



Press release

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Siltronic successfully closes the financial year 2018 and plans to pay a dividend of EUR 5.00 per share

- Sales up to EUR 1,456.7 million (2017: EUR 1,177.3 million)
- EBITDA significantly increased to EUR 589.3 million (2017: EUR 353.1 million)
- EBIT more than doubled to EUR 497.7 million (2017: EUR 235.7 million)
- Proposed dividend of EUR 5.00 per share for financial year 2018
- Strong net cash flow despite investments for future growth
- Outlook: Sales in the region of the previous year and EBITDA margin slightly below previous year's level expected despite a slow start into 2019

Munich, Germany, March 5, 2019 – As expected, the business development of Siltronic AG, one of the world's leading manufacturers of wafers made of hyperpure silicon, was very positive in 2018. The company has again significantly increased both sales and earnings.

“Our business in 2018 was characterized by a high demand for wafers. This again led to an increase in average selling prices and thus to a positive sales and earnings development. This is also the reason why we have slightly raised our forecast twice during the year,” says Dr Christoph von Plotho, CEO of Siltronic AG.

Sales again significantly up in 2018

In EUR million	Q1-Q4	Q1-Q4	Change		Q4	Q3	Change	
	2018	2017	Amount	%	2018	2018	Amount	%
Sales	1,456.7	1,177.3	279.4	23.7%	388.1	379.8	8.3	2.2%

At EUR 1,456.7 million, annual sales in 2018 were significantly higher than in the previous year (2017: EUR 1,177.3 million). This is primarily attributable to the higher selling prices.

Development of cost of sales significantly lower than sales development

In EUR million	Q1-Q4	Q1-Q4	Change		Q4	Q3	Change	
	2018	2017	Amount	%	2018	2018	Amount	%
Cost of sales	824.8	807.0	17.8	2.2%	208.1	204.8	3.3	1.6%
Gross profit	631.9	370.3	261.6	70.6%	180.0	175.0	5.0	2.9%
Gross margin	43.4%	31.5%			46.4%	46.1%		

The absolute cost of sales rose from EUR 807.0 million in 2017 to EUR 824.8 million in 2018. Despite the increase of EUR 17.8 million, the cost of sales increased only disproportionately compared to the wafer area sold. This is mainly due to higher capacity utilization and declining depreciation.

Earnings also increased further, driven by higher selling prices. Gross profit improved by EUR 261.6 million to EUR 631.9 million in 2018. This corresponds to an increase of 70.6 percent. The gross margin rose from 31.5 percent to 43.4 percent. In addition to the higher selling prices, the improved capacity utilization of the production facilities also supported this development.

EBITDA and EBIT up to record levels due to improved gross margin

In EUR million	Q1-Q4	Q1-Q4	Change		Q4	Q3	Change	
	2018	2017	Amount	%	2018	2018	Amount	%
EBITDA	589.3	353.1	236.2	66.9%	160.8	160.2	0.6	0.4%
EBITDA margin in %	40.5%	30.0%			41.4%	42.2%		
Depreciation, amortization and impairment less reversals thereof	-91.6	-117.4	-25.8	-22.0%	-21.9	-22.2	0.3	-1.4%
EBIT	497.7	235.7	262.0	>100.0%	138.9	138.0	0.9	0.7%
EBIT margin in %	34.2%	20.0%			35.8%	36.3%		

EBITDA reached EUR 589.3 million in 2018, up from EUR 353.1 million in 2017. The EBITDA margin also improved significantly, reaching 40.5 percent after 30.0 percent in 2017.

EBIT of EUR 497.7 million more than doubled compared to the previous year. The EBIT margin improved from 20.0 percent in 2017 to 34.2 percent.

Profit for the period and earnings per share more than doubled

In EUR million	Q1-Q4	Q1-Q4	Change		Q4	Q3	Change	
	2018	2017	Amount	%	2018	2018	Amount	%
Result before income tax	488.4	227.2	261.2	> 100%	135.1	136.7	-1.6	-1.1%
Expense on income tax	-87.8	-35.0	-52.8	> 100%	-29.1	-22.1	-7.0	31.7%
Tax rate in %	18.0%	15.4%			21.6%	16.2%		
Net income for the period	400.6	192.2	208.4	> 100%	106.0	114.6	-8.6	-7.5%
Earnings per share in EUR	12.44	6.18	6.26	> 100%	3.25	3.53	-0.28	-7.9%

In total, Siltronic generated a net profit for 2018 of EUR 400.6 million. Compared to EUR 192.2 million in 2017, it more than doubled. Earnings per share reached EUR 12.44 after EUR 6.18 in 2017.

The significant improvement in EBIT also had a positive impact on Siltronic's profitability. ROCE (return on capital employed) increased from 31.3 percent in 2017 to 58.1 percent.

Strong development also at a quarterly level

The quarter-on-quarter development was also robust. Sales of EUR 388.1 million were generated in the fourth quarter of 2018 (Q3 2018: EUR 379.8 million). EBITDA reached EUR 160.8 million after EUR 160.2 million in the third quarter of 2018. The corresponding EBITDA margin was stable at a high level of 41.4 percent after 42.2 percent.

