Q2/2015

INTERIM REPORT

JANUARY – JUNE 2015

siltronic
perfect silicon solutions

Company profile: Siltronic is a global leader in the market for hyperpure silicon wafers with a market share of around 14 percent supplying the leading semiconductor companies around the world. Therefore, the extensive product portfolio is a basic foundation for increasingly more powerful and energy-efficient computer chips and is used in high demand products, such as smartphones, laptops and cars. The company has some 4,000 employees, spread across a network of ultra-modern production sites in Europe, Asia and the US. Technology leadership and a consistent focus on increased efficiency formed the basis for a successful IPO and the future enhancement of the company's value.

Content

Siltronic at a glance

- Higher volume and stronger US dollar boost sales and earnings
- EBITDA margin of 12.7 percent in Q2, adjusted by exchange losses included in other operating expenses and net income at 20 percent
- Positive ROCE
- Positive free cash flow of €7.1 million in Q2
- Equity increased to 47 percent
- Pension provisions in Q2 reduced by €136 million compared to Q1 on interest rates

	Q2			H1		
€ mn	2015	2014	Change in %	2015	2014	Change in %
Sales	246.7	210.4	17.3	485.4	406.7 [4]	19.3
EBITDA [1]	31.4	28.3	10.9	71.5	59.7 [5]	19.6
EBITDA margin [3]	12.7%	13.5%	–5.9	14.7%	14.7%	0.0
EBIT [2]	0.2	–9.5	>100	8.5	–10.5	>100
EBIT margin [3]	0.1%	–4.5%	>100	1.8%	–2.6%	>100
Period result	–7.0	–14.1	50.4	–5.1	–17.1	70.2
Earnings per share in €*	–0.17	–0.35	50.5	–0.07	–0.37	82.1
Cash flow from operating activities	14.9	2.6	>100	62.6	89.8	–30.3
Receipts / payments for tangible and intangible assets	7.8	6.7	16.4	15.8	14.8	6.8
Free cash flow	7.1	–4.1	>100	46.8	75.0	–37.6
ROCE	0.1%	–4.7%	–	2.2%	–2.6%	–

(1) EBITDA is EBIT before depreciation / amortization of assets.
(2) EBIT is the earnings for the reporting period under review before the financial result and before taxes on income and earnings.
(3) Each margin applies to net sales.
(4) The subsidiary Siltronic Silicon Wafer Pte, Ltd., Singapore (SSW) was only included for five months in H1 2014 because the initial consolidation of SSW took place on January 24, 2014. If SSW had been consolidated for the entire initial six months of 2014, the net sales would have been €7.4 million higher and the sales increase would not have been 19 percent but rather 17 percent in the half-year comparison.
(5) If SSW had been consolidated after January 1, 2014, the adjusted EBITDA for the comparative period of the first six months of 2014 would have been €45.3 million, corresponding to an EBITDA margin of 10.9 percent.
(6) Calculation of earnings per share for the years 2014 and 2015 based on 30.000.000 shares.

€ mn	As of June 30, 2015	As of December 31, 2014
Equity	500.9	311.8
Equity ratio	47%	29%
Net financial assets	166.1	–24.5
Employees	4,043	4,163

Rainer Irle, Executive Vice President & Chief Financial Officer

45 years old. After receiving a degree and diploma in industrial engineering (Siegen University) and a Master of Science in Engineering (Goeteborg) and working as a management consultant at A. T. Kearney, he has been with Siltronic AG since 2003. Since January 2013, he has been Chief Financial Officer on Siltronic AG's Executive Board.

Dr. Christoph von Plotho, President & Chief Executive Officer

59 years old. After studying Chemistry and earning a doctorate at RWTH Aachen, he has had various management roles within the Wacker Chemie Group in Germany and abroad since 1984. Since October 2010, he has been President and CEO of Siltronic AG.

To our shareholders

Dear shareholders,
dear ladies and gentlemen,

Since June 11, 2015, Siltronic has been listed in the Prime Standard of the German Stock Exchange. This is an important milestone in the history of our company we can be proud of.

Siltronic is a technology leader in the wafer industry, the result of decades of intense research and development. We succeeded to foster our competitiveness in the last few years with significant reductions in costs. This combination of a top technological position and economic recovery was the basis for a successful IPO.

We thank our employees for their dedicated work which made this step possible. We thank you for the confidence you placed in us as together we made our entry onto the trading floor.

The performance in H1 2015 shows that Siltronic has positioned itself correctly and is viable. We recorded considerable growth rates in volumes and sales once again and significant improvements in all financial core management ratios. This is particularly true for the EBITDA, i.e. the operating result and the return on capital employed (ROCE). The free cash flow reached also a high level.

The market environment was also favorable. At the beginning of the year, demand remained at a very high level without the usual seasonality and even increased slightly in Q2 2015. Accordingly, utilization of our capacities was high at all of our sites.

Wafer prices, largely priced in US dollars, were noticeably lower than in the previous year in H1 2015. Between Q1 and Q2 2015, prices were relatively stable. The current exchange rates favored the conversion into euros. As the US dollar was around 19 percent stronger compared to the previous year, we realized noticeably higher average earnings in euros per wafer than a year ago.

In terms of costs we have achieved further success over the last few months, for example we have been able to increase productivity even further and the efficiency of our administrative departments is constantly improving.

Since foreign exchange losses of net € –18 million are included in other operating income and expenses (Q1 2015: –€ 2 million), the result of Q2 2015 was significantly negatively affected. Excluding these effects, EBITDA would have amounted to € 49 million in Q2, which corresponds to the target margin of 20 percent.

Some customers signaled that for H2 somewhat lower wafer purchases were required than initially expected. Inventories were built up in H1 and sales expectations, especially for logic applications, fell slightly. We are therefore assuming slightly reduced sales for H2 with roughly stable prices. However, we expect a negative impact on earnings from currency effects due to foreign currency derivatives totaling €30 million for H2 2015. The main reason for this is losses from US dollar hedging transactions, which were completed in 2014 at (from today's perspective) unfavorable prices.

Our investments this year will amount to up to €80 million. We have already initiated measures for further automation alongside investments to enhance our products and processes. We are also selectively investing in replacing our crystal-pulling capacities.

Siltronic is in good shape both operationally and financially. But, we cannot and do not want to rest on our laurels. Siltronic AG's initial listing has given us a broader basis for sustainable company success. As announced, proceeds were used to repay a significant portion of our financial liabilities. Now we are able to pursue our goals and claims with greater financial security, namely to be close to customers with high-quality products to to meet all their expectations or even beyond. To drive innovation in silicon wafers for the semiconductor industry. To secure and further increase competitiveness.

Innovation and continuous improvement in our cost structures as well as the continuous improvement of processes are the key success factors for increasing efficiency and for our company's successful future. We will continue on this path consistently and diligently. One example of this is the decision to install cutting-edge crystal-pulling plants at the Freiberg site to further strengthen the quality of our products and the cost position at the same time.

The semiconductor industry is an exciting, innovative sector. As one of the top three silicon wafer manufacturers, we are well positioned to continue to shape future trends successfully – now together with you as shareholders following the successful IPO.

Munich, July 31, 2015

Dr. Christoph von Plotho
(CEO)

Rainer Irle
(CFO)

Siltronic on the stock exchange

- **Started trading on the Prime Standard on June 11, 2015**
- **42.2 percent of shares in free float**
- **Share price 17 percent up on the issue price at the end of the quarter**

The Siltronic share

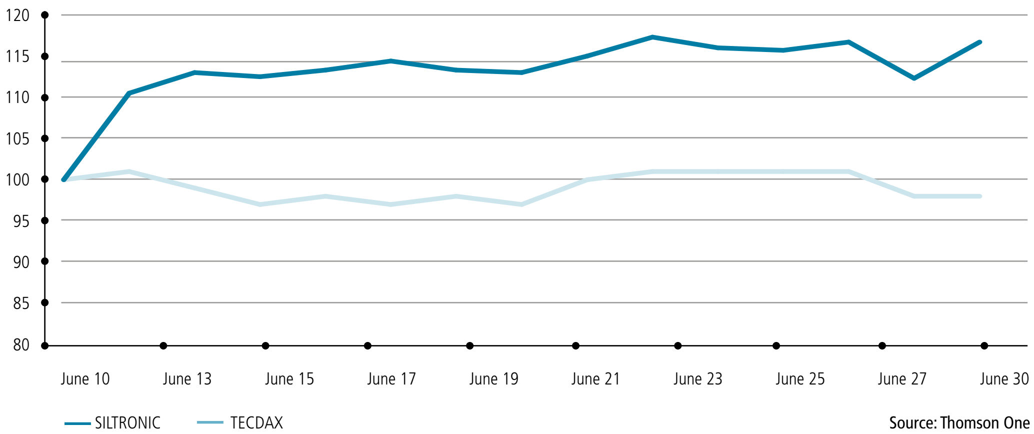
Since June 11, 2015, Siltronic shares have been traded on the regulated market (Prime Standard) on the Frankfurt Stock Exchange.

