

# Eigenkapitalforum 2018

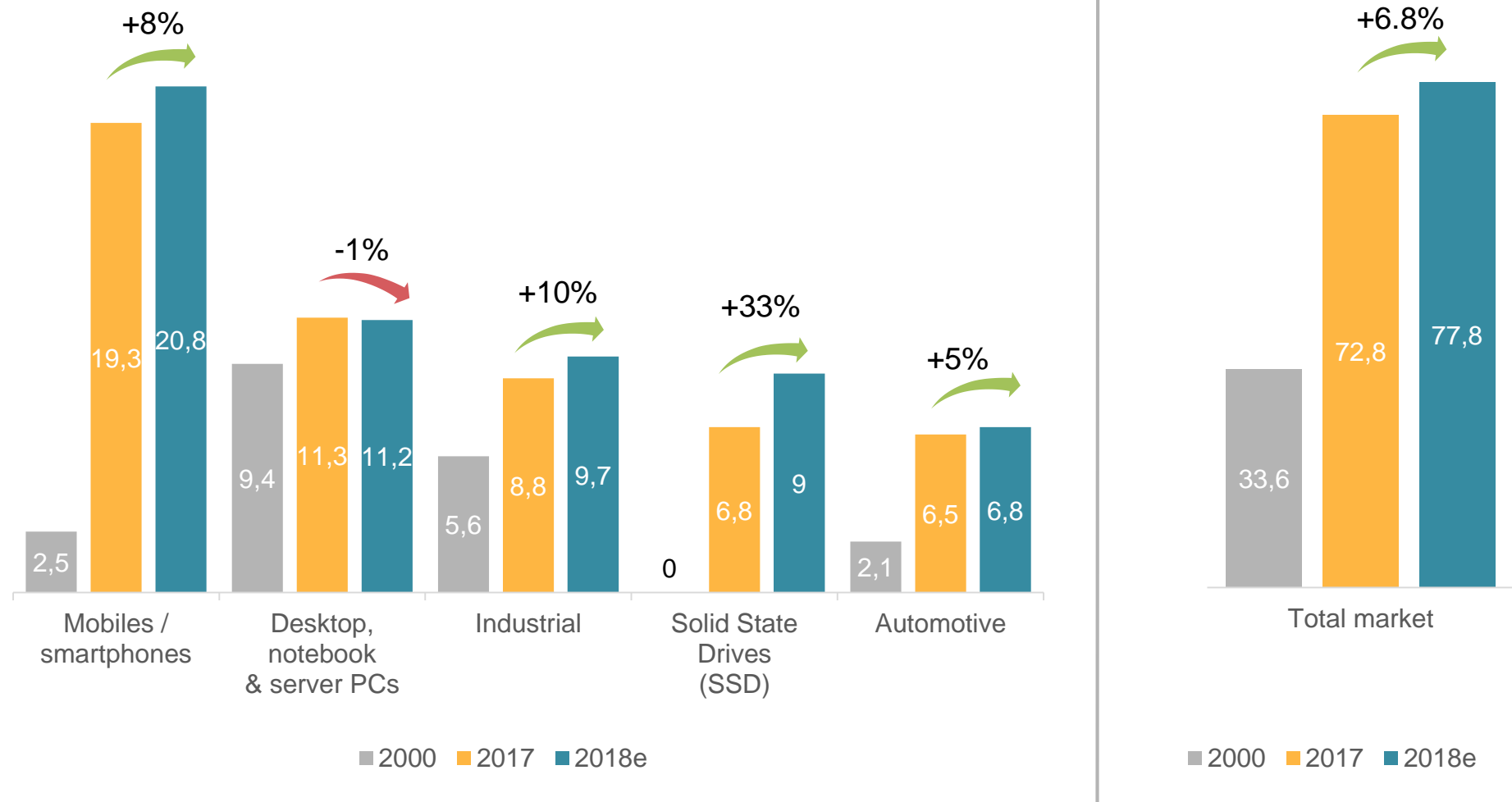
November 26, 2018



**MARKET UPDATE**

# Increasing silicon demand supported by 1 stable and 4 growing end applications

Wafer demand, in bn cm<sup>2</sup>, 2017/2018 expected growth, in %



Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit [technology.ihs.com](http://technology.ihs.com) for more details.

