

# Siltronic AG Investor Presentation

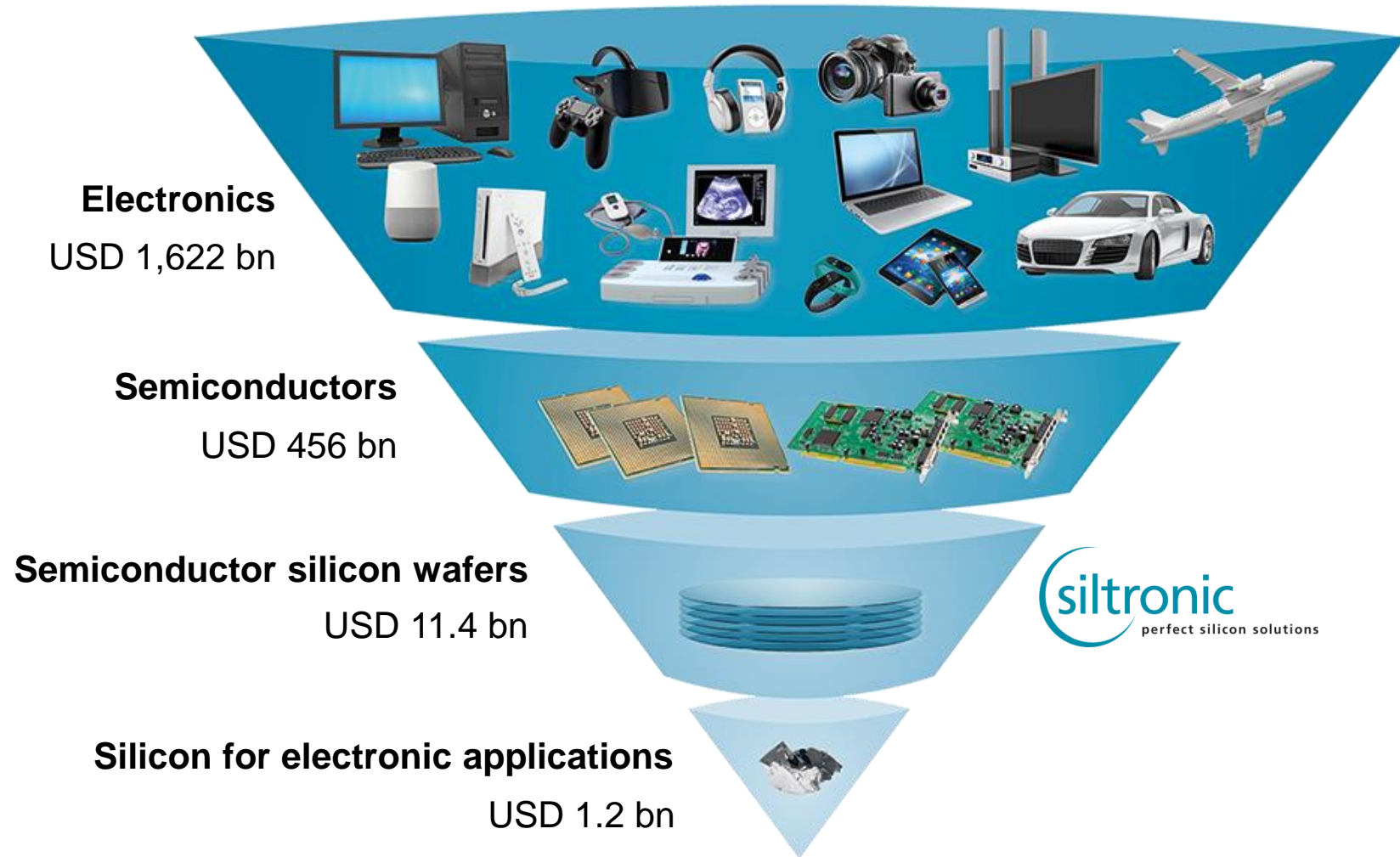
May / June, 2019

A person wearing a white cleanroom suit and a clear face shield is working in a cleanroom. They are positioned behind a large, highly reflective, metallic, teardrop-shaped object that is suspended from above. The object has a smooth, polished surface that reflects the surrounding environment. The background is a cleanroom with various pieces of equipment and a bright, sterile atmosphere. A large, semi-transparent teal circle is overlaid on the left side of the image, containing the text 'COMPANY OVERVIEW'.

## COMPANY OVERVIEW

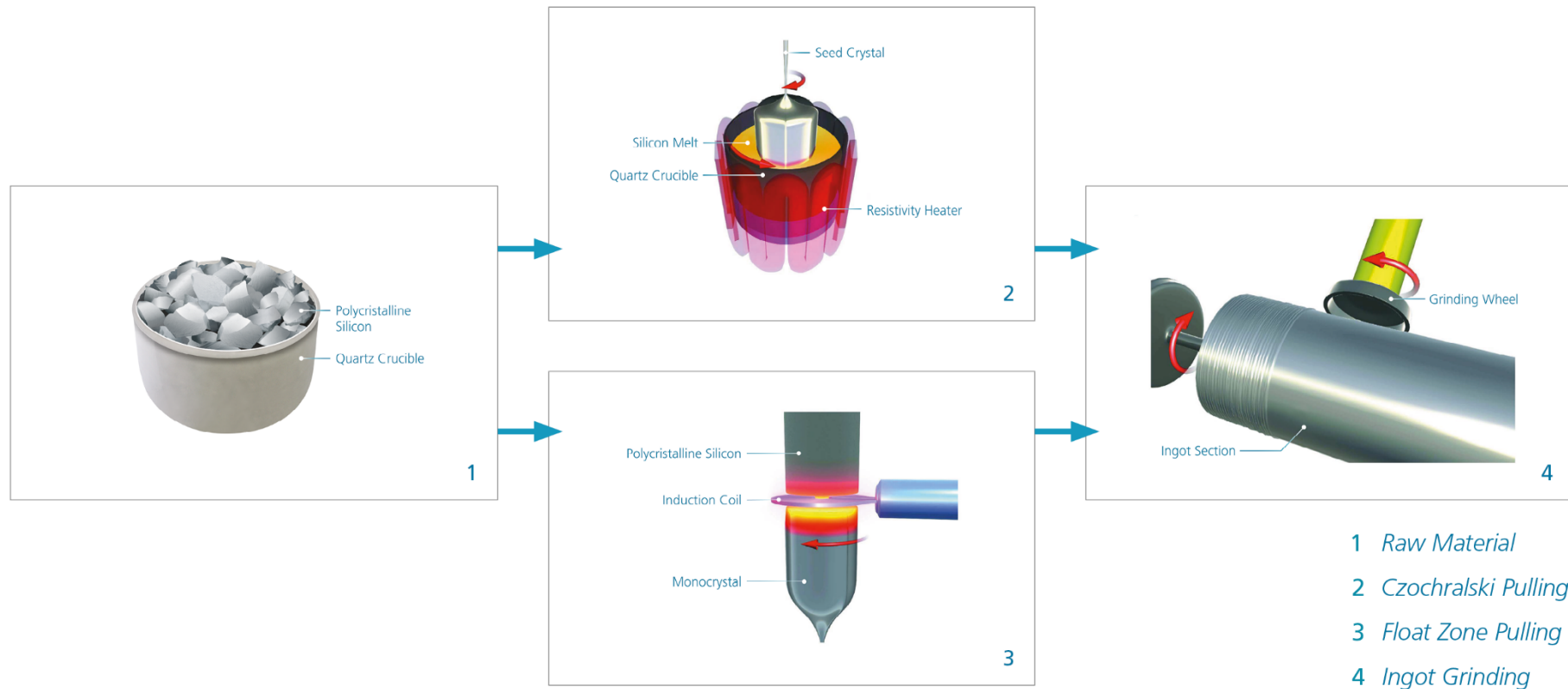
# Increasing demand for electronic devices and new applications drive semiconductor growth, which in turn fuels silicon demand.

