

Press release

Siltronic AG

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Industry weakness impacts Siltronic's earnings in Q1 2023

- **Wafer area sold lower q-o-q, as expected**
- **Sales decreased 14.3 percent to EUR 404.4 million q-o-q**
- **EBITDA declined from EUR 168.1 million to EUR 125.2 million q-o-q**
- **EBITDA margin at 31.0 percent in Q1 2023**
- **Construction of new fab in Singapore proceeding according to plan**
- **Guidance: Q2 sales at the level of Q1 2023, EBITDA margin between 27 and 31 percent, no recovery expected in H2 2023**

Munich, Germany, May 11, 2023 – Siltronic AG (MDAX/TecDAX: WAF) reported a decline in sales of around 14 percent in Q1 2023 compared to Q4 2022. The reduction resulted from the lower wafer area sold and the stronger euro compared to the US dollar.

"After the record year 2022, demand for wafers was weaker in Q1 2023, as expected. Reasons for this development are the general economic slowdown, geopolitical uncertainties, and the consequences of inventory corrections at chip manufacturers and their customers," said Rainer Irle, CFO of Siltronic AG. "Nevertheless, we are convinced of the medium- and long-term growth of the industry. To accompany this, our focus is on the construction of the new 300 mm fab in Singapore, which is progressing with great strides and on schedule."

Business Development in Q1 2023

		Q1 2023	Q4 2022	Q1 2022	Change	
					Q1 to Q4	Q1 to Q1
Sales	in EUR million	404.4	472.1	417.0	-67.7	-12.6
Cost of sales	in EUR million	-288.2	-301.6	-281.4	13.4	-6.8
Gross profit	in EUR million	116.2	170.5	135.6	-54.3	-19.4
Gross margin	in %	28.7	36.1	32.5		
EBITDA	in EUR million	125.2	168.1	186.0	-42.9	-60.8
EBITDA margin	in %	31.0	35.6	44.6		
Depreciation, amortization and impairment less reversals thereof	in EUR million	-47.4	-43.3	-42.3	-4.1	-5.1
EBIT	in EUR million	77.8	124.8	143.7	-47.0	-65.9
EBIT margin	in %	19.2	26.4	34.5		
Financial result	in EUR million	4.1	-1.2	-4.5	5.3	8.6
Result before income taxes	in EUR million	81.9	123.6	139.2	-41.7	-57.3
Income taxes	in EUR million	-9.4	-5.0	-24.5	-4.4	15.1
Tax rate	in %	11	4	18		
Result for the period	in EUR million	72.5	118.6	114.7	-46.1	-42.2
Earnings per share	in EUR	2.20	3.56	3.47	-1.36	-1.27

Siltronic generated sales of EUR 404.4 million in Q1 2023, a decrease of 14.3 percent versus Q4 2022. The decrease was primarily driven by the wafer area sold and secondarily by the strengthening of the euro against the US dollar. The euro to US dollar exchange rate averaged 1.07 in Q1 2023, a strengthening of 5.2 percent sequentially q-o-q (Q4 2022: 1.02).

The driver for the EUR 13.4 million lower cost of sales compared to the previous quarter was the lower wafer area sold. The associated cost savings were dampened by a disproportionately low decline in labor costs and by price increases for raw materials, supplies and energy.

The developments described above reduced the gross profit for Q1 2023 by EUR 54.3 million and EBITDA by EUR 42.9 million q-o-q. Foreign exchange hedging is the main reason why EBITDA developed better than the gross margin by EUR 11.4 million.

EBITDA in Q1 2023 was EUR 125.2 million, compared to EUR 168.1 million in Q4 2022. The EBITDA margin decreased from 35.6 percent to 31.0 percent.

When comparing EBIT in the reporting quarter with the previous quarter, it should be noted that Q4 2022 was positively influenced by the reversal of an impairment of a building in the amount of EUR 5.7 million. The write-up is recorded in other operating income. Additionally, it should be noted that Q1 2022 included a termination fee of EUR 50.0 million due to the failed tender offer by GlobalWafers. The termination fee was the reason for the higher tax rate in the same period of the previous year.

Rising market values of securities and interest effects had a positive impact on the financial result compared to the previous quarter and Q1 2022.

Although the semiconductor industry is currently in a weaker market phase, a remarkable profit for the period of EUR 72.5 million was achieved, compared to EUR 118.6 million in the previous quarter. Of this amount, EUR 66.1 million is attributable to Siltronic AG shareholders with earnings per share of EUR 2.20.

