



## **Q1 2018 – Conference Call Note**

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

April 26, 2018

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# Highlights Q1 2018

## Strong Growth in Chemicals Continues

### Solid start into 2018

#### Financials

**Sales** of €1.2bn (+0% yoy, +4% qoq)

**EBITDA** at €255m (+11% yoy, +9% qoq)

**Net cash flow** clearly positive at €168m

#### Operations

**Price and product mix** drive earnings growth, especially in SILICONES

**FX headwinds** and **higher raw material prices** yoy

**High utilization across all segments**, without POLYSILICON volumes from US outage

# Profit & Loss Statement

## Strong Operations and Supportive Pricing Drive Results

### WACKER P&L Q1 2018 (€m)

€m	Q1 2017	Q1 2018
Sales	1,218.8	1,217.6
<b>Gross profit from sales</b>	<b>214.0</b>	<b>242.9</b>
<i>Gross profit margin (in %)</i>	<i>17.6%</i>	<i>19.9%</i>
S,G&A and R&D	-151.0	-151.6
Other operating income	25.3	26.0
Other operating expenses	-15.2	-17.3
<b>Operating result</b>	<b>73.1</b>	<b>100.0</b>
Result from investments in joint ventures and associates	0.1	21.7
<b>EBIT</b>	<b>73.2</b>	<b>121.7</b>
Interest result	-8.7	-5.1
Other financial result	-14.9	-11.8
<b>Profit before tax</b>	<b>49.6</b>	<b>104.8</b>
Income taxes	-18.4	-25.7
<b>Income from continuing operations</b>	<b>31.2</b>	<b>79.1</b>
Income from discontinued operations	634.7	0.0
<b>Net income for the period</b>	<b>665.9</b>	<b>79.1</b>
<b>EPS from continuing operations (in €)</b>	<b>0.59</b>	<b>1.52</b>
<b>EBITDA</b>	<b>229.3</b>	<b>254.5</b>
Depreciation/amortization	156.1	132.8
<b>EBIT</b>	<b>73.2</b>	<b>121.7</b>

