

## **Q1 2020 – Conference Call Note**

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)  
April 30, 2020

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*Front cover: SILPURAN® Ultra-pure liquid silicone – WACKER's dedicated product line for medical applications*

# WACKER Q1 2020 Highlights

## Financials



€1.2bn

**Sales** (-3% yoy, +4% qoq)  
On average lower pricing and volumes

€174m

**EBITDA**  
(+23% yoy)

14.5%

**EBITDA  
Margin**

€44m

**CapEx**  
(-55% yoy)

€23m

**Net cash flow**  
(PY -€135m)

## Operations



### Good performance in Chemicals

Higher volumes overall, lower prices in silicone standards, high utilization and cost efficiencies

### POLYSILICON with mix & cost improvements

Strong cost performance, lower volumes and prices yoy, solid demand from semiconductors

Strong  
Q1  
2020  
result

# Update on the Corona Pandemic Situation

Health and safety are the highest priorities while reliably supplying to our customers

## Health & Safety



- ▶ Additional safety measures at sites, home office for corporate functions
- ▶ Infection rates at a very low level

## Global End Markets



- ▶ Strong recession expected in Q2 (IMF Global GDP -3% in FY 2020)
- ▶ Weak demand across sectors e.g. in autos, textiles, consumer care

## Production



- ▶ Production running to ensure reliable supply to our customers
- ▶ Adjusting production levels to demand

## Financials



- ▶ Strong financial position with new debt facility and existing credit lines
- ▶ FY 2020 CapEx lowered to <€300m (Previously: €350m)

## Outlook



- ▶ Forecast for FY 2020 not possible due to ongoing Corona pandemic
- ▶ Timing and shape of recovery difficult to accurately forecast

# Profit & Loss Statement

## Substantial Cost Reductions and Efficiency Gains

### WACKER P&L Q1 2020 (€m)

€m	Q1 2020	Q1 2019
Sales	1,197.5	1,235.7
<b>Gross profit from sales</b>	<b>221.6</b>	<b>149.3</b>
<i>Gross profit margin (in %)</i>	<i>18.5%</i>	<i>12.1%</i>
S,G&A and R&D	-153.5	-167.0
Other operating income	24.0	16.5
Other operating expenses	-30.0	-20.5
<b>Operating result</b>	<b>62.1</b>	<b>-21.7</b>
Result from investments in joint ventures and associates	7.7	21.8
<b>EBIT</b>	<b>69.8</b>	<b>0.1</b>
Interest result	-3.4	-2.5
Other financial result	-8.6	-7.1
<b>Profit before tax</b>	<b>57.8</b>	<b>-9.6</b>
Income taxes	11.1	4.0
<b>Net income for the period</b>	<b>68.9</b>	<b>-5.5</b>
<b>EPS (in €)</b>	<b>1.31</b>	<b>-0.16</b>
<b>EBITDA</b>	<b>174.1</b>	<b>142.0</b>
Depreciation/amortization	104.3	141.9
<b>EBIT</b>	<b>69.8</b>	<b>0.1</b>

