



Siltronic AG
Berenberg European Conference

December 7, 2017

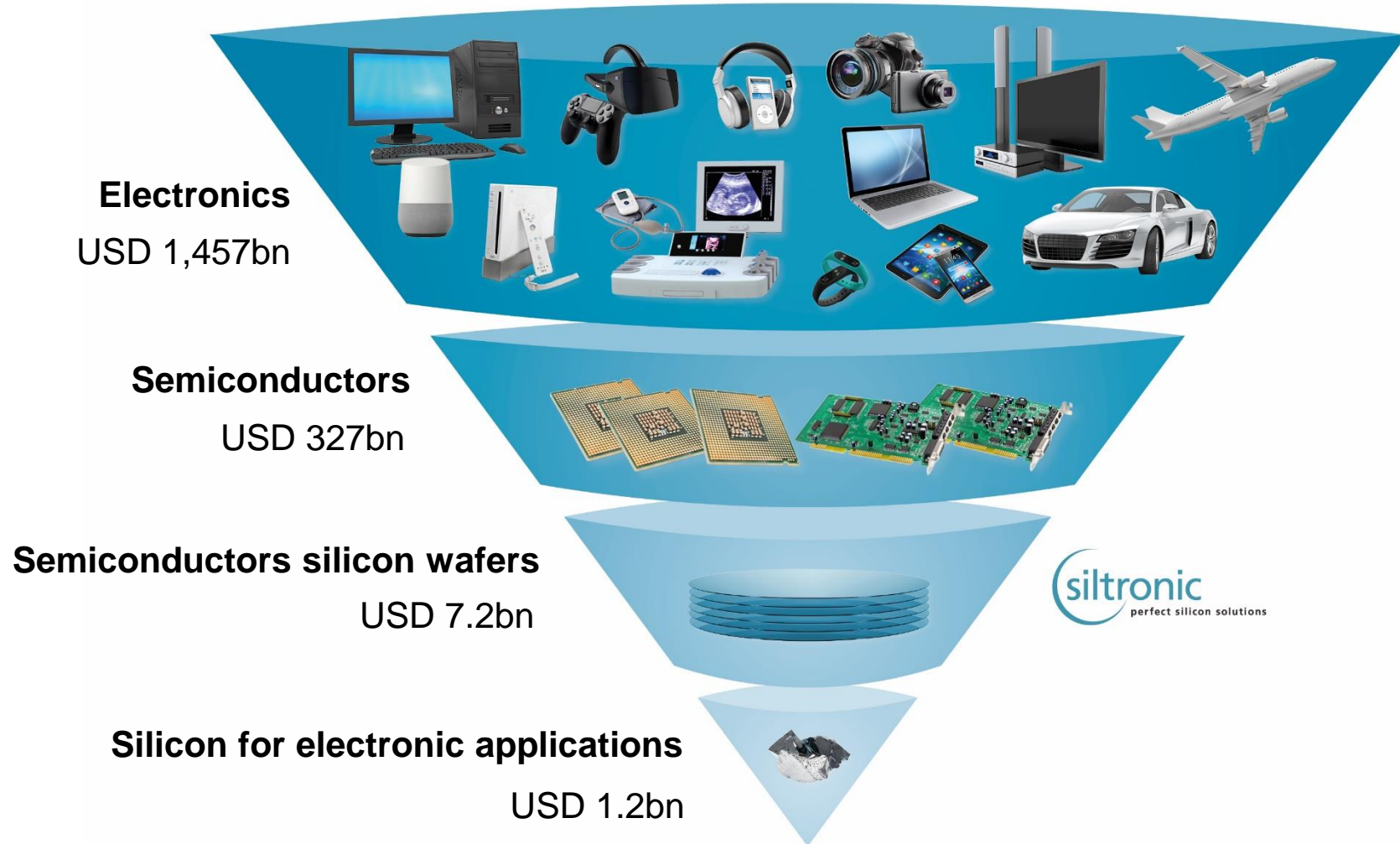


MARKET OVERVIEW & CAPEX STRATEGY

**.....Capabilities, automation
and incremental invest to
keep stable market share
without providing excess
capacity to the market**

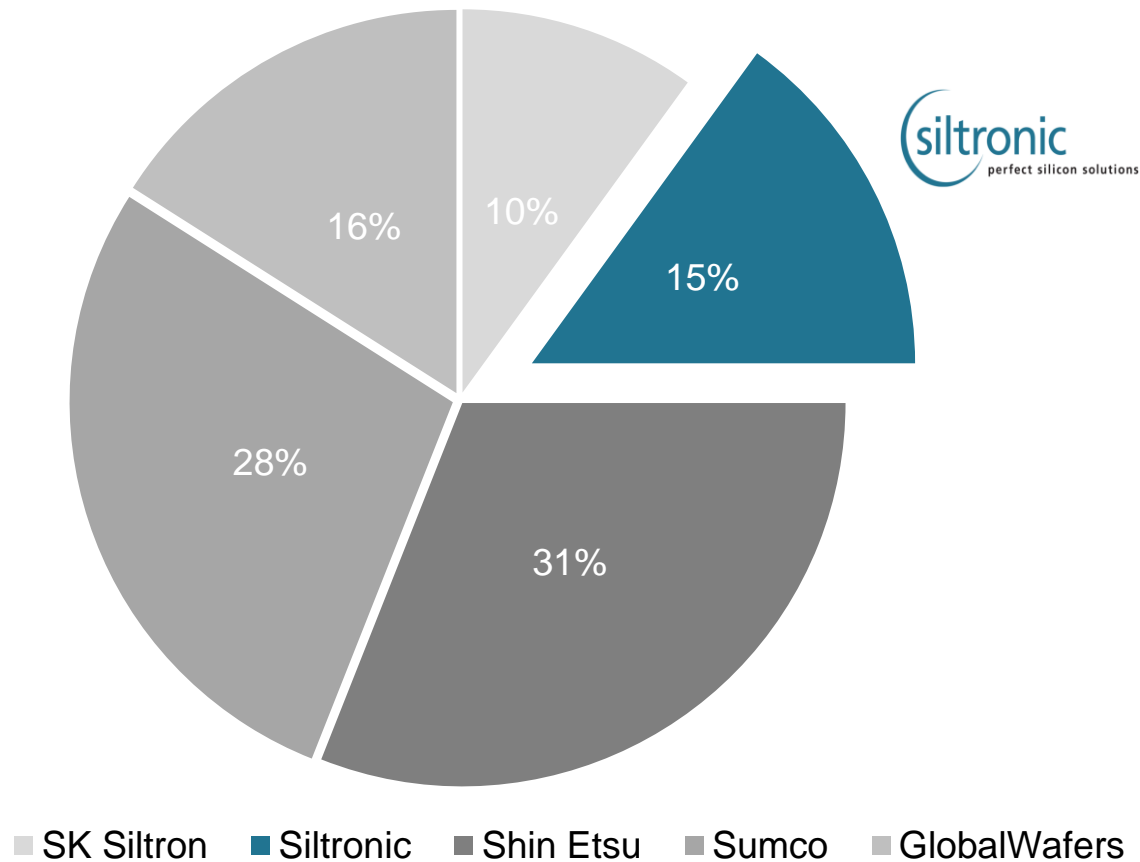
Increasing demand for electronic devices and new applications drive semiconductor growth, which in turn fuels silicon demand

Electronics value chain 2016



Siltronic is a strong wafer supplier with leading-edge technology

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

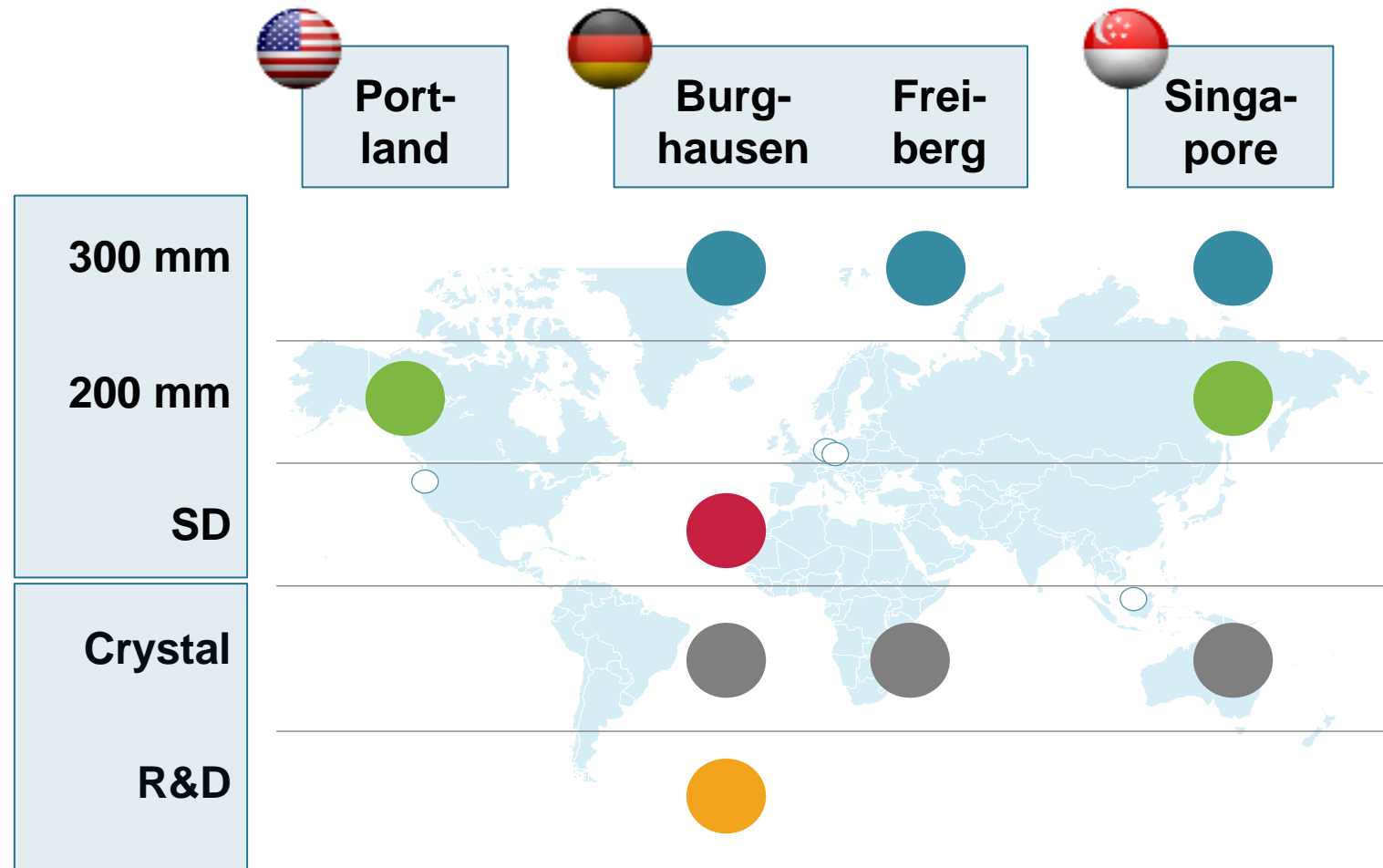


Comments

- ▶ Siltronic with long-term stable market share of around 15%
- ▶ Siltronic recognized as technology leader in the industry
- ▶ Joint development programs with most 300mm customers
- ▶ Qualified at latest Design Rules

