

## FY 2021 – Conference Call Note

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

March 15, 2022

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# WACKER FY 2021 Highlights

## Financials



**€6.2bn**

**Sales** (+32% yoy)

Very strong demand across entire portfolio

**€1.5bn**

**EBITDA**

(2020 €666m)

**€761m**

**Net cash flow**

(2020 €698m)

**€16.24**

**EPS**

(2020 €3.81)

**€8.00**

**Dividend proposal**

(2020 €2.00)

## Operations



**Strong demand in Chemicals**

Most plants fully loaded, raw materials at very high levels, pricing initiatives implemented

**Polysilicon stays tight**

Low inventory levels for solar grades, strong demand from semiconductors

## Sustainability



**New, Ambitious Targets for 2030**

Addressing products, processes and supply chain

**Path to Net Zero**

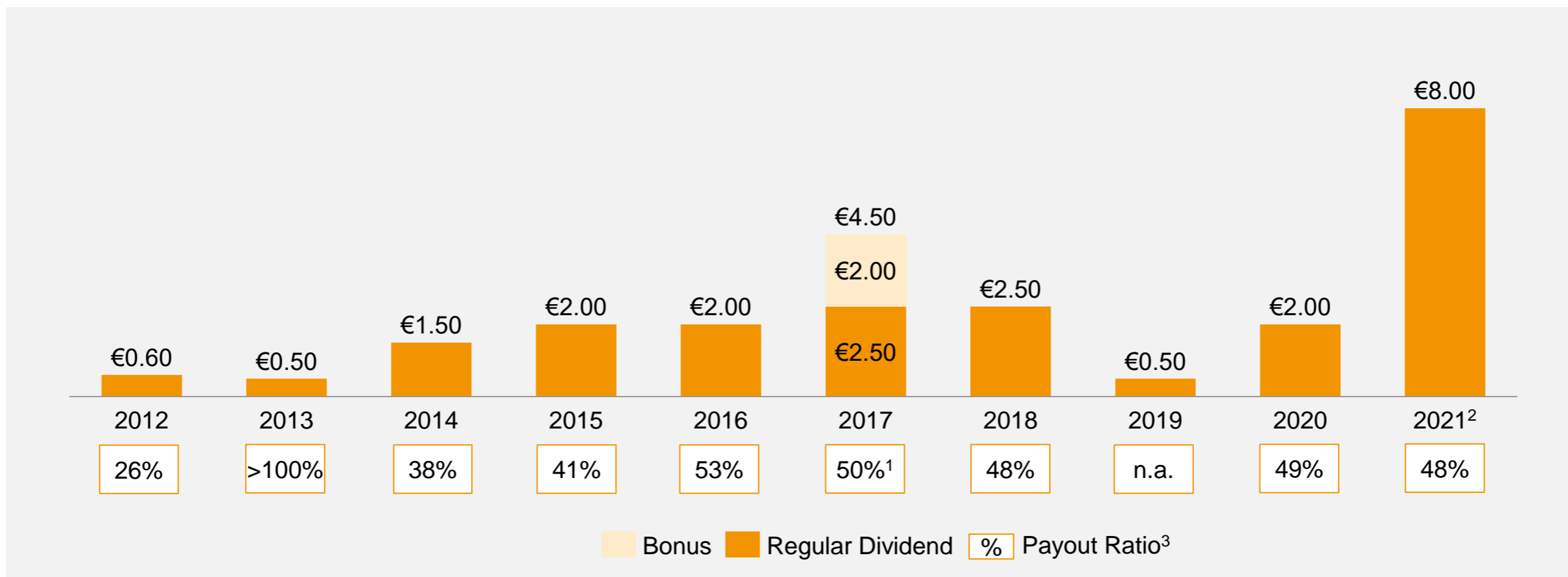
50% reduction in GHG<sup>1</sup> emissions by 2030 and carbon neutral by 2045

**Full year  
2021  
with record  
results**

1) GHG = Greenhouse Gas

# Record High Dividend Proposed for FY 2021

## Dividend (€) and Payout Ratio to Shareholders



1) Excluding Bonus 2) Dividend proposal 3) Payout ratio = dividend / earnings from continuing operations

# Defined CO<sub>2</sub> Reduction Projects to Reduce GHG Emissions by 50% by 2030



## CO<sub>2</sub> neutral silicon metal

- ▶ Biocarbon & biomass utilization
- ▶ Explore carbon capture and utilization (CCU) & carbon capture storage (CCS)



## Process transformation

- ▶ RHYME Bavaria: CO<sub>2</sub>-to-methanol<sup>1</sup>
- ▶ Energy efficiency and CO<sub>2</sub>-reduction
- ▶ Increase electrification level (e.g. Power to Heat)



## Green energy

- ▶ Leverage high electrification ratio
- ▶ Green energy procurement

1) RHYME Bavaria – Renewable Hydrogen and Methanol Bavaria

# Strong Chemicals Growth in 2022 and Higher CapEx to Meet Customer Pull

## Outlook for 2022



### FY 2022 Group Guidance and Q1 Trading

- ▶ Sales at around €7.0bn
- ▶ EBITDA €1,200m – €1,500m
- ▶ Capex €550m – €600m
- ▶ Q1 sales of about €2bn with EBITDA rising more strongly than sales y/y

### Rapidly Increasing Energy Costs

- ▶ Unknown effects from war in Ukraine
- ▶ Limited sales exposure
- ▶ Primary impact from raw materials and energy prices



