



3rd Quarter 2014 – Conference Call Note

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October 30th, 2014

WACKER:

Strong Performance in Q3 Supported by Special Effects

in €m	Q3 2014	Q2 2014	% QoQ	Q3 2013	% YoY
Sales	1,232.2	1,242.3	-0.8	1,165.4	5.7
EBITDA	347.5*	229.5	51.4	167.9*	>100
EBITDA margin	28.2%	18.5%	-	14.4%	-
EBIT	196.3	82.1	>100	35.1	>100
EBIT margin	15.9%	6.6%	-	3.0%	-
Result for the period	119.0	29.4	>100	5.4	>100
EPS in €	2.43	0.64	>100	0.09	>100

*incl. retained prepayments and damages from cancelled and reorganized contracts: Q3/13 €13,2m; Q3/14 €92,3m

Guidance Update: Expect now about €1bn in EBITDA for FY 2014

WACKER

Q3 2014 Comments

- ▶ All segments with higher sales yoy
- ▶ EBITDA includes €92.3m special effects
- ▶ Capex €153m, mostly for Tennessee/POLYSILICON
- ▶ Net Cash Flow €178m
- ▶ Net financial debt €906m
- ▶ Net income €119m / EPS 2.43€
- ▶ Tax rate 34%, driven by higher result in Germany

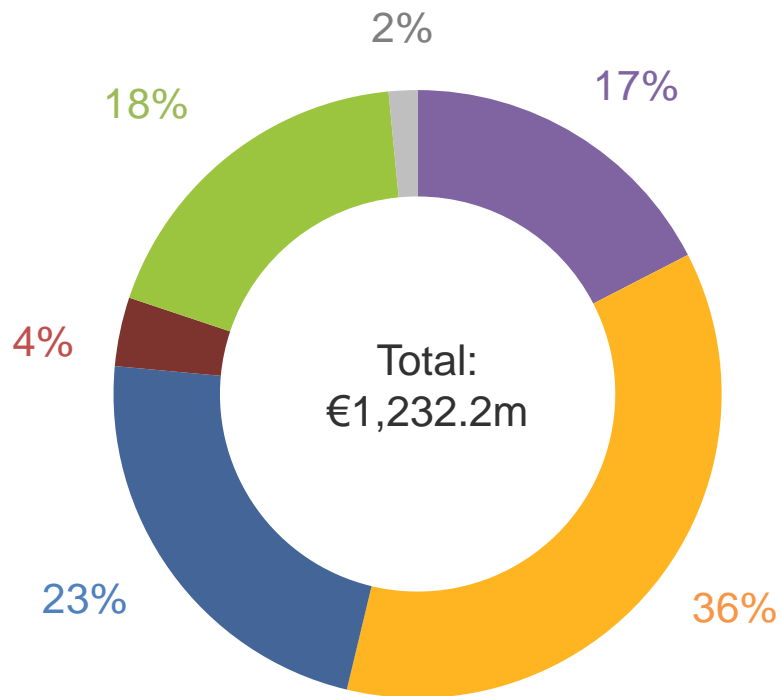


FY 2014 Outlook

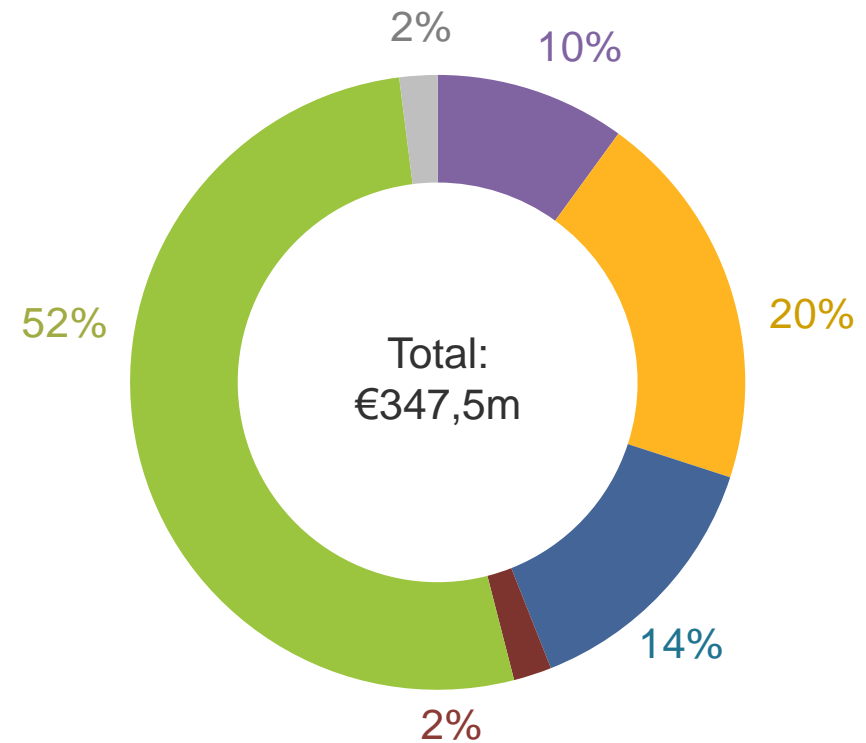
- ▶ FY sales above 2013
- ▶ Further focus on cost roadmap
- ▶ FY EBITDA margin >20% expected
- ▶ FY tax rate due to ongoing better results in Germany expected at about 40%

