

Q2 2020 – Conference Call Note

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

July 30, 2020

Disclaimer

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements and information contained in this presentation may relate to future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities, and risk adequate pricing, other words such as "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, or continue", "potential, future, or further", and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing business or other market conditions and the prospects for growth anticipated by the Company's management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any statements contained in this presentation, whether as a result of new information, future events or otherwise. In particular, you should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.



Front cover: Effective building protection: concrete rendered water-repellent by silicones offers reliable protection against moisture – as the droplet test shown here demonstrates. Silicone resins are incorporated into the liquid concrete mix to prevent ASR (alkali-silica reaction), which is a cause of crumbling concrete. This makes buildings and structures significantly more durable.

WACKER Q2 2020 Highlights

Financials



€1.1bn

Sales (-15% yoy, -10% qoq)
On average lower volumes and pricing

€105m

EBITDA (-50% yoy)

9.8%

EBITDA Margin

€40m

CapEx (-62% yoy)

€137m

Strong net cash flow
(PY €22m)

Operations



Diverse impact in Chemicals

COVID-19 with significant impact on global markets; lower volumes overall but efficiency gains

POLYSILICON with lower PV solar demand in Q2

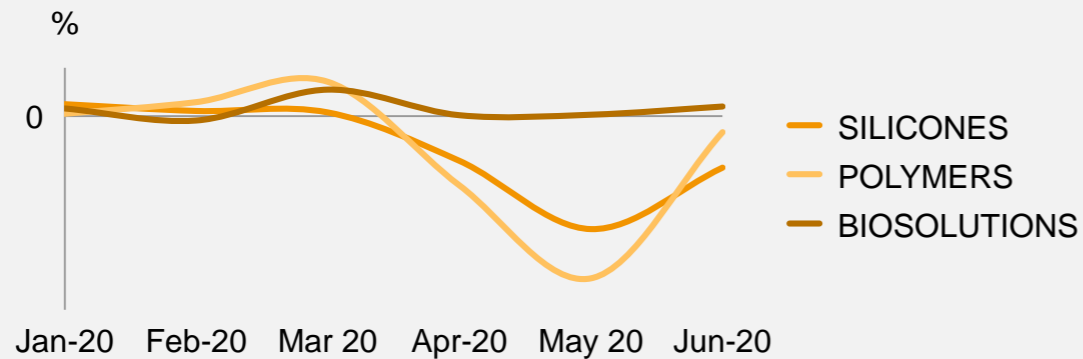
Lower volumes and prices yoy, solid demand from semiconductors

Pandemic
impacts
Q2
2020
result

Update on the Corona Pandemic Situation

Some Recovery Underway Since June

H1 Chemicals Volume Trends ($\Delta\%$ yoy)



Regional Development

- ▶ China: First volume impact and earliest recovery
- ▶ EMEA: Relatively stable upward trend since May
- ▶ US: Continued impact
- ▶ Regional hotspots (e.g. Brazil, India)

Global End Markets

- ▶ Clear upward trend in construction
- ▶ Gradual recovery in all consumer segments
- ▶ Hardest hit textiles and automotive showing signs of improvement in July
- ▶ Strong demand for solar polysilicon in July

Actions Taken

- ▶ Production levels adjusted, selected short-time work
- ▶ Strict cost controls installed
- ▶ Working capital reduction underway
- ▶ Adjusting FY2020 CapEx to <€250m

Profit & Loss Statement

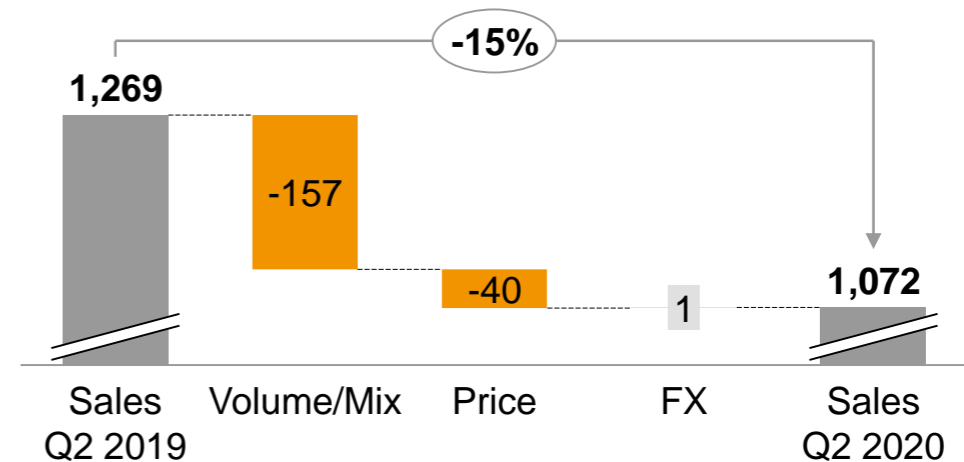
SG&A Substantially Reduced

WACKER P&L Q2 2020 (€m)

€m	Q2 2020	Q2 2019
Sales	1,072.4	1,268.5
Gross profit from sales	134.7	189.1
<i>Gross profit margin (in %)</i>	<i>12.6%</i>	<i>14.9%</i>
S,G&A and R&D	-143.1	-164.0
Other operating income	23.5	47.3
Other operating expenses	-25.5	-16.5
Operating result	-10.4	55.9
Result from investments in joint ventures and associates	10.1	14.8
EBIT	1.8	70.7
Interest result	-3.2	-3.4
Other financial result	-8.0	-14.6
Profit before tax	-9.4	52.7
Income taxes	13.9	-15.5
Net income for the period	4.5	37.2
EPS (in €)	0.07	0.68
EBITDA	105.4	210.7
Depreciation/amortization	103.6	140.0
EBIT	1.8	70.7

