

Press release

Siltronic AG

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As expected, Siltronic's Q1 2024 earnings continue to be impacted by weak demand due to elevated customer inventories

- Sales compared to the previous quarter decreased by 3.7 percent to EUR 343.5 million, mainly due to product mix shifts

- EBITDA margin improved from 25.5 percent to 26.4 percent quarter-on-quarter

- Forecast for 2024: Sales roughly 10 percent below previous year; EBITDA margin between 21 and 25 percent

- Klaus Buchwald to be appointed as the new Chief Operating Officer as early as June 1, 2024

Munich, Germany, May 2, 2024 – Siltronic AG (MDAX/TecDAX: WAF) continued to be affected by weak demand in Q1 2024 due to increased customer inventory levels, with sales declining nearly 4 percent compared to Q4 2023, primarily due to product mix shifts.

"The start of the year continues to be characterized by weak demand due to increased inventories at our customers. It is still not possible to predict when inventories will return to a normal level. Therefore, 2024 will probably be a transition year on the way to profitable growth," comments Dr. Michael Heckmeier, CEO of Siltronic AG on the development.

Business Development in Q1 2024

		Q1 2024	Q4 2023	Q1 2023	Change	
					Q1 to Q4	Q1 to Q1
Sales	in EUR million	343.5	356.6	404.4	-13.1	-60.9
Cost of sales	in EUR million	-273.4	-277.4	-288.2	4.0	14.8
Gross profit	in EUR million	70.1	79.2	116.2	-9.1	-46.1
Gross margin	in percent	20.4	22.2	28.7		
EBITDA	in EUR million	90.8	91.1	125.2	-0.3	-34.4
EBITDA margin	in percent	26.4	25.5	31.0		
Depreciation, amortization and impairment less reversals thereof	in EUR million	-54.8	-54.3	-47.4	-0.5	-7.4
EBIT	in EUR million	36.0	36.8	77.8	-0.8	-41.8
EBIT margin	in percent	10.5	10.3	19.2		
Financial result	in EUR million	-3.1	-2.2	4.1	-0.9	-7.2
Result before income taxes	in EUR million	32.9	34.6	81.9	-1.7	-49.0
Income taxes	in EUR million	-5.2	-2.3	-9.4	-2.9	4.2
Tax rate	in percent	16	7	11		
Result for the period	in EUR million	27.7	32.3	72.5	-4.6	-44.8
Earnings per share	in EUR	0.86	1.01	2.20	-0.15	-1.35

Siltronic generated sales of EUR 343.5 million in Q1 2024, which corresponds to a decrease of 3.7 percent compared to Q4 2023. This development is in line with expectations. While the wafer area sold and sales prices remained nearly stable compared to the previous quarter, the product mix in particular had a slightly negative impact. The Euro/US dollar exchange rate, which averaged 1.09 in Q1 2024 (Q4 2023: 1.08), also impacted sales slightly on a quarterly basis.

Cost of sales decreased by 1.4 percent compared to the previous quarter and therefore could not be reduced at the same level as sales.

As a result, the gross profit in Q1 2024 decreased by EUR 9.1 million compared to the previous quarter. The gross margin decreased from 22.2 percent (Q4 2023) to 20.4 percent (Q1 2024).

The decrease in gross profit was largely offset by positive FX effects and lower selling, administration, and research and development expenses. The FX effects reported in the balance of other operating income and expenses amounted to EUR 5.4 million after EUR -0.8 million in Q4 2023.

EBITDA in Q1 2024 (EUR 90.8 million) was therefore on par with the previous quarter (Q4 2023: EUR 91.1 million). Due to the decline in sales, the EBITDA margin improved from 25.5 percent to 26.4 percent.

EBIT amounted to EUR 36.0 million in Q1 2024 compared to EUR 36.8 million in Q4 2023. The marginal decline is mainly due to a higher depreciation.

Despite continued weak demand, a EUR 27.7 million result for the period was achieved after EUR 32.3 million in the previous quarter. Of this amount, EUR 25.7 million is attributable to the shareholders of Siltronic AG, resulting in earnings per share of EUR 0.86.

