

Siltronic – a leading producer of silicon wafers

Roadshow Presentation
April/May, 2017

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

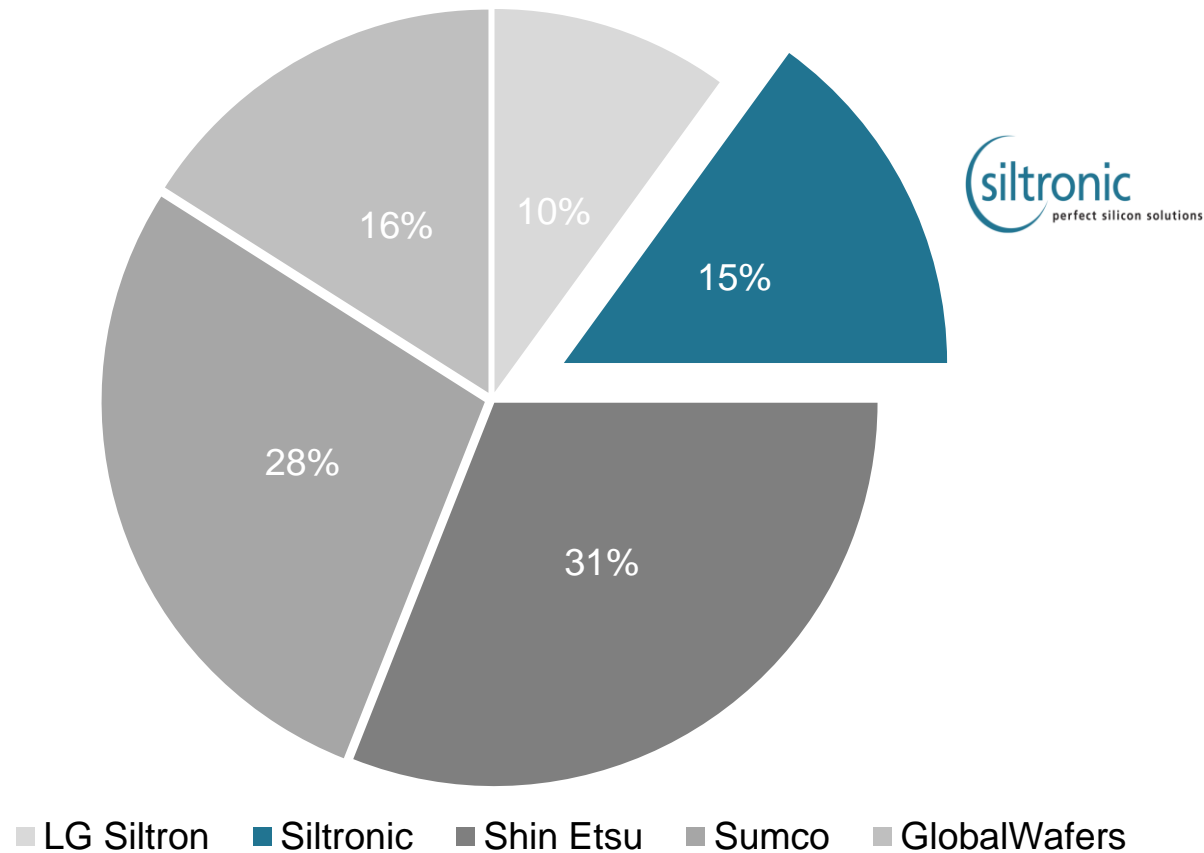
Electronics value chain 2016



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

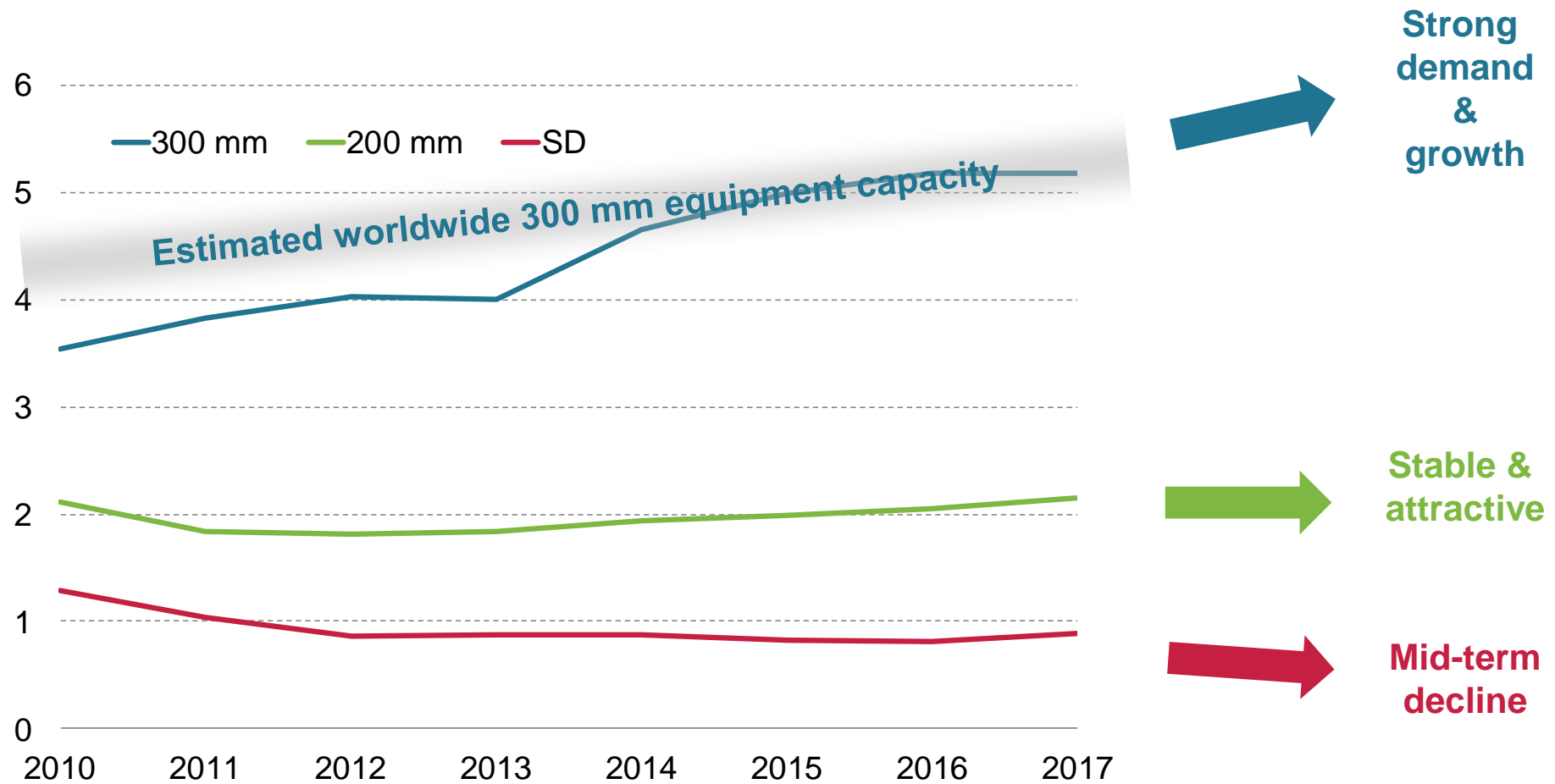
Top 5 wafer producers serve more than 90% of market across all diameters



