

Q2 2017 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)
July 28th, 2017

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Highlights Q2 2017

Continued Strong Growth in Chemicals

Solid Performance in H1 2017 – FY Guidance increased

Financials

Sales of €1.2bn (+2% yoy)

EBITDA at €253m (-4% yoy, +11% qoq)

Net Cash Flow clearly positive at €94m

Operations

Chemical business with strong volumes, especially in SILICONES

Higher raw material prices, especially in POLYMERS

Improving sales in POLYSILICON throughout the quarter

Profit & Loss Statement

Volume Increases in Chemicals Drive Sales Growth

WACKER P&L Q2 2017 (€m)

€m	Q2 2016*	Q2 2017
Sales	1,199.2	1,218.3
Gross profit from sales	222.6	237.8
<i>Gross profit margin (in %)</i>	18.6%	19.5%
S,G&A and R&D	-128.4	-149.0
Other operating income	36.7	19.9
Other operating expenses	-27.5	-13.6
Operating result	103.4	95.1
Result from investments in joint ventures and associates	0.2	4.9
EBIT	104.5	101.9
Interest result	-9.2	-8.1
Other financial result	-12.9	-18.0
Profit before tax	82.4	75.8
Income taxes	-24.8	-15.3
Income from continuing operations	57.6	60.5
Income from discontinued operations	1.3	0.0
Net income for the period	58.9	60.5
EPS €	1.15	1.17
EBITDA	265.0	253.4
Depreciation/amortization	160.5	151.5
EBIT	104.5	101.9

Comments

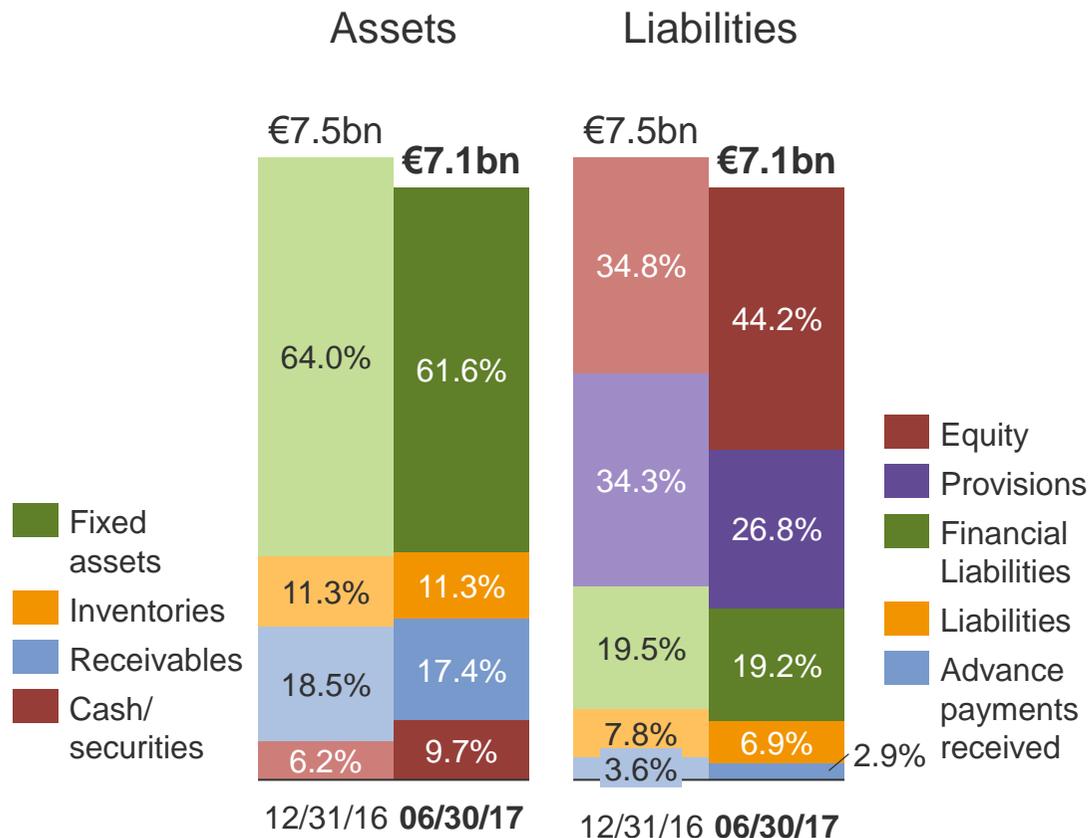
- ▶ Sales +2% yoy:
Volume/Mix +3.3%, Price -2.4%, FX +0.7%
- ▶ Gross profit increased by 6.8% yoy despite lower prices
- ▶ Other operating income: No special income in Q2 2017 (Q2 2016: €7m)
- ▶ Result from investments in joint ventures and associates now includes share of Siltronic's net income adjusted by purchase price allocation effects
- ▶ Tax rate (6M 2017) of 26.9% (2016: 30.4%) due to better results in overseas locations
- ▶ Depreciation at €152m (Q2 2016: €161m)

