

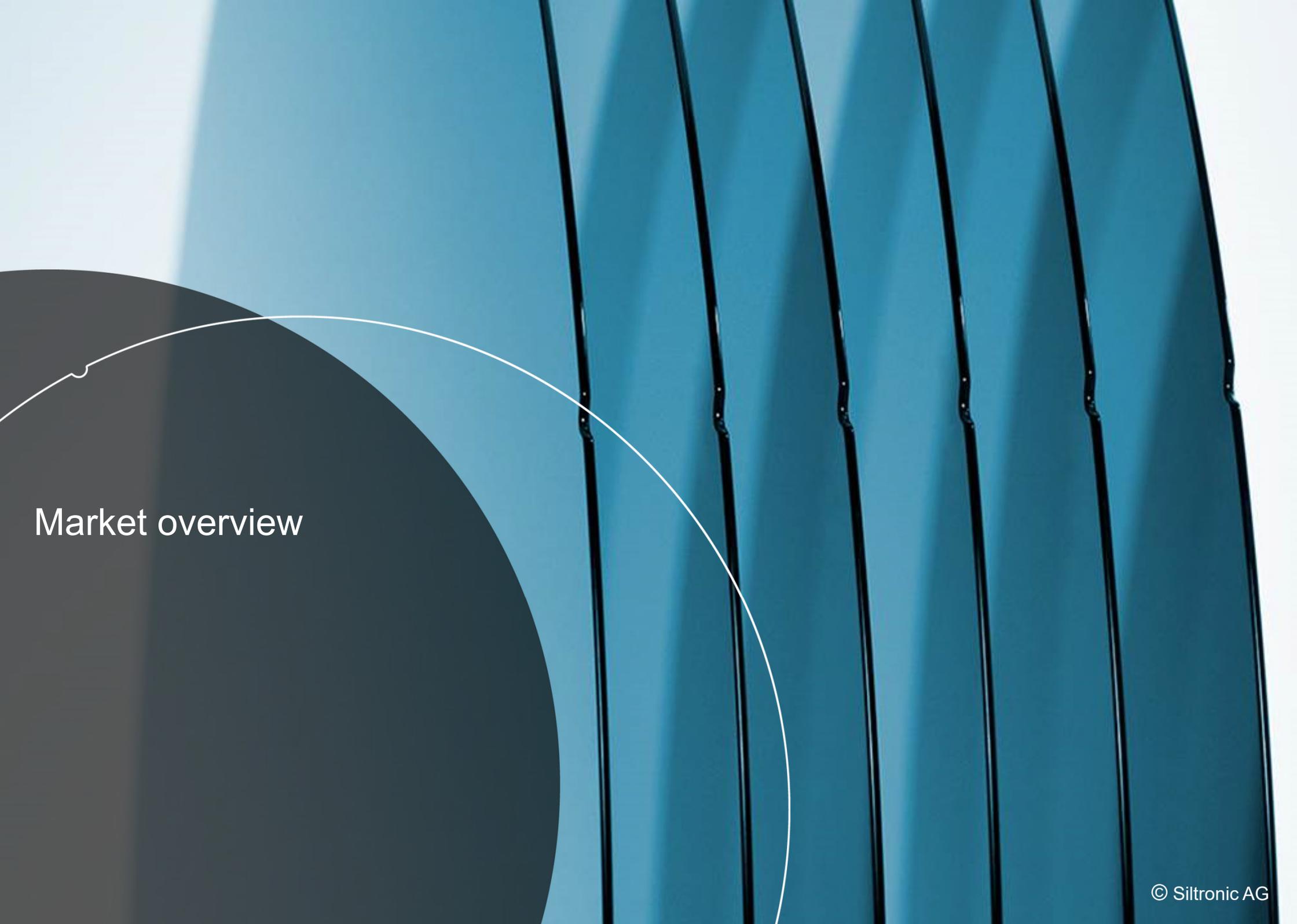
Siltronic AG

Investor Presentation

Q2 2023

Sound Basis
For Future Growth

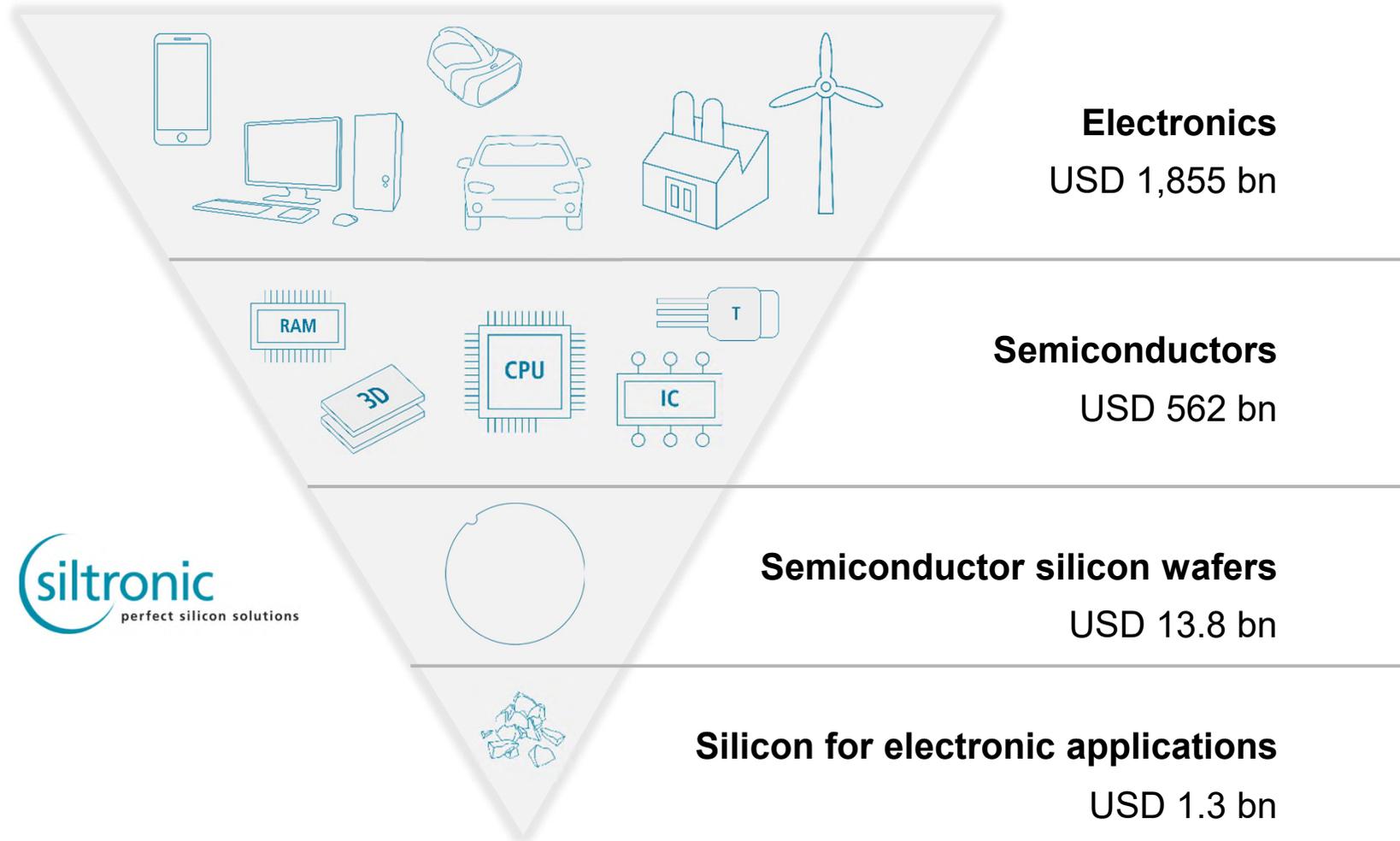
July 27, 2023

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

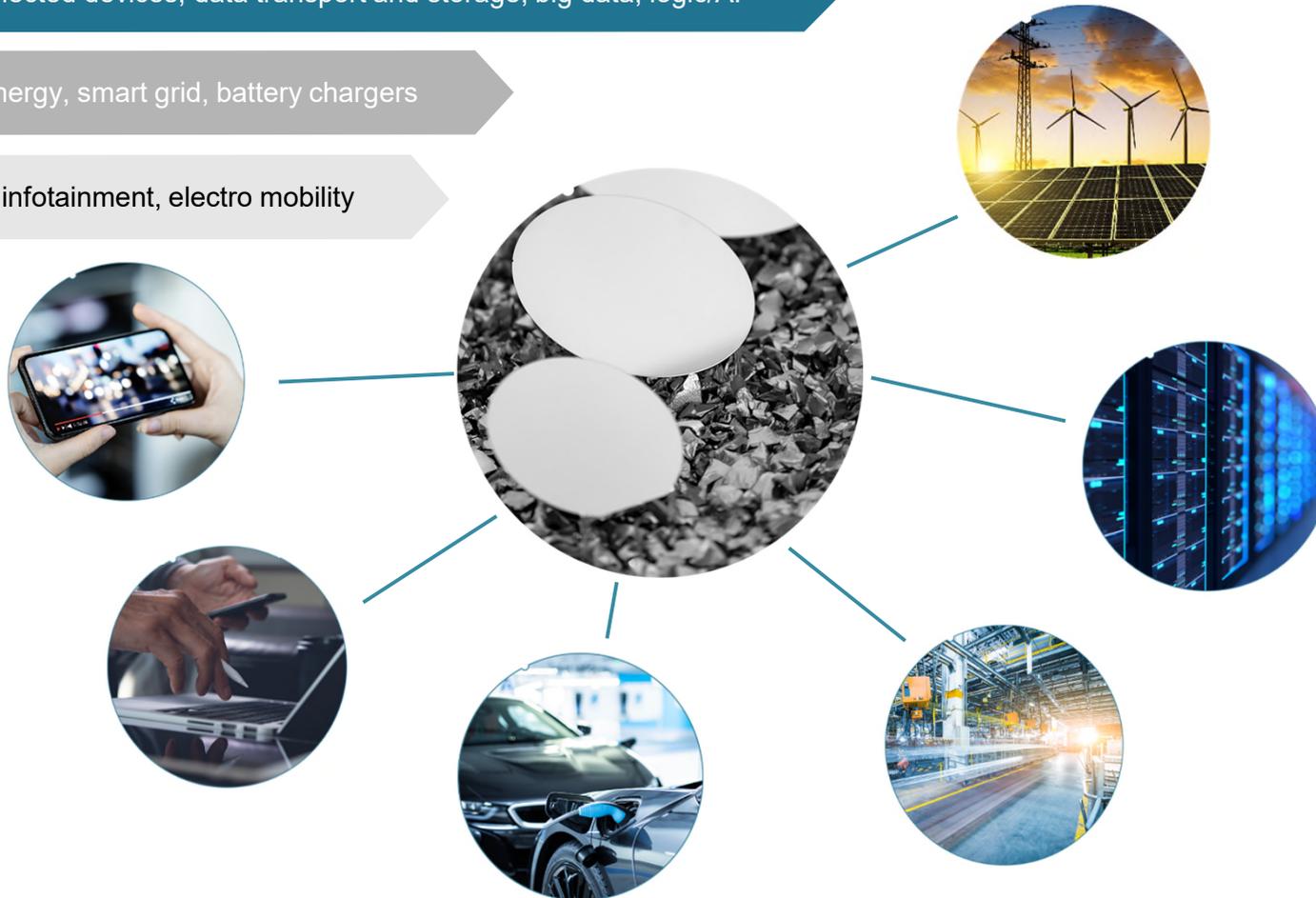
