2016 Capital Market Day – Wacker Chemie AG
Growth and Cash

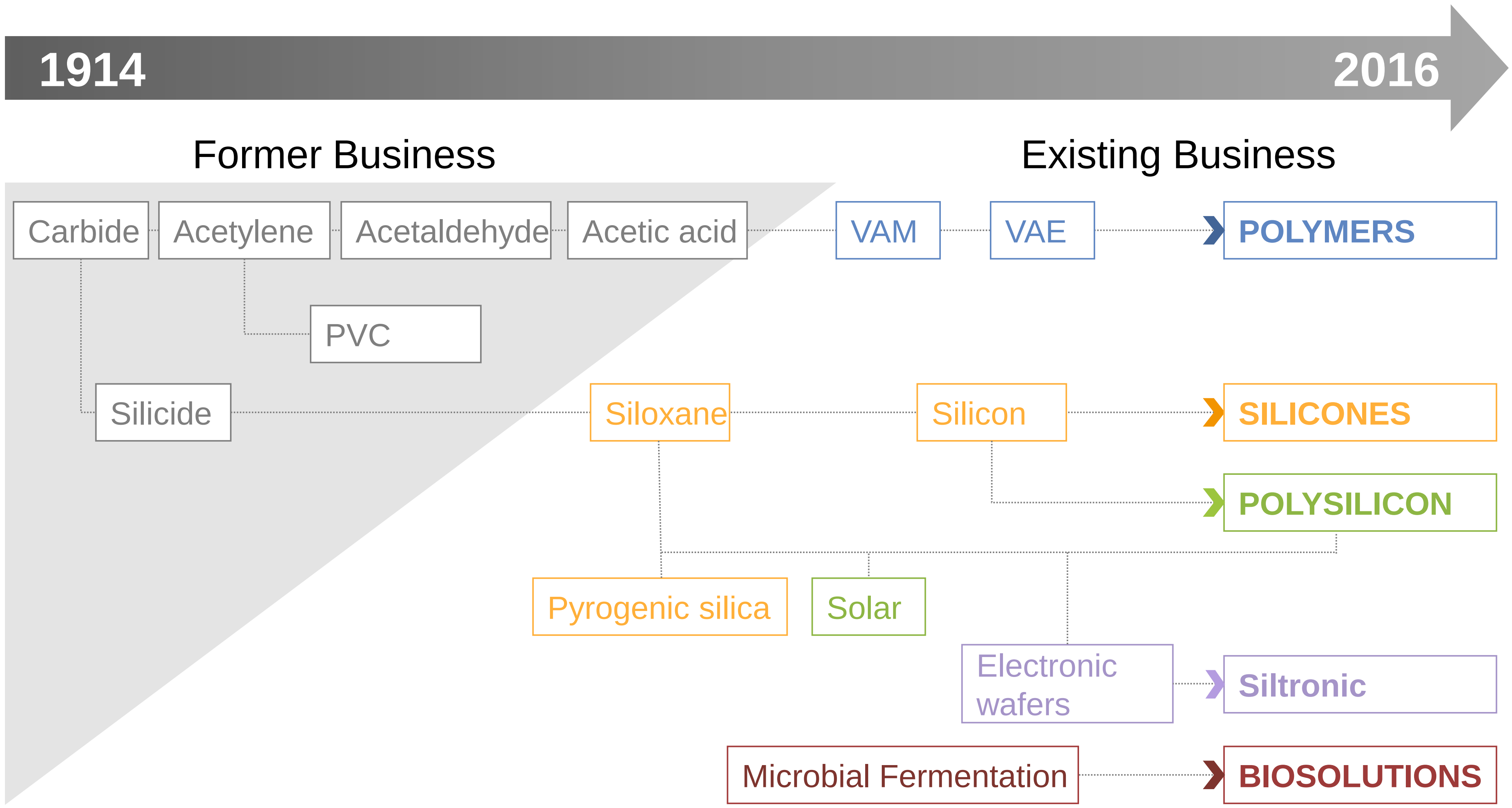
Burghausen, October 11, 2016

Rudolf Staudigl (CEO), Tobias Ohler (CFO)

Welcome to WACKER's 8th Capital Market Day 2016

Introduction	**Rudolf Staudigl, CEO**
Targets – Part 1	Rudolf Staudigl, CEO
Targets – Part 2	Tobias Ohler, CFO
Outlook	Tobias Ohler, CFO
Summary	Rudolf Staudigl, CEO

Creating Tomorrow's Solutions, Today – For More Than a Century

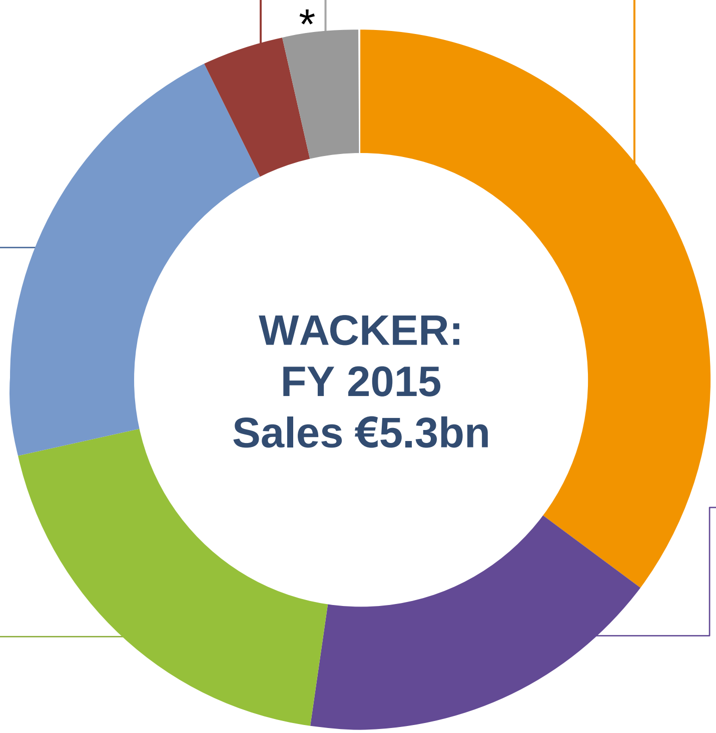


Our Business Portfolio – A Foundation for Growth

WACKER BIOSOLUTIONS

- High potential for future development

OTHERS



WACKER SILICONES

- No. 2 with global footprint
- Leading positions in key growth segments

WACKER POLYMERS

- No. 1 in dispersible polymer powders
- No. 1 in VAE dispersions
- Global footprint

WACKER POLYSILICON

- No. 2
- Cost and quality leader
- Enabling industry growth

Siltronic

- No. 3
- Balanced base of customers
- Minority position floated (WAF300; WAF)

*Sales FY 2015

Mid-Term Group Targets From CMD 2013

Target 2017	
Sales	€6 – 6.5bn (~6% CAGR)*
EBITDA	€1.2bn (~20% margin)
ROCE	>11%

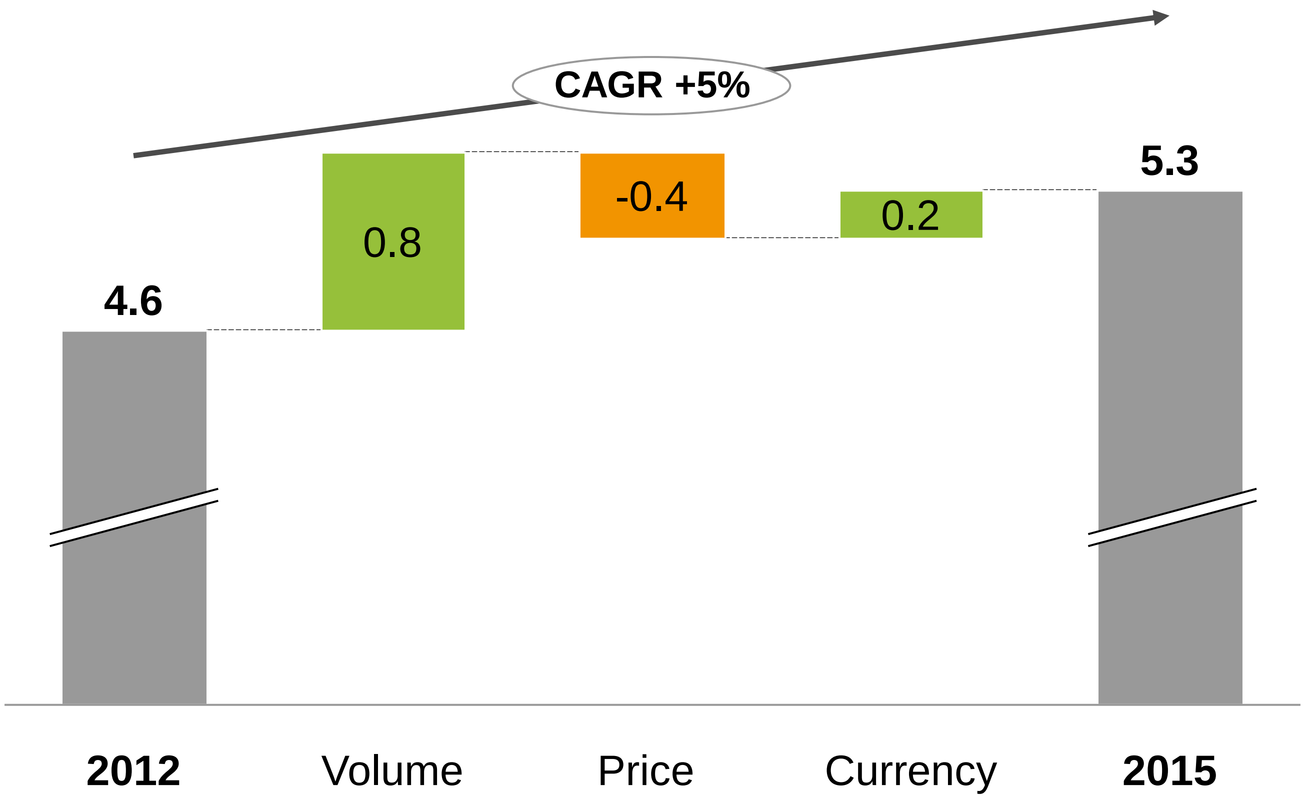
Assumptions

- “Normal” economic environment
- F/X: EUR/USD: 1.30
- ASP solar polysilicon recovery to reinvestment level for cost leaders

* CAGR 2012/2017

Volume Growth on Track – Price Decline Not in Target Setting

WACKER Group Sales Development 2012-2015 (in €bn)



- Volume growth on track
- Some unexpected tailwind from F/X
- ASP solar polysilicon lower vs. expected recovery

CMD 2013 Announced The Transition From “Create” to “Leverage”

Ratio of Capital Spending vs. Depreciation

CapEx between 1.3 and 2.2x depreciation	CapEx < depreciation	CapEx >< depreciation
2005 – 2012	2013 – 2017	2018 – 2022

Create
2005 – 2012

Focus on capital intensive growth:

Eight additional sites globally

Increased capacities
7x in Polysilicon,
3x in VAE dispersions,
2x Siloxane, 6x 300 mm wafer

The customer dimension:

Global presence and market penetration with technical centers and global sales structures

Leverage
2013 – 2017

Focus on profitability and cash:

- Execute cost roadmaps
- Leverage global asset base
- Focus on quality growth, growing specialty sales
- Invest below depreciation

