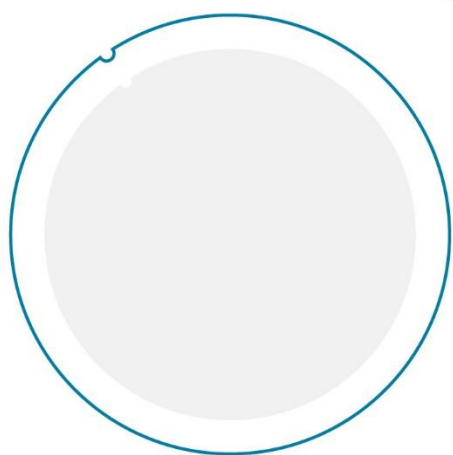


siltronic



# Solutions



Interim report Q2/2020

# Quarterly overview

In EUR million	Q2 2020	Q1 2020	Q2 2019	H1 2020	H1 2019
<b>Statement of profit or loss</b>					
Sales	323.1	300.1	311.8	623.3	666.2
Gross profit	99.1	89.3	112.4	188.5	256.9
Gross margin %	30.7	29.8	36.1	30.2	38.6
EBITDA	100.4	84.2	100.0	184.7	227.2
EBITDA margin %	31.1	28.1	32.1	29.6	34.1
EBIT	66.9	53.3	74.6	120.2	178.0
EBIT margin %	20.7	17.8	23.9	19.3	26.7
Financial result	2.2	-6.1	0.4	-3.9	2.4
Income taxes	-8.3	-1.2	-6.5	-9.5	-24.3
Result for the period	60.8	46.0	68.5	106.8	156.1
Earnings per share EUR	1.80	1.32	1.98	3.12	4.66
<b>Capital expenditure and free cash flow</b>					
Capital expenditure in property, plant and equipment, and intangible assets	48.3	46.0	105.1	94.3	177.9
Net cash flow	26.7	40.9	0.4	67.7	81.2

In EUR million	June 30, 2020	Dec. 31, 2019
<b>Statement of financial position</b>		
Total assets	1,909.0	1,945.0
Equity	866.5	930.2
Equity ratio %	45.4	47.8
Net financial assets	509.4	588.9
<b>Employees (excluding temporary workers)</b>	<b>3,771</b>	<b>3,669</b>

# Company profile

Siltronic is one of the world's leading manufacturers of hyperpure silicon wafers with diameters up to 300 mm and partner of many leading semiconductor companies. The Company has a network of state-of-the-art production sites in Asia, Europe and the USA. Silicon wafers are the basis of modern micro- and nano-electronics and a key component in semiconductor chips in e.g., computers, smartphones, navigation systems and many other applications. Technology leadership and a consistent focus on improving efficiency form the bedrock for increasing the Company's value going forward.

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# Management Report on Interim Consolidated Financial Statements

## Group basics

The Annual Report 2019 provides a detailed overview of the business activities, objectives and strategy of Siltronic AG. The statements made therein are still valid. There were no significant changes in H1 2020.

The development of the key financial performance indicators in H1 2020 is shown in the following table. The exact definition of the key performance indicators can be found in the Annual Report 2019 on page 19.

### Financial key performance indicators

In EUR million	H1 2020	H1 2019	FY 2019
EBITDA margin in %	29.6	34.1	32.2
Net cash flow	67.7	81.2	81.3
Sales	623.3	666.2	1,270.4
EBIT	120.2	178.0	298.3
Capital expenditure	94.3	177.9	363.0
Net financial assets	509.4	592.1	588.9

## Macroeconomic situation and industry trends

According to the International Monetary Fund (IMF), global gross domestic product (GDP) in 2019 was 2.9 percent higher than in 2018. At the beginning of the year the fund was still forecasting growth of 3.3 percent for 2020. The effects of the corona pandemic counteracted these positive expectations. The containment of the pandemic led to a massive slump in the global economy and plunged the global economy into a deep recession. The lockdown measures imposed in many advanced economies and in some emerging markets since March this year have severely restricted economic activity in the manufacturing and service sectors. The restrictions also had a heavy impact on the labor markets and led to decreased consumer confidence in many countries. Governments and central banks around the world have taken financial measures of historic proportions to mitigate the negative effects on companies and employees.

The IMF now expects global economic output to decline by 4.9 percent in 2020. In its forecast, however, the IMF clearly points out the uncertainties associated with the estimates, especially against the background of the continuing rise in infection figures in some large countries - such as the USA - and fears of a second wave of pandemics in autumn this year.

According to the OECD, GDP in the eurozone fell by 3.6 percent in Q1 2020 compared with the same quarter 2019. The eurozone suffered significantly from the negative effects of the corona pandemic due to lockdowns imposed in many countries.

The euro has changed little against the US dollar in the course of 2020 to date. By contrast, the Japanese yen has appreciated slightly against all G10 currencies.

As the containment measures in many countries mainly took place in Q2, the declines in GDP in most countries were still relatively moderate in Q1 2020 with the exception of China, which, as the first country to be affected by the corona pandemic, had already imposed massive lockdowns in Q1. While, according to OECD calculations, Chinese GDP fell by 9.8 percent in Q1, relatively small declines were recorded in the eurozone (minus 3.6 percent), Germany (minus 2.2 percent), Japan (minus 0.6 percent) and the USA (minus 1.3 percent). However, economists expect massive declines in economic output, particularly in Q2.

The market for semiconductor components has picked up in the course of the year due to the high digitization efforts in many areas. According to data from WSTS (World Semiconductor Trade Statistics), global sales in May 2020 were up 5.8 percent year-on-year due to the increase in demand.

According to the industry association SEMI, demand for silicon wafers in Q2 2020 grew by 8 percent compared to Q1 of this year. Compared to Q2 2019, the increase was 6 percent.

Sources:  
IMF World Economic Outlook Update June 2020; OECD data, July 6, 2020; WSTS Press Release July 3, 2020; SEMI SMG Press Release July 27, 2020

# Overall statement by the Executive Board on business performance and economic position

Siltronic AG's business performance in H1 2020 was slightly better than expected, although sales and earnings were down year on year, as anticipated.

Digitization triggered by the corona pandemic led to a relatively high wafer area sold. After factories, universities and schools had to close in many countries around the world, initiatives such as home office and homeschooling generated strong demand for products that are built on wafers. These included, for example, laptops, headsets and monitors. Strong demand for servers and a suspected buildup of inventories throughout the semiconductor value chain also contributed to a somewhat higher than expected demand for wafer area. At the same time, ASP declined in Q1. In Q2, however, pressure on prices has already slowed down.

This tailwind for our business does, however, face some headwind due to the corona pandemic. The massive slump in the global economy was reflected in many countries in a rise in unemployment figures, a high level of short-time working in Germany and, as a result, a collapse in consumer confidence. Buying resistance of consumers was reflected in a massive decline e.g. in car sales. We therefore expect negative effects on the demand for wafer area in the coming months.

The health of our employees continues to be our top priority. From the beginning of the pandemic, we have implemented security measures such as home office, minimal contact of shifts in the production area, travel bans and all measures recommended by the Robert Koch Institute. We were able to produce normally without any interruptions in H1 and, unlike many other companies, did not have to introduce short-time working. We also do not currently expect this to happen for the rest of the year.

Due to the tense situation in the aviation industry, the shipment of our wafers was partly burdened by logistical challenges and higher prices. The higher costs for alternative transport are expected to amount to a mid single-digit million euro amount in 2020.