## Electronics Value Chain 2018

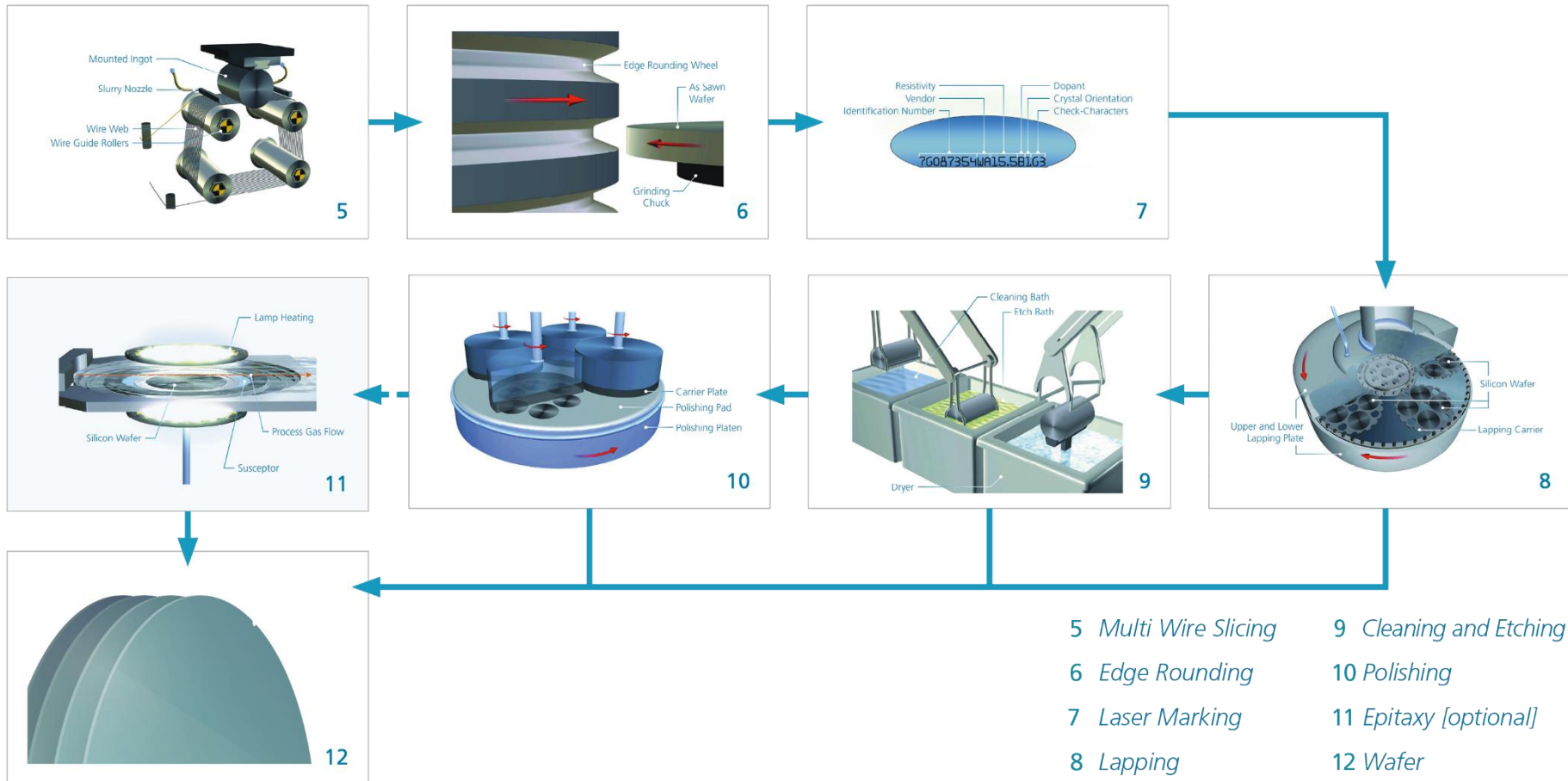


Source: Electronics (IC Insights), Semiconductors (WSTS, only silicon-based), Silicon wafers (SEMI SMG), Electronic applications (estimate)

# Production process - ingot growing



# Production process - wafering



5 Multi Wire Slicing

9 Cleaning and Etching

6 Edge Rounding

10 Polishing

7 Laser Marking

11 Epitaxy [optional]

8 Lapping

12 Wafer

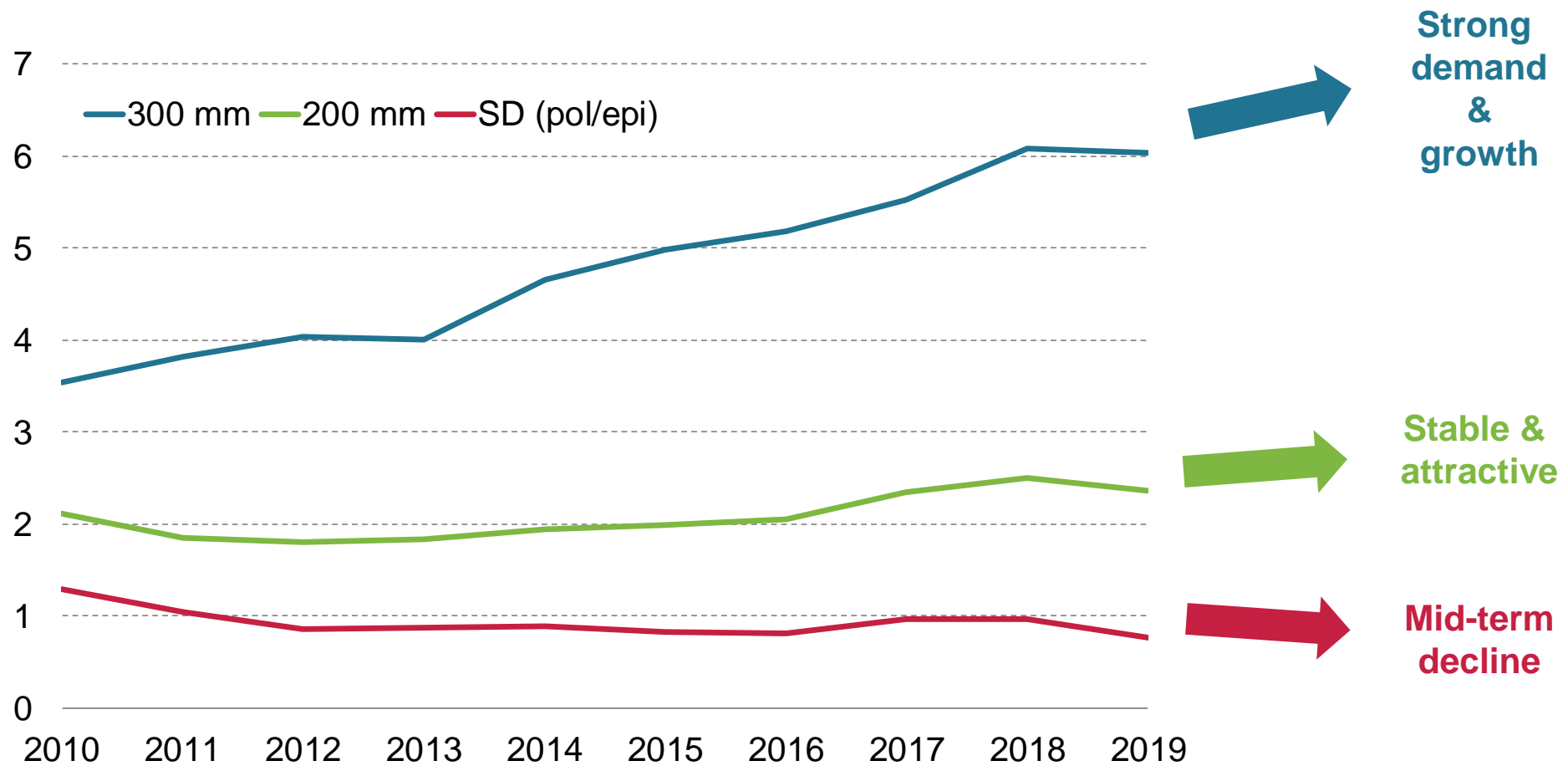
# Ever new applications for electronic devices and the infrastructure to support them continue to drive silicon demand

Electronic equipment contains multiple devices built on tailormade Si substrates



# Siltronic is focused on growing 300 mm and attractive 200 mm business.

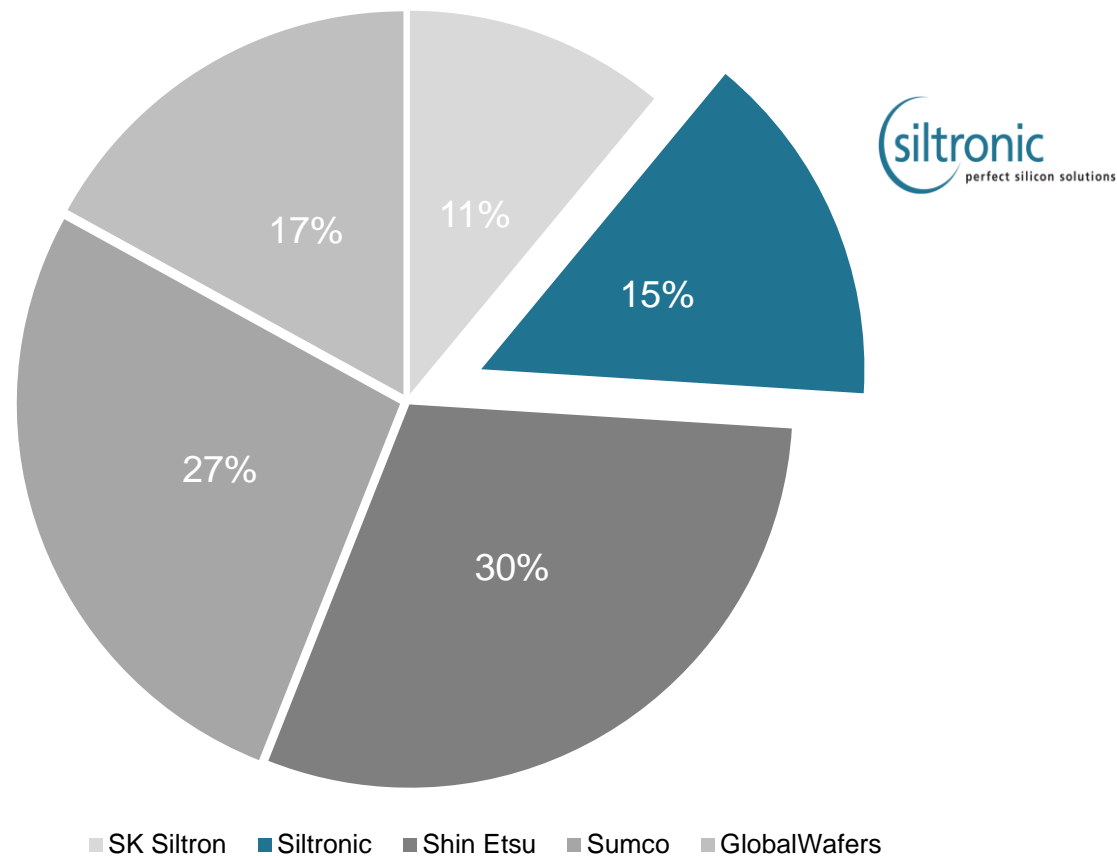
Development of Total Wafer Demand per Diameter, in mn 300 mm equivalents per month



