

PRESS RELEASE

Number 2

Strong Demand in Second Half of 2020 Supports WACKER's Business Development

- ◆ GROUP SALES OF €4.69 BILLION DOWN 5 PERCENT YEAR OVER YEAR
- ◆ AT €665 MILLION, EBITDA 15 PERCENT LOWER VERSUS 2019, BUT ONLY 1 PERCENT LOWER WHEN ADJUSTED FOR PRIOR-YEAR SPECIAL INCOME
- ◆ EBIT COMES IN AT AROUND €260 MILLION
- ◆ NET INCOME AMOUNTS TO €200 MILLION IN 2020
- ◆ NET CASH FLOW NEARLY QUADRUPLES TO AROUND €700 MILLION

Munich, February 2, 2021 – Wacker Chemie AG closed 2020 in line with its own expectations. According to preliminary figures, the Munich-based chemical group posted total sales of €4.69 billion in the reporting year. That was 5 percent less than in 2019 (€4.93 billion). Due to the coronavirus pandemic's effects, the company's sales contracted sharply in Q2 2020. WACKER regained some ground in Q3 and Q4, supported mainly by robust construction and polysilicon demand, but did not fully make up for that sales slump. WACKER's sales trend was slowed not only by somewhat lower volumes year over year, but also by price changes and exchange-rate effects.

The Group's preliminary EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to €665 million for 2020 (2019: €783 million), a decrease of 15 percent. The decline was chiefly due to special income in 2019. That year WACKER had

booked, under cost of goods sold, €112.5 million in insurance compensation for the damage incurred following the incident at its Charleston (USA) plant in 2017. Adjusted for this income, the year-over-year decline in EBITDA was 1 percent.

EBIT (earnings before interest and taxes) totaled €260 million (2019: €-536 million). This strong rise stemmed primarily from an impairment charge of €760 million that WACKER recognized on the carrying amount of its polysilicon production facilities in 2019. In 2020, depreciation and amortization totaled some €400 million (2019: €1.32 billion). Net income for 2020 amounted to €200 million (2019: €-630 million).

“Given the pandemic’s severe impact on the global economy, WACKER weathered last year very well,” said Group CEO Rudolf Staudigl. “The composition of our portfolio once again proved its worth in the present crisis, as we could at least partially offset weaknesses in specific industries. Additionally, our efficiency program has had a successful start, already improving our earnings by more than €50 million in 2020.”

Investments, Net Cash Flow and Net Financial Debt

According to preliminary figures, WACKER’s capital expenditures came in at €225 million in 2020 (2019: €380 million). That was 41 percent lower than the year before. The investment focus was on capacity expansion in the chemical divisions and on infrastructure projects. Net cash flow totaled around €700 million in 2020, nearly four times higher than in 2019 (€184 million). Factors prompting this strong rise included a marked reduction in current assets and much lower capital expenditures. A special payment into the Wacker Chemie VVaG pension fund in Q4 2020 had the opposite effect, reducing net cash flow by €70 million. As of December 31, 2020, net

financial debt stood at around €70 million (Dec. 31, 2019: €714 million).

Business Divisions

The performance of WACKER's chemical business varied in 2020 depending on the market segment. Volume declines amid the pandemic were especially strong in silicones for the automotive and textile segments. Construction demand, on the other hand, remained comparatively stable, while business was very robust for products used in medical, health and hygiene applications.

WACKER SILICONES posted sales of €2.24 billion (2019: €2.45 billion), down 9 percent year over year. Sales at WACKER POLYMERS reached €1.30 billion in 2020 (2019: €1.32 billion), a decrease of 2 percent. WACKER BIOSOLUTIONS grew sales by 1 percent to €245 million (2019: €243 million).

In 2020, the chemical divisions' EBITDA decreased by 2 percent overall. The decline was caused mainly by weaker demand and by lower prices for standard silicones. On the other hand, WACKER increased EBITDA markedly in dispersions, dispersible polymer powders and bioengineered products. Cost savings from the Group's ongoing efficiency program also had a positive effect on EBITDA.

WACKER SILICONES generated EBITDA of €385 million in 2020 (2019: €479 million), down 20 percent due to lower volumes and prices. Specialties performed more robustly than standard products amid the pandemic. At WACKER POLYMERS, EBITDA came in at €270 million (2019: €194 million). This 39-percent increase was fueled primarily by higher volumes year over year and a good cost structure. WACKER BIOSOLUTIONS delivered EBITDA of €35 million in the reporting year (2019: €31 million). That was a gain of 13 percent. Earnings were supported by growth in cyclodextrins and

biopharmaceuticals, and by the division's good cost structure.

WACKER POLYSILICON benefited from robust demand for solar-grade polysilicon in the second half of 2020. The division's sales grew 1 percent to €790 million (2019: €780 million). EBITDA for 2020 totaled €5 million (2019: €57 million). Adjusted for 2019's special income of €112.5 million in insurance compensation for the 2017 Charleston incident, the division increased EBITDA by about €60 million. The main factor here was the positive impact of further improvements in the cost of goods sold.




WACKER's Key Preliminary Figures

€ million	2020e	2019	Change in %
Sales	4,690	4,928	-5
EBITDA	665	783	-15
EBITDA margin (%)	14	16	-
EBIT	260	-536	>100
EBIT margin (%)	6	-11	-
Net income for the year	200	-630	n.a.
Capital expenditures	225	380	-41
Net cash flow	700	184	>100

The figures and forecasts for 2020 in this press release are preliminary and unaudited. Wacker Chemie AG will publish its 2020 Annual Report on March 16, 2021.

This press release contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking 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. WACKER does not plan to update its forward-looking statements, nor does it assume the obligation to do so.

For further information, please contact:

Wacker Chemie AG
Media Relations & Information
Christof Bachmair
Tel.: +49 89 6279-1830
christof.bachmair@wacker.com
www.wacker.com
follow us on:   

The company in brief:

WACKER is a globally active chemical company with some 14,700 employees and annual sales of around €4.93 billion (2019).
WACKER has a global network of 24 production sites, 23 technical competence centers and 51 sales offices.

WACKER SILICONES

Silicone fluids, emulsions, rubber grades and resins; silanes; pyrogenic silicas; thermoplastic silicone elastomers

WACKER POLYMERS

Polyvinyl acetates and vinyl acetate copolymers and terpolymers in the form of dispersible polymer powders, dispersions, solid resins and solutions

WACKER BIOSOLUTIONS

Biotech products such as cyclodextrins, cysteine and biologics, as well as fine chemicals and PVAc solid resins

WACKER POLYSILICON

Polysilicon for the semiconductor and photovoltaic industries