

Siltronic – a leading producer of silicon wafers

Investor Presentation
September 2017

Increasing demand for electronic devices and new applications drive semiconductor growth, which in turn fuels silicon demand.

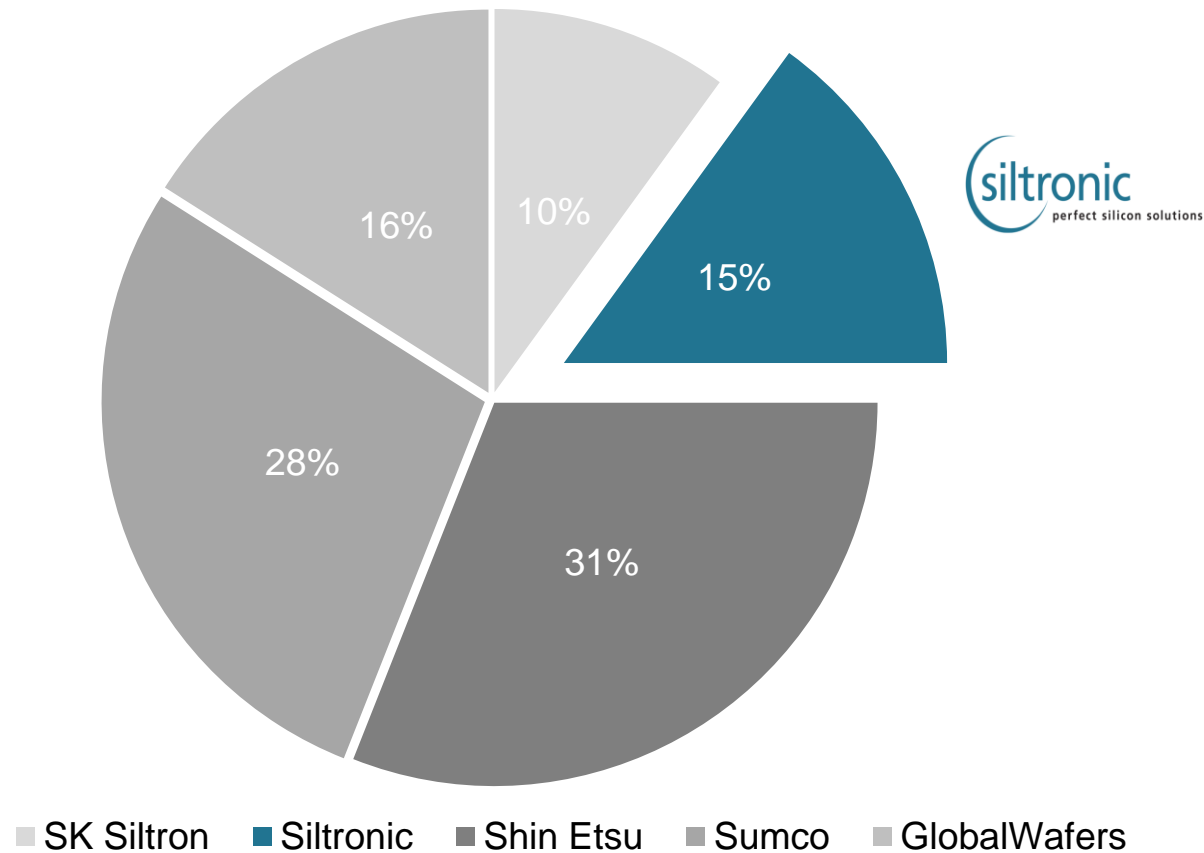
Electronics value chain 2016



Source: Electronics (IC Insights), Semiconductors (WSTS, only silicon-based), Silicon wafers (SEMI SMG), electronic applications (WACKER estimate)

Siltronic is a strong wafer supplier with leading-edge technology

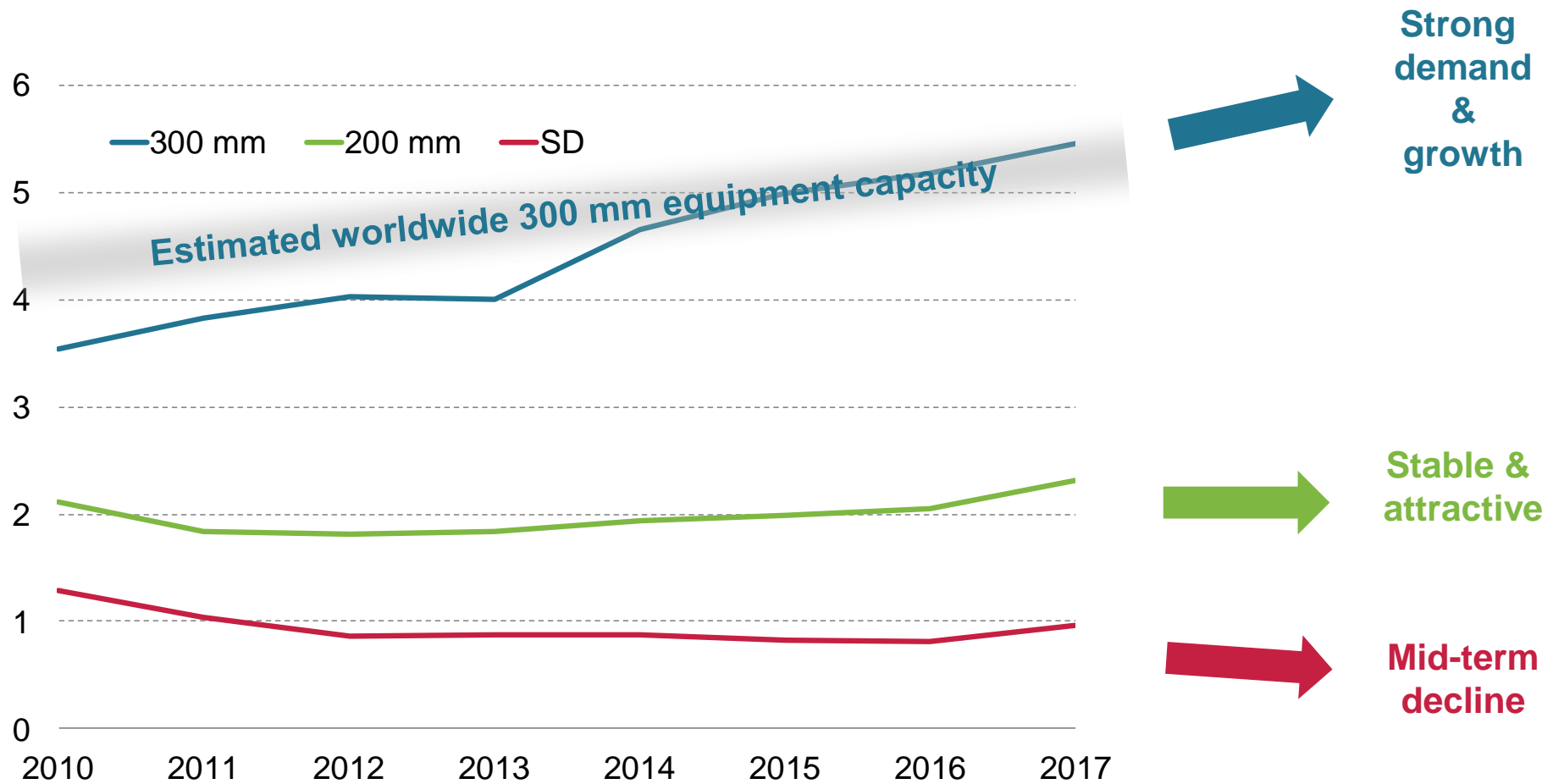
Top 5 wafer producers serve more than 90% of market across all diameters



