

FY 2017 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)
March 13, 2018

Disclaimer

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements and information contained in this presentation may relate to future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities, and risk adequate pricing, other words such as "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, or continue", "potential, future, or further", and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing business or other market conditions and the prospects for growth anticipated by the Company's management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any statements contained in this presentation, whether as a result of new information, future events or otherwise. In particular, you should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

Highlights FY 2017

Robust Demand Both in Chemicals and POLYSILICON

WACKER ends 2017 with substantial sales and earnings growth

Financials

Sales of €4.9bn (+6% yoy), **EBITDA** of €1,014m (+6% yoy)

EPS (cont.) at €4.85, **Dividend proposal** at €2.50 plus €2.00 bonus

Net financial debt reduced substantially to €454m (-54% yoy)

Operations

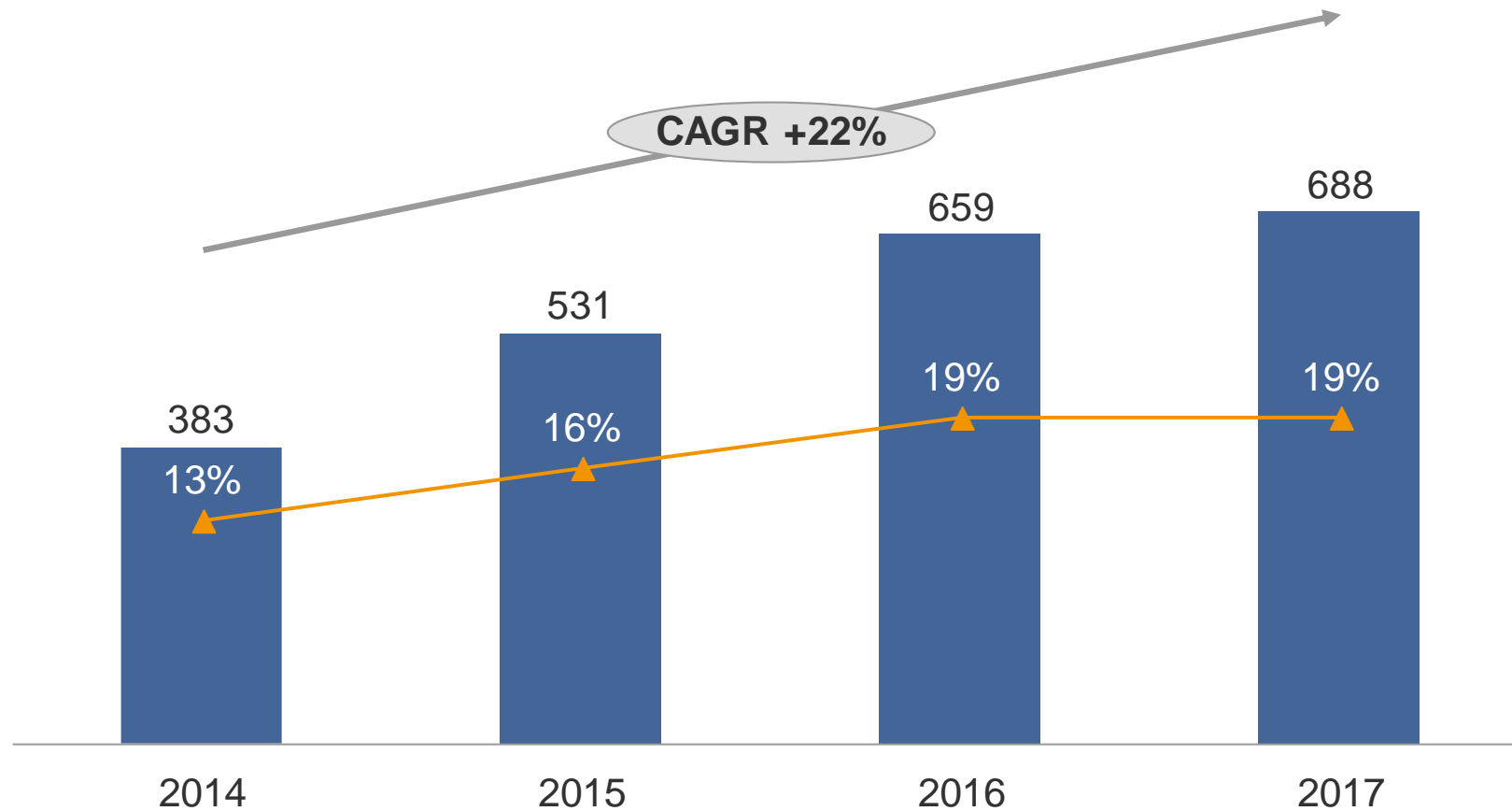
Chemical business with strong volumes, especially in SILICONES

