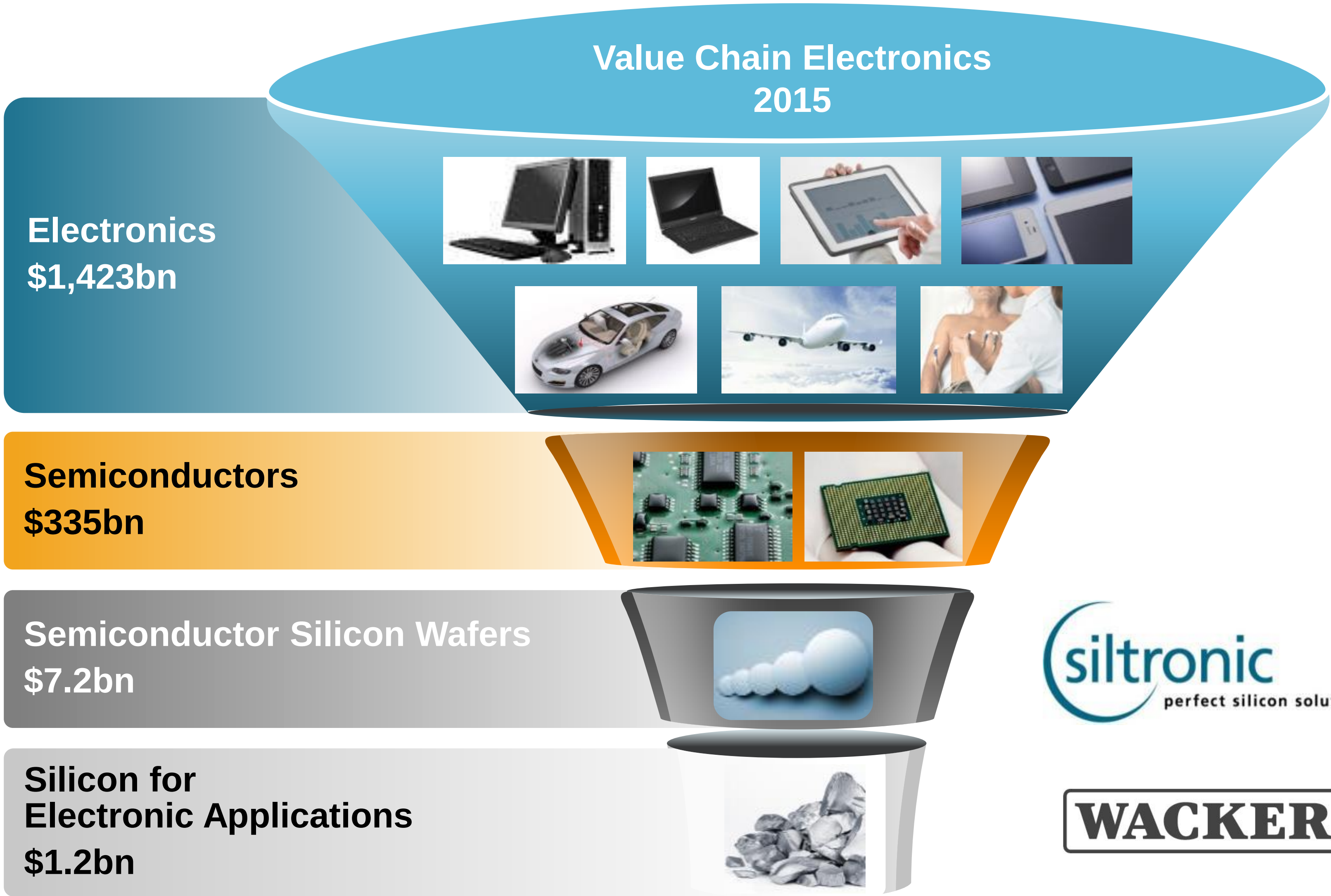
Siltronic – a leading producer of silicon wafers

Commerzbank MidCap Conference Boston/New York
May 18+19, 2016

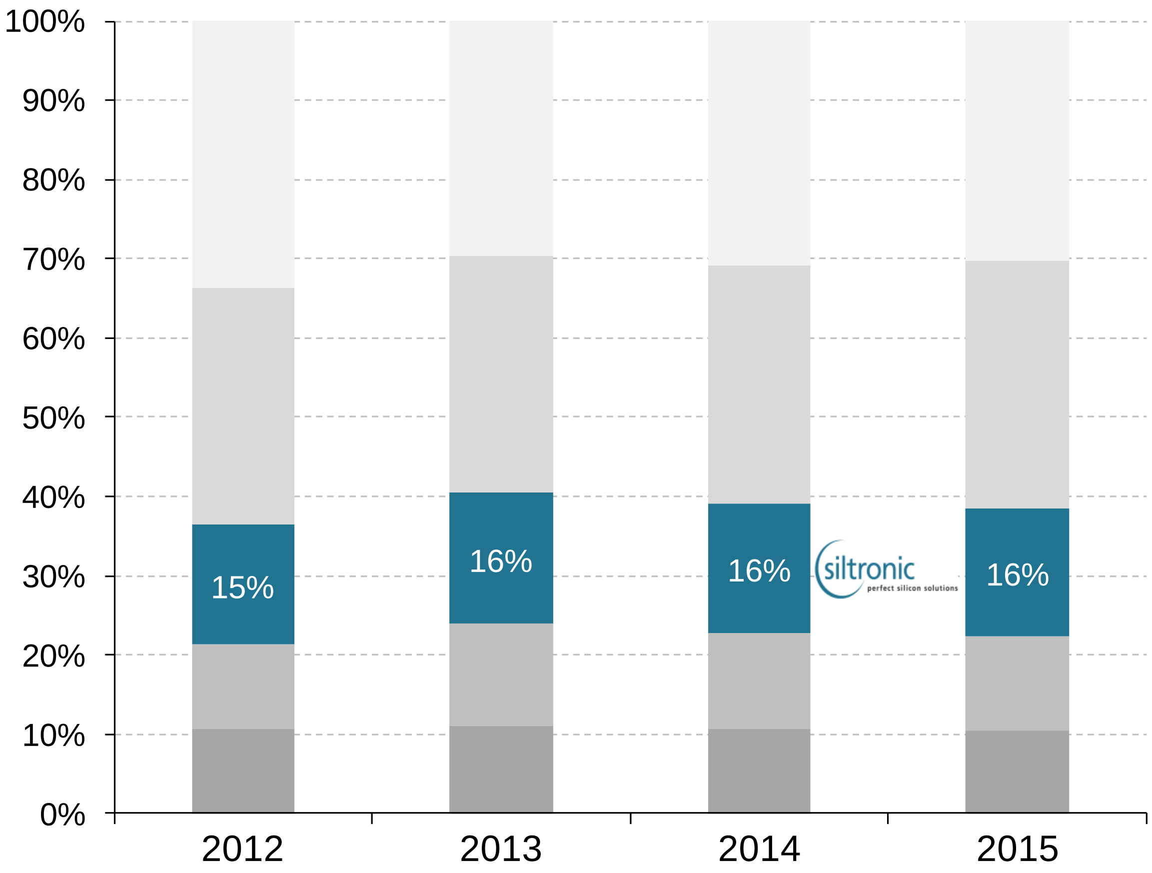
The whole electronic value chain is based on semiconductor silicon wafers.



