

2nd Quarter 2016 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO), July 28th, 2016

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Highlights Q2 2016

Dynamic Demand in Chemicals and POLYSILICON

Solid Performance in H1 2016

Financials

Sales of €1.4bn (+1.1% yoy)

EBITDA excl. special income of €293m (+21% yoy)

Tennessee Ramp costs at €18m on POLYSILICON-EBITDA

Operations

Chemical business with strong sales volumes

Ramp of new polysilicon plant in **Charleston, Tennessee**, USA on track

Very good **cost and efficiency performance** across all segments

Guidance Update FY 2016

Targeting Upper End of EBITDA Guidance Range

	2015	Outlook 2016
Sales (€m)	5,296	Slight increase
EBITDA (€m)	1,049	Expecting FY 5-10% higher excl. special income
EBITDA excl. special income (€m)	911	
EBITDA margin (%)	19.8	Somewhat lower
Group net income (€m)	242	Below 2015
Net cash flow (€m)	22.5	Significantly positive
CapEx (€m)	834	About 425
Net financial debt (€m)	1,074	Slightly below prior-year level
Depreciation (€m)	575	About 720
ROCE (%)	8.1	Substantially lower
Tax Rate (%)	40.5	Below 40%

Profit & Loss Statement: Lower Special Income and Increased Depreciation

WACKER P&L Q2 2016 (€m)

€m	Q2 2015	Q2 2016
Sales	1,370.5	1,386.2
Gross profit from sales	297.5	260.7
<i>Gross profit margin (in %)</i>	<i>21.7%</i>	<i>18.8%</i>
S,G&A and R&D	-153.4	-157.3
Other operating income	122.4	48.6
Other operating expenses	-79.2	-42.2
Operating result	187.3	109.8
EBIT	187.9	110.9
Interest result	-6.3	-11.2
Other financial result	-13.6	-13.3
Income before taxes	168.0	86.4
Income taxes	-59.8	-27.5
Net income for the period	108.2	58.9
EBIT	187.9	110.9
Depreciation/amortization	141.1	189.1
EBITDA	329.0	300.0

