

Siltronic AG Investor Presentation – Q3 2021

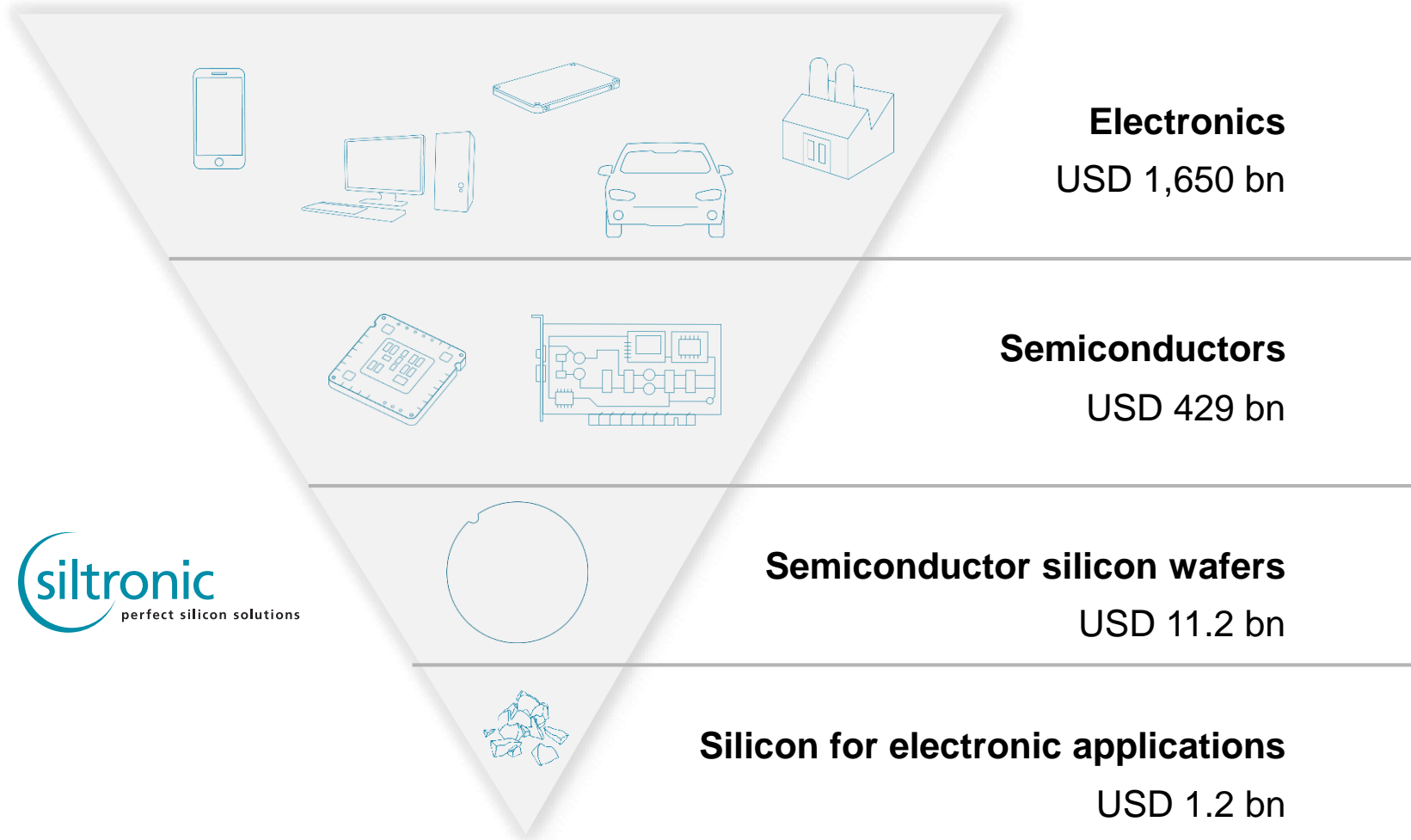
October 26, 2021

The background features a series of vertical blue stripes of varying shades, creating a sense of depth and movement. On the left side, there is a large, dark grey circular shape. A thin white line curves across the scene, starting from the left edge and ending near the bottom right, passing through the blue stripes.

Market overview

Electronics value chain 2020

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



Source: Electronics (IC Insights), Semiconductors (WSTS, only silicon-based), Silicon wafers (SEMI SMG), Electronic applications (estimate)

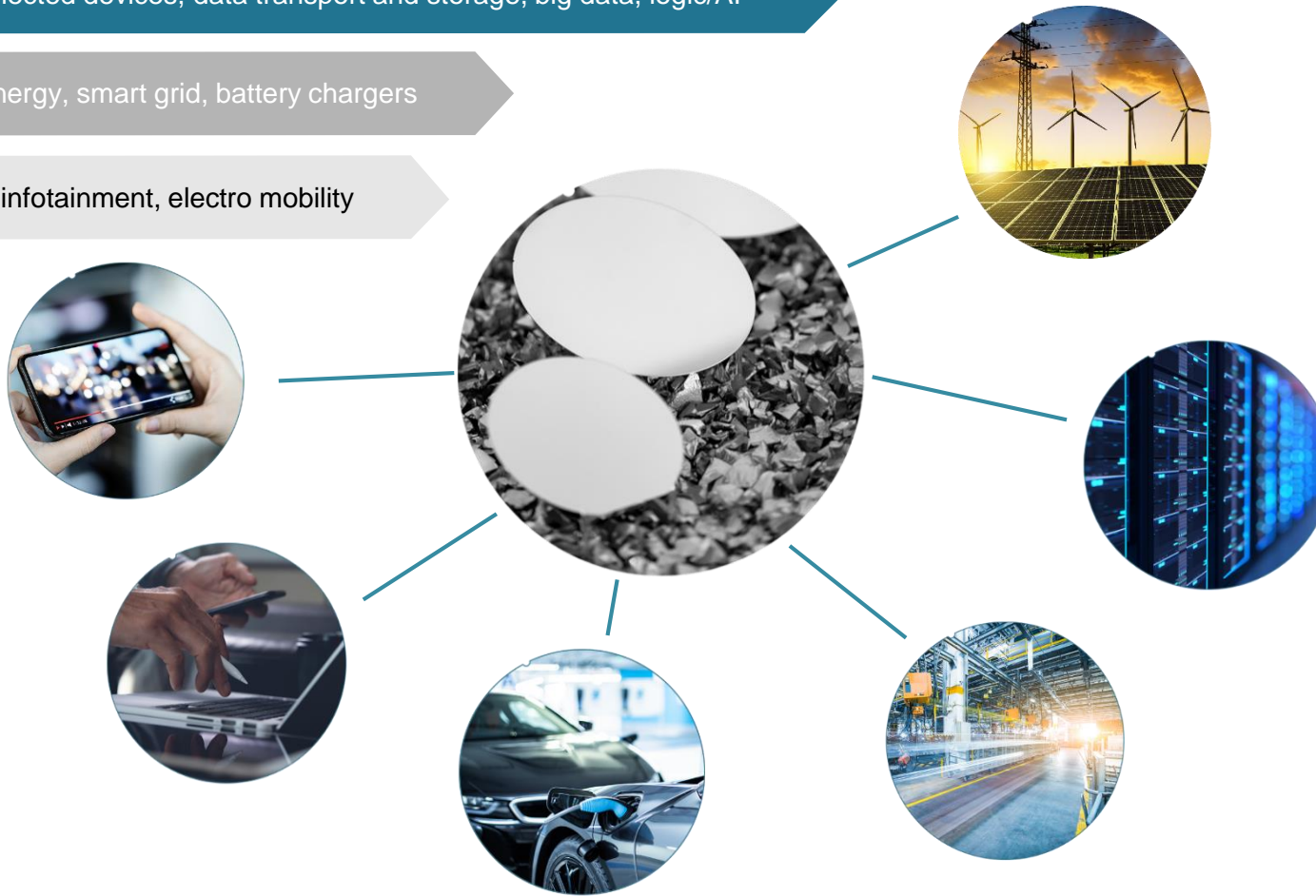
New applications for electronic devices and the infrastructure to support them continue to drive silicon demand

Current growth drivers include

Data explosion: connected devices, data transport and storage, big data, logic/AI

