

Q3 2022 – Conference Call Note

Dr. Christian Hartel (CEO), Dr. Tobias Ohler (CFO)

October 27, 2022

Disclaimer

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements and information contained in this presentation may relate to future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities, and risk adequate pricing, other words such as "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, or continue", "potential, future, or further", and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing business or other market conditions and the prospects for growth anticipated by the Company's management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any statements contained in this presentation, whether as a result of new information, future events or otherwise. In particular, you should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.



Front page:

K-Fair 2022, WACKER presented a diverse portfolio of products for electromobility

WACKER Q3 2022 Highlights

Financials



€2.13bn

Sales (+29% yoy)
Driven primarily by pricing

€457m

EBITDA
(€450m Q3'21)

21.4%

EBITDA Margin
(27.1% Q3'21)

€5.08

EPS
(€5.22 Q3'21)

€296m

Net Cash Flow
(€426m Q3'21)

Operations



Pricing Management

Chemicals EBITDA up yoy despite
raws and energy headwinds

Order Entry

In Chemicals lower as construction
markets lead customer destocking

Higher Polysilicon Prices

Strong demand in solar and semi,
low inventory levels

Sustainability



New Sustainability Budget

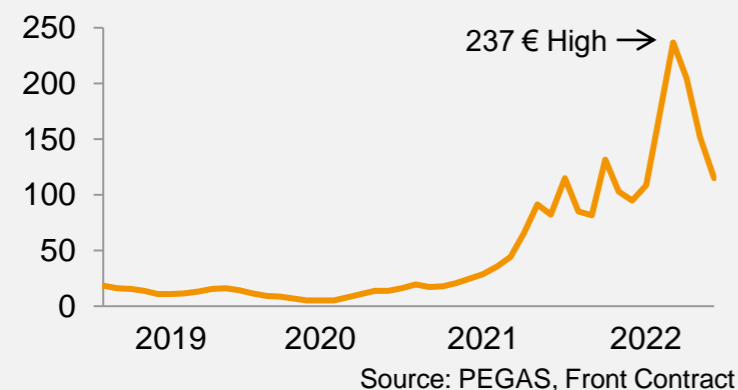
Additional CapEx to
achieve the largest possible sustainability
effect

17 projects approved to
date, total invest of
€60 million, delivering
savings of >100,000
metric tons CO₂ a year

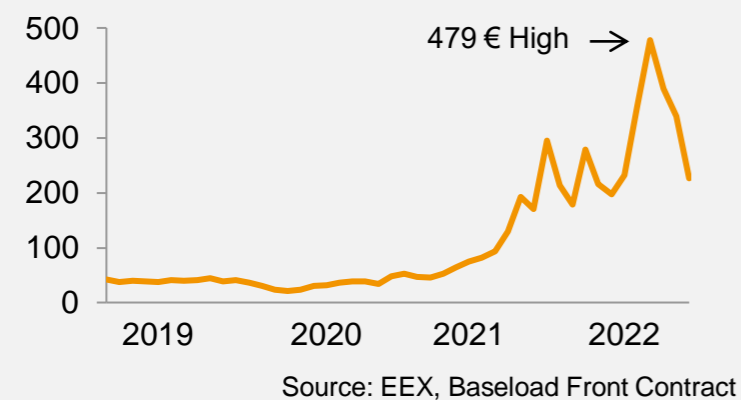
**Strong
Cash
Conversion
in Q3**

WACKER is Taking Actions for Power and Gas Challenges

Nat. Gas (€/MWh, Germany)



Electricity (€/MWh, Germany)



Gas Curtailment in 2022 is Not the Lead Scenario

- ▶ Gas storage target of 95% achieved in October, ahead of November deadline
- ▶ Gas levy dropped; in addition, newly proposed energy price caps (power & gas)
- ▶ Gas consumption in Germany needs to be cut by ~20% to avoid potential energy crunch – current situation relaxed due to mild autumn weather

WACKER is Taking Action and is Prepared

- ▶ Operational = task forces have been established
- ▶ Technical = alternative production processes for steam generation
- ▶ Strategic = long-term hedging policy, largely hedged in 2022, about 2/3 for 2023

FY Guidance in the Top Half of Previously Communicated Range Confirmed



FY 2022 Group Guidance

- ▶ Sales at around €8.0 – 8.5bn
- ▶ EBITDA in range of €2.1 – 2.3bn (previously: €1.8 – 2.3bn)
- ▶ Previous provision of €200 – 250m for a potential gas curtailment in 2022 is no longer part of FY guidance
- ▶ Guidance reflects raw material, energy and logistics increases in a magnitude of about €1.3 – 1.4bn higher yoy (previously: €1.5bn)

Profit & Loss Statement

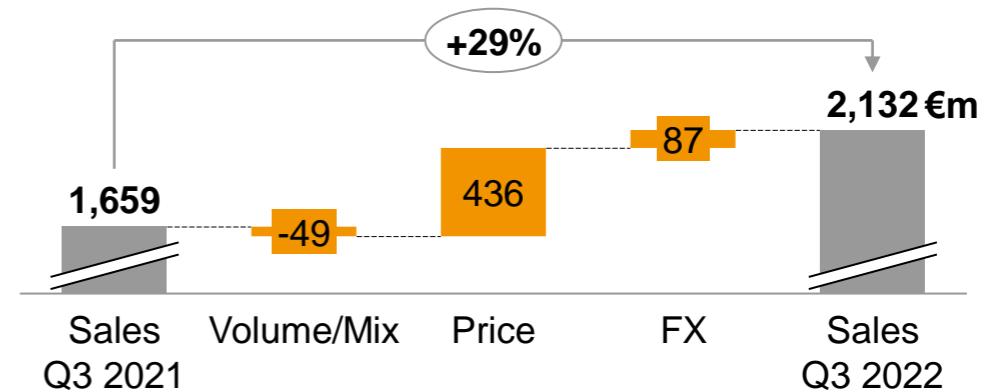
EBITDA on Par Despite >€300m Raw Material and Energy Headwinds

WACKER P&L Q3 2022 (€m)

€m	Q3 2022	Q3 2021
Sales	2,132	1,659
Gross profit from sales	488	486
<i>Gross profit margin (in %)</i>	<i>22.9%</i>	<i>29.3%</i>
S,G&A and R&D	-180	-148
Other operating income	62	14
Other operating expenses	-52	-12
Operating result	318	341
Result from investments in joint ventures and associates and other investment income	32	18
EBIT	351	359
Interest result	-5	-4
Other financial result	-14	-6
Profit before tax	332	348
Income taxes	-73	-84
Net income for the period	259	265
EPS (in €)	5.08	5.22
EBITDA	457	450
Depreciation/amortization	-106	-91
EBIT	351	359