Source: SEMI up to Mar 2019

# 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 Q1-Q3 2018, converted to USD million



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

Siltronic is a supplier to all top 20 Silicon wafer consumers

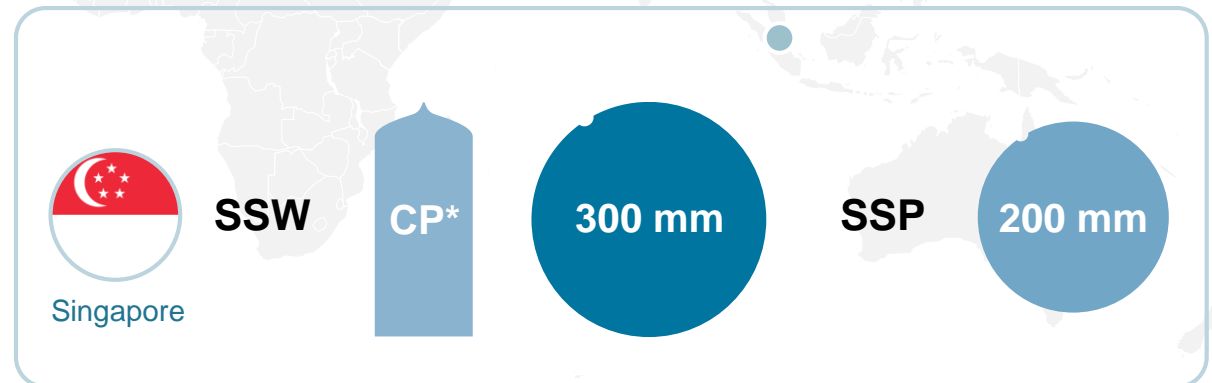
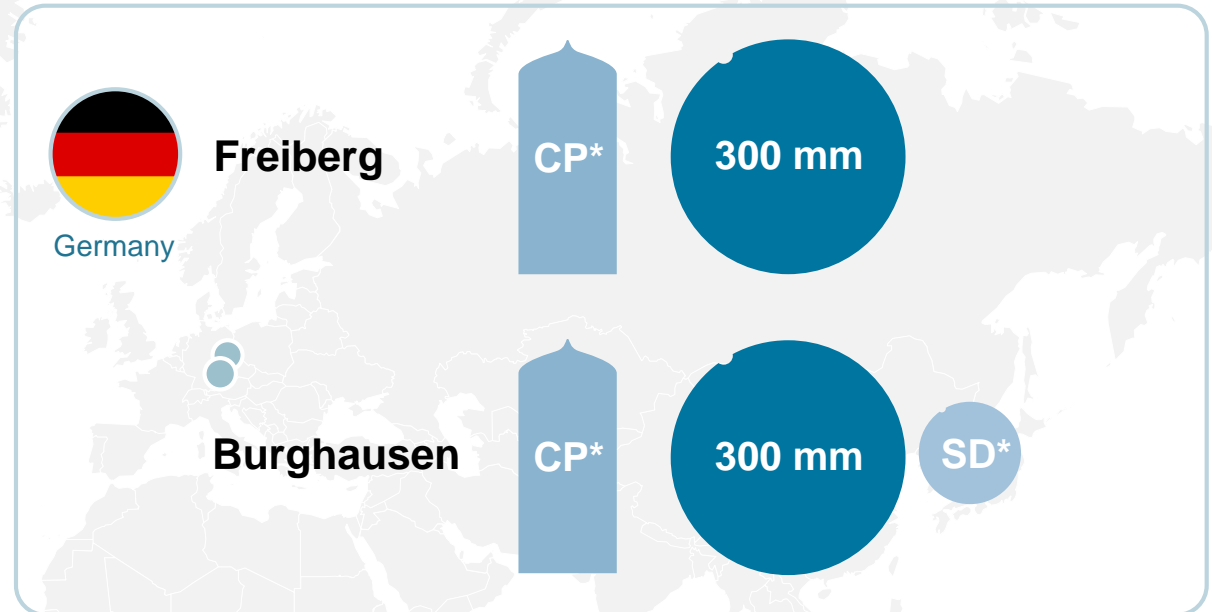


Siltronic well positioned at all major Silicon consumers

Top 10 customers represent ~75% of 2018 revenues

Source: Company Information, Siltronic

# International manufacturing network supports market leadership and business focus



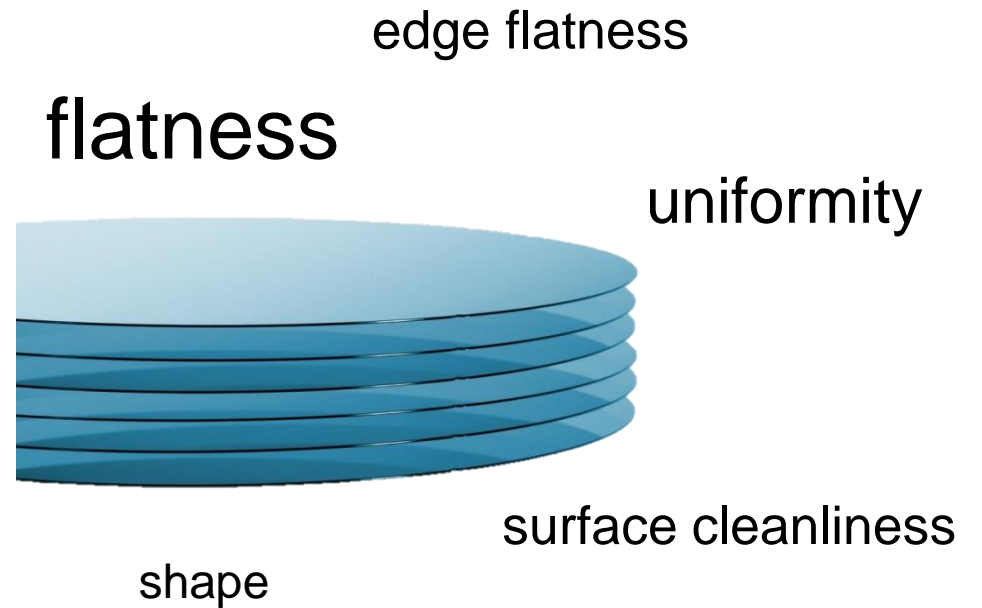
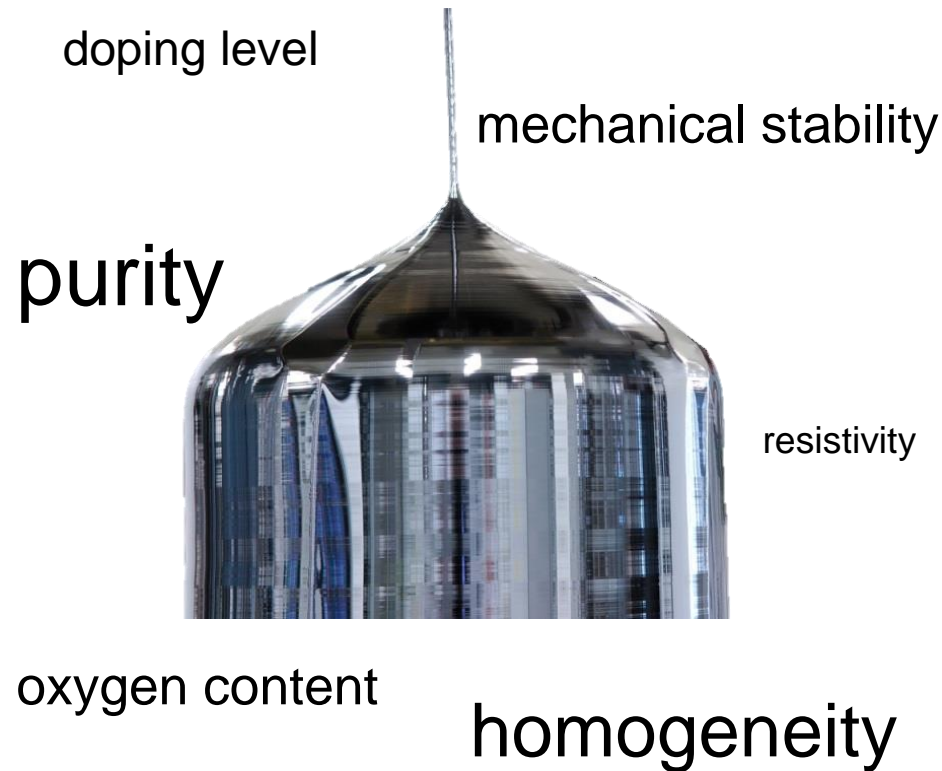
- ▶ **Central R&D hub** in Burghausen
- ▶ **High volume facilities** for 300 mm in Germany and Singapore
- ▶ Among world's **newest & largest fabs** in Singapore

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

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

## Ingot

## Wafer



# Financials improved strongly over the last years

Adjusted financial figures (EUR million)	2015	2016	2017	2018
<b>Sales</b>	931.3	933.4	1,177.3	1,457.7
<b>EBIT</b>	2.7	27.0	235.7	497.7
<b>EBIT margin in %</b>	0.3	2.9	20.0	34.2
<b>EBITDA</b>	124.0	146.0	353.1	589.3
<b>EBITDA margin in %</b>	13.3	15.6	30.0	40.5
<b>Earnings per share</b>	(0.50)	0.40	6.18	12.44
<b>CapEx</b>	75.0	88.8	123.2	256.9
<b>Free cash flow <sup>1</sup></b>	37.4	19.0	169.6	-
<b>Net cash flow <sup>1</sup></b>	-	39.6	124.8	240.4

