

Press release

Siltronic AG

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Siltronic closes fiscal year 2019 in line with expectations - dividend of EUR 3.00 per share proposed

- Revenue of EUR 1,270.4 million significantly below previous year (2018: EUR 1,456.7 million)
- EBITDA decreased to EUR 408.7 million and the EBITDA margin to 32.2 percent (2018: EUR 589.3 million; 40.5 percent)
- As expected, EBIT of EUR 298.3 million is also significantly below previous year (2018: EUR 497.7 million)
- Dividend proposal of EUR 3.00 per share for fiscal year 2019
- Forecast for 2020 affected by corona virus outbreak

Munich, Germany, March 9, 2020 - Siltronic AG, one of the world's leading manufacturers of hyperpure silicon wafers, closed fiscal year 2019 with sales and earnings in line with expectations.

"2019 was marked by a significant setback in the global political and economic environment. Negative factors such as the trade dispute between the USA and China caused a massive deterioration in the consumer climate and reduced investment in many industries. In conjunction with high inventory levels at our customers, this resulted in a decline in wafer demand of almost 13 percent. Despite this development, we succeeded in achieving the second-best result in the company's history," says Dr. Christoph von Plotho, CEO of Siltronic AG.

Business development in 2019

| | | 2019 | 2018 | Change | Q4 2019 | Q3 2019 | Q4 2018 | Change | |
|--|----------------|----------------|---------|--------|--------------|------------|------------|-------------|-------------|
| | | | | | | | | Q4 to Q3 | Q4 to Q4 |
| Sales | in EUR million | 1,270.4 | 1,456.7 | -186.3 | 304.3 | 299.8 | 388.1 | 4.5 | -83.8 |
| | in % | | | -12.8 | | | | 1.5 | -21.6 |
| Cost of sales | in EUR million | 812.8 | 824.8 | -12.0 | 207.4 | 196.1 | 208.1 | 11.3 | -0.7 |
| | in % | | | -1.5 | | | | 5.8 | -0.3 |
| Gross profit | in EUR million | 457.6 | 631.9 | -174.3 | 96.9 | 103.7 | 180.0 | -6.8 | -83.1 |
| | in % | | | -27.6 | | | | -6.6 | -46.2 |
| Gross margin | in % | 36.0 | 43.4 | | 31.8 | 34.6 | 46.4 | | |
| EBITDA | in EUR million | 408.7 | 589.3 | -180.6 | 90.0 | 91.5 | 160.8 | -1.5 | -70.8 |
| | In % | | | -30.6 | | | | -1.6 | -44.0 |
| EBITDA margin | in % | 32.2 | 40.5 | | 29.6 | 30.5 | 41.4 | | |
| Depreciation, amorization and impair- ment less re- versals thereof | in EUR million | -110.4 | -91.6 | -18.8 | -33.3 | -27.9 | -21.9 | -5.4 | -11.4 |
| EBIT | in EUR million | 298.3 | 497.7 | -199.4 | 56.7 | 63.6 | 138.9 | -6.9 | -82.2 |
| | in % | | | -40.1 | | | | -10.8 | -59.2 |
| EBIT margin | in % | 23.5 | 34.2 | | 18.6 | 21.2 | 35.8 | | |
| Result before income taxes | in EUR million | 302.7 | 488.4 | -185.7 | 57.7 | 64.6 | 135.1 | -6.9 | -77.4 |
| | in % | | | -38.0 | | | | -10.7 | -57.3 |
| Income taxes | in EUR million | -41.7 | -87.8 | 46.1 | -12.3 | -5.1 | -29.1 | -7.2 | 16.8 |
| Tax rate | in % | 14 | 18 | | 21 | 8 | 22 | | |
| Result for the period | in EUR million | 261.0 | 400.6 | -139.6 | 45.4 | 59.5 | 106.0 | -14.1 | -60.6 |
| | in % | | | -34.8 | | | | -23.7 | -57.2 |
| Earnings per share | in EUR | 7.52 | 12.44 | -4.92 | 1.21 | 1.65 | 3.25 | -0.44 | -2.04 |

Siltronic recorded sales of EUR 1,270.4 million, an almost 13 percent decline compared to the record figure in the previous year. The main reason for the drop in sales was the decline in wafer area sold. The average selling price (ASP) of wafers, expressed in euros, increased in comparison with the previous year due to currency effects, but its influence was of minor importance compared with the decline in wafer area.

