



WACKER

CREATING TOMORROW'S SOLUTIONS

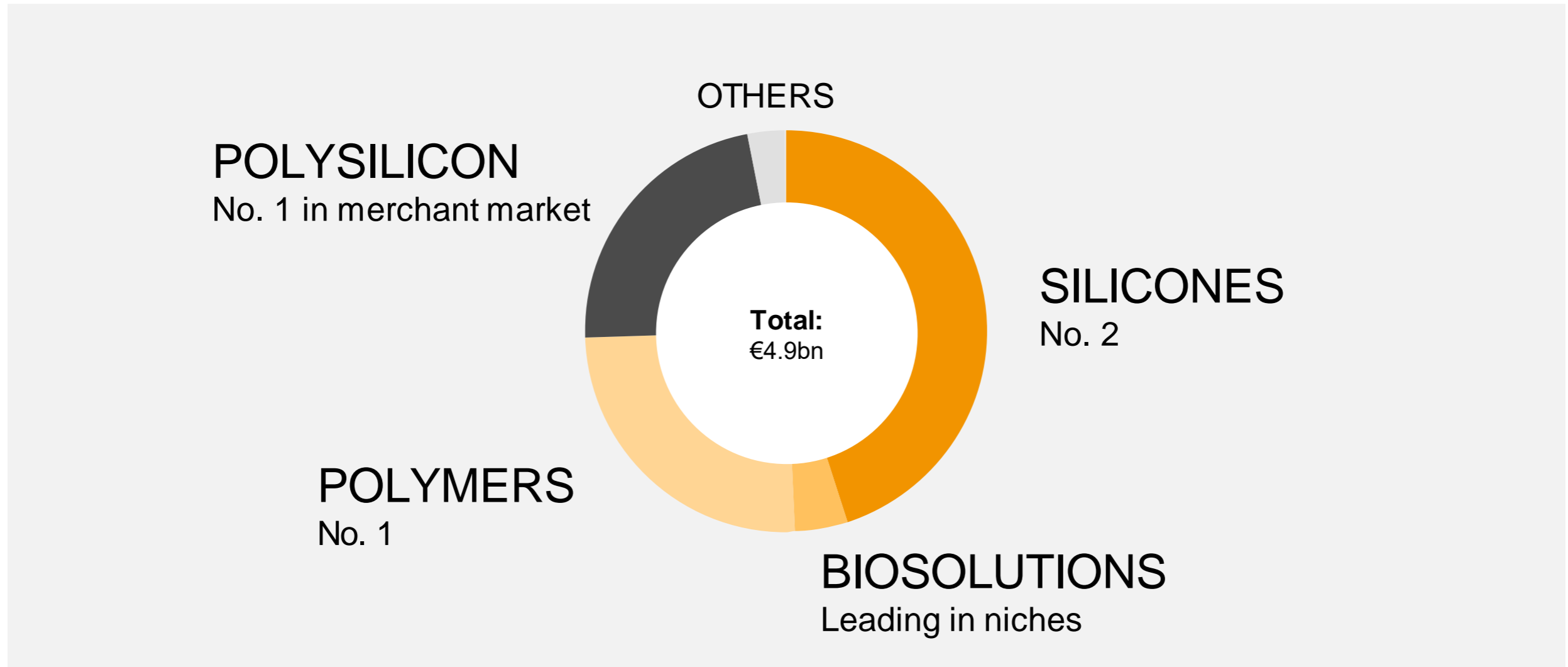
WACKER – Managing for Growth and Cash

Warburg Highlights 2018, Hamburg, June 22, 2018
Tobias Ohler, CFO, Wacker Chemie AG

Disclaimer

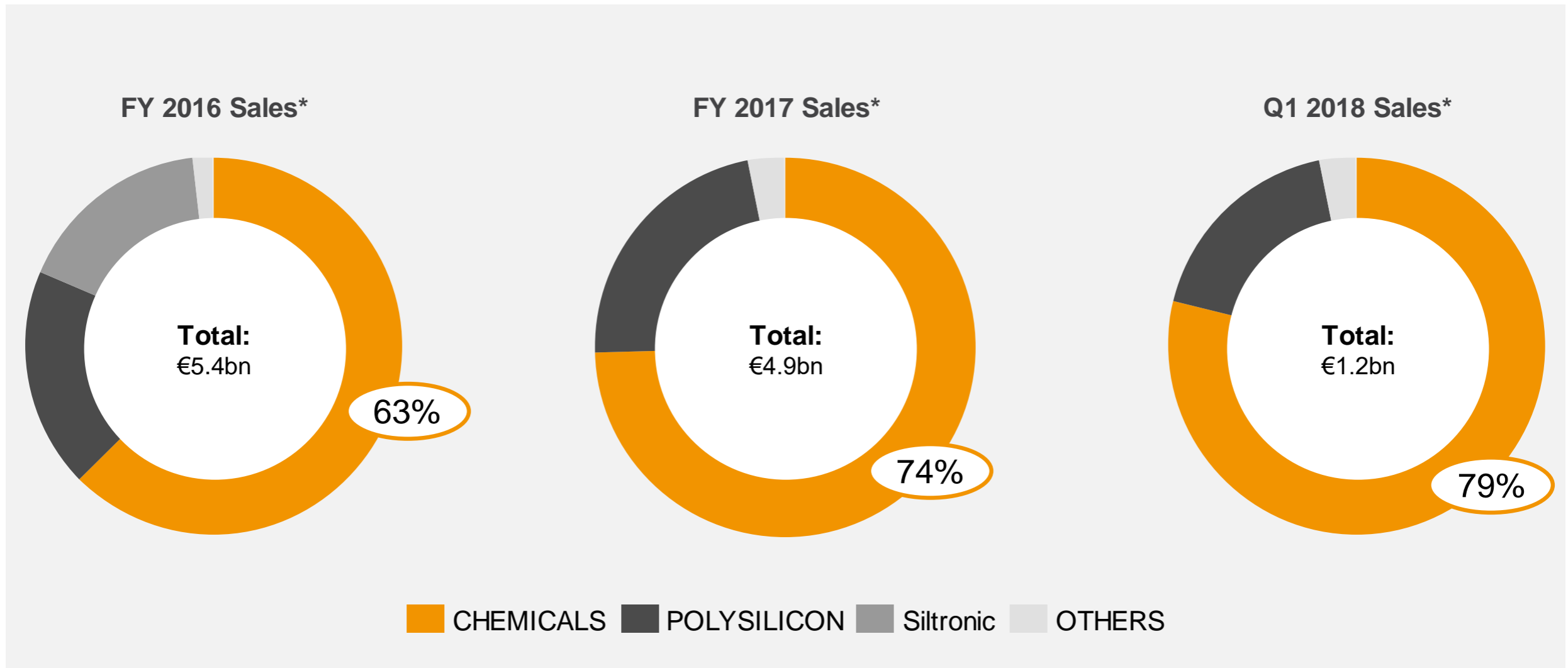
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WACKER: Well Positioned for Future Growth



