RESEARCH REPORT | 8 NOVEMBER 2026

How Much More Must Siltronic Sell to Break Even?

Depreciation, factory utilisation and the limits of a wafer-ramp inference

Research report | Semiconductor manufacturing economics | EUR million, nominal reported periods

At an illustrative 35% incremental EBITDA conversion and unchanged depreciation, Siltronic would need about €121 million of additional quarterly group revenue to close its Q3 EBIT deficit. This is a conditional group accounting threshold, not a Singapore-factory valuation.

REPORT TYPE	EVIDENCE CUT-OFF	ACCOUNTING BASIS	MODEL
Break-even analysis	4 Nov 2026	EUR million, group	EBIT threshold + scenarios

Research boundary: all observed earnings and depreciation figures in this report are consolidated Siltronic Group data. Plant-specific profitability and investment returns are not identified.

00 / EXECUTIVE RESULT

Executive summary

Siltronic sold more wafer area in the third quarter of 2026 and generated €355.4 million in group revenue, 10.5% more than in the previous quarter. Its EBITDA improved to €81.3 million. Yet operating profit after depreciation and amortisation (EBIT) remained negative at €42.4 million. The group therefore shows how improving shipments and EBITDA can coexist with a depreciation burden that exceeds operating earnings. It does not prove that Singapore itself is loss-making. [1]

Observed Q3 2026	Result	Status
Revenue	€355.4m	Company reported
EBITDA	€81.3m	Company reported
Depreciation / amortisation	€123.7m	Derived from reported EBITDA and EBIT
EBIT	−€42.4m	Company reported

Source: Siltronic Q3 2026 disclosure [1]. D&A is EBITDA minus EBIT; it is the group total, not Singapore plant depreciation.

This report reconstructs the accounting bridge and values a narrowly defined question: under specified incremental EBITDA conversion, depreciation and cost-saving assumptions, what additional quarterly group revenue would close the reported EBIT deficit? At a hypothetical 35% conversion and unchanged D&A, the answer is about €121 million above Q3 revenue. At alternative 25% and 45% conversions, the requirement is about €170 million and €94 million respectively. These are algebraic thresholds, not market forecasts or measured wafer-output requirements.

Nine-month results provide a separate and particularly strong check. EBIT deteriorated by €153.9 million relative to the first nine months of 2025. EBITDA fell €14.8 million, while depreciation and amortisation increased €139.1 million. The latter is 90.4% of the arithmetic EBIT deterioration. This does not prove that 90.4% was caused by the Singapore factory, or that the factory itself was unprofitable. It identifies the scale and composition of the consolidated earnings change. [1]

The report stops short of plant-level valuation. Disclosed group results do not identify Singapore output, realised revenue per wafer, site-specific depreciation, marginal cost or invested capital. The study can test group-level accounting break-even conditions; it cannot calculate Singapore’s project IRR or a valuation for Siltronic’s shares.

Evidence cut-off: 4 November 2026. Quarterly source values are unaudited where identified by Siltronic. Model assumptions are explicit, with no fitted probability distribution or empirical validation of future margins.

INDUSTRIAL CONTEXT

1. Why the production decision matters

The central capital-allocation problem in a wafer factory is timing. Equipment and factory buildings are committed years before the output reaches mature utilisation. A new line may initially add operating costs and depreciation while customer qualification and the production

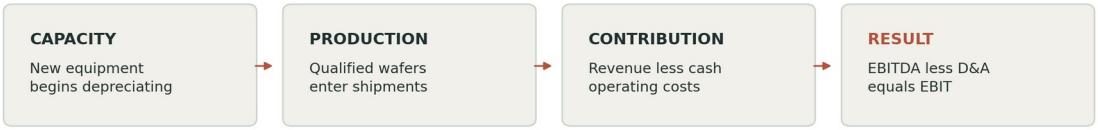
ramp proceed in stages. Higher output can spread genuinely fixed plant costs across more wafers, but it does not reverse already-recognised depreciation in the accounting period.

