

Siltronic AG

Q3 2023 Conference Call
Presentation

In line with expectations

October 26, 2023

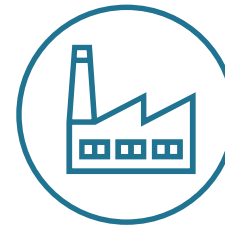
Development in Q3 in line with expectations

**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



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

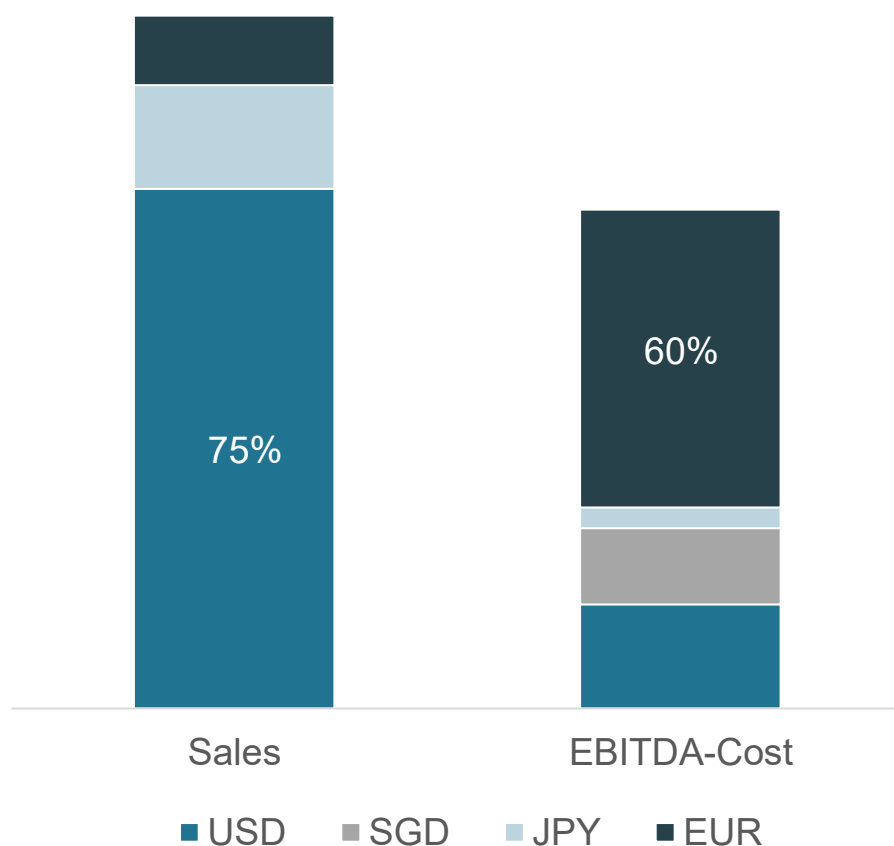
- ▶ Expected increase in depreciation

