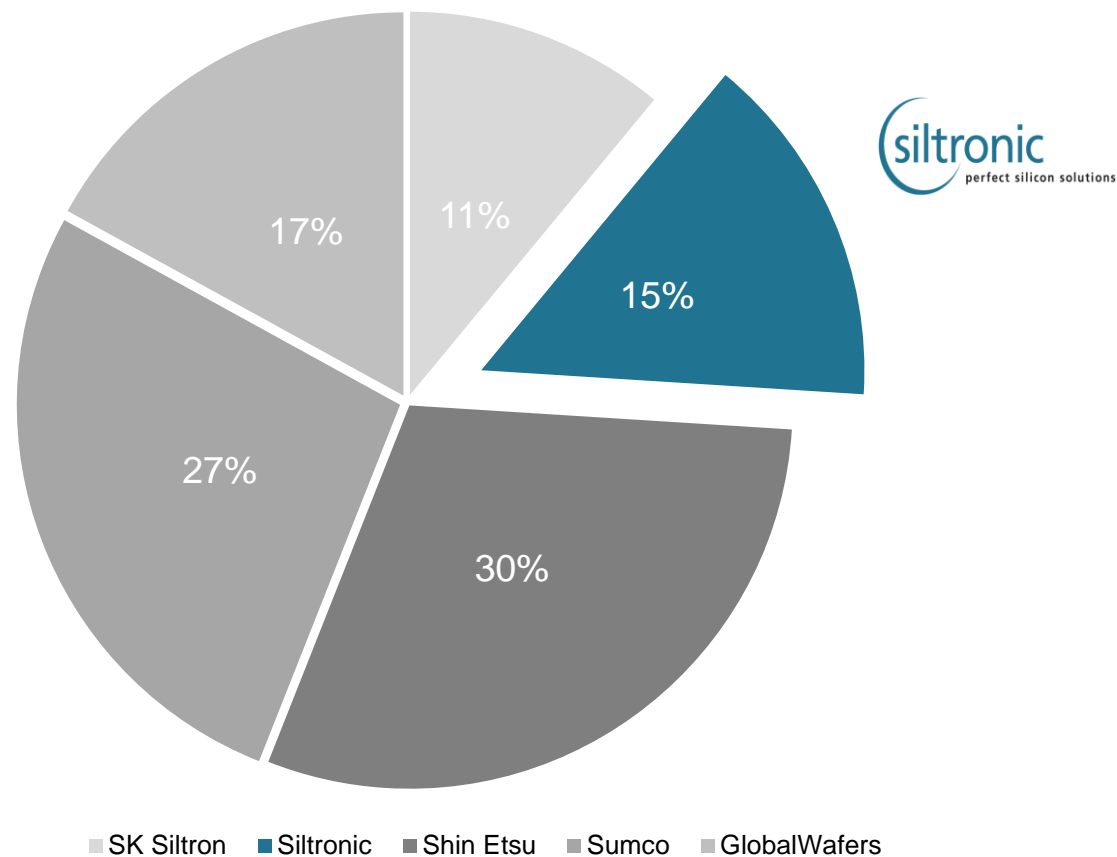


Siltronic AG

Q3 2019 Investor Presentation

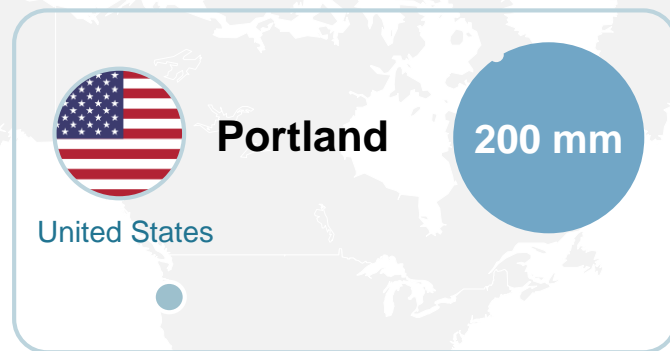
Siltronic has a relevant global market share...

Top 5 wafer producers serve more than 90% of market across all diameters

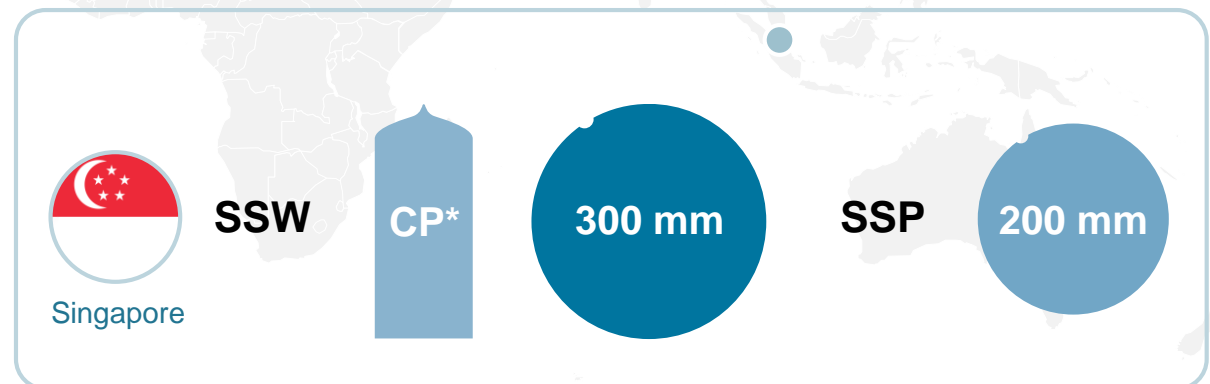
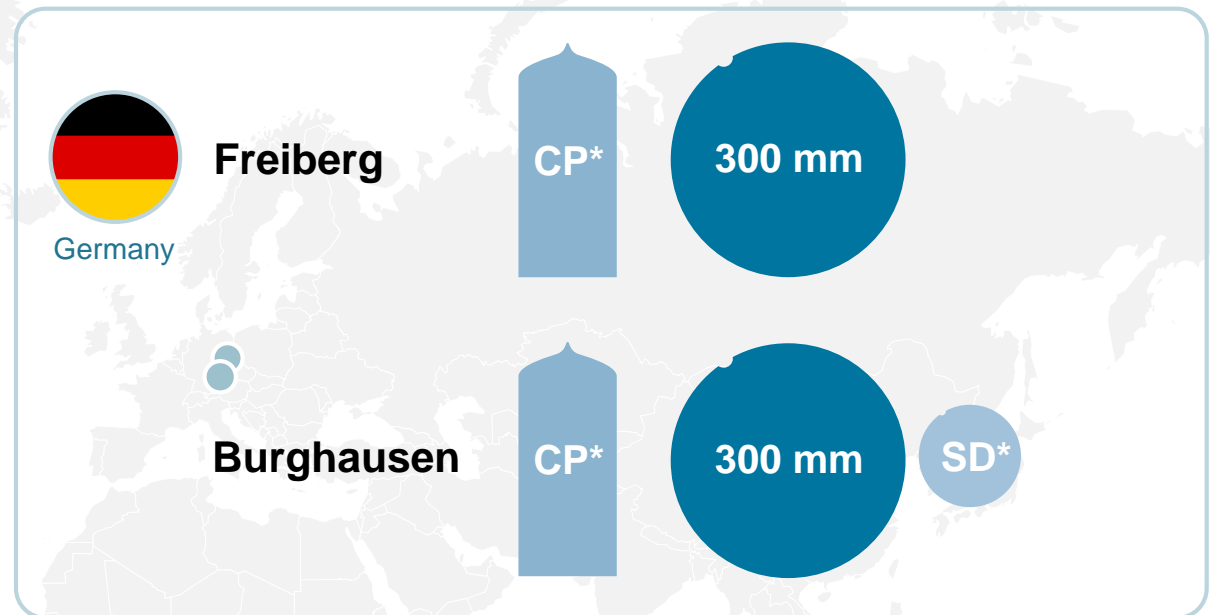


