

Siltronic AG

Q2 2023 Conference Call
Presentation

Sound Basis
For Future Growth

July 27, 2023

New management team is preparing Siltronic for expected medium-term growth



Claudia
Schmitt
CFO

Michael
Heckmeier
CEO

Source: Siltronic

My first 83 impressive days with Siltronic



European player with a global footprint – field trips to Burghausen/Freiberg, Portland, Singapore



Impressed by the unique skills, deep technology understanding and commitment everywhere



High-tech company with strong innovation focus



Exciting products with huge future potential

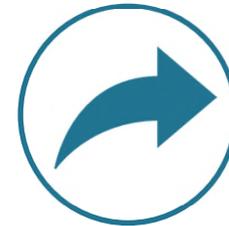
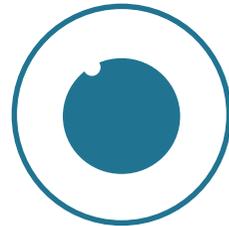


Visited most top customers

Source: Siltronic

We will leverage Siltronic's USPs to take our company to the next profitable growth level

Important player in a market crucial for the future of global economy



Dynamic upward trend in the next years, driven by **AI, digitalization and electromobility**

Only **western wafer manufacturer** holding roughly **14% global market share¹**



Siltronic is primed to seize **future opportunities**

¹ Source: SEMI Feb 2023

Q2 2023 with expected solid development - business impacted by industry weakness

404

Sales in Million EUR
Q1 2023: 404

29.4

EBITDA Margin in %
Q1 2023: 31.0

366

Capex in Million EUR
Q1 2023: 260

-310

Net Cash Flow in Million EUR
Q1 2023: -106

Stable

Market share

Early 2024

FabNext
Production start

Financials Q2 2023

Sound and expected performance in a very challenging environment

Q2 in line with expectations, pricing sentiment stable

Profit & Loss, in EUR million

	Q2 2023	Q1 2023
Sales	403.7	404.4
Gross profit	101.1	116.2
Gross margin, in %	25.0	28.7
EBITDA	118.6	125.2
EBITDA margin, in %	29.4	31.0
EBIT	70.3	77.8
EBIT margin, in %	17.4	19.2
Net Income	61.4	72.5
EPS, in EUR	1.83	2.20

Comments

Sales: Stable qoq

- ▶ Slight pressure from FX, prices stable

EBITDA: -5% qoq, strong margin

- ▶ Higher unit cost for supplies and raw material, energy prices in Germany trending down
- ▶ Negative inventory effects
- ▶ Higher positive FX hedging result

EBIT: -10% qoq

- ▶ Expected increase in depreciation

Net income: -15% qoq

- ▶ Reduced interest income due to lower cash position along with continued high payments for capex

Strong balance sheet, expected shift between cash & securities and fixed assets

Balance Sheet Composition

	Jun 30, 2023	Dec 31, 2022
Assets, in EUR mn	4,078	4,051
Fixed Assets	70%	58%
Inventories	8%	7%
Receivables	8%	9%
Cash & Securities	14%	26%
Liabilities, in EUR mn	4,078	4,051
Equity	50%	51%
Provisions	5%	5%
Financial Liabilities	19%	19%
Liabilities & Prepayments	26%	24%

Comments

Fixed assets: + EUR 488 mn vs. Dec 31, 2022

- ▶ Increase to EUR 2.9 bn due to high capex

Cash & Securities: - EUR 461 mn vs. Dec 31, 2022

- ▶ Decline to EUR 590 mn
- ▶ Operating Cashflow < Payments for capex and dividend

