

WACKER

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**Annual Press Conference
for 2023**

Speech by
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and
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on March 12, 2024,
in Munich, Germany

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Good morning, ladies and gentlemen,
and welcome to our Annual Press Conference.

Times have not gotten any easier since we last came together. 2023 was a challenging year. The war of aggression in Ukraine continues and there is now a war ongoing in the Middle East following the Hamas attack on Israel. People everywhere are worried about the future.

Germany is seeing thousands take to the streets to protest against right-wing extremism and flying the flag for peaceful, democratic coexistence.

In this situation especially, it is important to take a stand – also as a company. WACKER is committed to diversity, openness and tolerance. We reject any form of discrimination. We promote a peaceful coexistence that unites people.

Because, as we know, the only way to solve the world's major challenges is by working together. As an innovative chemical company, we want to

play a role here — true to our purpose. You just heard it in our film at the start: our solutions make a better world for generations. We want to improve the quality of life for people all around the world. That's what motivates us.

Ladies and gentlemen,

On January 29, we published our preliminary figures for the previous fiscal year. Today, my colleague Tobias Ohler and I would like to take you through the figures for 2023 in more detail and provide an outlook for 2024.

In 2023, the global industrial engine began to stutter. World economic growth continued to slow and the chemical industry in particular faced strong headwinds. According to the market figures available, global production increased by around 2.5 percent. However, this is primarily due to a recovery in Asia. In other regions, the trend was a downward one. Production in Europe declined by around 6 percent and in Germany, this figure was as high as 10 percent.

So why is this?

In many industries, customers have continued to exercise caution in placing orders. There were hopes early in the year for a recovery in demand in the second half, but this failed to materialize. Inflation rates remained high. Price pressure increased. Energy prices in Germany were still high compared with other countries. The situation was further aggravated by high raw-material costs worldwide, putting additional pressure on the industry — including on us here at WACKER.

Our Group sales fell by 22 percent last year due to the weak market environment and amounted to 6.4 billion euros. EBITDA decreased by 60 percent. As a result, we were unable to match 2022's record figures.

This has also had an impact on the amount of our dividend. The Executive and Supervisory Boards will propose a dividend of 3 euros per share at our Annual Shareholders' Meeting. This is in line

with our dividend policy, which is to distribute roughly 50 percent of our net income to our shareholders.

Although WACKER faced significant market headwinds last year, we continued to invest systematically in our future growth, spending 710 million euros in 2023. That's 30 percent more than in 2022.

So, what priorities have we set?

Let me give you a few examples:

- We more than doubled our capacity at our polymer site in Nanjing, China, which houses our facilities for production of high-quality dispersions and dispersible polymer powders primarily for the construction industry. The construction sector is growing fast, particularly in Asia. We have been ideally positioned to date — and remain so going forward — to

meet growing local demand. Our expansion program has taken several years and was successfully completed in 2023.

- We are expanding our polysilicon production facilities at our largest site in Burghausen and we held the topping-out ceremony in 2023. We are building a leading plant — if not THE leading plant — for the world's best semiconductor-grade polysilicon. This is the very purest man-made material. This polysilicon is specifically needed for semiconductor technologies in the fields of artificial intelligence and electromobility.
- We also strengthened our biotechnology operations last year. We are currently in the process of building an mRNA Competence Center in Halle to become part of Germany's pandemic preparedness plan in the future. In addition to capacity for the German

government, this will also result in production capacity for other customers. We will be celebrating the opening of the facility in the middle of the year. More on this later.

- In the Spanish city of León, we took over ADL BioPharma, a contract manufacturer for the food, pharmaceuticals and consumer goods industries. The additional fermentation capacities will provide a foundation for further growth in the field of sustainably produced nutritional supplements and natural dietary ingredients.

With our new colleagues in Spain and the expansion of our capacities worldwide, our workforce grew accordingly in 2023. WACKER currently has a total of some 16,400 employees across the globe. 10,600 work in Germany and 5,800 at international sites.

We owe our success to these 16,400 employees. They did an outstanding job last year — especially amidst the challenging environment. Some of them are sure to be listening right now: let me take this opportunity to say thank you for your dedication — excellent work!

Ladies and gentlemen,

Even though we are currently faced with economic headwinds, we are optimistic as we look to the future. WACKER is well-positioned strategically and financially. That's why we will continue to invest systematically in our future over the coming years, too. More on this later.