Source: Electronics (IC Insights), Semiconductors (WSTS), Silicon Wafers (SEMI, Siltronic), Electronic Applications (WACKER estimate)

Strong #3 wafer supplier with stable market share

Market share 2015

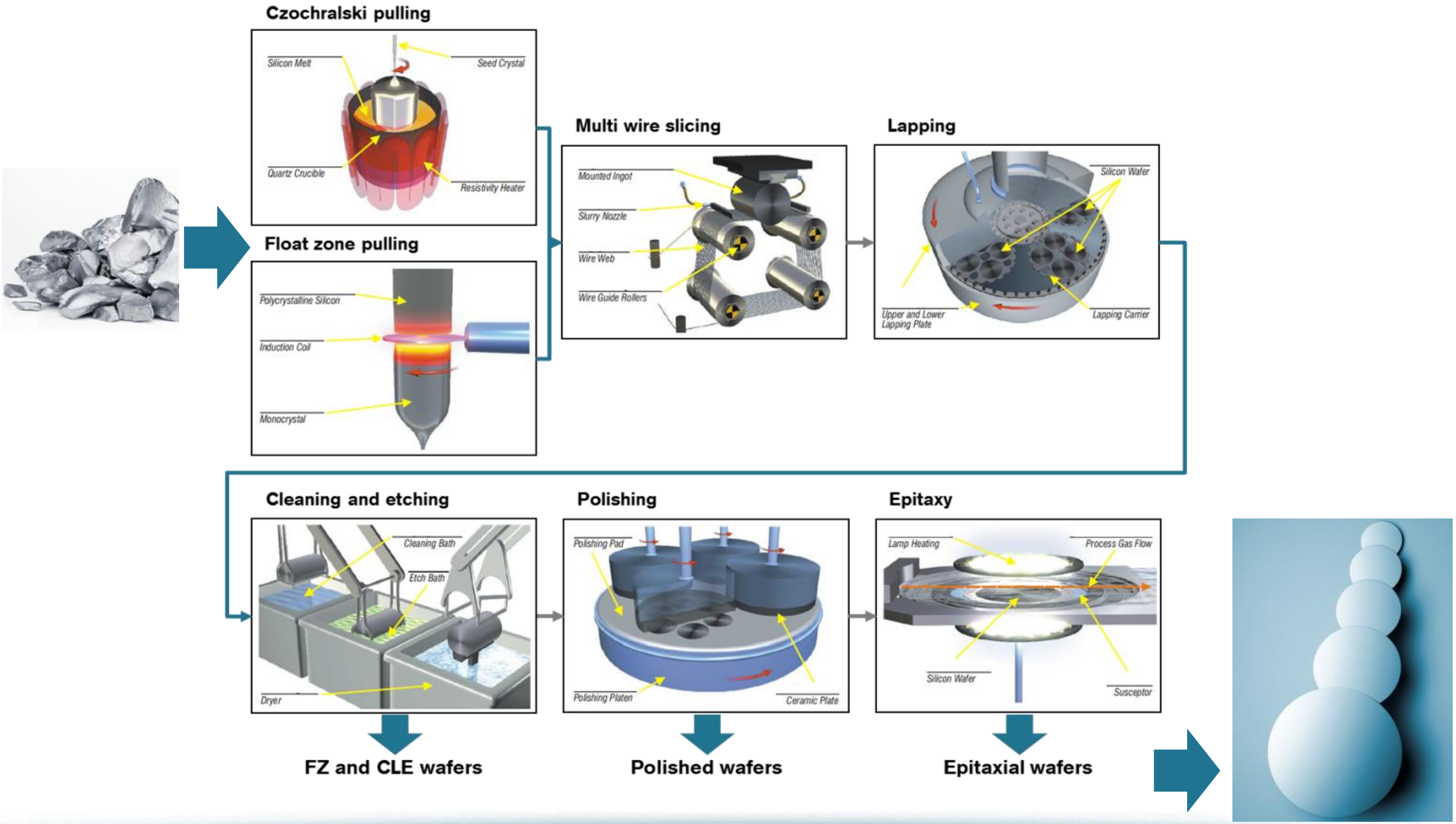


Strong #3 position

~16% stable market share

Sources: Companies' revenue reports until Q3 2015, converted to USD using annual foreign exchange rates

Value Creation at Siltronic



International manufacturing network supports market leadership and business focus

Siltronic production network

	Portland	Burghausen	Freiberg	Singapore
300 mm		●	●	●
200 mm	●			●
SD		●		
Crystal		●	●	●
R&D		●		

Customer base well diversified across all major semiconductor silicon wafer consumers

Siltronic is a supplier to all top 20 silicon wafer consumers

GLOBALFOUNDRIES
HHGrace 華虹宏力
infineon
inotera memories
intel
NXP + freescale
Micron
MITSUBISHI ELECTRIC Changes for the Better
Powerchip 力晶科技
RENESAS
ROHM SEMICONDUCTOR
SAMSUNG
SK hynix
SMIC
ST life.augmented
TEXAS INSTRUMENTS
TOSHIBA
tsmc
UMC
VIS

Siltronic **well positioned at all major** silicon **consumers**

Top 10 customers represent **~65%** of 2015 **revenues**

Note: Top 20 consumers defined according to their fab capacities in the Fab Data Base from Gartner
Source: Company Information; Gartner Fab Data Base; Companies' web pages

Excellent Customer Service and Support Reflected in Several of the Industry's Most Important Quality Awards

Excellent Customer Service

50+ **years track record**

24 **hour response time anytime and anywhere in the world**

Local **sales network**

~100% **on-time delivery**

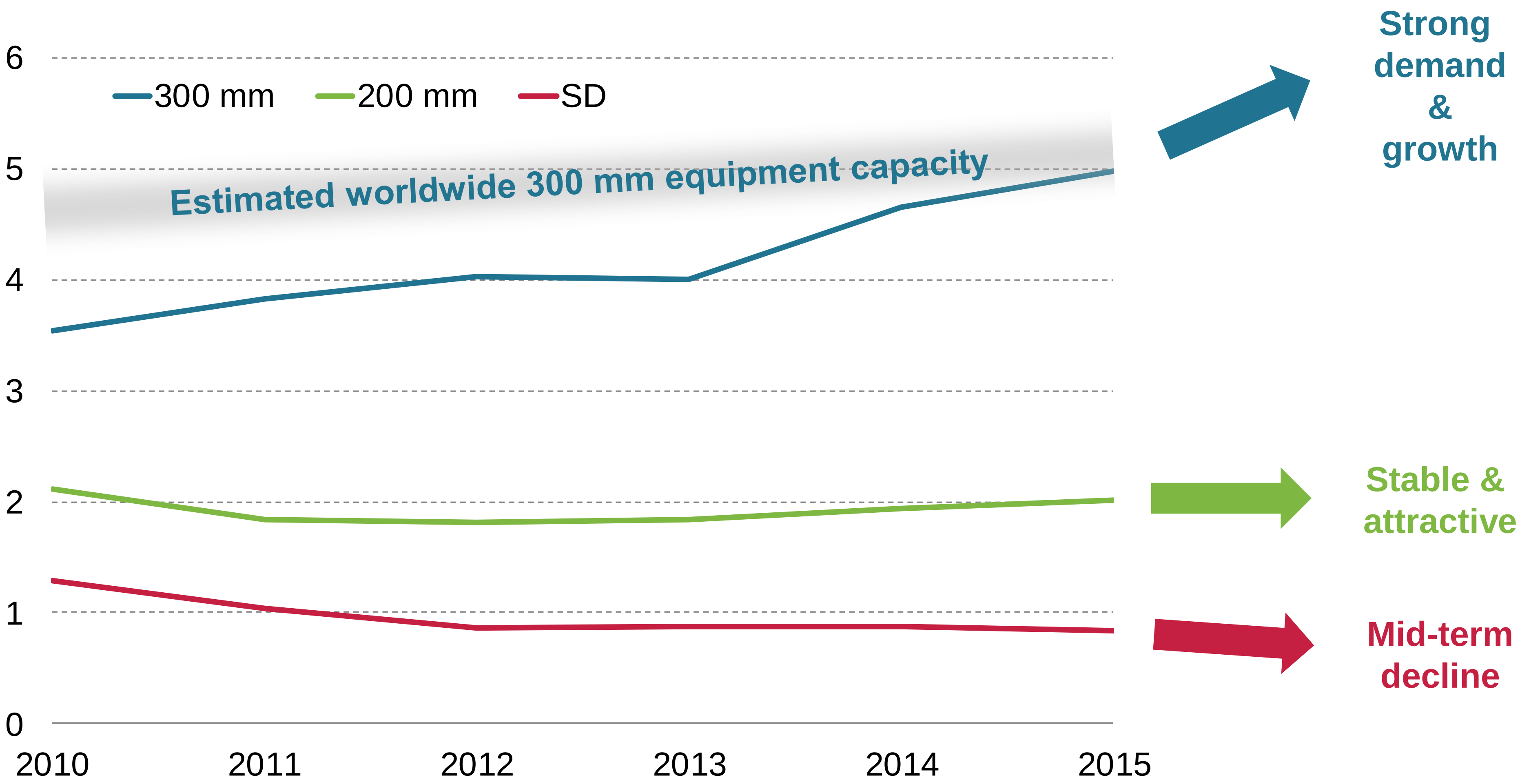
Meets demands of highest international quality standards

Industry Quality Awards

- **Supplier Continuous Quality Improvement Award** 2011 by Intel
- **Preferred Quality Supplier Award** by Intel for the 6th time in a row in 2015
- **Supplier Awards from** almost **all Top 20** customers

