

Full Year 2014 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Joachim Rauhut (CFO), March 17th, 2015

WACKER: Strong Volumes, Special Effects and Cost Reductions Define 2014 Performance

in €m	FY 2014	FY 2013	% YoY	Q4 2014	Q4 2013	% YoY
Sales	4,826.4	4,478.9	7.8	1,194.5	1,086.9	9.9
EBITDA	1,042.3*	678.7**	53.6	180.1	158.1	13.9
EBITDA margin	21.6%	15.2%	-	15.1%	14.5%	-
EBIT	443.3	114.3***	>100	31.1	-5.5	n.a.
EBIT margin	9.2%	2.6%	-	2.6%	-0.5%	-
Result for the period	195.4	6.3	>100	-17.2	-19.3	-10.9
EPS in €	4.10	0.05	>100	-0.32	-0.40	-20.0

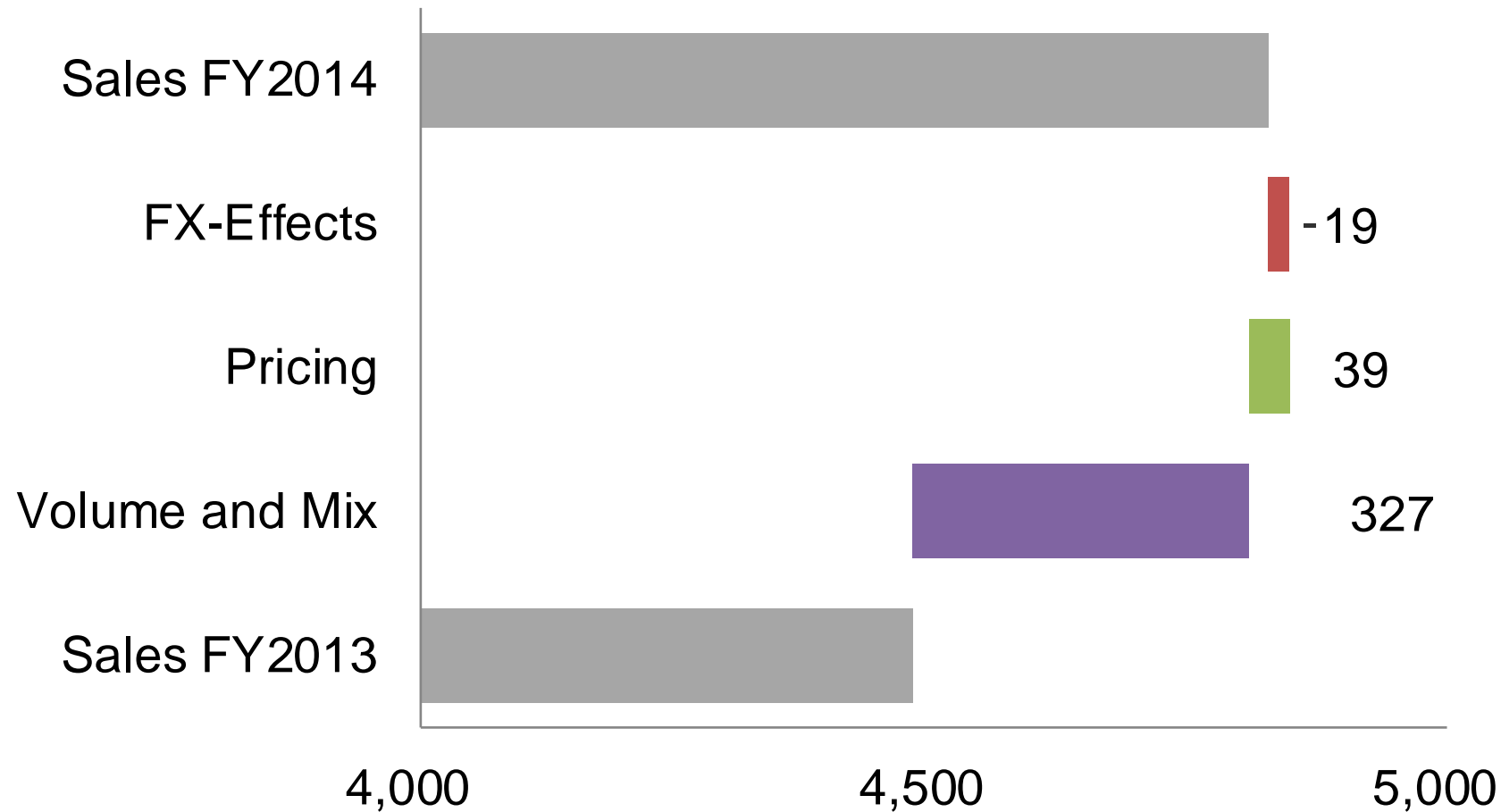
*Includes specials in POLYSILICON: €206.3m

**Includes specials in POLYSILICON: €77,6m, SILICONES €13,7m

***Includes specials in Siltronic -€31.1m

2014 Group Sales Driven by Higher Demand in all Segments

Sales bridge in €m



2015: Good Demand in Most Segments, Support from FX

WACKER

FY 2014 Comments

- ▶ Positive volume and product mix development
- ▶ Investment of €572m (2013: €504m) below depreciation of €599m (2013:€564m)
- ▶ Cost Reductions of about €200m, similar to previous year
- ▶ Net cash flow €216m
- ▶ Net debt increased to €1,081m (2013: €792m)
- ▶ Tax rate down to 46,5% (2013: 79,7%) driven by non tax deductible pre-operational costs and losses
- ▶ Net income improved significantly €195m (2013: €6m)



2015 Challenges and Opportunities

- ▶ Expect increasing volumes
- ▶ FY Sales expected to grow by a high single digit %, supported by FX
- ▶ Increase in EBITDA adjusted for special income (> €836m)
- ▶ Net cash flow positive, though substantially below last year
- ▶ Capex at around €700m as US capex gets more expensive (FX)
- ▶ Net debt to increase between €200m and €300m
- ▶ Depreciation below capex at around €625m

WACKER SILICONES: FY EBITDA Dampened by Price Pressure and General Cost Increases

€m	FY 2014	FY 2013	% QoQ	Q4 2014	Q4 2013	% YoY
Sales	1,733.6	1,672.2	3.7	419.6	403.5	4.0
EBITDA	209.8	230.2*	-8.9	33.8	51.0*	-33.7
EBITDA margin	12.1%	13.8%	-	8.1%	12.6%	-
EBIT	128.9	151.1	-14.7	13.0	31.0	-58.1
EBIT margin	7.4%	9.0%	-	3.1%	7.7%	-
Capex	88.5	85.4	3.6	34.0	36.8	-7.6

*Includes positive special effects in Q4: Reversal of loss provision for siloxane €13,7m

Price Pressure, GDP Uncertainty and Plant Turnaround Held 2014 Back – Continue Focus on Shift to Specialties

WACKER SILICONES

FY 2014 Comments

- ▶ Good demand especially in electronic applications and automotive
- ▶ Higher volumes and improved product-mix
- ▶ Competitive intensity increases price pressure in all market segments
- ▶ Raw material prices stable yoy
- ▶ Utilization 95% (2013: 90%)
- ▶ EBITDA 2013 profited e.g. from reversal of loss provision for siloxane €13.7m and temporary labor cost reductions



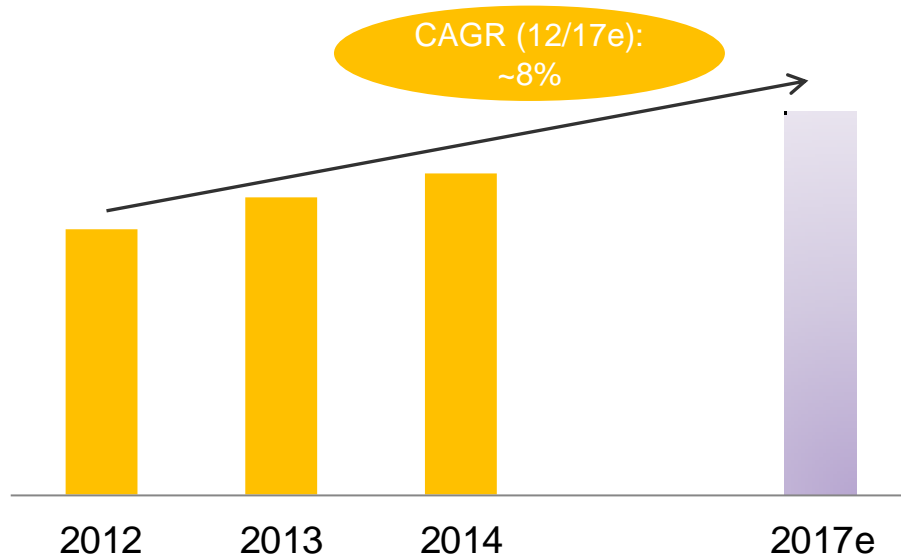
2015 Challenges and Opportunities

- ▶ Volume growth at GDP, strong demand in emerging countries, softer in Europe
- ▶ Sales growth in all business sectors, especially in personal care, medical technology and electronics
- ▶ Continue growth of specialty shipments
- ▶ Silicon metal inflation increases raw material costs
- ▶ Expect to maintain high utilization
- ▶ EBITDA over FY 2014
- ▶ Capex at around €100m