Power: renewable energy, smart grid, battery chargers

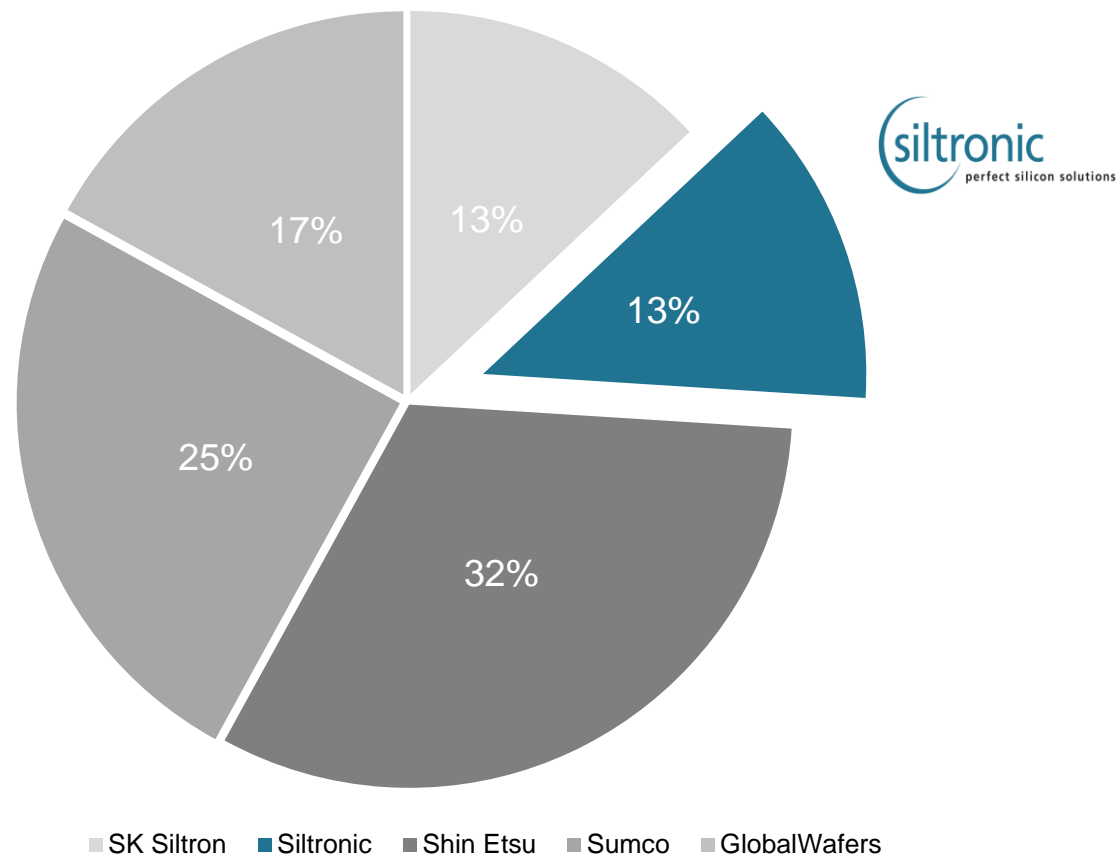
Automotive: ADAS, infotainment, electro mobility



Pictures: coolhand118/stock.adobe.com, tippapatt/stock.adobe.com, monsitj/stock.adobe.com, Wellnhofer Designs/stock.adobe.com, 安琦 王/stock.adobe.com, AdobeStock_101580295

Consolidated market with 5 major wafer manufacturers

Top 5 wafer producers serve more than 90% of market across all diameters

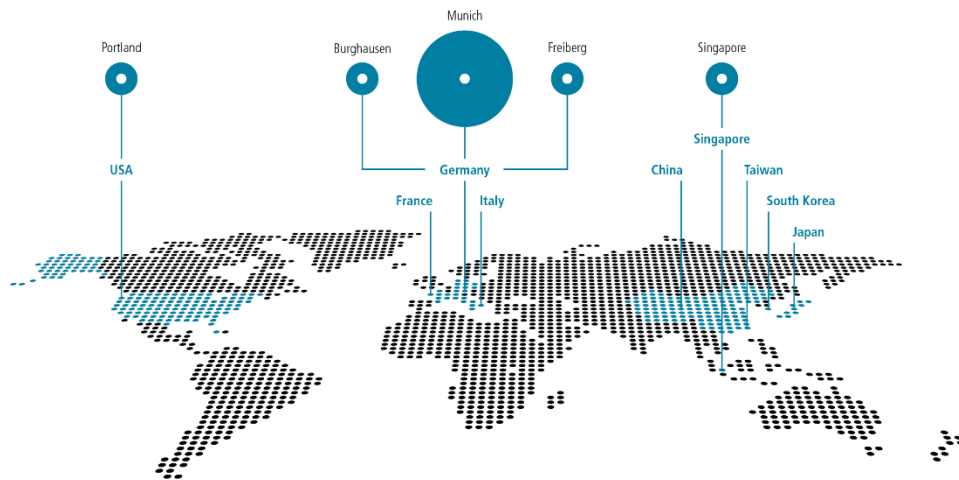


Sources: reported company revenues Q1-Q4 2020, converted to USD million



Company overview


Siltronic at a glance




Key financial figures 2020


- ▶ Sales: EUR 1,207.0 million
- ▶ EBITDA: EUR 332.0 million
- ▶ EBITDA margin: 27.5%
- ▶ Net cashflow: EUR 77.4 million
- ▶ Net financial assets: EUR 499.2 million

