

Press release

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Siltronic AG started very well in 2018 and boosted both sales and earnings

- **First-quarter sales around 27 percent up year-on-year**
- **EBITDA more than doubled**
- **EBITDA margin improved from 20.5 percent to 37.4 percent**
- **Net financial assets at new high of EUR 490.8 million**
- **Net cash flow of EUR 112.4 million**
- **Forecast for full year 2018 confirmed**

Munich, Germany, April 25, 2018 – In line with expectations, the ongoing high global demand for wafers continued to drive the positive business performance of Siltronic AG (TecDAX: WAF) seen in 2017 throughout the first quarter of 2018, primarily due to again higher average selling prices.

"We have made an excellent start in 2018 and achieved significant growth in both sales and earnings compared with the first quarter 2017. Continuing full capacity utilization and rising wafer prices have played a key role in achieving this success. Despite the headwind predicted for 2018 coming from the stronger euro exchange

rate against the US dollar, we have been able to maintain our sales at a similarly high level to the very strong previous quarter and additionally increased our profitability," states Dr. Christoph von Plotho, CEO of Siltronic AG.

Continued high demand for wafers drives price increases

In EUR million	Q1	Q1	Change	
	2018	2017	Amount	Percent
Sales	327.4	258.0	69.4	26.9%

The Company's sales rose to EUR 327.4 million in the first quarter of 2018, 26.9 percent up year-on-year (Q1 2017: EUR 258.0 million), driven by the high demand for wafers and the resulting increase in average selling prices.

As expected, the sales performance was held down by the stronger exchange rate of the euro against the US dollar. In the first quarter of 2017, the rate still averaged USD 1.06 to the euro. The US currency was therefore 15 percent stronger than in the same period of 2018 (USD 1.23).

Despite the weaker US dollar but slightly higher selling prices, sales remained at the level of the fourth quarter of 2017 (EUR 328.1 million).

Gross profit more than doubled

In EUR million	Q1	Q1	Change	
	2018	2017	Amount	Percent
Cost of sales	202.5	198.6	3.9	2.0%
Gross profit	124.9	59.4	65.5	>100%
Gross margin	38.1%	23.0%		

Despite higher volumes, cost of sales increased only slightly from EUR 198.6 million in the first quarter of 2017 to EUR 202.5 million in the first quarter of 2018. As the sales growth is primarily due to price increases, gross profit more than doubled

year-on-year from EUR 59.4 million in the first quarter of 2017 to EUR 124.9 million for the same period of 2018. The gross margin climbed correspondingly from 23.0 percent to 38.1 percent. Cost of sales per wafer area were slightly lower.

Quarter-on-quarter, cost of sales decreased by approximately 2 percent (Q4 2017: EUR 206.1 million). At EUR 122.0 million, gross profit for the previous quarter was slightly lower, as was the corresponding gross margin of 37.2 percent.

Selling expenses, R&D and general administration expenses down

In EUR million	Q1	Q1	Change	
	2018	2017	Amount	Percent
Selling expenses	8.4	8.3	0.1	1.2%
R&D expenses	16.6	16.9	-0.3	-1.8%
General administration expenses	6.6	6.0	0.6	10.0%
Total selling, R&D, administration	31.6	31.2	0.4	1.3%
as a percentage of sales	9.7%	12.1%		

Selling expenses, research and development (R&D) and general and administrative expenses were EUR 31.6 million in the first quarter of 2018 and therefore on the same level as in the first quarter of 2017 (EUR 31.2 million), but significantly lower as a percentage of sales. This corresponds to 9.7 percent and 12.1 percent, respectively.

The expenses declined quarter-on-quarter (Q4 2017: EUR 34.9 million).

Positive results from currency hedging

In EUR million	Q1	Q1	Change	
	2018	2017	Amount	Percent
Other operating income	24.9	14.9	10.0	67.1%
Other operating expenses	-21.6	-19.7	-1.9	9.6%
Other operating income and expenses, net	3.3	-4.8	8.1	>100%
<i>of which exchange rate effects</i>	2.7	-4.5	7.2	

Siltronic's other operating income and expenses are strongly affected by exchange rate gains and losses, in particular for currency hedging measures relating to the US dollar and the Japanese yen.

