



Q2 2022 – Conference Call Note

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Front page:
WACKER to Start Construction of Competence Center for mRNA Actives at Halle Site

WACKER Q2 2022 Highlights

Financials



€2.2bn

Sales (+45% yoy)
Strong demand across entire portfolio

€626m

EBITDA
(€321m Q2'21)

28.8%

EBITDA Margin
(21.4% Q2'21)

€7.67

EPS
(€3.39 Q2'21)

€96m

Net Cash Flow
(€208m Q2'21)

Operations



Pricing Initiatives

in Chemicals to address
unprecedented raws and energy

Polysilicon stays tight

Strong demand in solar and semi,
low inventory levels

SICO - Specialty Silanes

Transaction closed. Completing our
specialty silicones portfolio.

Sustainability



New Diversity Goals 2030

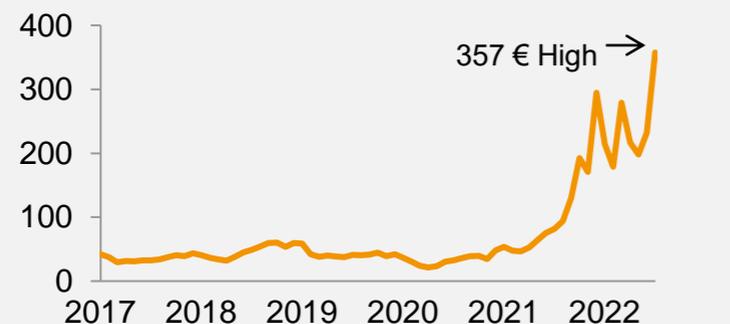
Every second
management position
outside of Germany

One in three
management positions
should be held by a
woman

Raising
**Sales &
EBITDA**
Guidance
for 2022

WACKER is Taking Actions for Power and Gas Challenges

Electricity (€/MWh, Germany)



Source: EEX, Baseload Front Contract

German Energy Prices Escalate due to Reduced Gas Flows

- ▶ 2nd level in the German gas emergency plan triggered at the end of June
- ▶ Production and hedges are unaffected
- ▶ Natural gas supply via Nordstream 1 partially resumed on July 21

Nat. Gas (€/MWh, Germany)



Source: PEGAS, Front Contract

WACKER is Taking Action and is Prepared

- ▶ Operational = task forces have been established
- ▶ Technical = alternative production processes for steam generation
- ▶ Strategic = long-term hedging policy, largely hedged in 2022, about 2/3 for 2023
- ▶ Burghausen CHP is “system relevant” for regional high-voltage electricity grid

Guidance Substantially Raised, Progress Towards New 2030 Targets



FY 2022 Group Guidance

- ▶ Sales at around €8.0 – 8.5bn (previously around €7.5bn)
- ▶ EBITDA in range of €1.8 – 2.3bn (previously €1.2 – 1.5bn), with the lower end provisioning for potential gas shortages on Group level (€200 – 250m)
- ▶ Guidance reflects raw material and energy increases in a magnitude of about ~€1.5bn higher yoy (previously €1.1bn)

Milestones for Strategy 2030 Achieved

- ▶ SILICONES opened a new production site (Panagarh, IN) and is expanding capacities (Burghausen & Nünchritz, DE)
- ▶ BIOSOLUTIONS broke ground on mRNA competence center (Halle, DE) and a biotechnology research center (Munich, DE)
- ▶ Opened a regional innovation center (Ann Arbor, US) to develop biotech and silicone specialties for high-tech applications
- ▶ POLYMERS capacity expansion underway (Nanjing, CN)

Profit & Loss Statement

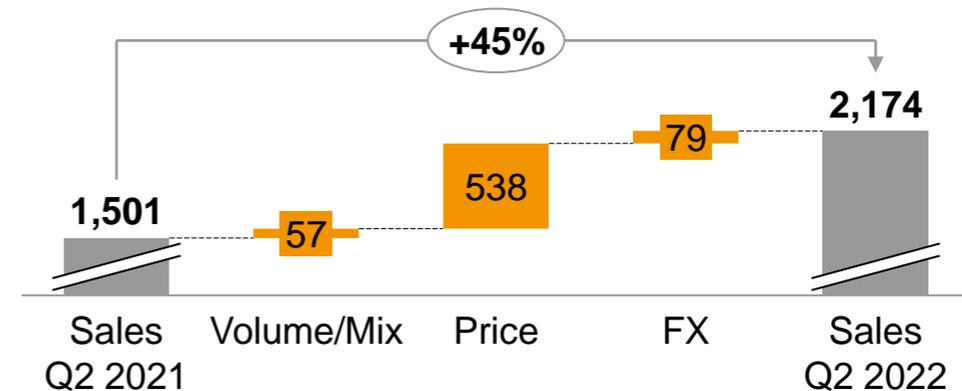
Successful Price Management More Than Offsets Cost Inflation

WACKER P&L Q2 2022 (€m)

€m	Q2 2022	Q2 2021
Sales	2,174	1,501
Gross profit from sales	646	374
<i>Gross profit margin (in %)</i>	<i>29.7%</i>	<i>24.9%</i>
S,G&A and R&D	-171	-158
Other operating income	62	11
Other operating expenses	-30	-14
Operating result	507	214
Result from investments in joint ventures and associates and other investment income	22	14
EBIT	529	228
Interest result	-6	-4
Other financial result	-14	-7
Profit before tax	508	218
Income taxes	-117	-44
Net income for the period	391	173
EPS (in €)	7.67	3.39
EBITDA	626	321
Depreciation/amortization	-97	-93
EBIT	529	228

