

PRESS RELEASE

Number 9

After a Record Year, WACKER Invests in Further Growth

- ◆ SALES GROW BY 32 PERCENT IN 2022 TO €8.21 BILLION, WITH EBITDA UP 35 PERCENT TO €2.08 BILLION
- ◆ NET INCOME REACHES €1.28 BILLION
- ◆ DIVIDEND CLIMBS SIGNIFICANTLY TO €12.00 PER SHARE, EQUIVALENT TO A PAYOUT OF €596 MILLION
- ◆ WACKER EXPECTS TO POST GROUP SALES IN A RANGE OF €7–7.5 BILLION IN 2023
- ◆ EBITDA IS ANTICIPATED TO COME IN BETWEEN €1.1 BILLION AND €1.4 BILLION
- ◆ NET CASH FLOW IS PROJECTED TO BE POSITIVE AGAIN IN 2023, BUT SUBSTANTIALLY LOWER YEAR OVER YEAR
- ◆ CAPITAL EXPENDITURES IN 2023 ARE TO RISE MARKEDLY, TO AROUND €650 MILLION, AND WILL THUS BE SUBSTANTIALLY HIGHER THAN DEPRECIATION

Munich, March 14, 2023 – As already reported, Wacker Chemie AG ended 2022 with new all-time highs for sales and earnings.

Presenting its annual report today, the Munich-based chemical company confirmed Group sales of €8.21 billion in 2022 (2021: €6.21 billion), up 32 percent year over year. Substantially higher selling prices were the main growth driver. Sales also benefited from positive exchange-rate effects due to the stronger US dollar. On the other hand, overall volumes were down somewhat versus the previous year, dampening sales.

In 2022, Group EBITDA rose 35 percent year over year, coming in at €2.08 billion (2021: €1.54 billion), yielding an EBITDA margin of 25.4 percent (2021: 24.8 percent). In addition to a marked increase in sales, cost savings from the Group's ongoing efficiency programs had a positive impact on operating performance. On the other hand, sharp increases in energy, raw-material and logistics costs weighed on EBITDA, amounting to additional costs of around €1.3 billion year over year.

Due to the effects described above, Group EBIT grew by 48 percent to around €1.68 billion (2021: €1.13 billion), resulting in an EBIT margin of 20.5 percent (2021: 18.3 percent). Depreciation and amortization amounted to €402 million in 2022 (2021: €404 million). Net income for 2022 was €1.28 billion (2021: €828 million).

WACKER is headed for a new record with its dividend. The Executive and Supervisory Boards will propose a dividend of €12.00 per share at the Annual Shareholders' Meeting. Accordingly, WACKER will be distributing roughly 50 percent of its net income for the year, in line with its dividend policy. Based on the number of shares entitled to dividends as of December 31, 2022, the total cash dividend corresponds to a payout of €596 million. Calculated in relation to WACKER's average share price in 2022, the dividend yield is 8.6 percent.

"The war in Europe is an acid test for the entire world and has thrown the global economy off balance," said CEO Christian Hartel in Munich on Tuesday. Amid these unpredictable and unstable conditions, he said, WACKER had had a highly successful business year: "With €8.2 billion in sales and EBITDA of more than €2 billion, it was by far the most successful year in the company's history."

From today's point of view, this strong operational growth, which WACKER was able to achieve in the past couple of years, will not

continue in 2023. “The global economy has slowed significantly. Around the world, the economic and political environment remains volatile. High energy prices, especially in Europe, continue to impact our business,” Hartel said.

In the first two months of this year, demand declined across a large number of customer sectors, with Group sales and EBITDA both lower than last year. Overall, WACKER expects to post Group sales of about €1.7 billion in Q1 2023 (Q1 2022: €2.08 billion). Group EBITDA will also be lower in Q1 2023. It is expected to come in between €250 million and €280 million, amid lower selling prices and declining volumes.

WACKER expects to post Group sales of between €7 billion and €7.5 billion in 2023, due to a combination of significantly lower selling prices, volume growth in the course of the year and positive product-mix effects in the chemical divisions. Based on these trends, Group EBITDA is expected to come in between €1.1 billion and €1.4 billion. Slightly higher energy costs will also dampen EBITDA.

