



Siltronic – a leading producer of silicon wafers

Roadshow Presentation

March/April, 2017

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

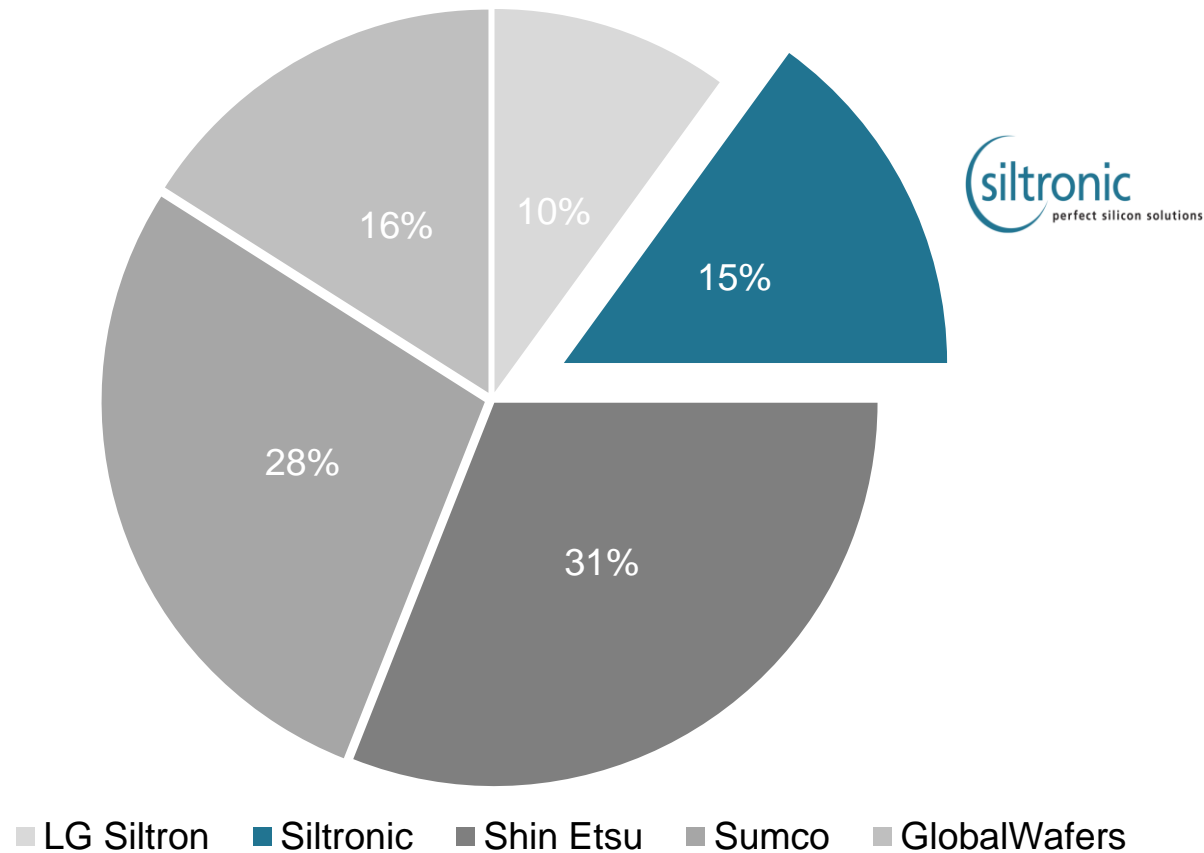
Electronics value chain 2016



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

Siltronic is a strong wafer supplier with leading-edge technology

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



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

International manufacturing network supports market leadership and business focus



US

Portland

200 mm

Wafer



Germany

Freiberg

300 mm

Crystal⁽¹⁾ + Wafer



Burghausen

150 200 300 mm

Crystal⁽¹⁾ + Wafer



Singapore

SSP

200 mm

Wafer



SSW

300 mm

Crystal⁽¹⁾ + Wafer



High volume facilities for 300 mm in Germany and Singapore

Among world's newest & largest fabs in Singapore

SSW majority strengthens fab network and market position

(1) crystal pulling

Customer base well diversified across all major semiconductor silicon wafer consumers

Siltronic is a supplier to all top 20 silicon wafer consumers



Siltronic well positioned at all major silicon consumers

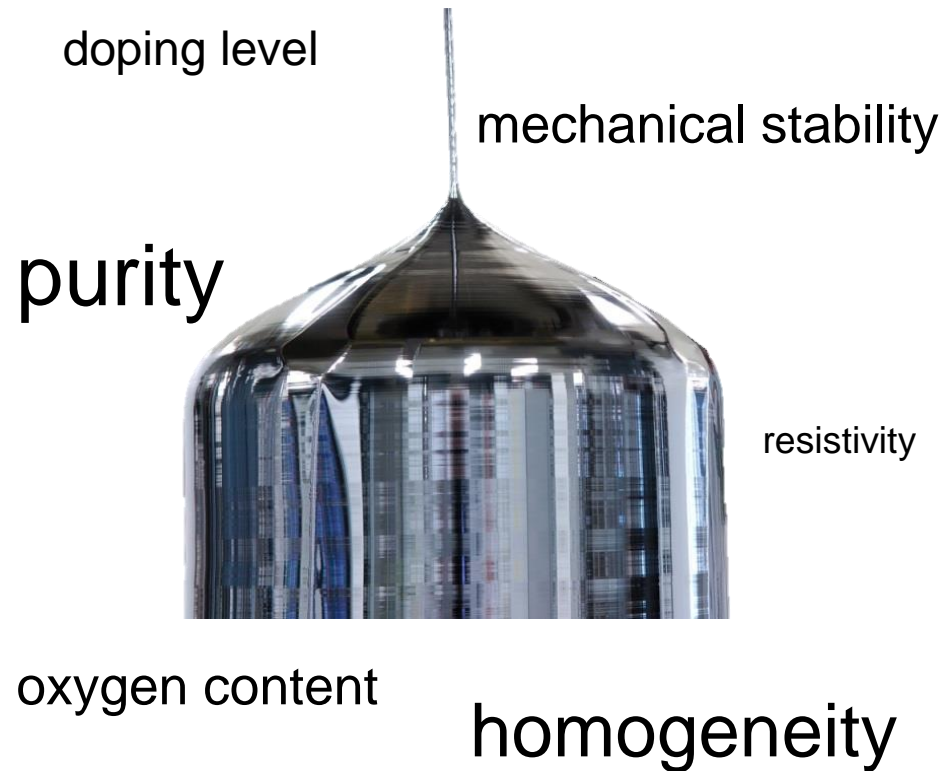
Top 10 customers represent ~65% of 2016 revenues

