

Siltronic AG FY 2021 Conference Call Presentation

March 9, 2022

2021 dominated by strong market demand and significant volume growth and full fab utilization

Full year 2021 comments

- ▶ High demand driven by strong semiconductor market
- ▶ Sales volume up due to higher volume from previous brownfield expansions
- ▶ Full capacity utilization for all products since mid 2021
- ▶ EBITDA increase due to larger wafer area sold and reduced cost per area
- ▶ Positive one-off from non-execution of GlobalWafers transaction in Q4
- ▶ Overall negative FX impact on ASP y-o-y
- ▶ Inflation related cost increases since Q3
- ▶ Start of strategic projects driving higher Capex in H2
 - ▶ New factory “FabNext” in Singapore
 - ▶ Construction of new crystal pulling hall in Freiberg
- ▶ Siltronic committed to new climate action program, joined Science Based Targets Initiative (SBTi)

Highlights 2021: Financial figures FY 2021

Sales

– EUR 1,405.4 mn (2020: EUR 1,207.0 mn)

EBITDA

– EUR 466.4 mn (2020: EUR 332.0 mn)
– EBITDA margin: 33.2% (2020: 27.5%)

EBIT

– EUR 316.9 mn (2020: EUR 192.2 mn)
– EBIT margin: 22.5% (2020: 15.9%)

CapEx

– EUR 425.6 mn (2020: EUR 187.6 mn)

Net cash flow

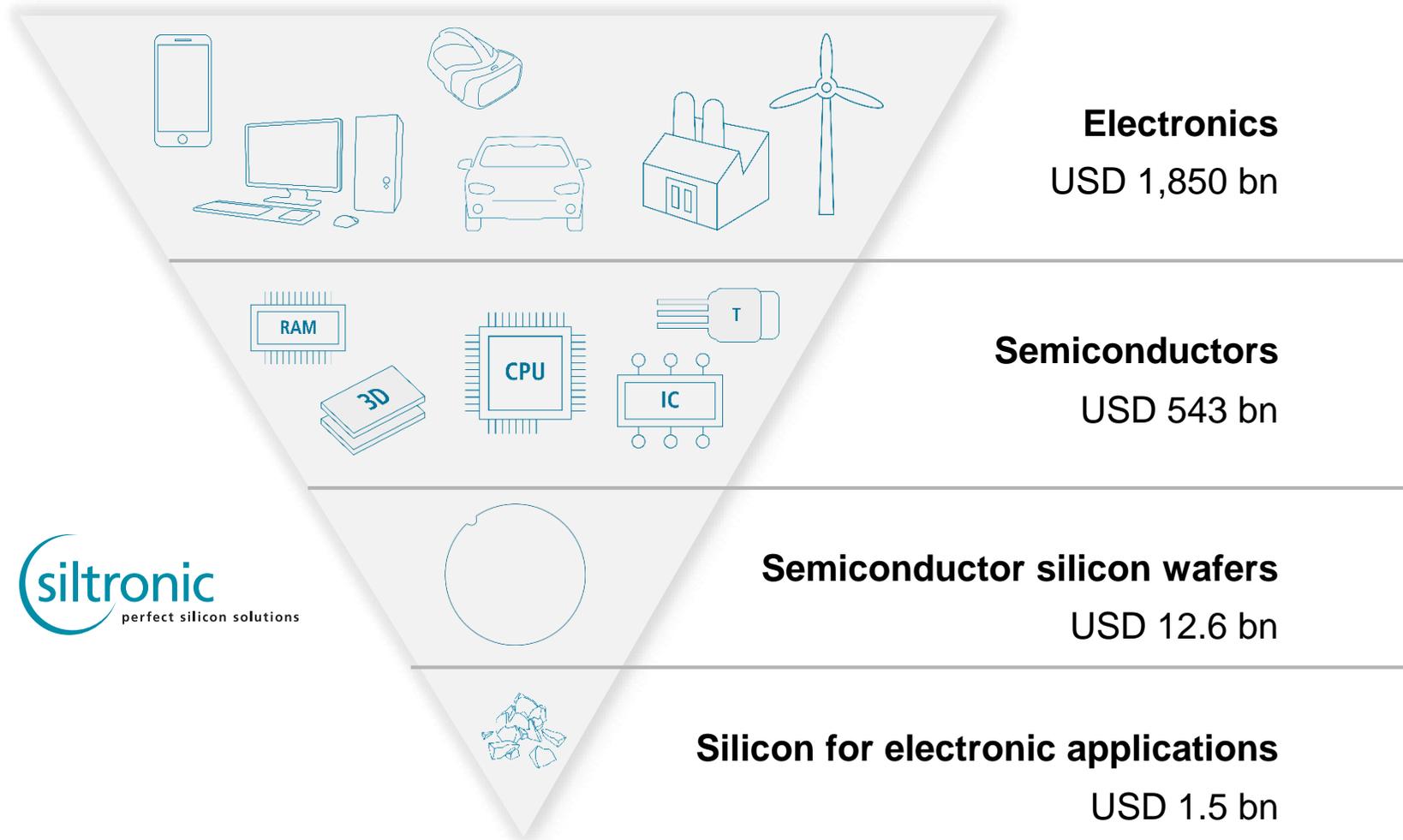
– EUR 1.7 mn (2020: EUR 77.4 mn)

Net financial assets

– EUR 572.9 mn (December 31, 2020: EUR 499.2 mn)

Electronics value chain continued to grow in 2021

Increasing demand for electronic devices and new applications drive semiconductor growth, which in turn fuels silicon demand



Sources: IC Insights, WSTS, SEMI SMG, Siltronic Marketing

Major 300 mm capacity expansion projects well on track



top: FabNext construction site in Singapore, bottom: new crystal growing hall in Freiberg

FabNext in Singapore



Project on track, piling completed



LTAs with prepayments for around 80 % of FabNext capacity signed



Conservative financing approach largely based on existing liquidity and future cashflows