Sources: reported company revenues FY 2018, converted to USD million

... and an international manufacturing network

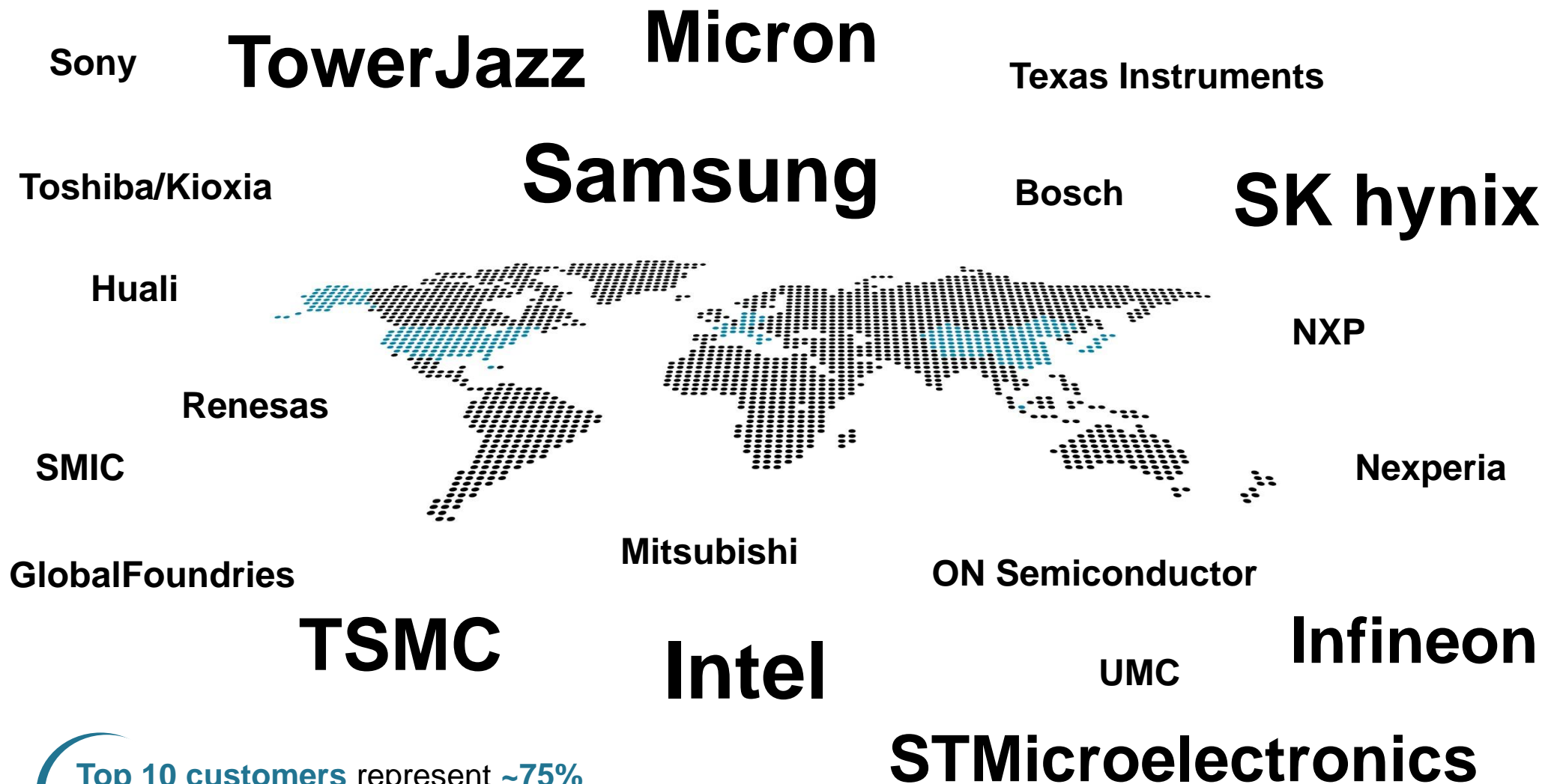


- ▶ **Central R&D hub** in Burghausen
- ▶ **High volume facilities** for 300 mm in Germany and Singapore
- ▶ Among world's **newest & largest fabs** in Singapore



*CP = Crystal Pulling | *SD = 150 mm and smaller

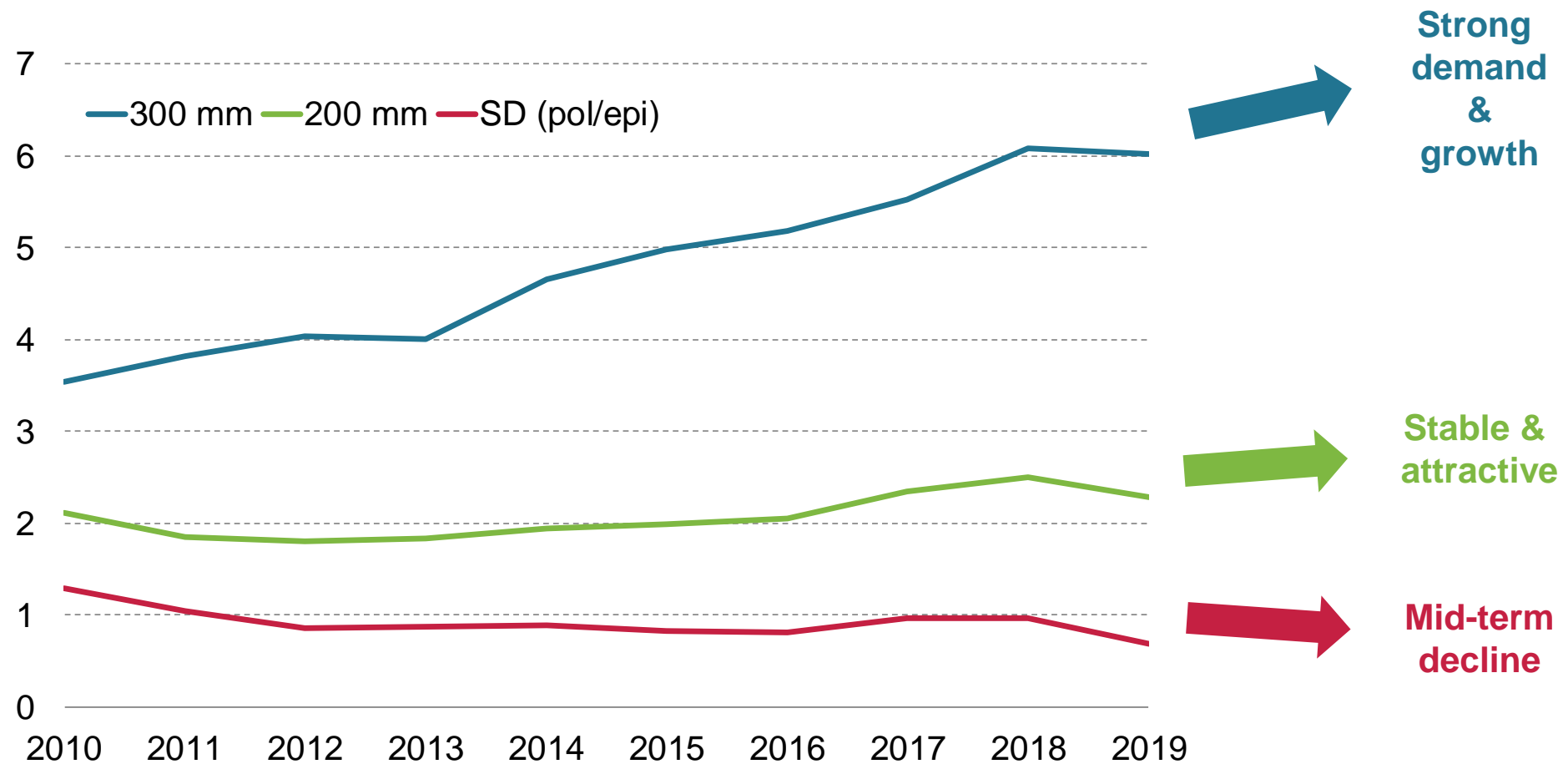
Customer base well diversified across all major semiconductor silicon wafer consumers



Top 10 customers represent ~75%
of 2018 **revenues**

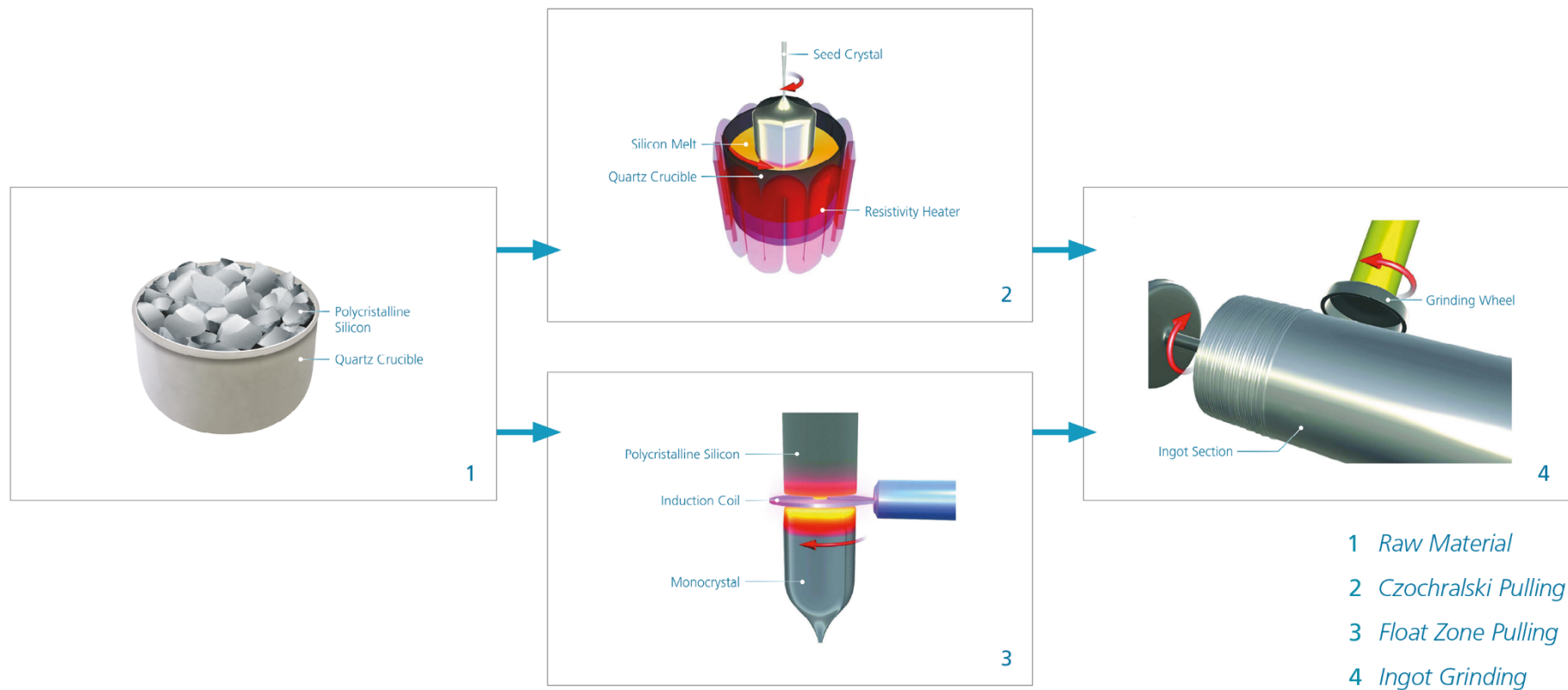
Siltronic is focused on growing 300 mm and attractive 200 mm business.