But first, let me hand over to my colleague Tobias Ohler, who will run you through last year's facts and figures – as well as the proactive measures we are taking to address this challenging environment.

Thank you very much Christian.

Ladies and gentlemen,

Let's now take a closer look at the financial figures for full-year 2023 compared with 2022.

In 2023, we generated Group sales of 6.4 billion euros, down 22 percent year over year. This decline was prompted primarily by lower prices and volumes.

WACKER's operations are highly international. Last year, we generated 85 percent of our sales outside Germany and 15 percent within Germany.

If we look at the regions, we can see the following: in Europe, we generated around 2.3 billion euros – a decrease of 19 percent. In the Americas, sales declined 19 percent to just over 1 billion euros. In Asia, sales reached around 2.8 billion euros – down by 26 percent. The drop in

sales here was particularly pronounced in the Greater China region.

Let's now turn to earnings:

EBITDA decreased 60 percent year over year, falling to 824 million euros, which corresponds to an EBITDA margin of roughly 13 percent.

The significant decline in earnings is due firstly to lower prices and continued high raw-material and energy costs. Furthermore, capacity utilization at our production facilities was down as a result of the lower sales volumes. By contrast, savings from our ongoing efficiency measures buoyed earnings.

EBIT came in at 405 million euros in 2023, primarily reflecting the significant decrease in EBITDA. Depreciation and amortization rose slightly to around 419 million euros.

Our net income for the year dropped by 75 percent. We posted a profit of 327 million euros for 2023.

Ladies and gentlemen,

Sales in our chemical divisions and in our WACKER POLYSILICON division contracted year over year in 2023. Only our WACKER BIOSOLUTIONS division saw sales edge up slightly.

Let's look at the results in detail.

WACKER SILICONES, our largest business division, recorded annual sales of around 2.7 billion euros, a decline of 21 percent compared with the prior year. EBITDA dropped 73 percent to around 240 million euros. This sharp decrease was prompted primarily by lower prices and reduced volumes. EBITDA was also

negatively impacted by reduced plant-utilization rates and the continued high cost of raw materials.

Sales in the WACKER POLYMERS division also contracted and were down 21 percent year over year. The division posted sales of around 1.6 billion euros. Lower volumes and prices in particular also impacted the division's sales.

EBITDA amounted to around 250 million euros – down 12 percent on 2022. Once again, the main reason was a significant decline in selling prices and volumes. By contrast, the fall in raw-material prices had a positive impact on EBITDA.

In 2023, the WACKER BIOSOLUTIONS division lifted its sales slightly by 2 percent to around 340 million euros. This was due to first-time consolidation of the operations acquired in León starting in the second half of the year as well as

to significant growth in our biopharmaceutical operations. Sales of established products declined owing to lower prices and volumes — just like our chemical business did.

At 7 million euros, EBITDA came in significantly lower than in the prior year. Integration costs for our site in León and upfront costs for the establishment of our new mRNA Competence Center in Halle dampened the trend.

Sales in our WACKER POLYSILICON division fell significantly last year by 30 percent to around 1.6 billion euros. This decline was prompted primarily by lower volumes and prices. Compared with the prior year, we increased sales and hence the share of semiconductor-grade polysilicon in the portfolio further.

EBITDA in the WACKER POLYSILICON division, too, contracted significantly by 61 percent,

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coming in at around 320 million euros last year. This primarily stems from the production-related decrease in both volumes and prices for solar-grade polysilicon. Ongoing high energy prices in Germany also had a negative impact, and were of particular consequence in the energy-intensive production of polysilicon.

Ladies and gentlemen, this brings me to the end of the divisional performance review. I'd now like to return to the Group's financial statements and look at key data from the statement of cash flows.

Even though sales and earnings decreased last year, we increased our capital expenditures. At around 710 million euros, capital expenditures were 30 percent higher year over year. In addition, our acquisition of Spanish manufacturer ADL BioPharma led to an outflow of around 150 million euros.

Our long-term objective is to finance our capital expenditures largely from our own cash flow. We achieved this objective last year. Net cash flow totaled 166 million euros, which was clearly positive, but down 62 percent year over year. The main reasons for the decline were lower earnings and higher capital expenditures.

The lower net cash flow and dividend payment meant that we posted net financial debt for 2023 at a low level of around 84 million euros on December 31.

Ladies and gentlemen,

A look at our balance sheet shows just how well we have managed a difficult year: we are still well positioned financially. Total assets decreased slightly year over year by 6 percent to 8.9 billion euros.

