

WACKER

CREATING TOMORROW'S SOLUTIONS



Q1 2017 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)
April 27th, 2017

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Highlights Q1 2017

Stake in Siltronic Reduced to a Minority Position

Solid start into 2017 – FY Guidance updated

Financials

Sales of €1.2bn (+7.6% yoy), **Strong EBITDA increase** (+12% yoy) to €229m

Income from continuing operations at €31m (+14.7% yoy)

Income from discontinued operations at €635m

Operations

Chemical business with strong volumes, especially in SILICONES

Strong start in POLYSILICON, weaker demand in March used to increase strategic inventory

High utilization across all segments, but raw material inflection (esp. POLYMERS)

IFRS 5 – Accounting For Remaining Siltronic Share At-Equity

P&L

- ▶ Sales and cost of Siltronic no longer included in P&L following deconsolidation. Pro forma 2016 P&L provided
- ▶ From Q2 2017, contributions from Siltronic reported above EBIT in “Result from investments in joint ventures and associates”
- ▶ Income from discontinued operations in Q1 2017 includes: net sum of proceeds plus revaluation effects of the remaining shares minus the net asset value of Siltronic and 100% of Siltronic Q1 net income

Balance Sheet

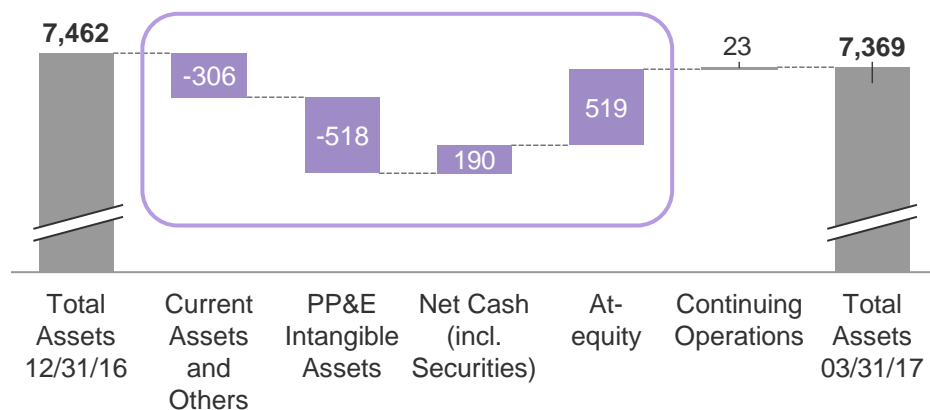
- ▶ Assets/Liabilities of Siltronic removed, 2016 B/S not restated
- ▶ New asset entry 30.8% Siltronic at €519m, resulting changes to liquidity and equity
- ▶ Total assets basically unchanged

Cash Flow

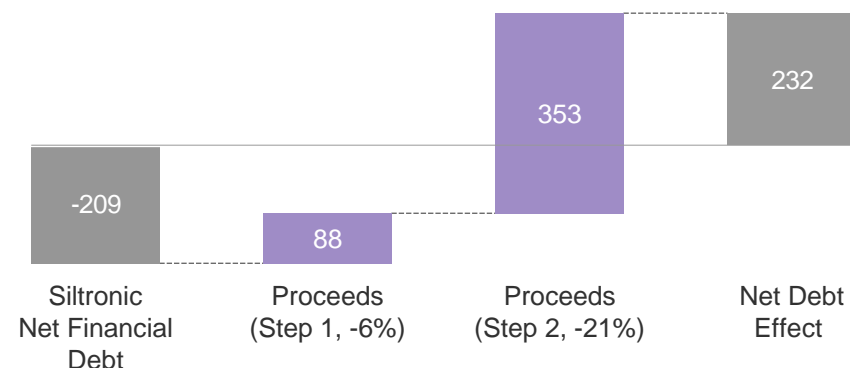
- ▶ Inflow of net cash proceeds from two sale transactions, outflow Siltronic net cash position
- ▶ Pro forma 2016 cash flow statement provided

Siltronic Deconsolidation – Main Effects on Balance Sheet, Net Result and Net Debt