FY 2017 Sales

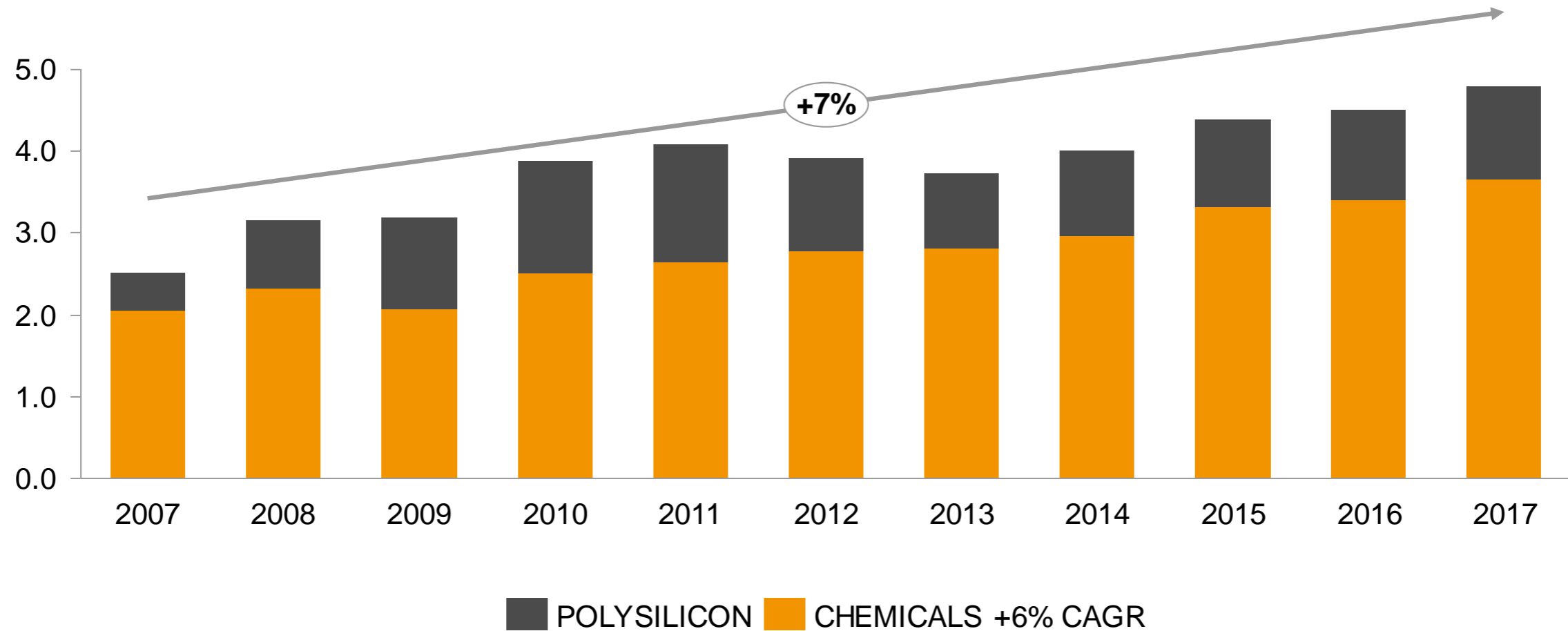
Effects of Siltronic Deconsolidation: Chemicals with Higher Share



*based on external sales / 2016 not adjusted according to IFRS 5

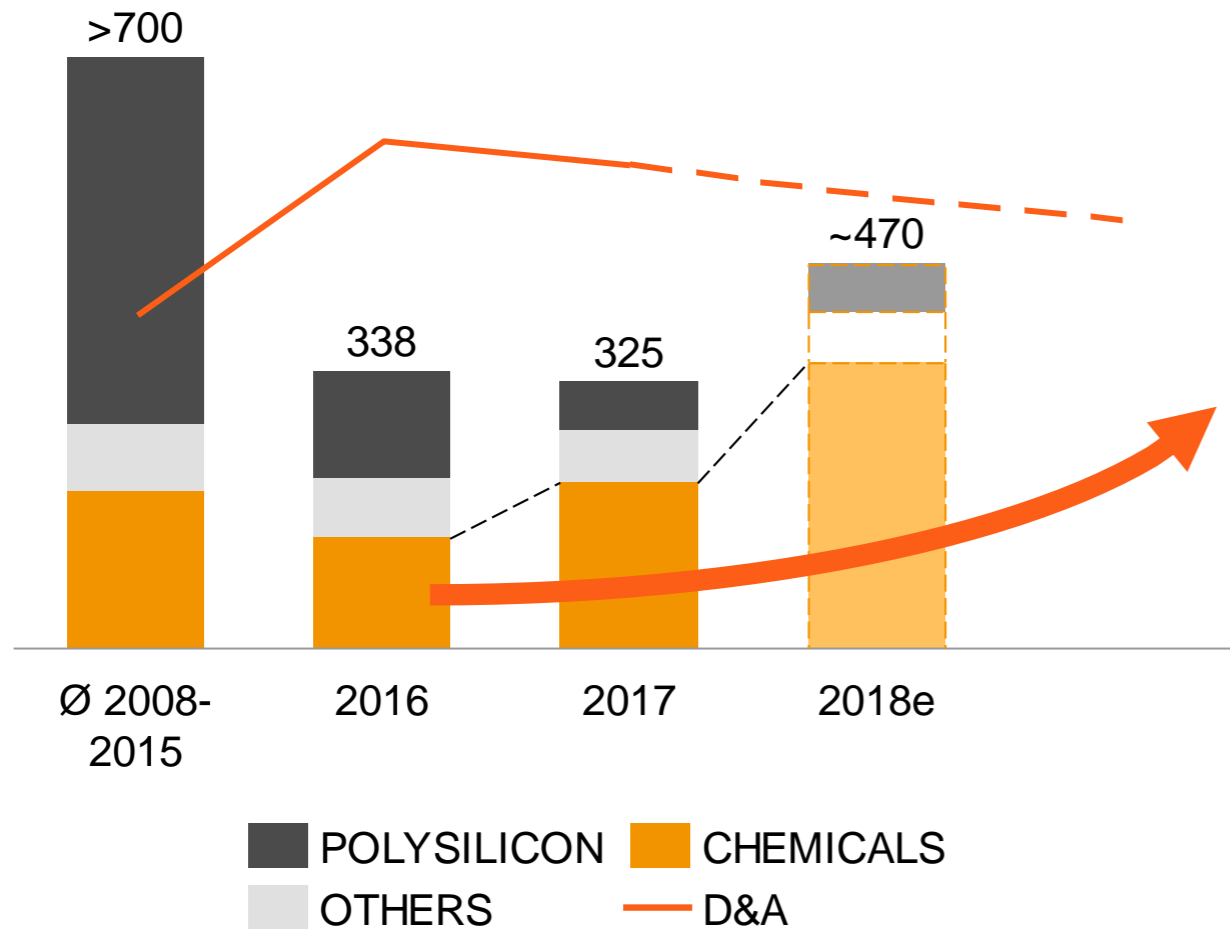
Solid and Steady Growth Driven By Chemicals

Development of WACKER Group Revenue (€bn)



Target: Leverage Phase Extended with Investment Focus on Chemicals

CapEx vs. Depreciation Expense WACKER Group w/o Siltronic (€m)



