

# PRESS RELEASE

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*Wacker Chemie AG's Figures for Q1 2023 (unaudited)*

## WACKER Remains Below Year-Earlier Figures Due to Lower Volumes in Q1 2023

- ◆ GROUP SALES FOR Q1 2023 DOWN 16 PERCENT YEAR OVER YEAR TO €1.74 BILLION
- ◆ EBITDA DECLINES 56 PERCENT TO €281 MILLION COMPARED WITH A YEAR EARLIER, DUE TO LOWER VOLUMES AND PRICES
- ◆ NET INCOME FOR Q1 AT €147 MILLION
- ◆ CEO CHRISTIAN HARTEL: "WHILE OUR CUSTOMERS ARE EASING OFF THEIR INVENTORY ADJUSTMENTS, WE HAVE YET TO SEE A CLEAR SIGN OF STRONGER MARKET DEMAND"
- ◆ FULL-YEAR FORECAST CONFIRMED: GROUP SALES PROJECTED AT AROUND €7–7.5 BILLION IN 2023, WITH EBITDA EXPECTED TO BE BETWEEN €1.1 BILLION AND €1.4 BILLION

Munich, April 28, 2023 – Wacker Chemie AG closed Q1 2023 with lower sales and earnings. The Munich-based chemical company generated sales of €1.74 billion in the reporting quarter, down 16 percent over a year earlier (€2.08 billion). This decrease was chiefly due to lower volumes. Compared with the previous quarter (€1.83 billion), sales decreased by 5 percent.

In Q1 2023, WACKER posted earnings before interest, taxes, depreciation and amortization (EBITDA) of €281 million, 56 percent lower than in the same period last year (€644 million). Compared with the preceding quarter (€355 million) EBITDA was down 21 percent. The decline was due to lower volumes as well as higher energy prices year over year. Amid an overall decline in plant utilization rates compared with Q1 2022, production costs also rose, dampening the earnings trend. The EBITDA margin was 16.1 percent for the period from January through March 2023, compared with 31.0 percent in Q1 2022 and 19.4 percent in the preceding quarter.

Group earnings before interest and taxes (EBIT) declined markedly year over year due to the factors already mentioned and totaled €178 million in the quarter under review. This was 68 percent less than a year earlier (€550 million) and corresponded to an EBIT margin of 10.2 percent (Q1 2022: 26.5 percent). Net income for the reporting quarter totaled €147 million (Q1 2022: €403 million), putting earnings per share at €2.90 (Q1 2022: €7.92).

WACKER confirmed its forecast for 2023. It expects full-year sales to range between €7 billion and €7.5 billion 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. WACKER anticipates EBITDA of between €1.1 billion and €1.4 billion.

“As expected, our figures reflect our customers running down their inventories and exercising caution when ordering in Q1,” said CEO Christian Hartel in Munich on Friday. “For this reason, we sold less across all business divisions than we did a year ago.”

At the same time, however, Hartel was confident that the destocking phase could now be over. “In March, all of our business divisions

generated higher sales than they did at the beginning of the year,” explained the CEO. “But as of yet there are no clear signals in the market that the second quarter will be substantially stronger, not even from China. Our customers expect business to continue to pick up over the course of the year but are still placing orders at very short notice.” Based on this, Hartel believes that the second half of 2023 is likely to be better overall than the first six months of the year.

He was also optimistic about WACKER’s prospects in the medium term: “Our Strategy 2030 provides us with clear goals: faster growth, high profitability and better resilience in times of constant change.” The CEO said WACKER’s goal was to generate sales of over €10 billion by 2030 and reach an EBITDA margin of over 20 percent. He added that a key component in achieving these goals would be higher capital expenditures, which would be spread across more than 40 different projects worldwide. In 2023, capex will rise to around €650 million.

### **Regions**

In Q1 2023, sales in all regions were lower year over year. Sales in Asia totaled €733 million, down 17 percent from €887 million a year earlier. In the Americas, Group sales fell 9 percent in the reporting quarter to €278 million (Q1 2022: €305 million). Sales in Europe totaled €649 million (Q1 2022: €790 million), down 18 percent.

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

The Group’s capital expenditures continued to grow in Q1 2023. At €104 million, capex was up 24 percent on a year earlier (€84 million). The funds were invested in expansion projects across all four business divisions in Europe, Asia and the USA.

Net cash flow in Q1 2023 amounted to €49 million, more than double the year-earlier figure (€18 million). Two factors played a role in this growth: first, significantly lower effects year over year from changes in working capital and, second, the payment WACKER made in Q1 2022 to acquire a 60-percent stake in SICO Performance Material, a Chinese manufacturer of specialty silanes.

### **Employees**

WACKER's global workforce increased slightly in the reporting quarter. The Group had 15,877 employees as of March 31, 2023 (Dec. 31, 2022: 15,725). At the end of the quarter under review, 10,490 employees worked at WACKER sites in Germany (Dec. 31, 2022: 10,424) and 5,387 at its international sites (Dec. 31, 2022: 5,301).