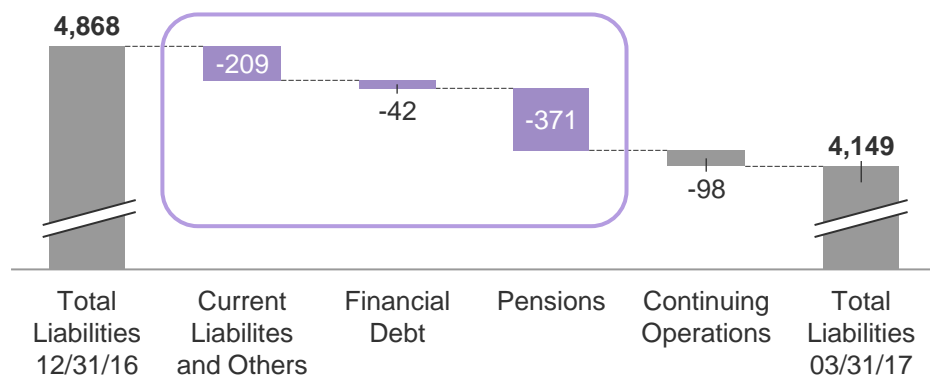
Asset Bridge Q1 2017 (€m)



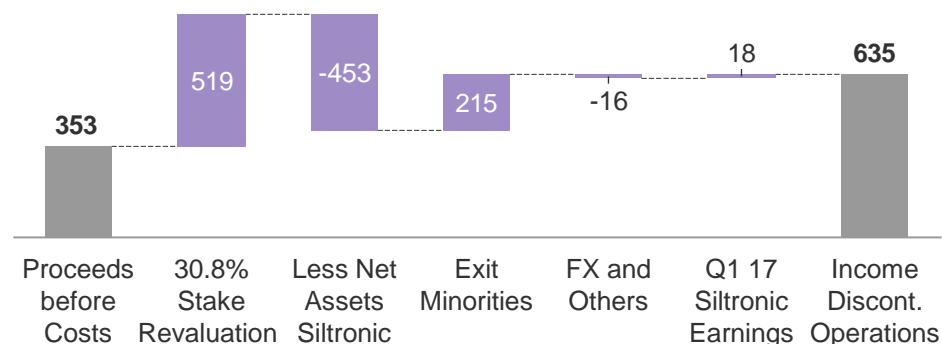
Net Debt Effects (€m)



Liability Bridge Q1 2017 (€m)



Income Discont. Operations (€m)



Profit & Loss Statement

Effects from Siltronic Deconsolidation

WACKER P&L Q1 2017 (€m)

€m	Q1 2016*	Q1 2017
Sales	1,133.1	1,218.8
Gross profit from sales	187.0	214.0
<i>Gross profit margin (in %)</i>	<i>16.5%</i>	<i>17.6%</i>
S,G&A and R&D	-132.1	-151.0
Other operating income	29.9	25.3
Other operating expenses	-23.2	-15.2
Operating result	61.6	73.1
Result from investments in joint ventures and associates	2.5	0.1
EBIT	64.1	73.2
Interest result	-9.1	-8.7
Other financial result	-15.6	-14.9
Profit before tax	39.4	49.6
Income taxes	-12.2	-18.4
Income from continuing operations	27.2	31.2
Income from discontinued operations	-11.1	634.7
Net income for the period	16.1	665.9
EPS €	0.41	13.19
EBITDA	205.3	229.3
Depreciation/amortization	141.2	156.1
EBIT	64.1	73.2