Equity Ratio: 50%

- ▶ Healthy level

Financial Liabilities: unchanged

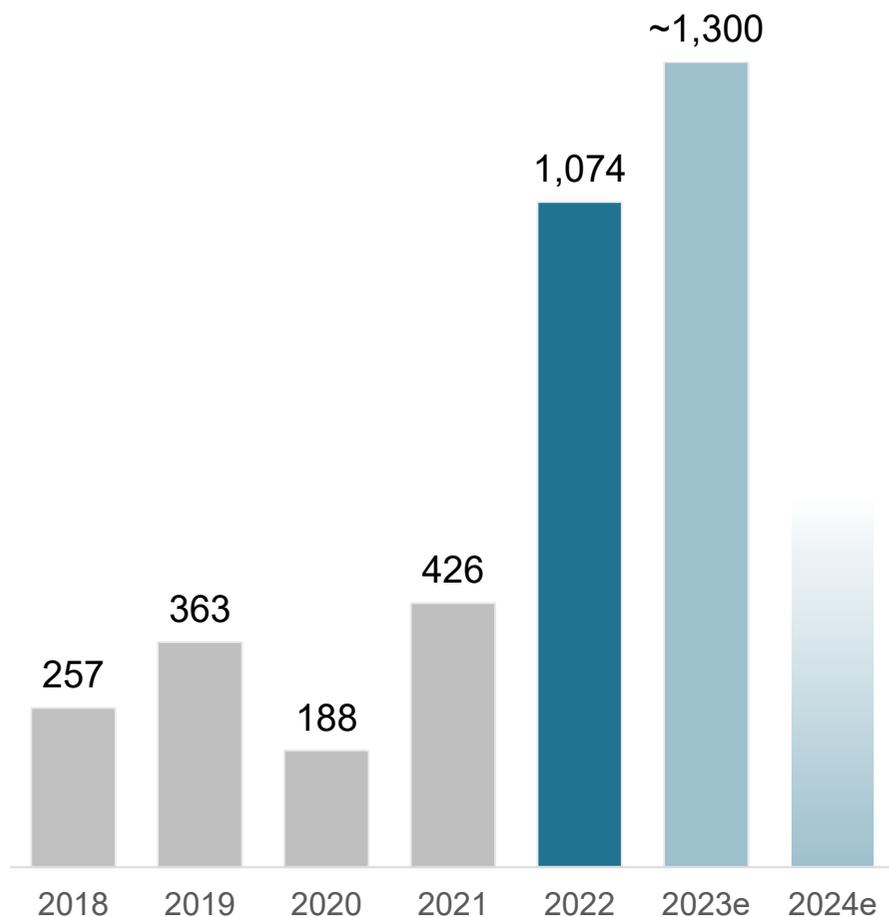
- ▶ No further drawdown in Q2

Liabilities/Prepayments: slight increase

- ▶ Customer Prepayments received: EUR 78 mn
- ▶ Provisions for pensions unchanged

Major Capex in 2023 (mostly for FabNext) will fuel future growth

