



WACKER

CREATING TOMORROW'S SOLUTIONS

Managing for Growth and Cash

Wacker Chemie AG, November / December 2019

Ticker: WCH
www.wacker.com

WACKER: An Attractive Investment

- ▶ **Competitive Advantage:**
Silicon-based integrated sites and operational excellence
- ▶ **Market Leading Position:**
All segments among top 3 with leading technology and costs
- ▶ **Superior Growth Opportunities:**
Innovation, sustainability and emerging markets
- ▶ **Transforming Growth:**
High cash generation funds Chemicals growth and shareholder returns

WACKER: At a Glance

Facts & Numbers

€930m
EBITDA in 2018

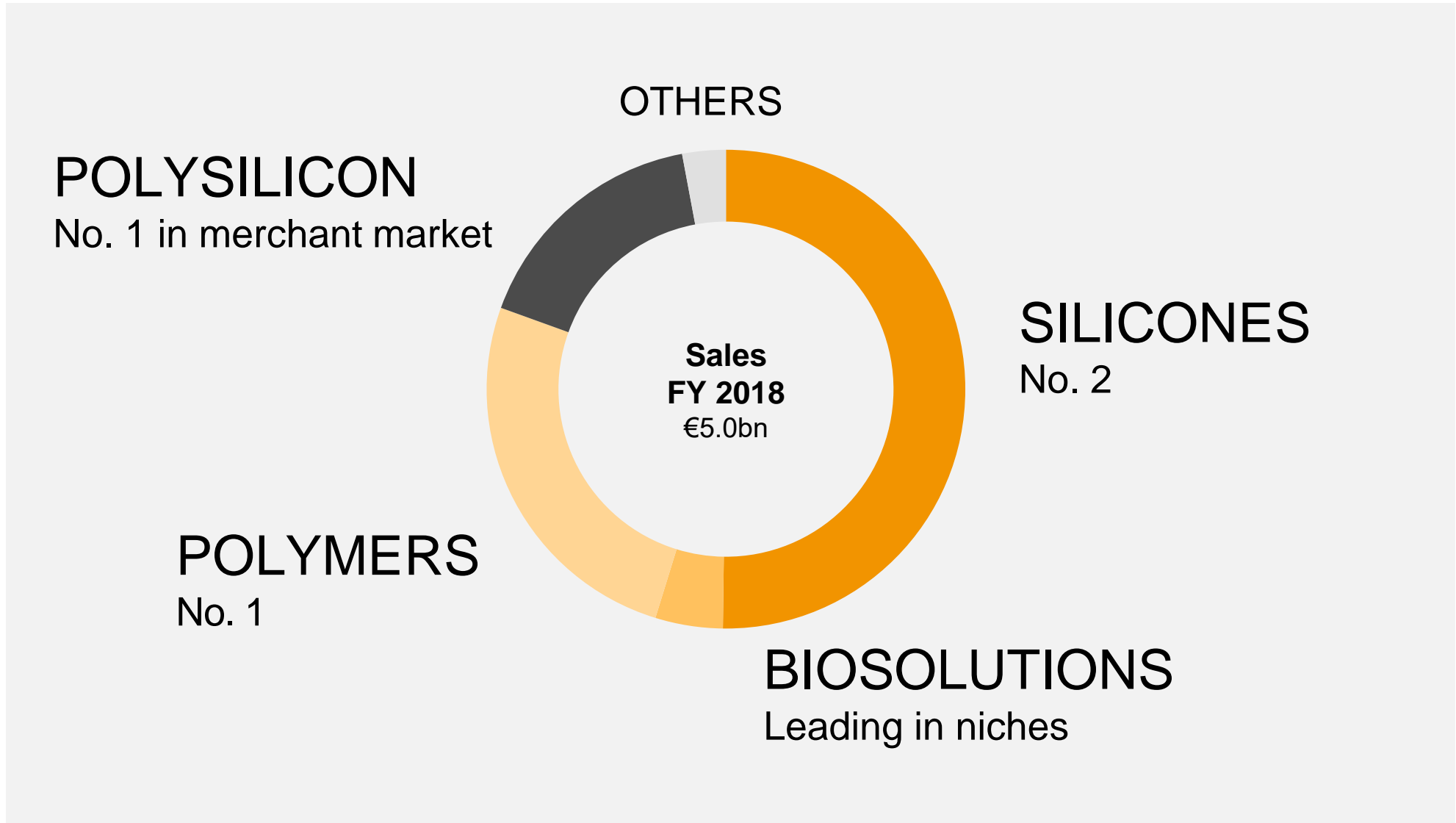
€4,979m
Sales in 2018

18.7%
EBITDA margin
in 2018

4 Business
Segments



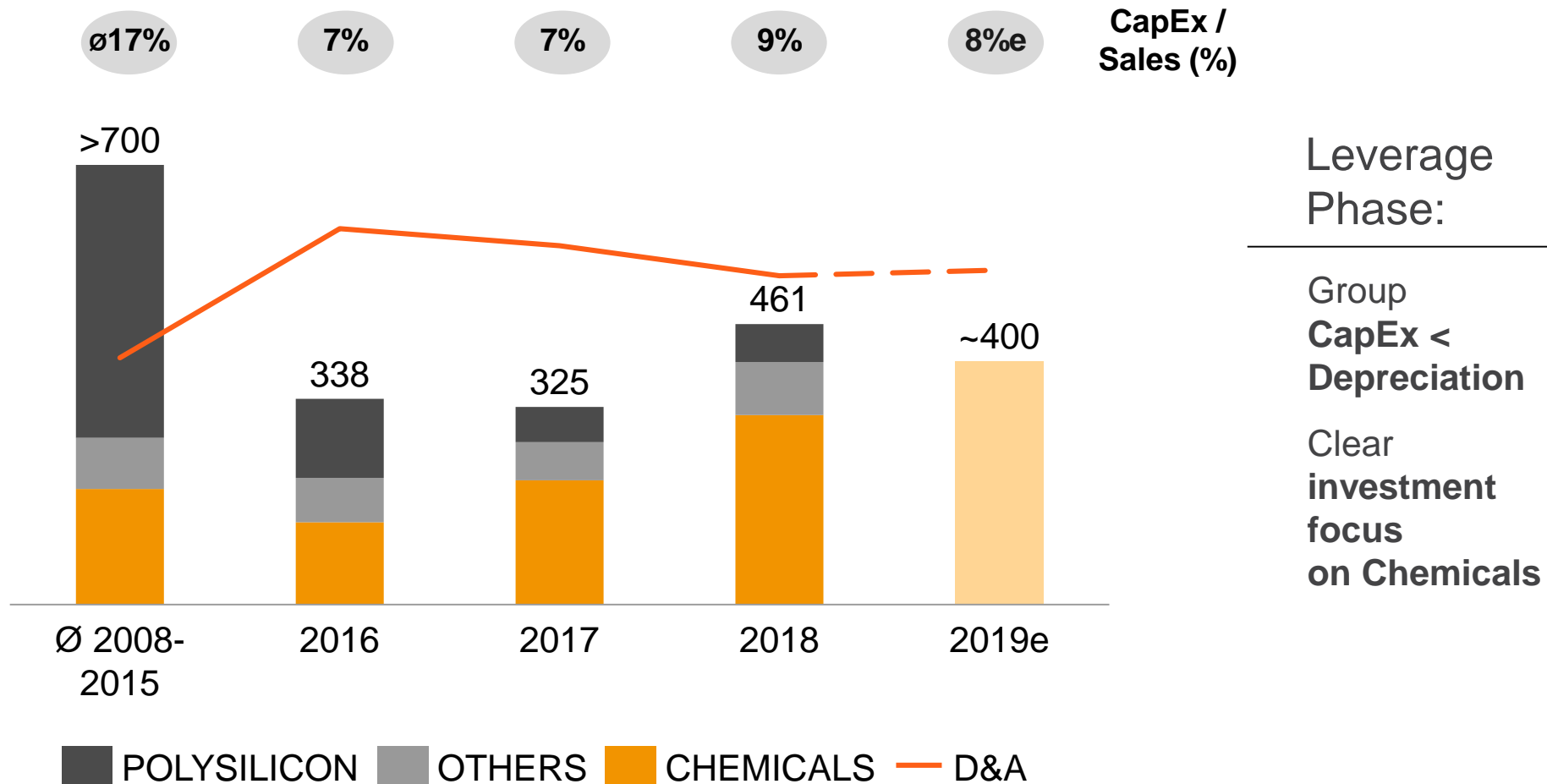
WACKER: Well Positioned for Future Growth