Comments

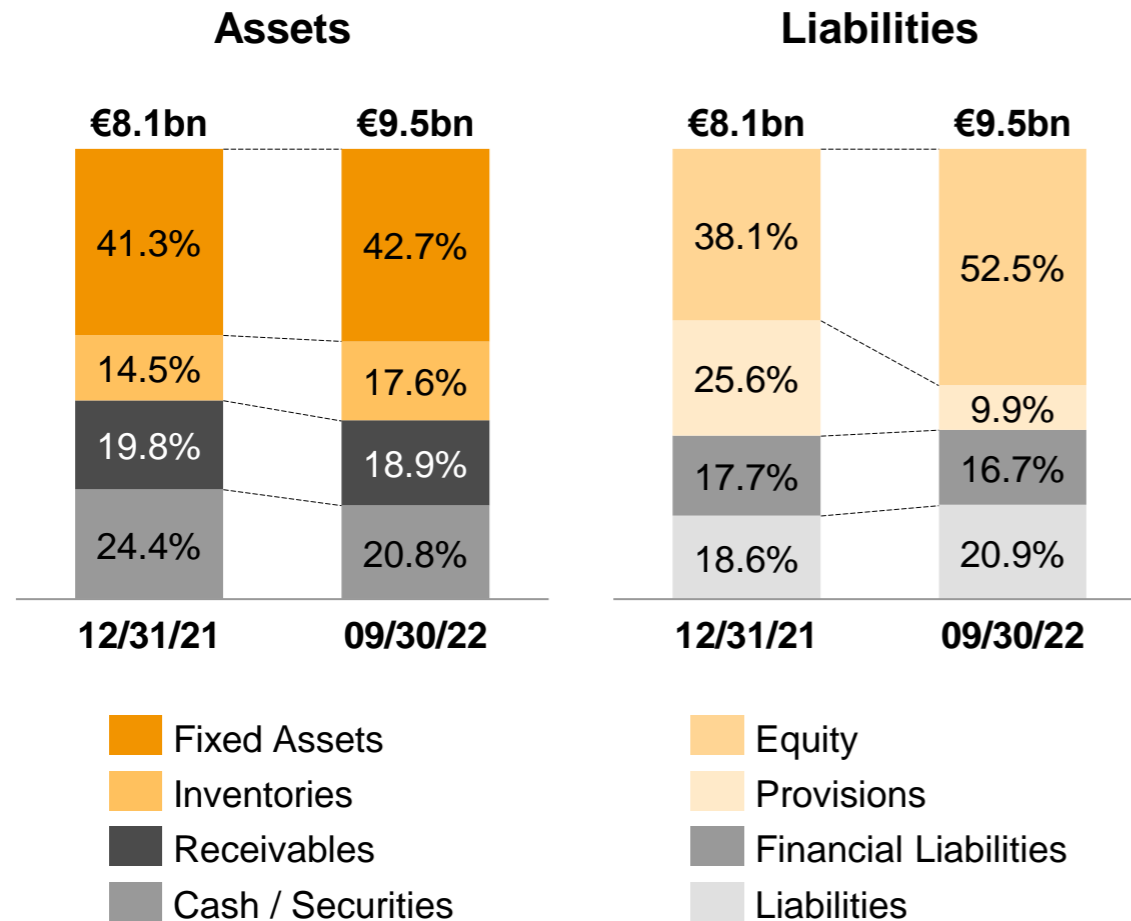
- ▶ Sales +29% yoy
Volume/Mix -3%, Price +26%, FX +5%
- ▶ EBITDA supported by pricing actions to compensate for unprecedented raw materials/energy (Q3/22: >€300m yoy)
- ▶ Gross profit on same level yoy, successful price management offsets cost inflation
- ▶ EPS of €5.08 (Q3 2021: €5.22)



Balance Sheet Composition

Equity Increases by ~€2bn on Earnings and Lower Pension Deficit

Balance sheet (%)



