

# PRESS RELEASE

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*Wacker Chemie AG's Figures for Q3 2023 (unaudited)*

**WACKER sees sales and earnings decline significantly in Q3 2023 due to persistently difficult market environment**

- ◆ GROUP SALES FOR Q3 2023 REACH €1.52 BILLION, DOWN 29 PERCENT YEAR OVER YEAR
- ◆ EBITDA DECLINES 67 PERCENT TO €152 MILLION COMPARED WITH A YEAR EARLIER DUE TO LOWER PRICES AND REDUCED VOLUMES
- ◆ NET INCOME FOR Q3 AMOUNTS TO €34 MILLION
- ◆ NET CASH FLOW COMES IN AT €128 MILLION
- ◆ FULL-YEAR FORECAST CONFIRMED IN THE LOWER HALF OF THE RANGE: GROUP SALES FOR 2023 LIKELY TO BE AROUND €6.5 BILLION, EBITDA EXPECTED TO BE BETWEEN €800 MILLION AND €900 MILLION

Munich, October 26, 2023 – Wacker Chemie AG saw its sales and earnings decline significantly in the third quarter of 2023 due to the persistently difficult market environment. The chemical company generated sales of €1.52 billion in the reporting quarter (Q3 2022: €2.13 billion), down 29 percent. This decrease was chiefly due to lower selling prices. Volume and exchange-rate effects further reduced sales slightly. Compared with Q2 2023 (€1.75 billion), sales decreased 13 percent.

In Q3 2023, WACKER posted earnings before interest, taxes, depreciation and amortization (EBITDA) of €152 million (Q3 2022: €457

million), down 67 percent year over year. The decline was due to lower prices and volumes as well as partly lower plant utilization rates. Compared with the preceding quarter (€256 million), EBITDA fell 41 percent. The Group's EBITDA margin for the three months from July through September 2023 was 10.0 percent. A year earlier, the figure was 21.4 percent, while the prior quarter's EBITDA margin was 14.6 percent.

Group earnings before interest and taxes (EBIT) totaled €49 million in the reporting quarter. This was 86 percent less than a year ago (€351 million) and corresponded to an EBIT margin of 3.2 percent (Q3 2022: 16.4 percent). Net income for the reporting quarter amounted to €34 million (Q3 2022: €259 million) and earnings per share came in at €0.56 (Q3 2022: €5.08).

WACKER confirmed its full-year forecast. In view of the ongoing weak customer demand in a large number of industries with no noticeable turnaround in sight and the lower year-over-year prices for many of its product groups, WACKER now expects sales and EBITDA in the lower half of the respective forecast ranges. Accordingly, Group sales are likely to be around €6.5 billion. Full-year EBITDA is expected to come in at between €800 million and €900 million.

“The economic climate remained challenging for WACKER in the third quarter – as it did for the entire chemical industry,” said Group CEO Christian Hartel on Thursday in Munich. According to Hartel, the expected recovery in demand in the second half of 2023, which many market experts had forecasted at the beginning of the year, has yet to materialize. “That is why sales and earnings are far below our strong prior-year figures after the first nine months of the year,” explained the CEO.

"The continuing high energy prices in Germany are also having a negative impact on our business. In order to strengthen Germany's competitiveness as an industrial location and to maintain it in the long term, the prompt introduction of an industrial or bridge electricity price in this country would be a logical and farsighted step," he continued.

With regard to the current business development, Hartel emphasized: "In our chemical divisions, many of our customers are facing weak demand, which is why they are exercising caution and placing orders at short notice. This puts pressure on prices in our chemical business. There was also a marked decline in prices for solar-grade polysilicon particularly in China. The earnings trend in our biotechnology business is impacted once again this year by elevated investment spending in further growth."

In order to meet the challenges of the persistently difficult economic climate, WACKER has been increasingly focused on efficiency and cost discipline for a few months now.

The CEO continued to be optimistic about the company's long-term prospects: "Obviously growth is never linear, but even though we currently face considerable headwind, I am confident that we will overcome the challenges ahead. Here at WACKER, we have an excellent team that sets itself apart owing to the commitment, dedication and resourcefulness of each and every individual. The company is also well placed strategically. We have set ourselves clear goals with our Strategy 2030: faster growth, high profitability, and better resilience in times of constant change. We remain committed to these goals and will continue to pursue them."