# Profit & Loss Statement

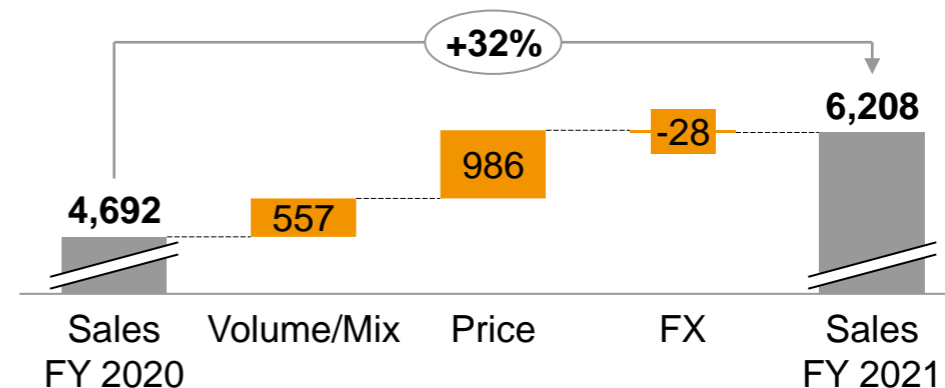
## Record EPS with Prices and Volume/Mix Offsetting Unprecedented Raws

### WACKER P&L FY 2021 (€m)

€m	FY 2021	FY 2020
Sales	6,207.5	4,692.2
<b>Gross profit from sales</b>	<b>1,672.5</b>	<b>869.9</b>
<i>Gross profit margin (in %)</i>	<i>26.9%</i>	<i>18.5%</i>
S,G&A and R&D	-620.6	-586.7
Other operating income	88.6	85.5
Other operating expenses	-68.7	-142.9
<b>Operating result</b>	<b>1,071.8</b>	<b>225.8</b>
Result from investments in joint ventures and associates and other investment income	62.5	37.0
<b>EBIT</b>	<b>1,134.3</b>	<b>262.8</b>
Interest result	-16.3	-13.9
Other financial result	-24.4	-31.0
<b>Profit before tax</b>	<b>1,093.6</b>	<b>217.9</b>
Income taxes	-265.8	-15.6
<b>Net income for the period</b>	<b>827.8</b>	<b>202.3</b>
<b>EPS (in €)</b>	<b>16.24</b>	<b>3.81</b>
<b>EBITDA</b>	<b>1,538.5</b>	<b>666.3</b>
Depreciation/amortization	-404.2	-403.5
<b>EBIT</b>	<b>1,134.3</b>	<b>262.8</b>

### Comments

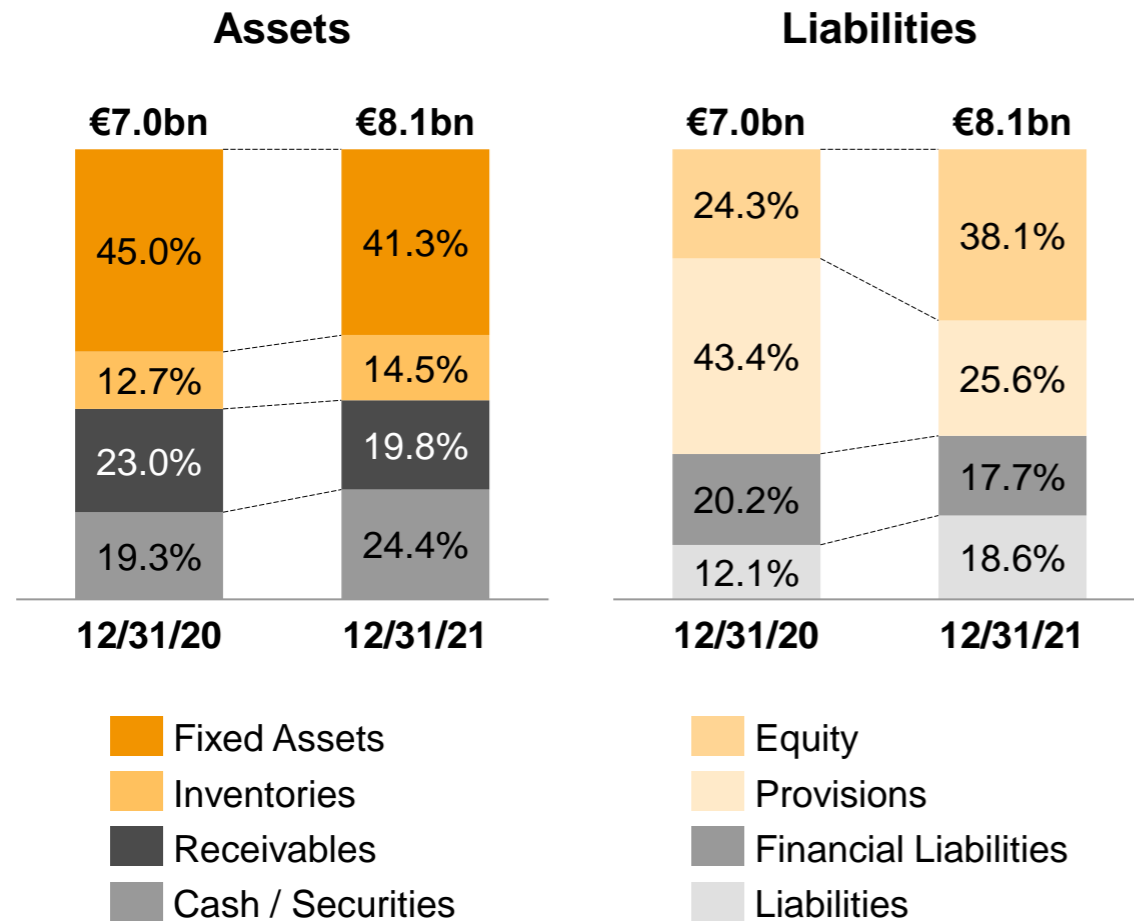
- ▶ Sales +32% yoy  
Volume/Mix +12%, Price +21%, FX -1%
- ▶ Unprecedented rise in raw materials and energy costs of about €500m more in 2021
- ▶ Siltronic at-equity accounting reinstated in Q4 for entire FY 2021 (2021: €62m)
- ▶ Tax rate of 24.3% (2020: 7.2%)
- ▶ EPS of €16.24 (2020: €3.81)



