

Siltronic AG

Q2 2021 Conference Call Presentation

July 28, 2021

Update on tender offer from GlobalWafers

Approvals received

- ▶ German Federal Cartel Office
- ▶ Austrian Federal Cartel Agency
- ▶ Korean Fair Trade Commission
- ▶ Taiwanese Fair Trade Commission
- ▶ Committee on Foreign Investment in the United States (CFIUS)
- ▶ Competition and Consumer Commission of Singapore

Approvals pending

- ▶ Japanese Fair Trade Commission
- ▶ US Federal Trade Commission
- ▶ State Administration for Market Regulation of the People's Republic of China
- ▶ German Federal Ministry for Economic Affairs and Energy

Expect completion of transaction in H2 2021

Siltronic Fab Next at Group site in Singapore

Fab Next

- most modern and cost-efficient 300 mm fab
- construction to start in 2021
- first wafers out in 2024
- R&D hub Burghausen will support expansion on technology topics

Investment rationale

- very strong market demand
- customer capacity expansion plans cannot be supported by existing wafer capacity
- plan to secure substantial part of additional capacity by LTAs with prepayments (negotiations with customers progressing)

Capex

- capex of around EUR 2 bn until end of 2024
- due to construction start in 2021 capex for current year up to EUR 400m
- high up-front for plant buildings and facilities

Silicon wafer area in Q2 2021 up q-o-q and y-o-y

Smartphones

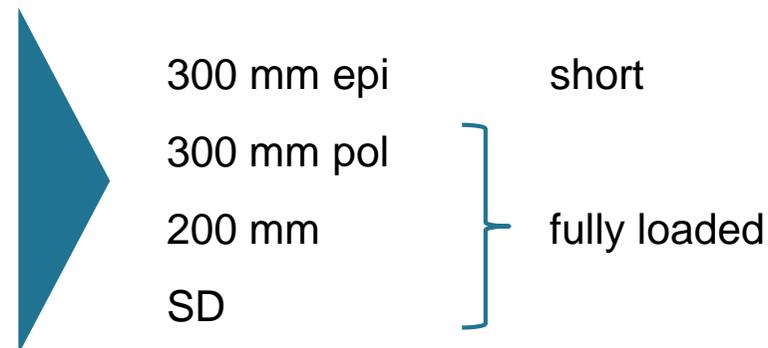
- ▶ Q2 demand softer due to Q1 pull-in effects, seasonality and chip shortages
- ▶ 5G role with higher content per device out continues

Industry / Auto

- ▶ Auto: continue recovery but are limited by supply shortages
- ▶ xEVs: share accelerating
- ▶ Industrial orders going very strong

Servers / PC

- ▶ Servers showed good growth
- ▶ PCs including Chromebooks still growing



- ▶ ASP flat q-o-q

Highlights: Financial figures Q2 2021

Sales

– EUR 341.1m (Q1 2021: EUR 316.1m)

EBITDA

– EUR 108.0m (Q1 2021: EUR 91.7m)
– EBITDA margin: 31.7% (Q1 2021: 29.0%)

EBIT

– EUR 69.6m (Q1 2021: EUR 54.2m)
– EBIT margin: 20.4% (Q1 2021: 17.2%)

CapEx

– EUR 52.8m (Q1 2021: EUR 36.9m)

Net cash flow

– EUR 43.3m (Q1 2021: EUR 27.9m)

Net financial assets

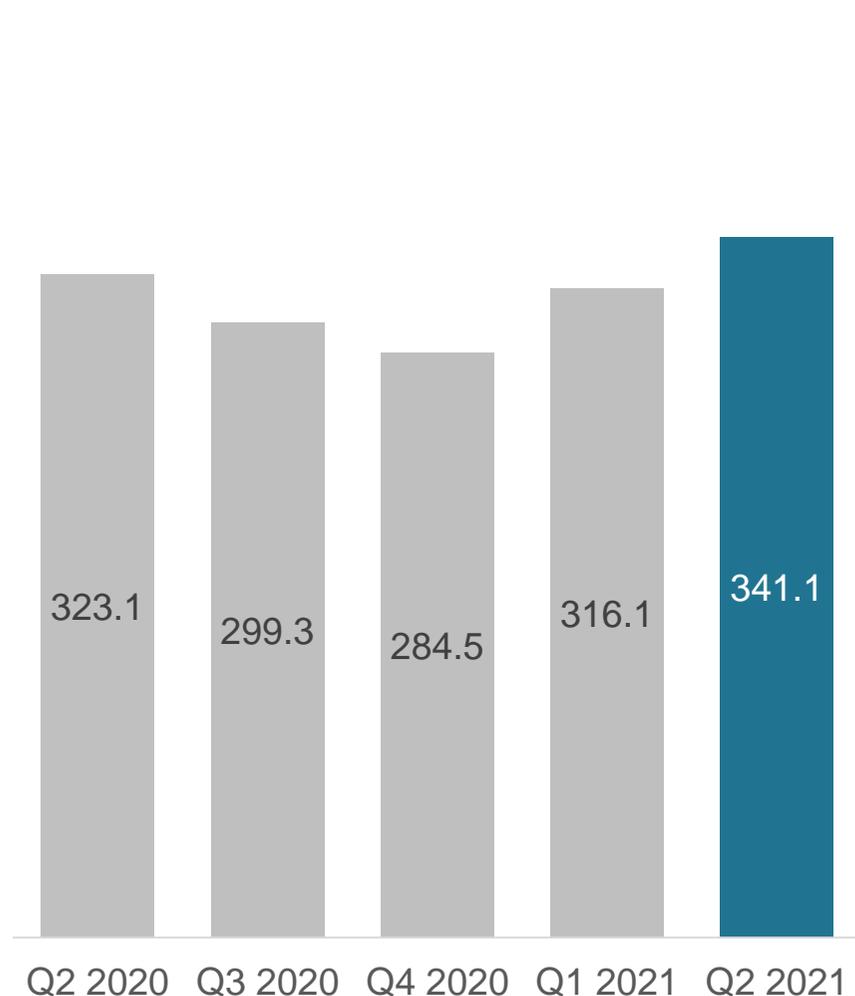
– EUR 528.4m (December 31, 2020: EUR 499.2m)



