



## Q1 2019 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)  
April 25, 2019

# 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.

The logo for WACKER, featuring the word "WACKER" in a bold, black, sans-serif font, enclosed within a black rectangular border with rounded corners.

# Highlights Q1 2019

## Chemicals Continue Strong but Challenges in POLYSILICON

### FY 2019 Guidance Confirmed

#### Financials

**Sales** of €1.24bn (+2% yoy)

**EBITDA** at €142m (-44% yoy), mainly due to lower prices for polysilicon

**Net cash flow** negative at -€135m following higher capex and working capital increase

#### Operations

**Sales growth** of +3% yoy in Chemicals

**Force Majeure** in SILICONES holds back specialties performance

**Significantly lower ASPs** and **higher energy costs** in POLYSILICON

# Profit & Loss Statement

## EBITDA at €142m

### WACKER P&L Q1 2019 (€m)

€m	Q1 2018	Q1 2019
Sales	1,217.6	1,235.7
<b>Gross profit from sales</b>	<b>242.9</b>	<b>149.3</b>
<i>Gross profit margin (in %)</i>	19.9%	12.1%
S,G&A and R&D	-151.6	-167.0
Other operating income	26.0	16.5
Other operating expenses	-17.3	-20.5
<b>Operating result</b>	<b>100.0</b>	<b>-21.7</b>
Result from investments in joint ventures and associates	21.7	21.8
<b>EBIT</b>	<b>121.7</b>	<b>0.1</b>
Interest result	-5.1	-2.5
Other financial result	-12.5	-7.1
<b>Profit before tax</b>	<b>104.1</b>	<b>-9.5</b>
Income taxes	-25.0	4.0
<b>Net income for the period</b>	<b>79.1</b>	<b>-5.5</b>
<b>EPS (in €)</b>	<b>1.52</b>	<b>-0.16</b>
<b>EBITDA</b>	<b>254.5</b>	<b>142.0</b>
Depreciation/amortization	132.8	141.9
<b>EBIT</b>	<b>121.7</b>	<b>0.1</b>

