

# Siltronic AG

Q3 2023 Conference Call  
Presentation

In line with expectations

October 26, 2023

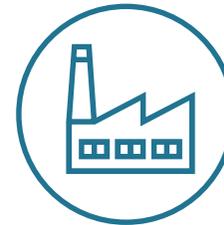
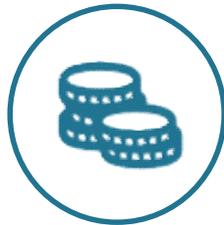
# Development in Q3 in line with expectations

**We are fully  
on track to reach  
FY guidance**



**2023 trough  
reached in Q3 due  
to weak demand**

**Stable pricing  
environment**



**Continued high  
investments to be  
ready for market  
turnaround**

# Q3 2023 still impacted by industry weakness, but on a solid level

# 349

Sales in EUR mn  
Q2 2023: 404

# -215

Net Cash Flow in EUR mn  
Q2 2023: -310

# 28.4

EBITDA Margin in %  
Q2 2023: 29.4

# 318

Capex in EUR mn  
Q2 2023: 366

# Stable

Pricing environment

# Nov 30

Capital Markets Day  
London

# Financials Q3 2023

Sound and expected performance in a still challenging environment

# Q3 in line with expectations, pricing sentiment stable

## Profit & Loss, in EUR million

	Q3 2023	Q2 2023	Q1-Q3 2023
<b>Sales</b>	<b>349.1</b>	<b>403.7</b>	<b>1,157.2</b>
Gross profit	75.7	101.1	293.0
Gross margin, in %	21.7	25.0	25.3
<b>EBITDA</b>	<b>99.1</b>	<b>118.6</b>	<b>342.8</b>
EBITDA margin, in %	28.4	29.4	29.6
<b>EBIT</b>	<b>46.4</b>	<b>70.3</b>	<b>194.5</b>
EBIT margin, in %	13.3	17.4	16.8
<b>Net Income</b>	<b>35.1</b>	<b>61.4</b>	<b>169.0</b>
EPS, in EUR	1.10	1.83	5.13

## Comments

### Sales: -14% qoq

- ▶ Lower wafer area sold
- ▶ Stable prices and FX

### EBITDA: -16% qoq, solid margin

- ▶ Stable unit cost for materials and energy
- ▶ Lower fixed cost dilution, but no negative inventory effects (like in Q2)
- ▶ Positive FX result of EUR 10 mn