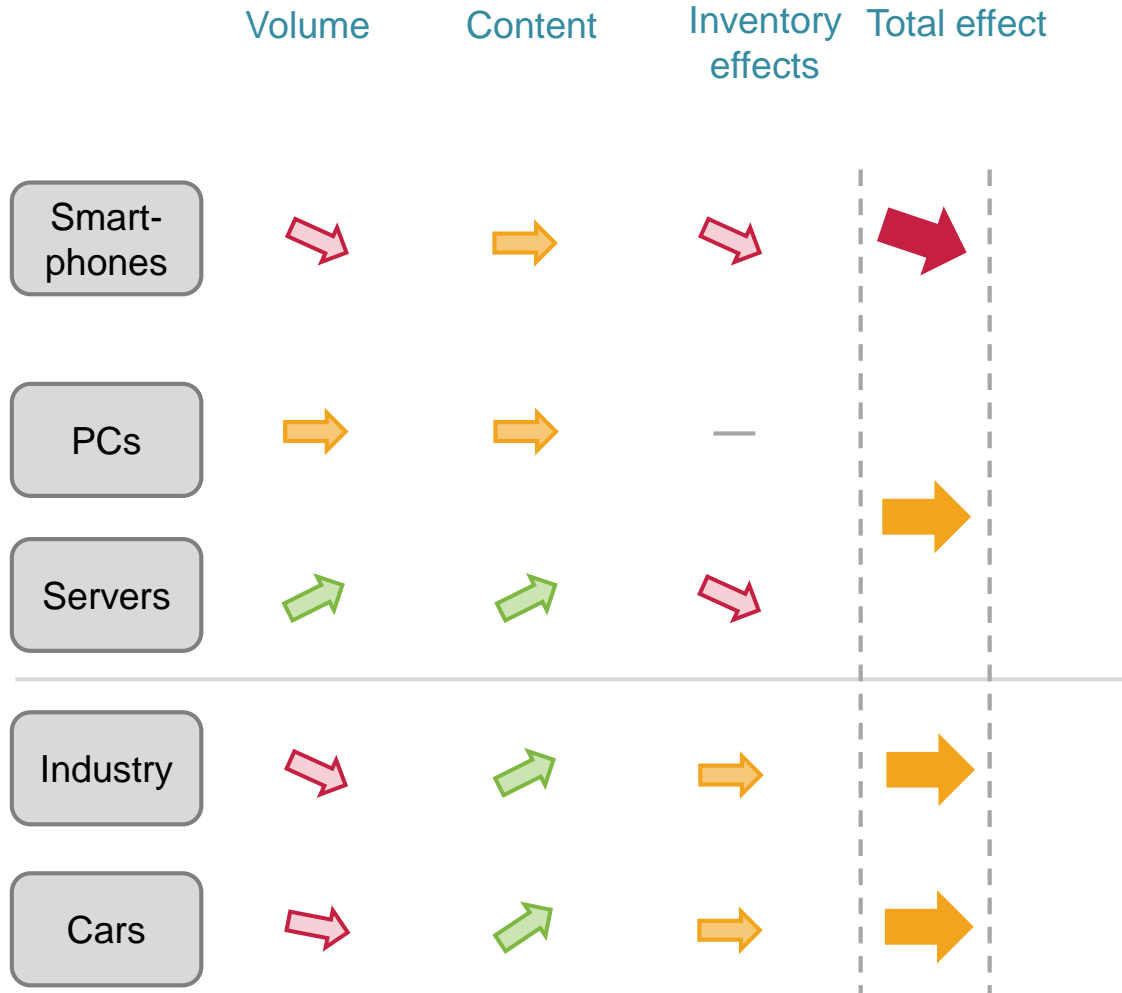
<sup>1</sup> In 2018, Siltronic started reporting the key figure „net cash flow“ instead of „free cash flow“. Net cash flow represents free cash flow without the time shifts created by inflow and return of customer prepayments which, due to the size, impairs the meaningfulness of free cash flow.

# Siltronic Outlook 2019 (as of April 10, 2019)

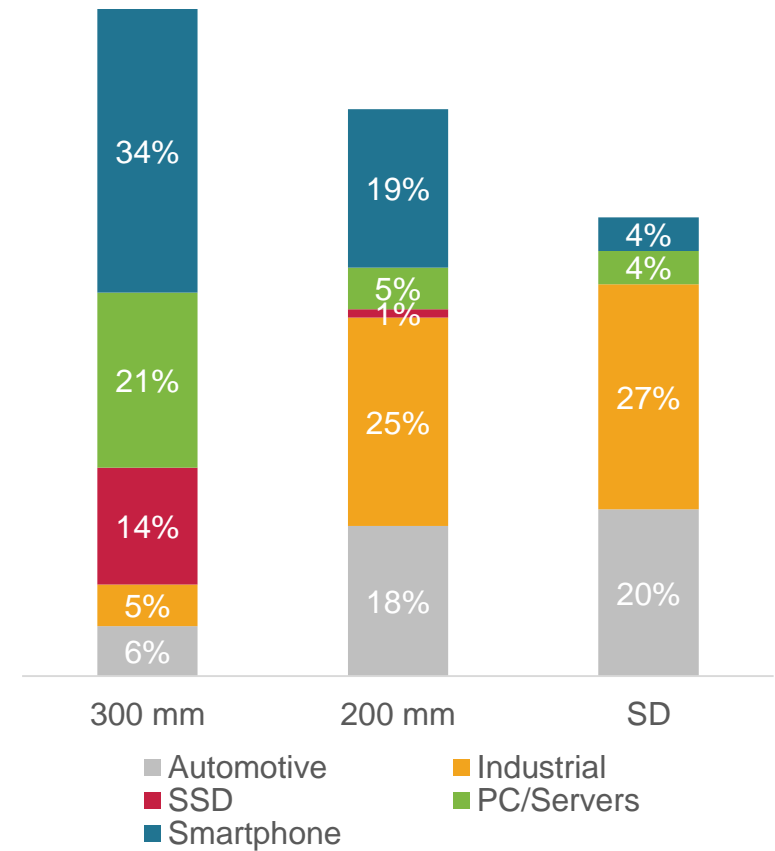
EBITDA margin	– between 33% and 37% (prior: slightly below prior year)	↓
EBIT	– significantly below 2018 (prior: a good 10% below 2018)	↓
Net cash flow	– clearly positive, approx. EUR 150m (prior: EUR 100m) below 2018, with a subsequent significant increase again in 2020	↓
Sales	– depending on timing of market recovery and on FX effects around 5% to 10% below 2018 (prior: in the region of the previous year)	↓
Cost position	– negative effect due to tariff increases and EUR 20m higher electricity costs in Germany	
FX effects	– negligible vs. 2018 assuming EUR/USD rate of 1.15 and EUR/JPY rate of 130	
Depreciation	– around EUR 110m	
Tax rate	– between 15% and 20%	
Financial result	– better than the previous year	↑
Capex	– about EUR 350m in capacity, automation and capabilities; significantly lower in 2020	
Earnings per share	– significantly (prior: slightly) below 2018	↓

# 300mm demand impacted by smartphone and server softness; Overall 200mm will depend on industry and automotive.

## Si consumption demand drivers



## Si consumption share per selected end market in % of total surface in 2018



Source: Data based on IHS Markit, Technology Group, Semiconductor Silicon Demand Forecast Tool, Q1 2019. Results are not an endorsement of Siltronic. Any reliance on these results is at the third party's own risk. Visit [technology.ihs.com](http://technology.ihs.com) for more details. Other source: Siltronic Marketing

# Siltronic strategy - capitalize on market opportunities while focusing on 300 mm & technological leadership

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

## Strategic Focus

**Grow**  
with the market

**Ensure**  
technology &  
quality leadership

**Improve**  
financial performance  
& cash flow

**Execute**  
cost reduction  
roadmaps &  
debottlenecking  
concepts

We continuously increase the value for our stakeholders by providing best-in-class wafers at competitive costs.

