WACKER BIOSOLUTIONS - 
A Breeding Ground For Innovation And Growth

Dr. Thomas Maier, Managing Director WACKER Biotech GmbH
Baader Investment Conference, 20th September 2016
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Our Business Portfolio – A Foundation For Growth

WACKER BIOSOLUTIONS
- High potential for future development
- Innovative biotech and chemistry platforms

WACKER POLYMERS
- No. 1 in dispersible polymer powders
- No. 1 in VAE dispersions
- Global footprint

WACKER POLYSILICON
- No. 2
- Cost and quality leader
- Enabling industry growth

WACKER SILICONES
- No. 2 with global footprint
- Leading positions in key growth segments

WACKER: FY 2015
Sales €5.3bn

Siltronic
- No. 3
- Balanced base of customers
- Minority position floated (WAF300; WAF)

*Sales FY 2015, Others
WACKER BIOSOLUTIONS – The Life Science Division

Business Structure

Food

Nutrition
Cyclodextrins, Cystine/Cysteine as food ingredient, Cyclodextrin complexes

Gumbase
Gumbase resin for chewing gum production

Biopharmaceuticals

Drug Substances
Custom manufacturing of biopharmaceuticals with strong technology and IP position

Pharma/Agro

Building Blocks & Excipients
Products used for pharmaceuticals and agrochemicals

WACKER BIOSOLUTIONS

Sales
FY 2015
€197m

56%
31%
13%
BIOSOLUTIONS – Double Digit Growth in Promising Markets is Driven by Our Innovative Technology Platforms

Sales development

\[ mn \text{ EUR} \]

\[ \begin{align*}
2009 &: 105 \\
2015 &: 197 \\
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\[ 11\% \]

Technology Platforms

- Production of Biopharmaceuticals
  - ESETEC®
  - FOLDTEC®

- Cyclodextrin Technology
  - CAVAMAX®
  - CAVASOL®
  - CAVACURMIN®

- Metabolic Engineering of Bacteria

- Food Polymer Solutions
  - CAPIVA®
  - VINNAPAS®

Main Markets served

- (Bio-)Pharma
- Agro
- Food

Baader Investment Conference, 20th September 2016
Biopharmaceuticals Are The Innovation Driver in The Pharmaceutical Industry

Classical drug substances

- Manufactured by **chemical syntheses**
- Relatively **small** and simple molecules

Biopharmaceuticals

- Manufactured by **biotechnological processes** using bacteria, yeast or mammalian cells
- Highly **complex, large proteins**

- 10 out of the 20 top-selling drugs are biopharmaceuticals by end 2016
- 604 new biopharmaceutical drug candidates in the pipeline: more than doubled compared to 265 in 2005
With Strategic R&D And Acquisitions of Start-ups a Fast Growing Biopharmaceuticals Business Has Been Established

WACKER Biopharmaceuticals Production Platform

Established by R&D and Acquisitions

- 2005: Prothera GmbH
- 2014: Scil Proteins Production GmbH

Biopharmaceuticals Contract Manufacturing Market

- Market 2015 $3bn
- 35% Long-Term Annual Growth of above 8% expected

Business Model of WACKER Biotech GmbH

- Outsourcing
- Contract Manufacturing

- WACKER is the biggest dedicated microbial contract manufacturer in Europe
- Major Competitors include Lonza, Boehringer Ingelheim, Sandoz, FujiFilm Diosynth, Synco Biopartners

Microbial Technology
Mammalian Technology
**WACKER Introduced A Revolutionary Technology For The Production of Biopharmaceuticals**

**Strong Customer Base – Strong Market Reputation**

- **Novartis**
- **AbbVie**
- **Boehringer Ingelheim**
- **AstraZeneca**
- **MedImmune**
- **Actavis**
- **Biogen**
- **XOMA**
- **Pieris**

G. Wasserman, Sr. Vice President Development: 
“ESETEC®… helps improve productivity and simplifies the purification process, which is critical as we work to bring important medicines to patients as quickly as possible.”