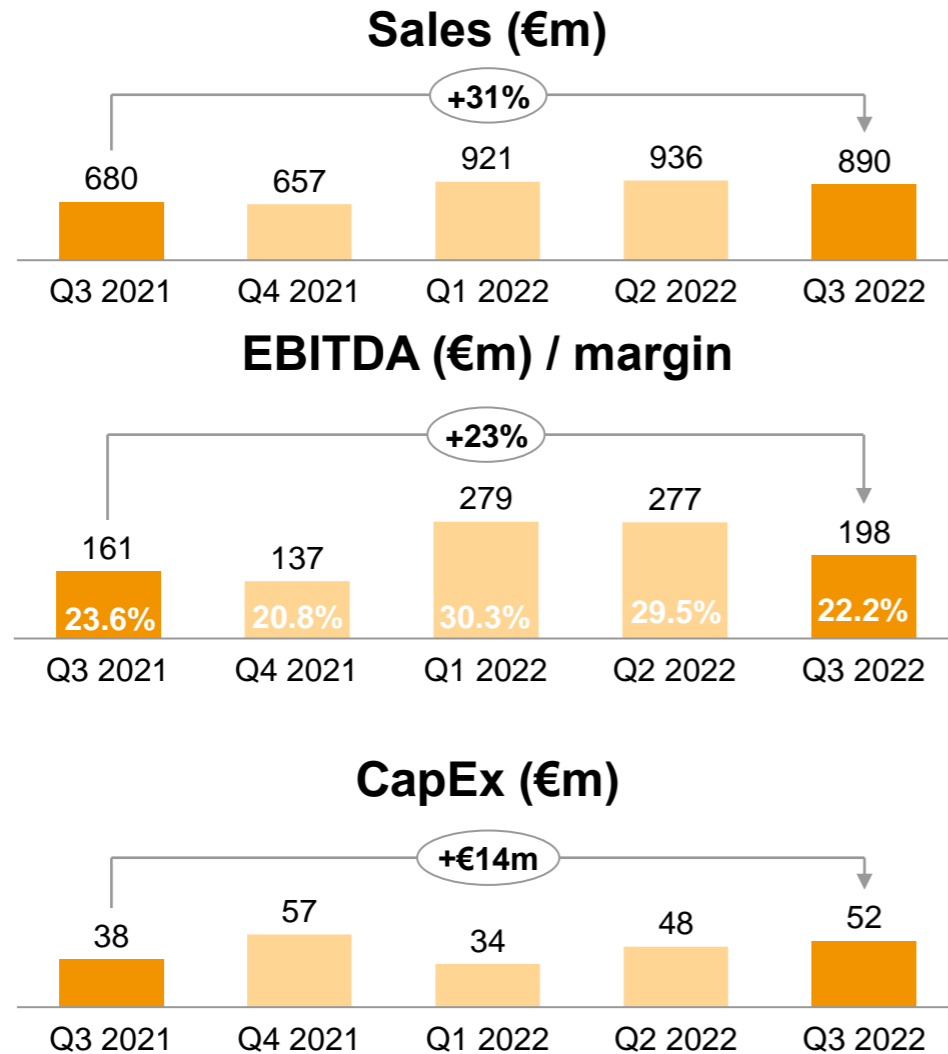
Characteristics 9/30/22

- ▶ Strong Liquidity:
 - ▶ Cash & securities of €1,973m (Dec 31, 2021: €1,983m)
 - ▶ Working capital increases due to higher sales and raw material inflation to €1,800m (Dec 31, 2021: €1,240m)
- ▶ Provisions for pensions: €690m (Dec 31, 2021: €1,813m)
- ▶ Discount rate in Germany at 3.68% (Dec 31, 2021: 1.24%)
- ▶ DTA¹⁾ relating to pensions of €28m (Dec 31, 2021: €357m)
- ▶ Equity: €4,970m (Dec 31, 2021: €3,100m)

1) DTA= Deferred tax asset

SILICONES

Specialties Drives Strong Result



Highlights Q3

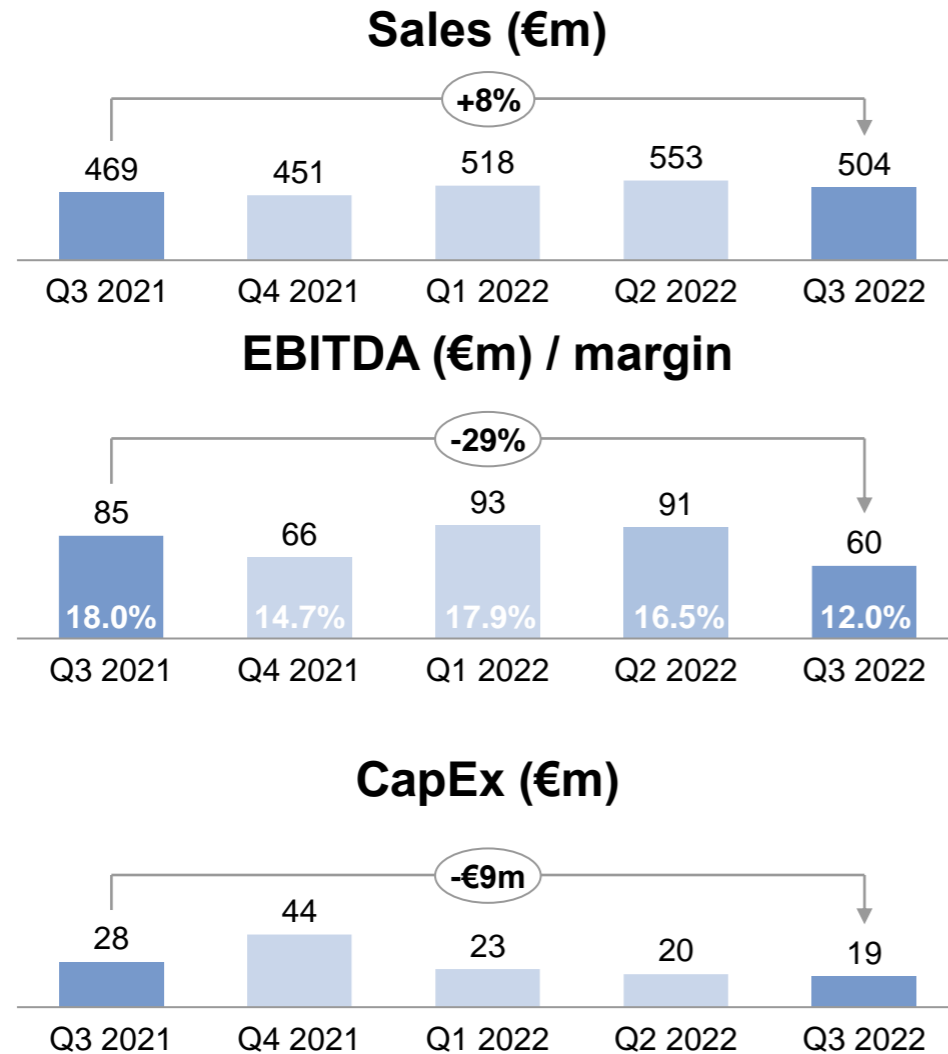
- ▶ Specialty business firm
- ▶ EBITDA supported by positive price effects
- ▶ Headwinds from raw materials / energy & logistics
- ▶ Standards under pressure due to slowdown in certain segments / regions (e.g. construction / China)

Outlook 2022

- ▶ Updated FY outlook: sales of approx. €3.5bn with an EBITDA of €900m (previously: €900m to €1bn)
- ▶ Order entry slowdown