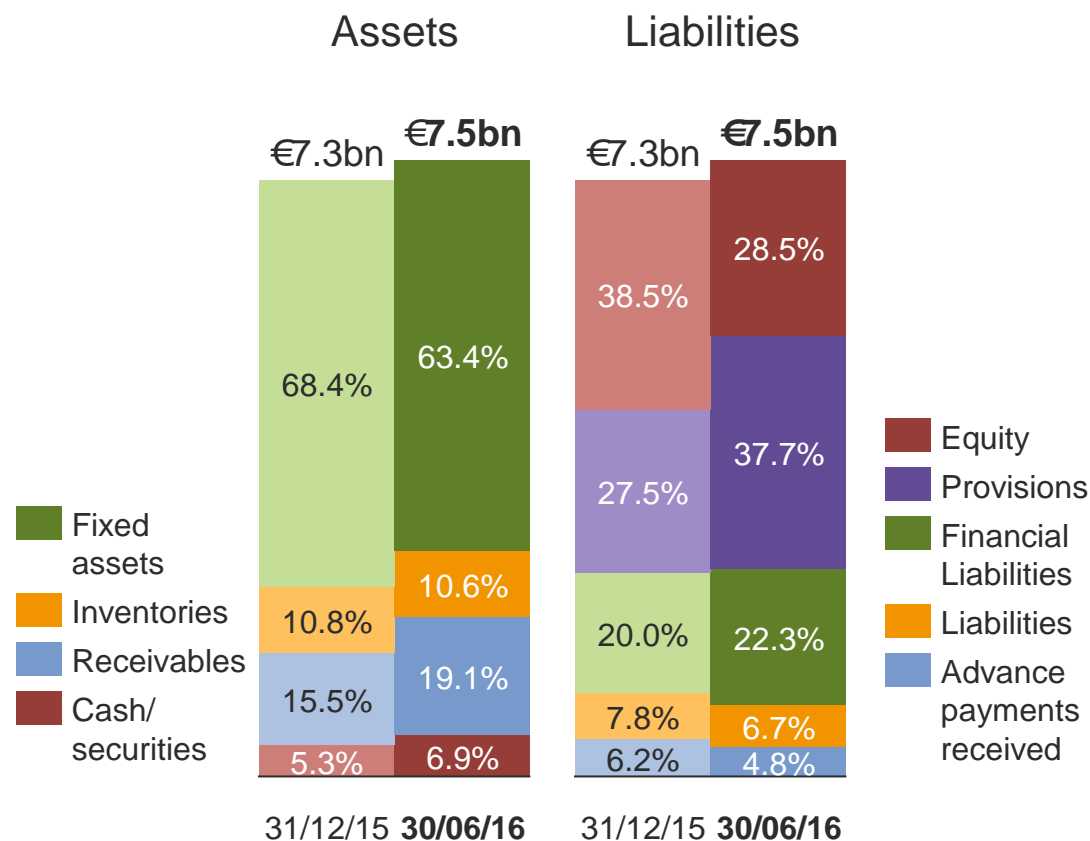
Comments

- ▶ Sales +1.1% yoy:
Volume/Mix +5.9%, Price -3.8%, FX -1.0%
- ▶ Gross profit decreased by 12.4% yoy following lower prices, ramp costs of €18m and higher depreciation, partially offset by efficiency gains
- ▶ Other operating income: €7.0m special income in Q2 2016 (2015: €86.7m)
- ▶ Financial result: beginning of operations in TN reduces capitalized interest from lower CapEx; previous year benefitted from FX gain on financial assets
- ▶ Tax rate of 32%

Balance Sheet Composition

Low Interest Rates Inflate Pension Liabilities

Balance Sheet (%)

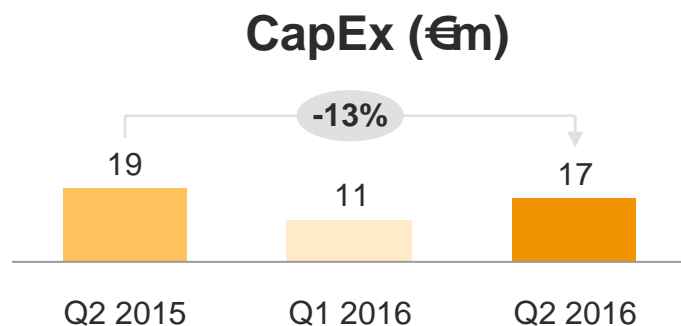
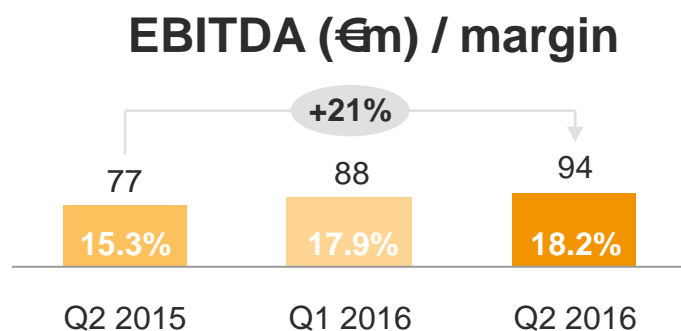
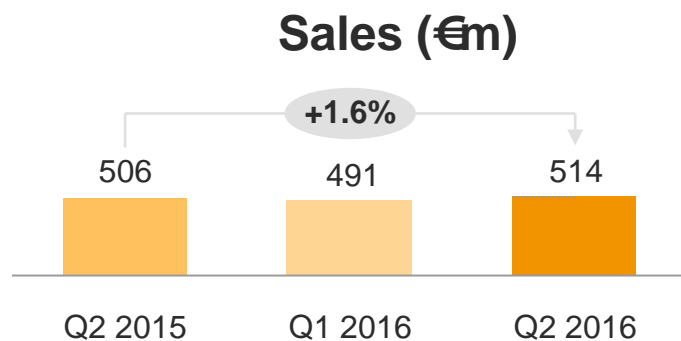


Characteristics 06/30/16

- ▶ Non current assets: €5,349m
- ▶ Securities, cash and cash equivalents: €515m
- ▶ Provisions for pensions: €2,416m; discount rate for defined benefit plans in Germany reduced from 2.75 to 1.60%
- ▶ Net financial debt: €1,154m
- ▶ Equity: €2,139m
- ▶ Prepayments level: €360m

SILICONES

High Utilization and Efficiency Gains Support Strong Result



Highlights Q2

- ▶ Sales increase at 1.6% as volume growth is held back by price declines and FX
- ▶ EBITDA benefitted from operating leverage, cost and efficiency gains

