

Siltronic AG

Q3 2022 Conference Call Presentation

October 28, 2022

Strong market demand and high fab utilization drive strong sales and results in Q3 2022

- ▶ Significant increase in sales q-o-q and y-o-y
- ▶ Smooth operational performance allowed for small volume increase in Q3
- ▶ Strong US Dollar pushes sales and ASP, but contributes to cost increases
- ▶ Major investment projects “FabNext” in Singapore and new crystal pulling hall in Freiberg continue to proceed smoothly, no delays
- ▶ Full capacity utilization for 200 mm and 300 mm wafers continued in Q3
- ▶ Expect continued high loading in Q4 despite softness in some end market segments
- ▶ Sales guidance range adjusted to plus 26 to 30 percent
- ▶ EBITDA expected at 36 to 38 percent for 2022
- ▶ Dividend of EUR 3.00 per share planned for fiscal 2022

Growing uncertainty in some end markets without impact on wafer demand so far

Smartphones

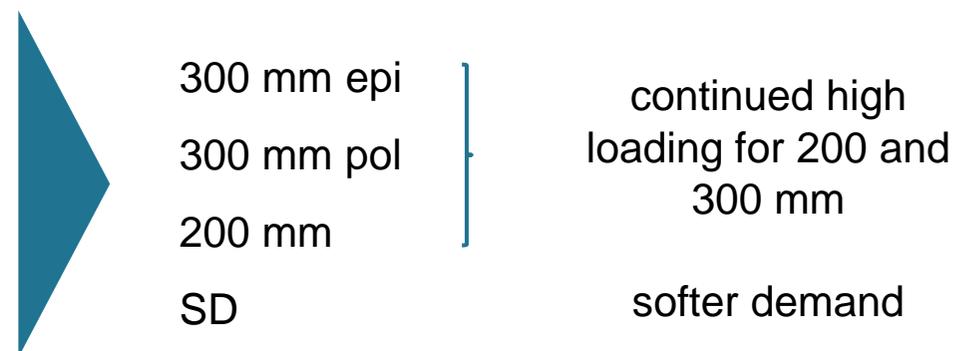
- ▶ Unit softness due to macro uncertainty
- ▶ 5G continues to drive content growth (modem and DRAM)

Industry / Auto

- ▶ Auto unit sales still below demand due to supply chain disruptions
- ▶ Increasing electronic functionality and growing xEV share push up silicon content per car
- ▶ Industrial order intake is slowing, but builds / shipments continue on high level

Servers / PC

- ▶ Servers and cloud services growing
- ▶ PC units declining significantly
- ▶ High demand for consoles continues



- ▶ ASP significantly up y-o-y
- ▶ Price increases continued q-o-q

Expansion projects are proceeding according to plan



FabNext in Singapore



Project timeline and budget on track



Customer LTAs with pre-pay in place for 80 % of FabNext capacity throughout the ramp phase



First shipments to customers in early 2024

New crystal pulling hall in Freiberg



Project is proceeding well



Construction on track,
started equipment move in in Q3

Top: FabNext construction in Singapore, bottom: CZ expansion in Freiberg

Source: Siltronic AG

Highlights: Financial figures Q3 2022

Sales

– EUR 474.0 mn (Q2 2022: EUR 442.2 mn)

EBITDA

– EUR 170.5 mn (Q2 2022: EUR 147.0 mn)
– EBITDA margin: 36.0% (Q2 2022: 33.2%)

EBIT

– EUR 124.3 mn (Q2 2022: EUR 102.8 mn)
– EBIT margin: 26.2% (Q2 2022: 23.2%)

CapEx

– EUR 226.0 mn (Q2 2022: EUR 165.0 mn)

Net cash flow

– EUR -63.6 mn (Q2 2022: EUR -123.4 mn)

Net financial assets

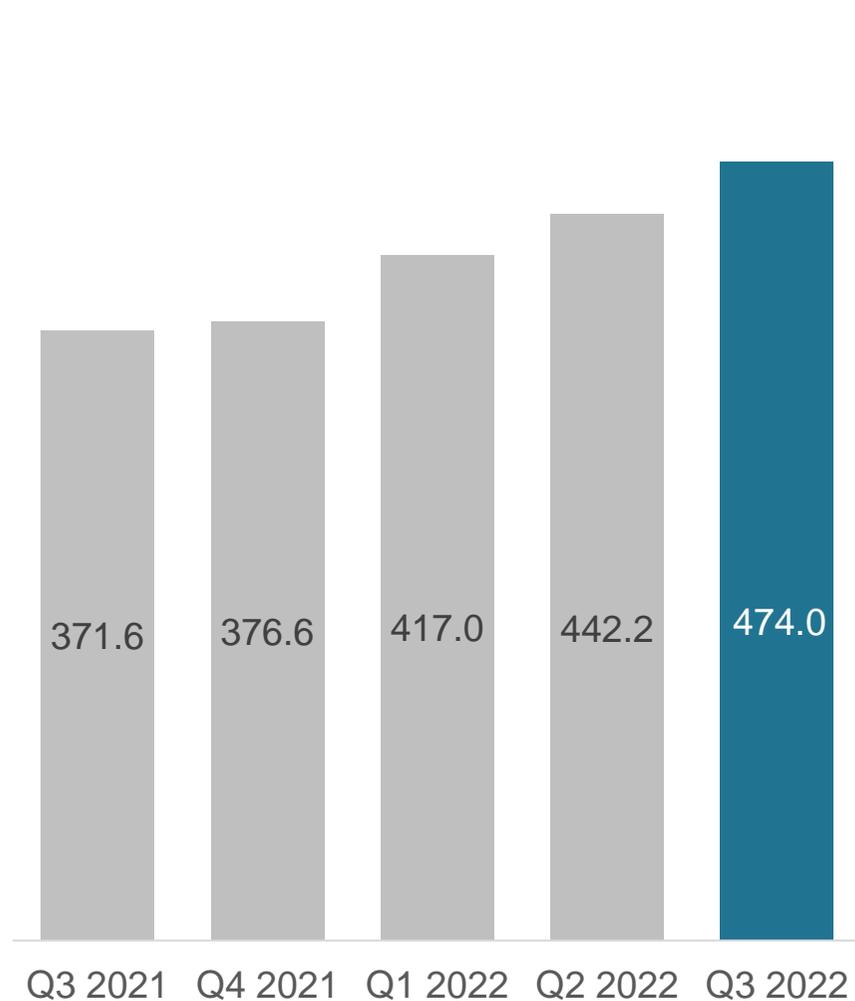
– EUR 553.3 mn (December 31, 2021: EUR 572.8 mn)