SILICONES: Balancing Two Distinctive Performance Drivers

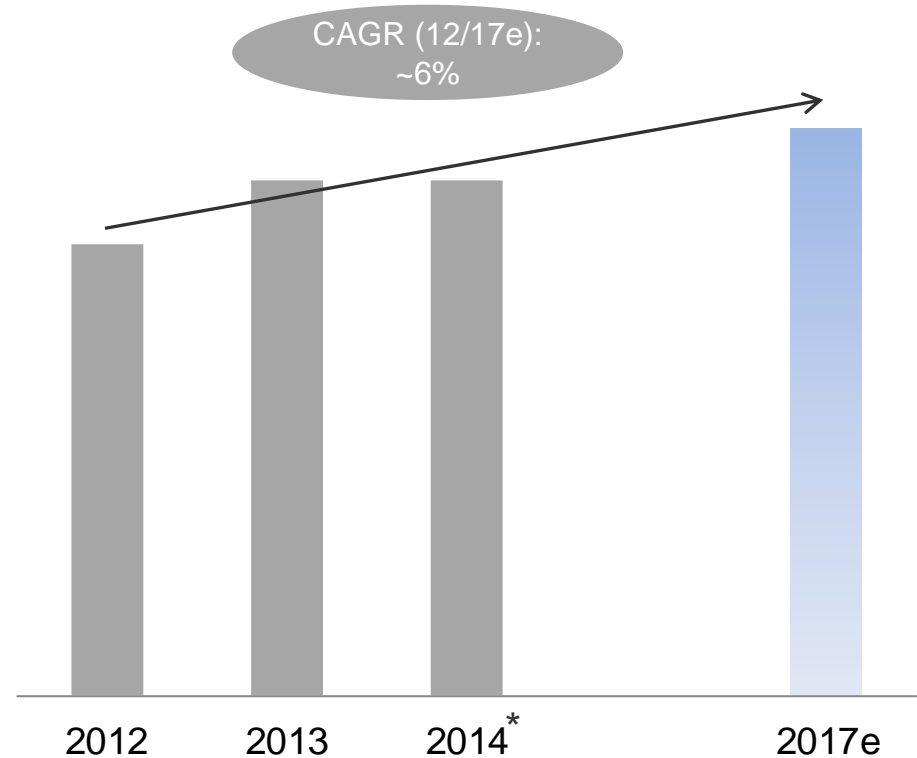
Specialties Volumes

(in siloxane equivalents (kt))



Siloxane Capacity Development

(Siloxane volume in kt)



► Interim target reached in 2014: 40% of 2012 siloxane base converted into specialties

* Plant turnaround in Nuenchritz in Q1 2014 restricted siloxane availability

WACKER POLYMERS: Volume Increases Helped Fend off VAM Cost Inflation

€m	FY 2014	FY 2013	% QoQ	Q4 2014	Q4 2013	% YoY
Sales	1,064.4	978.7	8.8	252.2	213.2	18.3
EBITDA	149.5	147.8	1.2	23.6	22.6	4.4
EBITDA margin	14.0%	15.1%	-	9.4%	10.6%	-
EBIT	118.7	112.9	5.1	15.6	14.7	6.1
EBIT margin	11.2%	11.5%	-	6.2%	6.9%	-
Capex	56.3	36.8	53.0	20.1	15.5	29.7

VAM Costs Expected to Decline in 2015 – EBITDA Upside

WACKER POLYMERS

FY 2014 Comments

- ▶ Increased volumes and slightly higher prices for dispersions and powder
- ▶ Strongest growth in Eastern Europe and India
- ▶ Raw material costs up: VAM* price increases and turnaround raised costs by about €30m in 2014
- ▶ Utilization 85% (2013: 82%)
- ▶ EBITDA only marginally higher



2015 Challenges and Opportunities

- ▶ Robust sales growth in both, dispersions and powder
- ▶ Growth driven by packaging applications and construction (increasing polymer modification of dry mortars)
- ▶ VAM* prices expected to decrease back to early 2014 levels
- ▶ Increase in FY EBITDA expected driven by volumes and FX tailwinds
- ▶ Capex at around €50m

*Vinyl Acetate Monomer

Capacity Expansion To Support Strong Global Demand

Burghausen/Germany

New dryer for powder business



Nanjing/China

New production plant for polyvinyl-acetate resins



WACKER BIOSOLUTIONS: Sales Increase Driven by Integration of Scil Proteins

€m	FY 2014	FY 2013	% QoQ	Q4 2014	Q4 2013	% YoY
Sales	176.2	158.4	11.2	43.7	39.3	11.2
EBITDA	23.6	23.6	0.0	4.6	5.5	-16.4
EBITDA margin	13.4%	14.9%	-	10.5%	14.0%	-
EBIT	13.6	17.2	-20.9	2.0	3.9	-48.7
EBIT margin	7.7%	10.9%	-	4.6%	9.9%	-
Capex	8.4	10.2	-17.6	4.1	2.4	70.8

Asia Offers the Biggest Growth Opportunities

WACKER BIOSOLUTIONS

FY 2014 Comments

- ▶ Integration of ScilProteins for pharma proteins
- ▶ Good business development in food and pharma proteins
- ▶ Higher volumes and prices
- ▶ Markedly higher sales yoy
- ▶ EBITDA on a par with previous year



2015 Challenges and Opportunities

- ▶ New Gumbase capacity available in Nanjing
- ▶ Substantial sales growth following the complete integration of ScilProteins
- ▶ Growth driven by biologics and nutrition business
- ▶ Clear EBITDA increase

WACKER Biotech offers process development and GMP* manufacturing of Biologics in 2 state-of-the-art facilities



Halle site

- ▶ ~80 FTEs*
- ▶ 1,500L line
- ▶ EMA* approved
- ▶ FDA* inspected

Jena site

- ▶ ~80 FTEs*
- ▶ 300L line
- ▶ EMA* filed
- ▶ FDA* meeting



- ▶ Wacker Biotech offers cell line development, process development and cGMP* production to customers from pharmaceutical and biotech industries.
- ▶ Wacker Biotech focuses on technologies that enable production of novel protein classes and push productivity.

* GMP = Good Manufacturing Practice ; EMA = European Medicines Agency, FDA = Food and Drug Administration; cGMP = current Good Manufacturing Practice; FTE = Full-time equivalent

WACKER POLYSILICON: FY EBITDA Margin without Special Effects at 31.5%

€m	FY 2014	FY 2013	% QoQ	Q4 2014	Q4 2013	% YoY
Sales	1,049.1	924.2	13.5	261.5	249.8	4.7
EBITDA	537.0*	233.9**	>100	88.8	70.8	25.4
EBITDA margin	51.2%	25.3%	-	34.0%	28.3%	-
EBIT	305.3	0.1	>100	31.4	12.6	>100
EBIT margin	29.1%	0.0%	-	12.0%	5.0%	-
Capex	334.5	290.0	15.3	132.3	63.9	>100

*Includes specials in POLYSILICON: €206.3m

**Includes specials in POLYSILICON: €77,6m

Strong Performance in 2014 – Solid Volumes, Improved Pricing and Special Effects

WACKER POLYSILICON

FY 2014 Comments

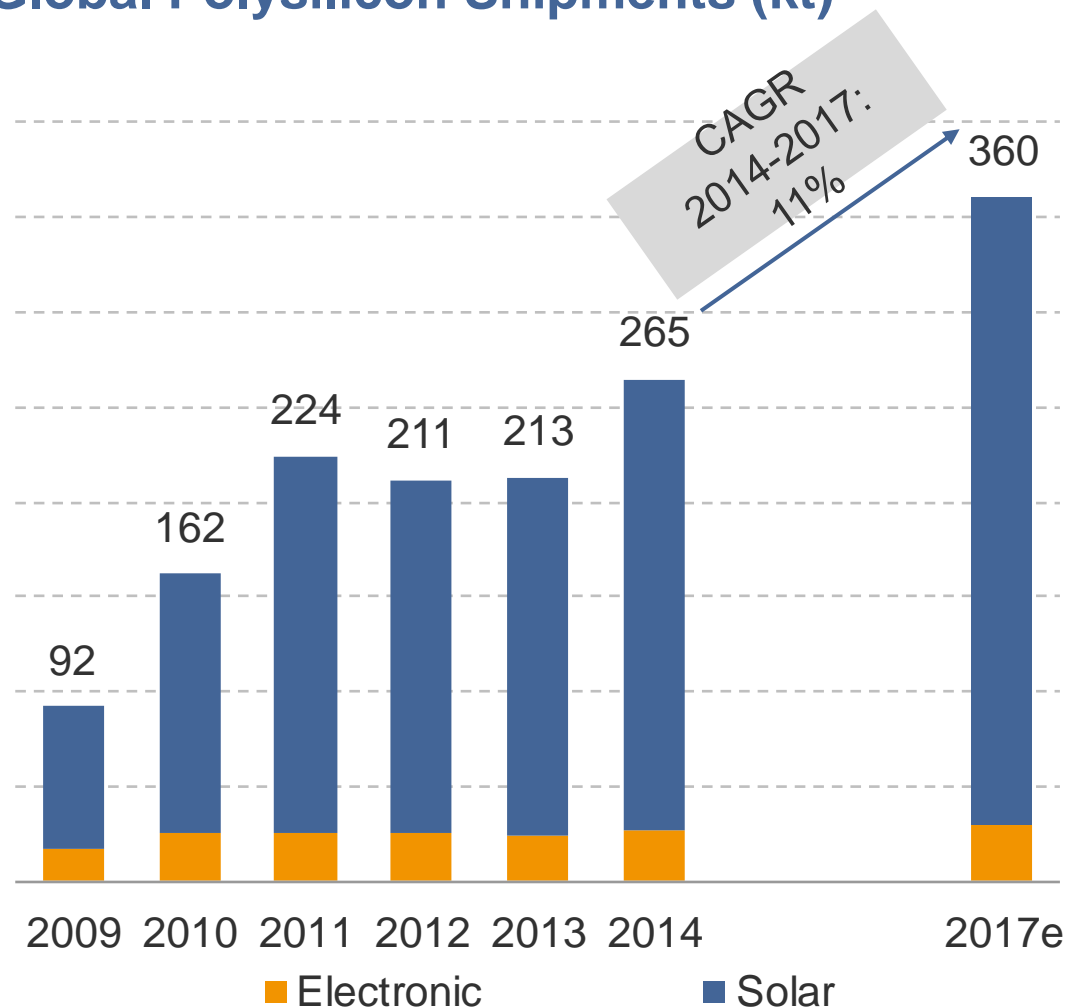
- ▶ WACKER FY 2014 shipments: 51kt (~4% growth yoy)
- ▶ MOFCOM and WACKER resolve AD discussion in Q1, WACKER exports into China without tariffs: price undertaking
- ▶ Sales rose substantially, supported by higher volumes and better prices
- ▶ Full utilization (2013: 90%)
- ▶ Special effects amount to €206.3m (2013: €77.6m)
- ▶ EBITDA more than doubled yoy (+41% excluding special effects)
- ▶ CapEx €335m (+15%), mostly for Tennessee

