WACKER

2020

Speech —

by

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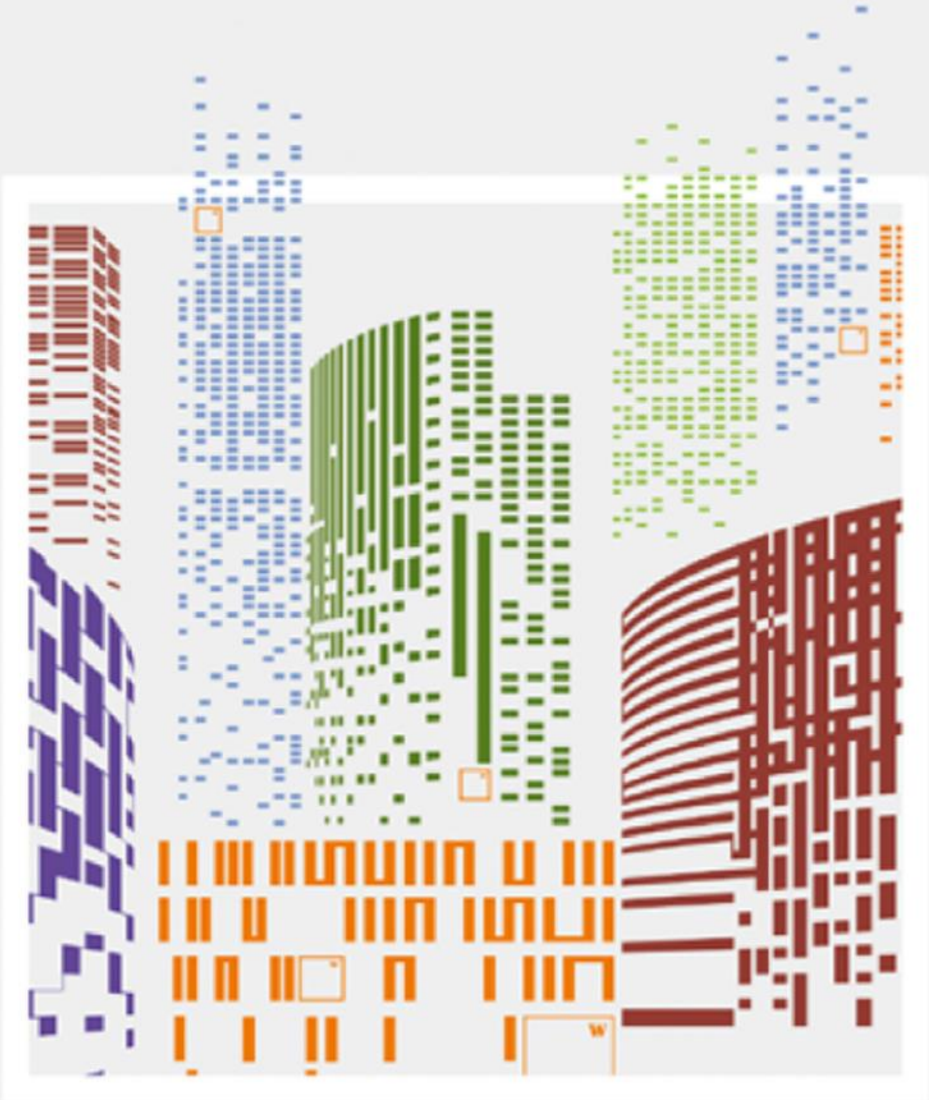

Shareholders,

Ladies and Gentlemen,

Welcome to the 14th Annual Shareholders' Meeting of Wacker Chemie AG. The format of this year's meeting is entirely virtual. I would very much have preferred to stand before you in person as usual. For precisely that reason, today's online format gives us an opportunity to report to you with comprehensive information and answer all your questions.

The coronavirus pandemic has changed the world. Less than half a year ago, much of the world was in a state of shock. Public life came close to a complete stop in many countries. The coronavirus struck the economy without warning, and with devastating impact. The costs are expected to surpass anything ever before seen in the economic and financial crises of recent decades.

