

PRESS RELEASE

Number 25

WACKER's Sales and Earnings Rise in Q2 2018 Amid Strong Performance in Chemicals

- ◆ GROUP SALES CLIMB TO €1.33 BILLION, 9 PERCENT HIGHER BOTH YEAR OVER YEAR AND QUARTER OVER QUARTER
- ◆ EBITDA REACHES €261 MILLION, UP 3 PERCENT VERSUS LAST YEAR AND 2 PERCENT VERSUS A QUARTER AGO
- ◆ NET INCOME FOR Q2 2018 AMOUNTS TO €84 MILLION
- ◆ FULL-YEAR FORECAST UNCHANGED: GROUP SALES FOR 2018 EXPECTED TO GROW BY A LOW-SINGLE-DIGIT PERCENTAGE, WITH EBITDA LIKELY TO RISE BY A MID-SINGLE-DIGIT PERCENTAGE

Munich, July 26, 2018 – Thanks to the strong performance of its chemical business, Wacker Chemie AG's sales and EBITDA continued to grow in the second quarter of 2018, both year over year and quarter over quarter. The Munich-based chemical company posted sales of €1,329.9 million in the reporting quarter (Q2 2017: €1,218.3 million). That was an increase of 9 percent. Sales were lifted by better prices, especially for silicone products, by volume growth for chemical products and by positive effects from the chemical-product mix. Exchange-rate headwinds, though, slowed the sales trend, with the euro appreciating strongly year over year. Relative to a quarter ago (€1,217.6 million), the sales increase was also 9 percent.

WACKER generated EBITDA of €260.5 million in Q2 2018. That was 3 percent more than a year ago (€253.4 million) and 2 percent more

than a quarter ago (€254.5 million). Growth drivers were better prices for chemical products and higher income from the stake in Siltronic. As a result, WACKER more than compensated for raw-material costs, which increased markedly both year over year and quarter over quarter. High plant utilization was another positive factor in earnings performance in the reporting quarter. The Group's EBITDA margin for Q2 2018 was 19.6 percent (Q2 2017: 20.8 percent). In the preceding quarter, it was 20.9 percent. Group earnings before interest and taxes (EBIT) amounted to €125.0 million in Q2 2018 (Q2 2017: €101.9 million), yielding an EBIT margin of 9.4 percent (Q2 2017: 8.4 percent). Net income for the reporting quarter amounted to €83.5 million (Q2 2017: €60.5 million) and earnings per share came in at €1.59 (Q2 2017: €1.17).

The full-year 2018 forecast for sales and earnings as published in the 2017 Annual Report remains unchanged. WACKER continues to expect that Group sales will grow by a low-single-digit percentage relative to last year (€4,924.2 million). EBITDA is likely to rise by a mid-single-digit percentage compared with last year (€1,014.1 million). WACKER expects Group net income from continuing operations to rise markedly.

"After the first six months of the year, we are firmly on track to achieve our full-year targets," said Group CEO Rudolf Staudigl in Munich on Thursday. "Our chemical portfolio is currently performing very well and customer demand for silicones, in particular, is very high. In this market environment, we are posting volume growth with specialty products and achieving substantial price increases for standard silicones. The intensifying trade dispute between the USA and both China and the EU poses a significant risk to the global economy. In addition, markedly higher raw-material costs reduce our earnings. On the other hand, our

chemical business is performing considerably better than anticipated at the start of the year. The first six months have delivered a good basis for WACKER's development in the current year. Provided there is no economic downturn, we could outperform our current full-year earnings forecast."

Regions

In Q2 2018, WACKER continued growing its sales in every region. The biggest increase was in Asia, where sales rose 13 percent to €495.7 million (Q2 2017: €440.3 million). Sales in Europe reached €543.2 million, up 7 percent over last year's figure of €506.0 million. In the Americas, sales reached €223.7 million (Q2 2017: €214.2 million), an increase of 4 percent.

Capital Expenditures and Net Cash Flow

In Q2 2018, the Group's capital expenditures came in at €97.7 million (Q2 2017: €74.8 million), up 31 percent year over year. The funds went mainly toward expanding capacity for silicone and polymer products. In addition, WACKER acquired a production site for biologics in Amsterdam (Netherlands) in April.

