



Press release

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Strong start into 2017 for Siltronic

- Demand for 300mm and 200mm wafers continues to be very strong
- Significant sales growth of 17 percent
- EBITDA in the first quarter more than doubled year-on-year
- EBITDA margin of 20.5 percent (Q1 2016: 10.7 percent)
- Forecast adjusted slightly upward

Munich, Germany, April 27, 2017 - Siltronic AG (TecDAX: WAF) has made a strong start into 2017.

Capacity in the Company's 300mm and 200mm wafer production has been fully loaded since the third quarter of 2016. Demand for wafers with a diameter of less than 200mm has also increased, with the result that capacity utilization is very high in this area too.

“As expected, the first quarter of 2017 was strong. Demand for wafers continues to exceed supply and we are seeing higher prices for 300mm wafers as a result. Prices for 200mm wafers are also moving upward, but not at the same rate as for 300mm wafers. Average selling prices have increased significantly in the first quarter,” said Dr. Christoph von Plotho, CEO of Siltronic AG.

Siltronic's sales of EUR 258.0 million for Q1 2017 were 17 percent above Q1 2016 (EUR 220.6 million). Higher average selling prices, an increase in wafer area sold and the favorable exchange rate of the euro against the US dollar have contributed to the strong sales increase.

The 6 percent increase in manufacturing costs to EUR 198.6 million (Q1 2016: EUR 186.9 million) is mainly due to the rise in unit sales. However, manufacturing costs per wafer area were down, due to the successful cost reduction programs.

Gross profit was EUR 59.4 million and thus 76 percent above Q1 2016. The gross margin rose from 15.3 percent to 23.0 percent.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to EUR 53.0 million and thus more than doubled compared to Q1 2016 (EUR 23.6 million). The EBITDA margin reached 20.5 percent (Q1 2016: 10.7 percent).

In the first quarter of 2017 the net expense arising from currency hedging was, at EUR 4.5 million, significantly lower than the figure of EUR 9.7 million reported for the first quarter of 2016. Apart from the negotiated price increases, the successful cost reductions and the higher wafer area sold this also had a positive impact on EBITDA.

Earnings before interest and tax (EBIT) of EUR 23.4 million were significantly higher than in Q1 2016 (EUR -5.6 million).

Profit for the first quarter of 2017 amounted to EUR 17.0 million and is the result of price increases, the higher wafer area sold, and the pleasing decrease in manufacturing costs per wafer area. In the first quarter of 2016, there had been a net loss of EUR 11.5 million.

Earnings per share amounted to EUR 0.56 in the first quarter of 2017 (Q1 2016: EUR -0.34).

The clear improvement in EBIT also had a positive impact on ROCE (return on capital employed), which rose from -3.0 percent in Q1 2016 to 12.9 percent in the first quarter of this year.

In the first quarter of 2017, Siltronic invested EUR 19.3 million in property, plant and equipment and in intangible assets. This related mainly to new crystal pullers at the Freiberg production site and the ongoing automation program, primarily at the plants in Germany.

Cash flow from operating activities includes prepayments that the Company received from customers in the first quarter of 2017. Agreements have been made with the customers that further prepayments will follow in the subsequent quarters of 2017, with total prepayments amounting to around USD 20 million in this fiscal year. These will be invested in production equipment to produce leading-edge technology for which there is an increasing demand. This will improve Siltronic's product mix but not the company's overall capacity.

Free cash flow was EUR 31.3 million, due to the strong net profit for the period.

Net financial assets rose to EUR 209.1 million.

Siltronic has revised its forecast for 2017 slightly upward and is now expecting sales of at least EUR 1.06 billion and an EBITDA margin of at least 23 percent

“As announced in 2016, from the first quarter of 2017 we have begun increasing wafer prices in customer contracts that were due for renegotiation. We have negotiated further price increases for the second quarter and expect that prices will continue their upward trend in the third quarter. The wafer market is finally seeing the long awaited price corrections,” explained von Plotho.

The effects of the price increases will sequentially filter through into the sales figures of Siltronic AG in 2017, as the way the contracts are structured means that customer contracts will be renegotiated at different times over the course of the year.

“Although in some cases the average selling prices of 300mm wafers have increased significantly in the first quarter, they are still not at a level that would make an expansion of production capacity commercially viable,” added von Plotho.

As usual, costs were higher in the first quarter than in the fourth quarter. Siltronic expects margins to further improve over the course of the year.

Siltronic has revised its forecast for 2017 slightly upward and is now expecting sales of at least EUR 1.06 billion and an EBITDA margin of at least 23 percent. ROCE will be significantly above WACC. The tax rate is now expected to be 20 percent or slightly lower.

Due to the high demand and the tight supply situation it is Siltronic’s priority to maximize output within the existing production. The company therefore currently expects to achieve cost savings of EUR 15 million to EUR 20 million in 2017.

Siltronic AG – Key figures Q1/2017

Statement of profit or loss / Cash flow		
in EUR million	Q1/2017	Q1/2016
Sales	258.0	220.6
EBITDA	53.0	23.6
EBITDA margin	20.5%	10.7%
EBIT	23.4	-5.6
EBIT margin	9.1%	-2.5%
Net result for the period	17.0	-11.5
Earnings per share (in EUR)	0.56	-0.34
ROCE	12.9%	-3.0%
Capital expenditure on property, plant and equipment and intangible assets	19.3	20.4
Free cash flow	31.3	-6.7

Statement of financial position		
in EUR million	March 31, 2017	December 31, 2016
Equity	475.1	425.3
Equity ratio	43.3%	40.2%
Net financial assets	209.1	175.0
Total assets	1,097.2	1,056.8
Employees	3,728	3,757

Conference call for analysts and investors

Siltronic AG's Executive Management will conduct a conference call with analysts and investors (in English only) on April 27, 2017 at 3pm (CEST). This call will be streamed via the internet. The audio webcast call will be available live and on-demand on Siltronic's homepage.

The investor presentation (in English only), the Quarterly Statement, the press release and an Excel-file with the most important key figures are also published on the Siltronic homepage.

Upcoming events

May 9, 2017 Annual General Meeting, Munich
July 28, 2017 Interim Report Q2 2017
October 26, 2017 Interim Reporting Q3 2017

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Company profile:

Siltronic is one of the world's largest 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 and a key component in semiconductor chips in e.g. computers, smartphones, navigation systems 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.