



FY 2020 – Conference Call Note

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March 16, 2021

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Title: **Health and Nutrition – The Basis for Good Living**

As an innovative chemical company, WACKER makes a vital contribution to improving the quality of life around the world. We want to continue developing and supplying solutions that meet our own expectations – namely to add value for our customers and shareholders, and to achieve sustainable growth.

WACKER FY 2020 Highlights

Sustainability



Sustainable Products



New silicone and polymer products based on **renewable raw materials**

Reducing CO₂ Intensity



67 WOS¹ projects implemented in 2020 avoiding annual emissions **~39,000 tons**

Sustainable Supply Chain



81% of our **key suppliers with TfS²** assessment (2016: 50%)

Financials



€4.7bn

Sales (-5% yoy)
Strong H2 recovery; weak Q2 reflects pandemic uncertainties

€666m

Reported EBITDA
(-1% yoy ex insurance³)

€698m

Net cash flow up ~4x
(PY €184m)

€3.81

EPS
(PY €-12.94)

€2.00

Dividend proposal for 2020

Full year
2020
results in
line with
preliminary
results

¹) WOS = WACKER Operating System ²) TfS = Together for Sustainability ³) FY 2019 EBITDA of €783m includes insurance compensation of €112.5m from 2017 incident in Charleston

Profit & Loss Statement

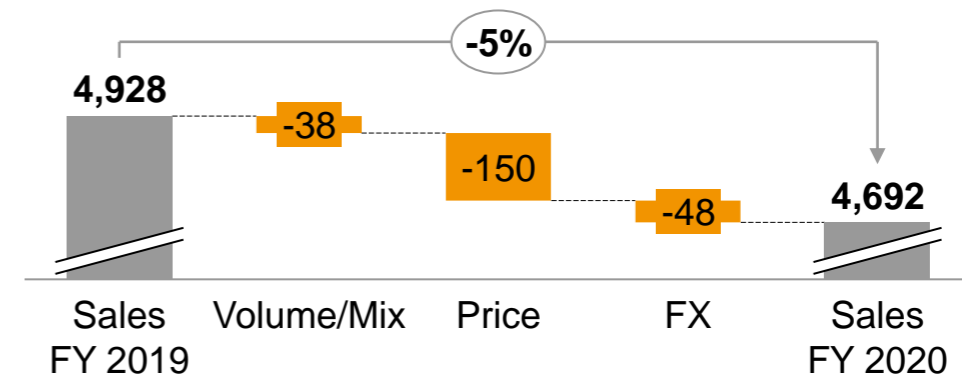
Strict Cost Discipline, Net Income at €200m

WACKER P&L FY 2020 (€m)

€m	FY 2020	FY 2019
Sales	4,692.2	4,927.6
Gross profit from sales	869.9	803.2
<i>Gross profit margin (in %)</i>	<i>18.5%</i>	16.3%
S,G&A and R&D	-586.7	-633.4
Other operating income	85.5	97.0
Other operating expenses	-142.9	-857.4
Operating result	225.8	-590.6
Result from investments in joint ventures and associates and other investment income	37.0	54.3
EBIT	262.8	-536.3
Interest result	-13.9	-9.7
Other financial result	-31.0	-45.2
Profit before tax	217.9	-591.2
Income taxes	-15.6	-38.4
Net income for the period	202.3	-629.6
EPS (in €)	3.81	-12.94
EBITDA	666.3	783.4
Depreciation/amortization	-403.5	-1,319.7
EBIT	262.8	-536.3

Comments

- ▶ Sales -5% yoy
Volume/Mix -0.8%, Price -3.0%, FX -1.0%
- ▶ Gross profit supported by strict cost discipline & lower depreciation but impeded by €49m restructuring provision
- ▶ SG&A and R&D reduced by 7% yoy
- ▶ Tax rate of 7.1% (2019: 22.7%)
- ▶ 2019 with special effects in POLYSILICON*