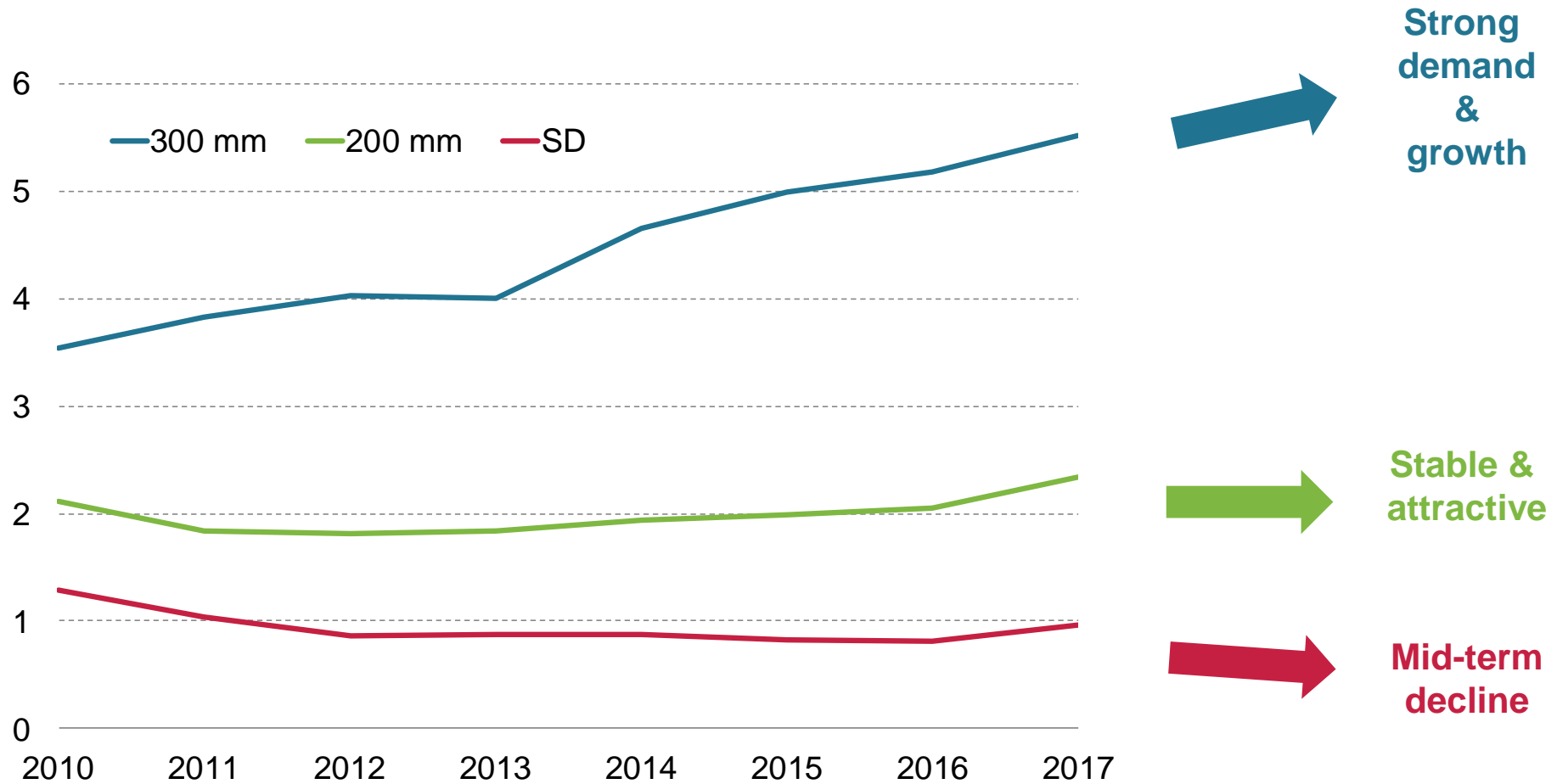
Sources: Companies' revenue reports 2016, converted to USD million

International manufacturing network supports market leadership and business focus



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

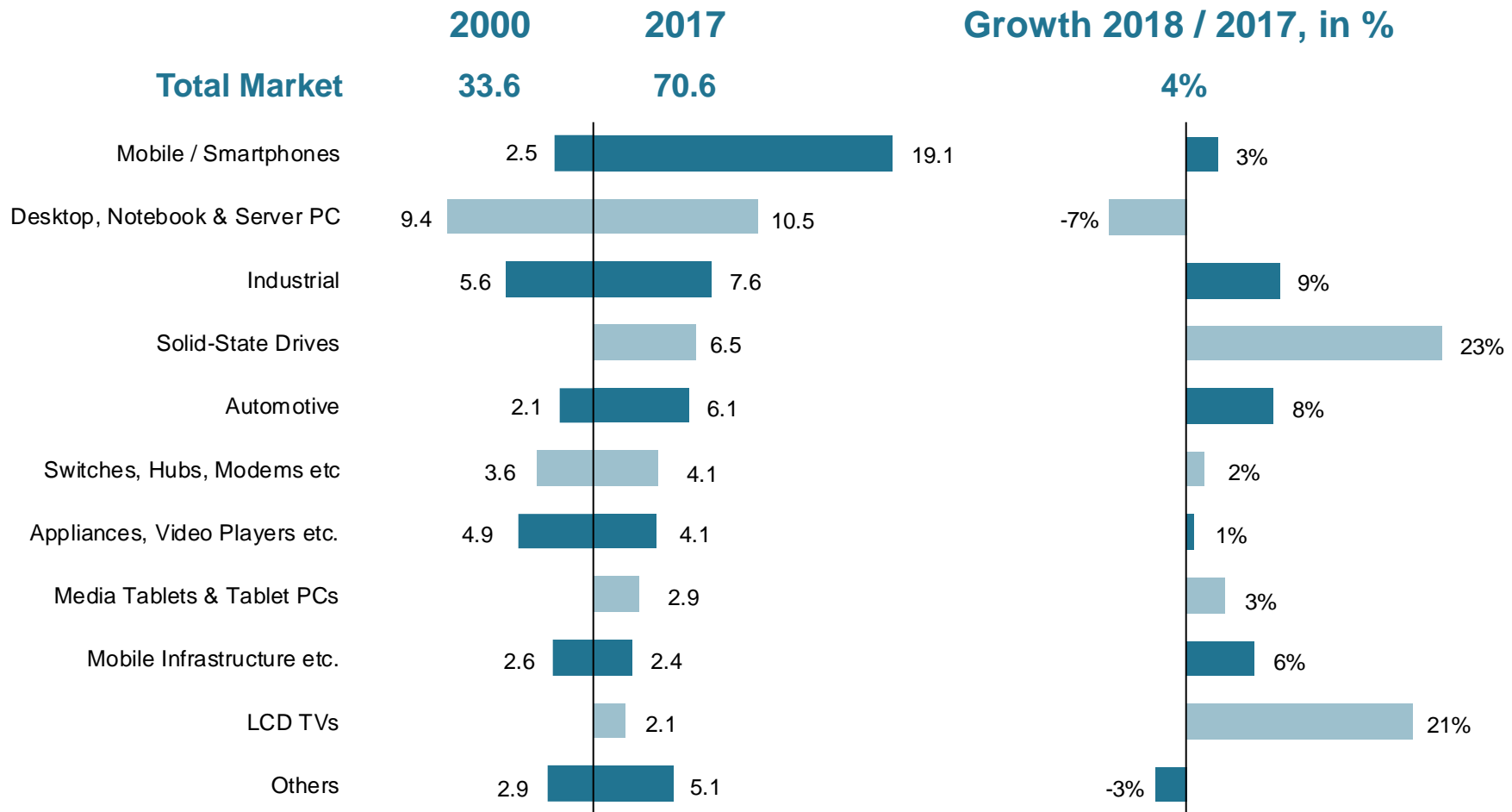
Development of total wafer demand per diameter, in million 300mm equivalents per month



Source: SEMI up to Oct 2017, Siltronic estimates

IHS Markit forecasts 4% growth for silicon area in 2018, with broad based growth in a wide range of applications

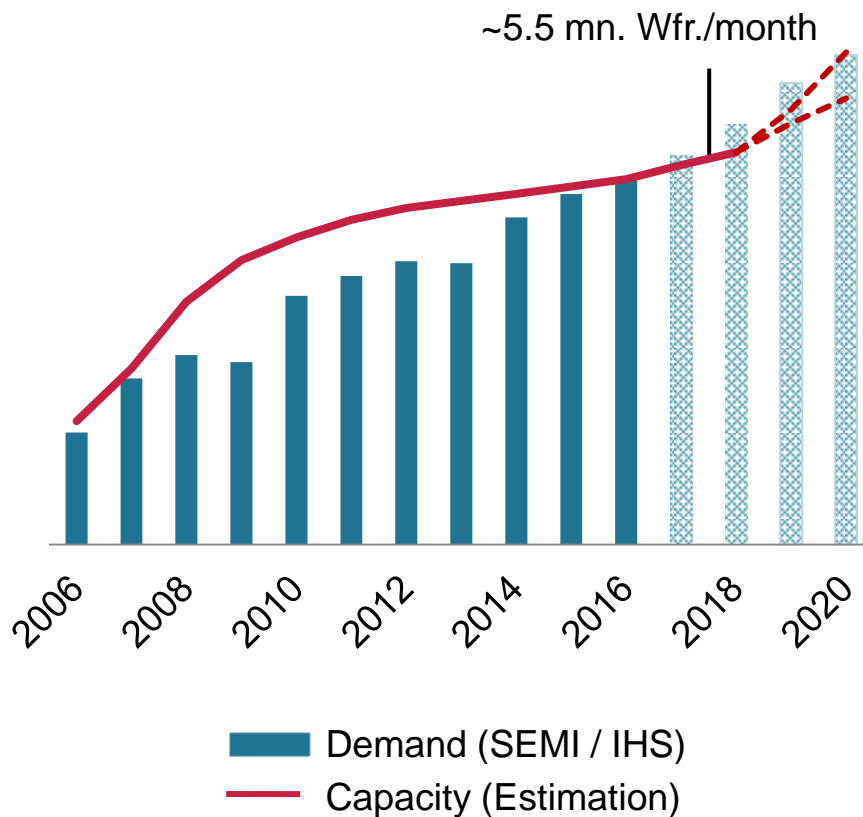
Wafer demand 2000 / 2017, in bn cm²



Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q4'17 Update)