Strong Performance in All Segments

Q3 2014 Sales¹⁾



Q3 2014 EBITDA



Siltronic

WACKER BIOSOLUTIONS

WACKER SILICONES

WACKER POLYSILICON

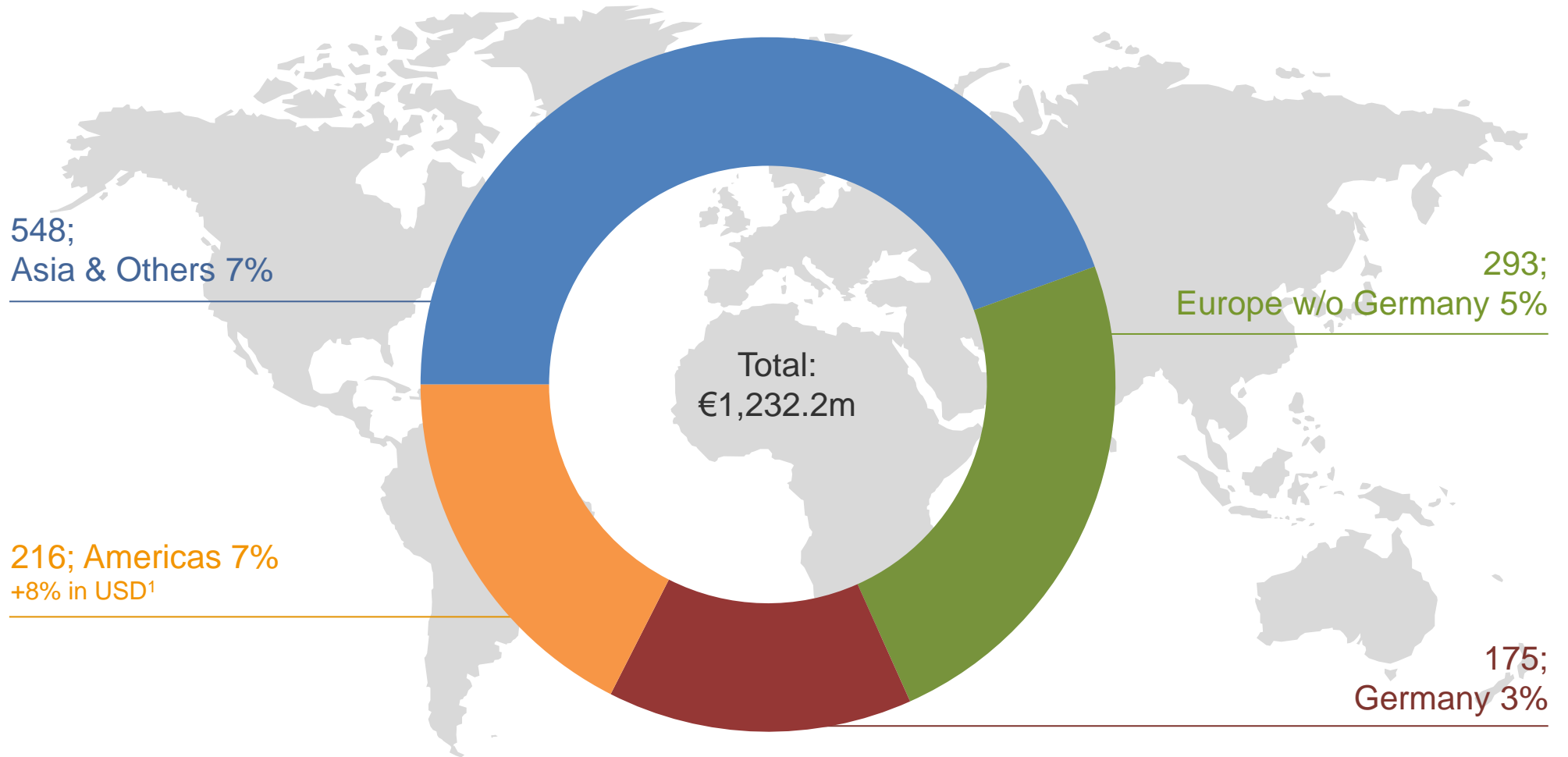
WACKER POLYMERS

Others

¹⁾ based on external sales

Demand from Asia Defines Regional Split

Q3 2014 Sales by Region, Changes YoY (%)



¹ Adjusted currency

WACKER SILICONES:

Higher Pricing in some Product Segments

€m	Q3 2014	Q2 2014	% QoQ	Q3 2013	% YoY
Sales	447.5	441.2	1.4	429.4	4.2
EBITDA	69.5	57.4	21.1	59.2	17.4
EBITDA margin	15.5%	13.0%	-	13.8%	-
EBIT	48.9	37.5	30.4	39.6	23.5
EBIT margin	10.9%	8.5%	-	9.2%	-
Capex	21.3	17.7	20.3	18.6	14.5

Volume Growth and Specialty Transition

WACKER SILICONES

Q3 2014 Comments

- ▶ Good demand in automotive, textile and coating
- ▶ Growth driven by Asia
- ▶ Increased volumes and sales yoy
- ▶ Higher pricing in some product segments
- ▶ High utilization rates support fixed cost absorption
- ▶ Strong performance in specialties
- ▶ Capex of €21,3m for downstream products



FY 2014 Outlook

- ▶ Slight increase in sales yoy
- ▶ EBITDA slightly below last year, due to release of loss provision in 2013

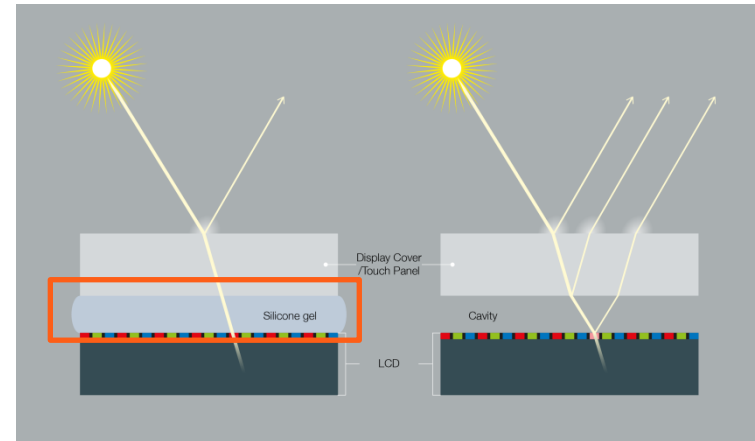
Optical Bonding: Partnering with “VIA Optronics” – Global Operations and Fast Growth

The Challenge



- ▶ Reflections (due to sunlight etc.) can easily occur at Liquid Crystal Displays (LCD) due to a design constraint that requires a gap between the cover glass or touchscreen and LCD
- ▶ Applies to all kind of LCD displays in TV, smart phones, tablets, notebooks, displays in cars, planes & trains

The Solution: WACKER SiGel®



- ▶ A transparent silicone gel bonds the surface of the touchscreen to the LCD which prevents reflections

Advantages of silicone gels:

- ▶ Outdoor readability, energy saving (reduce brightness of displays), dampening
- ▶ In comparison to organic compounds: highly elastic, non yellowing, reduced shrinkage

WACKER POLYMERS:

Strong Growth in Dispersions and Powders

€m	Q3 2014	Q2 2014	% QoQ	Q3 2013	% YoY
Sales	288.0	285.5	0.9	265.4	8.5
EBITDA	48.2	43.5	10.8	45.1	6.9
EBITDA margin	16.7%	15.2%	-	17.0%	-
EBIT	40.7	35.7	14.0	36.4	11.8
EBIT margin	14.1%	12.5%	-	13.7%	-
Capex	19.1	10.2	87.3	8.1	>100

Strong Volume Growth driven by Construction, Adhesives and Coating Applications

WACKER POLYMERS

Q3 2014 Comments

- ▶ Higher volumes yoy in powders and dispersions
- ▶ Volume growth in all regions, construction in Southern Europe weak
- ▶ Price increases implemented
- ▶ VAM costs +30% yoy, +5% qoq
- ▶ Capex of €19.1m



FY 2014 Outlook

- ▶ Sales growth slightly above group average
- ▶ Regionalized strategies support growth
- ▶ Further price increases announced to compensate higher VAM costs
- ▶ Gross impact of higher VAM costs and BGH turnaround about €35m on FY, €20m in Q4
- ▶ FY EBITDA slightly lower than last year

WACKER BIOSOLUTIONS:

Positive Impact from Acquisition of SCIL Proteins

€m	Q3 2014	Q2 2014	% QoQ	Q3 2013	% YoY
Sales	45.2	46.6	-3.0	38.1	18.6
EBITDA	5.4	8.2	-34.1	5.3	1.9
EBITDA margin	11.9%	17.6%	-	13.9%	-
EBIT	2.7	6.0	-55.0	3.7	-27.0
EBIT margin	6.0%	12.9%	-	9.7%	-
Capex	2.0	1.1	81.8	3.7	-45.9

Higher VAM costs drive Polyvinyl Acetate Price increases

WACKER BIOSOLUTIONS

Q2 2014 Comments

- ▶ Higher volumes yoy, especially in pharma proteins (acquisition SCIL Proteins)
- ▶ Increased raw material costs (VAM)
- ▶ Maintenance in some plants reduced output as well as EBITDA



FY 2014 Outlook

- ▶ FY sales growth
- ▶ FY EBITDA on previous year level

WACKER POLYSILICON: Sales Lag due to Maintenance and Customer Insolvency; Good Progress on Costs

€m	Q3 2014	Q2 2014	% QoQ	Q3 2013	% YoY
Sales	252.4	273.2	-7.6	235.7	7.1
EBITDA	180.3*	87.9	>100	46.6*	>100
EBITDA margin	71.4%	32.2%	-	19.8%	-
EBIT	122.6	29.6	>100	-11.8	n.a.
EBIT margin	48.6%	10.8%	-	-5.0%	-
Capex	92.0	57.2	60.8	55.1	67.0

*incl. retained prepayments and damages from cancelled and reorganized contracts: Q3/13 €13,2m; Q3/14 €92,3m

