



Q3 2021 – Conference Call Note

Dr. Christian Hartel (CEO), Dr. Tobias Ohler (CFO)

October 28, 2021

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Front page:

Tapes and Labels. VINNAPAS® VAE co- and terpolymer dispersions are used in the formulation of pressure-sensitive adhesives (PSAs), either alone or in blends with acrylates.

WACKER Q3 2021 Highlights

Financials



€1.66bn

Sales (+40% Q3'20)
Very high demand across entire portfolio

€434m

EBITDA
+127% Q3'20

26.1%

EBITDA margin
16.1% Q3'20

€86m

CapEx
€45m Q3'20

€426m

Strong net cash flow
€296m Q3'20

Operations



Chemicals

Volumes significantly higher in all primary end markets. Price and mix effects offset unprecedented raw material prices

Polysilicon

Ongoing strong demand from semi and solar customers. Solar prices higher than assumed

Sustainability



WACKER joins the UN Race to Zero Initiative to achieve climate neutrality by 2050 at the latest

2019/2020 Sustainability Report

Consistent progress towards ambitious ESG targets

Group
Guidance
Raised in
September

Leading Positions in Key Markets with a High Degree of Specialization

SILICONES



Key markets:

- ▶ Construction
- ▶ Industry & Automotive
- ▶ Additives
- ▶ Consumer
- ▶ Health & Care

POLYMERS



Key markets:

- ▶ Construction
- ▶ **Consumer & Industrial**

BIOSOLUTIONS



Key markets:

- ▶ BioPharma
- ▶ BioIngredients
- ▶ Life Sciences

POLYSILICON



Key markets:

- ▶ Semiconductor
- ▶ PV Solar

WACKER SILICONES

Accelerating Specialties Growth with Silanes Acquisition in China

JV with SICO Closes Specialties Gap & Internationalizes Supply

Closing a technology gap in WACKER's global portfolio

- ▶ Creating a unique specialties supplier: all technologies in-house (Si-metal, Silica, Elastomers, Fluids & OFS¹)
- ▶ High-margin growth opportunity: Global OFS market significantly outpaces GDP
- ▶ Key intermediate: OFS are essential raw materials for WACKER's silicone specialties

Regionalization in fast-growing markets

- ▶ Expand market position and improve customer proximity in Asia
- ▶ Establishing OFS capacity in Asia to supply a growing specialties portfolio

JV to leverage WACKER strengths

- ▶ WACKER's brand, customer proximity & network
- ▶ WACKER's power in R&D and expertise in application development

Applications

Adhesives



Plastic Additives



Water Repellents



Composites

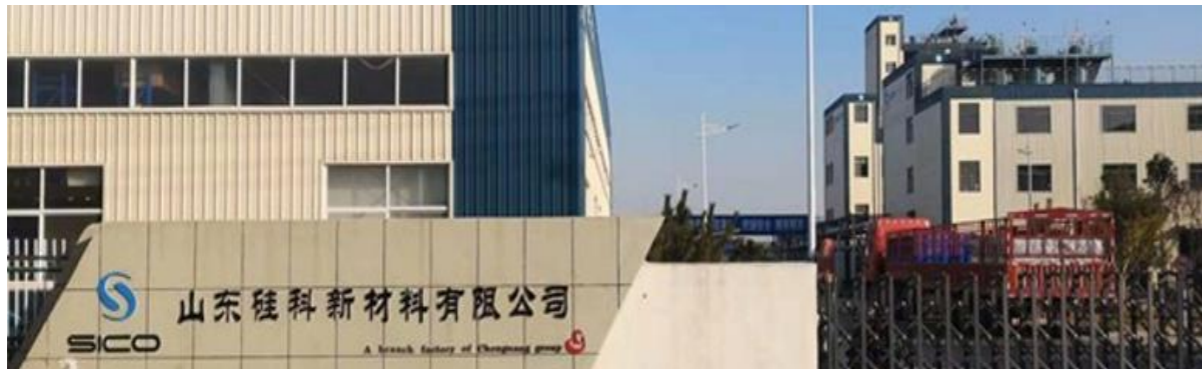


1) OFS= Organofunctional Silanes

WACKER SILICONES

A Win-Win Partnership with SICO Performance Materials

SICO Performance Materials Co., Ltd.



- ▶ **Specialty Silanes:**
Leading manufacturer in China
- ▶ **Financials:**
€54m sales in 2020, strong growth, very profitable
- ▶ **Company:**
Founded 2013, located at the Jining New Material Industrial Park in Shandong

Transaction Details



- ▶ **Stake:**
WACKER acquires 60%, JV will be fully consolidated upon closing
- ▶ **Purchase Price:**
~€120m for 60%
- ▶ **Closing:**
Transaction expected to close in 1st half of 2022
- ▶ **Financing:**
Financed from free cashflow

