

Siltronic AG Investor Presentation – Q3 2022

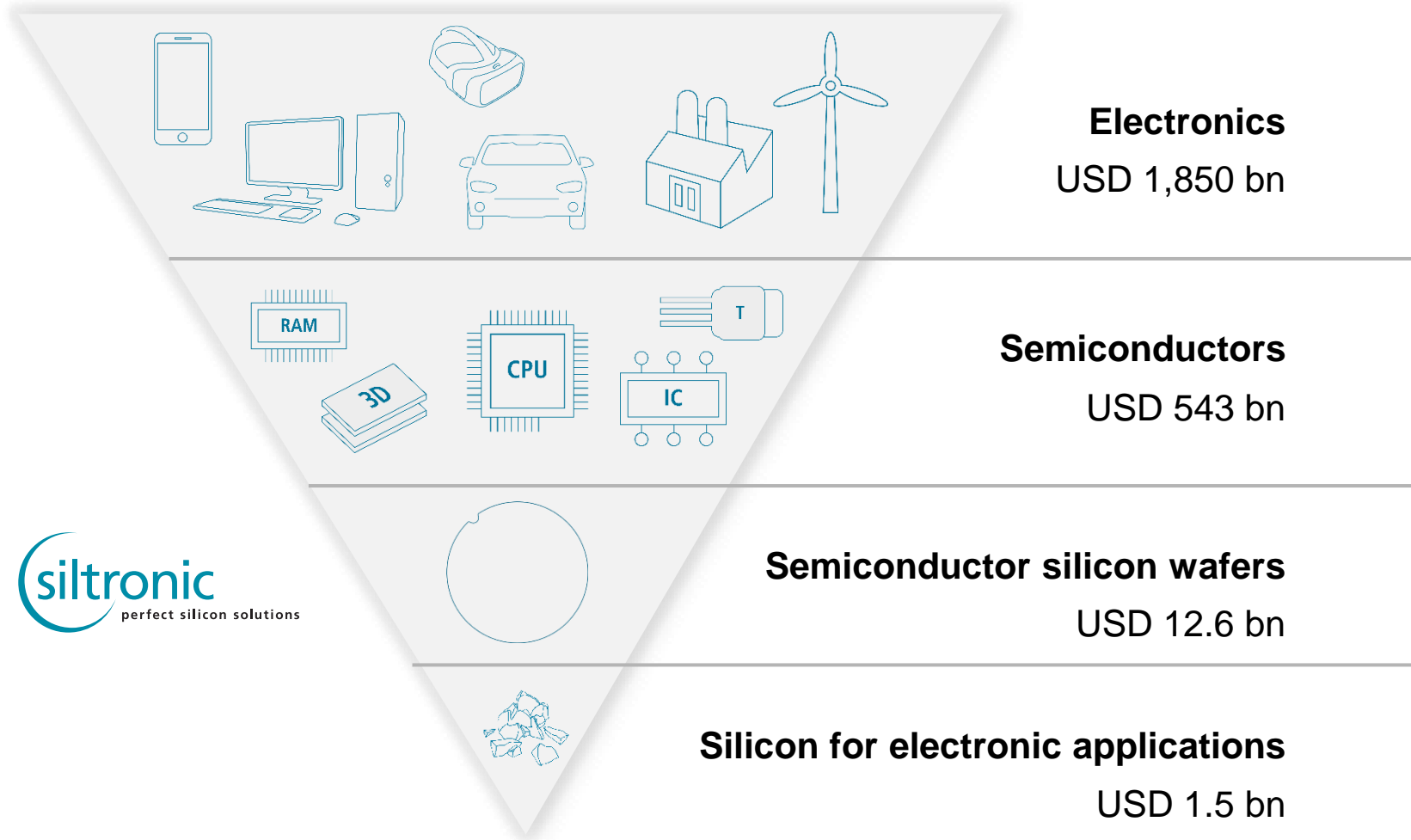
October 28, 2022



Market overview

Electronics value chain continued to grow in 2021

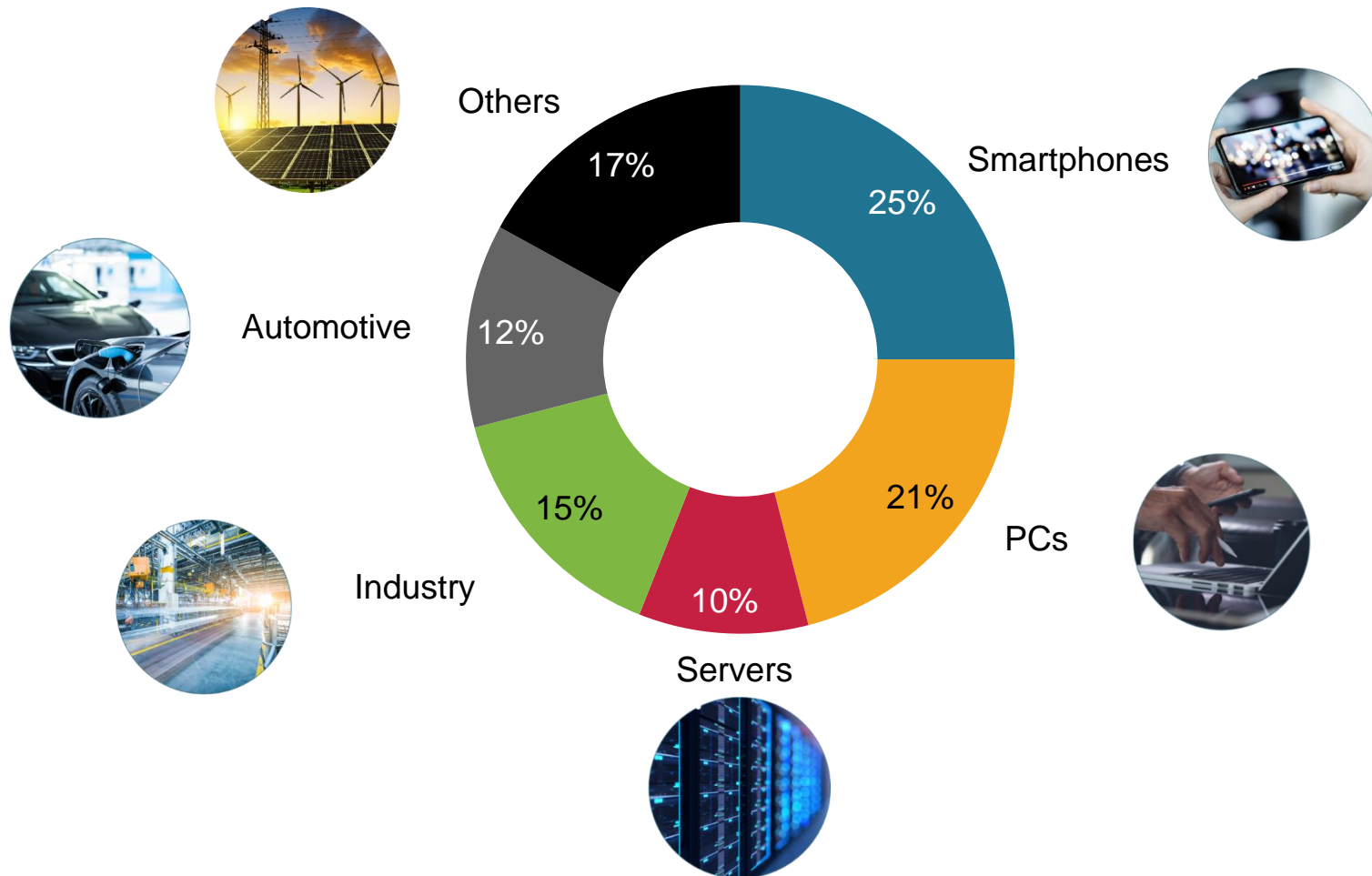
Increasing demand for electronic devices and new applications drive semiconductor growth, which in turn fuels silicon demand



Sources: IC Insights, WSTS, SEMI SMG, Siltronic Marketing

Digitalisation continues to drive wafer demand

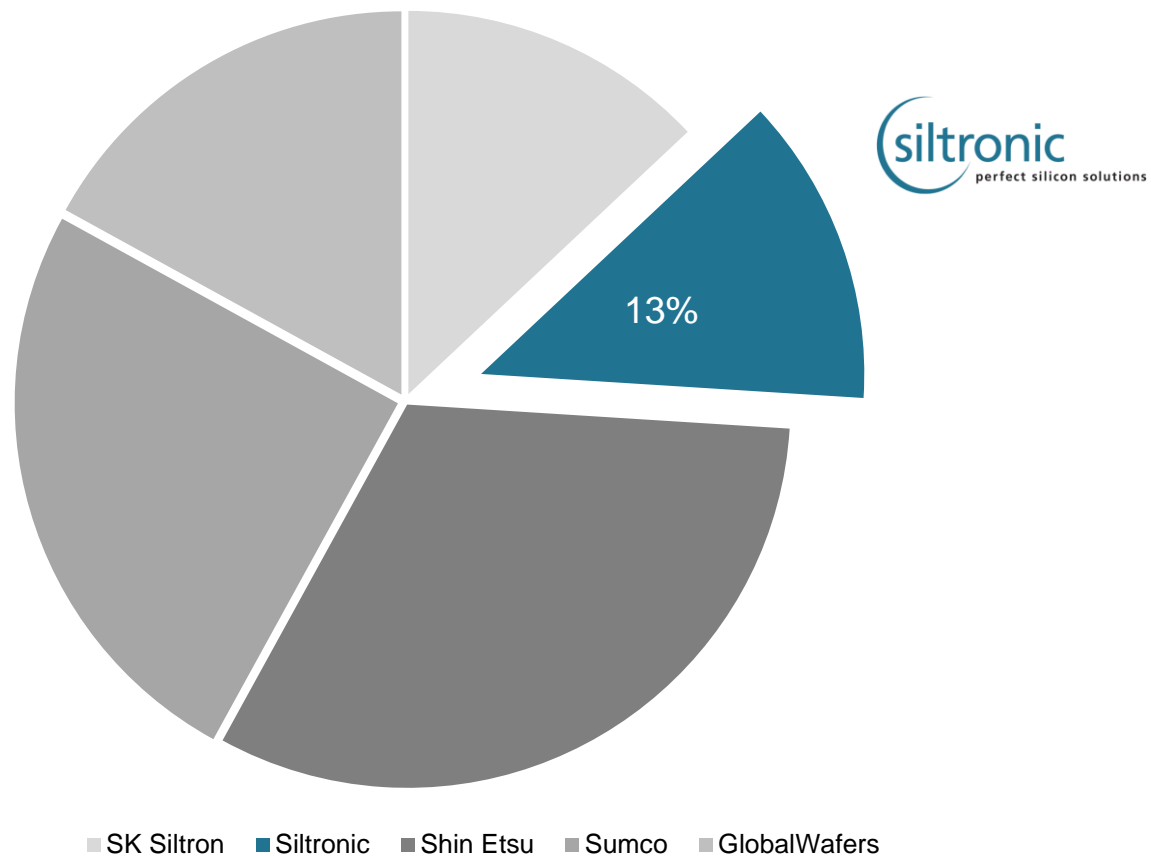
2021 Silicon Wafer Demand by End Markets in % of wafer area



