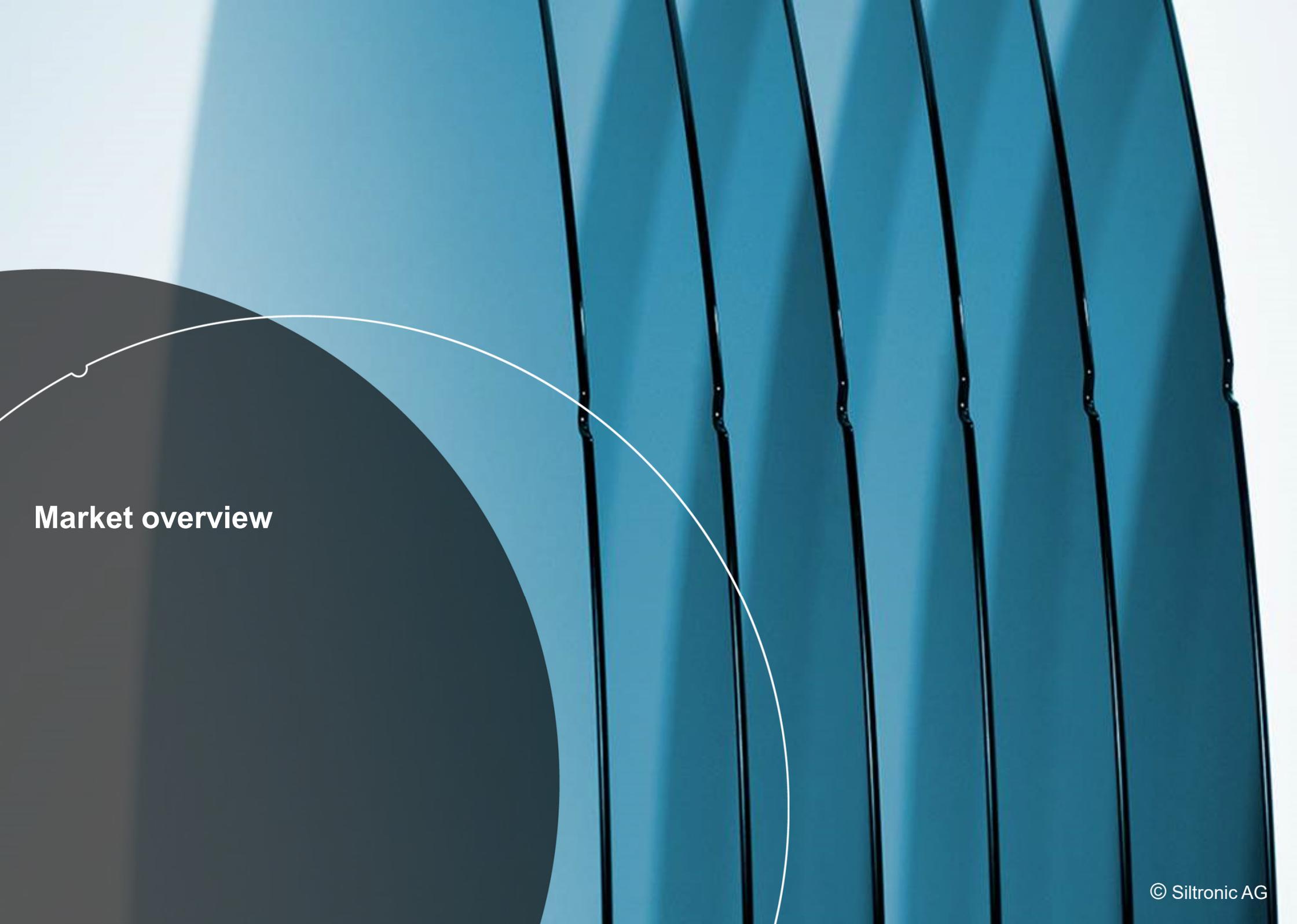


# Siltronic AG Investor Presentation – FY 2022

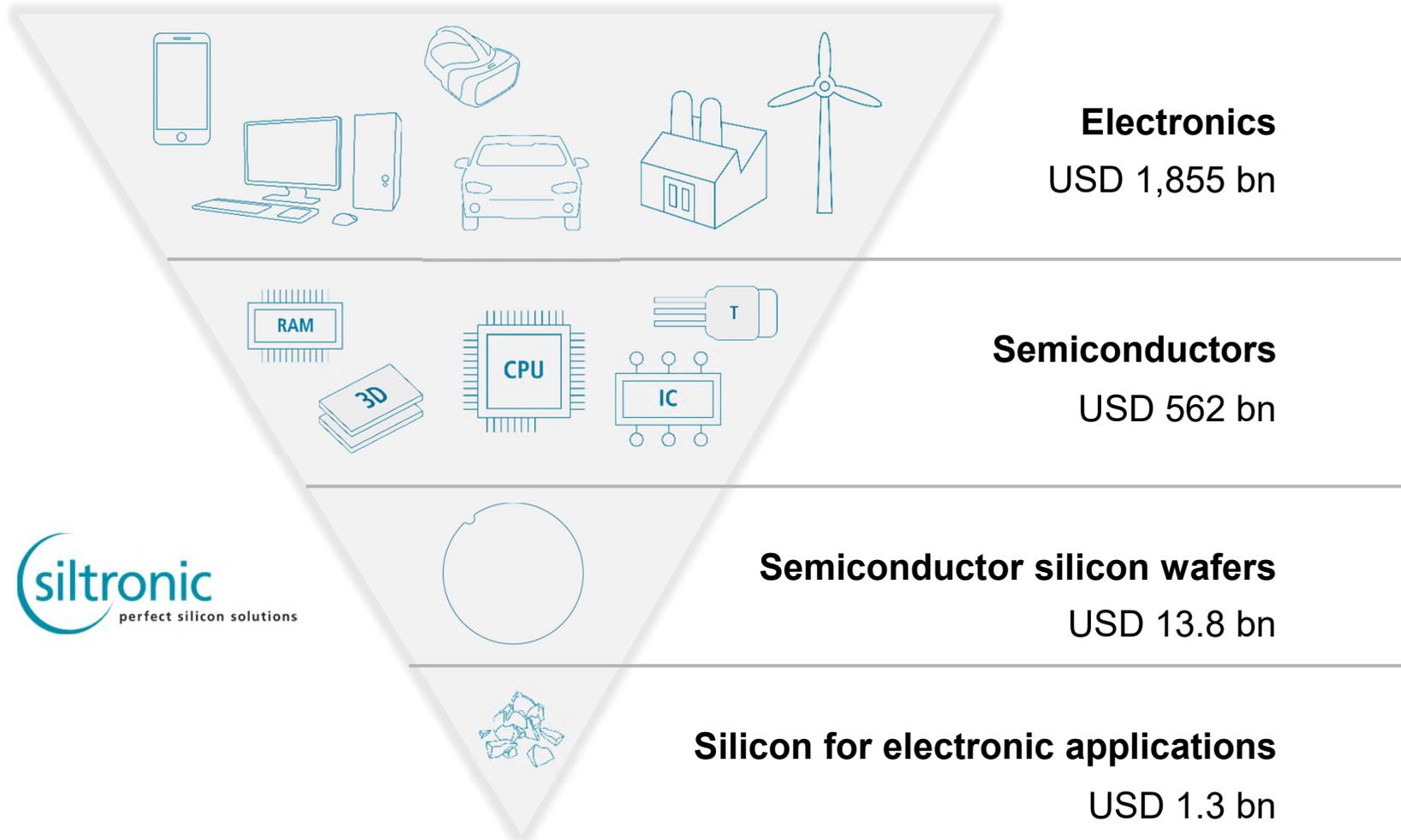
March 9, 2023

The background features a series of vertical blue stripes of varying shades, 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

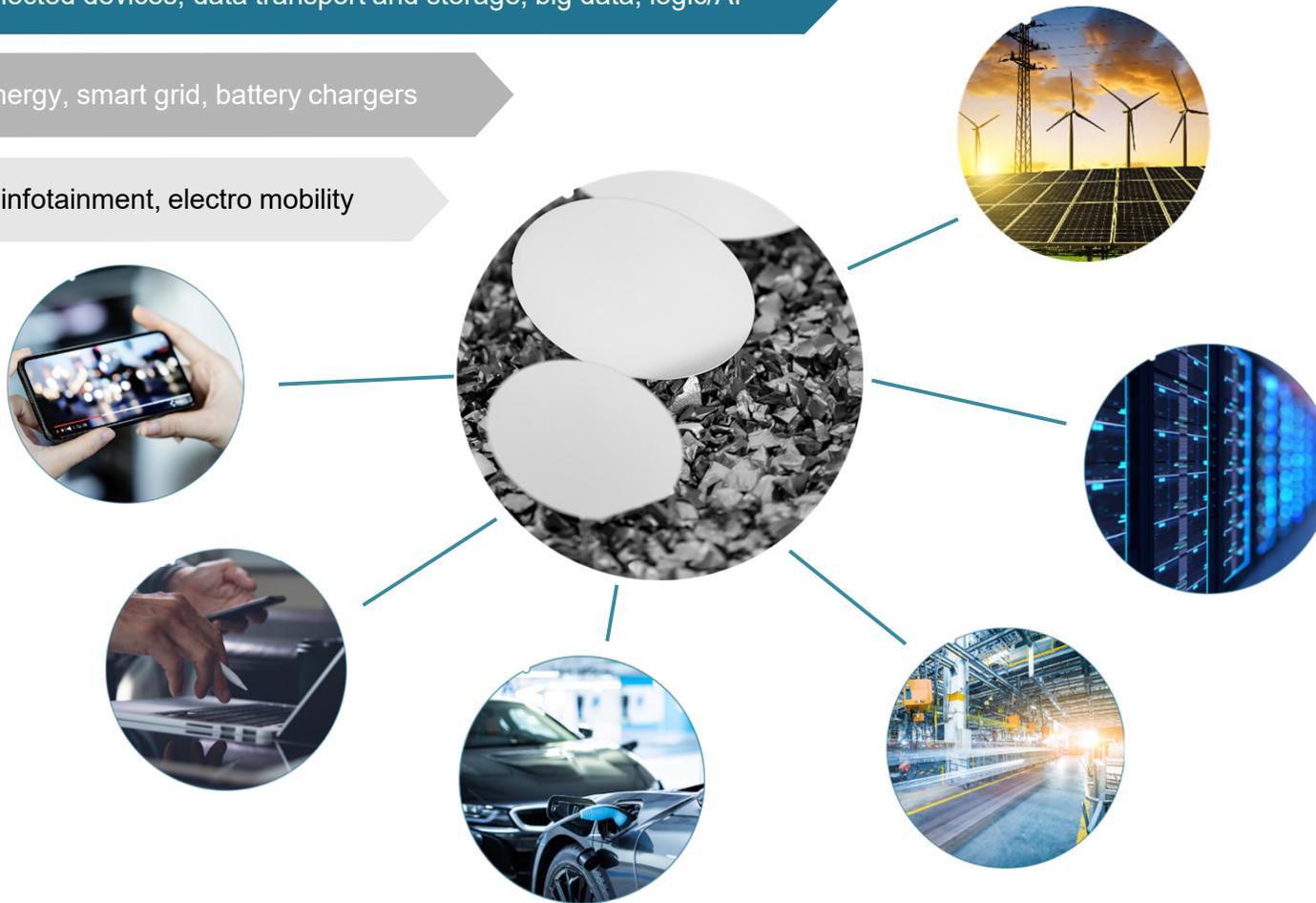
# New applications for electronic devices and the infrastructure to support them continue to drive silicon demand

