



Q3 2017 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)
October 26, 2017

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Highlights Q3 2017

Strong Demand and High Utilization Rates

Strong Results in Q3 – FY17 EBITDA Guidance increased to €1bn

Financials

Sales of €1.3bn (+14% yoy)

EBITDA at €298m (+13% yoy, +18% qoq)

Net Cash Flow clearly positive at €205m

Operations

Good **operational performance** in Chemicals

FX headwinds and **higher raw material prices** yoy

Improving sales in POLYSILICON, slowed by Tennessee incident

Profit & Loss Statement

Strong Operational Performance

WACKER P&L Q3 2017 (€m)

€m	Q3 2016*	Q3 2017
Sales	1,150.8	1,311.6
Gross profit from sales	239.5	278.9
<i>Gross profit margin (in %)</i>	20.8%	21.3%
S,G&A and R&D	-132.0	-140.4
Other operating income	16.0	18.9
Other operating expenses	-14.5	-18.4
Operating result	109.0	139.0
Result from investments in joint ventures and associates	-0.9	16.3
EBIT	108.1	155.3
Interest result	-9.1	-8.2
Other financial result	-14.2	-12.4
Profit before tax	84.8	134.7
Income taxes	-21.6	-30.5
Income from continuing operations	63.2	104.2
Income from discontinued operations	4.3	0.0
Net income for the period	67.5	104.2
EPS €	1.29	2.04
EBITDA	264.0	298.0
Depreciation/amortization	155.9	142.7
EBIT	108.1	155.3

Comments

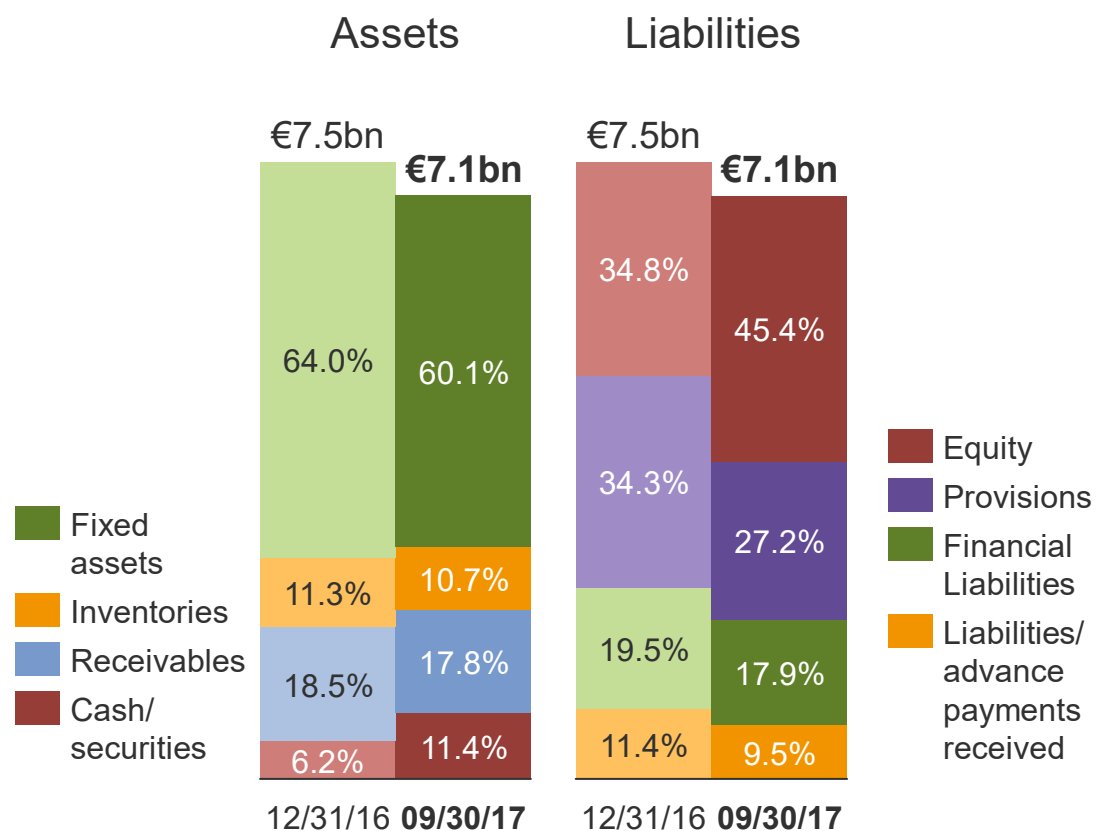
- ▶ Sales +14% yoy:
Volume/Mix +17.1%, Price -1.2%, FX -1.9%
- ▶ Other operating income: No special income from prepayment contracts in Q3 2017 (Q3 2016: €0m)
- ▶ Result from investments in joint ventures and associates benefits from share of Siltronic's increased net income adjusted by purchase price allocation effects
- ▶ Tax rate (9M 2017) of 24.7% (9M 2016: 28.4%) due to Siltronic equity result and better results in overseas locations
- ▶ Depreciation at €143m (Q3 2016: €156m)

