



Press release

Siltronic AG

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Siltronic posts strong sales growth and high earnings in second quarter of 2022

- Continued strong demand for wafers leading to full utilization of production capacities, so far no negative top line impact from inflation, war and pandemic
- Significant increase in sales and earnings q-o-q and y-o-y
- Increase driven by price increases and strong US dollar
- 2022 sales guidance raised to plus 21 to 27 percent
- Higher interest rates reduce pension provision, equity rises to 1.8 billion euro
- Dividend of EUR 3.00 per share planned for fiscal 2022

Munich, Germany, July 29, 2022 –Siltronic AG's (MDAX/TecDAX: WAF) business performance continued its positive trend in the second quarter of 2022. Sales and earnings for the first half of the year were significantly higher than in the same period last year. The result reflects the sustained high demand for wafers as well as price increases and exchange rate developments. Based on strong earnings and the lower valuation of pension provisions due to higher interest rates, the company's equity ratio increased to 56.7 percent.

"The sustained high demand for wafers shows that the long-term growth drivers of the semiconductor industry remain intact, despite uncertainty in some end markets. This also reflects in our excellent results," said Dr. Christoph von Plotho, CEO of Siltronic AG. "Our focus is on the smooth execution of the expansion projects in Freiberg and Singapore in order to continue the long-term growth alongside our customers."

On July 26, 2022, the Executive Board of Siltronic AG resolved on an adjustment of the dividend policy. The pay-out ratio of around 40 percent of consolidated net income will remain in place and the dividend will be capped at EUR 3.00 per share. This will ensure that shareholders participate in the strong business performance. At the same time, it provides the Company with additional liquidity to finance investments. In accordance with the adjusted dividend policy, the Executive Board plans to propose a dividend of EUR 3.00 per dividend-bearing share for the fiscal year 2022 at the Annual General Meeting 2023.

Business development H1/2022

		Q2 2022	Q1 2022	Q2 2021	Change		H1 2022	H1 2021	Change
					Q2 to Q1	Q2 to Q2			
Sales	in EUR million	442.2	417.0	341.1	25.2	101.1	859.2	657.1	202.1
	in %				6.0	29.6			30.8
Cost of sales	in EUR million	-297.1	-281.4	-235.9	-15.7	-61.2	-578.5	-463.3	-115.2
	in %				5.6	25.9			24.9
Gross profit	in EUR million	145.1	135.6	105.2	9.5	39.9	280.7	193.8	86.9
	in %				7.0	37.9			44.8
Gross margin	in %	32.8	32.5	30.8			32.7	29.5	
EBITDA	in EUR million	147.0	186.0	108.0	-39.0	39.0	333.0	199.7	133.3
	in %				-21.0	36.1			66.8
EBITDA margin	in %	33.2	44.6	31.7			38.8	30.4	
Depreciation, amortization and impairment less reversals thereof	in EUR million	-44.2	-42.3	-38.4	-1.9	-5.8	-86.5	-75.9	-10.6
	in EUR million	102.8	143.7	69.6	-40.9	33.2	246.5	123.8	122.7
EBIT	in EUR million	102.8	143.7	69.6	-40.9	33.2	246.5	123.8	122.7
	in %				-28.5	47.7			99.1
EBIT margin	in %	23.2	34.5	20.4			28.7	18.8	
Financial result	in EUR million	-3.1	-4.4	1.4	1.3	-4.5	-7.5	2.2	-9.7
Result before income taxes	in EUR million	99.7	139.3	71.0	-39.6	28.7	239.0	126.0	113.0
	in %				-28.4	40.4			89.7
Income taxes	in EUR million	-8.6	-24.5	-7.0	15.9	-1.6	-33.2	-3.5	-29.7
Tax rate	in %	9	18	10			14	3	
Result for the period	in EUR million	91.1	114.8	64.0	-23.7	27.1	205.8	122.5	83.3
	in %				-20.6	42.3			68.0
Earnings per share	in EUR	2.66	3.47	1.83	-0.81	0.83	6.13	3.50	2.62

Siltronic achieved sales of EUR 442.2 million in the second quarter of 2022, an increase of 6 percent compared to the previous quarter. The increase was mostly driven by exchange rates. The wafer area sold and price increases in invoice currency supported the positive development.

Sales in the first half of 2022 amounted to EUR 859.2 million, a significant increase of 30.8 percent compared to the previous year. Price increases in invoicing currency, more wafer area sold and exchange rate developments each contributed strongly to the increase in sales.

