

Siltronic Investor Presentation

August / September 2018



MARKET UPDATE

Market highlights Q2/2018

Semiconductors

- ▶ Semi units showed positive development in April (+8.1% YoY) after some volatility in previous months while silicon area continues to be on a high level. Semi revenues also went up significantly (+20.2% YoY), especially due to strong ASP increase

Silicon wafer market

- ▶ Wafer market in Q2 2018 was ~6.8 bn cm²/month, 2.6% over Q1 2018 average and 6.2% up YoY

Wafer demand

- ▶ Demand on sustainable high level
- ▶ Low raw wafer inventories at customers

Price increases

- ▶ Wafer ASP continue to increase in 2018

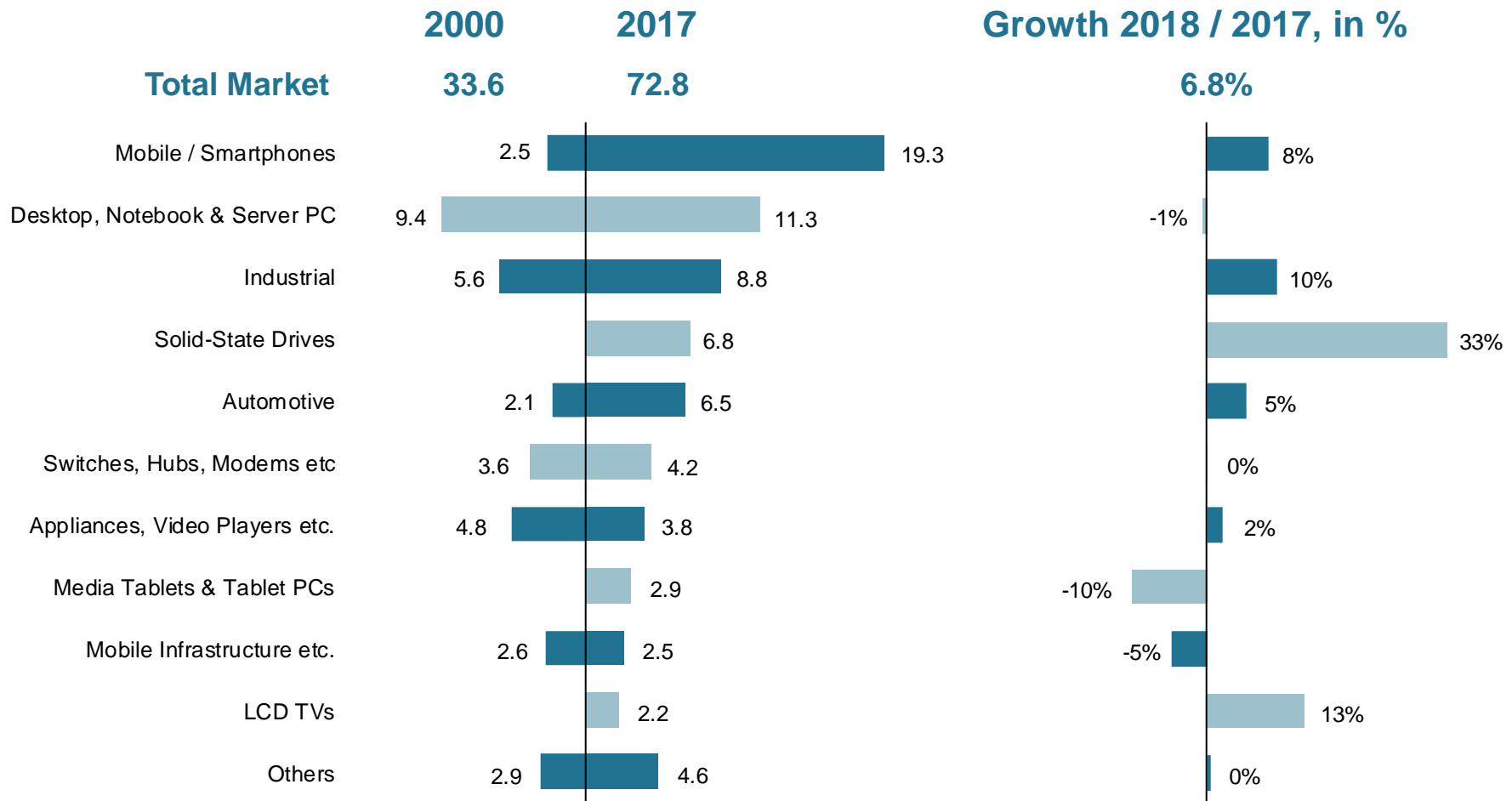
Competition

- ▶ Wafer suppliers continue to report strong demand for all diameters

Source WSTS up to May 2018

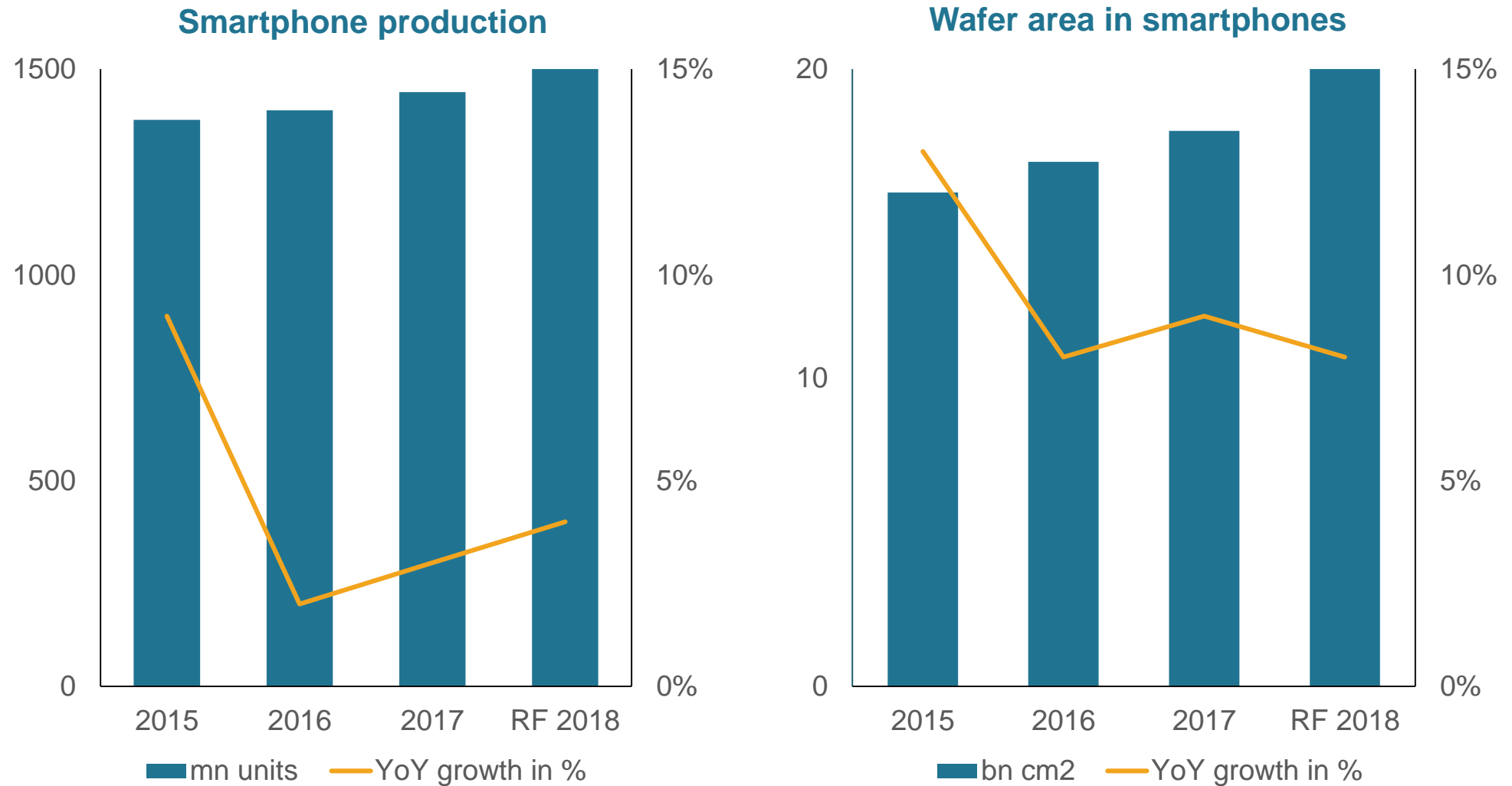
IHS Markit forecasts 6.8% growth for silicon area in 2018 with broad based growth in a wide range of applications

Wafer Demand 2000 / 2017, in bn cm²



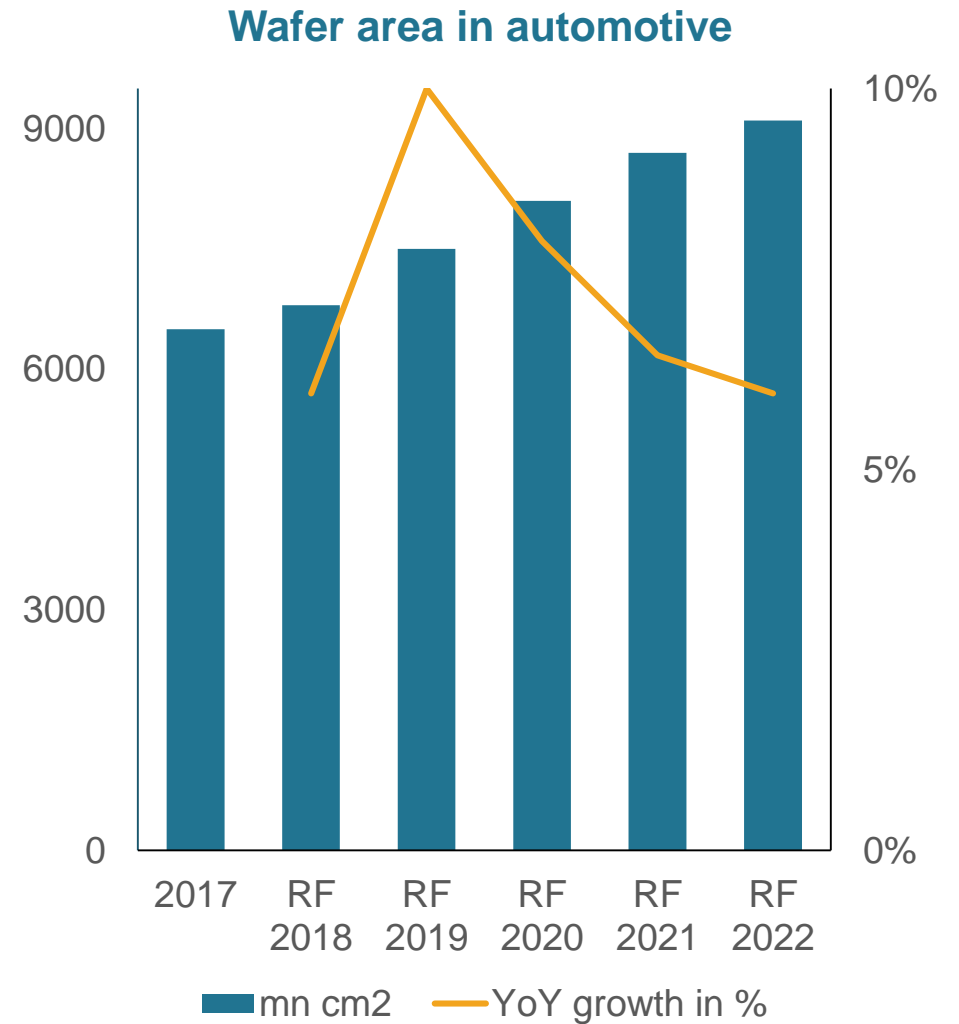
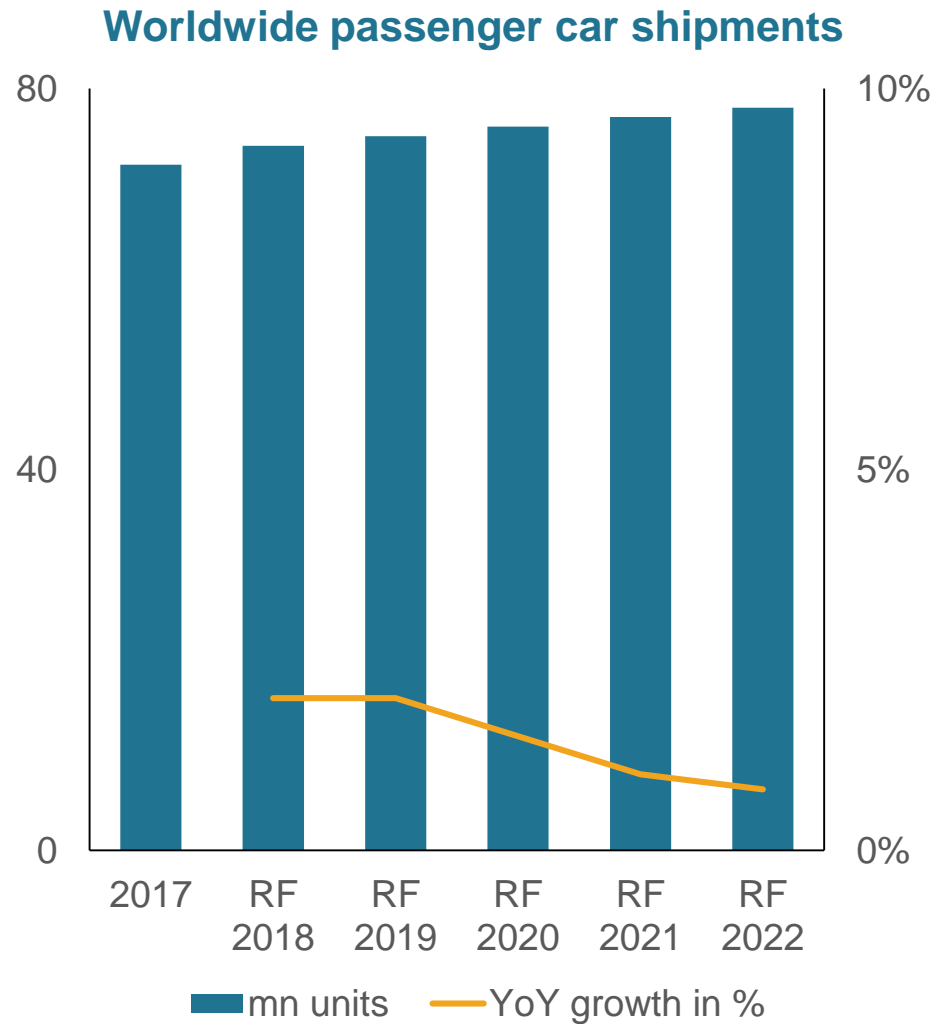
Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details.