Comments

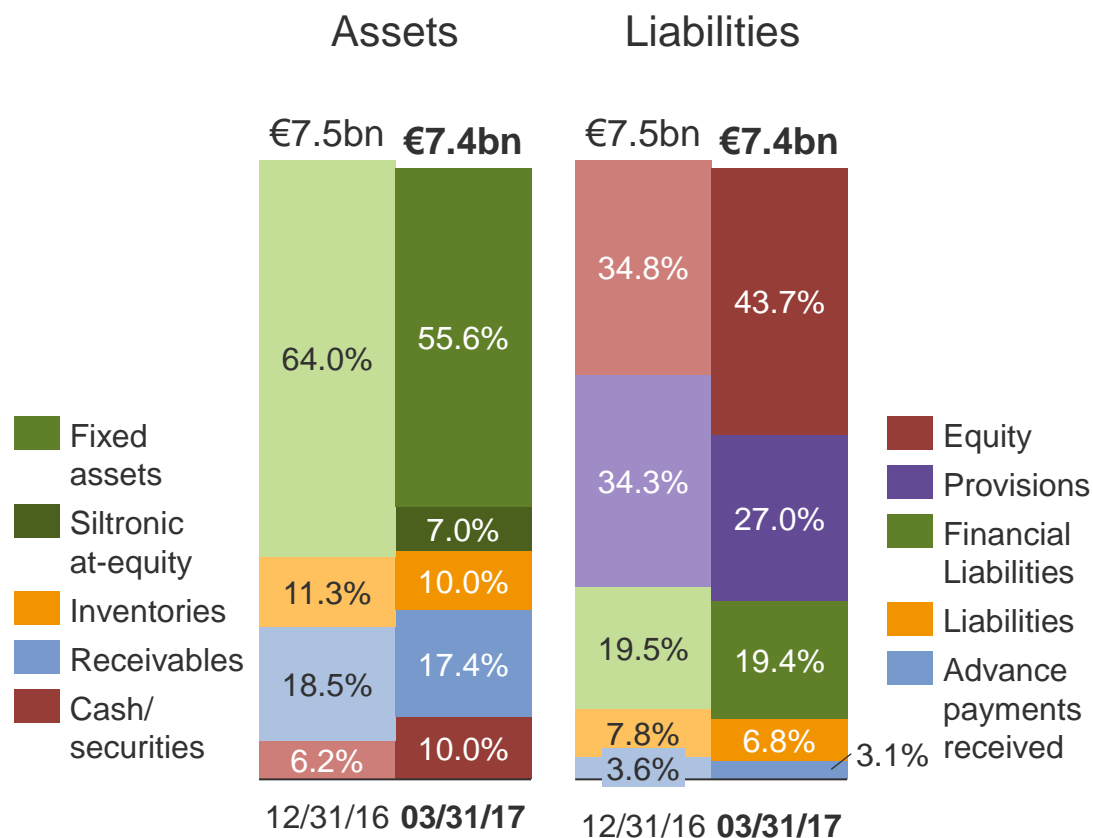
- ▶ Sales +7.6% yoy:
Volume/Mix +8.3%, Price -1.9%, FX +1.1%
- ▶ Gross profit increased by 14.4% yoy despite higher depreciation and moderate price pressure
- ▶ Result from investments in joint ventures and associates: various joint ventures and after Q1 Siltronic
- ▶ Tax rate of 37.1% (2016: 30.9%)
- ▶ Income from discontinued operations =
+ net income Siltronic Q1 €18m
+ profit from sale of shares and deconsolidation effects of €617m
- ▶ Depreciation at €156m (Q1 2016: €141m)

* 2016 Adjusted according to IFRS 5

Balance Sheet Composition

Siltronic Now Consolidated At-Equity

Balance Sheet (%)



Characteristics 03/31/17

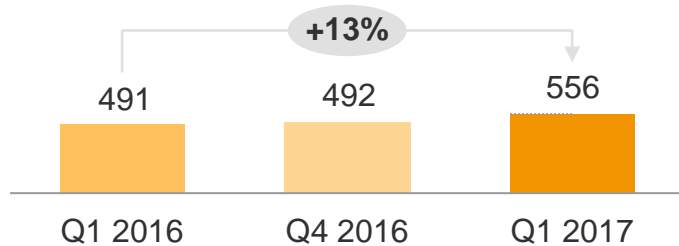
- ▶ Non current assets: €5,079m (30.8% of Siltronic at-equity €519m)
- ▶ Securities, cash and cash equivalents: €739m
- ▶ Provisions for pensions: €1,604m (2016: €2,108m)
 - ▶ Deconsolidation Siltronic €371m
- ▶ Discount rate in Germany at 2.07% (2016: 1.94%)
- ▶ DTA* relating to pensions about €317m
- ▶ Equity: €3,220m (2016: €2,593m)
- ▶ Poly Prepayments: €223m (2016: €245m)

* Deferred tax asset

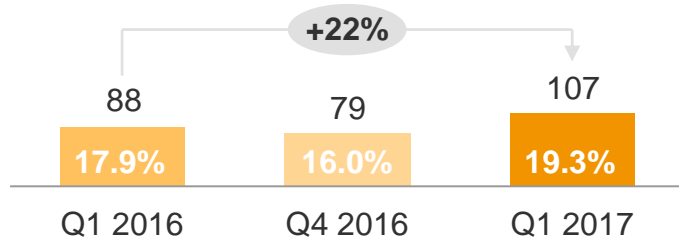
SILICONES

Strong Demand, High Plant Loading

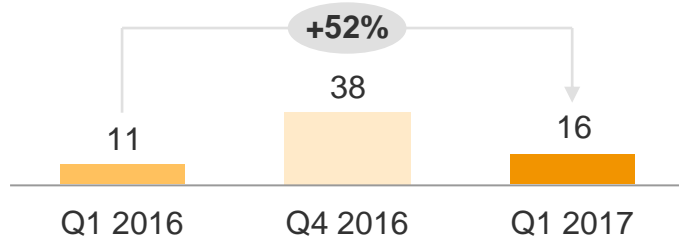
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q1