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

Siltronic is Focused on Growing 300 mm and Attractive 200 mm Business

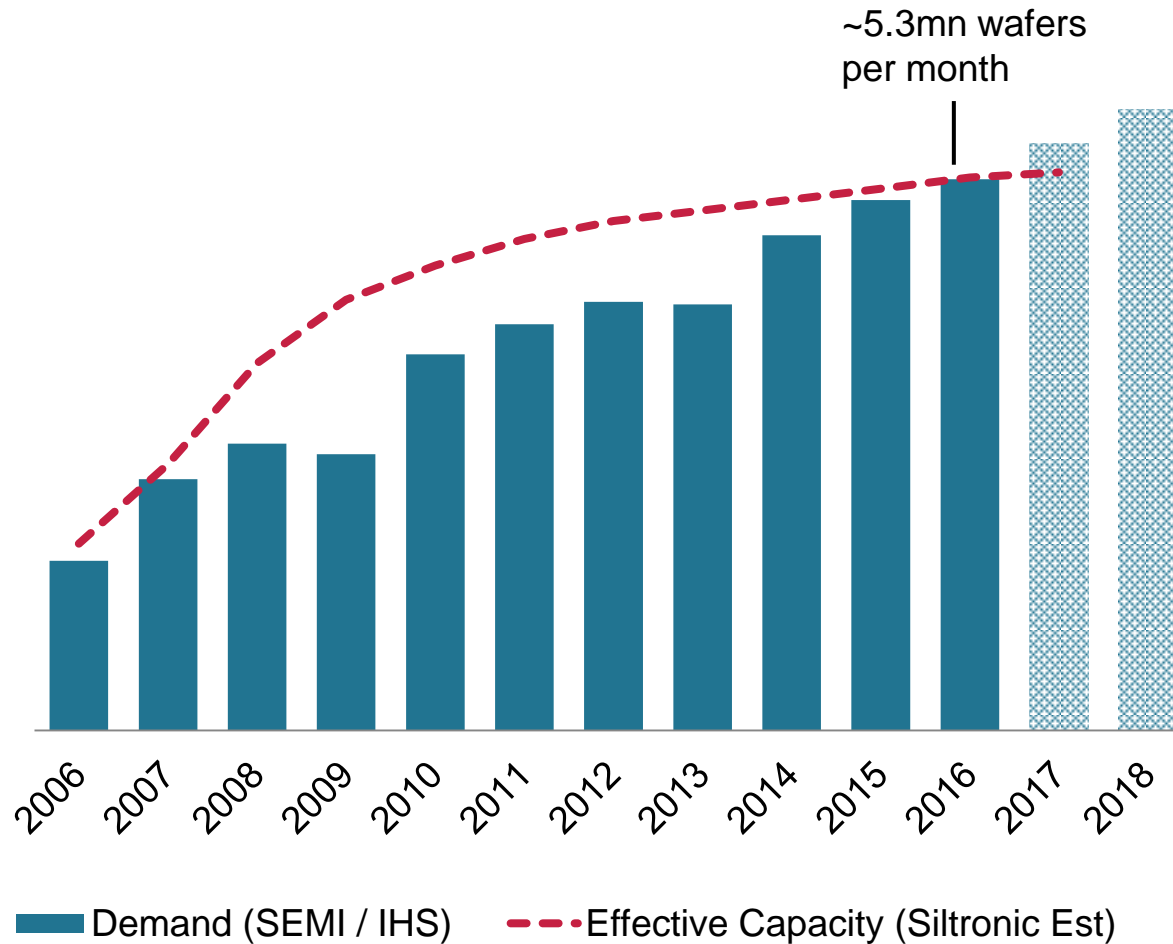
Development of Total Wafer Demand per Diameter, in million 300mm equivalents per month



Source: SEMI up to Feb 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

Silicon wafer demand

- ▶ Wafer demand stays strong, exceeding supply
- ▶ Siltronic's 300mm and 200mm production fully utilized since Q3/2016
- ▶ Demand in SD wafers (<200mm) picked up; high utilization by now
- ▶ Customers want to negotiate expiring contracts at earlier stages and ask for longer contract terms

