

Siltronic AG

Q1 2020 Conference Call Presentation

April 28, 2020

Corona Update

- ▶ Employee safety highest priority
 - ▶ Various measures in place to protect our people
- ▶ Production running smoothly at all sites
 - ▶ No production shutdowns
- ▶ Delays in some invest projects due to travel ban
 - ▶ Time loss on start of operation of some equipment
- ▶ Freight costs will increase significantly

Overall Q1 silicon demand not impacted by Covid-19

Logic


- ▶ Foundry business: strong
- ▶ Servers: strong (Home Office, gaming)
- ▶ Inventories: ok

Industry / Auto

- ▶ Auto: units weak but somewhat compensated by ADAS
- ▶ Traditional applications: high inventories
- ▶ Hybrid and electrical cars: units weak

Memory

- ▶ DRAM: inventories slightly improving but still elevated
- ▶ NAND: finished goods inventories on normalised levels



300 epi	strong
200 pol + FZ	strong
200 epi	improving
300 pol	weak but stable
SD	weak

- ▶ As expected ASP slightly down q-o-q;
- ▶ Currently slowdown in price declines

Highlights Q1 2020: Financials

Sales

- EUR 300.1m (Q4 2019: EUR 304.3m)

EBITDA

- EUR 84.2m (Q4 2019: EUR 90.0m)
- EBITDA margin: 28.1% (Q4 2019: 29.6%)

EBIT

- EUR 53.3m (Q4 2019: EUR 56.7m)
- EBIT margin: 17.8% (Q4 2019: 18.6%)

Capex

- EUR 46.0m (Q4 2019: EUR 96.4m)

Net cash flow

- EUR 40.9m (Q4 2019: EUR 8.9m)

Net financial assets

- EUR 588.1m (December 31, 2019: EUR 588.9m)