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

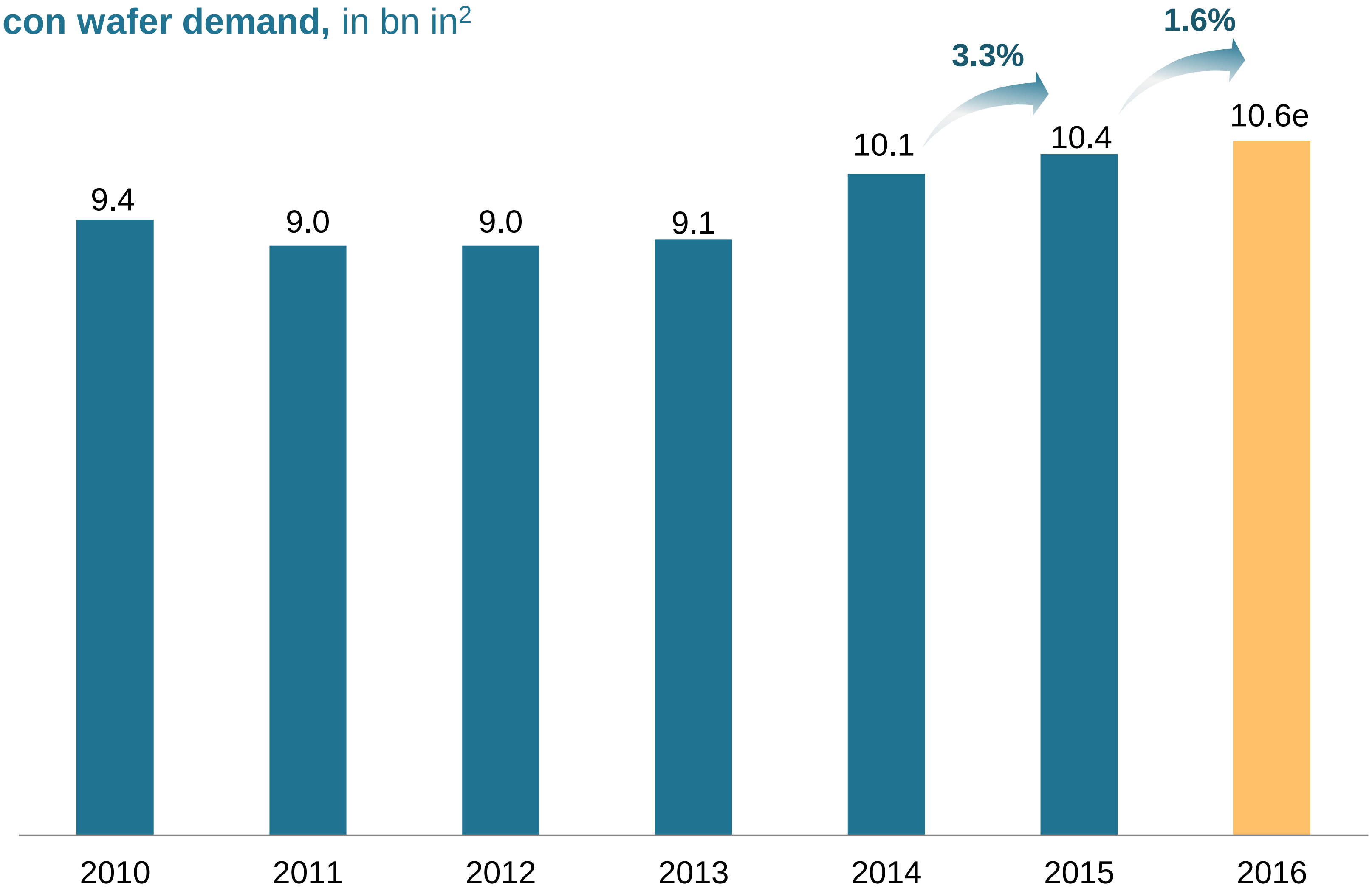
Development of total wafer demand per diameter, in mn 300 mm equivalents per month



Source: SEMI, Siltronic estimates

Silicon area demand continues to grow

Silicon wafer demand, in bn in^2

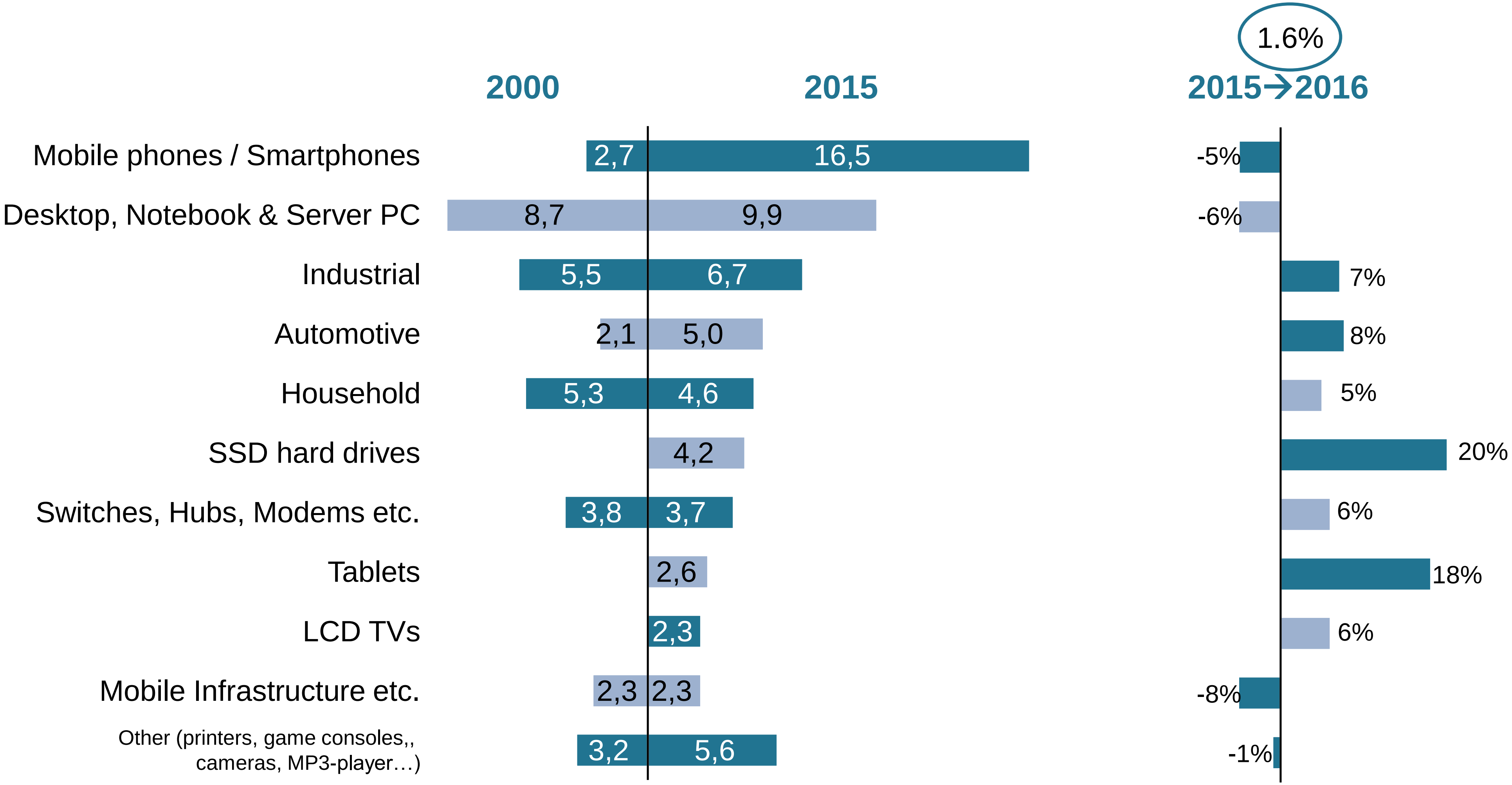


Source: SEMI SMG Silicon Area until 2015, IHS Semiconductor Silicon Demand Forecast Tool Q1 2016 (growth rates from 2016 onwards)

Major applications with silicon demand

Demand 2000/2015, in bn. cm²

Growth 2016



Source: IHS Semiconductor Silicon Demand Forecast Tool (Q2 2016 Update)

Silicon area demand continues to grow driven by sustained diversification and new applications