## Current growth drivers include

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

**Power:** renewable energy, smart grid, battery chargers

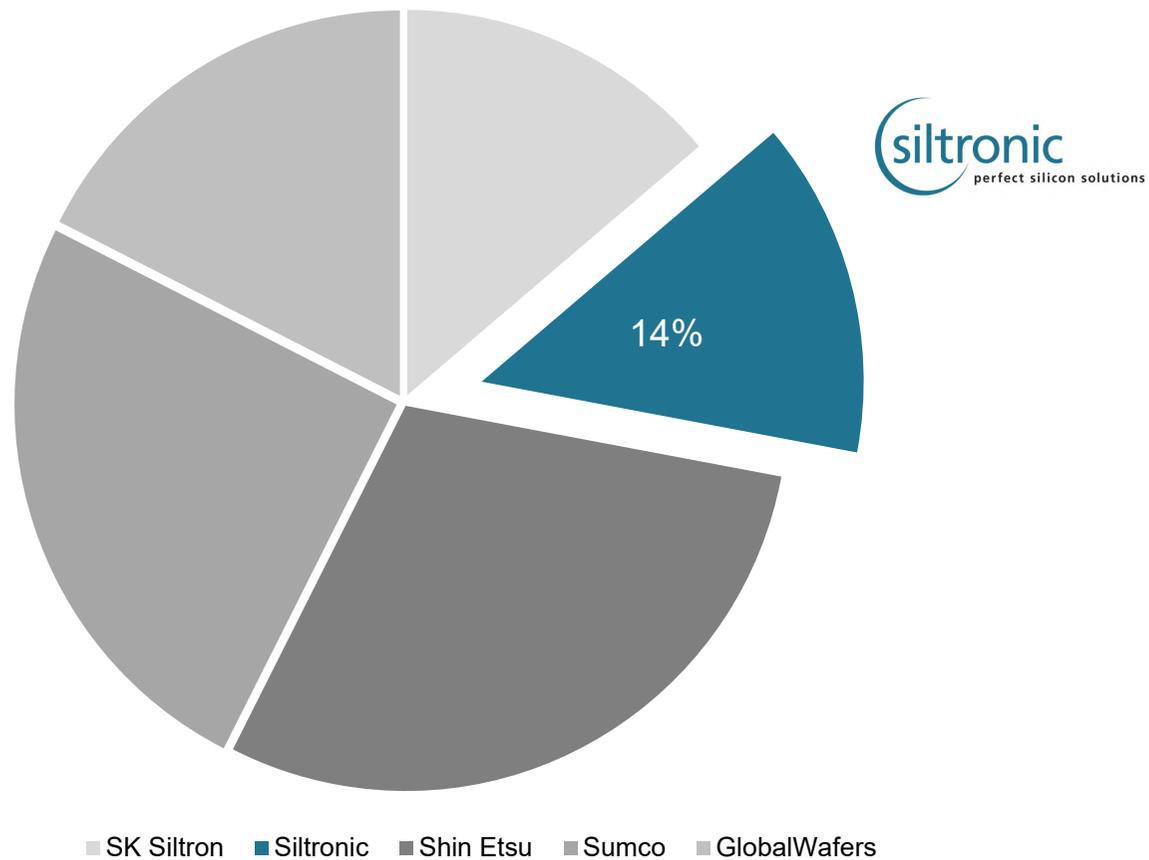
**Automotive:** ADAS, infotainment, electro mobility



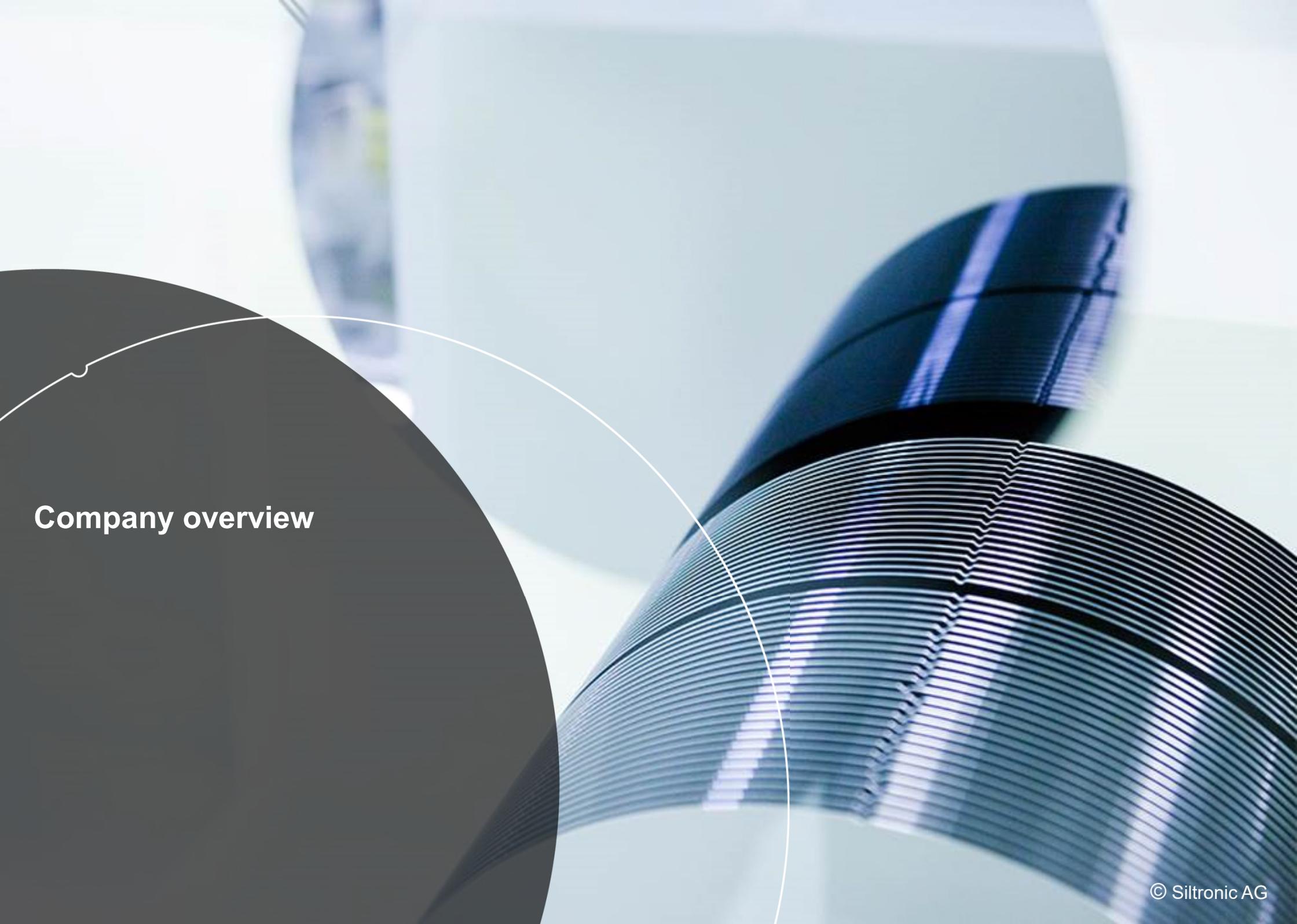
Pictures: coolhand118/stock.adobe.com, tippapatt/stock.adobe.com, monsitj/stock.adobe.com, Wellnhofer Designs/stock.adobe.com, 安琦 王/stock.adobe.com, AdobeStock\_101580295