Development of equity, net cash flow and net financial assets

In EUR million	Mar. 31, 2024	Dec. 31, 2023	Change
Equity	2,152.9	2,099.7	53.2
Pension provisions	136.7	146.0	-9.3
Customer prepayments	544.7	542.5	2.2
Loan liabilities	838.6	785.2	53.4
Lease liabilities	132.4	109.5	22.9
Other provisions and liabilities	215.5	184.1	31.4
Non-current liabilities	1,867.9	1,767.3	100.6

With an equity of EUR 2,152.9 million as of March 31, 2024 and an equity ratio of 46.5 percent, Siltronic continues to have a solid balance sheet quality (December 31, 2023: 46.6 percent).

Loan liabilities increased by EUR 53.4 million, mainly due to the partial draw down of a loan. In addition, other provisions and liabilities increased by EUR 31.4 million, mainly due to an investment grant received.

In EUR million	Q1 2024	Q4 2023	Change
Cash flow from operating activities	61.5	163.5	-102.0
Proceeds/payments for capital expenditure including intangible assets	-198.7	-207.5	8.8
Free cash flow	-137.2	-44.0	-93.2
Cash-effective change in prepayments	-21.2	11.8	-33.0
Net cash flow	-158.4	-32.2	-126.2
Proceeds/payments for capital expenditure including intangible assets	-198.7	-207.5	8.8
Proceeds/payments for financial investments (securities and fixed-term deposits)	-19.8	-16.2	-3.6
Cash flow from investing activities	-218.5	-223.7	5.2

The decrease in cash flow from operating activities compared to the previous quarter is mainly due to reporting date effects in the inflow of trade receivables. In Q4 2023, payments were received from customers shortly before the reporting date, and in Q1 2024 shortly after the reporting date.

In the quarter under review, Siltronic made net payments of EUR 198.7 million for capex including intangible assets. Due to the high capex at the end of 2023, some of which was not due for payment until 2024, capex payments significantly exceeded additions to the balance sheet in the quarter under review. The payments and balance sheet additions were mainly related to the new fab in Singapore.

Due to the change in working capital and the continued high level of investments, both the free cash flow of EUR -137.2 million and the net cash flow of EUR -158.4 million were negative in Q1 2024. As a result, cash and cash equivalents and financial investments decreased by EUR 88.9 million, while loan liabilities increased at the same time. Accordingly, net financial debt increased from EUR 355.7 million at the end of 2023 to EUR 501.0 million as of March 31, 2024.

In EUR million	Mar. 31, 2024	Dec. 31, 2023	Change
Cash and cash equivalents	-277.6	-386.2	108.6
Securities and time deposits	-92.8	-72.9	-19.9
Restricted long-term Funds	2.4	2.2	0.2
Nominal value of loan liabilities including interests	869.0	812.6	56.4
Net financial debt	501.0	355.7	145.3

Outlook: Mid-term targets for 2028 unchanged, 2024 will be a transition year

Driven by several megatrends, Siltronic expects a significant increase in demand in the medium and long term. However, the start to the 2024 financial year was subdued. Although demand for wafers is increasing in the end markets, Siltronic continues to face weak demand in the coming quarters. This is due to higher customer inventories and the associated further postponement of delivery volumes, which will now primarily affect the second half of the year. Customers' persistently high inventories are recovering slower than originally expected. As a result, the impact of these elevated inventories is expected to be felt throughout 2024, although visibility remains limited.

In an ad hoc announcement on April 26, 2024, Siltronic therefore adjusted its forecast and expects Group sales to be roughly 10 percent below the previous year. This is mainly due to lower volumes and both slightly negative FX- (EUR/USD 1.10) and price effects. The EBITDA margin is forecast to be between 21 and 25 percent. Capital expenditure will decrease compared to the previous guidance and is expected to be slightly below EUR 550 million. Depreciation and amortization is expected to be below EUR 300 million.