# Growth in memory driven by SSD, computing and smartphones

## DRAM growth

- ▶ Growth in servers
- ▶ Increase in DRAM density in servers and smartphones
- ▶ Growing Artificial Intelligence functionality



Source: Apple.com

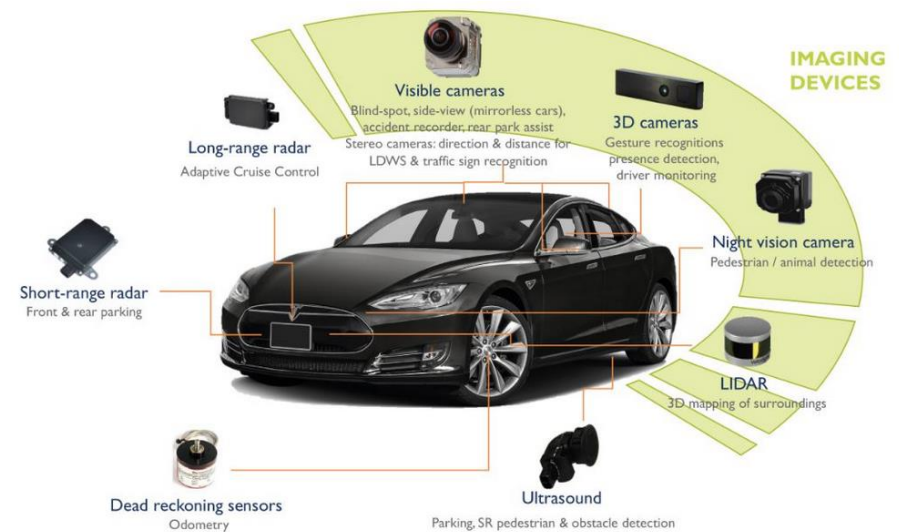
## NAND growth

- ▶ SSD growing with data traffic and HDD substitution
- ▶ NAND growth in smartphones due to higher density per unit (e.g. iPhone XS with up to 512 GB).
- ▶ NAND prices sliding from a high level due to over-supply. Sliding NAND prices positive for wafer demand as falling prices will increase SSD demand in PCs (price elasticity)
- ▶ Customers' demand shows ~10% growth (CAGR 18-23)

# Automotive growth in all diameters with 300 nm to grow faster than other diameters

## Automotive demand

- ▶ Infotainment, connectivity and ADAS become standard, driven by consumer request and government mandates
- ▶ ADAS, infotainment and connectivity require advanced logic as well as large amounts of memory
- ▶ Change in car architecture towards domain and inter-domain control requires fewer, but advanced MCUs instead of large amounts of simple MCUs for each electronic control unit
- ▶ Advanced process nodes for logic are on 300 nm