# Consolidated market with 5 major wafer manufacturers

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

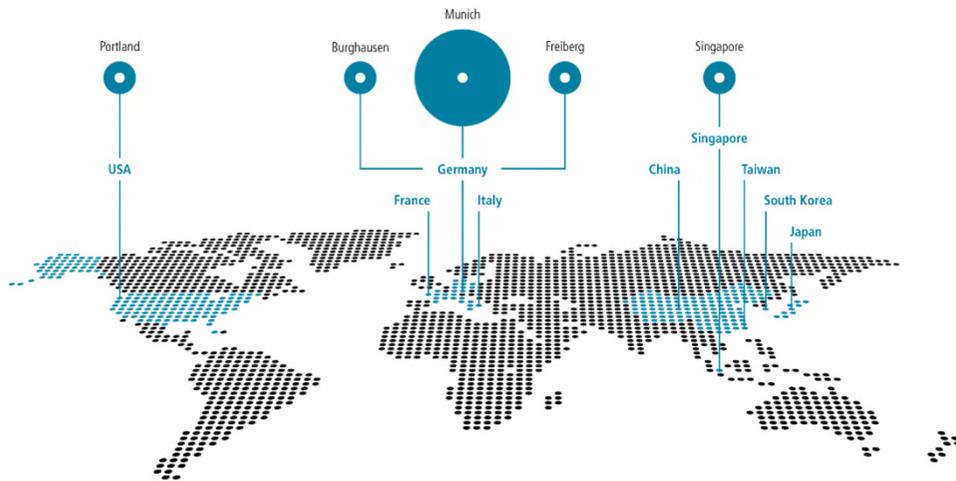


Source: Siltronic Marketing



**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

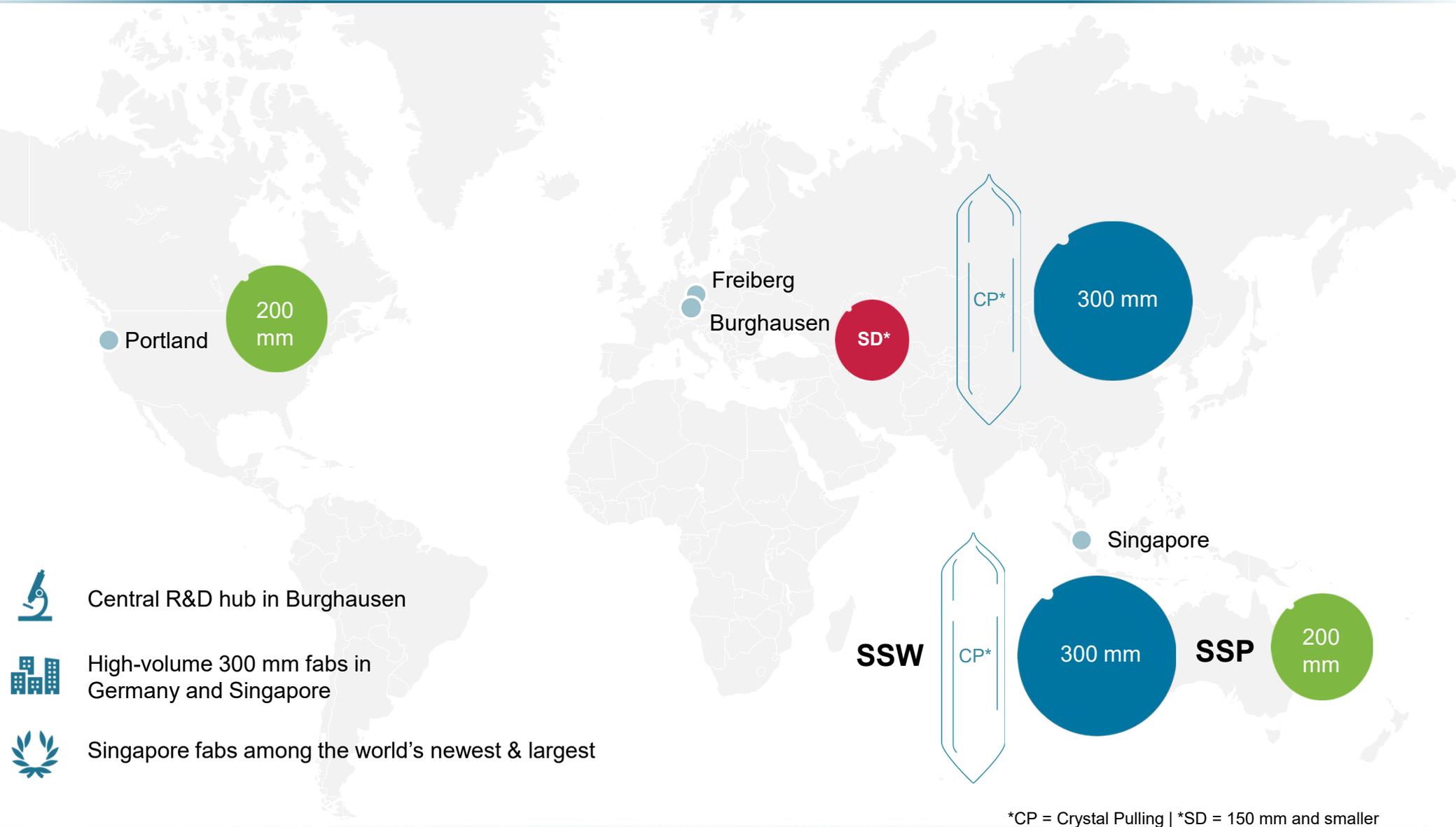


50+ years of history in silicon technologies

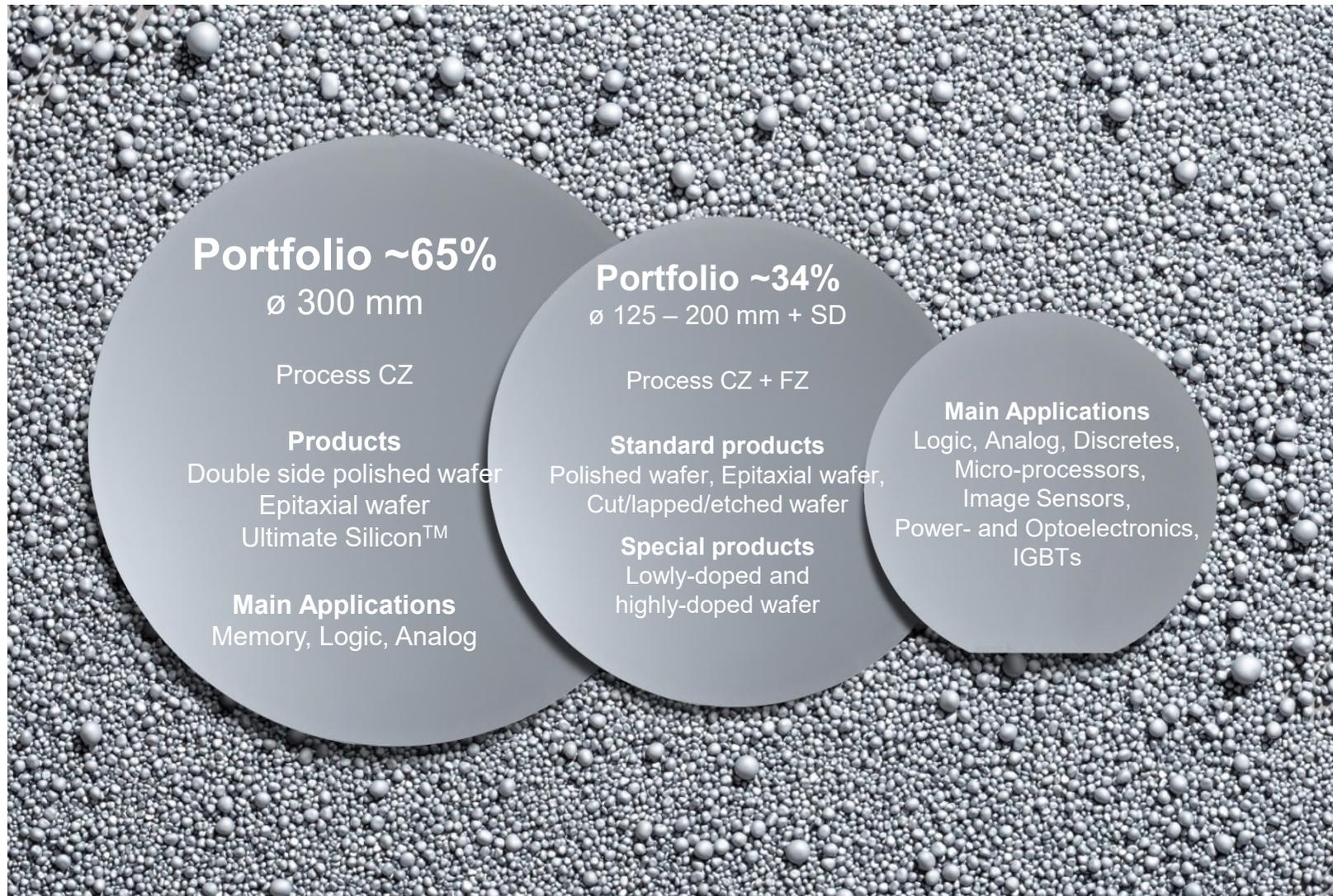


= Production sites, Headquarter in Munich

# International manufacturing network supports strong market position and business focus



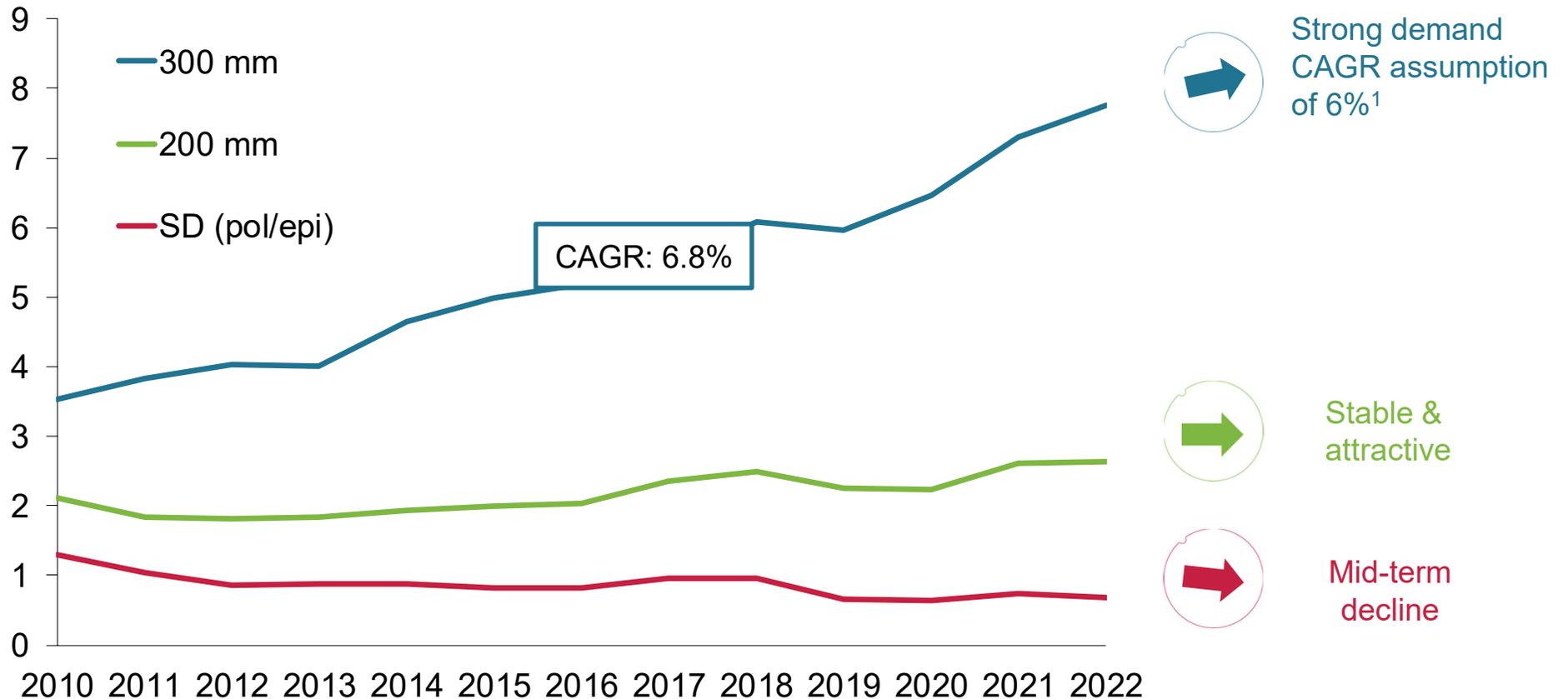
# A broad product portfolio covers standard and leading-edge requirements of the customers