Development of total wafer demand per diameter, in mn 300 mm equivalents per month

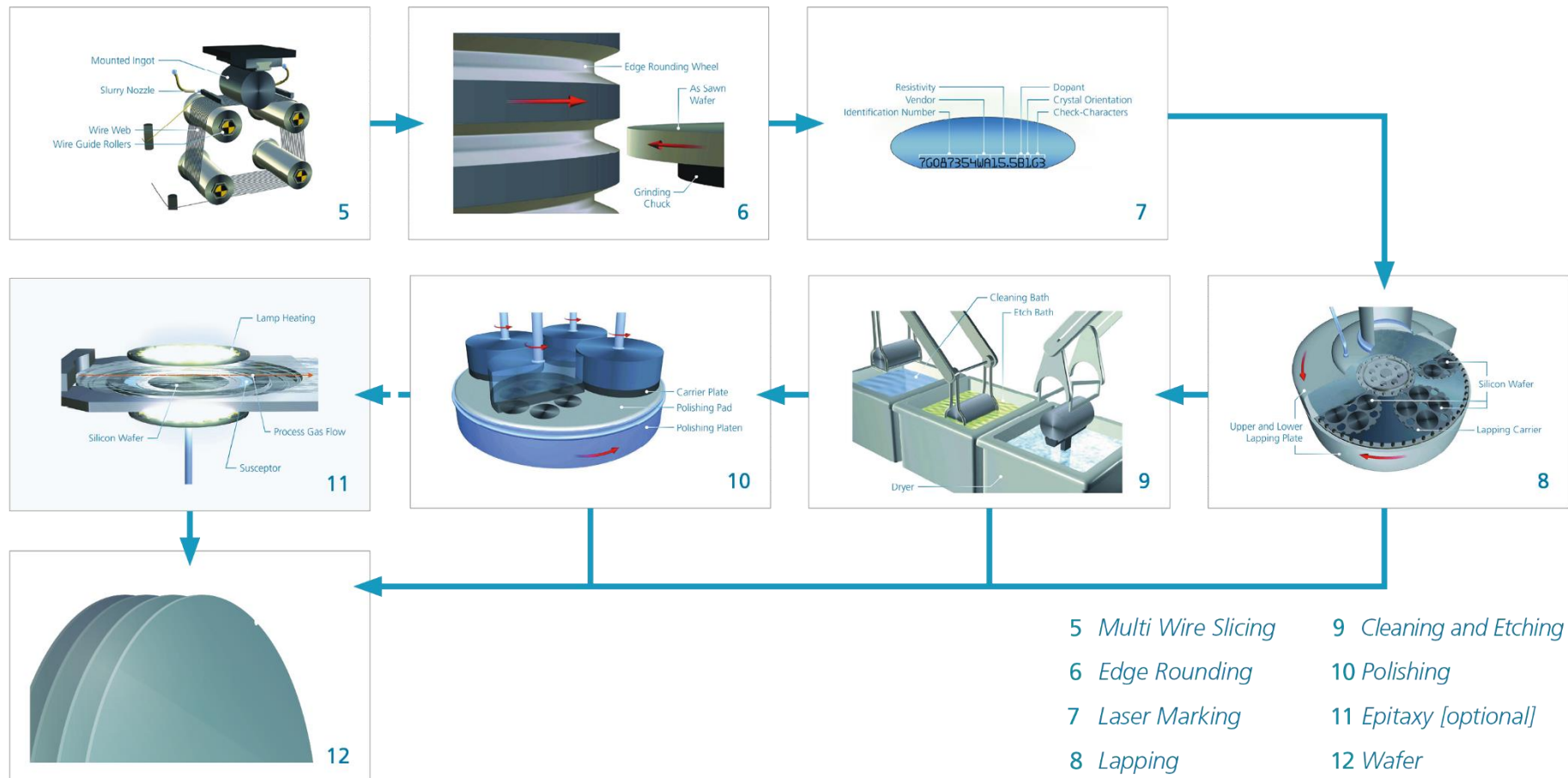


Source: SEMI up to Sep 2019

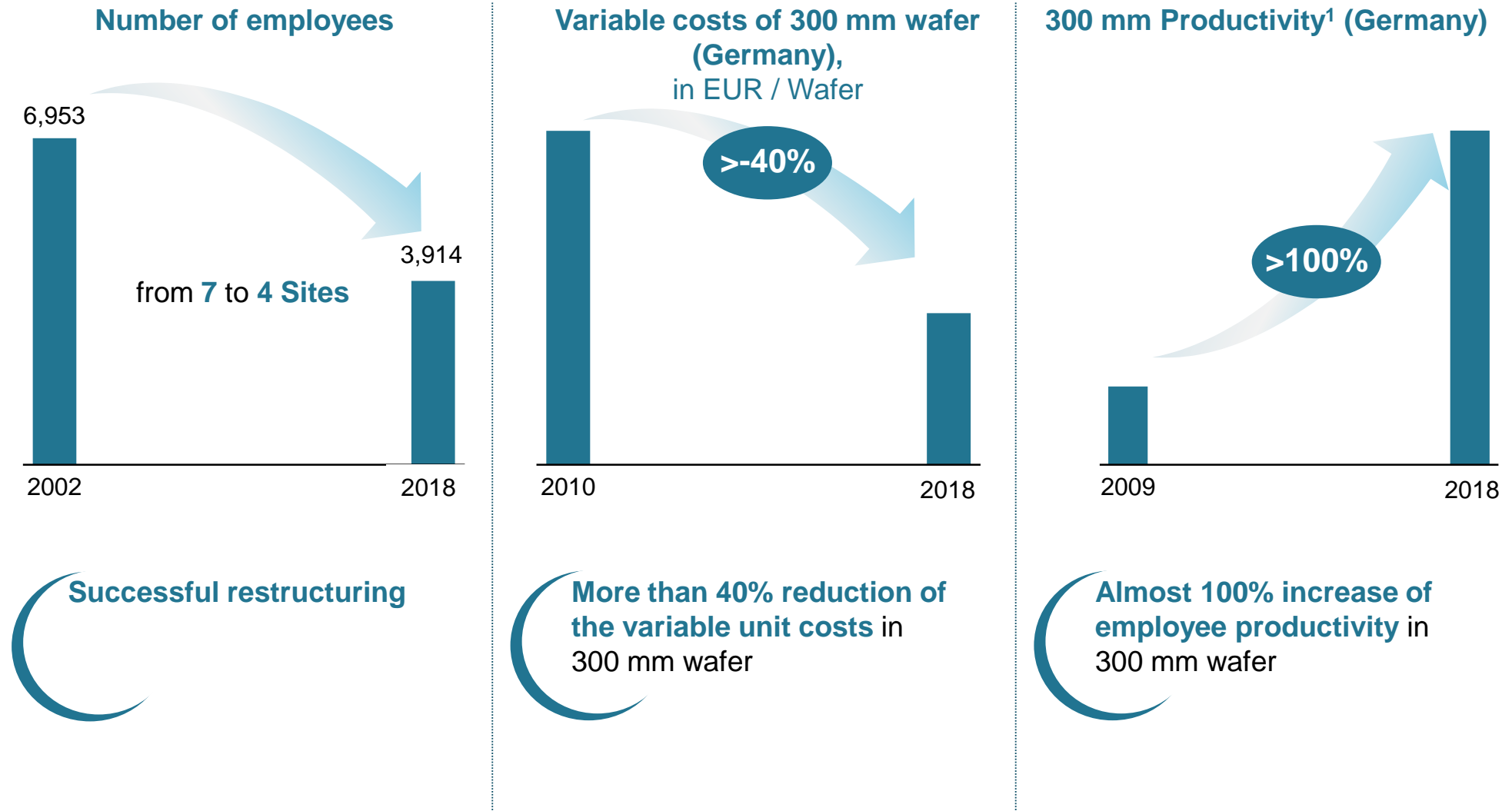
Production process - ingot growing



Production process - wafering



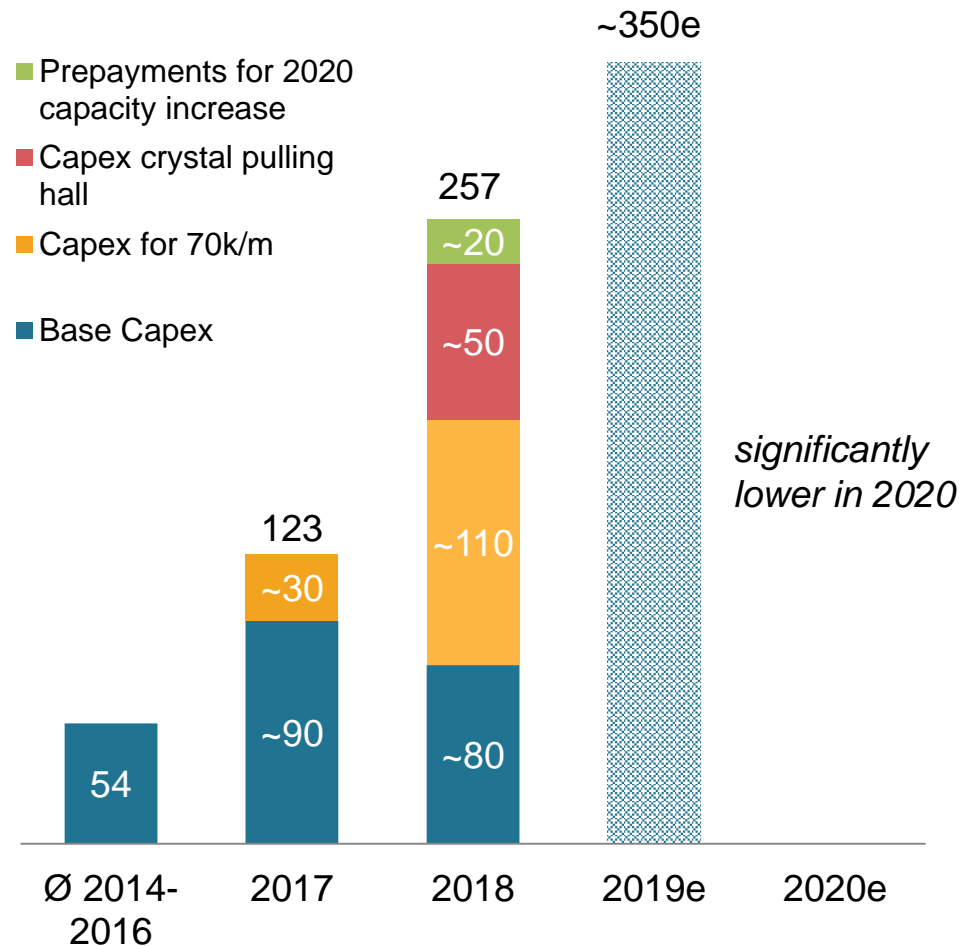
Outstanding cost reduction and efficiency improvement track record