Investment, in EUR million



Comments

Capex

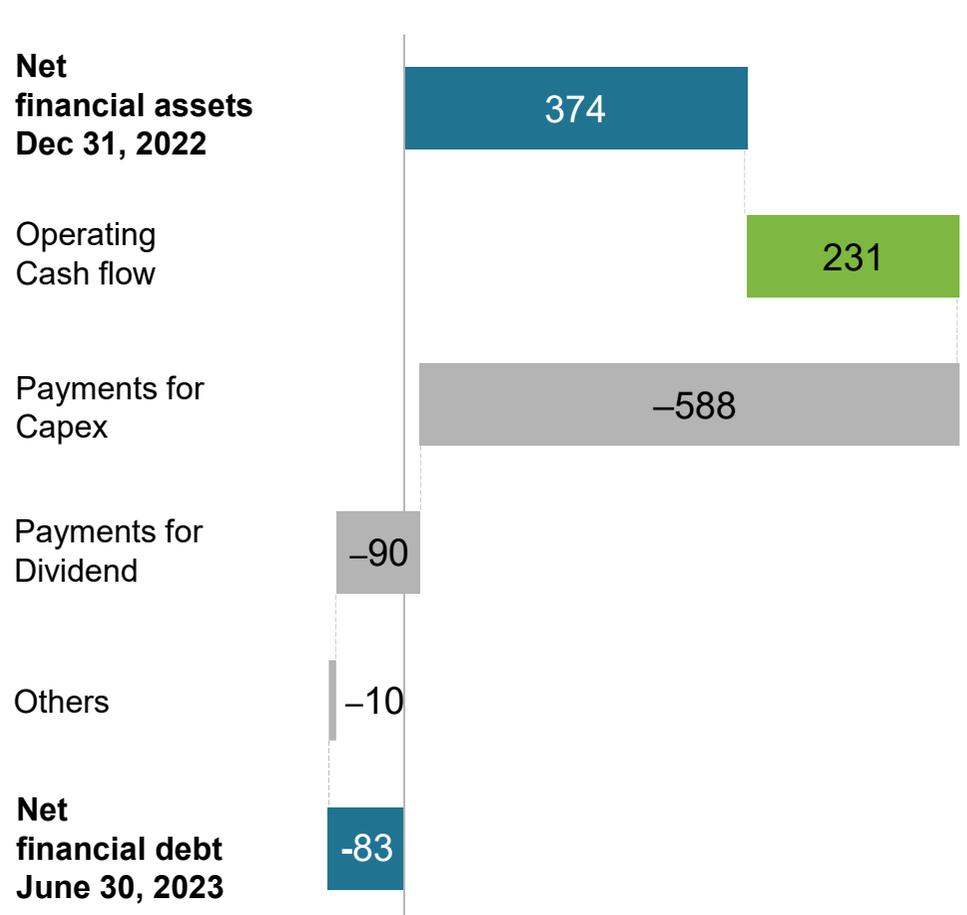
- ▶ Capex 2023 for FabNext, extension of crystal pulling hall in Freiberg and capability enhancement
- ▶ Capex 2024 down by more than half
- ▶ Depreciation will more than double in 2024