Smartphone growth slowing, however silicon content increasing with more memory and other features



Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q2 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details

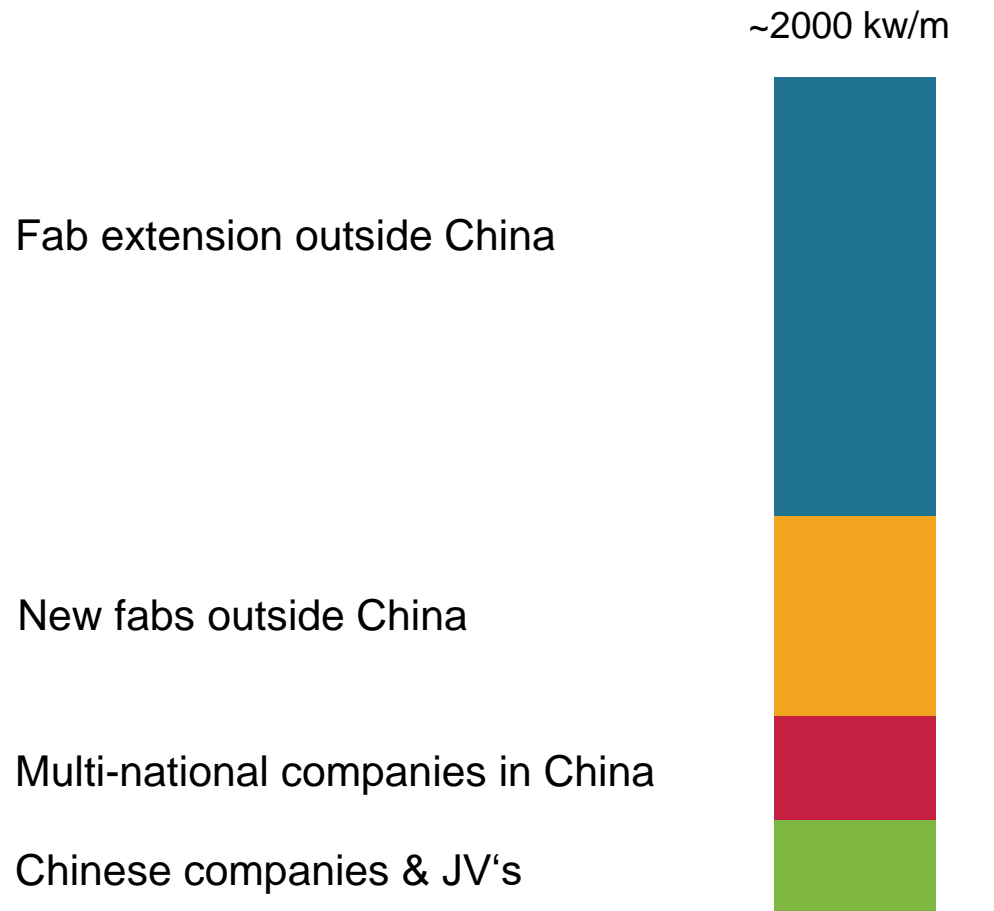
Car shipments growing slowly, silicon content in automotive estimated to grow by 7% (CAGR 2017-2022)



Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q2 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details. Other Source: Statista

300 mm demand likely to grow by around 2m wafer/month between 2017 and 2020

Estimated growth in 300 mm wafer starts 2017 - 2020



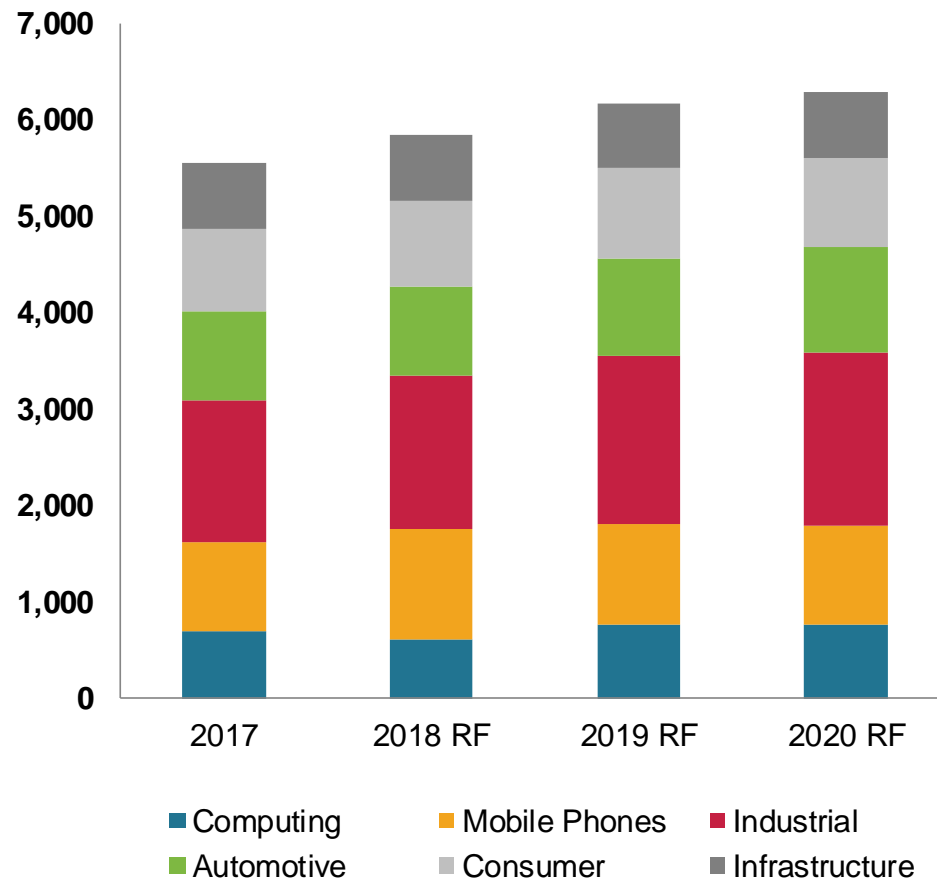
Comment

- ▶ ~12% CAGR of estimated 300 mm demand growth between 2017 and 2020
- ▶ Most capacity added outside China

Source: Siltronic own estimates May 2018

200 mm demand growth forecast of +4% CAGR 2017-2020 not attractive enough to consider major investments

200 mm demand by category, in k/w per month



Comment

- ▶ 200 mm demand expected to increase by +4% CAGR (2017-2020), according to IHS Markit.
- ▶ Less than 1,000k wafer/month capacity expansions until 2020 announced by wafer producers
- ▶ Full utilization of additional capacities depend on equipment lead-times and qualification lead-times of customers

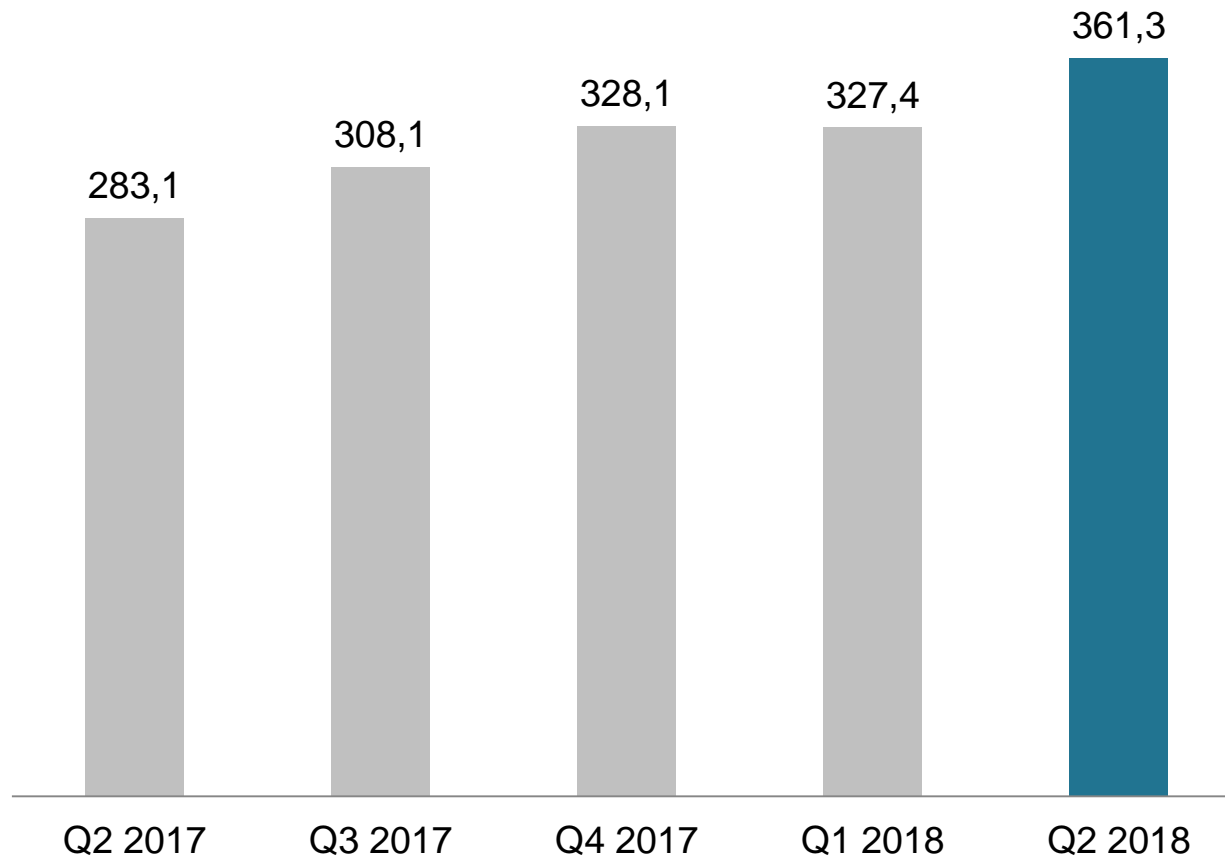
Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details.
Other source: Siltronic Marketing (July 2018)