At the same time, we continue to work intensively on possible cost saving opportunities. In H1, we have already realized noticeable productivity improvements in some areas. We expect to complete our capacity expansions this year and continue to invest in automation and capabilities in order to secure our market position as one of the technology and quality leaders.

In view of the uncertain business environment, we expect sales in H2 to be lower than in H1. We expect a decline in wafer area sold, with prices remaining relatively stable. ASP for 2020 will be lower than in 2019.

Overall, the Executive Board is satisfied with the business and earnings development against the background of the pandemic. It has become apparent that the general growth drivers, which were reflected in the increased digitization activities in H1, are intact. We therefore see our assessment confirmed that the demand for wafer area will grow in the medium and long term. However, the wafer business will always be characterised by a certain volatility, especially during the course of a year.

## Siltronic on the stock exchange

At the beginning of 2020, the Siltronic share price was EUR 92.04 and, with fluctuations, rose to a peak of EUR 107.30 by mid-February. Increasing fears about the possible effects of the new coronavirus caused the share price to become extremely volatile and fall sharply in the subsequent weeks, resulting in a year-to-date low of EUR 51.16 on March 23.

The presentation of the Q1 2020 results on April 28, 2020 had practically no impact on the share price development, although at the same time we forecasted a good Q2 2020. In the subsequent weeks, the share price development was predominantly upward, as analysts and investors focused their recommendations for the semiconductor industry on the positive effects of increased digitization accelerated by the corona pandemic. H1 2020 closed with a share price of EUR 90.78, corresponding to an increase of 1.2 percent compared to the year-end share price in 2019.

The SOXX sector index rose by 8.2 percent in H1 2020, following a decline of a good 25 percent in mid-March. The two reference indices, MDAX and TecDAX, on which Siltronic is listed, ended H1 with losses of 8.7 percent and 2.0 percent respectively. Both indices were characterized by pronounced volatility in H1 2020.

In June 2020, the Annual General Meeting approved a dividend of EUR 3.00 per share for fiscal 2019. This amount corresponds to a dividend yield of 3 percent on the closing price at the end of 2019. Siltronic

has thus maintained its dividend policy with a payout ratio of around 40 percent of net income attributable to Siltronic shareholders.

The daily trading volume of Siltronic stock in the Xetra system in the period January to June 2020 was at a good level of 190,370 shares on average. Siltronic free float remained unchanged at 69.2 percent.

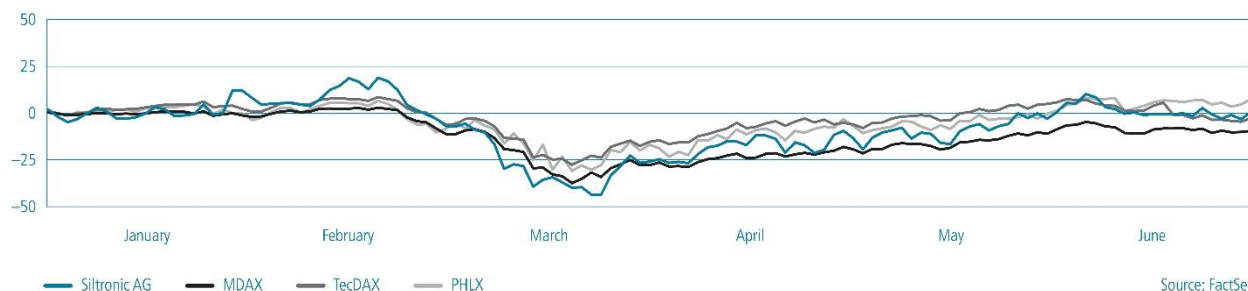
Wacker Chemie AG is Siltronic's largest single shareholder with 30.8 percent. On the basis of voting rights notifications as of June 30, 2020, the largest institutional investors were Allianz Global Investors with 5.13 percent, Goldman Sachs with 3.62 percent and Capital Group with 3.006 percent.

Eleven analysts from renowned national and international banks currently analyze the Siltronic stock. At the end of June 2020, the average target price was EUR 84.58.

Up-to-date information on investor relations publications, voting rights announcements and analyst estimates can be found on the website at <https://www.siltronic.com/en/investors.html>.

### Performance of Siltronic shares vs. indices 2020

in %



### Performance of Siltronic shares vs. competitors 2020

in %



# Economic development from January to June 2020

## Financial performance

### Strong sales in Q2 due to increase in wafer area sold

		H1 2020	H1 2019	Change	Q2 2020	Q1 2020	Q2 2019	Change	
								Q2 to Q1	Q2 to Q2
Sales	In EUR million	623.3	666.2	–42.9	323.1	300.1	311.8	23.0	11.3
	in %			–6.4				7.7	3.6

Siltronic generated sales of EUR 623.3 million in H1 2020, 6.4 percent below H1 2019. This decline resulted mainly from a lower ASP and could not be offset by the favorable development of the US dollar and the increase in wafer area sold. H1 2019, in contrast, was very positively influenced by the high ASP realized in the first quarter.

In H1 2020, at an average of 1.10, the euro was around 3 percent weaker against the US dollar than in H1 2019 (1.13).

Sequentially, the quarterly sales development shows a very positive picture.

In Q2 2020, Siltronic generated sales of EUR 323.1 million. This represents an increase of 7.7 percent over Q1. Even the Q2 2019 sales figure was exceeded. This encouraging development is attributable to an increase in the wafer area sold because of strong demand. Exchange rate changes had no significant impact and the change in average sales compared to the previous quarter was not significant either.

Compared to Q1 2020, the euro was unchanged against the US dollar in Q2 2020 at an average of 1.10.

### Q1 gross profit significantly exceeded

		H1 2020	H1 2019	Change	Q2 2020	Q1 2020	Q2 2019	Change	
								Q2 to Q1	Q2 to Q2
Cost of sales	in EUR million	434.8	409.3	25.5	224.0	210.8	199.4	13.2	24.6
	in %			6.2				6.3	12.3
Gross profit	in EUR million	188.5	256.9	–68.4	99.1	89.3	112.4	9.8	–13.3
	in %			–26.6				11.0	–11.8
Gross margin	in %	30.2	38.6		30.7	29.8	36.1		

Cost of sales increased from EUR 409.3 million to EUR 434.8 million in H1 2020 due to a higher wafer area.

Gross profit in H1 2020 was EUR 188.5 million, 26.6 percent below the prior year figure (H1 2019: EUR 256.9 million). The gross margin fell from EUR 38.6 percent to 30.2 percent. As in sales, H1 2019 was strongly dominated by the high ASP in Q1 2019.

While the half-year comparison shows a deterioration in gross profit and margin, the quarterly development in 2020 shows a positive picture similar to that of sales.

Although cost of sales in Q2 2020 is higher than in the previous quarter, this is mainly due to the increase in the wafer area sold. Higher depreciation also contributed to the rise in manufacturing costs. However, the higher scheduled depreciation has not led to an increase in manufacturing costs per wafer area. The manufacturing costs per wafer area even decreased due to productivity improvements.

The increase in wafer area sold in conjunction with declining production costs per wafer area led to a gross profit of EUR 99.1 million in Q2, a 9.8 percent increase compared to Q1. As a result, the gross margin improved from 29.8 percent in Q1 to 30.7 percent in Q2 2020. Due to lower ASP, the levels of gross profit and gross margin in Q2 2019 could not be achieved.

