

PRESS RELEASE

Number 11

Wacker Chemie AG's Figures for Q1 2020 (unaudited)

WACKER Lifts Earnings Markedly in Q1 2020 and Refrains from Providing Full-Year Forecast Due to Corona Pandemic

- ◆ GROUP SALES FOR Q1 2020 TOTAL €1.20 BILLION, 3 PERCENT LOWER YEAR OVER YEAR, BUT UP 4 PERCENT VERSUS A QUARTER AGO
- ◆ EBITDA OF €174 MILLION RISES BY 23 PERCENT YEAR OVER YEAR AMID HIGHER PLANT UTILIZATION AND BY 10 PERCENT QUARTER OVER QUARTER
- ◆ NET INCOME FOR Q1 2020 AMOUNTS TO €69 MILLION
- ◆ NET CASH FLOW IS POSITIVE AT €23 MILLION AND LIQUIDITY RISES TO €750 MILLION
- ◆ AS RISKS FROM CORONA PANDEMIC BECOME EVER-MORE CONCRETE AND COVID-19 CONTINUES TO SPREAD RAPIDLY, IT IS NOT POSSIBLE TO ISSUE A RELIABLE FORECAST FOR 2020

Munich, April 30, 2020 –Wacker Chemie AG's total sales in Q1 2020 declined slightly versus a year ago, but its EBITDA was substantially higher, both year over year and quarter over quarter. The Munich-based chemical company generated sales of €1,197.5 million in the reporting quarter (Q1 2019: €1,235.7 million), down 3 percent year over year. This slight decline was prompted by lower prices for solar-grade polysilicon and for standard silicones and by volumes that, on balance, were somewhat lower. Exchange-rate differences positively

influenced the sales trend year over year. Compared with a quarter ago (€1,155.5 million), sales rose by 4 percent mainly due to volume growth and better prices.

In Q1 2020, WACKER posted EBITDA (earnings before interest, taxes, depreciation and amortization) of €174.1 million. That was a rise of 23 percent versus a year earlier (€142.0 million). Higher plant utilization rates and cost-reduction measures supported this strong growth. Relative to the preceding quarter (€157.8 million), EBITDA climbed 10 percent. The EBITDA margin for January through March 2020 was 14.5 percent, compared with 11.5 percent in the same period last year. A quarter ago, the margin was 13.7 percent.

In the reporting quarter, Group EBIT (earnings before interest and taxes) also rose markedly, coming in at €69.8 million (Q1 2019: €0.1 million). That corresponds to an EBIT margin of 5.8 percent (Q1 2019: 0.0 percent). Aside from the factors already mentioned, EBIT benefited from a year-over-year drop in depreciation.

Depreciation decreased 27 percent to €104.3 million (Q1 2019: €141.9 million). One of the factors in this decline was the effect of an impairment charge of €760 million on polysilicon facilities, which WACKER recognized in December 31, 2019. This effect reduced ongoing depreciation on these facilities. Net income for the quarter totaled €68.9 million (Q1 2019: €-5.5 million) and earnings per share came in at €1.31 (Q1 2019: €-0.16).

On presenting its 2019 Annual Report in mid-March, the company clearly stated that its forecast for the current year was conditional, due to the coronavirus's potential economic impact. The virus-related risks to the company's earnings and financial position are becoming ever-more apparent. At present, it is not possible to reliably estimate

either how strongly or for how long government measures to contain the virus's global spread will dampen the company's business activities. For this reason, WACKER is currently unable to provide guidance on its future performance, with its customary level of reliability. WACKER has thus decided not to issue a forecast for the time being.

"We closed Q1 2020, with generally good figures, as we expected," said Rudolf Staudigl, WACKER's CEO, in Munich on Thursday.