The shares (registered shares) were offered to investors for sale from June 1, 2015 until June 10, 2015 in a price range between €30.00 and €38.00. The issue price was set at €30.00 at the end of a successful IPO roadshow while the DAX fell by up to 4 percent. The offering was subscribed several times over.

As part of the offer, 12,650,000 shares were issued including the greenshoe option (overallotment option). Of those, 5,000,000 shares accounted for a capital increase of Siltronic AG. As a result, 42.17 percent of the subscribed capital is now in free float.

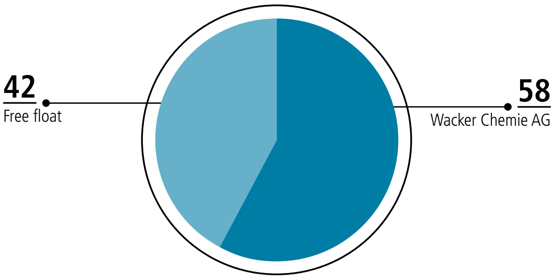
Siltronic AG's share price started trading at €31.50 on June 11, 2015 and continued to pick up on the first day. At its peak the share price was almost €33.90. On June 30, 2015, the share price was quoted 17 percent above the issue price at €35.00. In the same period, the DAX and TecDax each fell by more than 1 percent.

Siltronic share's price performance (indexed)
June 2015



Source: Thomson One

Siltronic AG's shareholder structure
in %



International investor basis due to successful IPO

With the IPO, Siltronic achieved a global investor base. Siltronic's largest shareholder continues to be Wacker Chemie AG. It holds 57.83 percent. In total, around 20 percent of the shares are held in the US. Here the largest shareholders are Baupost Group Securities, L.L.C. at 8.66 percent and Wellington Management Company LLP at 3.01 percent. UK investors hold around 10 percent of the shares. MainFirst SICAV from Luxembourg holds 4.17 percent of shares. Around 8 percent of shares are held in Europe (excluding Wacker Chemie AG, MainFirst and the UK).

Basic data on Siltronic shares

International securities identification number (ISIN)	DE000WAF3001
Stock exchange	Frankfurt
Ticker symbol	WAF300
Trading segment	Official market
Market segment	Prime Standard
Number of issued shares	12,650,000
Free float as of June 30, 2015	42.2%
Market capitalization*	€1,050 million

* 30.000.000 shares x €35.00 (Closing price June 30, 2015)

We have set ourselves the goal of raising awareness of Siltronic as an independent company and establishing trustworthy dialog with the capital market. To this end, we will communicate transparently and openly by means of professional investor relations activities.

Following the IPO, analysts from renowned international banks initiated coverage of Siltronic. At the end of the blackout period, seven analysts published their estimations and recommendations regarding Siltronic AG. The average stock price target is €41; there are five sell and two hold recommendations (as of: July 21, 2015). You can find out more on this on our website www.siltronic.com under Investor Relations.

Management Report on Interim Consolidated Financial Statements

Group basics

- **Global network of leading-edge manufacturing sites**
- **Focus on customer, quality, efficiency and innovation**
- **Research in hyperpure silicon wafer since 1953**

Company profile

Expertise in the silicon wafer sector for decades

The origin of our business is research and development of hyperpure silicon, which we started in 1953. Siltronic has existed in its present form since 2004. Today, the Siltronic Group ("Siltronic") is one of the leading producers of hyperpure silicon wafers in the world. Silicon wafers form the basis of the most complex semiconductor components in microprocessors, memory, automotive and telecommunication devices for information processing, and therefore can be found in everyday objects such as computers, tablets, smartphones or flat screen TVs. Siltronic develops and manufactures silicon wafers in diameters of up to 300 mm.

The parent company of the Group is Siltronic AG located in Munich, Germany. Siltronic AG is a stock corporation (Aktiengesellschaft) governed by German law with a two-tier board structure consisting of the Executive Board and the Supervisory Board. The Executive Board has two members. The Supervisory Board consists of twelve members (thereof six labor representatives). The Chairman of the Supervisory Board is Dr. Joachim Rauhut, member of the management board and CFO of Wacker Chemie AG.

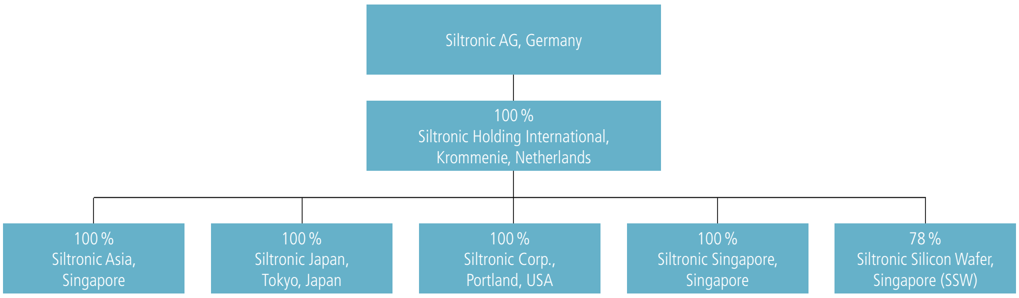
Global business with production sites in Europe, Asia and US

As usual for the semiconductor industry, markets are split into North America , Japan, rest of Asia and Europe. Siltronic Group generates almost all of its revenue with companies operating in the semiconductor industry. Supply agreements are generally negotiated from one quarter to the next or from one half-year to the next.

Siltronic AG has production facilities in Burghausen/Bavaria and Freiberg/Saxony. In addition, the Group operates two production facilities in Singapore and one facility in Portland/Oregon, USA.

Since January 24, 2014 Siltronic holds a 78 percent interest in Silicon Wafer Pte. Ltd. ("SSW") in Singapore (prior to 50 percent). Its minority shareholder and long-term partner is the Korean based Samsung Group. Siltronic owns a network of state-of-the-art multinational manufacturing facilities. Siltronic AG has strong supply relationships with all foreign production facilities. We have sales offices in all key markets, including among others China, Germany, Japan, Korea, Singapore, Taiwan and the US.

Siltronic Group Structure



Siltronic supports the principles of good Corporate Governance for the purpose of responsible, transparent management and control focused on the long-term growth of the company value. This is a prerequisite for cultivating the trust of national and international investors and financial markets, business partners, employees and the general public in Siltronic AG. The company aligns its activities with the recommendations and suggestions of the German Corporate Governance Codex. For more information see: http://www.siltronic.com/int/en/investor_relations/investor_relations.jsp.

Our strengths

Established strengths are the basis for our forward-looking strategy

In our opinion, our business stands out due to the following competitive strengths, which have made the success we have achieved so far possible and will also make us stand out from our competitors in the future:

- Strong market position in semiconductor silicon wafer manufacturing
- Technology and quality leader
- Supplier to all top 20 semiconductor wafer consumers with well-established relationships
- Strong track record in efficiency improvement and cost reduction
- Secure supply of high-quality polysilicon at competitive cost
- Experienced management team and highly skilled workforce

Our strategy

Our strategy is to use and consolidate our position as one of the leading manufacturers in the large and growing industry of semiconductor wafers. The core elements of our strategy are:

- Take advantage of growing demand in the semiconductor silicon wafer market
- Maintain and expand our technology leadership
- Continue our operational excellence and cost reduction roadmap
- Maintain our quality lead
- To focus on improving the operating result and the cash flow from operating activities

Key Performance Indicators

The most important financial key performance indicators are actively used to control the company. For example, if the free cash flow performs below expectation, this may lead to an adjustment of investments during the year. Our shareholder-value management is based on three key performance indicators:

Value-oriented corporate management using three related key performance indicators

EBITDA margin

Our goal is to achieve a high profitability. The measurement basis we use is EBITDA (earnings before interest, taxes and depreciation/amortization including impairments and write-ups), which we use to compare us with competitors. From this comparison we calculate a specific EBITDA margin target from historical trends and from business plans for each financial year. Our medium-term goal is an EBITDA margin of 20 percent.

Free cash flow

Free cash flow is defined by total cash flow from operating activities less cash flow from investments in tangible and intangible assets, but excluding acquisitions of companies. The free cash flow shows whether the current business and the necessary investments can be financed from the company's own operations. The Siltronic Group has the goal to achieve a positive free cash flow. Besides profitability, the main factors affecting free cash flow are effective management of net working capital and the level of investments.

ROCE

Return on Capital Employed (ROCE) represents the return on the net capital invested in the Group. The key indicator is defined by dividing EBIT (earnings before interest and taxes) by capital employed. The capital employed is derived from property, plant and equipment ("PPE") plus intangible assets and the net working capital, as an average of the beginning and the end of the reporting period. ROCE illustrates the level of profitability for the capital required to run the business. Apart from profitability, ROCE is influenced by (i) PPE and intangible assets and (ii) the net working capital. The return on capital employed is reviewed annually in the course of the planning process and is an important criterion for controlling the investment budget.