In the first six months of 2022, the euro averaged 1.10 against the US dollar, compared to an average of 1.21 in the first half of 2021.

Cost of sales increased by EUR 115.2 million in the first half of 2022. This was driven by more wafer area sold, a disproportionate increase in costs for energy and raw materials compared to the volume sold, and exchange rate developments. In addition, scheduled depreciation increased due to proceeding investments. Manufacturing costs per wafer area also went up, with exchange rates and energy costs having the greatest impact. Compared to the previous quarter, manufacturing costs increased by EUR 15.7 million for the same reasons.

The sales increase of EUR 202.1 million significantly outweighed the increase in cost of sales of EUR 115.2 million. Therefore, gross profit in the first half of 2022 grew by EUR 86.9 million to EUR 280.7 million and gross margin increased from 29.5 percent to 32.7 percent.

EBITDA in Q2 2022 of EUR 147.0 million was EUR 39.0 million lower than the previous quarter, which included a EUR 50.0 million termination fee. Excluding the termination fee, the EBITDA margin in the first quarter was 32.6 percent, and 33.2 percent in Q2 2022. The margin increased despite the cost increases. In a half-year comparison, EBITDA was 66.8 percent higher than in the same period of the previous year, which, in addition to the increase in revenue, was mainly due to the Termination Fee.

Including the termination fee in the first quarter of 2022, EBIT in the second quarter of 2022 deteriorated by EUR 40.9 million to EUR 102.8 million compared to the previous quarter. Disregarding the termination fee, however, it increased by EUR 9.1 million. In the first six months of 2022, EBIT was EUR 246.5 million (H1 2021: EUR 123.8 million).

In the second quarter of 2021, Siltronic recorded a profit of EUR 91.1 million for the period. This corresponds to an increase of EUR 27.1 million compared to the second quarter of the previous year. Profit for the first six months was EUR 205.8 million, an increase of EUR 83.3 million. Of this amount, EUR 184.1 million is attributable to Siltronic AG shareholders. Earnings per share after the first six months of 2022 were EUR 6.13, compared to EUR 3.50 in the first half of 2021.

Development of equity, net cash flow and net financial assets

In EUR million	Jun. 30, 2022	Dec. 31, 2021	Change
Equity	1,811.1	1,318.8	492.3
Pension provisions	111.7	404.8	-293.1
Customer prepayments	434.0	254.2	179.8
Financing liabilities due to banks	300.0	-	300.0
Lease liabilities	104.5	99.5	5.0
Other provisions and liabilities	66.6	70.7	-4.1
Non-current liabilities	1,016.8	829.2	187.6

With equity of EUR 1,811.1 million as of 30 June 2022, Siltronic AG's equity ratio was 56.7 percent compared to 53.7 percent as of 31 December 2021. The increase in equity by EUR 492.3 million is due to the half-year profit of EUR 205.8 million less the dividend payment of EUR 90 million and an interest rate related decrease in pension obligations of EUR 305.2 million. The change in exchange rates resulted in an improvement in equity of EUR 64.0 million.

In EUR million	Q2 2022	Q1 2022	Change
Cash flow from operating activities	191.1	273.7	-82.6
Proceeds/payments for capital expenditure including intangible assets	-226.0	-136.3	-89.7
Free cash flow	-34.9	137.4	-172.3
Cash-effective change in customer prepayments	-88.5	-100.5	12.0
Net cash flow	-123.4	36.9	-160.3

Siltronic invested a total of EUR 370.7 million in property, plant and equipment and intangible assets in the first half of 2022. The focus was on investments in the construction of a new 300 mm plant in Singapore and the expansion of the crystal pulling building in Freiberg.

In the second quarter of 2022, the net cash flow amounted to EUR -123.4 million (Q1 2022: EUR 36.9 million). Net cash flow for the first half of 2022 was EUR -86.5 million (H1 2021: EUR 71.2 million). Net customer prepayments increased by EUR 189.1 million in the same period.

In EUR million	Jun. 30, 2022	Dec. 31, 2021	Change
Cash and cash equivalents	412.4	424.3	-11.9
Financial investments	484.8	148.5	336.3
Financing Liabilities due to banks	-300.0	-	-300.0
Net financial assets	597.2	572.8	24.4

Net financial assets grew by EUR 24.4 million to EUR 597.2 million. This was due to the positive cash flow from operating activities, despite the dividend payment of EUR 90 million and payments for investments in property, plant and equipment as well as intangible assets amounting to EUR 362.6 million.