¹ Delivered wafer / paid hours (2009 = 100)

All investment to be finished as planned in 2019; Capex for capacity will come down in 2020

Investment, in EUR million



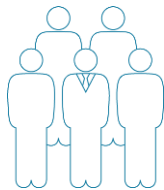
Comment

- ▶ Capex 2019
 - ▶ around EUR 350 million with a strong focus on capabilities and automation and also on 300 mm expansion based on LTAs
- ▶ Capex 2020
 - ▶ significantly lower

Cost-competitiveness a pre-requisite

Major cost items

► Labour



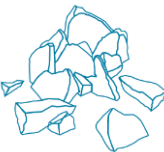
► Supplies



► Depreciation



► Polysilicon



► Energy



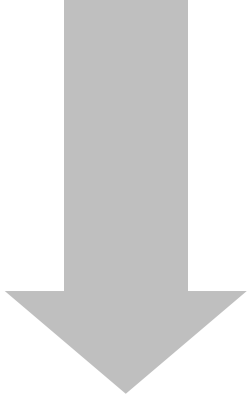
Cost development 2019

Supplies

COLA (cost of living adjustment)

Electricity

Renewable energy surcharge

- 
- Productivity improvement
 - Supplies savings
 - Recycling
 - Energy savings

Unit cost increase

Cost roadmaps

Ongoing focus on pricing and productivity

Actions to cope with lower loading

- ▶ Maintain pricing
- ▶ No pre-production
- ▶ Shut down unused equipment
- ▶ Keep loading high @low-cost sites
- ▶ High focus on productivity
- ▶ Operator waiting for equipment => equipment waiting for operator
- ▶ Reduce temporary workers in Germany
- ▶ Reduce overtime / time accounts
- ▶ Unpaid vacation in US
- ▶ Acceleration of cost savings (more time for testing)

Several levers to improve profitability

**Improve EBITDA margin and
high cash flow generation**

Financial focus

Value creation

Shift value creation
to Singapore

Product mix

300 mm leading-edge
technology and shift to
higher value-adding
products in 200 mm

Cost reduction

Cost competitiveness,
automation, digitalization

Financials improved strongly over the last years

Adjusted financial figures (EUR million)	2015	2016	2017	2018	Q1- Q3 2019
Sales	931.3	933.4	1,177.3	1,456.7	966.0
EBIT	2.7	27.0	235.7	497.7	241.6
EBIT margin in %	0.3	2.9	20.0	34.2	25.0
EBITDA	124.0	146.0	353.1	589.3	318.7
EBITDA margin in %	13.3	15.6	30.0	40.5	33.0
Earnings per share	(0.50)	0.40	6.18	12.44	6.31
Capex	75.0	88.8	123.2	256.9	266.5
Free cash flow ¹	37.4	19.0	169.6	416.4	23.9
Net cash flow ¹	-	39.6	124.8	240.4	72.4
Dividend	-	-	75.0	150.0	-

¹ In 2018, Siltronic started reporting the key figure „net cash flow“ instead of „free cash flow“. Net cash flow represents free cash flow without the time shifts created by inflow and return of customer prepayments which, due to the size, impairs the meaningfulness of free cash flow.

Clear commitment to sustainability

Sustainability at Siltronic AG

- ▶ **Claim:** We understand sustainability as responsible action for society and want to generate competitive advantages through sustainable action.
- ▶ **Strategy:** We plan resource-saving right from the start, based on product and production safety as well as health and environmental protection.
- ▶ **Voluntary commitments:** We follow the principles of the Sustainable Development Goals, the United Nations Global Compact, and the Responsible Care and Responsible Business Alliance initiative.
- ▶ **Goal:** We want to reconcile the effects of our business activities with the expectations and needs of society.



Responsible Business Alliance
Formerly the Electronic Industry Citizenship Coalition
Advancing Sustainability Globally



Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Investor-Rating: Since 2018, we have been analyzed by ISS-oekom, one of the world's leading rating agencies for sustainable investments, and assessed with regard to the ESG criteria (Environment, Social, Governance). Right from the start, we were awarded 'Prime' status for our sustainability activities.



Environment - Efficiency as a success factor

Selection of non-financial performance indicators in 2018

Raw Material



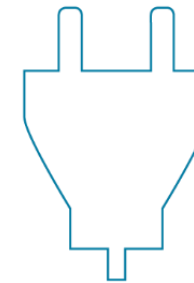
Silicon yield
improved by

1%

vs. 2017



Energy



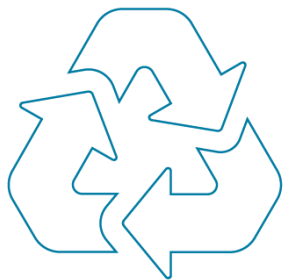
Energy consumption
per wafer area
decreased by

3 %

vs. 2017



Recycling

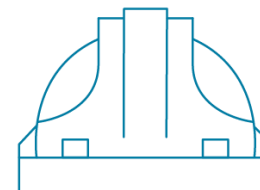


The share of returnable
packaging per wafer
area was

32 %



Occupational Safety

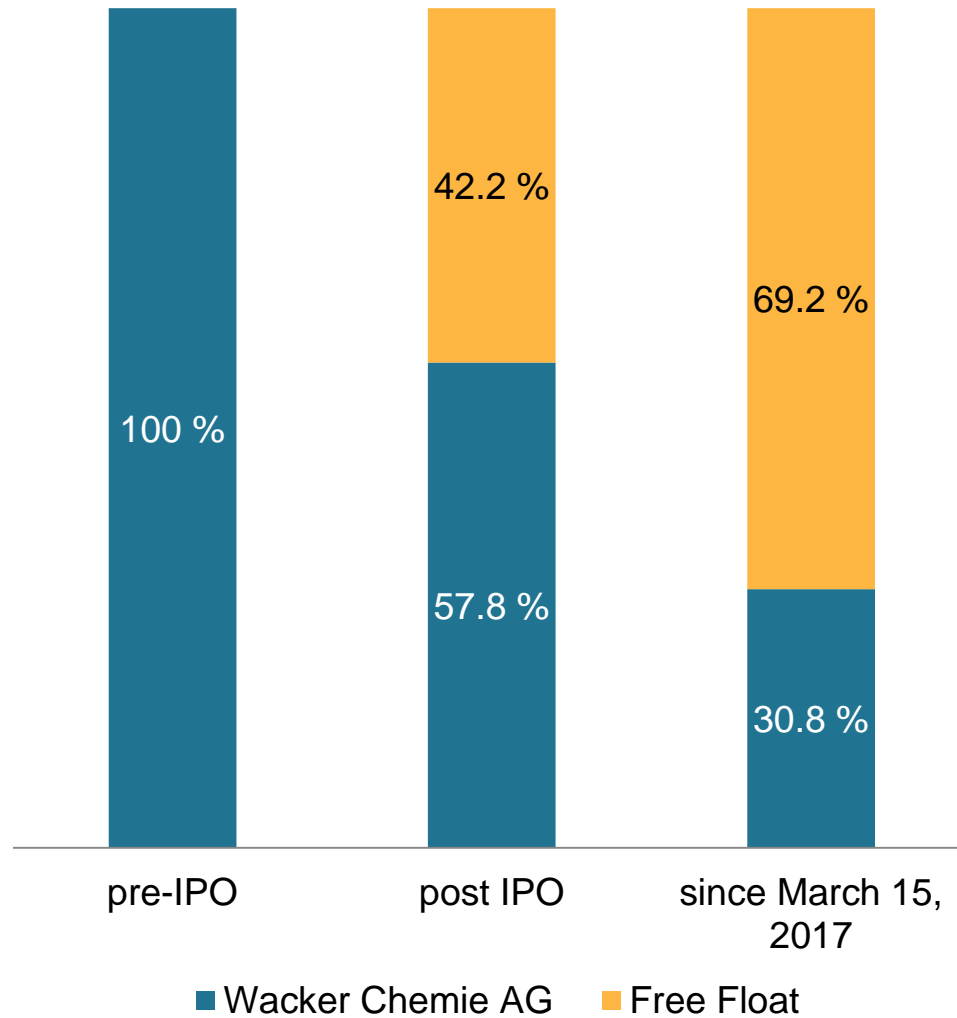


The number of accidents
at work per 1 million
hours worked was

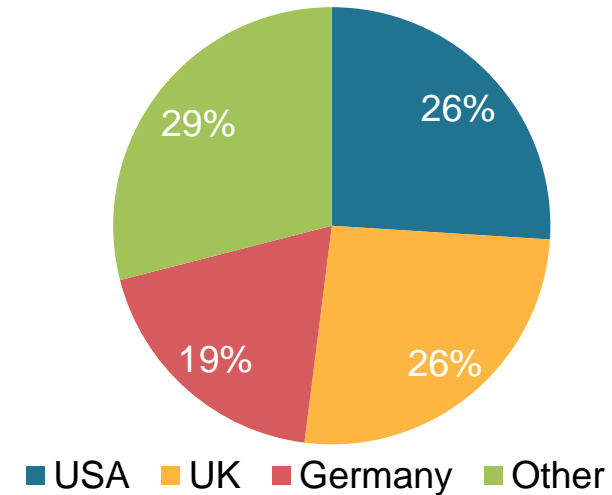
1.9



Investor structure well diversified with a strong anchor shareholder



Identified free float by region
(State: December 31, 2018)