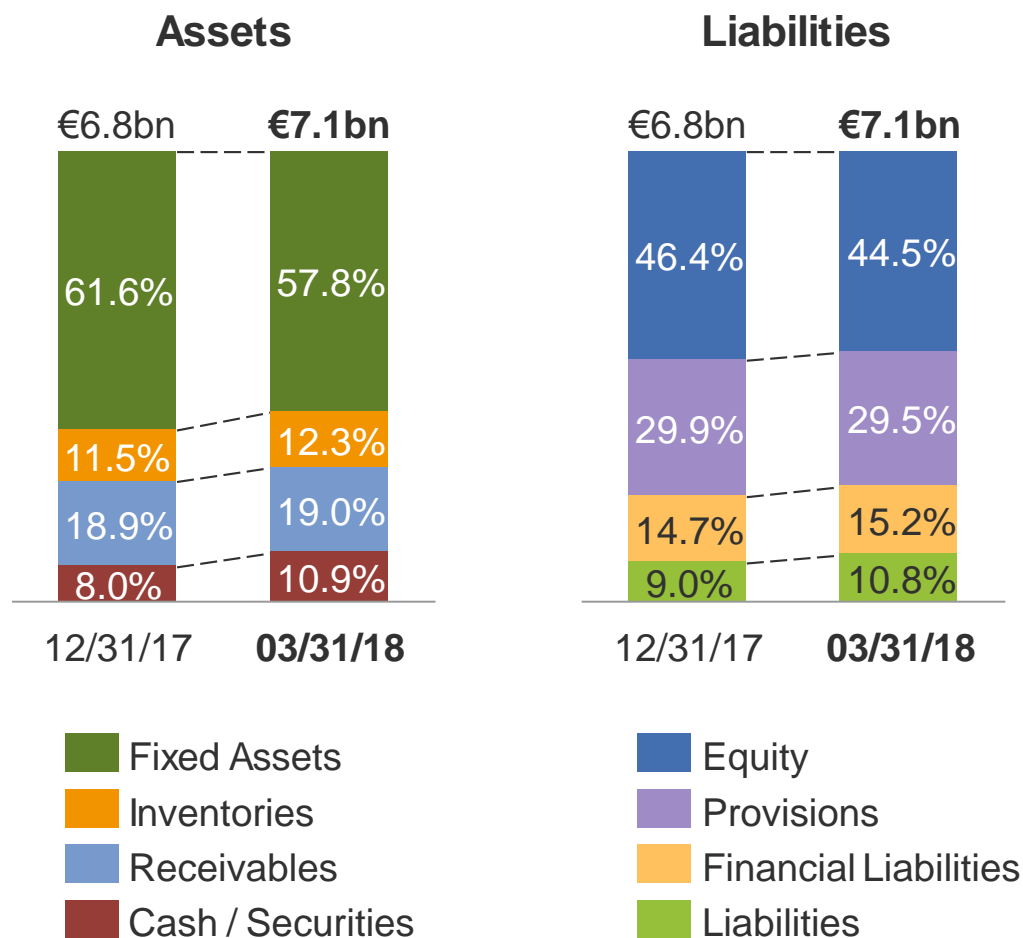
### Comments

- ▶ Sales -0.1% yoy:  
Volume/Mix +0.4%, Price +3.9%, FX -4.5%
- ▶ Gross profit increased by 13.5% yoy following higher prices, mix effects, efficiency gains and lower depreciation
- ▶ Result from investments in joint ventures and associates benefits from at-equity contribution from Siltronic
- ▶ Tax rate of 24.5% (FY 2017: 25.3%)
- ▶ Depreciation at €133m, -14.9% yoy
- ▶ EPS cont. operations at €1.52, +158% yoy

# Balance Sheet Composition

## No Significant Change to Prior Quarter

### Balance sheet (%)



### Characteristics 03/31/18

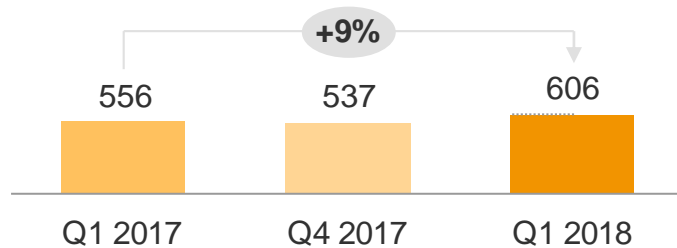
- ▶ Non current assets: €4,671m
- ▶ Securities, cash and cash equivalents: €774m
- ▶ Provisions for pensions: €1,692m (2017: €1,618m)
  - ▶ Discount rate in Germany at 2.01% (2017: 2.09%)
  - ▶ DTA\* relating to pensions about €330m
- ▶ Equity: €3,162m (2017: €3,169m)

\* Deferred tax asset

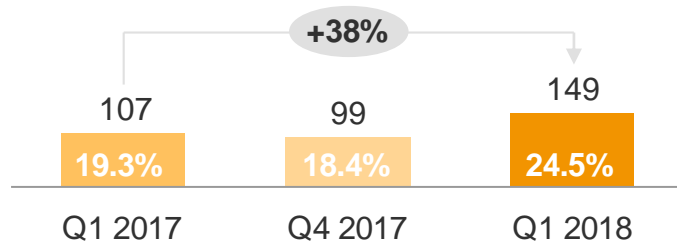
# SILICONES

## Strong Performance Continues, Outlook Improved

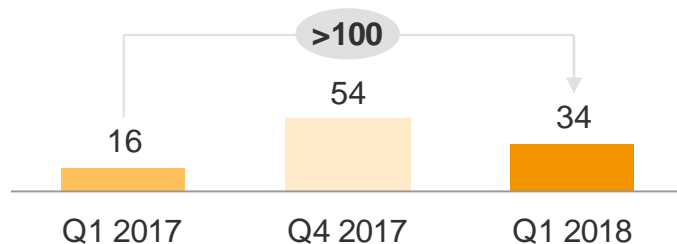
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Broad based demand in a tight market
- ▶ Full plant loading
- ▶ Pricing and product mix drive sales and EBITDA growth

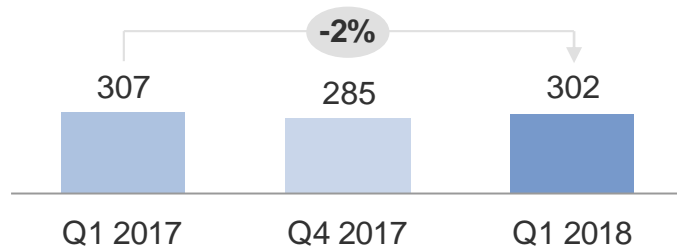
### Outlook 2018

- ▶ Mid-single-digit % growth in sales and low double-digit % growth in EBITDA despite rising raw material costs and FX
- ▶ Supportive pricing, high plant loading and good cost performance