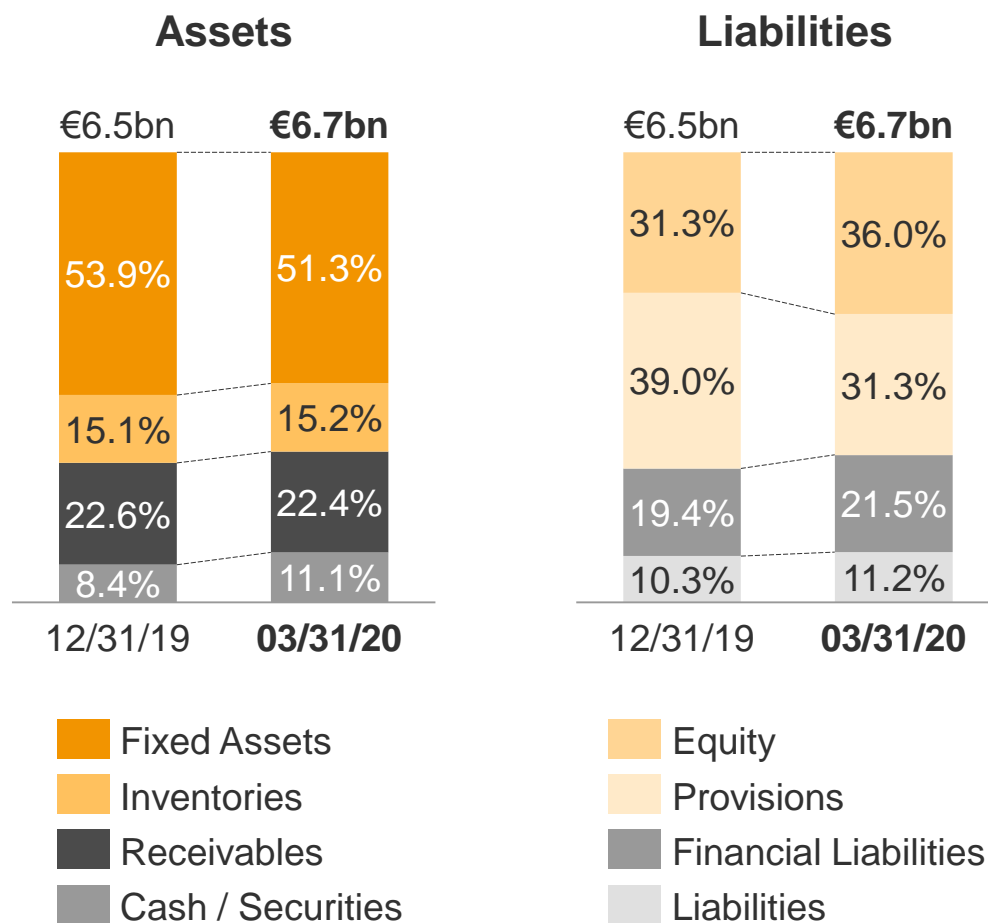
### Comments

- ▶ Sales -3.1% yoy:  
Volume/Mix -0.4%, Price -3.3%, FX +0.6%
- ▶ Gross profit improved by 48% yoy on efficiency gains, cost management and lower depreciation
- ▶ SG&A reduced by 8% yoy as cost controls take hold
- ▶ EBITDA of €174m
- ▶ Lower at-equity contribution
- ▶ Depreciation at €104m
- ▶ EPS at €1.31

# Balance Sheet Composition

## Strong Liquidity Position

### Balance sheet (%)



### Characteristics 03/31/20

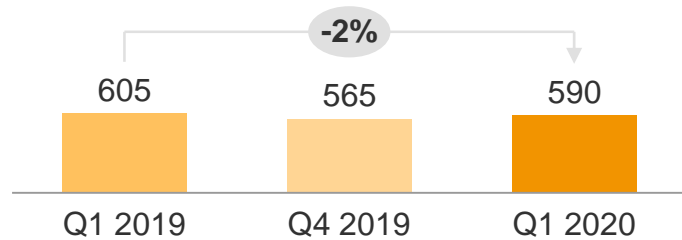
- ▶ Liquidity:
  - ▶ Cash & securities of €750m
  - ▶ Financial liabilities: maturities of €184m due this year
  - ▶ Existing credit lines of €600m undrawn; new debt facility of €200m
- ▶ Provisions for pensions: €1,856m (Dec 31, 2019: €2,275m)
- ▶ Discount rate in Germany at 1.93% (Dec 31, 2019: 1.25%)
- ▶ DTA\* relating to pensions about €367m
- ▶ Equity: €2,425m (Dec 31, 2019: €2,029m)

\* Deferred tax asset

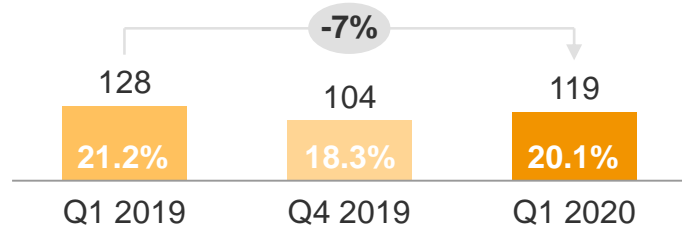
# SILICONES

## Specialties Growth Offset by Lower Prices in Standards

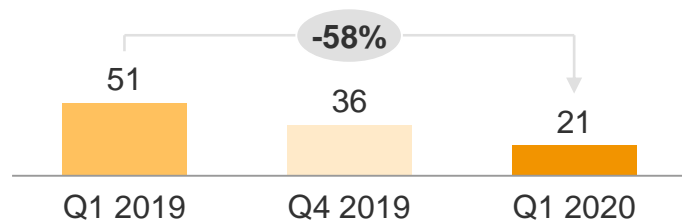
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Growth in specialties volumes, weak pricing in standards yoy and qoq
- ▶ Strong in industrial applications and release coatings, soft in automotive and consumer
- ▶ Sales in China down 20% yoy

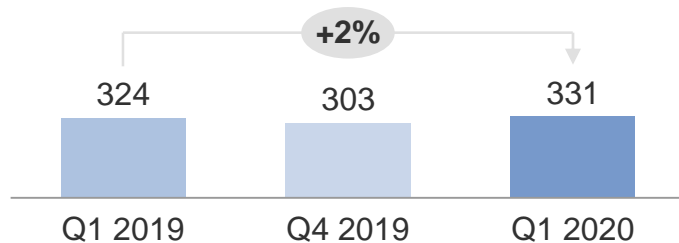
### Trading update

- ▶ Good cost performance in siloxane plants
- ▶ Lower order intake in April
- ▶ Adjusting production levels accordingly

