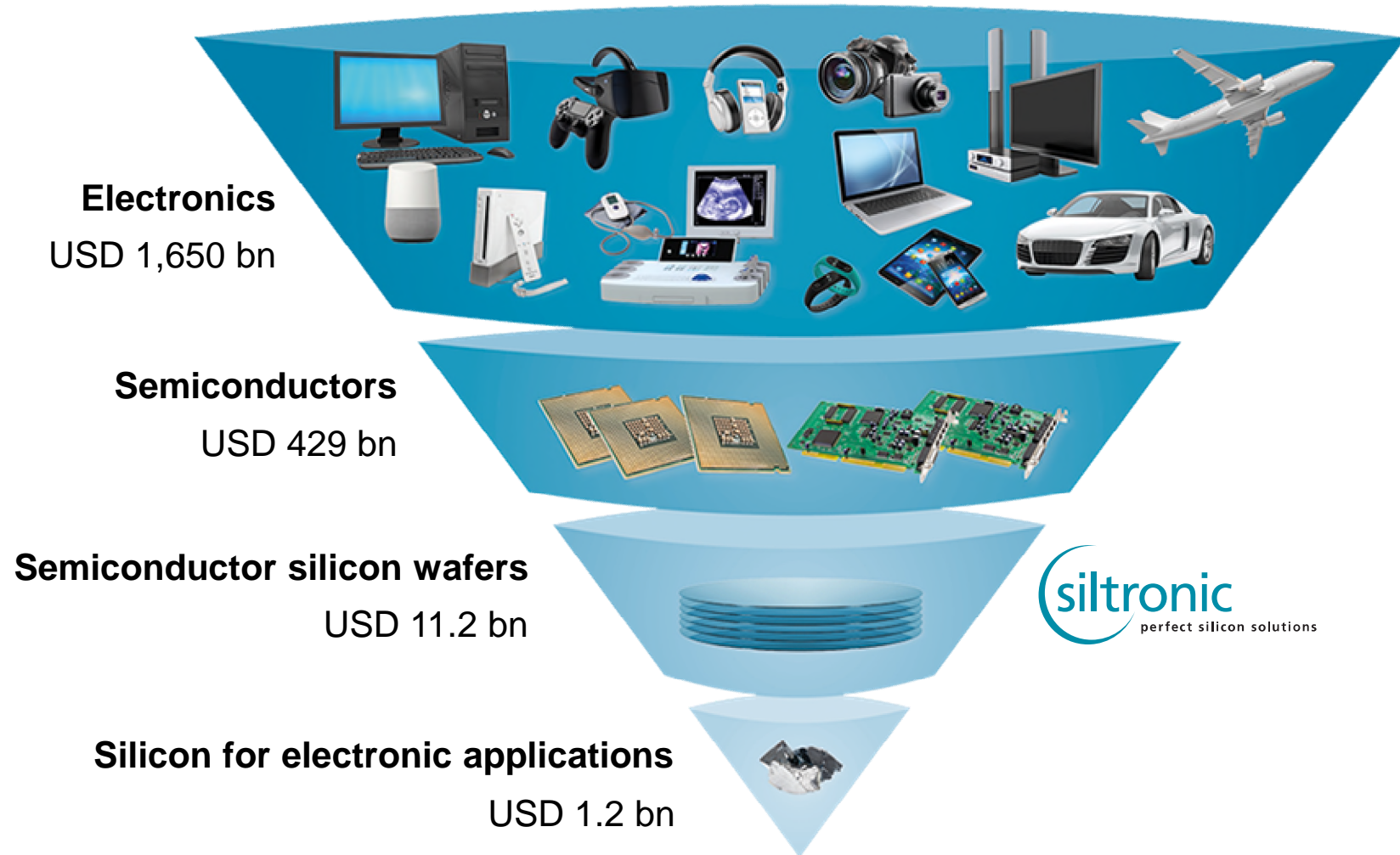


# Siltronic AG Investor Presentation – Q1 2021

June 21, 2021

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

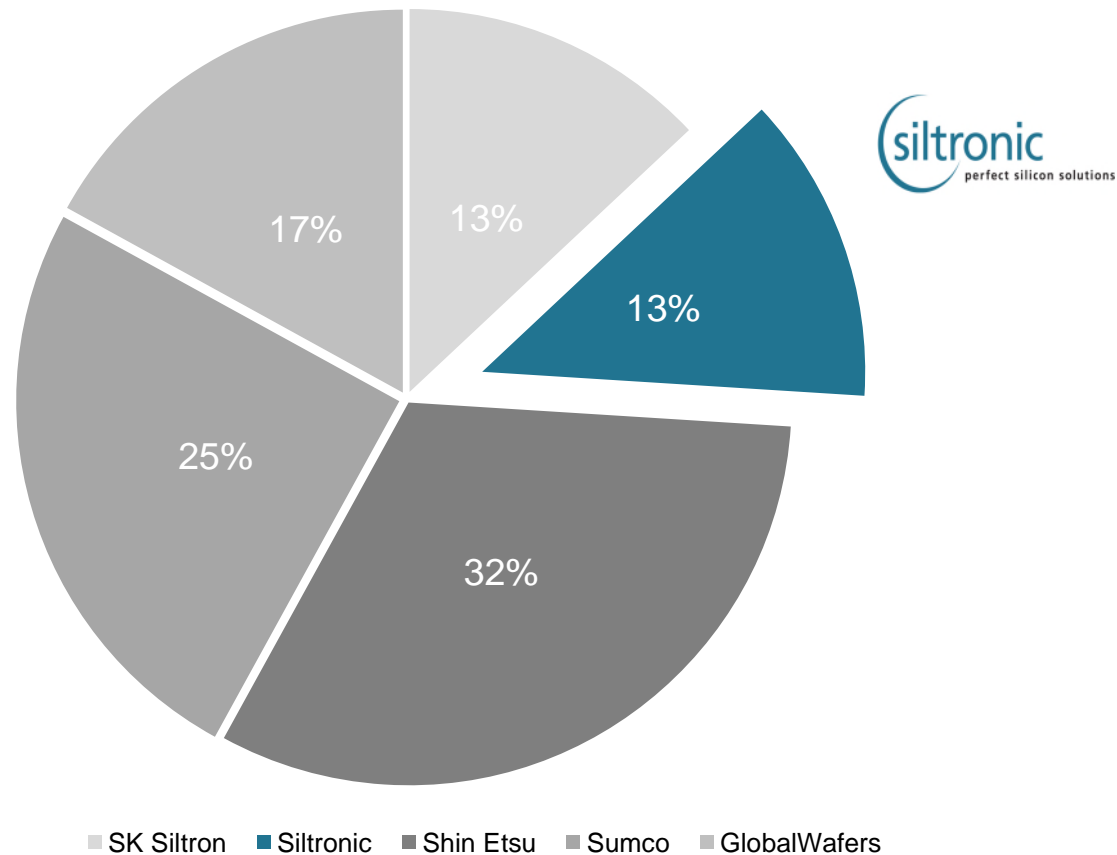
## Electronics Value Chain 2020



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

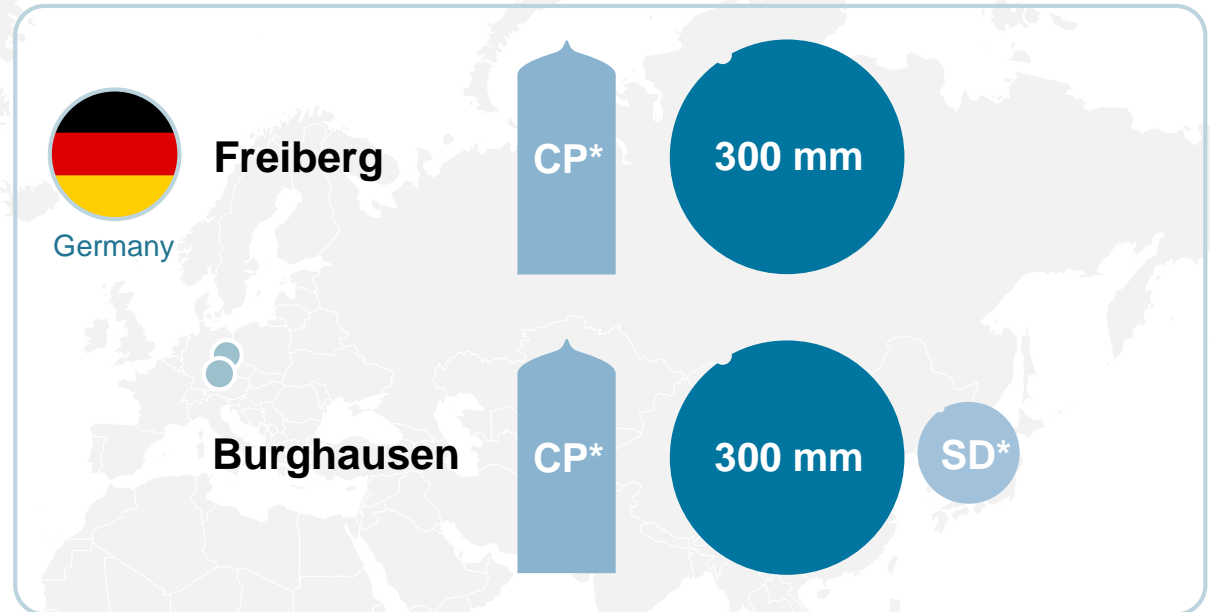
# Siltronic has a relevant global market share...

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

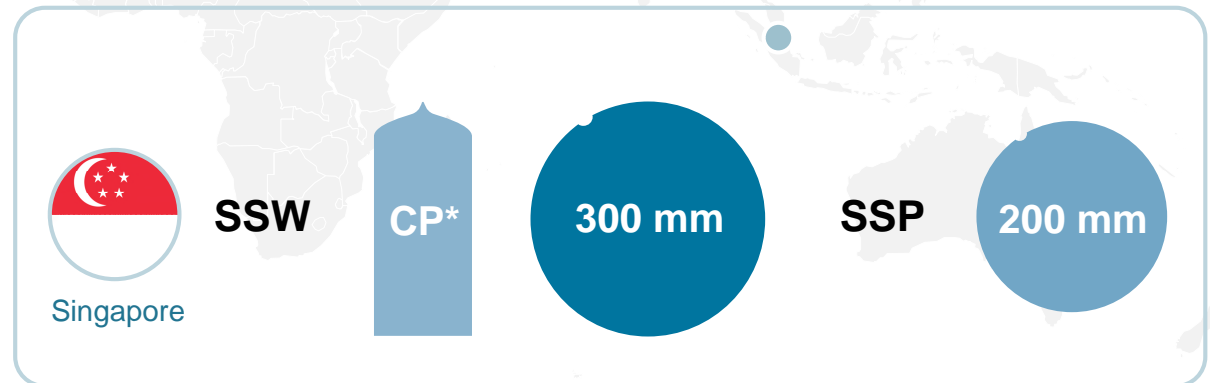


Sources: reported company revenues Q1-Q4 2020, converted to USD million

