

Siltronic AG

Investor Presentation

Q3 2023

Sound Basis
For Future Growth

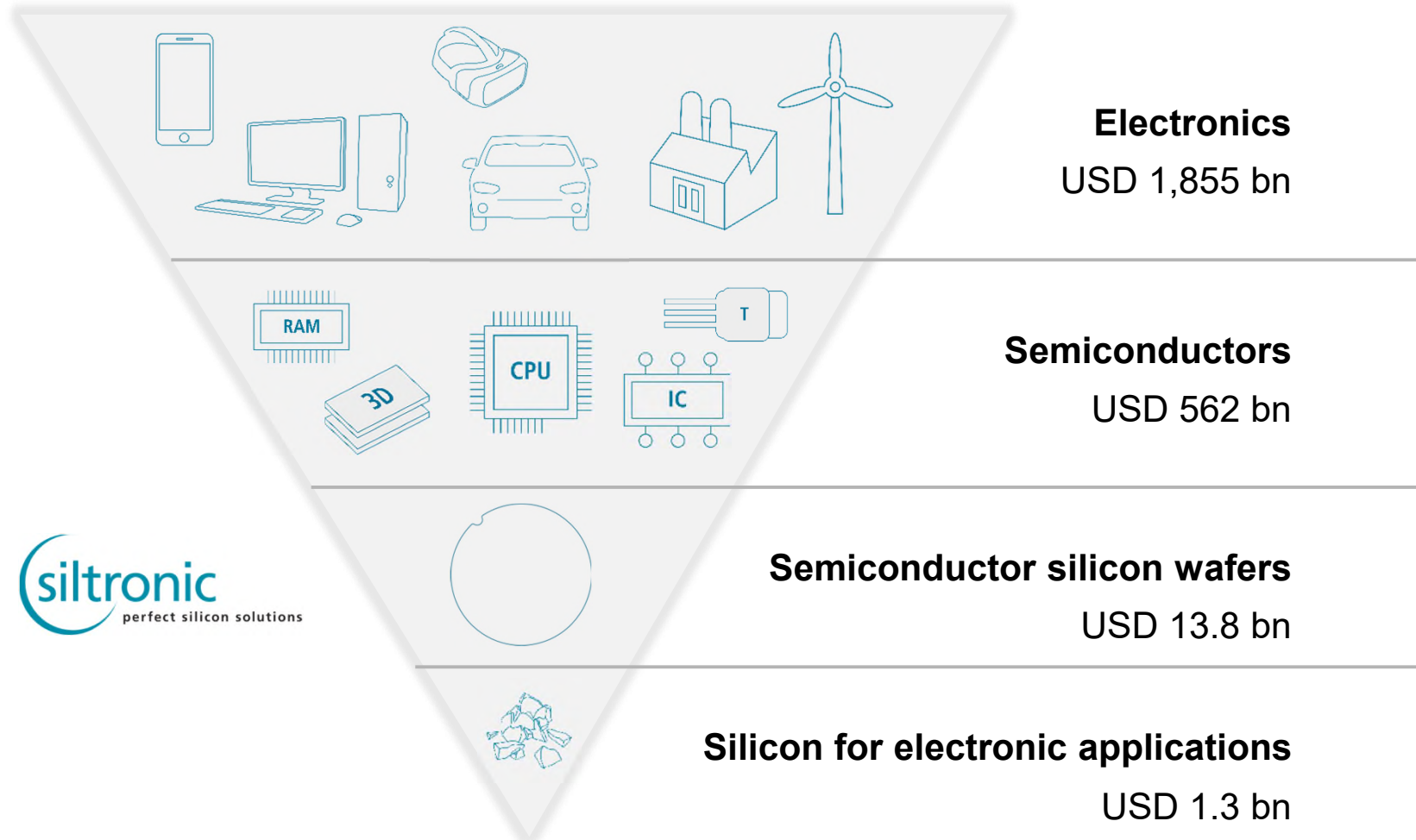
October 26, 2023

The background features a series of vertical blue stripes of varying widths, creating a textured effect. On the left side, there is a large, dark grey circular shape. A thin white arc curves across the middle of the page, starting from the left edge and ending near the center.

Market overview

Electronics value chain continued to grow in 2022

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



Sources: TechInsights, WSTS (Si based), SEMI SMG, Siltronic Marketing

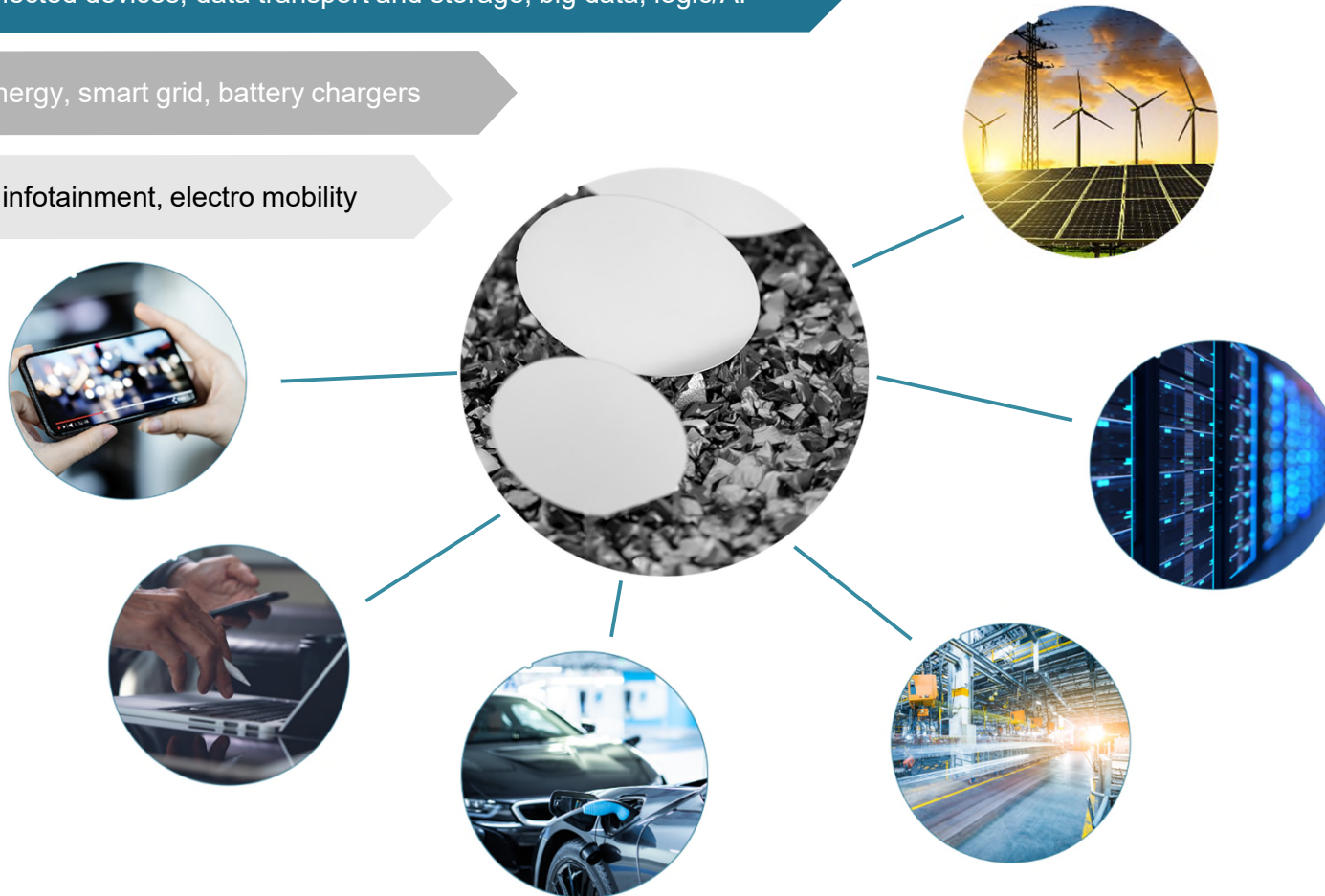
New applications for electronic devices and the infrastructure to support them continue to drive silicon demand