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)



\*as of December 31, 2022

# FabNext in Singapore with significant upside for Siltronic



## Technical

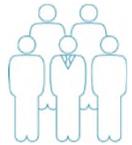
- ▶ State of the art plant
- ▶ Largest and most efficient Siltronic fab
- ▶ Very high degree of automation
- ▶ Ramp phase of several years with ~ 150 k additional wafer capacity per month every year during the ramp phase
- ▶ High share of epitaxy

## Financial

- ▶ Most cost efficient Siltronic fab
- ▶ 80% of output during ramp phase secured with LTA's, partially until 2030
- ▶ Positive impact on Group EBITDA from 2024
- ▶ EBITDA Margin of >50%

# Cost-competitiveness a pre-requisite in the wafer industry

## Major cost items



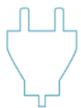
Labor



Depreciation



Supplies

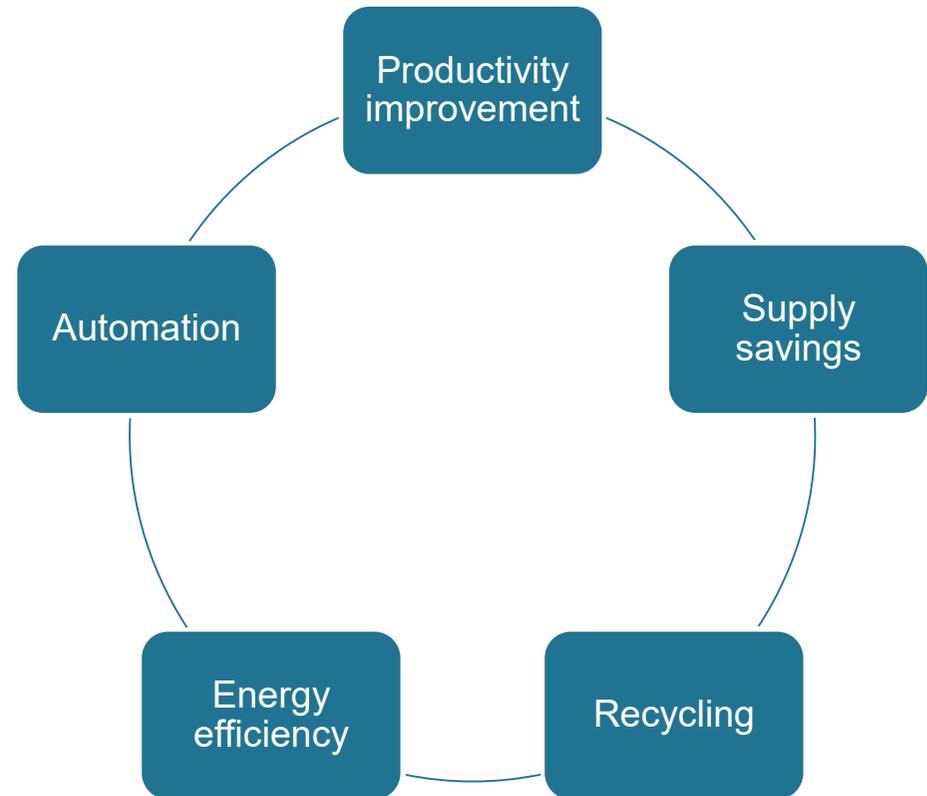


Energy

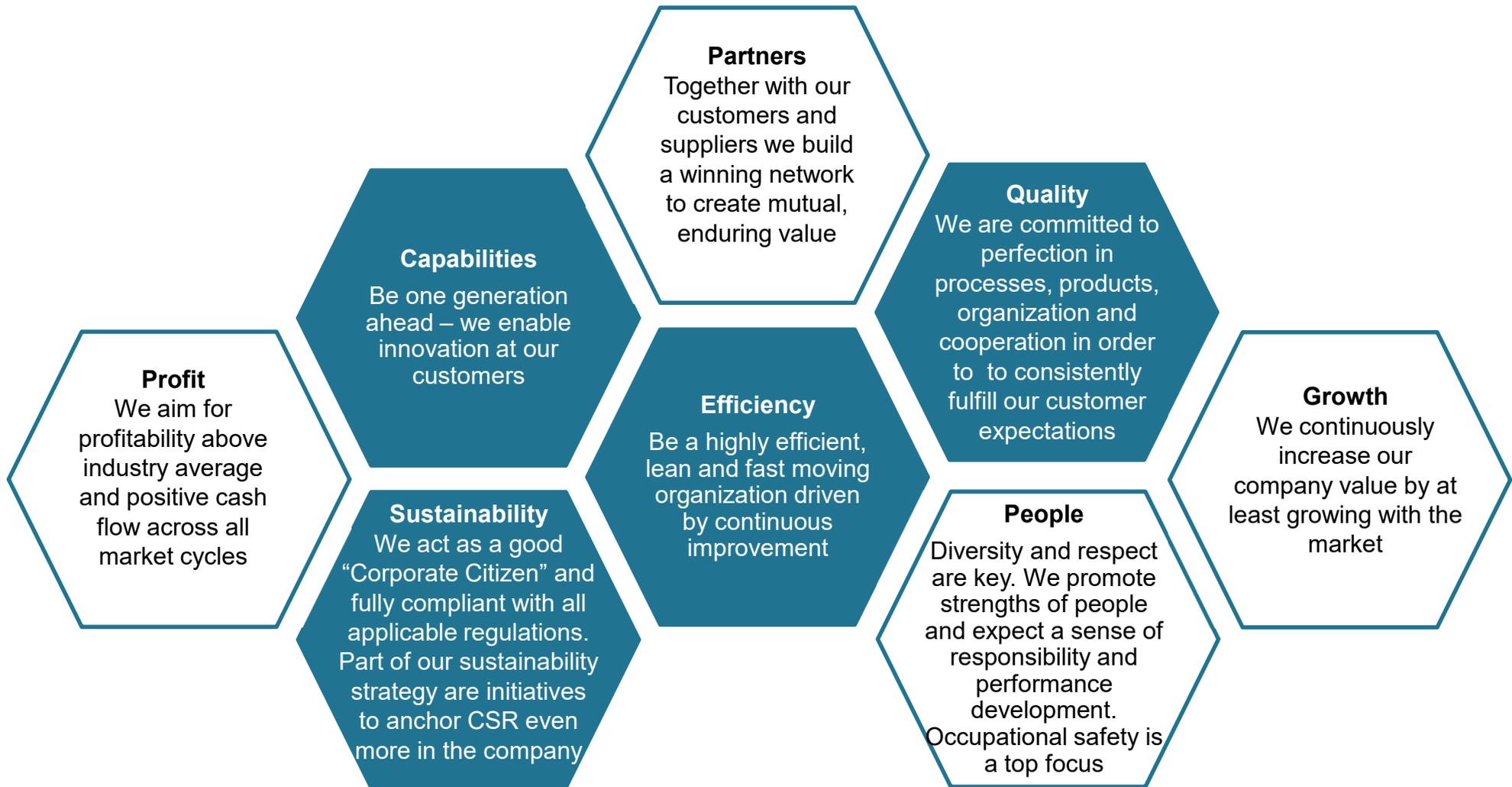


Polysilicon

## 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
<b>Sales</b>	1,456.7	1,270.4	1,207.1	1,405.4	1,805.3
<b>EBIT</b>	497.7	298.3	192.2	316.9	495.6
<b>EBIT margin in %</b>	34.2	23.5	15.9	22.5	27.5
<b>EBITDA</b>	589.3	408.7	331.9	466.4	671.6
<b>EBITDA margin in %</b>	40.5	32.2	27.5	33.2	37.2
<b>Earnings per share</b>	12.44	7.52	5.36	8.44	13.02
<b>Capex</b>	256.9	363.0	187.6	425.6	1,073.6
<b>Free cash flow <sup>1</sup></b>	416.4	36.4	32.0	108.6	-118.0
<b>Net cash flow <sup>1</sup></b>	240.4	81.3	77.4	1.7	-395.4
<b>Dividend <sup>2</sup></b>	150.0	90.0	60.0	90.0	90.0

<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.