# ... and an international manufacturing network



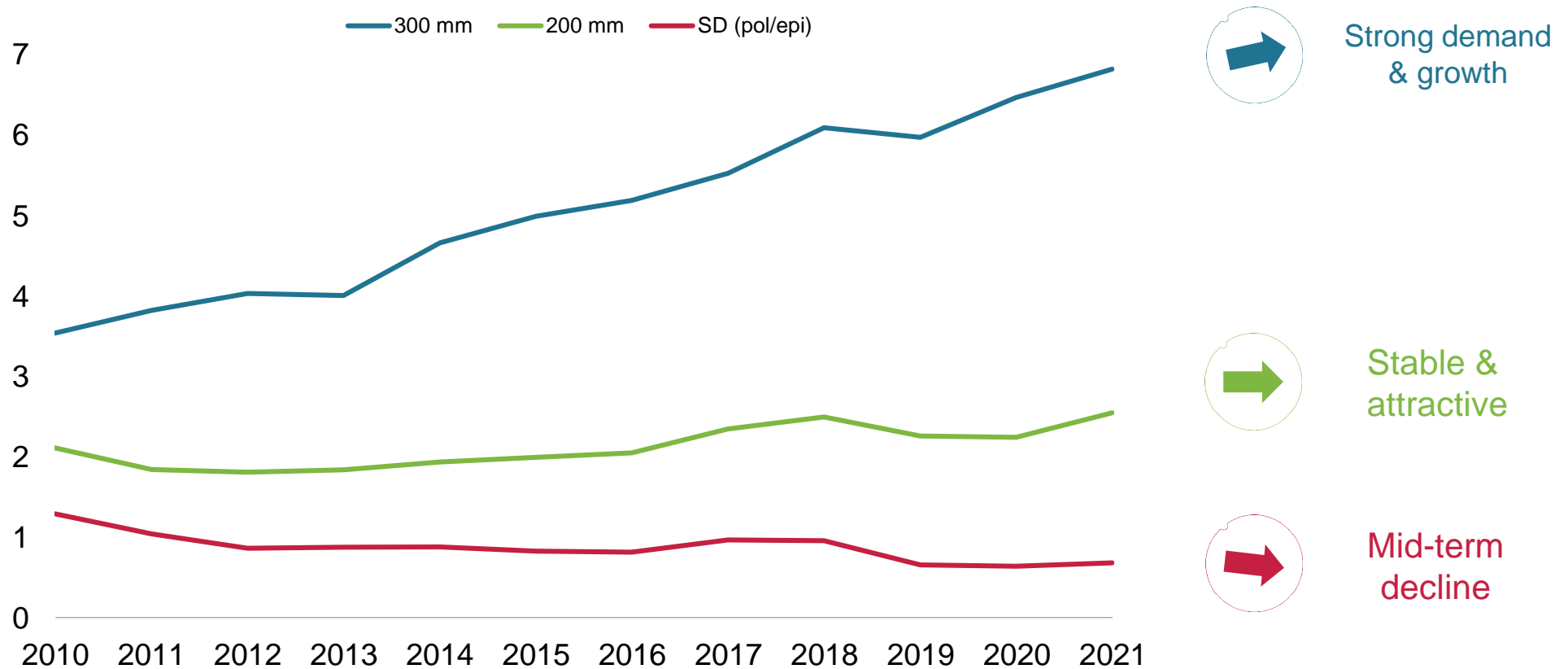
- ▶ **Central R&D hub** in Burghausen
- ▶ **High volume facilities** for 300 mm in Germany and Singapore
- ▶ The fabs in Singapore are among the world's **newest & largest**



\*CP = Crystal Pulling | \*SD = 150 mm and smaller

# Siltronic is focused on growing 300 mm and attractive 200 mm business.

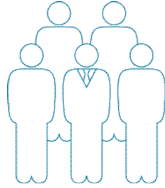



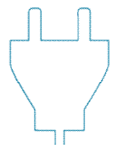
Development of total wafer demand per diameter, in mn 300 mm equivalents per month