Expecting 44 - 50 GW Global PV Installations in 2014

WACKER POLYSILICON

Q3 2014 Comments

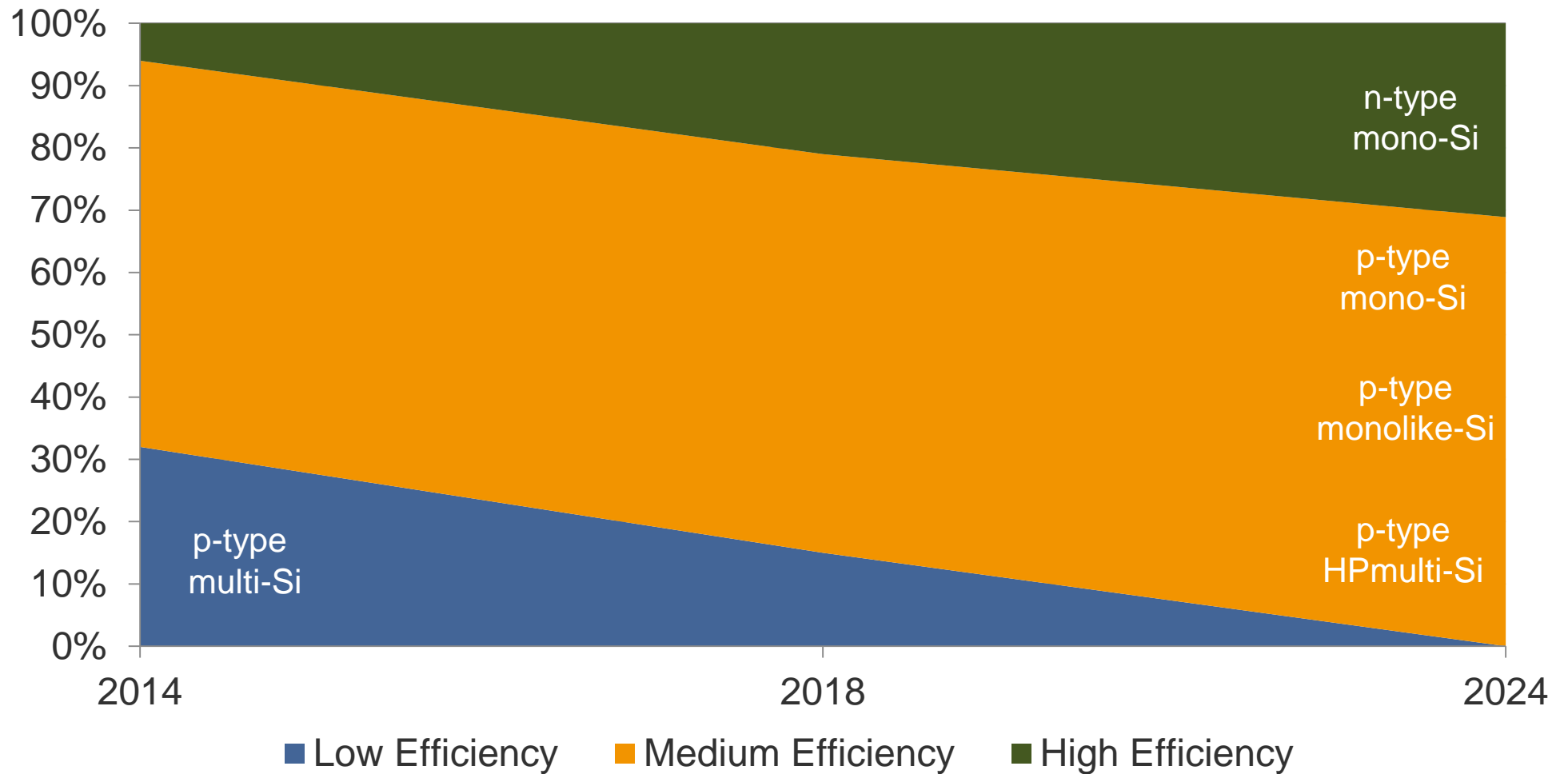
- ▶ Lower volume for solar grade material, shipment to insolvent customer recalled en route
- ▶ Reduced production rate due to plant maintenance
- ▶ Pricing level stable qoq
- ▶ Cost road map well on track
- ▶ €92.3m retained prepayments and damages from cancelled and reorganized contracts
- ▶ Capex of €92.0m mainly for expansion in Tennessee



FY 2014 Outlook

- ▶ Strong overall solar demand, yet Q4 poly shipments expected stable qoq due to inventories
- ▶ FY sales growth above group average
- ▶ Better FY operating EBITDA margin than 2013
- ▶ Ramp up in Tennessee in H2/15, contributes with less than 5kt to 2015 production

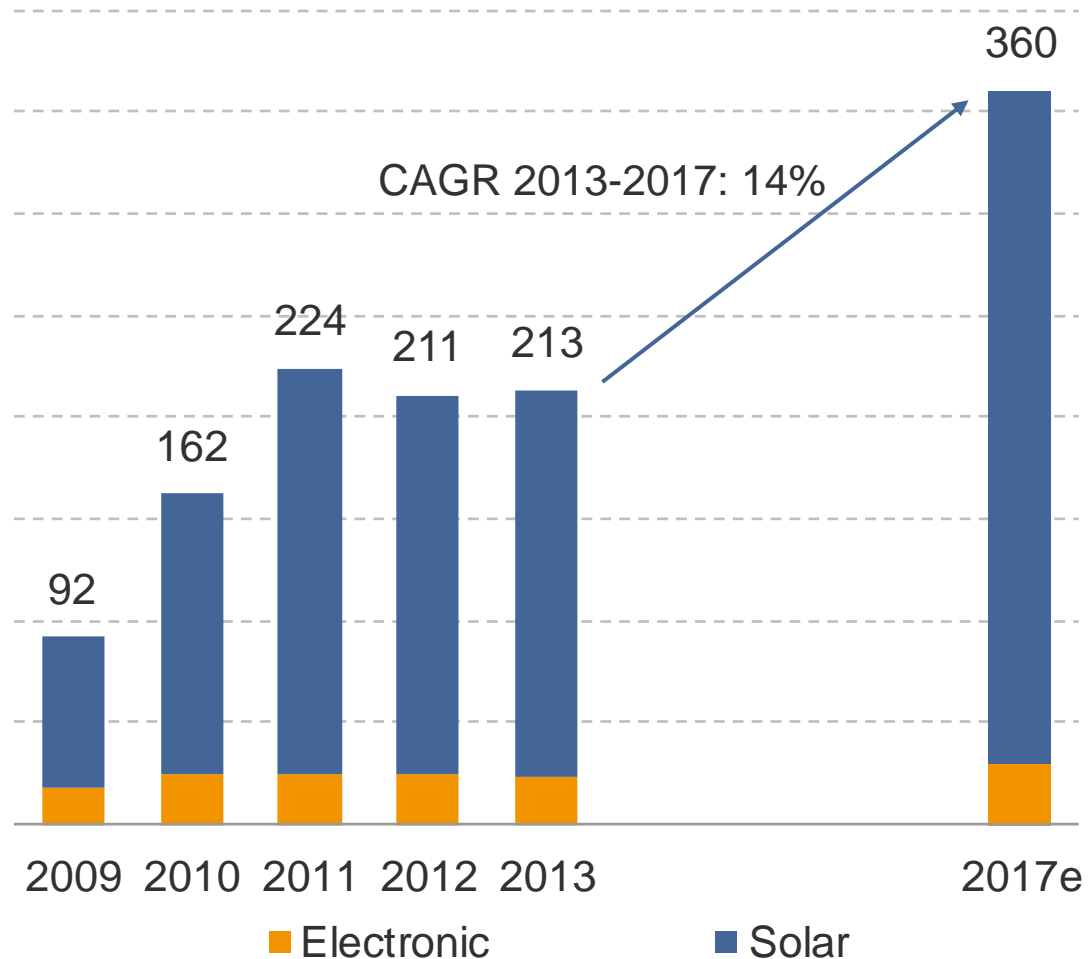
Competitive Forces Drive High-Efficiency Cell Gains