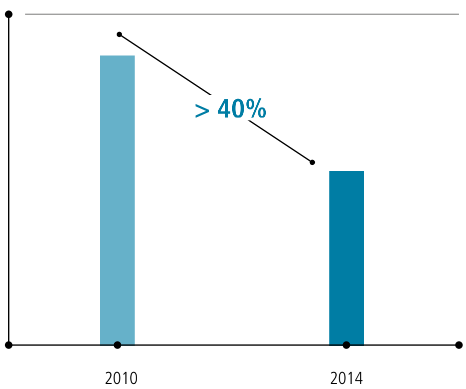
Siltronic also monitors non-financial performance indicators, none of which are used to control the entire company on a constistent basis. Non-financial performance indicators include in particular the number of employees, the frequency of accidents and capacity utilization.

Efficiency, costs and productivity

We have increased efficiency considerably in the past. Amongst others, we have achieved significant reductions in fixed costs by reducing our production facilities from previously seven down to four sites. We are investing in efficiency programs and are continuously increasing productivity by means of cost roadmaps.

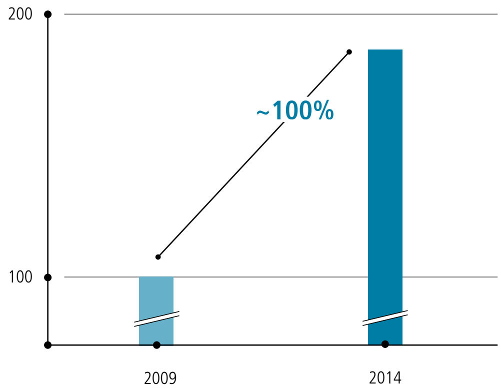
We have reduced costs per product heavily over the past few years. The wafer area produced per employee even tripled between 2002 and 2014. In 2015 we once again expect a significant increase in productivity and a considerable reduction in costs.

Sharp reduction of variable costs



Development of variable costs of 300mm wafer in €/wafer

Significant increase of productivity



Development of productivity in manufacturing 300mm wafer (Germany)

Research and development

The semiconductor wafer industry is characterized by continuous technological progress and product innovation. We are considered a technological and quality leader in the industry. Our technology satisfies the most demanding of customer requirements in terms of design rules. We employ more than 400 engineers around the world (approx. 30 with a doctorate and more than 125 exclusively in the area of research).

Technology leadership due to innovative R&D

Research and development (R&D) is of significant strategic importance to Siltronic. At the sites in Germany, Singapore and the US, there are ongoing efforts to improve products and processes through innovations to meet the changing demands of customers and to keep apace with customers' rising quality requirements. In H1 2015, expenditure for R&D was €32.5 million (H1 2014: €31.2 million). Hence, the R&D rate was 7 percent of sales.

Business report

- **EBITDA and ROCE improved, strong free cash flow**
- **Operating performance proves successful strategic focus**
- **Optimistic outlook for the financial year 2015**

Macroeconomic situation and development of our industry

Economic situation in North America with a weak start to the year

The global economy remains on a moderate but stable growth track over H1 2015. The International Monetary Fund (IMF) expects global growth of 3.3 percent this year in its current forecast dated July 2015 (2014: 3.4 percent). However, economic experts have revised their outlook slightly down since April (+3.5 percent). The somewhat softer development in North America in Q1 2015 in particular was quoted as a reason. While in China the trend of decreasing growth momentum continues as expected, the IMF sees the rate of expansion accelerating in Japan, India and Taiwan. Above all, the US is expected to recover noticeably despite the weak start into 2015. The strength of the US dollar influences global trade. Economic development in Europe is recovering slowly, although the upward trend is gaining slightly momentum. This year the IMF expects an economic growth rate of 1.5 percent in the euro zone (2014: 0.8 percent).*

In the semiconductor industry, demand for silicon wafers in the year 2015 is anticipated to be higher than in the previous year. According to the market researcher IHS Technology, the worldwide wafer volume sold in terms of area is forecasted to rise this year by 4.0 percent. The higher demand for silicon will be driven by an increase in the number of smartphones sold, solid state drives (SSD) and the industry sector. IHS Technology also expects an increase in total sales for the semicondutor market for 2015 of 3.1 percent to US dollar 346 billion.**

Siltronic recorded a significant increase in sales in the reporting quarter compared to the prior year period. We are profiting from favorable currency effects due to the strong US dollar but also from a higher volume than in the prior year and the previous quarter.

Significant events in H1 2015

Siltronic realized proceeds from the capital increase of €150 million gross in connection with the successful IPO on June 11, 2015. The proceeds were used almost entirely to repay financial debts to the parent company. Siltronic's finance structure improved considerably, thereby expanding the company's future opportunities. The costs of the IPO did not weigh on the result because they were charged directly against equity. The capital increase to refinance financial debts will have only a small improvement on interest costs starting Q3 2015 due to the generally low level of interest rates.

Following the termination of the profit and loss transfer agreement as of January 1, 2015, Siltronic AG is no longer part of the fiscal unity with Wacker Chemie AG.

* Source: International Monetary Fund, World Economic Outlook Update: Slower Growth in Emerging Markets, a Gradual Pickup in Advanced Economies, Washington, July 9, 2015

** Source: IHS Technology (Application Market Forecast Tool AMFT - Silicon, Q3 2015)

Results of operations

€ mn, except earnings per share	Q2 2015	Q2 2014	H1 2015	H1 2014
Sales	**246.7**	**210.4**	**485.4**	**406.7**
Cost of goods sold	–200.0	–195.6	–399.1	–382.8
Gross profit	**46.7**	**14.8**	**86.3**	**23.9**
Selling expenses	–9.1	–7.6	–17.6	–15.2
Research and development expenses (R&D)	–16.3	–15.3	–32.5	–31.2
General administration expenses	–5.3	–4.2	–9.5	–8.3
Other operating income and expenses, net	–15.8	2.8	–18.2	23.8
Operating profit	**0.2**	**–9.5**	**8.5**	**–7.0**
Loss from investment in joint venture	–	–	–	–3.5
EBIT	**0.2**	**–9.5**	**8.5**	**–10.5**
Financial result	–3.2	–2.2	–5.3	–3.0
Profit / (loss) before taxes	–3.0	–11.7	3.2	–13.5
Income taxes	–4.0	–2.4	–8.3	–3.6
Net result for the period	**–7.0**	**–14.1**	**–5.1**	**–17.1**
EBITDA	**31.4**	**28.3**	**71.5**	**59.7**
EBITDA margin	**12.7%**	**13.5%**	**14.7%**	**14.7%**
Earnings per common share in € (basic / diluted)	–0.17	–0.35	–0.07	–0.37

Strong volume growth and the stronger US dollar boosted our sales

Net sales increased considerably, primarily due to higher volumes

€ mn	Q2 2015	Q2 2014	Change Amount	Change %	H1 2015	H1 2014	Change Amount	Change %
Sales	246.7	210.4	36.3	17	485.4	406.7	78.7	19

Sales increased significantly in H1 2015 compared to the corresponding period of the prior year by 19 percent or €78.7 million to €485.4 million.

There are two reasons for this boost in sales. Firstly, the average sales price (“ASP”) in euro was substantially higher in H1 2015 than in H1 of 2014. The increase was driven by the weakness of the euro compared to the US dollar. For Siltronic, the US dollar is by far the most important foreign exchange rate which stood at 1.12 on average in H1 2015, whereas the average rate in the same period of 2014 was 1.37. Thus, the euro was 19 percent weaker when comparing the first half of the year. Denominated in US dollar, the ASP decreased compared to the corresponding period in 2014. However, the decrease slowed down in the course of Q1 2014 to Q2 2015. The second reason for the increase in sales is the strong upward trend in volume (wafer area). In H1 2015, this impact was larger than the favorable influence coming from the weakness of the euro.

In addition, sales went up in H1 2015 compared to H1 2014 because SSW was consolidated for the entire six months, whereas SSW was included only for some five months in H1 2014 (consolidation of SSW started on January 24, 2014). If SSW had been consolidated for the entire six months in 2014, sales would have been €7.4 million higher and the increase in sales would not have been 19 percent but 17 percent.

Strong improvement in gross profit and gross margin

Strong growth and a strong US dollar are driving the gross margin

	Q2		Change		H1		Change	
€ mn	**2015**	**2014**	**Amount**	**%**	**2015**	**2014**	**Amount**	**%**
Cost of goods sold	200.0	195.6	4.4	2	399.1	382.8	16.3	4
Gross profit	46.7	14.8	31.9	216	86.3	23.9	62.4	261
Gross margin	18.9%	7.0%	–	–	17.8%	5.9%	–	–

The strong upward trend seen in sales is also visible in gross profit and gross margin respectively. In H1 2015, gross profit improved by €62.4 million and 261 percent respectively to €86.3 million.