## Minor changes in selling, R&amp;D and general administrative expenses

In EUR million	H1 2020	H1 2019	Change	Q2 2020	Q1 2020	Q2 2019	Change	
							Q2 to Q1	Q2 to Q2
Selling expenses	16.1	17.3	-1.2	7.9	8.2	8.8	-0.3	-0.9
Research and development expenses (R&D)	36.5	33.5	3.0	19.0	17.6	16.8	1.4	2.2
Administration expenses	14.3	14.3	-	6.5	7.7	7.4	-1.2	-0.9
<b>Total</b>	<b>66.9</b>	<b>65.1</b>	<b>1.8</b>	<b>33.4</b>	<b>33.5</b>	<b>33.0</b>	<b>-0.1</b>	<b>0.4</b>
In % of sales	10.7	9.8		10.3	11.2	10.6		

Selling expenses, research and development (R&D) and general administration expenses amounted to EUR 66.9 million in H1 2020. This corresponds to 10.7 percent of sales. Compared to H1 2019, there was a slight increase of EUR 1.8 million.

As a result of the decline in sales, the total of selling expenses, R&D and administration expenses as a percentage of sales was higher in H1 2020 than in H1 2019.

## No significant effect from currency hedging in Q2

In EUR million	H1 2020	H1 2019	Change	Q2 2020	Q1 2020	Q2 2019	Change	
							Q2 to Q1	Q2 to Q2
Balance of exchange rate effects	-3.0	-15.1	12.1	0.4	-3.3	-6.9	3.7	7.3
Sundry other operating income and expenses	1.6	1.3	0.3	0.8	0.8	2.1	-	-1.3
<b>Balance of other operating income and expenses</b>	<b>-1.4</b>	<b>-13.8</b>	<b>12.4</b>	<b>1.2</b>	<b>-2.5</b>	<b>-4.8</b>	<b>3.7</b>	<b>6.0</b>

The development of the US dollar and the Japanese yen had a positive impact on Siltronic's sales and gross margin in H1 2020. Siltronic is implementing currency hedging measures to mitigate future negative exchange rate developments. In contrast to the development of sales and gross margin, currency hedges have the opposite effect on the balance of other operating income and expenses.

In H1 2020, net expenses from exchange rate effects amounted to EUR 3.0 million. The expenses are considerably lower than in H1 2019 with net expenses of EUR 15.1 million.

Sequentially there was also a positive development with expenses of EUR 3.3 million in Q1 followed by income of EUR 0.4 million in Q2 2020.

## Higher wafer area sold in Q2 leads to a significant rise in EBITDA and EBITDA margin

		H1 2020	H1 2019	Change	Q2 2020	Q1 2020	Q2 2019	Change	
								Q2 to Q1	Q2 to Q2
EBITDA	In EUR million	184.7	227.2	-42.5	100.4	84.2	100.0	16.2	0.4
	in %			-18.7				19.2	0.4
<b>EBITDA margin</b>	<b>in %</b>	<b>29.6</b>	<b>34.1</b>		<b>31.1</b>	<b>28.1</b>	<b>32.1</b>		
Depreciation, amortization and impairment less reversals thereof									
		-64.5	-49.2	-15.3	-33.5	-30.9	-25.4	-2.6	-8.1
<b>EBIT</b>	<b>In EUR million</b>	<b>120.2</b>	<b>178.0</b>	<b>-57.8</b>	<b>66.9</b>	<b>53.3</b>	<b>74.6</b>	<b>13.6</b>	<b>-7.7</b>
	<b>in %</b>			<b>-32.5</b>				<b>25.5</b>	<b>-10.3</b>
EBIT margin	in %	19.3	26.7		20.7	17.8	23.9		

In a half-year comparison, the EBITDA of EUR 184.7 million achieved in 2020 was significantly below the 2019 figure of EUR 227.2 million. The EBITDA margin declined from 34.1 percent to 29.6 percent. EBIT in H1 2020 was 57.8 million below the previous year. The most important reason for these developments was the decline in ASP on the back of a strong Q1 2019.

EBITDA in Q2 2020 of EUR 100.4 million exceeded the previous quarter by EUR 16.2 million, which is very remarkable in view of the increase in sales of EUR 23.0 million.

The EBITDA margin in Q2 2020 came close to Q2 2019 at 31.1 percent and was 3 percentage points higher than in Q1.

The sequential development in 2020 was different and showed strong improvements in earnings. The most important driver was the increase in wafer area sold.

The quarter-on-quarter EBIT improvement of EUR 13.6 million was higher than the improvement in gross profit of EUR 9.8 million, as the



net foreign exchange impact of other operating income/other operating expenses was close to zero (Q1 2020: expenses of EUR 3.3 million).

In Q2, the EBIT margin was 20.7 percent compared to 17.8 percent in Q1.

### Profit of EUR 107 million in H1 2020

		H1 2020	H1 2019	Change	Q2 2020	Q1 2020	Q2 2019	Change	
								Q2 to Q1	Q2 to Q2
Financial result	In EUR million	-3.9	2.4	-6.3	2.2	-6.1	0.4	8.3	1.8
Result before income tax	In EUR million	116.3	180.4	-64.1	69.1	47.2	75.0	21.9	-5.9
	in %			-35.5				46.4	-7.9
Income taxes	In EUR million	-9.5	-24.3	14.8	-8.3	-1.2	-6.5	-7.1	-1.8
Tax rate	in %	8	13		12	3	9		
<b>Result for the period</b>	<b>In EUR million</b>	<b>106.8</b>	<b>156.1</b>	<b>-49.3</b>	<b>60.8</b>	<b>46.0</b>	<b>68.5</b>	<b>14.8</b>	<b>-7.7</b>
<i>attributable to Siltronic AG shareholders</i>		<i>93.5</i>	<i>139.7</i>	<i>-46.2</i>	<i>54.0</i>	<i>39.6</i>	<i>59.4</i>	<i>14.4</i>	<i>-5.4</i>
<i>attributable to non-controlling interests</i>		<i>13.3</i>	<i>16.4</i>	<i>-3.1</i>	<i>6.8</i>	<i>6.4</i>	<i>9.1</i>	<i>0.4</i>	<i>-2.3</i>
<b>Earnings per share</b>	<b>In EUR</b>	<b>3.12</b>	<b>4.66</b>	<b>-1.54</b>	<b>1.80</b>	<b>1.32</b>	<b>1.98</b>	<b>0.48</b>	<b>-0.18</b>

Although the coronavirus did not have any significant negative impact on EBIT and EBITDA, it did have a negative impact on the financial result. The expense of EUR 6.1 million in Q1 2020 was fully in line with the declining financial markets. In Q2, income of EUR 2.2 million was generated, which was characterized by significantly improved market values of investments and interest income less interest accrued on pension entitlements.

A profit for the period of EUR 106.8 million was generated in H1 2020 (H1 2019: EUR 156.1 million). For Q1 2020, net income for the period was EUR 46.0 million and for Q2 EUR 60.8 million.

Earnings per share increased from EUR 1.32 in Q1 2020 to EUR 1.80 in Q2. In H1 2020 earnings per share were EUR 3.12 after EUR 4.66 in H1 2019.

Income tax expense was extremely low in H1 2020. This was due, on the one hand, to the significant decline in result before income tax and, on the other hand, a slightly positive effect from tax relief due to the coronavirus.

## Financial position

Total assets of EUR 1,909.0 million as of June 30, 2020 are nearly unchanged to 2019 year-end (EUR 1,945.0 million).