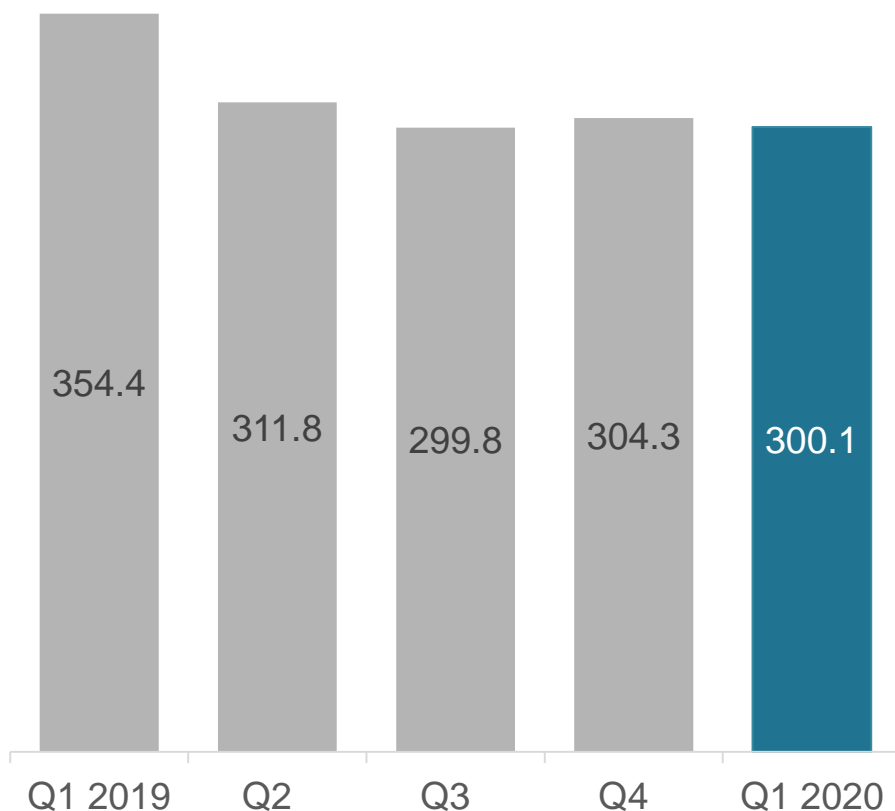


FINANCIALS

Q1 2020

Q1 sales only slightly down sequentially

Sales, in EUR m



Ø FX rates Q1/19 Q2 Q3 Q4 Q1/20

EUR / USD	1.14	1.12	1.11	1.11	1.10
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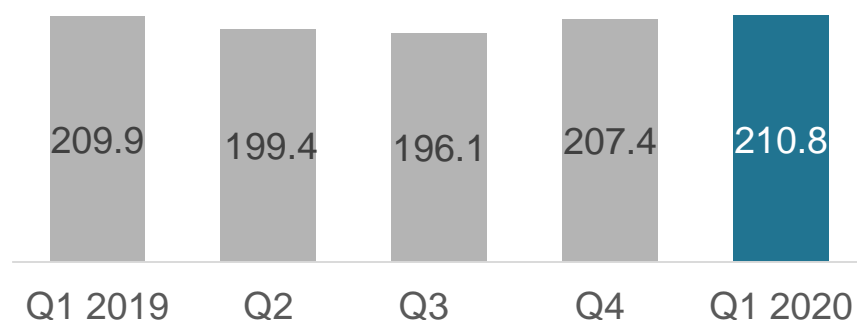
EUR / JPY	125	124	119	120	120
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Comments

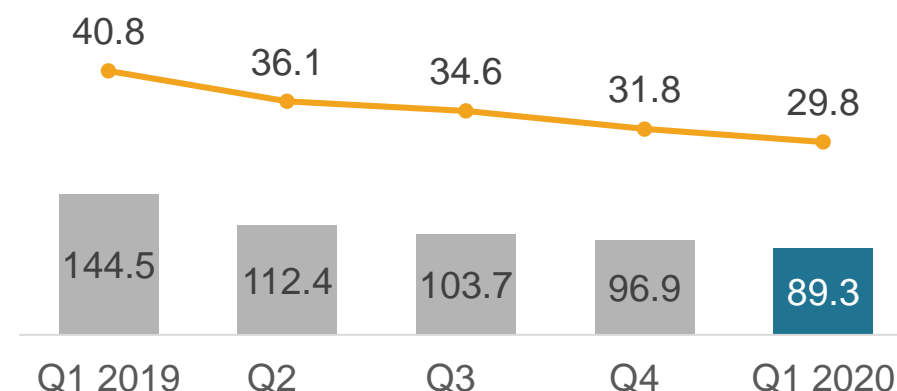
- ▶ Q1 sales only slightly down q-o-q: higher wafer area sold almost compensated lower ASP
- ▶ Tailwind from USD y-o-y but no major change q-o-q

Cost of sales slightly up due to higher wafer area produced

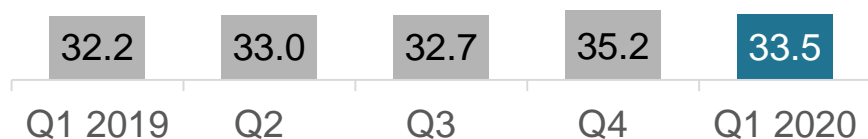
Cost of sales, in EUR m



Gross profit, in EUR m / Gross margin, in %



Selling, R&D and admin expenses, in EUR m

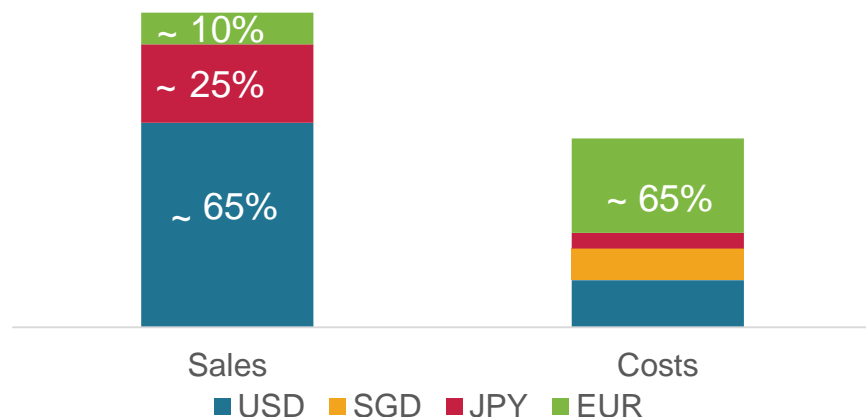


Comment

- ▶ COGS up q-o-q due to higher production volume
- ▶ Costs per wafer area down q-o-q → productivity improvements