Financials Q3 2022

Strong sales growth driven by rising ASP and favourable FX

Sales, in EUR m



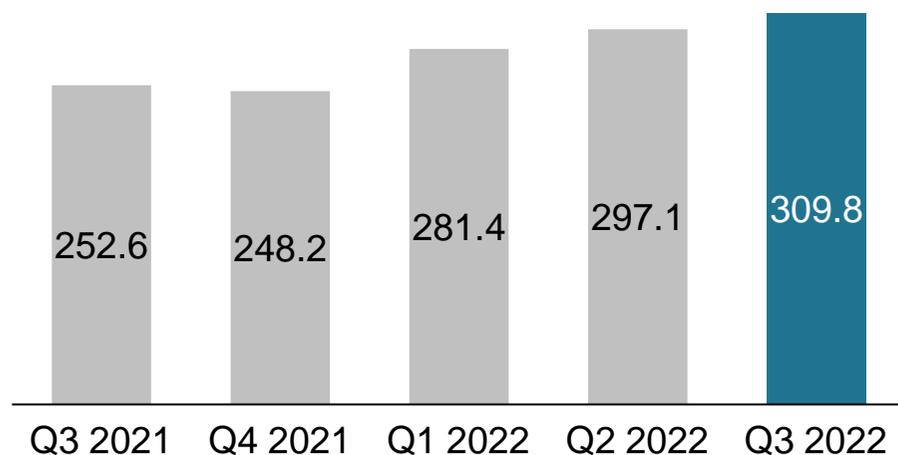
Ø FX rates	Q3	Q4	Q1/22	Q2	Q3
EUR / USD	1.18	1.14	1.12	1.07	1.01
EUR / JPY	130	130	130	136	139

Comments

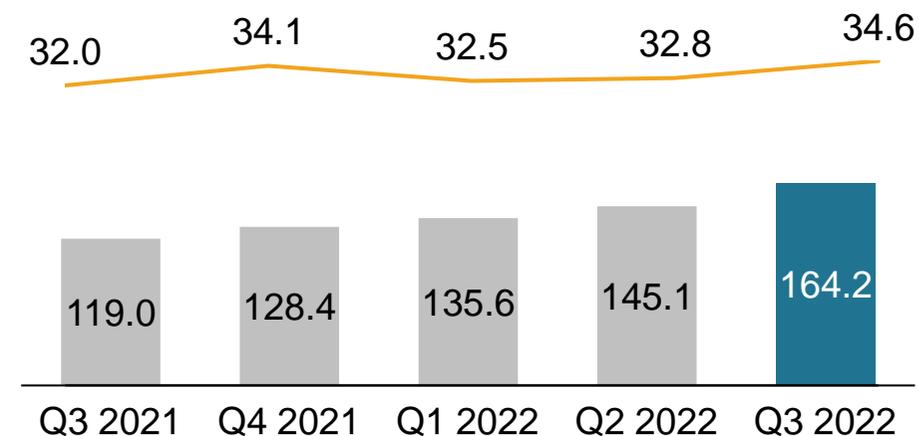
- ▶ Wafer area sold slightly up q-o-q
- ▶ Sales prices slightly up q-o-q, significantly up y-o-y
- ▶ Favorable FX y-o-y and q-o-q

Higher COGS due to FX and inflation

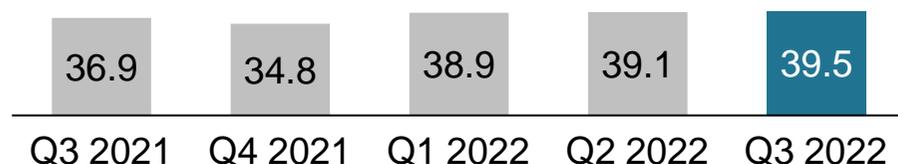
Cost of sales, in mn EUR



Gross profit, in EUR mn / Gross margin, in %



Selling, R&D and admin expenses, in EUR mn

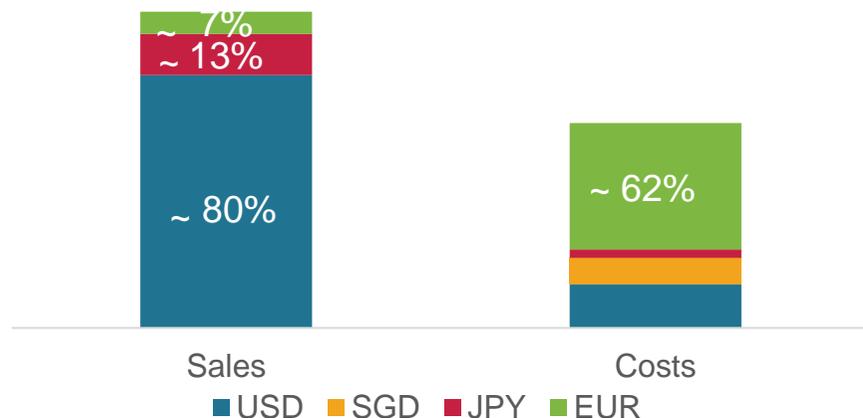


Comments

- ▶ COGS up
 - ▶ Higher wafer area sold y-o-y
 - ▶ Higher costs, especially for electricity and supplies q-o-q and y-o-y
 - ▶ FX effects
- ▶ Gross margin was burdened q-o-q due to unit cost increases