Sources: Companies' revenue reports 2016, converted to USD mn

Siltronic is focused on growing 300 mm and attractive 200 mm business

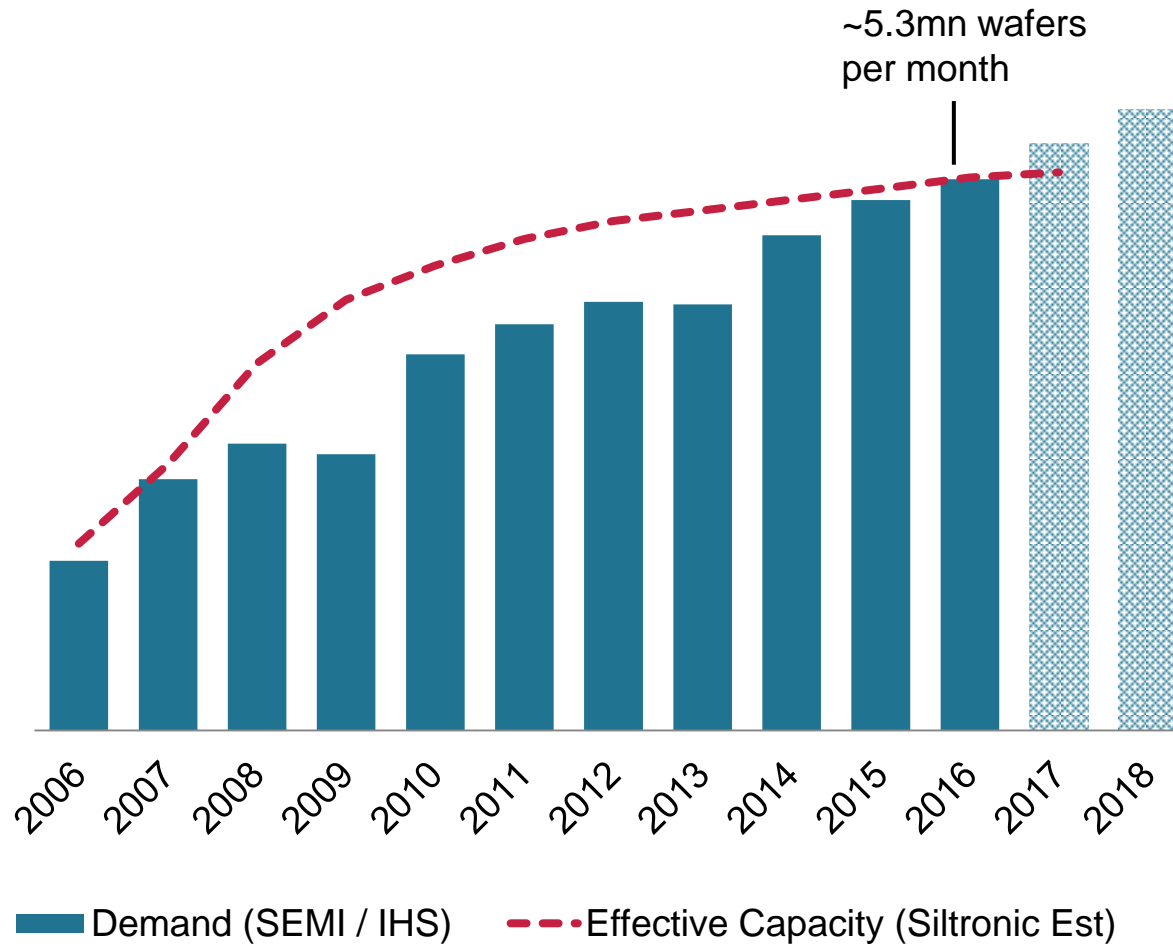
Development of Total Wafer Demand per Diameter, in mn 300 mm equivalents per month



Source: SEMI up to June 2017, Siltronic estimates

300mm demand is expected above industry capacity, after almost a decade of over-supply

300mm effective capacity vs. demand, kpcs per month



Comments

- ▶ Extension not considered at current price levels
- ▶ ~30% to 35% overall empty shell capacity estimated to be available
 - ▶ Would allow for cost-efficient brownfield extension according to demand growth without need of creating over-capacity
- ▶ Takes around 12-18 months to bring brownfield capacity online

Sources: SEMI, IHS, Siltronic

Market highlights

Semiconductors

- ▶ Semiconductor market continued its strong growth in May
- ▶ Units grew +16.8% y-o-y (3MMA)
- ▶ IC Insights predicts a new all-time high for semiconductor CapEx in 2017 (~USD 76bn)

Silicon wafer demand

- ▶ SEMI market in Q2 was ~6.4bn cm²/month, 4.2% up q-o-q and 10.1% up y-o-y

Price increases

- ▶ Substantial increase in wafer prices for 300mm
- ▶ Price increase for 200mm wafers
- ▶ Siltronic negotiated additional price increases for Q3