WACKER POLYMERS

Substitution & Sustainability Drives Growth in Adhesive Applications

Adhesives Applications

Wood Adhesion



Flooring



Paper Packaging



Pressure Sensitive Adhesive



Key Success Factors

Performance-Based Substitution

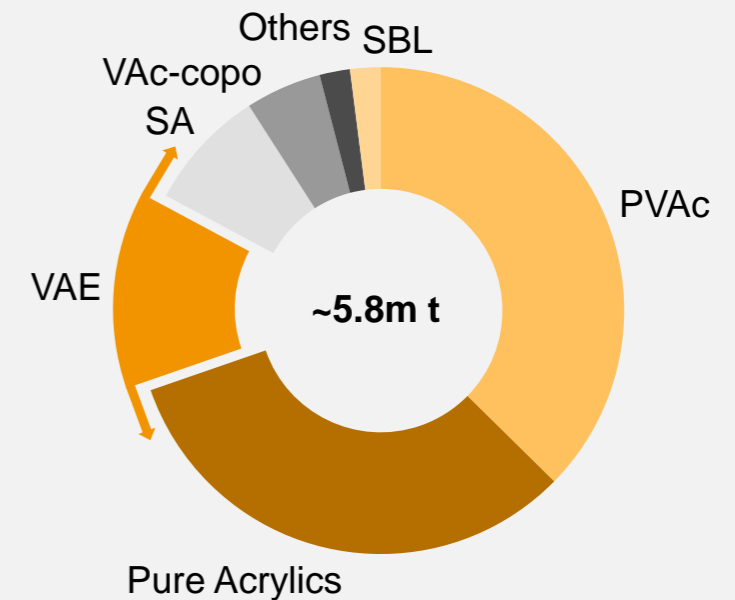
- ▶ Excellent adhesion and bonding to wide range of different substrates
- ▶ Broad formulation and application possibilities and reliable machinability
- ▶ Fulfilling quality requirements for packaging materials e.g. e-commerce

Sustainability

- ▶ Water-based and low VOC
- ▶ Sustainable products for food and paper packaging

Growth Potential

Global Adhesive Synthetic Polymer Latex Market 2020*



SA = Styrene Acrylics, VAc-copo = Vinyl Acetate Co-Polymers, PVAc = Polyvinyl Acetate, SBL = Styrene Butadiene Latex/
*Source: Kline 2020

Profit & Loss Statement

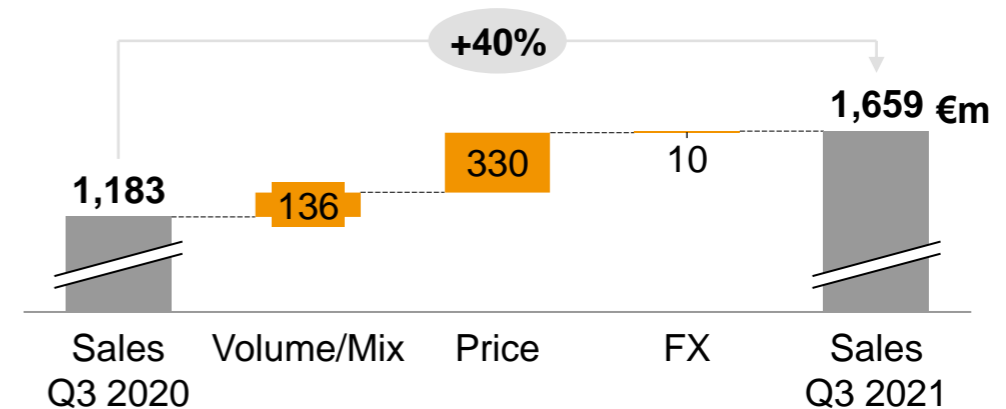
EBITDA >2X Higher, Driven by POLYSILICON and 40% YoY Increase in Chemicals

WACKER P&L Q3 2021 (€m)

€m	Q3 2021	Q3 2020
Sales	1,659	1,183
Gross profit from sales	486	220
<i>Gross profit margin</i>	29.3%	18.6%
S,G&A and R&D	-148	-141
Other operating income	14	18
Other operating expenses	-12	-16
Operating result	341	81
Result from investments in joint ventures and associates	2	10
EBIT	343	91
Interest result		
Other financial result	-11	-12
Profit before tax	332	79
Income taxes	-83	-11
Net income for the period	249	68
EPS (in €)	4.90	1.30
EBITDA	434	191
Depreciation/amortization	91	100
EBIT	343	91

Comments

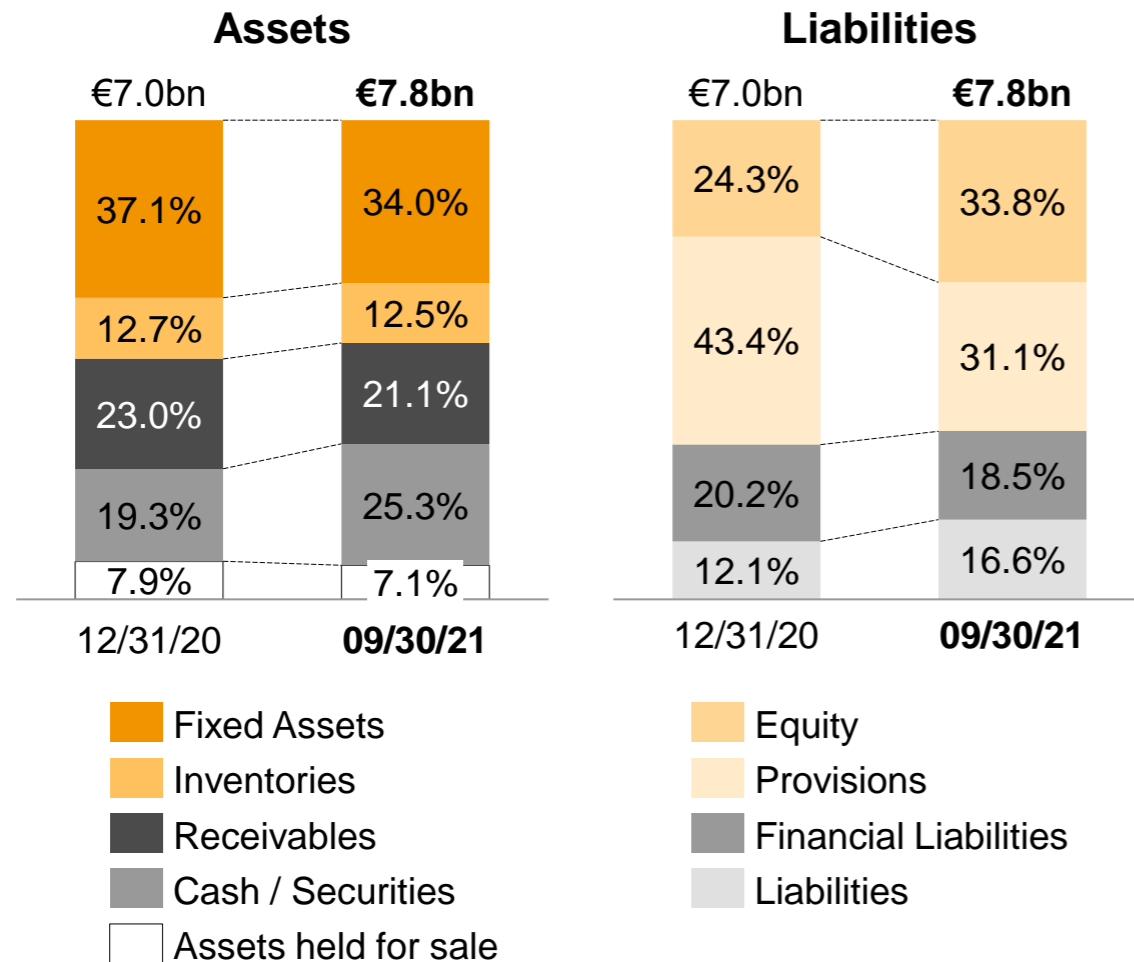
- ▶ Sales +40% yoy
Volume/Mix +12%, Price +28%, FX +1%
- ▶ Gross profit supported by strict cost discipline, reduction of discretionary expenses continues
- ▶ “Shape the future” on track: significant savings in indirect costs achieved, first personnel cost reductions



