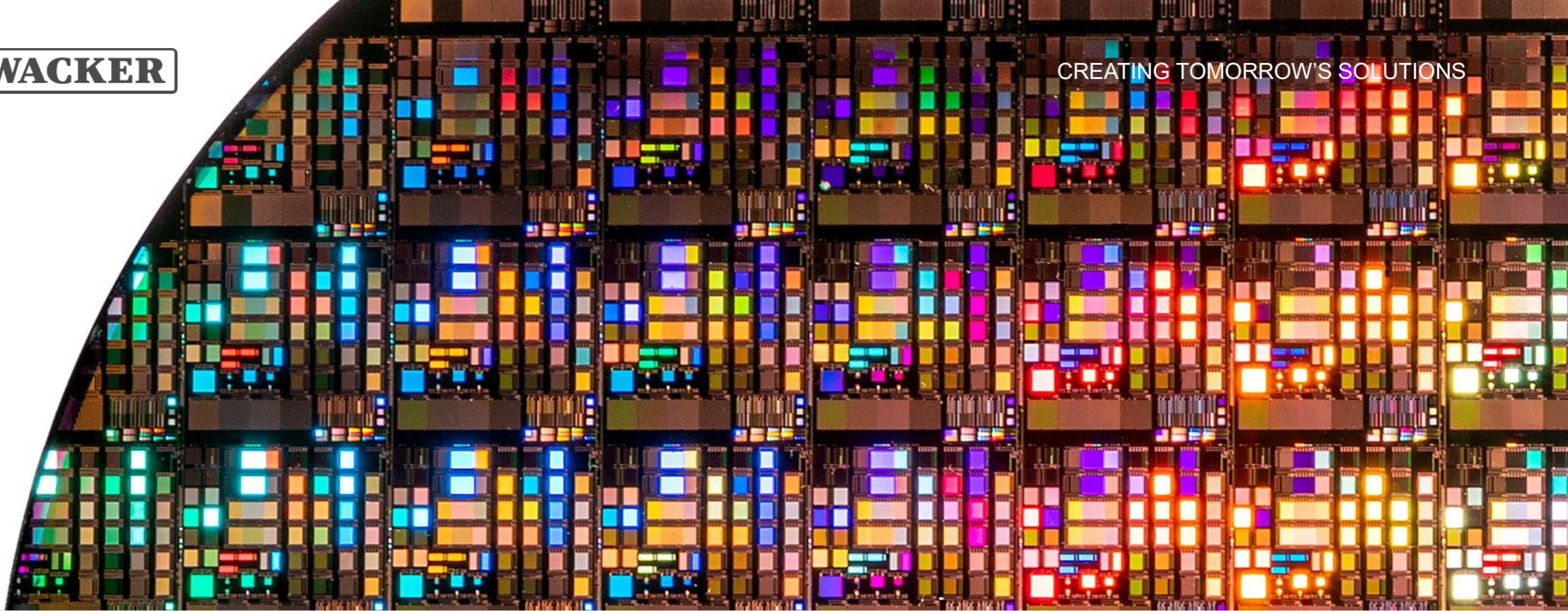


**WACKER**

CREATING TOMORROW'S SOLUTIONS



## **Q3 2024 – Conference Call Note**

Dr. Christian Hartel (CEO), Dr. Tobias Ohler (CFO)  
October 28, 2024



# Disclaimer

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements and information contained in this presentation may relate to future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities, and risk adequate pricing, other words such as "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, or continue", "potential, future, or further", and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing business or other market conditions and the prospects for growth anticipated by the Company's management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any statements contained in this presentation, whether as a result of new information, future events or otherwise. In particular, you should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.



**Front page:** WACKER has developed a new silane precursor for the manufacture of highly integrated memory chips and microprocessors. The new specialty chemical ensures the reliable and trouble-free functioning of highly integrated microchips for cloud computing and AI applications.

# WACKER Q3 2024 Highlights

## Financials



**€1.4bn**

**Sales** (-6% yoy)

Driven by lower solar-grade polysilicon volumes

**€152m**

**EBITDA**

(Q3/23: €152m)

**10.6%**

**EBITDA Margin**

(Q3/23: 10.0%)

**€34m**

**Net Income**

(Q3/23 €34m)

**€772m**

**Net Debt**

(31.12.23: €84m)

## Operations



**Higher Plant Utilization**

Drives Chemicals EBITDA higher yoy and qoq

**US Tariff Uncertainty**

Temporarily weighs on demand for solar-grade polysilicon

**Efficiency Measures**

Strong focus on costs and driving specific operating costs lower

## Sustainability



**Successful CO<sub>2</sub> Capture Pilot Study**

The pilot plant achieved CO<sub>2</sub> capture rates >95% at the Holla site

Carbon capture is an important lever to achieve our NetZero by 2045 target

# CMD Recap: Our 2030 Targets

## Refining Our Strategy to Adapt to Changing Market Conditions



### Group 2030 Targets

Sales: > €10bn



Focus on margin / mix over volume

ROCE: 2x Cost of Capital



EBITDA Margin: >20%



CO2e: -50% Emissions



# CMD Recap: Group 2030 Targets

## Drive Group EBITDA Margin to >20% by 2030



### CHEMICALS



- ▶ Grow high-margin specialties & capitalize on regional opportunities
- ▶ EBITDA margin: > 20%
- ▶ ROCE: > 2x cost of capital

### BIOSOLUTIONS



- ▶ Leverage technology and fill new capacities
- ▶ EBITDA margin: > 25%
- ▶ ROCE: >> 1x cost of capital

### POLYSILICON



- ▶ Continue Semi expansion & capitalize on regional solar prices
- ▶ EBITDA Margin: > 30%
- ▶ ROCE: > 2x Cost of Capital