First shipments to customers in early 2024

Expansion of crystal pulling hall in Freiberg



Construction work on track, not impacted by winter conditions



Construction to be completed in late 2022

Picture source: Siltronic AG

Siltronic Climate Action Program - aligned with Paris agreement to limit global warming to 1.5°C

Siltronic Climate Action Program

- ▶ Siltronic commits to Science Based Target initiative to limit global warming to 1.5°C:
 - ▶ **mid-term goal:** 50% CO₂eq reduction (Scope 1 + 2) until 2030¹
 - ▶ **long-term goal:** net zero until 2045
- ▶ **Three main levers:**
 - ▶  Energy efficiency
 - ▶  Own generation of renewable energy
 - ▶  Purchasing renewable energy

CSR targets until 2030

-  **7 AFFORDABLE AND CLEAN ENERGY** Reduce specific energy consumption by 20%¹
-  **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** Increase waste recycling by 25%¹
-  **6 CLEAN WATER AND SANITATION** Reduce specific water usage by 20%¹
-  **14 LIFE BELOW WATER** Increase water recycling by 25%¹
-  **13 CLIMATE ACTION** Reduce specific greenhouse gas emissions by 50%²



¹) base year 2015

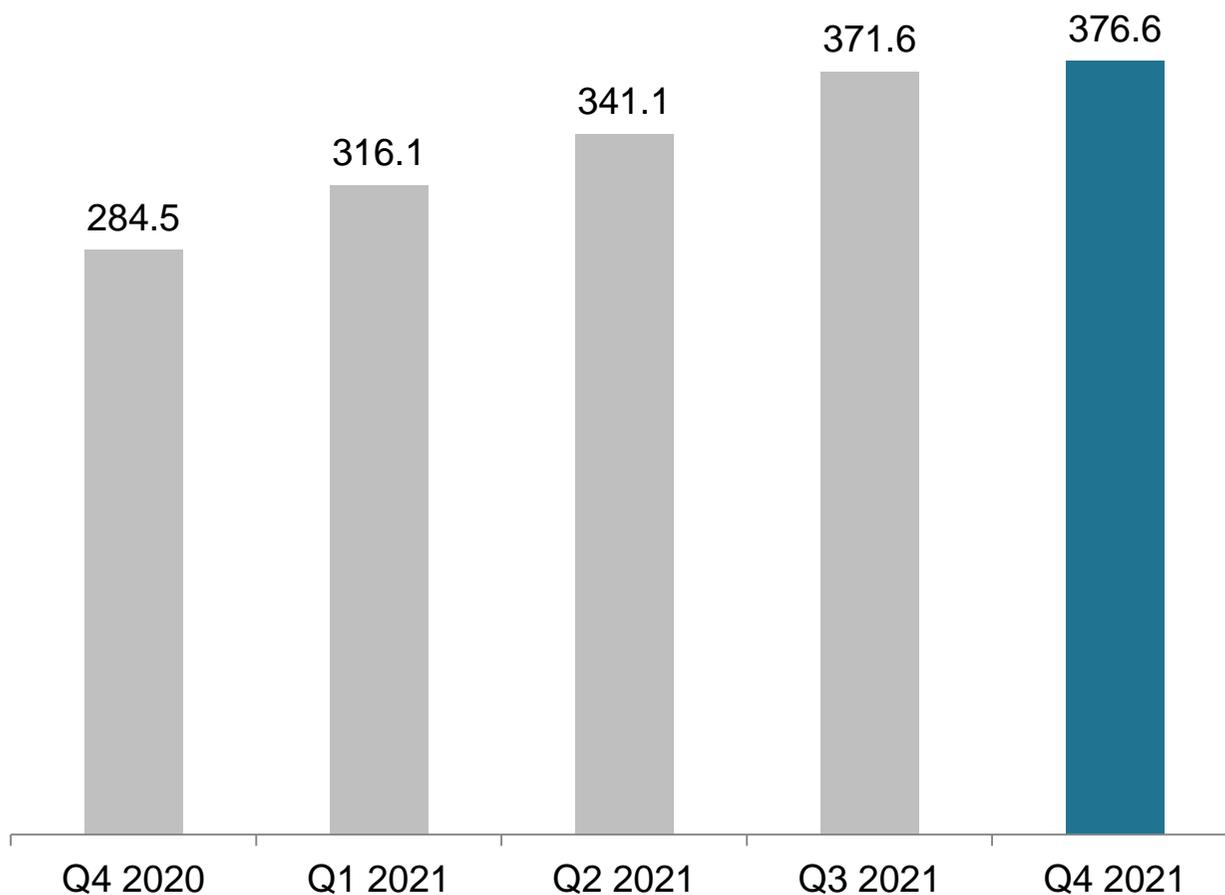
²) base year 2021



Financials 2021

Revenues significantly up y-o-y due to higher wafer area sold

Sales, in EUR mn



Comments

▶ Positive

- ▶ Significant increase of wafer area sold y-o-y
- ▶ ASP in Euro slightly down y-o-y

▶ Negative

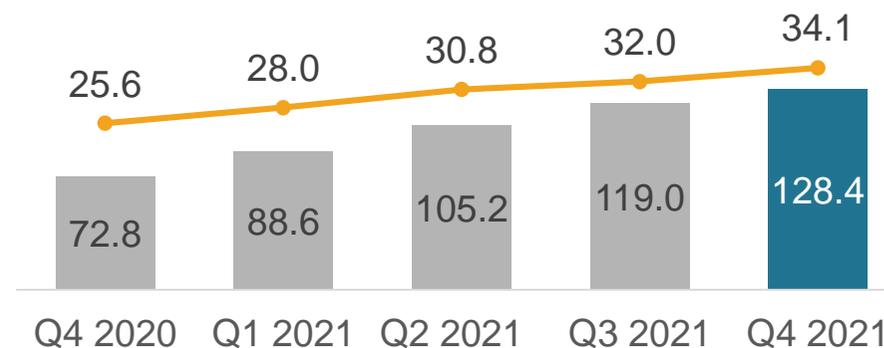
- ▶ Burdened by strong Euro in H1
- ▶ Impact of higher energy costs since late Q3