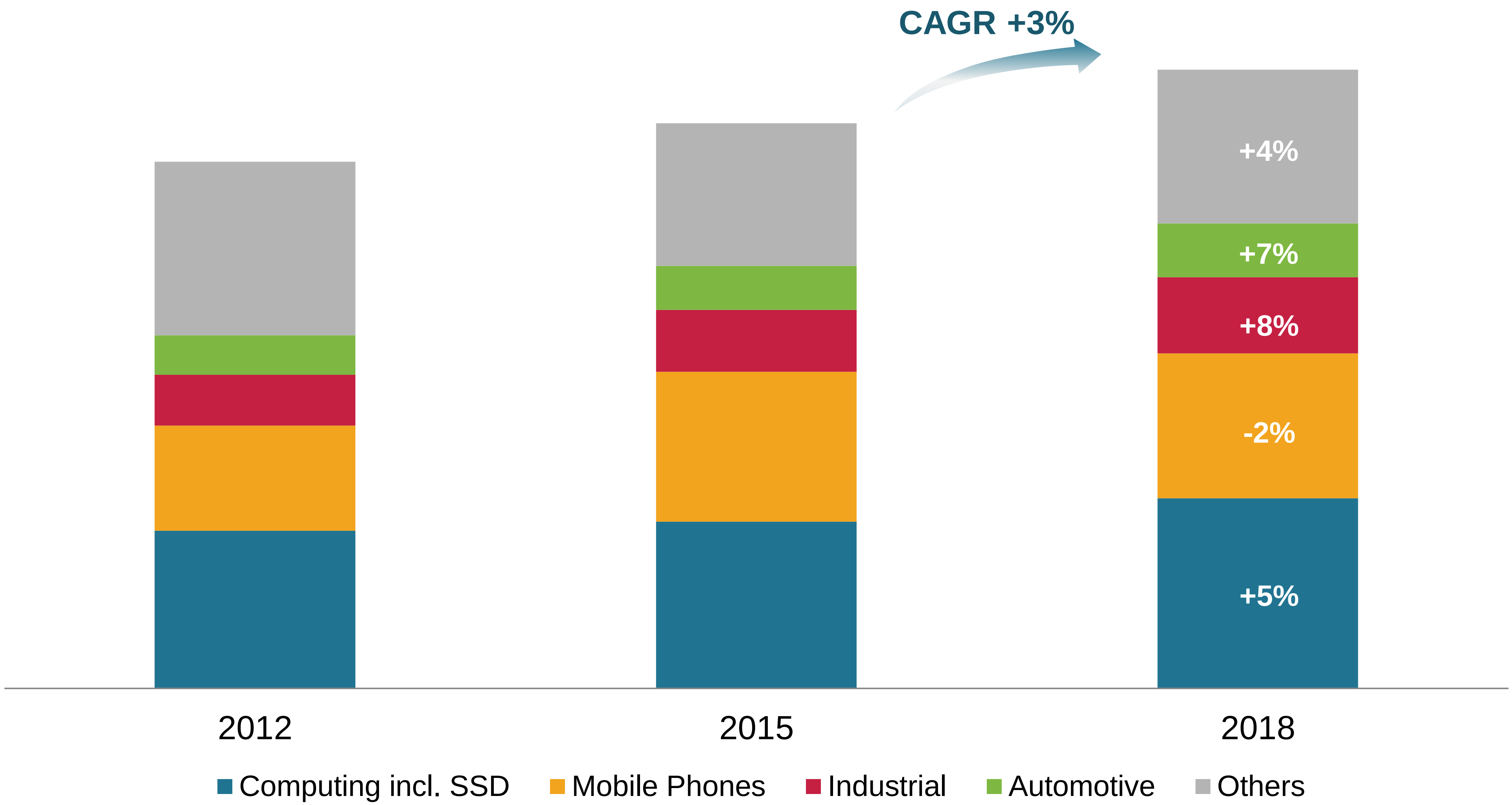
New applications in micro-electronic

Applications

- Internet of Things (IoT)
- Industry 4.0
- Wearables
- Eletronics in cars
- …

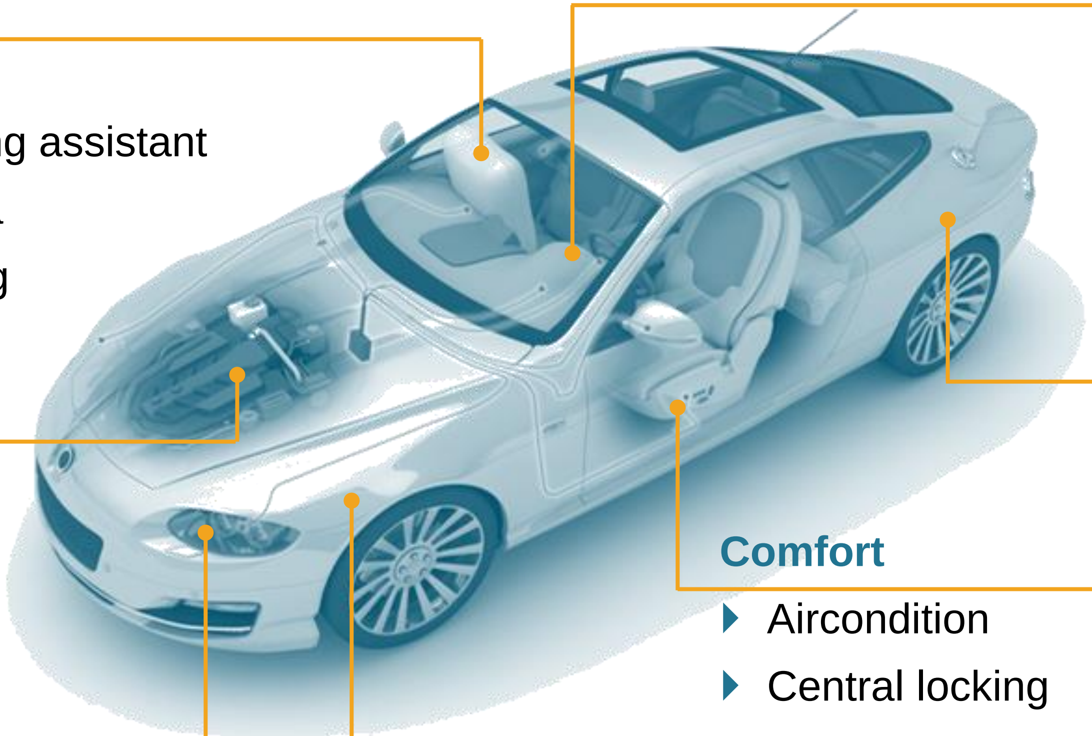
Industrial and automotive with higher growth rates in next years

Wafer demand for main applications, in silicon area



Source: IHS, Q2-2016;

Cars are full of assistance systems



Safety & control
- Airbag
- Electronic parking assistant
- rearview camera
- Collision warning

Infotainment
- Audio
- Navigation
- Instrument panel

Engine control
- Engine / emission control
- Electric drive
- Hybrid drive

Networking
- Intra-car (Bus-System)
- Car-2-X Communication

Comfort
- Aircondition
- Central locking
- Power windows
- Seat adjustment

Electronic
- Light
- Battery management
- Starter
- Diagnosis

Chassis
- Control
- Break (ABS)
- Traction control

Source: McKinsey

Siltronic Financial Highlights 2015

Sales	Sales of 931.3 mn EUR (2014: adjusted[1] 853.4 mn EUR) Growth of 9.1%
EBITDA	124.0 mn EUR (2014: adjusted[1] 117.7 mn EUR), Without negative FX effects[2] EBITDA would have been 169.7 mn EUR
Margin	EBITDA margin of 13.3% (2014: adjusted[1] 13.8%) Without negative FX effects[2] EBITDA margin would have been 18.2%
EBIT	Positive at 2.7 mn EUR (2014: adjusted[1] -31.6 mn EUR)
Cost Savings	Around 45 mn EUR realised
CapEx	75.0 mn EUR (2014: adjusted[1] 40.7 mn EUR), mainly in enhanced capabilities
Free Cash Flow	37.4 mn EUR (2014 adjusted[1]: 86.3 mn EUR)
Net Cash	155.9 mn EUR (2014: net debt of 24.5 mn EUR)

[1] adjusted for consolidation effects resulting from acquisition of Siltronic Silicon Wafer Pte.Ltd., Singapur
[2] other operating income and expenses influenced by FX effects, mainly due to hedging. In 2015, These effects added up to expenses of 45.7 mn EUR.

