

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.

The logo for WACKER, featuring the word "WACKER" in a bold, black, sans-serif font, enclosed within a black rectangular border with rounded corners.

Agenda for Today

Agenda

10:00 - 12:00 Strategy Update

In between Q&A Sessions

Our Speakers



Rudolf Staudigl
CEO



Auguste Willems



Christian Hartel



Tobias Ohler
CFO

CMD Introduction: Progress Report on our 5 Targets

Our Targets



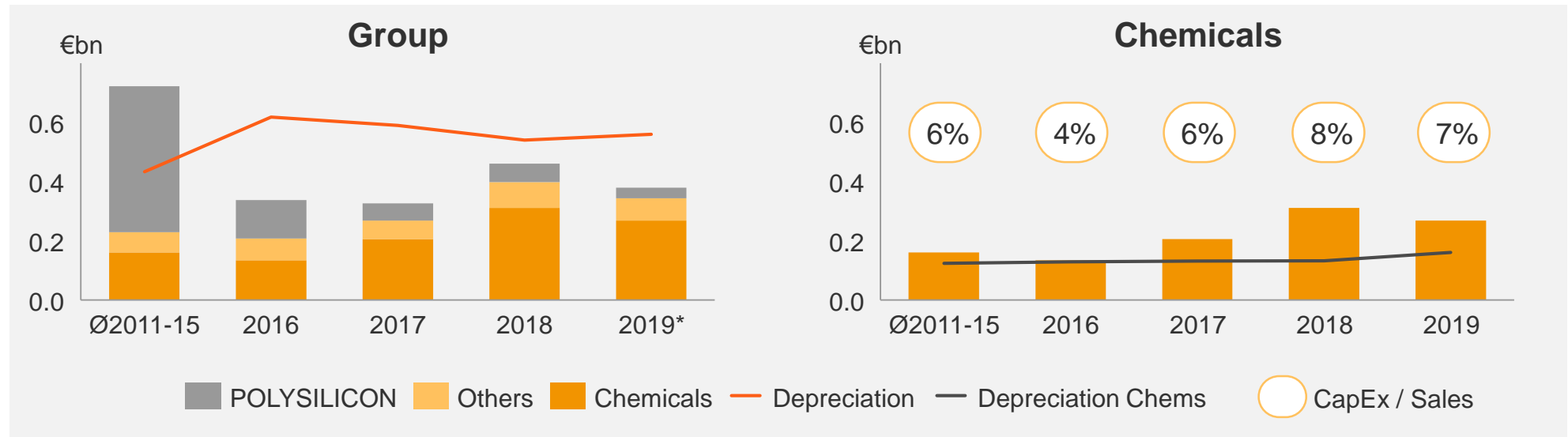
Progress Since Last CMD



1	CapEx – Extend Leverage Phase	✓	Capitalizing on growth opportunities in Chemicals while maintaining Group CapEx < Depreciation
2	Grow Above Chemical Production	✓	Specialties and demand for applications in smart construction drives sales above chemical production
3	Focus on Sustainability	✓	Continuous efficiency gains lower corporate footprint while expanding sustainable product solutions
4	Sustain Attractive Margins Over the Cycle	✓	Mix improvement and excellent cost performance maintains margin well over 16% EBITDA target
5	Generate Cash	✓	Strong cash generation funds investments and dividends while maintaining a strong balance sheet

CapEx – Extend Leverage Phase

Group CapEx Below Depreciation while Enabling Growth in Chemicals



Pivot to More and Smaller Projects to Support Customers Downstream

Europe

- ▶ Silicones Burghausen: '18/20
- ▶ **Silicon-Metal-Norway: '19**
- ▶ Biopharma Amsterdam: '18
- ▶ Fermentation León: '18
- ▶ VAE Burghausen: '17

Asia

- ▶ VAE/DPP Ulsan: '19/20
- ▶ Silicone surfactants Amtala: '18
- ▶ Silicone elastom. Zhangjiagang: '18
- ▶ Silicone elastom. Jincheon: '18
- ▶ VAE Nanjing: '18

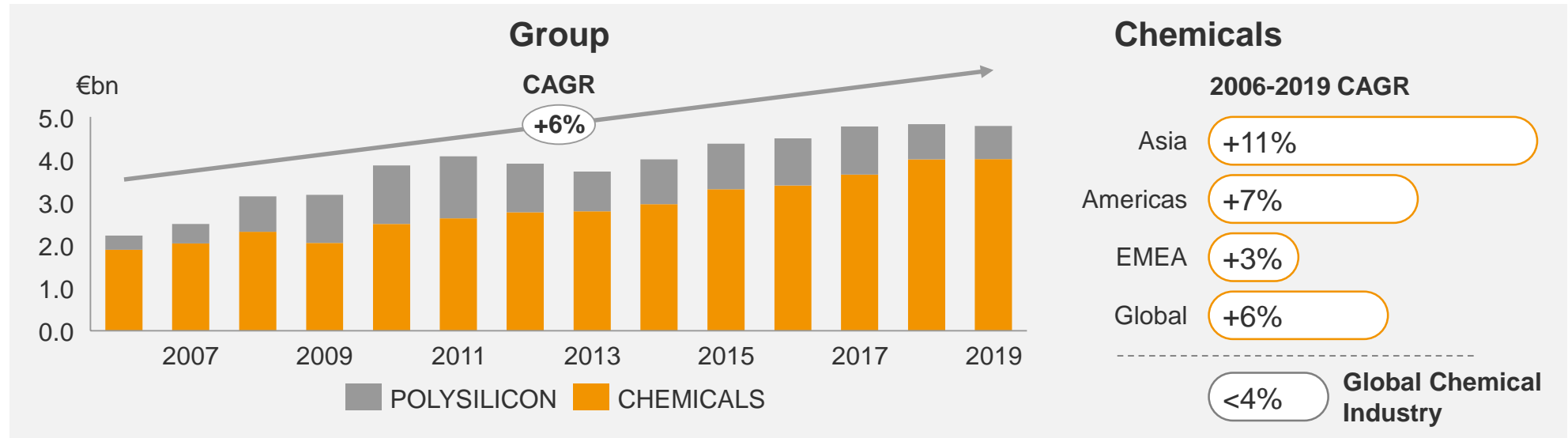
Americas

- ▶ **HDK®-Tennessee: '19**
- ▶ Silicone emulsions Adrian: '18
- ▶ Silicone emulsions Jandira: '17

Chemicals = BIOSOLUTIONS + SILICONES + POLYMERS *Depreciation excl. POLYSILICON impairment; **BOLD** = Upstream & midstream

Grow Above Chemical Production

Doubling Sales in Chemicals since IPO



Main Drivers for Chemicals Growth

Regional Growth

- ▶ Emerging markets catch-up
- ▶ Transformation to advanced technologies and higher building standards

Innovation

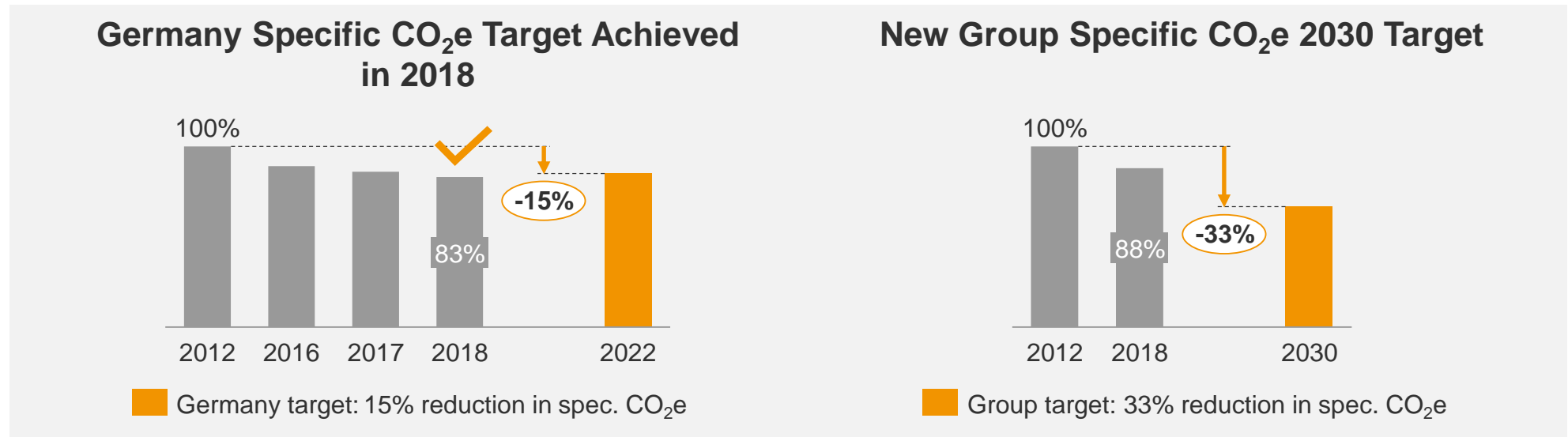
- ▶ WACKER holds ~4,100 active patents and ~1,800 pending patent applications
- ▶ Annually, the Group applies for 90-100 inventions

Substitution

- ▶ Customized high value add solutions for our customers
- ▶ High performance materials
- ▶ Smart construction
- ▶ Lower raw material consumption

Focus Even More on Sustainability

Germany CO₂e Target Achieved, New Ambitious Group Targets for 2030



Driving Improvements Across our Value Chain

Value Up

- ▶ Increase the share of products with neutral or positive sustainability contribution to 90% by 2030

Footprint Down

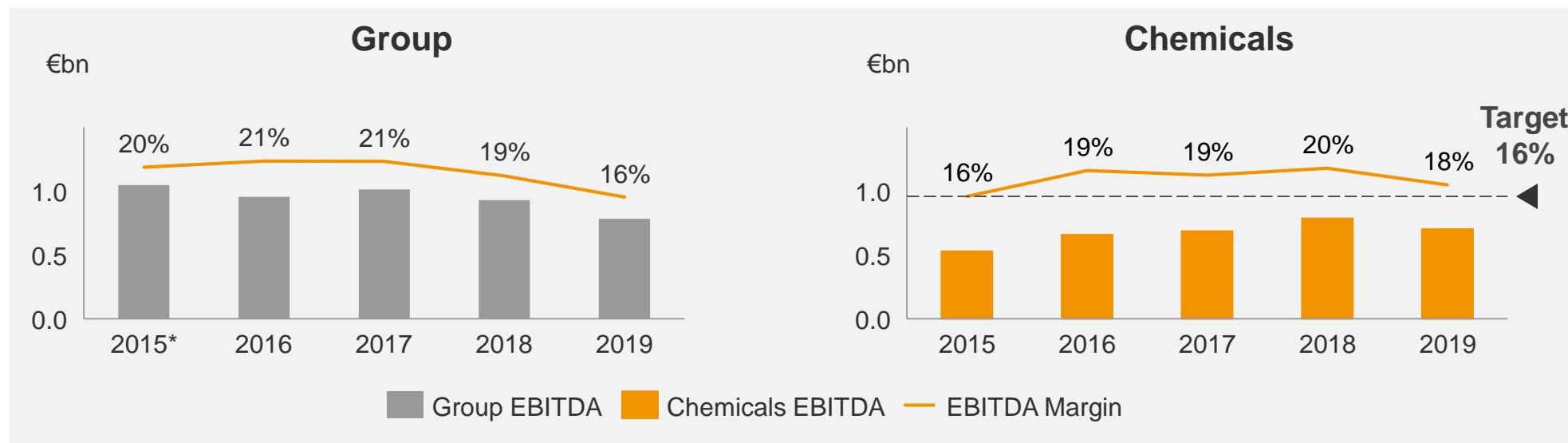
- ▶ Reduce specific energy consumption by 50% by 2030
- ▶ Reduce specific CO₂e by 33% by 2030

Collaboration Beyond

- ▶ 90% of our key suppliers with a positive sustainability contribution by 2030

Sustain Attractive Margins Throughout the Cycle

Profitability of Chemicals Well Above Target EBITDA-Margin



Strong Performance in Chemicals, Overcapacities in POLYSILICON

Group

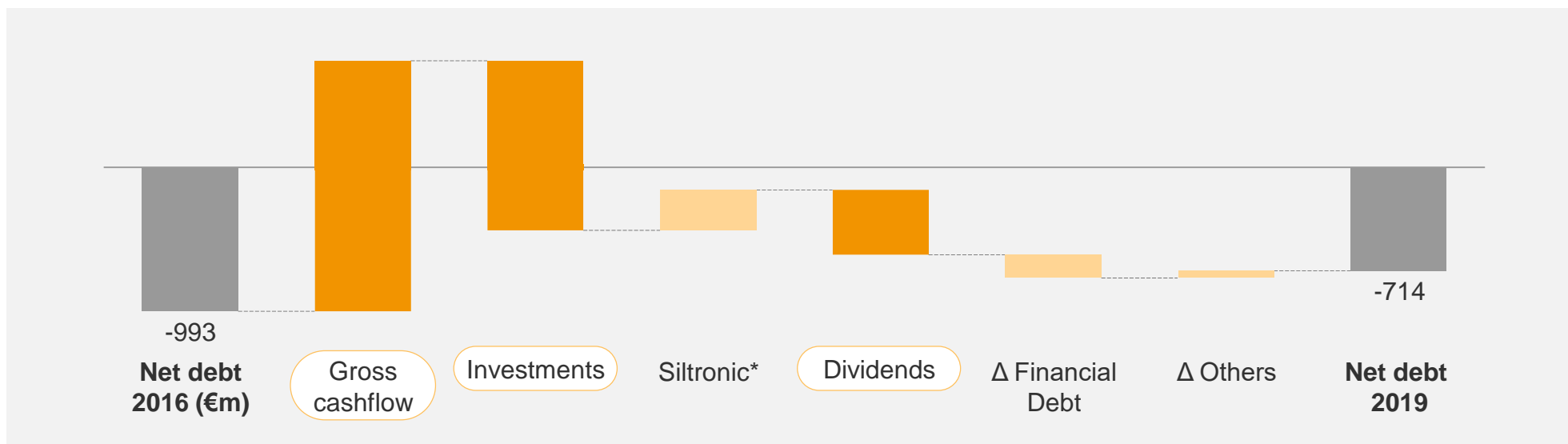
- ▶ High plant utilisation and excellent cost performance in Chemicals
- ▶ Good progress on cost roadmap, but overcapacities remain in POLYSILICON
- ▶ Siltronic deconsolidation in 2017 and lower at-equity income