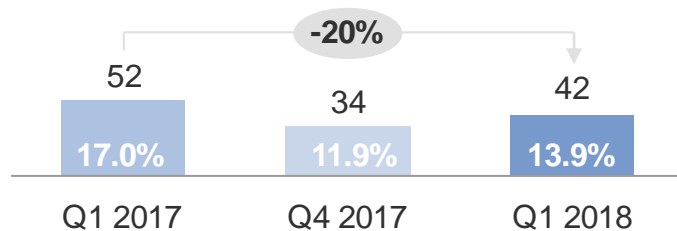
# POLYMERS

## Raw Material Inflation and Negative FX Weigh on Outlook

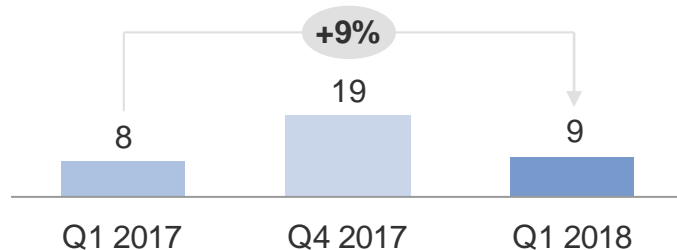
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Volume growth offset by FX effects
- ▶ Positive pricing and volume effects did not fully compensate for higher raw materials
- ▶ Preparations taken for turnaround in Q2

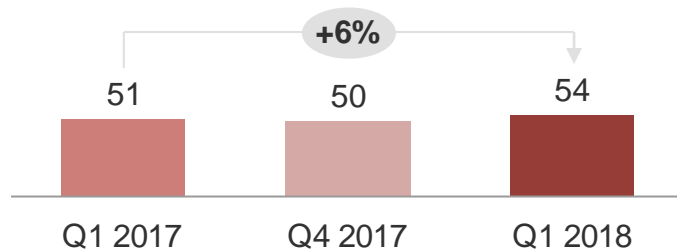
### Outlook 2018

- ▶ Mid-single-digit % sales growth
- ▶ Strong volume growth and higher pricing expected; headwinds from raws and FX
- ▶ Expect FY EBITDA margin somewhat below the Chemicals' margin target of 16%

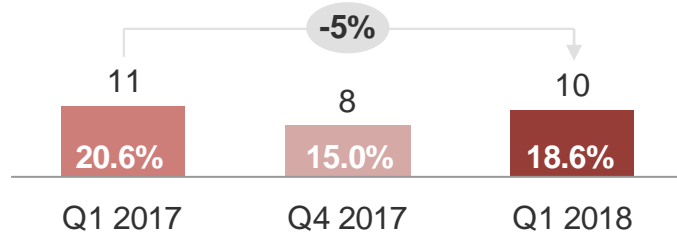
# BIOSOLUTIONS

## Expanding Biopharmaceuticals

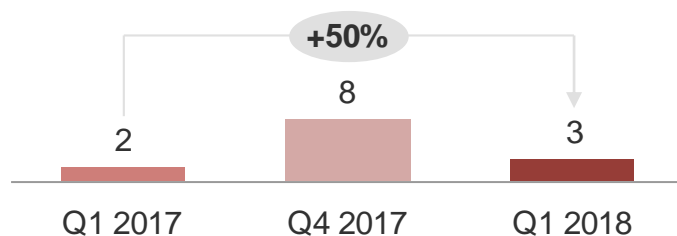
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

- ▶ Good volume in pharma/agro
- ▶ Sales benefitted from mix and pricing
- ▶ Doubling of biopharmaceuticals capacities with SynCo acquisition (closing in Q2)

### Outlook 2018

- ▶ Mid-single-digit % sales growth
- ▶ EBITDA just below €30m following start-up costs and integration efforts



# BIOSOLUTIONS

## Establishing a Fast Growing Biopharmaceuticals Business

### Established by R&D and acquisitions



▶ 2005:  
Prothera  
GmbH  
(Jena)

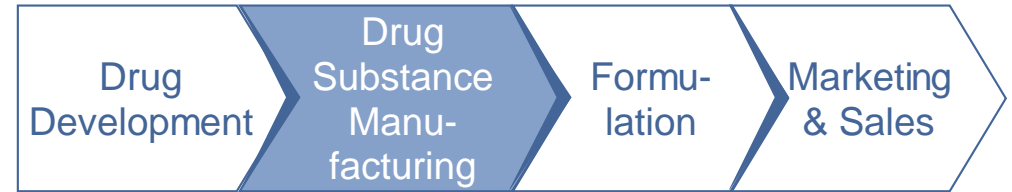


▶ 2014:  
Scil Proteins  
Production  
(Halle)



▶ 2018:  
SynCo  
Biopartners  
(Amsterdam)