### EBIT: -34% qoq

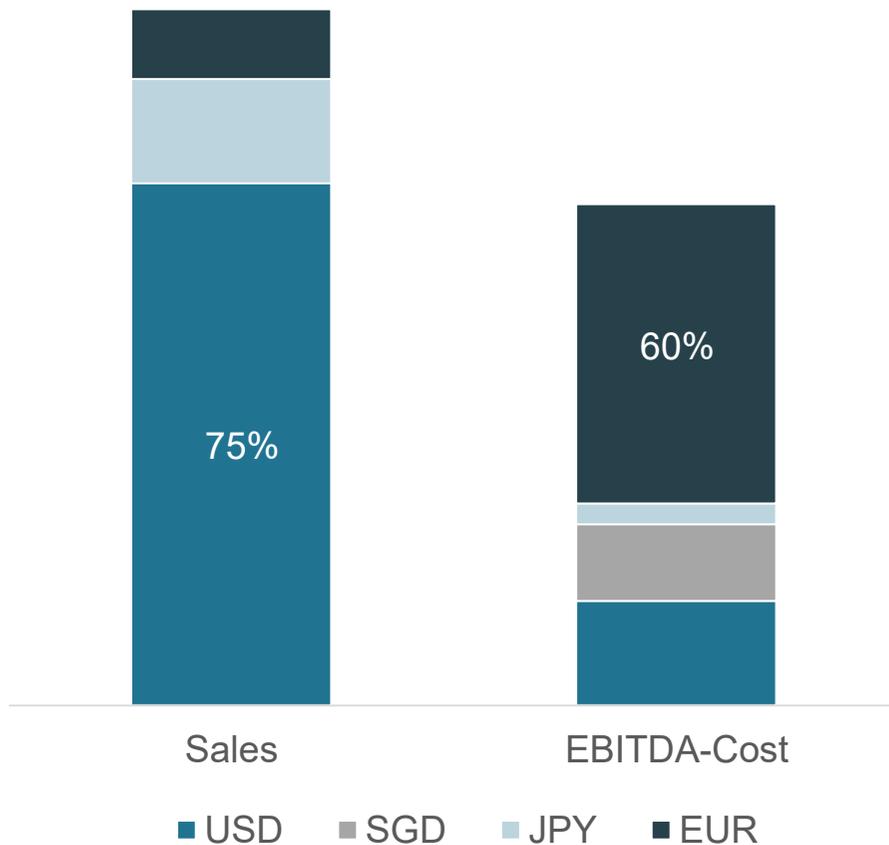
- ▶ Expected increase in depreciation

### Net income: -43% qoq

- ▶ Reduced interest income due to lower cash position
- ▶ Increase in tax rate due to shift in site mix

# Some insights into our FX effects

## FX Exposure 2023, in %



## FX Impacts

### USD Sensitivity, based on 2023 exposure (EUR/USD 1.10)

Change EUR/USD  $\pm$  1 USD-ct

- ▶ EUR 10 mn in Sales
- ▶ EUR 7 mn in EBITDA, unhedged (including highly correlated SGD-effect)

### USD Hedging strategy

- ▶ Operational hedging
- ▶ Strategic hedging: gradual hedging up to 18 months ahead, based on net FX exposure

### FX result (in other operating income/expenses)

- ▶ Mostly FX hedging
- ▶ Other valuation effects (trade receivables, payables)

# Strong balance sheet – expected shift between cash & securities and fixed assets

## Balance Sheet Composition

	Sep 30, 2023	Dec 31, 2022
<b>Assets, in EUR mn</b>	<b>4,326</b>	<b>4,051</b>
Fixed Assets	73%	58%
Inventories	7%	7%
Receivables	8%	9%
Cash & Securities	12%	26%
<b>Liabilities, in EUR mn</b>	<b>4,326</b>	<b>4,051</b>
Equity	49%	51%
Provisions	5%	5%
Financial Liabilities	21%	19%
Liabilities & Prepayments	25%	25%

## Comments

### Fixed assets: + EUR 795 mn vs. Dec 31, 22

- ▶ Increase to EUR 3.2 bn due to high capex

### Cash & Securities: - EUR 543 mn vs. Dec 31, 22

- ▶ Decline to EUR 506 mn
- ▶ Operating cash flow < payments for capex and dividend

### Equity Ratio: 49%

- ▶ Healthy level

### Financial Liabilities

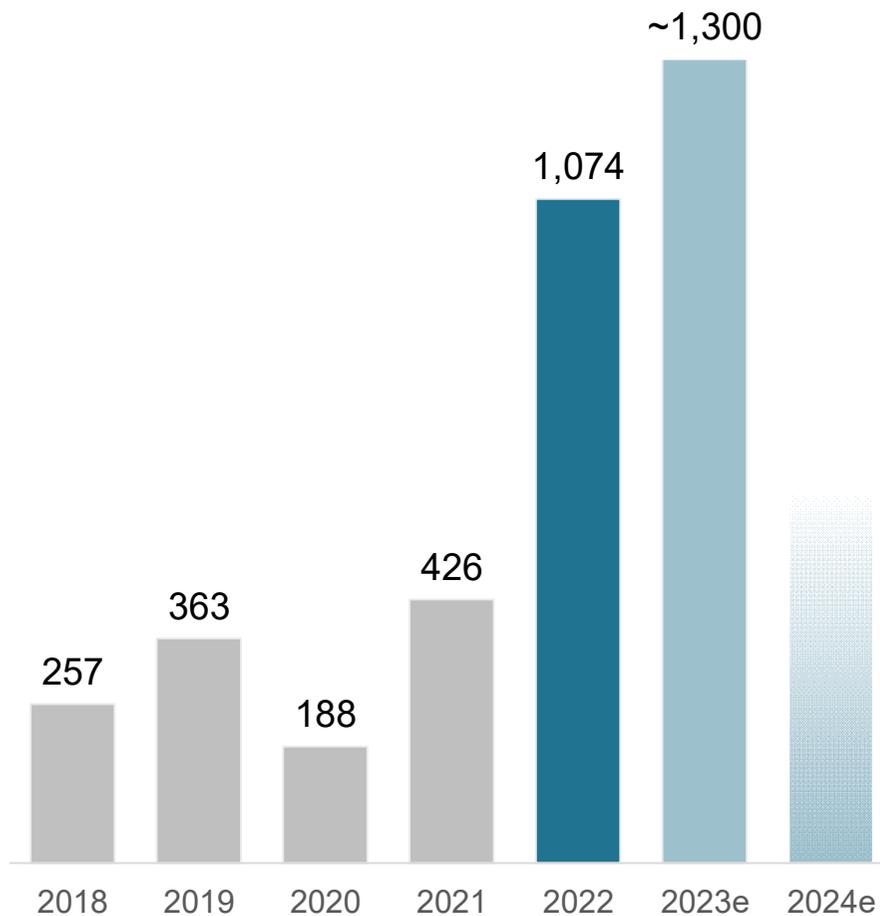
- ▶ Last drawdown of Singapore Dollar loan in Q3 23

