

Press release

Siltronic AG

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Siltronic reports strong sales growth and high profitability in Q2 2021

- **Digitization and economic recovery leading to high growth in wafer area sold**
- **Significant increase in sales and earnings q-o-q and y-o-y**
- **Very strong net cash flow of EUR 71.2 million**
- **Net financial assets of EUR 528.4 million**
- **Decision to expand capacity through new leading-edge and cost-efficient 300 mm fab at its site in Singapore**
- **Forecast 2021 for capex increased to EUR 400 million and for net cash flow reduced accordingly**

Munich, Germany, July 28, 2021 –Siltronic AG (SDAX/TecDAX: WAF) showed again a strong business development in Q2 2021. In H1, sales and earnings were significantly up compared to previous year. Main driver for the strong demand is the ongoing digitization, a significantly improved economic outlook, a loose monetary policy, and stronger consumer demand due to the easing of the corona pandemic. On July 27, 2021 the Supervisory Board of Siltronic AG approved the construction of a new 300 mm fab at its site in Singapore as proposed by the Executive Board, to support the strong growth of the semiconductor market.

"Demand is increasing in all end markets. This trend is expected to continue and will promote further growth of our company. We support the expansion projects of important customers, which cannot be served with existing capacities by adding a new leading-edge and cost-efficient 300 mm fab in Singapore. We intend to secure the utilization of a large part of the new capacities through long-term agreements with prepayments. Negotiations with customers are progressing well. With this project our central R&D hub in Burghausen, providing technical support for the planned expansion, will be further strengthened", said Dr. Christoph von Plotho, CEO of Siltronic AG.

Business development H1/2021

		Q2 2021	Q1 2021	Q2 2020	Change		H1 2021	H1 2020	Change
					Q2 to Q1	Q2 to Q2			
Sales	in EUR million	341.1	316.1	323.1	25.0	18.0	657.1	623.3	33.8
	in %				7.9	5.6			5.4
Cost of sales	in EUR million	-235.9	-227.5	-224.0	-8.4	-11.9	-463.3	-434.8	-28.5
	in %				3.7	5.3			6.6
Gross profit	in EUR million	105.2	88.6	99.1	16.6	6.1	193.8	188.5	5.3
	in %				18.7	6.2			2.8
Gross margin	in %	30.8	28.0	30.7			29.5	30.2	
EBITDA	in EUR million	108.0	91.7	100.4	16.3	7.6	199.7	184.7	15.0
	in %				17.8	7.6			8.1
EBITDA margin	in %	31.7	29.0	31.1			30.4	29.6	
Depreciation, amortization and impairment less reversals thereof	in EUR million	-38.4	-37.5	-33.5	-0.9	-4.9	-75.9	-64.5	-11.4
EBIT	in EUR million	69.6	54.2	66.9	15.4	2.7	123.8	120.2	3.6
	in %				28.4	4.0			3.0
EBIT margin	in %	20.4	17.2	20.7			18.8	19.3	
Financial result	in EUR million	1.4	0.7	2.2	0.7	-0.8	2.2	-3.9	6.1
Result before income taxes	in EUR million	71.0	54.9	69.1	16.1	1.9	126.0	116.3	9.7
	in %				29.3	2.7			8.3
Income taxes	in EUR million	-7.0	3.5	-8.3	-10.5	1.3	-3.5	-9.5	6.0
Tax rate	in %	10	-6	12			3	8	
Result for the period	in EUR million	64.0	58.4	60.8	5.6	3.2	122.5	106.8	15.7
	in %				9.6	5.3			14.7
Earnings per share	in EUR	1.83	1.67	1.80	0.16	0.03	3.50	3.12	0.39

In Q2 2021, Siltronic achieved sales of EUR 341.1 million, a 7.9 percent increase compared to Q1. This positive development was driven by an increase in wafer area sold.

