Managing for Growth and Cash
Wacker Chemie AG, September/October 2018
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

24 Production Sites

14,270 Employees

21 Technical centers
WACKER: Well Positioned for Future Growth

- POLYSILICON: No. 1 in merchant market
- SILICONE: No. 2
- POLYMERS: No. 1
- BIOSOLUTIONS: Leading in niches

Sales FY 2017 €4.9bn
Effects of Siltronic Deconsolidation: Chemicals with Higher Share

<table>
<thead>
<tr>
<th>FY 2016 Sales*</th>
<th>FY 2017 Sales</th>
<th>H1 2018 Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total: €5.4bn</td>
<td>Total: €4.9bn</td>
<td>Total: €2.5bn</td>
</tr>
<tr>
<td>63%</td>
<td>74%</td>
<td>79%</td>
</tr>
</tbody>
</table>

*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)

CAGR +7%

CHEMICALS
POLYSILICON on Top of it with Expanded Capacities

Development of WACKER Sales (€bn)

- CAGR +7%


Legend:
- POLYSILICON
- CHEMICALS +7% CAGR
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

<table>
<thead>
<tr>
<th>Year</th>
<th>CHEMICALS EBITDA (€m)</th>
<th>EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>383</td>
<td>13%</td>
</tr>
<tr>
<td>2015</td>
<td>531</td>
<td>16%</td>
</tr>
<tr>
<td>2016</td>
<td>659</td>
<td>19%</td>
</tr>
<tr>
<td>2017</td>
<td>688</td>
<td>19%</td>
</tr>
<tr>
<td>H1 18</td>
<td>415</td>
<td>21%</td>
</tr>
</tbody>
</table>

CAGR +22%
Target: Focus on Sustainability

Polysilicon for Photovoltaics (PV)

Avoided Emissions Compared to Coal

1:20

CO2-Emissions from production and raw materials

Avoided CO2-emissions: electricity generation through PV

Energy & Climate Targets Germany

- Lower specific energy consumption by 50%
- Reduce specific CO$_2$ emissions by 15%
SILICONES
Silicon Chemistry – A Basis for Unlimited Applications

Broad Spectrum of Adjustable Properties

- Hydrophilic
- Adhesive
- Electrically conducting
- Formable

- Hydrophobic
- Release
- Insulating
- Formable

Customized Products with Unique Properties

- UV stability
- Heat stability / resistance
- Chemical resistant
- Softening

- Long term elasticity
- Best-in-class lubrication
- Microbial resistant
- Release properties

- Surface tension
- Water-vapor permeable
- Water repellent
- Weather resistant
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

WACKER SILICONES

Standards
Specialties
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
- Environmentally friendly solutions with high functionality and versatility

Key Market Growth Trends

- Building Standards
- Refurbishment
- Sustainability
POLYMERS
Growth in VAE Powders in Mature and Emerging Markets

Enabler in Mature Markets

Enabler in Emerging Markets

*CTA = Ceramic Tile Adhesives; Source: Transparency, WACKER Estimate
World class setup with 1 million tons of VAE globally – #1 in powders and dispersions

Substitution of non-VAE technologies based on value offering

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)

Biopharmaceuticals sales growth

<table>
<thead>
<tr>
<th>Year</th>
<th>(€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

CAGR +21%

Business model

Drug Development → Drug Substance Manufacturing → Formulation → Marketing & Sales

Outsourcing

WACKER

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

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

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)

- Solar (Tender Results and PPAs)
- Alternatives and Conventionals (Range 2016)

* 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

PV Installation Growth (in GW per year)

Development of Solar Wafer Capacities (in GW per year)

Source: IEA, BNEF, Market Studies, WACKER Estimate

© Wacker Chemie AG
Sept / Oct 2018
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

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2017 Sales (€m)</th>
<th>FY 2017 EBITDA (€m)</th>
<th>FY 2017 Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SILICONES</td>
<td>2,200</td>
<td>445</td>
<td>20.2%</td>
</tr>
<tr>
<td>POLYMERS</td>
<td>1,245</td>
<td>206</td>
<td>16.5%</td>
</tr>
<tr>
<td>BIOSOLUTIONS</td>
<td>206</td>
<td>38</td>
<td>18.2%</td>
</tr>
<tr>
<td>POLYSILICON</td>
<td>1,124</td>
<td>290</td>
<td>25.8%</td>
</tr>
</tbody>
</table>