Source: ITRPV = International Technology Roadmap for PV Initiative of Semi, www.itrpv.net
HP = High Performance

Polysilicon Market: Strong Market Growth at 14% CAGR Expected

Global Polysilicon Shipments (kt)

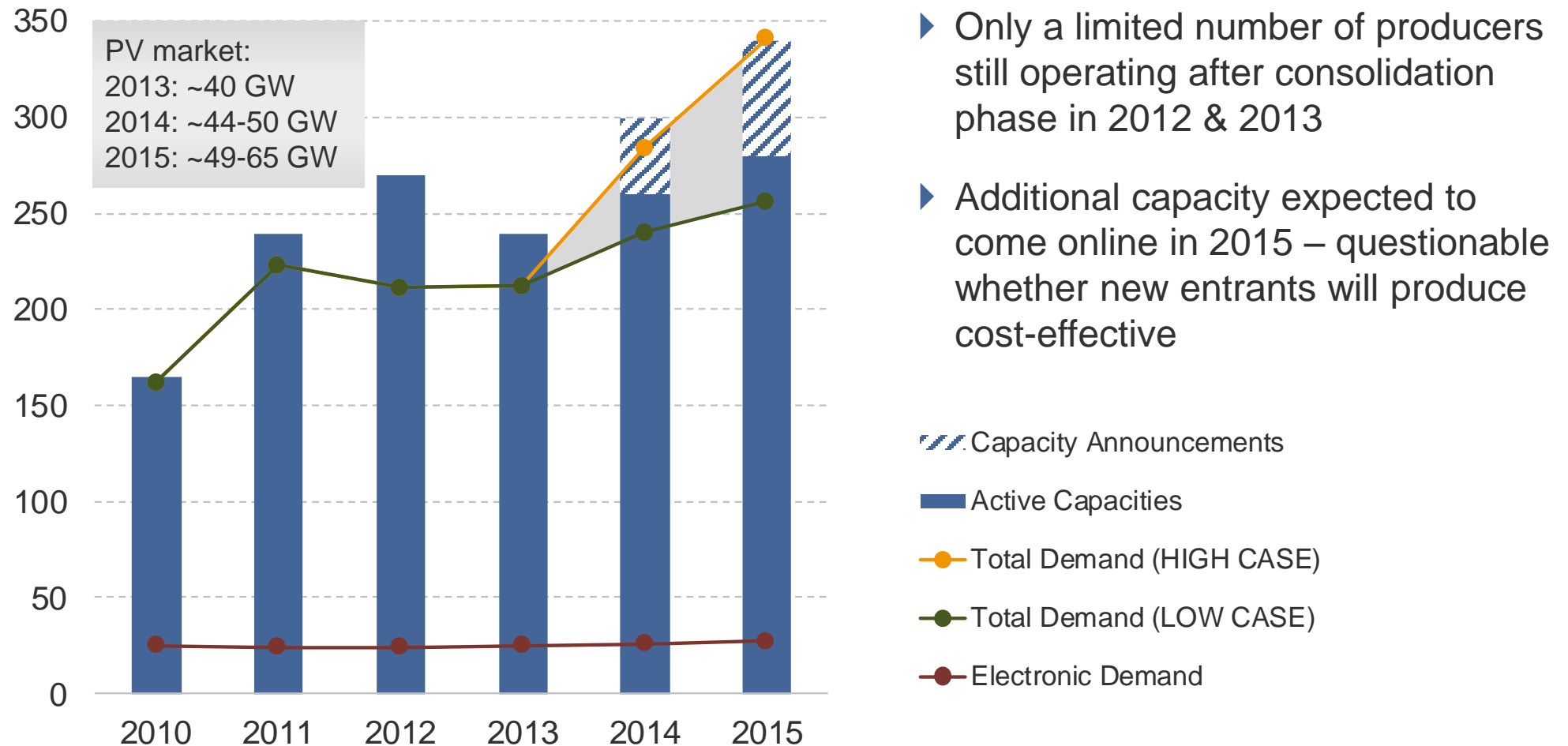


- ▶ 2013 shipments with stronger 2nd half, flat due to continued inventory correction and lower consumption per Watt
- ▶ Increasingly competitive C-Si PV drives polysilicon demand
- ▶ Silicon-based PV offers highest conversion efficiencies and proven long-term stability at lowest cost

Assumption: 2017: 80 GW (incl. 10% thin-film share); Silicon consumption < 5 g/Wp in 2017; Shipment figures incl. time-delay shipment/installation

Polysilicon Supply & Demand Balanced – New Entrants Have to Prove Competitiveness in Terms of Cost & Quality

Global Polysilicon Demand (kt) versus Capacity of Active Manufacturers



- ▶ Only a limited number of producers still operating after consolidation phase in 2012 & 2013
- ▶ Additional capacity expected to come online in 2015 – questionable whether new entrants will produce cost-effective

- ▨ Capacity Announcements
- Active Capacities
- Total Demand (HIGH CASE)
- Total Demand (LOW CASE)
- Electronic Demand

Sources: market surveys, industry announcements, WACKER estimate

Decreasing Prices Open Up New Markets – USA and Asia with Highest Growth Potential

Country	2011	2012	2013	2014e	2015e
France	1.7	1.1	0.6	0.9 – 1.1	1.2 – 1.8
Germany	7.5	7.6	3.3	2.2 – 2.4	2.2 – 2.7
Italy	7.4	3.6	1.1	0.7 – 0.9	1.2 – 1.8
Europe other	3.3	4.9	5.8	5.0 – 6.0	5.1 – 7.3
Europe total	19.9	17.2	10.8	8.6 – 10.4	9.7 – 13.6
Australia	0.8	1.0	0.9	1.1 – 1.3	1.3 – 2.0
China	2.5	4.8	12.9	13.5 – 14.5	14.0 – 16.5
India	0.4	0.9	1.0	1.1 – 1.4	1.9 – 2.9
Japan	1.3	2.5	6.8	8.8 – 9.4	9.3 – 11.5
USA	1.9	3.3	4.8	6.5 – 6.8	7.2 – 9.6
Rest of World	1.3	2.1	2.8	4.6 – 5.9	5.6 – 8.6
Total	28 GW	32 GW	40 GW	~44 – 50 GW	~49 – 65 GW

Sources: EPIA 02/2012, 05/2013, 05/2014, Industry announcements, WACKER estimate

Siltronic:

Strong Industry Demand and Progress on Cost Roadmap

€m	Q3 2014	Q2 2014	% QoQ	Q3 2013	% YoY
Sales	216.0	210.4	2.7	197.1	9.6
EBITDA	33.2	28.1	18.1	5.2	>100
EBITDA margin	15.4%	13.4%	-	2.6%	-
EBIT	-7.3	-9.5	-23.2	-17.4	-58.0
EBIT margin	-3.4%	-4.5%	-	-8.8%	-
Capex	8.5	6.4	32.8	2.6	>100

300 mm Demand Strong – High Industry Utilization

Siltronic

Q3 2014 Comments

- ▶ Higher volumes yoy/qoq, mainly due to full consolidation of 300mm plant in Singapore
- ▶ Lower prices yoy, prices stable qoq; pricing for 300mm >-10% yoy
- ▶ Increased utilization over all diameters yoy, utilization between 80 and >90%
- ▶ Build up of inventory in view of planned maintenance in Q4
- ▶ Cost road map accelerated, strong productivity gains support cost reductions
- ▶ Capex of €8.5m for capability