Source: Siltronic Marketing April 2022
Images: coolhand118/stock.adobe.com, tippapatt/stock.adobe.com, monsitj/stock.adobe.com, Wellnhofer Designs/stock.adobe.com, 安琦 王/stock.adobe.com, AdobeStock_10158029

Consolidated market with 5 major wafer manufacturers

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

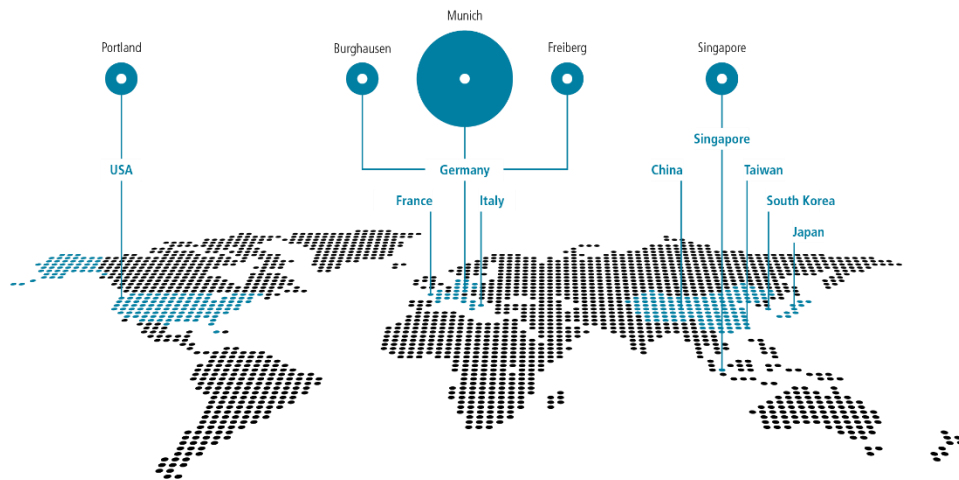


Sources: Siltronic, SEMI SMG



Company overview

Siltronic at a glance



Key financial figures 2021

- ▶ Sales: EUR 1,405.4 million
- ▶ EBITDA: EUR 466.4 million
- ▶ EBITDA margin: 33.2%
- ▶ Net cashflow: EUR 1.7 million
- ▶ Net financial assets: EUR 572.9 million



4 world-class production sites




~ 4,300 employees



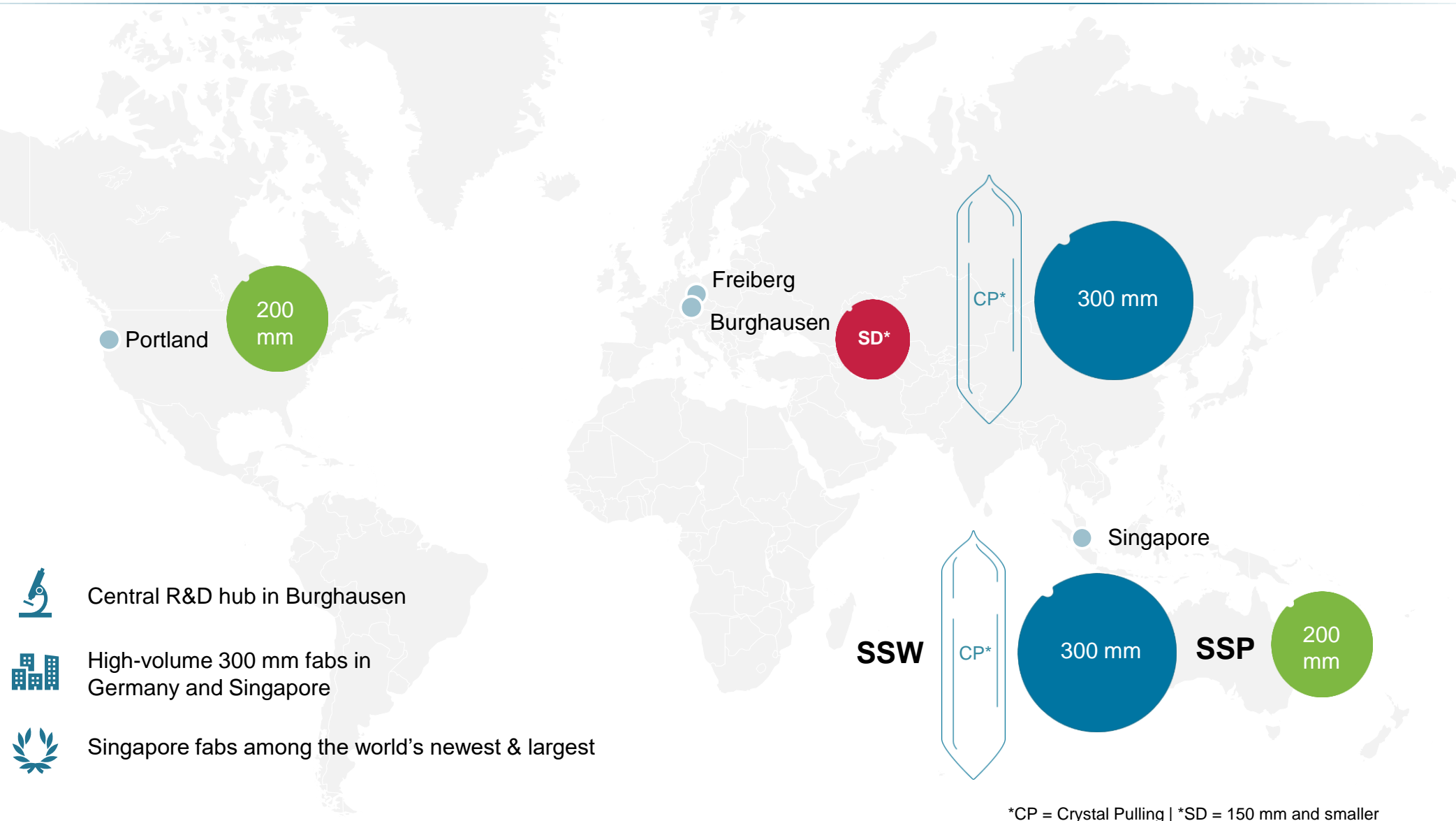
global scale and reach



50+ years of history in silicon technologies

 = Production sites, Headquarter in Munich

International manufacturing network supports strong market position and business focus