Source: Yole 2018

# Semi outlook remains to be bright

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## Investor key messages

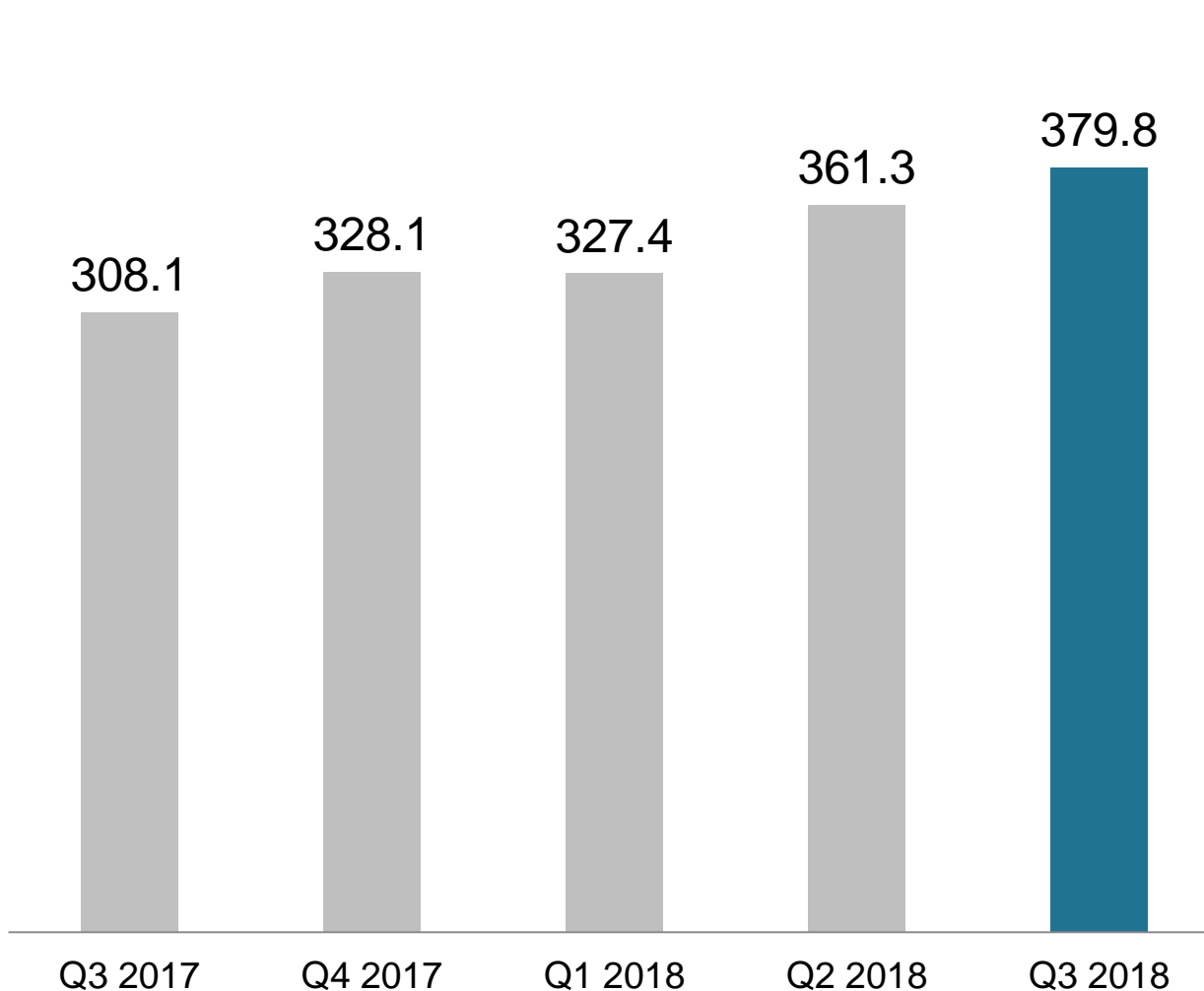
- ▶ Fundamental NAND growth intact
- ▶ Smartphone content supported by NAND and CIS development
- ▶ Significant investment and ramp in new fabs by NAND players
- ▶ Demand of most automotive semi customers strengthening
- ▶ We don't see any significant change in the market demand, but we might see some volatility triggered by political events and Chinese phone inventories in the short-term
- ▶ Semi Capex on record levels

The background features a series of concentric, curved lines in shades of blue and black, creating a sense of depth and motion. A large, semi-transparent teal circle is positioned on the left side of the frame, partially overlapping the curved lines. The text "Q3 2018 Financials" is written in white, sans-serif font within this teal circle.

# Q3 2018 Financials

# Q3 sales 5% higher than in previous quarter

Sales, in EUR million



## Comment

### ▶ Positive

- ▶ ASP increase y-o-y and q-o-q
- ▶ One-off effect of EUR 8m in Q3/2018: conversion of a customer from sea freight to air freight
- ▶ Slight tailwind from USD q-o-q