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

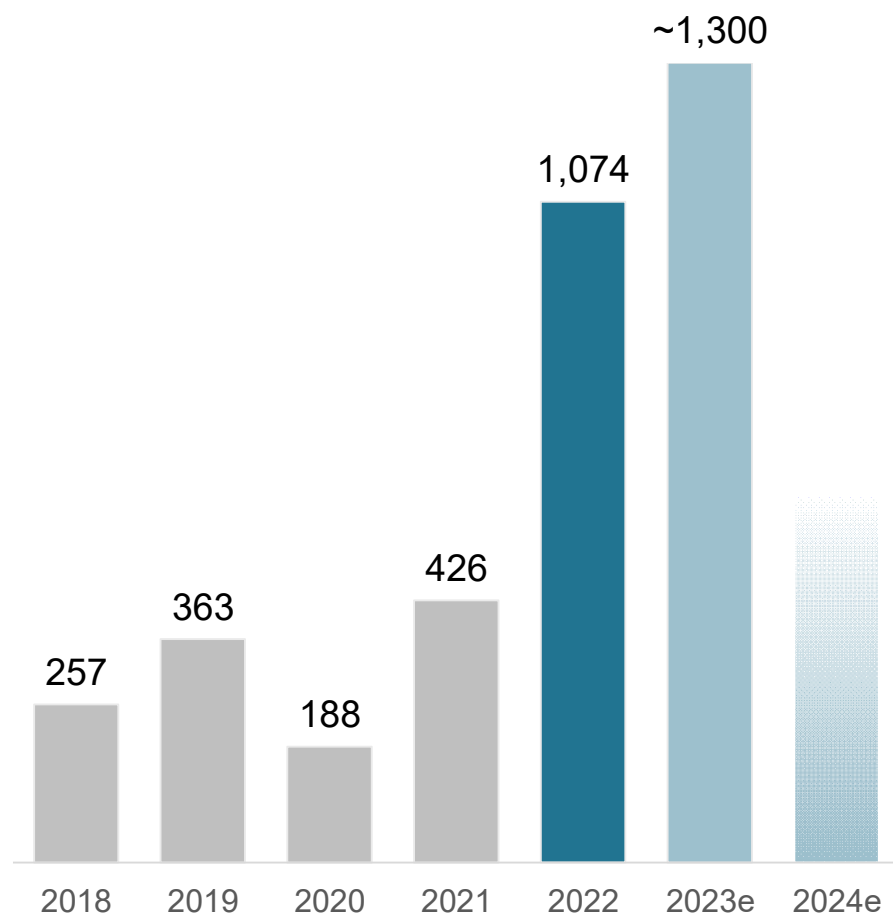
- Last drawdown of Singapore Dollar loan in Q3 23

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

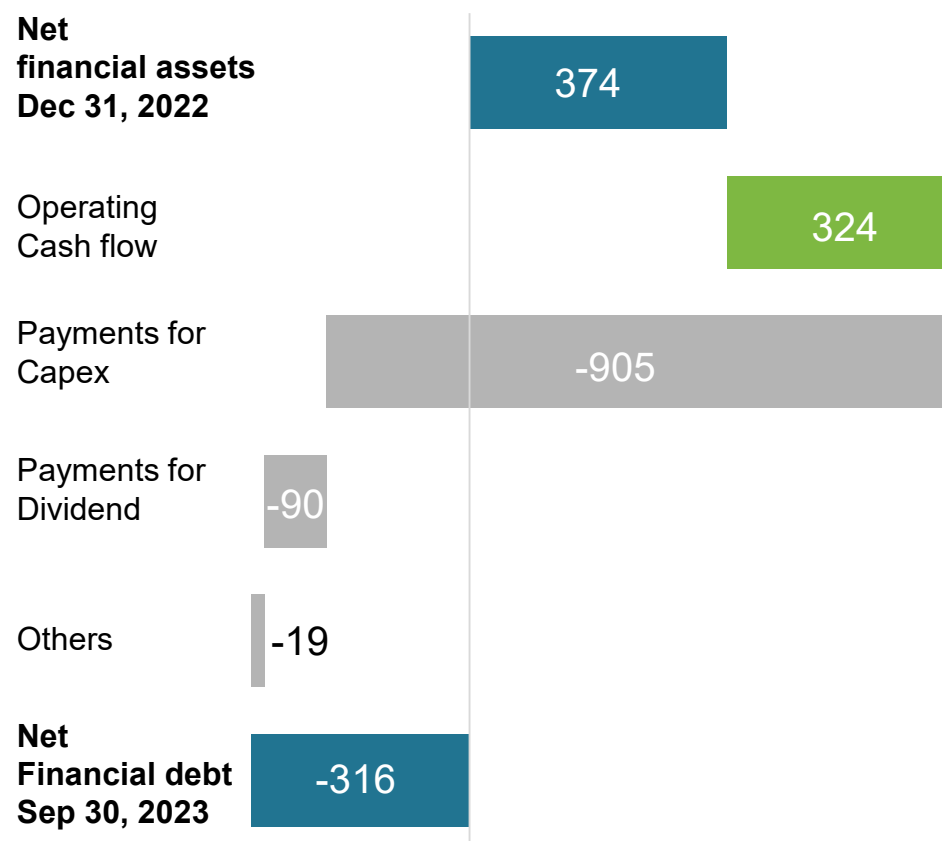
- ▶ Capex 2023 for FabNext, extension of crystal pulling hall in Freiberg (inaugurated in September) and capability enhancement
- ▶ Capex 2024 will be reduced by more than half