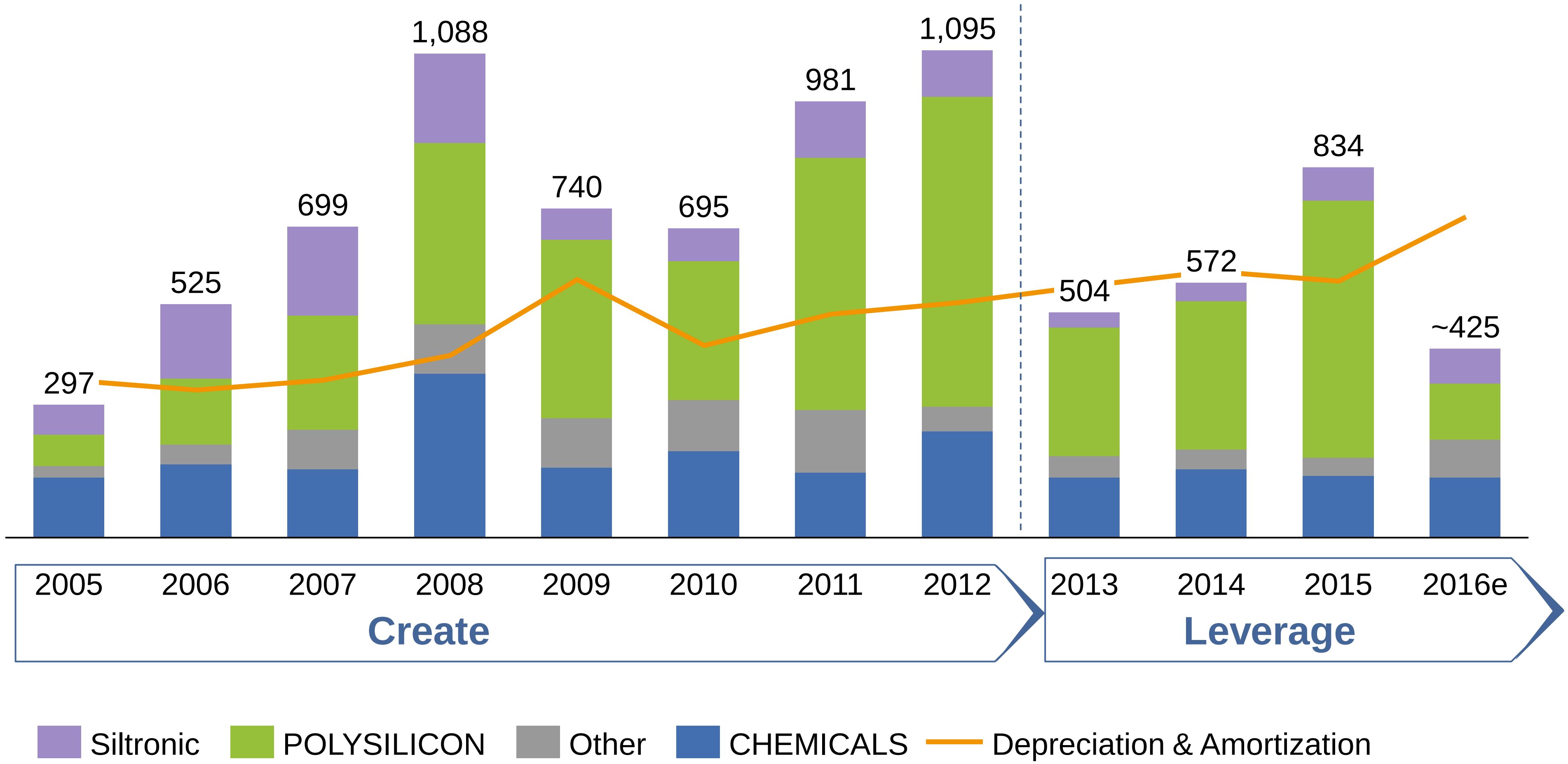
Expand
2018 – 2022

Focus on selective expansion of production network:

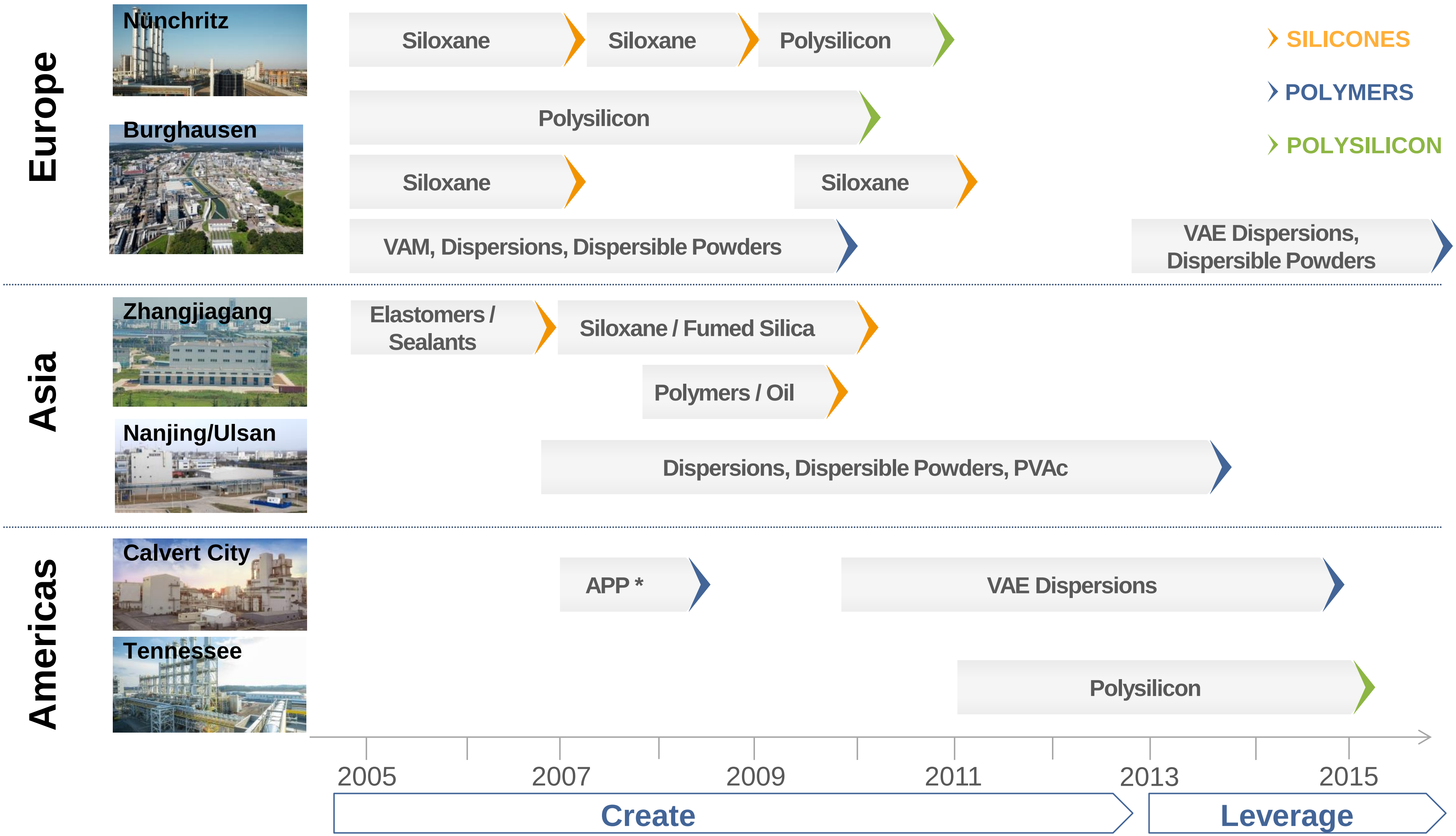
- Selective growth projects
- Exploring further Verbund and debottlenecking opportunities

Leverage Phase Realized – Except Completion of Poly 11 in 2015

CapEx vs. Depreciation Expense WACKER Group (€m)



A Foundation For Growth – Our Global Asset Base



*Acquisition of Air Products Polymers

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Capital Market Day 2016
Targets For The Next Years

Part 1	1	**Extend Leverage Phase**
	2	Continue to Grow Above Chemical Production
	3	Focus on Sustainability
Part 2	4	Sustain Attractive Margins Through Economic Cycle
	5	Generate Cash

New Target: Leverage Phase Extended to at Least 2020

Ratio of Capital Spending vs. Depreciation

CapEx between 1.3 and 2.2x depreciation	CapEx < depreciation	CapEx >< depreciation
2005 – 2012	2013 – **~2020**	~2021 – 2026

Create
2005 – 2012

Focus on capital intensive growth:

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2013 – **~2020**

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- Focus on quality growth, growing specialty sales
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Expand
~2021 – 2026

Focus on selective expansion of production network:

- Selective growth projects
- Exploring further Verbund and debottlenecking opportunities

Leverage Existing Upstream Capacities – Reduce Capital Intensity

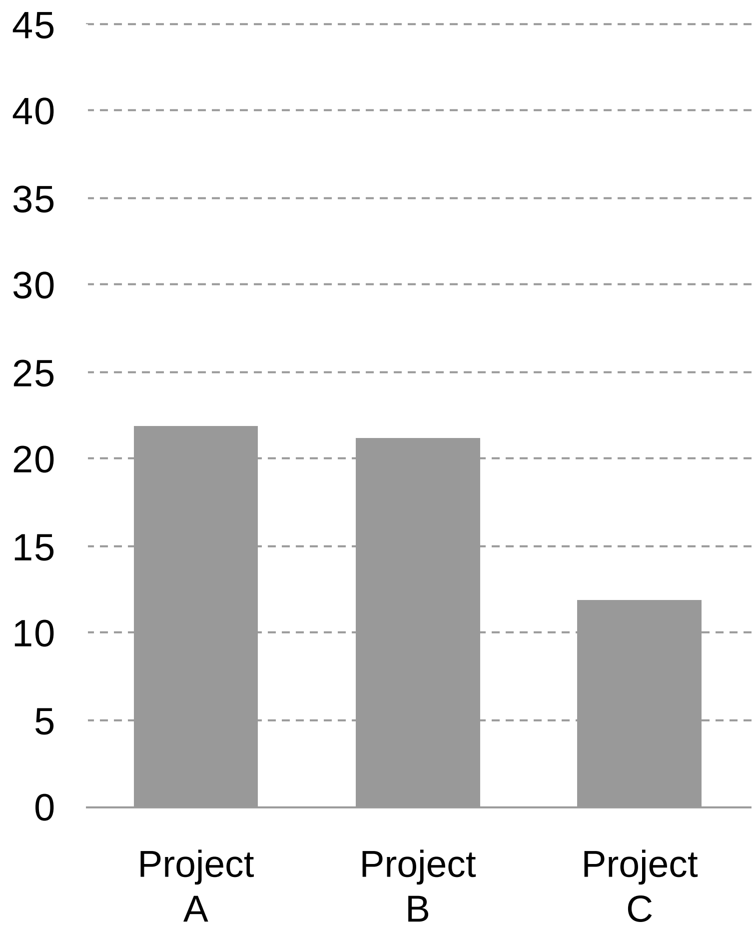
Upstream	Downstream	Compounds and Formulations
Global	Regional	Local
Silicon Metal	Elastomers	Compounds
Siloxane	Emulsions and Fluids	SILMIX®
VAM	Resins	Emulsions
	VAE dispersions	
	Dispersible Powders	

Capital Intensity

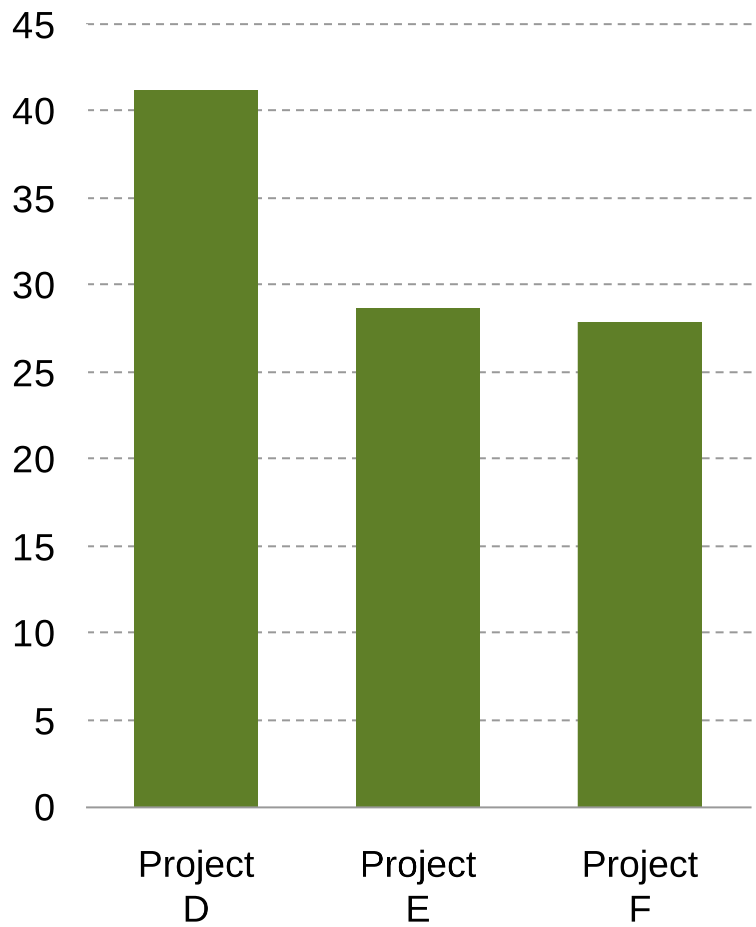
Value Creation

Continued Focus on Downstream Assets With Higher ROI

CapEx Upstream – ROI (%)