In the first quarter of 2018, the company generated EUR 2.7 million of income from exchange rate effects (Q1 2017: expenses of EUR -4.5 million). In the fourth quarter of 2017 income from exchange rate effects amounted to EUR 1.6 million.

Significant increase in EBITDA and EBITDA margin

In EUR million	Q1	Q1	Change	
	2018	2017	Amount	Percent
EBIT	96.6	23.4	73.2	>100%
EBIT margin in %	29.5%	9.1%		
Depreciation, amortization and impairment less reversals thereof	25.7	29.6	-3.9	13.2%
EBITDA	122.3	53.0	69.3	>100%
EBITDA margin in %	37.4%	20.5%		

The further rise in average selling prices also resulted in a significant increase in profitability. EBIT in the first quarter of 2018 more than quadrupled year-on-year to EUR 96.6 million (Q1 2017: EUR 23.4 million).

EBIT also increased by EUR 5.5 million compared to the previous quarter, despite the currency-related headwind. The improvement is mainly attributable to lower depreciation.

As a result, EBITDA also increased to EUR 122.3 million in the first quarter of 2018 and has thus more than doubled compared with the EUR 53.0 million recorded for the first quarter of 2017. The EBITDA margin climbed from 20.5 percent to 37.4 percent.

EBITDA and the corresponding EBITDA margin were approximately at the level of the previous quarter (Q4 2017: 36.8 percent).

Further increase in net result for the period

In EUR million	Q1	Q1	Change	
	2018	2017	Amount	Percent
Result before income tax	94.3	21.0	73.3	>100%
Expense of income taxes	-12.3	-4.0	-8.3	>100%
Tax rate in %	13.0%	19.0%		
Net result for the period	82.0	17.0	65.0	>100%
Earnings per common share in EUR	2.62	0.56	2.06	>100%

Siltronic Group's net result for the first quarter of 2018 increased significantly to EUR 82.0 million. By comparison: the net result for the first quarter of 2017 amounted to EUR 17.0 million. The sharp jump in profit is due to constant increases in average selling prices and a slight decline in production costs per wafer area. There was also an improvement of EUR 8.1 million quarter-on-quarter.

Earnings per share amounted to EUR 2.62 for the first quarter of 2018, compared with EUR 0.56 for the corresponding period of 2017. In the fourth quarter 2017, profit per common share stood at EUR 2.37.

ROCE came in at 49.3 percent for the first quarter of 2018, compared with 12.9 percent one year earlier. The driving factor was the significant increase in EBIT. In the fourth quarter of 2017, ROCE stood at 48.8 percent.

Equity again higher

In EUR million	<u>31.03.2018</u>	<u>31.12.2017</u>	<u>Change</u>
Equity	707.1	637.9	69.2
Provision for pensions	380.7	367.2	13.5
Customer prepayments	56.5	42.9	13.6
Other provisions and liabilities	55.1	52.2	2.9
Non-current liabilities	492.3	462.3	30.0
Trade liabilities	83.5	67.1	16.4
Customer prepayments	50.1	27.0	23.1
Other provisions and liabilities	82.8	58.1	24.7
Current liabilities	216.4	152.2	64.2
Total equity and liabilities	<u>1,415.8</u>	<u>1,252.4</u>	<u>163.4</u>

Equity rose to EUR 707.1 million in the first quarter of 2018. The increase of EUR 69.2 million is mainly attributable to the net result for the period amounting to EUR 82.0 million.

Non-current liabilities rose to 492.3 million euros as of March 31, 2018. The increase is mainly due to higher customer prepayments and lower interest rates in the valuation of pension provisions in Germany.

As at March 31, 2018, the pension provision in Germany was discounted at 2.02 percent and as of December 31, 2017 at 2.10 percent. In the USA, however, the interest rate increased from 3.45 percent to 3.81 percent.

