

FY 2016 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO), March 14th, 2017

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Highlights FY 2016

Good Performance in Chemicals and Strong Cash Flow

Strong Result Amid Challenging Environment: Key Targets Set for 2016 Achieved or Exceeded

Financials

Sales of €5.4bn (+2% yoy)

Strong EBITDA excl. special income increase (+19% yoy) to €1,081m

Net Cash Flow* at €401m, substantially up from €23m last year

Operations

Chemical business with strong volumes, especially in SILICONES

Technical ramp of new polysilicon plant in **Charleston, Tennessee** completed

Good **cost and efficiency performance** across all segments

* 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.

2016 EBITDA Excl. Special Income Ahead of Guidance With High Utilization and Efficiency

| | 2015 | Guidance FY 2016 | 2016 |
|----------------------------------|-------|---------------------------------|-------|
| Sales (€m) | 5,296 | Slight increase | 5,404 |
| EBITDA (€m) | 1,049 | Expecting FY 5-10% higher | 1,101 |
| EBITDA excl. special income (€m) | 911 | excl. special income | 1,081 |
| EBITDA margin (%) | 19.8 | Somewhat lower | 20.4 |
| Net income (€m) | 242 | Below 2015 | 189 |
| Net cash flow (€m) | 23 | Significantly positive | 401 |
| CapEx (€m) | 834 | About 425 | 428 |
| Net financial debt (€m) | 1,074 | Slightly below prior-year level | 993 |
| Depreciation (€m) | 575 | About 720 | 735 |
| ROCE (%) | 8.1 | Substantially lower | 6.1 |
| Tax Rate (%) | 40.5 | Close to 30% | 28.5 |

Profit & Loss Statement: Increased Depreciation and Lower Special Income

WACKER P&L 2016 (€m)

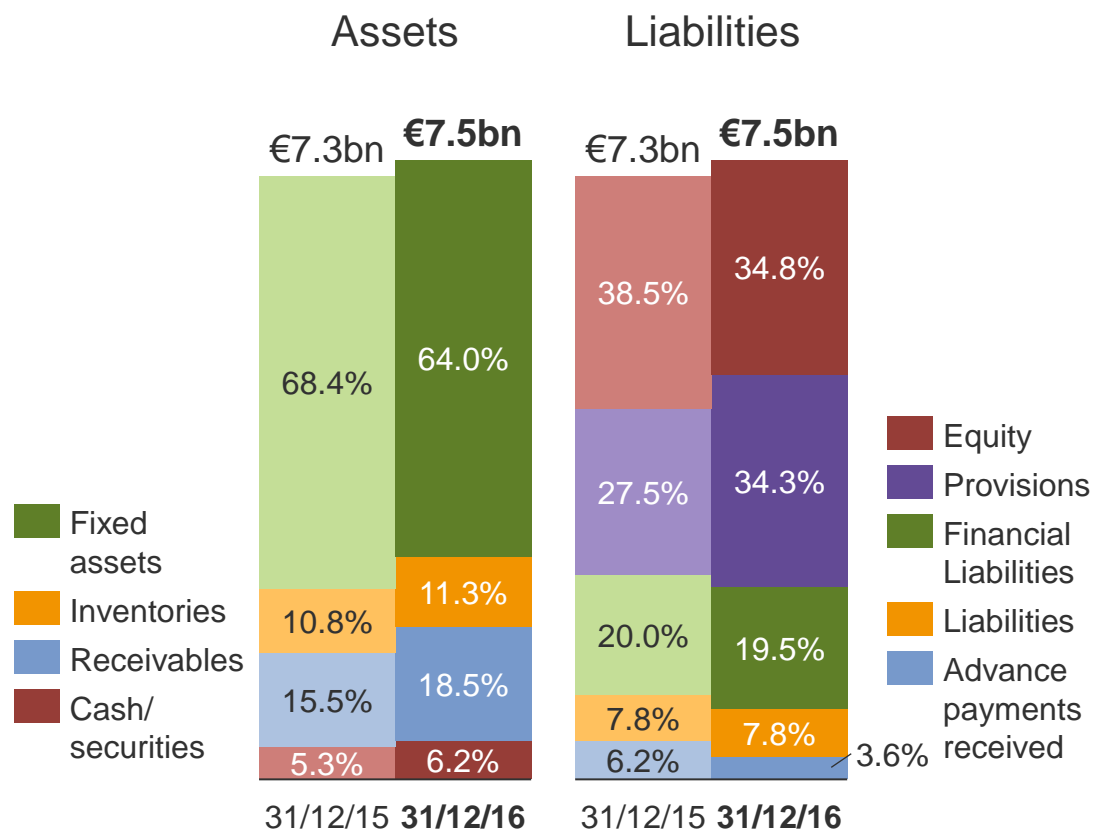
| €m | FY 2015 | FY 2016 |
|-----------------------------------|----------------|----------------|
| Sales | 5,296.2 | 5,404.2 |
| Gross profit from sales | 1,129.1 | 990.7 |
| <i>Gross profit margin (in %)</i> | <i>21.3%</i> | <i>18.3%</i> |
| S,G&A and R&D | -623.5 | -652.3 |
| Other operating income | 377.4 | 194.3 |
| Other operating expenses | -412.7 | -167.6 |
| Operating result | 470.3 | 365.1 |
| EBIT | 473.4 | 366.2 |
| Interest result | -24.5 | -36.4 |
| Other financial result | -42.2 | -65.0 |
| Income before taxes | 406.7 | 264.8 |
| Income taxes | -164.9 | -75.5 |
| Net income for the period | 241.8 | 189.3 |
| EPS € | 4.97 | 3.61 |
| EBITDA | 1,048.8 | 1,101.4 |
| Depreciation/amortization | 575.4 | 735.2 |
| EBIT | 473.4 | 366.2 |

