

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

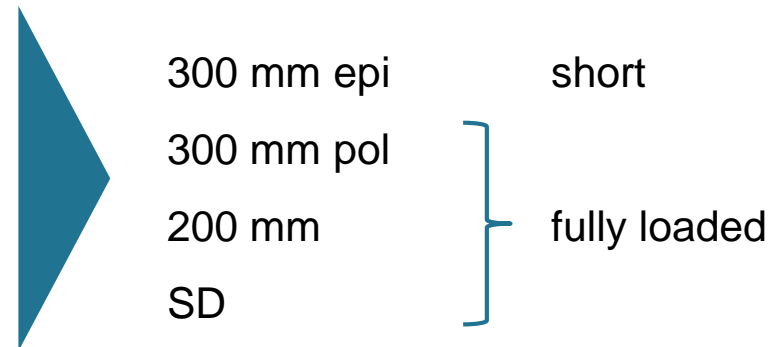
- ▶ Q2 demand softer due to Q1 pull-in effects, seasonality and chip shortages
- ▶ 5G role with higher content per device out continues

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

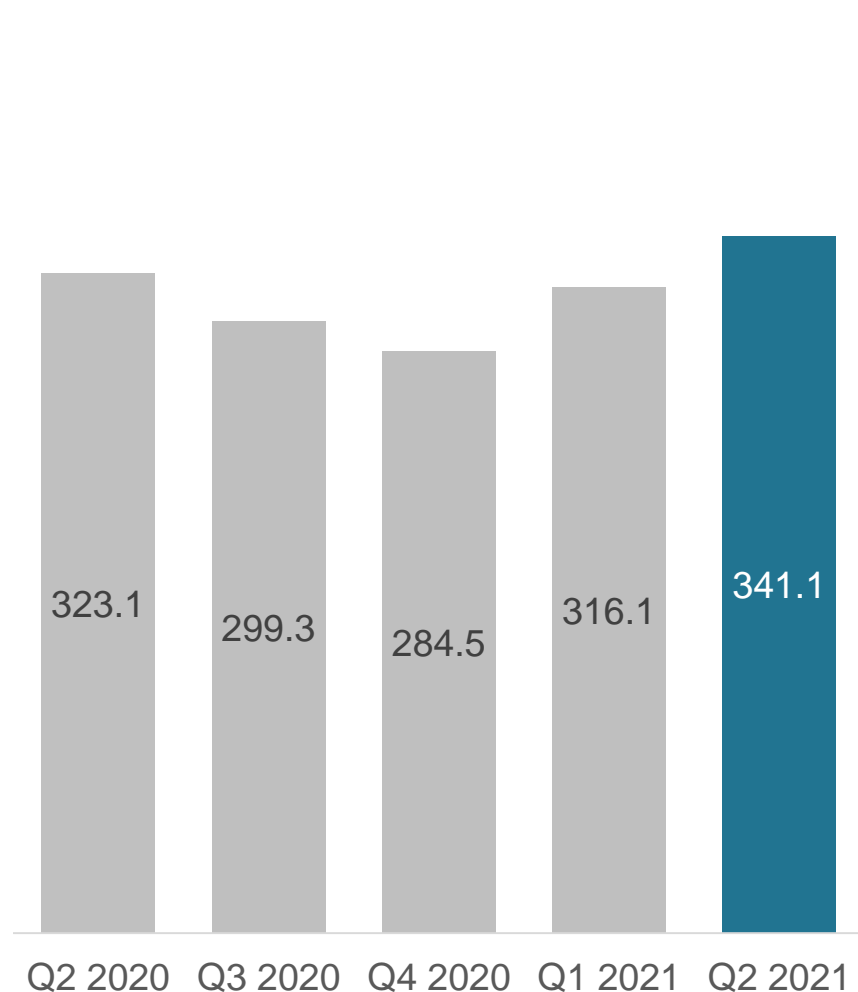
– EUR 528.4m (December 31, 2020: EUR 499.2m)