Significant notifications of voting rights
(as of October 23, 2019)

State of Norway	4.93 %
Goldman Sachs	4.55 %
BlackRock, Inc.	3.85 %
DWS	3.10 %

Siltronic strategy - capitalize on market opportunities while focusing on 300 mm & technological leadership



**Optimize returns,
stay ahead in technology and
grow with the market**

Strategic Focus

Grow
with the market

Ensure
technology &
quality leadership

Improve
financial performance
& cash flow

Execute
cost reduction
roadmaps &
debottlenecking
concepts

We continuously increase the value for our stakeholders by providing best-in-class wafers at competitive costs.



MARKET UPDATE

Market development

Economic sentiment softens across major economies

- ▶ GDP grew at a slower pace QoQ while PMI is in negative territory for all major regions
- ▶ Unemployment remains low in most regions
- ▶ Consumer confidence varies from region to region

Silicon wafer volumes down

- ▶ Q3 SEMI market was ~6.3 bn cm²/month, -1.7% below Q2 19 average and -9.9% YoY
- ▶ Siltronic expects market weakness to carry well into 2020

Wafer demand impacted by high inventories

- ▶ Demand for 150 mm further down in Q3 and Q4, price pressure on quarterly contracts
- ▶ Standard products in 200 mm down while special products still high, some price pressure on less loaded products
- ▶ Demand for 300 mm slightly down as customer inventories remain high and customers shifted volumes under LTAs; pricing under existing LTAs firm, non-LTA prices may decline slightly in 2020

Sources SEMI up to Sep. 2019 /Siltronic

End markets expectations for early 2020 rather flattish: visibility for 2020 extremely low

Smartphones



- ▶ Volumes expected to be flat
- ▶ Silicon content growth depend on mix effect

PCs/Laptops



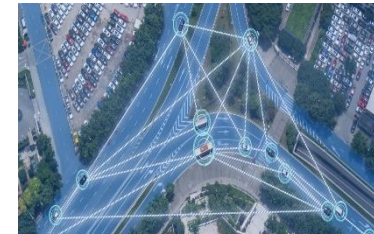
- ▶ Volumes expected to be rather flattish
- ▶ But increasing NAND content

Servers



- ▶ Data center growth expected to be “slower”
- ▶ But with “upside risk”, compounded by machine learning applications which drive memory and logic content

Automotive



- ▶ Car volumes have been softening
- ▶ Content should be driven by further ADAS implementation and electrification
- ▶ The latter could be impacted short-term by consumer acceptance in Europe

Industrial



- ▶ Silicon demand partly impacted by reduced capex
- ▶ Content growth expected to continue

Pictures: zapp2photo/stock.adobe.com, Denis Rozhnovsky/stock.adobe.com, phonlamaipphoto/stock.adobe.com, ekkasit919/stock.adobe.com, denisismagilov/stock.adobe.com
Source: Siltronic Oct. 2019

Silicon outlook: Demand muted due to high inventories

Silicon demand drivers

	Units in 2020	Content	Die / density	Semi device inventories end of 2019	Impact
Smart-phones	→	→	↘	↘	↘
PCs	→	↗	↘	—	→
Server	→	→	↘	↘	→
Industry	↘	→	—	↘	↘
Cars	↘	↗	—	↘	→

Siltronic Marketing Oct. 2019

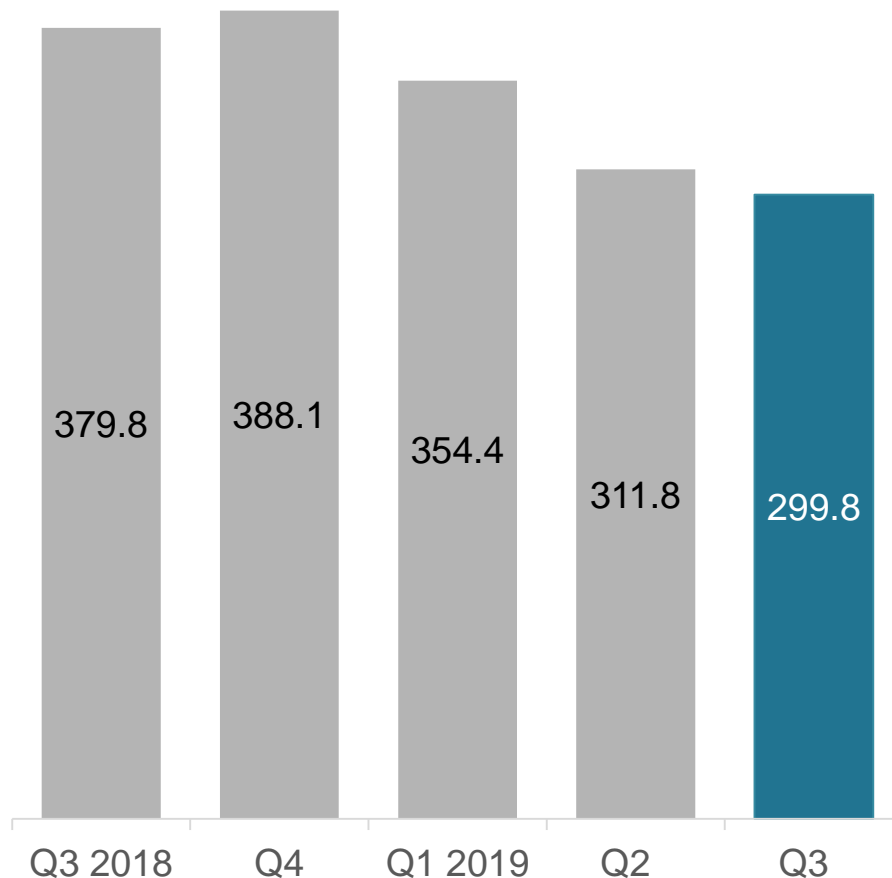


FINANCIALS

Q3 2019

Sales development negatively impacted by lower wafer area demand

Sales, in EUR million



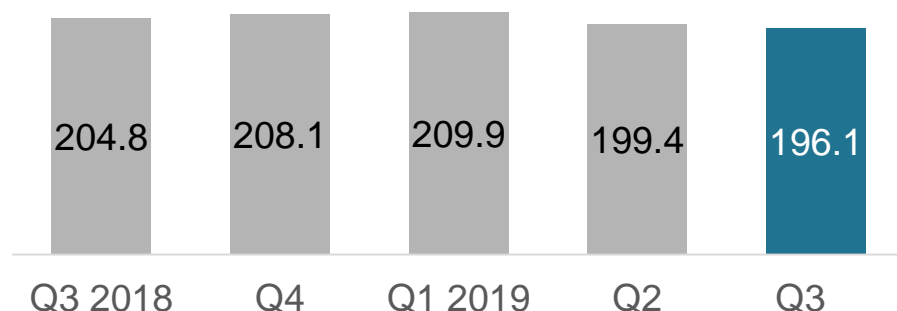
Ø FX rates	Q3/18	Q4	Q1/19	Q2	Q3
EUR / USD	1.16	1.14	1.14	1.12	1.11
EUR / JPY	130	129	125	124	124

Comment

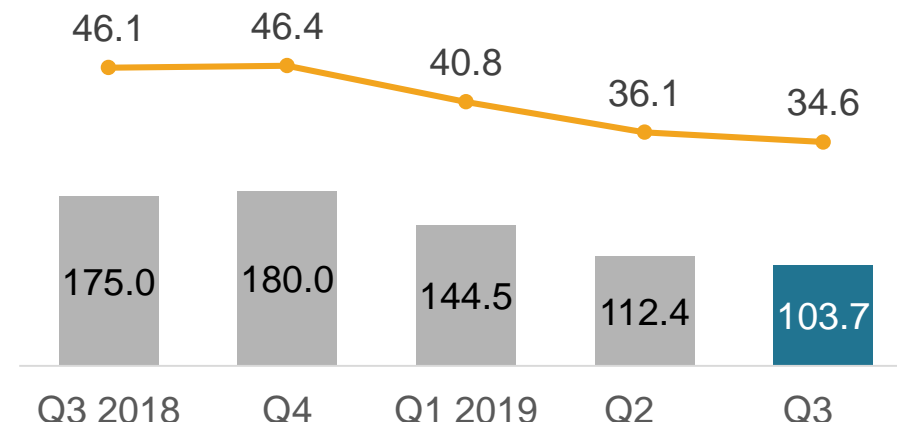
- ▶ Sales in Q3 down as expected due to lower wafer area sold and minimal price reductions especially in SD and some in 200 mm
- ▶ ASP in EUR Q1-Q3 2019 up compared to 2018