 4 world-class production sites

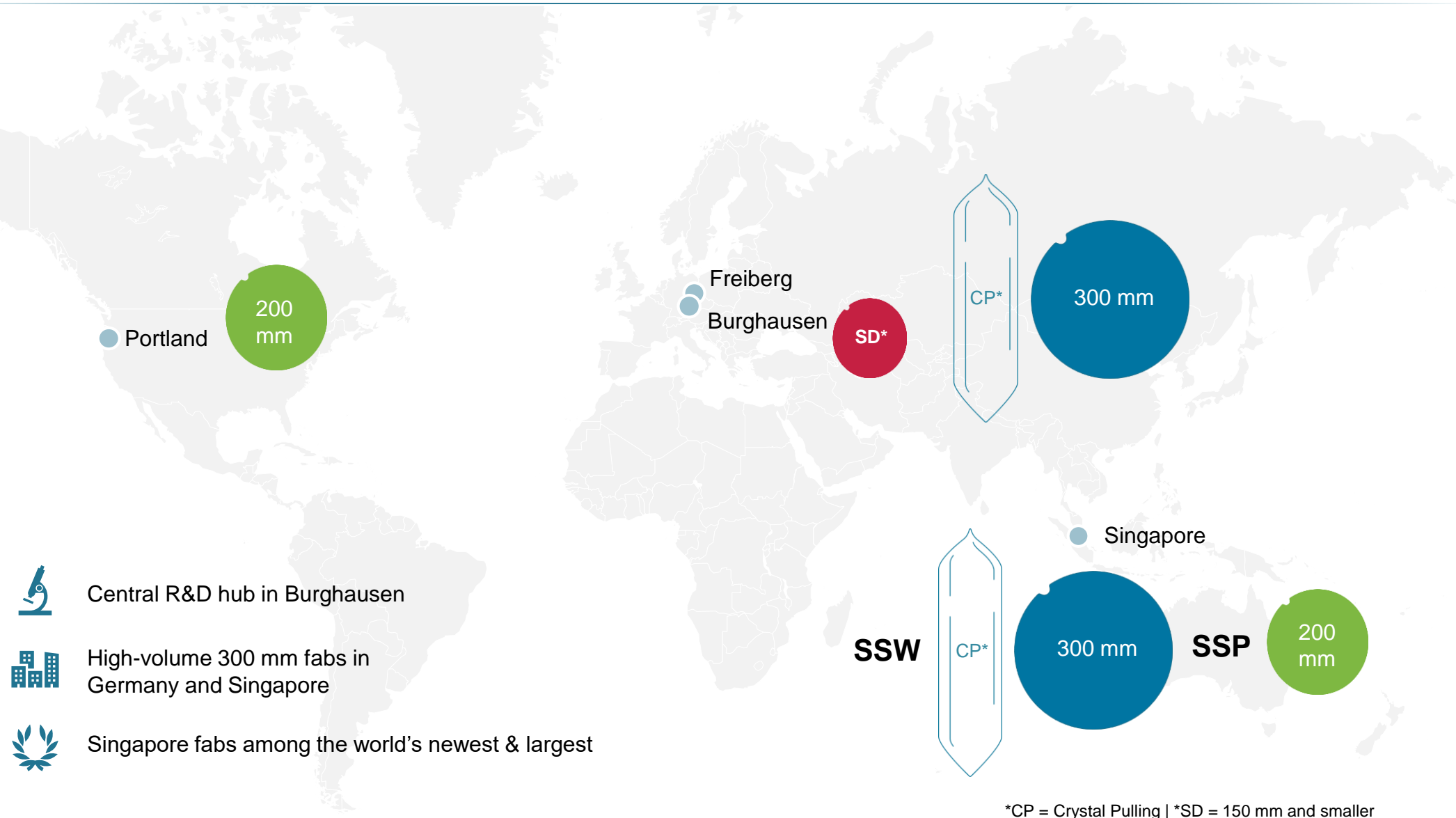
 ~ 3,900 employees

 global scale and reach

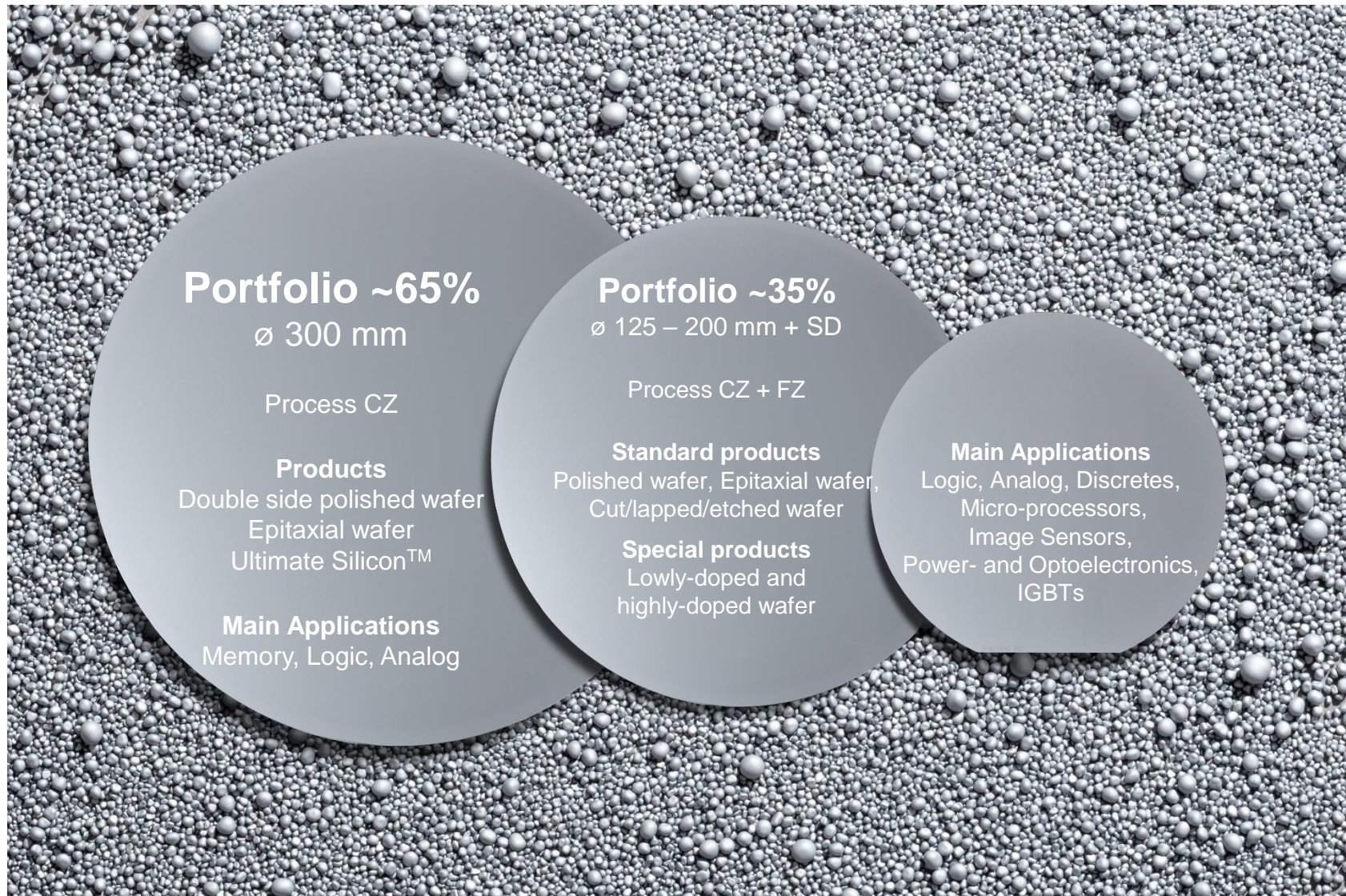
 50+ years of history in silicon technologies

 = Production sites, Headquarter in Munich

International manufacturing network supports strong market position and business focus



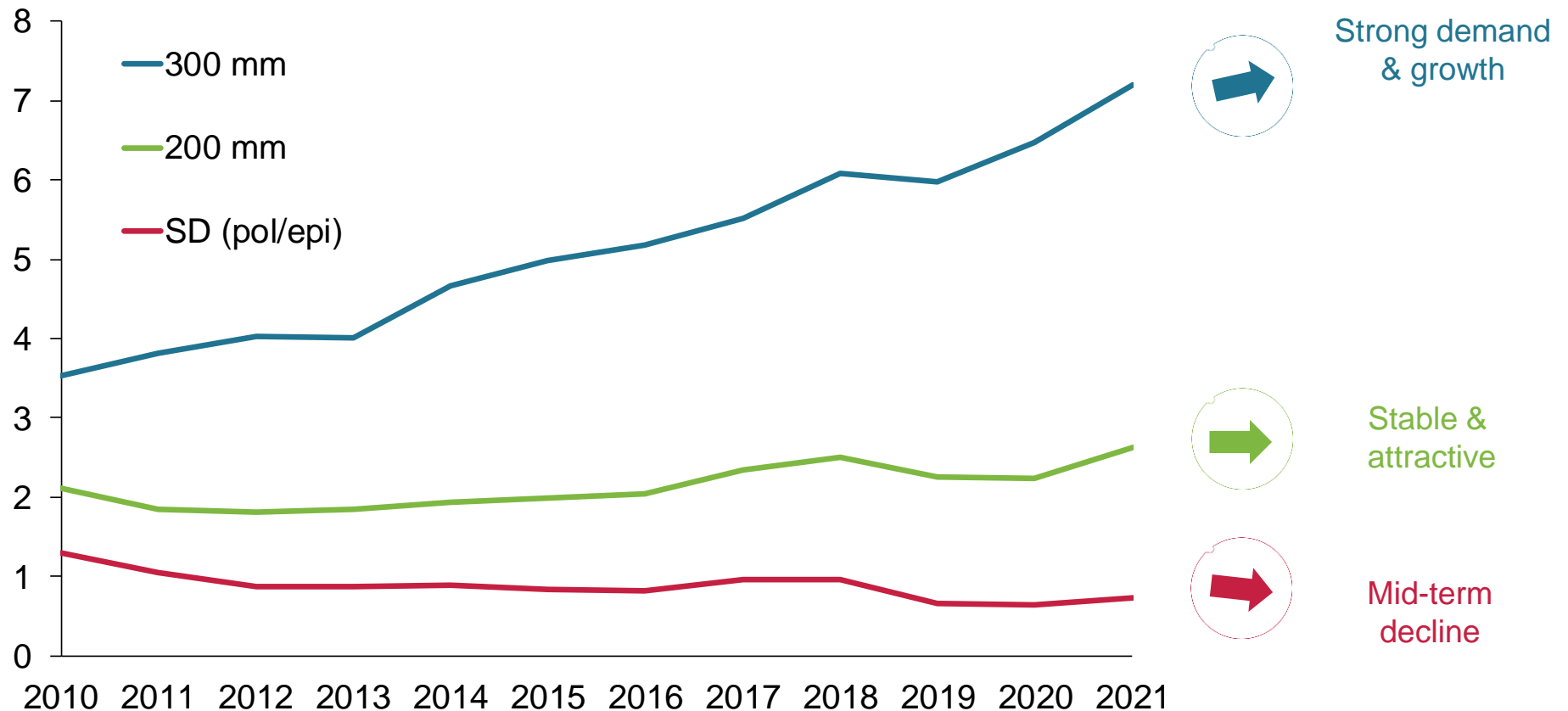
A broad product portfolio covers standard and leading-edge requirements of the customers



Note: CZ: Czochralski crystal growing, FZ: float zone technology

Siltronic is focused on growing 300 mm and attractive 200 mm business.

Development of Total Wafer Demand per Diameter, in mn 300 mm equivalents per month



Source: SEMI up to Sep 2021

Top technology position complemented with a high level of quality

A leading position in wafer technology

- ▶ First supplier to ship 300 mm wafers
- ▶ Development of 3 nm design rule started in 2019 (commercialization expected to start in 2022)
- ▶ Concurrently optimizing on 50+ wafer parameters of each design rule
- ▶ Single wafer traceability for 300 mm
- ▶ Standardized processes across sites enabling “copy exactly” at product level



>400 engineers worldwide



Approximately 1,850 pending and active patents in almost 370 patent families*

Quality awards from several top semiconductor customers received over the years



R&D expenditure, in EUR million (% of sales)

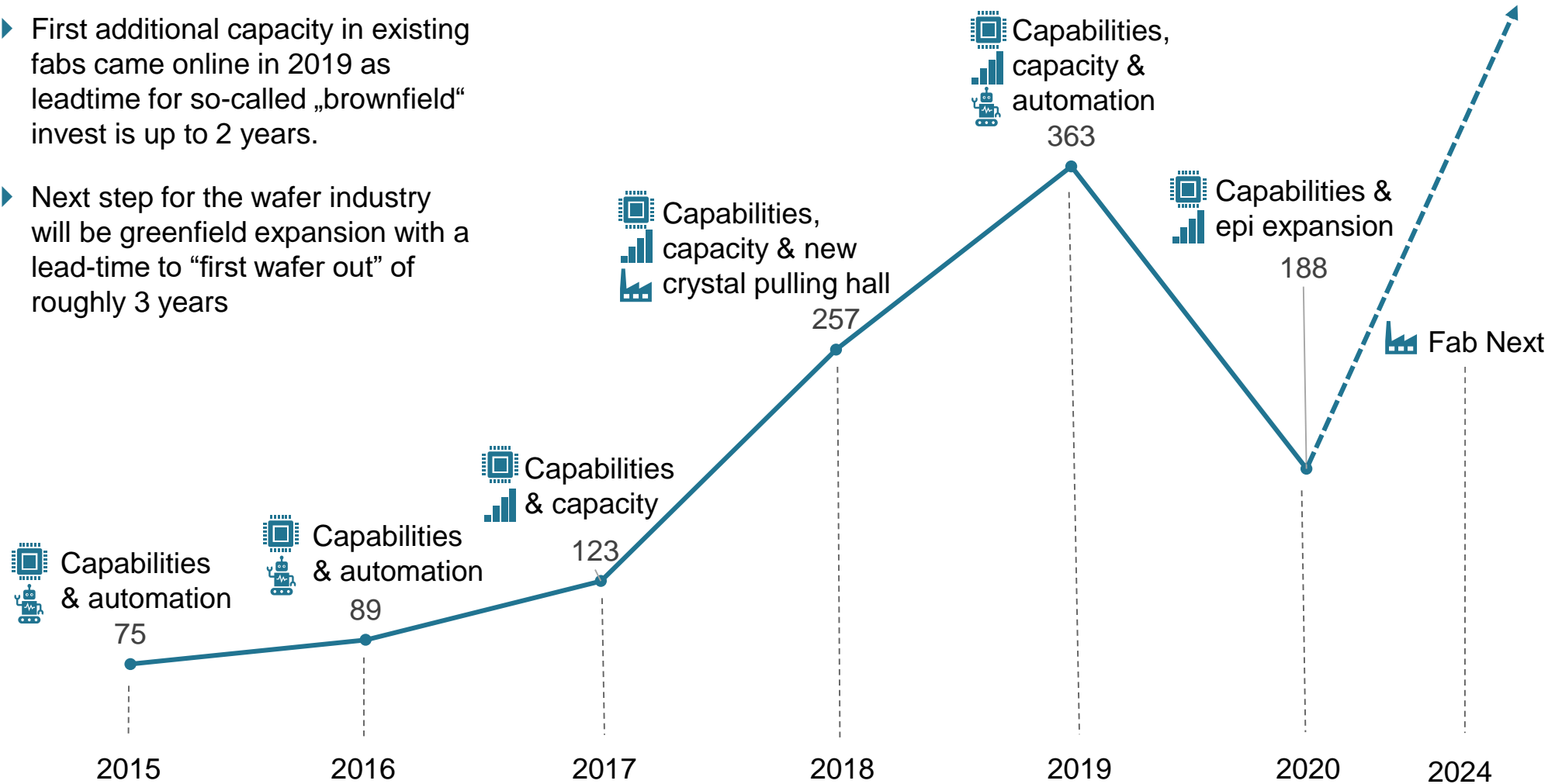


*as of December 31, 2020

Capital-intensive industry with capex mainly in capabilities and cost savings but also in some capacity over the cycle