Chemicals

- ▶ SILICONES with improved product mix
- ▶ POLYMERS with rising demand for smart construction
- ▶ BIOSOLUTIONS with rapidly growing biopharma business

*Siltronic fully consolidated, from 2016 onwards at equity

Cash Generation Funds Growth and Dividends while Maintaining Low Net Debt



Strong Cash Generation Through Specialty Focus, Budgeting and Cost Discipline

Drivers to Gross Cashflow

- ▶ Strong cash generation in Chemicals
- ▶ Strict working capital management
- ▶ Insurance and pension top-up effects

Drivers to Net Debt

- ▶ Targeted investments upstream & downstream
- ▶ Dividend payout since end of 2016: €447m
- ▶ IFRS 16 effects in 2019

*Cash flow effects from deconsolidation of Siltronic in 2017

“Shape the Future” Efficiency Program to Increase Competitiveness and Profitability

Broad Scope of Program

by 2022

Reorganization of business and central divisions

- ▶ Positioning business divisions even stronger for profitable growth
- ▶ Lean central departments, with required scope of services

Savings in indirect and non-operational functions

- ▶ Save €250m in annual costs
- ▶ Reducing material costs and in-house services
- ▶ FTE reduction of >1,000; Focus on Germany

Reduction of indirect costs

- ▶ All areas with external costs affected
- ▶ Critically examine demand and purchasing behavior, simplify processes and compare needs and requirements



Lean organization



Efficient processes



Cost Discipline

“Shape the Future”

Setting Ambitious Targets – Substantial Potential Identified

Track Record



“Shape the Future”

-  Drive Regionalization
-  Even More Customer Focus
-  Clear Specialty Focus
-  Cost Reduction & Competitiveness
-  Strategic Focus on Digitization

Start of Project
Nov 2019

Measures defined
Today

Implementation phase
Indirect cost savings front-end loaded,
personnel savings back-end loaded

Measures implemented
Dec 2022





Sustainability

Sustainability Management – A Matter of Top Priority
Auguste Willems – Member of Management Board

Focus Even More on Sustainability

Our Comprehensive 3-tiered Approach to Sustainability



Value **UP**

Enable our customers to provide more sustainable solutions



Footprint **DOWN**

Create efficient operations & use resources responsibly



Collaboration **BEYOND**

Strive for a more sustainable value chain

Actively Supporting Global ESG Initiatives and Receiving Highest Recognition

Voluntary Global Initiatives

- ▶ UN Global Compact
- ▶ Responsible Care
- ▶ Together for Sustainability

Carbon Transparency

- ▶ CDP “B” in Climate Change and “B-” in Water Security in 2019

ESG

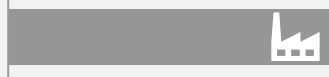
- ▶ Ecovadis “Platinum” 2020
- ▶ SUSTAINALYTICS “Outperformer” 2019
- ▶ Oekom “Prime” 2018

WACKER Enables Leading CO₂ Abatement Technologies

Polysilicon for Photovoltaics (PV)

Avoiding CO₂ with PV Systems

Generating power based on national grid mixes



PV system with WACKER polysilicon



Avoided emissions* 466 million mt

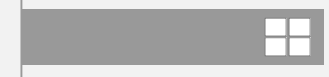
- ▶ WACKER polysilicon is a key enabler of highest efficiency PV solar systems
- ▶ Significant CO₂ emissions avoided by harnessing the sun's energy compared to burning fossil fuels
- ▶ Amount of energy required to produce PV system with a 30 year lifetime is generated in the 1st year of production

DPP for CTA-Applications



Avoiding CO₂ with Thin Bed Mortars

Reference technology:
Thick bed CTA



Thin bed CTA with WACKER
Dispersible Polymer Powders



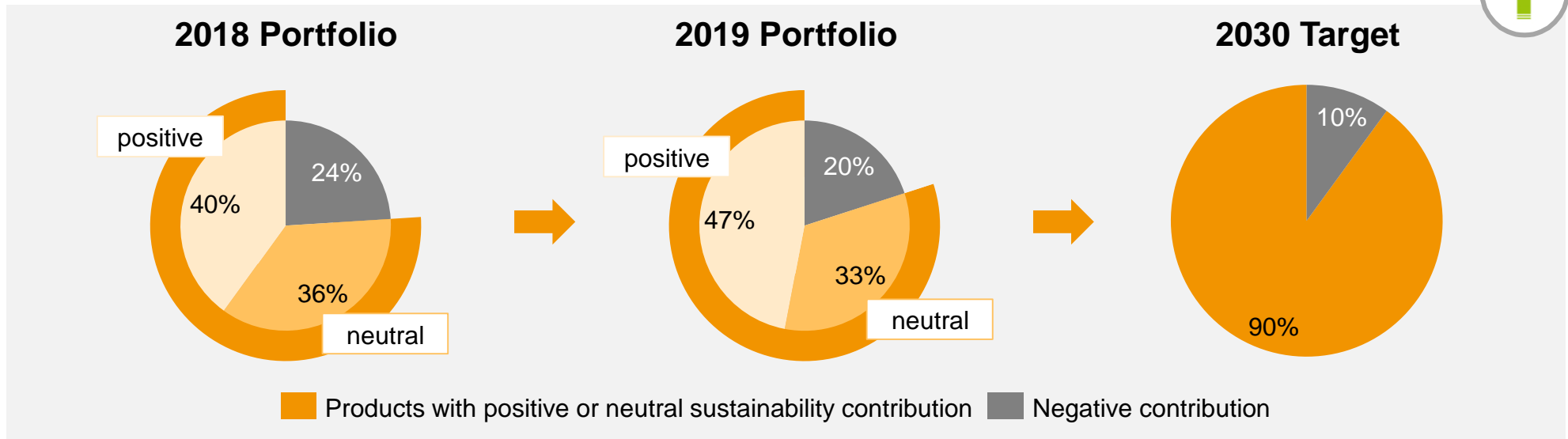
Avoided emissions* 12 million mt

- ▶ VINNAPAS® DPP enables thin bed mortars for Ceramic Tile Adhesives (CTA)
- ▶ >60% less sand & cement is needed with thin bed CTA
- ▶ With the thin bed CTA, CO₂ emissions of up to 80% are avoided

*using the amount produced by WACKER in 2017

Systematically Improving Sustainability of Product Portfolio

Target: 90% of Products with Positive or Neutral Sustainability* in 2030



Pioneering Innovative Sustainable Chemical Products, Polysilicon Best-in-Class

SILICONES

- ▶ Insulation & Sealing
- ▶ E-mobility (gap filler)
- ▶ Advanced processing aids
- ▶ BELSIL® eco – silicones produced with bio-methanol

POLYMERS

- ▶ Enabling substitution of energy intensive materials (cement)
- ▶ VINNECO® polymers with bio-AcOH
- ▶ NEXIVA® for powdered paint formulations without biocides

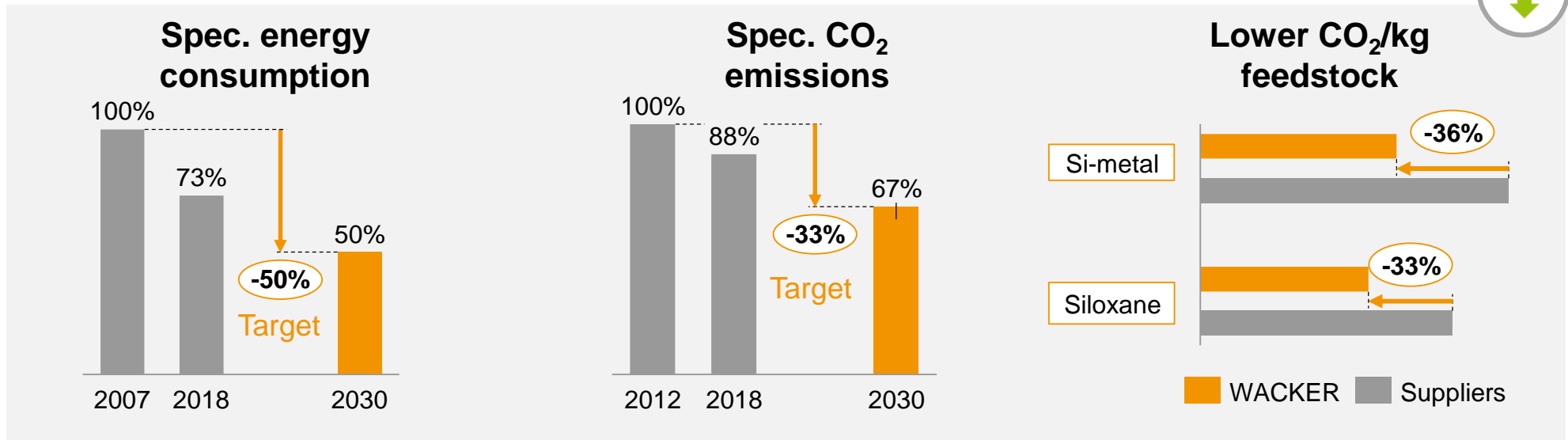
POLYSILICON

- ▶ Enabling highest efficiency PV systems (p-type & n-type)
- ▶ Hyperpure polysilicon for semiconductors

*Portfolio-assessment (WACKER Sustainable Solutions) using PARC-model (One Product in one Application in one Region in Combination)

Reducing Emissions and Improving Process Efficiency

WACKER Upstream with Benchmark Cost and Sustainability



Continuous Improvement in Efficiency and Emissions

Track Record

- ▶ WOS* 1.0-3.0 – Specific targets & Six Sigma
- ▶ POLYSILICON: Benchmark quality and significantly lower CO₂/kg than competitors

Current Measures

- ▶ WOS 4.0 – Cost road maps and Digitalization
- ▶ Process stability and optimization
- ▶ Energy efficiency

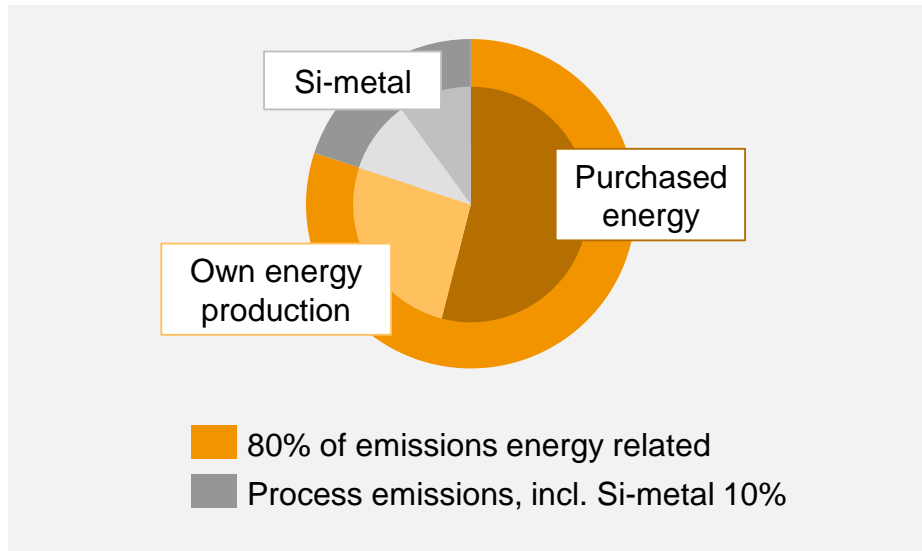
Future Measures

- ▶ Carbon capture
- ▶ Low-emission Si-metal
- ▶ Fossil-free steam generation
- ▶ H₂ economy: Power-to-Chemicals

*WOS = WACKER Operating System

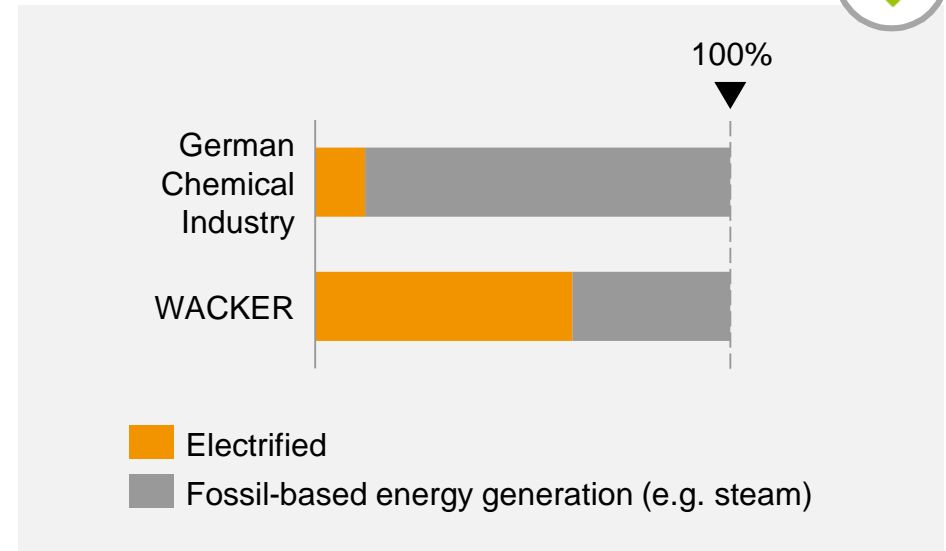
High Electrification Paves the Road to Carbon Neutrality

CO₂ Footprint Scope I+II



- ▶ Scope I emissions (ETS) of ~1m tons p.a. rise primarily from CHP* and process emissions
- ▶ Own energy production emissions 19% lower than electricity mix**
- ▶ Scope II emissions are set to decrease as the energy transition in Germany continues

Very High Level of Electrification



- ▶ WACKER is in an outstanding position to become one of the first chemical companies in Germany to achieve carbon-neutral production
- ▶ Fossil-free steam generation technically possible

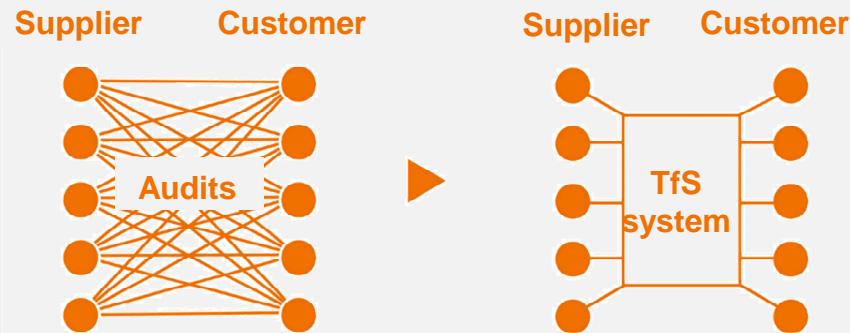
*CHP = Combined Heat and Power Plants **based on 2017 German electricity grid data