Comments

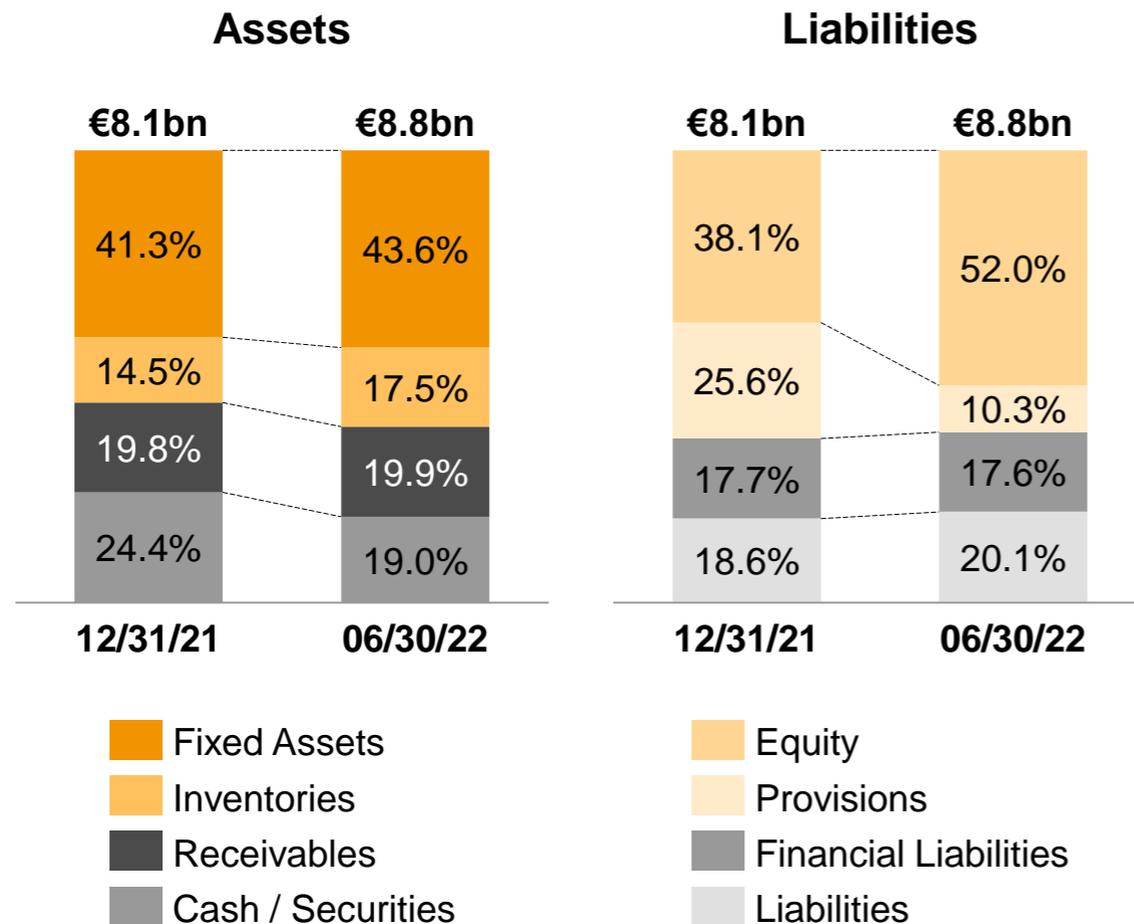
- ▶ Sales +45% yoy
Volume/Mix +4%, Price +36%, FX 5%
- ▶ EBITDA supported by pricing actions to compensate for unprecedented raw materials (H1/22:+€600m yoy)
- ▶ EPS of €7.67 (Q2 2021: €3.39)



Balance Sheet Composition

Equity Increases by ~€1.5bn on Earnings and Lower Pension Deficit

Balance sheet (%)

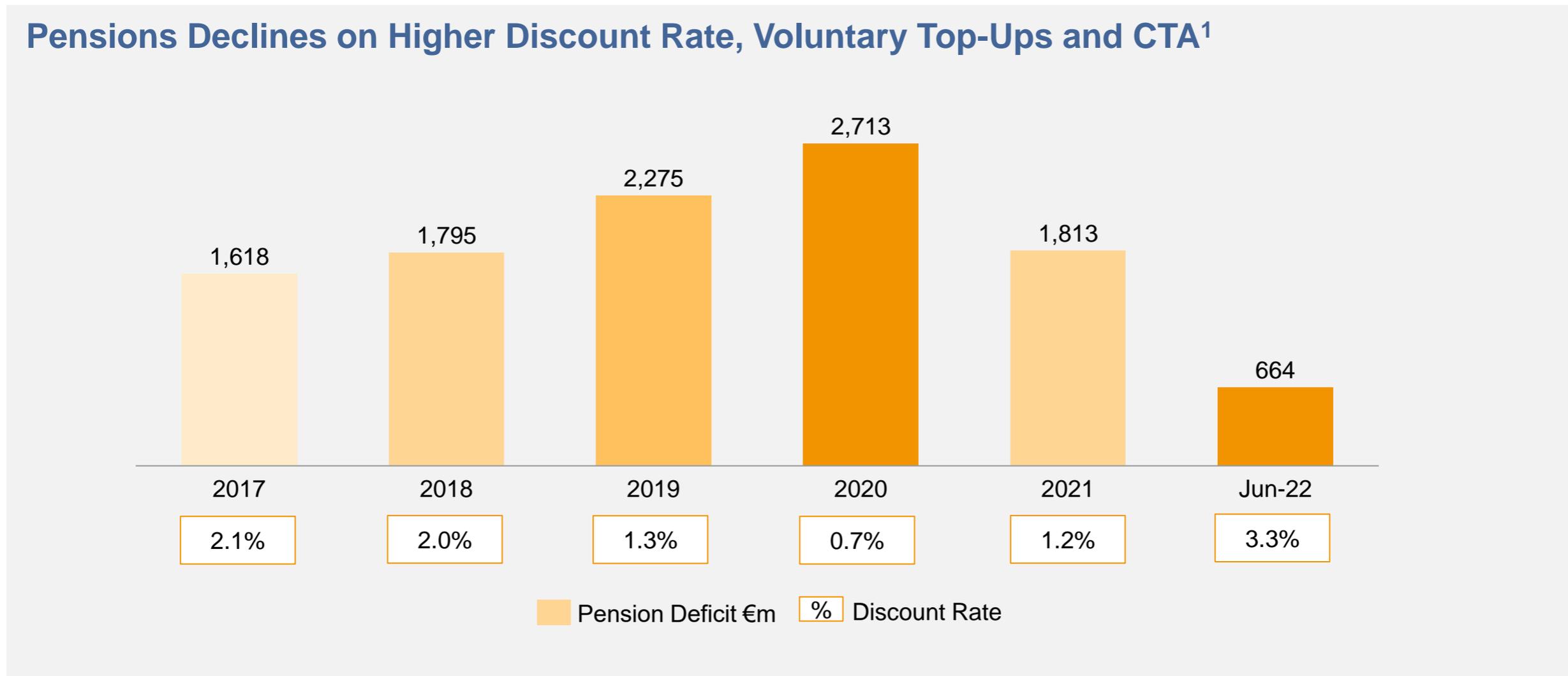


Characteristics 6/30/22

- ▶ Strong Liquidity:
 - ▶ Cash & securities of €1,678m (Dec 31, 2021: €1,983m)
 - ▶ Working capital increases due to high sales and raw material inflation to €1,859m (Dec 31, 2021: €1,240m)
- ▶ Provisions for pensions: €664m (Dec 31, 2021: €1,813m)
- ▶ Discount rate in Germany at 3.3% (Dec 31, 2021: 1.24%)
- ▶ DTA¹⁾ relating to pensions of €22m (Dec 31, 2021: €357m)
- ▶ Equity: €4,591m (Dec 31, 2021: €3,100m)

