

Siltronic AG FY 2020 Conference Call Presentation

March 9, 2021

2020 a challenging year

Q4 2020 comments

- ▶ Sales in Q4 down q-o-q due to normal seasonality and strong Euro
- ▶ ASP stable
- ▶ Logic and foundry business strong with 300 mm epi being close to full load
- ▶ Memory business slowly improving, however inventories at some customers still somewhat elevated
- ▶ Overall loading good to very good

Full year 2020 comments

- ▶ Corona accelerated digitization in many areas (home office, home schooling etc.)
- ▶ Sales volume up due to higher demand driven by megatrends such as digitization, 5G, electromobility
- ▶ Product mix in H2 negatively impacted due to Corona
- ▶ Strong Euro in H2 burdened sales and profit
- ▶ Investment in
 - ▶ additional epi reactors to keep up with strong foundry and logic demand
 - ▶ capabilities to enable leading-edge design rules

Highlights 2020: Financial figures FY 2020

Sales

- EUR 1,207.0m (2019: EUR 1,270.4m)

EBITDA

- EUR 332.0m (2019: EUR 408.7m)
- EBITDA margin: 27.5% (2019: 32.2%)

EBIT

- EUR 192.2m (2019: EUR 298.3m)
- EBIT margin: 15.9% (2019: 23.5%)

CapEx

- EUR 187.6m (2019: EUR 363.0m)

Net cash flow

- EUR 77.4m (2019: EUR 81.3m)

Net financial assets

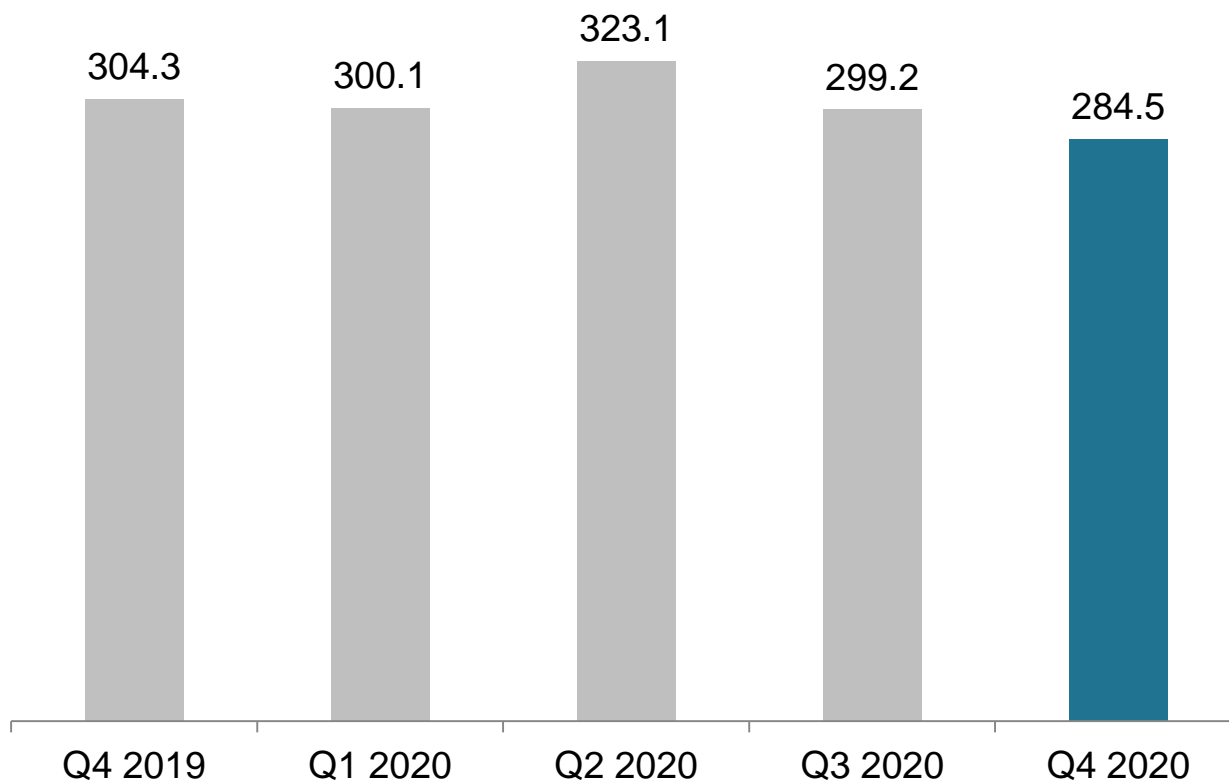
- EUR 499.2m (December 31, 2019: EUR 588.9m)



Financials 2020

Revenues down q-o-q due to seasonality and some FX headwind

Sales, in EUR m



Comments

► Positive

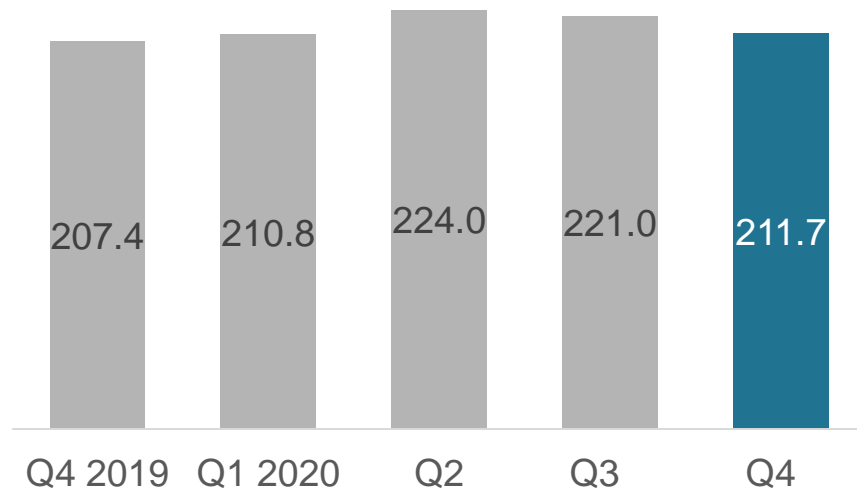
- Wafer area sold up y-o-y
- Stabilizing price trend in H2