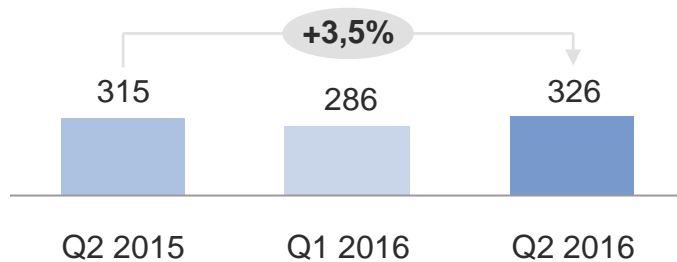
Outlook 2016

- ▶ Low-single digit sales growth, but significant EBITDA increase, now targeting a 17% EBITDA margin in 2016
- ▶ H2 with typical seasonal pattern

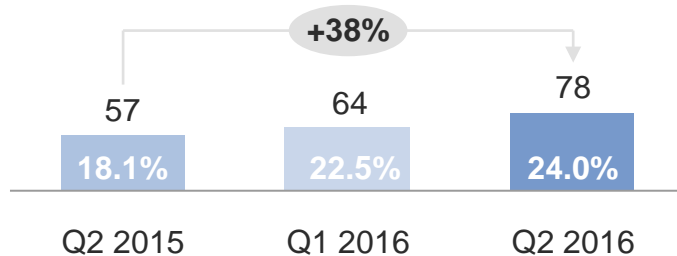
POLYMERS

Higher Volumes and Profitability

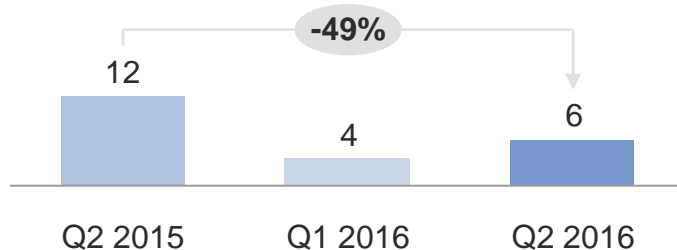
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q2

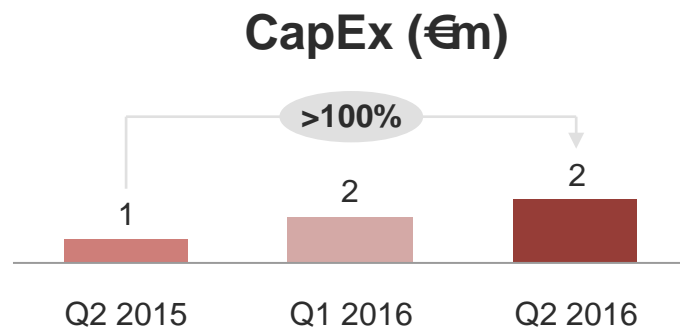
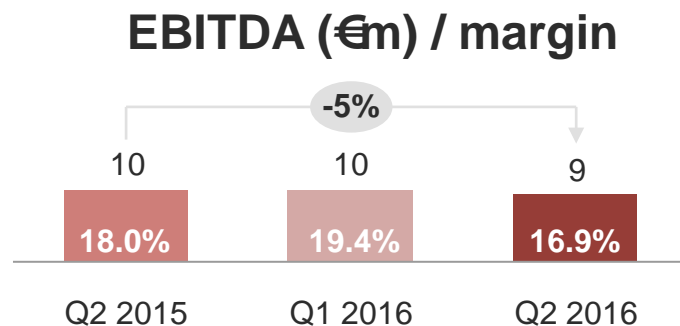
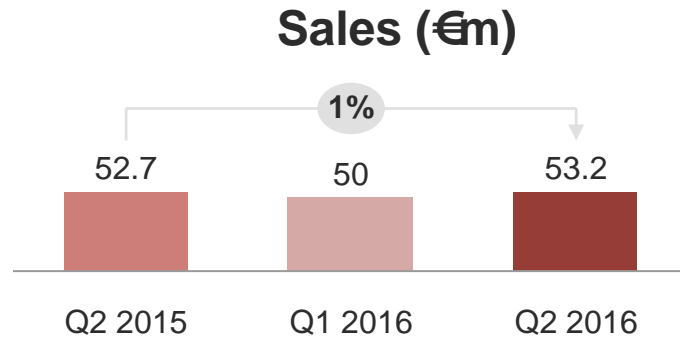
- ▶ Sales over Q1 and prior year, following strong volumes in dispersions and powders
- ▶ EBITDA improvement qoq and yoy, supported by productivity and efficiency gains