Comments

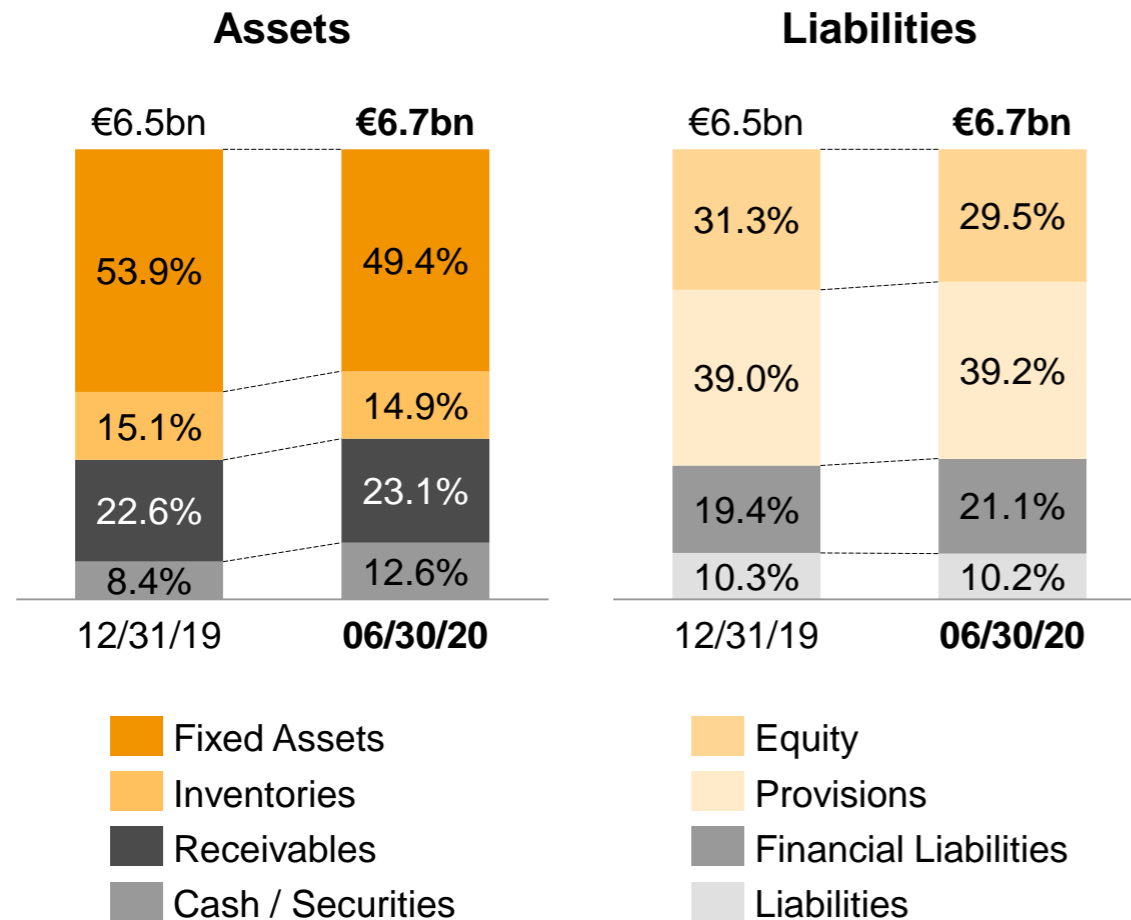
- ▶ Production levels adjusted to current demand (short-time work programs initiated in May)
- ▶ Strict cost control to mitigate COVID-19 impact; SG&A and R&D reduced by 13% yoy
- ▶ Depreciation at €104m (PY: €140m)
- ▶ EPS at €0.07, benefitting from deferred taxes



Balance Sheet Composition

Liquidity at €850m

Balance sheet (%)



Characteristics 06/30/20

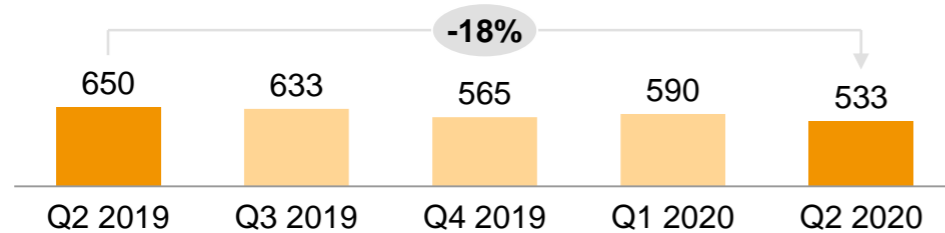
- ▶ Liquidity:
 - ▶ Cash & securities of €850m (Dec 31, 2019: €545m)
 - ▶ New Schuldschein loan €300m placed, existing €130m note redeemed
 - ▶ Existing credit lines of €600m undrawn
- ▶ Provisions for pensions: €2,392m (Dec 31, 2019: €2,275m)
 - ▶ Discount rate in Germany at 1.24% (Dec 31, 2019: 1.25%)
 - ▶ DTA* relating to pensions about €521m
- ▶ Equity: €1,986m (Dec 31, 2019: €2,029m)

* Deferred tax asset

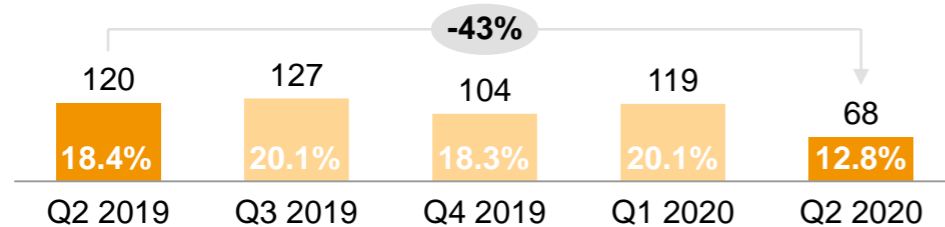
SILICONES

Pandemic with Diverse Impact Over End Markets and Regions

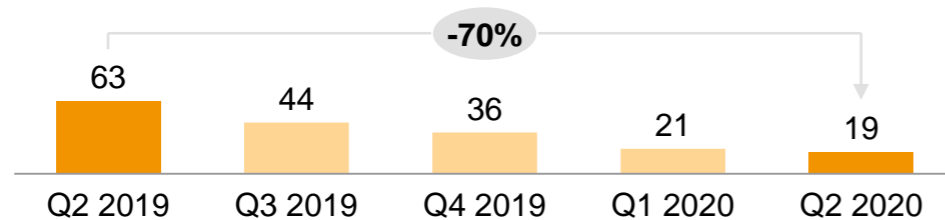
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ Specialties with some rebound, standards with low prices
- ▶ End markets: release coatings, defoamers and industrial coatings resilient, while automobile and textiles weak
- ▶ Production levels adjusted; maintenance pulled forward