Note: Top 20 consumers defined according to their fab capacities in the Fab Data Base from Gartner
Source: Company Information; Gartner Fab Data Base; Companies' web pages

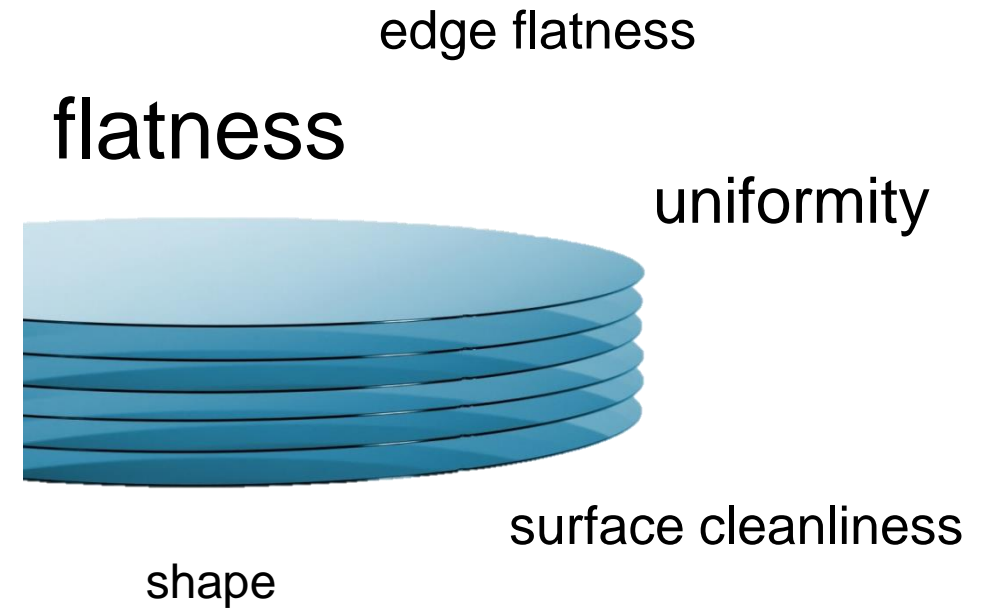
Continuous improvement of key ingot and wafer properties to meet customers' requirements