Outlook FY 2016

- ▶ Low-single digit sales growth and material improvement in EBITDA, targeting an EBITDA margin of around 20%
- ▶ Strong growth in dispersions, construction materials with typical seasonality

BIOSOLUTIONS

Strong Volumes in Biopharmaceuticals



Highlights Q2

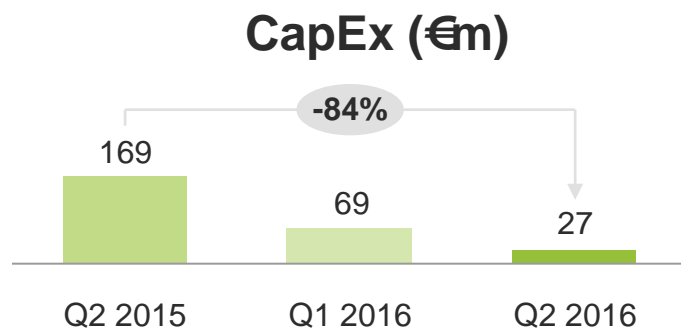
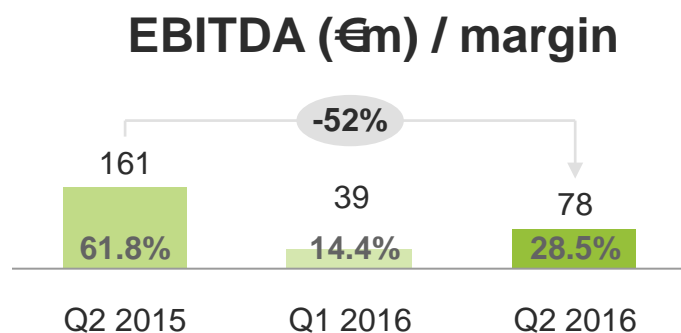
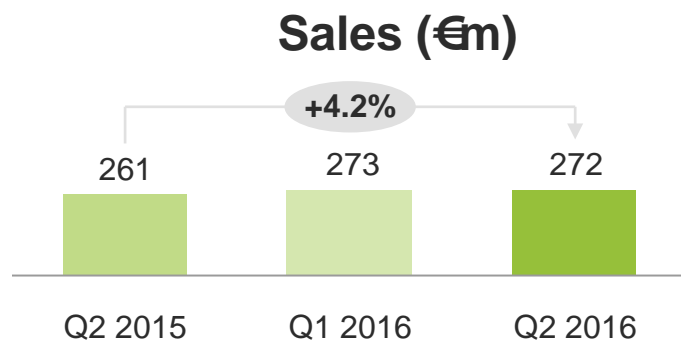
- ▶ Sales +1% yoy
- ▶ Higher volumes in biopharmaceuticals and nutrition overcompensate lower prices in some product segments

Outlook FY 2016

- ▶ Mid-single digit sales growth with EBITDA at the level of previous year
- ▶ Significant growth expected for biopharmaceuticals

POLYSILICON

QoQ Price Increases and Lower Tennessee Ramp Costs



Highlights Q2

- ▶ EBITDA below previous year due to lower yoy prices, lower special income (€7m, 2015: €86.7m) and ramp costs (€18m)
- ▶ Op. EBITDA margin ex specials/ramp improved to 33% versus 25% in Q1
- ▶ TN ramp process on track