* 2016 Adjusted according to IFRS 5

Balance Sheet Composition

No Significant Change to Prior Quarter

Balance Sheet (%)



Characteristics 09/30/17

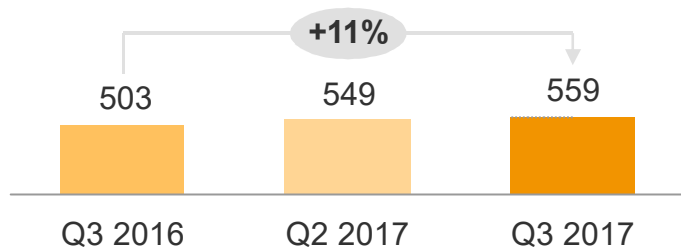
- ▶ Non current assets: €4,688m
- ▶ Securities, cash and cash equivalents: €801m
- ▶ Provisions for pensions: €1,522m (2016: €2,108m)
 - ▶ Discount rate in Germany at 2.21% (2016: 1.94%)
 - ▶ DTA* relating to pensions about €282m
- ▶ Equity: €3,204m (2016: €2,593m)

* Deferred tax asset

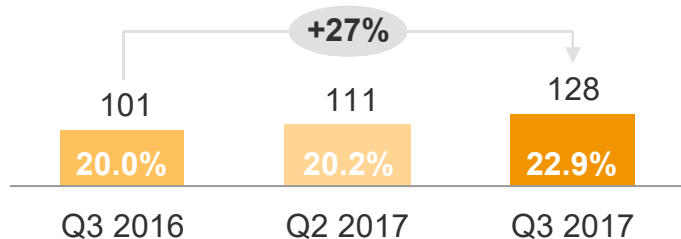
SILICONES

Very Strong Volumes and Good Operational Performance

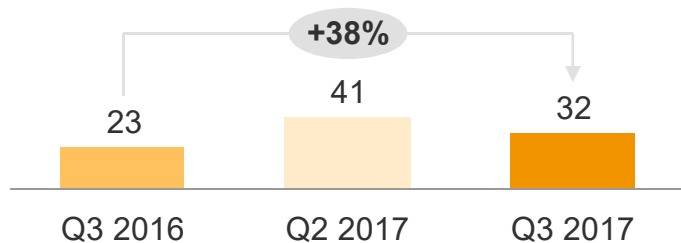
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ Robust growth with globally tight supplies continues
- ▶ High plant loading and good operational performance drive EBITDA

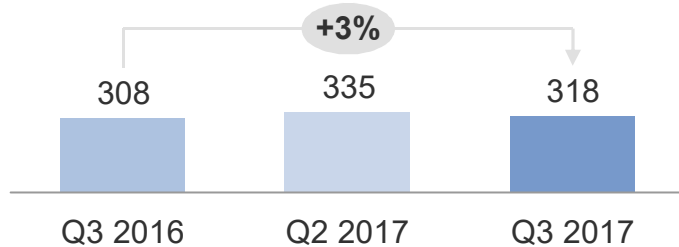
Outlook 2017

- ▶ High-single-digit % growth in sales with an EBITDA margin at about 20%
- ▶ Expect good product mix and operational performance