* 2016 Adjusted according to IFRS 5

Balance Sheet Composition

Equity Ratio Increased to 44%

Balance Sheet (%)



Characteristics 06/30/17

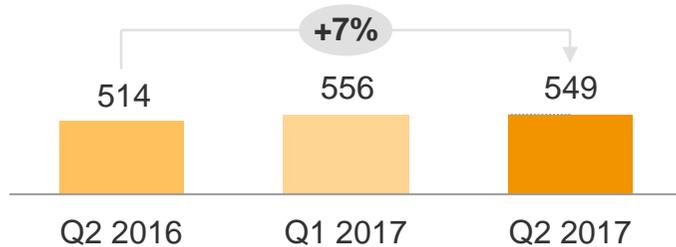
- ▶ Non current assets: €4,814m
- ▶ Securities, cash and cash equivalents: €691m
- ▶ Provisions for pensions: €1,528m (2016: €2,108m)
 - ▶ Discount rate in Germany at 2.19% (2016: 1.94%)
 - ▶ DTA* relating to pensions about €285m
- ▶ Equity: €3,136m (2016: €2,593m)
- ▶ Prepayments: €203m

* Deferred tax asset

SILICONES

Strong Cost Position – Increasing Specialty Share

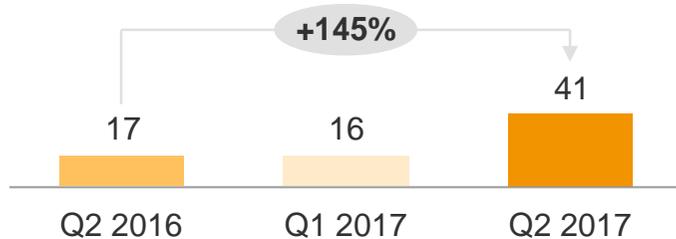
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ Robust growth in silicones with globally tight supplies
- ▶ Strong sales in specialties drive good performance in EBITDA

Outlook 2017

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

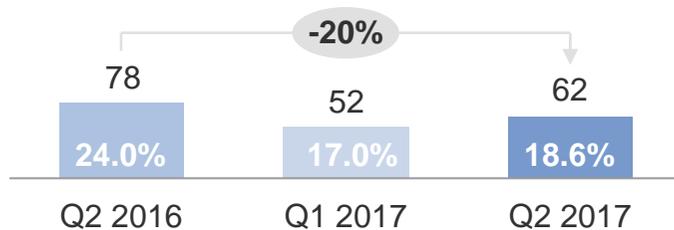
POLYMERS

Seasonally Strong Demand for Building Products

Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ Sales supported by strong volumes
- ▶ EBITDA sequentially up, but below PY due to raw materials recovering from low levels
- ▶ First benefits from price increases in dispersions