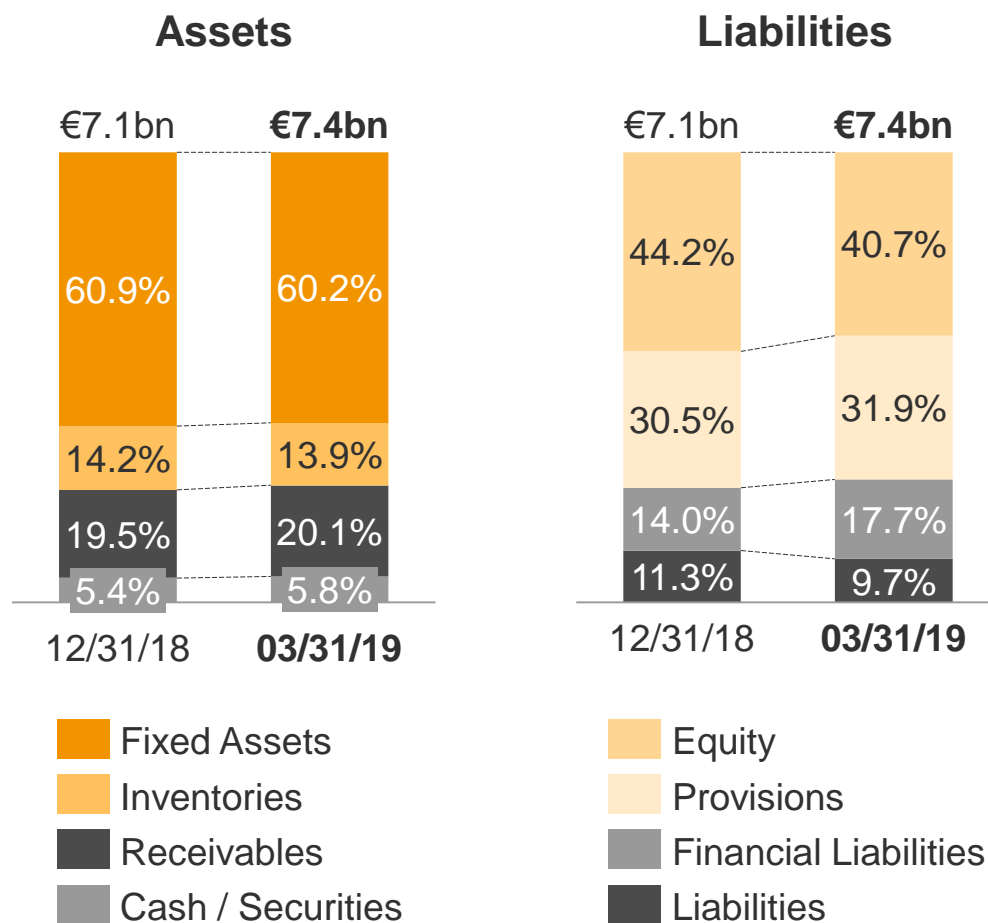
### Comments

- ▶ Sales +1.5% yoy:  
Volume/Mix +8.0%, Price -8.7%, FX +2.2%
- ▶ Gross profit decreased by -39% yoy primarily due to much lower average selling prices in POLYSILICON
- ▶ Result from investments in JVs and associates benefits from at-equity contribution from Siltronic
- ▶ Positive tax effects in Q1 (Tax rate FY 2018: 19.8%)
- ▶ Depreciation at €142m, +6.9% yoy
- ▶ EPS at -€0.16

# Balance Sheet Composition

## Financial Liabilities Increase Due to Application of IFRS 16

### Balance sheet (%)



### Characteristics 03/31/19

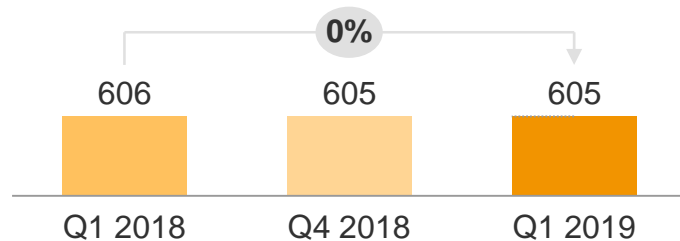
- ▶ Non current assets: €5,084m
- ▶ Securities, cash and cash equivalents: €430m
- ▶ Provisions for pensions: €2,009m (Dec 31, 2018: €1,795m)
  - ▶ Discount rate in Germany at 1.67% (Dec 31, 2018: 1.98%)
  - ▶ DTA\* relating to pensions about €416m
- ▶ Equity: €3,035m (Dec 31, 2018: €3,146m)
- ▶ IFRS 16 impact on financial liabilities: +€133m

\* Deferred tax asset

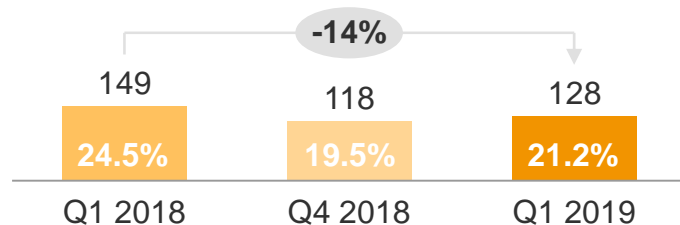
# SILICONES

## Force Majeure in Specialties Holds Back Volumes, Affects Mix

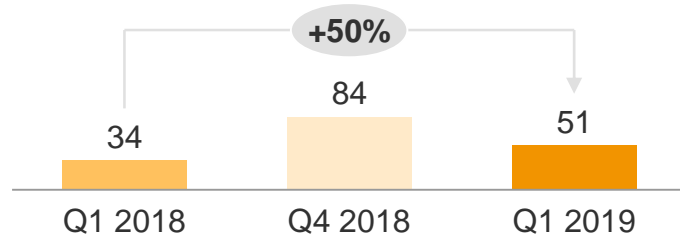
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Specialties overall with strong demand, but some market segments slow
- ▶ Standards sequentially lower but similar yoy
- ▶ China growing after inventory normalization