New applications for electronic devices and the infrastructure to support them continue to drive silicon demand

Current growth drivers include

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

Power: renewable energy, smart grid, battery chargers

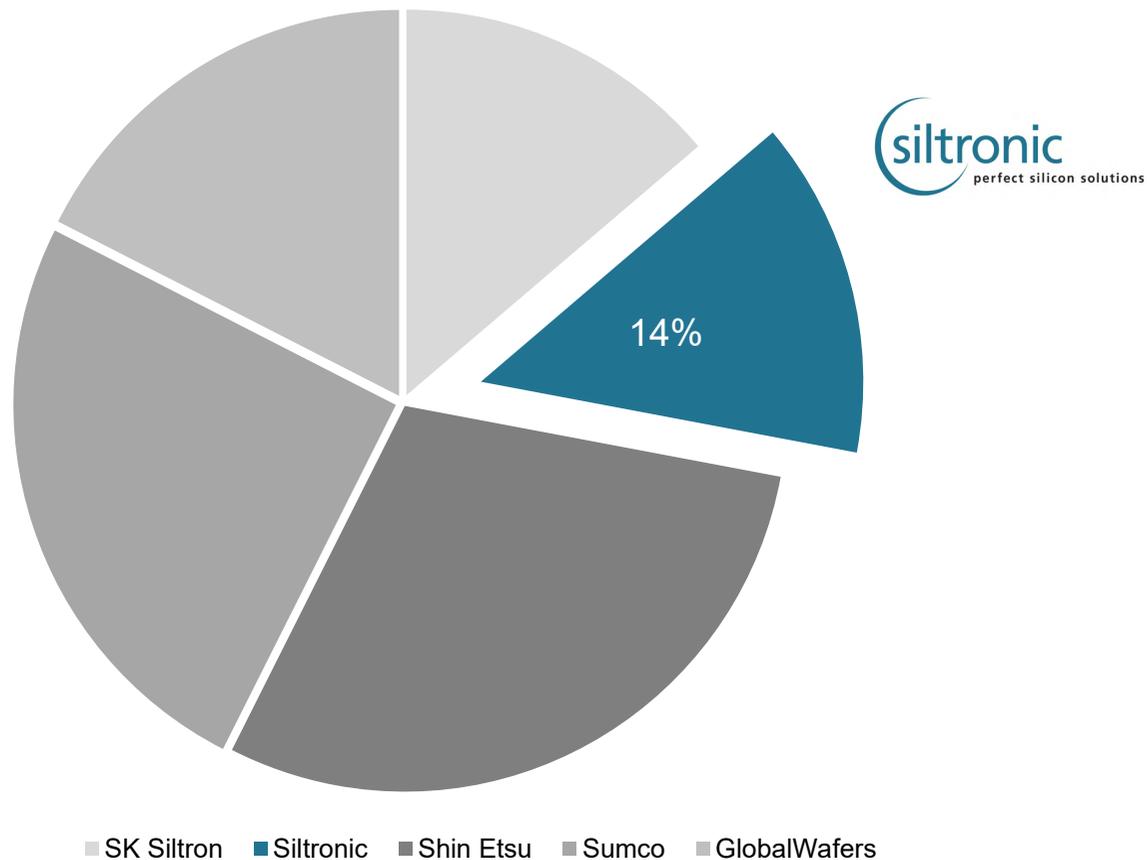
Automotive: ADAS, infotainment, electro mobility



