PRESS RELEASE

Number 20

WACKER Lifts Its Sales in Q1 2019 and Confirms Full-Year Forecast

- GROUP SALES FOR Q1 2019 REACH €1.24 BILLION, UP 2 PERCENT YEAR OVER YEAR AND 4 PERCENT QUARTER OVER QUARTER
- AT €142 MILLION, EBITDA DECLINES 44 PERCENT VERSUS A YEAR AGO AND 18 PERCENT QUARTER OVER QUARTER, SLOWED BY LOWER POLYSILICON PRICES, HIGHER ENERGY COSTS AND A TEMPORARY OUTAGE AT A SILICONE-RUBBER PLANT
- NET RESULT FOR Q1 2019 AMOUNTS TO €-6 MILLION
- AT €-135 MILLION, NET CASH FLOW IS CLEARLY NEGATIVE, DUE PARTLY TO HIGHER CAPITAL EXPENDITURES AND INCREASED WORKING CAPITAL
- FULL-YEAR FORECAST CONFIRMED: GROUP SALES FOR 2019 EXPECTED TO GROW BY A MID-SINGLE-DIGIT PERCENTAGE, WITH EBITDA LIKELY TO DECLINE BY 10 TO 20 PERCENT VERSUS LAST YEAR

Munich, April 25, 2019 – Wacker Chemie AG continued to grow its sales in the first quarter of 2019, both year over year and quarter over quarter. Earnings declined significantly, though, amid a challenging market environment for solar-grade polysilicon and substantially higher energy prices. The Munich-based chemical company posted sales of €1,235.7 million in the reporting quarter (Q1 2018: €1,217.6 million). That was 2 percent more than in the previous year. Growth was fueled mainly by generally higher volumes and by
somewhat improved prices for chemical products. WACKER’s polysilicon business saw strong volume growth, but average solar-grade polysilicon prices declined markedly versus a year ago. Changes in exchange rates had a positive impact on the year-over-year sales trend. Compared with the preceding quarter (€1,188.6 million), sales were up 4 percent, mainly due to volume growth.

In Q1 2019, WACKER posted EBITDA (earnings before interest, taxes, depreciation and amortization) of €142.0 million. That was 44 percent less than a year ago (€254.5 million). In addition to the substantial drop in average solar-grade polysilicon prices, earnings were slowed by higher energy prices and by a temporary outage at a silicone-rubber plant. Compared with a quarter ago (€173.3 million), EBITDA contracted 18 percent. The EBITDA margin for January through March 2019 was 11.5 percent, versus 20.9 percent a year earlier and 14.6 percent a quarter ago.

Group EBIT (earnings before interest and taxes) totaled €0.1 million in the reporting quarter (Q1 2018: €121.7 million). That corresponds to an EBIT margin of 0.0 percent (Q1 2018: 10.0 percent). Aside from the factors already mentioned, higher year-over-year depreciation also reduced EBIT. Depreciation rose 7 percent to €141.9 million (Q1 2018: €132.8 million). One of the reasons for this increase was the application of IFRS 16, a new standard regulating the accounting of leases. The net result for the quarter totaled €-5.5 million (Q1 2018: €79.1 million) and earnings per share came in at €-0.16 (Q1 2018: €1.52).

The full-year 2019 forecast as published in the Annual Report for 2018 remains unchanged. WACKER continues to expect that Group sales for 2019 will grow by a mid-single-digit percentage relative to last year (€4,978.8 million). EBITDA is likely to decline by 10 to 20 percent versus last year’s figure (€930.0 million).
“WACKER’s business in Q1 2019 was characterized by volume growth, somewhat better prices for chemical products and persistently challenging conditions in the solar market,” said CEO Rudolf Staudigl in Munich on Thursday. “Apart from an unplanned stoppage at one plant, the silicone business continued to develop solidly. Our silicone product mix is of excellent quality with high-margin specialties, and we achieved somewhat higher prices here versus a year ago. In our polymer business, we continued growing both our volumes and sales in the first quarter. Better prices were an additional factor. For our polysilicon business, on the other hand, the market environment posed significant challenges. Many market observers expect the price level for solar-grade polysilicon to improve in the second half-year. But there were no signs of such a trend in the reporting quarter. In addition, electricity costs at our German sites have increased substantially within the space of a year. To counter price and cost pressure, we are not only working on enhancing our production processes and thus reducing our costs. We are also striving to expand our market share of higher-margin business with our high-quality polysilicon for semiconductor applications and monocrystalline solar cells.”

