Q2 2019 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)
August 1, 2019
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# Highlights Q2 2019

**Solid Performance in Chemicals, but POLYSILICON Challenging**

## FY 2019 Guidance Unchanged – EBITDA at the Lower End of Range

### Financials
- **Sales** of €1.27bn (-5% yoy, +3% qoq)
- **EBITDA** at €211m (-19% yoy, +48% qoq) on lower polysilicon and standard silicones prices
- **Net financial debt** at €989m after €124m dividend payout in Q2

### Operations
- **Chemical business with strong volumes**, especially in POLYMERS
- Very good **cost and efficiency performance** across all segments
- **Significantly lower ASPs** and **higher energy costs** in POLYSILICON
## WACKER P&L Q2 2019 (€m)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th>Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,268.5</td>
<td>1,329.9</td>
</tr>
<tr>
<td>Gross profit from sales</td>
<td>189.1</td>
<td>251.5</td>
</tr>
<tr>
<td>Gross profit margin (in %)</td>
<td>14.9%</td>
<td>18.9%</td>
</tr>
<tr>
<td>S,G&amp;A and R&amp;D</td>
<td>-164.0</td>
<td>-156.7</td>
</tr>
<tr>
<td>Other operating income</td>
<td>47.3</td>
<td>24.7</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-16.5</td>
<td>-18.4</td>
</tr>
<tr>
<td>Operating result</td>
<td>55.9</td>
<td>101.1</td>
</tr>
<tr>
<td>Result from investments in joint ventures and associates</td>
<td>14.8</td>
<td>23.9</td>
</tr>
<tr>
<td>EBIT</td>
<td>70.7</td>
<td>125.0</td>
</tr>
<tr>
<td>Interest result</td>
<td>-3.4</td>
<td>-4.1</td>
</tr>
<tr>
<td>Other financial result</td>
<td>-14.6</td>
<td>-13.5</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>52.7</td>
<td>107.4</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-15.5</td>
<td>-23.9</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>37.2</td>
<td>83.5</td>
</tr>
<tr>
<td>EPS (in €)</td>
<td>0.68</td>
<td>1.59</td>
</tr>
<tr>
<td>EBITDA</td>
<td>210.7</td>
<td>260.5</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>140.0</td>
<td>135.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>70.7</td>
<td>125.0</td>
</tr>
</tbody>
</table>

### Comments
- **Sales** -4.6% yoy: Volume/Mix -0.2%, Price -5.7%, FX +1.4%
- Gross profit decreased by -25% yoy primarily due to much lower average selling prices in POLYSILICON and standards in SILICONES
- Other operating income: €19m special income from non-performing prepayment contracts (2018: €0)
- Tax rate of 26.6% (6M 2018: 23.1%)
- Depreciation at €140m, +3.3% yoy
- EPS at €0.68
Balance Sheet Composition
Low Interest Rates Inflate Pension Liabilities

Balance sheet (%)

<table>
<thead>
<tr>
<th>Assets</th>
<th>12/31/18</th>
<th>06/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>60.9%</td>
<td>59.6%</td>
</tr>
<tr>
<td>Inventories</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Receivables</td>
<td>19.5%</td>
<td>21.9%</td>
</tr>
<tr>
<td>Cash / Securities</td>
<td>5.4%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>12/31/18</th>
<th>06/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>14.0%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Provisions</td>
<td>30.5%</td>
<td>36.8%</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>11.3%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

Characteristics 06/30/19

- Provisions for pensions: €2,311m (Dec 31, 2018: €1,795m)
- Discount rate in Germany at 1.30% (Dec 31, 2018: 1.98%)
- DTA* relating to pensions about €498m
- Equity: €2,667m (Dec 31, 2018: €3,146m)

* Deferred tax asset
SILICONES
Normalizing Operations After 2018 Tightness

Sales (€m)

-1%

654 605 650
Q2 2018 Q1 2019 Q2 2019

EBITDA (€m) / margin

-32%

177 128 120
Q2 2018 Q1 2019 Q2 2019

27.0% 21.2% 18.4%

CapEx (€m)

+36%

46 51 63
Q2 2018 Q1 2019 Q2 2019

Highlights Q2

- Lower prices in standards, supportive FX
- Strong in electronics, home- and personal care, but soft in auto, plastics and textiles
- Normalizing operations: Inventory control in value chain (customers, WACKER) resulting in lower utilization and some EBITDA effect

Outlook 2019

- Sales growth at low-single-digits %
- Good volume growth and pricing in specialties
- FY EBITDA margin at around 20% with negative effects from standards pricing
POLYMERS
Continuing Volume Growth

Highlights Q2
- Solid pricing, volume growth
- Strong growth in Europe and China
- Cost savings and efficiency gains support results
- Turnaround in Q2 2018

Outlook 2019
- Mid-single-digit % sales growth
- Volume growth and lower raw material costs yoy
- Full year EBITDA margin expected to improve to around 14% (2018: 11.5%)
BIOSOLUTIONS
Positive Volume Effects