FINANCIALS Q2/2018

Q2 sales 10% higher than Q1

Sales, in EUR million



Comment

▶ Positive

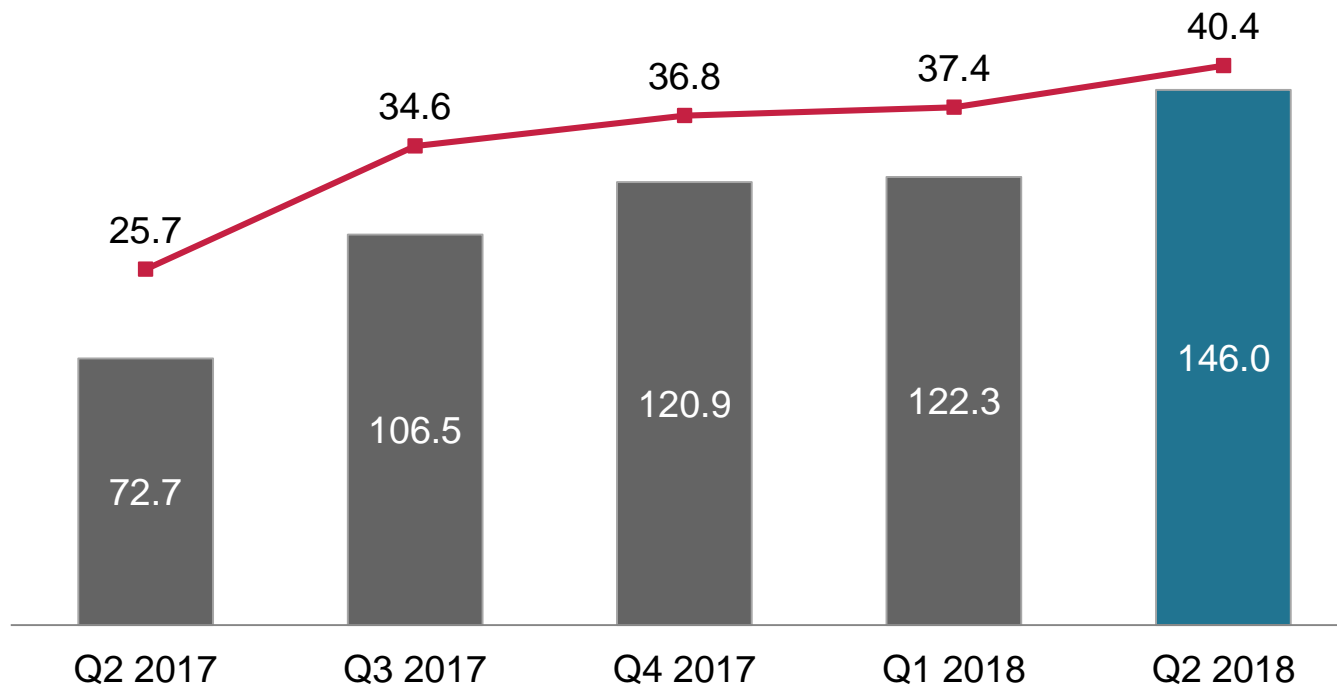
- ▶ Wafer area sold on very high level slightly up q-o-q
- ▶ Significant ASP increase y-o-y
- ▶ Solid ASP increase q-o-q
- ▶ Further ASP increases expected in 2018
- ▶ Tailwind from USD q-o-q

▶ Negative

- ▶ Headwind from USD y-o-y (but not as much as expected at the beginning of the year)

EBITDA and EBITDA-margin further up

EBITDA margin in %; EBITDA in EUR million



Comment

▶ Positive

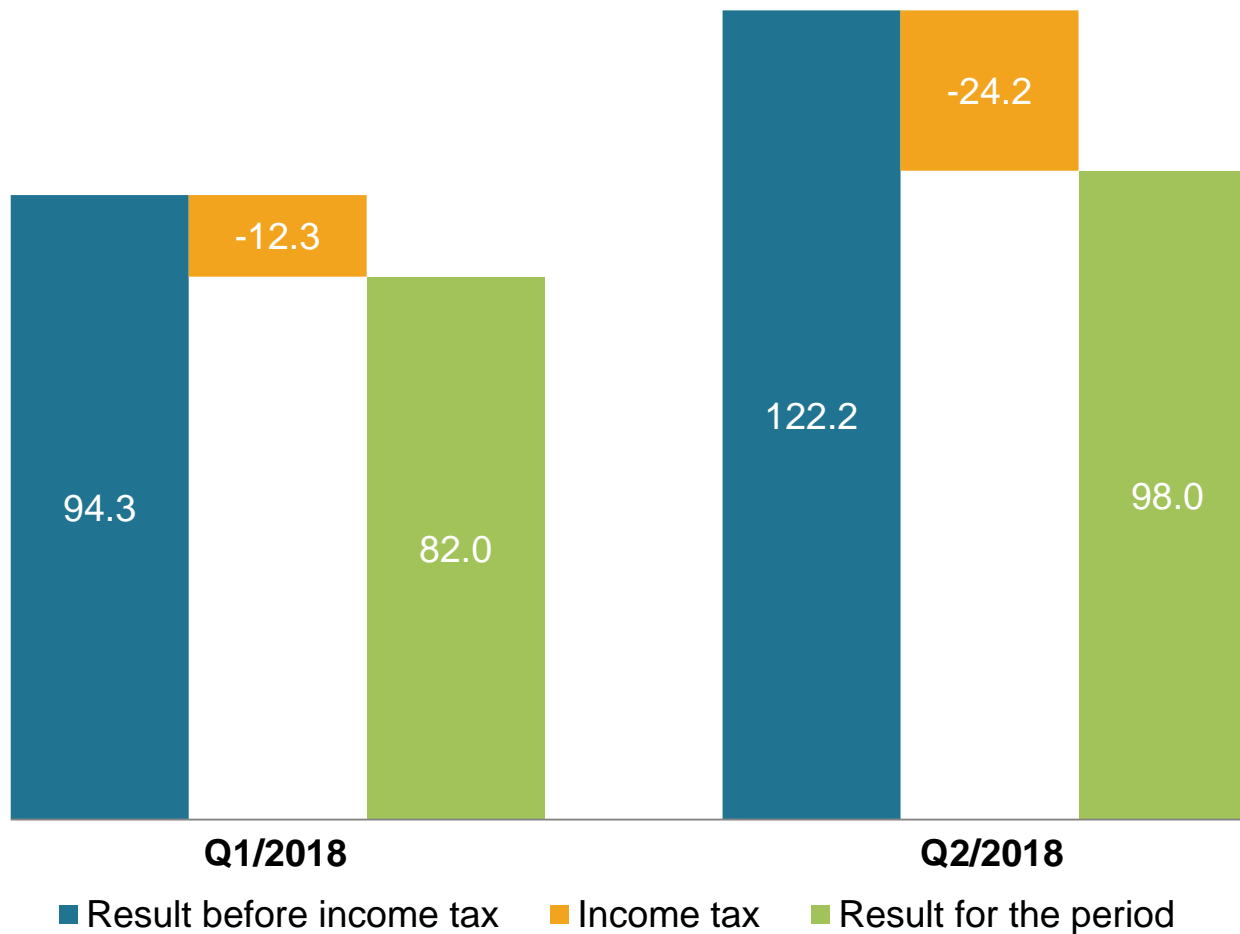
- ▶ Significantly higher ASP y-o-y
- ▶ Further price increases q-o-q
- ▶ Cost of sales per wafer area slightly decreased y-o-y
- ▶ Tailwind from USD q-o-q

▶ Negative

- ▶ Headwind from USD y-o-y (but not as much as expected at the beginning of the year)

Strong growth of net profit

Result and income tax, in EUR million



Comment

- ▶ Net profit in Q2/2018 20% up vs. Q1/2018
- ▶ Higher ASPs and lower depreciation contributed
- ▶ EUR 24.5m expenses for effective taxes in Q2/2018

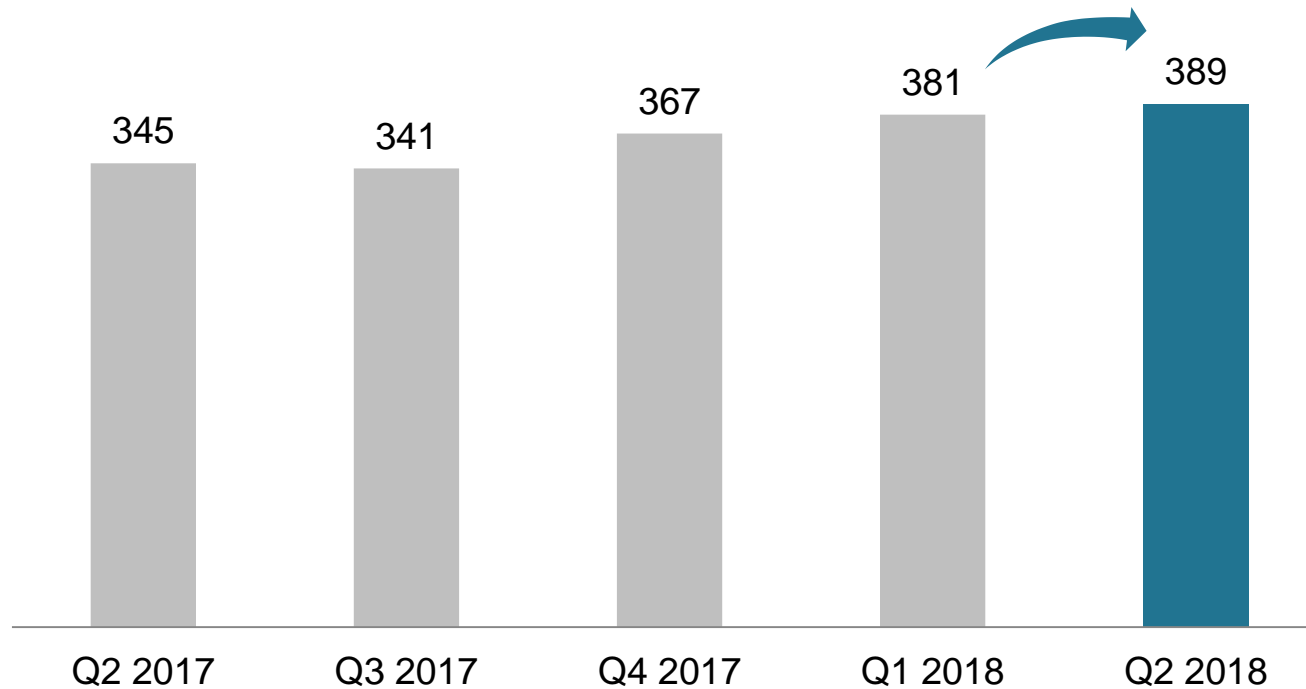
Equity further improved, stable equity ratio of ~47%

Balance sheet, in EUR million

| Assets | Jun 30, 2018 | Dec 31, 2017 | Comments Jun 30, 2018 | Equity and liabilities | Jun 30, 2018 | Dec 31, 2017 | Comments Jun 30, 2018 |
|---------------------------------|----------------|----------------|--|------------------------|----------------|----------------|--|
| Non-current | 585.1 | 546.6 | | Equity | 720.1 | 637.9 | |
| PP&E | 546.6 | 513.3 | | Siltronic | 709.3 | 637.3 | |
| Other fixed | 38.5 | 33.3 | 22 intangibles (related to SSW) 1 hedging | Other shareholders | 10.8 | 0.6 | Samsung's 22% in SSW |
| Current | 958.9 | 705.8 | | Liabilities | 823.9 | 614.5 | |
| Inventories and contract assets | 155.0 | 149.9 | | Pension provision | 389.4 | 367.2 | Germany and US |
| Trade receivables | 175.1 | 159.9 | | Other provisions | 67.7 | 59.5 | 36 personnel related (e.g. early retirement) |
| Other current | 26.1 | 53.9 | 5 hedging | Trade liabilities | 85.2 | 67.1 | |
| Cash and fixed term deposits | 602.7 | 342.1 | | Customer prepayments | 222.8 | 69.8 | |
| Total | 1,544.0 | 1,252.4 | | Other | 58.8 | 50,9 | 40 employee-related 14 hedging |
| | | | | Total | 1,544.0 | 1,252.4 | |