"Despite persistently difficult economic conditions and the additional challenges of the coronavirus pandemic in China, our sales were almost on par with Q1 2019 and EBITDA was substantially higher. In silicones and dispersible polymer powders, we benefited from higher volumes and, in bioengineered products, from a better product mix. On the other hand, volumes in our solar business fell due to the corona pandemic and prices were lower for standard silicones and polysilicon. That slowed sales and earnings. Looking ahead to the next few months, we expect the corona pandemic's economic impact to become very much more noticeable. We will counter this trend with short-time work arrangements. We have already decided to introduce short-time work as of May 1 in several production-related and administrative units in Germany and at our German polysilicon production plants. In our other business divisions, such arrangements can be implemented on short notice if declining order intake requires action. We have pared back this year's capital expenditure budget substantially to bolster liquidity, which rose to €750 million at the end of the first quarter. We also have undrawn credit lines of around €600 million. At present, it is not possible to reliably estimate how strongly COVID-19 will slow our business. If the pandemic is successfully contained over the next few months, it could well be that the global

economy gathers momentum in the second half-year and we experience catch-up effects.”

Commenting on WACKER's current situation, Staudigl said: “Crisis management teams at our sites, divisions and corporate departments are working together quickly, pragmatically and reliably to keep WACKER operational amid very challenging conditions. Our top priorities are the health of our employees and keeping production running so that we can ensure supply continuity for our customers. That is why WACKER introduced binding regulations and measures early on – including hygiene and social-distancing rules, and a ban on business trips to risk areas. Every employee whose job allows it is working from home. In areas that are vital for integrated production and where due to work-related requirements the prescribed distance cannot be kept, our employees wear protective masks. These measures have proved very successful so far. The number of Group employees infected by the coronavirus remains very low. That is a great help as we strive to keep production high at this critical time. Safeguarding production is particularly important because many of our products are used in key applications for medical care and hygiene. Our silicones for the medical sector are found, for example, in masks, tubes and seals for ventilators. Our dispersions' wide-ranging applications include hygienic wet-wipes and WACKER's cyclodextrins are used as additives in antiviral substances. I would like to take this opportunity to greatly thank our employees for their outstanding commitment in these difficult times.”

Regions

In Q1 2020, WACKER grew its sales slightly in the Americas. Sales climbed to €231.1 million there, up 2 percent versus a year earlier

(€226.7 million). In Asia, on the other hand, Group sales declined 11 percent in the reporting quarter to €385.8 million (Q1 2019: €432.5 million). Sales in Europe totaled €520.9 million (Q1 2019: €520.7 million), on par with a year earlier.

Capital Expenditures and Net Cash Flow

In Q1 2020, the Group's capital expenditures came in at €44.4 million (Q1 2019: €97.7 million), a year-over-year decline of 55 percent. The funds went primarily toward expanding capacities for silicone products.

Net cash flow was €22.6 million in Q1 2020 after €-135.0 million in Q1 2019. This improvement chiefly stemmed from the positive earnings trend and from reduced capital expenditures.

Employees

WACKER's global workforce decreased slightly in the reporting quarter. The Group had 14,597 employees on March 31, 2020 (Dec. 31, 2019: 14,658). At the end of the reporting quarter, 10,334 employees (Dec. 31, 2019: 10,356) worked at WACKER sites in Germany and 4,263 (Dec. 31, 2019: 4,302) at international locations.

Business Divisions

In Q1 2020, **WACKER SILICONES** generated total sales of €590.0 million. That was 3 percent less than a year earlier (€604.9 million). Although higher volumes – particularly for specialties – and exchange-rate differences lifted sales, the increase did not fully offset the year-over-year decline in prices for standard silicones. Compared with a quarter ago (€564.8 million), the division's sales

rose 4 percent. EBITDA at WACKER SILICONES came in at €118.6 million in the reporting quarter, down 7 percent from a year earlier (€128.1 million), mainly due to lower prices. Compared with the prior quarter (€103.5 million), EBITDA was up 15 percent. The EBITDA margin for Q1 2020 was 20.1 percent, after 21.2 percent in Q1 2019 and 18.3 percent in Q4 2019.