The pandemic is a massive challenge – with economic, political and social ramifications – for every single one of us. The economic forecasts for 2020 illustrate this challenge. There is no other way to say it: they are dramatic. The International Monetary Fund (IMF) estimates that the global economy will shrink by some 5 percent, with Europe contracting by as much as 10 percent. Even if we are returning gradually to normal everyday working and living, analysts agree: The consequences of this pandemic will affect economic activity worldwide beyond 2020.

At WACKER, we immediately went all-out to counter this critical situation. We had already set and still maintain three priorities:

- Protecting the health of our employees
- Keeping production running
- Securing our Company for the long term

We employ a lot of flexibility and develop pragmatic solutions. When things change, we act quickly with a coordinated response. Whenever and wherever possible, we try to leverage digitalization. To illustrate, here are three of the many measures we have taken:

Even during the lockdown, production ran without interruption thanks to detailed deployment schedules. By removing entire shifts in our production facilities, we could deploy full shifts to replace an entire working shift in the event of an infection.

At our Plzeň production site in Czechia, we were ordered by the local authorities to throttle production by 40 percent. We responded quickly by adding capacity at Burghausen, ensuring uninterrupted deliveries to our customers.

To help keep our employees safe, we are making intensive use of digital options in the administrative departments. At the height of the pandemic, some 6,000 to 7,000 employees logged into our corporate networks from their homes.

Amid these difficult conditions, we kept WACKER up and running, without interruption, thanks to our workforce. They delivered a strong performance, showing tremendous dedication.

The scale of the challenge is illustrated by one number: During the worst of the pandemic, we ran the Burghausen site with around 40 percent less personnel than usual. Another number shows how well we succeeded in this: To this day, fewer than 50 of our employees worldwide have tested positive for the virus.

That's convincing proof that our timely, forward-looking protective measures were successful. It also underscores our resolute approach to this emergency. On behalf of the whole Executive Board, I want to thank all employees for their exceptional work and their flexibility, and for the discipline and responsible attitude they have shown throughout.

We have done all within our power to stand up to this crisis. But when – as has happened – the world practically grinds to a halt, our operating activities cannot remain unscathed.

In the first quarter – when the virus was more or less confined to China – we did well. Group sales were down only 3 percent year over year and EBITDA was up 23 percent.

By the end of March, there was no more doubt: the virus is spreading from east to west, across the globe.

We don’t know how long the effects of the coronavirus will remain with us. Nor do we know how badly the economy will actually be hurt. Given those fundamentals, we still cannot make a reliable or credible forecast for the 2020 fiscal year. But this much is certain: since the start of the second quarter, we have been hit hard by the economic standstill. Incoming orders are down substantially, and so are sales.

Like I said at the outset: the coronavirus pandemic is a massive challenge – one that we as a company must face. We are part of society, and we take responsibility. From the beginning, we have been doing our part in the fight against this virus. For instance, donating 11,000 liters of isopropyl alcohol to make disinfectants for hospitals and care facilities. With silicones for use in protective masks and ventilators. With cyclodextrins for antiviral protection in medical-grade personal protective equipment.

What’s most important now is that we stick together and act resolutely. So that we can overcome this crisis together. I am confident that we will succeed. In WACKER’s long history, this has not been the first test of our resolve. Now, more than ever, is the time to chart the right course, to keep a firm grip on the tiller, to shape the future.

So much, for now, on the state of things in this age of coronavirus. Especially at a time like this, I know that you expect us to tell you what we are doing to keep WACKER on track.

Ladies and gentlemen,
Let us first look back at the 2019 fiscal year. I told you at last year’s Annual Shareholders’ Meeting that fiscal 2019 would not be an easy year. You also know that we had greater ambitions. Our hard work notwithstanding, sales fell slightly short of the previous year’s level, at 4.93 billion euros and EBITDA was 16 percent lower, at 780 million euros. That figure includes the insurance payout of 112 million euros for the damage incurred at the Charleston production site in the United States.

