

# PRESS RELEASE

Number 36

## WACKER Raises Full-Year Forecast after Another Strong Quarter

- ◆ GROUP SALES FOR Q2 2022 TOTAL €2.17 BILLION, UP BY 45 PERCENT FROM A YEAR EARLIER
- ◆ AT €626 MILLION, EBITDA ALMOST DOUBLES YEAR OVER YEAR DUE TO BETTER PRICES AND POSITIVE PRODUCT-MIX EFFECTS
- ◆ NET INCOME FOR Q2 2022 COMES IN AT €391 MILLION
- ◆ NET CASH FLOW AT €96 MILLION, PARTLY DUE TO THE INCREASE IN WORKING CAPITAL AND TO HIGHER CAPITAL EXPENDITURES
- ◆ FULL-YEAR FORECAST RAISED: GROUP SALES PROJECTED AT BETWEEN €8.0 BILLION AND €8.5 BILLION, WITH EBITDA EXPECTED TO RANGE BETWEEN €1.8 BILLION AND €2.3 BILLION
- ◆ HIGHER ENERGY AND RAW-MATERIAL PRICES LIKELY TO IMPACT FULL-YEAR EARNINGS BY AROUND €1.5 BILLION

Munich, July 28, 2022 – Wacker Chemie AG continued on its growth trajectory in Q2 2022. The Munich-based chemical company generated sales of €2,174.2 million in the reporting quarter (Q2 2021: €1,501.0 million), up by 45 percent year over year. Relative to the preceding quarter (€2,076.2 million), sales were up by 5 percent, benefiting from product-mix and volume effects, as well as from the year-over-year rise in the US dollar. All four business divisions contributed to this sales growth. Polysilicon performed particularly

well, with sales increasing by 68 percent year over year, due to higher prices. The two chemical divisions – WACKER SILICONES and WACKER POLYMERS – each grew by more than 40 percent and demand was particularly strong, for example, for products used in adhesives and industrial coatings. Business in biotechnological products and fine chemicals also showed solid growth, with sales up by 16 percent.

EBITDA (earnings before interest, taxes, depreciation and amortization) totaled €625.8 million in Q2 2022, almost double the figure of a year earlier (€320.9 million). Here, again, improved prices and product-mix effects were key growth drivers. Very high plant-utilization rates also had a positive impact on EBITDA. On the other hand, significantly higher energy and raw-material prices had a negative effect. They were also the reason for a slight decline in EBITDA compared with a quarter earlier (€643.7 million). WACKER's reporting-quarter EBITDA margin was 28.8 percent (Q2 2021: 21.4 percent). The margin in the preceding quarter was 31.0 percent.

Reporting-quarter EBIT (earnings before interest and taxes) came in at €528.5 million, more than doubling year over year (Q2 2021: €228.0 million). That corresponded to an EBIT margin of 24.3 percent (Q2 2021: 15.2 percent). Relative to Q1 2022 (€549.5 million), EBIT was slightly lower. Depreciation and amortization amounted to €97.3 million in the second quarter (Q2 2021: €92.9 million). Net income for the period totaled €390.9 million (Q2 2021: €173.2 million), corresponding to earnings per share of €7.67 (Q2 2021: €3.39).

Despite 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 growing. The company

raised its forecast for full-year 2022 and now expects to post sales of between €8.0 billion and €8.5 billion (previous guidance: €7.5 billion). Full-year EBITDA is likely to come in between €1.8 billion and €2.3 billion (previous guidance: between €1.2 billion and €1.5 billion). Higher energy and raw-material costs are likely to impact EBITDA by around €1.5 billion (previous guidance: €1.1 billion). The current forecast takes this into account.

If major restrictions in the supply of natural gas were to arise in the course of the year, effects on WACKER's production cannot be ruled out, as is the case for many other industrial companies. For this reason, WACKER has taken the precaution of factoring in a further €200–250 million in additional costs at the lower end of its EBITDA forecast, on top of the energy and raw-material price increases already taken into account. Without this additional cost burden, full-year EBITDA of between €2.0 billion and €2.3 billion is possible in 2022.

“In the second quarter, WACKER continued on its growth trajectory in an increasingly challenging environment. Our quarterly sales were the highest in our company's history. Earnings almost doubled year over year, as we were able to offset a large portion of our substantially higher energy and raw-material costs by raising our prices,” said CEO Christian Hartel in Munich on Thursday. “However, we are increasingly concerned about the unabated price hikes for energy and raw materials. Added to that is uncertainty regarding future natural gas supplies,” said Hartel. The German government had already invoked Phase 2 of its emergency gas plan, he said. “This has not affected our production as yet. However, we have been working on solutions for various scenarios since February,” explained Hartel. He

went on to say that the current geopolitical crises, first and foremost the war in Ukraine, would also give rise to significant risks, as would the ongoing coronavirus pandemic – and then there was rising inflation. “It not only pushes up our own production costs, but also strongly influences consumer behavior – and, in turn, our business.” Hartel was nonetheless upbeat about future business development: “The positive trend in selling prices and the strong demand we are currently seeing in our customer sectors allow us to look to the second half of the year with confidence – despite current uncertainty.”

