

PRESS RELEASE

Number 13

Targets for 2030: WACKER Accelerates Growth with High Profitability

- ◆ WACKER PRESENTS GROWTH TARGETS FOR 2030 AT ITS CAPITAL MARKET DAY
- ◆ STRATEGY AIMED AT ACCELERATED GROWTH BASED ON STRONG CUSTOMER DEMAND
- ◆ GROWTH WILL DOUBLE, SALES SHOULD EXCEED €10 BILLION, AND EBITDA MARGIN EXPECTED TO BE HIGHER THAN 20 PERCENT
- ◆ A CONSISTENT SPECIALTY STRATEGY AT CHEMICAL DIVISIONS, INTENSIFIED EXPANSION OF BIOTECHNOLOGY ACTIVITIES, AND FOCUS ON SEMICONDUCTOR APPLICATIONS AT POLYSILICON DIVISION
- ◆ SUSTAINABILITY IN PRODUCT PORTFOLIO IS MAJOR DRIVER OF FUTURE GROWTH
- ◆ CEO CHRISTIAN HARTEL: "DUE TO STRONG CUSTOMER DEMAND, WE ARE ACCELERATING GROWTH AND INCREASING INVESTMENTS. WE HAVE SET AMBITIOUS GOALS: TO DOUBLE OUR HISTORIC GROWTH, WHILE KEEPING PROFITABILITY AND ROCE HIGH."

Munich, March 29, 2022 – At today's Capital Market Day in London, Wacker Chemie AG presents its new strategic growth targets. By 2030, the company aims to lift sales significantly while keeping profitability high. The annual sales growth rate – the result of higher

volumes and a better product mix – should reach between 1.5 and two times the historic rate of 4 to 5 percent per year. In 2030, sales should exceed €10 billion. WACKER is aiming for an EBITDA margin of over 20 percent by the end of the decade. Based on capital employed, the company has set itself ambitious new goals. For ROCE (return on capital employed), the company wants to earn two times its cost of capital. In 2021, the cost of capital was 10 percent before taxes. Strong customer demand, especially in chemicals, is the basis of its growth strategy, and WACKER aims to consistently satisfy demand. Sustainability plays an important role here. Demand for sustainable products is constantly growing. They already make up more than two-thirds of the portfolio and, in the coming years, are expected to become an even stronger sales and earnings engine. At the same time, WACKER is investing in its goal of halving its absolute CO₂ emissions by 2030.

“WACKER returned to a growth trajectory last year. We finished 2021 with record sales and strong earnings – despite headwinds from raw materials and energy. We want to maintain this momentum and are charting our course for accelerated growth going forward,” announced WACKER’s CEO Christian Hartel. By setting new strategic growth targets, the Munich-based chemical company is exiting the “leverage phase” that started in 2013, where capital expenditures were below depreciation. “We are ideally positioned to achieve our goal of accelerated growth. We have the right products and solutions. Our team is competent and committed. We help customers become more sustainable. And we have a solid financial position. This is the basis for our success,” said the CEO. “In our chemical divisions, our focus is on specialties and we achieve high margins. In our biotechnology

business, we have expanded our portfolio through innovations and acquisitions, establishing ourselves as a strong and reliable partner in highly promising growth markets. Our polysilicon division is a global leader in quality and efficiency – both for semiconductor-grade and solar-grade polysilicon,” explained Hartel. At the same time, he added, the company was very well positioned on the cost side. “Multiple efficiency programs have given us a good cost basis and will help us remain competitive in the future. Our strong balance sheet illustrates WACKER’s financial stability,” Hartel noted. “Amid strong customer demand, we are entering a growth phase, where we will focus on organic growth, but also invest in acquisitions. We have set ourselves ambitious goals: we want to double sales growth – which is driven by higher volumes and a better product mix – while maintaining our high profitability,” said the CEO.

Business Divisions

In the company’s two chemical divisions, **WACKER SILICONES** and **WACKER POLYMERS**, the aim is to grow sales – resulting from higher volumes and a better product mix – by between 6 and 10 percent a year. That will accelerate the annual historic growth of 4 to 5 percent by a factor of 1.5 to 2.0. Profitability is expected to rise at the same time. The EBITDA margin should surpass 20 percent by 2030. Previously, the target level for the chemical divisions was 16 percent. ROCE should be more than twice the cost of capital. The basis for growth in the chemical divisions is strong demand for customized products from WACKER. To intensify specialty growth in chemicals, capacity expansion is planned in the regions and markets where customers operate. Capital expenditures are planned to double to more than €400 million per year.

