

WACKER

CREATING TOMORROW'S SOLUTIONS

SILICONES

EFFICIENT ELEMENT FOR e-MOBILITY

Managing for Growth and Cash

Wacker Chemie AG, September/October 2018

Ticker: WCH
www.wacker.com

WACKER: An Attractive Investment

- ▶ **Competitive Advantage:**
Silicon-based integrated sites and operational excellence
- ▶ **Market Leading Position:**
All segments among top 3 with leading technology and costs
- ▶ **Superior Growth Opportunities:**
Innovation, sustainability and emerging markets
- ▶ **Transforming Growth:**
High cash generation funds Chemicals growth and shareholder returns

WACKER: At a Glance

Facts & Numbers

€1,014m

EBITDA in 2017

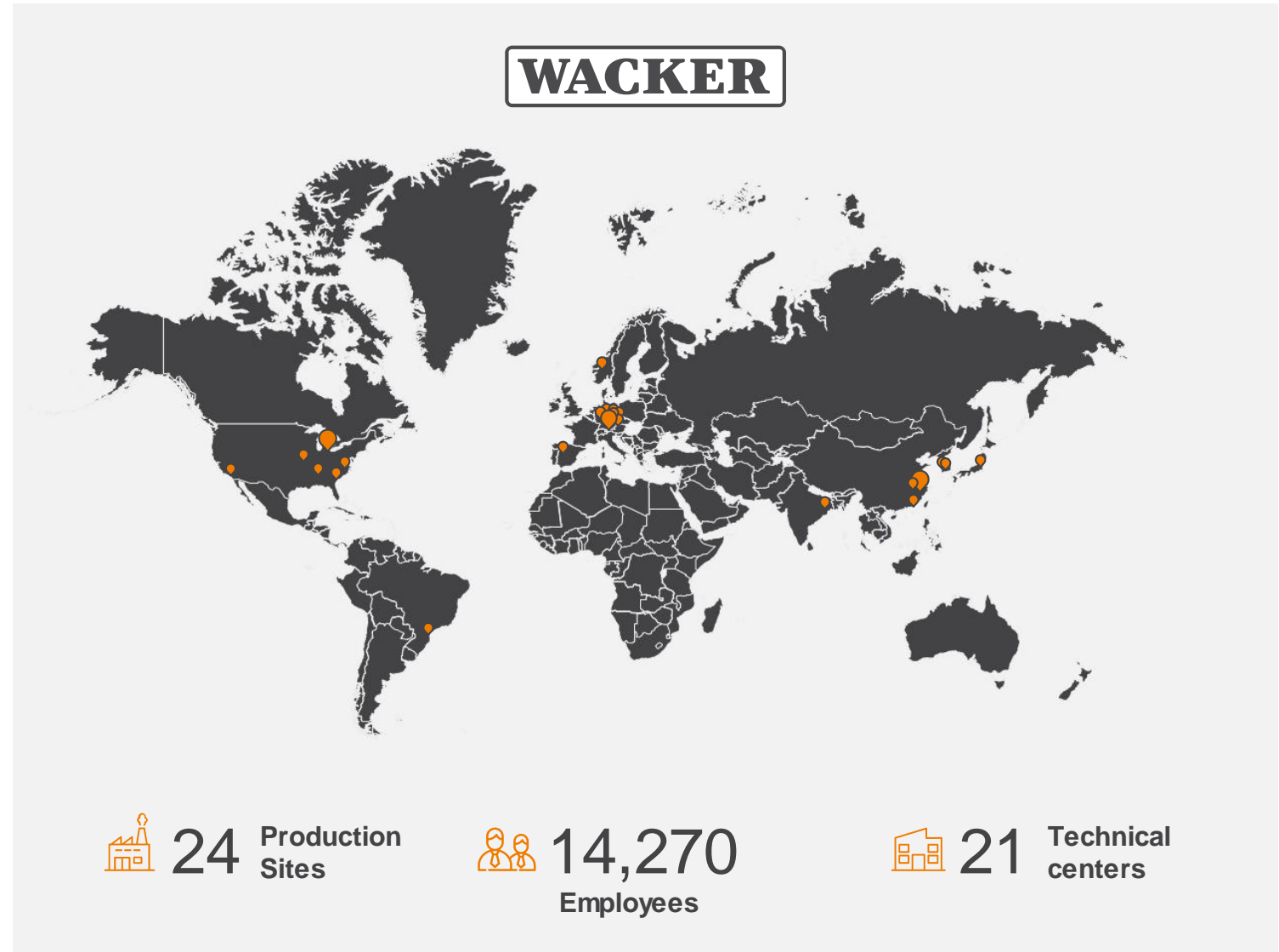
€4,924m

Sales in 2017

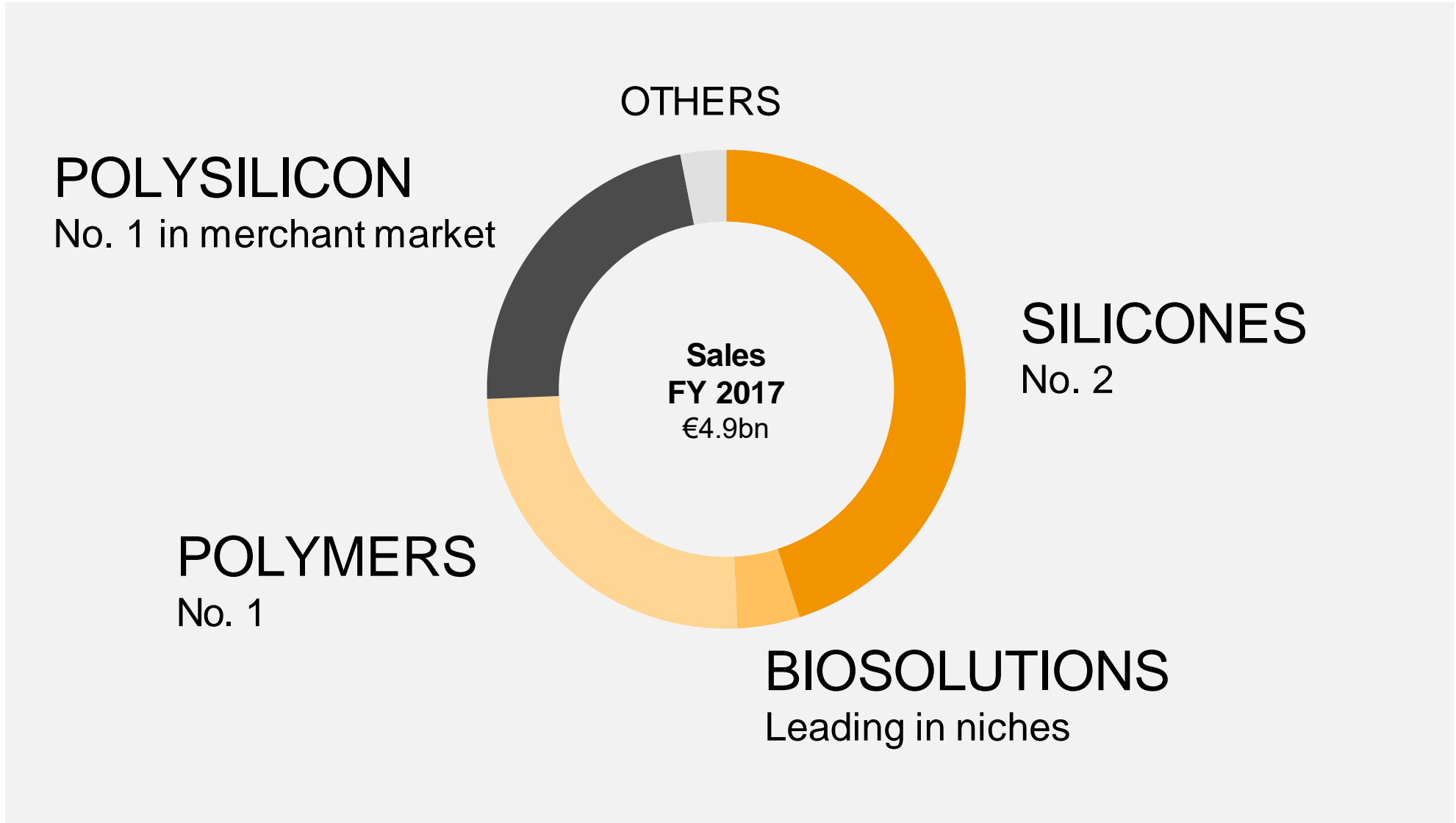
20.6%

EBITDA margin
in 2017

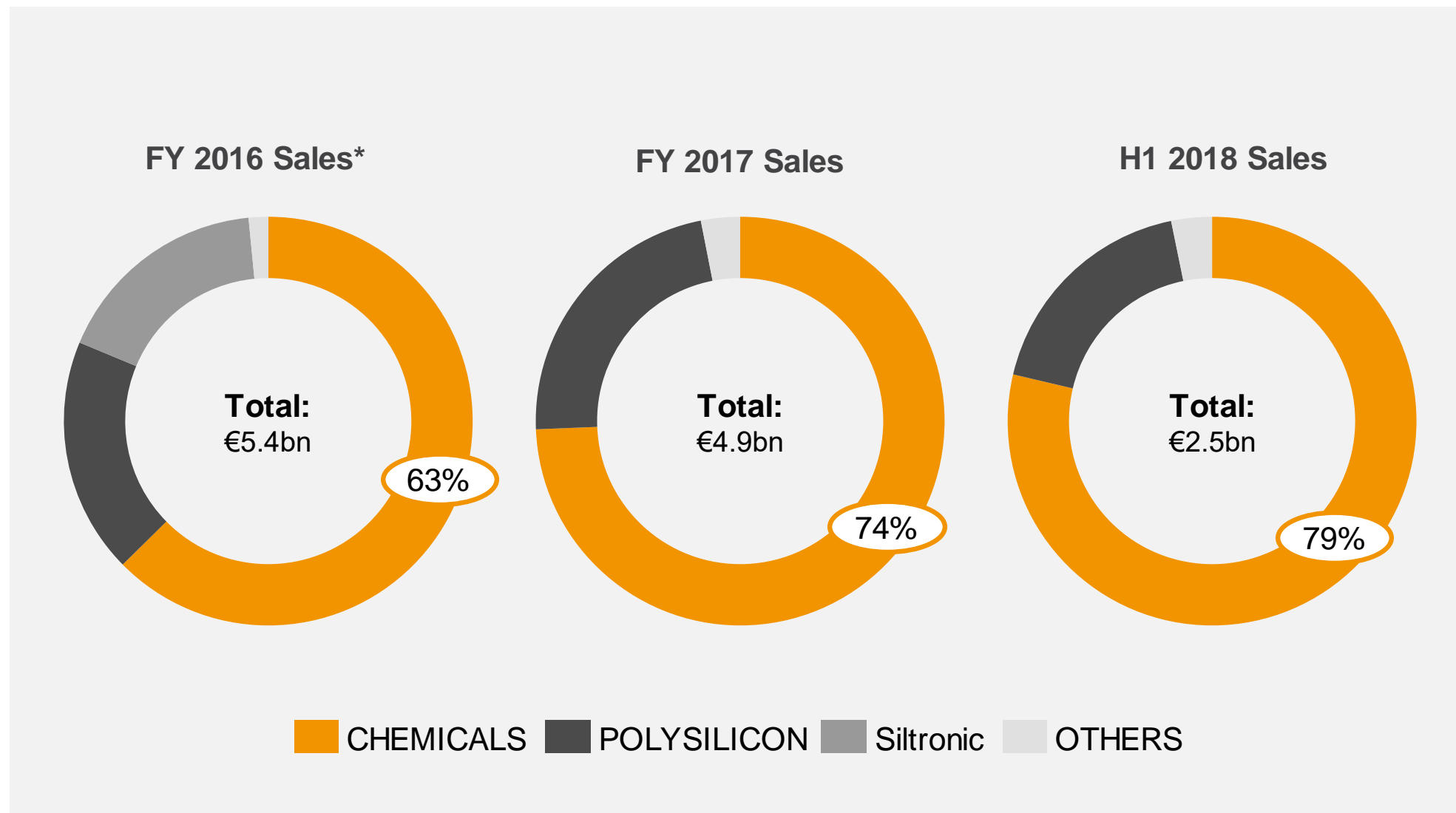
04 Business
Segments



WACKER: Well Positioned for Future Growth



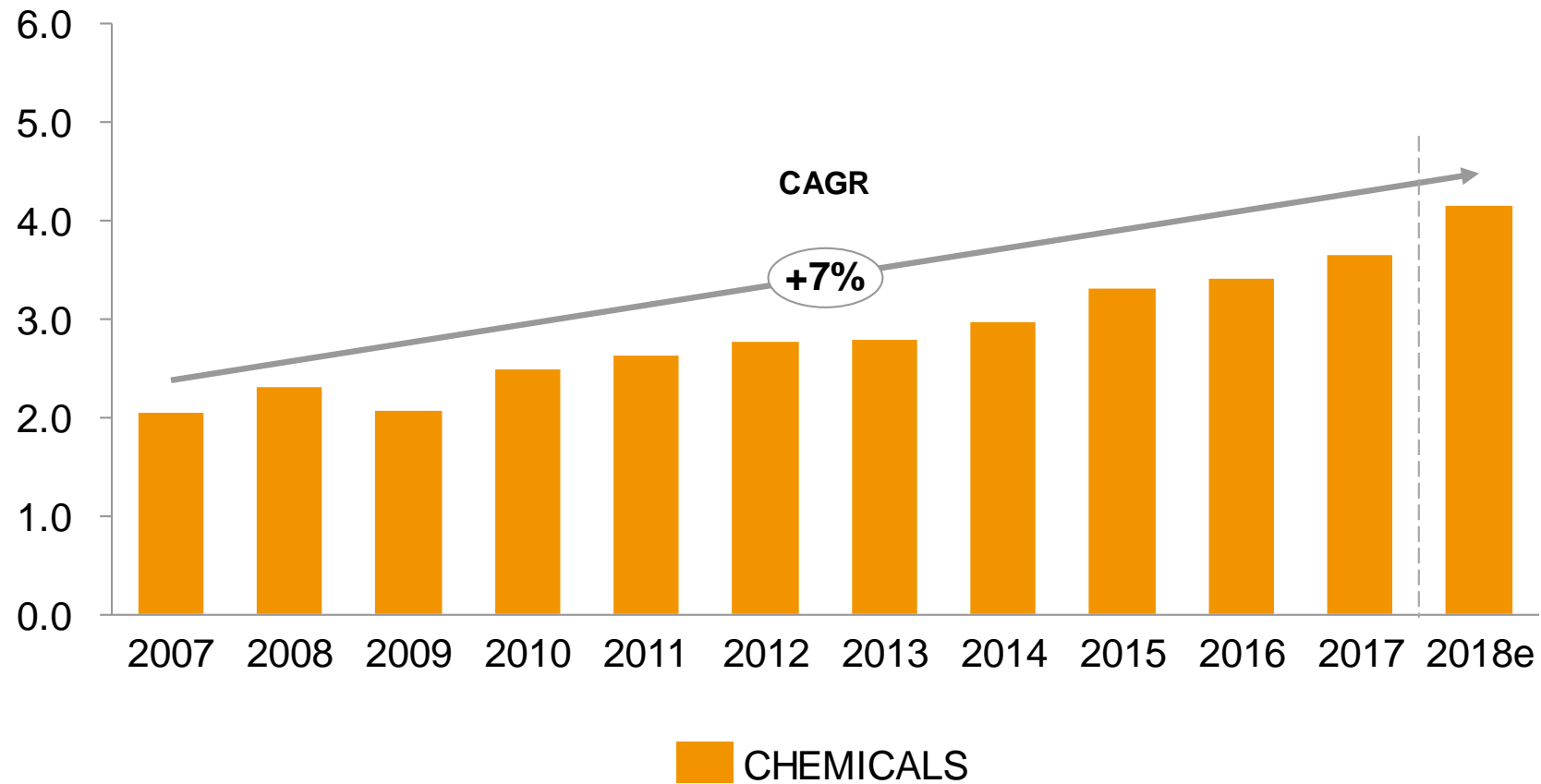
Effects of Siltronic Deconsolidation: Chemicals with Higher Share



