

# Siltronic Roadshow Presentation

May / June 2018

# Financials improved strongly over the last years

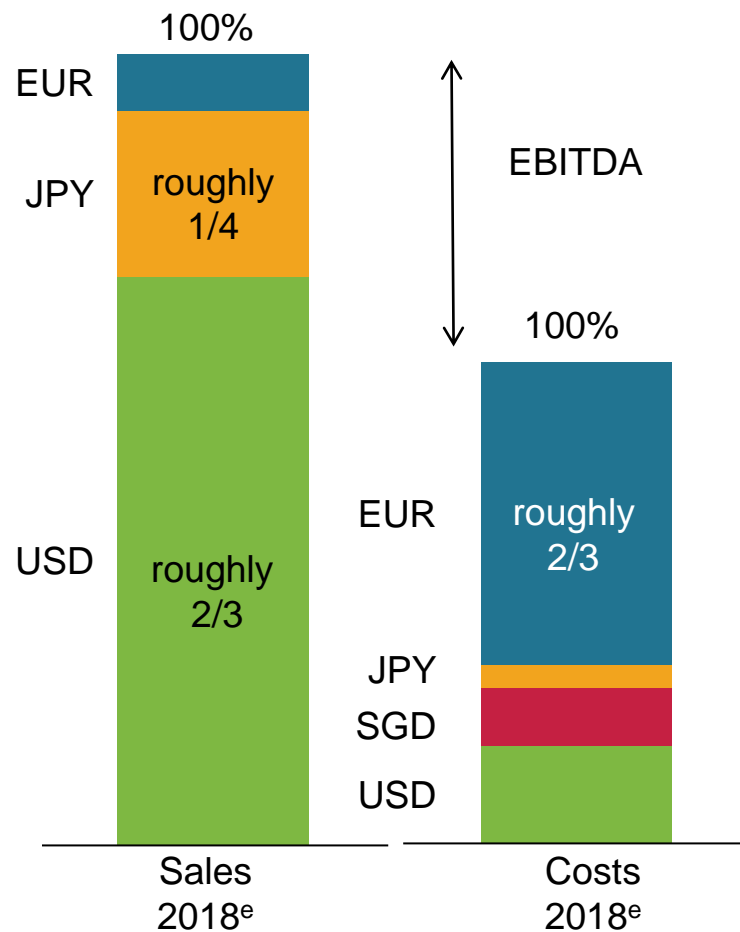
Adjusted <sup>1</sup> financial figures (EUR million)	2013	2014	2015	2016	2017	Q1 / 2018
<b>Sales</b>	875.5	853.4	931.3	933.4	1.177,3	327.4
<b>EBIT</b>	(87.3)	(31.6)	2.7	27.0	235.7	96.6
<b>EBIT margin in %</b>	(10.0)	(3.7)	0.3	2.9	20.0	29.5
<b>EBITDA</b>	112.6	117.7	124.0	146.0	353.1	122.3
<b>EBITDA margin in %</b>	12.9	13.8	13.3	15.6	30.0	37.4
<b>CapEx</b>	39.7	40.7	75.0	88.8	123.2	33.4
<b>Free cash flow <sup>2</sup></b>	64.7	86.3	37.4	19.0	169.6	-
<b>Net cash flow <sup>2</sup></b>	-	-	-	39.6	124.8	112.4

<sup>1</sup> Figures 2013-2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring

<sup>2</sup> Starting 2018, Siltronic will be 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.

# Increasing FX exposure due to higher margins

## FX exposure



## USD exposure 2018

- ▶ hedging ratio approx. 40%

excl. profit

- ▶ hedging ratio approx. 75%

## JPY exposure 2018

- ▶ hedging ratio approx. 30%

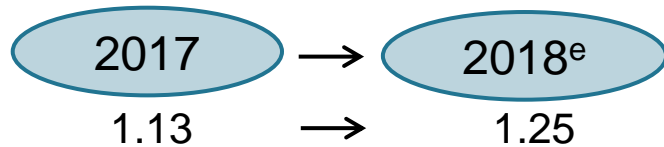
excl. profit

- ▶ hedging ratio approx. 50%

# At FX rates (1.25/135) negative impact on sales by approx. EUR 100m and on EBITDA by approx. EUR 60m

## Change USD, in EUR million

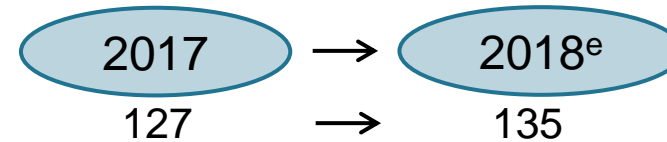
- 1 ct ~ EUR 7.5m sales
- ~ EUR 6.5m gross margin
- ~ EUR 4.5m EBITDA after hedging



- ~ EUR -90m sales
- ~ EUR -55m EBITDA

## Change JPY, in EUR million

- 1 JPY ~ EUR 2m sales
- ~ EUR 2m gross margin
- ~ EUR 1m EBITDA after hedging



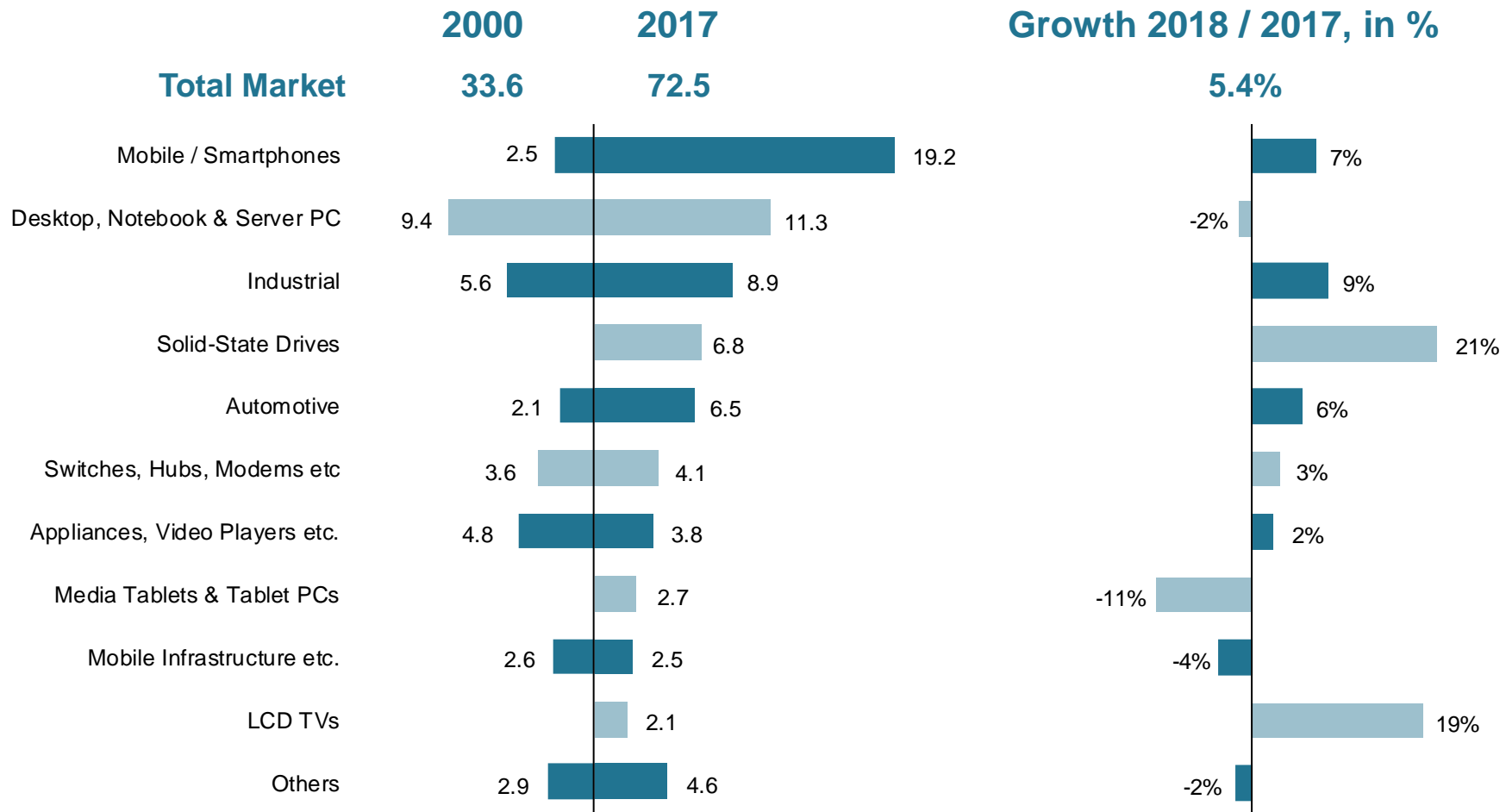
- ~ EUR -17m sales
- ~ EUR -10m EBITDA



## MARKET UPDATE

# IHS Markit forecasts 5.4% growth for silicon area in 2018 with broad based growth in a wide range of applications.

Wafer demand 2000 / 2017, in bn cm<sup>2</sup>



Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q2'18 Update)