Balance Sheet Composition

Equity Improves by €943m on Earnings and Lower Pension Deficit

Balance sheet (%)



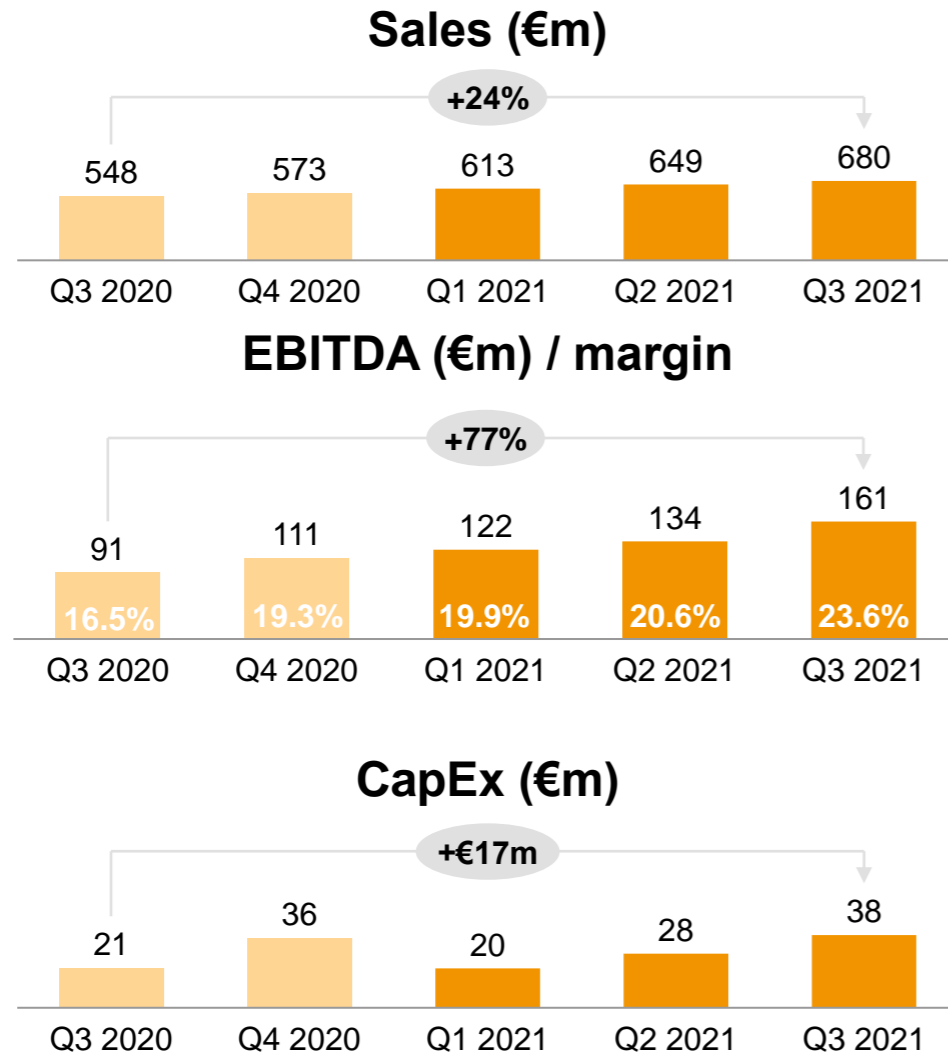
Characteristics 09/30/21

- ▶ Cash & securities of €1,980m (Dec 31, 2020: €1,338m)
- ▶ Provisions for pensions: €2,167m (Dec 31, 2020: €2,713m)
 - ▶ Discount rate in Germany at 1.21% (Dec 31, 2020: 0.70%)
 - ▶ DTA* relating to pensions about €459m
- ▶ Equity: €2,634m (Dec 31, 2020: €1,692m)
- ▶ Investment in Siltronic classified as “Asset held for sale” (€550m)