High US-Dollar and Japanese Yen exposure

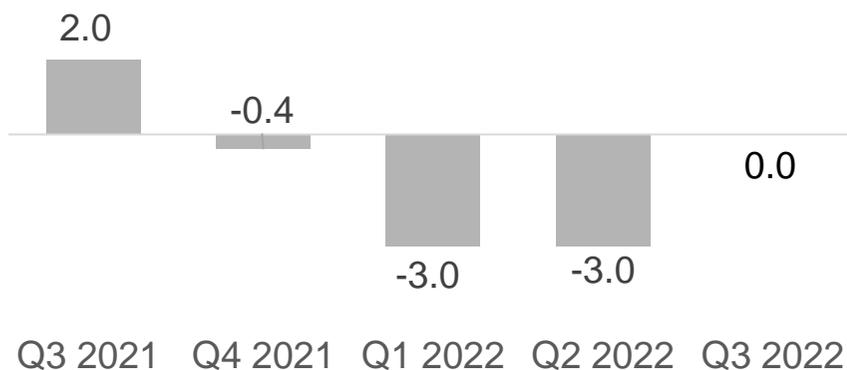
FX exposure, in %



FX sensitivity

	Sales	EBITDA Unhedged
1 USD-/SGD-cent change	~ EUR 13 mn	~ EUR 10 mn
1 JPY change	~ EUR 1.7 mn	~ EUR 1.4 mn

Other currency effects (mostly hedging), in EUR mn

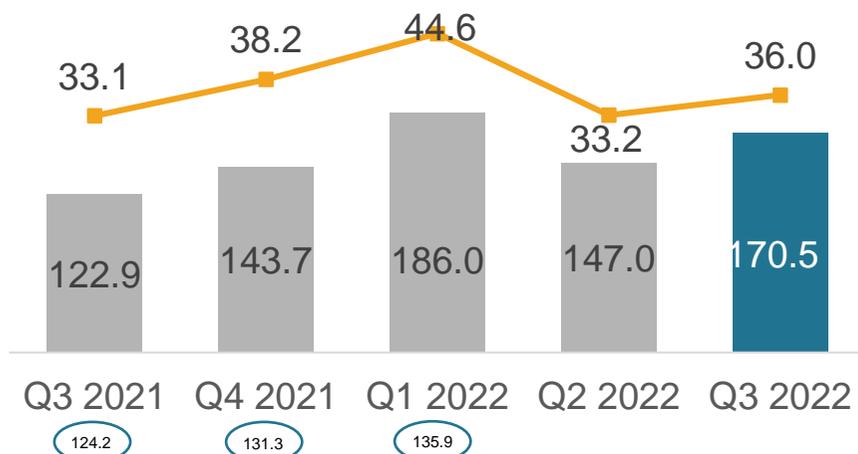


Comments

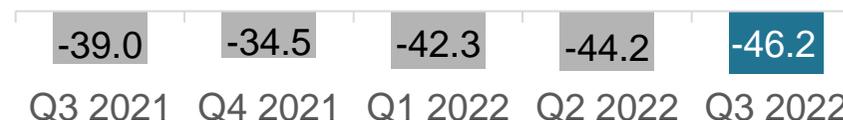
- ▶ Stronger USD and SGD qoq
- ▶ High exposure to USD (higher sales) and SGD (higher cost)
- ▶ USD invoicing 80%, declining JPY share
- ▶ Tailwind on top line

Strong EBITDA, supported by FX and higher sales prices

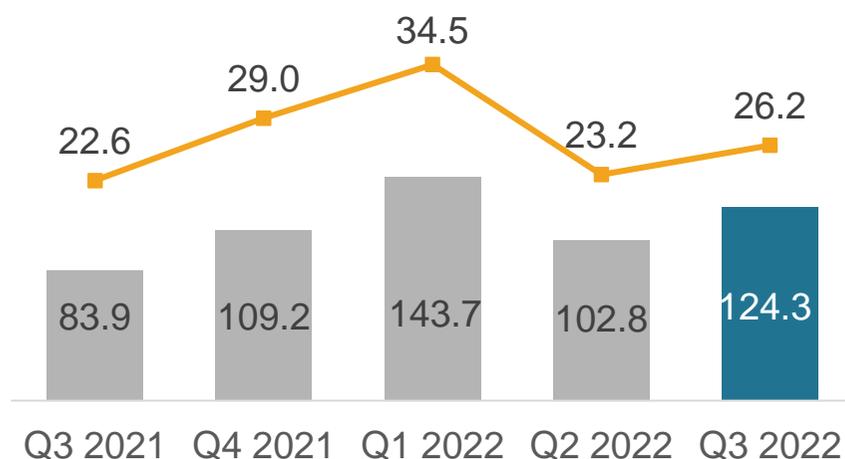
EBITDA, in EUR mn / EBITDA margin, in %



Depreciation, in EUR mn



EBIT, in EUR mn / EBIT margin, in %



Comments

Positive

- ▶ Wafer area sold up y-o-y
- ▶ ASP per wafer area up y-o-y
- ▶ Favorable FX trend YTD
- ▶ EUR 50 mn one-time profit in Q1 (termination fee)
- ▶ EBITDA excluding the termination fee up q-o-q