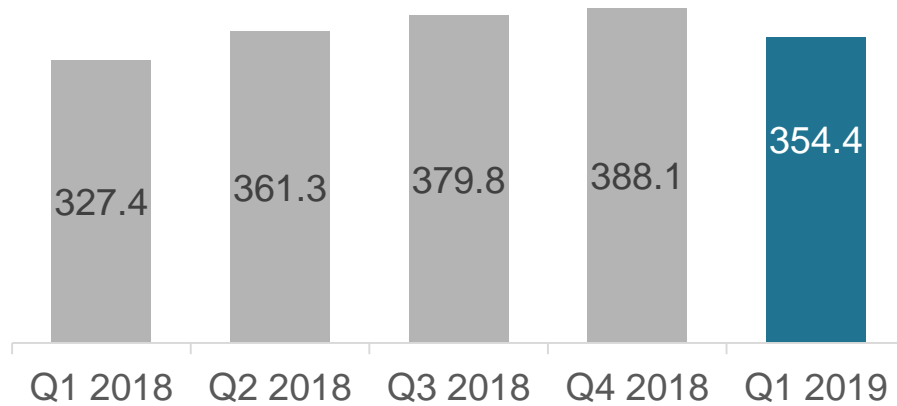


**APPENDIX**

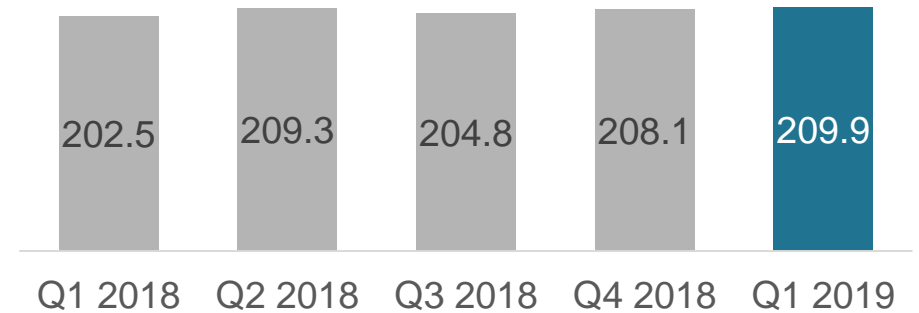


# Slow start into 2019 due to weaker wafer area demand

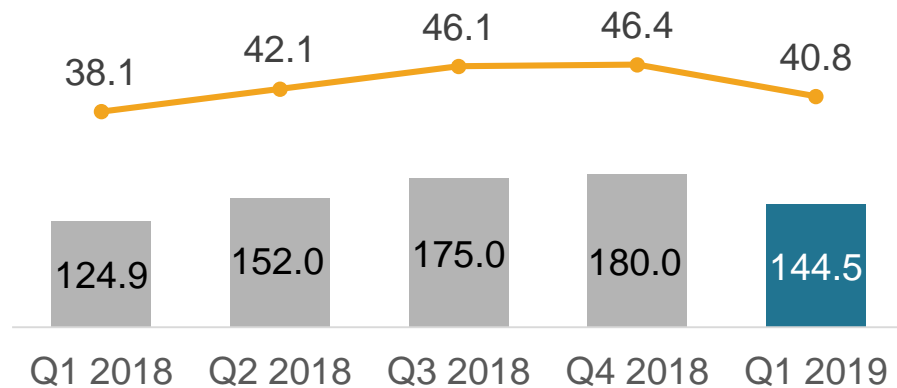
Sales, in EUR million



Cost of Sales, in EUR million



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

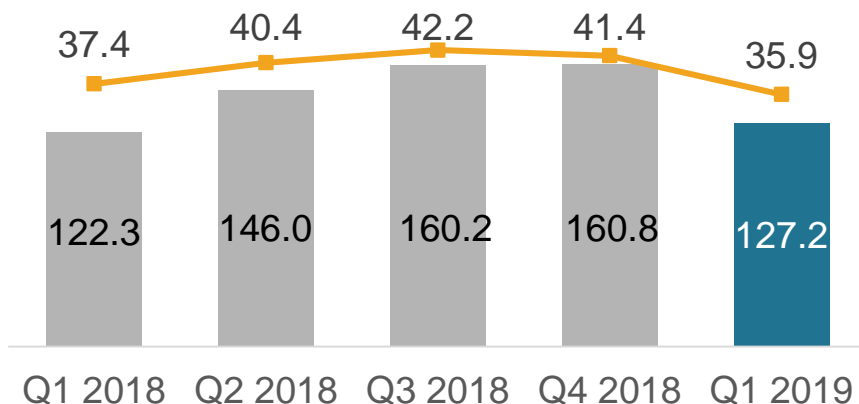


## Comments

- ▶ Sales in Q1 down vs. Q4 2018 as expected due to lower wafer area sold
- ▶ COGS per cm<sup>2</sup> only slightly up despite significantly higher energy costs
- ▶ Gross margin up y-o-y but down q-o-q

# Profitability affected by higher costs

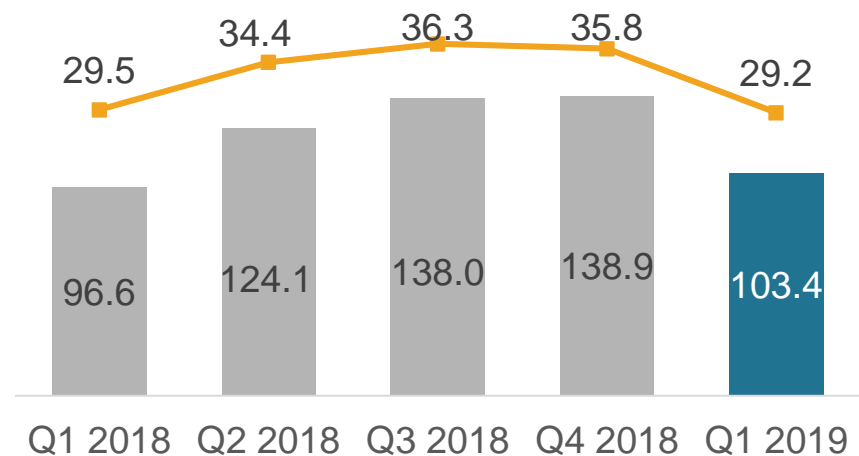
**EBITDA, in EUR million / EBITDA margin, in %**



**Depreciation, in EUR million**



**EBIT, in EUR million / EBIT margin, in %**

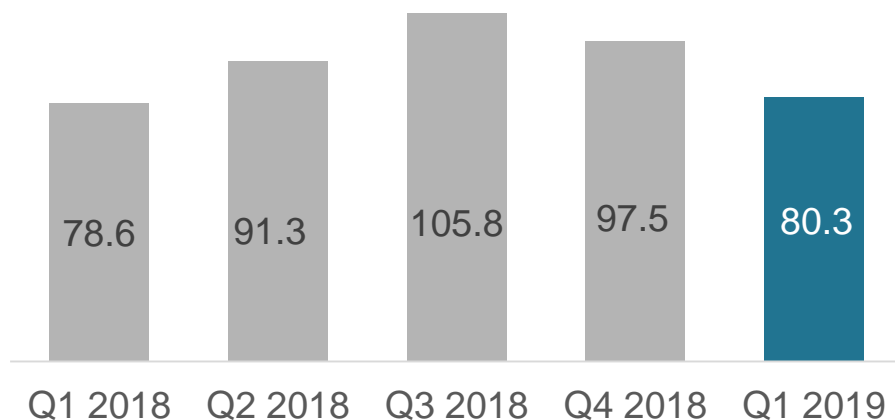


## Comments

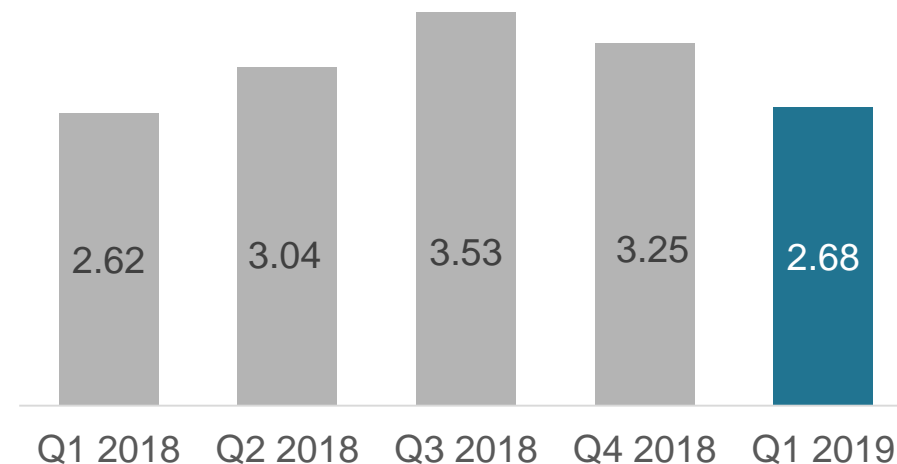
- ▶ Depreciation in FY 2019 up due to new crystal pulling hall and new equipment
- ▶ EBITDA margin impacted by COLA and higher energy costs
- ▶ EBIT margin FY 2019 additionally impacted by higher depreciation

# Shareholders to participate in continued value creation

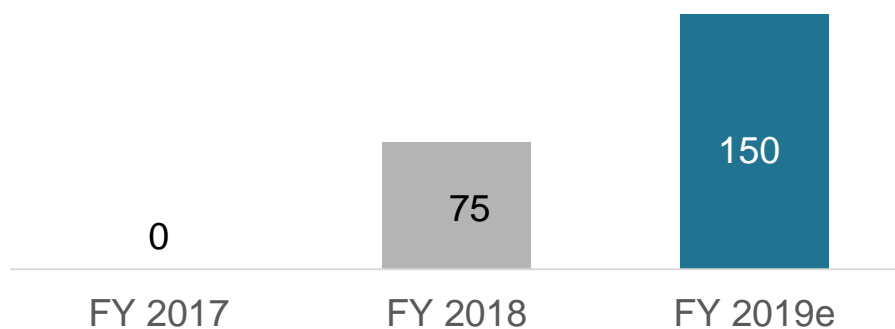
Net profit attributable to shareholders, in EUR million



EPS, in EUR



Dividend payment, in EUR million

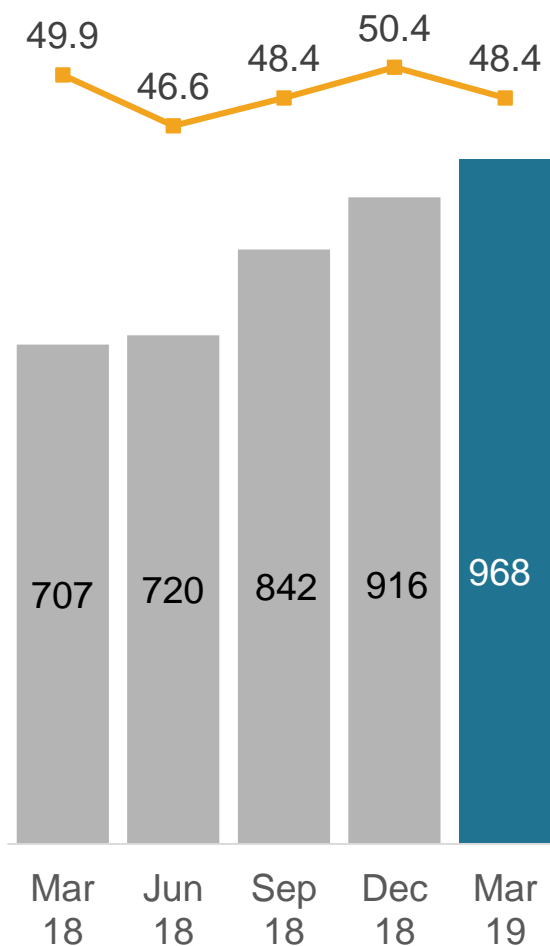


## Comments

- ▶ Net profit EUR 80.3m in Q1
- ▶ General dividend policy: pay-out ratio of approx. 40% of net income attributable to shareholders
- ▶ Proposal to AGM on May 7, 2019: increased dividend of EUR 5.00 per share (prior year: EUR 2.50)