Target: Extend Leverage Phase with Investment Focus on Chemicals

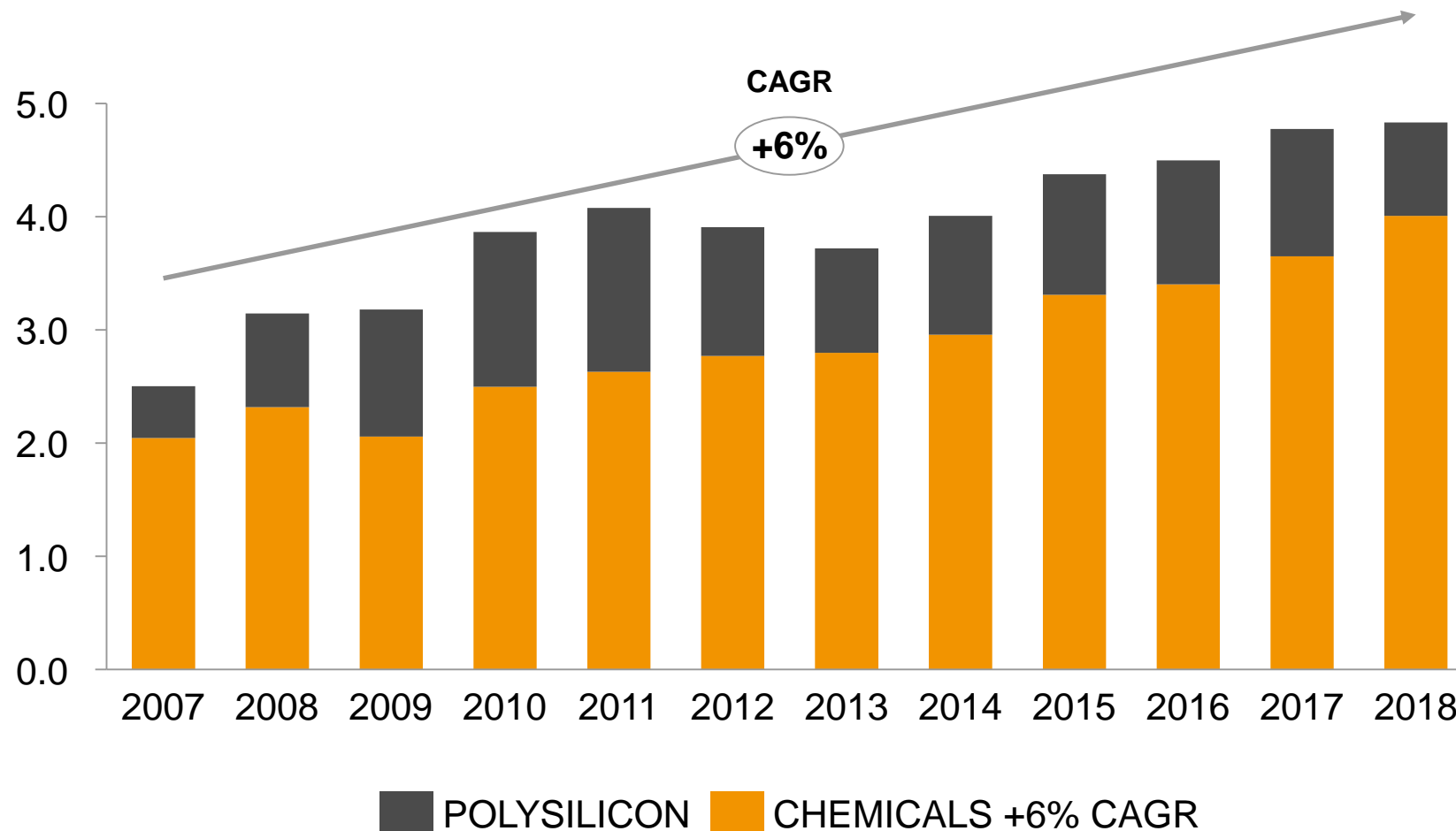
1

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



Target: Continue to Grow Above Chemical Production

Development of Sales (€bn) – Chemicals Divisions and POLYSILICON



Target: Focus on Sustainability

Raw Materials

Biomass-Balance Certified by TÜV

- ▶ Product launches based on renewable raw materials



BELSIL® eco

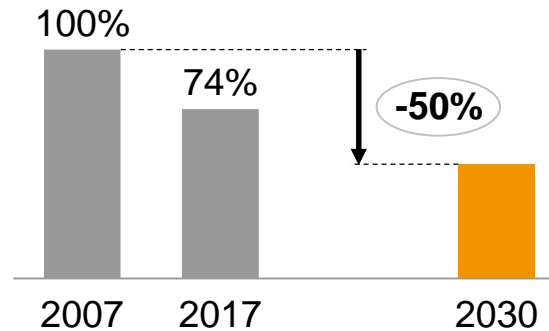


VINNECO®

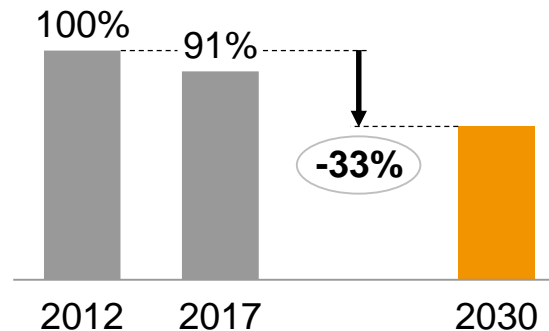
Production

WACKER Global Energy & Climate Targets

- ▶ Specific energy consumption



- ▶ Specific CO₂-emissions



Products

CO₂-Emissions

- ▶ Through Photovoltaics avoided emissions compared to coal

Emissions along the entire value chain

Generating energy based on national grid mixes



Solution with WACKER solar-poly for photovoltaics



Emissions avoided
466 million mt

Water Savings

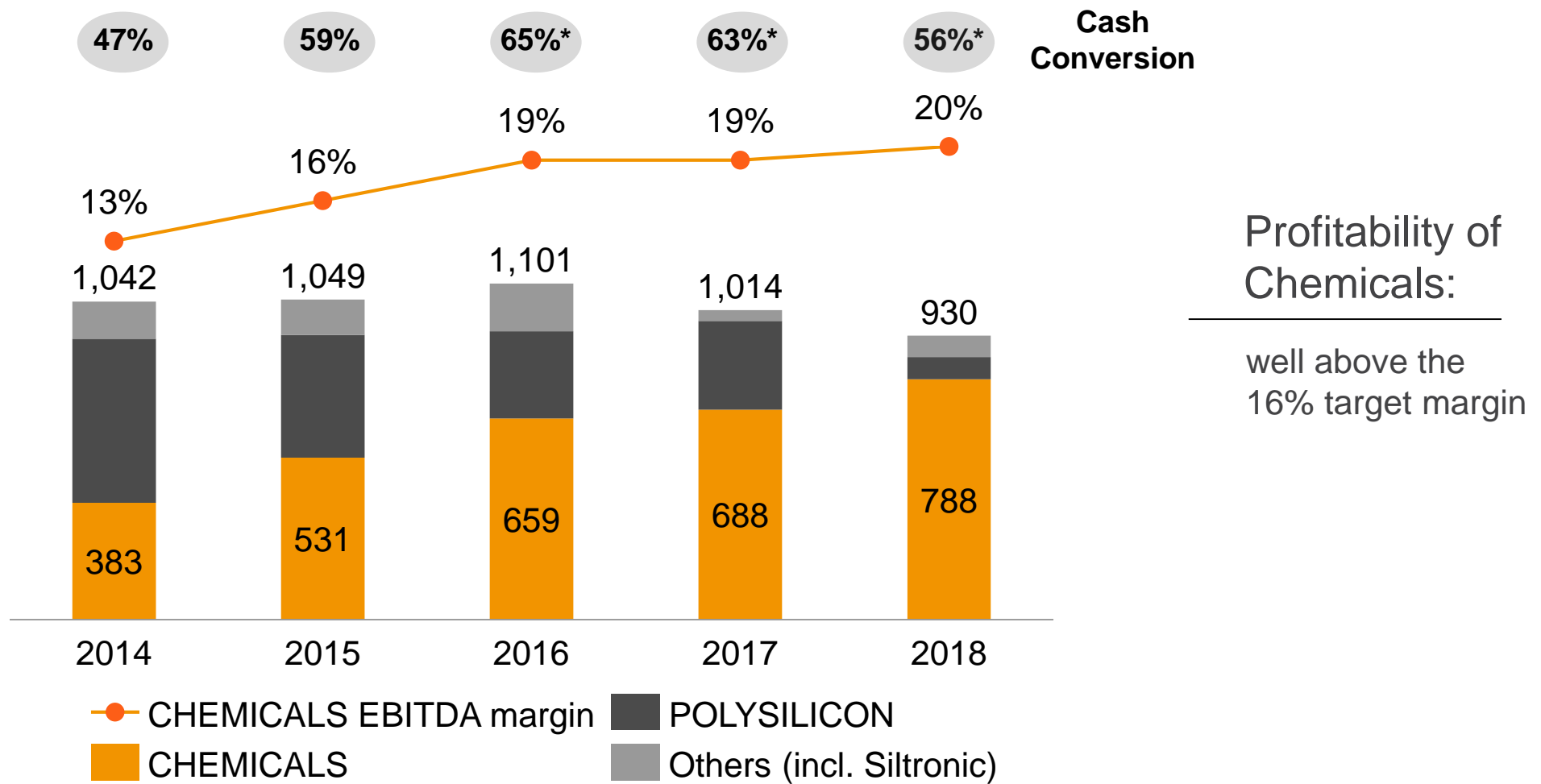
- ▶ Reduced water consumption by antifoam compounds



50%

Target: Sustain Attractive Margins Throughout the Cycle

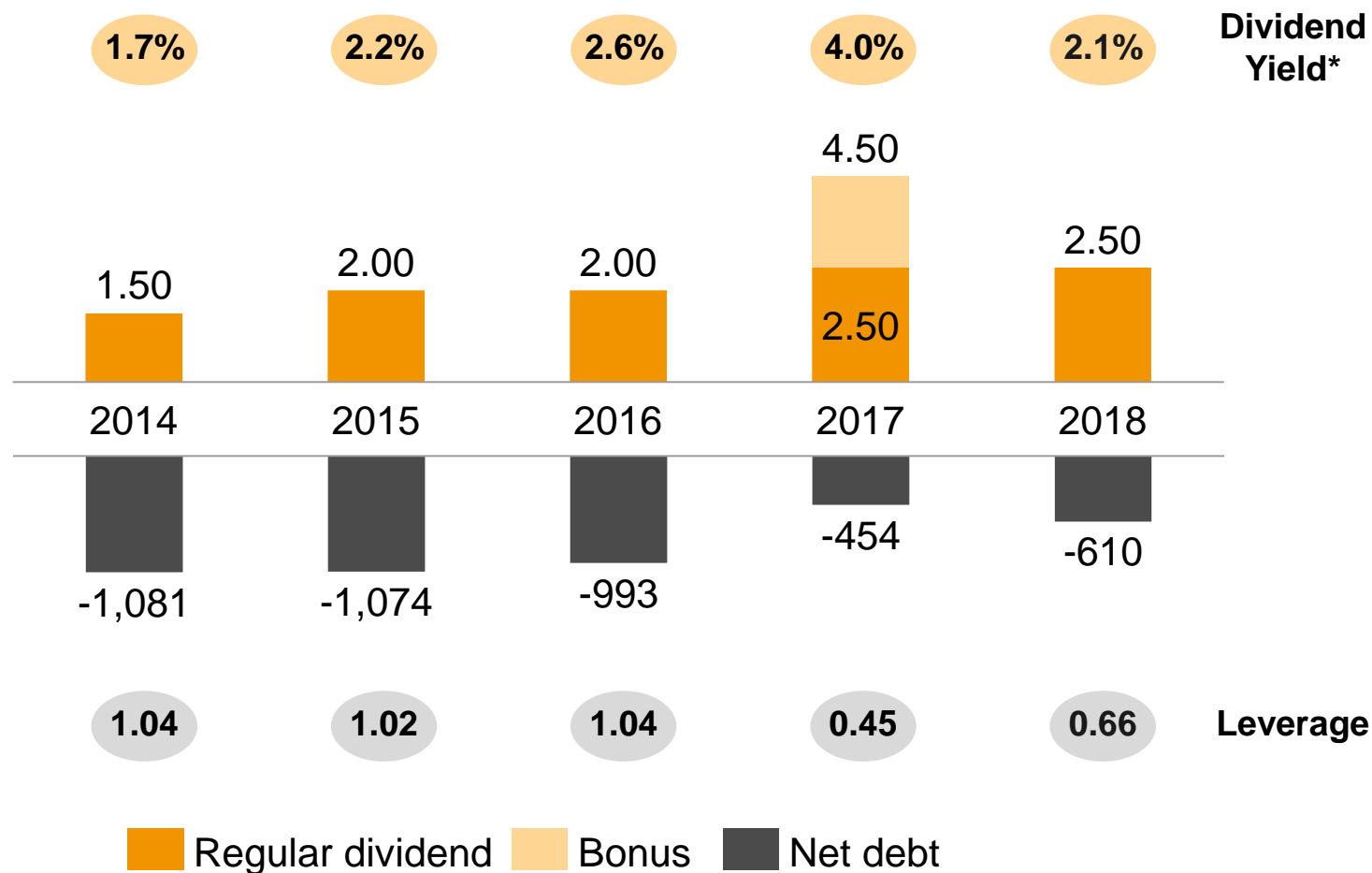
Development of Group Earnings (€m) (as reported)