Current growth drivers include

Data explosion: connected devices, data transport and storage, big data, logic/AI

Power: renewable energy, smart grid, battery chargers

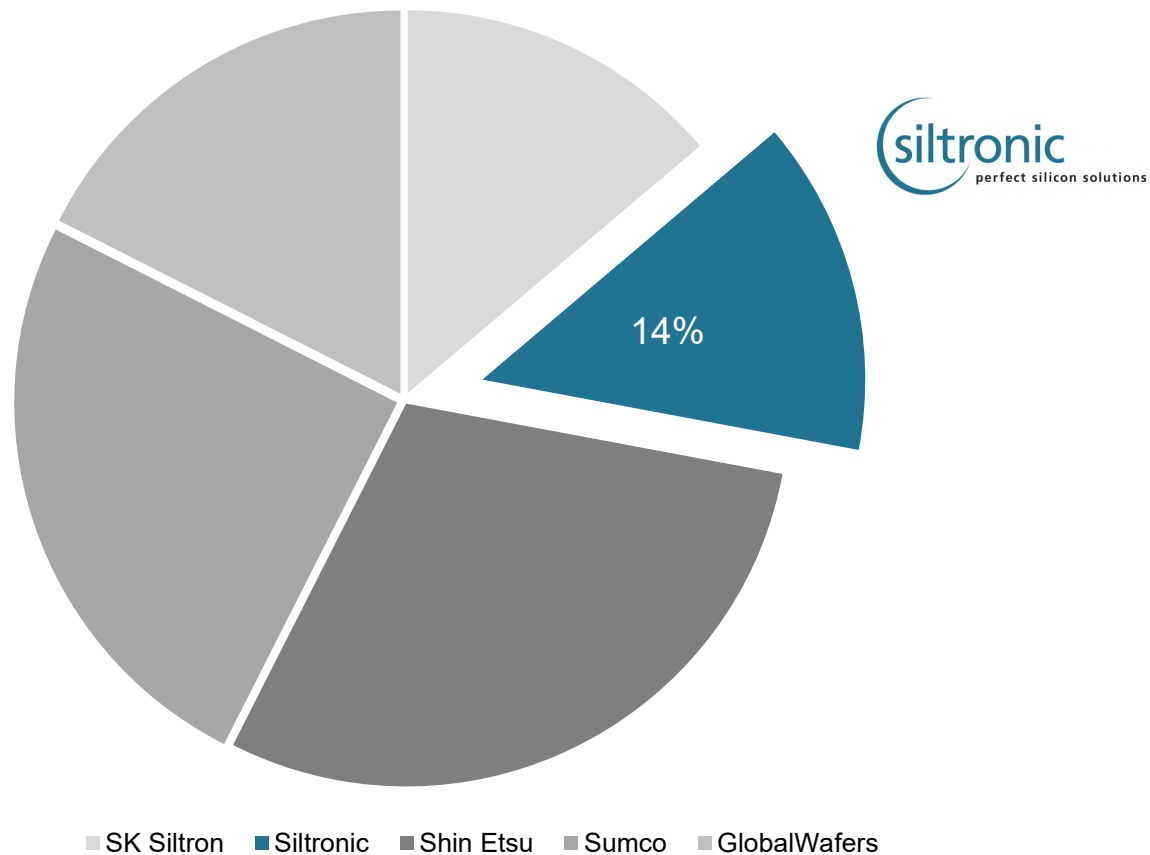
Automotive: ADAS, infotainment, electro mobility



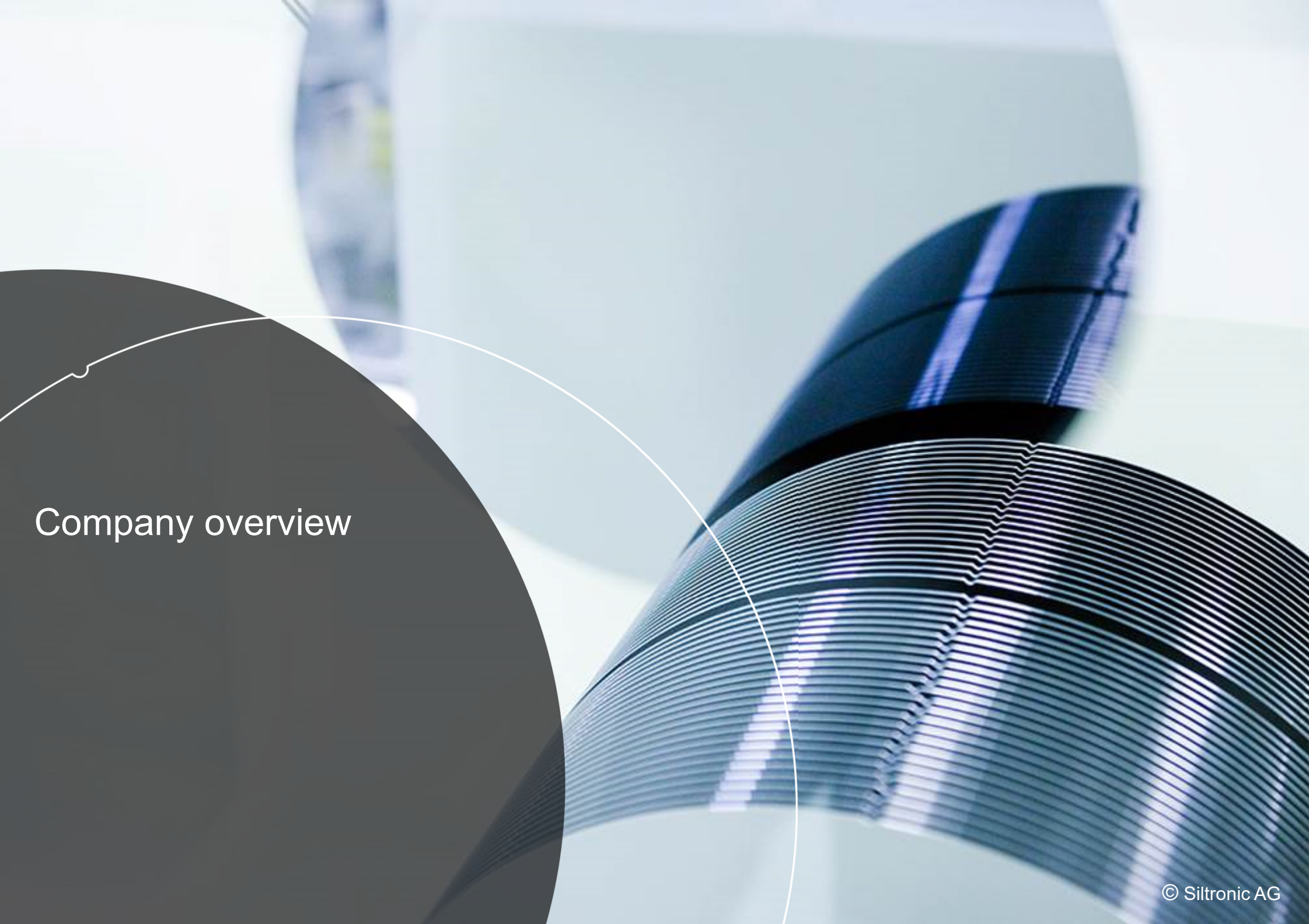
Pictures: coolhand118/stock.adobe.com, tippapatt/stock.adobe.com, monsitj/stock.adobe.com, Wellnhofer Designs/stock.adobe.com, 安琦 王/stock.adobe.com, AdobeStock_101580295