Wafer suppliers not able to support 300mm wafer demand during 2018 and 2019

300mm demand vs. supply capacity, in kw/month

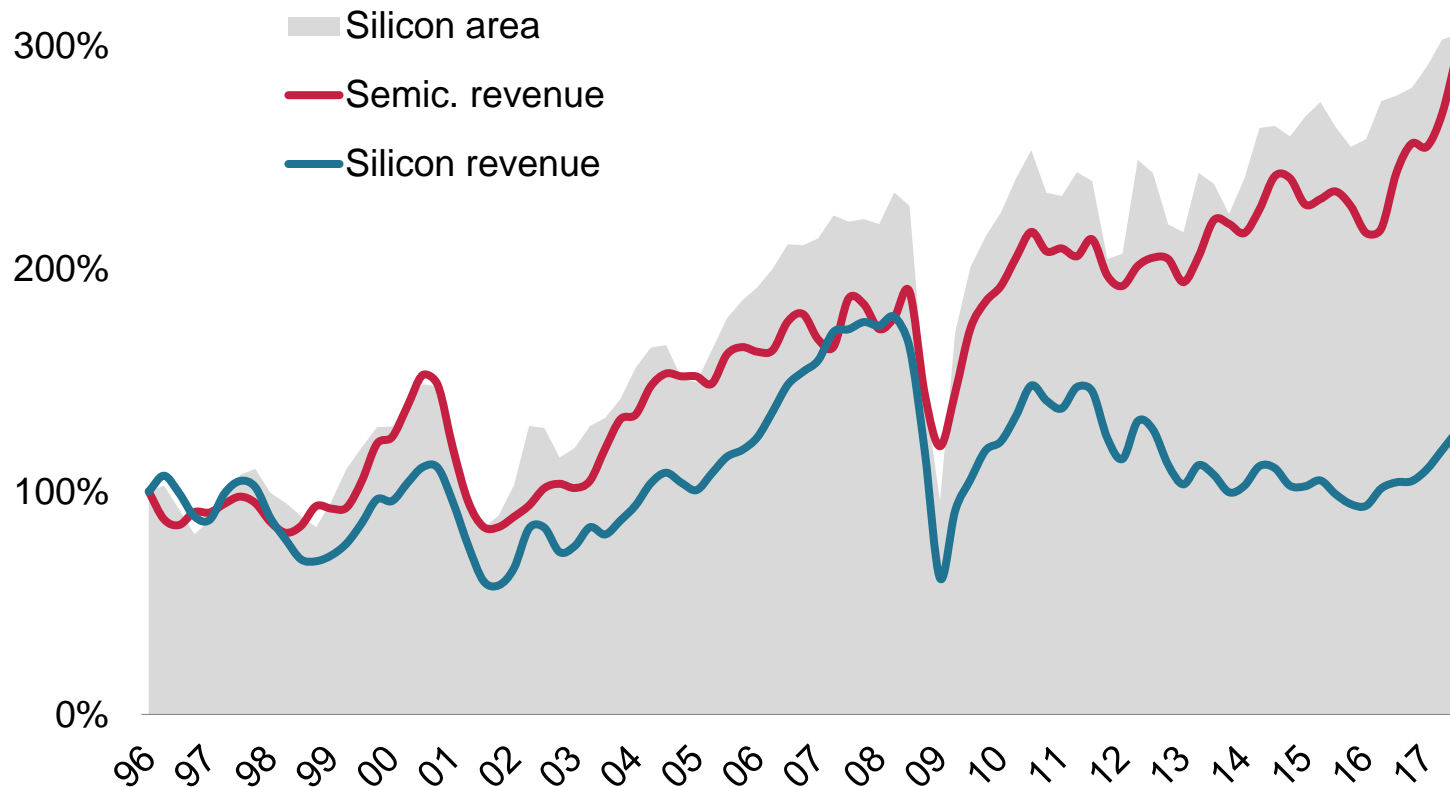


- ▶ Customers bringing new FABs online – total demand increase 2017-2020: ~1.900 kw/m
- ▶ Capacity increase of wafer suppliers limited by equipment supply potentials / lead times
- ▶ Wafer suppliers seem to act rationally by only adding capacities in incremental steps
- ▶ Industry probably constrained by wafer supply until 2020

Sources: SEMI, IHS, Siltronic estimates

Semiconductor revenue vs. silicon revenue and silicon area

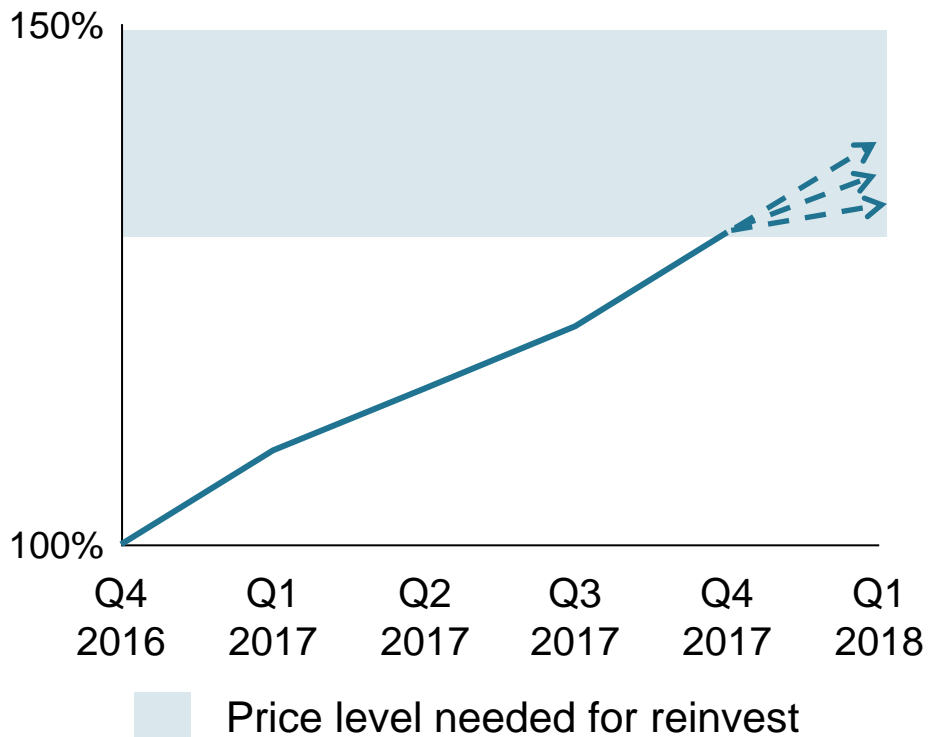
Semiconductor vs silicon revenue and silicon area, as % of Q1 1996



Source: WSTS and SEMI up to Q3 2017

Siltronic Q4/2017 300mm ASP 30% up versus Q4/2016 in USD

300mm polished price levels, in %
(Q4 2016 = 100%), in USD



Comments

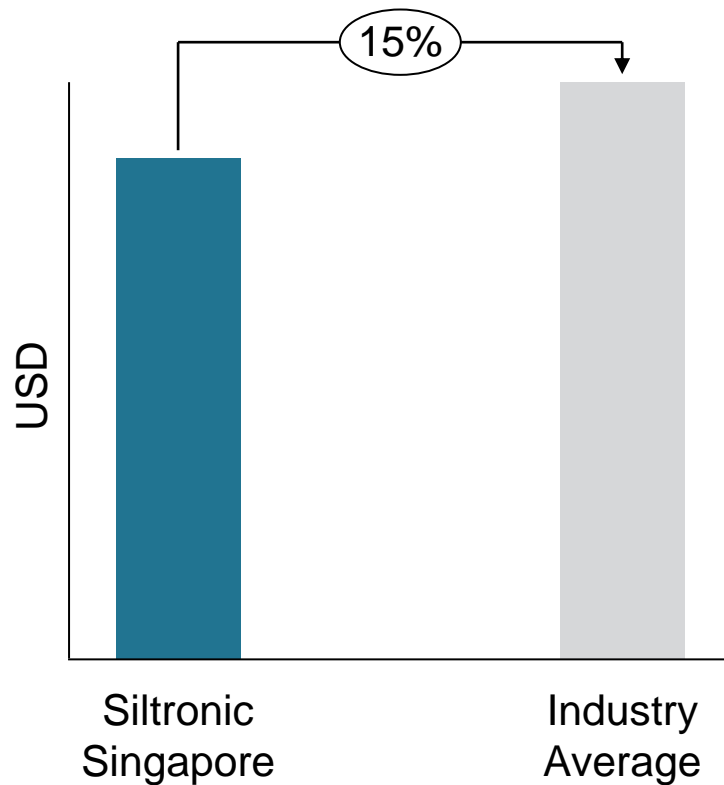
- ▶ ASP in Q4 2017 up more than 30% vs. Q4 2016
- ▶ Positive price trend expected to continue throughout 2018
- ▶ Customers with increasing concerns regarding long-term supply

Siltronic will incrementally add 70kWfr/month by mid-2019

- ▶ 2017/18 only debottlenecking / OEE improvement possible
- ▶ Decision taken to add ~70kWfr/month by mid-2019: around 15-18 months lead-time
- ▶ Capacity extension supported by LTAs & customer prepayments
- ▶ Keep 300mm market share of ~ 15%
- ▶ Invest of EUR ~2m need per 1kWfr/month
- ▶ Capable cleanroom space and facilities available
- ▶ Siltronic will continuously invest to support the market growth and to keep stable market share and to ensure long term prices stay on reinvest level

300mm Siltronic Singapore with competitive advantages regarding cash costs per wafer

