

Press release

Siltronic AG

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Siltronic closes 2020 financial year in line with expectations - dividend proposal of EUR 2.00 per share

- **Sales of EUR 1,207.0 million down year-on-year, as expected (2019: EUR 1,270.4 million)**
- **EBITDA decreased to EUR 332.0 million and EBITDA margin to 27.5 percent (2019: EUR 408.7 million; 32.2 percent)**
- **EBIT of EUR 192.2 million and EBIT margin of 15.9 percent significantly below prior year, also due to increased depreciation (2019: EUR 298.3 million; 23.5 percent)**
- **Dividend proposal of EUR 2.00 per share for financial year 2020**
- **Forecast for 2021 - Significant growth in wafer demand expected**

Munich, Germany, March 9, 2021 - As expected, sales and earnings of Siltronic AG (MDAX/TecDAX: WAF) declined in 2020.

"2020 was characterized by a surge in digitization triggered by the corona pandemic, which led to a slightly higher than expected demand for silicon wafers. Average selling prices (ASP) per wafer area were lower than in 2019. In H2 2020, sales and earnings were additionally burdened by the strength of the Euro, particularly against the US dollar. In this environment, we focused on further strengthening our technological capabilities and increasing our productivity. The health of our workforce has always been in our focus during the pandemic," said Dr. Christoph von Plotho, CEO of Siltronic AG.

Business development in 2020

		2020	2019	Change			Change		
				Q4 2020	Q3 2020	Q4 2019	Q4 to Q3	Q4 to Q4	
Sales	in EUR million	1,207.0	1,270.4	-63.4	284.5	299.3	304.3	-14.8	-19.8
	in %			-5.0				-4.9	-6.5
Cost of sales	in EUR million	867.5	812.8	54.7	211.7	221.0	207.4	-9.3	4.3
	in %			6.7				-4.2	2.1
Gross profit	in EUR million	339.5	457.6	-118.1	72.8	78.2	96.9	-5.4	-24.1
	in %			-25.8				-6.9	-24.9
Gross margin	in %	28.1	36.0		25.6	26.1	31.8		
EBITDA	in EUR million	332.0	408.7	-76.7	67.2	80.1	90.0	-12.9	-22.8
	in %			-18.8				-16.1	-25.3
EBITDA margin	in %	27.5	32.2		23.6	26.8	29.6		
Depreciation, amortization and impairment less reversals thereof	in EUR million	-139.8	-110.4	-29.4	-38.8	-36.5	-33.3	-2.3	-5.5
EBIT	in EUR million	192.2	298.3	-106.1	28.4	43.6	56.7	-15.2	-28.3
	in %			-35.6				-34.9	-49.9
EBIT margin	in %	15.9	23.5		10.0	14.6	18.6		
Financial result	in EUR million	-3.0	4.4	-7.4	1.4	-0.5	1.0	1.9	0.4
Result before income taxes	in EUR million	189.2	302.7	-113.5	29.8	43.2	57.7	-13.4	-27.9
	in %			-37.5				-31.0	-48.4
Income taxes	in EUR million	-2.4	-41.7	39.3	11.1	-4.0	-12.3	15.1	23.4
Tax rate	in %	1	14		-37	9	21		
Result for the period	in EUR million	186.8	261.0	-74.2	40.9	39.2	45.4	1.7	-4.5
	in %			-28.4				4.3	-9.9
Earnings per share	in EUR	5.36	7.52	-2.16	1.17	1.08	1.21	0.09	-0.05

At EUR 1,207.0 million, Siltronic AG's sales in 2020 were five percent down y-o-y (2019: EUR 1,270.4 million). The digitization push triggered by the corona pandemic had a positive impact on wafer area sold. At the same time, the increased wafer area could not compensate for the decline in sales resulting from the reduction in ASP in Euro y-o-y. The main drivers of ASP in 2020 were price pressure in the first months of the year, the increase in the exchange rate of the Euro against the US dollar and negative effects in the product mix in H2 2020.

The increase in cost of sales by EUR 54.7 million resulted from higher wafer area sold and from the increase in scheduled depreciation of property, plant and equipment. Excluding the increased depreciation, cost of

sales per wafer area decreased significantly y-o-y. This result is due to the success of cost reduction programs and exchange rate effects. Gross margin decreased from 36.0 percent in 2019 to 28.1 percent due to declining ASP and increased depreciation.

EBITDA of EUR 332.0 million was just under 19 percent below 2019 (EUR 408.7 million). The main reasons were the lower ASP in invoicing currency, the effects of the product mix shift and additional expenses for consultancy costs of around EUR 12 million relating to the tender offer of GlobalWafers, which are included in administrative expenses. The EBITDA margin reached a solid 27.5 percent (2019: 32.2 percent).

Earnings before interest and taxes (EBIT) of EUR 192.2 million were significantly lower than 2019 (EUR 298.3 million). In addition to price pressure and the strength of the Euro, higher scheduled depreciation had a negative impact. EBIT margin in 2020 was 15.9 percent compared to 23.5 percent in 2019.

The Group tax rate in 2020 was one percent only, compared to 14 percent in 2019. This is due to the increased share of profit from subsidiaries with low effective tax rates and tax incentives due to the Corona pandemic.

Profit for the period decreased from EUR 261.0 million to EUR 186.8 million. Of this, EUR 160.8 million (2019: EUR 225.6 million) are attributable to Siltronic AG shareholders. Earnings per share amounted to EUR 5.36 , compared with EUR 7.52 in 2019.