# Balance Sheet Composition

## Cash Position Significantly Higher and Pension Liability Reduced

### Balance sheet (%)



### Characteristics 12/31/21

- ▶ Strong Liquidity:
  - ▶ Cash & securities of €1,983m (Dec 31, 2020: €1,338m)
- ▶ Provisions for pensions: €1,813m (Dec 31, 2020: €2,713m)
  - ▶ Discount rate in Germany at 1.24% (Dec 31, 2020: 0.70%)
  - ▶ €250m contribution to a CTA<sup>1</sup> for previously unfunded pension liabilities
  - ▶ DTA<sup>2</sup> relating to pensions of €357m
- ▶ Equity: €3,100m (Dec 31, 2019: €1,692m)
- ▶ Siltronic stake re-classified as “Fixed Asset” (€659m)

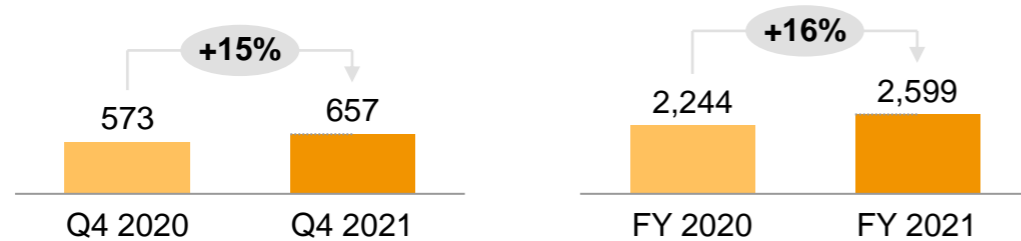
1) CTA = Contractual Trust Arrangement 2) DTA= Deferred tax asset



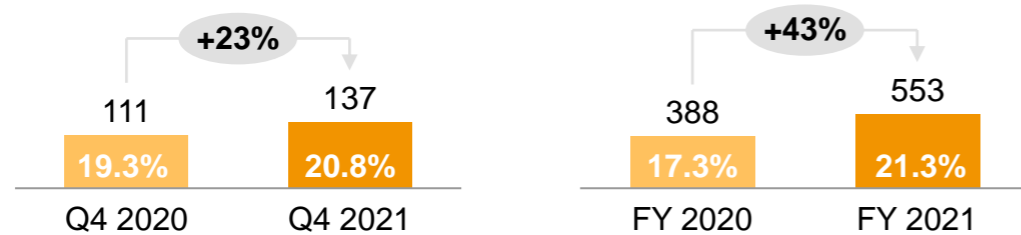
# SILICONES

## Pricing Initiatives, Specialties Growth and Strong Order Intake

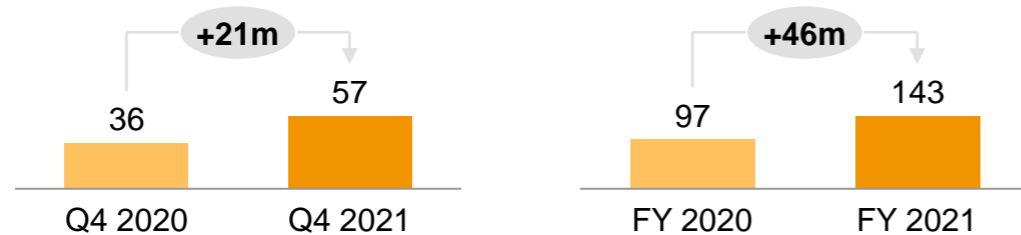
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights 2021

- ▶ Sales and EBITDA benefit from price / mix effects
- ▶ Broad-based demand with order intake at a high level
- ▶ Price increases implemented to counter unprecedented rise in Si-metal and energy

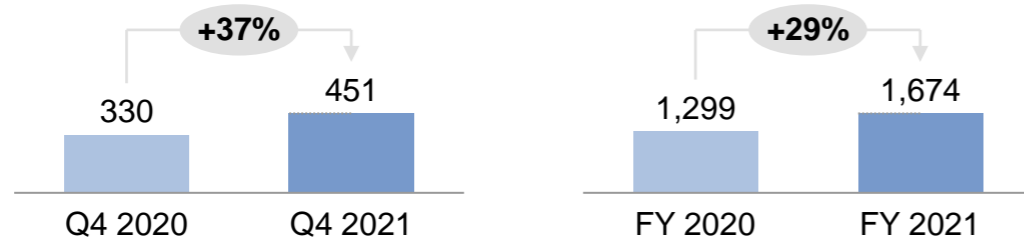
### Outlook 2022

- ▶ Sales of approx. €3.0bn with an EBITDA margin on a par with PY
- ▶ Specialties volume growth and higher prices compensate significantly higher raws and energy costs
- ▶ Accelerating specialties growth with silanes acquisition (SICO) in China

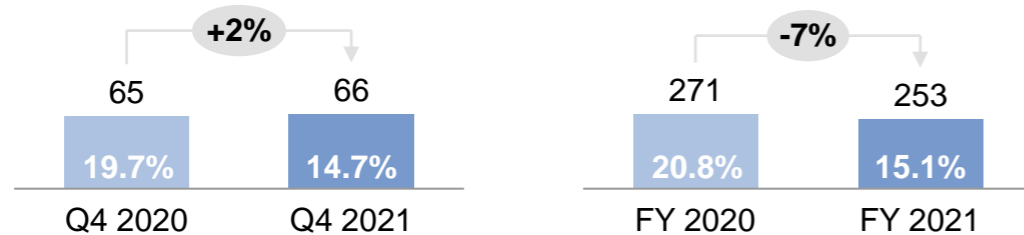
# POLYMERS

## Pricing Initiatives Partially Compensated Unprecedented Raw Material Rise

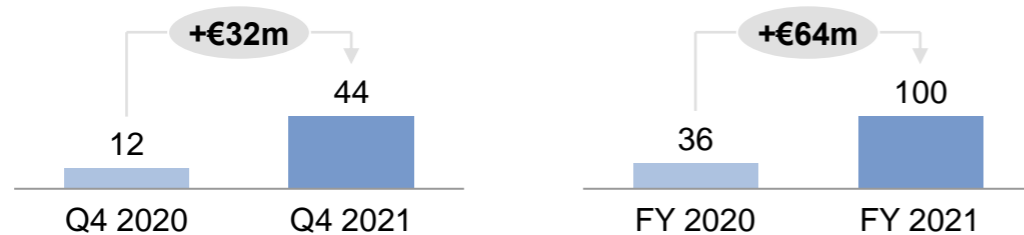
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights 2021

