

PRESS RELEASE

Number 24

WACKER Posts Substantial Sales and Earnings Growth in Q2 2021 amid Strong Customer Demand

- ◆ GROUP SALES FOR Q2 2021 TOTAL €1.50 BILLION, UP 40 PERCENT FROM A YEAR EARLIER
- ◆ EBITDA TRIPLES YEAR OVER YEAR TO REACH €327 MILLION, DUE TO SIGNIFICANTLY HIGHER VOLUMES AND BETTER PRICES
- ◆ NET INCOME FOR Q2 2021 COMES IN AT €179 MILLION
- ◆ AT €208 MILLION, NET CASH FLOW IS 52 PERCENT HIGHER YEAR OVER YEAR
- ◆ FULL-YEAR FORECAST FOR 2021 CONFIRMED: WACKER EXPECTS TO POST GROUP SALES OF AROUND €5.5 BILLION AND EBITDA OF BETWEEN €900 MILLION AND €1.1 BILLION

Munich, August 5, 2021 – Wacker Chemie AG closed Q2 2021 with significant increases in both sales and earnings. The Munich-based chemical company generated sales of €1,501.0 million in the reporting quarter (Q2 2020: €1,072.4 million), a year-over-year increase of 40 percent. Relative to the preceding quarter (€1,359.6 million), sales were up 10 percent. Strong customer demand was the main reason for this substantial increase. Whereas the coronavirus pandemic had considerably slowed WACKER's business in Q2 2020, volumes in nearly all product segments grew substantially during the reporting quarter. Positive product-mix effects and improved prices – especially for solar-grade polysilicon, but also for many products of the chemical

divisions – also contributed to the increase in sales. Exchange-rate effects dampened sales somewhat.

In Q2 2021, WACKER posted EBITDA (earnings before interest, taxes, depreciation and amortization) of €326.6 million, triple the figure for the same period last year (€105.4 million). This strong increase was due chiefly to substantial year-over-year growth in both volumes and prices of solar-grade polysilicon. Higher volumes and better prices in the chemical divisions as well as very high plant utilization rates also had a positive impact on EBITDA. On the other hand, much higher raw-material prices had a negative impact. Compared with a quarter earlier (€246.4 million), EBITDA increased 33 percent. WACKER's reporting-quarter EBITDA margin was 21.8 percent (Q2 2020: 9.8 percent). The margin in the preceding quarter was 18.1 percent.

Group EBIT (earnings before interest and taxes) totaled €233.7 million in the reporting quarter (Q2 2020: €1.8 million). That was an increase of €231.9 million and yielded an EBIT margin of 15.6 percent (Q2 2020: 0.2 percent). Compared with Q1 2021 (€154.9 million), EBIT grew 51 percent. Aside from the factors already mentioned, EBIT also benefited from a year-over-year decline in depreciation and amortization, which came to €92.9 million in the reporting quarter (Q2 2020: €103.6 million). Net income for the quarter totaled €178.8 million (Q2 2020: €4.5 million), while earnings per share came in at €3.50 (Q2 2020: €0.07).

The Munich-based chemical company confirmed its full-year forecast, which it had revised upward on June 16. It now expects full-year sales to amount to around €5.5 billion (2020: €4.69 billion). EBITDA is expected to come in at between €900 million and €1.1 billion in 2021

(2020: €666 million). The ongoing positive development of polysilicon prices and the continuously strong demand in WACKER's chemical business are the reasons for the higher expectations. At the same time, however, higher raw-material prices and negative exchange-rate effects are likely to diminish EBITDA by more than €300 million. This has been factored into the current outlook.

"We are well on track at the mid-year point and we remain confident that 2021 could prove to be an excellent year for WACKER," said CEO Christian Hartel in Munich on Thursday. "Our polysilicon business has been performing particularly well, fueled largely by the high quality of our product for both highly efficient solar cells and semiconductor applications, and by strong customer demand in a tight market."

According to Hartel, chemical business has also performed well, with sales across all the company's chemical divisions significantly higher than a year earlier. WACKER's silicones business, he said, was benefiting chiefly from its high-margin specialties, while customer demand for standard silicones remained high too. The company also achieved significant volume growth for dispersions and dispersible polymer powders, particularly in Asia. "This is where the wide range of applications covered by our product portfolio is paying off. The fact that our silicones and polymer products are indispensable basic materials for innovative products worldwide is a decisive factor in our strong business growth," said Hartel and added: "Our bioengineered products are also doing well."