# CMD Recap: Clear Focus on Cost & Efficiency Measures



## Digitalization & automatization

- ▶ Automation of production processes
- ▶ Advanced process control and machine learning



## Specific initiatives 2024 - 2026

- ▶ Focus on maintenance spend & processes
- ▶ Reduce technical & indirect expenditures

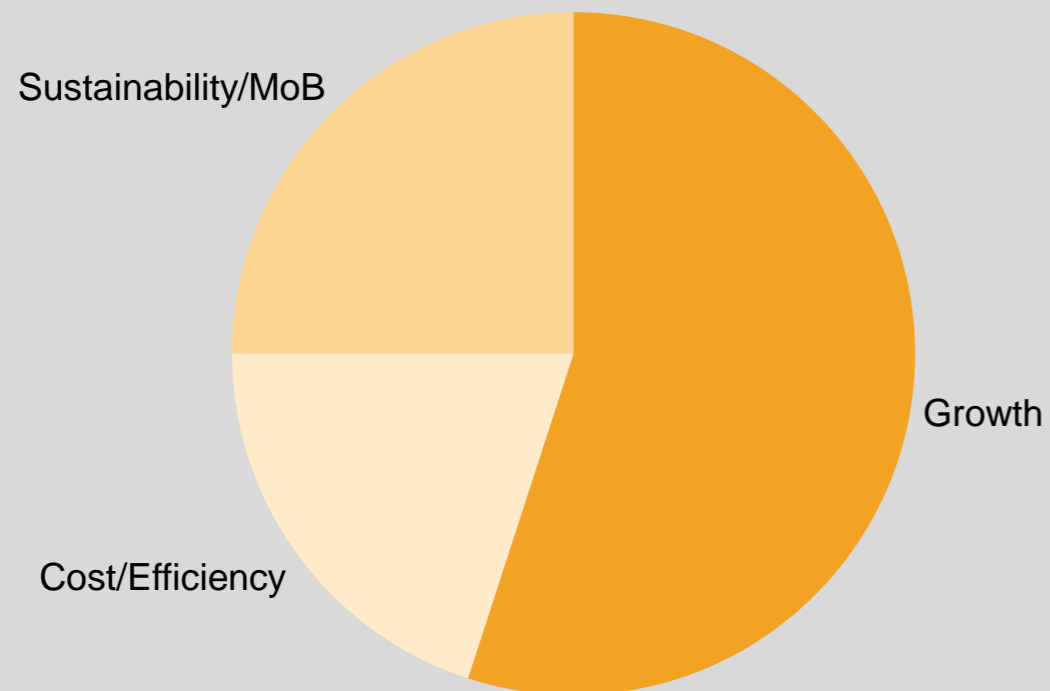


## Regionalization as cost & efficiency driver

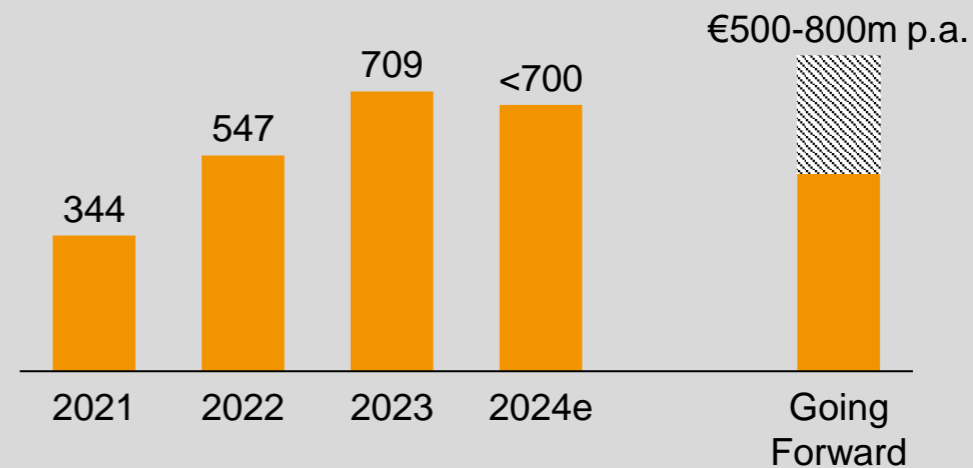
- ▶ Excellence hub, Czech Republic, centralize support services
- ▶ Silicones site, Czech Republic, efficient production setup

# CMD Recap: CapEx With Focus On Highly Profitable Growth

## Target CapEx split 2025-26



## Flexible CapEx program



- ▶ Investments according to market environment
- ▶ Diversified portfolio of downstream projects