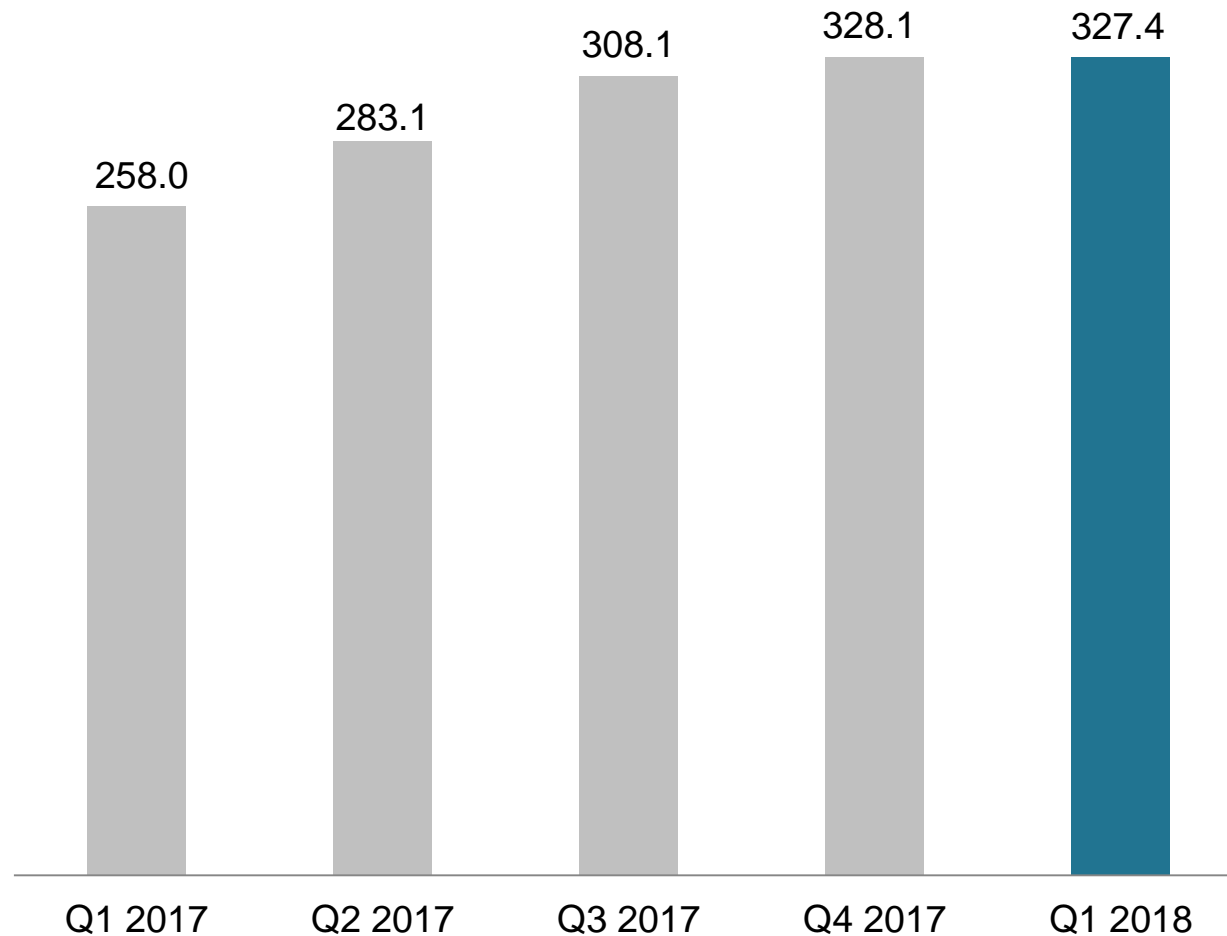


**FINANCIALS Q1 / 2017**



# Q1 sales on high Q4 level despite headwind from USD

Sales, in EUR million



## Comments

### ▶ Positive

- ▶ Sales volume on very high level relatively stable q-o-q
- ▶ Significant ASP increase y-o-y
- ▶ Slight ASP increase q-o-q
- ▶ Further ASP increases in 2018

### ▶ Negative

- ▶ Headwind from USD

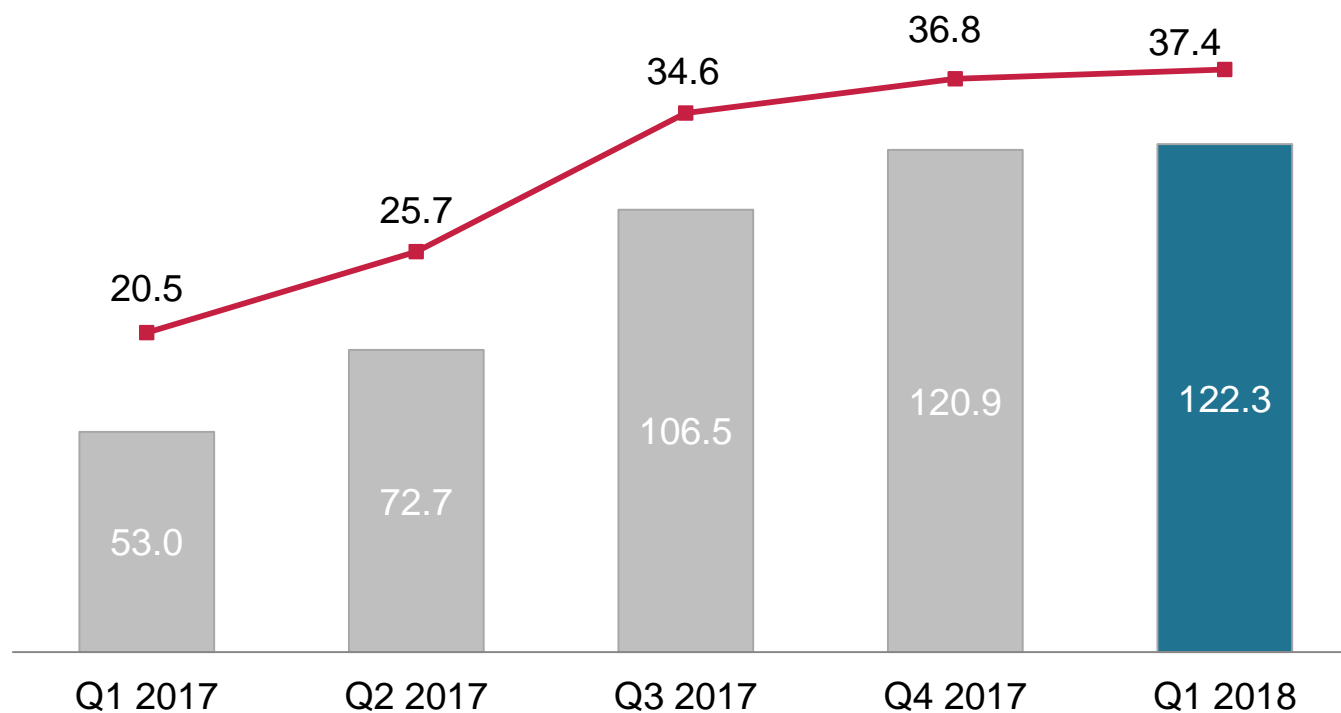


# EBITDA and EBITDA-margin also on high Q4 level

EBITDA margin in %; EBITDA in EUR million

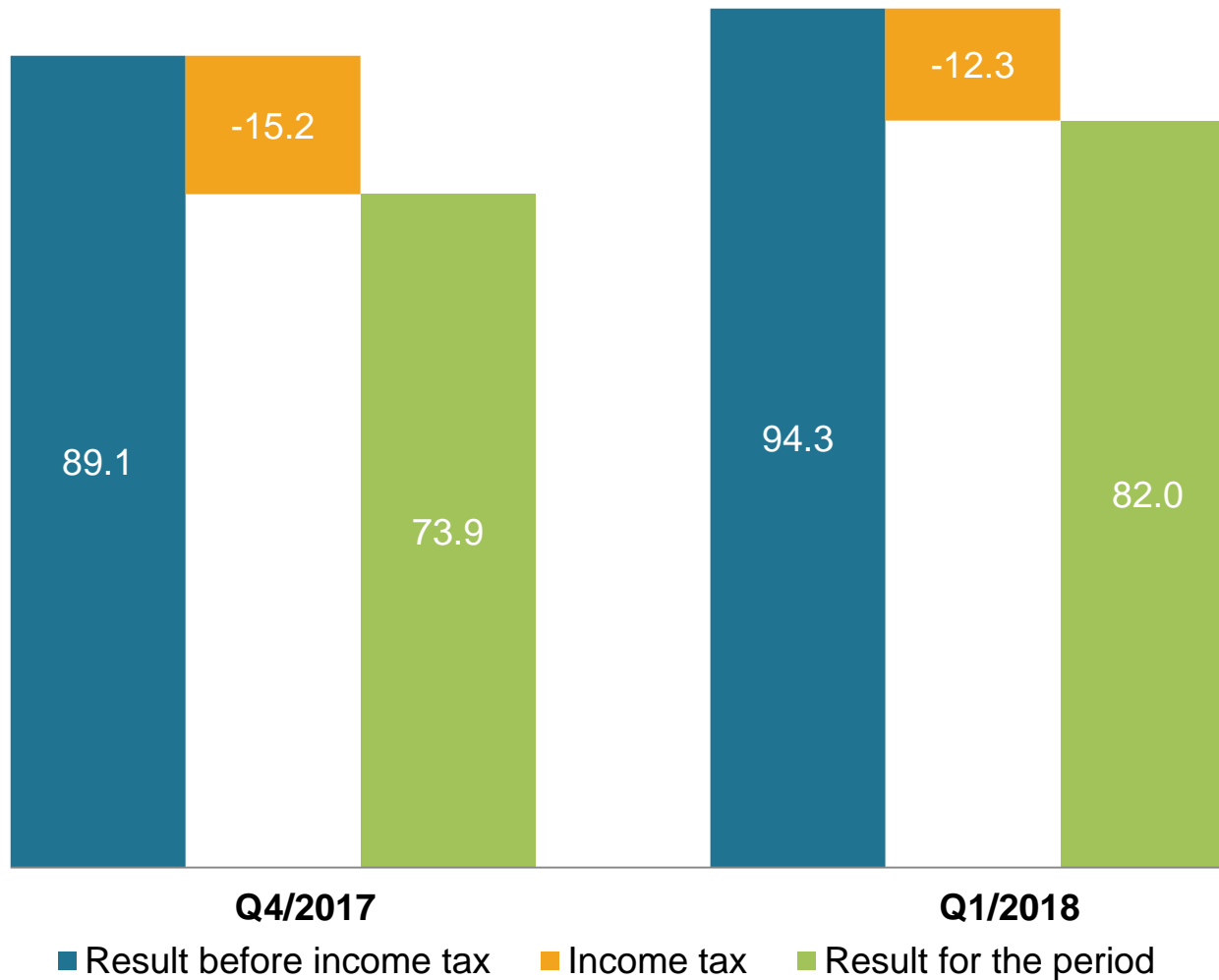
## Comments

- ▶ Positive
  - ▶ Significantly higher ASP y-o-y
  - ▶ Further price increases q-o-q
  - ▶ Cost of sales per wafer area slightly decreased
- ▶ Negative
  - ▶ Headwind from USD



# Net profit increased further

Result and income tax, in EUR million



## Comments

- ▶ Net profit of EUR 82.0m in Q1/2018
- ▶ Main reason: lower depreciation
- ▶ EUR 18.7m expenses for effective taxes in Q1/2018
- ▶ EUR 6.4m income from deferred tax assets (one-time effect in Q1)