* Gross Cash Flow / EBITDA (excluding Siltronic)

Target: Generate Cash

Dividend (€) and Net Debt (€m)



Targets:

Leverage: **0.5-1.0x**
EBITDA

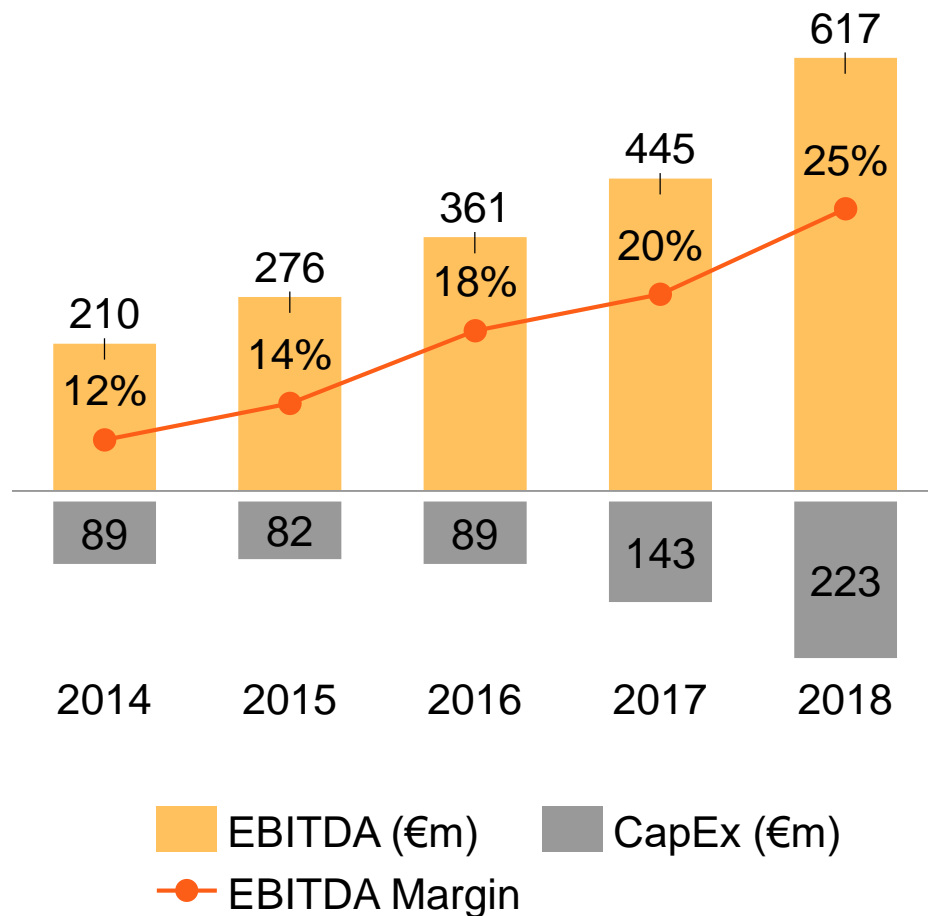
Dividend: **50%** of
Net income

* based on average weighted share price

SILICONES

Regional Growth, Product Mix, Cost Discipline Drive Earnings

SILICONES



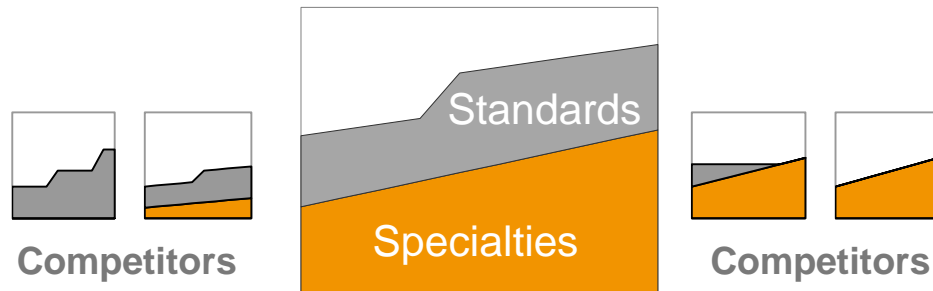
Market Characteristics

- ▶ Historic growth rates above GDP
- ▶ High entry barriers (capital and technology)
- ▶ Serving diversified end markets through broad market penetration and wide customer base
- ▶ Innovation broadens scope of applications

SILICONES

Full Portfolio Provider with Focus on Specialties

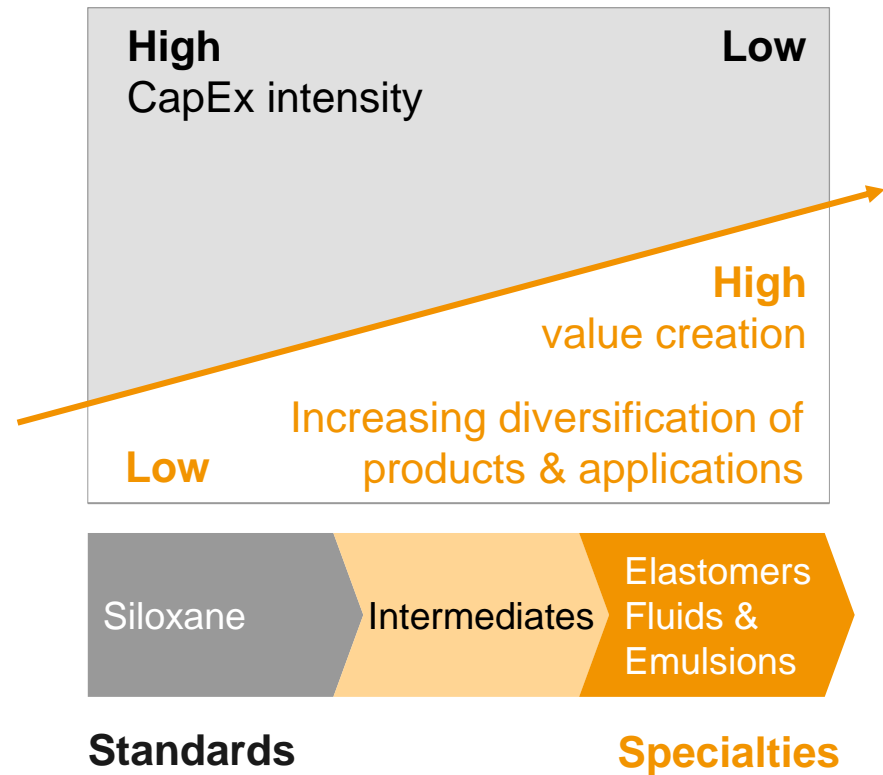
Full Portfolio Provider



**WACKER
SILICONES**

- ▶ Backward integrated
- ▶ Cost leadership
- ▶ Focus on innovation, customers and technical service

Mix Shift Towards Specialties



SILICONES

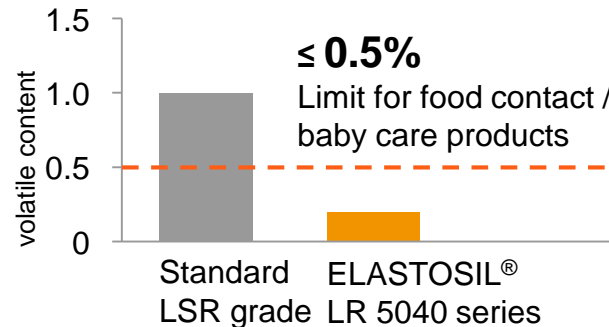
Setting the Standard for Non Post-Cure Liquid Silicone Rubber

A New Industry Benchmark for LSR



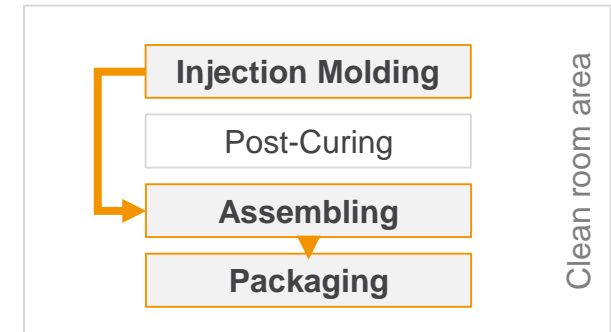
- ▶ New ELASTOSIL® LR 5040 meets increasing requirements regarding volatiles and productivity
- ▶ Especially designed for sensitive applications e.g. food, baby care or medical applications

Very Low Volatile Content



- ▶ Very low content of volatiles, migratables and extractables
- ▶ Excellent mechanical properties in the non post-cured state
- ▶ Full set of certificates & fulfilling other standards

Simplified Production for Customers



- ▶ Fulfills regulatory requirements without costly thermal treatment (post-curing)
- ▶ Increased productivity & lower energy costs
- ▶ Supports fully automated production processes

LSR = Liquid Silicone Rubber

SILICONES

Fumed Silica HDK[®] Enables Innovative Insulation Solutions

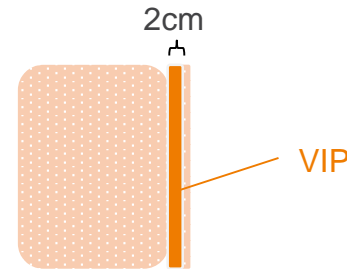
WACKER Solution: Vacuum Insulation Panels (VIPs) filled with HDK[®]