High US-Dollar and Japanese Yen exposure

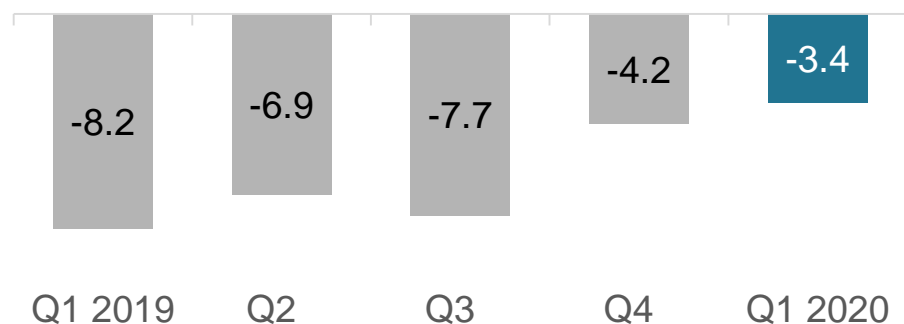
FX exposure, in %



FX sensitivity

	Sales	EBITDA unhedged
1 USD-cent change	~ EUR 6 million	~ EUR 4.5 million
1 JPY change	~ EUR 2.5 million	~ EUR 2 million

Other currency effects (mostly hedging), in EUR m

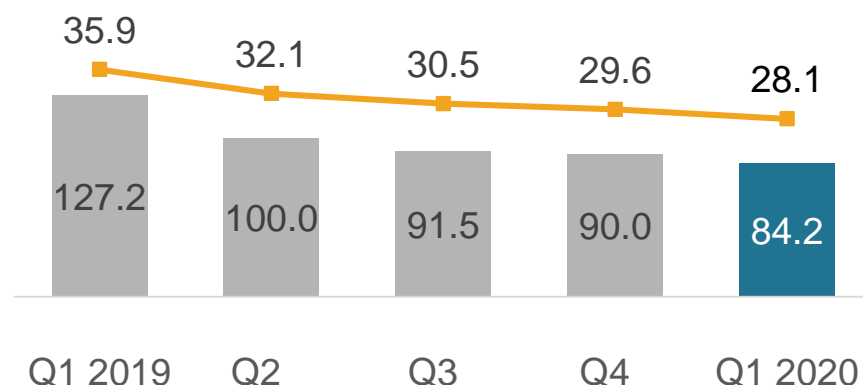


Comment

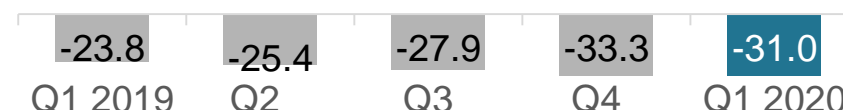
- ▶ No major impact by FX q-o-q
- ▶ Currency hedges had opposite effect on other operating income and expenses
- ▶ Other currency effects of EUR 3.4m in Q1 2020