Siltronic Capex, in EUR million

- ▶ First additional capacity in existing fabs came online in 2019 as leadtime for so-called „brownfield“ invest is up to 2 years.
- ▶ Next step for the wafer industry will be greenfield expansion with a lead-time to “first wafer out” of roughly 3 years



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

Cost-competitiveness a pre-requisite in the wafer industry

Major cost items



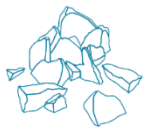
Labor



Supplies



Depreciation

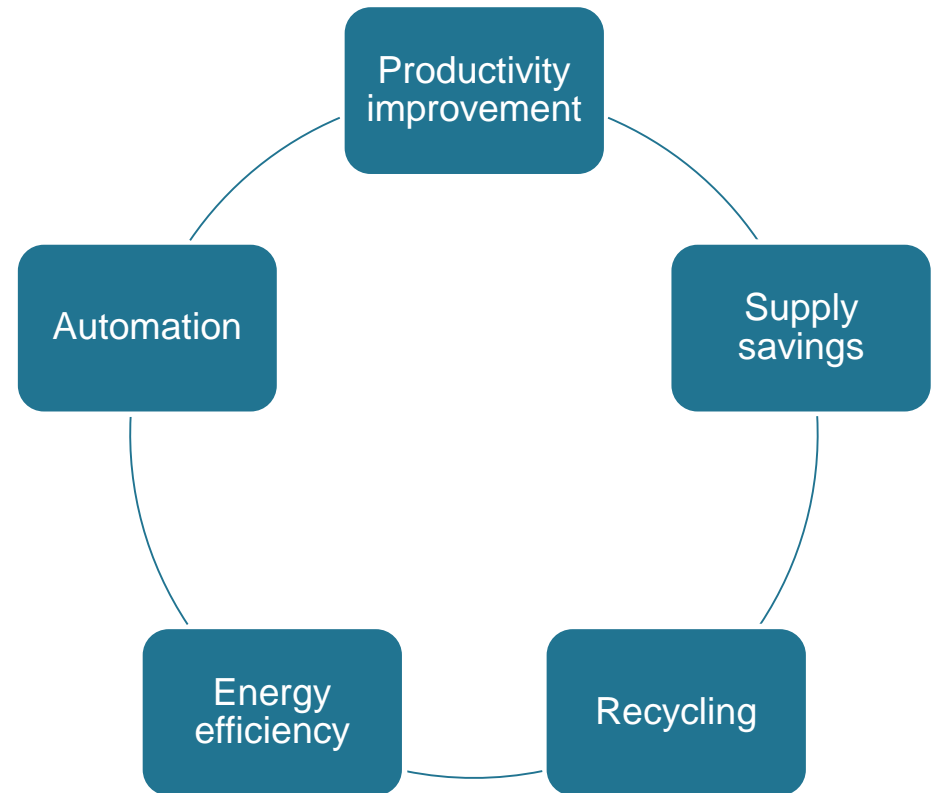


Polysilicon

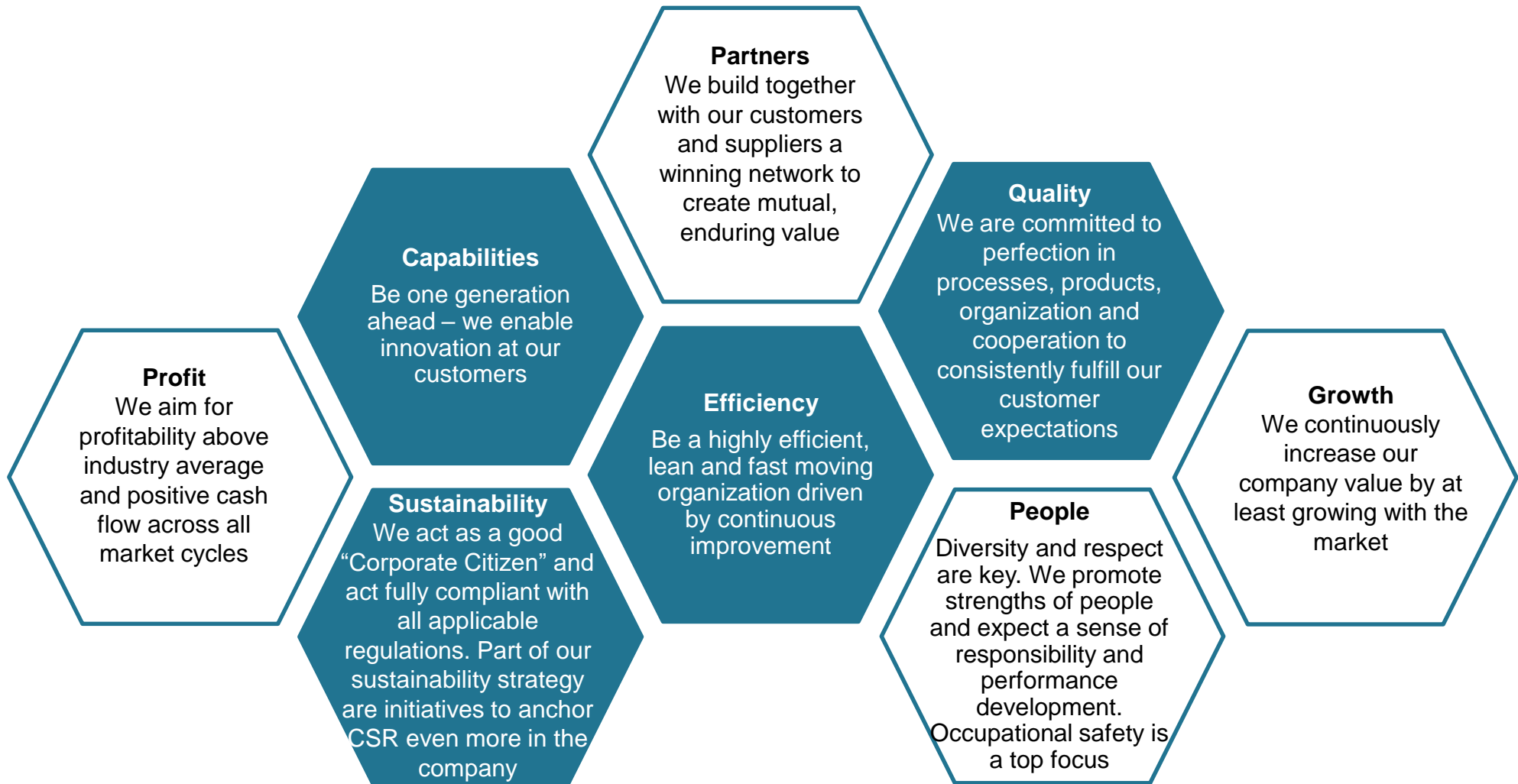


Energy

Continuous cost roadmaps to counter unit cost increases



Our objectives and values



Strategy based on four pillars

Continuously increasing
the value for our stakeholders



Grow

by optimizing
product mix and
increase
capacities when
needed



Ensure

top technology
position &
highest quality



Improve

financial
performance &
cash flow



Execute

cost reduction
roadmaps &
debottlenecking
concepts

Optimize returns, stay ahead in technology and grow with the market

Update on GlobalWafers' tender offer

- ▶ Completion of merger likely to be delayed due to protracted discussions with authorities on regulatory clearances
- ▶ Constructive discussions with the authorities on the terms of the outstanding clearances continue

7 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
- ▶ US Federal Trade Commission (waiting periods pursuant to the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the regulations under this act have expired. Thus completion condition set out in Section 13.1.1 ("Merger control clearances") bullet (v) of the offer document has been fulfilled)

3 approvals pending



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

Overview Financials

Adjusted financial figures (EUR million)	2017	2018	2019	2020	Q1-Q3 2021
Sales	1,177.3	1,456.7	1,270.4	1,207.0	1,028.8
EBIT	235.7	497.7	298.3	192.2	207.6
EBIT margin in %	20.0	34.2	23.5	15.9	20.2
EBITDA	353.1	589.3	408.7	332.0	322.6
EBITDA margin in %	30.0	40.5	32.2	27.5	31.4
Earnings per share	6.20	12.40	7.52	5.36	5.65
Capex	123.2	256.9	363.0	187.6	143.8
Free cash flow ¹	169.6	416.4	36.4	32.0	155.4
Net cash flow ¹	124.8	240.4	81.3	77.4	141.2
Dividend	75.0	150.0	90.0	60.0	

¹ In 2018, Siltronic started reporting the key figure „net cash flow“ instead of „free cash flow“. Net cash flow represents free cash flow without the time shifts created by inflow and return of customer prepayments which, due to the size, impairs the meaningfulness of free cash flow.

