

## Electronics

### Electronics

#### Key figures

| € million                            |       |       | Change    |          |
|--------------------------------------|-------|-------|-----------|----------|
|                                      |       |       | € million | %        |
| Net sales                            | 2021  | 2020  |           |          |
|                                      | 3,608 | 3,380 | 227       | 6.7%     |
| Operating result (EBIT) <sup>1</sup> | 509   | 240   | 269       | > 100.0% |
| Margin (% of net sales) <sup>1</sup> | 14.1% | 7.1%  |           |          |
| EBITDA <sup>2</sup>                  | 1,070 | 925   | 146       | 15.7%    |
| Margin (% of net sales) <sup>1</sup> | 29.7% | 27.4% |           |          |
| EBITDA pre <sup>1</sup>              | 1,128 | 1,024 | 104       | 10.2%    |
| Margin (% of net sales) <sup>1</sup> | 31.3% | 30.3% |           |          |

<sup>1</sup> Not defined by International Financial Reporting Standards (IFRS).

<sup>2</sup> Not defined by International Financial Reporting Standards (IFRS); EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

### Development of net sales and results of operations

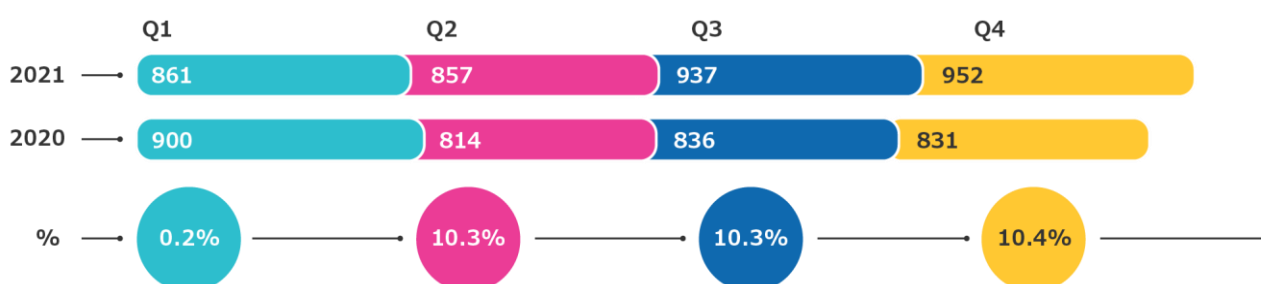
In 2021, net sales of the Electronics business sector increased 6.7% to € 3,608 million (2020: € 3,380 million). Robust growth in the Semiconductor Solutions business and a recovery in the Surface Solutions business from a Covid-19-impacted 2020 drove an organic sales increase of 7.7% in 2021. Foreign exchange rates dampened the growth by -0.9%.

The net sales in the individual quarters as well as the respective organic growth rates in 2021 are presented in the following graph:

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#### Net sales and organic growth<sup>1</sup> by quarter<sup>2</sup>

€ million/organic growth in %



<sup>1</sup> Not defined by International Financial Reporting Standards (IFRS).

<sup>2</sup> Quarterly breakdown unaudited.

**Electronics****Net sales by business unit<sup>1</sup>**

| € million               | 2021         | Share       | Organic growth <sup>2</sup> | Exchange rate effects | Acquisitions/divestments | Total change | 2020         | Share       |
|-------------------------|--------------|-------------|-----------------------------|-----------------------|--------------------------|--------------|--------------|-------------|
| Semiconductor Solutions | 2,151        | 60%         | 15.0%                       | -1.5%                 | –                        | 13.6%        | 1,894        | 56%         |
| Display Solutions       | 1,046        | 29%         | -6.4%                       | 0.2%                  | –                        | -6.2%        | 1,115        | 33%         |
| Surface Solutions       | 410          | 11%         | 12.5%                       | -1.7%                 | –                        | 10.8%        | 370          | 11%         |
| Other                   | –            | –           | -42.8%                      | -0.4%                 | –                        | -43.2%       | 1            | –           |
| <b>Electronics</b>      | <b>3,608</b> | <b>100%</b> | <b>7.7%</b>                 | <b>-0.9%</b>          | <b>–</b>                 | <b>6.7%</b>  | <b>3,380</b> | <b>100%</b> |

<sup>1</sup> Within the scope of the integration of Versum Materials Inc., USA, two products previously allocated to the Semiconductor Solutions business unit have now been assigned to Display Solutions. The previous year's figures have been adjusted accordingly.