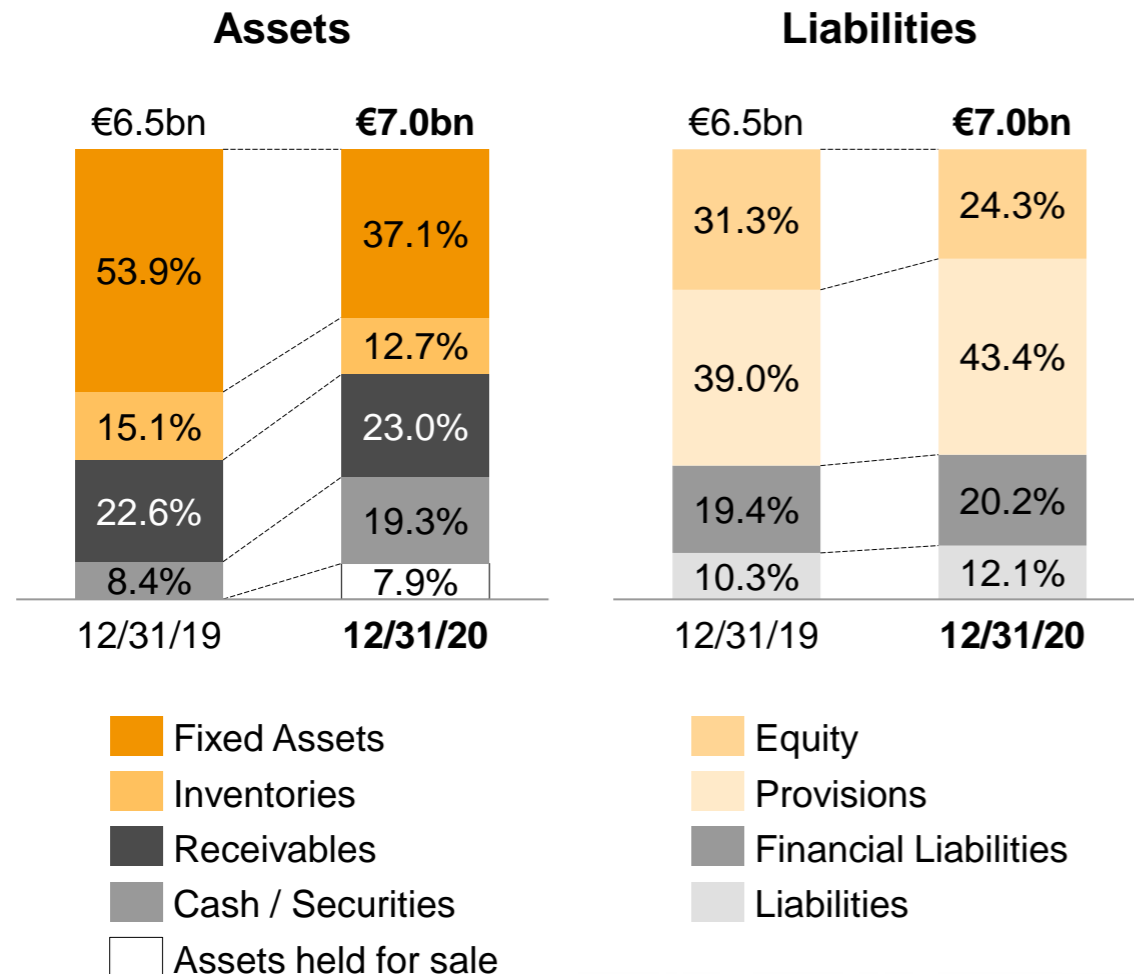


*Gross profit from sales includes €112.5m from 2017 incident in Charleston. Other operating expenses includes impairment of €760m

Balance Sheet Composition

Looking to Reform Pension System; Cash Position Significantly Increased

Balance sheet (%)



Characteristics 12/31/20

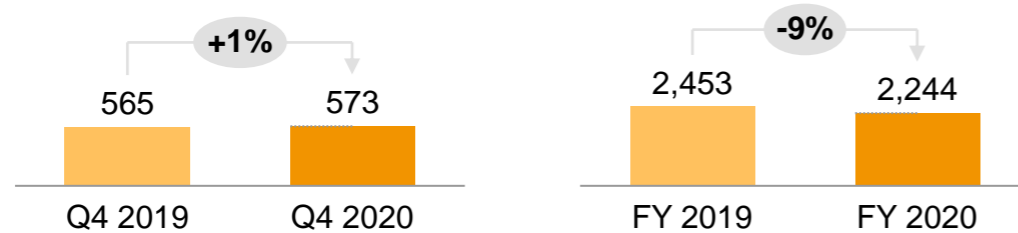
- ▶ Strong Liquidity:
 - ▶ Cash & securities of €1,338m (Dec 31, 2019: €545m)
- ▶ Provisions for pensions: €2,713m (Dec 31, 2019: €2,275m)
 - ▶ Discount rate in Germany at 0.70% (Dec 31, 2019: 1.25%)
 - ▶ DTA* relating to pensions about €624m
 - ▶ €73m voluntary top-up in 2020
- ▶ Equity: €1,692m (Dec 31, 2019: €2,029m)
- ▶ Investment in Siltronic now classified as “Asset held for sale” (€550m)

* Deferred tax asset

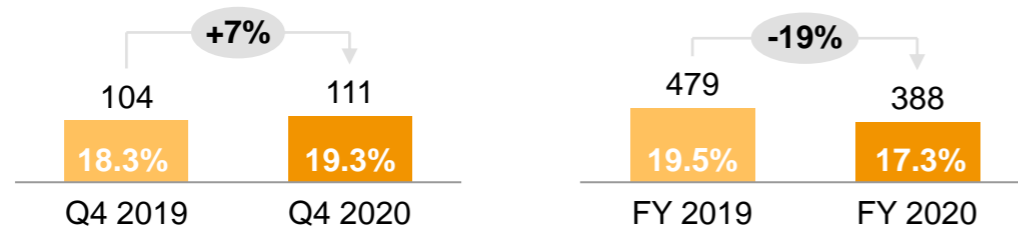
SILICONES

After Q2 Trough, Strong Recovery Drives +7% Q4 EBITDA Growth YoY

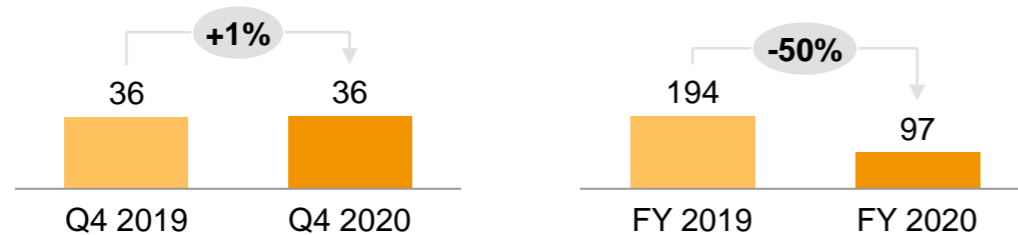
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2020

- ▶ FY sales and EBITDA lower yoy due to lower prices in standards, lower volumes and FX effects
- ▶ Q4 EBITDA up yoy on broad market recovery including re-filling of supply chains
- ▶ Year end specialties order book significantly higher yoy

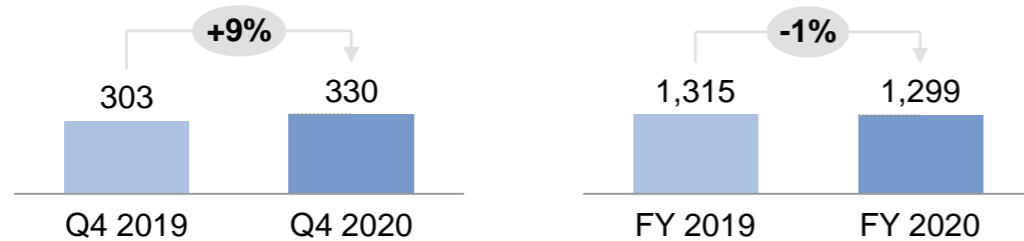
Outlook 2021

- ▶ Mid-single-digit % sales growth yoy
- ▶ Continued specialties growth, however lower ASPs in some areas
- ▶ EBITDA and margin slightly above PY level
- ▶ Raw materials & energy above PY