Key investment highlights

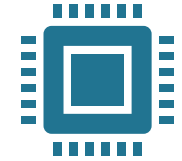
Market Position

- ▶ Strong market position in the semiconductor and wafer industry



Strategy

- ▶ Best-in-class technology and quality



Customers

- ▶ Supplier to all top 20 silicon wafer consumers



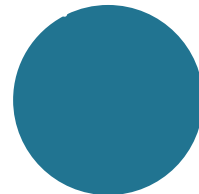
Financials

- ▶ Profitable sales increase and on-going efficiency improvement



Products

- ▶ High-quality wafers made of hyper pure silicon



Management

- ▶ Experienced management team and highly skilled workforce





**Corporate Social
Responsibility**

Sustainability at Siltronic

Clear commitment to sustainability

- ▶ **Claim:** We understand sustainability not only as responsible action, but also want to generate competitive advantages through our sustainable actions.
- ▶ **Strategy:** We plan resource-saving right from the start, based on product and production safety as well as health and environmental protection.
- ▶ **Voluntary commitments:** We follow the principles of the Responsible Business Alliance (RBA) and the United Nations Global Compact.
- ▶ **Goal:** We want to reconcile the effects of our business activities with the expectations and needs of society.



Responsible Business Alliance
Formerly the Electronic Industry Citizenship Coalition
Advancing Sustainability Globally



CSR targets until 2030



Reduce specific energy consumption by 20%¹



Increase waste recycling by 25%¹



Reduce specific water consumption by 20%¹



Increase water recycling by 25%¹



Reduce specific greenhouse gas emissions by 20%¹

Ratings













Climate Change "B | Management"
Water Security "B | Management"



„Prime“ rating

¹ base value 2015

CSR track record 2020

CSR topic	Target 2020	Status	Notes
	Reduce energy intensity by 1.5%	✓	 Energy consumption reduced by 7.1 GWh in 2020 with energy efficiency program
	Increase waste recycling ratio by 1.5%	✓	 With a waste recycling ratio of 70.3% target for 2020 was reached. Since base year 2015 recycling ratio has increased >10%
	Reduce specific water usage in production by 1.5%	✓	 Specific water consumption decreased by 5.4% in 2020
	Increase water reuse ratio by 1.5%	✗	 Slight decrease of water reuse ratio in 2020; however increase of > 10% since base year 2015
	Reduce CO ₂ emission intensity by 1.5%	✓	 Reduction of absolute Scope 1 and 2 emissions by 2.2% p.a. compared with base year 2015

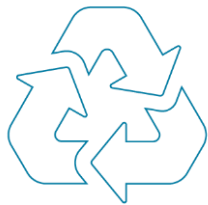
Siltronic enables technologies for a sustainable future

Resource efficiency

Innovation driver for environmentally friendly and resource-saving technologies

Industrial automation and smart factories

Increasing wafer content



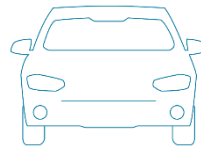
- Raw materials
- Energy consumption
- Water recycling
- Emissions

Sustainable mobility

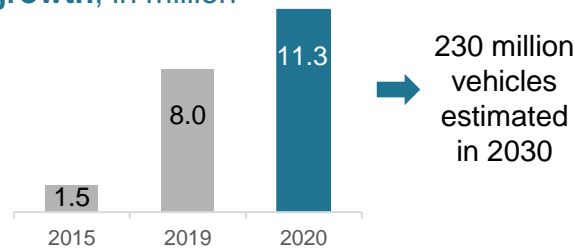
Reduction of transport emissions and carbon footprint to achieve climate targets

Increasing safety and efficiency

EV's with substantially higher wafer content



Global EV growth, in million

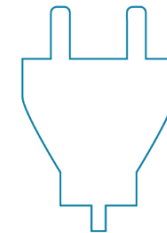


230 million vehicles estimated in 2030

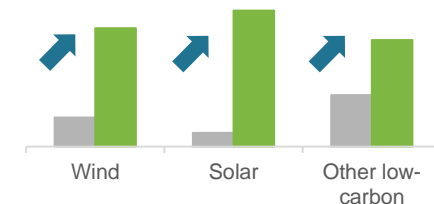
Clean energy

Wafer as a foundation for semiconductors enable clean, renewable energy sources and improving energy efficiency

Renewable energy needs more and more wafer content



Change in global electricity, 2000 - 2019 vs. 2019 - 2040



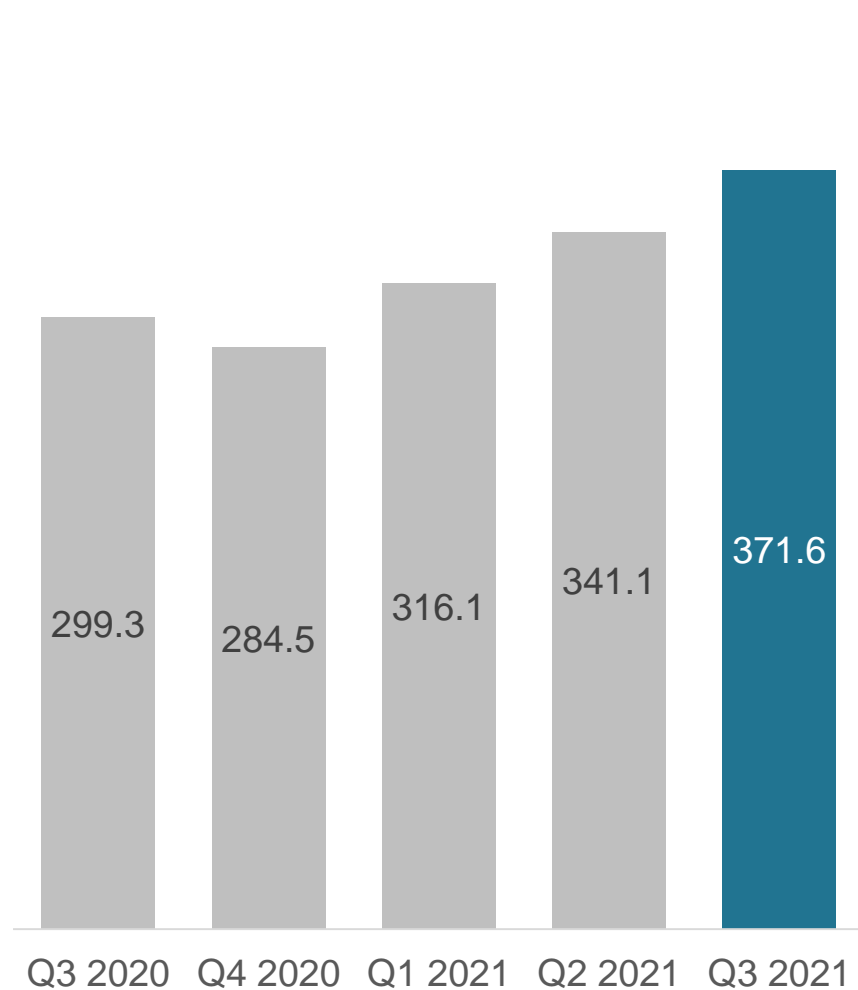
Source: IEA Global EV Outlook 2021; IEA 2020 World Energy Outlook



Financials Q3 2021

Strong sales growth based on higher wafer area sold and slightly increased ASP

Sales, in EUR m



Ø FX rates	Q3/20	Q4	Q1/21	Q2	Q3
EUR / USD	1.17	1.19	1.21	1.21	1.18
EUR / JPY	124	125	128	132	130

Comments

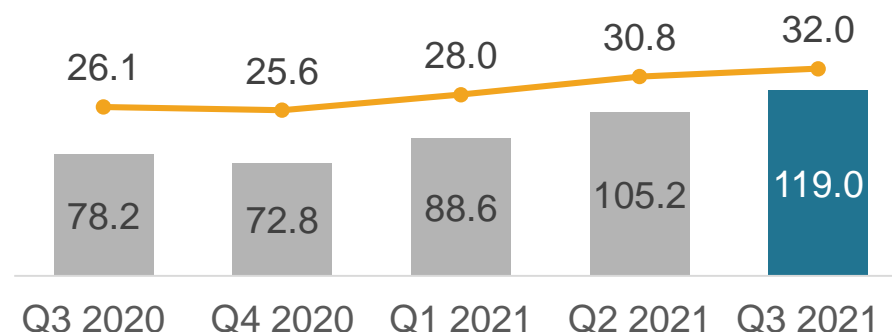
- ▶ Wafer area sold up q-o-q
- ▶ ASP slightly up q-o-q
- ▶ Favorable FX q-o-q