Siltronic's annual report states that depreciation of significant parts of its new 300 mm Singapore fab began in August 2025 after customer qualification milestones. Its half-year 2026 report says the site was already contributing substantially to 300 mm volume growth and improving fixed-cost absorption as utilisation increased. That makes the November operating figures a useful case for distinguishing the physical ramp from its group earnings effect. [2][3]

The market relevance is direct: semiconductor manufacturers, equipment financiers and investors need to distinguish capacity installed, capacity qualified, wafer area shipped, realised sales, accounting operating profit and cash available after investment. These are not interchangeable stages of the same process. Demand for 300 mm wafers is strengthened by AI-related semiconductor uses, while pricing, product mix, exchange rates and slower 200 mm end markets can offset volume growth. [1][2]

SCHEMATIC 01 / PRODUCTION-TO-PROFIT CHAIN

Why the factory can sell more and still report a loss



Illustrative process chain, not a flowchart of measured Singapore operating performance.

Conceptual mechanism only. The sequence describes why depreciation can begin before sales and production contribution fully mature; it does not measure the timing or output of the Singapore site.

QUARTERLY EVIDENCE

2. The evidence: stronger volumes and negative EBIT

Table 1 places the latest figures beside the prior quarter and the comparable 2025 quarter. All values are consolidated Siltronic Group data in EUR million. D&A is calculated as EBITDA minus EBIT; it includes depreciation, amortisation and any impairment effects within those figures.

Metric	Q3 2025	Q2 2026	Q3 2026
Revenue	300.3	321.6	355.4
Gross profit	−3.6	−14.4	−7.5
EBITDA	65.7	69.4	81.3
D&A (derived)	97.1	121.3	123.7
EBIT	−31.4	−51.9	−42.4
EBITDA margin	21.9%	21.6%	22.9%

Table 1. Quarterly financial record. Source: [1], with comparative Q2 figures cross-checked against [2]. The quarter-on-quarter group EBITDA margin improved 1.3 percentage points.

From Q2 to Q3 2026, revenue increased €33.8 million and EBITDA €11.9 million; D&A increased €2.4 million and EBIT improved €9.5 million. The measured ratio of incremental EBITDA to incremental sales was therefore 35.2%, while the corresponding incremental EBIT ratio was

28.1%. These are observations over one transition, not estimated coefficients of a stable wafer-production cost function.

That matters because the period includes other movements. The balance of other operating income and expenses shifted from a €3.0 million charge in Q2 to €0.5 million income in Q3, a €3.5 million improvement, driven particularly by energy hedging. Subtracting that entire swing mechanically reduces the observed incremental EBITDA ratio from 35.2% to 24.9%. It is a sensitivity, not a clean estimate of pure volume contribution: energy costs, inventory effects and other changes also shifted between quarters. [1]

Compared with Q3 2025, revenue in Q3 2026 was €55.1 million higher and EBITDA €15.6 million higher, but D&A was €26.6 million higher. EBIT was consequently €11.0 million lower. Revenue growth by itself is not evidence that the entire operating capital base is earning an adequate return.

ACCOUNTING BRIDGE

3. Why the nine-month accounting bridge is decisive

Metric	9M 2025	9M 2026	Difference
Revenue	975.1	983.5	+8.4
EBITDA	230.5	215.7	−14.8
D&A	223.3	362.4	+139.1
EBIT	7.2	−146.7	−153.9

Table 2. EUR million. Source: Siltronic Q3 statement [1]. EBIT change = EBITDA change minus D&A change, within rounding.