In order to grow further, WACKER is focusing on a comprehensive investment program under which it is expanding its capacities across

all business divisions and regions. “We are continuing to drive forward the sustainable development of our operations with the strong cost discipline that the current situation requires,” Hartel emphasized. “At the same time, we are not easing up on our growth initiatives and our focus on customer-specific specialties. For example, we are investing in specialty silicones in China, expanding capacity for hyper-pure semiconductor-grade polysilicon for the most demanding semiconductor applications, and adding new capacities for our biotech activities. WACKER is pressing ahead with the development work with our customers for specialties in Polymers and Silicones regardless of the short-term market difficulties.”

### **Regions**

In the third quarter of 2023, sales fell in all regions primarily as a result of lower prices and reduced volumes. Sales in Asia decreased to €642 million, around 33 percent lower than a year earlier (Q3 2022: €966 million). Sales in the Americas totaled € 250 million (Q3 2022: €347 million), down 28 percent versus a year earlier. Group sales in Europe amounted to €551 million in the reporting quarter (Q3 2022: €715 million), a decline of 23 percent compared with the prior year.

### **Capital Expenditures and Net Cash Flow**

The Group’s capital expenditures in Q3 2023 totaled €155 million (Q3 2022: €131 million), up 18 percent year over year. Funds were invested primarily in expanding production capacities in the chemical divisions. Other investment spending was directed, for example, toward increasing capacity for biopharmaceuticals and semiconductor-grade polysilicon.

WACKER's net cash flow amounted to €128 million in Q3 2023 (Q3 2022: €296 million). The main reasons for this 57-percent decline were the lower EBITDA and higher capital expenditures year over year.

### **Employees**

WACKER's global workforce remained virtually unchanged in the reporting quarter. The Group had 16,391 employees as of September 30, 2023 (June 30, 2023: 16,358). At the end of the reporting quarter, 10,621 employees worked at WACKER sites in Germany (June 30, 2023: 10,569), and 5,770 at international locations (June 30, 2023: 5,789).

### **Business Divisions**

**WACKER SILICONES** generated total sales of €673 million in Q3 2023 (Q3 2022: €890 million), a year-over-year decline of 24 percent. The main factors slowing sales were lower prices as well as reduced volumes for specialties and exchange-rate effects. Compared with a quarter earlier (€699 million), sales declined 4 percent. Reporting-quarter EBITDA for WACKER SILICONES amounted to €51 million, down 74 percent from the year-earlier figure (€198 million) and around 2 percent less than the previous quarter (€52 million). Earnings were impacted by reduced plant utilization rates year over year in addition to lower prices. The EBITDA margin in Q3 2023 was 7.6 percent, after 22.2 percent in Q3 2022 and 7.4 percent in the preceding quarter.

Total sales at **WACKER POLYMERS** totaled €393 million in the reporting quarter, 22 percent lower than a year earlier (€504 million). The decline was mainly due to lower prices. Sales volumes were on

par with the prior year. Compared with a quarter earlier (€417 million), sales declined 6 percent. WACKER POLYMERS generated EBITDA of €75 million in Q3 2023. Compared with last year (€60 million), this was an improvement of 24 percent, positively influenced by the higher plant utilization rates. A planned shutdown at the Burghausen site reduced the plant utilization rate last year. Compared with the preceding quarter (€76 million), EBITDA was down 1 percent. The reporting-quarter EBITDA margin was 19 percent, after 12.0 percent a year earlier and 18.1 percent in the preceding quarter.

**WACKER BIOSOLUTIONS** generated total sales of €77 million in Q3 2023, down 13 percent from the prior-year figure (€89 million) and around 15 percent less than in the prior quarter (€91 million). This decline in sales was primarily due to lower volumes and prices in business generated by fine chemicals. By contrast, biopharmaceutical sales experienced some growth year on year. Exchange-rate effects, however, reduced sales somewhat. EBITDA at WACKER BIOSOLUTIONS totaled €-3.1 million in the reporting quarter and was thus €7.5 million lower than a year earlier (€4.4 million). Earnings were impacted in part by the upfront costs involved in establishing the mRNA Competence Center in Halle. Compared with the preceding quarter (€-0.5 million), however, EBITDA was down €2.6 million. The EBITDA margin was -4.0 percent, versus 5.0 percent a year earlier and -0.6 percent in the prior quarter.