Net cash flow totaled €-101.4 million in Q2 2018 (Q2 2017: €93.9 million). This marked decline was mainly attributable to substantially higher cash outflows for capital expenditures and acquisitions, higher variable-compensation payments, repair and ramp-up costs at WACKER's Charleston site, and the increase in working capital due to rising business volumes.

Employees

WACKER's global workforce edged up in the reporting quarter. The Group had 14,270 employees as of June 30, 2018 (March 31, 2018: 13,983). At the end of the reporting quarter, 10,156 employees (March

31, 2018: 10,076) worked at WACKER sites in Germany and 4,114 (March 31, 2018: 3,907) at international locations.

Business Divisions

WACKER SILICONES generated total sales of €653.8 million in Q2 2018 (Q2 2017: €548.7 million), up 19 percent. Growth was driven by better prices for silicone products, coupled with higher volumes and an enhanced product mix. Relative to a quarter ago (€605.8 million), WACKER SILICONES' sales rose 8 percent. The division's reporting-quarter EBITDA of €176.6 million was 59 percent above the year-earlier figure (€110.8 million). Versus a quarter ago (€148.5 million), the increase was 19 percent. Earnings benefited from not only sales growth, but also product-mix effects and generally high production output. The EBITDA margin improved to 27.0 percent in Q2 2018, after 20.2 percent in Q2 2017 and 24.5 percent a quarter ago.

Sales at **WACKER POLYMERS** totaled €343.1 million in the reporting quarter, 2 percent higher than a year ago (€335.3 million). This slight increase was due to better prices and to volumes that were somewhat higher on balance. Compared with the preceding quarter (€301.9 million), sales were up 14 percent, mainly due to volume growth. The division's EBITDA amounted to €32.6 million in Q2 2018, after €62.4 million a year ago. This 48 percent decline stemmed mainly from substantially higher raw-material costs. In order to counter this development, the division is raising the prices of its products. Compared with a quarter ago (€41.9 million), EBITDA was down 22 percent. Aside from higher prices for the raw materials vinyl acetate monomer and ethylene, a scheduled plant shutdown for maintenance also lowered earnings. The reporting-quarter EBITDA margin was 9.5 percent, after 18.6 percent the year before and 13.9 percent a quarter ago.

WACKER BIOSOLUTIONS posted total sales of €57.2 million in Q2 2018, up 11 percent versus a year ago (€51.4 million). The increase was mainly driven by volume growth and better prices for some products. Compared with a quarter ago (€54.3 million), the division's sales were up 5 percent. WACKER BIOSOLUTIONS' reporting-quarter EBITDA of €5.4 million was 41 percent below the year-ago figure (€9.1 million) and 47 percent lower than the preceding quarter (€10.1 million). Factors in this decline included not only higher raw-material costs, but also integration costs and still-low utilization rates at the newly acquired biologics plant in the Netherlands. The EBITDA margin was 9.4 percent, after 17.7 percent last year and 18.6 percent in Q1 2018.

WACKER POLYSILICON generated total sales of €242.1 million in the reporting quarter. That was 2 percent less than a year ago (€246.7 million). The main reason for the slight decrease was that volumes and average prices were somewhat lower. Sales were up 10 percent relative to the preceding quarter (€219.3 million), driven mainly by substantial volume growth. This enabled the division to more than compensate for average polysilicon prices that were generally lower on balance than a quarter ago. WACKER POLYSILICON's reporting-quarter EBITDA came in at €39.1 million, down 45 percent compared with a year ago (€71.3 million). The decrease was mainly due to ramp costs at Charleston, where production facilities are gradually coming on stream again. EBITDA contracted relative to a quarter ago (€48.2 million) as well, with the 19 percent decrease additionally attributable to lower prices. No insurance compensation for the business interruption loss at Charleston was booked in the entire first half of 2018. From April through June 2018, WACKER POLYSILICON's EBITDA margin amounted to 16.2 percent, after 28.9 percent in Q2 2017 and 22.0 percent in Q1 2018.

Outlook

WACKER described in detail its projections for the Group's performance this year in the Outlook section of its 2017 Annual Report.

These projections have changed as follows:

Net financial debt is now expected to amount to around €500 million by year-end 2018, partly due to exchange-rate effects. WACKER had previously assumed that its net financial debt would be on par with last year (€454.4 million). According to current estimates, the Group's full-year capital expenditures will come in at around €450 million (2017 Annual Report: around €470 million).