Pension provision relatively stable q-o-q

Pension provision, in EUR million



Comment

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

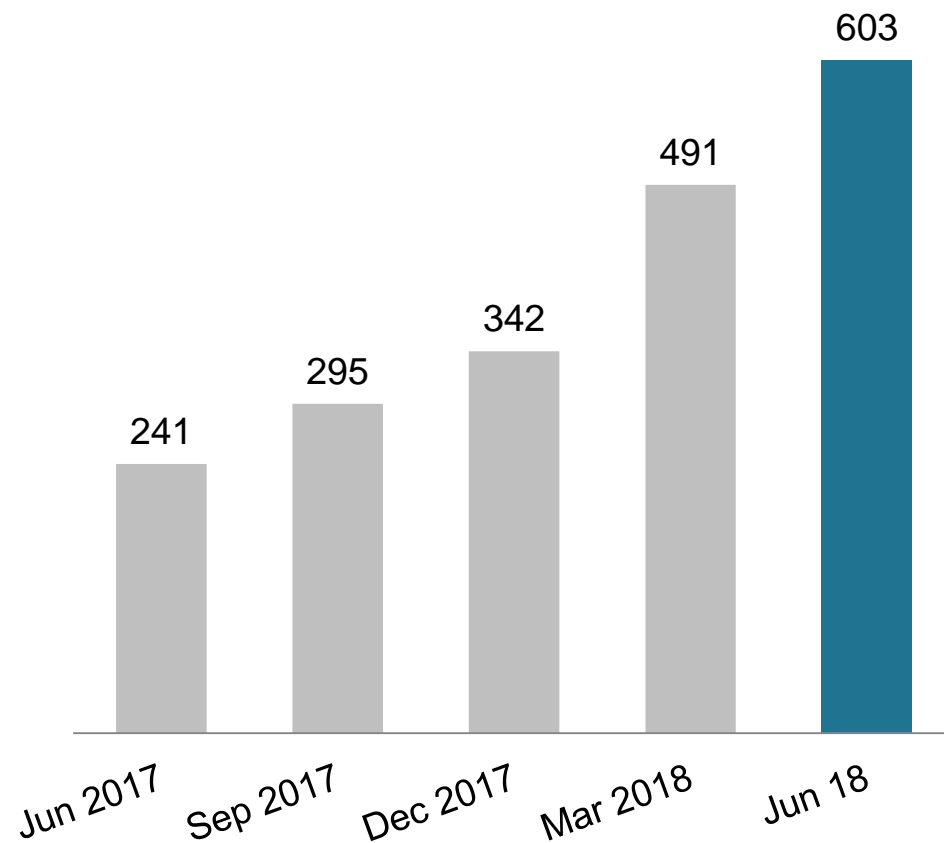
interest rates IFRS

| | | | | | |
|-----------|-------|-------|-------|-------|-------|
| ▶ USA | 3.65% | 3.61% | 3.45% | 3.81% | 3.99% |
| ▶ Germany | 2.19% | 2.21% | 2.10% | 2.02% | 2.00% |

Net financial assets substantially increased

Net financial assets, in EUR million

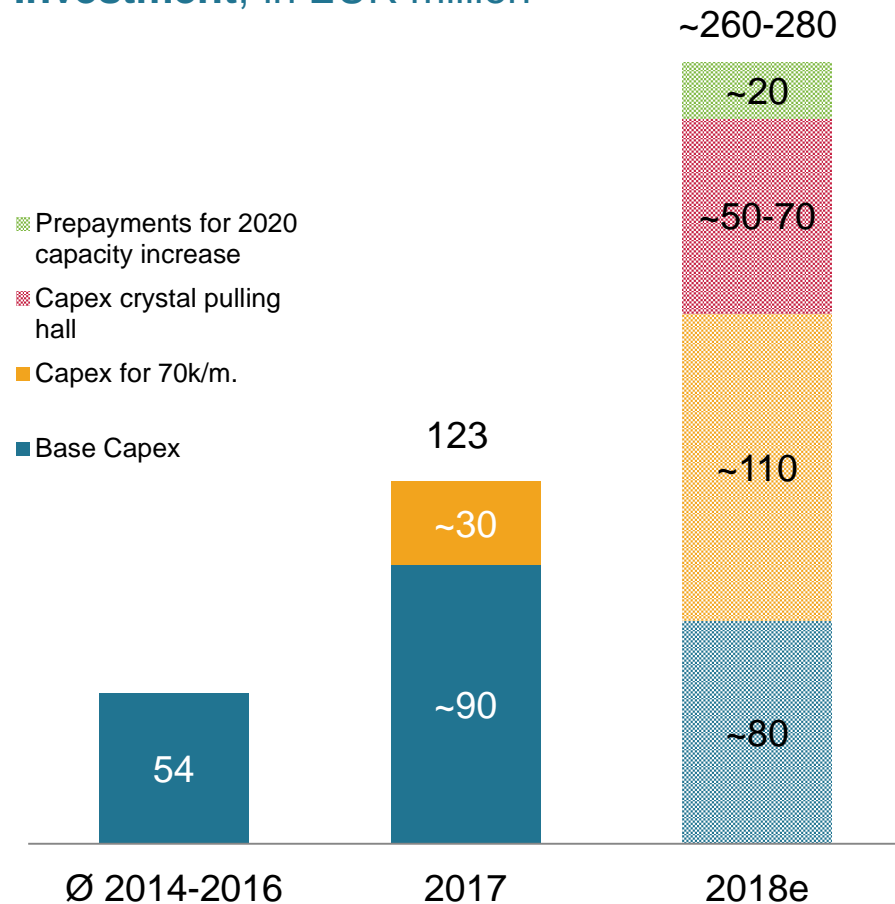
Comment



- ▶ Dividend payment of EUR 75m in April 2018
- ▶ Prepayments of EUR 116m (net) received in Q2

Capex 2018: slightly up to EUR 260m to EUR 280m

Investment, in EUR million

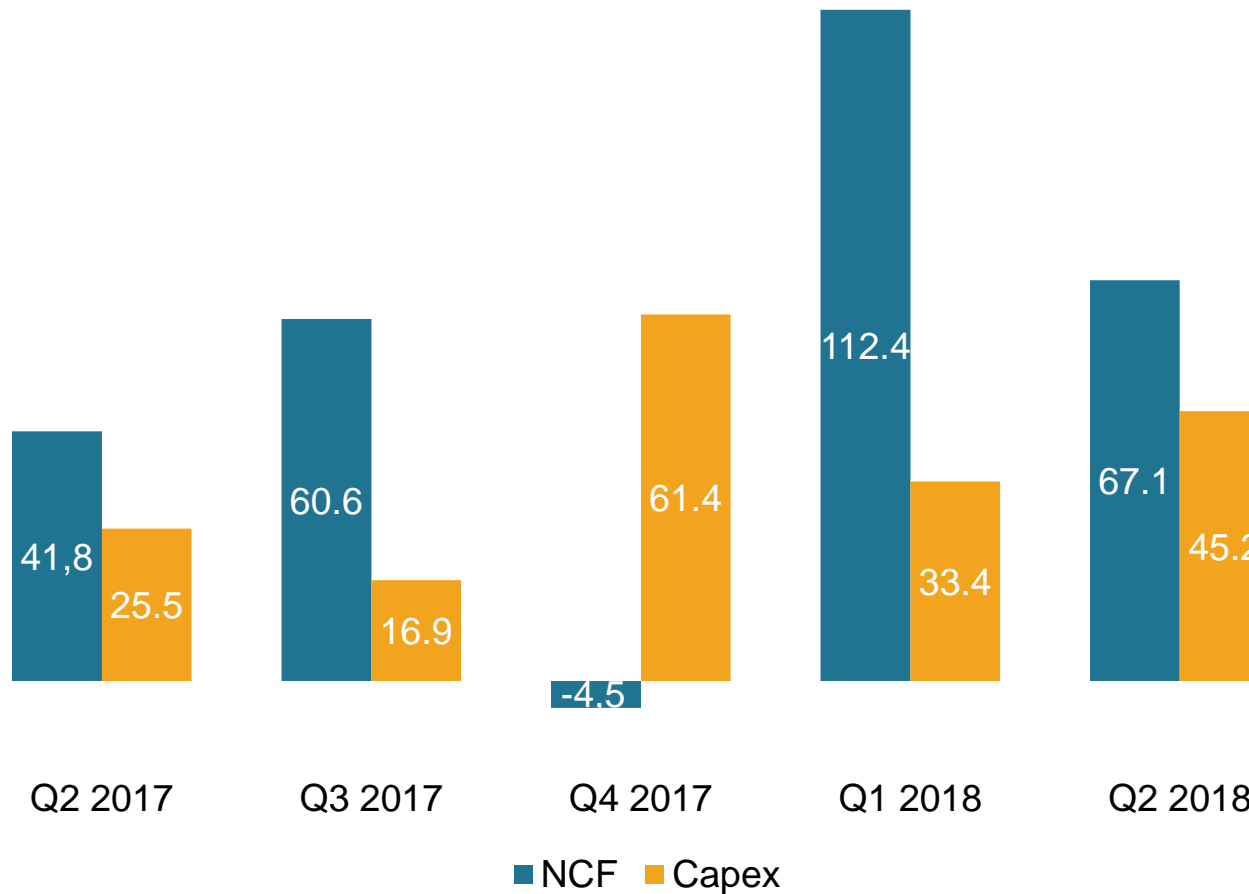


Comments

- ▶ 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
- ▶ Prepayments for capacity additions in 2020 already in 2018
- ▶ Capex base level to sustain business:
 - ▶ MOB (maintenance of business)
 - ▶ Capabilities
 - ▶ Cost reductions
 - ▶ Automation

High net cash flow in the first two quarters





Capex and NCF, in EUR million



Comments

- ▶ Net cash flow of EUR 67.1m in Q2 2018
- ▶ Low capex in Q1 and Q2
- ▶ Higher tax payments in Q2
- ▶ Q1 high due to reversal of Q4 effects

Siltronic Outlook for 2018 (as of July 23, 2018)

| | |
|---------------------------|--|
| EBITDA margin | approximately 40% update  |
| ROCE | clearly higher than in 2017 |
| Net cash flow | clearly higher than in 2017 |
| Sales | close to EUR 1.4bn, depending on FX effects update  |
| R&D | approx. 5% of sales |
| Cost position | negative effect on savings potential due to tariff increases and inflation |
| FX effects | assuming an EUR/USD exchange rate of 1.20 and an EUR/JPY exchange rate of 130 negative FX impact of approx. EUR 60m on sales and approx. EUR 40m on EBITDA update  |
| Depreciation | approx. EUR 90m |
| Tax rate | between 15% and 20% |
| Financial result | relatively stable |
| CapEx | approx. between EUR 260m and EUR 280m update  |
| Earnings per share | significantly higher than in 2017 |

Contact and Additional Information

Issuer and Contact

Siltronic AG
Hanns-Seidel-Platz 4
D-81737 München

Investor Relations:

