

Speech —

by

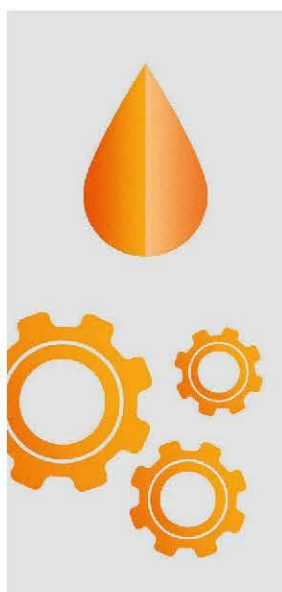
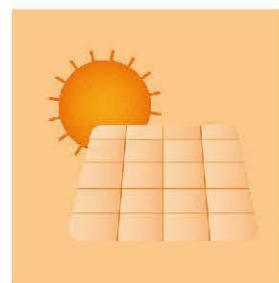
Dr. Christian Hartel, President & CEO

and Dr. Tobias Ohler, CFO

Wacker Chemie AG, Munich / Germany

Pre-release version

2022



Shareholders and shareholder representatives,  
ladies and gentlemen,

WACKER stands for the future. The future has many faces. For us, those faces include excellent and highly motivated employees, innovative applications and products, close proximity to our customers – in all regions throughout the globe – and production sites with highly efficient technology.

But beyond this, we are also a company with a long history. It has formed us. It is part of what we are today: a unique company with global reach, 108 years of market success, and with the clear goal of continuing down the path of success in the coming decades.

We do this on a solid foundation – we have a long-term approach and act responsibly. Our strategy for the period up to 2030 is what guides us. We introduced that strategy in London at the end of March. In a nutshell, our strategic goals are: faster growth, high profitability and better resilience in times of constant change. The capital market viewed these goals favorably. I will provide more information on this later.

“Creating tomorrow’s solutions” – that has been our slogan for many years. It motivates us to make new discoveries, to actively shape the future. This slogan remains and is more relevant than ever. But we have expanded it: “Our solutions make a better world for generations.” This is the spirit that has motivated generations of WACKER employees. It shows why we provide value added to our customers, why we are a company with principles and a sense of responsibility, and what it is that motivates all of our employees: “Our solutions make a better world for generations.”

And now a warm welcome to all shareholders and shareholder representatives at the 16th Annual Shareholders’ Meeting of Wacker Chemie AG. Today is the first time in my new role as CEO that I will present to you the results of the past year – and also the outlook for the current year. And, even more importantly, what our strategy is for remaining successful in the long term.

Ladies and gentlemen,

For WACKER, 2021 was a record-breaking year, the most successful in the company's history, despite the coronavirus pandemic and strong increases in raw-material prices.

You are already familiar with the most important key indicators: total sales reached €6.2 billion, up 32 percent, earnings before interest, taxes, depreciation and amortization came in at €1.5 billion and net income for the year rose to €830 million. The other key indicators also set new records: net cash flow €761 million, net financial assets €550 million and a return on capital employed of 28 percent.

This positive business trend is also reflected in the dividend: €8 per share is what the Executive Board and Supervisory Board propose to you today for fiscal 2021. It is the highest dividend the company has ever paid. Accordingly, the total dividend payout is about €400 million.

Setting such records is no simple task. This success was a joint effort by all WACKER employees. Everyone made a contribution through their work every single day - with their knowledge, motivation and performance. In R&D. In Corporate Engineering. In Procurement. In IT. In Sales and Production. In Controlling, Accounting and in Human Resources. In all areas. It is the result of hard work. Everyone did their utmost. And, for that, I extend to our workforce – on behalf of the entire Executive Board – a heartfelt thank-you for this tremendous achievement.

Ladies and gentlemen,

WACKER showed strong growth in 2021. Across all four business divisions. Looking back on 2021, we also see that we are growing in all markets and regions. Higher volumes and better prices were the main drivers.

