

Siltronic AG

Q3 2023 Conference Call
Presentation

In line with expectations

October 26, 2023

Development in Q3 in line with expectations

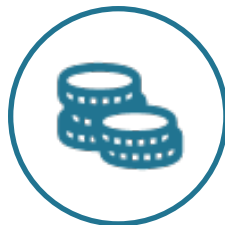
We are fully on track to reach FY guidance



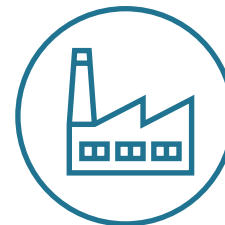
2023 trough reached in Q3 due to weak demand



Stable pricing environment



Continued high investments to be ready for market turnaround



Q3 2023 still impacted by industry weakness, but on a solid level

349

Sales in EUR mn
Q2 2023: 404

-215

Net Cash Flow in EUR mn
Q2 2023: -310

28.4

EBITDA Margin in %
Q2 2023: 29.4

318

Capex in EUR mn
Q2 2023: 366

Stable

Pricing environment

Nov 30

Capital Markets Day
London



Financials Q3 2023

Sound and expected performance in a still challenging environment

Q3 in line with expectations, pricing sentiment stable

Profit & Loss, in EUR million

	Q3 2023	Q2 2023	Q1-Q3 2023
Sales	349.1	403.7	1,157.2
Gross profit	75.7	101.1	293.0
Gross margin, in %	21.7	25.0	25.3
EBITDA	99.1	118.6	342.8
EBITDA margin, in %	28.4	29.4	29.6
EBIT	46.4	70.3	194.5
EBIT margin, in %	13.3	17.4	16.8
Net Income	35.1	61.4	169.0
EPS, in EUR	1.10	1.83	5.13

Comments

Sales: -14% qoq

- ▶ Lower wafer area sold
- ▶ Stable prices and FX

EBITDA: -16% qoq, solid margin

- ▶ Stable unit cost for materials and energy
- ▶ Lower fixed cost dilution, but no negative inventory effects (like in Q2)
- ▶ Positive FX result of EUR 10 mn