Improvement of key ingot and wafer properties

Ingot

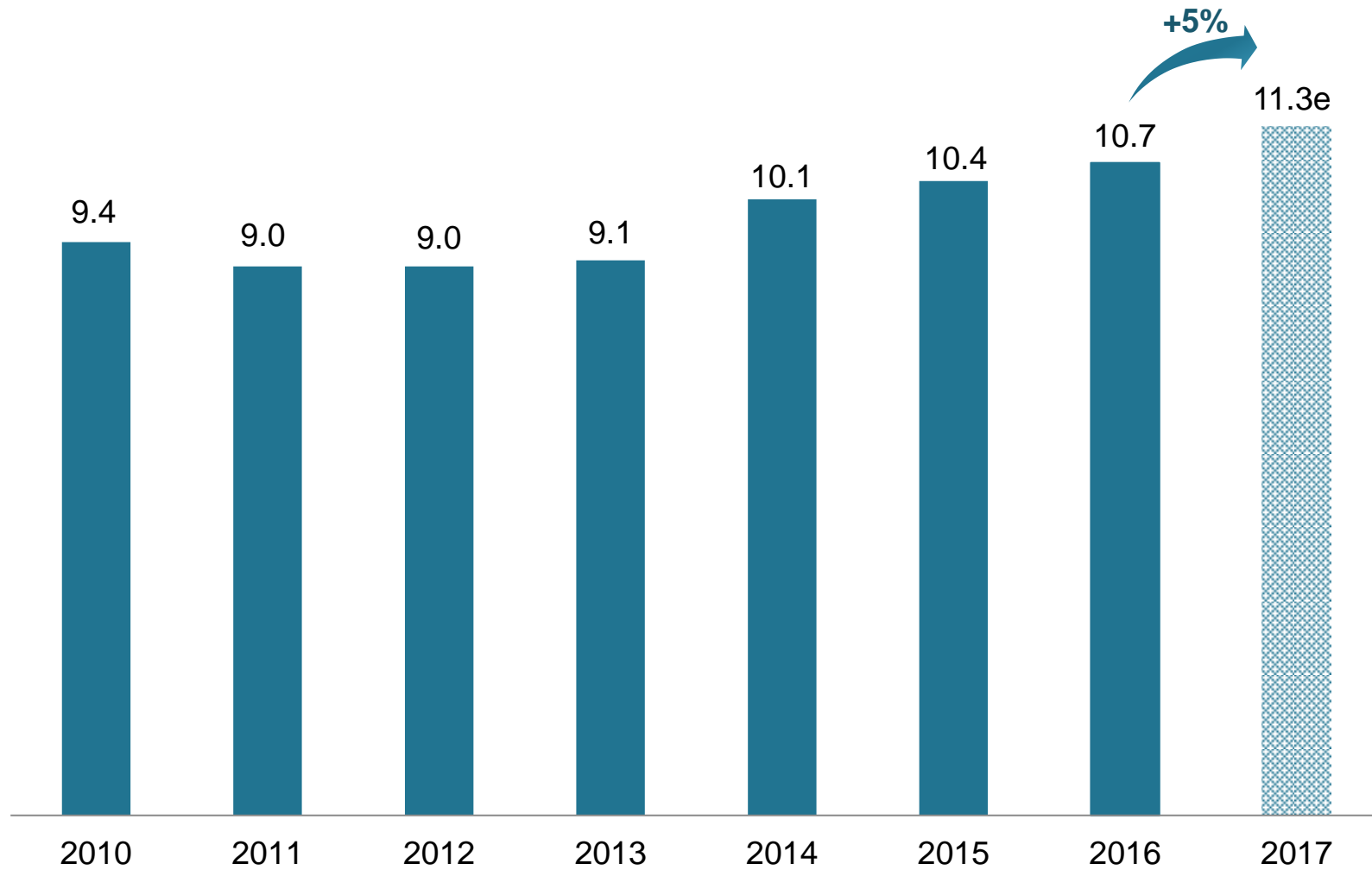


Wafer



Silicon area demand continues to grow

Silicon wafer demand, in bn in²

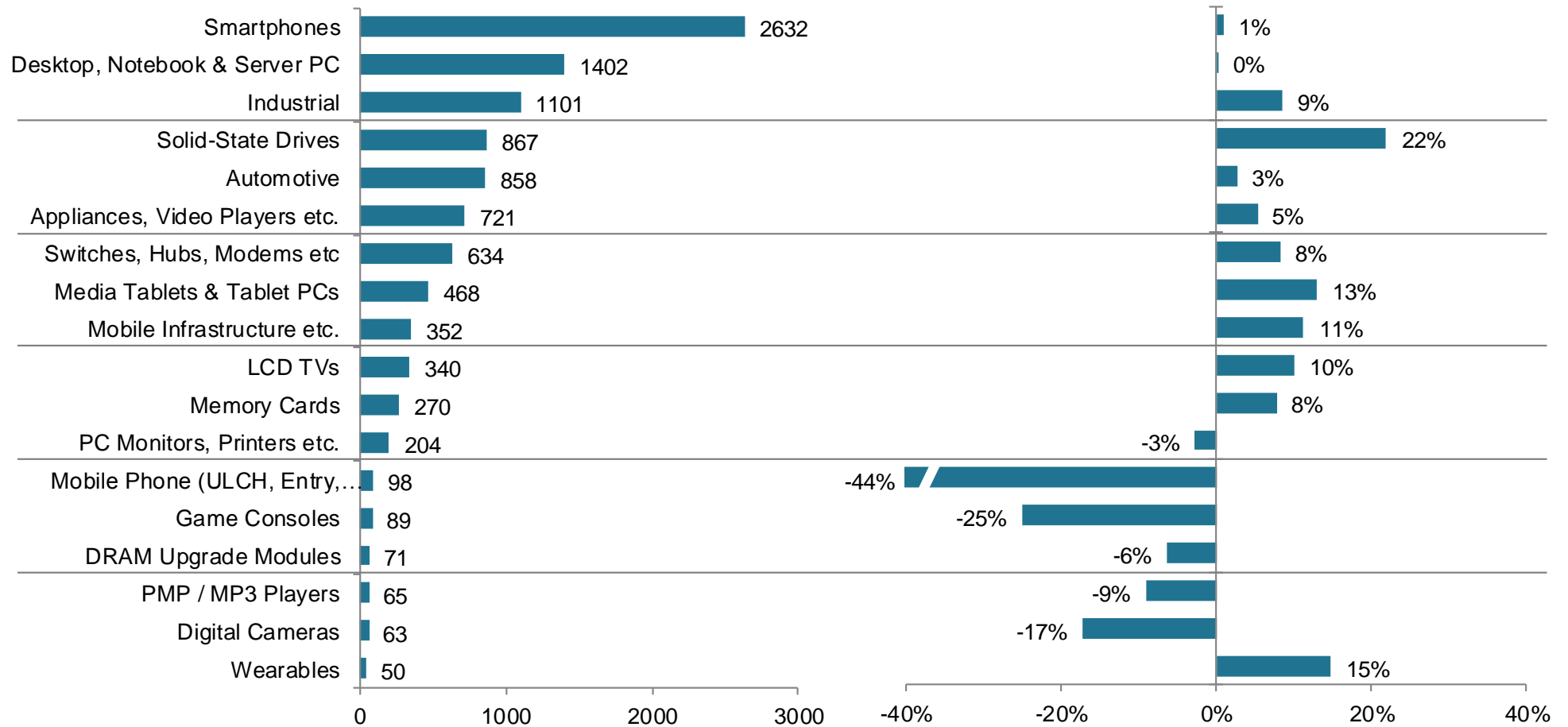


Source: SEMI (Silicon Area until 2016), IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'17 Update, Estimate 2017)

IHS Markit expects Silicon demand to grow +4.9% in 2017, driven by SSDs, industrial applications, and network infrastructure.

Wafer Demand 2016 (Mn inch²) and Growth 2017 vs. 2016

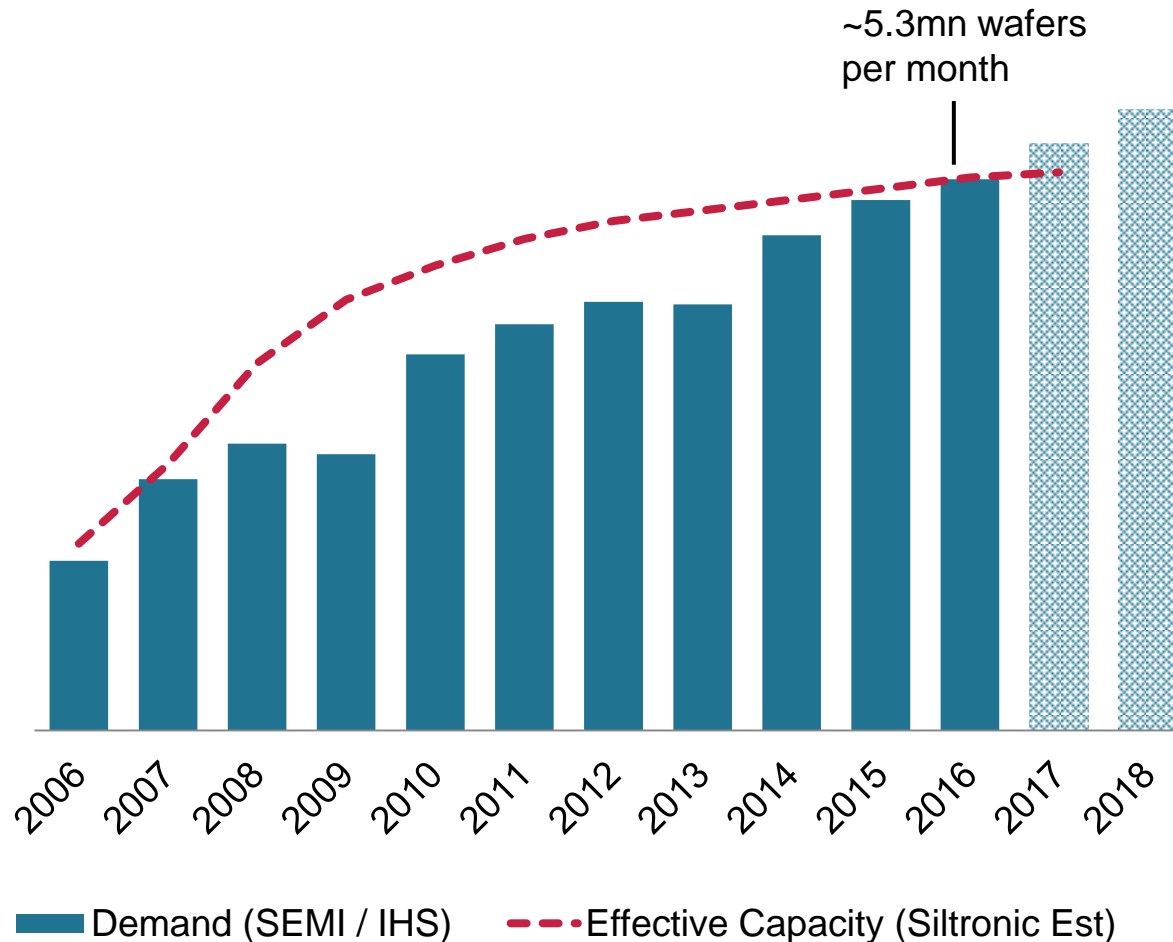
∅ 4.9%



Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q1'17 Update)