Cash costs per 300 mm wafer polished, in USD



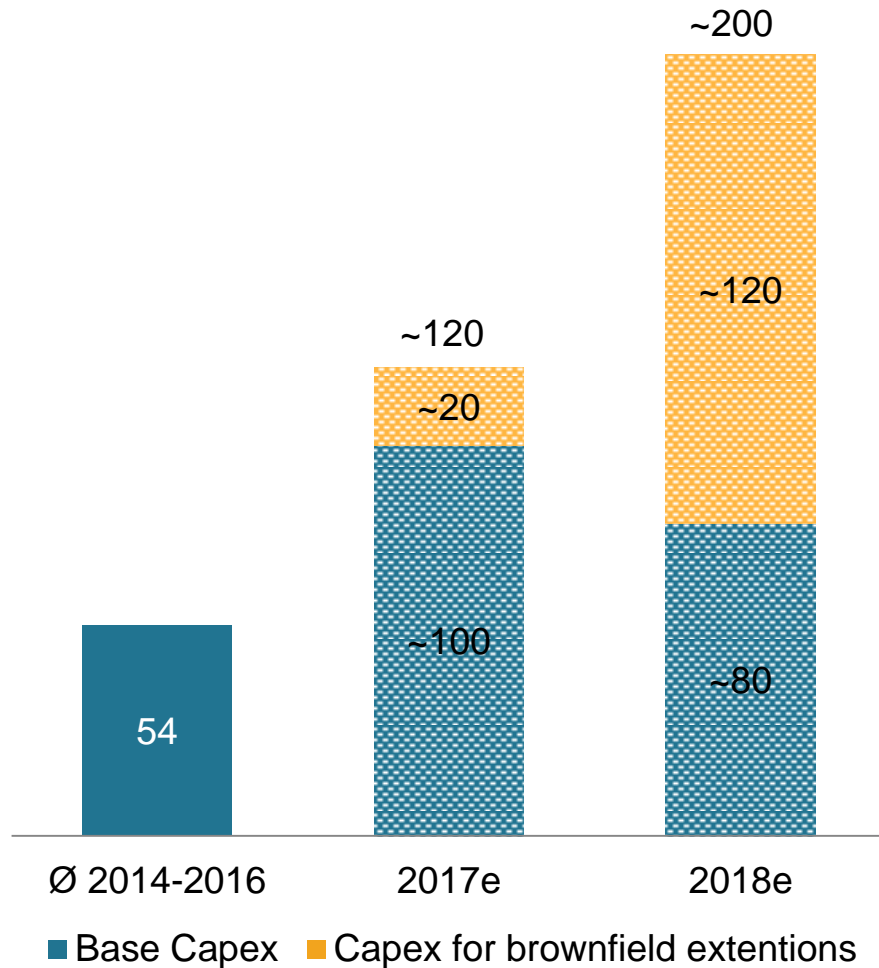
Comments

- ▶ Cash costs per 300mm wafer produced in Singapore are ~15% below average industry costs
- ▶ High automation/modern equipment park
- ▶ Competitive labor costs & well trained operators
- ▶ Low energy costs
- ▶ Higher share of Siltronic wafers produced in Singapore leads to a reduction of average cash costs per wafer manufactured

Source: Siltronic Estimates

Capex will rise to EUR ~200m in 2018

Investment, in EUR million



Comments

- ▶ Capex of EUR ~140m for 70k wafers/month over 2 years
- ▶ Exchange of ingot pullers (capability improvement) in Freiberg to be completed in 2017
- ▶ First preparations already needed in 2017 to incrementally increase capacities in following years
- ▶ Capex base level to sustain business:
 - ▶ MOB (maintenance of business)
 - ▶ Capabilities
 - ▶ Cost reductions
 - ▶ Automation

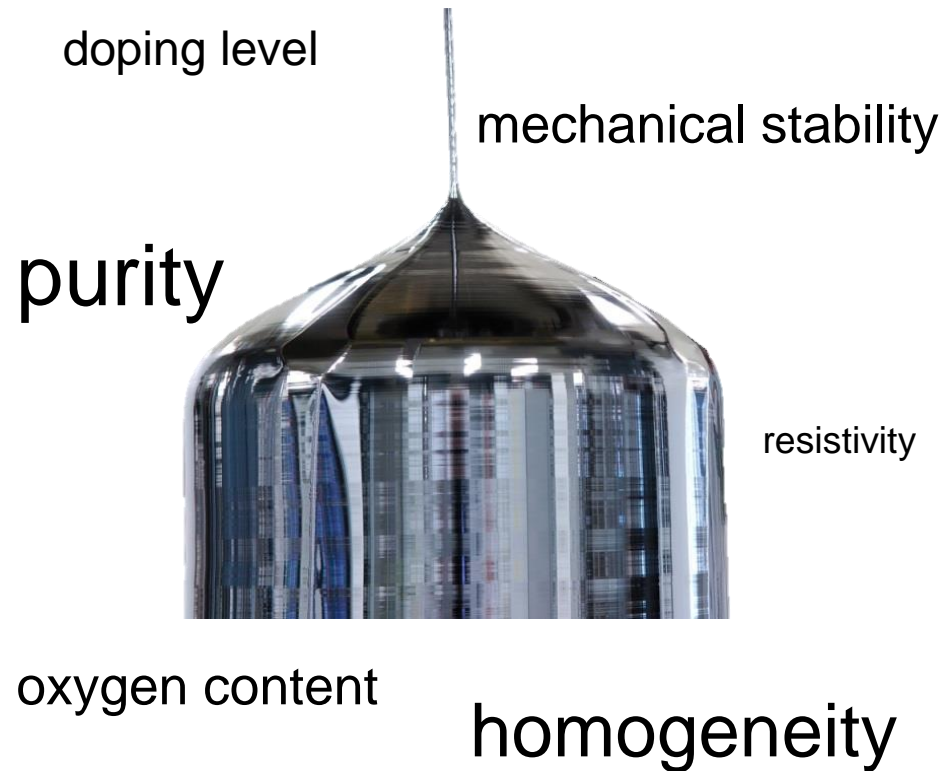


**SILTRONIC - AN INDUSTRY
TECHNOLOGY LEADER**

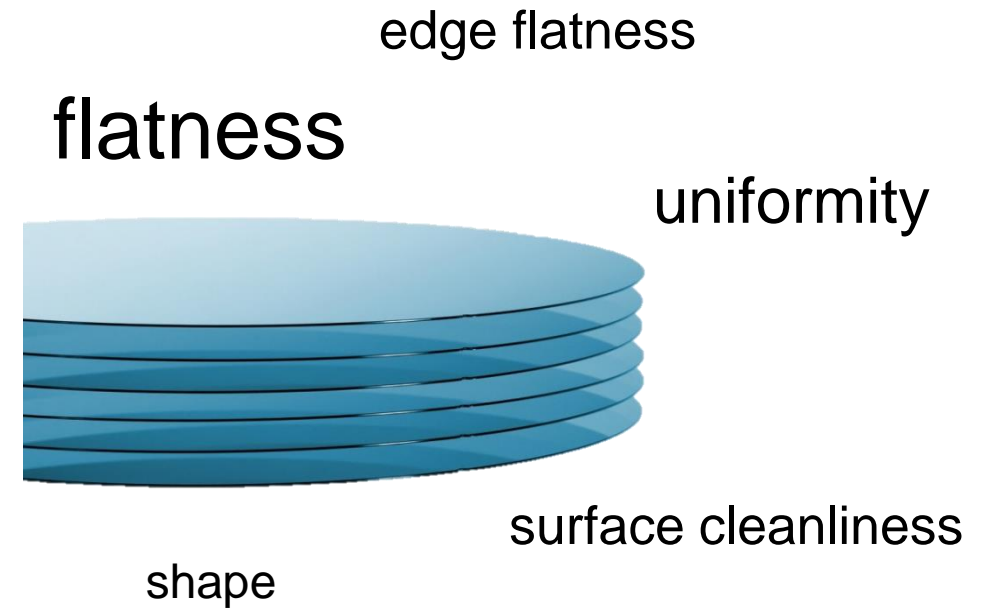
**.....Technological
leadership - a constant race
for improvement.....**

Flatness just one example – A number of key ingot & wafer properties needs to be continuously improved to meet customers' requirements

Ingot

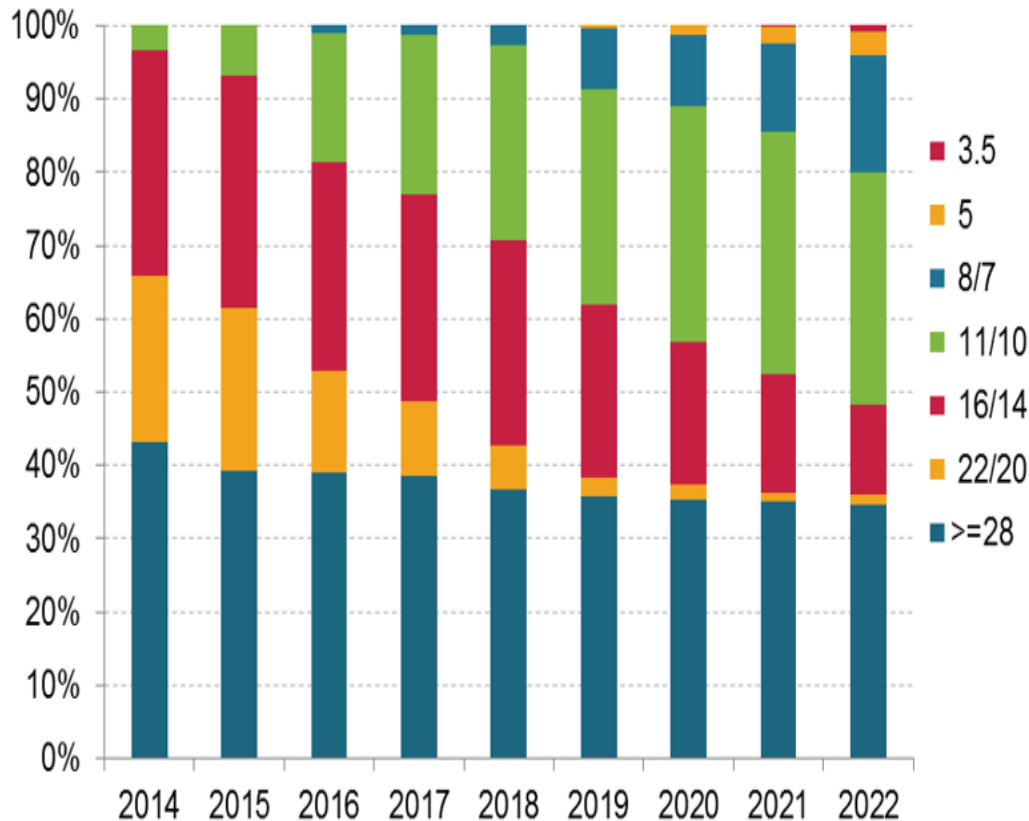


Wafer



Demand moving for leading edge capability drives invest – Siltronic focuses on joint development project with main customers

300mm wafer market by Design Rule



Siltronic focused to be qualified at latest DRs at main customers



TOSHIBA



- ▶ A high number of successful 300mm joint development programs with industry leaders are a strategic target of Siltronic

Source: Siltronic internal estimates and classification

Siltronic is a leader in wafer technology and quality

Technology leadership complemented with the highest level of quality

- ▶ First supplier to ship 300mm wafers
 - ▶ Development of 8 nm design rule started in 2013 (commercialization 2017);
 - ▶ Concurrently optimizing on 50+ wafer parameters of each design rule
 - ▶ >400 engineers worldwide
 - ▶ Approximately 1,700 patents issued and pending (as of Dec. 31, 2016)
 - ▶ Single wafer traceability for 300mm
 - ▶ Standardized processes across sites enabling “copy exactly” at product level
- ▶ Quality awards from several top semiconductor players