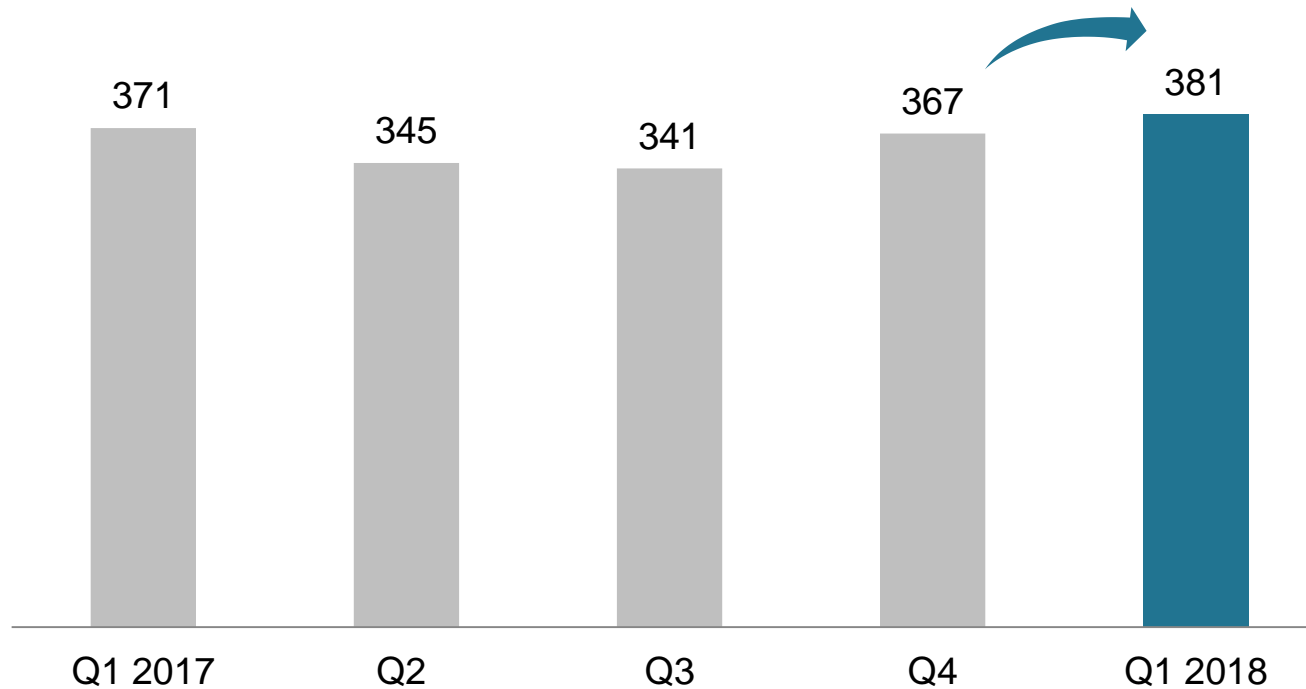
# Equity further improved, stable equity ratio of ~50%

## Balance sheet, in EUR million

Assets	Mar 31, 2018	Dec 31, 2017	Comments Mar 31, 2018	Equity and liabilities	Mar 31, 2018	Dec 31, 2017	Comments Mar 31, 2018
<b>Non-current</b>	<b>554.4</b>	<b>546.6</b>		<b>Equity</b>	<b>707.1</b>	<b>637.9</b>	
PP&E	518.2	513.3		Siltronic	703.1	637.3	
Other fixed	36.2	33.3	22 intangibles (related to SSW) 2 hedging	Other shareholders	4.0	0.6	Samsung's 22% in SSW
<b>Current</b>	<b>861.4</b>	<b>705.8</b>		<b>Liabilities</b>	<b>708.7</b>	<b>614.5</b>	
Inventories and contract assets	156.4	149.9		Pension provision	380.7	367.2	Germany and US
Trade receivables	172.5	159.9		Other provisions	72.2	54.6	45 personnel related (e.g. early retirement)
Other current	41.7	53.9	18 hedging	Trade liabilities	83.5	67.1	
Cash and fixed term deposits	490.8	342.1		Customer prepayments	106.6	69.8	
<b>Total</b>	<b>1,415.8</b>	<b>1,252.4</b>		Other	<b>65.7</b>	55.8	55 employee-related 3 hedging
				<b>Total</b>	<b>1,415.8</b>	<b>1,252.4</b>	

# Fluctuations in pension provision due to interest rate movements

Pension provision, in EUR million



## Comments

- ▶ Changes in interest rates influence evaluation of pension provision
- ▶ Change in interest rates directly reflected in equity (OCI)

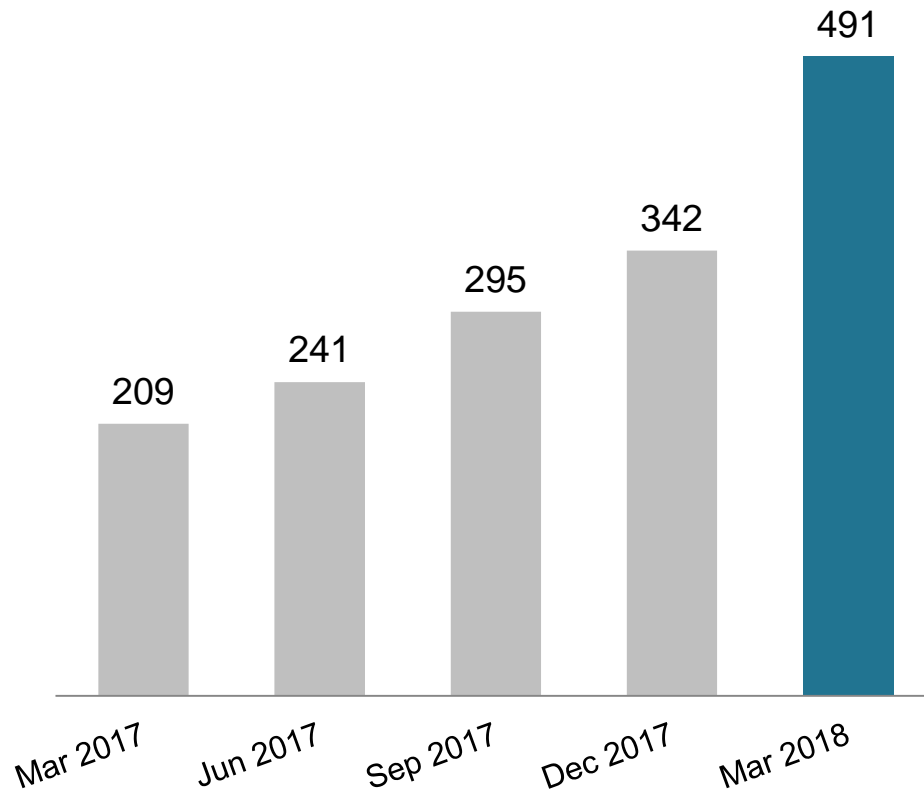
### interest rates IFRS

▶ USA	3.90%	3.65%	3.61%	3.45%	3.81%
▶ Germany	2.07%	2.19%	2.21%	2.10%	2.02%

# Net financial assets on an all-time high in Q1 2018

## Dividend payment of EUR 75m in April 2018

### Net financial assets, in EUR million

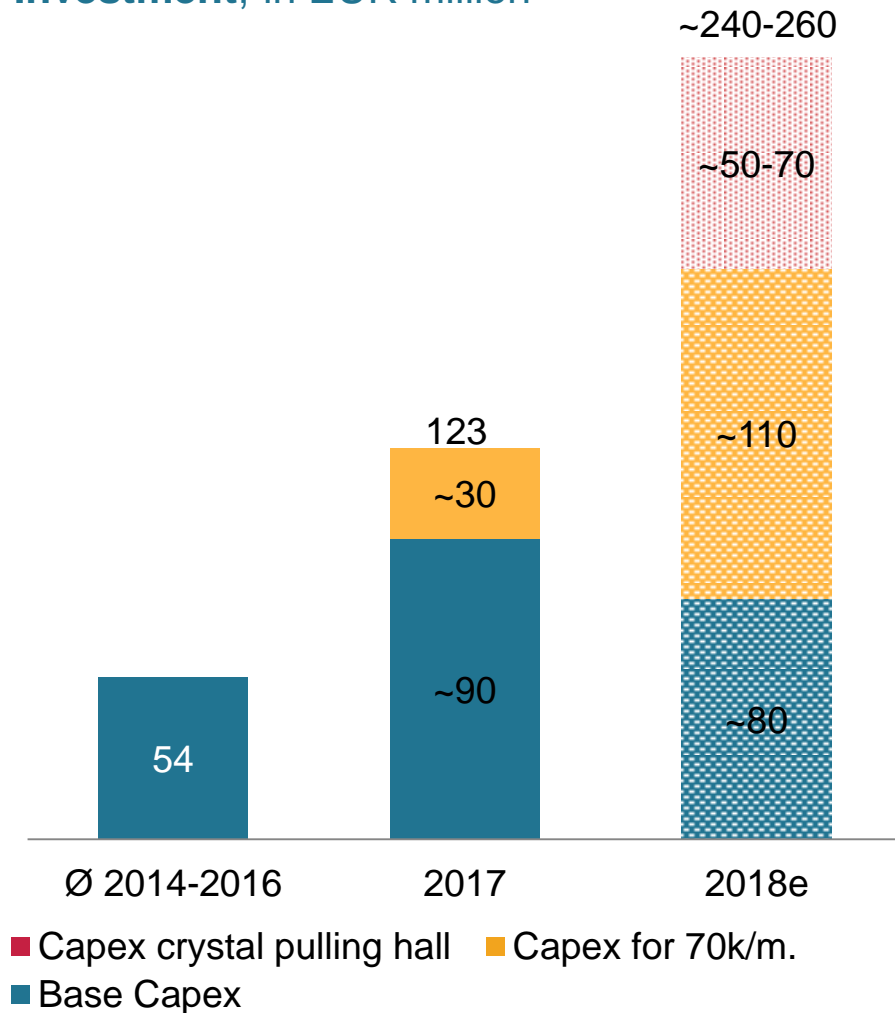


### First dividend payment since IPO in 2015

- ▶ Successful financial year 2017 leads to first dividend payment since IPO
- ▶ Dividend of EUR 2.50 per share approved by the Annual General Meeting on April 19, 2018