Good **cost and efficiency performance** across all segments

POLYSILICON result without significant income from insurers for the TN incident

Profitability of Chemicals is Well Above the 16% Target Margin

Chemicals: EBITDA (€m) and EBITDA margin



Actual 2017 Results Confirm Guidance

€m	2016*	Guidance FY 2017	2017
Sales	4,634	Mid-single-digit % increase	4,924
EBITDA	956	1,000	1,014
EBITDA margin (%)	20.6	At last year's level	20.6
Net cash flow	361	Somewhat lower than last year	358
CapEx	338	At last year's level	327
Net financial debt	993	Around 500	454
Depreciation	618	Around 600	590
ROCE (%)	6.4	Slightly above last year's level	7.5
Tax Rate (continuing operations) (%)	27.7	Around 25%	25.3

* Adjusted according to IFRS 5

Profit & Loss Statement: Strong Operational Performance

WACKER P&L 2017 (€m)

€m	FY 2016*	FY 2017
Sales	4,634.2	4,924.2
Gross profit from sales	822.8	954.4
<i>Gross profit margin (in %)</i>	<i>17.8%</i>	<i>19.4%</i>
S,G&A and R&D	-537.8	-594.0
Other operating income	141.9	84.2
Other operating expenses	-90.5	-64.8
Operating result	336.4	379.8
Result from investments in joint ventures and associates	1.1	43.9
EBIT	337.5	423.7
Interest result	-35.2	-30.8
Other financial result	-55.9	-57.9
Profit before tax	246.4	335.0
Income taxes	-68.3	-84.9
Income from continuing operations	178.1	250.1
Income from discontinued operations	11.2	634.7
Net income for the period	189.3	884.8
EPS from continuing operations (in €)	3.44	4.85
EBITDA	955.5	1,014.1
Depreciation/amortization	-618.0	-590.4
EBIT	337.5	423.7

Comments

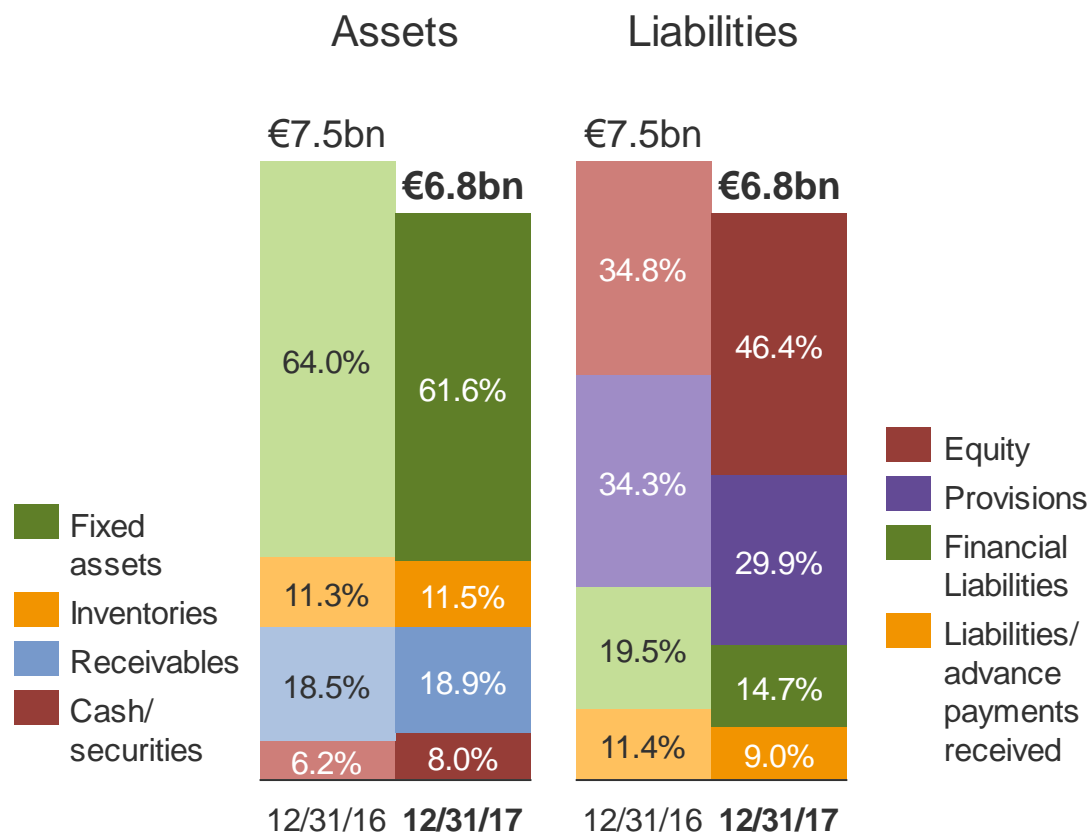
- ▶ Sales +6.3% yoy:
Volume/Mix +7.9%, Price -0.7%, FX -0.9%
- ▶ Other operating income: No special income from prepayment contracts in 2017 (2016*: €20m)
- ▶ Result from investments in joint ventures and associates benefits from share of Siltronic's increased net income adjusted by purchase price allocation effects
- ▶ Tax rate of 25.3% (2016*: 27.7%)
- ▶ Depreciation at €590m (2016*: €618m)