Higher energy costs and depreciation burden cost of sales

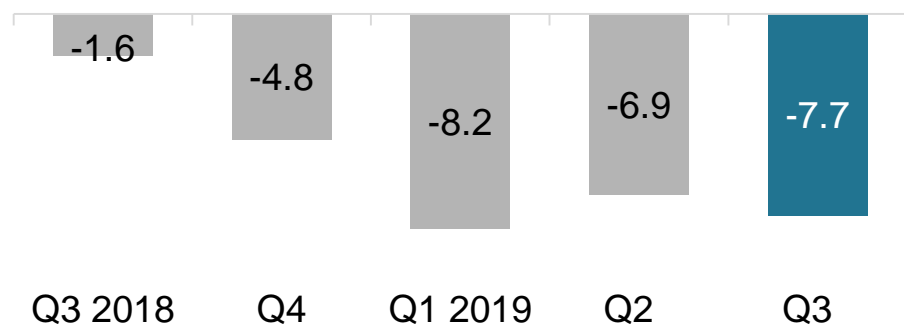
Cost of Sales, in EUR million



Gross profit, in EUR million / Gross margin, in %



Other currency effects (mostly hedging), in EUR million

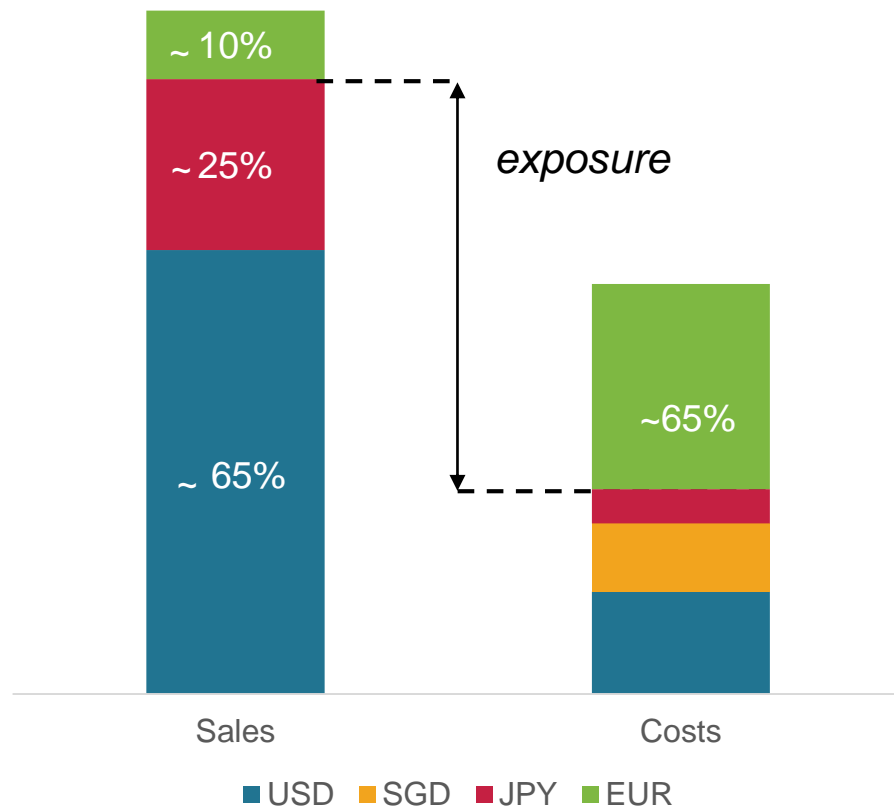


Comment

- ▶ COGS y-o-y declined only slightly as lower costs for materials and supplies were largely offset by higher energy costs and depreciation
- ▶ COGS q-o-q declined by 1.7%. Lower personnel and supplies' costs partly offset by higher depreciation
- ▶ Negative effects from currency hedging increased q-o-q

High US-Dollar and Japanese Yen exposure

FX exposure, in %



Sensitivity

1 USD-cent change

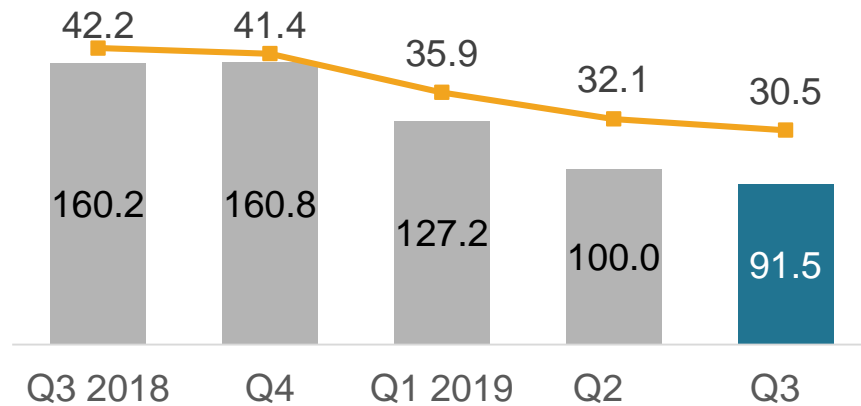
- ▶ ~ EUR 8.0 million sales
- ▶ ~ EUR 6.5 million EBITDA unhedged
- ▶ ~ EUR 4.5 million EBITDA after hedging

1 JPY change

- ▶ ~ EUR 2.5 million sales
- ▶ ~ EUR 2.0 million EBITDA unhedged
- ▶ ~ EUR 1.0 million EBITDA after hedging

Profitability affected by lower loading, higher energy costs and slightly increased depreciation

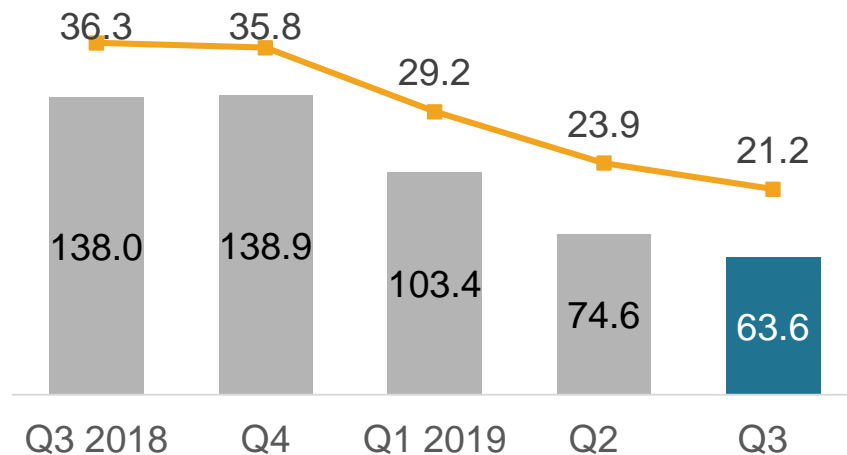
EBITDA, in EUR million / EBITDA margin, in %



Depreciation, in EUR million



EBIT, in EUR million / EBIT margin, in %

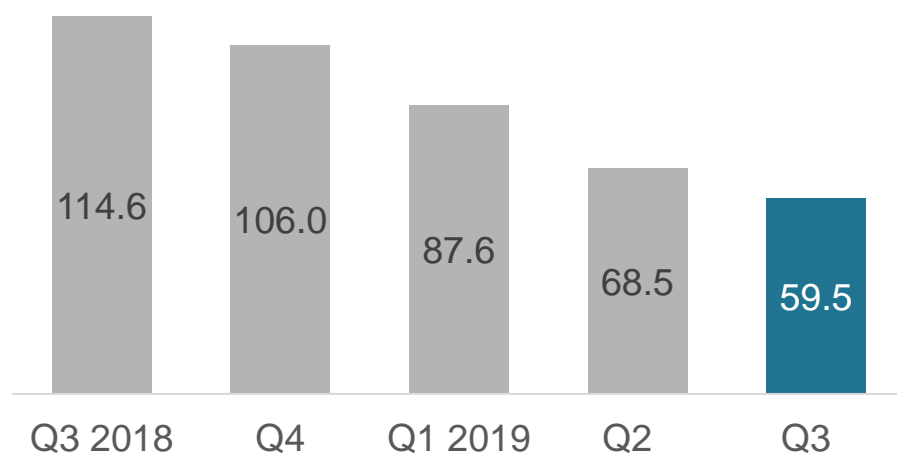


Comment

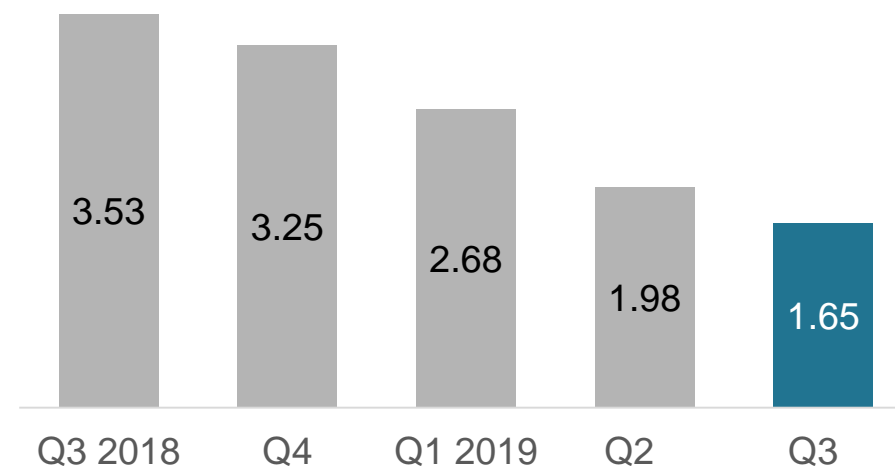
- ▶ Q-o-q decline of EBITDA margin mitigated by lower COGS
- ▶ EBIT margin impacted by slow business, higher energy costs and higher depreciation