EBIT: -34% qoq

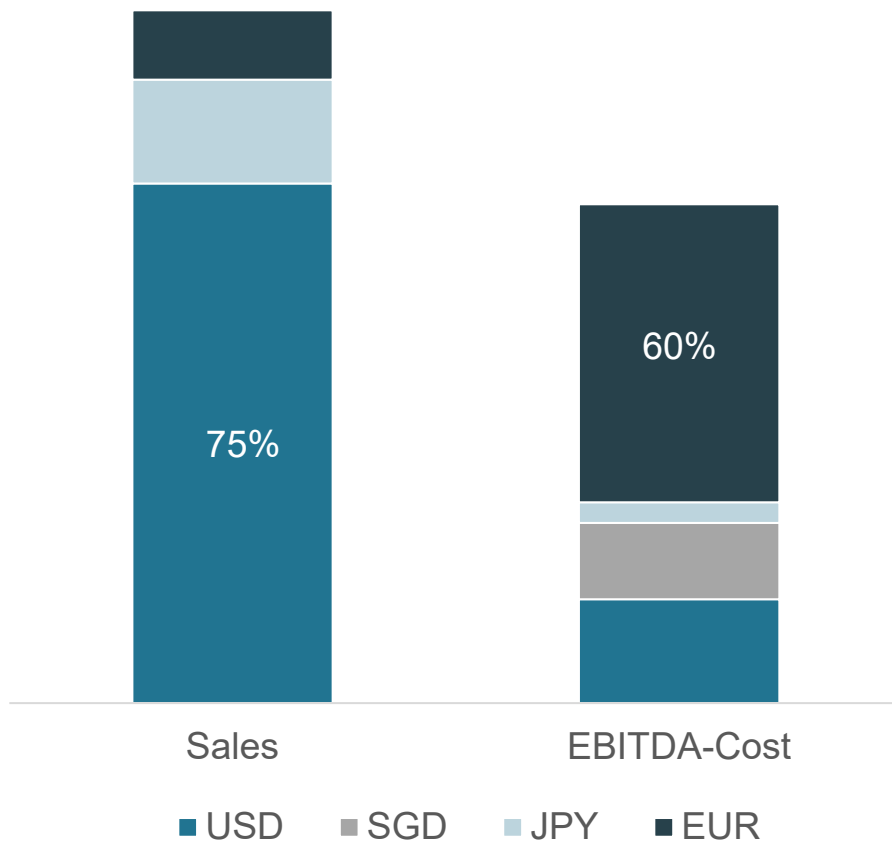
- ▶ Expected increase in depreciation

Net income: -43% qoq

- ▶ Reduced interest income due to lower cash position
- ▶ Increase in tax rate due to shift in site mix

Some insights into our FX effects

FX Exposure 2023, in %



FX Impacts

USD Sensitivity, based on 2023 exposure (EUR/USD 1.10)

Change EUR/USD \pm 1 USD-ct

- ▶ EUR 10 mn in Sales
- ▶ EUR 7 mn in EBITDA, unhedged (including highly correlated SGD-effect)

USD Hedging strategy

- ▶ Operational hedging
- ▶ Strategic hedging: gradual hedging up to 18 months ahead, based on net FX exposure

FX result (in other operating income/expenses)

- ▶ Mostly FX hedging
- ▶ Other valuation effects (trade receivables, payables)

Strong balance sheet – expected shift between cash & securities and fixed assets

Balance Sheet Composition

	Sep 30, 2023	Dec 31, 2022
Assets, in EUR mn	4,326	4,051
Fixed Assets	73%	58%
Inventories	7%	7%
Receivables	8%	9%
Cash & Securities	12%	26%
Equity & Liabilities, in EUR mn	4,326	4,051
Equity	49%	51%
Provisions	5%	5%
Financial Liabilities	21%	19%
Liabilities & Prepayments	25%	25%

Comments

Fixed assets: + EUR 795 mn vs. Dec 31, 22

- ▶ Increase to EUR 3.2 bn due to high capex

Cash & Securities: - EUR 543 mn vs. Dec 31, 22

- ▶ Decline to EUR 506 mn
- ▶ Operating cash flow < payments for capex and dividend

Equity Ratio: 49%

- ▶ Healthy level

Financial Liabilities

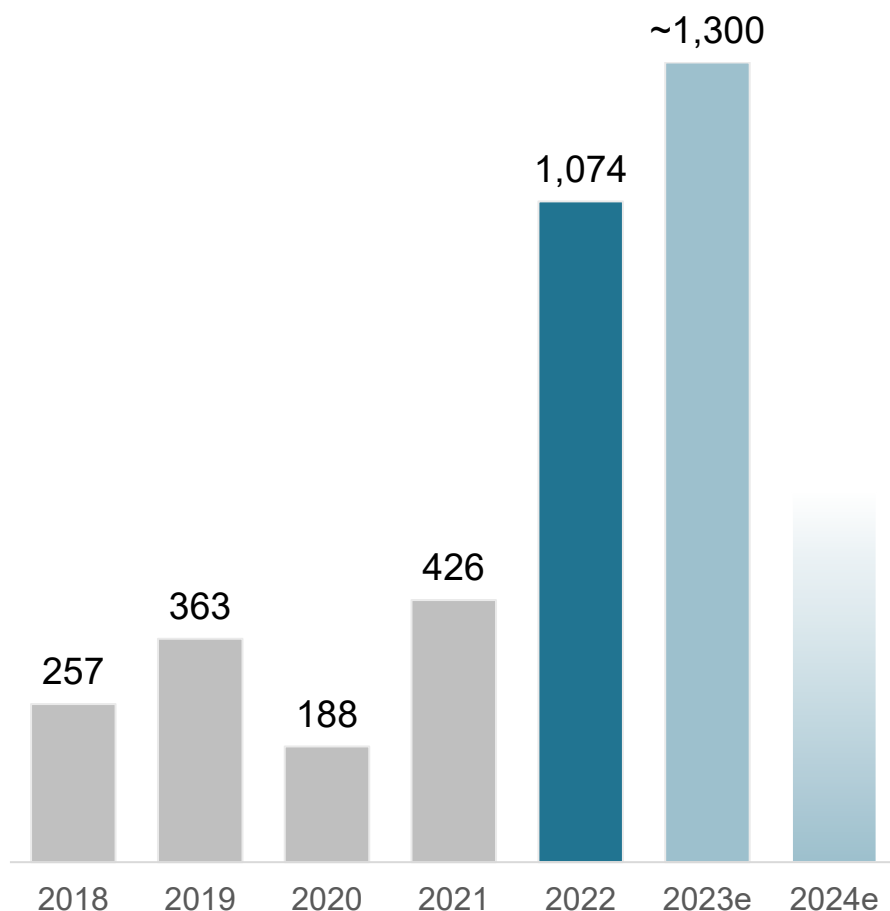
- ▶ Last drawdown of Singapore Dollar loan in Q3 23