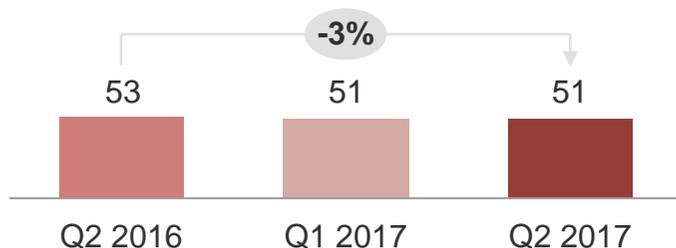
Outlook 2017

- ▶ Mid-single-digit % sales growth
- ▶ Expect FY EBITDA decrease from raw material inflation, but margin over 16%
- ▶ Growth in dispersions and powders with typical seasonality

BIOSOLUTIONS

Solid Q2, Integration Costs in H2

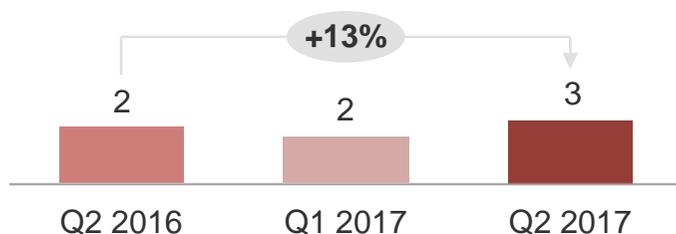
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ Strong demand for cyclodextrins and cysteines
- ▶ Lower prices in some product segments

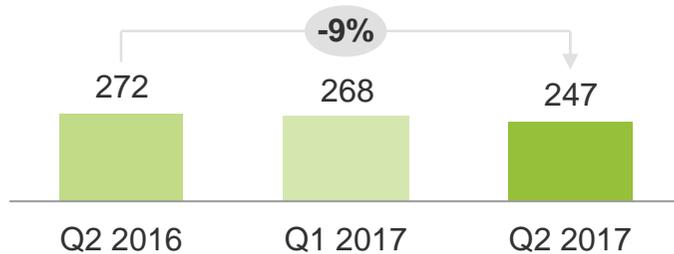
Outlook 2017

- ▶ Low-single-digit % sales growth
- ▶ EBITDA at about €30m due to integration costs from acquisition in Spain in H2

POLYSILICON

Volumes Improving Through Q2

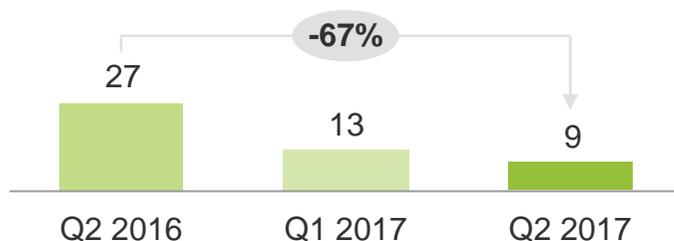
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ Demand improved through Q2
- ▶ Inventory and mix effects in Q2
- ▶ EBITDA with €71m at Q1 level, despite lower solar ASP qoq

