

Press release

Siltronic AG

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Siltronic performs well in a difficult market environment

- **Decrease in average selling price (ASP) almost compensated by increase in wafer area sold**
- **Revenue down 1.4 percent on previous quarter to EUR 300.1 million**
- **EBITDA down 6.4 percent on previous quarter (EBITDA margin 28.1 percent)**
- **EBIT of EUR 53.3 million 6.0 percent lower than in the previous quarter (EBIT margin 17.8 percent)**
- **Equity ratio increased to 52.8 percent, net financial assets unchanged at around EUR 590 million**
- **Net cash flow of EUR 40.9 million generated in the first three months**
- **Forecast for 2020 unchanged, burden from corona in H2 not quantifiable**

Munich, Germany, April 28, 2020 - Siltronic AG (MDAX/TecDAX: WAF) performed well in the first quarter of 2020 in a difficult environment. Despite the corona pandemic, operations have not been noticeably impacted to date.

"Our priorities in the first quarter were to ensure the health of our employees and maintain smooth business operations as far as possible," said Dr. Christoph von Plotho, CEO of Siltronic AG. "We have succeeded in doing so, and we would like to thank all those involved, our employees, our health service, our customers and suppliers. The close cooperation of all those involved ensured that we were able to report a good result for the first quarter".

Business Development in Q1 2020

		Q1 2020	Q4 2019	Q1 2019	Change	
					Q1 to Q4	Q1 to Q1
Sales	in EUR million	300.1	304.3	354.4	-4.2	-54.3
	in %				-1.4	-15.3
Cost of sales	in EUR million	-210.8	-207.4	-209.9	-3.4	-0.9
	in %				1.6	0.4
Gross profit	in EUR million	89.3	96.9	144.5	-7.6	-55.2
	in %				-7.8	-38.2
Gross margin	in %	29.8	31.8	40.8		
EBITDA	in EUR million	84.2	90.0	127.2	-5.8	-43.0
	in %				-6.4	-33.8
EBITDA margin	in %	28.1	29.6	35.9		
Depreciation, amortization and impairment less reversals thereof	in EUR million	30.9	33.3	23.8	-2.4	7.1
EBIT	in EUR million	53.3	56.7	103.4	-3.4	-50.1
	in %				-6.0	-48.5
EBIT margin	in %	17.8	18.6	29.2		
Financial result	in EUR million	-6.1	1.0	2.0	-7.1	-8.1
Result before income taxes	in EUR million	47.2	57.7	105.4	-10.5	-58.2
	in %				-18.2	-55.2
Income taxes	in EUR million	-1.2	-12.3	-17.8	11.1	16.6
Tax rate	in %	3	21	17		
Result for the period	in EUR million	46.0	45.4	87.6	0.6	-41.6
	in %				1.3	-47.5
Earnings per share	in EUR	1.32	1.21	2.68	0.11	-1.36

Siltronic generated sales of EUR 300.1 million in Q1 2020, a slight sequential decline versus Q4. The decline in the average selling price (ASP) was almost offset by an increase in wafer area sold in light of higher demand. Exchange rate changes had only a minor impact in the reporting period.

Cost of sales increased due to the higher wafer area produced. The cost of sales per wafer area decreased compared to the previous quarter.

The company achieved a gross profit of EUR 89.3 million. Compared to Q4 2019, it has fallen by EUR 7.6 million. This development is mainly due to a lower ASP. The gross margin decreased from 31.8 percent to 29.8 percent.

EBITDA in Q1 2020 was EUR 84.2 million. This represents a decline of EUR 5.8 million or 6.4 percent compared to the previous quarter. The main reason was a decline in ASP. The EBITDA margin declined from 29.6 percent to 28.1 percent. EBIT declined from EUR 56.7 million to EUR 53.3 million.

Although the new coronavirus did not have any significant impact on EBIT and EBITDA, the decrease in the financial result is due to the declining financial markets until March 31, 2020.