► Negative

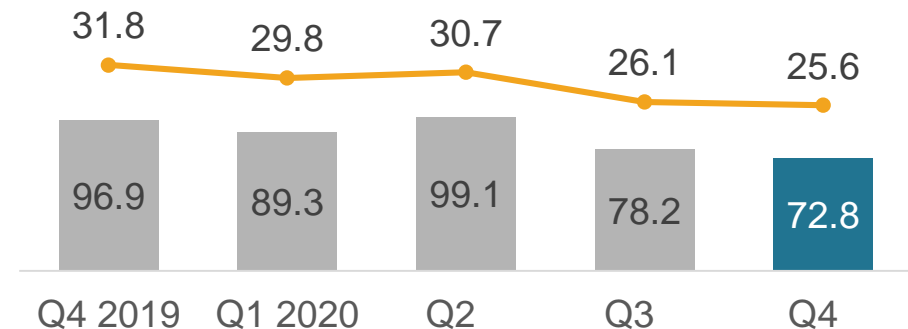
- ASP in EUR down y-o-y
 - Prices down in H1
 - H2 down due to negative product mix and strong Euro
 - Q4 burdened by some seasonality

Lower wafer area sold and productivity gains lead to lower COGS q-o-q

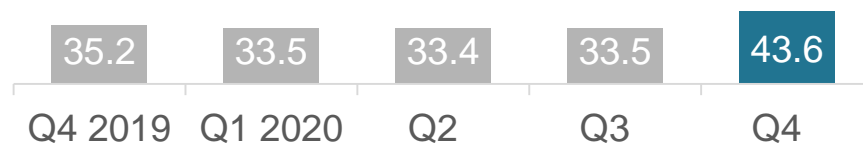
Cost of sales, in EUR m



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



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

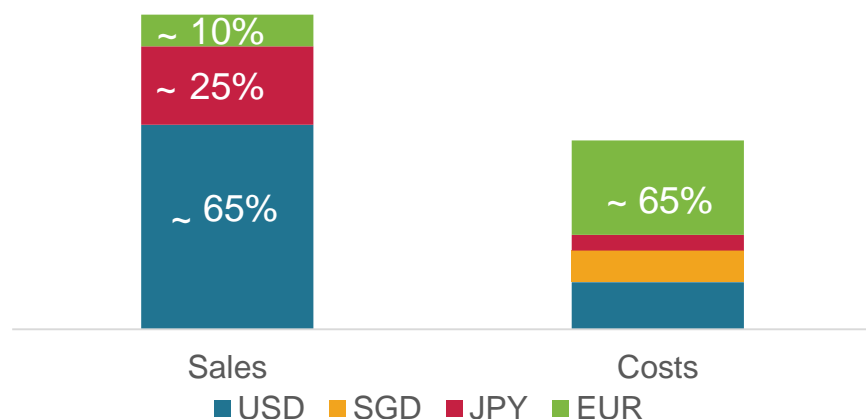


Comment

- ▶ COGS up y-o-y
 - ▶ Higher wafer area sold
 - ▶ Higher scheduled depreciation and investments
- ▶ Costs per wafer area significantly down y-o-y
 - ▶ Successful cost-reduction programs
 - ▶ FX effects
- ▶ COGS down q-o-q
 - ▶ Lower wafer area sold
 - ▶ Productivity up
- ▶ Administration expenses up in Q4
 - ▶ External advisors on GlobalWafers' tender offer

High US-Dollar and Japanese Yen exposure

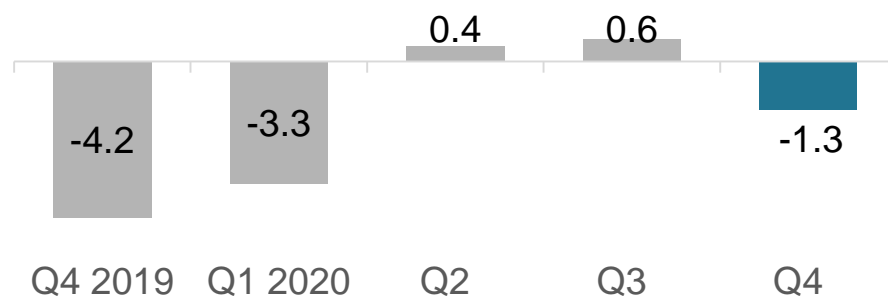
FX exposure, in %



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

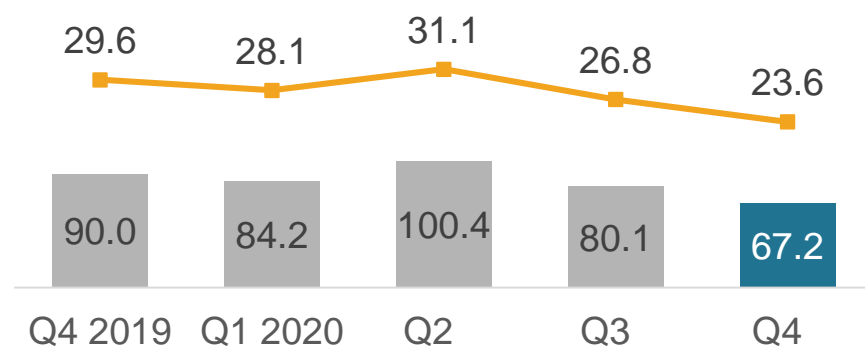


Comment

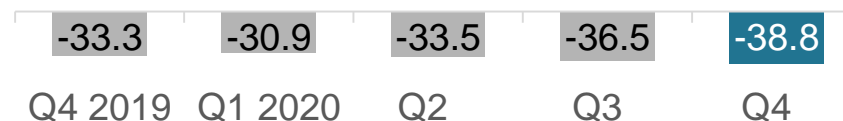
- ▶ Strong Euro significant headwind on sales and earnings in 2020
- ▶ Other currency effects of EUR -4m in 2020