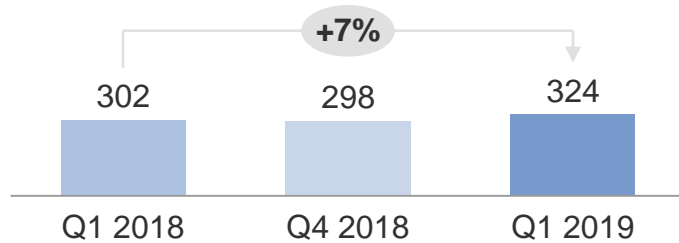
### Outlook 2019

- ▶ Sales growth at low-single-digits %
- ▶ Good volume growth and pricing in specialties
- ▶ FY EBITDA margin at around 20% with negative effects from standards pricing

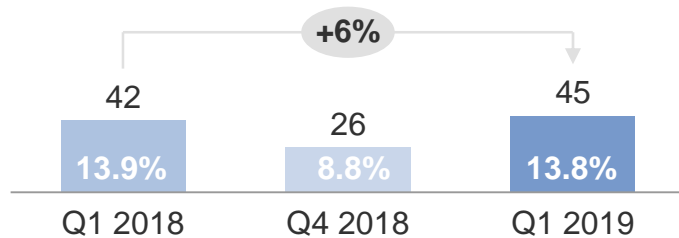
# POLYMERS

## Solid Volume Growth

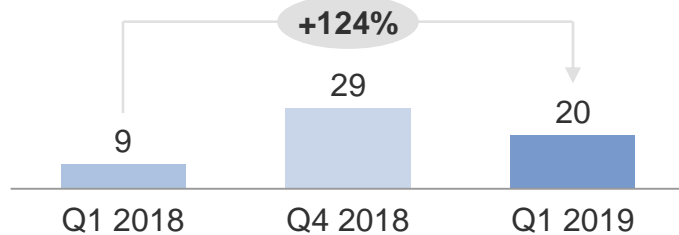
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Solid pricing, volume growth
- ▶ Strongest growth in Europe
- ▶ Cost savings and efficiency gains support results

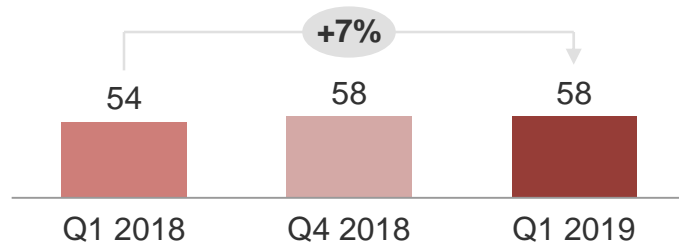
### Outlook 2019

- ▶ Mid-single-digit % sales growth
- ▶ Volume growth, higher prices and lower raw material costs
- ▶ Full year EBITDA margin expected to improve to around 14% (2018: 11.5%)

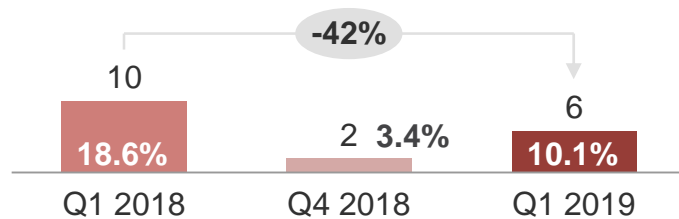
# BIOSOLUTIONS

## Growing Project Pipeline in Biopharmaceuticals

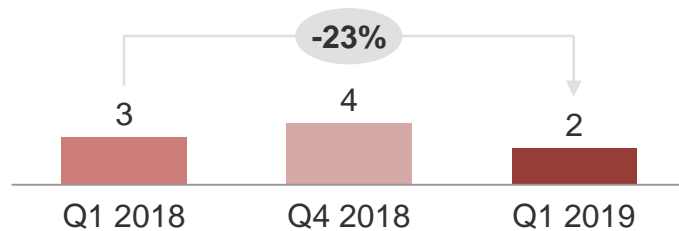
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Strong biopharmaceuticals business
- ▶ Continuing strong performance in Pharma & Agro

