January – June 2018

Interim report

Q2/2018

siltronic

perfect silicon solutions

Quartely overview

In EUR million		Q2 2018	Q1 2018	Q2 2017	H1 2018	H1 2017
Statement of profit or loss						
Sales		361.3	327.4	283.1	688.7	541.1
Gross profit		152.0	124.9	78.6	276.8	138.0
Gross margin	%	42.1	38.1	27.8	40.2	25.5
EBITDA		146.0	122.3	72.7	268.3	125.7
EBITDA margin	%	40.4	37.4	25.7	39.0	23.2
EBIT		124.1	96.6	43.4	220.7	66.8
EBIT margin	%	34.4	29.5	15.3	32.0	12.3
Financial result		−1.9	−2.3	−2.2	−4.2	−4.5
Income taxes		−24.2	−12.3	−6.0	−36.5	−10.0
Result for the period		98.0	82.0	35.2	180.0	52.3
Earnings per share	EUR	3.04	2.62	1.13	5.66	1.69
ROCE	%	64.2	49.3	24.0	57.4	18.6
Capital expenditure and free cash flow						
Capital expenditure in property, plant and equiment, and intangible assets		45.2	33.4	25.5	78.6	44.9
Net cash flow		67.1	112.4	41.8	179.5	68.8

In EUR million		June 30, 2018	Dec. 31, 2017
Statement of financial position			
Total assets		1,544.0	1,252.4
Equity		720.1	637.9
Equity ratio	%	46.6	50.9
Net financial assets		602.7	342.1
Employees (excluding temporary workers)		**3,825**	**3,730**

Company profile

Siltronic is one of the world's leading manufacturers of hyperpure silicon wafers with diameters up to 300 mm and partner of many leading semiconductor companies. The Company has a network of state-of-the-art production sites in Asia, Europe and the USA. Silicon wafers are the basis of modern micro- and nanoelectronics and a key component in semiconductor chips in e.g. computers, smartphones, navigation systems and many other applications. Technology leadership and a consistent focus on improving efficiency form the bedrock for increasing the Company's value going forward.

Content

Commentary on the first half of 2018

Thanks to the continous strong global demand for wafers and the resulting increase in the average selling price, business development in the first half of 2018 was very positive for Siltronic.

After a succesful Q1, the second quarter came in even better. Demand for our wafers remains at a high level and clearly exceeds existing supply. It is driven by memory and logic as well as automotive and industrial applications.

"The wafer market remained strong in the second quarter of 2018 and was driven by a variety of applications. Due to the imbalance between high demand and limited supply of wafers, we continue to see a positive trend in average selling prices."
(Dr. Christoph von Plotho, CEO Siltronic AG)

Due to the price increases achieved since the first quarter of 2017, Siltronic decided to invest in additional production capacities at the end of 2017. The project to increase the 300 mm capacity by 70,000 wafers per month in the first half of 2019 is proceeding well. The second expansion stage is scheduled for 2020. All capacity expansions are secured by long-term contracts at attractive terms. In the first half of the year, we already received customer prepayments totalling around EUR 169 million. For possible further capacity expansions, Siltronic needs to increase its crystal pulling capacities. Therefore, at the beginning of 2018, it was also decided to build a new crystal-pulling hall in Singapore. The ground-breaking ceremony took place at the end of June 2018. The new pulling hall will be completed in the second half of 2019 and then equipped with crystal pulling equipment over a period of about one year.

"Our customers already want to secure their future demand for wafers today and are aiming for longer-term contracts that give us planning security for a possible increase in capacity. The planned capacity expansions will allow us to keep our market share stable over the next few years."
(Dr. Christoph von Plotho, CEO Siltronic AG)

Strong demand and higher average selling prices increased revenue by 10.4 percent to EUR 361.3 million in Q2 2018, after EUR 327.4 million in Q1 2018. The corresponding EBITDA improved by 19.4 percent from EUR 122.3 million to EUR 146.0 million. The EBITDA margin climbed from 37.4 percent in Q1 2018 to 40.4 percent in Q2.

"As expected, the pleasing price development was curbed by the strong euro against the US dollar, albeit somewhat weaker than at the beginning of the year. Overall, we expect a significantly lower negative effect from exchange rates this year than assumed in the first quarter."
(Rainer Irle, CFO Siltronic AG)

The result for Q2 2018 was EUR 98.0 million after EUR 82.0 million in Q1. Due to the strong H1 result, net cash flow in H1 2018 was EUR 179.5 million, compared to EUR 68.8 million in H1 2017. ROCE for Q2 was 64.2 percent after 49.3 percent in Q1.

"As we continue to see continued high demand for wafers, we are slightly increasing our March 2018 forecast. We expect sales of close to EUR 1.4 billion and an EBITDA margin of around 40 percent. Capex will increase slightly to around EUR 260 million and EUR 280 million, as projects are executed faster than expected. Therefore, we will bring forward some advance payments to our suppliers into 2018."
(Rainer Irle, CFO Siltronic AG)

The Siltronic share was initially very robust in H1 2018, but at the end of Q2 it was relatively volatile due to the general market assessment in the semiconductor industry. Although the share reached a new high of EUR 160.55 in mid-March, it closed the period on June 29, 2018 with a Xetra closing price of EUR 122.55 per share. As a result, the share was stable overall compared to the closing price on December 31, 2017 (EUR 121.03). The market capitalization of Siltronic AG at the end of June was just under EUR 3.7 billion.

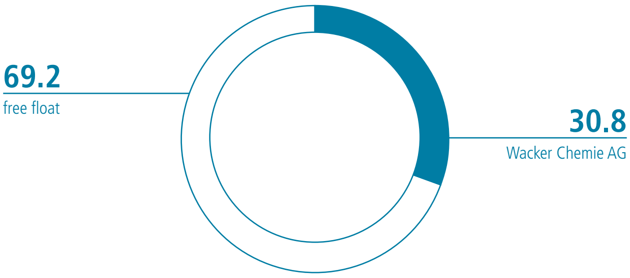
The sector index SOXX, which consists of companies in the semiconductor industry, moved between 1,253.05 and 1,313.70 points. The Euro Stoxx 600, which tracks the 600 largest European companies, showed a slight negative development in H1 2018. The index started the year at 389.18 points but despite the positive start declined to 379.93 points towards the end of Q2. The TecDAX rose from 2,529.04 points to 2,691.38.

The trading volume of the Siltronic share in the Xetra trading system was at a very good level between January and June 2018, with an average of 231,731 Siltronic shares traded per day. Currently, the free float of the Siltronic share is 69.2 percent.

Wacker Chemie AG is the largest single shareholder with 30.8 percent. According to the voting rights announcements available as of June 30, 2018, Siltronic's largest institutional investors were BlackRock with 3.42 percent, Norges Bank with 3.11 percent and Deutsche Asset Management with 3.11 percent. All notifications of voting rights are published on the company's website under Investor Relations.