Conservative Financing Approach

- ▶ Existing cash and future operating cash flows
- ▶ Customer prepayments
- ▶ Financial debt

High Capex transforms net financial assets into debt

Net Financial Debt, in EUR million



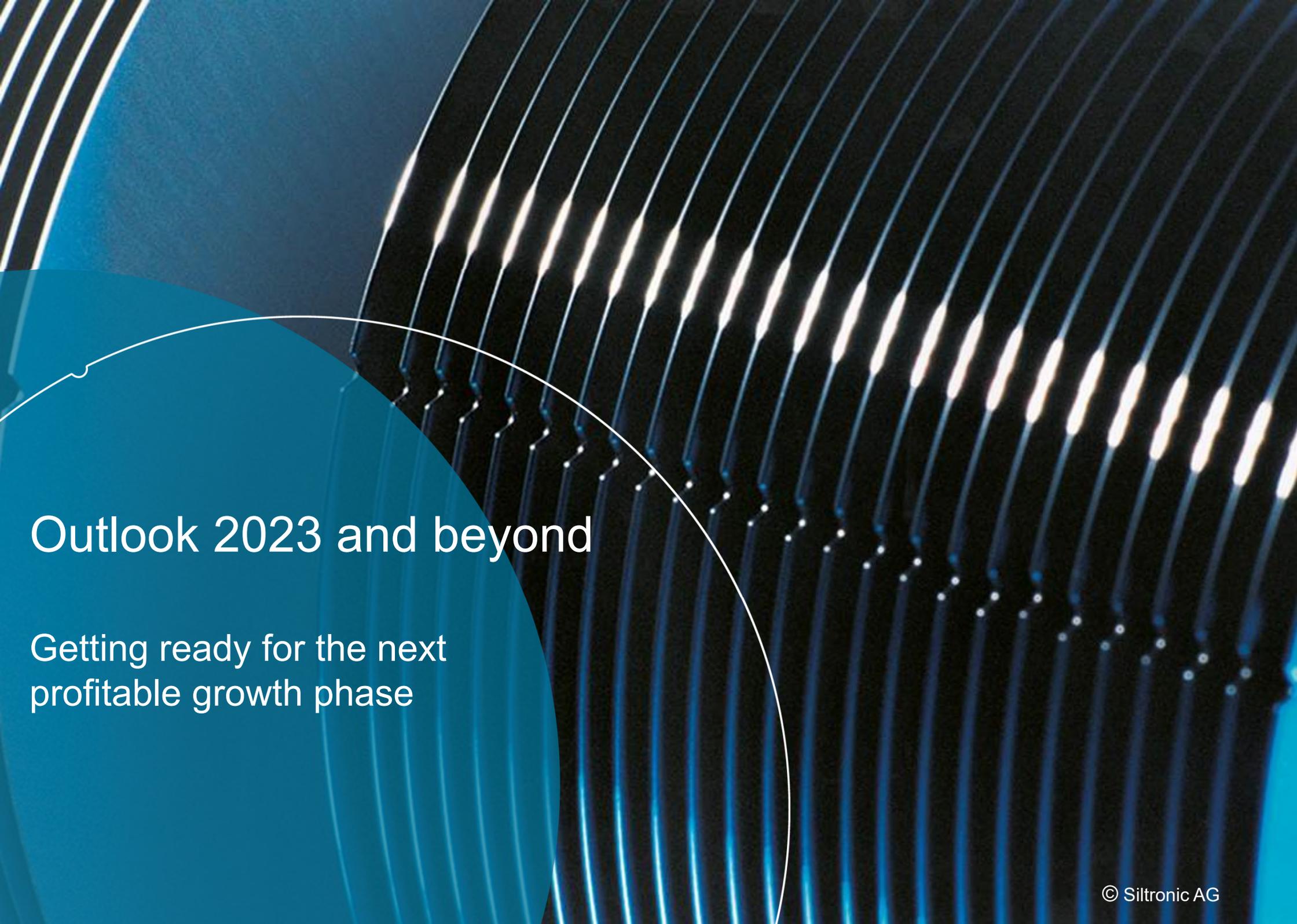
Comments

Four financing instruments in place

- ▶ ESG linked promissory note loan
- ▶ Singapore Dollar bilateral loan
- ▶ European Investment Bank bilateral loan
- ▶ New: Syndicated loan (term loan and RCF) EUR 380 mn, expected (partial) drawdown in 2024

Net financial assets Dec 31, 2022, turning into net financial debt Jun 30, 2022

- ▶ Solid operating cash flow
- ▶ Record invest outflow, mainly for FabNext
- ▶ Dividend payment
- ▶ Change in net financial position EUR -457 million

