



Press release

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Siltronic improves sales and operating result in Q2 2015 significantly

- **Q2 sales increased by 17 percent to €247 million compared to the previous year due to higher volume and favorable foreign exchange rates**
- **EBITDA improved by 11 percent to about €31 million in Q2; EBITDA margin is approximately 13 percent. Adjusted by foreign exchange losses, especially from hedging instruments, EBITDA margin would have reached almost 20 percent.**
- **Equity ratio increased to approximately 47 percent**
- **Positive free cash flow of €47 million in H1**

Munich, July 31, 2015 – Siltronic AG has significantly increased its sales and operating result (EBITDA) in Q2 2015 due to higher volume and overall favorable foreign exchange rate effects. The Munich-based semiconductor company generated sales of €246.7 million from April to June (previous year: €210.4 million). This represents an impressive 17 percent increase compared to last year. Sales for the first six months of the current financial year amounted to €485.4 million (previous year: €406.7 million) which is an increase of about 19 percent.

The boost in sales had a positive impact on earnings before interest, taxes, depreciation and amortization (EBITDA). The EBITDA improved

by approximately 11 percent to €31.4 million in the reporting quarter (previous year: €28.3 million). That corresponds to an EBITDA margin of 12.7 percent (previous year: 13.5 percent). Foreign exchange rate effects, including currency hedging instruments reduced Q2 2015 EBITDA by €17.6 million. The EBITDA margin for the reporting quarter is around 20 percent when adjusted by this amount. In H1, EBITDA totaled €71.5 million (previous year: €59.7 million). That is almost 20 percent more than a year ago. The EBITDA margin for the first six months of the year equals 14.7 percent (previous year: 14.7 percent).

There are three main reasons for the increase in EBITDA. First, Siltronic made great efforts in reducing costs and increasing productivity which had a positive influence on earnings. Secondly, the increase in capacity utilization diluted the fixed cost per unit compared to the previous year. Finally, due to favorable foreign exchange rate developments, the increase in the cost of goods sold was lower than sales growth due to cost of goods sold being largely denominated in Euro.

Earnings before interest and tax (EBIT) amounted to €0.2 million for the reporting quarter (previous year: €-9.5 million). That is almost €10 million more than one year ago. The EBIT margin equals 0.1 percent (previous year: -4.5 percent). In H1 the EBIT was €8.5 million (previous year: €10.5 million) with the EBIT margin reaching 1.8 percent (previous year: -2.6 percent). Net results in the reporting quarter amounts to €-7.0 million (previous year: €-14.1 million) and earnings per share to €-0.17 (previous year: €-0.35). For H1, net results came in at €-5.1 million (previous year: €-17.1 million) with earnings per share of €-0.07 (previous year: €-0.37).

"Our performance in the first six months is the result of our excellent setup," said Chairman of the Board Christoph von Plotho in Munich on

Friday. "We recorded considerable growth rates in volumes and sales once again and achieved significant improvements in all core financial key performance indicators. This is particularly true for the EBITDA, i.e. the operating result and the return on capital employed (ROCE). Free cash flow also reached a high level."

Cashflow, investments, net financial assets, equity ratio and ROCE

Cash flow from operating activities was €62.6 million in H1 (previous year: €89.8 million). It decreased by some 30 percent compared with the first six month of the prior year. The main reason for this are prepayments: While Siltronic received prepayments of €53.2 million in the first six months of the previous year, no cash inflows from prepayments were recorded for the first six months of 2015.

At the same time, cash out for investments in fixed assets and intangible assets remained at a low level. In H1, these totaled to €15.8 million (previous year: €14.8 million). In addition to capability improvements, we invested in automation and the selective replacement of crystal pulling capacities. In total, free cash flow (cash inflow from operating activities less investments in property, plant and equipment and intangible assets) amounted to €46.8 million for the first six months of 2015 (previous year: €75.0). This is a decrease of about 38 percent. Adjusted for prepayments, free cash flow more than doubled compared to previous year.

Because of the IPO and positive free cash flows generated in the first half year of 2015, Siltronic recorded net financial assets of €166.1 million as of June 30, 2015 (December 31, 2014: €24.5 million net financial debt).

The equity ratio increased significantly in the reporting quarter. The total equity of Siltronic was €500.9 million on June 30, 2015 (December 31, 2014: €311.8 million). The cash inflow from the IPO less transaction costs significantly increased the company's equity by €143.3 million. In addition, higher discount rates for pension provisions increased the equity of the company by €47.8 million. The equity ratio was 46.7 percent on June 30, 2015 (December 31, 2014: 29.1 percent).

The return on capital employed (ROCE) was 2.2 percent in H1 2015 (previous year: -2.6 percent).

Employees

The average number of employees decreased since December 31, 2014. The reduction is primarily due to early retirement arrangements, voluntary severance packages, natural fluctuations and transfers to Wacker Chemie AG. On the balance sheet date as of June 30, 2015, the Group had 4,043 employees (December 31, 2014: 4,163). Of these, we had 2,617 employees in Germany and 1,426 at international locations.

Outlook

For 2015, Siltronic expects an increase in volume shipped compared to the previous year. It is also expecting the average sales price (ASP) in Euros per wafer to be higher in 2015 than in the previous year. Despite lower prices in contract currency, foreign exchange rates should lead to higher ASPs compared to prior year. For H2, Siltronic assumes mostly stable prices compared to the first six months. At an estimated exchange rate of 1.10 USD per Euro, we also expect higher ASPs in H2 compared to previous year.

Siltronic's sales are expected to see considerable growth in 2015. In the first six months, sales improved significantly year-on-year by 19 percent. Sales are also expected to be above the previous year's level for H2, however, at a lower growth rate than in H1.

Effects from foreign exchange rates recorded in other operating income and expenses are expected to put a burden on the EBITDA margin in H2. The EBITDA margin was 15 percent in H1. This includes foreign exchange rate losses recorded in other operating income and expenses of €-20 million, which is mainly due to hedging instruments we entered into in 2014. The impact of exchange rate losses included in other operating expenses are expected to increase to €-30 million in H2. However, Siltronic expects a positive return on capital employed (ROCE) for the entire year.

Investments will increase as planned. €13 million were invested in H1 in property, plant and equipment and intangible assets. Siltronic expects investments between €50 million and €65 million in H2.

Free cash flow is expected to stay positive for the entire year 2015. Siltronic achieved free cash flow of €47 million in the first half of the year, but due to considerably higher capital expenditures in the second half of the year, free cash flow is expected to be neutral or slightly positive in H2.

Information for editorial offices: The Q2 2015 report is available for download on the Siltronic website (www.siltronic.com) under Investor Relations.

Further information is available from:

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Company profile

Siltronic is the world's third-largest manufacturer of hyperpure silicone wafers, and is a partner to many leading chip manufacturers. The company has production facilities in Europe, Asia and the US. Siltronic develops and manufactures wafers with a diameter of up to 300 mm. Silicone wafers form the basis for advanced micro- and nano-electronics. They are used, for example, in computers, smartphones, flat displays, navigation systems, management and control systems for the automobile industry and for many other purposes.

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.

The contents of this press information refer equally to men and women. To aid readability, the male pronoun has been used (e.g. he/his).