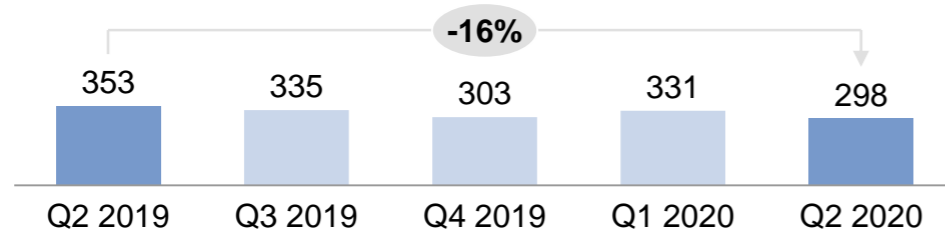
Trading update

- ▶ July similar to June
- ▶ Broad market and customer diversification
- ▶ Downstream investments support growth in specialties

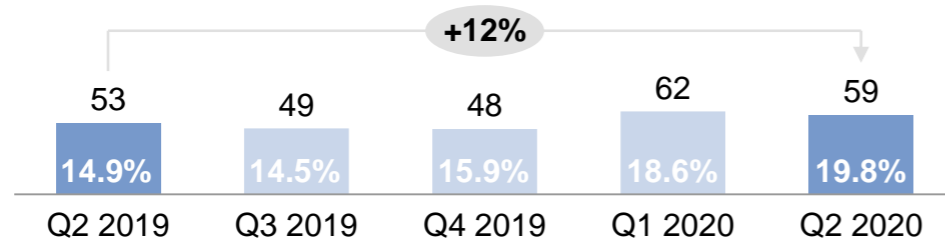
POLYMERS

Construction Recovery and Efficiency Gains Drive EBITDA Growth

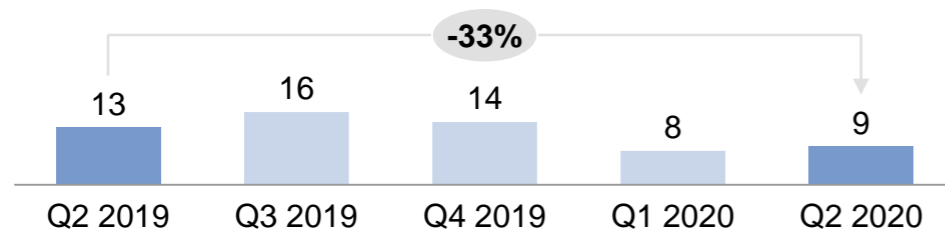
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ V-shaped recovery in construction, overall volumes just below prior year
- ▶ Consumer & industrial applications weak
- ▶ EBITDA benefits from cost discipline and firm pricing

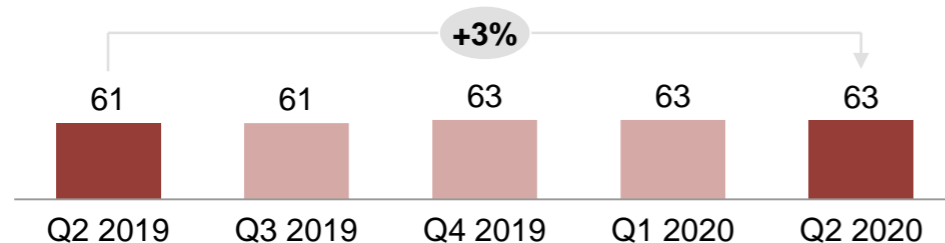
Trading update

- ▶ July improved over June
- ▶ Continuously expanding our production footprint to enable customer's growth potential

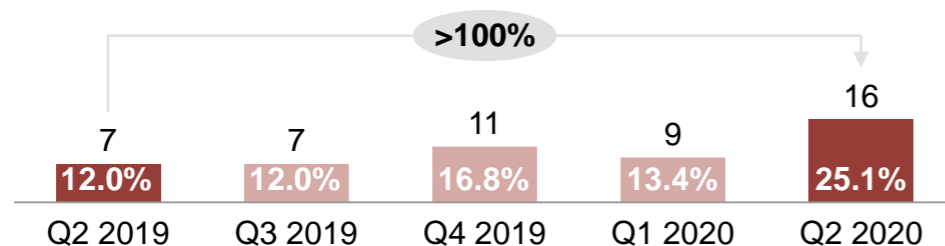
BIOSOLUTIONS

Biopharma Fully Utilized, Strong Cyclodextrins Demand

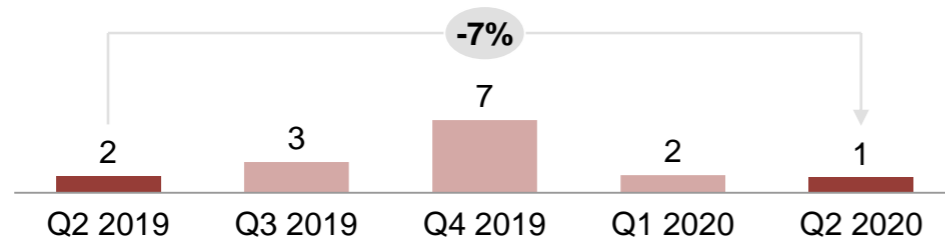
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ Increased volumes and positive mix effects
- ▶ Higher utilization rates in Biopharma & Cyclodextrins
- ▶ Special income (~€4m) from customer project

