

PRESS RELEASE

Number 2

Non-Recurring Effects Strongly Influence WACKER's Figures for Fiscal 2019

- ◆ GROUP SALES OF €4.93 BILLION ARE ALMOST ON PAR WITH YEAR-EARLIER LEVEL
- ◆ EBITDA OF €780 MILLION IS 16 PERCENT BELOW PREVIOUS YEAR
- ◆ GOOD TREND IN CHEMICALS, UNSATISFACTORY CONDITIONS FOR SOLAR-GRADE POLYSILICON
- ◆ IMPAIRMENT CHARGE OF SOME €760 MILLION ON POLYSILICON FACILITIES REDUCES EBIT AND NET RESULT
- ◆ EBIT THUS AMOUNTS TO AROUND €-540 MILLION
- ◆ NET RESULT FOR 2019 IS SOME €-630 MILLION
- ◆ NET CASH FLOW OF AROUND €185 MILLION IS POSITIVE AND MARKEDLY HIGHER YEAR OVER YEAR

Munich, January 28, 2020 – Wacker Chemie AG closed 2019 in line with its own expectations. According to preliminary figures, the Munich-based chemical group posted total sales of €4.93 billion last year, which is almost on par with a year earlier (2018: €4.98 billion). The slight decline of 1 percent was mainly due to lower prices, especially for solar-grade polysilicon, but also for standard silicones. Sales were supported by higher volumes overall, by product-mix effects and by the year-over-year rise in the US dollar.

The Group's preliminary EBITDA (earnings before interest, taxes, depreciation and amortization) was €780 million in 2019 (2018: €930 million), down 16 percent. The EBITDA figure includes special

income of €112.5 million in insurance compensation for the damage incurred following the 2017 incident at Charleston, which WACKER recognized in Q3 under cost of goods sold. 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 prices for standard silicones and by the steep rise in Germany's electricity prices.

EBIT (earnings before interest and taxes) totaled €-540 million (2018: €390 million), largely due to the one-time charge of €760 million. As already announced, WACKER will recognize this impairment on the carrying amount of its polysilicon production facilities in its financial statements. The charge reflects the company's subdued expectations about future price developments for solar-grade polysilicon. Total depreciation in 2019 thus amounts to around €1.32 billion. In consequence, the net result for 2019 is €-630 million (2018: €260 million).

"Our earnings last year were strongly influenced by non-recurring effects from insurance compensation received and from the impairment charge on fixed assets," said Group CEO Rudolf Staudigl. "In operating terms, especially our chemical business continued to perform well. After an exceptionally strong 2018, silicone margins resumed normal levels, while we achieved substantial profitability gains in dispersions, dispersible polymer powders and bioengineered products. Underlying conditions, however, remained unsatisfactory for solar-grade polysilicon, where prices fell markedly last year amid high overcapacity built up by state-subsidized competitors in China. We are currently working on a comprehensive program to make WACKER more efficient and capable, and to achieve substantial cost

savings. We expect already to announce concrete targets for this initiative in Q1 2020.”

Investments, Net Cash Flow and Net Financial Debt

Preliminary figures show that WACKER’s capital expenditures for 2019 reached €380 million (2018: €461 million), a decline of 18 percent. The investment focus was on expanding capacity at the chemical divisions. Net cash flow totaled around €185 million in 2019, more than doubling year over year (2018: €86 million, restated due to changed definition). The insurance compensation payments received for the damage incurred at Charleston increased cash inflow by roughly €100 million. A special payment into the Wacker Chemie VVaG pension fund in Q4 2019 had the opposite effect, reducing net cash flow by €70 million. Net financial debt as of December 31, 2019, stood at around €715 million (Dec. 31, 2018: €610 million). The year-over-year increase was due to the new accounting standard for leases (IFRS 16), which increased net financial debt by €120 million.

Business Divisions

In 2019, WACKER benefited from the continued strength of demand for its chemical products. WACKER SILICONES achieved annual sales of €2.45 billion (2018: €2.50 billion), which even amid noticeably lower prices for standard silicones represents a shortfall of only 2 percent from its high year-earlier figure. WACKER POLYMERS generated sales of €1.32 billion in 2019 (2018: €1.28 billion). That was a gain of 3 percent. Sales at WACKER BIOSOLUTIONS climbed 8 percent last year to €245 million (2018: €227 million).

In 2019, the chemical divisions’ total EBITDA contracted by 11 percent. The decline was caused mainly by lower prices for

standard silicones. EBITDA growth was strong for dispersions, dispersible polymer powders and bioengineered products. WACKER SILICONES posted EBITDA of €480 million in 2019 (2018: €617 million), a decline of 22 percent. EBITDA at WACKER POLYMERS amounted to €195 million (2018: €148 million). This 32 percent increase primarily stemmed from the division's higher year-over-year volumes coupled with its good cost structure. WACKER BIOSOLUTIONS generated EBITDA of €30 million last year (2018: €24 million), an increase of 25 percent. Its earnings were supported by higher sales volumes and by rising plant utilization rates for biologics.

In 2019, WACKER POLYSILICON posted sales of €780 million (2018: €824 million). This 5 percent decline was mainly due to markedly lower year-over-year prices for solar-grade polysilicon, caused by overcapacities built up in China. Strong volume growth did not fully offset this price effect. The division's EBITDA totaled €55 million in 2019 (2018: €72 million), down 24 percent. EBITDA was dampened not only by lower average polysilicon prices, but also by inventory valuation adjustments. On the other hand, insurance compensation payments for the damage incurred at Charleston, which were recognized in Q3 2019, lifted EBITDA by €112.5 million. Adjusted for this special income, WACKER POLYSILICON's EBITDA for full-year 2019 amounted to around €-55 million.

Preliminary Key Figures for the WACKER Group

€ million	2019e	2018	Change in %
Sales	4,930	4,979	-1
EBITDA	780	930	-16
EBITDA margin (%)	16	19	–
EBIT	-540	390	n.a.
EBIT margin (%)	-11	8	–
Net result for the year	-630	260	n.a.
Capital expenditures	380	461	-18
Net cash flow	185	86	>100

The 2019 figures and forecasts in this press release are preliminary. Wacker Chemie AG will publish its annual report for the 2019 fiscal year on March 17, 2020.

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.

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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