Net profit of EUR 216 million in Q1-Q3 2019

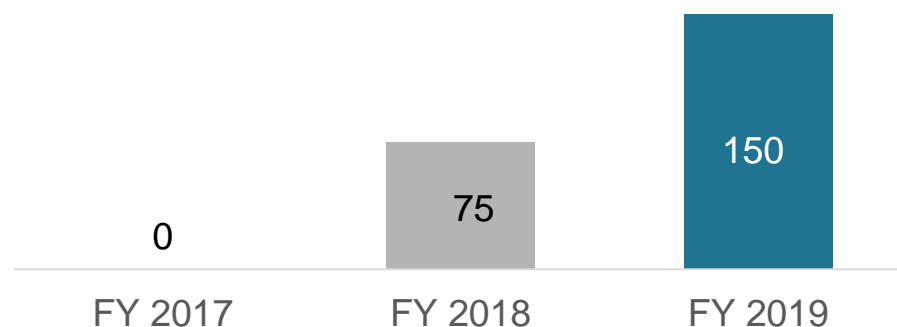
Net profit, in EUR million



EPS, in EUR



Dividend payment, in EUR million



Comment

- ▶ Net profit EUR 215.6m in Q1-Q3
- ▶ Tax rate down to 12% in Q1-Q3
- ▶ General dividend policy: pay-out ratio of approx. 40% of net income attributable to shareholders

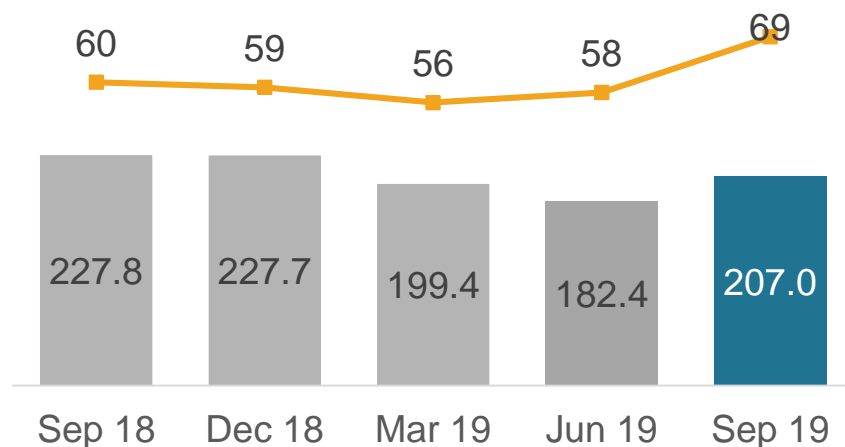
Balance sheet September 30, 2019

Balance sheet, in EUR million

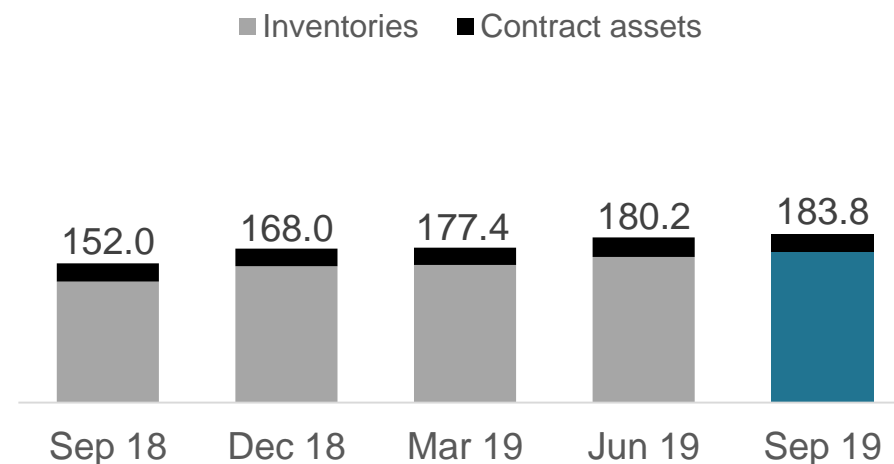
Assets	Sept 30, 2019	Dec 31, 2018	Comments Sept 30, 2019	Equity and liabilities	Sept 30, 2019	Dec 31, 2018	Comments Sept 30, 2019
Non-current	1,033.3	762.8		Equity	809.0	915.7	
PP&E	887.7	683.9		Siltronic	752.9	887.2	
Other	46.7	47.6	21 intangibles (related to SSW)	Other shareholders	56.1	28.5	Samsung's 22% in SSW
Lease	45.3	---		Liabilities	1,100.0	902.5	
Fixed term deposits and securities	53.6	31.3		Provisions for pensions	565.6	362.3	Germany and US
Current	875.7	1,055.4		Other provisions	130.2	138.2	Around 40 personnel related (e.g. early retirement)
Inventories and contract assets	183.8	168.0		Trade liabilities	112.5	96.6	
Trade receivables	135.7	156.3		Customer prepayments	183.7	231.7	
Other assets	29.4	69.8		Other	62,4	73.7	Change and liability mainly employee-related
Cash, fixed term deposits and securities	526.8	661.3		Lease	45,6	---	
Total	1,909.0	1,818.2		Total	1,909.0	1,818.2	

Working Capital up q-o-q but down y-o-y

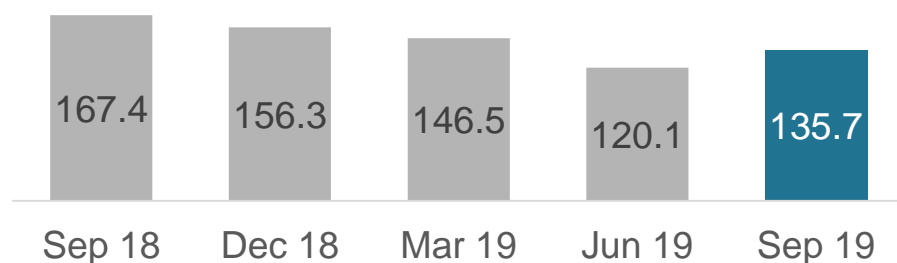
Working capital, in EUR million,
Working capital ratio to quarterly sales, in %



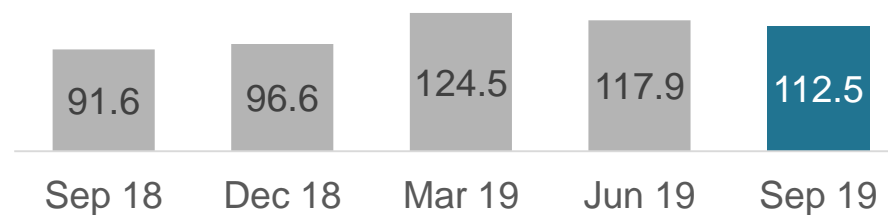
Inventories and contract assets, in EUR million



Trade receivables, in EUR million

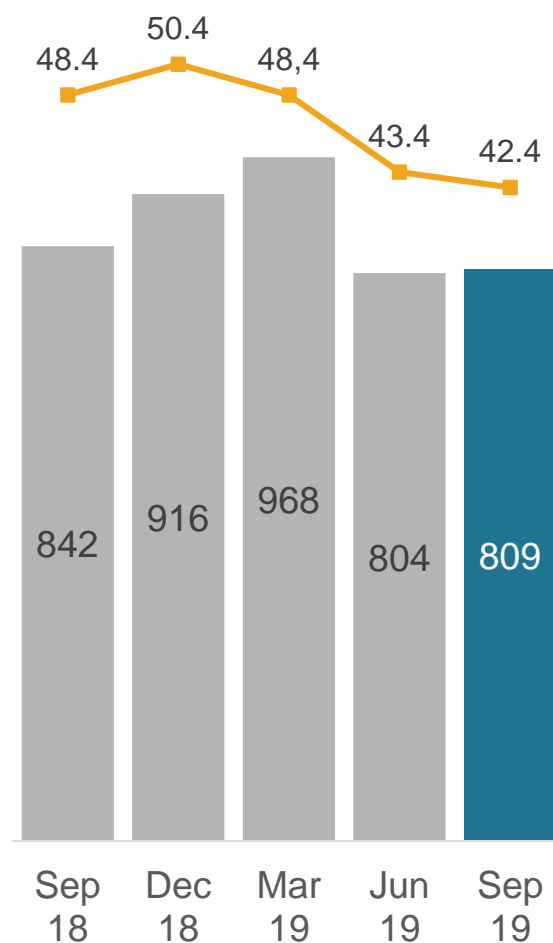


Trade liabilities, in EUR million



Strong equity ratio and solid net financial assets

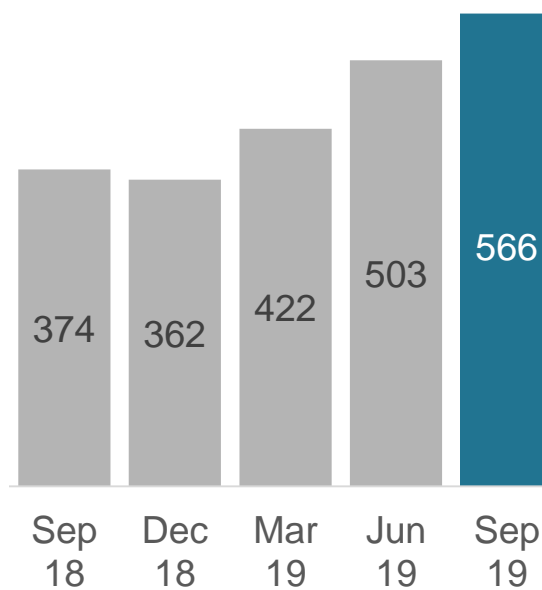
Equity, in EUR million
Equity ratio, in %



