



FY 2018 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)

March 19, 2019

Highlights FY 2018

SILICONES Outperform, Headwinds in POLYMERS, POLYSILICON

Chemicals Inline with Last Guidance, POLYSILICON Misses on Insurance

Financials

Sales of €5.0bn (+1% yoy), **EBITDA** at €930m (-8% yoy)

EPS (cont.) at €4.95m (+2% yoy), **Dividend proposal** stable yoy at €2.50

Net cash flow clearly positive at €125m

Operations

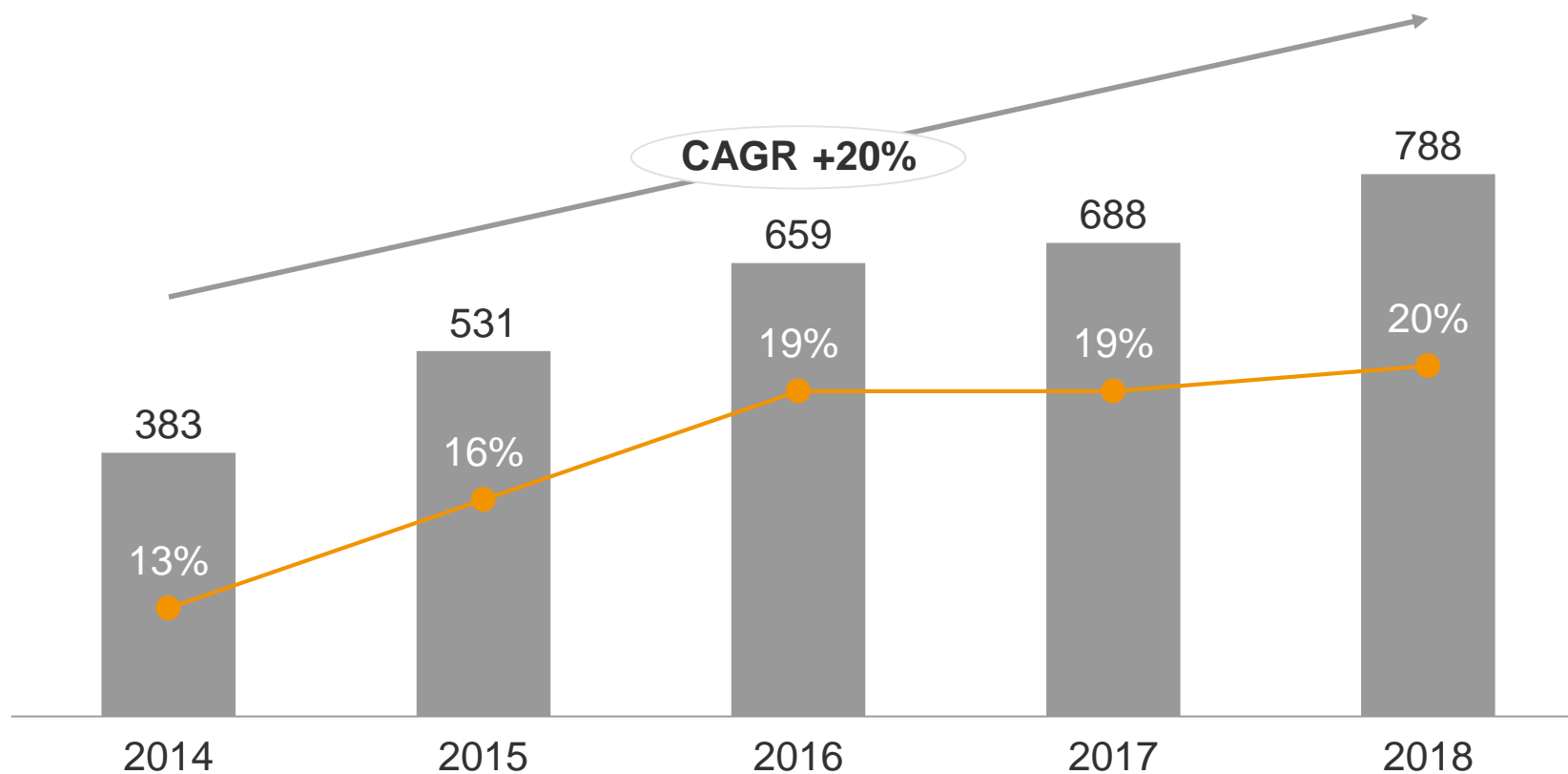
In Chemicals, **price and product mix** drive EBITDA growth (+15% yoy)