Source: SEMI up to Mar 2021

# Cost-competitiveness a pre-requisite

## Major cost items

- ▶ Labour 
- ▶ Supplies 
- ▶ Depreciation 
- ▶ Polysilicon 
- ▶ Energy 

## Cost development 2021

- 
- ▶ COLA
  - ▶ Commodity Prices

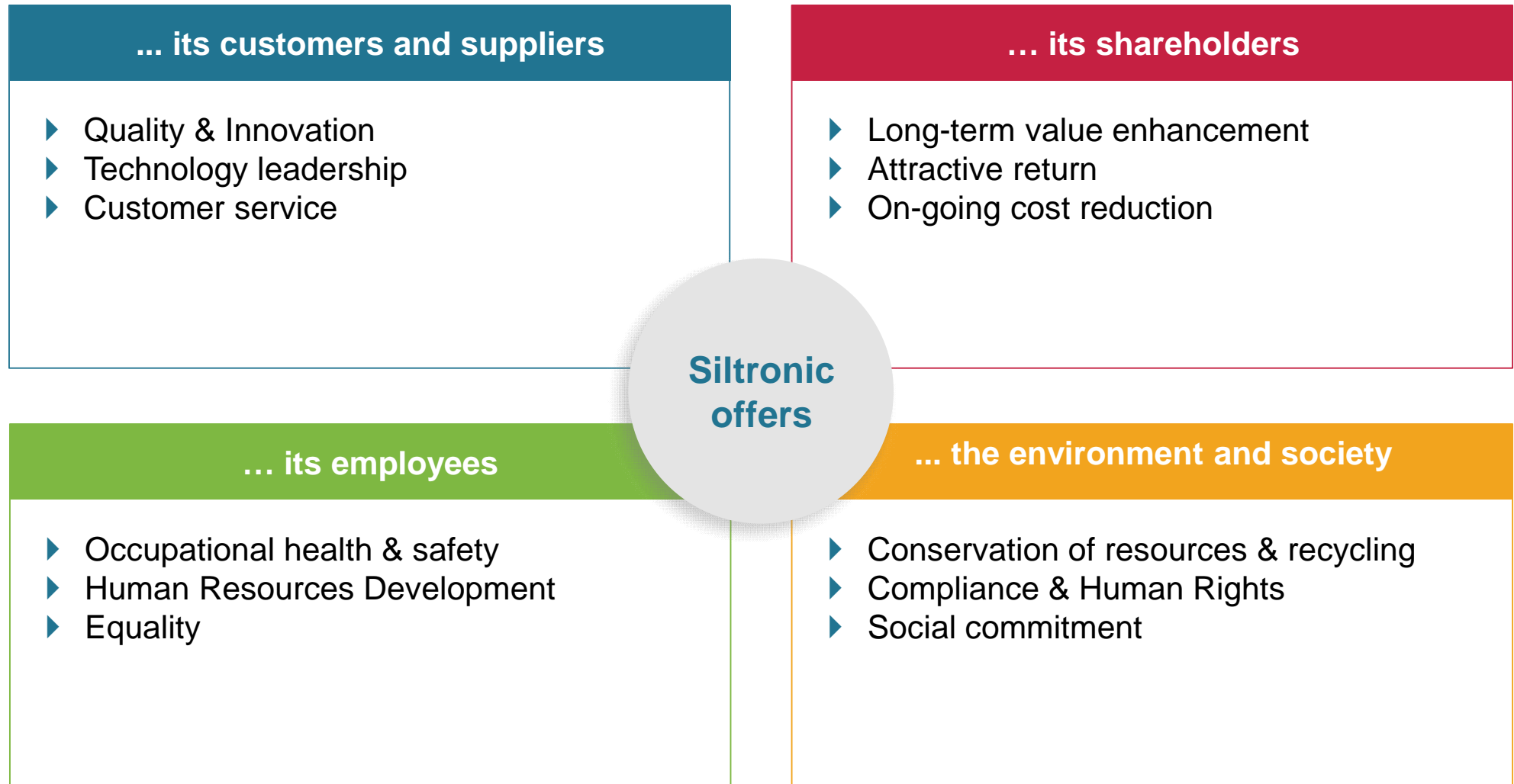
- ▶ Productivity improvement
- ▶ Supply savings
- ▶ Recycling
- ▶ Energy efficiency
- ▶ Automation
- ▶ Cash cost development

# Overview Financials

Adjusted financial figures (EUR million)	2017	2018	2019	2020	Q1 2021
<b>Sales</b>	1,177.3	1,456.7	1,270.4	1,207.0	361.1
<b>EBIT</b>	235.7	497.7	298.3	192.2	54.2
<b>EBIT margin in %</b>	20.0	34.2	23.5	15.9	17.2
<b>EBITDA</b>	353.1	589.3	408.7	332.0	91.7
<b>EBITDA margin in %</b>	30.0	40.5	32.2	27.5	29.0
<b>Earnings per share</b>	6.20	12.40	7.52	5.36	1.67
<b>Capex</b>	123.2	256.9	363.0	187.6	36.9
<b>Free cash flow <sup>1</sup></b>	169.6	416.4	36.4	32.0	29.6
<b>Net cash flow <sup>1</sup></b>	124.8	240.4	81.3	77.4	27.9
<b>Dividend</b>	75.0	150.0	90.0	60.0	

<sup>1</sup> In 2018, Siltronic started reporting the key figure „net cash flow“ instead of „free cash flow“. Net cash flow represents free cash flow without the time shifts created by inflow and return of customer prepayments which, due to the size, impairs the meaningfulness of free cash flow.

# Creating value for all stakeholders





# Clear commitment to sustainability

## Sustainability at Siltronic AG

- ▶ **Claim:** We understand sustainability not only as responsible action, but also want to generate competitive advantages through our sustainable actions.
- ▶ **Strategy:** We plan resource-saving right from the start, based on product and production safety as well as health and environmental protection.
- ▶ **Voluntary commitments:** We follow the principles of the Responsible Business Alliance (RBA) and the United Nations Global Compact.
- ▶ **Goal:** We want to reconcile the effects of our business activities with the expectations and needs of society.

**CDP:** Siltronic has been evaluated by CDP since 2018; current evaluation results CDP Climate Change "B | Management" and Water Security "B | Management"

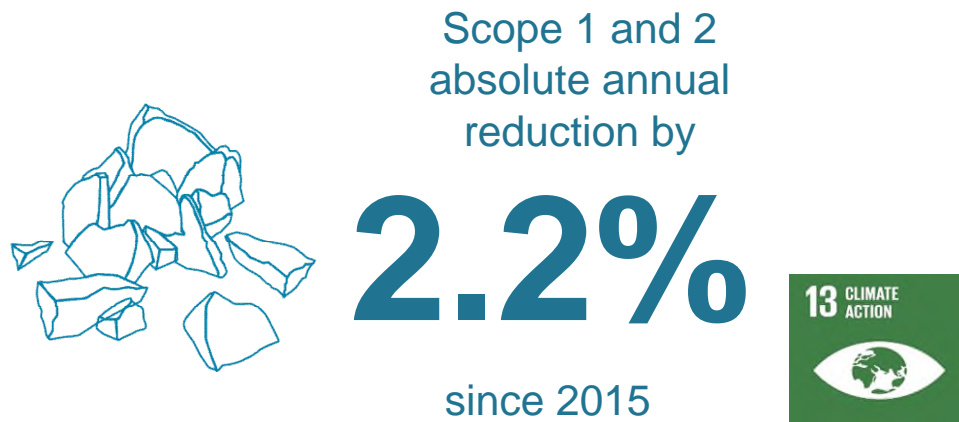
**ISS-oekom:** Siltronic has been evaluated by ISS-oekom since 2017. With the "Prime" rating, Siltronic is one of the leading companies in the semiconductor industry in the area of sustainability.



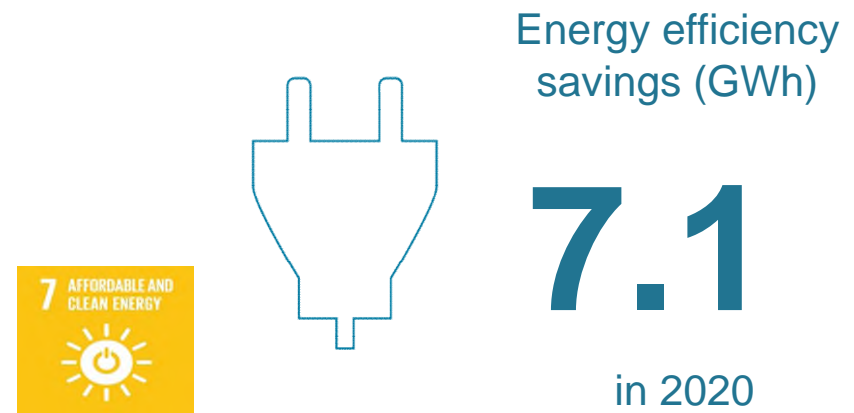
# Environment - Efficiency as a success factor

## Selection of non-financial performance indicators in 2020

### GHG emissions



### Energy



### Waste Recycling



### Occupational Safety



# CSR targets until 2030

## Consistently sustainable action secures long-term competitive advantages for Siltronic



- Reduce specific greenhouse gas emissions by 20%<sup>1</sup>
- Reduce specific energy consumption by 20%<sup>1</sup>
- Reduce specific water consumption by 20%<sup>1</sup>
- Increase water recycling by 25%<sup>1</sup>
- Increase waste recycling by 25%<sup>1</sup>