Price increases

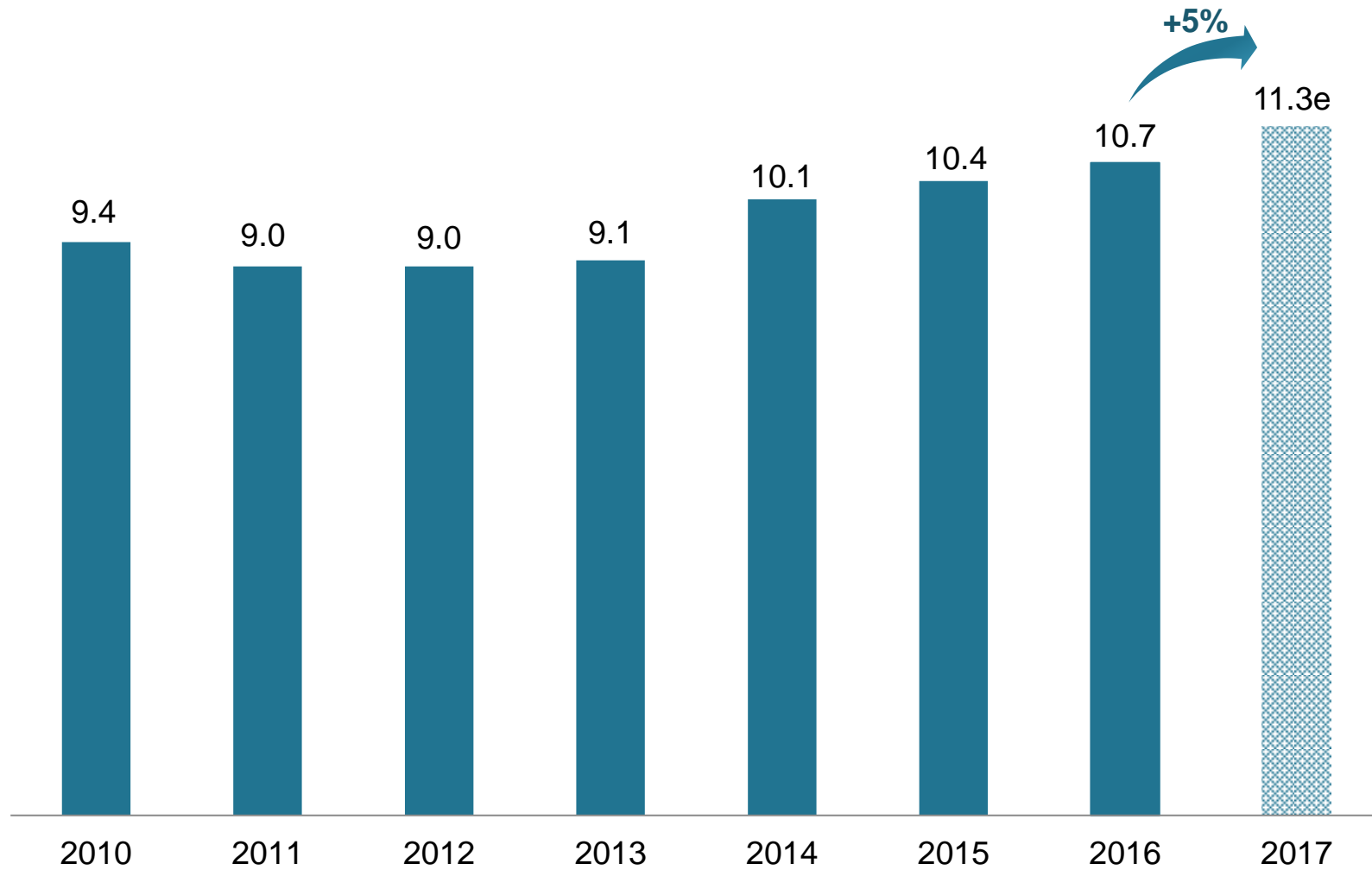
- ▶ Substantial increase in wafer prices for 300mm in Q1
- ▶ 200mm wafer prices also increased but not in the same magnitude as for 300mm
- ▶ Siltronic negotiated additional price increases for Q2
- ▶ Continuing positive price trend expected for Q3

Customer prepayments

- ▶ Customers prepayments in 2017 of around USD 20m negotiated
- ▶ Prepayments partly received in Q1; further payments will be received during 2017
- ▶ Prepayments will be invested in production equipment for leading-edge products
- ▶ This will not lead to additional capacities but improve Siltronic's product mix

Silicon area demand continues to grow

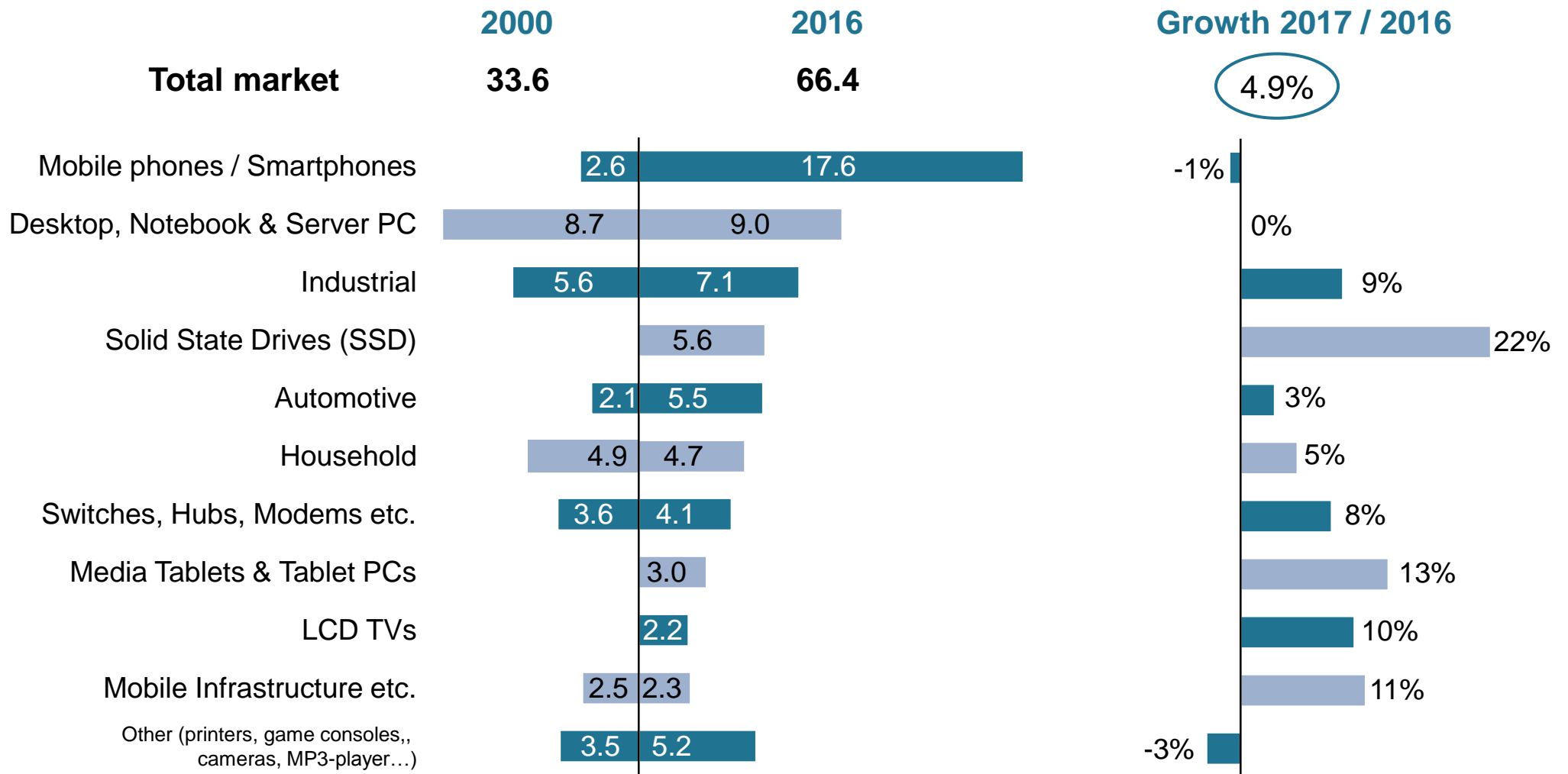
Silicon wafer demand, in bn in²



Source: SEMI (Silicon Area until 2016), IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'17 Update, Estimate 2017)