### Liabilities/Prepayments

- ▶ Customer prepayments received: EUR 79 mn
- ▶ Provisions for pensions: slight decline to a historically low level

# Major Capex in 2023 (mostly for FabNext) will fuel future growth

## Investment, in EUR mn



## Comments

### Capex

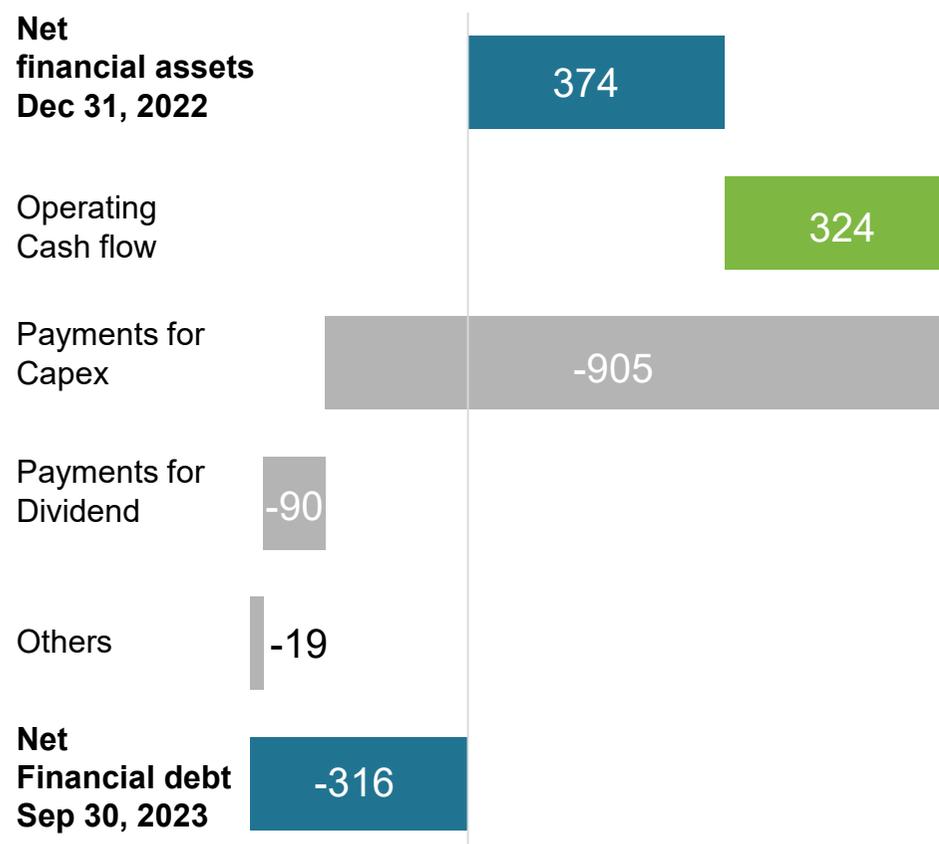
- ▶ Capex 2023 for FabNext, extension of crystal pulling hall in Freiberg (inaugurated in September) and capability enhancement
- ▶ Capex 2024 will be reduced by more than half

### Conservative Financing Approach

- ▶ Existing cash and future operating cash flows
- ▶ Customer prepayments
- ▶ Financial debt