Sales at **WACKER POLYMERS** totaled €330.8 million in the reporting quarter, 2 percent higher than a year ago (€323.6 million). This increase was driven mainly by volume growth for dispersible polymer powders. Price changes had only a marginal effect on the first-quarter sales trend. Compared with the preceding quarter (€303.4 million), sales rose 9 percent, mainly due to higher volumes. The division's EBITDA was €61.5 million in Q1 2020, after €44.5 million last year – a year-over-year increase of 38 percent. Aside from sales growth, EBITDA was supported by higher plant utilization and by the good cost trend. Relative to the preceding quarter (€48.3 million), EBITDA climbed 27 percent. The EBITDA margin was 18.6 percent in Q1 2020, after 13.8 percent a year earlier and 15.9 percent a quarter ago.

WACKER BIOSOLUTIONS posted total sales of €63.3 million in Q1 2020. That was 9 percent higher than a year earlier (€58.3 million) and on par with a quarter ago (€63.2 million). Cyclodextrins, cysteine and biologics performed particularly well during the quarter, with volume growth helping lift sales. Changes in exchange rates also had a positive effect on sales. First-quarter EBITDA at WACKER BIOSOLUTIONS reached €8.5 million, up 44 percent versus a year earlier (€5.9 million). Earnings growth was supported not only by higher sales, but also by a good product mix. Compared with the

strong prior quarter (€10.6 million), EBITDA was down 20 percent. The EBITDA margin was 13.4 percent, after 10.1 percent a year ago and 16.8 percent in Q4 2019.

WACKER POLYSILICON generated total sales of €184.3 million in the reporting quarter, down 13 percent from a year earlier (€211.1 million). The main factors in this decline were lower sales volumes and lower average prices for solar-grade polysilicon. Compared with a quarter ago (€192.6 million), sales contracted 4 percent, chiefly because of lower volumes. The impact on volumes in the solar segment reflected the initial effects of the coronavirus pandemic. In semiconductors, polysilicon demand remained stable, though. WACKER POLYSILICON's reporting-quarter EBITDA came in at €-13.7 million. Versus last year's €-35.8 million, it improved by €22.1 million, supported by efficiency measures in production and by further progress in lowering production costs. Compared with the prior quarter (€1.9 million), which benefited from positive year-end effects, EBITDA fell by €15.6 million. The division's EBITDA margin was -7.4 percent for January through March 2020, after -17.0 percent in Q1 2019 and 1.0 percent in Q4 2019.

Outlook

When WACKER presented its 2019 Annual Report in mid-March, it clearly stated that its forecast for the current year was conditional, due to the coronavirus's potential economic impact. At the time, WACKER rated the virus-related risks to its earnings and financial position as being likely, with a potentially high impact of more than €100 million. These risks are becoming increasingly apparent. Leading economists now anticipate a severe global recession, at least for Q2 2020. This will likely have a significant impact on

WACKER's figures.

COVID-19's global spread is still very dynamic. At present, it is not possible to reliably estimate either how strongly or for how long government measures to contain the virus's global spread will dampen the company's business activities. For this reason, WACKER is currently unable to guidance on its future performance, with its customary level of reliability. WACKER has thus decided not to issue a forecast for the time being.

Key Figures for the WACKER Group

€ million	Q1 2020	Q1 2019	Change in %
Sales	1,197.5	1,235.7	-3.1
EBITDA	174.1	142.0	22.6
EBITDA margin (%)	14.5	11.5	–
EBIT	69.8	0.1	>100
EBIT margin (%)	5.8	0.0	–
Financial result	-12.0	-9.6	25.0
Income before income taxes	57.8	-9.5	n.a.
Net income for the period	68.9	-5.5	n.a.
Earnings per share (€)	1.31	-0.16	n.a.
Capital expenditures	44.4	97.7	-54.6
Depreciation, amortization and impairments	104.3	141.9	-26.5
Net cash flow	22.6	-135.0	n.a.
€ million	March 31, 2020	March 31, 2019	Dec. 31, 2019
Total assets	6,741.7	7,449.4	6,491.0
Equity	2,425.0	3,034.9	2,029.0
Equity ratio (%)	36.0	40.7	31.3
Financial liabilities	1,451.2	1,316.4	1,258.9
Net financial debt	701.6	886.4	713.7
Employees (number at end of period)	14,597	14,744	14,658

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 14,700 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