IHS Markit forecasts silicon wafer demand growth of 4.9% in 2017

Wafer Demand 2000/2016, in bn. cm²



Source: IHS Markit (Semiconductor Silicon Demand Forecast Tool Q1 2017 Update)

International manufacturing network supports market leadership and business focus



US

Portland

200 mm

Wafer



Germany

Freiburg

300 mm

Crystal⁽¹⁾ + Wafer



Burghausen

150 200 300 mm

Crystal⁽¹⁾ + Wafer



Singapore

SSP

200 mm

Wafer



SSW

300 mm

Crystal⁽¹⁾ + Wafer



High volume facilities for 300 mm in Germany and Singapore

Among world's newest & largest fabs in Singapore

SSW majority strengthens fab network and market position

(1) crystal pulling

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 ~65% of 2016 revenues

Source: Siltronic

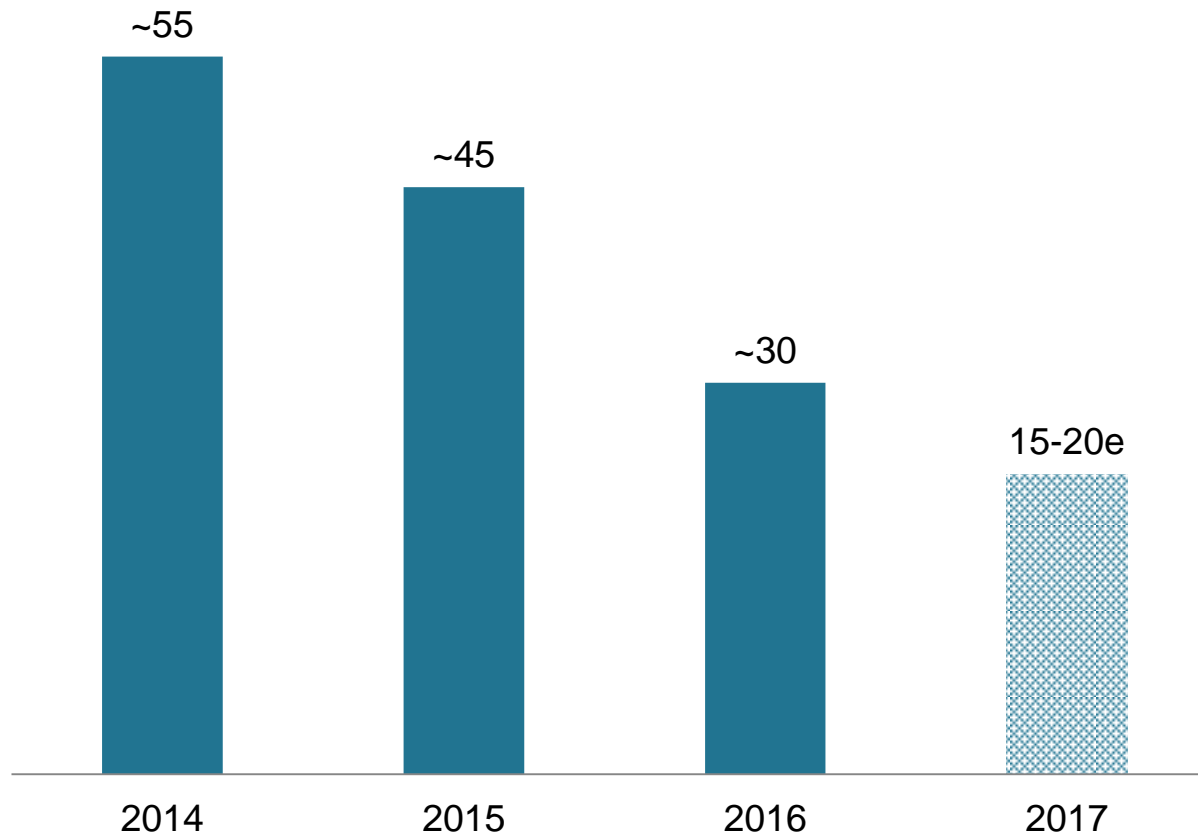
Financials improved strongly over the last years

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

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



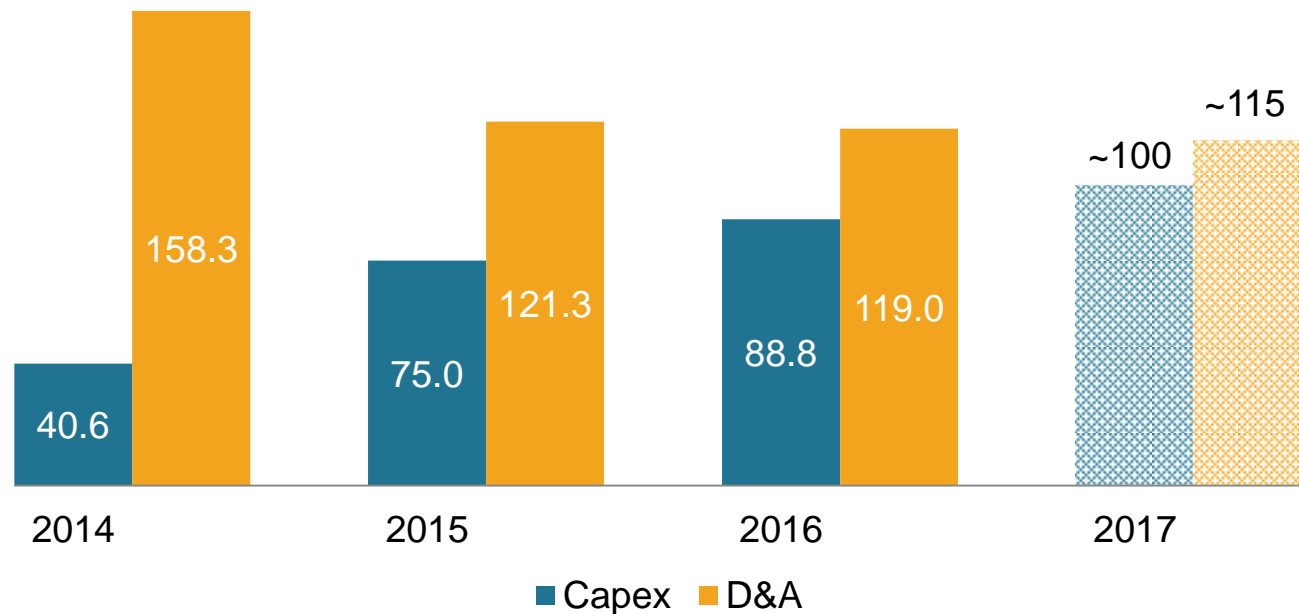
Additional savings levers:

