

## Press release

Siltronic AG

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### **Siltronic reports strong second quarter 2020**

- **Digitization push leads to sound wafer area sold**
- **Sales and earnings in Q2 clearly higher than in Q1, but, as expected, lower in the half-year comparison**
- **Net cash flow clearly positive in H1**
- **Net financial assets at almost EUR 510 million**
- **Slightly weaker H2 expected after good H1**
- **2020 forecast for sales, EBITDA margin, net cash flow and tax rate specified**

**Munich, Germany, July 30, 2020** – Business at Siltronic AG (MDAX/TecDAX: WAF) developed better than expected in Q2 2020. On a half-year basis, however, sales and earnings were below the prior-year period as forecast. The corona pandemic led to partly strong demand for wafer area, especially in Q2 2020. This was mainly driven by a digitization push triggered by the pandemic and a probable build-up of inventories in the entire semiconductor value chain. The measures taken by Siltronic in Q1 2020 to ensure the health of its employees and the smooth running of production continued to be successful in Q2.

"Home offices and home schooling show how important increased investment in digitization is. The surge in digitization was reflected in solid order intake in H1 2020," said Dr. Christoph von Plotho, CEO of Siltronic AG.

## Business development Q2/2020 and H1/2020

		Q2 2020	Q1 2020	Q1 2019	Change		H1 2020	H1 2019	Change
					Q2 to Q1	Q2 to Q2			
Sales	in EUR million	323.1	300.1	311.8	23.0	11.3	623.3	666.2	-42.9
	in %				7.7	3.6			-6.4
Cost of sales	in EUR million	-224.0	-210.8	-199.4	-13.2	-24.6	-434.8	-409.3	-25.5
	in %				6.3	12.3			6.2
<b>Gross profit</b>	<b>in EUR million</b>	<b>99.1</b>	<b>89.3</b>	<b>112.4</b>	<b>9.8</b>	<b>-13.3</b>	<b>188.5</b>	<b>256.9</b>	<b>-68.4</b>
	<b>in %</b>				<b>11.0</b>	<b>-11.8</b>			<b>-26.6</b>
Gross margin	in %	30.7	29.8	36.1			30.2	38.6	
<b>EBITDA</b>	<b>in EUR million</b>	<b>100.4</b>	<b>84.2</b>	<b>100.0</b>	<b>16.2</b>	<b>0.4</b>	<b>184.7</b>	<b>227.2</b>	<b>-42.5</b>
	<b>in %</b>				<b>19.2</b>	<b>0.4</b>			<b>-18.7</b>
EBITDA margin	in %	31.1	28.1	32.1			29.6	34.1	
Depreciation, amortization and impairment less reversals thereof	in EUR million	-33.5	-30.9	-25.4	-2.6	-8.1	-64.5	-49.2	-15.3
<b>EBIT</b>	<b>in EUR million</b>	<b>66.9</b>	<b>53.3</b>	<b>74.6</b>	<b>13.6</b>	<b>-7.7</b>	<b>120.2</b>	<b>178.0</b>	<b>-57.8</b>
	<b>in %</b>				<b>25.5</b>	<b>-10.3</b>			<b>-32.5</b>
EBIT margin	in %	20.7	17.8	23.9			19.3	26.7	
Financial result	in EUR million	2.2	-6.1	0.4	8.3	1.8	-3.9	2.4	-6.3
<b>Result before income taxes</b>	<b>in EUR million</b>	<b>69.1</b>	<b>47.2</b>	<b>75.0</b>	<b>21.9</b>	<b>-5.9</b>	<b>116.3</b>	<b>180.4</b>	<b>-64.1</b>
	<b>in %</b>				<b>46.4</b>	<b>-7.9</b>			<b>-35.5</b>
Income taxes	in EUR million	-8.3	-1.2	-6.5	-7.1	-1.8	-9.5	-24.3	14.8
Tax rate	in %	12	3	9			8	13	
<b>Result for the period</b>	<b>in EUR million</b>	<b>60.8</b>	<b>46.0</b>	<b>68.5</b>	<b>14.8</b>	<b>-7.7</b>	<b>106.8</b>	<b>156.1</b>	<b>-49.3</b>
	<b>in %</b>				<b>32.2</b>	<b>-11.2</b>			<b>-31.6</b>
Earnings per share	in EUR	1.80	1.32	1.98	0.48	-0.18	3.12	4.66	-1.54

In Q2 2020, Siltronic achieved sales of EUR 323.1 million, a 7.7 percent increase compared to Q1. This positive development was driven by an increase in wafer area sold.