Leverage Phase:

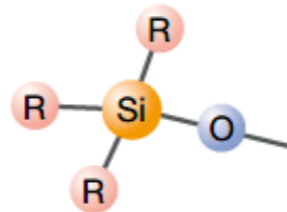
Group **CapEx < Depreciation**

Clear investment focus
on **Chemicals**

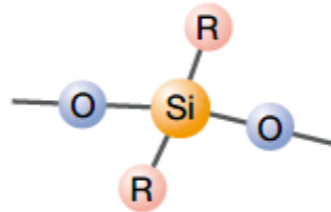
The “Magic of Silicon Chemistry” – Structural Variety as a Formula for Success

Silicones: A Highly Flexible Elementary Building Block

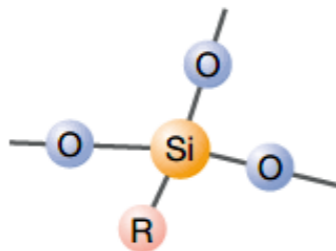
Monofunctional units



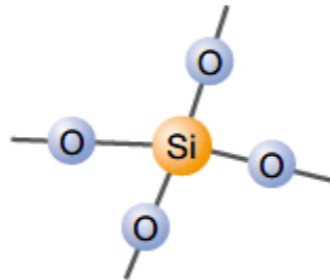
Difunctional units



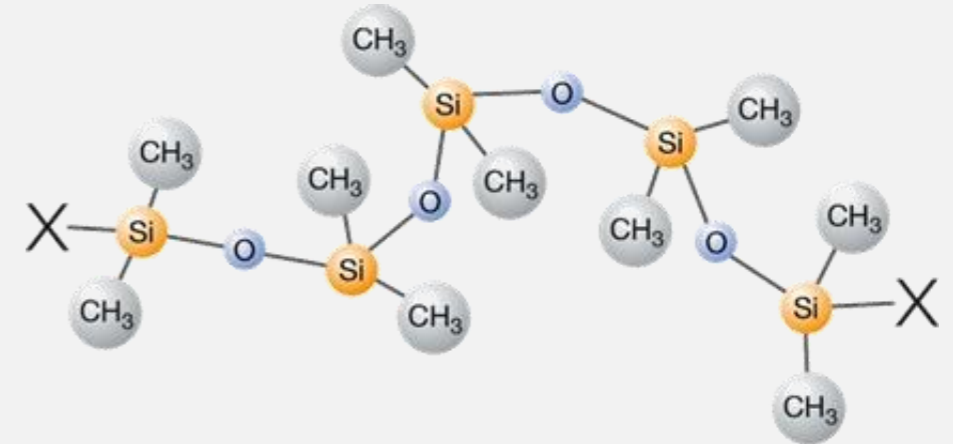
Trifunctional units



Tetrafunctional units



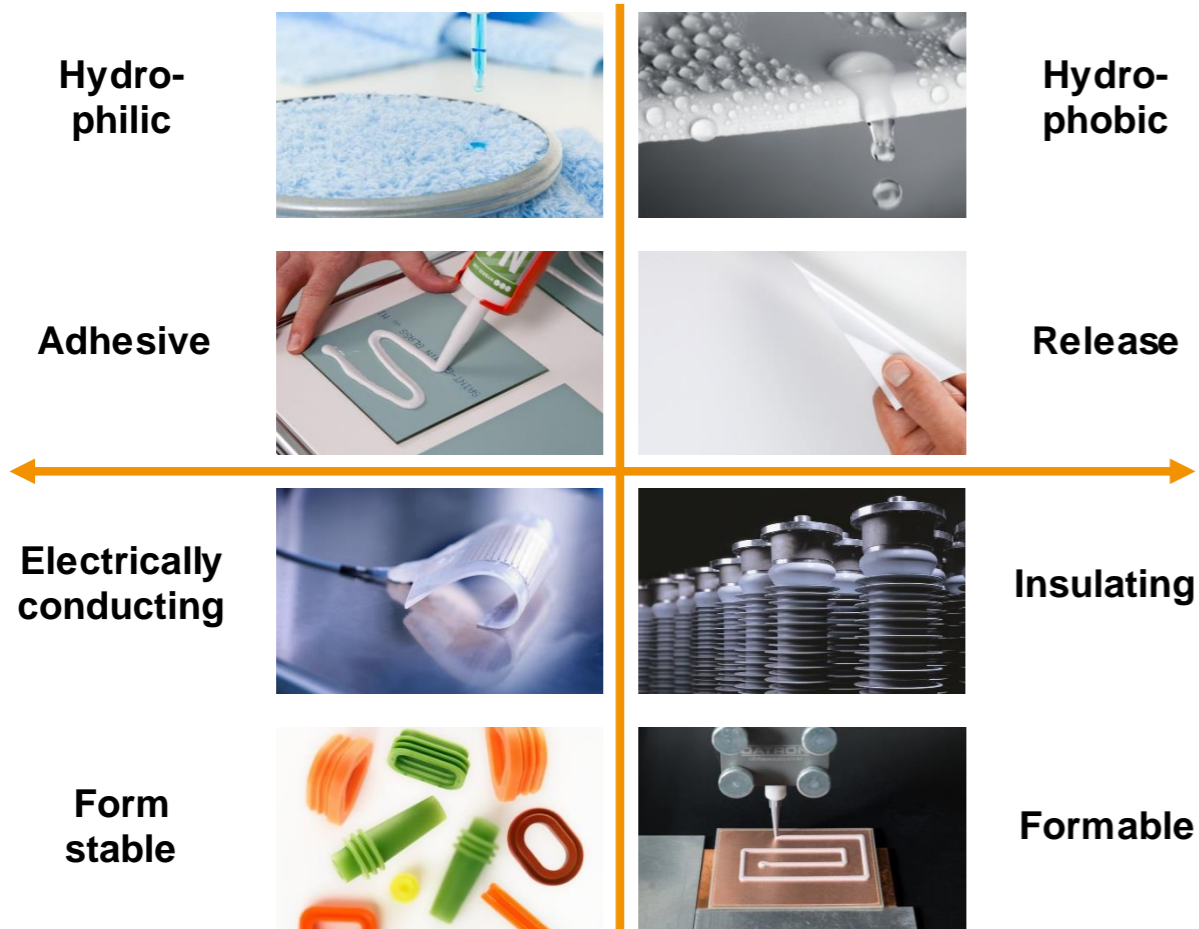
Typical structure of a linear silicone polymer