WACKER SILICONES is concentrating on high-margin specialties and will consistently follow this strategy going forward. In doing so, the division, which sees itself as an innovation partner of industry, will build on regional proximity to customers. This strategy is underscored by the investment in the Chinese specialty silane manufacturer SICO Performance Material, which WACKER announced in the autumn of 2021. With this investment, WACKER aims to expand its range of high-quality specialties in Asia and move closer to its customers in these fast-growing markets. With its new plant in Panagarh (India), which is specialized in silicone end products, the division is continuing to strengthen its market leadership in India. It also plans to create additional new capacity for specialties at Charleston, Tennessee (USA). WACKER SILICONES wants to grow faster than the market through focused investments.

WACKER POLYMERS is the global market leader in dispersions and dispersible polymer powders based on vinyl acetate-ethylene. It intends to use this strong market position, which is rooted in a global network and strong regional presence, to spur further growth. In the coming years, capacities are to grow significantly in Europe and Asia. The division aims to double its capacities by 2030. WACKER POLYMERS is increasingly developing sustainable product solutions that are partly based on renewable raw materials. Also, customer-specific solutions are steadily gaining importance. The division wants to expand this portfolio. Customer demand at WACKER POLYMERS is growing constantly, buoyed by renovation, energy efficiency and sustainability. Numerous government programs around the world, such as the European Green Deal and China's plan to achieve climate neutrality by 2060, will create additional momentum for the

construction industry. In addition, demand for sustainable solutions in the consumer sector is rising, with adhesives for packaging being one example. The trend here is toward solutions based on paper instead of plastic.

For **WACKER BIOSOLUTIONS**, new growth targets were announced earlier at a Capital Market Day in 2021. By 2030, the division aims to generate sales of some €1 billion. The EBITDA margin is expected to exceed 25 percent by that time. ROCE should be well above the cost of capital. One pillar of its growth strategy is biologics – in particular, advanced medicines. The other pillar is the fermentation-based manufacturing of ingredients for foods and food supplements based on renewable raw materials. The division's product portfolio will expand through internal innovation, partnerships and further acquisitions. To accelerate growth at WACKER BIOSOLUTIONS, investments of more than €80 million annually are earmarked for organic growth, especially in biotechnology operations. Production capacity expansions are planned in the US and Europe.

At **WACKER POLYSILICON**, the EBITDA margin is expected to exceed 30 percent by 2030. ROCE should rise to more than twice the cost of capital. WACKER POLYSILICON is one of the few suppliers to the solar sector that can deliver especially high-quality polysilicon for very efficient solar cells. In 2021, solar-grade polysilicon contributed strongly to earnings. WACKER is the world's clear No. 1 in polysilicon for the semiconductor sector. Over the last five years, the division has doubled its volumes in this fast-growing market. The contribution to earnings has risen continuously. Nearly half of the computer chips produced worldwide use WACKER's hyperpure polysilicon. For semiconductors, polysilicon of ever-greater purity is


needed, owing to stricter requirements in chip manufacturing and the development of new technologies. In the coming years, WACKER wants to reinforce its position in the semiconductor industry. The share of semiconductor-grade hyperpure polysilicon in the division's total output will rise further. Production-process efficiency should also continue climbing. Investment spending at WACKER POLYSILICON will increase to about €100 million per year. The focus is on expanding polysilicon capacity to meet strong semiconductor demand. Long-term customer contracts will secure these investments.

Sustainability plays a decisive role in WACKER's growth strategy. More than two-thirds of WACKER's product portfolio already contributes to sustainable solutions. Examples include thermally conductive specialty silicones for electric vehicles. In the construction sector, WACKER's high-performance binders are used, for example, in thermal insulation systems in buildings. And polysilicon is the most important starting material for solar cells. "We are observing a surge in demand for solutions that fight climate change. This creates additional growth opportunities for us, which we intend to leverage effectively. Sustainability will become a major sales and earnings driver for WACKER in the coming years," said Hartel.

WACKER presented its new sustainable development goals in December 2021. Alongside initiatives for more sustainability in its portfolio, the company will also focus on its goal of halving absolute CO₂ emissions by 2030. With its sustainable development goals and the strategic growth targets just presented, WACKER has defined its strategic course up until 2030.

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 the forward-looking statements, nor does it assume the obligation to do so.

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The Company in Brief:

WACKER is a global chemical company with some 14,400 employees and annual sales of around €6.21 billion (2021).
WACKER has a global network of 26 production sites, 23 technical competence centers and 52 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