**WACKER POLYSILICON** posted total sales of €342 million in the reporting quarter. down 45 percent from the year-earlier level (€619 million) and around 33 percent less than in Q2 2023 (€513 million). This decrease was primarily due to significantly lower average prices for solar-grade polysilicon quarter over quarter and year over year, and

the lower volumes overall due to maintenance-related capacity restrictions. WACKER POLYSILICON's reporting-quarter EBITDA amounted to €46 million, a decline of 76 percent for the division year over year (Q3 2022: €191 million) and down 70 percent on prior-quarter EBITDA (€156 million) due primarily to prices and volumes. From July through September 2023, the division's EBITDA margin was 13.5 percent, after 30.8 percent in Q3 2022 and 30.5 percent in Q2 2023.

**Outlook**

WACKER detailed its projections for the Group's performance this year in the Outlook section of its 2022 Annual Report.

The company confirmed its current full-year forecast, which it adjusted on July 18, 2023, in the lower half of the range. Group sales for 2023 are now likely to be around €6.5 billion and full-year EBITDA between €800 million and €900 million. The company's assessment is based on the backdrop of ongoing weak customer demand in many industries with no noticeable turnaround in sight and the lower year-over-year prices for many of its product groups.

The Group's expectations for all other key financial performance indicators remained unchanged compared with the forecast from July 18, 2023.

**Key Figures for the WACKER Group**



| € million                  | <b>Q3 2023</b> | <b>Q3 2022</b> | <b>Change<br/>in %</b> | <b>9M 2023</b> | <b>9M 2022</b> | <b>Change<br/>in %</b> |
|----------------------------|----------------|----------------|------------------------|----------------|----------------|------------------------|
| Sales                      | 1,522.8        | 2,132.2        | -28.6                  | 5,019.6        | 6,382.6        | -21.4                  |
| EBITDA                     | 151.9          | 456.6          | -66.7                  | 688.4          | 1,726.1        | -60.1                  |
| EBITDA margin (%)          | 10.0           | 21.4           | –                      | 13.7           | 27.0           | –                      |
| EBIT                       | 48.9           | 350.7          | -86.1                  | 379.5          | 1,428.7        | -73.4                  |
| EBIT margin (%)            | 3.2            | 16.4           | –                      | 7.6            | 22.4           | –                      |
| Financial result           | -7.2           | -19.1          | 62.3                   | -21.4          | -58.3          | 63.3                   |
| Income before income taxes | 41.7           | 331.6          | -87.4                  | 358.1          | 1,370.4        | -73.9                  |
| Net income for the period  | 33.5           | 258.9          | -87.1                  | 299.6          | 1,052.4        | -71.5                  |
| Earnings per share (€)     | 0.56           | 5.08           | -88.9                  | 5.85           | 20.67          | -71.7                  |
| Capital expenditures       | 155.2          | 131.4          | 18.1                   | 404.6          | 314.9          | 28.5                   |
| Depreciation/amortization  | 103.0          | 105.9          | -2.7                   | 308.9          | 297.4          | 3.9                    |
| Net cash flow              | 127.6          | 295.8          | -56.9                  | 78.4           | 410.4          | -80.9                  |

| € million                                | <b>September<br/>30, 2023</b> | <b>Septem-<br/>ber 30,<br/>2022</b> | <b>December<br/>31, 2022</b> |
|--|-------------------------------|-------------------------------------|------------------------------|
| Total assets                             | 8,812.4                       | 9,469.6                             | 9,401.4                      |
| Equity                                   | 4,741.4                       | 4,970.1                             | 5,030.7                      |
| Equity ratio (%)                         | 53.8                          | 52.5                                | 53.5                         |
| Financing liabilities                    | 1,537.2                       | 1,579.2                             | 1,547.0                      |
| Net financial assets                     | -163.7                        | 394.1                               | 409.2                        |
| Employees (number at end of pe-<br>riod) | 16,391                        | 15,476                              | 15,725                       |



*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 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