- ▶ 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 old 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 April 27, 2017)

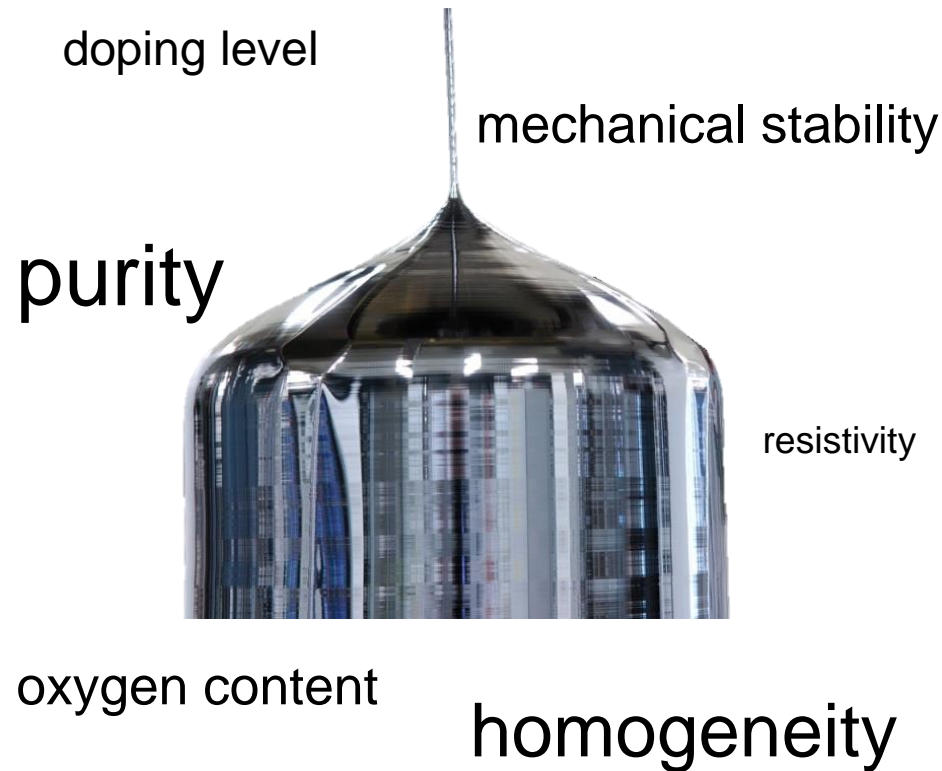
EBITDA margin	at least 23%: update 
ROCE	substantially higher than in 2016, considerably higher than WACC: update 
Free Cash Flow	clearly positive; by far above 2016
Sales	at least EUR 1.06bn: update 
R&D	unchanged at approx. 7% of sales
Cost Position	potential savings of around EUR 15m to EUR 20m: update 
Hedging Expenses	substantially lower around EUR 10m (at EUR/USD = 1.05; EUR/JPY = 120)
Depreciation	on the level of 2016
Tax rate	20% or slightly below: update 
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

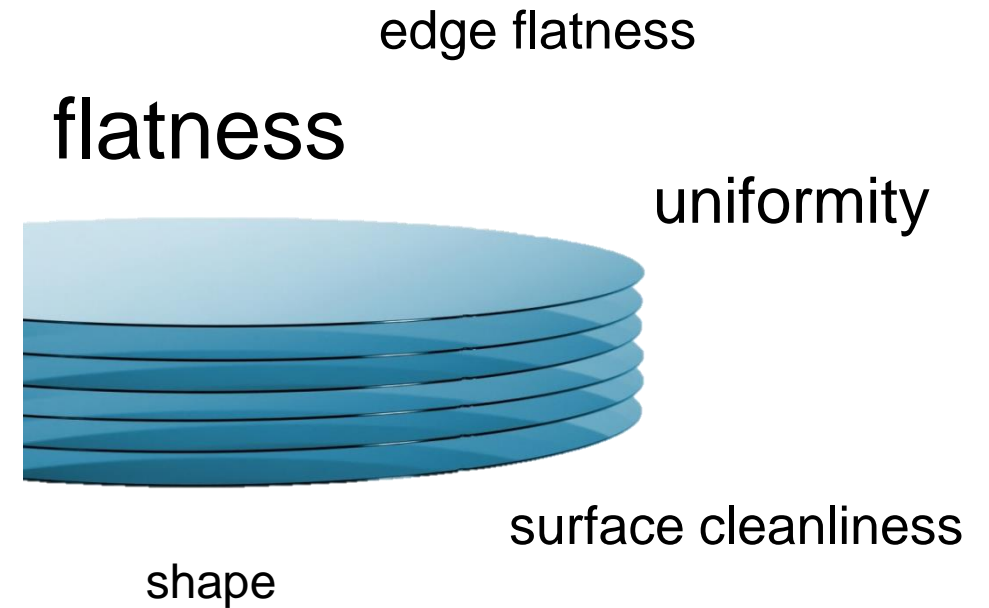
Continuous improvement of key ingot and wafer properties to meet customers' requirements