# Capex 2018: EUR 240m to EUR 260m

## Investment, in EUR million



## Comments

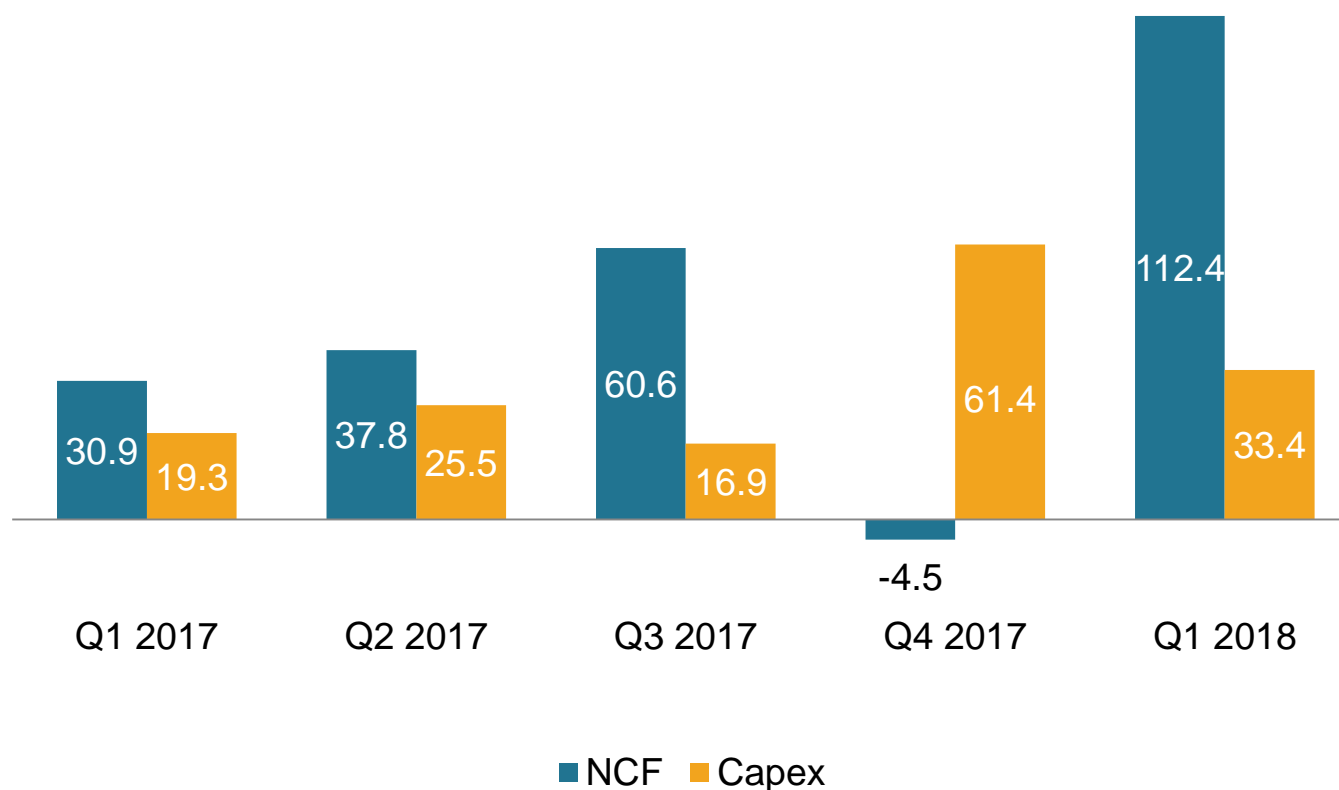
- ▶ Capex of EUR ~140m for 70k wafers/month over 2 years
- ▶ Capex in 2018 includes new crystal pulling hall in Singapore to create sufficient crystal pulling capacity to further expand wafer capacity in 2020
- ▶ Due to long lead-times additional crystal pullers already ordered
- ▶ Capex base level to sustain business:
  - ▶ MOB (maintenance of business)
  - ▶ Capabilities
  - ▶ Cost reductions
  - ▶ Automation

# Increasing net cash flow generation boosted by net profit

Capex and NCF, in EUR million

## Comments

- ▶ Net cash flow of EUR 112.4m as a result of improved net profit
- ▶ Customer prepayments of EUR ~41m received in Q1 2018
- ▶ Further prepayments expected during the year







**OUTLOOK**

# Siltronic Outlook for 2018 (as of March 5, 2018), confirmed

<b>EBITDA margin</b>	close to 40%
<b>ROCE</b>	clearly higher than in 2017
<b>Net cash flow</b>	clearly higher than in 2017
<b>Sales</b>	clearly above EUR 1.3bn, depending on FX effects
<b>R&amp;D</b>	approx. 5% of sales
<b>Cost position</b>	negative effect on savings potential due to tariff increases and inflation
<b>FX effects</b>	assuming an EUR/USD exchange rate of 1.25 and an EUR/JPY exchange rate of 135 negative FX impact of approx. EUR 100m on sales and approx. EUR 60m on EBITDA
<b>Depreciation</b>	approx. EUR 90m
<b>Tax rate</b>	between 15% and 20%
<b>Financial result</b>	relatively stable
<b>CapEx</b>	approx. between EUR 240m and EUR 260m
<b>Earnings per share</b>	significantly higher than in 2017