Comments

- ▶ Sales +2.0% yoy:
Volume/Mix +5.7%, Price -3.7%, FX +0.1%
- ▶ Gross profit decreased by 12.3% yoy on higher depreciation and moderate price pressure outpacing efficiency gains
- ▶ Other operating income / expense includes lower special income of €20m (2015: €138m) and lower net currency charge €17.5m (2015: €69.1m)
- ▶ Tax rate of 28.5% (2015: 40.5%)
- ▶ Depreciation at €735m (2015: €575m)

Net Financial Debt and Prepayments Decrease, Pension Liabilities About €0.5bn Lower Than at End of Q3/16

Balance Sheet (%)



Characteristics 12/31/16

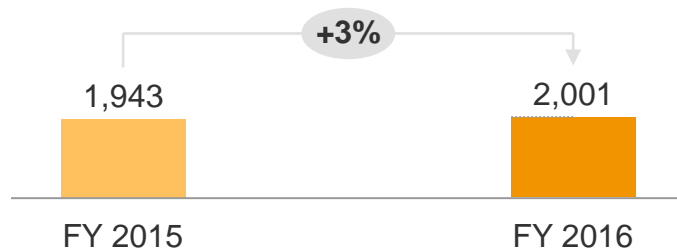
- ▶ Non current assets: €5,279m
- ▶ Securities, cash and cash equivalents: €466m
- ▶ Provisions for pensions: €2,108m (2015: €1,612m; Q3/16: €2,570m)
 - ▶ Discount rate for defined benefit plans in Germany reduced to 1.94% (2015: 2.75%; Q3/16: 1.38%)
 - ▶ DTA* relating to pensions about €340m
- ▶ Net financial debt decreases €82m yoy to €993m
- ▶ Equity: €2,593m
- ▶ Prepayments: €271m (2015: €453m)

* Deferred tax asset

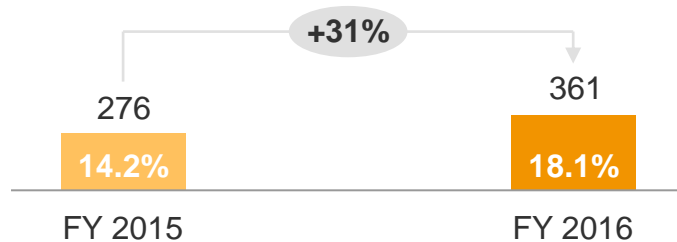
SILICONES

Strong Demand, High Plant Loading

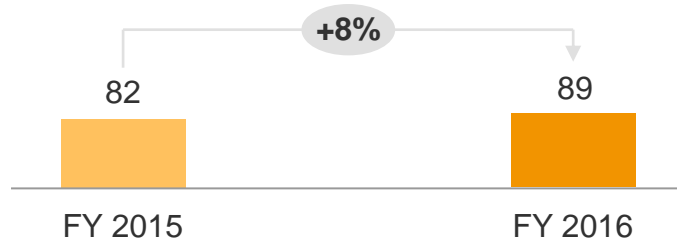
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2016

- ▶ Strong demand for silicone products in all regions
- ▶ EBITDA benefitted from high plant loading, cost performance and product mix

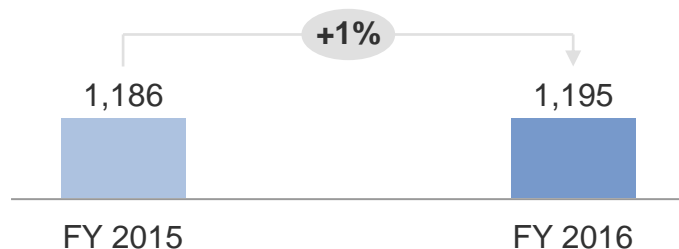
Outlook 2017

- ▶ Mid-single-digit sales growth and slight increase in EBITDA despite rising raw material costs
- ▶ Expect good product mix and cost performance