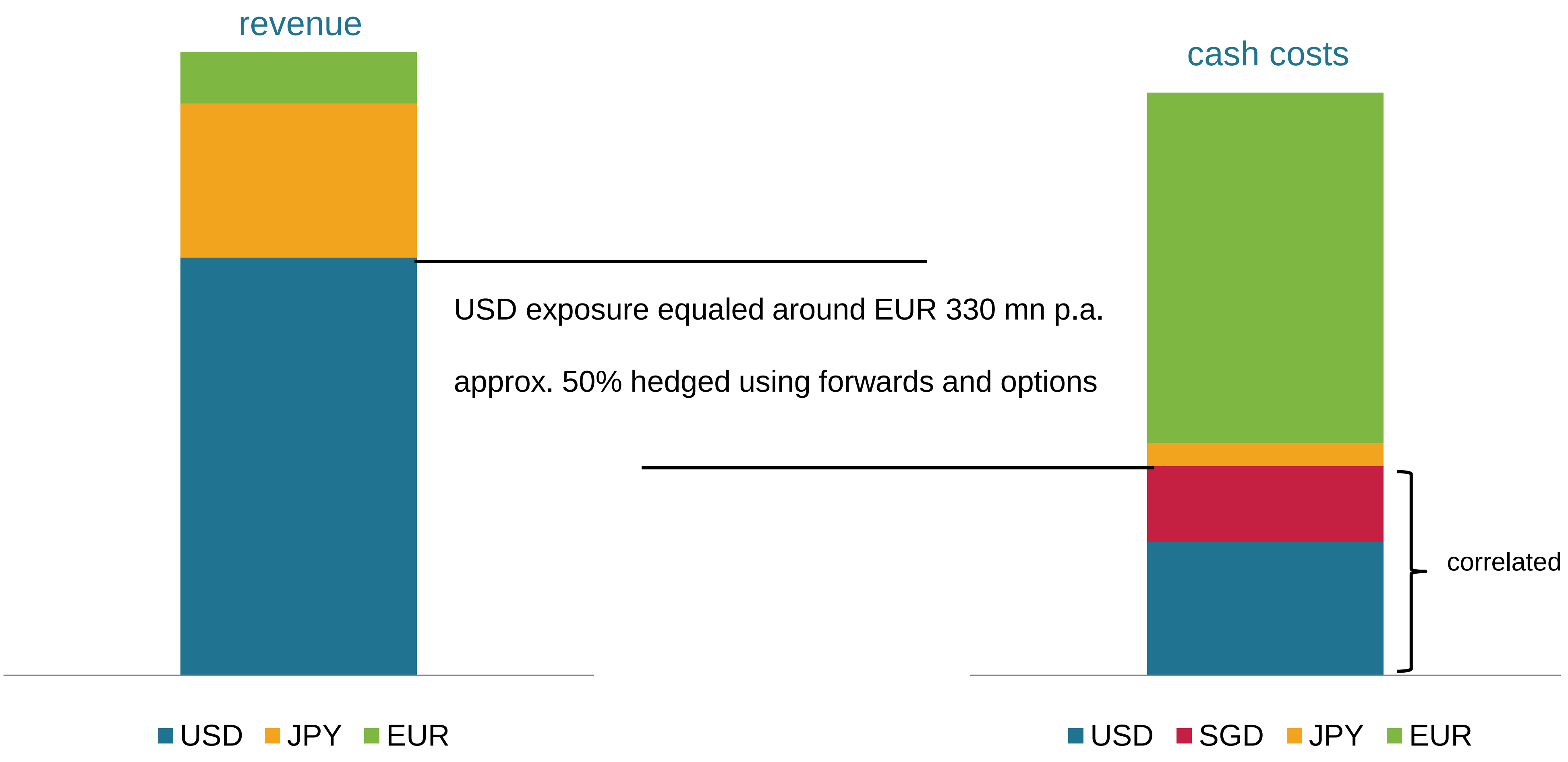
Financials improved strongly over the last years

Adjusted[1] financial figures (EUR mn)	2015	2014	2013	2012
Sales	931.3	853.4	875.5	1030.0
EBIT	2.7	(31.6)	(87.3)	(75.5)
EBIT margin in %	0.3	(3.7)	(10.0)	(7.3)
EBITDA	124.0	117.7	112.6	122.5
EBITDA margin in %	13.3	13.8	12.9	11.9
CapEx	(75.0)	(40.7)	(39.7)	(144.3)
Free cash flow	37.4	86.3	64.7	(134.4)

[1] figures 2014 adjusted for consolidation effects resulting from acquisition of SSW and restructuring

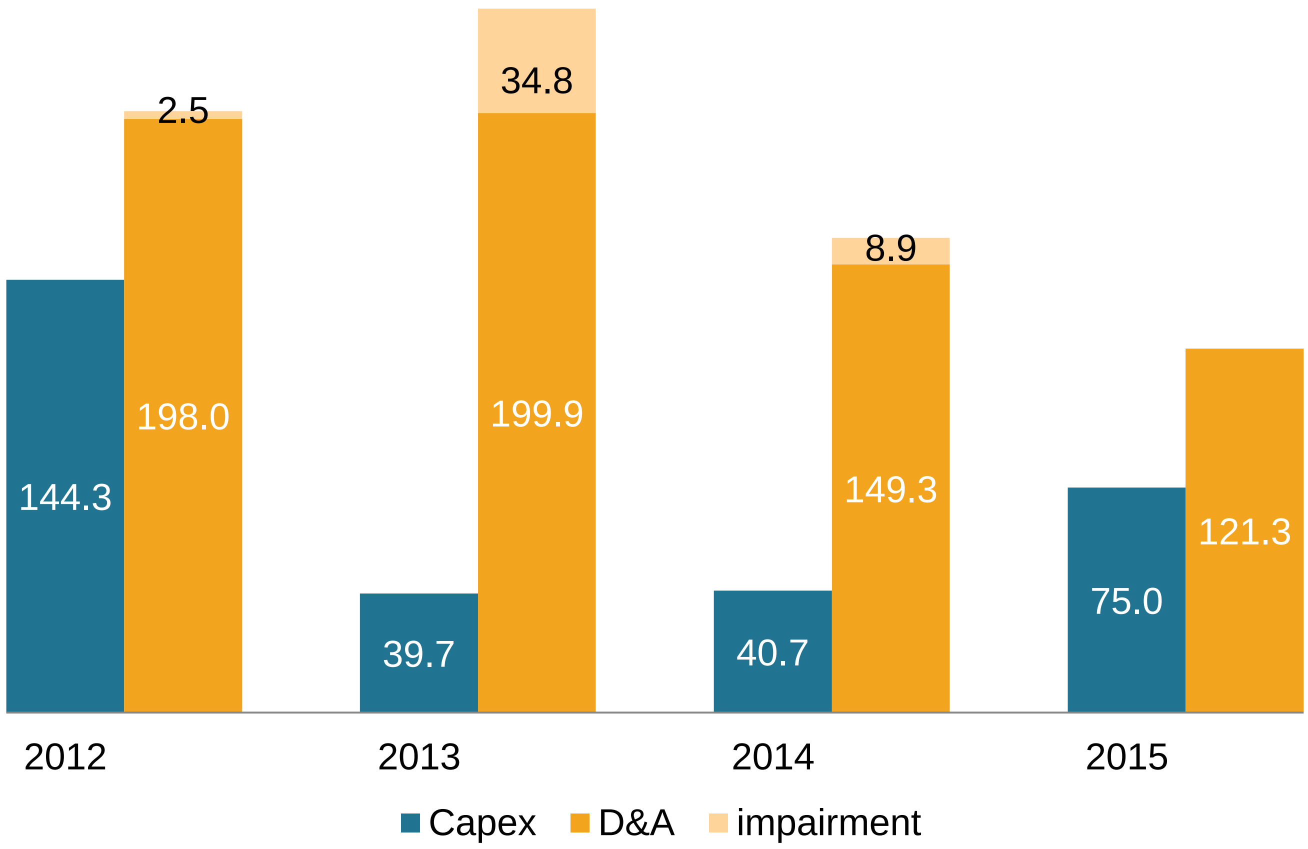
USD sales significantly higher than USD/SGD costs

Currency mix at Siltronic



CapEx: spending mostly for capability and cost reductions

Adjusted[1] CapEx and D&A, in EUR mn



CapEx focus on

- Capability improvement
  - New design rules
  - New generation crystal pullers
- Cost reduction (e.g. automation)
- Debottlenecking