# Contact and Additional Information

## Issuer and Contact

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## Additional Information

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

## Financial Calendar

Q2 2018 Results	July 25, 2018
Q3 2018 Results	October 25, 2018

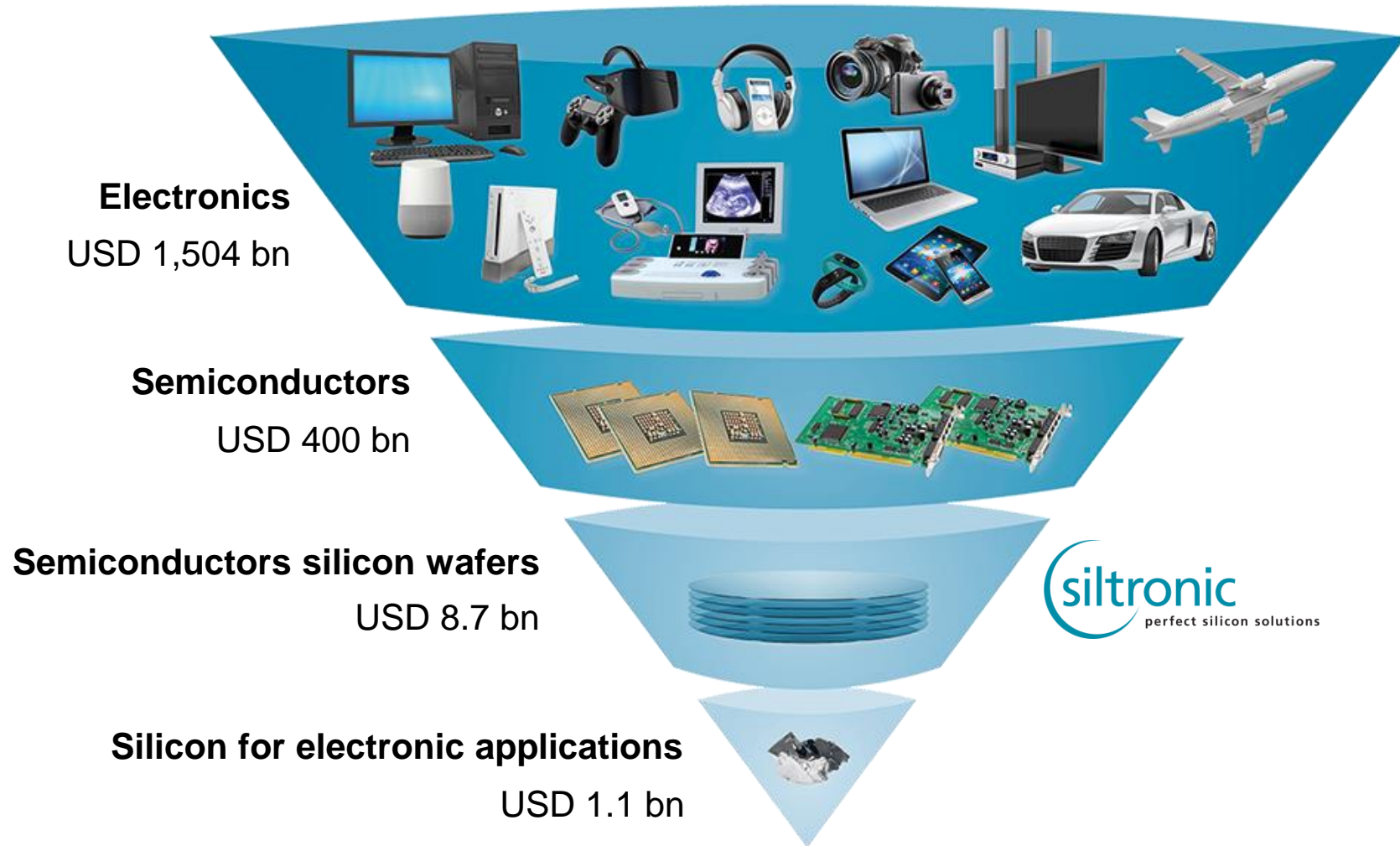




# APPENDIX

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

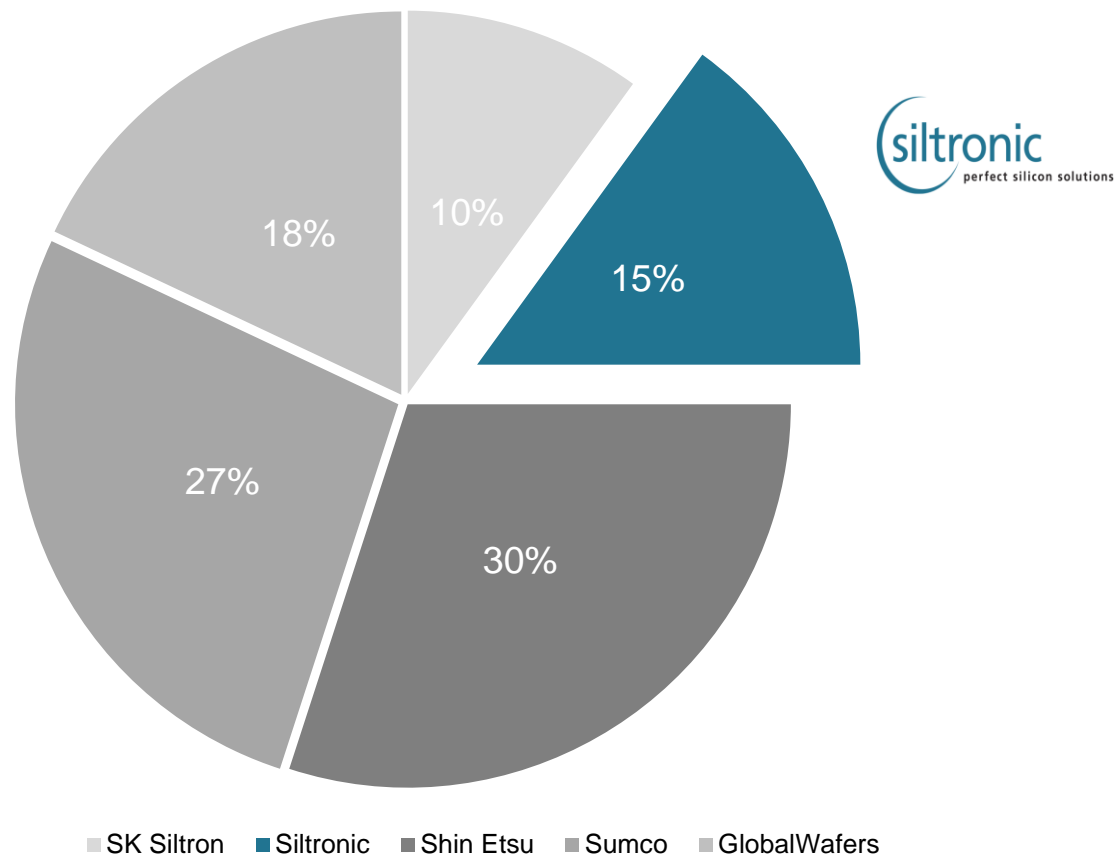
## Electronics Value Chain 2017



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

# Siltronic is a strong wafer supplier with leading-edge technology

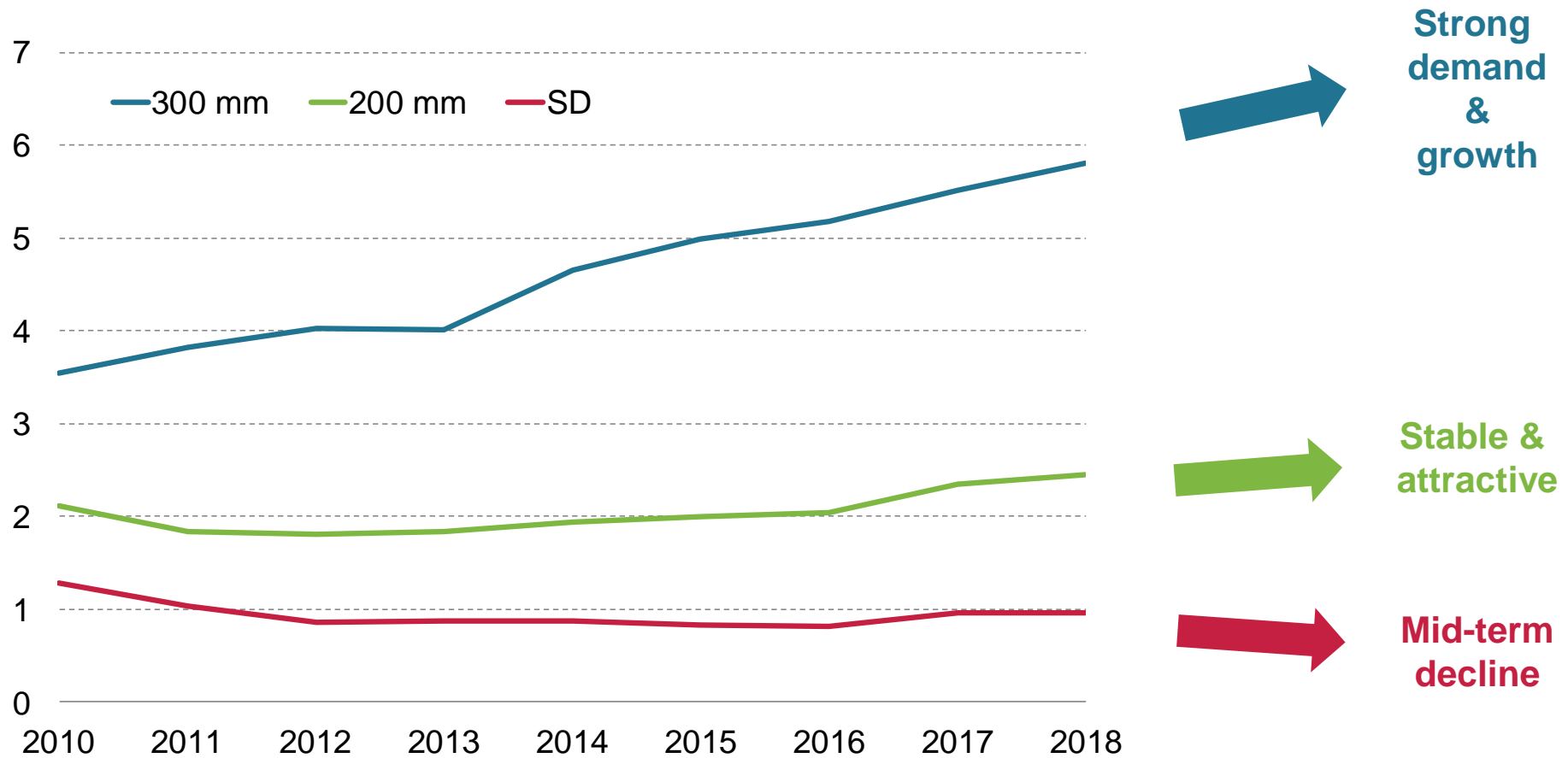
Top 5 wafer producers serve more than 90% of market across all diameters



Sources: reported company revenues FY 2017, converted to USD million

# 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 2018



# Customer base well diversified across all major semiconductor silicon wafer consumers

Siltronic is a supplier to all top 20 Silicon wafer consumers

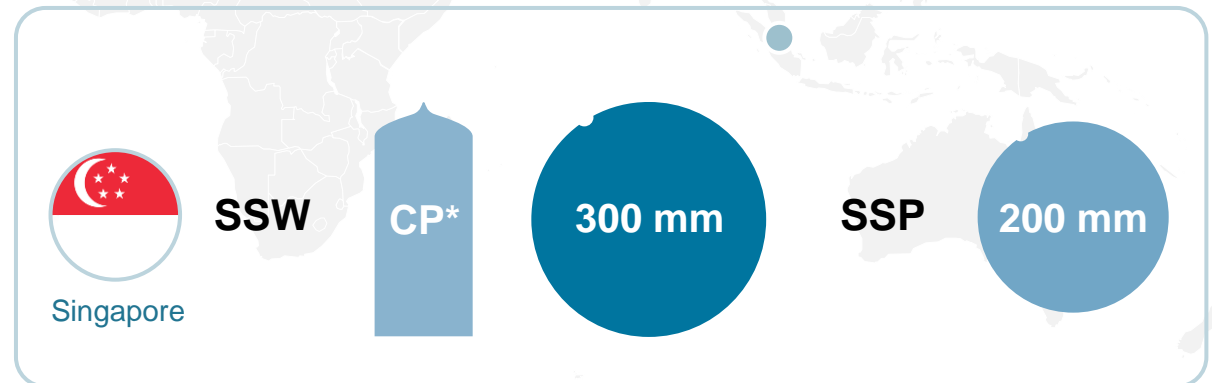
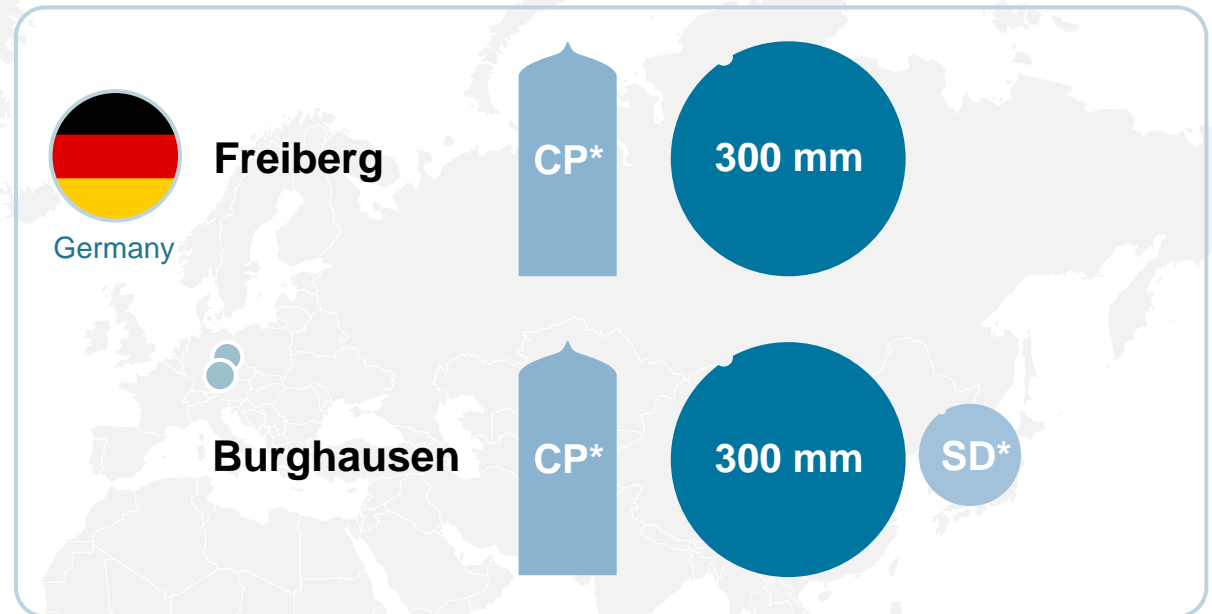
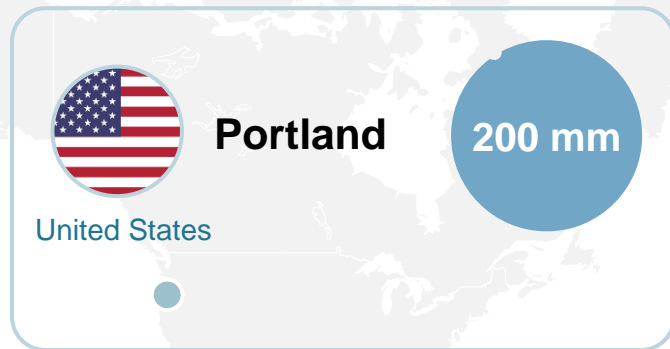


Siltronic well positioned at all major Silicon consumers

Top 10 customers represent ~73% of 2017 revenues

Source: Company Information, Siltronic

# International manufacturing network supports market leadership and business focus

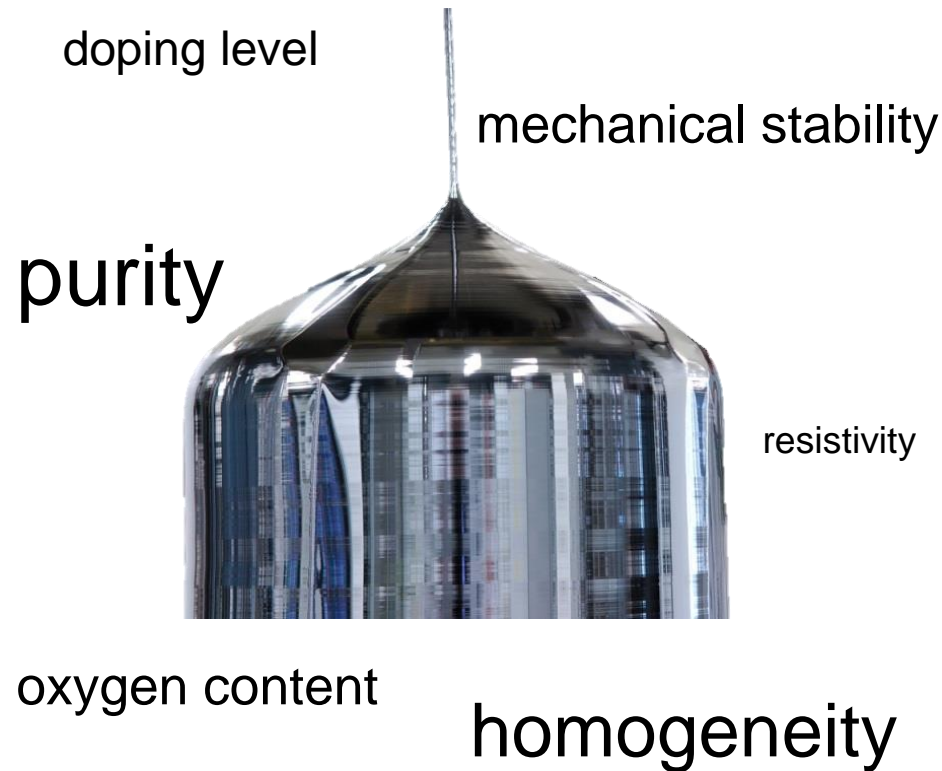


- ▶ **Central R&D hub** in Burghausen
- ▶ **High volume facilities** for 300 mm in Germany and Singapore
- ▶ Among world's **newest & largest fabs** in Singapore