### Outlook 2019

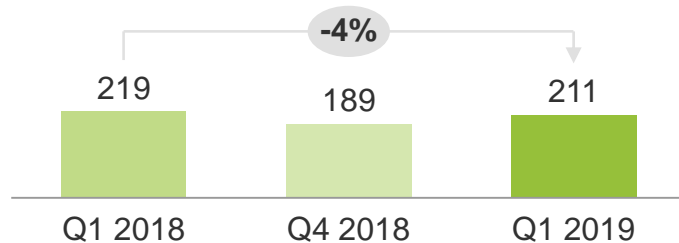
- ▶ Mid-single-digit % sales growth
- ▶ EBITDA at about €30m as new capacities ramp up



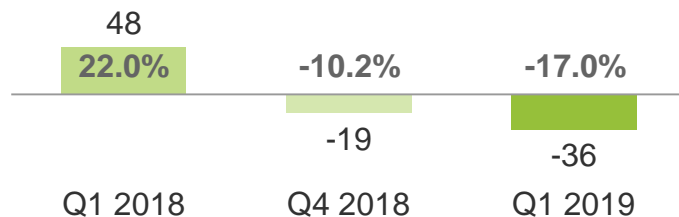
# POLYSILICON

## Full Production in Q1, Sequentially Stronger Volumes

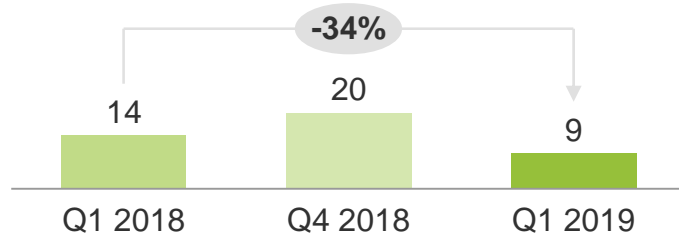
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Full production in Q1
- ▶ Sequentially stronger volumes, but weaker pricing
- ▶ Inventory valuation effects negative
- ▶ While other regions show growth, China waiting for regulatory clarity