* Deferred tax asset

SILICONES

Specialties Growth and Strong Order Intake



Highlights Q3

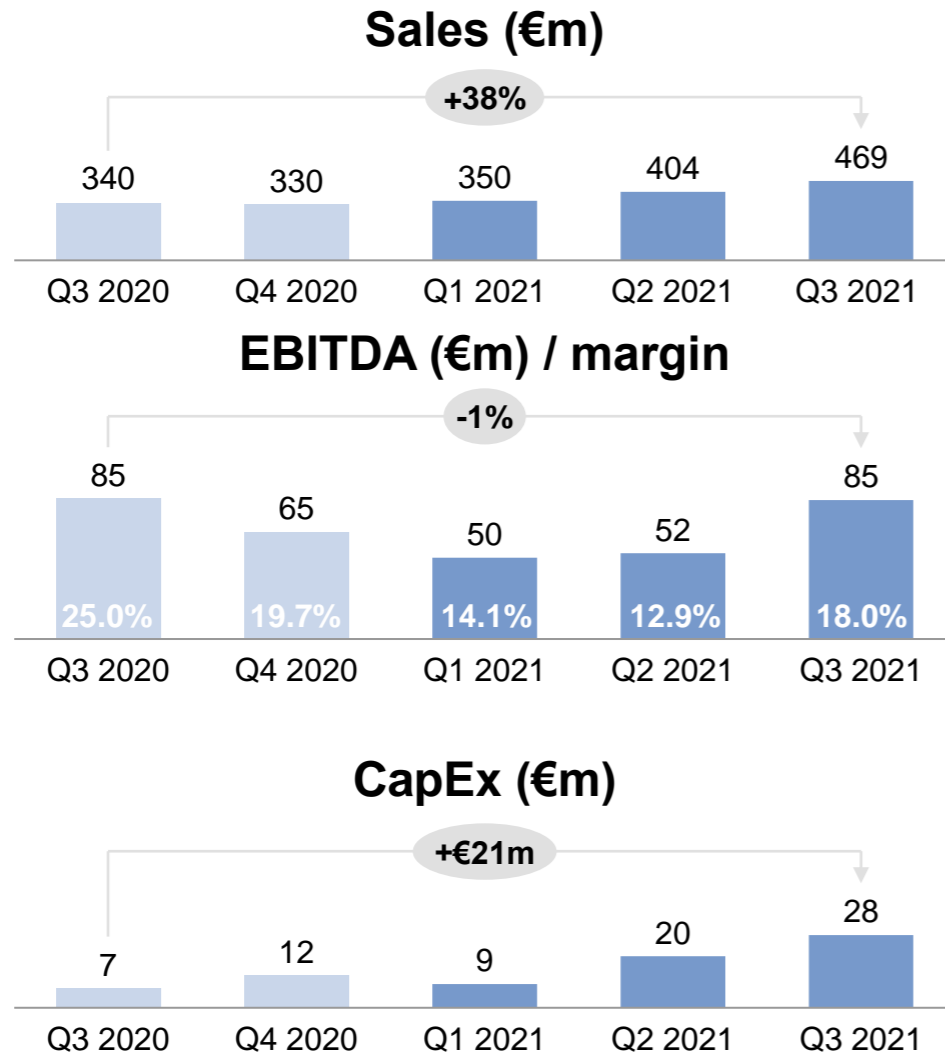
- ▶ Double-digit volume growth and higher prices
- ▶ Broad-based demand with order intake at a high level
- ▶ Nearly all plants operating at capacity limits
- ▶ Supply / logistic challenges throughout portfolio

Outlook 2021

- ▶ Outlook unchanged; expecting for FY low-double-digit % sales growth and EBITDA margin over prior year
- ▶ Q4 impacted by seasonality, force majeure and planned maintenance
- ▶ Price increases underway to counter unprecedented rise in Si-metal