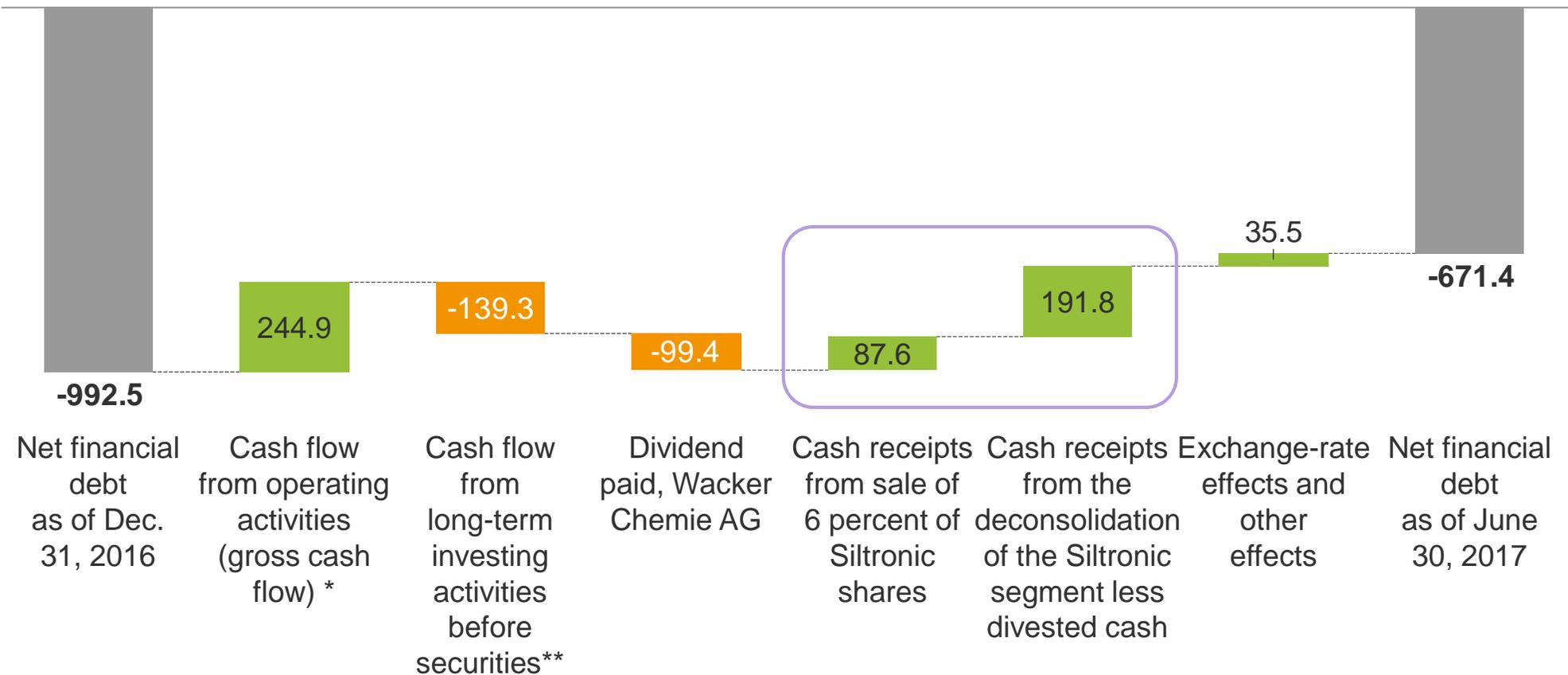
Outlook 2017

- ▶ 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

Positive Cash Flow, Dividend Payment and FX Effects in Q2

Net Financial Debt Bridge per 06/30/2017 (€m)

