



Press release

Siltronic AG

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Siltronic in Q3 2023 with an expected moderate development, annual outlook confirmed and specified

- **In Q3 sales declined to EUR 349.1 million due to the negative industry trend, as anticipated – a slight improvement expected in Q4**
- **Despite a significant volume decrease sales prices remain stable**
- **EBITDA margin at 28.4 percent in Q3 2023, after nine months at 29.6 percent**
- **Outlook for 2023 confirmed and specified: Group sales 15 to 17 percent below previous year; EBITDA margin between 28 and 30 percent, at the upper end of the range communicated in July**

Munich, Germany, October 26, 2023 – As expected, the business performance of Siltronic AG (SDAX/TecDAX: WAF) in Q3 2023 was marked by weaker demand from the semiconductor industry. Quarterly sales were EUR 349.1 million, 13.5 percent lower than the previous quarter (Q2 2023: EUR 403.7 million). Despite a noticeable decline in wafer volumes, sales prices continued to be stable. Thanks to this development, the EBITDA margin in the reporting quarter remained at a solid level of 28.4 percent and even reached 29.6 percent after nine months. As the Executive Board expects a slight improvement in Q4 compared to Q3, the annual outlook is confirmed and specified within the communicated range: Group sales for the financial year 2023 are expected to be between 15 and 17 percent below the previous year's value (exchange rate EUR/USD 1.10), and the EBITDA margin is expected to reach a value between 28 and 30 percent.

Driven by the megatrends artificial intelligence, digitalization, and electromobility, Siltronic is preparing for the next growth phase. The company is well-prepared for this with the expansion of global production capacities in Singapore and investments to improve the product mix in Freiberg.

"Despite the expected decline in wafer demand, Siltronic achieved a solid EBITDA margin of 28.4 percent in Q3. Thanks to the continued stable sales prices for our wafers, we are confident in achieving a respectable EBITDA margin between 28 and 30 percent for the full year. To further support the expected growth in the semiconductor industry in the coming years, we are investing in our new fab in Singapore and are close to producing the first wafers," commented Dr. Michael Heckmeier, CEO of Siltronic AG, on the development.

Business Development in Q3 2023

				Change		Q1-Q3 2023	Q1-Q3 2022	Change	
		Q3 2023	Q2 2023	Q3 2022	Q3 to Q2				Q3 to Q3
Sales	In EUR million	349.1	403.7	474.0	-54.6	-124.9	1,157.2	1,333.2	-176.0
	in %				-13.5	-26.4			-13.2
Cost of sales	In EUR million	-273.4	-302.6	-309.8	29.2	36.4	-864.2	-888.3	24.1
	in %				-9.7	-11.7			-2.7
Gross profit	In EUR million	75.7	101.1	164.2	-25.4	-88.5	293.0	444.9	-151.9
	in %				-25.1	-53.9			-34.1
Gross margin	in %	21.7	25.0	34.6			25.3	33.4	
EBITDA	In EUR million	99.1	118.6	170.5	-19.5	-71.5	342.8	503.5	-160.7
	in %				-16.5	-41.9			-31.9
EBITDA margin	in %	28.4	29.4	36.0			29.6	37.8	
Depreciation, amortization and impairment less reversals thereof	In EUR million	-52.7	-48.3	-46.2	-4.4	-6.5	-148.3	-132.7	-15.6
EBIT	In EUR million	46.4	70.3	124.3	-23.9	-77.9	194.5	370.8	-176.3
	in %				-34.0	-62.7			-47.5
EBIT margin	in %	13.3	17.4	26.2			16.8	27.8	
Financial result	In EUR million	-1.7	-0.7	0.2	-1.0	-1.9	1.7	-7.3	9.0
Result before income taxes	In EUR million	44.7	69.6	124.5	-24.9	-79.8	196.2	363.5	-167.3
	in %				-35.8	-64.1			-46.0
Income taxes	In EUR million	-9.6	-8.2	-14.6	-1.4	5.0	-27.2	-47.7	20.5
Tax rate	in %	21	12	12			14	13	
Result for the period	In EUR million	35.1	61.4	109.9	-26.3	-74.8	169.0	315.8	-146.8
	in %				-42.8	-68.1			-46.5
Earnings per share	in EUR	1.10	1.83	3.32	-0.73	-2.22	5.13	9.46	-4.33

Siltronic generated sales of EUR 349.1 million in Q3 2023, down by 13.5 percent compared to the previous quarter (Q2 2023: EUR 403.7 million). After nine months, the company reported sales of EUR 1,157.2 million, down 13.2 percent year-on-year (Q1-Q3 2022: EUR 1,333.2 million). This development was due to the lower wafer area sold. Sales prices remained stable compared to the previous periods and FX changes also had no significant impact.