<sup>1</sup> base value 2015

# Siltronic strategy - capitalize on market opportunities while focusing on 300 mm & technological leadership

**Optimize returns,  
stay ahead in technology and  
grow with the market**

## Strategic Focus

**Grow**  
with the market

**Ensure**  
technology &  
quality leadership

**Improve**  
financial performance  
& cash flow

**Execute**  
cost reduction  
roadmaps &  
debottlenecking  
concepts

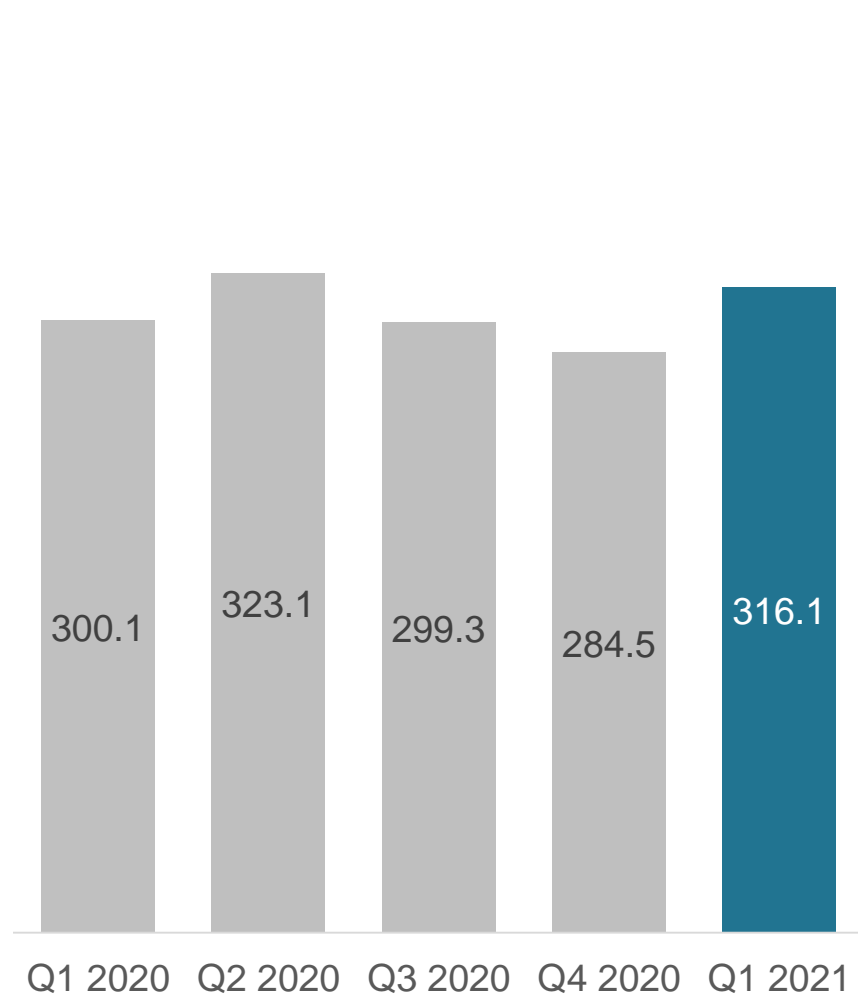
We continuously increase the value for our stakeholders by providing best-in-class wafers at competitive costs.



Financials Q1 2021

# Sales up due to higher wafer area sold

Sales, in EUR m



Ø FX rates	Q1/20	Q2	Q3	Q4	Q1/21
EUR / USD	1.10	1.10	1.17	1.19	1.21
EUR / JPY	120	118	124	125	128

## Comments

### ▶ Positive

- ▶ Wafer area sold up q-o-q and y-o-y
- ▶ Flattish price trend q-o-q
- ▶ Only minor FX impact q-o-q

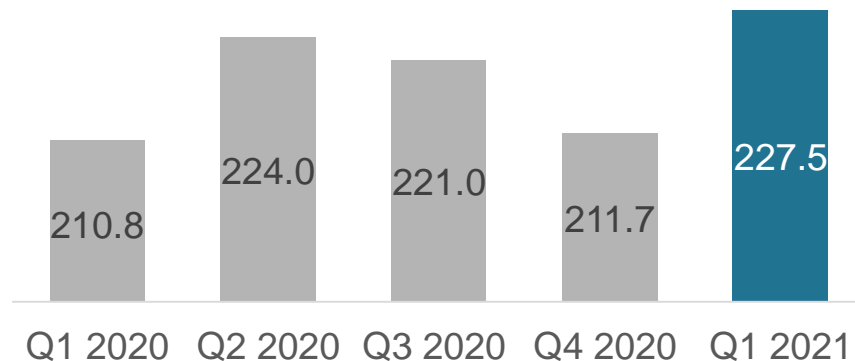
### ▶ Negative

- ▶ Continuing headwind from strong Euro y-o-y

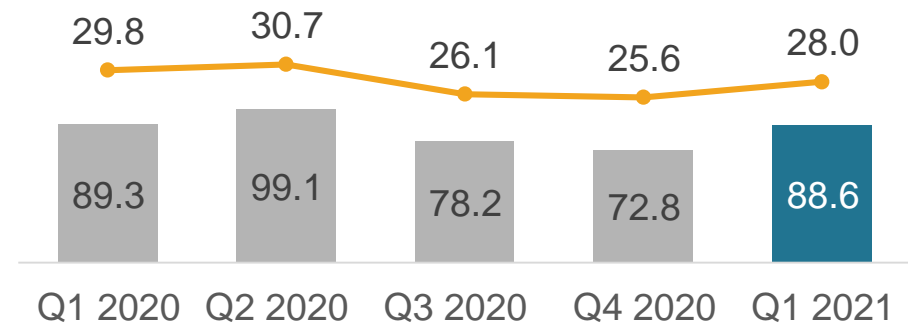
# COGS up due to higher wafer area sold

## COGS per wafer area down

Cost of sales, in EUR m



Gross profit, in EUR m / Gross margin, in %



Selling, R&D and admin expenses, in EUR m

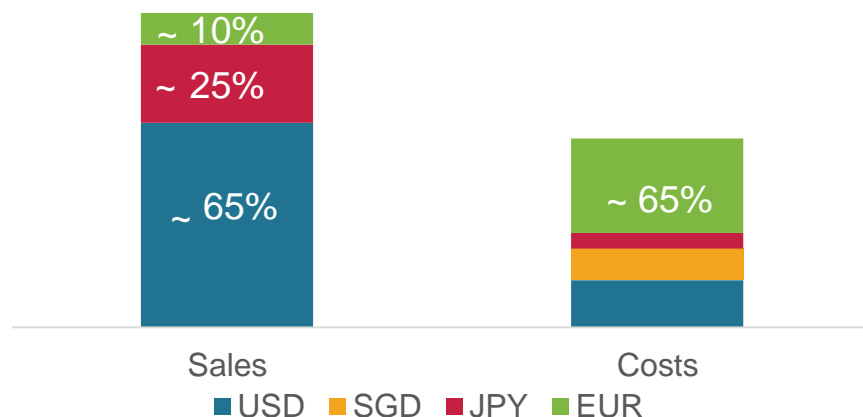


### Comments

- ▶ COGS underproportionally up q-o-q compared to higher wafer area sold
- ▶ Cost per wafer area down due to fix cost dilution
- ▶ Administration expenses influenced by costs for external advisors on GlobalWafers' tender offer
  - ▶ Q4 2020: EUR 12m
  - ▶ Q1 2021: EUR 2m