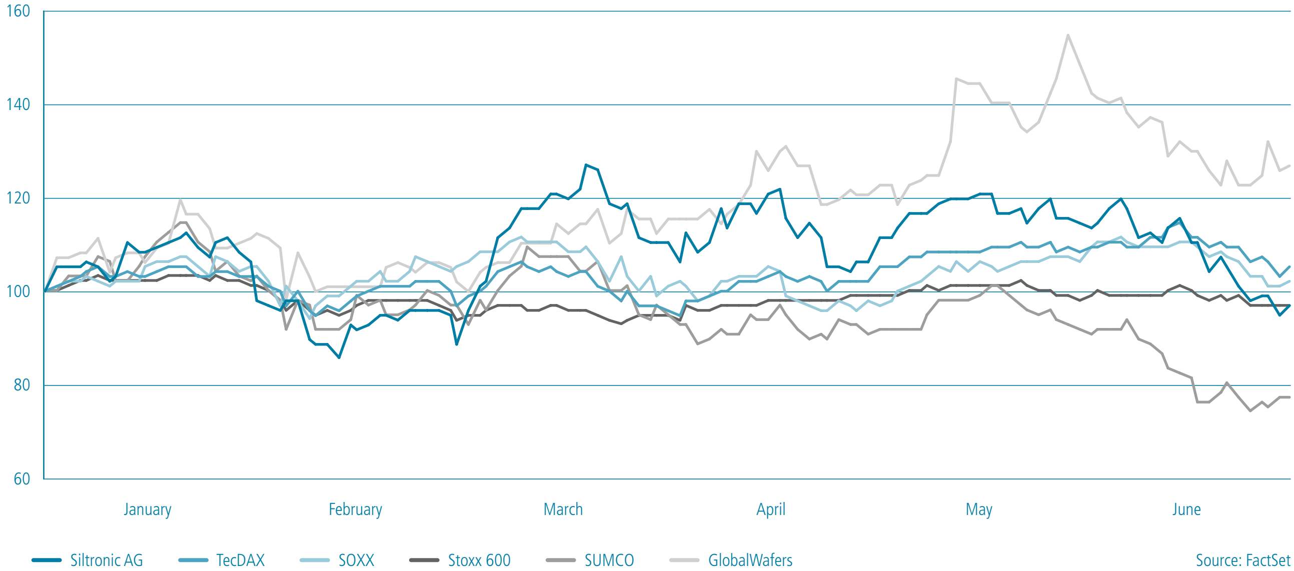
Currently, Siltronic shares are covered by seven analysts from renowned international banks. At the beginning of July 2018, the average price target was EUR 161.

Shareholder structure of Siltronic AG
in %



Up-to-date information on investor relations publications, voting rights announcements and analyst estimates can be found on the website at *www.siltronic.com*.

Performance of Siltronic shares 2018 (indexed)
in %



Management Report on Interim Consolidated Financial Statements

Group basics

The Annual Report 2017 provides a detailed overview of the business activities, objectives and strategy of Siltronic AG. The statements made therein are still valid. There were no significant changes in the first half of 2018.

The development of the key financial performance indicators in H1 2018 is shown in the following table. The exact definition of the key performance indicators can be found in the Annual Report 2017 on 39.

Financial key performance indicators

In EUR million	H1 2018	H1 2017	GJ 2017
EBITDA margin in %	39.0	23.2	30.0
Net cash flow	179.5	68.8	124.8
ROCE in %	57.4	18.6	31.3
Sales	688.7	541.1	1,177.3
Capital expenditure	78.6	44.9	123.2
Net financial assets	602.7	241.2	342.1

Macroeconomic situation and industry trends

Growth in global gross domestic product in Q1 2018 was 3.5 percent higher than in Q1 2017. However, there are still risks for global economic growth in 2018, for example, due to geopolitical developments and, in particular, the possible consequences of a trade war.

In Q1 2018, GDP grew by 2.5 percent in the euro area compared to Q1 2017. The euro area was characterized by continued expansionary monetary policy by the European Central Bank, slow declining unemployment and high levels of debt in some economies over the period.

The exchange rate of the euro against other currencies rose in H2 2017. The euro has fallen slightly against the US dollar in the course of 2018 to date and has recently been trading slightly above the average for the previous year. The value of the euro against the Japanese yen also rose in H2 2017 and fell to a slightly higher average in 2018 than in the previous year.

Sources:
IMF, World Economic Outlook, April 2018
Moody's Analytics
WSTS Blue Book, June 3, 2018
SEMI SMG 2018, May 14, 2018

US economic growth in the first three months of the current financial year was 2.8 percent compared to the same period of the previous year. The US is benefiting from persistently low unemployment.

Although the gross domestic product in Japan was 1.1 percent higher in H1 2018 than in H1 2017, it is somewhat restrained by international standards.

The gross domestic product in China in H1 2018 grew by 6.8 percent compared to H1 2017 and is therefore at a consistently high level.

The market for semiconductor components has seen significant growth in the year to date. According to World Semiconductor Trade Statistics (WSTS), global sales were about 20 percent higher in the period January to May 2018.

Demand for silicon wafers for the semiconductor industry remained high in the first quarter of 2018. According to the industry association SEMI, the market volume in Q1 – measured by the area sold worldwide – was 3.6 percent higher in Q1 than in Q4 2017 and 7.9 percent higher than in Q1 2017.

Overall statement by the Executive Board on business performance and the economic position

H1 2018 was very pleasing. Both sales and earnings developed positively in H1 2018, as expected.

The continued high demand for wafers in both quarters has led to a further increase in average selling prices. The slightly stronger US dollar against the euro especially in Q2 2018 also had a positive effect.

Sales increased to EUR 688.7 million in H1 2018, up 27.3 percent on H1 2017 with EUR 541.1 million. EBITDA reached EUR 268.3 million after EUR 125.7 million in the previous year. The corresponding EBITDA margin improved significantly from 23.2 percent to 39.0 percent.

We expect the high demand for wafers to continue in the second half of the year.

Thanks to our cost-cutting programs, we were able to further improve on the half-year comparison and slightly reduce the cost of sales per wafer area. We want to continue implementing these programs consistently in the future.

We are pleased that the construction of the new crystal-pulling hall in Singapore is on schedule and we are able to move forward the project smoothly.

Overall, the Executive Board is very satisfied with the business development in the first half of 2018 and is optimistic about the second half.

Economic development January to June 2018

Financial performance

Continued high demand for wafers drives price increases

			Change				Change	
In EUR million	**Q2 2018**	Q2 2017	Amount	%	**H1 2018**	H1 2017	Amount	%
Sales	361.3	283.1	78.2	27.6	688.7	541.1	147.6	27.3

The company's revenue increased to EUR 688.7 million in H1 2018, up 27.3 percent on H1 2017 (EUR 541.1 million). Main reasons for this were the slightly higher sales volume and higher average selling prices resulting from the high demand.

As expected, the sales development was slowed down mainly by the stronger euro. The price of the US dollar compared to the euro in H1 2017 stood at an average of 1.08. The dollar was thus 11 percent stronger than the average of H1 2018, which stood at 1.21. However, the rise in prices more than compensated for the headwind in exchange rates.

The sales performance of Q2 2018 in comparison to Q1 2018 (EUR 327.4 million) was also pleasing. The increase in sales amounted to EUR 33.9 million or 10.4 percent, with the US dollar against the euro standing at 1.19. On average, almost 3 percent weaker than in Q1 with 1.23.