Income tax expense in Q1 2020 was exceptionally low in the Group. In Q4 2019, the tax rate was particularly high due to deferred tax expense, whereas it was particularly low in Q1 2020 due to deferred tax income and tax relief relating to corona. The sharp decline in income taxes contributed to the Q1 profit of EUR 46.0 million, which was slightly above the previous quarter (Q4 2019: EUR 45.4 million). Of this amount, EUR 39.6 million is attributable to Siltronic AG shareholders. Earnings per share rose from EUR 1.21 in Q4 2019 to EUR 1.32 in Q1 2020.

Development of equity, net cash flow and net financial assets

In EUR million	Mar. 31, 2020	Dec. 31, 2019	Change
Equity	1,031.0	930.2	100.8
Pension provisions	410.8	491.5	-80.7
Customer prepayments	148.2	152.5	-4.3
Lease liabilities	50.2	45.5	4.7
Other provisions and liabilities	77.5	81.8	-4.3
Non-current liabilities	686.7	771.3	-84.6

With equity of EUR 1,031.0 million as of March 31, 2020, Siltronic AG's equity ratio was 52.8 percent compared with 47.8 percent at December 31, 2019. The increase in equity is primarily attributable to the net income for the quarter of EUR 46.0 million and actuarial gains of EUR 88.1 million in the calculation of pension obligations.

The EUR 80.7 million decrease in pension obligations is due to higher interest rates. The interest rate in Germany rose from 1.24 percent at the end of 2019 to 1.92 percent at the end of Q1 2020. This more than compensated the interest rate decrease in the USA from 2.98 percent to 2.88 percent in the same period.

In EUR million	Q1 2020	Q4 2019	Change
Cash flow from operating activities	85.6	100.7	-15.1
Proceeds/payments for capital expenditure including intangible assets	-66.3	-88.2	21.9
Free cash flow	19.3	12.5	6.8
Cash-effective change in customer prepayments	21.6	-3.6	25.2
Net cash flow	40.9	8.9	32.0

The free cash flow in Q1 2020 shows that Siltronic was able to finance the entire cashflows for capex including intangible assets and the refund of customer prepayments, from operating activities without any problems.

The net cash flow of EUR 40.9 million (Q4 2019: EUR 8.9 million) shows Siltronic's net cash flow after the correction of period shifts due to customer prepayments.

In EUR million	Mar. 31, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	366.6	200.7	165.9
Financial investments	221.5	388.2	-166.7
Net financial assets	588.1	588.9	-0.8

The company had net financial assets of EUR 588.1 million as of March 31, 2020.

Effects of the Corona crisis currently not quantifiable

Although Siltronic held up well in Q1 2020 in a difficult environment, the corona pandemic is likely to weigh on business for the rest of the year. Currently Siltronic hardly experiences any order cancellations by customers. The outlook for Q2 2020 is still good. While end markets such as smartphones, automotive or consumer goods such as televisions are declining, there are positive developments in areas such as servers or home office equipment.

However, as the corona virus has spread strongly and an end is not foreseeable at present, an outlook for the second half of the year is currently not possible.

Siltronic's forecast published on March 9 already covered two possible scenarios based on corona and remains valid.

Virtual Annual General Meeting on June 26, 2020 - unchanged dividend proposal

The company is taking advantage of a new legal regulation for the upcoming Annual General Meeting and will hold a virtual Annual General Meeting without physical shareholder presence on June 26, 2020. The Annual General Meeting will be broadcast live on the Internet for shareholders. Voting rights can be exercised by postal vote or by granting a proxy.

The company is sticking to its dividend policy of distributing around 40 percent of the net profit attributable to shareholders. As planned, a dividend of EUR 3.00 per share will be proposed to the Annual General Meeting.