- ▶ Continued strong demand
- ▶ Price increases and surcharges address an unprecedented rise in raw material costs
- ▶ EBITDA supported by good cost performance
- ▶ CapEx focused on new capacities in China, scheduled for completion in H2 2022

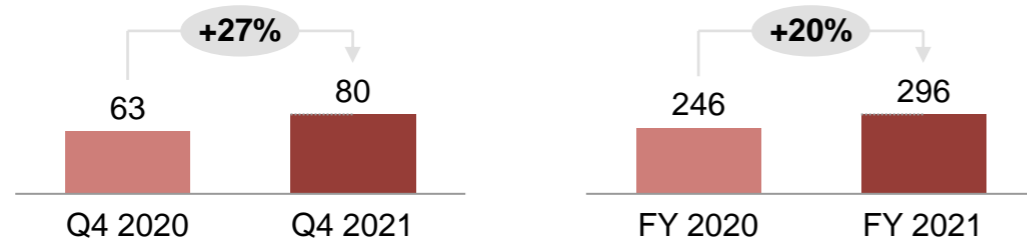
### Outlook 2022

- ▶ Sales of approx. €2.0bn with an EBITDA margin on a par with PY
- ▶ Higher volumes in all regions
- ▶ Prices higher than PY to compensate for higher raws and energy costs

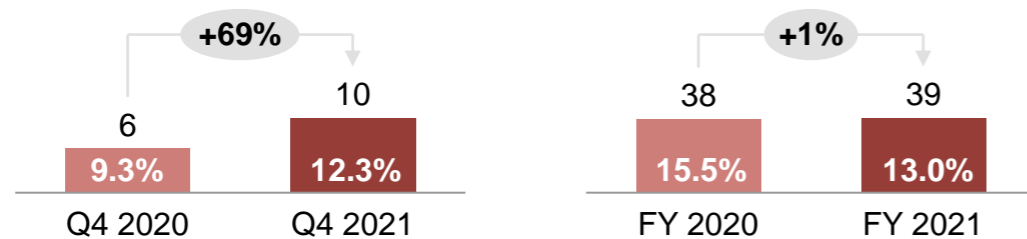
# BIOSOLUTIONS

## Strong Sales Growth in BioPharma and BioIngredients

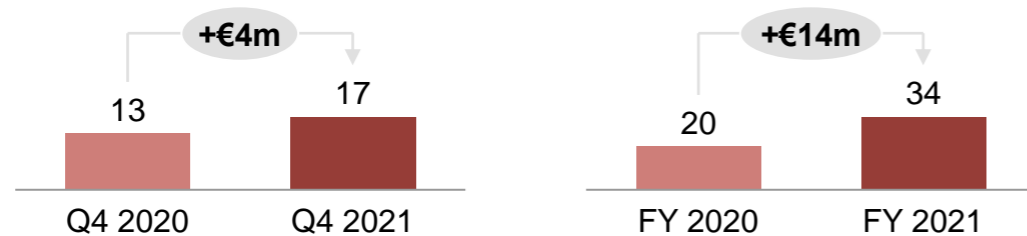
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights 2021

- ▶ Sales driven by strong BioPharma and BioIngredients
- ▶ EBITDA supported by higher utilization rates and good cost structure but with ramp and integration costs
- ▶ New partnerships to develop solutions 1) for lipid nanoparticles and 2) cultivated meat

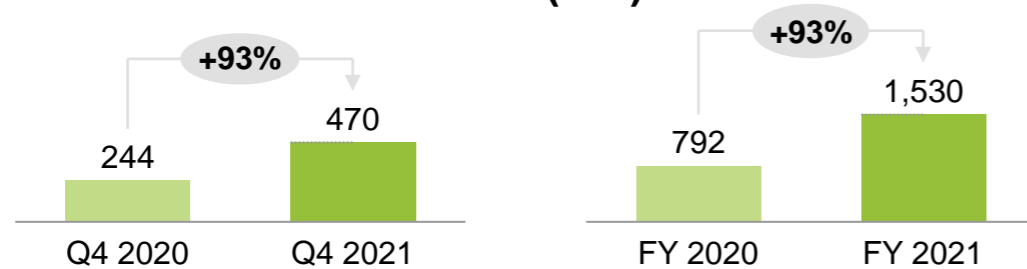
### Outlook 2022

- ▶ Low-double-digit % sales growth with continued growth in biologics
- ▶ EBITDA slightly below FY due to a Force Majeure in Life Science Chemicals and investments in BioPharma digitalization

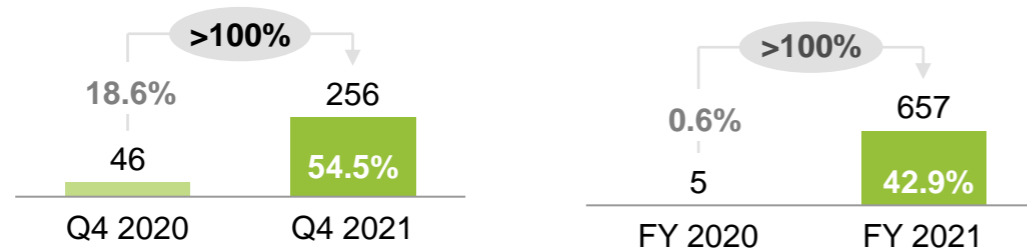
# POLYSILICON

## High Prices for Solar-Grade, Continued Cost Reductions and Semi Shift

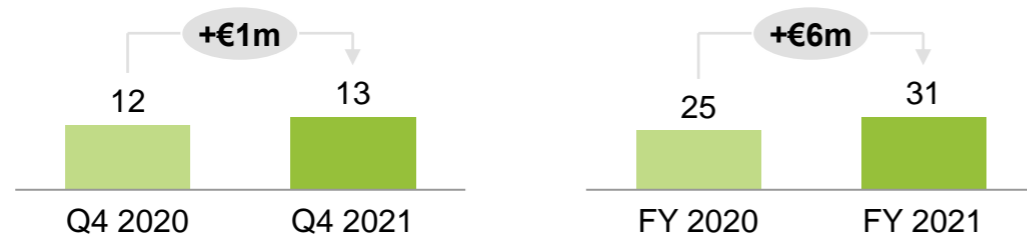
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights 2021