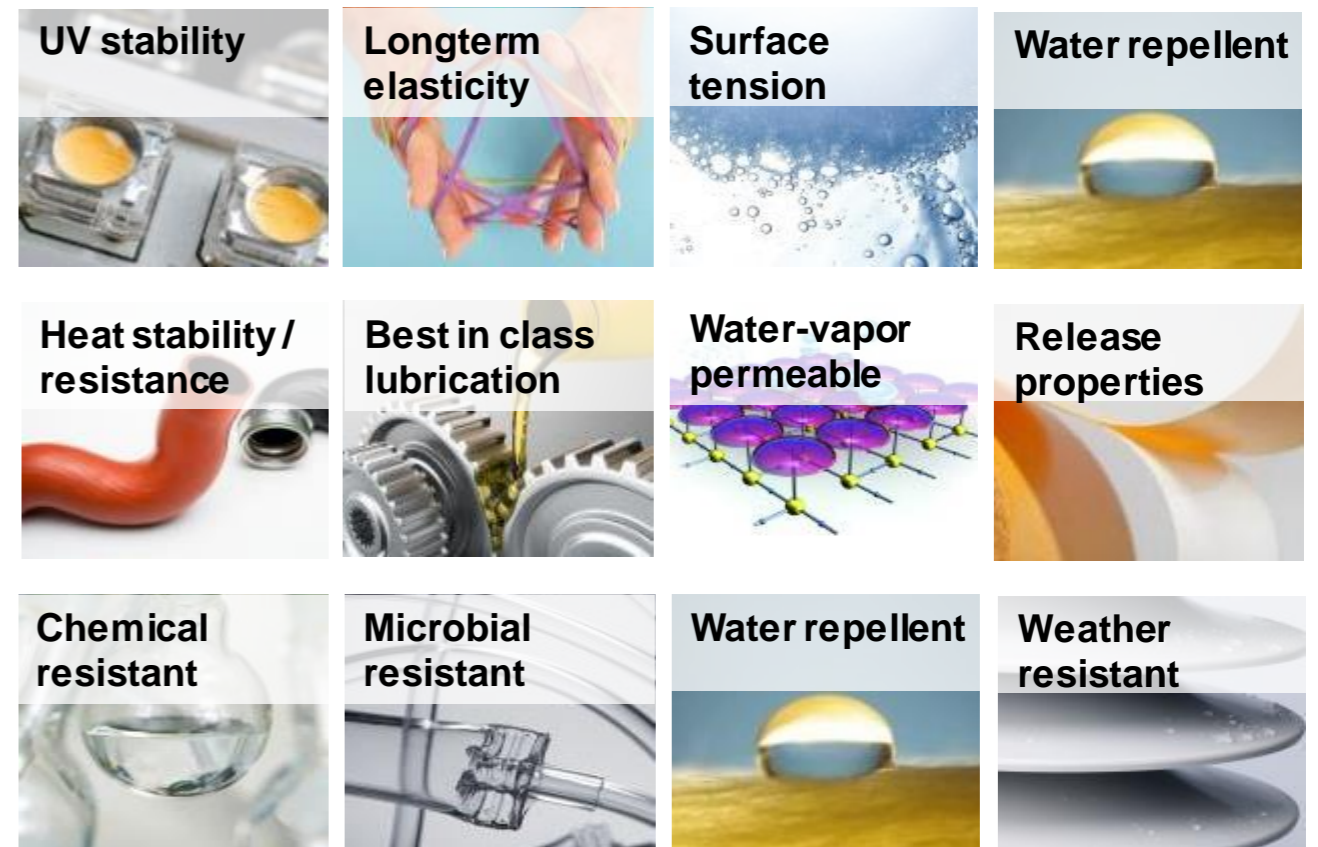
- ▶ Silicones: a **non organic** silicon(Si)-oxygen(O) backbone chain with **organic side groups** (CH₃)
- ▶ The silicon-oxygen molecule has an extremely **high binding energy**
- ▶ Structure, side groups and chain length can be **modified in multiple ways**

Silicon Chemistry – A Basis for Unlimited Applications

Broad Spectrum of Adjustable Properties



Customized Products with Unique Properties



Silicones are High Performance Products with Outstanding Properties



Silicones are **heat resistant**

Maintaining their properties over a broad temperature range

Thermally conductive silicones assist in dissipation of heat / thermal management



Silicones **protect sensitive electronics**

Gel type materials protect against external influences and transmission of mechanical stress



Silicones for **functional safety**

Tight sealing: long-term and resistant

Electric insulation over broad temperature and frequency range

Excellent vibration damping



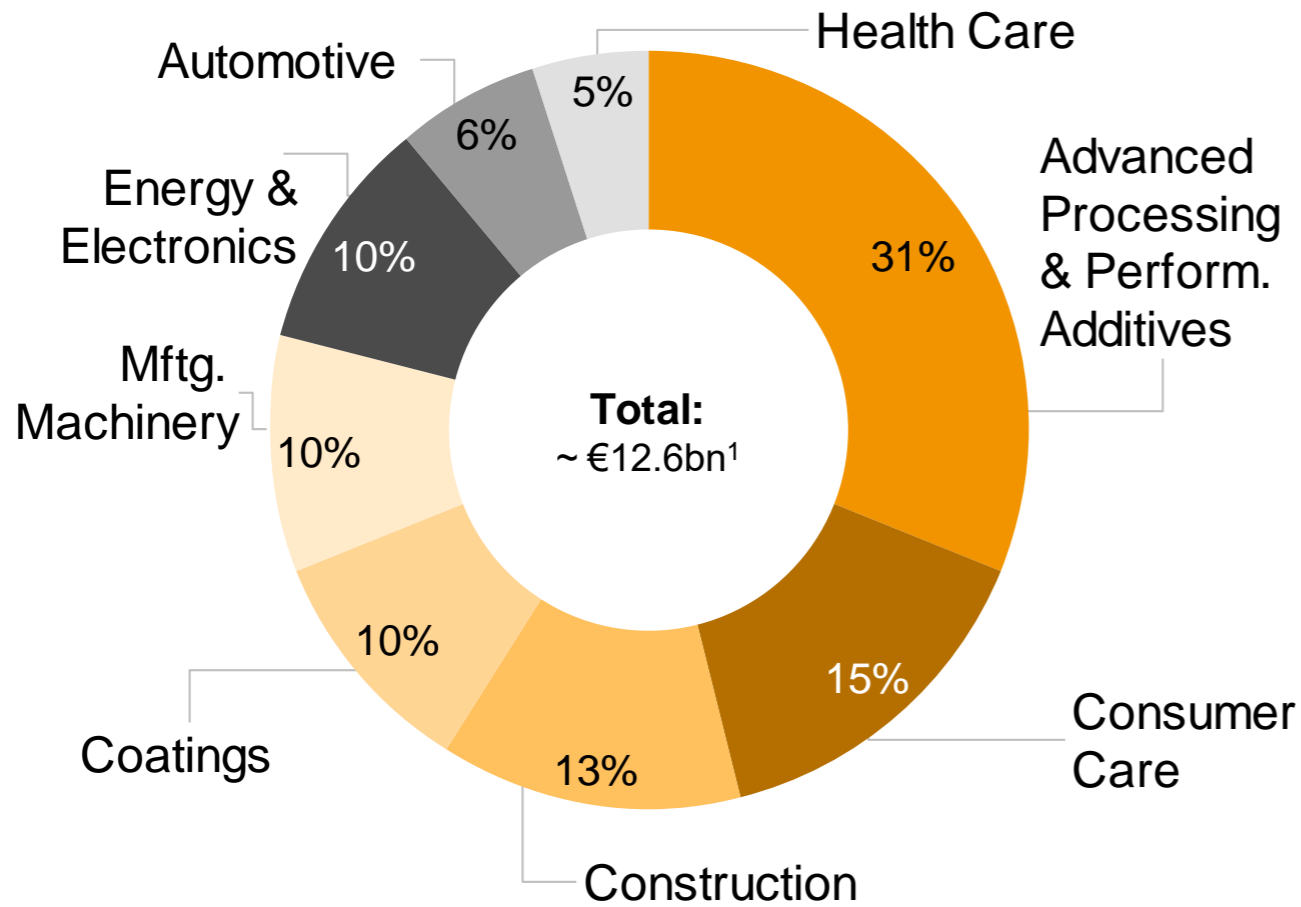
Silicones help technology to be **fast, easy and affordable**