Financials Q2 2021

Strong sales growth based on higher wafer area sold and increase in market share

Sales, in EUR m



Ø FX rates	Q2/20	Q3	Q4	Q1/21	Q2
EUR / USD	1.10	1.17	1.19	1.21	1.21
EUR / JPY	118	124	125	128	132

Comments

▶ Positive

- ▶ Wafer area sold up q-o-q and y-o-y
- ▶ ASP flattish q-o-q
- ▶ Only minor FX impact q-o-q
- ▶ Market share up q-o-q and y-o-y

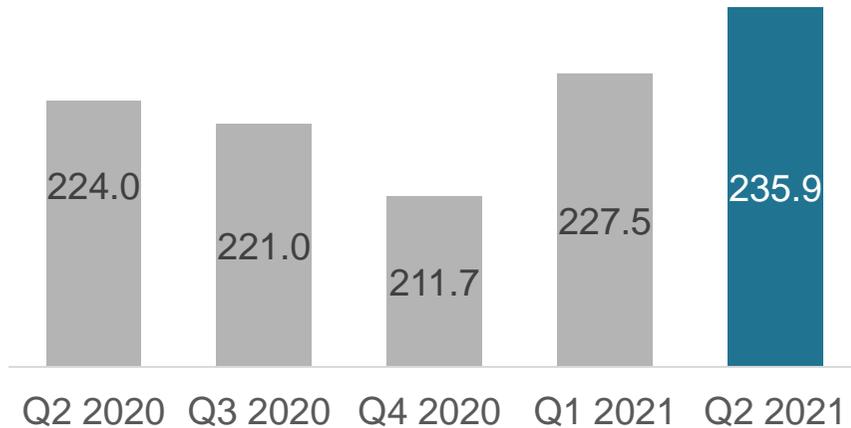
▶ Negative

- ▶ Continuing headwind from strong Euro y-o-y

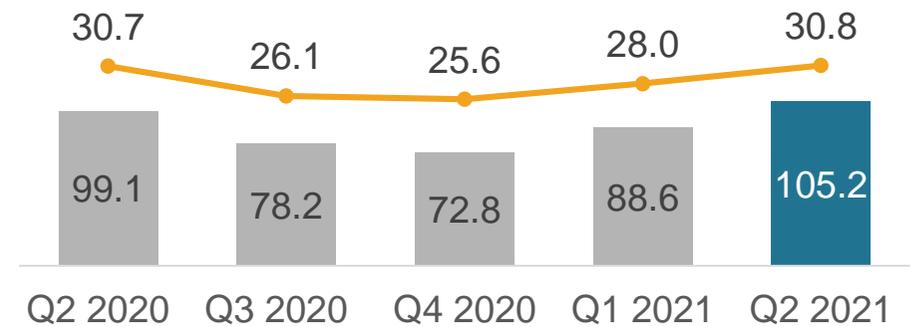
COGS up due to higher wafer area sold

COGS per wafer area down

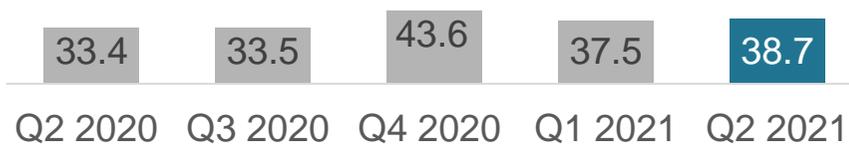
Cost of sales, in EUR m



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



Selling, R&D and admin expenses, in EUR m

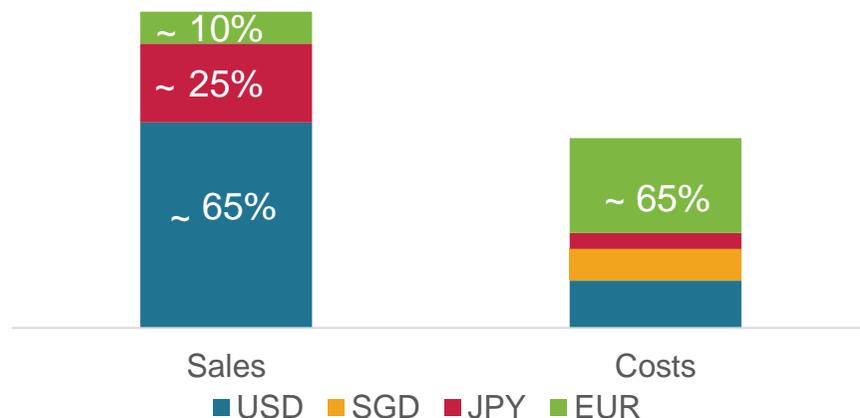


Comments

- ▶ Cost per wafer area down due to fix cost dilution and productivity improvements
- ▶ Administration expenses up due to costs for external advisors on GlobalWafers' tender offer
 - ▶ Q1 2021: EUR 2m
 - ▶ Q2 2021: EUR 2.7m