*based on external sales / 2016 not adjusted according to IFRS 5

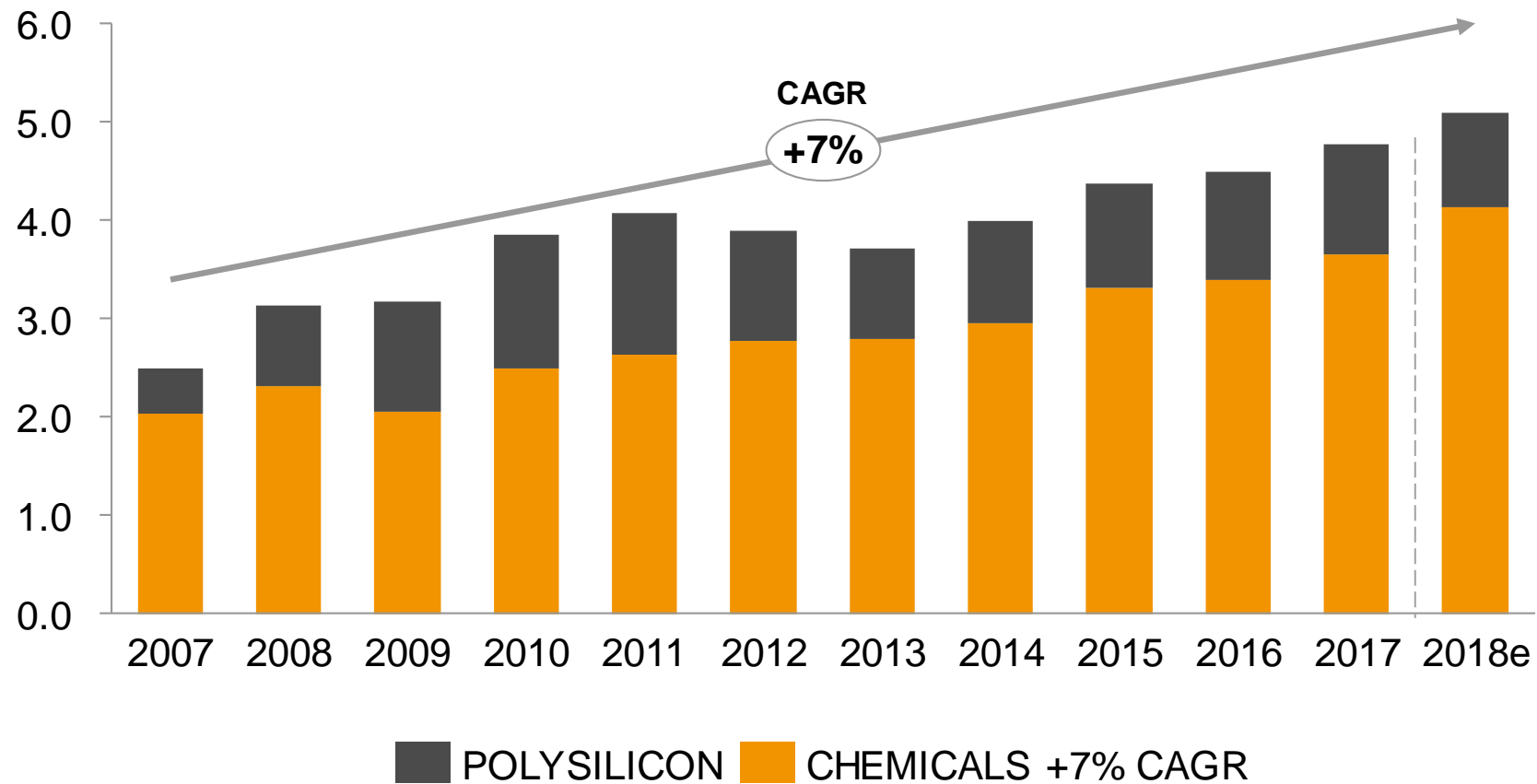
Solid and Steady Growth Driven By Chemicals

Development of WACKER Sales (€bn)



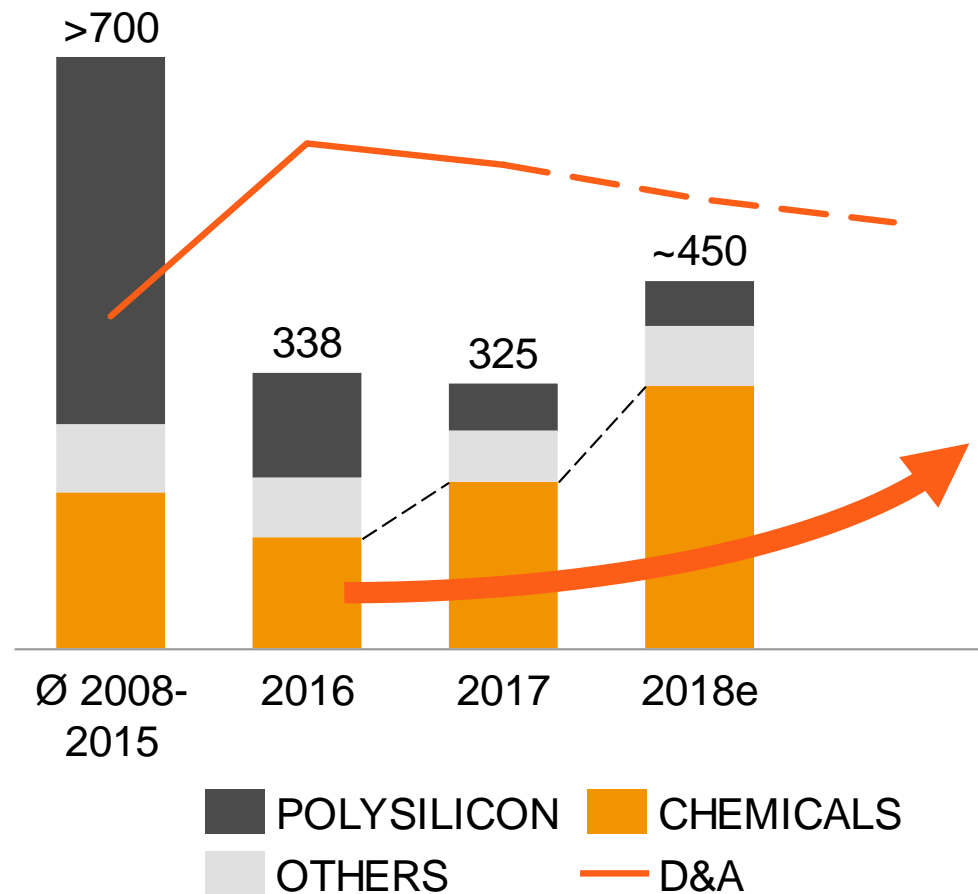
POLYSILICON on Top of it with Expanded Capacities

Development of WACKER Sales (€bn)



Target: Leverage Phase Extended with Investment Focus on Chemicals

CapEx vs. Depreciation Expense WACKER Group w/o Siltronic (€m)



Leverage Phase:

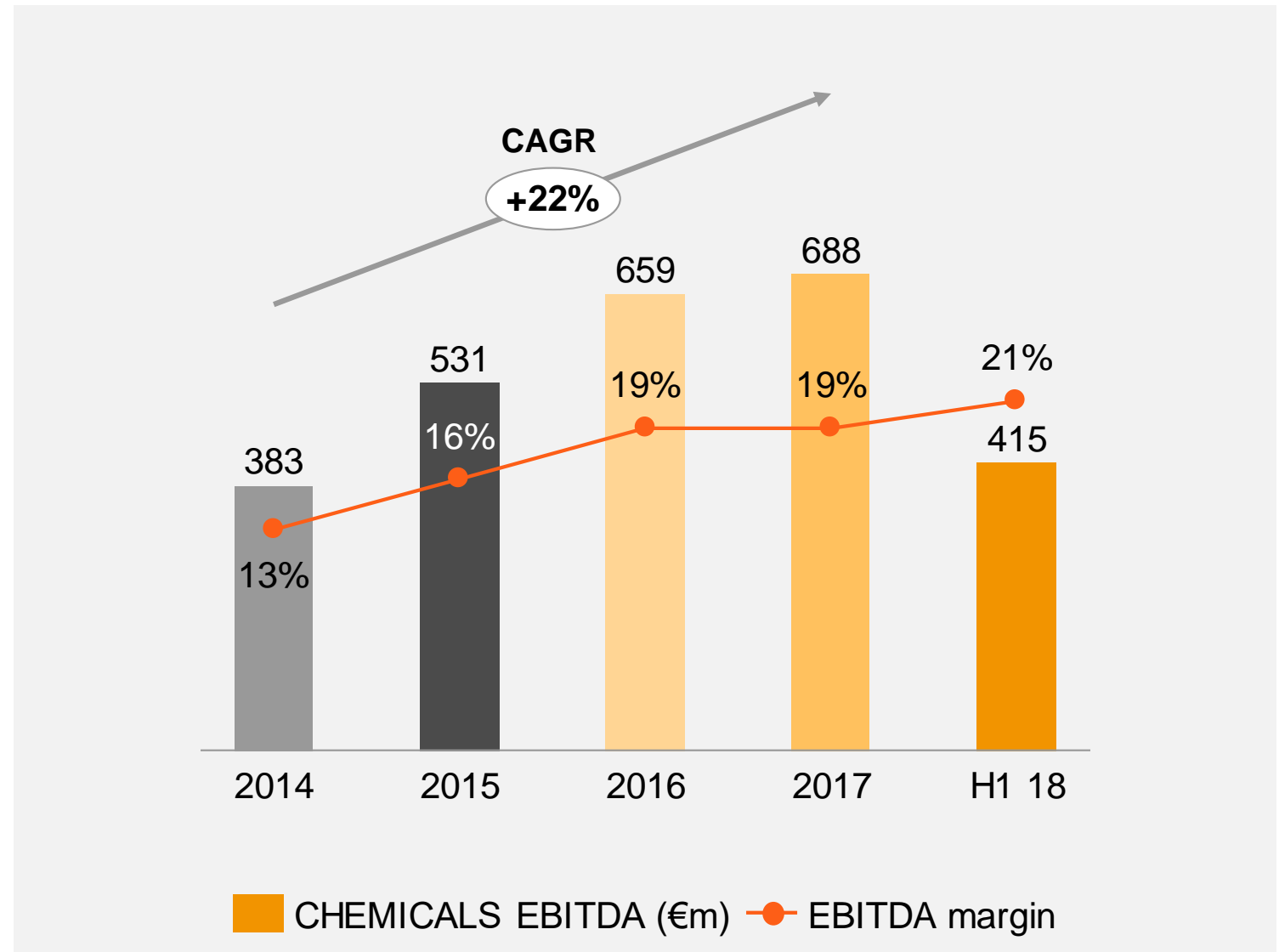
Group CapEx < Depreciation

Clear investment focus
on Chemicals

Target: Sustain Attractive Margins Throughout the Cycle

Profitability of Chemicals:

well above the 16% target margin



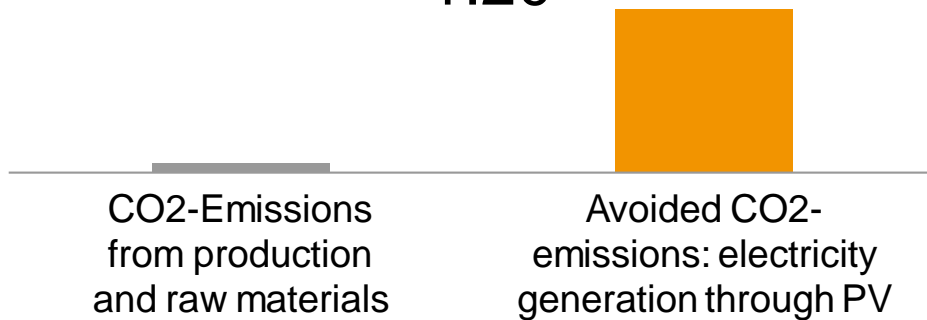
Target: Focus on Sustainability

Polysilicon for Photovoltaics (PV)