- ▶ Strong demand and tightness in semi and high-end solar markets
- ▶ EBITDA supported by significantly higher prices for solar-grades, higher semi volumes and cost reductions

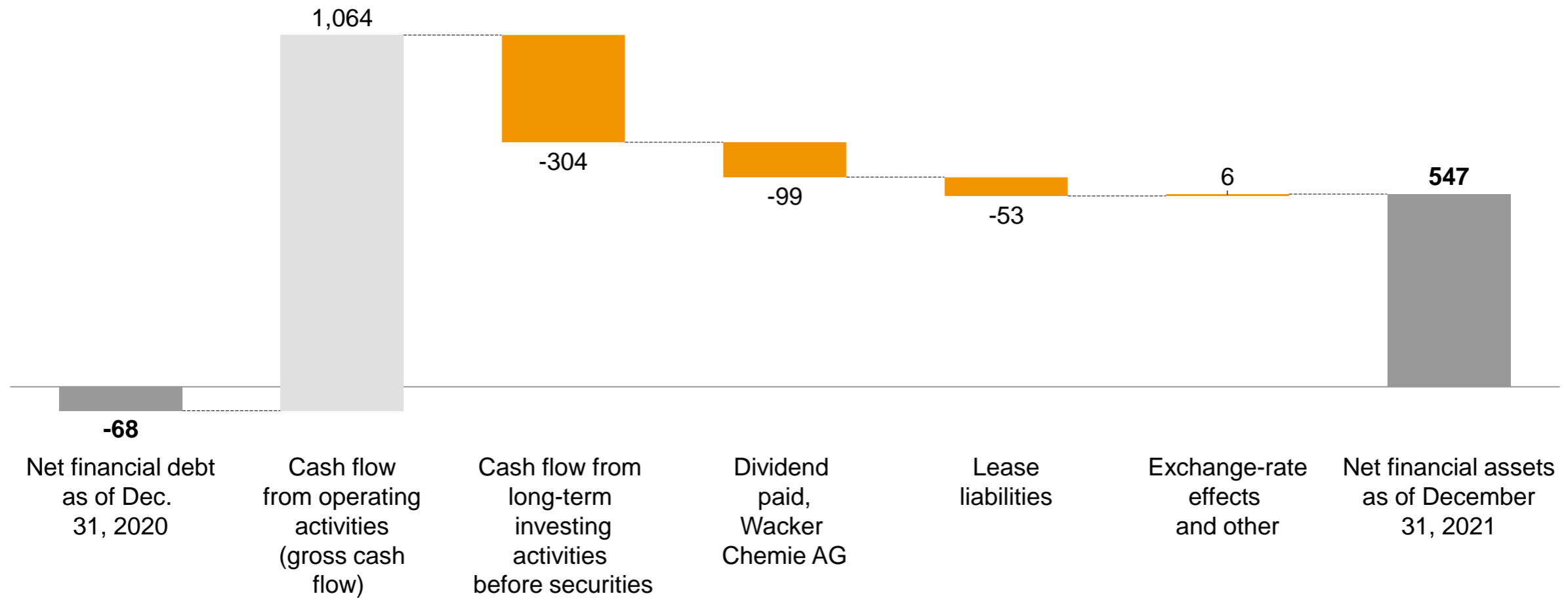
### Outlook 2022

- ▶ Sales of approx. €1.6bn with an EBITDA in the range of €330m to €500m
- ▶ ASP somewhat higher than PY and positive mix effects, but lower volumes
- ▶ Significantly higher raw materials & energy

# Net Financial Position

## Strong Net Cash Flow Generation Drives Significant Improvement in Net Cash

### Net Financial Position Bridge per 12/31/2021 (€m)



# Guidance FY 2022

In €m	FY 2021	Outlook 2022
Sales	6,208	Around €7,000m
EBITDA	1,539	€1,200 – 1,500m
EBITDA margin (%)	24.8%	Substantially lower than last year
Net cash flow	761	Clearly positive, substantially lower than last year
CapEx	344	€550 – 600m
Net financial debt	-547	Positive net financial assets
Net Income	828	Markedly lower than last year
Depreciation	404	Around €400m
ROCE (%)	28.3%	Substantially higher than the cost of capital
Tax Rate (%)	24.3%	Approximately 25%

# Q1 Trading Update

## Sales of about €2bn with EBITDA Rising More Strongly than Sales Y/Y

### SILICONES

- ▶ Continued strong growth
- ▶ First months of 2022 still benefit from trailing raw material prices and energy hedging effects

### POLYMERS

- ▶ Continued strong growth
- ▶ Prices higher than PY to compensate for higher raws and energy costs