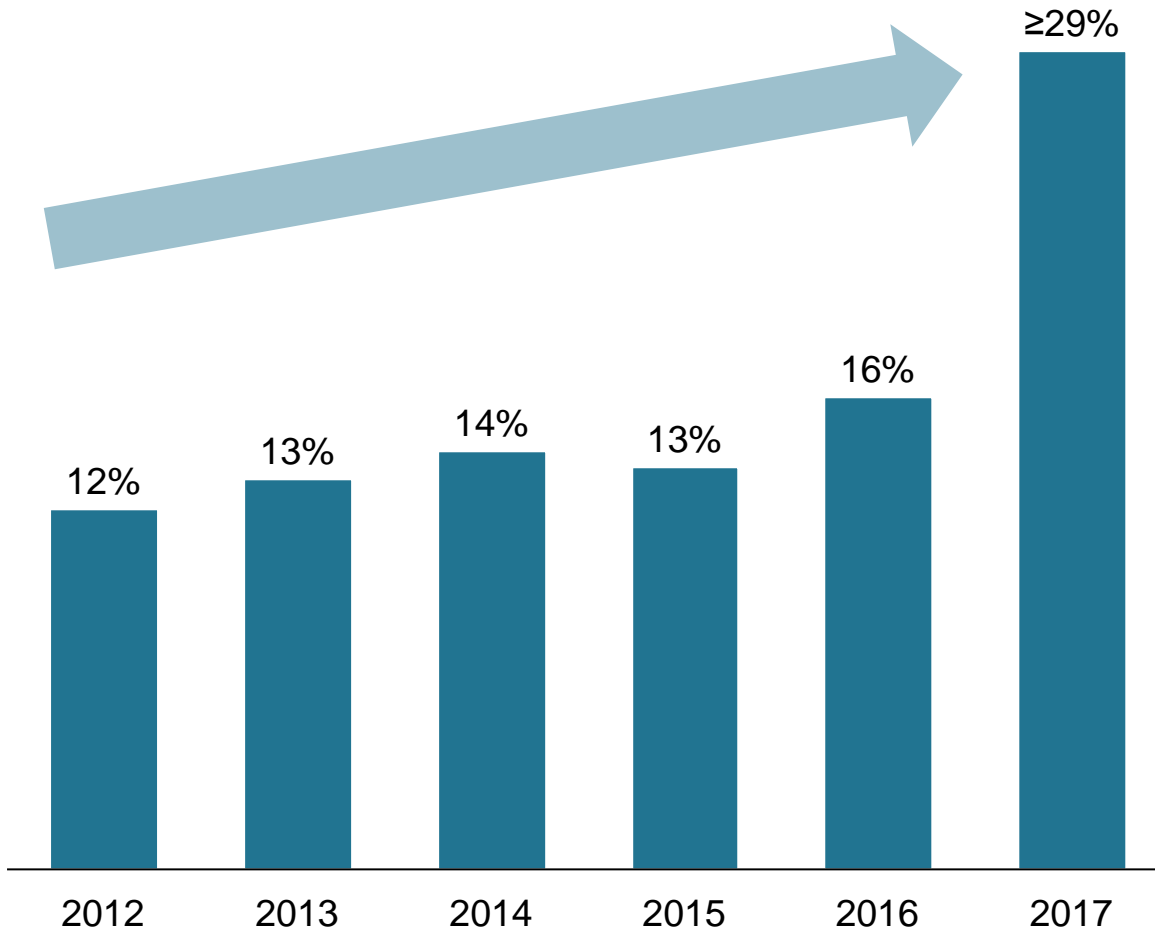
The background features a series of concentric, curved lines in shades of blue and black, creating a sense of depth and motion. A large, semi-transparent teal circle is positioned on the left side of the frame, partially overlapping the curved lines.

SILTRONIC PERFORMANCE

**...well prepared to gain from
future growth.....**

Long-term EBITDA margin trend clearly above industry average

Adjusted¹ EBITDA margin, in % w/o hedging



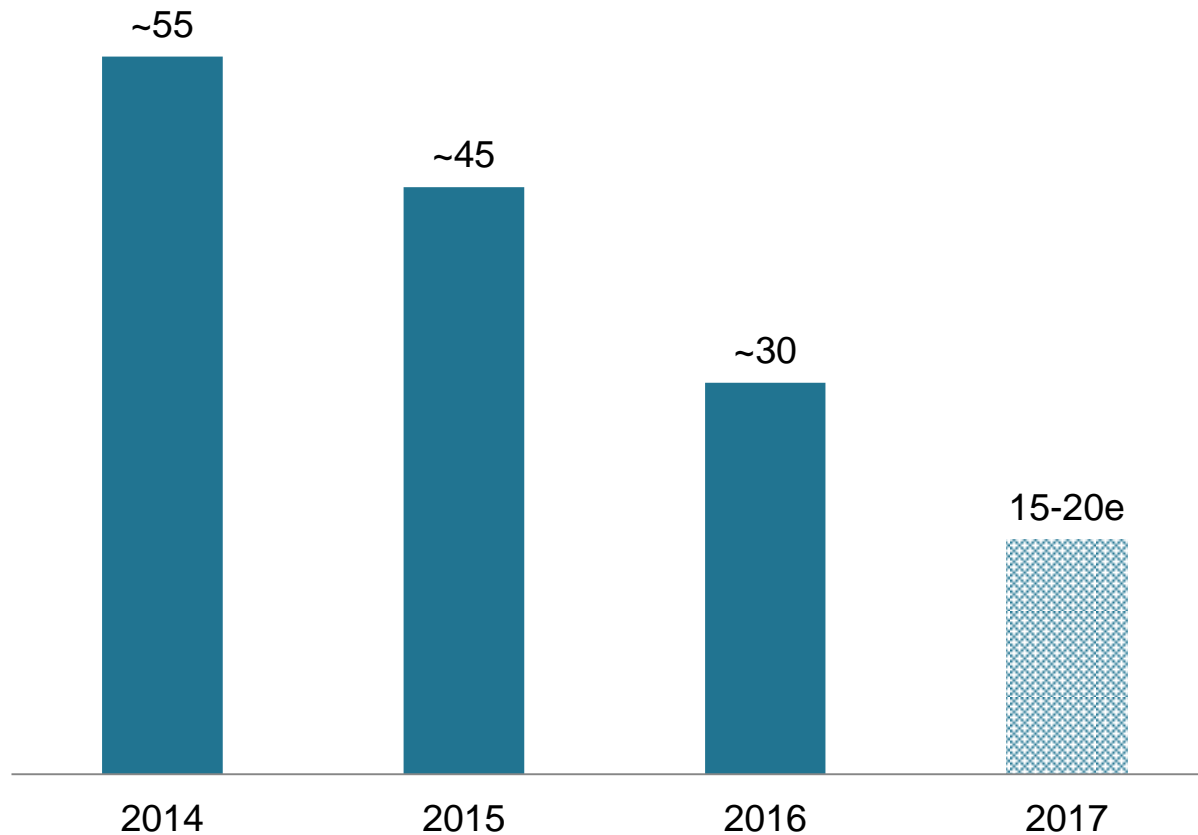
Comments

- ▶ Siltronic targets to become one of the two wafer suppliers with highest EBITDA margin for the full year 2017

¹ figures 2012-2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring Source: Siltronic Guidance: EBITDA margin 2017 at least 27%

Successful cost reduction programs continue

Cost savings, in EUR million¹



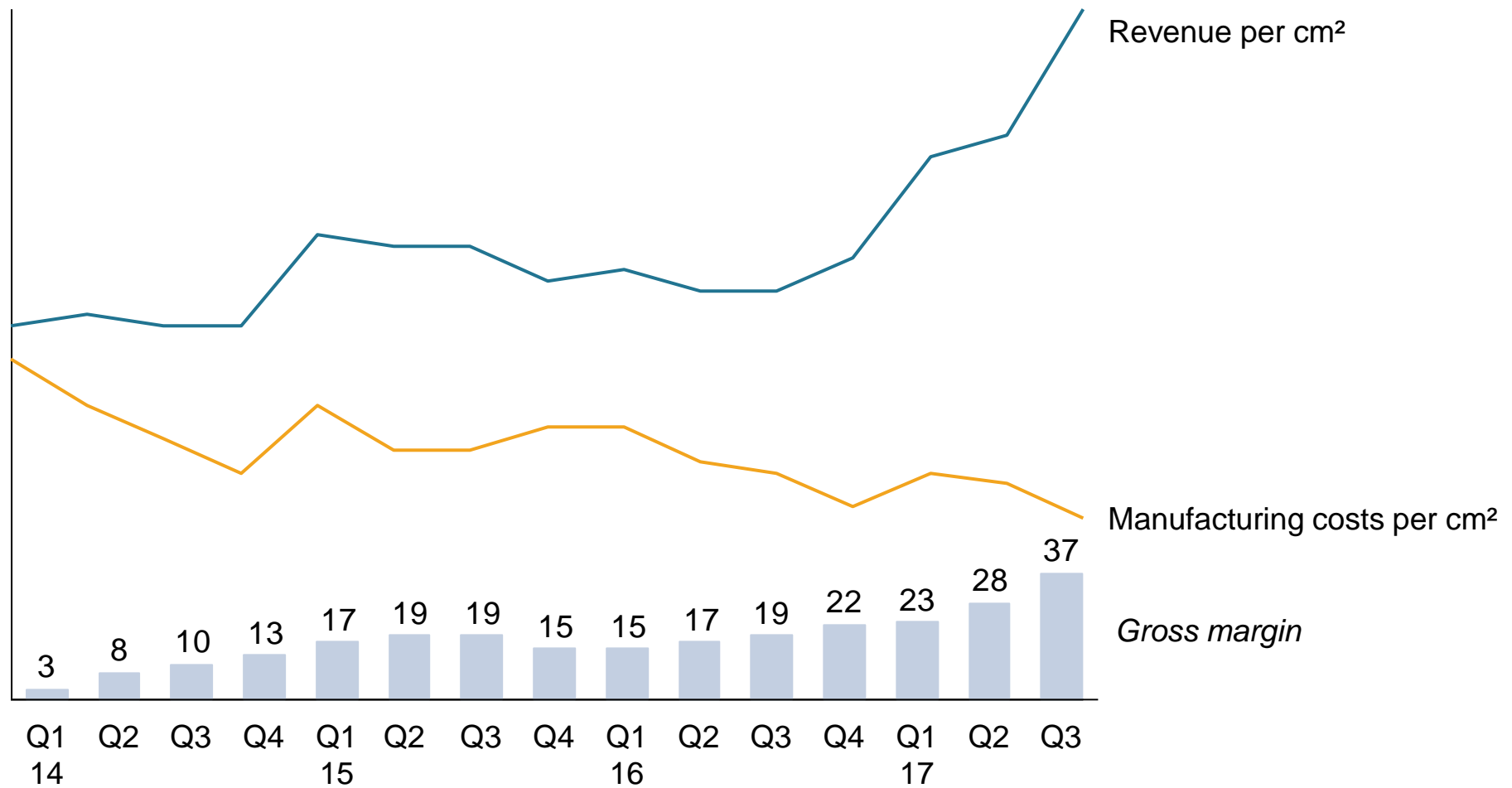
Additional savings levers

- ▶ Investing in automation in Germany
- ▶ Investing in new pullers to improve yields and capabilities
- ▶ Poly cost optimization ongoing
- ▶ Further productivity increases through various initiatives

¹ Based on prior year cost basis to current year volumes and adjustments to certain current year costs to reflect prior year contractual and economic parameters (e.g. prior year unit labor cost).