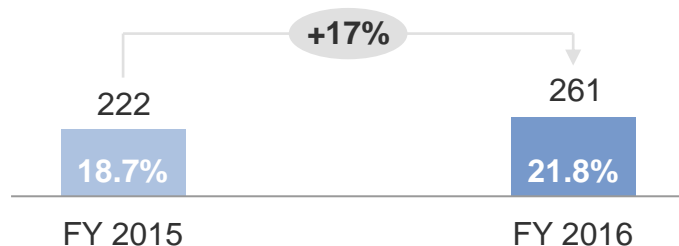
POLYMERS

Strong Demand and Efficiency Gains Support Margins

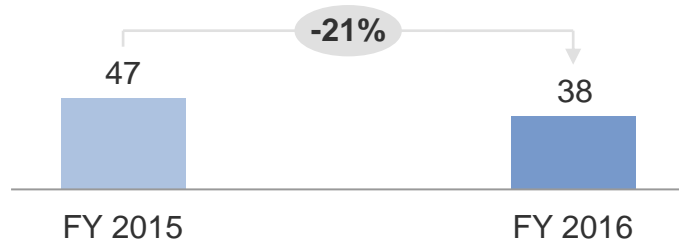
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2016

- ▶ Sales slightly above prior year; strong volumes offset by lower pricing
- ▶ EBITDA yoy improved from high loading and good cost performance

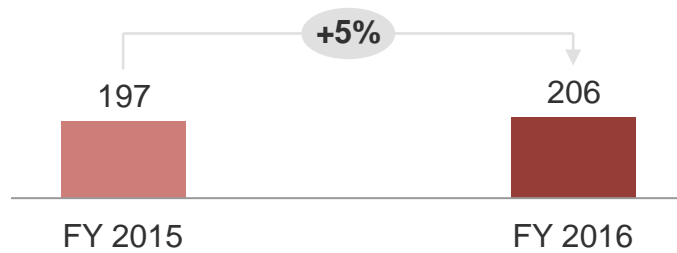
Outlook 2017

- ▶ Mid-single-digit sales growth
- ▶ Expect FY EBITDA decrease from raw material inflation, but margin over target levels for Chemicals
- ▶ Growth in dispersions and powders with typical seasonality

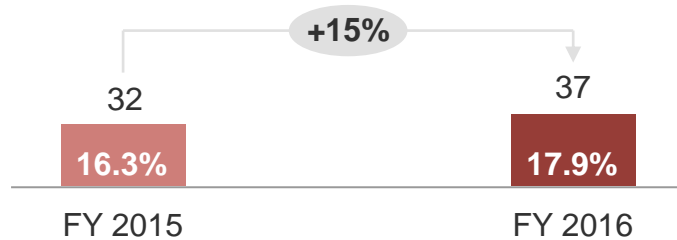
BIOSOLUTIONS

Positive Volume Effects

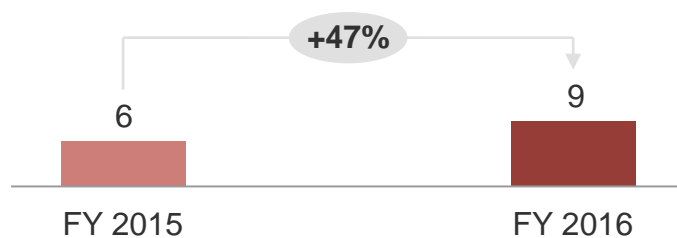
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights 2016