Cost of sales decreased by 9.7 percent in Q3 2023 compared to the previous quarter and decreased by 2.7 percent in the first nine months of 2023 compared to the period January to September 2022. The decline in sales was more pronounced than the reduction in cost of sales, both quarter-on-quarter and year-on-year. In the quarterly comparison, this is mainly due to increased depreciation. In a year-on-year

comparison, the most important reasons for the disproportionately low reduction in cost of sales are a reduced dilution of fixed costs, higher depreciation and cost increases in labor costs, raw materials and supplies. As a result, the gross profit fell by EUR 25.4 million compared to the previous quarter and by EUR 151.9 million compared to the previous year. The gross margin fell from 33.4 percent to 25.3 percent year-on-year. Q3 includes positive currency effects of EUR 9.9 million (Q2 2023: EUR 6.3 million), which are shown in the balance of other operating income and expenses.

EBITDA in Q3 was EUR 99.1 million and thus EUR 19.5 million below the previous quarter (Q2 2023: EUR 118.6 million). The EBITDA margin remained at a good level of 28.4 percent (Q2 2023: 29.4 percent). After nine months, Siltronic reported EBITDA of EUR 342.8 million (Q1-Q3 2022: EUR 503.5 million - comparable: EUR 453.5 million) and an EBITDA margin of 29.6 percent (Q1-Q3 2022: 37.8 percent - comparable: 34.0 percent). It should be noted that a one-off termination fee of EUR 50.0 million was received in Q1 2022 as a result of the failed tender offer by GlobalWafers.

Due to the lower EBITDA and higher depreciation and amortisation, EBIT amounted to EUR 46.4 million in Q3 (Q2 2023: EUR 70.3 million) and to EUR 194.5 million after the first nine months (Q1-Q3 2022: EUR 370.8 million). Net profit for the quarter was EUR 35.1 million (Q2 2023: EUR 61.4 million) and earnings per share were EUR 1.10 (Q2 2023: EUR 1.83). Net income for the period from January to September was EUR 169.0 million (Q1-Q3 2022: EUR 315.8 million) and earnings per share of EUR 5.13 after EUR 9.46 in the same period of the previous year.

Continued good balance sheet quality as a basis for financing investments

In EUR million	Sep. 30, 2023	Dec. 31, 2022	Change
Equity	2,132.0	2,067.1	64.9
Provisions for pensions	105.1	119.5	-14.4
Customer prepayments	553.3	503.7	49.6
Loan liabilities	787.3	653.8	133.5
Lease liabilities	110.5	106.7	3.8
Other provisions and liabilities	79.1	74.1	5.0
Non-current liabilities	1,635.3	1,457.8	177.5

With an equity ratio of 49.3 percent as of September 30, 2023 (December 31, 2022: 51.0 percent), Siltronic continues to have a good balance sheet quality. In the first nine months of the financial year, EUR 51 million more customer prepayments were received than refunded. In addition, the last tranche of a loan to finance our investments was drawn in Q3, as planned.

"Our balance sheet reflects a favourable equilibrium, as about half of our capital is equity. The financing of our new fab in Singapore is based on a broad foundation. This consists of high customer prepayments, which were negotiated within the framework of the long-term agreements concluded. In addition, the financing is based on Siltronic's sustainable and solid cash flows and the concluded debt financing," adds Claudia Schmitt, CFO of Siltronic AG.

In EUR million	Sep. 30, 2023	Dec. 31, 2022	Change
Cash and cash equivalents	449.5	488.7	-39.2
Financial investments	58.6	562.2	-503.6
Restricted long-term securities	-2.1	-1.9	-0.2
Nominal value of loan liabilities including interest	-821.7	-675.4	-146.3
Net financial liabilities / -assets	-315.7	373.6	-689.3

Cash and cash equivalents and financial investments fell by EUR 542.8 million to EUR 508.1 million in the first nine months of 2023. This was due to payments for capital expenditure including intangible assets of EUR 904.6 million for the construction of the new 300 mm fab in Singapore and the distribution of the dividend to the shareholders of Siltronic AG of EUR 90.0 million. The cash outflows were offset by cash inflows in the same period of EUR 324.3 million from the cash flow from operating activities. Due to the high investments, the net cash flow, which does not take into account the inflows and outflows from prepayments, was negative at EUR -631.3 million, as expected. This primarily led to Siltronic reporting net financial debt of EUR -315.7 million at the end of September 2023.