We operated in an environment of intense competition and global economic slowdown. This was felt especially in the polysilicon business, where an anticipated price rally failed to materialize. The pressure on prices not only continues unabated, but has intensified even further. We also saw considerable weakness in prices for standard silicones, one reason being a lack of economic momentum. These two price effects trimmed Group sales by 365 million euros.

Polysilicon prices are likely to remain low in the near future. That is why we recognized an impairment charge of 760 million euros on our polysilicon production facilities. As a result, we posted a loss of 630 million euros for 2019.

Our net cash flow, however, more than doubled to around 185 million euros. The figure includes some 100 million euros from insurance payouts. By way of a risk provision, we paid around 70 million euros into the Company pension fund. Our net cash flow would of course have been even higher had it not been for that special payment.

Another positive: net financial debt was higher only because of the new IFRS 16 accounting standard. IFRS 16 requires that lease liabilities be accounted for as financial liabilities. They thus form part of net financial debt. Application of IFRS 16 increased WACKER's net financial debt by 120 million euros to around 715 million euros.

The Supervisory and Executive Boards are proposing to today's Annual Shareholders' Meeting the distribution of a dividend of 50 cents per share. This amounts to a total dividend payout of 24.8 million euros.

One might ask: how can a dividend be justified in a loss year? Is it even conscionable to pay out a dividend in these difficult times? We have, of course, thought about these questions. Our reasons for paying out a dividend are sound. WACKER has the privilege of being able to make business decisions for the long term. WACKER stands for continuity and reliability. So, too, in our dividend policy. It's how we define fair treatment of our shareholders. Don't forget: we stand on stable financial foundations and our prospects look excellent.
Ladies and gentlemen,

Our chemical business remains the driver of sales and earnings growth. That doesn’t change just because, in 2019, our sales did not grow for once. You know the reasons why. Our chemicals are an enduring success story. Since our initial public offering in 2006, annual sales have doubled to over 4 billion euros. Chemicals contribute 80 percent of our Group sales, and 90 percent of EBITDA. Our Silicones and Polymers divisions possess unique expertise. Not to mention outstanding products, which we sell in almost every industry there is. The Biosolutions division combines chemical expertise with biotechnology. This is where we are conquering tomorrow’s markets in biopharmaceuticals and nutrition.

Our footprint is global – with 24 production sites and 23 technical centers. Local production – and local service – makes WACKER a preferred partner for customers with specialty applications. Being there for our customers when they need us. That is what’s important to us. Just last year, we had over 200,000 interactions with our customers. While many of these were personal, digital contacts are on the rise. Our WACKER ACADEMY has trained 7,500 participants worldwide. Participants get know our products even better, and they learn how to use them correctly.

Ladies and gentlemen,
The individual chemical divisions followed different trends in 2019.

After an exceptional year in 2018, prices in the Silicones division returned to normal levels in 2019. Especially in standard silicones, which in 2018 had experienced a surge in demand. That demand drove prices significantly higher. Lower prices in 2019 were reflected not only in our sales, but also in our earnings. At 2.45 billion euros, sales were down 2 percent from the previous year and EBITDA fell 22 percent to 479 million euros.

The good news: we have further optimized our product mix, with high-margin specialties accounting for a higher share of sales. Our specialties have grown by an average of 7 percent a year since 2014. In other words, at a particularly high rate. This, in turn, has enhanced the overall earnings quality at Silicones.

The picture in the Polymers division is somewhat different. Polymers grew in 2019. Sales at the division climbed 3 percent to 1.32 billion euros, while EBITDA was up 32 percent to 194 million euros. We are the only company that supplies customers and markets worldwide with both dispersions and dispersible polymer powders. That makes us unique among all our competitors. This tandem product strategy – realized worldwide – is paying off. Especially in Asia, where sales are growing by over 10 percent. We know that the need for high-quality construction materials continues to rise.

Moving now to Biosolutions: Here, too, we had a growth year. Sales increased 7 percent to 243 million euros, and EBITDA rose more than 32 percent to 31 million euros. These figures show that our investments in recent years are now bearing fruit.
First Halle, then León, and – most recently – Amsterdam. Our strategy is working. Our plants in Amsterdam making pharmaceutical actives are at full capacity. It shows that our customers trust us. They rely on our biotech expertise.