2015 Challenges and Opportunities

- ▶ As industry growth continues, volume and sales growth expected
- ▶ Demand for high quality polysilicon is solid
- ▶ TN ramp-costs budgeted at €80m
- ▶ Cost roadmap continues: Debottlenecking and TN expansion increase capacity to ~80kt by 2017
- ▶ EBITDA FY below 30 % due to higher ramp cost
- ▶ FX may increase competitiveness

Polysilicon Market: 11% Volume Growth Expected in 2015

Global Polysilicon Shipments (kt)

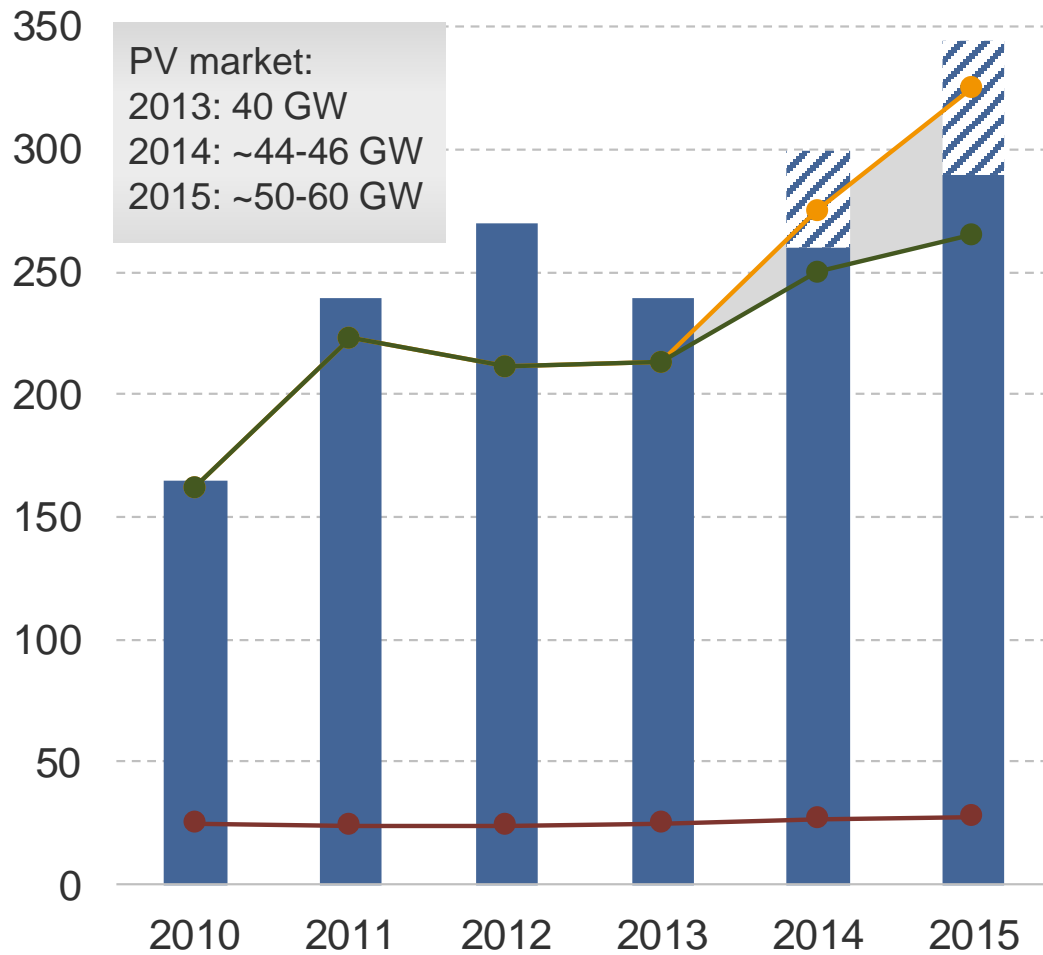


- ▶ Stable quarterly shipments throughout 2014
- ▶ Increasingly competitive C-Si PV drives polysilicon demand
- ▶ Silicon-based PV offers highest conversion efficiencies and proven long-term stability at lowest cost

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 Broadly Balanced – High Quality Poly Supply Tightening

Global Polysilicon Demand (kt) versus Capacity of Active Manufacturers



- ▶ Reduced number of producers operating after consolidation phase in 2012 & 2013
- ▶ Additional capacity to come on stream in 2015
- ▶ Questionable whether new entrants are cost-effective

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

Sources: market surveys, industry announcements, WACKER estimate

Decreasing PV System 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	1.0 – 1.1	1.3 – 1.7
Germany	7.5	7.6	3.3	1.9	1.2 – 1.5
Italy	7.4	3.6	1.1	0.7 – 0.8	1.1 – 1.5
Europe other	3.3	4.9	5.8	5.2 – 5.8	5.0 – 6.6
Europe total	19.9	17.2	10.8	8.8 – 9.6	8.6 – 11.3
Australia	0.8	1.0	0.9	1.0 – 1.2	1.4 – 1.8
China	2.5	4.8	12.9	12.5 – 13.5	14.0 – 16.0
India	0.4	0.9	1.0	1.0	2.2 – 2.7
Japan	1.3	2.5	6.8	9.3	9.5 – 11.0
USA	1.9	3.3	4.8	6.2	8.0 – 9.2
Rest of World	1.3	2.1	2.8	5.0 – 5.7	6.0 – 8.1
Total	28 GW	32 GW	40 GW	~44 – 46 GW	~50 – 60 GW

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

Construction at the Tennessee Polysilicon Site on Track

Progress in Tennessee



What to expect in 2015

- ▶ Ramp-up of production begins in H2
- ▶ Ramp of facility within 1 year, focus is on quality and cost
- ▶ Pre-operational and ramp-up costs budgeted at €80m in 2015
- ▶ Expect to produce first customer qualification material in 2015

Siltronic: Cost Reduction, Strong Volumes and First-Time Consolidation of Singapore 300 mm Shaped 2014

€m	FY 2014	FY 2013	% QoQ	Q4 2014	Q4 2013	% YoY
Sales	853.4	743.0	14.9	223.2	174.6	27.8
EBITDA	114.0	26.5	>100	37.7	11.5	>100
EBITDA margin	13.4%	3.6%	-	16.9%	6.6%	-
EBIT	-43.5	-95.9*	-54.6	0.0	-41.8*	-100.0
EBIT margin	-5.1%	-12.9%	-	0.0%	-23.9%	-
Capex	40.7	30.9	31.7	19.2	11.7	64.1

*Includes special depreciation for disused assets of €31.1m

Siltronic: WACKER looks into Change in Ownership Structure

Siltronic

FY 2014 Comments

- ▶ Volume increase in all diameters, especially in 300mm
- ▶ Lower pricing and negative FX-effects
- ▶ Outstanding cost reduction track record
- ▶ Utilization 90% (2013: 77%)
- ▶ EBIT positive in Q4
- ▶ FY EBITDA improved, supported by the first-time consolidation of Siltronic Silicon Wafer