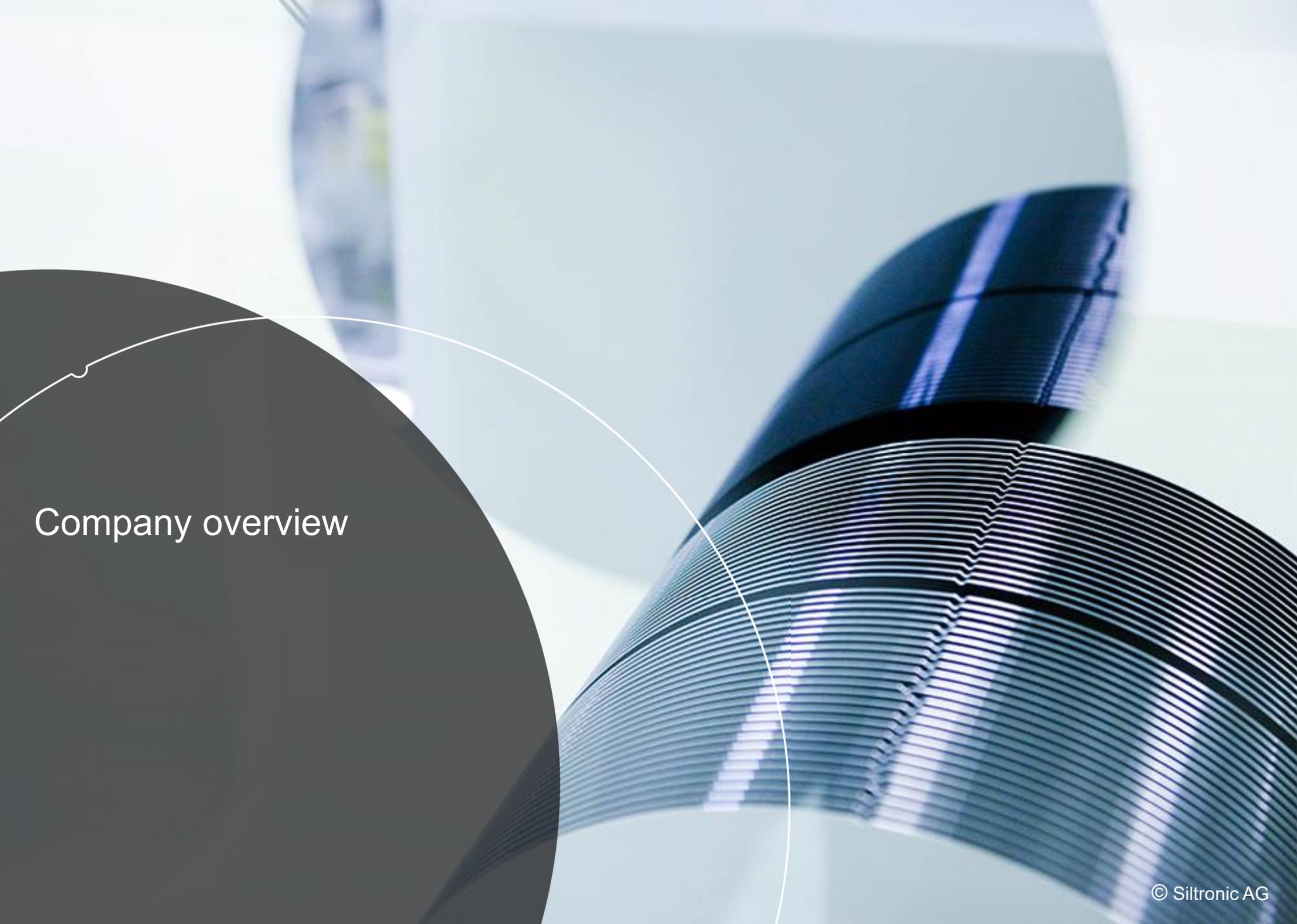
Pictures: coolhand118/stock.adobe.com, tippapatt/stock.adobe.com, monsitj/stock.adobe.com, Wellnhofer Designs/stock.adobe.com, 安琦 王/stock.adobe.com, AdobeStock_101580295