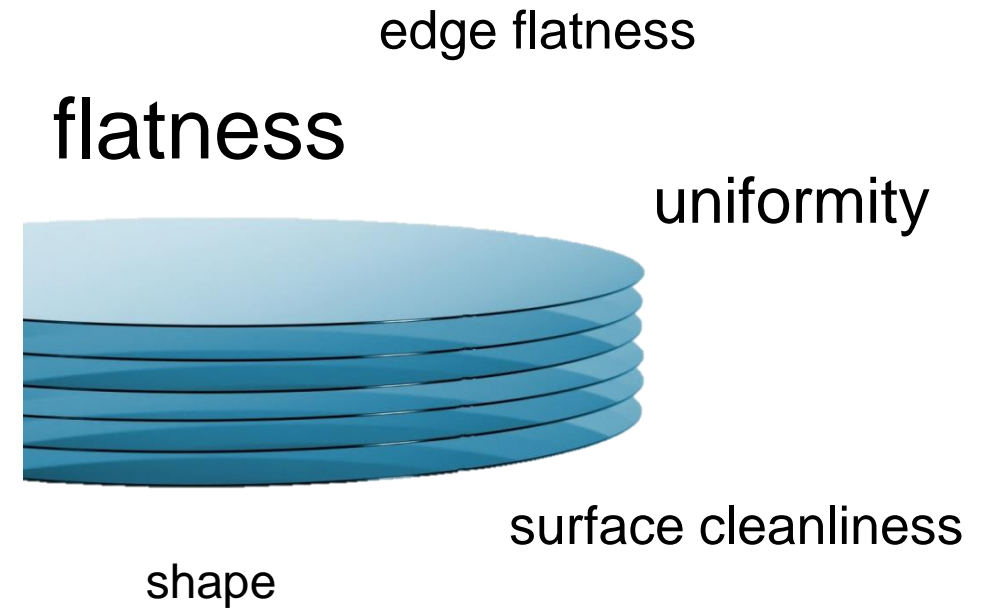
\*CP = Crystal Pulling | \*SD = 150 mm and smaller

# Continuous improvement of key ingot and wafer properties to meet customers' requirements

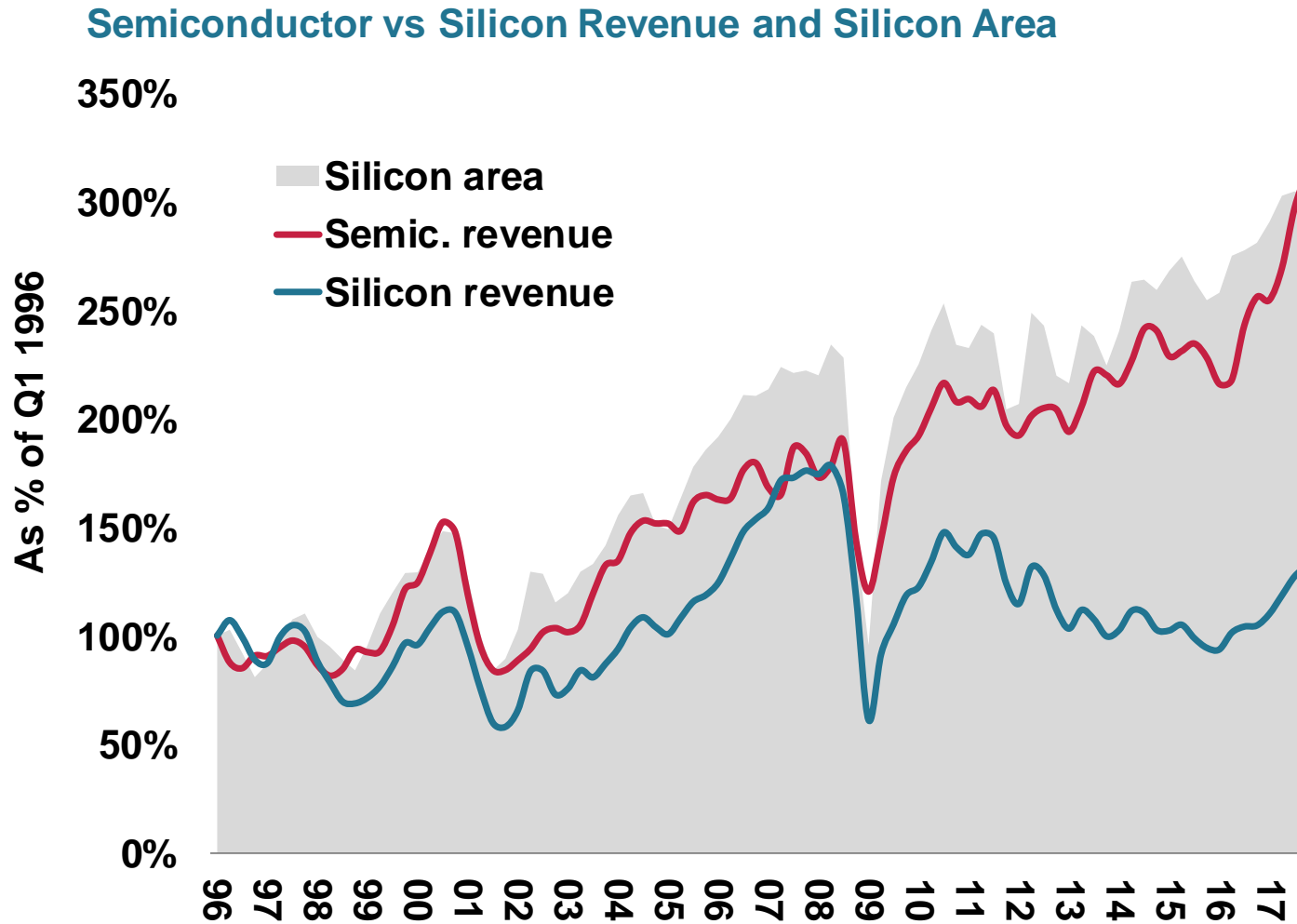
## Ingot



## Wafer



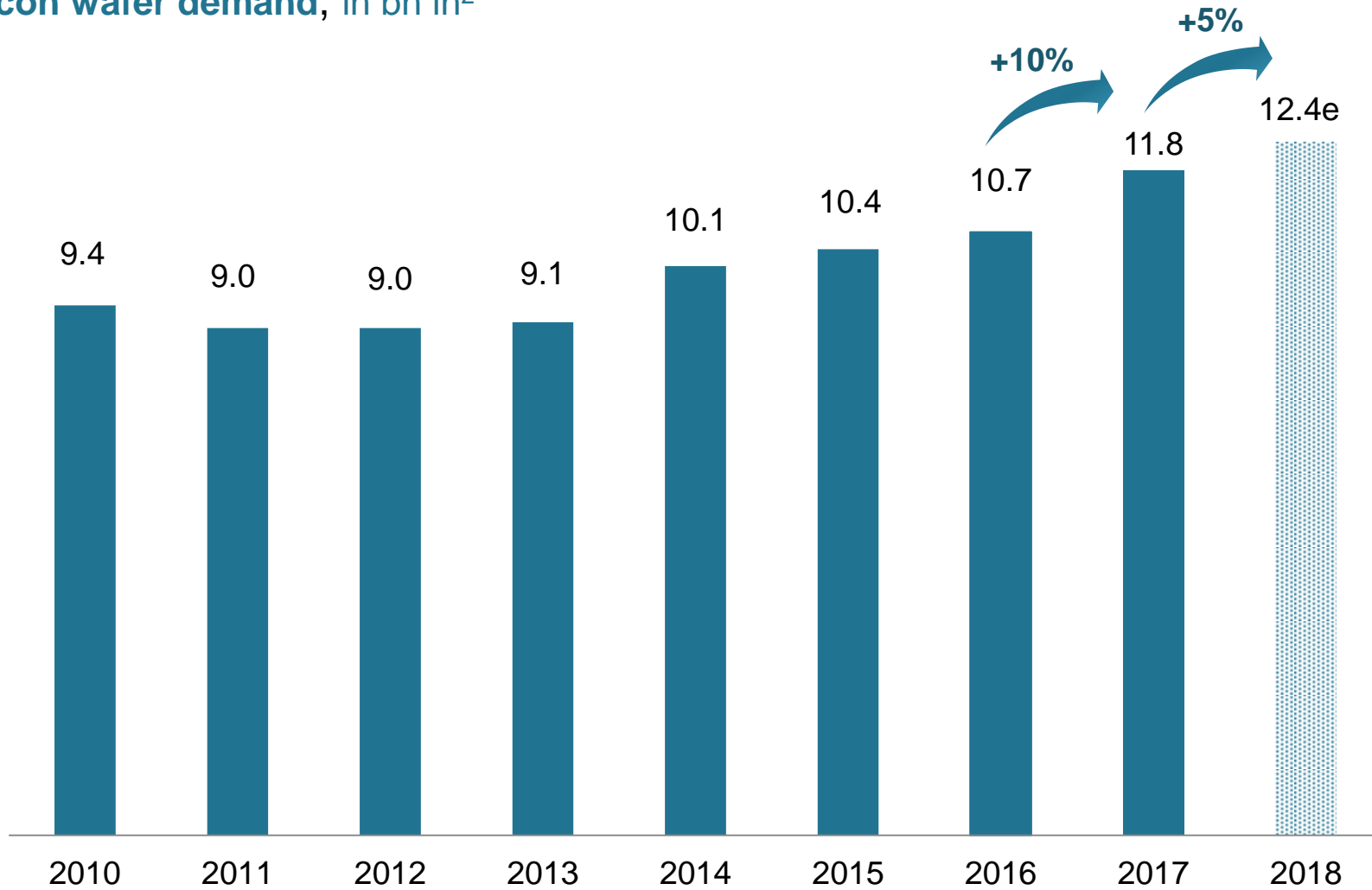
# Semiconductor Revenue vs Silicon Area and Silicon Revenue.