Gross profit doubled

			Change				Change	
In EUR million	**Q2 2018**	Q2 2017	Amount	%	**H1 2018**	H1 2017	Amount	%
Cost of sales	209.3	204.5	4.8	2.3	411.9	403.1	8.8	2.2
Gross profit	152.0	78.6	73.4	93.4	276.8	138.0	138.8	>100
Gross margin in %	42.1	27.8			40.2	25.5		

Cost of sales increased only slightly year on year to EUR 411.9 million despite increased wafer area in H1 2018 (H1 2017: EUR 403.1 million). As the rise in sales is primarily attributable to price increases, gross profit more than doubled from EUR 138.0 million in H1 2017 to EUR 276.8 million in H1 2018. The gross margin rose from 25.5 percent to 40.2 percent. Cost of sales per wafer area fell compared to H1 2017.

Cost of sales in Q2 grew due to the increased wafer area to EUR 209.3 million compared to the EUR 202.5 million recorded in Q1. The gross profit came in at EUR 152.0 million, substantially up on the figure recorded in Q1 (EUR 124.9 million). The gross margin also jumped from 38.1 percent to 42.1 percent.

Selling expenses, R&D and administrative expenses down

In EUR million	Q2 2018	Q2 2017	Change Amount	Change %	H1 2018	H1 2017	Change Amount	Change %
Selling expenses	8.9	9.7	−0.8	−8.2	17.3	18.0	−0.7	−3.9
Research and development expenses (R&D)	16.9	16.7	0.2	1.2	33.5	33.6	−0.1	−0.3
General administration expenses	7.1	6.2	0.9	14.5	13.7	12.2	1.5	12.3
Total	**32.9**	**32.6**	**0.3**	**0.9**	**64.5**	**63.8**	**0.7**	**1.1**
in % of sales	9.1	11.5			9.4	11.8		

Selling expenses, R&D and general administration expenses came in at EUR 64.5 million for H1 2018, roughly on a par with H1 2017 (EUR 63.8 million). These costs were down substantially as a percentage of sales from 11.8 percent to 9.4 percent.

There was no notable change compared to the previous quarter, which saw expenses of EUR 31.6 million and 9.7 percent as a percentage of sales.

Positive results from currency hedging

In EUR million	Q2 2018	Q2 2017	Change Amount	Change %	H1 2018	H1 2017	Change Amount	Change %
Other operating income	25.6	16.8	8.8	52.4	50.6	31.7	18.9	59.6
Other operating expense	−20.6	−19.4	−1.2	6.2	−42.2	−39.1	−3.1	7.9
Other operating income	**5.0**	**−2.6**	**7.6**	**>−100**	**8.4**	**−7.4**	**15.8**	**>−100**
of which exchange rate effects	*4.4*	*−2.7*	*7.1*	*>−100*	*7.1*	*−7.2*	*14.3*	*>−100*

Siltronic's other operating income and expenses are strongly impacted by exchange rate gains and losses, particularly in connection with currency hedging measures. These primarily relate to the US dollar and Japanese yen.

In H1 2018, net income from exchange rate effects of EUR 7.1 million was generated, of which EUR 4.4 million was attributable to Q2 and EUR 2.7 million to Q1 2018. In H1 2017, net expenses of EUR 7.2 million were recorded.

EBITDA and EBITDA margin once again record significant gains

In EUR million	Q2 2018	Q2 2017	Change Amount	Change %	H1 2018	H1 2017	Change Amount	Change %
EBIT	124.1	43.4	80.7	> 100	220.7	66.8	153.9	>100
EBIT margin in %	34.4	15.3			32.0	12.3		
Depreciation, amortization and impairment less reversals thereof	21.9	29.3	−7.4	−25.3	47.6	58.9	−11.3	−19.2
EBITDA	**146.0**	**72.7**	**73.3**	**> 100**	**268.3**	**125.7**	**142.6**	**> 100**
EBITDA margin in %	**40.4**	**25.7**			**39.0**	**23.2**		

Profitability continued to rise due to the increased average selling price. EBIT was up in H1 2018 to EUR 220.7 million and therefore exceeded H1 2017 by EUR 153.9 million. The EBIT margin went up from 12.3 percent to 32.0 percent.

EBIT in Q2 2018 came in some EUR 27.5 million or 28.4 percent higher than in Q1 (EUR 96.6 million). The EBIT margin totaled 34.4 percent, following a margin of 29.5 percent in Q1 2018.

EBITDA increased year on year by EUR 142.6 million to EUR 268.3 million. The EBITDA margin also improved from 23.2 percent to 39.0 percent.

In Q2 2018, EBITDA of EUR 146.0 million was generated following EUR 122.3 million in Q1 2018. This represents an increase of 19.4 percent. Compared to the Q1 EBITDA margin of 37.4 percent, the margin increased to 40.4 percent in Q2 2018.

Financial result almost unchanged

In EUR million	Q2 2018	Q2 2017	Change Amount	Change %	H1 2018	H1 2017	Change Amount	Change %
Interest income	0.5	0.1	0.4	>100	0.8	0.2	0.6	>100
Other finance cost	−2.4	−2.3	−0.1	−4.3	−5.0	−4.7	−0.3	−6.4
Financial result	**−1.9**	**−2.2**	**0.3**	**13.6**	**−4.2**	**−4.5**	**0.3**	**6.7**

The other financial result comprises effects from changes to pension provisions.

Profit for the period of EUR 180 million

In EUR million	Q2 2018	Q2 2017	Change Amount	Change %	H1 2018	H1 2017	Change Amount	Change %
Result before income tax	122.2	41.2	81.0	>100	216.5	62.3	154.2	>100
Expense for income taxes	−24.2	−6.0	−18.2	>100	−36.5	−10.0	−26.5	>100
Tax rate in %	**20**	**15**			**17**	**16**		
Result for the period	98.0	35.2	62.8	>100	180.0	52.3	127.7	>100
Earnings per share	**3.04**	**1.13**	**1.91**	**>100**	**5.66**	**1.69**	**3.97**	**>100**

The higher tax rate is attributable mainly to the rise in effective taxes at Siltronic AG.

A profit of EUR 180.0 million was achieved in H1 2018. As a result, profit more than tripled compared to H1 2017. The considerable jump in profit is attributable to the continuous price increases recorded since Q1 2017 in parallel to slightly falling cost of sales per wafer area.

In Q1 2018, the Siltronic Group's profit totaled EUR 82.0 million. In Q2 2018, this figure came in at EUR 98.0 million and therefore rose significantly once again (+19.5 percent).

Earnings per share totaled EUR 5.66 in H1 2018, of which EUR 3.04 can be attributed to Q2 and EUR 2.62 to Q1.

ROCE stood at 57.4 percent in H1 2018, following 18.6 percent in H1 2017. This change was driven by the substantial increase in EBIT.

Financial position

The very strong cash flow increased the level of cash and fixed-term deposits. This is the main reason why total assets rose to EUR 1,544.0 million as of June 30, 2018.

Non-current assets higher due to investments

In EUR million	June 30, 2018	Dec. 31, 2017	Change
Intangible assets	23.3	24.0	−0.7
Property, plant and equipment	546.6	513.3	33.3
Other assets	15.2	9.3	5.9
Non-current assets	**585.1**	**546.6**	**38.5**

The increase in property, plant and equipment compared to December 31, 2017 largely resulted from higher additions compared to scheduled depreciation. Investments in property, plant and equipment and non-current intangible assets totaled EUR 78.6 million in the first half of the year.