Higher raw material prices yoy

Lower ASPs in POLYSILICON with **ramp costs** and no insurance compensation yet

Profitability of Chemicals is Well Above the 16% Target Margin

Chemicals: EBITDA (€m) and EBITDA margin



2018 Results Below Guidance Due to Outstanding Insurance Compensation at Year End

In €m	FY 2018	FY 2018 Guidance (Oct 2018)	FY 2017
Sales	4,979	Low-single-digit % increase	4,924
EBITDA	930	Mid-single-digit % increase	1,014
EBITDA margin (%)	18.7	Slightly higher than a year ago	20.6
Net cash flow	125	Clearly positive, substantially below last year's figure	358
CapEx	461	Around 450	327
Net financial debt	610	About 500	454
Income from continuing operations	260	Substantially higher than last year	250
Depreciation	540	Around 550	590
ROCE (%)	5.9	Substantially above the prior-year level	7.5
Tax Rate (cont. operations) (%)	19.8	Stable	23.6

Profit & Loss Statement

Net Income for the Period at €260m

WACKER P&L FY 2018 (€m)

€m	FY 2017	FY 2018
Sales	4,924.2	4,978.8
Gross profit from sales	954.4	874.7
<i>Gross profit margin (in %)</i>	<i>19.4%</i>	<i>17.6%</i>
S,G&A and R&D	-594.0	-627.8
Other operating income	84.2	96.0
Other operating expenses	-64.8	-85.0
Operating result	379.8	257.9
Result from investments in joint ventures and associates	43.9	131.7
EBIT	423.7	389.6
Interest result	-30.8	-14.1
Other financial result	-65.5	-51.1
Profit before tax	327.4	324.4
Income taxes	-77.3	-64.3
Income from continuing operations	250.1	260.1
Income from discontinued operations	634.7	0.0
Net income for the period	884.8	260.1
EPS from continuing operations (in €)	4.85	4.95
EBITDA	1,014.1	930.0
Depreciation/amortization	-590.4	-540.4
EBIT	423.7	389.6