In H1 2021, the company generated sales of EUR 657.1 million, 5.4 percent above H1 2020. The increase was based on strong growth of wafer area sold, but slowed by the strong euro, which appreciated by 9 percent y-o-y.

Due to the corona safety measures already implemented in 2020 and the disciplined behavior of the Siltronic employees, the company was able to manufacture without interruptions and to fully benefit from high customer demand.

Despite the increase in depreciation, cost per wafer area fell considerably in H1 2021 due to economies of scale and productivity gains. Additionally, successful cost-saving measures have unburdened manufacturing

costs, which have also decreased somewhat as a result of exchange rate movements. In H1 2021, cost of sales amounted to EUR 463.3 million, an increase of 6.6 percent compared to H1 2020. In Q2 2021, cost of sales increased by 3.7 percent compared to Q1.

The company achieved a gross profit of EUR 105.2 million in Q2, 18.7 percent above Q1. Gross margin rose from 28.0 percent to 30.8 percent.

EBITDA increased by 17.8 percent to EUR 108.0 million in Q2 2021. The EBITDA margin increased by nearly 3 percentage points from 29.0 percent to 31.7 percent. Comparing H1 2021 to H1 2020, EBITDA was 8.1 percent up. Main driver for the positive development was the increase in wafer area sold. Q-o-q, the effect was even stronger than y-o-y, as wafer area sold again increased significantly and cost of sales increased underproportionally.

EBIT in Q2 increased by EUR 15.4 million to EUR 69.6 million compared to Q1, an increase of 28.4 percent. In H1 2021, EBIT amounted to EUR 123.8 million (H1 2020: EUR 120.2 million).

In Q2 2021, Siltronic generated a profit for the period of EUR 64.0 million. This represents an increase of 9.6 percent q-o-q. The profit after six months was EUR 122.5 million, an increase of EUR 15.7 million. EUR 105.1 million of this amount is attributable to Siltronic AG shareholders. Earnings per share for H1 2021 were EUR 3.50 compared with EUR 3.12 in H1 2020.

Development of equity, net cash flow and net financial assets

In EUR million	Jun. 30, 2021	Dec. 31, 2020	Change
Equity	1,083.6	871.8	211.8
Pension provisions	436.9	566.5	-129.6
Customer prepayments	131.8	137.4	-5.6
Lease liabilities	47.2	48.4	-1.2
Other provisions and liabilities	71.3	76.1	-4.8
Non-current liabilities	687.2	828.4	-141.2

With equity of EUR 1,083.6 million at June 30, 2021, Siltronic AG's equity ratio was 54.0 percent compared with 45.4 percent at December 31, 2020. The EUR 211.8 million increase in equity is due to the H1 profit of EUR 122.5 million less the dividend payment of EUR 60 million and the interest-related decrease in pension obligations of EUR 140.2 million.

In EUR million	Q2 2021	Q1 2021	Change
Cash flow from operating activities	104.7	76.6	28.1
Proceeds/payments for capital expenditure including intangible assets	-50.5	-47.0	-3.5
Free cash flow	54.2	29.6	24.6
Cash-effective change in customer prepayments	-10.9	-1.7	-9.2
Net cash flow	43.3	27.9	15.4

In H1 2021, Siltronic invested EUR 89.7 million in property, plant and equipment and intangible assets. These mainly relate to investments in the expansion of epi capacities, capabilities and the expansion of crystal pulling halls to replace older equipment.

In Q2 2021, net cash flow was EUR 43.3 million compared to EUR 27.9 million in Q1 2021. Net cash flow in H1 was EUR 71.2 million (H1 2020: EUR 67.7 million). This includes customer prepayments of EUR 16.2 million in H1 2021.

In EUR million	Jun. 30, 2021	Dec. 31, 2020	Change
Cash and cash equivalents	181.3	294.6	-113.3
Financial investments	347.1	204.6	142.5
Net financial assets	528.4	499.2	29.2

Despite the dividend payment of EUR 60 million, net financial assets increased by EUR 29.2 million to EUR 528.4 million due to the positive cash flow.

