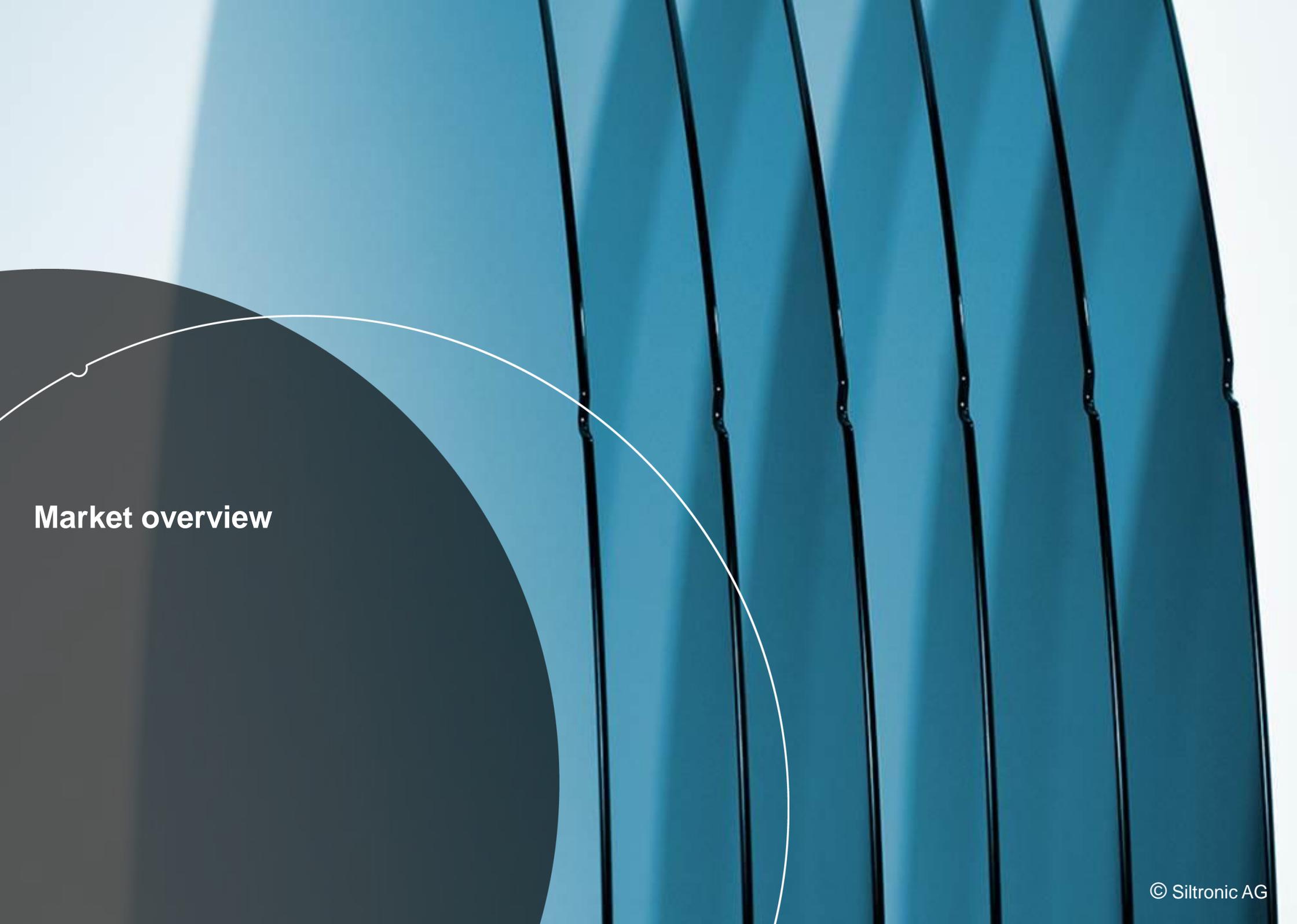


# Siltronic AG Investor Presentation – Q1 2022

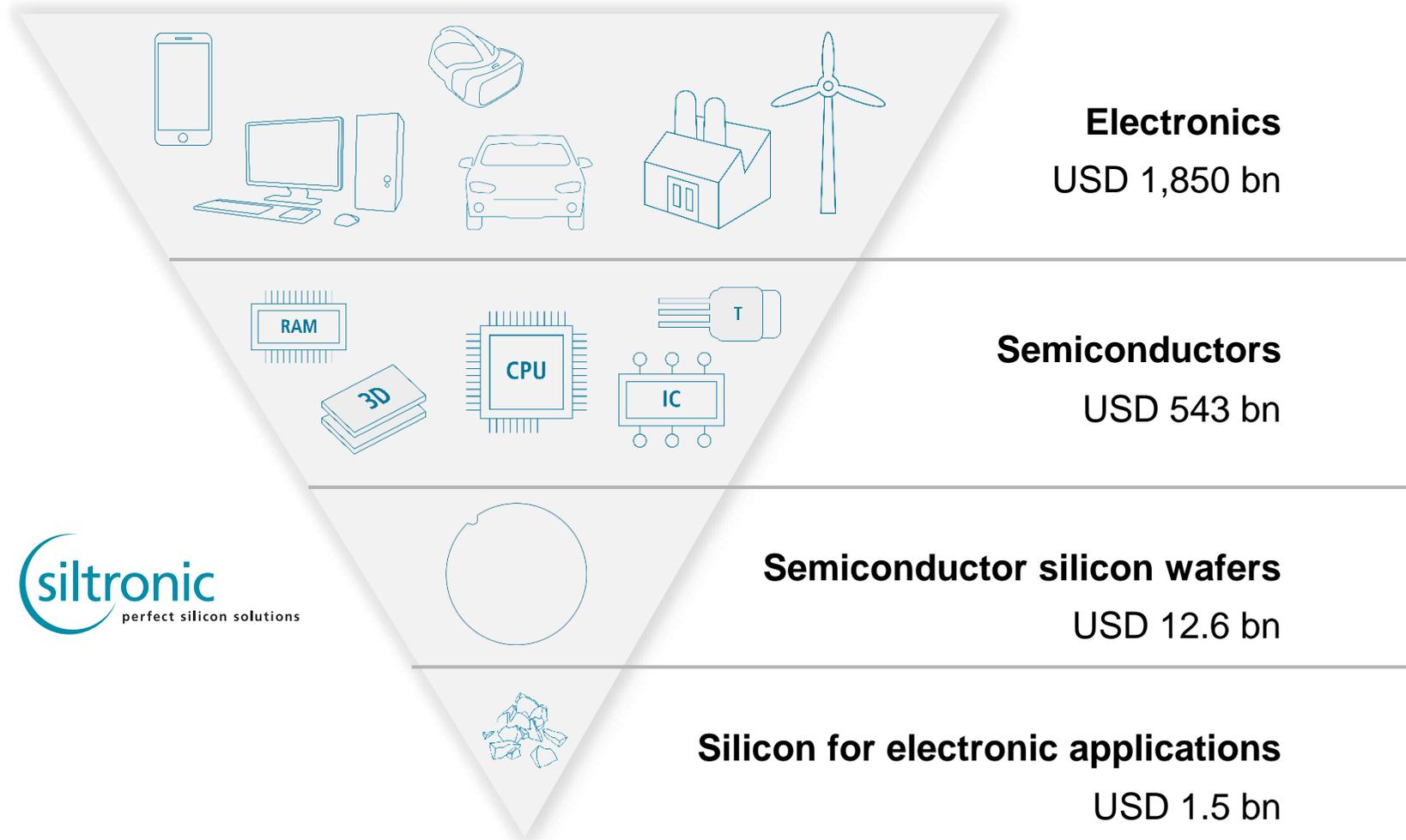
May 10, 2022

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 line curves across the page, starting from the left edge and ending near the bottom right.

## Market overview

# Electronics value chain continued to grow in 2021

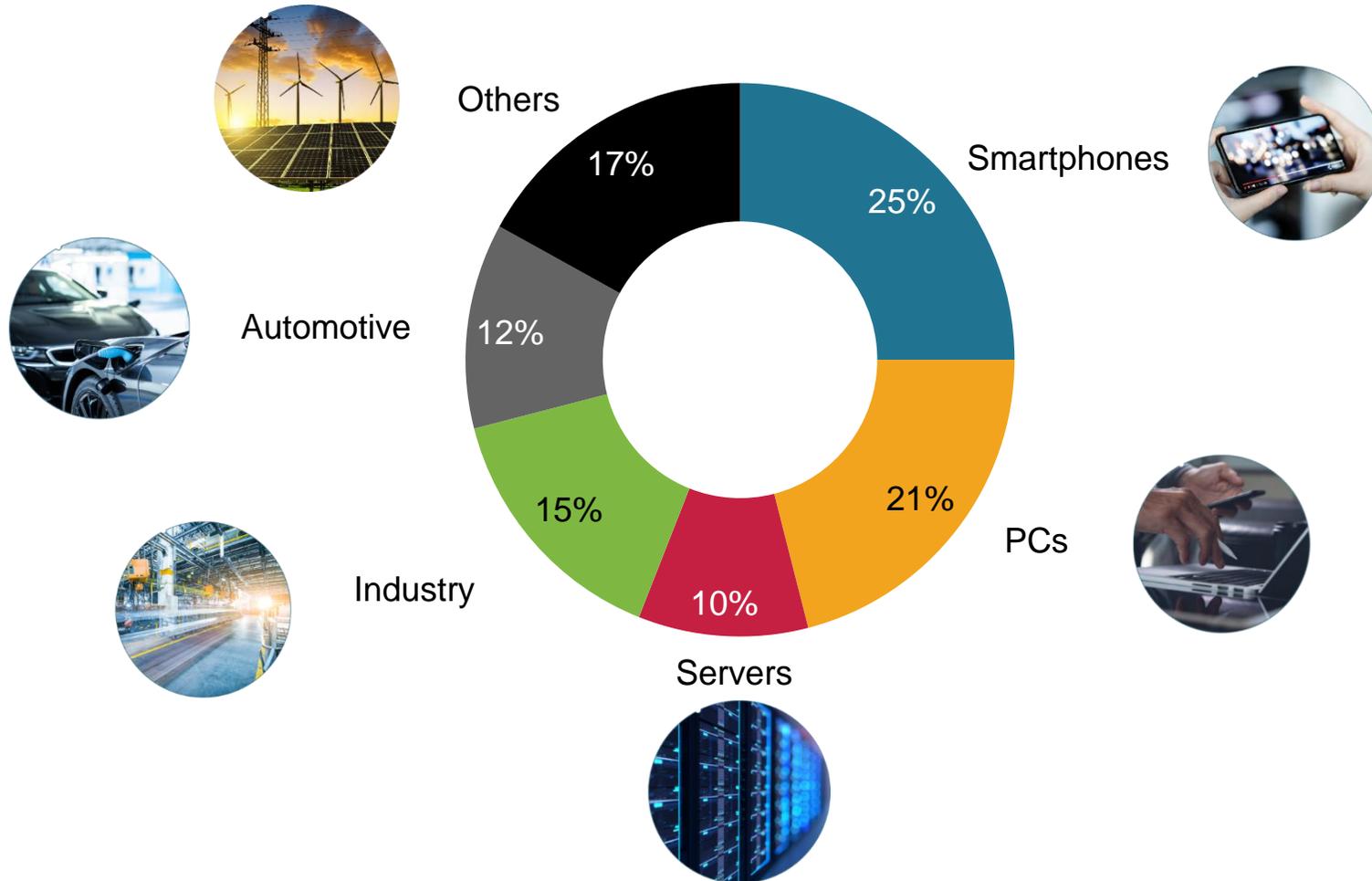
Increasing demand for electronic devices and new applications drive semiconductor growth, which in turn fuels silicon demand