### Due to exchange rate effects, property, plant and equipment increase only moderately despite high capital expenditure

In EUR million	June 30, 2020	Dec. 31, 2019	Change
Intangible assets	23.5	22.7	0.8
Property, plant and equipment	963.0	951.4	11.6
Right-of-use assets	54.0	48.7	5.3
Financial investments	51.1	52.1	-1.0
Other assets	10.4	5.4	5.0
<b>Non-current assets</b>	<b>1,102.0</b>	<b>1,080.3</b>	<b>21.7</b>

In H1 2020, capital expenditure including intangible assets totalled EUR 94.3 million and depreciation and amortization EUR 64.5 million. The fact that property, plant and equipment and intangible assets together increased by only EUR 12.4 million is due to the change in the exchange rate of the Singapore dollar to the euro.

Non-current assets accounted for 57.7 percent of total assets as of June 30, 2020, compared with 55.5 percent at the end of December 2019.

### Current assets lower due to dividend payment

In EUR million	June 30, 2020	Dec. 31, 2019	Change
Inventories	160.9	152.8	8.1
Trade receivables including contract assets	144.8	142.3	2.5
Other assets	41.4	31.1	10.3
Cash and cash equivalents and financial investments	459.9	538.5	-78.6
<b>Current assets</b>	<b>807.0</b>	<b>864.7</b>	<b>-57.7</b>

Cash and cash equivalents and the current and non-current financial investments decreased by only EUR 78.6 million in H1 2020, despite a dividend paid to shareholders on June 30, 2020 of EUR 90.0 million and a payment for capital expenditure including intangible assets of EUR 115.1 million.

The dividend payment was the main reason for the decline in cash and cash equivalents.

### Equity ratio of 45.4 percent

In EUR million	June 30, 2020	Dec. 31, 2019	Change
<b>Equity</b>	<b>866.5</b>	<b>930.2</b>	<b>-63.7</b>
Pension provisions	552.4	491.5	60.9
Customer prepayments	142.7	152.5	-9.8
Lease liabilities	50.6	45.5	5.1
Other liabilities	77.6	81.8	-4.2
<b>Non-current liabilities</b>	<b>823.3</b>	<b>771.3</b>	<b>52.0</b>
Trade liabilities	117.1	126.8	-9.7
Customer prepayments	11.0	28.6	-17.6
Lease liabilities	4.6	3.8	0.8
Other liabilities	86.5	84.3	2.2
<b>Current liabilities</b>	<b>219.2</b>	<b>243.5</b>	<b>-24.3</b>

The EUR 63.7 million decrease in equity is attributable to the half-year profit of EUR 106.8 million less the payment of the dividend of

EUR 90.0 million and the increase in pension obligations of EUR 47.7 million.

Non-current liabilities as of June 30, 2020 amounted to 43.1 percent of total assets.

The impact of interest rates on the valuation of pension provisions was not material in H1. The pension provision in Germany was discounted at 1.23 percent as of June 30, 2020 and at 1.24 percent as

of December 31, 2019. In the US, the interest rate fell from 2.98 percent to 2.46 percent.

### Net cash flow remains strong

In EUR million	H1 2020	H1 2019	Change
Cash flow from operating activities	144.3	210.2	–65.9
Proceeds/payments for capital expenditure including intangible assets	–115.1	–162.0	46.9
<b>Free cash flow</b>	<b>29.2</b>	<b>48.2</b>	<b>–19.0</b>
Increase/decrease of prepayments received (customer prepayments)	38.5	33.0	5.5
<b>Net cash flow</b>	<b>67.7</b>	<b>81.2</b>	<b>–13.5</b>
Proceeds/payments for capital expenditure including intangible assets	–115.1	–162.0	46.9
Proceeds/payments from fixed-term deposits (fixed-term deposits, securities)	116.6	106.3	10.3
<b>Cash flow from operating activities</b>	<b>1.5</b>	<b>–55.7</b>	<b>57.2</b>

Capital expenditure, including intangible assets, amounted to EUR 94.3 million in H1 2020 and mainly related to capability enhancements, automation and the continuation of already existing capacity expansion projects. Payments for capital expenditure including intangible assets, amounted EUR 115.1 million.

The cash flow from operating activities included an amount of EUR 38.5 million for the refund of customer prepayments. New customer prepayments have not been received in 2020.

Net cash flow in Q2 2020 was EUR 26.7 million compared to EUR 40.9 million in Q1 2020.

Net cash flow in H1 2019 included a payment of EUR 40.3 million from an insurance company as compensation for the take-over of long-term environmental risks.

### Net financial assets lower due to dividend payment

In EUR million	June 30, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	248.0	200.7	47.3
Financial investments	261.4	388.2	–126.8
<b>Net financial assets</b>	<b>509.4</b>	<b>588.9</b>	<b>–79.5</b>

Despite the dividend payment of EUR 90.0 million to Siltronic AG shareholders, net financial assets decreased by only EUR 79.5 million.

# Risk change report

Material risks are presented in the risk report (pp. 44 to 53) of the Annual Report 2019. No material changes in risks were identified during H1 2020. Currently, Siltronic is not aware of any risks that could affect the Company's ability to continue as a going concern.

## Unchanged risk assessment for 2020 (as of July 21, 2020)

Risk	Risk assessment			Change from AR <sup>1)</sup> 2019
	Low	Medium	High	
<b>Overall environment</b>				
Economic downturn			•	→
External risk			•	→
<b>Industry and market risk</b>				
Competition, demand controlled by customers, interchangeability of products, cycles in the wafer market			•	→
Investments		•		→
Additional costs from closures		•		→
Product development risk		•		→
<b>Procurement market risk</b>		•		→
<b>Production risk and product liability risk</b>		•		→
<b>Legal and regulatory risk</b>				→
General legal risk		•		→
Risk relating to environmental laws	•			→
Regulatory risk	•			→
<b>Security of IT systems and data</b>		•		→
<b>HR risk</b>	•			→
<b>Pension risk</b>		•		→
<b>Financial risk</b>				→
Credit risk financial institutions	•			→
Credit risk customers	•			→
Market risk/currency risk			•	→
Liquidity risk	•			→

<sup>1)</sup> AR: Annual Report

→ unchanged

↑ increased

↓ decreased

We assess the relevant risks according to the probability of occurrence and the degree of impact on business activities, net assets, financial position, results of operations and cash flow. For better readability, we have classified risks according to the following matrix compared to the previous year.

Risk assessment		Probability of occurrence		
		< 25 percent	25 – 75 percent	> 75 percent
Effects on the development of the Group's net assets, financial position and result of operations	< EUR 5 mn	Low	Low	Medium
	EUR 5 – 25 mn	Low	Medium	High
	> EUR 25 mn	Medium	High	High

# Forecast update

## Expected macroeconomic and sector development

In June, the International Monetary Fund (IMF) once again significantly revised downwards its forecast for the development of the global gross domestic product (GDP) for the year 2020. The basic scenario forecasts a decline of 4.9 percent in global economic output and at the same time speaks of above-average uncertainty regarding the effects of the corona pandemic. In April, the IMF was still assuming a decline of 3 percent.

From the IMF's point of view, the development mainly depends on the further impact of the corona pandemic. In the baseline scenario, the IMF assumes that economic activity will pick up again after Q2 2020. In 2021, global gross domestic product is expected to increase again by 5.4 percent.

Economic output in the eurozone is expected to decline by 10.2 percent in 2020 as a whole (2019: plus 1.3 percent).

