

PRESS RELEASE

Number 17

Wacker Chemie AG's Figures for Q1 2022 (unaudited)

WACKER achieves sales above €2 billion for the first time in Q1 2022 and more than doubles EBITDA year over year

- ◆ AT €2.08 BILLION, GROUP SALES FOR Q1 2022 UP 53 PERCENT YEAR OVER YEAR AND 23 PERCENT QUARTER OVER QUARTER
- ◆ EBITDA CLIMBS TO €644 MILLION, MORE THAN TWICE AS HIGH YEAR OVER YEAR AND UP 26 PERCENT OVER THE PREVIOUS QUARTER, DUE TO HIGHER PRICES AND POSITIVE PRODUCT-MIX EFFECTS
- ◆ NET INCOME FOR Q1 AT €403 MILLION
- ◆ NET CASH FLOW AT €18 MILLION DUE TO HIGHER WORKING CAPITAL AND A PAYMENT FOR INVESTMENT IN SPECIALTY SILANES MANUFACTURER SICO
- ◆ SALES FORECAST RAISED: GROUP SALES PROJECTED AT AROUND €7.5 BILLION IN 2022, WITH EBITDA STILL EXPECTED TO BE BETWEEN €1.2 BILLION AND €1.5 BILLION

Munich, April 28, 2022 – Wacker Chemie AG finished Q1 2022 with new highs in sales and earnings. The Munich-based chemical company generated sales of €2.08 billion in the reporting quarter, 53 percent higher than in the same period last year (€1.36 billion). Relative to the preceding quarter (€1.69 billion), sales were up 23 percent, with higher prices and positive product mix effects as the main growth drivers. Exchange-rate effects stemming from a stronger US dollar year over year also increased sales somewhat.

In Q1 2022, WACKER posted EBITDA (earnings before interest, taxes, depreciation and amortization) of €644 million, more than double the figure for the same period last year (€258 million). Relative to a quarter earlier (€510 million), EBITDA grew by 26 percent. This increase was attributable not only to higher prices and a better product mix, but also to cost-saving measures under the Group's ongoing efficiency programs. The company encountered headwinds, however, from sharp increases in energy and raw-material prices both year over year and quarter over quarter. These increases reduced EBITDA by more than €250 million compared with a year earlier. The EBITDA margin for the three months from January through March 2022 was 31.0 percent (Q1 2021: 19.0 percent). In the prior quarter, the EBITDA margin was 30.2 percent.

Group earnings before interest and taxes (EBIT) also increased substantially in the reporting quarter due to the factors already mentioned, coming in at €550 million (Q1 2021: €166 million). This was more than triple the year-earlier figure, corresponding to an EBIT margin of 26.5 percent (Q1 2021: 12.2 percent). Net income for Q1 2022 totaled €403 million (Q1 2021: €118 million). This corresponds to earnings per share of €7.92 (Q1 2021: €2.29).

WACKER has raised its sales forecast for full-year 2022. Despite the significant risks to the global economy – due in particular to the impact of the war in Ukraine, but also to the ongoing coronavirus pandemic – WACKER expects to continue on its growth trajectory in 2022. The company now forecasts Group sales to come in at around €7.5 billion (2021: €6.21 billion). The company had previously expected to post annual sales of about €7 billion. EBITDA for 2022 is currently anticipated to come in at between €1.2 billion and €1.5 billion – with the higher figure being close to last year's (€1.54 billion).

Higher energy and raw-material costs are likely to impact EBITDA by around €1.1 billion (previous projection: around €1 billion). A substantial share of these additional costs is to be passed on in the form of price increases. Savings from WACKER's ongoing efficiency programs will have a positive impact on the earnings trend.

"Despite the considerable amount of uncertainty and pressure facing the global economy, WACKER continued to operate very successfully in the first quarter of 2022," said CEO Christian Hartel in Munich on Thursday. "Our growth strategy – which focuses firmly on specialty chemical products with high value-add for our customers, on highest-quality polysilicon for semiconductors and solar applications, and on the active expansion of our biotechnology activities – contributes substantially to strengthening WACKER's resilience and ensuring that it remains robust in the face of current macroeconomic challenges. After a very good start this year, we expect that full-year EBITDA will likely trend toward the upper end of the projected range."