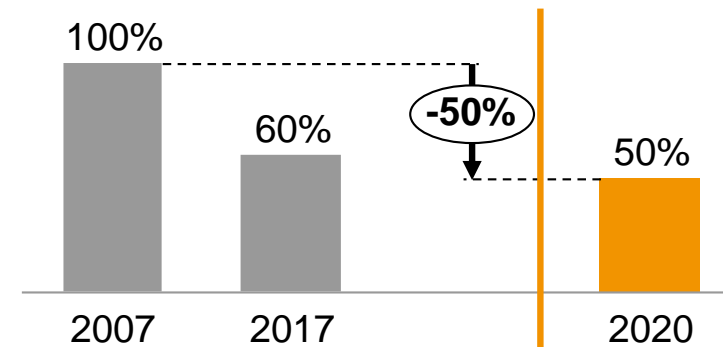
Avoided Emissions
Compared to Coal

1:20

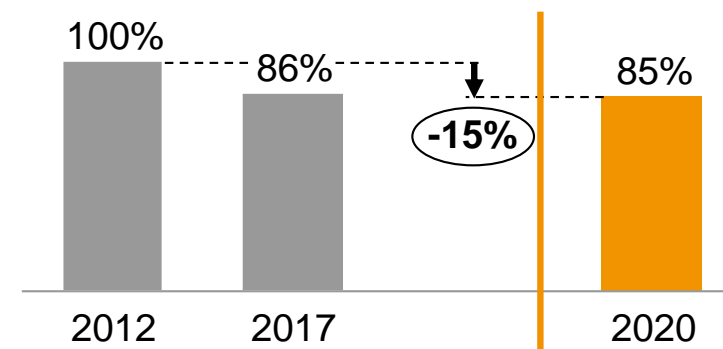


Energy & Climate Targets Germany

- ▶ Lower specific energy consumption by 50%



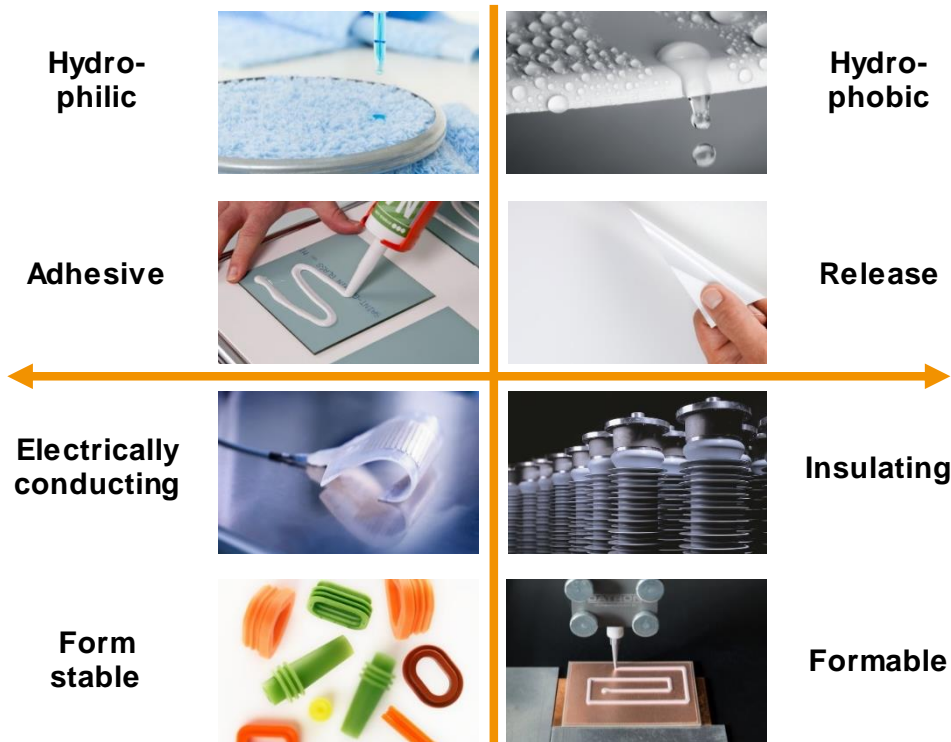
- ▶ Reduce specific CO₂ emissions by 15%



SILICONES

Silicon Chemistry – A Basis for Unlimited Applications

Broad Spectrum of Adjustable Properties



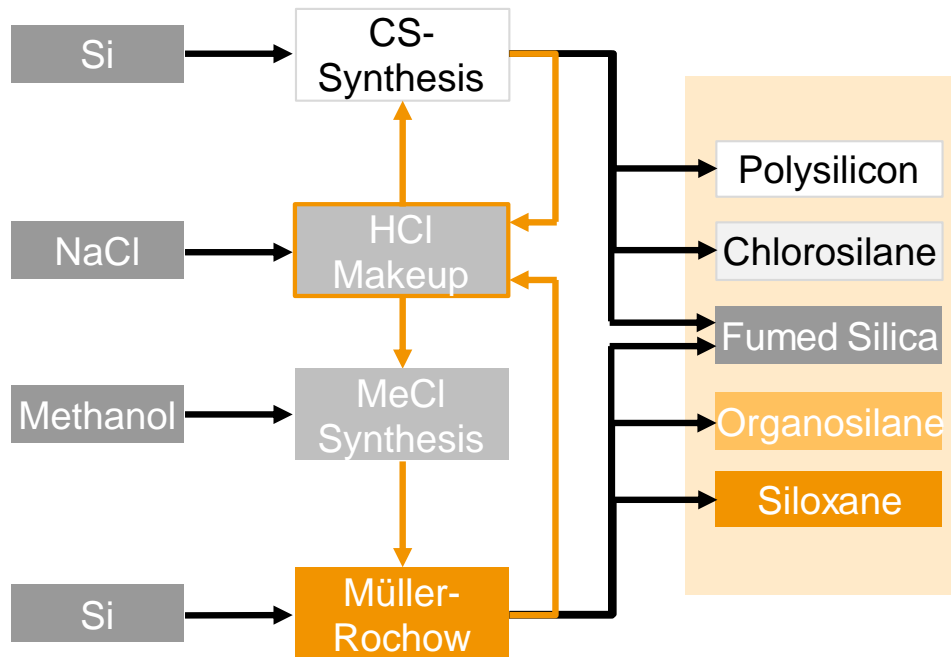
Customized Products with Unique Properties



SILICONES

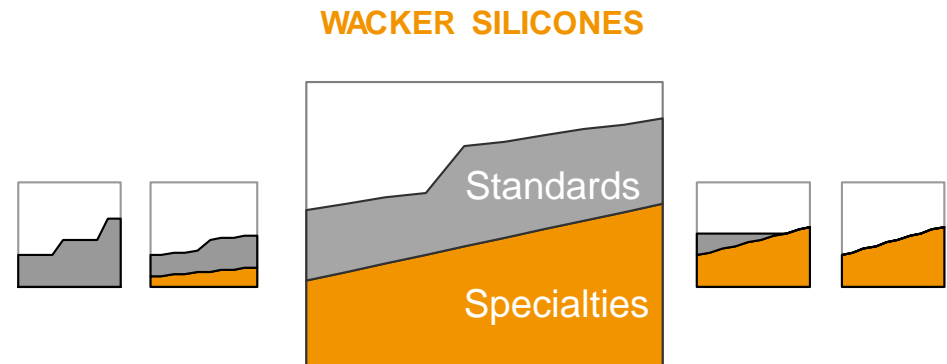
WACKER with Highest Level of Integration in the Industry

Unique Silane-Silicone-Silica Loop



► **WACKER Silicon Verbund:**
Perfectly closed production loops

Full Portfolio Provider



- Backward integrated
- Cost leadership
- Focus on innovation, customers and technical service