### **Business Divisions**

In Q1 2023, **WACKER SILICONES** generated total sales of €760 million, 17 percent lower than in the same period last year (€921 million). The decline was mainly due to lower prices for silicones and to reduced volumes. Compared with the preceding quarter (€706 million), however, the business division's sales rose 8 percent. At €96 million, WACKER SILICONES' EBITDA fell 66 percent year over year (Q1 2022: €279 million). Compared with the preceding quarter (€123 million) the decline was 22 percent. In Q4 2022, the revaluation of an at equity joint venture participation in China increased EBITDA by €72 million. Operationally, EBITDA climbed 88 percent quarter over quarter. In addition to lower sales, higher energy prices and lower plant utilization rates year over year dampened the EBITDA trend. In Q1 2023, the EBITDA margin

amounted to 12.6 percent, after 30.3 percent in Q1 2022 and 17.4 percent in the previous quarter.

Sales at **WACKER POLYMERS** totaled €428 million in the reporting quarter, 17 percent lower than a year earlier (€518 million). This decline was mainly due to lower volumes, but also to lower prices. Compared with the preceding quarter (€421 million), however, sales increased 2 percent. EBITDA at WACKER POLYMERS amounted to €71 million in Q1 2023, after €93 million in Q1 2022. That corresponds to a decrease of 24 percent compared with the same period last year. Along with lower sales, lower plant utilization rates year over year and higher energy prices had a negative impact on EBITDA. Compared with the preceding quarter (€45 million), EBITDA grew 58 percent. In Q1 2023, the EBITDA margin amounted to 16.6 percent, after 17.9 percent in the previous year and 10.6 percent in the previous quarter.

**WACKER BIOSOLUTIONS** generated total sales of €77 million in Q1 2023, on par with the year-earlier figure (€77 million). Compared with the preceding quarter (€81 million), sales decreased 5 percent, due in part to lower volumes. In the quarter under review, WACKER BIOSOLUTIONS' EBITDA came in at €-1.6 million, down €1.2 million on a year earlier (€-0.4 million) and down €6.4 million on the preceding quarter (€4.8 million). In particular, the upfront costs for establishing the mRNA Competence Center in Halle negatively impacted EBITDA. The EBITDA margin was -1.6 percent, after -0.5 percent in the previous year and 5.9 percent in Q4 2022.

**WACKER POLYSILICON** achieved total sales of €441 million in the reporting quarter, 16 percent below the year-earlier figure (€525 million) and 23 percent less than the preceding quarter (€574 million).

This decrease was due to the significantly lower volumes for solar-grade silicon, driven in part by a slow start at customers at the beginning of the year due to volatile polysilicon prices and a maintenance-related plant shutdown. Higher prices year over year did not fully compensate for this. Volumes for electronic-grade silicon continued to increase both year over year and quarter over quarter. In the reporting quarter, WACKER POLYSILICON's EBITDA amounted to €98 million, down 56 percent compared with the same quarter last year (€225 million). Along with the significant decrease in volumes, higher energy prices year over year and lower plant utilization rates also reduced EBITDA. Compared with the preceding quarter (€197 million), EBITDA was down 50 percent. The business division recorded an EBITDA margin of 22.2 percent from January through March 2023, after 42.7 percent in Q1 2022 and 34.3 percent in Q4 2022.

**Outlook**

WACKER detailed its projections for the Group's performance this year in the Outlook section of its 2022 Annual Report. Current economic forecasts expect global economic output in 2023 to be lower than last year.

WACKER has now confirmed its full-year forecast for 2023. The company expects sales in the range of €7–7.5 billion. EBITDA is expected to be between €1.1 billion and €1.4 billion. The EBITDA margin is likely to decline substantially versus 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 expects to post low net financial debt in 2023.

### Key Figures for the WACKER Group

€ million	Q1 2023	Q1 2022	Change in %
Sales	1,744.0	2,076.2	-16.0
EBITDA	281.0	643.7	-56.3
EBITDA margin (%)	16.1	31.0	–
EBIT	178.1	549.5	-67.6
EBIT margin (%)	10.2	26.5	–
Financial result	-6.0	-18.7	-67.9
Income before income taxes	172.1	530.8	-67.6
Net income for the period	147.2	402.6	-63.4
Earnings per share (€)	2.90	7.92	-63.4
Capital expenditures	104.1	83.8	24.2
Depreciation/amortization	102.9	94.2	9.2
Net cash flow	49.4	18.2	>100
€ million	March 31, 2023	March 31, 2022	December 31, 2022
Total assets	9,593.9	8,492.8	9,401.4
Equity	5,118.3	3,913.8	5,030.7
Equity ratio (%)	53.3	46.1	53.5
Financing liabilities	1,632.0	1,164.2	1,547.0
Net financial assets	445.6	521.2	409.2
Employees (number at end of period)	15,877	14,595	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