# High Capex covered by strong financing base

## Net Financial Debt, in EUR mn



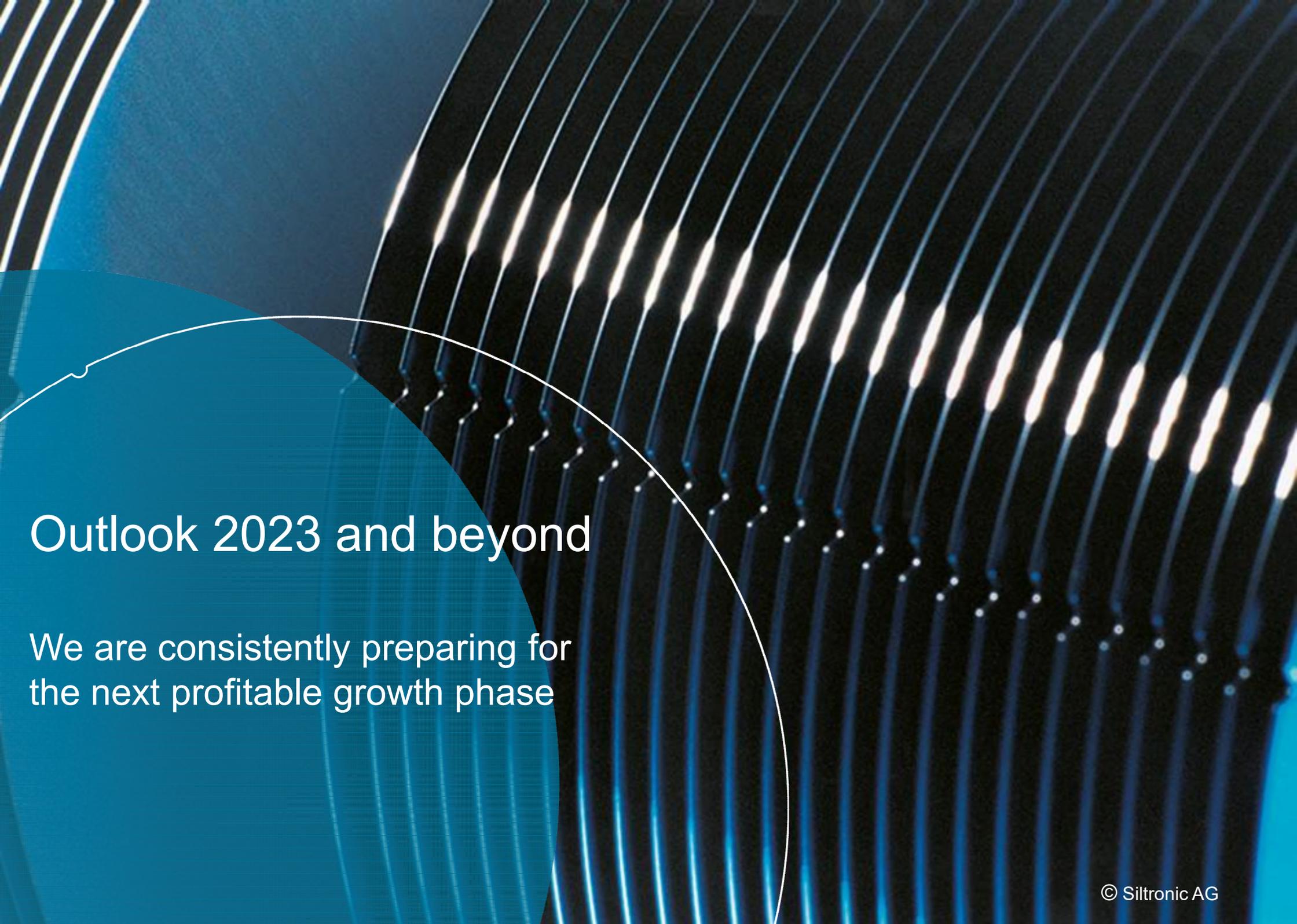
## Comments

### Four financing instruments in place

- ▶ Fully drawn
  - ▶ ESG linked promissory note loan
  - ▶ Singapore Dollar bilateral loan
  - ▶ European Investment Bank loan
- ▶ Not drawn
  - ▶ Syndicated loan (term loan and RCF) EUR 380 mn