EBITDA burdened by strong Euro and costs relating to tender offer in Q4

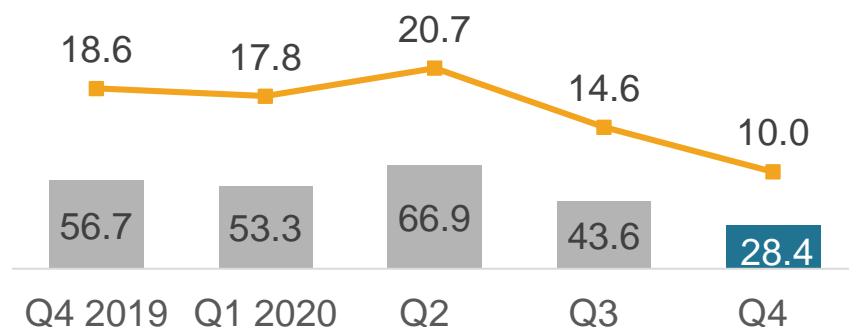
EBITDA, in EUR m / EBITDA margin, in %



Depreciation, in EUR m



EBIT, in EUR m / EBIT margin, in %



Comments

► Positive

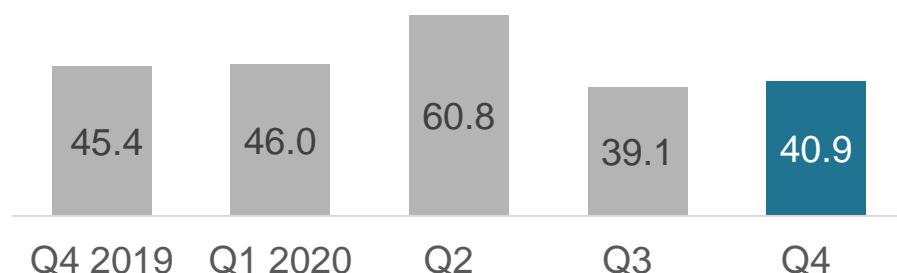
- Prices stable q-o-q
- Successful cost reduction programs and productivity gains

► Negative

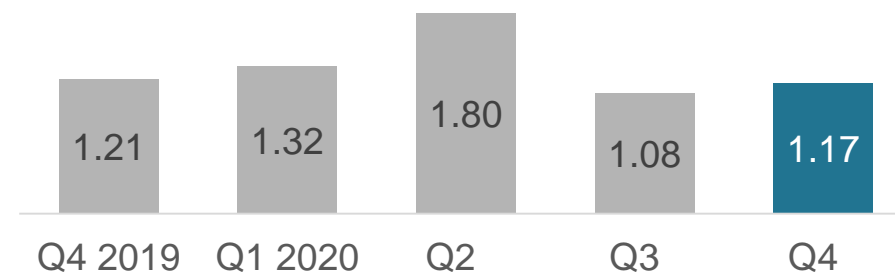
- Wafer area sold down due to seasonality
- Strong Euro in H2
- Advisory costs relating to GlobalWafers' tender offer
- Scheduled depreciation up q-o-q