Development of equity, net cash flow and net financial assets

In EUR million	Mar. 31, 2023	Dec. 31, 2022	Change
Equity	2,118.4	2,067.1	51.3
Pension provisions	122.0	119.5	2.5
Customer prepayments	520.1	503.7	16.4
Loan liabilities	653.3	653.8	-0.5
Lease liabilities	105.4	106.7	-1.3
Other provisions and liabilities	73.3	74.1	-0.8
Non-current liabilities	1,474.1	1,457.8	16.3

With equity of EUR 2,118.4 million on March 31, 2023, Siltronic AG's equity ratio was 51.1 percent compared to 51.0 percent on December 31, 2022. The increase in equity is based on the net income for the quarter of EUR 72.5 million. There were offsetting effects mainly from the currency translation of the foreign subsidiaries.

Lower interest rates have led to a slight increase in pension provisions of EUR 2.5 million. The interest rate in Germany fell from 3.72 percent at the end of 2022 to 3.66 percent at the end of Q1 2023. In the US, the interest rate also decreased from 4.90 percent to 4.68 percent during this period.

In EUR million	Q1 2023	Q4 2022	Change
Cash flow from operating activities	146.7	189.8	-43.1
Proceeds/payments for capital expenditure including intangible assets	-230.5	-337.0	106.5
Free cash flow	-83.8	-147.2	63.4
Balance from increase (-) / decrease (+) of prepayments	-21.8	-98.2	76.4
Net cash flow	-105.6	-245.4	139.8

The decline in EBITDA of EUR 42.9 million is reflected in the cash flow from operating activities. Due to the continued very high cash outflows for capital expenditure including intangible assets, both the free cash flow at EUR -83.8 million and the net cash flow at EUR -105.6 million were negative in Q1 2023. In Q1 2023, customer prepayments of EUR 32.4 million were received.

In EUR million	Mar. 31, 2023	Dec. 31, 2022	Change
Cash and cash equivalents	512.3	488.7	23.6
Securities and time deposits	450.0	562.2	-112.2
Restricted Funds	-2.0	-1.9	-0.1
Nominal value of loan liabilities including interest	-676.2	-675.4	-0.8
Net financial assets	284.1	373.6	-89.5

On March 31, 2023 the company had net financial assets of EUR 284.1 million after EUR 373.6 million on December 31, 2022.

Outlook

The start into 2023 was rather muted for Siltronic. Due to inventory corrections at chip manufacturers and their customers, Siltronic continues to expect temporary market weakness in the coming quarters. Customer postponements in delivery volumes will affect the entire year 2023.

In Q2 2023, we expect sales to be at the level of Q1 2023. The EBITDA margin is forecast to be between 27 and 31 percent (plan rate EUR/US dollar 1.10). We do not expect any recovery in the second half of the year.

Siltronic AG – Key figures Q1/2023

Profit and Loss statement

In EUR million		Q1 2023	Q4 2022	Q1 2022
Sales		404.4	472.1	417.0
EBITDA		125.2	168.1	186.0
EBITDA margin	%	31.0	35.6	44.6
EBIT		77.8	124.8	143.7
EBIT margin	%	19.2	26.4	34.5
Result for the period		72.5	118.6	114.7
Earnings per share	EUR	2.20	3.56	3.47

Capital expenditure and net cash flow

Capital expenditure including intangible assets		259.8	476.9	205.7
Net cash flow		-105.6	-245.4	36.9

Statement of financial position

In EUR million	Mar. 31, 2023	Dec. 31, 2022
Total assets	4,147.1	4,050.7
Equity	2,118.4	2,067.1
Equity ratio	% 51.1	51.0
Net financial assets	284.1	373.6



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 May 11, 2023, 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 quarterly statement and the latest investor presentation are also published on the Siltronic website.

Other dates:

July 27, 2023	Interim Report 2023
October 26, 2023	Q3 2023 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 4,500 people worldwide 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.

Financial information – pursuant to IFRS, unaudited

Siltronic AG – Consolidated Statement of Profit or Loss

In EUR million	Q1 2023	Q4 2022	Q1 2022
Sales	404.4	472.1	417.0
Cost of sales	-288.2	-301.6	-281.4
Gross profit	116.2	170.5	135.6
Selling expenses	-9.1	-9.2	-8.2
Research and development expenses	-22.4	-23.0	-22.0
General administration expenses	-8.9	-8.0	-8.7
Other operating income	40.7	25.5	74.9
Other operating expenses	-38.7	-31.0	-27.9
Operating result	77.8	124.8	143.7
Interest income	7.4	7.9	0.9
Interest expenses	-2.8	-3.9	-0.7
Other financial result	-0.5	-5.2	-4.7
Financial result	4.1	-1.2	-4.5
Result before income taxes	81.9	123.6	139.2
Income taxes	-9.4	-5.0	-24.5
Result for the period	72.5	118.6	114.7
<i>of which</i>			
<i>attributable to Siltronic AG shareholders</i>	<i>66.1</i>	<i>106.8</i>	<i>104.2</i>
<i>attributable to non-controlling interests</i>	<i>6.4</i>	<i>11.8</i>	<i>10.5</i>
Result per common share in EUR (basic/diluted)	2.20	3.56	3.47