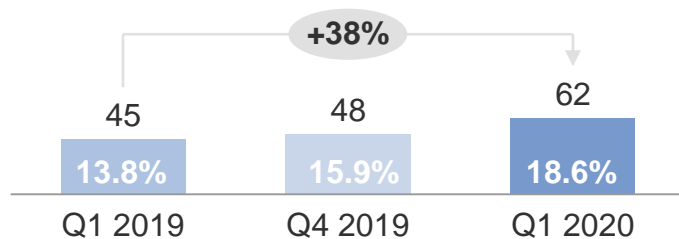
# POLYMERS

## Strong Performance Driven by Volumes and Efficiency Gains

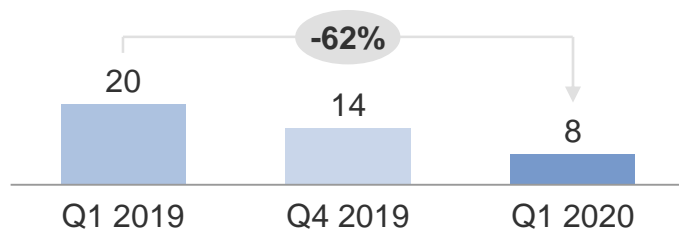
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Growth in European construction compensates weaker demand in China
- ▶ EBITDA benefits from high utilization rates, firm prices and cost discipline

### Trading update

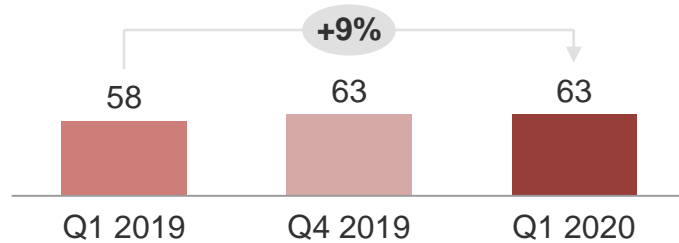
- ▶ Demand in China recovering, but other regions weaker
- ▶ Adjusting production levels accordingly
- ▶ Cost efficiency benefits



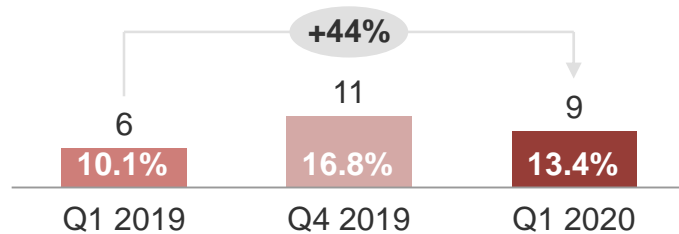
# BIOSOLUTIONS

## Strong Demand in all Businesses

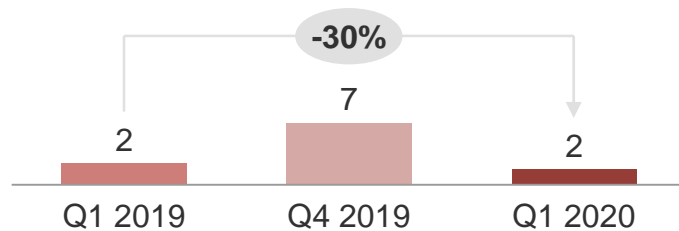
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Strong volumes in cyclodextrins, cysteines and biopharma
- ▶ Favorable product mix
- ▶ High utilization rates in all businesses