Sources: IC Insights, WSTS, SEMI SMG, Siltronic Marketing

# Digitalisation continues to drive wafer demand

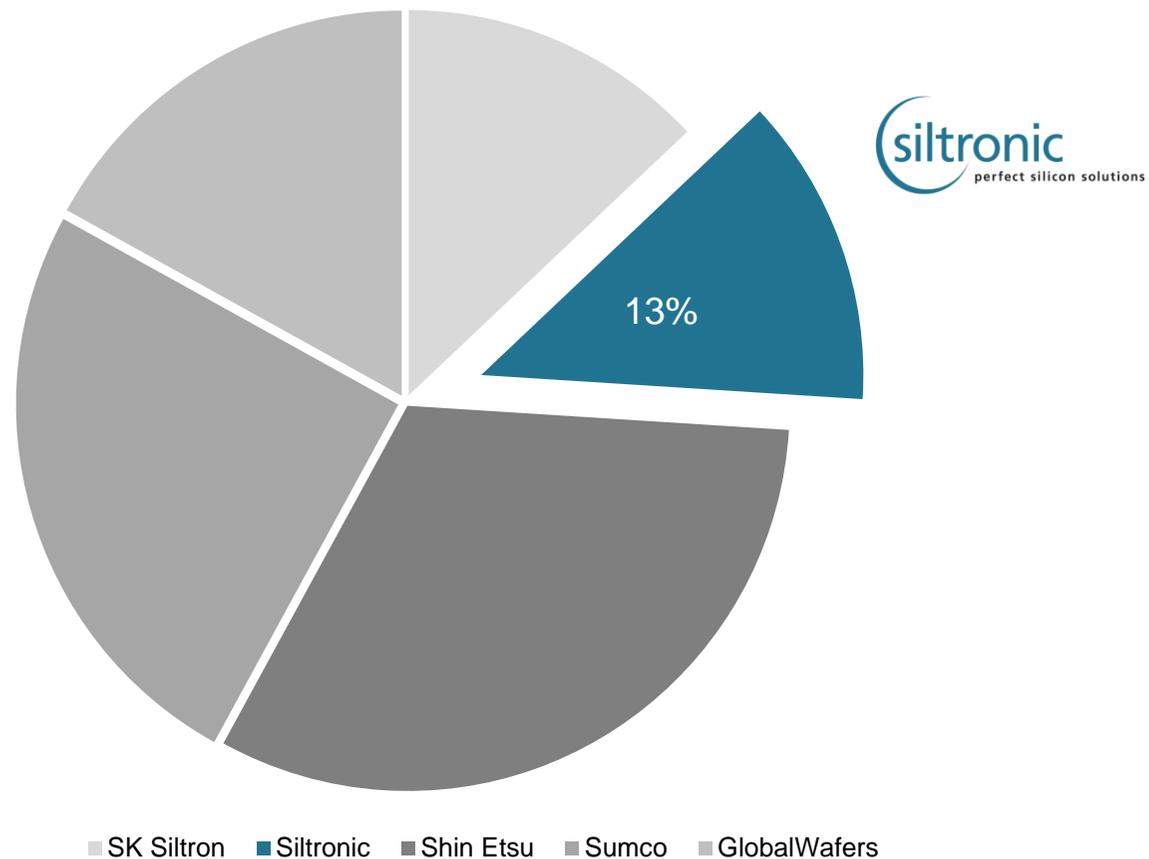
2021 Silicon Wafer Demand by End Markets in % of wafer area



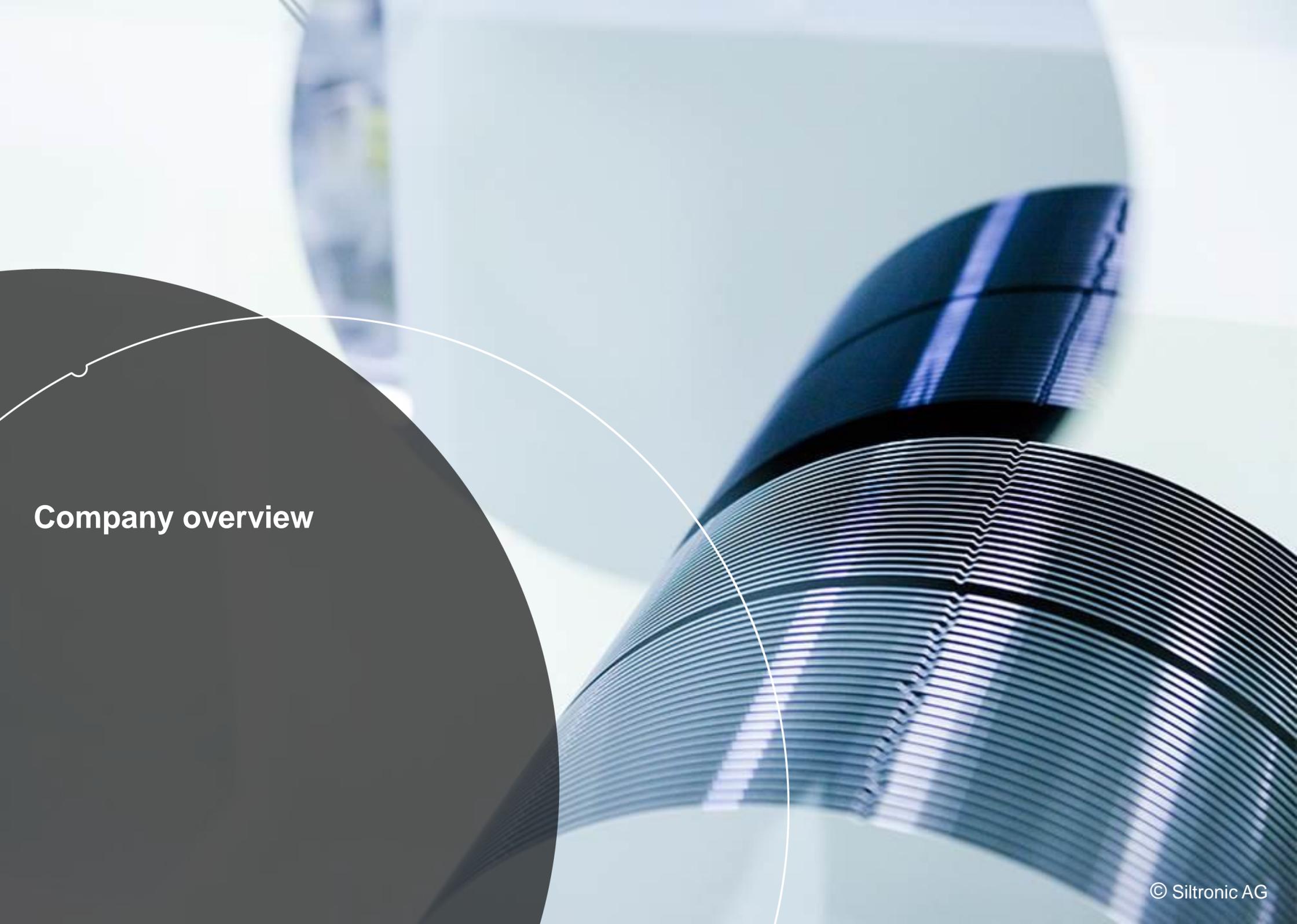
Source: Siltronic Marketing April 2022  
Images: coolhand118/stock.adobe.com, tippapatt/stock.adobe.com, monsitj/stock.adobe.com, Wellnhofer Designs/stock.adobe.com, 安琦 王/stock.adobe.com, AdobeStock\_10158029

# Consolidated market with 5 major wafer manufacturers

Top 5 wafer producers serve more than 90% of the market across all diameters

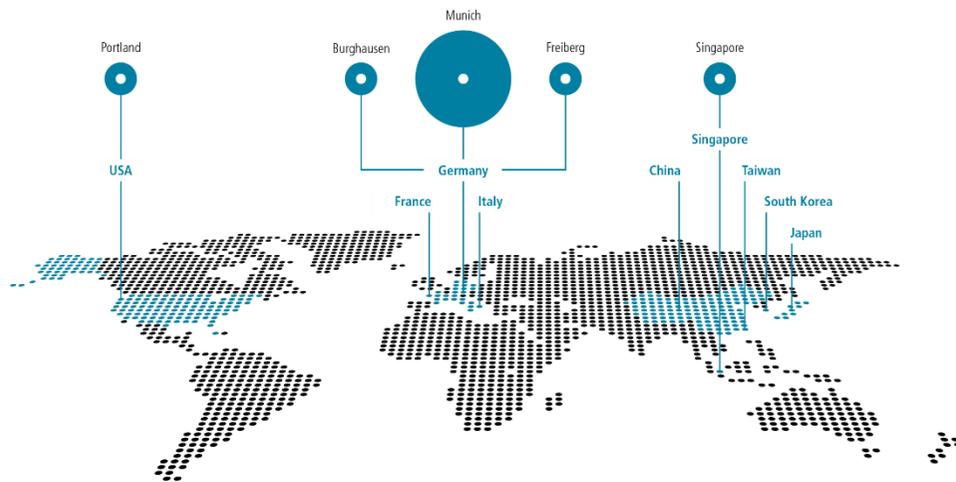


Sources: Siltronic, SEMI SMG



**Company overview**

# Siltronic at a glance



## Key financial figures 2021

- ▶ Sales: EUR 1,405.4 million
- ▶ EBITDA: EUR 466.4 million
- ▶ EBITDA margin: 33.2%
- ▶ Net cashflow: EUR 1.7 million
- ▶ Net financial assets: EUR 572.9 million

