

# Siltronic AG Q3/2017 Results

October 26, 2017

A person wearing a white lab coat and a clear face shield is working in a cleanroom. They are positioned behind a large, highly reflective, metallic, dome-shaped object that is suspended by a thin wire. The object has a complex, ribbed structure and is reflecting the surrounding environment. The background is a blurred cleanroom setting with various equipment and structures.

## MARKET OVERVIEW & CAPEX STRATEGY

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



# 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

# 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

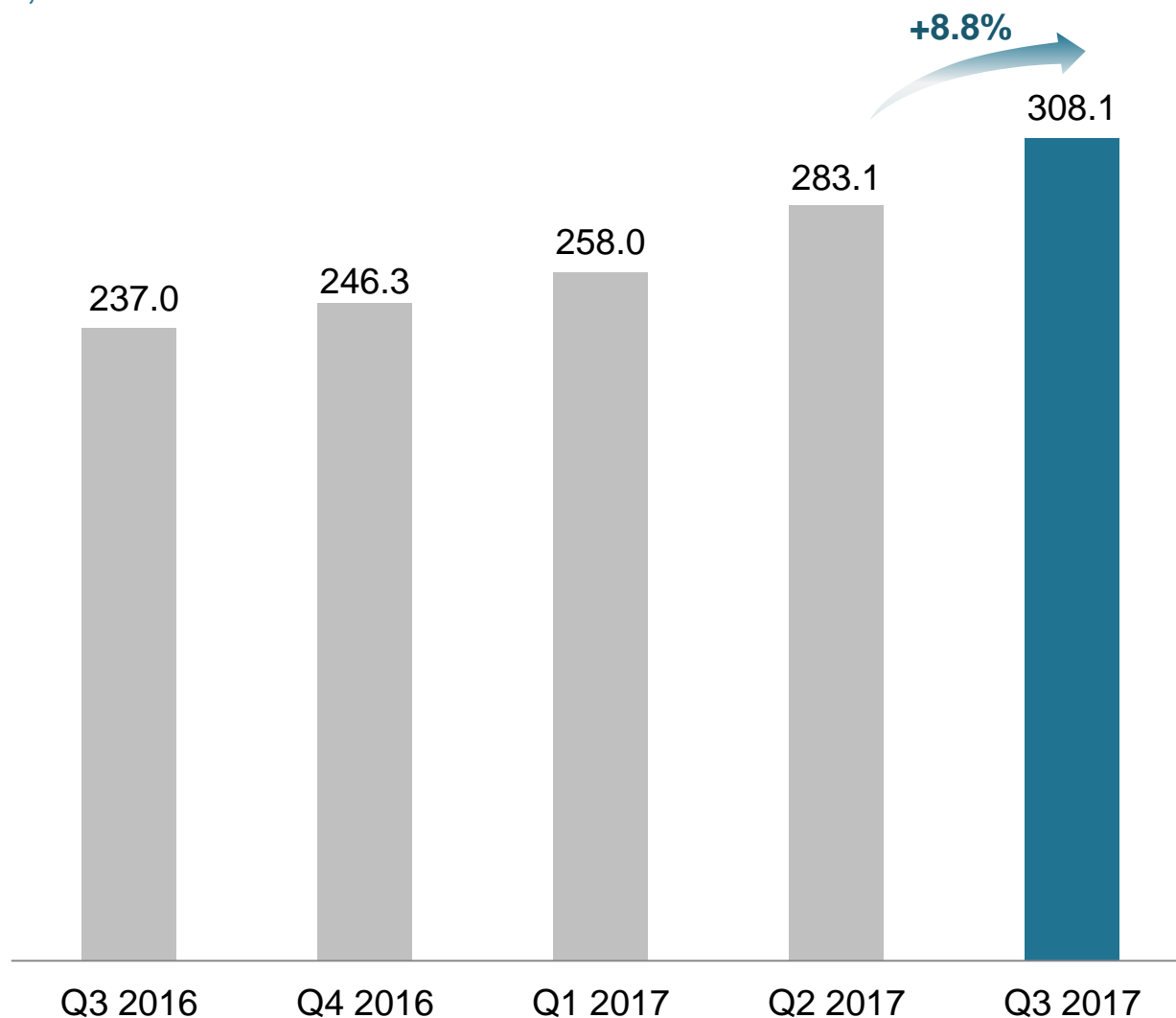


## **FINANCIALS Q3/2017**

**...price increases  
accelerate continuous  
improvement .....**