Petra Mueller
email: petra.mueller@siltronic.com
Tel. +49 89 8564-3133

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 |

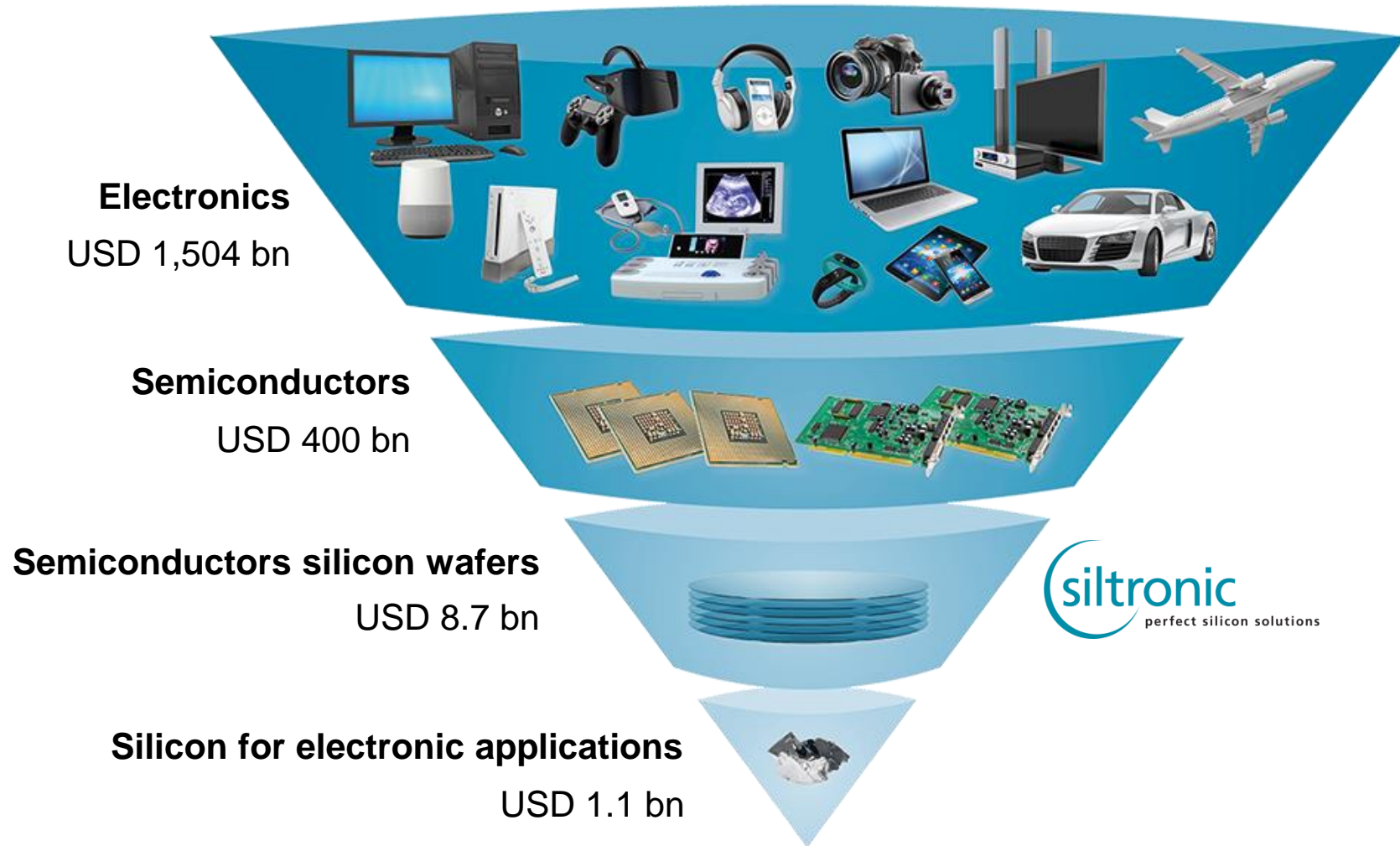




APPENDIX

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

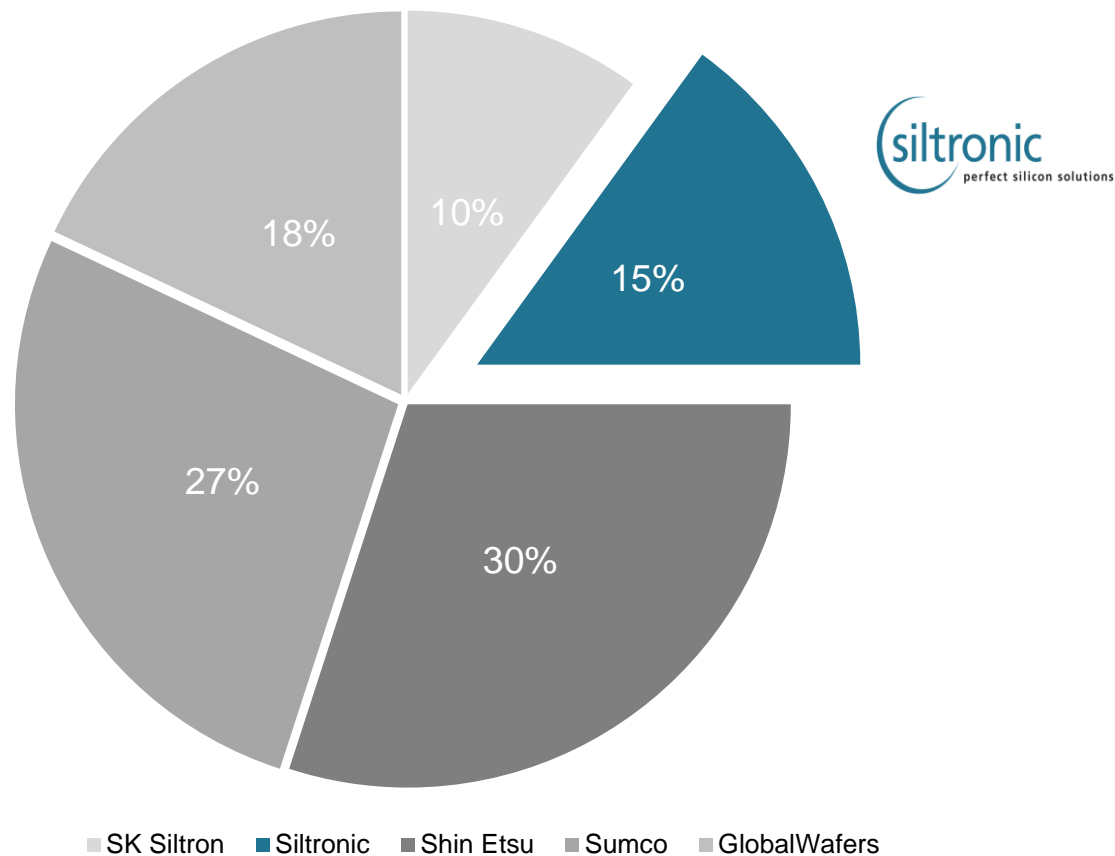
Electronics Value Chain 2017



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

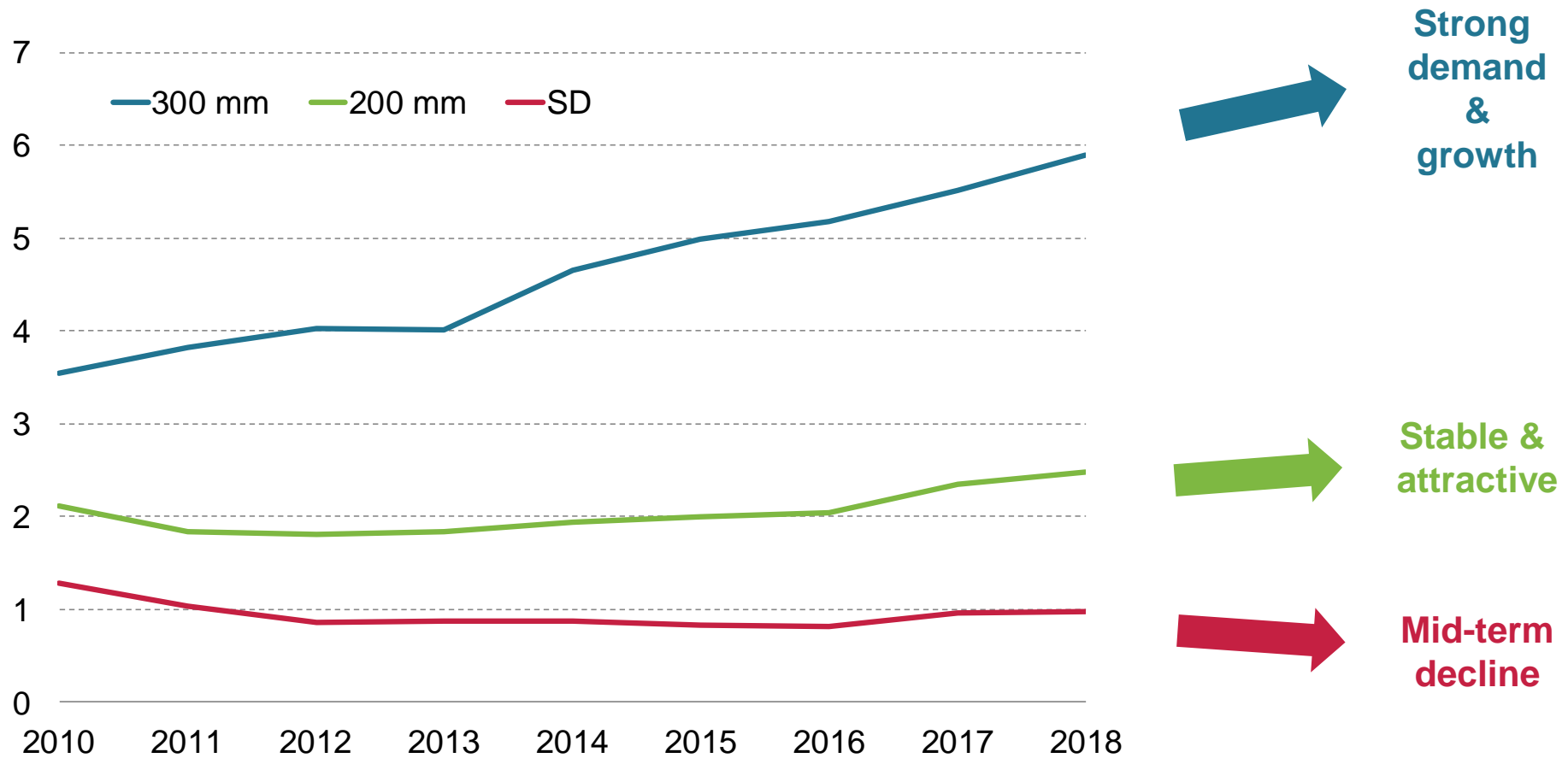
Top 5 wafer producers serve more than 90% of market across all diameters



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 June 2018

Customer base well diversified across all major semiconductor silicon wafer consumers

Siltronic is a supplier to all top 20 Silicon wafer consumers

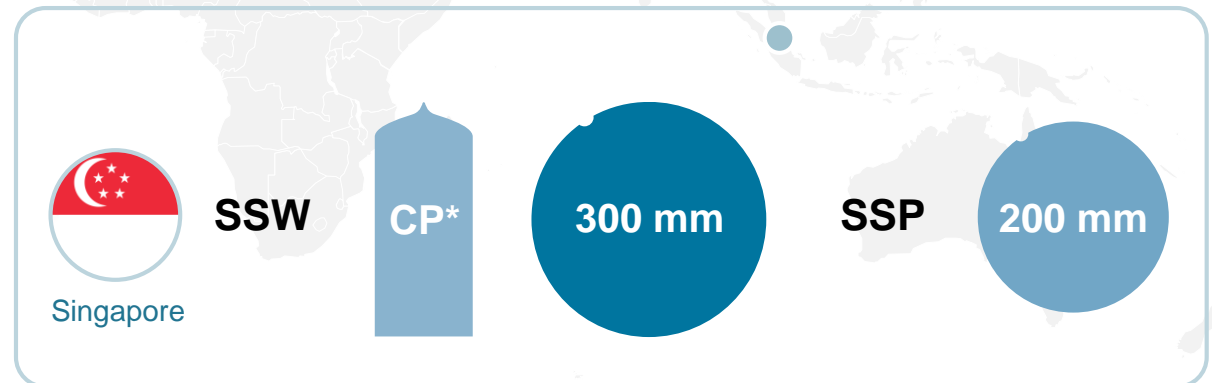
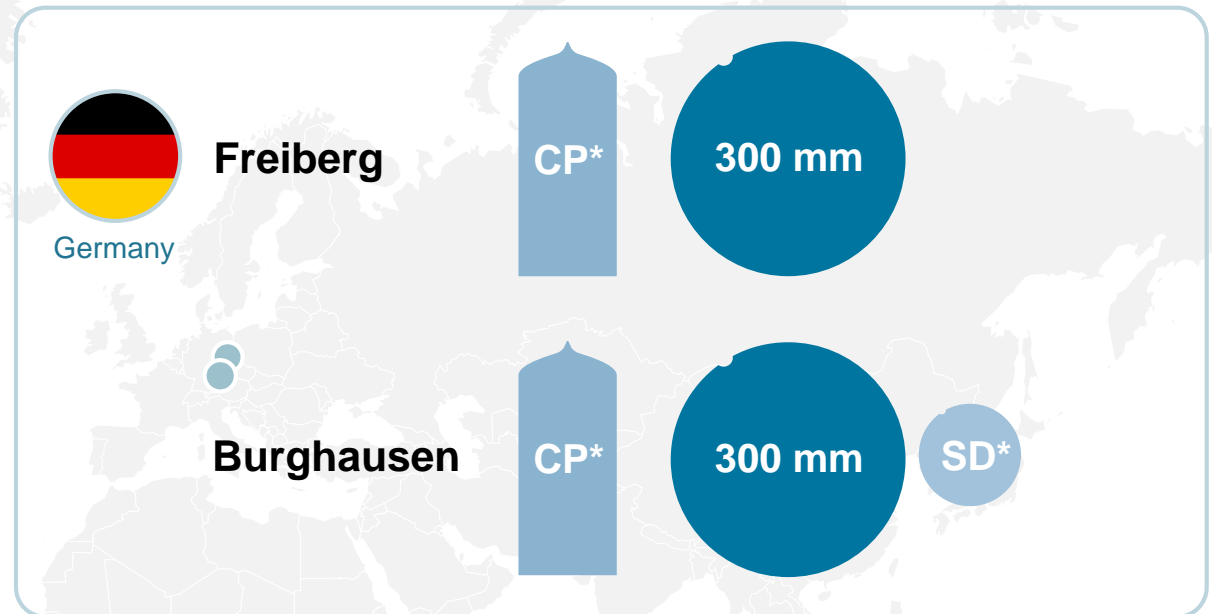
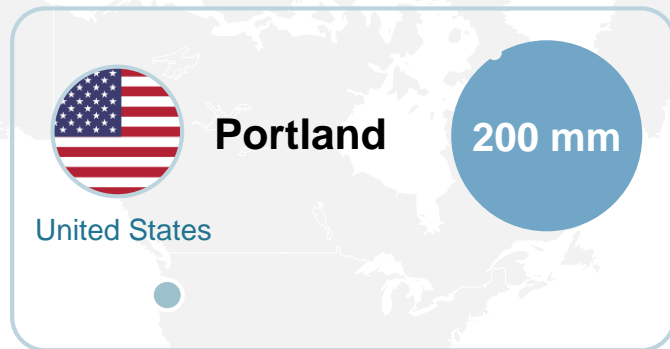