Central R&D hub in Burghausen



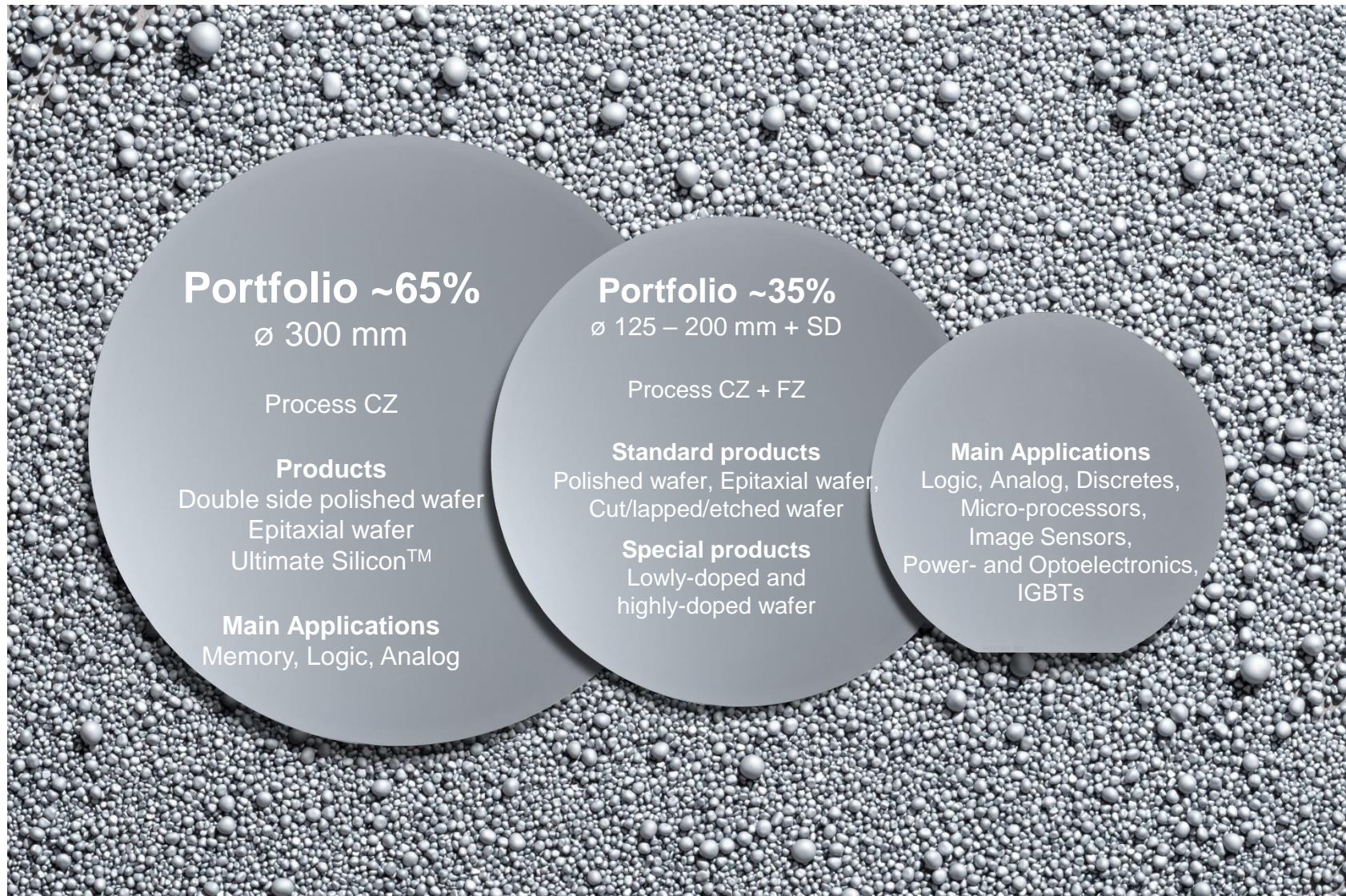
High-volume 300 mm fabs in Germany and Singapore



Singapore fabs among the world's newest & largest

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

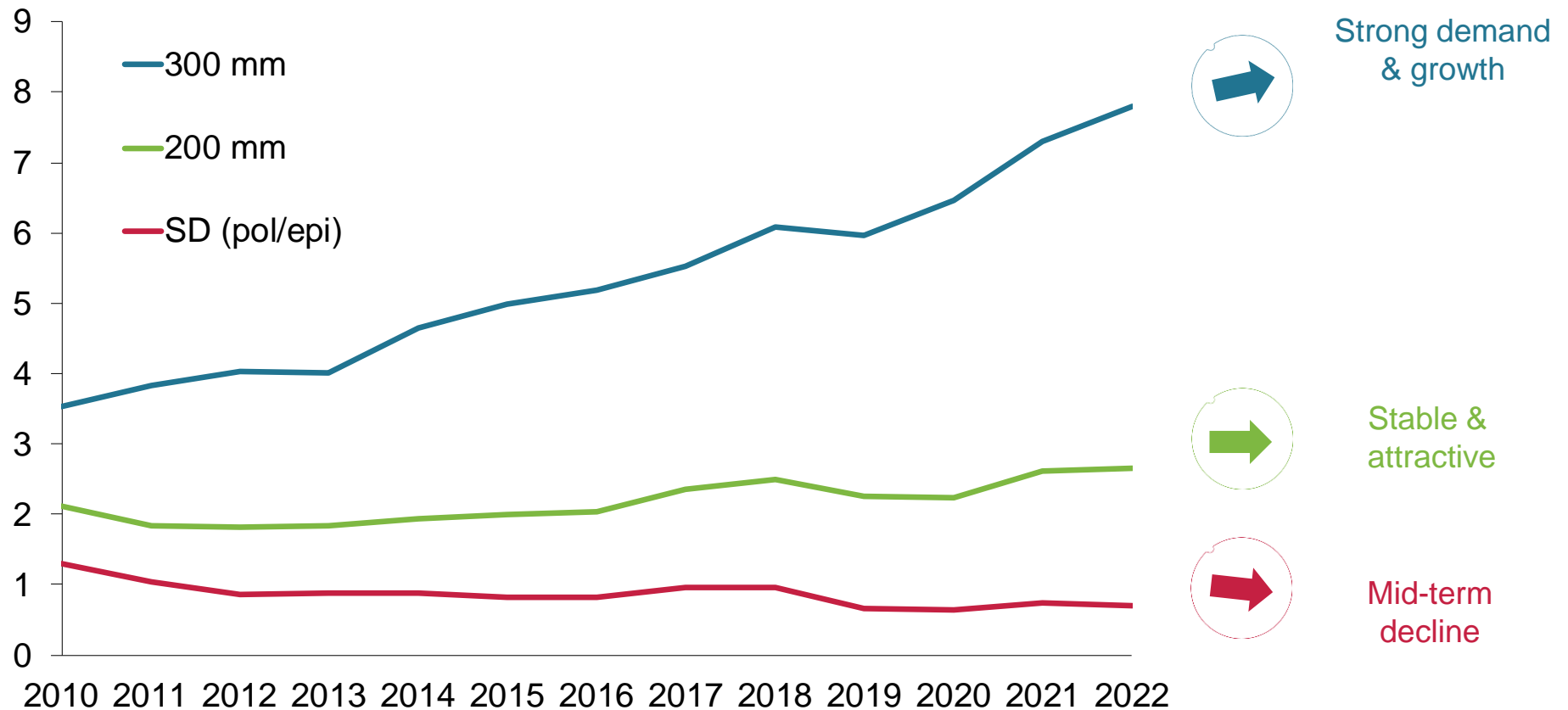
A broad product portfolio covers standard and leading-edge requirements of the customers



Note: CZ: Czochralski crystal growing, FZ: float zone technology

Siltronic is focused on growing 300 mm and attractive 200 mm business. Market growth continued in Q3.

Development of Total Wafer Demand per Diameter, in mn 300 mm equivalents per month



Source: SEMI up to Q3 2022

Top technology position complemented with a high level of quality

A leading position in wafer technology

- ▶ First supplier to ship 300 mm wafers
- ▶ Development of 3 nm design rule started in 2019 (commercialization expected to start in 2022)
- ▶ Concurrently optimizing on 50+ wafer parameters of each design rule
- ▶ Single wafer traceability for 300 mm
- ▶ Standardized processes across sites enabling “copy exactly” at product level



>400 engineers worldwide



Approximately 1,870 pending and active patents in almost 360 patent families*

Quality awards from several top semiconductor customers received over the years



R&D expenditure, in EUR million (% of sales)



*as of December 31, 2021

Expansion projects are proceeding according to plan



FabNext in Singapore



Project timeline and budget on track



Customer LTAs with pre-pay in place for 80 % of FabNext capacity throughout the ramp phase



First shipments to customers in early 2024

New crystal pulling hall in Freiberg



Project is proceeding well



Construction on track,
started equipment move in in Q3

Top: FabNext construction in Singapore, bottom: CZ expansion in Freiberg

Source: Siltronic AG

Siltronic Fab Next at Group site in Singapore

Fab Next

- most modern and cost-efficient 300 mm fab
- construction well on track
- first wafers out in 2024
- R&D hub Burghausen will support expansion on technology topics

Investment rationale

- strong market demand and long term growth
- customers' expansion plans cannot be supported by existing capacity
- substantial part of new capacity secured in LTAs with prepayments

Capex

- capex of around EUR 2 bn until end of 2024
- high up-front for plant buildings and facilities
- financing based on cash, cash flow, customer pre-payments, and loans/bonds