The Polysilicon division underwent a challenging year. I mentioned earlier that we had expected prices for solar-grade polysilicon to recover in the second half of 2019. We were overoptimistic in our market assessment. As it turned out, we actually sold more product to our customers. But this volume growth could not make up for yet another substantial decline in average prices. Our numbers reflect this: Sales fell 5 percent, to 780 million euros and EBITDA saw a 21-percent decline to 57 million euros. Net of insurance payouts, EBITDA came in at minus 56 million euros.

That hurts. But we remain confident in our strategy. That means:

First, we will resolutely pursue additional market share with semiconductor-sector customers. Here we are already the leading supplier in terms of quantity, quality and cost, with a market share of over 30 percent. We are the only manufacturer able to offer customers a full product range – from chunks of polysilicon for further processing to fully-finished float-zone monocrystals.

Second, we will concentrate our efforts on polysilicon for monocrystalline solar cells. Customers will soon be using only monocrystalline materials. The reason is obvious – the quality is just so much better. They will also be manufacturing more and more n-type cells because they are significantly more efficient. But this requires a grade of polysilicon comparable to that used in semiconductors. WACKER is one of the very few suppliers making this material for high-efficiency solar cells.

Third, we will reduce our costs substantially – by 30 percent through 2021, and by another 20 percent from 2021 through 2024.

All these are actions that we can control. What we can't control are the high electricity prices in Germany. They are a real impediment to competing internationally. Electricity puts us completely at a disadvantage vis-à-vis our competitors in China, where prices are under 2 cents per kilowatt-hour – subsidized by the government, of course. We pay 5 cents per kilowatt-hour, sometimes even more.

I can only repeat what I said last year, because it's no less true today: If we had electricity prices like those in China, WACKER would be by far the world's most efficient producer of high-quality polysilicon. That is why we are fighting for a European industrial electricity price below 4 cents per kilowatt-hour. We truly believe that Europe needs its own strong mainstay in the solar industry. Solar power is the world's fastest-growing energy source. And we are simply far better than our Chinese competition – better technologically and better in terms of sustainability. Our production's carbon footprint is smaller by a factor of four.

We believe that electricity must become cheaper, and that policymakers must make it happen. Not just because high electricity prices are hurting WACKER. Many other companies in entirely different industries are in the same situation. I get the impression that politicians underestimate the loss of jobs, technology and know-how. We shall, therefore, keep bringing up the issue in our contacts with policymakers – at every single opportunity.

Ladies and gentlemen,
Of course, I also want to talk to you today about WACKER's future strategy. About issues that will be important to our strategy in the future, or which will become so. About how we intend to shape the future.

The overriding issue in this time of emergency is financial stability – never has it been more crucial. Every day, there are media reports showing just how important it is to have sufficient liquidity. That is why my fellow Board member, Dr. Tobias Ohler, who is in charge of finance at the Company, will discuss later how we intend to ensure the Company's financial stability. He will outline the financial targets by which we measure ourselves, and explain what financial gains we expect to realize from our Shape the Future program.

Our strategy points the way. It is the guidepost on our path into the future. I spoke to you about the key points of the strategy in 2016. That strategy was to run until 2020. Now we have to ask ourselves: is this strategy still relevant or must we change it fundamentally?

We have concluded that it remains valid. The underlying story is whole and authentic, but we are still updating each of the chapters – improving on what is already good and adding new ideas. It is a story of profitable growth combined with operational excellence and new thinking. We presented it to the capital markets in mid-June.

And so, I come to the first point: We will continue expanding our production capacities while keeping capital expenditures below depreciation. We continue to hold to this principle. The focus of our capital expenditures remains unchanged: Most of our spending will be in our chemical divisions, with even greater emphasis on projects supporting the growth of high-margin specialties, which will enhance return on capital employed.