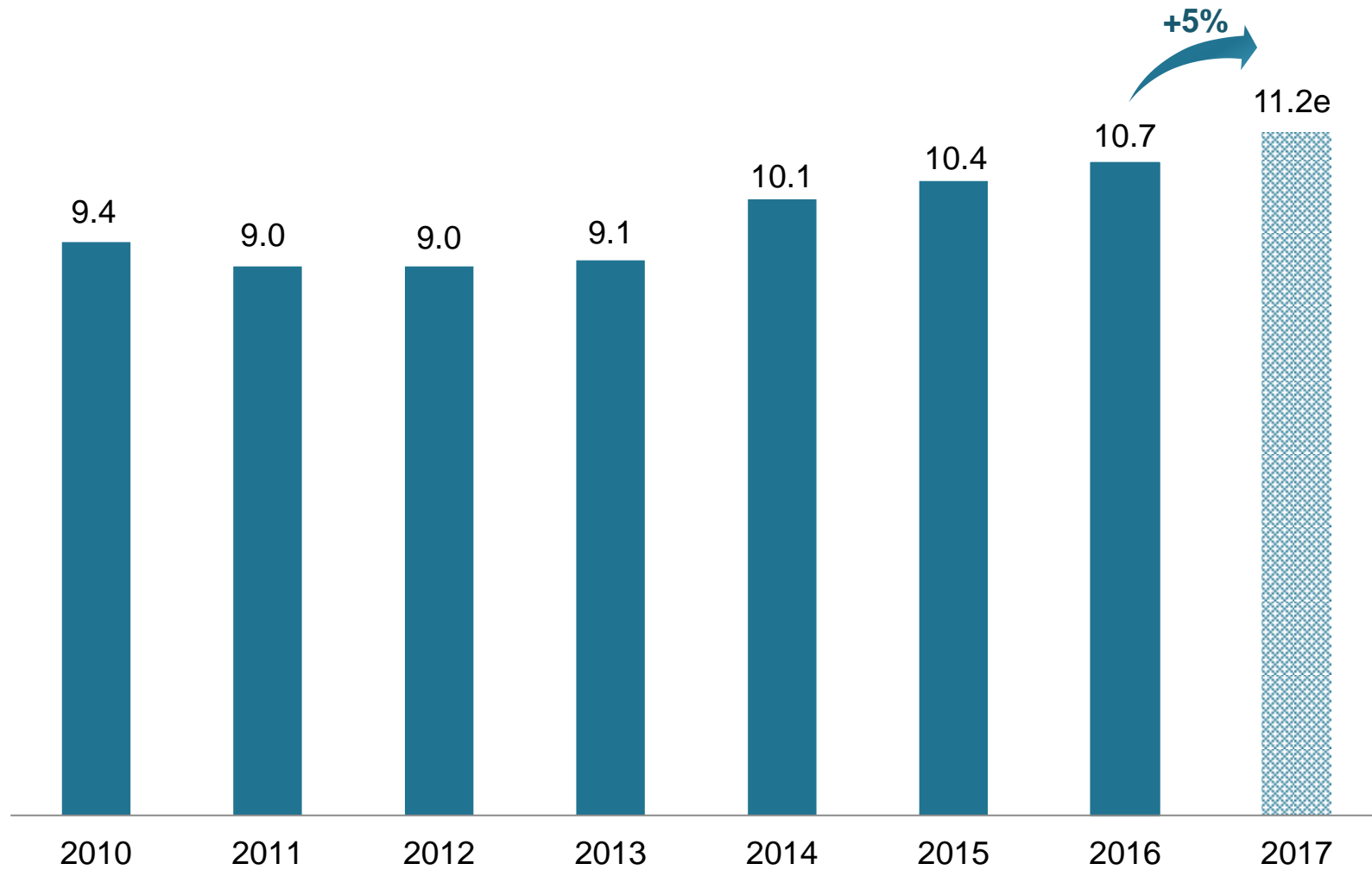
Competition

- ▶ Wafer suppliers continue to report strong demand for all diameters, with fully utilized 200mm and 300mm lines

Source: WSTS up to May 2017, IC Insights (May 2017 Update), SEMI up to Jun 2017

Silicon area demand continues to grow

Silicon wafer demand, in bn in²



Source: SEMI (Silicon Area until 2016), IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q3'17 Update, Estimate 2017)

SSDs and industrial applications remain the main drivers for silicon demand. Turnaround in PC and tablet market also helps



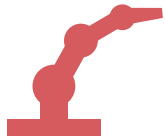
Computing

- ▶ Servers, mobile PCs and PC upgrades drive demand for SSDs.
- ▶ Mobile PC units will decline in 2017 but at the slowest rate in 10 years.



Mobile Phones

- ▶ Smartphone shipments are expected to grow.
- ▶ Technology migrations and content are key for silicon demand.



Industrial

- ▶ Industrial automation, smart homes and medical electronics will increase silicon demand for industrial applications in 2017.



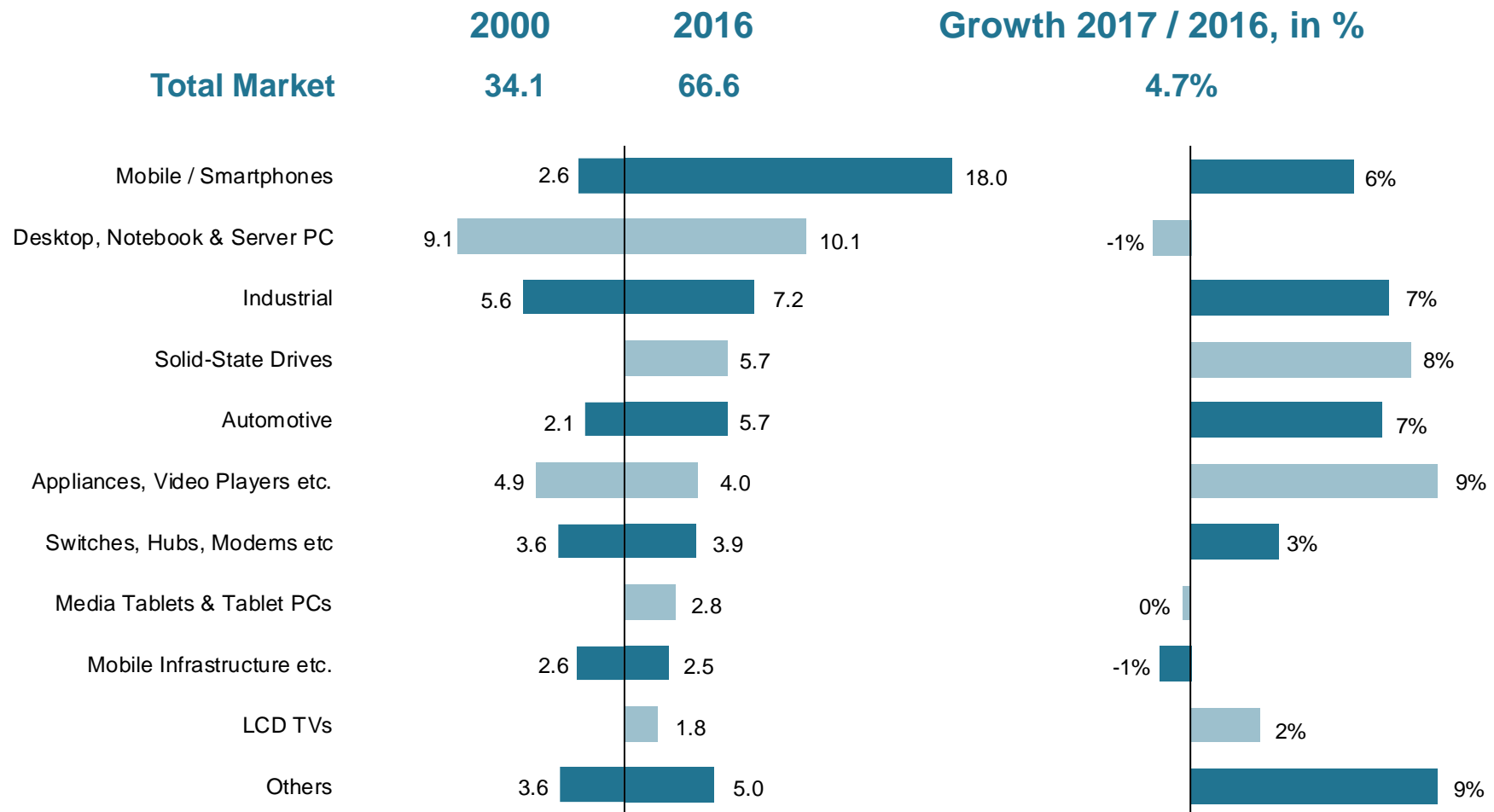
Automotive

- ▶ Semiconductor content in new cars grows, driven by electrification, automated driving and connectivity.
- ▶ Vehicle production also rises slowly.

Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'17 Update)

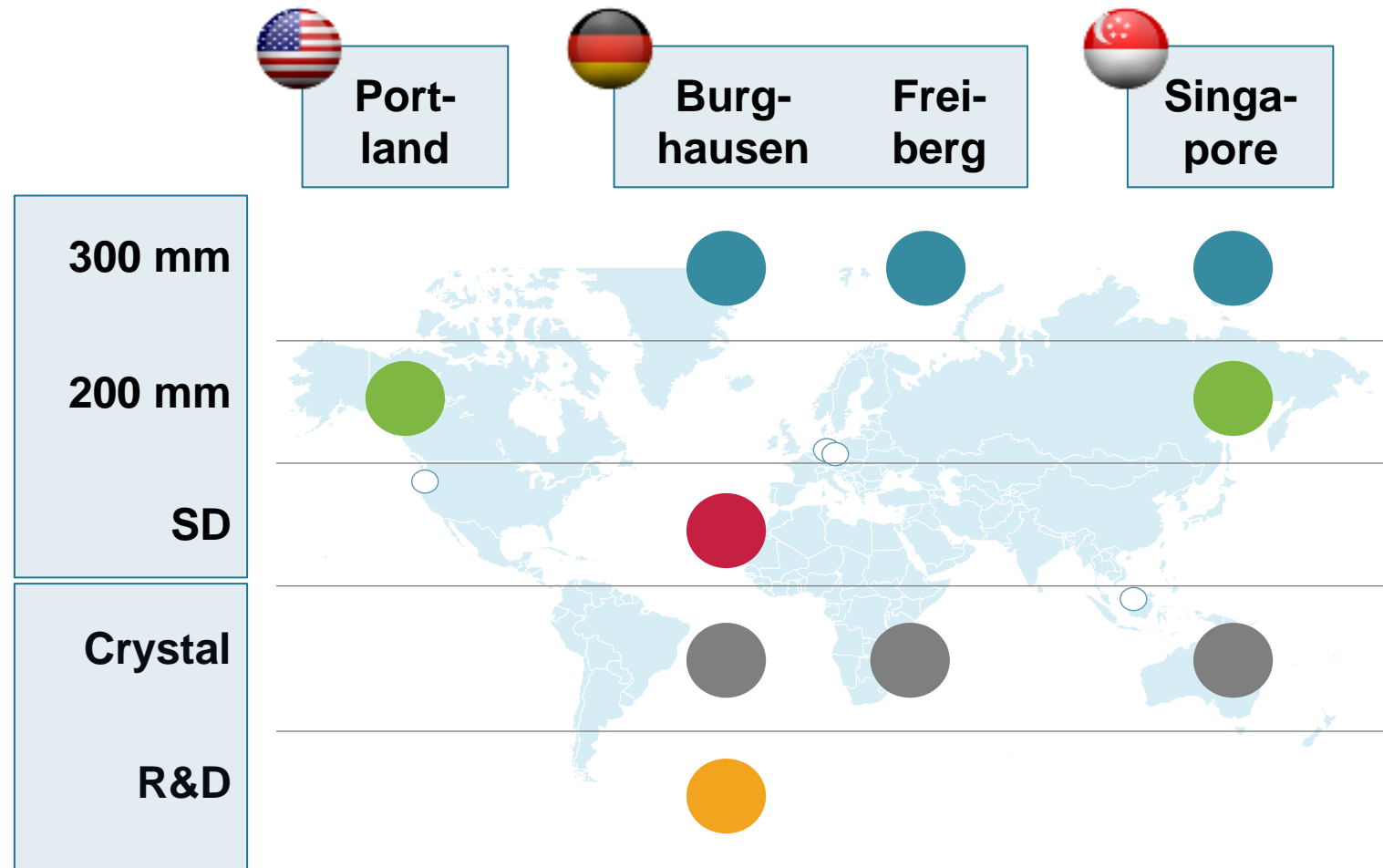
IHS confirms silicon area growth forecast of 4.7% for 2017, with growth spread upon a wide range of applications

Wafer Demand 2000 / 2016, in bn. cm²



Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q3'17 Update)

International manufacturing network supports market leadership and business focus



Customer base well diversified across all major semiconductor Silicon wafer consumers

Siltronic is a supplier to all top 20 Silicon wafer consumers



Siltronic well positioned at all major Silicon consumers

Top 10 customers represent ~72% of 2016 revenues

Source: Company Information, Siltronic

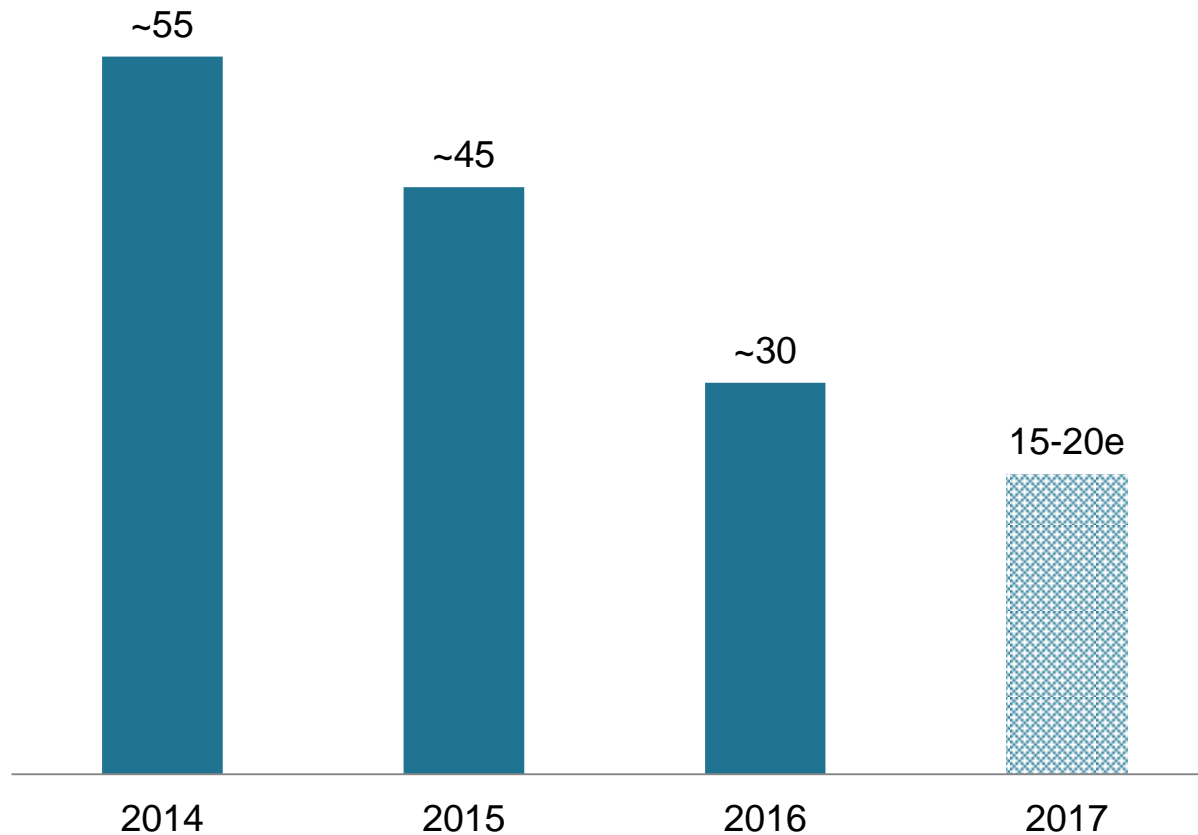
Financials improved strongly over the last years