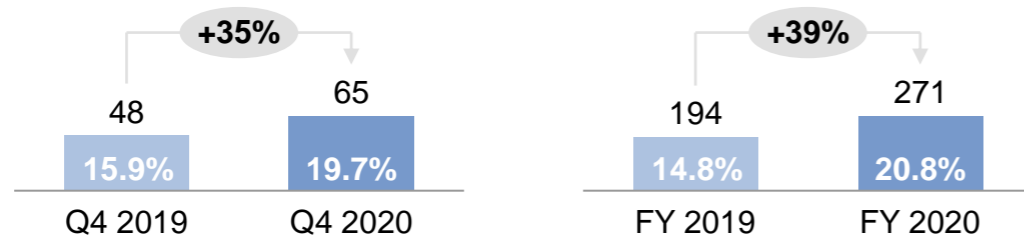
POLYMERS

Continuing Strong Demand from DIY / Renovation / Hygiene Products

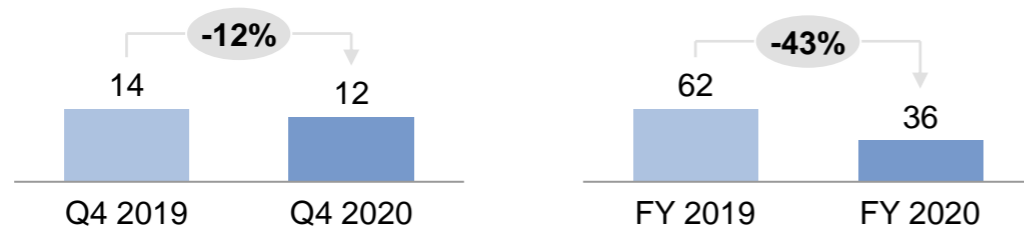
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2020

- ▶ FY sales held back by lower ASPs and FX effects, while strong Q4 demand offset year-end seasonality
- ▶ FY EBITDA supported by good cost performance and lower raw materials yoy but up sequentially
- ▶ Investments to double capacity at Nanjing site underway

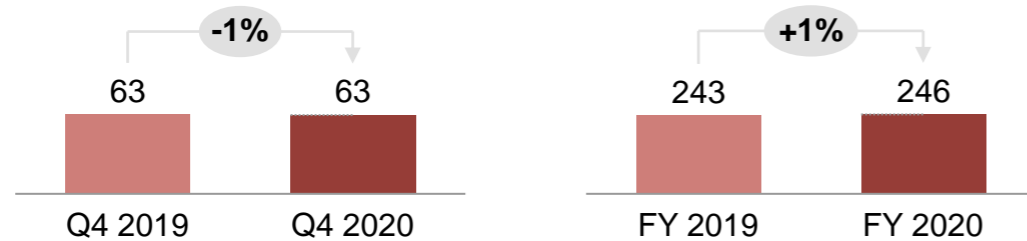
Outlook 2021

- ▶ Mid-single-digit % sales growth yoy on volume growth
- ▶ Unprecedented rise in raw materials driven by strong demand and significant outages in the supply chain
- ▶ Due to recent raw material increases EBITDA margin target with downside risk
- ▶ Planned maintenance shutdown in Q2

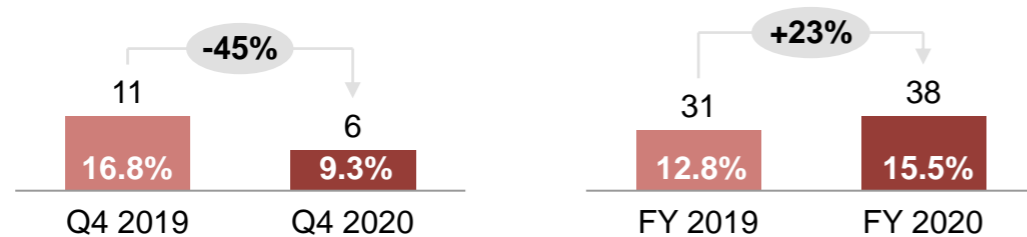
BIOSOLUTIONS

Strong Business in BioPharma Supported by Ongoing Investments

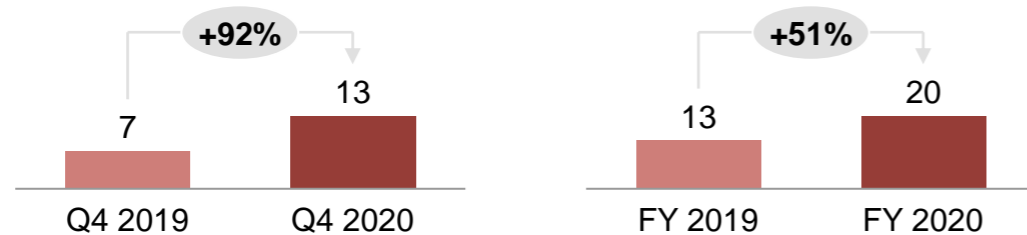
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2020

- ▶ Growth in BioPharma and Cyclodextrins, gum base hit by pandemic slowdown
- ▶ WACKER signs manufacturing contract for mRNA of CureVac's COVID-19 vaccine candidate
- ▶ Expansions in Amsterdam to support CDMO growth

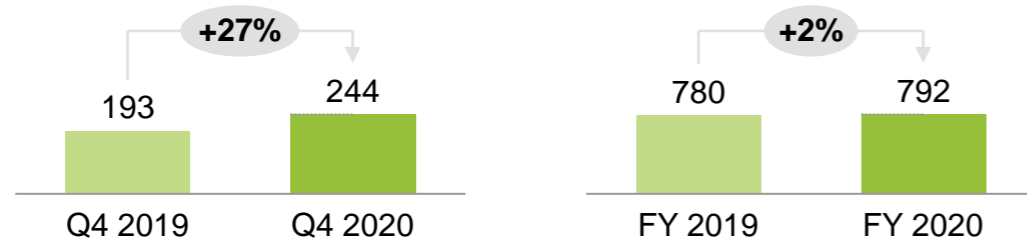
Outlook 2021

- ▶ Low-double-digit % sales growth
- ▶ BioPharma continues strong, but significant ramp and integration costs in H1 following Amsterdam expansion & acquisition of pDNA specialist Genopis
- ▶ EBITDA slightly above PY, margin at PY level

POLYSILICON

Operational FY EBITDA €60m Higher YoY on Good Cost Performance

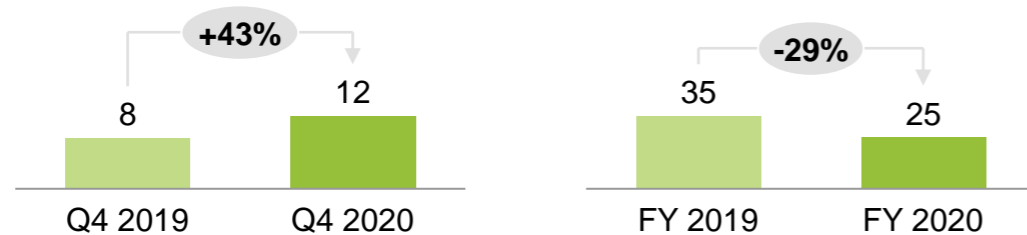
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2020