Consolidated market with 5 major wafer manufacturers

Top 5 wafer producers serve up to 90% of the market across all diameters

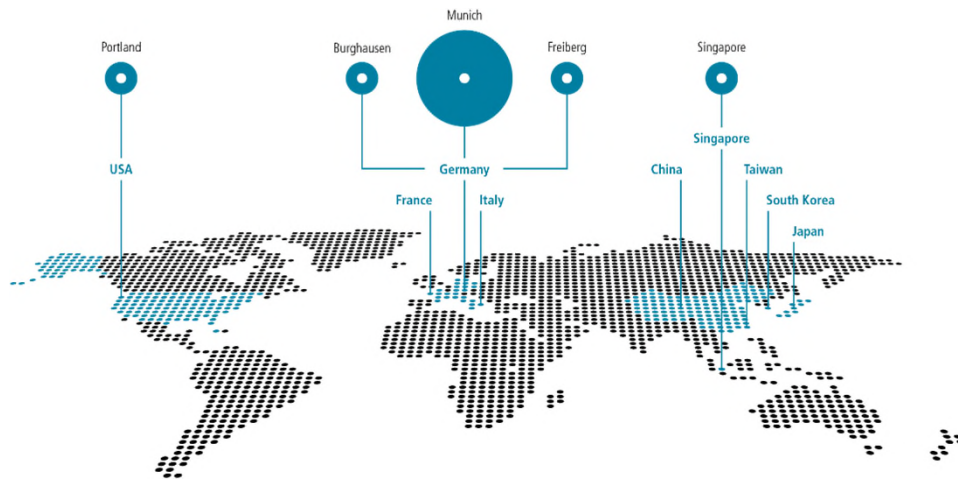


Source: Siltronic Estimates 2022




Company overview


Siltronic at a glance




Key financial figures 2022

- ▶ Sales: EUR 1,805.3 million
- ▶ EBITDA: EUR 671.6 million
- ▶ EBITDA margin: 37.2%
- ▶ Net cashflow: EUR -395.4 million
- ▶ Net financial assets: EUR 373.6 million