Gross margin improves steadily

Revenue vs. manufacturing costs, in €-cent/cm² and gross margin, in %



Financials improved strongly over the last years

Adjusted ¹ financial figures (EUR million)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Q1-Q3 2017	FC 2017
Sales	1030.0	875.5	853.4	931.3	933.4	849.2	≥ 1.16bn
EBIT	(75.5)	(87.3)	(31.6)	2.7	27.0	144.6	./.
EBIT margin in %	(7.3)	(10.0)	(3.7)	0.3	2.9	17.0	./.
EBITDA	122.5	112.6	117.7	124.0	146.0	232.2	./.
EBITDA margin in %	11.9	12.9	13.8	13.3	15.6	27.3	≥ 29%
CapEx	144.3	39.7	40.7	75.0	88.8	61.7	around 120m
Free cash flow	(134.4)	64.7	86.3	37.4	19.0	131.4	by far above 2016

¹ figures 2012-2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring



STRATEGY AND OUTLOOK

.....no change in our
proven strategy while
enjoying improving
returns.....

Siltronic strategy - capitalize on market opportunities while focusing on 300mm & technological leadership by growing with the market

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

Strategic Focus

Benefit

from market
growth

Ensure

technology &
quality leadership

Improve

financial performance
& cash flow

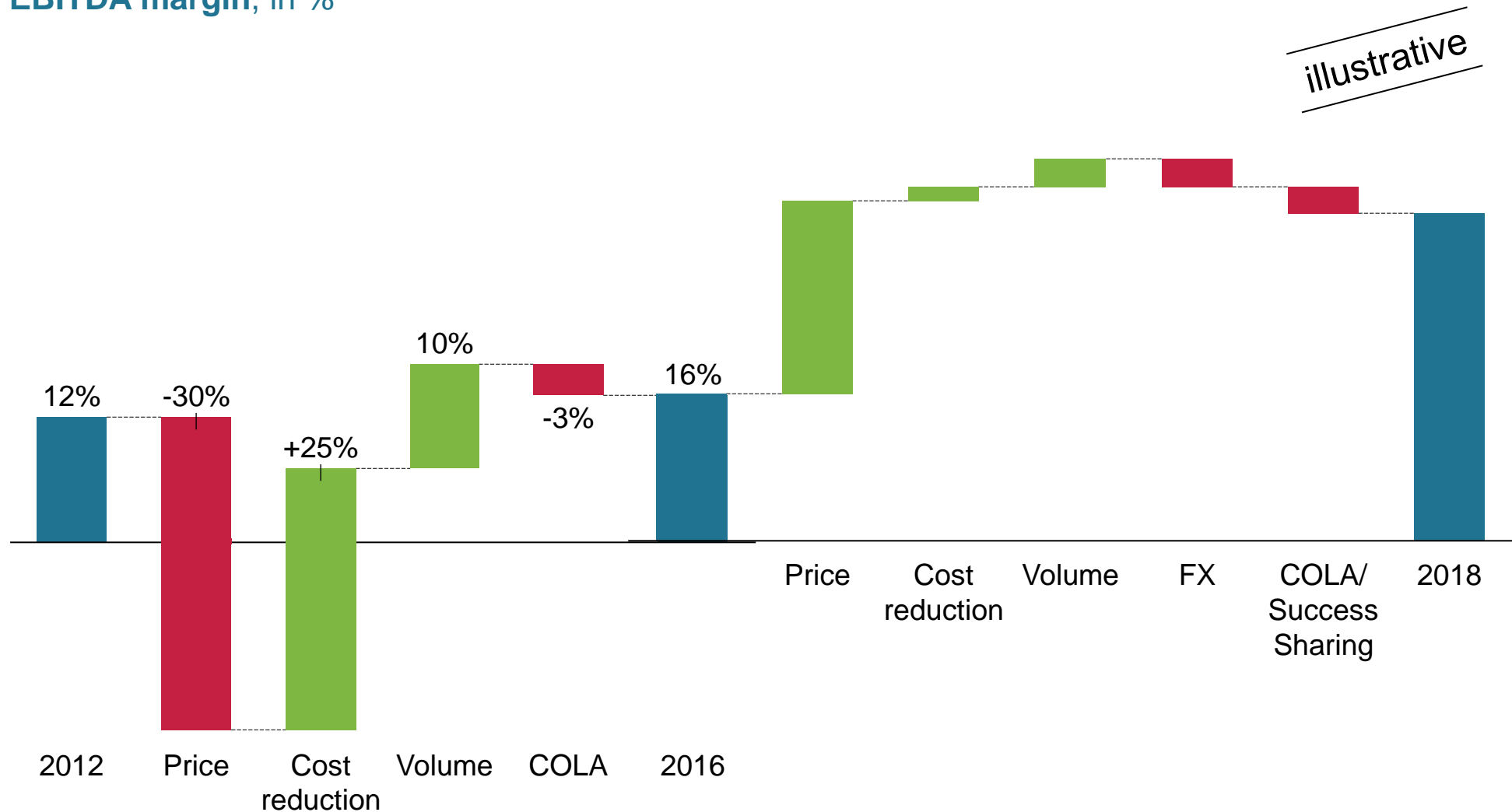
Execute

cost reduction
roadmaps &
debottlenecking
concepts

We continuously increase the value for our stakeholders by providing best-in-class wafers at competitive costs.

Once price reductions reversed, Siltronic will unveil its true earnings potential

EBITDA margin, in %





THANK YOU!

Appendix



FINANCIALS Q3/2017

...price increases
accelerate continuous
improvement

Highlights Q3/2017: Financials

Sales

Sales of EUR 308.1m (Q2/2017: EUR 283.1m)

EBITDA

EUR 106.5m (Q2/2017: EUR 72.7m)

Margin

EBITDA margin of 34.6% (Q2/2017: 25.7%)

EBIT & ROCE

EUR 77.8m (Q2/2017: EUR 43.4m)
ROCE 43.4% (Q2/2017: 24.0%)

CapEx

EUR 16.9m (Q2/2017: EUR 25.5m)

Free Cash Flow

EUR 58.2m (Q2/2017: EUR 41.8m)

Net Financial Assets

EUR 294.8m (December 31, 2016: EUR 175.0m)

Market highlights

Semiconductors

- ▶ Semiconductor market continued its strong growth in August
- ▶ Units grew +14.8% y-o-y (3MMA)

Silicon wafer demand

- ▶ Silicon shipment volumes forecast to be 11,448 million square inches in 2017, 8.2% up y-o-y

Price increases

- ▶ Price increases for 300 mm wafers continued
- ▶ Substantial price increase for 200 mm wafers reached
- ▶ Siltronic negotiated additional price increases for Q4

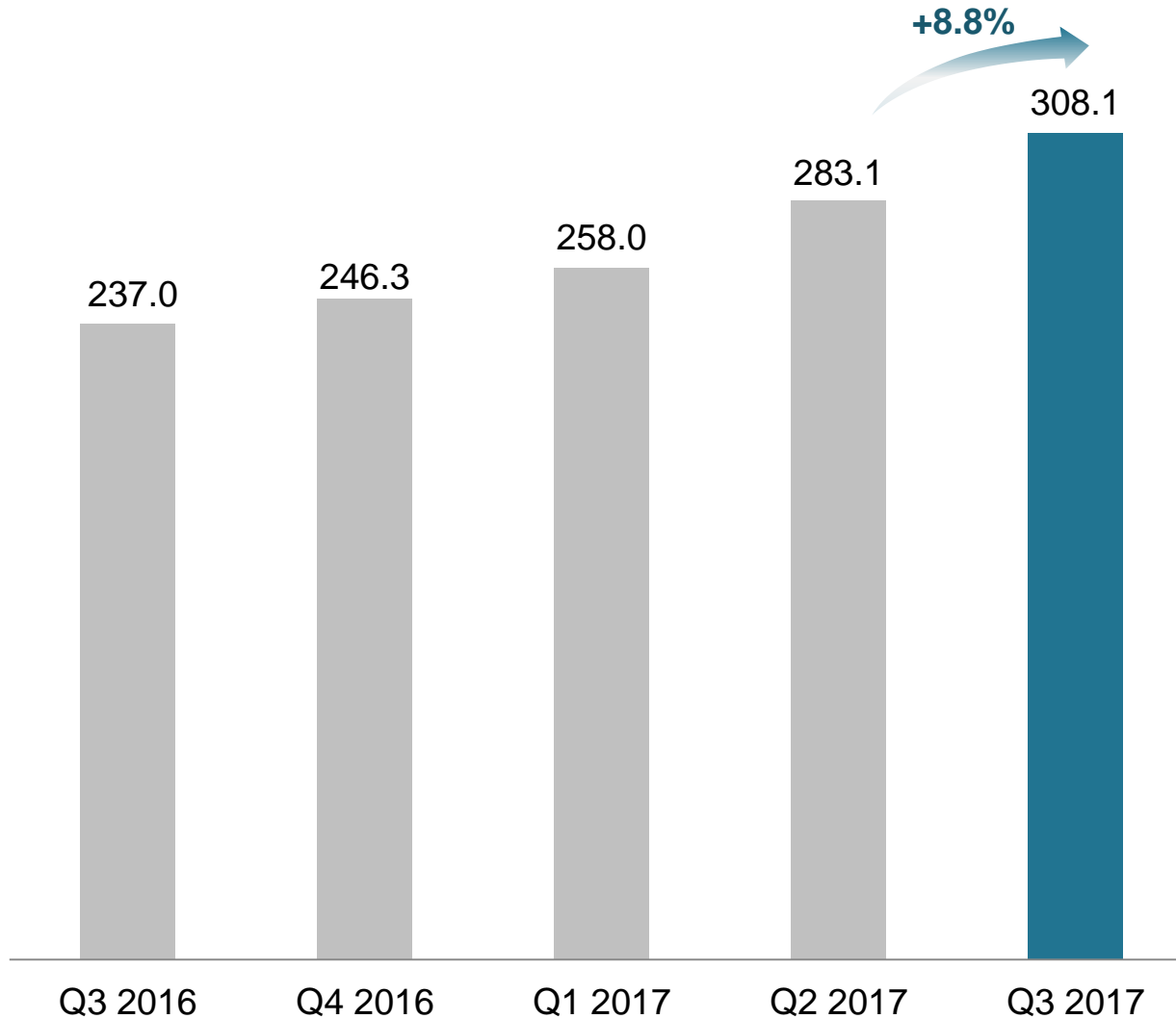
Competition

- ▶ Wafer suppliers continue to report strong demand for all diameters, with fully utilized 200 mm and 300 mm lines