POLYMERS

Price Initiatives Address Rise in Raw Materials, Energy and Logistics



Highlights Q3

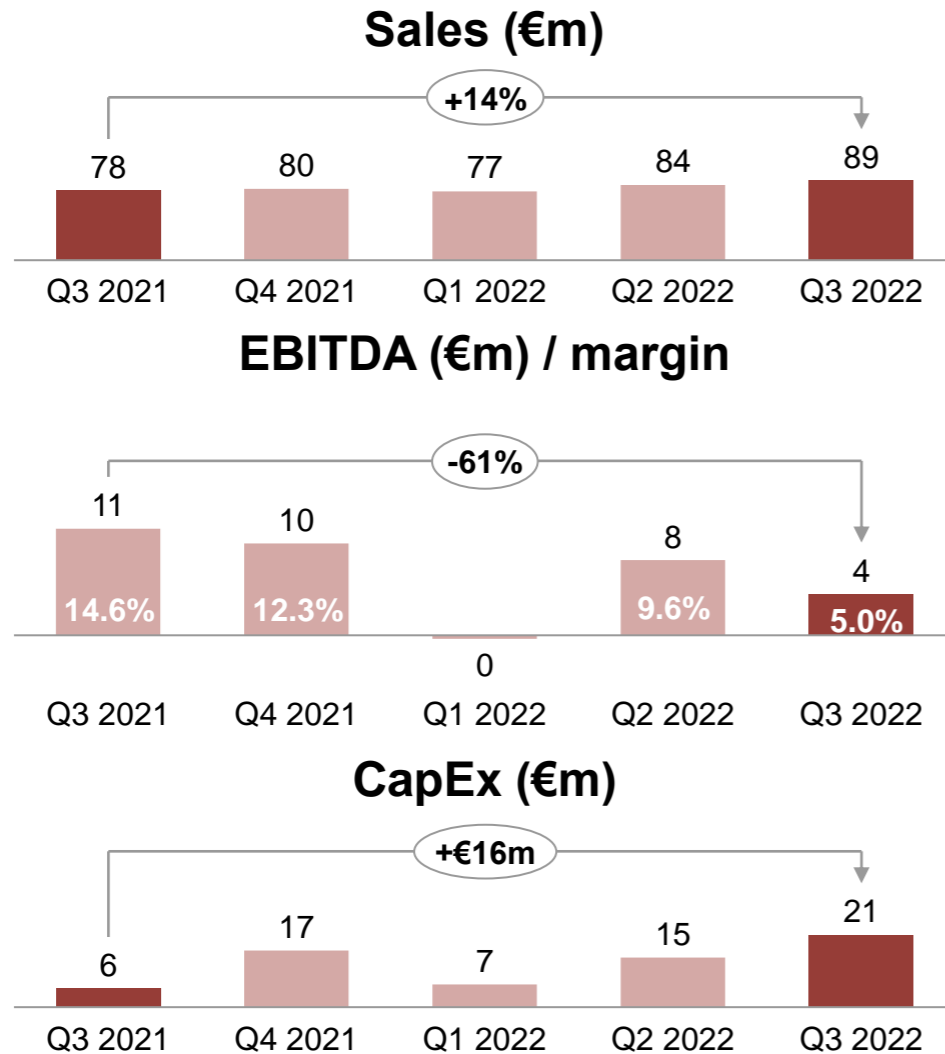
- ▶ Sales supported by higher prices, lower volumes qoq
- ▶ EBITDA held back by VAM plant turnaround
- ▶ Order intake decreased due to destocking in construction

Outlook 2022

- ▶ Updated FY outlook: sales of approx. €2.0bn (previously: €2.1bn) with an EBITDA margin confirmed on par with PY (2021: 15.1%)
- ▶ Weaker demand in Europe and China

BIOSOLUTIONS

Sales Growth Continues – Upfront Costs Hold Results Back



Highlights Q3

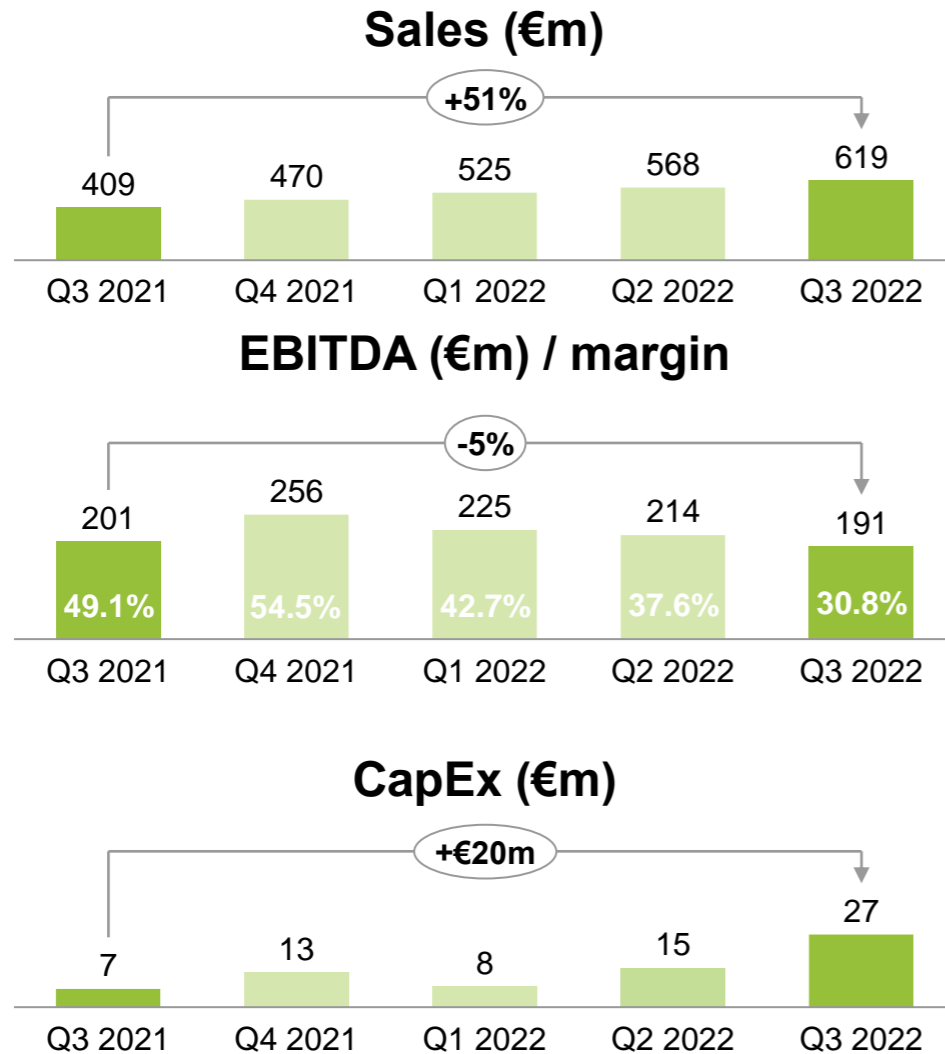
- ▶ Sales growth in BioIngredients driven by strong demand for cyclodextrins and cysteine
- ▶ Upfront costs related to the German pandemic preparedness initiative
- ▶ Novel, more efficient process to produce L-cysteine

Outlook 2022

- ▶ Unchanged outlook: low-double-digit % sales growth with continued growth in biologics
- ▶ EBITDA significantly below PY (2021: €39m) due to a force majeure in H1, investments in BioPharma digitalization, and a former customer not servicing their contractual obligations

POLYSILICON

Strong Demand for Solar and Semi Polysilicon



Highlights Q3

- ▶ Strong demand and strong prices
- ▶ Continued mix improvements with higher Semi volumes
- ▶ Sequentially higher costs for energy