POLYMERS

Surcharges Offset Raw Material Headwinds



Highlights Q3

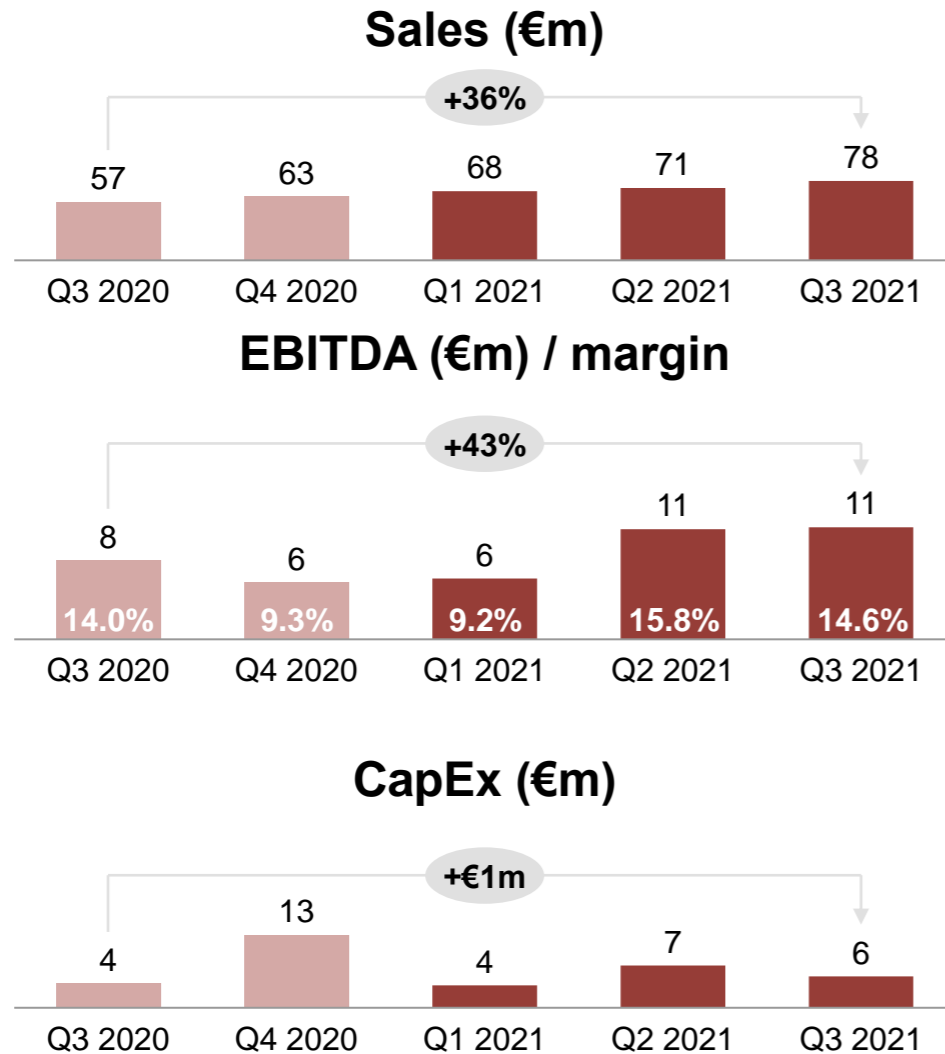
- ▶ Market remains tight with continued strong demand
- ▶ Strong regional growth supported by recent investments
- ▶ Surcharges mitigate unprecedented raw material prices
- ▶ Supply / logistic challenges throughout portfolio

Outlook 2021

- ▶ Outlook upgraded; FY sales now expected at about €1.6bn with an EBITDA margin close to 16% target
- ▶ Raw material prices remain high; further price increases announced

BIOSOLUTIONS

Strong Sales Growth in BioPharma and BioIngredients



Highlights Q3

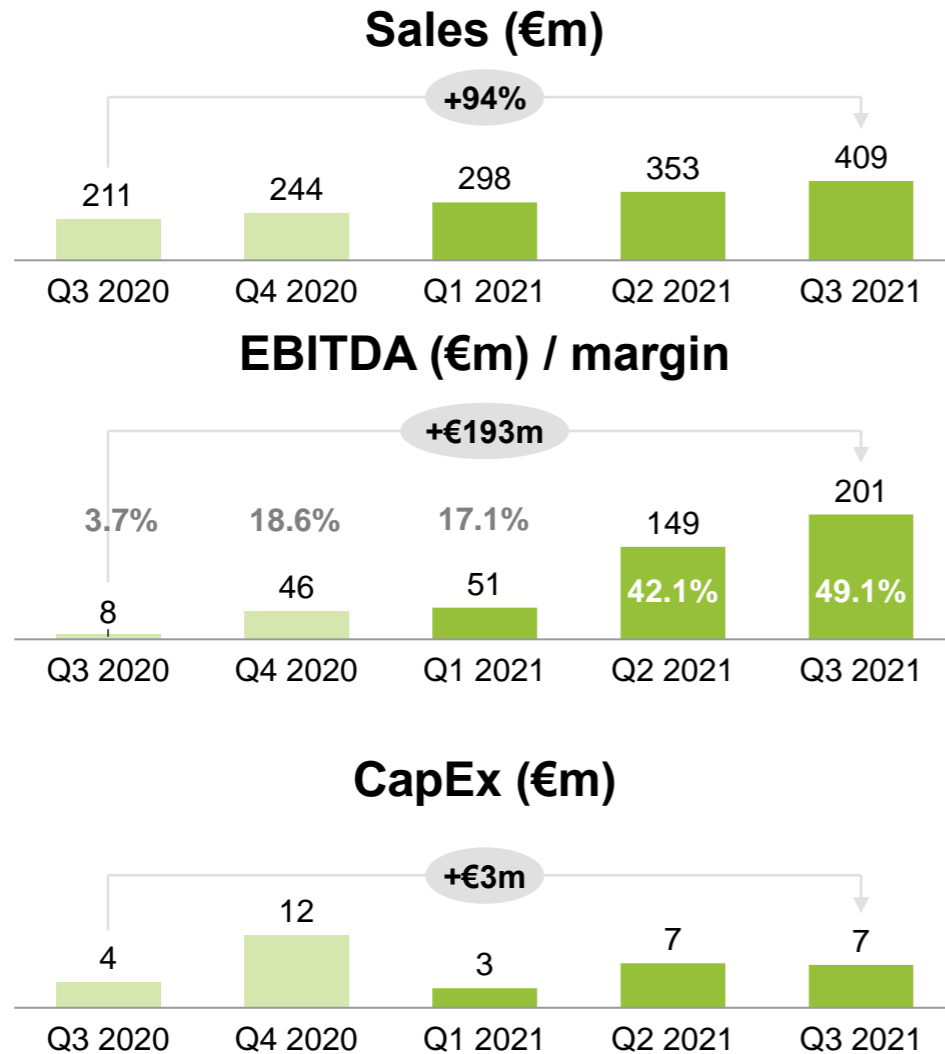
- ▶ Continued strong demand in BioPharma and BioIngredients
- ▶ EBITDA supported by higher prices and good cost-structure