SILICONES

Strong Chemistry, Innovation Potential and Set Up



A World of Unlimited Potential

**High
performance
products for
future growth
markets**



Innovative Specialty Portfolio

**Growth
with focus on
specialties**



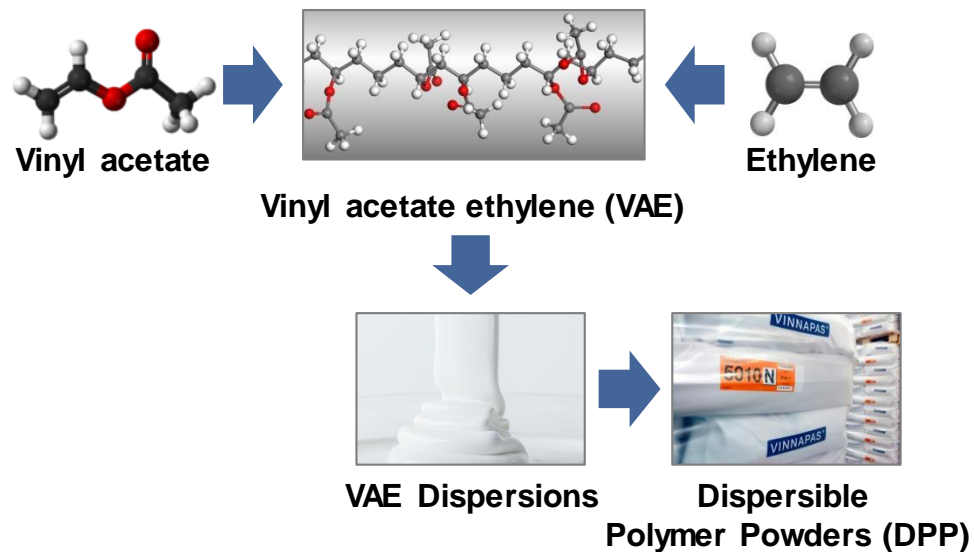
Unique Silicon Verbund

**Full portfolio
provider with
benchmark
costs**

POLYMERS

Creating Added Value in a Wide Variety of Applications

Vinyl Acetate Ethylene (VAE) – Enabling Tailor-Made Formulations



- ▶ With ethylene functioning as the internal plasticizer, VAE polymers are waterborne and free of additional solvents

Key Market Growth Trends

▶ Building Standards



▶ Refurbishment



▶ Sustainability

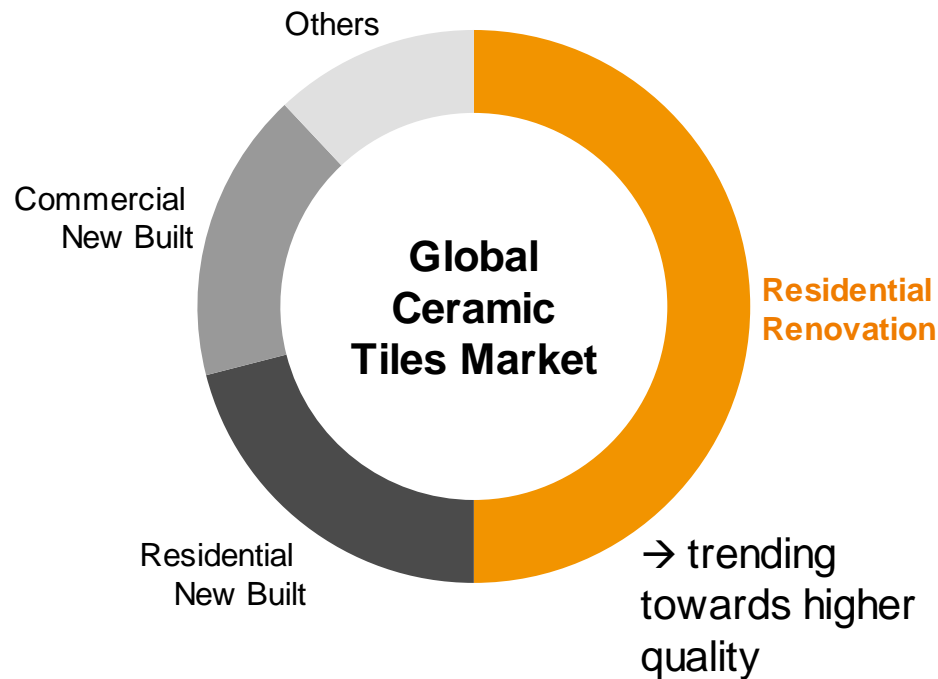


▶ **Environmentally friendly solutions with high functionality and versatility**

POLYMERS

Growth in VAE Powders in Mature and Emerging Markets

Enabler in Mature Markets



Enabler in Emerging Markets

Thick bed CTA*

Thin bed CTA



*CTA = Ceramic Tile Adhesives; Source: Transparency, WACKER Estimate

POLYMERS

Growth with Customer Focus, Substitution and Innovation



Tandem Approach

World class setup with 1 million tons of VAE globally – #1 in powders and dispersions



Substitution

Substitution of non-VAE technologies based on value offering



Transformation

Push transformation in construction towards higher building standards

BIOSOLUTIONS

Establishing a Fast Growing Biopharmaceuticals Business

Established by R&D and acquisitions



▶ 2005:
Prothera
(Jena)

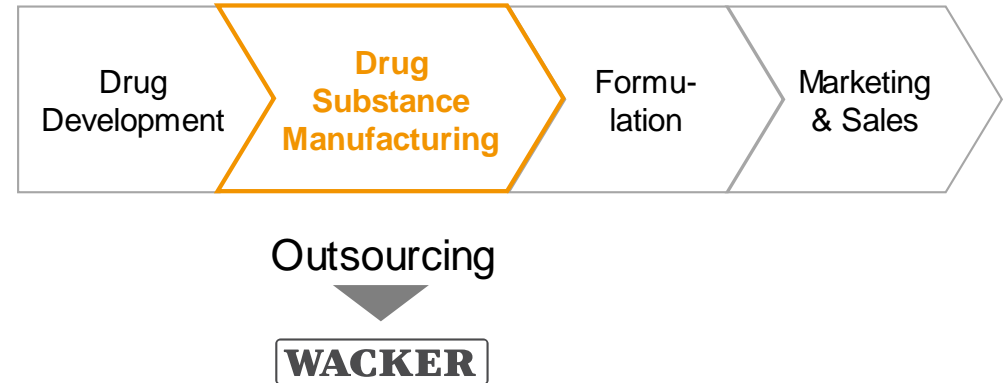


▶ 2014:
Scil Proteins
Production
(Halle)



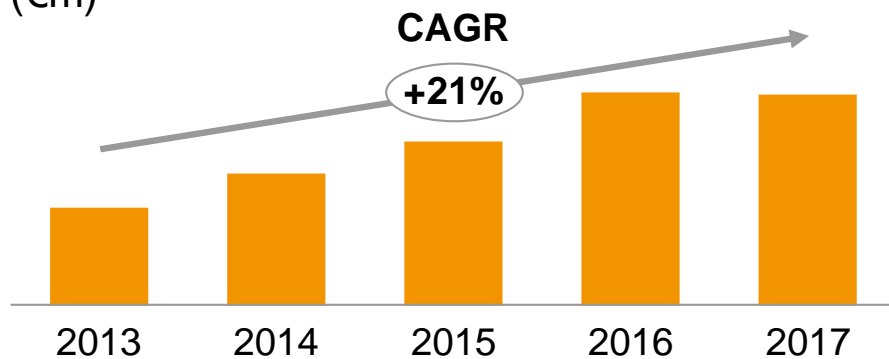
▶ 2018:
SynCo
Biopartners
(Amsterdam)

Business model



Biopharmaceuticals sales growth

(€m)



Rationale

- ▶ Strengthen position as microbial contract manufacturer globally
- ▶ SynCo transaction doubles WACKER Biotech's fermentation capacity for pharmaceutical actives
- ▶ Leverage our proprietary ESETEC® technology