In H1 2020, the company generated sales of EUR 623.3 million, which was below the prior-year figure as expected. This is mainly due to lower ASP per wafer area, as H1 2019 was very much characterized by Q1 with high ASPs.

Cost of sales increased to EUR 224.0 million in Q2 2020 due to the increased wafer area and higher scheduled depreciation. For H1 2020 they amounted to EUR 434.8 million. However, cost of sales per wafer area decreased due to productivity improvements.

The company achieved a gross profit of EUR 99.1 million in Q2. This was 11.0 percent above Q1. Gross margin rose from 29.8 percent to 30.7 percent.

EBITDA increased by 19.2 percent to EUR 100.4 million in Q2 2020. The EBITDA margin increased by 3 percentage points from 28.1 percent to 31.1 percent. On a half-yearly comparison, EBITDA was 18.7 percent below the same period of last year. The decline in ASP on the back of a strong Q1 2019 is the main reason for this development.

EBIT for Q2 improved by EUR 13.6 million to EUR 66.9 million compared to Q1. This represents an increase of 25.5 percent. After the first six months of 2020, EBIT amounted to EUR 120.2 million (H1 2019: EUR 178.0 million).

Although the coronavirus did not have any significant impact on Siltronic's EBIT and EBITDA, it was reflected in the financial result. Q1 2020 was dominated by the downturn in the financial markets, whereas Q2 saw earnings of EUR 2.2 million.

In Q2 2020, Siltronic generated a profit for the period of EUR 60.8 million. This represents an increase of 32.2 percent compared to Q1. The profit after six months was EUR 106.8 million. EUR 54.0 million of this amount is attributable to Siltronic AG shareholders. Earnings per share for the first six months of 2020 were EUR 3.12, compared with EUR 4.66 in the first half of 2019.

### Development of equity, net cash flow and net financial assets

In EUR million	Jun. 30, 2020	Dec. 31, 2019	Change
<b>Equity</b>	<b>866.5</b>	<b>930.2</b>	<b>-63.7</b>
Pension provisions	552.4	491.5	60.9
Customer prepayments	142.7	152.5	-9.8
Lease liabilities	50.6	45.5	5.1
Other provisions and liabilities	77.6	81.8	-4.2
<b>Non-current liabilities</b>	<b>823.3</b>	<b>771.3</b>	<b>52.0</b>

With equity of EUR 866.5 million at June 30, 2020, Siltronic AG's equity ratio was 45.4 percent compared with 47.8 percent at December 31, 2019. The EUR 63.7 million decrease in equity is attributable to the half-year profit of EUR 106.8 million less the dividend payment of EUR 90 million and the increase in pension obligations of EUR 47.7 million.

In EUR million	Q2 2020	Q1 2020	Change
Cash flow from operating activities	58.6	85.6	-27.0
Proceeds/payments for capital expenditure including intangible assets	-48.8	-66.3	17.5
<b>Free cash flow</b>	<b>9.8</b>	<b>19.3</b>	<b>-9.5</b>
Cash-effective change in customer prepayments	16.9	21.6	-4.7
<b>Net cash flow</b>	<b>26.7</b>	<b>40.9</b>	<b>-14.2</b>

In H1 2020, Siltronic invested EUR 94.3 million in property, plant and equipment and intangible assets. They mainly relate to investments in capabilities and automation as well as the continuation of projects to expand capacity. Due to travel restrictions caused by the corona pandemic, the company was unable to implement all measures as planned, but is confident that it will be able to largely complete them by the end of 2020.

In Q2 2020, net cash flow was EUR 26.7 million compared to EUR 40.9 million in Q1 2020. Net cash flow for H1 was EUR 67.7 million (H1 2019: EUR 81.2 million). This includes refund of customer prepayments of EUR 38.5 million.

"Continued investment in automation and capabilities ensures our position as one of the technology and quality leaders. The ability to always be qualified by customers for the latest design rules strengthens the earning power of our company," von Plotho emphasized.

In EUR million	Jun. 30, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	248.0	200.7	47.3
Financial investments	261.4	388.2	-126.8
<b>Net financial assets</b>	<b>509.4</b>	<b>588.9</b>	<b>-79.5</b>

Despite the dividend payment of EUR 90 million, net financial assets decreased by only EUR 79.5 million to EUR 509.4 million due to the positive cash flow.

### **Business development expected to be slightly weaker in the second half of the year due to the effects of the corona crisis**

In H1 2020, Siltronic benefited from the demand for wafer area triggered by the digitization push, but the demand was presumably also supported by inventory build-up along the entire value chain. This tailwind is also countered by the negative impact of the corona pandemic. The massive slump in global economic output was reflected in many countries in a rise in unemployment figures and consequently a collapse in consumer confidence. The effects of the negative development in the automotive sector and in industrial applications, as well as possibly more restrained consumer spending on electronic goods in the second half of 2020,

are expected to have a negative impact on demand for wafer area. As Siltronic has a relatively high supply share to the automotive industry, the outlook is gradually worsening, especially for wafer diameters of 200 mm and smaller.