Non-Flammable



Space Saving



- ▶ Excellent insulator
- ▶ Improved fire safety
- ▶ Extremely robust
- ▶ Long-term stable
- ▶ Re-usable core
- ▶ Light weight

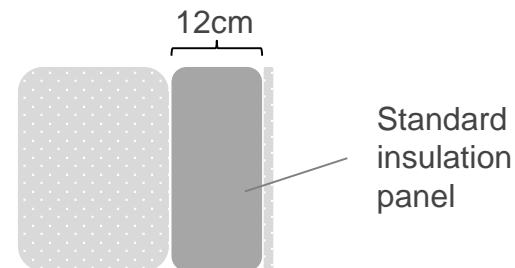
Traditional Insulation (e.g. PU, PS, Fiberglass, Mineral wool)



Flammable

and / or

Voluminous



SILICONES

Strong Chemistry, Innovation Potential and Set Up



A World of Unlimited Potential

**High
performance
products for
future growth
markets**



Innovative Specialty Portfolio

**Growth
with focus on
specialties**



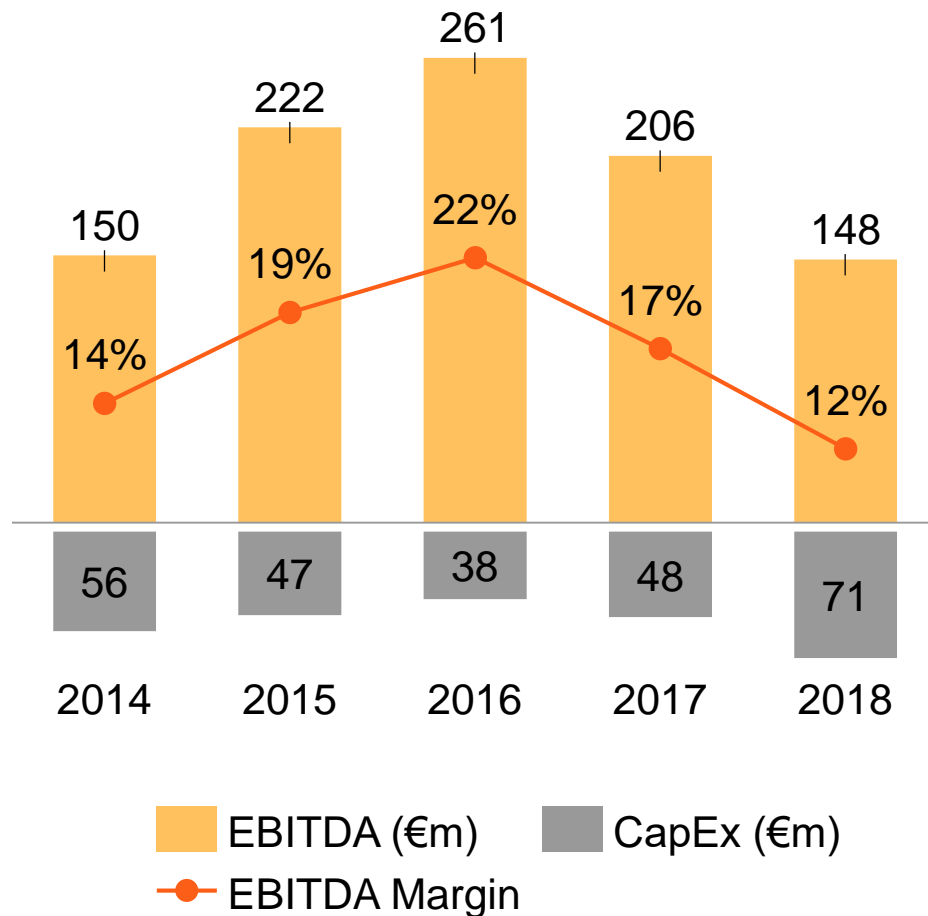
Unique Silicon Verbund

**Full portfolio
provider with
benchmark
costs**

POLYMERS

Generating Cash with Low Capital Intensity, Regional Growth

POLYMERS



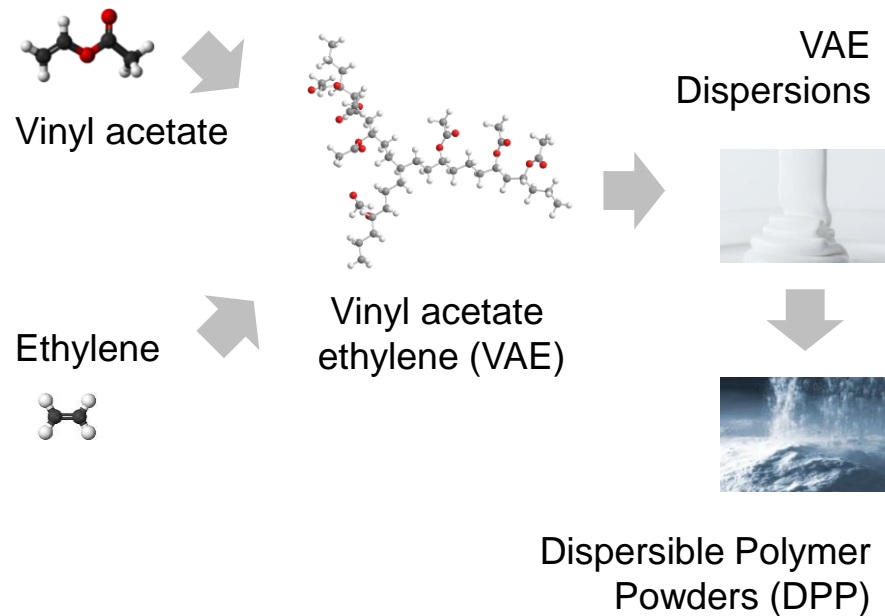
Market Characteristics

- ▶ Diverse market and customer base
- ▶ Historic growth above GDP
- ▶ Moderate capital entry barriers and high technology barriers in most segments
- ▶ Innovation and in-depth formulating expertise broaden scope of applications

POLYMERS









Binder Solutions Provider with Leading Technology and Assets

VAE Fundamentals



- ▶ With ethylene functioning as internal plasticizer, VAE dispersions are **waterborne** and **free of additional solvents**

VAE Dispersions and DPP Tandem

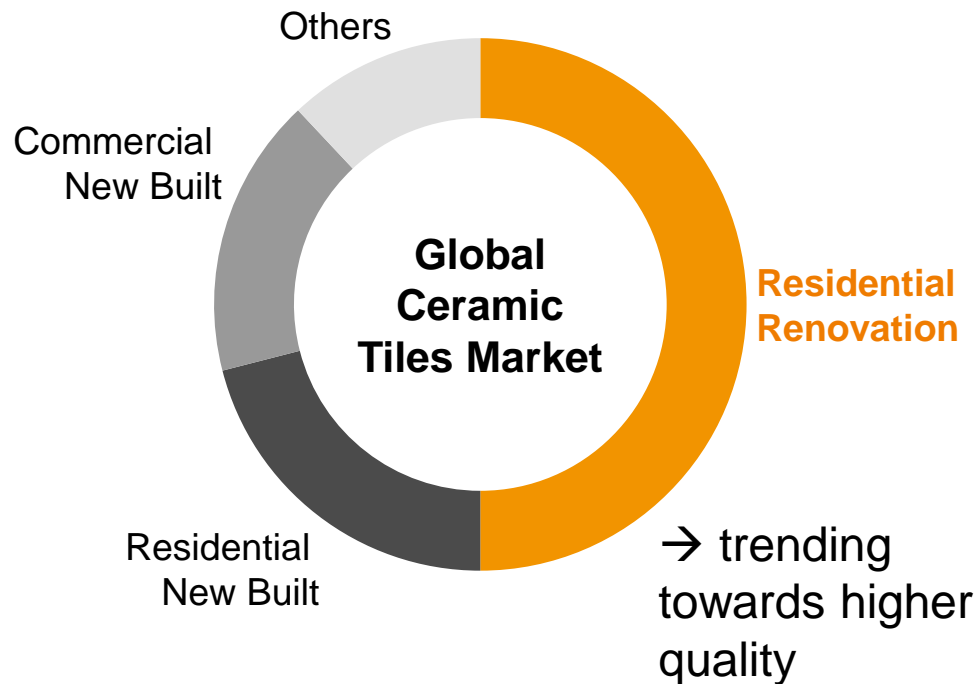
	VAE disp.	DPP	# of tech centers
Global	 + 		16
Americas			5
Asia			7
EMEA			4

- ▶ Only producer with production sites for VAE dispersions **and** DPP in Americas, Europe and Asia

POLYMERS

Construction Polymers Growing in Mature and Emerging Markets

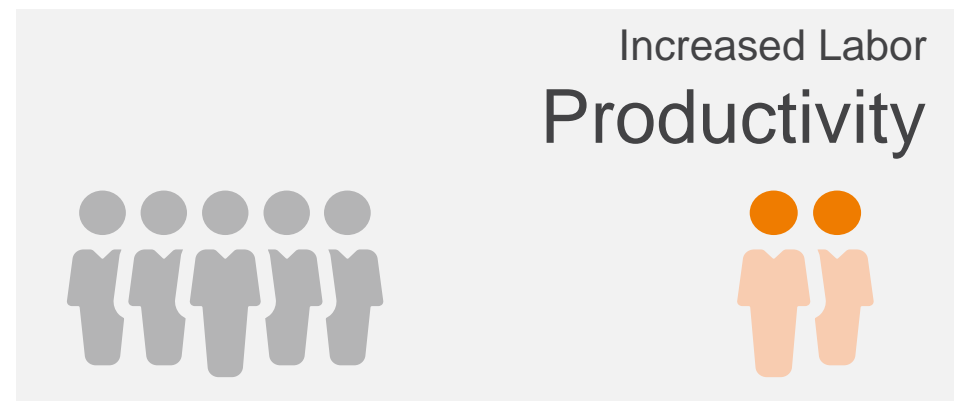
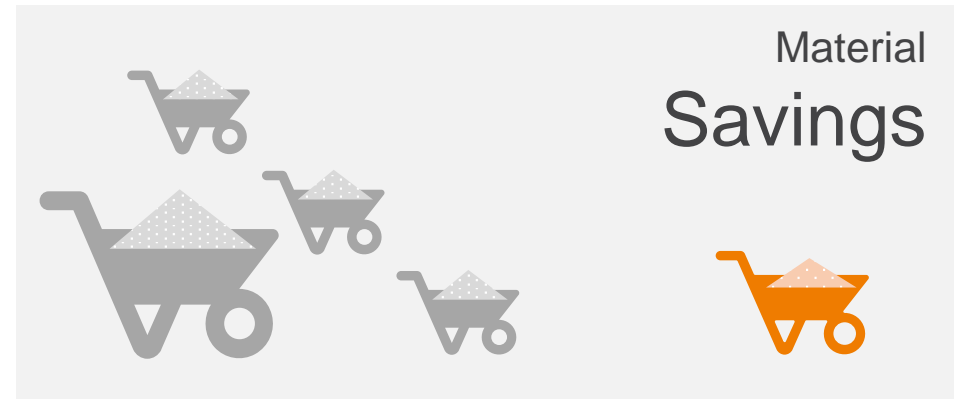
Enabler in Mature Markets