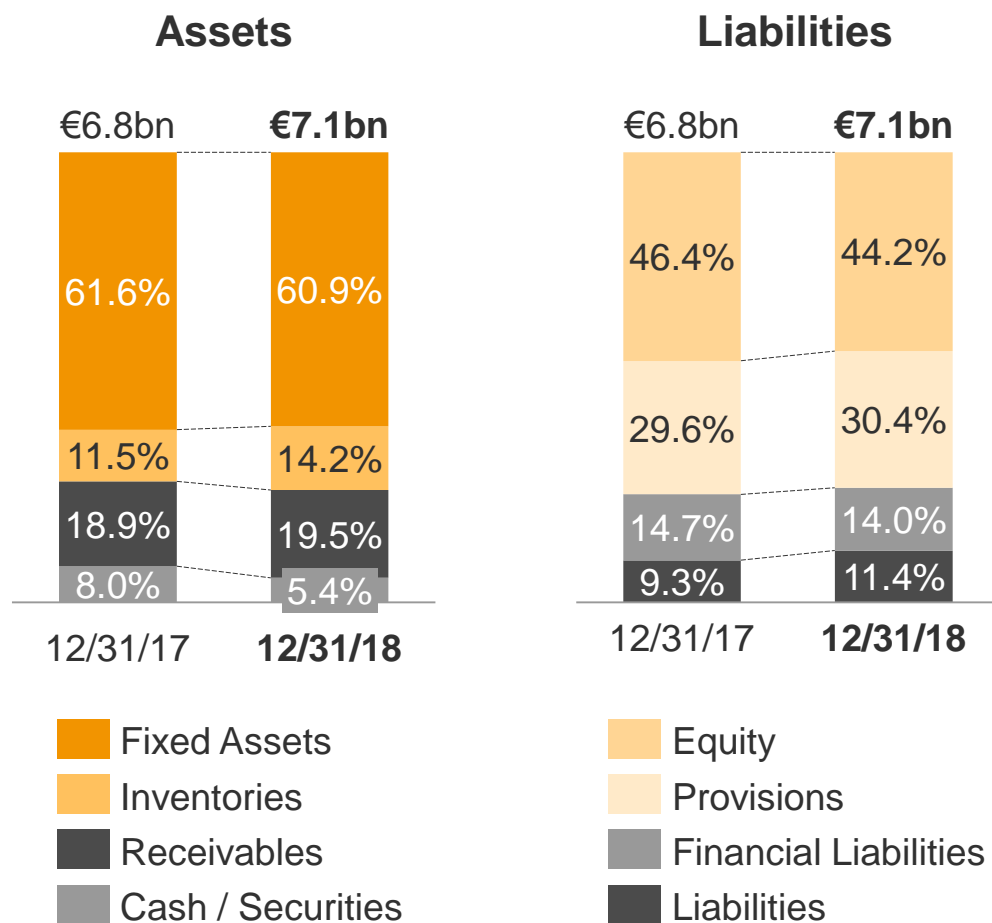
Comments

- ▶ Sales +1.1% yoy:
Volume/Mix -0.7%, Price +3.3%, FX -1.5%
- ▶ Gross profit decreased by -8.4% yoy following higher raw materials and lower volumes/prices and ramp costs in POLYSILICON
- ▶ Result from investments in JVs and associates benefits from at-equity contribution from Siltronic and revaluation of other holdings
- ▶ Tax rate of 19.8% (2017: 23.6%)
- ▶ Depreciation at €540m, -8.5% yoy
- ▶ EPS cont. operations at €4.95, +2.2% yoy

Balance Sheet Composition

Inventories Reflecting Business Growth and Strategic Stock

Balance sheet (%)



Characteristics 12/31/18

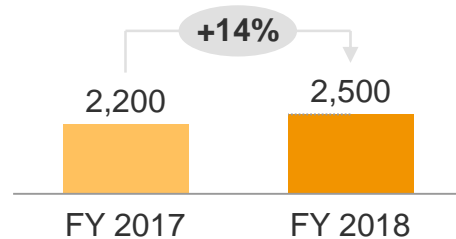
- ▶ Non current assets: €4,864m
- ▶ Securities, cash and cash equivalents: €388m
- ▶ Provisions for pensions: €1,795m (Dec 31, 2017: €1,618m)
 - ▶ Discount rate in Germany at 1.98% (Dec 31, 2017: 2.09%)
 - ▶ DTA* relating to pensions about €359m
- ▶ Equity: €3,146m (Dec 31, 2017: €3,169m)

* Deferred tax asset

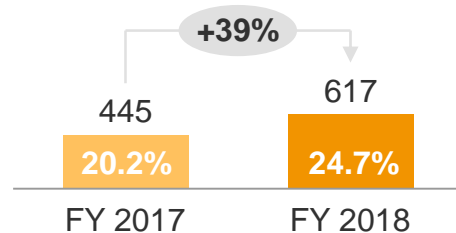
SILICONES

Positive Product Mix and Pricing

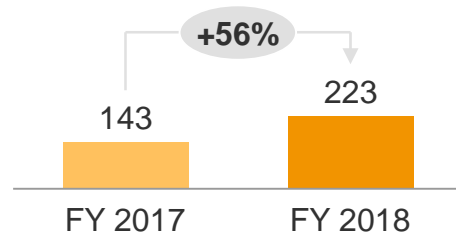
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2018

- ▶ Robust growth with globally tight supplies
- ▶ China standards pricing reversed from Q3
- ▶ Pricing and improved product mix drove sales and EBITDA growth yoy

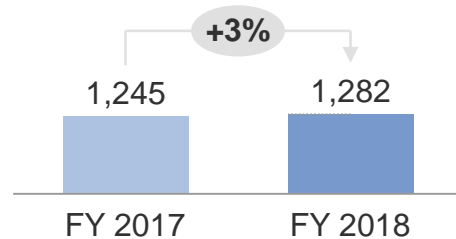
Outlook 2019

- ▶ Sales growth at low-single-digits %
- ▶ Good volume growth and pricing in specialties
- ▶ FY EBITDA margin at around 20% with negative effects from standards pricing

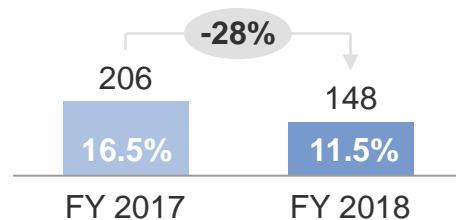
POLYMERS

Positive Pricing and Volume Offset by Raw Material Headwinds

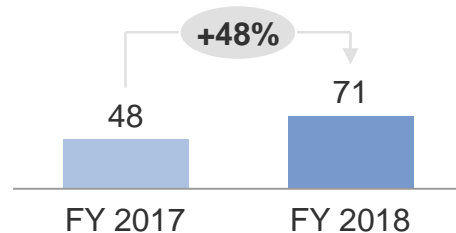
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2018