Forecast update

Based on current planning, capex for the new fab in Singapore will be around EUR 2 billion until end of 2024, which will be financed mainly by existing liquidity and free cash flow as well as customer prepayments, debt and - if required - equity measures. Furthermore, it was decided to expand Siltronic's German site in Freiberg, which will increase crystal pulling and epitaxy capacities.

Due to the capacity expansion projects, capex will rise from EUR 250 million to around EUR 400 million in 2021. The Executive Board now expects net cash flow to be slightly positive but significantly below prior year.

Forecast 2021

	Forecast March 1, 2021 (Annual Report)	Forecast April 20, 2021 (Q1 2021)	Forecast July 27, 2021 (Q2 2021)
Sales	mid to high single-digit percent increase	increase of at least 10 percent	increase of at least 10 percent
EBITDA margin	slight increase	30 to 32 percent	30 to 32 percent
Depreciation and amortization	around EUR 155 million to EUR 160 million	around EUR 155 million to EUR 160 million	around EUR 155 million to EUR 160 million
EBIT	significant increase	significant increase	significant increase
Tax rate	significantly below 10 percent	significantly below 10 percent	significantly below 10 percent
Capital expenditure	around EUR 250 million, mainly in epi reactors, capabilities and expansion of crystal pulling hall to replace older equipment	around EUR 250 million, mainly in epi reactors, capabilities and expansion of crystal pulling hall to replace older equipment	around EUR 400 million for epi capacity, first investments in new 300 mm fab, capabilities and expansion of crystal pulling hall
Net cash flow	slight improvement	significant improvement	slightly positive, but significantly below prior year
Earnings per share	slight increase	significant increase	significant increase

Continued positive business performance in H2

The Executive Board is satisfied with the very good business development in H1 2021. The growth drivers for Siltronic's business remain intact and the company expects a sustained increase in demand for wafer area in the medium and long term, albeit with some fluctuations.

"With the decision to invest in a cost-efficient fab, we are setting the course for Siltronic AG's continued successful future. With the new leading-edge production capacities, we will further strengthen our position as one of the technology leaders," says von Plotho.

After regulatory clearances have already been granted in various jurisdictions, GlobalWafers and Siltronic expect the voluntary public tender offer by GlobalWafers to be completed as planned in H2 2021 after receiving the pending approvals.

Siltronic AG – Key financial figures Q2/2021 and H1/2021

Profit and Loss statement

In EUR million	Q2 2021	Q1 2021	Q2 2020	H1 2021	H1 2020
Sales	341.1	316.1	323.1	657.1	623.3
EBITDA	108.0	91.7	100.4	199.7	184.7
EBITDA margin %	31.7	29.0	31.1	30.4	29.6
EBIT	69.6	54.2	66.9	123.8	120.2
EBIT margin %	20.4	17.2	20.7	18.8	19.3
Result for the period	64.0	58.4	60.8	122.5	106.8
Earnings per share EUR	1.83	1.67	1.80	3.50	3.12

Capital expenditure and net cash flow

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

	52.8	36.9	48.3	89.7	94.3
Net cash flow	43.3	27.9	26.7	71.2	67.7

Statement of financial position

In EUR million	Jun. 30, 2021	Dec. 31, 2020
Total assets	2,005.6	1,919.4
Equity	1,083.6	871.8
Equity ratio %	54.0	45.4
Net financial assets	528.4	499.2

Conference call for analysts and investors

The Executive Board of Siltronic AG will hold a conference call with analysts and investors (in English only) on July 28, 2021 at 10:00 am (CEST). 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 Q2 interim report and the latest investor presentation are also published on the Siltronic website.

Other dates:

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 3,900 people and has been a stock-listed company in Germany (Prime Standard) since 2015. The Siltronic AG stock is listed on both the SDAX 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.