Cost-competitiveness a pre-requisite in the wafer industry

Major cost items



Labor



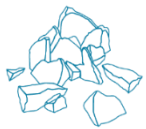
Depreciation



Supplies

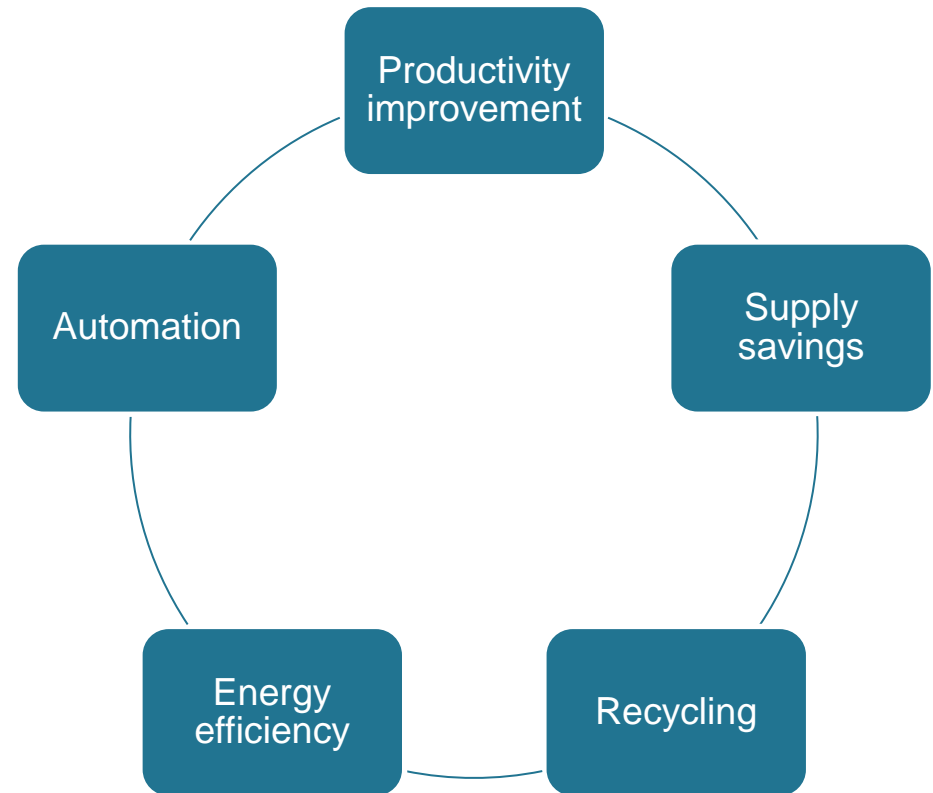


Energy

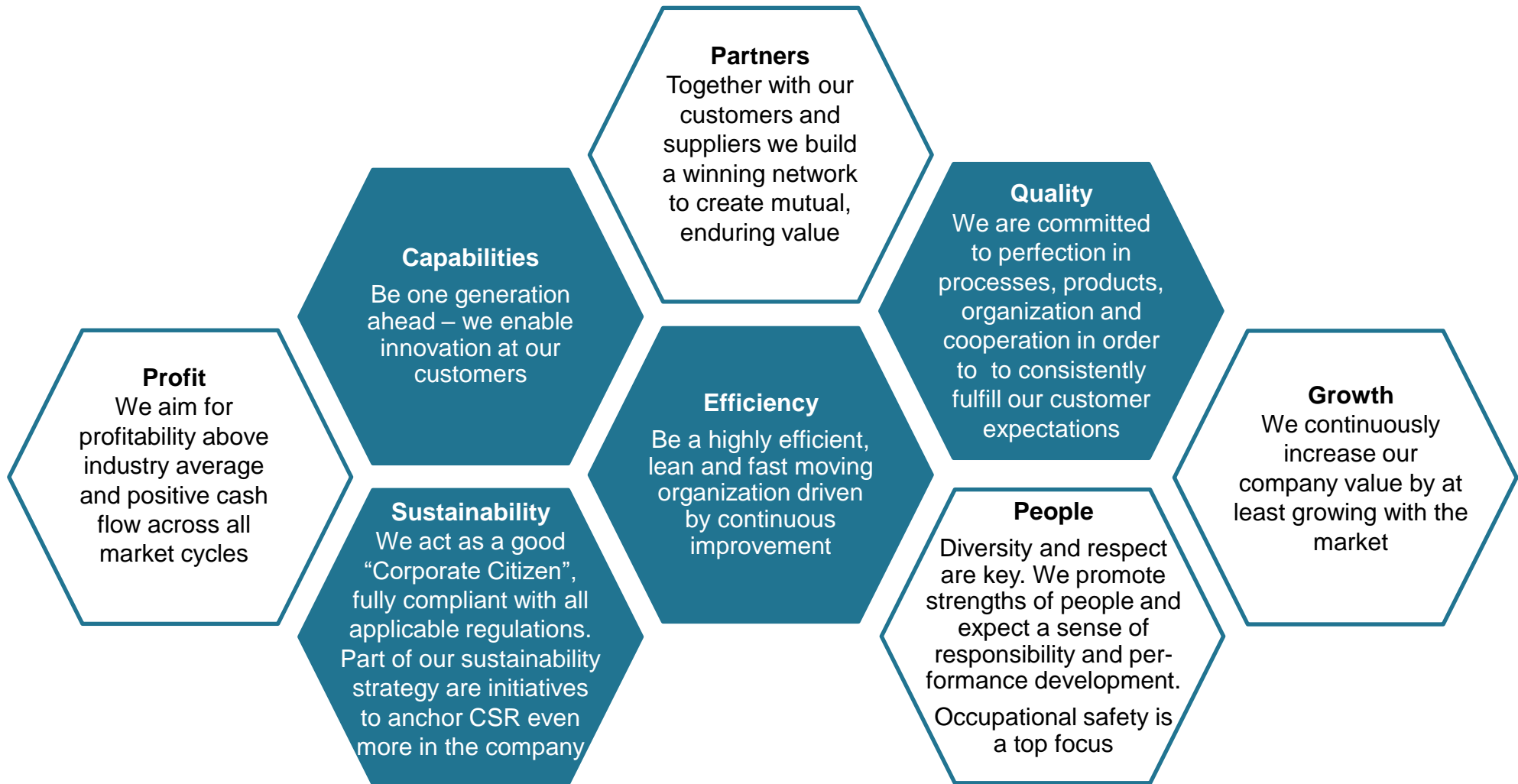


Polysilicon

Continuous cost roadmaps to counter unit cost increases



Our objectives and values



Strategy based on four pillars

Continuously increasing
the value for our stakeholders



Grow

by optimizing
product mix and
increase
capacities when
needed



Ensure

top technology
position &
highest quality



Improve

financial
performance &
cash flow



Execute

cost reduction
roadmaps &
debottlenecking
concepts

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

Overview Financials

Adjusted financial figures (EUR million)	2017	2018	2019	2020	2021
Sales	1,177.3	1,456.7	1,270.4	1,207.0	1,405.4
EBIT	235.7	497.7	298.3	192.2	316.9
EBIT margin in %	20.0	34.2	23.5	15.9	22.5
EBITDA	353.1	589.3	408.7	332.0	466.4
EBITDA margin in %	30.0	40.5	32.2	27.5	33.2
Earnings per share	6.20	12.40	7.52	5.36	8.44
Capex	123.2	256.9	363.0	187.6	426.6
Free cash flow ¹	169.6	416.4	36.4	32.0	108.6
Net cash flow ¹	124.8	240.4	81.3	77.4	1.7
Dividend	75.0	150.0	90.0	60.0	90.0

¹ 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.

Key investment highlights

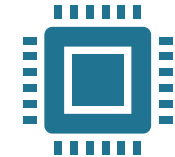
Market Position

- ▶ Strong market position in the semiconductor and wafer industry



Strategy

- ▶ Best-in-class technology and quality



Customers

- ▶ Supplier to all top 20 silicon wafer consumers



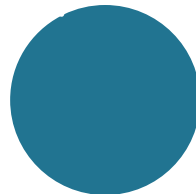
Financials

- ▶ Profitable sales increase and on-going efficiency improvement



Products

- ▶ High-quality wafers made of hyper pure silicon



Management

- ▶ Experienced management team and highly skilled workforce








**Corporate Social
Responsibility**

Siltronic Climate Action Program - aligned with Paris agreement to limit global warming to 1.5°C






Siltronic Climate Action Program

- ▶ Siltronic commits to Science Based Target initiative to limit global warming to 1.5°C:
 - ▶ **mid-term goal:** 50% CO₂eq reduction (Scope 1 + 2) until 2030¹
 - ▶ **long-term goal:** net zero until 2045

▶ Three main levers:

-  Energy efficiency
-  Own generation of renewable energy
-  Purchasing renewable energy

CSR targets until 2030

-  Reduce specific energy consumption by 20%¹
-  Increase waste recycling by 25%¹
-  Reduce specific water usage by 20%¹
-  Increase water recycling by 25%¹
-  Reduce specific greenhouse gas emissions by 50%²



¹) base year 2015

²) base year 2021

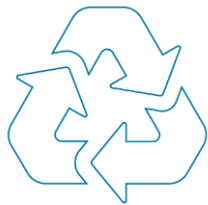
Siltronic enables technologies for a sustainable future

Resource efficiency

Innovation driver for environmentally friendly and resource-saving technologies

Industrial automation and smart factories

Increasing wafer content



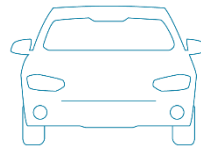
- Raw materials
- Energy consumption
- Water recycling
- Emissions

Sustainable mobility

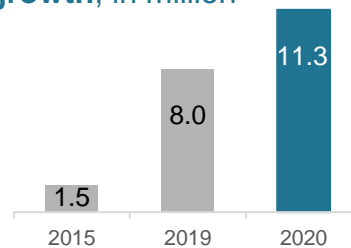
Reduction of transport emissions and carbon footprint to achieve climate targets

Increasing safety and efficiency

EV's with substantially higher wafer content



Global EV growth, in million

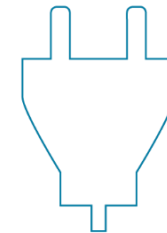


230 million vehicles estimated in 2030

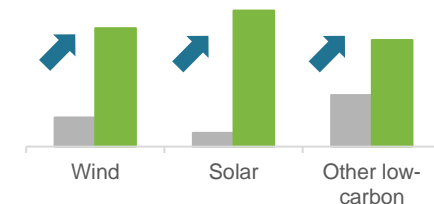
Clean energy

Wafers as a foundation for semiconductors enable clean, renewable energy sources and improving energy efficiency