- ▶ Higher volumes in powders and dispersions
- ▶ Sales growth strongest in Asia +8% yoy
- ▶ EBITDA contracted following much higher than expected raw materials and turnaround

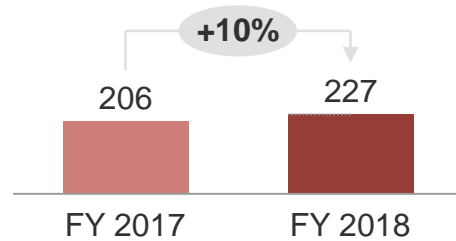
Outlook 2019

- ▶ Mid-single-digit % sales growth
- ▶ Volume growth, higher prices and lower raw material costs
- ▶ Full year EBITDA margin expected to improve to around 14%

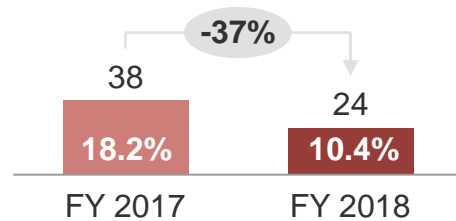
BIOSOLUTIONS

Strong Business in Biopharmaceuticals and Pharma & Agro

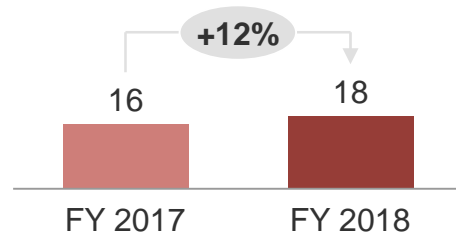
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2018

- ▶ Strong growth in biopharmaceuticals and pharma & agro
- ▶ Gumbase with higher raw materials
- ▶ M&A and integration costs

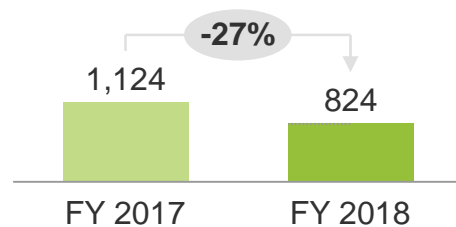
Outlook 2019

- ▶ Mid-single-digit % sales growth
- ▶ EBITDA at about €30m as new capacities ramp up

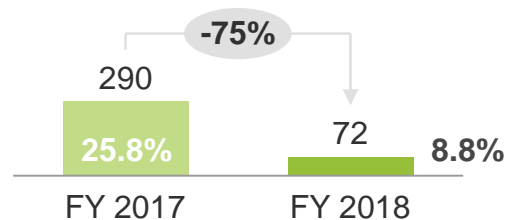
POLYSILICON

Challenging Market Conditions with Lower ASPs and Volumes

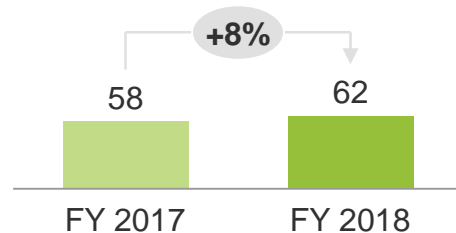
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2018

- ▶ China solar market weak amid regulatory uncertainty
- ▶ Shipped ~60kt (2017: ~70kt), German plants fully loaded, US plant reached full capacity in December, strategic inventory build
- ▶ No insurance compensation for business interruption accounted for in 2018