Outlook 2016

- ▶ Expect to ship close to 70kt in 2016
- ▶ Continued focus on cost reduction

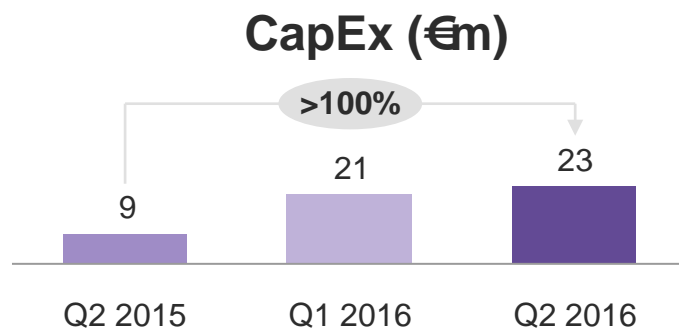
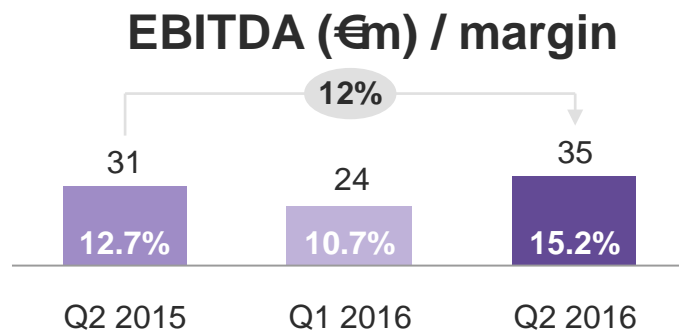
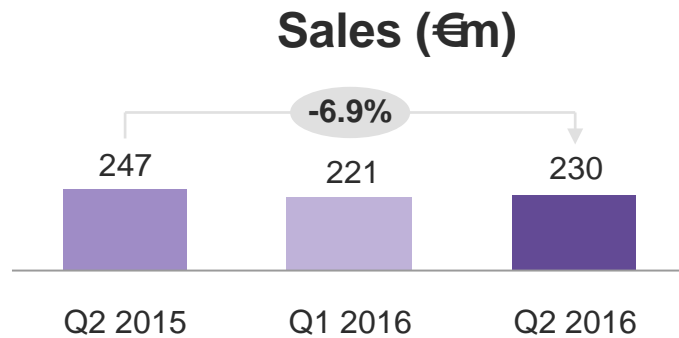
POLYSILICON: PV Markets in USA and India Surge in 2016

Country	2012	2013	2014	2015	2016e
France	1.1	0.6	0.9	0.9	0.9 – 1.1
Germany	7.6	3.3	1.9	1.5	1.1 – 1.3
Italy	3.6	1.1	0.6	0.3	0.4 – 0.5
Europe other	4.9	5.8	4.0	5.9	4.5 – 5.0
Europe total	17.2	10.8	7.4	8.6	6.9 – 7.9
Australia	1.0	0.9	1.0	0.9	0.9 – 1.1
China	4.8	12.9	13.2	12.5	17.0 – 19.0
India	0.9	1.0	1.0	2.1	4.5 – 5.5
Japan	2.5	6.8	9.3	10.8	8.5 – 9.5
USA	3.3	4.8	6.2	7.3	11.0 – 14.0
Rest of World	2.1	2.8	6.0	10.0	11.0 – 13.0
Total	32 GW	40 GW	44 GW	~52 GW	~60 – 70 GW

Sources: SPE, IHS, Industry announcements, WACKER est.

Siltronic

Benefits From Lower FX Hedging Costs



Highlights Q2

- ▶ Sales down mainly due to lower average selling prices
- ▶ EBITDA up 12% reflects cost reduction progress and lower FX hedging costs