Striving for a More Sustainable Value Chain

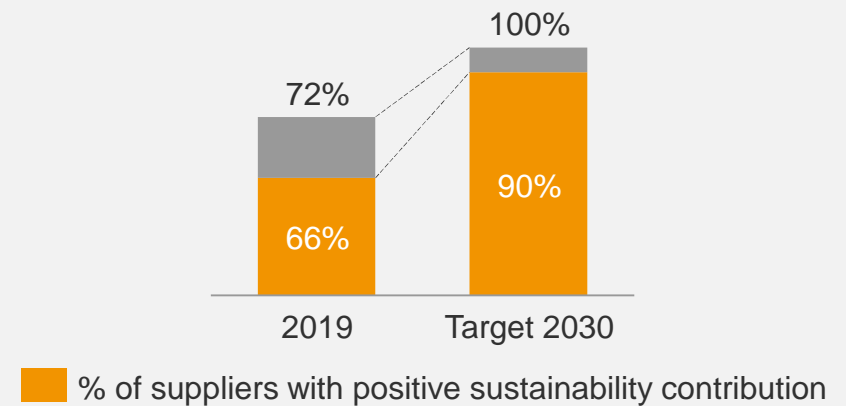
90% of Key Suppliers Will Have Positive Sustainability



TfS System: One Audit is an Audit for All



Key Supplier Assessments



WACKER is a Leader in Sustainable Procurement

TfS

- ▶ Together for Sustainability, a standardized, global program
- ▶ Supplier evaluations shared between members
- ▶ 14,000 suppliers audited

WACKER



- ▶ Target: 90% of key suppliers with positive sustainability contribution by 2030

Ecovadis

- ▶ Platinum: WACKER ranked top 1% of companies in the basic chemicals sector in 2020

Extending Our Sustainability Aspirations Beyond 2030

Our Vision for 2050

Value Up	<ul style="list-style-type: none">▶ Sustainable solutions▶ 100% of products with neutral or positive sustainability contribution	
Footprint Down	<ul style="list-style-type: none">▶ WACKER is the industry benchmark▶ Continued improvements to CO₂ neutrality	
Collaboration Beyond	<ul style="list-style-type: none">▶ Improving suppliers▶ 100% of suppliers with positive sustainability contribution	

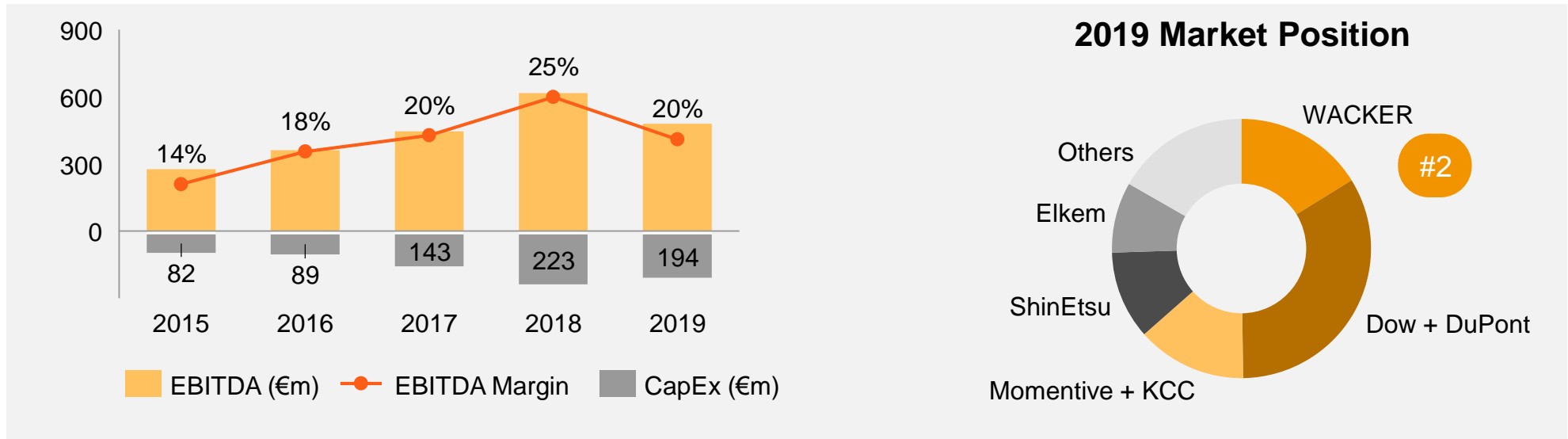


SILICONES

Full portfolio provider with focus on specialties
Auguste Willems – Member of Management Board

SILICONES at a Glance

Full Portfolio Supplier with Focus on Specialties



Drivers for SILICONES

Growth

- ▶ Versatile chemistry with excellent performance and strong substitution drive
- ▶ Reduced cyclicality through broad market and customer diversification

Performance

- ▶ Intensive knowledge / best practice sharing between regional competence centers
- ▶ Investment focus on specialties
- ▶ Focus on cost and efficiency

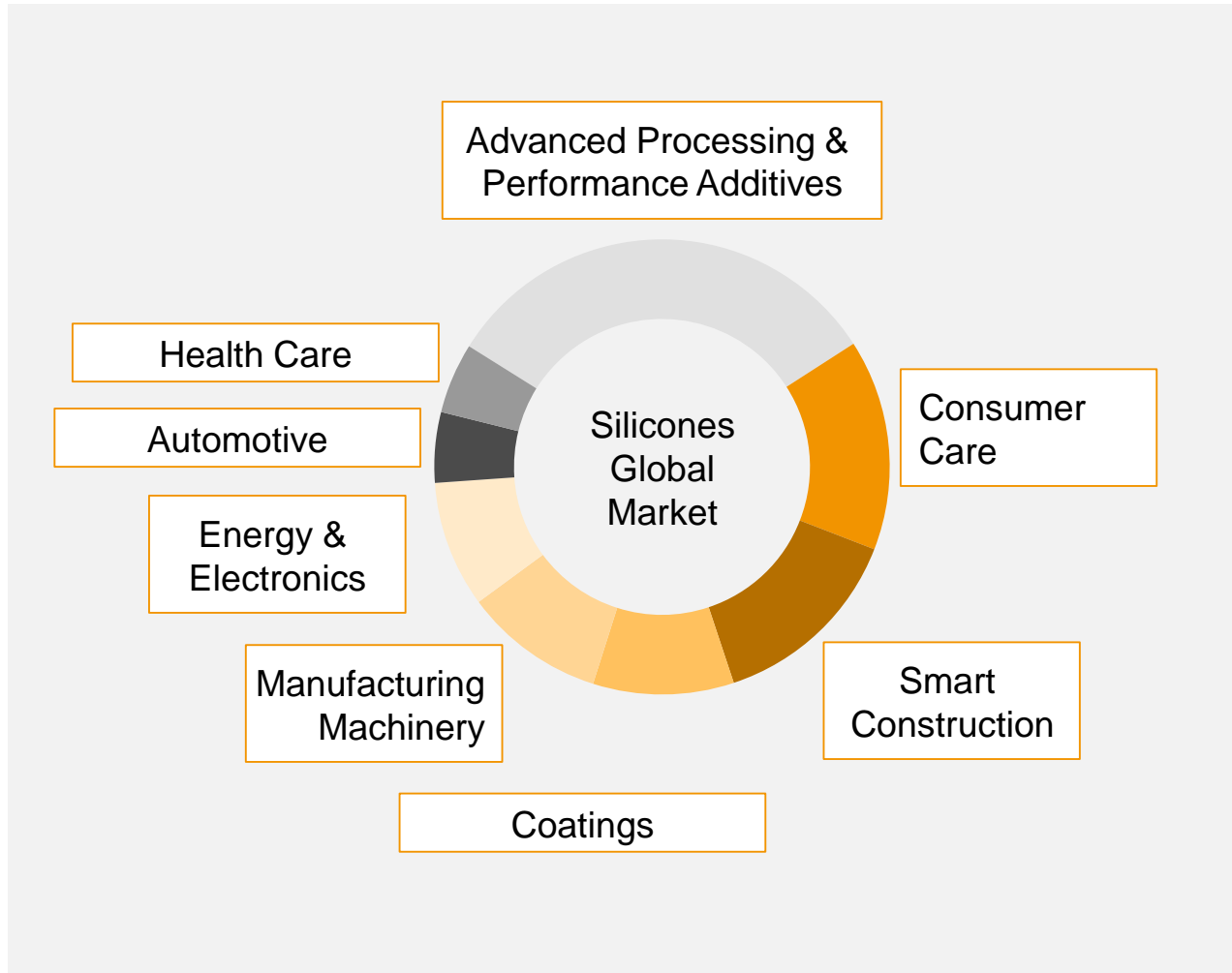
Sustainability

- ▶ Silicones enable CO₂ savings* in numerous applications
- ▶ Renewable raw material solutions

*Source: Silicon Chemistry Carbon Balance, Global Silicone Council

SILICONES Serve Diversified End Markets

Broad Market Penetration and a Wide Customer Base



Market Drivers

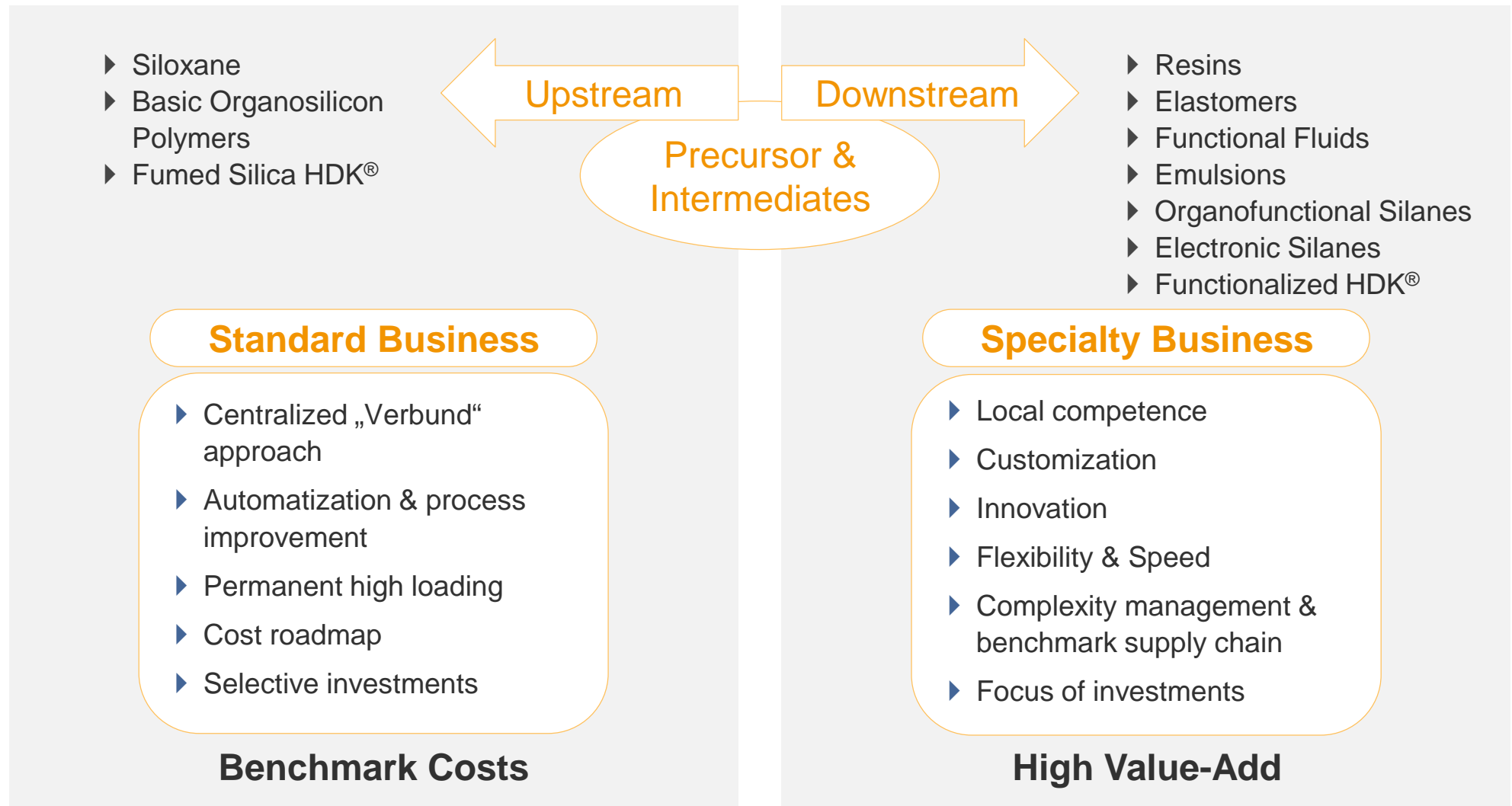
- ▶ Automotive ↔ E-Mobility
- ▶ Health Care ↔ Ageing Population
- ▶ Construction ↔ Urbanization
- ▶ Electronics ↔ Communication
- ▶ Consumer Care ↔ Living Comfort

Short-term COVID-19 impact

- ▶ **Significant:** Automotive, Energy Textile & Plastic Additives
- ▶ **Moderate:** Construction
- ▶ **Positive:** Health Care, Pulp & Industrial Defoamer, Labeling