300mm demand is expected above industry capacity, after almost a decade of over-supply

300mm effective capacity vs. demand, kpcs per month



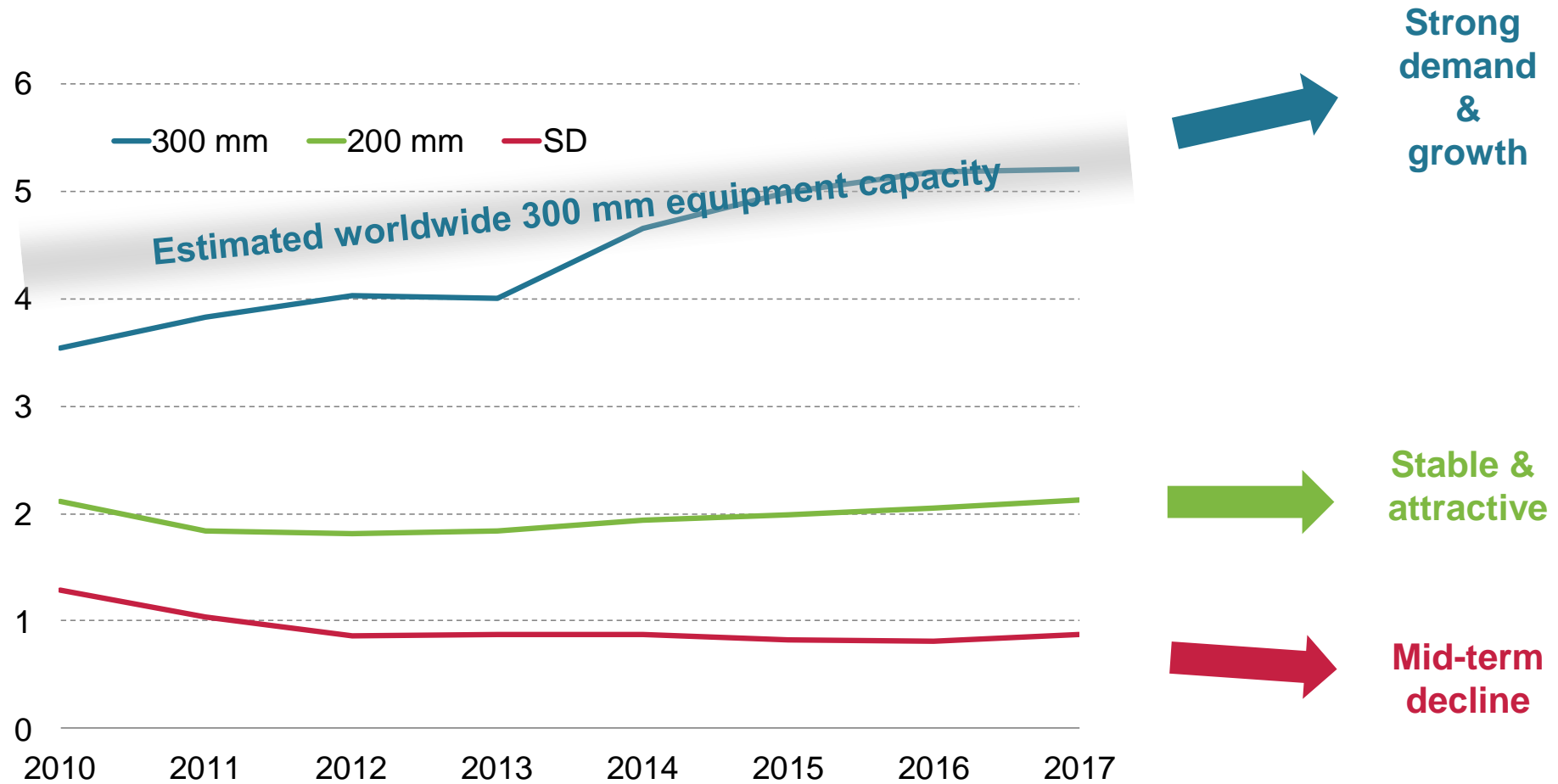
Comments

- ▶ Extension not considered at current price levels
- ▶ ~30% to 35% overall empty shell capacity estimated to be available
 - ▶ Would allow for cost-efficient brownfield extension according to demand growth without need of creating over-capacity
- ▶ Takes around 12-18 months to bring brownfield capacity online

Sources: SEMI, IHS, Siltronic

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 Jan 2017, Siltronic estimates

Siltronic Outlook 2017 (as per March 14, 2017)

EBITDA margin	at least 20%
ROCE	substantially higher than in 2016, approximately at WACC
Free Cash Flow	clearly positive; by far above 2016
Sales	at least EUR 1bn
R&D	unchanged at approx. 7% of sales
Cost Position	potential savings of around EUR 20mn to EUR 25mn
Hedging Expenses	substantially lower around EUR 10mn (at EUR/USD = 1.05; EUR/JPY = 120)
Depreciation	on the level of 2016
Tax	between 20% and 25%
Financial Result	roughly EUR 10mn interest expense
Earnings per Share	significantly higher than in 2016
CapEx	around EUR 100mn, partly financed by USD 20mn customer prepayments

Based on technology leadership Siltronic is well positioned to improve returns

Improve returns and stay ahead in technology

Strategic Focus

Benefit

from market growth & favorable FX

Ensure

technology & quality leadership

Improve

financial performance & cash flow

Execute

cost reduction roadmaps

Siltronic – We develop intelligent solutions for sustainable growth.