Higher wafer area sold lead to higher COGS y-o-y

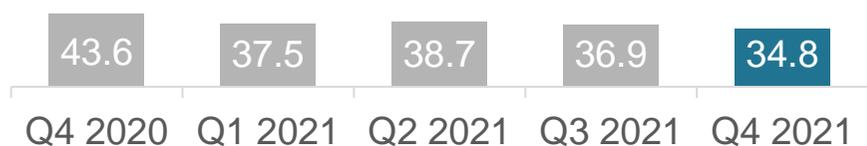
Cost of sales, in EUR mn



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



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

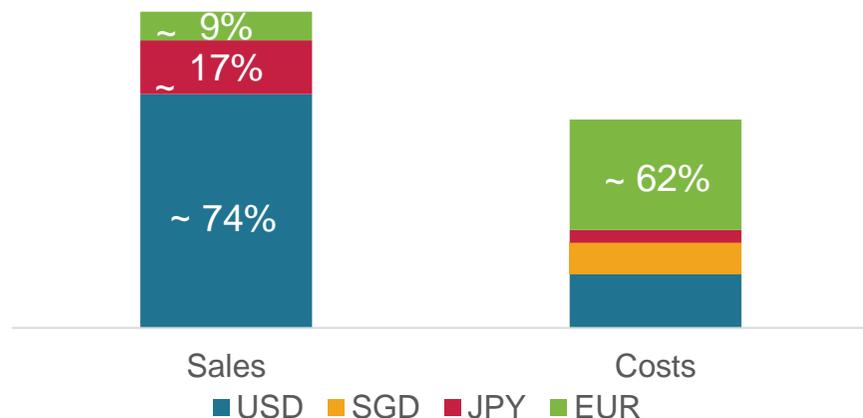


Comments

- ▶ COGS up y-o-y
 - ▶ Higher wafer area sold
 - ▶ Higher scheduled depreciation
 - ▶ Rising electricity prices in H2
 - ▶ FX effects
- ▶ Costs per wafer area significantly down y-o-y due to fixed cost dilution and productivity improvements
- ▶ Gross profit increase q-o-q due to FX effects

High US-Dollar and Japanese Yen exposure

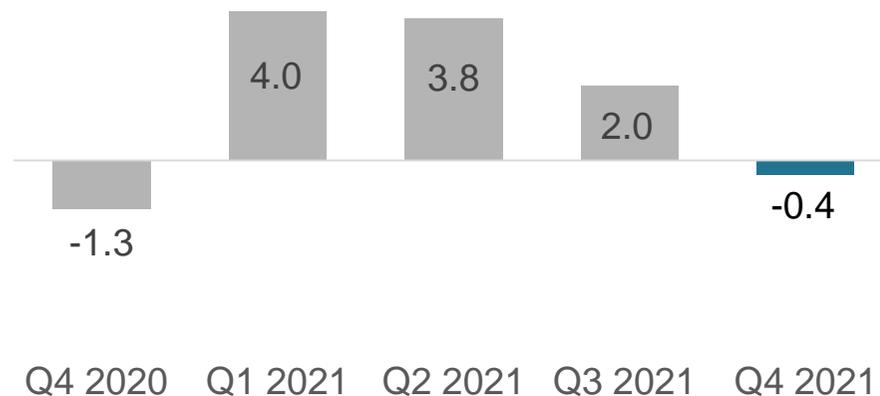
FX exposure, in %



FX sensitivity

	Sales	EBITDA Unhedged
1 USD-cent change	~ EUR 8.5 mn	~ EUR 7 mn
1 JPY change	~ EUR 1.9 mn	~ EUR 1.4 mn

Other currency effects (mostly hedging), in EUR mn

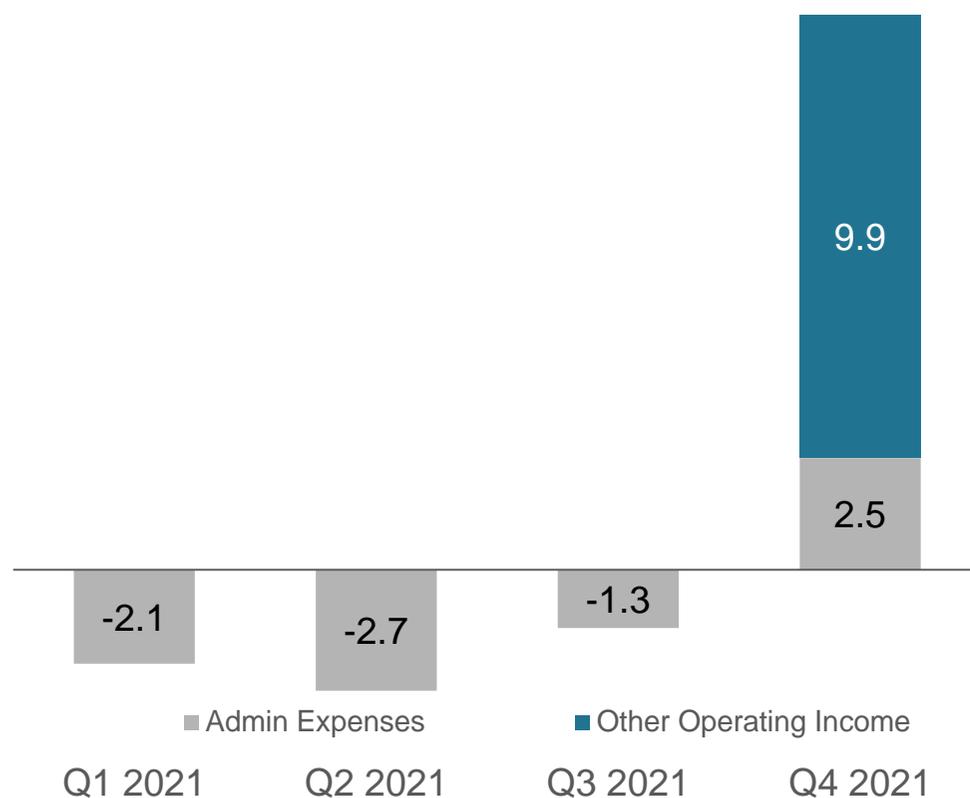


Comments

- ▶ Strong Euro y-o-y but weaker Euro q-o-q in Q4
- ▶ Increasing USD exposure along with increasing EBITDA and higher share of USD invoicing during 2021
- ▶ Other currency effects of EUR 9.5 mn in 2021