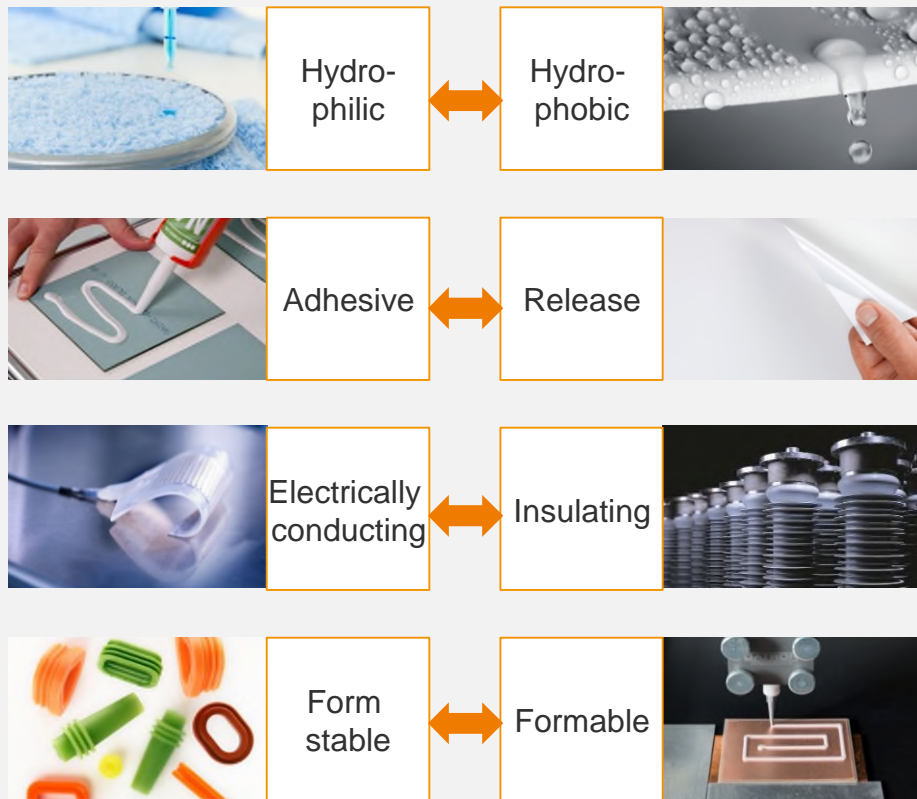
Industry Split; Source: Freedonia

Balancing Up- and Downstream is a Key Success Factor



Silicones – A Basis for Unlimited Applications

Broad Spectrum of Adjustable Properties

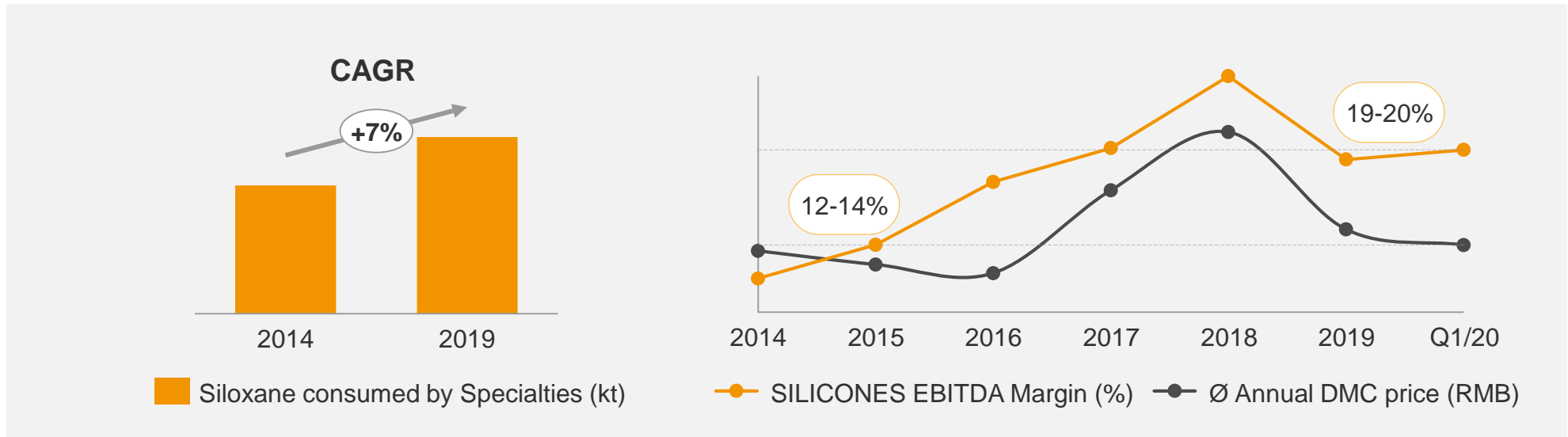


Customized Products with Unique Properties

<p>UV stability</p>	<p>Long-term elasticity</p>	<p>Surface tension</p>
<p>Heat stability / resistance</p>	<p>Best-in-class lubrication</p>	<p>Water-vapor permeable</p>
<p>Chemical resistant</p>	<p>Microbial resistant</p>	<p>Water repellent</p>
<p>Softening</p>	<p>Release properties</p>	<p>Weather resistant</p>

Improved Product Mix Enabled by Specialties Strategy

Growing Specialties Supports Earnings Stability



Success Factors for Specialization Drive

Mix Improvements

- ▶ Significant specialty volume growth
- ▶ Sufficient Sx volume to support specialties growth without upstream investments

Success Factors

- ▶ Localization of service and downstream production close to our customers
- ▶ Preferred development partner

Operational Excellence

- ▶ Continuous cost improvements
- ▶ Benchmark cost Sx feedstock
- ▶ Integrated supply chain to handle complex global material flow

Source Chinese DMC Price: SAGSI & Luxi

SILICONES

Full Portfolio Provider with Focus on Specialties

Strategic Focus and Roadmap

Value Creation

- ▶ Focus on downstream projects to support our customers' specialty applications
- ▶ Lower capital intensity with higher return on capital



Innovation

- ▶ Extend our global competence network and grow local markets
- ▶ Preferred innovation partner of our customers



Operational Excellence

- ▶ Benchmark costs with continuous improvements





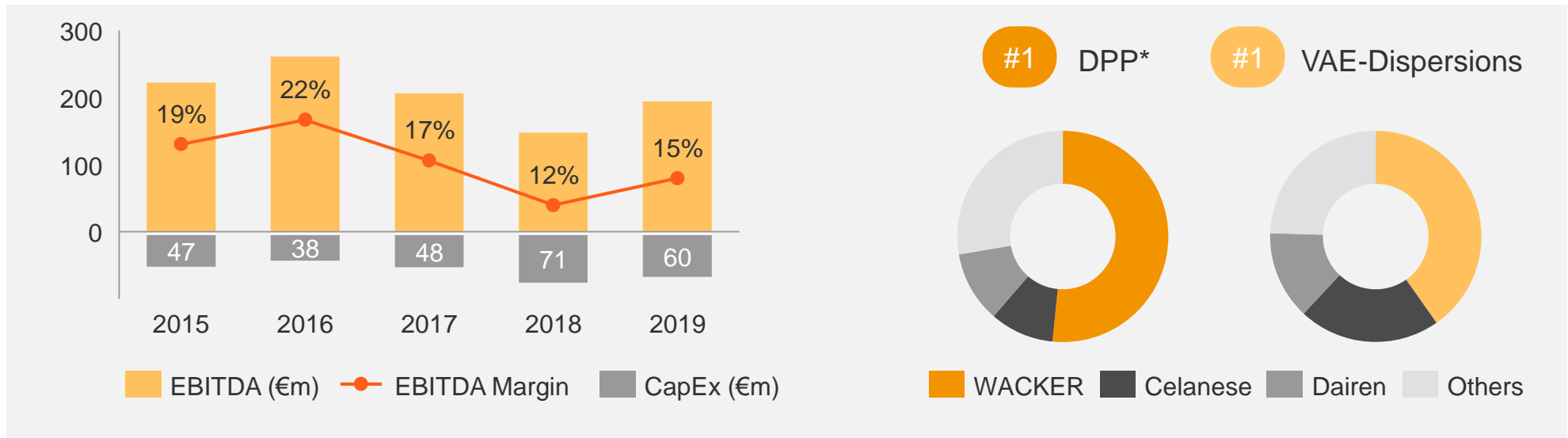
POLYMERS

Sustainable Binder Solutions

Christian Hartel – Member of Management Board

POLYMERS at a Glance

Leading Market Positions & Generating Attractive Earnings on Low Capital Intensity



Drivers for POLYMERS

Growth

- ▶ Intact growth drivers in key markets and broad scope of applications
- ▶ Diverse market & customer base
- ▶ Growth partner of our customers

Customer Focus

- ▶ Global presence with tandem production sites (DPP + VAE) and 16 technical centers
- ▶ Innovation and in-depth formulating expertise

Sustainability

- ▶ Enable CO₂ savings with smart construction
- ▶ Renewable raw materials solutions

*DPP = Dispersible Polymer Powder

POLYMERS Create Value in a Wide Variety of Applications

Polymer Binders in Everyday Life



Market Drivers

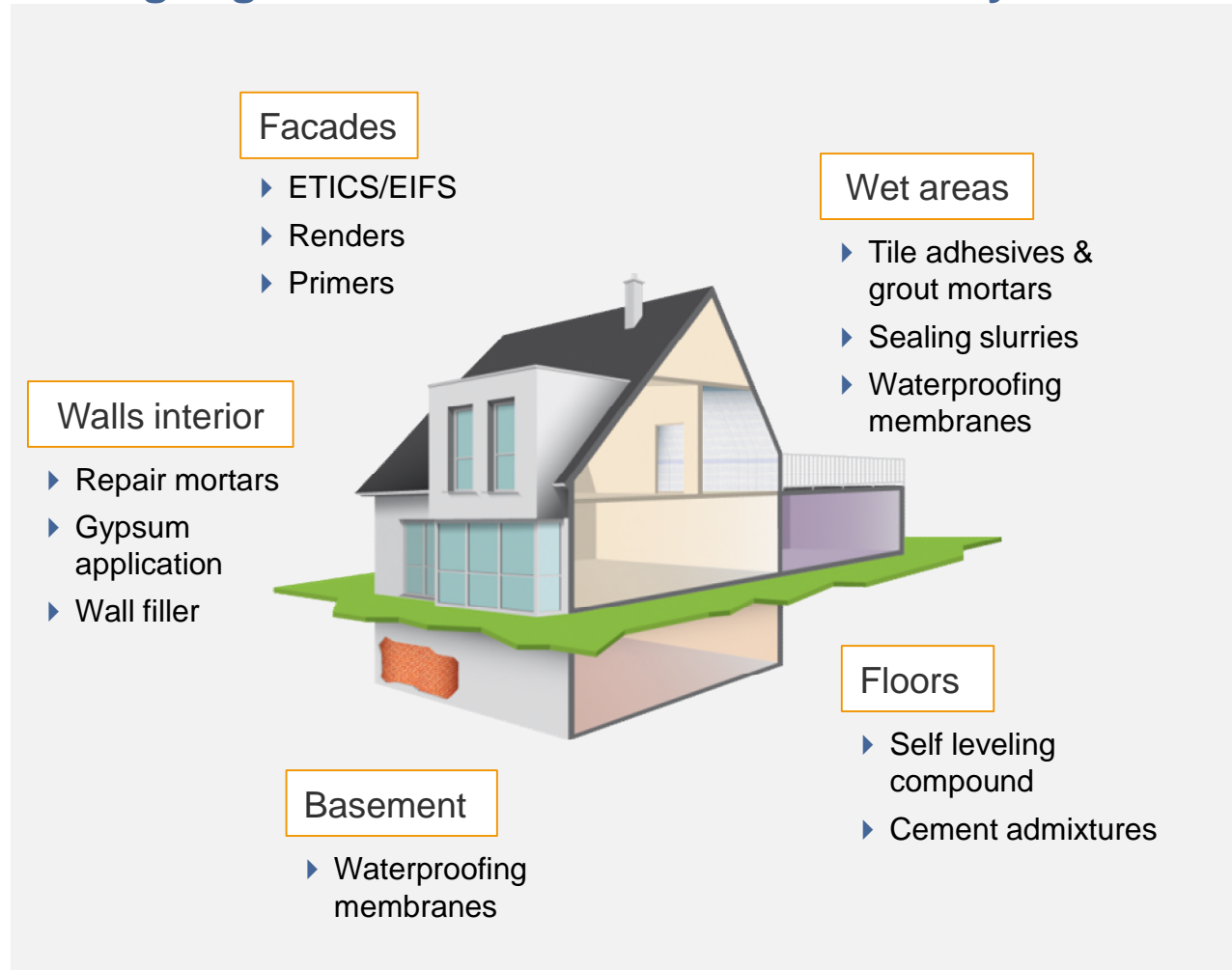
- ▶ DPP ↔ Smart and sustainable construction, urbanization and renovation
- ▶ Dispersions ↔ Growth from key VAE performance benefits

Short-term COVID-19 impact

- ▶ **Significant:** Durable consumer goods, tabletop nonwoven
- ▶ **Moderate:** Construction
- ▶ **Positive:** Renovation, Packaging and hygiene applications
- ▶ Clear recovery signs in China and countries where economies reopening

Dispersible Polymer Powders Enable Smart Construction

Adding High Value to Mortar and Concrete Systems in Construction



Transformation Drivers

- ▶ Applicator (labor) productivity & material savings
- ▶ Higher building standards
- ▶ New building materials
- ▶ Demanding substrates & methods
- ▶ Sustainability

VAE Dispersions with Performance Advantages

Adhesives



- ▶ Balance Cohesion / Adhesion
 - ▶ Machinability
- vs. C3 Chemistry**

Carpet



- ▶ Very Low Odor / Very Low Emission
 - ▶ Low Flammability
- vs. C4 Chemistry**

Non-Woven



- ▶ Adhesion to cellulose fibers
 - ▶ Absorbency (Hydrophilic)
- vs. C3 Chemistry**

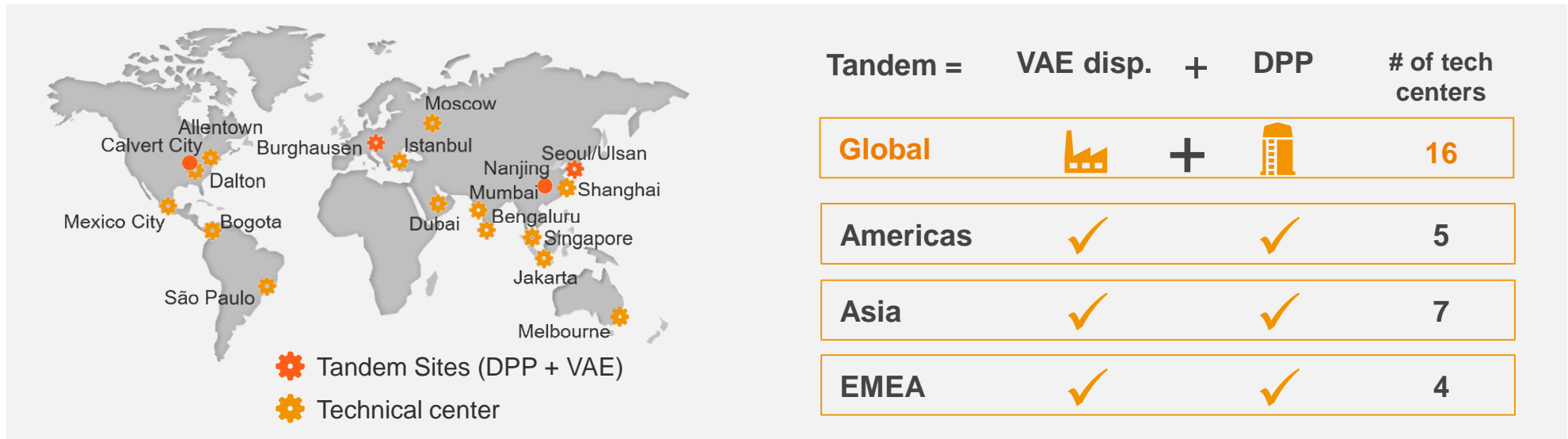
Paints



- ▶ Excellent Scrub Resistance
 - ▶ Very Low Odor / Very Low VOC
- vs. C3 Chemistry**