- ▶ FY sales growth driven by volumes / product mix
- ▶ Q4 solar demand normalized at a good level with both volume and ASP higher yoy and sequentially
- ▶ Continued good demand from semiconductors

Outlook 2021

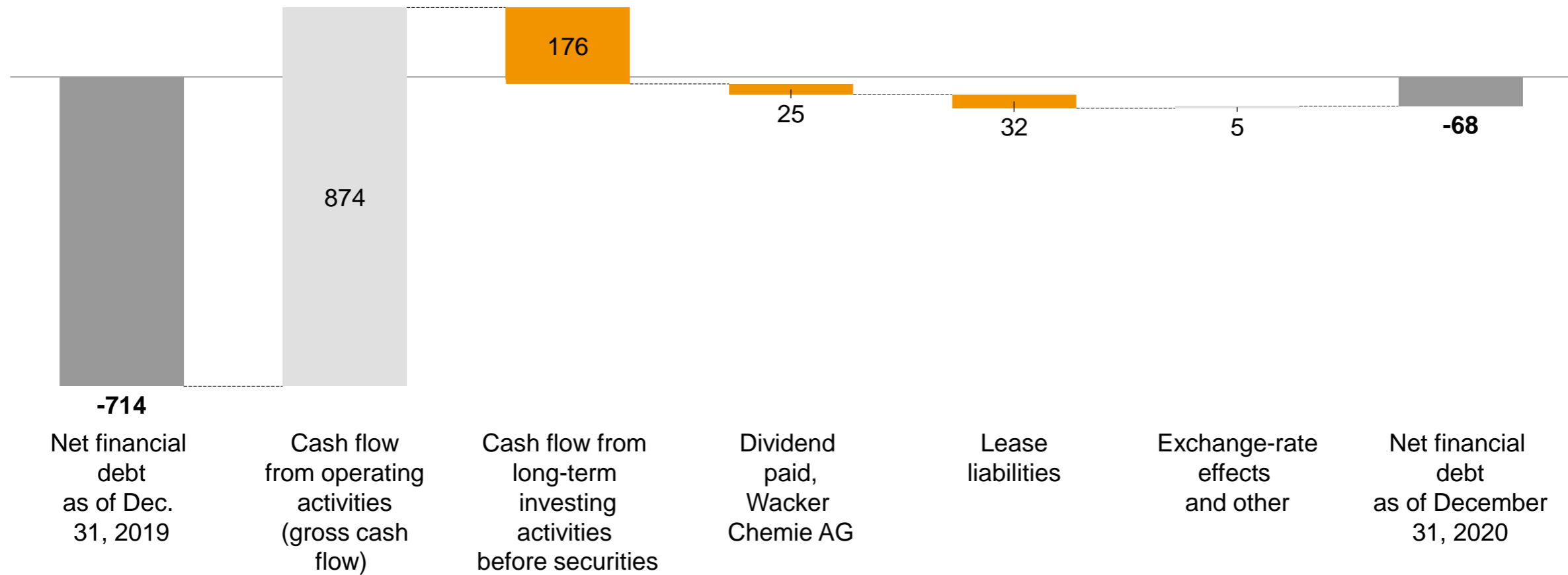
- ▶ Sales growth could now become low-double-digit % increase based on most recent demand strength
- ▶ Lean inventory levels given strong demand
- ▶ FY EBITDA substantially above PY level
- ▶ Solar ASPs should not be lower than last year, but expect higher raw materials & energy, as well as higher volatility in H2

*FY 2019 EBITDA includes €112.5m insurance benefits

Net Financial Debt

Strong Net Cash Flow Generation Drives Significant Improvement in Net Debt

Net Financial Debt Bridge per 12/31/2020 (€m)



Guidance FY 2021

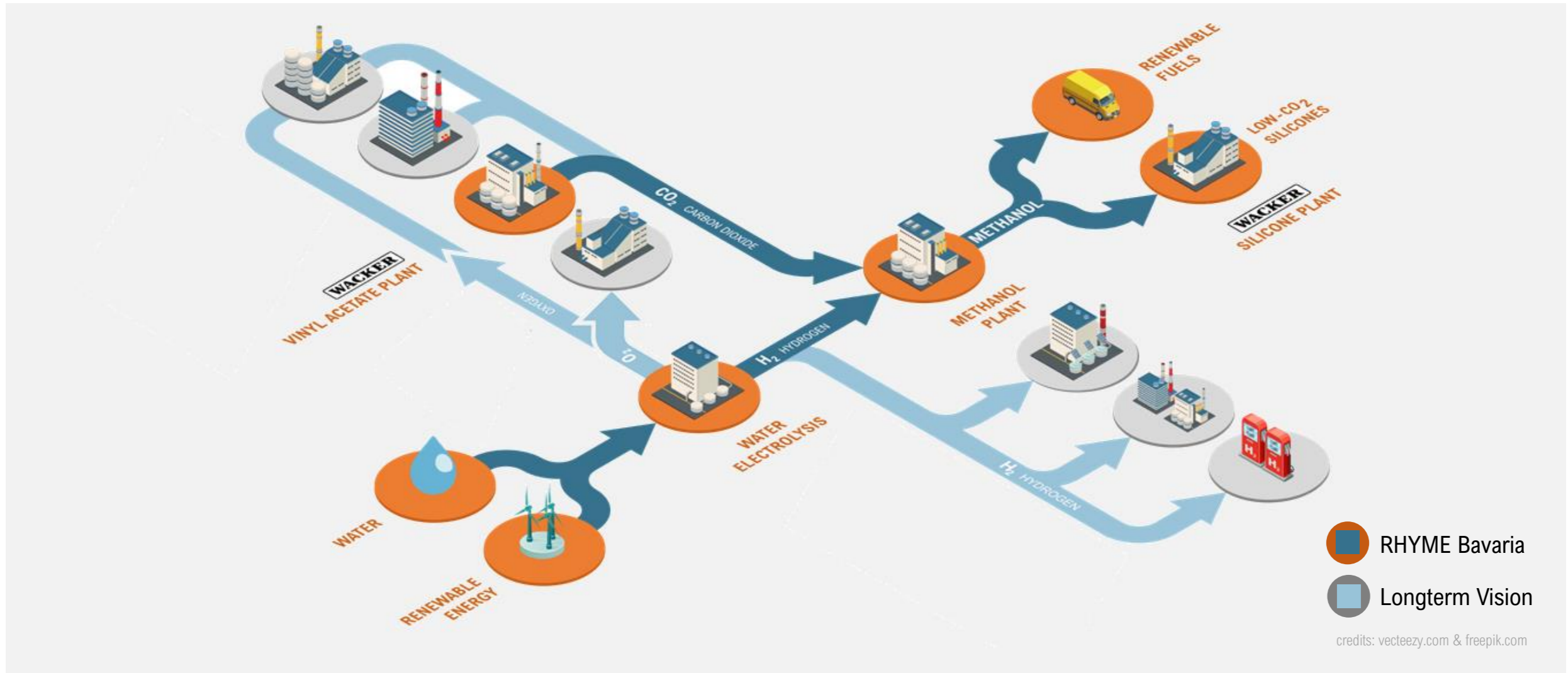
In €m	FY 2020	Outlook 2021
Sales	4,692	Mid-single-digit % increase
EBITDA	666	10 to 20 percent higher than last year
EBITDA margin (%)	14.2%	Slightly higher than last year
Net cash flow	698	Clearly positive, substantially lower than last year
CapEx	224	Around 350
Net financial debt	68	Positive net financial assets
Net Income	202	Markedly above last year's level
Depreciation	404	Around 400
ROCE (%)	5.6%	Substantially higher than last year
Tax Rate (%)	7.1%	Around 25% of taxable income