# High US-Dollar and Japanese Yen exposure

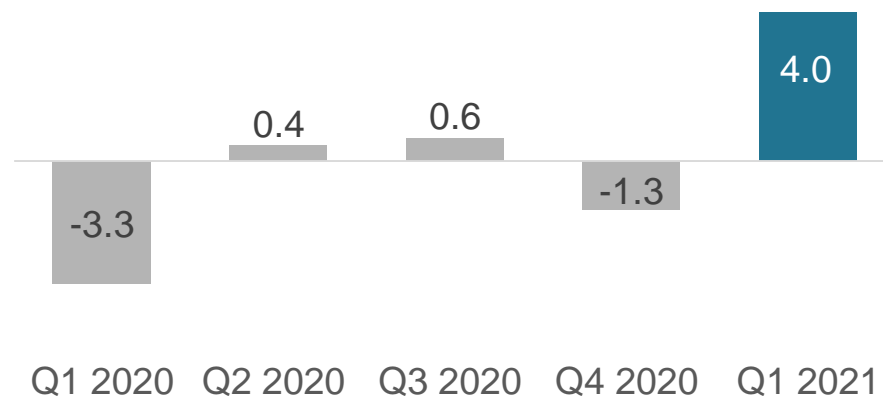
## FX exposure, in %



## FX sensitivity

	Sales	EBITDA unhedged
1 USD-cent change	~ EUR 6 million	~ EUR 4.5 million
1 JPY change	~ EUR 2.5 million	~ EUR 2 million

## Other currency effects (mostly hedging), in EUR m



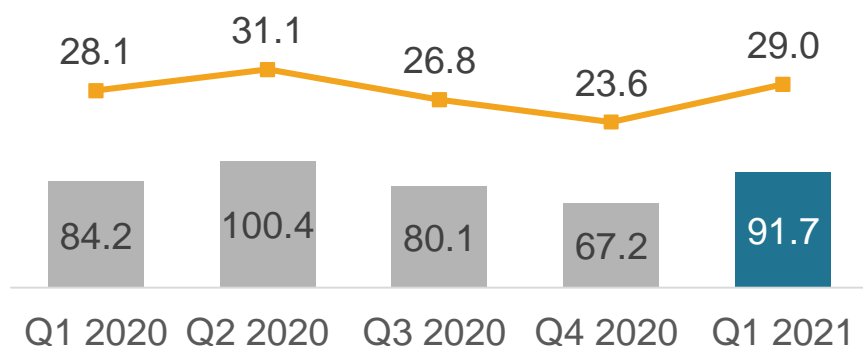
## Comments

- ▶ Continuing strong Euro
- ▶ Other currency effects of EUR 4m in 2020
- ▶ Financial result improved

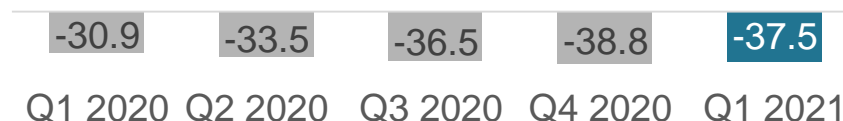


# Higher wafer area sold leads to higher EBITDA and EBIT

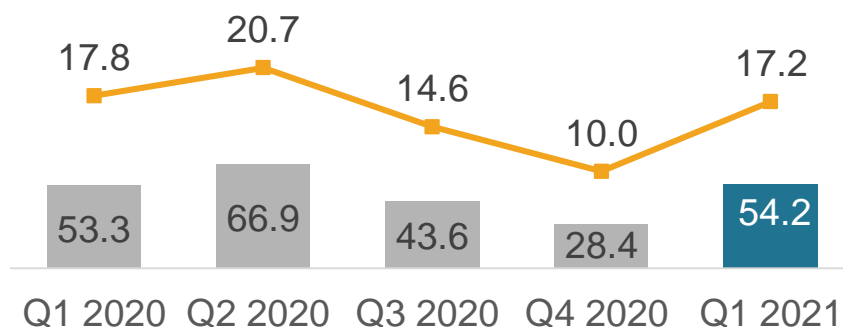
## EBITDA, in EUR m / EBITDA margin, in %



## Depreciation, in EUR m



## EBIT, in EUR m / EBIT margin, in %

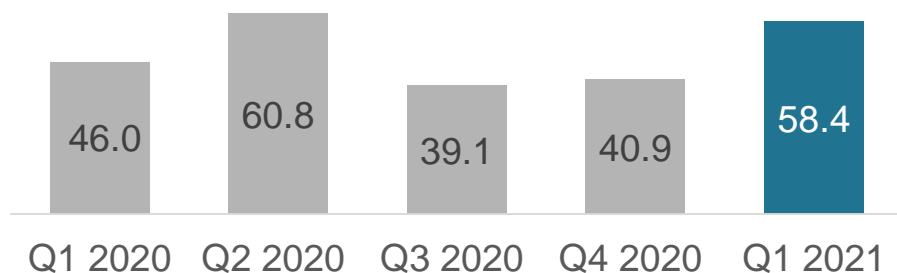


## Comments

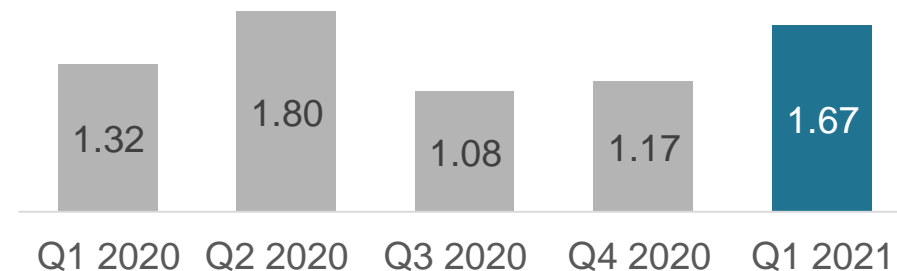
- ▶ **Positive**
  - ▶ Wafer area sold up q-o-q and y-o-y
  - ▶ Prices stable q-o-q
  - ▶ ASP down y-o-y
  - ▶ Advisory costs relating to GlobalWafers' tender offer down q-o-q
  - ▶ Only minor FX impact q-o-q
- ▶ **Negative**
  - ▶ FX impact y-o-y due to strong Euro