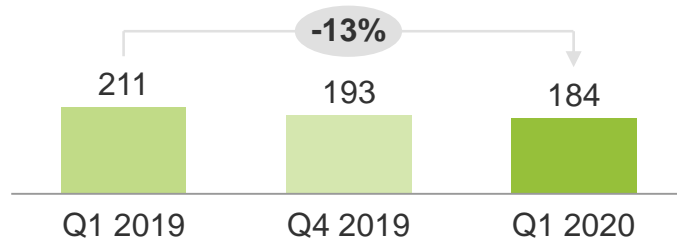
### Trading Update

- ▶ Strong order book in biopharma
- ▶ High demand for cyclodextrins

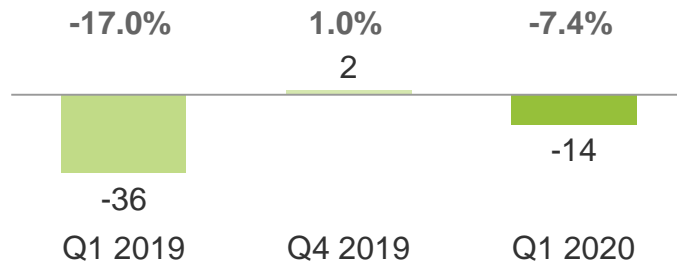
# POLYSILICON

## Good Cost Performance but Lower Volumes

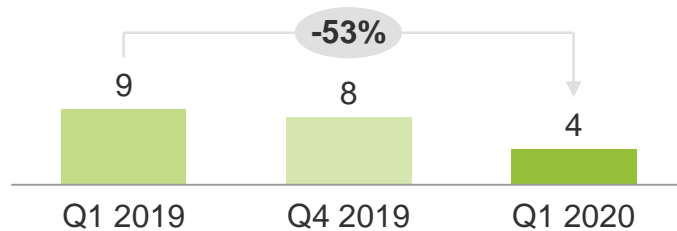
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Good progress on cost roadmaps, but result held back by inventory valuation effects
- ▶ Corona-effects on solar volumes, but semi demand strong
- ▶ Relatively stable prices qoq for mono or better qualities

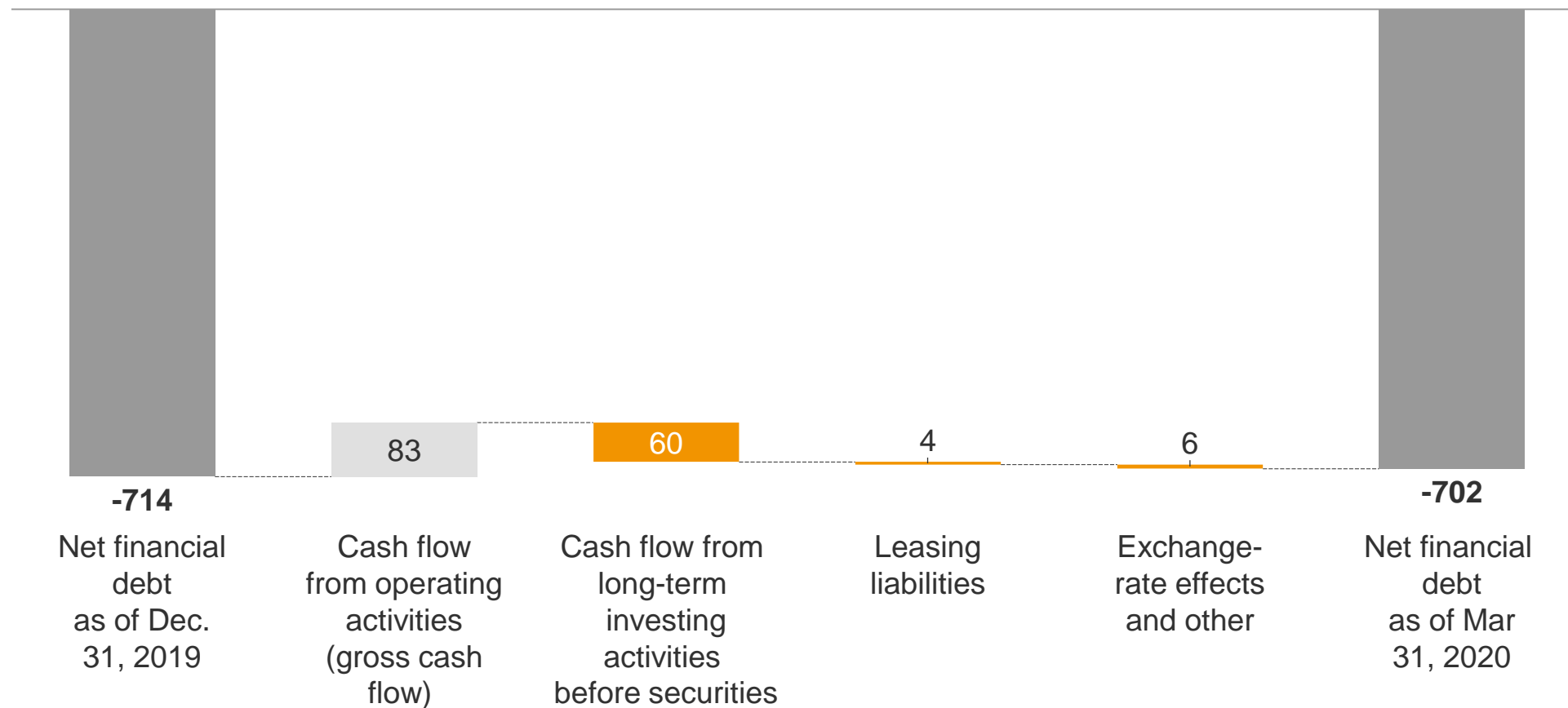
### Trading Update

- ▶ FY 2020 global PV installations forecast reduced
- ▶ Adjusting production levels to currently lower demand in solar