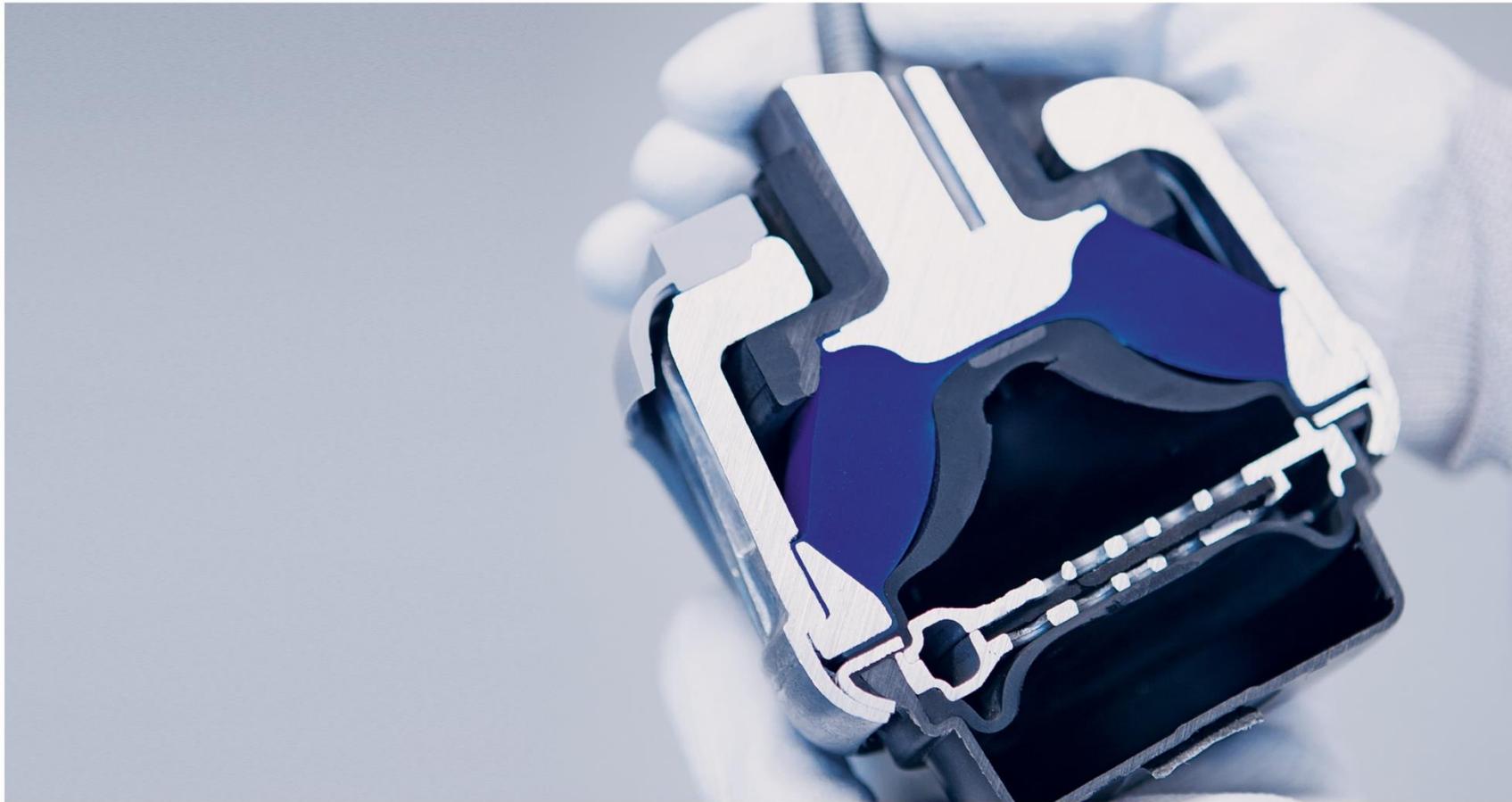


*) includes change in prepayments of €41.5m, **) includes financial investments

Guidance Update FY 2017 – Improved Outlook in EBITDA

	2016*	Outlook 2017
Sales (€m)	4,634	Mid-single-digit % increase
EBITDA excl. special income (€m)	935	Between 900 and 935
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	Below 30%