Forecast update

In the first half of 2022, the exchange rate of the euro weakened significantly against the US dollar. A reversal of this trend is not expected in the short term. This will result in a sustained positive impact on Siltronic's sales. We have therefore adjusted our sales guidance for the current fiscal year to plus 21 to 27 percent.

At the same time, exchange rates and higher purchasing prices lead to higher costs in the reporting currency. We now expect unit cost increases of around EUR 140 million for the full year.

Based on current project progress, capital expenditure is still expected to amount to around EUR 1.1 billion in 2022. Financing is secured by existing liquidity, cash flow from operating activities including customer prepayments, and external debt. A promissory note loan of EUR 300 million was issued in June. We continue to rule out equity measures for 2022.

Guidance for all other KPIs remains unchanged as compared to March 2022. The following table shows the assumed KPI development for the year 2022:

	Forecast March 9, 2022 (Annual Report)	Forecast May 10, 2022 (Q1 2022)	Forecast July 29, 2022 (Q2 2022)
Sales	increase from 15 to 22 percent	increase from 15 to 22 percent	increase from 21 to 27 percent
EBITDA margin	34 to 37 percent	34 to 37 percent	34 to 37 percent
Depreciation and amortization	around EUR 185 million	around EUR 185 million	around EUR 185 million
EBIT	significant increase	significant increase	significant increase
Tax rate	10 to 15 percent	10 to 15 percent	10 to 15 percent
Capital expenditure	around EUR 1,100 million (2/3 for new factory in Singapore)	around EUR 1,100 million (2/3 for new factory in Singapore)	around EUR 1,100 million (2/3 for new factory in Singapore)
Net cash flow	significantly negative	significantly negative	significantly negative
Earnings per share	significant increase	significant increase	significant increase

Geopolitical developments have led to a cooling of economic forecasts in the first half of the year. We therefore see increased business risks in some areas, which are described in detail in the Interim Report 2022.

Continued favorable business trend in the second half of the year

Following an excellent business and earnings performance in the first half of 2022, the Executive Board expects sustained strong wafer demand in the remainder of the year. Notwithstanding the adjusted risk situation due to geopolitical and global economic uncertainties, we do not foresee a change in customer demand at present.

"Our focus remains on stable production at full capacity and on the smooth execution of our investment projects," said Dr. von Plotho. "The new state-of-the-art production capacities will further help us strengthen our position as a technology leader."

Siltronic AG – Key financial figures Q2/2022 and H1/2022

Profit and Loss statement

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Sales	442.2	417.0	341.1	859.2	657.1
EBITDA	147.0	186.0	108.0	333.0	199.7
EBITDA margin %	33.2	44.6	31.7	38.8	30.4
EBIT	102.8	143.7	69.6	246.5	123.8
EBIT margin %	23.2	34.5	20.4	28.7	18.8
Result for the period	91.1	114.8	64.0	205.8	122.5
Earnings per share EUR	2.66	3.47	1.83	6.13	3.50

Capital expenditure and net cash flow

Capital expenditure in property, plant and equipment, and intangible assets

Capital expenditure in property, plant and equipment, and intangible assets	165.0	205.7	52.8	370.7	89.7
Net cash flow	-123.4	36.9	43.3	-86.5	71.2

Statement of financial position

In EUR million	Jun. 30, 2022	Dec. 31, 2021
Total assets	3,195.7	2,455.4
Equity	1,811.1	1,318.8
Equity ratio %	56.7	53.7
Net financial assets	597.2	572.8

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 July 29, 2022 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 28, 2022 Q3 2022 quarterly statement

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**Company profile:**

Siltronic AG is one of the world's leading producers of hyperpure silicon wafers and has been a partner to many major semiconductor manufacturers for decades. Siltronic is globally oriented and operates production facilities in Asia, Europe and the USA. Silicon wafers are the foundation of the modern semiconductor industry and the basis for chips in all electronic applications - from computers and smartphones to electric cars and wind turbines. The international company is highly customer-oriented and focused on quality, precision, innovation and growth. Siltronic AG employs around 4,300 people in 10 countries and has been listed in the Prime Standard of the German Stock Exchange since 2015. Siltronic AG shares are included in both the MDAX and TecDAX stock market indices.



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.