 4 world-class production sites

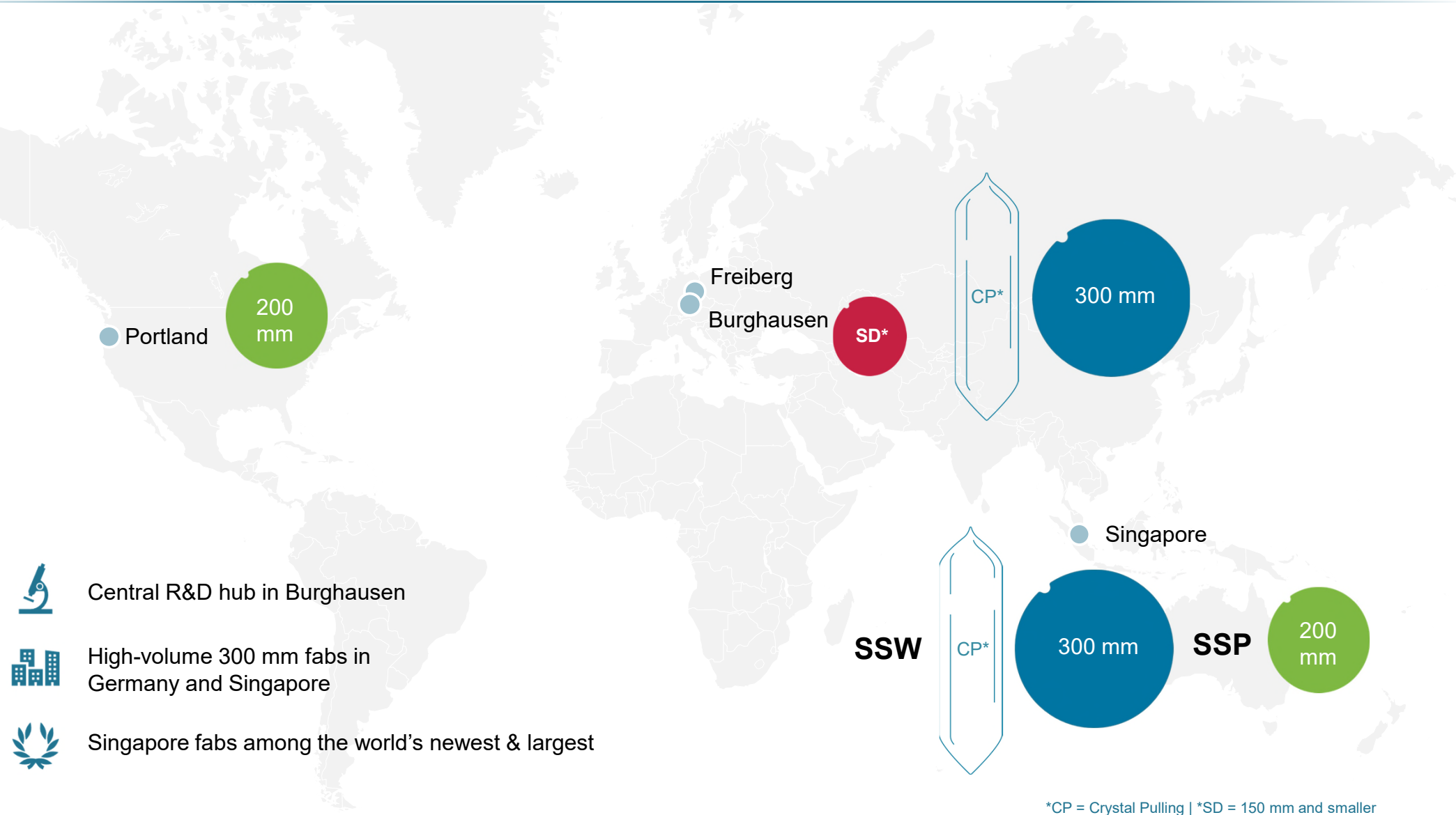
 ~ 4,500 employees

 global scale and reach

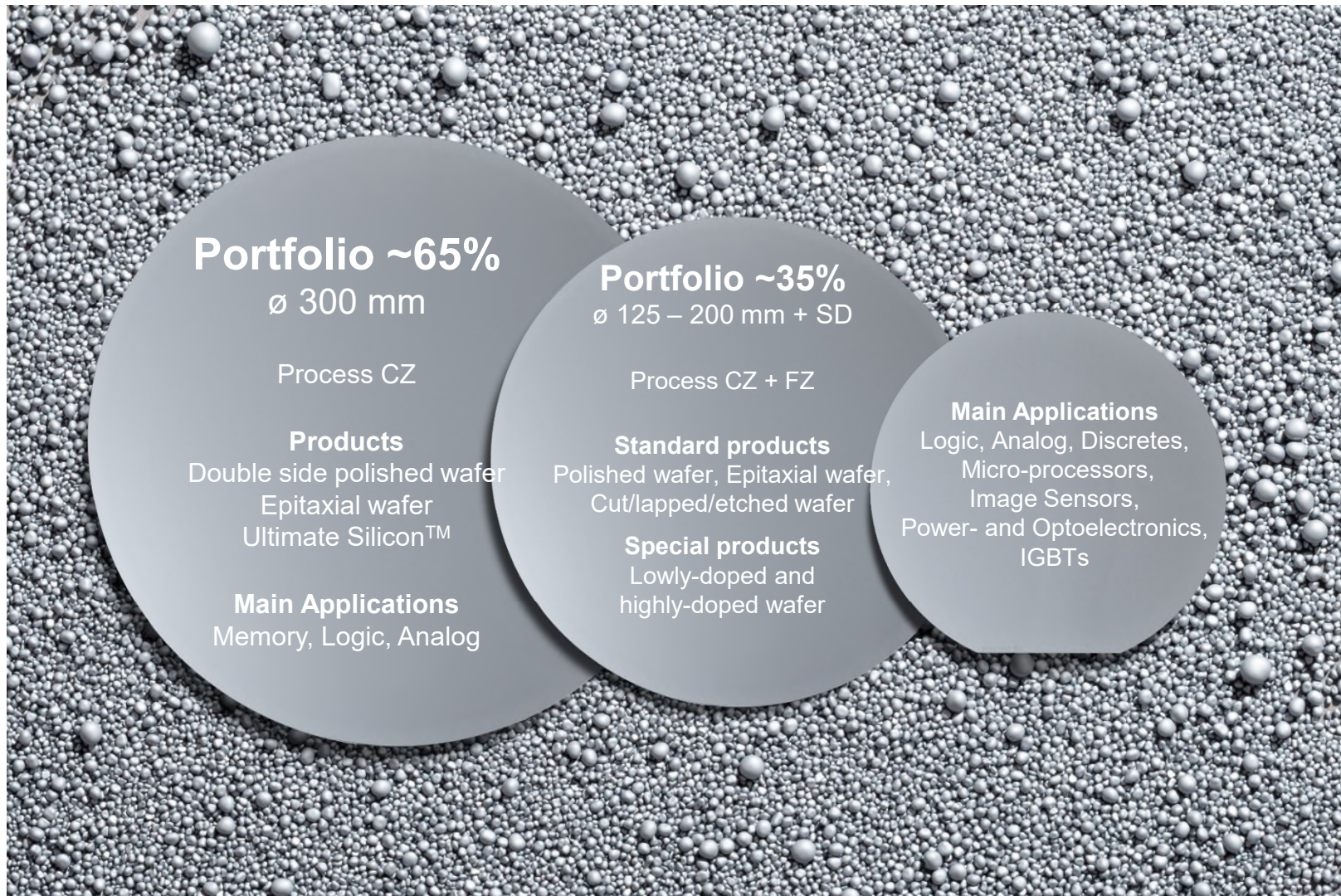
 50+ years of history in silicon technologies

 = Production sites, Headquarter in Munich

International manufacturing network supports strong market position and business focus



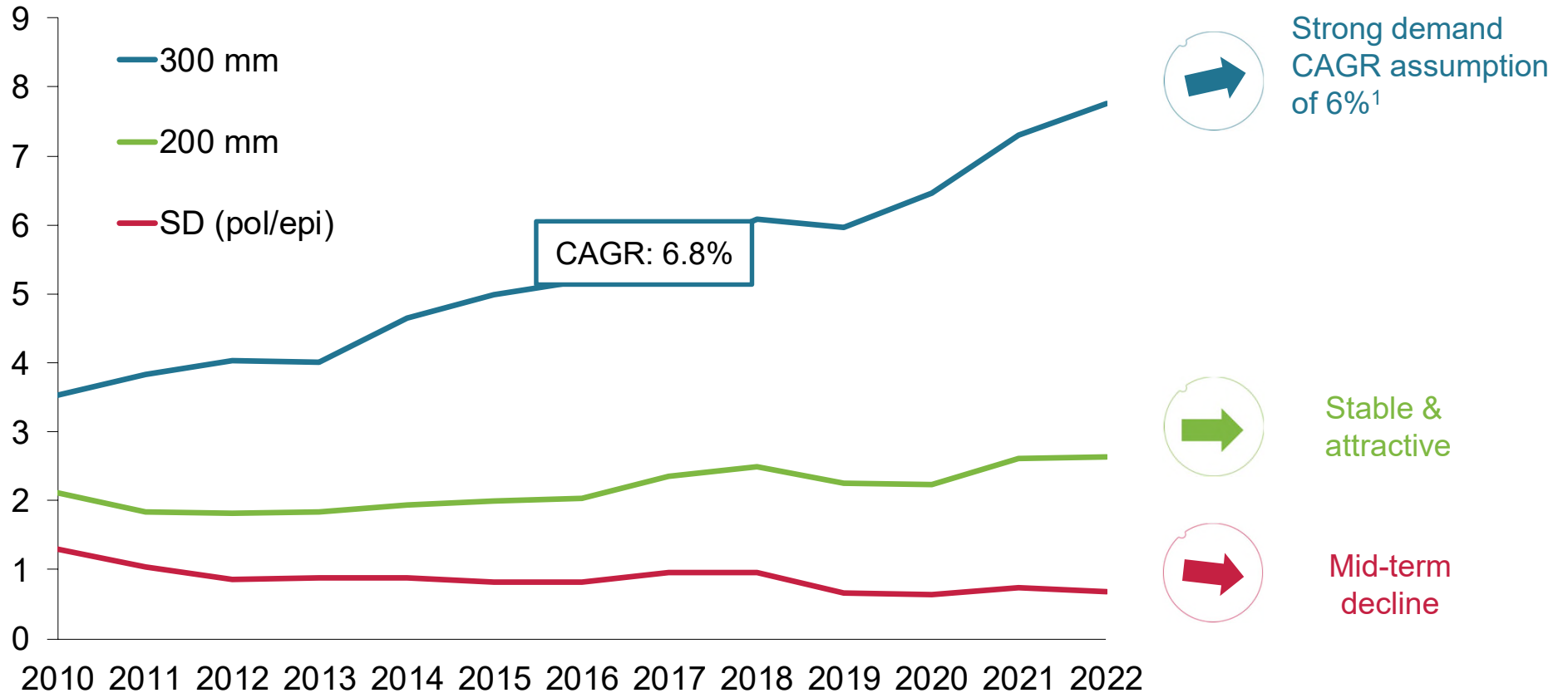
A broad product portfolio covers standard and leading-edge requirements of the customers



Note: CZ: Czochralski crystal growing, FZ: float zone technology

Siltronic is focused on growing 300 mm (6% in 2022) and attractive 200 mm business

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



Source: SEMI up to Dec 2022

1) mid- and long term CAGR assumption, current 2023 market estimates below 6%

Top technology position complemented with a high level of quality

A leading position in wafer technology

- ▶ Commercialization of 3 nm node started in 2022
- ▶ Development of 2 nm node started in 2021 (commercialization expected to start in 2024)
- ▶ Concurrently optimizing on 50+ wafer parameters of each design rule
- ▶ Single wafer traceability for 300 mm
- ▶ Standardized processes across sites enabling “copy exactly” at product level



>400 R&D employees worldwide



Approximately 1,890 pending and active patents in almost 350 patent families*

Quality awards from several top semiconductor customers received over the years



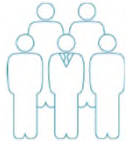
R&D expenditure, in EUR mn (% of sales)

2022	89.5 (5.0%)
2021	80.4 (5.7%)
2020	72.6 (6.0%)
2019	68.4 (5.4%)
2018	68.1 (4.7%)