# 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

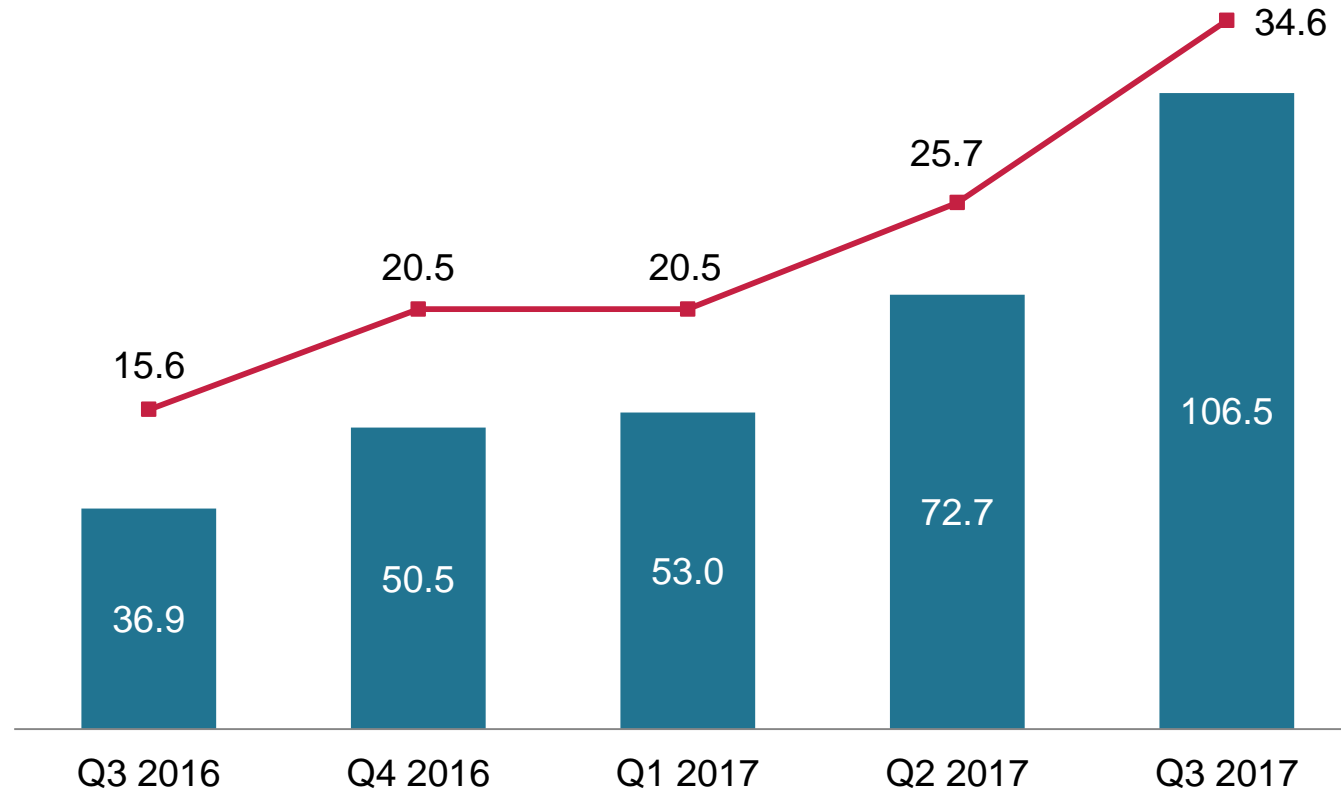
- Some headwind from USD q-on-q

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

EBITDA margin in %; EBITDA in EUR million

## Comments

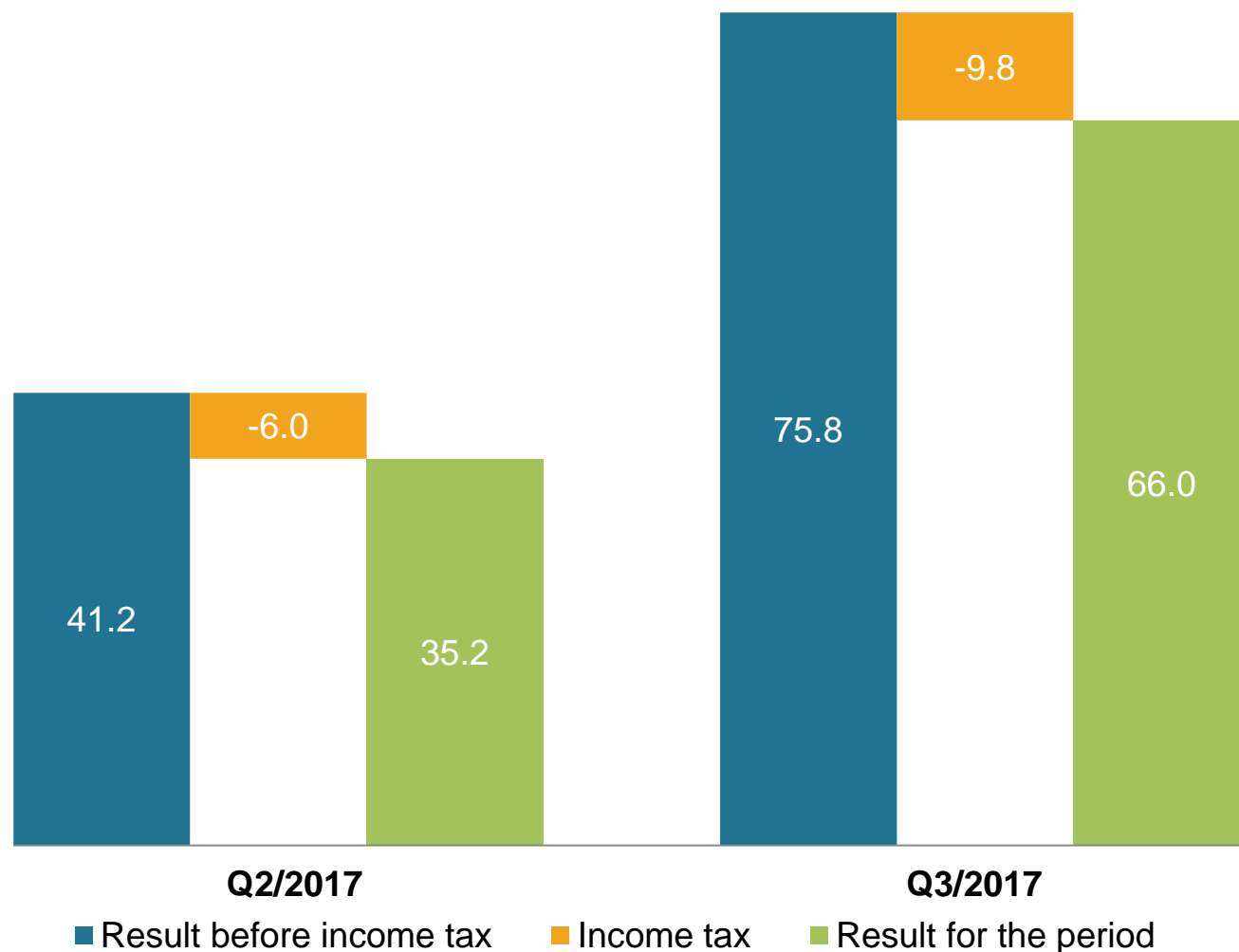
- ▶ Positive
  - ▶ Higher ASP y-o-y and q-o-q
  - ▶ Successful cost reduction program continued – cost of sales per wafer area decreased