Net cash flow reaches EUR 112.4 million

EUR Mio.	Q1 2018	Q1 2017	Amount	Percent
Cash flow from operating activities without change in customer prepayments	137.4	48.3	89.1	>100%
Proceeds/payments for capital expenditure (including intangible assets)	-25.0	-17.4	-7.6	43.7%
Net cash flow	112.4	30.9	81.5	>100%
Proceeds/payments for capital expenditure (including intangible assets)	-25.0	-17.4	-7.6	43.7%
Proceeds/payments from fixed-term deposits	-126.4	-8.6	-117.8	>100%
Cash flow from investing activities	-151.4	-26.0	-125.4	>100%

Due to the strong quarterly result, net cash flow in the first quarter of 2018 totaled EUR 112.4 million.

In the first quarter of 2018, Siltronic has already received customer prepayments from customers in the amount of approximately EUR 41 million and expects to receive further prepayments in the remainder of the fiscal year.

The increase in payments for capital expenditure in the first three months of 2018, amounting to EUR 25.1 million, mainly relates to capacity expansions in 2019 and the further automation of production.

Net financial assets reach new peak

In EUR million	<u>31.03.2018</u>	<u>31.12.2017</u>	<u>Change</u>
Cash and cash equivalents	248.3	225.8	22.5
Fixed-term deposits	242.5	116.3	126.2
Net financial assets	490.8	342.1	148.7

As at March 31, 2018, net financial assets reached a new high of EUR 490.8 million. Approximately half of this amount consists of cash and cash equivalents and fixed-term deposits.

Forecast for full year 2018 confirmed

Siltronic AG predicts a positive business performance in 2018, driven by further price increases for wafers, and confirms the forecast made at the beginning of March 2018. For further information on the forecast for the full year 2018, please see the Annual Report 2017.

Siltronic AG – key figures Q1/2018

Consolidated statement of profit and loss / cash flow In EUR million			
	Q1/2018	Q1/2017	Q4/2017
Sales	327.4	258.0	328.1
EBITDA	122.3	53.0	120.9
EBITDA margin	37.4%	20.5%	36.8%
EBIT	96.6	23.4	91.1
EBIT margin	29.5%	9.1%	27.8%
Net result for the period	82.0	17.0	73.9
Earnings per share (in EUR)	2.62	0.56	2.37
ROCE	49.3%	12.9%	48.8%
Capital expenditure in property, plant and equipment and intangible assets	33.4	19.3	61.4
Net cash flow	112.4	30.9	-4.5

Statement of financial position in EUR million		
	Mar 31, 2018	Dec 31, 2017
Equity	707.1	637.9
Equity ratio	49.9%	50.9%
Net financial assets	490.8	342.1
Total assets	1,415.8	1,252.4

Conference call for analysts and investors

The Executive Board of Siltronic AG will conduct a conference call with analysts and investors (in English only) on April 25, 2018 at 3:00 pm (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 latest investor presentation (in English only) and this press release are also published on the Siltronic website.

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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 300mm. Silicon wafers form the basis for modern microelectronics and nanoelectronics and are a key component in semiconductor chips driving computers, smartphones, navigation systems and many other applications. Siltronic AG employs roughly 3,800 people and is a stock-listed company in Germany (Prime Standard) and included in the TecDAX.

Consolidated financial figures – IFRS, unaudited
Siltronic AG – consolidated statement of profit and loss

In EUR million	Q1 2018	Q1 2017
Sales	327.4	258.0
Cost of sales	-202.5	-198.6
Gross profit	124.9	59.4
Selling expenses	-8.4	-8.3
Research and development expenses	-16.6	-16.9
General administration expenses	-6.6	-6.0
Other operating income	24.9	14.9
Other operating expenses	-21.6	-19.7
Operating result	96.6	23.4
Interest income	0.4	0.3
Interest expenses	-0.1	-0.3
Other finance result	-2.6	-2.4
Financial result	-2.3	-2.4
Result before income tax	94.3	21.0
Income taxes	-12.3	-4.0
Net result for the period	82.0	17.0
of which		
attributable to Siltronic AG shareholders	78.6	16.7
attributable to non-controlling interests	3.4	0.3
Earnings per share in EUR (basic/diluted)	2.62	0.56