**Regions**

In Q1 2019, WACKER lifted its sales in the Americas, with revenues there growing to €226.7 million. That was 12 percent more than a year ago (€201.7 million). Group sales in Asia came in at €432.5 million in the reporting quarter (Q1 2018: €432.7 million), while sales in Europe amounted to €520.7 million (Q1 2018: €520.3 million). Both these figures were on par with a year earlier.
Capital Expenditures and Net Cash Flow

In Q1 2019, the Group’s capital expenditures came in at €97.7 million (Q1 2018: €69.2 million). That was an increase of 41 percent. The investment focus was on expanding capacity for silicone and polymer products.

Net cash flow was €-135.0 million in Q1 2019 (Q1 2018: €148.7 million). Higher capital expenditures and an increase in working capital were the main reasons for this decline.

Employees

WACKER’s global workforce edged up in the reporting quarter. The Group had 14,744 employees on March 31, 2019 (Dec. 31, 2018: 14,542). At the end of the reporting quarter, 10,428 employees (Dec. 31, 2018: 10,291) worked at WACKER sites in Germany and 4,316 (Dec. 31, 2018: 4,251) at international locations.

Business Divisions

**WACKER SILICONES** achieved total sales of €604.9 million in Q1 2019, on par with the prior-year level (€605.8 million). Slightly higher prices for specialty products and positive exchange-rate effects lifted the sales trend. On the other hand, overall volumes were somewhat lower than a year ago. Compared with a quarter ago (€605.1 million), the division's sales were almost unchanged.

WACKER SILICONES posted EBITDA of €128.1 million in the reporting quarter, 14 percent lower than a year ago (€148.5 million). The main reason for this decline was an outage at a production plant for high consistency silicone rubber. As a result, deliveries of these specialty products were temporarily impeded. Compared with a quarter ago (€118.1 million), EBITDA climbed 8 percent. The EBITDA margin for Q1 2019 was 21.2 percent, after 24.5 percent in Q1 2018 and 19.5 percent a quarter ago.
Sales at WACKER POLYMERS totaled €323.6 million in the reporting quarter, 7 percent higher than a year ago (€301.9 million). This increase was the result of higher volumes, improved prices and positive exchange-rate effects. Compared with the preceding quarter (€298.4 million), sales grew 8 percent, chiefly due to higher volumes and prices. The division’s EBITDA amounted to €44.5 million in Q1 2019 after €41.9 million in the same period last year. That was an increase of 6 percent. Aside from higher sales, EBITDA was lifted by cost-saving and efficiency-enhancing measures. Moreover, a year ago, earnings had been slowed by higher raw-material costs. Relative to the preceding quarter (€26.3 million), EBITDA climbed 69 percent. The EBITDA margin was 13.8 percent in Q1 2019, after 13.9 percent a year earlier and 8.8 percent a quarter ago.

WACKER BIOSOLUTIONS reported total sales of €58.3 million in Q1 2019. That was 7 percent higher than last year (€54.3 million) and on par with a quarter ago (€58.2 million). Biologics and acetylacetone performed particularly well during the quarter, supporting sales through volume growth or improved prices. On balance, exchange-rate effects also had a positive effect on revenues. WACKER BIOSOLUTIONS posted EBITDA of €5.9 million in the reporting quarter, 42 percent lower than a year ago (€10.1 million). Reasons for this decline included higher raw-material costs and the fact that the new biologics plant in the Netherlands is underutilized at present. Compared with the preceding quarter (€2.0 million), which was burdened by high integration costs, EBITDA almost tripled. The EBITDA margin was 10.1 percent, after 18.6 percent a year ago and 3.4 percent in Q4 2018.

WACKER POLYSILICON generated total sales of €211.1 million in the reporting quarter, 4 percent less than a year ago (€219.3 million). The decline was mainly due to substantially lower average solar-
grade polysilicon prices, which were not fully offset by strong, year-over-year volume growth. Compared with the preceding quarter (€188.6 million), sales rose 12 percent, mainly due to volume growth. EBITDA at WACKER POLYSILICON came in at €-35.8 million in the reporting quarter. That was €84 million less than a year ago (€48.2 million). Lower sales and substantially higher energy prices both weighed on earnings. Relative to the preceding quarter’s figure (€-19.2 million), EBITDA was down by about €17 million. In addition to the drop in average polysilicon prices and inventory write-downs, quarter-over-quarter EBITDA was dampened by higher energy prices. To counter price and cost pressure, the division is not only working on enhancing its production processes and lowering its costs, but is also striving to expand its market share of higher-margin business with its high-quality polysilicon for semiconductor applications and monocrystalline solar cells. The division’s EBITDA margin for January-through-March 2019 was -17.0 percent, after 22.0 percent in Q1 2018 and -10.2 percent in Q4 2018.