Tandem Sites and Tech Centers Enhance Global Reach

Serving Customers in All Key Markets



Addressing Individual Regional Market Requirements

Emerging

- ▶ Higher building standards
- ▶ Technology transformation
- ▶ Increased demand for housing

Developing

- ▶ Material savings & labor productivity
- ▶ Local technical support for local markets
- ▶ Value chain education

Developed

- ▶ Advanced technical product requirements
- ▶ Value based replacement
- ▶ Sustainable products

POLYMERS

Sustainable Binder Solutions

Strategic Focus and Roadmap

Customer Focus

- ▶ Global presence with production and technical centers
- ▶ Continuously expanding our production footprint to enable customer's growth potential



Substitution by Innovation

- ▶ Value based substitution
- ▶ Transformation towards higher building standards



Sustainability

- ▶ New product releases based on renewable raw materials
- ▶ CO₂ savings with smart construction demonstrated



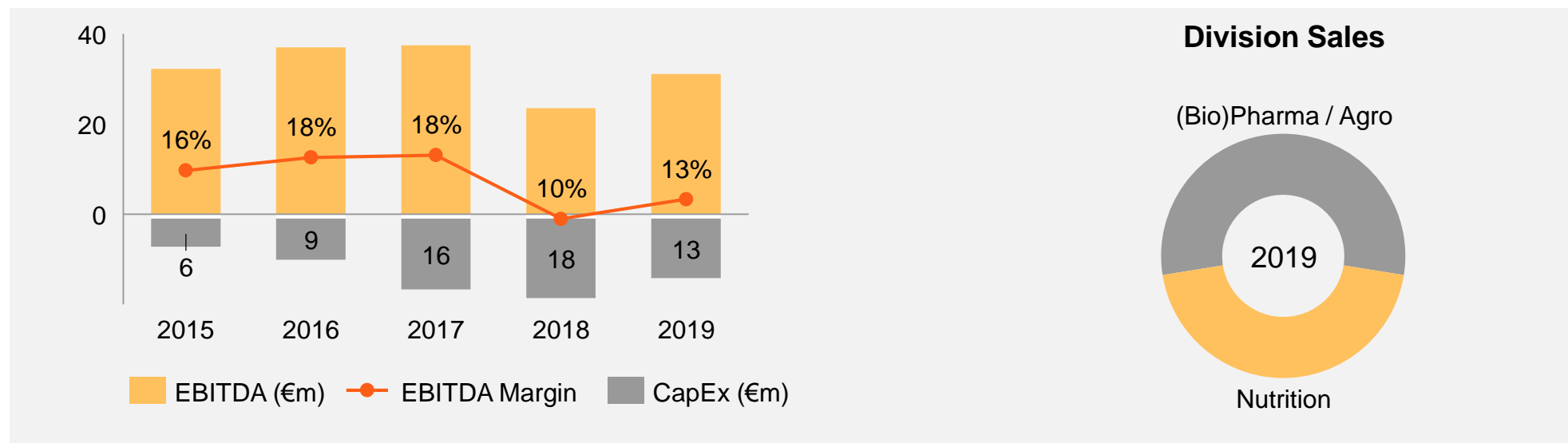


BIOSOLUTIONS

Leveraging Technology for Biotechnology-Based Growth
Christian Hartel – Member of Management Board

BIOSOLUTIONS at a Glance

BIOSOLUTIONS Transitioning to a High Growth Biopharma Business



Drivers for Fast Growing Biopharma

Unique Technology Platforms

- ▶ “The Microbial CDMO*” with proprietary technologies
- ▶ Cutting-edge technologies and strong scientific background
- ▶ 3 EMA / FDA approved sites

Strong Track Record

- ▶ Customer focus and global track record: pre-clinical to market supply
- ▶ 200 projects successfully completed
- ▶ More than 1,100 GMP batches released

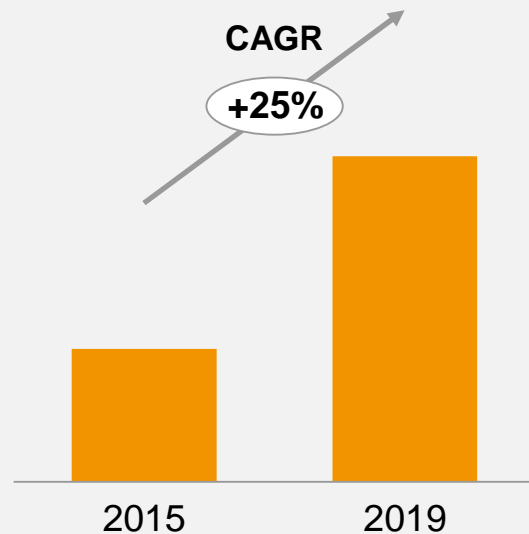
Growing Biopharma

- ▶ Successful integration of Amsterdam business and increasing utilization
- ▶ Committing CapEx to meet growing Biopharma demand

*CDMO = Contract Development and Manufacturing Organization

Serving a Fast Growing Biopharmaceuticals Business

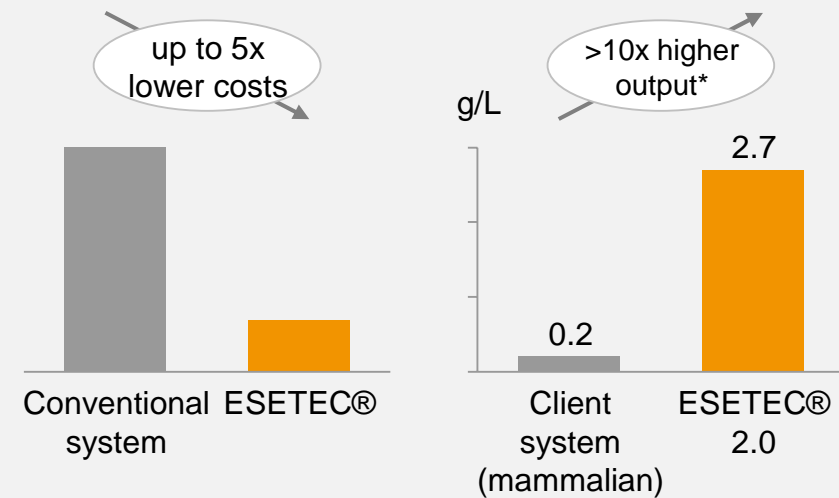
Biopharmaceuticals Sales growth (€m)



- ▶ Filling capacities at newly acquired facility in Amsterdam
- ▶ Dynamically growing number of projects in pipeline

“The Microbial CDMO”

ESETEC® (*E.coli* secretion technology)

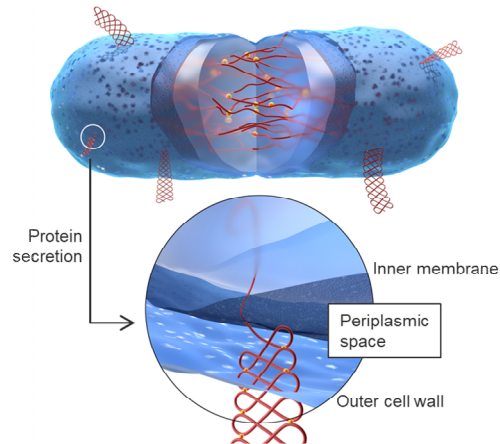


- ▶ ESETEC® reduces the number of process steps, significantly increases yields, and reduces production costs

*Example: Medimmune Project

Set up for Growth with a Differentiating CDMO Toolbox

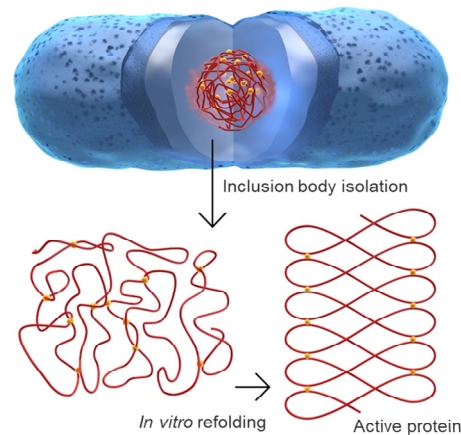
Secretion Technology



ESETEC®

- ▶ Correctly folded proteins are transferred across the cell membrane into the culture broth
- ▶ Unique manufacturing technology, with exceptionally high quality and flexibility

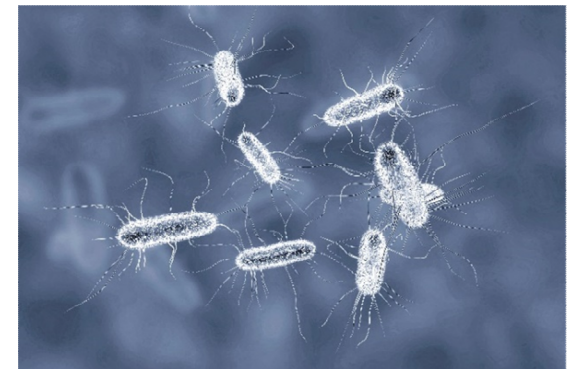
Refolding Technology



FOLDTEC®

- ▶ After cell disruption, aggregated proteins are converted to their active conformation
- ▶ Optimized for high productivity and quality

Live Microbial Products

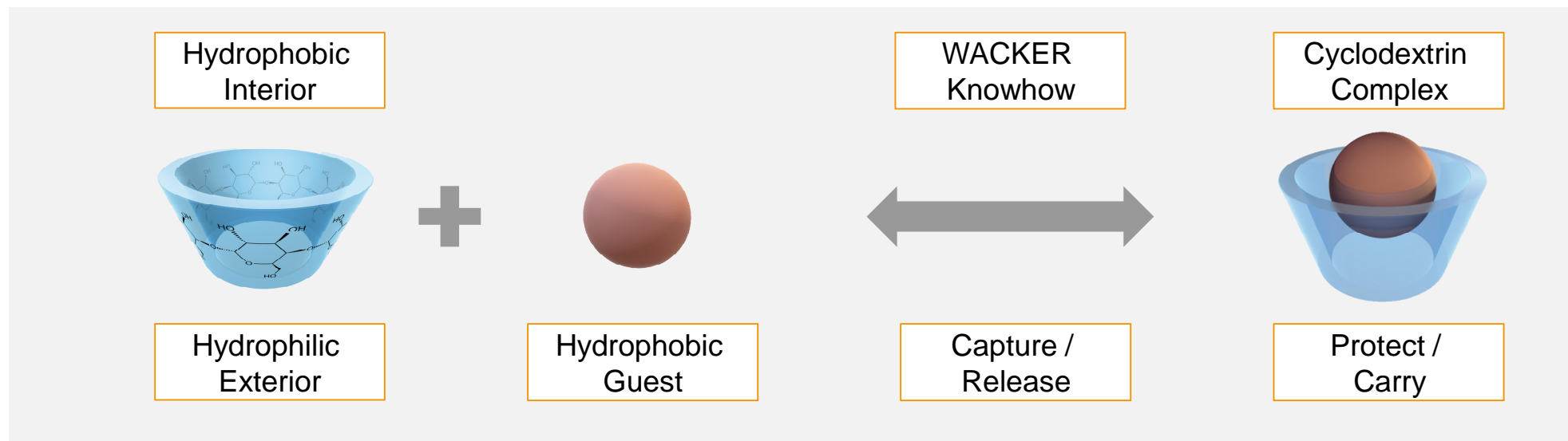


LIBATEC®

- ▶ Live microorganisms (bacteria or yeast) with therapeutic or preventive effects
- ▶ Development of scalable and fully closed mono-septic production processes

Cyclodextrins Enable Technologies to Combat COVID-19

Cyclodextrins Protect and Carry Active Ingredients



Anti-Viral Properties



- ▶ Functional treatment of textiles with cyclodextrins
- ▶ Cyclodextrins capture lipids on the surface of viruses, like SARS-CoV-2

Improved Bioavailability



- ▶ Cyclodextrins increase solubility of active ingredient
- ▶ Carrier to deliver the active ingredient in anti-viral drugs

BIOSOLUTIONS

Leveraging Technology for Biotechnology-Based Growth

Strategic Focus and Roadmap

Unique Technology Platforms

- ▶ Develop fast growing biotechnology businesses
- ▶ Cutting-edge technologies and strong scientific background



Customer Focus

- ▶ Strong global track record: pre-clinical to commercial manufacturing in Biopharma
- ▶ Leveraging our know-how, experience and assets to service customer



Commitment to Growth

- ▶ Continuous investments in innovation and growth
- ▶ Aligning organization towards strategic growth areas



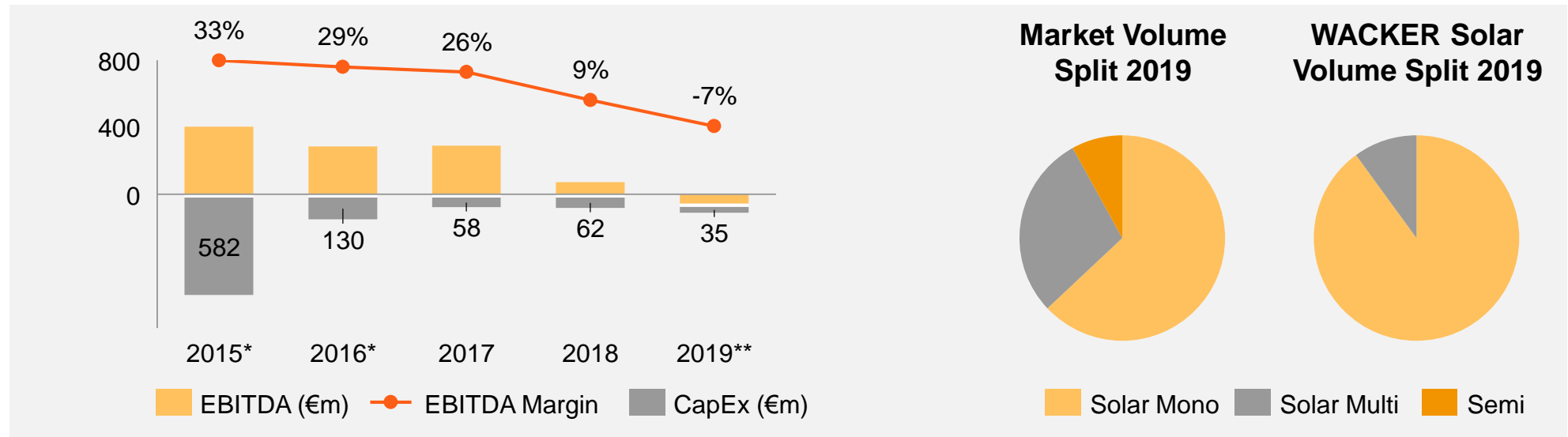


POLYSILICON

Targeting High Performance Products at Low Costs
Rudolf Staudigl – CEO

POLYSILICON at a Glance

Market and Quality Leader in Semiconductor and High Performance Solar Polysilicon