Renewable energy needs more and more wafer content



Change in global electricity, 2000 - 2019 vs. 2019 - 2040



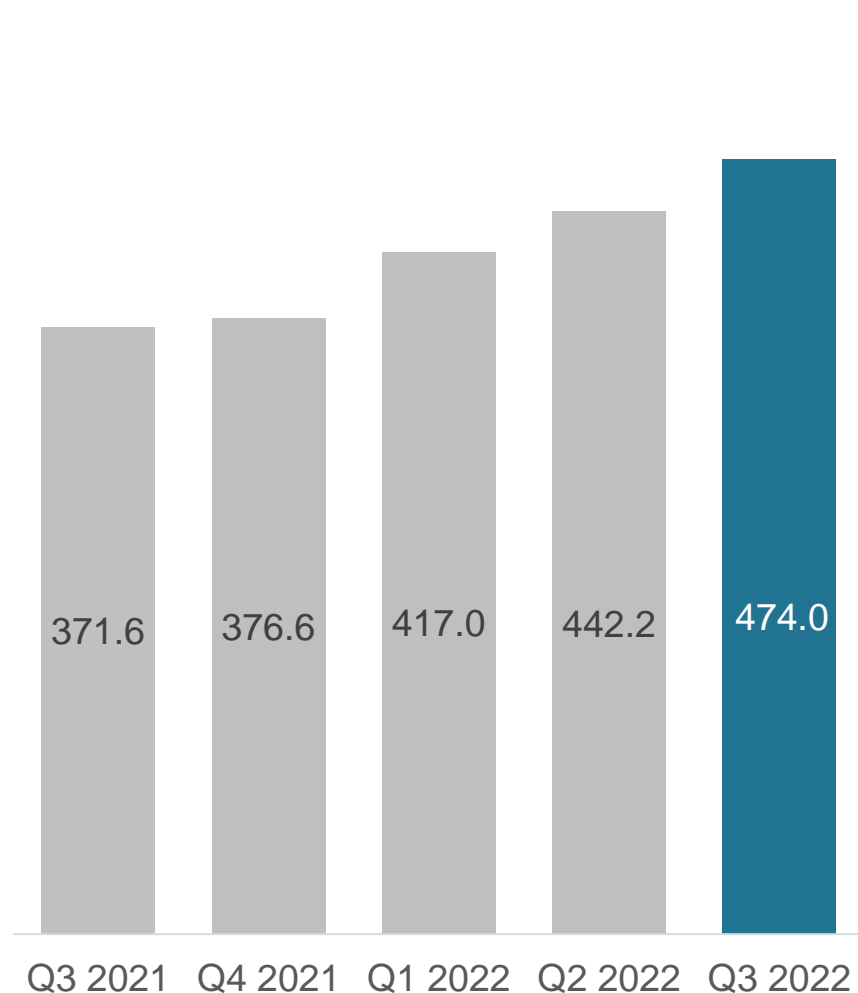
Source: IEA Global EV Outlook 2021; IEA 2020 World Energy Outlook



Financials Q3 2022

Strong sales growth driven by rising ASP and favourable FX

Sales, in EUR m



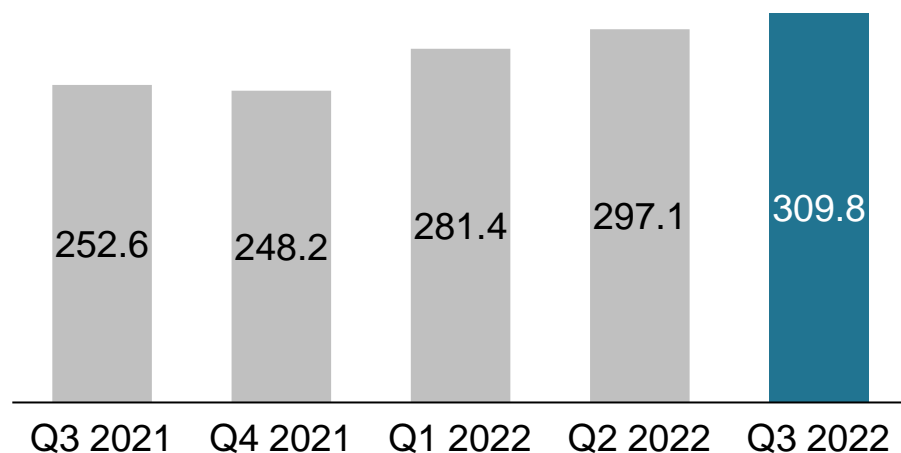
Ø FX rates	Q3	Q4	Q1/22	Q2	Q3
EUR / USD	1.18	1.14	1.12	1.07	1.01
EUR / JPY	130	130	130	136	139

Comments

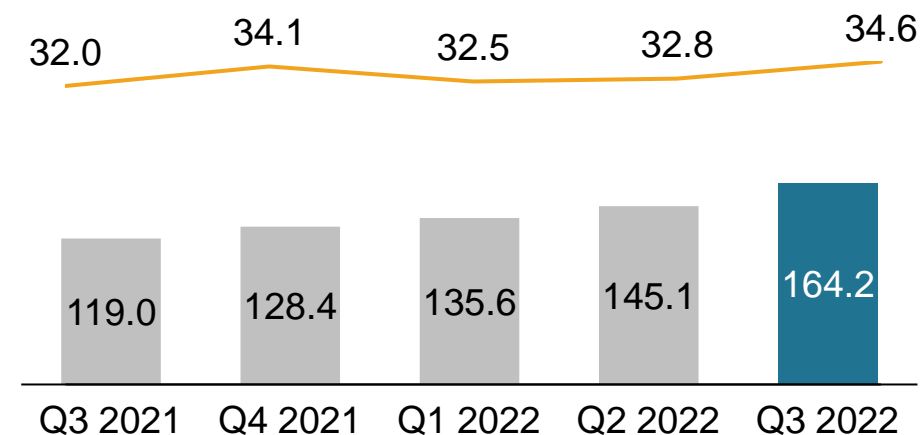
- ▶ Wafer area sold slightly up q-o-q
- ▶ Sales prices slightly up q-o-q, significantly up y-o-y
- ▶ Favorable FX y-o-y and q-o-q

Higher COGS due to FX and inflation

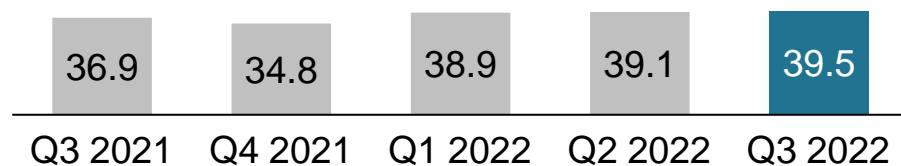
Cost of sales, in mn EUR



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



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

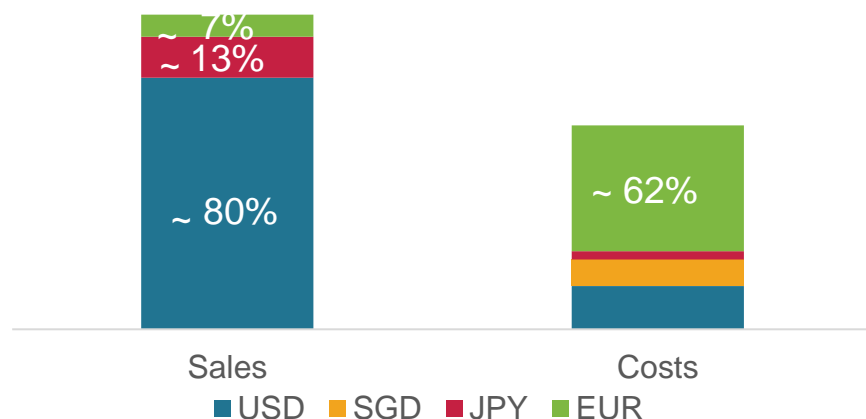


Comments

- ▶ COGS up
 - ▶ Higher wafer area sold y-o-y
 - ▶ Higher costs, especially for electricity and supplies q-o-q and y-o-y
 - ▶ FX effects
- ▶ Gross margin was burdened q-o-q due to unit cost increases

High US-Dollar and Japanese Yen exposure

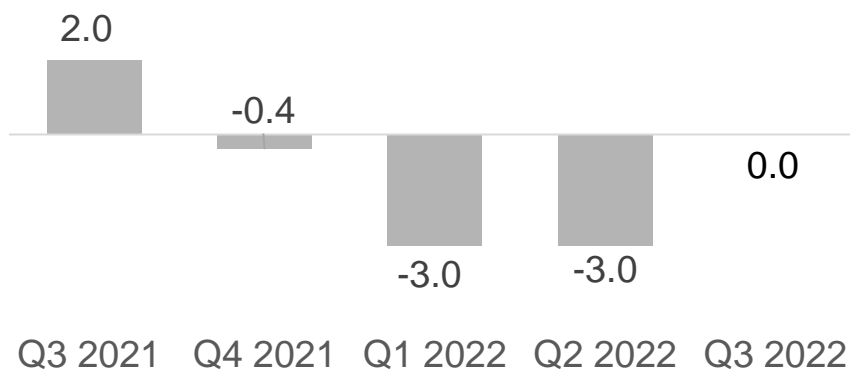
FX exposure, in %



FX sensitivity

	Sales	EBITDA Unhedged
1 USD-/SGD-cent change	~ EUR 13 mn	~ EUR 10 mn
1 JPY change	~ EUR 1.7 mn	~ EUR 1.4 mn

Other currency effects (mostly hedging), in EUR mn

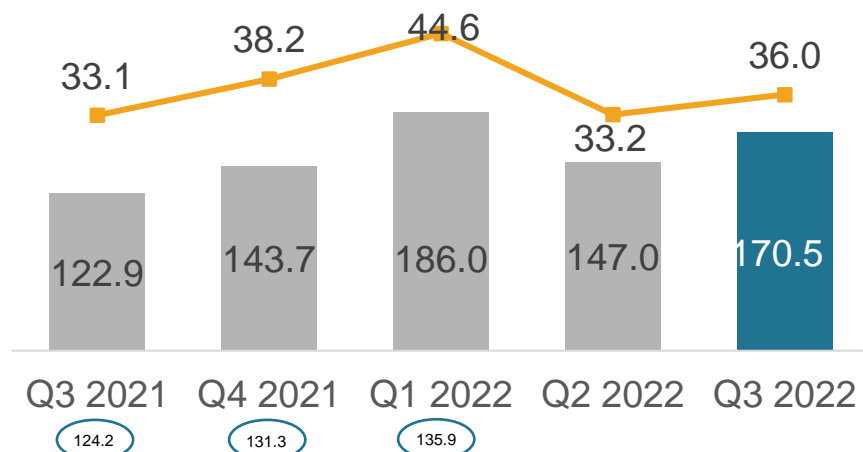


Comments

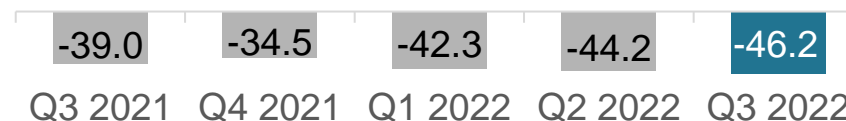
- ▶ Stronger USD and SGD qoq
- ▶ High exposure to USD (higher sales) and SGD (higher cost)
- ▶ USD invoicing 80%, declining JPY share
- ▶ Tailwind on top line