Versatile to be adjusted in their properties to different production processes

Automated mass production possible

Silicones Create Value in Many Industries

Market Structure by Application

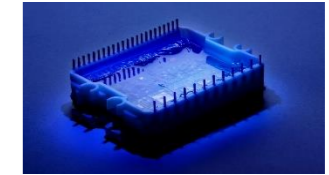


Key Market Growth Trends

► Mobility



► Digitization



► Medical



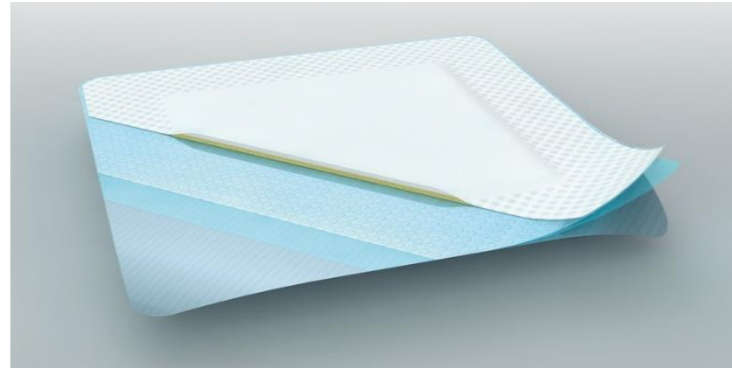
¹ preliminary figures FY 2017, Source: Freedonia, Company Reports, WACKER Estimate

Specialties Meet Increasing Performance Requirements

Coatings



Healthcare



Energy Transmission



Grow Specialties with Break-Through Innovations

Thermal Interface Materials



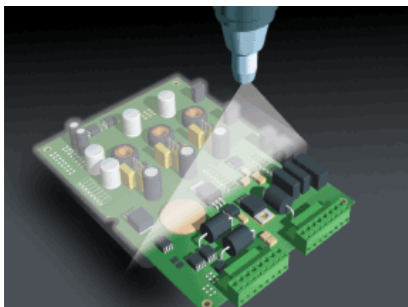
- ▶ Electronics
- ▶ Batteries
- ▶ Sensors

Adhesives



- ▶ Medical Adhesives
- ▶ Pressure Sensitive Adhesives for Electronics
- ▶ UV-Cure