### Business model

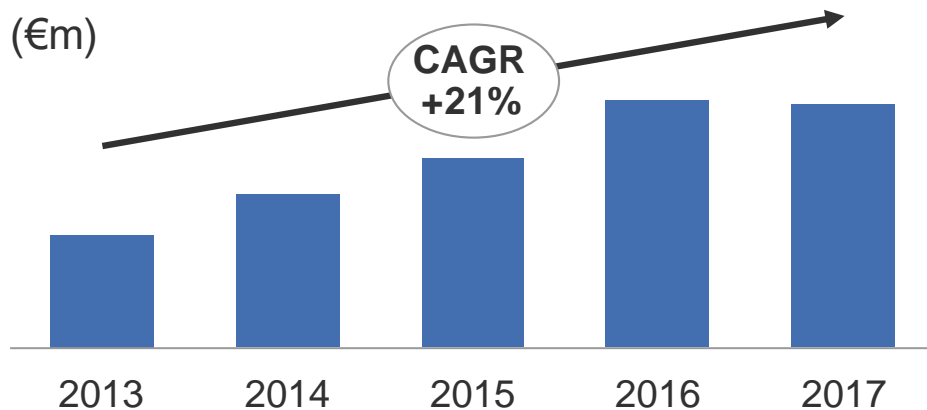


Outsourcing

**WACKER**

### Biopharmaceuticals sales growth

(€m)



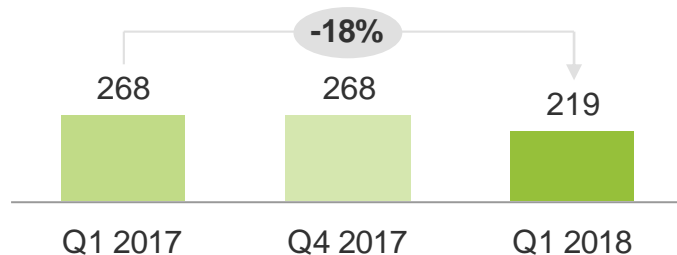
### Rationale

- ▶ Proprietary ESETEC® technology enables time- and cost-efficient manufacturing
- ▶ Strengthen position as microbial contract manufacturer globally
- ▶ SynCo transaction doubles WACKER Biotech's fermentation capacity for pharmaceutical actives

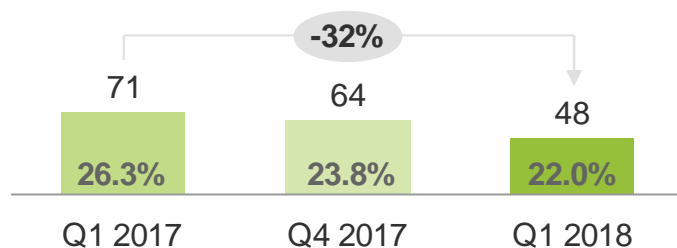
# POLYSILICON

## First Volumes from Tennessee Restart Expected in Q2

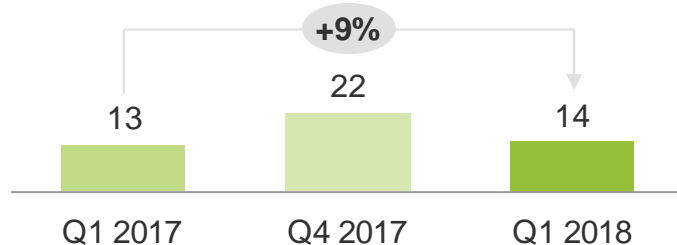
### Sales (€m)