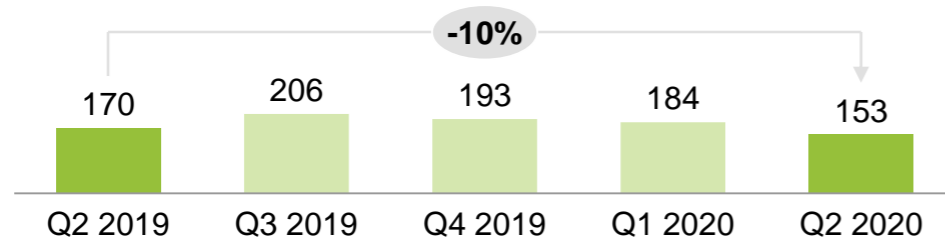
Trading update

- ▶ Q3 impacted sequentially from product-mix effects
- ▶ Continued strong demand in cyclodextrins and growing pipeline in Biopharma
- ▶ Set up for growth with a differentiating CDMO (Contract Development and Manufacturing) toolbox

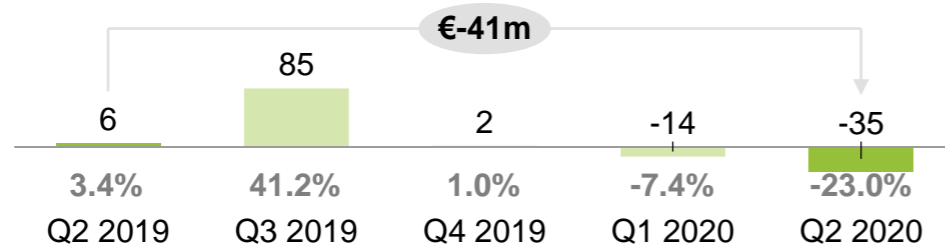
POLYSILICON

Solar Installations Significantly Affected by COVID-19 in Q2

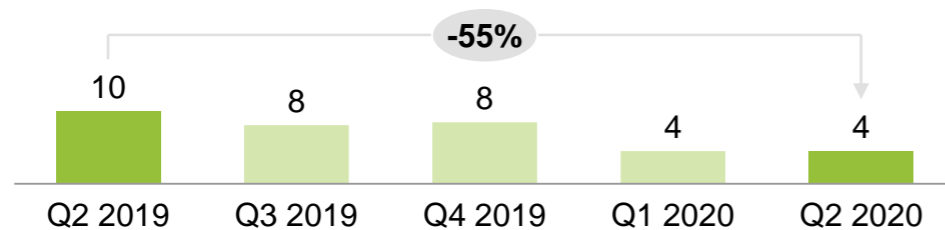
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

- ▶ Lower solar volumes & prices
- ▶ Good demand in semi
- ▶ EBITDA impacted by inventory valuation effects and lower fixed cost absorption
- ▶ Short-time work in Germany started in May

Trading update

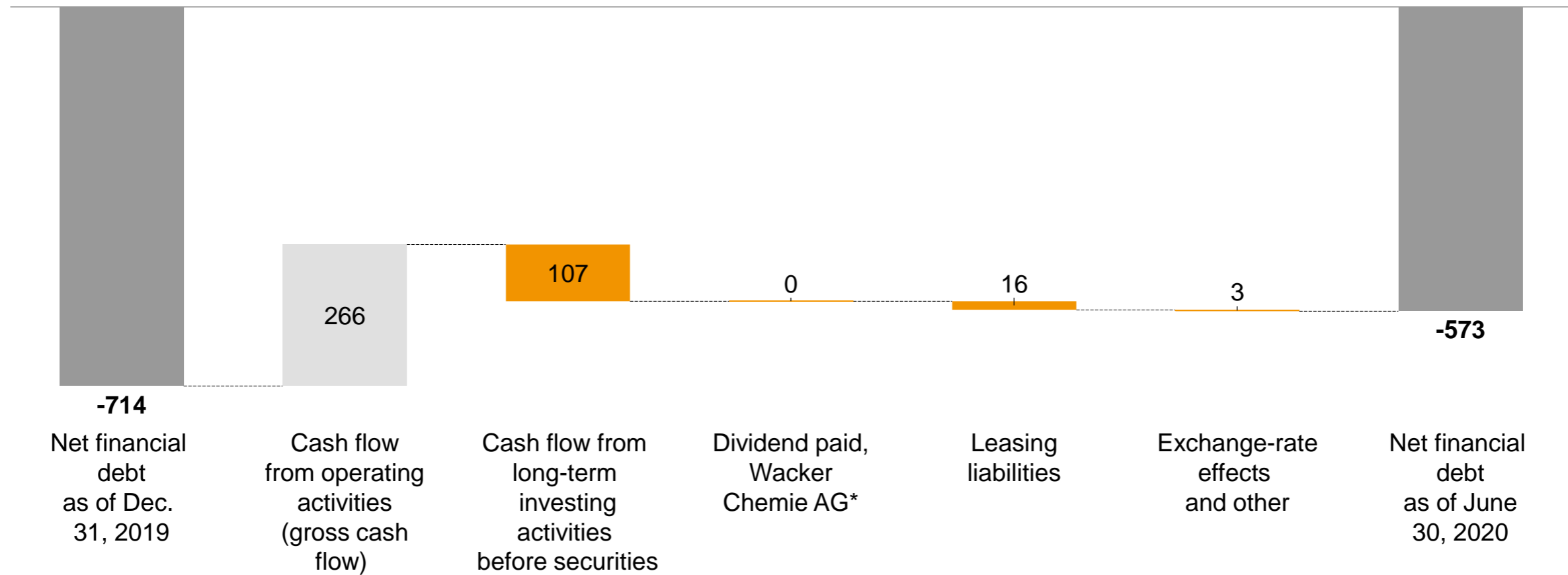
- ▶ H2 with demand recovery, solar prices trending upwards
- ▶ Aggressive cost reductions continue
- ▶ Solar technology transition to high efficiency, WACKER product quality enables benchmark LCOE*