### Outlook 2018

- **SILICONES**: FY Sales of €2.5bn with an EBITDA around €600m; Supportive pricing, high plant loading and good cost performance.
- **POLYMERS**: 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**: Mid-single-digit % sales growth; EBITDA at about €25m following raw material increases, integration and ramp costs.
- **POLYSILICON**: Sales low-double-digits % down; EBITDA around 10% below 2017.
# Appendix:
## FY 2017 and H1 2018 Results – P&L

<table>
<thead>
<tr>
<th>In €m</th>
<th>FY 2017</th>
<th>FY 2016*</th>
<th>% YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>4,924.2</td>
<td>4,634.2</td>
<td>+6.3%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>1,014.1</td>
<td>955.5</td>
<td>+6.1%</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>20.6%</td>
<td>20.6%</td>
<td>-</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>423.7</td>
<td>337.5</td>
<td>+25.5%</td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td>8.6%</td>
<td>7.3%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Income from continuing operations</strong></td>
<td>250.1</td>
<td>178.1</td>
<td>+40.4%</td>
</tr>
<tr>
<td><strong>Income from discontinued operations</strong></td>
<td>634.7</td>
<td>11.2</td>
<td>&gt;100%</td>
</tr>
<tr>
<td><strong>Net income for the period</strong></td>
<td>884.8</td>
<td>189.3</td>
<td>&gt;100%</td>
</tr>
<tr>
<td><strong>EPS from continuing operations in €</strong></td>
<td>4.85</td>
<td>3.44</td>
<td>+40.7%</td>
</tr>
<tr>
<td><strong>EPS in €</strong></td>
<td>17.45</td>
<td>3.61</td>
<td>&gt;100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H1 2018</th>
<th>H1 2017</th>
<th>% YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,547.5</td>
<td>2,437.1</td>
<td>+4.5%</td>
</tr>
<tr>
<td>515.0</td>
<td>482.7</td>
<td>+6.7%</td>
</tr>
<tr>
<td>20.2%</td>
<td>19.8%</td>
<td>-</td>
</tr>
<tr>
<td>246.7</td>
<td>175.1</td>
<td>+40.9%</td>
</tr>
<tr>
<td>9.7%</td>
<td>7.2%</td>
<td>-</td>
</tr>
<tr>
<td>162.6</td>
<td>91.7</td>
<td>+77.3%</td>
</tr>
<tr>
<td>-</td>
<td>634.7</td>
<td>-100%</td>
</tr>
<tr>
<td>162.6</td>
<td>726.4</td>
<td>-77.6%</td>
</tr>
<tr>
<td>3.11</td>
<td>1.76</td>
<td>+76.7%</td>
</tr>
<tr>
<td>3.11</td>
<td>14.36</td>
<td>-78.4%</td>
</tr>
</tbody>
</table>

* Adjusted according to IFRS 5
## Appendix:
### FY 2017 and H1 2018 Results – Breakdown by Business

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2016*</th>
<th>H1 2018</th>
<th>H2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SALES</td>
<td>EBITDA</td>
<td>SALES</td>
<td>EBITDA</td>
</tr>
<tr>
<td>Chemicals</td>
<td>3,651</td>
<td>688</td>
<td>3,402</td>
<td>659</td>
</tr>
<tr>
<td></td>
<td>3,402</td>
<td>659</td>
<td>2,001</td>
<td>361</td>
</tr>
<tr>
<td></td>
<td>1,195</td>
<td>261</td>
<td>206</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>1,245</td>
<td>206</td>
<td>206</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>206</td>
<td>38</td>
<td>206</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>1,124</td>
<td>290</td>
<td>1,096</td>
<td>286</td>
</tr>
<tr>
<td>POLYMERS</td>
<td>1,245</td>
<td>206</td>
<td>1,195</td>
<td>261</td>
</tr>
<tr>
<td>BIOSOLUTIONS</td>
<td>206</td>
<td>38</td>
<td>206</td>
<td>37</td>
</tr>
<tr>
<td>POLYSILICON</td>
<td>1,124</td>
<td>290</td>
<td>1,096</td>
<td>286</td>
</tr>
<tr>
<td>Others</td>
<td>169</td>
<td>33</td>
<td>163</td>
<td>10</td>
</tr>
<tr>
<td>Consolidation</td>
<td>-20</td>
<td>3</td>
<td>-26</td>
<td>0</td>
</tr>
<tr>
<td>WACKER Group</td>
<td>4,924</td>
<td>1,014</td>
<td>4,634</td>
<td>956</td>
</tr>
</tbody>
</table>