Development of net cash flow and net financial assets

In EUR million	2020	2019	Change
Cash flow from operating activities	236.7	385.3	-148.6
Proceeds/payments for capital expenditure including intangible assets	-204.7	-348.9	144.2
Free cash flow	32.0	36.4	-4.4
Cash-effective change in customer prepayments	45.4	44.9	0.5
Net cash flow	77.4	81.3	-3.9

In 2020, Siltronic invested EUR 187.6 million in property, plant and equipment and intangible assets. In addition to basic investments, this includes spending on capabilities, capacity expansion and investments in additional Epi reactors. This will secure and further expand Siltronic's position as one of the technology leaders.

The high cash outflows for property, plant and equipment and intangible assets and the refunding of customer prepayments were easily financed from operating activities. At EUR 77.4 million, net cash flow in 2020 was slightly below 2019 (EUR 81.3 million) and in line with expectations.

Net financial assets decreased by only EUR 89.7 million to EUR 499.2 million (2019: EUR 588.9 million) due to the positive net cash flow despite the dividend payment of EUR 90 million and the refunding of customer prepayments.

Dividend proposal of EUR 2.00 per share

Based on the business results achieved, the Executive Board and Supervisory Board of Siltronic AG will propose a dividend of EUR 2.00 per share for 2020 to the Annual General Meeting on April 29, 2021. This corresponds to a dividend payment of 60 million euros and thus a pay-out ratio of 37.3 percent.

Forecast 2021 - challenges and opportunities

Siltronic AG has made a good start to 2021. The company is experiencing high demand for wafers and loading is good to very good.

The ongoing corona pandemic makes it considerably more difficult to issue a forecast for Siltronic AG, as the associated macroeconomic effects remain difficult to assess.

The company currently expects a significant increase in wafer area sold in 2021. However, the strong Euro is expected to create a significant headwind for sales and earnings in 2021. The ASP in invoice currency has stabilized. Another positive earnings contribution from the cost-saving programs is expected in 2021. These should significantly overcompensate for the effects of inflation and salary increases.

The company currently expects wafer area sold to increase by approximately eight to twelve percent y-o-y. Siltronic is assuming exchange rates of 1.23 for the Euro/US dollar and 128 for the Euro/Yen for 2021. An exchange rate within a range of 1.20 to 1.25 for the Euro versus the US dollar in 2021 would reduce sales by approximately EUR 50 to 80 million (including a weaker Japanese yen). Assuming relatively stable ASP in invoicing currency and depending on further market development and the exchange rate, a sales increase in the mid to high single-digit percentage range is expected.

The EBITDA margin should show a slight y-o-y increase. The positive effects of higher volumes and the contribution to earnings from the cost reduction programs on unit costs will be offset by the strong euro.

Despite higher depreciation, Siltronic expects a significant increase in EBIT. With the improved earnings situation, net cash flow will also improve slightly despite higher capital expenditures.

The tax rate is expected to be well below ten percent. Earnings per share should increase slightly.

The company plans to invest around EUR 250 million in 2021. The focus will once again be on expanding epi capacity and extensive measures to improve capabilities for new design rules. This also includes the expansion of a building for new crystal pulling equipment, which will replace older equipment.

As a result of the investments made, depreciation will increase to approximately EUR 155 million to 160 million.

"We are aware that 2021 will again be challenging. The further development of the Corona pandemic and the economic impact are difficult to predict. However, with mass vaccinations starting, there is definitely hope for a return to a more normal life for all of us. 2021 certainly also offers additional opportunities for the technology industry. Rarely have so many trends had such a transformative effect as in 2020. For many companies, the public sector and private individuals, the crisis was a wake-up call as far as future issues such as digitization and innovation are concerned. This wake-up call will last for a long time and accompany us on our growth path," said von Plotho.

Siltronic AG – Financial figures 2020

Profit and loss statement

In EUR million	2020	2019	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Sales	1,207.0	1,270.4	284.5	299.3	323.1	300.1	304.3
EBITDA	332.0	408.7	67.2	80.1	100.4	84.2	90.0
EBITDA margin	% 27.5	32.2	23.6	26.8	31.1	28.1	29.6
EBIT	192.2	298.3	28.4	43.6	66.9	53.3	56.7
EBIT margin	% 15.9	23.5	10.0	14.6	20.7	17.8	18.6
Result for the period	186.8	261.0	40.9	39.1	60.8	46.0	45.4
Earnings per share	EUR 5.36	7.52	1.17	1.08	1.80	1.32	1.21

Capital expenditure and net cash flow

Capital expenditure in property, plant and equipment, and intangible assets	187.6	363.0	58.2	35.1	48.3	46.0	96.4
Net cash flow	77.4	81.3	-18.9	28.6	26.7	40.9	8.9

Statement of financial position

In EUR million	Dec. 31, 2020	Dec. 31, 2019
Total assets	1,919.4	1,945.0
Equity	871.8	930.2
Equity ratio	% 45.4	47.8
Net financial assets	499.2	588.9

Conference call for analysts and investors

The Executive Board of Siltronic AG will hold a conference call with analysts and investors on March 9, 2021 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 2020 and the press release are also published on the Siltronic website.

Financial Calendar:

April 29, 2021	Annual General Meeting
May 7, 2021	Q1 2021 quarterly statement
July 28, 2021	Interim Report 2021
October 26, 2021	Q3 2021 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 3,800 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.