Adjusted ¹ financial figures (EUR mn)	2012	2013	2014	2015	2016	H1 2017
Sales	1030.0	875.5	853.4	931.3	933.4	541.1
EBIT	(75.5)	(87.3)	(31.6)	2.7	27.0	66.8
EBIT margin in %	(7.3)	(10.0)	(3.7)	0.3	2.9	12.3
EBITDA	122.5	112.6	117.7	124.0	146.0	125.7
EBITDA margin in %	11.9	12.9	13.8	13.3	15.6	23.2
CapEx	144.3	39.7	40.7	75.0	88.8	44.9
Free cash flow	(134.4)	64.7	86.3	37.4	19.0	73.2

¹ figures 2012-2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring

Successful cost reduction programs continue

Cost savings, in EUR mn¹



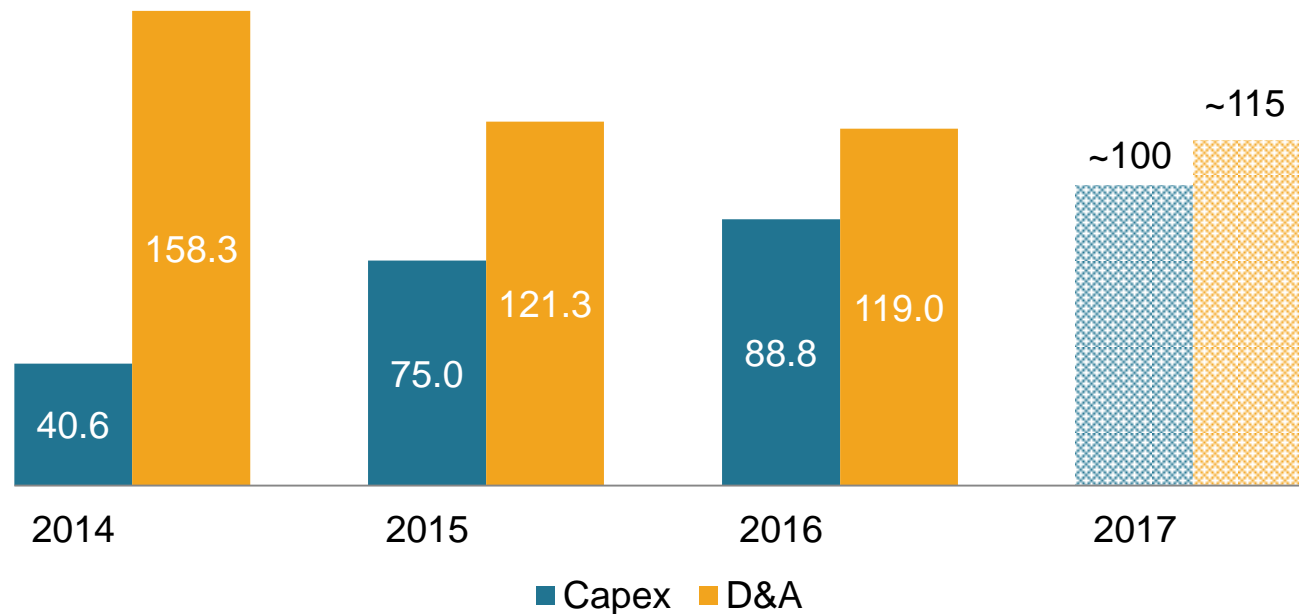
Additional savings levers:

- ▶ Investing in automation in Germany
- ▶ Investing in new pullers to improve yields and capabilities
- ▶ Poly cost optimization ongoing
- ▶ Further productivity increases through various initiatives

¹ Based on prior year cost basis to current year volumes and adjustments to certain current year costs to reflect prior year contractual and economic parameters (e.g. prior year unit labor cost).

CapEx: spending mostly for capability and cost reductions

Adjusted¹ CapEx and D&A, in EUR mn



CapEx 2015 and 2016

- ▶ New crystal pulling hall in Freiberg
- ▶ Exchange of crystal pullers vs. state-of-the-art equipment
- ▶ Automation projects in Germany

2017 focus on

- ▶ Capability improvement
 - New design rules
 - New generation crystal pullers
- ▶ Cost reduction (e.g. further automation)
- ▶ Debottlenecking

¹ adjustments are based on the assumption that SSW would have been consolidated prior to January 1, 2014. Initial consolidation of SSW was made as of January 24, 2014. The adjustments are not in compliance with IFRS.

Siltronic Outlook 2017 (Update as of July 28, 2017)

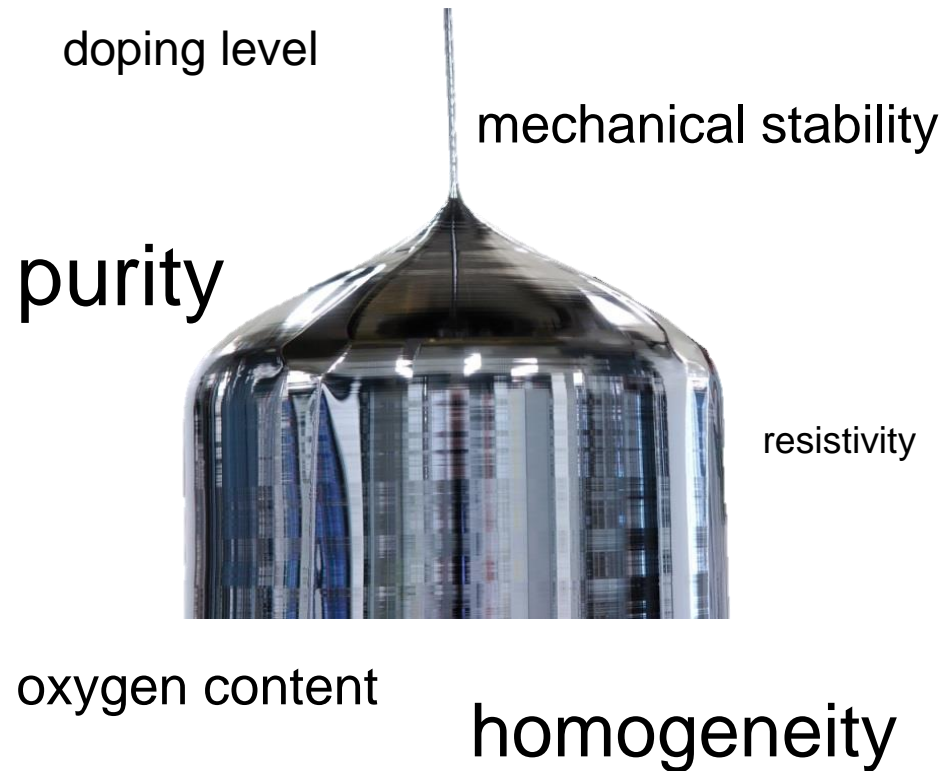
EBITDA margin	at least 27%: update ↑
ROCE	substantially higher than in 2016, considerably higher than WACC
Free Cash Flow	clearly positive; by far above 2016
Sales	at least EUR 1.12bn: update ↑
R&D	unchanged at approx. 7% of sales
Cost Position	potential savings of around EUR 15m to EUR 20m
Hedging Expenses	substantially lower around EUR 10m
Depreciation	on the level of 2016
Tax rate	20% or slightly below
Financial Result	roughly EUR 10mn interest expense
Earnings per Share	significantly higher than in 2016
CapEx	around EUR 100m, partly financed by USD 20m customer prepayments