 4 world-class production sites

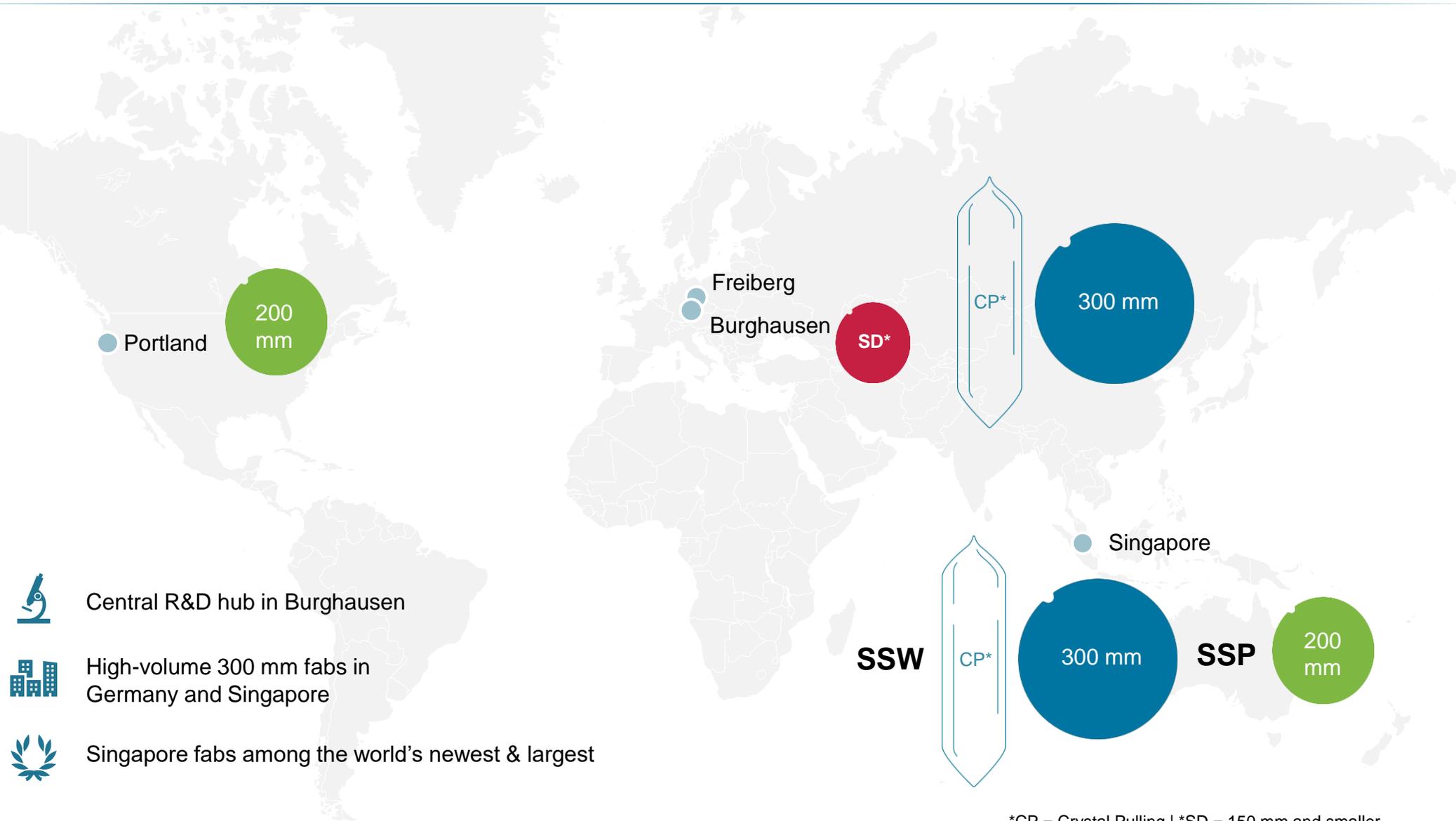
 ~ 4,100 employees

 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



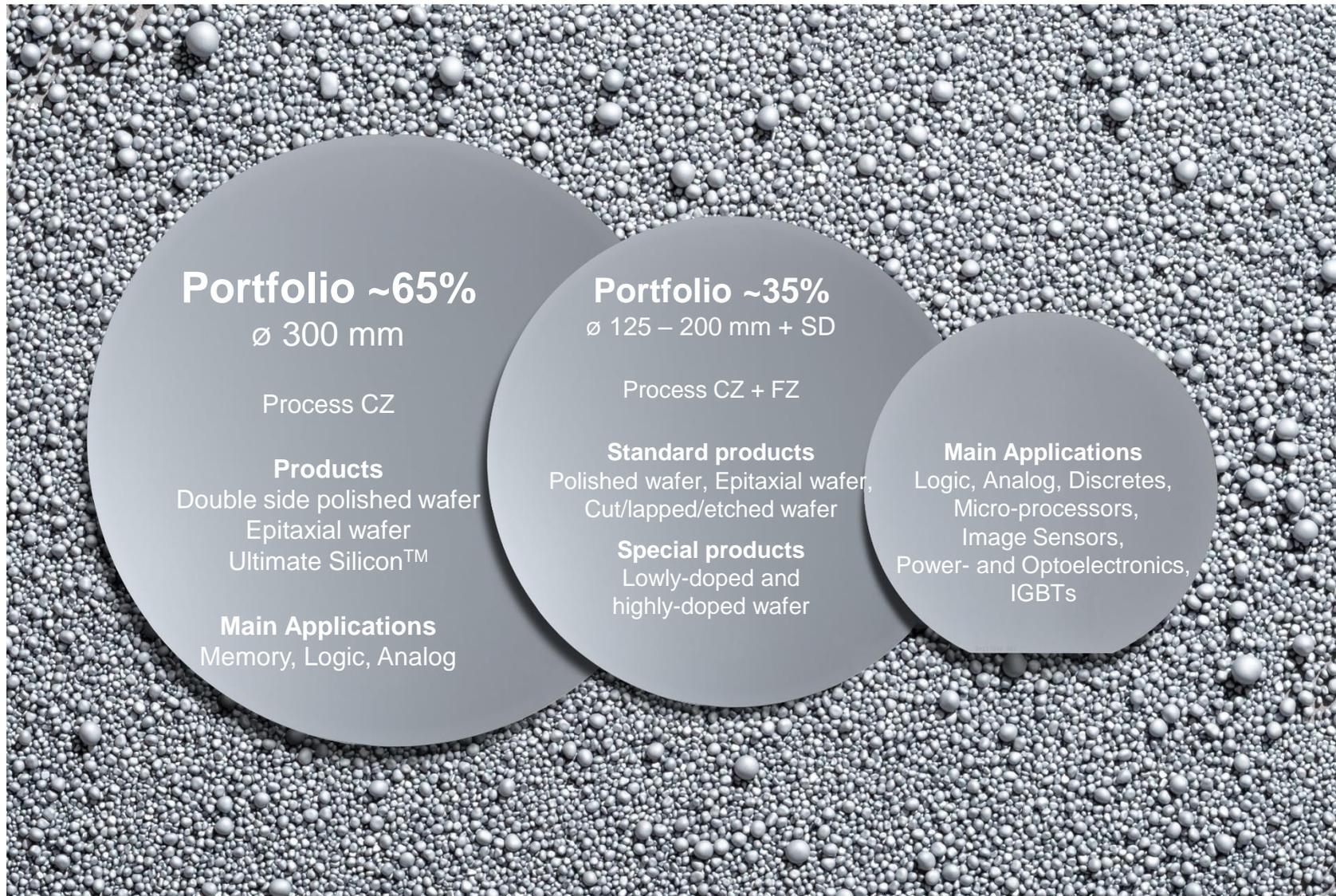
High-volume 300 mm fabs in Germany and Singapore



Singapore fabs among the world's newest & largest

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

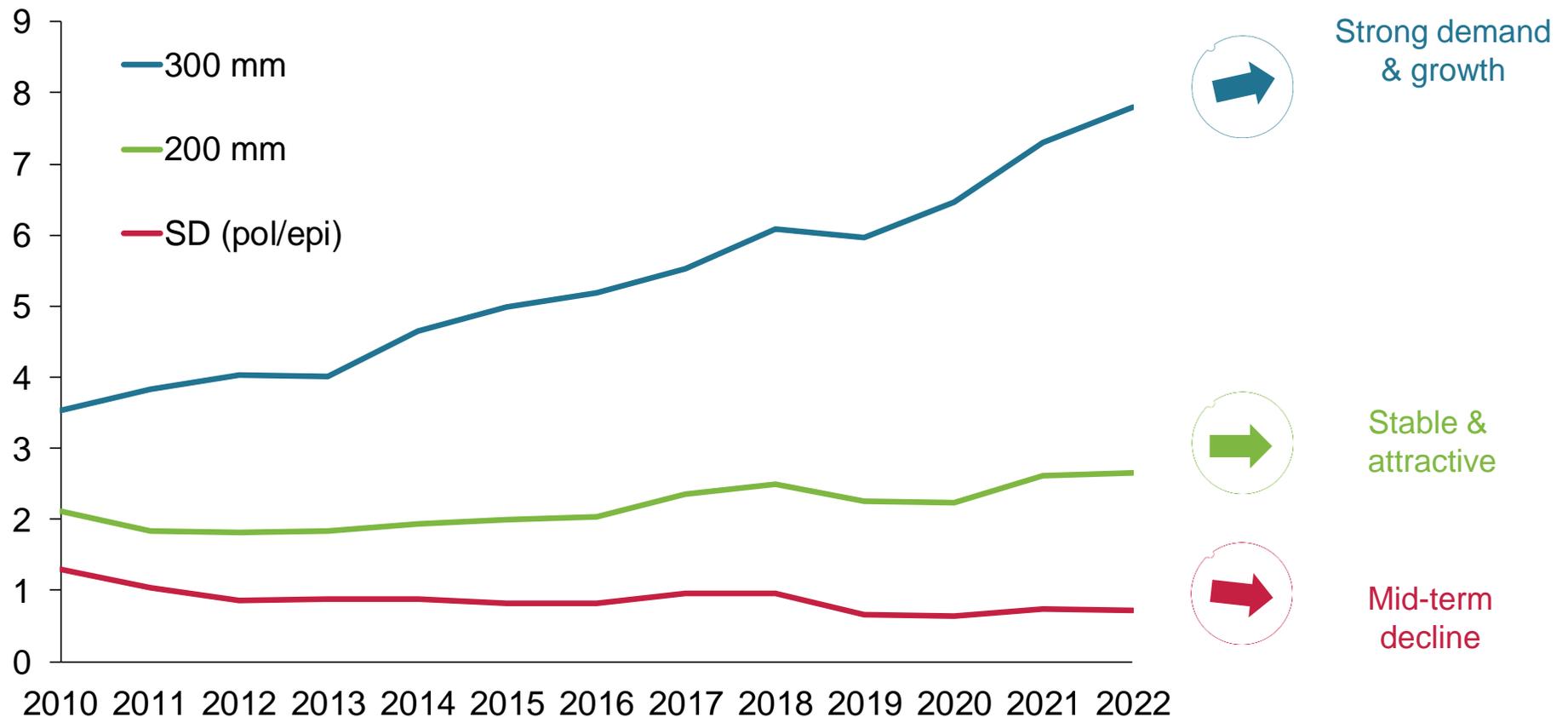
# A broad product portfolio covers standard and leading-edge requirements of the customers