Appendix

Financials improved strongly over the last years

Adjusted ¹ financial figures (EUR mn)	2012	2013	2014	2015	2016
Sales	1030.0	875.5	853.4	931.3	933.4
EBIT	(75.5)	(87.3)	(31.6)	2.7	27.0
EBIT margin in %	(7.3)	(10.0)	(3.7)	0.3	2.9
EBITDA	122.5	112.6	117.7	124.0	146.0
EBITDA margin in %	11.9	12.9	13.8	13.3	15.6
CapEx	144.3	39.7	40.7	75.0	88.8
Free cash flow	(134.4)	64.7	86.3	37.4	19.0

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

Financial Year 2016: Highlights

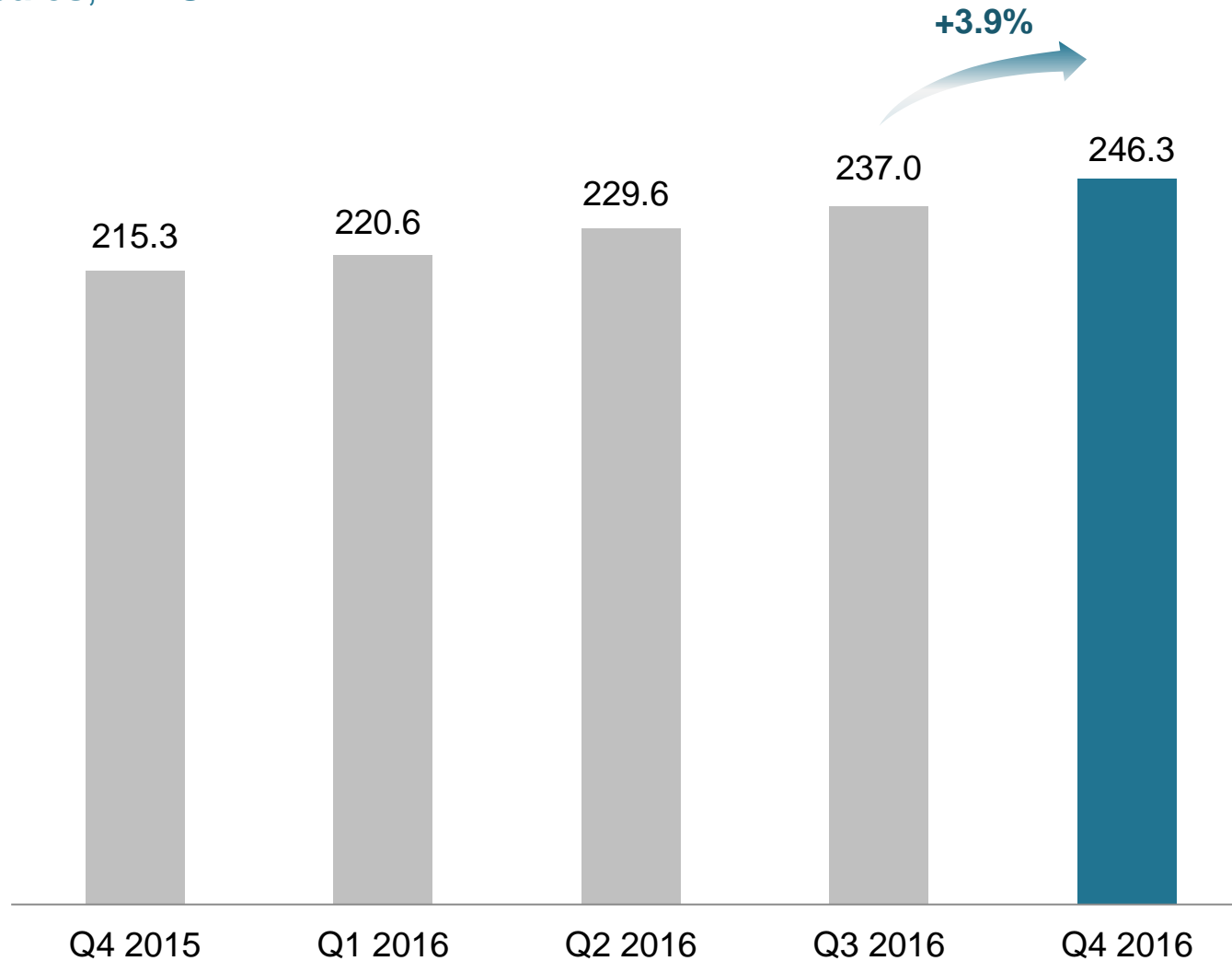
Sales	Sales of EUR 933.4mn (2015: EUR 931.3mn)
EBITDA	EUR 146.0mn (2015: EUR 124.0mn), Without negative FX effects* EBITDA would have been EUR 166.9mn
Margin	EBITDA margin 15.6% (2015: 13.3%) Without negative FX effects* EBITDA margin would have been 17.9%
EBIT	positive at EUR 27.0mn (2015: EUR 2.7mn)
Cost Savings	around EUR 30mn
Investments**	EUR 88.8mn (2015: EUR 75.0mn), mainly in enhanced capabilities
Free Cash Flow	EUR 19.0mn (2015: EUR 37.4mn), despite EUR 11.1mn one-time payment to pension fund and EUR 20.5mn repayment of customer prepayments
Net Cash	EUR 175.0mn (2015: EUR 155.9mn)

*other operating income and expenses influenced by FX effects, mainly due to hedging . In 2016, FX effects added up to expenses of EUR 20.9mn.

** without investment in financial assets

Q4 sales development driven by positive mix, increased spot prices and tailwind from JPY

Sales, in EUR mn



Comments

- ▶ Positive
 - ▶ Volume growth y-o-y
 - ▶ Volume stable q-o-q
 - ▶ Higher ASP in Q4 due to mix and increased spot prices
 - ▶ Some tailwind from strong JPY
 - ▶ Price negotiations with customers for 2017 started in Q4 and are well on track
- ▶ Negative
 - ▶ ASP y-o-y down