* Levelized cost of energy

Net Financial Debt

Strong Net Cash Flow Generation Drives YTD Improvement in Net Debt

Net Financial Debt Bridge per 06/30/2020 (€m)



* Virtual AGM on August 4, 2020; Dividend proposal €0.50 per share

Cash Generation Improves Despite FY 2020 EBITDA Expected Below 2019

Detailed FY 2020 guidance not yet possible as uncertainty persists

Operations

- ▶ Adjusting short-time work as volumes improve
- ▶ Cost reductions and productivity gains continue

Operating Profit & Cash Focus

- ▶ Progress on efficiency program “Shape the Future”: €50m indirect cost savings expected for 2020
- ▶ Tight cost control, reduction of discretionary expenses
- ▶ FY 2020 CapEx reduced to <€250m

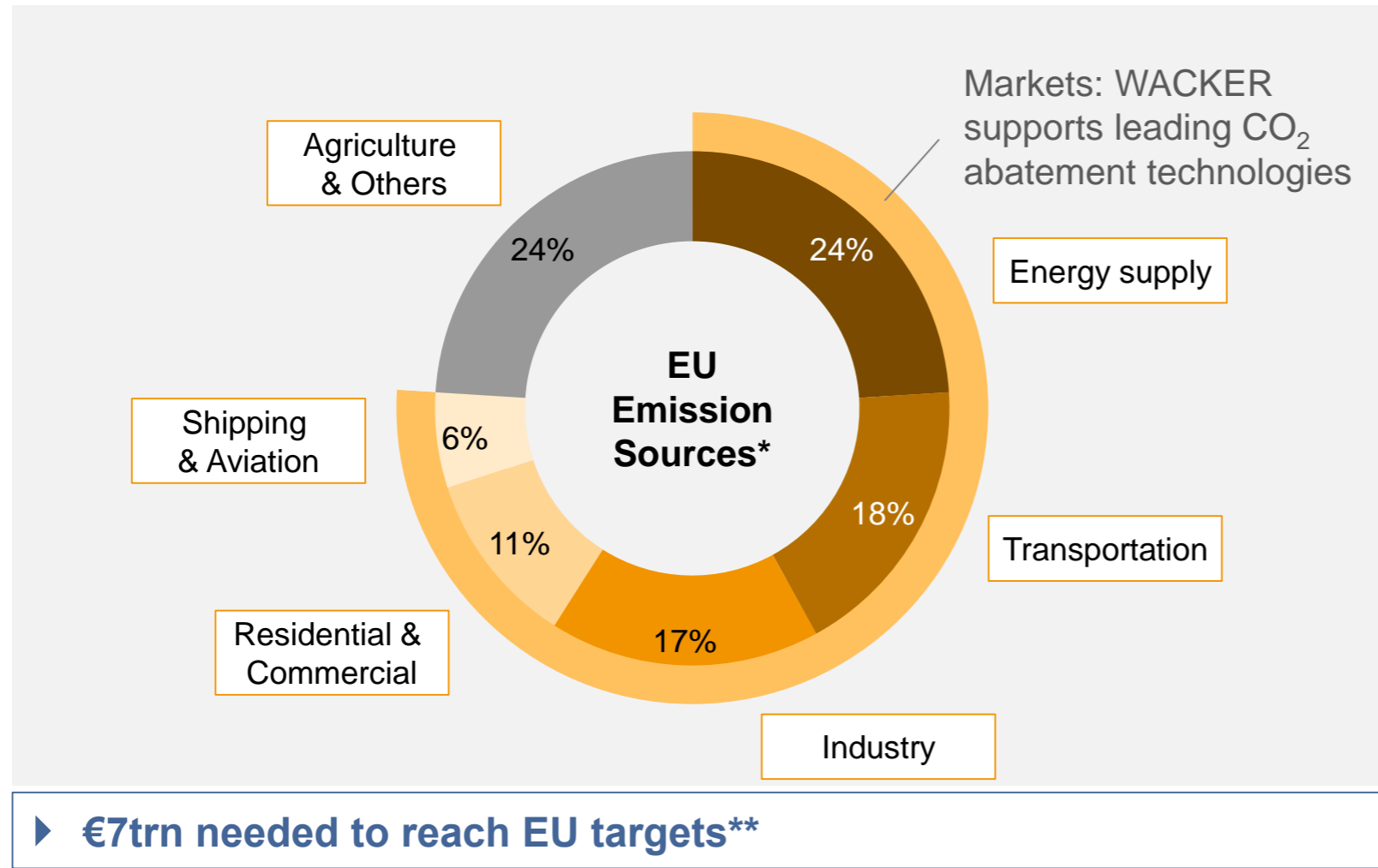
Outlook

- ▶ Significant mitigation (>€100m) from raw material prices in 2020 expected
- ▶ Sales, EBITDA and EBITDA margin in 2020 below PY, but higher net cash flow yoy