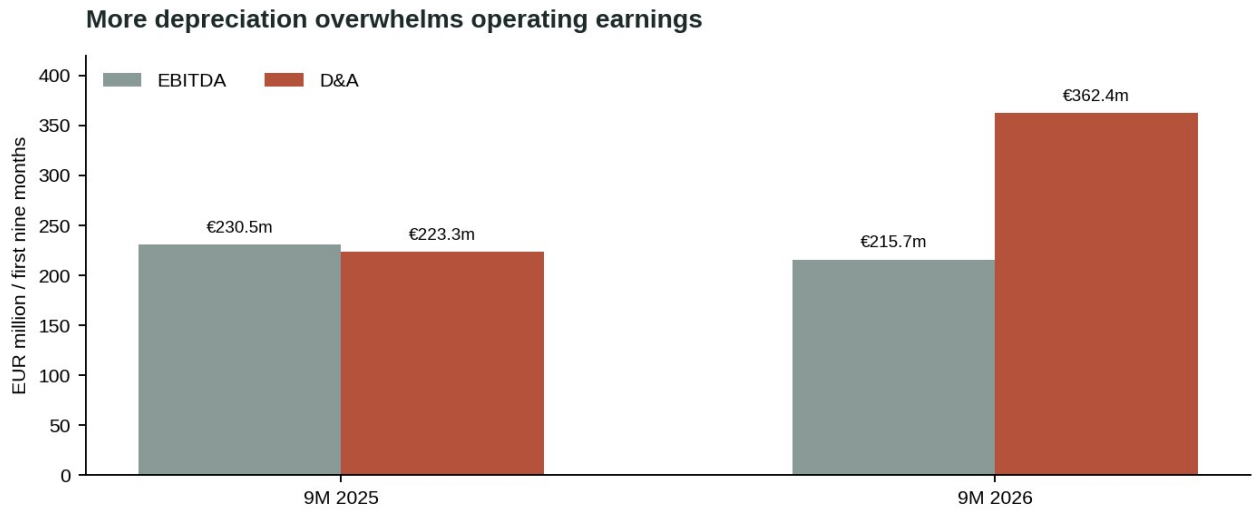


Figure 1. Nine-month EBITDA and D&A. These are observed group accounts; neither column is a Singapore-only value.

The 2026 operating result can be decomposed without assuming an underlying production function: change in EBIT = change in EBITDA minus change in D&A = (−€14.8 million) − (+€139.1 million) = −€153.9 million. This is an identity, not a causal attribution. The 2026 nine-month D&A total would have to be €139.1 million lower to match the prior-year D&A, in which case reported nine-month EBITDA would still imply EBIT of approximately −€7.6 million rather than the actual −€146.7 million.

Siltronic reports that around 80% of its €167.9 million year-on-year increase in cost of sales was attributable to non-cash depreciation, primarily reflecting investments in Singapore. The company reports gross profit down from €111.4 million to negative €48.1 million. The information supports identifying a significant depreciation burden but does not support assigning all group D&A to the Singapore factory or stripping all depreciation out of an investment evaluation. [1]

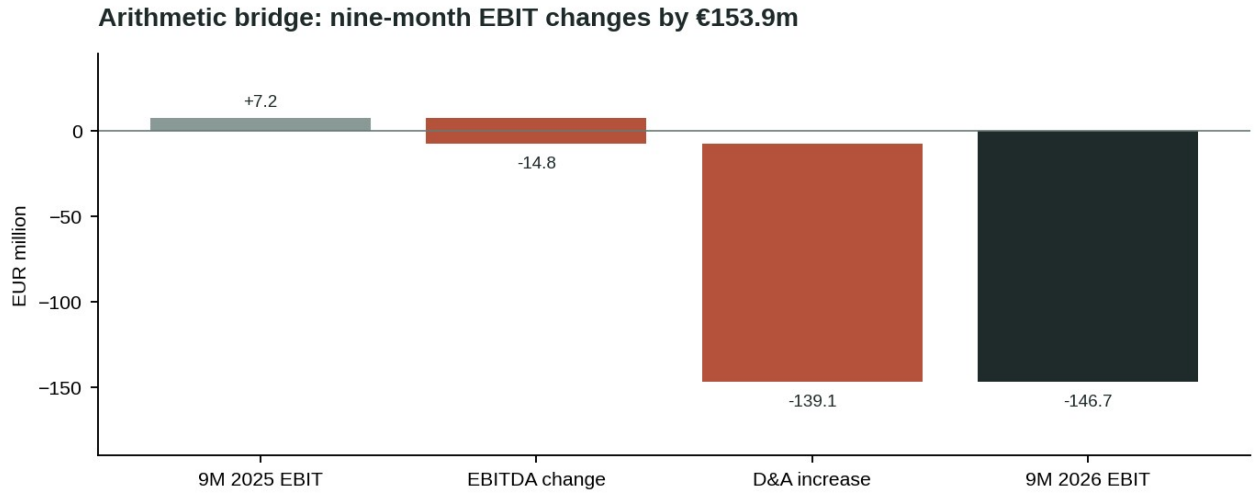


Figure 2. The year-on-year arithmetic EBIT bridge. The components are accounting changes, not independent causal effects.