Profitability affected by lower ASP

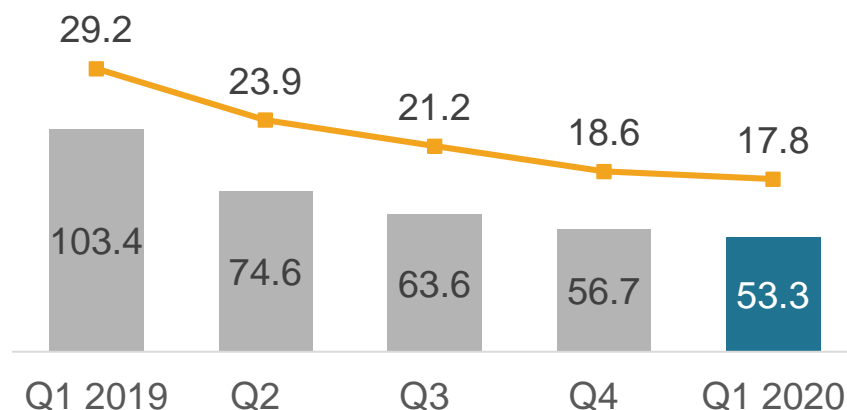
EBITDA, in EUR m / EBITDA margin, in %



Depreciation, in EUR m



EBIT, in EUR m / EBIT margin, in %

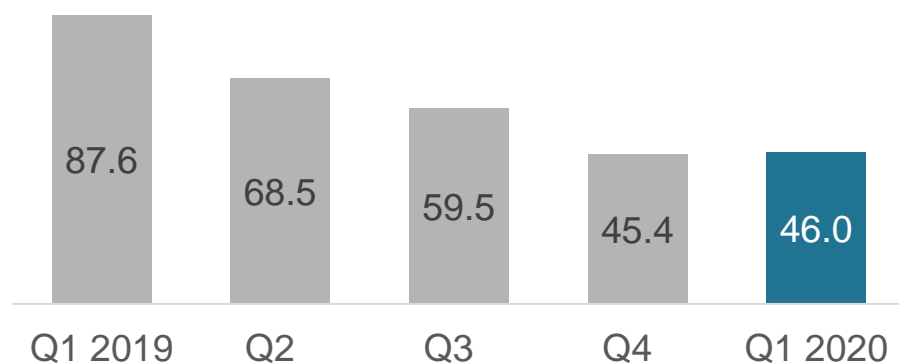


Comments

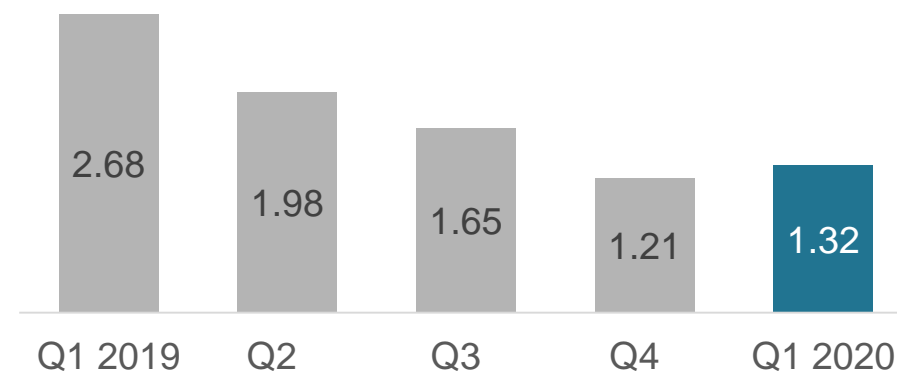
- ▶ Higher production volume helped to compensate lower ASP q-o-q
- ▶ Tailwind from USD y-o-y but no significant change q-o-q
- ▶ Depreciation in Q4 up due to small impairment charge relating to old equipment; depreciation will increase as scheduled in Q2 to Q4

Net profit of EUR 46 million

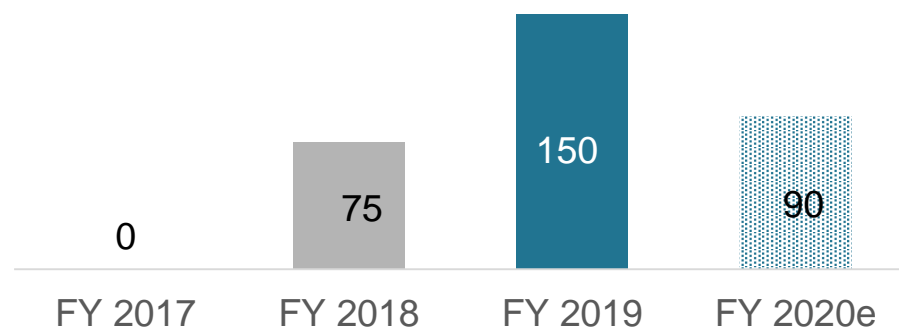
Net profit, in EUR m



EPS, in EUR



Dividend payment, in EUR m



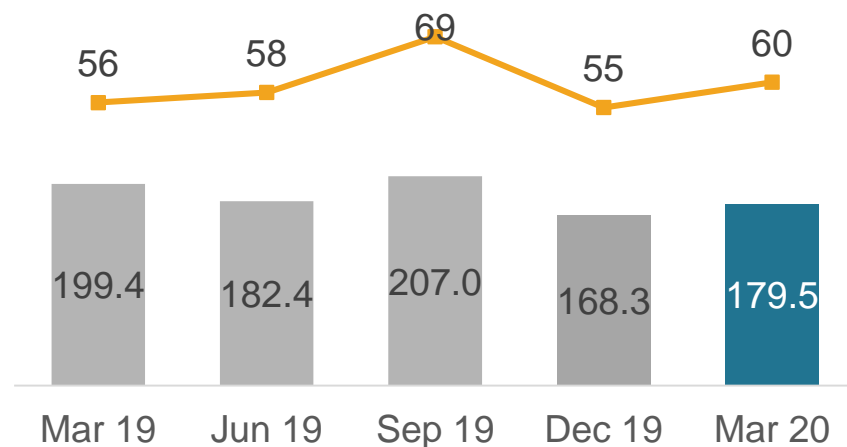
Comments

- ▶ Net profit of EUR 46.0 million
- ▶ Tax rate of 3% in Q1 exceptionally low due to deferred tax income and some tax relief relating to Corona in the USA
- ▶ Dividend proposal of EUR 3.00 per share unchanged despite AGM being postponed to June 2020