What is the picture in the individual business divisions? WACKER SILICONES, our largest division, set a new record for sales in 2021: €2.6 billion, a year-over-year increase of 16 percent. EBITDA grew even more, up 43 percent to over €550 million.

We continued to improve our product mix. The share of high-margin specialty products is large.

WACKER POLYMERS also set a new sales record: almost €1.7 billion, up 29 percent year over year. EBITDA, however, was down slightly compared with the prior year, decreasing 7 percent to just over €250 million. This was attributable to sharp increases in raw-material prices. We responded decisively, increasing our prices. That is precisely why this is an excellent result. Strong demand from the construction industry for our products is a major growth driver. As is our unique selling point: dispersions and dispersible polymer powders from a single source, with ultra-modern production sites in the three most important regions globally.

Moving on to WACKER BIOSOLUTIONS. Here, too, we grew our sales to around €300 million, up 20 percent. EBITDA was slightly higher than the year before, at €39 million. The drawback here was that we could not fully leverage our growth potential. Our business partner CureVac, for whom we planned to produce an mRNA-based vaccine for coronavirus, terminated the contract in September 2021. The reason was that the vaccine developed by CureVac did not achieve the desired effectiveness.

Despite this disappointment, during the business partnership we learned a great deal about manufacturing mRNA-based vaccines. As of April, WACKER is among those companies that, if needed in a pandemic, can manufacture vaccines based on mRNA. This was an official decision made by Germany's federal government in its pandemic preparedness plan. It is a huge success. It demonstrates the expertise, capability and innovative strength of WACKER BIOSOLUTIONS - and that opens up new potential in other projects.

Ladies and gentlemen,

Demand for solar energy and semiconductor chips is strong. Both these factors led to a surge in sales and earnings at WACKER POLYSILICON. Sales nearly doubled to over €1.5 billion. EBITDA also grew substantially, to around €660 million. In this area we benefited not only from increased volumes, but also from significantly higher

prices. What counts is that WACKER is a premium supplier in both application areas – leading in quality, leading in technology. And that is increasingly paying off.

There are several reasons for this. First, we have continued the systematic and targeted expansion of our market share with semiconductor customers. Second, we supply solar-industry customers with especially high-quality material for monocrystalline solar cells. These cells are highly efficient at generating energy. Third, we are continuing to reduce our production costs.

Even though WACKER POLYSILICON was so successful in 2021, high energy and electricity prices in Germany continue to plague us. Geopolitical conflicts and Germany's dependence on Russian energy supplies have exacerbated the problem. Currently, 80 percent of German companies are struggling with high – much too high – energy prices.

This is why we continue to advocate for a European industrial electricity price of four cents per kilowatt-hour, in order to remain internationally competitive. Also because carbon neutrality targets are significantly increasing energy and electricity consumption. In order to achieve climate neutrality, the chemical industry alone will need more electricity as of 2030 than is produced in Germany today. The “Easter Package” presented by Robert Habeck, the Federal Minister for Economic Affairs, is an initial step toward making energy policy Germany's top priority. This 500-page bill is the most extensive draft legislation in the area of energy policy in the past 22 years. It proposes more solar and wind energy, the expansion of electricity grids, creating an infrastructure for green hydrogen, and accelerated approval processes. These are encouraging signs of more active political involvement and a quicker pace.

We expressly support this transformation to carbon neutrality. And, wherever necessary, we will provide critical input. Because attaining the goal of carbon neutrality is the most important project for the future of the economy and the environment.

Ladies and gentlemen,

In 2021, WACKER increased its capital expenditures, investing €344 million in new facilities. But we are also strengthening our divisions with acquisitions.

One example is WACKER SILICONES: In China, we bought a 60-percent stake in the specialty silanes manufacturer SICO. This strengthens our technological expertise in the world's most important chemical market. However, this investment also broadens the range of high-quality specialty products we can offer our customers and brings us closer to our customers. That is important for us. It is the basis for continued growth.

