



## Press release

Siltronic AG

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### **Siltronic looks back on a successful 2016**

- **Preliminary sales for 2016 of EUR 933 million stable on prior-year level (2015: EUR 931 million)**
- **Preliminary EBITDA improves to EUR 146 million (2015: EUR 124 million)**
- **Preliminary EBIT well into positive figures at EUR 27 million (2015: EUR 3 million)**
- **Continued full capacity utilization in 300mm and 200mm wafer production**
- **Sales of at least EUR 1 billion expected for 2017**

**Munich, Germany, February 1, 2017** – Siltronic AG, one of the world's leading manufacturers of hyperpure silicon wafers, enjoyed a very strong fourth quarter and thus achieved its sales target for 2016 as a whole and exceeded its earnings expectations.

According to preliminary and unaudited figures, sales for 2016 of EUR 933 million were stable on prior-year's level (2015: EUR 931 million). Positive effects from the Japanese yen exchange rate and, in particular, year-on-year increases in unit sales during the third and fourth quarters slightly outweighed the decrease in the average selling price (ASP).

Preliminary earnings before interest, taxes, depreciation, and amortization (EBITDA) of the TecDAX-listed company amounted to EUR 146 million. EBITDA was thus 18 percent above prior-year (2015: EUR 124 million). The preliminary EBITDA margin was 16 percent (2015: 13 percent).

Other operating income and expense are heavily influenced by exchange rate effects, particularly in relation to currency hedging. The expenses of EUR 21 million in 2016 were significantly lower than the figure of EUR 46 million reported in 2015 and thus had a positive impact on EBITDA.

Without this exchange rate effect, preliminary EBITDA would have been EUR 167 million with an EBITDA margin of 18 percent and would therefore have been at the same level as 2015.

Preliminary earnings before interest and tax (EBIT) were significantly higher than in the previous year at EUR 27 million (2015: EUR 3 million).

Ongoing implementation of the cost reduction program, which was launched back in 2010, again had a very positive impact on earnings in 2016. The total savings realized came to around EUR 30 million.

Siltronic invested EUR 89 million in property, plant and equipment and in intangible assets in 2016. The largest items of capital expenditure were a new crystal-pulling hall including new crystal pullers at the production facility in Freiberg as well as ongoing automation, particularly at the German sites.

Preliminary free cash flow was clearly positive at EUR 19 million in 2016 but, as anticipated, was lower than the prior-year figure of EUR 37 million. It included a prepayment of EUR 11 million to the pension fund and capex-related payments of EUR 97 million.

As a result, net financial assets improved to EUR 175 million.

"The development in the second half of 2016 significantly contributed to ensuring our very positive results for the full year. Our 200mm and 300mm production was already fully loaded during the third quarter. This encouraging trend continued into the fourth quarter. In the final quarter of the year, we began to notify our customers of planned price increases coming into effect in the first quarter of 2017 wherever the contractual situation allowed to do so. Overall, the price negotiations are going well," said Dr. Christoph von Plotho, CEO of Siltronic AG.

### **Very strong sales in the fourth quarter of 2016**

The final quarter was by far the strongest of 2016 in terms of sales, which reached around EUR 246 million. Continued full capacity utilization in 300mm production, the very favorable development of the product mix, and first positive price trends all contributed to this. By contrast, the fourth quarter of 2015 had been characterized by the usual seasonal dip, caution on the part of customers when it came to placing orders, and lower average selling prices denominated in US dollars. Therefore sales came in at only EUR 215 million.

In the fourth quarter of 2016, Siltronic generated preliminary EBITDA of EUR 50 million thanks to an improved product mix, favorable changes in the Japanese yen exchange rate, and an excellent operating performance. EBITDA in the corresponding quarter of 2015 had stood at EUR 23 million. The preliminary EBITDA margin for the period from October to December 2016 was 20 percent (Q4 2015: 11 percent). The main reasons were the increase in sales and exchange rate effects, which are reported under other operating income and expense. In the fourth quarter of 2016, these effects amounted to expenses of around EUR 2 million, compared to EUR 10 million in the final quarter of 2015.

### **Positive trend expected for 2017**

Market research institute IHS Markit currently anticipates that demand for silicon wafers for the semiconductor industry will rise by approximately 5 percent in 2017. Solid-state drives (SSDs), which are based on NAND technology, are predicted to be the biggest growth driver. The DRAM market is also showing positive trends.

Demand for Siltronic's wafers continues to be strong in the first quarter, with capacity in 300mm and 200mm wafer production remaining fully utilized. The Company is currently not seeing any inventory build at customers.

Siltronic was already able to raise prices for some spot orders in the fourth quarter of 2016. As communicated in the fourth quarter of 2016, Siltronic has begun to notify customers of price increases coming into effect in the first quarter of 2017. Due to the differing contract terms of the customer agreements, which range from three months to more than one year, positive effects from the price negotiations are likely to materialize incrementally in 2017.

Siltronic is optimistic that the business development will be very positive in 2017 and estimates that sales will exceed the threshold of EUR 1 billion.

### **Positive impact from cost-cutting program and smaller effects from currency hedging expected again in 2017**

Siltronic will continue with its cost-cutting program and expects savings of around EUR 20 million to EUR 25 million in 2017.

The Company anticipates negative exchange rate effects resulting from currency hedging in 2017. Assuming a Euro/US dollar exchange rate of 1.05 and a Euro/Japanese yen exchange rate of 120, these effects should be in the region of EUR 10 million.

## Siltronic AG – preliminary results for 2016<sup>1)</sup>

EUR million	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2016	2015
<b>Sales</b>	246	237.0	229.6	220.6	215,3	933	931.3
<b>EBITDA</b>	50	36.9	35.1	23.6	23.2	146	124.0
<b>EBITDA margin</b>	20%	15.6%	15.3%	10.7%	10.8%	16%	13.3%
<b>EBIT</b>	20	6.7	6.0	-5.6	-6.1	27	2.7
<b>EBIT margin</b>	8%	2.8%	2.6%	-2.5%	-2.8%	3%	0.3%
<b>Capital expenditure on property, plant and equipment and intangible assets</b>	24	22.1	22.4	20.4	-34.4	89	75.0
<b>Free cash flow</b>	10	15.7	0.1	-6.7	-10.5	19	37.4

EUR million	Dec. 31, 2016	Dec. 31, 2015
<b>Net financial assets</b>	175	155.9

<sup>1)</sup> The results in this document for Q4 2016 and Full Year 2016 are preliminary and have not yet been approved by the Supervisory Board or audited by an external auditor. All numbers have been rounded to the nearest million.

### Upcoming dates

A comprehensive reporting with detailed disclosures will be provided when the final results for 2016 are published on March 14, 2017.

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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, smartphones, 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.*