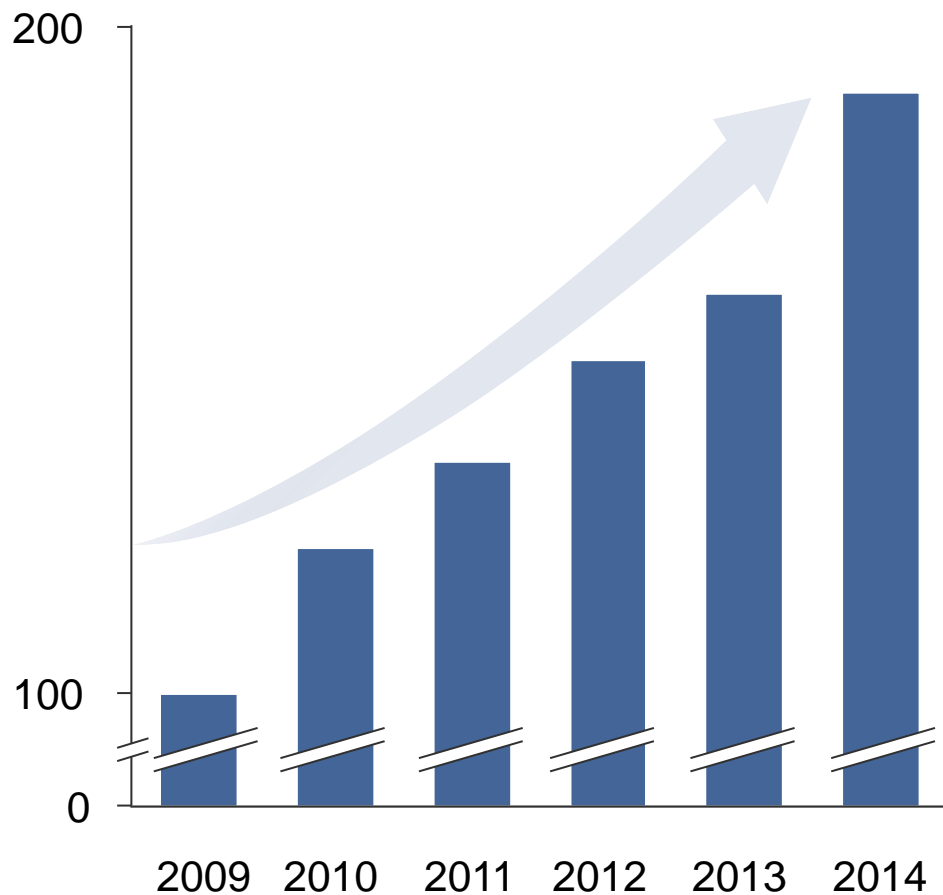


2015 Challenges and Opportunities

- ▶ Sales growth driven by slightly higher volumes and favorable FX
- ▶ 300mm expected to grow, 200mm to stay stable while SD decline slightly
- ▶ Operating at capacity limits
- ▶ Expect better FY EBITDA
- ▶ Depreciation declines in FY15 by about 20%
- ▶ Capex at around €90m

Siltronic: Track Record of Improved Productivity

300 mm Productivity in Germany (Wafer shipped / hours paid (2009 set to 100))



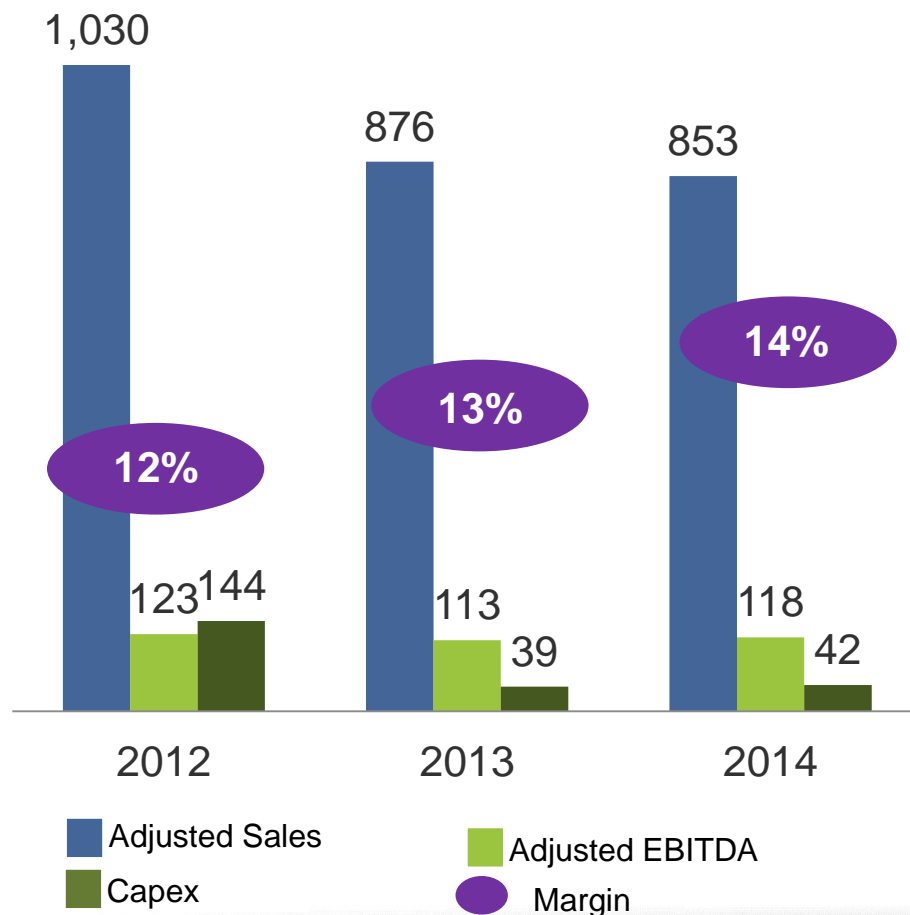
- ▶ Close to 100% labor productivity improvement in 5 years in 300mm
- ▶ Singapore 300mm asset achieved similar improvement – Basis for further global optimization

Source: Company Information

Siltronic Group Stand-Alone Metrics: EBITDA-Level Maintained Despite Falling Prices

Adjusted Sales, EBITDA and Margin for Siltronic Group

(in €m)

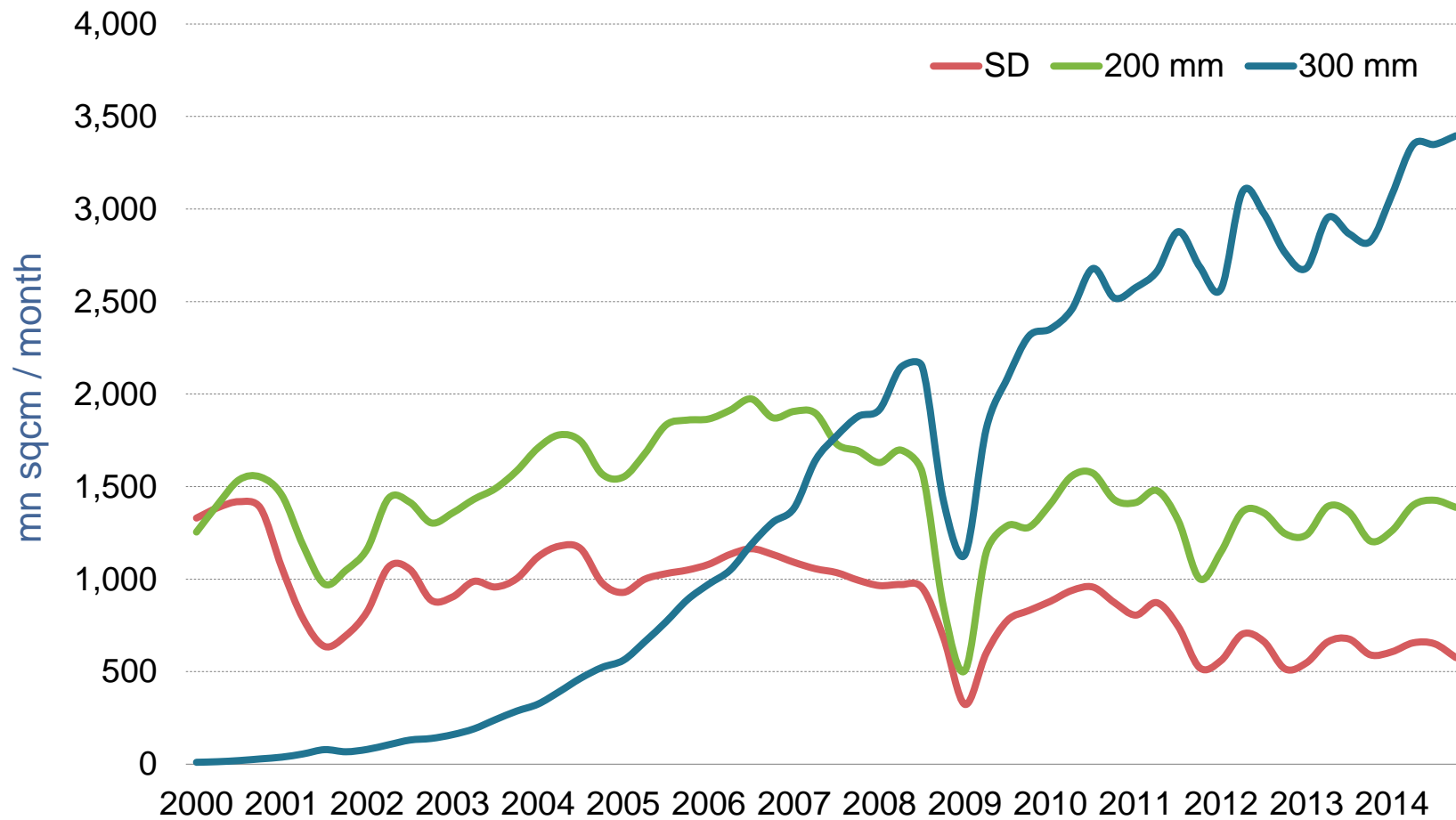


- ▶ Strong price decline in 2013 and 2014
- ▶ Volume growth in 2014
- ▶ Capex below depreciation since 2013
- ▶ Cash contribution 2013/2014 of €106m

Note: Adjusted EBITDA with full consolidation, adjusted for one-off items in excess of 5 million Euros

Wafer Industry Operates close to Capacity Limits as Demand Growth Continues – But Price Levels do not support Capex