*as of December 31, 2022

Cost-competitiveness a pre-requisite in the wafer industry

Major cost items



Labor



Depreciation



Supplies

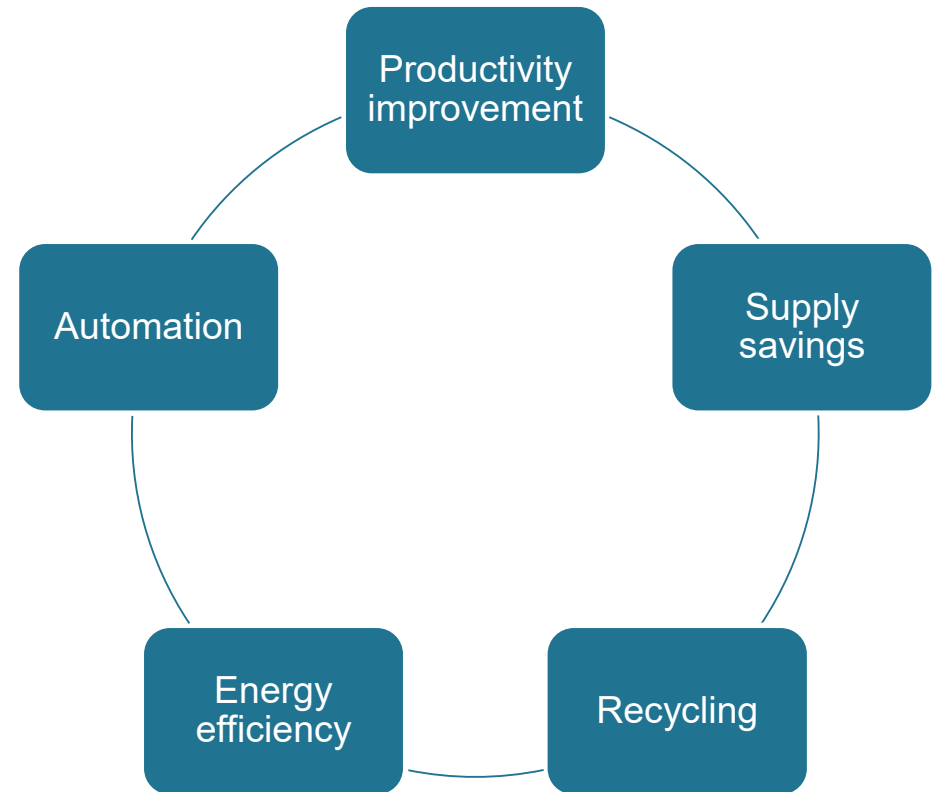


Energy

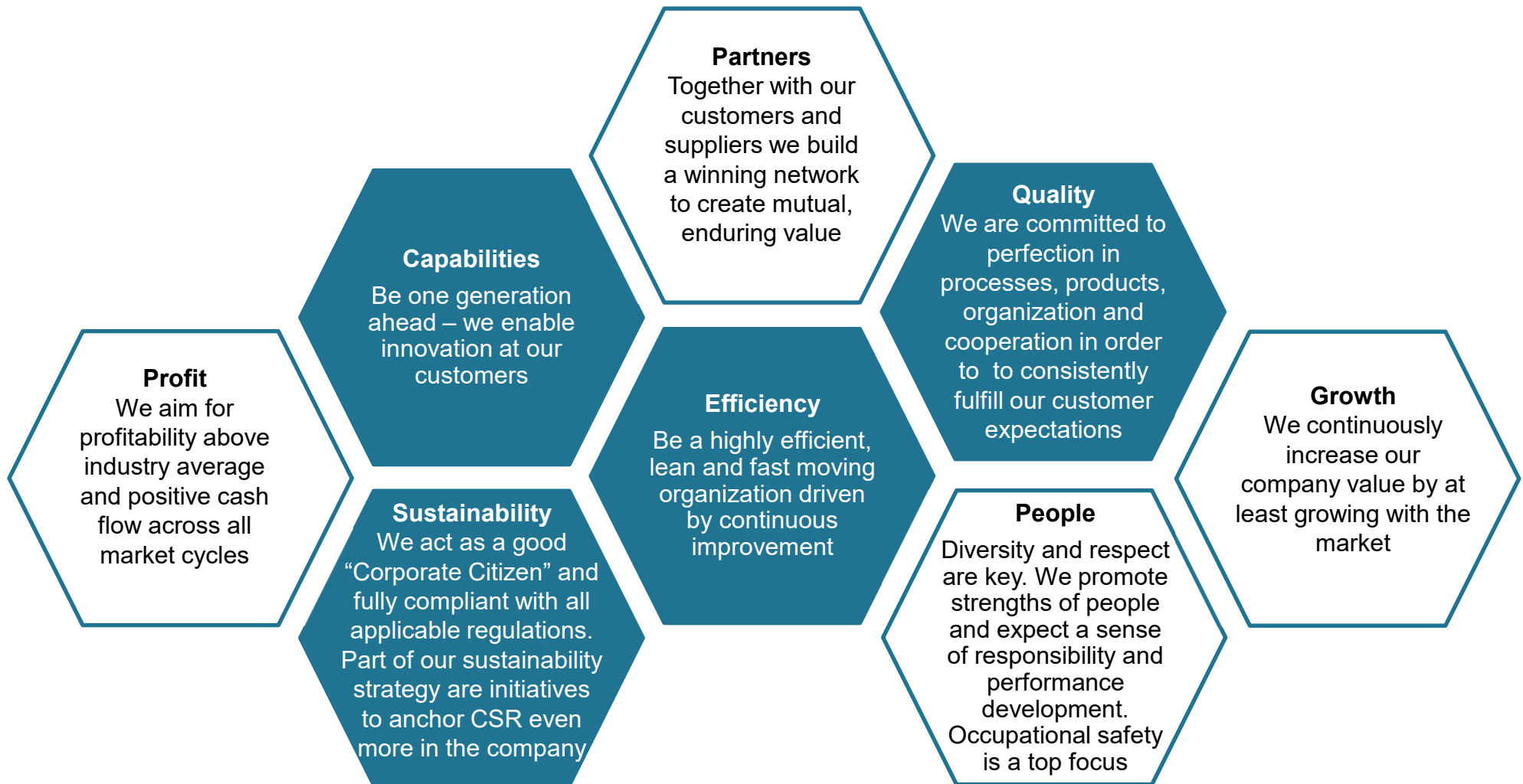


Polysilicon

Continuous cost roadmaps to counter unit cost increases



Our objectives and values



Strategy based on four pillars

Continuously increasing
the value for our stakeholders



Grow

by optimizing
product mix and
increase
capacities when
needed



Ensure

top technology
position &
highest quality



Improve

financial
performance &
cash flow



Execute

cost reduction
roadmaps &
debottlenecking
concepts

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

Overview Financials

Adjusted financial figures (EUR mn)	2018	2019	2020	2021	2022
Sales	1,456.7	1,270.4	1,207.1	1,405.4	1,805.3
EBIT	497.7	298.3	192.2	316.9	495.6
EBIT margin in %	34.2	23.5	15.9	22.5	27.5
EBITDA	589.3	408.7	331.9	466.4	671.6
EBITDA margin in %	40.5	32.2	27.5	33.2	37.2
Earnings per share	12.44	7.52	5.36	8.44	13.02
Capex	256.9	363.0	187.6	425.6	1,073.6
Free cash flow ¹	416.4	36.4	32.0	108.6	-118.0
Net cash flow ¹	240.4	81.3	77.4	1.7	-395.4
Dividend ²	150.0	90.0	60.0	90.0	90.0

¹ 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.

² Proposed dividend for 2022



Outlook 2023

Development in Q3 in line with expectations

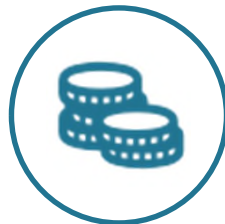
We are fully on track to reach FY guidance



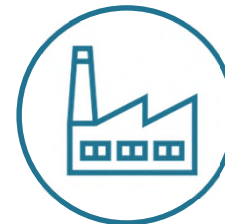
2023 trough reached in Q3 due to weak demand



Stable pricing environment



Continued high investments to be ready for market turnaround



Q3 2023 still impacted by industry weakness, but on a solid level

349

Sales in EUR mn
Q2 2023: 404

-215

Net Cash Flow in EUR mn
Q2 2023: -310

28.4

EBITDA Margin in %
Q2 2023: 29.4

318

Capex in EUR mn
Q2 2023: 366

Stable

Pricing environment

Nov 30

Capital Markets Day
London

A person wearing a white cleanroom suit and a clear face shield is working in a cleanroom. They are focused on a large, highly reflective, metallic object that is suspended by a thin wire. The object has a conical top and a rounded bottom, resembling a large, polished metal component. The background is a clean, industrial environment with various pieces of equipment and structural elements.