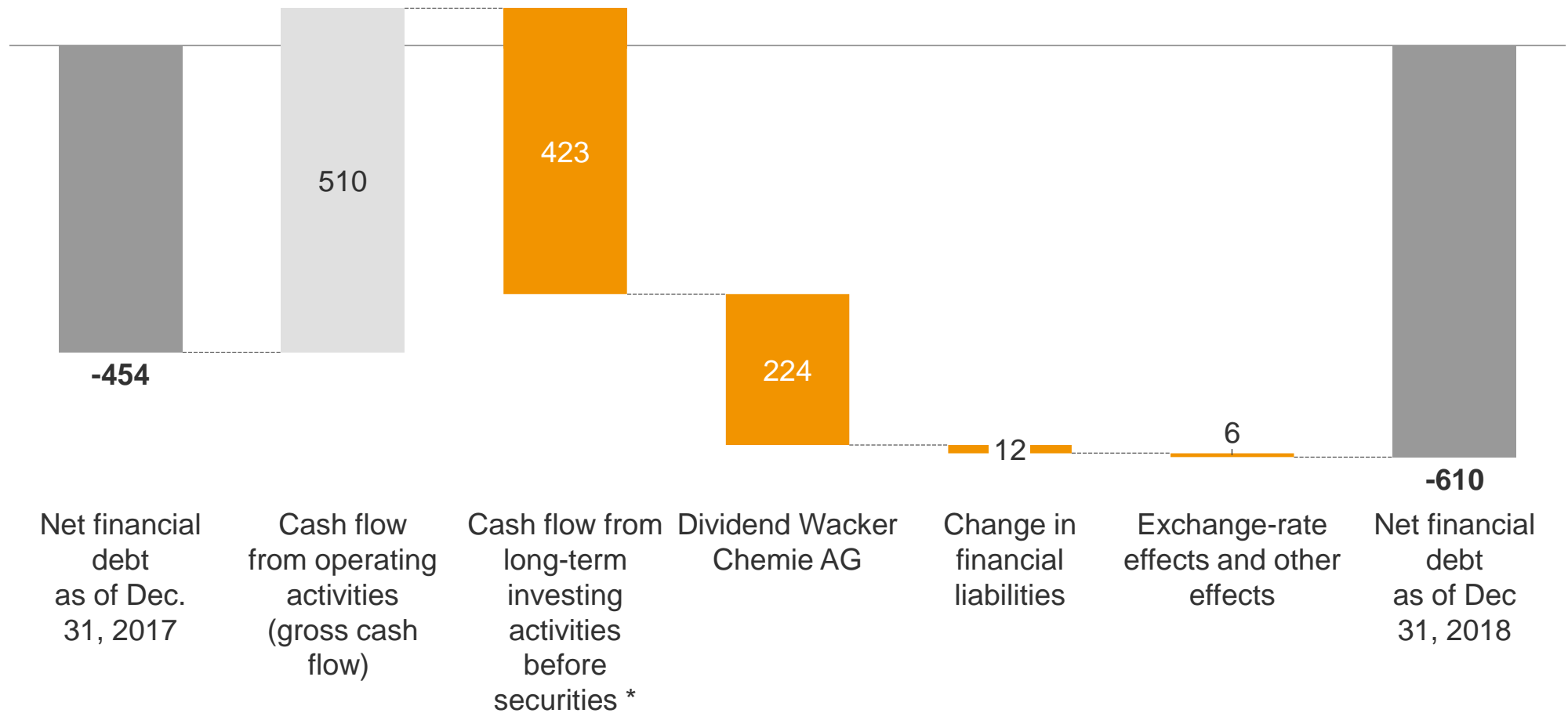
Outlook 2019

- ▶ Significantly lower prices yoy in H1
- ▶ Sales with low-double-digit % increase
- ▶ FY EBITDA expected neutral – excluding insurance compensation

Net Financial Debt

Good Operating Cash Flow, Despite Ramp and Inventory Build

Net Financial Debt Bridge per 12/31/2018 (€m)



*) includes financial investments

Guidance FY 2019

Excluding Insurance Compensation

In €m	FY 2018	Outlook 2019
Sales	4,979	Mid-single-digit % increase
EBITDA	930	10 to 20% lower than a year ago
EBITDA margin (%)	18.7	Substantially lower than a year ago
Net cash flow	125	Clearly positive, substantially higher than last year
CapEx	461	Around 400
Net financial debt	610	Higher than last year due to IFRS16 effects
Income from continuing operations	260	Substantially lower than last year
Depreciation	540	Around 525
ROCE (%)	5.9	Substantially below the prior-year level
Tax Rate (cont. operations) (%)	19.8	Below 20%

Q1 Trading Update

Trading Update

▶ **Chemicals**

Reasonable volumes but some weak spots, overall similar pricing, raw materials prices lower

▶ **POLYSILICON**

Stronger volumes, but significantly lower prices yoy

Q1 2019 Outlook

▶ Expect Q1 Group Sales at prior-year level of around €1.2bn

▶ EBITDA clearly below prior-year level, following lower ASPs in polysilicon and higher energy costs