BIOSOLUTIONS

Well Positioned for Further Growth



Unique Technology Platforms

Develop fast growing biotechnology businesses



Innovative Solutions Partner

Leveraging our know-how, experience and assets



Strong Track Record

Continuous investments in innovation and growth

POLYSILICON

Further PV Growth Expected in 2018

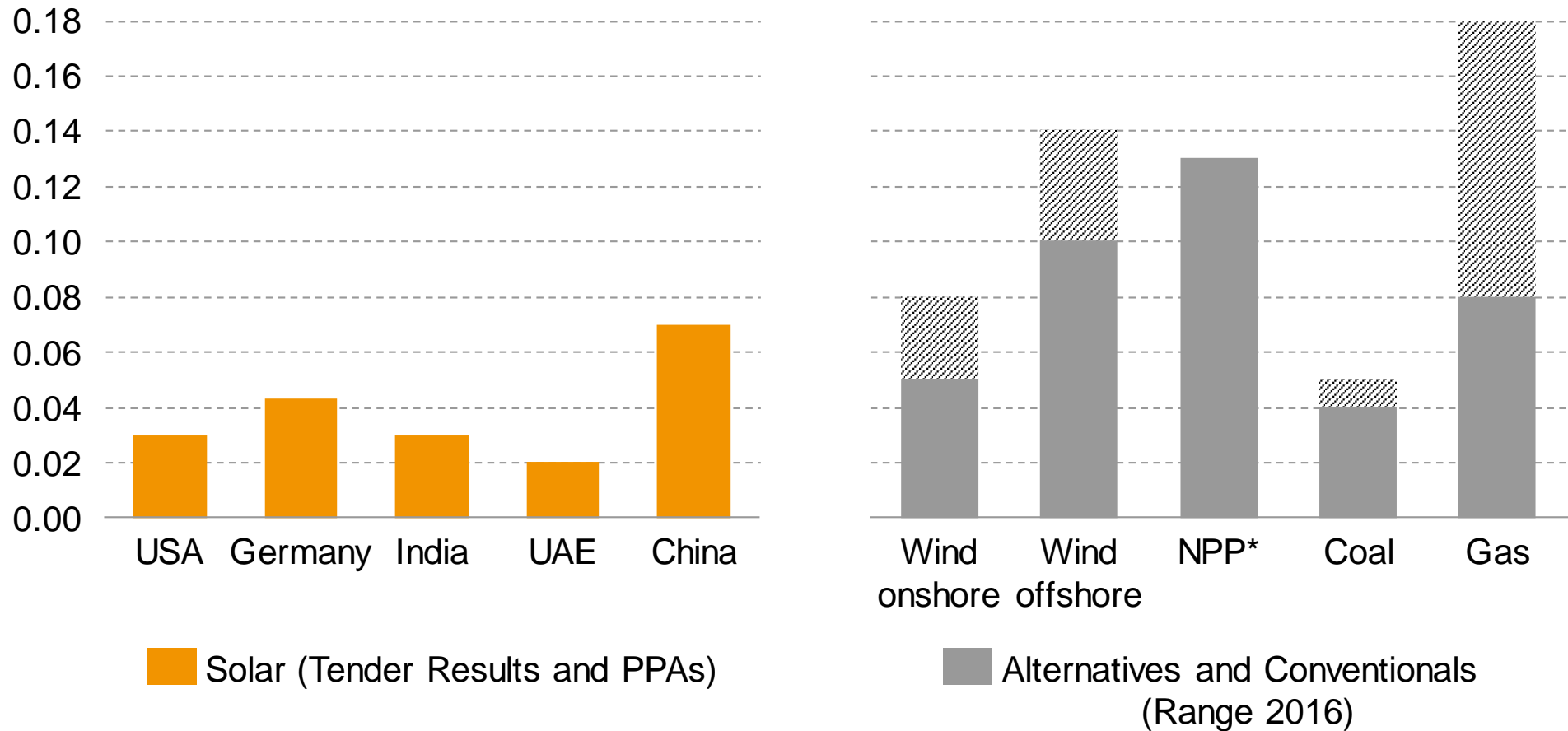
Country	2014	2015	2016	2017	2018e
France	0.9	0.9	0.6	0.9	1.2 – 1.4
Germany	1.9	1.5	1.5	1.8	2.0 – 2.4
Europe other	4.6	6.2	4.3	~ 4.1	7.2 – 9.0
Europe total	7.4	8.6	6.4	~ 6.8	10.4 – 12.8
Australia	1.0	0.9	0.8	1.3	2.7 – 3.0
China*	13.2	16.5	32.5	52.8	40.0 – 45.0
India	1.0	2.1	4.3	9.6	10.0 – 11.0
Japan	9.3	10.8	8.4	~ 7.4	7.0 – 8.0
South Korea	0.9	1.0	0.9	1.2	1.5 – 1.7
USA	6.2	7.3	14.8	10.6	10.0 – 13.0
Rest of World	5.1	9.0	9.8	~ 10.5	18.0 – 20.0
Total	44 GW	56 GW	78 GW	~ 100 GW	100 – 115 GW

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

POLYSILICON

Competitive PV Power Rates Fuel Growth in Solar

Power Rates (€/kWh)

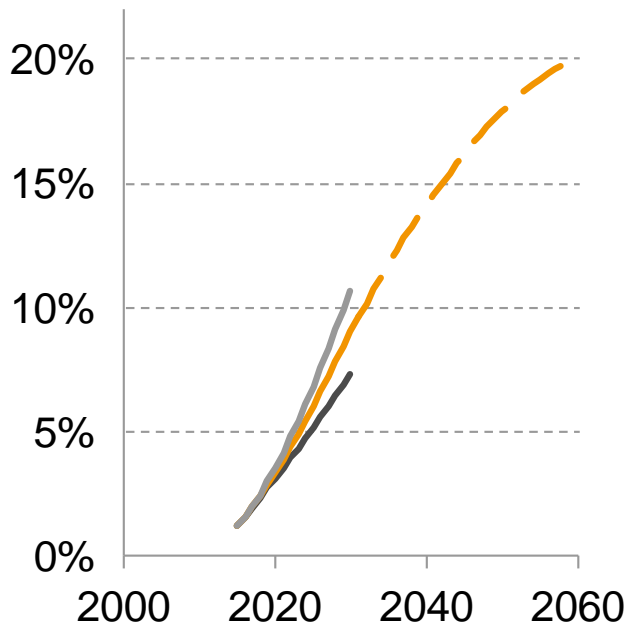


* Nuclear Power Plant Hinkley Point C UK; Source: SeeNews Renewables, Industry Announcements

POLYSILICON

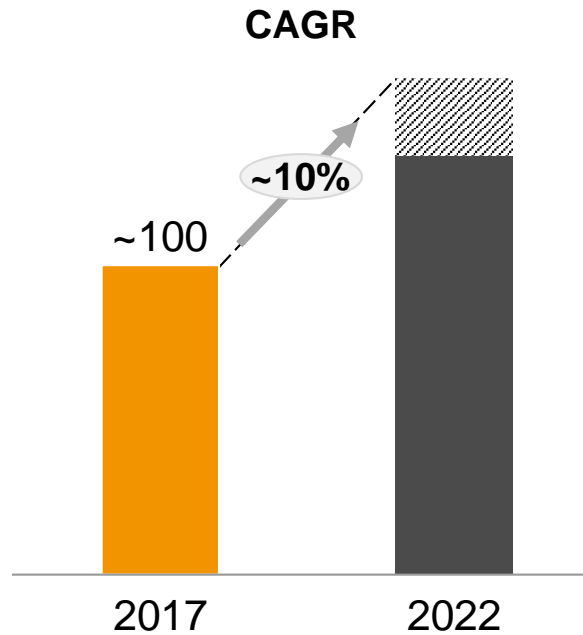
High Quality Polysilicon Required for Mono Growth Trend

PV Share of Electricity Demand

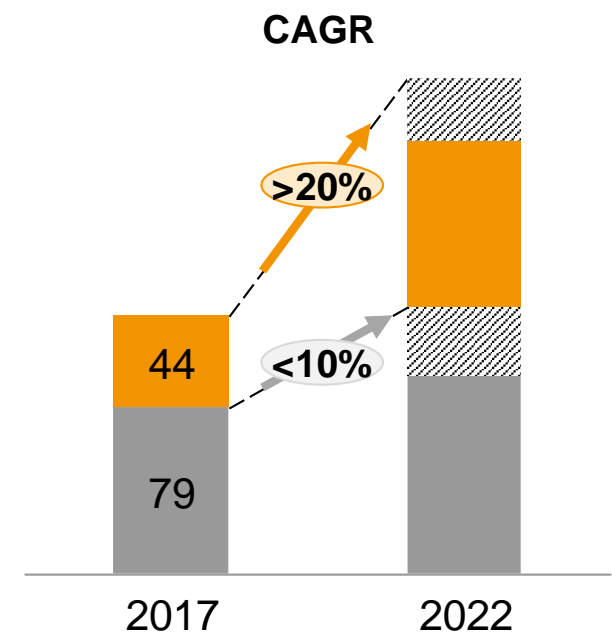


— — 20% Scenario — Base Case
— Low Case — High Case

PV Installation Growth (in GW per year)



Development of Solar Wafer Capacities (in GW per year)



■ Mono ■ Multi

Source: IEA, BNEF, Market Studies, WACKER Estimate

POLYSILICON

Generate Cash Flow from Strong Assets



Serving High-End Markets

**Focus on cost
and quality**



Aggressive Cost Roadmap

**Continued cost
leadership in high
quality polysilicon**



Fully Invested

**Leveraging our
assets**

WACKER Group Highlights H1 2018

Financials



€2.5bn

Sales
(+5% yoy)

€515m

EBITDA
(+7% yoy)

€640m

Net financial debt
after €224m dividend payout in Q2

Operations



Good Performance

Price and product mix
drive earnings growth, but
FX headwinds and **higher**
raw material prices yoy

Strong Operations

High utilization
across all segments,
POLYSILICON USA ramping

Solid
performance
in
H1 2018.