ECONOMIC MODEL

4. The model: a static EBIT break-even threshold

Define R_0 = €355.4 million of Q3 revenue, E_0 = €81.3 million of Q3 EBITDA and D_0 = €123.7 million of Q3 D&A. Let ΔR denote additional group revenue in a comparable quarter, m the fraction of that incremental revenue converting into EBITDA, S incremental quarterly EBITDA savings, P a separately specified other EBITDA improvement and ΔD the change in quarterly D&A. The scenario relationship is:

$$EBIT = E_0 + m \times \Delta R + S + P - (D_0 + \Delta D).$$

For m greater than zero, the smallest non-negative revenue increase required to reach non-negative EBIT is:

$$\Delta R^* = \max[0, (D_0 + \Delta D - E_0 - S - P) / m].$$

Every amount is in EUR million per quarter, except the dimensionless conversion rate m. A €1 million quarterly saving has a different measurement basis from €1 million of additional revenue. It should not be counted twice as both a saving and revenue-driven margin. The baseline deficit $D_0 - E_0$ equals €42.4 million, exactly the reported negative EBIT in Q3 2026.

This is a local partial-accounting experiment: it holds the background group cost and product structure fixed except for the specified changes. It does not solve actual wafer production planning, which would require separate capacity, customer qualification, price and yield constraints. In particular, ΔR cannot be converted into a physical wafer-area requirement without a reliable product-specific price and mix schedule.

SCENARIO RESULTS

5. Results: how much additional group revenue?

Incremental EBITDA conversion	Extra quarterly revenue	Quarterly revenue at EBIT = 0
25% (illustrative)	€169.6m	€525.0m
30% (illustrative)	€141.3m	€496.7m
35% (illustrative)	€121.1m	€476.5m
35.2% (Q2–Q3 ratio applied)	€120.4m	€475.8m
45% (illustrative)	€94.2m	€449.6m

Table 3. Rokin calculations; group Q3 2026 baseline; D&A fixed at €123.7m, savings and other changes zero. Conversion assumptions are not observed marginal wafer economics.

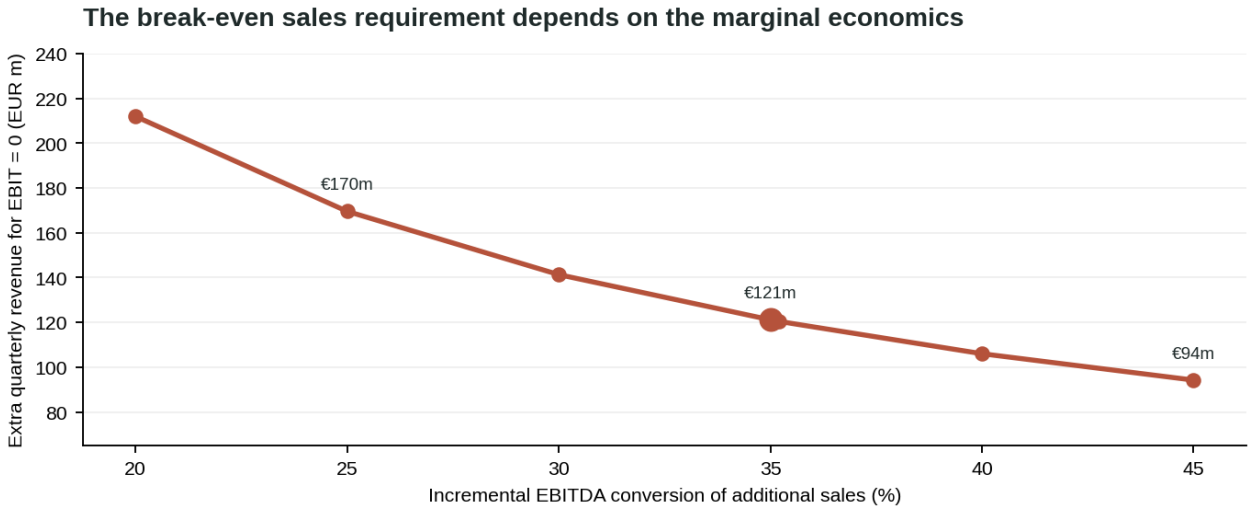


Figure 3. Extra group revenue required for quarterly EBIT break-even at constant Q3 depreciation. A curve across assumed conversions is not a probability distribution.