Consolidated market with 5 major wafer manufacturers

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

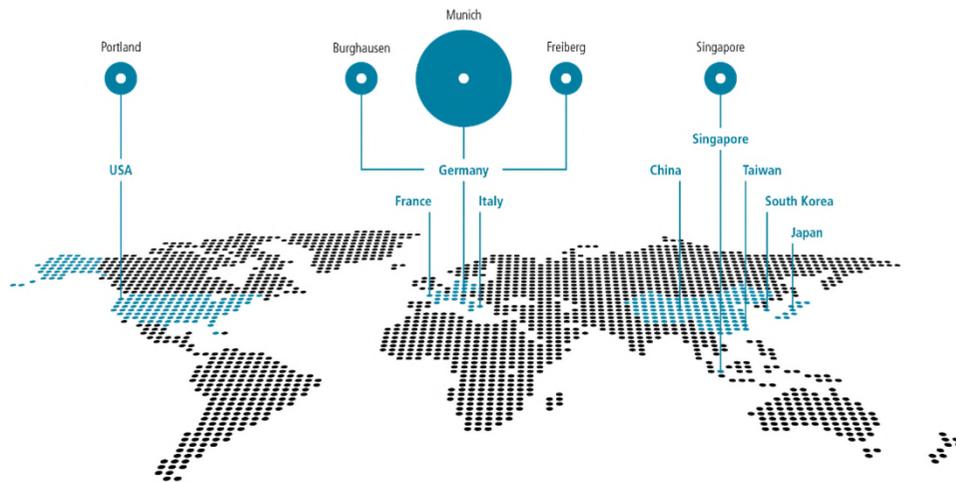


Source: Siltronic Estimates 2022



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

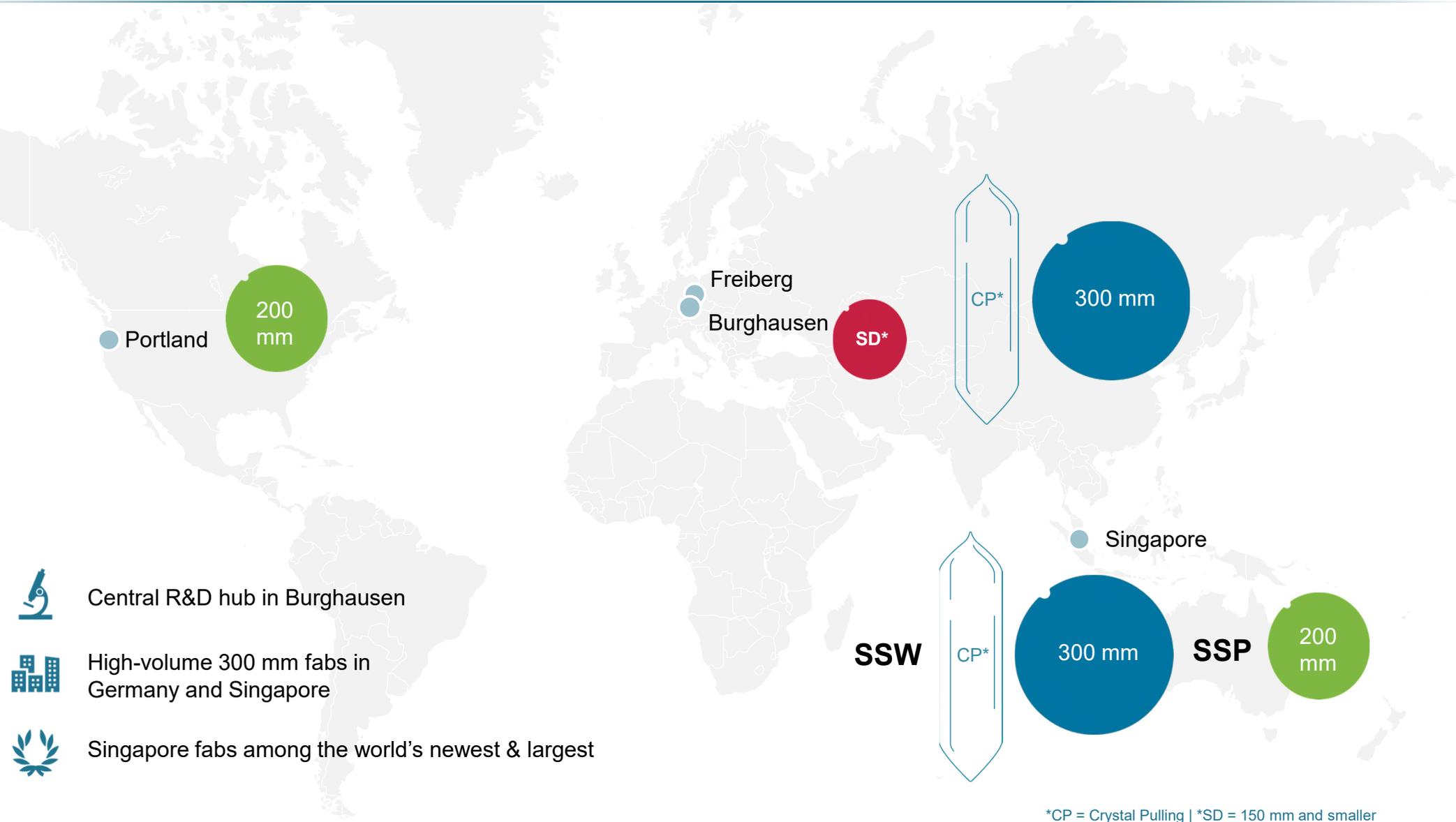
 ~ 4,500 employees

 global scale and reach

 50+ years of history in silicon technologies

 = Production sites, Headquarter in Munich

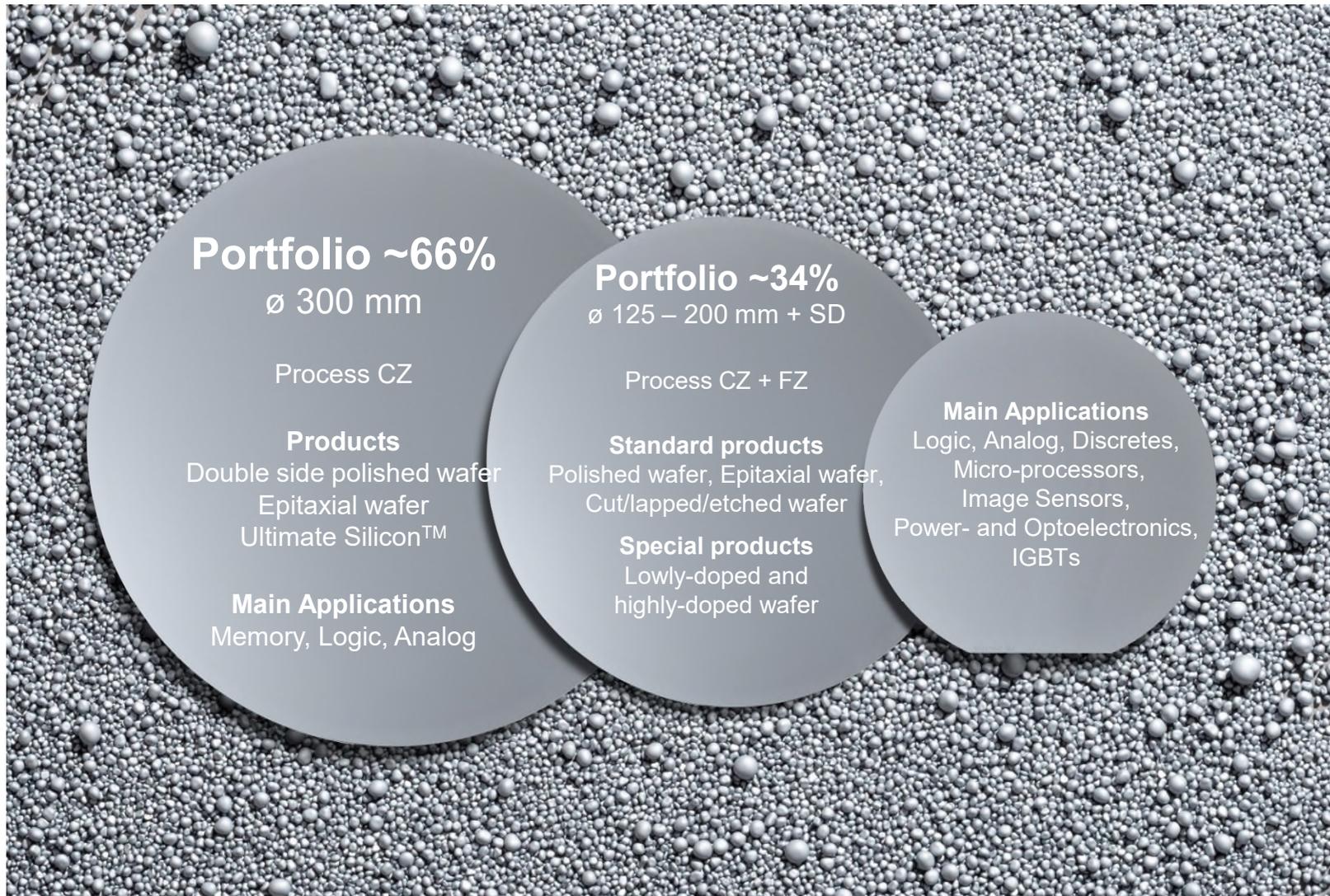
International manufacturing network supports strong market position and business focus



-  Central R&D hub in Burghausen
-  High-volume 300 mm fabs in Germany and Singapore
-  Singapore fabs among the world's newest & largest

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

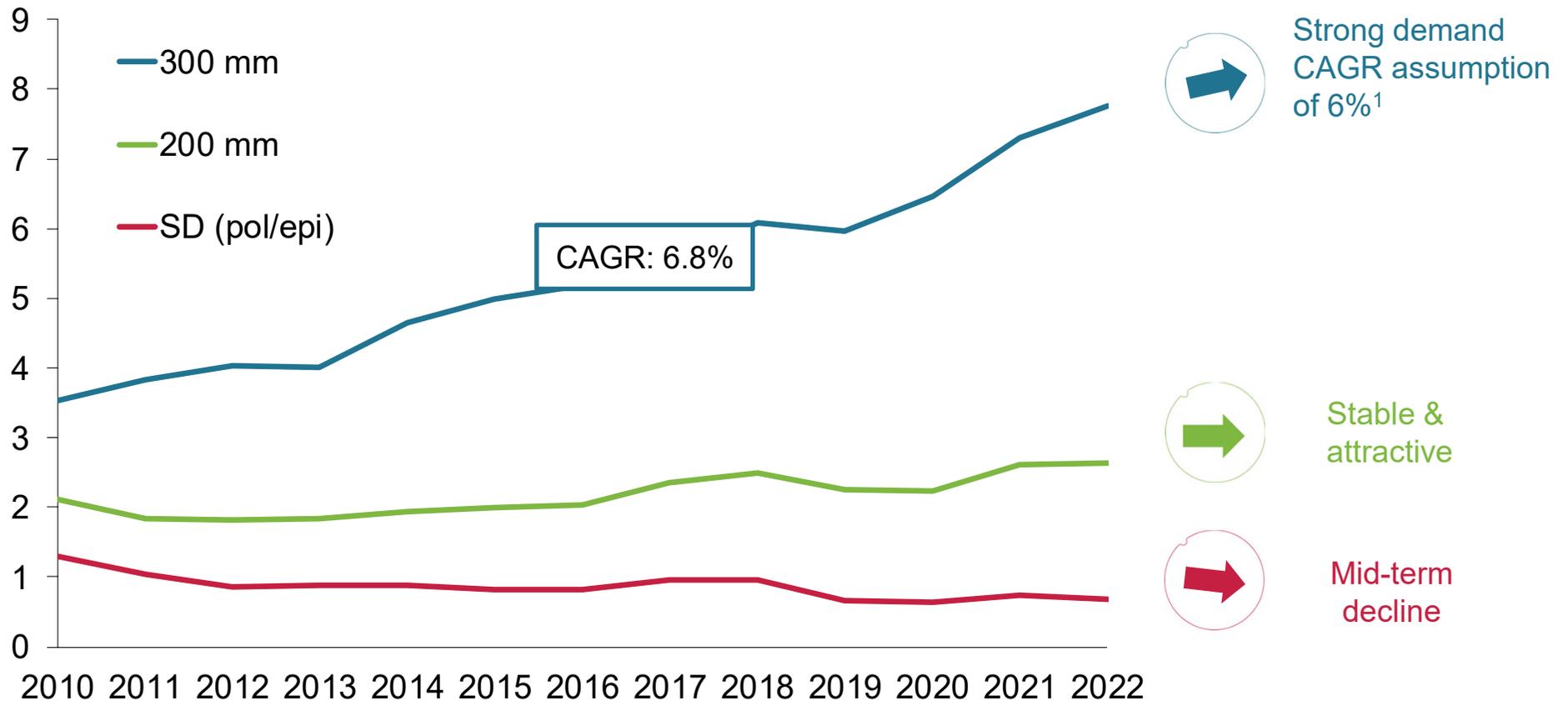
A broad product portfolio covers standard and leading-edge requirements of the customers