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

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

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



Source: SEMI up to Jan 2022

# Top technology position complemented with a high level of quality

## A leading position in wafer technology

- ▶ First supplier to ship 300 mm wafers
- ▶ Development of 3 nm design rule started in 2019 (commercialization expected to start in 2022)
- ▶ 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 engineers worldwide



Approximately 1,870 pending and active patents in almost 360 patent families\*

## Quality awards from several top semiconductor customers received over the years



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



\*as of December 31, 2021

# Expansion projects are proceeding according to plan



Top: FabNext construction in Singapore, bottom: CZ expansion in Freiberg

## FabNext in Singapore



Project timeline and budget on track



Customer LTAs with pre-pay in place for 80 % of FabNext capacity throughout the ramp phase



First shipments to customers in early 2024

## New crystal pulling hall in Freiberg



Project is proceeding well



Construction on track for completion in late 2022

Source: Siltronic AG

# Siltronic Fab Next at Group site in Singapore

## Fab Next

- most modern and cost-efficient 300 mm fab
- construction well on track
- first wafers out in 2024
- R&D hub Burghausen will support expansion on technology topics

## Investment rationale

- very strong market demand
- customer capacity expansion plans cannot be supported by existing wafer capacity
- plan to secure substantial part of additional capacity by LTAs with prepayments

## Capex

- capex of around EUR 2 bn until end of 2024
- high up-front for plant buildings and facilities
- financing based on cash, cash flow, customer pre-payments, and loans/bonds on a manageable scale

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

## Major cost items



Labor



Supplies



Depreciation

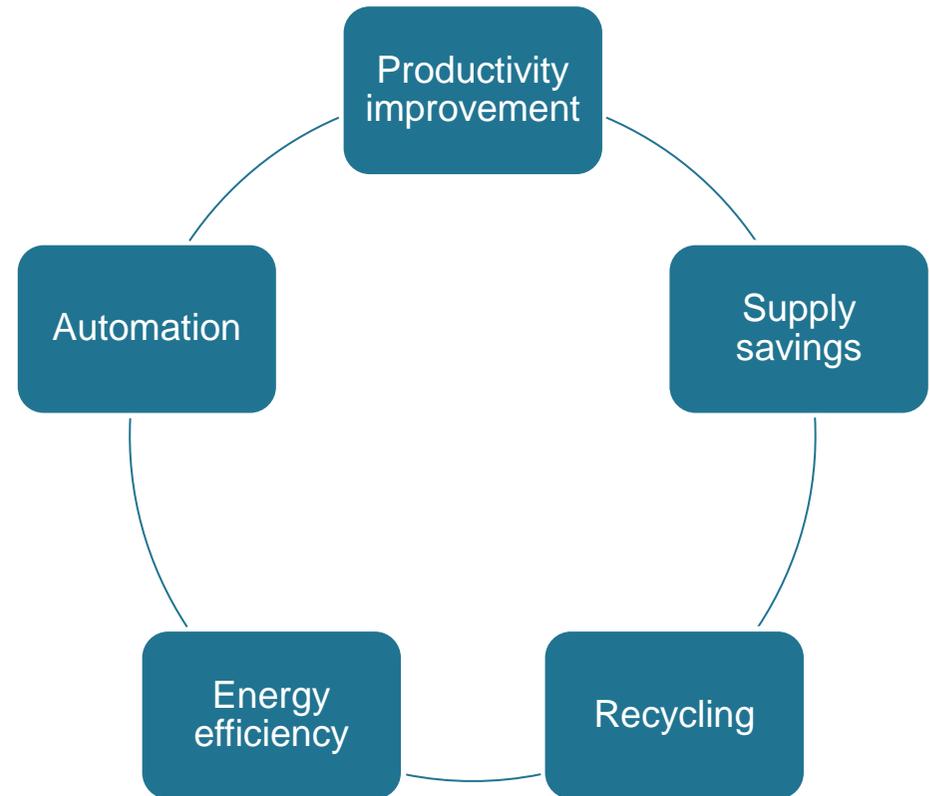


Energy

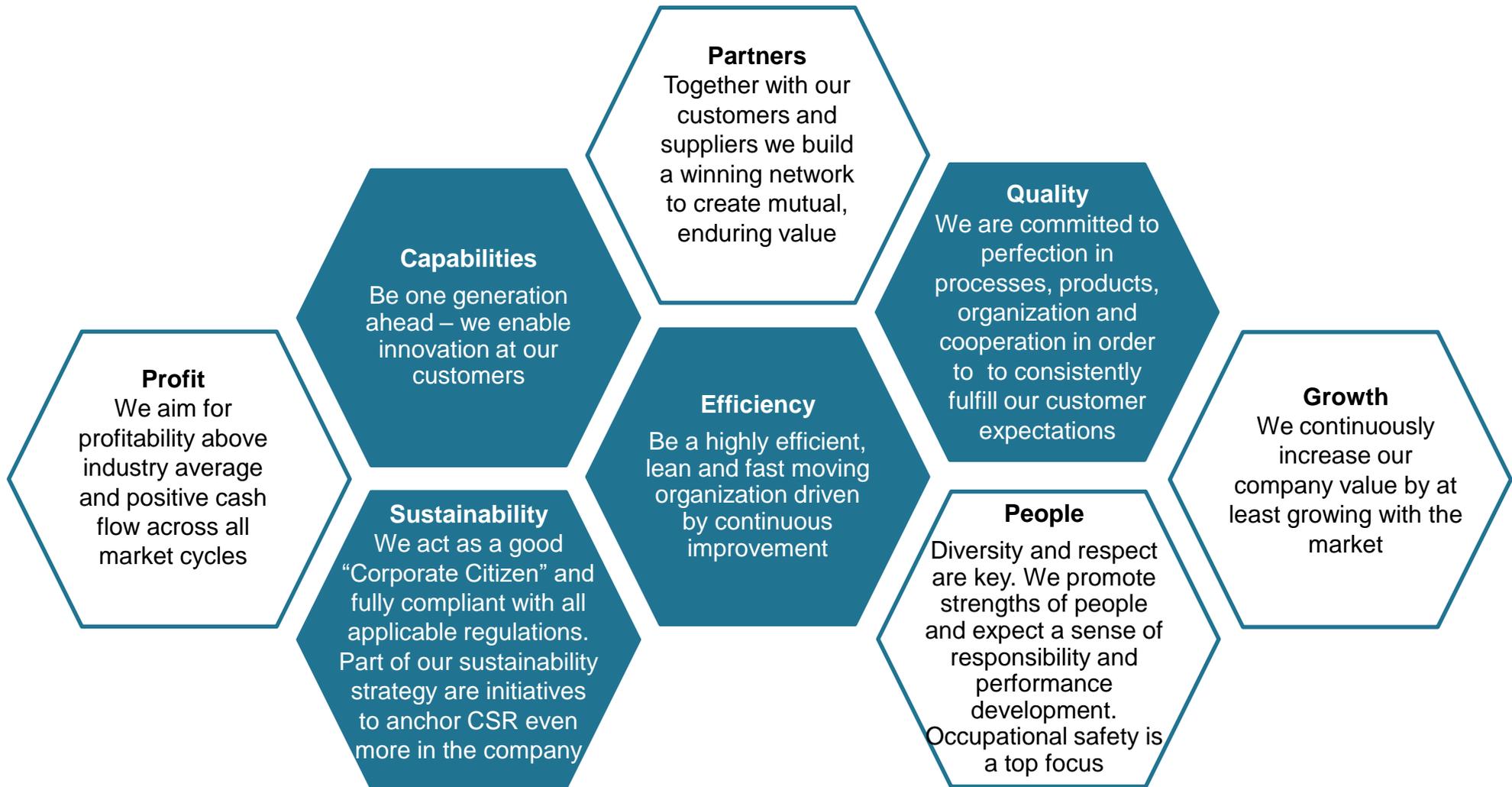


Polysilicon

## 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 million)	2017	2018	2019	2020	2021
<b>Sales</b>	1,177.3	1,456.7	1,270.4	1,207.0	1,405.4
<b>EBIT</b>	235.7	497.7	298.3	192.2	316.9
<b>EBIT margin in %</b>	20.0	34.2	23.5	15.9	22.5
<b>EBITDA</b>	353.1	589.3	408.7	332.0	466.4
<b>EBITDA margin in %</b>	30.0	40.5	32.2	27.5	33.2
<b>Earnings per share</b>	6.20	12.40	7.52	5.36	8.44
<b>Capex</b>	123.2	256.9	363.0	187.6	426.6
<b>Free cash flow <sup>1</sup></b>	169.6	416.4	36.4	32.0	108.6
<b>Net cash flow <sup>1</sup></b>	124.8	240.4	81.3	77.4	1.7
<b>Dividend <sup>2</sup></b>	75.0	150.0	90.0	60.0	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 2021

# Key investment highlights

## Market Position

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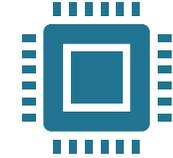
- ▶ Strong market position in the semiconductor and wafer industry



## Strategy

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- ▶ Best-in-class technology and quality



## Customers

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- ▶ Supplier to all top 20 silicon wafer consumers



## Financials

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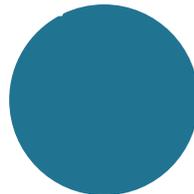
- ▶ Profitable sales increase and on-going efficiency improvement



## Products

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- ▶ High-quality wafers made of hyper pure silicon



## Management

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- ▶ Experienced management team and highly skilled workforce