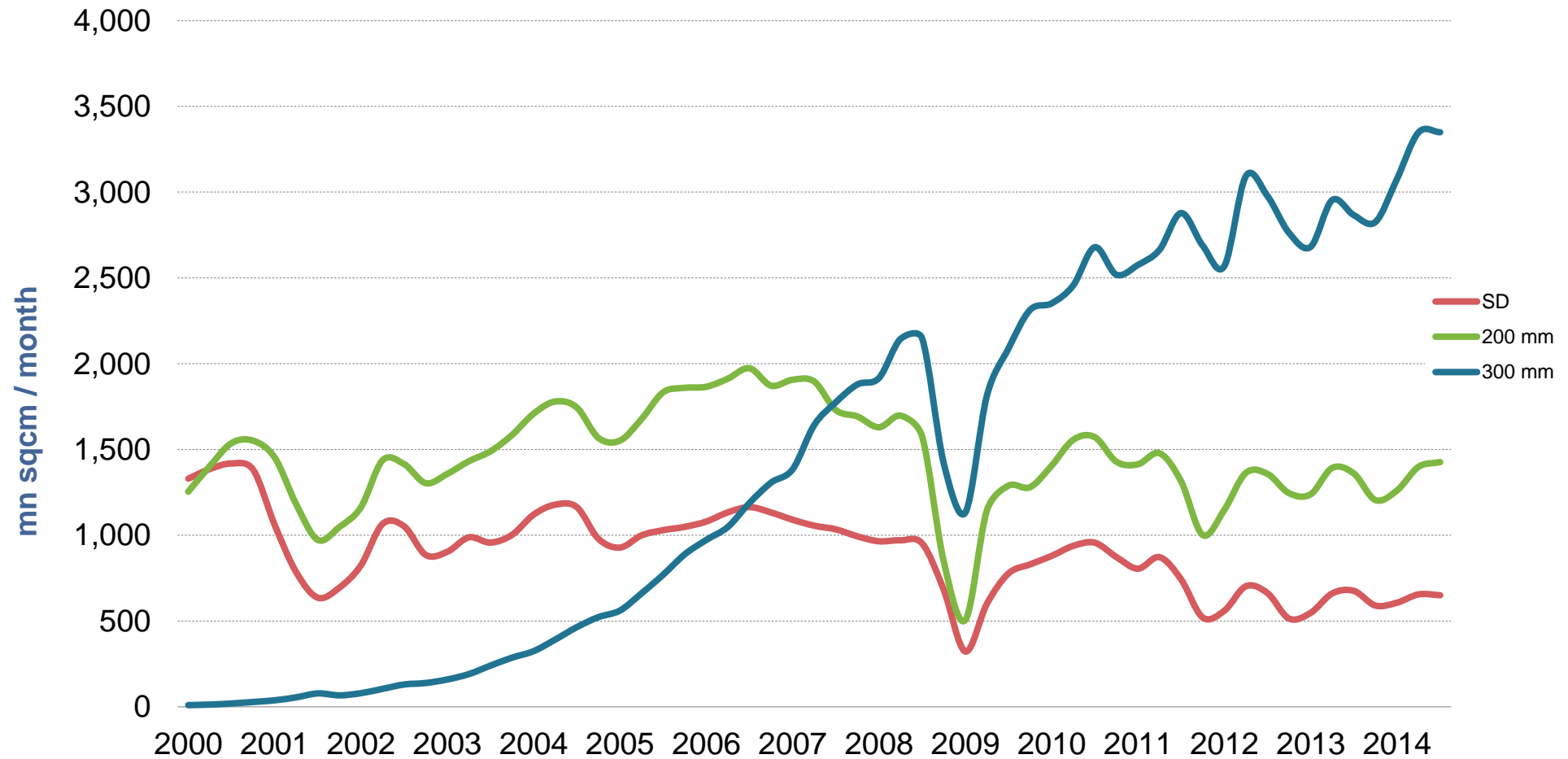


FY 2014 Outlook

- ▶ Q4 stable market development for 200mm and SD, increasing demand for 300mm
- ▶ FY sales growth above group average
- ▶ Pricing stable qoq
- ▶ Planned maintenance in Q4
- ▶ FY EBITDA with strong increase yoy, expect above €100m

Siltronic: Industry Volume Development - flattish in past years, now rising

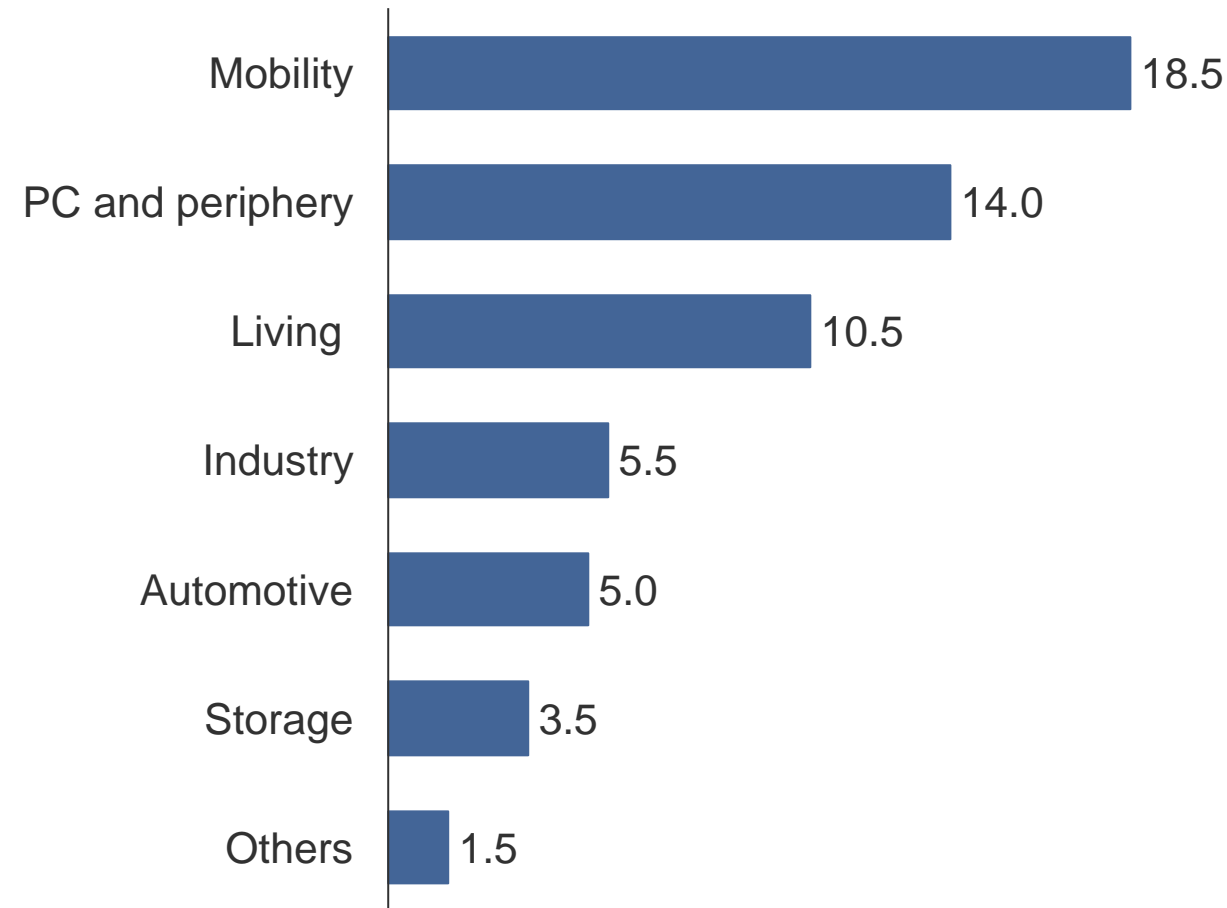
Development of Wafer Diameters (mn cm² per month 3MMA*)



