

# PRESS RELEASE

Number 8

## WACKER EXPECTS SLIGHT DECLINE IN SALES AND EARNINGS FOR 2024 AMID WEAK MARKET CONDITIONS

- ◆ SALES FALL 22 PERCENT IN 2023 TO €6.4 BILLION, WITH EBITDA DOWN 60 PERCENT TO €824 MILLION
- ◆ NET INCOME AMOUNTS TO €327 MILLION
- ◆ DIVIDEND PROPOSAL OF €3.00 PER SHARE EQUIVALENT TO A PAYOUT OF AROUND 50 PERCENT
- ◆ FOR 2024, WACKER ANTICIPATES GROUP SALES OF BETWEEN €6 BILLION AND €6.5 BILLION
- ◆ EBITDA EXPECTED TO BE BETWEEN €600 MILLION AND €800 MILLION
- ◆ CAPITAL EXPENDITURES SLIGHTLY LOWER IN 2024 VERSUS LAST YEAR

Munich, March 12, 2024 – With the presentation of its annual report today, Wacker Chemie AG confirmed that its 2023 sales and earnings fell markedly versus the previous year due to persistently weak market conditions. The chemical Group's sales totaled €6.40 billion last year, 22 percent less than in 2022 (€8.21 billion). This decline was prompted primarily by lower prices and volumes.

The Group's EBITDA (earnings before interest, taxes, depreciation and amortization) reached €824 million in 2023 (2022: €2.08 billion), down 60 percent. The decrease stemmed not only from lower prices, but also from Germany's ongoing high energy costs and from globally high raw-material costs. Additionally, lower sales volumes dampened

plant-utilization rates. In contrast, savings from the Group's ongoing efficiency programs buoyed earnings.

Due to the factors described above, EBIT (earnings before interest and taxes) dropped 76 percent to €405 million (2022: €1.68 billion). Depreciation and amortization amounted to €419 million, up slightly on the previous year (€402 million). Net income for 2023 came in at €327 million (2022: €1.28 billion).

WACKER's dividend policy is to distribute about 50 percent of net income to shareholders. The Executive and Supervisory Boards will therefore propose a dividend of €3.00 per share at the Annual Shareholders' Meeting. Based on the number of dividend-bearing shares as per December 31, 2023, the cash dividend corresponds to a payout of €149 million.

"The global industrial engine began to stutter in 2023 and the chemical industry in particular faced strong headwinds. We were not immune to this," said President & CEO Christian Hartel on Tuesday in Munich. "There were hopes early in the year for a demand recovery in the second half, but it did not materialize. Inflation rates remained high. Price pressure increased. Compared internationally, energy prices in Germany were still high. High raw-material costs worldwide had an additional impact on the industry. As a result, we did not match our record figures of 2022."

When speaking about expectations for 2024, Hartel said: "The weak economy continues to affect customer order trends in numerous application fields. While demand for silicones picked up in some customer sectors at the start of the year, there is still some constraint, particularly in the construction industry. There is no lasting turnaround in demand currently in sight."

As a result, sales in this year's first two months were lower than last year's. Overall, WACKER expects to generate first-quarter Group sales of around €1.5 billion. EBITDA for Q1 is expected to be at the level of the prior quarter.

In its full-year guidance, WACKER expects its business development to slow slightly compared to last year. Sales are forecast at between €6 billion and €6.5 billion, with EBITDA between €600 million and €800 million. At the same time, WACKER expects volume growth. "If the economy recovers in the course of the year, WACKER will have further potential to achieve higher sales volumes," said Hartel. Lower selling prices are the main factor holding back the earnings trend.

WACKER is responding to the weak market environment with stronger cost discipline. "We will first pursue a restrictive personnel policy, streamline processes, and cut non-personnel costs," explained Hartel. "We are confident about the future in the medium to long term," emphasized the CEO. "WACKER is well positioned strategically and financially. We remain committed to our 2030 growth targets."

Sales are expected to climb to over €10 billion by 2030, while the EBITDA margin should exceed 20 percent. "We leverage three areas to achieve our targets," said Hartel. "Firstly, with our product portfolio we address global megatrends. Whether it is renewable energy, electromobility or digitalization, in the medium to long term, these trends will continue to drive our business. Secondly, we are expanding our production network worldwide and, as a result, investing systematically in our future growth. Thirdly, sustainability is a business model for us. We are constantly expanding the share of sustainable products in our portfolio." The key factor here, continued

Hartel, is the expertise and commitment of WACKER's employees. "They are the ones who constantly develop our products, drive the expansion of our production network worldwide, and work on our sustainability. They form the foundation for our future success."