COGS up due to higher wafer area sold

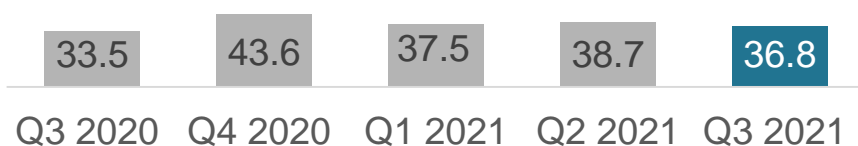
Cost of sales, in EUR m



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



Selling, general and admin expenses, in EUR m

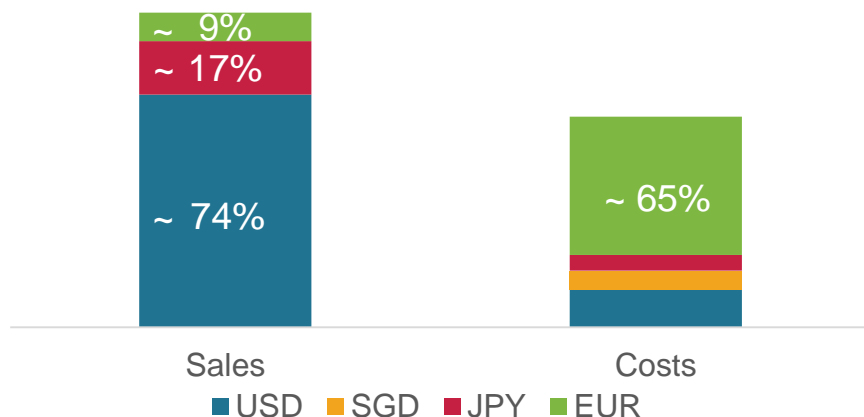


Comments

- ▶ Slight burden by higher energy costs starting in late Q3
- ▶ COGS up y-o-y due to higher wafer area sold
- ▶ Y-o-y cost per wafer area down in 9-months period due to fixed cost dilution and productivity improvements
- ▶ SG&A expenses in 9-months period burdened by EUR 6m for advisory services for GlobalWafers tender offer (EUR 12m in Q4 2020)

High US-Dollar and Japanese Yen exposure

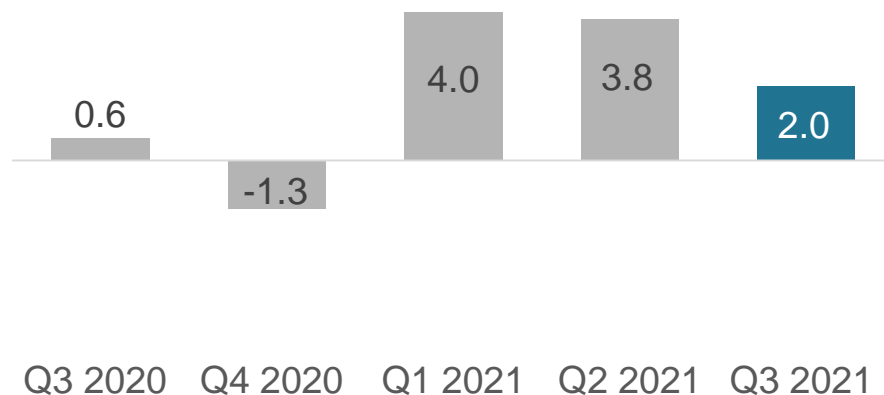
FX exposure, in %



FX sensitivity

	Sales	EBITDA unhedged
1 USD-cent change	~ EUR 8.5 million	~ EUR 7 million
1 JPY change	~ EUR 1.8 million	~ EUR 1.4 million

Other currency effects (mostly hedging), in EUR m

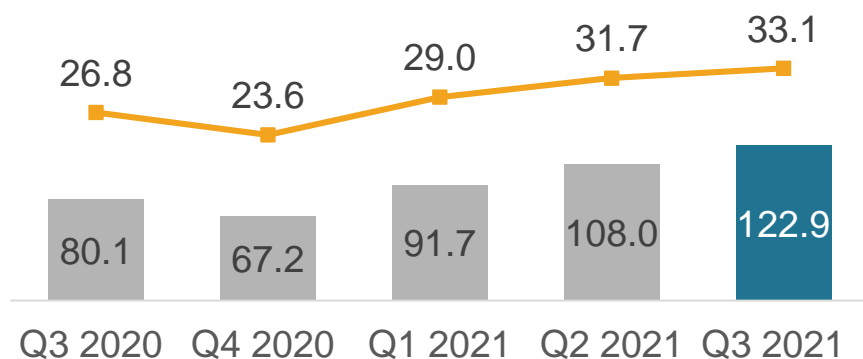


Comments

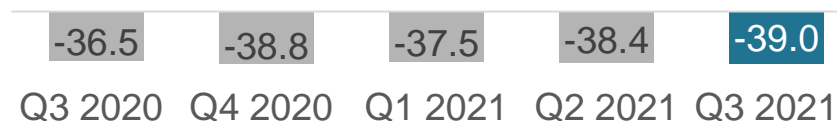
- ▶ Strong Euro y-o-y but weaker Euro q-o-q
- ▶ Other currency effects of EUR 2m in Q3 2021

Strong EBITDA and EBIT driven by wafer area, ASP and FX

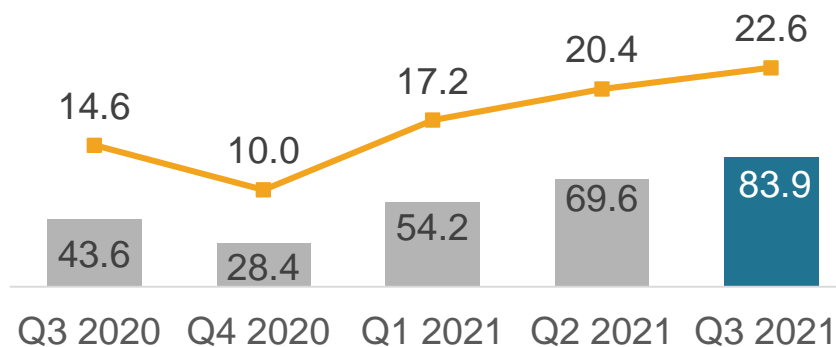
EBITDA, in EUR m / EBITDA margin, in %



Depreciation, in EUR m



EBIT, in EUR m / EBIT margin, in %

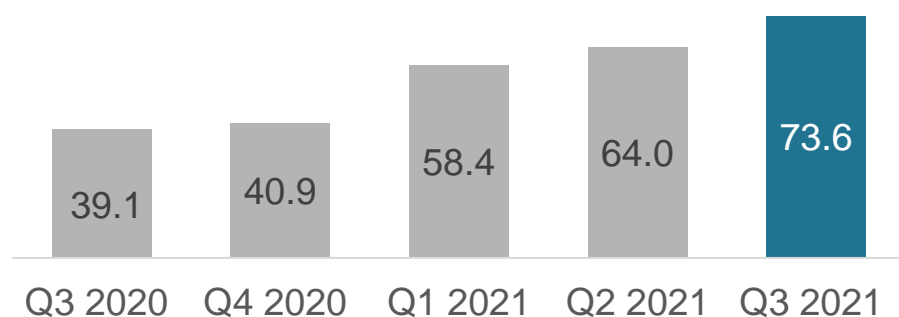


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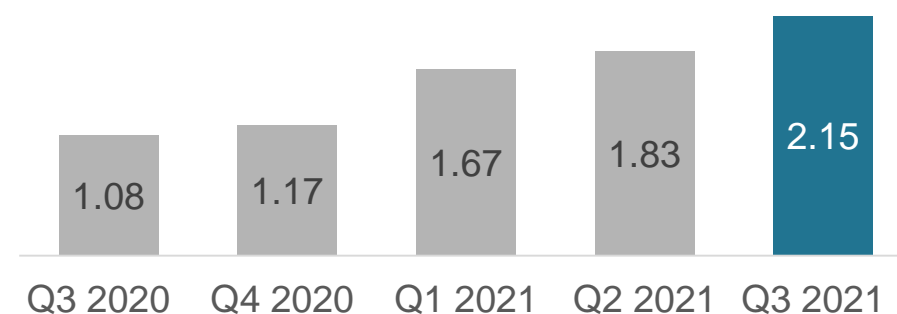
- ▶ **Positive**
 - ▶ Wafer area sold up y-o-y
 - ▶ ASP slightly up q-o-q
 - ▶ Favorable FX q-o-q