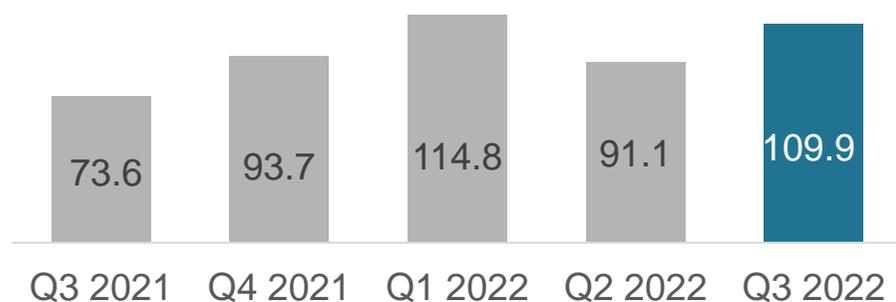
Negative

- ▶ Cost increases

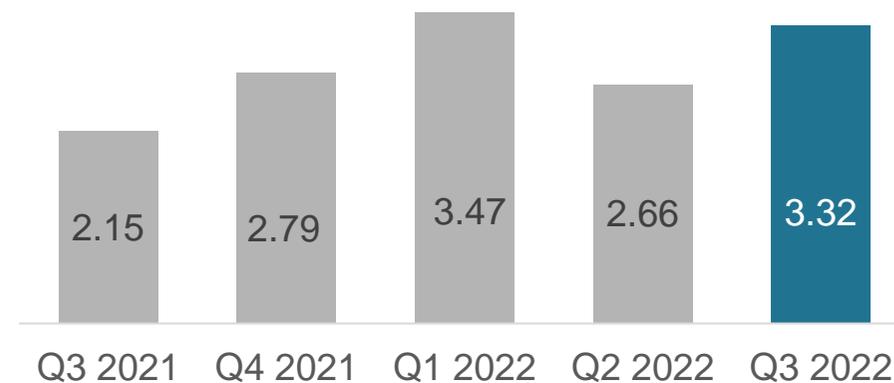
○ EBITDA excluding effects related to GlobalWafers tender offer

Net profit of EUR 109.9 million in Q3 2022

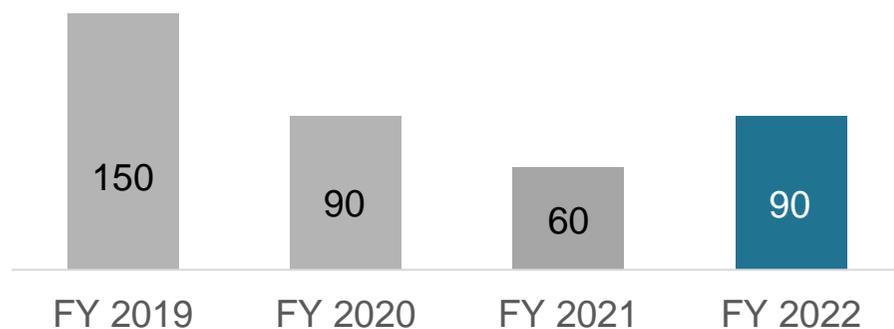
Net profit, in EUR mn



EPS, in EUR



Dividend payment, in EUR mn

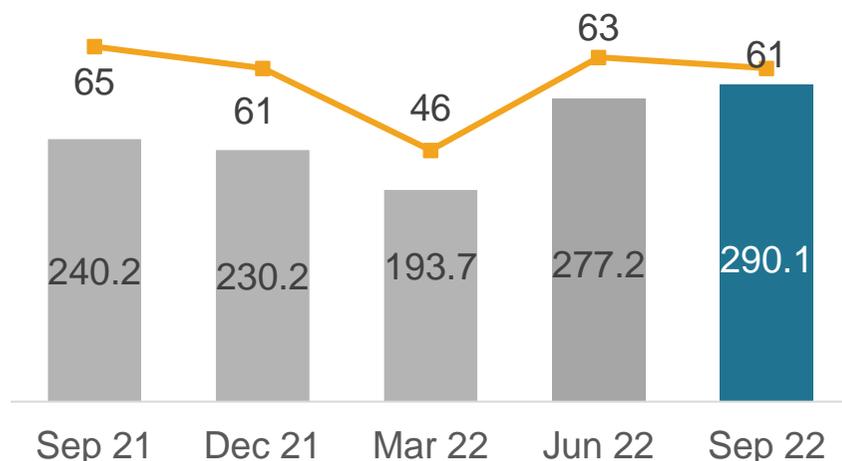


Comments

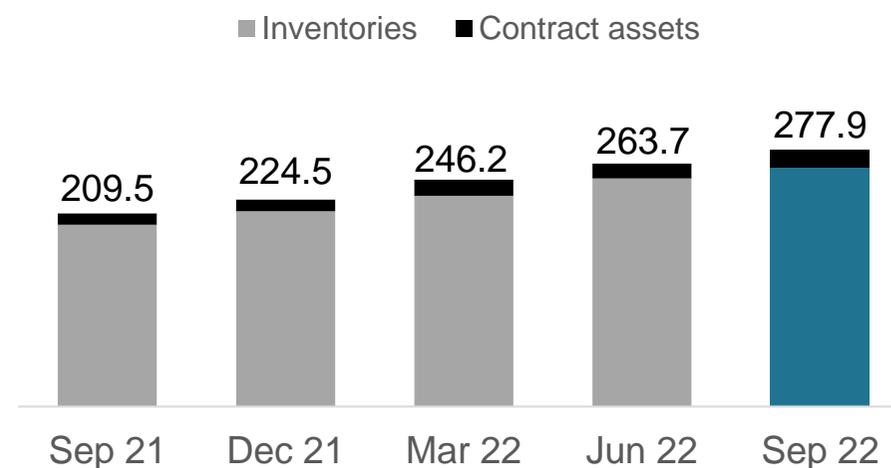
- ▶ Net profit of EUR 109.9 mn in Q3 2022; thereof EUR 99.7 mn attributable to Siltronic shareholders
- ▶ Dividend of EUR 3.00 per share = EUR 90 mn dividend payout in May 2022