# CMD Recap: Capital Allocation Priorities

## Solid Financial Foundation Supports Growth & Shareholder Returns

### 1) Growth



#### CapEx

- ▶ CapEx > Depreciation

#### M&A

- ▶ Earnings-accretive / early-stage bolt-ons

### 2) Shareholder returns



#### Dividend policy unchanged

- ▶ ~ 50% of net income from continuing operations

### Foundation: Strong balance sheet with solid capital structure

- ▶ Financial flexibility
- ▶ Net financial debt / EBITDA target at ~1.0x





# Profit & Loss Statement

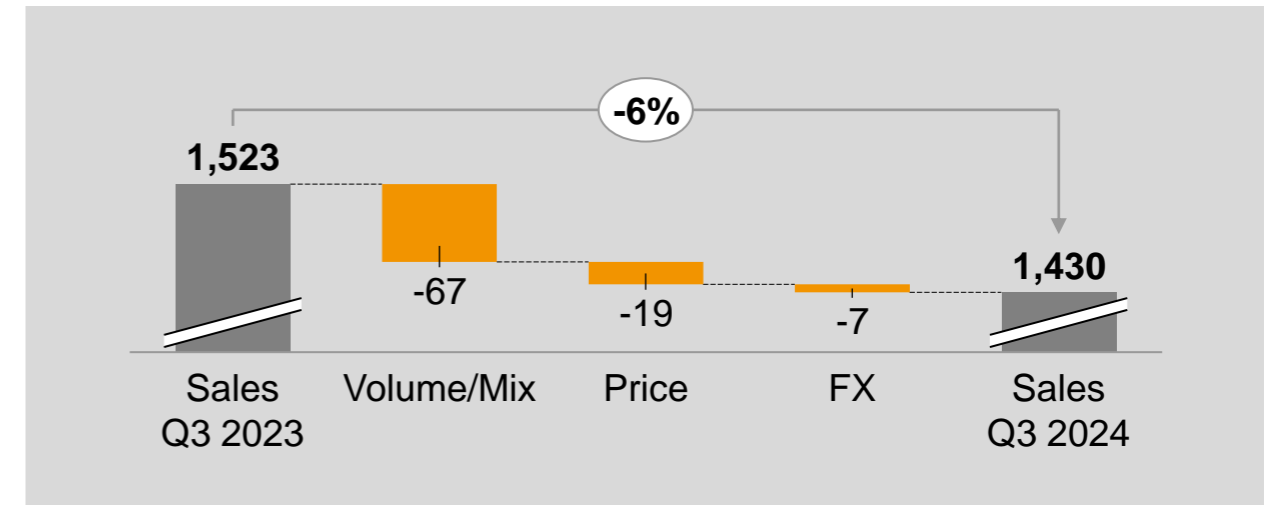
## Group Q3/24 EBITDA at €152m, with Chemicals EBITDA +€29m Higher YoY

### Profit & Loss (€m)

	Q3 2024	Q3 2023
Sales	1,430	1,523
Gross profit from sales	213	198
Gross margin	14.9%	13.0%
EBITDA	152	152
EBITDA margin	10.6%	10.0%
EBIT	37	49
EBIT margin	2.6%	3.2%
Net income	34	34
EPS	0.56	0.56

### Q3 Comments

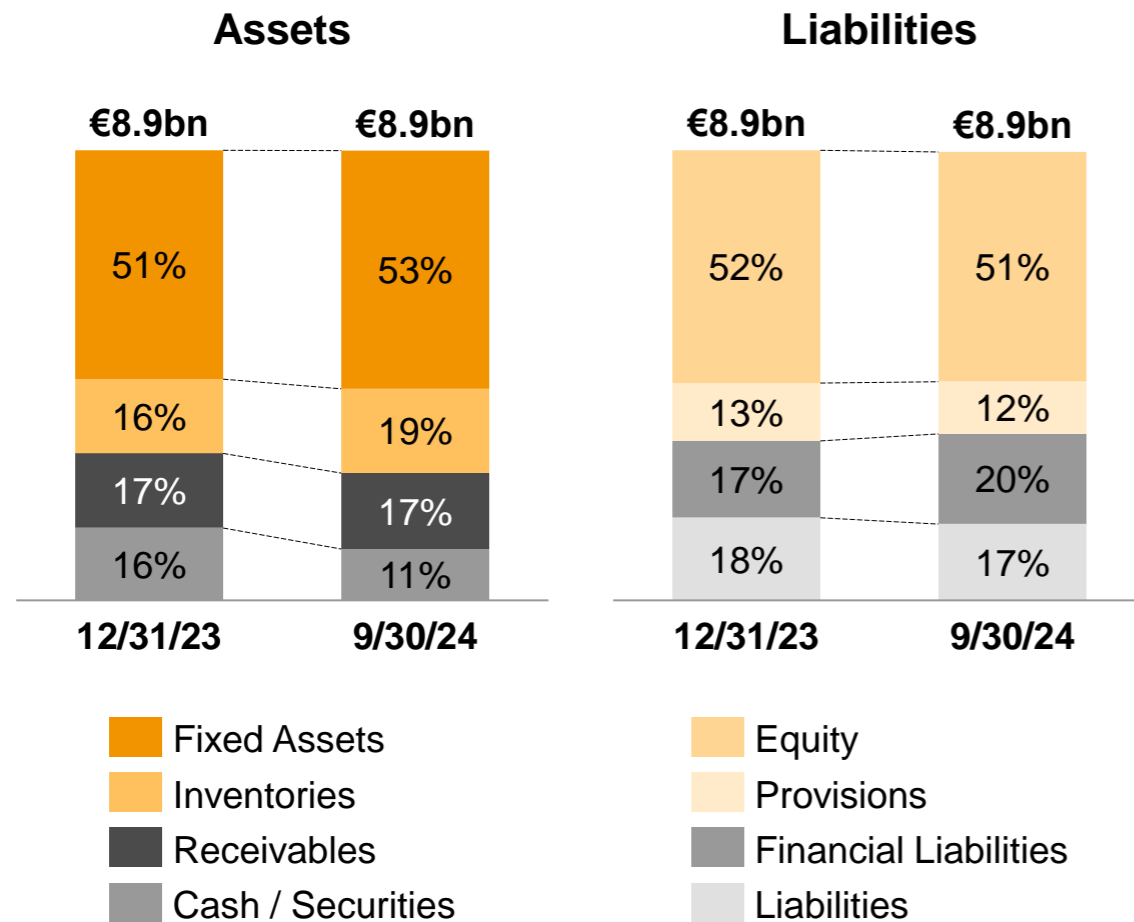
- ▶ Sales -6% yoy  
Volume/Mix -4.7%, Price -1.3%, FX -0.5%
- ▶ Group EBITDA at prior year level  
Performance defined by high silicone specialties sales and low solar-grade polysilicon volumes