Q1 Trading Update

Solid start into 2021

Operations	<ul style="list-style-type: none">▶ Highest priority on health & safety measures while maintaining deliveries to customers▶ Strong demand across the product portfolio
Operating Profit & Cash Focus	<ul style="list-style-type: none">▶ Tight cost discipline, reduction of discretionary expenses continues▶ All business segments with defined cost roadmaps
“Shape the Future”	<ul style="list-style-type: none">▶ Efficiency program on track and implementation underway▶ Savings expected to increase to >€100m in FY 2021
Q1 2021 Outlook	<ul style="list-style-type: none">▶ Q1 Group Sales at approximately €1.3bn (Q1 2020: €1.2bn)▶ Q1 EBITDA significantly higher than last year (Q1 2020: €174m)

RHYME Bavaria – Renewable Hydrogen and Methanol Bavaria



Genopis Acquisition

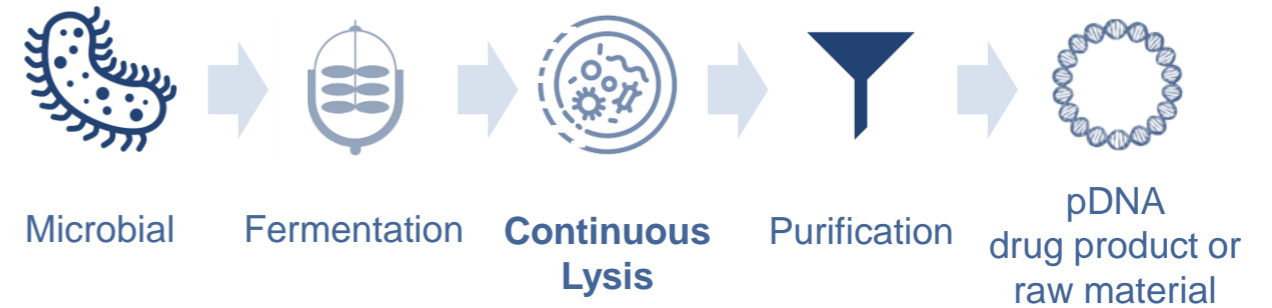
Establishing a Fast-Growing Biopharmaceuticals Business

Established by R&D and Acquisitions

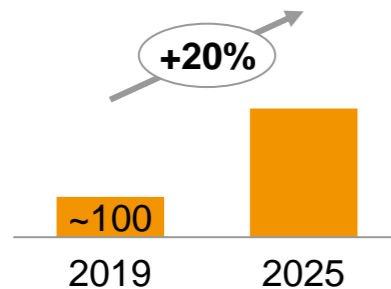


- ▶ 2005: Prothera GmbH (Jena, Germany)
- ▶ 2014: Scil Proteins Production (Halle, Germany)
- ▶ 2018: SynCo Biopartners (Amsterdam, Netherlands)
- ▶ 2021: Genopis (San Diego, USA)

Genopis operates a large scale GMP platform process for pDNA



Growing CMO pDNA market (€m)