The forecast for the US economy for 2020 predicts an 8.0 percent decline in GDP, after growth of 2.3 percent in the previous year.

For Japan, a minus of 5.8 percent is expected in 2020 (2019: plus 0.7 percent).

China's gross domestic product is expected to grow by only 1.0 percent in 2020. This is massively below the previous year's growth (2019: 6.1 percent).

A slight increase is predicted for the global semiconductor industry in 2020. According to the latest outlook from WSTS (World Semiconductor Trade Statistics), global sales of semiconductor components are expected to increase by 3.3 percent compared to the previous year.

However, there are uncertainties in the forecast due to the unforeseeable further effects of the corona pandemic.

### Sources:

IMF World Economic Outlook Update, June 2020

WSTS Semiconductor Market Forecast, Press Release, June 9, 2020

## Siltronic's future performance

Siltronic remains committed to its corporate goals and successful strategy. The short-term and long-term focus will continue to be on expanding technology leadership, maintaining the leading quality position, continuing the operational excellence and cost reduction programs, and ensuring high profitability and stable cash flow. A detailed description of the strategic objectives can be found on p. 18 of the Annual Report 2019.

The corona pandemic led to a partly strong demand for wafer area in H1 2020 which was mainly driven by devices for home offices or homeschooling. On the other hand there were extensive closures of shops and production lines. The effects of the negative development in the automotive sector and industrial applications, as well as a possible decline in consumer buying behavior for electronic goods due to the difficult economic situation with short-time work and increased unemployment, are expected to have a negative impact on demand for wafer area in H2. Since Siltronic has a relatively high exposure to the automotive industry, the outlook will gradually worsen, especially for wafer diameters of 200 mm and smaller.

We therefore expect orders for H2 2020 to be slightly lower than in H1 with a negative impact on product mix. We continue to expect ASP in euros to decline compared to 2019.

The annual forecast of March 2020 consists of two scenarios depending on the effects of the corona pandemic on the semiconductor industry. We now state our forecast more precisely with regard to Group sales, EBITDA margin, net cashflow and tax rate. All other KPIs remain unchanged since March 2020.

We assume that sales in 2020 will be down in the mid single-digit percentage range compared to 2019. EBITDA margin should be mid single-digit percentage points down compared to 2019. Net cash flow should be slightly below 2019. The tax rate should be below 10 percent.

In view of the economic and geopolitical uncertainties, also due to the corona pandemic, the actual performance of the Group may differ both positively or negatively from the performance indicated in our assumptions.

The expected development of the KPIs is shown in the following table.

**Forecast 2020 (as of July 21, 2020)**

	Forecast March 4, 2020 (Annual Report) - 2 scenarios		Forecast July 21, 2020 (Q2 report)
	<i><b>Before COVID-19</b></i>	<i><b>In case of further spread of COVID-19</b></i>	
EBITDA margin	Slightly below prior year	Significantly below prior year	Decline by mid single-digit percentage points
Group sales	Slightly below prior year	Significantly below prior year	Mid single-digit percentage range below 2019 with a sequential decline in H2 vs. H1
Depreciation and amortization	Around EUR 140 million	Around EUR 140 million	Around EUR 140 million
EBIT	Due to the higher level of depreciation, significantly below prior year	Due to higher level of depreciation, significantly below prior year	Due to higher depreciation, significantly below prior year
Tax rate	Around 10 percent	Around 10 percent	Below 10 percent
Capital expenditure	Around EUR 200 million, mainly in automation and capabilities	Around EUR 200 million, mainly in automation and capabilities	Around EUR 200 million, mainly in automation and capabilities
Net cash flow	Clearly positive in the range of 2019 but with around EUR 40 million burden from carry-over of unpaid 2019 investments	Significantly below prior year, around EUR 40 million burden from carry-over of unpaid 2019 investments	Slightly below prior year, around EUR 40 million burden from carry-over of unpaid 2019 investments
Earnings per share	Significantly below prior year	Significantly below prior year	Significantly below prior year

## Events after the balance sheet date

No material events occurred between June 30, 2020 and the issuance date of this interim report.

Munich, July 21, 2020  
The Executive Board of Siltronic AG

Dr. Christoph von Plotho  
(CEO)

Rainer Irle  
(CFO)

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# Condensed Interim Financial Statements

## Consolidated statement of profit or loss

In EUR million	Q2 2020	Q2 2019	H1 2020	H1 2019
Sales	323.1	311.8	623.3	666.2
Cost of sales	–224.0	–199.4	–434.8	–409.3
<b>Gross profit</b>	<b>99.1</b>	<b>112.4</b>	<b>188.5</b>	<b>256.9</b>
Selling expenses	–7.9	–8.8	–16.1	–17.3
Research and development expenses	–19.0	–16.8	–36.5	–33.5
General administration expenses	–6.5	–7.4	–14.3	–14.3
Other operating income	9.1	12.0	26.4	23.5
Other operating expenses	–7.9	–16.8	–27.8	–37.3
<b>Operating result</b>	<b>66.9</b>	<b>74.6</b>	<b>120.2</b>	<b>178.0</b>
Interest income	1.4	2.2	4.0	4.1
Interest expenses	–0.7	–0.5	–1.3	–1.1
Other financial result	1.5	–1.3	–6.6	–0.6
<b>Financial result</b>	<b>2.2</b>	<b>0.4</b>	<b>–3.9</b>	<b>2.4</b>
Result before income tax	69.1	75.0	116.3	180.4
Income taxes	–8.3	–6.5	–9.5	–24.3
<b>Result for the period</b>	<b>60.8</b>	<b>68.5</b>	<b>106.8</b>	<b>156.1</b>
<i>of which</i>				
<i>attributable to Siltronic AG shareholders</i>	<i>54.0</i>	<i>59.4</i>	<i>93.5</i>	<i>139.7</i>
<i>attributable to non-controlling interests</i>	<i>6.8</i>	<i>9.1</i>	<i>13.3</i>	<i>16.4</i>
Result per common share in EUR (basic/diluted)	1.80	1.98	3.12	4.66

# Consolidated statement of financial position

In EUR million	June 30, 2020	Dec. 31, 2019
Intangible assets	23.5	22.7
Property, plant and equipment	963.0	951.4
Right-of-use assets	54.0	48.7
Securities and fixed-term deposits	51.1	52.1
Other financial assets	1.6	0.1
Other non-financial assets	1.1	0.7
Deferred tax assets	7.7	4.6
<b>Non-current assets</b>	<b>1,102.0</b>	<b>1,080.3</b>
Inventories	160.9	152.8
Trade receivables	130.6	127.7
Contract assets	14.2	14.6
Securities and fixed-term deposits	211.9	337.8
Other financial assets	6.9	2.7
Other non-financial assets	29.2	20.8
Income tax receivables	5.3	7.6
Cash and cash equivalents	248.0	200.7
<b>Current assets</b>	<b>807.0</b>	<b>864.7</b>
<b>Total assets</b>	<b>1,909.0</b>	<b>1,945.0</b>