There are three main reasons for this positive development: Firstly, the weakness of the euro meant that the increase in the cost of goods was lower than the growth rate of sales because the cost of goods is largely denominated in euro. Secondly, the increase in capacity utilization brought down the fixed cost per product and the third reason for the strong improvement in gross profit was cost reductions. The cost-cutting measures affected variable costs and total fixed costs. In light of the above, the fact that SSW was consolidated for only five months in H1 2014 did not play a major role.

Disproportionally low increase in costs for selling, R&D and general administration

	Q2		Change		H1		Change	
€ mn	**2015**	**2014**	**Amount**	**%**	**2015**	**2014**	**Amount**	**%**
Selling expenses	9.1	7.6	1.5	20	17.6	15.2	2.4	16
Research and development expenses (R&D)	16.3	15.3	1.0	7	32.5	31.2	1.3	4
General administration expenses	**5.3**	**4.2**	**1.1**	**26**	**9.5**	**8.3**	**1.2**	**14**
Total selling, R&D and general administration	**30.7**	**27.1**	**3.6**	**13**	**59.6**	**54.7**	**4.9**	**9**
In percent of sales	12.4	12.9	–	–	12.3	13.4	–	–

Total expenses for selling, R&D and general administration increased in H1 2015 versus H1 2014 due to the appreciation of the Singapore dollar and the US dollar against the euro and because SSW was consolidated in H1 2015 for about one month longer than in H1 2014.

As a percentage of sales, costs for selling, R&D and general administration decreased because of a higher increase in sales.

Negative currency effects particularly in Q2 2015

Other operating income and expenses, largely influenced by foreign exchange effects

	Q2		Change		H1		Change	
€ mn	2015	2014	Amount	%	2015	2014	Amount	%
Other operating income	8.8	8.8	0.0	0	64.9	38.8	26.1	67
Other operating expenses	–24.6	–6.0	–18.6	310	–83.1	–15.0	–68.1	454
Other operating income and expenses, net	–15.8	2.8	–18.6	–664	–18.2	23.8	–42.0	–176
Of which								
first-time consolidation SSW step acquisition	–	–	–		–	21.1	21.1	–
foreign exchange effects	–17.6	3.4	21.0	–	–19.7	2.2	–21.9	–

Other operating income and expenses are largely dominated by profits and losses resulting from foreign exchange rates, especially due to measures to hedge foreign exchange risks (hereinafter referred to as foreign exchange effects). Moreover, the step acquisition of SSW as of January 24, 2014 had a major impact on H1 2014.

In H1 2015 foreign exchange effects added up to a loss of €19.7 million (€17.6 million of which related to Q2 2015). By contrast, the foreign exchange effect of H1 2014 was a profit of €2.2 million (€3.4 million of which related to Q2 2014).

Other operating income and expenses, net, in H1 2014 also comprised income of €21.1 million, resulting from the step acquisition of SSW as of January 24, 2014.

End of valuation of investment in SSW at equity

	Q2		Change		H1		Change	
€ mn	2015	2014	Amount	%	2015	2014	Amount	%
Loss from SSW at equity	–	–	–	–	–	–3.5	–3.5	100

Before January 24, 2014, SSW was accounted for using the equity method. Based on a new agreement dated January 24, 2014, Siltronic increased its share in SSW from 50 percent to 78 percent and started consolidation. Hence, SSW was accounted for using the equity method for the last time in Q1 2014.

Financial result down

€ mn	Q2 2015	Q2 2014	Change Amount	Change %	H1 2015	H1 2014	Change Amount	Change %
Interest income	0.0	0.0	0.0	0	0.0	0.6	–0.6	–100
Interest expense	–0.7	–0.5	–0.2	40	–1.3	–1.2	–0.1	8
Other financial result	–2.5	–1.7	–0.8	47	–4.0	–2.4	–1.6	67
Financial result	**–3.2**	**–2.2**	**–1.0**	**45**	**–5.3**	**–3.0**	**–2.3**	**77**

The financial result is determined by the other financial result, especially the expense recorded for discounting pensions.

The decrease of interest income when comparing H1 2015 with H1 2014 is primarily due to the consolidation of SSW. Before consolidating SSW on January 24, 2014, Siltronic had recorded interest income from a loan granted to SSW. After consolidating SSW, this intercompany transaction was eliminated.

High income tax expense since deferred tax assets are not capitalized

€ mn	Q2 2015	Q2 2014	Change Amount	Change %	H1 2015	H1 2014	Change Amount	Change %
Profit / (loss) before taxes	–3.0	–11.7	8.7	–74	3.2	–13.5	16.7	–124
Income tax expenses	4.0	2.4	1.6	67	8.3	3.6	4.7	131

Income tax expenses are driven by effective taxes in the US and in Singapore at Siltronic Singapore Pte. No significant deferred tax assets were capitalized in the periods presented.

Following cancellation of the profit and loss transfer agreement as of January 1, 2015, Siltronic AG is no longer part of the fiscal unity with Wacker Chemie AG.

Operating result improved significantly despite pressure from foreign exchange effects

€ mn	Q2 2015	Q2 2014	Change Amount	Change %	H1 2015	H1 2014	Change Amount	Change %
EBIT	0.2	–9.5	9.7	–102	8.5	–10.5	19.0	–181
EBIT margin	0.1%	–4.5%			1.8%	–2.6%		
Depreciation, amortization and impairments less write-ups	31.2	37.8	–6.6	–17	63.0	70.2	–7.2	–10
EBITDA	**31.4**	**28.3**	**3.1**	**11**	**71.5**	**59.7**	**11.8**	**20**
EBITDA margin	**12.7%**	**13.5%**	**–**		**14.7%**	**14.7%**	**–**	**–**

EBITDA increased despite negative currency effects

Gross profit in H1 2015 was €62.4 million higher than in H1 2014, whereas EBIT improved by only €19.0 million. The difference of €43.4 million is due to the one-time benefit in 2014 from the consolidation of SSW (€21.1 million) and higher exchange rate losses in 2015 (€22.3 million). The remaining difference of €22.3 million is almost entirely related to net losses resulting from exchange effects in 2015, which are reported under other operating income and expenses.

EBITDA went up in H1 2015 by €11.8 million to €71.5 million. This resulted in an EBITDA margin, the key performance indicator, in H1 2015 of 14.7 percent. Without the negative foreign exchange effects of €19.7 million, the EBITDA margin would have reached 18.8 percent.

If SSW had already been consolidated from January 1, 2014, the adjusted EBITDA for the corresponding period in H1 2014 would have been at €45.3 million, which equals to an EBITDA margin of 10.9 percent. The reduction compared to the reported figure is due to the positive one-off effect that resulted from the step acquisition of SSW.

Financial condition

€ mn	As of June 30, 2015		As of December 31, 2014		Change
Property, plant and equipment	544.2	–	571.7	–	–27.5
Other assets	39.2	–	37.3	–	1.9
Non-current assets	**583.4**	**54 %**	**609.0**	**57%**	**–25.6**
Inventories	142.6	–	138.4	–	4.2
Trade receivables	113.8	–	111.1	–	2.7
Sundry assets	46.4	–	24.6	–	21.8
Cash and cash equivalents	185.7	–	187.4	–	–1.7
Current assets	**488.5**	**46%**	**461.5**	**43%**	**27.0**
Total assets	**1,071.9**	**100%**	**1,070.5**	**100%**	**1.4**
Equity	500.9	47%	311.8	29%	189.1
Provision for pensions	292.1	–	328.1	–	–36.0
Financial liabilities	39.0	–	35.8	–	3.2
Other liabilities	70.0	–	77.3	–	–7.3
Non-current liabilities	**401.1**	**37%**	**441.2**	**41%**	**–40.1**
Trade liabilities	70.9	–	55.8	–	15.1
Financial liabilities	0.6	–	176.1	–	–175.5
Other liabilities	98.4	–	85.6	–	12.8
Current liabilities	**169.9**	**16%**	**317.5**	**30%**	**–147.6**
Total equity and liabilities	**1,071.9**	**100%**	**1,070.5**	**100%**	**1.4**

Non-current assets decreased due to depreciation of PPE

The decline of PPE compared to December 31, 2014 was due to the fact that regular depreciation exceeded additions to PPE in the period presented. The investments (additions to PPE and non-current intangible assets) totaled €13.4 million in H1 2015 (H1 2014: €13.2 million). These additions were related to machinery and equipment.

Increase in other current assets is due to cash flow and IPO proceeds

As of June 30, 2015, other current assets included time deposits amounting to €20.0 million, whereas Siltronic did not own any time deposits as of December 31, 2014. Due to proceeds from the IPO and the positive free cash flow, a portion of the cash remaining after repaying financial liabilities to Wacker Chemie AG was invested in time deposit.

Equity went up strongly as of June 30, 2015

The subscribed capital and the capital reserve increased because of the IPO by €143.3 million. This amount includes a capital increase of €150.0 million which was executed in the course of the IPO less IPO cost of €6.7 million. The capital increase resulted from 5,000,000 new shares issued at €30,00 each. The costs directly attributable to the IPO of €6.7 million were directly charged against equity (not affecting the statement of profit or loss). In addition, higher discount rates for pension reserves increased equity by €47.8 million.