Working capital and trade liabilities show variations due to high Capex projects

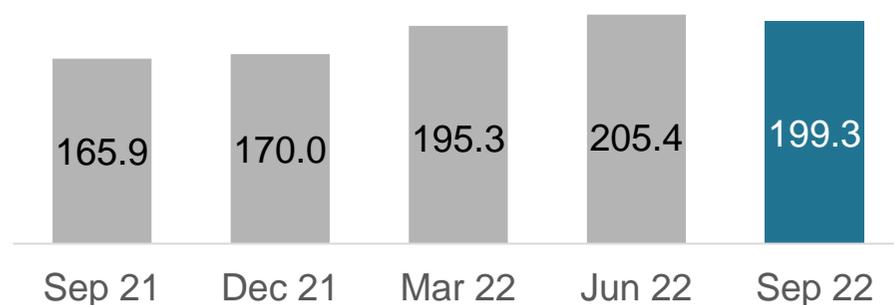
Working capital, in EUR mn,
Working capital ratio to quarterly sales, in %



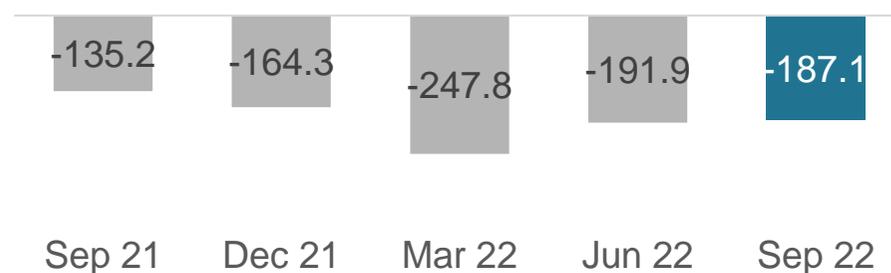
Inventories and contract assets, in EUR mn



Trade receivables, in EUR mn

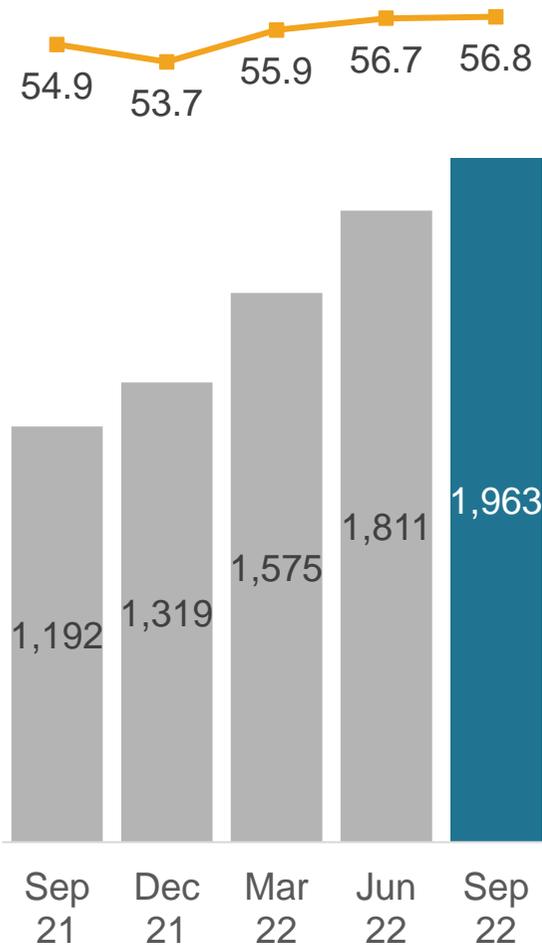


Trade liabilities, in EUR mn



Equity exceeds EUR 1.9 bn, with equity ratio of 57%

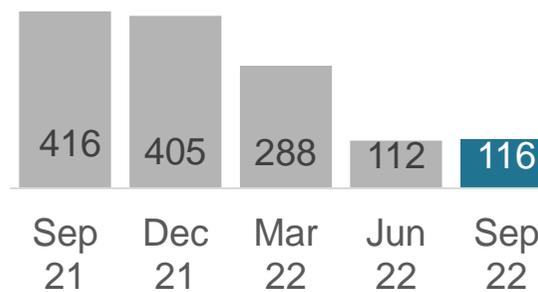
Equity, in EUR mn
Equity ratio, in %



Provisions for pensions,
in EUR mn

Interest rates IFRS

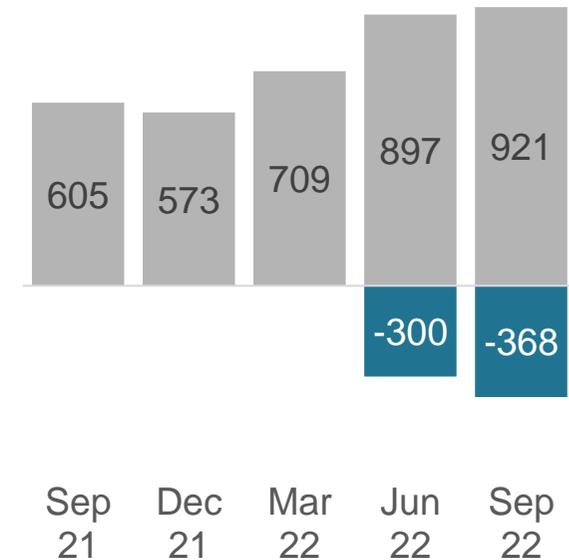
USA	2.42%	2.51%	3.22%	4.16%	4.85%
Germany	1.19%	1.23%	1.86%	3.30%	3.69%