Novel Silicone Resins



- ▶ Electrical Insulation
- ▶ High-Toughness Resins
- ▶ Binders for Composites

New Business Fields

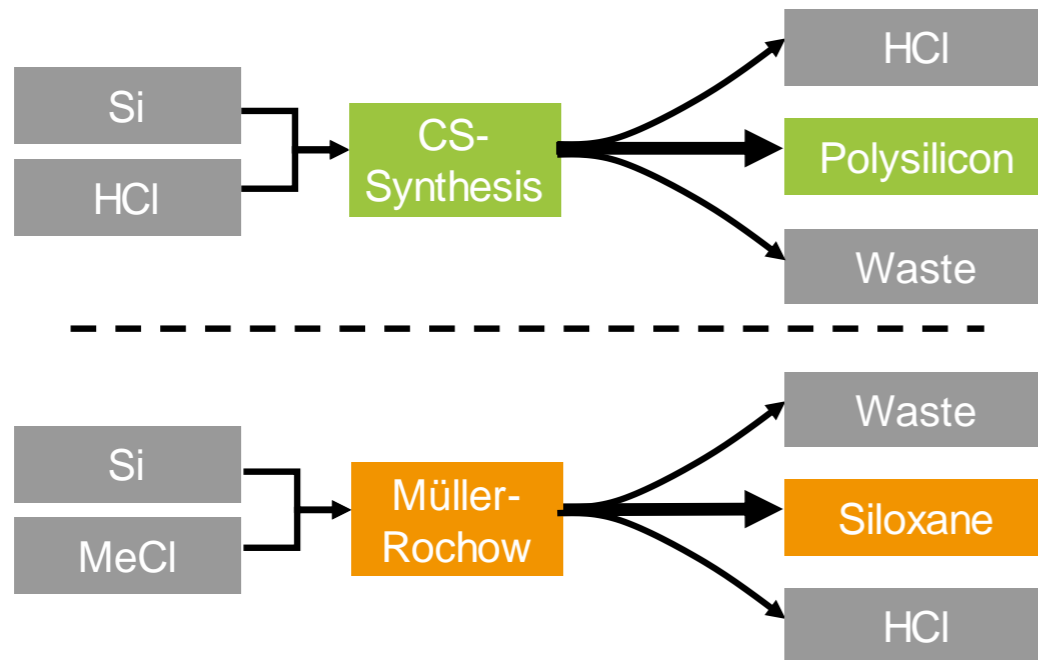


- ▶ Additive Manufacturing
- ▶ Electroactive Silicones
- ▶ Reinforced Concrete

WACKER with Highest Level of Integration in the Industry

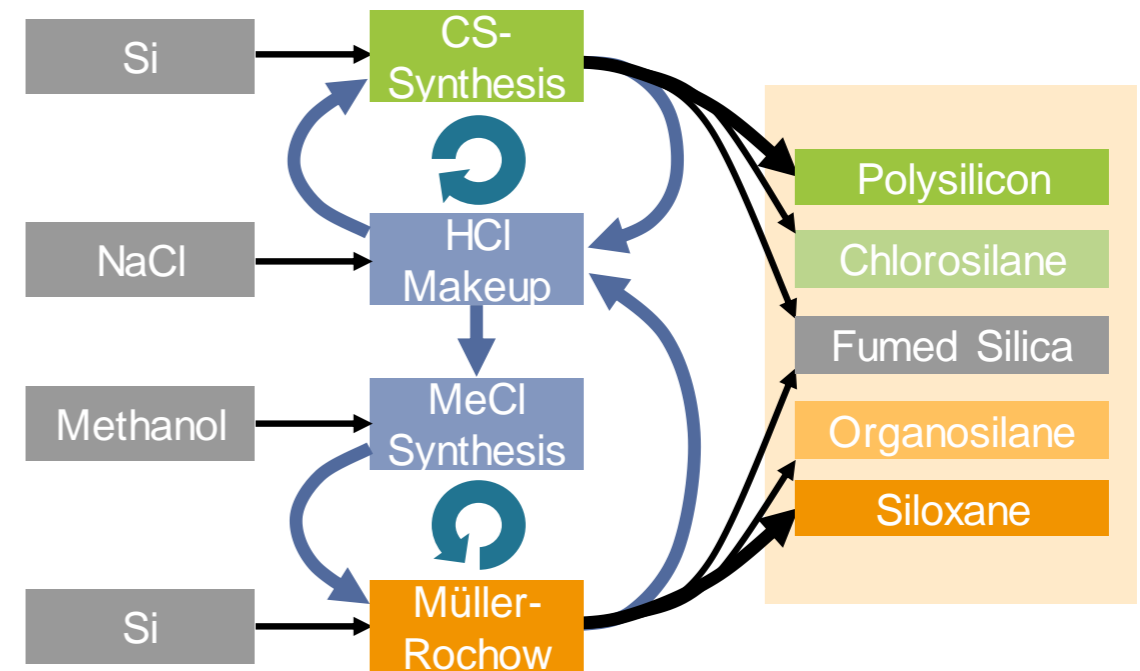
Open Loop Silicones & Poly Production

Standard Processes

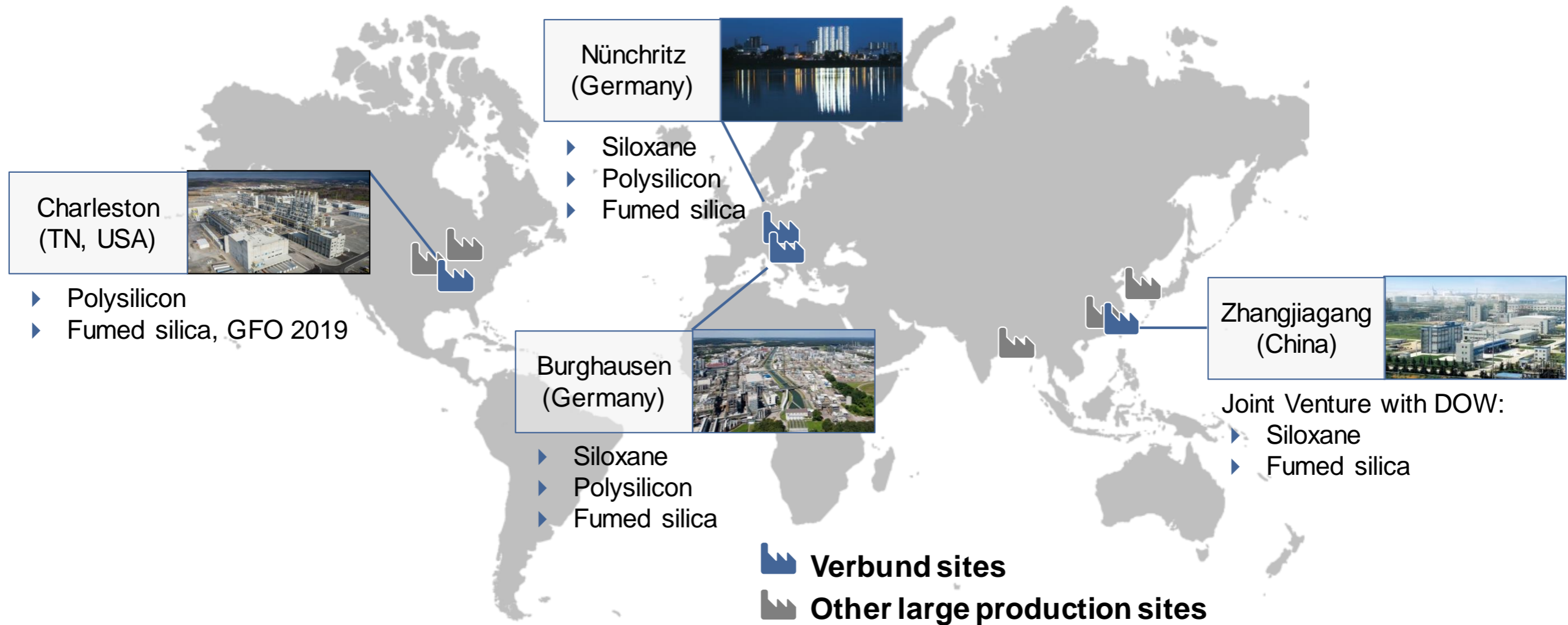


Unique Silane-Silicone-Silica Loop

WACKER



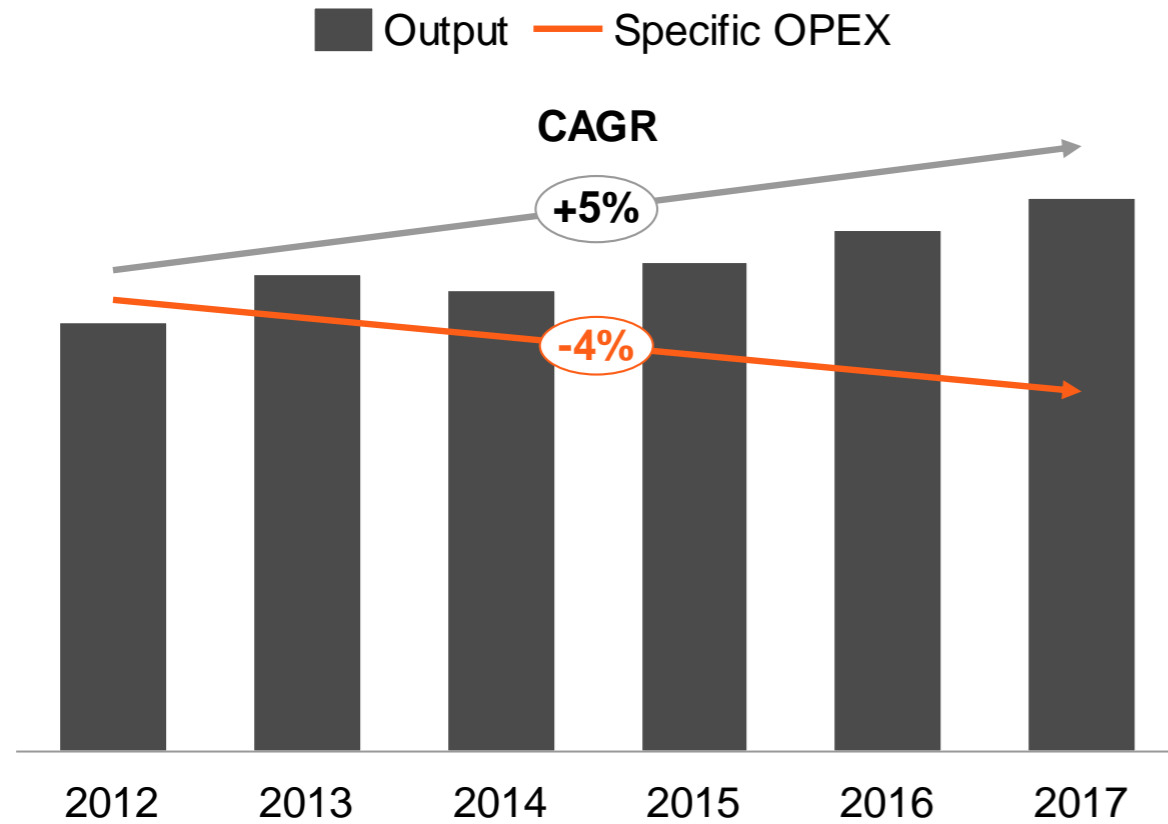
“WACKER Silicon Verbund” Enables Highly Competitive Cost Position