# Positive development of net result due to price increases

Result and income tax, in EUR million



## Comments

- ▶ Net profit of EUR 75.8m 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

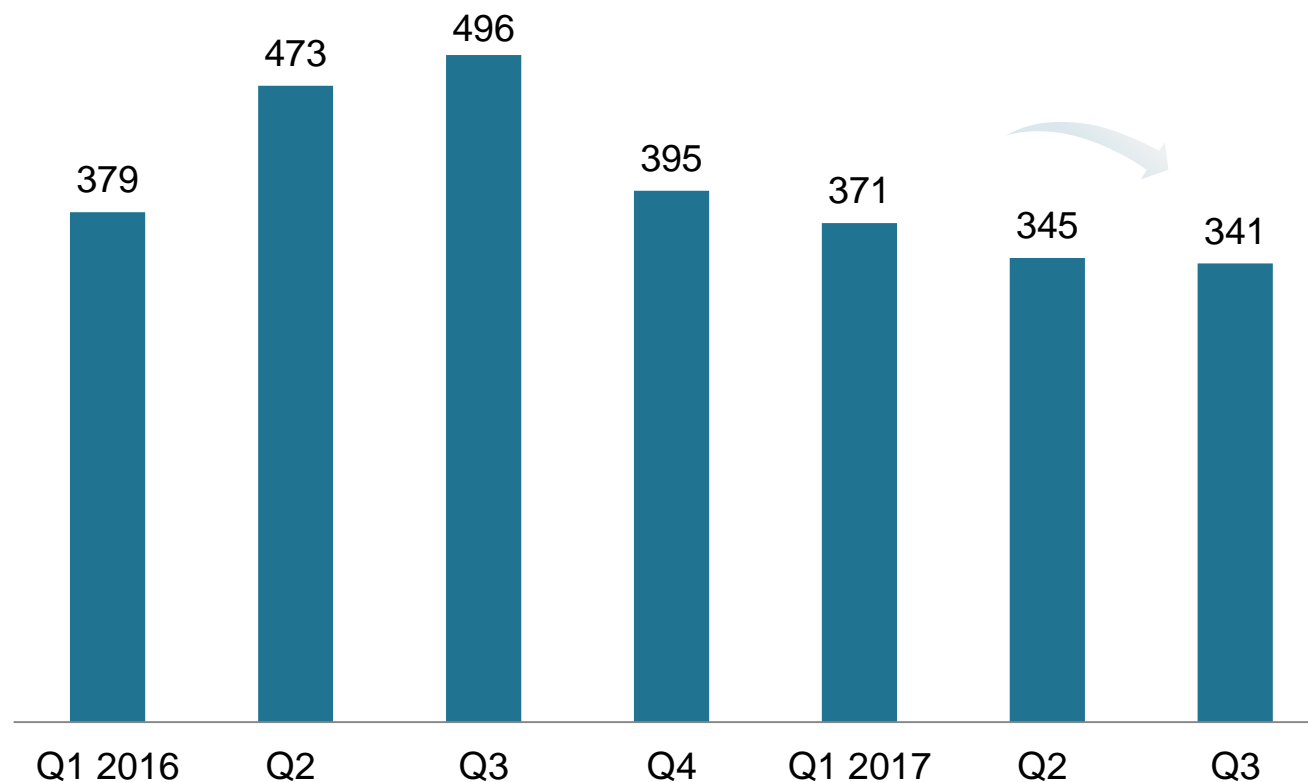
### Balance sheet, in EUR million

| Assets                       | Sep 30, 2017   | Dec 31, 2016   | Comments Sep 30, 2017                        |
|------------------------------|----------------|----------------|--|
| <b>Non-current</b>           | <b>516.1</b>   | <b>554.1</b>   |  |
| PP&E                         | <b>481.2</b>   | 519.8          |  |
| Other fixed                  | <b>34.9</b>    | 34.3           | 24 intangibles (related to SSW)<br>3 hedging |
| <b>Current</b>               | <b>668.6</b>   | <b>502.7</b>   |  |
| Inventories                  | <b>143.3</b>   | 140.9          |  |
| Trade receivables            | <b>150.3</b>   | 118.2          |  |
| Other current                | <b>40.8</b>    | 28.2           | 16 hedging                                   |
| Cash and fixed term deposits | <b>334.2</b>   | 215.4          |  |
| <b>Total</b>                 | <b>1.184,7</b> | <b>1,056.8</b> |  |