# Net profit of EUR 58.4 million in Q1 2021

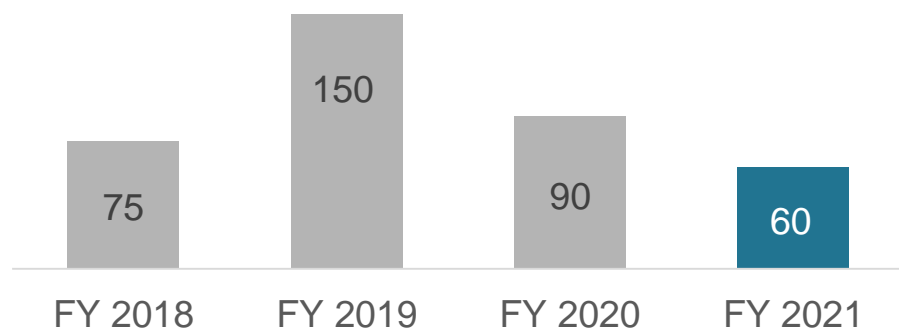
## Net profit, in EUR m



## EPS, in EUR



## Dividend payment, in EUR m

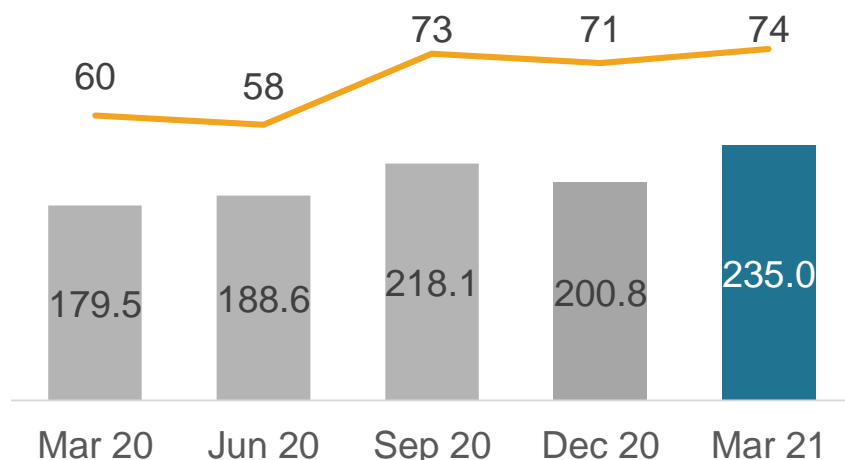


## Comments

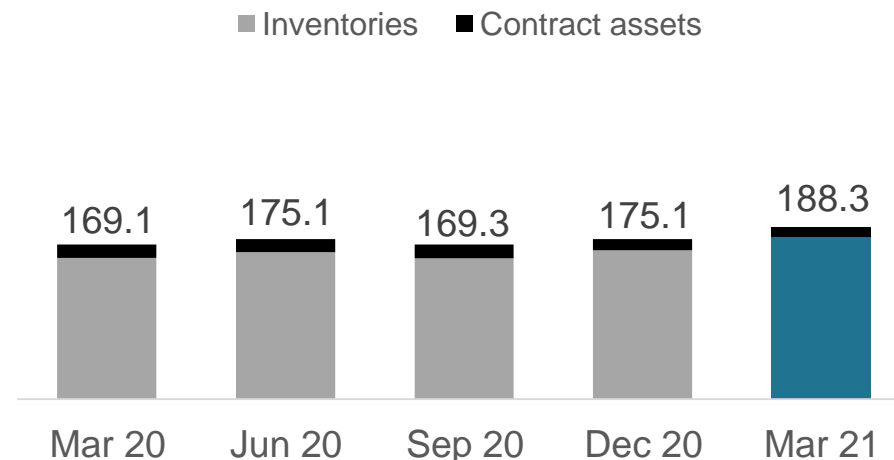
- ▶ Net profit of EUR 58.4 million in Q1 2021; thereof EUR 50.1m attributable to Siltronic shareholders
- ▶ Tax income based on low effective tax expense and (higher) deferred tax income (due to improved business outlook)
- ▶ Dividend of EUR 2.00 per share = EUR 60m dividend payout in 2021

# Trade receivables and inventories increased due to higher demand

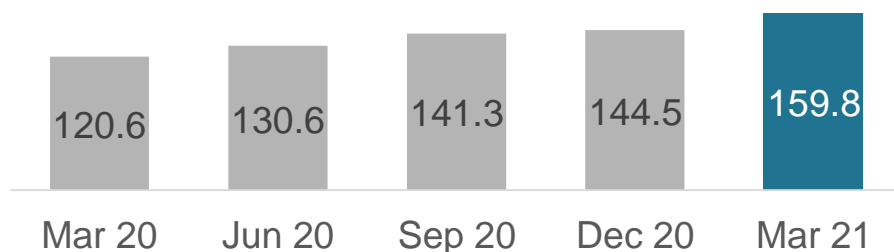
Working capital, in EUR m,  
Working capital ratio to quarterly sales, in %



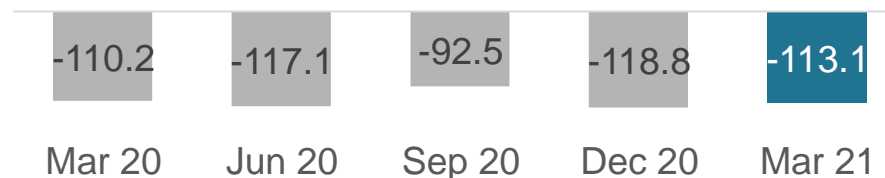
Inventories and contract assets, in EUR m