We are increasingly directing our capital expenditures at the individual regions. This can be seen in the expansions of production capacity completed last year. In the United States, we commissioned our new facility for pyrogenic silica. It is the next logical step in making the Charleston site a fully integrated silicon site. Our new facility for manufacturing silicone rubber at the Zhangjiagang site in China has been operational since June 2019. In Ulsan, South Korea, the new spray dryer has been producing dispersible polymer powders since September 2019. These investments have made it possible for us to meet the rising demand from our customers in Asia. At the Holla site in Norway, we finished expanding our silicon-metal manufacturing facilities. That means we have more self-produced raw material for our silicone production, making us less dependent on outside sources.

Last year, our investments were again substantial at around 380 million euros. At between 7 and 8 percent of sales, our total capital expenditure is considerably above the chemical-industry average. This, too, shows that we are investing in our future.

Ladies and gentlemen,
Once we have finished dealing with the effects of the pandemic, our political and social discourse will return to an issue that dominated the headlines before the coronavirus swept away all in its path: climate protection.

Sustainability – protecting our environment – has been integral at WACKER for years. It is part of our five business principles. So you can see that sustainability is very important to us. We are convinced that sustainable business practices are a strategic success factor. More so in the future than ever before.

And that brings me to the next point in our strategy. We will focus even more closely on sustainability. Here we are pursuing a three-tiered approach: First, we will develop sustainable products for our customers. Second, we will significantly improve our ecological footprint in production, through increased process efficiency at our plants and reduced consumption of raw materials and energy. Third, as we strive to achieve carbon-neutral production in the long term, we will include the entire supply chain in our efforts. Our thinking is universal – and our approach shows that.

Back to the first point: We are systematically improving our products' eco-balance. Our customers are already cutting CO_2 emissions significantly using WACKER products. One example is polysilicon. The annual production output of our high-quality material – a foundation for sustainable solar power – directly reduces CO_2 emissions by 466 million metric tons. That's roughly 25 times the carbon emitted each year by a city the size of Hamburg. Another example: dispersible polymer powders. 30 grams of WACKER's dispersible polymer powder can replace 10 kilograms of sand-and-cement-based thick-bed mortar per square meter. That removes 2.4 kilograms of CO_2 emissions per square meter. Our goal is for 90 percent of our products to be carbon-neutral by 2030, and the entire product portfolio by 2050.

Now to the second point: Economical use of resources in production. Here's what we're doing to achieve it: We are raising process efficiency at our plants while curbing raw-material and energy consumption. I must give one truly impressive example here: Our new combined-cycle gas turbine at the Burghausen site, which has gone on stream now. 30-percent reduction in nitrogen oxides every year, a decrease of 300,000 metric tons in CO_2 emitted annually compared with Germany's power mix. Outstanding fuel efficiency of 87 percent and optimized control of electricity generated in line with actual electricity consumption. With this turbine, we are making a major contribution to a climate-preserving, stable supply of electricity.

Between 2012 and 2022, we want to reduce our carbon emissions by 15 percent per metric ton of net production. We will achieve this target, and our sights are already set on the next: To cut carbon emissions by another 33 percent by 2030, and energy consumption by 50 percent in the same period. A drop in carbon emissions for our products and economical use of resources in production are two sides of the same coin.

Which brings me to the final point: Sustainability in the supply chain. All these goals can be achieved only if we incorporate the entire supply chain. To that end, we joined the chemical industry's Together for Sustainability procurement initiative in 2015. In it, we audit the sustainability performance of our suppliers. Points of emphasis include human rights and labor conditions, as well as safety standards in production and use of resources.

Here, too, our goals are ambitious: 90 percent of our major suppliers are to be carbon-neutral by 2030, and 100 percent by 2050. WACKER already has a top-1-percent rating for sustainability among companies in the base-chemical industry from the sustainability assessment firm EcoVadis. Accordingly, we are in an excellent starting position to become one of the first chemical companies in Germany to achieve carbon-neutral production.

Ladies and gentlemen,
As for digitalization, we switched to the fast lane in 2016. It has been an important building block in our strategy ever since. Our goal is clear: We will advance digitalization in all business processes. Which brings me to the third point of our strategy.