Financials Q3 2023

Sound and expected
performance in a still
challenging environment

Q3 in line with expectations, pricing sentiment stable

Profit & Loss, in EUR million

	Q3 2023	Q2 2023	Q1-Q3 2023
Sales	349.1	403.7	1,157.2
Gross profit	75.7	101.1	293.0
Gross margin, in %	21.7	25.0	25.3
EBITDA	99.1	118.6	342.8
EBITDA margin, in %	28.4	29.4	29.6
EBIT	46.4	70.3	194.5
EBIT margin, in %	13.3	17.4	16.8
Net Income	35.1	61.4	169.0
EPS, in EUR	1.10	1.83	5.13

Comments

Sales: -14% qoq

- ▶ Lower wafer area sold
- ▶ Stable prices and FX

EBITDA: -16% qoq, solid margin

- ▶ Stable unit cost for materials and energy
- ▶ Lower fixed cost dilution, but no negative inventory effects (like in Q2)
- ▶ Positive FX result of EUR 10 mn

EBIT: -34% qoq

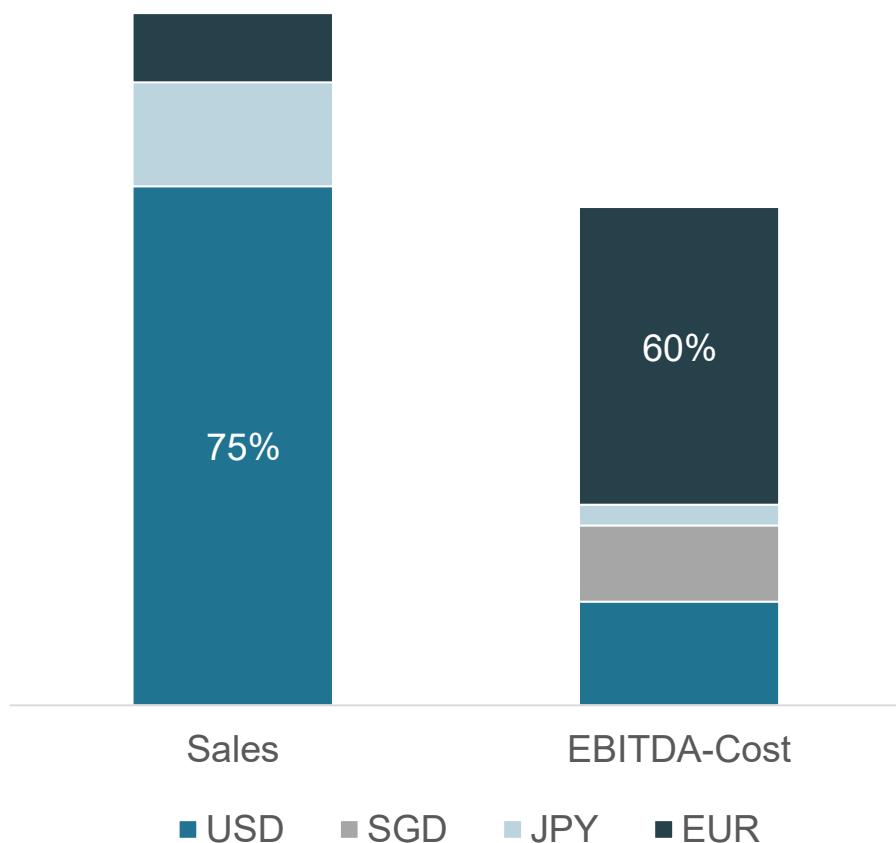
- ▶ Expected increase in depreciation

Net income: -43% qoq

- ▶ Reduced interest income due to lower cash position
- ▶ Increase in tax rate due to shift in site mix

Some insights into our FX effects

FX Exposure 2023, in %



FX Impacts

USD Sensitivity, based on 2023 exposure (EUR/USD 1.10)

Change EUR/USD \pm 1 USD-ct

- ▶ EUR 10 mn in Sales
- ▶ EUR 7 mn in EBITDA, unhedged (including highly correlated SGD-effect)

USD Hedging strategy

- ▶ Operational hedging
- ▶ Strategic hedging: gradual hedging up to 18 months ahead, based on net FX exposure

FX result (in other operating income/expenses)

- ▶ Mostly FX hedging
- ▶ Other valuation effects (trade receivables, payables)

Strong balance sheet – expected shift between cash & securities and fixed assets

Balance Sheet Composition

	Sep 30, 2023	Dec 31, 2022
Assets, in EUR mn	4,326	4,051
Fixed Assets	73%	58%
Inventories	7%	7%
Receivables	8%	9%
Cash & Securities	12%	26%
Liabilities, in EUR mn	4,326	4,051
Equity	49%	51%
Provisions	5%	5%
Financial Liabilities	21%	19%
Liabilities & Prepayments	25%	25%

Comments

Fixed assets: + EUR 795 mn vs. Dec 31, 22

- ▶ Increase to EUR 3.2 bn due to high capex

Cash & Securities: - EUR 543 mn vs. Dec 31, 22

- ▶ Decline to EUR 506 mn
- ▶ Operating cash flow < payments for capex and dividend

Equity Ratio: 49%

- ▶ Healthy level

Financial Liabilities

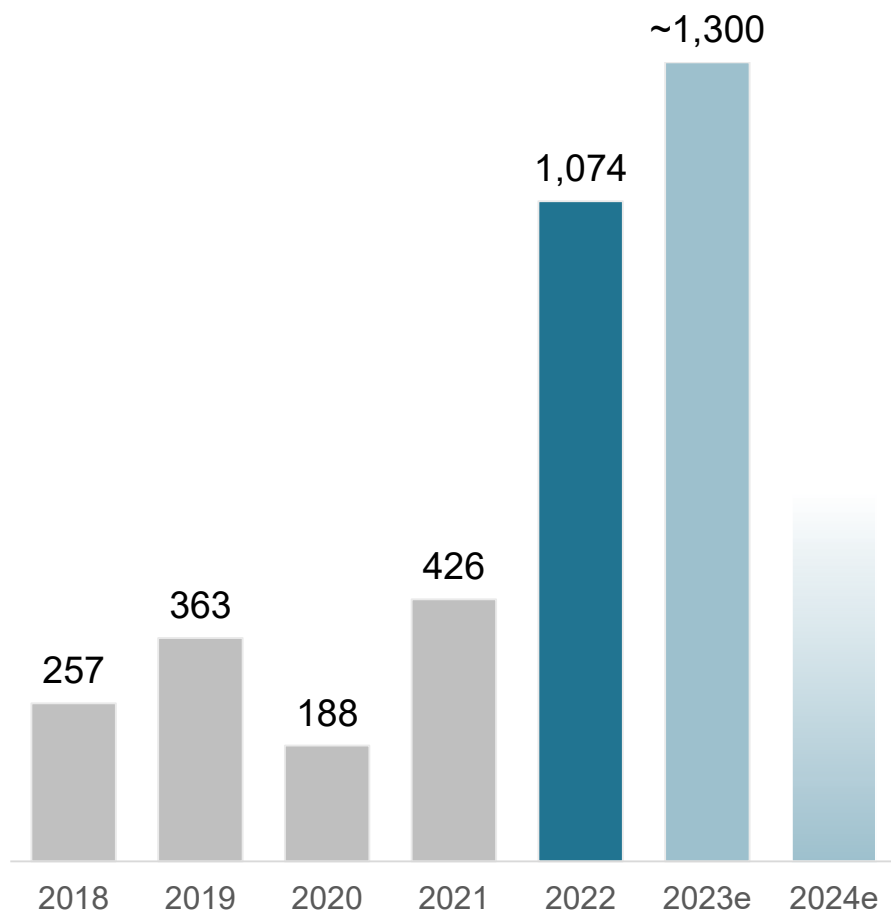
- ▶ Last drawdown of Singapore Dollar loan in Q3 23