Trade receivables, in EUR m

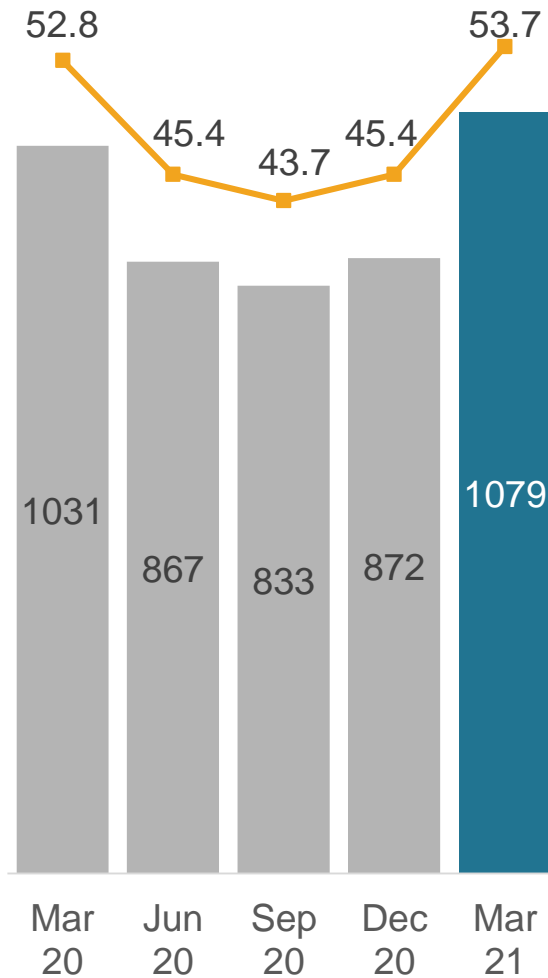


Trade liabilities, in EUR m



# Strong equity ratio and solid net financial assets

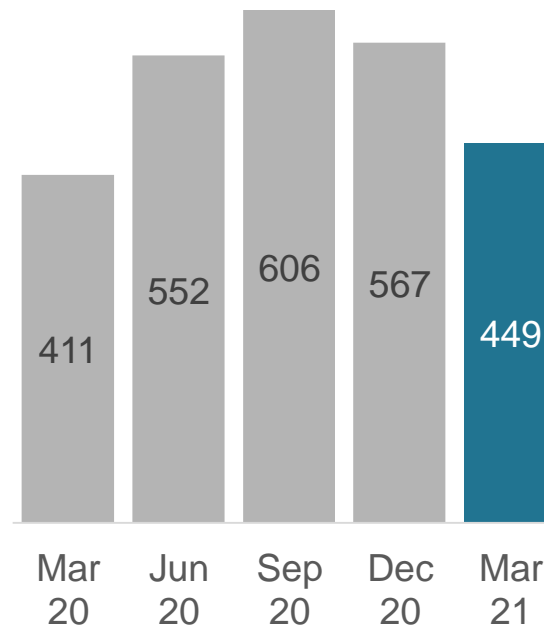
Equity, in EUR m  
Equity ratio, in %



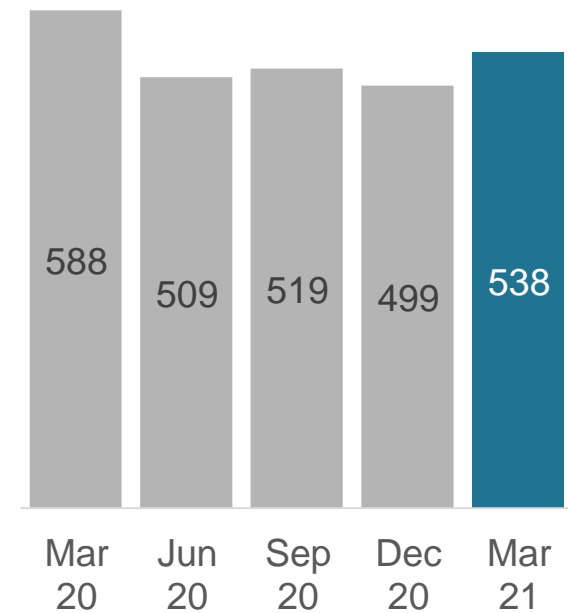
Provisions for pensions,  
in EUR m

Interest rates IFRS

USA	2.88%	2.46%	2.41%	2.07%	2.77%
Germany	1.92%	1.23%	0.95%	0.69%	1.11%

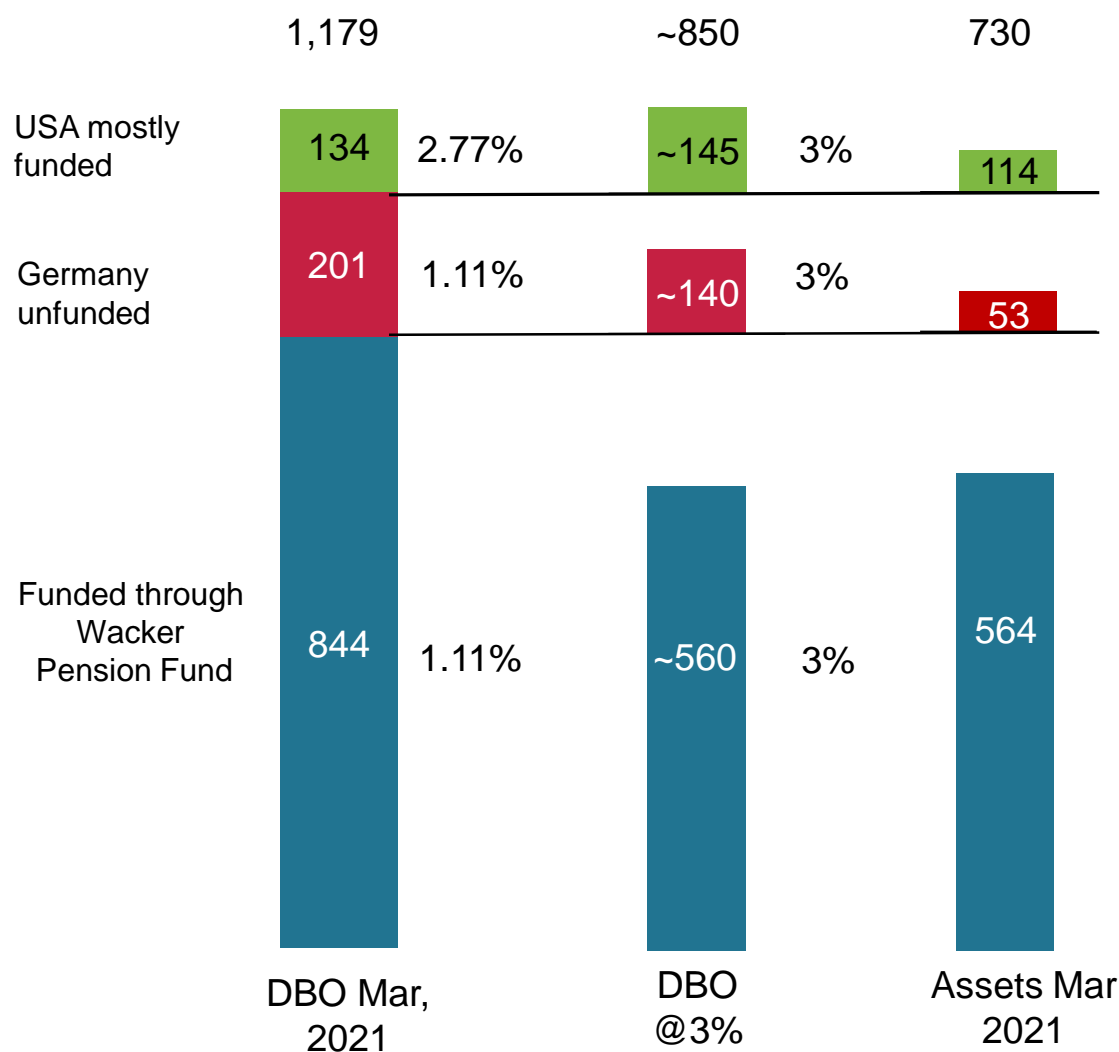


Net financial assets,  
in EUR m



# Pension reserves decreased mainly due to higher IFRS interest rates in Q1

## DBO and pension reserves, in EUR m

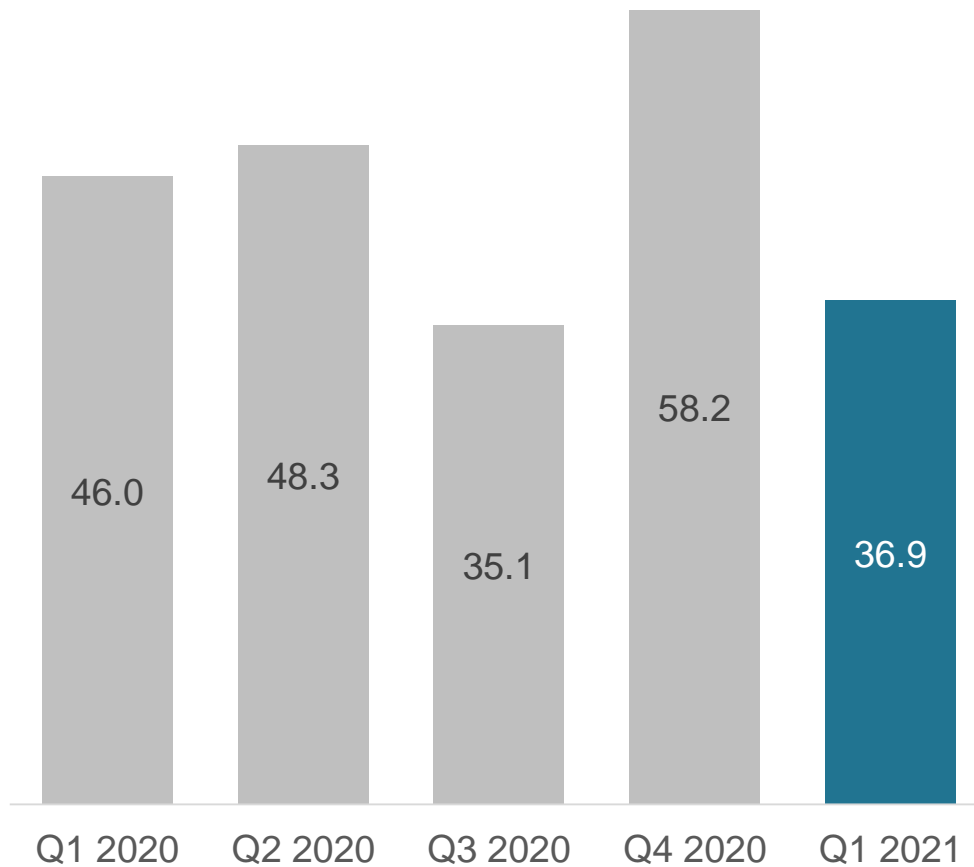


## Comment

- ▶ DBO of EUR 1,179 million – assets of EUR 730 million = EUR 449 million
- ▶ Pension reserves @3% = DBO of EUR ~850 million – assets EURO 730 million = EUR 120 million
- ▶ IFRS interest uses bond yields only, assets include bonds, equity, real estate + derivatives
- ▶ Wacker pension fund
  - ▶ fully funded under German pension fund regulations using 3.23% interest rate
  - ▶ asset liability study: probability of return in next 20 years:
    - ≥3.5% 59%
    - ≥3.0% 75%
    - ≥2.5% 87%

# Capex Q1 2021 significantly down vs. Q4 2020

Investment, in EUR m

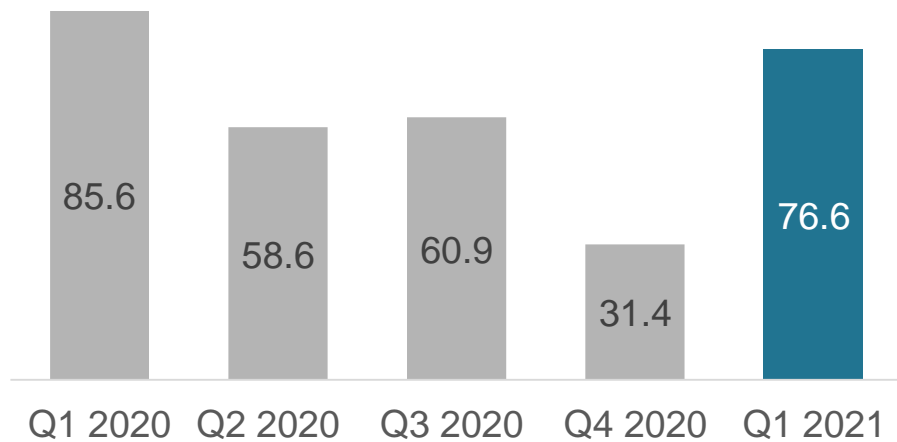


## Comments

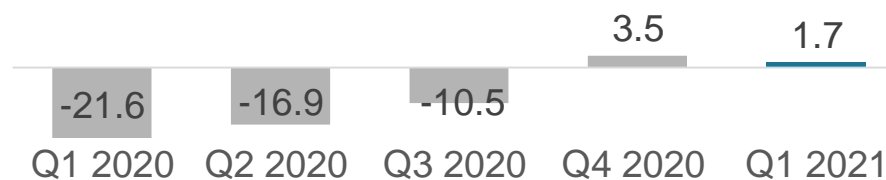
- ▶ Capex 2021 of around EUR 250m, mainly in
  - ▶ 300 mm epi
  - ▶ capabilities
  - ▶ expansion of crystal pulling hall to replace older equipment