### EBITDA (€m) / margin



### CapEx (€m)



### Highlights Q1

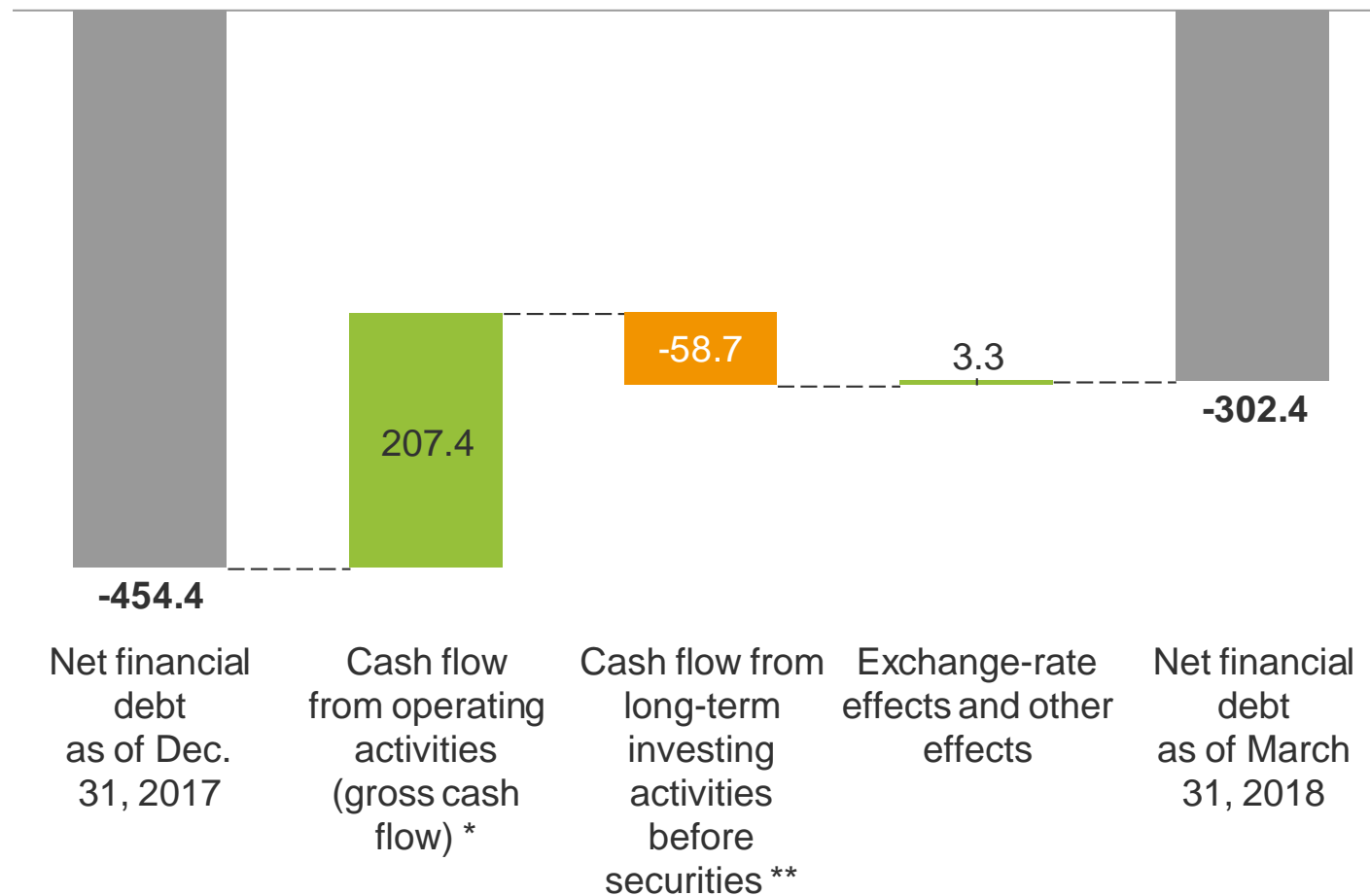
- ▶ Slow start into 2018
- ▶ Good cost performance at fully utilized German plants
- ▶ Continuing costs from TN weigh on Q1 results
- ▶ Received US\$100m insurance down payment; no insurance compensation for business interruption accounted for yet

### Outlook 2018

- ▶ Sales high-single-digits % down with volumes at 2017 level; EBITDA slightly above 2017 level

# Net Financial Debt Clearly Positive Cash Flow

## Net Financial Debt Bridge per 03/31/2018 (€m)



\*) includes insurance down payment of US\$100m \*\*) includes financial investments

## Guidance FY 2018

€m	2017	Outlook 2018
Sales	4,924	Low-single-digit % increase
EBITDA	1,014	Mid-single-digit % increase
EBITDA margin (%)	20.6	Slightly higher than a year ago
Net cash flow	358	Clearly positive, substantially below last year's figure
CapEx	327	Around 470
Net financial debt	454	On par with last year
Income from continuing operations	250	Substantially higher than last year
Depreciation	590	Around 550
ROCE (%)	7.5	Substantially above the prior-year level
Tax Rate (cont. operations) (%)	25.3	Stable