Our liquidity remains high but was lower year over year as a result of higher capital expenditures, our acquisition in Spain and the dividend payment. As of December 31, 2023, we posted cash and cash equivalents of just under 1.4 billion euros, which is twice the amount of capital expenditures in 2023.

On the equity and liabilities side, equity decreased to 4.6 billion euros.

There are three main reasons for this decrease:

- Firstly, the dividend payment in 2023 reduced retained earnings by around 600 million euros.
- Secondly, the adjustment of provisions for pensions, which was recognized in other comprehensive income, led to a decrease of 62 million euros. This was primarily owing to the lower discount rates applied to our pension obligations at year-end.
- Currency translation, too, had a negative impact of 125 million euros on equity.

Nevertheless, our equity ratio still stands at more than 50 percent.

Ladies and gentlemen,

That completes our review of last year. Now on to our expectations for 2024, which Christian Hartel will tell you more about.

Ladies and gentlemen,

2024 will be another challenging year. Global economic growth will be influenced by the repercussions of the wars in Ukraine and the Middle East. The high interest rates likely to persist will continue to dampen growth in the USA and Europe in particular. Energy prices, which will remain high compared internationally, will also continue to adversely impact companies across large parts of Europe.

The German Chemical Industry Association (VCI) anticipates modest growth for the chemical industry this year, which will, however, again be driven primarily by the recovery in China. The VCI only expects an increase of 1 percent for Europe. In Germany, production is likely to decline once again.

WACKER, too, expects the market headwinds to continue. The weak economy continues to affect order trends among our customers 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 in the construction industry in particular. 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, we expect to

generate first-quarter Group sales of around 1.5 billion euros.

Q1 EBITDA is expected to come in at the level of the prior quarter.

What are our expectations for the year as a whole?

For the reasons mentioned, we expect our business to see a slightly downward trend overall. Sales are likely to be between 6.0 and 6.5 billion euros. EBITDA is set to total 600 to 800 million euros. The EBITDA trend will be particularly dampened by lower selling prices. We expect the EBITDA margin to be substantially lower than last year. Net income for the year will also be substantially lower year over year. By contrast, capital expenditures will fall only slightly.

What about our expectations for the individual divisions?

- Let's look at the chemical divisions first: in our WACKER SILICONES division, we expect sales to remain on a par with the previous year. We are anticipating low average prices. We expect slightly higher sales volumes for specialty products since the dampening inventory adjustments have now tailed off. The EBITDA margin is set to be in the mid-single-digit range.
- In our WACKER POLYMERS division, we expect lower selling prices. Volumes for dispersions are set to grow slightly while volumes for dispersible polymer powders are likely to remain stable. In Asia, we are anticipating increasing volumes. By contrast, we are expecting them to decline again in Europe. Overall, we expect sales to be lower

– by a high single-digit percentage – than the previous year’s figure. The EBITDA margin is forecasted at 15 percent.

- We expect the WACKER BIOSOLUTIONS division to grow its sales by some 10 percent. EBITDA is expected to be up substantially on last year. Business involving bioengineered products in particular, and especially biopharmaceuticals, will see an upward trend. The division will also see our mRNA Competence Center in Halle come on stream in the middle of the year, making us part of Germany’s pandemic preparedness plan.
- In our WACKER POLYSILICON division, we expect slightly higher volumes but lower average prices, positively influenced by our improved product mix. Overall, we expect sales to total between 1.3 billion and 1.6 billion euros. EBITDA is expected to come in between 200 and 400 million euros.

Ladies and gentlemen,

The persistently weak market environment is reflected in our forecast for the current year. We are currently responding to this with stronger cost discipline.

- We are examining new hires closely.
- Non-personnel costs are being cut.
- We are increasing our efficiency. We are streamlining our processes and focusing on the essentials.

Although current market conditions are difficult, WACKER is well positioned strategically and financially.

We therefore remain committed to 2030 growth targets. By then, our sales should exceed 10 billion euros. Similarly, we want to strengthen our profitability. Groupwide, we are aiming for an

EBITDA margin of more than 20 percent by 2030. In relation to capital employed, our goal is to earn twice our cost of capital. We are still investing systematically in our future growth. At the same time, we focus strongly on sustainability. It is an integral part of our strategy.

We will draw on three levers to achieve our targets.