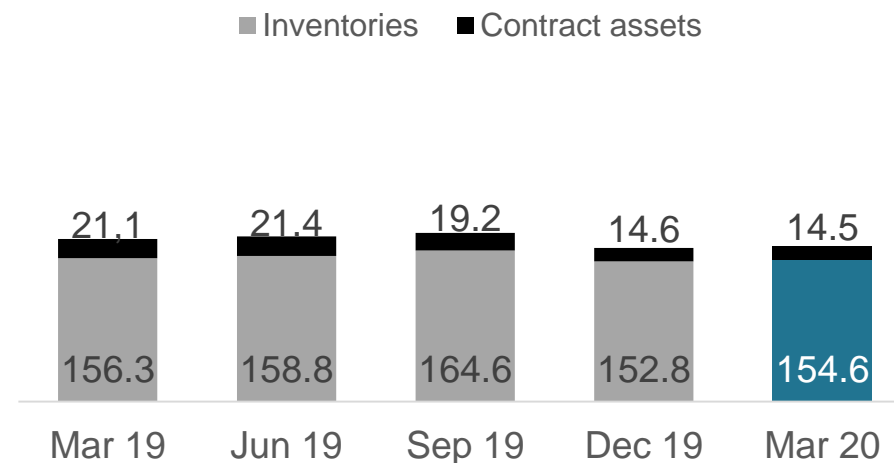
Working capital slightly up

Working capital, in EUR m

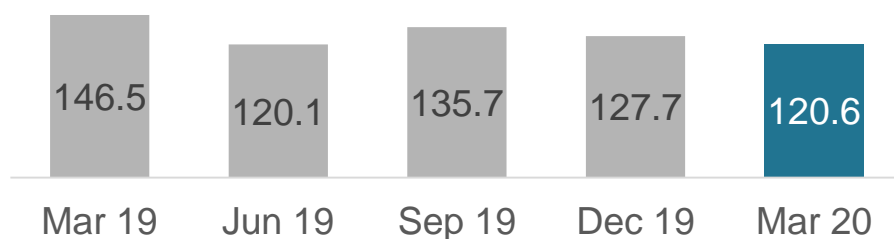
Working capital ratio to quarterly sales, in %



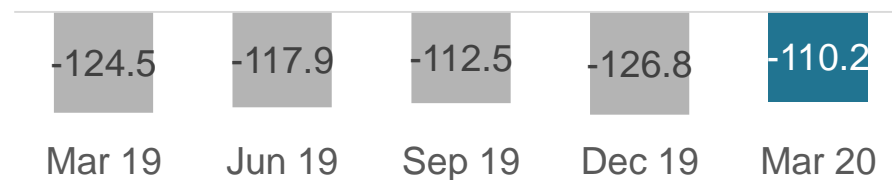
Inventories and contract assets, in EUR m