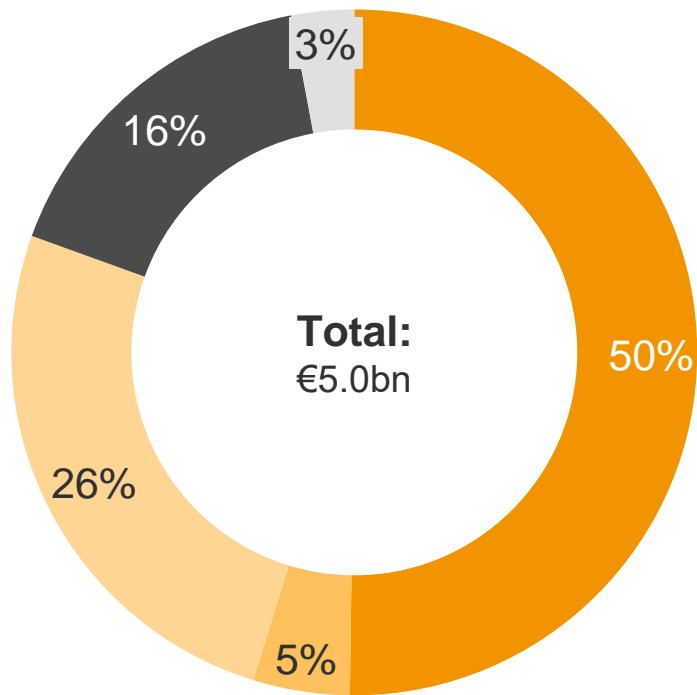
FY 2018 – Conference Call: Q&A Session

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)

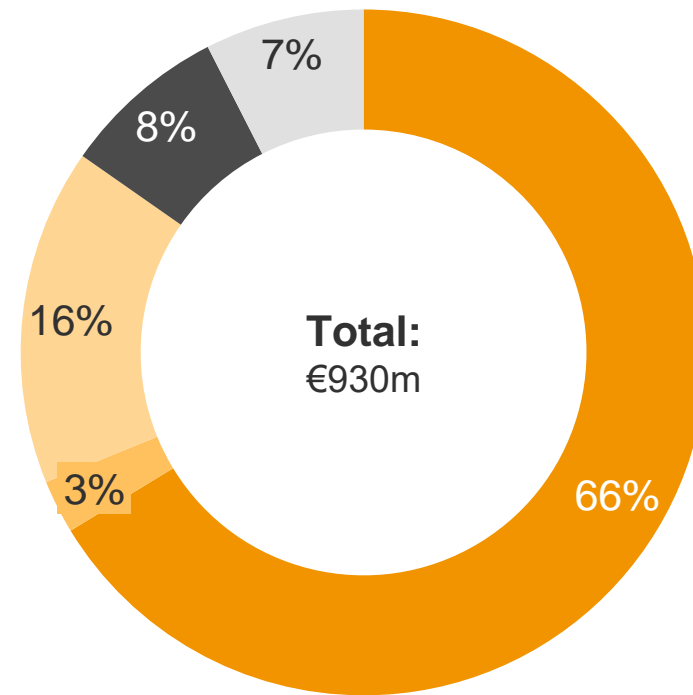
March 19, 2019

FY 2018 Results – Sales and EBITDA Breakdown

FY 2018 Sales



FY 2018 EBITDA



SILICONES **BIOSOLUTIONS** **POLYMERS** **POLYSILICON** **OTHERS / CONSOLID.**

FY 2018 and Q4 2018 Results – P&L

In €m	FY 2018	FY 2017	% YoY	Q4 2018	Q4 2017	% YoY
Sales	4,979	4,924	+1%	1,189	1,176	+1%
EBITDA	930	1,014	-8%	174	233	-26%
EBITDA margin	18.7%	20.6%	-	14.6%	19.9%	-
EBIT	390	424	-8%	37	93	-61%
EBIT margin	7.8%	8.6%	-	3.1%	7.9%	-
Net income for the period	260	250	+4%	29	54	-47%
EPS from continuing operations in €	4.95	4.85	+2%	0.53	1.05	-50%
Capital expenditures	461	327	+41%	172	130	+32%
Depreciation / amortization	540	590	-9%	137	140	-2%
Net cash flow* from continuing operations	125	358	-65%	45	6	>100%

* Sum of cash flow from operating activities (excl. changes in advance payments) and cash flow from long-term investing activities (bef. securities), incl. additions due to finance leases