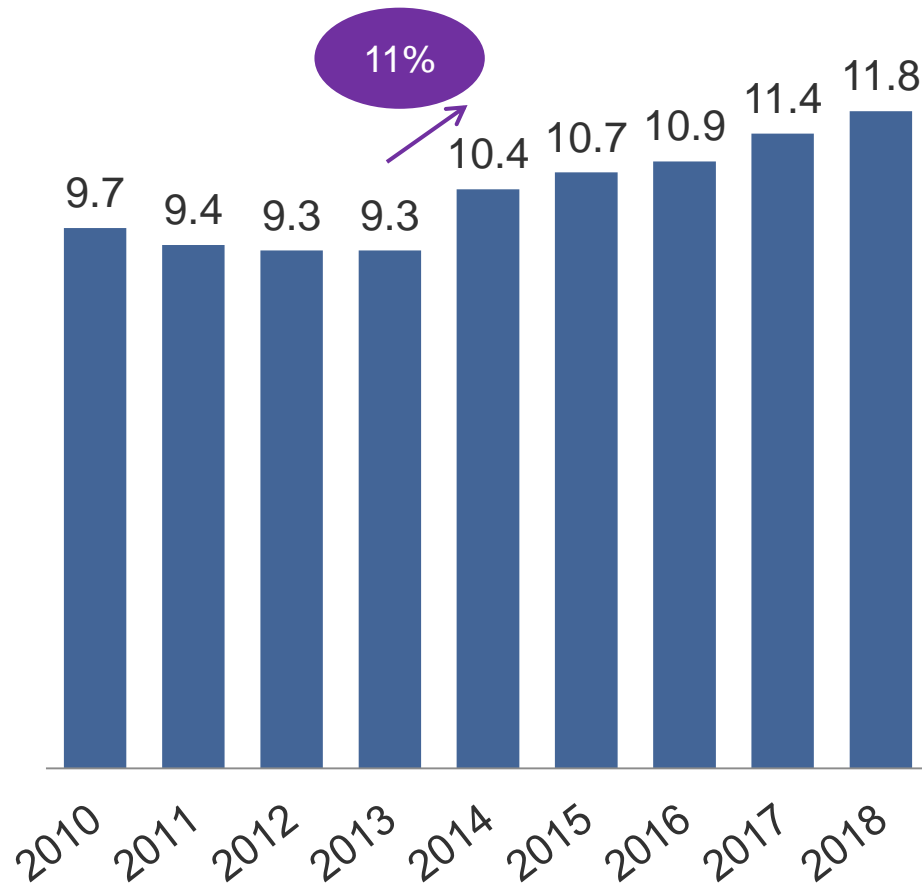
Development of Wafer Diameters (mn cm² per month 3MMA*)



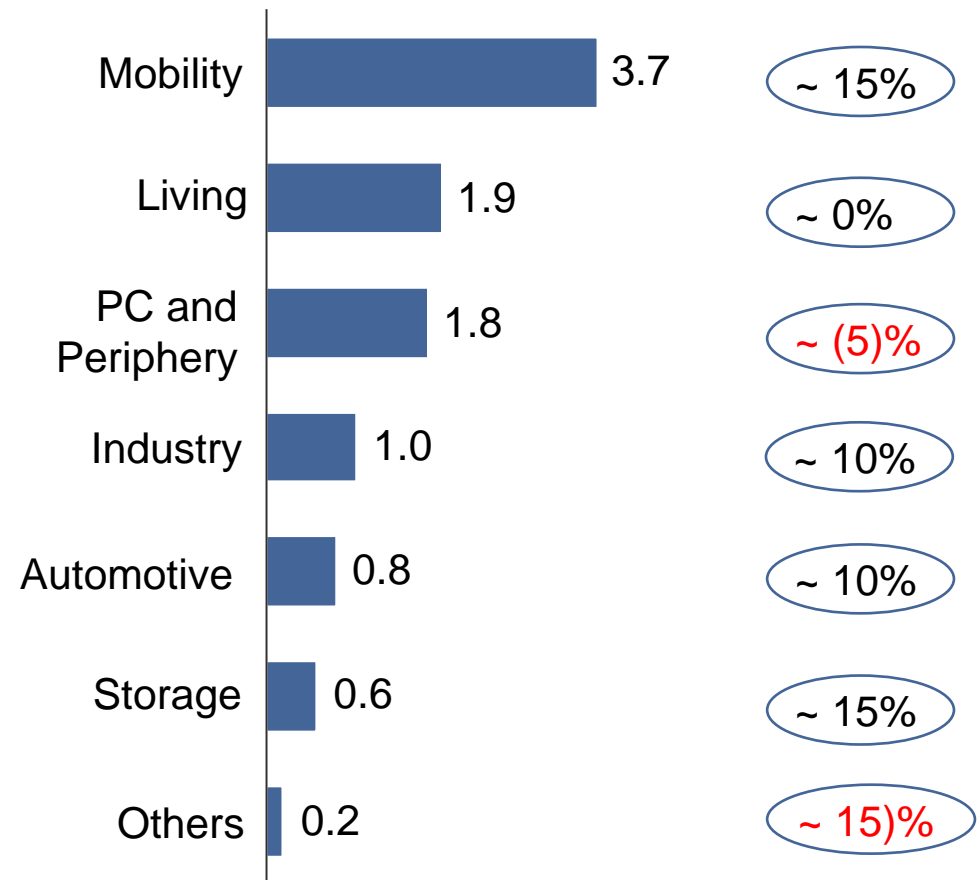
Source: SEMI up to Dec 2014; since Jul'12: data includes total GlobalWafers group
 * 3MMA three month moving average

Wafer Market Returned to Growth in 2014 on the Back of Strong Demand in Key Semiconductor Applications

Silicon Wafer Demand (bn in²)



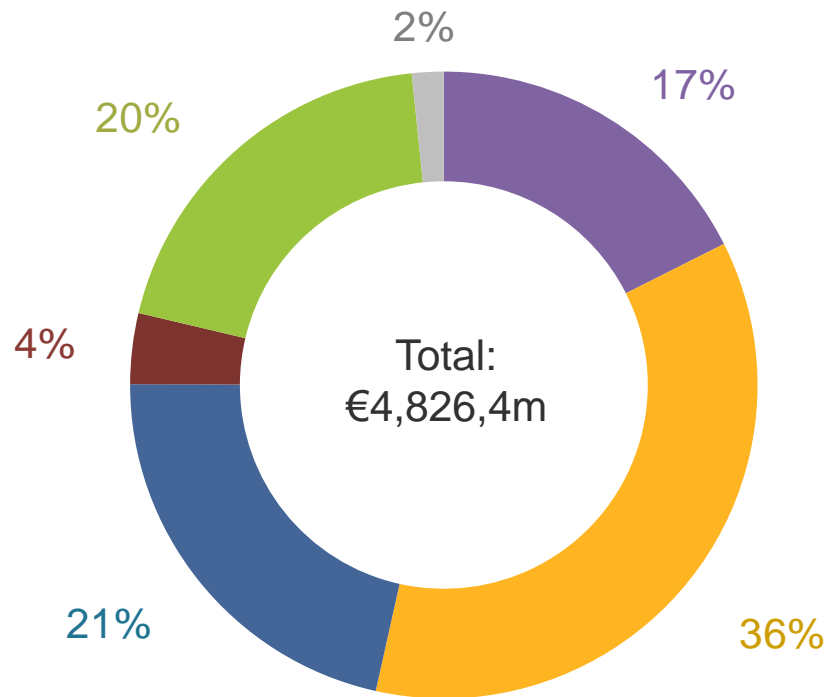
Wafer Demand 2014 (bn in²) and Growth 2014/2015 (%)



Source: Estimates from Gartner report: „Forecast Analysis: Semiconductor Silicon Wafers, Worldwide, 4Q14 Update“. IHS Silicon Application Market Forecast Tool (Q4 2014 Update)

POLYSILICON Strongest Contributor to EBITDA even without One Offs (40%)