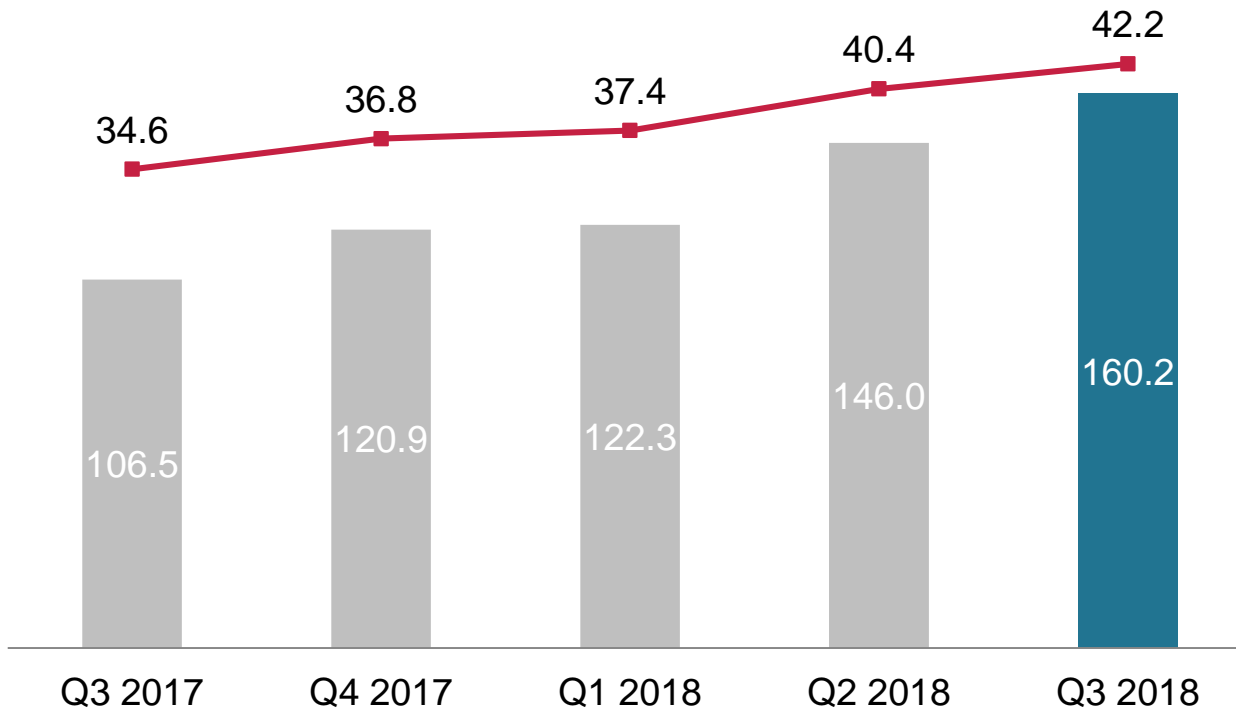
### ▶ Negative

- ▶ Headwind from USD y-o-y (but not as much as expected at the beginning of the year)



# EBITDA and EBITDA-margin further up

EBITDA margin in %; EBITDA in EUR million



## Comment

### ► Positive

- Higher ASP y-o-y and q-o-q
- Slight tailwind from USD q-o-q
- Slightly lower cost per wafer area q-o-q

### ► Negative

- Headwind from USD y-o-y (but not as much as expected at the beginning of the year)

# Financials improved strongly over the last years

Adjusted <sup>1</sup> financial figures (EUR million)	2013	2014	2015	2016	2017	Q1-Q3 / 2018
<b>Sales</b>	875.5	853.4	931.3	933.4	1,177.3	1,068.5
<b>EBIT</b>	(87.3)	(31.6)	2.7	27.0	235.7	358.8
<b>EBIT margin in %</b>	(10.0)	(3.7)	0.3	2.9	20.0	33.6
<b>EBITDA</b>	112.6	117.7	124.0	146.0	353.1	428.6
<b>EBITDA margin in %</b>	12.9	13.8	13.3	15.6	30.0	40.1
<b>CapEx</b>	39.7	40.7	75.0	88.8	123.2	141.3
<b>Free cash flow <sup>2</sup></b>	64.7	86.3	37.4	19.0	169.6	-
<b>Net cash flow <sup>2</sup></b>	-	-	-	39.6	124.8	272.7

<sup>1</sup> Figures 2013-2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring

<sup>2</sup> Starting 2018, Siltronic will be 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.