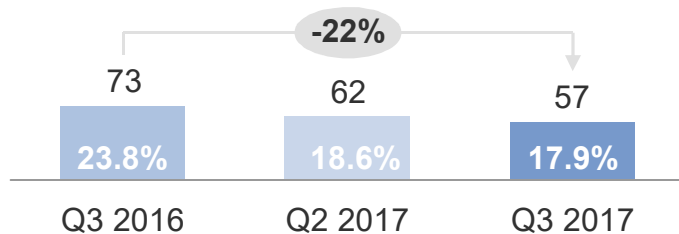
POLYMERS

Strong Volumes and Higher Raw Materials

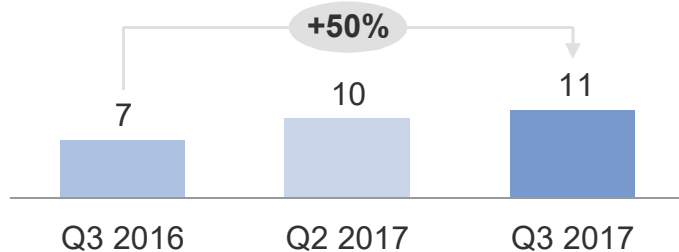
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ EBITDA sequentially down following higher raw materials
- ▶ Negative impact on sales from FX
- ▶ Positive developments in pricing for dispersions

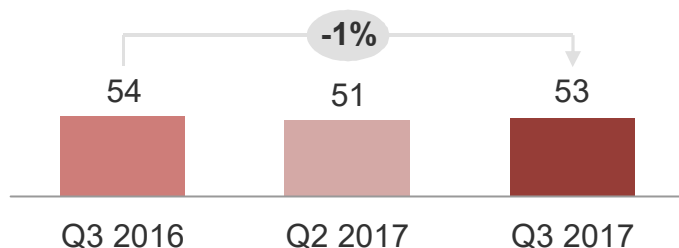
Outlook 2017

- ▶ 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

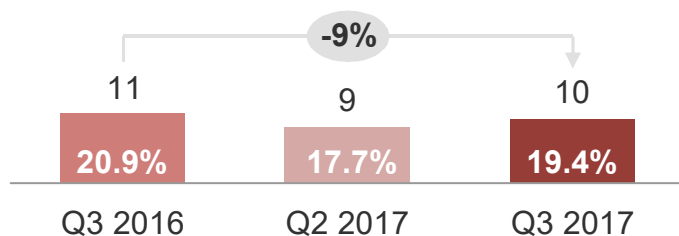
BIOSOLUTIONS

Results YTD at Prior Year Level

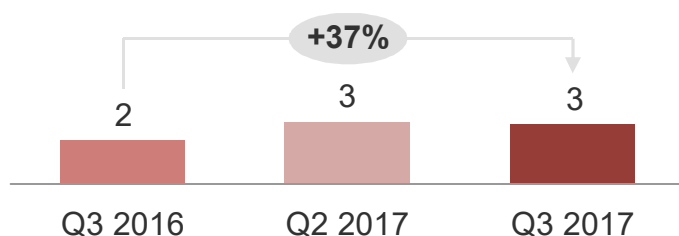
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ Strong demand in pharma/agro, strong order levels in biopharma
- ▶ Sales held back by lower prices in some segments and adverse mix effects