# Net Financial Debt

## Strong Cash Flow Generation

### Net Financial Debt Bridge per 03/31/2020 (€m)



# Pandemic Triggers Strong Demand for some WACKER Products

## Respirator masks



- ▶ ELASTOSIL® silicone rubber & HDK® pyrogenic silica are used in respirator masks

## Medical tubing & valves



- ▶ Ultra-high pure SILPURAN® silicone rubbers are used in medical tubing and needle-free valves

## Disinfectant wipes



- ▶ VINNAPAS® vinyl acetate ethylene (VAE) dispersions are used in wet wipes for personal hygiene

## Anti-viral medications



- ▶ WACKER cyclodextrins are used as excipients in anti-viral drugs that are being evaluated for use to fight COVID-19

# Measures Addressing Current Situation

## Outlook for FY 2020 not yet possible

### Operations

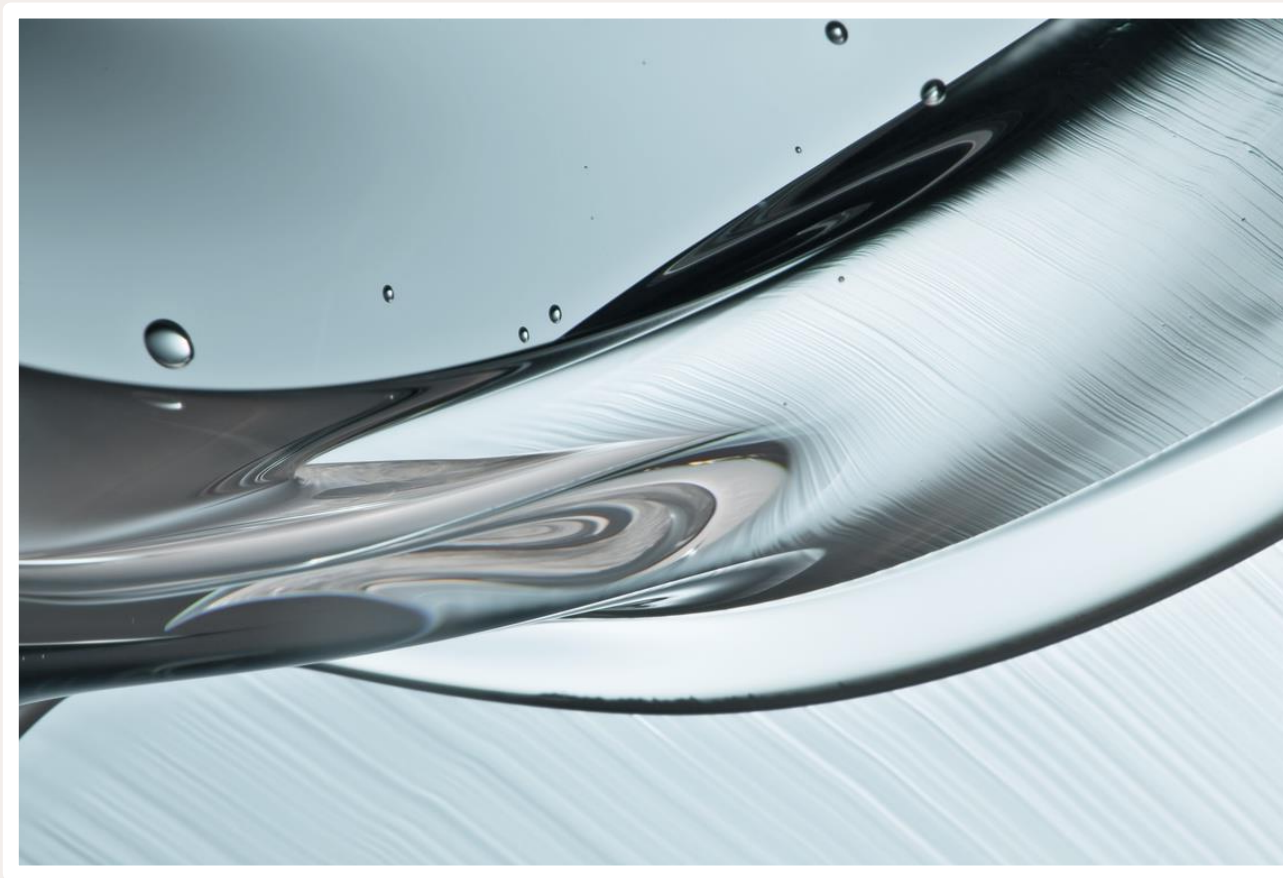
- ▶ Business operations will continue to run to the fullest extent possible without major restrictions
- ▶ Short-time working arrangements for some production areas and corporate functions in Germany