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

Cost-competitiveness a pre-requisite in the wafer industry

Major cost items



Labor



Depreciation



Supplies

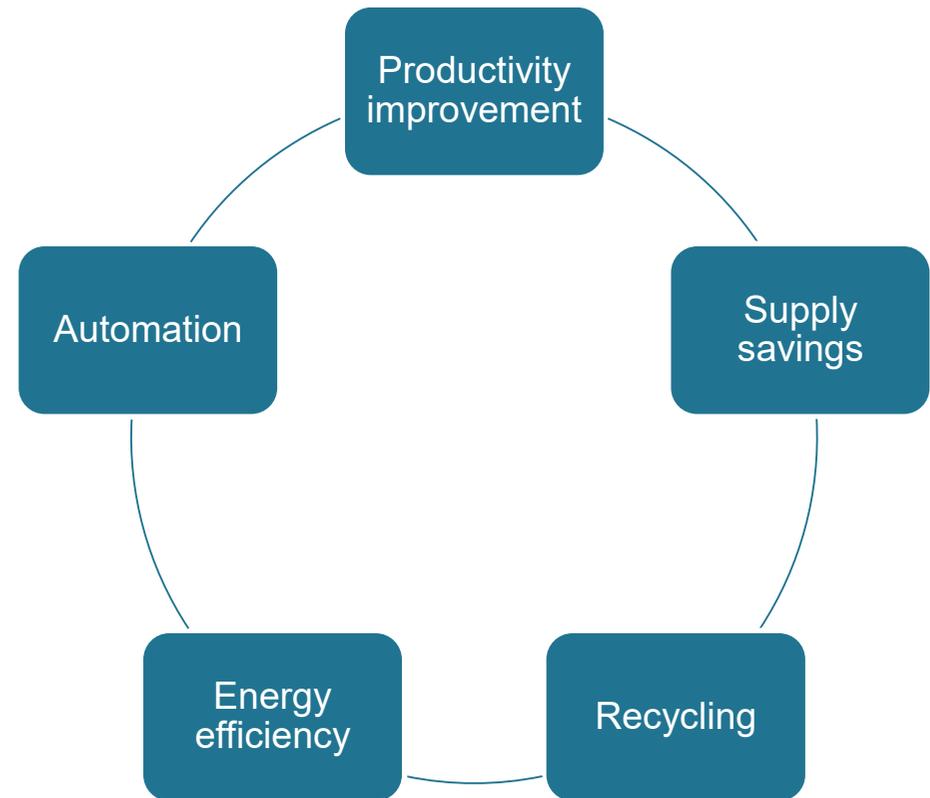


Energy

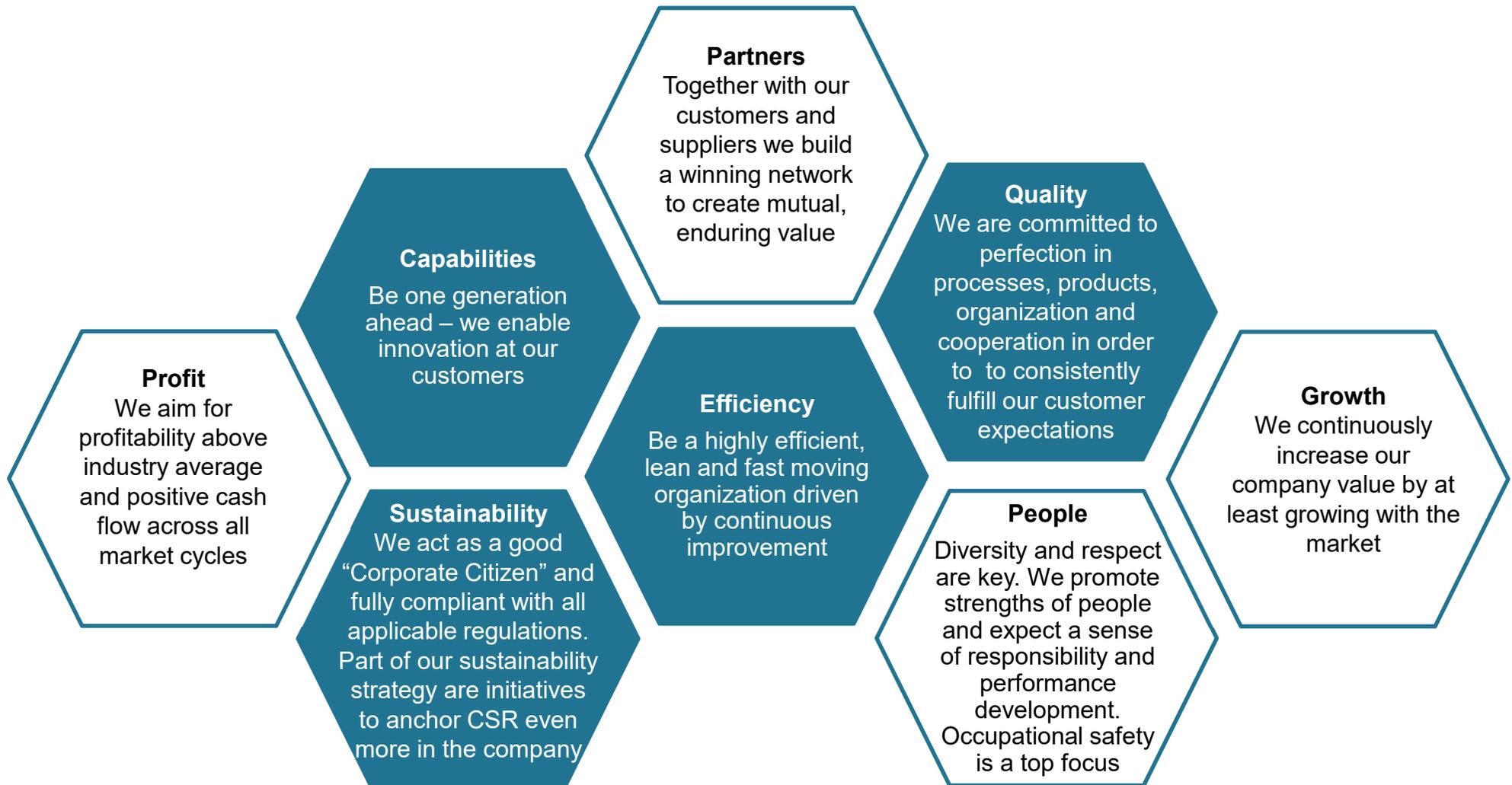


Polysilicon

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

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 by a thin chain. 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 'Financials Q2 2023'.