Siltronic well positioned at all major Silicon consumers

Top 10 customers represent ~73% of 2017 revenues

Source: Company Information, Siltronic

International manufacturing network supports market leadership and business focus



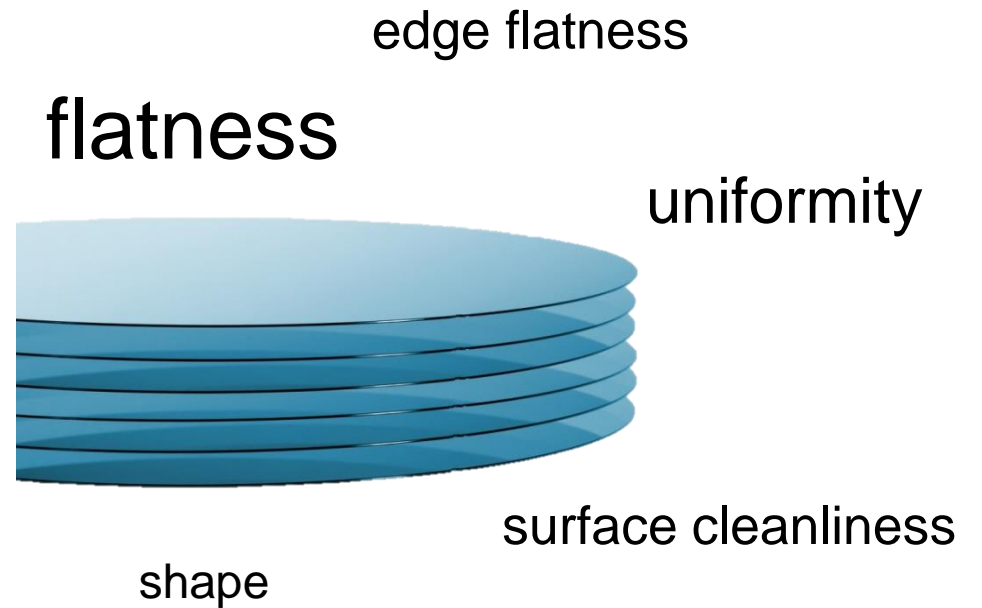
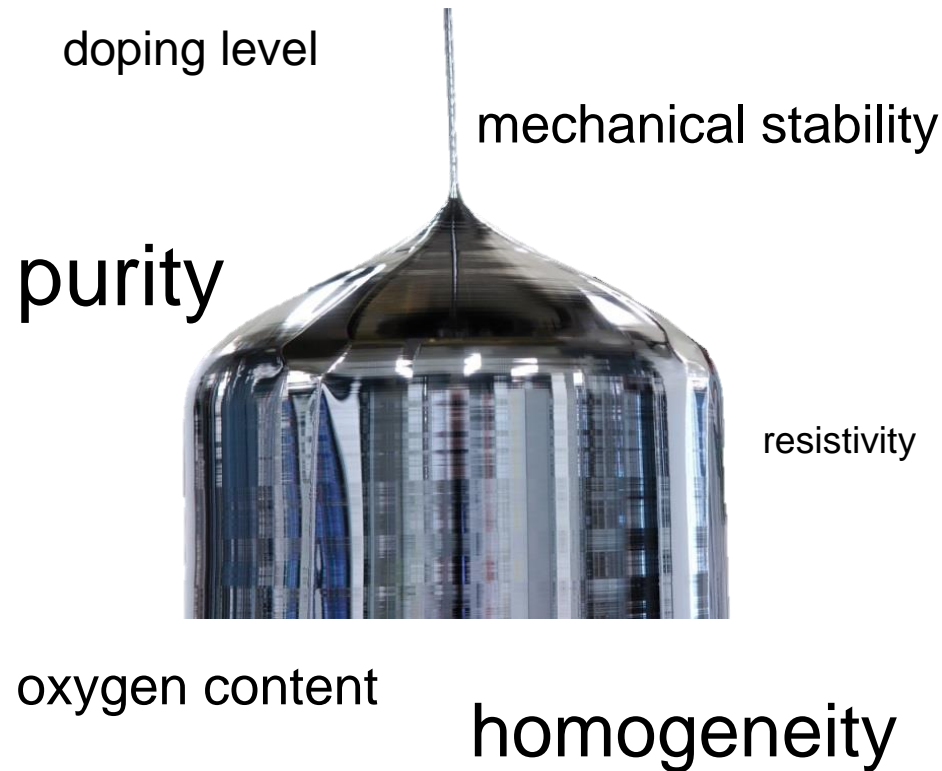
- ▶ **Central R&D hub** in Burghausen
- ▶ **High volume facilities** for 300 mm in Germany and Singapore
- ▶ Among world's **newest & largest fabs** in Singapore

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

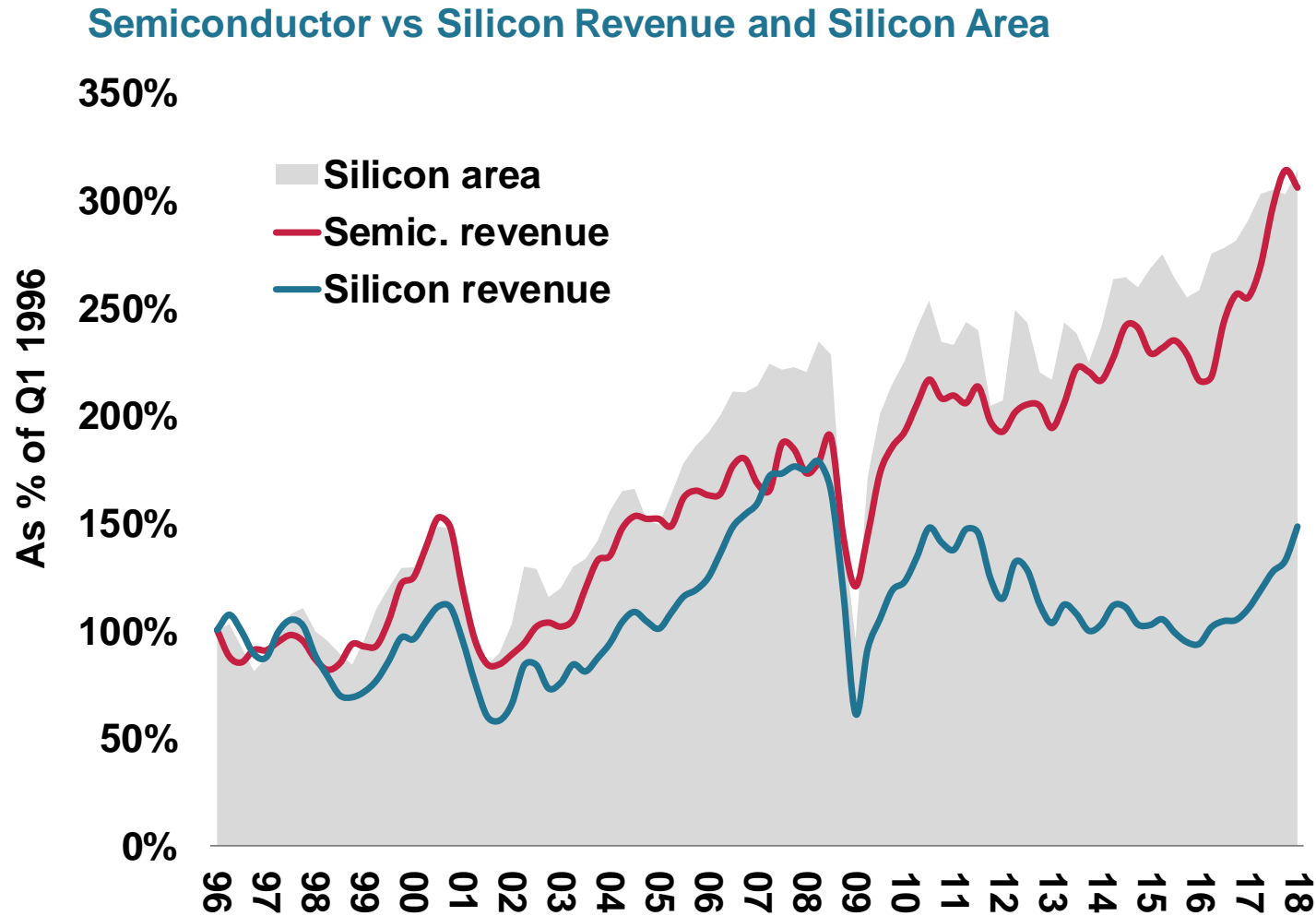
Continuous improvement of key ingot and wafer properties to meet customers' requirements

Ingot

Wafer



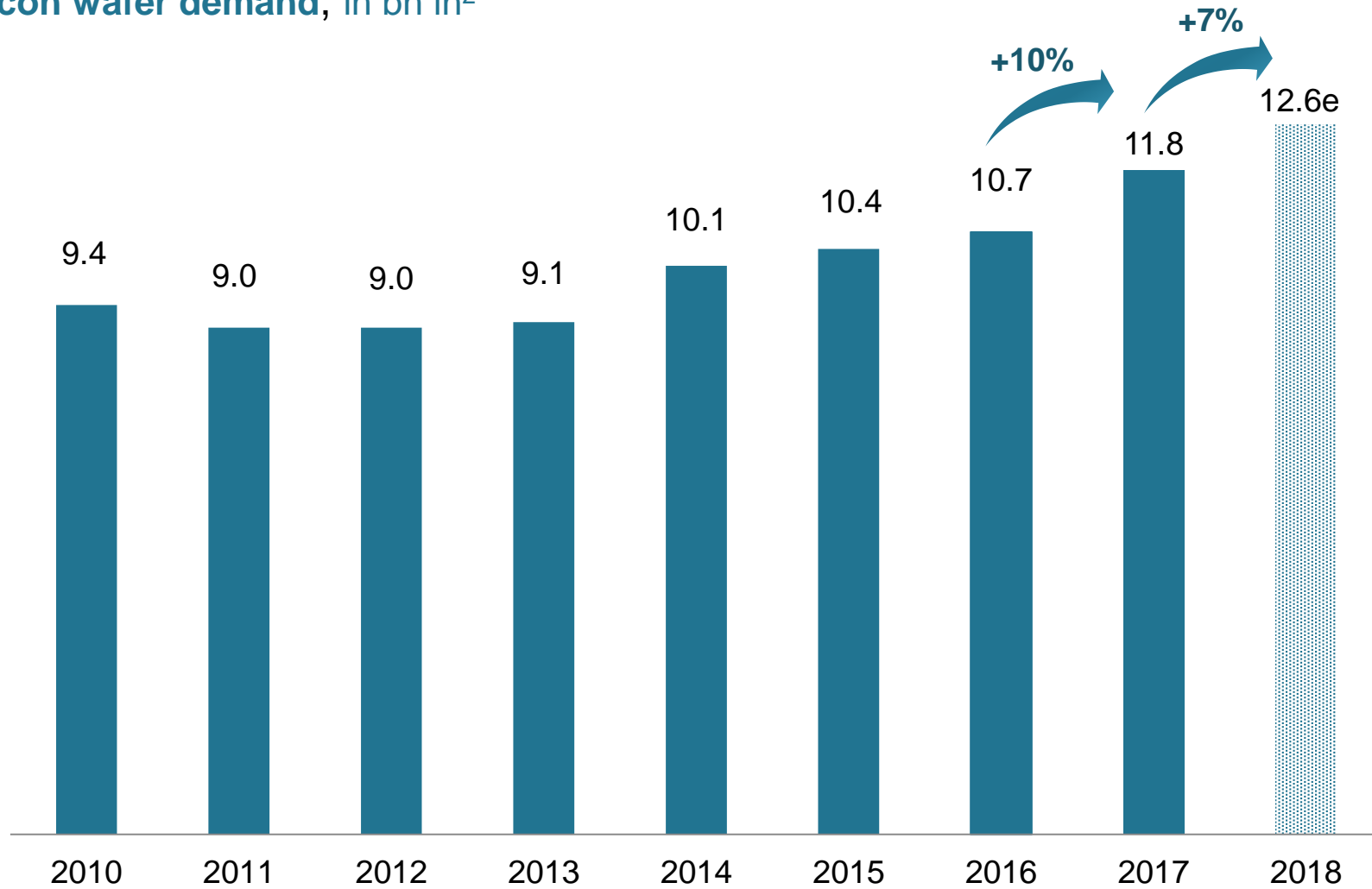
Semiconductor Revenue vs Silicon Area and Silicon Revenue