* Adjusted according to IFRS 5

Balance Sheet Composition

Equity Ratio Increased to 46%

Balance Sheet (%)



Characteristics 12/31/17

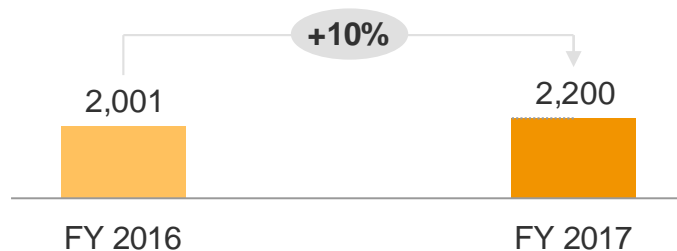
- ▶ 2016 balance sheet not restated, includes Siltronic; 2017 balance sheet with Siltronic AG at-equity
- ▶ Non current assets: €4,713m
- ▶ Securities, cash and cash equivalents: €547m
- ▶ Provisions for pensions: €1,618m (2016: €2,108m)
 - ▶ Discount rate in Germany at 2.09% (2016: 1.94%)
 - ▶ DTA* relating to pensions about €316m
- ▶ Equity: €3,169m (2016: €2,593m)

* Deferred tax asset

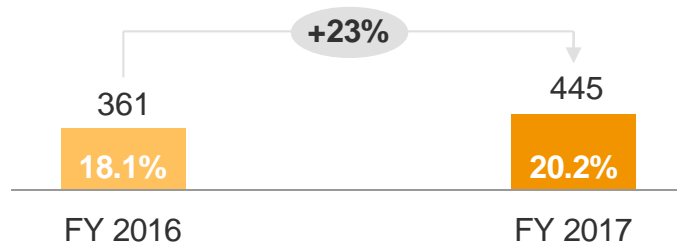
SILICONES

Siloxane Tightness, High Plant Loading and Mix Shift

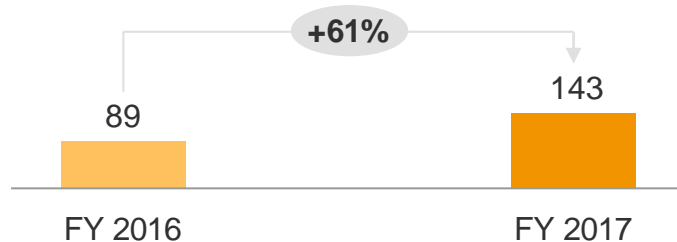
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2017

- ▶ Strong demand for silicone products in all regions
- ▶ EBITDA benefitted from high plant loading, cost performance and product mix

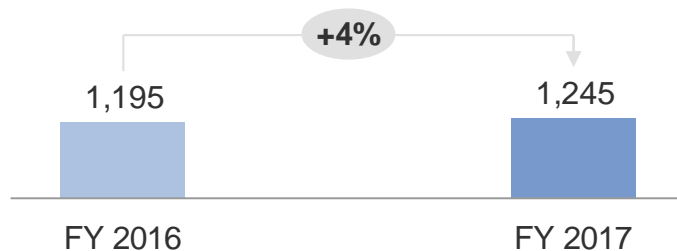
Outlook 2018

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

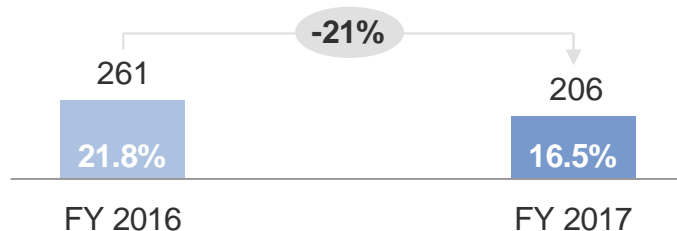
POLYMERS

Strong Volumes, but Raw Material Inflation Pressures Margins

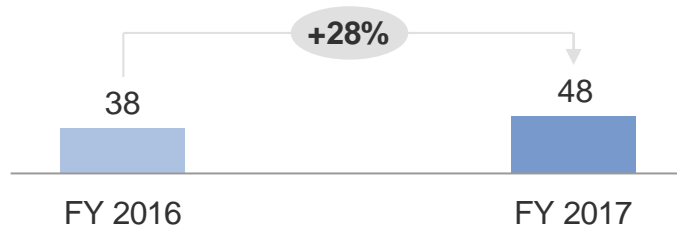
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2017

- ▶ Sales above prior year; strong volumes offset by lower pricing and FX
- ▶ EBITDA down -21% yoy following higher raw materials

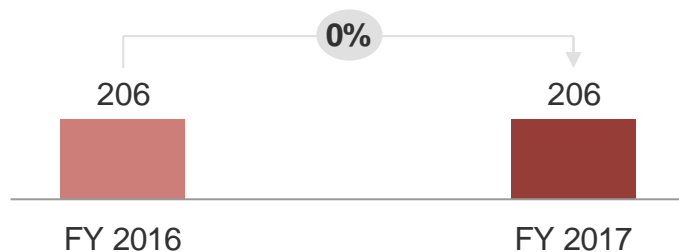
Outlook 2018

- ▶ Mid-single-digit % sales growth
- ▶ Strong volume growth and higher pricing expected
- ▶ Headwinds from raw materials and FX
- ▶ Expect FY EBITDA at prior year level despite scheduled plant maintenance in Q2

