



Wacker Chemie AG
Virtual CMD Series
SILICONES & POLYMERS

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Speech by

Dr. Tobias Ohler, CFO,

Wacker Chemie AG, Munich / Germany

Ladies and Gentlemen,

Welcome to our focus call on SILICONES and POLYMERS, our largest divisions at WACKER.

A key defining attribute of our businesses, compared to other chemical portfolios, is our organic growth profile. Sales in these two divisions approached 4.0 billion euros last year, essentially double the amount at the time of our IPO.

This growth has been driven by the excellent performance characteristics of SILICONES and POLYMERS and supported by our investments across our global sites. We have and continue to take steps to ensure that we are positioned to support our customers' growth and innovations in the regions.

Industry trends which supported this growth are not just intact but are strengthening in some areas. In particular, we see recent Global Climate Policies acting as a catalyst for higher demand for our products with enable CO₂ abatement technologies.

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WACKER products enable low carbon technologies and we have leading solutions addressing the primary sources of emissions in the EU and worldwide.

When looking at Global Climate Policies on the right of the slide the goal is clear. Reaching net zero emissions. Only with significant investments in clean energy, smart construction, e-mobility and sustainable industry will this be possible.

WACKER clearly stands to benefit from higher investments in technologies that make a substantial contribution to climate change mitigation and adaptation.

As we saw on the previous slide, power generation and transportation are responsible for nearly half of the CO₂ emissions in Europe. To reach the global emission reduction targets, the installation of solar and wind will have to increase dramatically.

While our POLYSILICON division may seem the obvious beneficiary of this development, we will point out today how SILICONES is also benefitting from higher investments in wind power.

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Looking at sustainable mobility:

Batteries and cables are essentially the heart and arteries of EVs. As their capacities and voltage levels increase, thermal management and high-performance insulating materials are of utmost importance.

This presents WACKER with a great opportunity to grow our specialty SILICONES business, with the silicone content in an EV being much higher than in an internal combustion engine car.

After energy supply and transportation, industry and buildings are the next largest sources of emissions. To tackle emissions in these two sectors, the European Union wants to start a wave of renovations and implement new measures directed at saving resources and creating a circular economy.

WACKER has the right smart construction products to benefit from this step-up.

WACKER solutions for energy-efficient buildings include polymer binders, which are an essential part of External

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Thermal Insulation Composite Systems. Our solutions in SILICONES provide long lasting protection for exterior paints and plasters, making exteriors climate proof and better insulated.

Looking at the circular economy, one of our contributions is our fully integrated closed loop production process. This ensures that we save resources and energy at our main production sites. This is a key competitive advantage for WACKER and we have set ambitious targets for the future.

Later in the presentation, we will hear about how WACKER is using renewable raw materials via the mass balance approach to offer fossil free polymers. While this and other solutions are just beginning, our core businesses have and will continue to be driven by demand for our innovative products and solutions which enable many of the leading CO₂ abatement technologies.

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While today's focus is on SILICONES and POLYMERS, I am sure many of you are interested in current trading.

Let me start with SILICONES. Here, we see strong demand and high loading in most areas which is offsetting the year-end seasonality which we had expected. Order intake for specialties is far above prior year levels and the prices for standards have moved up significantly in China. Given our specialties focus, the price rise in standards is less relevant for us but it clearly signals that supply and demand are not balanced.

In POLYMERS, we see continuing strong demand from DIY, renovation and hygiene products. This keeps our utilization rates at a good level in the fourth quarter, leading to lower than expected year-end seasonality. Raw material prices in the fourth quarter have not seen any big movements, but with the recent recovery in oil prices, higher raw material costs are becoming more likely next year.

In BIOSOLUTIONS, our recent announcements highlight that we are on the right path and there is no change from our comments made on the last call.

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In POLYSILICON, volumes have normalized at a good level and the volume weighted solar ASP in the fourth quarter is higher than in the preceding quarter.

All told, we have enjoyed favorable trading conditions in the fourth quarter and we re-confirm our overall group guidance for 2020.

With the strong order intake in Chemicals, it looks like we are going to have a good start into next year.

While we all look for a normalisation of the economy after the successful rollouts of vaccines, pandemic-related risks remain prominent and are still difficult to grasp entirely today. This week, Germany entered a hard lockdown and other countries may take similar action. While this could create volatility in end-market demand, we are confident that we have the right set-up to react quickly if necessary.

Regarding full year guidance 2021, we will provide this, as usual, when we publish our annual report next year.

Also please understand that I cannot comment on the Siltronic transaction.