Drivers for POLYSILICON

Mix Shift Towards Semi

- ▶ Leader in quality, quantity and cost
- ▶ Benchmark in process stability
- ▶ Recognized industry partner
- ▶ Supporting market growth from plants in Europe and US

High Quality Applications in PV

- ▶ Fast market conversion to mono
- ▶ Fierce price competition amid overcapacity
- ▶ 4x lower CO₂ footprint in production compared to Chinese competitors

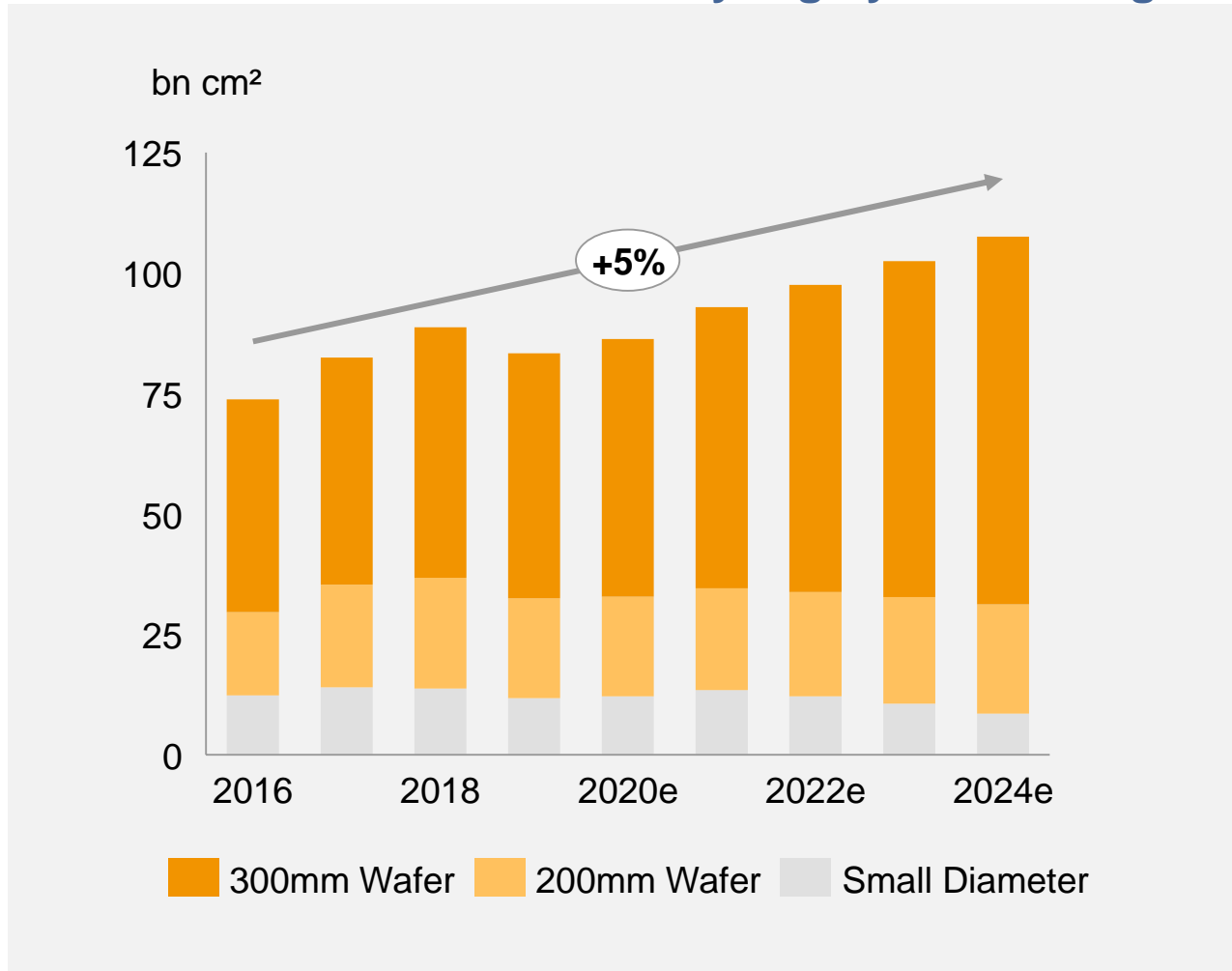
Cost Roadmap

- ▶ Continuous cost reduction
- ▶ Reducing energy consumption
- ▶ Optimizing resource efficiency
- ▶ Improving labor productivity

*Operating EBITDA Margin **EBITDA excl. insurance compensation of €112.5m from 2017 incident in Charleston

High Quality Polysilicon Required for Growing Semi Segments

Growth of Semi Market Driven by Highly Demanding 300mm Wafers



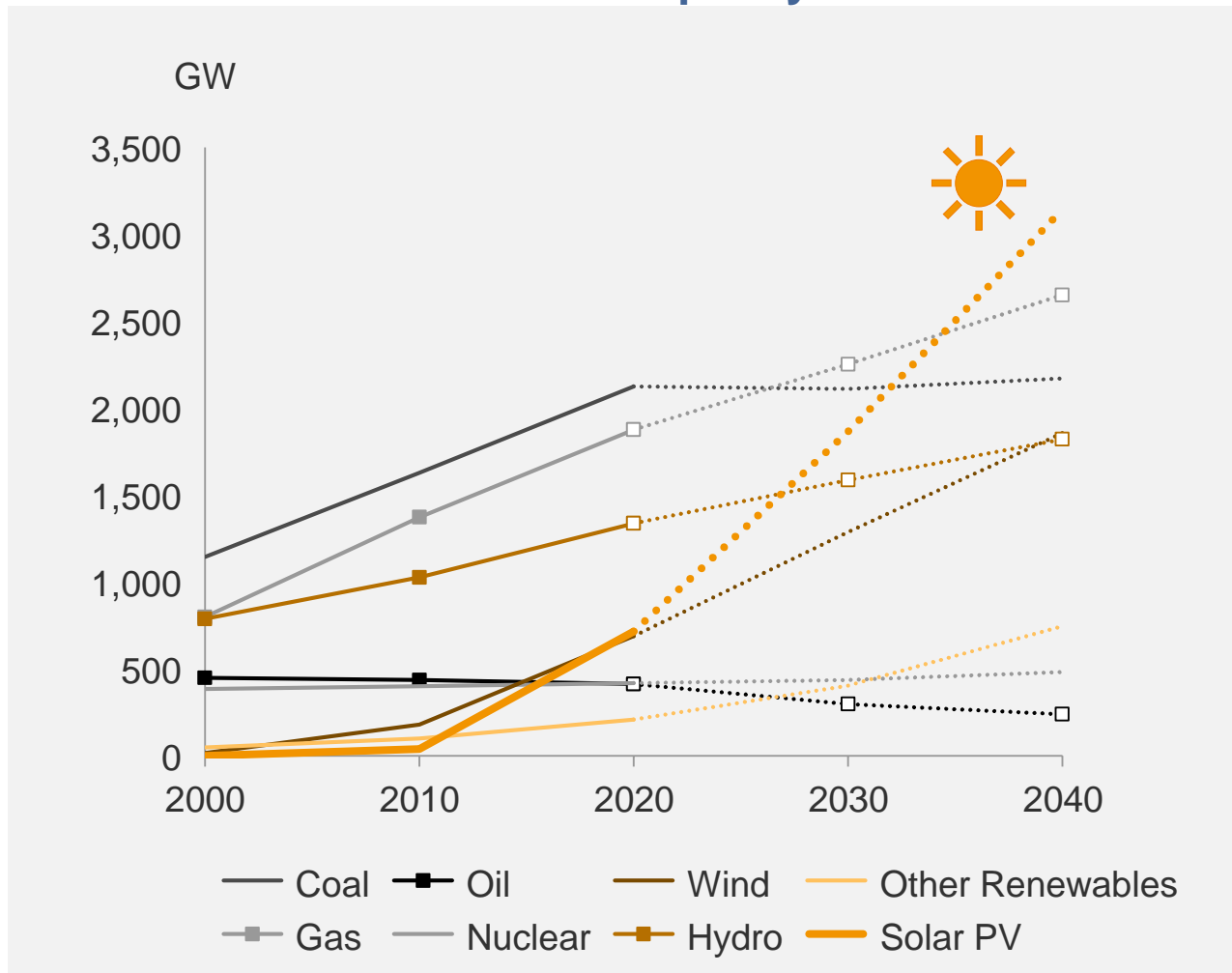
WACKER is Clear #1 in Semiconductor Polysilicon

- ▶ Consolidation ongoing in semi grade polysilicon market with 3 major suppliers left
- ▶ WACKER leading in quality, quantity and cost
- ▶ Only producer offering the full portfolio from clean handled to FZ
- ▶ WACKER is highly dedicated to semiconductor customers

Source: SEMI and WACKER Estimates

Low Cost CO₂-free Power with Polysilicon for Photovoltaics

Installed Power Generation Capacity 2000-2040



Market Drivers

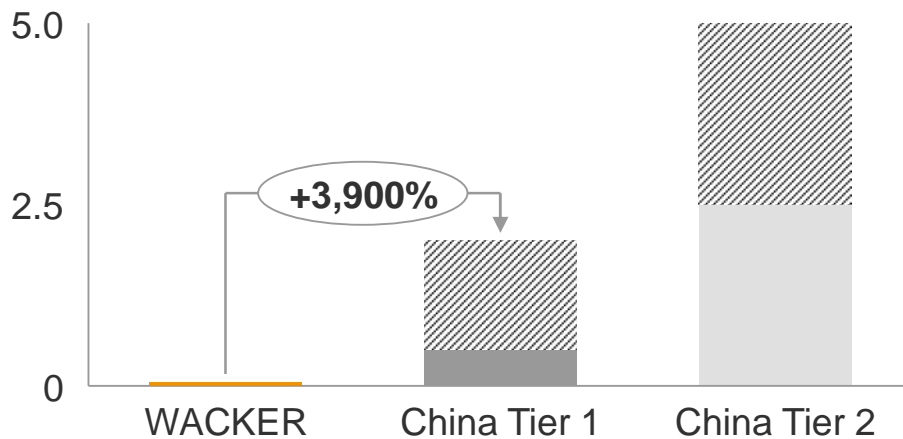
- ▶ PV is the fastest growing source of new power generation globally
- ▶ Annual PV installations represent ~35% of total yearly global power capacity additions
- ▶ Market shifts from subsidy driven to competitive pricing
- ▶ WACKER polysilicon enables highest efficiency PV systems with benchmark LCOE

Source: IEA Energy Outlook November 2019, Stated Policies Scenario

Benchmark Quality and Aggressive Cost Reductions

Lowest Metal Impurities Essential for Next Generation Cells N-Type

Iron (ppbw)



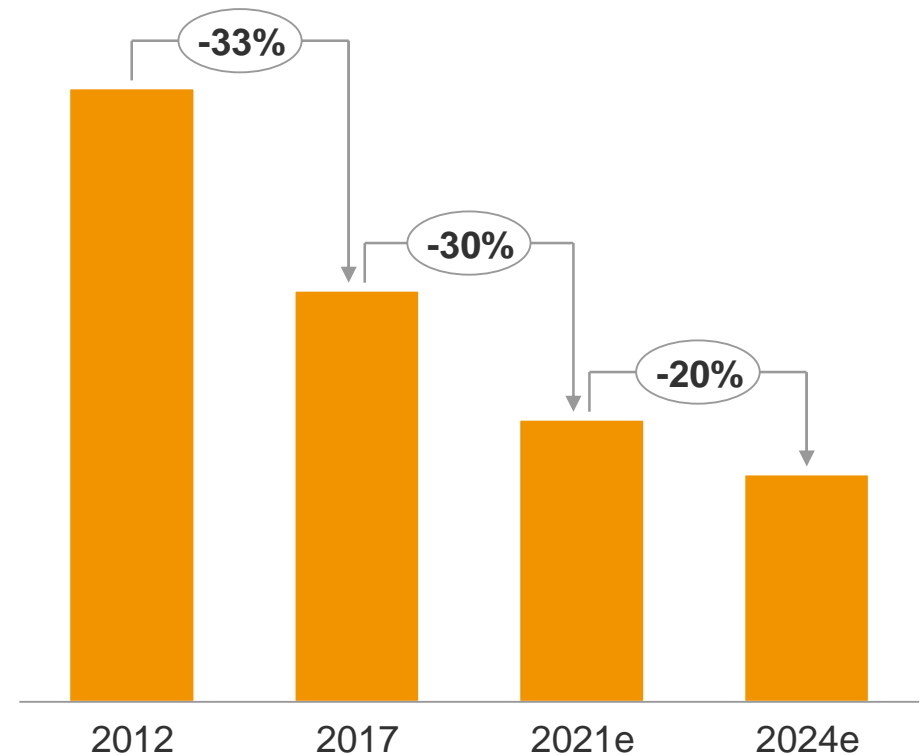
- ▶ Light and elevated Temperature Induced Degradation (LeTID)-measures show*: Metals are efficiency killers
- ▶ JinkoSolar: “High silicon quality and optimized manufacturing lead to reliable PV modules.”**

*J. Schmidt et al, IEEE Journal of Photovoltaics, “Impurity-Related Limitations of Next-Generation Industrial Silicon Solar Cells”.

