



## Press release

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### **Siltronic with good performance in the third quarter of 2016**

- **At EUR 237.0 million, sales were up by over 3 percent on the previous quarter (EUR 229.6 million) and on the third quarter of 2015 (EUR 230.6 million)**
- **EBITDA amounted to EUR 36.9 million, slightly higher than in the previous quarter (EUR 35.1 million) and 26 percent higher than in the third quarter of 2015 (EUR 29.3 million)**
- **Negative impact of exchange rate effects from currency hedging much lower in 2016 than in 2015**
- **Forecast for sales growth in 2016 slightly increased**

**Munich, Germany, October 27, 2016** – Siltronic AG, one of the world's leading manufacturers of hyperpure silicon wafers, is satisfied overall with its business performance in the third quarter of 2016.

"In recent weeks, the market environment in the semiconductor industry has been very positive. Our sales in the third quarter of 2016 increased compared with both the previous quarter and the third quarter of 2015. Our 200mm and 300mm wafer lines were fully loaded in the third quarter. We had to reduce our inventories in order to keep up with demand and even had to turn down some orders from customers. Average selling prices were stable compared with the second quarter. In the fourth quarter, we expect stable prices and only a slight weakening of demand at the

utmost. Overall, however, average selling prices remain below the prior-year level. Where possible under the contractual arrangements, we have begun to notify our customers of planned price increases in the first quarter of 2017," said Dr. Christoph von Plotho, CEO of Siltronic AG.

In the third quarter of 2016, **sales** amounted to EUR 237.0 million, up by 3 percent on the second quarter of 2016 (EUR 229.6 million) and on the third quarter of 2015 (EUR 230.6 million). Sales for the first nine months of 2016 came to EUR 687.1 million, which was down by 4 percent on the comparative period of 2015 (EUR 716.0 million).

In the period January to September 2016, **cost of sales** totaled EUR 568.9 million (Q1–Q3 2015: EUR 584.8 million). This means that cost of sales per unit of wafer area have declined compared with the first three quarters of last year, when a comparable total wafer area was produced.

The drop in average selling prices compared with the first nine months of 2015 was reflected in **gross profit**, which stood at EUR 118.2 million in the first nine months of 2016 (Q1–Q3 2015: EUR 131.2 million). In the third quarter, Siltronic generated a gross profit of EUR 45.3 million, which was up by 15 percent on the second quarter (EUR 39.3 million). Compared with the third quarter of 2015 (EUR 45.0 million), gross profit rose by 1 percent. The gross margin was 19.1 percent in the quarter under review and thus on a par with the corresponding quarter of 2015. In the second quarter, the gross margin had been just 17.1 percent.

**Other operating income and expense** have continued to be influenced by exchange rate effects in 2016, particularly due to currency hedging. As expected, however, the impact has been much lower than in 2015. The net loss from exchange rate effects had been EUR 35.2 million in the first nine months of 2015, whereas it was just EUR 19.4 million in the corresponding period of this year.

At EUR 36.9 million and with an EBITDA margin of 15.6 percent, **EBITDA** was higher than in the previous quarter (Q2 2016: EUR 35.1 million, 15.3 percent) and

well above the figure for the third quarter of 2015 (Q3 2015: EUR 29.3 million, 12.7 percent). In the nine-month period, Siltronic reported EBITDA of EUR 95.5 million this year compared with EUR 100.8 million in 2015. The EBITDA margin of 13.9 percent was on a par with the prior-year period (Q1–Q3 2015: 14.1 percent).

Without the effects from currency hedging, EBITDA for the third quarter of 2016 would have been EUR 43.9 million with an EBITDA margin of 18.5 percent (Q3 2015: EUR 44.8 million, 19.4 percent). For the nine-month period, EBITDA would have been EUR 114.9 million (Q1–Q3 2015: EUR 136.0 million) with an EBITDA margin of 16.7 percent (Q1–Q3 2015: 19.0 percent).

In the third quarter of 2016, **EBIT** was positive at EUR 6.7 million and thus slightly higher than in the second quarter (EUR 6.0 million). EBIT improved substantially compared with the third quarter of 2015 (EUR 0.3 million). In the first nine months of 2016, EBIT totaled EUR 7.0 million (Q1–Q3 2015: EUR 8.8 million).

**ROCE** (return on capital employed) was positive at 1.3 percent in the first three quarters of 2016. It stood at 3.6 percent in the third quarter, compared with 3.2 percent in the second quarter.

The **financial result** was adversely affected, in particular, by interest expense on pension provisions, and amounted to EUR -8.7 million in the first nine months of 2016 (Q1–Q3 2015: EUR -8.3 million). In the third quarter of 2016, the financial result of EUR -2.5 million was at a similar level to the previous quarter (EUR -2.4 million).

**Income taxes** came to EUR 5.1 million in the first three quarters of 2016, equating to a sharp year-on-year decline (Q1–Q3 2015: EUR 11.7 million).

The **net result for the period** improved significantly to reach a net profit of EUR 3.9 million in the third quarter, which was higher than the second-quarter profit of EUR 0.9 million. In the third quarter of 2015, there had been a net loss for the period of

EUR 6.2 million. For the first nine months of 2016, the net loss was EUR 6.8 million, compared with a net loss of EUR 11.2 million in the corresponding period of 2015.

**Earnings per share** stood at EUR 0.16 in the third quarter of 2016 (Q2 2016: EUR 0.07). In the third quarter of 2015, earnings per share had been negative at minus EUR 0.15.

"In a market environment with high rates of capacity utilization, Siltronic is very well positioned. We invest in our capabilities to ensure that we remain competitive in the future. Ongoing efforts to reduce our costs and increase our profitability are helping to boost our profitability," said von Plotho.