<sup>2</sup> Proposed dividend for 2022

# Key investment highlights

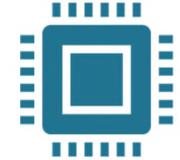
## Market Position

- ▶ Strong market position in the semiconductor and wafer industry



## Strategy

- ▶ Best-in-class technology and quality



## Customers

- ▶ Supplier to all top 20 silicon wafer consumers



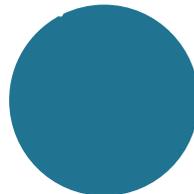
## Financials

- ▶ Profitable sales increase and on-going efficiency improvement



## Products

- ▶ High-quality wafers made of hyper pure silicon



## Management

- ▶ Experienced management team and highly skilled workforce





**Corporate Social  
Responsibility**

# Siltronic Climate Action Program on track – 10% reduction of Scope 1 and 2 emissions in 2022

## Climate Action Program

Siltronic's commitment to Science Based Target initiative to limit global warming to 1.5°C:

- ▶ Goal until 2030: 50% CO<sub>2</sub> reduction (Scope 1 and 2)<sup>2</sup>
- ▶ Goal until 2045: net zero
- ▶ Three main levers:

 Energy efficiency

 Own generation of renewable energy

 Purchasing renewable energy

## CSR Targets until 2030



Reduce specific energy consumption by 20%<sup>1</sup>



Increase waste recycling by 25%<sup>1</sup>



Reduce specific water usage by 20%<sup>1</sup>



Increase water recycling by 25%<sup>1</sup>



Reduce absolute greenhouse gas emissions by 50%<sup>2</sup>

<sup>1</sup>) base year 2015

<sup>2</sup>) base year 2021

# Siltronic enables technologies for a sustainable future

## Resource efficiency

Innovation driver for environmentally friendly and resource-saving technologies

Industrial automation and smart factories

Increasing wafer content



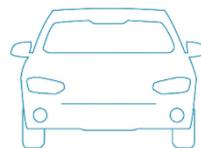
- Raw materials
- Energy consumption
- Water recycling
- Emissions

## Sustainable mobility

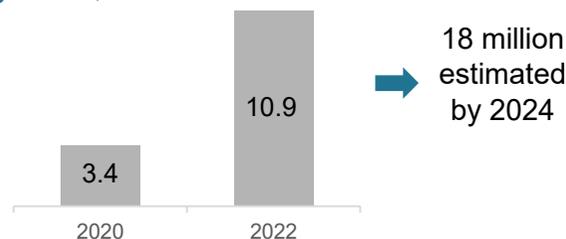
Reduction of transport emissions and carbon footprint to achieve climate targets

Increasing safety and efficiency

EV's with substantially higher wafer content



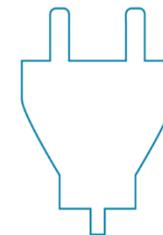
**Global EV growth, in million**



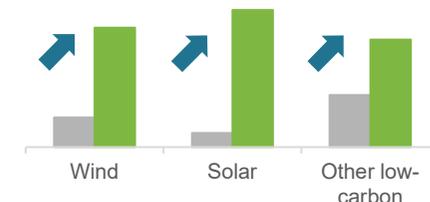
## Clean energy

Wafer as a foundation for semiconductors enable clean, renewable energy sources and improving energy efficiency

Renewable energy needs more and more wafer content



**Change in global electricity, 2000 - 2019 vs. 2019 - 2040**



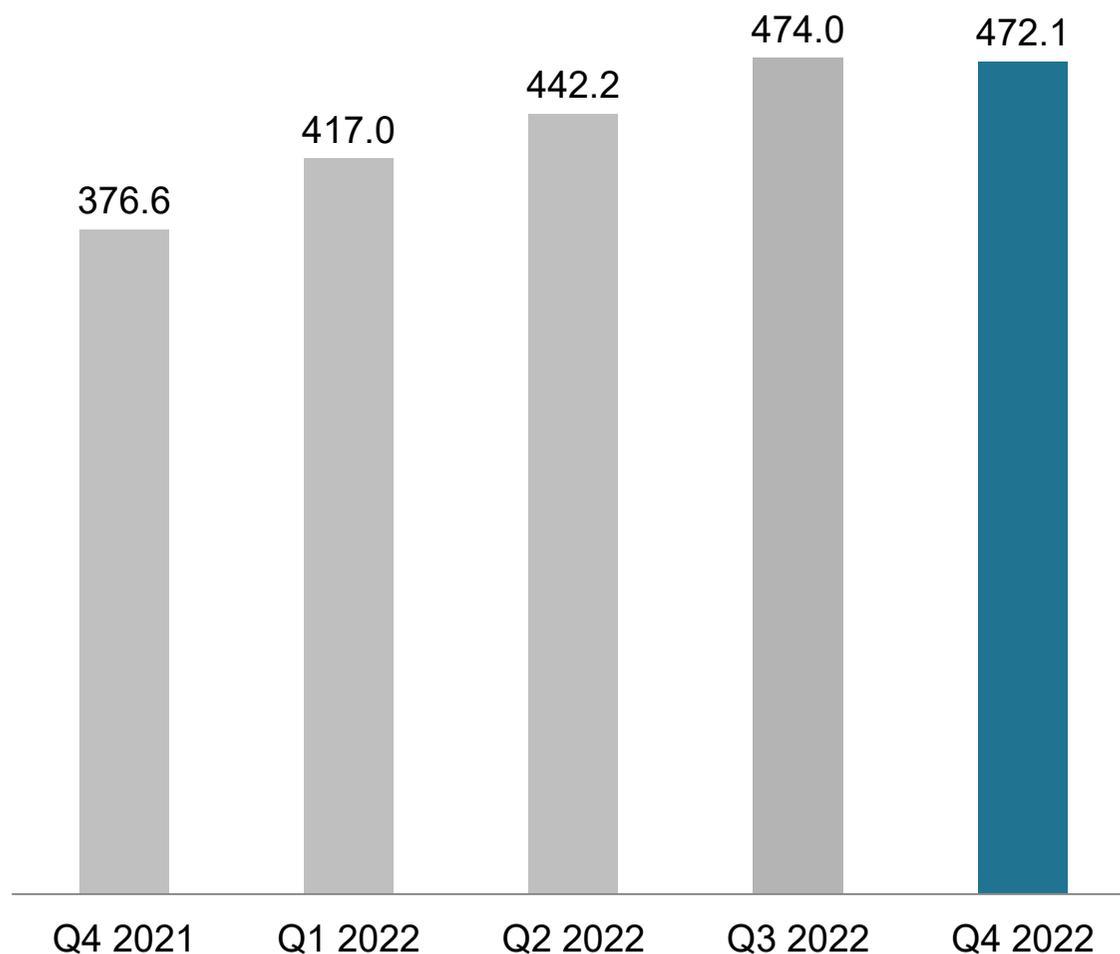
Source: Bank of America Feb 8, 2023; IEA 2022 World Energy Outlook



Financials FY 2022

# Record sales due to higher prices and FX tailwind in 2022

Sales, in EUR mn



Ø FX rates	Q4 21	Q1 22	Q2	Q3	Q4
EUR / USD	1.14	1.12	1.07	1.01	1.02
EUR / JPY	130	130	138	139	144

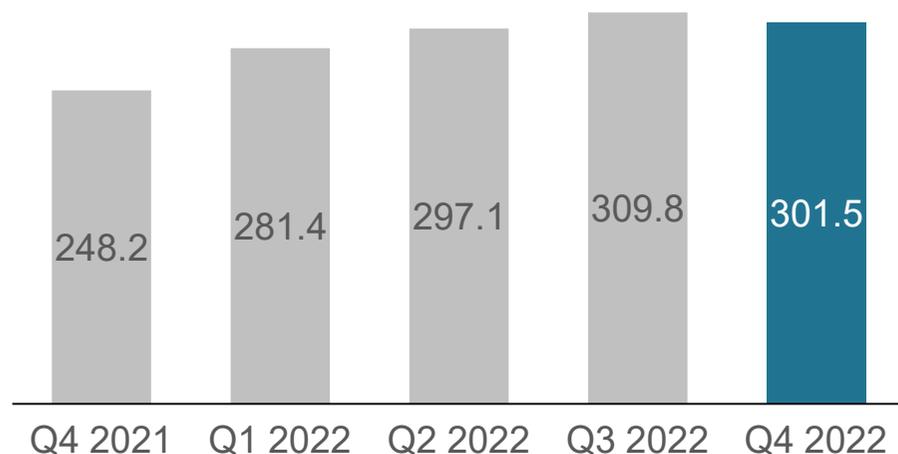
## Comments

### ► Positive

- ASP in EUR up y-o-y
- Favorable FX y-o-y
- Wafer area sold slightly up y-o-y

# Higher COGS due to FX, inflation and depreciation

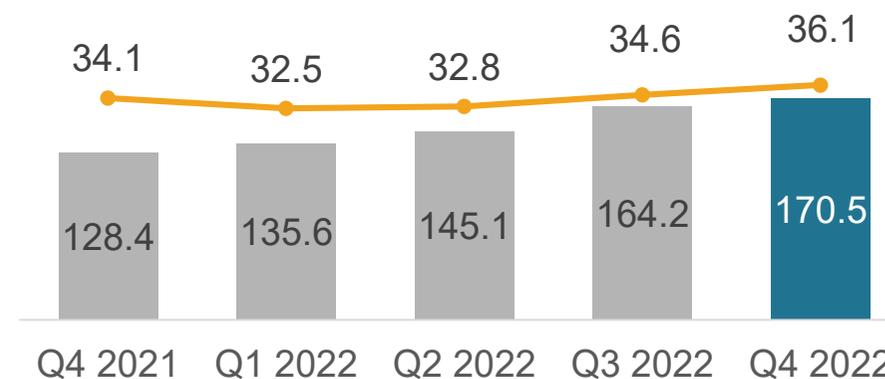
Cost of sales, in EUR mn



Selling, R&D and admin expenses, in EUR mn



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

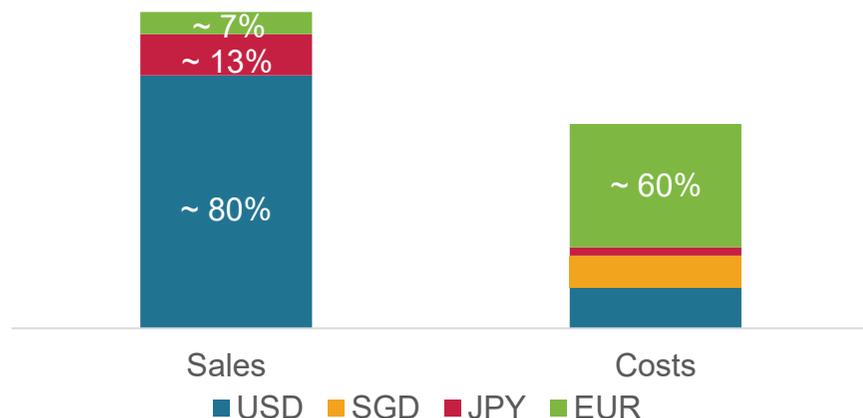


## Comments

- ▶ COGS up y-o-y
  - ▶ Higher cost for energy and supplies
  - ▶ Higher labor cost
  - ▶ Higher depreciation
  - ▶ FX effects
  - ▶ Slight increase in wafer area sold