Financials Q2 2023

Q2 in line with expectations, pricing sentiment stable

Profit & Loss, in EUR million

	Q2 2023	Q1 2023
Sales	403.7	404.4
Gross profit	101.1	116.2
Gross margin, in %	25.0	28.7
EBITDA	118.6	125.2
EBITDA margin, in %	29.4	31.0
EBIT	70.3	77.8
EBIT margin, in %	17.4	19.2
Net Income	61.4	72.5
EPS, in EUR	1.83	2.20

Comments

Sales: Stable qoq

- ▶ Slight pressure from FX, prices stable

EBITDA: -5% qoq, strong margin

- ▶ Higher unit cost for supplies and raw material, energy prices in Germany trending down
- ▶ Negative inventory effects
- ▶ Higher positive FX hedging result

EBIT: -10% qoq

- ▶ Expected increase in depreciation

Net income: -15% qoq

- ▶ Reduced interest income due to lower cash position along with continued high payments for capex

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

Balance Sheet Composition

	Jun 30, 2023	Dec 31, 2022
Assets, in EUR mn	4,078	4,051
Fixed Assets	70%	58%
Inventories	8%	7%
Receivables	8%	9%
Cash & Securities	14%	26%
Liabilities, in EUR mn	4,078	4,051
Equity	50%	51%
Provisions	5%	5%
Financial Liabilities	19%	19%
Liabilities & Prepayments	26%	24%

Comments

Fixed assets: + EUR 488 mn vs. Dec 31, 2022

- ▶ Increase to EUR 2.9 bn due to high capex

Cash & Securities: - EUR 461 mn vs. Dec 31, 2022

- ▶ Decline to EUR 590 mn
- ▶ Operating Cashflow < Payments for capex and dividend

Equity Ratio: 50%

- ▶ Healthy level

Financial Liabilities: unchanged

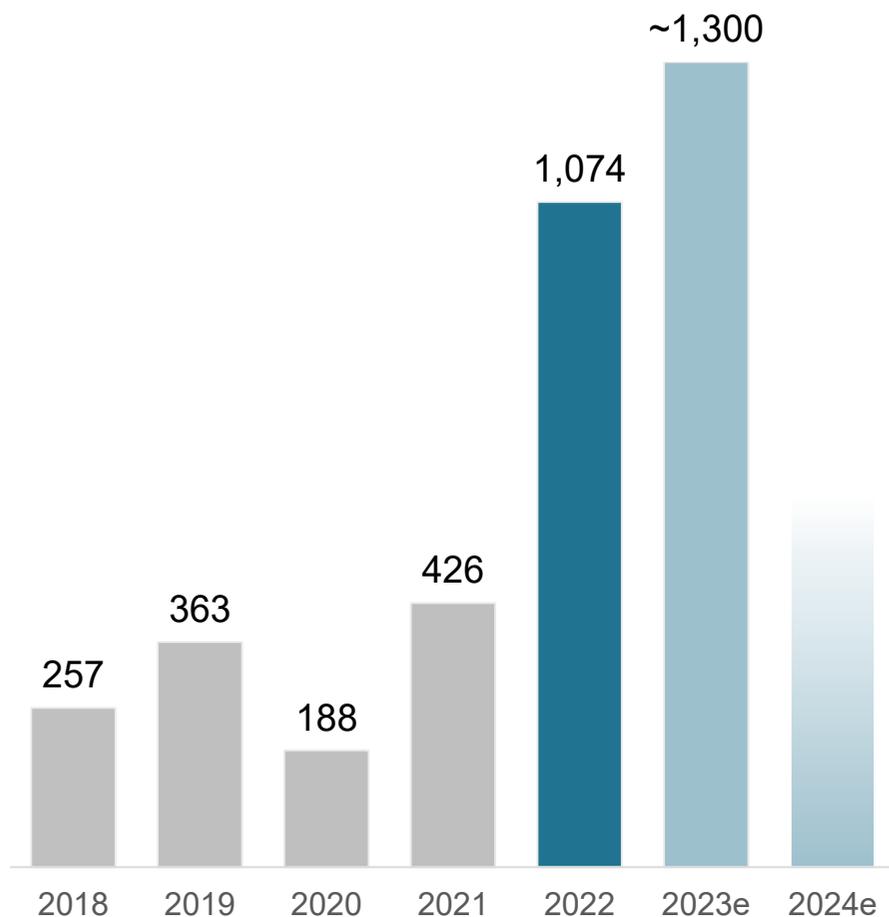
- ▶ No further drawdown in Q2

Liabilities/Prepayments: slight increase

- ▶ Customer Prepayments received: EUR 78 mn
- ▶ Provisions for pensions unchanged

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

Investment, in EUR million



Comments

Capex

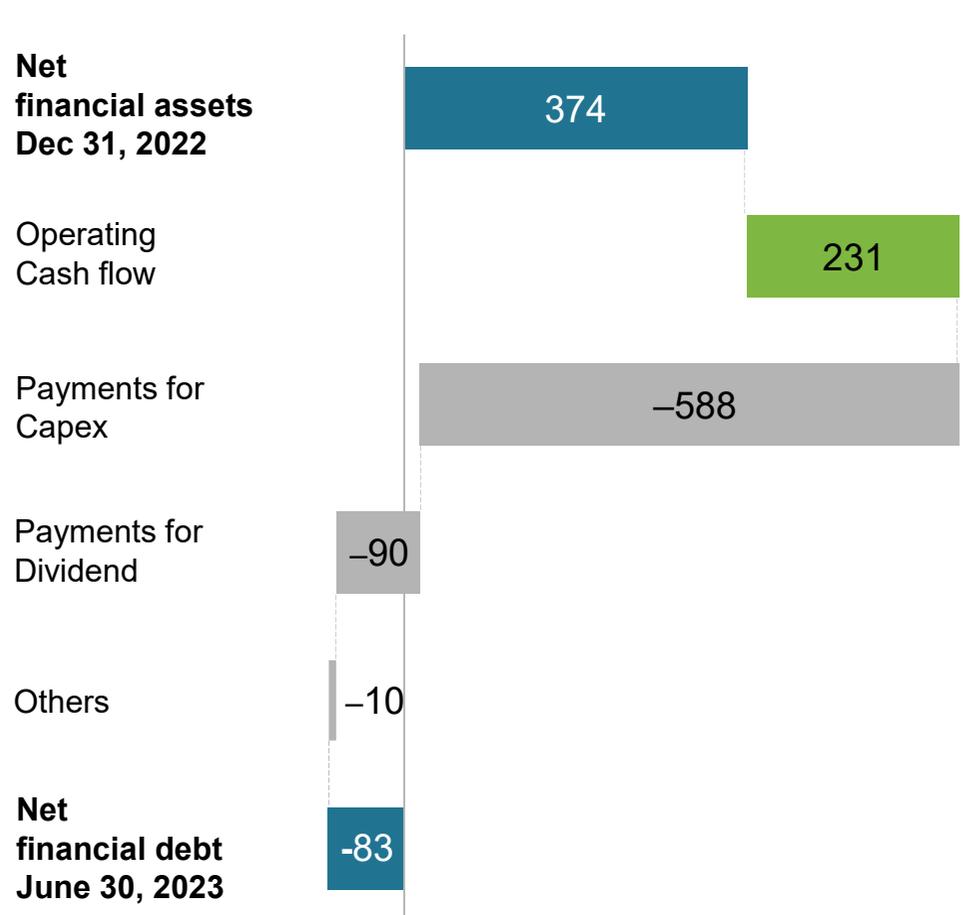
- ▶ Capex 2023 for FabNext, extension of crystal pulling hall in Freiberg and capability enhancement
- ▶ Capex 2024 down by more than half
- ▶ Depreciation will more than double in 2024

Conservative Financing Approach

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

High Capex transforms net financial assets into debt

Net Financial Debt, in EUR million



Comments

Four financing instruments in place

- ▶ ESG linked promissory note loan
- ▶ Singapore Dollar bilateral loan
- ▶ European Investment Bank bilateral loan
- ▶ New: Syndicated loan (term loan and RCF) EUR 380 mn, expected (partial) drawdown in 2024

