

Press release

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Siltronic stands its ground in 2023 despite difficult market environment – Financial year 2024 still characterized by weak demand

- Sales decline to EUR 1,513.8 million and EBITDA to EUR 433.9 million in 2023 – EBITDA margin with 28.7 percent sustaining a good level
- Outlook for 2024 characterized by continued weak demand: Sales and EBITDA margin, before ramp costs, expected in the region of the previous year, commissioning of the 300 mm fab in Singapore impacts margin by up to three percentage points compared to FY 2023
- Unchanged growth targets for 2028: Sales to rise to more than EUR 2.2 billion and EBITDA margin to increase to the high 30's

Munich, Germany, March 12, 2024 – Siltronic AG (MDAX/TecDAX: WAF) closed the 2023 financial year with a solid performance despite difficult conditions, confirming the preliminary figures announced at the beginning of February. The company achieved sales of EUR 1,513.8 million (2022: EUR 1,805.3 million) and EBITDA of EUR 433.9 million (2022: adjusted¹ EUR 621.6 million). Thanks to stable sales prices, the EBITDA margin remained at a healthy level of 28.7 percent (2022: adjusted 34.4 percent). The declines are due to significantly weaker demand, mainly as a result of increased inventories in the value chain.

¹ Due to the failed tender offer by GlobalWafers in 2022, Siltronic AG received a one-off payment of EUR 50 million.

These will also characterize the financial year 2024. As a result, wafer demand is expected to remain weak, particularly in the first half of the year. Under these conditions, sales and EBITDA margin, before ramp cost, are expected to be in the region of the previous year. The ramp of the new 300 mm fab in Singapore will burden the margin by up to three percentage points compared to 2023.

"We continue to see strong growth for our wafer sales in the mid-term, driven by megatrends. However, 2023 and to some extent 2024 will be impacted by increased inventories in the value chain. The dynamic development of Artificial Intelligence will lead to significantly higher demand for wafers. Thanks to our new 300 mm fab in Singapore, we are prepared for this and expect sales to increase to more than EUR 2.2 billion and the EBITDA margin to rise to the high 30's by 2028," comments Dr. Michael Heckmeier, CEO of Siltronic AG.

Business development in 2023 – solid in a difficult environment

in EUR million		2023	2022	Q4 2023	Q4 2022
Sales		1,513.8	1,805.3	356.6	472.1
Cost of sales		-1,141.6	-1,189.9	-277.4	-301.5
Gross profit		372.2	615.4	79.2	170.5
Gross margin	in %	24.6	34.1	22.2	36.1
EBITDA		433.9	671.6	91.1	168.1
EBITDA margin	in %	28.7	37.2	25.5	35.6
Depreciation, amortization and impairment less reversals thereof		-202.5	-176.0	-54.3	-43.3
EBIT		231.3	495.6	36.8	124.8
EBIT margin	in %	15.3	27.5	10.3	26.4
Financial result		-0.5	-8.5	-2.2	-1.2
Result before income taxes		230.8	487.1	34.6	123.6
Income taxes		-29.5	-52.7	-2.3	-5.0
Tax rate	in %	13	11	7	4
Result for the period		201.3	434.4	32.3	118.6
Earnings per share	In EUR	6.15	13.02	1.01	3.56

Group sales decreased by 16.1 percent to EUR 1,513.8 million in 2023 – the guidance was minus 15 to 17 percent. This was due to the lower wafer area sold. Average selling prices in euro remained stable compared to 2022.

Cost of sales decreased by 4.1 percent to EUR 1,141.6 million and therefore less than the decrease in sales. This was due to increased depreciation and amortization, higher cost, in particular for raw materials and supplies, and lower fixed cost dilution as a result of the lower wafer area sold. As a result, the gross margin declined from 34.1 percent to 24.6 percent.

In order to mitigate risks from exchange rate developments, Siltronic performs currency hedging measures, which resulted in a net income from exchange rate effects of EUR 16.5 million in 2023, after expenses of EUR 21.0 million in 2022.

In the reporting year, Siltronic generated an EBITDA of EUR 433.9 million (2022: EUR 671.6 million, adjusted EUR 621.6 million) and an EBITDA margin of 28.7 percent (2022: 37.2 percent, adjusted 34.4 percent) – the guidance was 28 to 30 percent. As with the gross margin, lower fix cost dilution and cost increases were the main reasons for the lower EBITDA margin. EBIT of EUR 231.3 million was also well below the previous year's level (EUR 495.6 million, adjusted EUR 445.6 million) due to higher depreciation as a result of significantly higher investment activity. The Group's tax rate was 13 percent in the reporting year (2022: 11 percent), resulting in a net profit of EUR 201.3 million in 2023 (2022: EUR 434.4 million). Of this, EUR 184.4 million (previous year: EUR 390.6 million) are attributable to the shareholders of Siltronic AG. Earnings per share were EUR 6.15 compared to EUR 13.02 in 2022.