Financial assets and debt,
in EUR mn

Net financial assets, in EUR mn

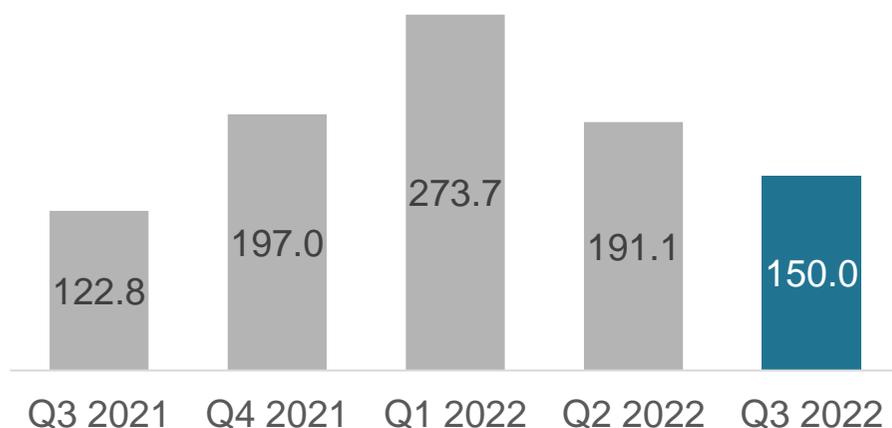
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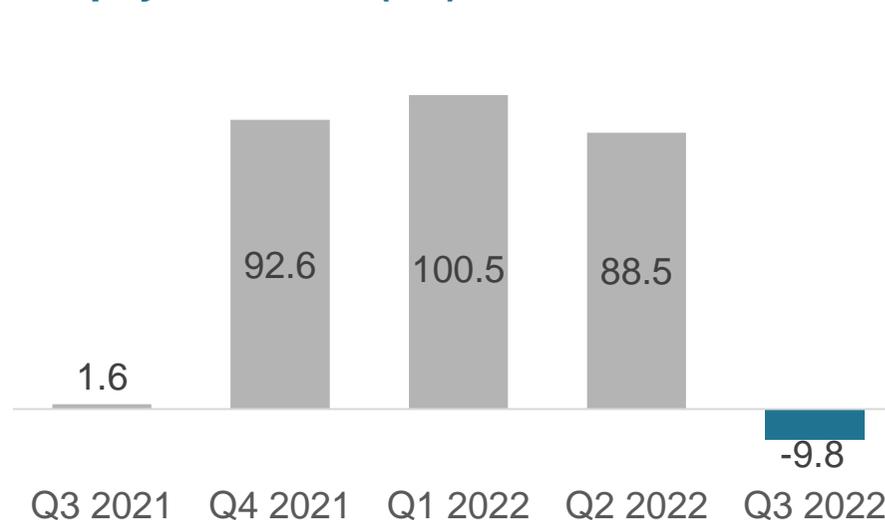
■ Financial assets ■ Financial debt

Net cash flow significantly negative due to ongoing invest in expansion projects

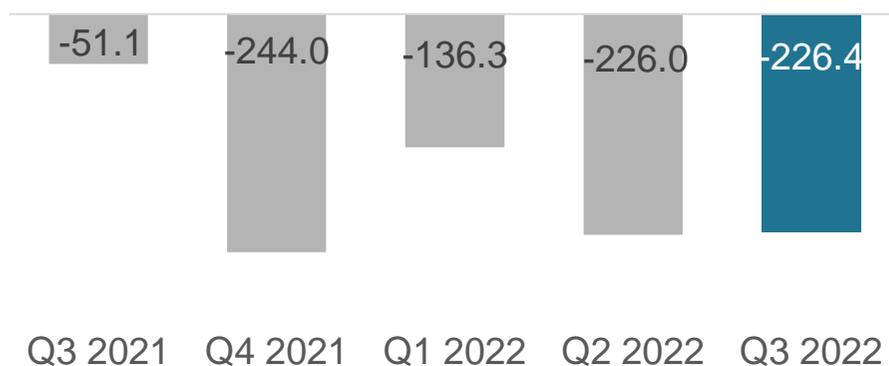
Operating cash flow (OCF), in EUR mn
including prepayments