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



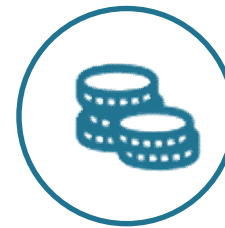
Outlook 2023 and beyond

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

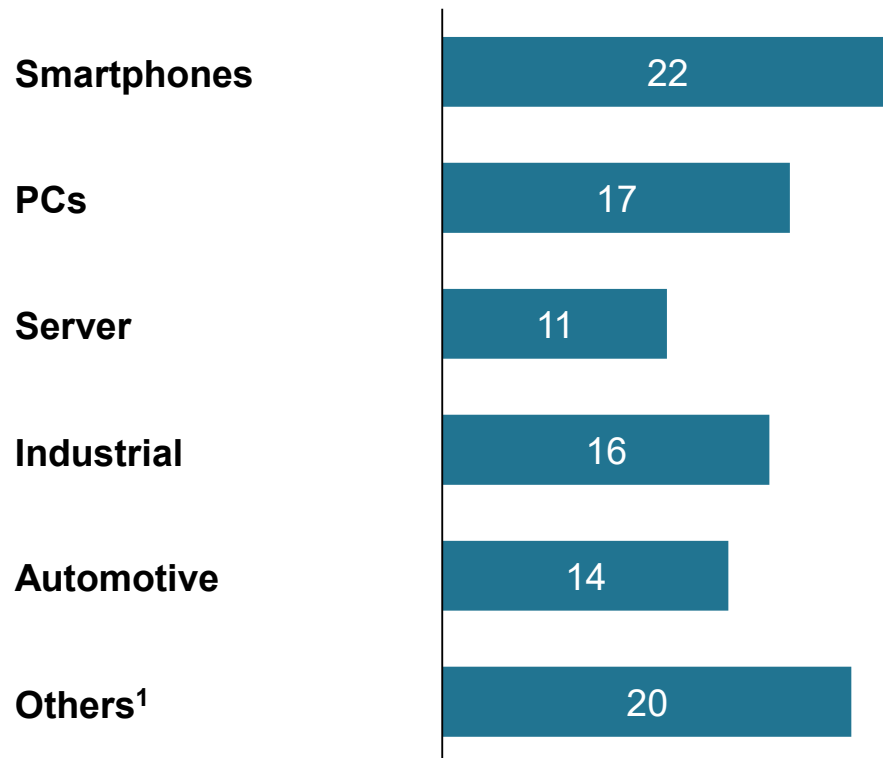
High LTA share
stabilizes business



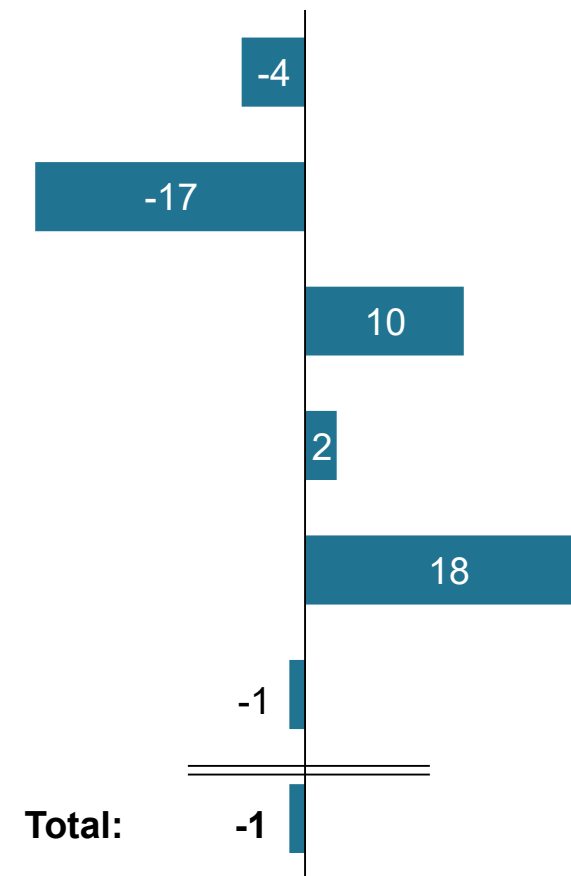
Solid **profitability**

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

Consumption of wafers by end use 2022, in %