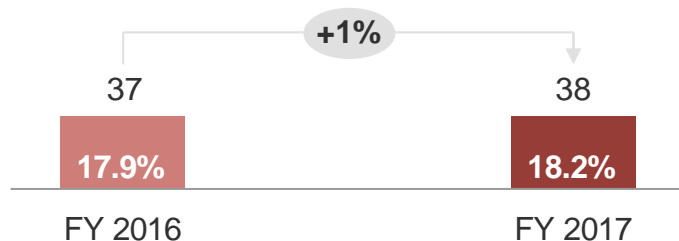
BIOSOLUTIONS

Positive Volume Effects

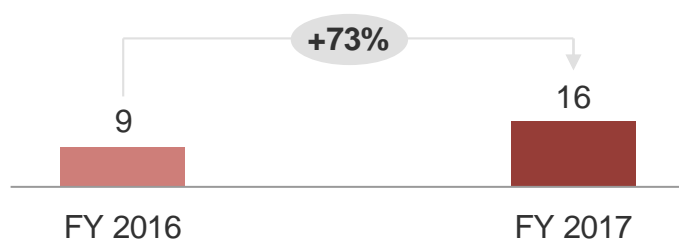
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2017

- ▶ Sales stable yoy
- ▶ Higher volumes in pharma/agro compensate lower prices in some product segments and negative FX effects

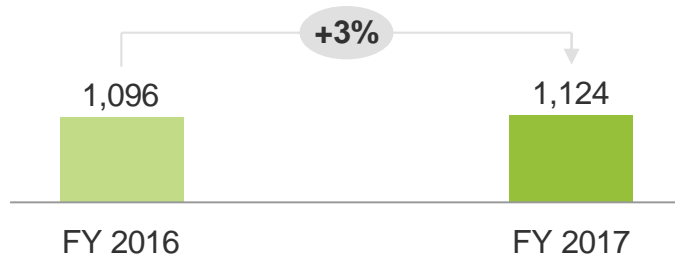
Outlook 2018

- ▶ Mid-single-digit % sales growth
- ▶ EBITDA just below €30m following start-up costs for fermentation in Spain

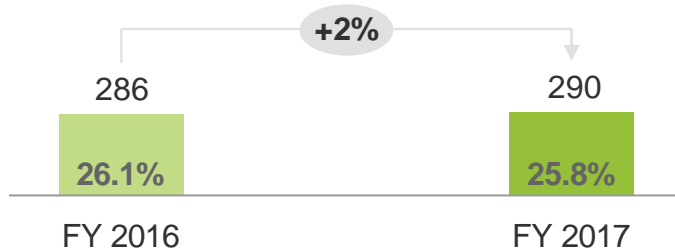
POLYSILICON

Ramp of TN to begin in Q2 – Continued Focus on Cost Reduction

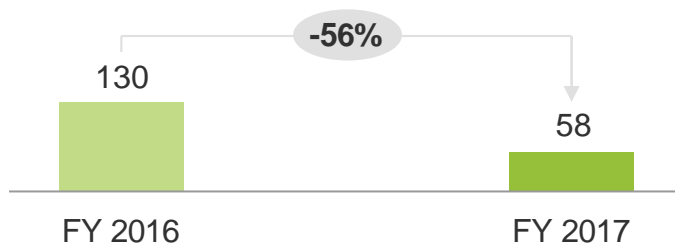
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2017

- ▶ Shipped 71kt (2016: 66kt), German plants fully loaded, TN plant down since Sept 7 2017
- ▶ EBITDA +2% up yoy following higher volumes and good cost efficiency
- ▶ No significant insurance compensation recognized