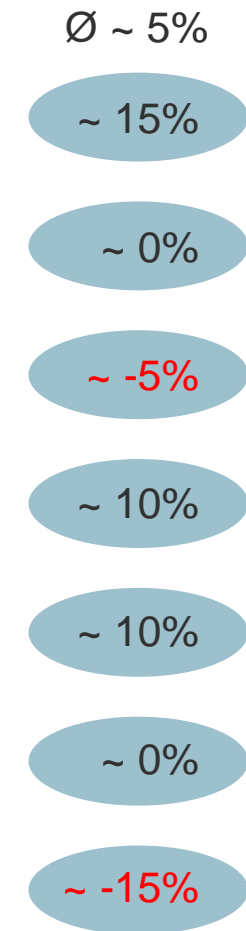
Source: SEMI up to Sep 2014; since Jul'12: data includes total GlobalWafers group
* 3MMA three month average

Siltronic: Leading Wafer Area Growth - Shift from PC to Megatrend Mobility

Wafer Demand 2013, bn. cm²



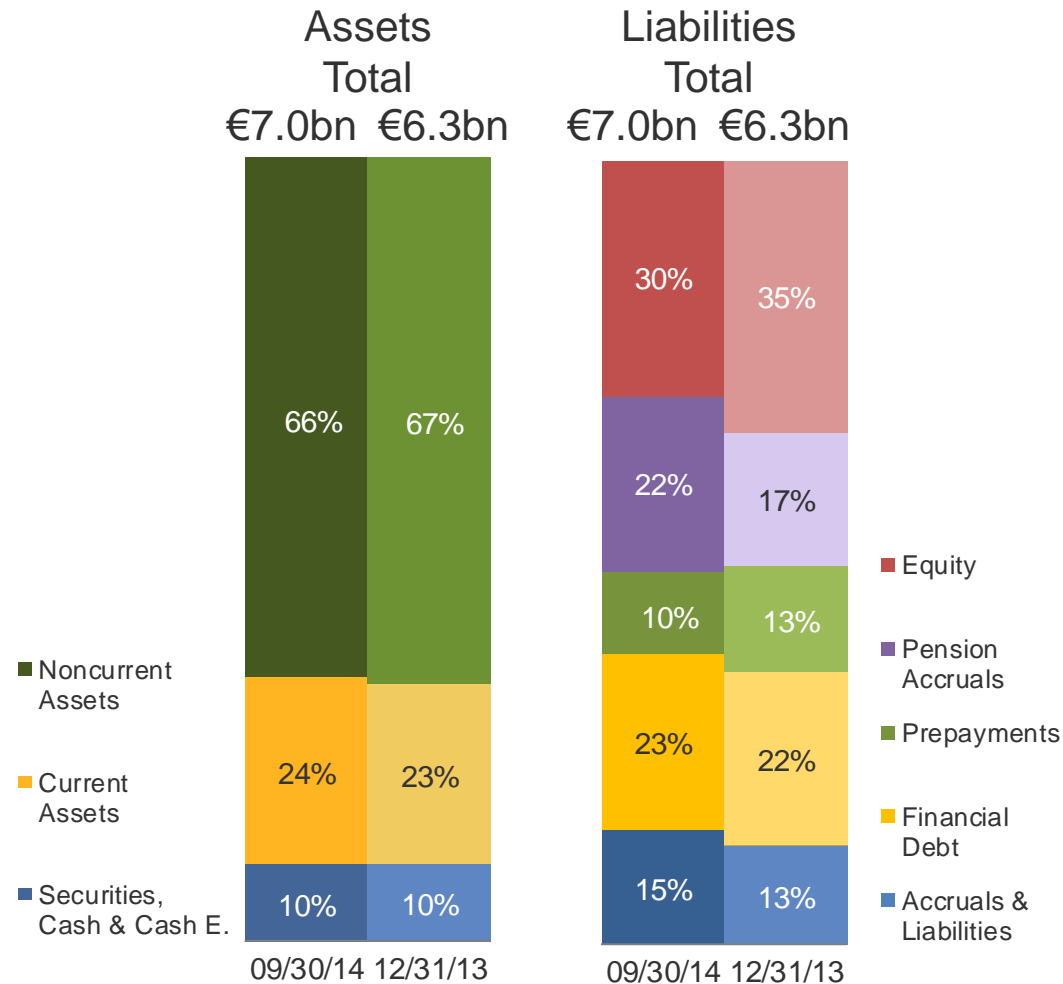
Growth 2015 vs. 2014



Source: IHS Silicon Application Market Forecast Tool (Q3 2014, 25.08.2014)

Singapore 300mm Integration and Tennessee Expansion Drive FY 2014 Net Financial Debt up by €300m YoY

Balance Sheet (%)



Characteristics 09/30/14

- ▶ Non current assets: €4,742m
- ▶ Securities, cash and cash equivalents: €687m
- ▶ Provisions for pensions: €1,582m
- ▶ Net financial debt: €906m
- ▶ Equity: €2,114m
- ▶ Prepayments received: €731m
- ▶ Capex: €343m

EBITDA and EBIT Impact of Special Effects - Overview

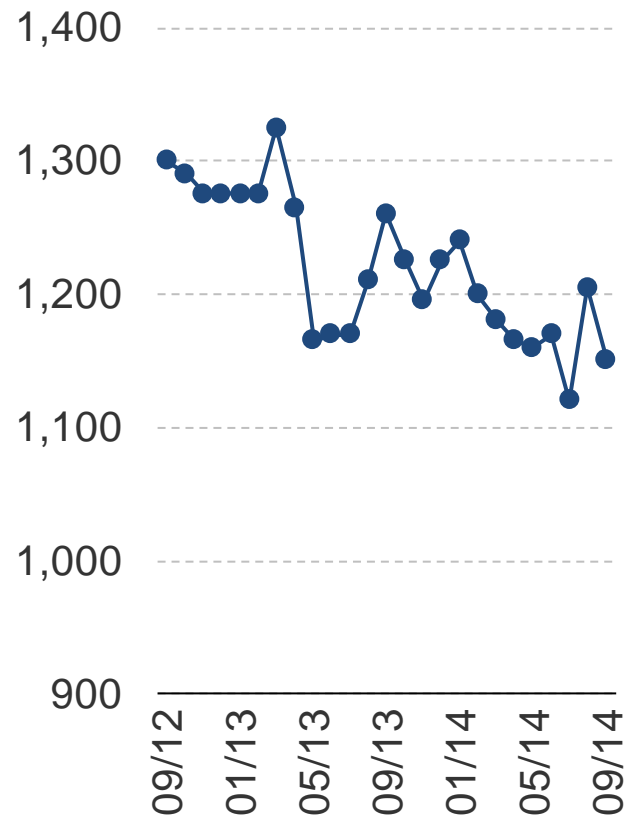
	2013				2014		
Special Effects	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Silicones: Siloxane JV effects	-	-	-	13.7	-	-	
Polysilicon: Retained prepayments & damages from cancelled contracts	32.2	23.8	13.2	8.4	114.0	0.0	92.3
EBITDA	32.2	23.8	13.2	22.1	114.0	0.0	92.3
Siltronic: Special depreciation for disused assets	-	-	-	-31.1	-	-	-
EBIT	32.2	23.8	13.2	-9.0	114.0	0.0	92.3

WACKER: Updated Guidance FY 2014

	2013	Outlook 2014
Sales (€m)	4,478.9	Mid-single-digit % increase
EBITDA (€m)	678.7	Approx. 1,000
EBITDA margin (%)	15.2	Substantial increase (to over 20%)
Group net income (€m)	6.3	Substantial improve
Net cash flow (€m)	109.7	Markedly pos. NCF at prior-year level
CapEx (€m)	503.7	Approx. 550
Net financial debt (€m)	792.2	Increase of around 300
Depreciation	564.4	Approx. 600
ROCE	2.2	Substantial increase