Strong
growth in
SILICONES
continues

WACKER Group Guidance FY 2018

In €m	FY 2017	Outlook 2018
Sales	4,924	Low-single-digit % increase
EBITDA	1,014	Mid-single-digit % increase
EBITDA margin (%)	20.6	Slightly higher than a year ago
Net cash flow	358	Clearly positive, substantially below last year's figure
CapEx	327	Around 450
Net financial debt	454	About 500
Income from continuing operations	250	Substantially higher than last year
Depreciation	590	Around 550
ROCE (%)	7.5	Substantially above the prior-year level
Tax Rate (cont. operations) (%)	25.3	Stable

WACKER Segment Guidance FY 2018

In €m	FY 2017			Outlook 2018
	SALES	EBITDA	EBITDA MARGIN	
SILICONES	2,200	445	20.2%	FY Sales of €2.5bn with an EBITDA around €600m; Supportive pricing, high plant loading and good cost performance
POLYMERS	1,245	206	16.5%	Mid-single-digit % sales growth; Volume growth and better pricing expected; headwinds from raws continuing; H2 EBITDA performance similar to H1, resulting in FY at about €150m
BIOSOLUTIONS	206	38	18.2%	Mid-single-digit % sales growth; EBITDA at about €25m following raw material increases, integration and ramp costs
POLYSILICON	1,124	290	25.8%	Sales low-double-digits % down; EBITDA around 10% below 2017

Appendix:

FY 2017 and H1 2018 Results – P&L

In €m	FY 2017	FY 2016*	% YoY	H1 2018	H1 2017	% YoY
Sales	4,924.2	4,634.2	+6.3%	2,547.5	2,437.1	+4.5%
EBITDA	1,014.1	955.5	+6.1%	515.0	482.7	+6.7
EBITDA margin	20.6%	20.6%	-	20.2%	19.8%	-
EBIT	423.7	337.5	+25.5%	246.7	175.1	+40.9%
EBIT margin	8.6%	7.3%	-	9.7%	7.2%	-
Income from continuing operations	250.1	178.1	+40.4%	162.6	91.7	+77.3%
Income from discontinued operations	634.7	11.2	>100%	-	634.7	-100%
Net income for the period	884.8	189.3	>100%	162.6	726.4	-77.6%
EPS from continuing operations in €	4.85	3.44	+40.7%	3.11	1.76	+76.7%
EPS in €	17.45	3.61	>100%	3.11	14.36	-78.4%

* Adjusted according to IFRS 5

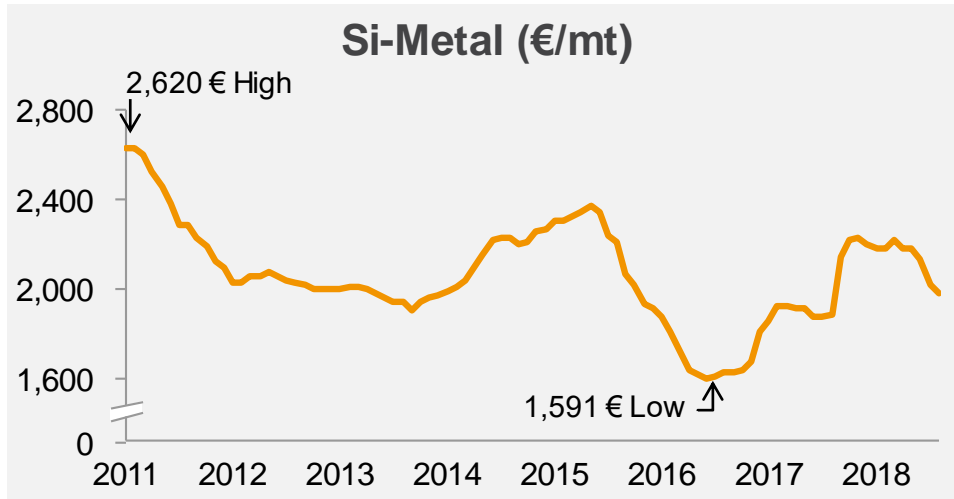
Appendix:

FY 2017 and H1 2018 Results – Breakdown by Business

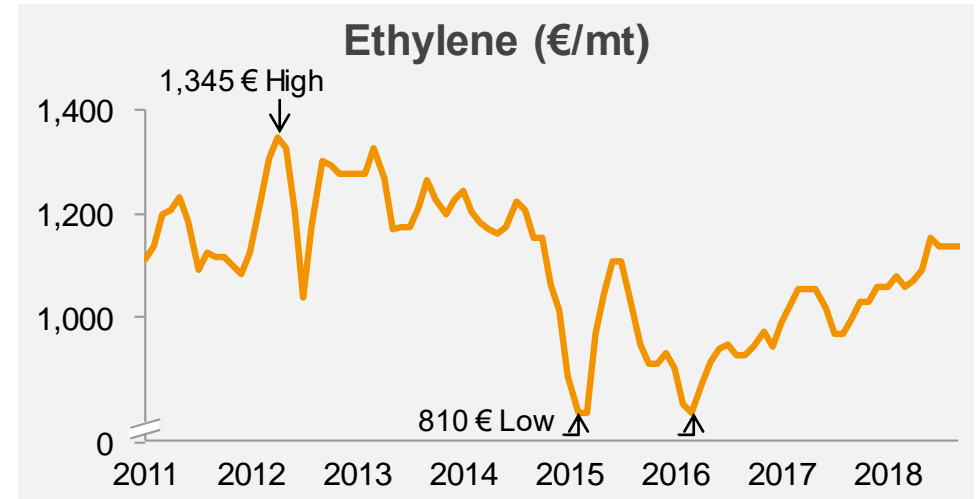
In €m / %	FY 2017			FY 2016*			H1 2018		H2 2017	
	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	SALES	EBITDA
Chemicals	3,651	688	18.8%	3,402	659	19.4%	2,016	415	1,849	353
SILICONES	2,200	445	20.2%	2,001	361	18.1%	1,260	325	1,104	218
POLYMERS	1,245	206	16.5%	1,195	261	21.8%	645	75	642	115
BIOSOLUTIONS	206	38	18.2%	206	37	17.9%	112	16	103	20
POLYSILICON	1,124	290	25.8%	1,096	286	26.1%	461	87	515	142
Others	169	33	19.3%	163	10	6.3%	82	14	82	-14
Consolidation	-20	3	-	-26	0	-	-12	-1	-9	2
WACKER Group	4,924	1,014	20.6%	4,634	956	20.6%	2,548	515	2,437	483

* Adjusted according to IFRS 5

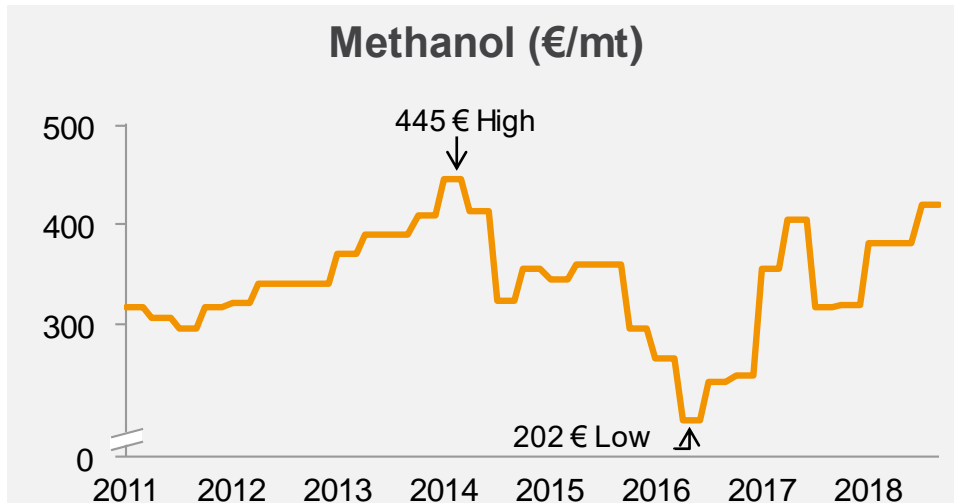
Appendix: Raw Material Prices With Volatile Development



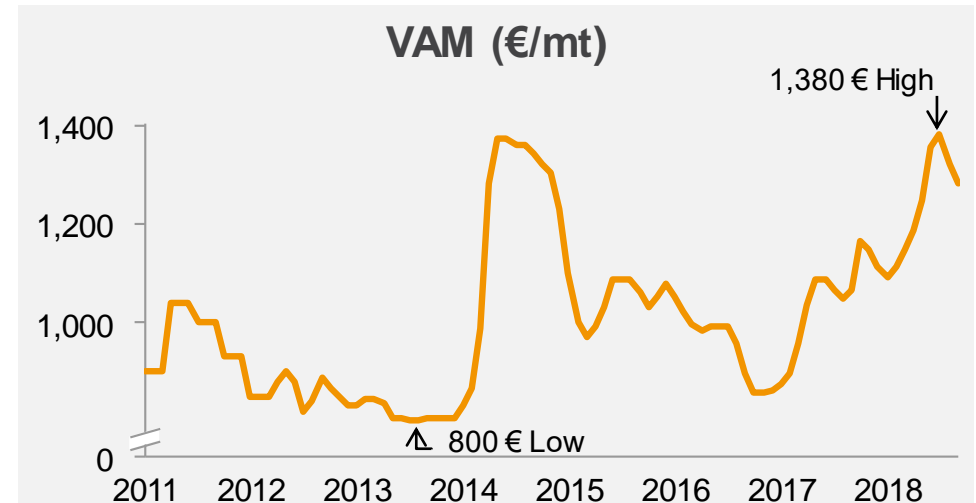
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE

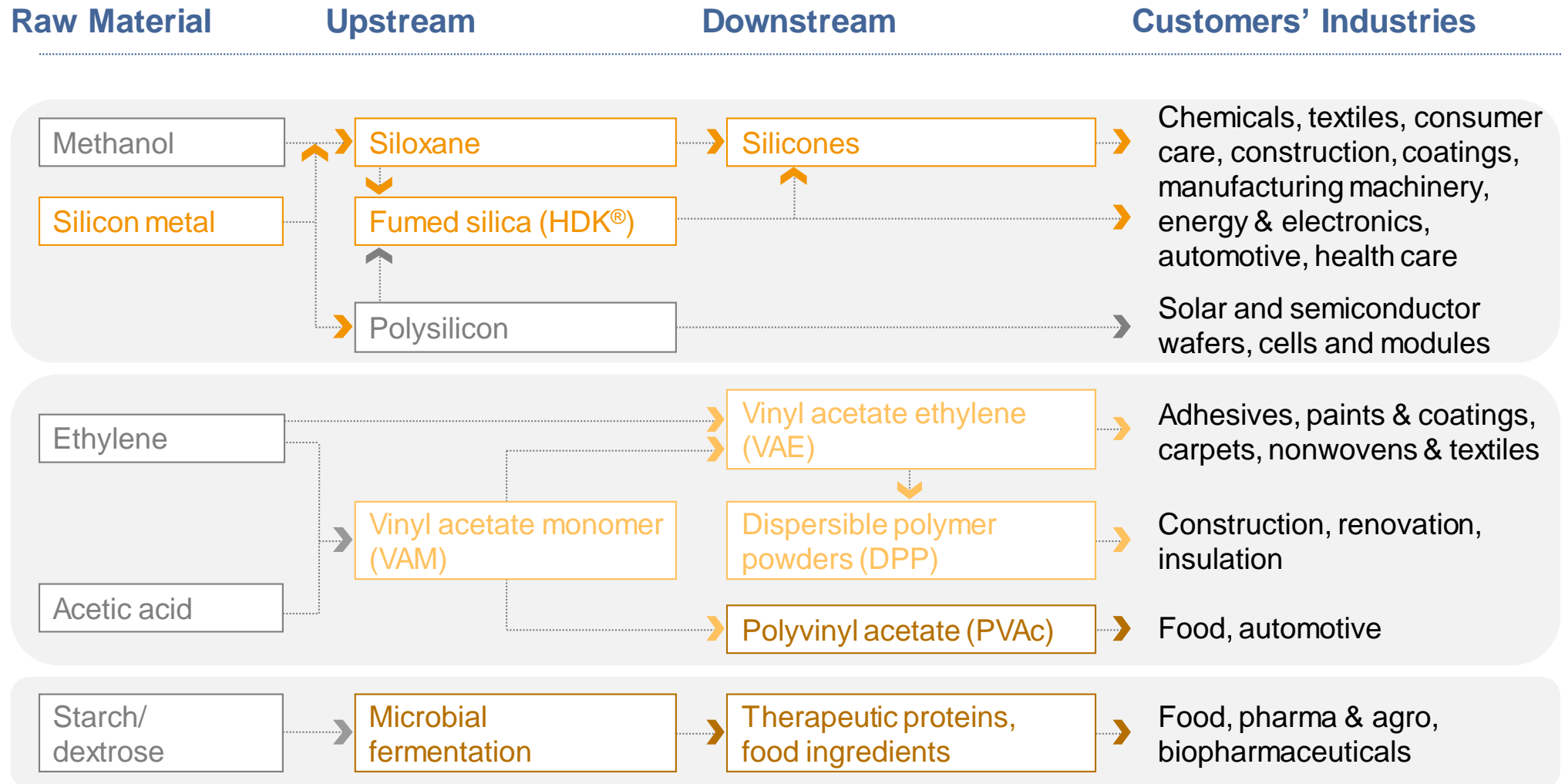


Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

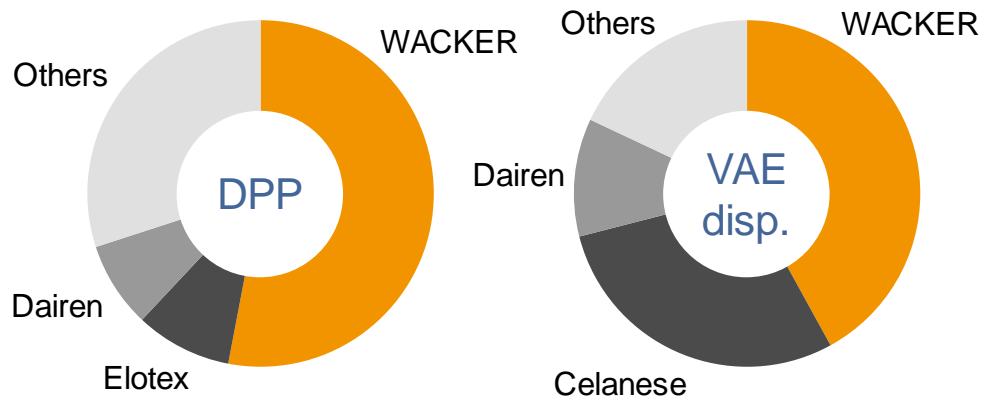
Appendix: Highly-Integrated Operations Based on Five Key Raw Materials



Appendix: Market Leading Positions

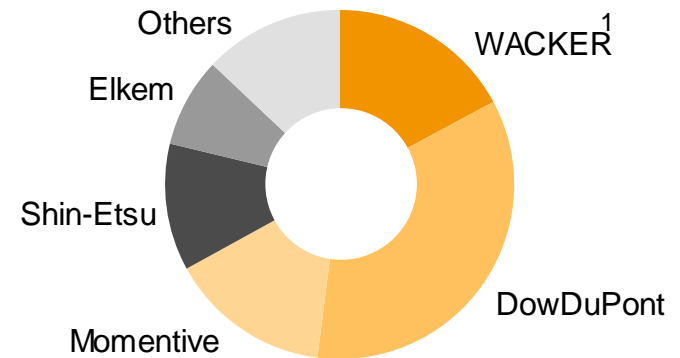
POLYMERS

Global DPP and VAE Market



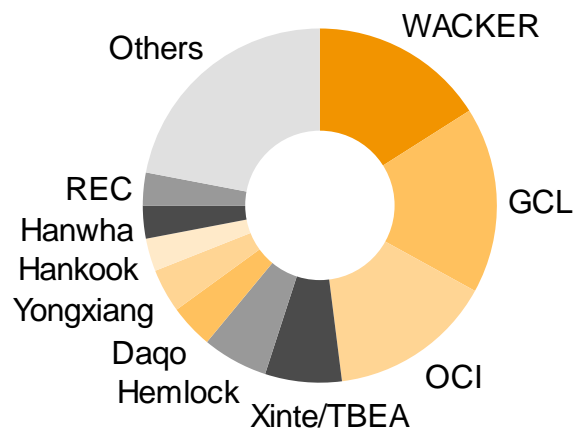
SILICONES

Silane/Siloxane backward integrated suppliers

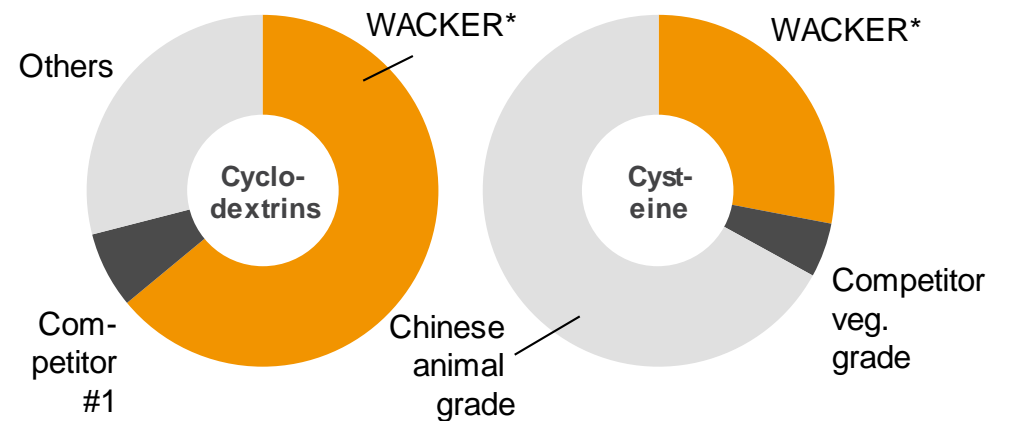


¹) WACKER JV participations fully consolidated

POLYSILICON



BIOSOLUTIONS



* Food only; Source: Industry Announcements; WACKER; Year: 2017

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WACKER

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

10/25/18

Q3 Results 2018

04/30/19

Capital Market Day

Additional Information



ISIN

DE000WCH8881

Deutsche Börse

WCH

WKN

WCH888

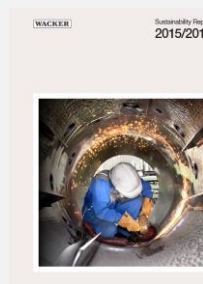
Publications



CUSTOMER
MAGAZINE



FACTBOOK



SUSTAINABILITY
REPORT