Equity ratio improved to 47 percent due to IPO

Non-current liabilities: Reduction in provision for pensions due to discount rate

The main reason for the reduction in provision for pensions is the increase in interest rates in Germany. The provision was discounted by 2.7 percent at the end of June 2015 – compared with 2.3 percent at the end of December 2014 and 1.65 percent at the end of March 2015. Provisions for pensions went down in Q2 mainly due to the interest rates by €136 million compared to Q1 and by €36 million compared to December 31, 2014.

Current liabilities: Repayment of current financial liabilities

The proceeds from the IPO have been used almost entirely to repay current financial liabilities. The change in other current provisions and liabilities was primarily due to changes in the market values of derivatives resulting from the appreciation of the US dollar.

Strong free cash flow driven by sound operating business and low investments in PPE

€ mn	H1 2015	H1 2014	Change
Cash flow from operating activities	62.6	89.8	–27.2
Cash out less proceeds for PPE and intangible assets	–15.8	–14.8	–1.0
Free cash flow	**46.8**	**75.0**	**–28.2**
Cash out less proceeds for PPE and intangible assets	–15.8	–14.8	–1.0
Acquisition of SSW	–	26.2	–26.2
Investments in time deposits	–20.0	–	–20.0
Cash flow from investing activities	**–35.8**	**11.4**	**–47.2**

Very positive development of free cash flow

Cash flow from operating activities decreased in H1 2015 compared to the prior year because the first six months of the prior year include prepayments received of €53.2 million, whereas in H1 2015 no cash inflows from prepayments were recorded. Moreover, outgoing payments for investments in PPE and intangible assets remained at a low level. Having said this, the performance of cash flow in H1 2015 was very positive.

In H1 2014 the cash flow from investments included the acquisition of SSW, which contributed cash of €26.2 million. The investments in time deposits relate to investments with a maturity not later than December 2015.

Debt reduced – net financial assets as at June 30, 2015

Because of the IPO and the positive free cash flows generated in H1 2015 Siltronic had net financial assets of €166.1 million as of June 30, 2015 (December 31, 2014: €24.5 million net financial debt).

€ mn	As of June 30, 2015	As of December 31, 2014	Change
Financial liabilities	–39.6	–211.9	172.3
Cash and cash equivalents	185.7	187.4	–1.7
Time deposits	20.0	–	20.0
Net financial assets (+) / debt (–)	**166.1**	**–24.5**	**190.6**

ROCE positive due to rise in EBIT

ROCE reaches 2 percent in H1 2015 due to the strong performance of EBIT

In H1 2015, ROCE reached positive 2.2 percent after showing a negative figure of –2.6 percent in H1 2014. The improvement was almost completely due to the strong improvement in EBIT (the change in capital employed had no notable impact).

Overall assessment of the company's status by the Executive Board

Good development of key performance indicators in H1 2015

The performance in H1 2015 shows that Siltronic has positioned itself well and is sustainable: We succeeded in recording considerable growth rates in volumes and total sales again. EBITDA increased strongly and the EBITDA margin has remained unchanged compared to H1 2014, although the EBITDA of the prior year includes a positive one-off effect of € 21.1 million*. ROCE went up significantly compared to H1 2014. Free cash flow was at a high level, but declined in comparision to the prior year by € 28.2 million because the first six months of the prior year included prepayments of €53.2 million.

At the start of the year, demand remained at a very high level without the otherwise usual seasonal dip and even increased slightly in Q2 2015. Accordingly, utilization of our capacities was high at all of our sites.

Although wafer prices, largely denominated in US dollar, were noticeably lower in H1 2015 than in the previous year, between Q1 and Q2 2015, prices remained constant. The current exchange rates favored the conversion into euros. Because the US dollar was around 19 percent stronger compared to the previous year, we realized significantly higher average sales prices in euros per wafer than a year ago.

Additional productivity and efficiency improvements achieved

In terms of costs we have achieved further success over the last few months, for example we have been able to reach a higher productivity and the efficiency of our general administration is constantly improving.

The Q2 result was significantly negatively affected in the amount of € –18 million (Q1 2015: € –2 million) by the fact that foreign exchange losses are included in other operating expenses and net income. Without these effects, the EBITDA for Q2 would have been €49 million, matching the target margin of 20 percent.

Employees

The number of employees was reduced by a further 120 in comparison with December 31, 2014 to 4,043 employees as of June 30, 2015. The reduction is primarily due to early retirement arrangements, voluntary severance packages, natural fluctuations and transfers to Wacker Chemie AG.

From the total of 4,043 employees working worldwide in the Group, a total of 2,617 employees worked at sites in Germany and 1,426 at international locations.

* The one-off effect resulted from the step acquisition of SSW.

Report on opportunities and risks

The report on opportunities and risks is an integral part of corporate government at Siltronic. In order to determine the opportunities, Siltronic in particular uses continuous market observation and analysis instruments, for example a structured analysis of market and competition data. In addition, Siltronic performs interviews with customers to assess future opportunities.

As an international company which is doing business in an industry exposed to strong volatility, Siltronic is facing a variety of different risks. For us, risks are internal and external events, which have a negative impact on our goals and forecasts. The monthly reporting system as part of our risk management helps Siltronic identifying risks related to the operating business in due time so that the Executive Board can counteract them by taking suitable measures.

With respect to impact and probability, we classify our risks in low, moderate and high.

Economic environment and industry risks (in connection with investment, market development and sales market risks)

As a international company, Siltronic is particularly exposed to the risks associated with the global economy. Siltronic also faces fierce competition within the semiconductor and wafer industry respectively, which is characterized by a particularly high level of volatility. Periods of strong growth and significant price increases alternate with periods of sharp falls in demand and prices. This is also closely associated with the risk of not being able to provide sufficient production capacities at the right time in the cycle or not making the necessary investments at the right time. There is also the risk of suffering losses due to fixed costs not being covered when production facilities are underutilized.

Depending on the assessment of long-term market conditions and cost structures, some production lines or sites may have to be closed. The closure of production lines or sites may result impairments and personnel related cash-outs having to be made.

We counter investment risks by assessing investment projects on an ongoing basis in light of changing economic conditions and by approving investments step by step only. The development of customers' technological requirements is closely associated with investment risks. Siltronic counters this risk by closely watching the market and discussing needs systematically with customers.

When market demand is low, there is an increased risk that Siltronic's customers will buy significantly smaller volumes and default risk increases. Siltronic takes account of these risks in a risk management system that regularly assesses the financial health of customers and analyzes how the end markets of Siltronic's customers are developing. At present, we consider the industry risk to be moderate.

We currently see no concrete indications that the economy developed significantly differently than forecasted by experts and therefore estimate the risk for the macroeconomic environment to be low.

Dependency on related parties and procurement market risks

There are close contractual relationships between Siltronic and Wacker Chemie AG in several areas. This primarily relates to various services including IT and the supply of polysilicon.

Polysilicon, other materials and machinery are only offered by a limited number of suppliers. Siltronic is exposed to an availability risk, particularly for polysilicon and energy to manufacture its products. As there are few suppliers of polysilicon, market prices for this main raw material could increase. Siltronic has polysilicon supply contracts with long terms in order to ensure its supply of this material. On the whole, we consider the risk here to be low.

Product liability risks

Damaged products could give rise to claims from customers and quality issues could result in customers losing confidence in Siltronic. Appropriate insurance coverage exists for risks resulting from product liability if such risks can reasonably be insured. In order to counter quality issues, ensuring high quality standards is of particular significance at Siltronic. We currently regard the risk as low.

Financial risks

Siltronic is exposed to currency and price risks as part of its ordinary business. Derivative financial instruments are used, especially forward exchange contracts where Siltronic intends to hedge foreign exchange risks.

In order to minimize the risk of default resulting from shipments or providing services (e.g. in the case of trade receivables), security may be requested (e.g. reservation of title), credit reports or references may be obtained or historical data from the business relationship thus far, especially payment behavior, may be used depending on the nature and value of the business transaction. The creditworthiness of customers is regularly monitored as part of the risk management.

Derivative financial instruments are only used if they have an underlying transaction from operating activities or planned future sales, investments or financing activity. As we are expecting a loss from financial instruments in the amount of €30 million in H2 2015, we consider the risk of additional valuation losses to be low. Derivative financial instruments expose Siltronic to a credit risk, which may occur if contractual partners do not fulfill their obligations. This risk is minimized by only concluding transactions with contractual partners that have good credit ratings. The company thus considers the general credit risk arising from the derivative financial instruments to be low. Generally accepted valuation methods are used to assess the market value of open derivative financial instruments.

The counterparty risk and especially the default risk coming from a potential accumulation of default risks is avoided by the allocation of business to specific parties only. Siltronic does not consider this risk to be significant due to the good creditworthiness of its debtors (banks).

We consider risks in relation to currency fluctuations to be moderate and our customers' default risks to be low.