The coronavirus has shown us convincingly how important digitalization is for businesses. Digital working has gained new significance, for example, when people are working from home instead of at the office because of the health risks. It will further accelerate the processes of change. We invested at the right time: In high-performance networks, in videoconferencing systems, in new software, and in the security of our IT systems.

The way we work together has also changed utterly in the last few months. More virtual, transcending departments and borders, forming teams, and using agile methods. Great strides have been made here. And because of digital alternatives, we are also cutting the costs associated with business trips. What’s more, costs are saved by digital product presentations, as no tradeshows are being held.

We are focused on two aspects: First, digitalization along the supply chain, from logistics to production control to maintenance. Here, we are implementing a vast array of major measures. Our aim is to enhance efficiency and productivity, to optimize process flows and to create added value. Second, customer-facing digitalization. Our customer interface with a new customer information system went digital last year. Our customers can obtain all important information about products and applications on the new website, which includes an integrated product catalog covering over 2,200 WACKER products.

Ladies and gentlemen,
We can shape the future only if we do the right thing in the present. In our three major business divisions, we rank among the top three suppliers in the chemical industry. But there's turbulence ahead: Competition is getting stiffer and cost pressures are high. We can't just ride this out – not in a changing environment. We want to remain successful.

We therefore deliberated in detail on how we want to position ourselves for the future. We initiated the Shape the Future program in November 2019. We are reorganizing the business divisions and corporate departments to help us act faster, simplify complex workflows and structures, and reinforce regional and local responsibility. Our watchword: less is more. We will cut our costs substantially by the end of 2022.

Regrettably, this also involves job cuts, especially in the non-operational areas. More than 1,000 jobs will be cut in total – 80 percent in Germany and 20 percent at our sites elsewhere.

This was never an easy step for us to take, precisely because our employees have done such good work over so many years and decades. But this has always distinguished us at WACKER: We want to do this in a way that is socially responsible: Via phased early retirement, voluntary severance packages, regular employee turnover – and over an extended period. We are working out the measures in constructive negotiations between employee representatives and management.

On the other hand, we will still need highly motivated, ambitious employees in the future. We need their knowledge, their creativity and their ability to perform. A well-qualified workforce is key to strengthening our ability to innovate amid international competition.

Our knowledge for tomorrow rests on basic and advanced training today. At present, we are training 620 young people, in 23 occupations. We take responsibility for the next generation.

Take digitalization: New technologies call for different skills. That is why advanced training courses and lifelong learning are so important. We are expanding our employees’ knowledge, particularly as regards digitalization. Last year, employees participated in more than 74,000 advanced training measures, some 60,000 of which took place online.

Ladies and gentlemen,
If it is to shape the future, a business must have the necessary financial strength and stability. I will now ask Dr. Ohler to speak to you about the financial foundations on which WACKER stands.

Ladies and gentlemen,
As you know, WACKER has always placed a special focus on stable finances. They are the foundation for investments, for profitable growth, and thus, ultimately, for the Company’s future.

To achieve that stability, we have prioritized three aspects: First, strong cash flow. Second: active management of our capital budgets and our current assets. Third: strong liquidity combined with low net financial debt. Ensuring stable finances also includes taking coordinated measures to cut costs. Our Shape the Future efficiency program will deliver lasting improvements to our financial strength.

Looking at the first aspect, strong cash flow is essential to our growth strategy. This strategy can be defined by two catchwords: Create and Leverage.

We completed the Create phase in 2015. In it, we laid the foundations for our growth. It featured major capital expenditures to build new production sites and new infrastructure. We have now firmly established WACKER in the world’s major economic regions. Examples include Zhangjiagang in China, Ulsan in South Korea, and Charleston in the United States.

For the last five years, we have been in the Leverage phase. In other words, capital expenditures are now below depreciation, which is precisely what our strategy calls for. Our annual investment spending has ranged between 350 and 400 million euros during these five years. That's substantially below depreciation of as much as 600 million euros. Our investments are concentrated on the chemical divisions. We are leveraging the existing sites and infrastructure, and focusing on new plants for intermediates and downstream products. Products for direct shipment to our end-market customers.