Liabilities/Prepayments

- ▶ Customer prepayments received: EUR 79 mn
- ▶ Provisions for pensions: slight decline to a historically low level

Major Capex in 2023 (mostly for FabNext) will fuel future growth

Investment, in EUR mn



Comments

Capex

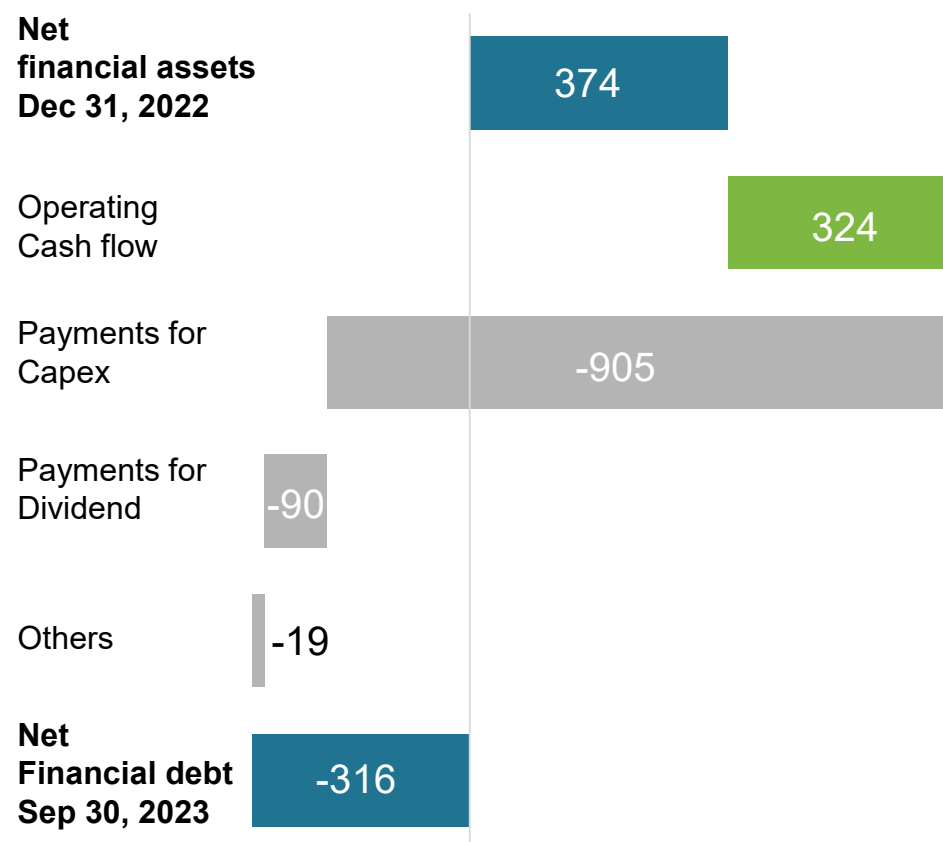
- ▶ Capex 2023 for FabNext, extension of crystal pulling hall in Freiberg (inaugurated in September) and capability enhancement
- ▶ Capex 2024 will be reduced by more than half

Conservative Financing Approach

- ▶ Existing cash and future operating cash flows
- ▶ Customer prepayments
- ▶ Financial debt

High Capex covered by strong financing base

Net Financial Debt, in EUR mn



Comments

Four financing instruments in place

- ▶ Fully drawn
 - ▶ ESG linked promissory note loan
 - ▶ Singapore Dollar bilateral loan
 - ▶ European Investment Bank loan
- ▶ Not drawn
 - ▶ Syndicated loan (term loan and RCF) EUR 380 mn

Net financial assets Dec 31, 2022, turning into net financial debt Sep 30, 2023

- ▶ Solid operating cash flow
- ▶ Peak invest outflow, mainly for FabNext
- ▶ Dividend payment
- ▶ Change in net financial position EUR -689 mn

A person wearing a white cleanroom suit and a blue hairnet is working in a cleanroom. They are focused on a large, shiny, metallic, teardrop-shaped object that is hanging from a chain. The object has a highly reflective surface and is the central focus of the image. The background is slightly blurred, showing the cleanroom environment with various pieces of equipment and lighting.

Outlook 2023 and beyond

We are consistently preparing for the next profitable growth phase

Market environment still challenging - nevertheless stable pricing and solid profitability

Market weakness

due to excess
inventory will
trail into 2024



Environment of
price stability

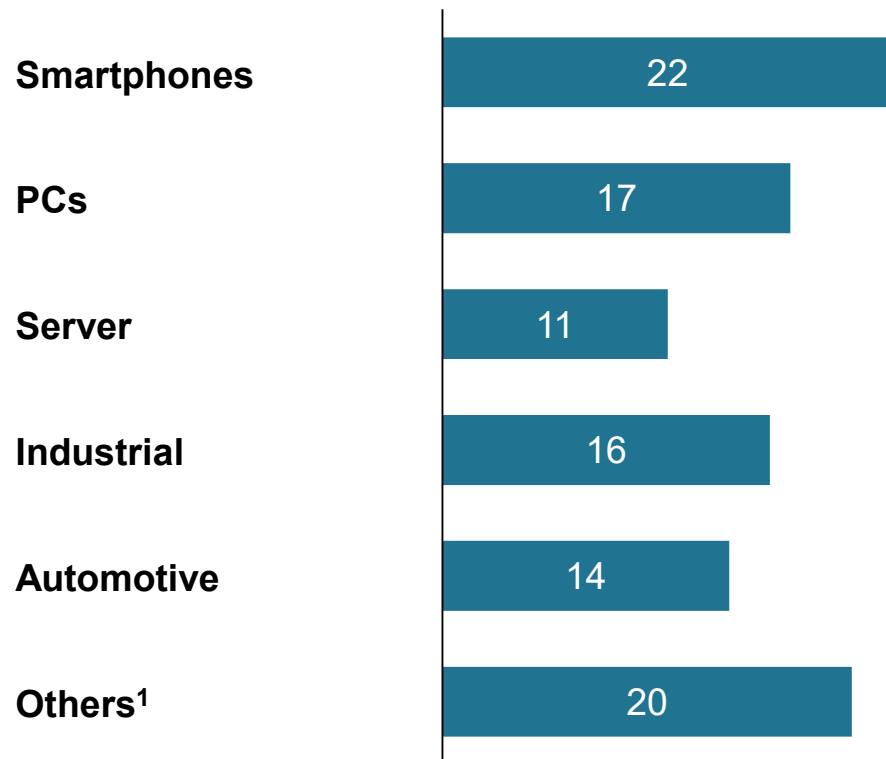
High LTA share
stabilizes business



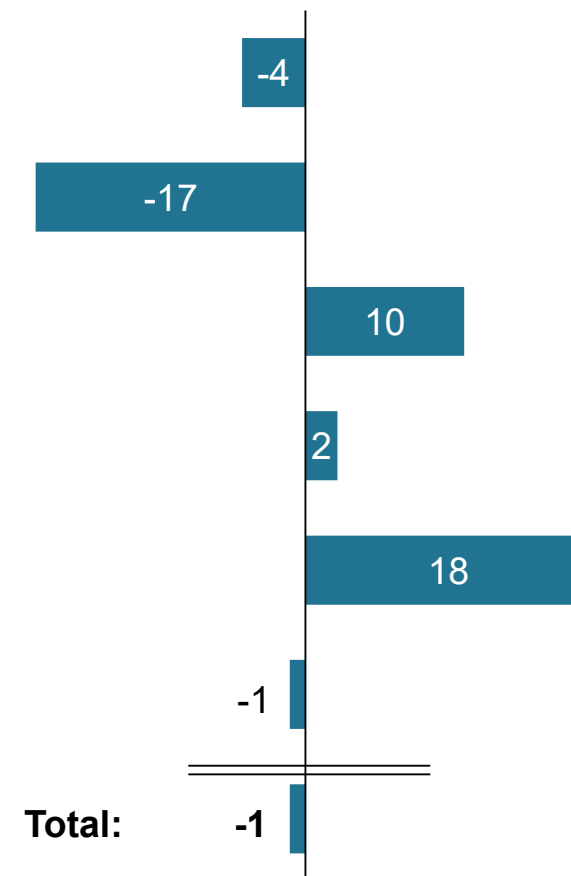
Solid profitability

End markets are expected to stagnate in 2023 (before inventory effects)