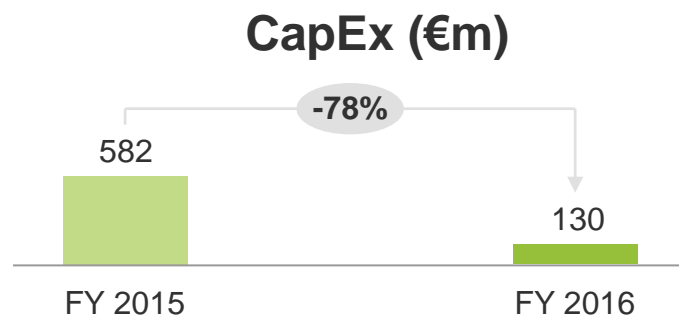
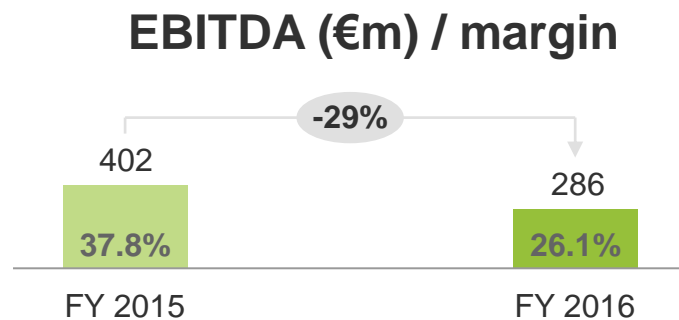
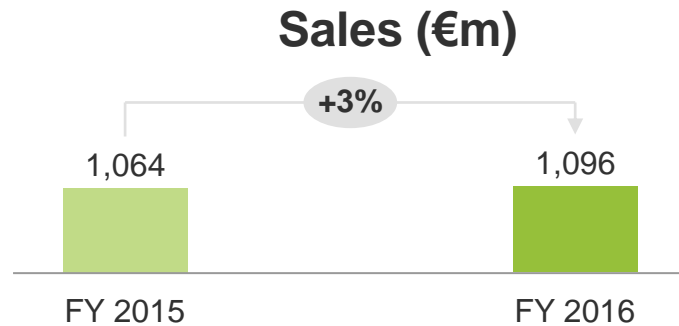
- ▶ Sales +5% yoy
- ▶ Higher volumes in biopharmaceuticals and nutrition overcompensate lower prices in some product segments

Outlook 2017

- ▶ Low-single-digit sales growth
- ▶ EBITDA at about €30m due to integration costs from acquisition in Spain

POLYSILICON

Strong Cash Generation Following Completion of Major CapEx



Highlights 2016

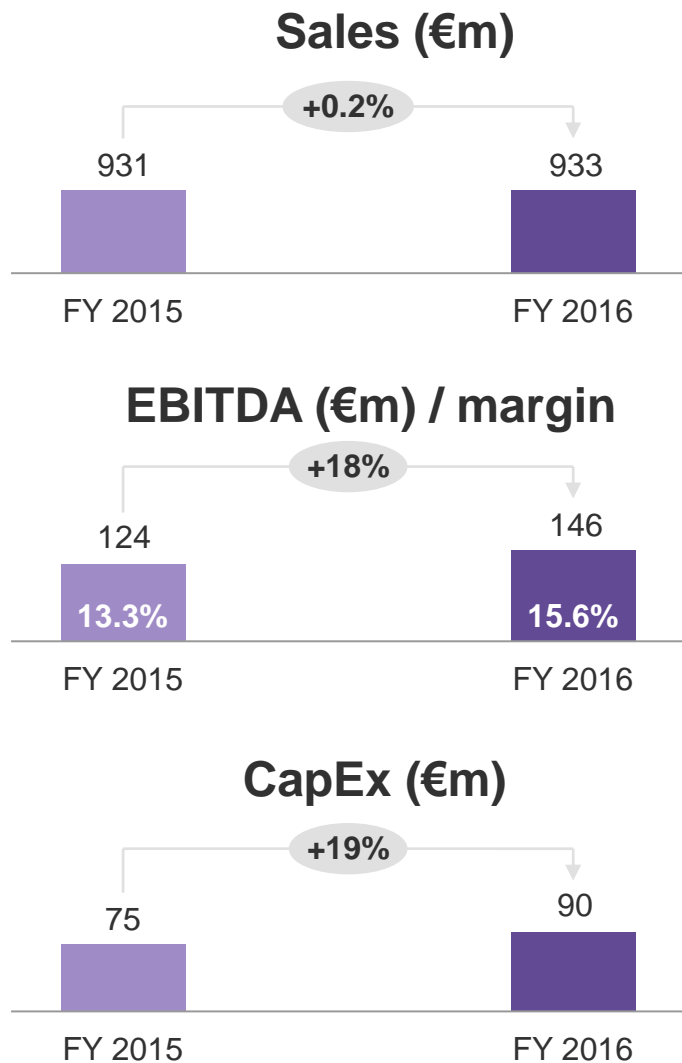
- ▶ Shipped 66kt (2015: 56kt), all plants fully loaded
- ▶ EBITDA below previous year due to lower special income (€20m, 2015: €138m), ramp costs (€48m) vs. pre-ops (2015: €90m) and lower yoy prices
- ▶ Op. EBITDA margin ex specials/ramp at 29%

Outlook 2017

- ▶ Sales at prior year level
- ▶ Volume growth, but lower ASP yoy
- ▶ EBITDA ex specials somewhat above 2016
- ▶ Continued growth in shipments and focus on cost reduction

Siltronic

Strong Volumes and Increasing Pricing Power



Highlights 2016

- ▶ Sales at prior year level
- ▶ EBITDA benefitted yoy from high loading, good cost performance and lower FX hedging costs