**Regions**

In 2023, WACKER generated 85 percent of its sales internationally and 15 percent in Germany. Across all regions, the trend was downward. Sales in Asia amounted to €2.75 billion (2022: €3.69 billion), down 26 percent. In the Americas, sales decreased 19 percent to €1.04 billion (2022: €1.29 billion). In Europe, WACKER posted sales of €2.30 billion (2022: €2.83 billion), a decline of 19 percent.

**Capital Expenditures**

Capital expenditures totaled €710 million in 2023, a year-over-year increase of 30 percent (2022: €547 million). WACKER's investment focus was on expanding capacity in its four business divisions.

At Burghausen, Germany, WACKER is increasing its capacity to produce semiconductor-grade polysilicon. Investments also went into extra capacity for producing ultrapure hydrogen chloride, an essential material in semiconductor manufacturing. In addition, WACKER invested in further production capacities for specialty silicones at Nünchritz (Germany) and organofunctional silanes at Jining (China). It also invested in manufacturing capacities for silicone specialties at its Chinese site in Zhangjiagang. Also, in China, WACKER doubled its production capacity at Nanjing for dispersions and dispersible polymer powders. This multi-year expansion project was successfully concluded in 2023. In biotechnology, WACKER is building an mRNA competence center in Halle (Germany) and, through it, will be part of

Germany's pandemic preparedness plan in the future. The opening of the competence center is set for the middle of this year.

WACKER also reinforced its biotechnology business in 2023 by acquiring ADL BioPharma, a Spanish contract manufacturer for the food, pharmaceuticals, and consumer goods industries. Thanks to the new site in León (Spain) and the mRNA center's construction in Halle, WACKER reached key strategic milestones at BIOSOLUTIONS in 2023.

### **Employees**

The number of Group employees increased by 653 in 2023. As of December 31, 2023, WACKER had 16,378 employees worldwide (31.12.2022: 15,725). This included 10,621 employees at its sites in Germany (2022: 10,424) and 5,757 at its international sites (2022: 5,301).

### **Net Cash Flow, Net Financial Debt and Equity Ratio**

Net cash flow for 2023 totaled €166 million (2022: €439 million).

Lower earnings, higher capital expenditures, and the acquisition of ADL BioPharma were the main reasons for this 62-percent decline.

As of December 31, 2023, WACKER reported a net financial debt of €84 million (31.12.2022: net financial assets of €409 million).

The Group's total assets amounted to €8.85 billion as of December 31, 2023 (31.12.2022: €9.40 billion), down almost 6 percent. Declines were most marked in inventories and receivables, as well as in liquidity. However, the latter remains at a high level. As of December 31, 2023, WACKER posted liquid assets of €1.4 billion.

Equity contracted as a result of the dividend payout and lower Group net income. It was also negatively impacted by a slight increase in provisions for pensions due to lower discount rates. As of the reporting date, equity amounted to €4.58 billion (31.12.2022: €5.03 billion).

### **Business Divisions**

In 2023, **WACKER SILICONES** generated sales of €2.74 billion, down 21 percent on the previous year (€3.45 billion). The decline in EBITDA was even more pronounced. It fell by 73 percent to €236 million (2022: €876 million). This sharp decrease was due to lower prices, especially for standard products, and lower volumes for specialty products. EBITDA was also dampened by reduced plant-utilization rates and the continued high cost of raw materials.

Sales at **WACKER POLYMERS** amounted to €1.58 billion in 2023 (2022: €2.00 billion), down 21 percent. Here, too, sales were chiefly burdened by lower volumes and prices. EBITDA was €253 million (2022: €289 million), 12 percent less than a year earlier. Decreased selling prices and volumes negatively affected this division, but lower raw-material prices benefited its EBITDA.

**WACKER BIOSOLUTIONS** increased its sales by 2 percent to around €337 million in 2023 (2022: €331 million). Biopharmaceuticals saw particularly strong growth. Sales slowed for established products, though, amid lower prices and volumes. EBITDA came in at €7 million, down 59 percent year over year (2022: €17 million). This was mainly attributable to integration and upfront costs at the León and Halle sites.

At €1.6 billion, **WACKER POLYSILICON**'s total sales fell 30 percent year over year (2022: €2.29 billion). This decline was prompted

primarily by lower volumes and prices. Sales and hence the share of semiconductor-grade polysilicon increased further year over year. EBITDA contracted 61 percent to €321 million (2022: €826 million). Negative factors here included not only production-related declines in solar-grade polysilicon's volumes and prices, but also Germany's persistently high energy prices.