Source: WSTS and SEMI up to Q2 2018

Silicon area demand continues to grow

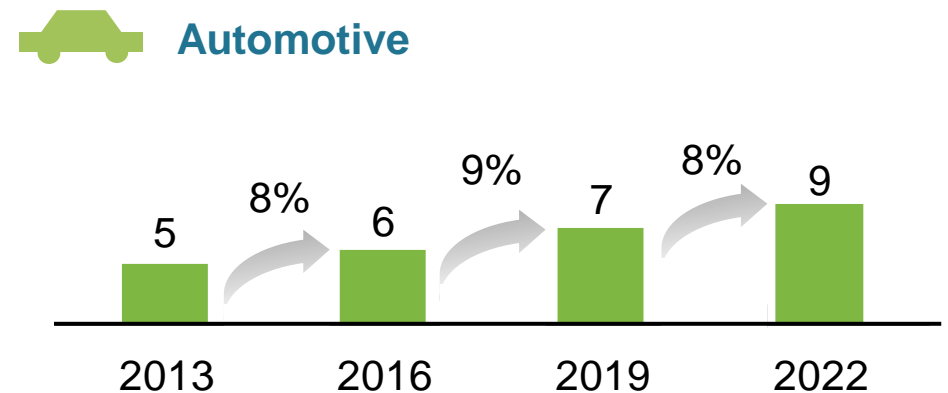
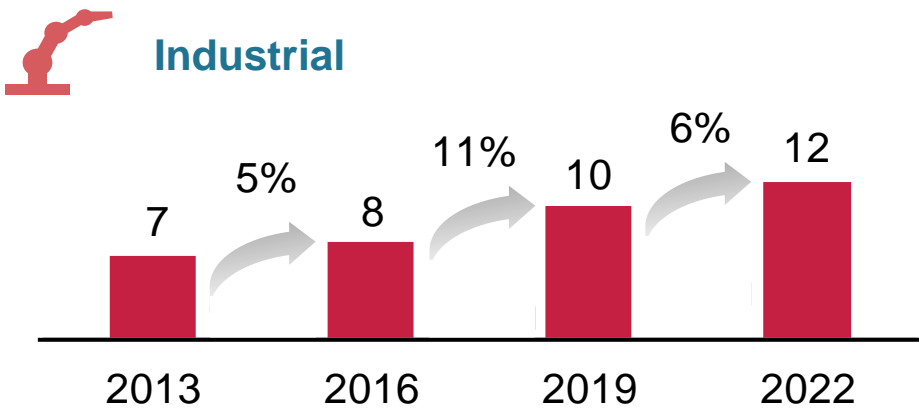
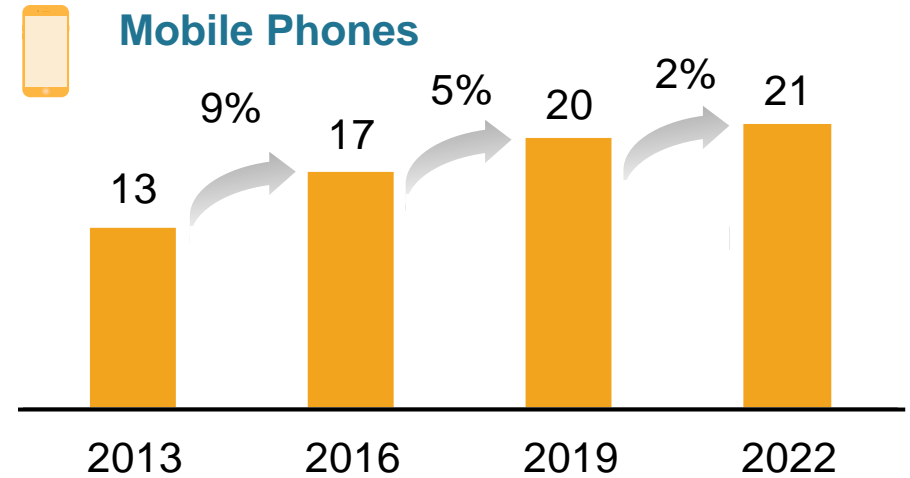
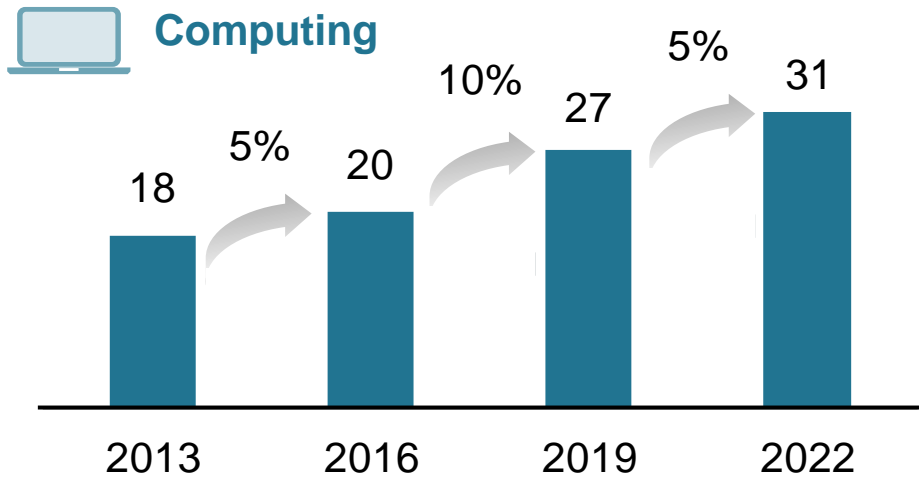
Silicon wafer demand, in bn in²



Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018 (Estimate 2018). Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details. Further Source: SEMI (Silicon Area until 2017).

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

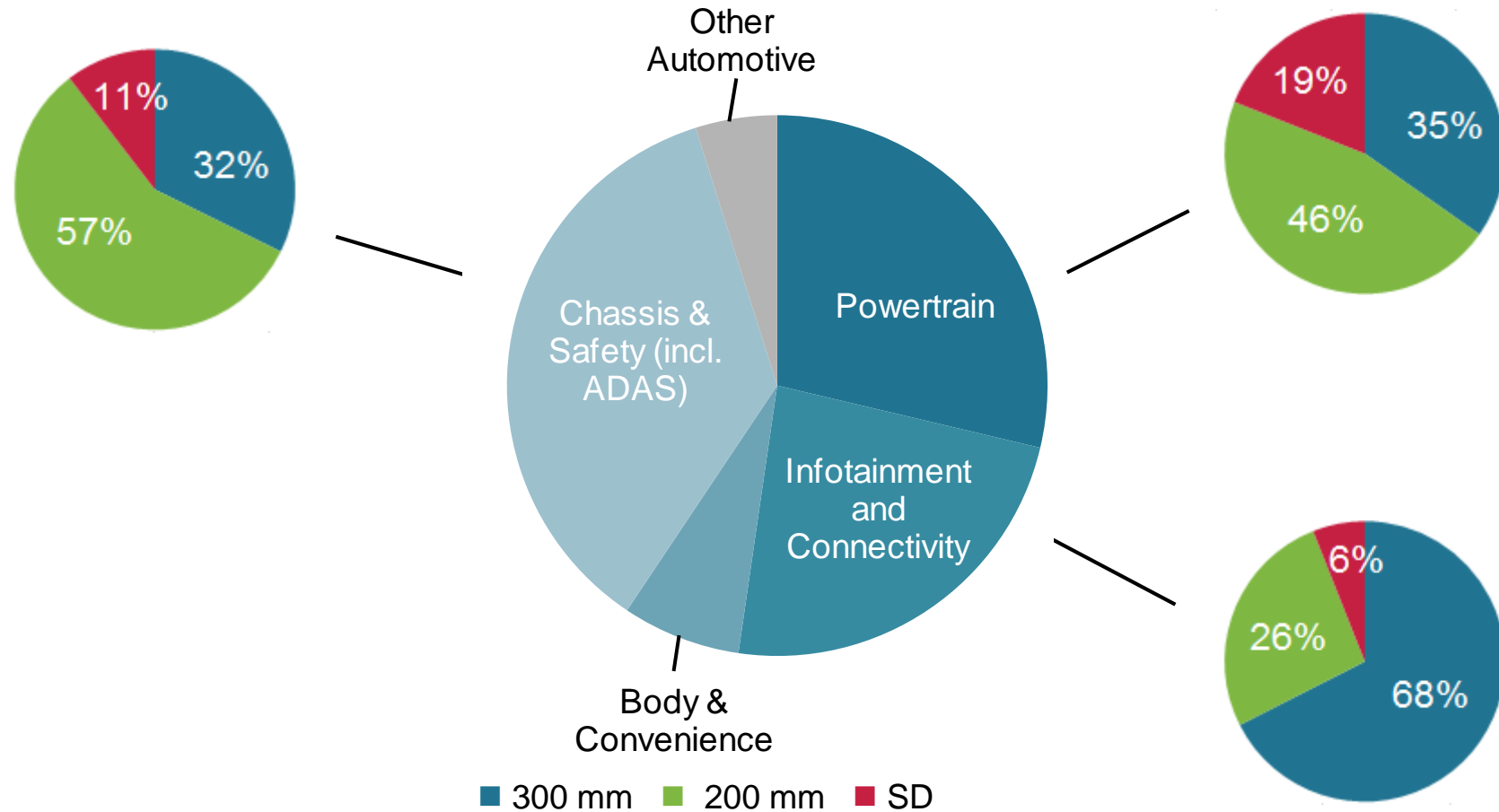
Silicon demand for main wafer consuming applications, bn cm² and CAGR



Note: **Mobile phones:** Smart & Feature phones; **Computing:** Desktop, Notebook & Server PC & periphery, Tablets, SSD & DRAM
 Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details.

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

2018 Silicon Demand in Automotive, in %

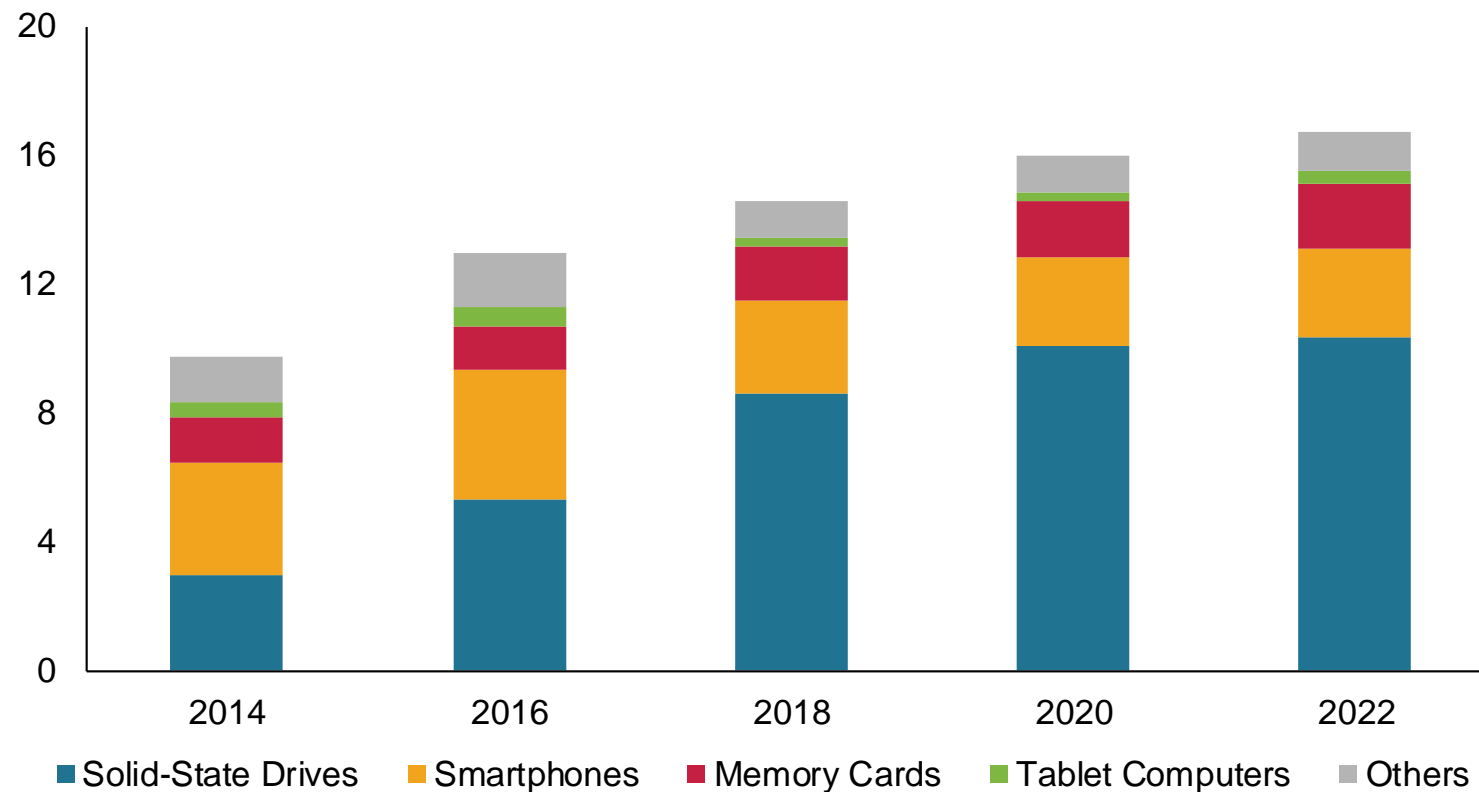


¹ ADAS = advanced driver assistance system

Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details.