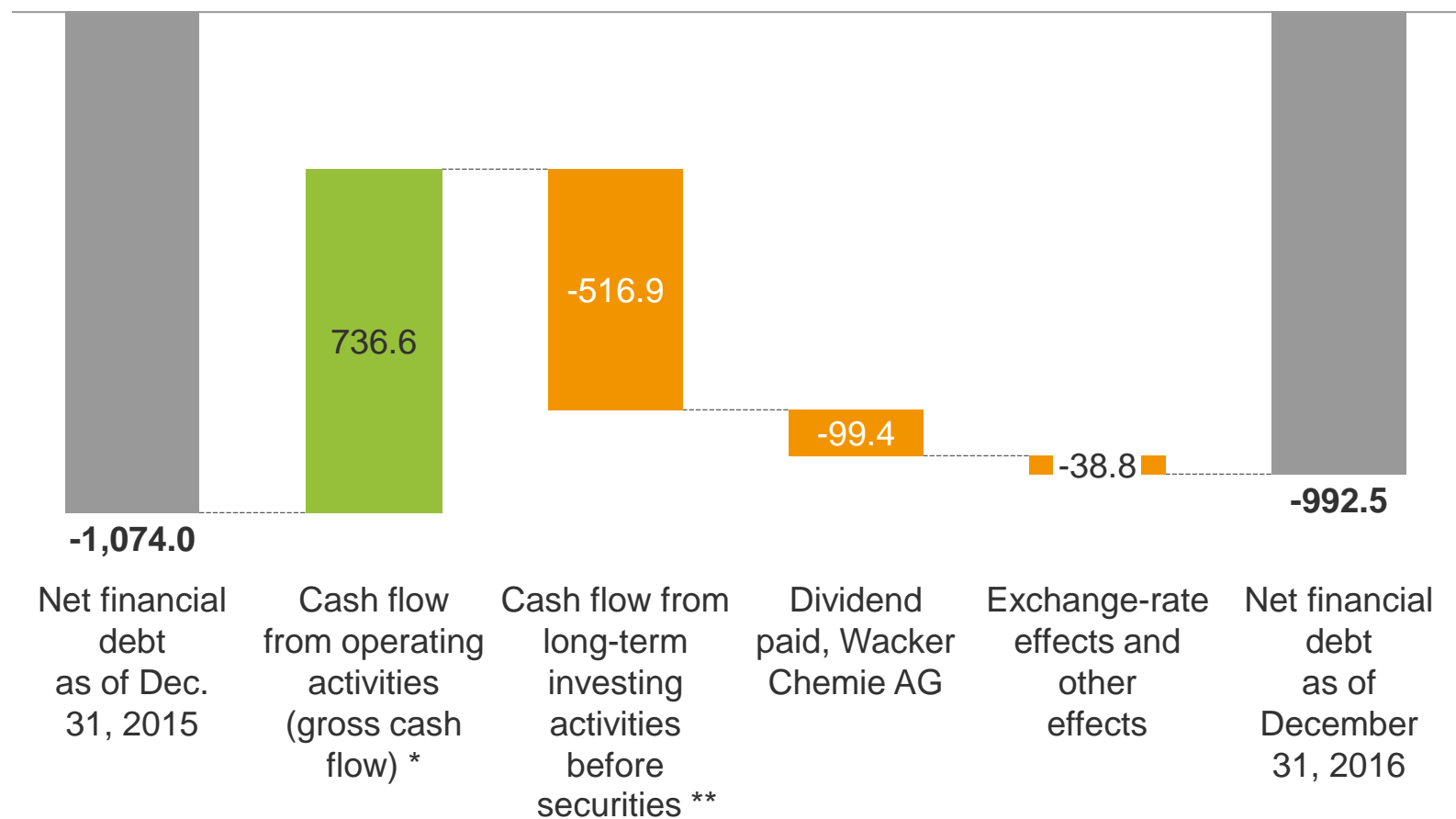
Outlook 2017

- ▶ FY Sales expected over €1bn
- ▶ Significant increase in EBITDA with at least 20% margin, if not significantly higher

Net Financial Debt

Strong Cash Flow Generation

Net Financial Debt Bridge per Dec 31st, 2016 (€m)



*) includes change in prepayments of €183m, **) includes financial investments

Q1 Trading Update

Solid Volume Start, EBITDA Above Q1 2016

Trading Update

- ▶ **Chemicals:** Order intake and volumes over last year, raw materials prices up
- ▶ **Polysilicon:** Strong volumes and full utilization
- ▶ **Siltronic:** Strong demand for wafers, ASP up