Impact of GlobalWafers tender offer on costs and margins

Costs and reversal of provisions related to tender offer, in EUR mn



Comments

Q1-Q3

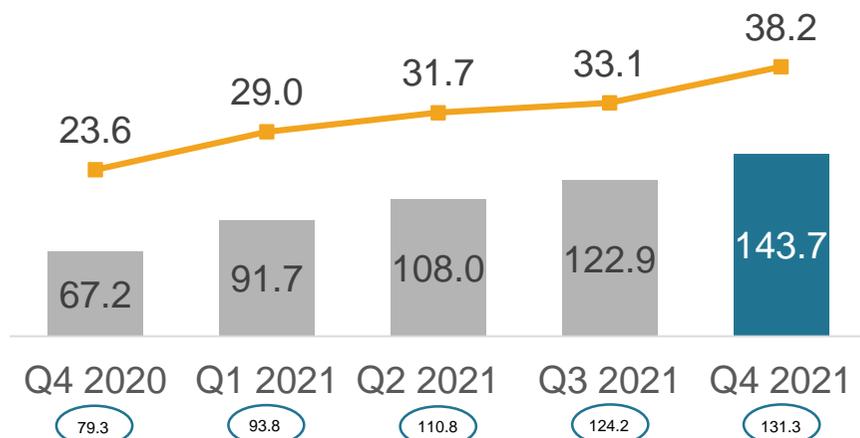
- ▶ Legal and capital markets related expenses due to tender offer
- ▶ Included in administrative expenses

Q4

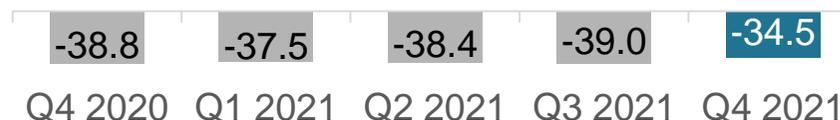
- ▶ Reversal of 2020 capital market related expenses as other operating income
- ▶ Legal expenses and reversal of 2021 capital market related expenses included in administrative expenses

Strong EBITDA, supported by extraordinary effects in Q4

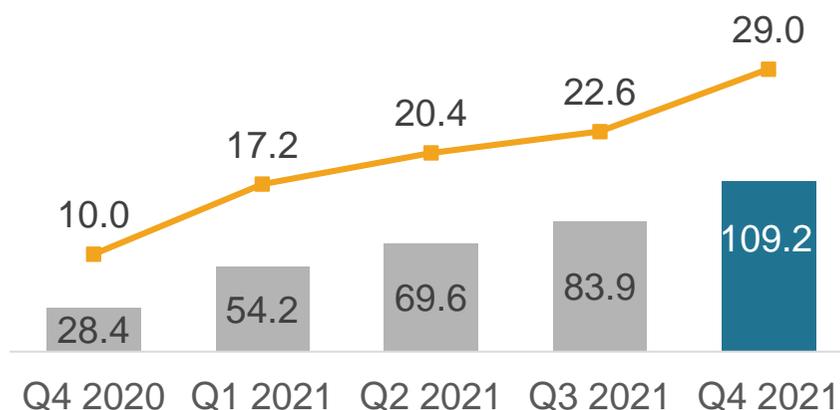
EBITDA, in EUR mn / EBITDA margin, in %



Depreciation, in EUR mn



EBIT, in EUR mn / EBIT margin, in %



Comments

Positive

- ▶ Wafer area sold significantly up y-o-y
- ▶ COGS per wafer area down y-o-y
- ▶ Favorable FX trend in H2
- ▶ EBITDA in Q4 pushed up by effects of the GlobalWafers tender offer

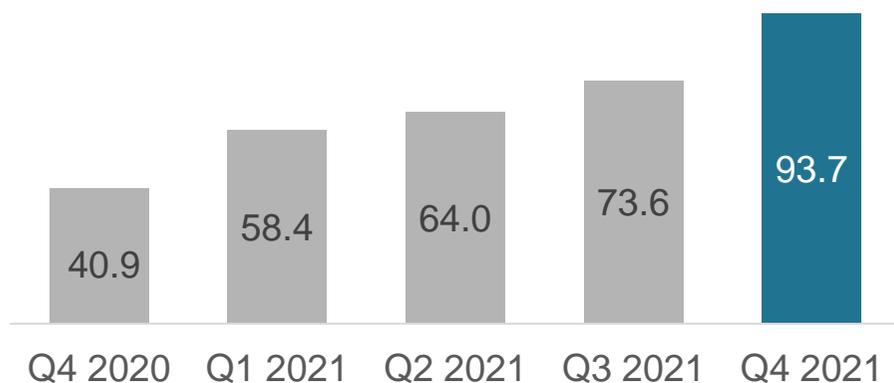
Negative

- ▶ Cost increases due to inflation since late Q3

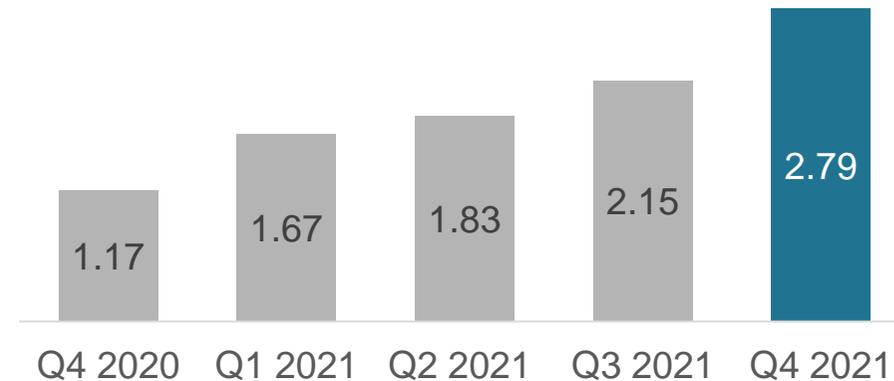
○ EBITDA excluding effects by GlobalWafers tender offer