- ▶ Strong demand for silicone products in all regions with tightness in some product groups
- ▶ EBITDA benefits from high plant loading, cost performance and product mix

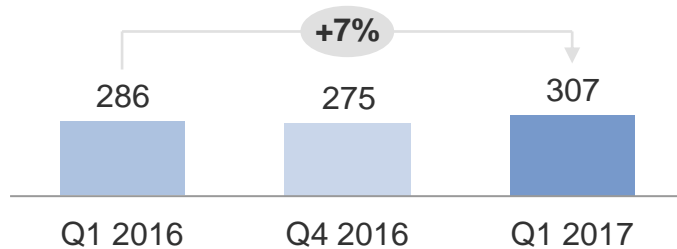
Outlook 2017

- ▶ High-single-digit % growth in sales and EBITDA despite rising raw material costs
- ▶ Expect good product mix and cost performance

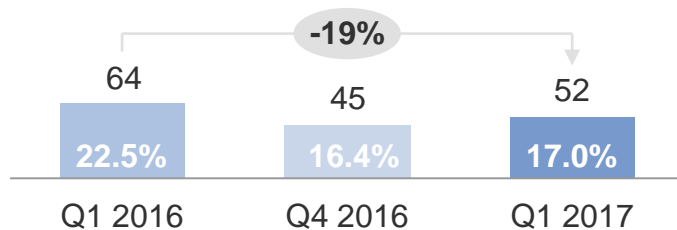
POLYMERS

Strong Volumes But Higher Raw Materials

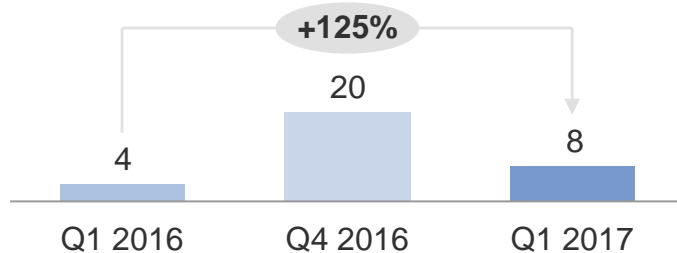
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q1

- ▶ Sales supported by strong volumes
- ▶ EBITDA below prior year following higher raw material prices

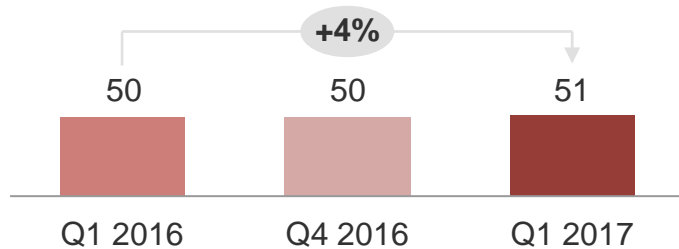
Outlook 2017

- ▶ Mid-single-digit % sales growth
- ▶ Expect FY EBITDA decrease from raw material inflation, but margin over target levels for Chemicals
- ▶ Growth in dispersions and powders with typical seasonality

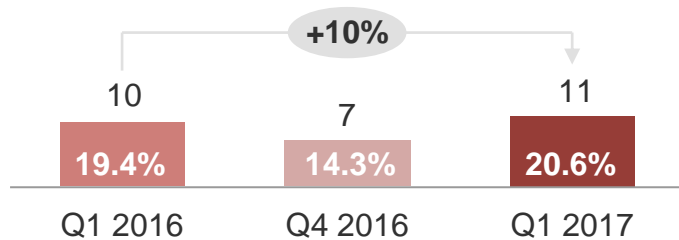
BIOSOLUTIONS

Positive Volume Effects

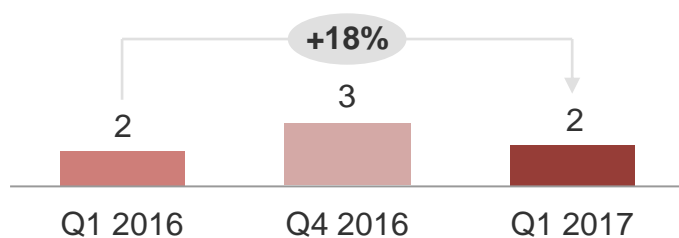
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q1