“Even though we currently face economic headwinds rather than tailwinds, we look to the future with optimism,” Hartel went on to say. Last year WACKER had plotted its strategic course for the coming years. “Our Strategy 2030 provides us with clear goals: faster growth, high profitability and better resilience in times of constant change,” Hartel explained. He stated that a key component in achieving these goals would be higher investments, which would be spread across more than 40 different projects and rise to around €650 million in 2023. “Investments at our chemical divisions will focus mainly on expanding our portfolio of specialty products. In the biotechnology field, we will ramp up the ongoing expansion of our sites. In our polysilicon business, the focus will be on semiconductor applications,” said Hartel.

Capital Expenditures

In 2022, capital expenditures reached €547 million (2021: €344 million), up 59 percent year over year.

WACKER invested in expanding its production capacities in all regions across the globe. The lion's share of capex went to the company's chemical divisions, with funds being invested, for example, in new facilities for intermediates and downstream products for liquid silicone rubber at the Adrian, Michigan site in the USA and at Burghausen, as well as in high-temperature vulcanizing solid silicone rubber at the Panagarh site in India. Capacity was also increased at Nünchritz and at the subsidiary SICO Performance Material at its site in Jining, China. Further funds were invested in construction of a dispersion reactor and spray dryer at the Nanjing site in China.

In the biotechnology field, the Amsterdam site was further expanded. At the Halle site, construction commenced on the mRNA Competence Center. Further investments went toward new equipment in plants producing particularly high-quality polysilicon for semiconductor applications.

Employees

The number of Group employees increased by 1,319 in 2022. As of December 31, 2022, WACKER had 15,725 employees worldwide (Dec. 31, 2021: 14,406). This included 10,424 employees at its sites in Germany (Dec. 31, 2021: 10,006) and 5,301 at its international sites (Dec. 31, 2021: 4,400).

Net Cash Flow, Net Financial Assets and Equity Ratio

WACKER's net cash flow totaled €439 million in 2022 (2021: €761 million). This year-over-year decline of 42 percent was due to a

sales-related increase in working capital and to higher capital expenditures. Net financial assets totaled €409.2 million as of December 31, 2022 (Dec. 31, 2021: €546.5 million).

WACKER's total assets amounted to €9.40 billion as of December 31, 2022 (Dec. 31, 2021: €8.13 billion), up by 16 percent. The biggest changes concerned the Group's noncurrent assets, and the sales-related increase in inventories. Equity rose substantially too, particularly due to the high net income for the year and to the marked decline in provisions for pensions attributable to higher discount rates. As of the reporting date, equity amounted to €5.03 billion (Dec. 31, 2021: €3.10 billion). The corresponding equity ratio was 54 percent (Dec. 31, 2021: 38 percent).

Business Divisions

In 2022, **WACKER SILICONES'** sales grew by 33 percent, coming in at €3.45 billion (2021: €2.60 billion). This increase was attributable to significantly higher selling prices as well as to product-mix and exchange-rate effects. Growth in EBITDA was even stronger. It rose by 59 percent to €876 million (2021: €553 million), due mainly to higher selling prices. In addition, the revaluation of an at equity joint venture participation in China increased WACKER SILICONES' EBITDA by €72 million.

WACKER POLYMERS' sales increased significantly in 2022, rising by 19 percent to €2.00 billion (2021: €1.67 billion), due to substantially higher selling prices and to product-mix and exchange-rate effects. At €289 million, EBITDA was up 14 percent year over year (2021: €253 million), due predominantly to higher selling prices.

WACKER BIOSOLUTIONS grew its sales by 12 percent in 2022 to €331 million (2021: €296 million). Higher selling prices were the chief

growth driver. At €17 million, EBITDA was substantially lower year over year (2021: €39 million). Factors negatively impacting EBITDA were the temporary outage of a production facility in Burghausen, integration costs for the San Diego site in the USA and upfront costs for establishing the mRNA Competence Center in Halle.

WACKER POLYSILICON's sales grew by 50 percent in 2022 to reach €2.29 billion (2021: €1.53 billion). Higher selling prices were the main reason for this increase. Compared with the prior year, the share of semiconductor-grade polysilicon in the portfolio was higher. EBITDA rose by 26 percent to €826 million (2021: €657 million). Higher selling prices were the main growth driver, whereas increases in energy and raw-material costs dampened earnings.

Outlook

In 2022, WACKER set the course to accelerate its growth in the coming years. In March of last year, the Group presented to the capital markets its strategic goals for the period until 2030. Sales are planned to rise to over €10 billion by 2030. This growth will be driven by volume growth and a better product mix as well as a focus on sustainable products and applications. Up to now, the annual average growth rate has been between 4 and 5 percent. In the future, it should be higher, by a factor of between 1.5 and 2. At the same time, WACKER is focused on high profitability. The company is aiming for an EBITDA margin of more than 20 percent by 2030. The goal is to earn twice the cost of capital.