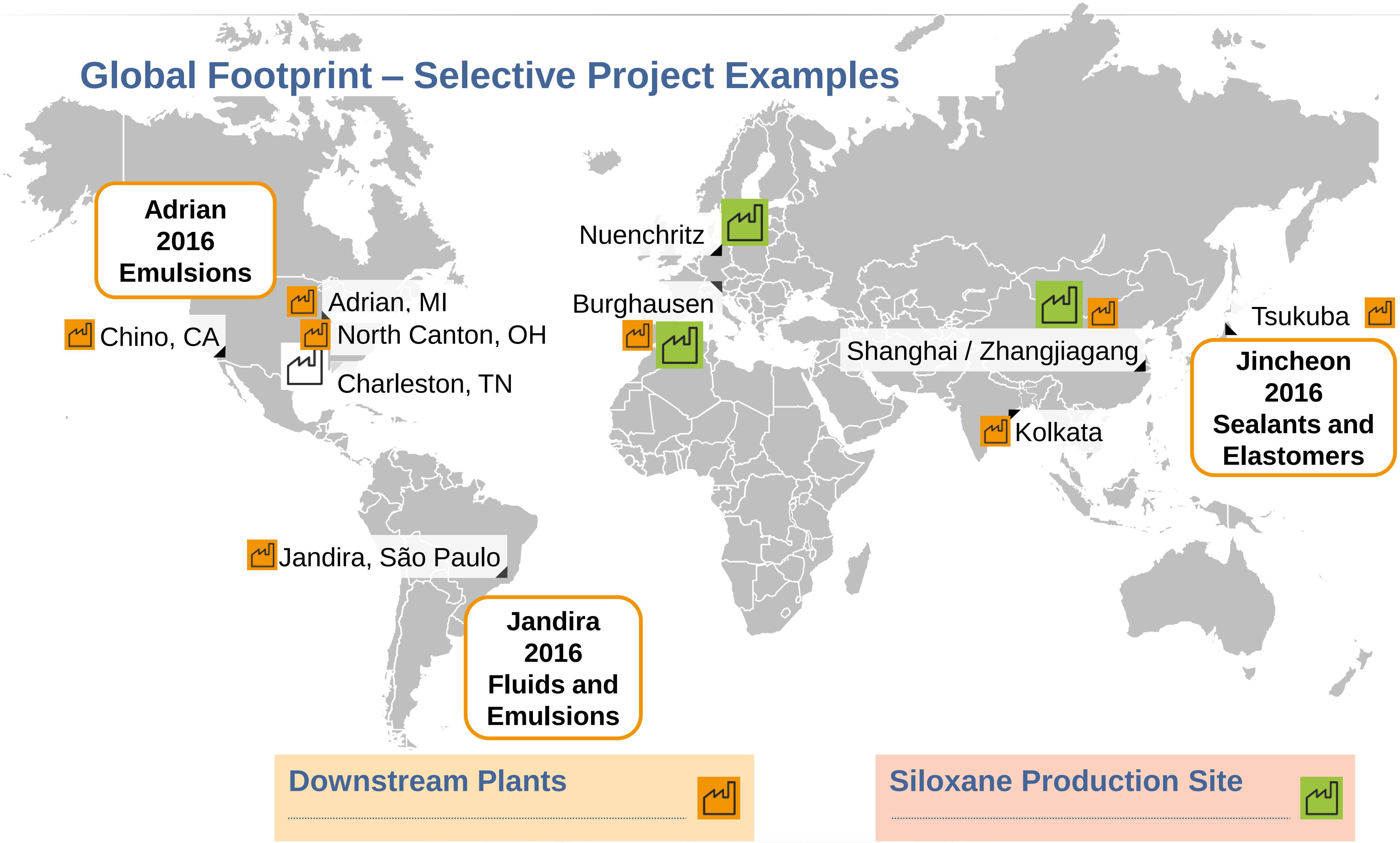
CapEx Downstream – ROI (%)



SILICONES

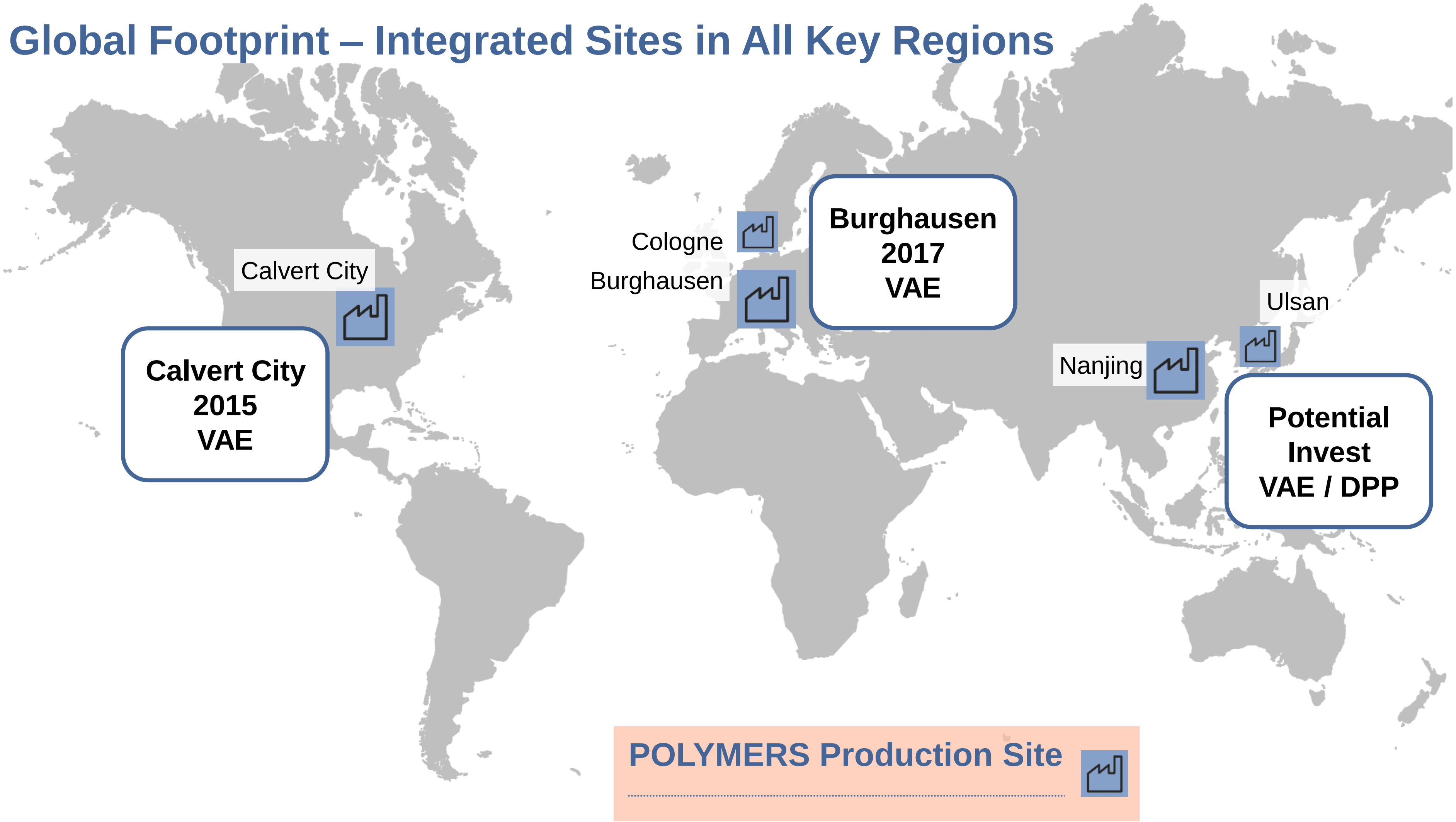
Addressing Local Markets Thru Regional Downstream Projects

Global Footprint – Selective Project Examples



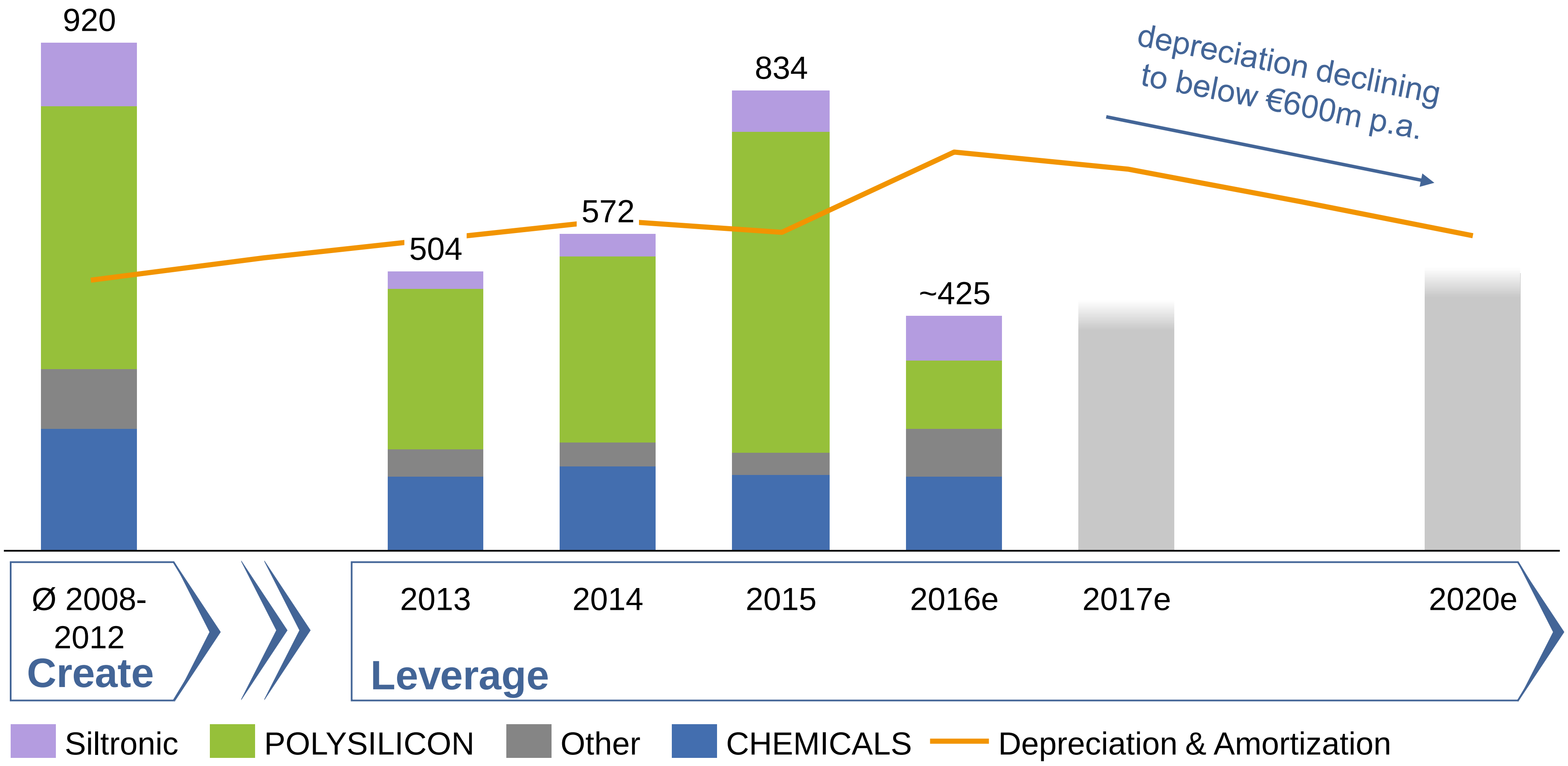
POLYMERS
Strengthening Strong Market Position With Downstream Invests

Global Footprint – Integrated Sites in All Key Regions



Depreciation Will Decline Again To Below €600m Until 2020

CapEx vs. Depreciation Expense WACKER Group (€m)