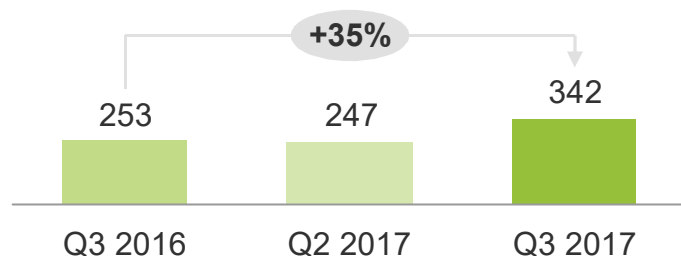
Outlook 2017

- ▶ Sales at prior year level due to FX impact
- ▶ Prior guidance of €30m reached YTD in Q3
- ▶ Q4 EBITDA below prior year following integration costs from acquisition in Spain

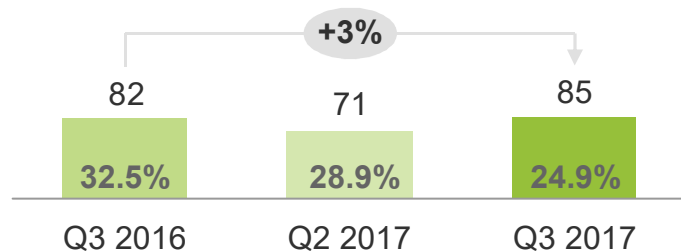
POLYSILICON

Strong Demand and Cost Reductions

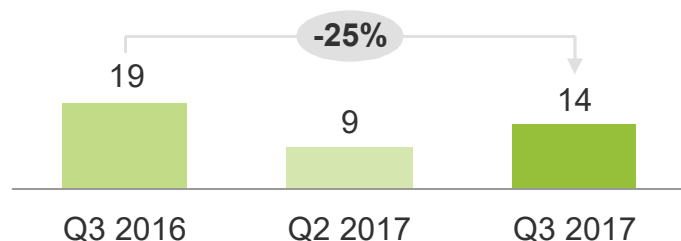
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ Demand in Q3 significantly higher than last year
- ▶ EBITDA and margin influenced by cost reductions and inventory effects qoq and yoy