“Higher investments are an important stepping stone towards achieving our goals. In the coming years, capex will be markedly higher than depreciation,” underscored CEO Christian Hartel. WACKER had the financial strength needed for such capital expenditures, he said, with more than €400 million per year to be invested in WACKER's chemical

divisions – WACKER SILICONES and WACKER POLYMERS. WACKER BIOSOLUTIONS is to see over €80 million per year, while investments of about €100 million per year are planned for WACKER POLYSILICON. “Sustainability remains an integral part of our Strategy 2030. We have significantly raised the bar for our sustainable development goals. Our aim is to achieve a 50-percent reduction in our carbon emissions by 2030 – in absolute terms and regardless of volume growth. We also want to reach net zero by 2045. For us, stronger growth and sustainable operations are not mutually exclusive,” said Hartel.

WACKER expects to post Group sales of between €7 billion and €7.5 billion in 2023. EBITDA is expected to come in between €1.1 billion and €1.4 billion, with significantly lower selling prices in particular dampening earnings. The EBITDA margin is likely to decline substantially compared with last year. At €650 million, capital expenditures will rise substantially year over year. They will also be clearly higher than depreciation/amortization, which will amount to about €450 million. Group net income for the year will be markedly lower than last year. Net cash flow should be positive, but substantially lower than last year. WACKER is expected to post low net financial debt in 2023.

The company expects its chemical business to post lower sales this year, due chiefly to declining selling prices. WACKER SILICONES expects to generate sales of between €3.1 billion and €3.3 billion and to post an EBITDA margin of around 15 percent. Sales at WACKER POLYMERS are likely to amount to around €1.8 billion, while its EBITDA margin should be slightly higher than last year.

The Group expects WACKER BIOSOLUTIONS to post sales growth, likely in the low double-digit percentage range. EBITDA should be significantly higher than last year.

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WACKER POLYSILICON expects to generate sales of between €1.6 billion and €1.8 billion in 2023, driven by lower average polysilicon prices and reduced volumes due to changes in the product mix. EBITDA is likely to come in between €300 million and €500 million.

Information for editorial offices: The 2022 Annual Report is available for download on the WACKER website (www.wacker.com) under Investor Relations.

Wacker Chemie AG's Annual Press Conference will be held as a hybrid event this year. You can follow the event online starting 10:30 via the following link:

www.wacker.com/press

Key Figures for the WACKER Group

€ million	2022	2021	Change in %
Results/Return			
Sales	8,209.3	6,207.5	32.2
EBITDA ¹	2,080.9	1,538.5	35.3
EBITDA margin ² (%)	25.4	24.8	n.a.
EBIT ³	1,678.8	1,134.3	48.0
EBIT margin ² (%)	20.5	18.3	n.a.
Financial result	-62.6	-40.7	53.8
Income before income taxes	1,616.2	1,093.6	47.8
Net income for the year	1,281.6	827.8	54.8
Earnings per share (€)	25.18	16.24	55.0
ROCE (%)	34.7	28.3	22.6
Financial Position / Cash Flow			
Total assets	9,401.4	8,134.3	15.6
Equity	5,030.7	3,100.4	62.3
Equity ratio (%)	53.5	38.1	n.a.
Financing liabilities	1,547.0	1,436.8	7.7
Net financial assets / net financial debt ⁴	409.2	546.5	-25.1
Capital expenditures ⁵	546.8	343.8	59.0
Depreciation/amortization	-402.1	-404.2	-0.5
Net cash flow ⁶	438.8	760.8	-42.3
Research and Development			
R&D expenses	178.4	164.2	8.6
Employees			
Personnel expenses	1,595.0	1,475.1	8.1
Employees (number as of Dec. 31)	15,725	14,406	9.2

¹ EBITDA is EBIT before depreciation and amortization.

² Margins are calculated based on sales.

³ EBIT is the result from continuing operations for the period before interest and other financial result, and income taxes.

⁴ Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities

⁵ Intangible assets, property, plant and equipment, investment property, excluding right-of-use assets

⁶ Sum of cash flow from operating activities and cash flow from long-term investing activities (before securities)

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 15,700 employees and annual sales of around €8.21 billion (2022).
WACKER has a global network of 27 production sites, 26 technical competence centers and 50 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