Hartel was also optimistic as regards WACKER’s medium-term prospects: “Our solid business performance reflects customer confidence in WACKER’s products and technologies. It demonstrates that we are well on track to achieve our growth targets.” As part of its growth strategy, WACKER is focusing on specialty products in its chemical divisions and scaling up its biotechnology activities. When it comes to polysilicon, the company is concentrating on its goal of increasing the share of hyperpure semiconductor-grade polysilicon in its portfolio. The goal is to increase Group sales to over €10 billion by 2030, while still maintaining high profitability.

“In order to accelerate growth, we are focusing our investment spending on expanding capacity and on developing new products and applications,” said Hartel. “In recent months, we have launched a whole series of projects. At our plant in Holla, Norway, we are getting ready to expand our production capacity for silicon metal. We have opened a new production plant at Panagarh in India to meet burgeoning demand for silicone rubber. We are also expanding silicone production capacity at our Burghausen site. We opened a regional Innovation Center in the USA, where we will develop biotech

and silicone specialty products for high-tech applications. In Munich, we commenced construction of a research center for biotech activities. At our site in Halle, an mRNA technical competence center is taking shape. When it is completed in 2024, mRNA vaccines are among the products we will be able to manufacture there. At this site alone, we are investing over €100 million.”

**Regions**

In Q2 2022, WACKER's sales increased year over year in every region, mainly due to higher selling prices. Sales in Asia rose to €944 million, up by about 52 percent from the year-earlier figure (Q2 2021: €620 million). Sales in the Americas totaled €348 million (Q2 2021: €211 million), up by a robust 65 percent year over year. Reporting-quarter sales in Europe totaled €767 million (Q2 2021: €595 million), up by 29 percent versus a year earlier.

**Capital Expenditures and Net Cash Flow**

In Q2 2022, the Group's capital expenditures came in at €99.7 million (Q2 2021: €68.2 million), up by 46 percent year over year. Funds were invested primarily in expanding silicones capacity, but also in increasing capacity for polymer products and biologics.

Net cash flow was €96.4 million in the reporting quarter, after €208.2 million in the same period last year, due in part to the sales-related increase in working capital and to higher capital expenditures.

**Employees**

WACKER's global workforce grew in the reporting quarter. The Group had 15,250 employees on June 30, 2022 (March 31, 2022: 14,595). At the end of the quarter, 10,151 employees worked at WACKER

sites in Germany (March 31, 2022: 10,111) and 5,099 at international locations (March 31, 2022: 4,484).

### **Business Divisions**

In Q2 2022, **WACKER SILICONES** generated total sales of €936.3 million. That was 44 percent higher than in the same period last year (€648.7 million). This growth was due chiefly to higher prices and an improved product mix, attributable to a bigger share of high-margin specialty silicones in the portfolio. Sales increased substantially year over year across virtually all application areas. Growth was especially pronounced, for example, with silicones for adhesives applications, for coatings and for consumer applications. Exchange-rate effects had a further positive impact on sales. Compared with the preceding quarter (€920.9 million), sales increased by 2 percent. At €276.5 million, **WACKER SILICONES'** reporting-quarter EBITDA was more than double the level of a year earlier (€133.6 million) and was on par with the preceding quarter (€279.3 million). The EBITDA margin in Q2 2022 was 29.5 percent, after 20.6 percent in Q2 2021 and 30.3 percent in the preceding quarter.

Sales at **WACKER POLYMERS** totaled €553.3 million in the reporting quarter, 37 percent higher than a year earlier (€403.5 million). Higher prices were the main growth driver, but a slight increase in volumes, a better product mix, and exchange-rate effects were further positive factors. Compared with the preceding quarter (€517.5 million), sales grew by 7 percent. **WACKER POLYMERS'** EBITDA totaled €91.2 million in Q2 2022, up by 75 percent versus a year earlier (€52.2 million). In addition to price increases, very high plant-utilization rates had a positive effect on

EBITDA. On the other hand, sharp increases in energy and raw-material costs as well as substantially higher freight costs dampened earnings growth quite markedly. Compared with the preceding quarter (€92.6 million), EBITDA was down slightly. The EBITDA margin was 16.5 percent in the reporting quarter, after 12.9 percent a year earlier and 17.9 percent in the preceding quarter.