Appendix

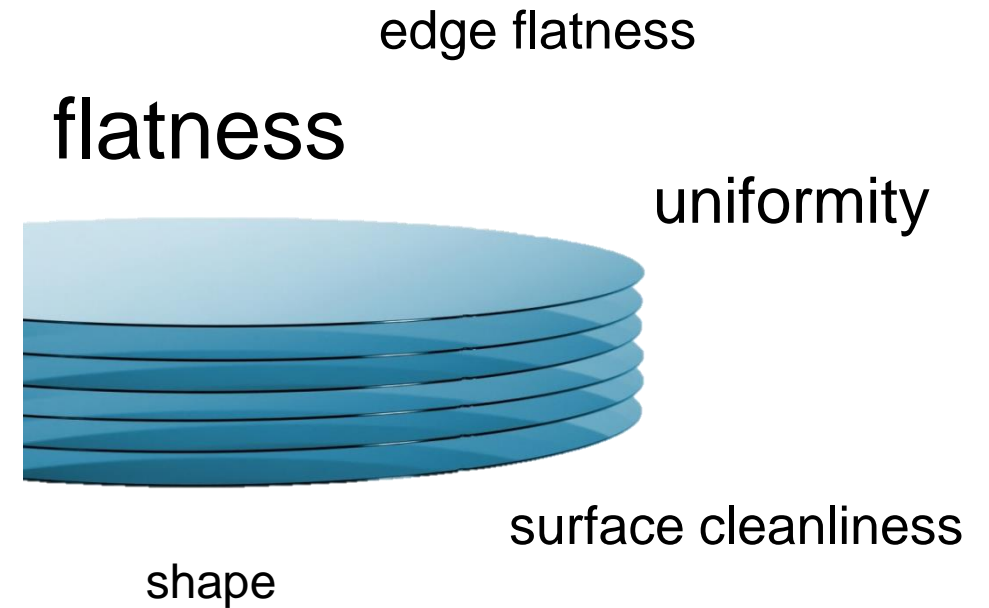
Continuous improvement of key ingot and wafer properties to meet customers' requirements

Improvement of key ingot and wafer properties

Ingot



Wafer



Financial Year 2016: Highlights

Sales	Sales of EUR 933.4mn (2015: EUR 931.3mn)
EBITDA	EUR 146.0mn (2015: EUR 124.0mn), Without negative FX effects* EBITDA would have been EUR 166.9mn
Margin	EBITDA margin 15.6% (2015: 13.3%) Without negative FX effects* EBITDA margin would have been 17.9%
EBIT	positive at EUR 27.0mn (2015: EUR 2.7mn)
Cost Savings	around EUR 30mn
Investments**	EUR 88.8mn (2015: EUR 75.0mn), mainly in enhanced capabilities
Free Cash Flow	EUR 19.0mn (2015: EUR 37.4mn), despite EUR 11.1mn one-time payment to pension fund and EUR 20.5mn repayment of customer prepayments
Net Cash	EUR 175.0mn (2015: EUR 155.9mn)

*other operating income and expenses influenced by FX effects, mainly due to hedging . In 2016, FX effects added up to expenses of EUR 20.9mn.

** without investment in financial assets

Highlights Q2/2017: Financials

Sales

Sales of EUR 283.1m (Q1/2017: EUR 258.0m)
+9.7% q-o-q

EBITDA

EUR 72.7m (Q1/2017: EUR 53.0m)
+37.2% q-o-q

Margin

EBITDA margin of 25.7% (Q1/2017: 20.5%)

EBIT

EUR 43.4m (Q1/2017: EUR 23.4m)
+85.5% q-o-q

CapEx

EUR 25.5m (Q1/2017: EUR 19.3m)

Free Cash Flow

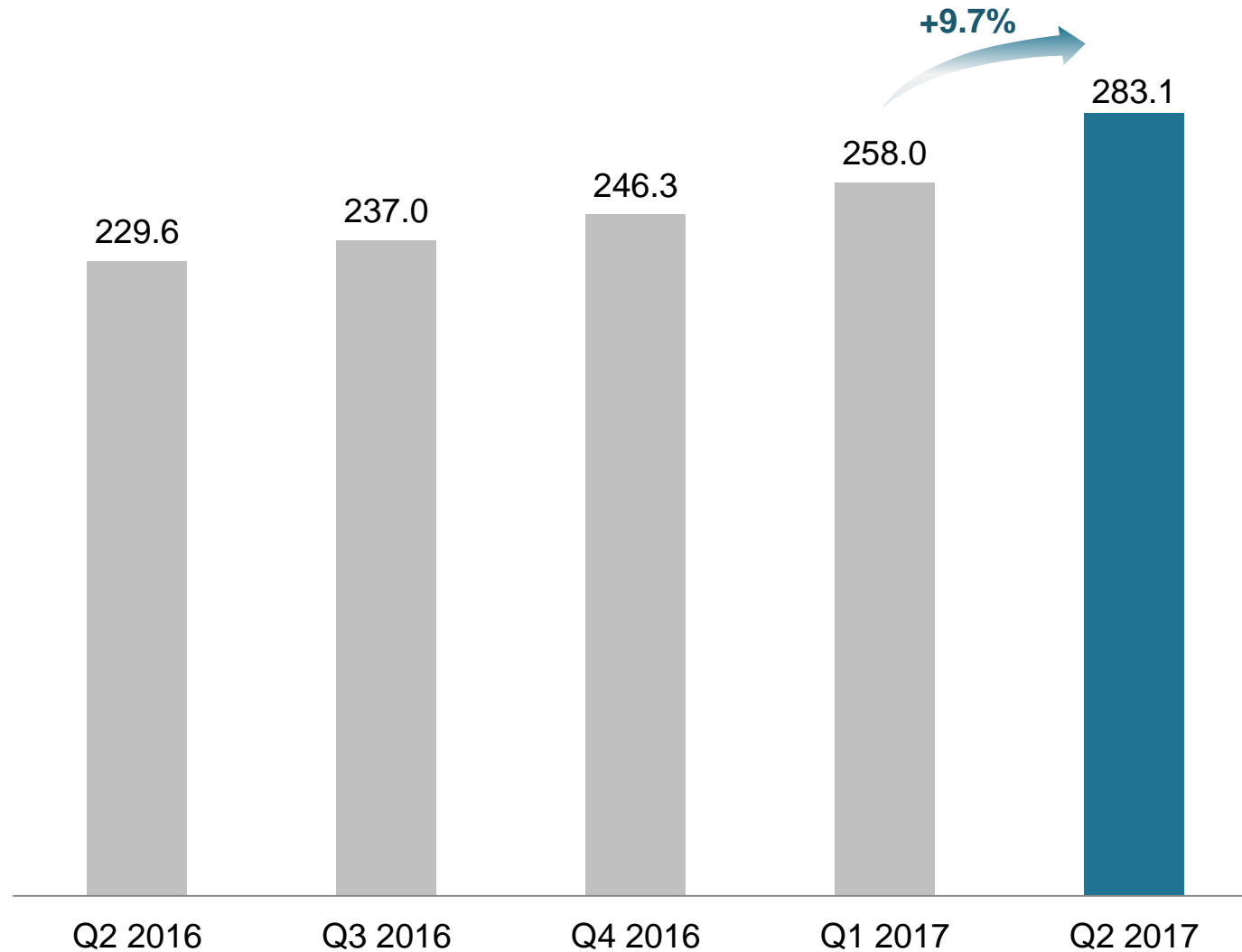
EUR 41.8m (Q1/2017: EUR 31.3m)