In EUR million	Q1-Q3 2023	Q1-Q3 2022	Change
Cash flow from operating activities	324.3	614.9	-290.6
Proceeds/payments for capital expenditure including intangible assets	-904.6	-585.6	-319.0
Free cash flow	-580.3	29.3	-609.6
Cash-effective change in prepayments	-51.0	-179.3	128.3
Net cash flow	-631.3	-150.0	-481.3
Proceeds/payments for capital expenditure including intangible assets	-904.6	-585.6	-319.0
Proceeds/payments for securities and fixed-term deposits	499.4	-446.3	945.7
Cash flow from investing activities	-405.2	-1,031.9	626.7

Outlook 2023 confirmed and specified: Group sales expected to be 15 to 17 percent below the previous year and EBITDA margin between 28 and 30 percent

In view of the Q3 2023 development, which is in line with expectations, the Executive Board has confirmed the full-year guidance communicated in H1 2023 and confirmed it at the upper end of the range. Even though the end of the weaker demand due to inventory corrections by chip manufacturers and their customers is not expected in Q4 2023, sales in Q4 2023 are expected to be higher than in Q3. Therefore, Siltronic continues to expect wafer volumes to decline by around 15 percent year-on-year in 2023. Sales prices are expected to remain stable. Accordingly, the full-year guidance has been concretised and group sales are now expected to be 15 to 17 percent (exchange rate EUR/USD: 1.10) below the previous year's record level of EUR 1,805.0 million. We expect that the increased inventories will also have an impact into the year 2024.

The EBITDA margin in 2023 is also forecast to be significantly lower at 28 to 30 percent, but at the upper end of the range guided in July. In addition to the reduced sales volume, which at the same time leads to a lower dilution of fixed costs, higher costs of less than EUR 40 million due to inflation as well as the aforementioned

one-time effect from the previous year contribute to the decline. The stronger euro year-on-year is weighing on the operating result, but Siltronic can expect a positive result from currency hedges in 2023, after a negative contribution in the previous year. The tax rate is expected to be around 15 percent in 2023.

As already communicated in H1 2023, capital expenditure including intangible assets is expected to be at a level of approximately EUR 1.3 billion (2022: EUR 1,074 million). In 2024, Capital expenditure including intangible assets is expected to decrease significantly by more than half. Depreciation is expected to be around EUR 200 million in the financial year.

Megatrends such as artificial intelligence, digitalisation and electromobility form the basis for the expected medium- to long-term growth spurt

Due to the rapidly increasing number of end applications based on megatrends such as artificial intelligence, digitalisation and electromobility, which will lead to a noticeable increase in wafer demand, Siltronic sees great growth potential in the medium and long term. The company is systematically preparing for this by investing heavily in its global production network. The main focus of expenditure is on building up new production capacities in Singapore (FabNext). Siltronic has also invested heavily in improving its product mix. For example, the extension of the crystal pulling hall in Freiberg was successfully inaugurated in September.

Overview of forecast changes

	Forecast March 9, 2023 (Annual Report)	Forecast July 27, 2023 (Q2 2023)	Forecast October 26, 2023 (Q3 2023)
Group sales	significantly below previous year	14 to 19 percent below the previous year	15 to 17 percent below the previous year
EBITDA margin	significantly below previous year	26 to 30 percent	28 to 30 percent
Depreciation and amortization	around EUR 220 million	around EUR 210 million	around EUR 200 million
EBIT	significant decrease	signifiant decrease	signifiant decrease
Tax rate	mid-single-digit percentage range	around 10 percent	around 15 percent
Capital expenditure	slightly above the previous year	around EUR 1,300 million	around EUR 1,300 million
Net cash flow	significantly below previous year	significantly below previous year	significantly below previous year
Earnings per share	significantly lower	significantly lower	significantly lower

Siltronic AG – Key financial figures Q3 2023

Profit and Loss statement

In EUR million		Q1-Q3 2023	Q1-Q3 2022	Q3 2023	Q2 2023	Q1 2023	Q3 2022
Sales		1,157.2	1,333.2	349.1	403.7	404.4	474.0
EBITDA		342.8	503.5	99.1	118.6	125.2	170.5
EBITDA margin	%	29.6	37.8	28.4	29.4	31.0	36.0
EBIT		194.5	370.8	46.4	70.3	77.8	124.3
EBIT margin	%	16.8	27.8	13.3	17.4	19.2	26.2
Result for the period		169.0	315.8	35.1	61.5	72.5	109.9
Earnings per share	EUR	5.13	9.46	1.10	1.83	2.20	3.32

Capital expenditure and net cash flow

Capital expenditure including intangible assets		943.7	596.7	317.5	366.4	259.8	226.0
Net cash flow		-631.3	-150.0	-215.3	-310.4	-105.5	-63.6

Statement of financial position

In EUR million		Sep. 30, 2023	Dec. 31, 2022
Total assets		4,325.6	4,050.7
Equity		2,132.0	2,067.1
Equity ratio	%	49.3	51.0
Net financial assets		-315.7	373.6



Conference call for analysts and investors

The Executive Board of Siltronic AG will hold a conference call with analysts and investors (in English only) on October 26, 2023 at 10:00 am (CEST). This call will be streamed via the Internet. The audio webcast will be available live as well as on demand on Siltronic's website.