Our goals here are twofold: We will grow with high-margin specialties and we will increase our cash inflow from operating activities. Both goals, in turn, complement our strategy of achieving attractive margins throughout the economic cycle.

The target EBITDA margin in our chemical business is 16 percent. We have exceeded that target every year since 2015. Such profitable growth generates consistently high cash inflows for us. Gross cash flow has been roughly 600 million euros, on average, since 2015. When offset against our lower investment spending, this regularly produced net cash flow in the triple-digit millions. In 2019, it was 184 million euros. This year, we expect a significant increase, the strong cash flow we are looking for.

When businesses are facing difficult times, the second aspect is equally important for such an increase. Especially now, managing budgets takes on even greater significance. A tight rein must be kept on capital expenditures and current assets.

WACKER is well positioned to remain flexible in its investment spending. To keep the way clear for future opportunities. For the current year, we will therefore be cutting back capital expenditures to around 250 million euros. That is around 130 million less than the year before. This, too, will enhance our cash flow.

When managing our inventories, we aim to strike a healthy balance between financing requirements and optimal control of production. At year-end 2019, inventories amounted to 980 million euros. At the chemical divisions, the average age of inventories, also known as days inventory outstanding, was roughly 60 days. Our goals for 2020 are to continue reducing inventory levels and strictly align inventories with the reduced business volumes resulting from the coronavirus pandemic.

Our policy for receivables management is not to change our payment terms – even as customers seek to get longer ones. The average period between a sale and receipt of payment, also known as days sales outstanding, was roughly 50 days in 2019. That is also the target for 2020.

That brings me to the third aspect: managing our liquidity and financial liabilities. Our maxim here is a tried and true one: cash is king. At the end of 2019, WACKER held around 545 million euros in liquid assets. We raised our liquidity substantially in the first six months of 2020 to 850 million euros.

At the same time, we have expanded our financial latitude. At the end of June, we placed a new promissory note for 300 million euros. That made WACKER one of the first companies to complete a successful placement of such a loan in a market environment dominated by the coronavirus pandemic. I think that shows just how favorably the financial markets rate WACKER's reliability. We secure additional latitude through adequate lines of credit. We currently have firm long-term commitments totaling some 600 million euros.

High cash inflows and sufficient liquidity help us. We want to keep our debt at a low level in the future. We have set a clear target range for our net financial debt. Since 2017, that range has been between 0.5 and 1.0-times EBITDA. As of year-end 2019, we were within that target range at 714 million euros, which was 0.9 times EBITDA. This year, we will reduce net financial debt significantly, within the specified target range.

Our pension obligations represent a particular accounting challenge. They amount to 35 percent of our total equity and liabilities, which is almost 2.3 billion euros. We all know the cause: the European Central Bank's zero-interest policy. This policy makes it difficult for pension funds to earn enough interest income. The original idea was for contributions and interest income to fund payments to retirees. Because of the low interest rates, we paid 70 million euros into the WACKER pension fund in 2019. This additional payment secures the pension fund's financial stability.

Realistically, interest rates will not be changing anytime in the next few years. But continued special payments will reduce our cash flow over time. And cash spent on pensions is cash unavailable for growth investments at the Company. We can’t let this go on forever. We must take action for the future. We are currently looking really closely at how we can improve this situation for the long term.

Ladies and gentlemen,
Systematic cost management is an integral part of stable finances. What cost savings can we expect from the Shape the Future program? What will be the impact on our financial position?

Our goal is to save 250 million euros each year, half from non-personnel costs, and half from personnel costs.

Personnel-cost savings will still be limited this year – even though we are pursuing a very restrictive policy with new hires. These savings will not increase substantially until our additional personnel measures – such as phased early retirement and severance packages – begin to take effect. To this end, we are already conducting constructive talks with employee representatives. That is also why the one-time expenses cannot yet be quantified at this time. As far as the savings are concerned, however, one thing is clear. We expect personnel costs to drop in 2021 and in 2022. In 2023, we want to achieve the targeted personnel-cost savings in full.