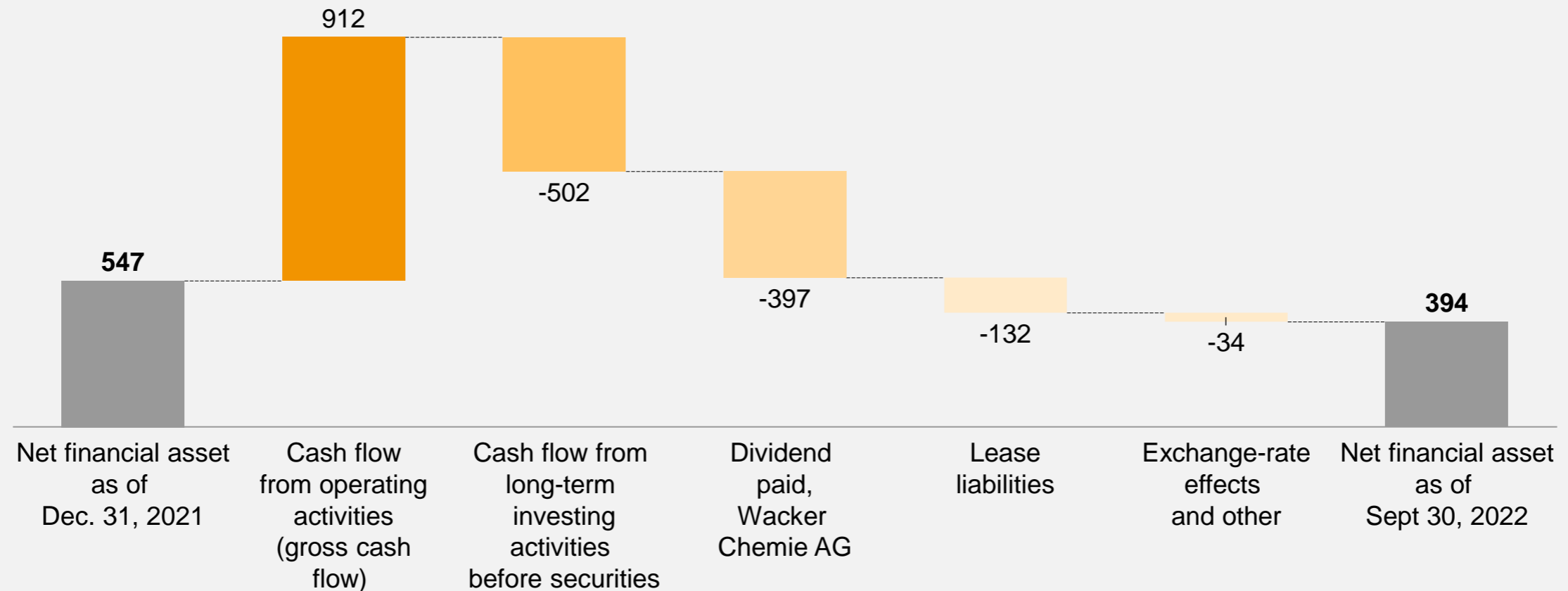
Outlook 2022

- ▶ Updated FY outlook: sales of around €2.2bn with an EBITDA at about €850m (previously €2.1bn and €700-850m respectively)
- ▶ Significantly higher raw materials & energy yoy

Net Financial Position

Strong Q3 Net Cash Flow at €296m

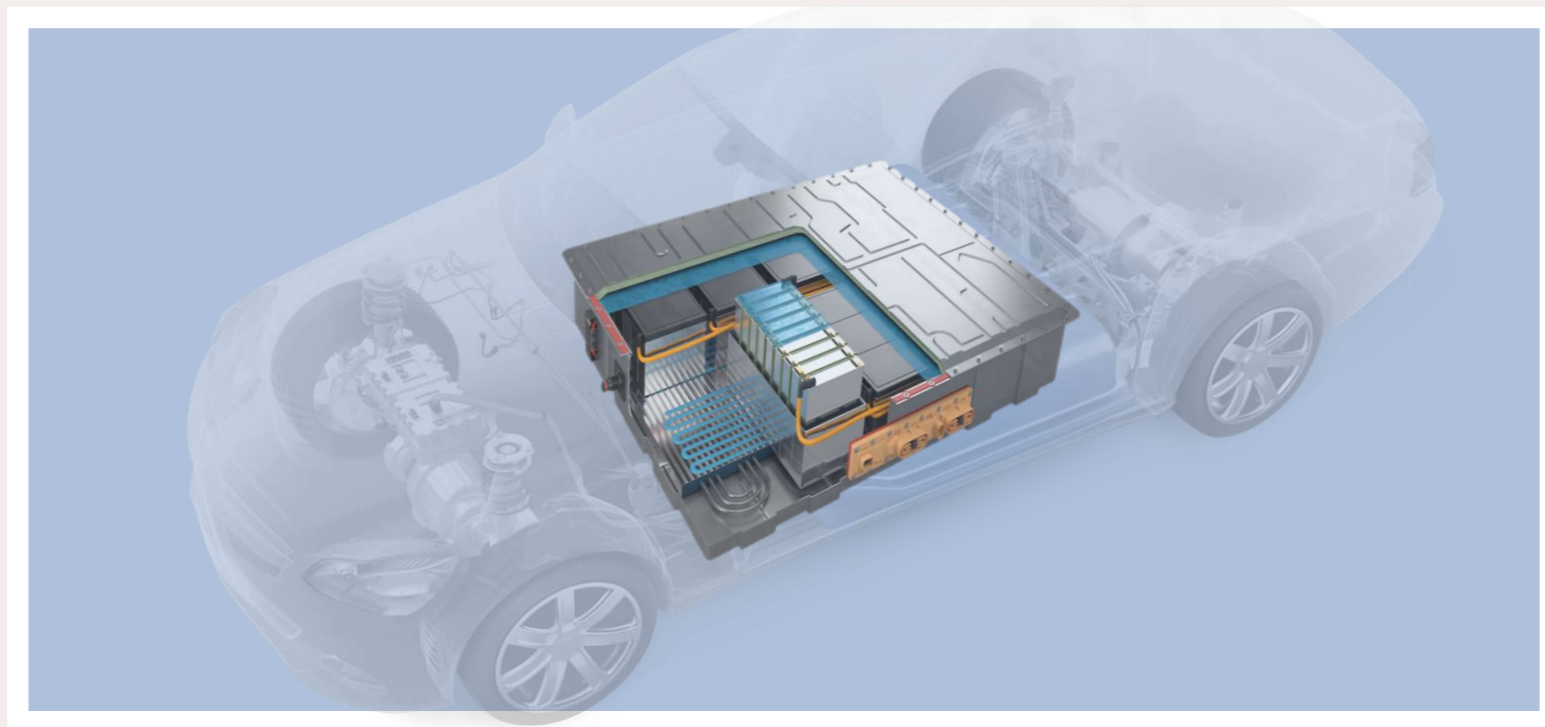
Net Financial Position Bridge per 9/30/2022 (€m)