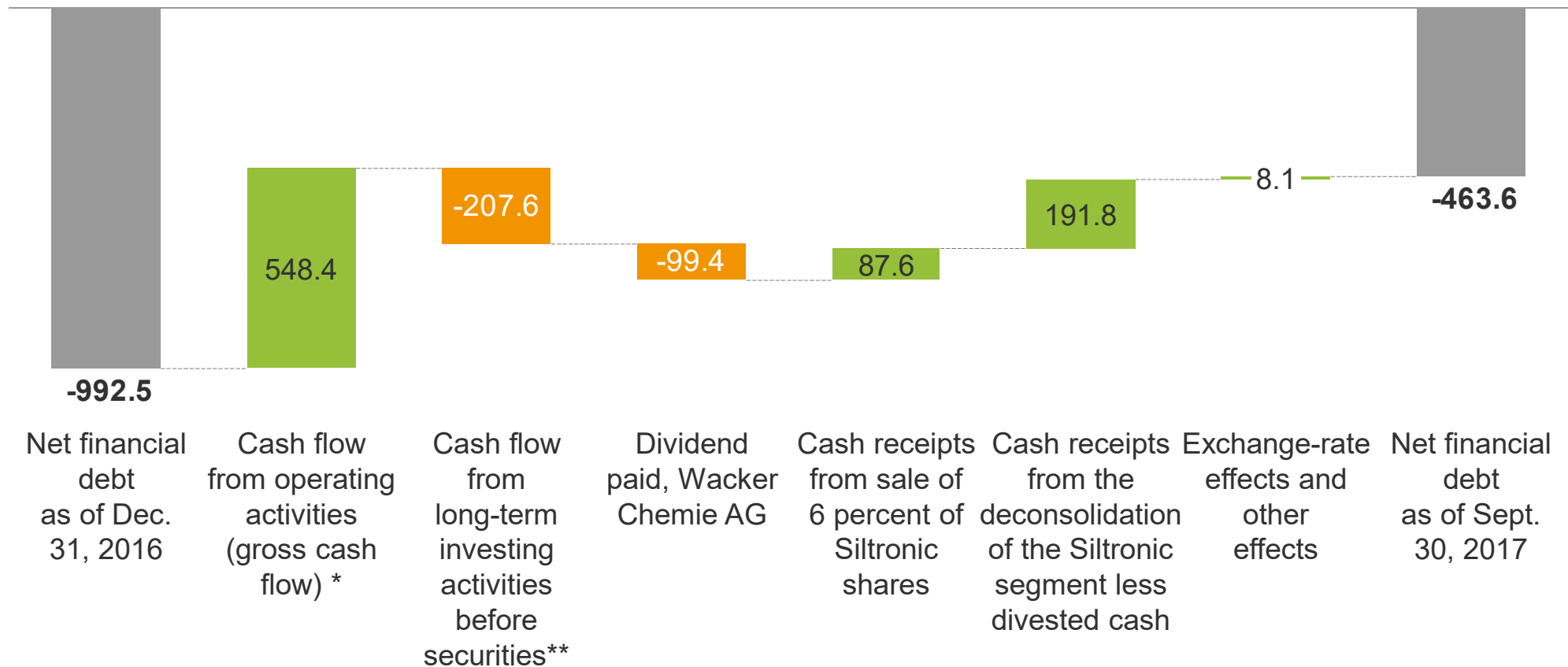
Outlook 2017

- ▶ Sales at prior year level
- ▶ FY EBITDA (ex specials from prepayment contracts) around 10% higher than in 2016
- ▶ TN incident investigation and repairs underway

Net Financial Debt

Strong Cash Flow Generation

Net Financial Debt Bridge per 09/30/2017 (€m)



*) includes change in prepayments of €55.7m, **) includes financial investments

Higher Guidance on Results and Cash Flow

	2016*	Outlook 2017	
Sales (€m)	4,634	Mid-single-digit % increase	→
EBITDA excl. prepayment effects (€m)	935	1,000	↗
EBITDA margin (%)	20.6	At last year's level	↗
Net cash flow (€m)	361	Somewhat lower than last year	↗
CapEx (€m)	338	At last year's level	→
Net financial debt (€m)	993	Around 500	↘
Depreciation (€m)	618	Around 600	→
ROCE (%)	5.6	Slightly above last year's level	↗
Tax Rate (continuing operations) (%)	30.9	Around 25%	↘