The decrease in cost of sales resulted primarily from the decrease in wafer area produced. Since wafer area decreased more than cost of sales, the cost of sales per wafer area increased. There were three main reasons for this development: lower capacity utilisation, around EUR 20 million higher energy costs (loss of the EEG hardship provision) and the increase in scheduled depreciation of property, plant

and equipment due to the investments made. The gross margin fell from 43.4 percent in the previous year to 36.0 percent due to the lower capacity utilization.

In order to mitigate future adverse exchange rate trends, Siltronic implements currency hedging measures. These currency hedges counteract the development of sales revenues and gross margin in the balance of other operating income and other operating expenses. In 2019, the balance of currency effects resulted in expenses of EUR 27.0 million.

Due to the lower wafer area sold and higher energy costs, EBITDA for 2019 was EUR 408.7 million, EUR 180.6 million below previous year. The EBITDA margin declined from 40.5 percent in 2018 to 32.2 percent. EBIT of EUR 298.3 million was EUR 199.4 million lower than in 2018. The decline is due to the lower gross profit, higher exchange rate effects and higher depreciation.

In 2019, the Group tax rate was 14 percent (previous year: 18 percent). The reason for the lower tax rate is the increased share of profit generated by companies with low effective tax rates. Profit for the period fell from EUR 400.6 million to EUR 261.0 million. EUR 225.6 million are attributable to Siltronic shareholders (previous year: EUR 373.2 million). Earnings per share were EUR 7.52, compared to EUR 12.44 in the previous year.

Development of equity, net cash flow and net financial assets

| In EUR million | Dec. 31, 2019 | Dec. 31, 2018 | Change |
|--------------------------------|---------------|---------------|--------------|
| Equity | 930.2 | 915.7 | 14.5 |
| Provisions for pensions | 491.5 | 362.3 | 129.2 |
| Customer prepayments | 152.5 | 175.2 | -22.7 |
| Lease liabilities | 45.5 | - | 45.5 |
| Other liabilities | 81.8 | 97.9 | -16.1 |
| Non-current liabilities | 771.3 | 635.4 | 135.9 |

As of December 31, 2019, equity amounted to EUR 930.2 million (previous year: EUR 915.7 million). Equity ratio was 47.8 percent compared to 50.4 percent as of December 31, 2018. The increase in equity is mainly due to the net profit of EUR 261.0 million less the dividend payment of EUR 150.0 million and a reduction of EUR 130.0 million due to actuarial losses in the calculation of pension obligations. Pension obligations increased by EUR 129.2 million due to declining interest rates

(USA from 4.08 percent at the end of 2018 to 2.98 percent at the end of 2019, Germany from 1.98 percent to 1.24 percent in the same period).

| In EUR million | 2019 | 2018 | Change |
|---|-------------|--------------|---------------|
| Cash flow from operating activities | 385.3 | 651.9 | -266.6 |
| Proceeds/payments for capital expenditure including intangible assets | -348.9 | -235.5 | -113.4 |
| Free cash flow | 36.4 | 416.4 | -380.0 |
| Cash-effective change in customer prepayments | 44.9 | -176.0 | 220.9 |
| Net cash flow | 81.3 | 240.4 | -159.1 |

Cash outflows for investments in property, plant and equipment and intangible assets increased from EUR 235.5 million in 2018 to EUR 348.9 million in 2019. Apart from the base capex Siltronic invested mainly in a new crystal pulling hall in Singapore, capacity expansion, automation projects in its production and in capability projects as well as digitization.

The very high cash outflows and the repayment of customer prepayments were easily financed from operating activities. The net cash flow shows that a surplus of EUR 81.3 million was generated in 2019, disregarding periodic adjustments due to customer prepayments.

| In EUR million | Dec. 31, 2019 | Dec. 31, 2018 | Change |
|-----------------------------|---------------|---------------|---------------|
| Cash and cash equivalents | 200.7 | 257.5 | -56.8 |
| Financial investments | 388.2 | 433.8 | -45.6 |
| Net financial assets | 588.9 | 691.3 | -102.4 |

Despite the high capital expenditure and the dividend paid, net financial assets declined by only EUR 102.4 million. Siltronic had net financial assets of EUR 588.9 million as of December 31, 2019.

Proposed dividend of EUR 3.00 per share corresponds to a payout ratio of 40% of earnings per share

On the basis of the business results achieved, the Executive Board and Supervisory Board of Siltronic AG will propose a dividend of EUR 3.00 per share for fiscal year 2019 at the Company's Annual General Meeting on April 23, 2020. This corresponds to a dividend payment of EUR 90 million and thus the unchanged payout ratio of around 40 percent of net income attributable to Siltronic shareholders.