No extensions planned

- Empty shell capacity would allow for fast and cost efficient extension
- Extensions not considered at current price levels

[1] adjustments are based on the assumption that SSW would have been consolidated prior to January 1, 2014. Initial consolidation of SSW was made as of January 24, 2014. The adjustments are not in compliance with IFRS

Highlights Q1/2016: Financials

Sales	Sales of 220.6 EUR (Q4/2015:215.3 mn EUR) Growth of 2.5%
EBITDA	23.6 mn EUR (Q4/2015: 23.2 mn EUR), Without negative FX effects* EBITDA would have been 33.3 mn EUR
Margin	EBITDA margin of 10.7% (Q4/2015: 10.8%) Without negative FX effects* EBITDA margin would have been 15.1%
EBIT	-5.6 mn EUR (Q4/2015: -6.1 mn EUR)
CapEx	20.4 mn EUR (Q4/2015: 34.4 mn EUR)
Free Cash Flow	-6.7 mn EUR (Q4/2015: -10.5 mn EUR) payments for CapEx 33.5 mn EUR in Q1/2016
Net Cash	149.2 mn EUR (December 31, 2015: 155.9 mn EUR)

* other operating income and expenses influenced by FX effects, mainly due to hedging

Equity ratio of 41% and strong net cash position of EUR 149 mn

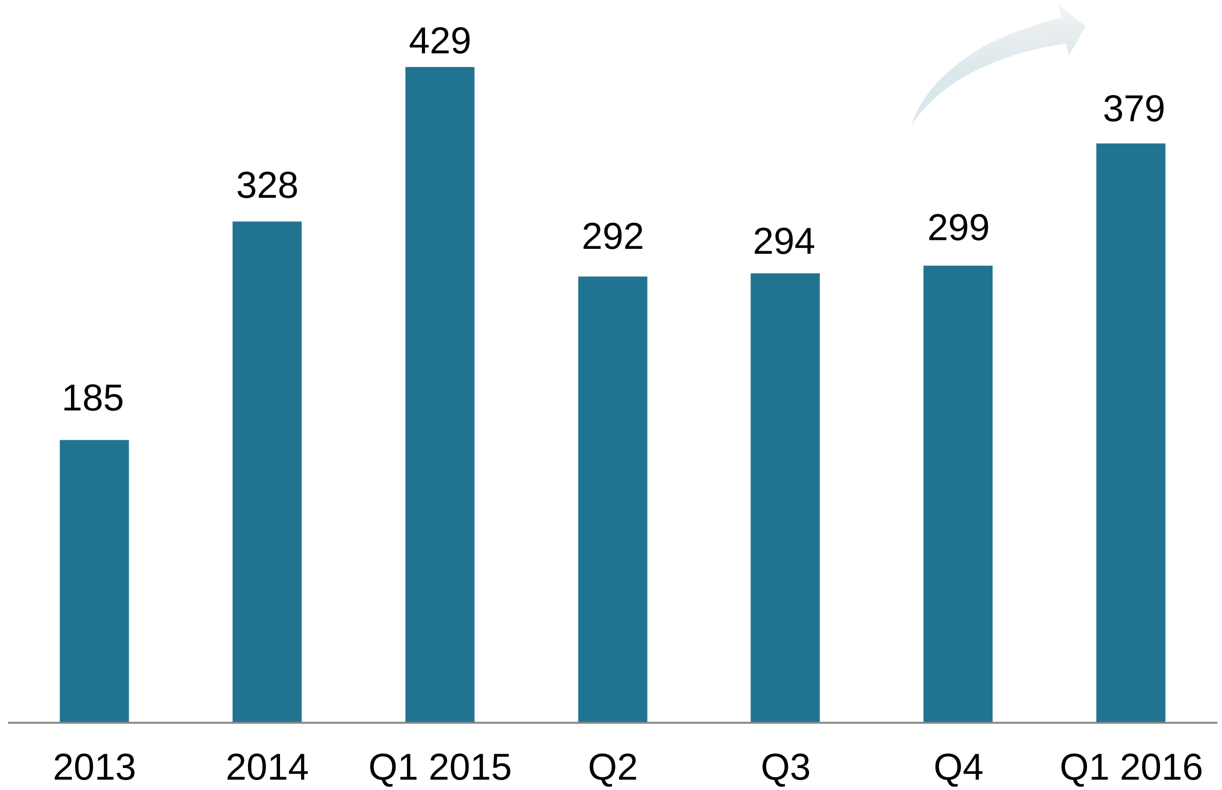
Balance sheet, in EUR mn

Assets	Mar 31, 2016	*Comments*
Non-current	**573.6**	
PP&E	**536.7**	
Other fixed	**36.9**	*29 intangible (related to SSW)*
Current	**457.1**	
Inventories	**146.6**	
Trade receivables	**97.8**	
Other current	**24.3**	*7 hedging*
Cash and fixed term deposit	**188.4**	
Total	**1,030.7**	

Equity and liabilities	Mar 31, 2016	*Comments*
Equity	**418.2**	
Siltronic	**422.8**	
Other shareholders	**-4.6**	*Samsung's 22% in SSW*
Liabilities	**612.5**	
Pension provision	**379.0**	*Germany and US*
Other provisions	**37.2**	*36 personnel related (e.g. early retirement)*
Financial debt	**39.2**	*Samsung*
Trade liabilities	**66.8**	
Other	**90.3**	*42 prepayments* *27 employee related* *8 hedging*
Total	**1,030.7**	

Pension provision increased due to lower interest rates

Pension provision, in EUR mn



interest rates IFRS

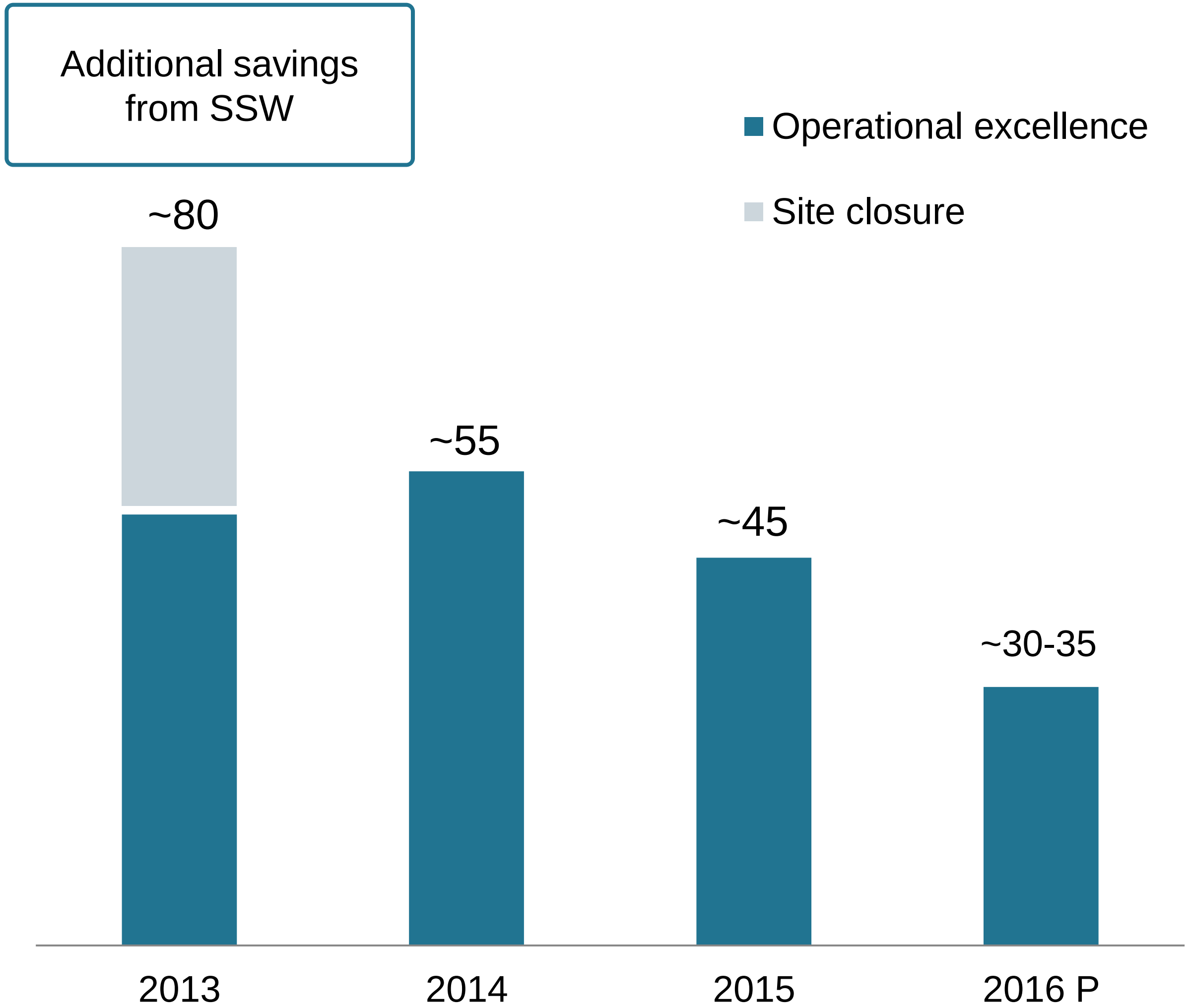
USA	4.8%	3.8%	3.6%	4.3%	4.2%	4.2%	3.78%
Germany	3.8%	2.3%	1.65%	2.7%	2.8%	2.75%	2.15%