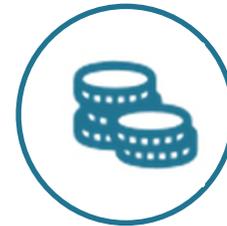


Outlook 2023 and beyond

Getting ready for the next
profitable growth phase

Characteristics of current market development

Market weakness
with significant
excess inventory
and volume shifts



Environment of
price stability

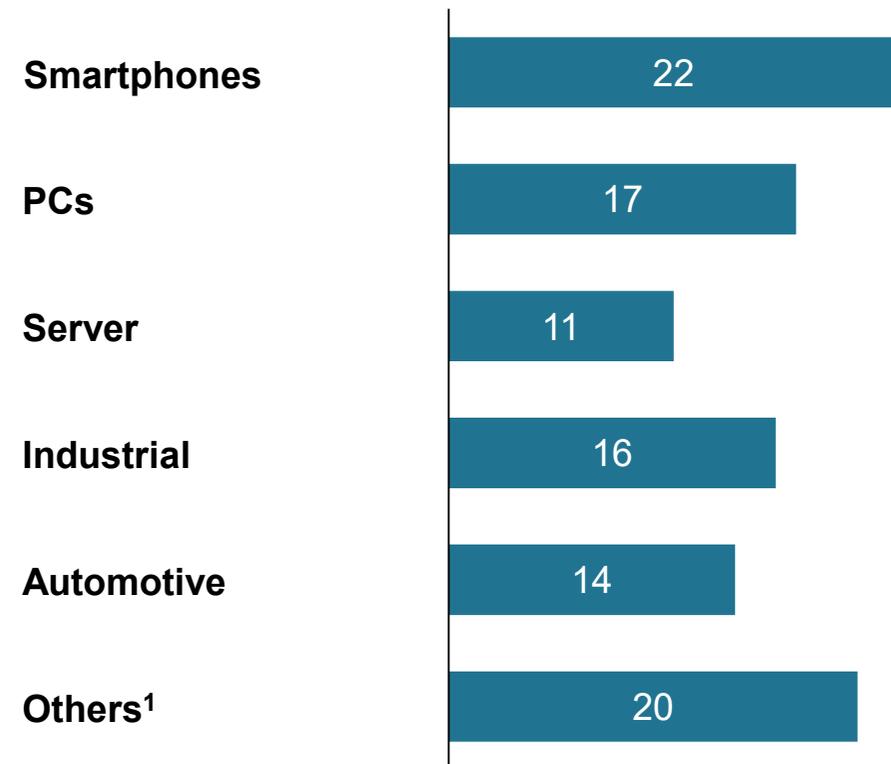
We benefit from a
high LTA share



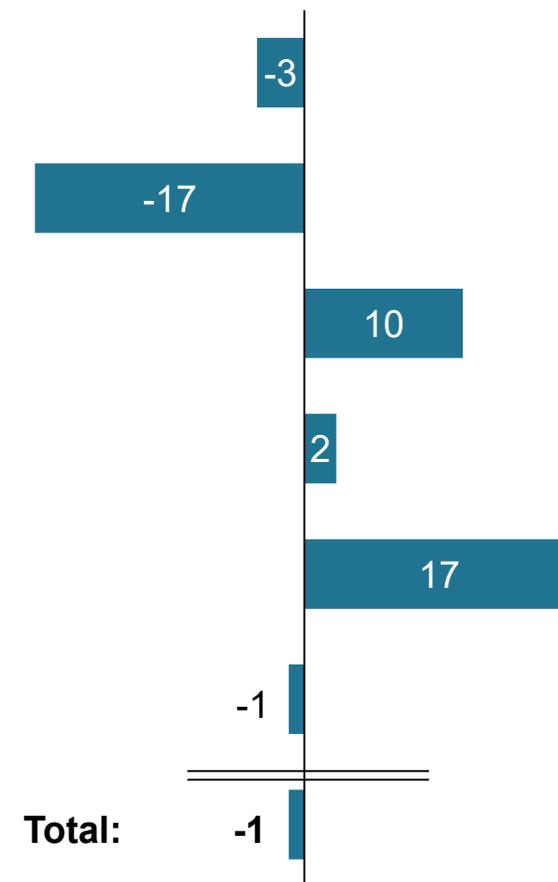
High profitability
despite market
weakness

End markets are expected to stagnate in 2023 (before inventory effects)