Net profit of EUR 187 million in 2020

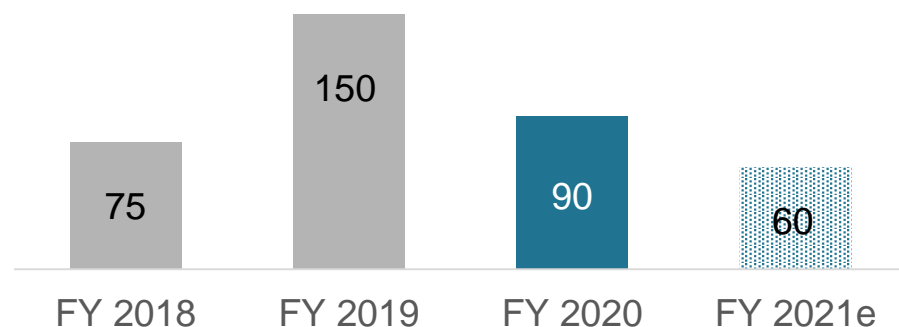
Net profit, in EUR m



EPS, in EUR



Dividend payment, in EUR m

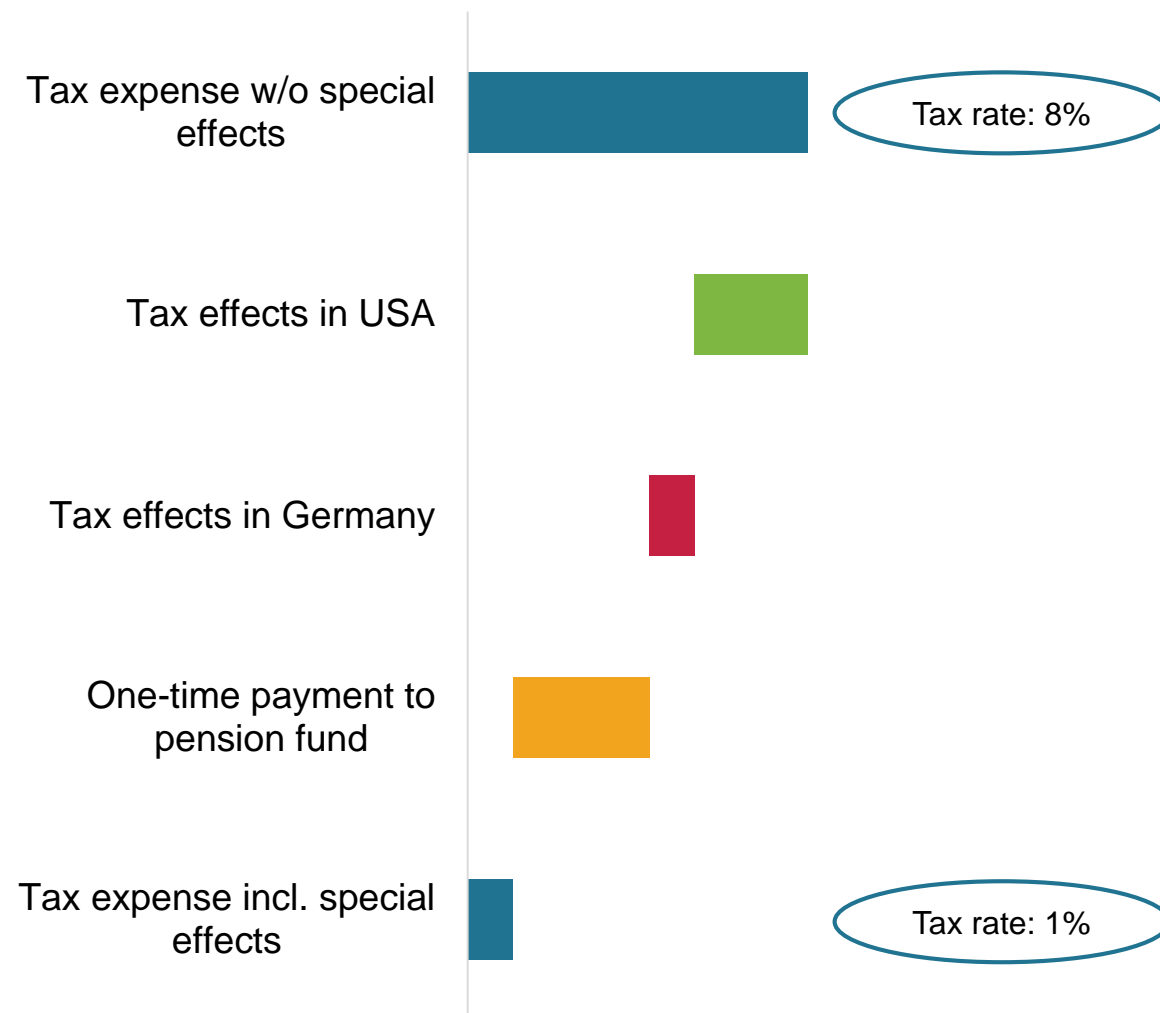


Comments

- ▶ Net profit of EUR 187 million in 2020; thereof EUR 160.8m attributable to Siltronic shareholders
- ▶ Dividend proposal of EUR 2.00 per share = EUR 60m dividend payout in 2021

Tax rate significantly down

Effects on tax expense in 2020



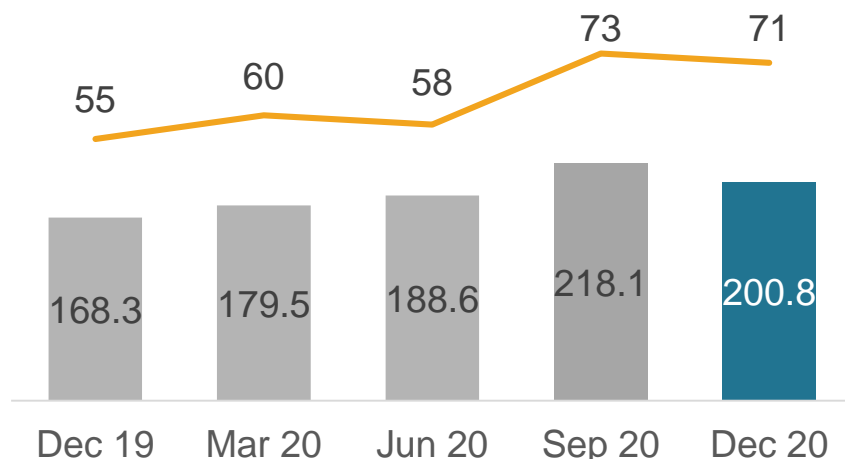
Comments

- ▶ The negative tax rate in Q4 due to one-time effects on current and deferred taxes
- ▶ Tax rate in 2020 only 1%
- ▶ **USA**
 - ▶ Significant tax benefits to reduce burden of Corona pandemic
- ▶ **Germany**
 - ▶ Degressive depreciation introduced
- ▶ **Pension fund**
 - ▶ One-time payment to allow pension fund to reduce its discount rate