High US-Dollar and Japanese Yen exposure

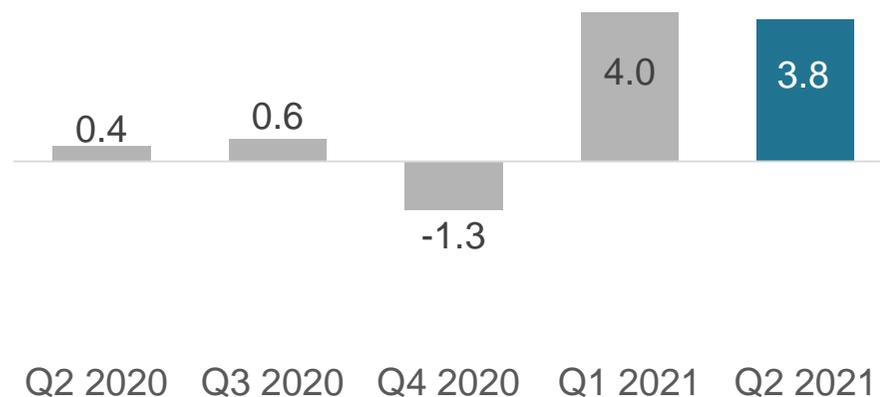
FX exposure, in %



FX sensitivity

	Sales	EBITDA unhedged
1 USD-cent change	~ EUR 6 million	~ EUR 4.5 million
1 JPY change	~ EUR 2.5 million	~ EUR 2 million

Other currency effects (mostly hedging), in EUR m



Comments

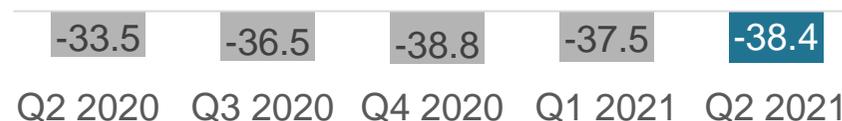
- ▶ Continuing strong Euro
- ▶ Other currency effects of EUR 3.8m in Q2 2021

Higher wafer area sold leads to strong EBITDA and EBIT

EBITDA, in EUR m / EBITDA margin, in %



Depreciation, in EUR m



EBIT, in EUR m / EBIT margin, in %



Comments

► Positive

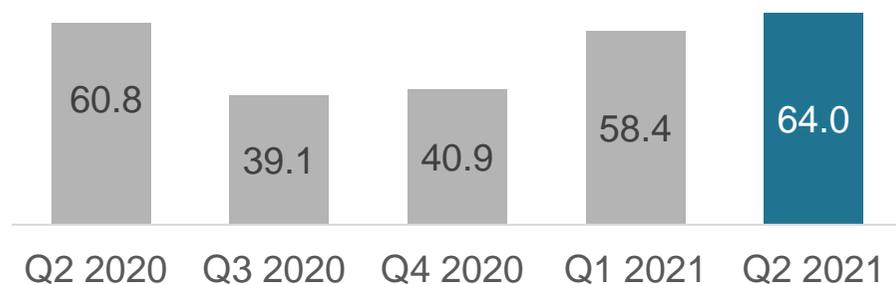
- Wafer area sold significantly up q-o-q and y-o-y
- ASP stable q-o-q but down y-o-y
- Advisory costs relating to GlobalWafers' tender offer flattish q-o-q
- Only minor FX impact q-o-q