"For the rest of the year, we will continue to focus on protecting the health of our employees and ensuring the smooth operation of our business," said Dr. Christoph von Plotho, outlining the strategic goals. "With a strong balance sheet and an excellent net financial position, Siltronic is well positioned in this crisis. The semiconductor industry is system-relevant because computing power, sensor capabilities, connectivity and data storage in the medical, information and communication technology sectors help counteract the spread of Covid-19. And the corresponding semiconductor components require our silicon wafers as base material," says von Plotho about Siltronic's role.

Siltronic AG - Quarterly overview

Profit and Loss statement				
In EUR million				
		Q1 2020	Q4 2019	Q1 2019
Sales		300.1	304.3	354.4
EBITDA		84.2	90.0	127.2
EBITDA margin	%	28.1	29.6	35.9
EBIT		53.3	56.7	103.4
EBIT margin	%	17.8	18.6	29.2
Result for the period		46.0	45.4	87.6
Earnings per share	EUR	1.32	1.21	2.68

Capital expenditure and free cash flow

Capital expenditure in property, plant and equipment, and intangible assets		46.0	96.4	72.8
Net cash flow		40.9	8.9	80.8

Statement of financial position

In EUR million			Mar. 31, 2020	Dec. 31, 2019
Total assets			1,954.2	1,945.0
Equity			1,031.0	930.2
Equity ratio	%		52.8	47.8
Net financial assets			588.1	588.9



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 April 28, 2020 at 10:00 am (CEST). This call will be streamed via the Internet. The audio webcast will be available live as well as on demand on Siltronic's website.

The Q1 interim statement and the latest investor presentation are also published on the Siltronic website.

Other dates:

June 26, 2020	Annual General Meeting (virtual)
July 30, 2020	Interim Report 2020
October 29, 2020	Q3 2020 quarterly statement

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Company profile:

Siltronic is one of the world's largest manufacturers of hyperpure silicon wafers and partner to many leading semiconductor companies. The company operates production sites in Asia, Europe and the USA. Siltronic develops and manufactures silicon wafers in diameters of up to 300 mm. Silicon wafers form the basis for modern microelectronics and nanoelectronics and are a key component in semiconductor chips driving computers, smart phones, navigation systems and many other applications. Siltronic AG employs around 3,600 people and has been a stock-listed company in Germany (Prime Standard) since 2015. The Siltronic AG stock is listed on both the MDAX and TecDAX.

Financial information – pursuant to IFRS, unaudited

Siltronic AG – Consolidated Statement of Profit or Loss

In EUR million	Q1 2020	Q4 2019	Q1 2019
Sales	300.1	304.3	354.4
Cost of sales	-210.8	-207.4	-209.9
Gross profit	89.3	96.9	144.5
Selling expenses	-8.2	-10.7	-8.5
Research and development expenses	-17.6	-17.7	-16.7
General administration expenses	-7.7	-6.8	-7.0
Other operating income	17.4	8.3	11.6
Other operating expenses	-19.9	-13.3	-20.5
Operating result	53.3	56.7	103.4
Interest income	2.5	2.4	1.9
Interest expenses	-0.6	-0.5	-0.6
Other financial result	-8.0	-0.9	0.7
Financial result	-6.1	1.0	2.0
Result before income taxes	47.2	57.7	105.4
Income taxes	-1.2	-12.3	-17.8
Result for the period	46.0	45.4	87.6
<i>of which</i>			
<i>attributable to Siltronic AG shareholders</i>	39.6	36.4	80.3
<i>attributable to non-controlling interests</i>	6.4	9.0	7.3
Result per common share in EUR (basic/diluted)	1.32	1.21	2.68