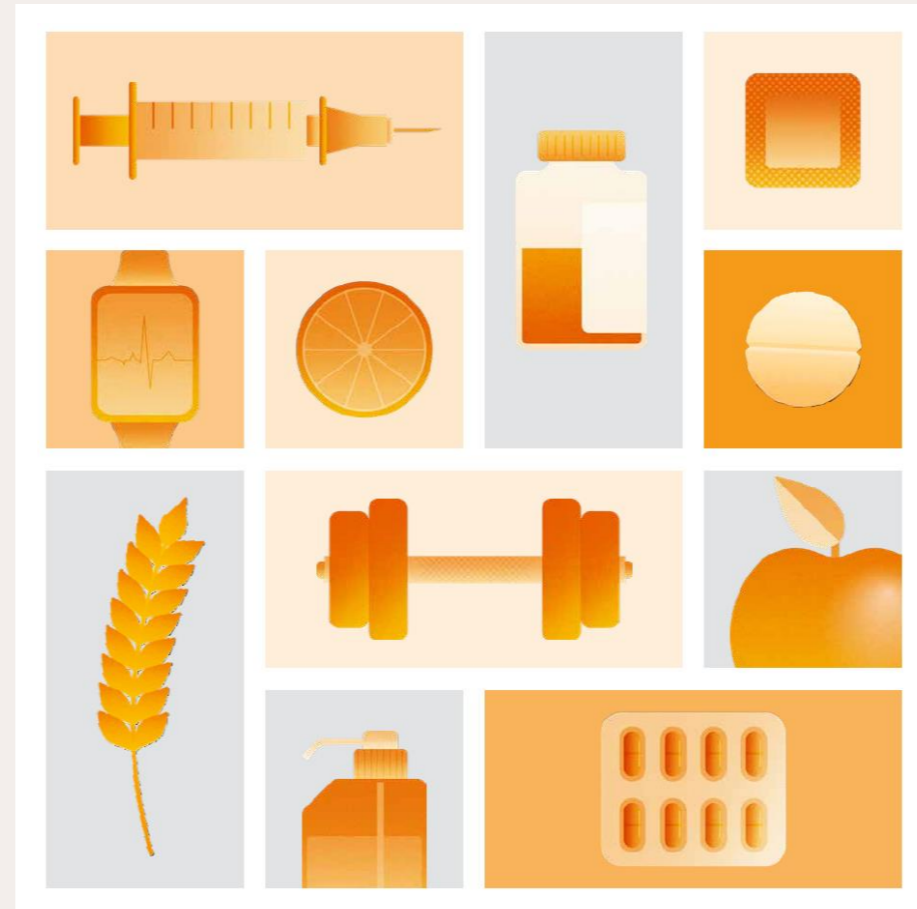


- ▶ pDNA direct (vaccine) therapy
- ▶ Raw material for viral vector production (for viral vector and cell therapies)
- ▶ Raw material for mRNA vaccine production

Rationale

- ▶ Strengthen position as microbial contract manufacturer globally by adding a strategically important US base
- ▶ Immediate access to large scale DNA GMP market & knowhow
- ▶ Technology fit expands WACKER portfolio
- ▶ COVID-19 vaccines boost pDNA and mRNA developments

Source: WACKER Estimates



FY 2020 – Q&A Session

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First Ever Silicone Sealants & Dispersible Polymer Powders Based on Renewables

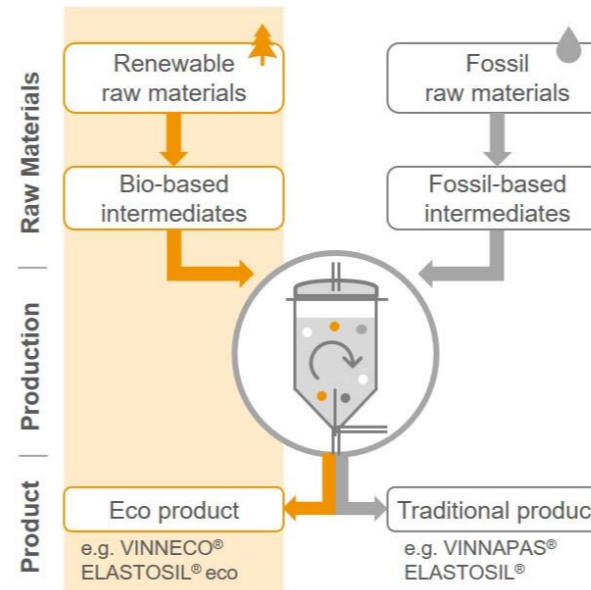
ELASTOSIL® eco Silicone



- ▶ First silicone sealant generation produced with renewables based on mass balance approach
- ▶ Bio-methanol feedstock: plant residues like sugar beets, straw and grass
- ▶ Performance & processing identical to traditional product



Mass Balance Approach



- ▶ Balance of the bio-based raw materials within the production chain has been inspected and third party certified
- ▶ Production is possible in existing facilities, no new invest necessary for customers
- ▶ Progressive increase of renewable raws

VINNECO® Polymer Powder



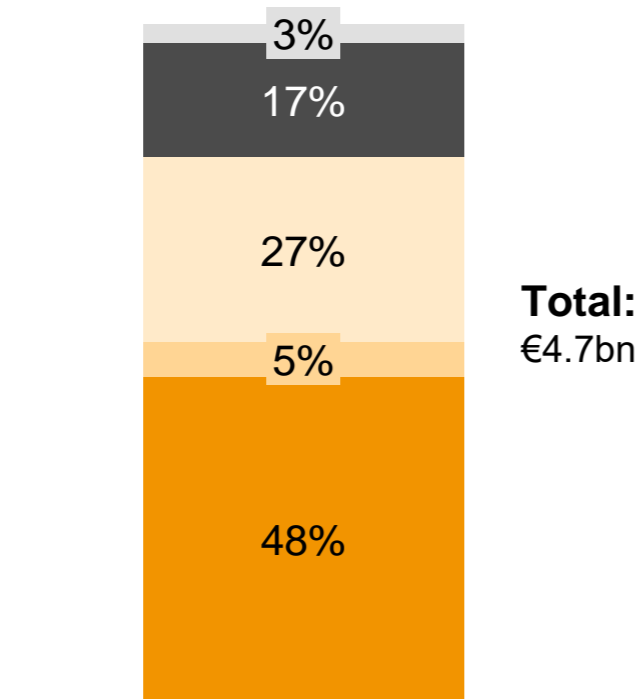
- ▶ Suitable for construction materials such as waterproofing membranes or dry-mix mortars for ETICS¹
- ▶ Bio-acetic acid feedstock: cellulose
- ▶ Performance & processing identical to traditional product



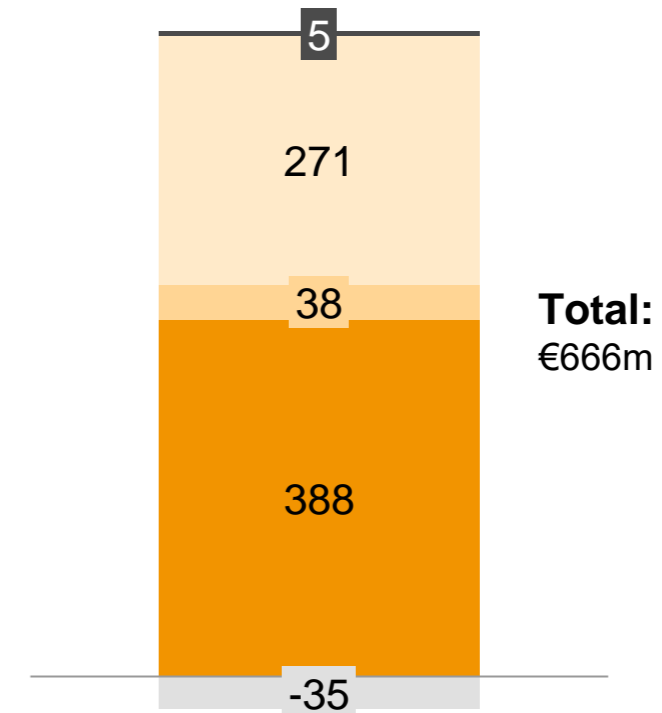
¹) ETICS: external thermal insulation composite systems