Enabler in Emerging Markets

Thick bed CTA¹

Thin bed CTA



¹) CTA = Ceramic Tile Adhesives; Source: Transparency, WACKER Estimate

POLYMERS

New Dispersible Polymer Powders for Biocide-Free Wall Paints

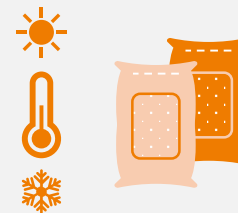
New Product Opportunity for Paint Industry



Liquid
Paints



NEXIVA® based
Powder Paints



Biocide-Free

Simply add water just prior to application – no need for adding biocides to avoid spoilage

Low Weight

Avoids plastic usage for paint buckets

Preparation on demand and at precise dosage

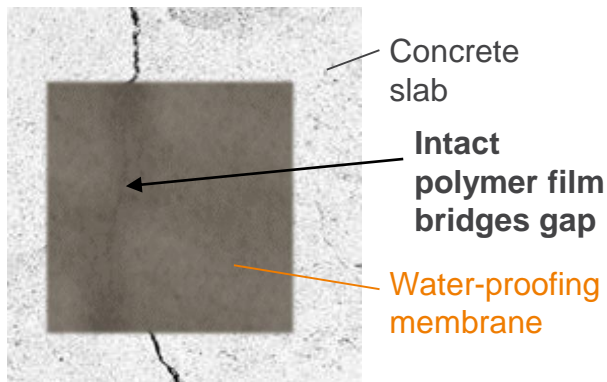
Ease of Storage

At challenging climate conditions

POLYMERS

Innovative Solutions for Water-Proofing Membranes

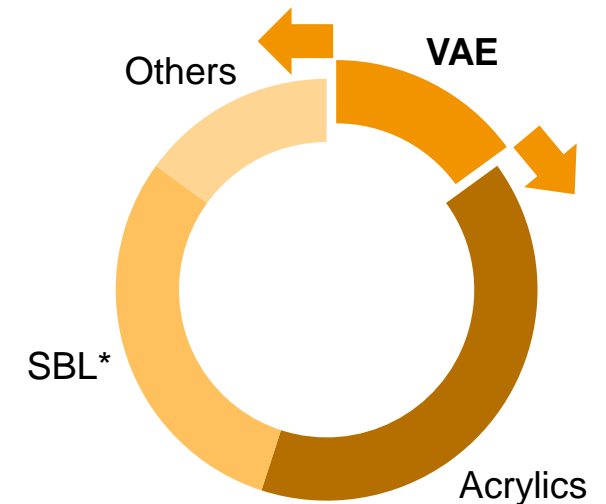
Broad Range of VINNAPAS® Products



Key Benefits

- ▶ Highly flexible membrane
- ▶ Good crack bridging
- ▶ Ease of application
- ▶ No slump, reliable workability
- ▶ No tackiness to trowel
- ▶ Can be used for drinking water applications

Market Potential



Polymer Binder Waterproofing Membrane Market

*SBL= Styrene Butadiene Latex

POLYMERS

Growth with Customer Focus and Innovation



Tandem Approach

**World class
setup – #1 in
powders and
dispersions**



Substitution

**Substitution
based on
value offering**



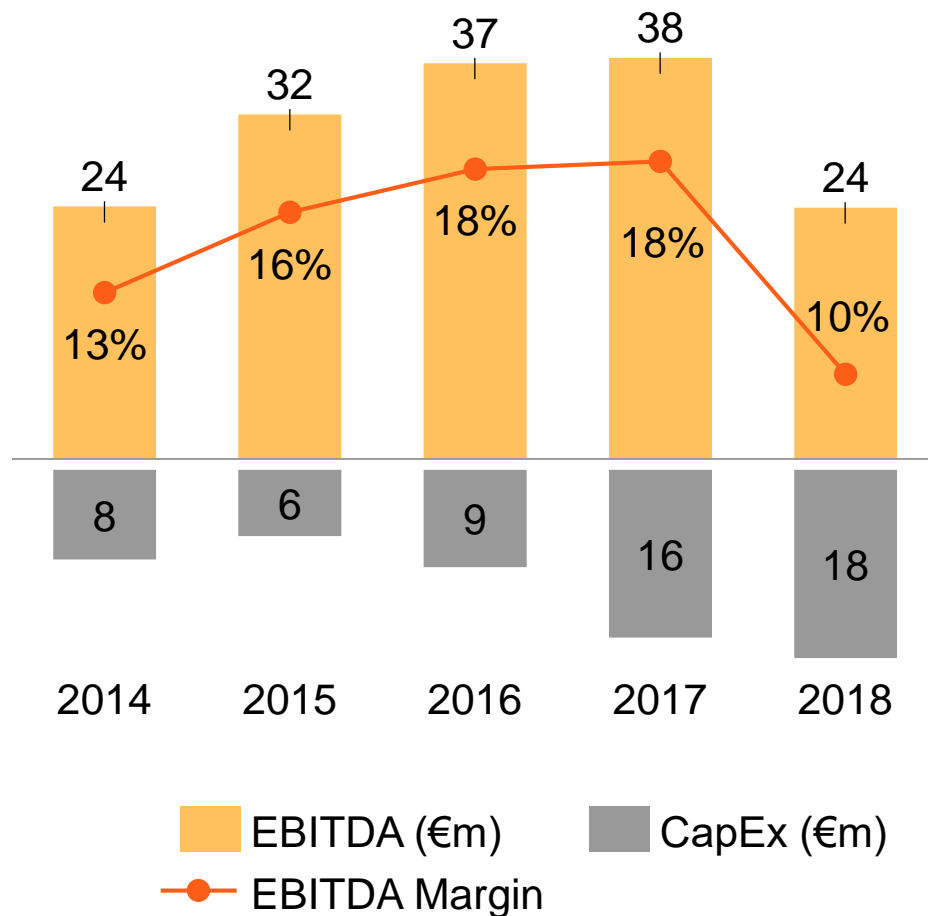
Transformation

**Push
transformation
towards higher
building
standards**

BIOSOLUTIONS

Focusing on Fast-Growing Markets

BIOSOLUTIONS



Market Position

- ▶ Strong technology and IP position in manufacturing of biopharmaceuticals
- ▶ Specialty products for attractive food & life science markets
- ▶ Leading market position in cyclodextrins, vegetarian cysteine, gumbase resin and selected fine chemicals
- ▶ Unique manufacturing processes based on renewable raw materials

BIOSOLUTIONS

Establishing a Fast Growing Biopharmaceuticals Business

Established by R&D and Acquisitions



- ▶ 2005:
ProThera
(Jena)



- ▶ 2014:
Scil Proteins
Production
(Halle)



- ▶ 2018:
SynCo
Biopartners
(Amsterdam)

Business Model

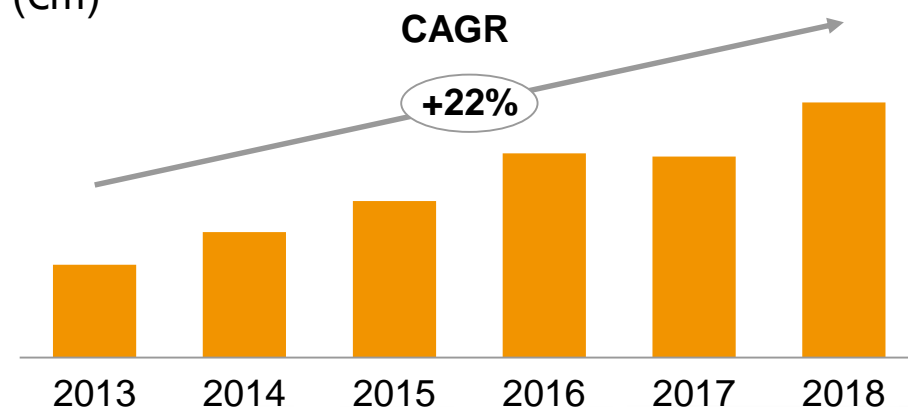


Outsourcing

WACKER

Biopharmaceuticals Sales Growth

(€m)



Rationale

- ▶ Strengthen position as microbial contract manufacturer globally
- ▶ SynCo transaction doubled WACKER Biotech's fermentation capacity for pharmaceutical actives
- ▶ Leverage our proprietary ESETEC[®] technology