Pensions

The majority of pension commitments are covered by the pension funds Pensionskasse of Wacker Chemie, and insurance policies. The pension funds provide the main contribution. An increase in pension obligations, a decrease in fund assets and the potential allocation of financial resources to the pension funds or pension reserves affect the Group's financial position and results. In addition to the basic benefits provided by the pension funds, there are defined benefit pension plans in the form of direct commitments. Employees can also convert part of their remuneration into direct pension commitments. The longer life expectancy of the beneficiaries, salary and pension increases and the discount factor (present value of future liabilities) also significantly affect Siltronic's equity and results. We consider the effects of risks arising from pensions to be low.

Legal risks

In order to counter potential risks that may arise from a variety of tax, competition, patent, anti-trust and environmental regulations and laws, Siltronic makes decisions on the basis of extensive research and legal advice. As a technology company, Siltronic is particularly reliant on the protection of intellectual property and thus pursues a corresponding patent strategy. Legal risk is considered to be low.

Risks of damage and risks arising from environmental protection

Risks of damage include fire, explosion and environmental risks, natural disasters and other unpredictable events such as earthquakes or terrorist attacks. Siltronic has stated its responsibility for environmental protection, safety and health in its mission statement and communicated principles and strategies that are binding across the globe. For cases of damage, Siltronic has developed contingency plans that are regularly reviewed and tested, and has also obtained appropriate insurance coverage.

Siltronic is subject to a range of local environmental protection laws and requirements. Siltronic counters this risk by carrying out extensive maintenance routines and ongoing inspections of its facilities. In spite of these measures, Siltronic Corp., USA is currently a party to administrative proceedings with an environmental authority in Oregon (Oregon Department of Environmental Quality) in connection with contamination of the Portland site and potential joint responsibility for the contamination of sediments in the Willamette River in Portland. The resulting risk is considered to be low in light of the many years of experience with this matter and the communication with the involved parties, particularly the environmental authority, insurance companies and other property owners in the industrial park.

Regulatory risks

The transition of the energy supply system in Germany towards renewable energy in the electricity sector creates a regulatory environment that will probably be marked by constant legislative amendments in Berlin and Brussels (particularly the reform of the German Renewable Energies Act (EEG), special compensation schemes for energy-intensive companies, and network utilization charges).

Changes to the EEG and special compensation schemes for energy-intensive companies over the years are likely. Currently it cannot be reliably predicted whether this will place additional strain on Siltronic and, if so, how significant this will be. We consider a scenario with limited changes that have a negative effect on results in the low single-digit million range to be most likely. If the relief schemes for energy-intensive companies concerning the EEG feed-in compensation and network utilization charges are abolished in their entirety, however, this would have significant impact on Siltronic's results. Risks are considered to be low for 2015.

IT risks

The long-term failure of IT systems or a significant loss of data may greatly affect Siltronic's operations. We consider the likelihood of a long-term IT failure to be low due to precautionary measures which have been taken. However, if there were faults, failures or attacks within our IT systems on a large scale or over a long period, this would have medium effects on the results of the Siltronic Group. We nonetheless consider the risk to be low on the whole.

The Executive Board did not specify any significant additions or changes to the risks outlined in H1 2015.

Executive Board Evaluation of Overall Risk

As of this report`s publication date, the Executive Board of Siltronic does not, overall, see any individual or aggregate risk that could endanger Siltronic´s future in any material way. Siltronic remains strategically and operationally well placed to take advantage of any opportunities that arise.

Events after the balance sheet date

No material events occurred between June 30, 2015 and the publication of this Interim Report.

Outlook and forecast

Expected development of the overall economy and our industry

World economy continues to grow moderately

According to the estimates of economic researchers, the global economy will continue to grow moderately over the course of 2015 and thereafter. However, that is based on the presumption that there will be no further escalation of the fiscal risks and geopolitical conflicts. The regional assumption differences in economic development will continue to exist for the foreseeable future and will be exacerbated in some areas.

The International Monetary Fund (IMF) is expecting that the global economy will grow by 3.8 percent in the coming year following growth of 3.3 percent in 2015. The gross domestic product in leading industrialized countries will grow by 2.1 percent this year and 2.4 percent in the next year. In developing countries and emerging economies, economic growth is expected to gain momentum. Here, the IMF is expecting a rise in economic performance by 4.2 percent in 2015 and 4.7 percent in 2016.*

According to the IMF's calculations, the developing countries in Asia will grow by 6.6 percent this year and 6.4 percent in the next year. The Chinese economy will continue to slow down, with economic growth of 6.8 percent in 2015 and 6.3 percent in 2016. In Japan, the slight economic recovery should mean that growth will stabilize at a low level of 0.8 percent this year and 1.2 percent next year. The US American economy will continue to grow. The IMF's economic experts are predicting growth of 2.5 percent and 3.0 percent respectively for 2015 and 2016.*

In the euro area, economic recovery is gaining momentum slowly. The IMF expects an increase in economic output of 1.5 percent this year and of 1.7 percent in the coming year for the euro-zone countries.*

Stable growth expected for silicon wafers

In the semiconductor industry, demand for silicon wafers in the year 2015 is anticipated to be higher than in the previous year. According to the market researcher IHS Technology, the worldwide wafer volume sold in terms of area is forecasted to rise this year by 4.0 percent. The higher demand for silicon will be driven by an increase in the number of smartphones sold, solid state drives (SSD) and the industry sector. IHS Technology also expects an increase in total sales for the semiconductor market for 2015 of 3.1 percent to US dollar 346 billion.**

* Source: International Monetary Fund, World Economic Outlook Update: Slower Growth in Emerging Markets, a Gradual Pickup in Advanced Economies, Washington, July 09, 2015
** Source: IHS Technology (Application Market Forecast Tool AMFT - Silicon, Q3 2015)

Expected performance of the Siltronic Group

Siltronic will continue to focus on cost reductions and driving the development of new products for the next design rules.

Volume in 2015 will exceed the previous year

We are continuing on our successful path

We have indications from some customers that the strong market in H1 2015 will be slightly softer in H2. In particular, smaller growth rates are expected in the areas of PC, tablets and smartphones than forecasted at the start of the year. That has led to a build-up of inventory in a few areas of the production chain. We are therefore assuming slightly reduced volume for H2 compared to H1.

The average prices in euro remain 2015 higher than in the previous year

Prices in H1 2015 were considerably lower than those in the previous year, but with noticeably higher average sales prices in euros per wafer than a year ago. For H2, we are expecting prices to be stable on the same level as in H1. Given a US dollar rate of around 1.10, we are also expecting noticeably higher average sales prices in euros per wafer in H2 than a year ago.

Strong revenue growth is generated throughout the year

Sales in H1 were significantly higher than last year – by some 19 percent. For H2, sales are also expected to be above the previous year's level, but with considerably less growth than in H1 2015.

Exchange rate effects, which are included in other operating income and expenses, impact the EBITDA margin in H2 2015

The EBITDA margin was 15 percent in H1. That includes net losses from exchange rate effects, recorded in other income and expense in the amount of €–20 million, mainly due to foreign exchange derivative instruments entered into in 2014. For H2 2015, we are expecting negative effects in the statement of profit or loss from exchange rates showing up in other operating income and expense of net €–30 million. Because of collective labor agreements, personnel costs will rise slightly, but we expect increased efficiency from our cost road maps. For H2 2015 we expect an EBITDA margin, which is slightly below the margin of H1 2015 because of the exchange rate impact which is recorded in other operating income and expenses.

Positive development of ROCE

In H1 2015 we realized a positive ROCE. For H2 2015 we expect ROCE at a similar level. On a mid-term basis, our target for ROCE is 11 percent.

As planned investments start to rise – the annual budget in 2015 will be executed

In H1 we invested €13 million for additions to PPE and long-term intangible assets. For H2 we are planning investments in the amount of €50 to 65 million.

Free cash flow will remain positive throughout 2015

In H1 we achieved a free cash flow of €47 million. Given the significantly higher level of investments in H2, the free cash flow will only be slightly positive or even in H2.