### Net financial assets Dec 31, 2022, turning into net financial debt Sep 30, 2023

- ▶ Solid operating cash flow
- ▶ Peak invest outflow, mainly for FabNext
- ▶ Dividend payment
- ▶ Change in net financial position EUR -689 mn

The background features a close-up, high-angle view of a silicon wafer, showing its characteristic circular pattern of concentric rings and radial lines. The wafer is illuminated from the side, creating a strong gradient of light and shadow. A large, semi-transparent blue circle is overlaid on the left side of the image, partially obscuring the wafer's surface. A thin white arc is drawn across the blue circle, starting from the top left and curving towards the bottom right.

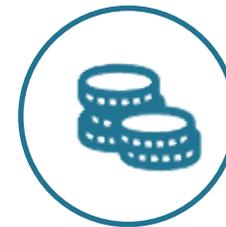
# Outlook 2023 and beyond

We are consistently preparing for  
the next profitable growth phase

# Market environment still challenging - nevertheless stable pricing and solid profitability

## Market weakness

due to excess inventory will trail into 2024



Environment of **price stability**

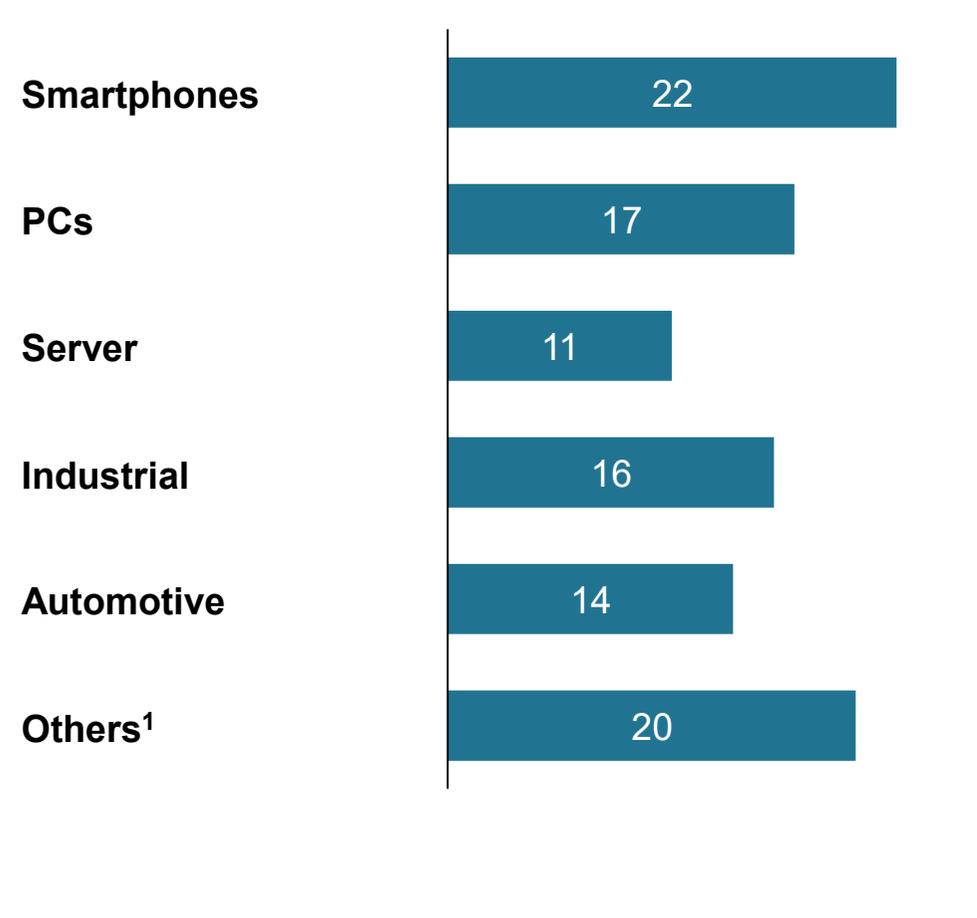
**High LTA share**  
stabilizes business