Updated Guidance FY 2022

In €m	FY 2021	Outlook 2022
Sales	6,208	€8.0 – 8.5bn
EBITDA	1,539	€2.1 – 2.3bn at current conditions in the energy markets (Previously: €1.8 –2.3bn)
EBITDA margin (%)	24.8%	Slightly higher than last year (Previously: on par with last year)
Net cash flow	761	Clearly positive, substantially lower than last year
CapEx	344	Around €550m (Previously: €550 – 600m)
Net financial debt	-547	Positive net financial assets
Net Income	828	Substantially higher than last year
Depreciation	404	Around €400m
ROCE (%)	28.3%	Substantially higher than the cost of capital
Tax Rate (%)	24.3%	Approximately 25%

BOLD = New Guidance



Appendix

Appendix:

Q3 2022 Results – P&L

In €m	Q3 2022	Q3 2021	% YoY	Q2 2022	% QoQ
Sales	2,132	1,659	29%	2,174	-2%
EBITDA	457	450	2%	626	-27%
EBITDA margin	21.4%	27.1%	-	28.8%	-
EBIT	351	359	-2%	529	-34%
EBIT margin	16.4%	21.6%	-	24.3%	-
Net income for the period	259	265	-2%	391	-34%
EPS in €	5.08	5.22	-3%	7.67	-34%
Capital expenditures	131	86	52%	100	32%
Depreciation / amortization	106	91	16%	97	9%
Net cash flow	296	426	-31%	96	>100%

Appendix:

Q3 2022 Results – Breakdown by Business

In €m / %	Sales					EBITDA					EBITDA Margin (%)		
	Q3 2022	Q3 2021	% YoY	Q2 2022	% QoQ	Q3 2022	Q3 2021	% YoY	Q2 2022	% QoQ	Q3 2022	Q3 2021	Q2 2022
Chemicals	1,394	1,149	21%	1,490	-6%	258	245	5%	368	-30%	18.5	21.3	24.7
SILICONES	890	680	31%	936	-5%	198	161	23%	277	-29%	22.2	23.6	29.5
POLYMERS	504	469	8%	553	-9%	60	85	-29%	91	-34%	12.0	18.0	16.5
BIOSOLUTIONS	89	78	14%	84	5%	4	11	-61%	8	-46%	5.0	14.6	9.6
POLYSILICON	619	409	51%	568	9%	191	201	-5%	214	-11%	30.8	49.1	37.6
Others	41	30	35%	40	3%	4	-8	na	37	-89%	9.6	-26.8	93.9
Consolidation	-10	-7	39%	-7	39%	0	0	na	-1	na	0.0	-5.6	12.5
WACKER Group	2,132	1,659	29%	2,174	-2%	457	450	2%	626	-27%	21.4	27.1	28.8

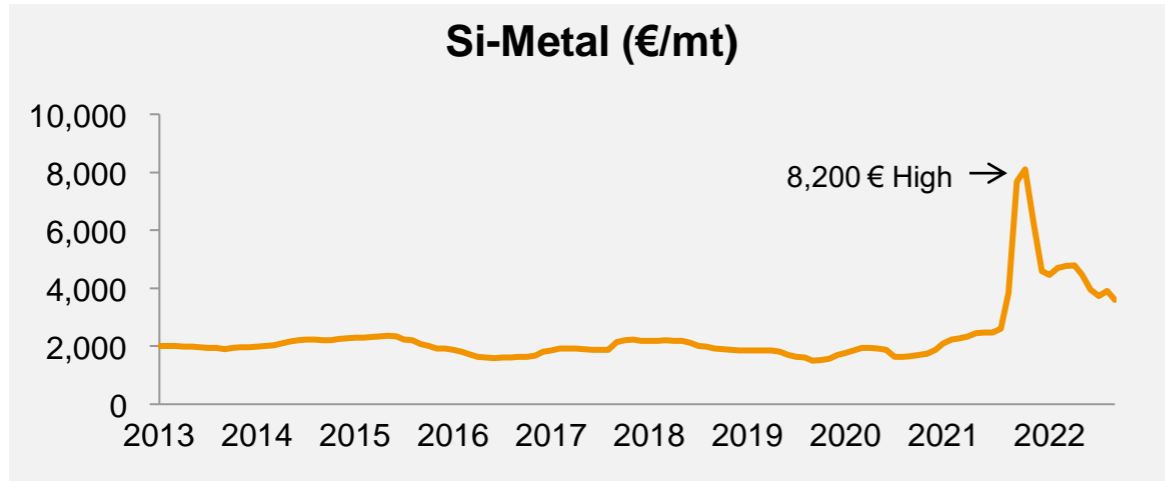
Appendix:

Strong Growth of Global PV Markets in 2022 Expected

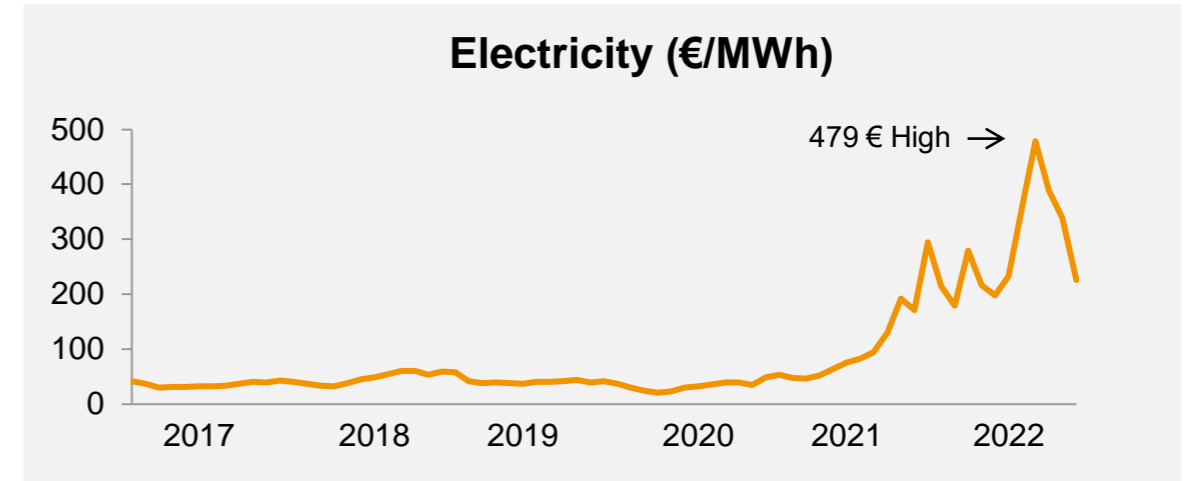
Country	2017	2018	2019	2020	2021	2022e
Germany	1.8	3.0	4.0	4.9	5.3	6.0 – 8.0
Spain	0.1	0.4	4.7	3.3	4.9	6.0 – 9.0
Europe other	4.9	8.1	13.0	13.0	19.8	25.0 – 28.0
Europe total	6.8	11.5	21.7	21.2	30.0	37.0 – 45.0
Australia	1.3	3.8	4.4	5.1	5.2	4.0 – 5.0
China	52.8	44.3	30.1	48.2	54.9	95.0 – 110.0
India	9.6	8.5	7.3	3.2	12.0	11.0 – 14.0
Japan	7.4	7.0	7.5	8.2	6.5	6.0 – 8.0
USA	10.6	10.6	13.3	19.2	23.6	20.0 – 25.0
Rest of Americas	3.4	6.0	8.0	6.0	8.4	17.0 – 19.0
Rest of World	8.1	13.3	26.0	28.9	29.4	40.0 – 44.0
Total	100 GW	105 GW	118 GW	140 GW	170 GW	230 – 270 GW