Consolidated financial figures – IFRS, unaudited

Siltronic AG – consolidated statement of financial position

In EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Intangible assets	23.9	25.8	24.0
Property, plant and equipment	518.2	514.6	513.3
Securities	1.3	-	1.3
Other financial assets	1.5	0.6	1.5
Deferred tax assets	9.5	6.0	6.5
Non-current assets	554.4	547.0	546.6
Inventories	138.3	144.3	149.9
Trade receivables	172.5	128.4	159.9
Contract assets	18.1	-	-
Fixed-term deposits	242.5	89.3	116.3
Other financial assets	19.3	14.3	21.3
Other non-financial assets	20.1	12.3	30.0
Income tax receivables	2.3	0.2	2.6
Cash and cash equivalents	248.3	161.4	225.8
Current assets	861.4	550.2	705.8
Total assets	1,415.8	1,097.2	1,252.4
Subscribed capital	120.0	120.0	120.0
Capital reserves	974.6	974.6	974.6
Retained earnings and net Group result	-186.2	-438.3	-269.7
Other equity items	-205.3	-174.9	-187.6
Equity attributable to Siltronic AG shareholders	703.1	481.4	637.3
Equity attributable to non-controlling interests	4.0	-6.3	0.6
Equity	707.1	475.1	637.9
Provision for pensions	380.7	371.4	367.2
Other provisions	48.5	37.5	48.8
Provisions for income taxes	2.7	-	0.7
Deferred tax liabilities	3.2	2.5	2.7
Financial liabilities	-	41.6	-
Contract liabilities	56.5	-	-
Other financial liabilities	0.7	0.3	-
Other non-financial liabilities	-	5.8	42.9
Non-current liabilities	492.3	459.1	462.3
Other provisions	7.0	5.8	4.6
Provisions and liabilities for income tax	14.2	8.9	5.4
Trade liabilities	83.5	82.3	67.1
Contract liabilities	50.1	-	-
Other financial liabilities	3.5	8.9	1.2
Other non-financial liabilities	58.1	57.1	73.9
Current liabilities	216.4	163.0	152.2
Liabilities	708.7	622.1	614.5
Total equity and liabilities	1,415.8	1,097.2	1,252.4

Consolidated financial figures – IFRS, unaudited

Siltronic AG – Consolidated statement of cash flows

In EUR million	Q1 2018	Q1 2017
Net result for the period	82.0	17.0
Depreciation/amortization of non-current assets, including impairment losses and reversals thereof	25.7	29.6
Other non-cash expenses and income	-0.1	1.9
Result from disposal of non-current assets	0.2	0.6
Interest income	-0.3	-
Interest paid	-0.1	-
Interest received	0.4	0.3
Tax expense	12.3	4.0
Taxes paid	-7.6	-1.6
Changes in inventories	-0.3	-2.2
Changes in trade receivables	-14.5	-8.0
Changes in contract assets	-0.5	-
Changes in other assets	11.8	-7.3
Changes in contract liabilities	37.2	-
Changes in deferred taxes	0.0	0.4
Changes in provisions	6.7	3.4
Changes in trade liabilities	9.9	-4.2
Changes in other liabilities	11.8	14.8
Cash flow from operating activities	174.6	48.7
Payments for capital expenditure (including intangible assets)	-25.1	-17.4
Proceeds from the disposal of property, plant and equipment	0.1	-
Payments for the acquisition of fixed-term deposits	-132.5	-31.8
Proceeds from fixed-term deposits	6.1	23.2
Cash flow from investing activities	-151.4	-26.0
Cash flow from financing activities	0.0	0.0
Changes due to exchange rate fluctuations	-0.7	2.3
Changes in cash and cash equivalents	22.5	25.0
at the beginning of the period	225.8	136.4
at the end of the period	248.3	161.4

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 corresponds to the Group quarterly statement in accordance with section 50 of the regulations of the Frankfurt Stock Exchange.