Covid-19 impacts guidance

As expected, Siltronic's start into 2020 was muted. So far, there are few concrete signs of a sustained improvement in demand. Despite initial positive news from customers about their business performance in 2020 high inventory levels can still be seen in the market, especially in the memory sector. In addition, the beginning of the year continues to be marked by political and macroeconomic uncertainties and, additionally, by the outbreak of the corona virus. The recent spread of the virus is having a significant impact on the ability to make a forecast. If the effects of the corona virus intensify, the economic environment will deteriorate significantly.

If there are no major effects due to corona, the company would expect a slight increase in sales volumes with declining average selling prices. The EBITDA margin would then be slightly below the previous year, EBIT would be significantly lower than in the previous year due to higher scheduled depreciation, and net cash flow would reach the level of 2019 despite high capital expenditure.

If Covid-19 continues to spread, sales volumes could be lower than in the previous year. It is expected that Siltronic's EBITDA margin, EBIT and net cash flow in 2020 would then be significantly lower than in the previous year.

For 2020, Siltronic plans to invest around EUR 200 million. The company will finish running capacity expansion projects in the first quarter of 2020. The majority of the capital expenditure will be spent on automation projects and capabilities to foster the company's technological leadership. As a result, depreciation will increase by approximately EUR 30 million to approximately EUR 140 million. The tax rate is expected to be around 10 percent. Net cash flow 2020 will be burdened by payments of EUR 40 million, especially in the first quarter of 2020, due to the high investments in the fourth quarter of 2019.

"A forecast for 2020 is subject to a large number of uncertainties in view of the difficult conditions. We will focus on our technological performance, productivity gains and process optimization. The effects of the corona virus on the entire value chain cannot be predicted exactly at present. The well-being of our employees has top priority during this period and we have already taken a variety of measures to minimize the risk of infection. In the medium to long term, however, the underlying diverse

growth drivers will ensure increasing demand for silicon wafers," says Dr. Christoph von Plotho, CEO of Siltronic AG.

Siltronic AG – Financial figures 2019

Profit and Loss statement

| In EUR million | 2019 | 2018 | Q4 2019 | Q3 2019 | Q2 2019 | Q1 2019 | Q4 2018 |
|-----------------------|---------|---------|------------|------------|------------|------------|------------|
| Sales | 1,270.4 | 1,456.7 | 304.3 | 299.8 | 311.8 | 354.4 | 388.1 |
| EBITDA | 408.7 | 589.3 | 90.0 | 91.5 | 100.0 | 127.2 | 160.8 |
| EBITDA margin | % | 40.5 | 29.6 | 30.5 | 32.1 | 35.9 | 41.4 |
| EBIT | 298.3 | 497.7 | 56.7 | 63.6 | 74.6 | 103.4 | 138.9 |
| EBIT margin | % | 34.2 | 18.6 | 21.2 | 23.9 | 29.2 | 35.8 |
| Result for the period | 261.0 | 400.6 | 45.4 | 59.5 | 68.5 | 87.6 | 106.0 |
| Earnings per share | EUR | 12.44 | 1.21 | 1.65 | 1.98 | 2.68 | 3.25 |

Capital expenditure and free cash flow

Capital expenditure in property, plant and equipment, and intangible assets

| | | | | | | | |
|---------------|-------|-------|------|------|-------|------|-------|
| | 363.0 | 256.9 | 96.4 | 88.6 | 105.1 | 72.8 | 115.5 |
| Net cash flow | 81.3 | 240.4 | 8.9 | -8.8 | 0.4 | 80.8 | -32.2 |

Statement of financial position

| In EUR million | Dec. 31, 2019 | Dec. 31, 2018 |
|----------------------|------------------|------------------|
| Total assets | 1,945.0 | 1,818.2 |
| Equity | 930.2 | 915.7 |
| Equity ratio | % | 50.4 |
| Net financial assets | 588.9 | 691.3 |

Conference call for analysts and investors

The Executive Board of Siltronic AG will hold a conference call with analysts and investors on March 9, 2020 at 10:00 a.m. (CET). The conference will be streamed on the Internet. The audio webcast will be available live and on-demand on Siltronic's website.

The current investor presentation, the annual report 2019 and the press release are also published on the Siltronic website.

Financial Calendar:

| | |
|------------------|-----------------------------|
| April 23, 2020 | Annual General Meeting |
| April 28, 2020 | Q1 2020 quarterly statement |
| July 30, 2020 | Interim Report 2020 |
| October 29, 2020 | Q3 2020 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, smart phones, navigation systems and many other applications. Siltronic AG employs around 3,600 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.

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.