- ▶ Sales +4% yoy
- ▶ Good performance in pharma/agro and nutrition

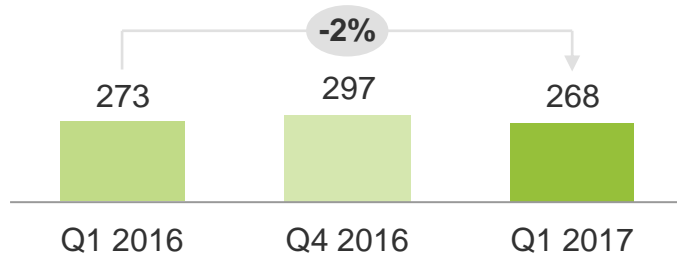
Outlook 2017

- ▶ Low-single-digit % sales growth
- ▶ EBITDA at about €30m due to integration costs from acquisition in Spain

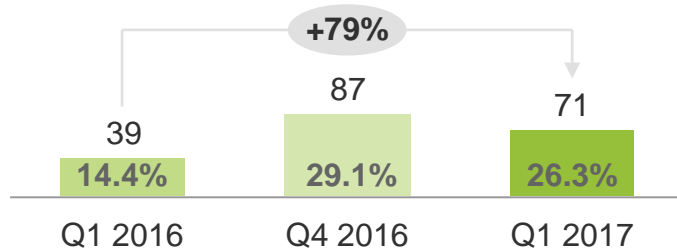
POLYSILICON

Building Strategic Inventory in Weak Market Environment

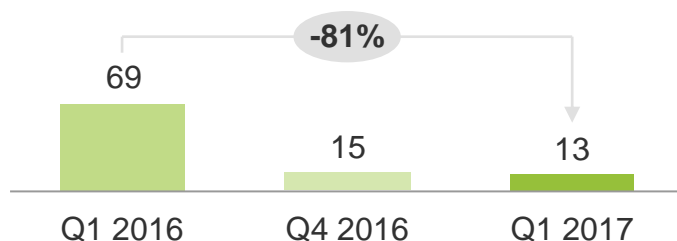
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q1

- ▶ Weaker demand in March used to increase strategic inventory in Asian hubs
- ▶ Solar ASP better yoy and qoq
- ▶ EBITDA at €71m (Q1 2016: €39m, included ramp cost of €30m)