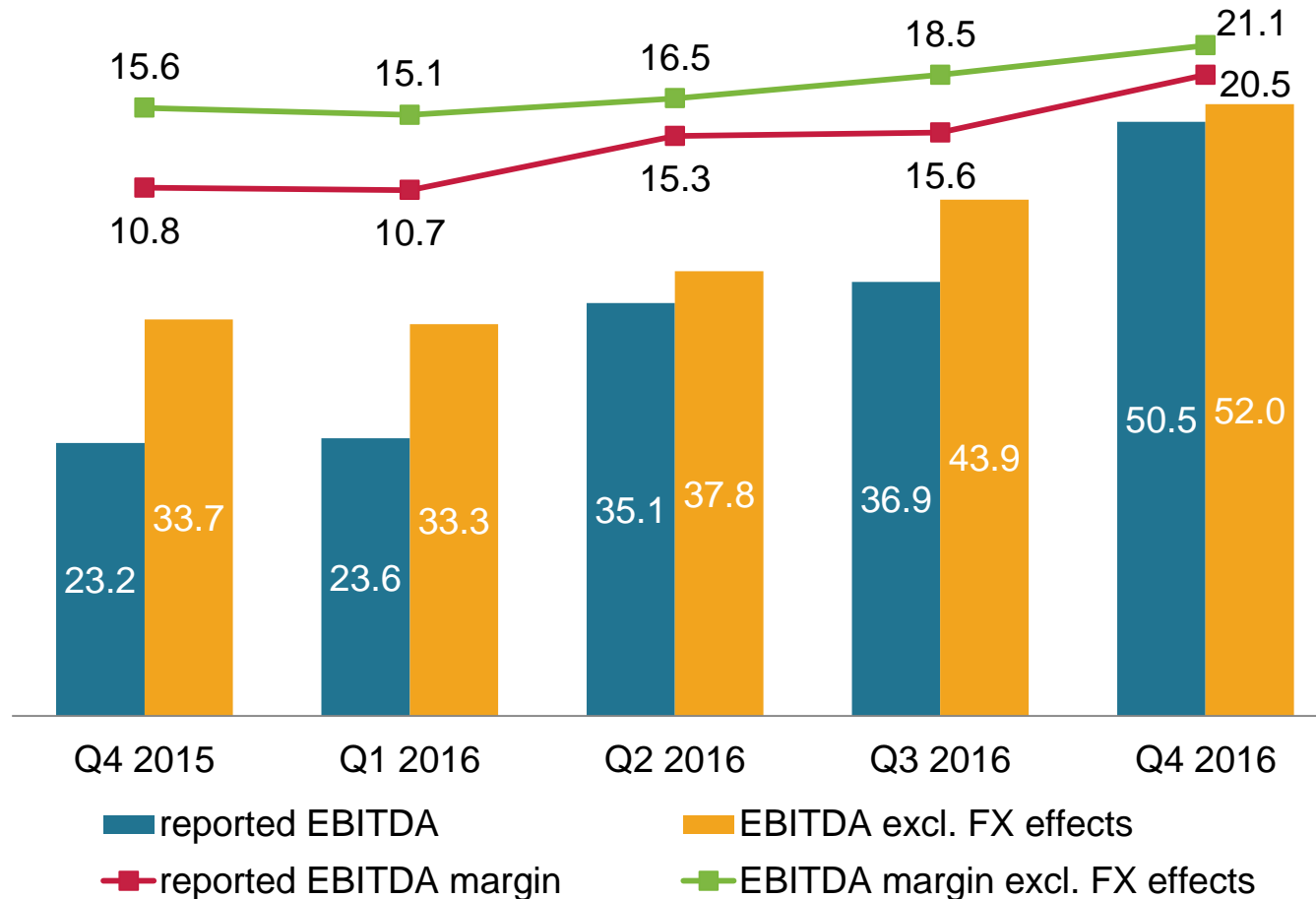
Positive development of EBITDA and EBITDA margin due to cost reductions and decreasing hedging expenses

EBITDA margin and EBITDA in EUR mn

Comments

▶ Positive

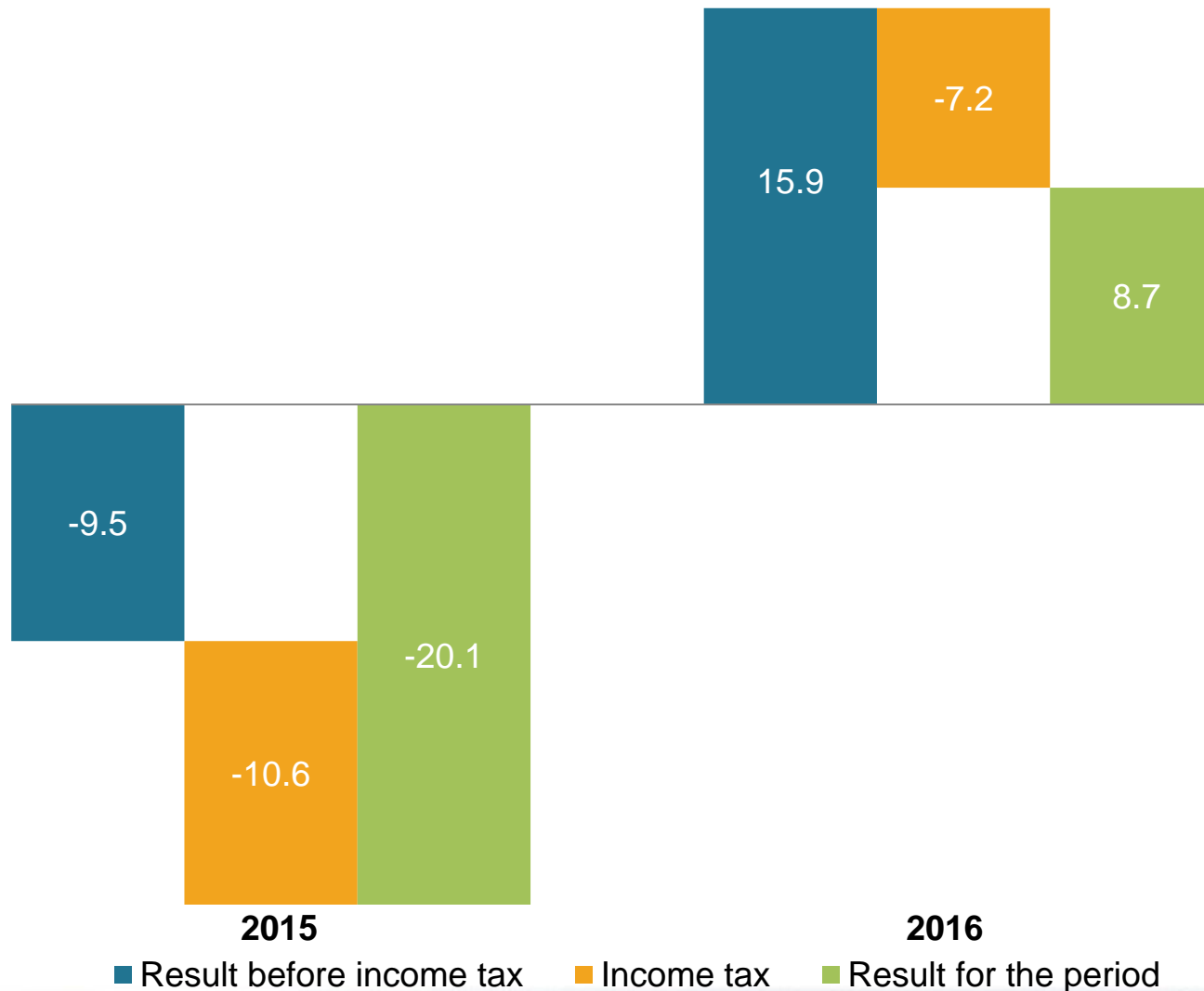
- ▶ Higher ASP in Q4 q-o-q due to mix and increased spot prices
- ▶ Cost reduction on track
- ▶ Hedging losses* for FY 2016 decreased to EUR 20.9mn y-o-y
- ▶ Positive effects of strong JPY on sales and gross profit outweigh negative effects on other operating income and expense