Consumption of wafers by end use 2022, in %



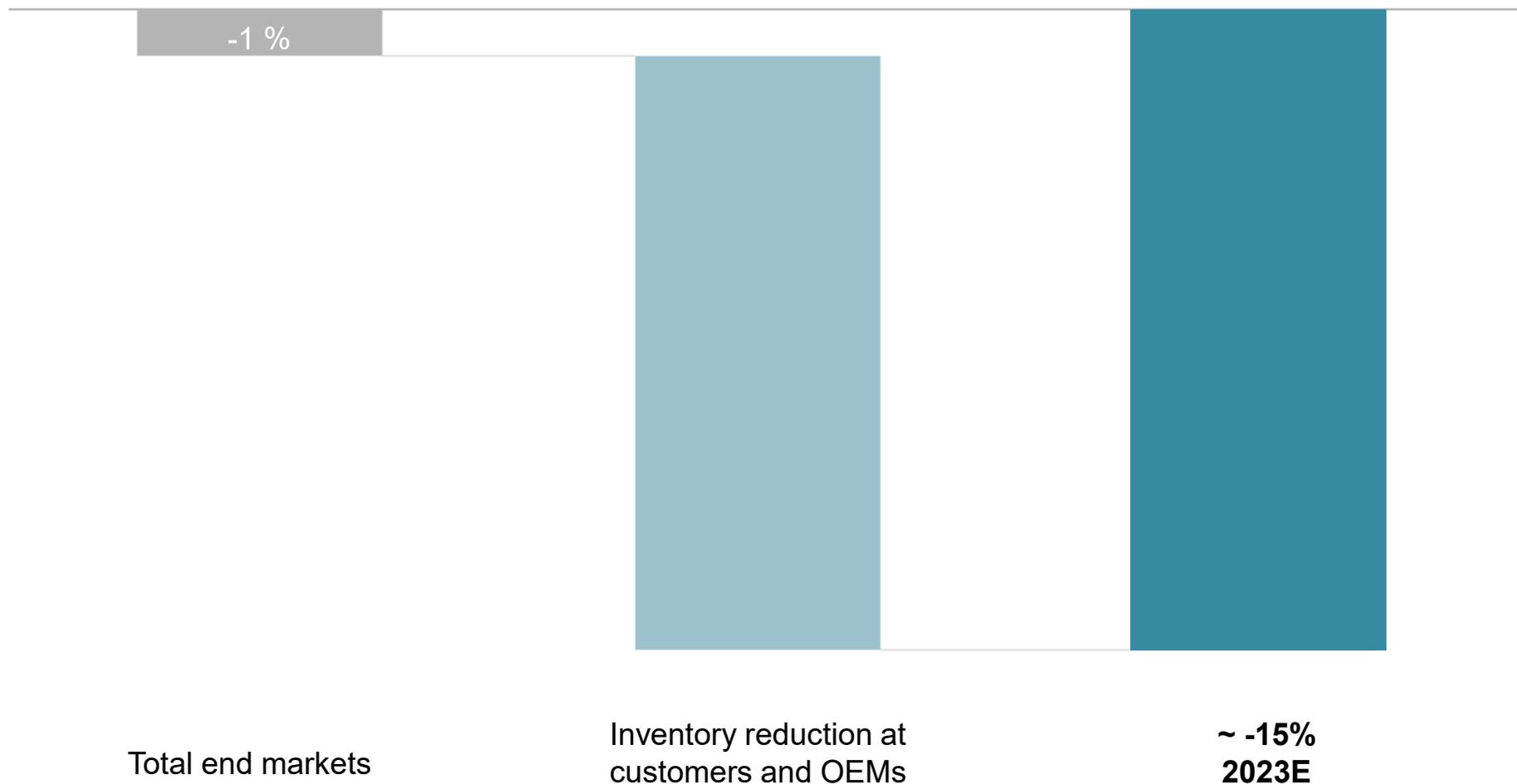
Growth in demand for wafer area 2023 vs. 2022, in %



Source: Siltronic estimates, ¹ Infrastructure Telecommunications, game consoles, consumer electronics such as televisions, white goods such as refrigerators

Inventory reductions at multiple levels of the value chain are anticipated to reduce wafer demand by around 15%

Composition of growth drivers for wafer market 2023 vs. 2022, in %



Source: Siltronic estimates

Outlook 2023 – H2 stronger burdened than H1, Q3 will be the trough from today's perspective

FY 2023

Sales

14% – 19%
below 2022

EBITDA Margin

26% – 30%

Depreciation

around **EUR 210 mn**

Capex

around **EUR 1.3 bn**

Net Cash Flow

significantly
below 2022

Tax Rate

around 10%

Based on FX assumption EUR/USD at 1.10

And beyond? My crystal ball is as good as yours



-  Memory inventory still elevated
-  First positive signs from Logic players (AI)
-  Power still strong with nice content growth
-  Watching consumer sentiment in China
-  Inflation
-  Geopolitical risks
-  Time lag for wafer industry ~ 6 months

Source: [nigel-tadyanehondo/unsplash.com](https://unsplash.com/photos/nigel-tadyanehondo)

All experts agree: Growth areas AI, digitalization and electromobility will drive wafer demand