Higher net profit of EUR 290 million in 2021

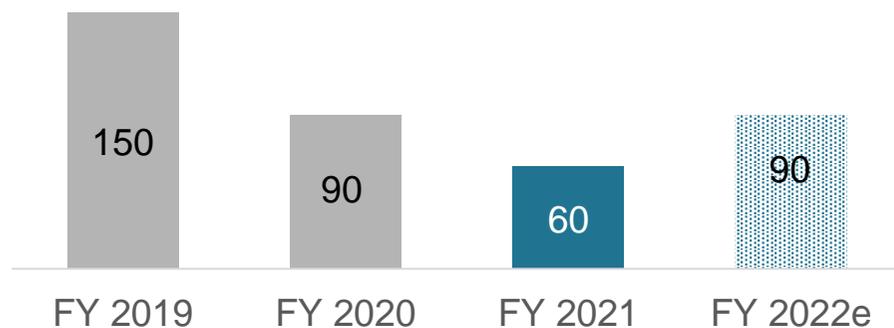
Net profit, in EUR mn



EPS, in EUR



Dividend payment, in EUR mn

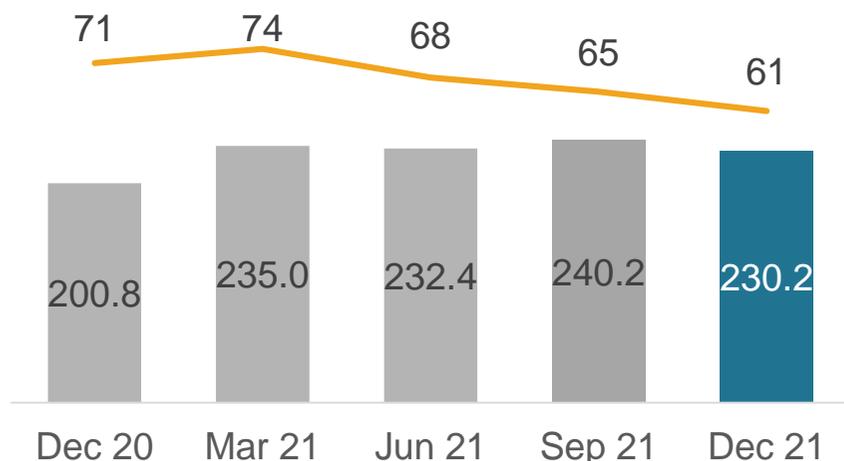


Comments

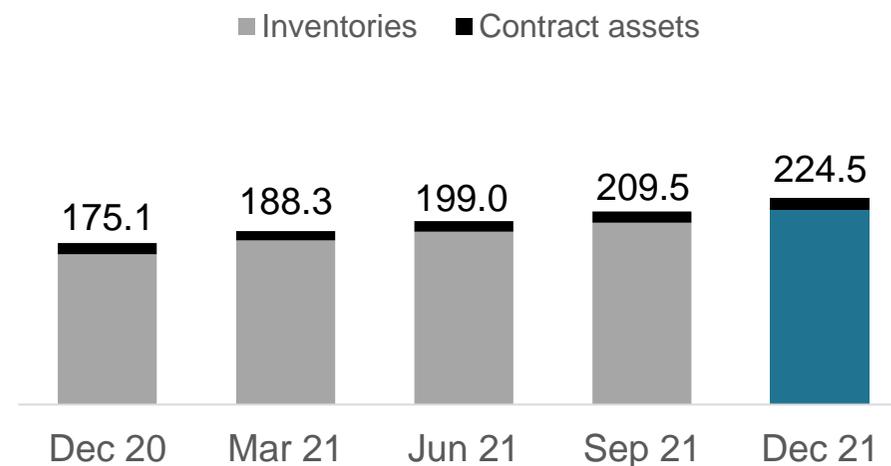
- ▶ Net profit of EUR 290 mn in 2021; thereof EUR 253 mn attributable to Siltronic shareholders
- ▶ Dividend proposal of EUR 3.00 per share = EUR 90 mn dividend payout in 2022

Increase in inventories, contract assets and trade receivables due to higher wafer area sold

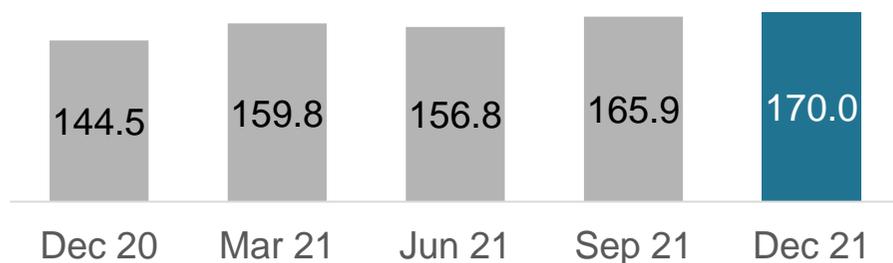
Working capital, in EUR mn,
Working capital ratio to quarterly sales, in %