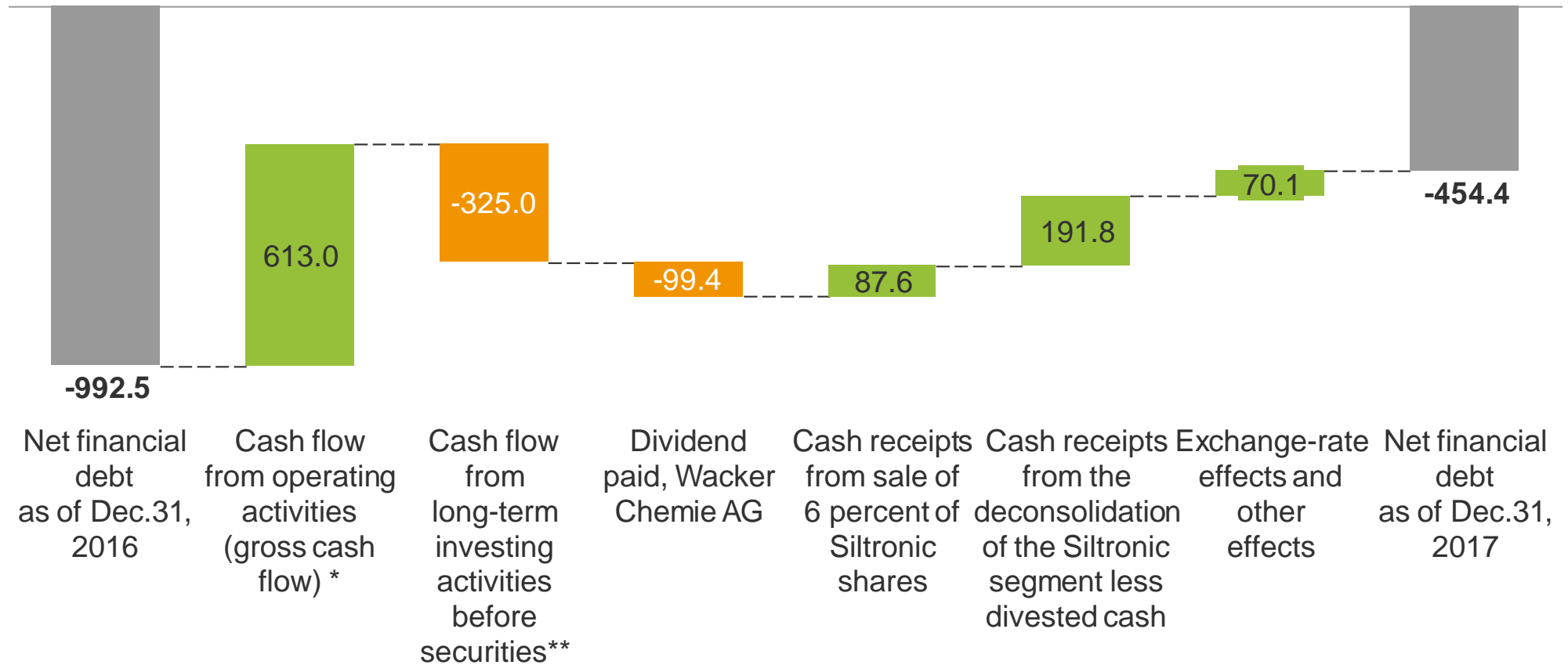
Outlook 2018

- ▶ Sales high-single-digits % down with volumes at 2017 level; EBITDA slightly above 2017 level, following cost reductions and insurance compensation
- ▶ Timing of income recognition from insurance payments is uncertain
- ▶ Ramp of TN plant to begin in Q2

Net Financial Debt

Strong Cash Flow Generation

Net Financial Debt Bridge per 12/31/2017 (€m)



* includes change in prepayments of €70.1m ** 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 Trading Update

Solid Volume Start, EBITDA Clearly Above Q1 2017

Trading Update

▶ **Chemicals**

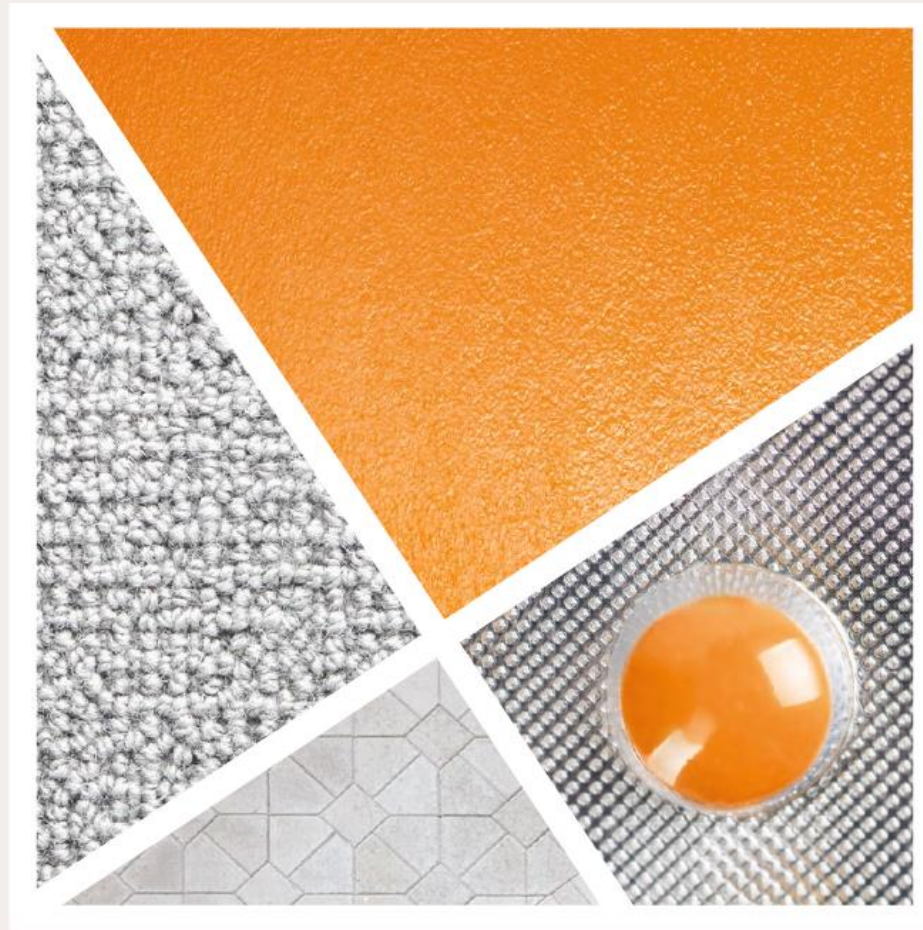
Order intake and volumes above last year, positive pricing, raw materials prices up