Artificial Intelligence

AI Servers up to 8x more silicon content

AI < 5% of servers shipped worldwide

AI growth rates > 30% in the next years



Digitalization

Assistant systems in cars

Replacement of analog systems

5G will drive content



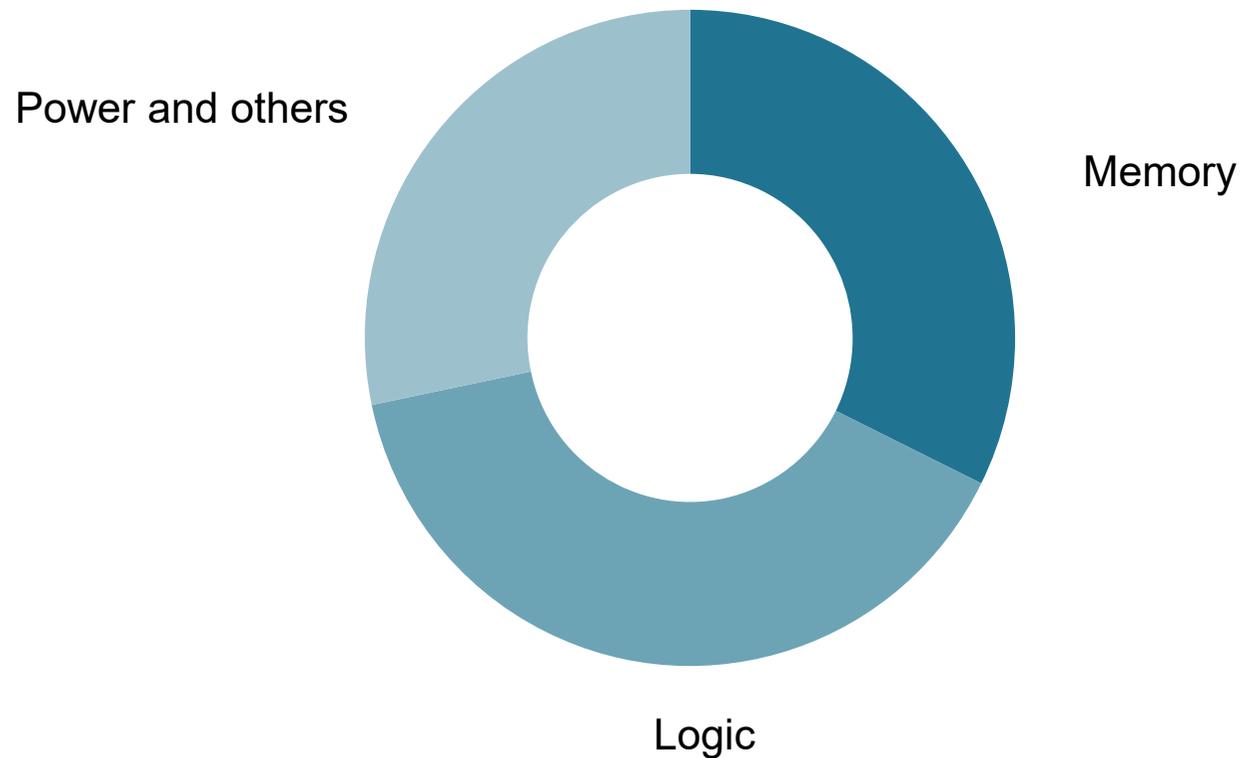
Electromobility

Wafer area 60 to 100% higher

Source: AI_steve-johnson/unsplash.com, phonlamaipphoto /stock.adobe.c

Siltronic has a diversified and resilient product mix

2022 Market Product Mix by Segment



▶ **Our market share per segment almost mirrors this picture**

Source: Siltronic estimate, July 4, 2023

FabNext: Production to start in early 2024, detailed ramp timing depends on market reality



-  On track, production to start in early 2024
-  Ramp speed for 2024 and 2025 slightly reduced according to market reality
-  Focus on qualifying customers
-  High share of LTA, 80% during ramp phase



-  Advantages: High automation, high EPI share, Economies of Scale, State of the art
-  Most cost efficient Siltronic fab mid-term
-  EBITDA-Margin above 50% mid-term (Marginal EBITDA impact in 2024)
-  Group Margin improvement, more and more from new fab in Singapore

Source: Siltronic

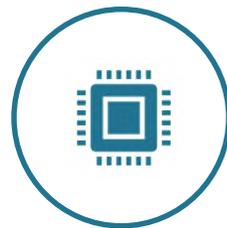
Strong commitment to create substantial shareholder value

We have very **solid financial strength** for future growth



We have **strong customer relations** with high LTA share

We have a **strong technological position** and a **clear innovation focus**



We see significant **sales and earnings upside** with expected market turnaround

Contact and Additional Information

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Financial Calendar 2023

October 26 Q3 2023 Quarterly Statement

Additional Information

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