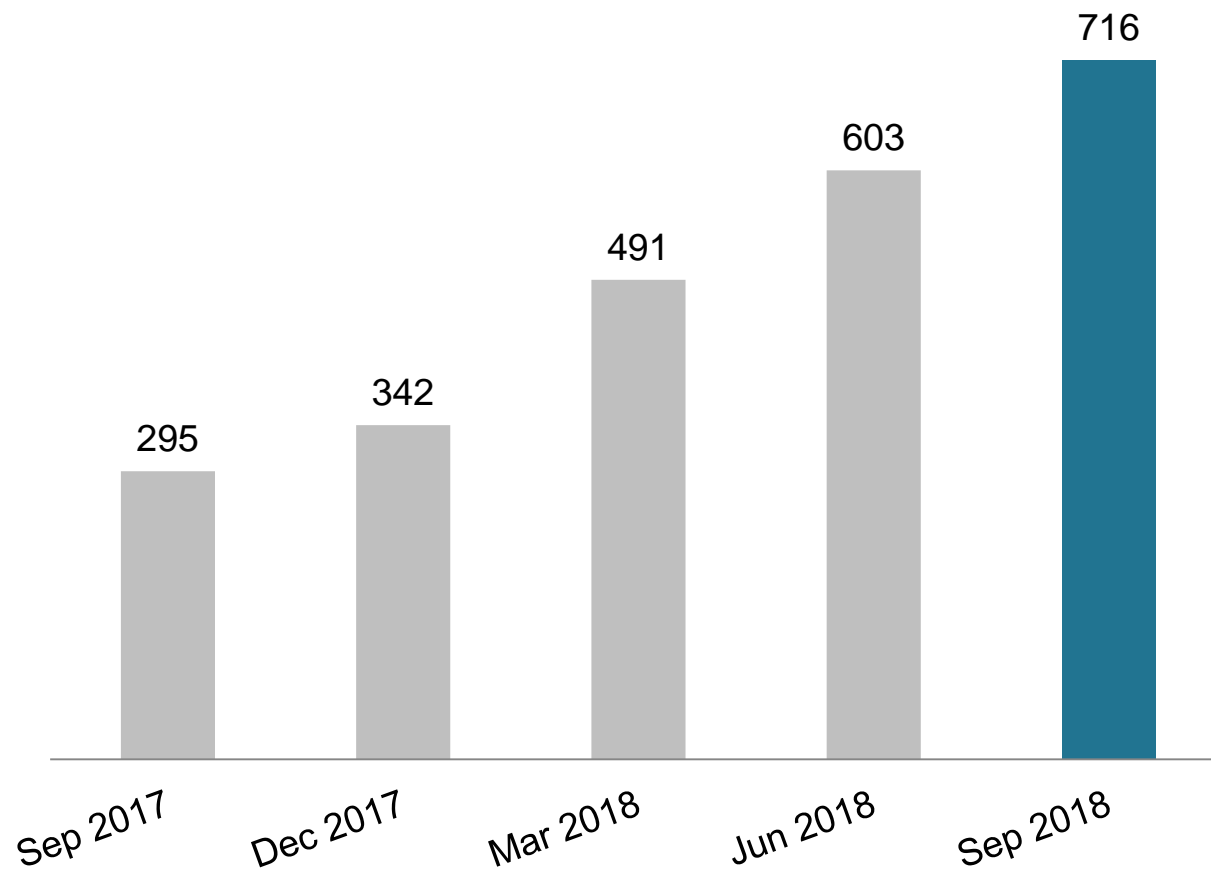
# Equity further increased due to strong profit for the period, solid equity ratio stable at about ~48%

## Balance sheet, in EUR million

Assets	Sep 30, 2018	Dec 31, 2017	Comments Sep 30, 2018	Equity and liabilities	Sep 30, 2018	Dec 31, 2017	Comments Sep 30, 2018
<b>Non-current</b>	<b>652.4</b>	546.6		<b>Equity</b>	<b>841.7</b>	637.9	
PP&E	587.1	513.3					
Other fixed	43.8	32.0	21 intangibles (related to SSW) 1 hedging	Siltronic	822.1	637.3	
Securities and fixed-term deposits	21.5	1.3		Other shareholders	19.6	0.6	Samsung's 22% in SSW
<b>Current</b>	<b>1,087.4</b>	705.8		<b>Liabilities</b>	<b>898.1</b>	614.5	
Inventories and contract assets	152.0	149.9		Pension provisions	373.6	367.2	Germany and US
Trade receivables	167.4	159.9		Other provisions	124.5	54.6	37 personnel related (e.g. early retirement)
Other current	73.7	53.9	4 hedging	Trade liabilities	91.6	67.1	
Cash, fixed term deposits and securities	694.3	342.1		Customer prepayments	241.4	69.8	
				Other	67.0	55.7	50 employee-related 11 hedging
<b>Total</b>	<b>1,739.8</b>	1,252.4		<b>Total</b>	<b>1,739.8</b>	1,252.4	