# Strong equity ratio and solid net financial assets

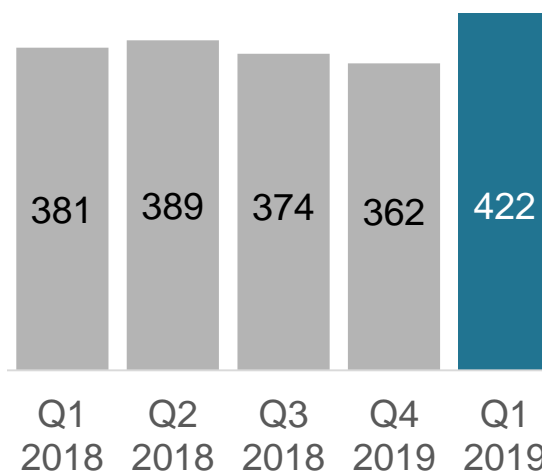
Equity, in EUR million  
Equity ratio, in %



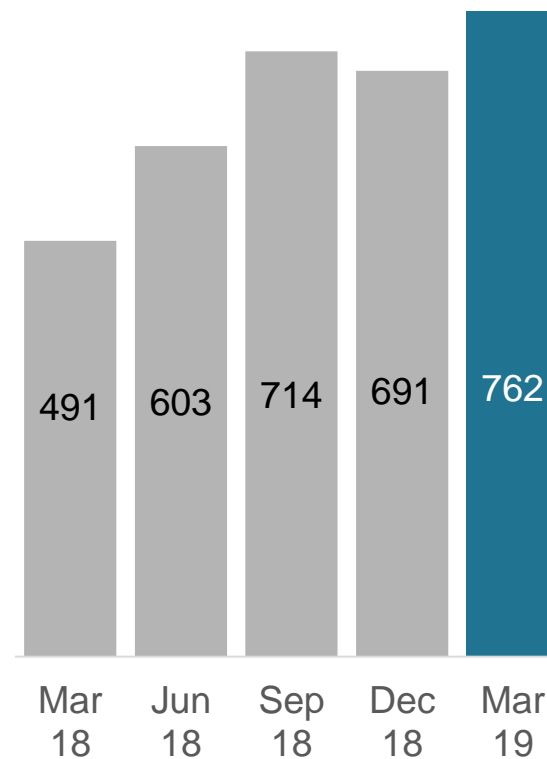
Pension provision, in EUR million

Interest rates IFRS

USA	3.81%	3.99%	4.02%	4.08%	3.69%
Germany	2.02%	2.00%	2.04%	1.98%	1.66%

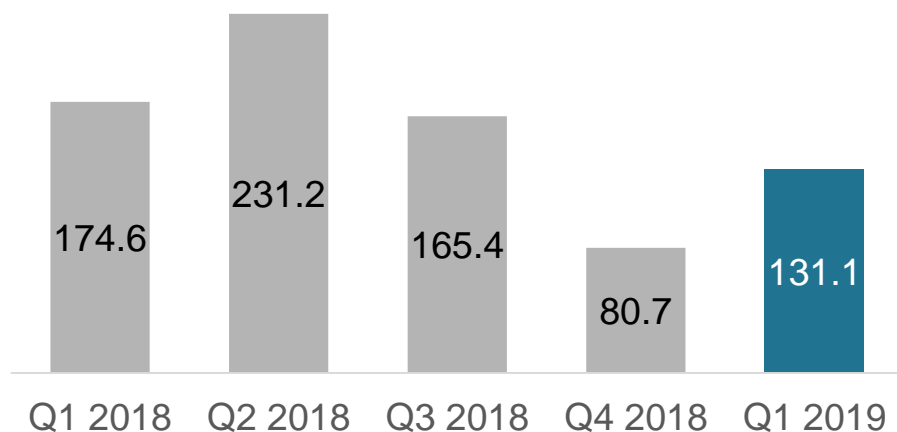


Net financial assets, in EUR million

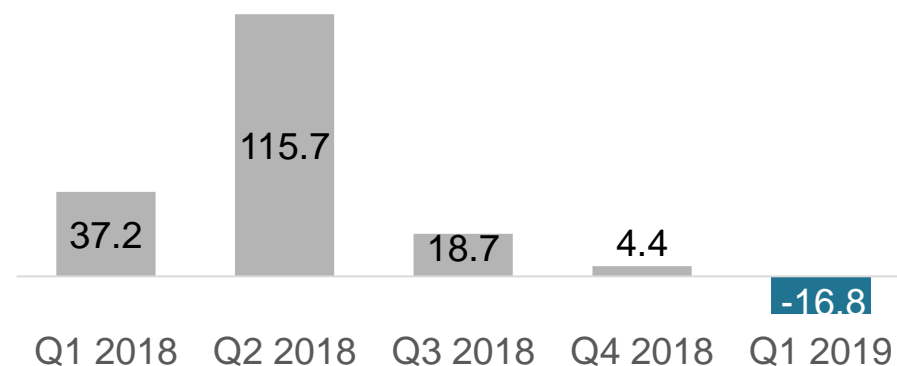


# Strong net cash flow despite high payments for capex

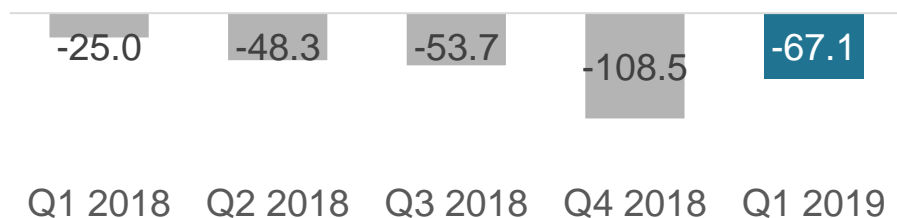
Operating cash flow (OCF), in EUR million



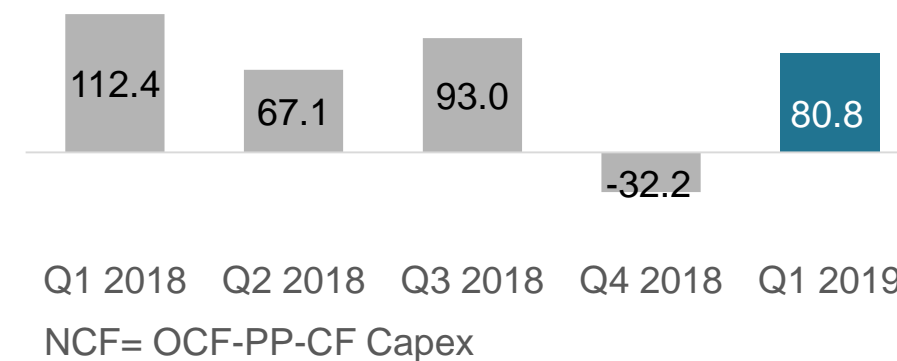
Customer prepayments net (PP), in EUR million