Capital Market Day 2016
Targets For The Next Years

Part 1

1 Extend Leverage Phase

2 **Continue to Grow Above Chemical Production**

3 Focus on Sustainability

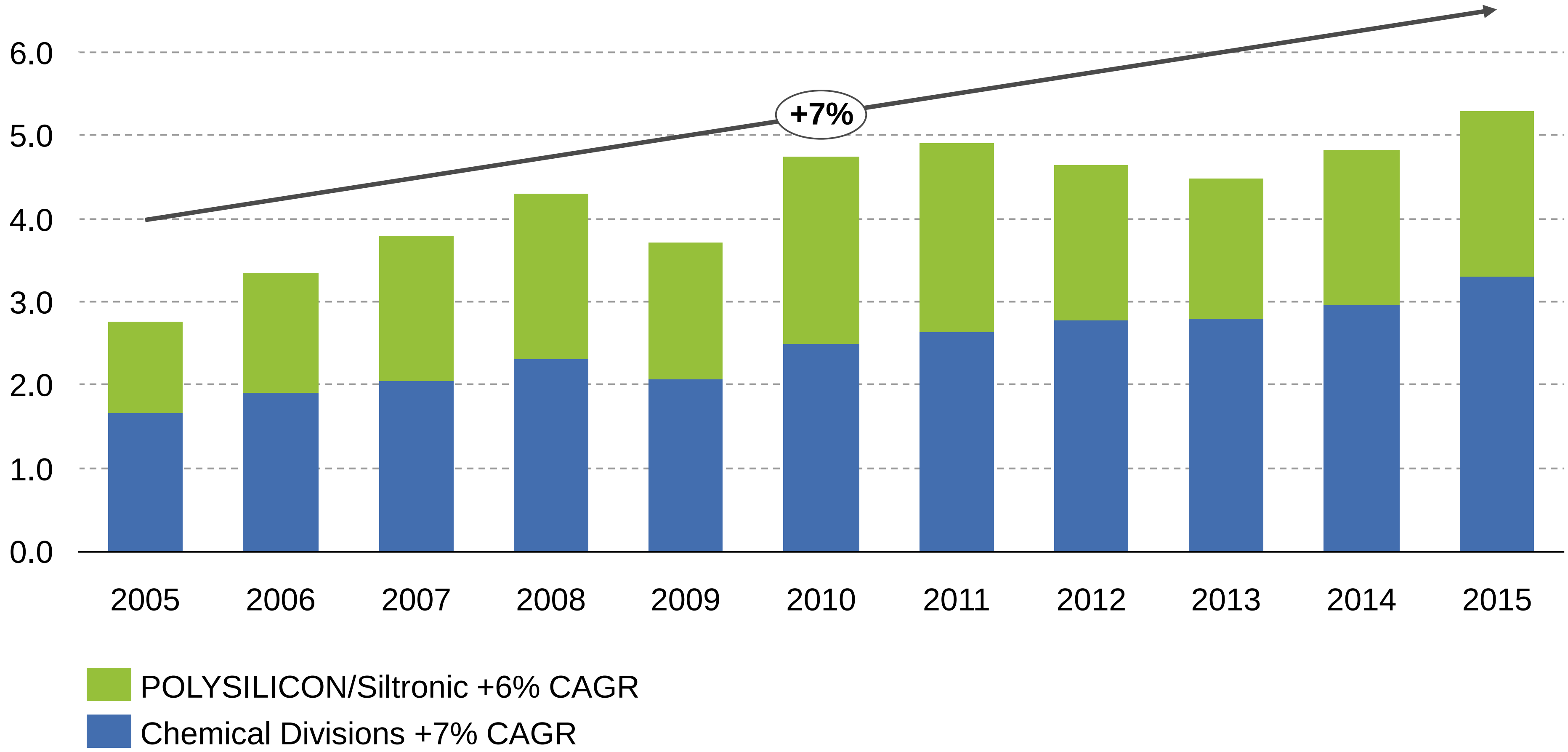
Part 2

4 Sustain Attractive Margins Through Economic Cycle

5 Generate Cash

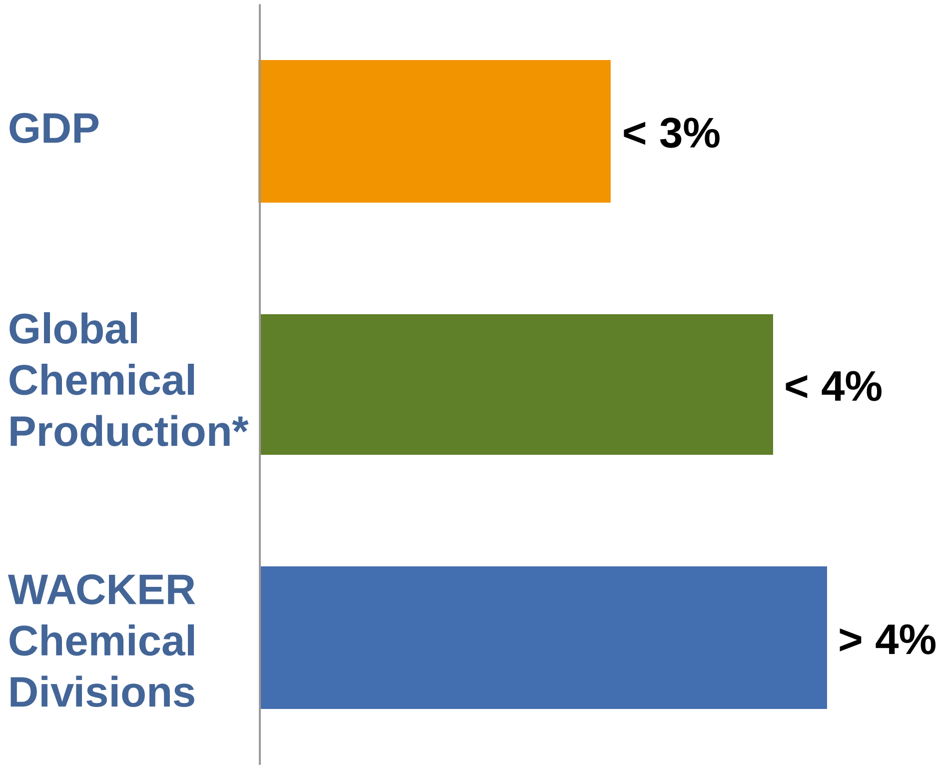
WACKER Historically With Strong Growth Driven by Chemicals

Development of WACKER Revenue (€bn)

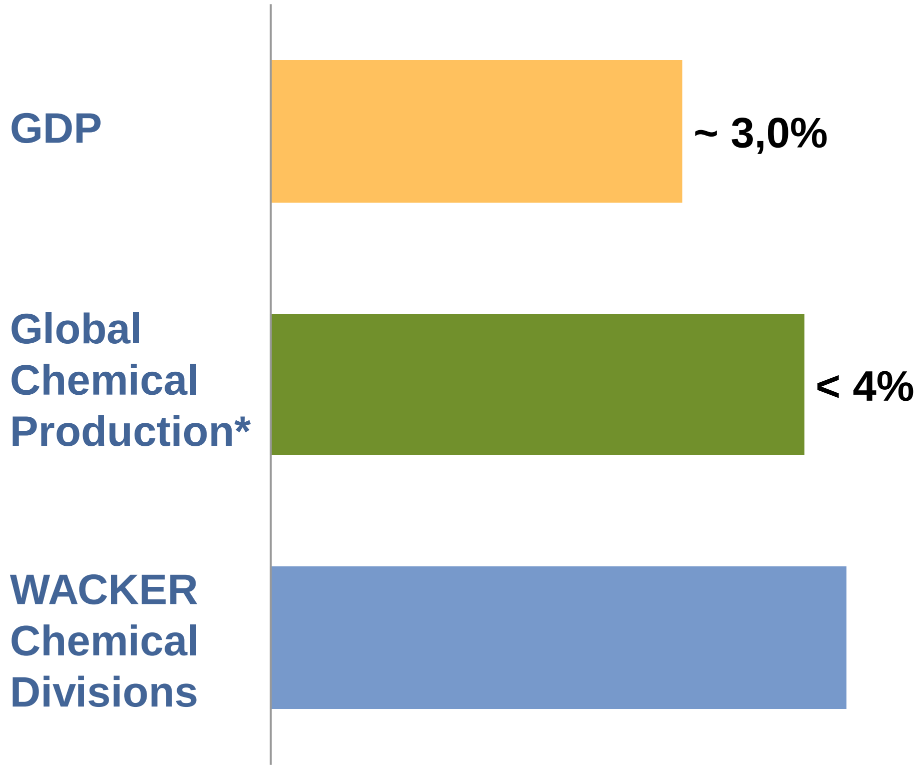


WACKER Chemical Divisions Historically With Stronger Growth Than GDP And Global Chemical Production

CAGR 2010-2015



Forecast CAGR 2015-2020



* without Pharma; Sources: CEFIC; VCI, American Chemistry Council, Chemdata International

Target: Continue to Grow Above Chemical Production – Leveraging Customer Focus, Innovation And Specialties

WACKER

Customer Focus

- Close to customers with strong customer support

Innovation

- Driven by megatrends
- Creating tomorrow‘s solutions today

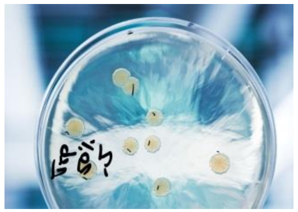
Specialties

- Tech-based products ranging from standard to high value added

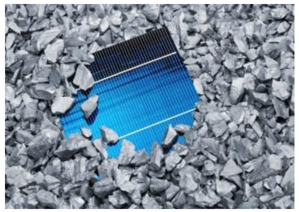
Operational Excellence

SILICONES

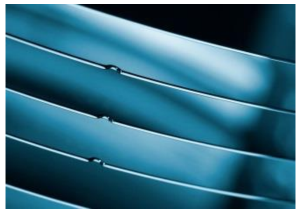
POLYMERS



BIOSOLUTIONS



POLYSILICON



Siltronic

WACKER ACADEMY – Providing a Regional Infrastructure

WACKER ACADEMY

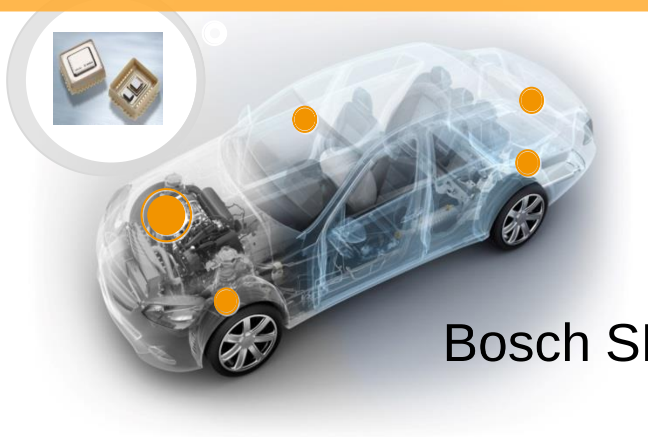
- Customer and Distributor teach-in
- Mix between theory (meeting room) and practice (lab)
- Close link to technical center

Key Strategies

- Improve existing products
- Drive innovation in close co-operation with customers
- Leverage global network effects between academies

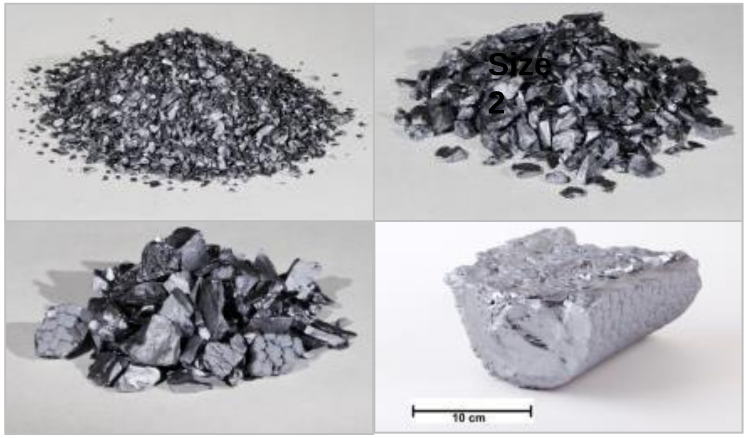
Innovation at WACKER Drives Innovation at Customers

Sensors



Bosch SMI 650

Selected Chip Sizes

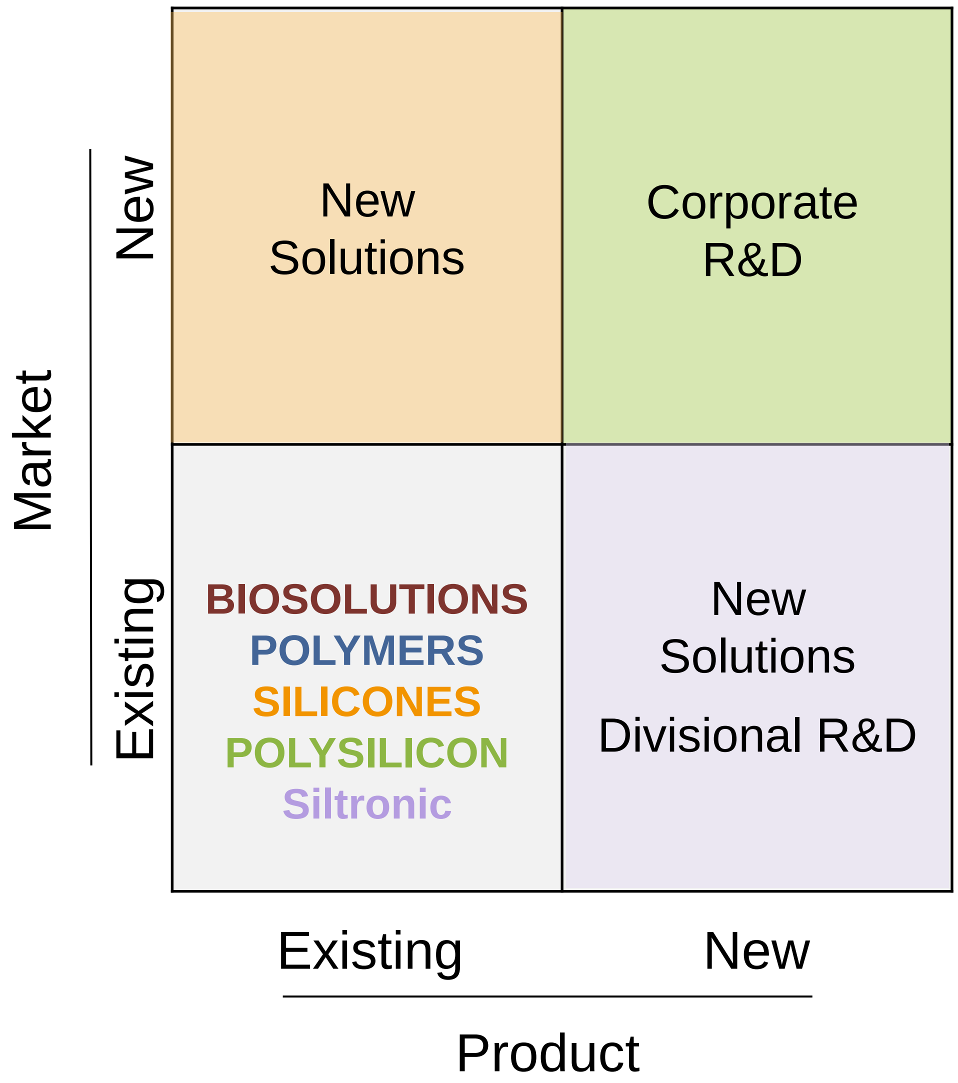


Construction Materials

Microbial Production

INNOVATION

Systematically Addressing All Levers For Innovation



Divisional R&D

- Optimization of existing solutions (technical marketing)
- Development of new products within existing product platforms
- Optimization of existing processes