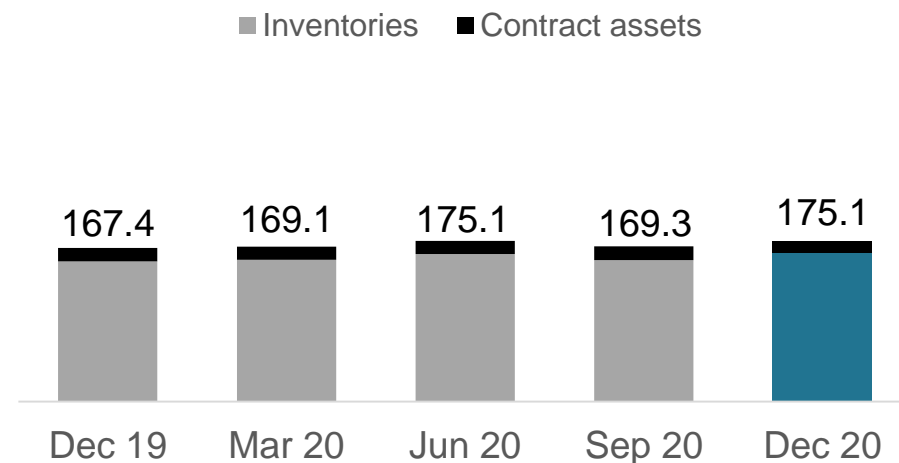
Working capital down

High trade liabilities related to capex and advisory fees

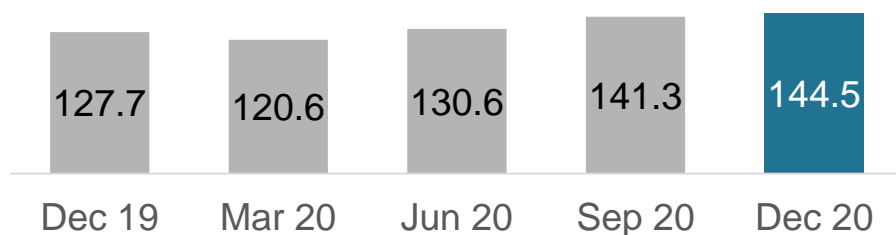
Working capital, in EUR m,
Working capital ratio to quarterly sales, in %