Trade receivables, in EUR m

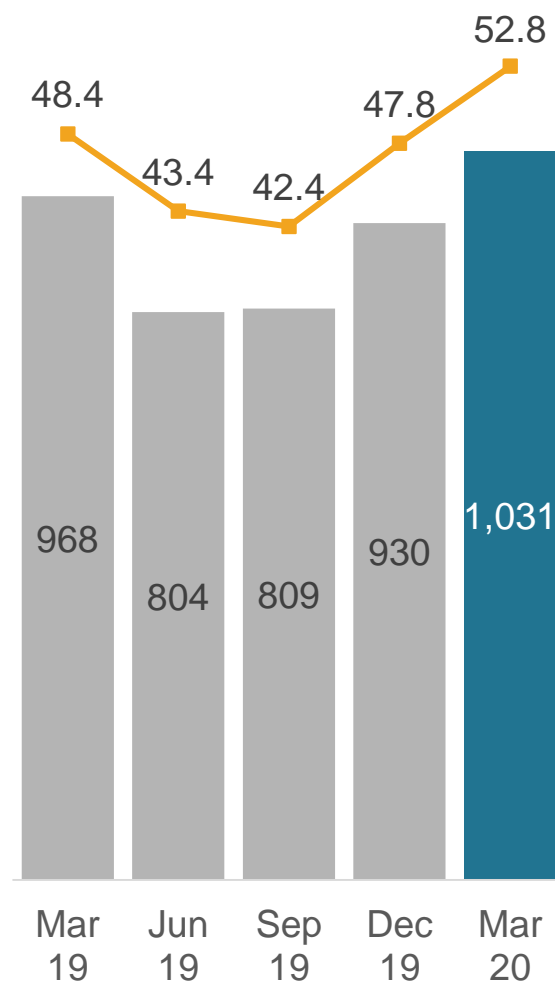


Trade liabilities, in EUR m



Strong equity ratio and solid net financial assets

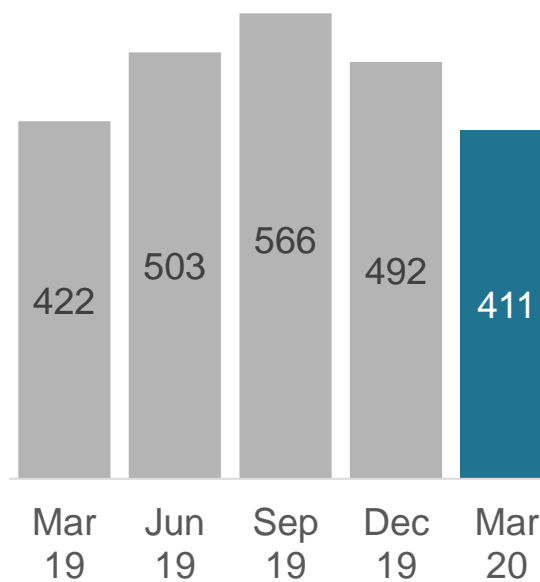
Equity, in EUR m
Equity ratio, in %



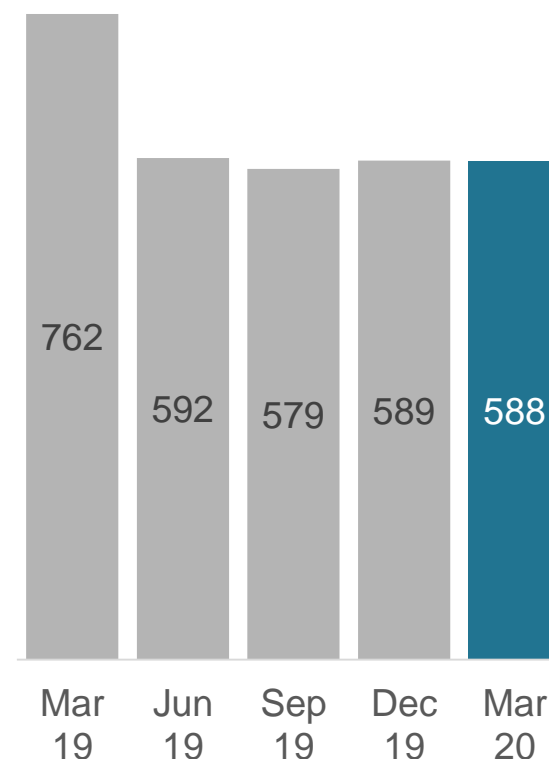
Provisions for pensions, in EUR m

Interest rates IFRS

USA	3.69%	3.37%	2.99%	2.98%	2.88%
Germany	1.66%	1.29%	0.97%	1.24%	1.92%

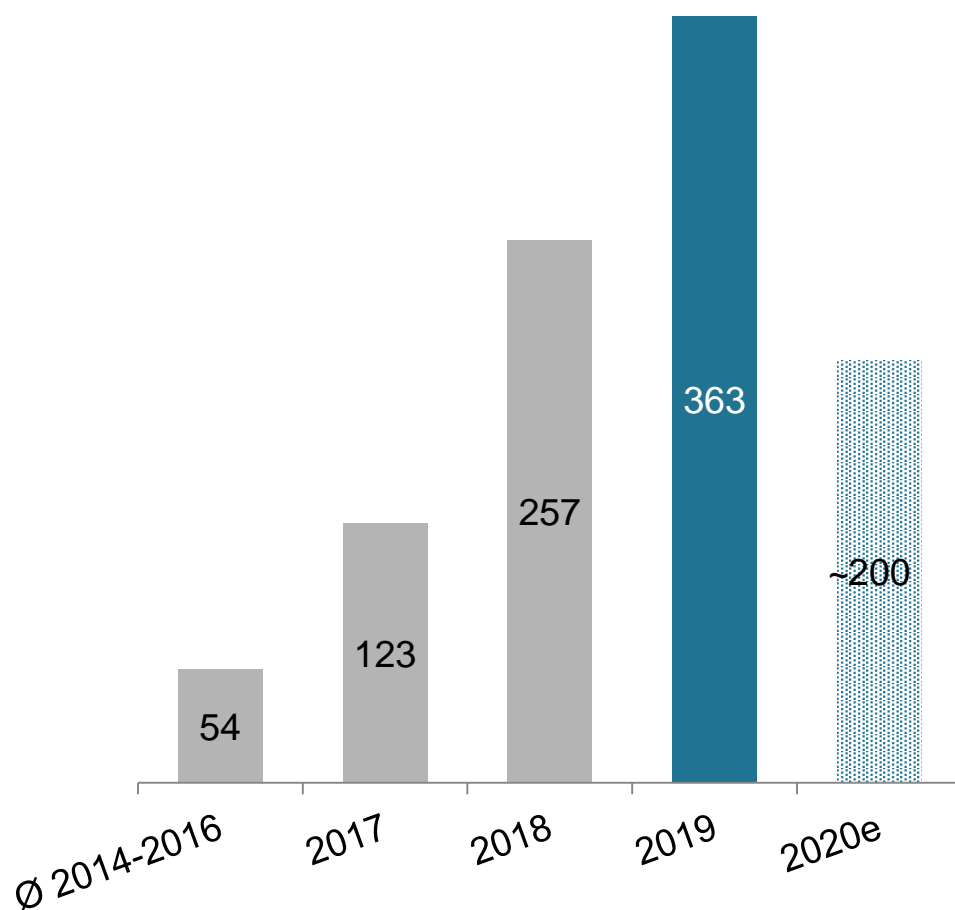


Net financial assets, in EUR m