# Net financial assets exceed EUR 700 million for the first time

Net financial assets, in EUR million

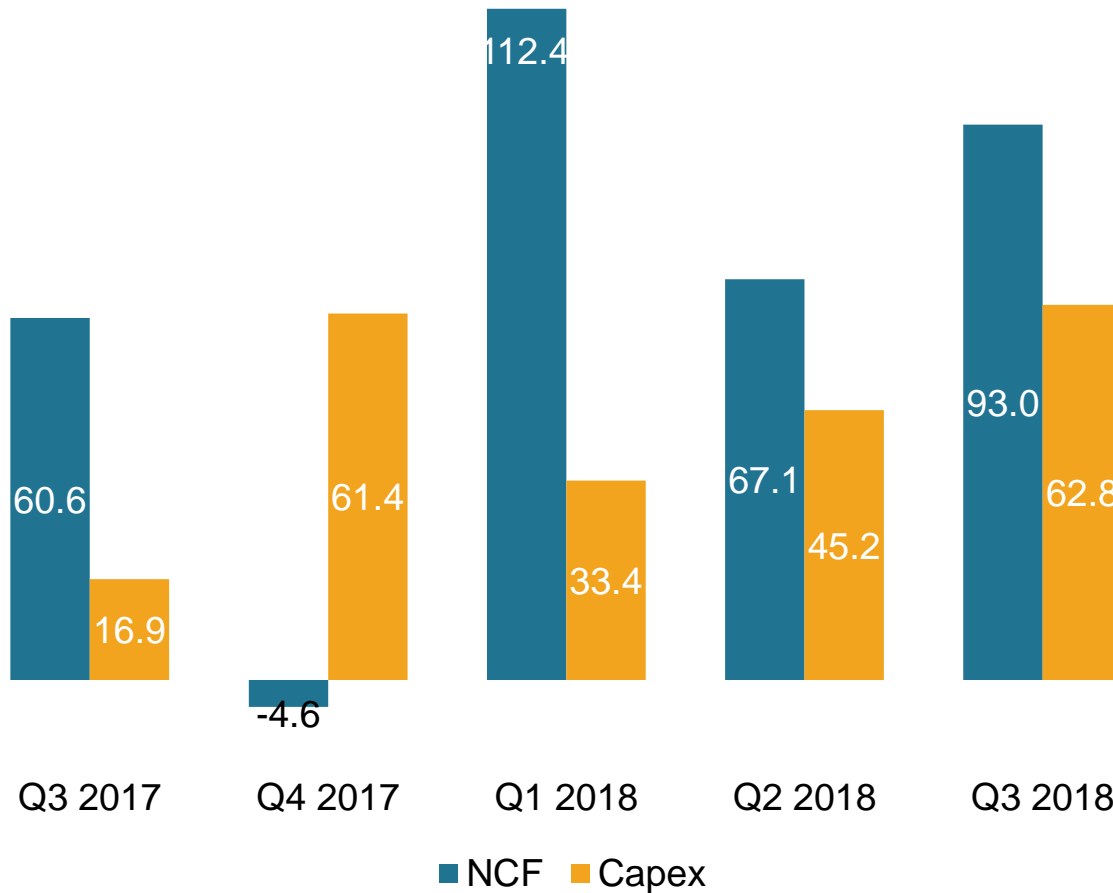


## Comment

- ▶ Prepayments of EUR 171.5m (net) received until September 2018
- ▶ Total prepayment balance EUR 241.4m