Source: WSTS and SEMI up to Q4 2017

# Silicon area demand continues to grow

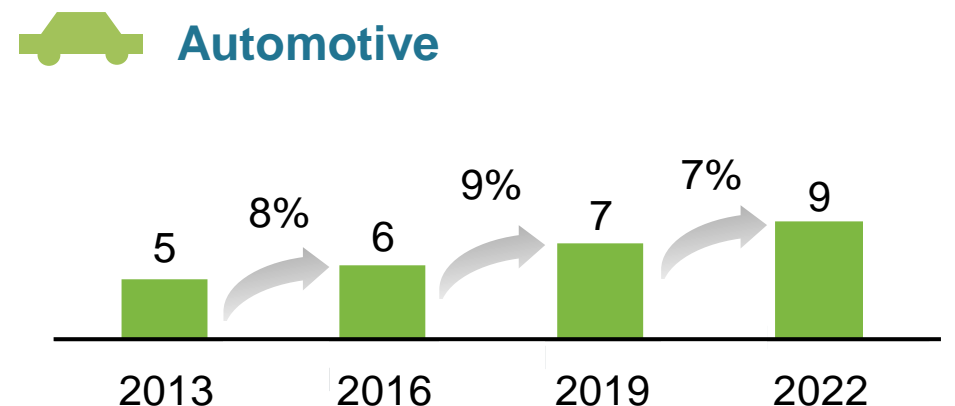
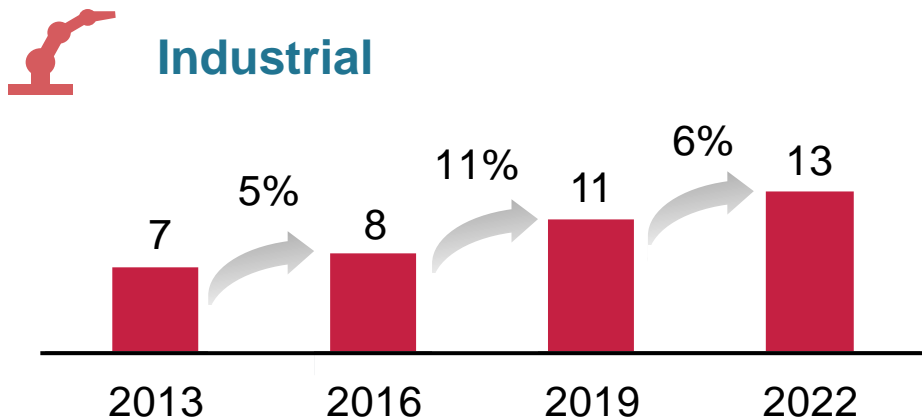
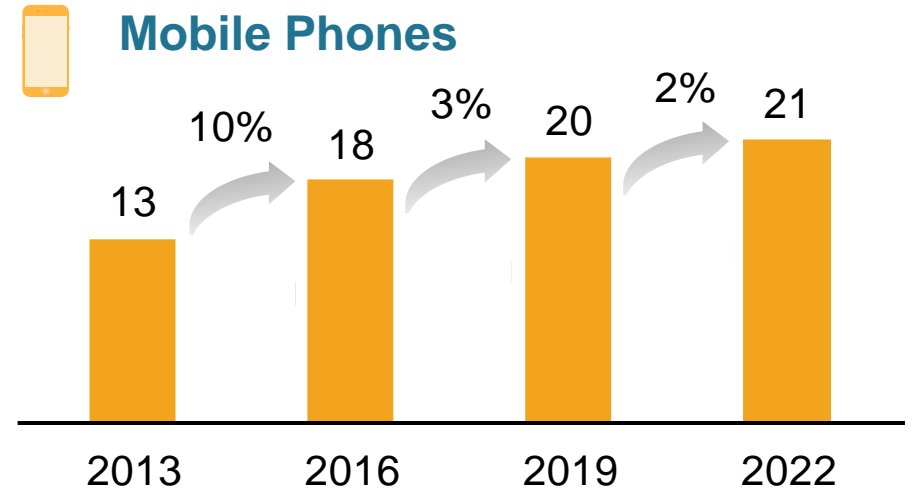
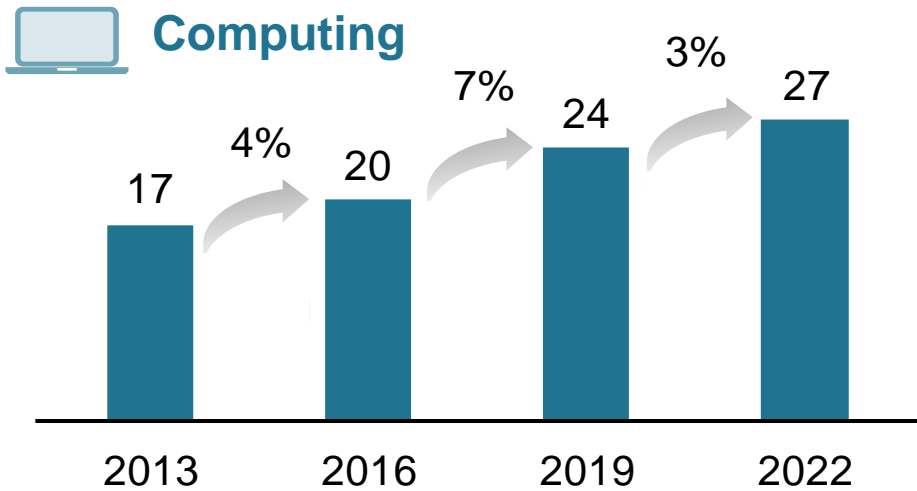
Silicon wafer demand, in bn in<sup>2</sup>



Source: SEMI (Silicon Area until 2017), IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q2'18 Update, Estimate 2018)

# Silicon demand for industrial and automotive applications is expected to grow stronger in the next years.

Silicon demand for main wafer consuming applications, bn cm<sup>2</sup> and CAGR

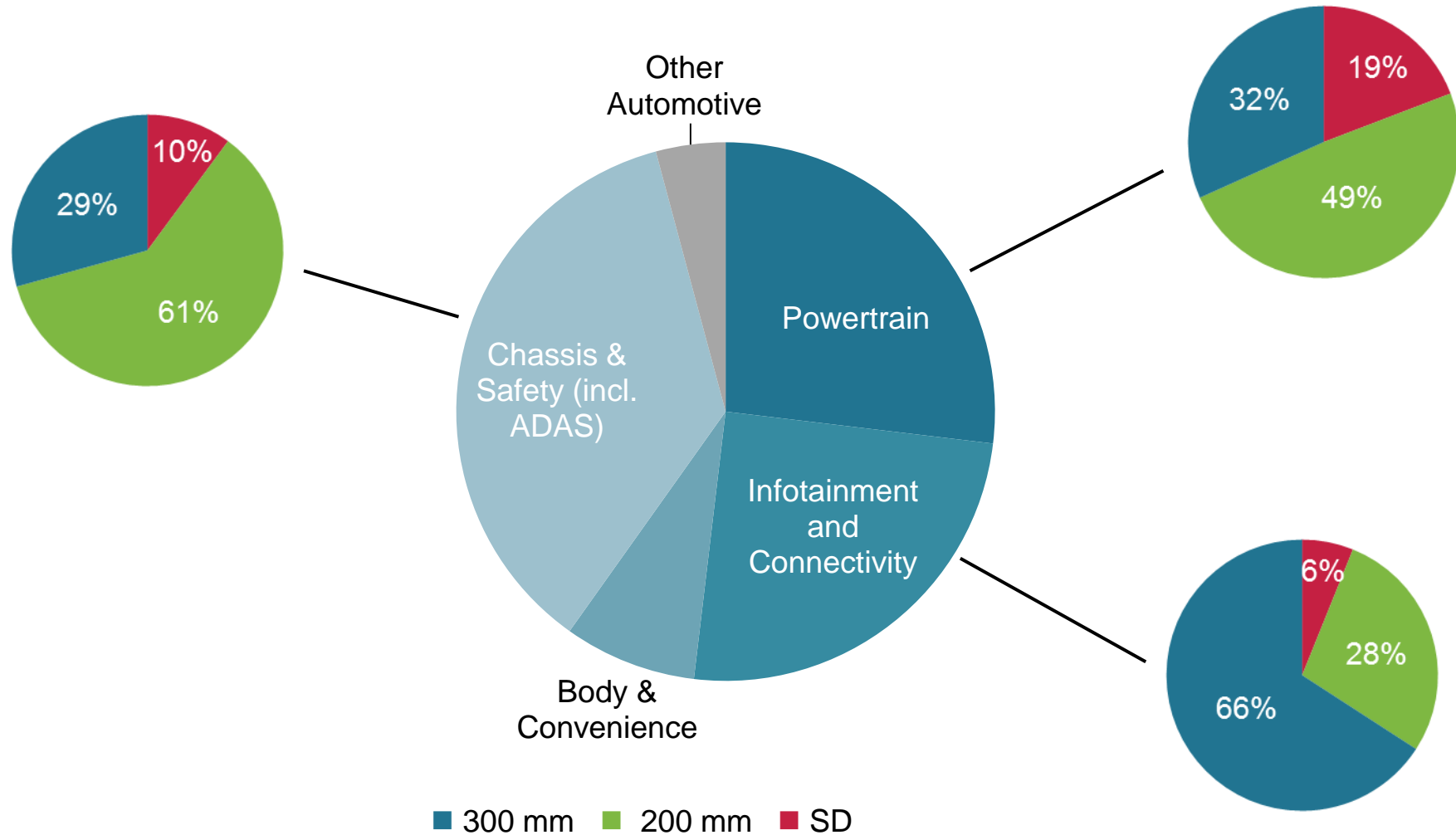


Source: IHS Markit Technology (Q2'18 Update)

Note: **Mobile phones:** Smart & Feature phones; **Computing:** Desktop, Notebook & Server PC & periphery, Tablets, SSD & DRAM