## **Q1 2018 – Conference Call: Q&A Session**

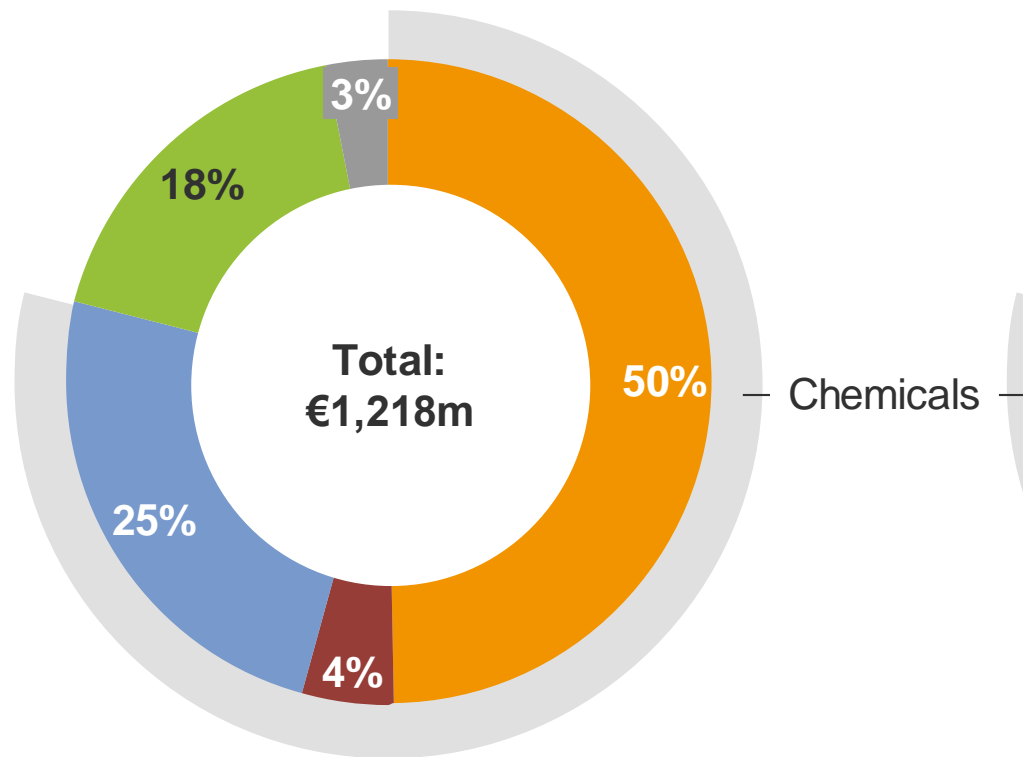
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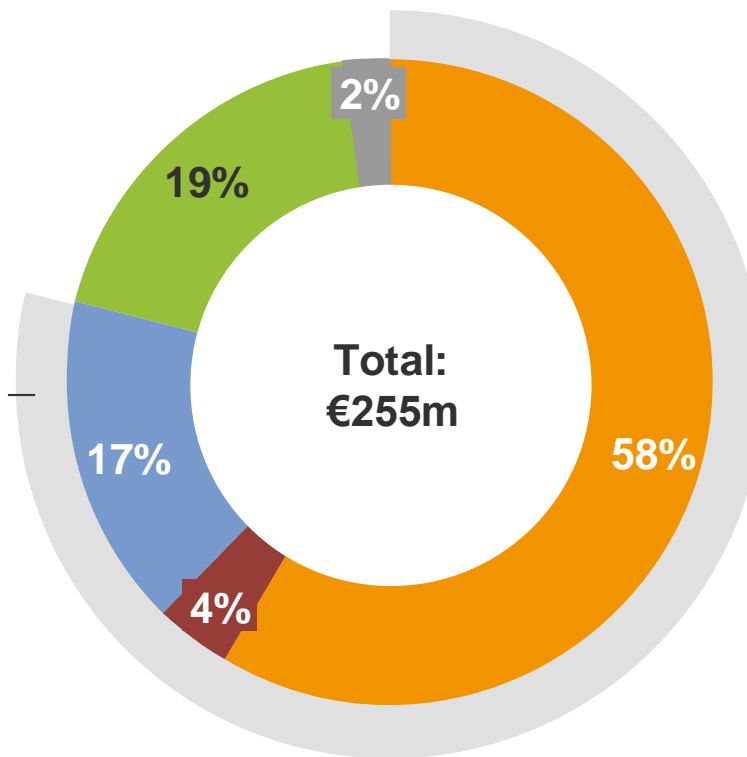
# Q1 Results 2018

## Sales and EBITDA Breakdown

Q1 2018 Sales\*



Q1 2018 EBITDA



**WACKER POLYSILICON**

**Others/Consolidation**

**WACKER SILICONES**

**WACKER POLYMERS**

**WACKER BIOSOLUTIONS**

\* based on external sales

# Q1 Results 2018

## P&L

in €m	Q1 2018	Q1 2017	% YoY	Q4 2017	% QoQ
Sales	1,217.6	1,218.8	-0.1	1,175.5	3.6
EBITDA	254.5	229.3	11.0	233.4	9.0
EBITDA margin	20.9%	18.8%	-	19.9%	-
EBIT	121.7	73.2	66.3	93.3	30.4
EBIT margin	10.0%	6.0%	-	7.9%	-
Income from continuing operations	79.1	31.2	>100	54.2	45.9
Income from discontinued operations	0	634.7	-	0	-
Net income for the period	79.1	665.9	-88.1	54.2	45.9
EPS from continuing operations in €	1.52	0.59	>100	1.05	44.8
EPS in €	1.52	13.19	-88.5	1.05	44.8