- Firstly, we have an appealing product portfolio that addresses the global megatrends of our time.
- Secondly, we are expanding our production network worldwide to serve customer demand in the regions.
- Thirdly, sustainability is a business model for us. We are constantly expanding the share of sustainable products in our portfolio.

Ladies and gentlemen,

The knowledge and commitment of our employees play a key role here. 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.

WACKER – we are a strong team!

I'd now like to look at the three levers a little more closely. Let's talk about our products first:

we benefit here from global megatrends that we address with our product portfolio.

- Biopharmaceuticals are one example of this. The percentage of bioengineered drugs and vaccines is constantly growing. They will shape the future of medicine. As a contract development and manufacturing organization, we help to bring the medicines of tomorrow to market. Our new mRNA

Competence Center in Halle is yet another milestone on our agenda.

- Electromobility is a further example: our high-tech silicones can be found in many electric car components, making us part of the mobility transition.
- We also operate in the renewable-energy field: our polysilicon provides the starting material for solar cells. Our silicones are part of various wind turbine components, enabling us to play a role in the energy transition.
- We are also represented in sustainable construction: our polymer solutions help make construction more efficient. Buildings are made more cost-effective and sustainable.
- Turning to the health sector, we can see that our ingredients based on renewable raw materials help support the trend toward healthy nutrition.

- And lastly, every second microchip in the world contains our polysilicon. You could say that without WACKER, there would be no artificial intelligence or digitalization.

As you can see, we are widely represented. In the medium and long term, these global megatrends will drive our business.

I would like to expand on two areas here.

The first of these areas is electromobility.

The percentage of electric vehicles worldwide is expected to increase to over 80 percent in 2050.

We benefit from this growth by selling our silicones. They can be found in many electric car components. Silicones make electric vehicles more reliable, more efficient and safer.

Applications range from electric motors, high-voltage connectors and cables through to

sensors, displays, batteries and approaches to safety.

Together with automakers and Tier 1 suppliers, we are constantly developing our electromobility solutions further.

The focus here is primarily on the efficiency and useful life of batteries in electric cars, with temperature management playing a particularly decisive role. The heat generated when charging and driving the car has to be dissipated quickly and efficiently. This is where silicones supplied by WACKER are used to regulate thermal management. Thermally conductive silicones ensure seamless coupling between the battery and the heat-sink. Fire-retardant silicones and completely new silicone composites, in turn, ensure greater safety. They prevent a vehicle catching fire, thus protecting the battery housing and, as a result, the passengers in the car too.

Biopharmaceuticals are another example of a growth market in which we are active: bioengineered drugs are considered the medicines of the future. The market for them is growing by around 8 percent per year.

We manufacture such biologics on behalf of pharmaceutical companies at our sites in Halle, Jena, Amsterdam and San Diego. Our products range from pharmaceutical proteins, plasmid DNA and mRNA-based actives through to vaccines.

We see particular potential in the mRNA field, which involves more than just the sort of vaccines we are familiar with from the coronavirus pandemic. A whole series of mRNA-based actives to fight various types of cancer are being developed as well. This is why we are specifically expanding our mRNA operations in Halle.

At the same time, we are also building a new biotechnology research facility at Corporate R&D in Munich. Here, too, we will continue to advance this topic.

Let's move on to the second lever driving our business forward: our global production network, which we are continuing to expand. We believe in being close to customers, in the region for the region. This means we are continuing to invest systematically in our future growth.

A look at the world map will show you where we are currently expanding production.

- The projects in Burghausen and Nünchritz that I talked about at the beginning can be seen here: in Burghausen, we are expanding our capacity to produce semiconductor-grade polysilicon and in Nünchritz our silicone sealant facilities.

- As I've already mentioned, we are expanding our biotech site in Halle.
- We are also strengthening our biotechnology business in Amsterdam, where a new production line for biopharmaceuticals will soon go on stream.
- In Calvert City in the US, we are investing in our polymer capacities, with a focus on sustainable products for our customers.
- In Tsukuba, Japan, we are building a production facility for silicone-based thermal interface materials for the Japanese automotive industry. Once again, this involves electromobility.
- Silicones — for various customer industries — are also the focus in Karlovy Vary in the Czech Republic. We are building a new site here, which will go into operation in 2025.

- In China too, we are expanding our production capacities for silicones. Several new production lines for the manufacture of functional silicone fluids, silicone emulsions and silicone elastomer gels are currently being built in Zhangjiagang.
- We are also pursuing another expansion project in Jining, in the Chinese province of Shangdong, which will see us expand our production capacities for specialty silanes together with our joint venture partner SICO Performance Material. The organofunctional silanes involved are used in high-performance adhesives and sealants, coatings and composite materials.