*Other operating income and expenses influenced by FX effects, mainly due to hedging

Positive development of net result

Result and income tax, in EUR mn



Comments

- ▶ Net profit of EUR 8.7mn in 2016
- ▶ Successful continuation of cost reduction program contributed to positive development
- ▶ EUR 7.2mn effective taxes
- ▶ Potential future tax advantages based on tax losses carried forward not capitalized (accounting policies)
- ▶ Expect tax rate to come down to 20% to 25%

Equity ratio of 40.2%

Net financial assets of EUR 175mn

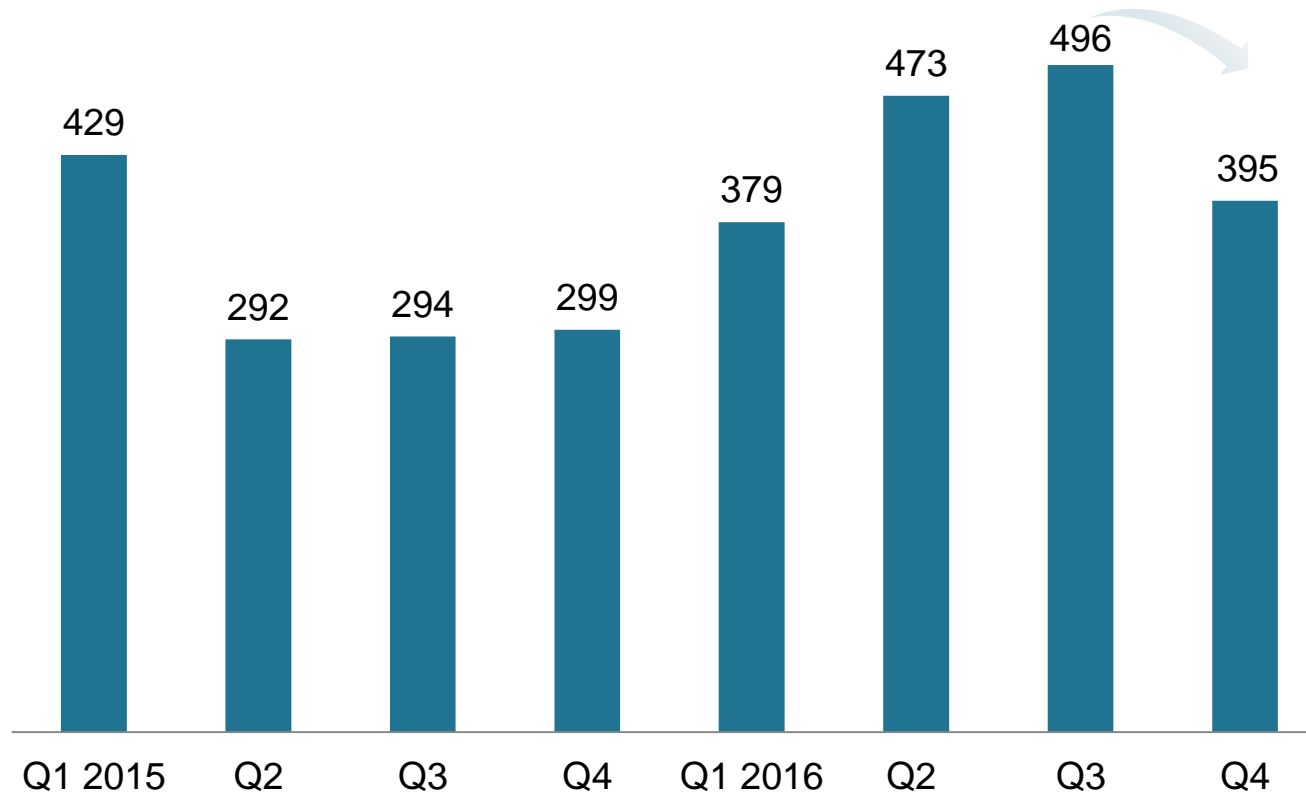
Balance sheet, in EUR mn

Assets	Dec 31, 2016	Dec 31, 2015	Comments Dec 31, 2016
Non-current	554.1	579.1	
PP&E	519.8	542.9	
Other fixed	34.3	36.2	25 intangibles (related to SSW)
Current	502.7	461.7	
Inventories	140.9	142.7	
Trade receivables	118.2	100.4	
Other current	28.2	24.1	3 hedging
Cash and fixed term deposits	215.4	194.5	
Total	1,056.8	1,040.8	

Equity and liabilities	Dec 31, 2016	Dec 31, 2015	Comments Dec 31, 2016
Equity	425.3	497.3	
Siltronic	431.9	500.5	
Other shareholders	-6.6	-3.2	Samsung's 22% in SSW
Liabilities	631.5	543.5	
Pension provision	395.1	299.4	Germany and US
Other provisions	51.1	41.7	40 personnel related (e.g. early retirement)
Financial debt	40.4	38.6	Samsung
Trade liabilities	81.6	72.1	
Other	63.3	91.7	26 prepayments 21 employee related 10 hedging
Total	1,056.8	1,040.8	

Pension provision increased y-o-y due to lower interest rates; however down q-o-q