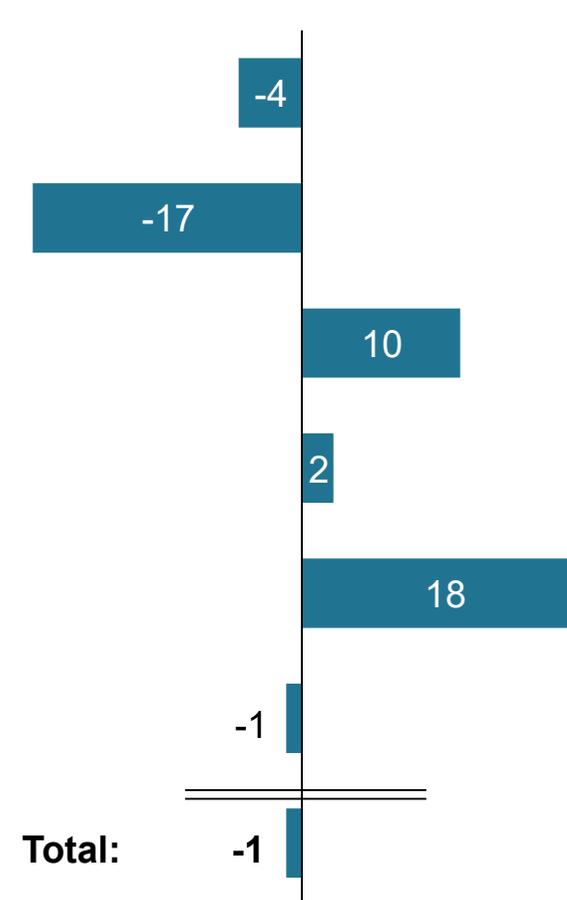
**Solid profitability**

# End markets are expected to stagnate in 2023 (before inventory effects)

## Consumption of wafers by end use 2022, in %



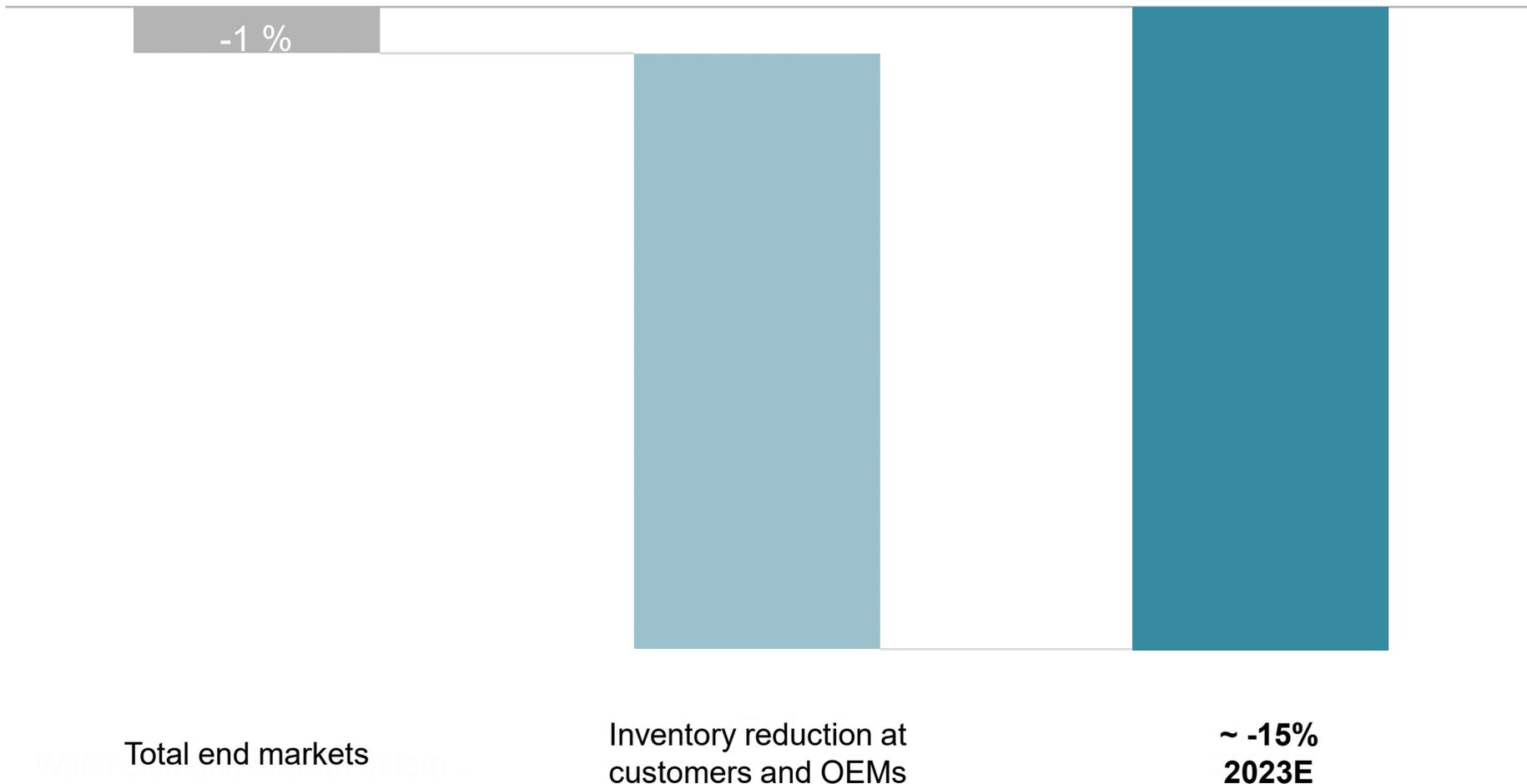
## Growth in demand for wafer area 2023 vs. 2022, in %