1) DTA= Deferred tax asset

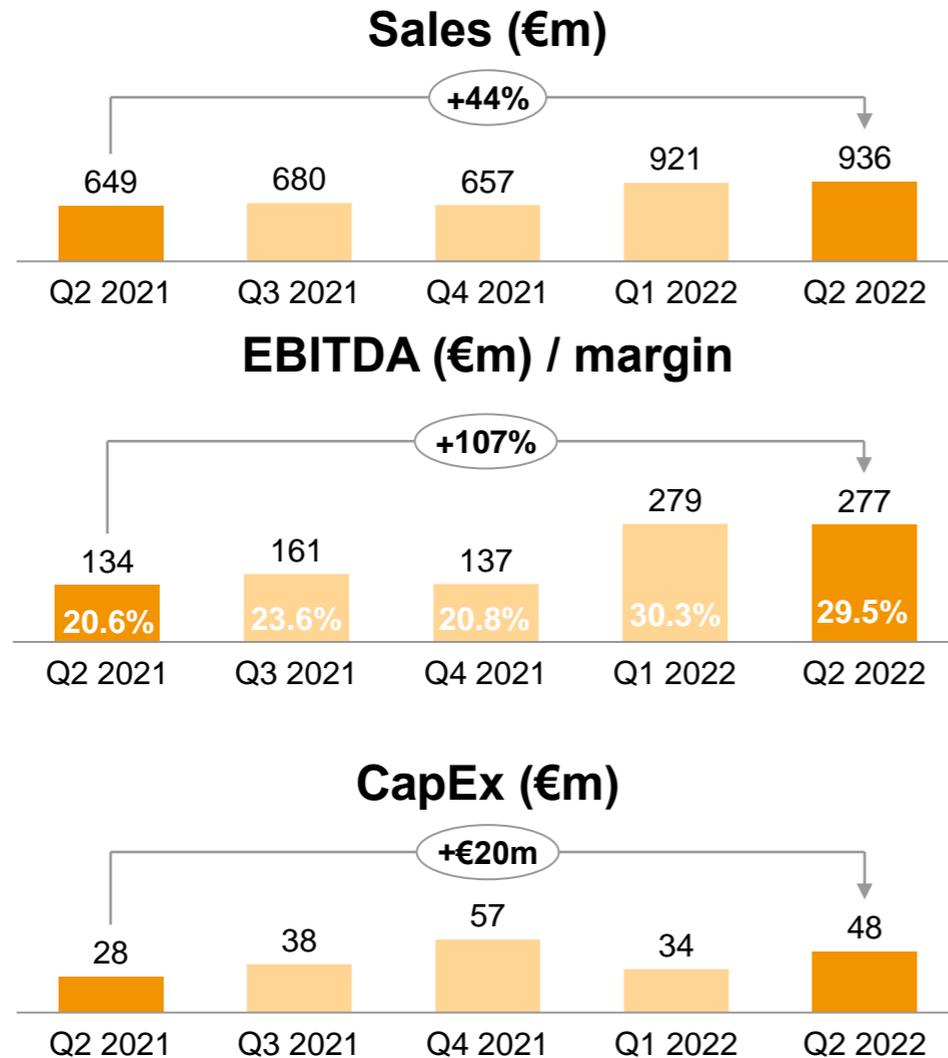
Pension Deficit ~€2.0bn Lower Today than at the End of 2020



1) Voluntary top-ups 2019/20 ~€150m, CTA in 2021 with initial funding of €250m

SILICONES

Strong Performance Continued



Highlights Q2

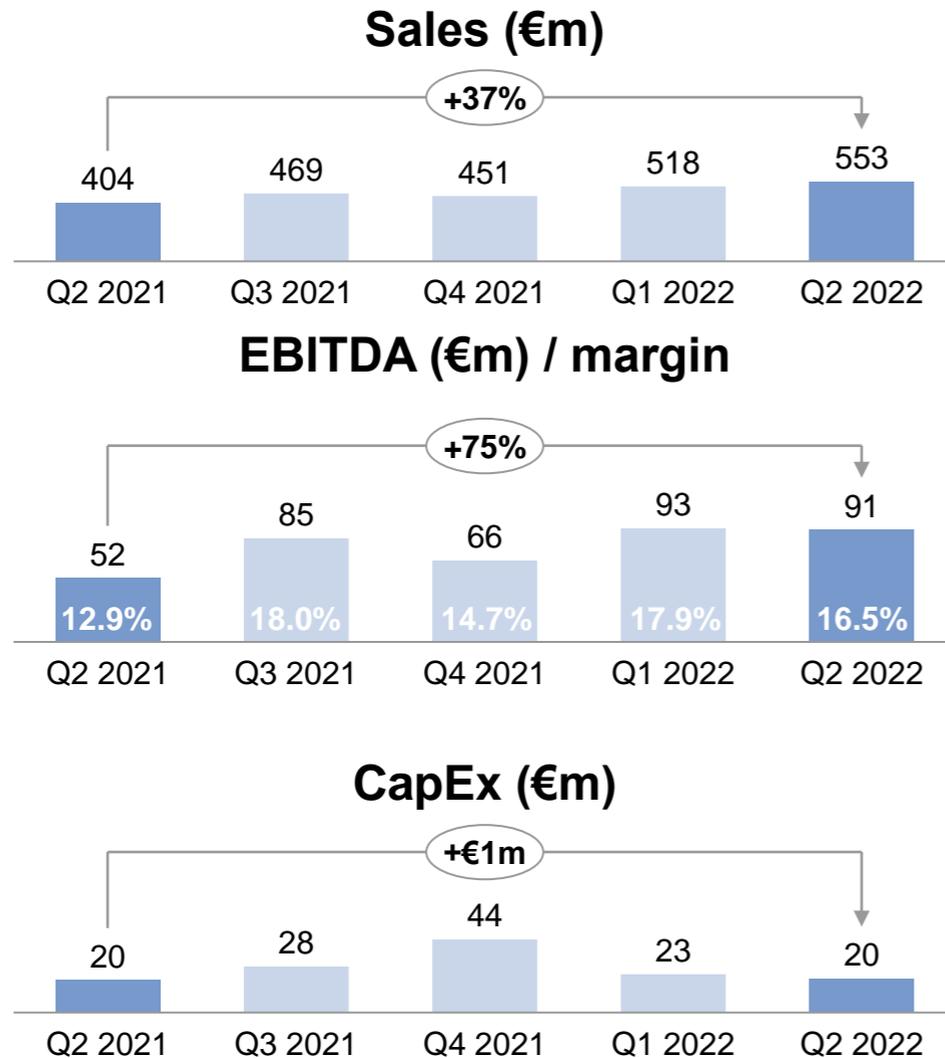
- ▶ Sales driven by strong specialty pricing and 1st time consolidation of SICO
- ▶ Strong growth in Health & Care, Consumer applications
- ▶ Pricing drives EBITDA, supported by volume/mix