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

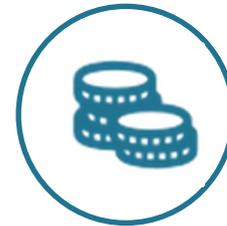
- ▶ Solid operating cash flow
- ▶ Record invest outflow, mainly for FabNext
- ▶ Dividend payment
- ▶ Change in net financial position EUR -457 million



Outlook 2023

Characteristics of current market development

Market weakness
with significant
excess inventory
and volume shifts



Environment of
price stability

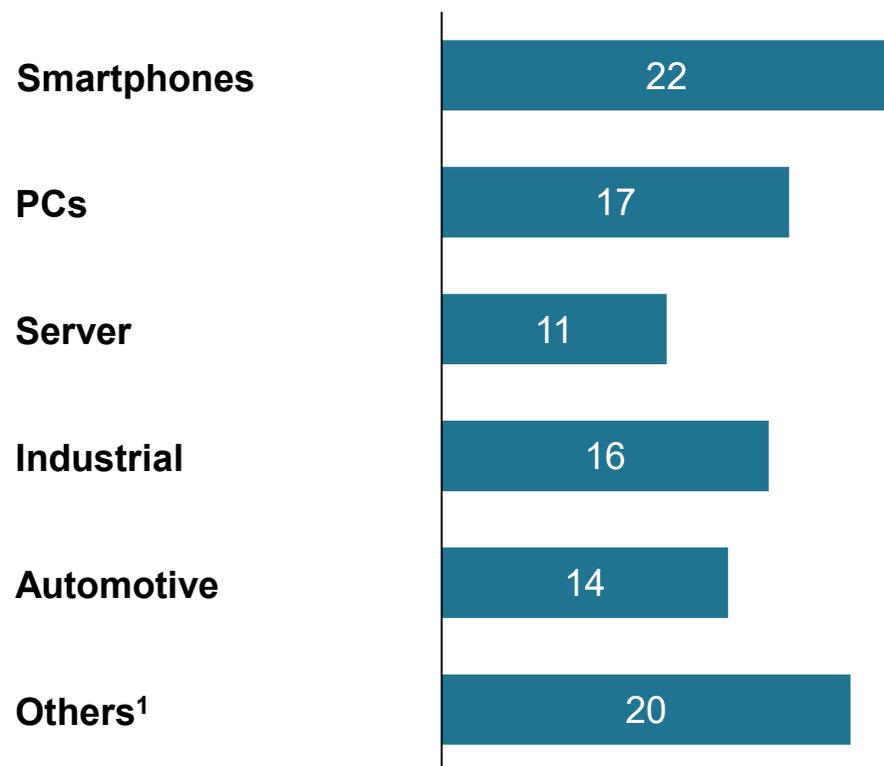
We benefit from a
high LTA share



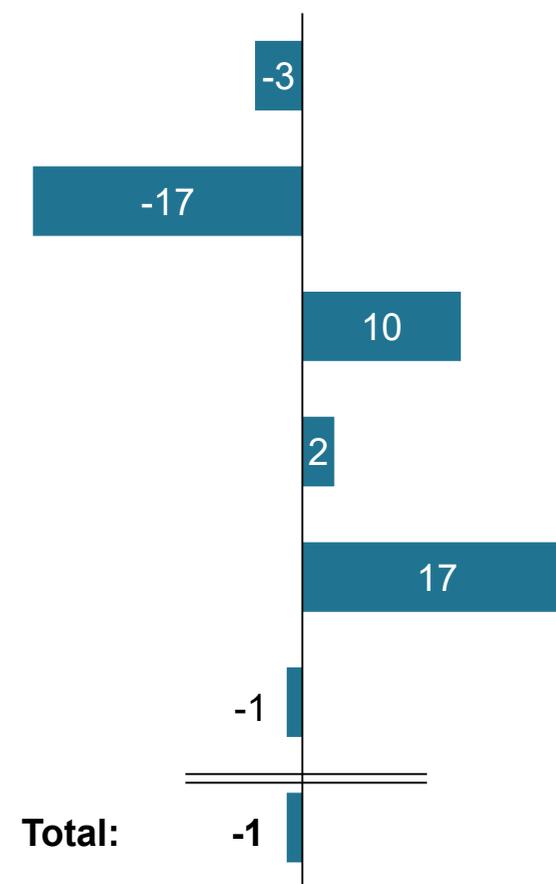
High profitability
despite market
weakness

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

Consumption of wafers by end use 2022, in %



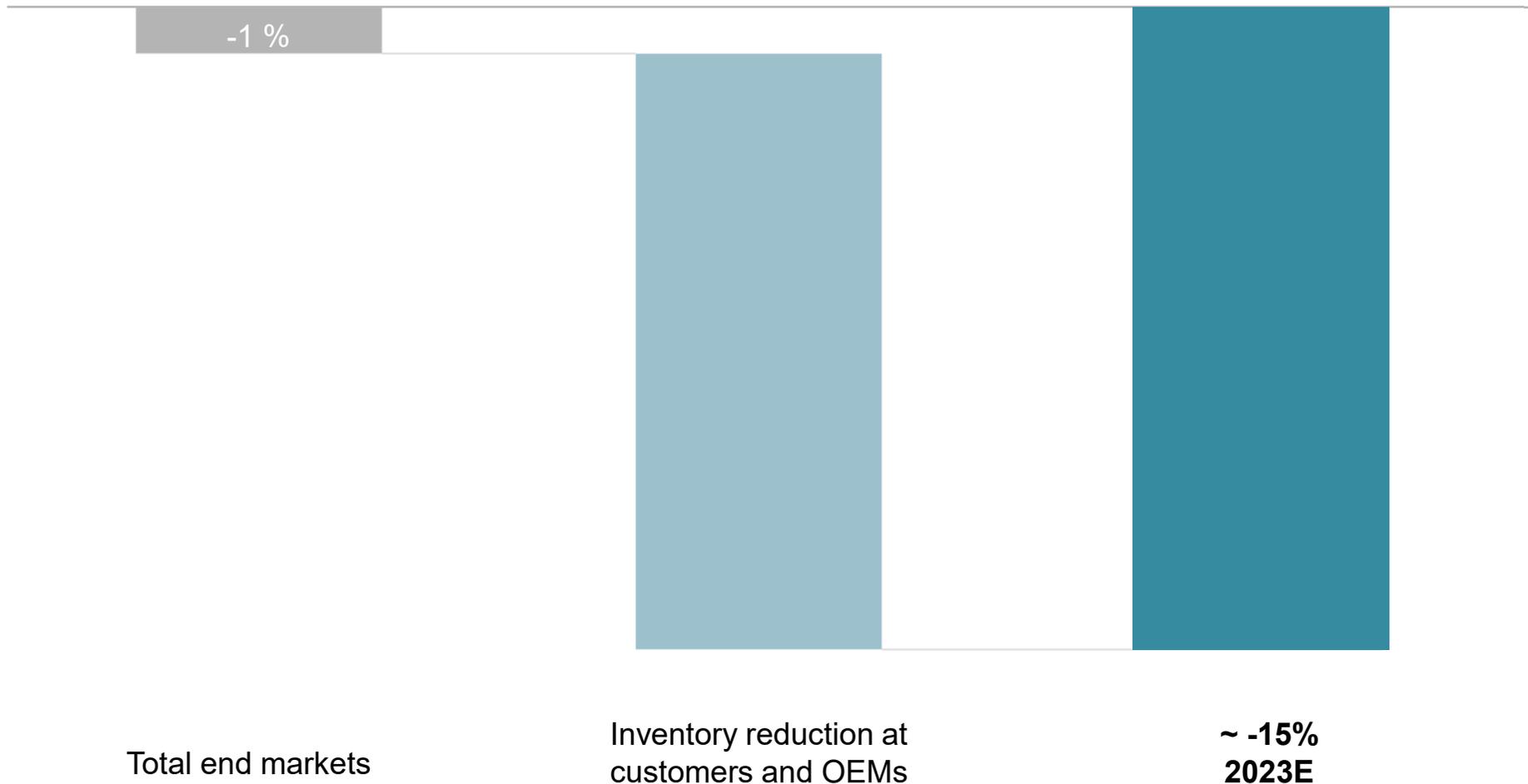
Growth in demand for wafer area 2023 vs. 2022, in %