| Equity and liabilities | Sep 30, 2017   | Dec 31, 2016   | Comments Sep 30, 2017                              |
|------------------------|----------------|----------------|--|
| <b>Equity</b>          | <b>588.3</b>   | <b>425.3</b>   |  |
| Siltronic              | <b>590.6</b>   | 431.9          |  |
| Other shareholders     | <b>-2.3</b>    | -6.6           | Samsung's 22% in SSW                               |
| <b>Liabilities</b>     | <b>596.4</b>   | <b>631.5</b>   |  |
| Pension provision      | <b>340.5</b>   | 395.1          | Germany and US                                     |
| Other provisions       | <b>65.3</b>    | 51.1           | 43 personnel related (e.g. early retirement)       |
| Financial debt         | <b>39.4</b>    | 40.4           | Samsung  |
| Trade liabilities      | <b>79.0</b>    | 81.6           |  |
| Other                  | <b>72.2</b>    | 63.3           | 27 prepayments<br>38 employee-related<br>2 hedging |
| <b>Total</b>           | <b>1.184,7</b> | <b>1,056.8</b> |  |

# Fluctuations in pension provision due to interest rate movements

Pension provision, in EUR million



## Comments

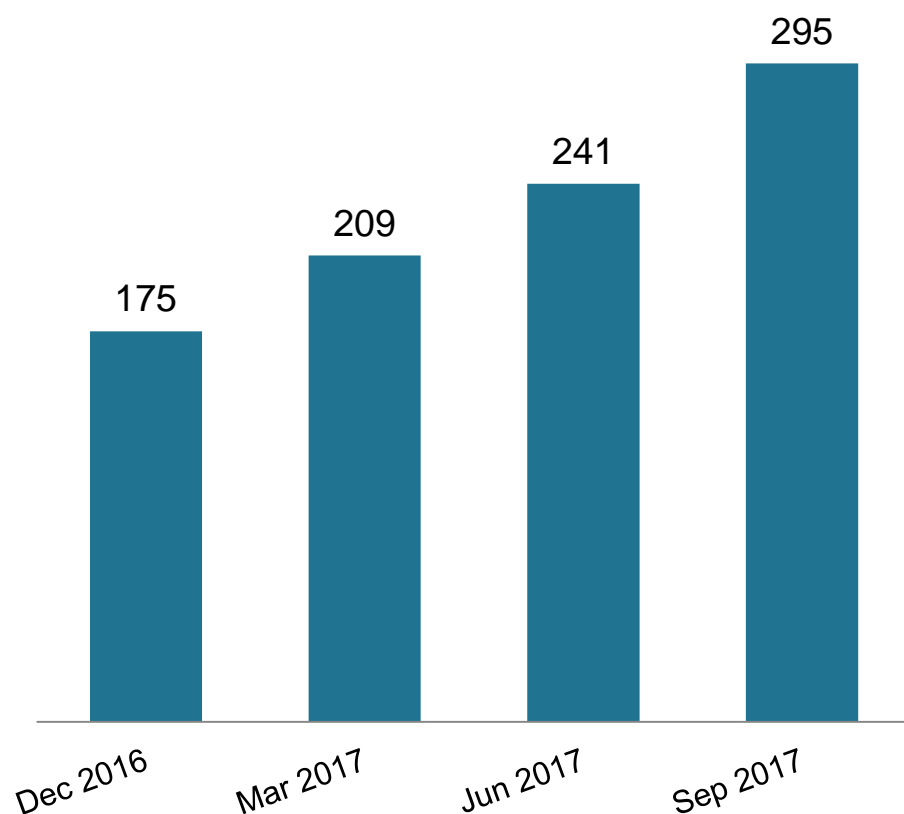
- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)