Q1 2017 Outlook

- ▶ Expect Q1 Group Sales at around €1.4bn
- ▶ EBITDA above Q1 2016

Guidance FY 2017

| | 2016 | Outlook 2017 |
|----------------------------------|-------|--|
| Sales (€m) | 5,404 | Mid-single-digit % increase |
| EBITDA excl. special income (€m) | 1,081 | At last year's level, on a comparable basis without special income |
| EBITDA margin (%) | 20.4 | Slightly below last year's level |
| Net cash flow (€m) | 401 | At last year's level |
| CapEx (€m) | 428 | Around 450 |
| Net financial debt (€m) | 993 | Substantially lower than last year |
| Depreciation (€m) | 735 | Around 720 |
| ROCE (%) | 6.1 | At last year's level |
| Tax Rate (%) | 28.5 | Close to 30% |



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FY 2016 Conference Call: Q&A Session Silicium

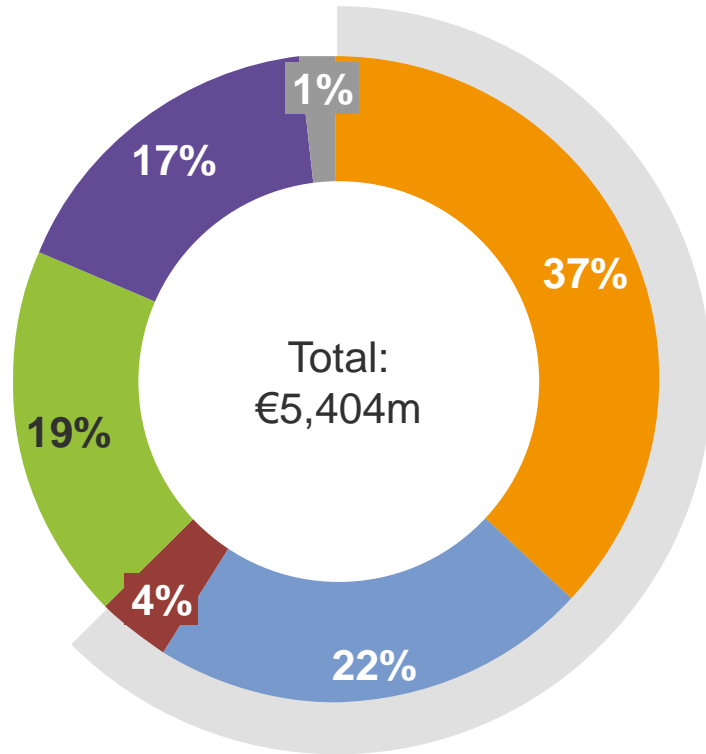
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Appendix

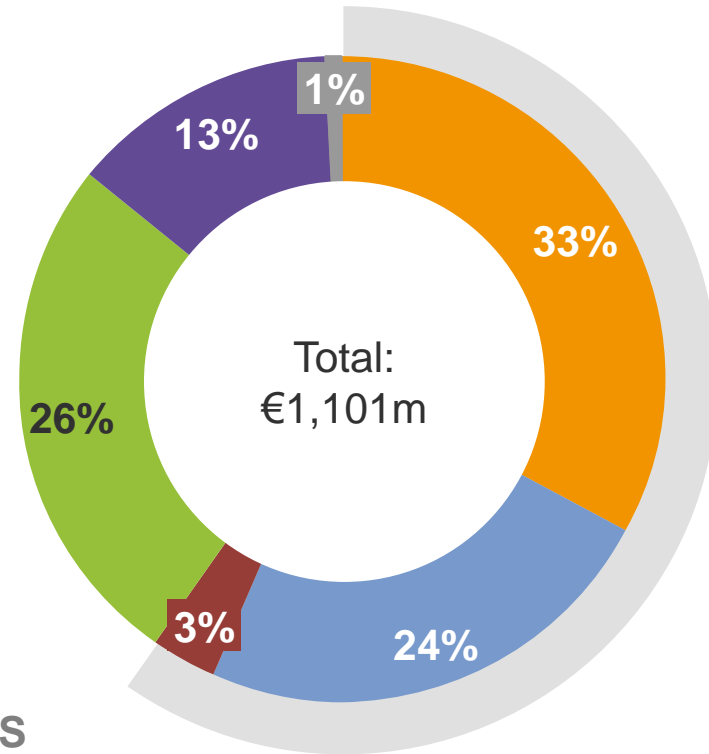
Full-Year Results 2016

Sales and EBITDA Breakdown

FY 2016 Sales¹



FY 2016 EBITDA



CHEMICALS

WACKER SILICONES

Siltronic

WACKER POLYMERS

WACKER POLYSILICON

WACKER BIOSOLUTIONS

Others/Consolidation

¹based on external sales

Full-Year Results 2016

FY and Q4 P&L

| in €m | FY 2016 | FY 2015 | % YoY | Q4 2016 | Q4 2015 | % YoY |
|------------------------------|---------|---------|-------|---------|---------|-------|
| Sales | 5,404.2 | 5,296.2 | 2.0 | 1,357.6 | 1,232.9 | 10.1 |
| EBITDA | 1,101.4 | 1,048.8 | 5.0 | 271.6 | 188.4 | 44.2 |
| EBITDA margin | 20.4% | 19.8% | - | 20.0% | 15.3% | - |
| EBIT | 366.2 | 473.4 | -22.6 | 81.2 | 33.7 | >100 |
| EBIT margin | 6.8% | 8.9% | - | 6.0% | 2.7% | - |
| Result for the period | 189.3 | 241.8 | -21.7 | 46.8 | 4.8 | >100 |
| EPS in € | 3.61 | 4.97 | -27.4 | 0.76 | 0.13 | >100 |