Inventories and contract assets, in EUR m



Trade receivables, in EUR m

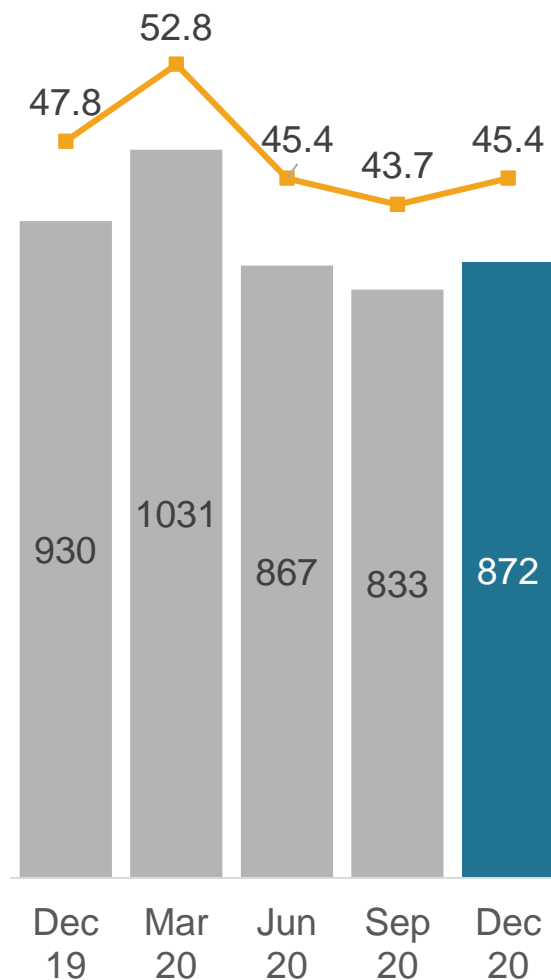


Trade liabilities, in EUR m



Strong equity ratio and solid net financial assets

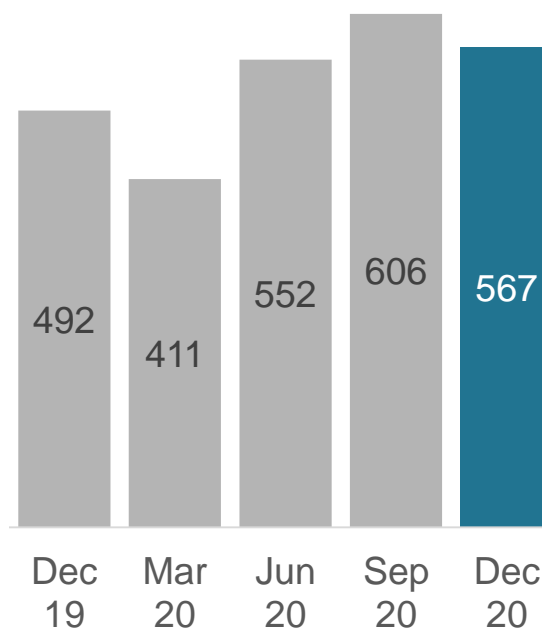
Equity, in EUR m
Equity ratio, in %



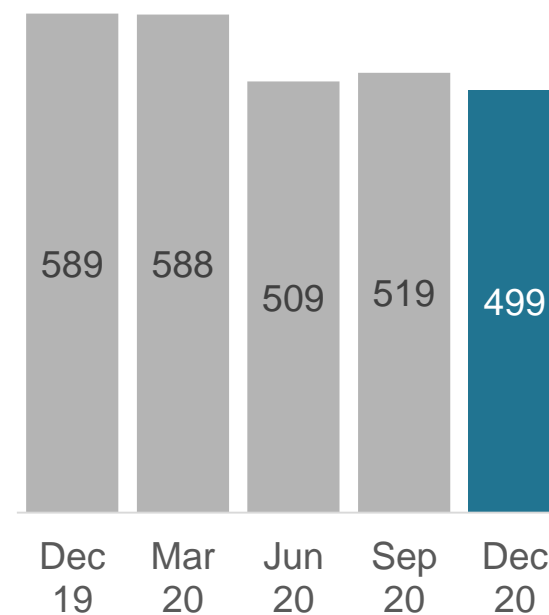
Provisions for pensions, in EUR m

Interest rates IFRS

USA	2.98%	2.88%	2.46%	2.41%	2.07%
Germany	1.24%	1.92%	1.23%	0.95%	0.69%

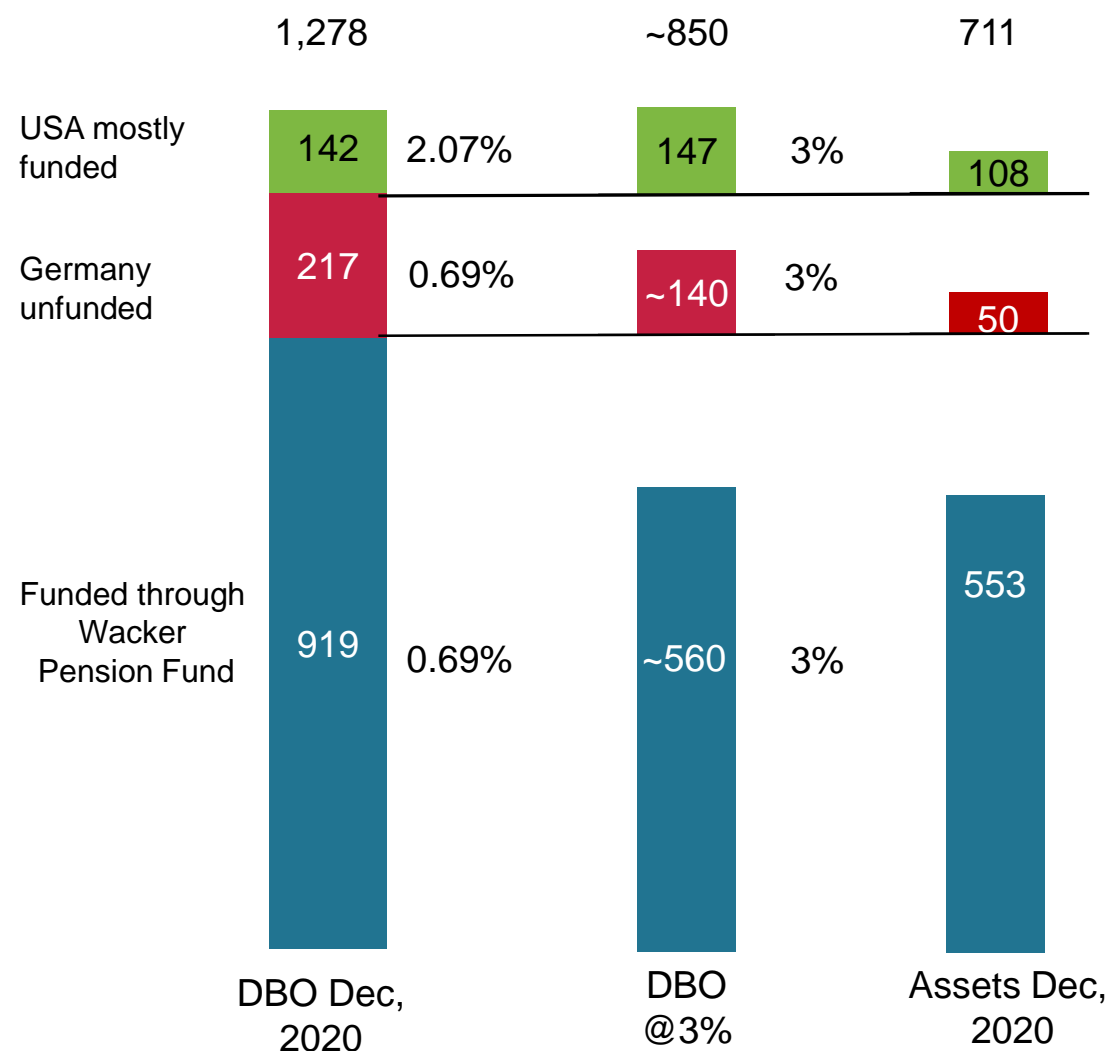


Net financial assets, in EUR m



Pension reserves impacted by low IFRS interest rates

DBO and pension reserves, in EUR m



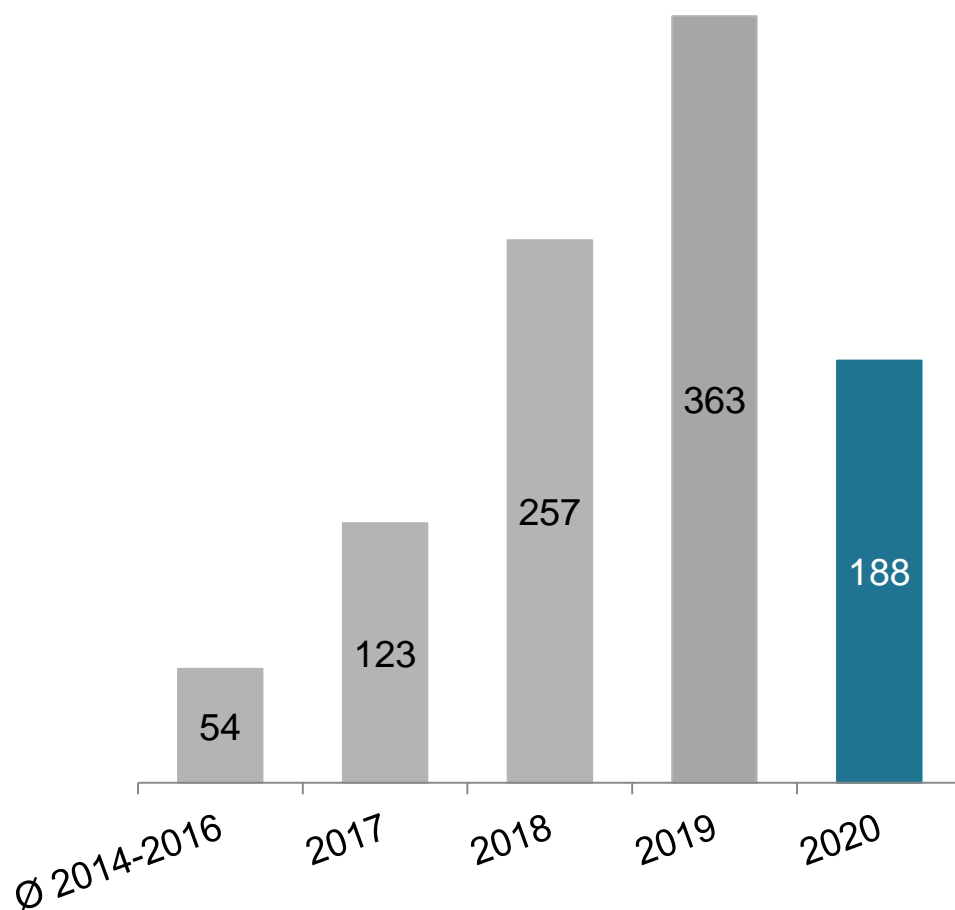
Comment

- ▶ DBO of EUR 1,278 million – assets of EUR 711 million = EUR 567 million
- ▶ Pension reserves @3% = DBO of EUR ~850 million – assets EURO 711 million = EUR 139 million
- ▶ IFRS interest uses bond yields only, assets include bonds, equity, real estate + derivatives
- ▶ Wacker pension fund
 - ▶ fully funded under German pension fund regulations using 3.23% interest rate
 - ▶ asset liability study: probability of return in next 20 years:

≥3.5%	59%
≥3.0%	75%
≥2.5%	87%