# Balance Sheet Composition

## Resilient Financials with €4.6bn in Equity and €1.0bn in Liquidity

### Balance sheet (%)

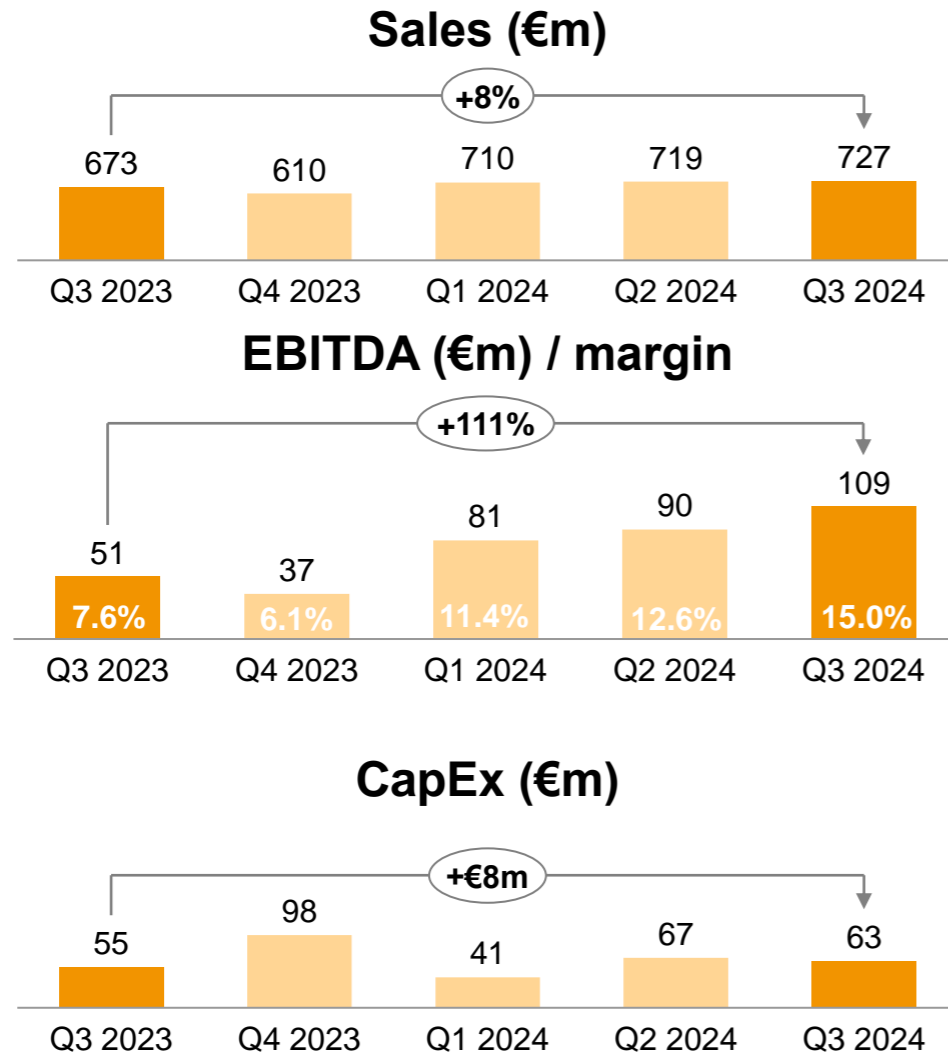


### Characteristics 9/30/24

- ▶ Cash & securities:  
High level of liquidity at €1.0bn
- ▶ Working capital:  
+€370m higher due mainly to the higher inventory in POLYSILICON and lower trade payables
- ▶ Pension provisions:  
-€70m lower at €765m on higher discount rates
- ▶ Shareholder equity:  
Unchanged at €4.6bn

# SILICONES

## Q3/24 EBITDA at €109m, Strong Specialties Sales



### Comments Q3

- ▶ Specialties maintain strong volumes qoq
- ▶ Pricing overall stable
- ▶ EBITDA supported by higher volumes, good mix and better plant loading qoq
- ▶ Uneven order patterns remain