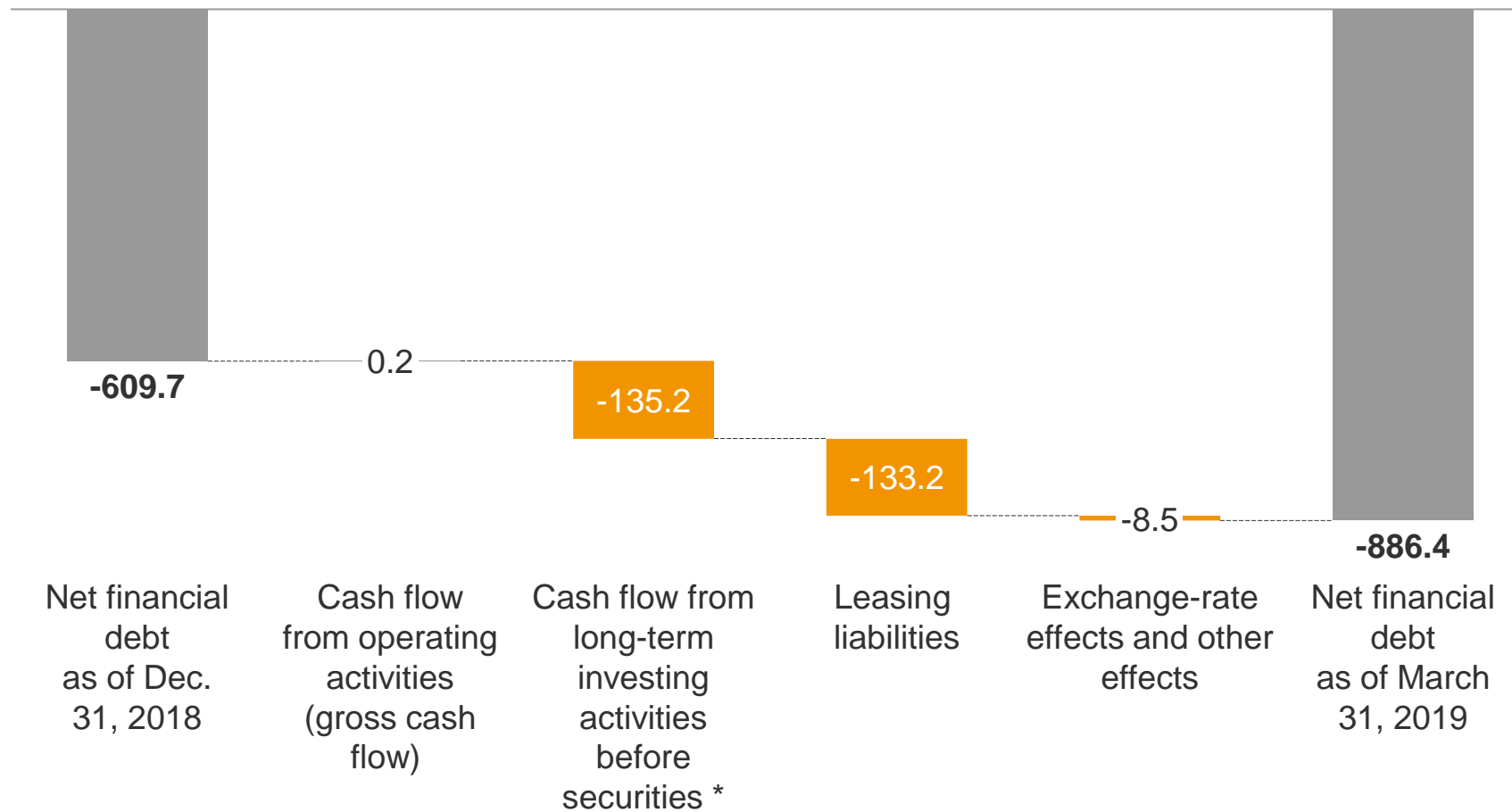
### Outlook 2019

- ▶ Significantly lower prices yoy in H1
- ▶ Sales with low-double-digit % increase
- ▶ FY EBITDA expected neutral – excluding insurance compensation

# Net Financial Debt

## Neutral Operating Cash Flow Despite Headwinds

### Net Financial Debt Bridge per 03/31/2019 (€m)



\*) includes financial investments

# Guidance FY 2019 Outlook Confirmed

In €m	FY 2018	Outlook 2019
Sales	4,979	Mid-single-digit % increase
EBITDA	930	10 to 20% lower than a year ago
EBITDA margin (%)	18.7	Substantially lower than a year ago
Net cash flow	125	Clearly positive, substantially higher than last year
CapEx	461	Around 400
Net financial debt	610	Higher than last year due to IFRS16 effects
Net income for the period	260	Substantially lower than last year
Depreciation	540	Around 525
ROCE (%)	5.9	Substantially below the prior-year level
Tax Rate (%)	19.8	Below 20%



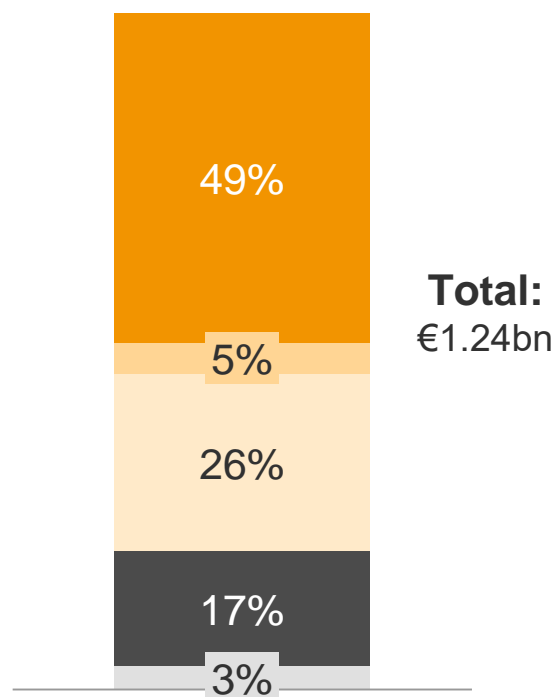
## **Q1 2019 – Conference Call: Q&A Session**

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)