Strong EBITDA, supported by FX and higher sales prices

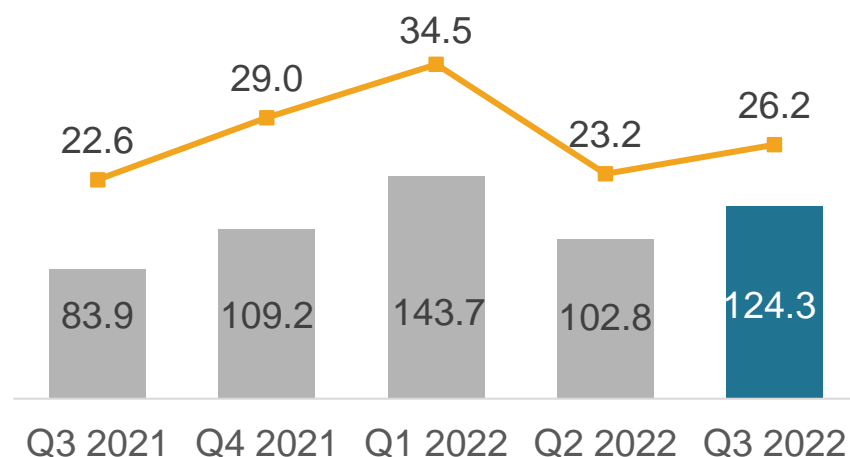
EBITDA, in EUR mn / EBITDA margin, in %



Depreciation, in EUR mn



EBIT, in EUR mn / EBIT margin, in %



Comments

Positive

- ▶ Wafer area sold up y-o-y
- ▶ ASP per wafer area up y-o-y
- ▶ Favorable FX trend YTD
- ▶ EUR 50 mn one-time profit in Q1 (termination fee)
- ▶ EBITDA excluding the termination fee up q-o-q

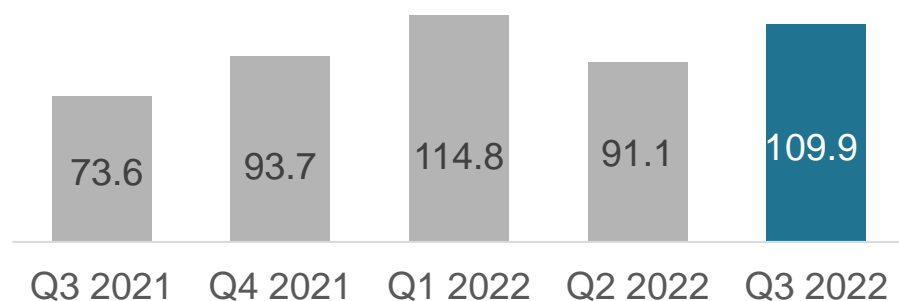
Negative

- ▶ Cost increases

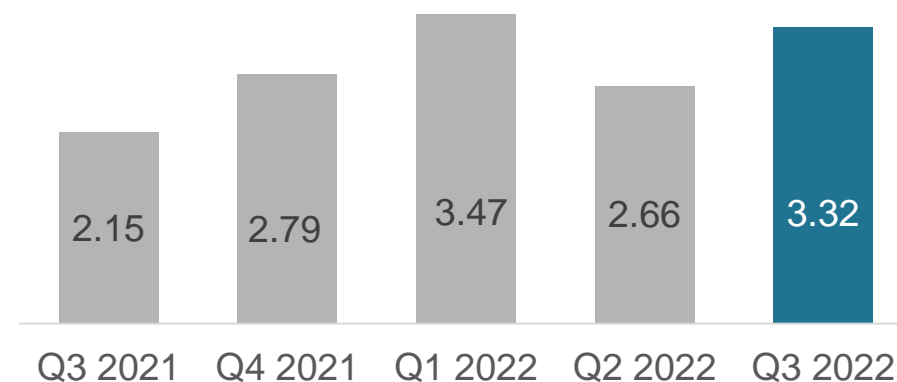
○ EBITDA excluding effects related to GlobalWafers tender offer

Net profit of EUR 109.9 million in Q3 2022

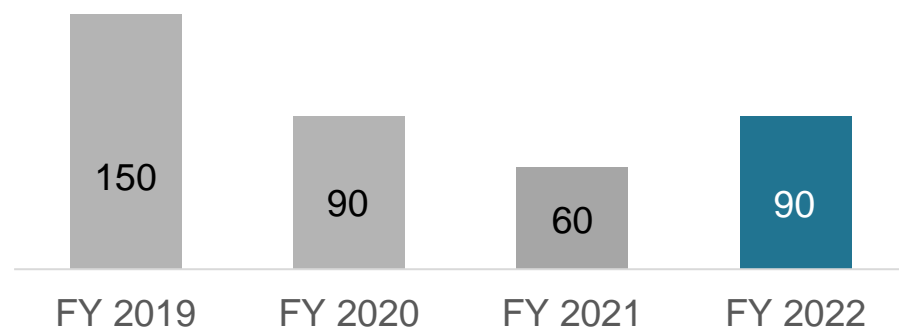
Net profit, in EUR mn



EPS, in EUR



Dividend payment, in EUR mn

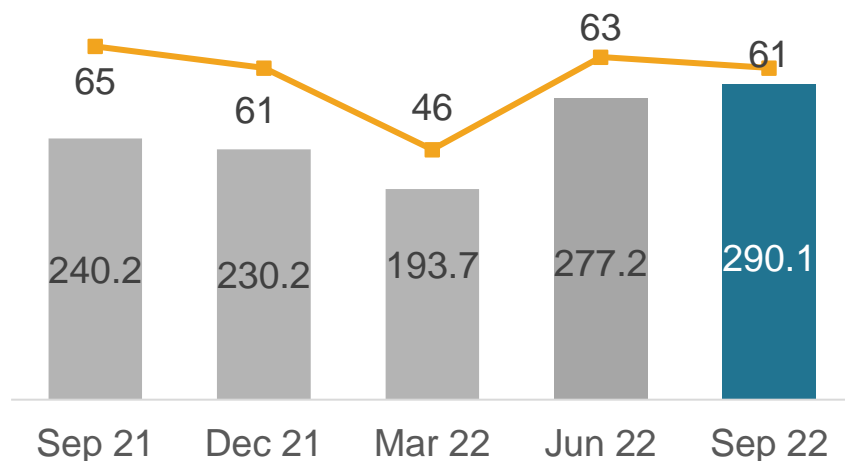


Comments

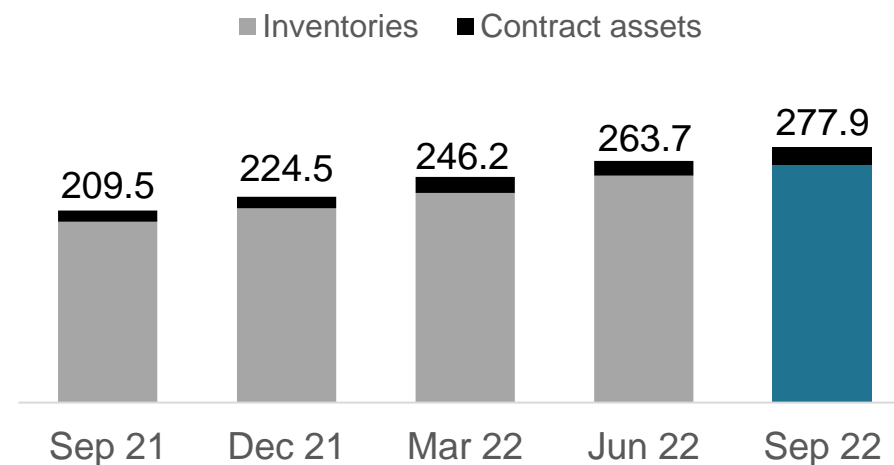
- ▶ Net profit of EUR 109.9 mn in Q3 2022; thereof EUR 99.7 mn attributable to Siltronic shareholders
- ▶ Dividend of EUR 3.00 per share = EUR 90 mn dividend payout in May 2022

Working capital and trade liabilities show variations due to high Capex projects

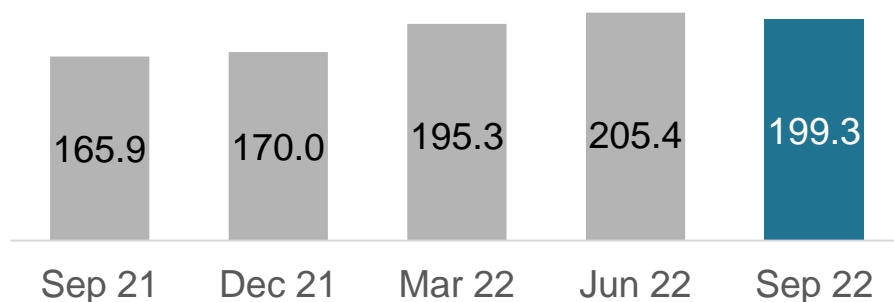
Working capital, in EUR mn,
Working capital ratio to quarterly sales, in %