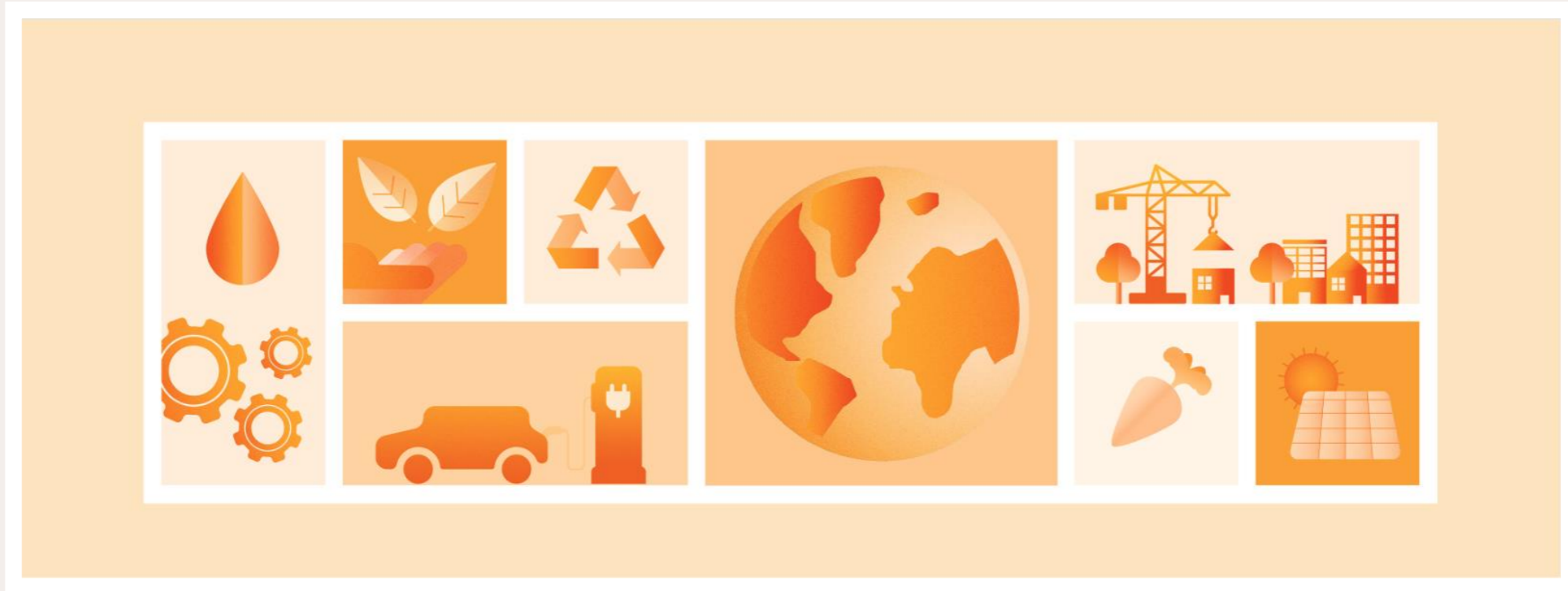
### BIOSOLUTIONS

- ▶ Continued strong growth
- ▶ Force Majeure at a key intermediate in Life Science chemicals

### POLYSILICON

- ▶ Continued strong demand
- ▶ First months of 2022 still benefit from trailing raw material prices and energy hedging effects





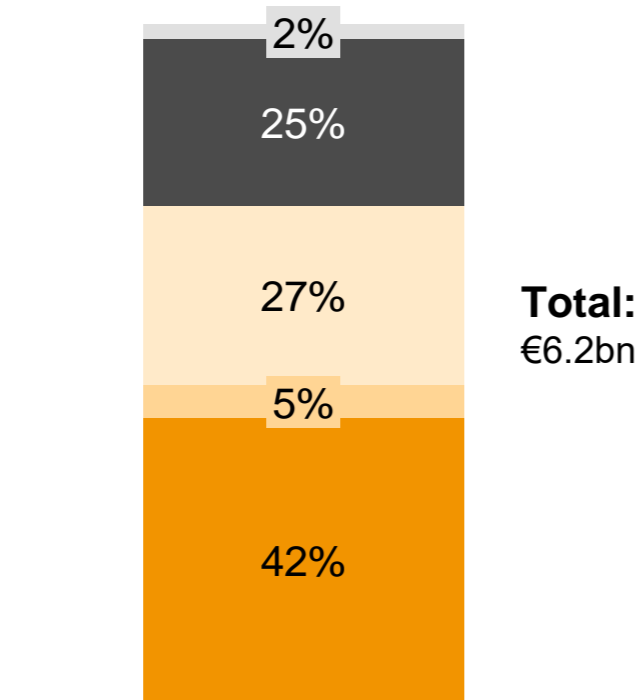
## FY 2021 – Q&A Session

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

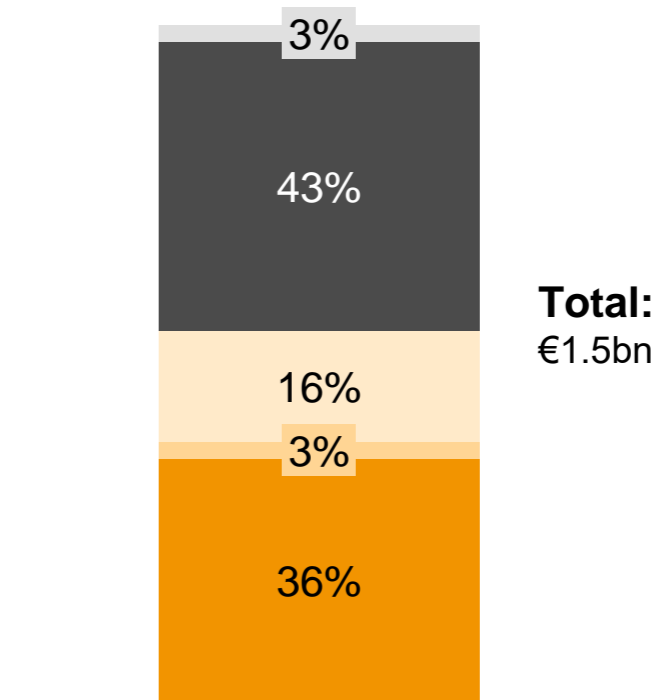
March 15, 2022

# Appendix: FY 2021 Results – Sales and EBITDA Breakdown

## FY 2021 Sales (%)



## FY 2021 EBITDA (%)



■ SILICONES ■ BIOSOLUTIONS ■ POLYMERS ■ POLYSILICON ■ OTHERS / CONSOLID.