Pension provision, in EUR mn



Comments

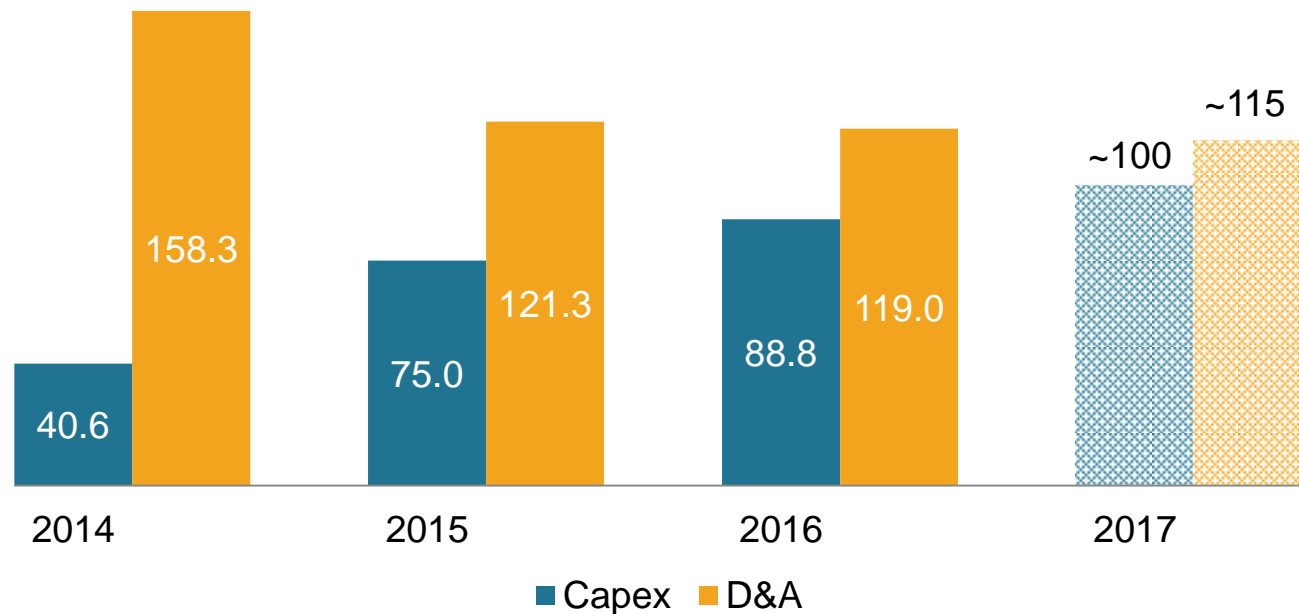
- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)
- ▶ One-time payment into pension fund of EUR 11.1mn in Q4 2016 had an impact on cash flow, not on financial result

interest rates IFRS

▶ USA	3.61%	4.30%	4.18%	4.20%	3.78%	3.47%	3.43%	3.92%
▶ Germany	1.65%	2.70%	2.80%	2.75%	2.15%	1.60%	1.38%	1.94%

CapEx: spending mostly for capability and cost reductions

Adjusted¹ CapEx and D&A, in EUR mn



CapEx 2015 and 2016

- ▶ New crystal pulling hall in Freiberg
- ▶ Exchange of old crystal pullers vs. state-of-the-art equipment
- ▶ Automation projects in Germany

2017 focus on

- ▶ Capability improvement
 - New design rules
 - New generation crystal pullers
- ▶ Cost reduction (e.g. further automation)
- ▶ Debottlenecking

¹ adjustments are based on the assumption that SSW would have been consolidated prior to January 1, 2014. Initial consolidation of SSW was made as of January 24, 2014. The adjustments are not in compliance with IFRS.

Payments for CapEx above average in 2016

Cash flow, in EUR mn

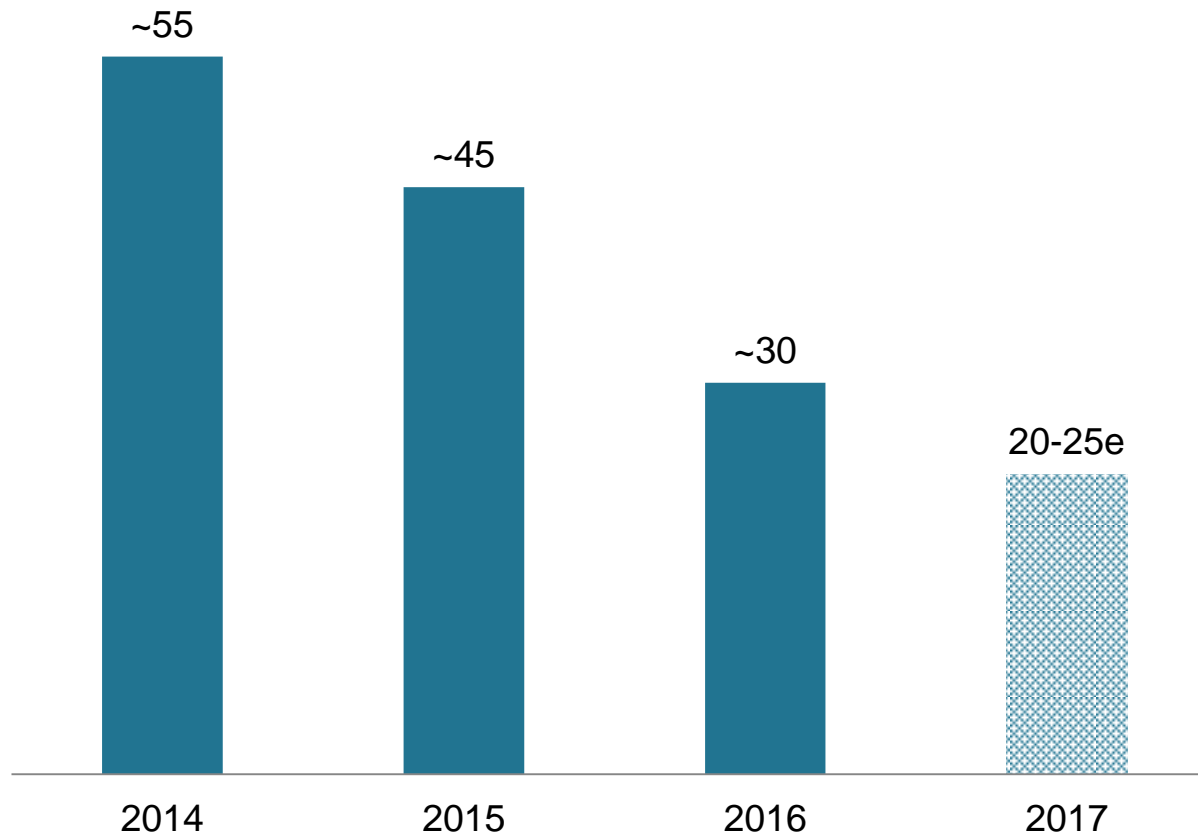
	2015	2016
Cash flow from operating activities	96.1	115.6
<i>thereof repayment of prepayments</i>	23.3	20.5
<i>thereof one-time payment to pension fund</i>	0	11.1
Proceeds/payments for CapEx	-58.7	-96.6
Free cash flow	37.4	19.0

Comments

- ▶ CapEx for investments in state-of-the-art crystal pullers and further automation of production sites
- ▶ Free cash flow still burdened by repayment of prepayments. These will be settled by mid-2018
- ▶ In 2016 one-time payment to pension fund of EUR 11.1mn

Successful cost reduction programs continue

Cost savings, in EUR mn¹



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).

Contact and Additional Information

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Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

Financial Calendar

Q1 2017 Results	April 27, 2017
Annual General Meeting	May 9, 2017
Q2 2017 Results	July 28, 2017
Q3 2017 Results	October 26, 2017



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