**Corporate Social  
Responsibility**

# Siltronic Climate Action Program - aligned with Paris agreement to limit global warming to 1.5°C

▶ Siltronic commits to Science Based Target initiative to limit global warming to 1.5°C:

▶ **mid-term goal:** 50% CO<sub>2</sub>eq reduction (Scope 1 + 2) until 2030<sup>1</sup>

▶ **long-term goal:** net zero until 2045

▶ **Three main levers:**

 Energy efficiency

 Own generation of renewable energy

 Purchasing renewable energy



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 specific 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



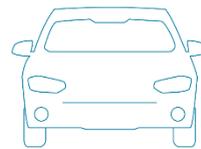
- Raw materials
- Energy consumption
- Water recycling
- Emissions

## Sustainable mobility

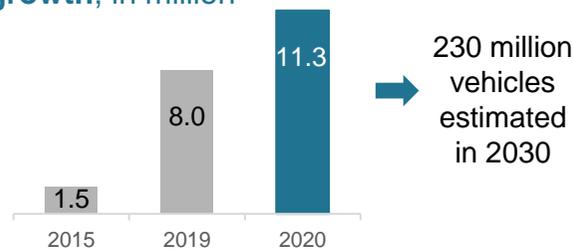
Reduction of transport emissions and carbon footprint to achieve climate targets

Increasing safety and efficiency

EV's with substantially higher wafer content



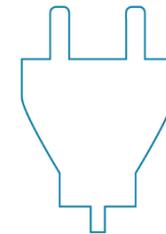
**Global EV growth, in million**



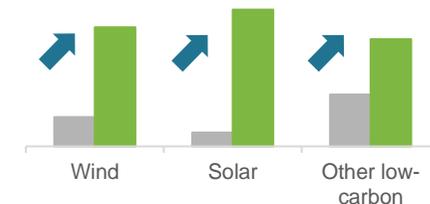
## Clean energy

Wafers 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**



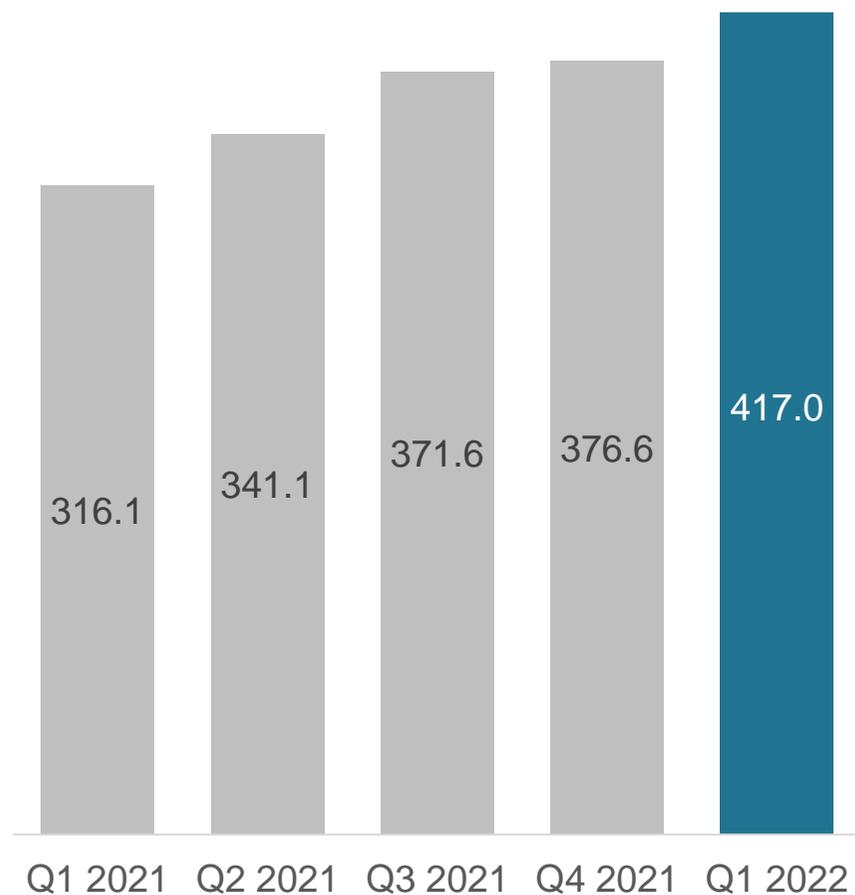
Source: IEA Global EV Outlook 2021; IEA 2020 World Energy Outlook



**Financials Q1 2022**

# Strong sales growth driven by significantly higher ASP

Sales, in EUR m



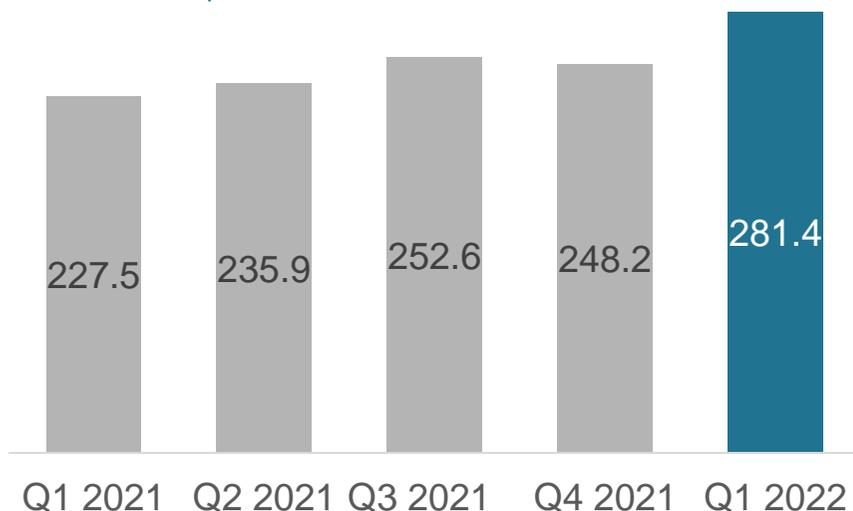
Ø FX rates	Q1/21	Q2	Q3	Q4	Q1/22
EUR / USD	1.21	1.21	1.18	1.14	1.12
EUR / JPY	128	132	130	130	130

## Comments

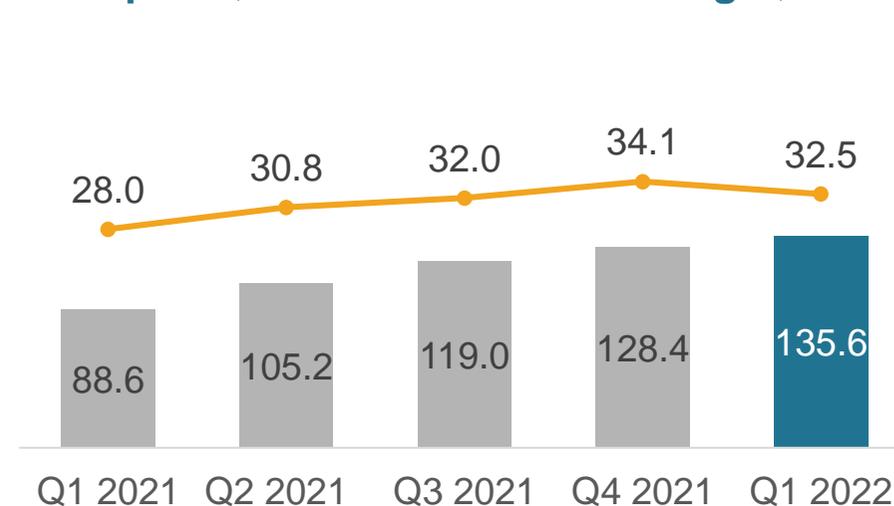
- ▶ Wafer area sold only slightly up q-o-q
- ▶ ASP significantly up q-o-q
- ▶ Favorable FX q-o-q

# Higher COGS due to inflation

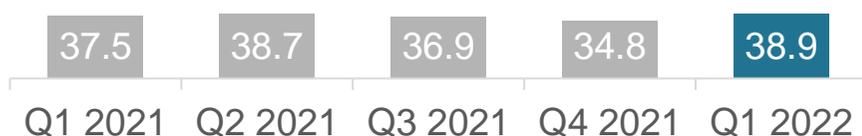
Cost of sales, in EUR mn



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



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

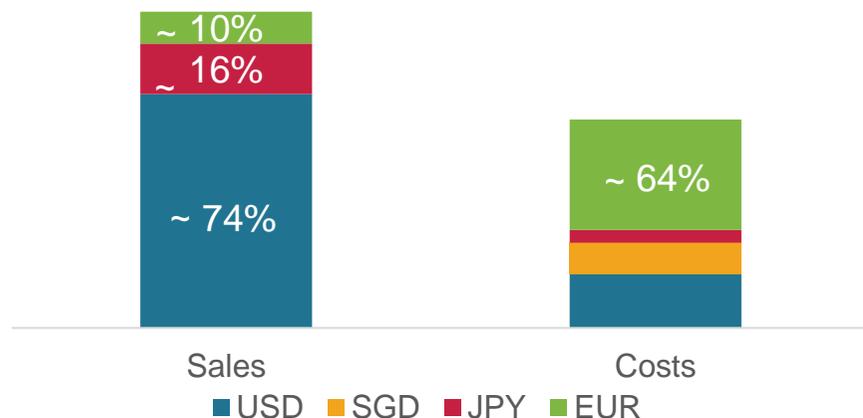


## Comments

- ▶ COGS up y-o-y
  - ▶ Slightly higher wafer area sold
  - ▶ Higher costs, especially for electricity and supplies
  - ▶ FX effects
- ▶ Gross margin was burdened q-o-q due to unit cost increases

# High US-Dollar and Japanese Yen exposure

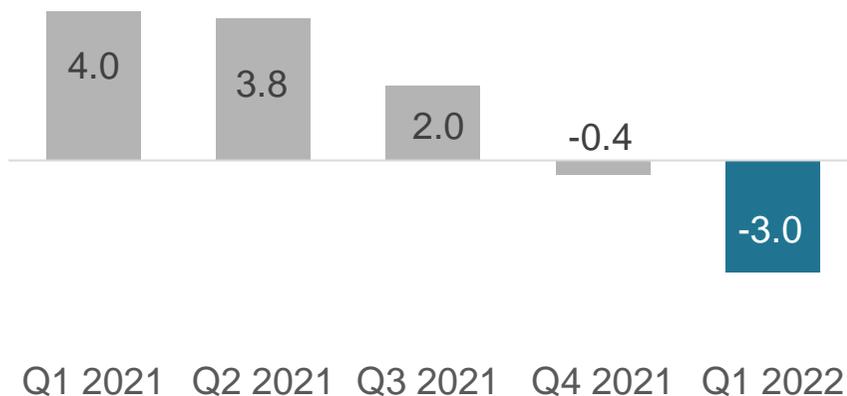
## FX exposure, in %



## FX sensitivity

	Sales	EBITDA Unhedged
1 USD-/SGD-cent change	~ EUR 10.5 mn	~ EUR 7.5 mn
1 JPY change	~ EUR 2.0 mn	~ EUR 1.7 mn