BIOSOLUTIONS

Well Positioned for Further Growth



Unique Technology Platforms

Develop fast growing biotechnology businesses



Innovative Solutions Partner

Leveraging our know-how, experience and assets



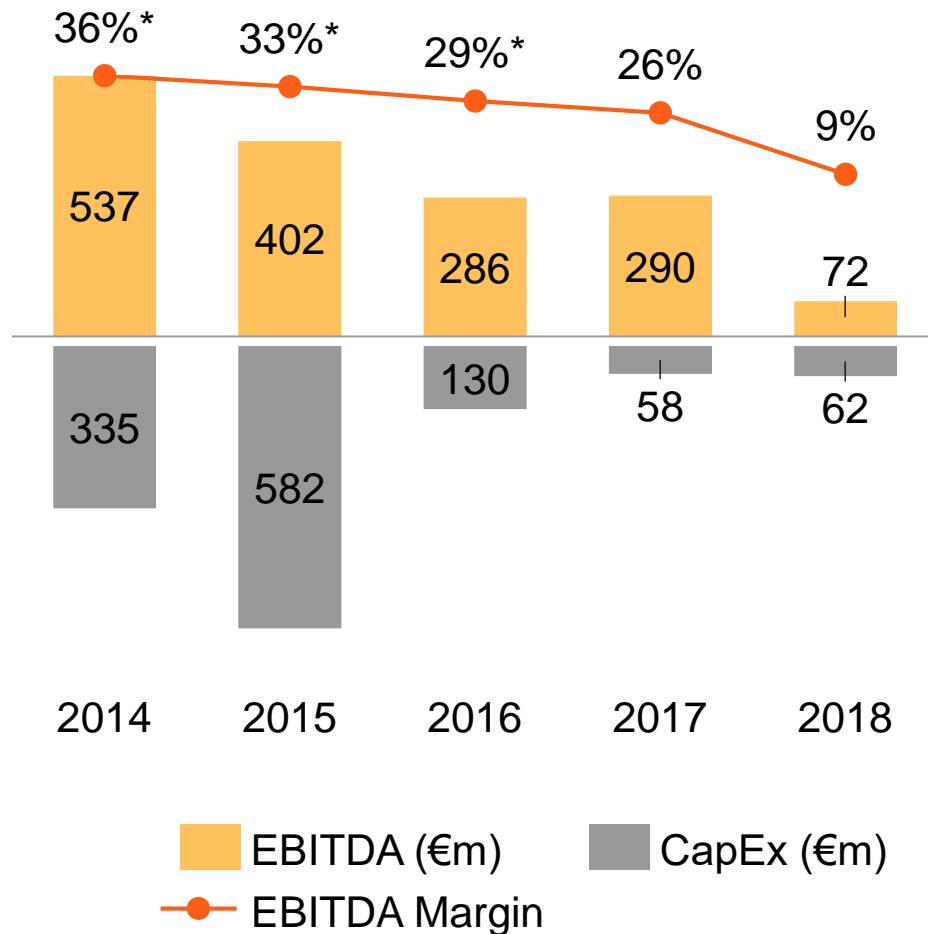
Strong Track Record

Continuous investments in innovation and growth

POLYSILICON

A Market Leader in Cost and Quality

POLYSILICON



Market Characteristics

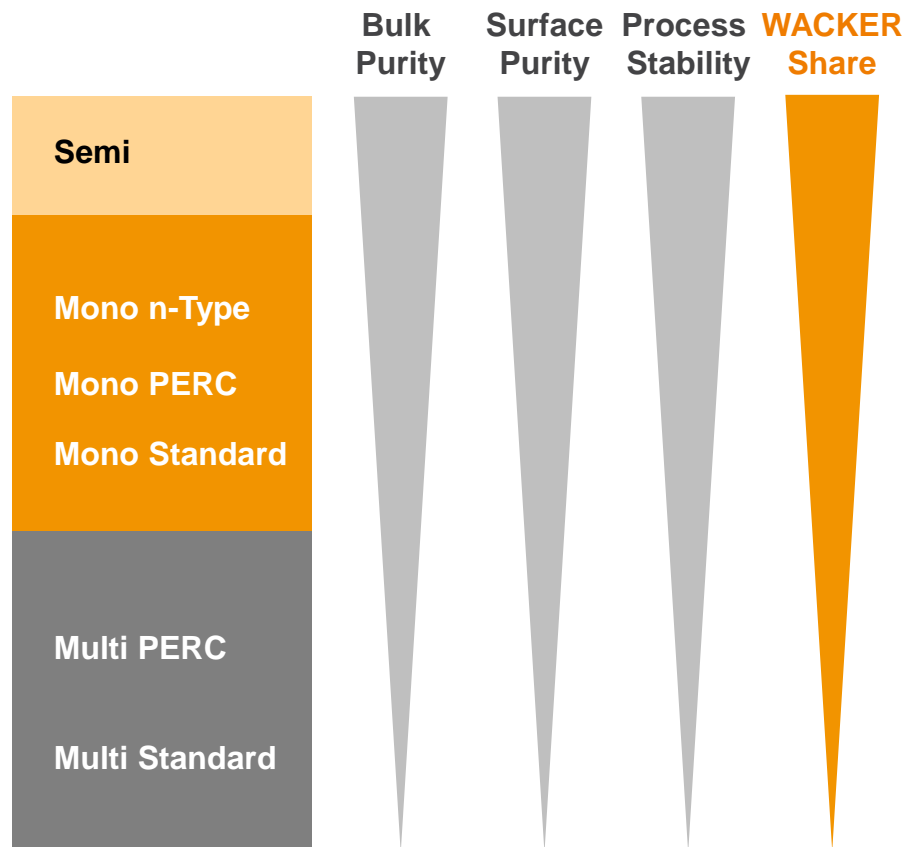
- ▶ PV market growth driven by increasing competitiveness of solar as a source of power
- ▶ Excellent product quality is key to highest conversion efficiencies in solar
- ▶ Cost and quality are decisive for market success
- ▶ Intense competition further drives industry consolidation

*Operating Margin: (EBITDA - Special Income - Pre Operational Costs - Ramp Costs) / Sales

POLYSILICON

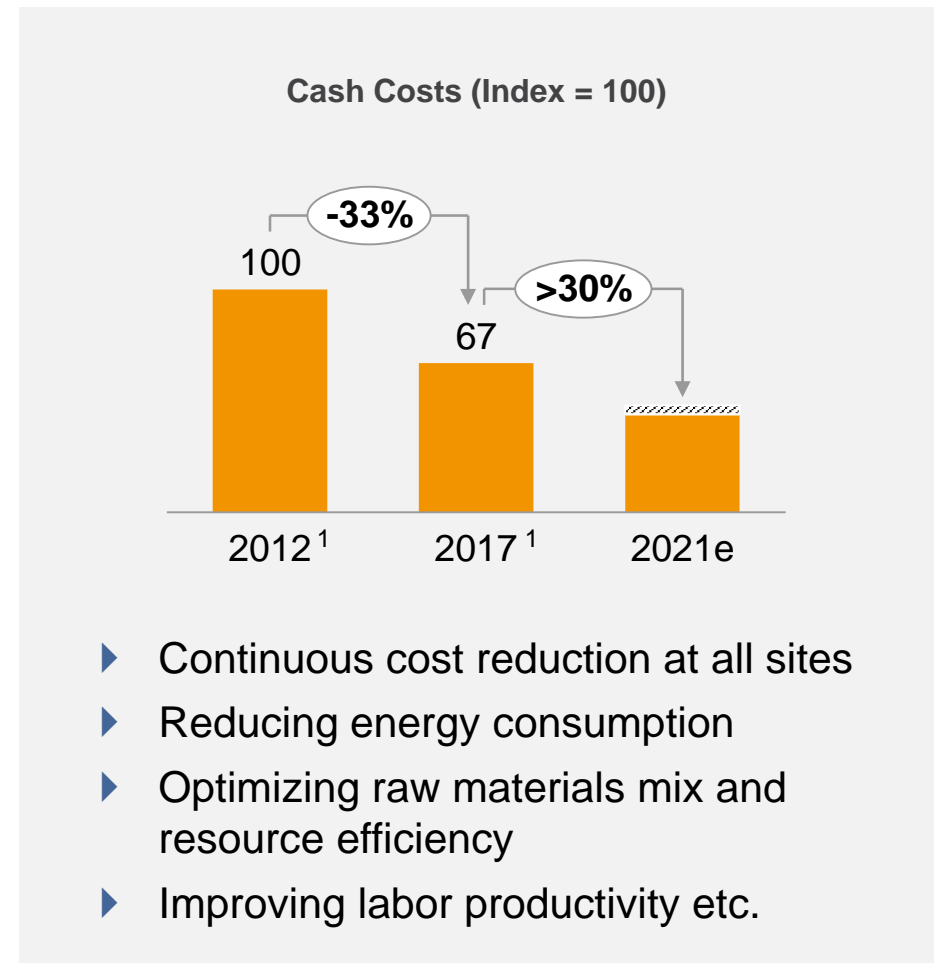
Maintaining Highest Quality while Reducing Costs

Polysilicon Market Segmentation



Source: WACKER

Aggressive Cost Reduction Targets

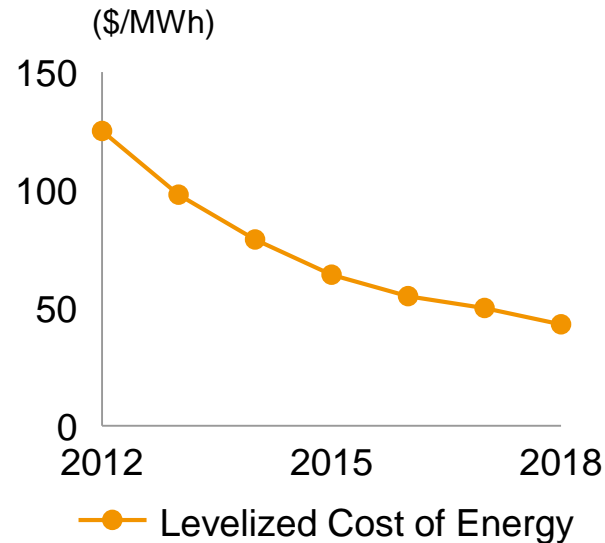


¹⁾ without Tennessee

POLYSILICON

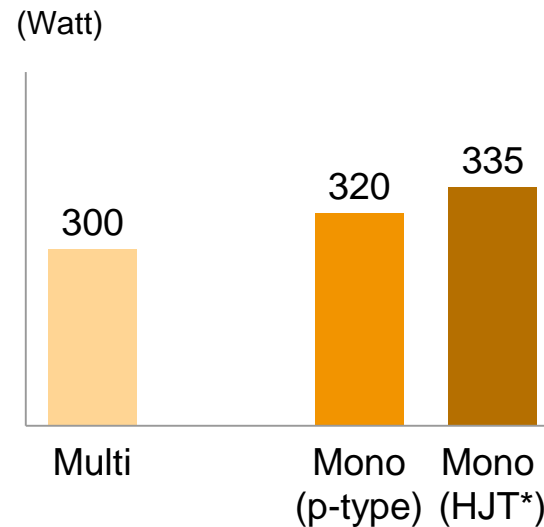
High Quality Polysilicon Required for Mono Growth Trend

Solar PV LCOE



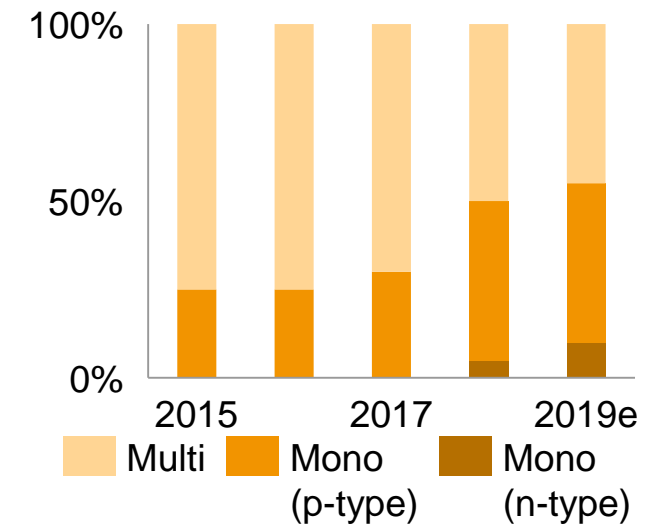
- ▶ Solar is lowest cost and most scalable form of energy production
- ▶ Market shifts from subsidy driven to competitive pricing