Another example is WACKER BIOSOLUTIONS: We acquired Genopis, a San Diego-based company now called WACKER Biotech US Inc. This company produces plasmid DNA. The acquisition opens up new opportunities for us in the biopharmaceutical segment, in addition to mRNA technology. At the same time, we now have our own production site in the world's most important biotechnology market.

As these two examples demonstrate, we are investing in the markets of the future and in future technologies.

Ladies and gentlemen,

As you know, the planned takeover of Siltronic AG by GlobalWafers in Taiwan did not materialize. The transaction successfully overcame all hurdles in the countries affected by the takeover. But the Federal Ministry for Economic Affairs had the final word. In the end, Berlin did not grant its approval. This means WACKER remains the largest single shareholder in Siltronic, with a stake of 30.8 percent.

We regret the ministry's decision, also because we still believe the merger of the two companies would have been the best solution. The new company would have been the world's No. 2 silicon wafer manufacturer, with exceptionally strong roots in Europe.

We must now once more focus on the future. One thing is clear: This will not have any effect on our goal and strategy to sell our shares in Siltronic in the medium-term. That is still our express policy. It is also clear that we are in no hurry to sell these shares. The implementation of our strategic goals is not dependent on the proceeds from selling our Siltronic shares. WACKER's financial buffer is sufficient for continued growth, as my colleague Tobias Ohler, our CFO, will now demonstrate.

Ladies and gentlemen,

Financial stability is a major factor in WACKER's success. It is the foundation for profitable growth, for the capital expenditures needed to fuel this growth and also for our company's future viability.

In the past two years, our company's finances have gained an even more stable footing – despite the fact that we again increased our capital expenditures, by €120 million to €344 million.

That is evident in our key financial indicators:

- Net cash flow of €761 million, a new record and up by a further €60 million year over year.
- We have accumulated net financial assets of around €550 million. The Group is now free of debt.
- Liquidity amounts to about €2 billion, around €650 million more than in the prior year.

All of this has substantially increased our financial leeway. What is more, WACKER has a total of €900 million in unused lines of credit with residual maturities of over one year.

Our Shape the Future program has made a major contribution to the company's financial stability. Our goal here is to save €250 million annually by 2023 – half of this in non-personnel costs and the other half in personnel costs. We are making very good progress. In 2021, savings amounted to €160 million. This year, we will achieve around €200 million in savings. And, in 2023, we are aiming for the full amount.

All this demonstrates that we have been doing our homework. Wherever needed, we have made adjustments. For example in Engineering, where we are recruiting new employees in order to handle the increased capital expenditures.

Ladies and gentlemen,

What are our expectations for the current year?

Net cash flow will remain clearly positive, but won't be as high as in 2021. The reasons for this are obvious: our capital expenditures are significantly higher, at between €550 million and €600 million, and we acquired shares in the Chinese company SICO. We made a payment in Q1 2022 to cover the purchase price and the proportionate share in the company's working capital.

Liquidity will remain high, at over €1.5 billion. We will again post net financial assets this year. Due to higher capital expenditures in the next few years, we adjusted the range for net financial debt. The new figure is about 1.0 times EBITDA, whereas previously the range was 0.5 to 1.0 times EBITDA. This gives us sufficient flexibility for our growth plans. However, one thing is unchanged: The financial stability of the company remains our top priority

Ladies and gentlemen,

We are close to resolving the issue of our pension obligations. We gave a detailed report on this at our last Annual Shareholders' Meeting. Since then, we have been working on reforming our pension system. Our goal is clear: We want to greatly reduce the burden that pension entitlements put on our balance sheet.

The first step was that the WACKER pension fund ceased taking new members into its current plan as of year-end 2021. The second step we took was to set up a trust fund. This will cover all pension entitlements for new employees. The advantage of this solution is that the trust fund is not subject to the strict investment standards of the Federal Financial Supervisory Authority. It can therefore earn better returns with its available funds, because it is less restricted as regards its investment options.