New Solutions

- Development of new markets / new applications based on existing product platforms

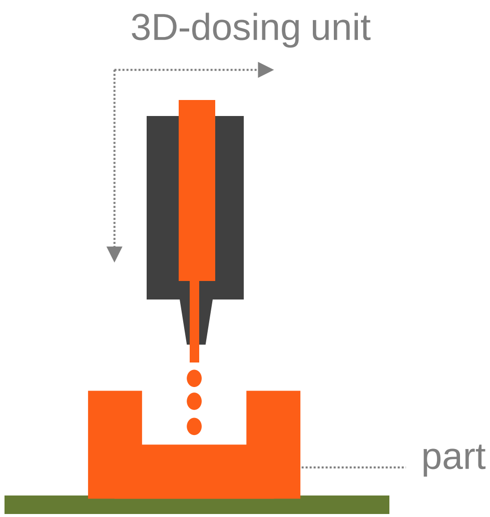
Corporate R&D

- Development of new future business fields

INNOVATION AT SILICONES

3D-Printing as Prime Example For Creating a New Market Entry

ACEO® 3D-Printing



Prerequisite

- CAD product design
- 3D printer

Advantage

- Short development cycles (hours to days)
- Low costs for prototyping and small series
- Novel product design

Additive Manufacturing: Easy-to-use, Flexible and Cost-effective

INNOVATION AT POLYMERS

Formulation Know-How Enables Specialties For New Markets

Asphalt

Advantages with VAE

- Concrete Adhesion
- Flexibility
- Compatibility
- Wear Resistance
- Oil Resistance
- Elongation

Biotechnology – The Future of Specialty Chemistry

The Microbial Solutions Provider

- Using natural sources for future chemistry
- Pioneer with >20 years of experience in *E. coli*
- Biggest dedicated microbial Contract Manufacturing Organization in Europe

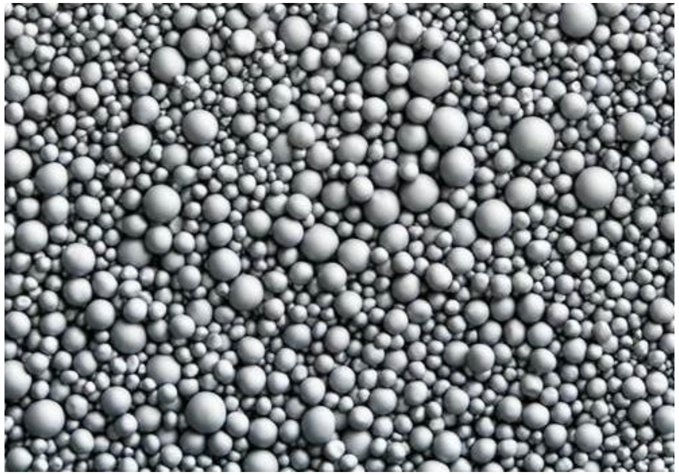
Microbial Production

ESETEC® FOLDTEC®

INNOVATION AT POLYSILICON
Granular Polysilicon PCG® Complementary to Siemens Process

Technology

- Trichlorosilane as feed gas
- Continuous deposition
- Reduced energy consumption
- Lower CapEx

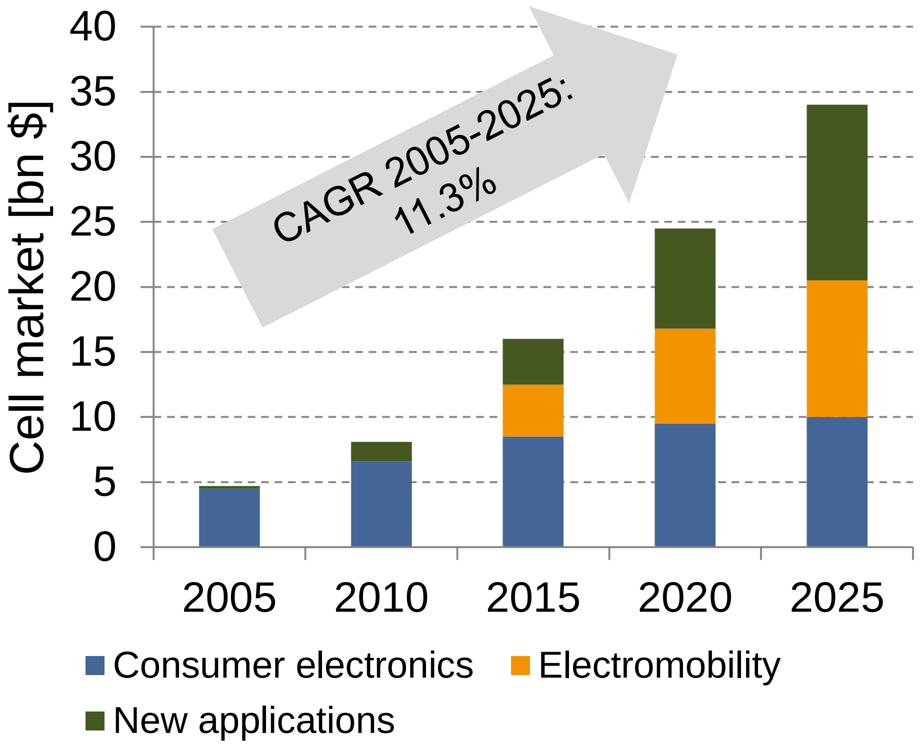


Customer Benefits

- Improved product handling
- Higher crucible loading and higher output
- Product for recharging and continuous crystallization methods

Silicon-Based Active Materials For Lithium-Ion Battery Anodes

LIB cell market*



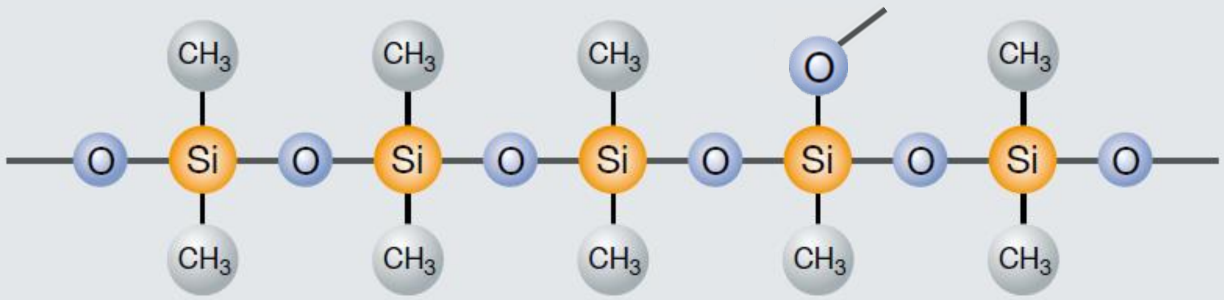
Energy Storage and Electro mobility

WACKER Solution is Enabling Significant Increases in Energy Densities

*LIB: Lithium-Ion Battery; Source: Avicenne Energy: The Rechargeable Battery Market and Main Trends 2013-2025, March 2014.

Multiple Options For Adding Value With Silicone-Polymers

PDMS Polar Backbone (-Si-O-Si-) and Non-Polar Side Groups (CH_3)



Modifying structure

- Linear or Cyclic
- Terminal unit
- Branched network

Modifying number

- Viscosity
- Vapor pressure
- Flash point

Modifying side groups

- Viscosity
- Reactivity
- Hydrophobicity
- Adhesion
- Optical properties

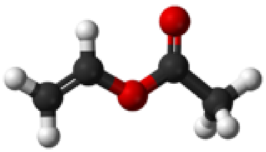
Modifying with fillers/additives

- Mechanical properties
- Electrical properties
- Thermal stability
- Color

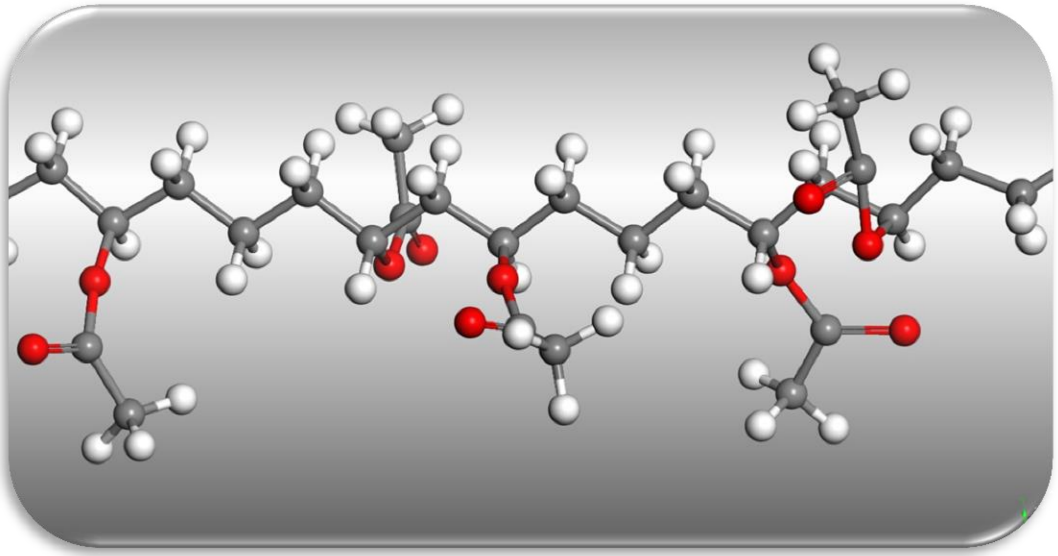
PDMS = Polydimethylsiloxane

Tailor Made Products With Copolymerization of VAM And Ethylene

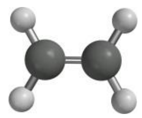
Vinyl acetate



rigid



Ethylene



flexible

Properties due to Vinyl Acetate units

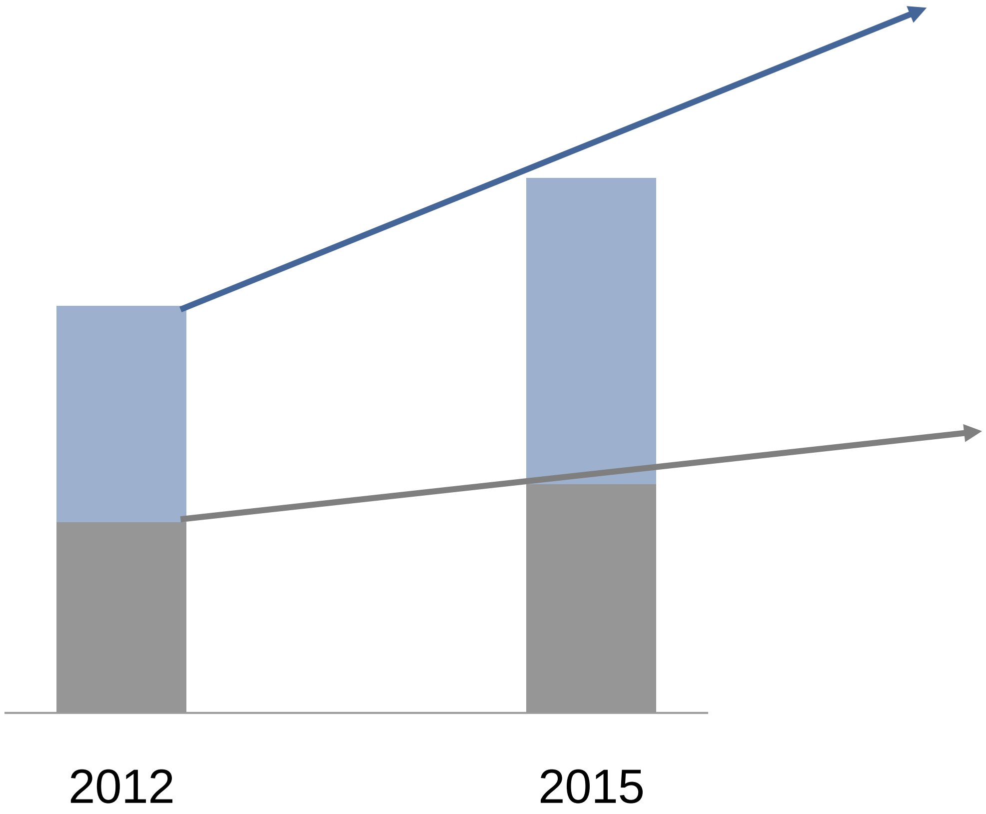
- Polar
- Hard feel
- Rigid
- Strength

Properties due to Ethylene units

- Nonpolar, hydrophobic
- Soft feel
- High flexibility
- High chemical resistance