Due to strong customer demand, WACKER SILICONES is likely to achieve an even more substantial increase in sales and EBITDA for full-year 2018 than was projected on publication of the 2017 Annual Report. The division now expects to post sales of some €2.5 billion (2017 Annual Report: low-single-digit percentage increase). EBITDA will likely reach some €600 million (2017 Annual Report: mid-single-digit percentage increase).

WACKER POLYMERS expects to achieve volume growth and better prices for the full year. At the same time, however, raw-material costs continue to rise. Overall, the division anticipates the second-half-year EBITDA to be similar to the first half. WACKER POLYMERS' full-year EBITDA will therefore amount to around €150 million (2017 Annual Report: EBITDA at last year's level). The division's forecast for a mid-single-digit percentage increase in sales remains unchanged.

At WACKER POLYSILICON, full-year sales volumes are likely to be lower than expected at the start of the year. At the same time, the division expects average polysilicon prices to be lower than last year. Due to both these factors, full-year sales will decline by a low-double-digit percentage compared with last year (2017 Annual Report: high-

single-digit percentage decline). EBITDA is likely to be around 10 percent lower than last year (2017 Annual Report: slight increase).

Otherwise, the statements made in the 2017 Annual Report regarding the Group's expectations did not change on balance during the reporting period. For 2018, WACKER anticipates higher raw-material costs and headwinds from a stronger euro against the US dollar.

Given these underlying conditions, Group sales are projected to climb by a low-single-digit percentage. EBITDA growth should continue, increasing by a mid-single-digit percentage versus last year.

WACKER expects its EBITDA margin to be slightly higher than a year ago. Depreciation of about €550 million will be significantly lower than last year's level. WACKER expects Group net income from continuing operations to rise markedly. Net cash flow is forecast to be clearly positive, but substantially below last year's figure, due to higher capital expenditures.

Information for editorial offices: the Q2 2018 report is available for download on the WACKER website (www.wacker.com) under Investor Relations.

Key Figures of the WACKER Group

€million	Q2 2018	Q2 2017	Change in %	6M 2018	6M 2017	Change in %
Sales	1,329.9	1,218.3	9.2	2,547.5	2,437.1	4.5
EBITDA ¹	260.5	253.4	2.8	515.0	482.7	6.7
EBITDA margin ² (%)	19.6	20.8	-	20.2	19.8	-
EBIT ³	125.0	101.9	22.7	246.7	175.1	40.9
EBIT margin ² (%)	9.4	8.4	-	9.7	7.2	-
Financial result	-16.8	-26.1	-35.6	-33.7	-49.7	-32.2
Income from continuing operations before income taxes	108.2	75.8	42.7	213.0	125.4	69.9
Income from continuing operations	83.5	60.5	38.0	162.6	91.7	77.3
Income from discontinued operations	-	-	-	-	634.7	-100.0
Net income for the period	83.5	60.5	38.0	162.6	726.4	-77.6
Earnings per share from continuing operations (€)	1.59	1.17	35.9	3.11	1.76	76.7
Earnings per share (€)	1.59	1.17	35.9	3.11	14.36	-78.4
Capital expenditures	97.7	74.8	30.6	166.9	121.5	37.4
Depreciation / amortization	135.5	151.5	-10.6	268.3	307.6	-12.8
Net cash flow ⁴ from continuing operations	-101.4	93.9	n.a.	66.6	147.1	-54.7
€million				June 30, 2018	June 30, 2017	Dec. 31, 2017
Total assets				6,947.7	7,096.2	6,835.7
Equity				3,066.0	3,136.3	3,169.3
Equity ratio (%)				44.1	44.2	46.4
Financial liabilities				1,028.3	1,361.9	1,001.6
Net financial debt ⁵				639.5	671.4	454.4
Employees (number at end of period)				14,270	13,689	13,811

¹ EBITDA is EBIT before depreciation and amortization.

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 flow from operating activities (excluding changes in advance payments) and cash flow from long-term investing activities (before securities), including additions due to finance leases.

⁵ Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

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 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 13,800 employees and annual sales of around €4.9 billion (2017). WACKER has a global network of 23 production sites, 21 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