Capex 2020 significantly down vs. 2019

Investment, in EUR m

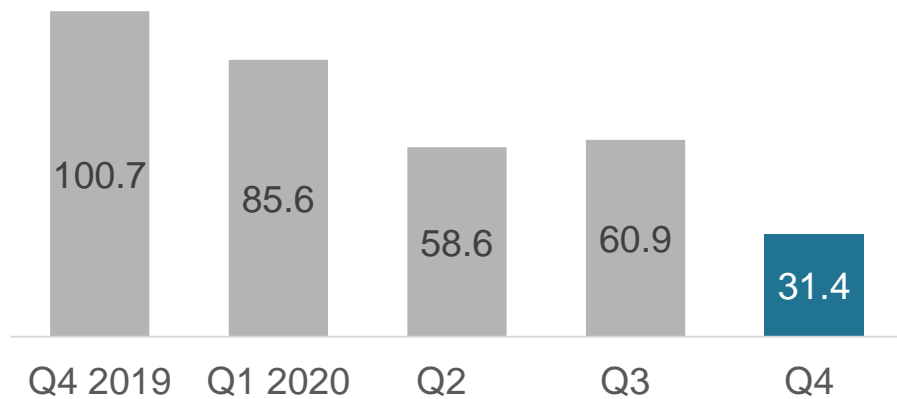


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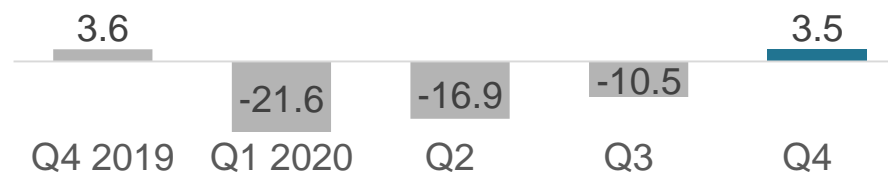
- ▶ Capex 2020 significantly down to EUR 188m
- ▶ Epi expansion in H2 to accommodate demand and market growth
- ▶ Investment in capabilities to enable leading-edge design rules

Net cash flow in line with expectation

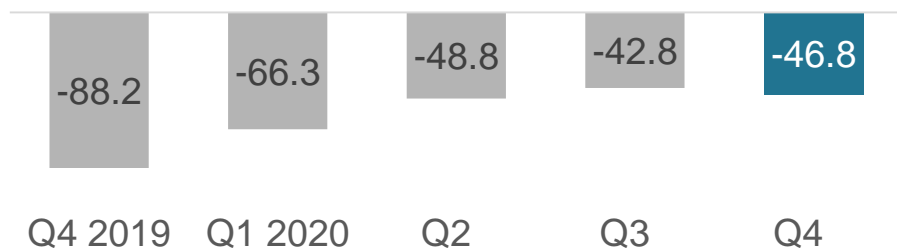
Operating cash flow (OCF), in EUR m



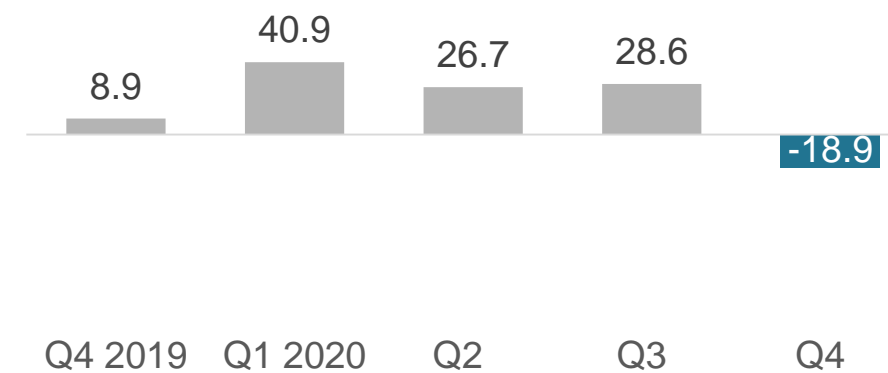
Customer prepayments net (PP), in EUR m



CF Capex, in EUR m



Net cash flow (NCF), in EUR m



NCF= OCF-PP+CF Capex



Outlook 2021

2021 off to a good start

2021 challenges and opportunities

- ▶ Good start in 2021
- ▶ Overall high demand and good to very good loading
- ▶ Foundry, logic and image sensors expected to remain strong
- ▶ Inventory levels of memory chips still on a somewhat elevated level
- ▶ Memory business expected to show positive trend
- ▶ Increasing units in smartphones and cars combined with higher content will drive mid- to long-term growth
- ▶ Strong Euro headwind on revenues and margins