Capex 2020 significantly down vs. 2019

Investment, in EUR m

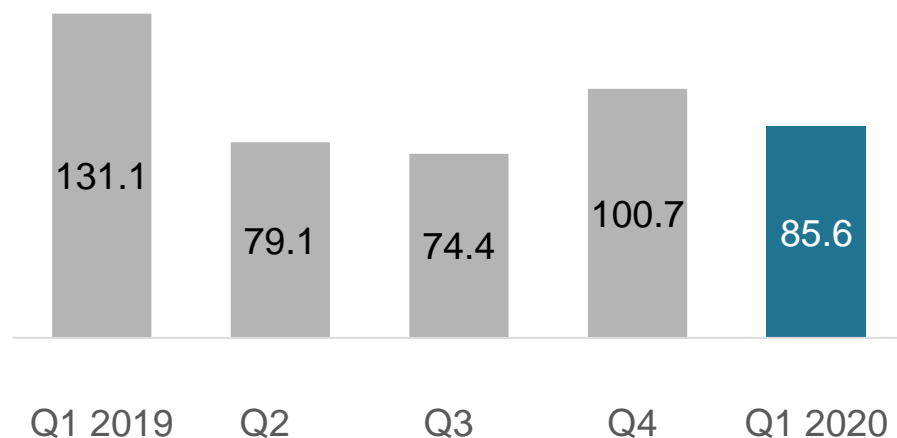


Comment

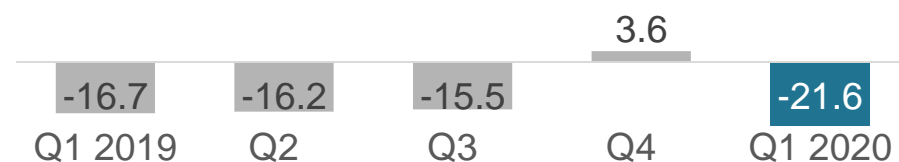
- ▶ Capex 2020
 - ▶ Significantly down to around EUR 200m
 - ▶ Capacity expansion projects completed in Q1
 - ▶ Crystal pulling hall in Singapore to be finished in Q2
 - ▶ Epi expansion in H2 to accommodate demand and market growth
- ▶ Some delays in invest projects due to Corona (no travel of engineers to start operation of equipment)