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 Q1/2017: Financials

Sales

Sales of EUR 258.0m (Q4/2016: EUR 246.3m)
+4.8% q-o-q

EBITDA

EUR 53.0mn (Q4/2016: EUR 50.5m)
+5.0% q-o-q

Margin

EBITDA margin of 20.5% (Q4/2016: 20.5%)
stable despite the usual higher cost base in Q1 compared to Q4

EBIT

EUR 23.4m (Q4/2016: EUR 20.0m)
+17.0% q-o-q

CapEx

EUR 19.3m (Q4/2016: EUR 23.9m)

Free Cash Flow

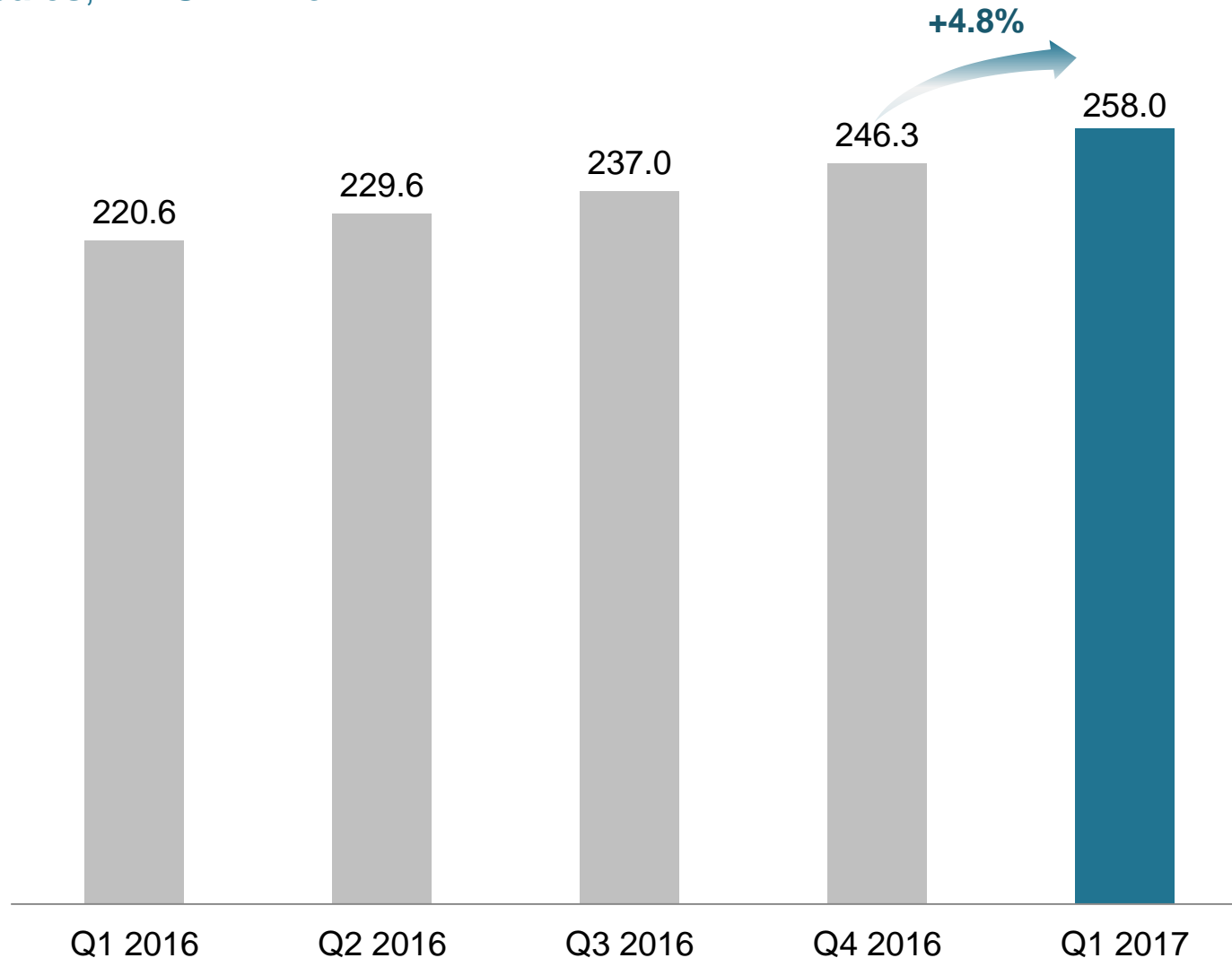
EUR 31.3m (Q4/2016: EUR 10.0m)

Net Cash

EUR 209.1m (December 31, 2016: EUR 175.0m)

Q1 sales development driven by increased prices, higher wafer volumes and some tailwind from USD