Growth in Standards And Specialties to Ensure Profitable Growth

Faster growth in specialties



Specialties

- Adding value to customers
- Driver for innovation
- Secure high margins

Standards

- Basis for strong cost position
- Supply security for customers

Balancing Two Distinctive Performance Drivers

Capital Market Day 2016
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Target: Focus on Sustainability
Lever Opportunities – Adding Value

Raw Materials

- Silicones: plastics not based on crude oil
- Renewable sources feasible
- Sustainable sourcing strategy

Processes

- Saving energy and raw materials
- Recycling within production

Products

- WACKER products support global trends
  - Solar and wind
  - Thermal insulation
  - E-mobility

Adding Value to Our Customers

- Product Stewardship
- Enable our customers for a more sustainable product

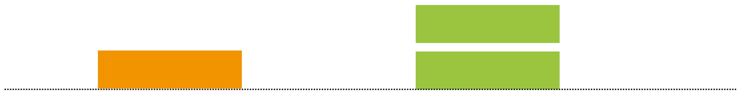
Innovation

Customer Focus

Specialties

Footprint Throughout Life Cycle

- Chemical industry with positive CO_2 balance*



- Wacker well-above chemical industry average

*Sources: ICCA, VCI

WACKER Products Make Vital Contributions to Global Progress

SILICONES

Electro mobility

- Elastomers crucial for heat resistance and electrical insulation

POLYMERS

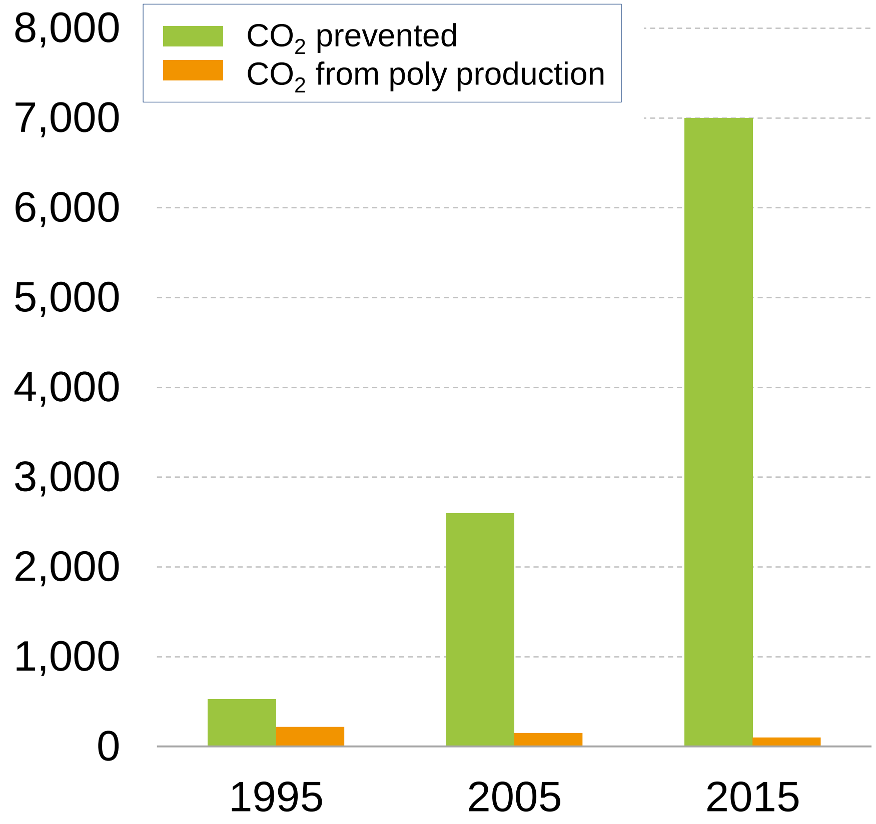
External Thermal Insulation

- VINNAPAS®: essential component of exterior insulation and finish systems

Energy Losses: 25%

Polysilicon With Excellent Track Record Preventing CO_2

7,000 tons of CO_2 are prevented per ton of polysilicon over the life span of a solar module



EPIA fact sheet: The Carbon Footprint, and WACKER estimates

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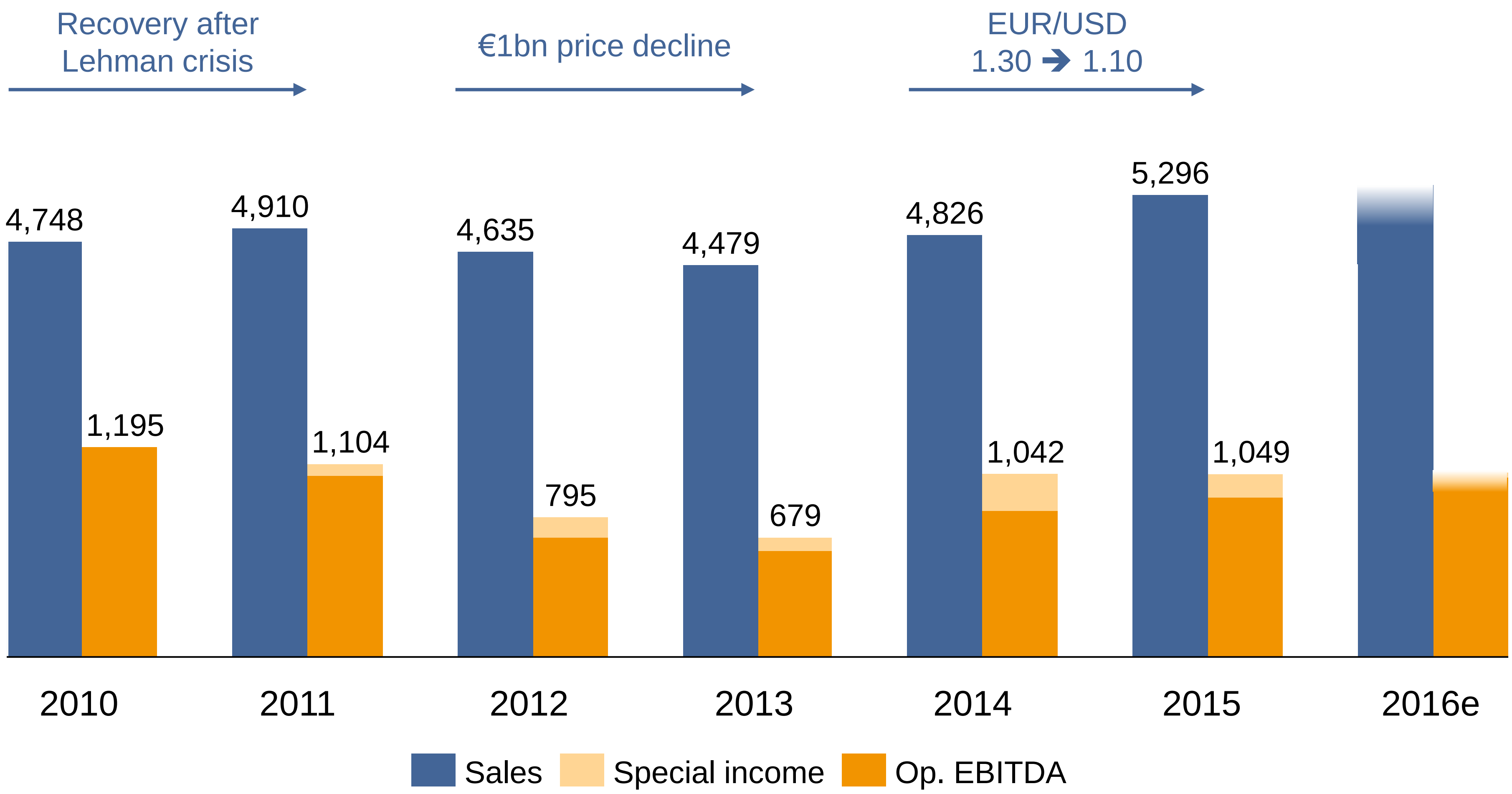
Part 2	**4**	**Sustain Attractive Margins Through Economic Cycle**
	5	Generate Cash

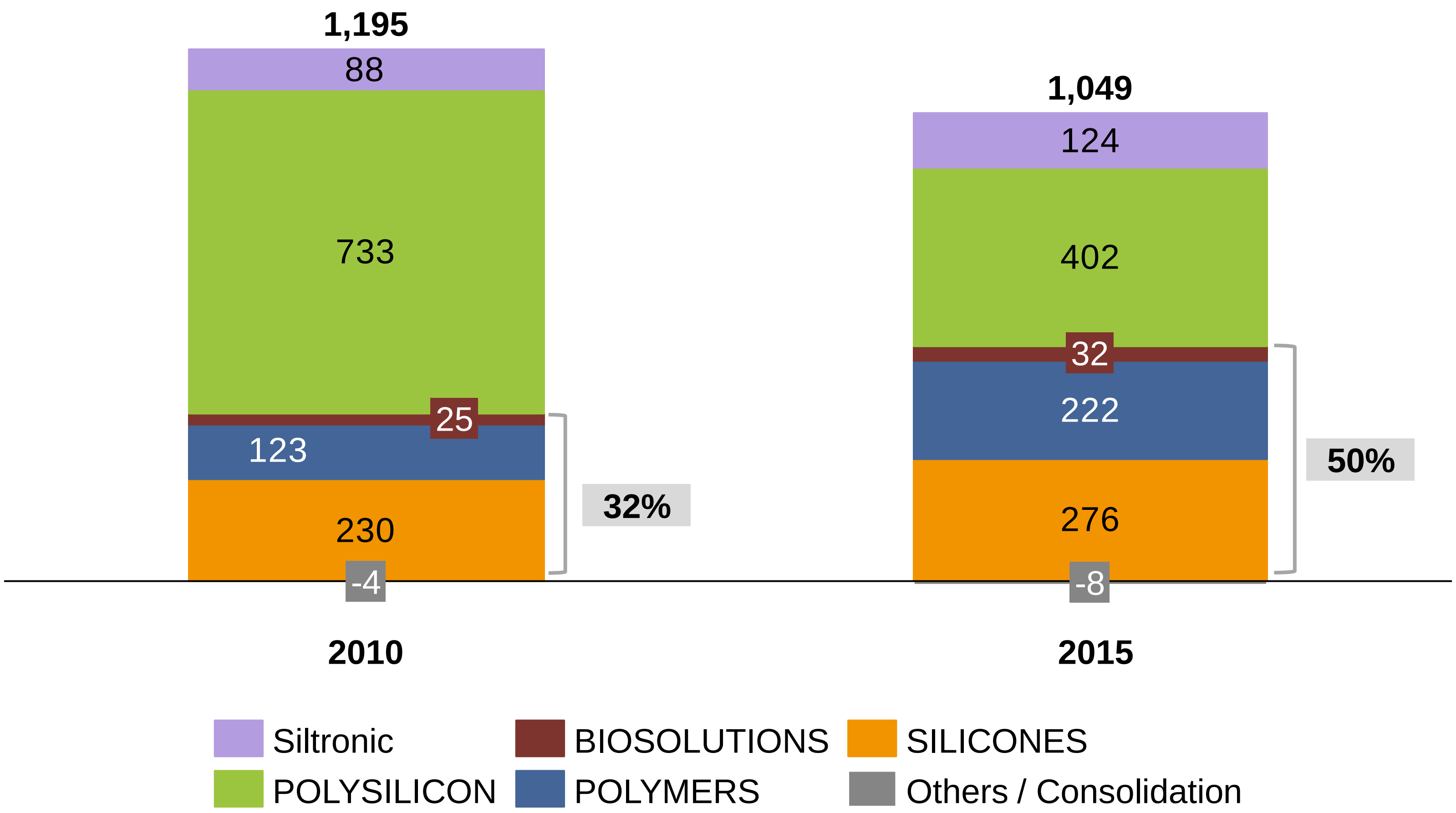
Continuous Growth of Sales And Operating EBITDA Since 2013 – Supported by Volume Growth, FX And Efficiency Gains

WACKER Group: Sales and EBITDA (€m)



Well Balanced EBITDA Structure – Chemicals at 50% of Total

EBITDA WACKER Group (€m)



Besides Growth Cost Control is Crucial: Targeting Around €150m in Savings in 2016