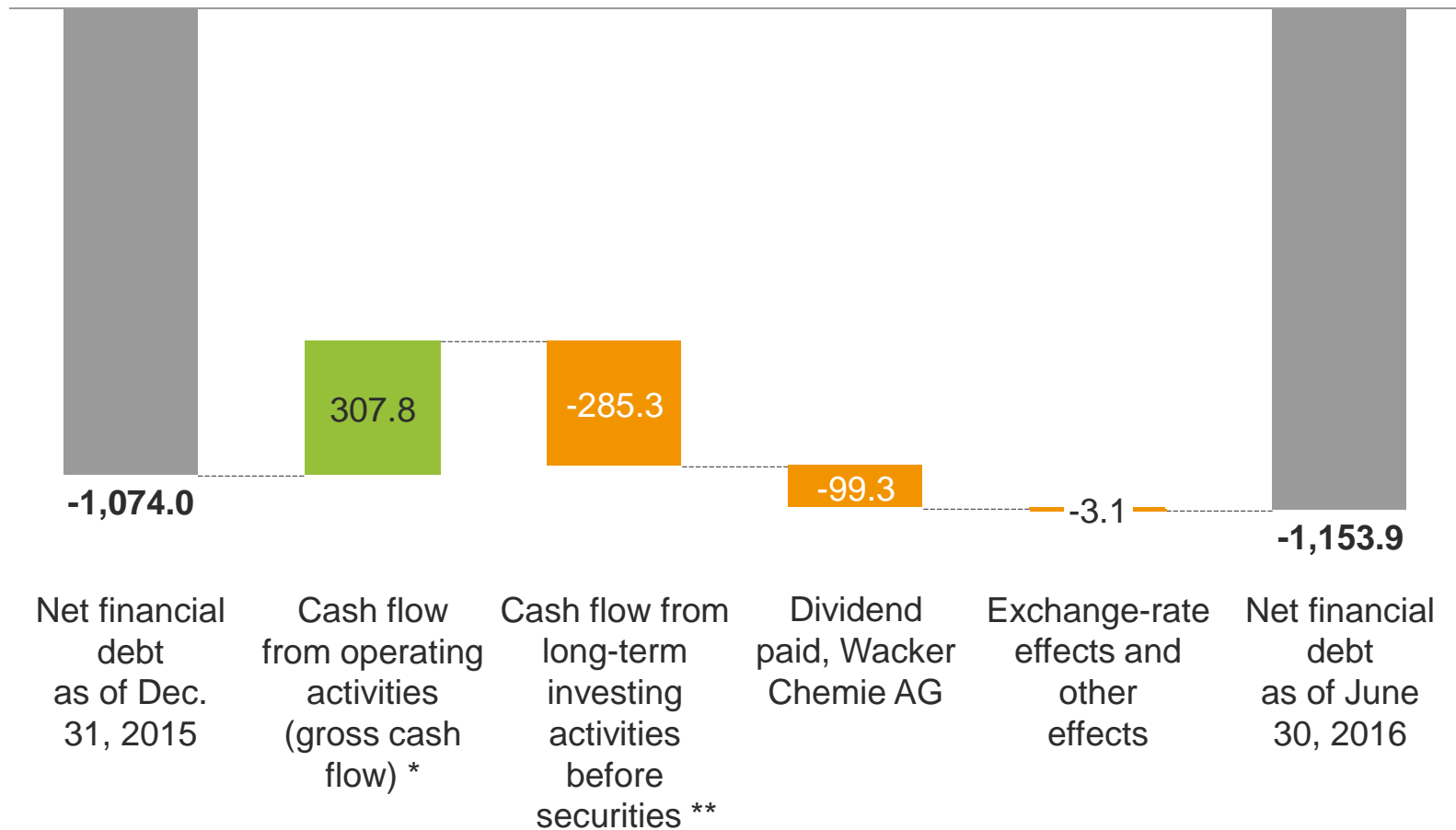
Outlook 2016

- ▶ Q3 expected with relatively stable pricing
- ▶ FY volumes expected below prior year given slow growth in PC and smartphones
- ▶ Free cash flow substantially positive, but below 2015

Net Financial Debt

Dividend Payment in Q2 – FY Guidance Slightly Below 2015

Net Financial Debt Bridge Q2 2016 (€m)



*) includes change in prepayments of €94m, **) includes financial investments

2nd Quarter 2016 Conference Call: Q&A Session

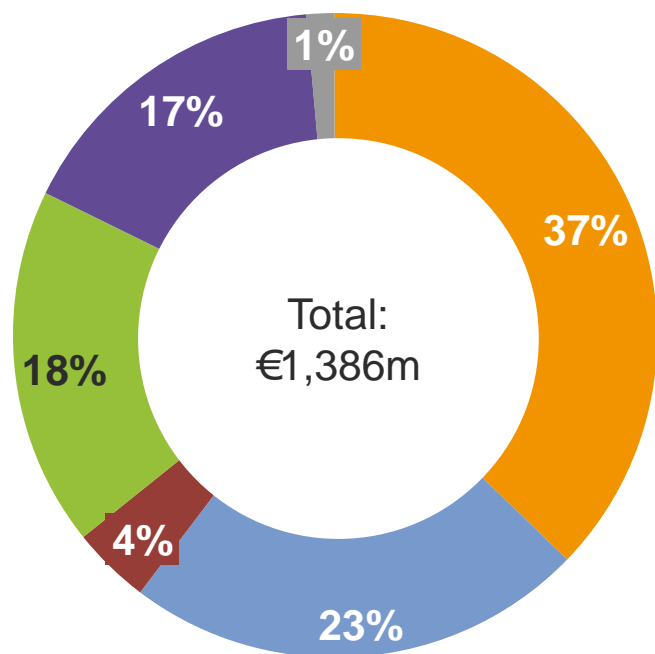
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Appendix