Liabilities/Prepayments

- ▶ Customer prepayments received: EUR 79 mn
- ▶ Provisions for pensions: slight decline to a historically low level

Major Capex in 2023 (mostly for FabNext) will fuel future growth

Investment, in EUR mn



Comments

Capex

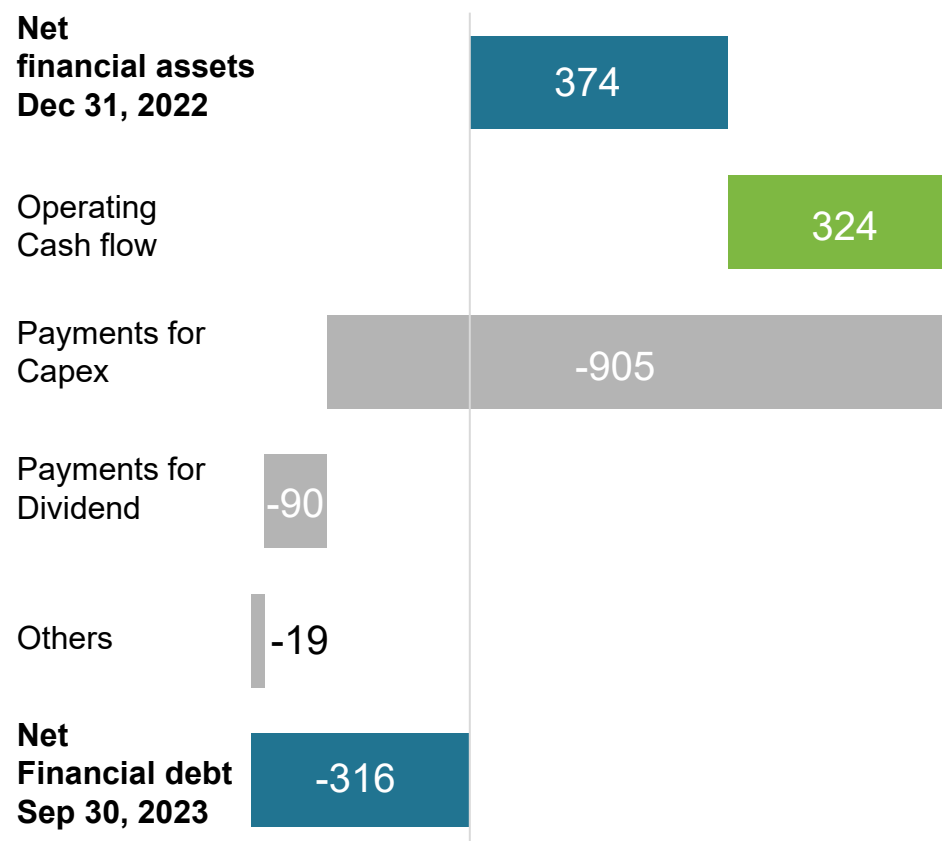
- ▶ Capex 2023 for FabNext, extension of crystal pulling hall in Freiberg (inaugurated in September) and capability enhancement
- ▶ Capex 2024 will be reduced by more than half