▶ **POLYSILICON**

Strong volumes and full utilization of German plants, preparing for Q2 ramp in TN, good cost performance

Q1 2018 Outlook

- ▶ Expect Q1 Group Sales at around €1.2bn
- ▶ EBITDA clearly above Q1 2017



FY 2017 – Conference Call: Q&A Session

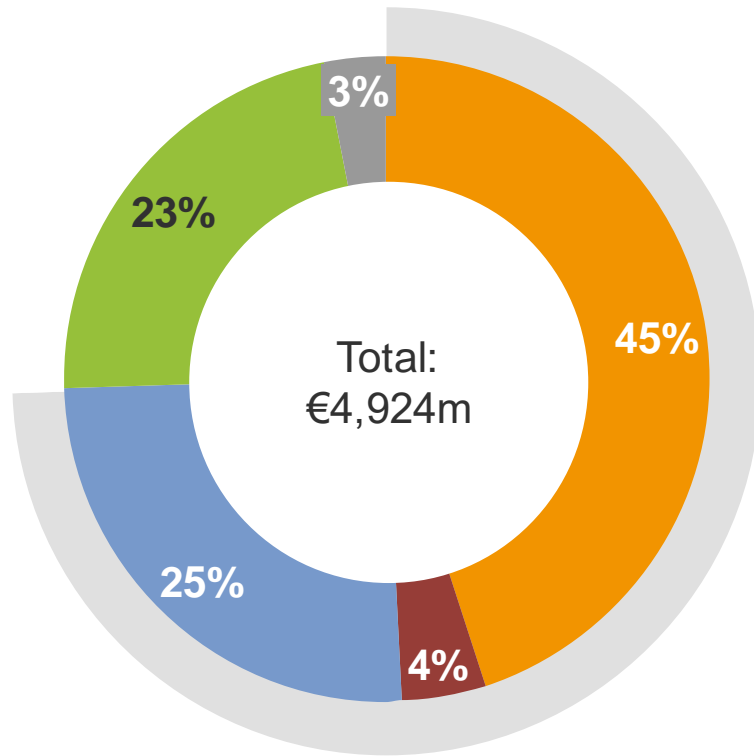
Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO)