**Source: PV Magazine Webinar, Secure your investment: Discover urgently required game changing solutions in managing LeTID, Andrea Viaro, JinkoSolar, 14.03.2019

Cost Roadmap for Solar Materials Continues

Cash costs (Index = 100)



POLYSILICON

Targeting High Performance Products at Low Costs

Strategic Focus and Roadmap

Operational Excellence

- ▶ Continuous cost reductions at all sites
- ▶ Sustainable production with low CO₂ footprint



Serving High-End Markets

- ▶ Focus on semiconductors and high performance solar
- ▶ Cost and quality leader in high quality polysilicon



Fully Invested

- ▶ Leveraging our assets
- ▶ Semiconductor grade polysilicon in Europe and US





Financials

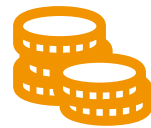
Maintaining Sound Financial Stability

Tobias Ohler – CFO

Focus on Cash Generation to Support Company Growth

Capital
Intensity

Capital
Structure



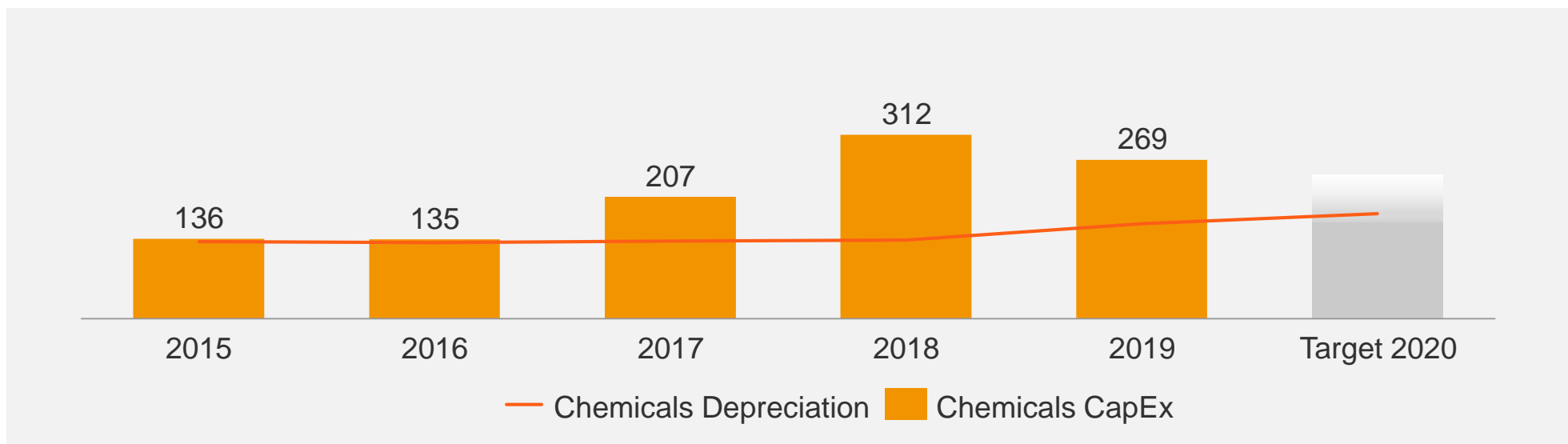
**Strong Cash
Generation**

Working Capital
Management

Dividend
Policy

Leverage Phase Extended – Focus on Growth in Chemicals

Strong Growth Opportunities in Chemicals



Significant Flexibility in Spending 2020

Leverage Phase

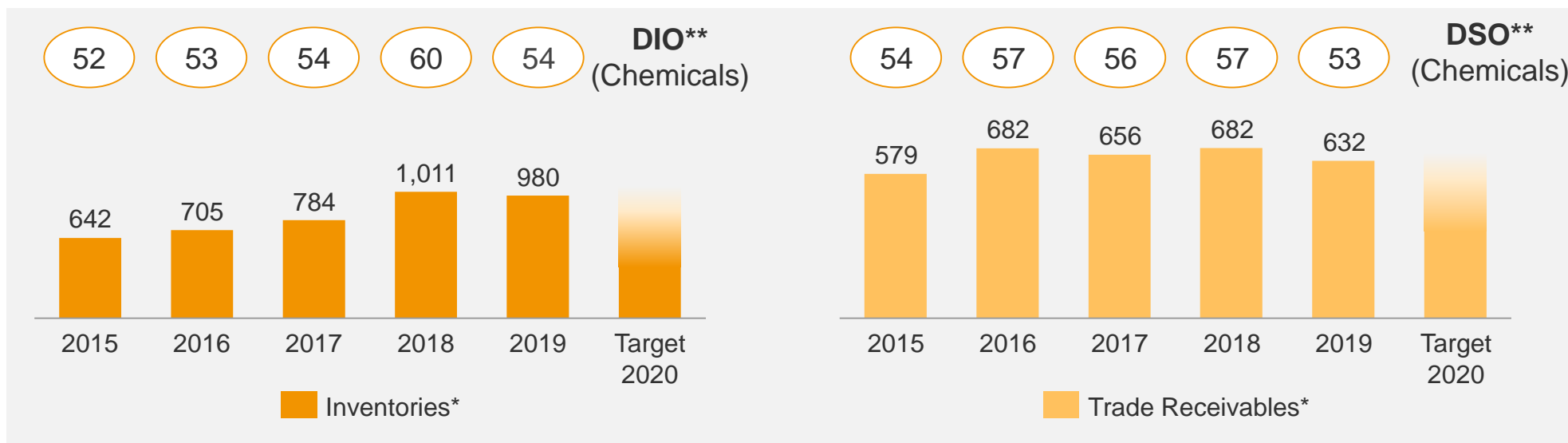
- ▶ Leverage phase: CapEx < Depreciation expense on Group level
- ▶ Leverage phase further extended
- ▶ Chemicals with CapEx for strong growth
- ▶ Clear focus on downstream products

Target 2020

- ▶ Group CapEx further reduced to around €250m
- ▶ Demonstrates flexibility in spending and commitment to cash generation
- ▶ Chemicals with CapEx on level of depreciation expense

Working Capital Tightly Managed

Strong Focus on Working Capital Productivity



Optimization of Inventories and Receivables Supporting Liquidity

Working Capital Management

- ▶ POLYSILICON: Strategic inventory build in Asian hubs (started in 2017)
- ▶ Chemicals: DIO and DSO consistently on low level

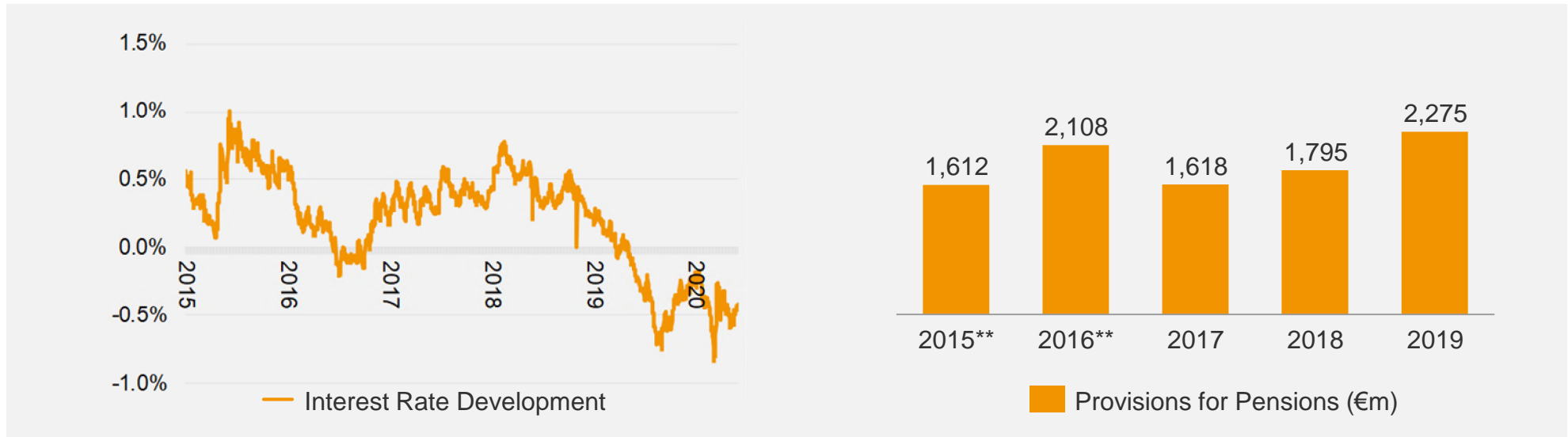
Target 2020

- ▶ Inventories: reduction to free up working capital
- ▶ Receivables: maintaining current level despite COVID-19

*Excl. Siltronic, **DIO = Days of Inventory Outstanding, DSO = Days of Sales Outstanding

Provisions for Pensions Fluctuate with Interest Rates

Development of Interest Rates and Provisions for Pensions



Main Drivers for Pension Provisions

Development of Discount Rate

- ▶ Discount rate (Germany) declined from 1.98% in 2018 to 1.25% in 2019
- ▶ Volatile development continues in 2020

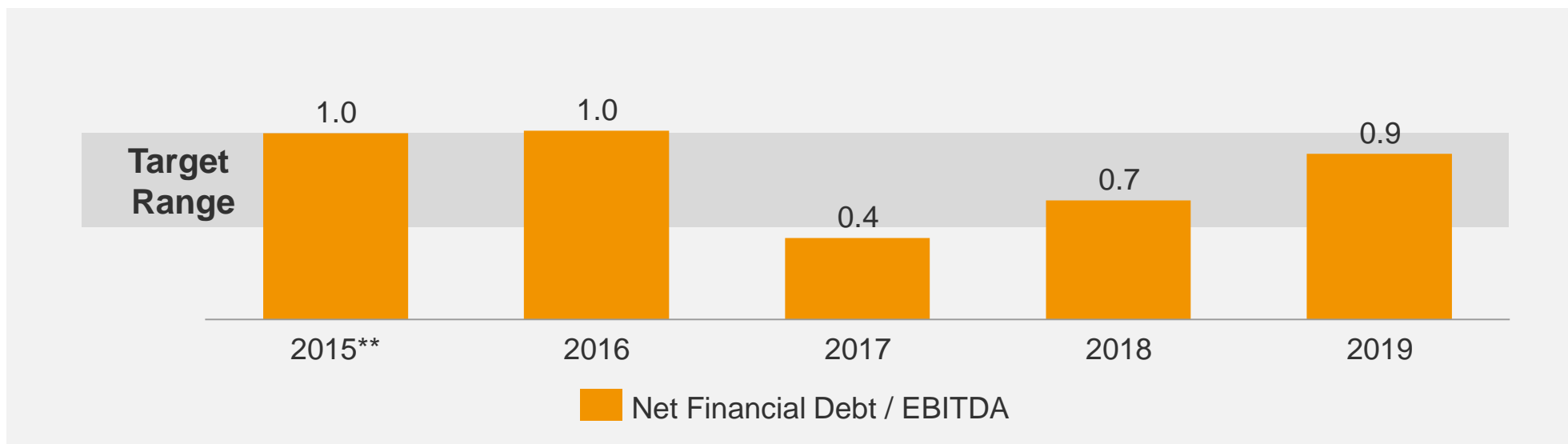
Effect on Pension Provisions

- ▶ Pension provisions increased by €480m in 2019
- ▶ Effect on equity mitigated by offsetting increase in deferred tax asset of €129m
- ▶ Voluntary pension top-up of €70m in 2019

*Source: Bundesbank; yield of 10 year federal bond **Incl. Siltronic

Financial Leverage Consistently Within Target Range

Target Range Defined by Net Financial Debt* and EBITDA



Target Range Confirmed

Target Range

- ▶ Leverage target range set at 0.5-1.0x EBITDA
- ▶ If actual is outside target range, actions are taken to bring leverage back into corridor over time

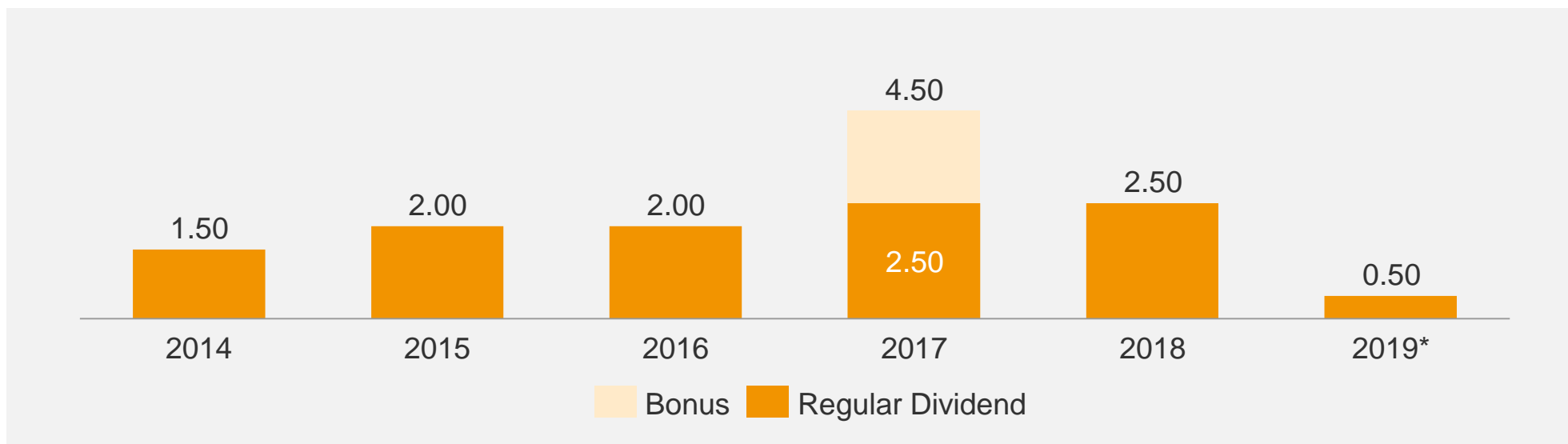
Update 2020

- ▶ Target net financial debt to decline in 2020

*Net Financial Debt = Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities **Incl. Siltronic

Dividend Proposal Underlines Commitment to Shareholders

Dividend (€) Payout to Shareholders



Dividend Policy Based on Net Income

Dividend Policy

- ▶ Target: around 50% payout of net income from continuing operations
- ▶ Temporary deviations possible, in particular, to reflect net debt target range of 0.5-1.0x EBITDA

Update 2020

- ▶ Dividend payout proposed to AGM despite negative net income 2019
- ▶ Total payout proposed: €24.8m

*Proposal to AGM, not yet approved

“Shape the Future”