In the first three quarters of 2016, Siltronic invested almost EUR 65 million in property, plant and equipment and in intangible assets. **Capital expenditure** serves to strengthen Siltronic's leading technological position in the wafer market and increase efficiency in production. The further automation of production sites and the replacement of older equipment with cutting-edge crystal pullers at the Freiberg site are well on track. The new crystal-pulling hall in Freiberg was officially inaugurated in September 2016.

Due to the decline in discount rates in Germany and the United States, pension provisions had risen sharply in the second quarter of 2016 and amounted to EUR 472.7 million as of June 30, 2016. Discount rates dropped even lower in the third quarter of 2016 and, since June 30, 2016, have gone down from 1.60 percent to 1.38 percent in Germany and from 3.47 percent to 3.43 percent in the United States. This led to an increase in pension provisions, which reached EUR 495.6 million as of September 30, 2016. **Equity** amounted to EUR 297.0 million as of September 30, 2016. This gives an equity ratio of 29 percent, compared with 31 percent at the end of June 2016 and 48 percent as of December 31, 2015.

**Non-current liabilities** had risen to EUR 592.4 million as of September 30, 2016 (December 31, 2015: EUR 396.0 million). The main reason was the discount-rate-

related rise in pension provisions following a decrease in discount rates in both Germany and the United States.

**Free cash flow** was positive at EUR 9.1 million in the first nine months of 2016, with the third quarter contributing EUR 15.7 million. In the first three quarters of 2016, free cash flow was influenced by net cash payments of EUR 77.8 million for capital expenditure on property, plant and equipment. These were significantly higher than the cash payments of EUR 40.2 million made in the first nine months of 2015.

Because of positive free cash flow, **net financial assets** rose from EUR 155.9 million as of December 31, 2015 to EUR 165.0 million as of September 30, 2016.

### **Full-year forecast for 2016 mostly confirmed, with slightly higher sales and capital expenditure**

Siltronic currently assumes that unit sales of wafers will be slightly higher in 2016 than in 2015. Because of the positive market environment in the semiconductor industry, the Company expects at the utmost only a small seasonal dip in demand during the fourth quarter of 2016, along with stable average selling prices.

Siltronic anticipates a low single-digit percentage decrease in sales compared with 2015 (forecast in June 2016: low to middle single-digit percentage range). The EBITDA margin for 2016 is expected to improve slightly compared with 2015.

In view of the various measures to increase efficiency and improve yields, which will result in future cost savings, capital expenditure is predicted to reach approximately EUR 85 million to EUR 90 million (forecast in June 2016: around EUR 80 million). This increase is mainly due to projects progressing more quickly than expected.

All of the other KPI forecasts are unchanged compared with June 2016.

## Siltronic AG – KPI overview

in EUR million	2016 Q3	2016 Q2	2016 Q1	2015 Q3	2016 Q1-Q3	2015 Q1-Q3
<b>Sales</b>	237.0	229.6	220.6	230.6	687.1	716.0
<b>EBITDA</b>	36.9	35.1	23.6	29.3	95.5	100.8
<b>EBITDA margin</b>	15.6%	15.3%	10.7%	12.7%	13.9%	14.1%
<b>EBIT</b>	6.7	6.0	-5.6	0.3	7.0	8.8
<b>EBIT margin</b>	2.8%	2.6%	-2.5%	0.1%	1.0%	1.2%
<b>Financial result</b>	-2.5	-2.4	-3.8	-3.1	-8.7	-8.3
<b>Net result for the period</b>	3.9	0.9	-11.5	-6.2	-6.8	-11.2
<b>Earnings per share (EUR)</b>	0.16	0.07	-0.34	-0.15	-0.12	-0.21
<b>Capital expenditure on property, plant and equipment and intangible assets</b>	22.1	22.4	20.4	27.2	64.9	40.6
<b>Free cash flow</b>	15.7	0.1	-6.7	1.2	9.1	47.9

in EUR million	30.09.2016	31.12.2015
<b>Equity</b>	297.0	497.3
<b>Equity ratio</b>	29%	48%
<b>Net financial assets</b>	165.0	155.9
<b>Total assets</b>	1,031.5	1,040.8
<b>Employees</b>	3,789	3,894

## Conference call for analysts and investors

On October 27, 2016 at 3 p.m. (CEST), the Executive Board of Siltronic AG will hold a conference call with analysts and investors (only in English). The call will be broadcast live via the internet as an audio webcast, which will also subsequently be available on-demand on the website of Siltronic via the following link:

[https://www.siltronic.com/int/en/investor\\_relations/reports/2016/quarterly\\_2016\\_3/quarterly\\_report\\_2016\\_3.jsp](https://www.siltronic.com/int/en/investor_relations/reports/2016/quarterly_2016_3/quarterly_report_2016_3.jsp).

The current investor presentation (in English only), quarterly report, press release, and an Excel file with the most important KPIs are all also published on Siltronic's website.

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**Company profile:**

Siltronic is one of the world's leading manufacturers of hyperpure silicon wafers and partner of many leading semiconductor companies. The company has a network of state-of-the-art production sites in Europe, Asia and the USA. Siltronic develops and manufactures silicon wafers in diameters of up to 300mm. Silicon wafers are the basis for modern microelectronics and nanoelectronics. They are key components of e.g. computers, flat-screens, navigation systems, control systems for the automotive industry and many other applications.

**Important notice**

*This press release contains forward-looking statements based on assumptions and estimates of Siltronic's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. Siltronic does not plan to update the forward-looking statements, nor does it assume the obligation to do so.*

*This press release is also available in German. If there are differences between the two, the German version takes priority. Please note that slight differences may arise as a result of the use of rounded amounts and percentages.*