Three things were important for the success of our reform of the company pension system:

- First – all existing pension entitlements accruing to employees will be preserved in full. Vested rights will not be touched.
- Second – future pension entitlements will not include any defined benefits.
- Third – employer and employees alike jointly shoulder the financing of retirement benefits in the basic pension model – with fixed contributions, a single formula, a higher employer contribution, and better risk cover.

The new plan applies to all new employees as of 2022. Employees who are already working at WACKER may switch into the new system if they wish. Additionally, all employees will have options for their entitlements – for example, a one-off payment of accrued pension entitlements. This allows the individual employee flexibility, depending on their particular personal situation.

I am convinced the new pension model will align the interests of the employees with those of the company. We have reached an agreement on key aspects of this reform with employee representatives.

Furthermore, we took an additional step at the end of 2021. We took advantage of our solid financial situation and paid €250 million into an additional trust fund. This will finance as yet unfunded retirement benefit obligations, such as entitlements from employees' supplementary pensions. This fund is not reported on WACKER's balance sheet, but it reduces provisions for pensions in the balance sheet.

In addition, the discount rates rose from 0.71 percent to 1.24 percent. This substantially reduced our pension provisions – from €2.7 billion to €1.8 billion. Equity increased significantly due to net income for the year of €830 million – from €1.7 billion to €3.1 billion. Our equity ratio thus stands at 38 percent.

So much, ladies and gentlemen, for our company's finances and the trend in key financial indicators for this year. I'll now hand you back to Christian Hartel.

Ladies and gentlemen,

As I mentioned at the start of my speech, we have set new strategic goals for the period up to 2030. They are certainly ambitious. The core of our strategy is: faster growth, high profitability and better resilience in times of constant change.

The success of a strategy hinges on the right corporate culture. That is why our employees' attitude, principles, sense of responsibility and also their identification with the strategy are so valuable and important for its success. And that success is ensured if we all work together.

In everything we do, our focus is on our customers. It is decisive that we align our innovations with our customers' needs. Without the trust of our customers, growth would not be possible. Their satisfaction is the key to our long-term success. Our customers motivate us. As a result of many discussions and conversations, we know that demand for our unique, varied product portfolio is growing.

What do our strategy and goals look like in detail?

- Sales are to grow to more than €10 billion by 2030, driven by volume growth and a better product mix. Up to now, average volume growth has been at between 4 and 5 percent per year. In the future, this growth should be higher, by a factor of between 1.5 and 2.
- WACKER is focusing on high profitability. 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. To give you an idea: in 2021, the cost of capital before taxes was 10 percent.

Capital expenditures are the key to the future. They are an important stepping-stone on the path forward. A positive aspect is that we have the necessary financing. For this reason, we will invest a significantly higher amount in each of the next few years:

- more than €400 million in our chemical divisions, WACKER SILICONES and WACKER POLYMERS;
- over €80 million in WACKER BIOSOLUTIONS;
- and around €100 million in WACKER POLYSOLICON.

In addition, we are investing in infrastructure. Capital expenditures will therefore be substantially higher than depreciation/amortization.

The strategic goals for the chemical divisions for the period up to 2030 are derived from the Group's goals. Here too, the objective is:

- a growth rate that is between 1.5 and 2 times faster than the average annual growth rate of 4 to 5 percent;
- an EBITDA margin of over 20 percent;
- earnings should be twice the cost of capital.

Sales of €1 billion and an EBITDA margin of more than 25 percent – these are WACKER BIOSOLUTIONS' ambitious goals for the period to 2030. How do we want to attain this?

- First – with strong organic growth, particularly in the biopharmaceutical segment and in products that contribute to a healthy diet.
- Second – with targeted acquisitions and partnerships. We are keeping our eyes open for possibilities.

WACKER POLYSILICON's objective is to continue to expand its position as No. 1 in applications for the semiconductor industry. As you know: Nearly half of the computer chips produced worldwide use WACKER's polysilicon.