March 13, 2018

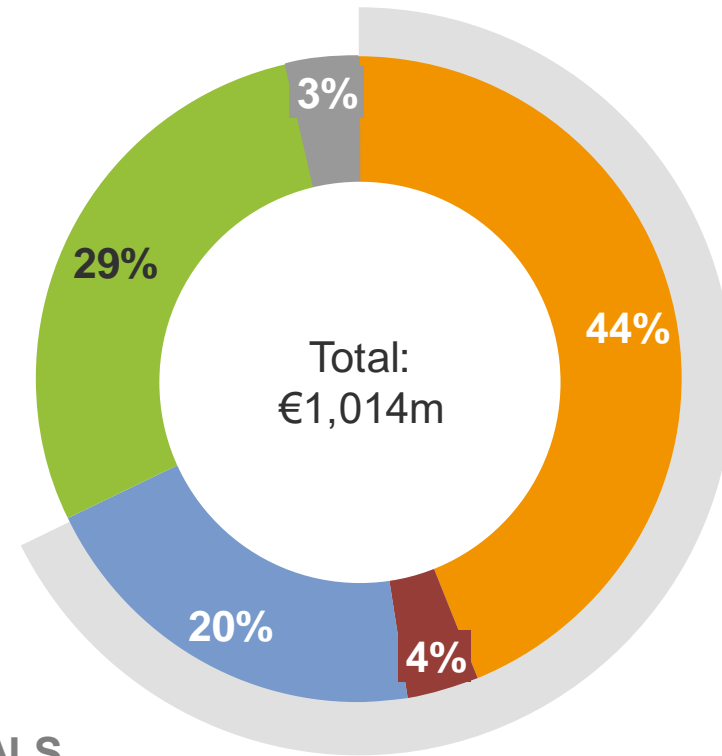
Full Year Results 2017

Sales and EBITDA Breakdown

FY 2017 Sales*



FY 2017 EBITDA



CHEMICALS

WACKER SILICONES

WACKER POLYMERS

WACKER BIOSOLUTIONS

WACKER POLYSILICON

Others/Consolidation

* based on external sales

Full Year Results 2017

FY and Q4 P&L

in €m	FY 2017	FY 2016*	% YoY	Q4 2017	Q4 2016*	% YoY
Sales	4,924.2	4,634.2	6.3	1,175.5	1,151.1	2.1
EBITDA	1,014.1	955.5	6.1	233.4	221.2	5.5
EBITDA margin	20.6%	20.6%	-	19.9%	19.2%	-
EBIT	423.7	337.5	25.5	93.3	60.8	53.5
EBIT margin	8.6%	7.3%	-	7.9%	5.3%	-
Income from continuing operations	250.1	178.1	40.4	54.2	30.1	80.1
Income from discontinued operations	634.7	11.2	>100	0	16.7	-100
Net income for the period	884.8	189.3	>100	54.2	46.8	15.8
EPS from continuing operations in €	4.85	3.44	40.7	1.05	0.56	87.5
EPS in €	17.45	3.61	>100	1.05	0.76	38.2

* Adjusted according to IFRS 5

Full Year Results 2017

Breakdown by Business

In €m / %	FY 2017			FY 2016*			Q4 2017		Q4 2016*	
	SALES	EBITDA	EBITDA Margin	SALES	EBITDA	EBITDA Margin	SALES	EBITDA	SALES	EBITDA
CHEMICALS	3,651	688	18.8%	3,402	659	19.4%	872	140	817	131
SILICONES	2,200	445	20.2%	2,001	361	18.1%	537	99	492	79
POLYMERS	1,245	206	16.5%	1,195	261	21.8%	285	34	275	45
BIOSOLUTIONS	206	38	18.2%	206	37	17.9%	50	8	50	7
POLYSILICON	1,124	290	25.8%	1,096	286	26.1%	268	64	297	87
Others	169	33	19.3%	163	10	6.3%	42	28	43	4
Consolidation	-20	3	-	-26	0	-	-6	2	-6	0
WACKER Group	4,924	1,014	20.6%	4,634	956	20.6%	1,176	233	1,151	221

* Adjusted according to IFRS 5

Special EBITDA Effects

No Special Income in 2017

Special income (in €m)	2016					2017				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
POLYSILICON: Retained prepayments & damages from cancelled contracts	-	7.0	-	13.3	20.3	-	-	-	-	0

► In FY 2017 no special income from prepayment contracts (2016: €20m)

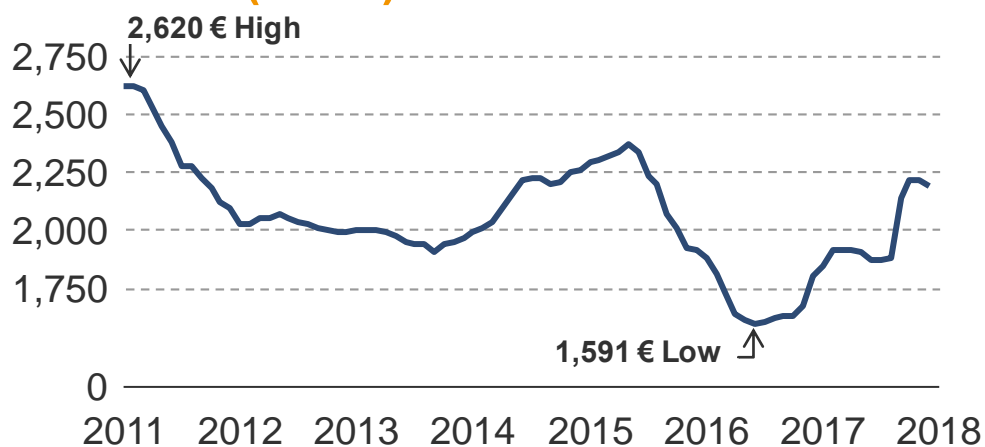
Global PV Installations Further Broaden and Grow

Country	2014	2015	2016	2017e	2018e
France	0.9	0.9	0.6	0.8 – 1.0	1.1 – 1.3
Germany	1.9	1.5	1.5	1.7 – 1.9	2.0 – 2.4
Europe other	4.6	6.2	4.3	4.2 – 4.5	4.9 – 5.4
Europe total	7.4	8.6	6.4	6.7 – 7.4	8.0 – 9.1
Australia	1.0	0.9	0.8	1.3 – 1.5	2.3 – 2.5
China*	13.2	16.5	32.5	52.0 – 55.0	59.0 – 65.0
India	1.0	2.1	4.3	9.0 – 10.0	9.0 – 11.0
Japan	9.3	10.8	8.4	7.0 – 8.0	7.0 – 8.0
South Korea	0.9	1.0	0.9	1.0 – 1.2	1.2 – 1.4
USA	6.2	7.3	14.8	11.0 – 12.0	8.0 – 10.0
Rest of World	5.1	9.0	9.8	12.0 – 13.0	15.5 – 18.0
Total	44 GW	56 GW	78 GW	100 – 108 GW	110 – 125 GW