According to Hartel, however, WACKER expects strong headwinds throughout the remainder of the year due to sharp increases in energy and raw-material prices: "In the silicones and polysilicon segments in particular, we still benefited at the beginning of the year from raw materials and energy we procured last year at relatively favorable prices." This would change in the coming quarters, he said, and have a marked impact on the further earnings trend in the current year.

Hartel was optimistic as regards WACKER's medium-term prospects: "We want to accelerate our growth in the years ahead and are taking proactive steps in this direction. We aim to achieve sales of over €10 billion by 2030, with an EBITDA margin of more than 20 percent." Sustainability would play a decisive role in this, Hartel pointed out.

Demand was constantly growing for sustainable products, which already comprised more than two-thirds of the portfolio, according to the CEO, and were expected in the coming years to become an even stronger driver of Group sales and earnings.

“Amid strong customer demand, we are now 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,” the CEO emphasized.

Regions

In Q1 2022, Group sales grew strongly in every region. The biggest increase was in Asia, with revenues rising to €887 million, up 65 percent over the same period last year (€536 million). In the Americas, Group sales increased 50 percent in the reporting quarter to €305 million (Q1 2021: €204 million). Sales in Europe totaled €790 million (Q1 2021: €546 million), up 45 percent.

Capital Expenditures and Net Cash Flow

At €84 million, the Group’s capital expenditures in Q1 2022 were double the level of a year earlier (€42 million). Funds were invested primarily in expanding silicones capacity. Other investment spending was directed, for example, toward increasing capacity for polymer products and biopharmaceuticals.

Net cash flow amounted to €18 million in Q1 2022 (Q1 2021: €131 million). This change was due not only to a strong sales-related increase in working capital, but also to a payment WACKER made in the reporting quarter for a 60-percent stake in the Chinese specialty silanes manufacturer SICO Performance Material. WACKER announced in late October of last year that it had signed an

agreement to this effect. The payment of around €165 million covers the purchase price and WACKER's share of the company's working capital. The investment in SICO is a further step to expand WACKER's portfolio of high-quality specialty products in Asia. The transaction is expected to close in Q2 2022.

Employees

WACKER's global workforce increased slightly in the reporting quarter. The Group had 14,595 employees on March 31, 2022 (Dec. 31, 2021: 14,406). At the end of the quarter, 10,111 employees worked at WACKER sites in Germany (Dec. 31, 2021: 10,006) and 4,484 at international locations (Dec. 31, 2021: 4,400).

Business Divisions

In Q1 2022, **WACKER SILICONES** generated total sales of €921 million, up 50 percent over the same period last year (€613 million). The main reasons for this increase were higher prices for silicones and an improved product mix. Somewhat higher volumes and exchange-rate effects were also positive factors in the sales trend. Compared with a quarter earlier (€657 million), the division's sales rose 40 percent. At €279 million, WACKER SILICONES' EBITDA was more than double the figure for both a year earlier (€122 million) and the previous quarter (€137 million). This positive trend was due not only to strong sales, but also to very high plant utilization rates and raw materials procured last year at lower prices. The EBITDA margin for Q1 2022 was 30.3 percent, after 19.9 percent in Q1 2021 and 20.8 percent in the preceding quarter.

Sales at **WACKER POLYMERS** totaled €518 million in the reporting quarter, 48 percent higher than a year earlier (€350 million). Higher prices and an improved product mix were the main drivers of this growth. Relative to the preceding quarter (€451 million), sales were

up 15 percent. The division's EBITDA was €93 million in Q1 2022, after €50 million a year earlier – up 86 percent year over year. In particular, higher prices for dispersible polymer powder and dispersions were responsible for this earnings growth. High plant utilization rates also had a positive impact on EBITDA. On the other hand, prices for raw materials and energy were markedly higher, lowering EBITDA substantially. Compared with a quarter earlier (€66 million), EBITDA increased 41 percent. The EBITDA margin was 17.9 percent in Q1 2022, after 14.1 percent a year earlier and 14.7 percent in the preceding quarter.