In EUR million	June 30, 2020	Dec. 31, 2019
Subscribed capital	120.0	120.0
Capital reserves	974.6	974.6
Retained earnings and net Group result	112.5	109.0
Other equity items	-416.5	-338.6
<b>Equity attributable to Siltronic AG shareholders</b>	<b>790.6</b>	<b>865.0</b>
Equity attributable to non-controlling interests	75.9	65.2
<b>Equity</b>	<b>866.5</b>	<b>930.2</b>
Provisions for pensions	552.4	491.5
Other provisions	63.9	68.2
Provisions for income taxes	11.0	10.2
Deferred tax liabilities	2.5	3.4
Customer prepayments	142.7	152.5
Lease liabilities	50.6	45.5
Other financial liabilities	0.2	–
<b>Non-current liabilities</b>	<b>823.3</b>	<b>771.3</b>
Other provisions	16.9	16.2
Provisions and liabilities for income tax	27.8	19.5
Trade liabilities	117.1	126.8
Customer prepayments	11.0	28.6
Lease liabilities	4.6	3.8
Other financial liabilities	6.0	3.8
Other non-financial liabilities	35.8	44.8
<b>Current liabilities</b>	<b>219.2</b>	<b>243.5</b>
Total liabilities	1,042.5	1,014.8
<b>Total equity and liabilities</b>	<b>1,909.0</b>	<b>1,945.0</b>

## Consolidated statement of cash flows

In EUR million	Q2 2020	Q2 2019	H1 2020	H1 2019
Result for the period	60.8	68.5	106.8	156.1
Depreciation / amortization of non-current assets, including impairment losses and reversals thereof	33.5	25.4	64.5	49.2
Other non-cash expenses and income	–9.3	–8.3	–2.8	–5.9
Result from disposal of non-current assets	0.4	0.5	1.1	1.0
Interest income	–0.7	–1.7	–2.7	–3.0
Interest paid	–0.5	–0.4	–0.9	–0.8
Interest received	0.7	1.0	4.8	3.1
Tax expense	8.3	6.5	9.5	24.3
Taxes paid	–3.2	–21.0	–1.7	–39.3
Changes in inventories	–6.5	–3.6	–10.5	–9.4
Changes in trade receivables	–4.7	25.0	4.7	37.2
Changes in contract assets	0.1	–0.4	0.4	–1.9
Changes in other assets	0.3	40.3	–10.9	35.4
Changes in provisions	4.3	3.0	12.3	10.3
Changes in trade liabilities	8.5	–14.7	14.6	3.8
Changes in other liabilities	–16.5	–24.8	–6.4	–16.9
Changes in customer prepayments	–16.9	–16.2	–38.5	–33.0
<b>Cash flow from operating activities</b>	<b>58.6</b>	<b>79.1</b>	<b>144.3</b>	<b>210.2</b>
Payments for capital expenditure (including intangible assets)	–48.8	–94.9	–115.1	–162.0
Proceeds from the disposal of property, plant and equipment	–	–	–	–
Payments for securities and fixed-term deposits	–55.6	–57.4	–107.3	–234.7
Proceeds from securities and fixed-term deposits	18.7	186.8	223.9	341.0
<b>Cash flow from financing activities</b>	<b>–85.7</b>	<b>34.5</b>	<b>1.5</b>	<b>–55.7</b>
Dividends	–90.0	–150.0	–90.0	–150.0
Repayment portion of lease liability	–1.2	–0.9	–2.3	–1.6
<b>Cash flow from financing activities</b>	<b>–91.2</b>	<b>–150.9</b>	<b>–92.3</b>	<b>–151.6</b>
Changes due to exchange- rate fluctuations	–0.3	–2.2	–6.2	1.5
<b>Changes in cash and cash equivalents</b>	<b>–118.6</b>	<b>–39.5</b>	<b>47.3</b>	<b>4.4</b>
at the beginning of the period	366.6	301.4	200.7	257.5
<b>at the end of the period</b>	<b>248.0</b>	<b>261.9</b>	<b>248.0</b>	<b>261.9</b>

## Additional financial information

(Not part of condensed interim financial statements and unaudited)

In EUR million	Q2 2020	Q2 2019	H1 2020	H1 2019
Cash flow from operating activities	58.6	79.1	144.3	210.2
Increase/decrease of prepayments received (customer prepayments)	16.9	16.2	38.5	33.0
Cash flow from investing activities	–48.8	–94.9	–115.1	–162.0
<b>Net cash flow</b>	<b>26.7</b>	<b>0.4</b>	<b>67.7</b>	<b>81.2</b>

# Consolidated statement of comprehensive income

In EUR million	H1 2020		H1 2019	
	Before tax	After tax	Before tax	After tax
Result for the period	–	106.8	–	156.1
Items not reclassified to profit or loss:				
Remeasurement of defined benefit plans	–47.7	–47.7	–128.8	–128.8
Items reclassified to profit or loss:				
Difference from foreign currency translation	–34.5	–34.5	7.1	7.1
thereof recognized in profit or loss	–	–	–	–
Changes in market values of derivative financial instruments (cash flow hedge)	2.2	1.7	4.8	3.6
thereof recognized in profit or loss	1.6	1.2	14.3	10.8
<b>Sum of items reclassified to profit or loss</b>	<b>–32.3</b>	<b>–32.8</b>	<b>11.9</b>	<b>10.7</b>
Other comprehensive income and loss	–80.0	–80.5	–116.9	–118.1
<b>Total comprehensive income and loss</b>		<b>26.3</b>		<b>38.0</b>
of which				
attributable to Siltronic AG shareholders		15.6		21.3
attributable to non-controlling interests		10.7		16.7

In EUR million	Q2 2020		Q2 2019	
	Before tax	After tax	Before tax	After tax
Result for the period	–	60.8	–	68.5
Items not reclassified to profit or loss:				
Remeasurement of defined benefit plans	–135.8	–135.8	–76.0	–76.0
Items reclassified to profit or loss:				
Difference from foreign currency translation	–1.7	–1.7	–9.9	–9.9
thereof recognized in profit or loss	–	–	–	–
Changes in market values of derivative financial instruments (cash flow hedge)	3.0	2.2	3.7	2.8
thereof recognized in profit or loss	0.2	0.2	6.5	4.9
<b>Sum of items reclassified to profit or loss</b>	<b>1.3</b>	<b>0.5</b>	<b>–6.2</b>	<b>–7.1</b>
Other comprehensive income / loss	–134.5	–135.3	–82.2	–83.1
<b>Total comprehensive income and loss</b>		<b>–74.5</b>		<b>–14.6</b>
of which				
attributable to Siltronic AG shareholders		–81.2		–23.2
attributable to non-controlling interests		6.7		8.6

# Consolidated statement of changes in equity

In EUR million	Subscribed capital	Capital reserves	Variance from foreign currency translation	Effects of net investments in foreign operations	Changes in market values of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Retained earnings /net Group result	Total	Non-controlling interests	Total equity
Balance as of January 1, 2019	120.0	974.6	5.6	-7.1	-8.4	-230.9	33.4	887.2	28.5	915.7
Result for the period	–	–	–	–	–	–	139.7	139.7	16.4	156.1
Other comprehensive income and loss	–	–	6.8	–	3.6	-128.8	–	-118.4	0.3	-118.1
<b>Total comprehensive income and loss</b>	–	–	<b>6.8</b>	–	<b>3.6</b>	<b>-128.8</b>	<b>139.7</b>	<b>21.3</b>	<b>16.7</b>	<b>38.0</b>
Dividends	–	–	–	–	–	–	-150.0	-150.0	–	-150.0
<b>Balance as of June 30, 2019</b>	<b>120.0</b>	<b>974.6</b>	<b>12.4</b>	<b>-7.1</b>	<b>-4.8</b>	<b>-359.7</b>	<b>23.1</b>	<b>758.5</b>	<b>45.2</b>	<b>803.7</b>
Balance as of January 1, 2020	120.0	974.6	29.1	-7.1	0.3	-360.9	109.0	865.0	65.2	930.2
Result for the period	–	–	–	–	–	–	93.5	93.5	13.3	106.8
Other comprehensive income and loss	–	–	-31.9	–	1.7	-47.7	–	-77.9	-2.6	-80.5
<b>Total comprehensive income and loss</b>	–	–	<b>-31.9</b>	–	<b>1.7</b>	<b>-47.7</b>	<b>93.5</b>	<b>15.6</b>	<b>10.7</b>	<b>26.3</b>
Dividends	–	–	–	–	–	–	-90.0	-90.0	–	-90.0
<b>Balance as of June 30, 2020</b>	<b>120.0</b>	<b>974.6</b>	<b>-2.8</b>	<b>-7.1</b>	<b>2.0</b>	<b>-408.6</b>	<b>112.5</b>	<b>790.6</b>	<b>75.9</b>	<b>866.5</b>

