

Electronics

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Key figures¹

€ million	2022	2021	Change	
			€ million	%
Net sales	4,013	3,606	407	11.3%
Operating result (EBIT) ²	572	508	64	12.6%
Margin (% of net sales) ²	14.3%	14.1%		
EBITDA ³	1,138	1,070	68	6.3%
Margin (% of net sales) ²	28.3%	29.7%		
EBITDA pre ²	1,192	1,128	64	5.7%
Margin (% of net sales) ²	29.7%	31.3%		

¹ Prior-year figures have been adjusted due to product reallocations between the Life Science and Electronics business sectors.

² Not defined by International Financial Reporting Standards (IFRS).

³ 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

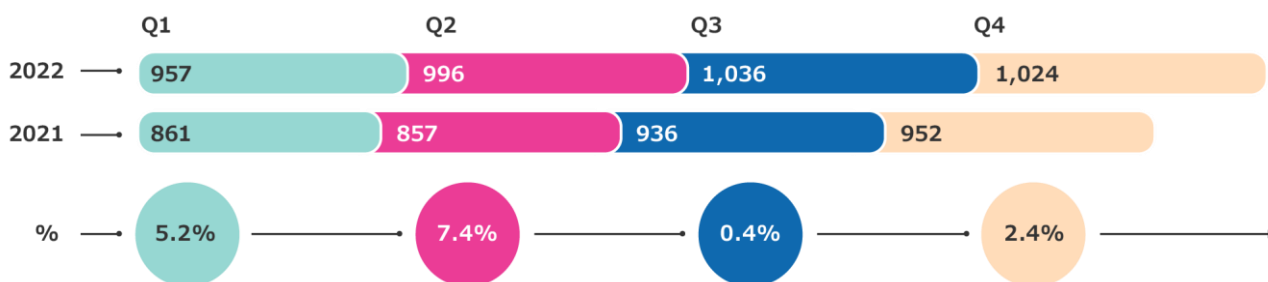
In 2022, net sales of the Electronics business sector increased 11.3% to € 4,013 million (2021: € 3,606 million). Strong growth in Semiconductor Solutions compensated for market weakness in Display Solutions and led to an overall organic increase of 3.7% for the Electronics business sector. Foreign exchange rates were favorable at 7.6%.

The net sales in the individual quarters as well as the respective organic growth rates in 2022 are presented in the following graph:

Electronics

Net sales¹ and organic growth² by quarter³

€ million/organic growth in %



¹ Prior-year figures have been adjusted due to product reallocations between the Life Science and Electronics business sectors.

² Not defined by International Financial Reporting Standards (IFRS).

³ Quarterly breakdown unaudited.

Electronics

Net sales by business unit¹

€ million	2022	Share	Organic growth ²	Exchange rate effects	Acquisitions/divestments	Total change	2021	Share
Semiconductor Solutions	2,674	67%	15.4%	9.0%	–	24.4%	2,150	60%
Display Solutions	900	22%	-20.1%	6.1%	–	-14.0%	1,046	29%
Surface Solutions	439	11%	3.2%	3.9%	–	7.1%	410	11%
Electronics	4,013	100%	3.7%	7.6%	–	11.3%	3,606	100%

¹ Prior-year figures have been adjusted due to product reallocations between the Life Science and Electronics business sectors and adjustments within the Electronics business sector.

² Not defined by International Financial Accounting Standards (IFRS).

Net sales of Semiconductor Solutions increased by a total of 24.4% to € 2,674 million (2021: € 2,150 million). The Semiconductor Solutions business unit, which comprises two businesses, namely Semiconductor Materials and Delivery Systems & Services, accounted for 67% of net sales of the Electronics business sector in 2022 (2021: 60%). Semiconductor Materials focuses on the development and commercialization of innovative 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 15.4% in 2022 for Semiconductor Solutions. Strong, broad-based demand across both Semiconductor Materials and Delivery Systems & Services along with price increases to offset inflation drove the organic increase. Foreign exchange effects of 9.0% contributed to the increase in sales.

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 -14.0% to € 900 million (2021: € 1,046 million). Display Solutions saw an organic decline of -20.1% primarily from weaker end-market demand driving decreased utilization at key customers in both liquid crystals and OLED. Foreign exchange effects were favorable at 6.1%.

Net sales of the Surface Solutions business unit grew 7.1% to € 439 million (2021: € 410 million). Organically, Surface Solutions increased sales by 3.2%. Price increases across Surface Solutions to offset inflation along with increased demand for cosmetic actives drove the growth. Foreign exchange effects were favorable at 3.9%.