With reference to the company's expectations for the future, Hartel underscored the ongoing activities to expand capacity: "The purpose of our capital expenditures in all regions is to systematically build on

our leading market positions and to meet the consistently high demand from our customers. To achieve that, we have launched a number of key projects.”

This year, according to Hartel, WACKER is investing around €150 million in the Burghausen site alone, its biggest worldwide, to expand its production capacity for silicones in line with the company’s specialties strategy. “At our Nünchritz site, two plants are under construction that will deliver innovative solutions for construction applications and industrial coatings as well as for adhesives and sealants,” he added. “In Amsterdam we are investing in new facilities to manufacture biopharmaceuticals, vaccines and live microbial products. And, at our site in Nanjing, China, we are currently building a new dispersion reactor and a spray dryer for dispersible polymer powders. China is the largest market in the world for construction applications, accounting for 20 percent of all construction investment. By expanding production capacity in Nanjing, we are strengthening our position as global leader for vinyl acetate-ethylene dispersions and polymer powders.”

Regions

In Q2 2021, WACKER’s sales increased year over year in every region due to price and volume growth. The increase in Asia was particularly strong, with revenues rising to €620.4 million. That was 71 percent higher than in the same period last year (€362.9 million). Group sales in Europe amounted to €594.9 million in the reporting quarter (Q2 2020: €458.5 million), a year-over-year increase of 30 percent. Sales in the Americas totaled €211.3 million (Q2 2020: €195.4 million), up 8 percent versus a year earlier.

Capital Expenditures and Net Cash Flow

In Q2 2021, the Group's capital expenditures came in at €68.2 million (Q2 2020: €39.8 million), up 71 percent year over year. The investment focus was on expanding capacity for specialty silicone grades and polymer products.

At €208.2 million, net cash flow was 52 percent higher in Q2 2021 than a year earlier (€136.8 million). Substantially higher cash inflows from operating activities were the main factor in this increase.

Employees

WACKER's global workforce was virtually unchanged in the reporting quarter. The Group had 14,345 employees on June 30, 2021 (March 31, 2021: 14,332). At the end of the quarter, 10,002 employees (March 31, 2021: 10,041) worked at WACKER sites in Germany and 4,343 (March 31, 2021: 4,291) at international locations.

Business Divisions

In Q2 2021, **WACKER SILICONES** generated total sales of €648.7 million. That was 22 percent higher than in the same period last year (€533.0 million). The rise was chiefly due to higher volumes of both specialty and standard silicones. Growth was particularly strong, for example, in silicones used in consumer applications and sealants. In addition, product-mix and price effects increased sales somewhat. Exchange-rate effects, on the other hand, dampened sales. Compared with the preceding quarter (€612.8 million), sales increased 6 percent. Reporting-quarter EBITDA at WACKER SILICONES was €133.6 million, almost double the year-earlier figure (€68.1 million) and 10 percent higher than in the preceding quarter (€122.0 million). The EBITDA margin in Q2 2021 was 20.6 percent,

after 12.8 percent in Q2 2020 and 19.9 percent in the preceding quarter.

Sales at **WACKER POLYMERS** totaled €403.5 million in the reporting quarter, 36 percent higher than a year ago (€297.6 million). This strong growth was largely attributable to significantly higher volumes year over year. Improved prices for dispersions and dispersible polymer powders also increased sales. Negative exchange-rate effects, on the other hand, dampened sales somewhat. Compared with the preceding quarter (€350.1 million), sales grew 15 percent. WACKER POLYMERS' EBITDA was €52.2 million in Q2 2021, after €58.8 million a year earlier, a decline of 11 percent. In particular, the massive rise in raw-material prices dampened earnings. To counteract this trend, the division has been increasing prices for its products since mid-March and also imposing temporary surcharges. Relative to the preceding quarter (€49.5 million), EBITDA climbed 5 percent. The EBITDA margin was 12.9 percent in the reporting quarter, after 19.8 percent the year earlier and 14.1 percent in the preceding quarter.

WACKER BIOSOLUTIONS generated total sales of €71.0 million in Q2 2021. That was 13 percent higher than in the same period last year (€62.9 million) and was due primarily to higher volumes. Year-over-year growth in biopharmaceuticals was especially positive, for example. Somewhat better prices also had a positive impact on sales growth. Currency effects, however, reduced sales. Compared with the preceding quarter (€67.7 million), the division's sales were up 5 percent. At €11.2 million, WACKER BIOSOLUTIONS' reporting-quarter EBITDA was down 29 percent year over year (€15.8 million). This

decline was due in part to expenses for integrating the new biopharmaceutical site in San Diego. In addition, special income from the termination of a customer contract had increased last year's EBITDA by €3.5 million. Compared with the prior quarter (€6.2 million), EBITDA was up 81 percent. The EBITDA margin was 15.8 percent, after 25.1 percent a year earlier and 9.2 percent in Q1 2021.