Content

Interim Financial Statements
(Condensed)

Consolidated Statement of Profit or Loss

	Q2		H1	
€ mn	2015	2014	2015	2014
Sales	246.7	210.4	485.4	406.7
Cost of goods sold	–200.0	–195.6	–399.1	–382.8
Gross profit	**46.7**	**14.8**	**86.3**	**23.9**
Selling expenses	–9.1	–7.6	–17.6	–15.2
Research and development expenses	–16.3	–15.3	–32.5	–31.2
General administration expenses	–5.3	–4.2	–9.5	–8.3
Other operating income	8.8	8.8	64.9	38.8
Other operating expenses	–24.6	–6.0	–83.1	–15.0
Operating result	**0.2**	**–9.5**	**8.5**	**–7.0**
Loss from investment in joint venture	–	–	–	–3.5
	0.2	**–9.5**	**8.5**	**–10.5**
Interest income	0.0	0.0	0.0	0.6
Interest expenses	–0.7	–0.5	–1.3	–1.2
Other financial expenses	–2.5	–1.7	–4.0	–2.4
Financial result	**–3.2**	**–2.2**	**–5.3**	**–3.0**
Loss before taxes	–3.0	–11.7	3.2	–13.5
Income taxes	–4.0	–2.4	–8.3	–3.6
Net loss for the period	**–7.0**	**–14.1**	**–5.1**	**–17.1**
Of which				
attributable to Siltronic AG shareholders	–5.2	–10.5	–2.0	–11.2
attributable to non-controlling interests	–1.8	–3.6	–3.1	–5.9
Loss per common share in € (basic / diluted)	–0.17	–0.35	–0.07	–0.37

Consolidated Statement of Financial Position

€ mn	June 30 2015	June 30 2014	December 31 2014
Intangible assets	31.5	30.4	29.7
Property, plant and equipment	544.2	600.9	571.7
Other assets	0.4	0.3	0.3
Income tax receivables	0.2	0.3	0.2
Deferred tax assets	7.1	3.7	7.1
Non-current assets	**583.4**	**635.6**	**609.0**
Inventories	142.6	133.0	138.4
Trade receivables	113.8	99.3	111.1
Financial receivables	–	21.5	–
Time deposits	20.0	–	–
Other assets	26.1	24.6	23.2
Income tax receivables	0.3	1.3	1.4
Cash and cash equivalents	185.7	35.4	187.4
Current assets	**488.5**	**315.1**	**461.5**
Total assets	**1,071.9**	**950.7**	**1,070.5**
Subscribed capital	120.0	100.0	100.0
Capital reserves	1,070.1	991.8	946.8
Accumulated deficit	(550.4)	(543.6)	(548.4)
Other equity items	(138.6)	(95.7)	(189.3)
	501.1	**452.5**	**309.1**
Non-controlling interests	(0.2)	7.4	2.7
Equity	**500.9**	**459.9**	**311.8**
Provision for pensions	292.1	249.0	328.1
Other provisions	28.2	24.1	26.2
Provisions for income tax	0.1	0.1	0.1
Deferred tax liabilities	2.7	1.5	1.7
Financial liabilities	39.0	33.1	35.8
Other liabilities	39.0	45.4	49.3
Non-current liabilities	**401.1**	**353.2**	**441.2**
Other provisions	7.3	8.0	8.0
Provisions for income tax	6.2	4.0	4.0
Trade liabilities	70.9	59.8	55.8
Financial liabilities	0.6	15.5	176.1
Other liabilities	84.9	50.3	73.6
Current liabilities	**169.9**	**137.6**	**317.5**
Liabilities	571.0	490.8	758.7
Total equity and liabilities	**1,071.9**	**950.7**	**1,070.5**

Consolidated Statement of Cash Flows

	Q2	H1	
€ mn	2015	2015	2014
Net loss for the period	–7.0	–5.1	–17.1
Depreciation, amortization and impairments / write-ups of non-current assets	31.2	63.0	70.2
Other non-cash expenses and income	–22.4	–8.2	–16.2
Result from disposal of non-current assets	–0.1	0.5	–0.1
Result from investment in joint venture	–	–	3.5
Changes in inventories	0.4	0.9	–13.0
Changes in trade receivables	5.8	6.0	12.2
Changes in other assets	10.9	–1.3	2.4
Changes in deferred taxes	0.3	1.4	0.2
Changes in provisions	7.4	13.4	3.1
Changes in trade liabilities	4.3	8.2	6.2
Changes in other liabilities	–13.4	–11.7	49.0
Taxes paid	–2.2	–3.8	–8.0
Interest paid	–0.3	–0.7	–2.7
Interest received	0.0	0.0	0.1
Cash flow from operating activities	**14.9**	**62.6**	**89.8**
Payments for investments	–8.0	–16.0	–15.0
Proceeds from the disposal of fixed assets	0.2	0.2	0.2
Proceeds within the scope of the acquisition of SSW	–	–	26.2
Payments for the purchase of securities	–20.0	–20.0	–
Cash flow from investing activities	**–27.8**	**–35.8**	**11.4**
Dividends paid	–	–	–269.5
Bank loans repaid	–	–	–196.7
Proceeds from payments due to profit and loss transfer agreement	–	–	100.5
Stock issue proceeds from the IPO	143.3	143.3	–
Utilization of (+) or allocation to (–) funds in cash pooling and loan of Wacker Chemie	–141.7	–175.5	286.6
Assumption of other financial liabilities	0.4	0.7	0.0
Cash flow from financing activities	**2.0**	**–31.5**	**–79.1**
Changes due to exchange-rate fluctuations	–1.0	3.0	0.8
Changes in cash and cash equivalents	**–11.9**	**–1.7**	**22.9**
Balance at the beginning of the period	197.6	187.4	12.5
Balance at the end of the period	**185.7**	**185.7**	**35.4**

Consolidated Statement of Comprehensive Income

	H1 2015		H1 2014	
€ mn	Before tax	2015	Before tax	2014
Net loss for the period	–5.1	–5.1	–17.1	–17.1
Items not reclassified to profit or loss: Remeasurement of defined benefit plans	47.8	47.8	–59.9	–59.9
Items reclassified to profit or loss:				
Difference from foreign currency translation adjustments	10.0	10.0	–14.7	–14.7
of which recognized in profit or loss	–	–	*–17.6*	*–17.6*
Changes in market values of securities available for sale	–0.6	–0.6	0.0	0.0
Changes in market values of derivative financial instruments (cash flow hedge)	–6.3	–6.3	–6.4	–6.4
of which recognized in profit or loss	*–24.6*	*–24.6*	*5.0*	*5.0*
Effects of net investment in a foreign operation	–	–	2.6	2.6
of which recognized in profit or loss	–	–	*2.1*	*2.1*
Share of cash flow hedge in joint venture	–	–	0.1	0.1
of which recognized in profit or loss	–	–	*0.1*	*0.1*
Sum of items that will be reclassified to profit or loss	**3.1**	**3.1**	**–18.4**	**–18.4**
Income and expenses to be recognized in equity	50.9	50.9	–78.3	–78.3
Total recognized income and expenses for the period	**–**	**45.8**	**–**	**–95.4**
Of which				
attributable to Siltronic AG shareholders	–	48.7	–	–89.7
attributable to non-controlling interests	–	–2.9	–	–5.7

Consolidated Statement of Changes in Equity

€ mn	Subscribed capital	Capital reserves	Difference from foreign currency translation adjustments	Effects of net investments in foreign operations
Balance as of January 1, 2014	100.0	970.3	–1.7	–2.6
Net profit or loss for the period	–	–	–	–
Income and expenses recognized in equity	–	–	–14.9	2.6
Total comprehensive income	**–**	**–**	**–14.9**	**2.6**
Capital increase due to profit and loss transfer agreement	–	21.5	–	–
Dividends paid	–	–	–	–
Total contributions and distributions	**–**	**21.5**	**–**	**–**
Majority acquisition of SSW	–	–	–	–
Balance as of June 30, 2014	**100.0**	**991.8**	**–16.6**	**–**
Balance as of January 1, 2015	100.0	946.8	–7.4	–
Net profit or loss for the period	–	–	–	–
Income and expenses recognized in equity	–	–	9.8	–
Total comprehensive income	**–**	**–**	**9.8**	**–**
Capital increase as part of the IPO	20.0	123.3	–	–
Balance as of June 30, 2015	**120.0**	**1,070.1**	**2.4**	**–**

Changes in market values of securities available for sale	Changes in market values of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Accumulated deficit	**Total**	Minority interests	**Total equity**
0.1	12.3	–25.3	–262.9	**790.2**	–	**790.2**
–	–	–	–11.2	**–11.2**	–5.9	**–17.1**
0.0	–6.3	–59.9	–	**–78.5**	0.2	**–78.3**
0.0	**–6.3**	**–59.9**	**–11.2**	**–89.7**	**–5.7**	**–95.4**
–	–	–	–	**21.5**	–	**21.5**
–	–	–	–269.5	**–269.5**	–	**–269.5**
–	**–**	**–**	**–269.5**	**–248.0**	**–**	**–248.0**
–	–	–	–	**–**	13.1	**13.1**
0.1	**6.0**	**–85.2**	**–543.6**	**452.5**	**7.4**	**459.9**
0.0	–21.1	–160.8	–548.4	**309.1**	2.7	**311.8**
–	–	–	–2.0	**–2.0**	–3.1	**–5.1**
–0.6	–6.3	47.8	–	**50.7**	0.2	**50.9**
–0.6	**–6.3**	**47.8**	**–2.0**	**48.7**	**–2.9**	**45.8**
–	–	–	–	**143.3**	–	**143.3**
–0.6	**–27.4**	**–113.0**	**–550.4**	**501.1**	**–0.2**	**500.9**

Consolidated notes

Basis of accounting

These condensed financial statements ("interim financial statements") for the six-month period ended June 30, 2015 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 Siltronic Group as of June 30, 2015 have been prepared in accordance with Section 37 w of the German Securities Trading Act (WpHG: Wertpapierhandelsgesetz) and the rules of the International Financial Reporting Standards (IFRS) for interim financial reporting (IAS 34) as endorsed by the European Union, and are presented in condensed form. The accounting policies used for the financial year 2014 have been amended by new accounting standards which are applicable in the financial year 2015 for the first time. Apart from that no changes occurred. The interim management report has been prepared in compliance with the applicable requirements of the German Securities Trading Act. The new accounting standards of the year 2015 had no substantial impact on Siltronic's accounting and valuation methods.