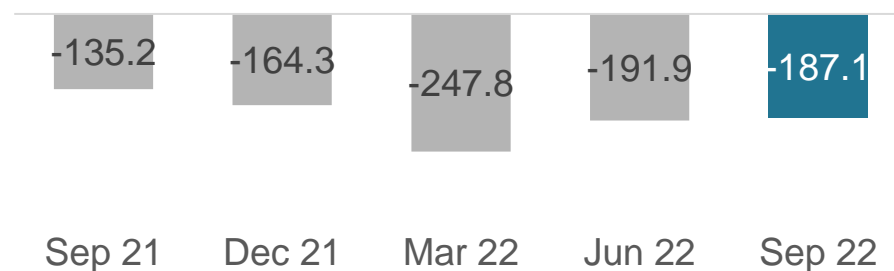
Inventories and contract assets, in EUR mn



Trade receivables, in EUR mn

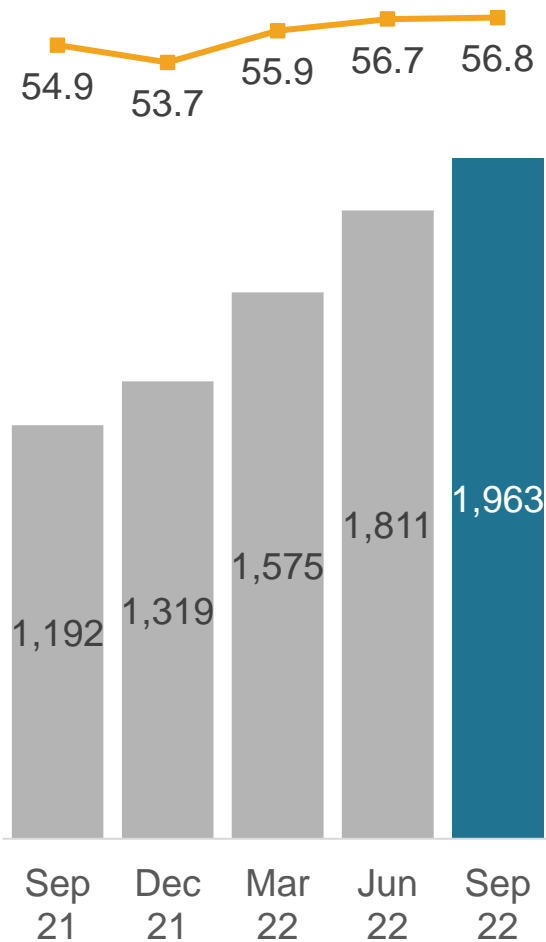


Trade liabilities, in EUR mn



Equity exceeds EUR 1.9 bn, with equity ratio of 57%

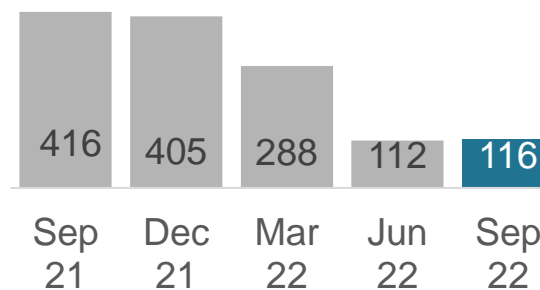
Equity, in EUR mn
Equity ratio, in %



Provisions for pensions,
in EUR mn

Interest rates IFRS

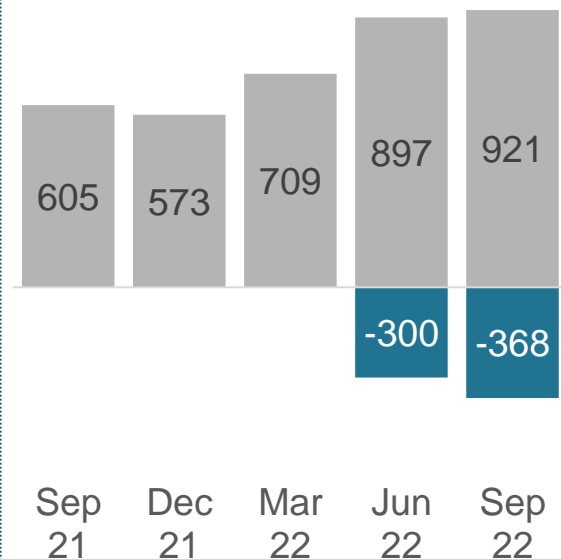
USA	2.42%	2.51%	3.22%	4.16%	4.85%
Germany	1.19%	1.23%	1.86%	3.30%	3.69%



Financial assets and debt,
in EUR mn

Net financial assets, in EUR mn

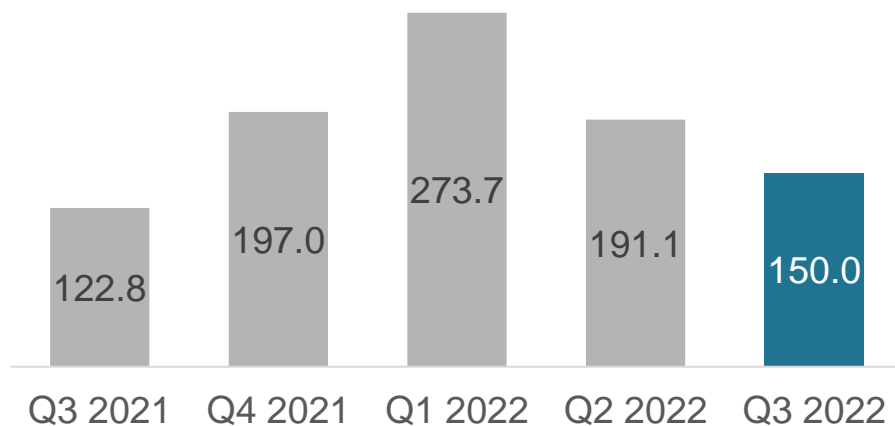
605 573 709 597 553



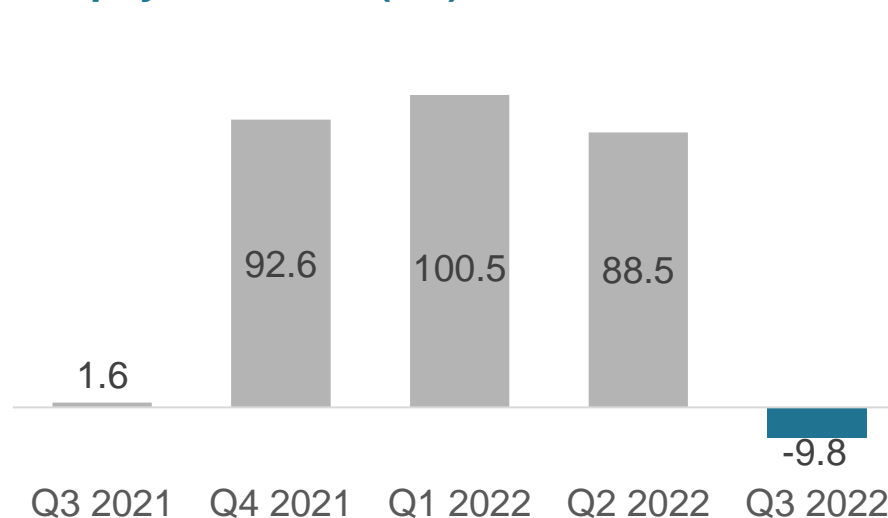
■ Financial assets ■ Financial debt

Net cash flow significantly negative due to ongoing invest in expansion projects

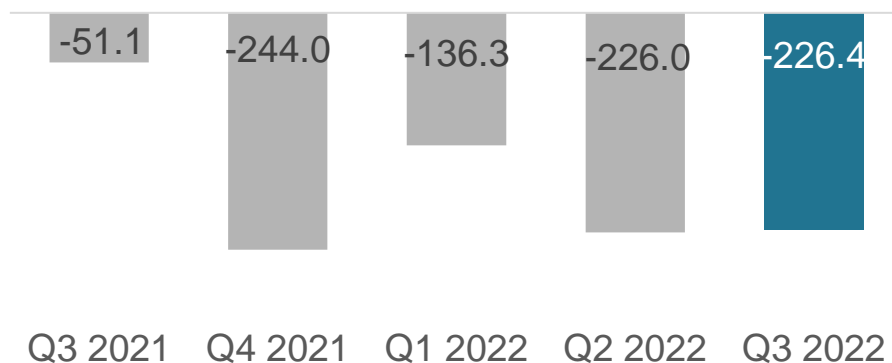
Operating cash flow (OCF), in EUR mn
including prepayments