The Q3 quarterly statement and the latest investor presentation are also published on the Siltronic website.

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Company profile:

Siltronic AG is one of the world's leading producers of hyperpure silicon wafers and has been a partner to many major semiconductor manufacturers for decades. Siltronic is globally oriented and operates production facilities in Asia, Europe and the USA. Silicon wafers are the foundation of the modern semiconductor industry and the basis for chips in all electronic applications - from computers and smartphones to electric cars and wind turbines. The international company is highly customer-oriented and focused on quality, precision, innovation and growth. Siltronic AG employs around 4,500 people worldwide and has been listed in the Prime Standard of the German Stock Exchange since 2015. Siltronic AG shares are included in both the SDAX and TecDAX stock market indices.

Financial information – pursuant to IFRS, unaudited

Siltronic AG – Consolidated Statement of Profit or Loss

In EUR million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Sales	349.1	474.0	1,157.2	1,333.2
Cost of sales	-273.4	-309.8	-864.2	-888.3
Gross profit	75.7	164.2	293.0	444.9
Selling expenses	-8.3	-8.9	-26.1	-25.1
Research and development expenses	-21.4	-22.2	-64.3	-66.5
General administration expenses	-8.4	-8.4	-26.0	-25.9
Other operating income	30.1	55.3	101.0	170.7
Other operating expenses	-21.3	-55.7	-83.1	-127.3
Operating result	46.4	124.3	194.5	370.8
Interest income	6.3	3.9	18.7	5.9
Interest expenses	-6.7	-2.2	-15.1	-3.6
Other financial result	-1.3	-1.5	-1.9	-9.6
Financial result	-1.7	0.2	1.7	-7.3
Result before income tax	44.7	124.5	196.2	363.5
Income taxes	-9.6	-14.6	-27.2	-47.7
Result for the period	35.1	109.9	169.0	315.8
<i>of which</i>				
<i>attributable to Siltronic AG shareholders</i>	<i>33.1</i>	<i>99.7</i>	<i>154.1</i>	<i>283.8</i>
<i>attributable to non-controlling interests</i>	<i>2.0</i>	<i>10.2</i>	<i>14.9</i>	<i>32.0</i>
Result per share in EUR (basic/diluted)	1.10	3.32	5.13	9.46

Siltronic AG - Consolidated Statement of Financial Position

In EUR million	Sep. 30, 2023	Dec. 31, 2022
Intangible assets	22.5	21.7
Property, plant and equipment	3,026.5	2,235.0
Right-of-use assets	110.0	107.5
Securities and fixed-term deposits	2.1	12.7
Other financial assets	–	4.2
Other non-financial assets	16.4	21.0
Deferred tax assets	18.0	15.9
Non-current assets	3,195.5	2,418.0
Inventories	303.4	277.6
Trade receivables	214.5	222.2
Contract assets	12.0	14.6
Securities and fixed-term deposits	56.6	549.5
Other financial assets	18.4	23.2
Other non-financial assets	73.8	55.8
Income tax receivables	1.9	1.1
Cash and cash equivalents	449.5	488.7
Current assets	1,130.1	1,632.7
Total assets	4,325.6	4,050.7
Subscribed capital	120.0	120.0
Capital reserves	974.6	974.6
Retained earnings and net Group result	737.9	673.7
Other equity items	104.2	116.7
Equity attributable to Siltronic AG shareholders	1,936.7	1,885.0
Equity attributable to non-controlling interests	195.3	182.1
Equity	2,132.0	2,067.1
Provisions for pensions	105.1	119.5
Other provisions	52.0	53.2
Liabilities for income taxes	4.2	3.8
Deferred tax liabilities	2.1	2.9
Customer prepayments	553.3	503.7
Loan liabilities	787.3	653.8
Lease liabilities	110.5	106.7
Other financial liabilities	1.5	–
Other non-financial liabilities	19.3	14.2
Non-current liabilities	1,635.3	1,457.8
Other provisions	14.7	10.0
Liabilities for income tax	22.8	35.4
Trade liabilities	369.0	336.1
Customer prepayments	51.2	58.6
Loan liabilities	9.2	3.9
Lease liabilities	6.6	6.1
Other financial liabilities	26.5	8.6
Other non-financial liabilities	58.3	67.1
Current liabilities	558.3	525.8
Total liabilities	2,193.6	1,983.6
Total equity and liabilities	4,325.6	4,050.7