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

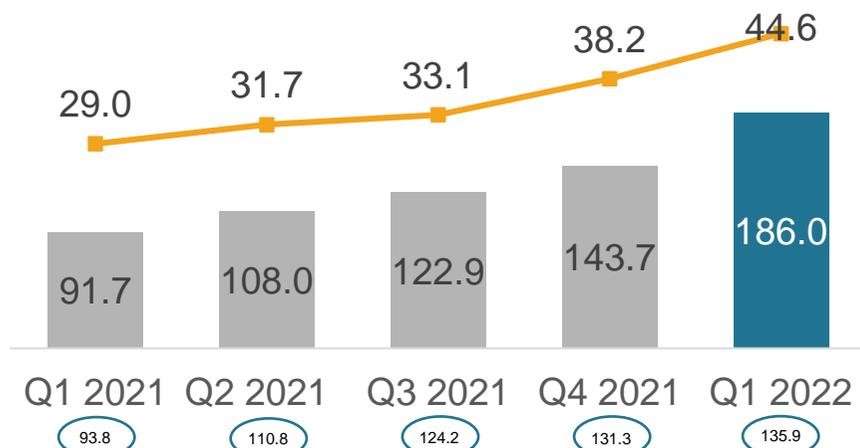


## Comments

- ▶ Weaker Euro q-o-q in Q1
- ▶ High exposure to USD (higher sales) and SGD (higher cost)
- ▶ USD invoicing close to 75%
- ▶ Tailwind on top line
- ▶ Negative hedging result in Q1

# Strong EBITDA, supported by the termination fee

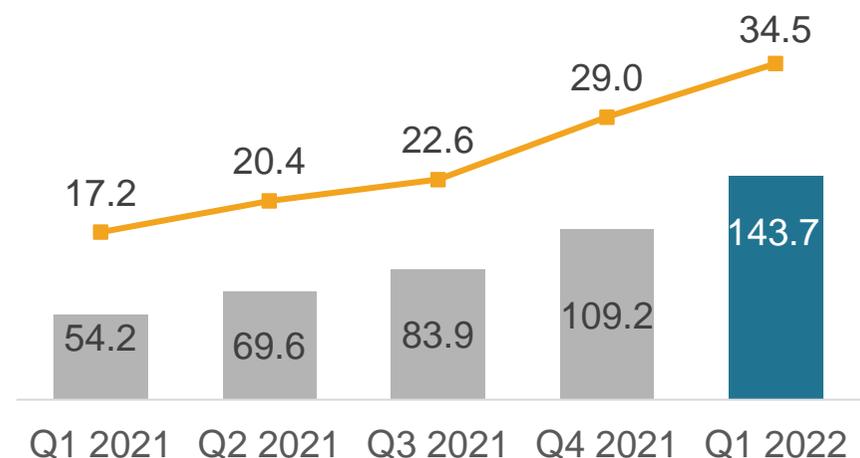
EBITDA, in EUR mn / EBITDA margin, in %



Depreciation, in EUR mn



EBIT, in EUR mn / EBIT margin, in %



## Comments

### Positive

- ▶ Wafer area sold significantly up y-o-y
- ▶ ASP per wafer area up q-o-q
- ▶ Favorable FX trend in Q1
- ▶ EBITDA includes EUR 50 mn termination fee from GlobalWafers

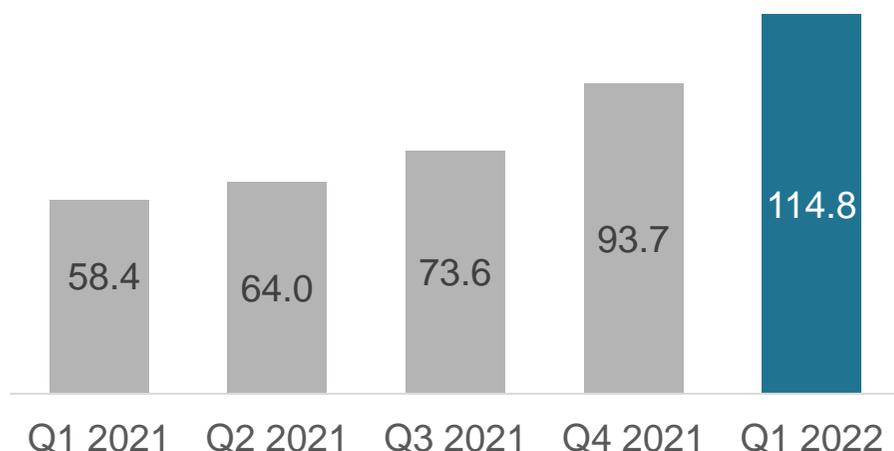
### Negative

- ▶ Cost increases since late Q3

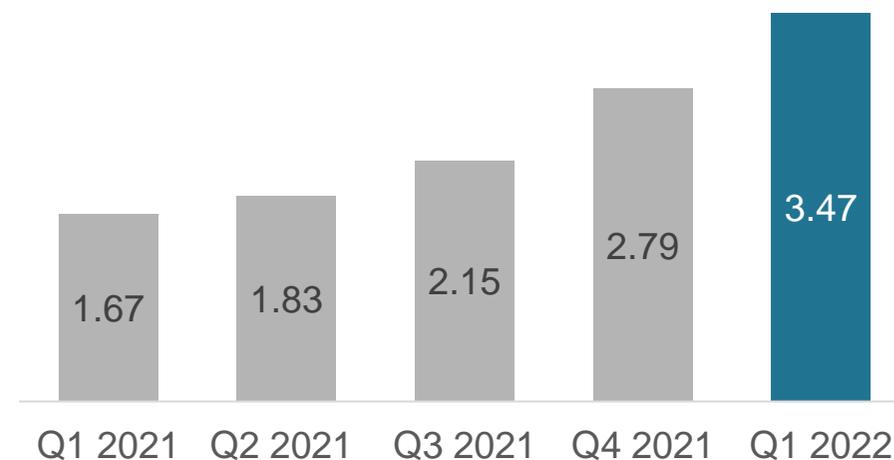
○ EBITDA excluding effects related to GlobalWafers tender offer

# Net profit of EUR 114.8 million in Q1 2022

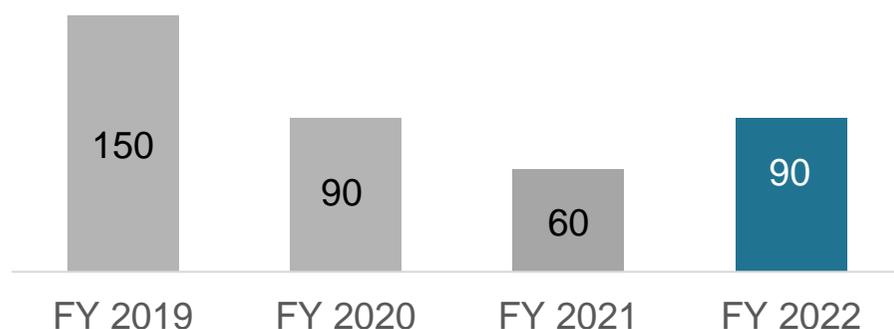
Net profit, in EUR mn



EPS, in EUR



Dividend payment, in EUR mn

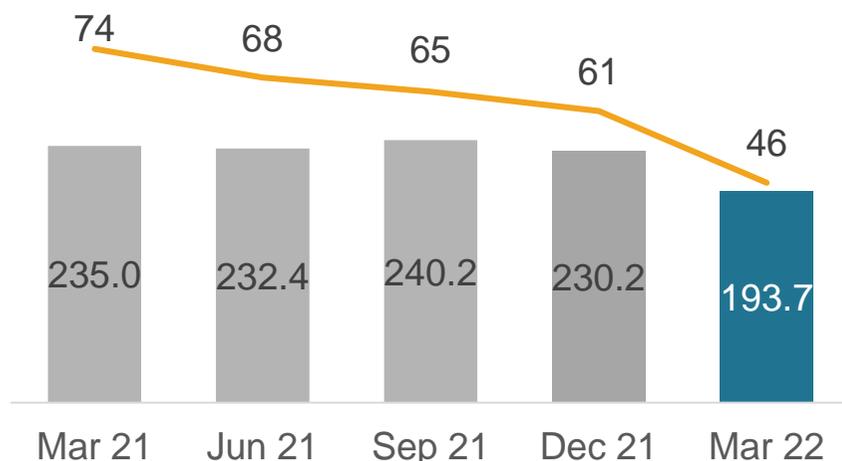


## Comments

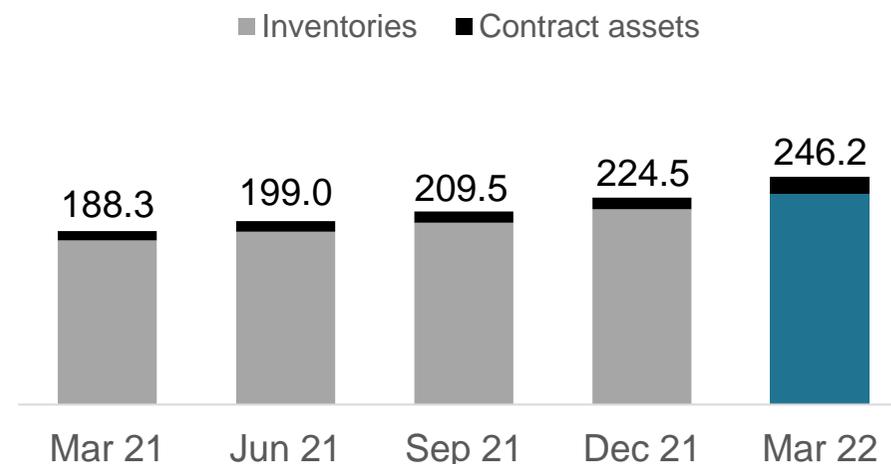
- ▶ Higher tax rate in Q1: Break fee fully taxable in Germany
- ▶ Net profit of EUR 114.8 mn in Q1 2022; thereof EUR 105 mn attributable to Siltronic shareholders
- ▶ Dividend of EUR 3.00 per share = EUR 90 mn dividend payout in May 2022