- We want to double our sales to customers in the semiconductor industry.
- The EBITDA margin is to be around 30 percent by 2030.
- Here, too, earnings should be twice the cost of capital.

Ladies and gentlemen,

Stronger growth and sustainable operations - are these objectives compatible or a contradiction? We are firmly convinced that they are not contradictory. And, we want to attain both – growth and the transition to carbon neutrality.

Sustainability is an important cornerstone of our strategy for the period to 2030. Accordingly, we have raised the bar yet again for our sustainable development goals.

- By 2030, we want to reduce our CO<sub>2</sub> emissions by 50 percent, in absolute figures and independently of volume growth.
- In the same period, we aim to reduce specific energy consumption and specific water withdrawal by 15 percent.
- And, by 2030, 100 percent of our product portfolio will fulfill defined sustainability standards.

What is the path to obtaining these goals? In the end, it is the result of thousands of individual measures requiring lots of innovative solutions. I would like to briefly present the three largest levers.

- First – CO<sub>2</sub>-neutral production of silicon metal. Two-thirds of our products are based on silicon. In this area, we see big opportunities for CO<sub>2</sub>-neutral production of silicon metal at our own site in Holla, Norway. We have already made one important step in this direction. In January, we signed a new supply contract. Forty percent of electricity needs in Holla will be met using renewable energy.
- Second – the transition to green energy. Today, 60 percent of our processes are already electrified. Switching our processes to green electricity is a significant lever for greatly improving our own carbon footprint.
- Third – creating new processes and optimizing existing ones. I would like to point out a project that we firmly believe is a winner: RHYME Bavaria. The goal is to use innovative technology to manufacture renewable methanol from green hydrogen and the carbon dioxide emitted by our manufacturing processes.

But sustainability is also a major cornerstone of our future growth – as is the performance capability of our products. Performance and sustainability drive our business. This distinguishes us from many other competitors. Know-how, innovation and close proximity to our customers are the key to creating convincing, high-performance products. And this in turn contributes to our customers' sustainability.

For us, sustainability is a business model. More than two-thirds of our product portfolio already contributes to this value driver. We provide our customers with applications and products that help them reach their own sustainability targets.

They use them to develop products that emit less CO<sub>2</sub> or avoid it altogether. This applies to all sectors, including:

- Energy generation – one example is solar-grade polysilicon. Hyperpure silicon is at the core of every solar cell. That is where energy is generated.
- Mobility – an example is silicones for heat removal in electric batteries.
- The construction industry – an example here is the dispersible polymer powder used in reducing cement consumption and creating efficient building insulation.

To us, maintaining sustainable business practices means acting with consistency, at all steps of the value-creation process. This is why our goals are so wide-ranging. Our progress in sustainable development is now a component of performance-based compensation at WACKER.

Ladies and gentlemen,

The past three years have shown us one thing in particular: the world has become less predictable and less stable. Look at current events: trade conflicts, the climate crisis, the pandemic. And now the horrible war in Ukraine. This is an ordeal that affects the whole world.

We are all caught in a period of incalculable challenges, new risks and crises. In such times it is important to increase our strength and resilience, to analyze and minimize risks. That, too, is part of our strategy. There is no patent solution for every eventuality. However, within the scope of our strategic framework we have decided on a number of measures that strengthen our resilience. These include:

- First – a strong financial foundation and a healthy balance sheet. These have always been part of WACKER's DNA. They are the basis for capital expenditures and profitable growth – the foundation on which our company's future is built.
- Second – the Group's ambitious cost goals. We are improving our operational efficiency. This is an ongoing task for us.

- Third – successful price strategies for our products, e.g. by using price clauses and adjusting the terms of supply contracts, but also achieving a higher proportion of customer-specific solutions.
- Fourth – flexible procurement strategies, by hedging against price fluctuations, for instance, and ensuring we have a wider variety of suppliers.
- Fifth – stronger vertical integration for important and margin-sensitive raw materials, such as silicon metal.