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

Electronics

Net sales by region¹

€ million	2022	Share	Organic growth ²	Exchange rate effects	Acquisitions/divestments	Total change	2021	Share
Europe	371	9%	33.6%	4.3%	–	37.9%	269	7%
North America	649	16%	7.9%	13.4%	–	21.3%	535	15%
Asia-Pacific (APAC)	2,901	72%	-0.6%	6.7%	–	6.0%	2,736	76%
Latin America	40	1%	22.0%	14.0%	–	36.0%	30	1%
Middle East and Africa (MEA)	53	2%	34.9%	10.2%	–	45.1%	36	1%
Electronics	4,013	100%	3.7%	7.6%	–	11.3%	3,606	100%

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The following table presents the composition of EBITDA pre for 2022 in comparison with 2021. The IFRS figures have been modified to reflect the elimination of adjustments included in the respective functional costs.

Electronics

Reconciliation EBITDA pre^{1,2}

€ million	2022			2021			Change
	IFRS	Elimination of adjustments	Pre ²	IFRS	Elimination of adjustments	Pre ²	Pre ²
Net sales	4,013	–	4,013	3,606	–	3,606	11.3%
Cost of sales	-2,314	21	-2,292	-2,059	23	-2,036	12.6%
Gross profit	1,700	21	1,721	1,547	23	1,570	9.6%
Marketing and selling expenses	-662	3	-659	-573	5	-569	16.0%
Administration expenses	-128	8	-120	-138	16	-122	-2.2%
Research and development costs	-308	2	-306	-278	1	-277	10.8%
Impairment losses and reversals of impairment losses on financial assets (net)	–	–	–	-1	–	-1	-61.8%
Other operating income and expenses	-28	40	12	-49	46	-3	>100.0%
Operating result (EBIT)²	572			508			
Depreciation/amortization/impairment losses/reversals of impairment losses	565	-20	545	561	-33	528	3.1%
EBITDA³	1,138			1,070			
Restructuring expenses	31	-31	–	26	-26	–	
Integration expenses/IT expenses	13	-13	–	32	-32	–	
Gains (-)/losses (+) on the divestment of businesses	–	–	–	–	–	–	
Acquisition-related adjustments	11	-11	–	–	–	–	
Other adjustments	–	–	–	–	–	–	
EBITDA pre²	1,192	–	1,192	1,128	–	1,128	5.7%
of which: organic growth ²							-7.3%
of which: exchange rate effects							13.0%
of which: acquisitions/divestments							–

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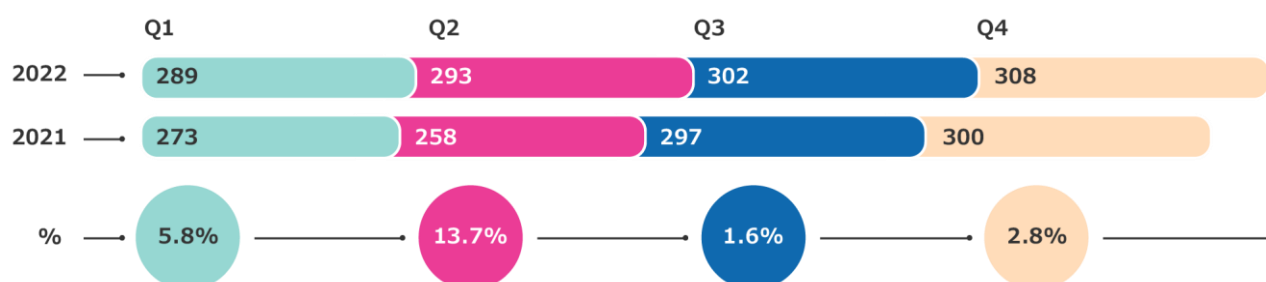
Adjusted gross profit of the Electronics business sector increased 9.6% to € 1,721 million (2021: € 1,570 million) largely due to the higher sales discussed above. The adjusted gross profit margin declined slightly to 42.9% (2021: 43.5%) as positive foreign exchange effects and increased pricing discussed above were not enough to cover the rising costs of materials and other inflationary cost increases. Further pressure on gross profit and margin arose from a negative product mix caused by a temporary loss of high-margin liquid crystals sales while our customers significantly reduced their factory utilization. Adjusted marketing and selling expenses increased by 16.0% as global shipping capacity constraints and increasing fuel costs drove significantly higher logistics expenses. Adjusted administration expenses declined slightly. Adjusted research and development costs increased by 10.8% as we continued to invest in our innovation capabilities and product pipeline. EBITDA pre of Electronics grew by 5.7% to € 1,192 million (2021: € 1,128 million). Sales increases discussed above, including price increases, were not enough to cover for the liquid crystal sales shortfall and the inflationary increases in production and logistics costs which led to an organic EBITDA pre decline of -7.3%. Foreign exchange effects favorably impacted EBITDA pre by 13.0%. At 29.7%, the EBITDA pre margin was below the year-earlier figure (2021: 31.3%).

The development of EBITDA pre in the individual quarters in comparison with 2021 is presented in the following overview:

Electronics

EBITDA pre^{1,2} and change by quarter³

€ million/change in %



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