



## Press release

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### **Siltronic reports on a very strong Q2 2017**

- **Very high demand for all wafer diameters**
- **Significant sales growth of 10 percent over Q1**
- **Q2 EBITDA up 37 percent compared with previous quarter**
- **Q2 EBITDA margin of 25.7 percent achieved**
- **Forecast raised**

**Munich, Germany, July 28, 2017** - Following a very positive Q1, Siltronic AG (TecDAX: WAF) showed again a very strong business performance in Q2 2017.

The production capacities of Siltronic AG for 200mm and 300mm wafers have been fully loaded since Q3 2016. Production of wafers with diameters of 150mm and smaller is also meanwhile approaching full utilization.

"The second quarter of 2017 has exceeded our expectations. Wafer demand continues to be on a very high level. We implemented price increases faster than expected due to full loading. Along with the very positive price trend for 300mm wafers, we also raised prices for 200mm wafers. Overall, average selling prices have risen considerably during the first half of the year," notes Dr. Christoph von Plotho, CEO of Siltronic AG.

The company's sales increased to EUR 283.1 million in Q2 2017, up 9.7 percent compared with the previous quarter (Q1/2017: EUR 258.0 million). Higher average selling prices, in particular, contributed to this strong sales growth.

The 3 percent rise in the cost of sales to EUR 204.5 million (Q1/2017: EUR 198.6 million) is mainly attributable to the higher sales volumes. Manufacturing costs per wafer area, however, decreased due to successful cost saving programs.

Gross profit stood at EUR 78.6 million, up 32.3 percent compared with Q1 2017 (EUR 59.4 million). The gross profit margin rose from 23.0 percent to 27.8 percent.

Currency hedging expenses of EUR 2.7 million in Q2 2017 declined further compared with Q1 (EUR 4.5 million). Along with the price increases that the company implemented and its successful cost cutting measures, this lower hedging expense also had a positive impact on EBITDA.

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to EUR 72.7 million, reflecting 37.2 percent growth compared with Q1 (Q1/2017: EUR 53.0 million). EBITDA margin reached 25.7 percent (Q1/2017: 20.5 percent).

Earnings before interest and tax (EBIT) of EUR 43.4 million were significantly higher than in the previous quarter (Q1/2017: EUR 23.4 million).

Net profit in Q2 2017 of EUR 35.2 million more than doubled compared with Q1 (EUR 17.0 million). This result is mainly attributable to price increases and a positive trend in manufacturing costs per wafer area.

Earnings per share amounted to EUR 1.13 in Q2 compared with EUR 0.56 in the previous quarter.

The improvement in EBIT had a positive effect on ROCE (Return on Capital Employed), which rose from 12.9 percent in Q1 to 24.0 percent in Q2.

Capital expenditure on property, plant and equipment and on intangible assets amounted to EUR 25.5 million in Q2 2017. These investments mainly comprise new crystal pullers at the Freiberg production site, and advancing automation, especially at the German locations.

Cash flow from operating activities includes customer prepayments received during the first six months of the year. Further prepayments will be received in line with contractual arrangements during the course of the 2017 financial year. The customer prepayments for 2017 amount to around USD 20 million in total and are being invested in production equipment for leading-edge products with increasing demand. Siltronic's product mix has improved as a result. Overall capacity, however, is not being increased.

Due to strong earnings generated in the period under review, free cash flow in Q2 2017 amounted to EUR 41.8 million, compared with EUR 31.3 million in Q1.

Net financial assets improved to EUR 241.2 million as of June 30, 2017.

**Siltronic upgraded its forecast for 2017 and now expects sales of at least EUR 1.12 billion and an EBITDA margin of at least 27 percent**

"As announced in 2016, in Q1 and Q2 2017 we raised wafer prices for customer contacts that were up for renegotiation. We have negotiated further price increases for Q3. Overall, wafer prices are moving in the right direction," as von Plotho commented.

The effects of the price hikes will be gradually reflected in the sales of Siltronic AG in 2017, as customer contracts are negotiated on different dates during the course of the fiscal year in line with their existing contractual structures.

"Average selling prices for 300mm wafers have in part risen significantly in H1, but have not yet resulted in the minimum 30 percent price increase that are required to

economically justify investing in capacity extension. We are definitely heading in the right direction, however," von Plotho adds.

As already announced in an ad-hoc release on July 11, 2017, Siltronic has raised its forecast for financial year 2017 and now expects sales of at least EUR 1.12 billion and an EBITDA margin of at least 27 percent.

Due to continued high demand and the constrained supply situation, maximizing output within the existing production capacities continues to be the company's top priority.

## Siltronic AG – Key figures Q2/2017

<b>Statement of profit and loss / Cash flow</b>					
<b>in EUR million</b>	<b>H1/2017</b>	<b>H1/2016</b>	<b>Q2/2017</b>	<b>Q1/2017</b>	<b>Q2/2016</b>
<b>Sales</b>	541.1	450.1	283.1	258.0	229.6
<b>EBITDA</b>	125.7	58.7	72.7	53.0	35.1
<b>EBITDA margin</b>	23.2%	13.0%	25.7%	20.5%	15.3%
<b>EBIT</b>	66.8	0.3	43.4	23.4	6.0
<b>EBIT margin</b>	12.3%	0.1%	15.3%	9.1%	2.6%
<b>Net profit/loss for the period</b>	52.3	-10.7	35.2	17.0	0.9
<b>Earnings per share (in EUR)</b>	1.69	-0.27	1.13	0.56	0.07
<b>ROCE</b>	18.6%	0.1%	24.0%	12.9%	3.2%
<b>Capital expenditure (including intangible assets)</b>	44.9	42.8	25.5	19.3	22.4
<b>Free cash flow</b>	73.2	-6.6	41.8	31.3	0.1

<b>Statement of financial position</b>		
<b>in EUR million</b>	<b>Jun. 30, 2017</b>	<b>Dec. 31, 2016</b>
<b>Equity</b>	522.1	425.3
<b>Equity ratio</b>	46.9%	40.2%
<b>Net financial assets</b>	241.2	175.0
<b>Total assets</b>	1,112.5	1,056.8
<b>Employees (excluding temporary help staff)</b>	3,679	3,757

### Conference call for analysts and investors

The Executive Board of Siltronic AG will conduct a conference call with analysts and investors (in English only) on July 28, 2017 at 3:00 pm (CEST). This call will be streamed via the Internet. The audio webcast will be available live as well as on demand on Siltronic's website.

The latest investor presentation (in English only), the interim report, the press release and an Excel file with the most important key figures are also published on the Siltronic website.

### **Upcoming events**

October 26, 2017    Quarterly statement Q3 2017

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### **Company profile:**

Siltronic is one of the world's largest manufacturers of hyperpure silicon wafers and partner to many leading semiconductor companies. The company operates production sites in Asia, Europe and the USA. Siltronic develops and manufactures silicon wafers in diameters of up to 300mm. Silicon wafers form the basis for modern microelectronics and nanoelectronics and are a key component in semiconductor chips driving computers, smartphones, navigation systems and many other applications.

### **Important notice**

*This press release contains forward-looking statements based on assumptions and estimates made by the Executive Board of Siltronic AG. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee that they will prove to be correct. The assumptions can harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that can cause such discrepancies include, among others, 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.*