	Forecast March 12, 2024	Forecast April 26, 2024
Sales	in the region of previous year	roughly 10 percent below the previous year
EBITDA-Margin	before ramp costs in the region of previous year; ramp costs will burden the EBITDA margin by up to 3 percentage points compared to the previous year	21 - 25 percent
Depreciation	almost doubled y-o-y	below EUR 300 million
EBIT	significant decline	significant decline
Capex	below EUR 600 million	slightly below EUR 550 million
Net cash flow	significantly improved compared to previous year, but remains significantly negative	significantly improved compared to previous year, but remains significantly negative

Klaus Buchwald to be appointed Chief Operating Officer as early as June 1, 2024

Klaus Buchwald will take up his position as a new member of the Executive Board and Chief Operating Officer (COO) of Siltronic AG on June 1, 2024, two months earlier than originally announced. He will be responsible for Operations and Supply Chain, Engineering as well as IT.

Siltronic AG – Key figures Q1/2024

Profit and Loss statement

In EUR million		Q1 2024	Q4 2023	Q1 2023
Sales		343.5	356.6	404.4
EBITDA		90.8	91.1	125.2
EBITDA margin	percent	26.4	25.5	31.0
EBIT		36.0	36.8	77.8
EBIT margin	percent	10.5	10.3	19.2
Result for the period		27.7	32.3	72.5
Earnings per share	EUR	0.86	1.02	2.20

Capital expenditure and net cash flow

Capital expenditure in property, plant and equipment, and intangible assets		173.0	372.3	259.8
Net cash flow		-158.4	-32.2	-105.6

Statement of financial position

In EUR million		Mar. 31, 2024	Dec. 31, 2023
Total assets		4,630.7	4,504.9
Equity		2,152.9	2,099.7
Equity ratio	percent	46.5	46.6
Net Debt		501.0	355.7



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 May 2, 2024, at 10:00 am (CEST). This call will be streamed over the Internet. The audio webcast will be available live and on demand on Siltronic's website.

The quarterly statement and the latest investor presentation are also published on the Siltronic website.

Other dates:

May 13, 2024	Annual General Meeting
July 25, 2024	Interim Report 2024
October 24, 2024	Q3 2024 quarterly statement

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Company profile:

As one of the leading wafer manufacturers, Siltronic is globally oriented and operates production sites 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 focuses on quality, precision, innovation, and growth. Siltronic AG employs around 4,500 people worldwide 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.

Financial information – pursuant to IFRS, unaudited

Siltronic AG – Consolidated Statement of Profit or Loss

In EUR million	Q1 2024	Q4 2023	Q1 2023
Sales	343.5	356.6	404.4
Cost of sales	-273.4	-277.4	-288.2
Gross profit	70.1	79.2	116.2
Selling expenses	-8.2	-9.0	-9.1
Research and development expenses	-21.8	-23.2	-22.4
General administration expenses	-9.0	-9.4	-8.9
Other operating income	31.5	16.6	40.7
Other operating expenses	-26.6	-17.4	-38.7
Operating result	36.0	36.8	77.8
Interest income	3.5	4.3	7.4
Interest expenses	-5.9	-4.9	-2.8
Other financial result	-0.7	-1.6	-0.5
Financial result	-3.1	-2.2	4.1
Result before income taxes	32.9	34.6	81.9
Income taxes	-5.2	-2.3	-9.4
Result for the period	27.7	32.3	72.5
<i>of which</i>			
<i>attributable to Siltronic AG shareholders</i>	<i>25.7</i>	<i>30.3</i>	<i>66.1</i>
<i>attributable to non-controlling interests</i>	<i>2.0</i>	<i>2.0</i>	<i>6.4</i>
Result per common share in EUR (basic/diluted)	0.86	1.01	2.20