Comments

- changes in interest rates influence evaluation of pension provision
- change in interest rates directly reflected in equity (OCI)

Successful cost reduction program continues

Cost reduction, in EUR mn[1]



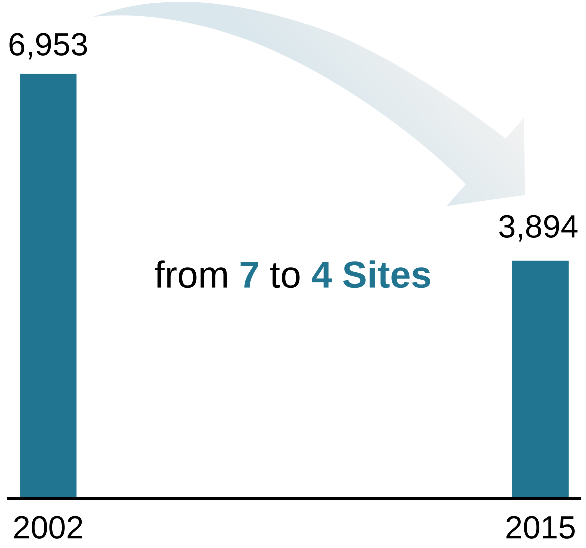
Additional Savings Levers:

- Cost reduction roadmap defined for 2016 and beyond
- up to 500 employees to be transferred to WACKER between 2014 and 2019 (~200 already transferred by the end of 2015)
- Investing in automation in Germany
- Investing in new crystal pullers to improve yields and capabilities
- Poly cost optimization ongoing
- Further productivity increases through various initiatives

[1] Based on the prior year cost basis to current year volumes and adjustments to certain current year costs to reflect prior year contractual and economic parameters (e.g. prior year unit labor cost)

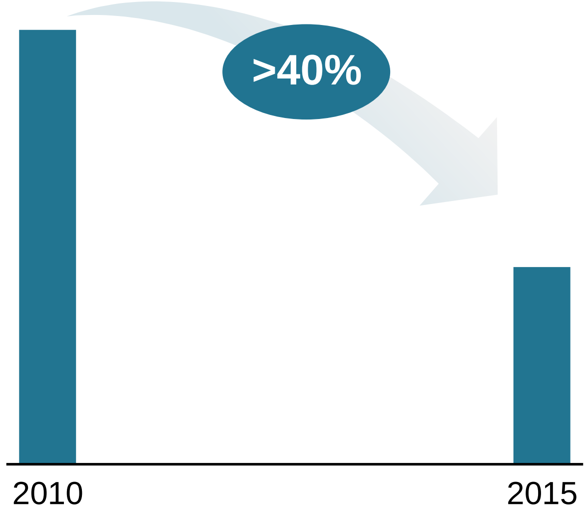
Major successes in cost reduction and efficiency improvements

Number of employees



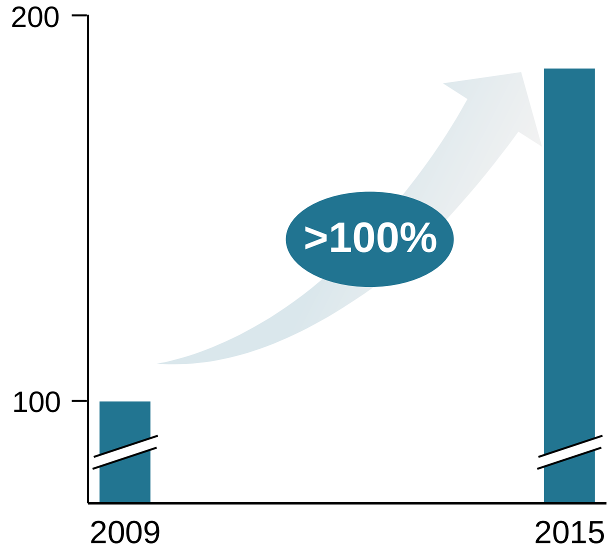
Successful restructuring including Germany

Variable costs of 300 mm wafer (Germany),
in EUR / Wafer



More than 40% reduction of the variable unit costs in 300 mm wafer in 5 Years

300 mm Productivity[1] (Germany)



Almost 100% increase of employee productivity in 300 mm wafer in 5 years

[1] Delivered wafer / paid hours (2009 = 100)

Siltronic Outlook 2016 as per April

EBITDA margin	slight improvement
ROCE	in the mid single-digit percentage range
Free Cash Flow	clearly positive, but below 2015
Sales	year-on-year decrease in the low to medium single-digit percentage range
R&D	unchanged at approx. 7% of sales
Cost Position	potential savings of around EUR 30-35 mn
Hedging Losses	substantially lower at around EUR 10-15 mn
Depreciation	slight reduction
Tax	roughly EUR 10 mn
Financial Result	roughly EUR 10 mn
Earnings per Share	presumably slightly positive
CapEx	around EUR 80 mn

Investment Highlights – Siltronic Strengths

1. Strong market position in semiconductor silicon wafer manufacturing
2. Technology and quality leader
3. Supplier to all top 20 silicon wafer consumers with well-established relationships
4. Strong track record in efficiency improvement and cost reduction
5. Strategic supply of high-quality polysilicon at competitive cost
6. Experienced management team and highly skilled workforce

Appendix

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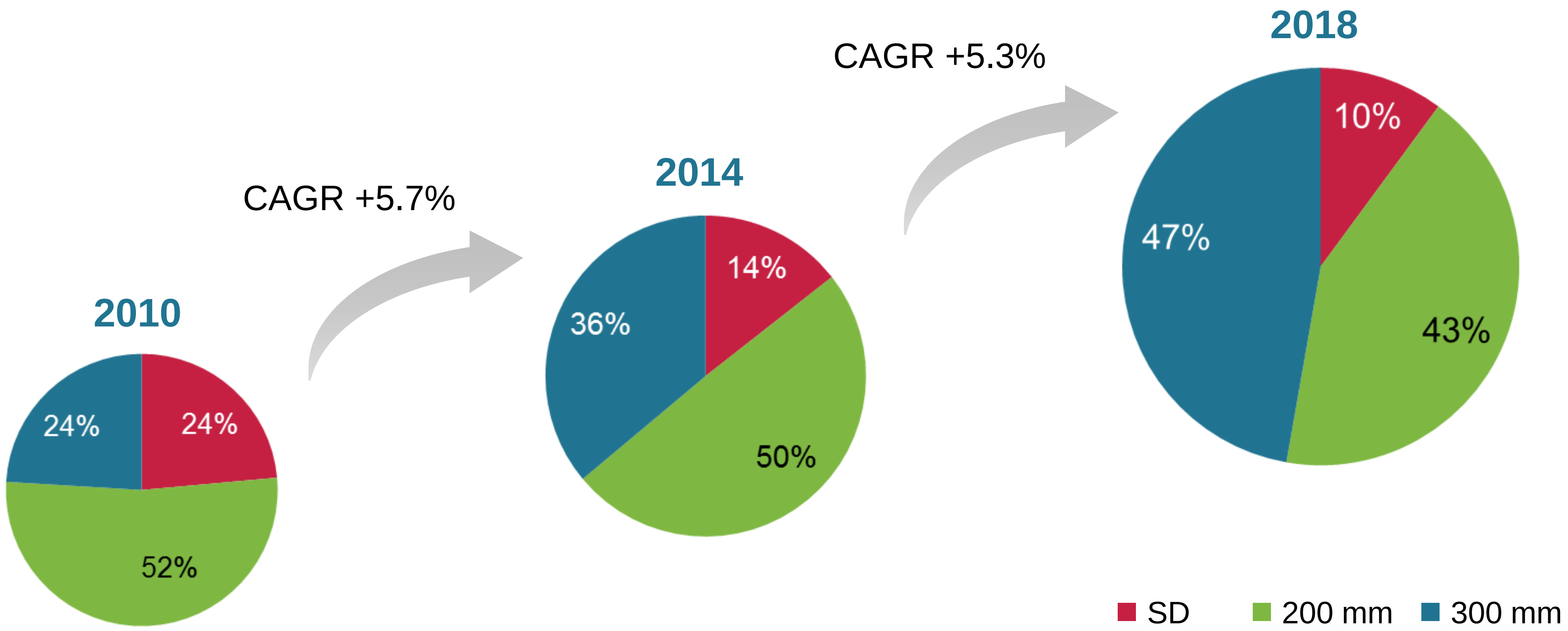
Silicon demand for Automotive is outgrowing the semiconductor market, with the highest growth for 300 mm wafers.