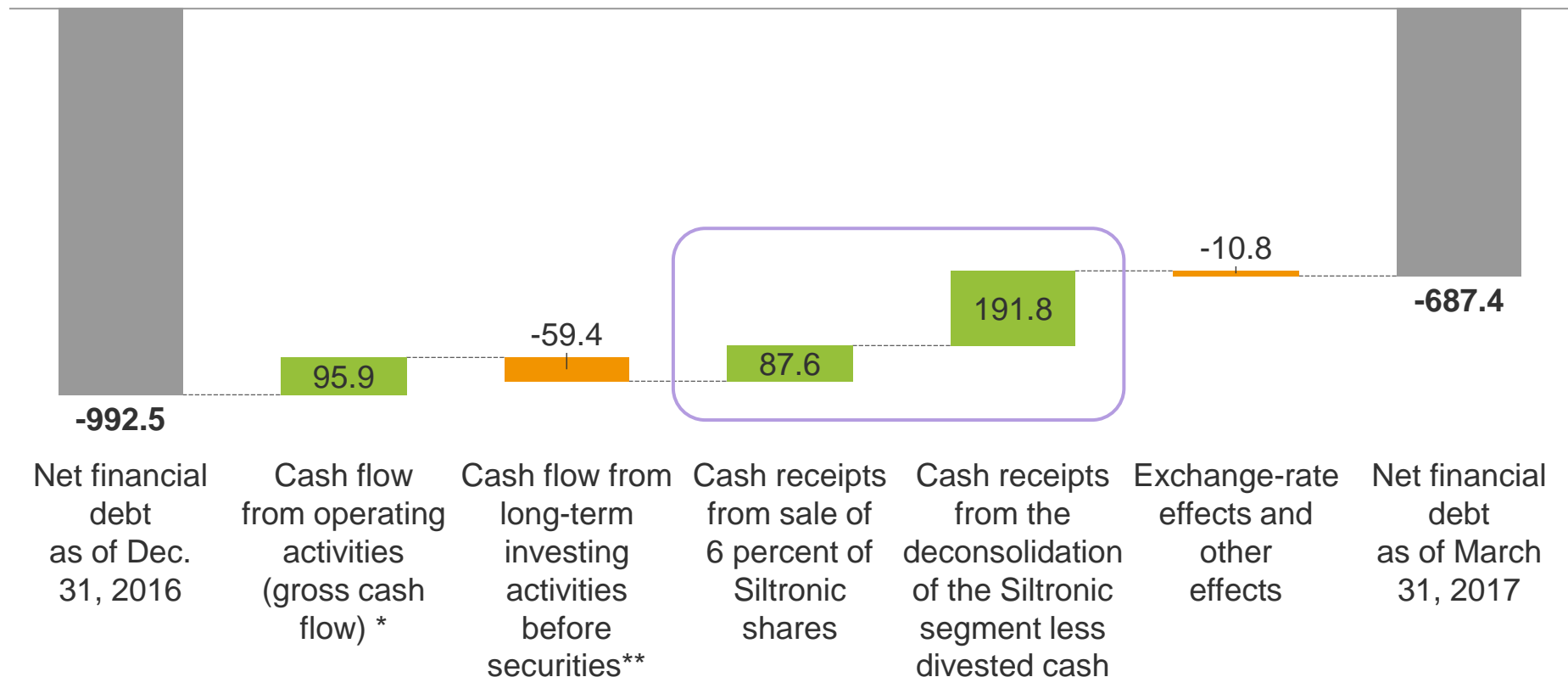
Outlook 2017

- ▶ Sales at prior year level
- ▶ Volume growth, but lower ASP yoy
- ▶ EBITDA ex specials somewhat above 2016
- ▶ Continued growth in shipments and focus on cost reduction

Net Financial Debt

Proceeds from Siltronic Stake Sale Reduce Net Financial Debt

Net Financial Debt Bridge per 03/31/2017 (€m)



*) includes change in prepayments of €43m, **) includes financial investments

Guidance Update FY 2017

	2016*	Outlook 2017
Sales (€m)	4,634	Mid-single-digit % increase
EBITDA excl. special income (€m)	935	Mid-single digit % decrease on a comparable basis (excluding special income)
EBITDA margin (%)	20.6	Somewhat lower than last year
Net cash flow (€m)	361	Substantially lower than last year
CapEx (€m)	338	Around 360
Net financial debt (€m)	993	Substantially lower than last year
Depreciation (€m)	618	Around 600
ROCE (%)	5.6	Slightly below last year's level
Tax Rate (continuing operations) (%)	30.9	Around 30%

* Adjusted according to IFRS 5

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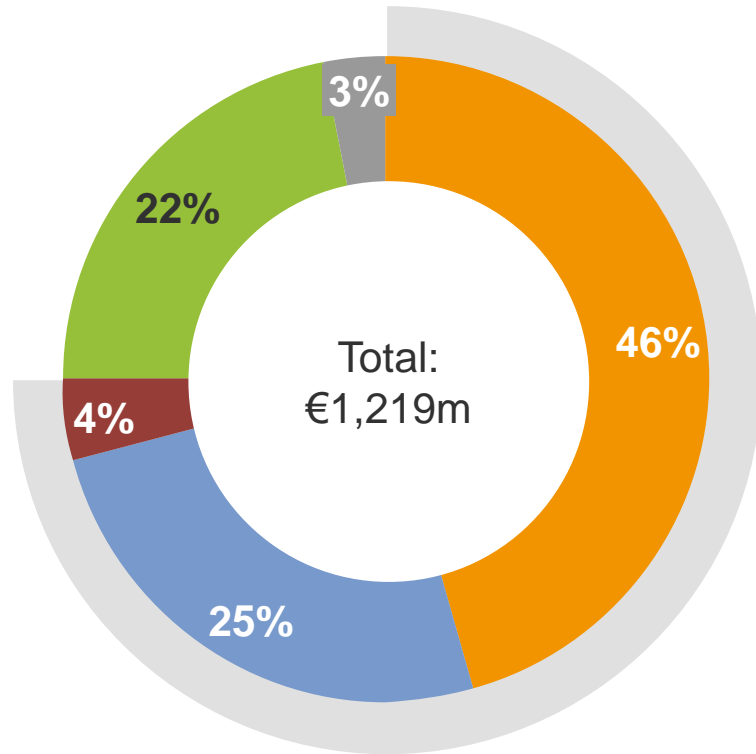
Q1 2017 Conference Call: Q&A Session