Full-Year Results 2016

Sales Breakdown by Business, FY and Q4

| Sales in €m | FY 2016 | FY 2015 | % YoY | Q4 2016 | Q4 2015 | % YoY |
|----------------------|----------------|----------------|------------|----------------|----------------|-------------|
| CHEMICALS | 3,402.3 | 3,325.9 | 2.3 | 816.9 | 778.2 | 5.0 |
| SILICONES | 2,001.1 | 1,943.3 | 3.0 | 492.3 | 460.3 | 7.0 |
| POLYMERS | 1,194.8 | 1,185.5 | 0.8 | 275.0 | 273.3 | 0.6 |
| BIOSOLUTIONS | 206.4 | 197.1 | 4.7 | 49.6 | 44.6 | 11.2 |
| POLYSILICON | 1,095.5 | 1,063.6 | 3.0 | 297.2 | 241.5 | 23.1 |
| Siltronic | 933.4 | 931.3 | 0.2 | 246.3 | 215.3 | 14.4 |
| Others | 162.6 | 197.5 | -17.7 | 42.7 | 49.2 | -13.2 |
| Consolidation | -189.6 | -222.1 | -14.6 | -45.5 | -51.3 | -11.3 |
| | 5,404.2 | 5,296.2 | 2.0 | 1,357.6 | 1,232.9 | 10.1 |

Full-Year Results 2016

EBITDA Breakdown by Business, FY and Q4

| EBITDA in €m | FY 2016 | FY 2015 | %YoY | Q4 2016 | Q4 2015 | %YoY |
|----------------------|----------------|----------------|--------------|--------------|--------------|----------------|
| CHEMICALS | 659.2 | 530.6 | 24.2 | 131.2 | 97.1 | 35.1 |
| SILICONES | 361.2 | 276.2 | 30.8 | 78.9 | 49.6 | 59.1 |
| POLYMERS | 261.0 | 222.2 | 17.5 | 45.2 | 40.8 | 10.8 |
| BIOSOLUTIONS | 37.0 | 32.2 | 14.9 | 7.1 | 6.7 | 6.0 |
| POLYSILICON | 285.9 | 402.4 | -29.0 | 86.5 | 70.5 | 22.7 |
| Siltronic | 145.9 | 124.0 | 17.7 | 50.4 | 23.2 | >100 |
| Others | 10.2 | -8.9 | n.a. | 3.8 | -4.0 | n.a. |
| Consolidation | 0.2 | 0.7 | n.a. | -0.3 | 1.6 | n.a. |
| | 1,101.4 | 1,048.8 | 5.0 | 271.6 | 188.4 | 44.2 |

Special EBITDA Effects

€20m Special Income in 2016

| Special income (in €m) | 2015 | | | | | 2016 | | | | |
|---|------|------|------|------|--------------|------|-----|----|------|-------------|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY |
| POLYSILICON: Retained prepayments & damages from cancelled contracts | 4.7 | 86.7 | 17.8 | 28.4 | 137.6 | - | 7.0 | - | 13.3 | 20.3 |

Siltronic Valuation Parameters per FY 2016

- ▶ Consensus Siltronic FY2017e (as of February 28, 2017; 6 estimates)

| Analyst Consensus FY 2017e | Average | High | Low |
|-----------------------------------|----------------|-------------|------------|
| Sales (€m) | 1,046 | 1,068 | 1,014 |
| EBITDA (€m) | 228,3 | 253,4 | 205,6 |
| Net income (€m) | 82.7 | 93.5 | 65.6 |

- ▶ Net cash per end of 2016: €175m
- ▶ Pension liabilities per end of 2016: €395m
- ▶ Wacker held 57.8% of Siltronic AG stock per 31. December 2016