► Negative

- FX impact y-o-y due to strong Euro

Net profit of EUR 64 million in Q2 2021

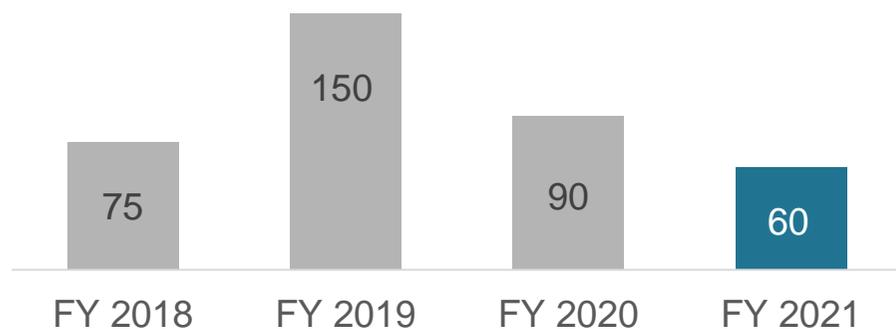
Net profit, in EUR m



EPS, in EUR



Dividend payment, in EUR m

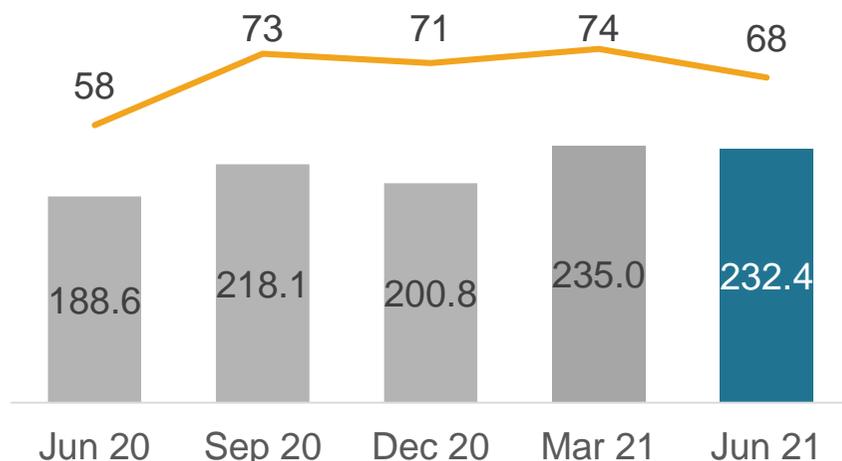


Comments

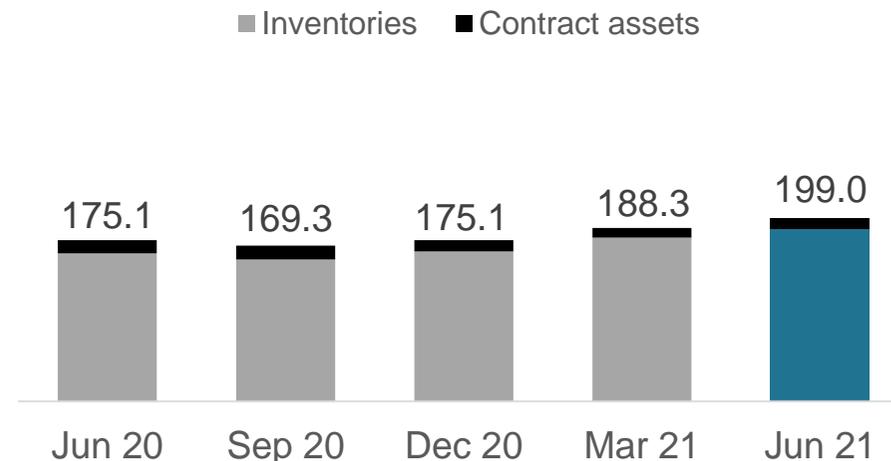
- ▶ Net profit of EUR 64.0 million in Q2 2021; thereof EUR 54.9m attributable to Siltronic shareholders
- ▶ Dividend of EUR 2.00 per share = EUR 60m dividend paid in May 2021

Trade receivables and inventories high due to increased demand

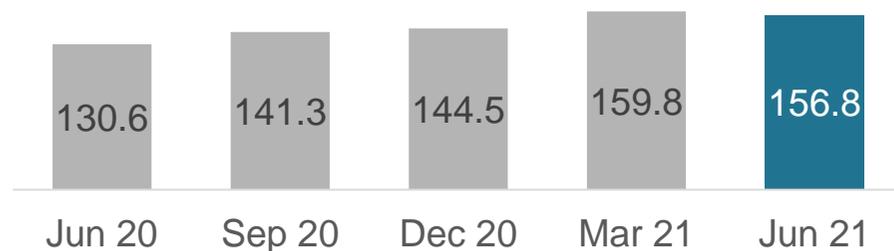
Working capital, in EUR m,
Working capital ratio to quarterly sales, in %



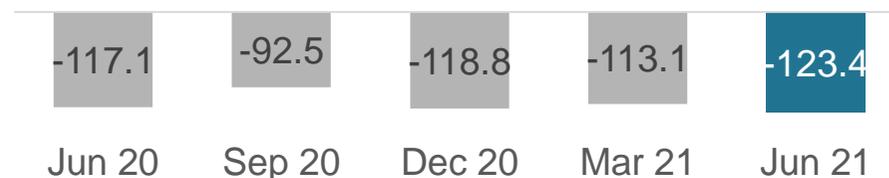
Inventories and contract assets, in EUR m