Sales (€m)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2018</td>
<td>57</td>
<td>58</td>
<td>61</td>
</tr>
<tr>
<td>+6% Increase</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EBITDA (€m) / margin

<table>
<thead>
<tr>
<th></th>
<th>Q2 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2018</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>+35% Increase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>9.4%</td>
<td>10.1%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

CapEx (€m)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2018</td>
<td>5</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>-72% Decrease</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Highlights Q2

- Strong performance in Pharma & Agro
- Biopharmaceuticals with growing order book
- Lower integration costs support EBITDA

Outlook 2019

- Mid-single-digit % sales growth
- EBITDA at about €30m as new capacities ramp up
POLYSILICON
Further Improved Cost Performance, but Weaker Pricing

Highlights Q2
- Full production in Q2
- Improved cost performance, but still weaker pricing
- Inventory valuation effects negative
- Special income €19m (retained prepayments)

Outlook 2019
- Stronger PV installations and sequentially higher prices expected in H2
- Sales with low-double-digit % increase
- FY EBITDA expected neutral – excluding insurance compensation
Net Financial Debt
Dividend Payment in Q2

Net Financial Debt Bridge per 06/30/2019 (€m)

Net financial debt as of Dec. 31, 2018: -609.7
Cash flow from operating activities (gross cash flow): 125.9
Cash flow from long-term investing activities before securities*: -239.1
Dividend Wacker Chemie AG: -124.2
Leasing liabilities: -135.4
Exchange-rate effects and other effects: -6.8
Net financial debt as of June 30, 2019: -989.3

*) includes financial investments
### Guidance FY 2019
**Outlook Unchanged – EBITDA at Lower End of Range**

<table>
<thead>
<tr>
<th>In €m</th>
<th>FY 2018</th>
<th>Outlook 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>4,979</td>
<td>Mid-single-digit % increase</td>
</tr>
<tr>
<td>EBITDA</td>
<td>930</td>
<td>10 to 20% lower than a year ago</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>18.7</td>
<td>Substantially lower than a year ago</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>125</td>
<td>Clearly positive, substantially higher than last year</td>
</tr>
<tr>
<td>CapEx</td>
<td>461</td>
<td>Around 400</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>610</td>
<td>Higher than last year due to IFRS16 effects</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>260</td>
<td>Substantially lower than last year</td>
</tr>
<tr>
<td>Depreciation</td>
<td>540</td>
<td>Around 550 (Before: Around 525)</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>5.9</td>
<td>Substantially below the prior-year level</td>
</tr>
<tr>
<td>Tax Rate (%)</td>
<td>19.8</td>
<td>Around 25% (Before: Below 20%)</td>
</tr>
</tbody>
</table>
Q2 2019 – Conference Call: Q&A Session

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)
August 1, 2019
Q2 2019 Results – Sales and EBITDA Breakdown

Q2 2019 Sales

- SILICONES: 28%
- BIOSOLUTIONS: 13%
- POLYMERS: 5%
- POLYSILICON: 3%
- OTHERS / CONSOLID.: 12%

Total: €1.27bn

Q2 2019 EBITDA

- SILICONES: 25%
- BIOSOLUTIONS: 3%
- POLYMERS: 5%
- POLYSILICON: 3%
- OTHERS / CONSOLID.: 12%

Total: €211m
<table>
<thead>
<tr>
<th>In €m</th>
<th>Q2 2019</th>
<th>Q2 2018</th>
<th>% YoY</th>
<th>Q1 2019</th>
<th>% QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,268.5</td>
<td>1,329.9</td>
<td>-4.6</td>
<td>1,235.7</td>
<td>+2.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>210.7</td>
<td>260.5</td>
<td>-19.1</td>
<td>142.0</td>
<td>+48.4</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>16.6%</td>
<td>19.6%</td>
<td>-</td>
<td>11.5%</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>70.7</td>
<td>125.0</td>
<td>-43.4</td>
<td>0.1</td>
<td>&gt;100</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>5.6%</td>
<td>9.4%</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Net income for the period</td>
<td>37.2</td>
<td>83.5</td>
<td>-55.4</td>
<td>-5.5</td>
<td>n.a.</td>
</tr>
<tr>
<td>EPS in €</td>
<td>0.68</td>
<td>1.59</td>
<td>-57.2</td>
<td>-0.16</td>
<td>n.a.</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>104.7</td>
<td>97.7</td>
<td>+7.2</td>
<td>97.7</td>
<td>+7.2</td>
</tr>
<tr>
<td>Depreciation / amortization</td>
<td>140.0</td>
<td>135.5</td>
<td>+3.3</td>
<td>141.9</td>
<td>-1.3</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>21.8</td>
<td>-97.7</td>
<td>n.a.</td>
<td>-135.0</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
### Q2 2019 Results – Breakdown by Business