Ladies and gentlemen,

You all know that the future is shaped by people. They make success possible in the first place. Qualified, well-trained employees are the key to the future viability of our company. That is why we are investing today in knowledge for tomorrow. In vocational training, but also in advanced training and additional qualifications.

Take vocational training. We continue to train a large number of young people: approximately 600 trainees in over 20 different vocations. At the end of last year, we decided to invest an additional €3 million in vocational training.

The high level of training offered at WACKER is evident time and again in our trainees' record achievements and awards. This year, Christian Ortner, a former plant mechanic trainee, was granted the State Award of Bavaria. We congratulate him on this great achievement.

Take advanced training. WACKER employees completed some 65,000 advanced training courses in 2021. The digital transformation, emerging technologies and competencies, improved methods, processes and application fields – all this calls for up-to-the-minute knowledge.

WACKER is a global company. We work all over the world. The composition of our employee team reflects this – a vibrant mix, international, experienced, with people from 75 different countries, and a large number of young people.

We view diversity as an asset and as motivation to become even more diverse in the future. But we at WACKER are already a strong team.

Ladies and gentlemen,

WACKER made a strong start to the new year – stronger than ever before.

We published our Q1 figures about three weeks ago:

- Sales up 53 percent year over year to €2.08 billion – a new quarterly record.
- EBITDA more than twice as high year over year at €644 million. That, too, is a new record.
- Net income for the quarter €403 million, more than three times as much as in Q1 2021.
- Net cash flow €18 million. This is a result of higher current assets due to growth and of the payment for our stake in the Chinese company SICO.

The figures for April are also very strong. Accordingly, we have raised our sales forecast for 2022, from around €7 billion to €7.5 billion. We expect EBITDA to come in at the upper end of our projected range of between €1.2 billion and €1.5 billion. But we also continue to feel strong headwinds, especially regarding energy and raw-material prices. For the full year, they will amount to €1.1 billion more in costs than in the previous year. This will be noticeable in the earnings figures for the next three quarters.

Yet although we are exercising due caution, we remain optimistic that we will attain the goals we have set.

Ladies and gentlemen,

Please allow me to make a personal statement at this point.

Peace and freedom – these are the wellspring of our prosperity. They form the foundation for business and commerce in our globalized world. On February 24, the world around us changed.

What happened in Ukraine – only a two-hour flight away from us – is difficult to grasp and to deal with. War used to be very far removed from us all. Now it is reality, in the middle of Europe.

WACKER is an international company, with employees in Ukraine and in Russia. All of our colleagues in both these countries continue to work for WACKER. We feel a responsibility for these employees and their livelihood. However, we made a decision: we no longer deliver products to Russia and do not do business there any longer.

In this situation, there are no easy answers. This is evident in the discussion on suspending energy deliveries from Russia. We, too, are part of globally linked supply chains. A gas embargo would greatly affect us as a company, too, as it would many parts of German industry as a whole.

As painful as this situation is currently, it is also bringing about change: a departure from strong dependencies and courage for new solutions. It also means overcoming resistance. This is the lesson to be learned from this terrible tragedy.

We do not know when this war will be over – a war during which so much has already been destroyed and lost. It is our greatest wish that there will be a point at which an end to the war is possible for all sides. Our task then will be to tackle the challenges and consequences of the war, and that will call for tenacity, courage and confidence.

Ladies and gentlemen,

The future belongs to the courageous, those with a clear goal in mind. We at WACKER have this clear goal: faster growth, high profitability and better resilience in times of constant change. This will create sustainable value.

We do this on a solid foundation. We have a long-term approach and act responsibly. Our employees' identification with the company, our values and our principles are the basis for our success.



A key point is: we want to be the architect of our own success. All of this taken together opens up many possibilities and opportunities for us going forward. I can assure you that we will take advantage of them.

Thank you for your attention.