FY 2018 and Q4 2018 Results – Breakdown by Business

In €m / %	FY 2018			FY 2017			Q4 2018		Q4 2017	
	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	SALES	EBITDA
Chemicals	4,009	788	19.7%	3,651	688	18.8%	962	146	872	140
SILICONES	2,500	617	24.7%	2,200	445	20.2%	605	118	537	99
POLYMERS	1,282	148	11.5%	1,245	206	16.5%	298	26	285	34
BIOSOLUTIONS	227	24	10.4%	206	38	18.2%	58	2	50	8
POLYSILICON	824	72	8.8%	1,124	290	25.8%	189	-19	268	64
Others	171	71	41.4%	169	33	19.3%	45	46	42	28
Consolidation	-24	-1	-	-20	3	-	-7	0	-6	2
WACKER Group	4,979	930	18.7%	4,924	1,014	20.6%	1,189	174	1,176	233

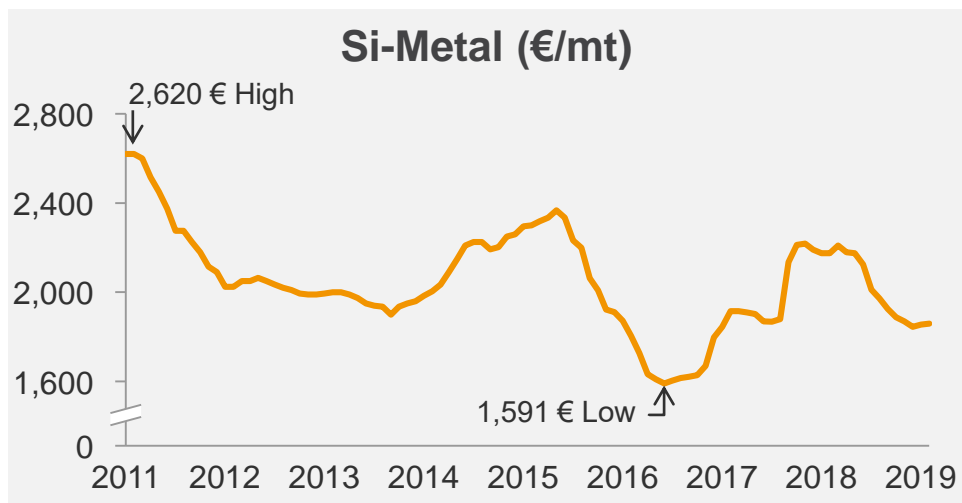
POLYSILICON

PV Growth Expectation for 2019

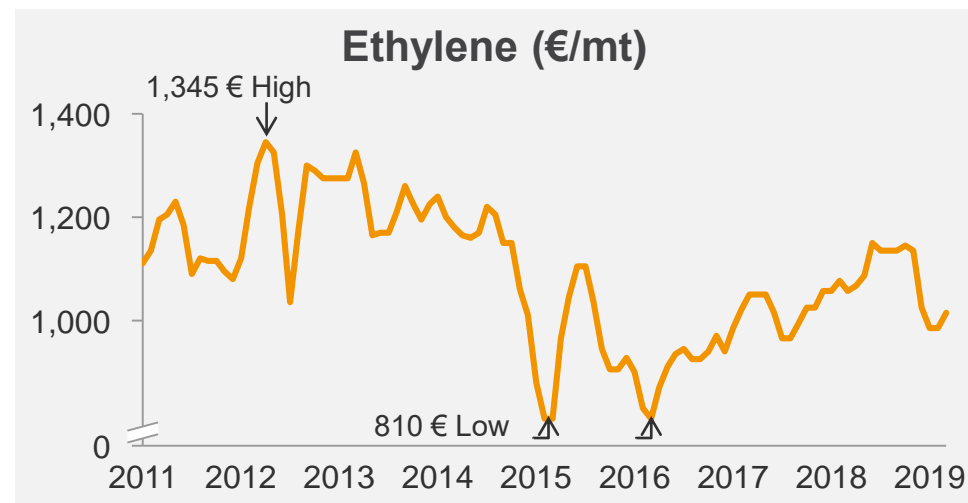
Country	2015	2016	2017	2018	2019e
France	0.9	0.6	0.9	1.0	1.4 – 1.7
Germany	1.5	1.5	1.8	3.1	3.5 – 4.5
Europe other	6.2	4.3	4.1	7.5	8.0 – 11.0
Europe total	8.6	6.4	6.8	11.6	12.9 – 17.2
Australia	0.9	0.8	1.3	3.5	3.5 – 4.5
China*	16.5	32.5	52.8	43.0	40.0 – 45.0
India	2.1	4.3	9.6	9.5	11.0 – 12.0
Japan	10.8	8.4	7.4	7.0	6.0 – 7.0
South Korea	1.0	0.9	1.2	1.5	2.0 – 3.0
USA	7.3	14.8	10.6	11.1	11.0 – 14.0
Rest of World	9.0	9.8	10.5	17.8	24.0 – 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