### Operating Profit & Cash Focus

- ▶ Work on efficiency program “Shape the Future” continues
- ▶ Tight cost control and measures to reduce working capital
- ▶ FY 2020 CapEx reduced to <€300m (Previously: €350m)

### Outlook

- ▶ We cannot reliably estimate the pandemic’s effects on our business at present
- ▶ Forecast for FY 2020 not yet possible



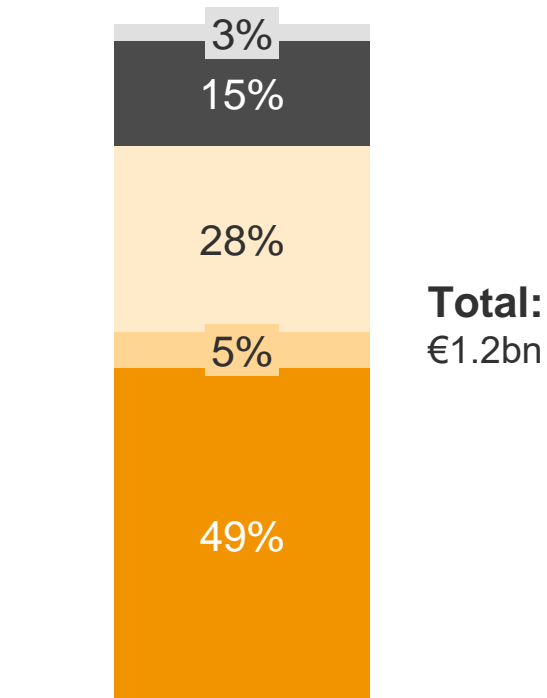
## **Q1 2020 – Conference Call: Q&A Session**

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)

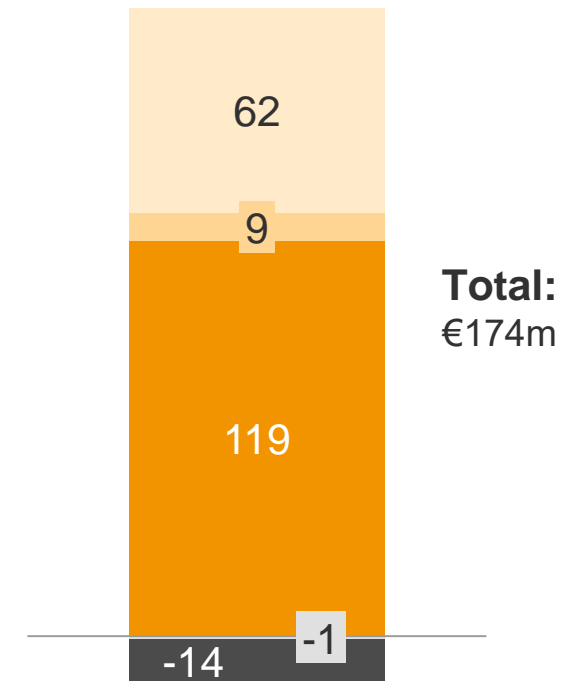
April 30, 2020

# Q1 2020 Results – Sales and EBITDA Breakdown

## Q1 2020 Sales



## Q1 2020 EBITDA



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

# Q1 2020 Results – P&L

In €m	Q1 2020	Q1 2019	% YoY	Q4 2019	% QoQ
Sales	1,198	1,236	-3	1,156	+4
EBITDA	174	142	+23	158	+10
EBITDA margin	14.5%	11.5%	-	13.7%	-
EBIT	70	0	>100	-744	n.a.
EBIT margin	5.8%	0.0%	-	-64.4%	-
Net income for the period	69	-6	n.a.	-748	n.a.
EPS in €	1.31	-0.16	n.a.	-15.13	n.a.
Capital expenditures	44	98	-55	89	-50
Depreciation / amortization	104	142	-27	902	-88
Net cash flow	23	-135	n.a.	122	-82