# Q1 Results 2018

## Breakdown by Business

In €m / %	SALES					EBITDA				
	Q1 2018	Q1 2017	% YoY	Q4 2017	% QoQ	Q1 2018	Q1 2017	% YoY	Q4 2017	% QoQ
<b>CHEMICALS</b>	<b>962</b>	<b>914</b>	<b>5</b>	<b>872</b>	<b>10</b>	<b>201</b>	<b>170</b>	<b>18</b>	<b>140</b>	<b>43</b>
<b>SILICONES</b>	<b>606</b>	<b>556</b>	<b>9</b>	<b>537</b>	<b>13</b>	<b>149</b>	<b>107</b>	<b>38</b>	<b>99</b>	<b>50</b>
<b>POLYMERS</b>	<b>302</b>	<b>307</b>	<b>-2</b>	<b>285</b>	<b>6</b>	<b>42</b>	<b>52</b>	<b>-20</b>	<b>34</b>	<b>24</b>
<b>BIOSOLUTIONS</b>	<b>54</b>	<b>51</b>	<b>6</b>	<b>50</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>-5</b>	<b>8</b>	<b>35</b>
<b>POLYSILICON</b>	<b>219</b>	<b>268</b>	<b>-18</b>	<b>268</b>	<b>-18</b>	<b>48</b>	<b>71</b>	<b>-32</b>	<b>64</b>	<b>-24</b>
<b>Others</b>	<b>43</b>	<b>42</b>	<b>2</b>	<b>42</b>	<b>1</b>	<b>7</b>	<b>-13</b>	<b>-</b>	<b>28</b>	<b>-76</b>
<b>Consolidation</b>	<b>-6</b>	<b>-5</b>	<b>-20</b>	<b>-6</b>	<b>0</b>	<b>-1</b>	<b>1</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>WACKER Group</b>	<b>1,218</b>	<b>1,219</b>	<b>0</b>	<b>1,176</b>	<b>4</b>	<b>255</b>	<b>229</b>	<b>11</b>	<b>233</b>	<b>9</b>



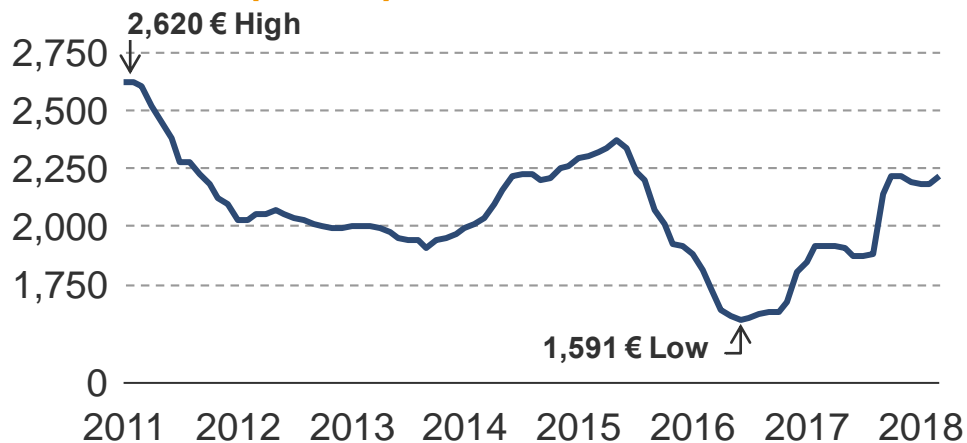
# Global PV Market Expected to Grow Further in 2018

Country	2014	2015	2016	2017	2018e
France	0.9	0.9	0.6	0.9	1.2 – 1.4
Germany	1.9	1.5	1.5	1.8	2.0 – 2.4
Europe other	4.6	6.2	4.3	~ 4.1	5.1 – 5.5
<b>Europe total</b>	<b>7.4</b>	<b>8.6</b>	<b>6.4</b>	<b>~ 6.8</b>	<b>8.3 – 9.3</b>
Australia	1.0	0.9	0.8	1.3	2.7 – 3.0
China*	13.2	16.5	32.5	52.8	58.0 – 64.0
India	1.0	2.1	4.3	9.6	8.0 – 10.0
Japan	9.3	10.8	8.4	~ 7.4	7.0 – 8.0
South Korea	0.9	1.0	0.9	1.2	1.5 – 1.7
USA	6.2	7.3	14.8	10.6	9.0 – 11.0
Rest of World	5.1	9.0	9.8	~ 10.5	15.5 – 18.0
<b>Total</b>	<b>44 GW</b>	<b>56 GW</b>	<b>78 GW</b>	<b>~ 100 GW</b>	<b>110 – 125 GW</b>