CF Capex, in EUR million

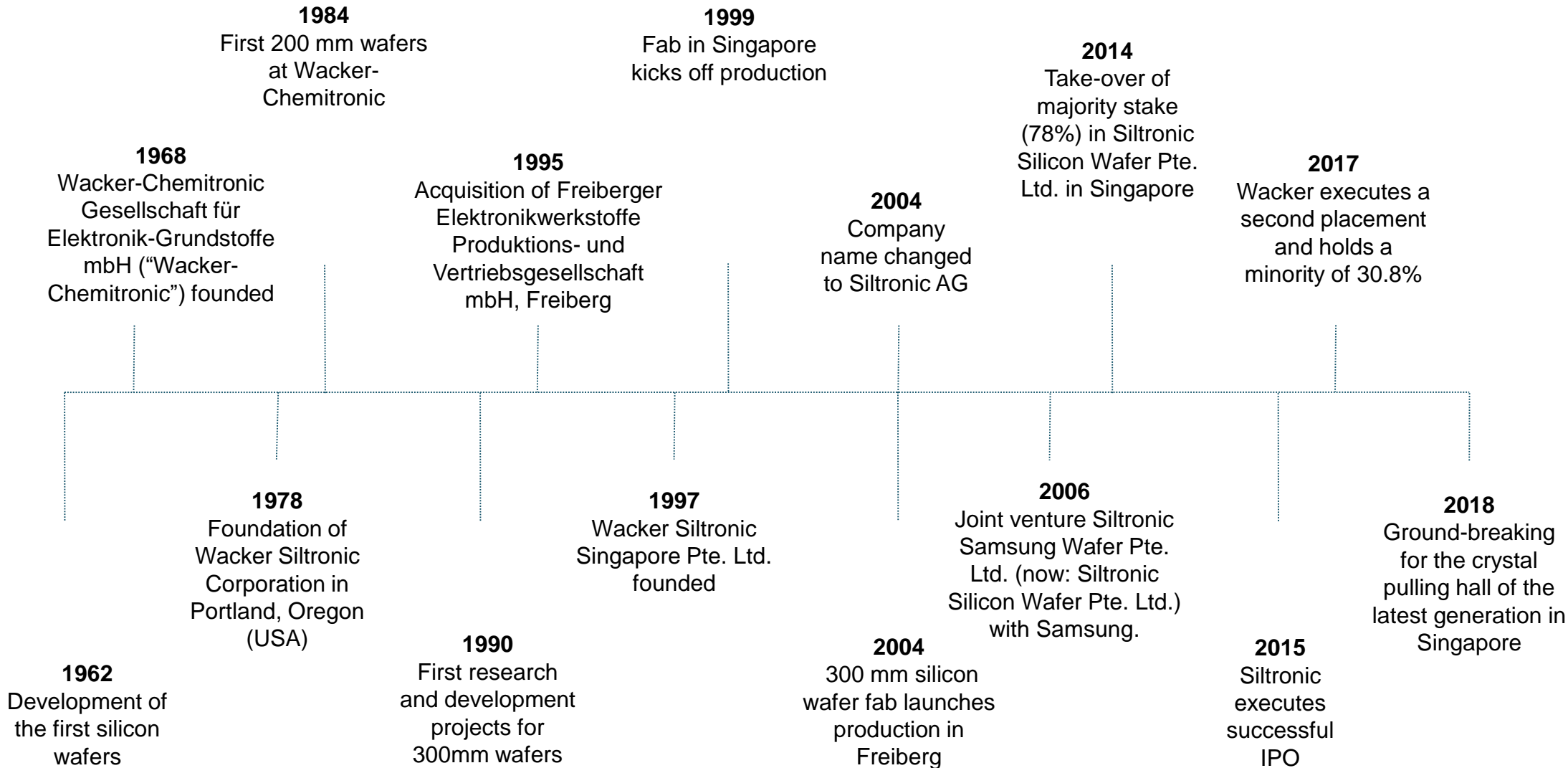


Net cash flow (NCF), in EUR million



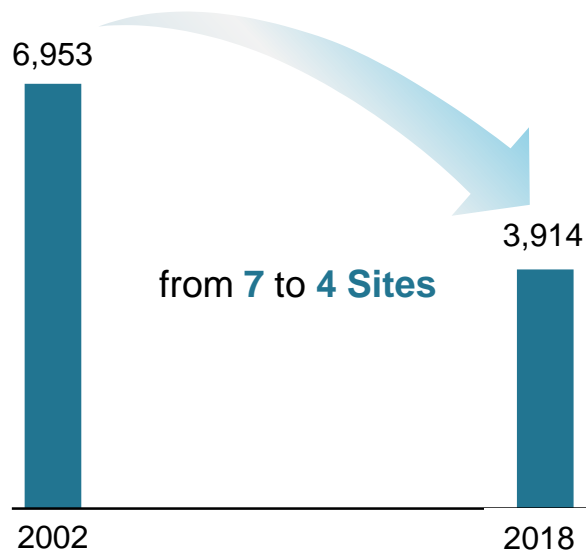
# Siltronic – More than 50 years of experience in the semiconductor industry

## Highlights of the history of Siltronic AG



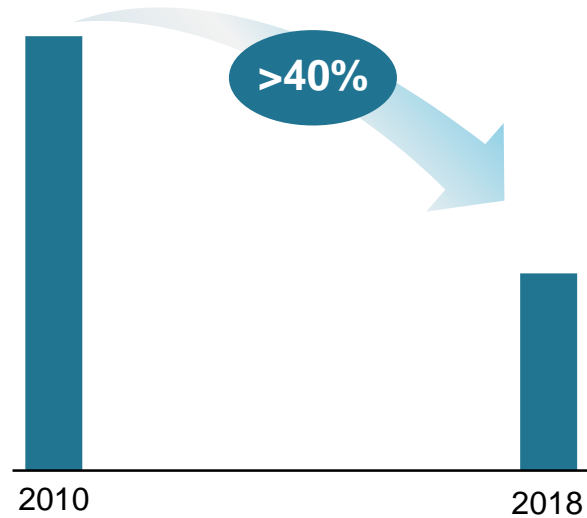
# Outstanding cost reduction and efficiency improvement track record

### Number of employees



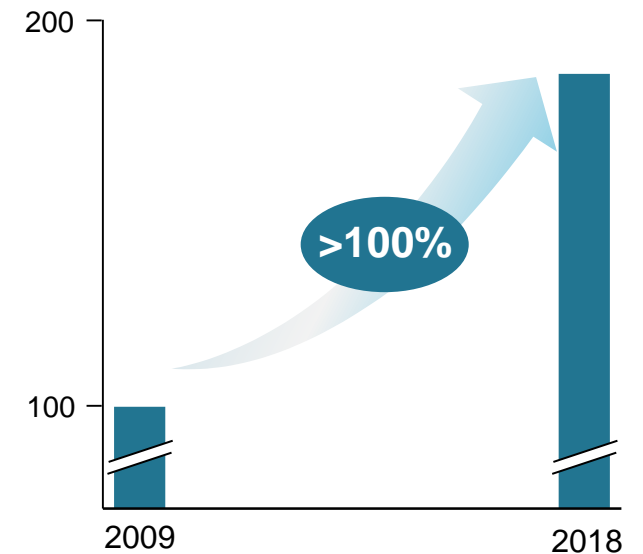
Successful restructuring including Germany

### Variable costs of 300 mm wafer (Germany), in EUR / Wafer



More than 40% reduction of the variable unit costs in 300 mm wafer

### 300 mm Productivity<sup>1</sup> (Germany)



Almost 100% increase of employee productivity in 300 mm wafer

<sup>1</sup> Delivered wafer / paid hours (2009 = 100)

# Clear commitment to sustainability

## Sustainability at Siltronic AG

- ▶ **Claim:** We understand sustainability as responsible action for society and want to generate competitive advantages through sustainable action.
- ▶ **Strategy:** We plan resource-saving right from the start, based on product and production safety as well as health and environmental protection.
- ▶ **Voluntary commitments:** We follow the principles of the Sustainable Development Goals, the United Nations Global Compact, and the Responsible Care and Responsible Business Alliance initiative.
- ▶ **Goal:** We want to reconcile the effects of our business activities with the expectations and needs of society.



**Responsible Business Alliance**  
Formerly the Electronic Industry Citizenship Coalition  
Advancing Sustainability Globally



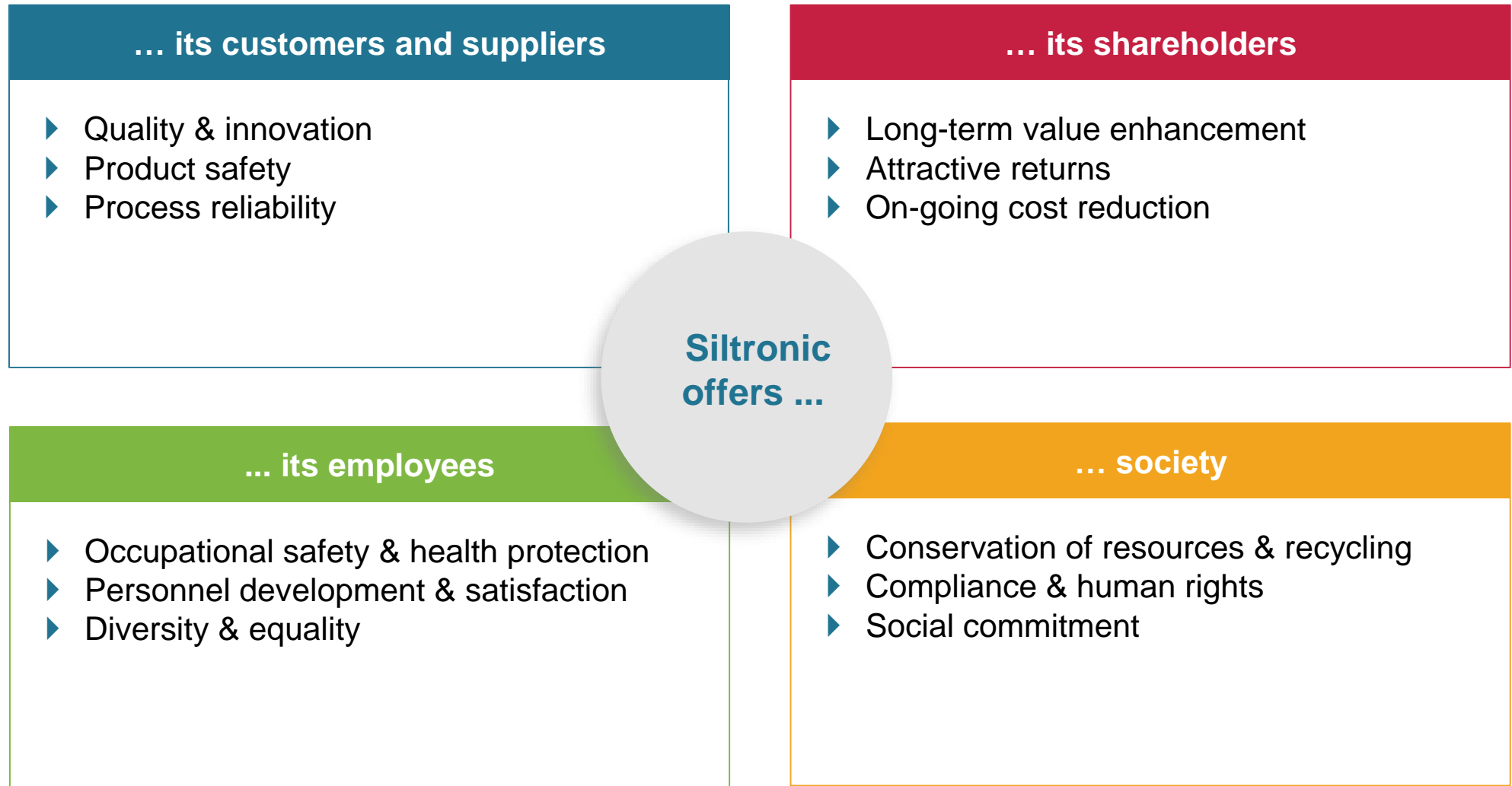
**Responsible Care**<sup>®</sup>  
OUR COMMITMENT TO SUSTAINABILITY

**Investor-Rating:** Since 2018, we have been analyzed by ISS-oekom, one of the world's leading rating agencies for sustainable investments, and assessed with regard to the ESG criteria (Environment, Social, Governance). Right from the start, we were awarded 'Prime' status for our sustainability activities.