Cost Program

	Chemicals	Polysilicon	Siltronic	Group
Personnel				
Raw Materials				
Energy				
	- WOS - Cost road maps - Power Plus next	- Cost road map solar - WOS - Power Plus next	- Optimization sites - Cost road map 300 mm	- Overhead: Efficiency program central functions

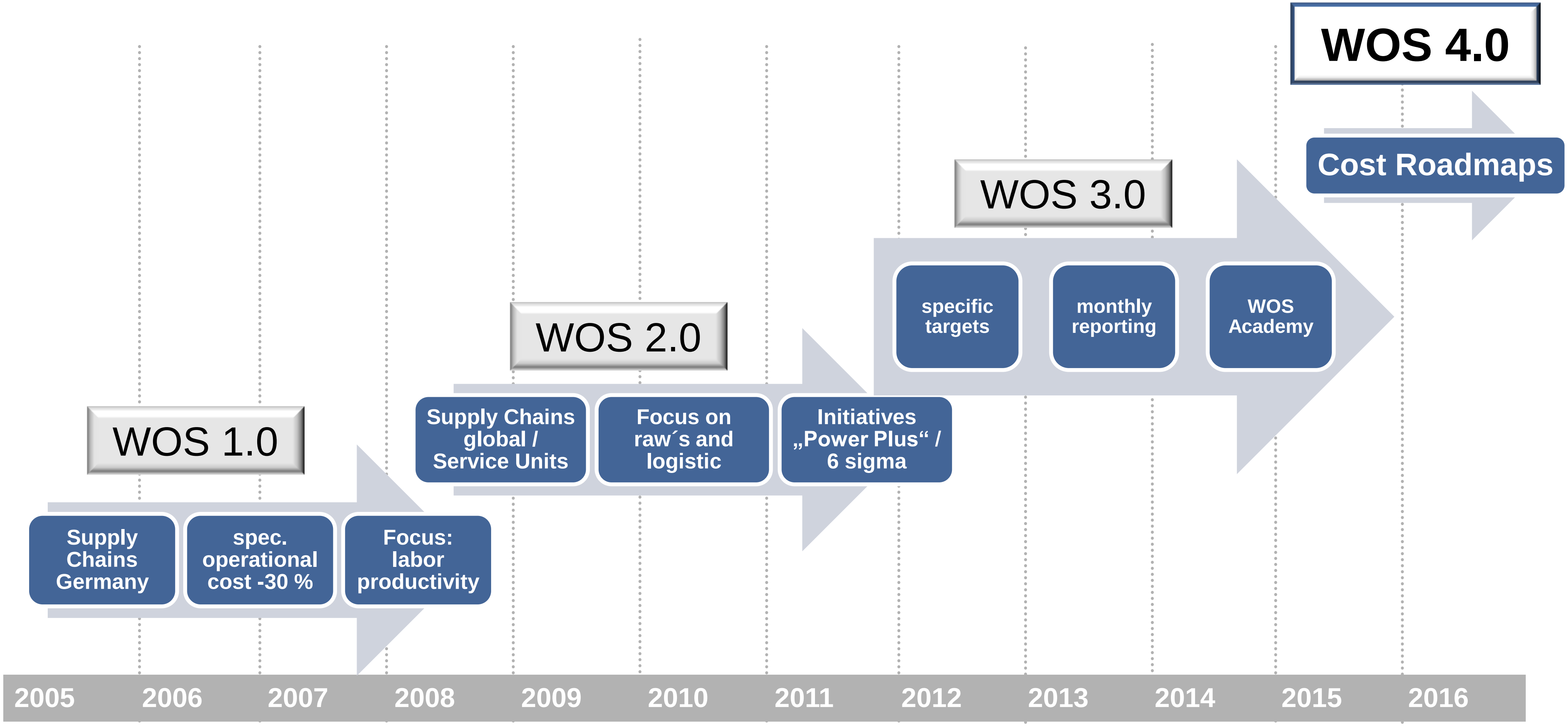
Personnel:
- Built-in flexibility
- Capacities tightly managed

Raw Materials:
- Strategic sourcing
- Central function
- Globalization

Energy:
- Investment decisions reflecting local energy cost

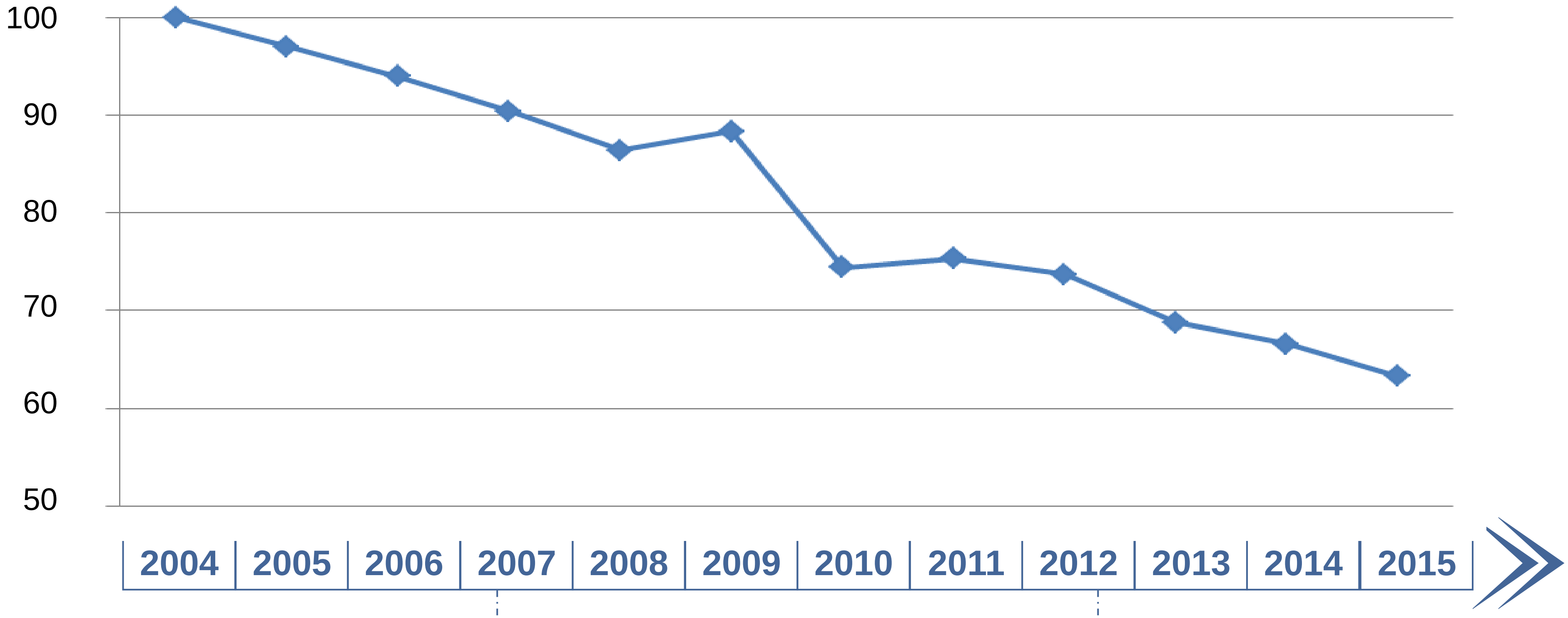
WOS:
Integral Part of Our Cost Control Initiatives For 10+ Years Now

WACKER Operating System (WOS) – Steadily Raising the Bar



WOS:
Supply Chains With Significant Improvement

Continuous Reduction of Specific OPEX (AVG of relevant plants)



- **WOS 1.0**

  Reduce spec. OPEX
  30% in 3 years

  WACKER German Plants

- **WOS 2.0**

  Reduce spec. OPEX
  10% p.a.

  WACKER Group Plants,
  Corporate Services

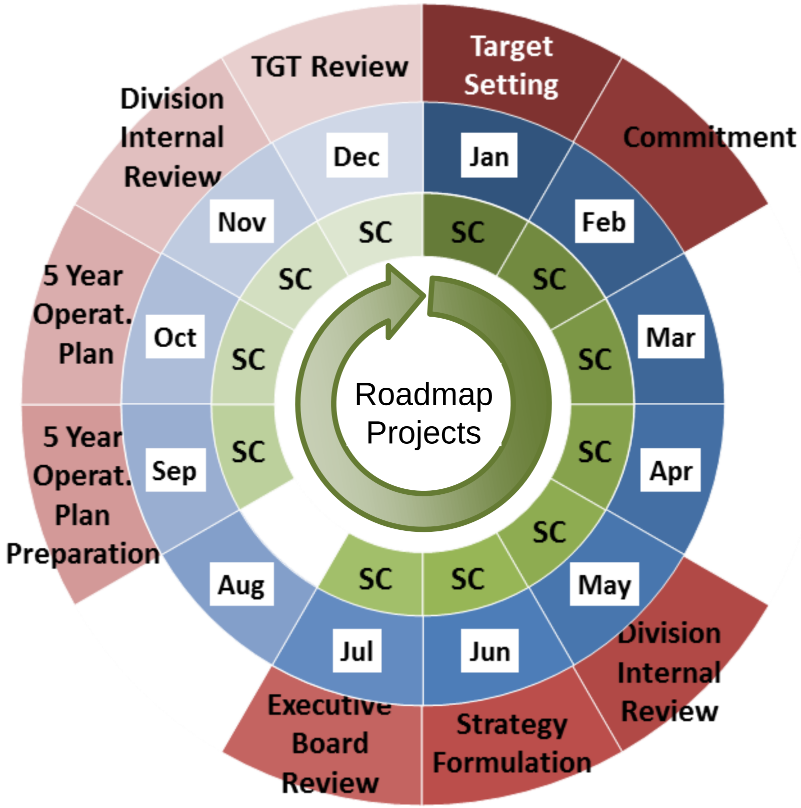
- **WOS 3.0**

  Individual plant targets

  WACKER Group Plants,
  Corporate Services

WOS 4.0 – Aggressive Cost Roadmaps: Transferring A Successful Approach to Chemicals

Yearly Cost Trimming Cycle

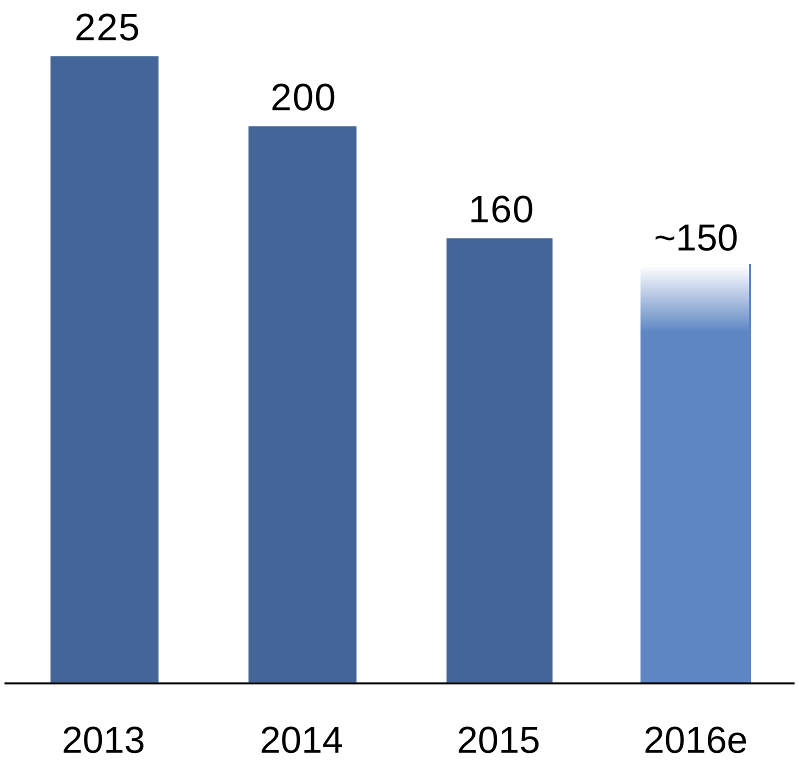


Cost Roadmaps

- Cost Roadmaps successfully implemented at POLYSILICON and Siltronic for several years
- Since 2016: WOS 4.0 - Rollout to Chemical Divisions
- Cost Roadmaps with close link to overall financial targets and planning process

Proven Track Record – Cost Savings 2016 on Target

Cost reduction (€m)