Financial Assets

EUR 241.2m (December 31, 2016: EUR 175.0m)

Q2 sales development driven by increased prices and slightly higher wafer volumes

Sales, in EUR million



Comments

▶ Positive

- ▶ Slight volume growth q-o-q, especially in smaller diameters
- ▶ Higher wafer prices for 300mm and 200mm in Q2
- ▶ ASP up y-o-y and q-o-q
- ▶ Further price increases negotiated for Q3

▶ Negative

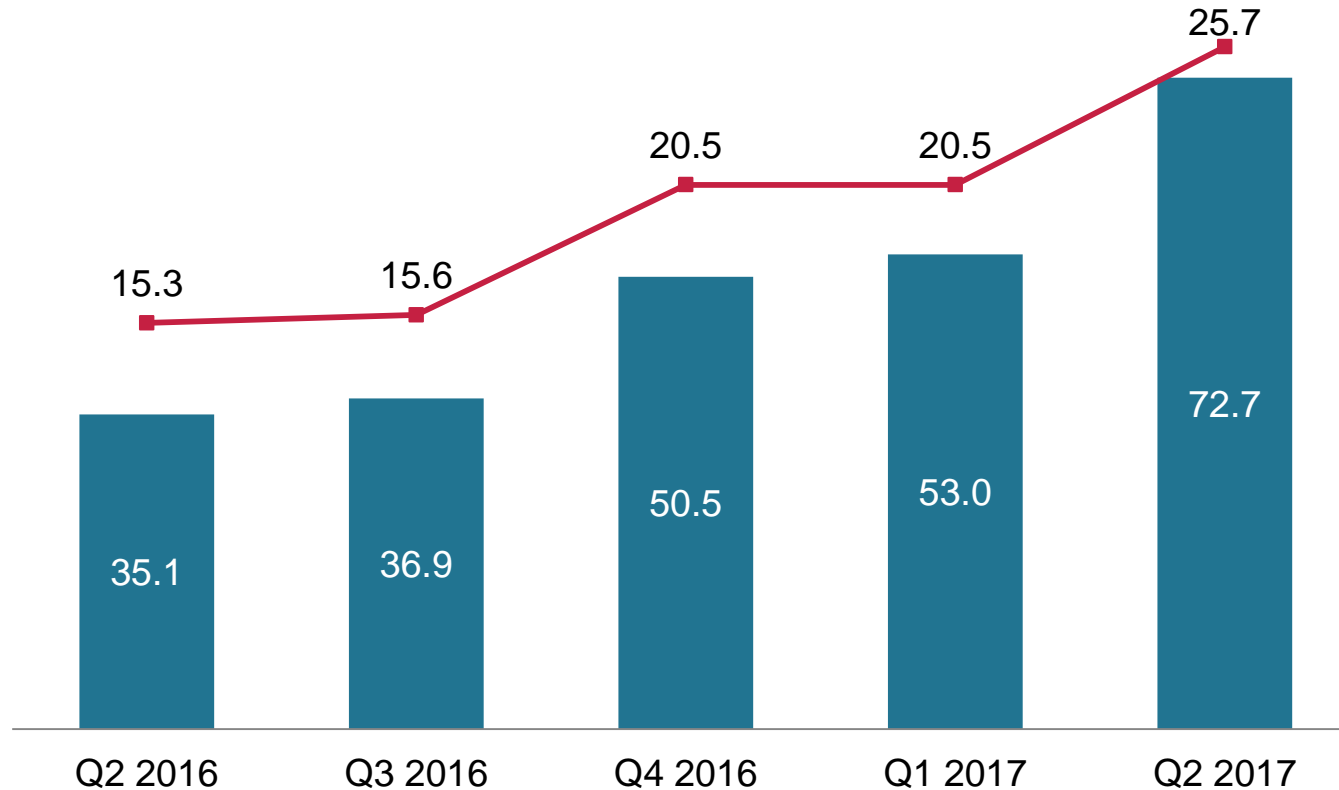
- ▶ Some headwind from USD q-on-q

Positive development of EBITDA and EBITDA margin mainly due to higher ASP

EBITDA margin in %; EBITDA in EUR million

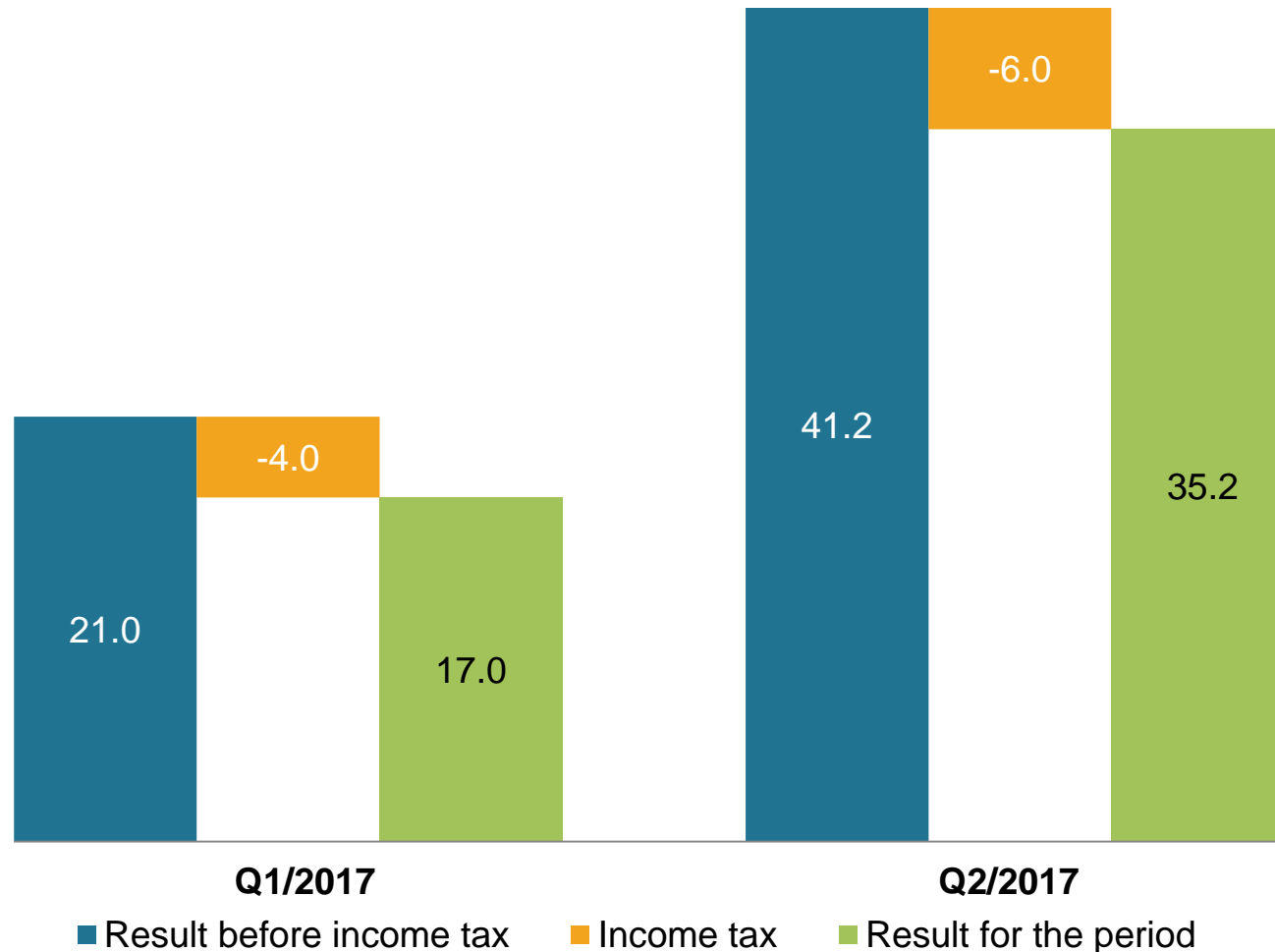
Comments

- ▶ Positive
 - ▶ Higher ASP y-o-y and q-o-q
 - ▶ Successful cost reduction program continued – cost of sales per wafer area decreased



Positive development of net result due to price increases and lower costs per wafer area

Result and income tax, in EUR million



Comments

- ▶ Net profit of EUR 35.2m in Q2/2017
- ▶ Price increases and lower cost of sales per wafer area have positive effect
- ▶ EUR 6.0m effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)

Equity ratio of 46.9%

Net financial assets of EUR 241.2m

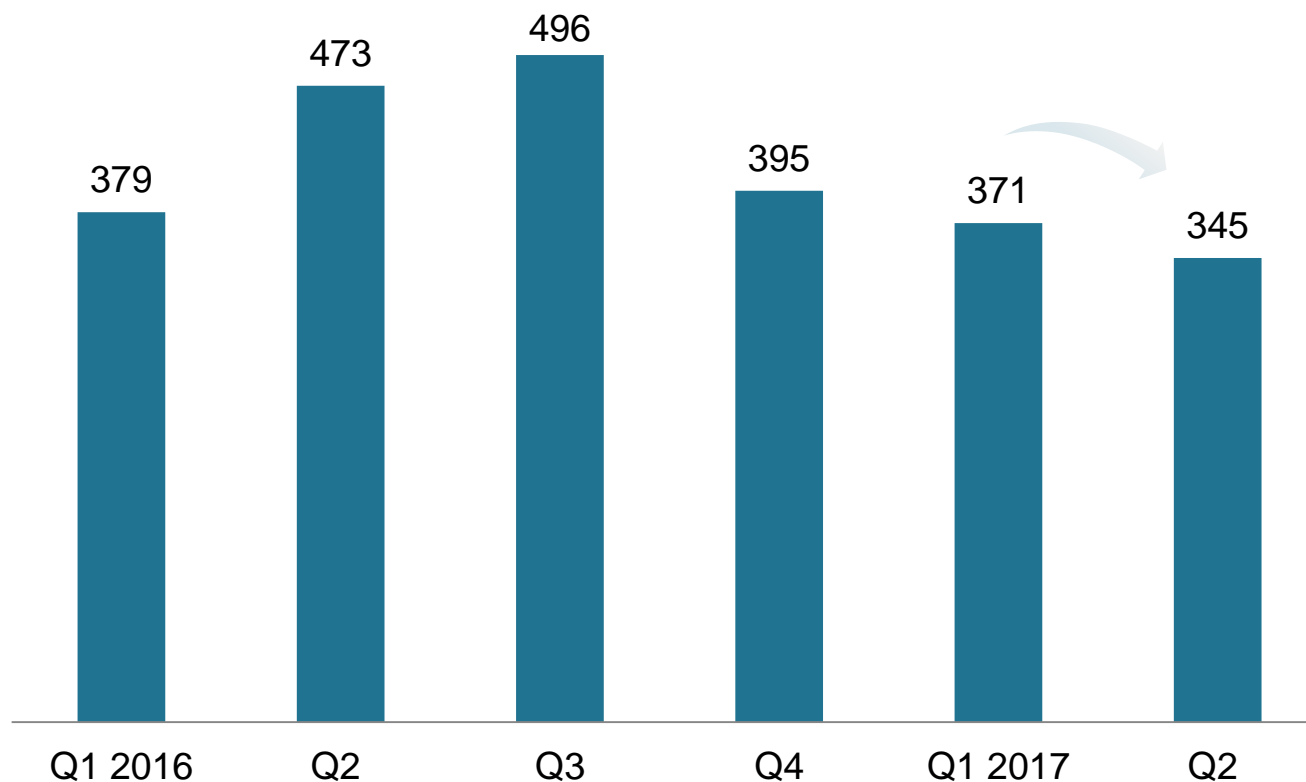
Balance sheet, in EUR million

Assets	Jun 30, 2017	Dec 31, 2016	Comments Jul 30, 2017
Non-current	531.4	554.1	
PP&E	498.1	519.8	
Other fixed	33.3	34.3	25 intangibles (related to SSW) 3 hedging
Current	581.1	502.7	
Inventories	139.9	140.9	
Trade receivables	131.0	118.2	
Other current	29.2	28.2	12 hedging
Cash and fixed term deposits	281.0	215.4	
Total	1,112.5	1,056.8	

Equity and liabilities	Jun 30, 2017	Dec 31, 2016	Comments Jul 30, 2017