Current assets increase due to the positive net cash flow

In EUR million	June 30, 2018	Dec. 31, 2017	Change
Inventories	136.1	149.9	−13.7
Trade receivables including contractual assets	194.0	159.9	34.1
Other assets	26.1	53.9	−27.9
Cash and cash equivalents and fixed-term deposits	602.7	342.1	260.6
Current assets	**958.9**	**705.8**	**253.1**

The cash flow generated in H1 2018 led to a rise in cash and fixed-term deposits. This includes inflows from prepayments totaling EUR 168.5 million and reductions of prepayments in the amount of EUR 15.6 million.

Equity up despite first dividend payment

In EUR million	June 30, 2018	Dec. 31, 2017	Change
Equity	720.1	637.9	82.2
Pension provisions	389.4	367.2	22.2
Customer prepayments	171.1	42.9	128.2
Other provision and liabilities	46.9	52.2	−5.3
Non-current liabilities	**607.4**	**462.3**	**145.1**
Trade liabilities	85.2	67.1	18.1
Customer prepayments	51.7	26.9	24.8
Other liabilities	79.6	58.2	21.4
Current liabilities	**216.5**	**152.2**	**64.3**

The EUR 82.2 million increase in equity is primarily attributable to the half-year profit of EUR 180.0 million minus the dividend payout of EUR 75.0 million. Exchange rate effects and discount rates on pension provisions had only a lesser impact.

Non-current liabilities amounted to EUR 607.4 million, or 39 percent, of total assets as of June 30, 2018. The EUR 145.1 million increase was primarily caused by inflows from customer prepayments.

Interest rates had a immaterial impact on the valuation of pension provisions. As of June 30, 2018, the pension provision in Germany was subject to an interest rate of 2.00 percent, compared to 2.10 percent as of December 31, 2017. By contrast, the interest rate in the USA rose from 3.81 percent to 3.99 percent.

Net cash flow hits EUR 179.5 million

In EUR million	H1 2018	H1 2017	Change Amount	Change %
Cash flow from operating activities excluding prepayments	252.8	110.0	142.8	>100
Proceeds / payments for items of property, plant, and equipment and intangible assets	−73.3	−41.2	−32.1	77.9
Net cash flow	**179.5**	**68.8**	**110.7**	**>100**
Proceeds / payments for items of property, plant, and equipment and intangible assets	−73.3	−41.2	−32.1	77.9
Proceeds / payments from fixed-term deposits	−76.3	−44.6	−31.7	71.1
Cash flow from operating activities	**−149.6**	**−85.8**	**−63.8**	**74.4**

Due to the strong profit for the period, net cash flow in H1 2018 totaled EUR 179.5 million.

In H1 2018, Siltronic received customer prepayments of EUR 168.5 million and is expecting further prepayments during the remainder of the financial year.

The increased payouts for property, plant and equipment and intangible assets in H1 2018 totaling EUR 73.3 million mainly relate to capacity expansion measures for 2019 and further automation of production.

Net financial assets reach new high

In EUR million	June 30, 2018	Dec. 31, 2017	Change
Cash and cash equivalents	408.0	225.8	182.2
Fixed-term deposits	194.7	116.3	78.4
Net financial assets	**602.7**	**342.1**	**260.6**

Net financial assets recorded a new high of EUR 602.7 million as of June 30, 2018. They consist to two thirds of cash and cash equivalents, and to one third of fixed-term deposits.

Risk change report

Material risks are presented in the risk report on 61 to 70 of our Annual Report 2017. No material changes in risks were identified during H1 2018. We are currently not aware of any risks that could affect the Company's ability to continue as a going concern.

Unchanged risk assessment for 2018 (as of July 23, 2018)

	Probability of occurrence				Financial and economic impact			
Risk	Unlikely	Possible	Likely	Change from Dec. 31, 2017	Low	Moderate	High	Change from Dec. 31, 2017
Overall environment								
Economic downturn		•		→			•	→
External risk	•			→		•		→
Industry and market risk								
Competition, demand controlled by customers, threat of substitute products, cyclicality of the wafer market		•		→			•	→
Adaptation of production facilities		•		→		•		→
Additional costs from closures	•			→		•		→
Product development risk		•		→		•		→
Procurement market risk		•		→		•		→
Production risk and product liability risk	•			→		•		→
Legal and regulatory risk								
General legal risk		•		→		•		→
Risk relating to environmental laws	•			→		•		→
Regulatory risk	•			→	•			→
Security of IT systems and data		•		→		•		→
HR risk	•			→	•			→
Pension risk		•		→		•		→
Financial risk								
Credit risk financial institutions	•			→		•		→
Credit risk customers	•			→	•			→
Market risk / currency risk		•		→			•	→
Liquidity risk	•			→	•			→

→ unchanged ↑ increased ↓ decreased

Unlikely: less than 25 percent
Possible: 25 percent to 75 percent
Likely: greater than 75 percent.

Low: up to EUR 5 million
Moderate: EUR 5 million up to EUR 25 million
High: more than EUR 25 million

Forecast update

Expected macroeconomic and sector development

In April, the International Monetary Fund (IMF) confirmed its forecast of a 3.9 percent increase in global GDP for 2018. This represents a 10.4 percent increase compared to 2017. The IMF outlook is based on the development of the first three months of the current year, which reflects the current upswing. However, the forecasts for 2018 are subject to the uncertainty triggered by the trade tariffs established by the U.S. government.

Economic growth in the euro zone is expected to grow by 2.4 percent in 2018 as a whole, up 0.1 percentage points on the previous year (2017: 2.3 percent).

The forecast for the U.S. economy in 2018 rose by 0.6 percentage points to 2.9 percent (2017: 2.3 percent).

Economic growth of 1.2 percent is expected for Japan in 2018, which represents a significantly more restrained development compared to the previous year (2017: 1.7 percent).

China's gross domestic product is expected to grow by 6.6 percent in 2018. This is slightly below the previous year's growth (2017: 6.9 percent).

The global semiconductor industry is expected to grow significantly in the calendar year 2018. According to the latest outlook of WSTS (World Semiconductor Trade Statistics), global sales of semiconductor components are expected to increase by 12.4 percent compared to the previous year.

Sources:
IMF, World Economic Outlook, April 2018
WSTS Semiconductor Market Forecast, spring 2018

Siltronic's future performance

Siltronic does not plan any significant changes to its corporate objectives or strategy. The short and long-term focus will continue to be on expanding our technology leadership, maintaining our leading quality position, continuing our program for operational excellence and cost reductions, and ensuring high profitability and a stable cash flow. A detailed description of our strategic goals can be found on 🗋 38 of our Annual Report 2017.

Siltronic AG remains basically committed to the outlook for 2018 published in its Annual Report 2017. The outlook on sales, EBITDA and Capex however is slightly adjusted upwards.

From today's perspective, the most important key financials will develop as follows in 2018.

Sales expected to be slightly up close to EUR 1.4 billion

Wafer demand is on a continuous high level and the semiconductor market is still undersupplied. As expected wafer ASPs increased at a slower pace than in 2017. A higher share of long-term agreements especially in 300 mm provides a partially better visibility until the end of the year 2018. Currently, we expect sales of close to EUR 1.4 billion.