Our non-personnel costs are already trending quite differently. Here, we have identified more than 1,000 individual measures. We will realize over 50 million euros in savings this year. In 2021, that figure will rise to over 100 million euros. To give just one example: We can save a lot on product packaging and logistics alone. The potential for savings here is over 30 million euros each year.

Combining personnel costs and non-personnel costs, we want to reach the full annual savings target of 250 million euros in 2023.

That, ladies and gentlemen, concludes my discussion of the tools and measures that will secure the financial stability of the Company. That financial stability is the foundation of our dividend policy, which rewards shareholders for investing in their Company's success.

As you know, WACKER's dividend policy is a long-term one. We have distributed a dividend every year since our initial public offering. It is an integral part of our strategy for the Leverage phase. Our goal remains to distribute around 50 percent of our net income to you, our shareholders – always provided that the Company's business situation permits it. That is what we work for.

I'll now hand back to Dr. Staudigl.

Ladies and gentlemen,
We have published the figures for the second quarter. As I said at the beginning, the economic impact of the coronavirus pandemic has clearly left its marks, both on sales and EBITDA. In the first six months, sales came in at 2.27 billion euros. That is nine percent less than last year. EBITDA amounted to 279 million euros. That is a decline of 21 percent year-on-year.

Giving a reliable forecast for 2020 is anything but easy. Nevertheless, you will still want to know: How will our operating activities fare going forward? Have we reached bottom? When will things turn around? To address these points, I will give you some insight into how we expect business to develop during the rest of the year.

As of today, we anticipate that our chemical business will stabilize in the second half of the year. This assumes that we are not hit by a second wave shutting down public life worldwide.

The recovery in the Silicones division is taking longer than in the Polymers division. At Silicones, we supply products to customers in many different industries and application fields. But demand varies greatly in these different areas. In the automotive and textile sectors, demand has lessened significantly. The same is true for standard products. We therefore believe that sales will grow only slightly in the third quarter as against Q2.

At the Polymers division, sales could pick up strength even earlier. The stabilizing factor here is global construction activity, which benefits dispersible polymer powder, in particular.

We expect both sales growth and higher EBITDA at Biosolutions this year. Business in the nutrition and biopharmaceutical segments has proven to be especially resilient in this crisis. Our new biologics production site in Amsterdam is running at very high capacity. This will lift the division's sales and earnings.

Within the Polysilicon division, the solar market has borne the brunt of the coronavirus pandemic. The economic standstill has severely limited the addition of new PV installations. At the same time, prices have continued to decline. The progress we have made in our cost-cutting measures could not entirely offset these effects.

Prices have risen somewhat in the last two weeks, one reason being an interruption in production at a major Chinese competitor. Initial discussions with customers have shown us that additional quantities are in demand and a window of opportunity for higher prices is opening up. What's more, market analysts project that business in solar modules and cells will pick up again in the fourth quarter.

Demand for semiconductor-grade polysilicon has held steady. We believe that this trend will continue in the second half of the year.

Ladies and gentlemen,
2020 imposes extraordinary demands on us. We are making every effort to master the challenges.

The coronavirus has shown us: Our world has become even less predictable. Even more volatile. That volatility is now our constant companion. Permanent change is now the new normal. But WACKER knows a thing or two about change. Change has been a recurrent theme throughout our Company's history. Examples are plentiful. The courage to change has made us strong. That courage must now come to the fore. In times of trouble. In challenging markets and in a tough environment. I am convinced that this pandemic, too, will make us stronger.

We have laid the groundwork. We have a clear strategy. We know where we want to go. We stand on stable financial foundations. We believe in sustainable solutions for our production processes, for our products, and for the supply chain. We have the right products. We are at our customers' side.

The current situation also shows: Without chemicals, there can be no answers to the challenges of our time. Not in the fight against the virus, not in climate protection, not in digitalization. That is what motivates us. That is why we go to work every single day.

It is the support shown by you, our shareholders, that will lift us even higher. Let me assure you: we look to the future with optimism. Let us shape that future – WACKER's future – together.

Thank you.