Net profit of EUR 74 million in Q3 2021

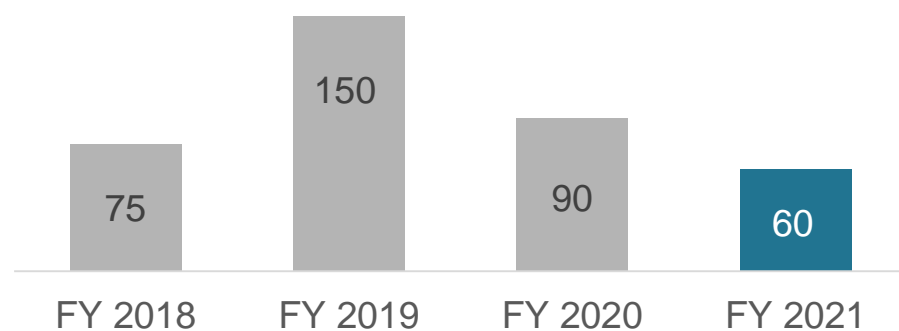
Net profit, in EUR m



EPS, in EUR



Dividend payment, in EUR m

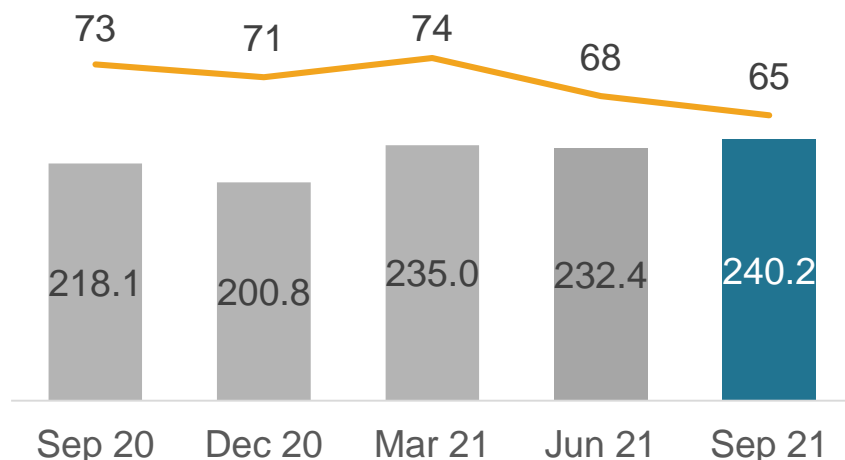


Comments

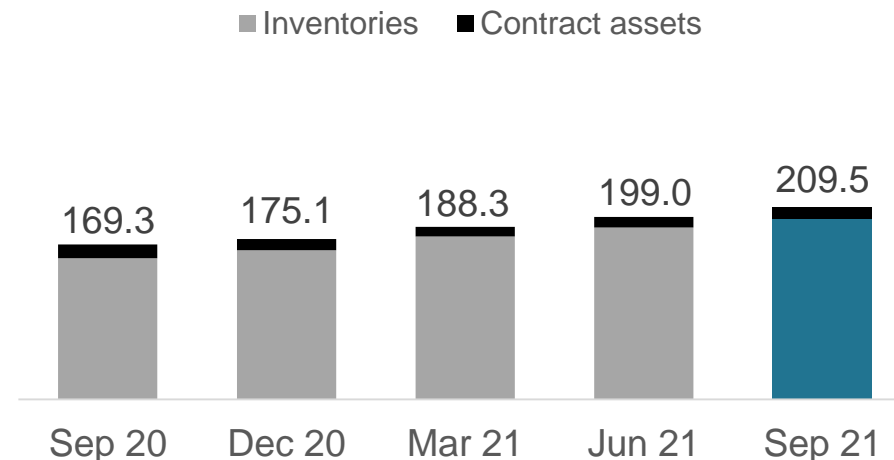
- ▶ Net profit of EUR 73.6 million in Q3 2021; thereof EUR 64.5m attributable to Siltronic shareholders
- ▶ Dividend of EUR 2.00 per share = EUR 60m paid in May 2021

Trade receivables and inventories high due to increased demand

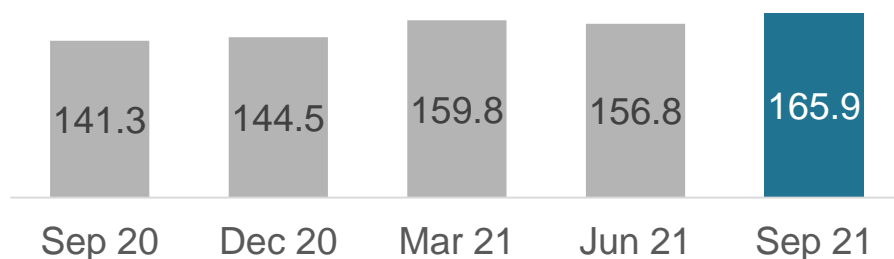
Working capital, in EUR m,
Working capital ratio to quarterly sales, in %