Outlook 2022

- ▶ Updated FY outlook: sales of approx. €3.5bn with an EBITDA of €900m to €1bn
- ▶ Pricing stable for specialties in Q3, some slowdown in demand in certain segments, e.g., Construction and Textiles
- ▶ No trailing benefits from raw materials in H2

POLYMERS

Price Increases Counter Strong Rise in Costs



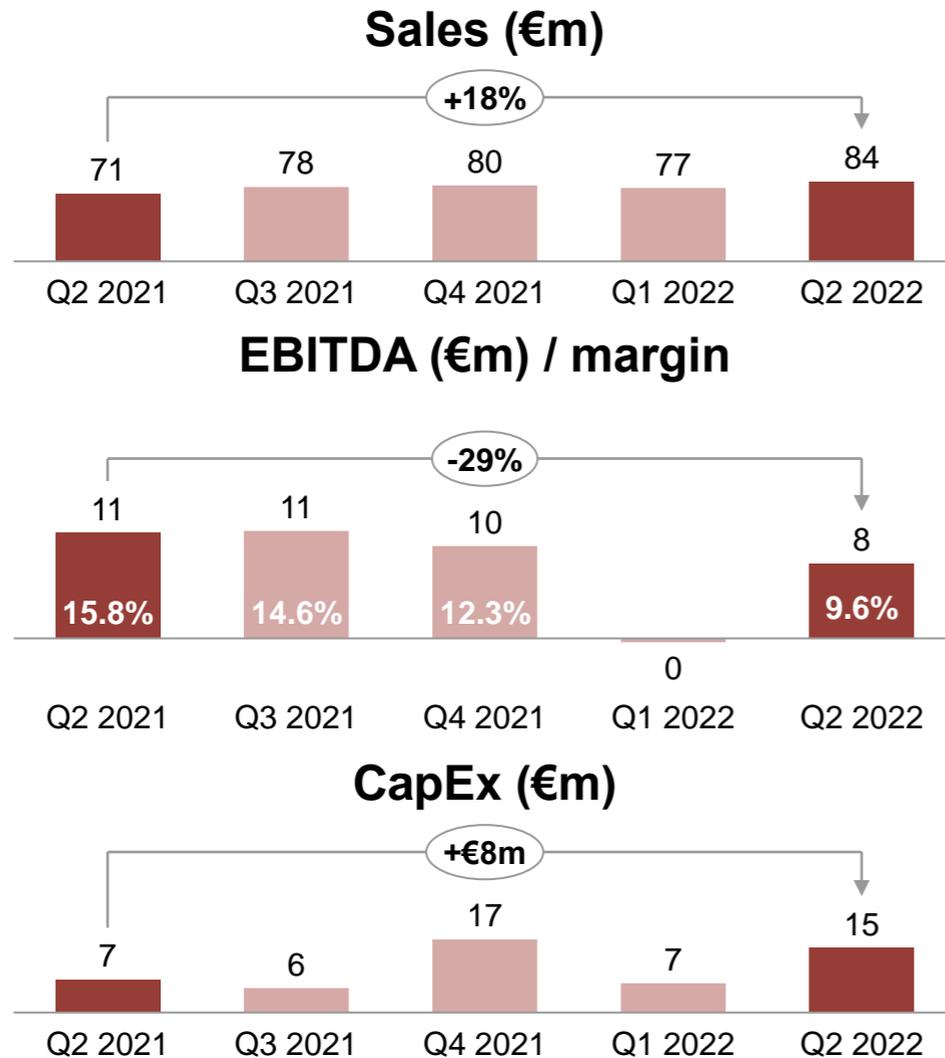
Highlights Q2

- ▶ Continued strong demand
- ▶ Price initiatives address rise in raw materials, energy and logistics

Outlook 2022

- ▶ Unchanged FY outlook: sales of approx. €2.1bn with an EBITDA margin on a par with PY (2021: 15.1%)
- ▶ Some signs of weakening demand in particular in Europe and China, and some destocking at our customers
- ▶ Further cost increases to be compensated by higher prices