<sup>2</sup> Not defined by International Financial Accounting Standards (IFRS).

Net sales of Semiconductor Solutions increased by a total of 13.6% to € 2,151 million (2020: € 1,894 million). The Semiconductor Solutions business unit, which comprises two businesses, namely Semiconductor Materials and Delivery Systems & Services, accounted for 60% of net sales of the Electronics business sector in 2021 (2020: 56%). Semiconductor Materials focuses on the development and commercialization of material-based solutions for the semiconductor industry, while Delivery Systems & Services focuses on developing, selling and operating delivery systems for semiconductor manufacturers. Organically, net sales grew by 15.0% in 2021 as strong, broad-based demand across both Semiconductor Materials and Delivery Systems & Services overcame the challenges presented by delays in the global supply chain network. Adverse foreign exchange effects of -1.5% slightly impacted the growth.

Net sales of the Display Solutions business unit, consisting mainly of the business with liquid crystals, photoresists for display applications as well as OLED materials, decreased by -6.2% to € 1,046 million (2020: € 1,115 million). Display Solutions saw an organic decline of -6.4% while sales growth in OLED materials partially offset the challenges faced in Liquid Crystals from continued increased competition. Foreign exchange effects were slightly favorable at 0.2%.

Net sales of the Surface Solutions business unit grew 10.8% to € 410 million (2020: € 370 million). Organically, Surface Solutions increased sales by 12.5% as the business continued its recovery from the effects of the Covid-19 crisis, which significantly impacted 2020. Foreign exchange effects were unfavorable at -1.7%.

Net sales of the Electronics business sector by region developed as follows:

**Electronics****Net sales by region**

| € million                    | 2021         | Share       | Organic growth <sup>1</sup> | Exchange rate effects | Acquisitions/divestments | Total change | 2020         | Share       |
|------------------------------|--------------|-------------|-----------------------------|-----------------------|--------------------------|--------------|--------------|-------------|
| Europe                       | 269          | 7%          | 7.9%                        | -0.3%                 | –                        | 7.6%         | 250          | 8%          |
| North America                | 536          | 15%         | 14.9%                       | -4.0%                 | –                        | 10.9%        | 484          | 14%         |
| Asia-Pacific (APAC)          | 2,737        | 76%         | 6.4%                        | -0.4%                 | –                        | 6.0%         | 2,582        | 76%         |
| Latin America                | 30           | 1%          | 8.6%                        | -4.3%                 | –                        | 4.3%         | 28           | 1%          |
| Middle East and Africa (MEA) | 36           | 1%          | 1.3%                        | -2.3%                 | –                        | -1.0%        | 37           | 1%          |
| <b>Electronics</b>           | <b>3,608</b> | <b>100%</b> | <b>7.7%</b>                 | <b>-0.9%</b>          | <b>–</b>                 | <b>6.7%</b>  | <b>3,380</b> | <b>100%</b> |

<sup>1</sup> Not defined by International Financial Reporting Standards (IFRS).

The following table presents the composition of EBITDA pre for 2021 in comparison with 2020. The IFRS figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

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#### Reconciliation EBITDA pre<sup>1</sup>