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April 27th, 2017

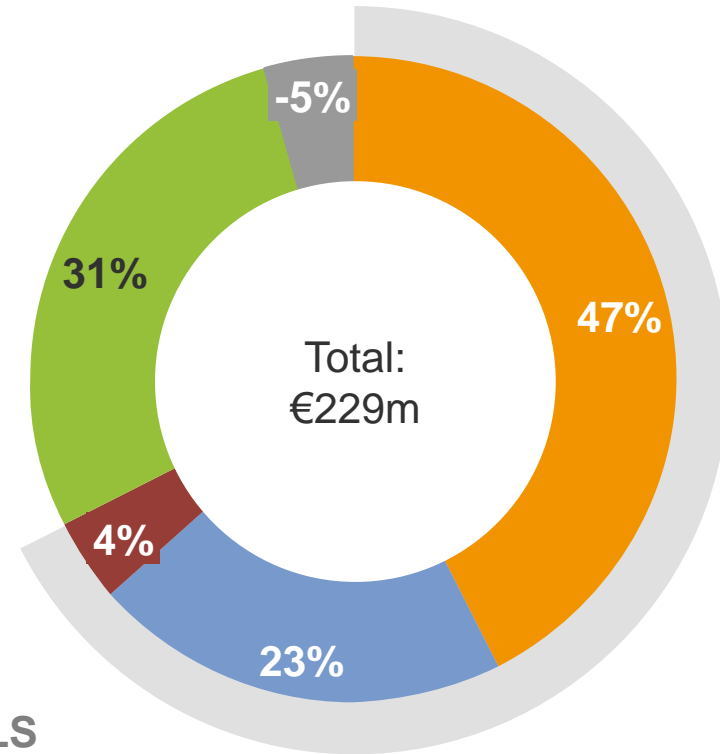
Q1 Results 2017

Sales and EBITDA Breakdown

Q1 2017 Sales*



Q1 2017 EBITDA



WACKER SILICONES

WACKER POLYMERS

WACKER BIOSOLUTIONS

WACKER POLYSILICON

Others/Consolidation

* based on external sales

Q1 Results 2017

P&L

in €m	Q1 2017	Q1 2016*	% YoY	Q4 2016*	% QoQ
Sales	1,218.8	1,133.1	7.6	1,151.1	5.9
EBITDA	229.3	205.3	11.7	221.2	3.7
EBITDA margin	18.8%	18.1%	-	19.2%	-
EBIT	73.2	64.1	14.2	60.8	20.4
EBIT margin	6.0%	5.7%	-	5.3%	-
Net income for the period	665.9	16.1	>100	46.8	>100
- From continuing operations	31.2	27.2	14.7	30.1	3.7
- From discontinued operations	634.7	-11.1	n.a.	16.7	>100
EPS in €	13.19	0.41	>100	0.76	>100
- From continuing operations	0.59	0.52	12.6	0.57	2.8
- From discontinued operations	12.61	-0.11	n.a.	0.19	>100

* Adjusted according to IFRS 5

Q1 Results 2017

Sales Breakdown by Business

Sales in €m	Q1 2017	Q1 2016*	% YoY	Q4 2016*	% QoQ
CHEMICALS	913.8	826.8	10.5	816.9	11.9
- SILICONES	555.6	491.3	13.1	492.3	12.9
- POLYMERS	306.8	285.9	7.3	275.0	11.6
- BIOSOLUTIONS	51.4	49.6	3.6	49.6	3.6
POLYSILICON	268.1	273.1	-1.8	297.2	-9.8
Others	41.8	40.7	2.7	42.7	-2.1
Consolidation	-4.9	-7.5	-34.7	-5.7	-14.0
WACKER GROUP	1,218.8	1,133.1	7.6	1,151.1	5.9

* Adjusted according to IFRS 5

Q1 Results 2017

EBITDA Breakdown by Business

EBITDA in €m	Q1 2017	Q1 2016*	% YoY	Q4 2016*	% QoQ
CHEMICALS	170.3	161.9	5.2	131.2	29.8
- SILICONES	107.4	87.9	22.2	78.9	36.1
- POLYMERS	52.3	64.4	-18.8	45.2	15.7
- BIOSOLUTIONS	10.6	9.6	10.4	7.1	49.3
POLYSILICON	70.5	39.4	78.9	86.5	-18.5
Others	-12.7	4.1	n.a.	3.8	n.a.
Consolidation	1.2	-0.1	n.a.	-0.3	n.a.
WACKER GROUP	229.3	205.3	11.7	221.2	3.7

* Adjusted according to IFRS 5

Special EBITDA Effects No Special Income in Q1

Special income (in €m)	2015	2016					2017
	FY	Q1	Q2	Q3	Q4	FY	Q1
POLYSILICON: Retained prepayments & damages from cancelled contracts	137.6	-	7.0	-	13.3	20.3	-