EU Green Deal Targets Climate-Neutrality by 2050

Catalyst for CO₂ Abatement Technologies Enabled by WACKER

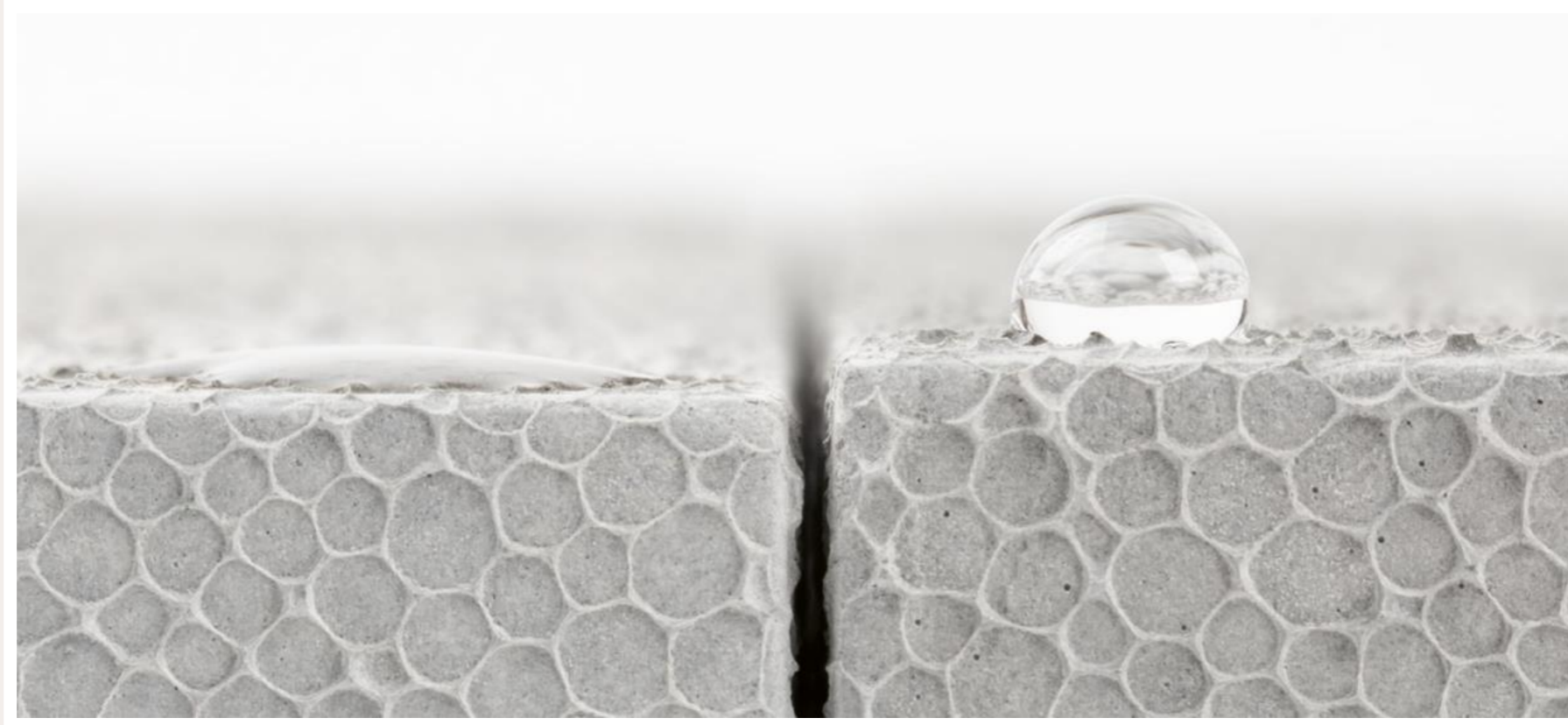
EU Emission Sources and WACKER Solutions



WACKER Enables CO₂ Saving Technologies

- ▶ Energy supply ↔ Polysilicon for PV solar, silicones insulators for grids
- ▶ Industry ↔ Silicones for advanced processing aids, defoamers
- ▶ Transportation ↔ Silicones enable EV's and fuel-efficient motors
- ▶ Residential & Commercial ↔ Polymer binders in external thermal insulation panels, weather resistant coatings
- ▶ Shipping & Aviation ↔ Silicone de-foaming coatings and thermal insulation in aerospace