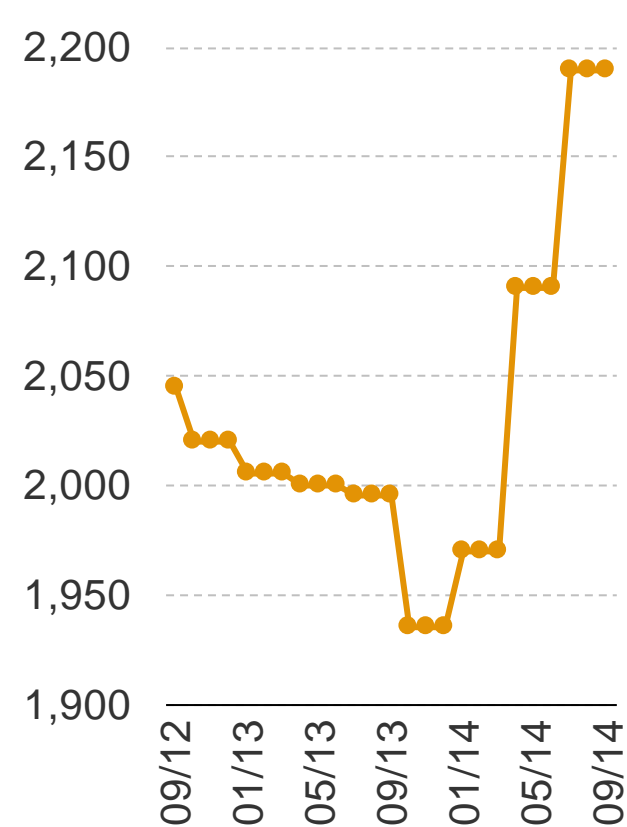
Raw Materials: Si-Metal Spot and VAM* up, but Methanol down

Ethylene Contract (€/MT)



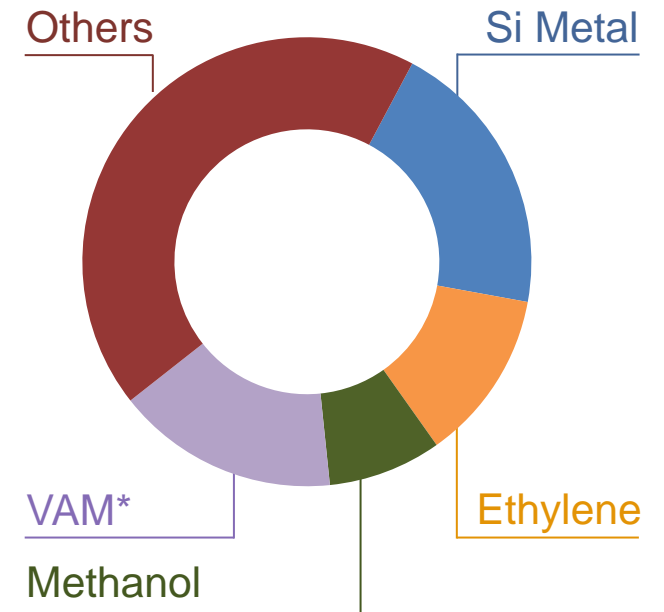
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