At the 35% illustrative conversion, additional quarterly sales of approximately €121.1 million would cover the €42.4 million accounting gap if the contribution ratio and D&A remain constant. That would put quarterly revenue near €476.5 million, 34.1% above reported Q3 sales. The 25%–45% scenario range corresponds to additional quarterly sales of about €170 million to €94 million. Neither endpoint is a confidence bound or a prediction.

Depreciation and other improvements matter too. With a 35% conversion, an additional €5 million of quarterly D&A raises the required revenue increment from €121.1 million to €135.4 million; a €5 million reduction lowers it to €106.9 million. A genuine €10 million recurring EBITDA saving lowers the requirement by €28.6 million, holding the other assumptions fixed. This is why a single wafer-volume forecast cannot determine break-even.

The observed 35.2% sequential EBITDA conversion requires care. Excluding the entire €3.5 million favorable swing in the net other operating line reduces that conversion to 24.9%; applying the latter as if it were sustainable would require approximately €170.6 million of additional sales. That gap measures model sensitivity to the chosen margin, not uncertainty quantified from a sample of many independent production episodes.

GUIDANCE CROSS-CHECK

6. An independent check against 2026 guidance

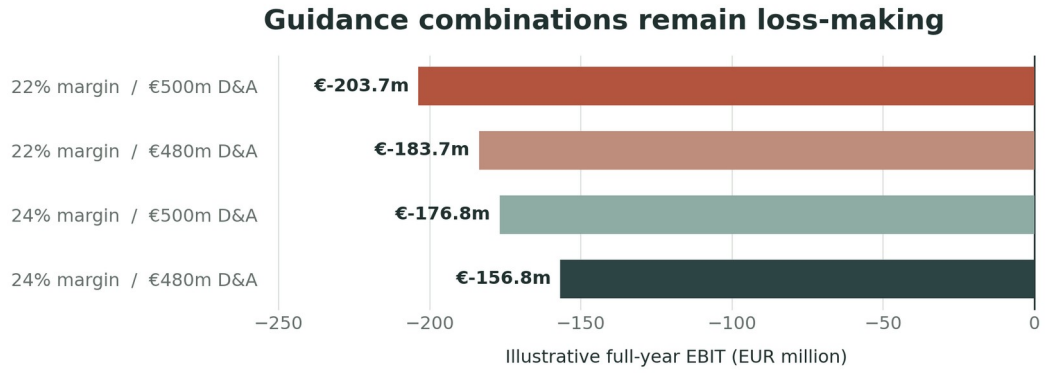
Siltronic's 4 November guidance calls for full-year revenue in the range of 2025 revenue, an EBITDA margin of 22%–24%, and depreciation and amortisation of €480 million–€500 million. The company does not specify a unique full-year sales figure. To make the arithmetic inspectable, this section sets 2026 sales exactly equal to the reported 2025 level of €1,346.7 million. That point is an analyst illustration of the guidance wording, not a company forecast. [1][3]

Conditional measure	Lower-EBIT combination	Higher-EBIT combination
FY EBITDA	€296.3m (22%)	€323.2m (24%)
FY D&A	€500m	€480m
Implied FY EBIT	−€203.7m	−€156.8m
Implied Q4 revenue	€363.2m	€363.2m
Implied Q4 EBITDA	€80.6m	€107.5m
Implied Q4 D&A	€137.6m	€117.6m
Implied Q4 EBIT	−€57.0m	−€10.1m

Table 4. Rokin arithmetic combining guidance extremes, not a confidence interval. FY revenue is assumed exactly at 2025 sales and 9M 2026 actuals are subtracted to isolate Q4.

The key conclusion is directional. At that sales reference point, the guidance combinations remain negative on an annual EBIT basis. The disclosed outlook therefore does not imply that higher late-year sales will already absorb the commissioned depreciation burden. It also does not imply that the company will never do so: future pricing, product mix, asset lives, equipment configuration and demand can change.