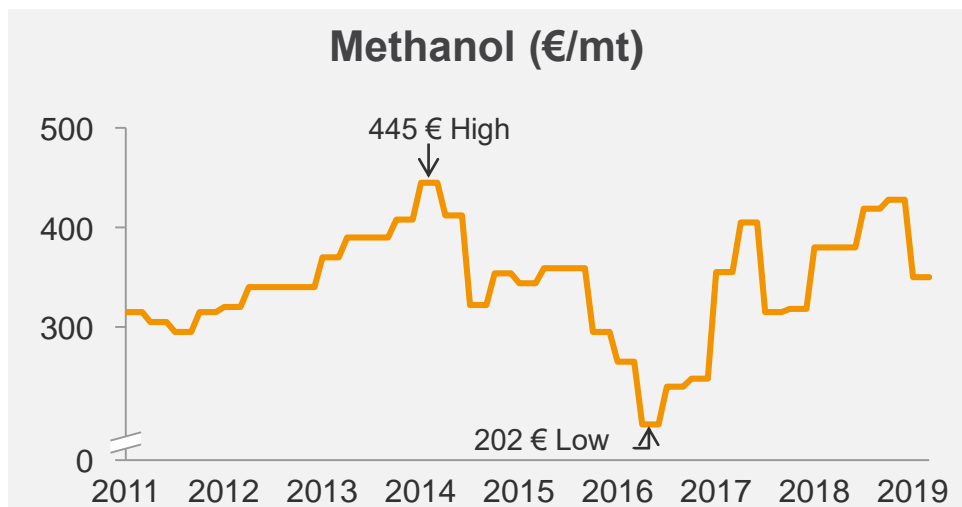
Raw Material Prices With Volatile Development



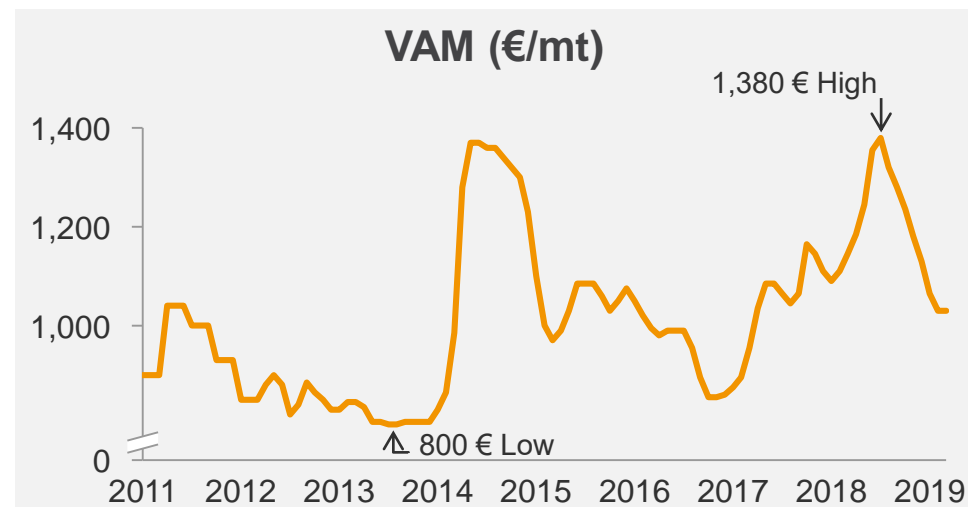
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE



Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

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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

04/25/19

Q1 Results 2019

08/01/19

Q2 Results 2019

05/23/19

Annual Shareholders'
Meeting

10/24/19

Q3 Results 2019

Additional Information



ISIN

DE000WCH8881

Deutsche Börse

WCH

WKN

WCH888

Publications



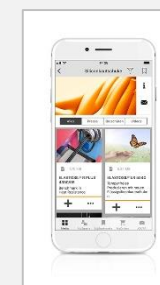
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