Source: WSTS up to August 2017, SEMI press release October 16, 2017

Q3 sales development driven by increased prices

Sales, in EUR million



Comments

▶ Positive

- ▶ Slight volume growth q-o-q, especially in smaller diameters
- ▶ Higher wafer prices for 300mm and 200mm in Q3
- ▶ ASP up y-o-y and q-o-q
- ▶ Further price increases negotiated for Q4

▶ Negative

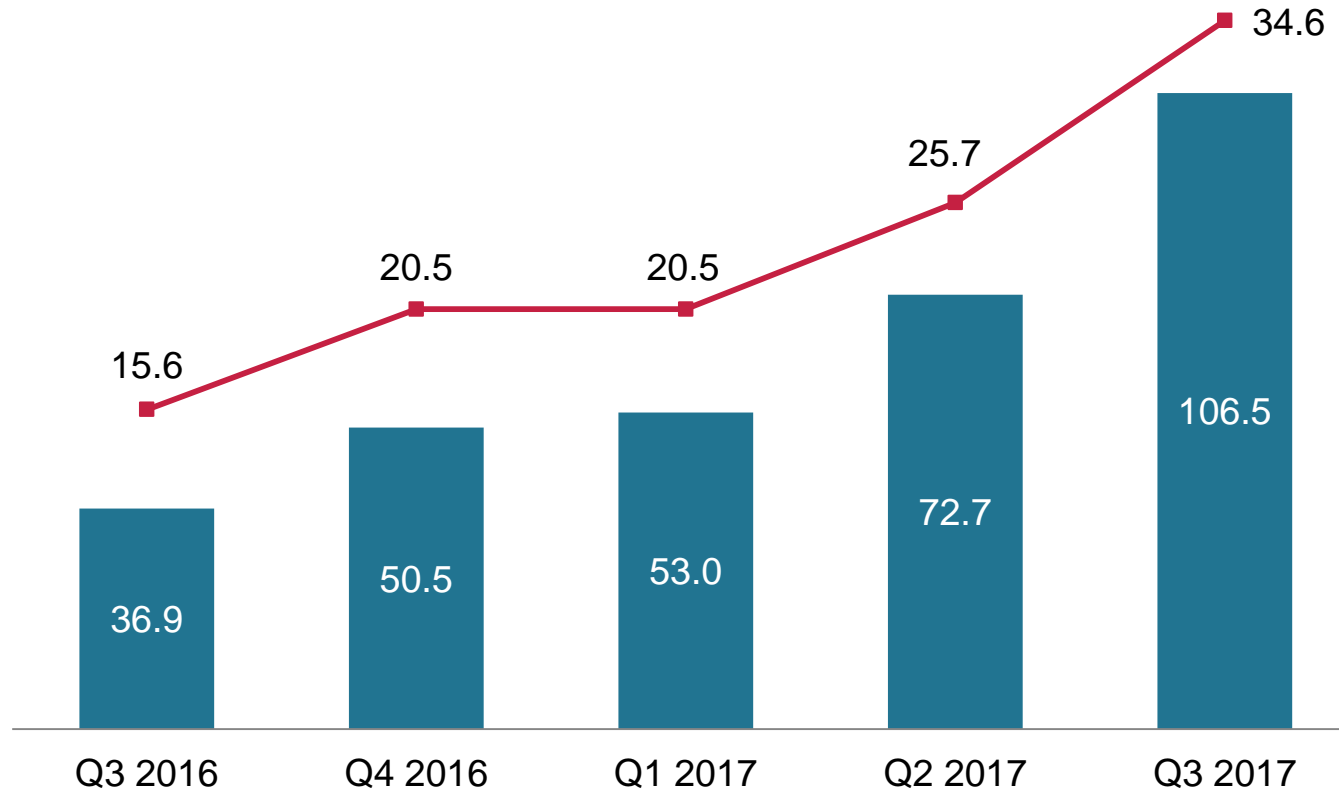
- ▶ Some headwind from USD q-on-q

Positive development of EBITDA and EBITDA margin mainly due to higher ASP

EBITDA margin in %; EBITDA in EUR million

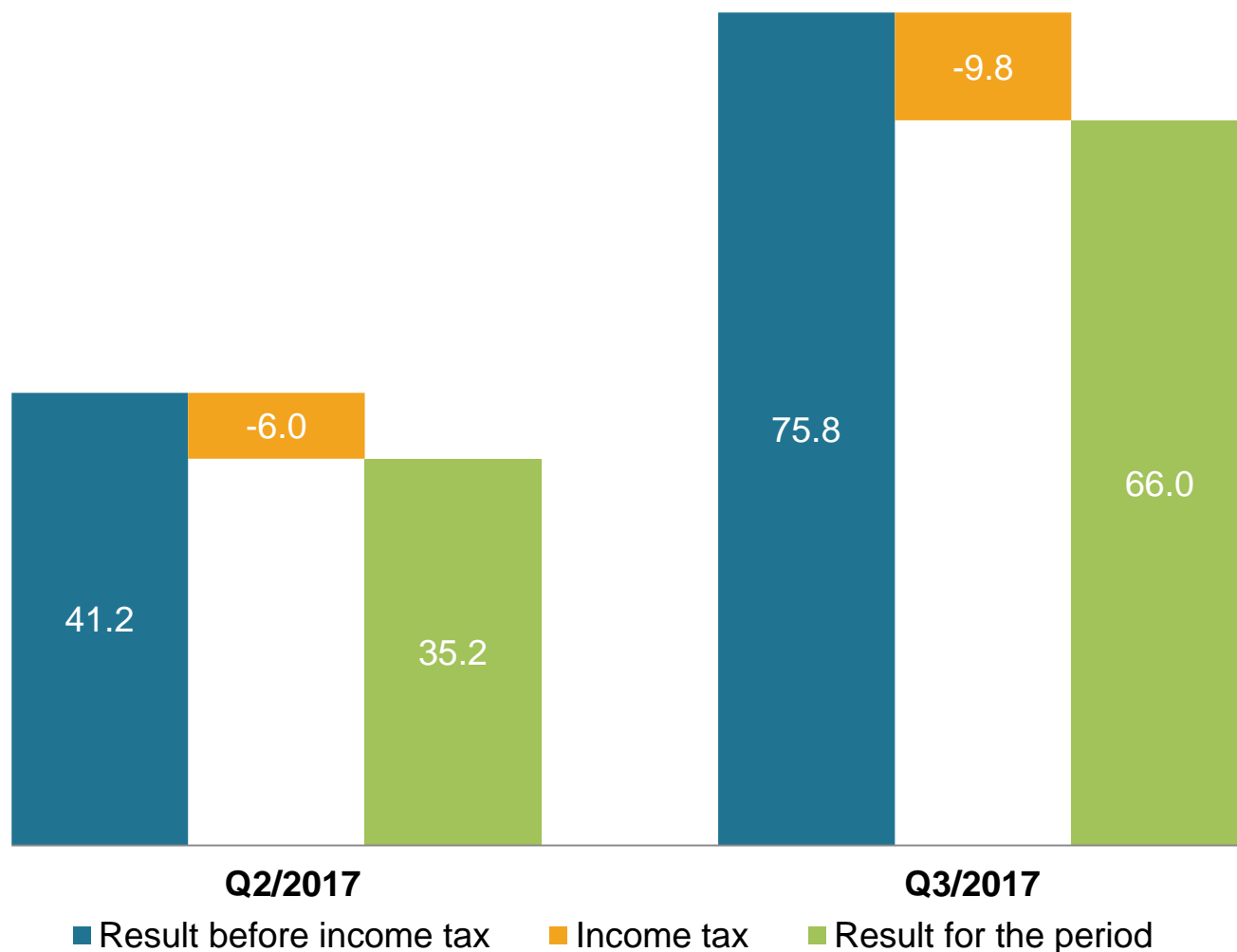
Comments

- ▶ Positive
 - ▶ Higher ASP y-o-y and q-o-q
 - ▶ Successful cost reduction program continued – cost of sales per wafer area decreased



Positive development of net result due to price increases

Result and income tax, in EUR million



Comments

- ▶ Net profit of EUR 66.0m in Q3/2017
- ▶ Price increases and lower cost of sales per wafer area had positive effects
- ▶ EUR 9.8m effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)