Net cash flow development characterized by high investments

In EUR million	2023	2022
Cash flow from operating activities	487.9	804.5
Proceeds / payments for capital expenditure including intangible assets	-1,112.1	-922.5
Free cash flow	-624.2	-118.0
Increase / decrease due to prepayments	-39.3	-277.4
Net cash flow	-663.5	-395.4

In the past financial year, Siltronic made net payments of EUR 1,112.1 million for capex including intangible assets. These were primarily related to the construction of the new 300 mm fab in Singapore and the expansion of the crystal pulling hall in Freiberg.

High payments could not be fully financed from cash flow from operating activities like in 2022. As a result, free cash flow decreased to EUR -624.2 million and net cash flow to EUR 663.5 million.

Statement of financial position remains healthy

In EUR million	31.12.2023	31.12.2022
Total assets	4,504.9	4,050.7
Cash and cash equivalents and financial investments	456.9	1,038.2
Equity	2,099.7	2,067.1
Equity ratio	46.6 %	51.0
Net financial assets / debt	-355.7	373.6

As of December 31, 2023, total assets amounted to EUR 4,504.9 million (previous year: EUR 4,050.7 million) with a significant increase in property, plant and equipment. As planned, the high level of capex led to a significant decrease in cash and cash equivalents and financial investments. Due to the negative free cash flow and the dividend of EUR 90.0 million paid in 2023, Siltronic had net financial debt of EUR 355.7 million as of December 31, 2023 (2022: net financial assets of EUR 373.6 million). As equity increased only slightly year-on-year, the equity ratio decreased to 46.6 percent, compared to 51.0 percent at the end of 2022.

Dividend proposal of EUR 1.20 per share for the financial year 2023

In view of the persistently difficult market situation, the Executive Board proposes to the Annual General Meeting on May 13, 2024, to pay a dividend of EUR 1.20 per share for the financial year 2023, corresponding to a payout ratio of approximately 20 percent of the consolidated net profit attributable to Siltronic shareholders. This corresponds to a dividend payment of EUR 36.0 million. At the same time Siltronic confirms its dividend policy for the future, according to which approximately 40 percent of the consolidated net profit attributable to the shareholders of Siltronic AG, as determined in accordance with IFRS, will be distributed. The upper limit remains unchanged at EUR 3.00 per dividend-bearing share.

Outlook for 2024 characterized by weak demand, especially in the first half of the year

As a result of the continued weak demand for silicon wafers, the Executive Board expects sales in 2024 to be the region of the previous year. The first six months of 2024 are expected to be the most affected by delivery postponements, so that sales for this reporting period are expected to be at the level of the second half of 2023. The EBITDA margin, before ramp cost, will also be in the region of the previous year. Due to the ramp of the new 300 mm fab in Singapore the margin will be reduced by up to three percentage points compared to 2023. Ramp cost mainly comprise energy, material and labor costs.

The guidance is based on a EUR/US dollar exchange rate of 1.10. On a positive note, average selling prices are expected to remain stable. The Executive Board expects energy and material cost (before ramp cost) to be lower in 2024 than in the previous year. However, the positive effect will be compensated by rising labor tariffs and a lower result from currency hedging compared to the previous year. Due to the high level of capex in recent years, depreciation and amortization will almost double compared to 2023. As a result, EBIT will be significantly lower than last year.

Capex will decrease to below EUR 600 million compared to the record level of EUR 1,316 million in the previous year. As a result, the company expects a significant improvement in net cash flow, which will nevertheless remain significantly negative.

Growth targets until 2028 confirmed

The Executive Board confirms the mid-term targets for the period up to financial year 2028, as communicated in November 2023, which include a significant increase in sales to more than EUR 2.2 billion and an improvement in the EBITDA margin to the high 30's. The targets are driven by the increasing relevance of global megatrends with a strong increase in demand for semiconductors and thus for wafers. The improvement in the Group's profitability will primarily be driven by the expected volume growth and a higher cost efficiency.

Siltronic will use its expected future cash flows primarily for further organic growth, to strengthen its innovative strength and to reduce debt.

Conference Call for Analysts and Investors:

The Executive Board of Siltronic AG will host a conference call for analysts and investors today, March 12, 2024, at 10:00 a.m. (CET). The conference will be streamed on the Internet. The audio webcast will be available live and as an on-demand version on Siltronic's website.

Upcoming events

May 2, 2024	Quarterly Statement Q1 2024
May 13, 2024	Annual General Meeting
July 25, 2024	Half Year Report 2024
October 24, 2024	Quarterly Statement Q3 2024

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Company profile:

As one of the leading wafer manufacturers, Siltronic is globally oriented and operates production sites in Asia, Europe, and the USA. Silicon wafers are the foundation of the modern semiconductor industry and the basis for chips in all electronic applications – from computers and smartphones to electric cars and wind turbines. The international company is highly customer-oriented and focuses on quality, precision, innovation, and growth. Siltronic AG employs around 4,500 people worldwide and has been listed in the Prime Standard of the German Stock Exchange since 2015. Siltronic AG shares are included in both the MDAX and TecDAX stock market indices.

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.