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

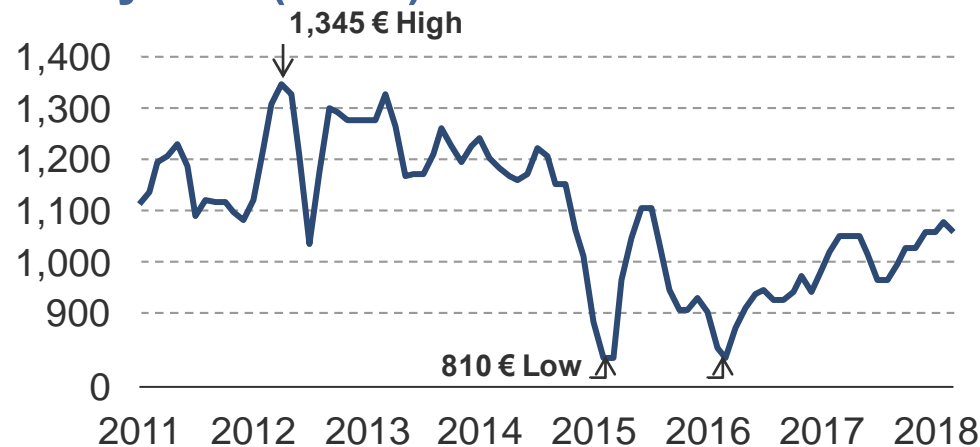
Raw Material Prices With Volatile Development

Si-Metal (€/MT)



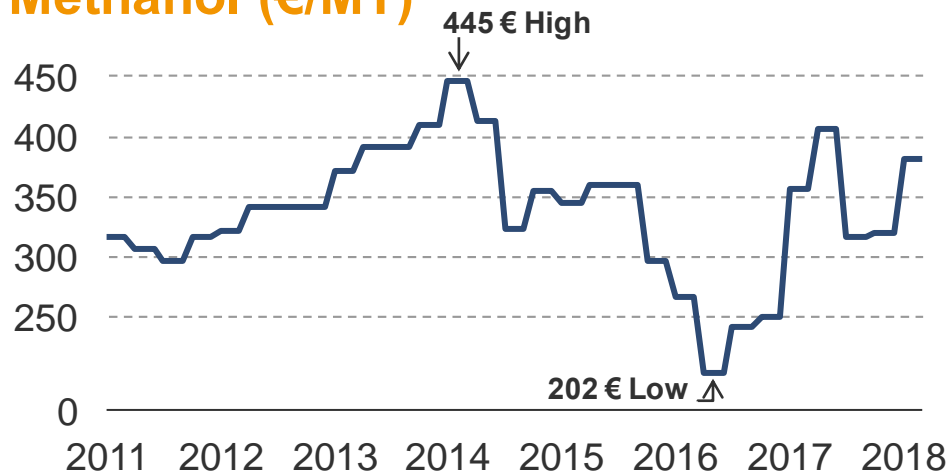
Source: CRU, Si-Metal Spot FD Europe

Ethylene (€/MT)



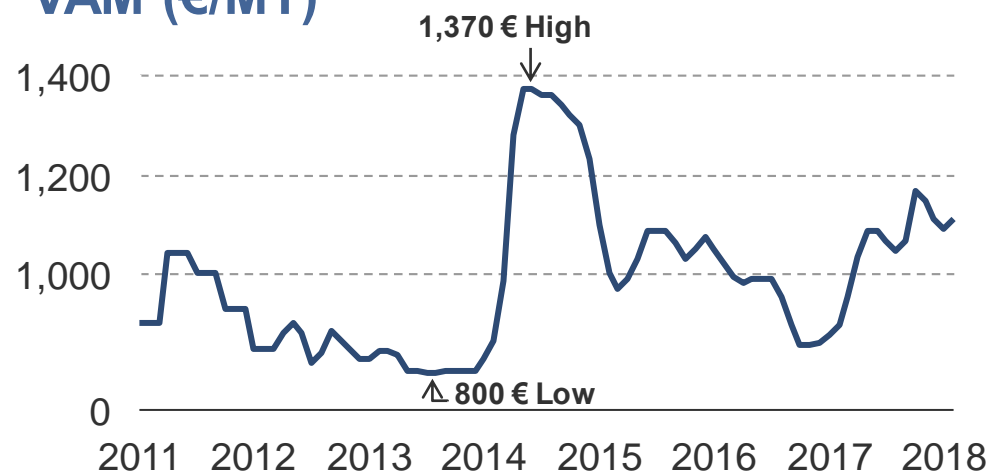
Source: ICIS, EN Contract FD NWE

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

Wacker Chemie AG
Hanns-Seidel-Platz 4
D-81737 Munich

Investor Relations contacts

Joerg Hoffmann, CFA
Tel. +49 89 6279 1633
joerg.hoffmann@wacker.com

Scott McCollister
Tel. +49 89 6279 1560
scott.mccollister@wacker.com

Monika Stadler
Tel. +49 89 6279 2769
monika.stadler.ir@wacker.com

Financial Calendar

04/26/18 – Q1 Results 2018
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