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

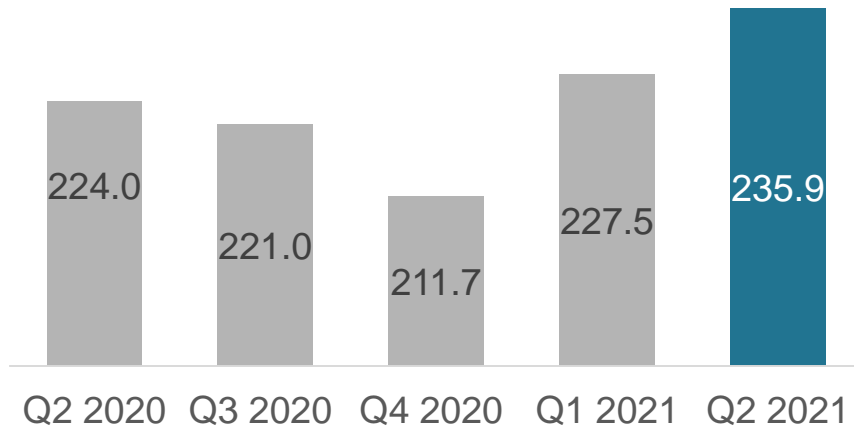
► Negative

- Continuing headwind from strong Euro y-o-y

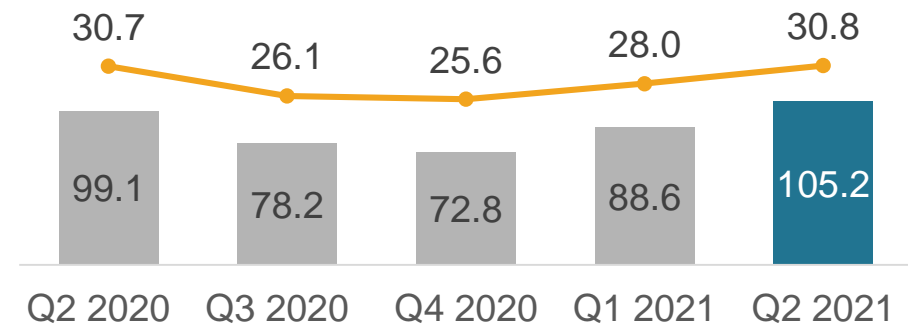
COGS up due to higher wafer area sold

COGS per wafer area down

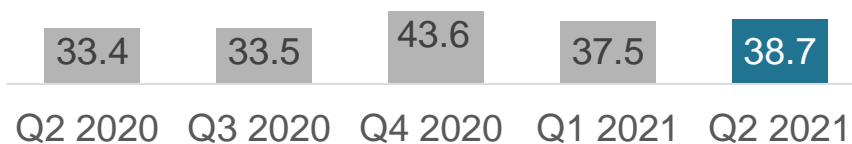
Cost of sales, in EUR m



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



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

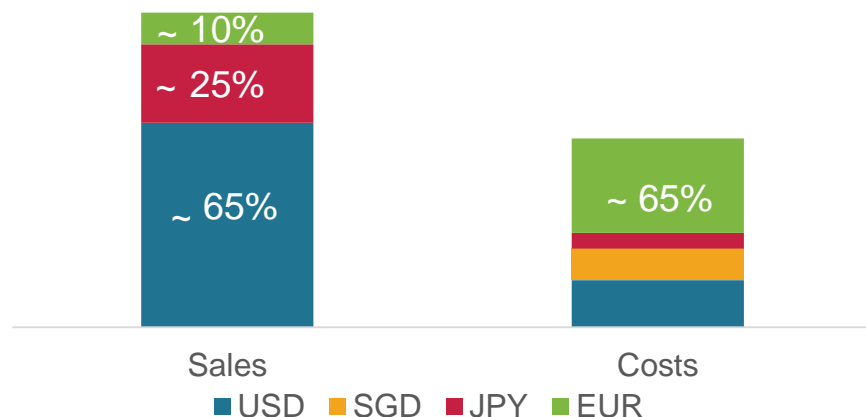


Comments

- ▶ 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

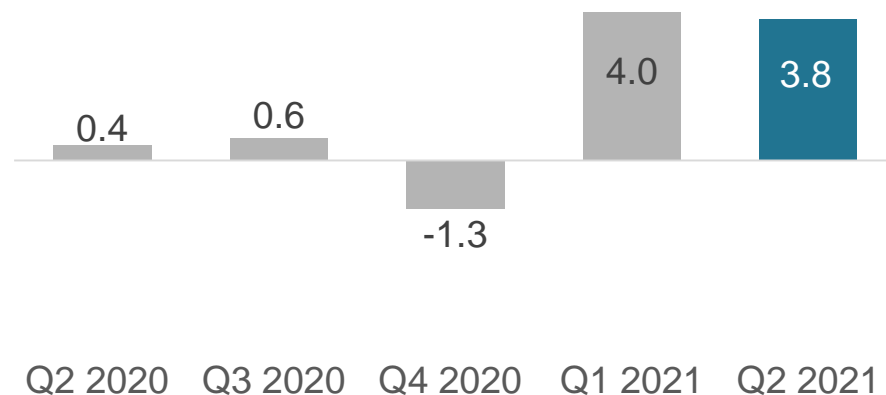
FX exposure, in %



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