Source: Siltronic estimates, <sup>1</sup> Infrastructure Telecommunications, game consoles, consumer electronics such as televisions, white goods such as refrigerators

# Wafer demand in 2023 will be down around 15% due to inventory reductions; soft demand trailing into 2024

## Composition of growth drivers for wafer market 2023 vs. 2022, in %



Source: Siltronic estimates

# The crystal ball has not cleared yet!



## Inventory status:

-  Memory peaked but still elevated, DRAM and NAND prices stabilizing
-  Logic close to normal levels
-  Power increasing, Auto forecast positive - has to be watched

## Economic and geopolitical uncertainties persist:

-  Consumer sentiment in China
-  Persistent inflation
-  Geopolitical risks

**Typical time-lag for wafer industry to turnaround: 6 months**

Source: [nigel-tadyanehondo/unsplash.com](https://unsplash.com/photos/nigel-tadyanehondo)

# FabNext first wafers to be produced soon - Freiberg pulling hall inaugurated in September



- First wafers to be produced soon
- 📊 Focus on qualifying customers
- 📈 High share of LTA, 80% during ramp phase
- 📉 Ramp speed for 2024 and 2025 slightly adjusted as communicated in Q2
- € EBITDA-Margin above 50% mid-term with growing impact on Group Margin during ramp

- ✓ Extension of crystal pulling hall inaugurated
- € Several hundred million euros invested
- 🏆 Product mix improvement

Source: Siltronic

# Outlook 2023 confirmed and substantiated on the upper range of the bandwidths

FY 2023

**Sales**

**15% – 17%**  
below 2022

**EBITDA Margin**

**28% – 30%**

**Depreciation**

around **EUR 200 mn**

**Capex**

around **EUR 1.3 bn**

**Net Cash Flow**

**significantly**  
below 2022

**Tax Rate**

around **15%**

Based on FX assumption EUR/USD at 1.10

# Next highlight: Capital Markets Day in London on November 30, 2023



**Venue:** Andaz Hotel, 40 Liverpool Street, London

**Time:** Start 9 am until around 3 pm CMT

### **Main Topics:**

- ▶ Strategy update and mid-term outlook
- ▶ Industry and technology deep-dives

### **Presenters:**

- ▶ Dr. Michael Heckmeier, CEO
- ▶ Claudia Schmitt, CFO
- ▶ Head of Marketing & Sales
- ▶ Head of Application Technology
- ▶ Head of Marketing & Global Power Business

### **Further Information:**

- ▶ <https://www.siltronic.com/en/investors/capital-markets-day.html>

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## Financial Calendar 2024

March 12	FY 2023 results
May 2	Q1 2024 results
July 25	Q2 2024 interim results
October 24	Q3 2024 results

## Additional Information

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



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