Conservative Financing Approach

- ▶ Existing cash and future operating cash flows
- ▶ Customer prepayments
- ▶ Financial debt

High Capex covered by strong financing base

Net Financial Debt, in EUR mn



Comments

Four financing instruments in place

- ▶ Fully drawn
 - ▶ ESG linked promissory note loan
 - ▶ Singapore Dollar bilateral loan
 - ▶ European Investment Bank loan
- ▶ Not drawn
 - ▶ Syndicated loan (term loan and RCF) EUR 380 mn

Net financial assets Dec 31, 2022, turning into net financial debt Sep 30, 2023

- ▶ Solid operating cash flow
- ▶ Peak invest outflow, mainly for FabNext
- ▶ Dividend payment
- ▶ Change in net financial position EUR -689 mn



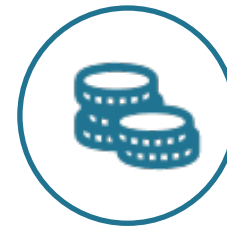
Outlook 2023 and beyond

We are consistently preparing for
the next profitable growth phase

Market environment still challenging - nevertheless stable pricing and solid profitability

Market weakness

due to excess inventory will trail into 2024



Environment of **price stability**

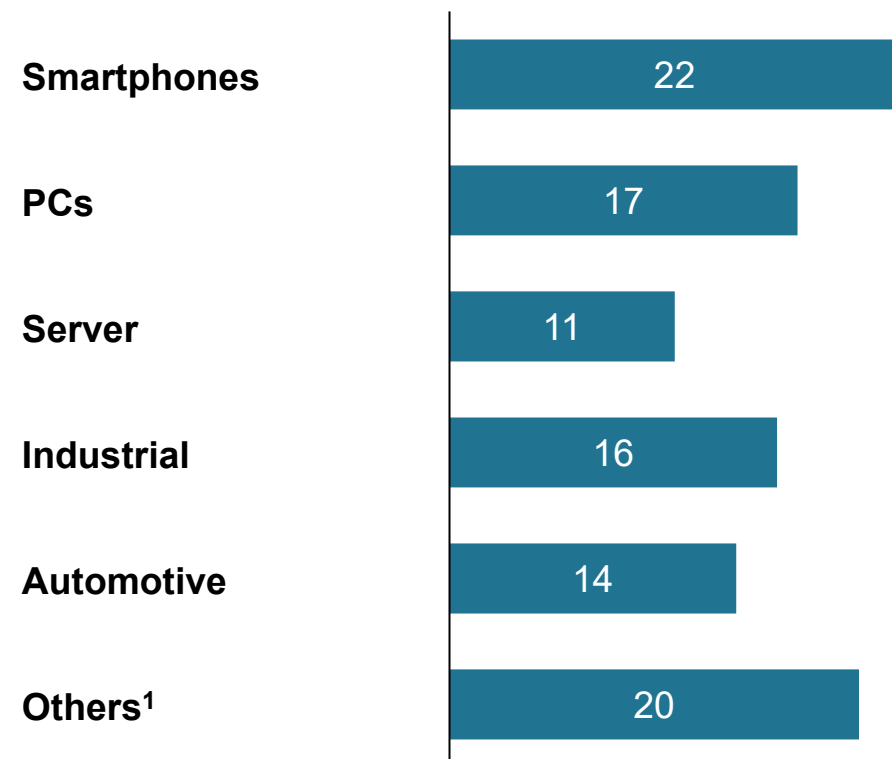
High LTA share
stabilizes business



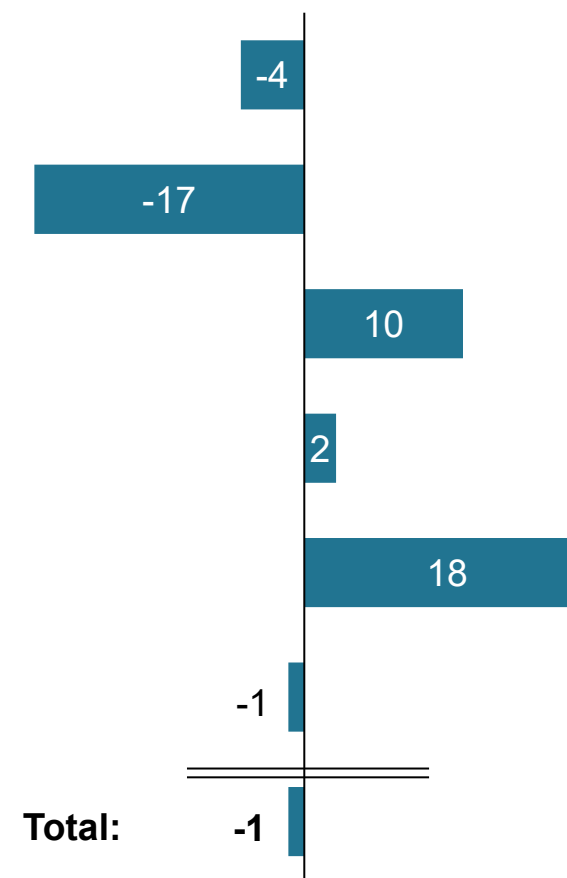
Solid profitability

End markets are expected to stagnate in 2023 (before inventory effects)

Consumption of wafers by end use 2022, in %



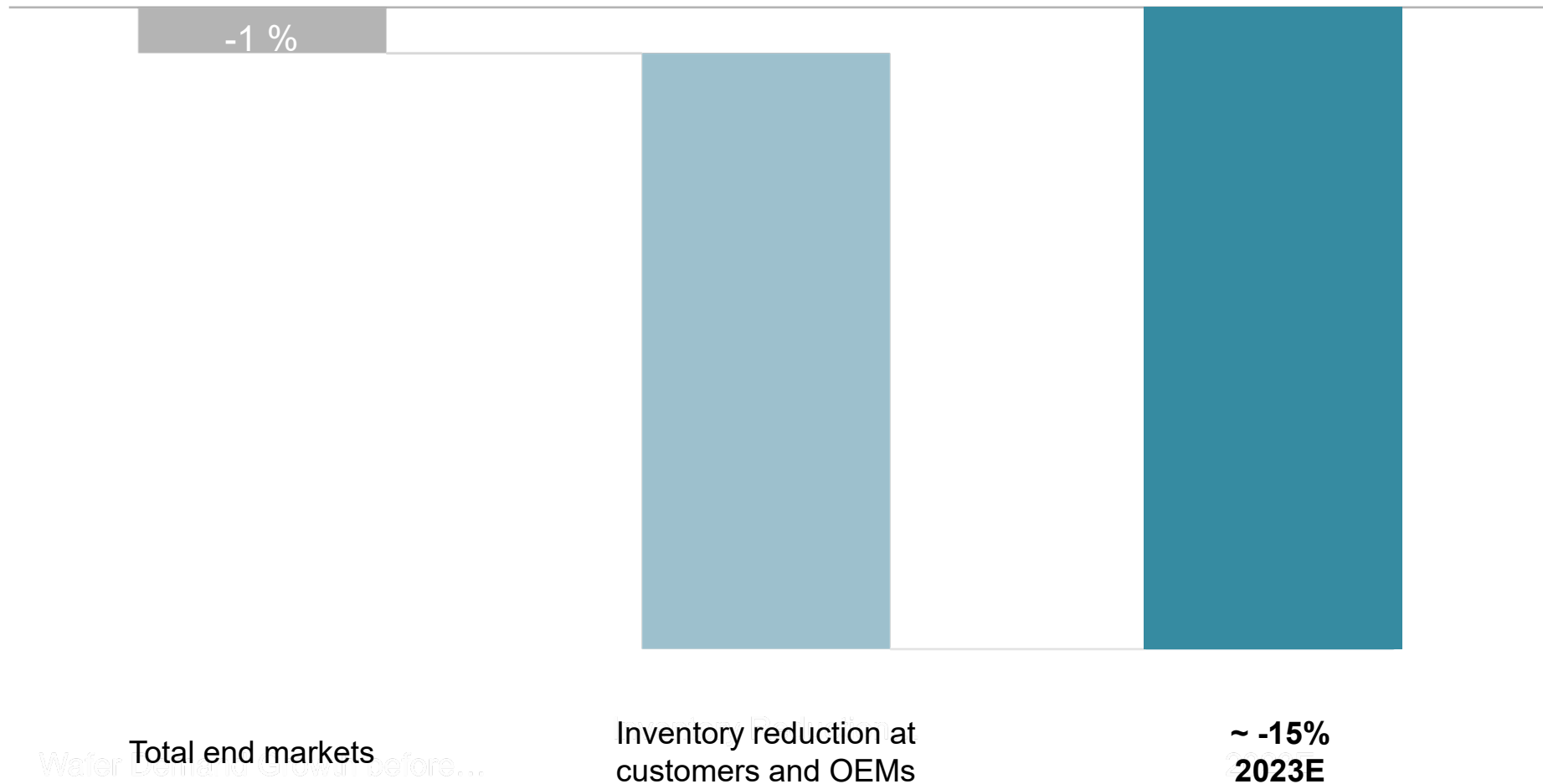
Growth in demand for wafer area 2023 vs. 2022, in %