Siltronic expects orders in H2 2020 to be slightly lower than in H1 and states its forecast for 2020 more precisely.

The company expects sales in 2020 to decline by a mid-single-digit percentage range, with a slight sequential decline in the second half of the year. In case of a continuing weakness of the US dollar, the decline could be somewhat higher. The EBITDA margin should be around mid-single-digit percentage points and net cash flow slightly below 2019. The tax rate in 2020 should be below 10 percent. As already forecast in March, EBIT and earnings per share will be significantly below the prior-year figures. Siltronic still plans to invest around EUR 200 million.

"The further effects of the corona pandemic are not foreseeable, especially if the number of infected people in countries such as the USA continues to rise and the risk of a second wave generally increases," says Dr. Christoph von Plotho.

### Siltronic AG – Key financial figures Q2/2020 and H1/2020

#### Profit and Loss statement

In EUR million		Q2 2020	Q1 2020	Q2 2019	H1 2020	H1 2019
Sales		323.1	300.1	311.8	623.3	666.2
EBITDA		100.4	84.2	100.0	184.7	227.2
EBITDA margin	%	31.1	28.1	32.1	29.6	34.1
EBIT		66.9	53.3	74.6	120.2	178.0
EBIT margin	%	20.7	17.8	23.9	19.3	26.7
Result for the period		60.8	46.0	68.5	106.8	156.1
Earnings per share	EUR	1.80	1.32	1.98	3.12	4.66

#### Capital expenditure and net cash flow

Capital expenditure in property, plant and equipment, and intangible assets		48.3	46.0	105.1	94.3	177.9
Net cash flow		26.7	40.9	0.4	67.7	81.2

#### Statement of financial position

In EUR million		Jun. 30, 2020	Dec. 31, 2019
Total assets		1,909.0	1,945.0
Equity		866.5	930.2
Equity ratio	%	45.4	47.8
Net financial assets		509.4	588.9



## **Conference call for analysts and investors**

The Executive Board of Siltronic AG will hold a conference call with analysts and investors (in English only) on June 30, 2020 at 10:00 am (CEST). This call will be streamed via the Internet. The audio webcast will be available live as well as on demand on Siltronic's website.

The Q2 interim report and the latest investor presentation are also published on the Siltronic website.

## **Other dates:**

October 29, 2020      Q3 2020 quarterly statement

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## **Company profile:**

Siltronic is one of the world's largest manufacturers of hyperpure silicon wafers and partner to many leading semiconductor companies. The company operates production sites in Asia, Europe and the USA. Siltronic develops and manufactures silicon wafers in diameters of up to 300 mm. Silicon wafers form the basis for modern microelectronics and nanoelectronics and are a key component in semiconductor chips driving computers, smart phones, navigation systems and many other applications. Siltronic AG employs around 3,600 people and has been a stock-listed company in Germany (Prime Standard) since 2015. The Siltronic AG stock is listed on both the MDAX and TecDAX.

**Disclaimer**

*This press release contains forward-looking statements based on assumptions and estimates made by the Executive Board of Siltronic AG. These statements can be identified by wording such as "expect", "want", "anticipate", "intend", "plan", "believe", "strive", "estimate", and "will" or similar terms. Although we assume that the expectations contained in these forward-looking statements are realistic, we cannot guarantee that they will prove to be correct. These assumptions may contain risks and uncertainties that could cause the actual figures to differ considerably from the forward-looking statements. Factors that can cause such discrepancies include changes in the macroeconomic and business environment, changes in exchange rates and interest rates, the introduction of products that compete with our own products, a lack of acceptance of new products or services, and changes in corporate strategy. Siltronic does not intend to update these forward-looking statements, nor does it assume any responsibility to do so.*

*This press release includes supplementary financial indicators that either are or may be so-called alternative performance indicators that are not clearly defined in the relevant financial reporting framework. In assessing the financial position and performance of Siltronic, these supplementary financial indicators should not be used in isolation or as an alternative to those presented in the consolidated financial statements and determined in accordance with the relevant financial reporting framework. Other companies that present or report alternative performance indicators with similar names may calculate them differently. Explanations of the key financial figures used are available in the Annual Report of Siltronic AG.*

*Due to rounding, some of the figures presented in this press release as well as in other reports may not add up exactly to the stated totals and percentages presented may not accurately reflect the absolute values to which they relate.*