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**Traditional Process (microbial, *E. coli*)**
- Product accumulates inside the bacteria

**ESETEC® (E.coli secretion technology)**
- Product is transported outside the bacteria
ESETEC® Enables Time-And Cost-Efficient Manufacturing of Biopharmaceuticals

- ESETEC® reduces the number of process steps
- ESETEC® significantly increases yields
- ESETEC® reduces production costs

Our Potential: Expand ESETEC® Use and Continue Growth with >20% CAGR
Metabolic Engineering Takes Advantage of The Synthetic Capabilities of Bacterial Cells

**Bacterial Cells**

**High value products**
- Amino acids
- Vitamins
- Fatty acids
- Isoprenoids
- Antibiotics
- Nucleotides
- Biopolymers
- Biofuels

**Raw materials**
- Glucose
- Mineral salts

Metabolic Engineering is the practice of optimizing genetic and regulatory processes within cells to increase the cells' production of a certain substance.
WACKER’s Metabolic Engineering Technology Led to a New Vegetarian Quality Product of The Amino Acid Cysteine

Traditional Process

- Extraction from human hair and animal feather = unwanted in food applications

WACKER Process = vegetarian

- Cysteine synthesis in bacteria comprises **17 steps**
- WACKER scientists identified and modified the “bottleneck” genes
- **20,000-fold increase** of cysteine production achieved
- **Vegetarian, Kosher and Halal**
- Compliant with all major food (HACCP) and pharmaceutical standards
- Raw material and energy **efficient**
WACKER’s Metabolic Engineering Technology Enabled Market Leadership For Cysteine

Our Metabolic Engineering Platform

Bacteria before Metabolic Engineering

Bacteria after Metabolic Engineering sitting “proud” on their product

Cysteine Market Split by Revenue*

- We are the clear market leader in the Cysteine food market
- Cysteine-business is unlike other amino acids a specialty business
- We realize price premiums due to our superior quality

2015

41% WACKER
40% Competitor #1
19% Other

*Food only
Solid Growth For Vegetarian Cysteine in All Markets – New Ingredients Are Being Developed

Selected Applications for Cysteine as a Life Science Ingredient

- Food additive
- Food flavors
- Supplement
- Pharma

New Metabolic Engineering Developments are ongoing

- Our platform technology fits to customer need for “natural” ingredients
- Technology is being used to produce other high-value and “natural” ingredients
- We are aiming for a superior cost position in specialty markets of food and pharma
- A strong IP position secures our success

Our Potential: >€50m Additional Revenue by Developing New Ingredients for Life Science Markets
Our Commitment to Innovation Pays Off – A Decade of Successful Product Launches And Recognition as Innovator

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**Business Innovation Award 2016**

- Sponsored by the Federal Ministry of Economic Affairs
- WACKER among the top four corporate finalists selected by the scientific committee
- Honored for developing ESETEC®: cost-efficient technology for manufacturing cutting-edge biopharmaceuticals
BIOSOLUTIONS Growth Impetus Driven by Technology Platforms

WACKER BIOSOLUTIONS
Revenue split by end market

BIOSOLUTIONS – What’s next?

- BIOSOLUTIONS grows with solutions for the megatrend “ageing population”
- We expect continuation of our growth momentum in Pharma, Food, and Agro
- BIOSOLUTIONS has a low exposure to economic cycles and raw material cost
- Innovation remains key element of our business and our technology platforms will expand into new products, applications, and services to our customers
BIOSOLUTIONS
Strong Volumes in Biopharmaceuticals

Sales (€m)

- Q2 2015: 52.7
- Q1 2016: 50
- Q2 2016: 53.2

Sales +1% yoy
Higher volumes in biopharmaceuticals and nutrition overcompensate lower prices in gum segment

Highlights Q2

Outlook FY 2016

- Mid-single digit sales growth with EBITDA at the level of previous year
- Significant growth expected for biopharmaceuticals

EBITDA (€m) / margin

- Q2 2015: 10
- Q1 2016: 10
- Q2 2016: 9

18.0% 19.4% 16.9%
CREATING TOMORROW'S SOLUTIONS

WACKER BIOSOLUTIONS - A Breeding Ground For Innovation And Growth
Questions & Answers
# WACKER: Issuer, Contact and Additional Information

## Issuer and Contact

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## Additional Information

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## Financial Calendar

- **10/11/16** – Capital Market Day  
- **10/27/16** – Q3 Results 2016