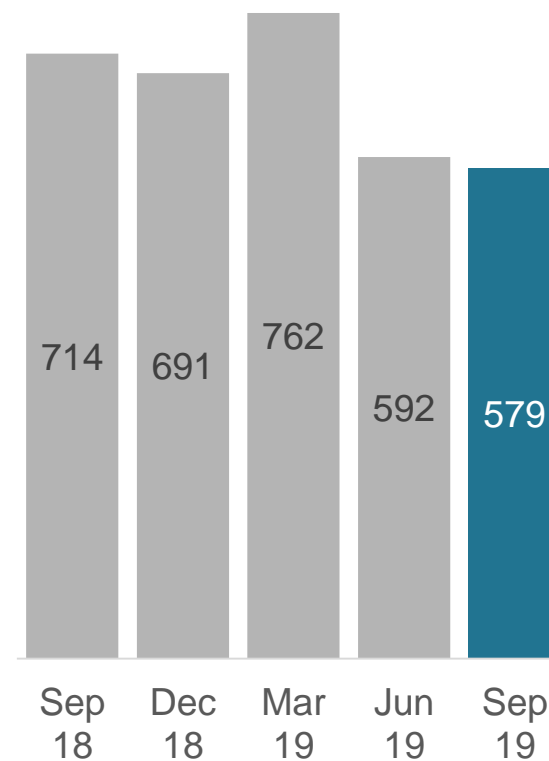
Provisions for pensions, in EUR million

Interest rates IFRS

USA	4.02%	4.08%	3.69%	3.37%	2.99%
Germany	2.04%	1.98%	1.66%	1.29%	0.97%

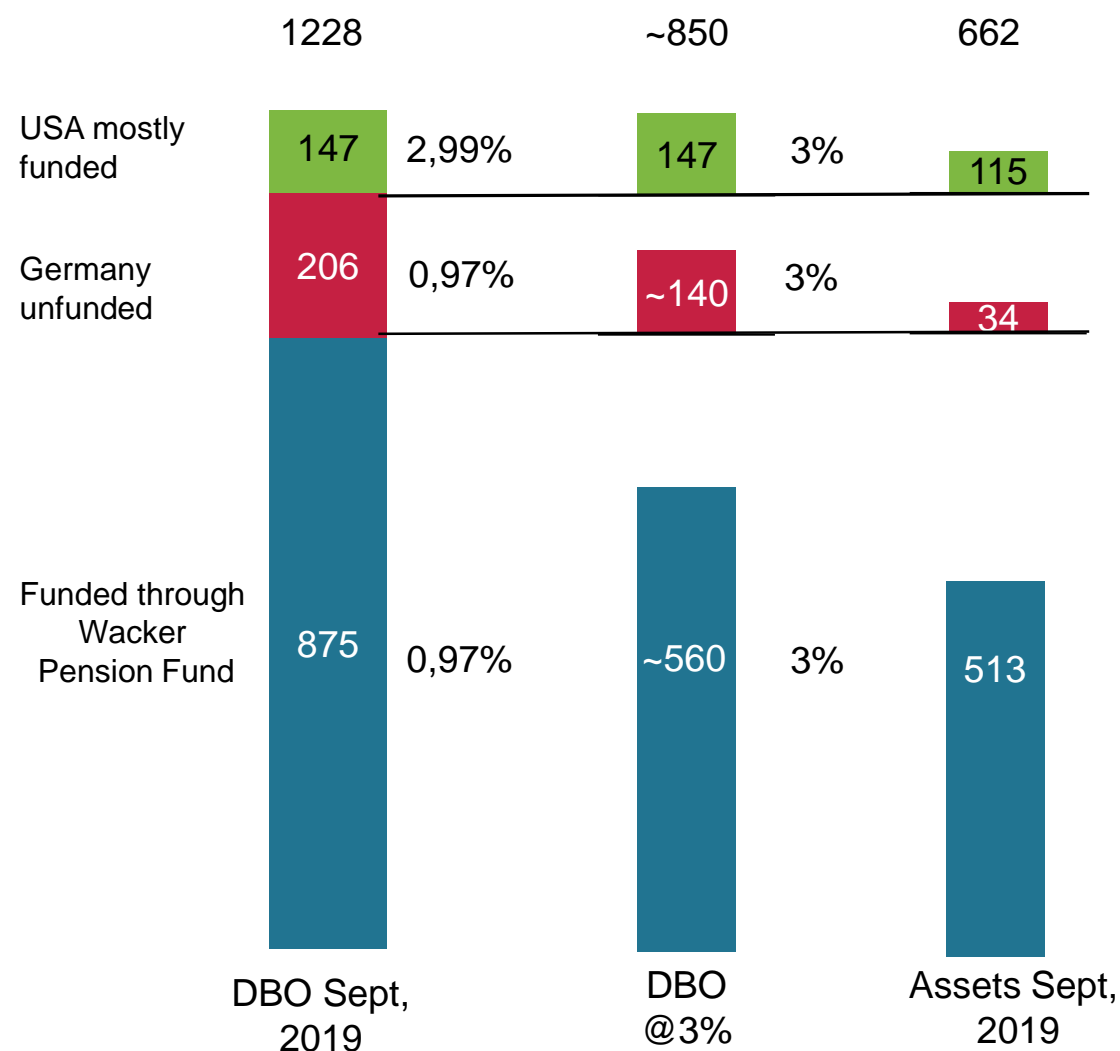


Net financial assets, in EUR million



Pension reserves impacted by low IFRS interest rates

DBO and pension reserves, in EUR million

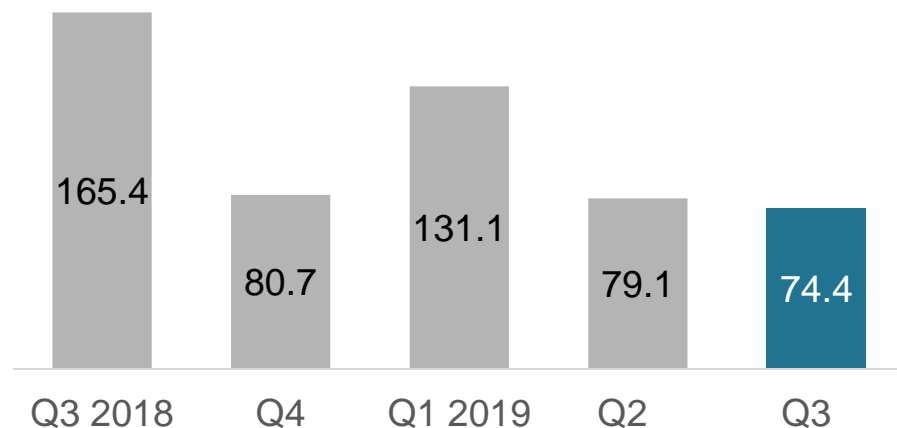


Comment

- ▶ DBO of EUR 1,228 million – assets of EUR 662 million = EUR 566 million
- ▶ Pension reserves @3% = DBO of EUR 850 million – assets EURO 662 million = EUR 188 million
- ▶ IFRS interest uses bond yields only, assets include bonds, equity, real estate + derivatives
- ▶ Wacker pension fund
 - ▶ fully funded under German pension fund regulations using 3.54% interest rate
 - ▶ asset liability study: probability of return in next 20 years:
 - ≥3.75% 56%
 - ≥3.0% 80%
 - ≥2.5% 91%

Strong net cash flow despite high payments for capex

Operating cash flow (OCF), in EUR million



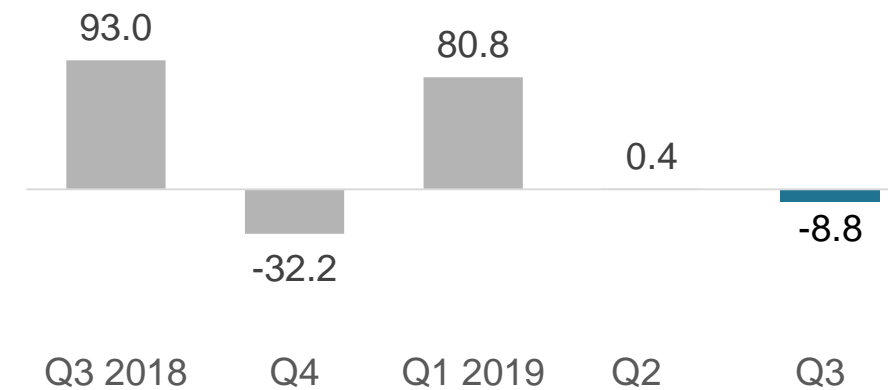
Customer prepayments net (PP), in EUR million



CF Capex, in EUR million



Net cash flow (NCF), in EUR million



$$NCF = OCF - PP + CF \text{ Capex}$$



OUTLOOK

Siltronic Outlook 2019 (as of October 24, 2019)

EBITDA margin	– between 30% and 35%
EBIT	– significantly below 2018
Net cash flow	– clearly positive, approx. EUR 180m below 2018
Sales	– depending on timing of market recovery and on FX effects around 10% to 15% below 2018
Cost position	– negative effect due to tariff increases and EUR 20m higher electricity costs in Germany
FX effects	– negligible vs. 2018 assuming EUR/USD rate of 1.15 and EUR/JPY rate of 130
Depreciation	– around EUR 110m
Tax rate	– between 10% and 15%
Capex	– about EUR 350m in capacity, automation and capabilities, significantly lower in 2020
Earnings per share	– significantly below 2018



APPENDIX

Contact and Additional Information

Issuer and Contact

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D-81737 München

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Tel. +49 89 8564-3133

Additional Information

ISIN:	DE000WAF3001
WKN:	WAF300
Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

Financial Calendar

Preliminary figures FY 2019 January 29, 2020



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