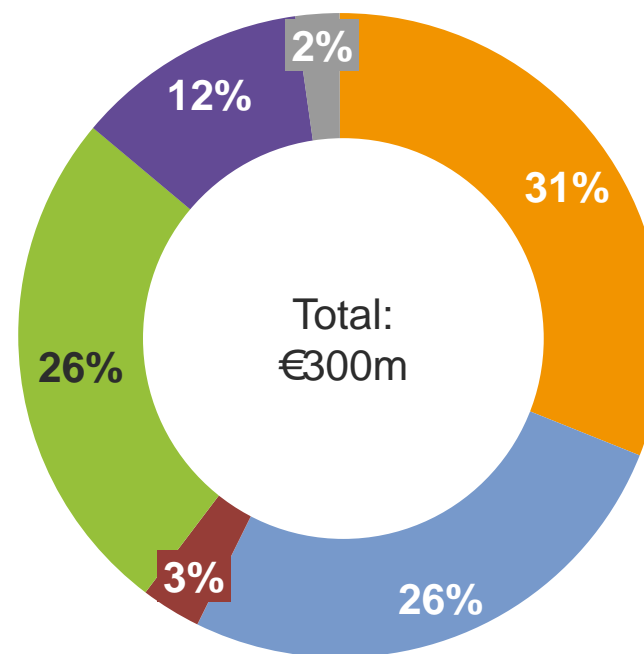
Q2 Results 2016

Sales and EBITDA Breakdown

Q2 2016 Sales¹



Q2 2016 EBITDA



CHEMICALS

WACKER SILICONES

Siltronic

WACKER POLYMERS

WACKER POLYSILICON

WACKER BIOSOLUTIONS

Others

¹based on external sales

Q2 Results 2016

P&L

in €m	Q2 2016	Q2 2015	% QoQ	Q1 2016	% YoY
Sales	1,386.2	1,370.5	1.1	1,314.3	5.5
EBITDA	300.0	329.0	-8.8	228.9	31.1
EBITDA margin	21.6%	24.0%	-	17.4%	-
EBIT	110.9	187.9	-41.0	58.9	88.3
EBIT margin	8.0%	13.7%	-	4.5%	-
Result for the period	58.9	108.2	-45.6	16.1	>100
EPS in €	1.15	2.21	-47.9	0.41	>100

Q2 Results 2016

Sales Breakdown by Business

Sales in €m	Q2 2016	Q2 2015	% YoY	Q1 2016	%YoY
CHEMICALS	893.3	873.6	2.3	826.8	8.0
WACKER SILICONES	514.4	506.3	1.6	491.3	4.7
WACKER POLYMERS	325.7	314.6	3.5	285.9	13.9
WACKER BIOSOLUTIONS	53.2	52.7	0.9	49.6	7.3
WACKER POLYSILICON	272.2	261.3	4.2	273.1	-0.3
Siltronic	229.8	246.7	-6.9	220.6	4.2
Others	40.3	49.8	-19.1	40.7	-1.0
Consolidation	-49.4	-60.9	-18.9	-46.9	5.3
	1,386.2	1,370.5	1.1	1,314.3	5.5

Q2 Results 2016

EBITDA Breakdown by Business

EBITDA in €m	Q2 2016	Q2 2015	%QoQ	Q1 2016	%YoY
CHEMICALS	180.9	143.6	26.0	161.9	11.7
WACKER SILICONES	93.7	77.3	21.2	87.9	6.6
WACKER POLYMERS	78.2	56.8	37.7	64.4	21.4
WACKER BIOSOLUTIONS	9.0	9.5	-5.3	9.6	-6.3
WACKER POLYSILICON	77.7	161.4	-51.9	39.4	97.2
Siltronic	35.0	31.4	11.5	23.6	48.3
Others	6.4	-8.2	n.a.	4.1	56.1
Consolidation	0.0	0.8	-100.0	-0.1	-100.0
	300.0	329.0	-8.8	228.9	31.1

