



## Press release

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### **Siltronic ends wafer production for "small diameters"**

**Munich, March 22, 2024** – Siltronic AG (MDAX/TecDAX: WAF) plans to gradually cease production of polished and epitaxial small diameter wafers at its Burghausen site. The process, which excludes unpolished wafers, is set to be completed in the course of 2025.

Siltronic currently produces wafers with a diameter of 300 mm, 200 mm and wafers with smaller diameters (SD) of up to 150 mm. The SD wafer technology was developed primarily in the 1990s and earlier. The most significant technological breakthroughs in recent decades have been achieved with larger diameters, which also show the highest growth potential. An average volume growth of 6 percent per year is expected for 300 mm wafers.

"SD wafer production at Siltronic originated in Burghausen in 1968. It has contributed to our success for many years, thanks to the outstanding work of our employees. However, the wafer industry has evolved significantly due to structural changes and innovations. Demand has increasingly shifted to wafers with larger diameters and improved properties, while SD wafers are approaching the end of their life cycle. This has led to a notable decline in volumes, which recently had a negative impact on earnings. As this will likely continue to intensify in the coming years, we have decided, together with the Supervisory Board, to gradually reduce the production of small diameters and to cease it in the course of 2025," comments Dr. Michael Heckmeier, CEO of Siltronic AG.

"Despite this decision the Burghausen site remains of crucial importance for Siltronic. Our global technology as well as research and development center, the production of 300 mm wafers and 200 mm hyperpure silicon ingots as well as a large part of our administrative functions are located here," Michael Heckmeier continues.

Just 25 years ago, more than half of the silicon wafer market consisted of wafers with a diameter of up to 150 mm. Today, it is less than five percent, based on data published by the industry organization SEMI. This is the result of customers reducing or ceasing their production of small wafers due to the dynamic technological developments in the semiconductor industry. In addition, competition, particularly from China, is now clearly felt in the small diameters.

### **Socially responsible solutions for the core workforce**

In the past financial year, SD wafers accounted for a single-digit percentage of the Group's sales. The impact on earnings has already been clearly negative in recent months. Approximately 400 people are employed in the small diameters, about half of whom are on fixed-term and temporary contracts. The aim is to reduce the core workforce in a socially responsible manner through demographic change and partial retirement, and to avoid layoffs for operational reasons.

"Due to structural changes in the market, we assume that SD wafers will not recover and that their impact on earnings would be considerably negative in the coming years. We have therefore decided to take this difficult but necessary step. At the same time, our goal is to ensure that workforce reductions at Siltronic are socially responsible and no layoffs are made for operational reasons. After the end of the SD wafer production and the subsequent dismantling measures that may be necessary, our EBITDA margin will improve by around one to two percentage points in the medium term," adds Claudia Schmitt, CFO of Siltronic AG.



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**Company profile:**

As one of the leading wafer manufacturers, Siltronic is globally oriented and operates production sites in Asia, Europe, and the USA. Silicon wafers are the foundation of the modern semiconductor industry and the basis for chips in all electronic applications – from computers and smartphones to electric cars and wind turbines. The international company is highly customer-oriented and focuses on quality, precision, innovation, and growth. Siltronic AG employs around 4,500 people worldwide and has been listed in the Prime Standard of the German Stock Exchange since 2015. Siltronic AG shares are included in both the MDAX and TecDAX stock market indices.