

Press release

Siltronic AG

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Weak demand affects Siltronic AG's earnings in H1 2024, as expected – sales in Q2 slightly above previous quarter

- Sales in H1 2024 down 14.0 percent to EUR 694.8 million on a half-year comparison, Q2 at EUR 351.3 million, up 2.3 percent compared to the previous quarter
- EBITDA margin remains solid at 26.1 percent after six months (Q2 2024 reaches 25.8 percent)
- Guidance for 2024 confirmed and specified: Group sales in the high single-digit percentage range below previous year; EBITDA margin between 23 and 25 percent and thus at the upper end of the range published in April

Munich, Germany, July 25, 2024 – As expected, Siltronic AG's (MDAX/TecDAX: WAF) business performance in Q2 2024 was again characterized by weak demand in the wafer market, which resulted from continued increased inventories in the chip industry. Due to the lower wafer area sold, half-year sales of EUR 694.8 million were significantly lower than in the same period of the previous year (H1 2023: EUR 808.2 million). However, at EUR 351.3 million, sales in Q2 2024 slightly exceeded the previous quarter (Q1 2024: EUR 343.5 million) by 2.3 percent.

"Q2 was in line with expectations. On a positive note, the end markets, partially driven by Artificial Intelligence, will grow this year. However, this is not yet reflected in our order situation due to still elevated inventory levels. We are pleased that we were able to slightly increase our sales in Q2 compared to the previous quarter and continued to achieve a solid EBITDA margin of 25.8 percent," comments Dr. Michael Heckmeier, CEO of Siltronic, on the development.

Business development in H1 2024 influenced by weak demand, sales prices almost stable

In Q2 2024, Siltronic generated sales of EUR 351.3 million, up 2.3 percent on the previous quarter (Q1 2024: EUR 343.5 million) due to the increase in wafer area sold. Sales prices were almost unchanged quarter-on-quarter. Sales of EUR 694.8 million were generated in H1 2024 (H1 2023: EUR 808.2 million). The decline is primarily due to the lower sales volume. Price and currency effects had no significant impact in the half-year comparison.

On the cost side, the increase in wafer area sold and higher depreciation due to investments had a particularly noticeable impact on the quarter-on-quarter comparison. As expected, a small loss from currency hedging transactions was recognized in the other operating result in Q2. As a result, EBITDA in Q2 2024 remained almost unchanged compared to the previous quarter at EUR 90.6 million (Q1 2024: EUR 90.8 million) despite a slight increase in sales. At 25.8 percent, the EBITDA margin remained at a solid level (Q1 2024: 26.4 percent). In a half-year comparison, EBITDA fell to EUR 181.4 million (H1 2023: EUR 243.8 million), mainly due to lower demand, and reached a margin of 26.1 percent (H1 2023: 30.2 percent).

The decline in costs due to the lower sales volume was mitigated by a lower fixed cost dilution, and a lower currency hedging result was also noticeable in the half-year comparison. In addition, H1 2024 saw an increase in depreciation and amortization.

Net profit for the period fell from EUR 27.7 million in Q1 2024 to EUR 22.4 million in Q2 and from EUR 133.9 million in H1 2023 to EUR 50.1 million in H1 2024. In addition to the effects described above, a lower financial result due to investments contributed to the reduction. Earnings per share amounted to EUR 0.73 in Q2 2024 and EUR 1.59 in H1 2024.

Net assets and financial position still affected by high investments

With an equity ratio of 46.5 percent as of June 30, 2024, Siltronic continues to have a good balance sheet quality (December 31, 2023: 46.6 percent). Cash and cash equivalents and short-term financial investments fell by EUR 129.5 million to EUR 327.4 million in H1 2024. This was due to net payments for investments of EUR 411.2 million with a focus on the new 300 mm fab in Singapore and the dividend payment of EUR 36.0 million to Siltronic AG's shareholders. In the same period these payments were opposed by cash inflows of EUR 171.4 million from operating activities and cash inflows of EUR 150.0 million from a loan that was partially drawn. Due to the high level of investments, the net cash flow fell to EUR -252.8 million and was negative, as expected. Accordingly, net financial debt increased by a total of EUR 283.5 million to EUR 639.2 million compared to December 31, 2023.

Guidance for 2024

The Executive Board of Siltronic AG has specified its guidance published at the end of April and now expects Group sales to decline by a high single-digit percentage compared to the previous year. With a view to the financial year 2024, this is primarily due to lower volumes as well as each slightly negative exchange rate- (EUR/USD 1.10), price- and product mix effects. The EBITDA margin is expected to be at the upper end of the previously communicated range of 23 to 25 percent. However, the EBITDA margin in H2 will not reach the level of H1. Profitability in H2 will be impacted by both slightly negative price and product mix effects as well as ramp costs for the new Singapore fab, which will start to impact earnings in Q4. In addition, one production line is scheduled for maintenance in Q4, which will be bridged by inventory reductions and will also have a negative impact on the margin. Capex is expected to be in the range of EUR 500 million to EUR 530 million, with depreciation and amortization below EUR 300 million.

Siltronic AG – Key financial figures Q2/2024 and H1/2024

Profit and Loss statement

In EUR million	Q2 2024	Q1 2024	Q2 2023	H1 2024	H1 2023
Sales	351.3	343.5	403.7	694.8	808.2
EBITDA	90.6	90.8	118.6	181.4	243.8
EBITDA margin %	25.8	26.4	29.4	26.1	30.2
EBIT	33.0	36.0	70.3	69.0	148.1
EBIT margin %	9.4	10.5	17.4	9.9	18.3
Result for the period	22.4	27.7	61.4	50.1	133.9
Earnings per share EUR	0.73	0.86	1.83	1.59	4.03

Capital expenditure and net cash flow

Capital expenditure including intangible assets	140.6	173.0	366.4	313.6	626.1
Net cash flow	-95.0	-157.9	-310.4	-252.8	-416.0

Statement of financial position

In EUR million	Jun. 30, 2024	Dec. 31, 2023
Total assets	4,619.8	4,504.9
Equity	2,150.0	2,099.7
Equity ratio %	46.5	46.6
Net financial debt	639.2	355.7

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 25, 2024, 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.

Future dates:

October 24, 2024 Q3 2024 quarterly statement

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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.