# Appendix: FY 2021 Results – P&L

In €m	FY 2021	FY 2020	% YoY
Sales	6,208	4,692	32%
EBITDA reported	1,539	666	>100%
EBITDA-Margin	24.8%	14.2%	-
EBIT	1,134	263	>100%
EBIT-Margin	18.3%	5.6%	-
Net income for the period	828	202	>100%
CapEx	344	224	53%
Net cash flow	761 <sup>1)</sup>	698	9%
Net financial debt	-547	68	-

<sup>1)</sup> incl €250m contribution to a CTA for previously unfunded pension liabilities

# Appendix:

## FY 2021 Results – Breakdown by Business

In €m / %	FY 2021			FY 2020			Q4 2021			Q4 2020		
	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN
<b>Chemicals</b>	4,569	844	18.5%	3,789	696	18.4%	1,188	213	17.9%	966	181	18.8%
SILICONES	2,599	553	21.3%	2,244	388	17.3%	657	137	20.8%	573	111	19.3%
POLYMERS	1,674	253	15.1%	1,299	271	20.8%	451	66	14.7%	330	65	19.7%
BIOSOLUTIONS	296	39	13.0%	246	38	15.5%	80	10	12.3%	63	6	9.3%
POLYSILICON	1,530	657	42.9%	792	5	0.6%	470	256	54.5%	244	46	18.6%
Others	129	39	29.8%	128	-35	n.a.	37	42	>100%	33	-32 <sup>1</sup>	n.a.
Consolidation	-20	-1	n.a.	-17	1	n.a.	-6	-1	n.a.	-4	1	n.a.
<b>WACKER Group</b>	<b>6,208</b>	<b>1,539</b>	<b>24.8%</b>	<b>4,692</b>	<b>666</b>	<b>14.2%</b>	<b>1,688</b>	<b>510</b>	<b>30.2%</b>	<b>1,239</b>	<b>196</b>	<b>15.8%</b>

<sup>1)</sup> incl. "Shape the future" restructuring provision of €49m

# 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	3.8	4.0 – 6.0
Europe other	4.9	8.1	13.0	13.0	19.9	22.0 – 26.0
<b>Europe total</b>	<b>6.8</b>	<b>11.5</b>	<b>21.7</b>	<b>21.2</b>	<b>29.0</b>	<b>32.0 – 40.0</b>
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	75.0 – 90.0
India	9.6	8.5	7.3	3.2	12.0	11.0 – 14.0
Japan	7.4	7.0	7.5	8.2	7.5	6.0 – 8.0
USA	10.6	10.6	13.3	19.2	25.0	20.0 – 25.0
Rest of Americas	3.4	6.0	8.0	6.0	7.0	12.0 – 14.0
Rest of World	8.1	13.3	26.0	28.9	29.4	40.0 – 44.0
<b>Total</b>	<b>100 GW</b>	<b>105 GW</b>	<b>118 GW</b>	<b>140 GW</b>	<b>170 GW</b>	<b>200 – 240 GW</b>

Sources: SPE, IHS, industry announcements, WACKER estimates; \*China official data adjusted for installed/not connected capacity

# Appendix: Modelling Help

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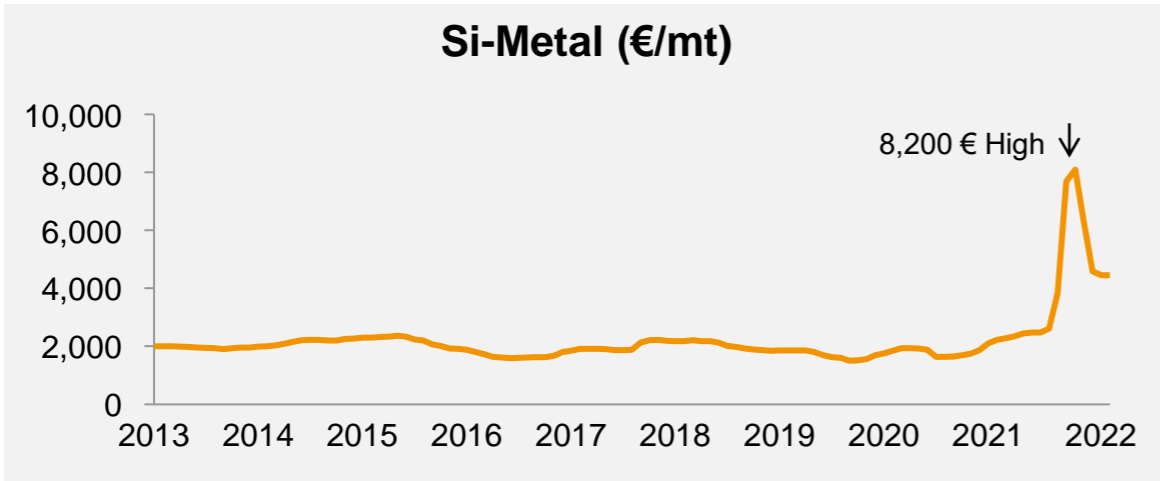
## Siltronic AG

- ▶ At-equity reinstated at end 2021 for entire year
  - ▶ Investment income is reported in WACKER income statement (P&L)
  - ▶ Investment income equals 30.8% of the net income attributable to the shareholders of Siltronic less the PPA (approx. €4-5m per quarter).