Inventories and contract assets, in EUR mn



Trade receivables, in EUR mn

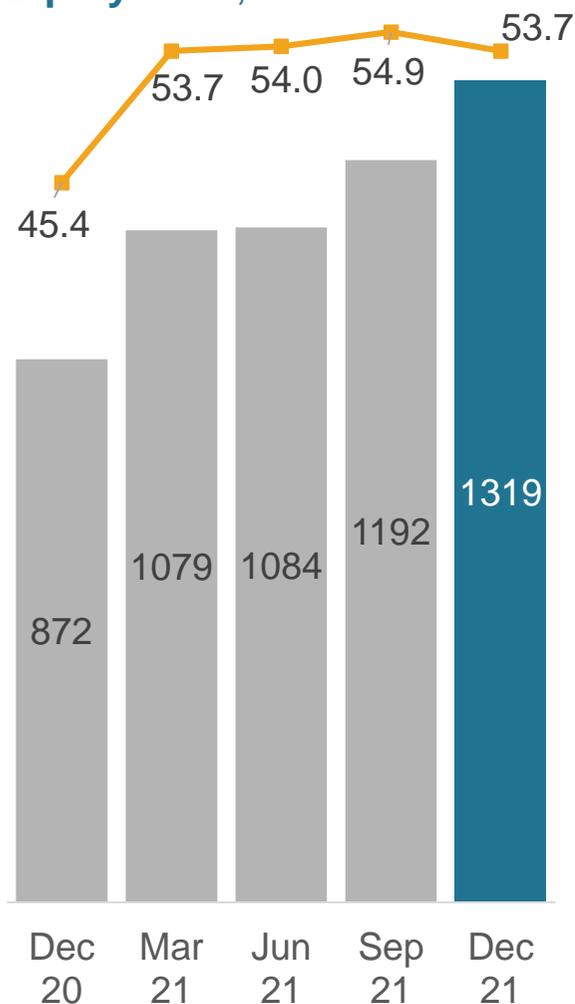


Trade liabilities, in EUR mn



Equity ratio increased to 54%, net financial assets grew further

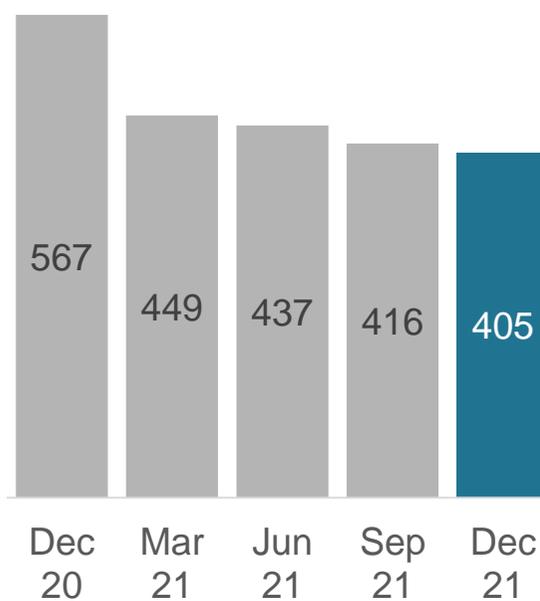
Equity, in EUR mn
Equity ratio, in %



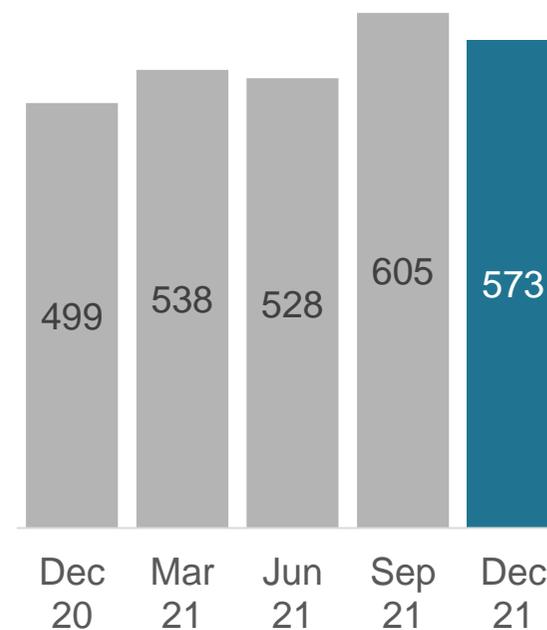
Provisions for pensions,
in EUR mn

Interest rates IFRS

USA	2.07%	2.77%	2.39%	2.42%	2.51%
Germany	0.69%	1.11%	1.14%	1.19%	1.23%

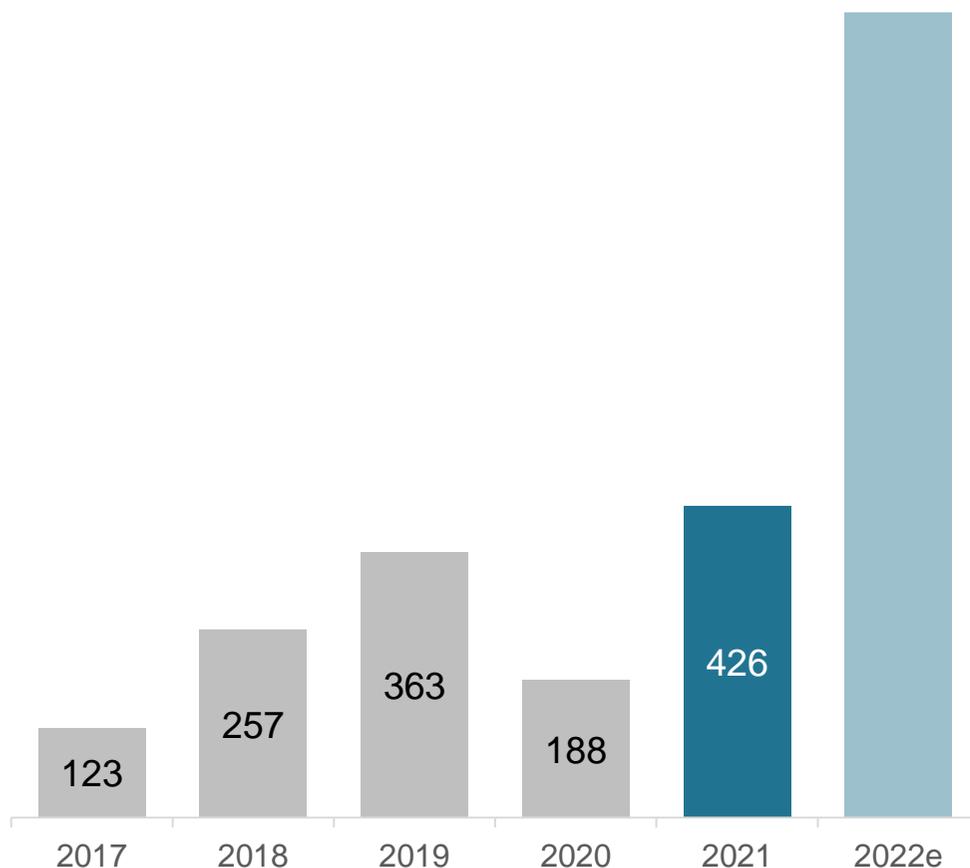


Net financial assets,
in EUR mn



High Capex in 2022 mostly for expansion projects

Investment, in EUR mn