# High US-Dollar and Japanese Yen exposure

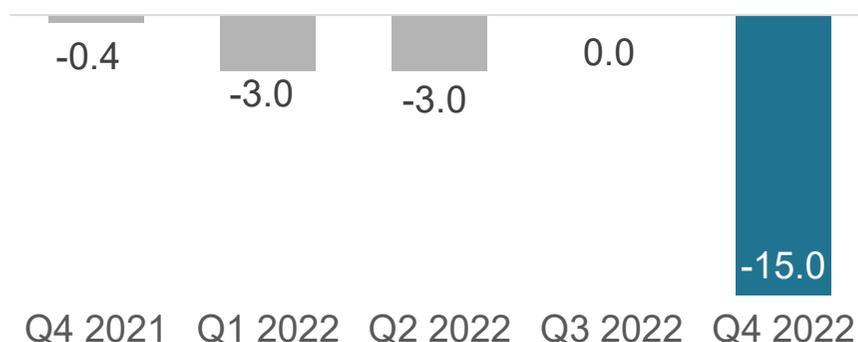
## FX exposure, in %



## FX sensitivity

	Sales	EBITDA Unhedged
1 USD-/SGD-cent change	~ EUR 13 mn	~ EUR 9 mn
1 JPY change	~ EUR 1.7 mn	~ EUR 1.3 mn

## Other currency effects (mostly hedging), in EUR mn

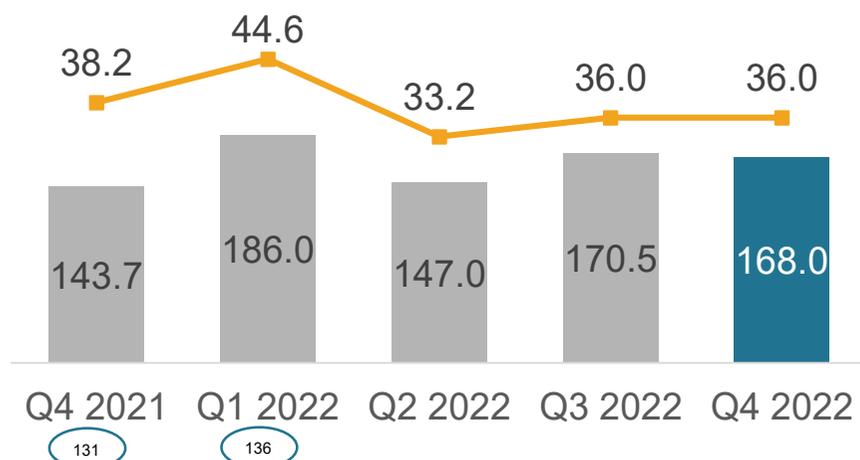


## Comments

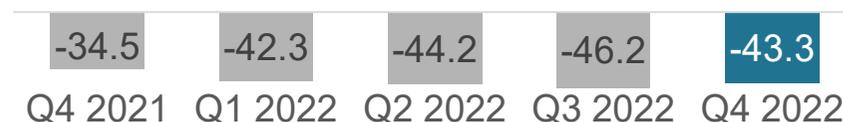
- ▶ Strong USD and SGD y-o-y
- ▶ Weakening of JPY y-o-y
- ▶ Increasing USD exposure during 2022
- ▶ Other currency effects in Q4 due to FX-valuation of receivables and payables and strategic hedging

# EBITDA increased EUR 205 million in 2022

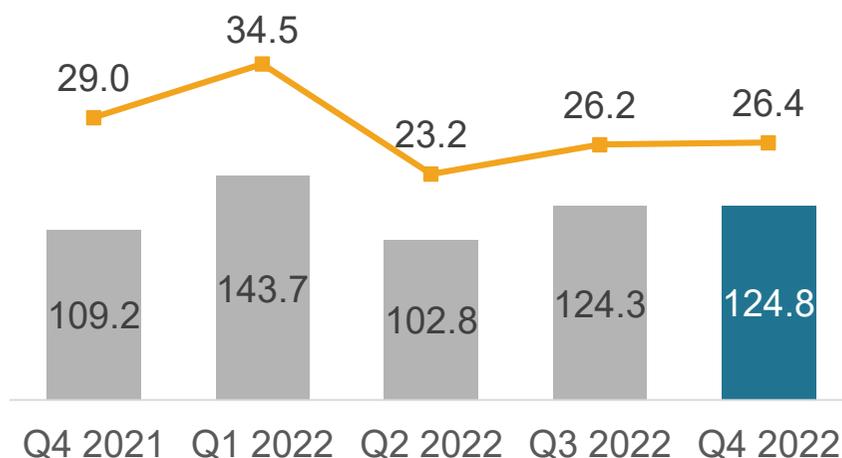
## EBITDA, in EUR mn / EBITDA margin, in %



## Depreciation, in EUR mn



## EBIT, in EUR mn / EBIT margin, in %



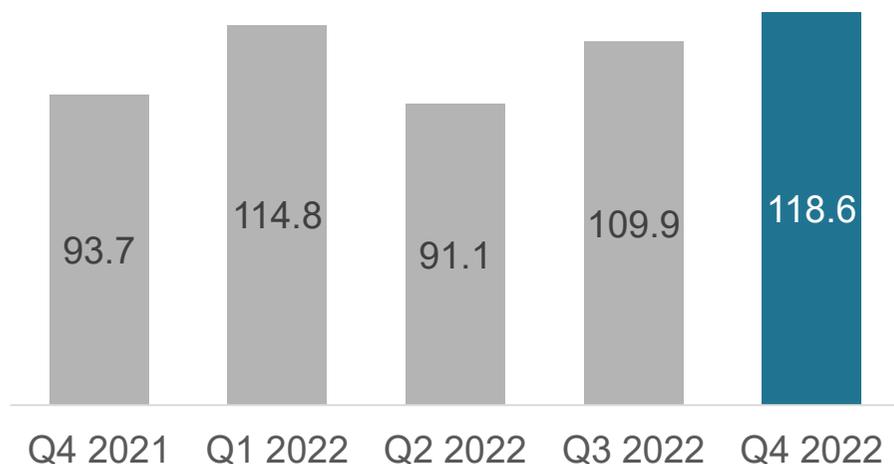
## Comments

- ▶ **Positive**
  - ▶ ASP in Euro up y-o-y
  - ▶ Overall favorable FX y-o-y
  - ▶ EUR 50 mn one-time income in Q1 (Termination fee)
- ▶ **Negative**
  - ▶ Cost increases for energy, raw materials and supplies

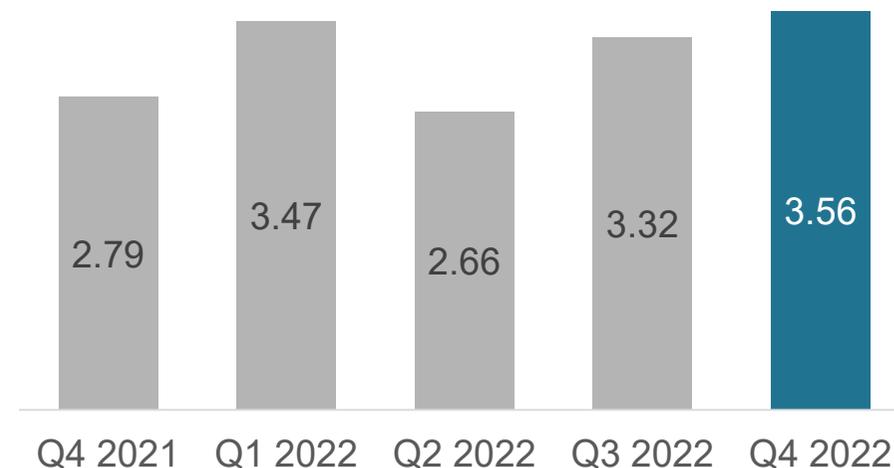
○ EBITDA excluding effects by GlobalWafers tender offer