Sources: market surveys, industry announcements, WACKER estimates

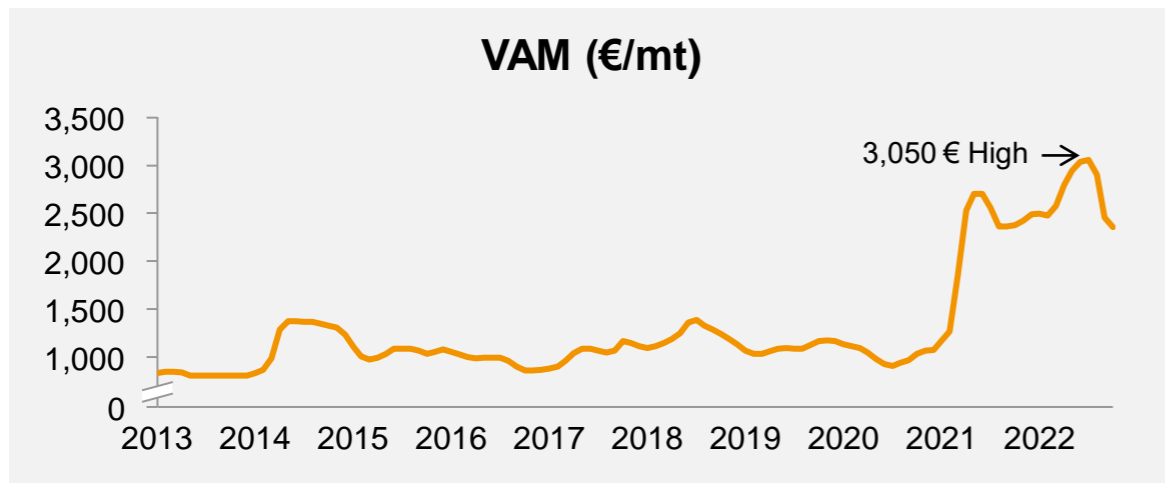
Appendix: Raw Materials, Power and Gas Show Strong Price Inflation