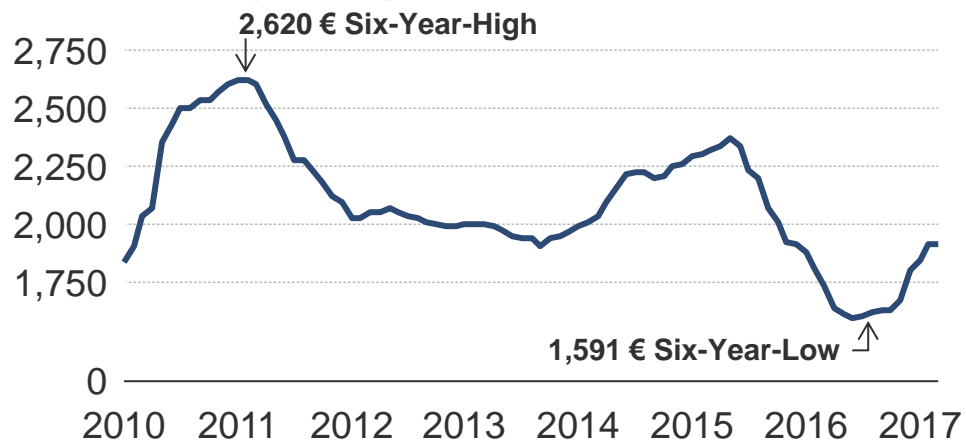
Global PV Installations Further Broaden and Grow

Country	2013	2014	2015	2016e	2017e
France	0.6	0.9	0.9	0.6	1.0 – 1.2
Germany	3.3	1.9	1.5	1.5	1.5 – 1.7
Italy	1.1	0.6	0.3	0.4	0.4 – 0.5
Europe other	5.8	4.0	5.9	3.7 – 4.2	4.0 – 4.5
Europe total	10.8	7.4	8.6	6.2 – 6.7	6.9 – 7.9
Australia	0.9	1.0	0.9	0.8 – 1.0	1.0 – 1.2
China	12.9	13.2*	16.5*	30.5	24.0 – 27.0
India	1.0	1.0	2.1	4.2 – 4.4	8.5 – 9.5
Japan	6.8	9.3	10.8	8.0 – 8.5	7.5 – 8.0
USA	4.8	6.2	7.3	14.6	12.0 – 14.0
Rest of World	2.8	6.0	10.0	11.0 – 12.5	15.1 – 17.4
Total	40 GW	44 GW	56 GW	~75 – 78 GW	~75 – 85 GW

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

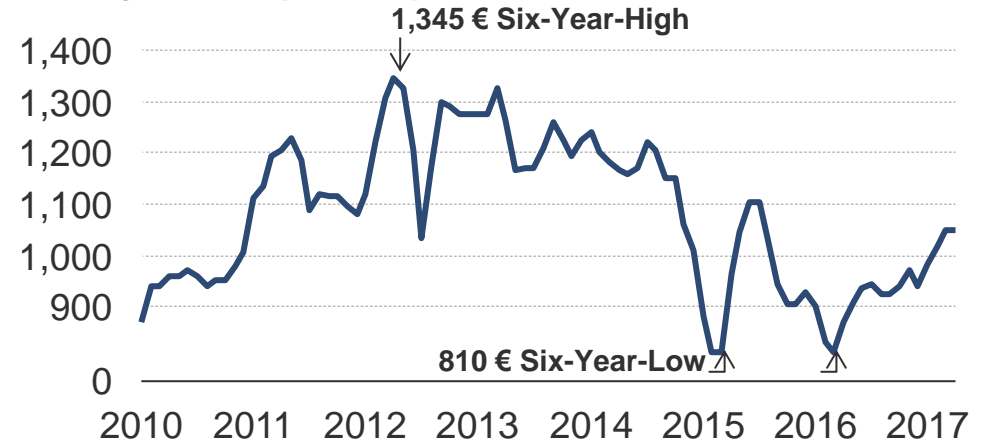
Raw Material Prices With Volatile Development – Prices Trend Upwards

Si-Metal (€/MT)



Source: CRU, Si-Metal Spot FD Europe

Ethylene (€/MT)



Source: ICIS, EN Contract FD NWE

Methanol (€/MT)



Source: ICIS, MeOH Contract, FOB RDM

VAM (€/MT)



Source: ICIS, VAM Contract FD NWE

WACKER: Issuer, Contact and Additional Information

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Financial Calendar

05/19/17 – Annual Shareholders' Meeting
07/28/17 – Q2 Results 2017
10/04/17 – Capital Market Day
10/26/17 – Q3 Results 2017

Additional Information

ISIN:	DE000WCH8881
WKN:	WCH888
Deutsche Börse:	WCH
Ticker Bloomberg:	CHM/WCH:GR
Ticker Reuters:	CHE/WCHG.DE
Listing:	Frankfurt Stock Exchange Prime Standard