FY 2020 Results – Sales and EBITDA Breakdown

FY 2020 Sales



FY 2020 EBITDA (m€)



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

FY 2020 Results – P&L

In €m	FY 2020	FY 2019	% YoY
Sales	4,692	4,928	-5%
EBITDA reported	666 ¹	783 ²	-15%
EBITDA-Margin	14.2%	15.9%	-
EBIT	263	-536 ³	n.a.
EBIT-Margin	5.6%	-10.9%	-
Net income for the period	202	-630 ³	n.a.
CapEx	224	380	-41%
Net cash flow	698 ⁴	184	>100%
Net financial debt	68 ⁴	714	-91%

¹⁾ incl. "Shape the future" restructuring provision of €49m ²⁾ incl. insurance compensation of €112.5m from 2017 incident in Charleston
³⁾ after €760m impairment on POLYSILICON assets ⁴⁾ incl. €73m voluntary pension top-up

FY 2020 Results – Breakdown by Business

In €m / %	FY 2020			FY 2019			Q4 2020			Q4 2019		
	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN	SALES	EBITDA	EBITDA MARGIN
Chemicals	3,789	696	18.4%	4,011	704	17.5%	966	181	18.8%	931	162	17.4%
SILICONES	2,244	388	17.3%	2,453	479	19.5%	573	111	19.3%	565	104	18.3%
POLYMERS	1,299	271	20.8%	1,315	194	14.8%	330	65	19.7%	303	48	15.9%
BIOSOLUTIONS	246	38	15.5%	243	31	12.8%	63	6	9.3%	63	11	16.8%
POLYSILICON	792	5	0.6%	780	57 ²	7.3%	244	46	18.6%	193	2	1.0%
Others	128	-35	n.a.	158	22	14.2%	33	-32 ¹	n.a.	37	-7	n.a.
Consolidation	-17	1	n.a.	-21	0	n.a.	-4	1	n.a.	-6	1	n.a.
WACKER Group	4,692	666¹	14.2%	4,928	783²	15.9%	1,239	196	15.8%	1,156	158	13.7%

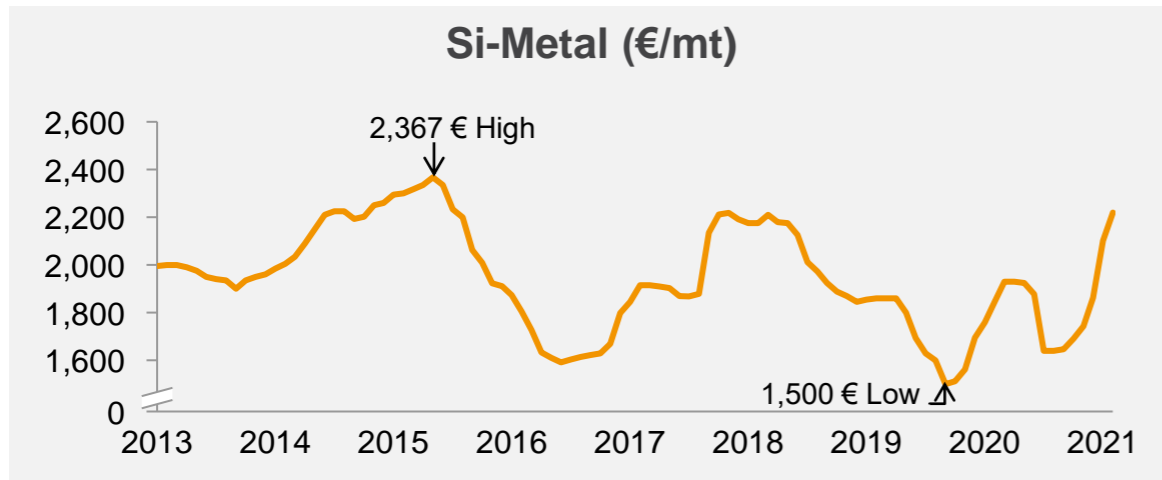
¹⁾ incl. "Shape the future" restructuring provision of €49m ²⁾ incl. insurance compensation of €112.5m from 2017 incident in Charleston

Strong Growth of Global PV Markets in 2021 Expected

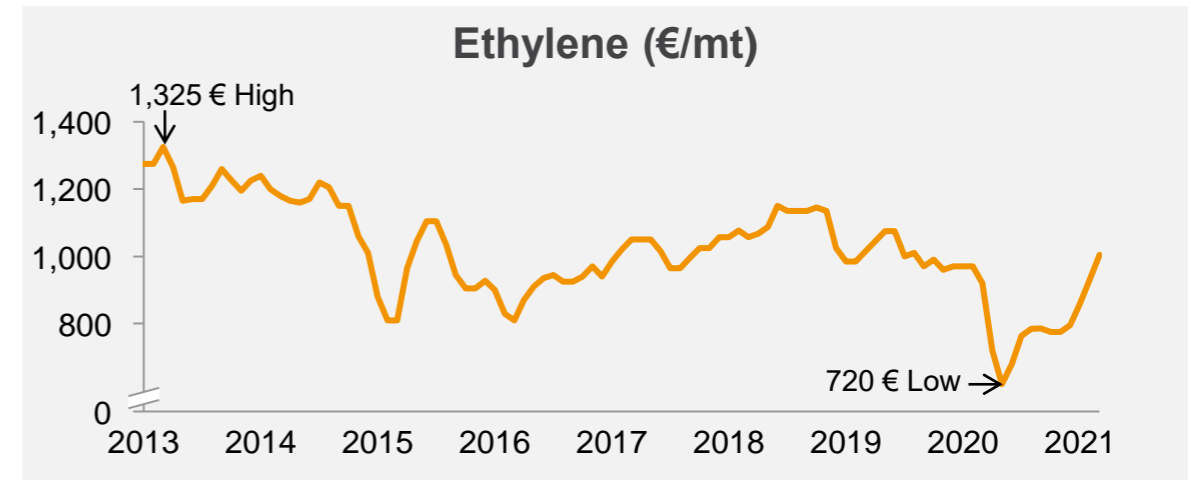
Country	2016	2017	2018	2019	2020	2021e
Germany	1.5	1.8	3.0	4.0	4.9	4.0 – 6.0
Spain	0.1	0.1	0.4	4.7	3.3	4.0 – 5.0
Europe other	4.8	4.9	8.1	13.0	12.0 – 13.0	14.0 – 17.0
Europe total	6.4	6.8	11.5	21.7	20.0 – 21.0	22.0 – 28.0
Australia	0.8	1.3	3.8	4.4	4.0 – 5.0	4.0 – 6.0
China*	32.5	52.8	44.3	30.1	48.2	50.0 – 60.0
India	4.3	9.6	8.5	7.3	3.0 – 4.0	4.0 – 7.0
Japan	8.4	7.4	7.0	7.5	8.2	7.0 – 8.0
USA	14.8	10.6	10.6	13.3	18.0 – 19.0	22.0 – 24.0
Rest of Americas	3.0	3.4	6.0	8.0	5.0 – 6.0	8.0 – 11.0
Rest of World	7.7	8.1	13.3	26.0	27.0 – 29.0	33.0 – 36.0
Total	78 GW	100 GW	105 GW	118 GW	130 – 140 GW	150 – 180 GW