Sales, in EUR million



Comments

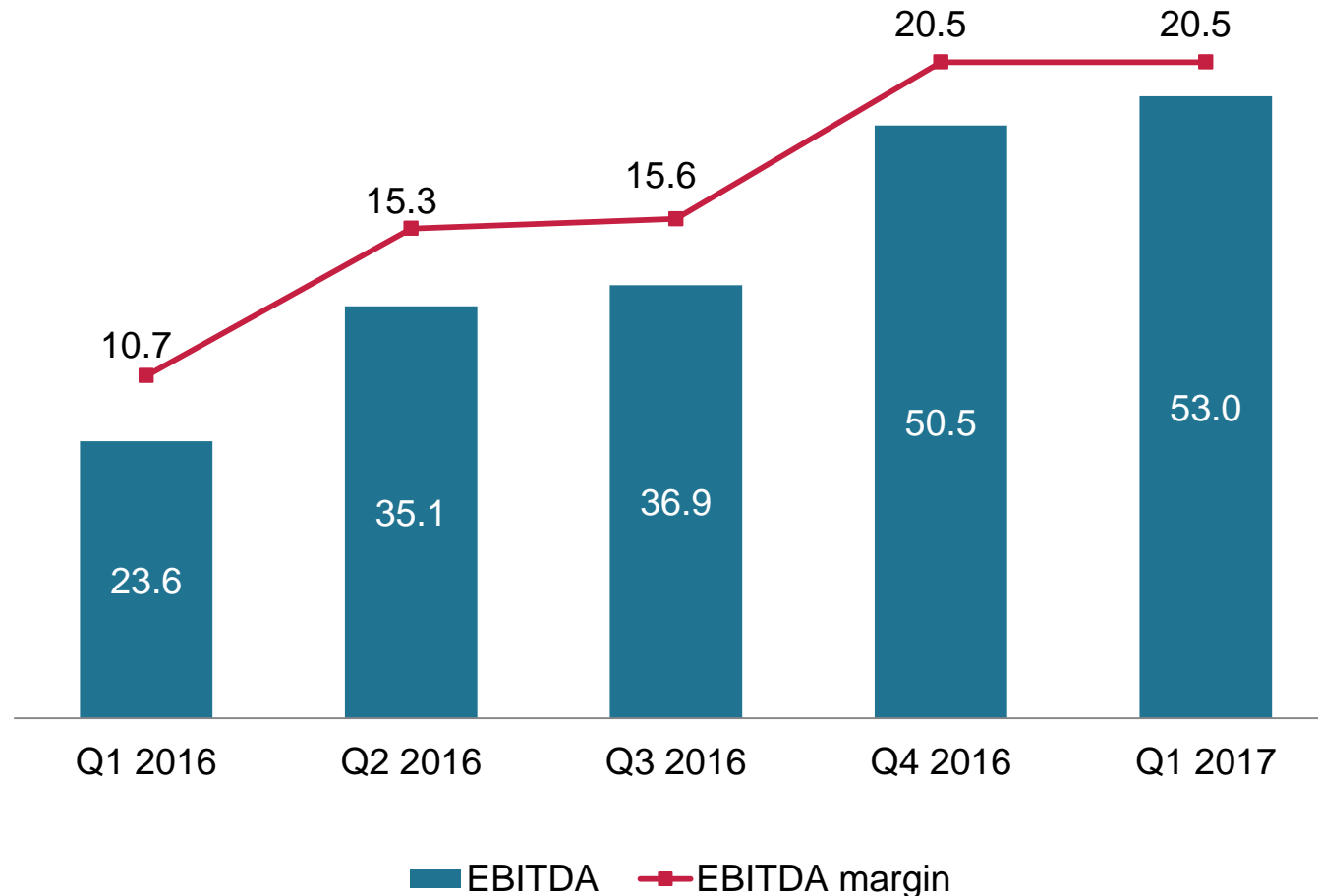
- ▶ Positive
 - ▶ Volume growth y-o-y
 - ▶ Higher wafer prices for 300mm and to some extent for 200mm in Q1
 - ▶ ASP up y-o-y and q-o-q
 - ▶ Some tailwind from USD compared to Q1/2016
 - ▶ Price negotiations with customers for 2017 ongoing with more price increases to follow

Positive development of EBITDA and EBITDA margin due to higher ASP, cost reductions and decreasing hedging expenses

EBITDA margin in %; EBITDA in EUR million

Comments

- ▶ Positive
 - ▶ Higher ASP y-o-y and q-o-q
 - ▶ Successful cost reduction program continued
 - ▶ Lower hedging expenses* y-o-y:
 - ▶ Q1/2017: EUR 4.5m
 - ▶ Q4/2016: EUR 1.5m
 - ▶ Q1/2016: EUR 9.7m
 - ▶ Positive effects of strong USD (compared to Q1 2016) on sales and gross profit outweigh negative effects on other operating income and expense



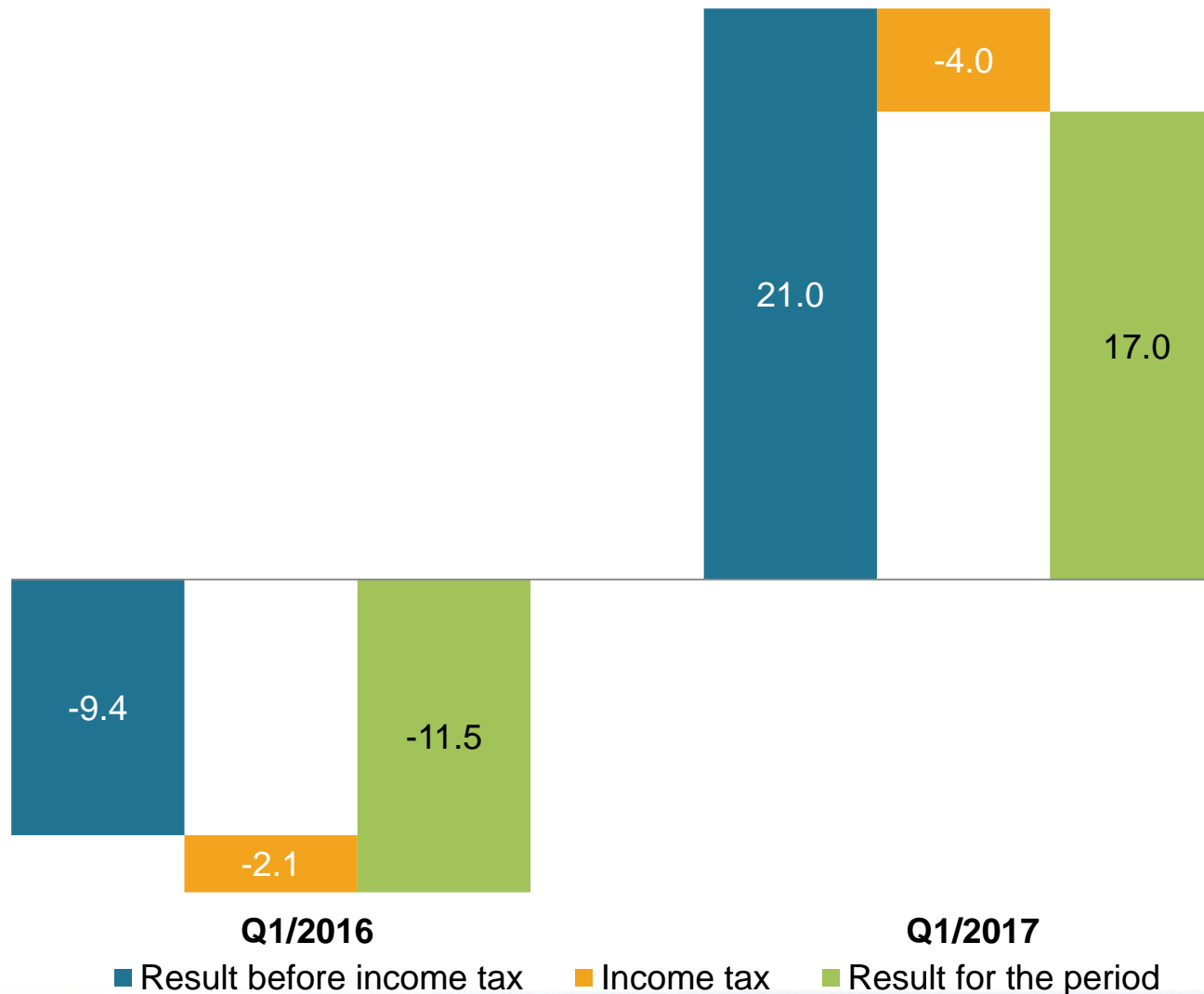
*Other operating income and expenses influenced by FX effects, mainly due to hedging