**Outlook**

WACKER described in detail its projections for the Group’s performance this year in the Outlook section of its 2018 Annual Report. The statements made there regarding the company’s expectations for the year did not change in the reporting period.

Group sales are expected to increase by a mid-single-digit percentage. EBITDA, on the other hand, will decline by 10 to 20 percent versus last year. WACKER expects the EBITDA margin to be substantially lower than last year. Capital expenditures of around €400 million will be below last year’s level. Depreciation will come in at around €525 million, also down from last year. For Group net income, WACKER expects a significant decline. Net cash flow is likely to be clearly positive and substantially higher than last year. Net
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Financial debt is expected to be higher than last year. Here, the first-time application of IFRS 16 is having an impact, since it stipulates that lease liabilities are now also to be included in calculations of financial liabilities.

Key Figures for the WACKER Group

€ million

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<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q1 2018</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,235.7</td>
<td>1,217.6</td>
<td>1.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>142.0</td>
<td>254.5</td>
<td>-44.2</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>11.5</td>
<td>20.9</td>
<td>–</td>
</tr>
<tr>
<td>EBIT</td>
<td>0.1</td>
<td>121.7</td>
<td>-99.9</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>0.0</td>
<td>10.0</td>
<td>–</td>
</tr>
<tr>
<td>Financial result</td>
<td>-9.6</td>
<td>-17.6</td>
<td>-45.5</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>-9.5</td>
<td>104.1</td>
<td>n.a.</td>
</tr>
<tr>
<td>Net result for the period</td>
<td>-5.5</td>
<td>79.1</td>
<td>n.a.</td>
</tr>
<tr>
<td>Earnings per share (€)</td>
<td>-0.16</td>
<td>1.52</td>
<td>n.a.</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>97.7</td>
<td>69.2</td>
<td>41.2</td>
</tr>
<tr>
<td>Depreciation</td>
<td>141.9</td>
<td>132.8</td>
<td>6.9</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>-135.0</td>
<td>148.7</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

€ million

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2019</th>
<th>March 31, 2018</th>
<th>Dec. 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>7,449.4</td>
<td>7,108.3</td>
<td>7,118.7</td>
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<tr>
<td>Equity</td>
<td>3,034.9</td>
<td>3,161.8</td>
<td>3,145.5</td>
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<tr>
<td>Equity ratio (%)</td>
<td>40.7</td>
<td>44.5</td>
<td>44.2</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>1,316.4</td>
<td>1,076.7</td>
<td>997.2</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>886.4</td>
<td>302.4</td>
<td>609.7</td>
</tr>
<tr>
<td>Employees (number at end of period)</td>
<td>14,744</td>
<td>13,983</td>
<td>14,542</td>
</tr>
</tbody>
</table>

Information for editorial offices: the Q1 2019 report is available for download on the WACKER website (www.wacker.com) under Investor Relations.
This interim report contains forward-looking statements based on assumptions and estimates of WACKER’s Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. WACKER does not plan to update its forward-looking statements, nor does it assume the obligation to do so.

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The Company in Brief:
WACKER is a globally-active chemical company with some 14,500 employees and annual sales of around € 4.98 billion (2018). WACKER has a global network of 24 production sites, 22 technical competence centers and 50 sales offices.

WACKER SILICONES
Silicone fluids, emulsions, rubber grades and resins; silanes; pyrogenic silicas; thermoplastic silicone elastomers

WACKER POLYMERS
Polyvinyl acetates and vinyl acetate copolymers and terpolymers in the form of dispersible polymer powders, dispersions, solid resins and solutions

WACKER BIOSOLUTIONS
Biotech products such as cyclodextrins, cysteine and biologics, as well as fine chemicals and PVAc solid resins

WACKER POLYSILICON
Polysilicon for the semiconductor and photovoltaic industries