Equity ratio of ~50%

Net financial assets of EUR 295m

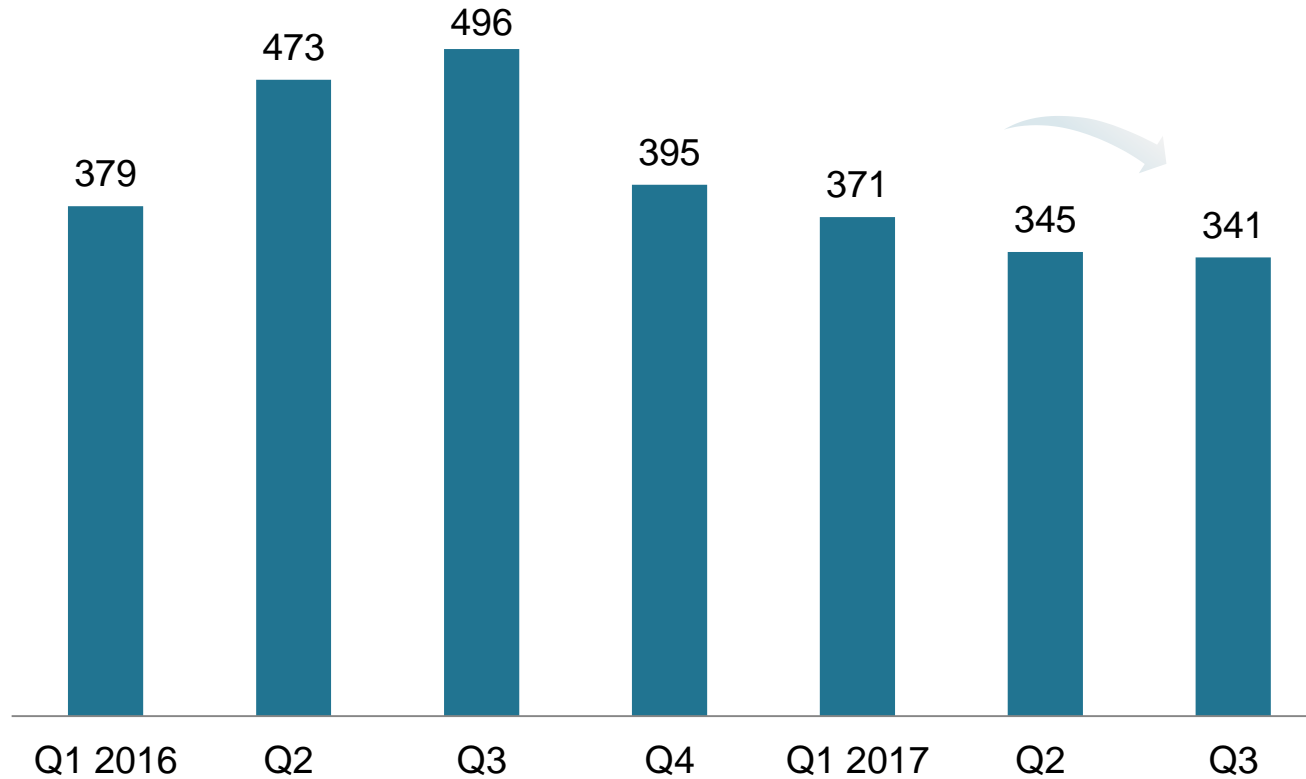
Balance sheet, in EUR million

Assets	Sep 30, 2017	Dec 31, 2016	Comments Sep 30, 2017
Non-current	516.1	554.1	
PP&E	481.2	519.8	
Other fixed	34.9	34.3	24 intangibles (related to SSW) 3 hedging
Current	668.6	502.7	
Inventories	143.3	140.9	
Trade receivables	150.3	118.2	
Other current	40.8	28.2	16 hedging
Cash and fixed term deposits	334.2	215.4	
Total	1,184.7	1,056.8	

Equity and liabilities	Sep 30, 2017	Dec 31, 2016	Comments Sep 30, 2017
Equity	588.3	425.3	
Siltronic	590.6	431.9	
Other shareholders	-2.3	-6.6	Samsung's 22% in SSW
Liabilities	596.4	631.5	
Pension provision	340.5	395.1	Germany and US
Other provisions	65.3	51.1	43 personnel related (e.g. early retirement)
Financial debt	39.4	40.4	Samsung
Trade liabilities	79.0	81.6	
Other	72.2	63.3	27 prepayments 38 employee-related 2 hedging
Total	1,184.7	1,056.8	

Fluctuations in pension provision due to interest rate movements

Pension provision, in EUR million



Comments

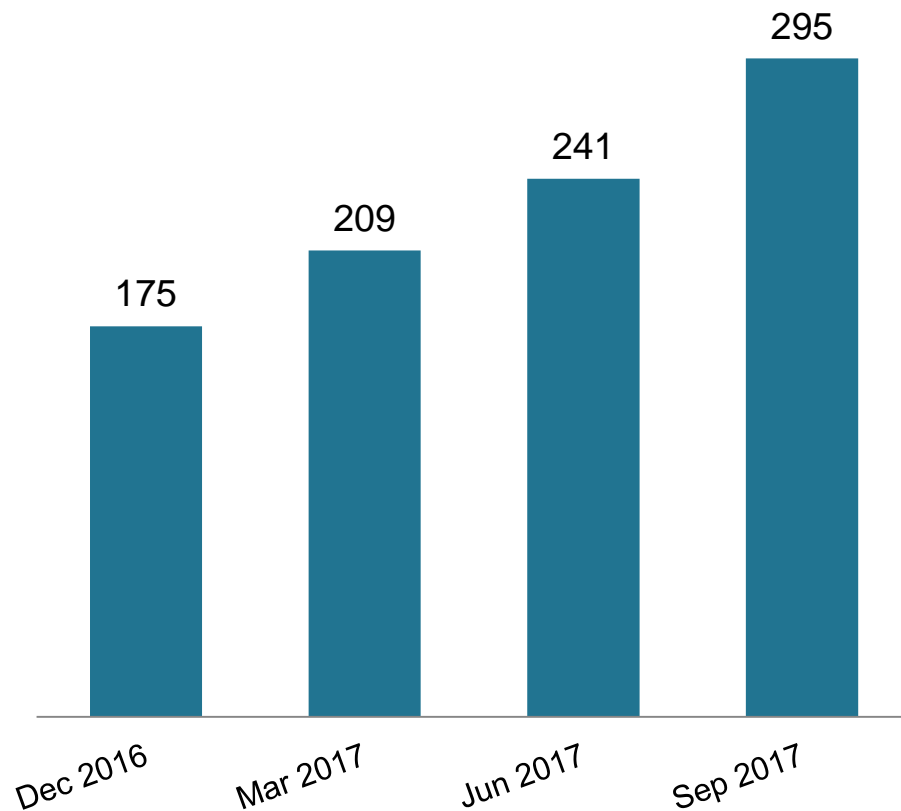
- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)

interest rates IFRS

▶ USA	3.78%	3.47%	3.43%	3.92%	3.90%	3.65%	3.61%
▶ Germany	2.15%	1.60%	1.38%	1.94%	2.07%	2.19%	2.21%

Net financial assets nearly doubled since IPO

Net financial assets, in EUR million



Dividend policy introduced in September 2017

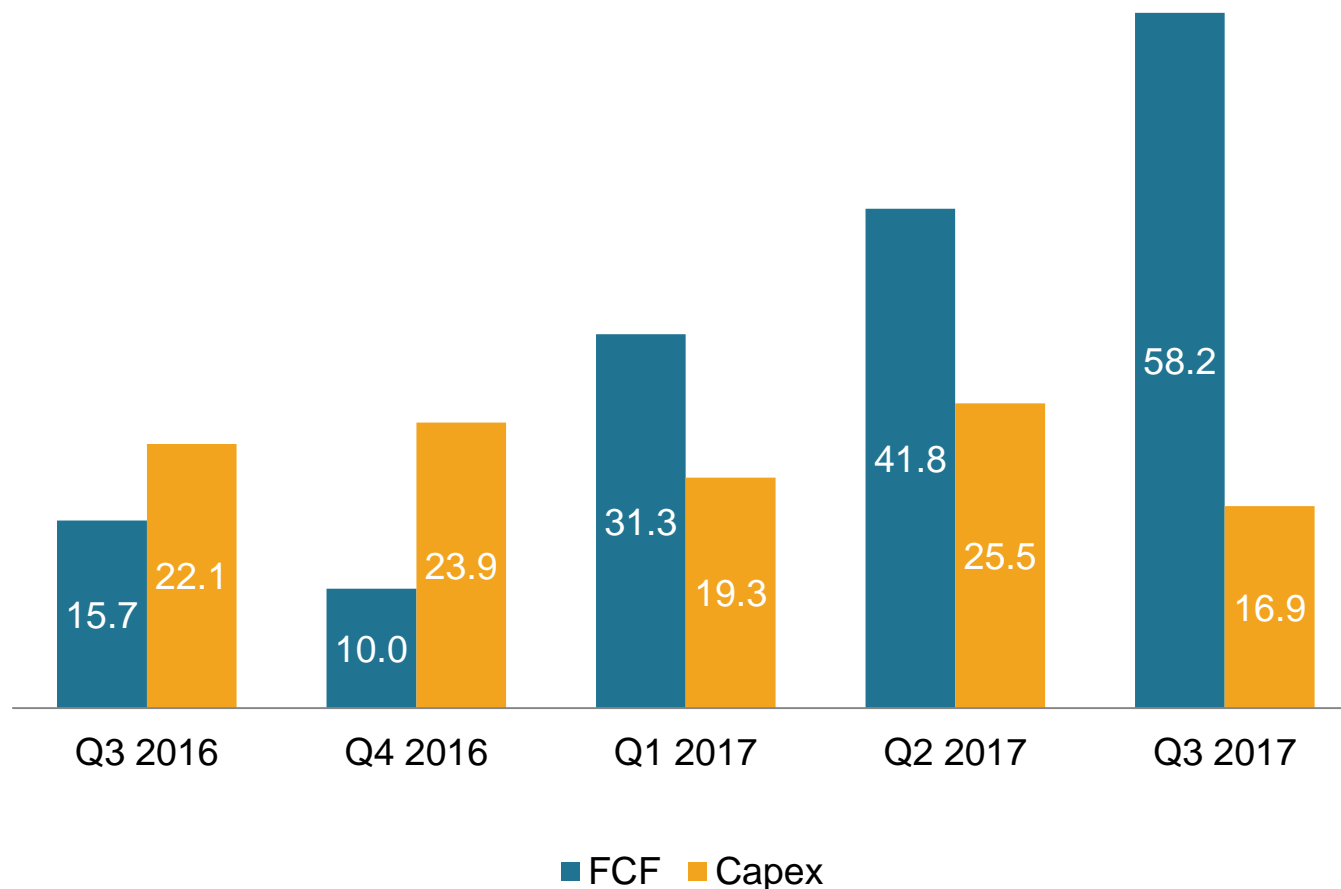
- ▶ Pay-out ratio of ~40% of net shareholder earnings based on IFRS standards
- ▶ Dividend for 2017 payable in 2018
 - ▶ depending on approval of Annual General Meeting in April 2018
- ▶ High cash flow supports dividend payment

Increasing free cash flow generation


Capex and FCF, in EUR million

Comments

- ▶ Repayment of prepayments:
 - ▶ EUR ~5m per quarter
- ▶ Customer prepayments
 - ▶ EUR 17.3 m received up to Q3/2017 for product mix optimization
 - ▶ Expect further prepayments in 2017 and 2018
- ▶ **Capex 2017: EUR ~120m**



Siltronic Outlook 2017 (Update as of October 26, 2017)

EBITDA margin	at least 29% update	
ROCE	substantially higher than in 2016, considerably higher than WACC	
Free Cash Flow	clearly positive; by far above 2016	
Sales	at least EUR 1.16bn update	
R&D	approx. 6% of sales update	
Cost Position	potential savings of around EUR 15m to EUR 20m	
Hedging Expenses	below EUR 10m update	
Depreciation	on the level of 2016	
Tax rate	below 20% update	
Financial Result	roughly EUR 10m interest expense	
Earnings per Share	significantly higher than in 2016	
CapEx	around EUR 120m due to prepayments in brownfield extensions in 2019 update	

Contact and Additional Information

Issuer and Contact

Siltronic AG
Hanns-Seidel-Platz 4
D-81737 München

Investor Relations:

Petra Mueller
email: petra.mueller@siltronic.com
Tel. +49 89 8564-3133

Additional Information

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

Financial Calendar

Full Year 2017 Results	March 5, 2018
Annual General Meeting	April 19, 2018
Q1 2018 Results	April 25, 2018
Q2 2018 Results	July 25, 2018
Q3 2018 Results	October 25, 2018



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SILTRONIC AG |

Hanns-Seidel-Platz 4
81737 Munich
Germany