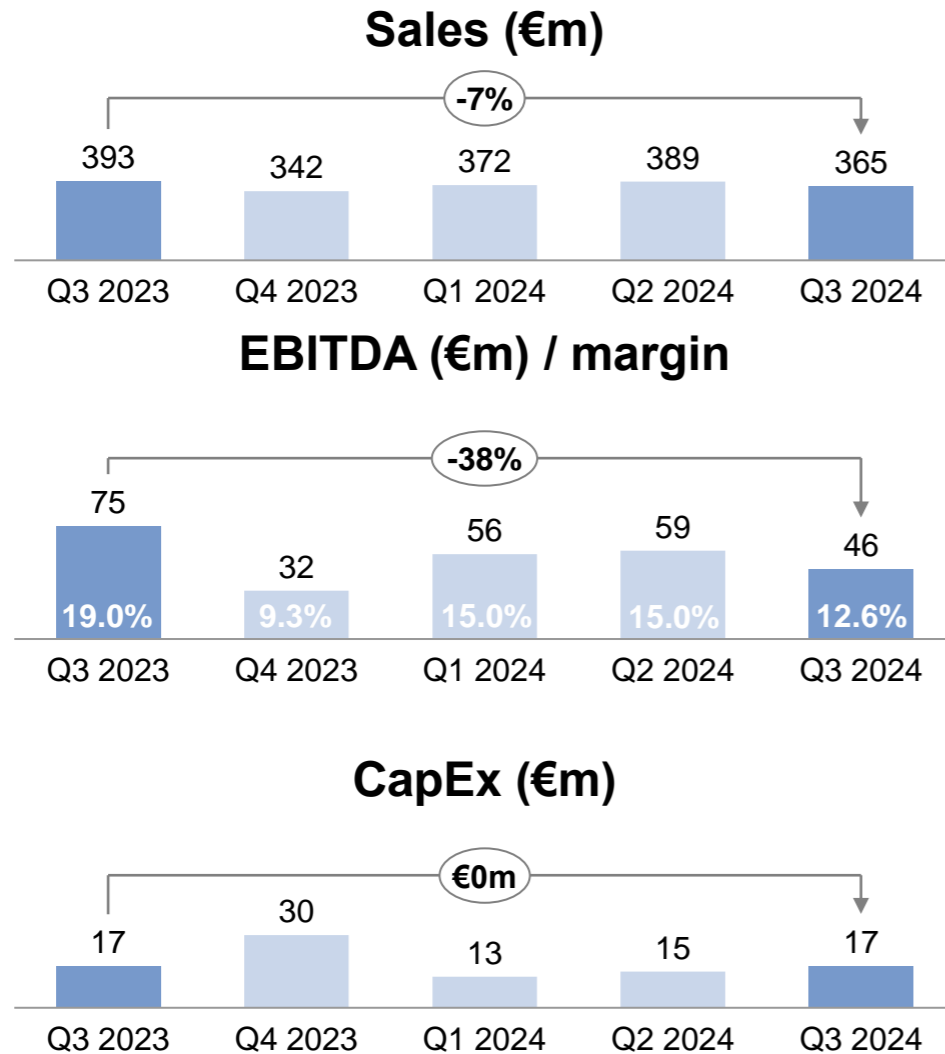
### FY 2024 Outlook

- ▶ Sales on PY level, with a low-double-digit % EBITDA margin
- ▶ Sales in all regions at PY level
- ▶ Higher volumes in Specialties



# POLYMERS

## Q3/24 EBITDA at €46m, Supplier Force-Majeure and Weak Demand in China/Europe



### Comments Q3

- ▶ Consumer with good growth yoy
- ▶ Construction higher in America and MEA, offset by China and Europe
- ▶ EBITDA lower qoq due to a temporary supplier force majeure on ethylene in Germany

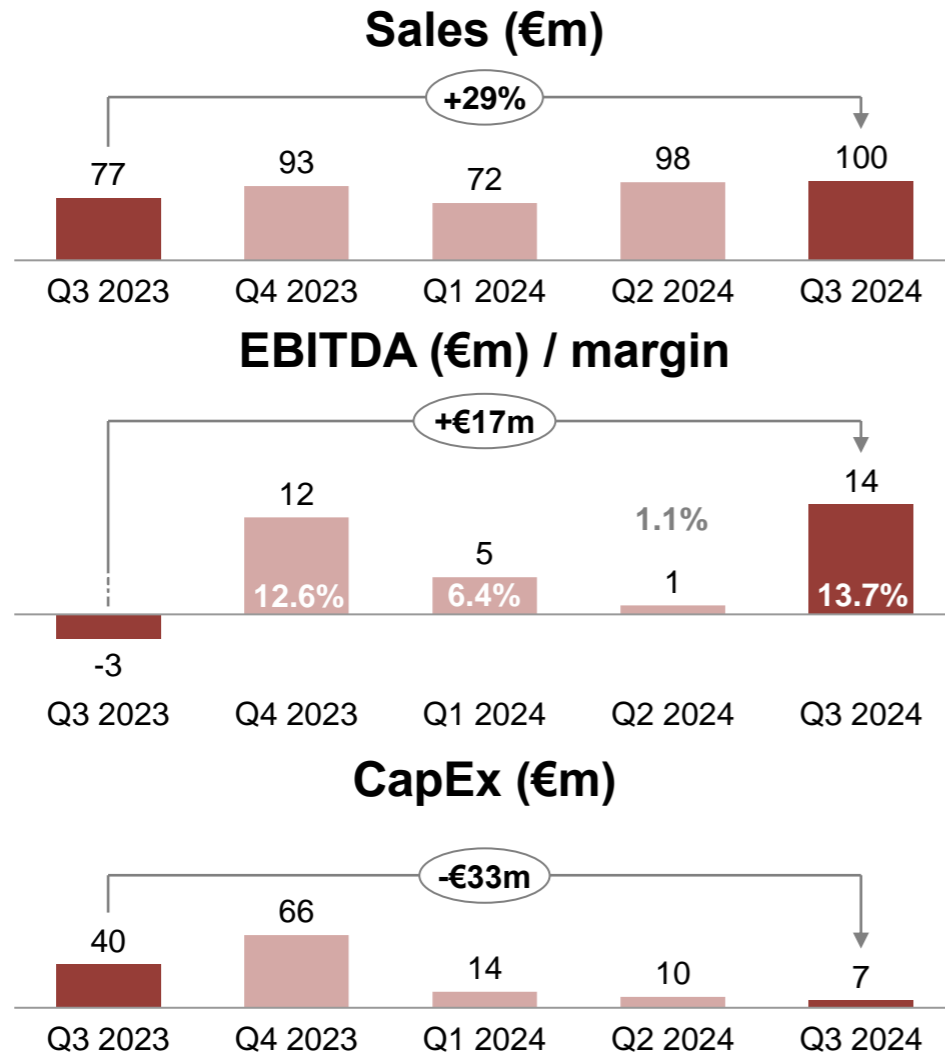
### FY 2024 Outlook

- ▶ Sales lower (high-single-digit %) than PY with an EBITDA margin of around 15%
- ▶ Lower ASP with higher volumes in dispersions and stable volumes in DPP<sup>1</sup>, regional dynamics unchanged to PY
- ▶ Consumer with good growth, construction markets remain soft in 2024