# Within a car, most silicon is used for powertrain, infotainment and safety.

300 mm demand in automotive, in %



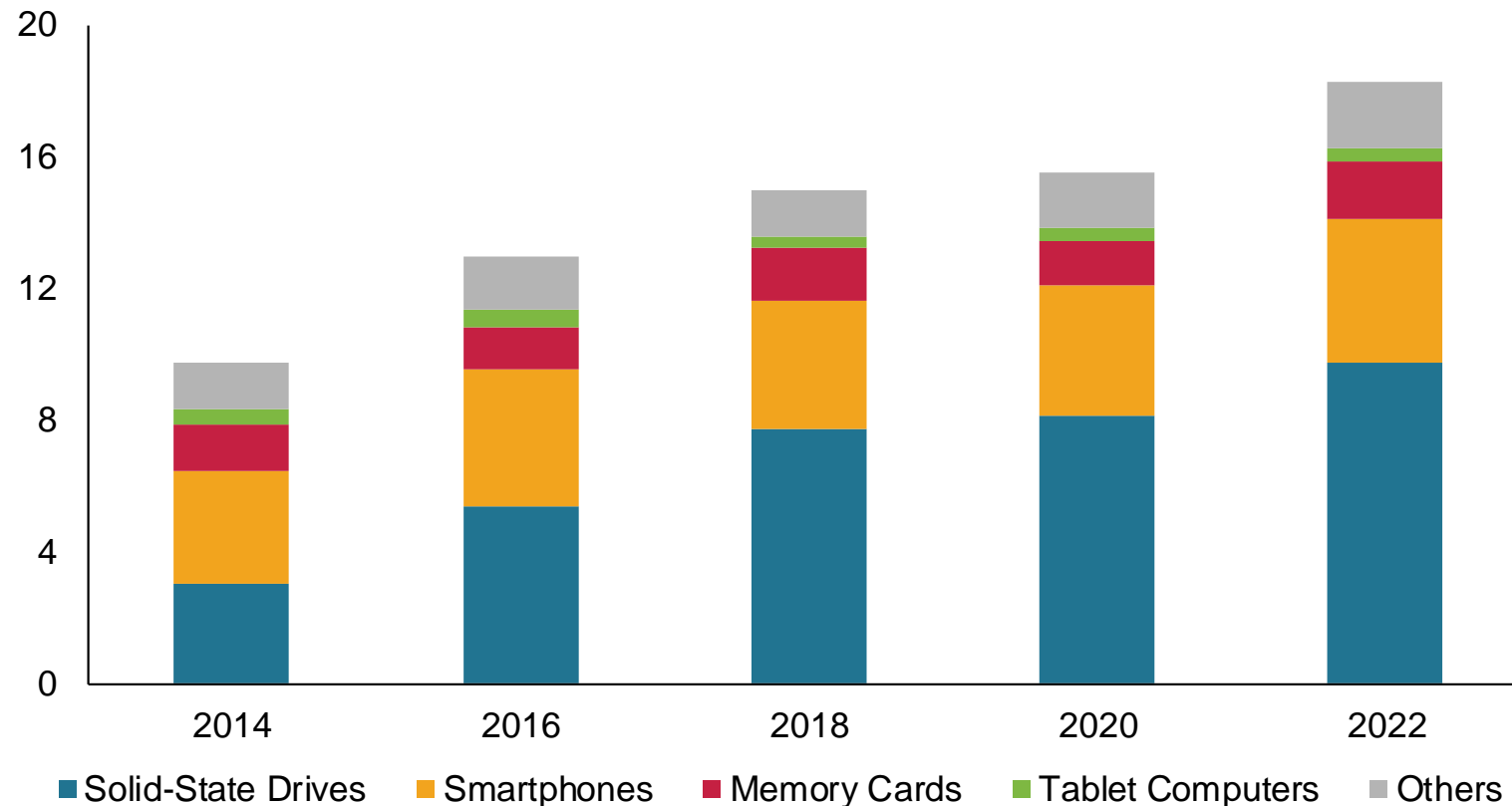
<sup>1</sup> ADAS = advanced driver assistance system

Source: IHS Markit Technology (Q1 2018 Update)



# Silicon demand for NAND driven by growing demand for solid-state drives and increasing storage in smartphones.

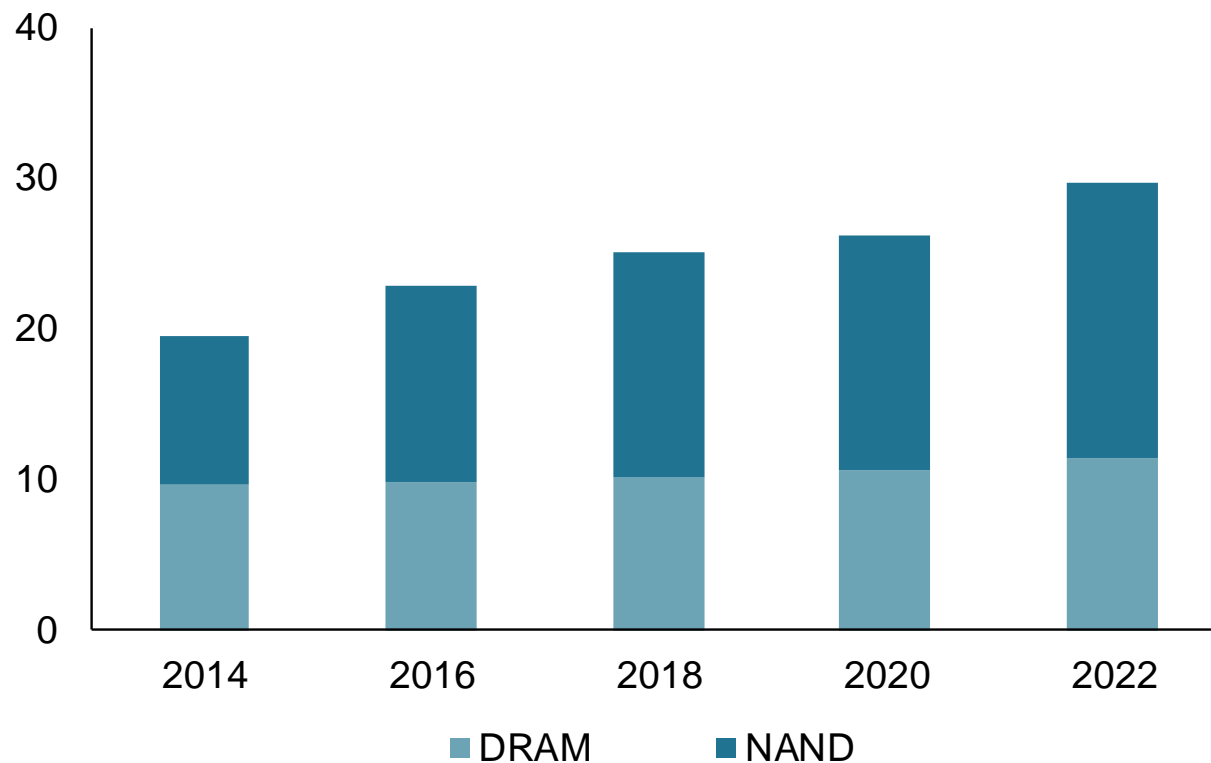
NAND silicon area demand by applications, bn cm<sup>2</sup> p.a.



Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q2'18 Update)

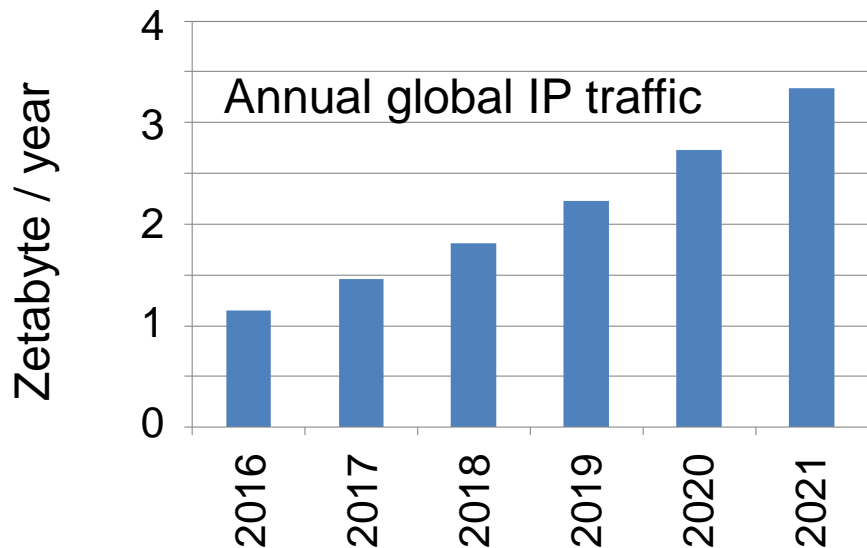
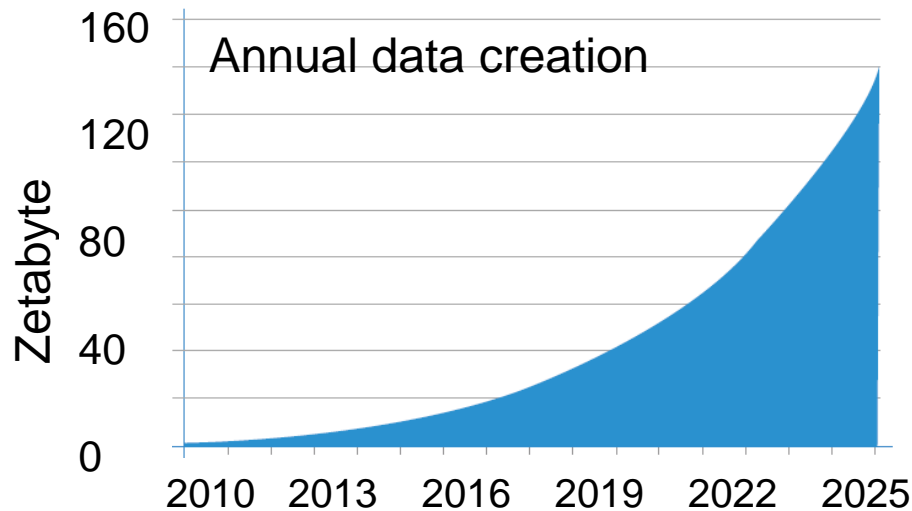
# NAND is the growth engine in the memory sector. Silicon area for DRAM only shows moderate growth.

Split of memory silicon area market by DRAM and NAND, bn cm<sup>2</sup> p.a.

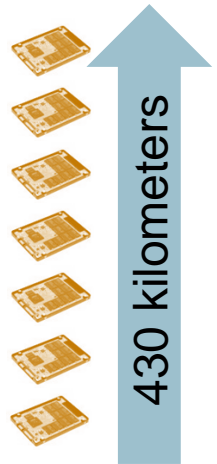


Source: IHS Markit Technology (Semiconductor Silicon Demand Forecast Tool, Q2'18 Update)

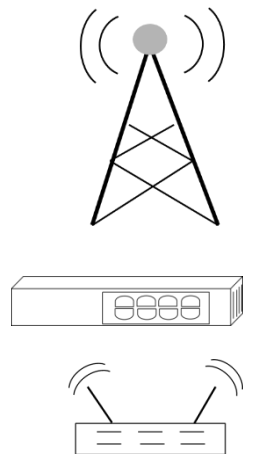
# Silicon is needed to generate much more data, but even more Silicon is needed to store, move and process ever more data



- ▶ The number of networked devices will grow from ~17 billion in 2016 to ~27 billion in 2021
- ▶ By 2020, data centers are expected to have 1.84 Zetabytes of storage: If SSDs for this were stacked, they would stretch 430 km high -- the distance from Munich to Vienna
- ▶ Strong increase in cloud storage will drive 300 mm silicon demand for memory as well as high bandwidth communication



- ▶ With 24% CAGR, annual global IP traffic will reach 3.3 ZB per year by 2021:
- ▶ It would take more than 5 million years to watch the amount of video that will cross global IP networks each month in 2021.
- ▶ Infrastructure required to support this traffic includes items like routers, switches, hubs, 5G and cell equipment



Source: Cisco VNI Forecast, IDC Data Age 2025 Study, Cisco Cloud Index (GCI), IHS, Siltronic Estimate

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