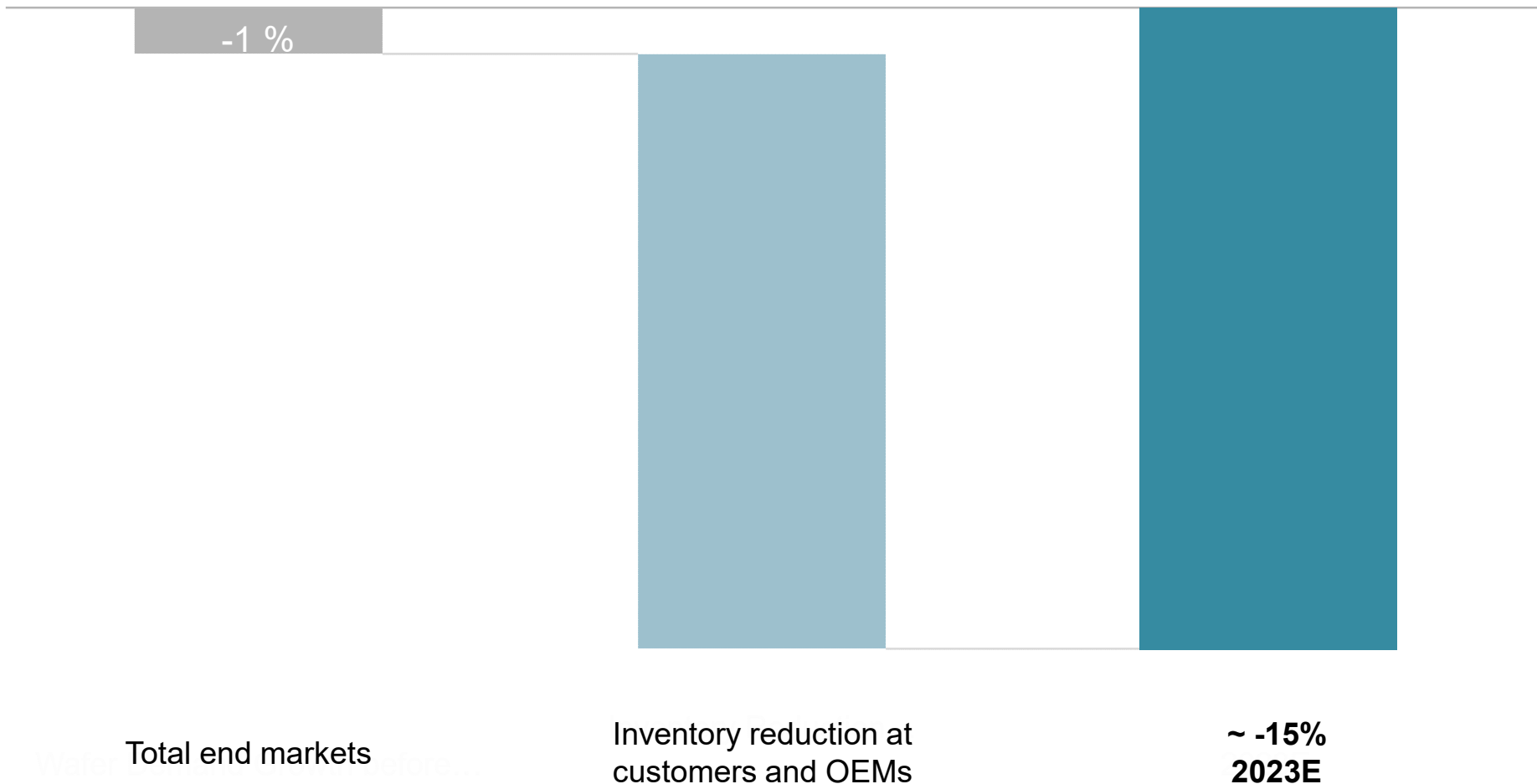
Growth in demand for wafer area 2023 vs. 2022, in %



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>

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Financial Calendar 2024

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

Additional Information

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



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