Equity further increased due to the profit for the period

In EUR million	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>	<u>Change</u>
Equity	915.7	637.9	277.8
Pension provisions	362.3	367.2	-4.9
Customer prepayments	175.2	42.9	132.3
Other liabilities	97.9	52.2	45.7
Non-current liabilities	635.4	462.3	173.1
Trade liabilities	96.6	67.1	29.5
Customer prepayments	56.4	26.9	29.5
Other liabilities	114.0	58.2	55.8
Current liabilities	267.1	152.2	114.9
Total liabilities	<u>1,818.2</u>	<u>1,252.4</u>	<u>565.8</u>

A look at the balance sheet shows that equity increased to EUR 915.7 million as at December 31, 2018 (2017: EUR 637.9 million). The equity ratio was thus 50.4 percent compared with 50.9 percent as at December 31, 2017. The increase in equity by EUR 277.8 million is mainly attributable to the net profit for the period of EUR 400.6 million, less the distribution of the dividend for 2017 in the amount of EUR 75.0 million.

Non-current liabilities amounted to EUR 635.4 million as at December 31, 2018, compared with EUR 462.3 million in the previous year. The increase of EUR 173.1 million resulted primarily from the sharp increase in prepayments received from customers.

Strong net cash flow despite increased investments into the future

In EUR million	Q1- Q4 2018	Q1- Q4 2017	Change	Change in %
Cashflow from operating activities	651.9	298.9	353.0	> 100%
Proceeds/payments for capital expenditure including intangible assets	-235.5	-129.3	-106.2	82.1%
Free cash flow	416.4	169.6	246.8	> 100%
Increase/decrease of prepayments received (customer prepayments)	-176.0	-44.8	-131.2	> 100%
Net cash flow	240.4	124.8	115.3	92.4%

Cash outflow for investments in property, plant and equipment and intangible assets reached EUR 235.5 million in 2018. In 2017, these amounted to EUR 129.3 million. The investments mainly related to the capacity expansion planned for 2019, the new crystal pulling hall in Singapore and the further automation of the production.

At EUR 240.4 million, net cash flow in 2018 was clearly positive and, as expected, well above the previous year's figure of EUR 124.8 million, despite the significantly higher investments in property, plant and equipment and intangible assets.

Strong net financial position of EUR 691 million

In EUR million	Dec 31, 2018	Dec 31, 2017	Change
Cash and cash equivalents (current)	661.3	342.1	319.2
Cash and cash equivalents (non-current)	30.0	0.0	30.0
Net financial assets	691.3	342.1	349.2

Net financial assets increased to EUR 691.3 million as at December 31, 2018 (2017: EUR 342.1 million).

Shareholders participate in the sustainable business success

Based on the successful business development, the Executive Board and Supervisory Board of Siltronic AG will propose a dividend of EUR 5.00 per share for 2018 to the company's Annual General Meeting on May 7, 2019. This corresponds to a total dividend payment of EUR 150 million. The payout ratio thus amounts to around 40 percent of the profit for the period attributable to the shareholders of Siltronic AG.

Sales in the region of the previous year and EBITDA margin slightly below previous year's level expected despite slow start into 2019

For Siltronic, 2019 got off to a slow start. Obviously, customers' inventories of finished goods have recently risen slightly. The company assumes that wafer area sold in the first half of 2019 will be lower than in the second half of 2018. Siltronic expects the market environment to recover in the second half of 2019.

For the year as a whole, Siltronic expects sales to be in the region of the previous year and an EBITDA margin slightly below the previous year's level.

For 2019, Siltronic expects to invest around EUR 350 million in property, plant and equipment and intangible assets. Apart from basic investments, projects already

started will be completed on schedule in 2019. Additionally the 300 mm capacity will be expanded in 2020 on the basis of long-term contracts. In 2020, investments will decline significantly again compared with 2019.

Net cash flow for 2019 is expected to be clearly positive again, but due to the increased investments to be around EUR 100 million lower than in 2018.

“If one compares 2019 with the business performance of the last two years, the current year will develop more cautiously. However, we are convinced of the underlying long-term growth trend in the semiconductor industry due to the diverse end applications such as digitization, big data and electro-mobility,“ Dr. Christoph von Plotho continues.

Siltronic AG – financial figures 2018

in EUR million	Q4/ 2018	Q3/ 2018	Q2/ 2018	Q1/ 2018	Q4/ 2017	2018	2017
Sales	388.1	379.8	361.3	327.4	328.1	1,456.7	1,177.3
EBITDA	160.8	160.2	146.0	122.3	120.9	589.3	353.1
EBITDA margin	41.4 %	42.2 %	40.4 %	37.4 %	36.8 %	40.5 %	30.0 %
EBIT	138.9	138.0	124.1	96.6	91.1	497.7	235.7
EBIT margin	35.8 %	36.3 %	34.4 %	29.5 %	27.8 %	34.2	20.0 %
Profit for the period	106.0	114.6	98.0	82.0	73.9	400.6	192.2
Earnings per share	3.25	3.53	3.04	2.62	2.37	12.44	6.18
Investments in property, plant and equipment and intangible assets	115.5	62.8	45.2	33.4	61.4	256.9	123.2
Net cash flow	-32.2	93.0	67.1	112.4	- 4.5	240.4	124.8

In EUR million	Dec 31, 2018	Dec 31, 2017
Total asset	1,818.2	1,252.4
Equity	915.7	637.9
Equity ratio	50.4 %	50.9 %
Net financial assets	691.3	342.1

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, 2019 at 10:00 am (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, annual report and press release are also published on the Siltronic website.

Financial calendar

May 3, 2019	Q1 2019 quarterly statement
May 7, 2019	Annual General Meeting
July 25, 2019	Interim Report 2019
October 24, 2019	Q3 2019 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 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 4,000 people and has been a stock-listed company in Germany (Prime Standard) since 2015. The Siltronic AG stock is listed on both the MDAX and TecDAX.

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.