EBITDA margin slightly up to approximately 40 percent

We expect our EBITDA margin to be approximately 40 percent in 2018.

Based on an EUR/USD exchange rate averaging 1.20 and an EUR/JPY exchange rate of 130 for the full year 2018, we now expect a negative FX impact of around EUR 60 million on sales and of around EUR 40 million on EBITDA compared to 2017 FX rates.

Capital expenditure to increase slightly to EUR 260 million to EUR 280 million

As various projects move in a very positive way and we decided to make some more prepayments to our suppliers already in 2018, our Capex will increase to EUR 260 million to EUR 280 million for the current financial year.

All other relevant KPIs stated in our outlook for 2018 in the Annual Report 2017 remain unchanged. The expected development of the KPIs is shown In the table below.

Outlook for H2 2018

We expect supply tightness to continue in the second half of this year as from today's standpoint demand will remain on a high level and capacity is constrained. Wafer prices should develop positively.

In view of the economic uncertainty, the actual performance of the Group may vary from that stated in our assumptions, and the difference may be either positive or negative.

Forecast 2018 (as of July 23, 2018)

	Forecast March 5, 2018	Forecast April 25, 2018	**Forecast July 23, 2018**	**Change to April 25, 2018**
EBITDA margin	Close to 40 percent	Close to 40 percent	Approximately 40 percent	↑
ROCE	Clearly higher than in 2017	Clearly higher than in 2017	Clearly higher than in 2017	→
Net cash flow	Clearly higher than in 2017	Clearly higher than in 2017	Clearly higher than in 2017	→
Group sales	Clearly above EUR 1.3 billion, depending on exchange rate effects	Clearly above EUR 1.3 billion, depending on exchange rate effects	Close to EUR 1.4 billion depending on exchange rate effects	↑
R&D	Approximately 5 percent of sales	Approximately 5 percent of sales	Approximately 5 percent of sales	→
Cost items	Headwind on potential costs savings from payroll rises and inflation	Headwind on potential costs savings from payroll rises and inflation	Headwind on potential costs savings from payroll rises and inflation	→
FX effects	Based on EUR/USD exchange rate of 1.25 and EUR/JPY exchange rate of 135 negative FX impact of around EUR 100 million on sales and of around EUR 60 million on EBITDA	Based on EUR/USD exchange rate of 1.25 and EUR/JPY exchange rate of 135 negative FX impact of around EUR 100 million on sales and of around EUR 60 million on EBITDA	Based on EUR/USD exchange rate of 1.20 and EUR/JPY exchange rate of 130 negative FX impact of around EUR 60 million on sales and of around EUR 40 million on EBITDA compared to 2017 FX rates	↓
Depreciation/ amortization	Around EUR 90 million	Around EUR 90 million	Around EUR 90 million	→
Tax rate	Between 15 percent and 20 percent	Between 15 percent and 20 percent	Between 15 percent and 20 percent	→
Financial result	Roughly stable	Roughly stable	Roughly stable	→
Capital expenditure	Around EUR 240 million to EUR 260 million	Around EUR 240 million to EUR 260 million	Around EUR 260 million to EUR 280 million	↑
Earnings per share	Significantly higher than in 2017	Significantly higher than in 2017	Significantly higher than in 2017	→

→ unchanged ↑ increased ↓ decreased

Events after the balance sheet date

No material events occurred between June 30, 2018 and the issuance date of this Interim Report.

Munich, July 23, 2018
The Executive Board of Siltronic AG

Dr. Christoph von Plotho
(CEO)

Rainer Irle
(CFO)

Content

Interim Financial Statements
(Condensed)

Consolidated statement of profit or loss

In EUR million	Q2 2018	Q2 2017	H1 2018	H1 2017
Sales	361.3	283.1	688.7	541.1
Cost of goods sold	−209.3	−204.5	−411.9	−403.1
Gross profit	**152.0**	**78.6**	**276.8**	**138.0**
Selling expenses	−8.9	−9.7	−17.3	−18.0
Research and development expenses	−16.9	−16.7	−33.5	−33.6
General administration expenses	−7.1	−6.2	−13.7	−12.2
Other operating income	25.6	16.8	50.6	31.7
Other operating expenses	−20.6	−19.4	−42.2	−39.1
Operating result	**124.1**	**43.4**	**220.7**	**66.8**
Interest income	0.6	0.5	1.0	0.9
Interest expense	−0.1	−0.4	−0.2	−0.7
Other finance cost, net	−2.4	−2.3	−5.0	−4.7
Financial result	**−1.9**	**−2.2**	**−4.2**	**−4.5**
Result before income tax	122.2	41.2	216.5	62.3
Income taxes	−24.2	−6.0	−36.5	−10.0
Result for the period	**98.0**	**35.2**	**180.0**	**52.3**
of which				
attributable to Siltronic AG shareholders	*91.3*	*34.0*	*169.9*	*50.6*
attributable to non-controlling interests	*6.7*	*1.2*	*10.1*	*1.7*
Result per common share in EUR (basic / diluted)	3.04	1.13	5.66	1.69

Consolidated statement of financial position

In EUR million	June 30, 2018	June 30, 2017	Dec. 31, 2017
Intangible assets	23.3	24.7	24.0
Property, plant and equipment	546.6	498.1	513.3
Securities	1.4	–	1.3
Other financial assets	0.4	2.7	1.5
Deferred tax assets	13.4	5.9	6.5
Non-current assets	**585.1**	**531.4**	**546.6**
Inventories	136.1	139.9	149.9
Trade receivables	175.1	131.0	159.9
Contractual assets	18.9	–	–
Fixed-term deposits	194.7	120.1	116.3
Other financial assets	5.7	13.5	21.3
Other non financial assets	17.8	15.3	30.0
Income tax receivables	2.6	0.4	2.6
Cash and cash equivalents	408.0	160.9	225.8
Current assets	**958.9**	**581.1**	**705.8**
Total assets	**1,544.0**	**1,112.5**	**1,252.4**

In EUR million	June 30, 2018	June 30, 2017	Dec. 31, 2017
Subscribed capital	120.0	120.0	120.0
Capital reserves	974.6	974.6	974.6
Retained earnings and net Group result	−169.9	−404.4	−269.7
Other equity items	−215.4	−163.3	−187.6
Equity attributable to Siltronic AG shareholders	**709.3**	**526.9**	**637.3**
Equity attributalbe to non-controlling interests	10.8	−4.8	0.6
Equity	**720.1**	**522.1**	**637.9**
Pension provisions	389.4	345.1	367.2
Other provisions	40.8	38.6	48.8
Provisions for income tax	3.7	0.4	0.7
Deferred tax liabilities	1.8	2.5	2.7
Financial liabilities	–	39.8	–
Received prepayments	171.1	12.9	42.9
Other financial liabilities	0.6	0.0	0.0
Non-current liabilities	**607.4**	**439.3**	**462.3**
Other provisions	6.4	6.5	4.6
Provisions and liabilities for income tax	16.8	10.1	5.4
Trade liabilities	85.2	79.2	67.1
Received prepayments	51.7	16.8	26.9
Other financial liabilites	13.8	1.4	1.2
Other non financial liabilities	42.6	37.1	47.0
Current liabilites	**216.5**	**151.1**	**152.2**
Total liabilities	823.9	590.4	614.5
Total equity and liabilities	**1,544.0**	**1,112.5**	**1,252.4**