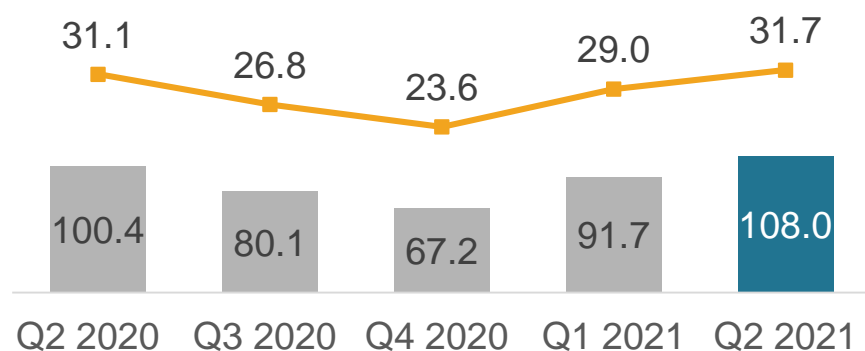


Comments

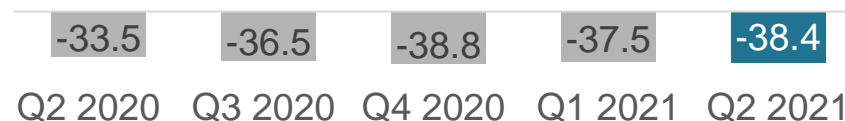
- ▶ Continuing strong Euro
- ▶ Other currency effects of EUR 3.8m in Q2 2021

Higher wafer area sold leads to strong EBITDA and EBIT

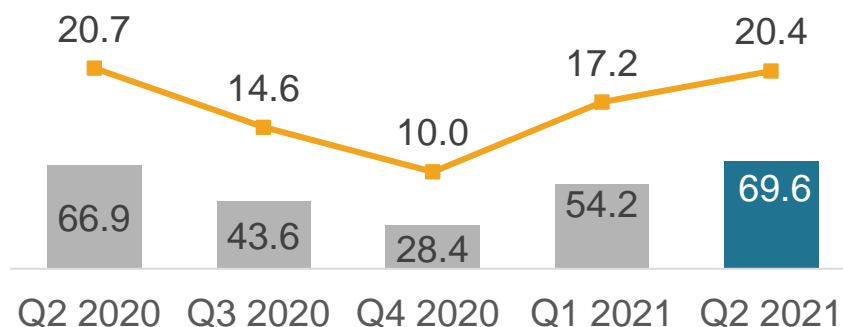
EBITDA, in EUR m / EBITDA margin, in %



Depreciation, in EUR m



EBIT, in EUR m / EBIT margin, in %



Comments

► Positive

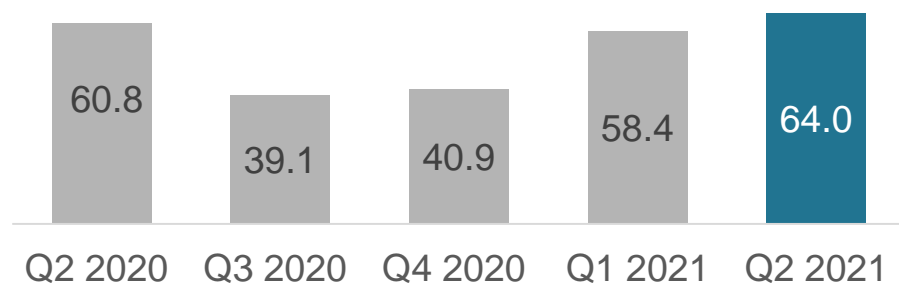
- Wafer area sold significantly up q-o-q and y-o-y
- ASP stable q-o-q but down y-o-y
- Advisory costs relating to GlobalWafers' tender offer flattish q-o-q
- Only minor FX impact q-o-q