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

Inventory reductions at multiple levels of the value chain are anticipated to reduce wafer demand by around 15%

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



Source: Siltronic estimates

Outlook 2023 – H2 stronger burdened than H1, Q3 will be the trough from today's perspective

FY 2023

Sales

14% – 19%
below 2022

EBITDA Margin

26% – 30%

Depreciation

around **EUR 210 mn**

Capex

around **EUR 1.3 bn**

Net Cash Flow

significantly
below 2022

Tax Rate

around 10%

Based on FX assumption EUR/USD at 1.10

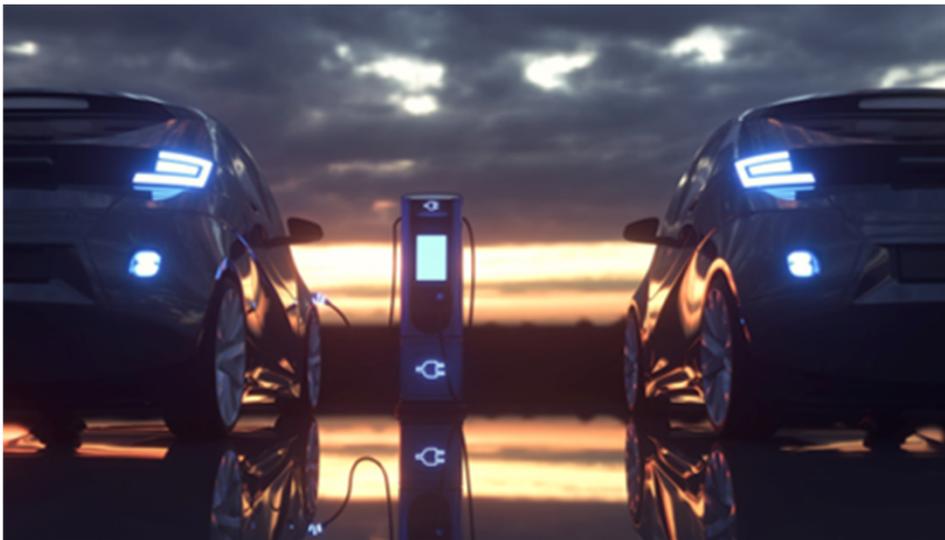
And beyond? My crystal ball is as good as yours



-  Memory inventory still elevated
-  First positive signs from Logic players (AI)
-  Power still strong with nice content growth
-  Watching consumer sentiment in China
-  Inflation
-  Geopolitical risks
-  Time lag for wafer industry ~ 6 months

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

All experts agree: Growth areas AI, digitalization and electromobility will drive wafer demand



Artificial Intelligence

AI Servers up to 8x more silicon content

AI < 5% of servers shipped worldwide

AI growth rates > 30% in the next years



Digitalization

Assistant systems in cars

Replacement of analog systems

5G will drive content



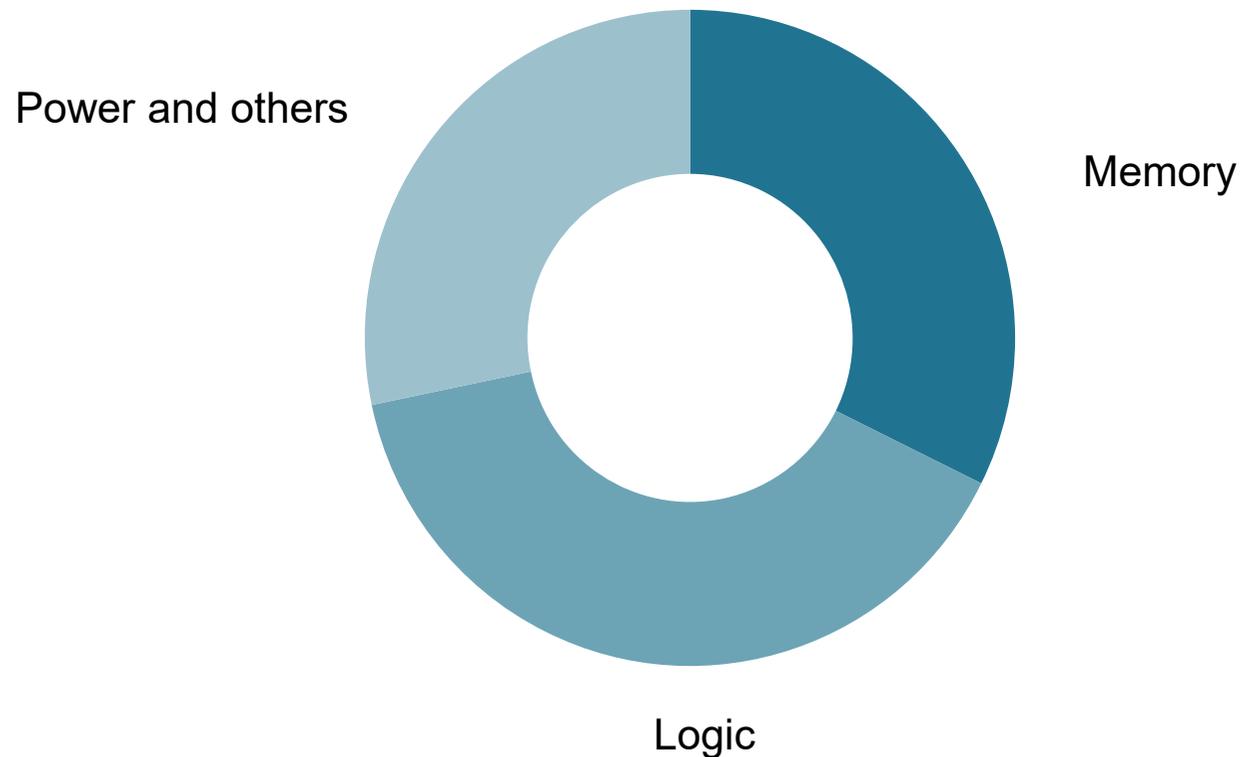
Electromobility

Wafer area 60 to 100% higher

Source: AI_steve-johnson/unsplash.com, phonlamaipphoto /stock.adobe.c

Siltronic has a diversified and resilient product mix

2022 Market Product Mix by Segment



▶ **Our market share per segment almost mirrors this picture**

Source: Siltronic estimate, July 4, 2023

FabNext: Production to start in early 2024, detailed ramp timing depends on market reality



-  On track, production to start in early 2024
-  Ramp speed for 2024 and 2025 slightly reduced according to market reality
-  Focus on qualifying customers
-  High share of LTA, 80% during ramp phase



-  Advantages: High automation, high EPI share, Economies of Scale, State of the art
-  Most cost efficient Siltronic fab mid-term
-  EBITDA-Margin above 50% mid-term (Marginal EBITDA impact in 2024)
-  Group Margin improvement, more and more from new fab in Singapore

Source: Siltronic

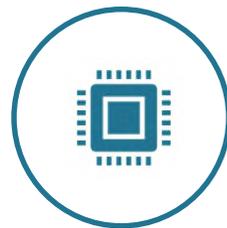
Strong commitment to create substantial shareholder value

We have very **solid financial strength** for future growth



We have **strong customer relations** with high LTA share

We have a **strong technological position** and a **clear innovation focus**



We see significant **sales and earnings upside** with expected market turnaround

Contact and Additional Information

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Financial Calendar 2023

October 26 Q3 2023 Quarterly Statement

Additional Information

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



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