Trade receivables, in EUR m

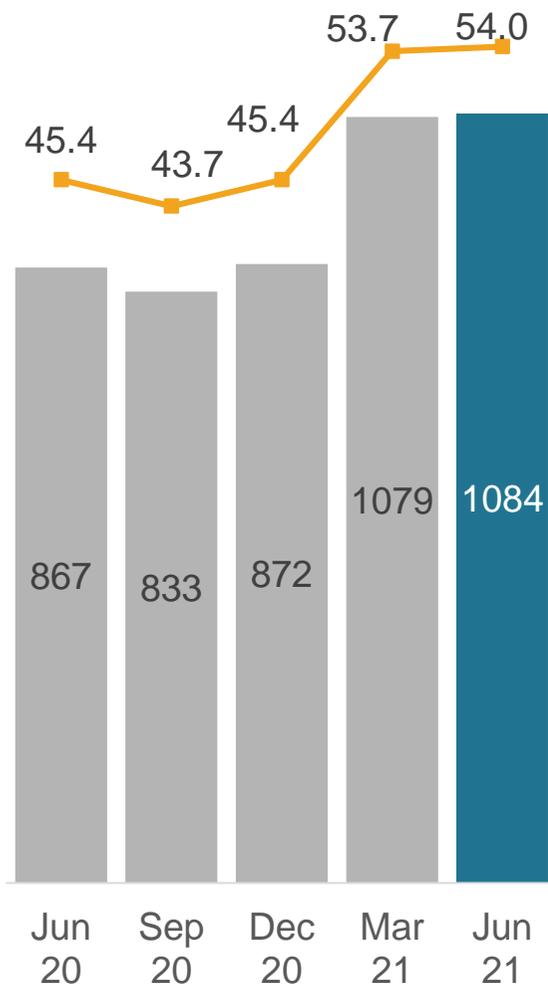


Trade liabilities, in EUR m



Strong equity ratio and solid net financial assets

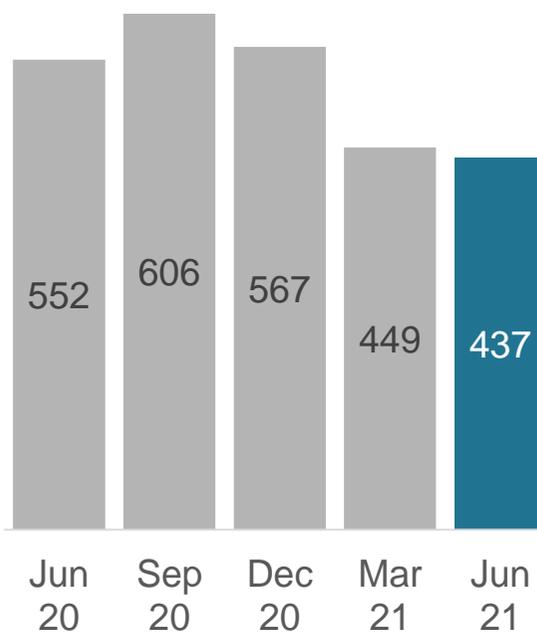
Equity, in EUR m
Equity ratio, in %



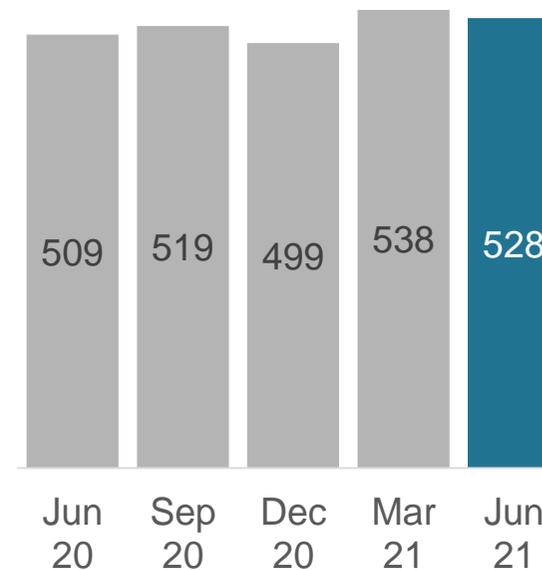
Provisions for pensions,
in EUR m

Interest rates IFRS

USA	2.46%	2.41%	2.07%	2.77%	2.39%
Germany	1.23%	0.95%	0.69%	1.11%	1.14%

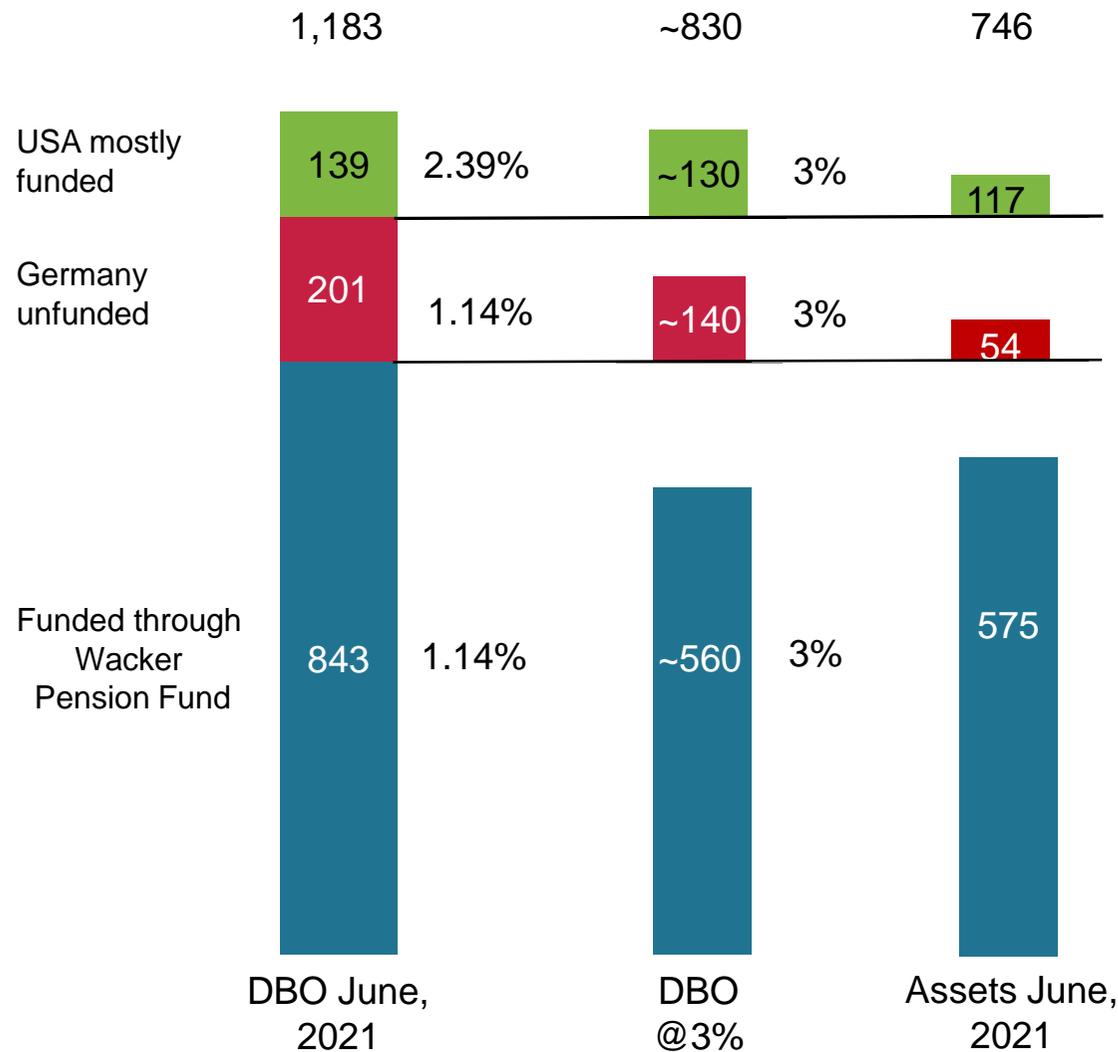


Net financial assets,
in EUR m



Pension reserves decreased mainly due to higher IFRS interest rates

DBO and pension reserves, in EUR m

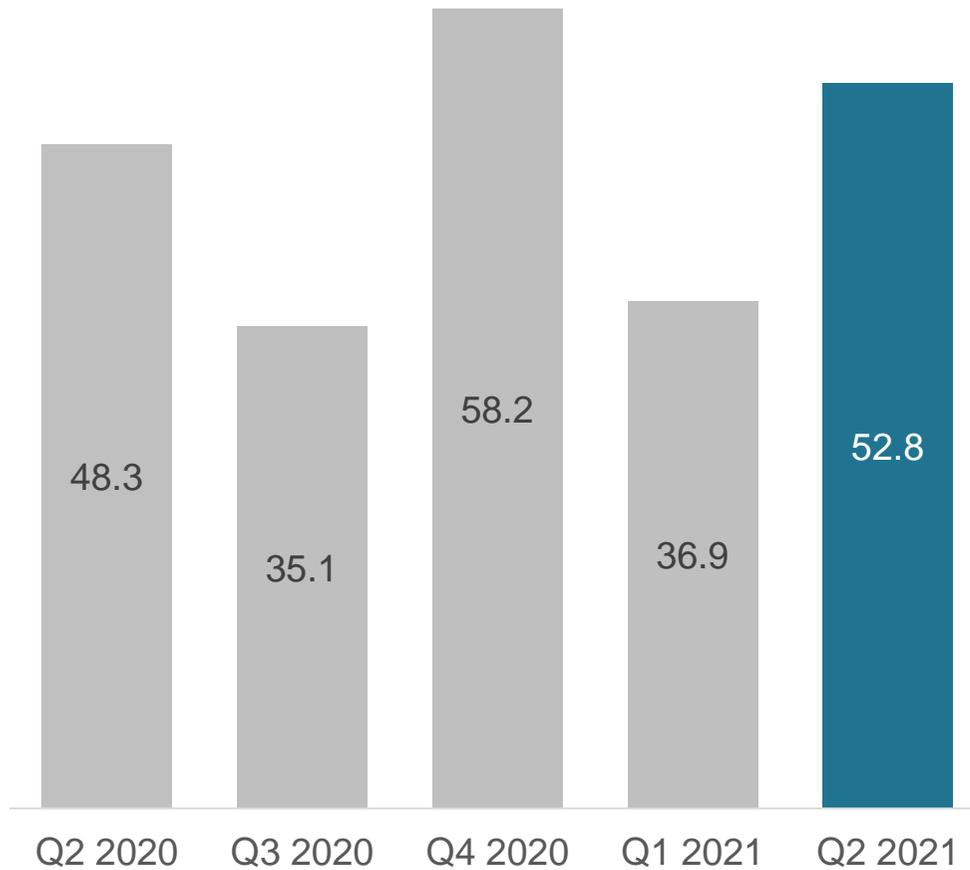