# Increased trade liabilities (high Capex) reduce working capital

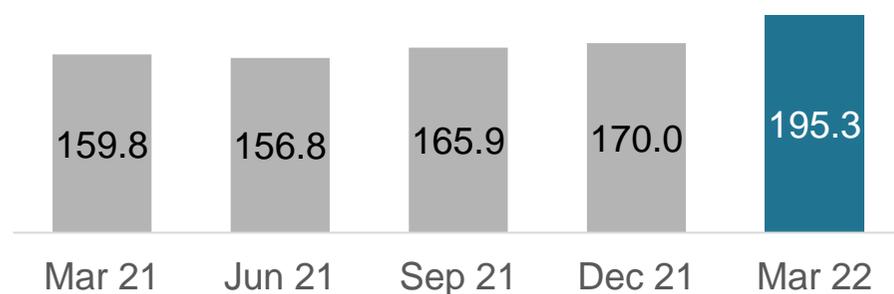
Working capital, in EUR mn,  
Working capital ratio to quarterly sales, in %



Inventories and contract assets, in EUR mn



Trade receivables, in EUR mn

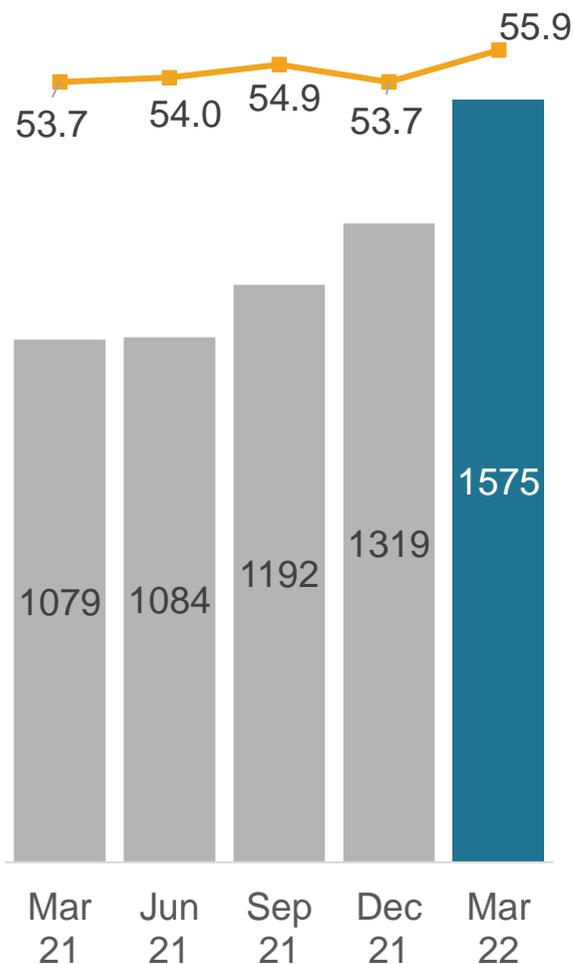


Trade liabilities, in EUR mn



# Equity ratio grew to 56%, strong increase in net financial assets

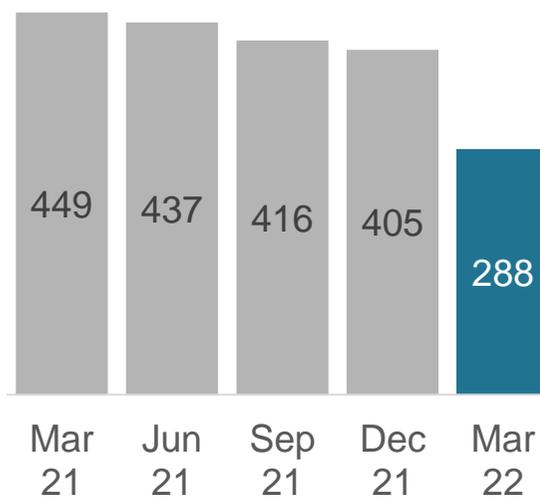
Equity, in EUR mn  
Equity ratio, in %



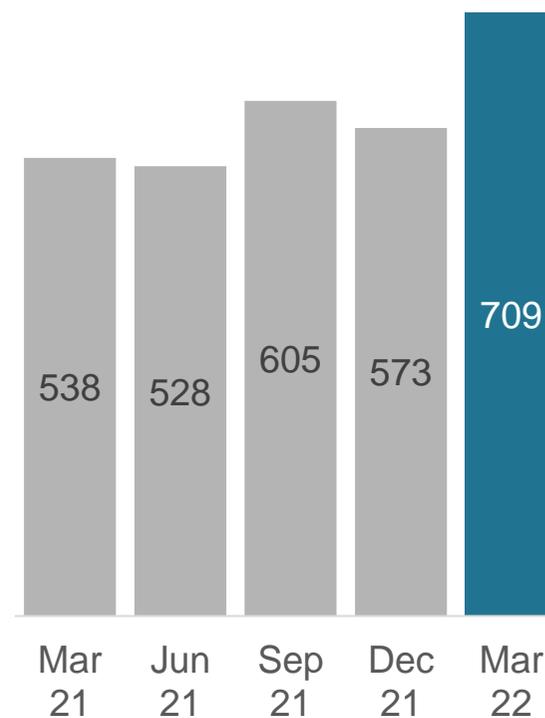
Provisions for pensions,  
in EUR mn

## Interest rates IFRS

USA	2.77%	2.39%	2.42%	2.51%	3.22%
Germany	1.11%	1.14%	1.19%	1.23%	1.86%

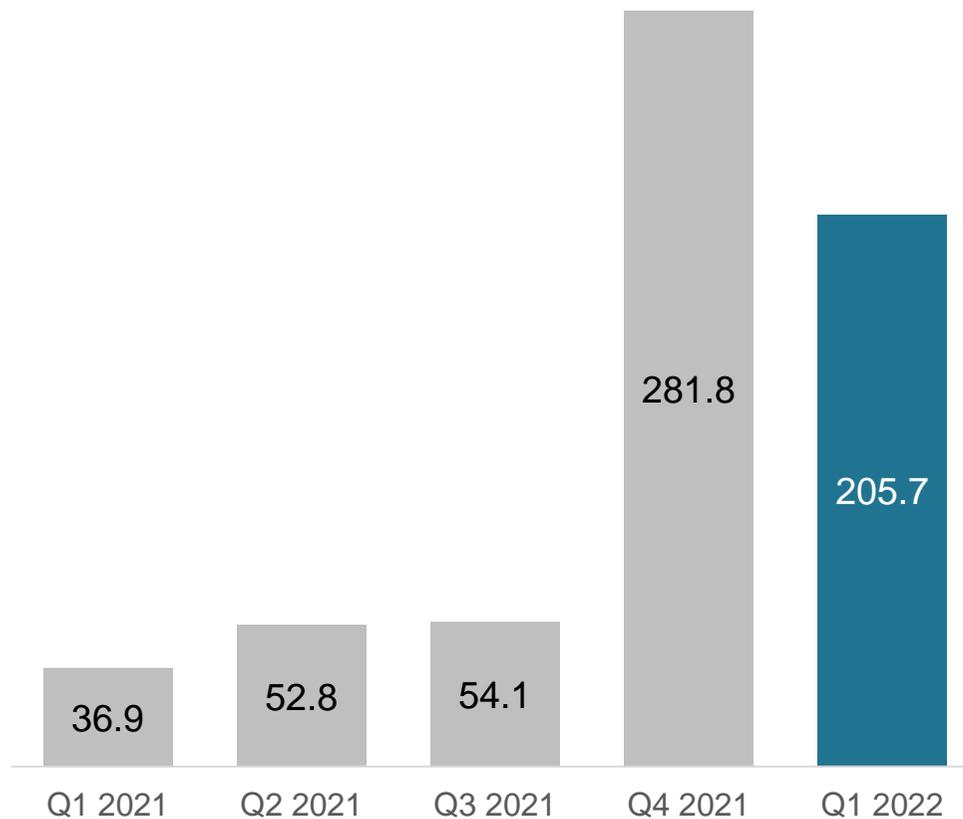


Net financial assets,  
in EUR mn



# High CAPEX in Q1 mostly related to expansion projects

Investment, in EUR m

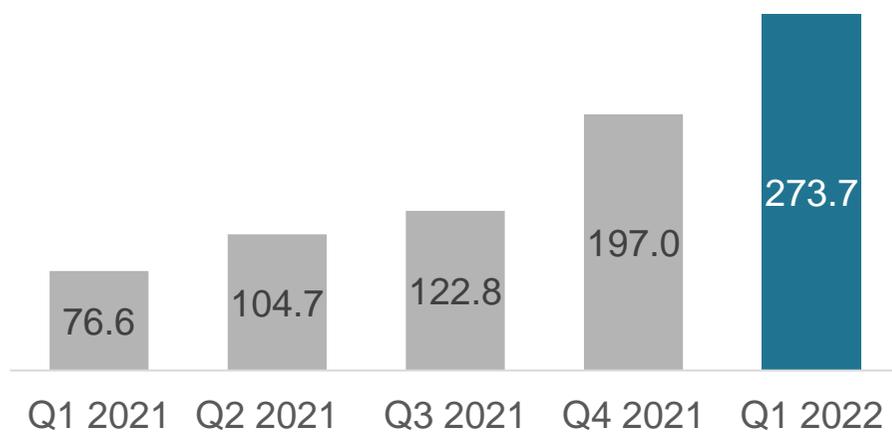


## Comments

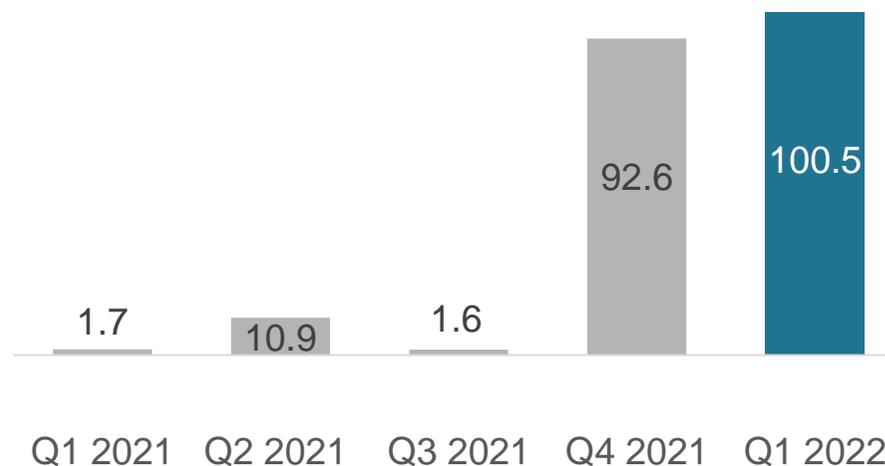
- ▶ Capex guidance 2022 EUR 1.100 mn
- ▶ Project-related high capex in Q1 2022
  - ▶ major share of capex allocated to FabNext
  - ▶ 300 mm epi capacity
  - ▶ capabilities for future design rules
  - ▶ expansion of crystal pulling hall in Freiberg
- ▶ Higher Capex expected in Q2-Q4