BIOSOLUTIONS: Investments to Drive Innovation and Growth



Highlights Q2

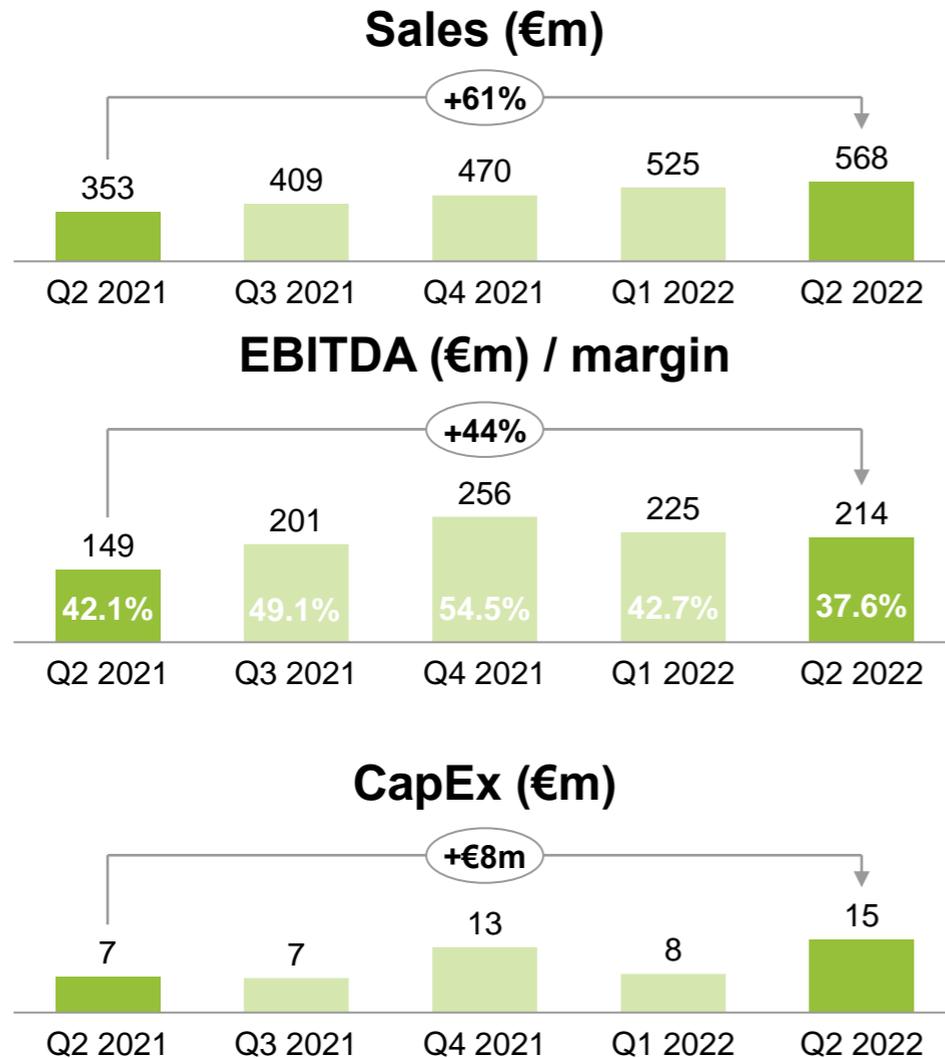
- ▶ Sales growth in BioIngredients
- ▶ Force majeure terminated in May ahead of plan
- ▶ Groundbreakings for a mRNA production site in Halle and for a Biotechnology Center in Munich

Outlook 2022

- ▶ Unchanged FY sales outlook: low-double-digit % growth with continued growth in biologics
- ▶ Updated EBITDA: significantly below PY (2021: €39m) due to a force majeure, investments in BioPharma digitalization, and a former customer not servicing their contractual obligations

POLYSILICON

Continued Strong Demand for Solar and Semi Applications



Highlights Q2

- ▶ Prices sequentially higher
- ▶ Very strong demand for solar and semi polysilicon
- ▶ EBITDA decreased following sequentially higher costs for power and silicon metal

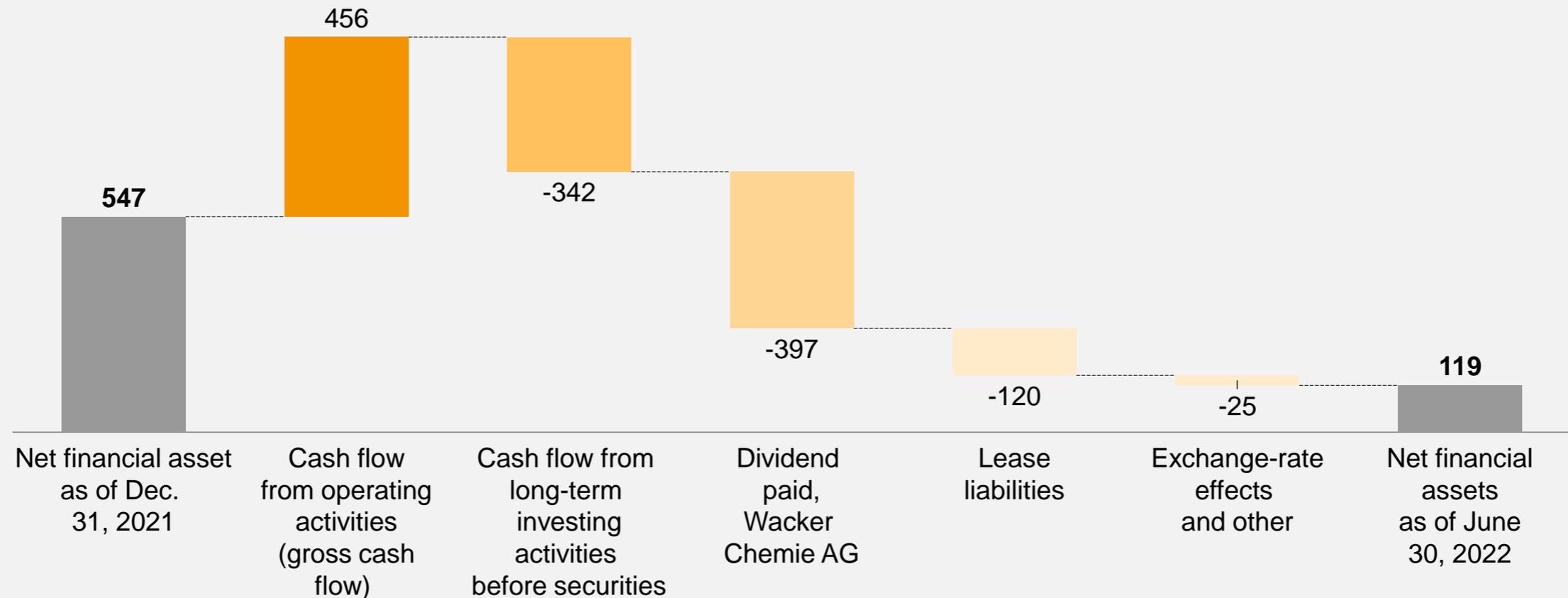
Outlook 2022

- ▶ Updated FY outlook: sales of around €2.1bn with an EBITDA in the range of €700 – 850m
- ▶ Significantly higher raw materials & energy yoy

Net Financial Position

Payment for SICO Acquisition and €400m Dividend Payment

Net Financial Position Bridge per 6/30/2022 (€m)



Updated Guidance FY 2022

In €m	FY 2021	Outlook 2022
Sales	6,208	€8.0 – 8.5bn (Previously: €7.5bn)
EBITDA	1,539	€1.8 – 2.3bn (Previously: €1.2 – 1.5bn)
EBITDA margin (%)	24.8%	On a par with last year (Previously: Substantially lower than last year)
Net cash flow	761	Clearly positive, substantially lower than last year
CapEx	344	€550 – 600m
Net financial debt	-547	Positive net financial assets
Net Income	828	Substantially higher than last year (Previously: Markedly lower than last year)
Depreciation	404	Around €400m
ROCE (%)	28.3%	Substantially higher than the cost of capital
Tax Rate (%)	24.3%	Approximately 25%