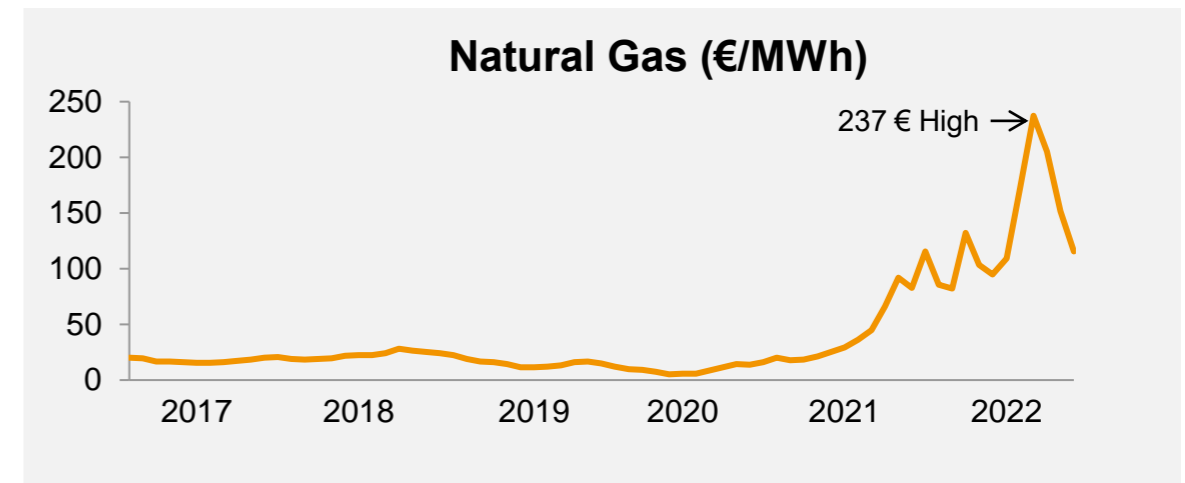
Source: CRU, Si-Metal Spot FD Europe



Source: EEX, Baseload Front Contract



Source: ICIS, Contract FD NWE



Source: PEGAS, Front Contract

Appendix: Enabling Innovative Solutions in E-Mobility with Silicones



Power Conversion

Sealing, bonding,
potting, thermal
management



Battery Assembly & Safety

Sealing, bonding,
potting, thermal
management



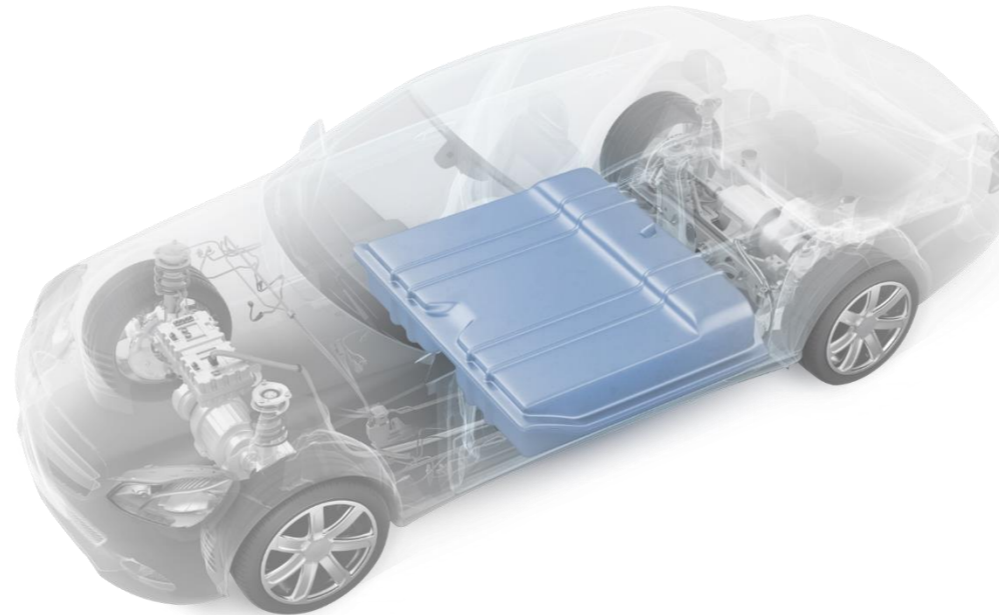
Fuel Cell

Sealing bipolar plates,
potting control units



Sensor / ECU

Potting/encapsulation,
sealing, bonding



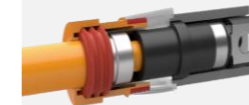
High Voltage Cables

Electrical insulation –
heat and flame
retardance



Display

Optical bonding –
sealing, potting

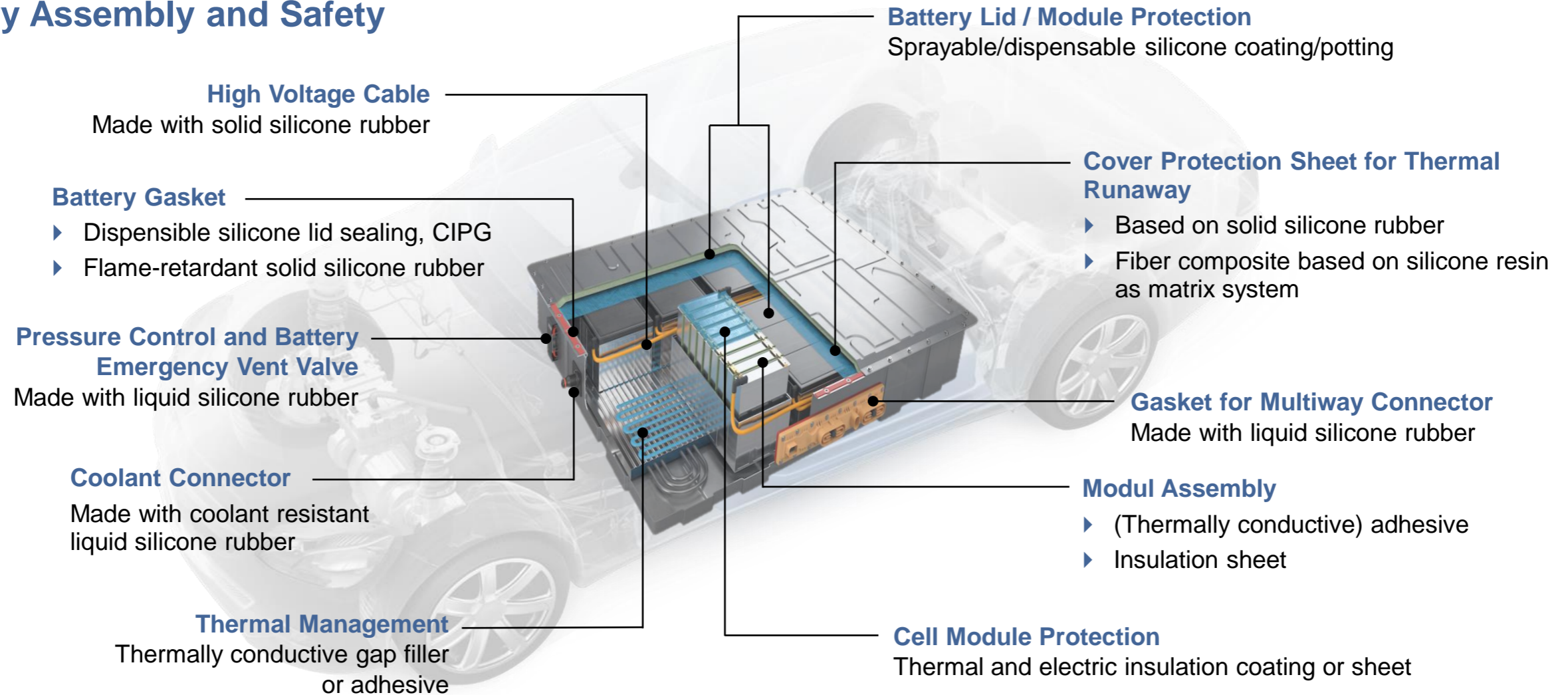


High Voltage Connector

Sealing and electrical
insulation

Appendix: Silicones for Battery Assembly and Battery Safety

Battery Assembly and Safety



WACKER: Issuer, Contact and Additional Information

Issuer and Contact

INVESTOR RELATIONS CONTACTS

Joerg Hoffmann, CFA

Tel. +49 89 6279 1633 | joerg.hoffmann@wacker.com

Scott McCollister

Tel. +49 89 6279 1560 | scott.mccollister@wacker.com

Wacker Chemie AG
Hanns-Seidel-Platz 4, D-81737 Munich
investor.relations@wacker.com

Additional Information



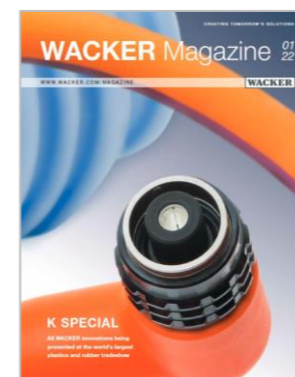
ISIN
WKN
Deutsche Börse

DE000WCH8881
WCH888
WCH

Financial Calendar

03/14/23	FY 2022 Results
04/28/23	Q1 2023 Results
05/17/23	AGM
07/27/23	Q2 2023 Results
10/26/23	Q3 2023 Results

Publications



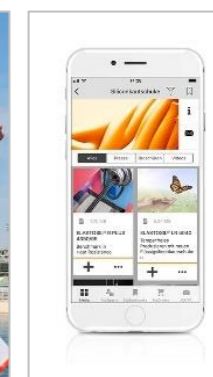
CUSTOMER
MAGAZINE



FACTBOOK



SUSTAINABILITY
REPORT



SQUARE
APP