Outlook 2021

- ▶ Outlook unchanged
- ▶ Low-double-digit % sales growth yoy
- ▶ EBITDA slightly above PY, margin at PY level

POLYSILICON

Strong Demand and Significantly Higher Prices for Solar-Grade Polysilicon



Highlights Q3

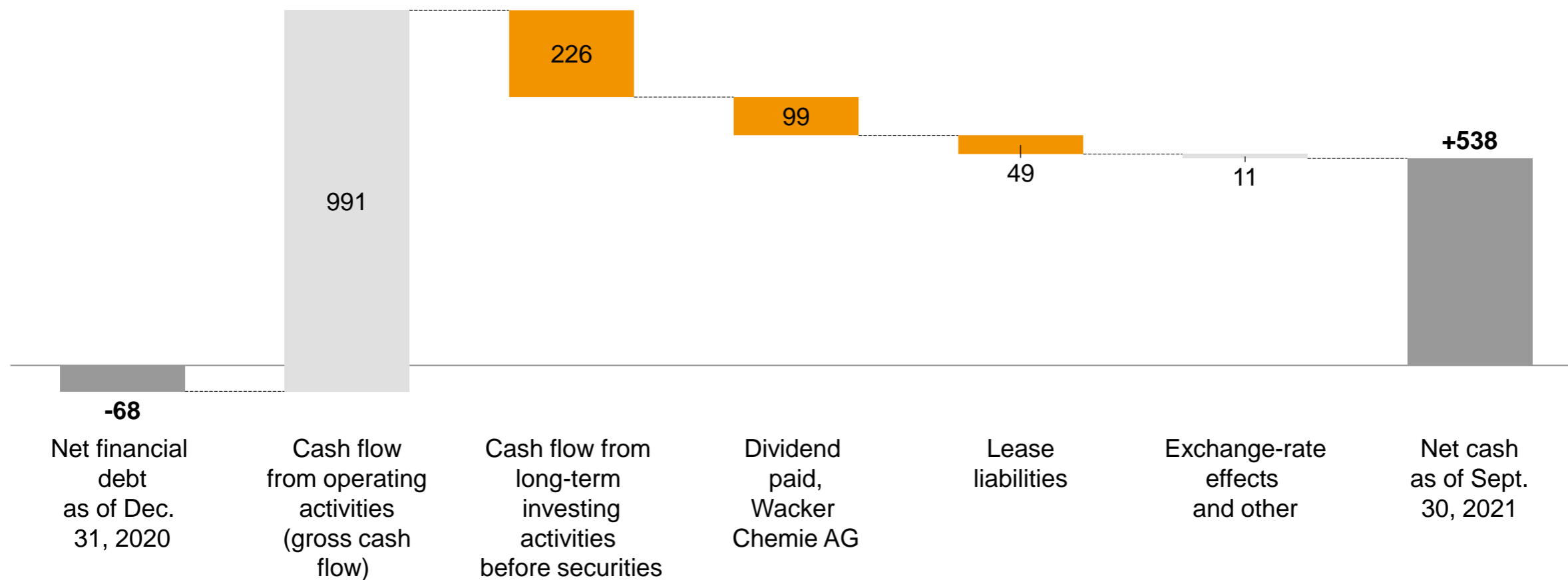
- ▶ Strong demand and tightness in semi and high-end solar markets
- ▶ EBITDA supported by significantly higher prices for solar-grades and continuing cost reductions

Outlook 2021

- ▶ Outlook upgraded; FY Sales at about €1.5bn with an EBITDA margin at approx. 40%
- ▶ Headwinds developing from unprecedented rise in Si-metal and energy prices

Net Cash Position Increases by €386m in Q3 2021

Net Cash Bridge per 09/30/2021 (€m)



FY 2021 Guidance

Ongoing Very Strong Chemicals Demand and Continued High Polysilicon Prices

In €m	FY 2020	Outlook 2021
Sales	4,692	About €6.0bn (Prior: About €5.5bn)
EBITDA	666	Between €1.2bn and €1.4bn (Prior: Between €900m and €1.1bn)
EBITDA margin (%)	14.2%	Significantly higher than last year
Net cash flow	698	Clearly positive and higher than last year (Prior: Clearly positive, at last year's level)
CapEx	224	Around 350
Net financial debt	68	Positive net financial assets
Net Income	202	Markedly above last year's level
Depreciation	404	Around 400
ROCE (%)	5.6%	Clearly above cost of capital ²
Tax Rate (%)	7.1%	Around 25% of taxable income

1) **BOLD** = New Guidance per Sept 15. NCF updated with Q3 Release 2) Pre-tax cost of capital in 2020 10.1%



Q3 2021 – Q&A Session

Dr. Christian Hartel (CEO), Dr. Tobias Ohler (CFO)

October 28, 2021

Appendix:

Q3 2021 Results – P&L

In €m	Q3 2021	Q3 2020	% YoY	Q2 2021	% QoQ
Sales	1,659	1,183	+40	1,501	+10
EBITDA	434	191	+127	327	+33
EBITDA margin	26.1%	16.1%	-	21.8%	-
EBIT	343	91	+278	234	+47
EBIT margin	20.7%	7.7%	-	15.6%	-
Net income for the period	249	68	+267	179	+39
EPS in €	4.90	1.30	+277	3.50	+40
Capital expenditures	86	45	+90	68	+27
Depreciation / amortization	91	100	-9	93	-2
Net cash flow	426	296	+44	208	+105