BOLD = New Guidance



Appendix

Appendix: WACKER Invests in a New mRNA Competence Center in Halle



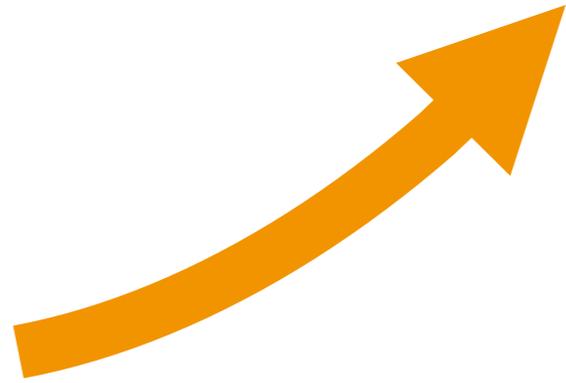
mRNA Competence Center

- ▶ Production of mRNA vaccines / therapies for Covid / other indications
- ▶ Four new production lines more than triple capacity in Halle by 2024
- ▶ CapEx more than €100m



Pandemic Preparedness Plan

- ▶ WACKER / CordenPharma cover the entire vaccine production chain
- ▶ 80-100m vaccine doses p.a. when required for German government
- ▶ A part of the new capacity is available to Germany for an annual stand-by fee



Fast Growing mRNA CDMO Market

- ▶ mRNA enable advanced therapies for multiple indications
- ▶ 1000+ clinical studies ongoing
- ▶ Covid, flu, malaria, tuberculosis, oncology, personalized medicine

Appendix: WACKER Opens New Production Site for Silicones in India



New Production Site

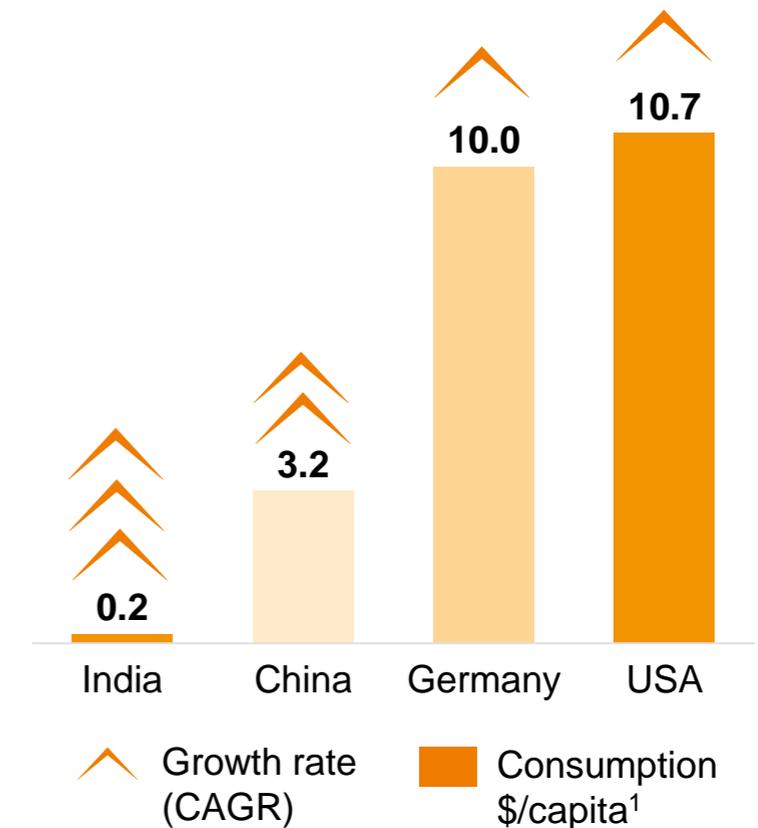
- ▶ With 165,000 m², the new facility is 3x the size of the existing site
- ▶ “Sustainability First” design to minimize the environmental impact
- ▶ CapEx: mid-double-digit Euro million



Strengthen / Expand #1 Market Position

- ▶ Local expert team with strong track record in India
- ▶ Expand specialty product portfolio
- ▶ Leverage local “Make in India” policy

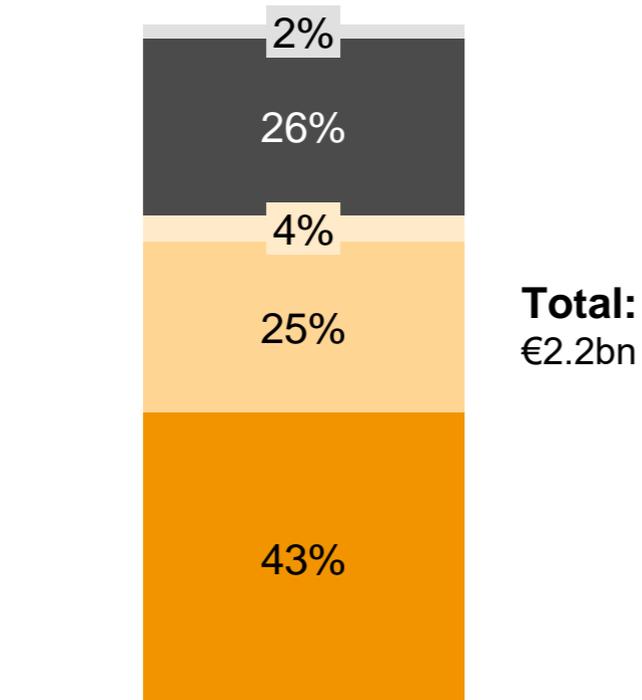
Silicone Catch Up in India Drives Very Strong Growth



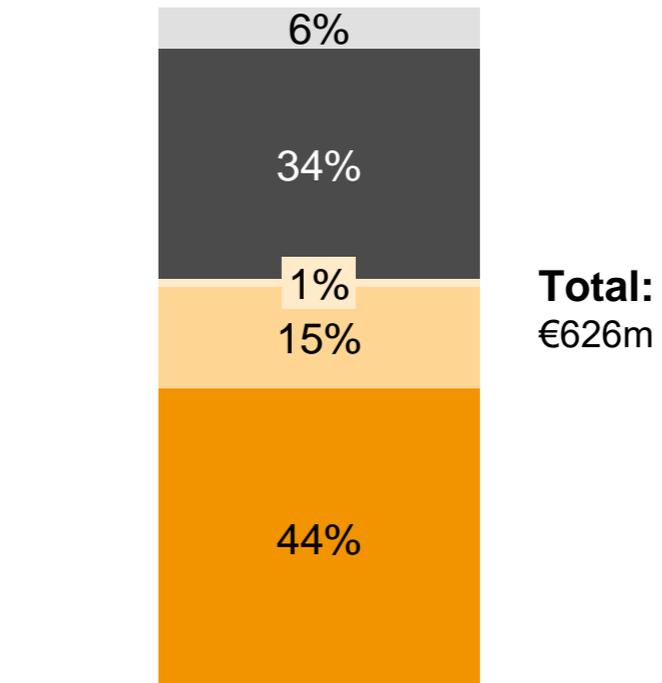
1) Source Freedonia – Global Silicones Study, Population from Statista