► Negative

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

Net profit of EUR 64 million in Q2 2021

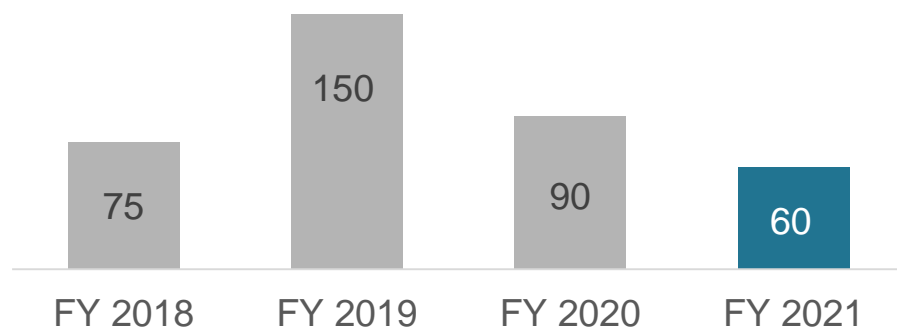
Net profit, in EUR m



EPS, in EUR



Dividend payment, in EUR m

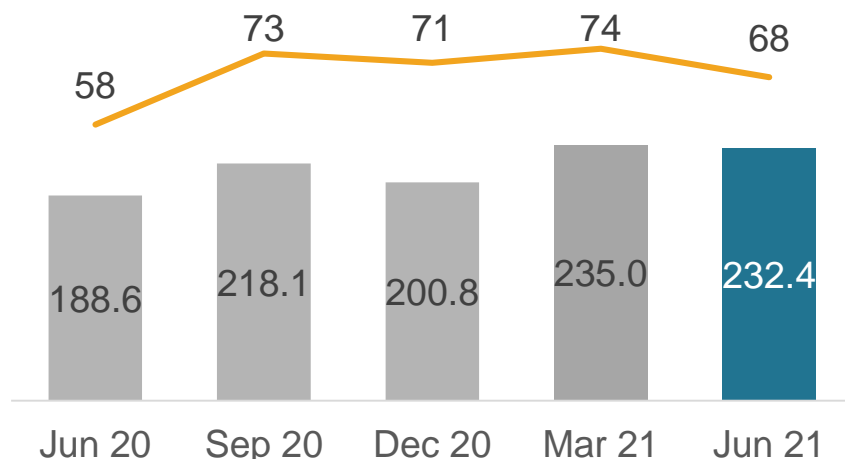


Comments

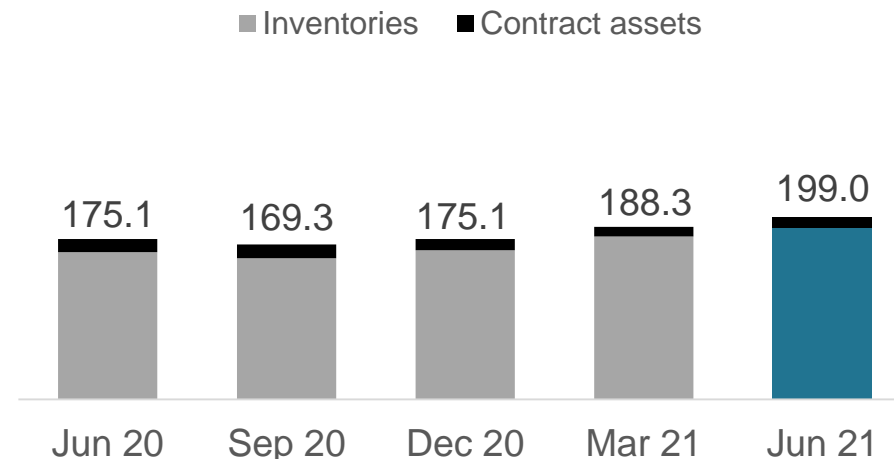
- ▶ Net profit of EUR 64.0 million in Q2 2021; thereof EUR 54.9m attributable to Siltronic shareholders
- ▶ Dividend of EUR 2.00 per share = EUR 60m dividend paid in May 2021

Trade receivables and inventories high due to increased demand

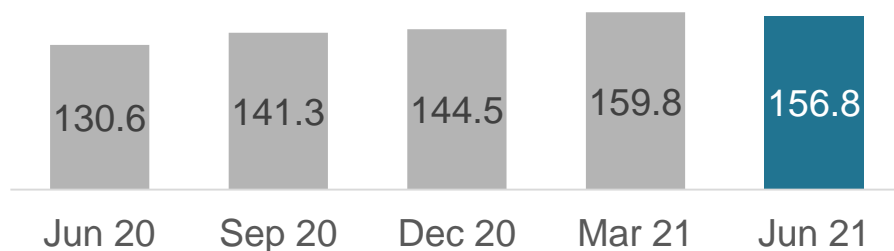
Working capital, in EUR m,
Working capital ratio to quarterly sales, in %



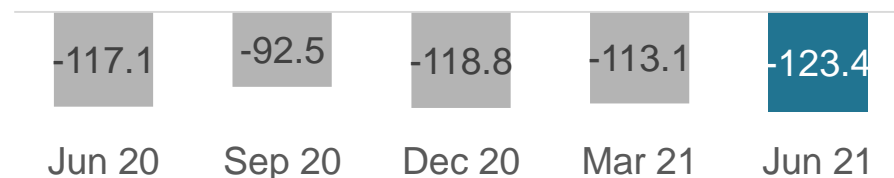
Inventories and contract assets, in EUR m