Appendix: FY 2020 and Q3 2021 Results – Breakdown by Business

In €m / %	FY 2020			FY 2019			Q3 2021			Q3 2020		
	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN
Chemicals	3,789	696	18.4	4,011	704	17.5	1,227	256	20.9	945	184	19.4
SILICONES	2,244	388	17.3	2,453	479	19.5	680	161	23.6	548	91	16.5
POLYMERS	1,299	271	20.8	1,315	194	14.8	469	85	18.0	340	85	25.0
BIOSOLUTIONS	246	38	15.5	243	31	12.8	78	11	14.6	57	8	14.0
POLYSILICON	792	5	0.6	780	57 ²	7.3	409	201	49.1	211	8	3.7
Others	128	-35	n.a.	158	22	14.2	30	-24	n.a.	29	-1	n.a.
Consolidation	-17	1	n.a.	-21	0	n.a.	-7	0	n.a.	-3	0	n.a.
WACKER Group	4,692	666¹	14.2	4,928	783²	15.9%	1,659	434	26.1	1,183	191	16.1

¹⁾ incl. "Shape the future" restructuring provision of €49m ²⁾ incl. insurance compensation of €112.5m from 2017 incident in Charleston

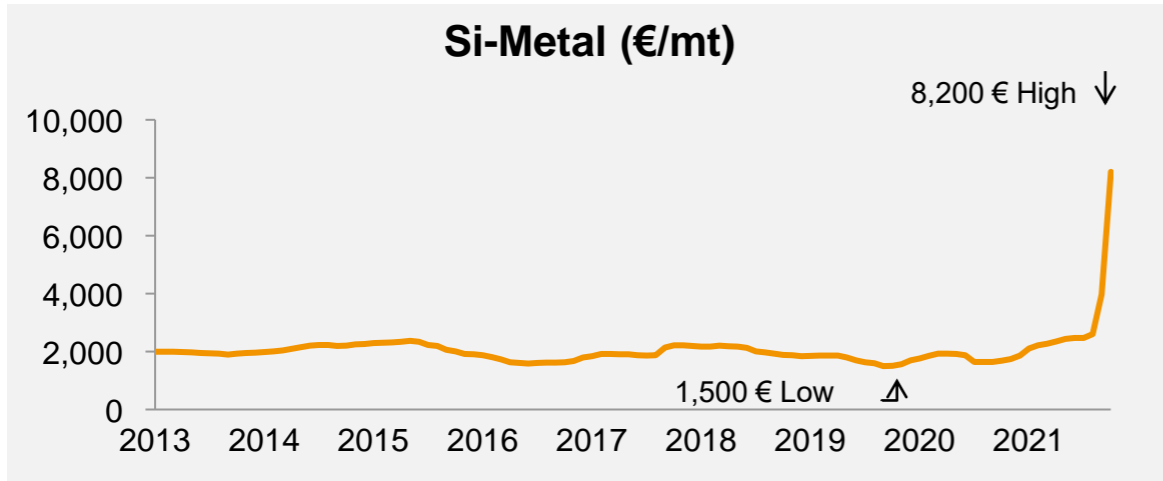
Appendix:

Strong Growth of Global PV Markets in 2021 Expected

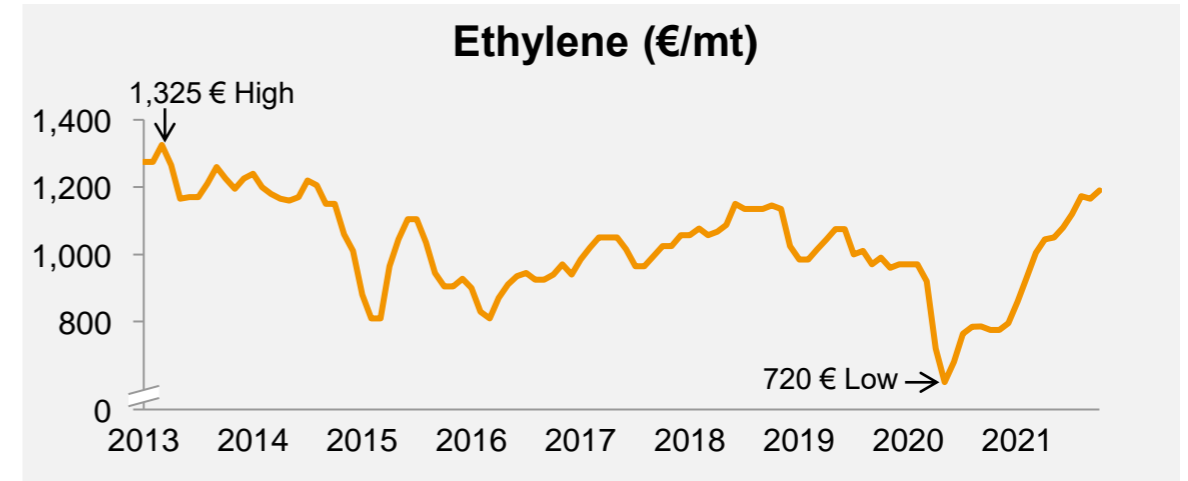
Country	2016	2017	2018	2019	2020	2021e
Germany	1.5	1.8	3.0	4.0	4.9	4.0 – 6.0
Spain	0.1	0.1	0.4	4.7	3.3	4.0 – 5.0
Europe other	4.8	4.9	8.1	13.0	13.0	14.0 – 17.0
Europe total	6.4	6.8	11.5	21.7	21.2	22.0 – 28.0
Australia	0.8	1.3	3.8	4.4	5.1	4.0 – 6.0
China*	32.5	52.8	44.3	30.1	48.2	50.0 – 60.0
India	4.3	9.6	8.5	7.3	3.2	4.0 – 7.0
Japan	8.4	7.4	7.0	7.5	8.2	7.0 – 8.0
USA	14.8	10.6	10.6	13.3	19.2	22.0 – 24.0
Rest of Americas	3.0	3.4	6.0	8.0	6.0	8.0 – 11.0
Rest of World	7.7	8.1	13.3	26.0	28.9	33.0 – 36.0
Total	78 GW	100 GW	105 GW	118 GW	140 GW	150 – 180 GW