Comment

- ▶ DBO of EUR 1,183 million ./ assets of EUR 746 million = EUR 437 million
- ▶ Pension reserves @3% = DBO of EUR ~830 million ./ assets EUR 746 million = EUR 84 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 3.23% interest rate
 - ▶ asset liability study: probability of return in next 20 years:
 - ≥3.5% 59%
 - ≥3.0% 75%
 - ≥2.5% 87%

Capex Q2 2021 significantly up vs. Q1 2021

Investment, in EUR m

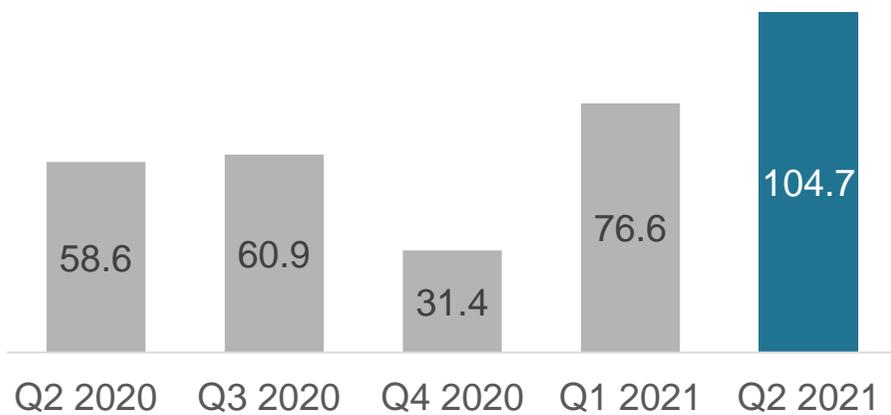


Comments

- ▶ Capex in H1 2021
 - ▶ MOB
 - ▶ epi capacities
 - ▶ capabilities
 - ▶ expansion of crystal pulling hall to replace older equipment in Freiberg