Siltronic AG - Consolidated Statement of Financial Position

In EUR million	Mar. 31, 2023	Dec. 31, 2022
Intangible assets	21.8	21.7
Property, plant and equipment	2,431.1	2,235.0
Right-of-use assets	105.8	107.5
Securities and fixed-term deposits	12.5	12.7
Other financial assets	2.1	4.2
Other non-financial assets	16.9	21.0
Deferred tax assets	16.1	15.9
Non-current assets	2,606.3	2,418.0
Inventories	303.4	277.6
Trade receivables	168.1	222.2
Contract assets	15.3	14.6
Securities and fixed-term deposits	437.5	549.5
Other financial assets	28.8	23.2
Other non-financial assets	73.4	55.8
Income tax receivables	2.0	1.1
Cash and cash equivalents	512.3	488.7
Current assets	1,540.8	1,632.7
Total assets	4,147.1	4,050.7
Subscribed capital	120.0	120.0
Capital reserves	974.6	974.6
Retained earnings and net Group result	740.1	673.7
Other equity items	97.3	116.7
Equity attributable to Siltronic AG shareholders	1,932.0	1,885.0
Equity attributable to non-controlling interests	186.4	182.1
Equity	2,118.4	2,067.1
Pension provisions	122.0	119.5
Other provisions	52.9	53.2
Liabilities for income taxes	3.8	3.8
Deferred tax liabilities	3.4	2.9
Customer prepayments	520.1	503.7
Loan liabilities	653.3	653.8
Lease liabilities	105.4	106.7
Other non-financial liabilities	13.2	14.2
Non-current liabilities	1,474.1	1,457.8
Other provisions	9.3	10.0
Liabilities for income taxes	38.5	35.4
Trade liabilities	360.2	336.1
Customer prepayments	55.4	58.6
Loan liabilities	6.1	3.9
Lease liabilities	6.4	6.1
Other financial liabilities	3.4	8.6
Other non-financial liabilities	75.3	67.1
Current liabilities	554.6	525.8
Total liabilities	2,028.7	1,983.6
Total equity and liabilities	4,147.1	4,050.7

Siltronic AG - Consolidated Statement of Cash Flows

In EUR million	Q1 2023	Q4 2022	Q1 2022
Result for the period	72.5	118.6	114.7
Depreciation / amortization of non-current assets, including impairment losses and reversals thereof	47.4	43.3	42.3
Other non-cash expenses and income	-4.1	3.5	9.4
Result from disposal of non-current assets	0.6	0.5	0.5
Interest income	-4.7	-4.0	-0.2
Interest paid	-0.5	-1.6	-0.4
Interest received	2.6	0.9	1.9
Tax expense	9.4	5.0	24.5
Taxes paid	-7.8	-20.0	-4.0
Changes in inventories	-28.1	-22.1	-15.3
Changes in trade receivables	49.2	-31.5	-21.0
Changes in contract assets	-0.9	3.8	-5.0
Changes in other assets excluding prepayments made	-19.8	-18.3	-7.9
Changes in provisions	2.9	-7.4	2.6
Changes in trade liabilities	-0.6	18.8	14.0
Changes in other liabilities excluding prepayments received	6.8	2.1	17.1
Changes in prepayments	21.8	98.2	100.5
Cash flow from operating activities	146.7	189.8	273.7
Payments for capital expenditure (including intangible assets)	-230.5	-336.8	-136.3
Proceeds from the disposal of property, plant and equipment	-	-0.2	-
Payments for securities and fixed-term deposits	-135.8	-307.2	-99.1
Proceeds from securities and fixed-term deposits	246.8	341.6	50.7
Cash flow from financing activities	-119.5	-302.6	-184.7
Proceeds from loans	-	301.3	-
Repayment portion of lease liability	-1.3	-1.3	-1.0
Cash flow from financing activities	-1.3	300.0	-1.0
Changes due to exchange-rate fluctuations	-2.3	-4.7	2.1
Changes in cash and cash equivalents	23.6	182.5	90.1
at the beginning of the period	488.7	306.2	424.4
at the end of the period	512.3	488.7	514.5

Additional financial information

In EUR million	Q1 2023	Q4 2022	Q1 2022
Cash flow from operating activities	146.7	189.8	273.7
Cash-effective changes in customer prepayments	-21.8	-98.2	-100.5
Cash flow from investing activities	-230.5	-337.0	-136.3
Net cash flow	-105.6	-245.4	36.9

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.

This press release is a quarterly Group statement in accordance with Section 53 of the Exchange Rules for the Frankfurt Stock Exchange.