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

Result and income tax, in EUR million

Comments

- ▶ Net profit of EUR 17.0m in Q1/2017
- ▶ Driven by price increases, higher wafer volumes and lower manufacturing costs per wafer area
- ▶ EUR 4.0m effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)



Equity ratio of 43.3%

Net financial assets of EUR 209m

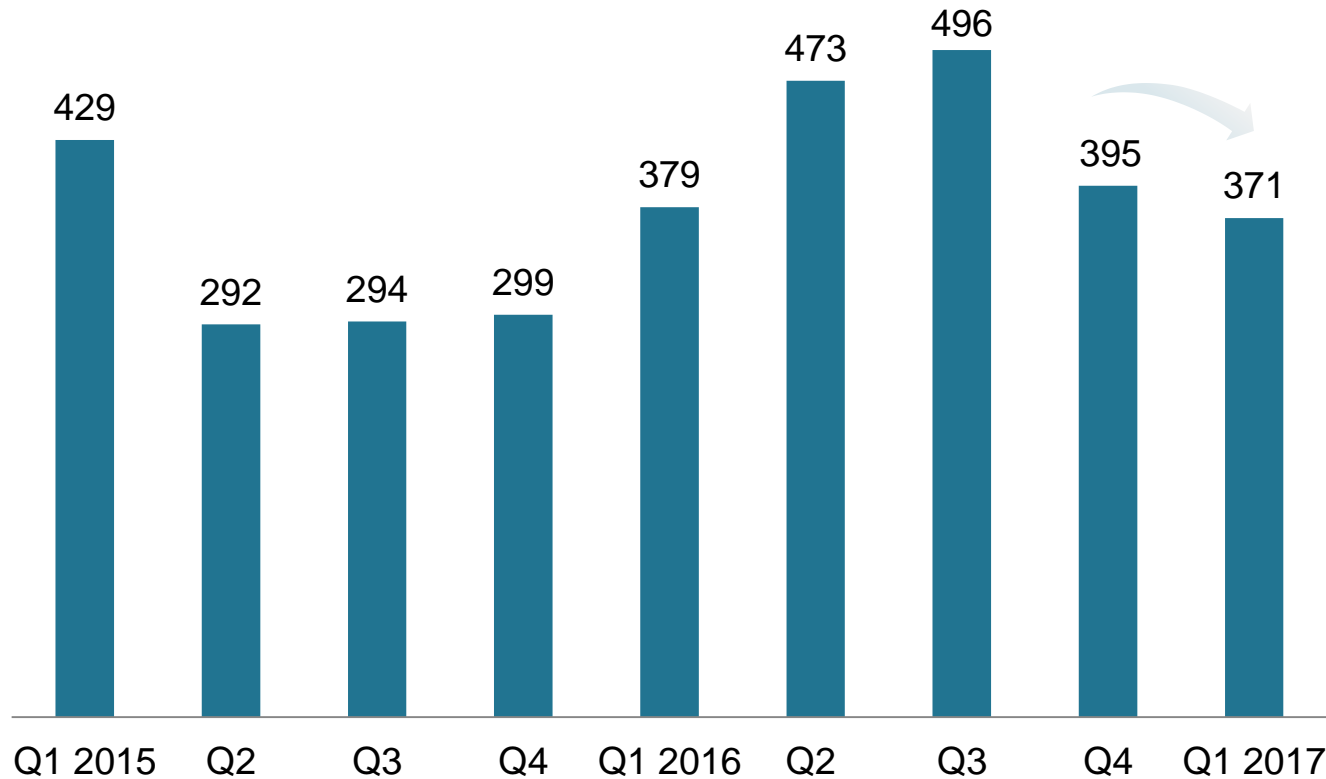
Balance sheet, in EUR million

Assets	Mar 31, 2017	Dec 31, 2016	Comments Mar 31, 2017
Non-current	547.0	554.1	
PP&E	514.6	519.8	
Other fixed	32.4	34.3	25 intangibles (related to SSW)
Current	550.2	502.7	
Inventories	144.3	140.9	
Trade receivables	128.4	118.2	
Other current	26.8	28.2	2 hedging
Cash and fixed term deposits	250.7	215.4	
Total	1,097.2	1,056.8	

Equity and liabilities	Mar 31, 2017	Dec 31, 2016	Comments Mar 31, 2017
Equity	475.1	425.3	
Siltronic	481.4	431.9	
Other shareholders	-6.3	-6.6	Samsung's 22% in SSW
Liabilities	622.1	631.5	
Pension provision	371.4	395.1	Germany and US
Other provisions	52.0	51.1	40 personnel related (e.g. early retirement)
Financial debt	41.6	40.4	Samsung
Trade liabilities	82.3	81.6	
Other	74.8	63.3	27 prepayments 33 employee-related 7 hedging
Total	1,097.2	1,056.8	

Pension provision increased y-o-y due to lower interest rates; however down q-o-q

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	3.61%	4.30%	4.18%	4.20%	3.78%	3.47%	3.43%	3.92%	3.90%
▶ Germany	1.65%	2.70%	2.80%	2.75%	2.15%	1.60%	1.38%	1.94%	2.07%

Payments for CapEx partly financed by customer prepayments

Cash flow, in EUR million

	Q1/ 2017	Q4/ 2016	Q1/ 2016
Cash flow from operating activities	48.7	28.7	26.8
<i>thereof repayment of prepayments</i>	-5.1	-5.9	-5.0
<i>thereof new customer prepayments</i>	5.5	0	0
Payments for CapEx	-17.4	-18.7	-33.5
Free cash flow	31.3	10.0	-6.7

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 31.3m in Q1

Contact and Additional Information

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Additional Information

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Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

Financial Calendar

Annual General Meeting	May 9, 2017
Q2 2017 Results	July 28, 2017
Q3 2017 Results	October 26, 2017



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