# Q1 2020 Results – Overview by Business

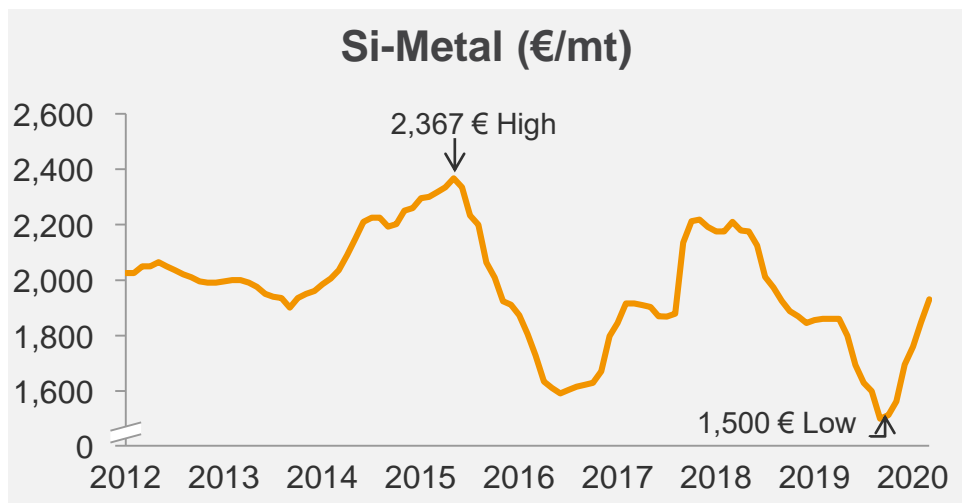
In €m / %	Sales					EBITDA				
	Q1 2020	Q1 2019	% YoY	Q4 2019	% QoQ	Q1 2020	Q1 2019	% YoY	Q4 2019	% QoQ
<b>Chemicals</b>	<b>984</b>	987	0	931	+6	<b>189</b>	179	+6	162	+16
SILICONES	<b>590</b>	605	-2	565	+4	<b>119</b>	128	-7	104	+15
POLYMERS	<b>331</b>	324	+2	303	+9	<b>62</b>	45	+38	48	+27
BIOSOLUTIONS	<b>63</b>	58	+9	63	0	<b>9</b>	6	+44	11	-20
POLYSILICON	<b>184</b>	211	-13	193	-4	<b>-14</b>	-36	-62	2	n.a.
Others	<b>35</b>	43	-18	37	-5	<b>0</b>	0	0	-7	-100
Consolidation	<b>-6</b>	-5	+15	-6	+11	<b>-1</b>	-1	0	1	n.a.
<b>WACKER Group</b>	<b>1,198</b>	<b>1,236</b>	<b>-3</b>	<b>1,156</b>	<b>+4</b>	<b>174</b>	<b>142</b>	<b>+23</b>	<b>158</b>	<b>+10</b>

# In 2020 No Growth in PV Installations due to Coronavirus

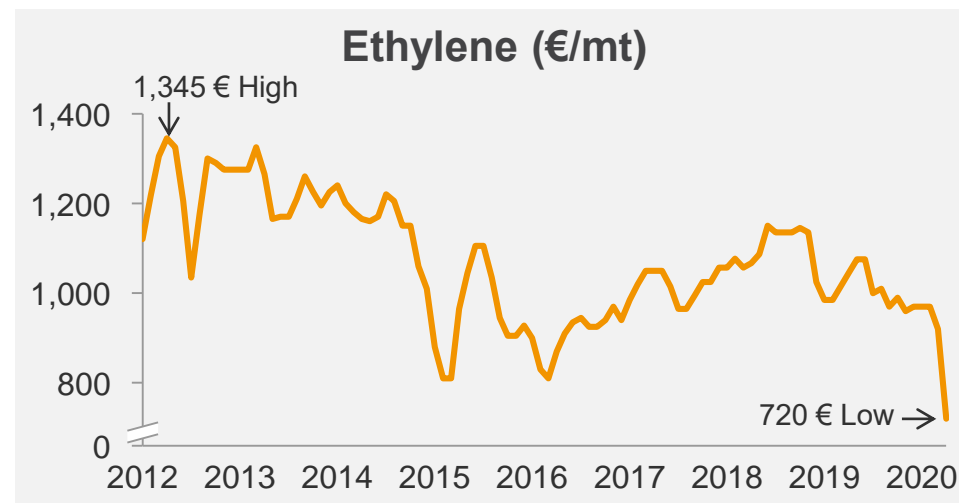
Country	2016	2017	2018	2019e	2020e
Germany	1.5	1.8	3.0	4.0	3.0 – 3.5
Spain	0.1	0.1	0.4	4.7	2.5 – 3.5
Europe other	4.8	4.9	8.1	12.0 – 14.0	9.0 – 11.0
<b>Europe total</b>	<b>6.4</b>	<b>6.8</b>	<b>11.5</b>	<b>20.7 – 22.7</b>	<b>14.5 – 18.0</b>
Australia	0.8	1.3	3.8	4.5 – 5.5	3.5 – 4.5
China*	32.5	52.8	44.3	30.2	30.0 – 35.0
India	4.3	9.6	8.5	8.5 – 10.0	8.0 – 10.0
Japan	8.4	7.4	7.0	7.0 – 8.0	6.0 – 7.0
USA	14.8	10.6	10.6	13.3	13.0 – 18.0
Rest of Americas	3.0	3.4	6.0	7.0 – 8.0	6.5 – 7.5
Rest of World	7.7	8.1	13.3	25.0 – 27.0	23.0 – 25.0
<b>Total</b>	<b>78 GW</b>	<b>100 GW</b>	<b>105 GW</b>	<b>115 – 125 GW</b>	<b>105 – 125 GW</b>