1) DPP = Dispersible Polymer Powder

# BIOSOLUTIONS

## Q3/24 EBITDA at €14m, Growth in BioPharma



### Comments Q3

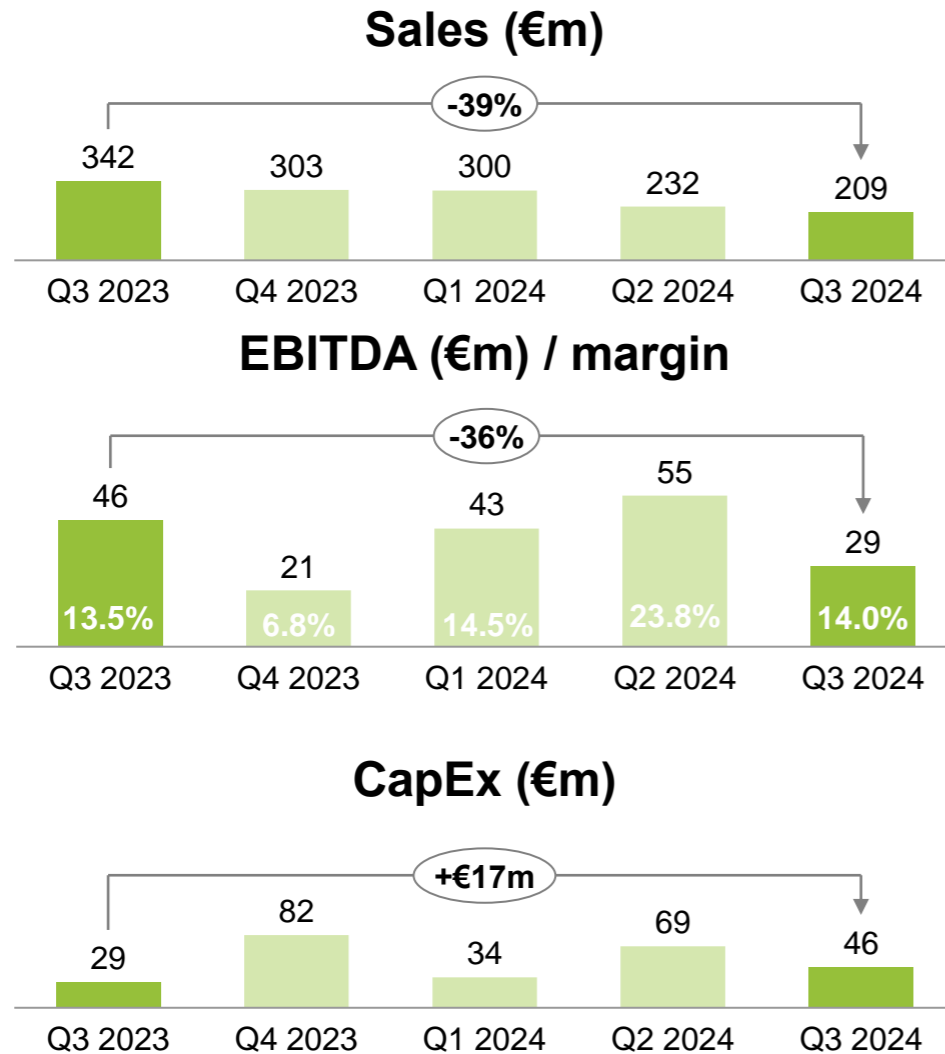
- ▶ BioPharma drives Sales and EBITDA growth yoy and qoq
- ▶ First full quarter with German Pandemic Preparedness reservation fee
- ▶ Focus on filling new capacities

### FY 2024 Outlook

- ▶ Sales approx. 10% higher than PY with a significantly higher EBITDA
- ▶ Sales growth driven by BioPharma and BioIngredients
- ▶ Growth in sales and earnings in H2/24

# POLYSILICON

## Q3/24 EBITDA at €29m, Semi Resilient, Solar Uncertainty Remains



### Comments Q3

- ▶ Sales and EBITDA decline yoy and qoq due to lower solar-grade volumes sold
- ▶ No further sales at low China domestic prices
- ▶ Uncertainty in solar continues as AD/CVD case proceeds
- ▶ Semi volumes and prices resilient