Source: Siltronic estimates, ¹ Infrastructure Telecommunications, game consoles, consumer electronics such as televisions, white goods such as refrigerators

Wafer demand in 2023 will be down around 15% due to inventory reductions; soft demand trailing into 2024

Composition of growth drivers for wafer market 2023 vs. 2022, in %






Source: Siltronic estimates




The crystal ball has not cleared yet!



Inventory status:

-  Memory peaked but still elevated, DRAM and NAND prices stabilizing
-  Logic close to normal levels
-  Power increasing, Auto forecast positive - has to be watched

Economic and geopolitical uncertainties persist:

-  Consumer sentiment in China
-  Persistent inflation
-  Geopolitical risks

Typical time-lag for wafer industry to turnaround: 6 months

Source: [nigel-tadyanehondo/unsplash.com](https://unsplash.com/photos/nigel-tadyanehondo)

FabNext first wafers to be produced soon - Freiberg pulling hall inaugurated in September



- First wafers to be produced soon
- 📄 Focus on qualifying customers
- 📈 High share of LTA, 80% during ramp phase
- 📉 Ramp speed for 2024 and 2025 slightly adjusted as communicated in Q2
- € EBITDA-Margin above 50% mid-term with growing impact on Group Margin during ramp

- ✓ Extension of crystal pulling hall inaugurated
- € Several hundred million euros invested
- 🏆 Product mix improvement

Source: Siltronic

Outlook 2023 confirmed and substantiated on the upper range of the bandwidths

FY 2023

Sales

15% – 17%
below 2022

EBITDA Margin

28% – 30%

Depreciation

around **EUR 200 mn**

Capex

around **EUR 1.3 bn**

Net Cash Flow

significantly
below 2022

Tax Rate

around **15%**

Based on FX assumption EUR/USD at 1.10

Next highlight: Capital Markets Day in London on November 30, 2023



Venue: Andaz Hotel, 40 Liverpool Street, London

Time: Start 9 am until around 3 pm CMT

Main Topics:

- ▶ Strategy update and mid-term outlook
- ▶ Industry and technology deep-dives

Presenters:

- ▶ Dr. Michael Heckmeier, CEO
- ▶ Claudia Schmitt, CFO
- ▶ Head of Marketing & Sales
- ▶ Head of Application Technology
- ▶ Head of Marketing & Global Power Business

Further Information:

- ▶ <https://www.siltronic.com/en/investors/capital-markets-day.html>

Contact and Additional Information

Issuer and Contact

Siltronic AG
Einsteinstraße 172
D-81677 München

Investor Relations:

Verena Stütze
E-mail: investor.relations@siltronic.com
Tel: +49 89 8564-3133

Financial Calendar 2024

March 12	FY 2023 results
May 2	Q1 2024 results
July 25	Q2 2024 interim results
October 24	Q3 2024 results

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