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

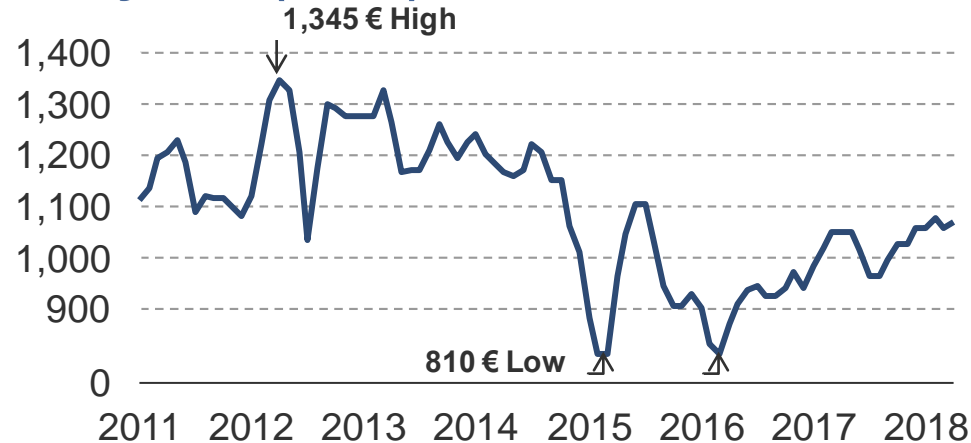
# Appendix: Raw Material Prices With Volatile Development

## Si-Metal (€/MT)



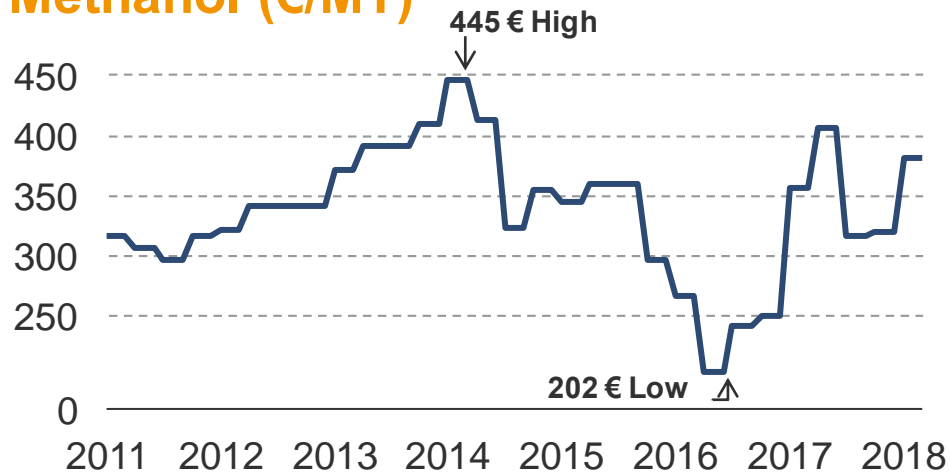
Source: CRU, Si-Metal Spot FD Europe

## Ethylene (€/MT)



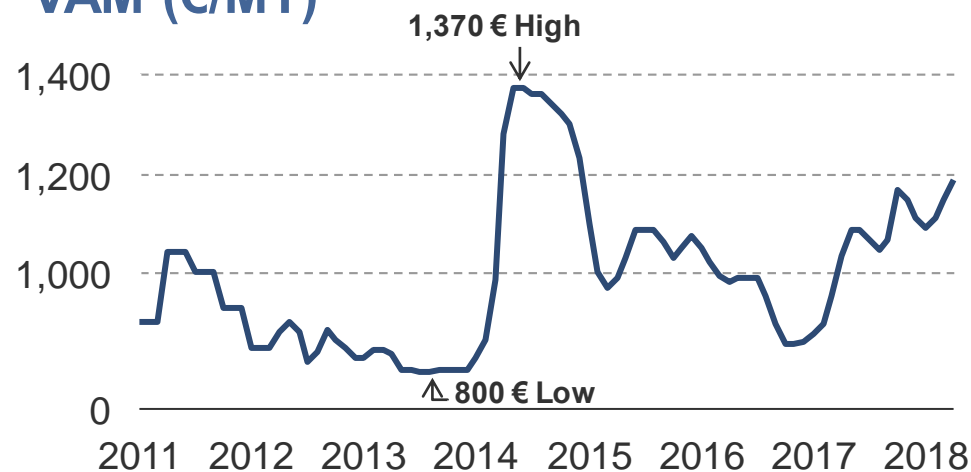
Source: ICIS, EN Contract FD NWE

## Methanol (€/MT)



Source: ICIS, MeOH Contract, FOB RDM

## VAM (€/MT)



Source: ICIS, VAM Contract FD NWE

# WACKER: Issuer, Contact and Additional Information

## Issuer and Contact

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## Financial Calendar

05/09/18 – Annual Shareholders' Meeting  
07/26/18 – Q2 Results 2018  
10/25/18 – Q3 Results 2018

## Additional Information

ISIN: DE000WCH8881

WKN: WCH888

Deutsche Börse: WCH



## WACKER Publications