### FY 2024 Outlook Updated

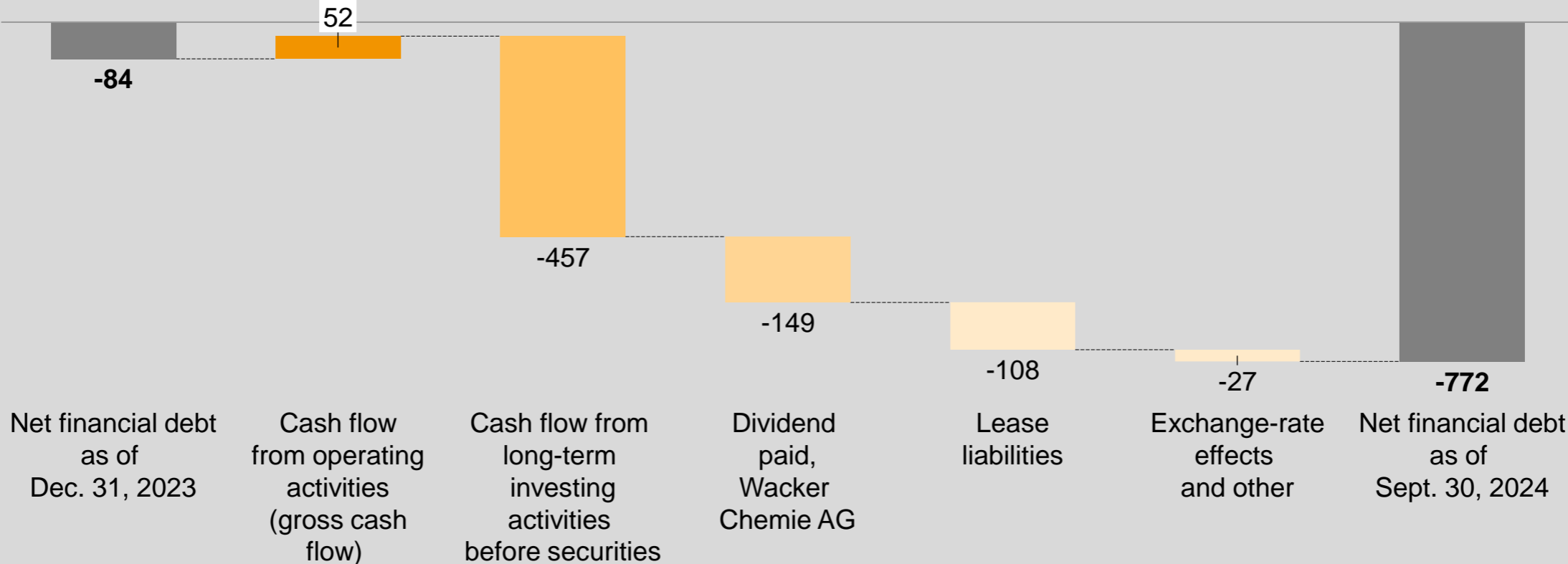
- ▶ Sales at approximately €1.1bn
- ▶ EBITDA €150 – 200m (excluding IRA)
- ▶ Share of semi products increasing
- ▶ Adjusting solar production in Q4



# Net Financial Position

## Financials with a Net Debt of €772m

Net Financial Position Bridge per 9/30/2024 (€m)



# Appendix

## Modeling Help: OTHERS / U.S. IRA

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### OTHERS

- ▶ To ensure a true and fair view on segment performance we credit the expected payments (CO<sub>2</sub> compensation) quarterly to the segments, debiting OTHERS
- ▶ CO<sub>2</sub> compensation for FY 2024 will be received and recognized as income in the OTHERS segment in Q4/24
- ▶ Model the FY 2024 OTHERS segment EBITDA with -€20m before the contribution from Siltronic AG

### U.S. IRA

- ▶ Tax credits for 2023 and 2024 will be accounted for in the POLYSILICON segment in Q4/24
- ▶ Guidance: The effect is included in Group guidance for FY 2024, but not in the POLYSILICON guidance
- ▶ Reported FY POLYSILICON EBITDA will be the sum of our guidance and the IRA credit

# Appendix

## Q3 2024 Results

In €m	Q3 2024	Q3 2023	% YoY
Sales	1,430	1,523	-6%
EBITDA reported	152	152	0%
EBITDA-Margin	10.6%	10.0%	
EBIT	37	49	-24%
EBIT-Margin	2.6%	3.2%	
Net income for the period	34	34	0%
EPS	0.56	0.56	0%
CapEx	149	155	-4%
Net Cashflow	-99	128	-
Net Debt	772	164	>100%



# Appendix

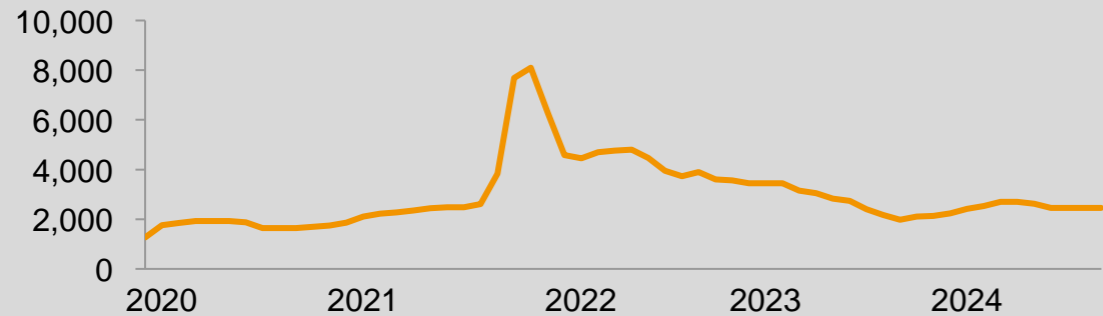
## Q3 2024 Results – Breakdown by Business

In €m / %	Sales					EBITDA					EBITDA Margin (%)		
	Q3/24	Q3/23	% YoY	Q2/24	% QoQ	Q3/24	Q3/23	% YoY	Q2/24	% QoQ	Q3/24	Q3/23	Q2/24
<b>Chemicals</b>	1,092	1,066	2%	1,108	-1%	155	126	23%	149	4%	14.2	11.8	13.4
SILICONES	727	673	8%	719	1%	109	51	111%	90	21%	15.0	7.6	12.6
POLYMERS	365	393	-7%	389	-6%	46	75	-38%	59	-21%	12.6	19.0	15.0
<b>BIOSOLUTIONS</b>	100	77	29%	98	2%	14	-3	-	1	-	13.7	-4.0	1.1
<b>POLYSILICON</b>	209	342	-39%	232	-10%	29	46	-36%	55	-47%	14.0	13.5	23.8
Others	34	40	-17%	34	-2%	-46	-18	151%	-45	2%	-	-	-
Consolidation	-4	-4	17%	-4	5%	0	1	-	0	-	-	-	-
<b>WACKER Group</b>	1,430	1,523	-6%	1,468	-3%	152	152	0%	160	-5%	10.6	10.0	10.9