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

NAND silicon area demand by applications, bn cm² p.a.

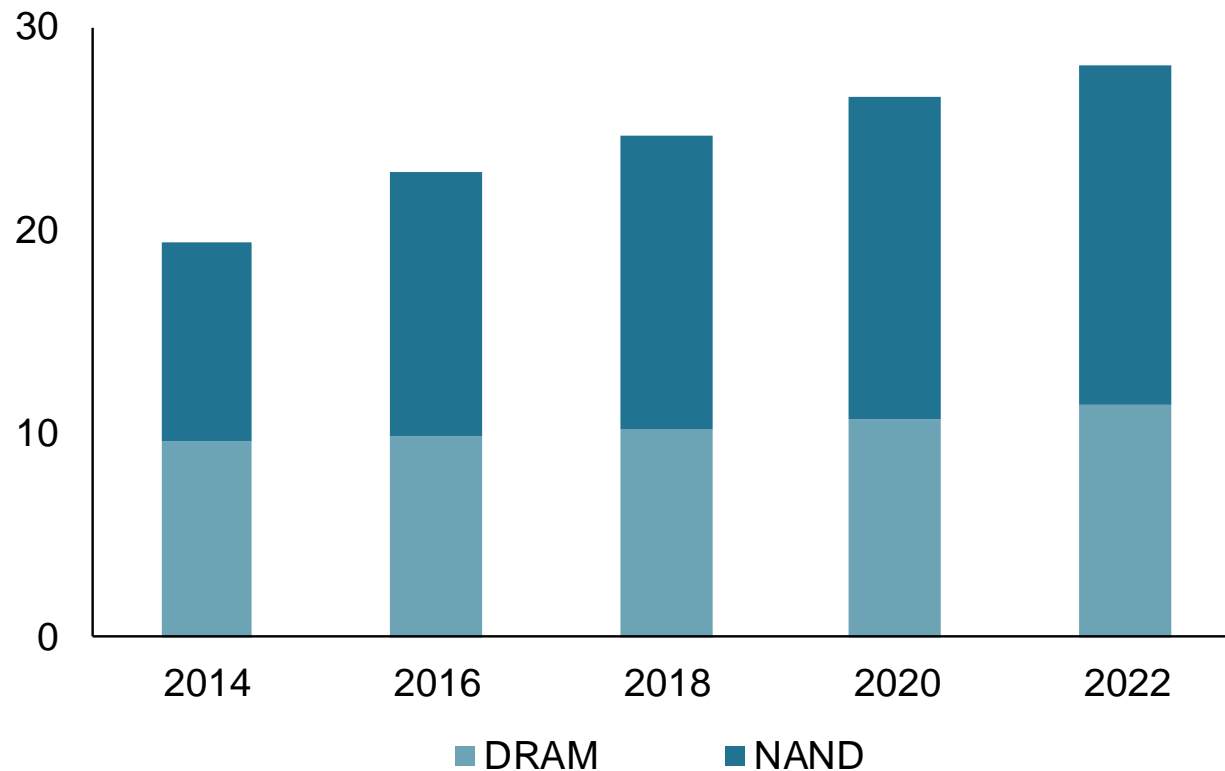


Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details.

NAND is the growth engine in the memory sector

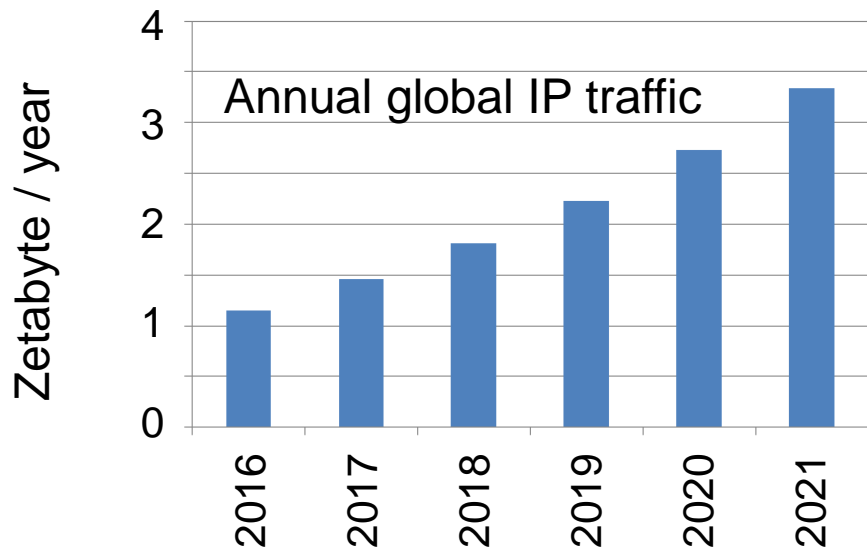
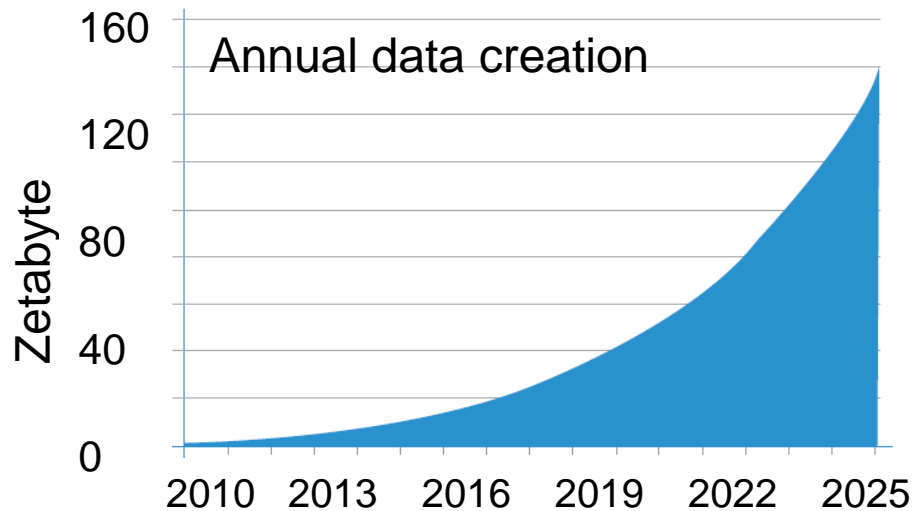
Silicon area for DRAM only shows moderate growth

Split of memory silicon area market by DRAM and NAND, bn cm² p.a.

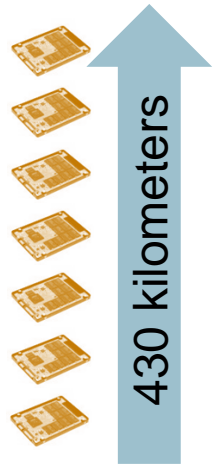


Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q3 2018. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit technology.ihs.com for more details.

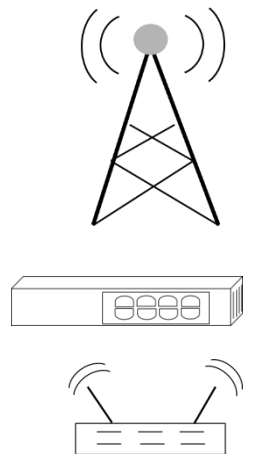
Silicon is needed to generate much more data, but even more Silicon is needed to store, move and process ever more data



- ▶ 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

Financials improved strongly over the last years

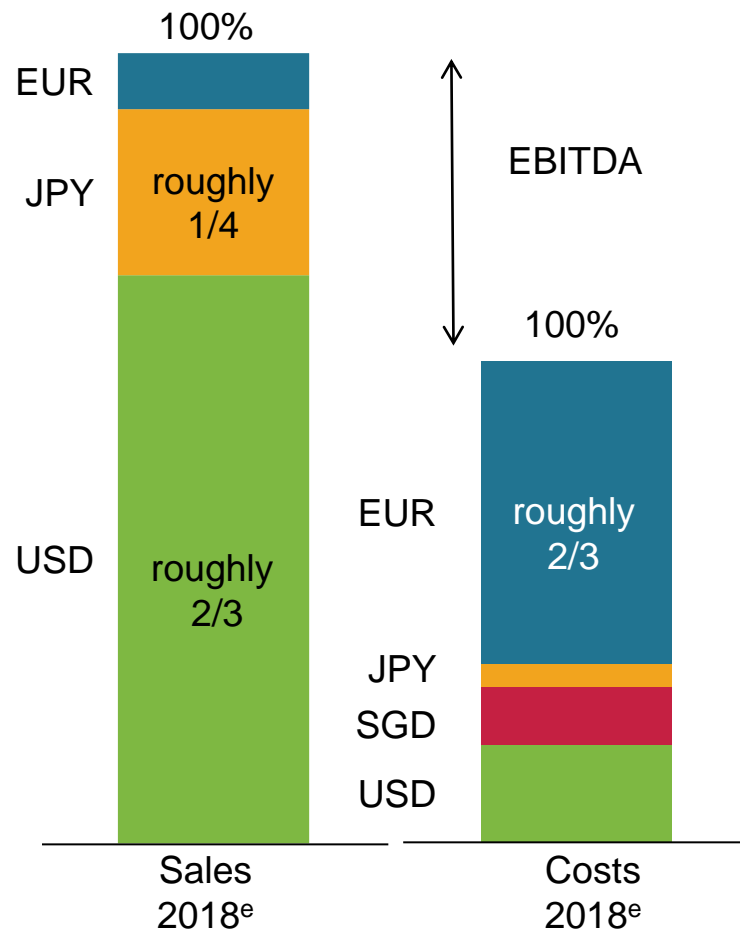
| Adjusted ¹ financial figures (EUR million) | 2013 | 2014 | 2015 | 2016 | 2017 | H1 / 2018 |
|---|--------|--------|-------|-------|---------|-----------|
| Sales | 875.5 | 853.4 | 931.3 | 933.4 | 1,177.3 | 688.7 |
| EBIT | (87.3) | (31.6) | 2.7 | 27.0 | 235.7 | 220.7 |
| EBIT margin in % | (10.0) | (3.7) | 0.3 | 2.9 | 20.0 | 32.0 |
| EBITDA | 112.6 | 117.7 | 124.0 | 146.0 | 353.1 | 268.3 |
| EBITDA margin in % | 12.9 | 13.8 | 13.3 | 15.6 | 30.0 | 39.0 |
| CapEx | 39.7 | 40.7 | 75.0 | 88.8 | 123.2 | 78.6 |
| Free cash flow ² | 64.7 | 86.3 | 37.4 | 19.0 | 169.6 | - |
| Net cash flow ² | - | - | - | 39.6 | 124.8 | 179.5 |

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

² 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%

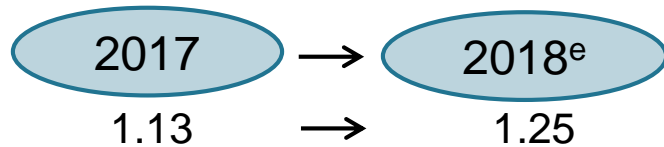
excl. profit

- ▶ 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

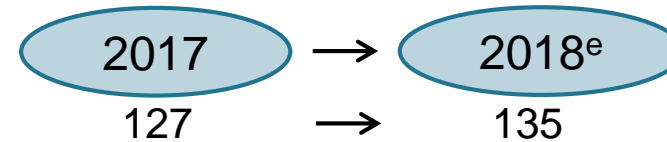
1 ct ~ EUR 7.5m sales
~ EUR 6.5m gross margin
~ EUR 4.5m EBITDA after hedging



~ 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

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 |

Hanns-Seidel-Platz 4
81737 Munich
Germany