# Condensed consolidated notes

## Basis of presentation and accounting policies

These condensed financial statements (“interim financial statements”) for the six-month period ended June 30, 2020 comprise Siltronic AG and its subsidiaries, together referred to as the “Group”. Siltronic AG is a listed company subject to German law.

The interim financial statements of the Siltronic Group as of June 30, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial statements (IAS 34) as endorsed by the European Union, and are presented in condensed form. The accounting and valuation methods applicable for the fiscal year 2019 have been amended by new accounting standards if applicable and effective for the first time in 2020. Apart from this, the accounting and valuation methods remained unchanged.

Siltronic AG is a company domiciled in Munich / Germany, Hanns-Seidel-Platz 4 and is registered at the Munich District Court (Amtsgericht) under HRB 150884.

## Impact of the corona pandemic

Overall, Siltronic was not negatively affected by the pandemic spread of the coronavirus in the first six months of the year. Declines in demand in specific end markets (primarily smartphones, vehicles, industrial machinery) were offset by increases in other end markets (primarily servers, network equipment, home office). Corona related challenges in production, sales, research and development and administration were insignificant. Through tax benefits and wage subsidies, the Group benefited to a small extent from measures initiated by

governments to mitigate the economic consequences of the pandemic.

There was no reason for any impairment tests or changes in assumptions or estimates.

## Use of assumptions and estimates

When the interim financial statements are being prepared, it is necessary to make estimates and assumptions affecting the amounts and the reporting of the recognized assets and debts, income and expenses, and contingent liabilities. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from assumptions and estimates if the economic conditions referred to do not develop in line with the expectations as of the reporting date. The determination of taxes followed the procedure applied at year-end by assessing the income tax expense at the balance sheet date of this interim period.

Taxes are calculated in the same way as at the end of the fiscal year by determining the tax expense at the interim balance sheet date.

As of each reporting date, the net defined benefit liability must be reassessed and the discount factor newly determined. The derivation of the discount rate in Germany is based on a so-called ‘bond universe’. The net defined benefit liability as of June 30, 2020 was calculated using discount factors of 1.23 percent in Germany and 2.46 percent in the US (June 30, 2019: 1.29 percent in Germany and 3.37 percent in the US). As of December 31, 2019, the actuarial interest rate was 1.24 percent in Germany and 2.98 percent in the US.

## Segment reporting

The Group is engaged in only one reportable segment. That includes the development, production and sale of semiconductor silicon wafers with a wide variety of features satisfying numerous product specifications to meet customers' very precise technical specifications. Wafers are utilized in the manufacturing of semiconductor devices. Based on the fact that in the wafer industry the allocation of resources is derived

from a wide variety of product specifications from customers, the Group is only operating in one segment.

The following table shows the breakdown of sales by geographical region:

H1 2020								
In EUR million	Germany	Europe excluding Germany	United States	Taiwan and (mainland) China	Korea	Asia exclud- ing Taiwan, (mainland) China and Korea	Others	Siltronic Group
External sales of con- tracts with customers by customer location	46.0	65.9	64.8	207.8	141.1	87.8	9.9	623.3

H1 2019								
In EUR million	Germany	Europe excluding Germany	United States	Taiwan and (mainland) China	Korea	Asia excluding Taiwan, (main- land) China and Korea	Others	Siltronic Group
External sales of con- tracts with customers by customer location	58.4	70.8	82.8	174.7	176.9	91.2	11.4	666.2

## Information on fair value

The fair value of a financial instrument is the price that would be achieved in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table shows the carrying amounts and fair values of the Group's financial assets and financial liabilities:

In EUR million	June 30, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables (AC) <sup>1)</sup>	130.6	131.4	127.7	127.7
Securities (FVTPL) <sup>2)</sup>	77.9	77.9	82.8	82.8
Securities and fixed-term deposits (AC) <sup>1)</sup>	185.2	187.4	288.4	307.7
Other financial assets	8.5	8.5	2.8	2.8
Derivatives for which hedge accounting is used (Hedge Accounting) <sup>3)</sup>	2.6	2.6	1.3	1.3
Derivatives for which hedge accounting is not used (FVTPL) <sup>2)</sup>	3.2	3.2	0.9	0.9
Other (AC) <sup>1)</sup>	2.7	2.6	0.6	0.6
Cash and cash equivalents (AC) <sup>1)</sup>	248.0	248.0	200.7	200.7
<b>Total financial assets</b>	<b>650.2</b>	<b>653.2</b>	<b>702.4</b>	<b>721.7</b>
Trade liabilities (AC) <sup>1)</sup>	117.1	117.1	126.8	126.8
Other financial liabilities	6.2	6.2	3.8	3.8
Derivatives for which hedge accounting is used (Hedge Accounting) <sup>3)</sup>	0.5	0.5	1.1	1.1
Derivatives for which hedge accounting is not used (FVTPL) <sup>2)</sup>	3.0	3.0	2.4	2.4
Other (AC) <sup>1)</sup>	2.7	2.7	0.3	0.3
<b>Total financial liabilities</b>	<b>123.3</b>	<b>123.3</b>	<b>130.6</b>	<b>130.6</b>

<sup>1)</sup> AC = Amortized cost

<sup>2)</sup> FVTPL = Fair Value through profit or loss

<sup>3)</sup> Hedge Accounting = Not assigned to the measurement categories. Hedging relationships continue to be accounted for in accordance with IAS 39.

The financial assets and liabilities measured at fair value in the statement of financial position were allocated to one of the three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories shows which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions. With respect to the definition of the fair value levels and the corresponding financial assets and financial liabilities

and the valuation of these items reference is made to the 2019 consolidated financial statements.