* Adjusted according to IFRS 5



Q3 2017 – Conference Call: Q&A Session

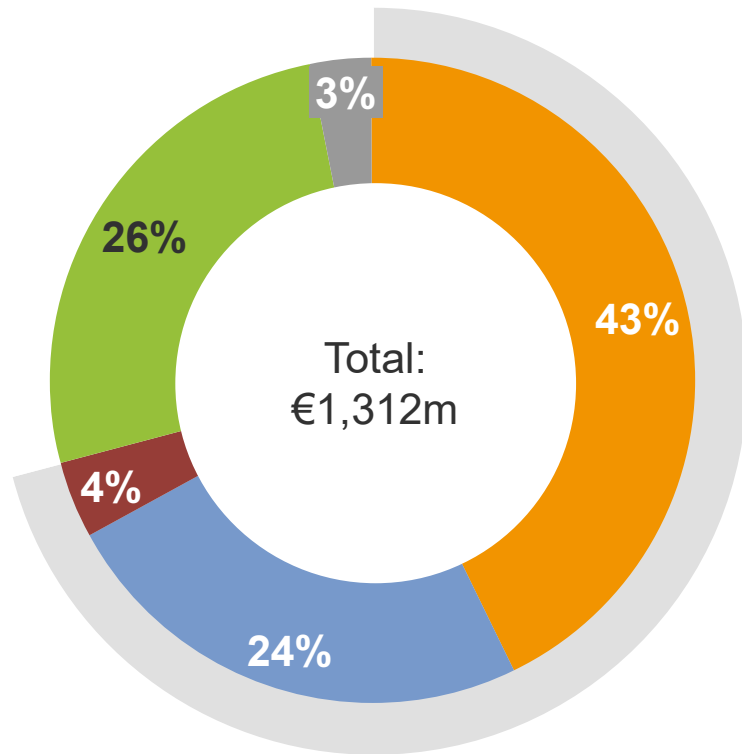
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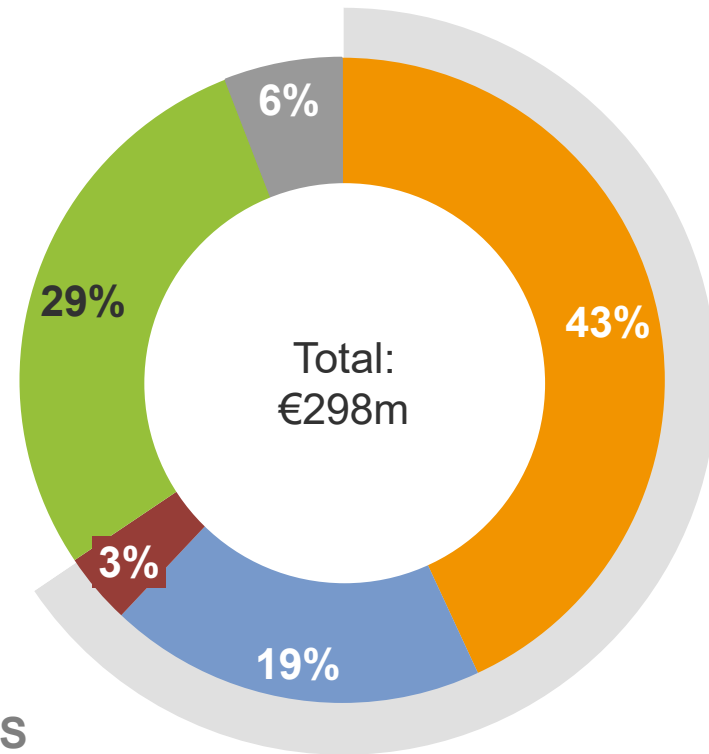
Q3 Results 2017

Sales and EBITDA Breakdown

Q3 2017 Sales*



Q3 2017 EBITDA



WACKER SILICONES

WACKER POLYMERS

WACKER BIOSOLUTIONS

WACKER POLYSILICON

Others/Consolidation

* based on external sales

Q3 Results 2017

P&L

in €m	Q3 2017	Q3 2016*	% YoY	Q2 2017	% QoQ
Sales	1,311.6	1.150.8	14.0	1,218.3	7.7
EBITDA	298.0	264.0	12.9	253.4	17.6
EBITDA margin	22.7	22.9	-	20.8	-
EBIT	155.3	108.1	43.7	101.9	52.4
EBIT margin	11.8	9.4	-	8.4	-
Net income for the period	104.2	67.5	54.4	60.5	72.2
- From continuing operations	104.2	63.2	64.9	60.5	72.2
- From discontinued operations	0	4.3	n.a.	0	-
EPS in €	2.04	1.29	58.3	1.17	74.4

* Adjusted according to IFRS 5

Q3 Results 2017

Sales Breakdown by Business

Sales in €m	Q3 2017	Q3 2016*	% YoY	Q2 2017	% QoQ
CHEMICALS	930.4	865.3	7.5	935.4	-0.5
- SILICONES	559.3	503.1	11.2	548.7	1.9
- POLYMERS	317.9	308.2	3.1	335.3	-5.2
- BIOSOLUTIONS	53.2	54.0	-1.5	51.4	3.5
POLYSILICON	341.7	253.0	35.1	246.7	38.5
Others	45.0	38.9	15.7	40.0	12.5
Consolidation	-5.5	-6.4	-14.1	-3.8	44.7
WACKER GROUP	1,311.6	1,150.8	14.0	1,218.3	7.7

