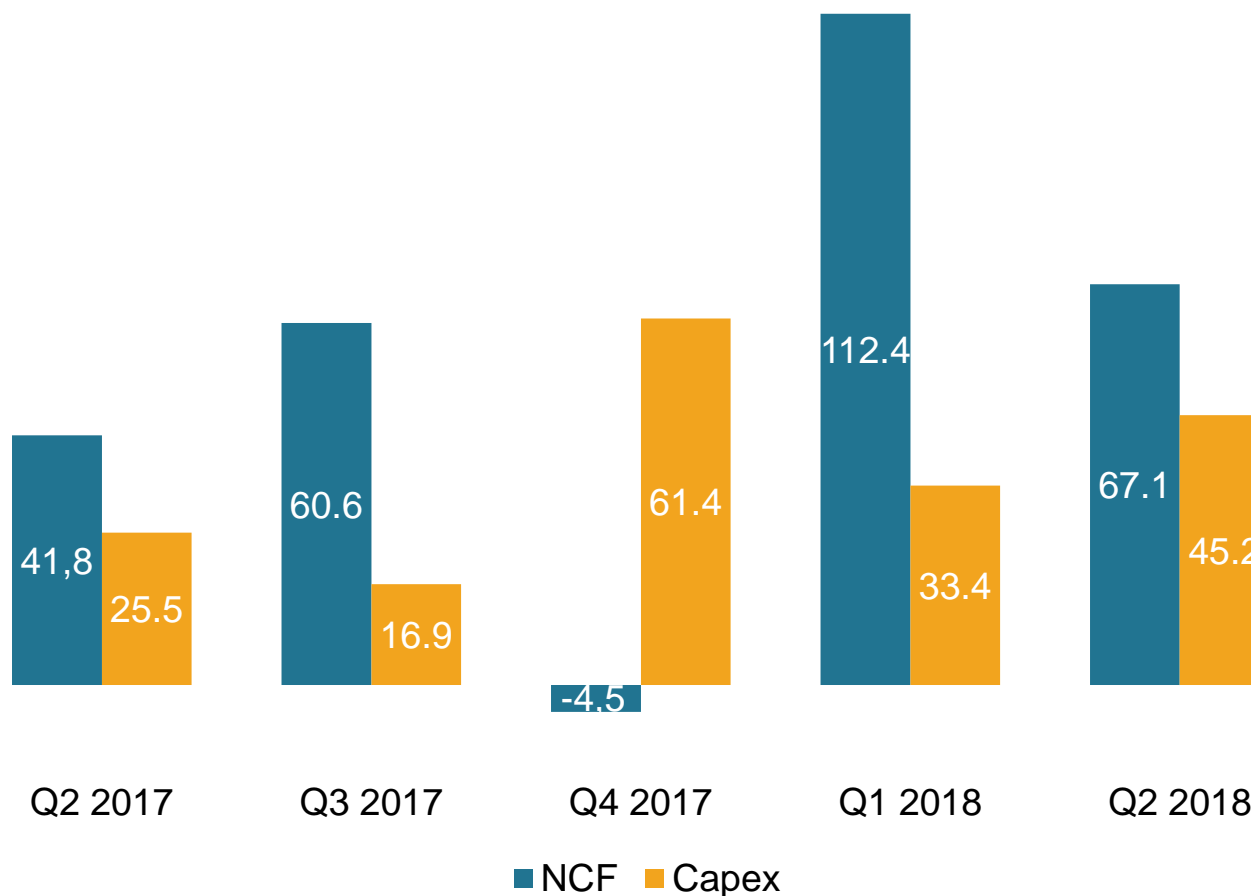


Comments

- ▶ Capex of EUR ~140m for 70k wafers/month over 2 years
- ▶ Capex in 2018 includes new crystal pulling hall in Singapore to create sufficient crystal pulling capacity to further expand wafer capacity in 2020
- ▶ Due to long lead-times additional crystal pullers already ordered
- ▶ Prepayments for capacity additions in 2020 already in 2018
- ▶ Capex base level to sustain business:
 - ▶ MOB (maintenance of business)
 - ▶ Capabilities
 - ▶ Cost reductions
 - ▶ Automation

High net cash flow in the first two quarters

Capex and NCF, in EUR million







Comments

- ▶ Net cash flow of EUR 67.1m in Q2 2018
- ▶ Low capex in Q1 and Q2
- ▶ Higher tax payments in Q2
- ▶ Q1 high due to reversal of Q4 effects

The background features a series of vertical blue stripes of varying shades, creating a sense of depth and movement. On the left side, there is a large, dark grey circular shape. A thin white line curves across the page, starting from the left edge and ending near the center.

OUTLOOK

Siltronic Outlook for 2018 (as of July 23, 2018)

EBITDA margin	approximately 40% update 
ROCE	clearly higher than in 2017
Net cash flow	clearly higher than in 2017
Sales	close to EUR 1.4bn, depending on FX effects update 
R&D	approx. 5% of sales
Cost position	negative effect on savings potential due to tariff increases and inflation
FX effects	assuming an EUR/USD exchange rate of 1.20 and an EUR/JPY exchange rate of 130 negative FX impact of approx. EUR 60m on sales and approx. EUR 40m on EBITDA update 
Depreciation	approx. EUR 90m
Tax rate	between 15% and 20%
Financial result	relatively stable
CapEx	approx. between EUR 260m and EUR 280m update 
Earnings per share	significantly higher than in 2017

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Additional Information

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Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

Financial Calendar

Q3 2018 Results

October 25, 2018



TecDAX



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