# Appendix

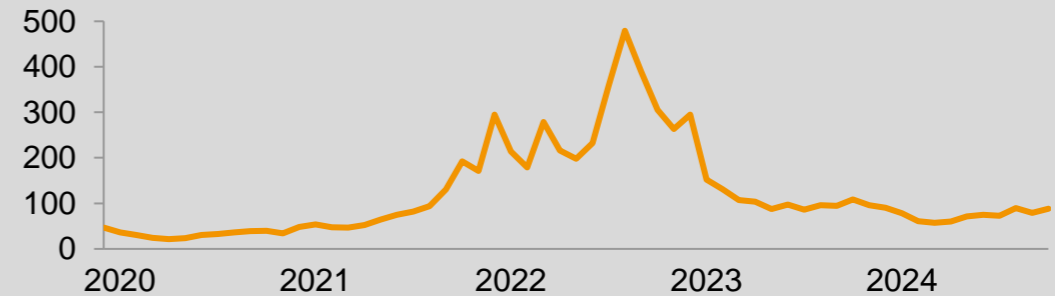
## Key Raw Materials, Power and Gas

### Si-Metal (€/mt)



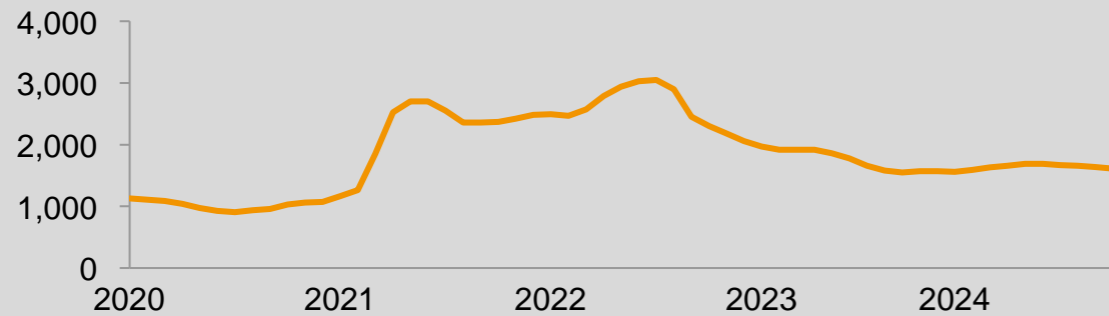
Source: CRU, Si-Metal Spot FD Europe

### Electricity (€/MWh)



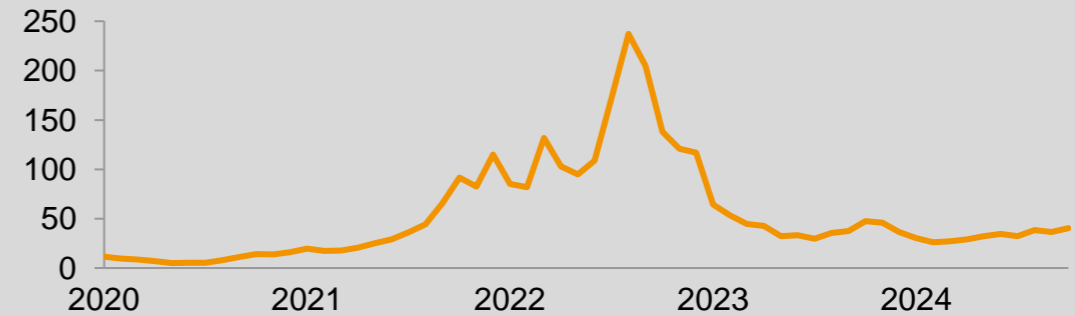
Source: EEX, Baseload Front Contract Avg. Month

### VAM (€/mt)



Source: ICIS, Contract FD NWE

### Natural Gas (€/MWh)



Source: PEGAS, Front Contract Avg. Month

# Appendix

## Guidance: FY EBITDA Expected in Upper Half of Range

In €m	FY 2023	Outlook 2024
Sales	6,402	€6,000 – 6,500m
EBITDA	824	€600 – 800m
EBITDA margin (%)	12.9	Substantially lower than last year
Net cash flow	166	Negative, substantially lower than last year
CapEx	710	Slightly lower than last year
Net Debt	84	Higher than last year
Net Income	327	Substantially lower than last year
Depreciation	419	Around €450m
ROCE (%)	6.9	Substantially lower than last year
Tax Rate (%)	15.4	Around 20%

# WACKER: Issuer, Contact and Additional Information

## Issuer and Contact

### INVESTOR RELATIONS CONTACTS

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## Additional Information



<b>ISIN</b>	DE000WCH8881
<b>WKN</b>	WCH888
<b>Deutsche Börse</b>	WCH

## Financial Calendar

<b>12/03/25</b>	FY 2024 Results
<b>30/04/25</b>	Q1 2025 Results
<b>07/05/25</b>	Annual Shareholders Meeting
<b>31/07/25</b>	Q2 2025 Results
<b>30/10/25</b>	Q3 2025 Results

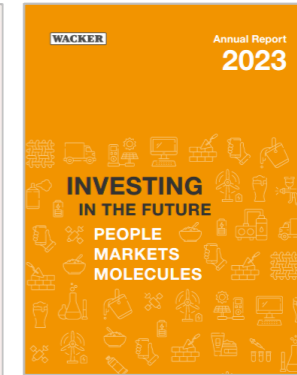
## Publications



CUSTOMER  
MAGAZINE



FACTBOOK



ANNUAL REPORT &  
ESG DISCLOSURES



SQUARE  
APP