**Outlook**

WACKER expects business to slow slightly in 2024, given the ongoing weakness of market conditions. The company anticipates lower selling prices, but volume growth and positive product-mix effects at its chemical divisions. Changes in exchange rates are likely to have a slightly negative effect on sales.

On balance, WACKER expects sales to be slightly lower across all regions. Sales are forecasted to be in the range of €6 billion to €6.5 billion with an EBITDA between €600 million and €800 million. The EBITDA margin is likely to be substantially lower than last year, with capital expenditures slightly lower. Investments will far exceed the level of depreciation and amortization, which is expected at €450 million in 2024. WACKER expects net income to be substantially lower year over year. Net financial debt is projected to be higher. Net cash flow, it is likely to be negative in 2024 and substantially below last year's figure.

WACKER SILICONES expects its 2024 sales to be at last year's level across all regions, with average prices remaining low and volume growth in specialties. The EBITDA margin is expected to be a mid-single-digit percentage.

WACKER POLYMERS forecasts lower selling prices for 2024. Volumes are likely to edge up in dispersions and remain stable in dispersible polymer powders. Product-mix effects will have a slightly positive effect on sales. The division expects volumes to grow in Asia and decline in Europe. Sales are forecasted to be below last year's figure by a high-single-digit percentage, with an EBITDA margin at around 15 percent.

WACKER BIOSOLUTIONS expects sales to increase by some 10 percent in 2024. EBITDA is expected to be much higher than last year. Biotechnology products should perform particularly well, especially biopharmaceuticals.

WACKER POLYSILICON expects that volumes in 2024 will be above last year's level. Average polysilicon prices are, however, likely to be lower than last year. The division expects further positive effects from a product-mix improvement and from ongoing cost-reduction programs. Sales are forecasted at between €1.3 billion and €1.6 billion, with an EBITDA between €200 million and €400 million.

***Information for editorial offices: The 2023 Annual Report is available for download on the WACKER website ([www.wacker.com](http://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 at 10:30 a.m. via the following link:***

***[www.wacker.com/press](http://www.wacker.com/press)***



**Key Figures for the WACKER Group for 2023**

€ million	2023	2022	Change in %
<b>Results/Return</b>			
Sales	6,402.2	8,209.3	-22.0
EBITDA <sup>1</sup>	823.6	2,080.9	-60.4
EBITDA margin <sup>2</sup> (%)	12.9	25.4	n.a.
EBIT <sup>3</sup>	404.9	1,678.8	-75.9
EBIT margin <sup>2</sup> (%)	6.3	20.5	n.a.
<b>Financial result</b>			
Financial result	-17.9	-62.6	-71.4
Income before income taxes	387.0	1,616.2	-76.1
Net income for the year	327.3	1,281.6	-74.5
Earnings per share (€)	6.31	25.18	-74.9
ROCE (%)	6.9	34.7	-80.1
<b>Financial Position / Cash Flow</b>			
Total assets	8,854.4	9,401.4	-5.8
Equity	4,579.9	5,030.7	-9.0
Equity ratio (%)	51.7	53.5	n.a.
Liquidity	1,421.9	1,956.2	-27.3
Financing liabilities	1,505.6	1,547.0	-2.7
Net financial assets / net financial debt <sup>4</sup>	-83.7	409.2	n.a.
Capital expenditures <sup>5</sup>	709.6	546.8	29.8
Depreciation/amortization	-418.7	-402.1	4.1
Net cash flow <sup>6</sup>	165.6	438.8	-62.3
<b>Research and Development</b>			
Research and development expenses	184.1	178.4	3.2
<b>Employees</b>			
Personnel expenses	1,479.6	1,595.0	-7.2
Employees (number as of Dec. 31)	16,378	15,725	4.2

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 results, and income taxes.

4 Securities, fixed-term deposits, cash and cash equivalents

5 Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

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

7 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 company with state-of-the-art specialty chemical products found in countless everyday items, with applications ranging from tile adhesives to computer chips. It has a worldwide network of 27 production sites, 22 technical competence centers and 50 sales offices with some 16,400 employees and annual sales of around €6.4 billion (2023).

WACKER operates through four business divisions. The chemical divisions WACKER SILICONES and WACKER POLYMERS supply products (silicones, polymeric binders) for the automotive, construction, chemical, consumer goods and medical technology industries. WACKER BIOSOLUTIONS, the life sciences division, specializes in bioengineered products such as biopharmaceuticals and food additives. WACKER POLYSILICON produces hyperpure polysilicon for the semiconductor and photovoltaic industries.