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

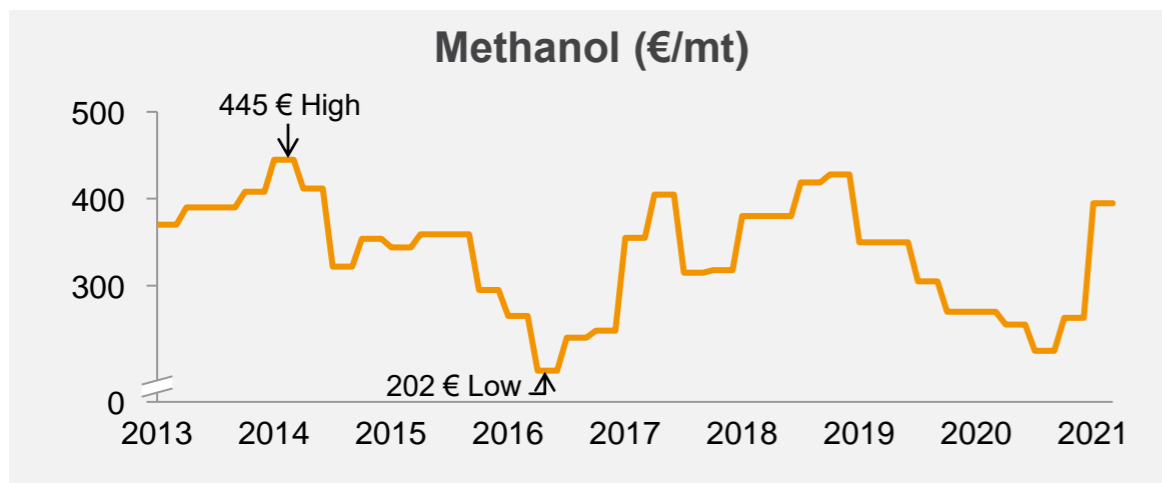
Raw Materials Show Strong Price Inflation Recently



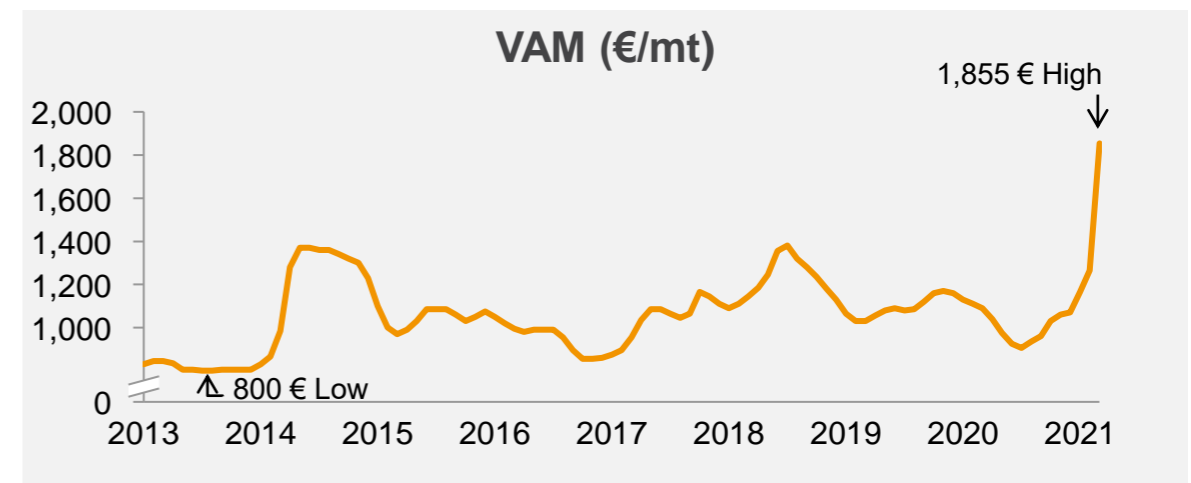
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE



Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

Modelling Help

“Shape the Future”

- ▶ **P&L:** Ongoing restructuring expenses booked directly into the businesses (low-double-digit m€ in 2021)
- ▶ **Cash flow:** 2021 impacted by payout of one-time restructuring expenses

Siltronic AG

- ▶ At-equity accounting discontinued end of 2020
- ▶ Until successful closing of transaction:
 - ▶ The carrying amount of the investment in Siltronic AG (€550m) will be classified as “Asset held for sale”
 - ▶ Investment income will no longer be reported in WACKER income statement (P&L)
 - ▶ Dividend will be recorded in “Other income from associates”
- ▶ With the successful closing of transaction: WACKER reported EBITDA will increase by €780m and net cash flow will increase by €1.3bn

Others Segment

- ▶ Model with -€20m EBITDA for 2021

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Additional Information



ISIN	DE000WCH8881
WKN	WCH888
Deutsche Börse	WCH

Financial Calendar

04/30/21	Q1 Results 2021
05/12/21	Annual Shareholders' Meeting
06/24/21	Virtual CMD Series: BIOSOLUTIONS & R&D
07/29/21	Q2 Results 2021
10/28/21	Q3 Results 2021

Publications



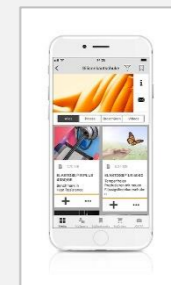
CUSTOMER
MAGAZINE



FACTBOOK



SUSTAINABILITY
REPORT



SQUARE
APP