Positive development of wafer volume in Q1 2021

300 mm

- Strong foundry and logic business
- Ongoing uncertainty due to US-China trade tensions and Corona pandemic might lead to elevated inventories across the supply chain
- Partial digestion of server components

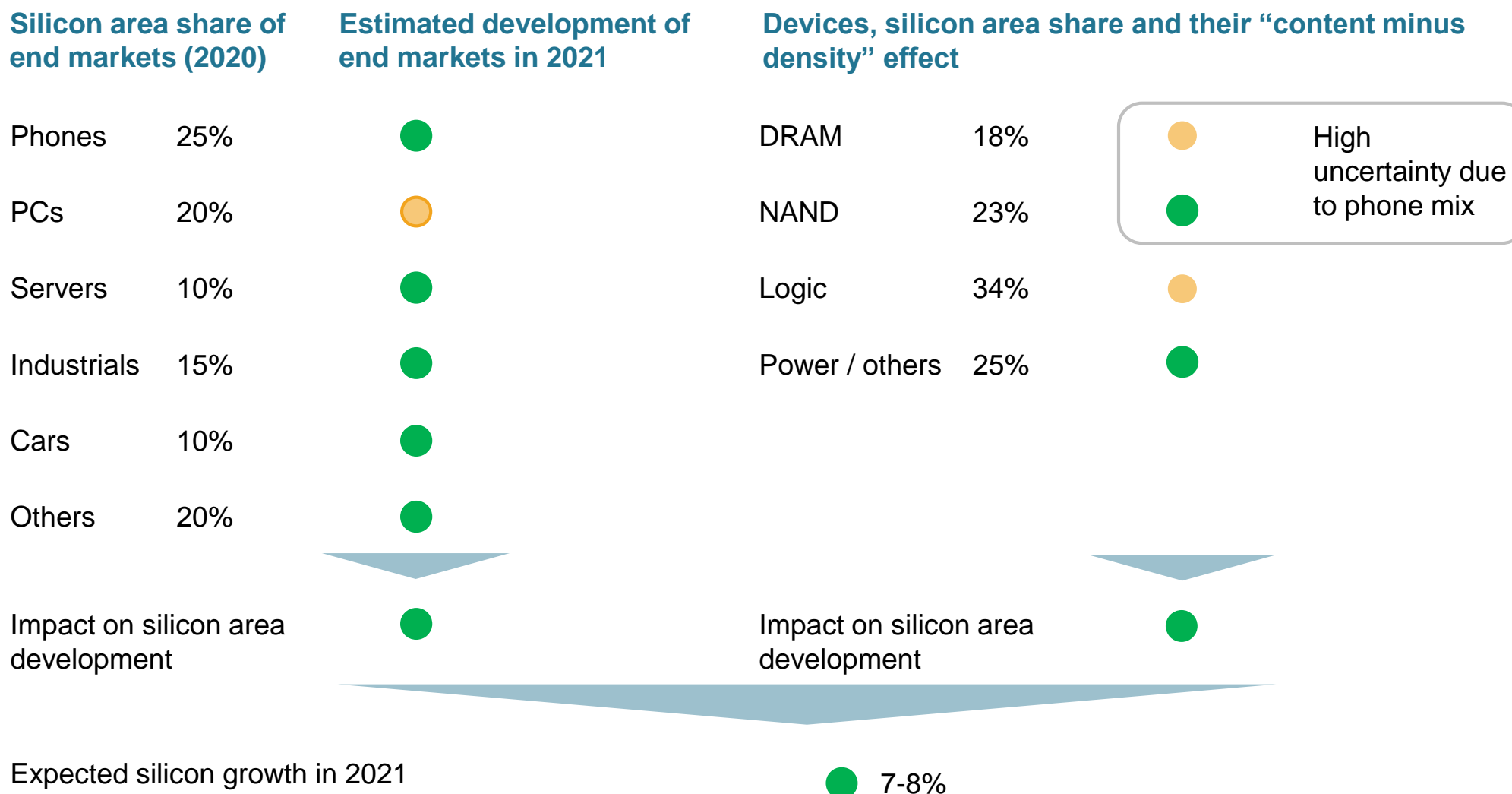
200 mm

- Recovery in automotive and industrial ongoing
- Uncertainty due to strained supply chains and Corona pandemic fears

SD

- Trending up

Estimated market growth of silicon area



Source: Siltronic Marketing Feb.2021

Siltronic Outlook 2021 (as of March 1, 2021)

Sales	– mid to high single-digit percent increase
EBITDA margin	– slight increase
Depreciation	– around EUR 155m to EUR 160m
EBIT	– significant increase
Tax rate	– significantly below 10%
CapEx	– around EUR 250 million (mainly in 300 mm epi, capabilities and expansion of crystal pulling hall to replace older equipment)
Net cash flow	– slight improvement
Earnings per share	– slight increase

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Additional Information

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

Financial Calendar 2021

Annual General Meeting	April 29, 2021
Q1 Quarterly Statement	May 7, 2021
Q2 Interim Report	July 28, 2021
Q3 Quarterly Statement	October 26, 2021



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