The following table shows the fair value hierarchy classification of financial assets and liabilities measured at fair value in the statement of financial position:

### Fair value hierarchy

In EUR million	As of June 30, 2020			
	Level I	Level II	Level III	Total
<b>Financial assets, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	3.2	–	3.2
Securities	77.9	–	–	77.9
Fair value through other operating income				–
Derivatives for which hedge accounting is used	–	2.6	–	2.6
<b>Total</b>	<b>77.9</b>	<b>5.8</b>	<b>–</b>	<b>83.7</b>
<b>Financial liabilities, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	3.0	–	3.0
Fair value through other operating income				–
Derivatives for which hedge accounting is used	–	0.5	–	0.5
<b>Total</b>	<b>–</b>	<b>3.5</b>	<b>–</b>	<b>3.5</b>



In EUR million	As of December 31, 2019			
	Level I	Level II	Level III	Total
<b>Financial assets, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	0.9	–	0.9
Securities	82.8	–	–	82.8
Fair value through other operating income				
Derivatives for which hedge accounting is used	–	1.3	–	1.3
<b>Total</b>	<b>82.8</b>	<b>2.2</b>	<b>–</b>	<b>85.0</b>
<b>Financial liabilities, measured at fair value</b>				
Fair value through profit or loss (FVTPL)				
Derivatives for which hedge accounting is not used	–	2.4	–	2.4
Fair value through other operating income				
Derivatives for which hedge accounting is used	–	1.1	–	1.1
<b>Total</b>	<b>–</b>	<b>3.5</b>	<b>–</b>	<b>3.5</b>

The market value determined at Level I is based on unadjusted, quoted prices in active markets for the assets and liabilities in question or those that are identical. Quoted prices in an active market are available for all securities of the Group. All securities are classified as Level I securities.

The financial instruments allocated to Level II are measured using methods based on parameters that are either directly or indirectly derived from observable market data. These include hedging and non-hedging derivative financial instruments.

At Level III, the market value is determined on the basis of parameters for which no observable prices are available.

Siltronic reviews on an annual basis whether its financial instruments are appropriately allocated to the hierarchy levels. No changes to the valuation method occurred compared to the end of the prior fiscal year and no non-recurring fair value measurements took place. No reclassifications between the levels of the fair value hierarchy were carried out in the period under review.

## Related party disclosures

The disclosure requirements according to IAS 24 refer to transactions with (a) the minority shareholder Wacker Chemie AG (the majority shareholder until March 15, 2017) and its controlling shareholder Dr. Alexander Wacker Familiengesellschaft mbH (holding more than 50 percent of the voting shares in Wacker Chemie AG), (b) Wacker Pensionskasse and (c) members of the Executive Board and Supervisory Board of the Company.

The amounts recorded in the statement of profit or loss resulting from transactions with Wacker Chemie AG were the following:

In EUR million	H1 2020	H1 2019
Sales	0.4	0.3
Supply of material and services, primarily recorded in cost of sales	75.8	71.1

The following table shows other assets, inventories and liabilities to Wacker Chemie AG in the statement of financial position:

In EUR million	June 30, 2020	Dec. 31, 2019
Other assets	0.9	0.5
Inventories	15.8	11.8
Trade liabilities	15.5	6.4

## Income taxes

Taxes are calculated using the same methods as at year-end, by determining the tax expenses as of the interim reporting date. The alternative method in accordance with IAS 34, which involves the use of estimates, was not applied. Deferred tax assets were capitalized on temporary differences to the extent that they will probably result in realizable tax benefits within the medium-term planning period.

## Foreign exchange rates

The financial statements of consolidated companies outside Germany are translated into euro following the concept of functional currency. For all foreign Group companies the functional currency equals the local currency because these entities operate their business on a stand-alone basis from a financial, commercial and organizational perspective. Assets and liabilities are translated using the spot rates prevailing at the balance sheet date, equity is translated using historical rates, and amounts in the statement of profit and loss are translated

using the average exchange rates of the quarter. Amounts resulting from the variance between spot rates at different balance sheet dates are shown separately under “Other equity items” within equity.

The following table shows the main exchange rates in relation to the euro:

### Exchange rates

	ISO-Code	Spot rate			Average for the period		
		June 30, 2020	June 30, 2019	Dec. 31, 2019	Q2 2020	H1 2020	H1 2019
US-Dollar	USD	1.12	1.14	1.12	1.10	1.10	1.13
Japanese Yen	JPY	121	123	122	118	119	124
Singapore Dollar	SGD	1.57	1.54	1.51	1.55	1.54	1.54

## Major events in period under review and events after June 30, 2020

Events during the reporting period that are considered significant in terms of their impact, nature and frequency are described in the interim management report. No material events occurred between June 30, 2020 and the date of issuance of this interim report.

Munich, July 21, 2020  
The Executive Board of Siltronic AG

Dr. Christoph von Plotho  
(CEO)

Rainer Irle  
(CFO)

# Further Information

## Responsibility statement

To the best of our knowledge, we assure that in accordance with the applicable accounting principles for interim reporting for the Group's interim financial statements in compliance with generally accepted accounting principles, we have provided a truthful picture of the assets, financial and earnings situation of the Group and that the Group's interim management report outlines the business performance, including the Company's profit and the Group's situation, such that it provides a picture in line with the actual circumstances and describes the key opportunities and risks of the expected performance of the Group in the remainder of the fiscal year.

Munich, July 21, 2020  
The Executive Board of Siltronic AG

Dr. Christoph von Platho  
(CEO)

Rainer Irle  
(CFO)

## Certificate of audit review

For Siltronic AG, Munich

We have performed an audit review of the abbreviated interim consolidated financial statements – consisting of the Group balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, development of the Group's equity and selected explanatory notes – and the Group's interim management report for Siltronic AG, for the period from January 1 to June 30, 2020, which are components of the semi-annual financial report in accordance with Section 115 of the Securities Trading Act (WpHG). The preparation of the abbreviated interim consolidated financial statements under IFRS for interim reporting, as applicable in the EU, and the Group's interim management report according to the applicable provisions from the WpHG is the responsibility of the legal representatives of the Company. Our task is to certify the abbreviated interim consolidated financial statements and the Group's interim management report on the basis of our audit review.

We have performed the audit review of the abbreviated interim consolidated financial statements and the Group's interim management report, observing the German principles specified by the Institute of Public Auditors in Germany (IDW) for the audit review of financial

statements. These state that the audit review is to be planned and performed such that in our critical appraisal, we can rule out with a certain degree of certainty that the abbreviated interim consolidated financial statements have not been prepared in accordance with IFRS for interim reporting as applicable in the EU in key aspects and that the Group's interim management report was not prepared in accordance with the provisions of the WpHG applicable to the Group's interim management reports in key aspects. An audit review is primarily limited to interviews with employees of the Company and analytical assessments and therefore does not offer the certainty of an audit of financial statements. As we have not performed a proper audit of the financial statements according to our order, we cannot issue an audit certificate.

On the basis of our audit review, we have not become aware of any factors, which prompt us to assume that the abbreviated interim consolidated financial statements have not been prepared in accordance with IFRS for interim reporting as applicable in the EU in key aspects and the Group's interim management report was not prepared in accordance with the provisions of the WpHG applicable to the Group's interim management reports in key aspects.

Munich, July 21, 2020  
KPMG AG Auditing Company

Hanshen  
Wirtschaftsprüfer  
(German Public Auditor)

Ratkovic  
Wirtschaftsprüfer  
(German Public Auditor)

## Financial calendar

October 29, 2020    Quarterly Statement Q3 2020

## Contact

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## Imprint

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### **Note on the Interim Statement**

This Interim Statement is also available in German. If there are differences between the two, the German version takes priority. The Interim Report is available as a PDF document.

### **Disclaimer**

This interim statement contains forward-looking statements based on assumptions and estimates made by Siltronic's Executive Board. Although we assume that the expectations in these forwardlooking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. Siltronic does not plan to update the forwardlooking statements, nor does it assume the obligation to do so. Due to rounding, it is possible that individual figures in this report and other reports do not exactly add. The contents of this report address women and men equally. For better legibility, only the male language form (e.g. customer, employee) is used.

**Siltronic AG**

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