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.

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 net defined benefit liability must be reassessed and the discount factor newly determined. The net defined benefit liability as of June 30, 2015 was calculated using discount factors of 2.7 percent in Germany and 4.3 percent in the US (June 30, 2014: 3.15 percent in Germany and 4.13 percent in the US). As of December 31, 2014, the actuarial interest rate was 2.3 percent in Germany and 3.8 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 Notes.

Seasonality had no significant impact on the earnings situation.

New accounting standards

The following standards and interpretations of the IASB were applied for the first time in the first six months of 2015:

- **IFRIC 21 "Levies", mandatory application from January 01, 2015**
  IFRIC 21 "Levies" includes regulations for the accounting of payment obligations imposed by governments which are not taxes as definied by IFRS 12 "Income Taxes". The changes related to IFRIC 21 have no impact on Siltronic's earnings, net assets or financial position, or on the presentation of its financial statements.

- **Improvements to IFRS 2010–2012 and 2011–2013, mandatory application from July 01, 2014**
  The improvements refer to the standards IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40. The changes have no material impact on Siltronic's earnings, net assets or financial position, or on the presentation of its financial statements.

Segment reporting

The Group is engaged in one reportable segment. That includes the development, production and marketing 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 manufacture of semiconductor devices. Based on the fact that in the wafer industry the allocation of resources is derived from a wide variety of technical specifications from customers, the Group is only operating in one segment.

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 following tables show financial assets and liabilities by measurement categories and classes. Also presented are liabilities from derivatives for which hedge accounting is used, even though they do not belong to any of the IAS 39 measurement categories.

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 categories in accordance with IAS 39 differ between assets and liabilities measured at amortized costs and those measured at fair value as shown in the table below. These categories are sufficient to reflect the classes in accordance with IFRS 7 which distinguish at minimum financial instruments measured at amortized cost from financial instruments measured at fair value. Those financial instruments which show specific risks are derivative financial instruments only pertaining to foreign currency derivatives, which are presented separately in the table below.

	As of June 30, 2015		As of December 31, 2014	
€ mn	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	113.8	113.8	111.1	111.1
Other financial assets [1]	37.5	37.5	20.5	20.5
Time deposits held to maturity	20.0	20.0	–	–
Granted loans and receivables	13.1	13.1	16.3	16.3
Derivative financial instruments	4.4	4.4	4.2	4.2
Cash and cash equivalents	185.7	185.7	187.4	187.4
Financial liabilities	39.6	39.6	211.9	211.9
Trade payables	70.9	70.9	55.8	55.8
Other financial liabilities [2]	64.3	64.3	52.8	52.8
Valued at acquisition cost	25.8	25.8	19.4	19.4
Derivative financial instruments	38.5	38.5	33.4	33.4

[1] Item includes other assets pursuant to the balance sheet excl. tax receivables, advance payments and prepaid expenses
[2] Item includes other liabilities pursuant to the balance sheet excl. tax liabilities, advance payments received and deferred income

The financial assets and liabilities measured at fair value in the balance sheet were allocated to one of 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 consolidated financial statements 2014.

The following tables show the fair-value-hierarchy classification of financial assets and liabilities measured at fair value:

	Fair value hierarchy As of June 30, 2015			
€ mn	Level I	Level II	Level III	Total
Financial assets, measured at fair value				
Fair value through profit and loss				
Derivatives excl. recognized hedging relationship (held for trading purposes)	–	3.0	–	3.0
Fair value recognized directly in equity				
Derivatives with recognized hedging relationship (hedge accounting)	–	1.4	–	1.4
Total	**–**	**4.4**	**–**	**4.4**
Financial liabilities, measured at fair value				
Fair value through profit and loss				
Derivatives excl. recognized hedging relationship (held for trading purposes)	–	9.5	–	9.5
Fair value recognized directly in equity				
Derivatives with recognized hedging relationship (hedge accounting)	–	29.0	–	29.0
Total	**–**	**38.5**	**–**	**38.5**

€ mn	Fair value hierarchy As of December 31, 2014 Level I	Level II	Level III	Total
Financial assets, measured at fair value				
Fair value through profit and loss				
Derivatives excl. recognized hedging relationship (held for trading purposes)	–	1.4	–	1.4
Fair value recognized directly in equity				
Derivatives with recognized hedging relationship (hedge accounting)	–	2.8	–	2.8
Total	**–**	**4.2**	**–**	**4.2**
Financial liabilities, measured at fair value				
Fair value through profit and loss				
Derivatives excl. recognized hedging relationship (held for trading purposes)	–	9.4	–	9.4
Fair value recognized directly in equity				
Derivatives with recognized hedging relationship (hedge accounting)	–	24.0	–	24.0
Total	**–**	**33.4**	**–**	**33.4**

The market valuation for assets and liabilities related to Level I is based on quoted, unadjusted prices in active markets. Financial instruments allocated to Level II are measured using valuation methods based on parameters which are either directly or indirectly derived from observable market data. In principle, these could include hedging and non-hedging derivative financial instruments, loans and financial debt. In Level III, the market value is determined on the basis of parameters for which no oberservable prices are available.

The Group regularly reviews whether its financial instruments are appropriately allocated to the hierarchy levels. No changes to the valuation method occurred compared with the year presented and no non-recurring fair value measurements were carried out. No reclassifications between the levels of the fair value hierarchy were carried out in the period under review.

Provision for pensions

Due to the significant impact of the discount rates used to determine the provision for pensions, the Group reassessed these as of balance sheet date. The actuarial calculation as of June 30, 2015 has been based on discount factors of 2.7 percent in Germany and 4.3 percent in the US (as of June 30, 2014: 3.15 percent in Germany and 4.13 percent in the US). As of December 31, 2014, the discount rates were 2.3 percent in Germany and 3.8 percent in the US respectively.

Related party disclosures

The disclosure requirements according to IAS 24 refer to transactions (a) with its controlling parent Wacker Chemie AG 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 SSW before consolidation, (c) between SSW and Samsung, the non-controlling shareholder of SSW (after consolidation), (d) with Wacker Pensionskasse and (e) with members of the Executive Board and Supervisory Board of the company.

The amounts recorded in the statement of profit or loss or statement of financial position resulting from transactions with related parties were the following:

€ mn	H1 2015	H1 2014
Sales	77.5	54.5
Supply of material and services, primarily recorded in cost of sales	87.3	97.3
Interest income	0.0	0.6
Interest expense	1.3	0.6

Key management personnel received a remuneration of €0.2 million for the IPO. Half of the amount applies to shares which are linked to a lock-up period.

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

€ mn	As of June 30, 2015	As of December 31, 2014
Inventories	11.5	12.3
of which Wacker Chemie	*11.5*	*12.3*
Trade receivables	5.9	10.6
of which Samsung	*5.9*	*10.6*
Other assets	6.3	9.8
of which advance payment to Wacker Pensionskasse	*5.0*	*9.5*
Financial liability from Wacker Chemie AG	–	176.0
Financial liability from Samsung	39.0	35.8
Trade liabilities	21.8	9.6
of which Wacker Chemie	*21.8*	*9.6*
Other liabilities	48.1	54.1
of which prepayment from Samsung	*48.1*	*54.1*

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.

Foreign exchange rates

The financial statements of consolidated companies outside Germany are transformed into euro following the concept of the 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 with regard to financial, commercial and organizational respect. Assets and liabilities are transformed using the spot rates prevailing at the balance sheet date, equity 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 in “Other equity items” within equity.

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

	Exchange rate as of			Average exchange rate		
€ mn	June 30, 2015	June 30, 2014	December 31, 2014	Q2 2015	H1 2015	H1 2014
USD	1.12	1.37	1.22	1.11	1.12	1.37
JPY	136	139	145	134	134	140
SGD	1.50	1.70	1.61	1.48	1.51	1.73

Major events in period under review and events after June 30, 2015

Events during the reporting period that are considered significant in terms of impact, nature and frequency are described in the interim management report. No material events occured between June 30, 2015 and the publication of this Interim Report.

Munich, July 31, 2015
The Executive Board of Siltronic AG

Dr. Christoph von Plotho	Rainer Irle
(CEO)	(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 31, 2015
Siltronic AG's executive board

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, 2015, 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 31, 2015
KPMG AG Auditing Company

Pastor	Schmalzl
Auditor	Auditor

Financial calendar

October 29, 2015	Interim report for Q3 2015 Conference call

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