Siltronic AG - Consolidated Statement of Financial Position

In EUR million	Mar. 31, 2024	Dec. 31, 2023
Intangible assets	22.6	22.2
Property, plant and equipment	3,447.7	3,318.8
Right-of-use assets	144.4	120.3
Securities and fixed-term deposits	2.4	2.2
Other financial assets	0.2	0.6
Other non-financial assets	13.2	17.2
Deferred tax assets	21.6	18.0
Non-current assets	3,652.1	3,499.3
Inventories	307.4	300.8
Trade receivables	208.4	162.4
Contract assets	13.0	12.2
Securities and fixed-term deposits	90.4	70.7
Other financial assets	10.3	18.9
Other non-financial assets	69.4	52.2
Income tax receivables	2.1	2.2
Cash and cash equivalents	277.6	386.2
Current assets	978.6	1,005.6
Total assets	4,630.7	4,504.9
Subscribed capital	120.0	120.0
Capital reserves	974.6	974.6
Retained earnings and net Group result	793.9	768.1
Other equity items	66.5	41.7
Equity attributable to Siltronic AG shareholders	1,955.0	1,904.4
Equity attributable to non-controlling interests	197.9	195.3
Equity	2,152.9	2,099.7
Pension provisions	136.7	146.0
Other provisions	65.5	65.7
Liabilities for income taxes	2.6	2.6
Deferred tax liabilities	2.9	2.5
Customer prepayments	544.7	542.5
Loan liabilities	838.6	785.2
Lease liabilities	132.4	109.5
Other non-financial liabilities	144.5	113.3
Non-current liabilities	1,867.9	1,767.3
Other provisions	8.5	8.3
Liabilities for income taxes	24.5	21.7
Trade liabilities	392.6	452.5
Customer prepayments	63.2	46.3
Loan liabilities	8.3	3.9
Lease liabilities	7.8	6.1
Other financial liabilities	43.3	44.6
Other non-financial liabilities	61.7	54.5
Current liabilities	609.9	637.9
Total liabilities	2,477.8	2,405.2
Total equity and liabilities	4,630.7	4,504.9

Siltronic AG - Consolidated Statement of Cash Flows

In EUR million	Q1 2024	Q4 2023	Q1 2023
Result for the period	27.7	32.3	72.5
Depreciation / amortization of non-current assets, including impairment losses and reversals thereof	54.8	54.3	47.4
Other non-cash expenses and income	-3.6	-2.7	-4.1
Result from disposal of non-current assets	0.6	0.9	0.6
Interest income	2.4	0.6	-4.7
Interest paid	-3.8	-8.7	-0.5
Interest received	14.8	2.4	2.6
Tax expense	5.2	2.3	9.4
Taxes paid	-2.4	-8.0	-7.8
Changes in inventories	-6.0	0.6	-28.1
Changes in trade receivables	-45.4	49.5	49.2
Changes in contract assets	-0.9	-0.2	-0.9
Changes in other assets excluding prepayments made	-17.9	18.3	-19.8
Changes in provisions	13.1	4.4	2.9
Changes in trade liabilities	-2.6	10.1	-0.6
Changes in other liabilities excluding prepayments received	4.3	19.2	6.8
Changes in prepayments	21.2	-11.8	21.8
Cash flow from operating activities	61.5	163.5	146.7
Payments for capital expenditure (including intangible assets)	-230.9	-294.1	-230.5
Proceeds from the disposal of property, plant and equipment	0.2	2.7	-
	32.0	83.9	-
Payments for securities and fixed-term deposits	-49.8	-60.3	-135.8
Proceeds from securities and fixed-term deposits	30.0	44.1	246.8
Cash flow from financing activities	-218.5	-223.7	-119.5
Proceeds from loans	50.0	-	-
Repayment portion of lease liability	-1.8	-1.6	-1.3
Cash flow from financing activities	48.2	-1.6	-1.3
Changes due to exchange-rate fluctuations	0.2	-1.5	-2.3
Changes in cash and cash equivalents	-108.6	-63.3	23.6
at the beginning of the period	386.2	449.5	488.7
at the end of the period	277.6	386.2	512.3

Additional financial information

In EUR million	Q1 2024	Q4 2023	Q1 2023
Cash flow from operating activities	61.5	163.5	146.7
Cash-effective changes in customer prepayments	-21.2	11.8	-21.8
Cash flow from investing activities	-198.7	-207.5	-230.5
Net cash flow	-158.4	-32.2	-105.6

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.

This press release is a quarterly Group statement in accordance with Section 53 of the Exchange Rules for the Frankfurt Stock Exchange.