By expanding our capacities worldwide, we are meeting our customers' demand for tailored product solutions.

The needs of our customers are also a key driver for our business when it comes to sustainability.

This is because sustainability has two dimensions for us:

- Firstly, we support our customers in the transformation to net zero. More than two-thirds of our product portfolio is already focused on this topic.
- Secondly, we are working on our own products and processes. We are minimizing our consumption of resources and reducing greenhouse gas emissions. By 2030, our portfolio is also to comply fully with defined sustainability standards.

What do we have planned specifically here?

By 2030, we want to cut our absolute CO₂ emissions by 50 percent compared with 2020.

We want to reach net zero by 2045 at the latest.

We made good progress here in 2023 and are currently at minus 24 percent.

One example of how we are specifically reducing our CO₂ emissions can be seen from afar in Burghausen. We have put a new distillation column into operation there. Towering at over 70 meters, it is one of the tallest structures at the site. The facility distills raw silane, which is first extracted from silicon, into various fractions to produce what is known as M2 silane. M2 silane is the basis for production of siloxanes, which in turn constitute the basis for a variety of silicone products. The new column will save 10,000 metric tons of CO₂ per year, which is equivalent to the annual emissions of around 6,000 cars.

This is just one example of our efforts to reduce our carbon footprint.

We were making very good progress on the net zero front. And we are also getting recognition for our efforts. Our net zero target was validated by the independent Science Based Targets initiative (SBTi) at the beginning of this year. This makes WACKER one of the first 15 chemical companies worldwide with a validated net zero target – Net Zero 2045. We are therefore “in line” with the Paris Agreement targets. Our greenhouse-gas reduction path contributes to limiting global warming to 1.5 degrees Celsius.

To cite another example of our pioneering role: WACKER was one of only a handful of companies worldwide to be awarded the top score in the Climate Protection category by CDP (Carbon Disclosure Project), a key sustainability assessment indicator.

This shows that we mean business. WACKER is part of the solution for making business and society more sustainable.

Ladies and gentlemen,
Allow me to summarize.

- Even though we are currently experiencing significant economic headwinds, WACKER is well positioned both financially and strategically.
- We are continuing to invest systematically in our future growth. Our targets for 2030 remain the same.
- We are actively driving the green transformation through our products and our path to net zero.

But to achieve these targets, the framework needs to be right, too.

As an energy-intensive company, we need internationally competitive energy prices — ones that not only apply in the long term, but which we can also plan for. Even though the phase of extreme price peaks is currently over, there is still a difference in price compared the regions where our competitors are based. In Germany, energy prices continue to be twice as high as in China or the USA. Until affordable, green energy is available in sufficient quantities in the 2030s, we therefore continue to advocate for instruments such as a temporary bridge electricity price.

Why is this still important?

A bridge electricity price makes us competitive now, and allows for better planning when it comes to energy prices. As a predictable “all-in-one” price, it forms the basis for long-term business decisions – for investments in Germany as a business location. This makes the bridge electricity price a business case for our country.

Investments ensure our competitiveness. This applies in particular to investments in the transformation to net zero.

Competitive regions such as China and the USA have already realized this. They see the future of their industrial value creation in the production of climate protection technologies. Programs such as Made in China 2025 and Net Zero by 2060 or the Inflation Reduction Act in the USA are designed as strategic investment programs to dominate the competition for green technologies.

In Germany and elsewhere in Europe, we are far from taking steps like these. When it comes to the expansion of renewable energies and grids, we urgently need to catch up.

The lengthy procedures involved in European funding programs are an issue, too. European state-aid law does not address the

competitiveness of European companies, but unfortunately often gets lost in minute details. This is where we need to begin. That's why we have united with many other companies to support the Antwerp Declaration for a European Industrial Deal. We need a clear focus on reducing bureaucracy, on investment, innovation and open markets — that's the message.

And in Germany, we also urgently need a master plan for competitiveness and transformation at national level that is supported by all parties. The framework now needs to be created to secure our future as an industrial center. Time is of the essence. Deindustrialization in Germany is under way.

We at WACKER continue to be optimistic about the future, and our working on our own everyday – with spirit, speed and confidence.

Ladies and gentlemen, this brings me to the end of my speech. We look forward to hearing your questions.

Thank you.