Global PV Installations Further Broaden and Grow

| Country | 2013 | 2014 | 2015 | 2016e | 2017e |
|---------------------|--------------|--------------|--------------|--------------------|--------------------|
| France | 0.6 | 0.9 | 0.9 | 0.6 | 1.0 – 1.2 |
| Germany | 3.3 | 1.9 | 1.5 | 1.5 | 1.5 – 1.7 |
| Italy | 1.1 | 0.6 | 0.3 | 0.4 | 0.4 – 0.5 |
| Europe other | 5.8 | 4.0 | 5.9 | 3.7 – 4.2 | 4.0 – 4.5 |
| Europe total | 10.8 | 7.4 | 8.6 | 6.2 – 6.7 | 6.9 – 7.9 |
| Australia | 0.9 | 1.0 | 0.9 | 0.8 – 1.0 | 1.0 – 1.2 |
| China | 12.9 | 13.2* | 16.5* | 30.5 | 24.0 – 27.0 |
| India | 1.0 | 1.0 | 2.1 | 4.2 – 4.4 | 8.5 – 9.5 |
| Japan | 6.8 | 9.3 | 10.8 | 8.0 – 8.5 | 7.5 – 8.0 |
| USA | 4.8 | 6.2 | 7.3 | 14.6 | 12.0 – 14.0 |
| Rest of World | 2.8 | 6.0 | 10.0 | 11.0 – 12.5 | 15.1 – 17.4 |
| Total | 40 GW | 44 GW | 56 GW | ~75 – 78 GW | ~75 – 85 GW |

Sources: SPE, IHS, Industry announcements, WACKER estimates; *China official data adjusted for installed/not connected capacity

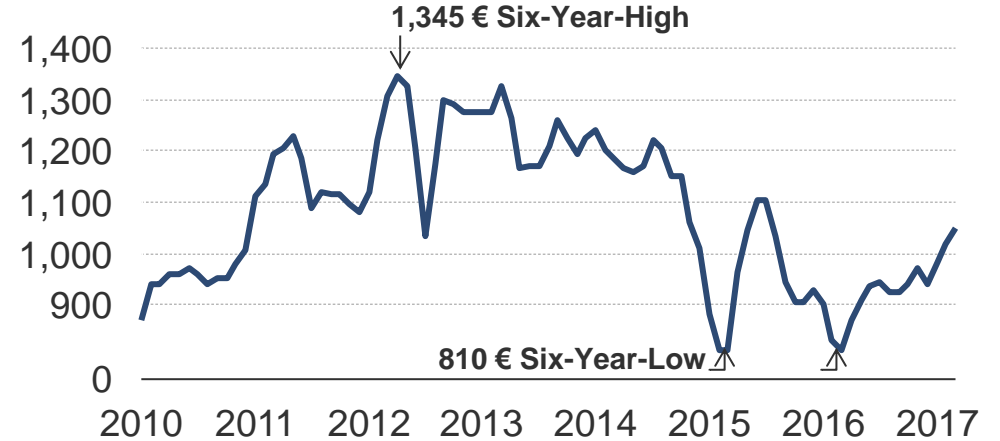
Raw Material Prices With Volatile Development – Prices Trend Upwards

Si-Metal (€/MT)



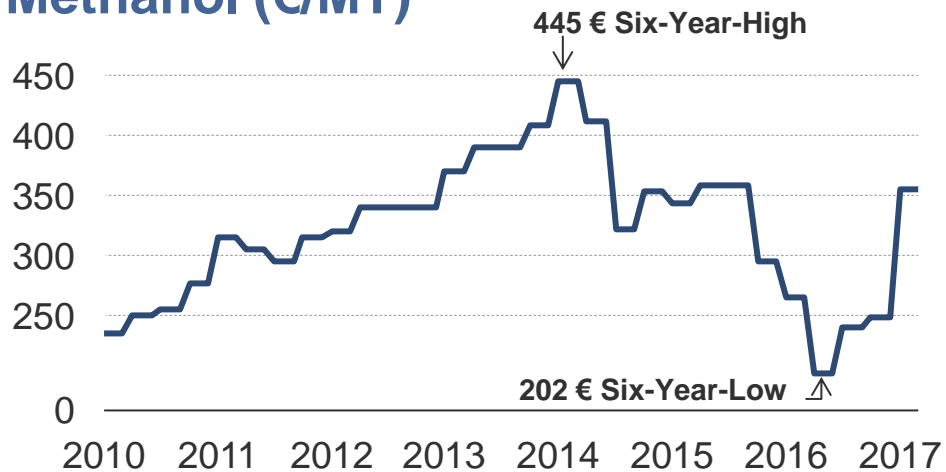
Source: CRU, Si-Metal Spot FD Europe

Ethylene (€/MT)



Source: ICIS, EN Contract FD NWE

Methanol (€/MT)



Source: ICIS, MeOH Contract, FOB RDM

VAM (€/MT)



Source: ICIS, VAM Contract FD NWE

WACKER: Issuer, Contact and Additional Information

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Financial Calendar

04/27/17 – Q1 Results 2017
05/19/17 – Annual Shareholders' Meeting
07/28/17 – Q2 Results 2017
10/04/17 – Capital Market Day
10/26/17 – Q3 Results 2017

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 |