* Adjusted according to IFRS 5



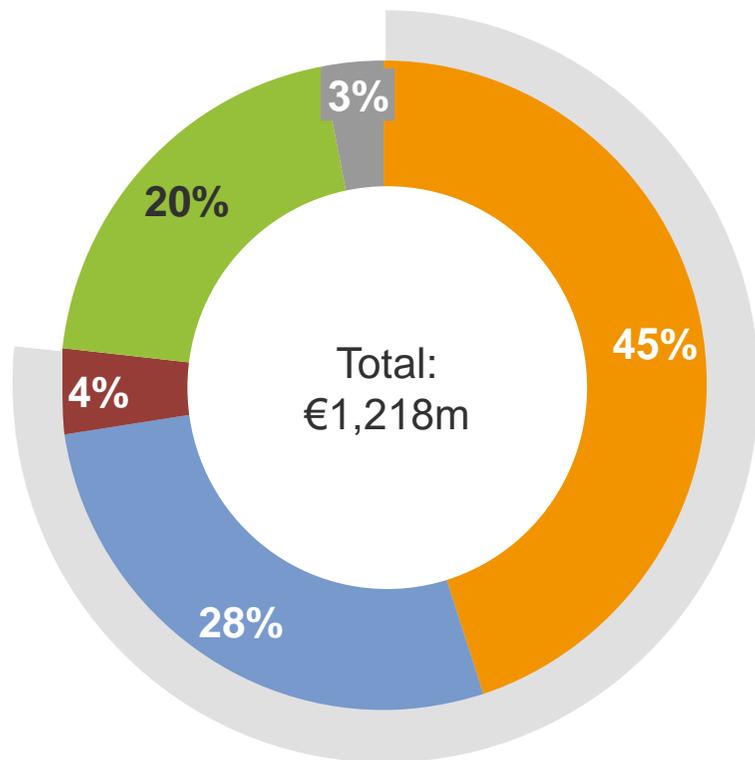
Q2 2017 – Conference Call: Q&A Session

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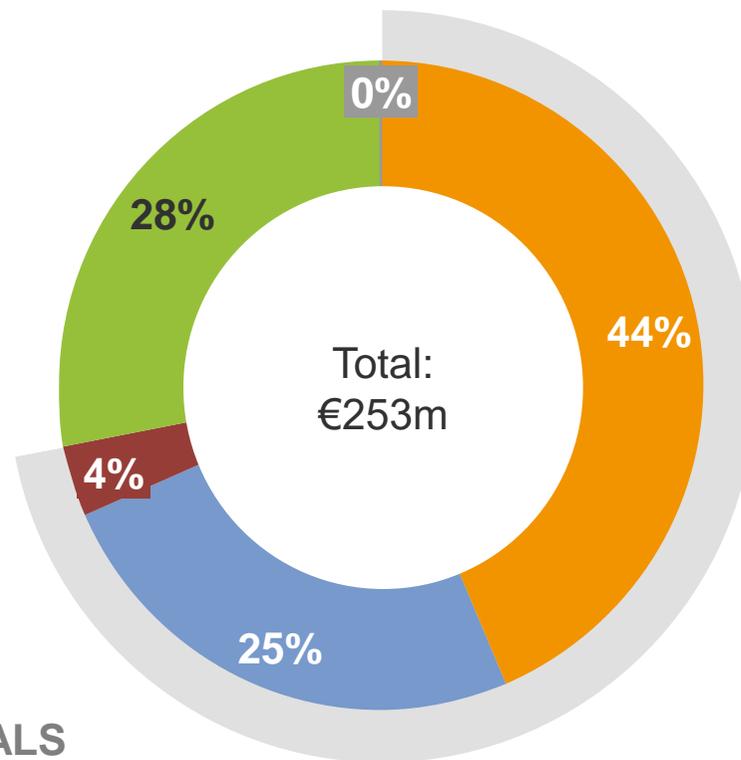
Q2 Results 2017

Sales and EBITDA Breakdown

Q2 2017 Sales*



Q2 2017 EBITDA



WACKER SILICONES

WACKER POLYMERS

WACKER BIOSOLUTIONS

WACKER POLYSILICON

Others/Consolidation

* based on external sales

Q2 Results 2017

P&L

in €m	Q2 2017	Q2 2016*	% YoY	Q1 2017	% QoQ
Sales	1,218.3	1,199.2	1.6	1,218.8	0.0
EBITDA	253.4	265.0	-4.4	229.3	10.5
EBITDA margin	20.8%	22.1%	-	18.8%	-
EBIT	101.9	104.5	-2.5	73.2	39.2
EBIT margin	8.4%	8.7%	-	6.0%	-
Net income for the period	60.5	58.9	2.7	665.9	-90.9
- From continuing operations	60.5	57.6	5.0	31.2	93.9
- From discontinued operations	0	1.3	-100.0	634.7	-100.0
EPS in €	1.17	1.15	1.6	13.19	-91.1

* Adjusted according to IFRS 5

Q2 Results 2017

Sales Breakdown by Business

Sales in €m	Q2 2017	Q2 2016*	% YoY	Q1 2017	% QoQ
CHEMICALS	935.4	893.3	4.7	913.8	2.4
- SILICONES	548.7	514.4	6.7	555.6	-1.2
- POLYMERS	335.3	325.7	2.9	306.8	9.3
- BIOSOLUTIONS	51.4	53.2	-3.4	51.4	0.0
POLYSILICON	246.7	272.2	-9.4	268.1	-8.0
Others	40.0	40.3	-0.7	41.8	-4.3
Consolidation	-3.8	-6.6	-42.4	-4.9	-22.4
WACKER GROUP	1,218.3	1,199.2	1.6	1,218.8	0.0