WACKER BIOSOLUTIONS reported total sales of €77 million in Q1 2022, up 13 percent over a year earlier (€68 million). Compared with the preceding quarter (€80 million), sales fell by 4 percent. This was attributable to the temporary shutdown of a production plant at the Burghausen site that produces important precursors for the division. WACKER BIOSOLUTIONS posted reporting-quarter EBITDA of €-0.4 million, €6.6 million less than last year (€6.2 million) and €10.2 million lower than a quarter ago (€9.8 million). In addition to the plant shutdown in Burghausen, integration costs for the San Diego site dampened the earnings trend. The EBITDA margin was -0.5 percent, after 9.2 percent a year earlier and 12.3 percent in Q4 2021.

WACKER POLYSILICON achieved total sales of €525 million in the reporting quarter. That was 76 percent higher than a year earlier (€298 million) and 12 percent more than the prior quarter (€470 million). The major reason for this strong increase was higher prices, in particular for solar-grade polysilicon, but also for polysilicon for semiconductor applications. At €225 million, WACKER POLYSILICON's reporting-quarter EBITDA was more than four times

the level of a year earlier (€51 million). This increase was due not only to significantly higher prices, but also to further progress in reducing the production costs. Compared with the preceding quarter (€256 million), however, EBITDA decreased by 12 percent, due to substantially higher prices for energy and raw materials. Polysilicon prices and volumes that, on balance, were somewhat higher could not completely compensate for this effect. The division's EBITDA margin was 42.7 percent for January through March 2022, after 17.1 percent in Q1 2021 and 54.5 percent in Q4 2021.

Outlook

WACKER detailed its projections for the Group's performance this year in the Outlook section of its 2021 Annual Report. Despite considerable uncertainty regarding the global economic trend – due in particular to the impact of the war in Ukraine, the continuing coronavirus pandemic and global inflation, with possible consequences for consumer behavior – WACKER has raised its sales forecast for full-year 2022.

WACKER now expects to post Group sales of approximately €7.5 billion in 2022 (previous forecast: about €7.0 billion). The company confirmed its forecast for EBITDA, which it continues to expect to come in between €1.2 billion and €1.5 billion. Higher energy and raw-material costs are likely to impact EBITDA by around €1.1 billion (previous projection: around €1 billion). However, a substantial share of these additional costs is to be passed on in the form of price increases. Due to inflation, the EBITDA margin is likely to be considerably lower than last year, as will Group net income. Capital expenditures will rise substantially to between €550 million and €600 million. Net cash flow should remain clearly positive, as should net financial assets.

Key Figures for the WACKER Group




€ million	Q1 2022	Q1 2021	Change in %
Sales	2,076.2	1,359.6	52.7
EBITDA	643.7	257.7	>100
EBITDA margin (%)	31.0	19.0	–
EBIT	549.5	166.2	>100
EBIT margin (%)	26.5	12.2	–
Financial result	-18.7	-9.7	92.8
Income before income taxes	530.8	156.5	>100
Net income for the period	402.6	117.9	>100
Earnings per share (€)	7.92	2.29	>100
Capital expenditures	83.8	42.0	99.5
Depreciation/amortization	94.2	91.5	3.0
Net cash flow	18.2	131.1	-86.1

€ million	March 31, 2022	March 31, 2021	Dec. 31, 2021
Total assets	8,492.8	7,211.6	8,134.3
Equity	3,913.8	2,237.3	3,100.4
Equity ratio (%)	46.1	31.0	38.1
Financing liabilities	1,164.2	1,424.9	1,436.8
Net financial assets	521.2	44.8	546.5
Employees (number at end of period)	14,595	14,332	14,406

As the merger of Siltronic AG with GlobalWafers Co., Ltd. did not take place, WACKER no longer recognized its 30.83-percent stake in Siltronic as assets held for sale in its Annual Report for 2021, but once again as an equity-accounted investment. If there were any consequences for the reference figures for Q1 2021, they have been adjusted accordingly in this press release.

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 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