Siltronic AG - Consolidated Statement of Financial Position

In EUR million	Mar. 31, 2020	Dec. 31, 2019	Mar. 31, 2019
Non-current assets	1,086.0	1,080.3	888.4
Intangible assets	23.3	22.7	21.8
Property, plant and equipment	948.3	951.4	742.3
Right-of-use assets	53.9	48.7	46.3
Securities and fixed-term deposits	51.9	52.1	50.2
Other financial assets	0.1	0.1	–
Other non-financial assets	0.8	0.7	–
Deferred tax assets	7.7	4.6	27.8
Current assets	868.2	864.7	1,114.2
Total assets	1,954.2	1,945.0	2,002.6
Equity	1,031.0	930.2	968.3
Equity attributable to Siltronic AG shareholders	961.8	865.0	931.7
Equity attributable to non-controlling interests	69.2	65.2	36.6
Non-current liabilities	686.7	771.3	721.8
Current liabilities	236.5	243.5	312.5
Total equity and liabilities	1,954.2	1,945.0	2,002.6
Subscribed capital	120.0	120.0	120.0
Capital reserves	974.6	974.6	974.6
Retained earnings and net Group result	148.6	109.0	113.7
Other equity items	–281.4	–338.6	–276.6
Pension provisions	410.8	491.5	421.8
Other provisions	65.5	68.2	81.7
Provisions for income taxes	10.1	10.2	14.4
Deferred tax liabilities	1.9	3.4	2.0
Customer prepayments	148.2	152.5	158.0
Lease liabilities	50.2	45.5	43.7
Other financial liabilities	–	–	0.2
Other provisions	18.9	16.2	16.8
Provisions and liabilities for income tax	23.0	19.5	32.0
Trade liabilities	110.2	126.8	124.5
Customer prepayments	16.1	28.6	56.2
Lease liabilities	4.6	3.8	2.7
Other financial liabilities	10.2	3.8	17.8
Other non-financial liabilities	53.5	44.8	62.5
Total liabilities	923.2	1,014.8	1,034.3

Siltronic AG - Consolidated Statement of Cash Flows

In EUR million	Q1 2020	Q4 2019	Q1 2019
Result for the period	46.0	45.4	87.6
Depreciation / amortization of non-current assets, including impairment losses and reversals thereof	30.9	33.3	23.8
Other non-cash expenses and income	6.6	-5.6	2.4
Result from disposal of non-current assets	0.7	0.4	0.5
Interest income	-1.9	-1.9	-1.3
Interest paid	-0.4	-0.4	-0.4
Interest received	4.0	2.8	2.1
Tax expense	1.2	12.3	17.8
Taxes paid	1.4	-5.2	-18.3
Changes in inventories	-4.0	11.6	-5.9
Changes in trade receivables	9.4	1.0	12.2
Changes in contract assets	0.3	4.3	-1.4
Changes in other assets	-11.1	2.4	-5.0
Changes in provisions	8.0	-8.1	7.3
Changes in trade liabilities	6.1	6.9	18.6
Changes in other liabilities	10.0	-2.1	7.9
Changes in customer prepayments	-21.6	3.6	-16.8
Cash flow from operating activities	85.6	100.7	131.1
Payments for capital expenditure (including intangible assets)	-66.3	-88.3	-67.1
Proceeds from the disposal of property, plant and equipment	-	0.1	-
Payments for securities and fixed-term deposits	-51.7	-172.6	-177.3
Proceeds from securities and fixed-term deposits	205.2	151.0	154.2
Cash flow from financing activities	87.2	-109.8	-90.2
Repayment portion of lease liability	-1.1	-1.0	-0.7
Cash flow from financing activities	-1.1	-1.0	-0.7
Changes due to exchange-rate fluctuations	-5.8	-0.3	3.7
Changes in cash and cash equivalents	165.9	-10.4	43.9
at the beginning of the period	200.7	211.1	257.5
at the end of the period	366.6	200.7	301.4

Additional financial information

In EUR million	Q1 2020	Q4 2019	Q1 2019
Cash flow from operating activities	85.6	100.7	131.1
Cash-effective changes in customer prepayments	21.6	-3.6	16.8
Cash flow from investing activities	-66.3	-88.2	-67.1
Net cash flow	40.9	8.9	80.8

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.