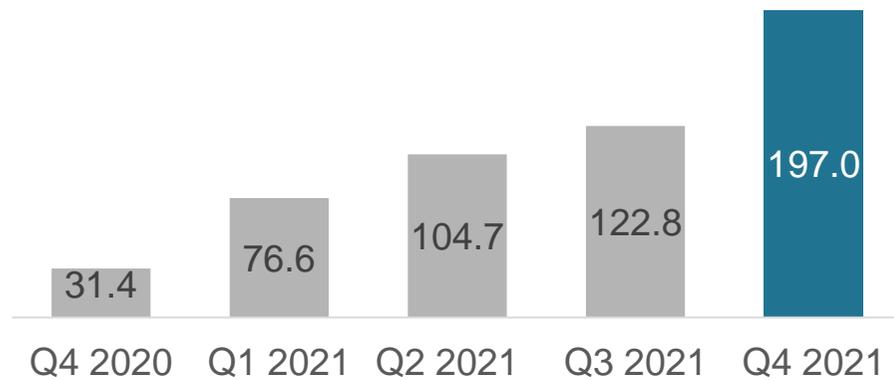


Comments

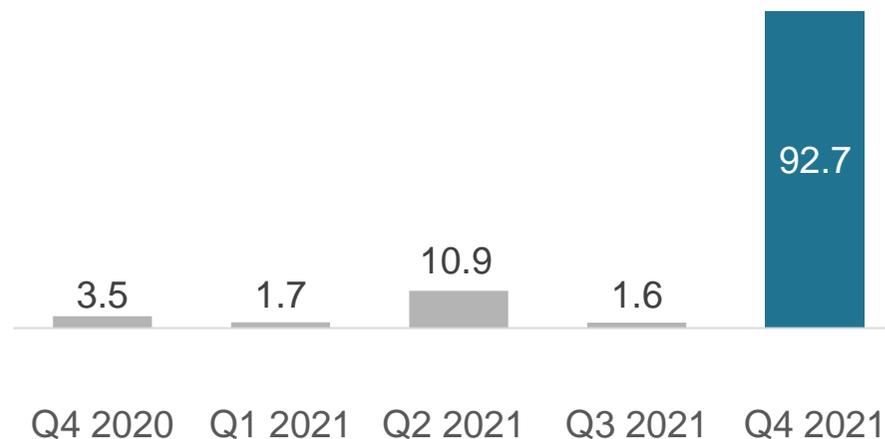
- ▶ Capex guidance 2022 EUR 1.100 mn
 - ▶ 2/3 of capex allocated to FabNext
 - ▶ 300 mm epi capacity
 - ▶ capabilities for future design rules
 - ▶ expansion of crystal pulling hall in Freiberg
- ▶ Conservative financing approach for FabNext in Singapore
 - ▶ existing liquidity and future cashflows
 - ▶ net debt of around 0.5 x EBITDA
 - ▶ no capital increase in 2022

Strong OCF, Net cash flow in line with expectation

Operating cash flow (OCF), in EUR mn



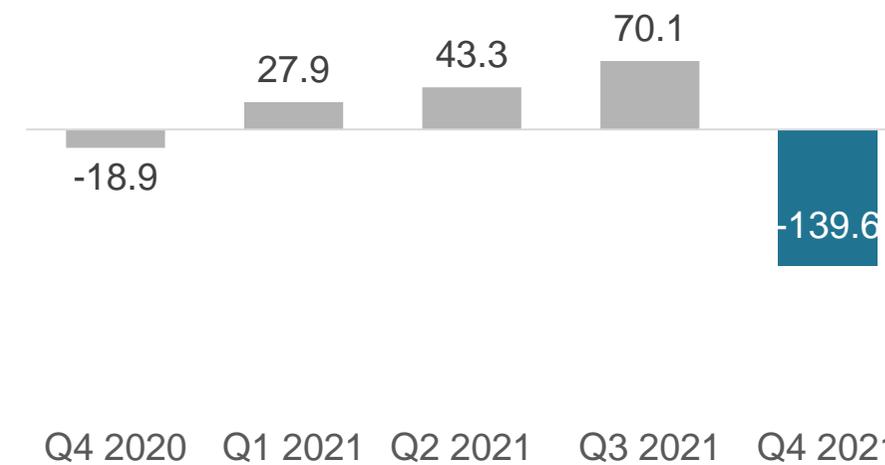
Customer prepayments net (PP), in EUR mn