Appendix: Q2 2022 Results – Sales and EBITDA Breakdown

Q2 2022 Sales (%)



Q2 2022 EBITDA (%)



■ SILICONES ■ POLYMERS ■ BIOSOLUTIONS ■ POLYSILICON ■ OTHERS / CONSOLID.

Appendix:

Q2 2022 Results – P&L

In €m	Q2 2022	Q2 2021	% YoY	Q1 2022	% QoQ
Sales	2,174	1,501	45%	2,076	5%
EBITDA	626	321	95%	644	-3%
EBITDA margin	28.8%	21.4%	-	31.0%	-
EBIT	529	228	>100%	550	-4%
EBIT margin	24.3%	15.2%	-	26.5%	-
Net income for the period	391	173	>100%	403	-3%
EPS in €	7.67	3.39	>100%	7.92	-3%
Capital expenditures	100	68	46%	84	19%
Depreciation / amortization	97	93	5%	94	3%
Net cash flow	96	208	-54%	18	>100%

Appendix:

Q2 2022 Results – Breakdown by Business

In €m / %	Sales					EBITDA					EBITDA Margin (%)		
	Q2 2022	Q2 2021	% YoY	Q1 2022	% QoQ	Q2 2022	Q2 2021	% YoY	Q1 2022	% QoQ	Q2 2022	Q2 2021	Q1 2021
Chemicals	1,490	1,052	42%	1,438	4%	368	186	98%	372	-1%	24.7	17.7	25.9
SILICONES	936	649	44%	921	2%	277	134	>100%	279	-1%	29.5	20.6	30.3
POLYMERS	553	404	37%	518	7%	91	52	75%	93	-2%	16.5	12.9	17.9
BIOSOLUTIONS	84	71	18%	77	9%	8	11	-28%	0	n.a.	9.6	15.8	n.a.
POLYSILICON	568	353	61%	525	8%	214	149	44%	225	-5%	37.6	42.1	42.7
Others	40	29	38%	40	-2%	37	-26	n.a.	45	-18%	93.9	n.a.	112.2
Consolidation	-7	-4	89%	-5	50%	-1	1	n.a.	3	-136%	12.5	n.a.	n.a.
WACKER Group	2,174	1,501	45%	2,076	5%	626	321	95%	644	-3%	28.8	21.4	31.0

Appendix: Strong Growth of Global PV Markets in 2022 Expected

Country	2017	2018	2019	2020	2021	2022e
Germany	1.8	3.0	4.0	4.9	5.3	6.0 – 8.0
Spain	0.1	0.4	4.7	3.3	4.9	4.0 – 6.0
Europe other	4.9	8.1	13.0	13.0	19.8	22.0 – 26.0
Europe total	6.8	11.5	21.7	21.2	30.0	32.0 – 40.0
Australia	1.3	3.8	4.4	5.1	5.2	4.0 – 5.0
China	52.8	44.3	30.1	48.2	54.9	95.0 – 110.0
India	9.6	8.5	7.3	3.2	12.0	11.0 – 14.0
Japan	7.4	7.0	7.5	8.2	6.5	6.0 – 8.0
USA	10.6	10.6	13.3	19.2	23.6	20.0 – 25.0
Rest of Americas	3.4	6.0	8.0	6.0	8.4	12.0 – 14.0
Rest of World	8.1	13.3	26.0	28.9	29.4	40.0 – 44.0
Total	100 GW	105 GW	118 GW	140 GW	170 GW	220 – 260 GW

Sources: market surveys, industry announcements, WACKER estimates

Appendix: Modeling Help

Siltronic AG

- ▶ At-equity reinstated at end 2021 for entire year
 - ▶ Investment income is reported in WACKER income statement (P&L)
 - ▶ Investment income equals 30.8% of the net income attributable to the shareholders of Siltronic less the PPA (approx. €3m per quarter).
- ▶ Siltronic at-equity accounting contributes €21m to Q2 2022