# Strong net cash flow despite investments in the future

Capex and NCF, in EUR million

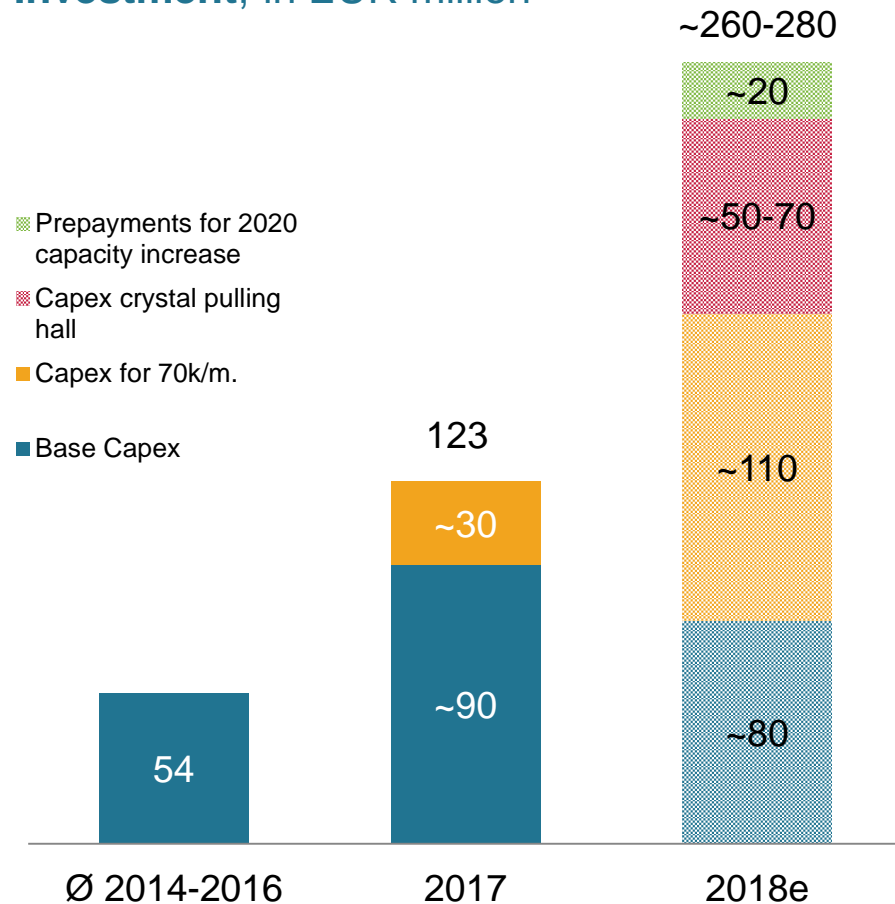


## Comments

- ▶ Net cash flow of EUR 93.0m in Q3 2018
- ▶ Capex increase in Q3 related to:
  - ▶ capacity expansion in 2019
  - ▶ new crystal pulling hall in Singapore
  - ▶ ongoing automation projects
- ▶ Capex in 9M 2018: EUR 141.4m
- ▶ Expected capex in Q4 2018: approx. EUR 120-140m
- ▶ Capex guidance for FY 2018 unchanged EUR 260m-280m

# Capex 2018: Investment in the future


## Investment, in EUR million



## Comments

- ▶ Capex of EUR ~140m for 70k wafers/month over 2 years
- ▶ Capex in 2018 includes new crystal pulling hall in Singapore to create sufficient crystal pulling capacity to further expand wafer capacity in 2020
- ▶ Due to long lead-times additional crystal pullers already ordered
- ▶ Prepayments for capacity additions in 2020 already in 2018
- ▶ Capex base level to sustain business:
  - ▶ MOB (maintenance of business)
  - ▶ Capabilities
  - ▶ Cost reductions
  - ▶ Automation

# Siltronic Outlook for 2018 (as of October 25, 2018)

<b>EBITDA margin</b>	approximately 40%
<b>ROCE</b>	clearly higher than in 2017
<b>Net cash flow</b>	clearly higher than in 2017
<b>Sales</b>	slightly above EUR 1.4bn, depending on FX effects <b>update</b> 
<b>R&amp;D</b>	approx. 5% of sales
<b>Cost position</b>	negative effect on savings potential due to tariff increases and inflation
<b>FX effects</b>	assuming an EUR/USD exchange rate of 1.20 and an EUR/JPY exchange rate of 130 negative FX impact of approx. EUR 60m on sales and approx. EUR 40m on EBITDA
<b>Depreciation</b>	approx. EUR 90m
<b>Tax rate</b>	between 15% and 20%
<b>Financial result</b>	relatively stable
<b>CapEx</b>	approx. between EUR 260m and EUR 280m
<b>Earnings per share</b>	significantly higher than in 2017

# 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

Preliminary financial figures	January 31, 2019
Annual Report 2018	March 5, 2019
Q1 Quarterly Statement	May 3, 2019
Annual General Meeting	May 7, 2019
Half Year Report	July 25, 2019
Q3 Quarterly Statement	October 24, 2019





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