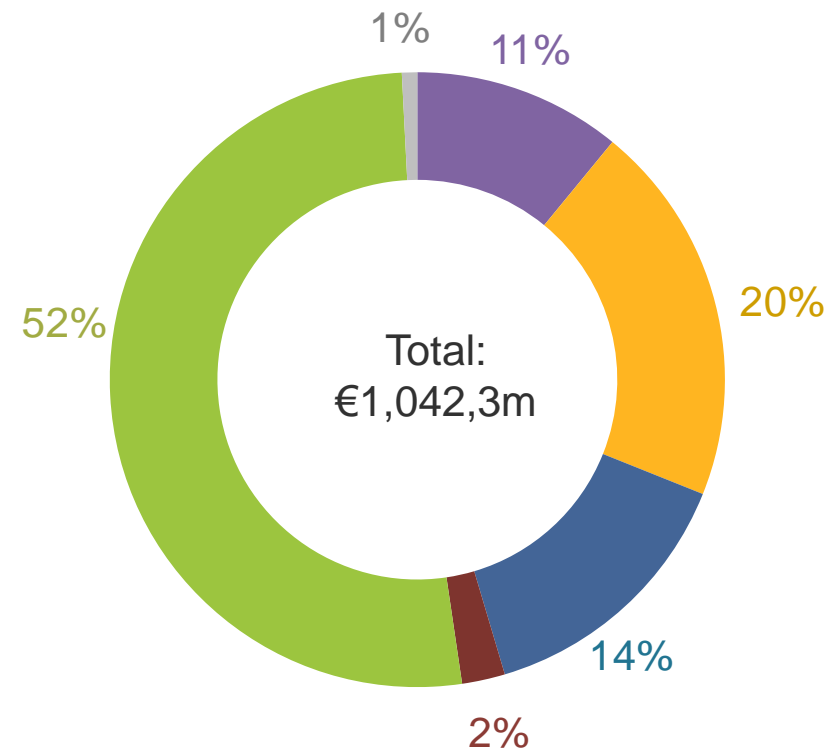
FY 2014 Sales¹



Siltronic

WACKER BIOSOLUTIONS

FY 2014 EBITDA



WACKER SILICONES

WACKER POLYSILICON

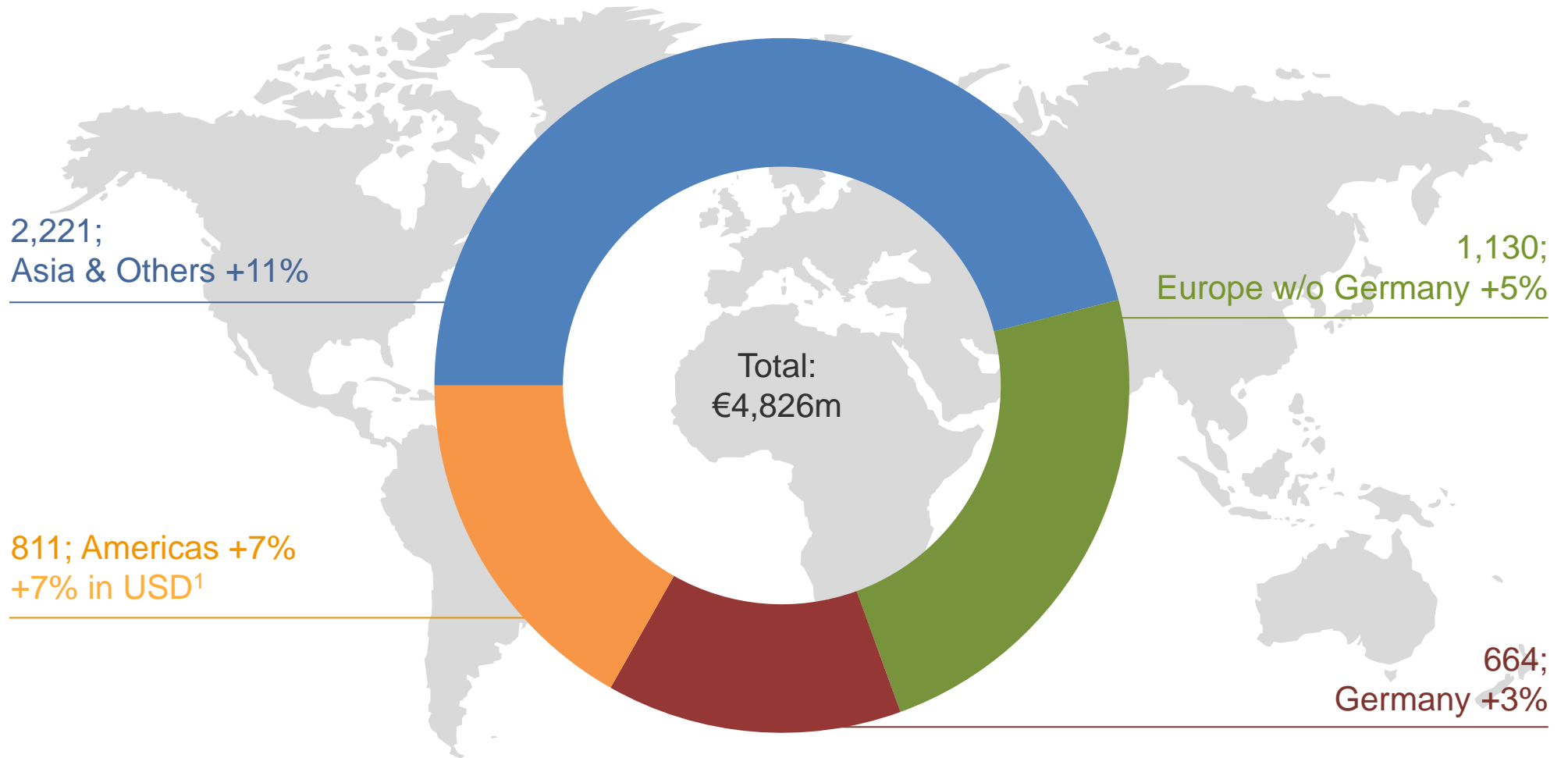
WACKER POLYMERS

Others

¹based on external sales

Growth in all Regions: Asian Growth Dominates

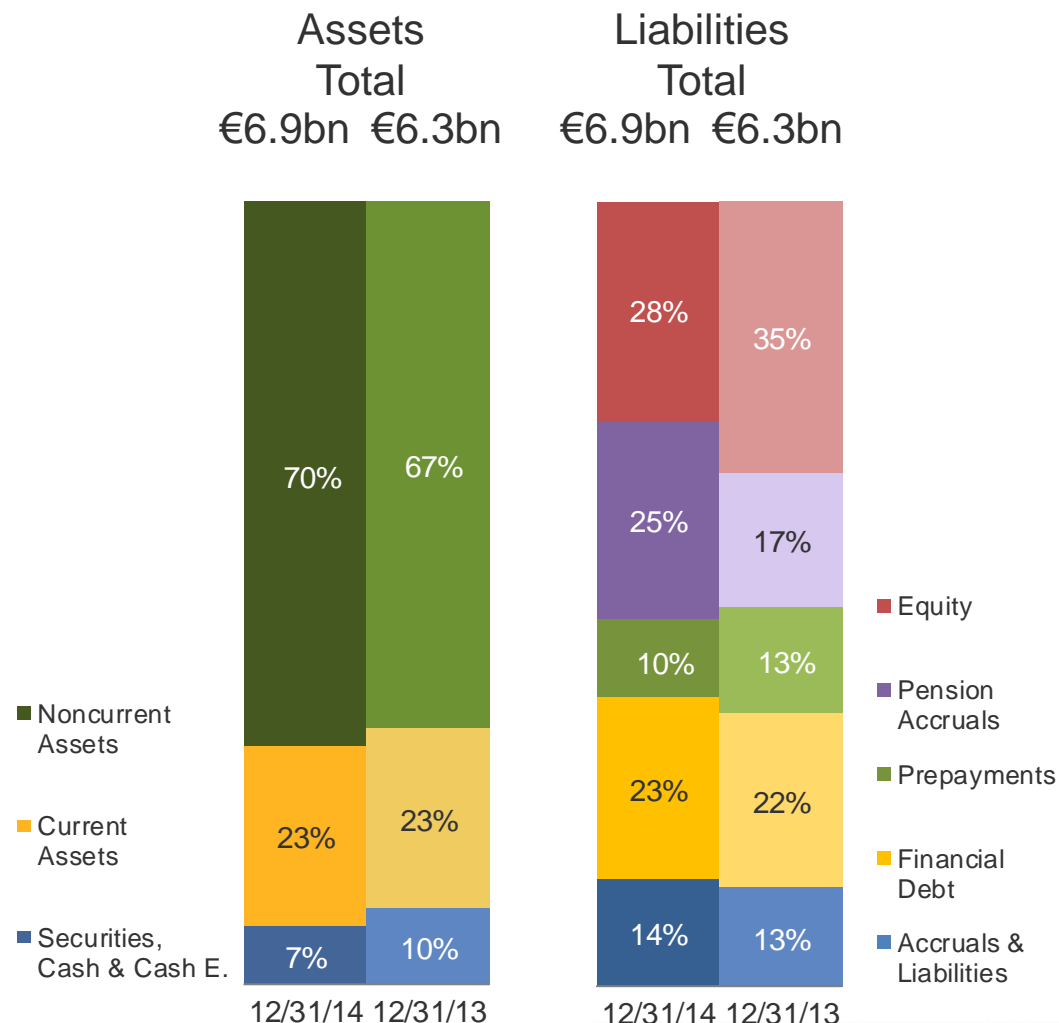
FY 2014 Sales by Region, Changes YoY (%)



¹ Adjusted currency

Expansion Tennessee and Provisions for Pensions Impact Balance Sheet

Balance Sheet (%)