| € million                                                                      | 2021         |                            |                  | 2020         |                            |                  | Change           |
|--------------------------------------------------------------------------------|--------------|----------------------------|------------------|--------------|----------------------------|------------------|------------------|
|                                                                                | IFRS         | Elimination of adjustments | Pre <sup>1</sup> | IFRS         | Elimination of adjustments | Pre <sup>1</sup> | Pre <sup>1</sup> |
| <b>Net sales</b>                                                               | <b>3,608</b> | –                          | <b>3,608</b>     | <b>3,380</b> | –                          | <b>3,380</b>     | <b>6.7%</b>      |
| Cost of sales                                                                  | -2,060       | 23                         | -2,037           | -2,007       | 40                         | -1,966           | 3.6%             |
| <b>Gross profit</b>                                                            | <b>1,547</b> | <b>23</b>                  | <b>1,571</b>     | <b>1,374</b> | <b>40</b>                  | <b>1,414</b>     | <b>11.1%</b>     |
| Marketing and selling expenses                                                 | -573         | 5                          | -569             | -539         | 9                          | -530             | 7.4%             |
| Administration expenses                                                        | -138         | 16                         | -122             | -162         | 17                         | -144             | -15.2%           |
| Research and development costs                                                 | -278         | 1                          | -277             | -274         | 2                          | -272             | 1.8%             |
| Impairment losses and reversals of impairment losses on financial assets (net) | -1           | –                          | -1               | –            | –                          | –                | –                |
| Other operating income and expenses                                            | -49          | 46                         | -3               | -160         | 154                        | -5               | -52.9%           |
| <b>Operating result (EBIT)<sup>1</sup></b>                                     | <b>509</b>   |                            |                  | <b>240</b>   |                            |                  |                  |
| Depreciation/amortization/impairment losses/reversals of impairment losses     | 561          | -33                        | 528              | 684          | -123                       | 561              | -5.8%            |
| <b>EBITDA<sup>2</sup></b>                                                      | <b>1,070</b> |                            |                  | <b>925</b>   |                            |                  |                  |
| Restructuring expenses                                                         | 26           | -26                        | –                | 31           | -31                        | –                |                  |
| Integration expenses/IT expenses                                               | 32           | -32                        | –                | 47           | -47                        | –                |                  |
| Gains (-)/losses (+) on the divestment of businesses                           | –            | –                          | –                | 1            | -1                         | –                |                  |
| Acquisition-related adjustments                                                | –            | –                          | –                | 21           | -21                        | –                |                  |
| Other adjustments                                                              | –            | –                          | –                | –            | –                          | –                |                  |
| <b>EBITDA pre<sup>1</sup></b>                                                  | <b>1,128</b> | –                          | <b>1,128</b>     | <b>1,024</b> | –                          | <b>1,024</b>     | <b>10.2%</b>     |
| of which: organic growth <sup>1</sup>                                          |              |                            |                  |              |                            |                  | 9.7%             |
| of which: exchange rate effects                                                |              |                            |                  |              |                            |                  | 0.5%             |
| of which: acquisitions/divestments                                             |              |                            |                  |              |                            |                  | –                |

<sup>1</sup> Not defined by International Financial Reporting Standards (IFRS).

<sup>2</sup> Not defined by International Financial Reporting Standards (IFRS); EBITDA corresponds to operating result (EBIT) adjusted by depreciation, amortization, impairment losses, and reversals of impairment losses.

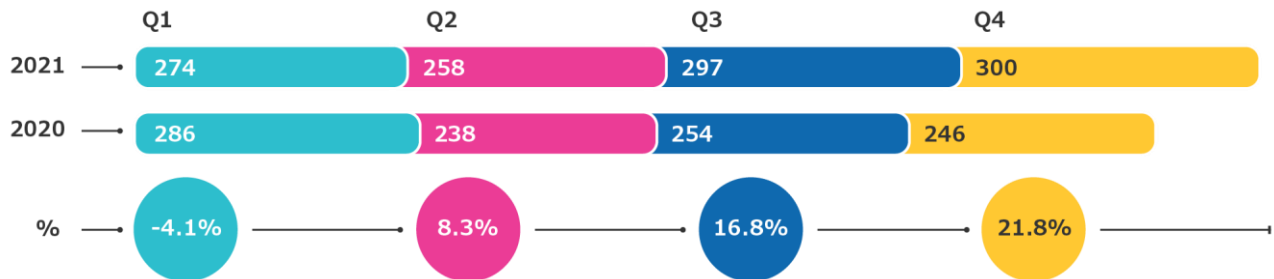
Adjusted gross profit of the Electronics business sector increased 11.1% to € 1,571 million (2020: € 1,414 million) largely due to the higher sales discussed above. The adjusted gross profit margin improved to 43.5% (2020: 41.8%). Adjusted marketing and selling expenses increased by 7.4% in order to support the business development as well as from rising logistics costs associated with global shipping capacity constraints and increasing fuel costs. Adjusted administration expenses declined due to synergy execution and reorganization activities associated with the Versum Materials acquisition. EBITDA pre grew organically by 9.7% driven by the sales increase discussed above as well as the positive development of gross profit and functional costs. The organic change in EBITDA pre also includes the full attainment of the Versum synergies which were promised by 2022, but delivered one year earlier. Foreign exchange effects favorably impacted EBITDA pre by 0.5%. Overall, EBITDA pre of Electronics grew by 10.2% to € 1,128 million (2020: € 1,024 million). At 31.3%, the EBITDA pre margin was above the year-earlier figure (2020: 30.3%).

The development of EBITDA pre in the individual quarters in comparison with 2020 is presented in the following overview:

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#### EBITDA pre<sup>1</sup> and change by quarter<sup>2</sup>

€ million/change in%



<sup>1</sup> Not defined by International Financial Reporting Standards (IFRS).

<sup>2</sup> Quarterly breakdown unaudited.