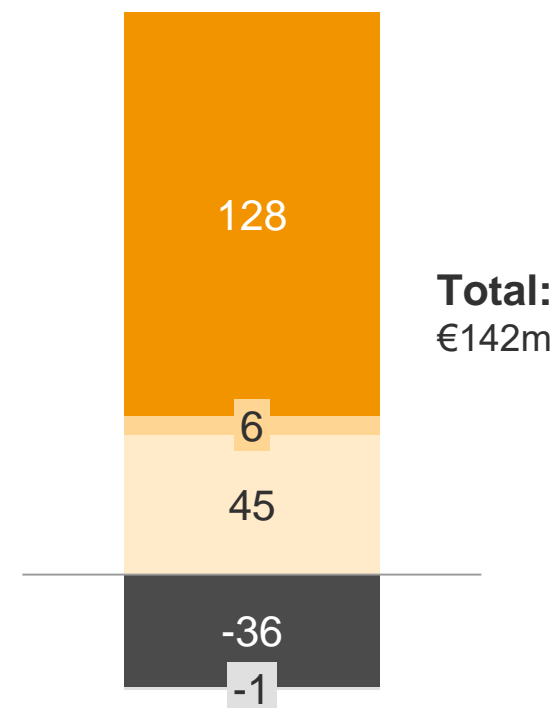
April 25, 2019

# Q1 2019 Results – Sales and EBITDA Breakdown

## Q1 2019 Sales



## Q1 2019 EBITDA



■ SILICONES 
 ■ BIOSOLUTIONS 
 ■ POLYMERS 
 ■ POLYSILICON 
 ■ OTHERS / CONSOLID.

# Q1 2019 Results – P&L

In €m	Q1 2019	Q1 2018	% YoY	Q4 2018	% QoQ
Sales	1,235.7	1,217.6	+1.5	1,188.6	+4.0
EBITDA	142.0	254.5	-44.2	173.3	-18.1
EBITDA margin	11.5%	20.9%	-	14.6%	-
EBIT	0.1	121.7	-99.9	36.4	-99.7
EBIT margin	0.0%	10.0%	-	3.1%	-
Net income for the period	-5.5	79.1	n.a.	28.6	n.a.
EPS in €	-0.16	1.52	n.a.	0.53	n.a.
Capital expenditures	97.7	69.2	+41.2	172.4	-43.3
Depreciation / amortization	141.9	132.8	+6.9	136.9	+3.7
Net cash flow	-135.0	148.7	n.a.	44.9	n.a.

# Q1 2019 Results – Breakdown by Business

In €m / %	Sales					EBITDA				
	Q1 2019	Q1 2018	% YoY	Q4 2018	% QoQ	Q1 2019	Q1 2018	% YoY	Q4 2018	% QoQ
<b>Chemicals</b>	<b>987</b>	962	+3	962	+3	<b>179</b>	201	-11	146	+22
SILICONES	<b>605</b>	606	0	605	0	<b>128</b>	149	-14	118	+8
POLYMERS	<b>324</b>	302	+7	298	+8	<b>45</b>	42	+6	26	+69
BIOSOLUTIONS	<b>58</b>	54	+7	58	0	<b>6</b>	10	-42	2	>100
POLYSILICON	<b>211</b>	219	-4	189	+12	<b>-36</b>	48	n.a.	-19	+87
Others	<b>43</b>	43	0	45	-4	<b>0</b>	7	-96	46	-99
Consolidation	<b>-5</b>	-6	-16	-7	-21	<b>-1</b>	-1	0	0	n.a.
<b>WACKER Group</b>	<b>1,236</b>	<b>1,218</b>	<b>+2</b>	<b>1,189</b>	<b>+4</b>	<b>142</b>	<b>255</b>	<b>-44</b>	<b>173</b>	<b>-18</b>