* Adjusted according to IFRS 5

Q3 Results 2017

EBITDA Breakdown by Business

EBITDA in €m	Q3 2017	Q3 2016*	% YoY	Q2 2017	% QoQ
CHEMICALS	195.3	185.2	5.5	182.3	7.1
- SILICONES	128.0	100.7	27.1	110.8	15.5
- POLYMERS	57.0	73.2	-22.1	62.4	-8.7
- BIOSOLUTIONS	10.3	11.3	-8.8	9.1	13.2
POLYSILICON	85.0	82.3	3.3	71.3	19.2
Others	18.3	-4.1	n.a.	-0.8	n.a.
Consolidation	-0.6	0.6	n.a.	0.6	n.a.
WACKER GROUP	298.0	264.0	12.9	253.4	17.6

* Adjusted according to IFRS 5

Special EBITDA Effects

No Special Income in Q3

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

Global PV Market Surging Again in 2017

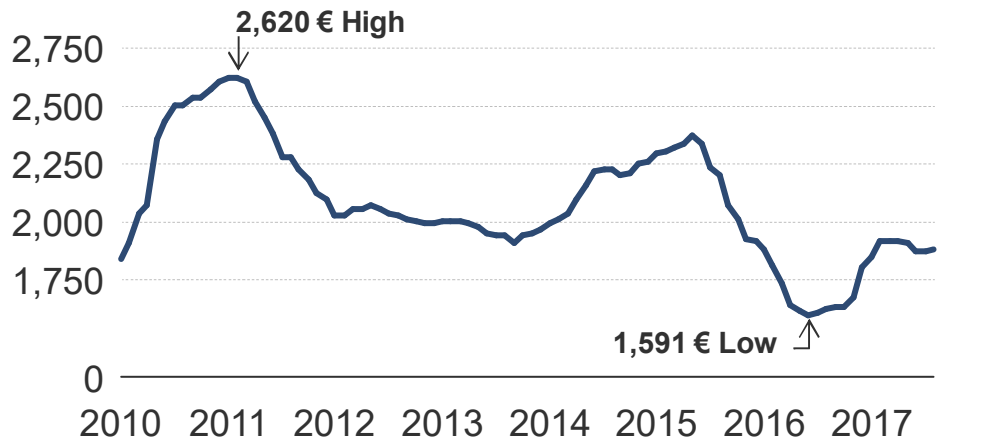
Country	2013	2014	2015	2016	2017e
France	0.6	0.9	0.9	0.6	0.8 – 1.0
Germany	3.3	1.9	1.5	1.5	1.8 – 2.0
Europe other	6.9	4.6	6.2	4.3	4.2 – 4.6
Europe total	10.8	7.4	8.6	6.4	6.8 – 7.6
Australia	0.9	1.0	0.9	0.8	1.2 – 1.5
China*	12.9	13.2	16.5	32.5	44.0 – 47.0
India	1.0	1.0	2.1	4.3	9.0 – 10.0
Japan	6.8	9.3	10.8	8.6	6.5 – 7.0
South Korea	0.5	0.9	1.0	0.9	1.0 – 1.2
USA	4.8	6.2	7.3	14.8	11.5 – 12.5
Rest of World	2.3	5.1	9.0	9.8	12.0 – 13.5
Total	40 GW	44 GW	56 GW	78 GW	~92 – 100 GW

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

Raw Material Prices With Volatile Development

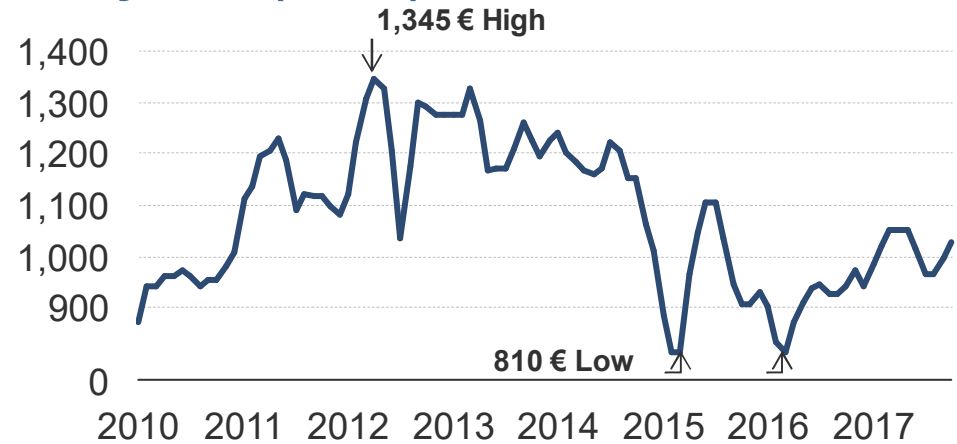
YoY Prices Trend Upwards

Si-Metal (€/MT)