Trade receivables, in EUR m

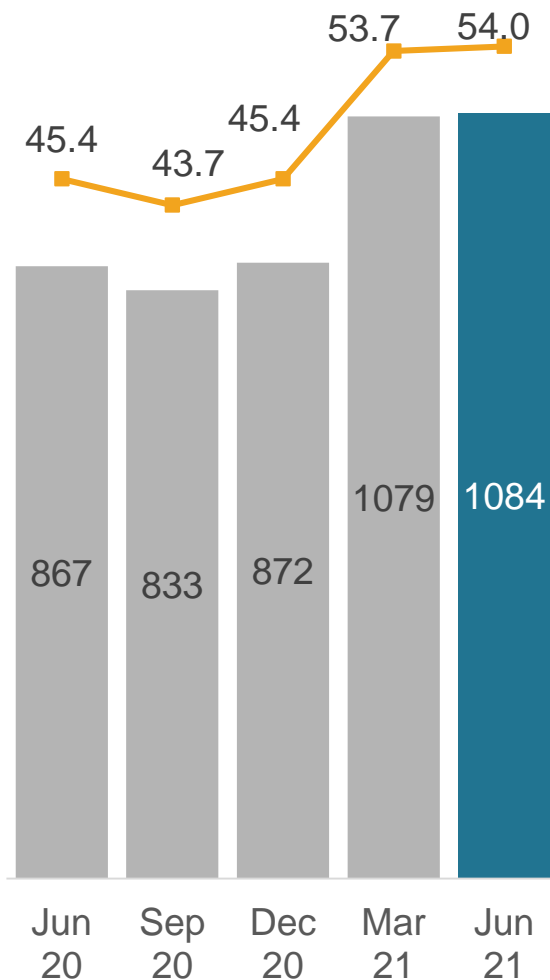


Trade liabilities, in EUR m



Strong equity ratio and solid net financial assets

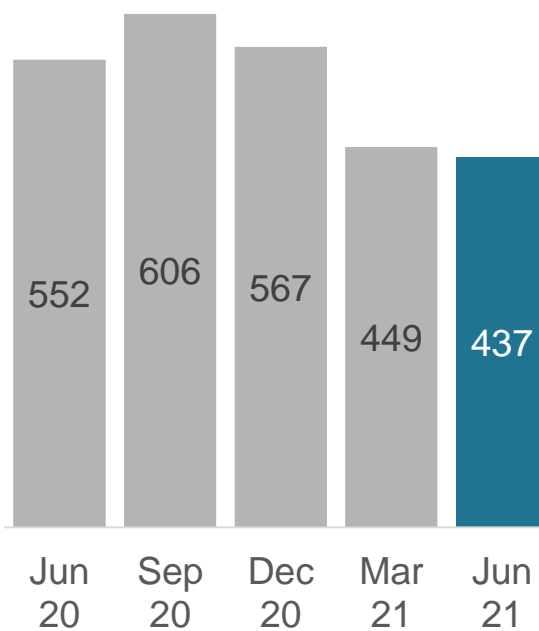
Equity, in EUR m
Equity ratio, in %



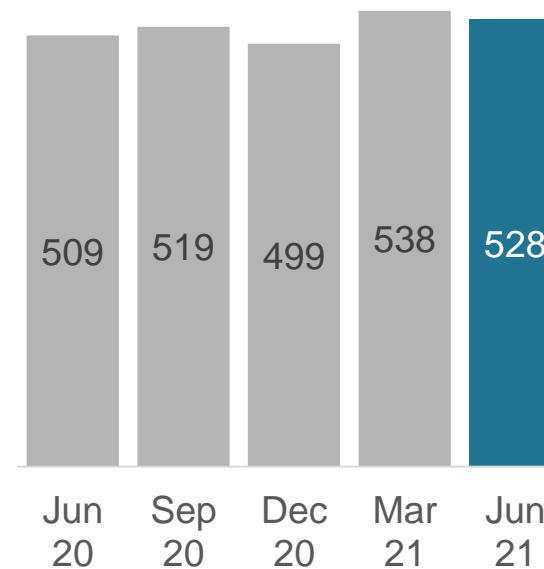
Provisions for pensions,
in EUR m

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%

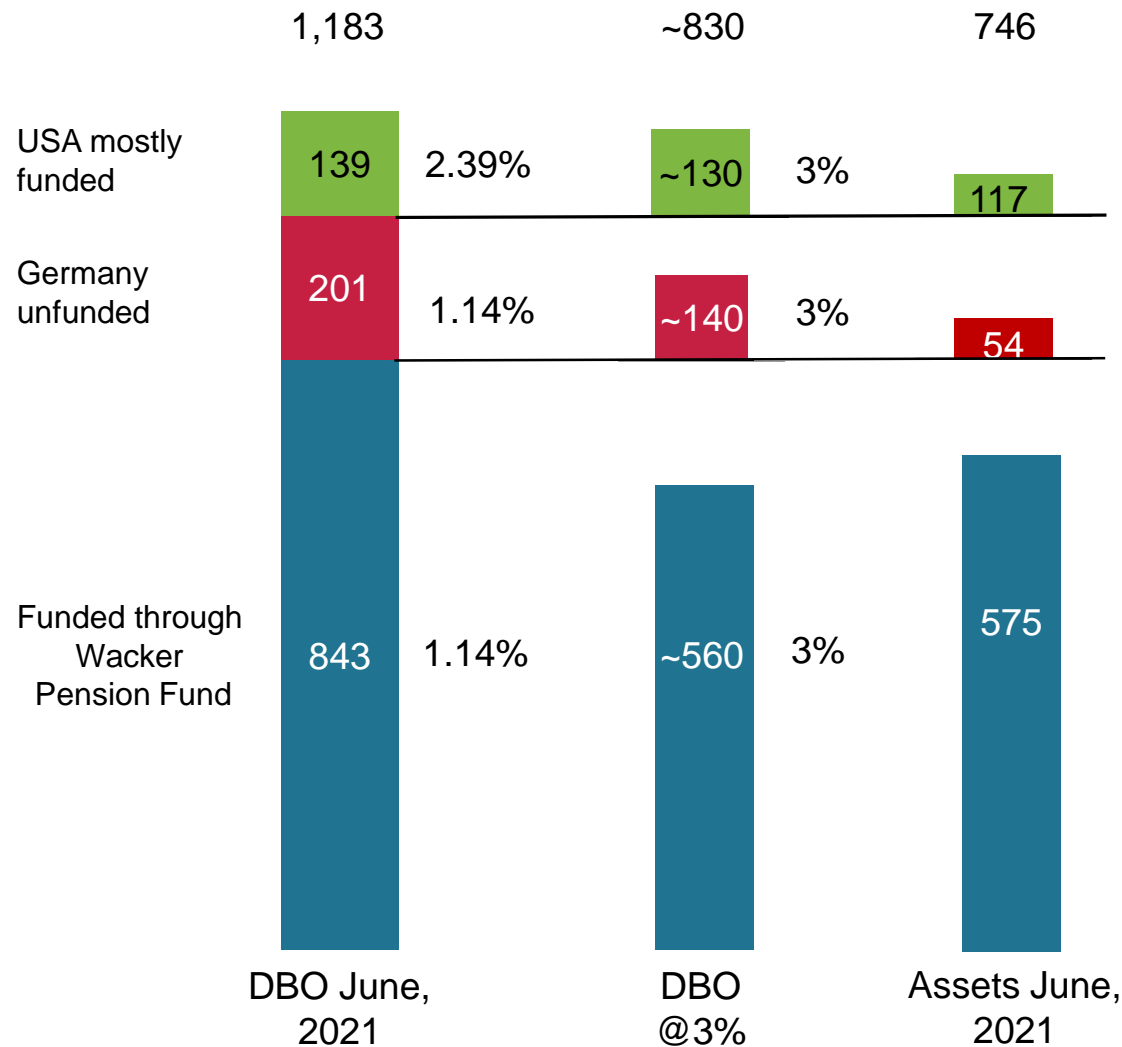


Net financial assets,
in EUR m



Pension reserves decreased mainly due to higher IFRS interest rates

DBO and pension reserves, in EUR m

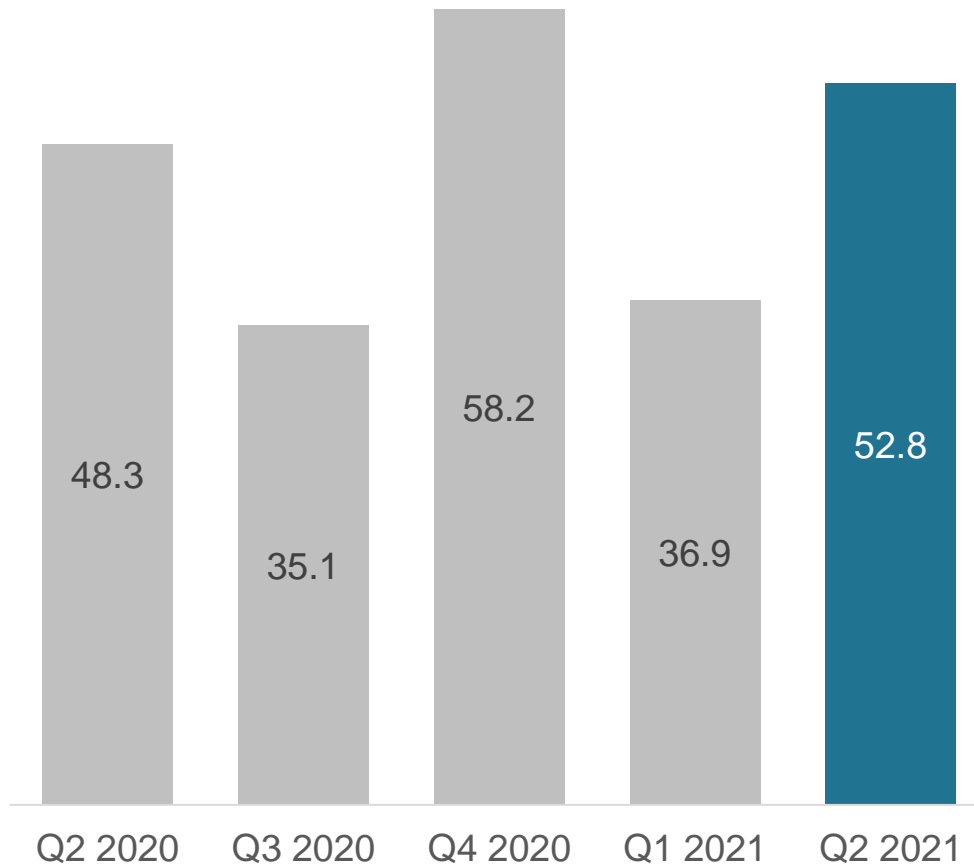


Comment

- ▶ 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

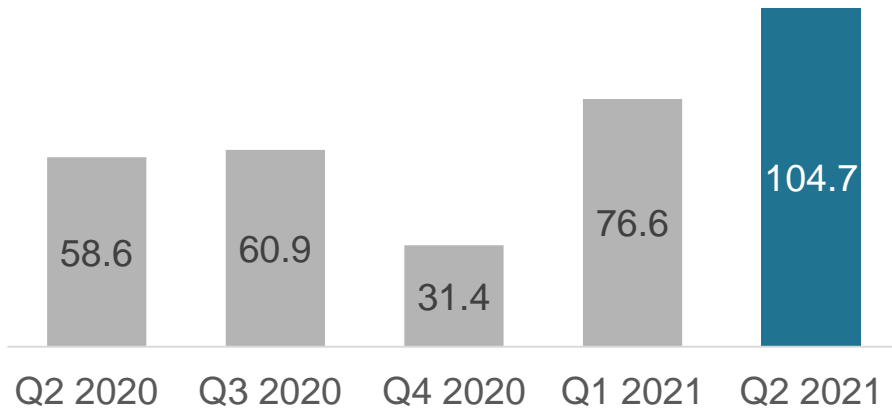


Comments