Consolidated statement of cash flows

In EUR million	Q2 2018	H1 2018	H1 2017
Result for the period	98.0	180.0	52.3
Depreciation / amortization of nun-current assets, including impairment losses and reversals thereof	21.9	47.6	58.9
Other non-cash expenses and income	10.6	10.6	−8.9
Result from disposal of non-current assets	0.5	0.7	0.8
Interest income	−0.5	−0.8	−0.2
Interest paid	−0.2	−0.3	0.0
Interest received	0.8	1.2	0.8
Tax expense	24.2	36.5	10.0
Taxes paid	−29.1	−36.8	−6.5
Changes in inventories	3.9	3.6	−1.6
Changes in trade receivables	2.6	−11.9	−19.4
Changes in contractual assets	−0.5	−0.9	–
Changes in other assets	2.8	14.4	−6.5
Changes in deferred taxes	0.0	0.0	−0.2
Changes in provisions	−3.2	3.5	13.6
Changes in trade liabilities	0.1	9.9	1.4
Changes in other liabilities without prepayments	−16.4	−4.5	15.5
Changes in prepayments	115.7	152.9	4.4
Cash flow from operating activities	**231.2**	**405.7**	**114.4**
Payments for capital expenditure (including intangible assets)	−48.3	−73.4	−41.2
Proceeds from the disposal of property, plant and equipment	0.0	0.1	–
Acquisition of fixed-term deposits	−130.0	−262.5	−93.9
Proceeds from fixed-term deposits	180.0	186.2	49.3
Cash flow from financing activities	**1.7**	**−149.6**	**−85.8**
Dividend	−75.0	−75.0	0.0
Cash flow from financing activities	**−75.0**	**−75.0**	**0.0**
Changes due to exchange-rate fluctuations	1.8	1.1	−4.1
Changes in cash and cash equivalents	**159.7**	**182.2**	**24.5**
at the beginning of the period	248.3	225.8	136.4
at the end of the period	**408.0**	**408.0**	**160.9**

Consolidated statement of comprehensive income

	H1 2018		H1 2017	
In EUR million	Before tax	After tax	Before tax	After tax
Result for the period		180.0		52.3
Items not reclassified to profit or loss: Remeasurement of defined benefit plans	−12.3	−15.3	41.3	44.0
Items reclassified to profit or loss:				
Difference from foreign currency translation adjustments	4.6	4.6	−6.3	−6.3
thereof recognized in profit or loss	–	–	–	–
Changes in market values of derivative financial instruments (cash flow hedge)	−22.7	−16.9	16.1	12.9
thereof recognized in profit or loss	*−8.3*	*−6.1*	*2.1*	*1.7*
Effects of net investments in foreign operations	–	–	−6.1	−6.1
thereof recognized in profit or loss	–	–	–	–
Sum of items reclassified to profit or loss	**−18.2**	**−12.4**	**3.7**	**0.5**
Income and expenses recognized in equity	−30.4	−27.6	45.0	44.5
Total comprehensive income / loss		**152.4**		**96.8**
of which				
attributable to Siltronic AG shareholders		*142.2*		*95.0*
attributable to non-controlling interests		*10.2*		*1.8*

Consolidated statement of changes in equity

In EUR million	Subscribed capital	Capital reserves	Difference from foreign currency translation	Effects of net investments in foreign operations	Change in market value of available-for-sale securities	Changes in market values of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Retained earnings / net Group result	**Total**	Non-controlling interests	**Total equity**
Balance as of January 1, 2017	120.0	974.6	−0.3	1.1	–	−4.6	−203.9	−455.0	431.9	−6.6	425.3
Result for the period	–	–	–	–	–	–	–	50.6	50.6	1.7	52.3
Income and expenses recognized in equity	–	–	−6.4	−6.1	–	12.9	44.0	–	44.4	0.1	44.5
Total comprehensive changes	**–**	**–**	**−6.4**	**−6.1**	**–**	**12.9**	**44.0**	**50.6**	**95.0**	**1.8**	**96.8**
Balance as of June 30, 2017	**120.0**	**974.6**	**−6.7**	**−5.0**	**–**	**8.3**	**−159.9**	**−404.4**	**526.9**	**−4.8**	**522.1**
Balance as of January 1, 2018	120.0	974.6	−10.3	−7.1	0.1	11.2	−181.5	−269.7	637.3	0.6	637.9
Effects from first-time implementation of IFRS 15	–	–	–	–	–	–	–	4.8	4.8	–	4.8
Effects from first-time implementation of IFRS 9	–	–	–	–	−0.1	–	–	0.1	0.0	0.0	0.0
Opening balance sheet values as at 01.01.2018	120.0	974.6	−10.3	−7.1	–	11.2	−181.5	−264.8	642.1	0.6	642.7
Result for the period	–	–	–	–	–	–	–	169.9	169.9	10.1	180.0
Dividend	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**−75.0**	**−75.0**	**–**	**−75.0**
Income and expenses recognized in equity	–	–	4.5	–	–	−16.9	−15.3	–	−27.7	0.1	−27.6
Overall result	**–**	**–**	**4.5**	**–**	**–**	**−16.9**	**−15.3**	**94.9**	**67.2**	**10.2**	**77.4**
Balance as of June 30, 2018	**120.0**	**974.6**	**−5.8**	**−7.1**	**–**	**−5.7**	**−196.8**	**−169.9**	**709.3**	**10.8**	**720.1**

Condensed consolidated notes

Basis of presentation and accounting policies

These condensed financial statements ("interim financial statements") for the six-month period ended June 30, 2018 comprise Siltronic AG and its subsidiaries, together referred to as the "Group". Siltronic AG is a listed company subject to German law.

The interim financial statements of the Siltronic Group as of June 30, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial statements (IAS 34) as endorsed by the European Union, and are presented in condensed form. The accounting and valuation methods applicable for the 2017 financial year have been amended by new accounting standards if applicable and effective for the first time in 2018. Apart from this, the accounting and valuation methods remained unchanged. To improve comparability in the balance sheet and in the cash flow statement, prepayments received from customers have been classified as a separate item "Prepayments received" from other non-financial liabilities.

These are the Group's first interim financial statements published in accordance with the new accounting standards IFRS 15 and IFRS 9, the effects of which are explained separately in these financial statements.

Siltronic AG is a company domiciled in Munich / Germany, Hanns-Seidel-Platz 4 and is registered at the Munich District Court (Amtsgericht) under HRB 150884.

Changes in the scope of consolidation

As of June 30, 2018, the scope of consolidation includes eight companies, including Siltronic AG. All companies are included in the interim financial statements as fully consolidated companies. Compared to December 31, 2017, the scope of consolidation has been extended by one company. The newly founded Siltronic Shanghai Co, Ltd. is a wholly owned subsidiary of Siltronic.

Use of assumptions and estimates

When the interim financial statements are being prepared, it is necessary to make estimates and assumptions affecting the amounts and the reporting of the recognized assets and debts, income and expenses, and contingent liabilities. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from assumptions and estimates if the economic conditions referred to do not develop in line with the expectations as of the reporting date. The determination of taxes followed the procedure applied at year-end by assessing the income tax expense at the balance sheet date of this interim period. The option under IAS 34 of making an estimate was not applied.