## 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

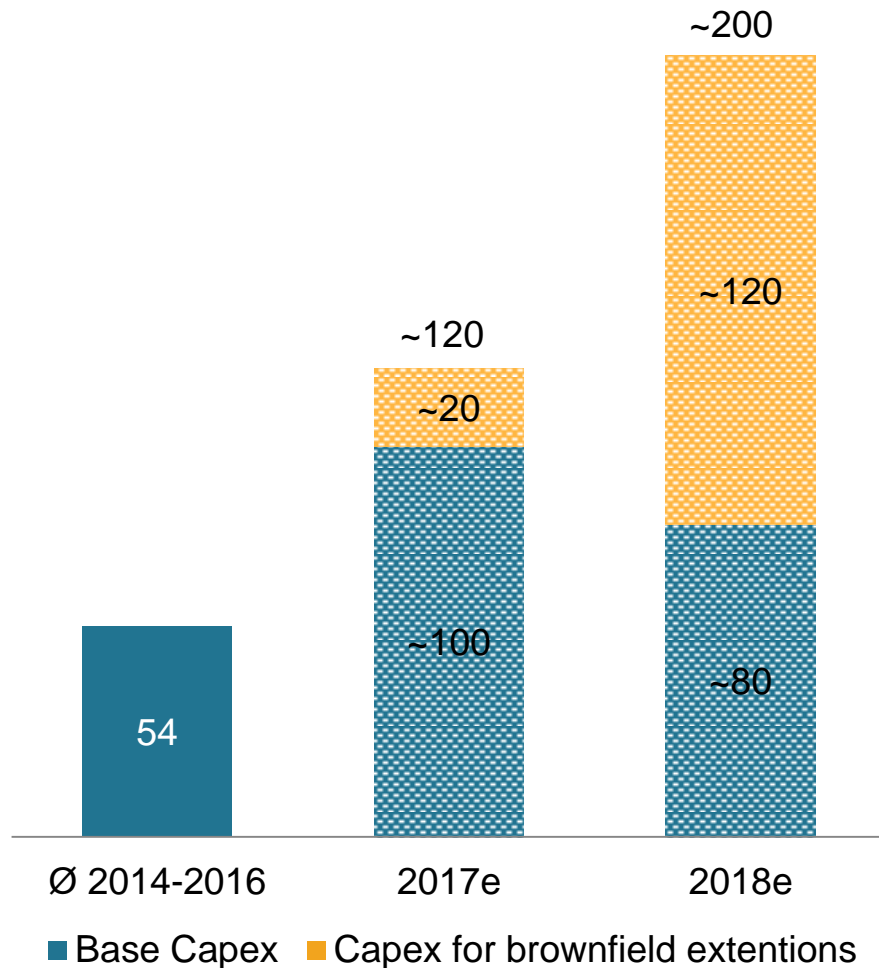


## Dividend policy introduced in September 2017

- ▶ 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

# 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

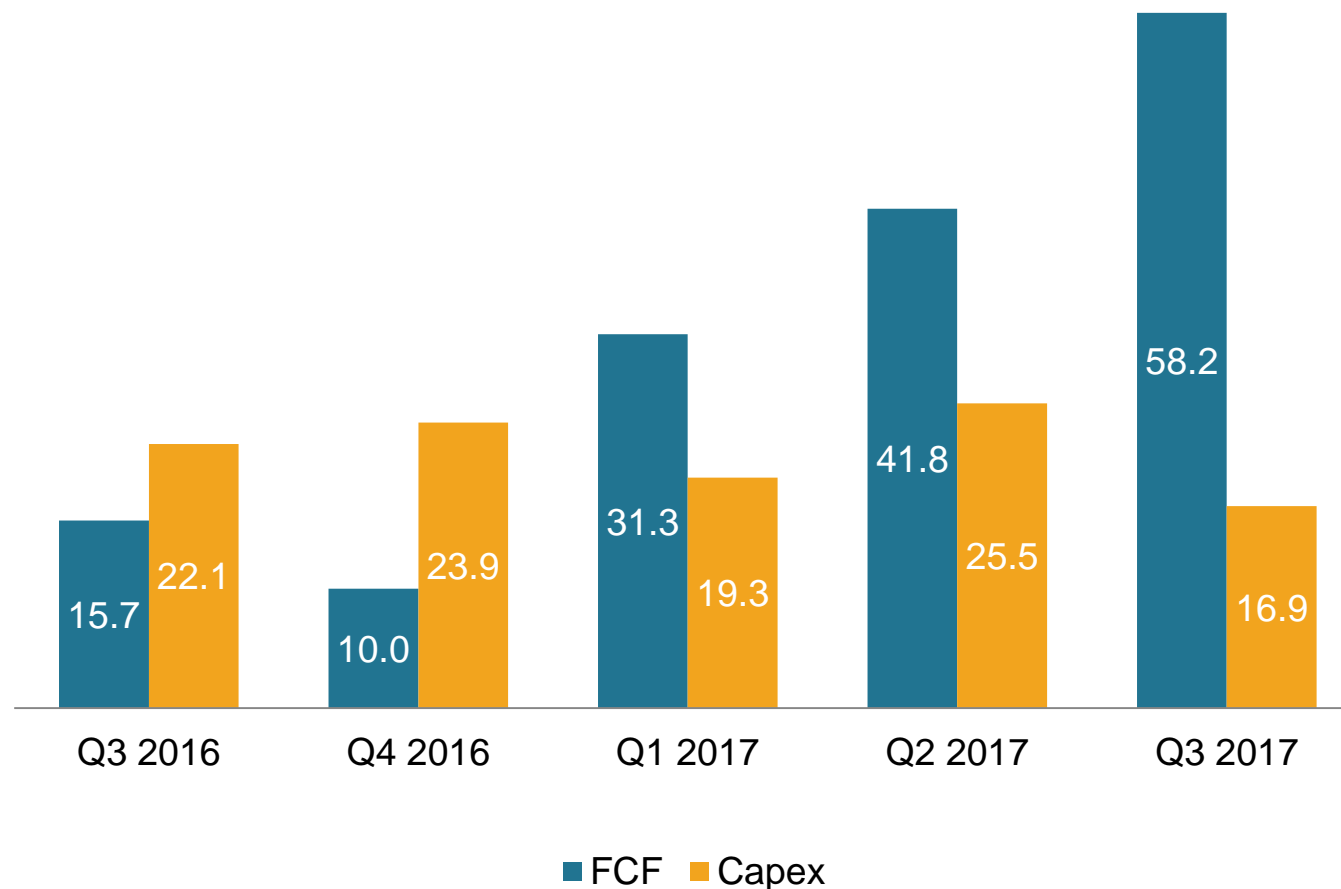


# Increasing free cash flow generation

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**




A close-up photograph of a large, dark, circular semiconductor wafer being processed in a cleanroom. The wafer is suspended by a thin wire and is being moved by a robotic arm. In the background, a person wearing a white lab coat and a blue face mask is visible, working on the equipment. The scene is brightly lit, and the overall color palette is dominated by blues and whites.

## OUTLOOK

.....a positive outlook in  
Q4/2017 and beyond.....

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

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



# 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](mailto:petra.mueller@siltronic.com)  
Tel. +49 89 8564-3133

## Additional Information

|                 |  |
|-----------------|--|
| ISIN:           | DE000WAF3001                               |
| WKN:            | WAF300                                     |
| Deutsche Börse: | WAF  |
| Listing:        | Frankfurt Stock Exchange<br>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 |



# 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 intent 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** |

Hanns-Seidel-Platz 4  
81737 Munich  
Germany