Becoming Faster and Leaner – Targeting Savings of €250m

Scope

- ▶ Target: Sustainable savings of €250m p.a.
- ▶ Addressing all indirect and non-operative functions
- ▶ Creating a faster and leaner structure, adjusting service levels
- ▶ Reducing personnel and indirect spend
- ▶ Program will address all lines of the P&L

Process

- ▶ Benchmarks with external consultants ✓
- ▶ Derivation of financial targets ✓
- ▶ Design of “ideal organization” ✓
- ▶ Development of specific measures ✓
- ▶ Co-determination ⌚

WOS vs. Shape the Future

- ▶ WACKER Operating System (WOS): Long-running cost-improvement program focused on operations (direct functions)
- ▶ Target is to compensate for cost inflation
- ▶ Will continue in parallel to “Shape the Future”

Timeline

- ▶ Organizational and personnel-related measures ready for implementation phase
- ▶ Indirect spend: measures already in implementation, first savings achieved
- ▶ Target to achieve full run rate of the program by end of 2022

“Shape the Future” Comprehensive Approach to Sustainable Cost Savings

Organization

- ▶ Reorganization within Business Divisions and Central Departments
 - ▶ Even more customer-centric
 - ▶ Further regionalization
- ▶ Re-allocation of tasks between BDs and CDs

Governance / Culture

- ▶ Lean and agile decision-making
- ▶ Strong cost discipline; gatekeeping
- ▶ Streamline global processes

Personnel Costs (examples)

- ▶ Automation of routine tasks
- ▶ Pooling of identical tasks
- ▶ Reduction in service levels
- ▶ Increase in employee-to-supervisor ratio

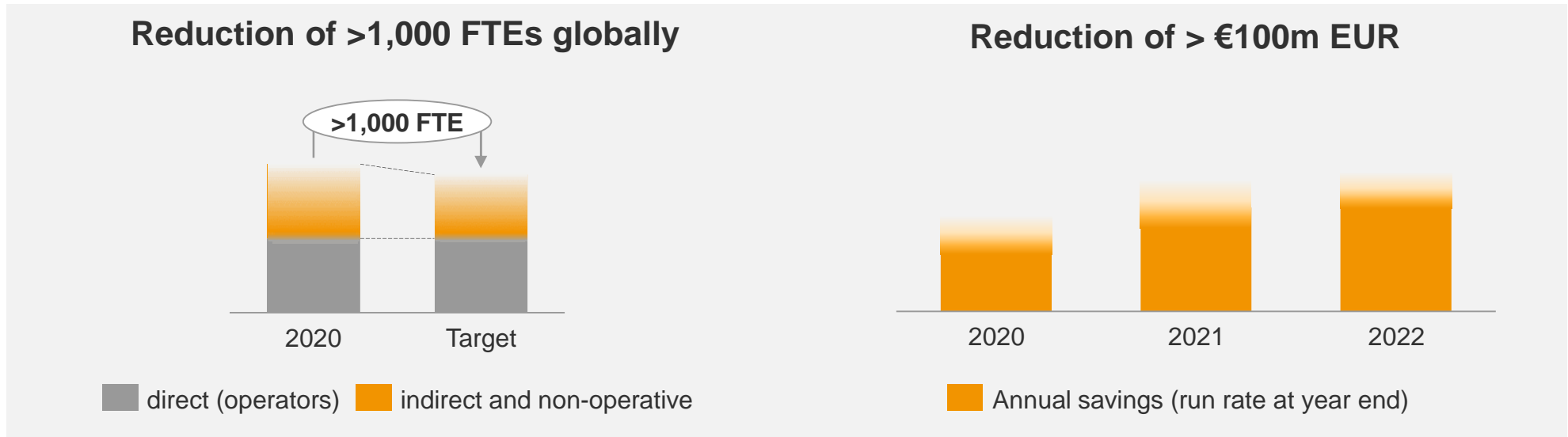
Indirect Spend (examples)

- ▶ Packaging: Standardize packaging concepts across BDs; bundle packaging purchases
- ▶ Logistics: Minimize airfreight and site-to-site shipments; reduce shipping frequency
- ▶ Purchasing: Consolidate suppliers; increase use of e-auctions

“Shape the Future”

Identified Measures Confirm Savings Target

Savings From Personnel Cost and Indirect Spend



Development of Specific Measures Concluded

Savings from Personnel Costs

- ▶ Identified measures confirm savings target
- ▶ More than 80% of targeted savings in Germany
- ▶ Priority to achieve reduction in socially responsible manner
- ▶ Limited savings expected for 2020
- ▶ Timing of charges for the program still open

Savings from Indirect Spend

- ▶ More than 1,000 measures identified
- ▶ Implementation started
- ▶ Significant savings expected already in 2020

Trading Update

Significant Impact from COVID-19 in Q2, Varying by Segment

SILICONES

- ▶ Significant impact starting in April, May weak, stabilization in June
- ▶ Diverse impact by market segment and region
- ▶ Specialties with some rebound, standards remain weak
- ▶ Production levels adjusted, limited short-time work

POLYMERS

- ▶ Significant impact starting in April, May weak, June with some recovery
- ▶ Clear upward trend in construction (China, but also Western and Southern Europe)
- ▶ Consumer & industrial applications still weak
- ▶ Production levels adjusted

BIOSOLUTIONS

- ▶ Overall high resilience during COVID-19
- ▶ Some impact in Gum
- ▶ Increasing demand for cyclodextrins, strong order book in Biopharma

POLYSILICON

- ▶ Solar installations significantly affected by COVID-19
- ▶ Solar value chain with inventory effects, pricing trending lower
- ▶ Semi: Ongoing good demand
- ▶ Short-time work in Germany started in May

Trading Update

Strict Cost Control to Mitigate COVID-19 Impact

Implemented Cost Reductions

Personnel Costs



- ▶ Short-time work in affected areas started in April
- ▶ To be adjusted at short notice following order entry trends in individual segments

Indirect Spend



- ▶ Tight control implemented
- ▶ Reduction of discretionary expenses
- ▶ Further restrictions possible at short notice

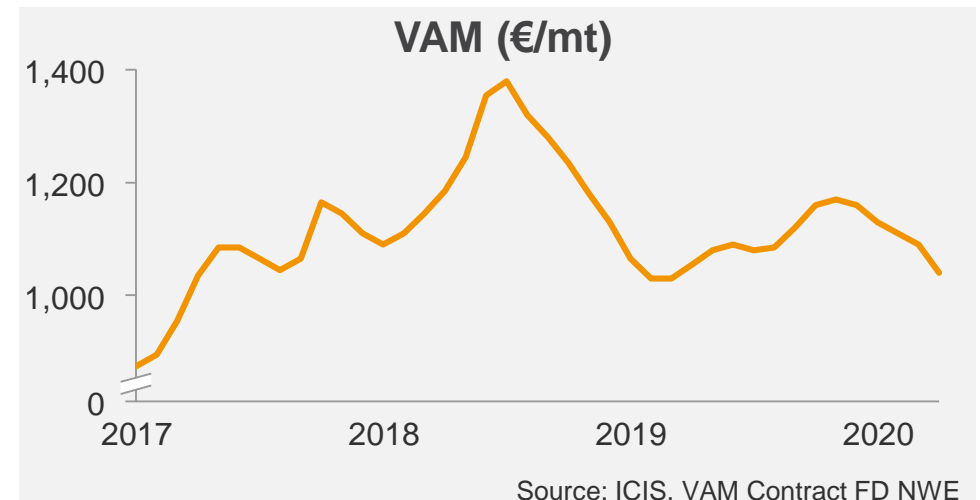
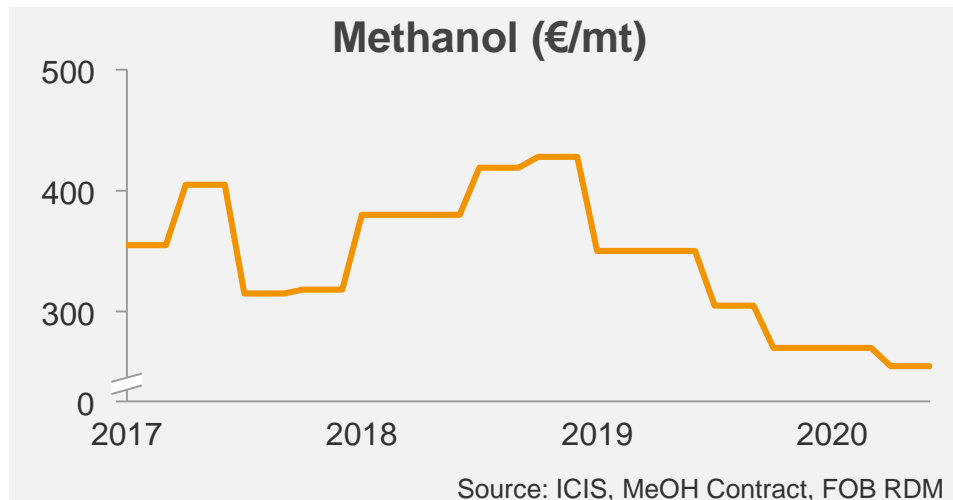
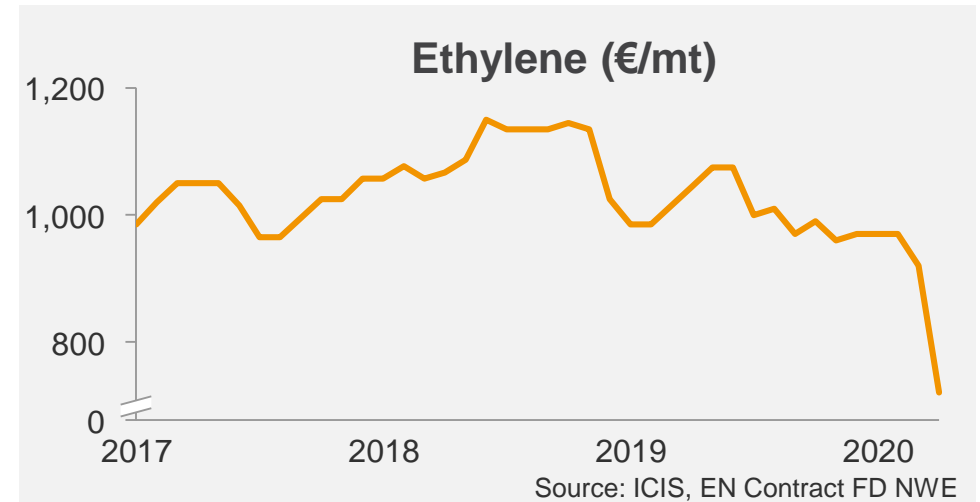
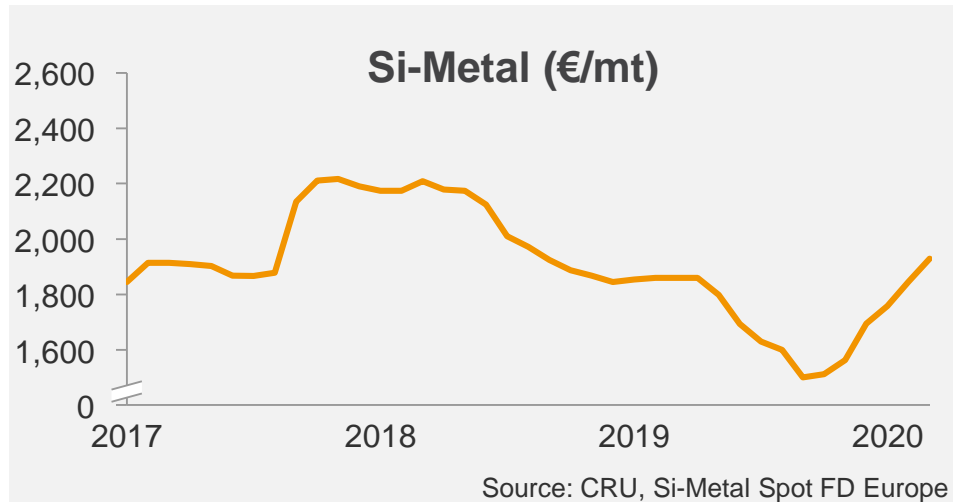
Maintenance Expenses



- ▶ Close monitoring in place
- ▶ Shift of smaller projects and delaying of non-essential technical upgrades
- ▶ Further reductions possible at short notice

Trading Update

Significant Mitigation (>€100m) from Raw Material Prices in 2020



COVID-19: No significant supply disruptions or logistical issues

Trading Update

Maintaining Sound Financial Stability

Strong Focus on Liquidity Management

Accounts Receivable	<ul style="list-style-type: none">▶ Close monitoring, so far only limited increase in overdues▶ Heterogeneous situation depending on region
Accounts Payable	<ul style="list-style-type: none">▶ Program for increase in DPOs started in 2019▶ Significant extension of payment terms achieved
Inventories	<ul style="list-style-type: none">▶ Production levels adjusted to current demand▶ Raw material purchases reduced accordingly▶ Year-end targets defined, tight controls implemented
Capital Expenditures	<ul style="list-style-type: none">▶ Last guidance <€300m, further reduction implemented▶ FY 2020 target lowered to around €250m
Financing Measures	<ul style="list-style-type: none">▶ As of 03/31/2020, liquidity €750m, undrawn facilities €600m▶ New long-term debt facility of €200m planned for H2/2020

Outlook

Our Targets



1 CapEx – Extend Leverage Phase

2 Grow Above Chemical Production

3 Focus on Sustainability

4 Sustain Attractive Margins Over the Cycle

5 Generate Cash

Key Initiatives



Pivoting towards more and smaller downstream projects

Drive regionalization close to customers and continue with mix improvements

Continued improvements to CO₂ neutrality in 2050

“Shape the Future” and business cost roadmaps

Generate cash, fund investments and dividends while maintaining sound financial stability

WACKER: Introducing a Virtual CMD Series

TODAY

WACKER Strategy Update

Q4 2020



SILICONES & POLYMERS

Q2 2021



R&D and BIOSOLUTIONS

Q4 2021



Sustainability, ESG & POLYSILICON

We are looking forward to welcoming you to our next event!

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

07/30/20

Q2 Results 2020

10/29/20

Q3 Results 2020

08/04/20

Annual Shareholders'
Meeting (Virtual)

Additional information

ISIN

DE000WCH8881

Deutsche Börse

WCH

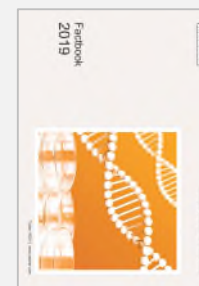
WKN

WCH888

Publications



CUSTOMER
MAGAZINE



FACTBOOK



SUSTAINABILITY
REPORT



SQUARE
APP