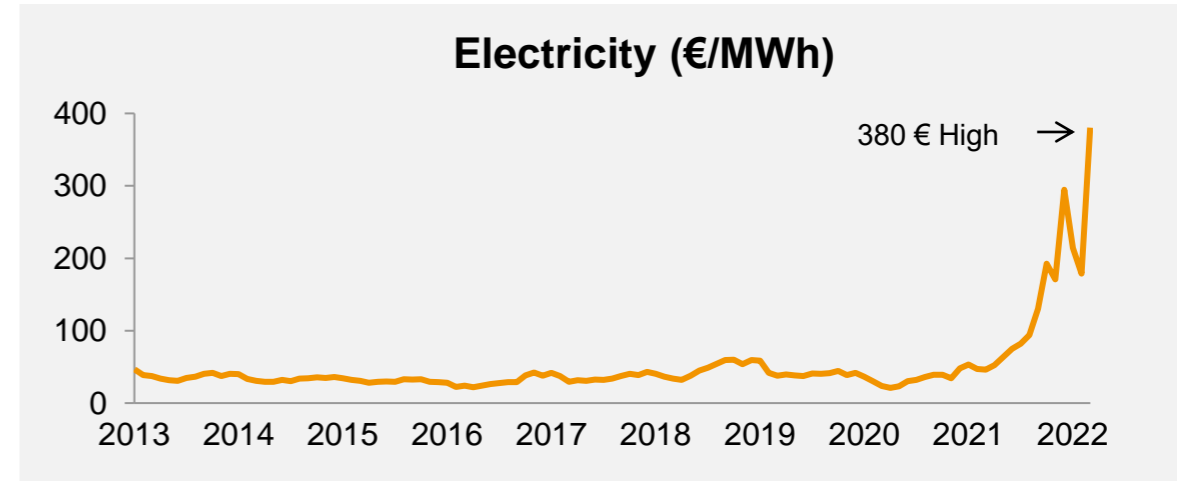
## Others Segment

- ▶ Model with -€20m EBITDA for 2022 before Siltronic

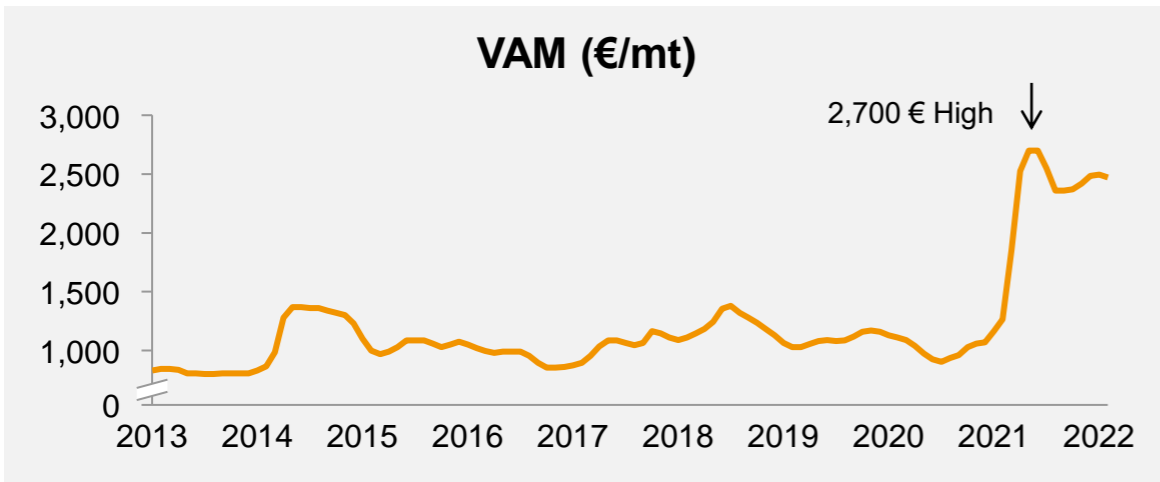
# Appendix: Raw Materials, Power and Gas Show Strong Price Inflation



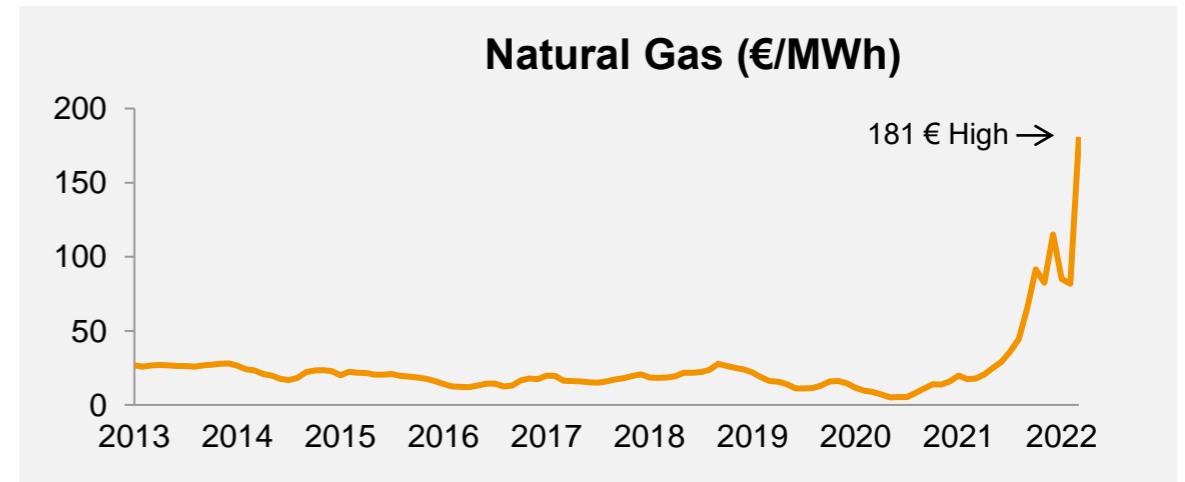
Source: CRU, Si-Metal Spot FD Europe



Source: EEX, Baseload Front Contract



Source: ICIS, Contract FD NWE



Source: PEGAS, Front Contract



# WACKER: Issuer, Contact and Additional Information

## Issuer and Contact

### INVESTOR RELATIONS CONTACTS

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## Additional Information



**ISIN**  
**WKN**  
**Deutsche Börse**

DE000WCH8881  
WCH888  
WCH

## Financial Calendar

<b>03/29/22</b>	CMD: Strategy Update (London)
<b>04/28/22</b>	Q1 2022 Results
<b>05/20/22</b>	Annual General Meeting
<b>07/28/22</b>	Q2 2022 Results
<b>10/27/22</b>	Q3 2022 Results

## Publications



CUSTOMER  
MAGAZINE



FACTBOOK



SUSTAINABILITY  
REPORT



SQUARE  
APP