# Net profit of EUR 434 million in 2022

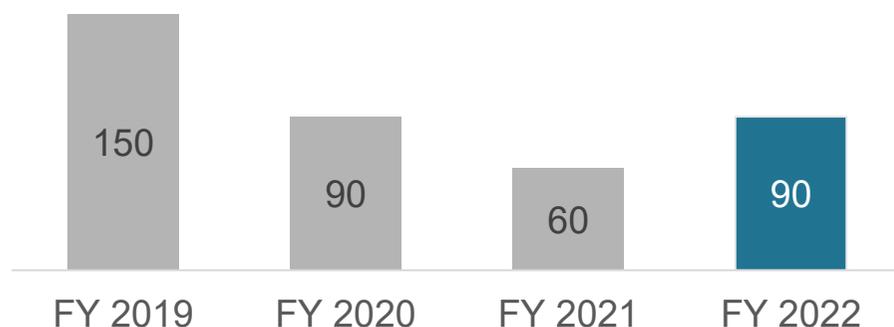
## Net profit, in EUR mn



## EPS, in EUR



## Dividend payment, in EUR mn

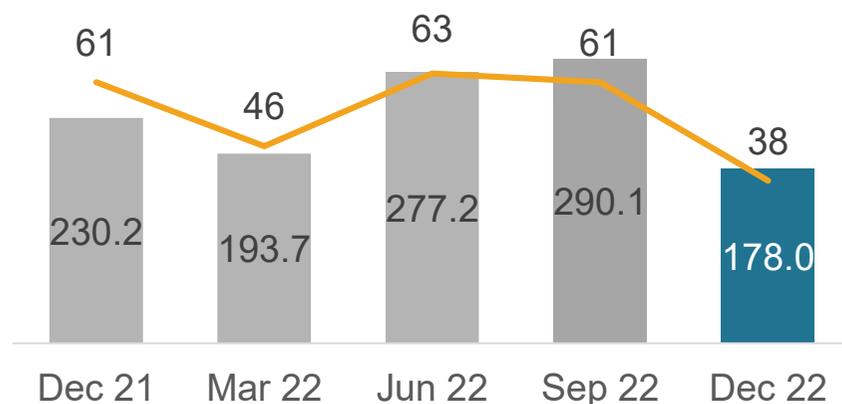


## Comments

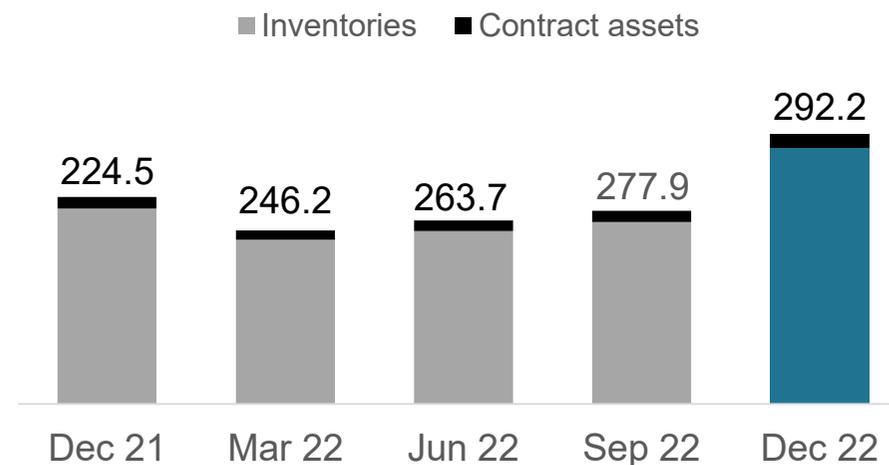
- ▶ Net profit of EUR 434 mn in 2022; thereof EUR 391 mn attributable to Siltronic shareholders
- ▶ Dividend proposal of EUR 3.00 per share = EUR 90 mn dividend payout in May 2023

# Low working capital due to high capex-related trade liabilities in Q4

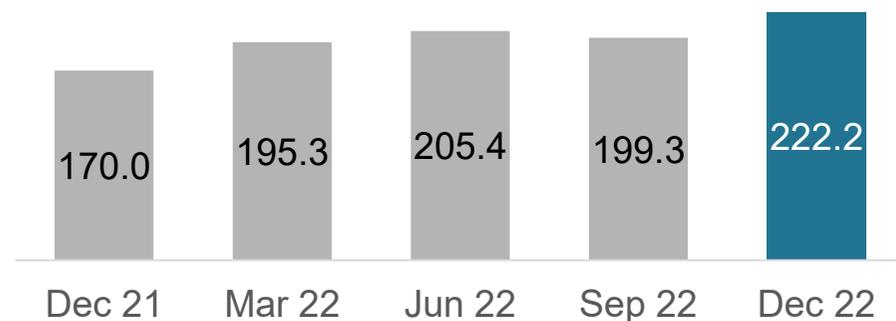
Working capital, in EUR mn,  
Working capital ratio to quarterly sales, in %



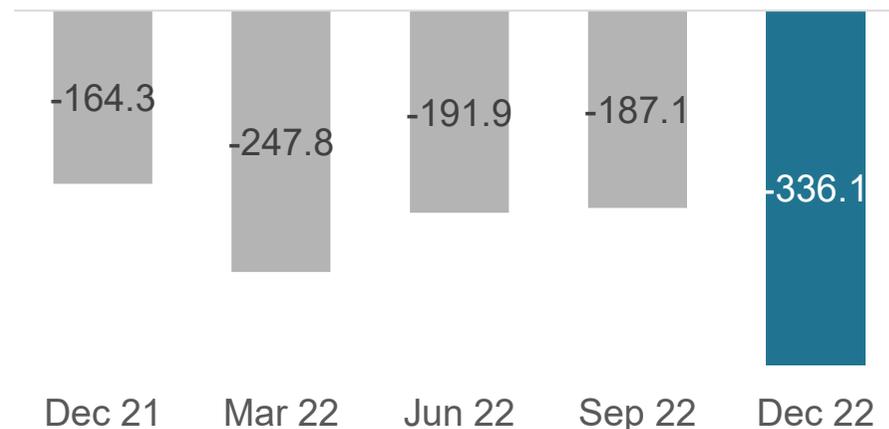
Inventories and contract assets, in EUR mn



Trade receivables, in EUR mn

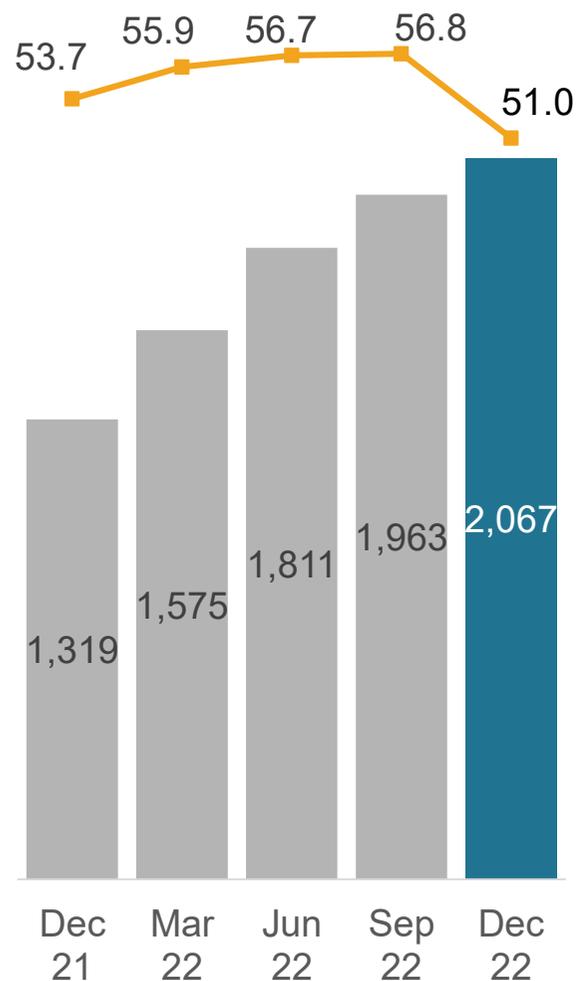


Trade liabilities, in EUR mn



# Equity exceeds EUR 2.0 bn, with equity ratio of 51%

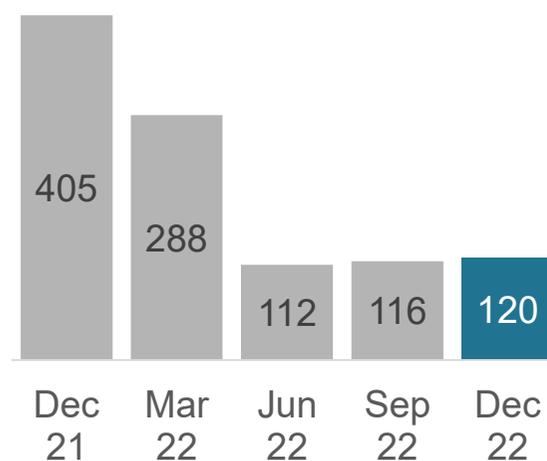
Equity, in EUR mn  
Equity ratio, in %



Provisions for pensions, in EUR mn

Interest rates IFRS

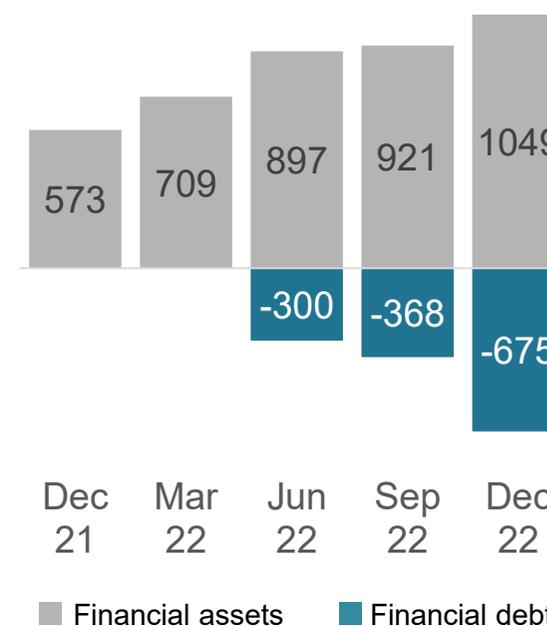
USA	2.51%	3.22%	4.16%	4.85%	4.90%
Germany	1.23%	1.86%	3.30%	3.69%	3.72%



Financial assets and debt, in EUR mn

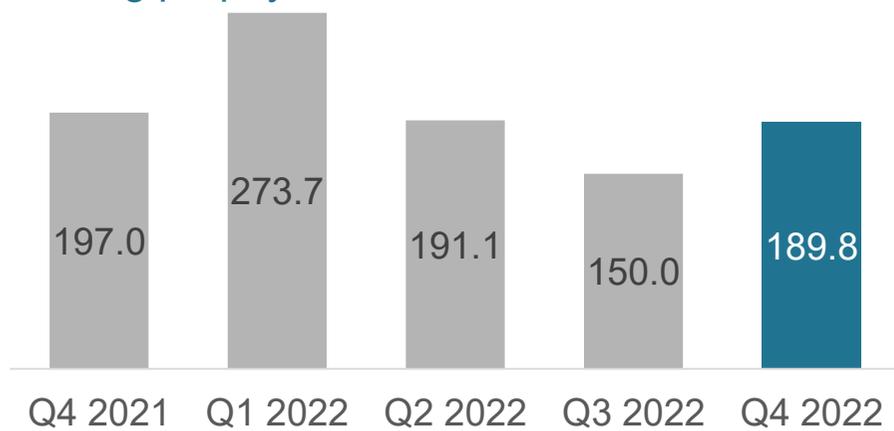
Net financial assets, in EUR mn

573 709 597 553 374



# Net cash flow significantly negative due to ongoing invest projects

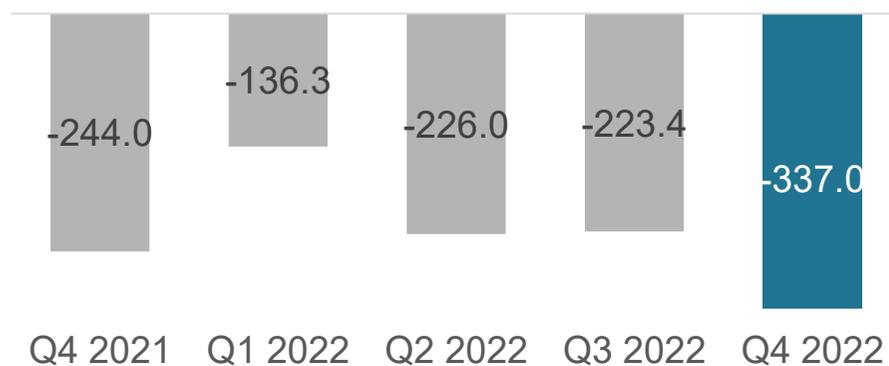
Operating cash flow (OCF), in EUR mn including prepayments