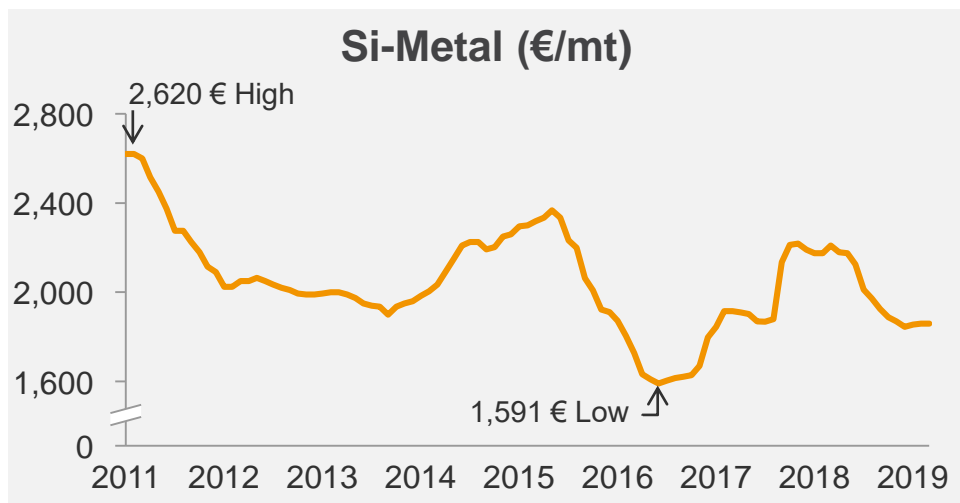
# PV Growth Expectation for 2019

Country	2015	2016	2017	2018	2019e
France	0.9	0.6	0.9	1.0	1.4 – 1.7
Germany	1.5	1.5	1.8	3.0	3.5 – 4.5
Europe other	6.2	4.3	4.1	7.5	8.0 – 11.0
<b>Europe total</b>	<b>8.6</b>	<b>6.4</b>	<b>6.8</b>	<b>11.5</b>	<b>12.9 – 17.7</b>
Australia	0.9	0.8	1.3	3.5	3.5 – 4.5
China*	16.5	32.5	52.8	44.3	40.0 – 45.0
India	2.1	4.3	9.6	8.5	11.0 – 12.0
Japan	10.8	8.4	7.4	7.0	6.0 – 7.0
South Korea	1.0	0.9	1.2	1.5	2.0 – 3.0
USA	7.3	14.8	10.6	10.6	11.0 – 14.0
Rest of World	9.0	9.8	10.5	18.0	24.0 – 27.0
<b>Total</b>	<b>56 GW</b>	<b>78 GW</b>	<b>100 GW</b>	<b>105 GW</b>	<b>110 – 130 GW</b>

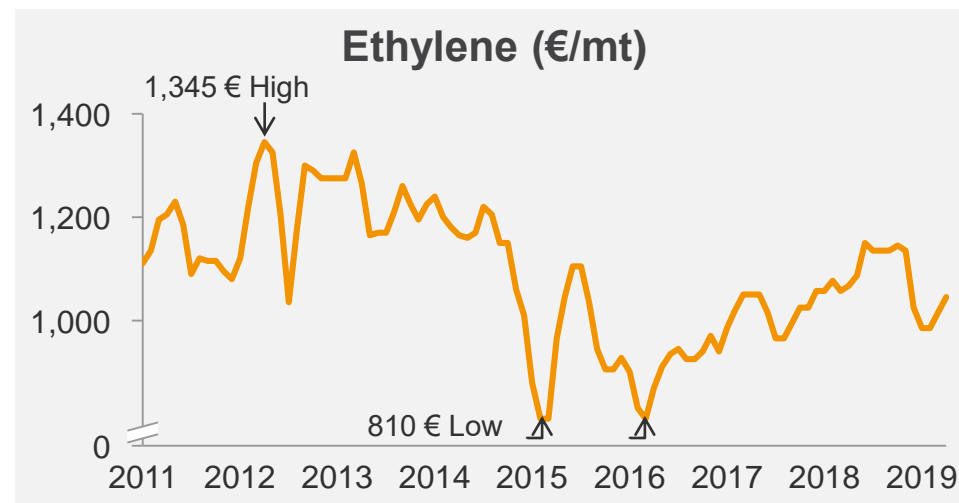
Sources: SPE, IHS, industry announcements, WACKER estimates; \*China official data adjusted for installed/not connected capacity