Consumption of wafers by end use 2022, in %



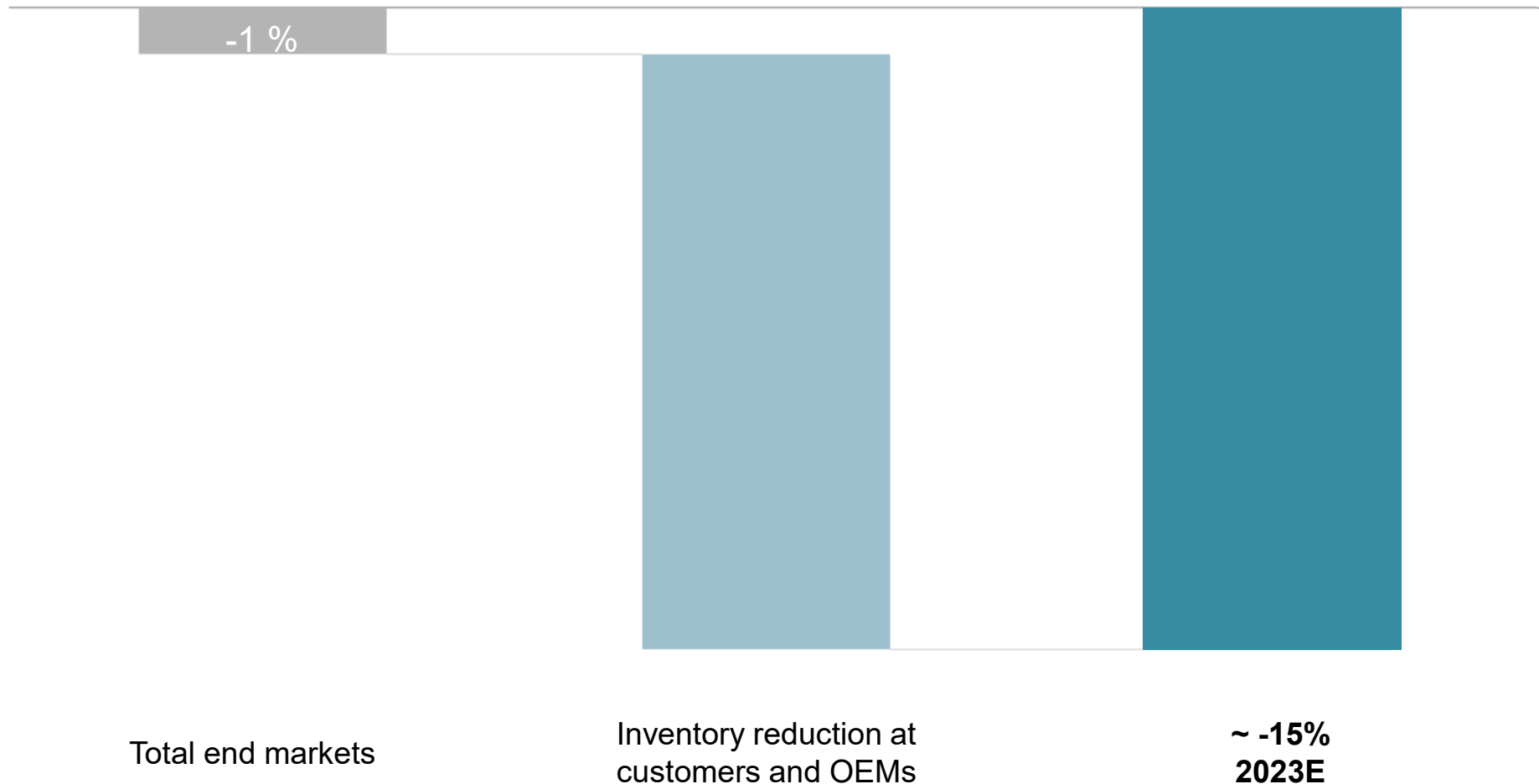
Growth in demand for wafer area 2023 vs. 2022, in %



Source: Siltronic estimates, ¹ Infrastructure Telecommunications, game consoles, consumer electronics such as televisions, white goods such as refrigerators

Wafer demand in 2023 will be down around 15% due to inventory reductions; soft demand trailing into 2024

Composition of growth drivers for wafer market 2023 vs. 2022, in %






Source: Siltronic estimates




The crystal ball has not cleared yet!



Inventory status:

-  Memory peaked but still elevated, DRAM and NAND prices stabilizing
-  Logic close to normal levels
-  Power increasing, Auto forecast positive - has to be watched

Economic and geopolitical uncertainties persist:

-  Consumer sentiment in China
-  Persistent inflation
-  Geopolitical risks

Typical time-lag for wafer industry to turnaround: 6 months

Source: [nigel-tadyanehondo/unsplash.com](https://unsplash.com/photos/nigel-tadyanehondo)

FabNext first wafers to be produced soon - Freiberg pulling hall inaugurated in September



- First wafers to be produced soon
- 📊 Focus on qualifying customers
- 📈 High share of LTA, 80% during ramp phase
- 📉 Ramp speed for 2024 and 2025 slightly adjusted as communicated in Q2
- € EBITDA-Margin above 50% mid-term with growing impact on Group Margin during ramp

- ✓ Extension of crystal pulling hall inaugurated
- € Several hundred million euros invested
- 🏆 Product mix improvement

Source: Siltronic

Outlook 2023 confirmed and substantiated on the upper range of the bandwidths

FY 2023

Sales

15% – 17%
below 2022

EBITDA Margin

28% – 30%

Depreciation

around **EUR 200 mn**

Capex

around **EUR 1.3 bn**

Net Cash Flow

significantly
below 2022

Tax Rate

around **15%**

Based on FX assumption EUR/USD at 1.10

Next highlight: Capital Markets Day in London on November 30, 2023



Venue: Andaz Hotel, 40 Liverpool Street, London

Time: Start 9 am until around 3 pm CMT

Main Topics:

- ▶ Strategy update and mid-term outlook
- ▶ Industry and technology deep-dives

Presenters:

- ▶ Dr. Michael Heckmeier, CEO
- ▶ Claudia Schmitt, CFO
- ▶ Head of Marketing & Sales
- ▶ Head of Application Technology
- ▶ Head of Marketing & Global Power Business

Further Information:

- ▶ <https://www.siltronic.com/en/investors/capital-markets-day.html>

Contact and Additional Information

Issuer and Contact

Siltronic AG
Einsteinstraße 172
D-81677 München

Investor Relations:

Verena Stütze
E-mail: investor.relations@siltronic.com
Tel: +49 89 8564-3133

Additional Information

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

Financial Calendar 2024

March 12	FY 2023 results
May 2	Q1 2024 results
July 25	Q2 2024 interim results
October 24	Q3 2024 results



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 | Einsteinstr. 172
81677 Munich
Germany