Operational Excellence is Key

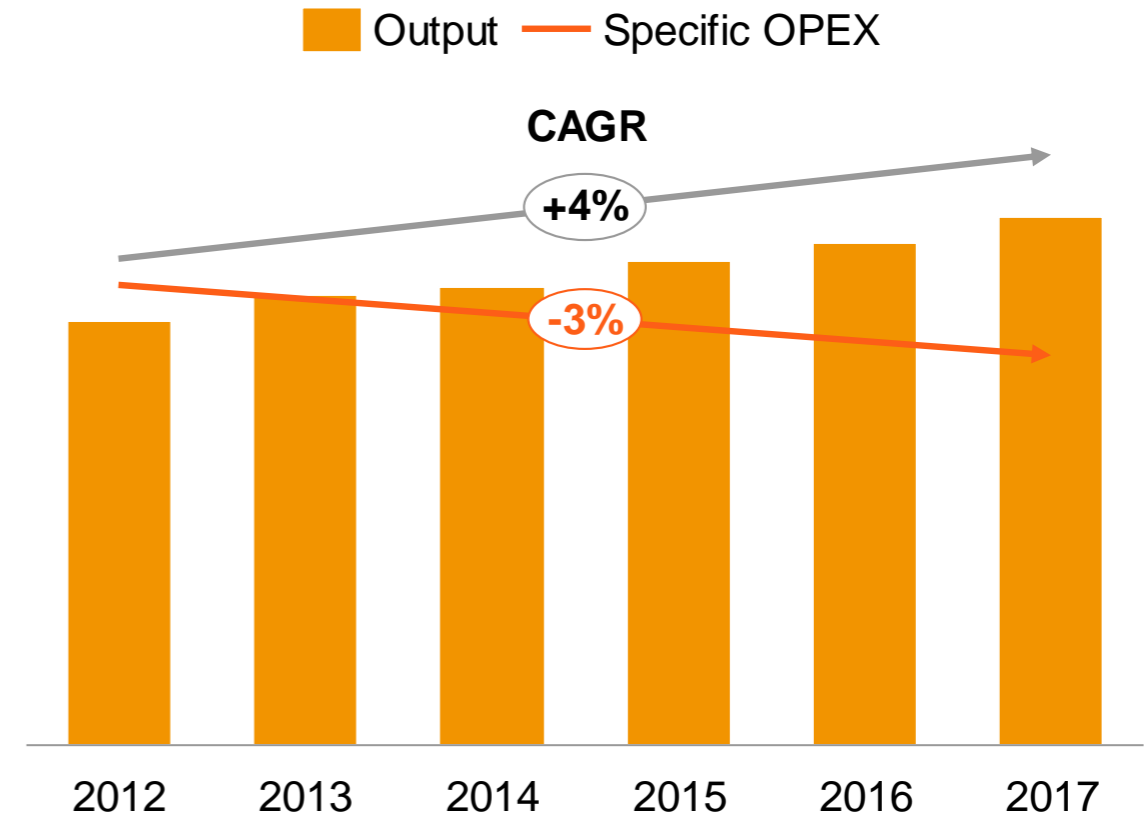
Siloxane

Index 2012 = 100%



Fumed Silica

Index 2012 = 100%



SILICONES: Strong Chemistry, Innovation Potential and Set Up



“The King of Plastics”

High performance products for future growth markets



Innovative Specialty Portfolio

Growth with focus on specialties

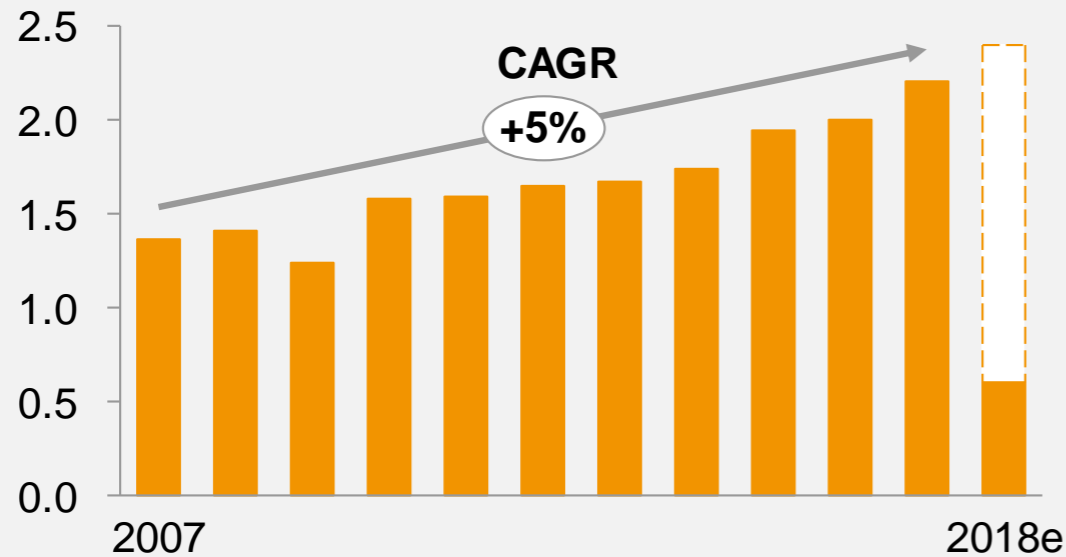


Unique Silicon Verbund

Full portfolio provider with benchmark costs

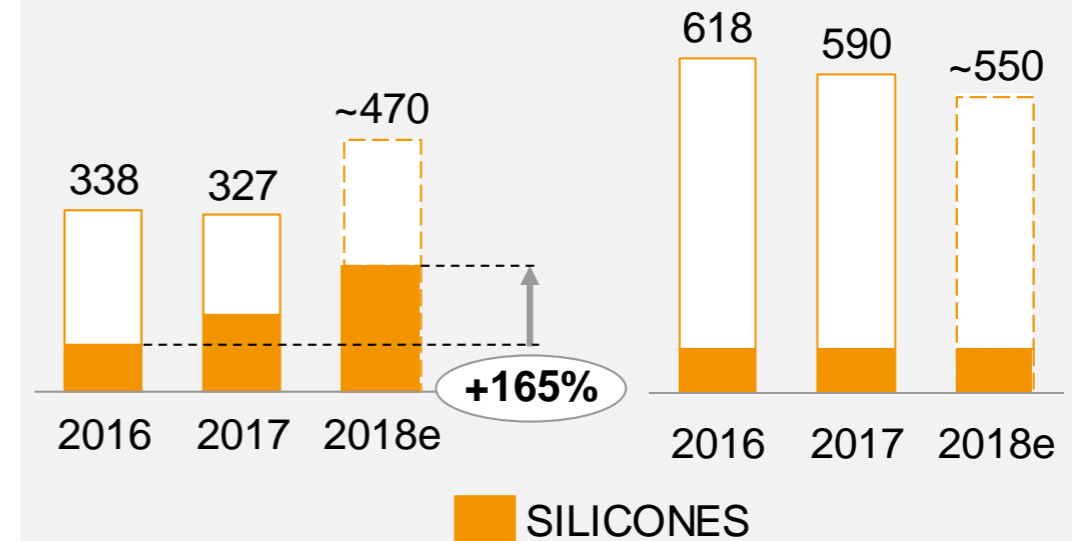
SILICONES: Investing Into the Future

SILICONES Sales (€bn) 2008-2018



Group CapEx (€m)