<table>
<thead>
<tr>
<th></th>
<th>In €m / %</th>
<th>Sales</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2 2019</td>
<td>Q2 2018</td>
<td>% YoY</td>
</tr>
<tr>
<td><strong>Chemicals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,064</td>
<td>1,054</td>
<td>+1</td>
</tr>
<tr>
<td><strong>SILICONES</strong></td>
<td>650</td>
<td>654</td>
<td>-1</td>
</tr>
<tr>
<td><strong>POLYMERS</strong></td>
<td>353</td>
<td>343</td>
<td>+3</td>
</tr>
<tr>
<td><strong>BIOSOLUTIONS</strong></td>
<td>61</td>
<td>57</td>
<td>+6</td>
</tr>
<tr>
<td><strong>POLYSILICON</strong></td>
<td>170</td>
<td>242</td>
<td>-30</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>40</td>
<td>39</td>
<td>+3</td>
</tr>
<tr>
<td><strong>Consolidation</strong></td>
<td>-6</td>
<td>-6</td>
<td>+4</td>
</tr>
<tr>
<td><strong>WACKER Group</strong></td>
<td>1,269</td>
<td>1,330</td>
<td>-5</td>
</tr>
</tbody>
</table>
# PV Growth Expectation for 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>0.9</td>
<td>1.5</td>
<td>1.8</td>
<td>3.0</td>
<td>3.5 – 4.5</td>
</tr>
<tr>
<td>France</td>
<td>1.5</td>
<td>0.6</td>
<td>0.9</td>
<td>0.9</td>
<td>1.4 – 1.7</td>
</tr>
<tr>
<td>Spain</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.4</td>
<td>3.0 – 4.0</td>
</tr>
<tr>
<td>Europe other</td>
<td>6.2</td>
<td>4.2</td>
<td>4.0</td>
<td>7.2</td>
<td>8.1 – 10.3</td>
</tr>
<tr>
<td><strong>Europe total</strong></td>
<td><strong>8.6</strong></td>
<td><strong>6.4</strong></td>
<td><strong>6.8</strong></td>
<td><strong>11.5</strong></td>
<td><strong>16.0 – 20.5</strong></td>
</tr>
<tr>
<td>Australia</td>
<td>0.9</td>
<td>0.8</td>
<td>1.3</td>
<td>3.8</td>
<td>3.5 – 4.5</td>
</tr>
<tr>
<td>China*</td>
<td>16.5</td>
<td>32.5</td>
<td>52.8</td>
<td>44.3</td>
<td>40.0 – 45.0</td>
</tr>
<tr>
<td>India</td>
<td>2.1</td>
<td>4.3</td>
<td>9.6</td>
<td>8.5</td>
<td>11.0 – 12.0</td>
</tr>
<tr>
<td>Japan</td>
<td>10.8</td>
<td>8.4</td>
<td>7.4</td>
<td>7.0</td>
<td>6.0 – 7.0</td>
</tr>
<tr>
<td>USA</td>
<td>7.3</td>
<td>14.8</td>
<td>10.6</td>
<td>10.6</td>
<td>11.0 – 14.0</td>
</tr>
<tr>
<td>Rest of World</td>
<td>10.0</td>
<td>10.7</td>
<td>11.7</td>
<td>19.5</td>
<td>22.0 – 27.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56 GW</strong></td>
<td><strong>78 GW</strong></td>
<td><strong>100 GW</strong></td>
<td><strong>105 GW</strong></td>
<td><strong>110 – 130 GW</strong></td>
</tr>
</tbody>
</table>

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

€19m Special Income in Q2

<table>
<thead>
<tr>
<th>Special income (in €m)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLYSILICON: Retained prepayments &amp; damages from cancelled contracts</td>
<td>137.6</td>
<td>20.3</td>
<td>0</td>
<td>0</td>
<td>19.0</td>
</tr>
</tbody>
</table>

Q2 2019 – Conference Call Note
August 1, 2019
Raw Material Prices With Volatile Development

Si-Metal (€/mt)

- High: 2,620 €
- Low: 1,591 €

Source: CRU, Si-Metal Spot FD Europe

Ethylene (€/mt)

- High: 1,345 €
- Low: 810 €

Source: ICIS, EN Contract FD NWE

Methanol (€/mt)

- High: 445 €
- Low: 202 €

Source: ICIS, MeOH Contract, FOB RDM

VAM (€/mt)

- High: 1,380 €
- Low: 800 €

Source: ICIS, VAM Contract FD NWE
SILICONES Innovation: NEXIPAL® Silicone Laminates

Pioneering Technology for Actuators & Sensors

- NEXIPAL®: multi-layered structure of ultrathin precision films made of silicone rubber coated with special electrodes
- Used as actuators to create movements or as sensors to measure mechanical deformations

Key Benefits

- Extremely Energy Saving
- Flexible & Elastic
- High Actuation Speed
- Light Weight
- Silent Operation
- Freedom of Design
- Wear-free

Enabling Haptic Touch Screen Devices

- Applying voltage, the electroactive laminate creates haptic feedback
- Enables simulating the shape of keys or control panels on a flat screen that can be operated blindly by touch
WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Deutsche Börse
WCH

WKN
WCH888

Publications

10/24/19
Q3 Results 2019

Financial Calendar

CUSTOMER MAGAZINE
FACTBOOK
SUSTAINABILITY REPORT
SQUARE APP