Source: Source: CRU-Provider, Si-Metal Contract Price Europe free delivered

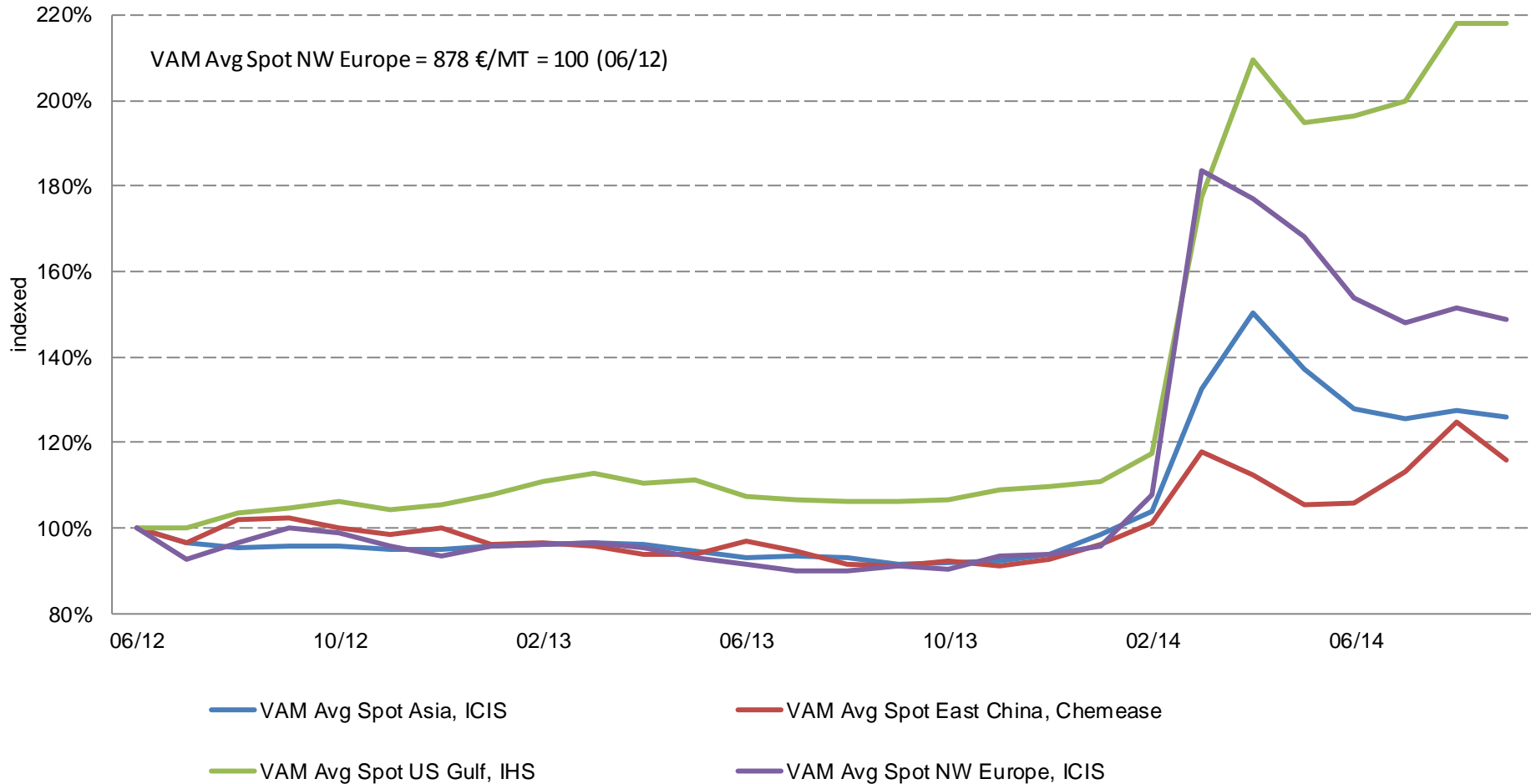
Raw Materials 2013 (€m) Chemicals



Costs of top 4 raw materials
21% of chemicals segment sales

*VAM = Vinylacetate monomer

Raw Materials: VAM* Shortage drives up Costs

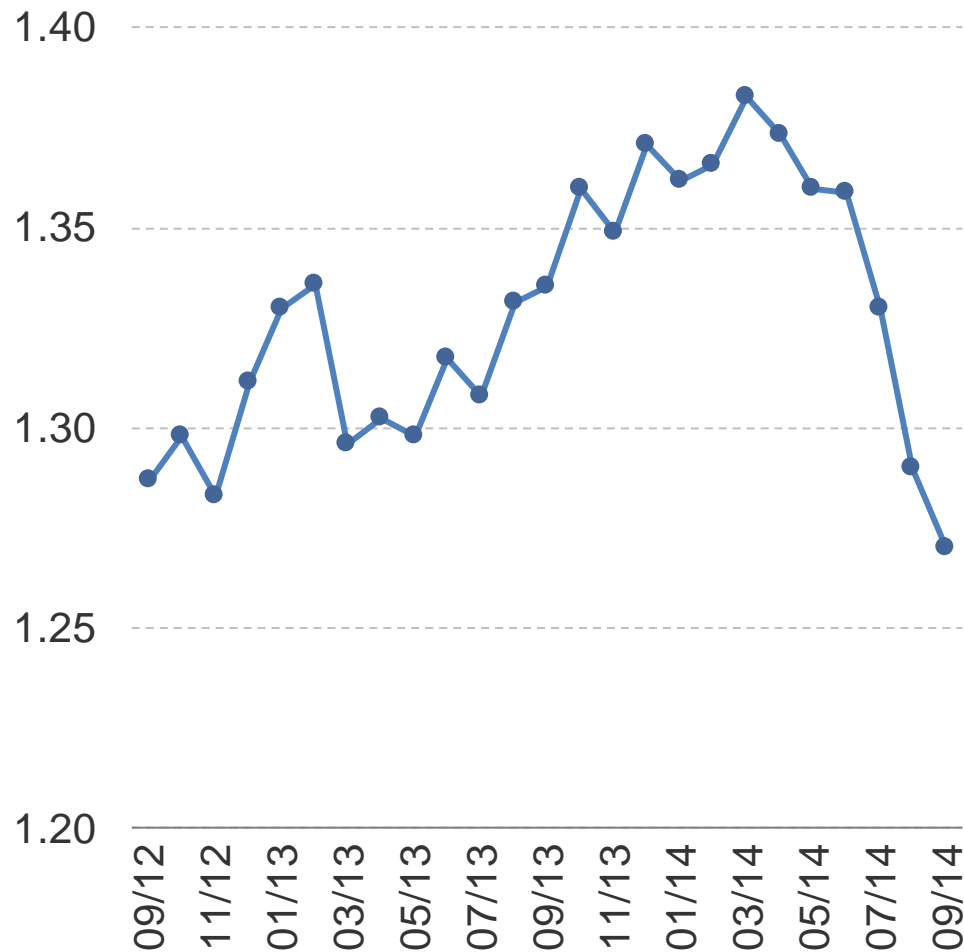


USA: IHS Spot Export-Avg., FOB US Gulf Coast / Europe: ICIS Spot FD NW Europe / Asia: ICIS Spot CFR NE Asia / China: Chemease Spot, Avg., East China

*VAM = Vinylacetate monomer

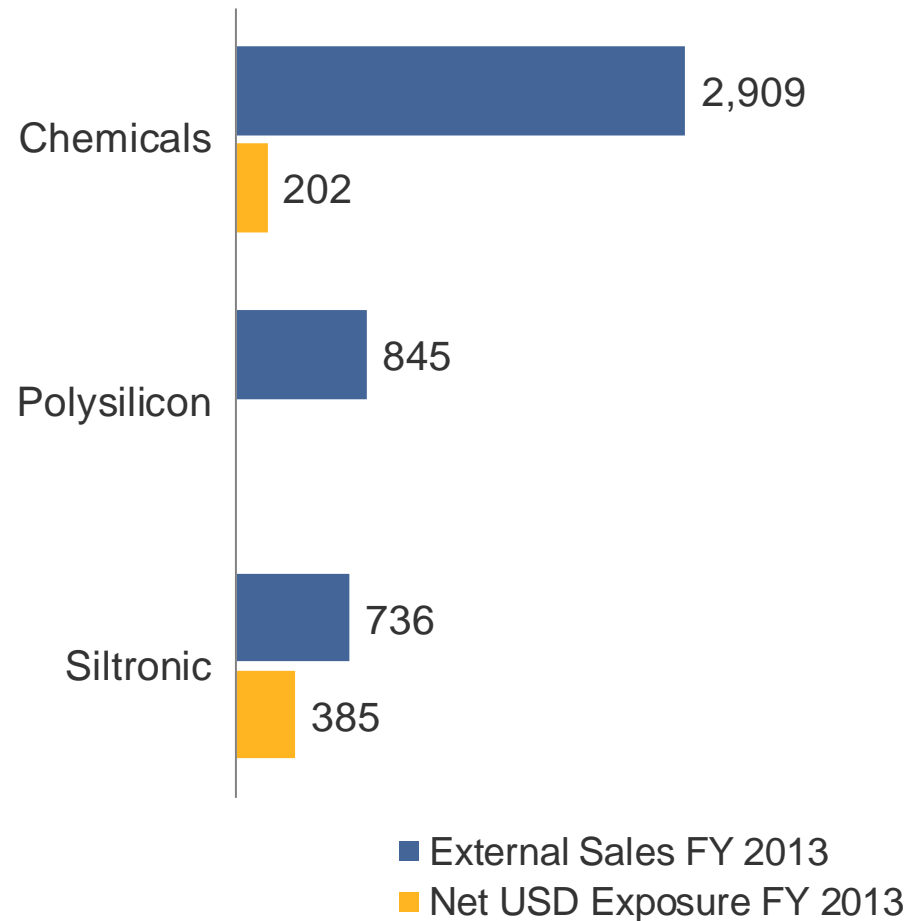
1 Cent Change in USD/€ Exchange Rate had an Impact of €4.4m on FY-EBITDA in 2013, unhedged*

USD/EURO Development



Source: www.x-rates.com/d/USD/EUR/hist2014.html

External Sales and Net USD Exposure



*Standard Hedging policy = 50% of net exposure, 12 months rolling forward

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

11/25/14 – 11/26/14

Deutsches Eigenkapitalforum in Frankfurt
03/17/15 – FY Results 2014

04/30/15 – Q1 Results 2015

05/08/15 – Annual Shareholders' Meeting

08/03/15 – Q2 Results 2015

10/29/15 – Q3 Results 2015

Additional Information

ISIN:	DE000WCH8881
WKN:	WCH888
Deutsche Börse:	WCH
Ticker Bloomberg:	CHM/WCH:GR
Ticker Reuters:	CHE/WCHG.DE
Listing:	Frankfurt Stock Exchange Prime Standard



WACKER: Group Sales 6% above Previous Year

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CHEMICALS	780.7	773.3	1.0	732.9	6.5
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Siltronic	216.0	210.4	2.7	197.1	9.6
Others	39.8	39.5	0.8	48.1	-17.3
Consolidation	-56.7	-54.1	4.8	-48.4	17.1
	1,232.2	1,242.3	-0.8	1,165.4	5.7

WACKER: EBITDA w/o one-offs around 65% above Q3/2013

EBITDA in €m	Q3 2014	Q2 2014	%QoQ	Q3 2013	%YoY
CHEMICALS	123.1	109.1	12.8	109.6	12.3
WACKER SILICONES	69.5	57.4	21.1	59.2	17.4
WACKER POLYMERS	48.2	43.5	10.8	45.1	6.9
WACKER BIOSOLUTIONS	5.4	8.2	-34.1	5.3	1.9
WACKER POLYSILICON	180.3*	87.9	>100	46.6*	>100
Siltronic	33.2	28.1	18.1	5.2	>100
Others	9.1	4.8	89.6	5.2	75.0
Consolidation	1.8	-0.4	n.a.	1.3	38.5
	347.5	229.5	51.4	167.9	>100

*incl. retained prepayments and damages from cancelled and reorganized contracts: Q3/13 €13.2m; Q3/14: €92.3m