CF Capex, in EUR mn



Net cash flow (NCF), in EUR mn



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



Outlook 2022

2022 all about invest projects, price development and inflation

Opportunities

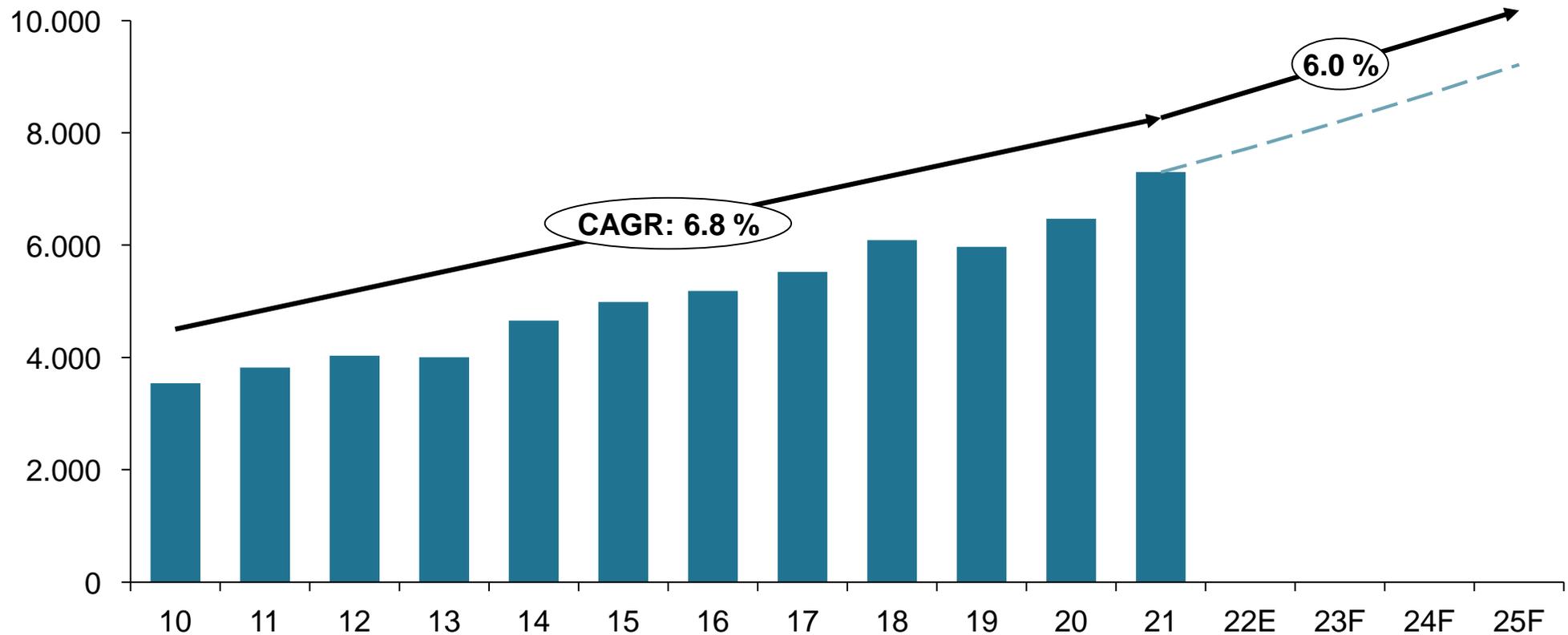
- ▶ Good start into 2022
- ▶ Continued strong demand and high fab loading expected
- ▶ Positive market momentum and significant price increases expected
- ▶ Growth drivers in end applications remain solid as
 - ▶ Silicon content in smartphones and cars continues to grow
 - ▶ Foundry, logic and image sensors expected to remain strong
 - ▶ DRAM-Memory demand expected to stay strong

Challenges

- ▶ Inflation related cost increases of approx. EUR 120 mn, largely for energy
- ▶ Very high capex due to front loaded spend for expansion projects
- ▶ Geopolitical uncertainties and COVID pandemic

300 mm demand expected to follow its historical growth trajectory after 12.8% growth in 2021.

300 mm market and demand forecast in k wafers per month



Source: Siltronic Marketing Feb 2022

Strong end markets continue to drive silicon wafer demand

Smartphones

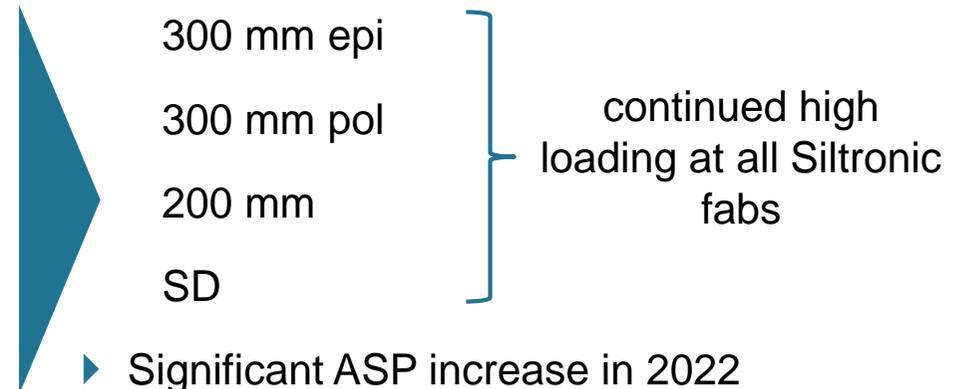
- ▶ Stable to positive unit sales expected
- ▶ 5G drives content growth
- ▶ Trend to multiple cameras continues

Industry / Auto

- ▶ Auto supply chain still impacted by supply shortages
- ▶ Shift to chip-rich premium cars / acceleration in digitalization level per car
- ▶ xEV share accelerating
- ▶ Industrial orders strong in all regions

Servers / PC

- ▶ Servers and cloud services show very strong growth
- ▶ Stable PC demand
- ▶ Mix shift to corporate market drives content



Siltronic Outlook 2022 (as of March 9, 2022)

Sales

- 15 to 22 percent increase

EBITDA margin

- increase to 34 to 37 percent (incl. termination fee)

Depreciation

- around EUR 185 mn

EBIT

- significant increase

Tax rate

- between 10 to 15 percent

CapEx

- around EUR 1,100 mn (2/3 allocated to the construction of FabNext)

Net cash flow

- significantly negative due to high investments

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 2022

Annual General Meeting	May 5, 2022
Q1 Quarterly Statement	May 10, 2022
Q2 Interim Report	July 29, 2022
Q3 Quarterly Statement	October 28, 2022



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