D&A (€m)



Challenges:

- Payback <5 years
- Complex engineering

WACKER Group Highlights Q1 2018

Financials



€1.2bn

Sales (+0% yoy)

€255m

EBITDA (+11% yoy)

€168m

Net cash flow clearly positive

Operations



Good Performance

Price and product mix drive earnings growth, but **FX headwinds** and **higher raw material prices** yoy

Strong operations

High utilization across all segments, without POLYSILICON volumes from US outage

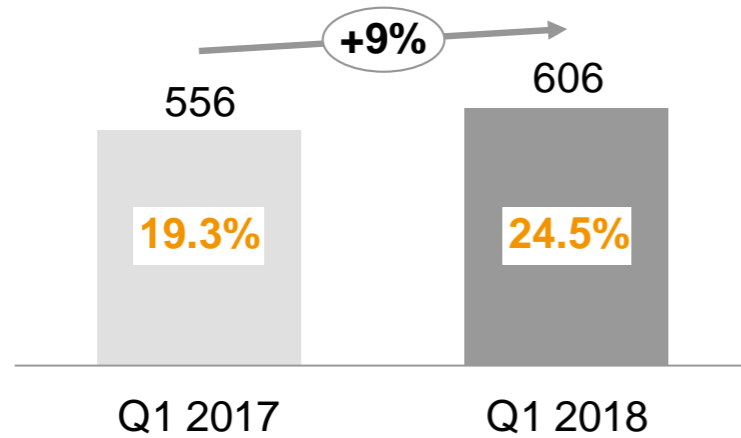
Solid start into

2018.

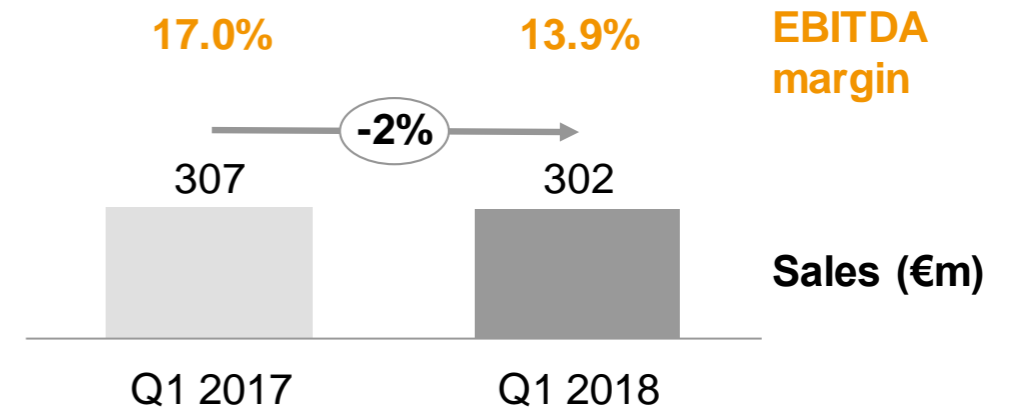
Strong growth in Chemicals continues

WACKER Segments Q1 2018

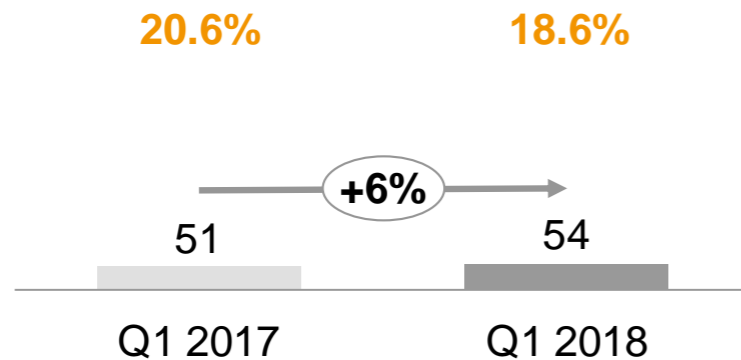
SILICONES



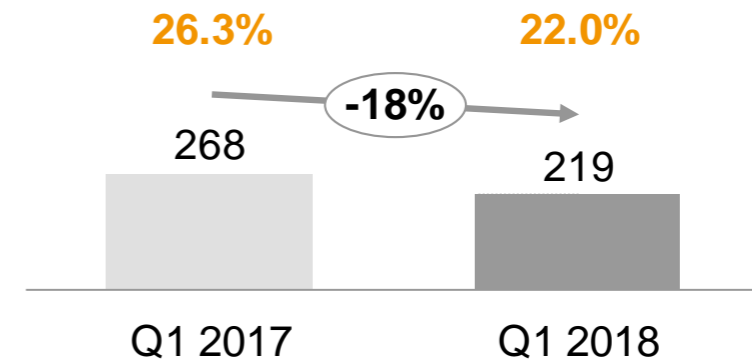
POLYMERS



BIOSOLUTIONS



POLYSILICON



Further PV Growth Expected in 2018

Country	2014	2015	2016	2017	2018e
France	0.9	0.9	0.6	0.9	1.2 – 1.4
Germany	1.9	1.5	1.5	1.8	2.0 – 2.4
Europe other	4.6	6.2	4.3	~ 4.1	7.2 – 9.0
Europe total	7.4	8.6	6.4	~ 6.8	10.4 – 12.8
Australia	1.0	0.9	0.8	1.3	2.7 – 3.0
China*	13.2	16.5	32.5	52.8	40.0 – 45.0
India	1.0	2.1	4.3	9.6	10.0 – 11.0
Japan	9.3	10.8	8.4	~ 7.4	7.0 – 8.0
South Korea	0.9	1.0	0.9	1.2	1.5 – 1.7
USA	6.2	7.3	14.8	10.6	10.0 – 13.0
Rest of World	5.1	9.0	9.8	~ 10.5	18.0 – 20.0
Total	44 GW	56 GW	78 GW	~ 100 GW	100 – 115 GW

Sources: SPE, IHS, industry announcements, WACKER estimates; *China official data adjusted for installed/not connected capacity

Guidance FY 2018

€m	2017	Outlook 2018
Sales	4,924	Low-single-digit % increase
EBITDA	1,014	Mid-single-digit % increase
EBITDA margin (%)	20.6	Slightly higher than a year ago
Net cash flow	358	Clearly positive, substantially below last year's figure
CapEx	327	Around 470
Net financial debt	454	On par with last year
Income from continuing operations	250	Substantially higher than last year
Depreciation	590	Around 550
ROCE (%)	7.5	Substantially above the prior-year level
Tax Rate (cont. operations) (%)	25.3	Stable

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

07/26/18

Q2 Results 2018

10/25/18

Q3 Results 2018

Additional Information



ISIN

DE000WCH8881

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Publications