SUPPLEMENTAL FIGURE / GUIDANCE CROSS-CHECK



Published margin (22–24%) and D&A (€480–500m) guidance, evaluated at assumed FY25 sales (€1,346.7m). Not management EBIT guidance.

Company margin and D&A guidance recombined at assumed FY2025 revenue of €1,346.7m. These four negative EBIT outcomes are arithmetic, not an earnings forecast or a probability interval. Sources [1] and [3].

INVESTMENT INTERPRETATION

7. Accounting profit is not the final investment hurdle

An EBIT break-even threshold is useful but deliberately incomplete. EBITDA ignores depreciation; EBIT includes it but is not equivalent to cash generated after capex and working capital, nor does EBIT=0 imply an adequate return on capital. A new factory can move from negative EBIT to positive EBIT while still failing a project hurdle rate on the capital already committed. Conversely, temporarily negative EBIT during ramp-up does not by itself establish a negative full-life net present value.

Siltronic reported operating cash flow of €138.2 million, cash payments for capital expenditure of €199.0 million and free cash flow of negative €60.8 million for the first nine months of 2026. Q3 alone had positive €57.0 million of free cash flow. Net financial debt fell from €836.5 million at year-end 2025 to €619.9 million at September 2026, primarily associated with the June capital increase, not simply cash generated by operations. [1]

Those facts matter to financing and equity value, but none directly identifies Singapore's expected free cash flow or ROIC. A site-level capital-return analysis would need the allocated invested capital, site contribution, maintenance and expansion capex, working capital, taxes, cost of financing and operating life, together with the counterfactual use of capital without the new site. A group EBIT sensitivity should not be relabelled as project valuation.

EVIDENCE GAPS

8. What evidence would turn a threshold into a factory estimate?

Missing variable	Why it matters	Current status
Qualified wafer area by site and month	Maps throughput to capacity utilisation	Not public in inspected sources
Average realised €/m² by wafer category	Converts revenue to comparable physical output	Not public at required granularity
Site-specific variable cost and fixed cost	Identifies marginal EBITDA and bottlenecks	Not public
Singapore-only D&A and invested capital	Identifies site EBIT and project return	Not separately disclosed
Qualification, yield and mix schedule	Tests feasible rather than algebraic output	Not public
Life-cycle maintenance capex and cash flows	Separates EBIT break-even from economic NPV	Not public

Table 5. Evidence gap register for any future Singapore-site valuation; absence is not evidence of zero economic effect.

For an empirical calibration, the first stage would estimate physical wafer area, revenue and costs by product/site over multiple periods, controlling for pricing and foreign exchange. The second stage would reconstruct the counterfactual cash flow if the expansion had been delayed, including the loss of future customer qualification and capacity flexibility. The third stage would

compare discounted after-tax incremental cash flows with invested capital, not average group EBITDA margins. None of these steps can be honestly completed using the inspected quarterly statements alone.

The two primary misinterpretations to avoid are: (1) attributing all consolidated depreciation growth to a single asset, and (2) treating an observed two-quarter revenue-to-EBITDA ratio as an engineering estimate of sustained margin on additional wafers. Both would produce a deceptively precise output from insufficient data.

CONCLUSION

9. Conclusion

Siltronic's 2026 disclosure provides a testable example of how commissioned manufacturing capital and rising wafer output can diverge from accounting profitability. The first nine months' EBIT decline is overwhelmingly aligned with a higher depreciation charge, while Q3 sequential sales and EBITDA have improved. Those observations establish the economic pressure created when new capacity enters the cost base before it generates sufficient operating contribution.

Under an explicitly static group-level model, Siltronic would require approximately €121 million of additional quarterly sales to move Q3 EBIT to zero at a hypothetical 35% incremental EBITDA conversion and unchanged D&A. Plausible illustrative conversions shift that requirement materially. The result is a break-even condition, not a revenue forecast, realised wafer-volume target or investment valuation. The capital-allocation implication is that analysts should ask what combination of qualified production, pricing, incremental margin and asset costs can produce returns, rather than infer those returns from wafer demand alone.