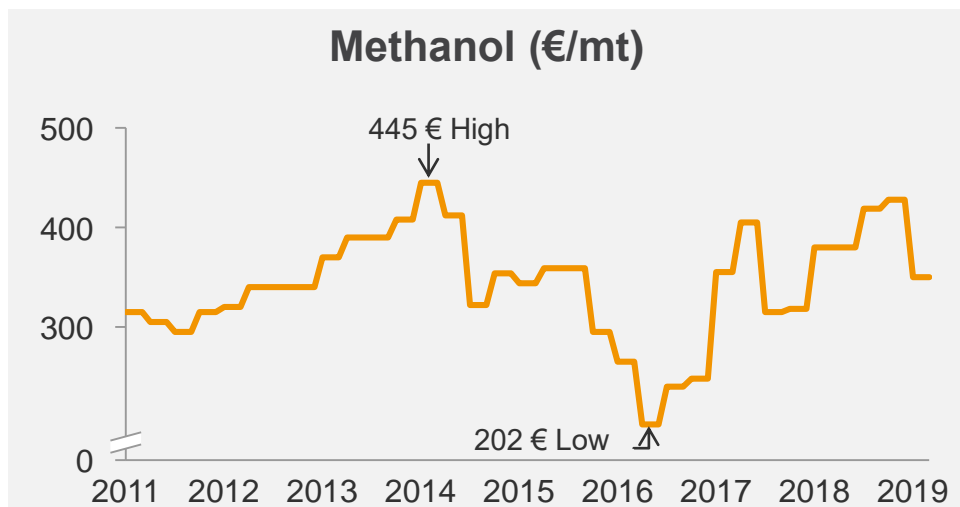
# Raw Material Prices With Volatile Development



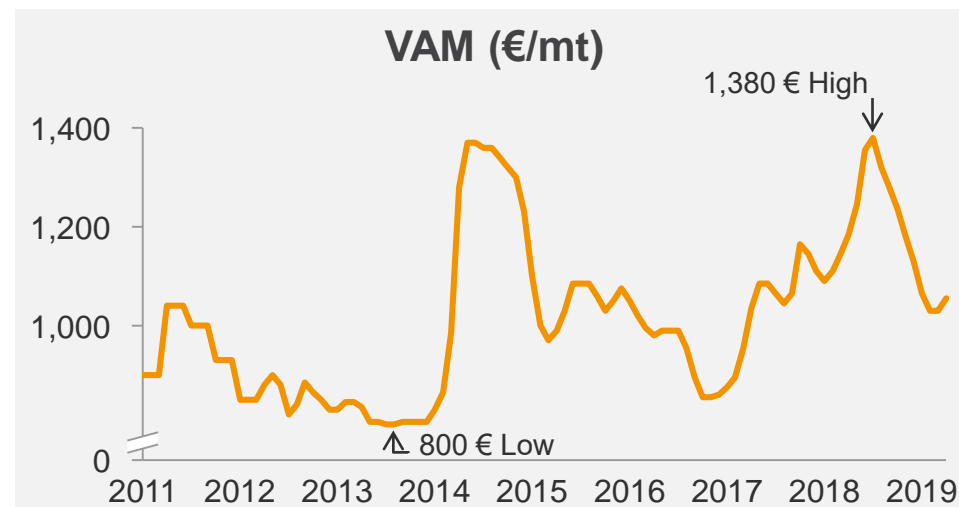
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE



Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

# WACKER: Issuer, Contact and Additional Information

## Issuer and Contact

### INVESTOR RELATIONS CONTACTS

#### Joerg Hoffmann, CFA

Tel. +49 89 6279 1633  
joerg.hoffmann@wacker.com

#### Monika Stadler

Tel. +49 89 6279 2769  
monika.stadler.IR@wacker.com

#### Scott McCollister

Tel. +49 89 6279 1560  
scott.mccollister@wacker.com

**Wacker Chemie AG**  
**Hanns-Seidel-Platz 4**  
**D-81737 Munich**

## Financial Calendar

**05/23/19**

Annual Shareholders' Meeting

**08/01/19**

Q2 Results 2019

**10/24/19**

Q3 Results 2019

## Additional Information



#### ISIN

DE000WCH8881

#### Deutsche Börse

WCH

#### WKN

WCH888

## Publications



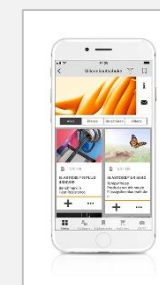
CUSTOMER  
MAGAZINE



FACTBOOK



SUSTAINABILITY  
REPORT



SQUARE  
APP