PRESS RELEASE

WACKER Makes Guidance For 2020 Conditional Due to Coronavirus

- FOR 2019, SALES OF €4.93 BILLION WERE DOWN 1 PERCENT YEAR OVER YEAR
- NET RESULT FOR THE YEAR OF €-630 MILLION DUE TO IMPAIRMENT CHARGE OF €760 MILLION ON POLYSILICON FACILITIES
- DIVIDEND PROPOSAL OF €0.50 PER SHARE EQUIVALENT TO A PAYOUT OF €25 MILLION
- FOR 2020, WACKER EXPECTS SALES TO GROW BY A LOW-SINGLE-DIGIT PERCENTAGE
- ADJUSTED FOR INSURANCE COMPENSATION RECEIVED IN 2019, EBITDA IS LIKELY TO DECLINE BY A MID-SINGLE-DIGIT PERCENTAGE VERSUS LAST YEAR
- EARNINGS IMPACT OF CORONAVIRUS PANDEMIC COULD EXCEED €100 MILLION
- NET CASH FLOW IS PROJECTED TO REMAIN CLEARLY POSITIVE AGAIN IN 2020 AND SUBSTANTIALLY HIGHER YEAR OVER YEAR

Munich, March 17, 2020 – As already reported, Wacker Chemie AG's total sales for 2019 almost matched the prior-year level. On presenting its annual report today, the Munich-based chemical company announced that Group sales came in at €4.93 billion in 2019 (2018: €4.98 billion). The slight decline of 1 percent was mainly due to lower
prices, particularly for solar-grade polysilicon, but also for standard silicones. Sales were supported by generally higher volumes, product-mix effects and the year-over-year rise in the US dollar.

In 2019, EBITDA (earnings before interest, taxes, depreciation and amortization) totaled €783.4 million (2018: €930.0 million). That was 16 percent less than the year before and corresponded to an EBITDA margin of 15.9 percent (2018: 18.7 percent). Earnings were primarily dampened not only by markedly reduced average prices for solar-grade polysilicon and the related effects of inventory valuation adjustments, but also by lower standard-silicone prices and by the steep rise in Germany’s electricity prices. EBITDA included special income of €112.5 million in insurance compensation for damage due to the 2017 incident at Charleston. WACKER recognized this compensation under cost of goods sold.

Group EBIT (earnings before interest and taxes) totaled €-536.3 million last year (2018: €389.6 million). The EBITDA margin was -10.9 percent (2018: 7.8 percent). EBIT was negative primarily because of an impairment charge of €760.0 million on the carrying amount of WACKER’s polysilicon production facilities. The impairment reflects the company’s subdued expectations for the future trend in solar-grade polysilicon prices. Total depreciation amounted to €1.32 billion in 2019 (2018: €540.4 million). The net result was €-629.6 million (2018: €260.1 million).

For 2020, WACKER expects to grow slightly, despite challenging conditions. It aims to lift its sales by a low-single-digit percentage. The Group’s EBITDA is likely to decline compared with 2019. This is chiefly due to insurance compensation received in 2019 for the damage incurred at the production site in Charleston (Tennessee, USA). Adjusted
for this non-recurring effect, EBITDA is likely to decline by a mid-single-digit percentage versus last year. The Group’s net result for 2020 should rise significantly. This forecast, though, does not include the economic impact of a possible coronavirus pandemic.

During the first two months of this year, Group sales were somewhat lower compared with the same period last year. This is partly due to restrictions in China on shipping products to customers. The restrictions are dampening every division’s sales there. Overall, WACKER forecasts sales of some €1.2 billion for the first quarter of 2020 (Q1 2019: €1.24 billion). The Group expects EBITDA in Q1 2020 to be substantially above last year’s level (€142.0 million), with operational improvements in the polysilicon business having a positive influence.

“From today’s perspective, 2020 is going to be another very challenging year,” said CEO Rudolf Staudigl in Munich on Tuesday. “In our polysilicon business, we still face strong competition and price pressure. Trade conflicts and geopolitical crises harbor downside risks. In addition, the uncertainties arising from the coronavirus currently top all other risks. On the other hand, we are confident that we will grow sales at all divisions thanks to our outstanding products.”

Given this situation, Staudigl once again called for an industrial electricity price of below 4 cents per kilowatt-hour for energy-intensive companies in Germany: “Our Chinese competitors pay less than 2 cents per kilowatt-hour thanks to state subsidies, and that electricity comes from environmentally harmful coal-fired power plants. If we had the same electricity prices as in China, WACKER would be by far the world’s most efficient producer of high-quality polysilicon.”

WACKER has launched an efficiency program to realign its organizational structure clearly with customer requirements and, thus, support
the Group’s profitable growth. As already announced, the company expects to save €250 million a year by reducing material costs and in-house services and by creating a leaner company structure. With this program, more than 1,000 jobs are expected to go by the end of 2022. The job cuts will affect WACKER’s administrative departments and the indirect and non-operational functions of its business divisions. Most of the job losses – over 80 percent – will be at its German sites.