As of each reporting date, the benefit liability must be reassessed and the discount factor newly determined. The net defined benefit liability as of June 30, 2018 was calculated using discount factors of 2.00 percent in Germany and 3.99 percent in the US (June 30, 2017: 2.19 percent in Germany and 3.65 percent in the US). As of December 31, 2017, the actuarial interest rate was 2.10 percent in Germany and 3.45 percent in the US.

As an information tool, interim financial reporting is based on the consolidated financial statements as of the end of the fiscal year. The accounting, valuation and consolidation methods used and the exercising of options envisaged in IFRS are explained in detail in the Consolidated Notes.

Implications of newly applied standards

IFRS 15 'Revenue from Contracts with Customers'

In May 2014, the IASB published the new accounting standard IFRS 15. The new Standard sets out a comprehensive framework for the measurement and timing of revenue recognition. It replaces the current requirements for revenue recognition, including those contained in IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'.

Siltronic applied the new standard for the first time for the fiscal year beginning January 1, 2018. It was applied using the modified retrospective method, recording the cumulative adjustment amounts as of January 1, 2018. The new standard had no material impact on Siltronic's financial statements. Retained earnings as of January 1, 2018 increased by EUR 4.9 million (after tax). The increase is based on changed requirements for revenue recognition for customers with whome Siltronic has consignment inventory arrangements. In such cases, the timing of revenue recognition will shift from the

date on which a customer withdraws goods and products from a consignment store to the date on which goods and products are transferred to it.

The following tables show the effects of the first-time application of IFRS 15 on the consolidated balance sheet and the consolidated statement of profit and loss of the interim financial statements.

In EUR million	June 30, 2018 applying IFRS 15	Adjustments	June 30, 2018 not applying IFRS 15
Deferred tax assets	13.4	1.3	14.7
Inventories	136.1	10.8	146.9
Contract assets	18.9	−18.9	–
Total assets	**1,544.0**	**−6.8**	**1,547.2**
Retained earnings and net Group result	−169.9	−6.8	−176.7
Equity attributable to Siltronic AG shareholders	709.3	−6.8	702.5
Prepayments received (current and non-current)	222.8	−222.8	–
Other non-financial liabilities (current and non-current)	–	222.8	222.8
Total equity and liabilities	**1,544.0**	**−6.8**	**1,547.2**

Due to the new IFRS 15, sales revenues in the profit and loss statement increased by EUR 1.0 million in H1 2018, cost of sales decreased by EUR 1.2 million and income taxes increased by EUR 0.3 million. The result for the period was positively influenced by EUR 1.9 million.

IFRS 9 'Financial Instruments'

IFRS 9, which was issued in July 2014, replaces the requirements contained in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains, in particular, new general accounting principles for hedging transactions and a new model for the valuation of impairments due to expected defaults on receivables and loans. Siltronic applied the new standard for the first time for the fiscal year beginning January 1, 2018. The transition was made on the basis of the modified retrospective approach. Siltronic has made use of the option available in using IAS 39 for hedge accounting.

IFRS 9 sets out three major classifications for financial assets, namely 'measured at amortized cost', 'measured at fair value through profit or loss' (FVTPL) and 'measured at fair value through other comprehensive income' (FVOCI). For financial liabilities, the most important classifications are financial liabilities measured at amortized cost (AC) or financial liabilities measured at fair value through profit or loss (FVTPL).

The following table shows the classification of financial assets and financial liabilities under IAS 39 compared to the new classification categories of IFRS 9 at the time of first-time application of the standard. FFinancial assets and financial liabilities for which a hedging relationship exists in the balance sheet (application of hedge accounting) do not fall into any classification category. The derivative financial instruments shown in the table below are financial instruments that are affected by foreign currencies.

In EUR million	Classification IAS 39	Classification IFRS 9	Dec. 31, 2017 Carrying amount	**Jan. 01, 2018** Carrying amount
Securities	AfS [1]	FVTPL	1.3	1.3
Trade receivables	LaR [1]	AC	159.9	159.9
Fixed-term deposits	LaR [1]	AC	116.3	116.3
Other financial assets				
Derivatives for which hedge accounting is used	Hedge Acc. [2]	[2]	15.8	15.8
Derivatives for which hedge accounting is not used	HfT [1]	FVTPL	4.2	4.2
Others	LaR [1]	AC	2.8	2.8
Cash and cash equivalents	LaR [1]	AC	225.8	225.8
Trade liabilities	LaR [1]	AC	67.1	67.1
Trade liabilities				
Derivatives for which hedge accounting is used	Hedge Acc. [2]	[2]	0.5	0.5
Derivatives for which hedge accounting is not used	HfT [1]	FVTPL	0.2	0.2
Others	LaR [1]	AC	0.5	0.5

[1] LaR = Loans and Receivables; AfS = Availbale for Sales; HfT = Held for Trading
[2] Option to continue to account for hedging relationships in accordance with IAS 39.

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model is required to be applied to financial assets measured at amortized cost or at FVOCI as well as to contract assets. The application of the expected credit loss model had no significant impact on Siltronic's consolidated financial statements.

Segment reporting

The Group is engaged in only one reportable segment. That includes the development, production and sale of semiconductor silicon wafers with a wide variety of features satisfying numerous product specifications to meet customers' very precise technical specifications, which are utilized in the manufacturing of semiconductor devices. Based on the fact that in the wafer industry the allocation of resources is derived from a wide variety of product specifications from customers, the Group is only operating in one segment.

The following table shows the breakdown of sales by geographical region:

	H1 2018							
In EUR million	Germany	Europe excluding Germany	United States	Taiwan including China	Korea	Asia excluding Taiwan, China and Korea	Consolidation and others	Siltronic Group
External sales of contracts with customers by customer location	52.1	81.1	81.3	202.3	145.4	115.5	11.0	688.7

	H1 2017							
In EUR million	Germany	Europe excluding Germany	United States	Taiwan including China	Korea	Asia excluding Taiwan, China and Korea	Consolidation and others	Siltronic Group
External sales by customer location [1)]	35.6	60.0	73.0	167.1	114.6	84.0	6.8	541.1

[1)] IFRS 15 was applied for the first time as of January 1, 2018 using the modified retrospective approach. The comparative period was not adjusted.

Information on fair value

The fair value of a financial instrument is the price that would be achieved in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments measured at amortized cost is determined based on discounting, taking into account customary market interest rates that are adequate to the specific risk and correspond to the relevant maturity. The carrying amount of current balance sheet items approximate fair value.

The financial assets and liabilities measured at fair value in the statement of financial position were allocated to one of the three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories reveals which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions. With respect to the definition of the fair value levels and the corresponding financial assets and financial liabilities and the valuation of these items reference is made to the 2017 consolidated financial statements.