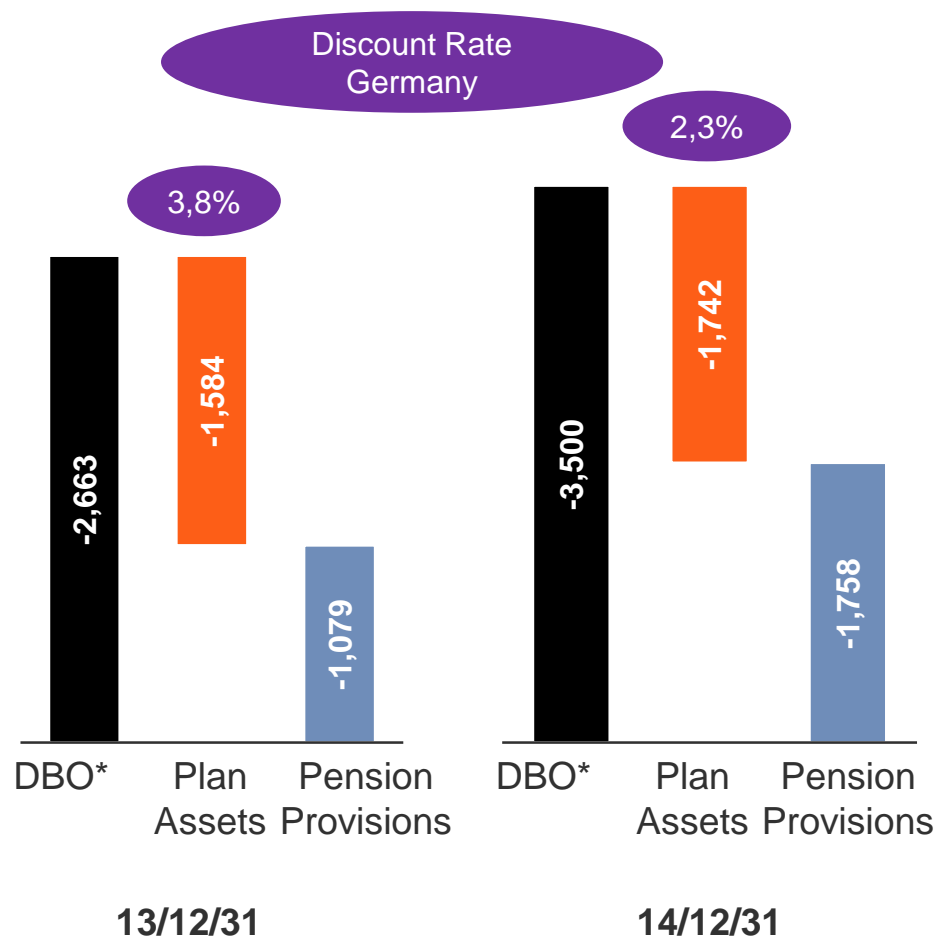


Characteristics 12/31/14

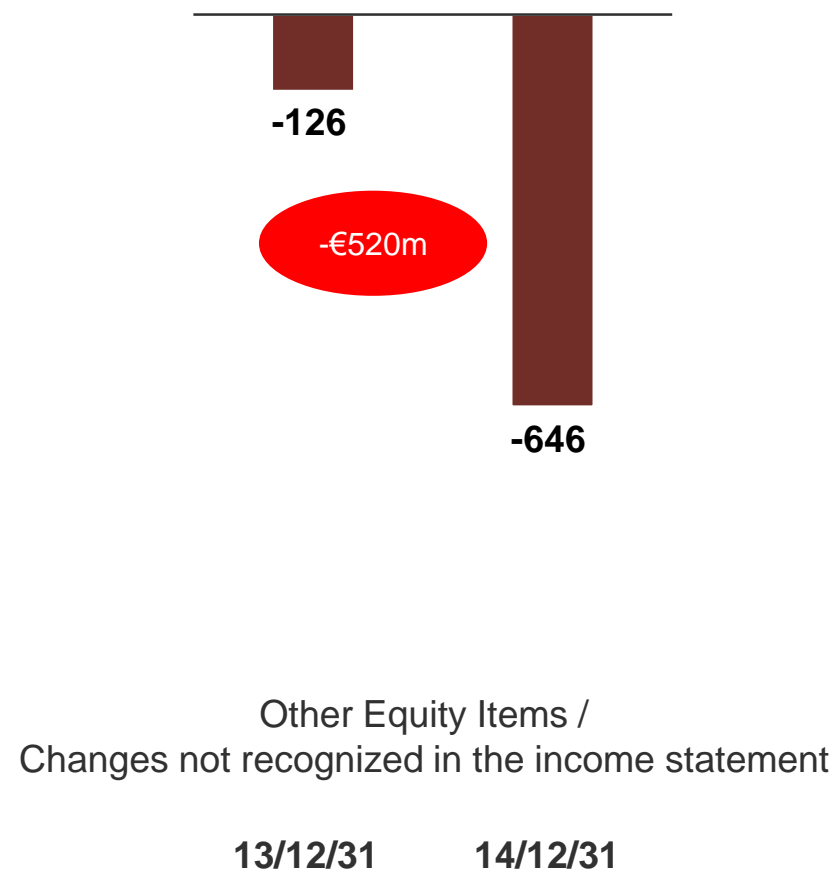
- ▶ Non current assets: €4,854m
- ▶ Securities, cash and cash equivalents: €521m
- ▶ Provisions for pensions: €1,758m
- ▶ Net financial debt: €1,081m
- ▶ Equity: €1,947m
- ▶ Prepayments received per 12/31/14: €689m
- ▶ CapEx: €572m (Q4: €229m)

Pension Deficit Grows: Low Interest Rates Trigger Substantial Increase in DBO

Pension Provisions (€m)



Impact Pension Provisions on Equity (€m)



EBITDA Impacted by €206m Special Effects in 2014

Special Effects (in €m)	2013					2014				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Silicones: Siloxane JV effects	-	-	-	13.7	13.7	-	-	-	-	-
Polysilicon: Retained prepayments & damages from cancelled contracts	32.2	23.8	13.2	8.4	77.6	114.0	-	92.3	-	206.3
EBITDA	32.2	23.8	13.2	22.1	91.3	114.0	-	92.3	-	206.3
Siltronic: Special depreciation for disused assets	-	-	-	-31.1	-31.1	-	-	-	-	-
EBIT	32.2	23.8	13.2	-9.0	60.2	114.0	-	92.3	-	206.3

Diverse Impacts from Raw Materials on WACKER in 2015

Impacts of decreasing Oil Price

▶ **POLYSILICON:**

- Lower oil prices with no impact on PV installation programs
- Minor benefit via gas costs for co-generation plants in Europe

▶ **POLYMERS:**

- Substitution of naphtha based adhesives slows as competing systems benefit from lower inputs
- Raw materials based on Ethylene expected to decline

▶ **SILICONES, BIOSOLUTIONS and Siltronic:**

No benefit from lower oil

Expected Price Development of Raw Materials

▶ **VAM**

Force Majeure situations resolved, price levels expected to return to pre-crisis level

▶ **Methanol**

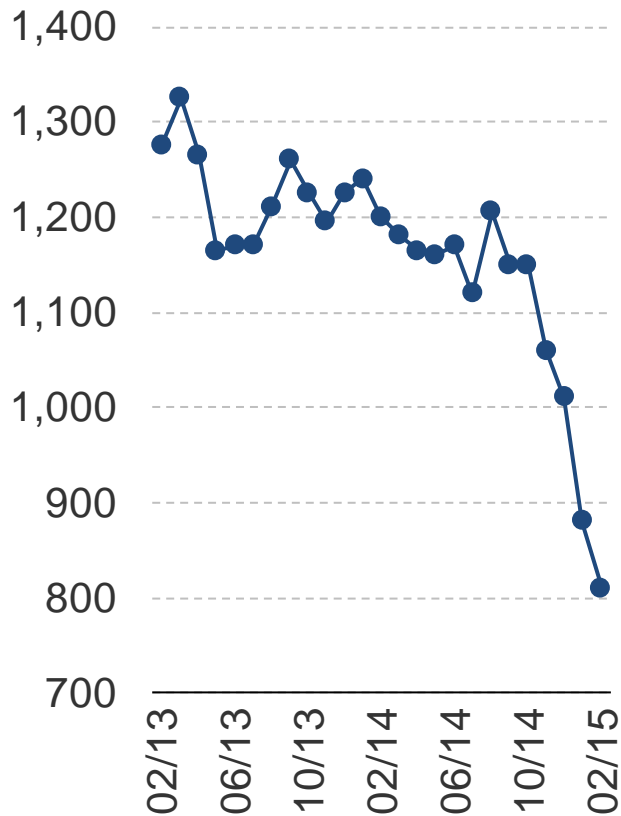
Declines benefit **SILICONES**, but expected to be already embedded in pricing

▶ **Silicon Metal**

- Industry consolidation in tariff protected markets
- Production outages in Brazil

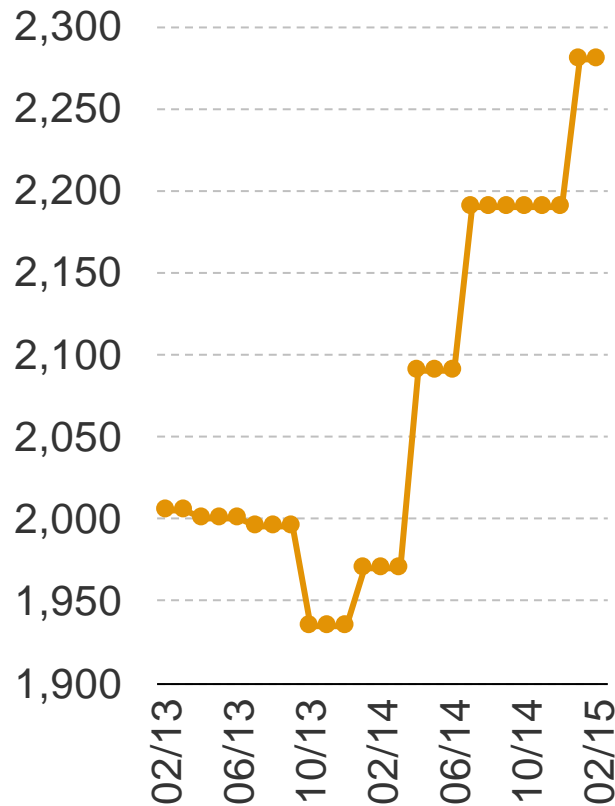
Raw Materials: Share of Top 4 Raw Materials Stable YoY

Ethylene Contract (€/MT)



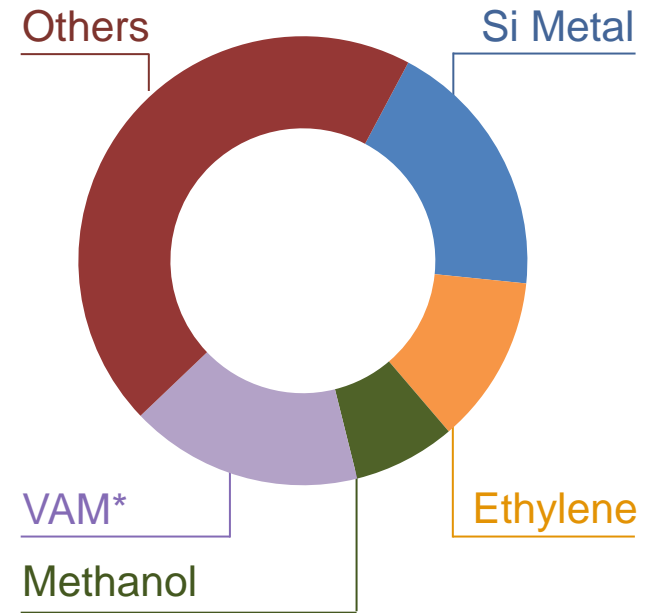
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