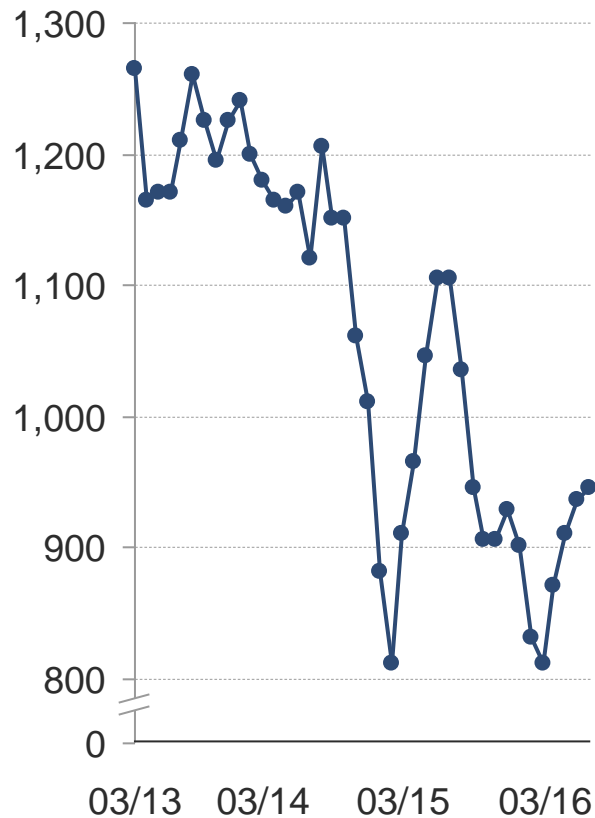
Special EBITDA Effects

€7m Special Income in Q2

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			

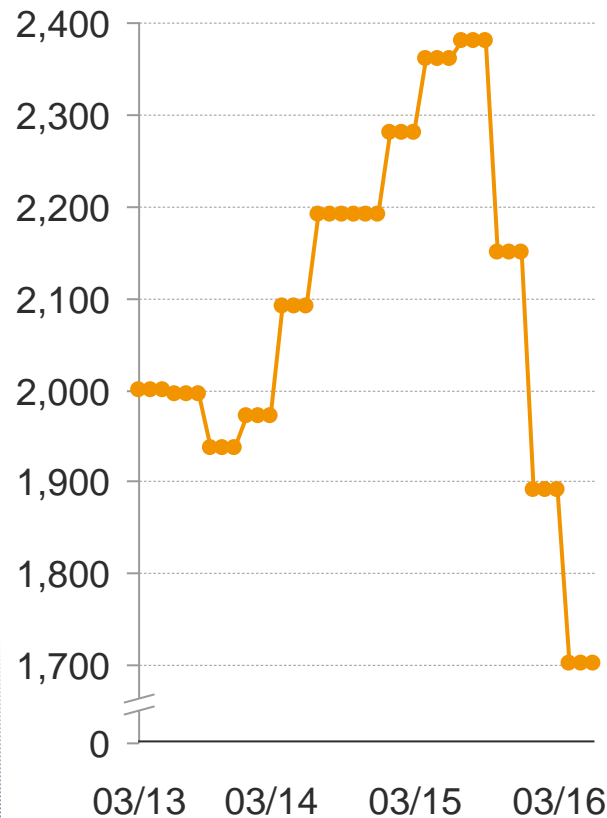
Raw Materials: Share of Top 4 Raw Materials Stable YoY

Ethylene Contract (€/MT)



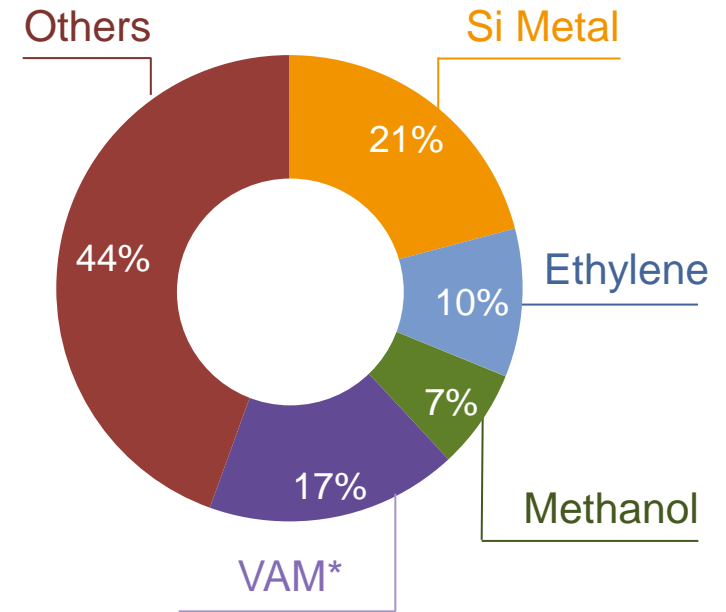
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



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

Raw Materials 2015 Chemicals



Costs of top 4 raw materials
 19% of chemicals segment sales

*VAM = Vinylacetate monomer

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

10/11/16 – Capital Market Day
10/27/16 – Q3 Results 2016

Additional Information

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