Equity	522.1	425.3	
Siltronic	526.9	431.9	
Other shareholders	-4.8	-6.6	Samsung's 22% in SSW
Liabilities	590.4	631.5	
Pension provision	345.1	395.1	Germany and US
Other provisions	45.1	51.1	42 personnel related (e.g. early retirement)
Financial debt	39.8	40.4	Samsung
Trade liabilities	79.2	81.6	
Other	81.2	63.3	30 prepayments 35 employee-related 1 hedging
Total	1,112.5	1,056.8	

Fluctuations in pension provision due to interest rate movements

Pension provision, in EUR million



Comments

- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)

interest rates IFRS

▶ USA	3.78%	3.47%	3.43%	3.92%	3.90%	3.65%
▶ Germany	2.15%	1.60%	1.38%	1.94%	2.07%	2.19%

Payments for CapEx partly financed by customer prepayments

Cash flow, in EUR million

	Q2/ 2017	Q1/ 2017
Cash flow from operating activities	65.6	48.7
<i>thereof repayment of prepayments</i>	-5.2	-5.1
<i>thereof new customer prepayments</i>	9.3	5.5
Payments for CapEx	-23.8	-17.4
Free cash flow	41.8	31.3

Comments

- ▶ CapEx for investments in:
 - state-of-the-art crystal pullers and further automation of production sites
 - product mix optimization (leading-edge products)
- ▶ CapEx for 2017 will be around EUR 100m; partly financed by USD 20m customer prepayments
- ▶ Strong net profit lead to high free cash flow of EUR 41.8m in Q2

Contact and Additional Information

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Additional Information

ISIN:	DE000WAF3001
WKN:	WAF300
Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

Financial Calendar

Q3 2017 Results

October 26, 2017



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