**WACKER BIOSOLUTIONS** generated total sales of €84.1 million in Q2 2022. That was 19 percent higher than in the same period last year (€71.0 million). This increase was due primarily to improved prices and to volume growth. Business areas posting particularly good performance in the reporting period included cyclodextrins. Changes in exchange rates also had a positive effect on revenue. Compared with the preceding quarter (€77.0 million), the division's sales were up by 9 percent. EBITDA at WACKER BIOSOLUTIONS came in at €8.1 million in the reporting quarter and was lower than a year earlier (€11.2 million). Factors in this decline included the temporary outage of a production facility in Burghausen, and higher energy and raw-material costs. Relative to the preceding quarter (€-0.4 million), EBITDA increased. The EBITDA margin was 9.6 percent, after 15.8 percent a year earlier and -0.5 percent in Q1 2022.

In the reporting quarter, **WACKER POLYSILICON** generated total sales of €568.2 million, 61 percent higher than a year earlier (€352.9 million). The main driver of this increase was significantly higher average prices for solar-grade silicon. On the other hand, somewhat reduced volumes year over year were a minor brake on sales growth. Prices for semiconductor-grade silicon also rose year over year, while the share of semiconductor-grade silicon in the total

sales volume grew further. Relative to the preceding quarter (€525.3 million), sales were up by 8 percent. WACKER POLYSILICON's reporting-quarter EBITDA came in at €213.8 million, up by 44 percent versus a year earlier (€148.7 million). This strong growth was due chiefly to substantially higher prices. Production-efficiency measures as well as further progress in reducing the cost of goods sold also had a positive effect on EBITDA. On the other hand, higher energy and raw-material prices had a negative impact. Compared with the preceding quarter (€224.5 million), EBITDA was down by 5 percent. From April through June 2022, the division's EBITDA margin amounted to 37.6 percent, after 42.1 percent in Q2 2021 and 42.7 percent in Q1 2022.

**Outlook**

WACKER detailed its projections for the Group's performance this year in the Outlook section of its 2021 Annual Report.

In view of the positive business trend, the company had already revised its sales forecast upward on presentation of its figures for Q1 2022. On June 13, 2022, WACKER announced that, based on its then-current estimates, it expected to post EBITDA of around €600 million and sales of around €2.1 billion in Q2 2022. WACKER also announced that it would revise upward its guidance for full-year 2022.

The company now expects to post full-year sales of between €8.0 billion and €8.5 billion (previous guidance: €7.5 billion). Full-year EBITDA is likely to come in between €1.8 billion and €2.3 billion (previous guidance: between €1.2 billion and €1.5 billion). These higher expectations are the result of the continuing positive trend in selling prices and unabated strong demand in numerous customer

sectors. Higher energy and raw-material costs are likely to impact EBITDA by around €1.5 billion (previous guidance: €1.1 billion). Our current forecast takes this into account. Given the uncertainty surrounding future natural gas supplies, WACKER has also taken the precaution of factoring in a further €200–250 million in additional costs at the lower end of its EBITDA forecast, on top of the energy and raw-material price increases already taken into account. Without this additional cost burden, full-year EBITDA of between €2.0 billion and €2.3 billion is possible in 2022.

The new forecast for EBITDA also changes the estimate for the full-year EBITDA margin, which is now expected to be roughly on par with last year (previous guidance: substantially lower than last year). Group net income for the year is now expected to be substantially higher than the previous year (previous guidance: substantially lower than last year). Guidance for the remaining financial KPIs remains unchanged versus the forecasts made in the 2021 Annual Report.

***Information for editorial offices: the interim report for the first half of 2022 is available for download on the WACKER website ([www.wacker.com](http://www.wacker.com)) under Investor Relations.***

**Key Figures for the WACKER Group**

€ million			<b>Change in %</b>	<b>6M 2022</b>	<b>6M 2021</b>	<b>Change in %</b>
	<b>Q2 2022</b>	<b>Q2 2021</b>				
Sales	2,174.2	1,501.0	44.9	4,250.4	2,860.6	48.6
EBITDA	625.8	320.9	95.0	1,269.5	578.6	>100
EBITDA margin (%)	28.8	21.4	–	29.9	20.2	–
EBIT	528.5	228.0	>100	1,078.0	394.2	>100
EBIT margin (%)	24.3	15.2	–	25.4	13.8	–
Financial result	-20.5	-10.4	97.1	-39.2	-20.1	95.0
Income before income taxes	508.0	217.6	>100	1,038.8	374.1	>100
Net income for the period	390.9	173.2	>100	793.5	291.1	>100
Earnings per share (€)	7.67	3.39	>100	15.59	5.68	>100
Capital expenditures	99.7	68.2	46.2	183.5	110.2	66.5
Depreciation/amortization	97.3	92.9	4.7	191.5	184.4	3.9
Net cash flow	96.4	208.2	-53.7	114.6	339.3	-66.2
€ million				<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>Dec. 31, 2021</b>
Total assets				8,833.2	7,368.6	8,134.3
Equity				4,590.6	2,341.7	3,100.4
Equity ratio (%)				52.0	31.8	38.1
Financing liabilities				1,558.6	1,406.2	1,436.8
Net financial assets				119.0	152.0	546.5
Employees (number at end of period)				15,250	14,345	14,406

*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.*

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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