* Eurostat 2017 ** Source: Goldman Sachs (2020) The EU Green Deal



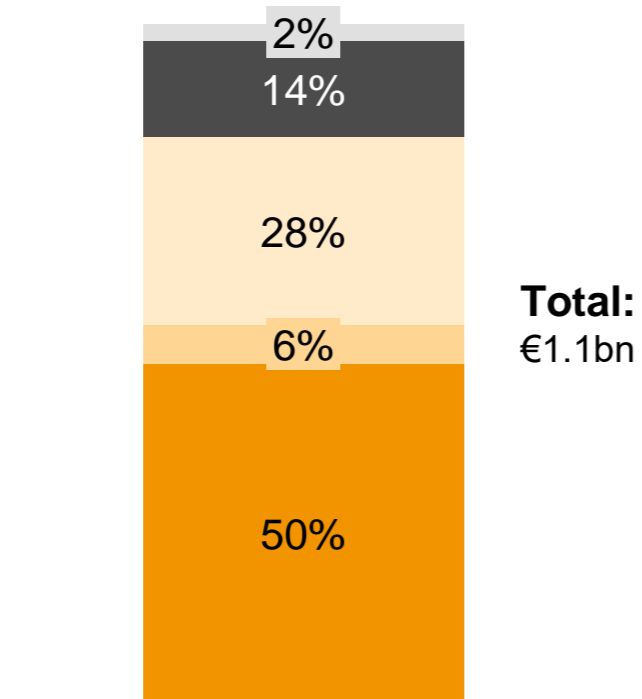
Q2 2020 – Q&A Session

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

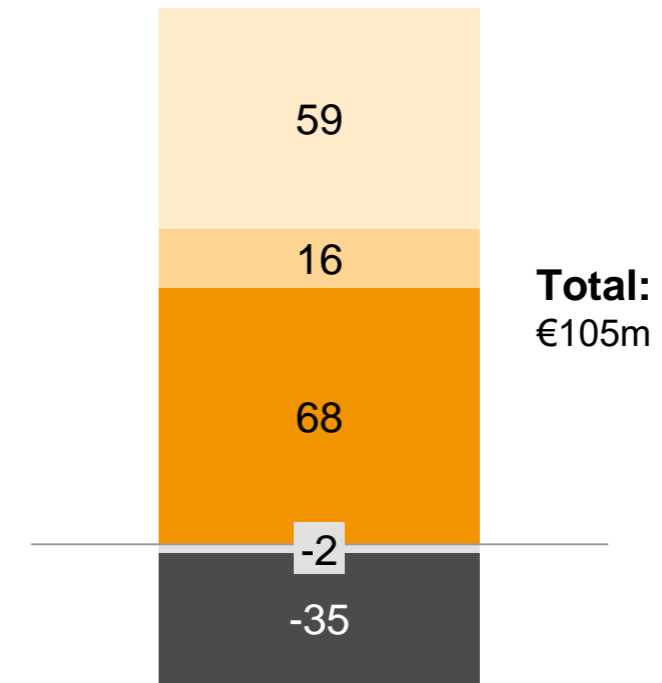
July 30, 2020

Q2 2020 Results – Sales and EBITDA Breakdown

Q2 2020 Sales



Q2 2020 EBITDA



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

Q2 2020 Results – P&L

In €m	Q2 2020	Q2 2019	% YoY	Q1 2020	% QoQ
Sales	1,072	1,269	-15	1,198	-10
EBITDA	105	211	-50	174	-39
EBITDA margin	9.8%	16.6%	-	14.5%	-
EBIT	2	71	-97	70	-97
EBIT margin	0.2%	5.6%	-	5.8%	-
Net income for the period	5	37	-88	69	-93
EPS in €	0.07	0.68	-90	1.31	-95
Capital expenditures	40	105	-62	44	-10
Depreciation / amortization	104	140	-26	104	-1
Net cash flow	137	22	>100	23	>100

Q2 2020 Results – Overview by Business

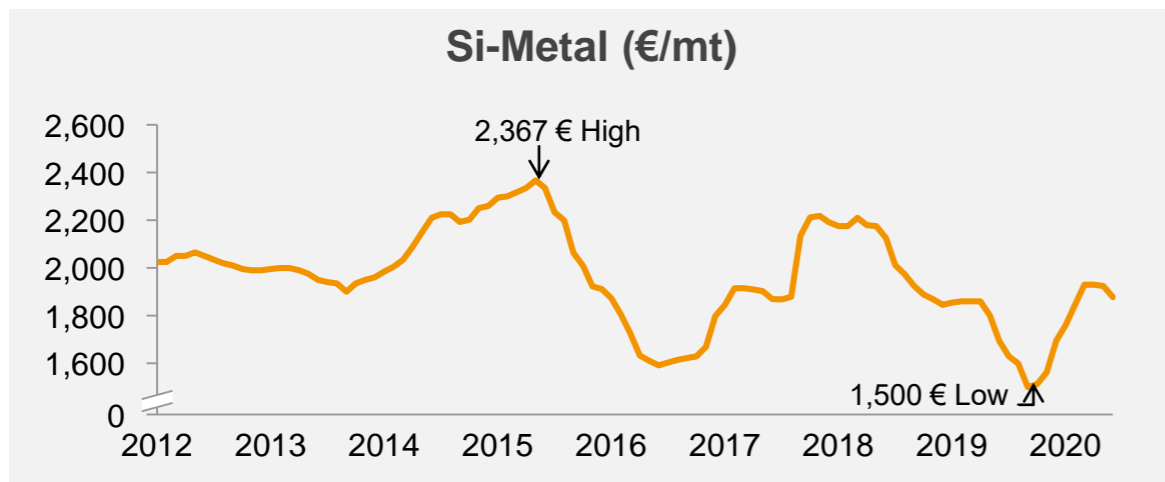
In €m / %	Sales					EBITDA					EBITDA Margin (%)		
	Q2 2020	Q2 2019	% YoY	Q1 2020	% QoQ	Q2 2020	Q2 2019	% YoY	Q1 2020	% QoQ	Q2 2020	Q2 2019	Q1 2020
Chemicals	894	1,064	-16	984	-9	143	180	-21	189	-24	16.0	16.9	19.2
SILICONES	533	650	-18	590	-10	68	120	-43	119	-43	12.8	18.4	20.1
POLYMERS	298	353	-16	331	-10	59	53	+12	62	-4	19.8	14.9	18.6
BIOSOLUTIONS	63	61	+3	63	-1	16	7	>100	9	+86	25.1	12.0	13.4
POLYSILICON	153	170	-10	184	-17	-35	6	n.a.	-14	>-100	-23.0	3.4	-7.4
Others	31	40	-24	35	-13	-2	25	n.a.	0	n.a.	-6.5	62.8	-0.9
Consolidation	-4	-6	+28	-6	+31	0	0	0	-1	n.a.	-	-	-
WACKER Group	1,072	1,269	-15	1,198	-10	105	211	-50	174	-39	9.8	16.6	14.5

In 2020 No Growth in PV Installations due to Coronavirus

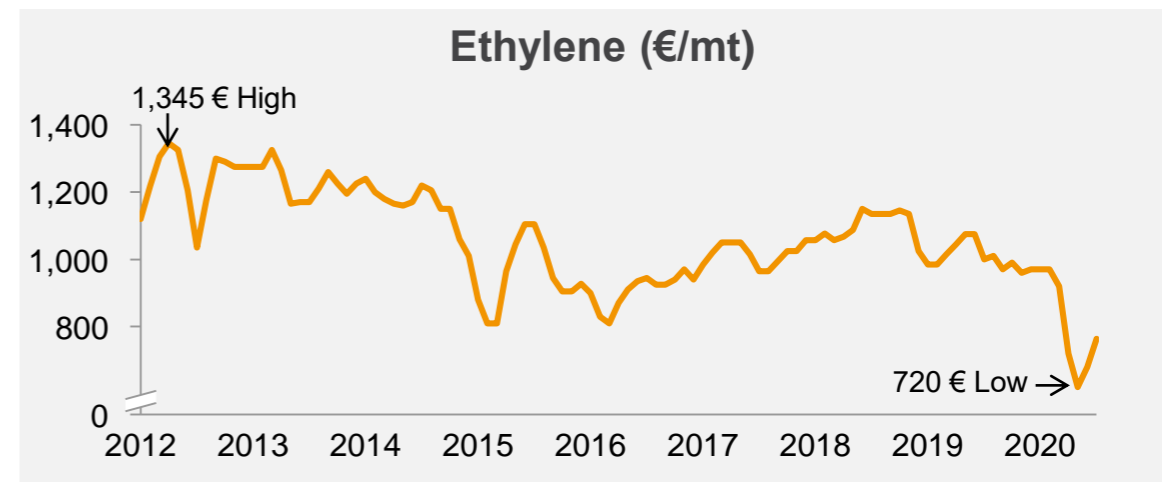
Country	2016	2017	2018	2019	2020e
Germany	1.5	1.8	3.0	4.0	3.0 – 3.5
Spain	0.1	0.1	0.4	4.7	2.5 – 3.5
Europe other	4.8	4.9	8.1	13.0	9.0 – 11.0
Europe total	6.4	6.8	11.5	21.7	14.5 – 18.0
Australia	0.8	1.3	3.8	5.0	3.5 – 4.5
China*	32.5	52.8	44.3	30.2	30.0 – 35.0
India	4.3	9.6	8.5	7.3	8.0 – 10.0
Japan	8.4	7.4	7.0	7.5	6.0 – 7.0
USA	14.8	10.6	10.6	13.3	13.0 – 18.0
Rest of Americas	3.0	3.4	6.0	7.5	6.5 – 7.5
Rest of World	7.7	8.1	13.3	26.0	23.0 – 25.0
Total	78 GW	100 GW	105 GW	120 GW	105 – 125 GW