APPENDIX / EVIDENCE REGISTER

Appendix A. Source and number register

[1] S1 | Siltronic AG, "Siltronic slightly raises sales guidance for 2026 – higher demand drives volume development in Q3 2026," 4 November 2026. Group revenue, income statement, nine-month bridge, cash flows and 2026 guidance. https://www.siltronic.com/en/press/press-releases/siltronic-slightly-raises-sales-guidance-for-2026-higher-demand-drives-volume-development-in-q3-2026.html

[2] S2 | Siltronic AG, "Half Year Financial Report 2026," 30 July 2026. Quarterly overview, PDF page 2; management narrative on Singapore ramp, printed page 5. https://www.siltronic.com/fileadmin/investorrelations/2026/Q2/20260730_Siltronic_Half_Year_Financial_Report_2026.pdf

[3] S3 | Siltronic AG, "Annual Report 2025," 12 March 2026. Group key figures, printed page 2; Singapore fab depreciation and sales/earnings discussion, printed pages 25–27. https://www.siltronic.com/fileadmin/investorrelations/2025/Q4/260312_Siltronic_Annual_Report_2025_safe.pdf

[4] S4 | EQS/Deutsche Börse, Siltronic quarterly results distribution, 4 November 2026. Confirmatory copy of the Q3 release and company table. https://live.deutsche-boerse.com/news/EQS-News-Siltronic-slightly-raises-sales-guidance-for-2026--higher-demand-drives-volume-development-in-Q3-2026-1e5c52f6-ef70-4129-b569-748b511ad481

NR-01 | Q3 D&A €123.7m = €81.3m EBITDA − (−€42.4m EBIT). Unit: EUR million; consolidated quarter, Q3 2026; derived from S1; workbook Actuals!D10.

NR-02 | 9M EBIT change −€153.9m = −€146.7m − €7.2m. D&A rise €139.1m = €362.4m − €223.3m. Ratio = 90.4% of absolute EBIT deterioration. Consolidated 9M comparisons; derived from S1; Bridges!D27:D29 and E31.

NR-03 | Q2–Q3 observed incremental EBITDA ratio 35.2% = (€81.3m − €69.4m) / (€355.4m − €321.6m). Non-structural observed ratio; S1, Bridges!E7. Adjusted ratio 24.9% subtracts €3.5m movement in other operating net and does not establish pure volume contribution; Bridges!E12.

NR-04 | Fixed-D&A break-even with m = 35%: €42.4m / 0.35 = €121.14m, rounded €121m per additional comparable quarter. Rokin hypothesis, not a company plan; Inputs!B17:B30.

NR-05 | FY guidance arithmetic: revenue set to €1,346.7m by assumption; 22%–24% EBITDA margin and €480m–€500m D&A are sourced from S1. Implied EBIT approximately −€203.7m to −€156.8m. Guidance worksheet, B6:B21.

APPENDIX / REPRODUCTION

Appendix B. Computation, audit and model reuse

The accompanying XLSX is formula-driven and self-contained. Actuals stores the imported financial metrics; Bridges calculates sequential and year-on-year deltas; Inputs controls the group-level static threshold; Thresholds varies incremental EBITDA conversion and quarterly D&A; Guidance reproduces the conditional annual and Q4 calculation; Checks reconciles the accounting identities. The Sources worksheet lists direct URLs. All workbook currency amounts are nominal EUR million as reported, with no inflation conversion between adjacent recent reporting periods.

The principal formula is $\Delta R^* = \max(0, [D_0 + \Delta D - E_0 - S - P] / m)$, assuming $m > 0$. Changing an input causes the derived break-even revenue to change. The model deliberately has no capacity ceiling: when actual feasible incremental revenue is below ΔR^*, the threshold cannot be reached by sales growth alone. No formula implies output is feasible or a customer will purchase it. Sensitivities do not claim probabilistic coverage.

Internal checks include Q1–Q3 reconciliation to the reported nine-month revenue, EBITDA and EBIT (allowing for €0.1m source rounding); EBITDA minus D&A equals EBIT; the gross-profit accounting identity; the year-on-year earnings bridge; nonzero margin guard; and zero EBIT at the modelled threshold across the 18 sensitivity rows. Passing these tests verifies computational consistency only. It does not validate the assumed incremental EBITDA margins or establish causation.