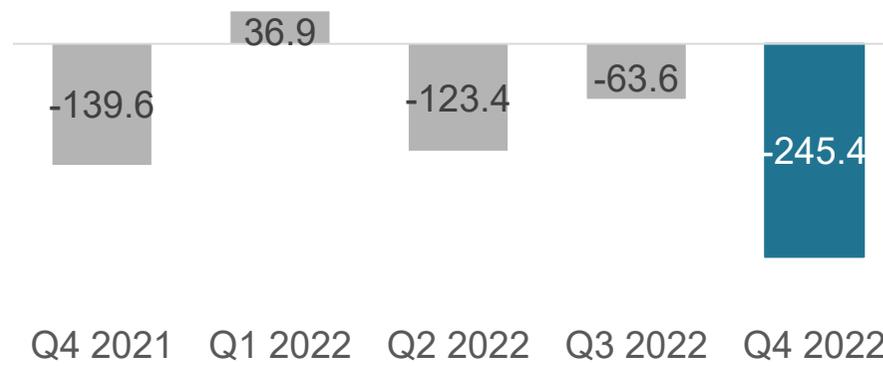
Prepayments net (PP), in EUR mn



CF Capex, in EUR mn



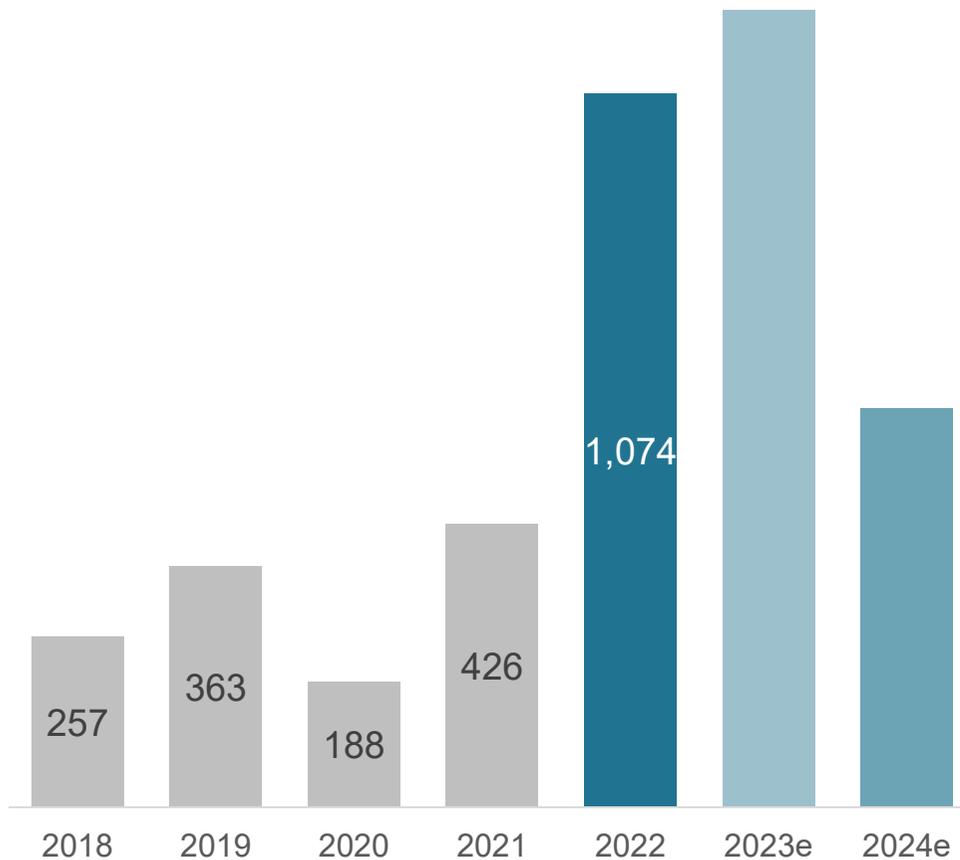
Net cash flow (NCF), in EUR mn excluding prepayments



NCF= OCF-PP+CF Capex

# Major Capex in 2023 mostly for FabNext

## Investment, in EUR mn



## Comments

- ▶ Capex guidance 2023 slightly above 2022
  - ▶ Mostly for FabNext
  - ▶ Completion of Freiberg crystal pulling hall
  - ▶ Capabilities for future design rules
- ▶ Capex guidance 2024 will decrease materially
- ▶ Conservative financing approach of high investments
  - ▶ Existing cash and future operating cash flows
  - ▶ Customer prepayments
  - ▶ Loans (see next slide)
  - ▶ Dividend policy amended to 40 percent of the consolidated net profit attributable to shareholders, capped at max. EUR 3 per share
- ▶ No capital increase in 2023

# Three pillars of debt financing for capex projects including FabNext





**Outlook 2023**

## Siltronic Outlook 2023 (as of March 9, 2023)

Sales	significantly below prior year (Q1 2023: ~ 15 percent below Q4 2022)
EBITDA margin	significantly below prior year (Q1 2023: 30 to 33 percent)
Depreciation	around EUR 220 mn
EBIT	significant decrease
Tax rate	mid single-digit percentage range
CapEx	slightly above prior year
Net cash flow	significantly below prior year due to high investments
Earnings per share	significantly lower

# Contact and Additional Information

## Issuer and Contact

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Tel: +49 89 8564-3133

## Additional Information

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

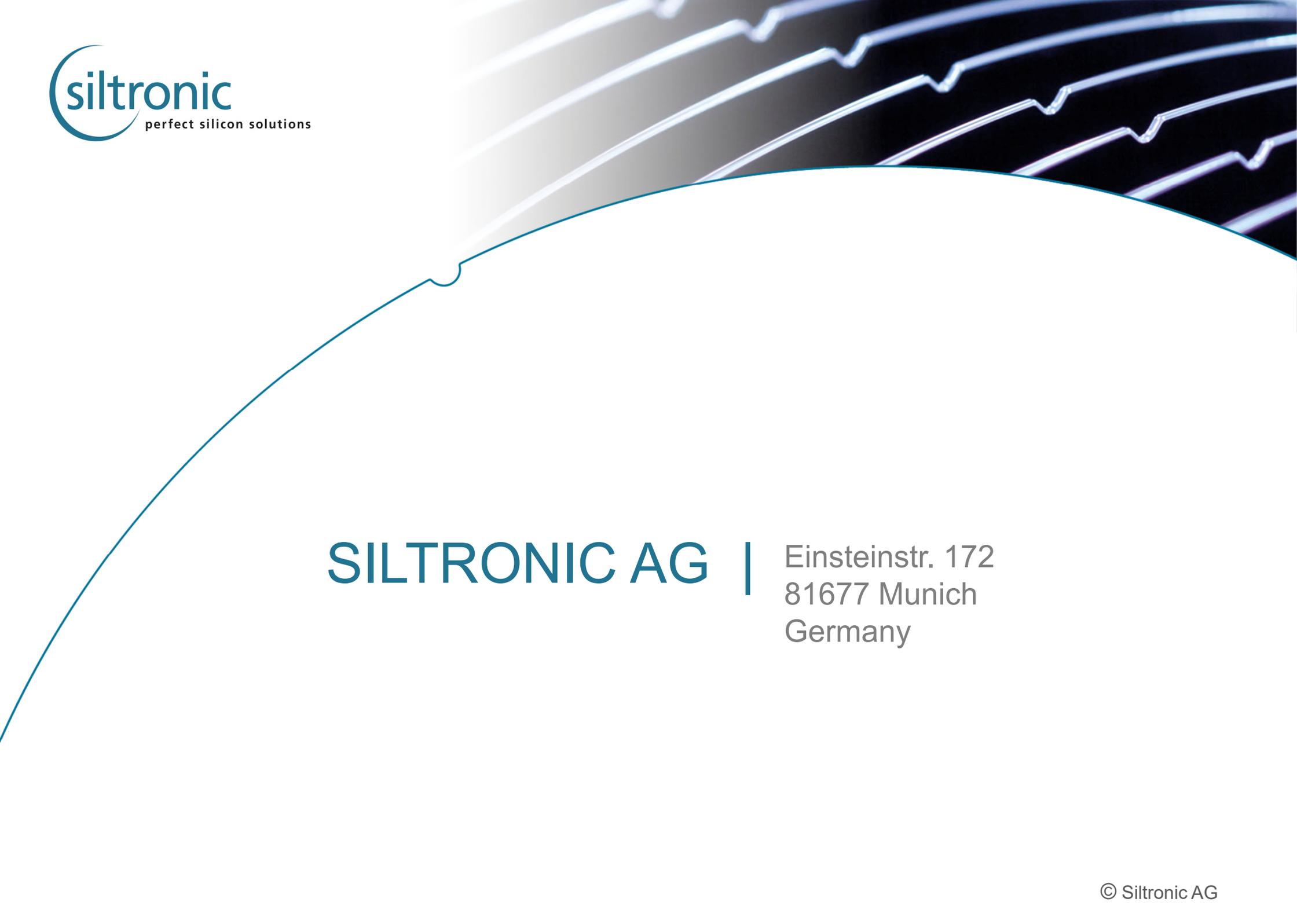
## Financial Calendar 2023

May 5	Annual General Meeting
May 11	Q1 2023 Quarterly Statement
July 27	H1 2023 Interim Report
October 26	Q3 2023 Quarterly Statement



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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.



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