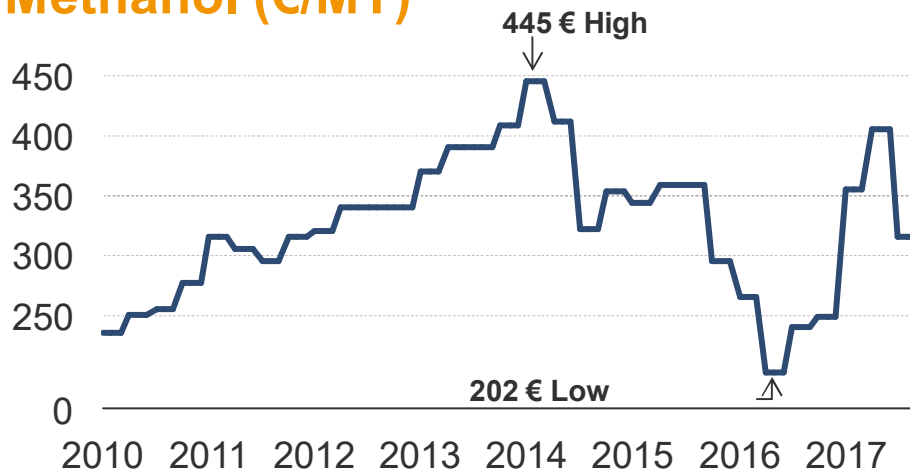
Source: CRU, Si-Metal Spot FD Europe

Ethylene (€/MT)



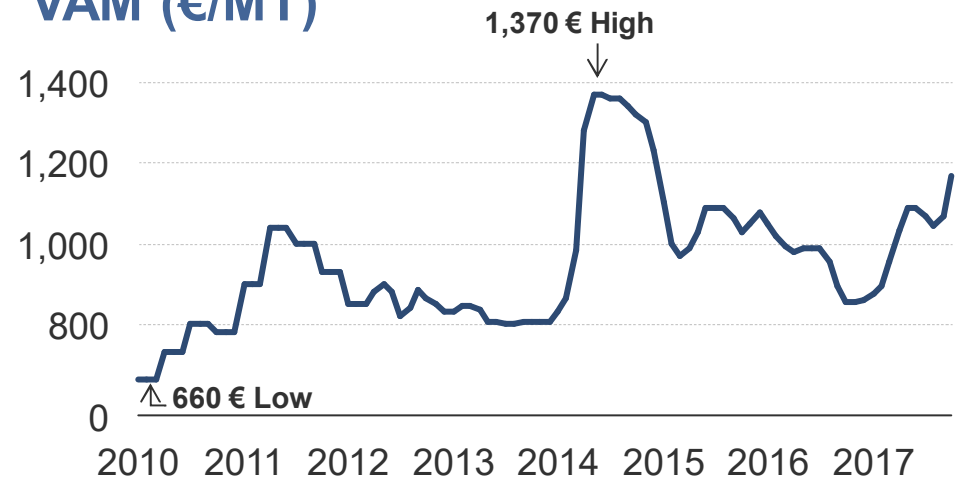
Source: ICIS, EN Contract FD NWE

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

03/13/18 – FY 2017 Results
04/26/18 – Q1 Results 2018
05/09/18 – Annual Shareholders' Meeting
07/26/18 – Q2 Results 2018
10/25/18 – Q3 Results 2018

Additional Information

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WKN: WCH888

Deutsche Börse: WCH



WACKER Factbook 2017