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

Strong net cash flow

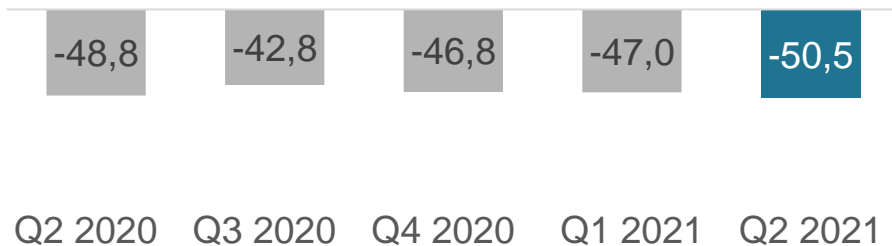
Operating cash flow (OCF), in EUR m



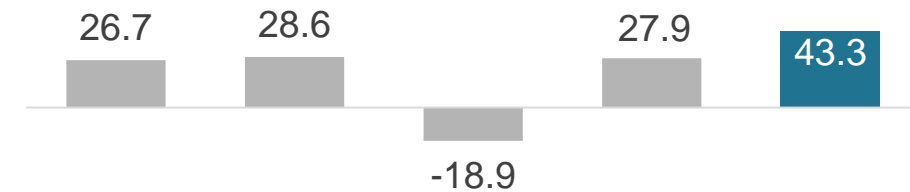
Customer prepayments net (PP), in EUR m



CF Capex, in EUR m



Net cash flow (NCF), in EUR m



Q2 2020 Q3 2020 Q4 2020 Q1 2021 Q2 2021
 $NCF = OCF - PP + CF \text{ Capex}$

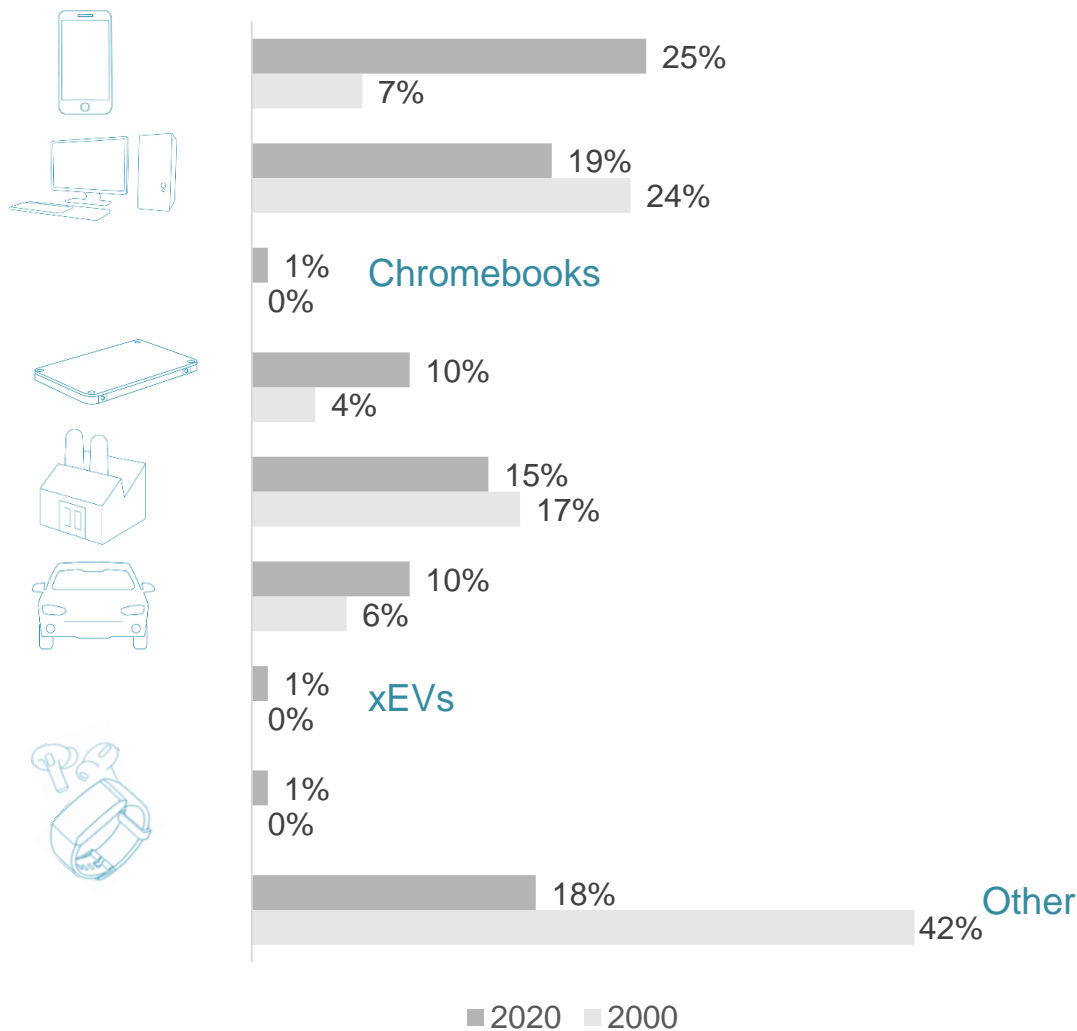


Outlook 2021

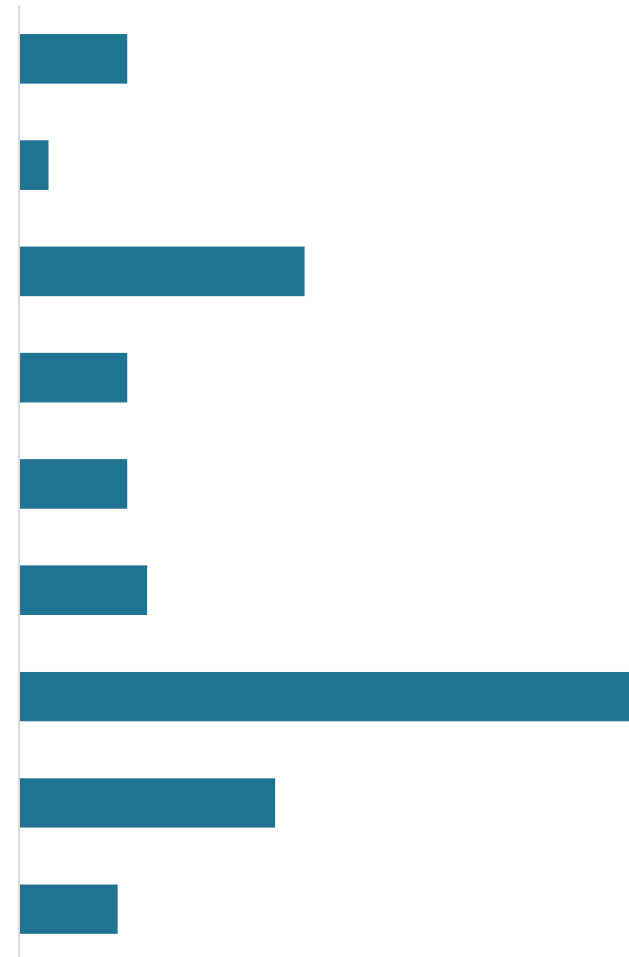
Further shift in main applications of silicon demand

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

Issuer and Contact

Siltronic AG
Einsteinstraße 172
D-81677 München

Investor Relations:

Petra Mueller
email: investor.relations@siltronic.com
Tel. +49 89 8564-3133

Additional Information

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

Financial Calendar 2021

Q3 Quarterly Statement	October 26, 2021
------------------------	------------------



Disclaimer

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements contained in this presentation may be statements of future expectations, future financial performance and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities and risk adequate pricing, words such as "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "continue", "projects" or "seeks", "potential", "future", or "further" and similar expressions may identify forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing business or other market conditions, currency and interest fluctuations, introduction of competitive products, poor acceptance of new products and services, change of the corporate strategy and the prospects for growth anticipated by the management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Siltronic AG does not undertake and does not intend to undertake any obligation to update or revise any statements contained in this presentation, whether as a result of new information, future events or otherwise. In particular, you should not place any reliance on forward-looking statements which speak only as of the date of this presentation.

SILTRONIC AG |

Einsteinstrasse 172
81677 Munich
Germany