Module Output



- ▶ Mono (p-type PERC) modules have ~5% more power output
- ▶ New technologies (mono n-type HJT) improve output further

Market Share



- ▶ Shift to highest efficiency modules continues
- ▶ WACKER material is a key enabler to our customer's processes

Source: LCOE Analysis, v.12, Lazard

*HJT = Heterojunction technology; Source: ITRPV Roadmap, 10th edition, Mar. 2019

POLYSILICON

PV Growth Expectation for 2019

Country	2015	2016	2017	2018	2019e
Germany	0.9	1.5	1.8	3.0	3.5 – 4.5
France	1.5	0.6	0.9	0.9	1.4 – 1.7
Spain	0.0	0.1	0.1	0.4	3.0 – 4.0
Europe other	6.2	4.2	4.0	7.2	8.1 – 10.3
Europe total	8.6	6.4	6.8	11.5	16.0 – 20.5
Australia	0.9	0.8	1.3	3.8	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
USA	7.3	14.8	10.6	10.6	11.0 – 14.0
Rest of World	10.0	10.7	11.7	19.5	22.0 – 27.0
Total	56 GW	78 GW	100 GW	105 GW	110 – 130 GW

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

POLYSILICON

Generate Cash Flow from Strong Assets



Serving High-End Markets

**Focus on cost
and quality**



Aggressive Cost Roadmap

**Cost leadership
in high quality
polysilicon**



Fully Invested

**Leveraging our
assets**

Guidance FY 2019

In €m	FY 2018	Outlook 2019*
Sales	4,979	On par with last year (Before: Mid-single-digit % increase)
EBITDA	930	About 30% below last year's level (Before: 10 to 20% lower than a year ago)
EBITDA margin (%)	18.7	Substantially lower than a year ago
Net cash flow	125	Clearly positive, but lower than last year (Before: Substantially higher than last year)
CapEx	461	Around 400
Net financial debt	610	Higher than last year due to IFRS16 effects and lower net cash flow
Net income for the period	260	Slightly positive (Before: Substantially lower than last year)
Depreciation	540	Around 550
ROCE (%)	5.9	Substantially below the prior-year level
Tax Rate (%)	19.8	Around 30% (Before: Around 25%)

*) all metrics exclude insurance compensation

WACKER Segment Guidance FY 2019

In €m	FY 2018			Outlook 2019
	SALES	EBITDA	EBITDA MARGIN	
SILICONES	2,500	617	24.7%	Sales close to last year despite significantly lower prices for standards; good pricing in specialties; FY EBITDA margin at around 19%
POLYMERS	1,282	148	11.5%	Low-single-digit % sales growth; Volume growth and lower raw material costs yoy; Full year EBITDA margin expected to improve to around 14% (2018: 11.5%)
BIOSOLUTIONS	227	24	10.4%	Mid-single-digit % sales growth; EBITDA at about €30m as new capacities ramp up
POLYSILICON	824	72	8.8%	Strong PV installations outside China; Sales with low-single-digit % decrease; Q4 EBITDA comparable to average 9 months earnings excluding insurance

Appendix:

FY 2018 and Q3 2019 Results – P&L

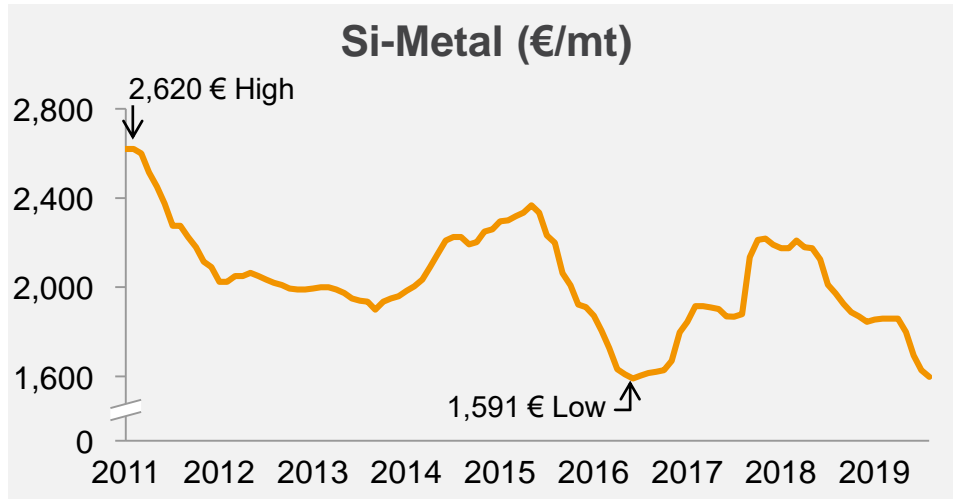
In €m	FY 2018	FY 2017	% YoY	Q3 2019	Q3 2018	% YoY
Sales	4,979	4,924	+1%	1,268	1,243	+2
EBITDA	930	1,014	-8%	273	242	+13
EBITDA margin	18.7%	20.6%	-	21.5%	19.4%	-
EBIT	390	424	-8%	137	107	+29
EBIT margin	7.8%	8.6%	-	10.8%	8.6%	-
Net income for the period	260	250	+4%	86	69	+25
EPS from continuing operations in €	4.95	4.85	+2%	1.67	1.31	+28
Capital expenditures	461	327	+41%	88	122	-28
Depreciation / amortization	540	590	-9%	136	135	+0.4
Net cash flow from continuing operations	125	358	-65%	176	4	>100

Appendix:

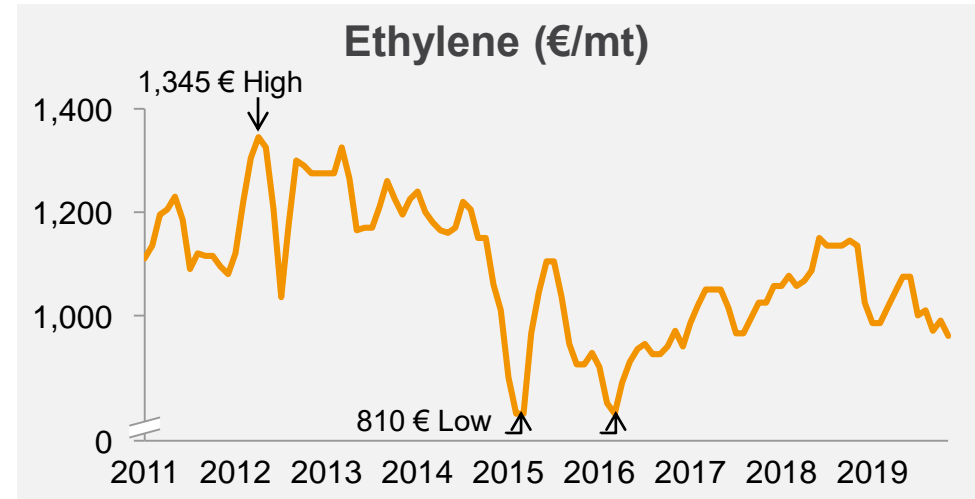
FY 2018 and Q3 2019 Results – Breakdown by Business

In €m / %	FY 2018			FY 2017			Q3 2019		Q3 2018	
	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	SALES	EBITDA
Chemicals	4,009	788	19.7%	3,651	688	18.8%	1,029	183	1,031	226
SILICONES	2,500	617	24.7%	2,200	445	20.2%	633	127	635	173
POLYMERS	1,282	148	11.5%	1,245	206	16.5%	335	49	339	47
BIOSOLUTIONS	227	24	10.4%	206	38	18.2%	61	7	57	6
POLYSILICON	824	72	8.8%	1,124	290	25.8%	206	85	174	4
Others	171	71	41.4%	169	33	19.3%	37	4	44	11
Consolidation	-24	-1	-	-20	3	-	-5	1	-6	0
WACKER Group	4,979	930	18.7%	4,924	1,014	20.6%	1,268	273	1,243	242

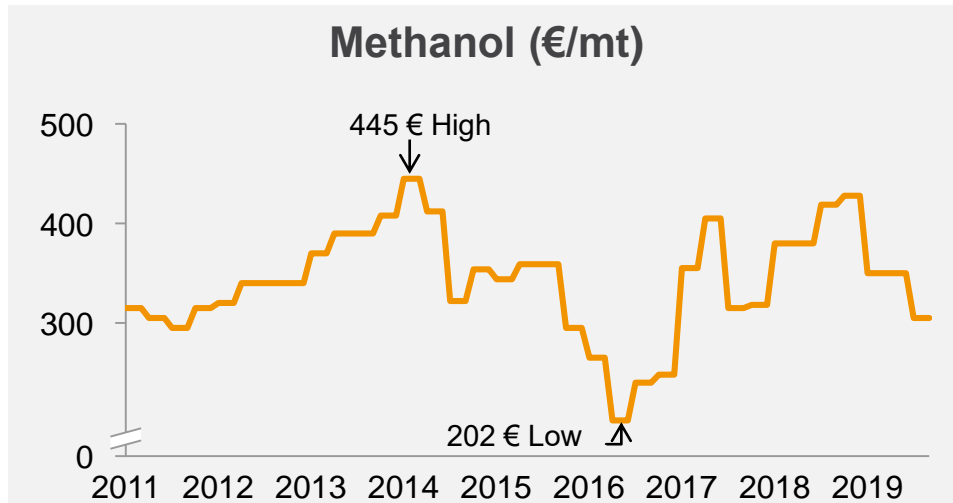
Appendix: Raw Material Prices With Volatile Development