Net cash flow up q-o-q

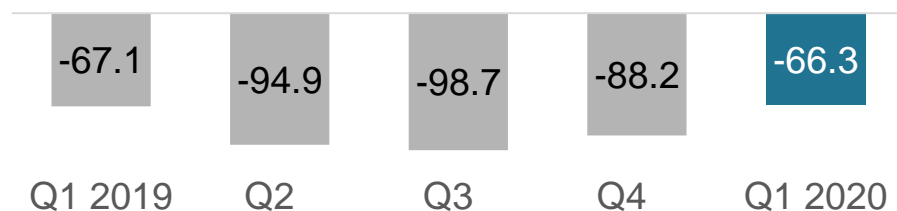
Operating cash flow (OCF), in EUR m



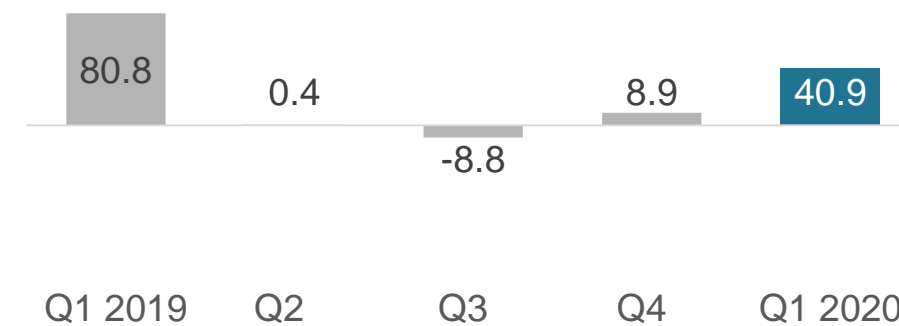
Customer prepayments net (PP), in EUR m



CF Capex, in EUR m



Net cash flow (NCF), in EUR m



$NCF = OCF - PP + CF \text{ Capex}$

The background features a series of vertical, slightly curved blue lines that create a sense of depth and movement. On the left side, there is a large, dark grey semi-circular shape. A thin white arc starts from the left edge of this shape and curves upwards and to the right, crossing over the blue lines.

OUTLOOK

Negative corona effects on silicon demand in H2 2020 not quantifiable as of today

Market development

- ▶ Many shops closed, consumer demand down – less smartphones and consumer devices sold
- ▶ PC and server business quite strong with more home office equipment and gaming consoles
- ▶ Strong decline in automotive with many producers shutting down production
- ▶ Some semi customers already reduced or revoked their financial guidance 2020
- ▶ Possible decline in wafer demand will follow downswing in semi industry with a certain time lag

What to expect

- ▶ Final impact of Corona on semi supply chain and global economy not yet to be determined
- ▶ Assume inventories going up in semi supply chain
- ▶ Siltronic outlook on Q2 2020 still good
- ▶ No visibility in H2 but expect customers to revise silicon wafer demand for Q3 and Q4

Siltronic Outlook 2020 (unchanged as of March 4, 2020)

	Before Covid-19 (with less impact on semi market)	Further spread of Covid-19 (with higher impact on semi market)
Sales	slightly below 2019	significantly below 2019
EBITDA margin	slightly below 2019	significantly below 2019
Depreciation	around EUR 140m	around EUR 140m
EBIT	significantly below 2019 due to higher depreciation	significantly below 2019 due to higher depreciation
Tax rate	around 10%	around 10%
Capex	around EUR 200m in capabilities and automation	around EUR 200m in capabilities and automation
Net cash flow	clearly positive in the range of 2019; around EUR 40 million burden from carry-over of (unpaid) 2019 investments	significantly below 2019; around EUR 40 million burden from carry-over of (unpaid) 2019 investments
Earnings per share	significantly below 2019	significantly below 2019



APPENDIX

Contact and Additional Information

Issuer and Contact

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Additional Information

ISIN:	DE000WAF3001
WKN:	WAF300
Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

Financial Calendar 2020

Virtual AGM	June 26, 2020
Q2 Interim Report	July 30, 2020
Q3 Quarterly Statement	October 29, 2020



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