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

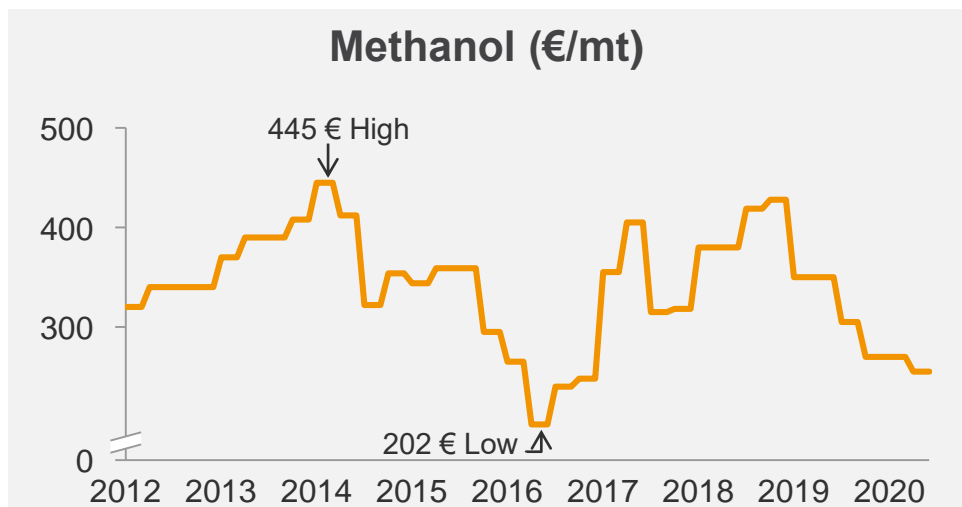
# Raw Material Prices with Volatile Development



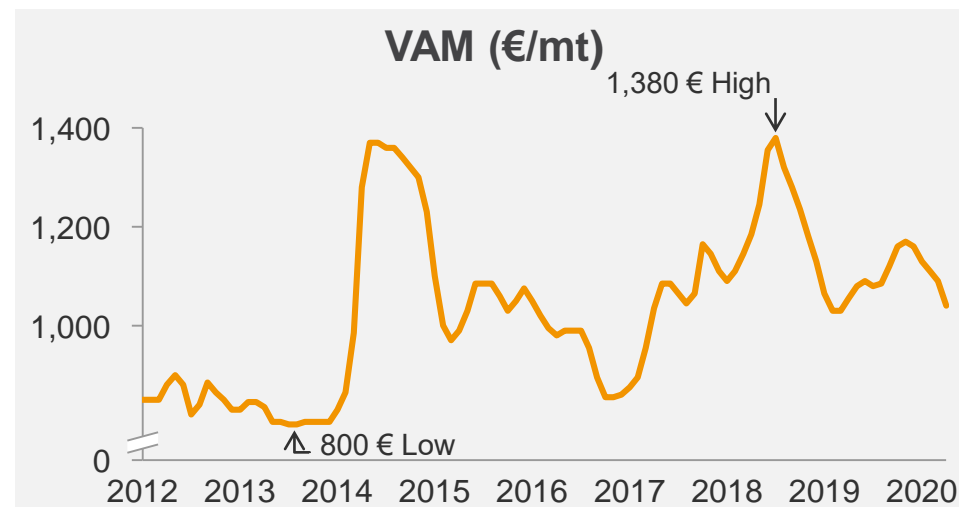
Source: CRU, Si-Metal Spot FD Europe



Source: ICIS, EN Contract FD NWE



Source: ICIS, MeOH Contract, FOB RDM



Source: ICIS, VAM Contract FD NWE

# WACKER: Issuer, Contact and Additional Information

## Issuer and contact

### INVESTOR RELATIONS CONTACTS

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## Financial calendar

**06/16/20**

Capital Market Day  
(Virtual)

**08/04/20**

Annual Shareholders'  
Meeting

**07/30/20**

Q2 Results 2020

**10/29/20**

Q3 Results 2020

## Additional information

**ISIN**

DE000WCH8881

**Deutsche Börse**

WCH

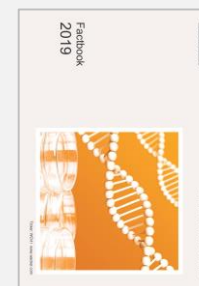
**WKN**

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## Publications



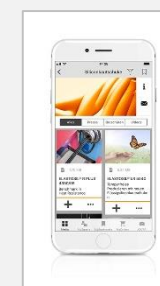
CUSTOMER  
MAGAZINE



FACTBOOK



SUSTAINABILITY  
REPORT



SQUARE  
APP