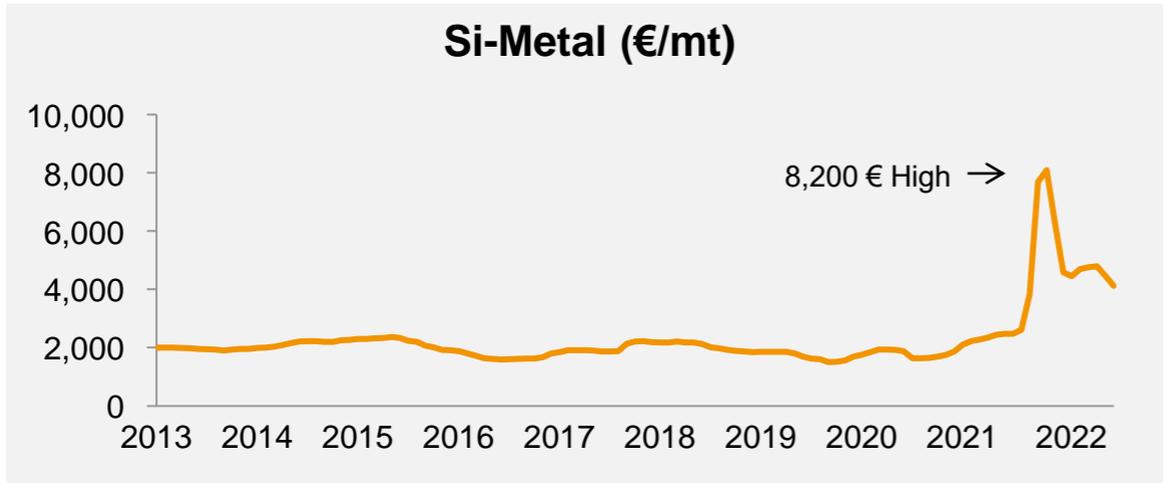
Others Segment

- ▶ Model with -€20m EBITDA for 2022 before Siltronic

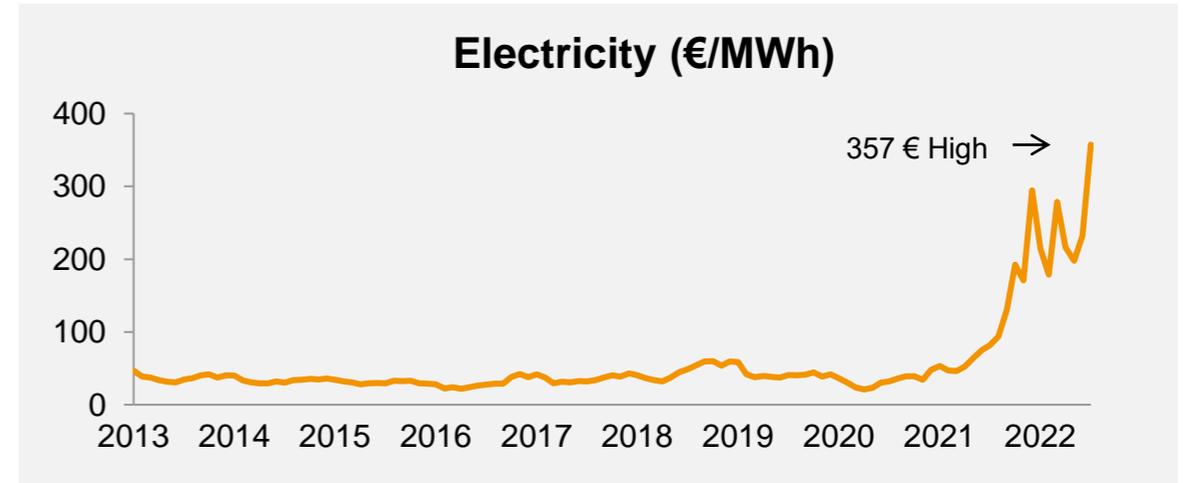
Sensitivities

- ▶ \$1ct change in €/€ equates to €20m in sales and about €3m in EBITDA (50% hedged)
- ▶ 50 bps change in the discount rate equates to ~€400m change in pension deficit

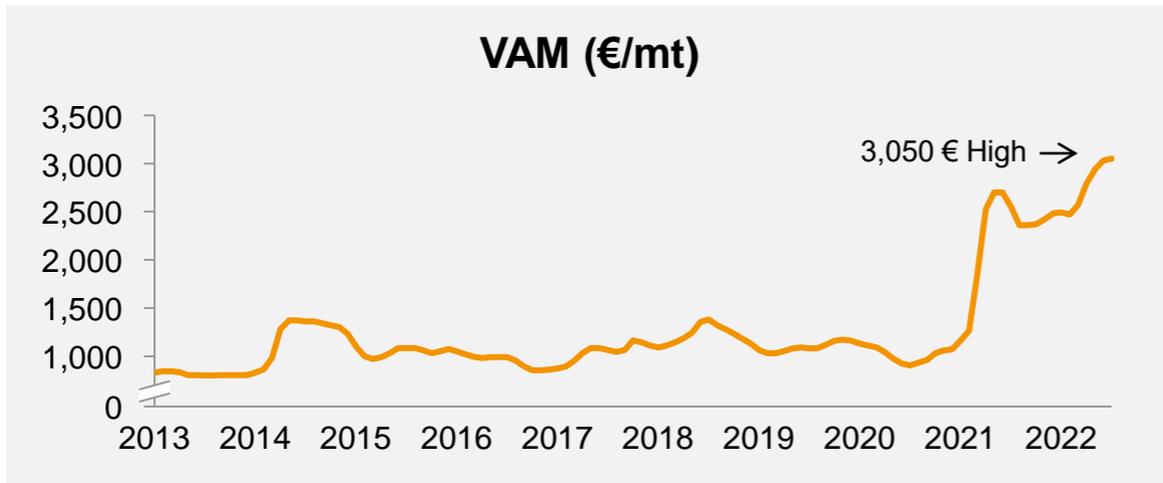
Appendix: Raw Materials, Power and Gas Show Strong Price Inflation



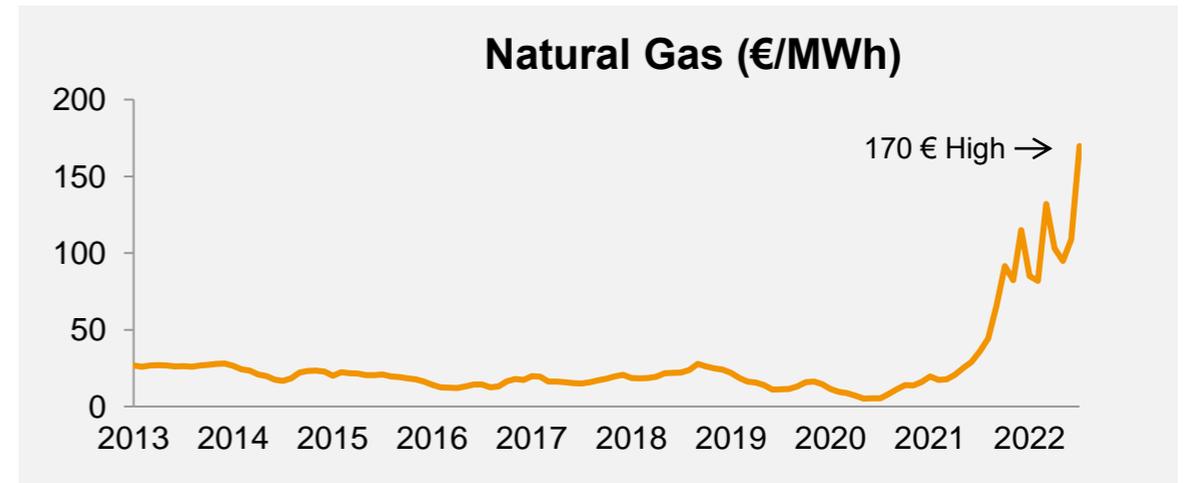
Source: CRU, Si-Metal Spot FD Europe



Source: EEX, Baseload Front Contract



Source: ICIS, Contract FD NWE



Source: PEGAS, Front Contract

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

10/27/22 Q3 2022 Results

Publications



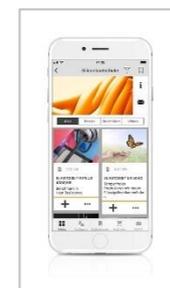
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