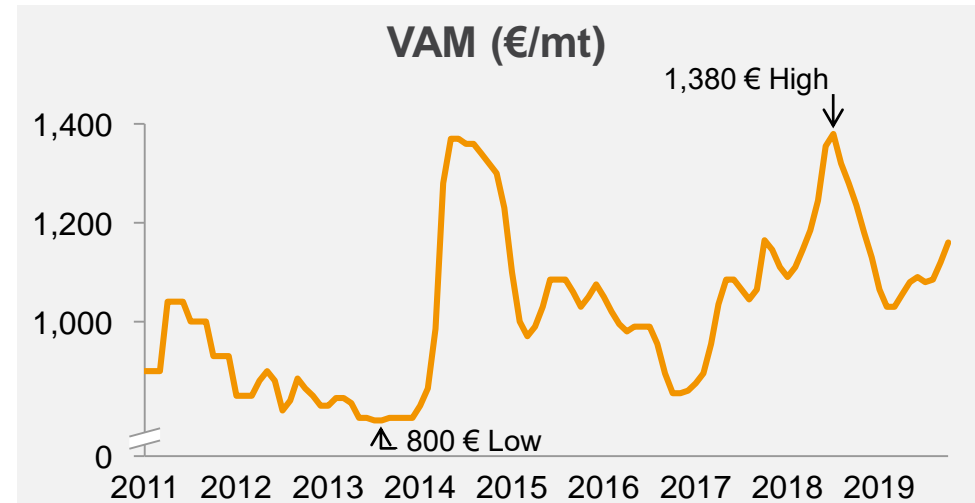
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE

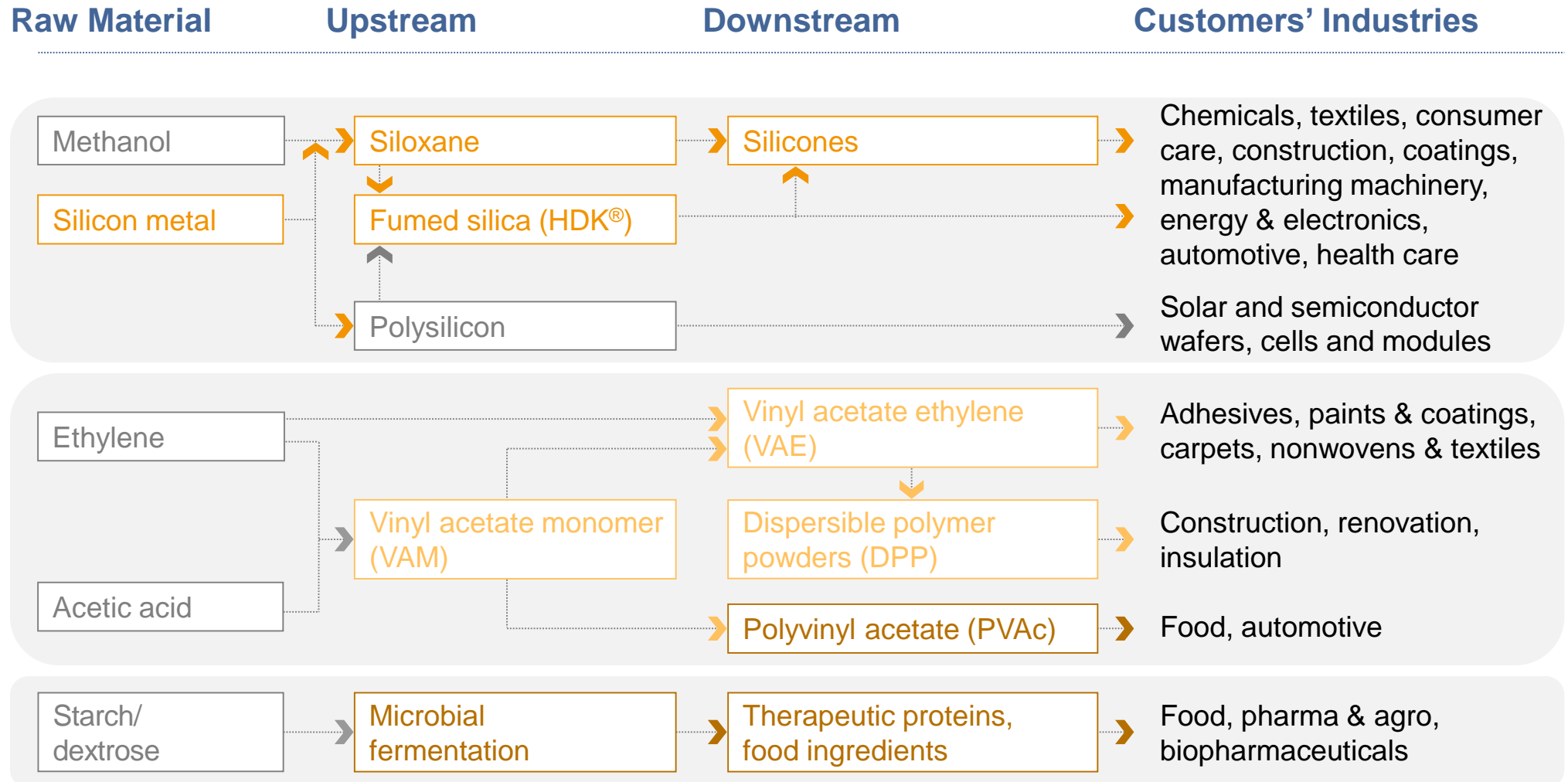


Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

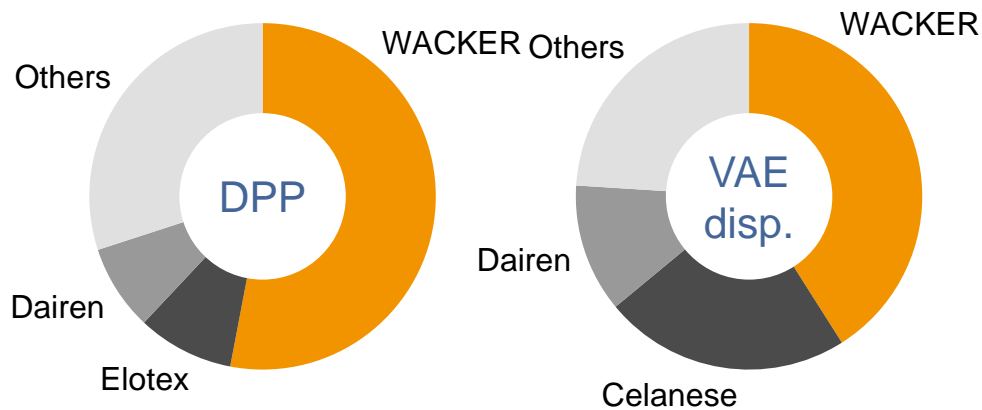
Appendix: Highly-Integrated Operations Based on Five Key Raw Materials



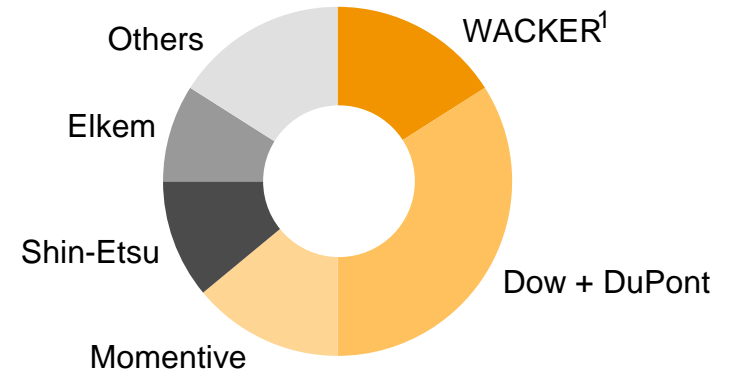
Appendix: Market Leading Positions

POLYMERS

Global DPP and VAE Market

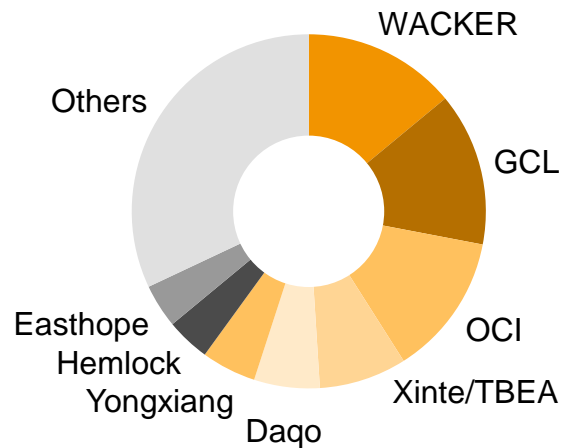


SILICONES

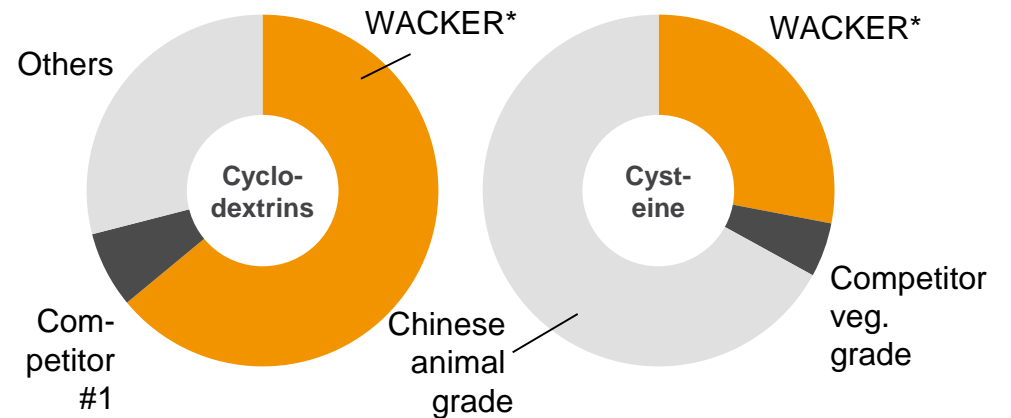


¹) WACKER JV participations fully consolidated

POLYSILICON



BIOSOLUTIONS



* Food only; Source: Industry Announcements; WACKER; Year: 2018

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, consisting of the word "WACKER" in a bold, black, sans-serif font, enclosed within a black rectangular border with rounded corners.

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

03/17/20

FY 2019 Results

07/23/20

Q2 Results 2020

04/30/20

Q1 Results 2020

10/29/20

Q3 Results 2020

05/20/20

Annual Shareholders' Meeting

Additional Information

ISIN

DE000WCH8881

Deutsche Börse

WCH

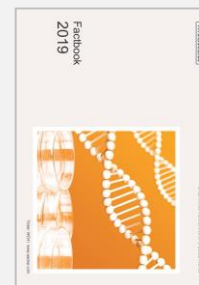
WKN

WCH888

Publications



CUSTOMER
MAGAZINE



FACTBOOK



SUSTAINABILITY
REPORT



SQUARE
APP