# Strong OCF, Net cash flow in line with expectation

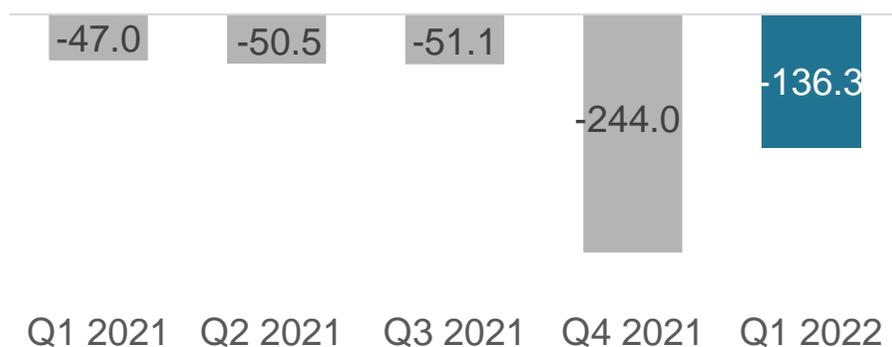
Operating cash flow (OCF), in EUR mn



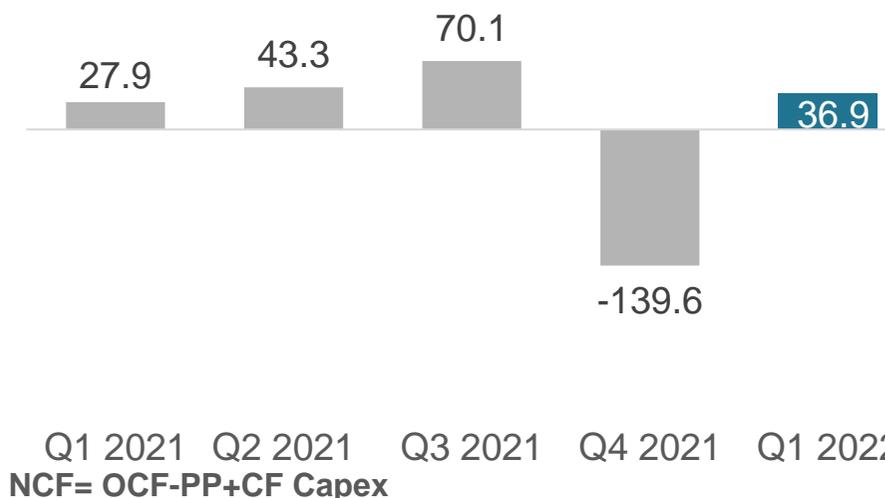
Prepayments net (PP), in EUR mn



CF Capex, in EUR mn



Net cash flow (NCF), in EUR mn

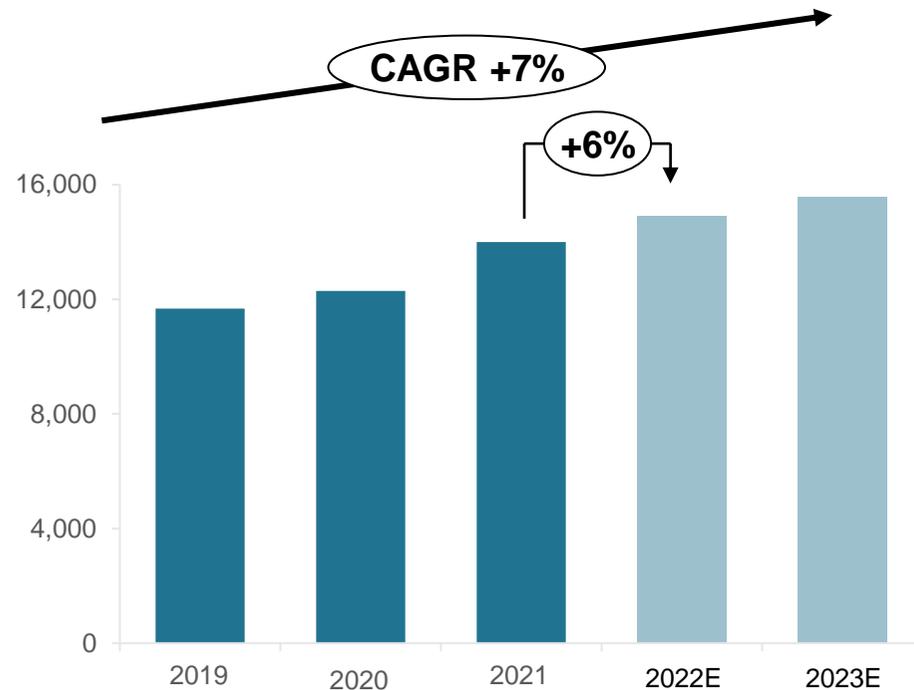




**Outlook 2021**

# Siltronic's strategy is aligned with global demand growth

## Expected Global Silicon Wafer Area Demand in mn inch<sup>2</sup>



## Silicon demand growth in advanced technologies



Innovation to keep top position in leading-edge technology



Efficiency programs and cost roadmaps



Smooth execution of expansion projects

Source: Siltronic Marketing, SEMI SMG forecast for 2022 and 2023;

## Siltronic Outlook 2022 (unchanged, as of March 9, 2022)

### Sales

- 15 to 22 percent increase

### EBITDA margin

- increase to 34 to 37 percent (incl. termination fee)

### Depreciation

- around EUR 185 mn

### EBIT

- significant increase

### Tax rate

- between 10 to 15 percent

### CapEx

- around EUR 1,100 mn (2/3 allocated to the construction of FabNext)

### Net cash flow

- significantly negative due to high investments

### Earnings per share

- significant increase

# Contact and Additional Information

## Issuer and Contact

Siltronic AG  
Einsteinstraße 172  
D-81677 München

### Investor Relations:

Dr. Rupert Krautbauer  
email: [investor.relations@siltronic.com](mailto:investor.relations@siltronic.com)  
Tel. +49 89 8564-3133

## Additional Information

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

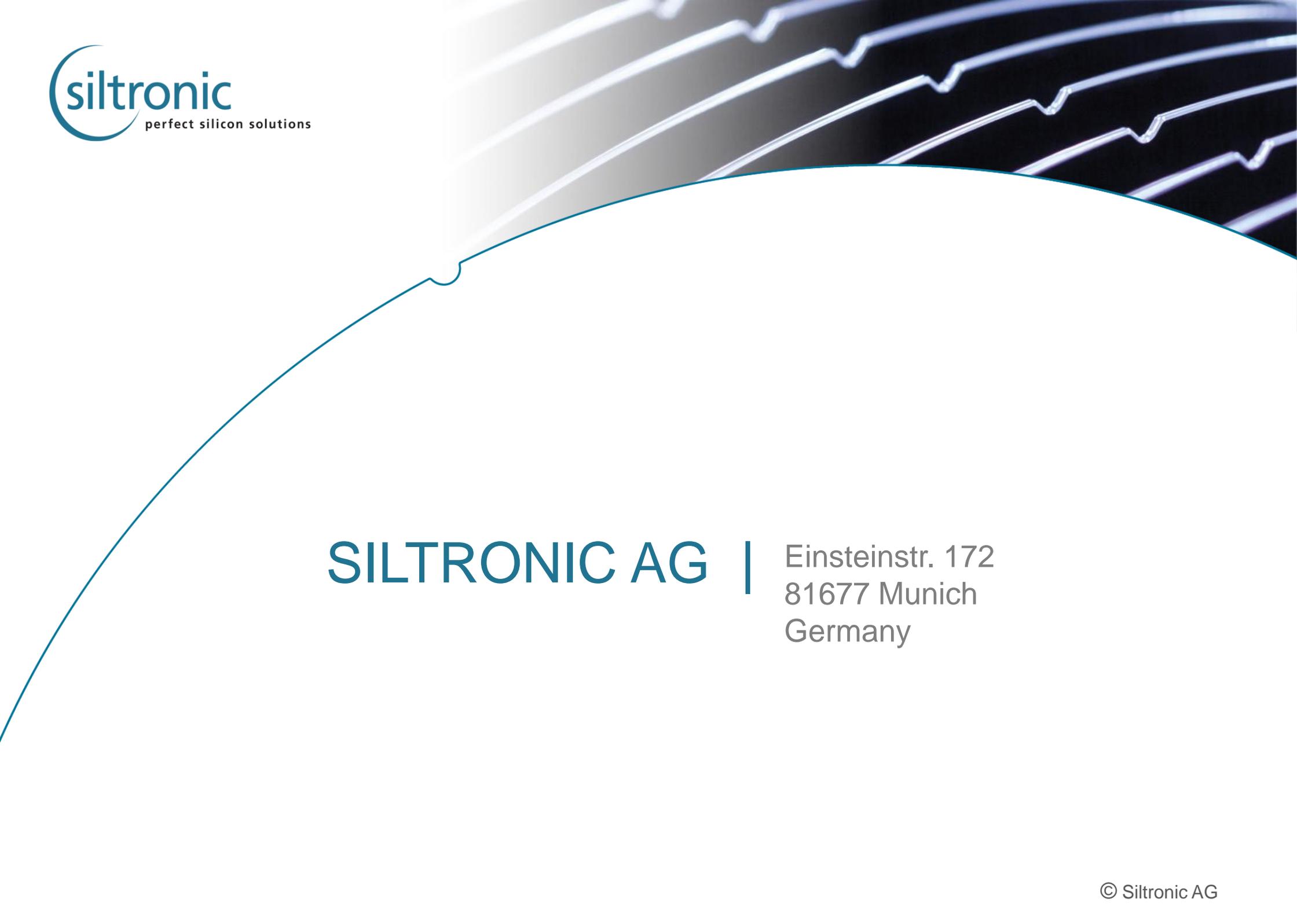
## Financial Calendar 2022

Q2 Interim Report	July 29, 2022
Q3 Quarterly Statement	October 28, 2022



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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.



**SILTRONIC AG** |

Einsteinstr. 172  
81677 Munich  
Germany