Sources: SPE, IHS, industry announcements, WACKER estimates; *China official data adjusted for installed/not connected capacity

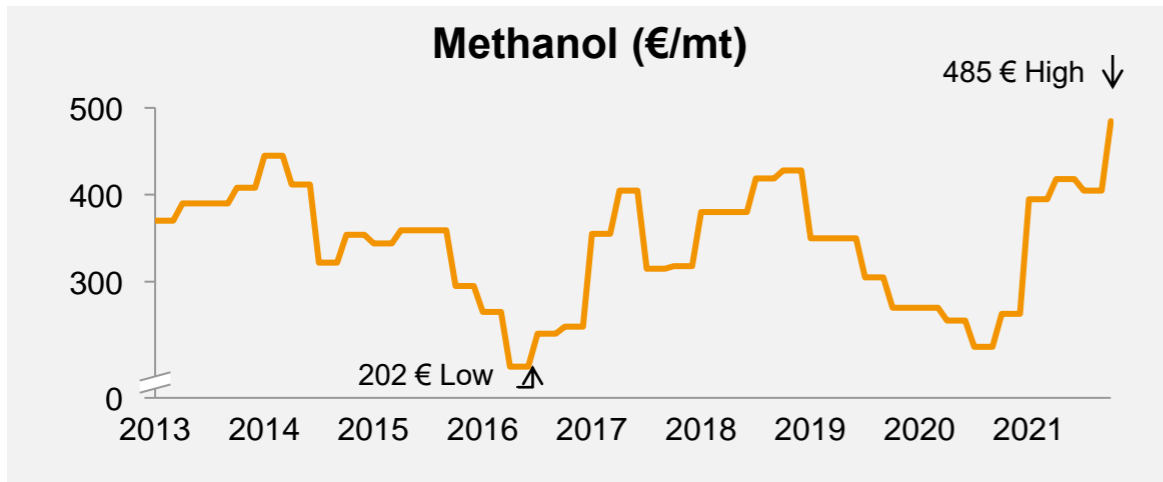
Appendix: Raw Materials Show Strong Price Inflation



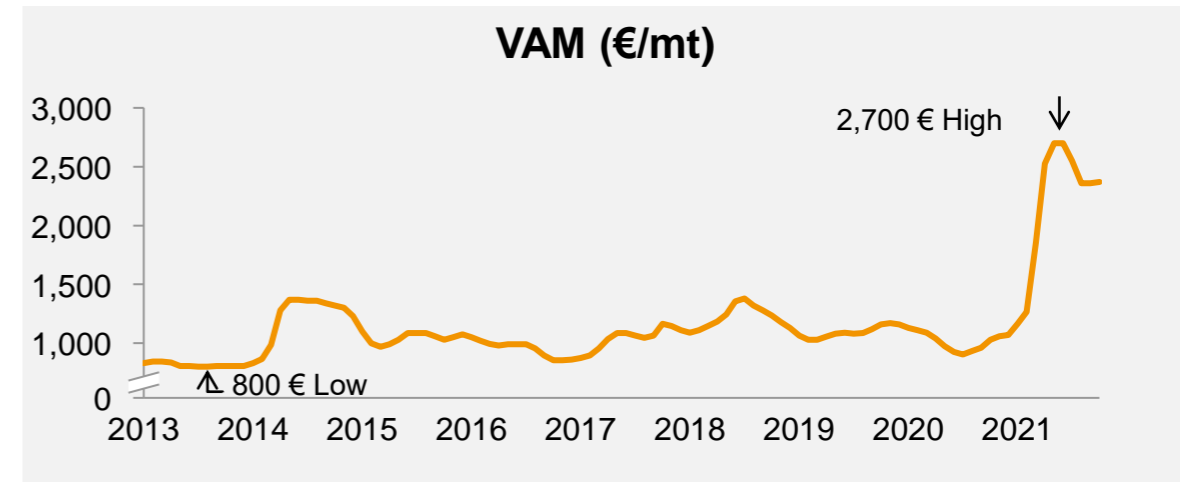
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE



Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

Appendix: Modelling Help

“Shape the Future”

- ▶ **P&L:** Ongoing restructuring expenses booked directly into the businesses (low-double-digit m€ in 2021)
- ▶ **Cash flow:** 2021 impacted by payout of one-time restructuring expenses

Siltronic AG

- ▶ At-equity accounting discontinued end of 2020
- ▶ Dividend of €18.5m recorded in “Other income from associates” in Q2
- ▶ Until successful closing of transaction:
 - ▶ The carrying amount of the investment in Siltronic AG (€550m) will be classified as “Asset held for sale”
 - ▶ Investment income will no longer be reported in WACKER income statement (P&L)
- ▶ With the successful closing of transaction: WACKER reported EBITDA will increase by €780m and net cash flow will increase by €1.3bn

Others Segment

- ▶ Model with -€20m EBITDA for 2021

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

12/16/21	Virtual CMD Series: POLYSILICON & ESG
03/15/22	Annual Report 2021
03/29/22	Virtual CMD Strategy Update
04/28/22	Q1 2022 Results
05/20/22	Annual General Meeting
07/28/22	Q2 2022 Results

Publications



CUSTOMER
MAGAZINE



FACTBOOK



SUSTAINABILITY
REPORT



SQUARE
APP