* Adjusted according to IFRS 5

Q2 Results 2017

EBITDA Breakdown by Business

EBITDA in €m	Q2 2017	Q2 2016*	% YoY	Q1 2017	% QoQ
CHEMICALS	182.3	180.9	0.8	170.3	7.0
- SILICONES	110.8	93.7	18.2	107.4	3.2
- POLYMERS	62.4	78.2	-20.2	52.3	19.3
- BIOSOLUTIONS	9.1	9.0	1.1	10.6	-14.2
POLYSILICON	71.3	77.7	-8.2	70.5	1.1
Others	-0.8	6.4	n.a.	-12.7	-93.7
Consolidation	0.6	0.0	n.a.	1.2	-50.0
WACKER GROUP	253.4	265.0	-4.4	229.3	10.5

* Adjusted according to IFRS 5

Special EBITDA Effects No Special Income in Q2

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

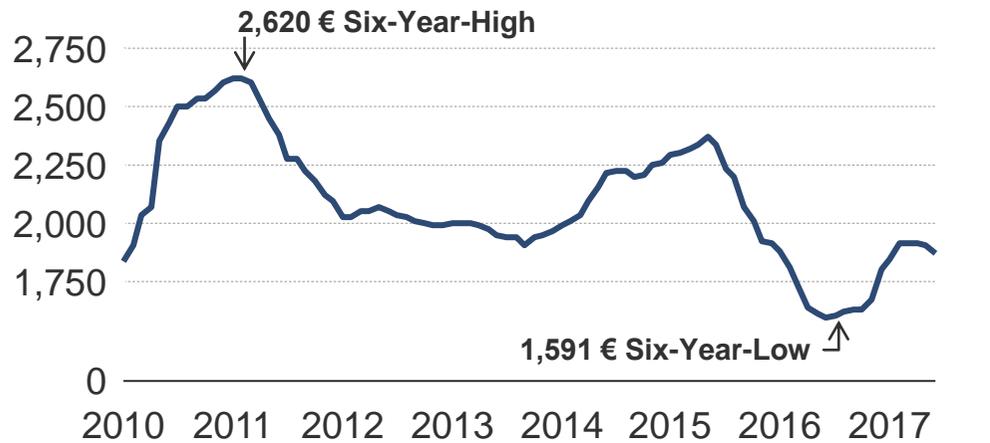
Global PV Market Growth Continues

Country	2013	2014	2015	2016	2017e
France	0.6	0.9	0.9	0.6	1.1 – 1.3
Germany	3.3	1.9	1.5	1.5	1.5 – 1.7
Europe other	6.9	4.6	6.2	4.3	4.0 – 4.6
Europe total	10.8	7.4	8.6	6.4	6.6 – 7.6
Australia	0.9	1.0	0.9	0.8	1.0 – 1.2
China*	12.9	13.2	16.5	32.5	32.0 – 35.0
India	1.0	1.0	2.1	4.3	9.0 – 10.0
Japan	6.8	9.3	10.8	8.6	7.5 – 8.0
South Korea	0.5	0.9	1.0	0.9	1.0 – 1.2
USA	4.8	6.2	7.3	14.8	10.0 – 13.0
Rest of World	2.3	5.1	9.0	9.8	12.0 – 14.0
Total	40 GW	44 GW	56 GW	~78 GW	~79 – 90 GW

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

Raw Material Prices With Volatile Development – YoY 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

Issuer and Contact

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

Investor Relations contacts

Joerg Hoffmann, CFA
Tel. +49 89 6279 1633
joerg.hoffmann@wacker.com

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

Monika Stadler
Tel. +49 89 6279 2769
monika.stadler.ir@wacker.com

Financial Calendar

10/04/17 – Capital Market Day
10/26/17 – Q3 Results 2017

Additional Information

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