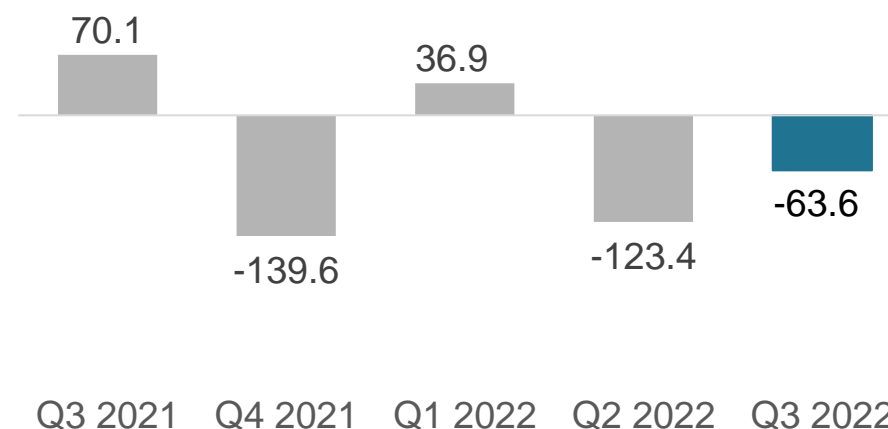
Prepayments net (PP), in EUR mn



CF Capex, in EUR mn



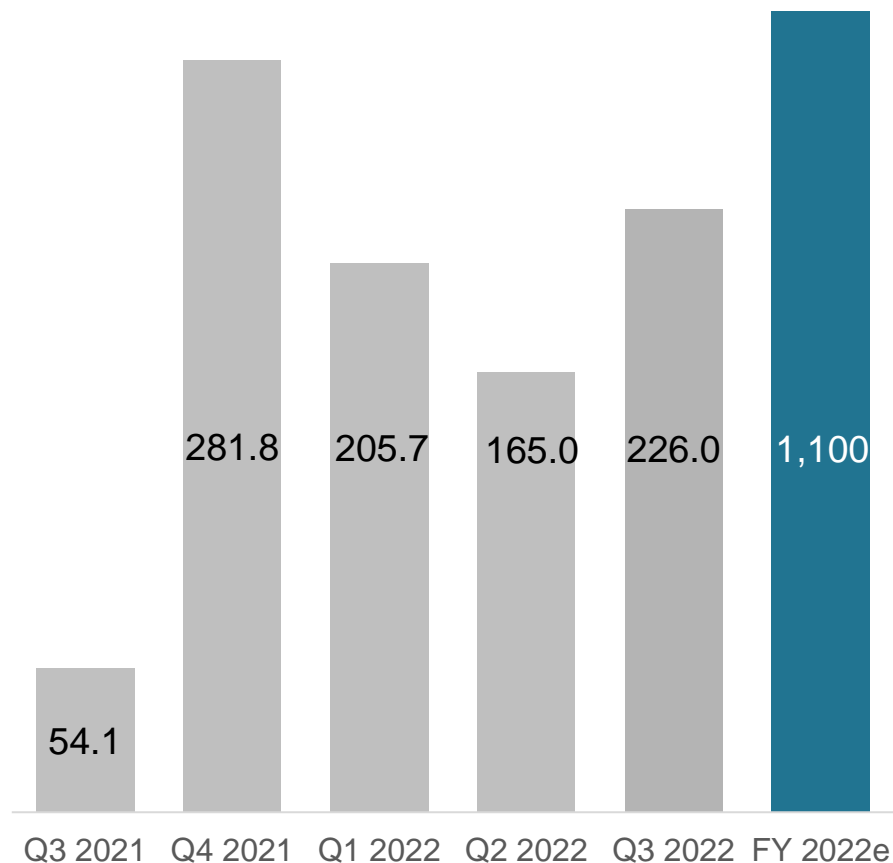
Net cash flow (NCF), in EUR mn
excluding prepayments



NCF= OCF-PP+CF Capex

High CAPEX related to expansion projects will increase in H2.

Investment, in EUR m



Comments

- ▶ Capex guidance 2022: EUR 1,100 mn
 - ▶ two thirds of capex for FabNext
 - ▶ 300 mm epi capacity
 - ▶ capabilities for future design rules
 - ▶ expansion of crystal pulling hall in Freiberg
- ▶ Capex in H2 will be significantly above H1 based on project phases

Financing of Expansion Projects

- ▶ Existing cash and operating cash flow
- ▶ Customer pre-payments
- ▶ Loans (see next page)
- ▶ Dividend policy amended to max. EUR 3 per share

Three pillars of debt financing for capex projects including FabNext



ESG-linked promissory note loan
€ 300 mn with terms of five, seven and ten years



Local bilateral loan in Singapore Dollar denomination
S\$ 450 mn, draw-down in 2022 and 2023



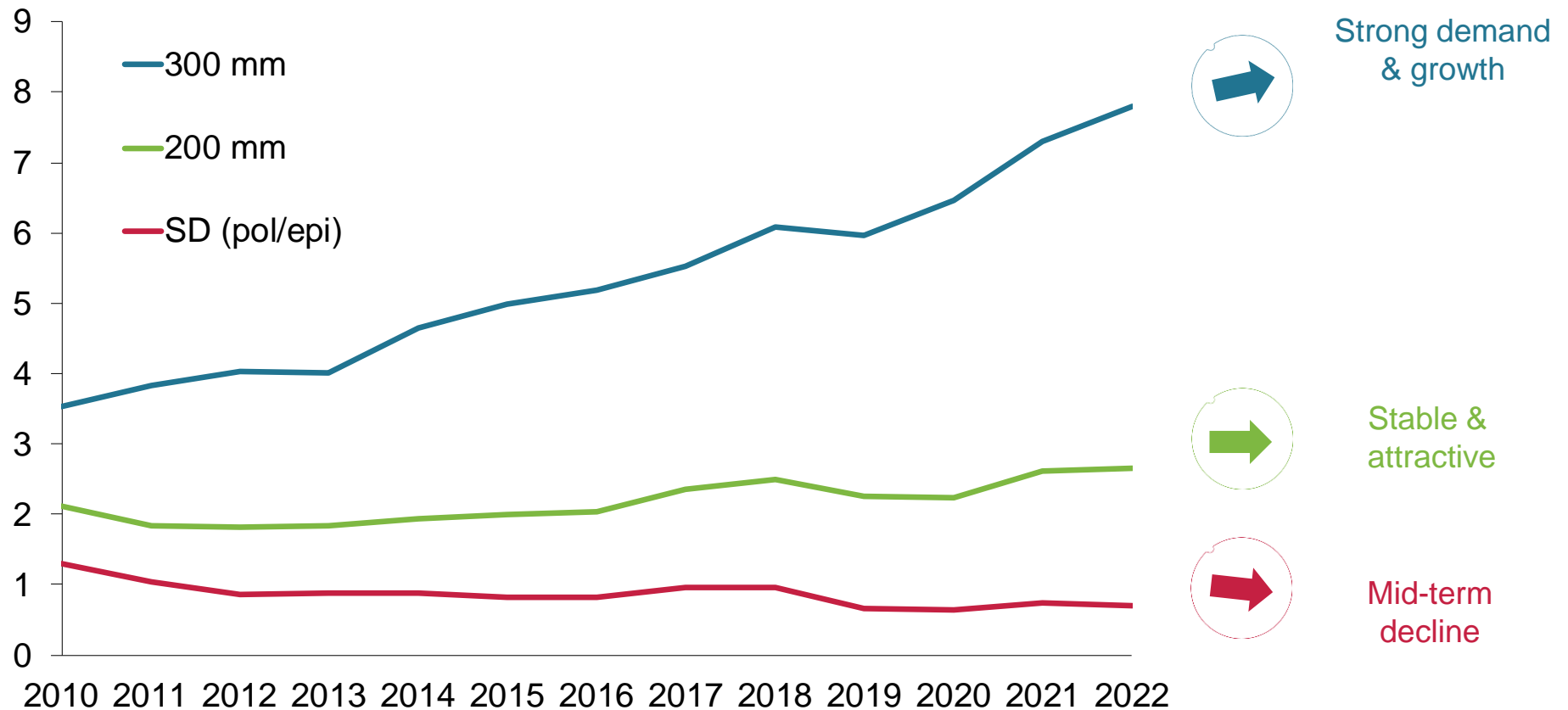
European Investment Bank bilateral loan
€ 200 m, draw-down in Q4/2022, amortizing over ten years



Outlook 2022

Siltronic is focused on growing 300 mm and attractive 200 mm business. Market growth continued in Q3.

Development of Total Wafer Demand per Diameter, in mn 300 mm equivalents per month



Source: SEMI up to Q3 2022

Outlook

- ▶ Tailwind from FX continues to drive sales and results
- ▶ Softness in some end markets lead to risk of inventory corrections in some segments
- ▶ Long term growth drivers are intact
- ▶ Structural shortage for 300 mm wafers is expected to persist
- ▶ Project to become independent of gas supply at German sites is proceeding
 - ▶ reduction of consumption in the short term
 - ▶ Freiberg site replacing gas with fuel oil within 3 months, plan to become independent of fossil fuels in next years
- ▶ Siltronic is confident to have sufficient supply of energy and gas for the foreseeable future
- ▶ Siltronic focus on smooth project execution and operational excellence

Siltronic Outlook 2022 (as of October 28, 2022)

Sales	– 26 to 30 percent increase	+
EBITDA margin	– increase to 36 to 38 percent (incl. termination fee)	+
Depreciation	– around EUR 185 mn	=
EBIT	– significant increase	=
Tax rate	– between 10 to 15 percent	=
CapEx	– around EUR 1,100 mn (approx. 2/3 for FabNext)	=
Net cash flow	– significantly negative due to high investments	=
Earnings per share	– significant increase	=

Contact and Additional Information

Issuer and Contact

Siltronic AG
Einsteinstraße 172
D-81677 München

Investor Relations:

Dr. Rupert Krautbauer
email: investor.relations@siltronic.com
Tel. +49 89 8564-3133

Additional Information

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



Disclaimer

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements contained in this presentation may be statements of future expectations, future financial performance and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities and risk adequate pricing, words such as "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "continue", "projects" or "seeks", "potential", "future", or "further" and similar expressions may identify forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing business or other market conditions, currency and interest fluctuations, introduction of competitive products, poor acceptance of new products and services, change of the corporate strategy and the prospects for growth anticipated by the management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Siltronic AG does not undertake and does not intend to undertake any obligation to update or revise any statements contained in this presentation, whether as a result of new information, future events or otherwise. In particular, you should not place any reliance on forward-looking statements which speak only as of the date of this presentation.

SILTRONIC AG |

Einsteinstrasse 172
81677 Munich
Germany