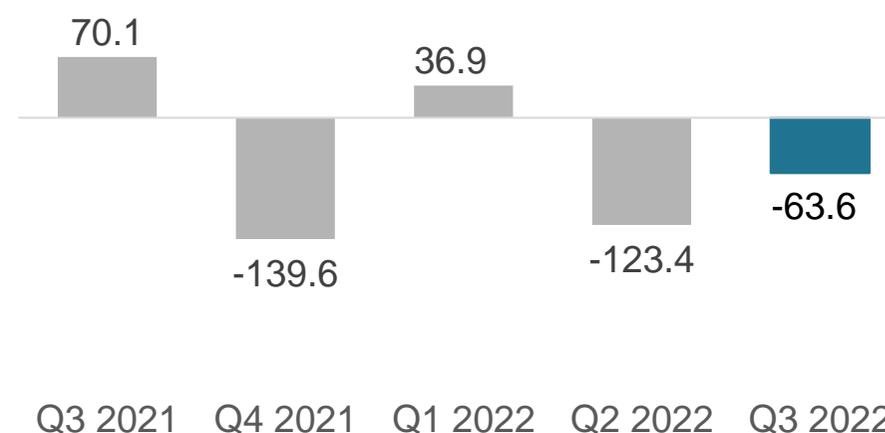
Prepayments net (PP), in EUR mn



CF Capex, in EUR mn



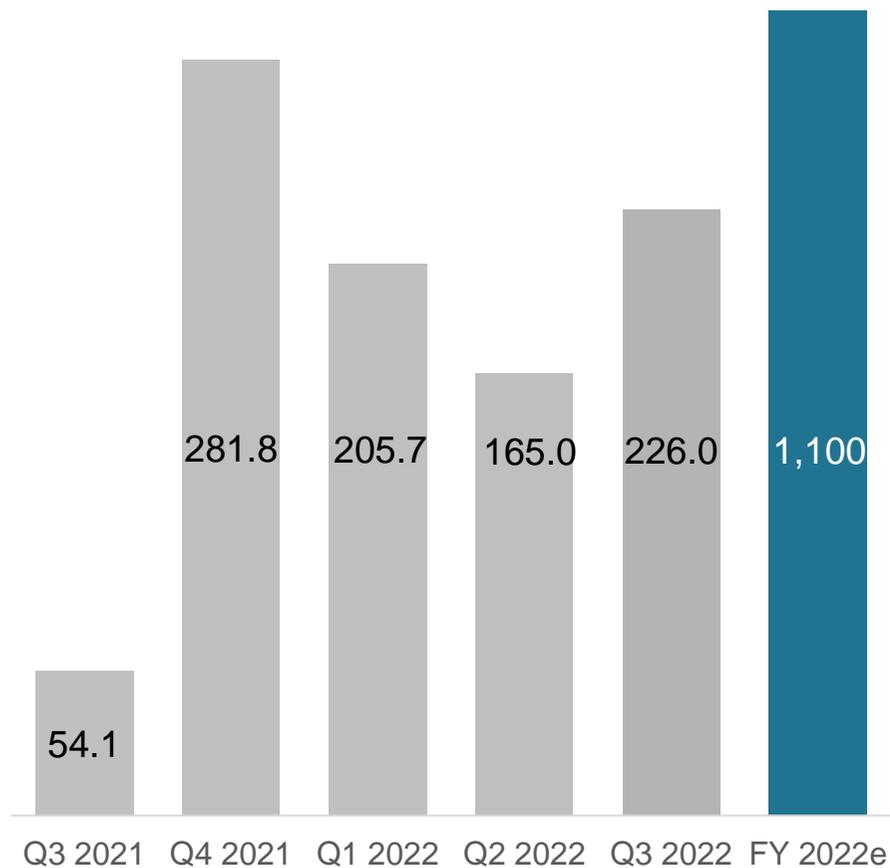
Net cash flow (NCF), in EUR mn
excluding prepayments



NCF= OCF-PP+CF Capex

High CAPEX related to expansion projects will increase in H2.

Investment, in EUR m



Comments

- ▶ Capex guidance 2022: EUR 1,100 mn
 - ▶ two thirds of capex for FabNext
 - ▶ 300 mm epi capacity
 - ▶ capabilities for future design rules
 - ▶ expansion of crystal pulling hall in Freiberg
- ▶ Capex in H2 will be significantly above H1 based on project phases

Financing of Expansion Projects

- ▶ Existing cash and operating cash flow
- ▶ Customer pre-payments
- ▶ Loans (see next page)
- ▶ Dividend policy amended to max. EUR 3 per share

Three pillars of debt financing for capex projects including FabNext



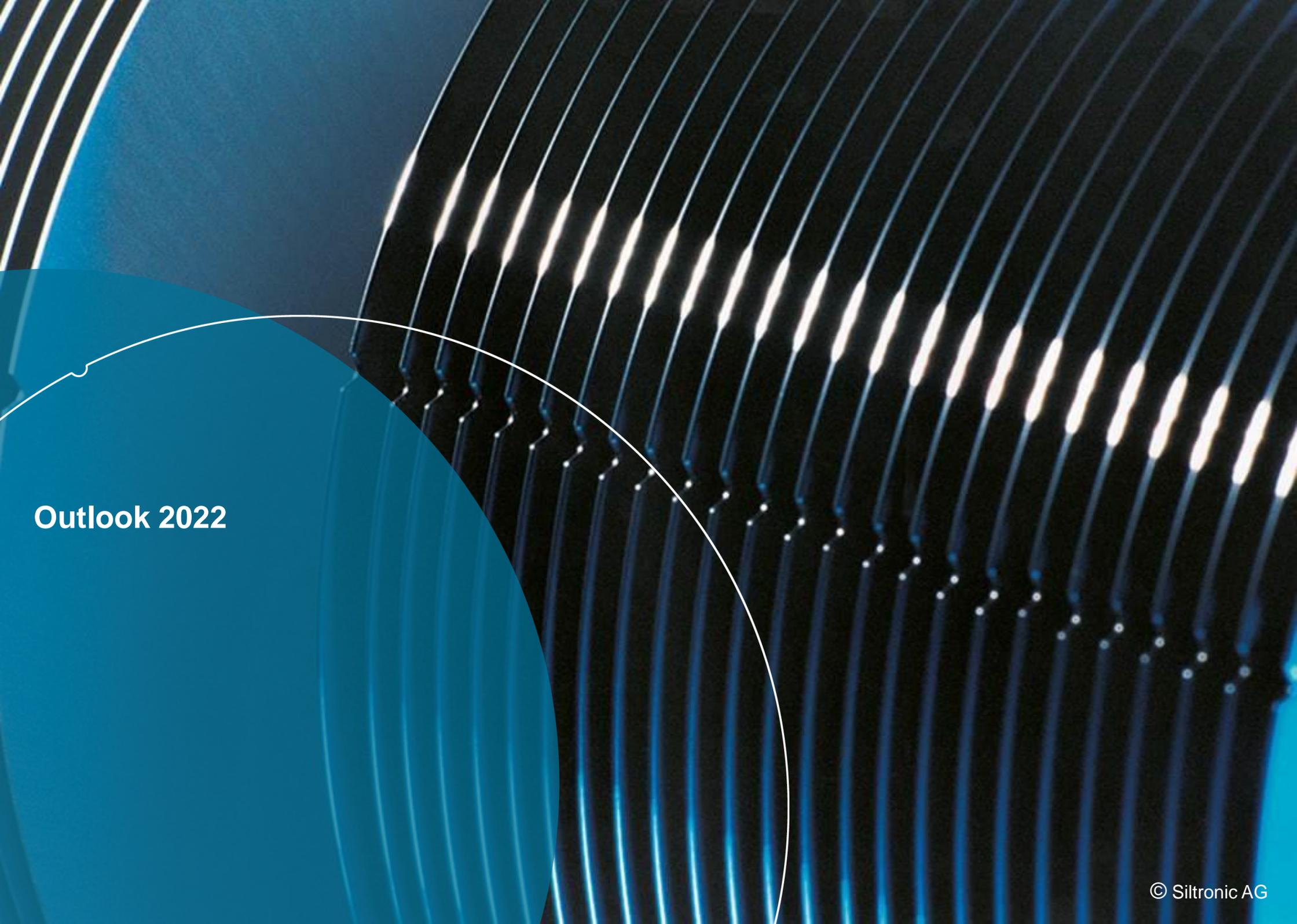
ESG-linked promissory note loan
€ 300 mn with terms of five, seven and ten years