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

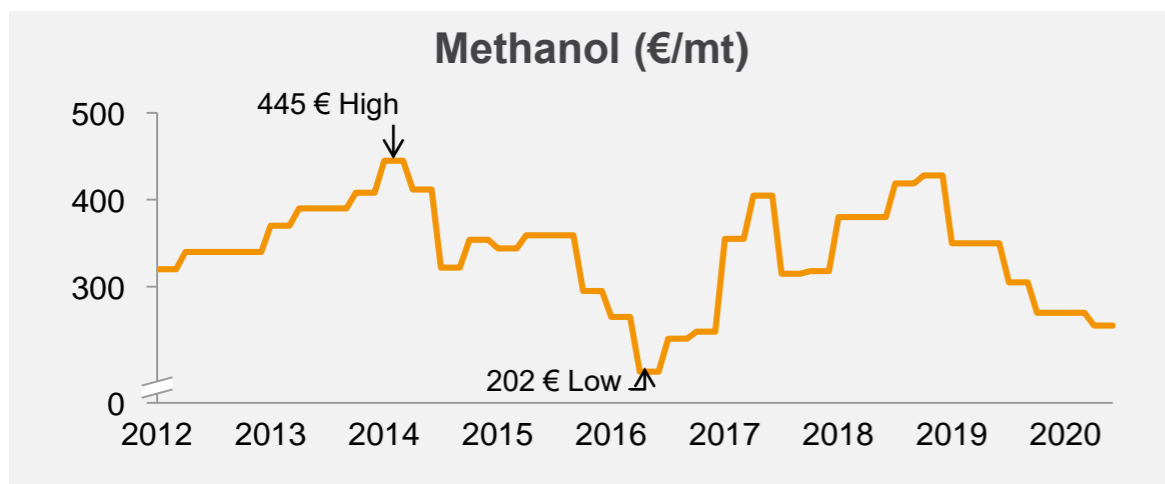
Raw Material Prices with Volatile Development



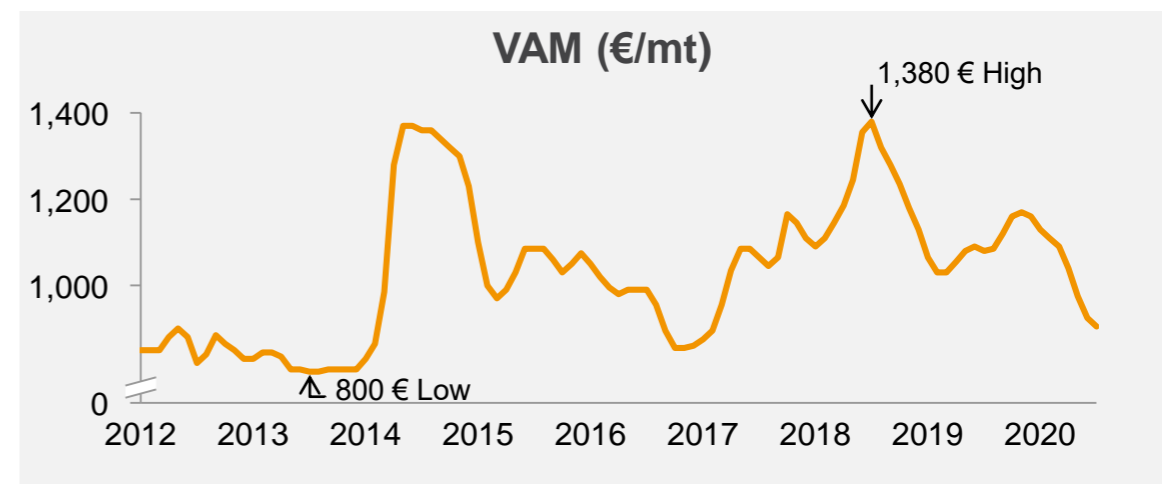
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE



Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

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

08/04/20

Annual Shareholders' Meeting (Virtual)

10/29/20

Q3 Results 2020

12/17/20

Virtual CMD Series: SILICONES & POLYMERS

Additional Information

ISIN

DE000WCH8881

WKN

WCH888

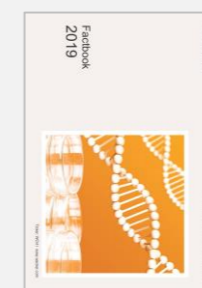
Deutsche Börse

WCH

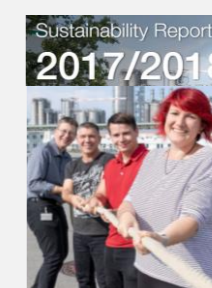
Publications



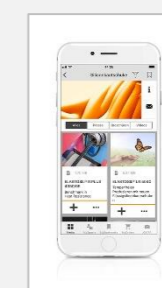
CUSTOMER
MAGAZINE



FACTBOOK



SUSTAINABILITY
REPORT



SQUARE
APP