Siltronic AG - Consolidated Statement of Cash Flows

In EUR million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Result for the period	35.1	109.9	169.0	315.8
Depreciation / amortization of non-current assets, including impairment losses and reversals thereof	52.6	46.2	148.3	132.7
Other non-cash expenses and income	2.7	-14.2	1.1	6.0
Result from disposal of non-current assets	1.1	0.8	2.0	1.9
Interest income	0.4	-1.7	-3.6	-2.3
Interest paid	-3.4	-0.5	-18.3	-1.4
Interest received	6.0	3.9	19.6	10.6
Tax expense	9.6	14.6	27.2	47.7
Taxes paid	-7.7	-4.4	-37.7	-35.7
Changes in inventories	-6.9	-6.7	-28.0	-35.8
Changes in trade receivables	-20.2	13.7	2.1	-9.1
Changes in contract assets	3.6	-2.5	2.1	-5.8
Changes in other assets	0.7	2.5	-22.5	2.8
Changes in provisions	3.4	2.9	7.1	6.4
Changes in trade liabilities	0.3	-16.4	0.1	-7.8
Changes in other liabilities	23.7	11.7	4.8	9.6
Changes in customer prepayments	-7.9	-9.8	51.0	179.3
Cash flow from operating activities	93.1	150.0	324.3	614.9
Payments for capital expenditure (including intangible assets)	-316.4	-223.4	-904.7	-586.0
Proceeds from the disposal of property, plant and equipment	0.1	-	0.1	0.4
Payments for securities and fixed-term deposits	-14.3	-130.5	-164.4	-582.1
Proceeds from securities and fixed-term deposits	89.3	20.8	663.8	135.8
Cash flow from investing activities	-241.3	-333.1	-405.2	-1,031.9
Dividends	-	-	-90.0	-90.0
Repayment portion of lease liability	-1.6	-1.2	-4.6	-3.4
Proceeds from loans	139.1	70.3	139.1	370.3
Cash flow from financing activities	137.5	69.1	44.5	276.9
Changes due to exchange-rate fluctuations	3.0	7.8	-2.8	21.9
Changes in cash and cash equivalents	-7.7	-106.2	-39.2	-118.2
at the beginning of the period	457.2	412.4	488.7	424.4
at the end of the period	449.5	306.2	449.5	306.2

Additional financial information

In EUR million	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022
Cash flow from operating activities	93.1	150.0	324.3	614.9
Cash-effective changes in prepayments	7.9	9.8	-51.0	-179.3
Proceeds/ payments for capital expenditure (including intangible assets)	-316.3	-223.4	-904.6	-585.6
Net cash flow	-215.3	-63.6	-631.3	-150.0

Disclaimer

This press release contains forward-looking statements based on assumptions and estimates made by the Executive Board of Siltronic AG. These statements can be identified by wording such as "expect", "want", "anticipate", "intend", "plan", "believe", "strive", "estimate", and "will" or similar terms. Although we assume that the expectations contained in these forward-looking statements are realistic, we cannot guarantee that they will prove to be correct. These assumptions may contain risks and uncertainties that could cause the actual figures to differ considerably from the forward-looking statements. Factors that can cause such discrepancies include changes in the macroeconomic and business environment, changes in exchange rates and interest rates, the introduction of products that compete with our own products, a lack of acceptance of new products or services, and changes in corporate strategy. Siltronic does not intend to update these forward-looking statements, nor does it assume any responsibility to do so.

This press release includes supplementary financial indicators that either are or may be so-called alternative performance indicators that are not clearly defined in the relevant financial reporting framework. In assessing the financial position and performance of Siltronic, these supplementary financial indicators should not be used in isolation or as an alternative to those presented in the consolidated financial statements and determined in accordance with the relevant financial reporting framework. Other companies that present or report alternative performance indicators with similar names may calculate them differently. Explanations of the key financial figures used are available in the Annual Report of Siltronic AG.

Due to rounding, some of the figures presented in this press release as well as in other reports may not add up exactly to the stated totals and percentages presented may not accurately reflect the absolute values to which they relate.

This press release is a quarterly Group statement in accordance with Section 53 of the Exchange Rules for the Frankfurt Stock Exchange.