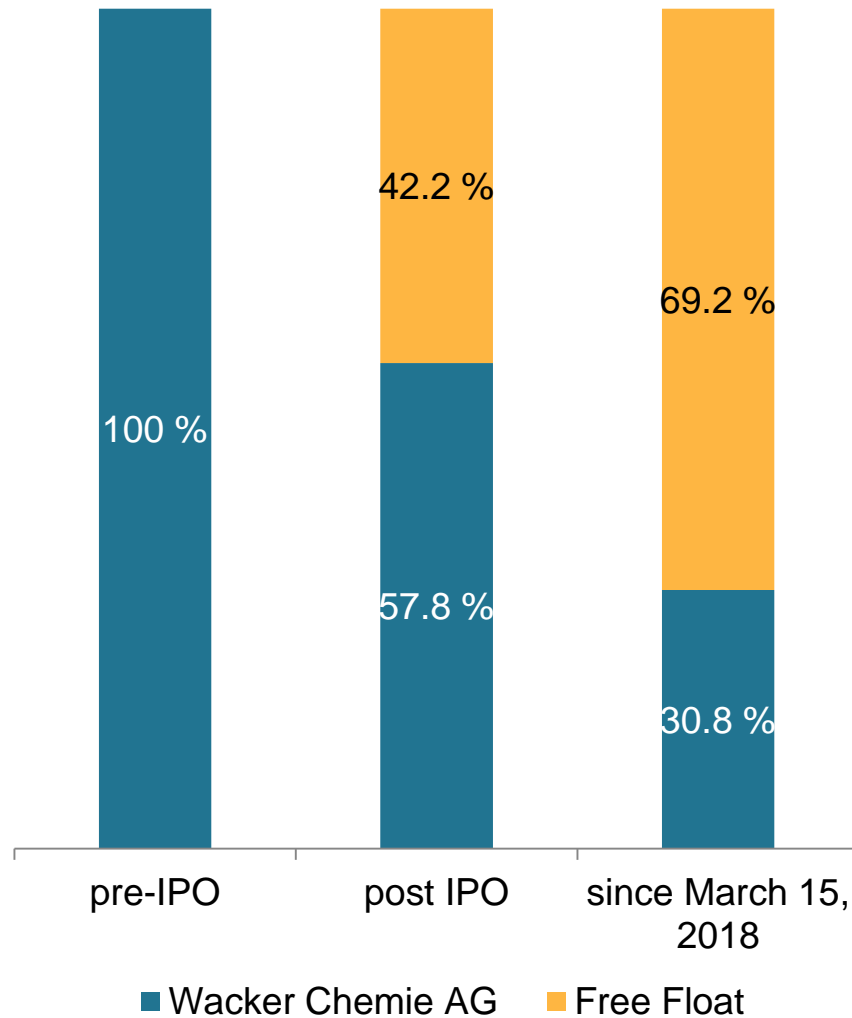




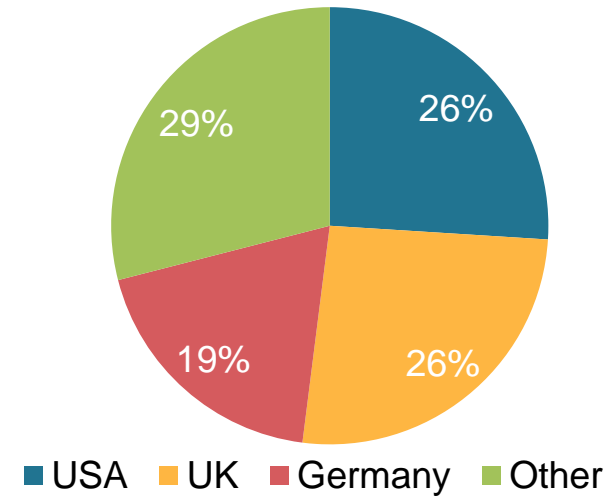
# Creating value for key stakeholders



# Shareholder structure



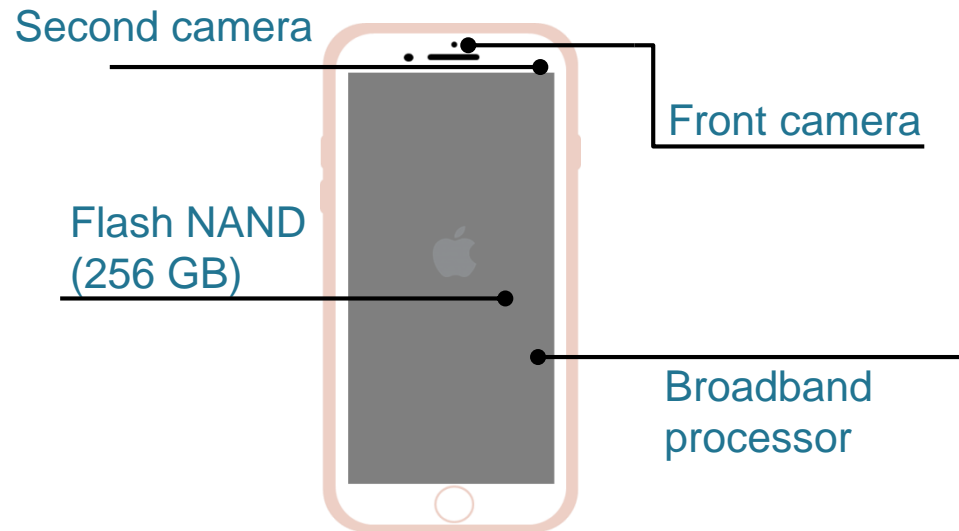
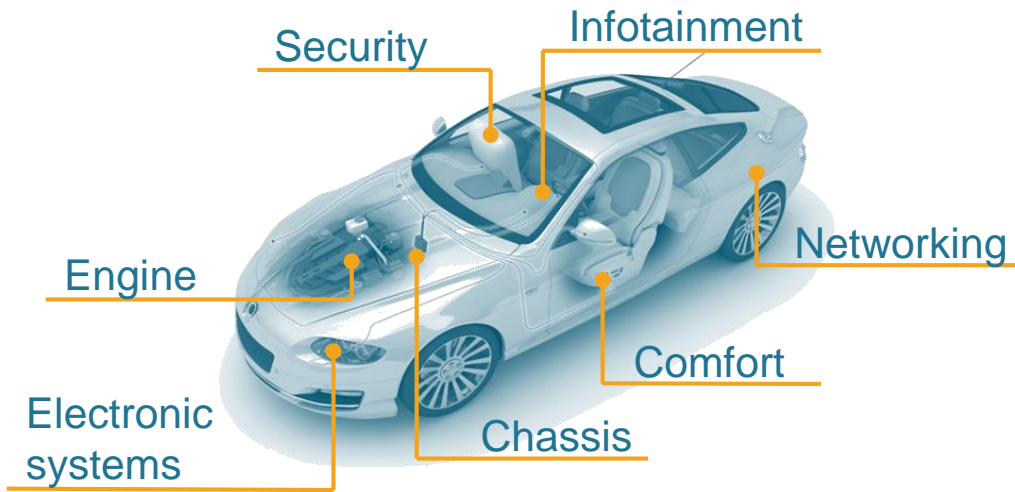
Identified free float by region  
(State: December 31, 2018)



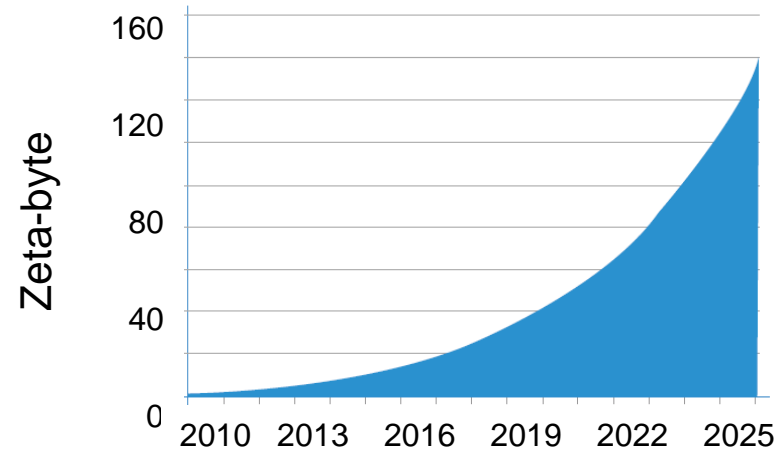
Significant notifications of voting rights  
(State: March 31, 2019)

BlackRock, Inc.	4.59 %
State of Norway	4.93 %
Morgan Stanley	3.20 %
J.P.Morgan	3.27 %

# Data storage, networking and digitalization

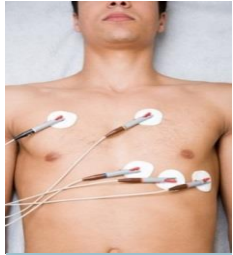


7 billion networked devices will collect around 60 ZB of data in 2021



Source: CISCO VNI Forecast, IDC Data Age 2025; Siltronic estimates

# Industrial semiconductor segment comprises a wide range of applications



## Medical

- ▶ diagnostics and control
- ▶ imaging equipment
- ▶ laboratory test
- ▶ patient monitoring



## Building & Home

- ▶ built in climate control
- ▶ lighting
- ▶ safety & security equipment



## Manufacturing

- ▶ manufacturing equipment
- ▶ robotics
- ▶ process control equipment
- ▶ measurement instruments
- ▶ motor controls



## Power & Energy

- ▶ equipment for energy production and distribution
- ▶ industrial power supplies
- ▶ energy meters



## Aerospace & Military

- ▶ aircraft systems
- ▶ radar, sonar, avionics
- ▶ missile guidance
- ▶ military grade computers



## Other Industrial

- ▶ power tools
- ▶ ATMs
- ▶ ships, golf cars, electric bikes and trains

Source: [appliedmaterials.com](http://appliedmaterials.com)

# 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

Half Year Report	July 25, 2019
Q3 Quarterly Statement	October 24, 2019



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