Local bilateral loan in Singapore Dollar denomination
S\$ 450 mn, draw-down in 2022 and 2023



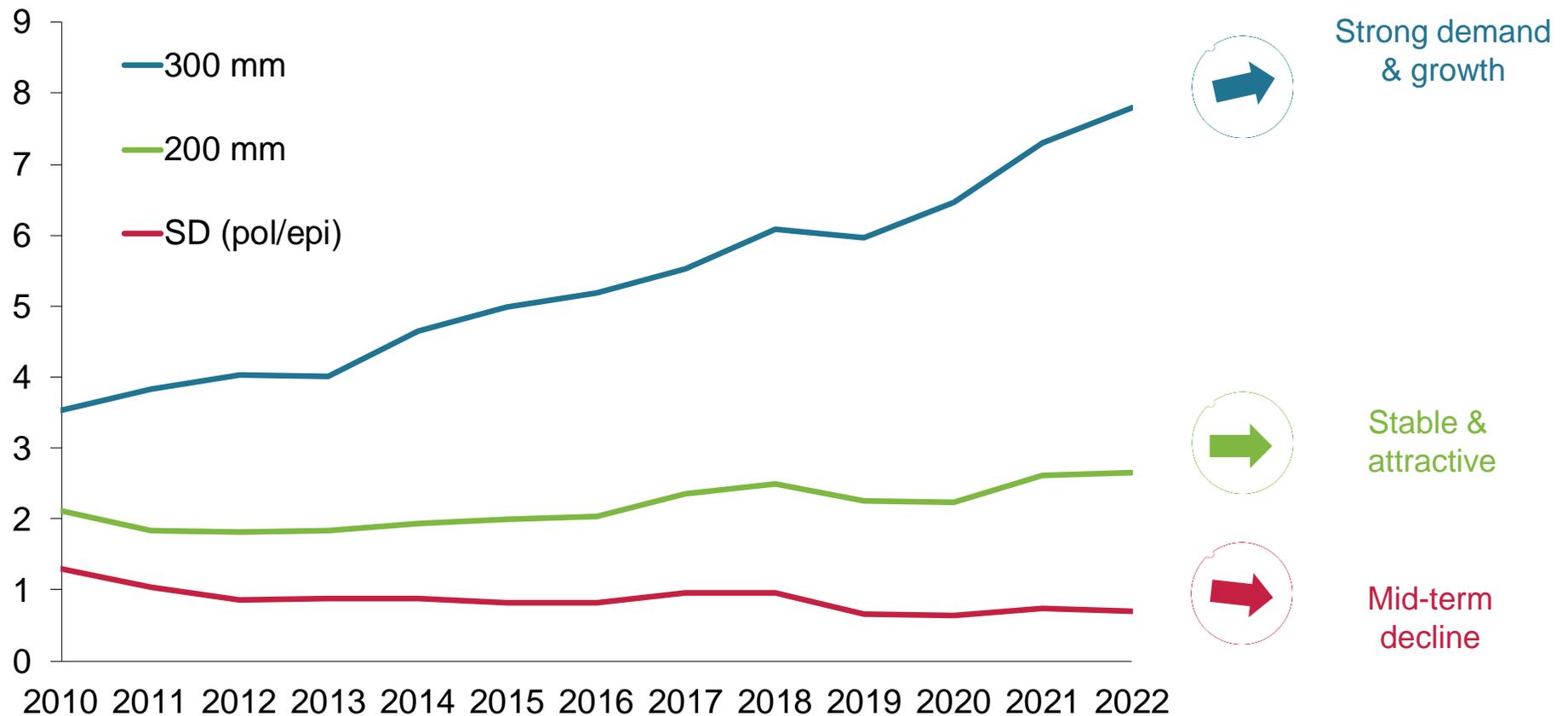
European Investment Bank bilateral loan
€ 200 m, draw-down in Q4/2022, amortizing over ten years



Outlook 2022

Siltronic is focused on growing 300 mm and attractive 200 mm business. Market growth continued in Q3.

Development of Total Wafer Demand per Diameter, in mn 300 mm equivalents per month



Source: SEMI up to Q3 2022

Outlook

- ▶ Tailwind from FX continues to drive sales and results
- ▶ Softness in some end markets lead to risk of inventory corrections in some segments
- ▶ Long term growth drivers are intact
- ▶ Structural shortage for 300 mm wafers is expected to persist
- ▶ Project to become independent of gas supply at German sites is proceeding
 - ▶ reduction of consumption in the short term
 - ▶ Freiberg site replacing gas with fuel oil within 3 months, plan to become independent of fossil fuels in next years
- ▶ Siltronic is confident to have sufficient supply of energy and gas for the foreseeable future
- ▶ Siltronic focus on smooth project execution and operational excellence

Siltronic Outlook 2022 (as of October 28, 2022)

Sales	– 26 to 30 percent increase	+
EBITDA margin	– increase to 36 to 38 percent (incl. termination fee)	+
Depreciation	– around EUR 185 mn	=
EBIT	– significant increase	=
Tax rate	– between 10 to 15 percent	=
CapEx	– around EUR 1,100 mn (approx. 2/3 for FabNext)	=
Net cash flow	– significantly negative due to high investments	=
Earnings per share	– significant increase	=

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