In the reporting quarter, **WACKER POLYSILCON** generated total sales of €352.9 million, more than double the figure of a year earlier (€152.5 million). This marked increase was chiefly due to significantly higher volumes and prices for solar-grade polysilicon. Demand from the semiconductor industry, too, was substantially higher year over year. Compared with the preceding quarter (€298.3 million), sales were up 18 percent, mainly due to price growth. WACKER POLYSILCON's reporting-quarter EBITDA came in at €148.7 million. Compared with last year (€-35.0 million), it improved by €183.7 million. This strong growth was due chiefly to substantially higher prices for solar-grade polysilicon. Production-efficiency measures as well as further progress in reducing the cost of goods sold also had a positive effect on EBITDA. Compared with the preceding quarter (€51.0 million), EBITDA was roughly three times higher. From April through June 2021, the division's EBITDA margin amounted to 42.1 percent, after -23.0 percent in Q2 2020 and 17.1 percent in Q1 2021.

Outlook

WACKER detailed its projections for the Group's performance this year in the Outlook section of its 2020 Annual Report.

In view of the positive business trend, the company had already revised its sales and earnings forecast upward on presentation of its

figures for Q1 2021. WACKER again raised its full-year forecast for sales and EBITDA on June 16, 2021, and now expects sales of around €5.5 billion for full-year 2021 (2020: €4.69 billion). The company had previously projected sales growth in the low double-digit percentage range. Full-year EBITDA for 2021 is expected to come in at between €900 million and €1.1 billion. Previously, WACKER had expected an increase in EBITDA of between 15 and 25 percent over last year (€666 million). The continuing positive trend in polysilicon prices as well as strong demand in the chemical divisions are the basis for these higher expectations. At the same time, however, higher raw-material prices and negative exchange-rate effects are projected to negatively impact EBITDA by more than €300 million (previous forecast: more than €200 million). This has been factored into the current outlook.

The new EBITDA forecast also affects estimates for the EBITDA margin and return on capital employed (ROCE) for the full year. The company expects the EBITDA margin to be substantially higher than last year (previous guidance: slightly higher than last year), whereas ROCE should be substantially higher than the cost of capital (previous guidance: substantially higher than last year).

The company now expects net cash flow to be clearly positive and on par with last year's level (previous guidance: clearly positive, substantially lower than last year).

Guidance for the remaining financial KPIs remains unchanged versus the forecasts made in the 2020 Annual Report.




Information for editorial offices: the interim report for the first half of 2021 is available for download on the WACKER website (www.wacker.com) under Investor Relations.

Key Figures for the WACKER Group

€ million	Q2 2021	Q2 2020	Change in %	6M 2021	6M 2020	Change in %
Sales	1,501.0	1,072.4	40.0	2,860.6	2,269.9	26.0
EBITDA	326.6	105.4	>100	573.0	279.5	>100
EBITDA margin (%)	21.8	9.8	–	20.0	12.3	–
EBIT	233.7	1.8	>100	388.6	71.6	>100
EBIT margin (%)	15.6	0.2	–	13.6	3.2	–
Financial result	-10.4	-11.2	-7.1	-20.1	-23.2	-13.4
Income before income taxes	223.3	-9.4	>100	368.5	48.4	>100
Net income for the period	178.8	4.5	>100	285.4	73.4	>100
Earnings per share (€)	3.50	0.07	>100	5.56	1.38	>100
Capital expenditures	68.2	39.8	71.4	110.2	84.2	30.9
Depreciation / amortization	92.9	103.6	-10.3	184.4	207.9	-11.3
Net cash flow	208.2	136.8	52.2	339.3	159.4	>100
€ million				June 30, 2021	June 30, 2020	Dec. 31, 2020
Total assets				7,317.4	6,741.8	6,950.5
Equity				2,290.5	1,985.6	1,691.8
Equity ratio (%)				31.3	29.5	24.3
Financing liabilities				1,406.2	1,423.0	1,405.5
Net financial assets				152.0	-572.9	-67.5
Employees (number at end of period)				14,345	14,382	14,283

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 chemical company with some 14,300 employees and annual sales of around €4.69 billion (2020). WACKER has a global network of 26 production sites, 23 technical competence centers and 52 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