The following table shows the fair value hierarchy classification of financial assets and liabilities measured at fair value in the statement of finacial position:

Fair value hierarchy

	As of June 30, 2018			
In EUR million	Level I	Level II	Level III	Total
Financial assets, measured at fair value				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	2.1	–	2.1
Securities	1.4	–	–	1.4
Fair value recognized directly in equity				
Derivatives for which hedge accounting is used	–	3.3	–	3.3
Securities	–	–	–	–
Total	**1.4**	**5.4**	**–**	**6.8**
Financial liabilities, measured at fair value				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	2.8	–	2.8
Fair value recognized directly in equity				
Derivatives for which hedge accounting is used	–	10.8	–	10.8
Total	**–**	**13.6**	**–**	**13.6**

In EUR million	As of December 31, 2017			
	Level I	Level II	Level III	**Total**
Financial assets, measured at fair value				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	4.2	–	4.2
Securities	–	–	–	–
Fair value recognized directly in equity				
Derivatives for which hedge accounting is used	–	15.8	–	15.8
Securities	–	1.3	–	1.3
Total	**–**	**21.4**	**–**	**21.4**
Financial liabilities, measured at fair value				
Fair value through profit or loss				
Derivatives for which hedge accounting is not used	–	0.2	–	0.2
Fair value recognized directly in equity				
Derivatives for which hedge accounting is used	–	0.5	–	0.5
Total	**–**	**0.7**	**–**	**0.7**

Siltronic regularly reviews whether its financial instruments are appropriately allocated to the hierarchy levels. No changes to the valuation method occurred compared with the most recent consolidated annual financial statements and no non-recurring fair value measurements were carried out. No major reclassifications between the levels of the fair value hierarchy were carried out in the period under review.

Related party disclosures

The disclosure requirements according to IAS 24 refer to transactions (a) with its minority shareholder Wacker Chemie AG (majority shareholder until March 15, 2017) and the ultimate controlling shareholder of Wacker Chemie AG, which is Dr. Alexander Wacker Familiengesellschaft mbH (holding more than 50 percent of the voting shares in Wacker Chemie AG), (b) with Wacker Pensionskasse and (c) with members of the Executive Board and Supervisory Board of the Company.

The amounts recorded in the statement of profit or loss resulting from transactions with Wacker Chemie AG were the following:

In EUR million	H1 2018	H1 2017
Sales	0.4	0.4
Supply of material and services, primarily recorded in cost of sales	84.3	84.4

The following table shows inventories, receivables from and liabilities to related parties recorded in the statement of financial position:

In EUR million	June 30, 2018	Dec. 31, 2017
Inventories	10.3	10.0
Other assets	3.7	8.0
Trade liabilites	19.6	9.5

Inventories relate to raw material supplies of Wacker Chemie AG.

Income taxes

Taxes are calculated using the same methods as at year-end, by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate is not exercised. Deferred tax assets were capitalized on temporary differences to the extent that they will probably result in realizable tax benefits within the medium-term planning period.

Foreign exchange rates

The financial statements of consolidated companies outside Germany are translated into euro following the concept of functional currency. For all foreign group companies the functional currency equals the local currency because these entities operate their business on a stand-alone basis from a financial, commercial and organizational perspective. Assets and liabilities are translated using the spot rates prevailing at the balance sheet date, equity is translated using historical rates, and amounts in the statement of profit and loss are translated using the average exchange rates of the quarter. Amounts resulting from the variance between spot rates at different balance sheet dates are shown separately under "Other equity items" within equity.

The following table shows the main exchange rates in relation to the euro:

Exchange rates

		Spot rate			Average for the year		
	ISO code	**June 30, 2018**	June 30, 2017	Dec. 31, 2017	**Q2 2018**	**H1 2018**	H1 2017
US dollar	USD	1.16	1.14	120	1.19	1.21	1.08
Japanese yen	JPY	129	128	135	130	132	122
Singapore dollar	SGD	1.58	1.57	1.60	1.59	1.61	1.52

Major events in period under review and events after June 30, 2018

Events during the reporting period that are considered significant in terms of their impact, nature and frequency are described in the interim management report. No material events occurred between June 30, 2017 and the date of issuance of this Interim Report.

Munich, July 23, 2018
The Executive Board of Siltronic AG

Dr. Christoph von Plotho
(CEO)

Rainer Irle
(CFO)

Further Information

Responsibility statement

To the best of our knowledge, we assure that in accordance with the applicable accounting principles for interim reporting for the Group's interim financial statements in compliance with generally accepted accounting principles, we have provided a truthful picture of the assets, financial and earnings situation of the Group and that the Group's interim management report outlines the business performance, including the company profit and the Group's situation, such that it provides a picture in line with the actual circumstances and describes the key opportunities and risks of the expected performance of the Group in the remainder of the financial year.

Munich, July 23, 2018
The Executive Board of Siltronic AG

Dr. Christoph von Plotho (CEO)	Rainer Irle (CFO)

Certificate of audit review

For Siltronic AG, Munich

We have performed an audit review of the abbreviated interim consolidated financial statements – consisting of the Group balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, development of the Group's equity and selected explanatory notes – and the Group's interim management report for Siltronic AG, for the period from January 1 to June 30, 2018, which are components of the semi-annual financial report in accordance with Section 37 w of the Securities Trading Act (WpHG). The preparation of the abbreviated interim consolidated financial statements under IFRS for interim reporting, as applicable in the EU, and the Group's interim management report according to the applicable provisions from the WpHG is the responsibility of the legal representatives of the company. Our task is to certify the abbreviated interim consolidated financial statements and the Group's interim management report on the basis of our audit review.

We have performed the audit review of the abbreviated interim consolidated financial statements and the Group's interim management report, observing the German principles specified by the Institute of Public Auditors in Germany (IDW) for the audit review of financial statements. These state that the audit review is to be planned and performed such that in our critical appraisal, we can rule out with a certain degree of certainty that the abbreviated interim consolidated financial statements have not been prepared in accordance with IFRS for interim reporting as applicable in the EU in key aspects and that the Group's interim management report was not prepared in accordance with the provisions of the WpHG applicable to the Group's interim management reports in key aspects. An audit review is primarily limited to interviews with employees of the company and analytical assessments and therefore does not offer the certainty of an audit of financial statements. As we have not performed a proper audit of the financial statements according to our order, we cannot issue an audit certificate.

On the basis of our audit review, we have not become aware of any factors, which prompt us to assume that the abbreviated interim consolidated financial statements have not been prepared in accordance with IFRS for interim reporting as applicable in the EU in key aspects and the Group's interim management report was not prepared in accordance with the provisions of the WpHG applicable to the Group's interim management reports in key aspects.

Munich, July 23, 2018
KPMG AG Auditing Company

Specht
Wirtschaftsprüfer

Ratkovic
Wirtschaftsprüfer

Financial calendar

October 25, 2018 Quarterly Statement Q3 2018

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Imprint

This interim statement is published by
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Concept, design and realization
HGB Hamburger Geschäftsberichte GmbH & Co, KG, Hamburg

Note on the Interim Statement
This Interim Statement is also available in German. If there are differences between the two, the German version takes priority. The Interim Report is available as a PDF document.

Disclaimer
This interim statement contains forward-looking statements based on assumptions and estimates made by Siltronic's Executive Board. Although we assume that the expectations in these forwardlooking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. Siltronic does not plan to update the forwardlooking statements, nor does it assume the obligation to do so. Due to rounding, it is possible that individual figures in this report and other reports do not exactly add. The contents of this report address women and men equally. For better legibility, only the male language form (e.g. customer, employee) is used.

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