Inventories and contract assets, in EUR m



Trade receivables, in EUR m

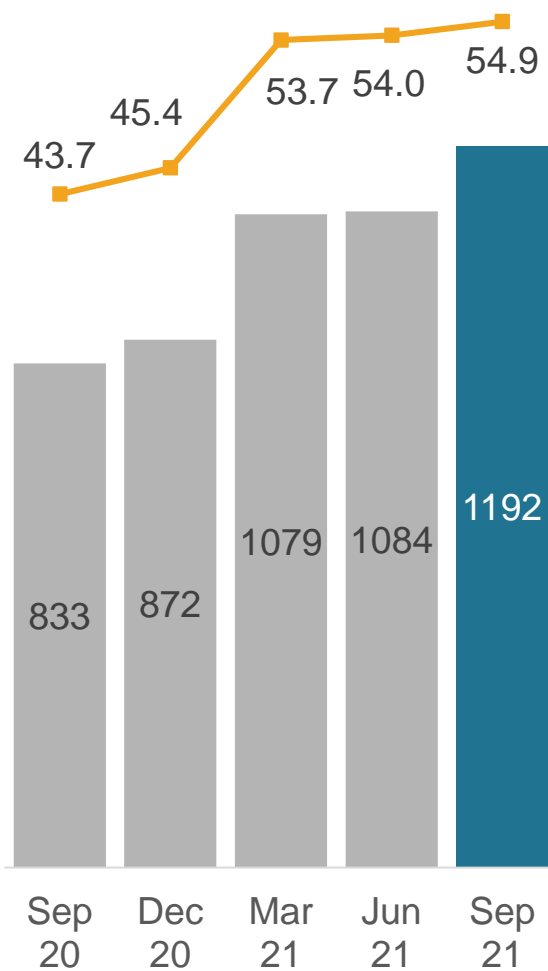


Trade liabilities, in EUR m



Strong equity ratio and strong net financial assets

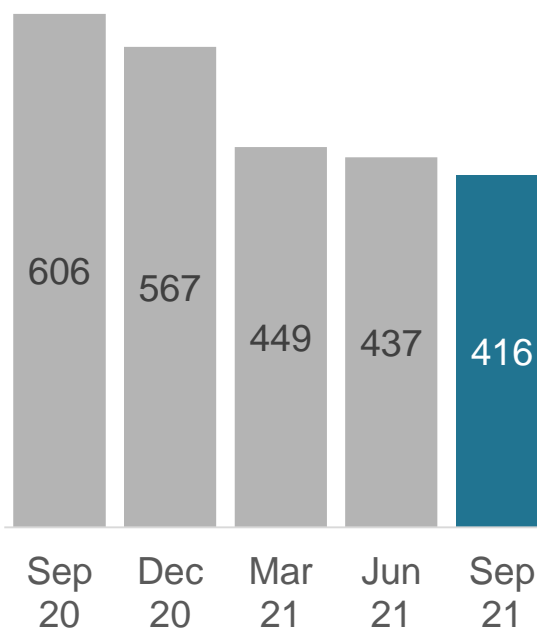
Equity, in EUR m
Equity ratio, in %



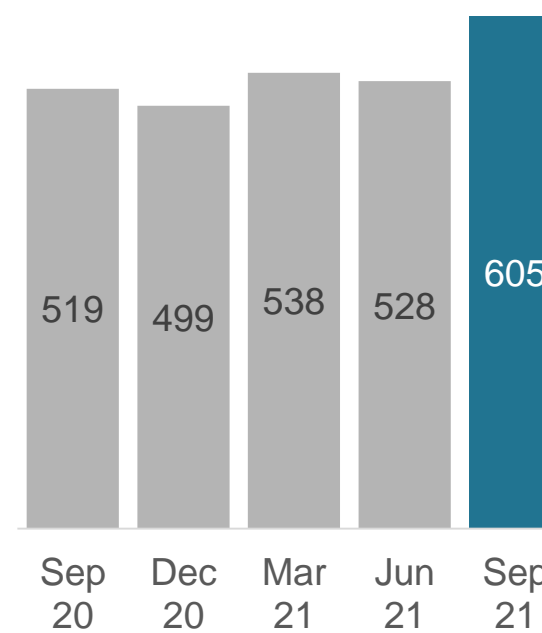
Provisions for pensions,
in EUR m

Interest rates IFRS

USA	2.41%	2.07%	2.77%	2.39%	2.42%
GER	0.95%	0.69%	1.11%	1.14%	1.19%

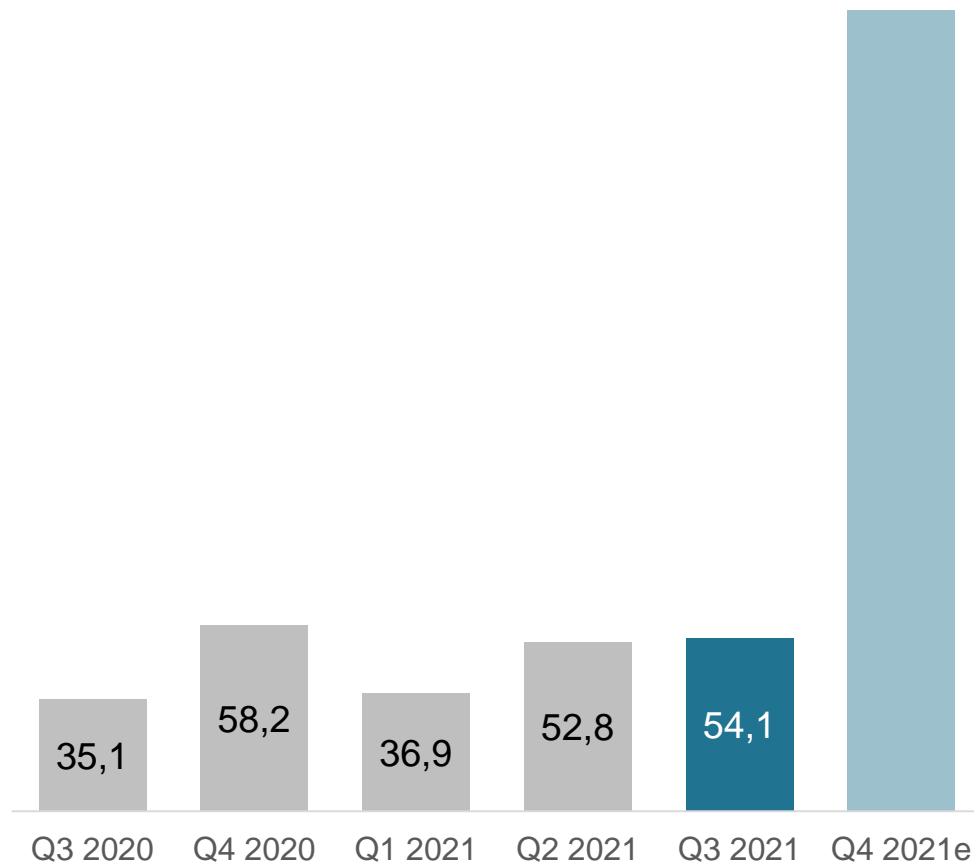


Net financial assets,
in EUR m



Largest portion of planned capex in 2021 to be spent in Q4

Investment, in EUR m

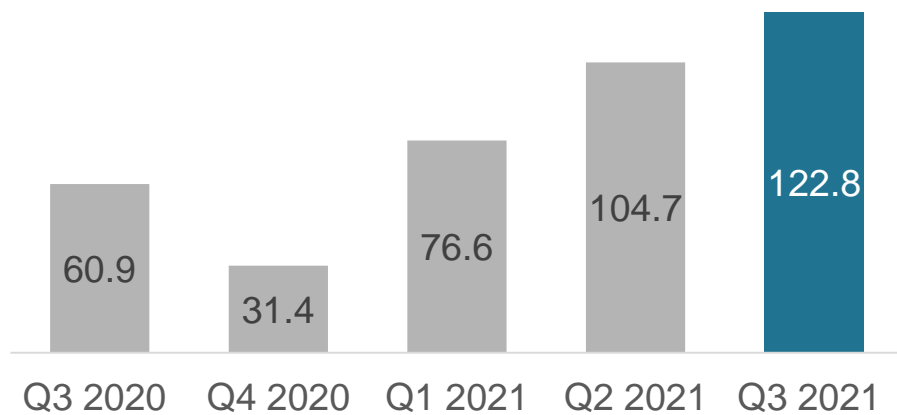


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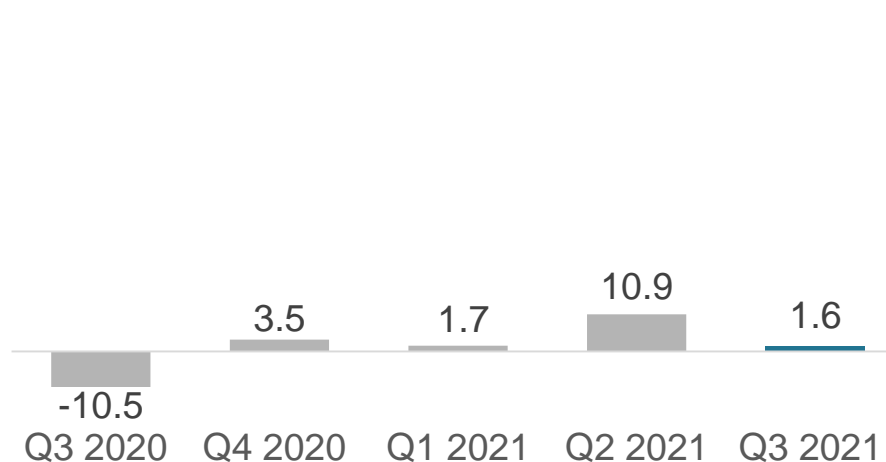
- ▶ Capex guidance 2021 EUR 400m
- ▶ Project-related high capex in Q4 2021
 - ▶ 300 mm epi capacities
 - ▶ capabilities
 - ▶ expansion of crystal pulling hall in Freiberg
 - ▶ Fab Next in Singapore

Strong net cash flow year to date

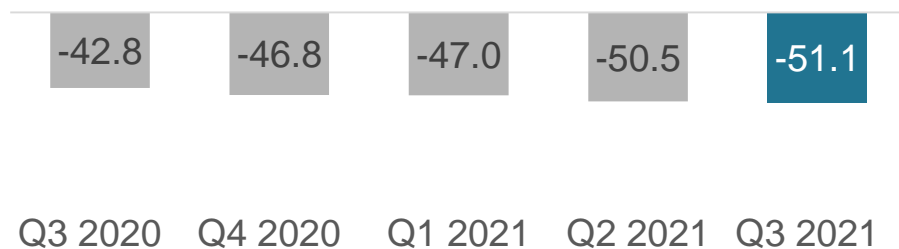
Operating cash flow (OCF), in EUR m



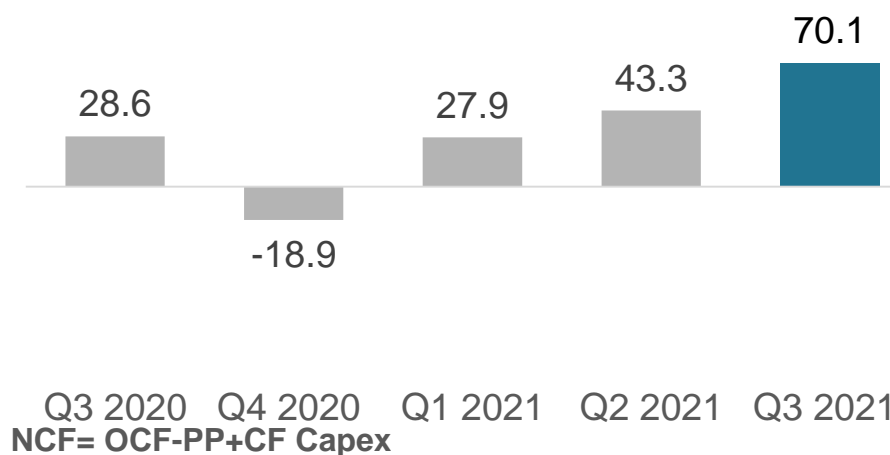
Customer prepayments net (PP), in EUR m



CF Capex, in EUR m



Net cash flow (NCF), in EUR m

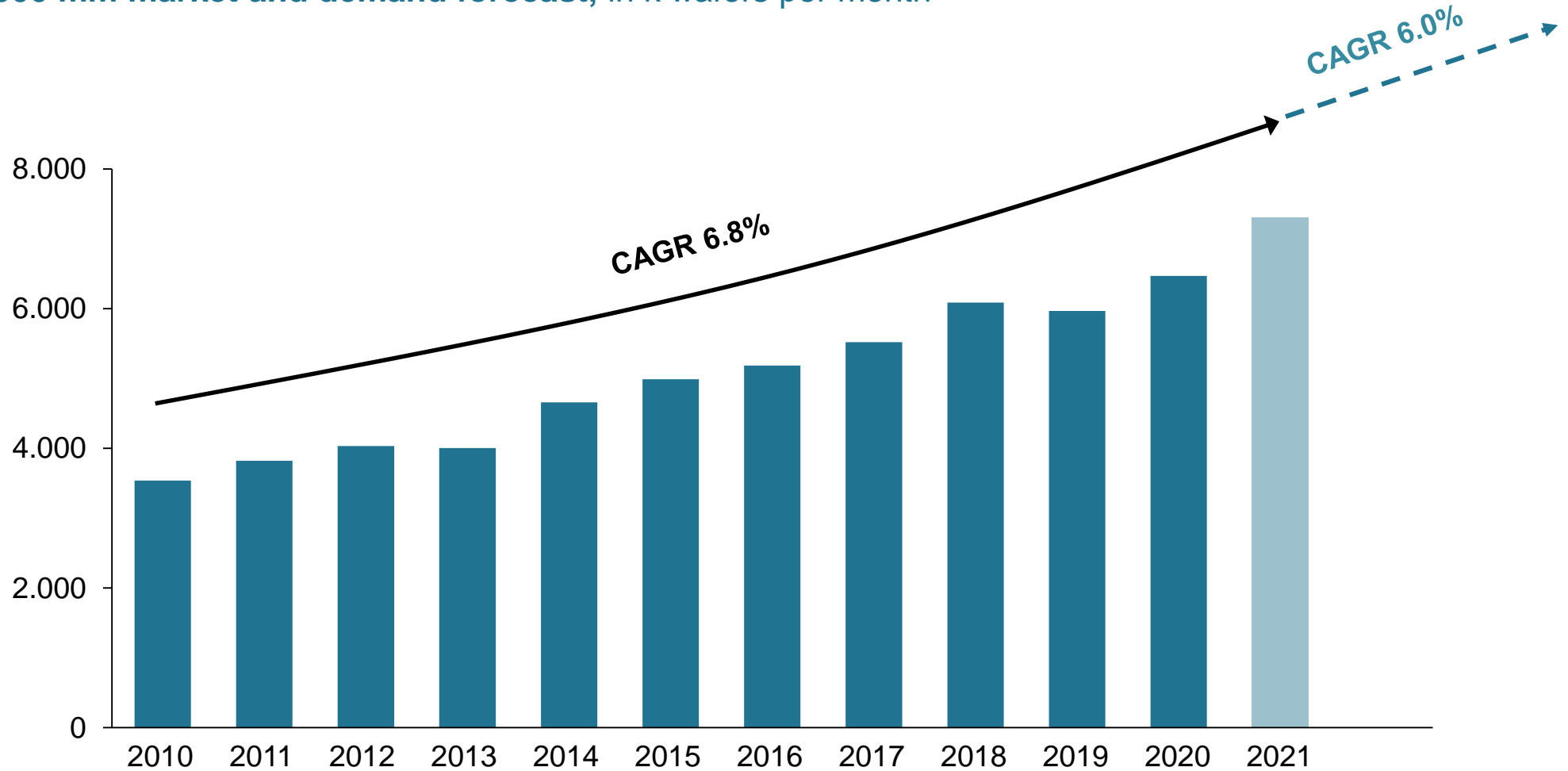




Outlook 2021

300 mm demand in 2021 is back on its historical growth trajectory

300 mm market and demand forecast, in k wafers per month



Source: Siltronic estimate

Siltronic Outlook 2021 (as of October 26, 2021)

Sales	– a good 15 percent above 2020	+
EBITDA margin	– approximately 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 2022

January 26	Preliminary financial figures 2021
March 9	Annual Report 2021



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