**Capital Expenditures**

In 2019, the Group’s capital expenditures amounted to €379.5 million (2018: €460.9 million), a year-over-year decline of 18 percent.

Investment activities last year continued to focus on capacity expansion at WACKER’s three chemical divisions. A new pyrogenic silica plant came on stream at Charleston (USA). In Ulsan (South Korea), WACKER now has a new spray dryer for dispersible polymer powders for construction applications. In Zhangjiagang (China), the company has built a new plant for solid silicone rubber to serve the Asian market. At Holla (Norway), a new silicon-metal production facility started up last year. The captive production of this key starting material makes WACKER more independent of price fluctuations on raw-material markets and enhances its supply security during times of peak demand.

**Employees**

Net Cash Flow, Net Financial Debt and Equity Ratio

In 2019, WACKER generated cash inflow in the triple-digit millions. Net cash flow more than doubled to €184.4 million (2018: €86.2 million). Aside from cash inflows from operating activities, the increase was due to the insurance compensation received for the incident at Charleston. A special payment into the Wacker Chemie VVaG pension fund had the opposite effect, reducing net cash flow by some €70 million.

The Group’s net financial debt rose year over year, totaling €713.7 million as of December 31, 2019 (Dec. 31, 2018: €609.7 million). This 17-percent increase was due to the new IFRS 16 accounting standard, which stipulates that lease liabilities must now also be factored in when calculating financial liabilities.

WACKER’s total assets amounted to €6.49 billion as of December 31, 2019 (Dec. 31, 2018: €7.12 billion). This 9-percent decline chiefly stemmed from the drop in fixed assets due to the impairment charge on polysilicon facilities. In addition, Group equity contracted markedly because pension provisions rose amid lower discount rates. On the reporting date, equity amounted to €2.03 billion (Dec. 31, 2018: €3.15 billion). The corresponding equity ratio was 31.3 percent (Dec. 31, 2018: 44.2 percent).

Business Divisions

In 2019, WACKER SILICONES’ sales came in at €2.45 billion (2018: €2.50 billion). This decline of 2 percent was attributable to lower prices for standard silicones, and to volume and product-mix effects. EBITDA also declined year over year. It fell by 22 percent to €478.5 million (2018: €616.6 million).
At WACKER POLYMERS, sales for 2019 rose 3 percent, reaching €1.32 billion (2018: €1.28 billion). This increase was fueled by higher volumes for dispersions and dispersible polymer powders, and by positive exchange-rate effects. EBITDA of €194.2 million was 32 percent above the year-earlier level (2018: €147.7 million), benefiting from higher sales and the division’s good cost structure.

WACKER BIOSOLUTIONS lifted its 2019 sales by 7 percent to €243.0 million (2018: €227.0 million) amid higher volumes and positive exchange-rate effects. EBITDA of €31.1 million (2018: €23.5 million) was up 32 percent versus the year before. The increase was driven by volume growth and by higher plant utilization for biopharmaceuticals.

At WACKER POLYSILICON, sales decreased 5 percent in 2019, coming in at €780.0 million (2018: €823.5 million). The main factor here was markedly lower average prices for solar-grade polysilicon. Volume growth did not compensate for this. EBITDA of €56.9 million (2018: €72.4 million) fell 21 percent due to price effects. EBITDA included €112.5 million in insurance compensation for the damage from the 2017 incident at Charleston (USA).

Proposal on Appropriation of Profits
In 2019, Wacker Chemie AG posted a retained profit of €1,324.9 million under German Commercial Code accounting rules. The Executive and Supervisory Boards will propose a dividend of €0.50 per share at the Annual Shareholders’ Meeting. Based on the number of shares entitled to dividends on December 31, 2019, the total cash dividend corresponds to a payout of €24.8 million. Calculated in relation to WACKER’s average share price in 2019, the dividend yield is 0.7 percent.
Outlook

For 2020, economists expect global economic growth to be at last year’s level or below it. Trade conflicts and geopolitical crises harbor downside risks, as do the potential effects of the coronavirus on the global economy.

At its chemical divisions, WACKER sees good opportunities to grow sales and earnings this year. WACKER SILICONES and WACKER POLYMERS expect sales to climb by a low-single-digit percentage. At WACKER BIOSOLUTIONS, sales are likely to grow by a high-single-digit percentage.

EBITDA at WACKER SILICONES should be at last year’s level due to lower average prices. The division forecasts a slight decline in its EBITDA margin. WACKER POLYMERS anticipates slightly higher EBITDA year over year amid higher volumes. The EBITDA margin should be slightly higher, too. WACKER BIOSOLUTIONS expects its EBITDA and EBITDA margin to be clearly higher than last year.