Wafer demand for automotive applications



- Silicon area consumption in the automotive sector is outgrowing the market.
- 300 mm demand for automotive is growing strongest. Key drivers are advanced driver assistance systems and infotainment applications.

Source: IHS Q1 2016

Siltronic offers a broad product portfolio

Siltronic offers a broad product portfolio to address all high volume wafer types and to meet different application requirements

Diameter	Process	Product	Main applications
300 mm	CZ	Double side polished wafer Epitaxial wafer Argon annealed wafer Ulitmate Silicon™	Memory, Logic, Analog
125 – 200 mm	CZ	**Special products:** Lowly-doped and highly-doped wafer	Micro-processors, Logic, Analog, Image sensors, Power- and Optoelectronics
125 – 200 mm	CZ	**Standard products:** Polished wafer Epitaxial wafer	Logic, Analog, Discretes
125 – 200 mm	FZ	Polished wafer	IGBTs, Discretes, Powerelectronics
76 – 150 mm	FZ	Cut/lapped/etched wafer	

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

Siltronic is a leader in wafer technology and quality

Technological Capabilities and Leadership Are Complemented With the Highest Level of Quality Expertise

- First supplier to ship 300 mm wafers
- Development of 8 nm design rule started in 2013 (commercialization 2017);
- Concurrently optimizing on 50+ wafer parameters of each design rule
- >400 engineers worldwide
- 1,700 patents issued and pending (as of Dec. 31, 2015)

- Single wafer traceability for 300 mm
- Standardized processes across sites enabling "copy exactly" at product level
- Quality awards from virtually all top semiconductor players

Multiple levers are pulled to continuously optimize costs

- Labor
- Supplies
- D&A
- Polysilicon
- Electricity
- Other

1 Organizational improvements

- ✓ Continue reduction in direct and indirect staff
- ✓ Continue optimization across technology, engineering and operations for continuous efficiency improvement
- ✓ Continue optimizing equipment and capacity utilization
- ✓ Statistical tools and lean management techniques
- ✓ Continue to adapt to changing market conditions (SD)

2 Process improvements / Investments

- ✓ Selective investment in technology and equipment
- ✓ Effective use of polysilicon mix
- ✓ Continuous improvement of processing yields
- ✓ Close collaboration with WACKER on polysilicon supply
- ✓ Debottlenecking measures
- ✓ Improving automation
- ✓ Interdisciplinary “fab material optimization teams” working continuously on consumable cost reduction
- ✓ continuous reduction of specific energy consumption

Siltronic –
Well Positioned in a Demanding Environment

Siltronic Track Record

- Market share growth
- Closed 3 sites since 2003
- Cost reduction
- Increasing productivity
- Improving EBITDA margin

Siltronic Strengths

- Strong market position
- Technology & quality leader
- Supplier to all top 20 silicon wafer consumers
- Cost reduction and productivity roadmaps
- High-quality polysilicon supply
- Experienced management and skilled employees

Strategic Focus

- Continue cost reductions
- Maintain technology & quality leadership
- Improve financial performance & cash flow

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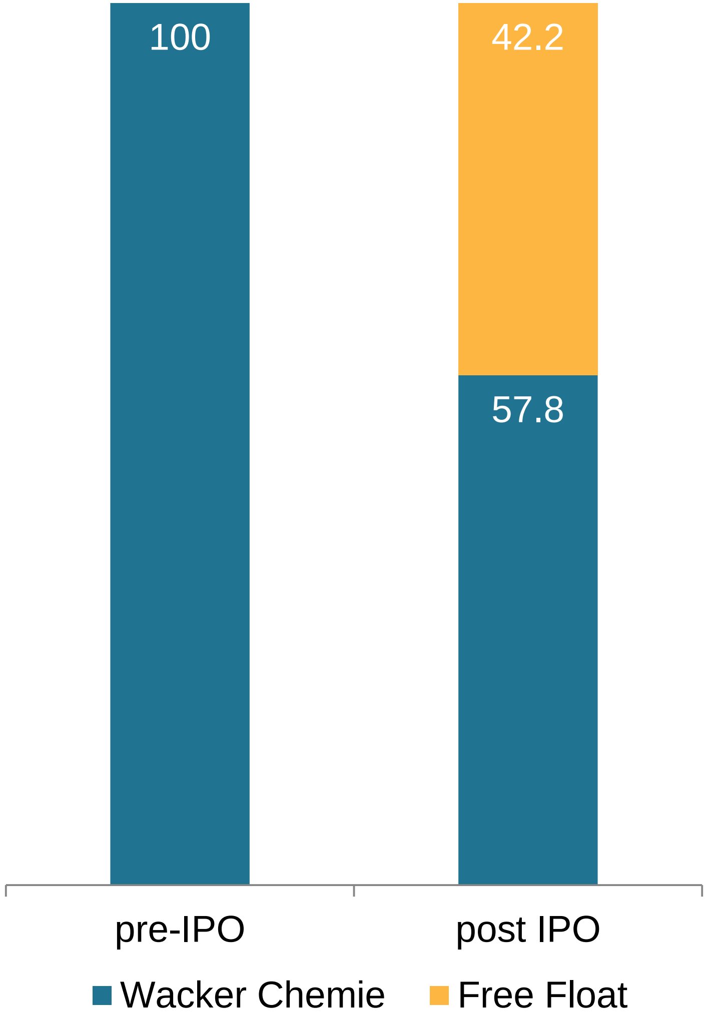
Improving Environment

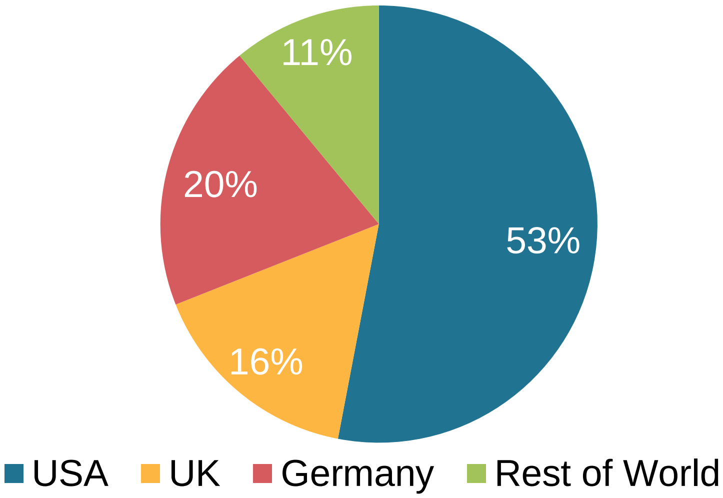
- Volume growth
- Utilisation rates improve

Note: Top 20 consumers defined according to their fab capacities in the Fab Data Base from Gartner

Shareholder structure



Freefloat by regions[1]



Major shareholdings included in freefloat[2]

Baupost Securities Group	8.7%
MainFirst Sicav	5.1%
Wellington Management Co.	2.8%
Morgan Stanley	1.8%

[1] as at January 2016
[2] as at 24 February 2016

Contact and additional Information

Issuer and contact

Siltronic AG
Hanns-Seidel-Platz 4
D-81737 München

Investor Relations:
Petra Mueller
Tel. +49 89 8564-3133

Additional information

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

Financial calendar

Q2 2016 Results:	July 28, 2016
Q3 2016 Results	October 27, 2016

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