# Strong net cash flow

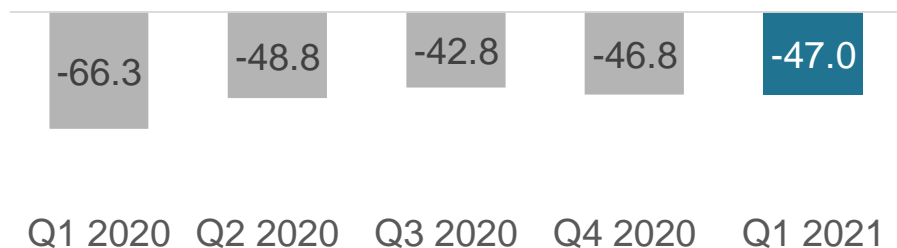
Operating cash flow (OCF), in EUR m



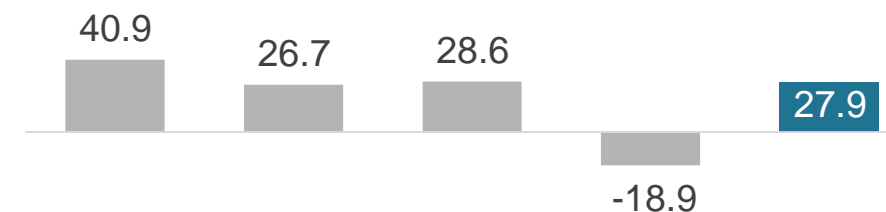
Customer prepayments net (PP), in EUR m



CF Capex, in EUR m



Net cash flow (NCF), in EUR m



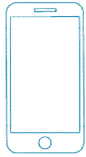
Q1 2020 Q2 2020 Q3 2020 Q4 2020 Q1 2021  
 $NCF = OCF - PP + CF \text{ Capex}$



Outlook 2021



# Optimistic outlook for 2021 with some risks but even more opportunities



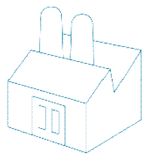
**Smartphones** are recovering with China showing growth. Continuous 5G phone releases increase especially DRAM and CIS demand due to more cameras.



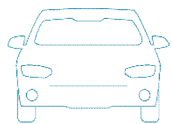
**PCs** booming: continuous home office could push PC demand strongly in 2021. Large part of the growth is from Chromebooks (less NAND content). At the same time high-end Gaming PCs and consoles are practically sold out for 2021.



**Servers** with some uncertainty for memory demand. Expected uptick could depend on Intel's CPU release or might be impacted by server customers still digesting capacities.

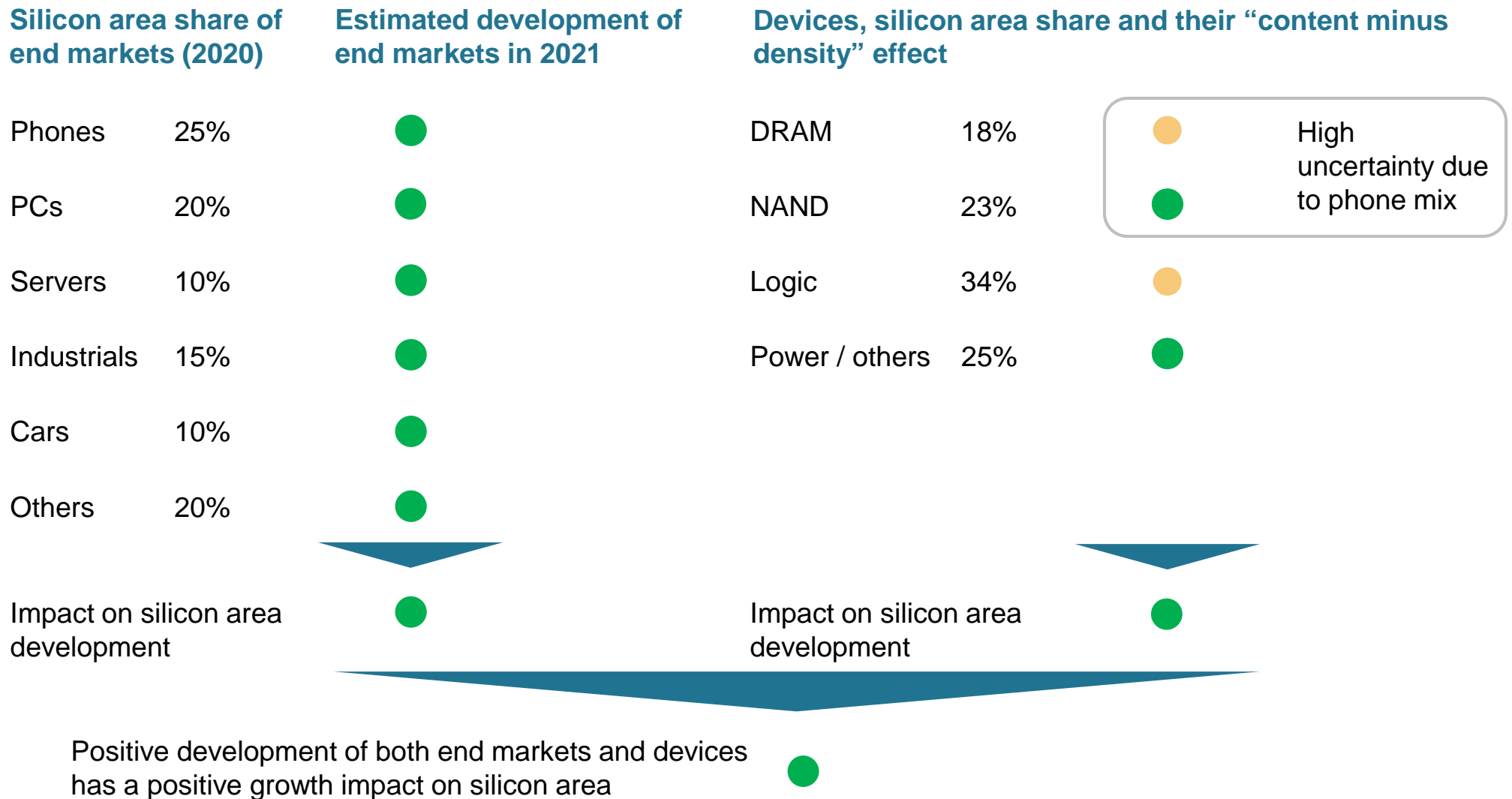


**Industrial** recovers strongly but is still highly mixed across product categories (e.g. robots up, aerospace down) and regions (e.g. China up, Europe still down, US in-between).



**Cars:** automotive semiconductor companies and OEMs are bullish for production despite chip shortage talk. Risk for inventory built up. Trend towards xEV and assistant driving systems unbroken.

# Estimated silicon area market development



Source: Siltronic Marketing April.2021

## Siltronic Outlook 2021 (as of April 20, 2021)

Sales	– at least 10 percent above 2020	+
EBITDA margin	– between 30 and 32 percent	+
Depreciation	– around EUR 155m to EUR 160m	=
EBIT	– significant increase	=
Tax rate	– significantly below 10%	=
CapEx	– around EUR 250m (mainly in 300 mm epi, capabilities and expansion of crystal pulling hall to replace older equipment)	=
Net cash flow	– significant improvement	+
Earnings per share	– significant increase	+

# Contact and Additional Information

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## Additional Information

ISIN:	DE000WAF3001
WKN:	WAF300
Deutsche Börse:	WAF
Listing:	Frankfurt Stock Exchange Prime Standard

## Financial Calendar 2021

Q2 Interim Report	July 28, 2021
Q3 Quarterly Statement	October 26, 2021



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