* Adjusted according to IFRS 5
Appendix:
Raw Material Prices With Volatile Development

**Si-Metal (€/mt)**
- 2011: 2,620 € High
- 2018: 1,591 € Low

**Ethylene (€/mt)**
- 2011: 1,345 € High
- 2018: 810 € Low

**Methanol (€/mt)**
- 2011: 445 € High
- 2018: 202 € Low

**VAM (€/mt)**
- 2015: 800 € Low
- 2018: 1,380 € High

Sources:
- CRU, Si-Metal Spot FD Europe
- ICIS, EN Contract FD NWE
- ICIS, MeOH Contract, FOB RDM
- ICIS, VAM Contract FD NWE
## Appendix: Highly-Integrated Operations Based on Five Key Raw Materials

<table>
<thead>
<tr>
<th>Raw Material</th>
<th>Upstream</th>
<th>Downstream</th>
<th>Customers’ Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methanol</td>
<td>Siloxane</td>
<td>Silicones</td>
<td>Chemicals, textiles, consumer care, construction, coatings, manufacturing machinery, energy &amp; electronics, automotive, health care</td>
</tr>
<tr>
<td>Silicon metal</td>
<td>Fumed silica (HDK®)</td>
<td>Polysilicon</td>
<td>Solar and semiconductor wafers, cells and modules</td>
</tr>
<tr>
<td>Ethylene</td>
<td>Vinyl acetate monomer (VAM)</td>
<td>Vinyl acetate ethylene (VAE)</td>
<td>Adhesives, paints &amp; coatings, carpets, nonwovens &amp; textiles</td>
</tr>
<tr>
<td>Acetic acid</td>
<td>Vinyl acetate monomer (VAM)</td>
<td>Dispersible polymer powders (DPP)</td>
<td>Construction, renovation, insulation</td>
</tr>
<tr>
<td>Starch/ dextrose</td>
<td>Microbial fermentation</td>
<td>Therapeutic proteins, food ingredients</td>
<td>Food, pharma &amp; agro, biopharmaceuticals</td>
</tr>
</tbody>
</table>
Appendix: Market Leading Positions

**POLYMERS**
Global DPP and VAE Market

- **DPP**
  - WACKER
  - Dairen
  - Elotex

- **VAE disp.**
  - WACKER
  - Dairen
  - Celanese

**POLYSILICON**

- Others
- WACKER
- REC
- Hanwha
- Hankook
- Yongxiang
- Daqo
- Hemlock
- Xinte/TBEA
- GCL
- OCI

**SILICONES**
Silane/Siloxyane backward integrated suppliers

- Others
- Elkem
- Shin-Etsu
- Momentive
- DowDuPont

\(^1\) WACKER JV participations fully consolidated

**BIOSOLUTIONS**

- **Cyclo-dextrins**
  - WACKER
  - Competitor
  - Chinese animal grade
  - Competitor veg. grade

- **Cysteine**
  - WACKER
  - Competitor veg. grade

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

*© Wacker Chemie AG Sept / Oct 2018*
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.
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

Additional Information

ISIN
DE000WCH8881

Deutsche Börse
WCH

WKN
WCH888

Publications

Financial Calendar

10/25/18
Q3 Results 2018

04/30/19
Capital Market Day

CUSTOMER MAGAZINE

FACTBOOK

SUSTAINABILITY REPORT

© Wacker Chemie AG
Sept / Oct 2018