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

Raw Materials 2014 (€m) Chemicals

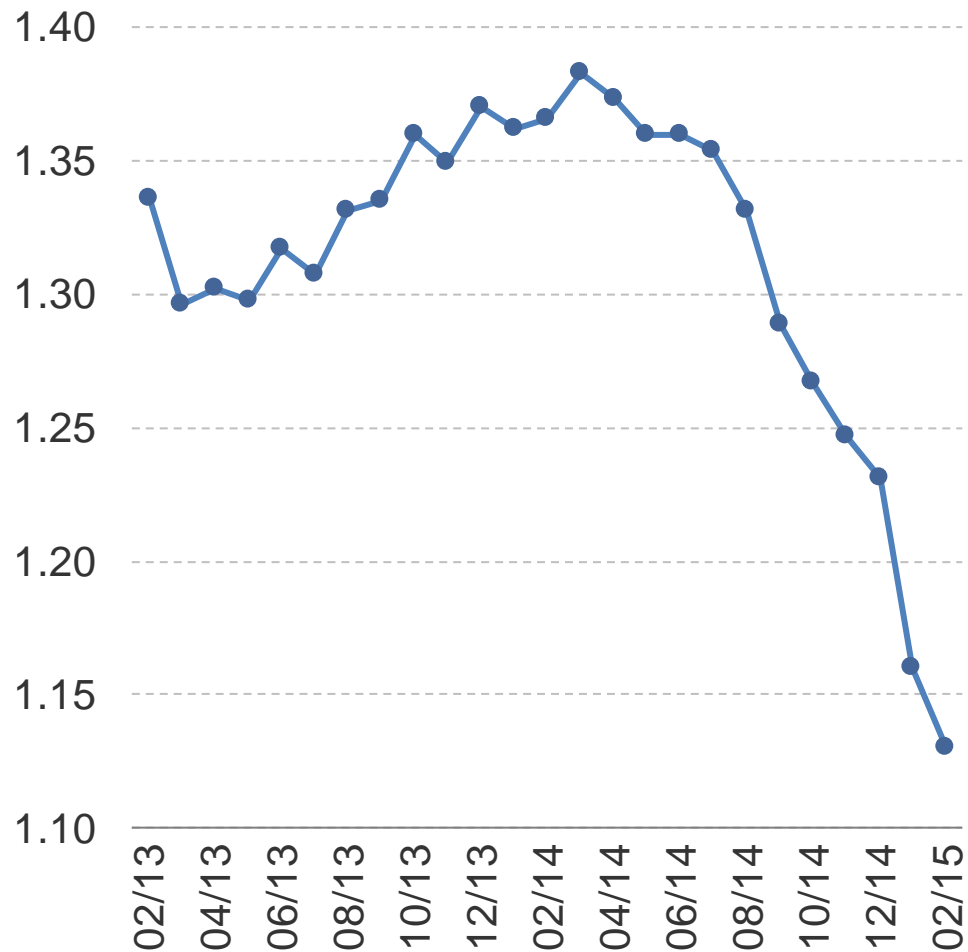


Costs of top 4 raw materials
21% of chemicals segment sales

*VAM = Vinylacetate monomer

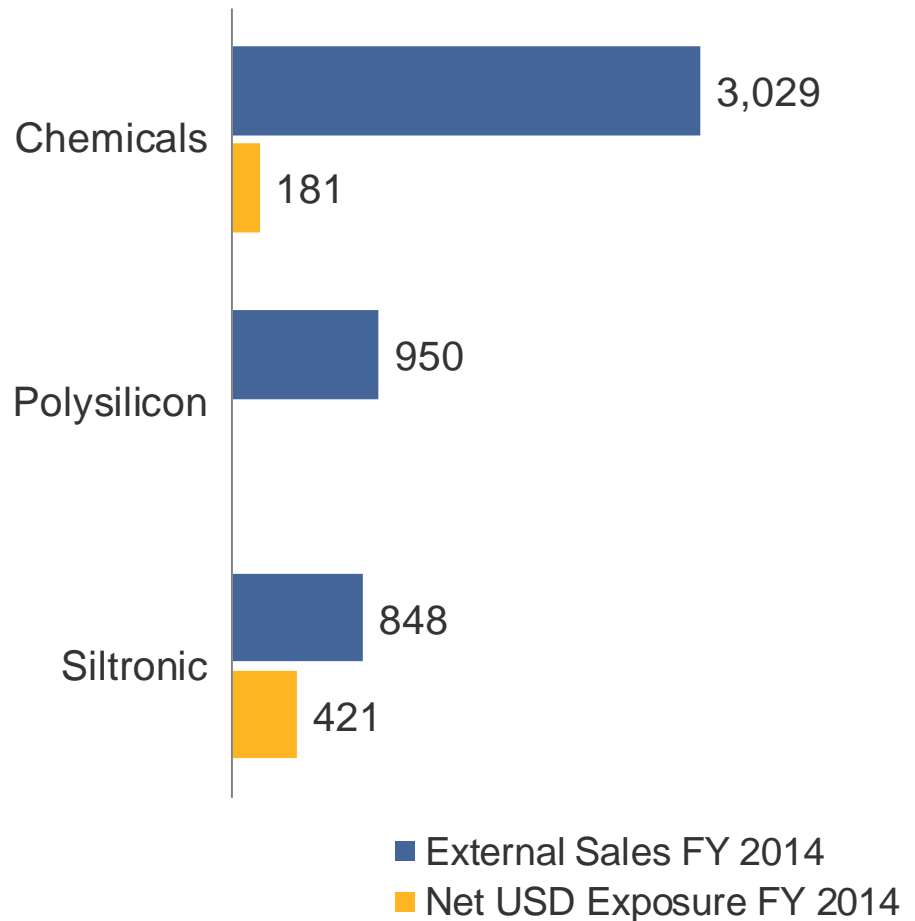
1 Cent Change in USD/€ Exchange Rate had an Impact of €4.5m on FY-EBITDA in 2014, unhedged*

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 using the average rate of the past 12 months

WACKER: Result FY 2014 versus Guidance

	2013	Outlook 2014	2014	
Sales (€m)	4,478.9	Mid-single-digit % increase	4,826.4	✓
EBITDA (€m)	678.7	Approx. 1,000	1,042.3	✓
EBITDA margin (%)	15.2	Substantial increase to over 20%	21,6	✓
Group net income (€m)	6.3	Substantial improvement	195.4	✓
Net cash flow (€m)	109.7	Markedly pos. NCF at prior-year level	215.7	✓
CapEx (€m)	503.7	Approx. 550	572.2	✓
Net financial debt (€m)	792.2	Increase of around 300	1,080.6	✓
Depreciation (€m)	564.4	Approx. 600	599.0	✓
ROCE (%)	2.2	Substantial increase	8.4	✓

WACKER: First Guidance FY 2015 and beyond

	2014	Outlook 2015
Sales (€m)	4,826.4	High-single-digit % increase (2016: Further increase)
EBITDA (€m)	1,042.3	Adjusted for special income; slight increase
EBITDA margin (%)	21,6	Substantially lower
Group net income (€m)	195.4	Below 2014
Net cash flow (€m)	215.7	Slightly positive, though substantially below 2014
CapEx (€m)	572.2	About 700 (2016: Decrease significantly)
Net financial debt (€m)	1,080.6	Increase between 200 and 300
Depreciation (€m)	599.0	Around 625
ROCE (%)	8.4	Lower
Tax Rate (%)	46.5	Slightly above 50

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

- ▶ WACKER CHEMIE AG
Hanns-Seidel-Platz 4
D-81737 Munich
- ▶ Investor Relations contacts

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

Mrs. Judith Distelrath
Tel. +49 89 6279 1560
judith.distelrath@wacker.com

Financial Calendar

- 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: Sales in Chemicals on the level of previous Year

Sales in €m	FY 2014	FY 2013	%YoY	Q4 2014	Q4 2013	%YoY
CHEMICALS	2,974.2	2,809.3	5.9	715.5	656.0	9.1
WACKER SILICONES	1,733.6	1,672.2	3.7	419.6	403.5	4.0
WACKER POLYMERS	1,064.4	978.7	8.8	252.2	213.2	18.3
WACKER BIOSOLUTIONS	176.2	158.4	11.2	43.7	39.3	11.2
WACKER POLYSILICON	1,049.1	924.2	13.5	261.5	249.8	4.7
Siltronic	853.4	743.0	14.9	223.2	174.6	27.8
Others	165.9	192.7	-13.9	46.2	51.6	-10.5
Consolidation	-216.2	-190.3	13.6	-51.9	-45.1	15.1
	4,826.4	4,478.9	7.8	1,194.5	1,086.9	9.9

WACKER: EBITDA impacted through Price decrease in Siltronic and Polysilicon

EBITDA in €m	FY 2014	FY 2013	%YoY	Q4 2014	Q4 2013	%YoY
CHEMICALS	382.9	401.6	-4.7	62.0	79.1	-21.6
WACKER SILICONES	209.8	230.2	-8.9	33.8	51.0	-33.7
WACKER POLYMERS	149.5	147.8	1.2	23.6	22.6	4.4
WACKER BIOSOLUTIONS	23.6	23.6	0.0	4.6	5.5	-16.4
WACKER POLYSILICON	537.0	233.9	>100	88.8	70.8	25.4
Siltronic	114.0	26.5	>100	37.7	11.5	>100
Others	12.7	14.7	-13.6	-4.7	-2.7	74.1
Consolidation	-4.3	2.0	n.a.	-3.7	-0.6	>100
	1,042.3	678.7	53.6	180.1	158.1	13.9