For its polysilicon business, WACKER predicts that sales will increase slightly by a low-single-digit percentage in 2020. Growth will be driven by an improved product-mix, which is shifting toward high-value products. Cost savings will offset low average polysilicon prices. When adjusted for the non-recurring effect of the insurance compensation received in 2019, the division expects EBITDA to be on par with last year.

WACKER’s forecast for the Group is that sales are likely to climb by a low single-digit percentage in 2020. Adjusted for the non-recurring effect of insurance compensation, EBITDA is expected to decline by a mid-single-digit percentage versus last year. The Group’s EBITDA margin is projected to be somewhat lower than a year ago. WACKER's
guidance covers not only part of the economic uncertainty, but also the fact that the result from investments could be lower than last year. Due to the drastic developments since the end of February, though, WACKER rates the risk of a coronavirus pandemic as likely, with a potentially high impact (>€100 million) on its earnings and financial position. EBITDA, in consequence, could decline by a two-digit percentage versus last year. At around €350 million, capital expenditures will be below the prior-year level. Depreciation and amortization will come in at around €425 million, down significantly from last year. WACKER expects Group net income to rise significantly. Net cash flow is likely to be clearly positive and substantially higher than last year. Net financial debt will decline due to the positive cash flow.

Information for editorial offices: the 2019 Annual Report is available for download on WACKER's website (www.wacker.com) under Investor Relations.

This year, Wacker Chemie AG's Annual Press Conference is being held as a webcast (German language only) for health protection reasons. You can follow it today starting 10:30 a.m. CET under the following link:

Wacker Chemie AG – Bilanzpressekonferenz zum Geschäftsjahr 2019
Key Figures for the WACKER Group

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>2019</th>
<th>2018</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Results/Return</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>4,927.6</td>
<td>4,978.8</td>
<td>-1.0</td>
<td></td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>783.4</td>
<td>930.0</td>
<td>-15.8</td>
<td></td>
</tr>
<tr>
<td>EBITDA margin² (%)</td>
<td>15.9</td>
<td>18.7</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>EBIT³</td>
<td>-536.3</td>
<td>389.6</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>EBIT margin² (%)</td>
<td>-10.9</td>
<td>7.8</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Financial result</td>
<td>-54.9</td>
<td>-65.2</td>
<td>-15.8</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>-591.2</td>
<td>324.4</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Net result for the year</td>
<td>-629.6</td>
<td>260.1</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Earnings per share (€)</td>
<td>-12.94</td>
<td>4.95</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>-11.3</td>
<td>5.9</td>
<td>n.a.</td>
<td></td>
</tr>
</tbody>
</table>

**Financial Position/Cash Flows**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>6,491.0</td>
<td>7,118.7</td>
<td>-8.8</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>2,029.0</td>
<td>3,145.5</td>
<td>-35.5</td>
<td></td>
</tr>
<tr>
<td>Equity ratio (%)</td>
<td>31.3</td>
<td>44.2</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>1,258.9</td>
<td>997.2</td>
<td>26.2</td>
<td></td>
</tr>
<tr>
<td>Net financial debt⁴</td>
<td>713.7</td>
<td>609.7</td>
<td>17.1</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures⁵</td>
<td>379.5</td>
<td>460.9</td>
<td>-17.7</td>
<td></td>
</tr>
<tr>
<td>Depreciation/amortization and impairments</td>
<td>-1,319.7</td>
<td>-540.4</td>
<td>&gt;100</td>
<td></td>
</tr>
<tr>
<td>Net cash flow⁶</td>
<td>184.4</td>
<td>86.2</td>
<td>&gt;100</td>
<td></td>
</tr>
</tbody>
</table>

**Research and Development**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development expenses</td>
<td>173.3</td>
<td>164.6</td>
<td>5.3</td>
<td></td>
</tr>
</tbody>
</table>

**Employees**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses (continuing operations)</td>
<td>1,253.8</td>
<td>1,231.5</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Employees (December 31, number)</td>
<td>14,658</td>
<td>14,542</td>
<td>0.8</td>
<td></td>
</tr>
</tbody>
</table>

¹ EBITDA is EBIT before depreciation/amortization and impairments.
² Margins are calculated based on sales.
³ EBIT is the result from continuing operations for the period before interest result and other financial result, and income taxes.
⁴ Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities
⁵ Intangible assets, property, plant and equipment, investment property, excluding right-of-use assets
⁶ Sum of cash flow from operating activities and cash flow from long-term investing activities (before securities)
This press release 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.

For further information, please contact:
Wacker Chemie AG
Media Relations & Information
Christof Bachmair
Tel. +49 89 6279-1830
christof.bachmair@wacker.com
www.wacker.com
follow us on:

The Company in Brief:
WACKER is a globally-active chemical company with some 14,700 employees and annual sales of around € 4.93 billion (2019). WACKER has a global network of 24 production sites, 23 technical competence centers and 51 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