Strong net cash flow

Operating cash flow (OCF), in EUR m



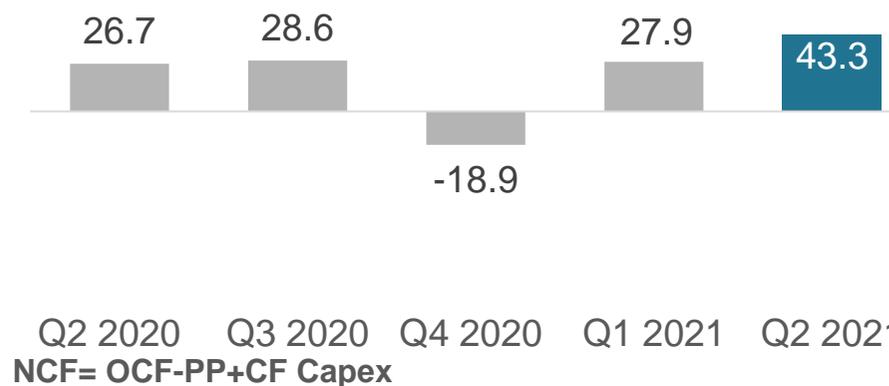
Customer prepayments net (PP), in EUR m

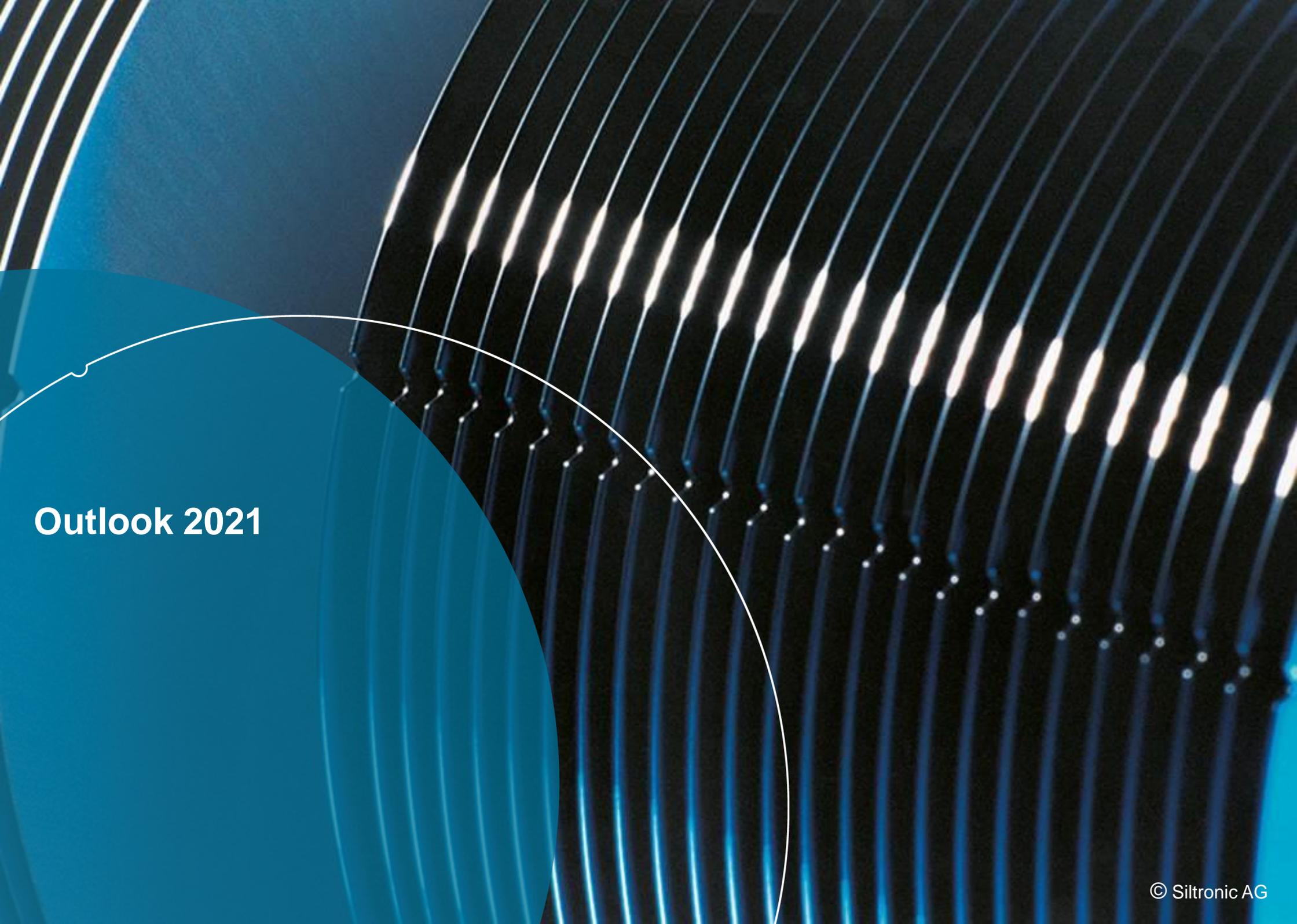


CF Capex, in EUR m



Net cash flow (NCF), in EUR m



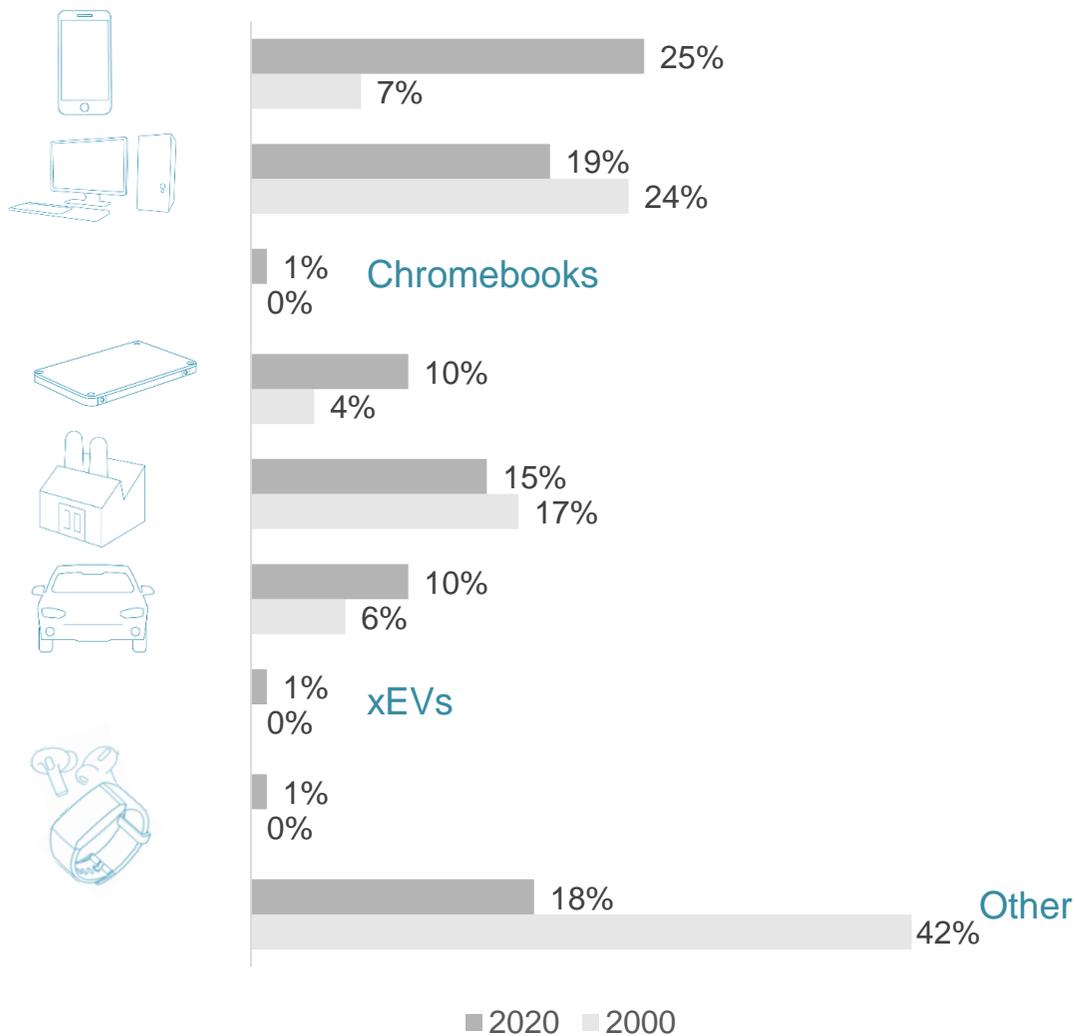


Outlook 2021

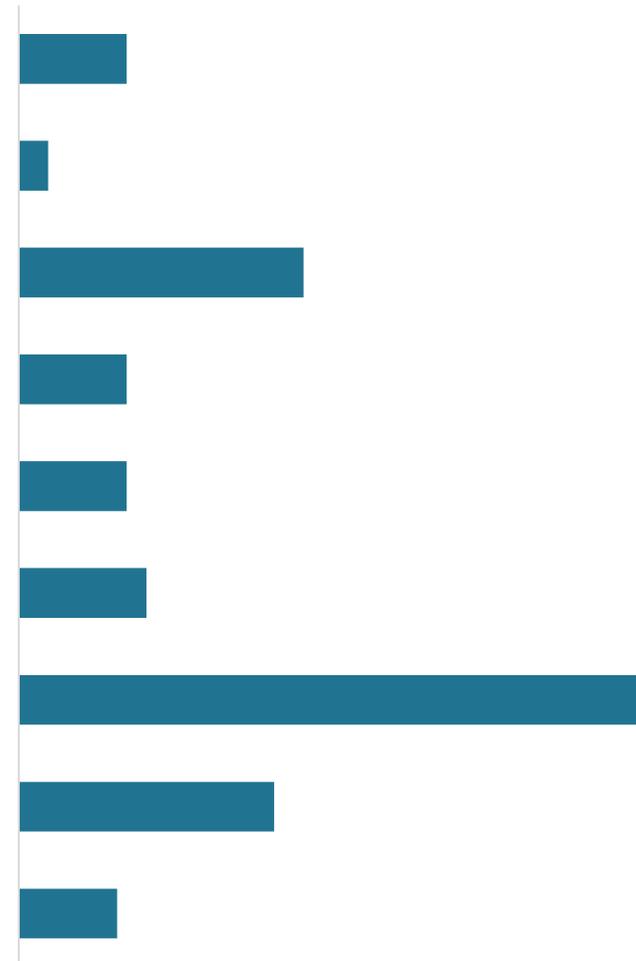
Further shift in main applications of silicon demand

Logic and Power grow fastest

Wafer area sold, in million cm²



Estimated wafer area growth of 15% in 2021



Source: Siltronic Marketing July 2021 based on external market research studies

Siltronic Outlook 2021 (as of July 27, 2021)

Sales	– at least 10 percent above 2020	=
EBITDA margin	– between 30 and 32 percent	=
Depreciation	– around EUR 155m to EUR 160m	=
EBIT	– significant increase	=
Tax rate	– significantly below 10%	=
CapEx	– around EUR 400m (mainly in 300 mm epi, capabilities and expansion of crystal pulling hall to replace older equipment, fab next)	+
Net cash flow	– slightly positive, but significantly below prior year	–
Earnings per share	– significant increase	=

Contact and Additional Information

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Additional Information

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

Financial Calendar 2021

Q3 Quarterly Statement	October 26, 2021
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