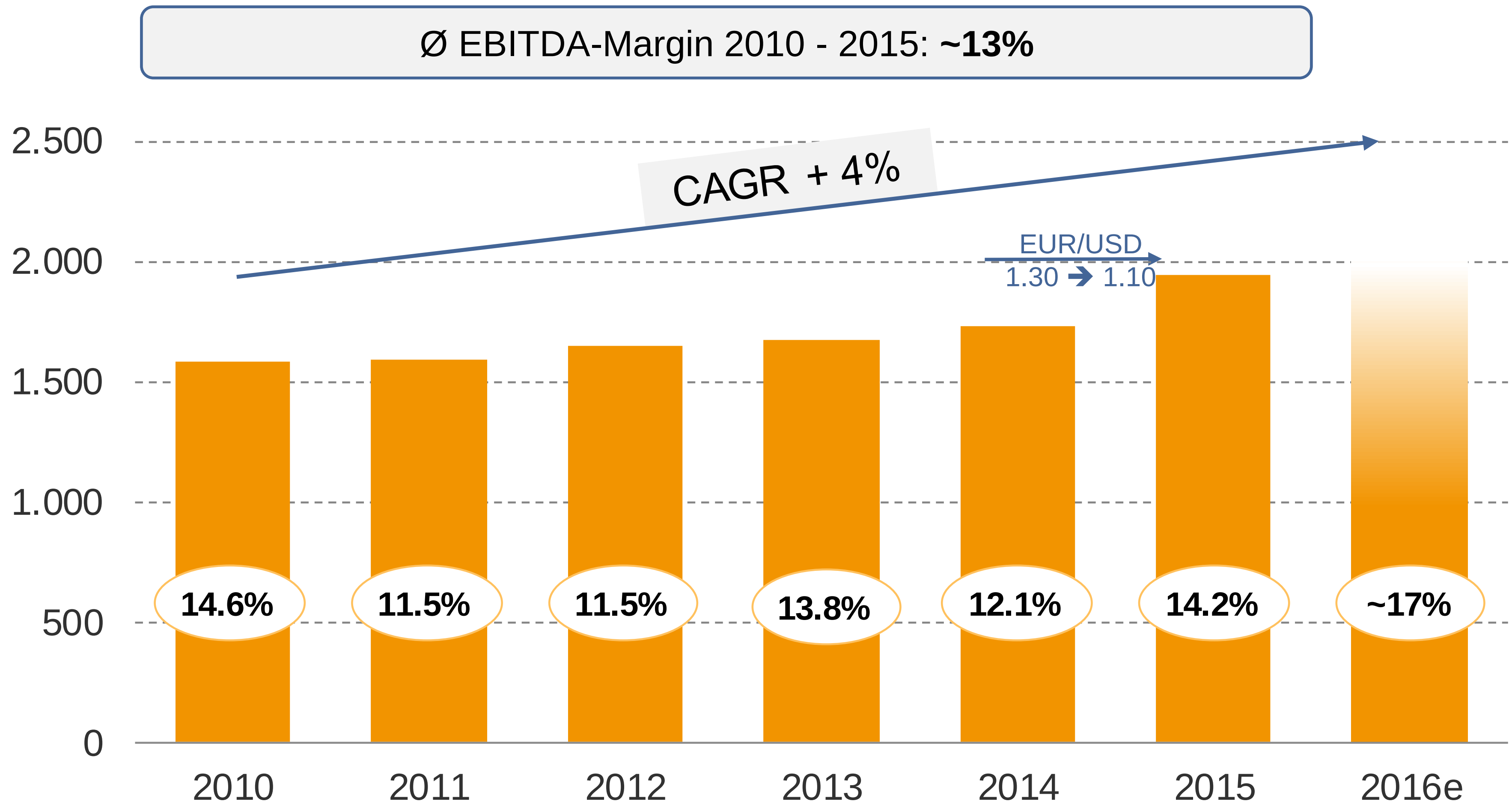


Cost Saving Levers

- Savings from cost roadmaps and cost programs
- Effects from growth in sales volumes included
- Cost savings required to offset general cost inflation

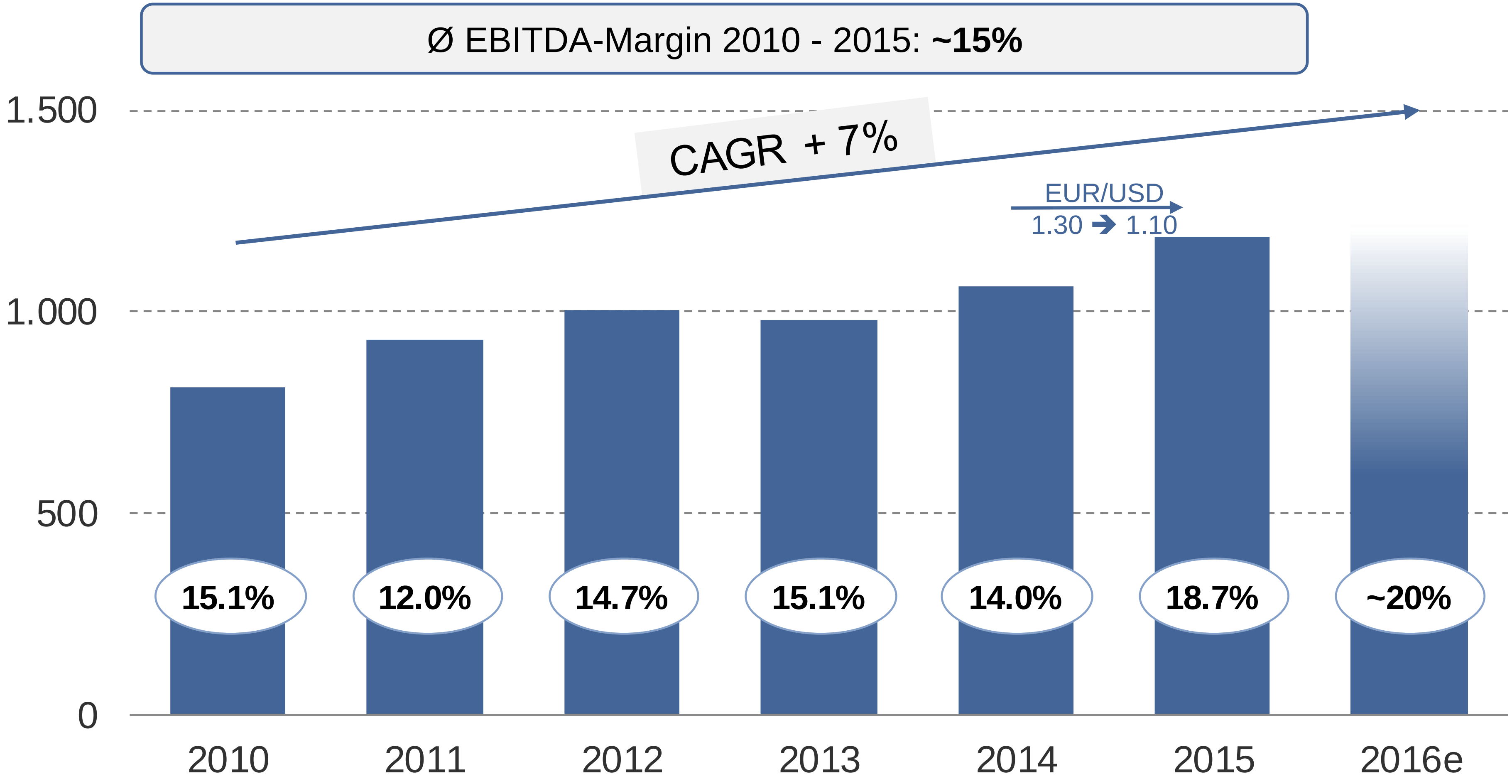
SILICONES: Current EBITDA Margin Well Above Historical Level – Now Expecting a 17% EBITDA Margin in 2016

SILICONES: Sales 2010 - 2016 (€m) – EBITDA Margin (%)



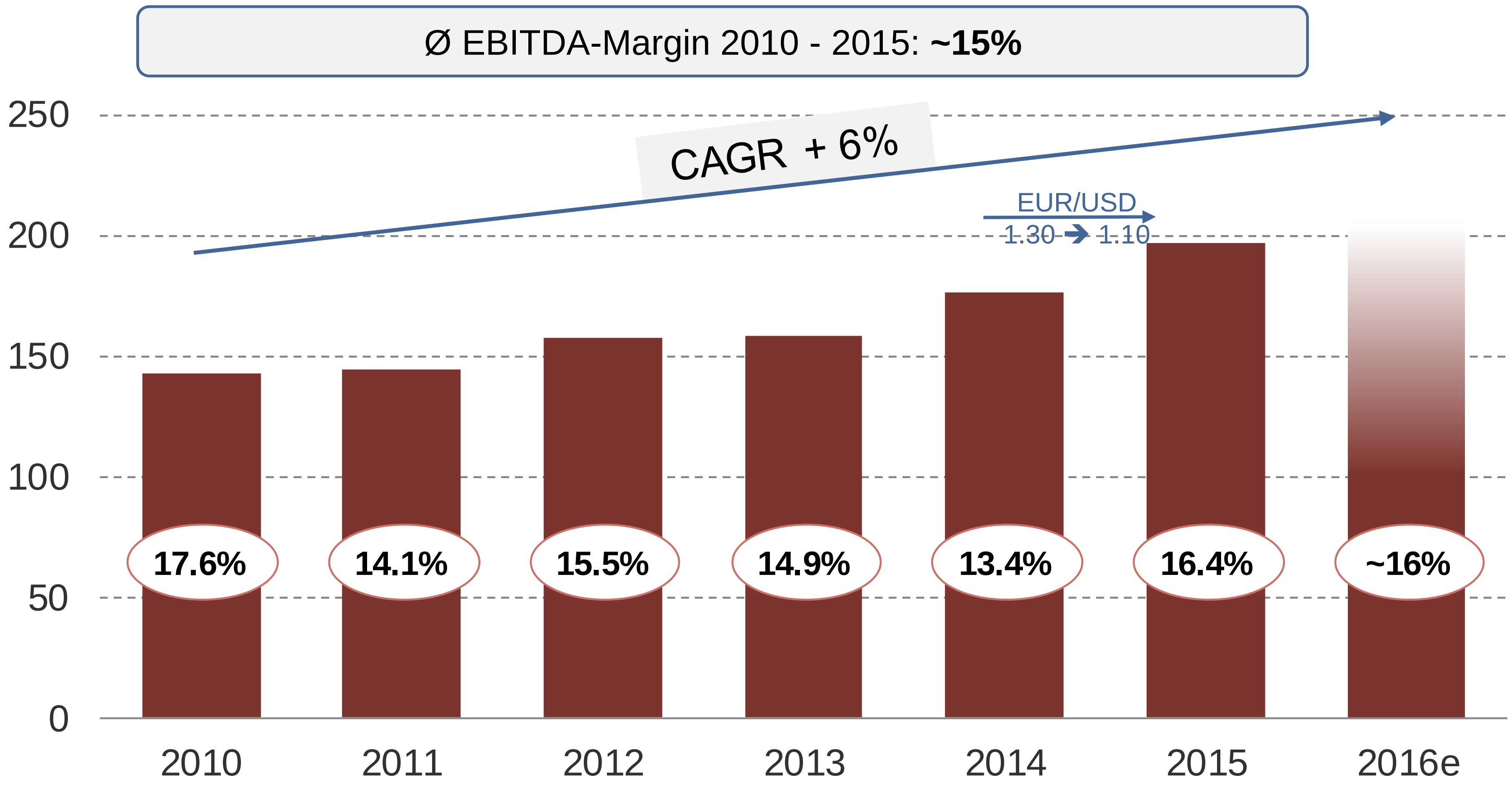
POLYMERS: Material Improvement in EBITDA – Expecting an EBITDA Margin of Around 20%

POLYMERS: Sales 2010 - 2016 (€m) – EBITDA Margin (%)



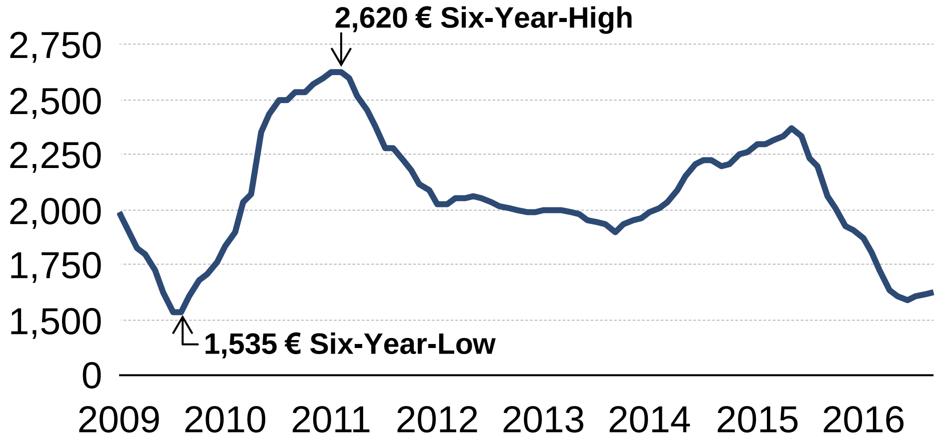
BIOSOLUTIONS: Sales Increased ~6% Per Year Since 2010 – EBITDA 2016e Maintains The High 2015 Level

BIOSOLUTIONS: Sales 2010 - 2016 (€m) – EBITDA Margin (%)



Chemicals: Raw Material Prices With Volatile Development – Current Trough Has Been Passed

Si-Metal (€/MT)

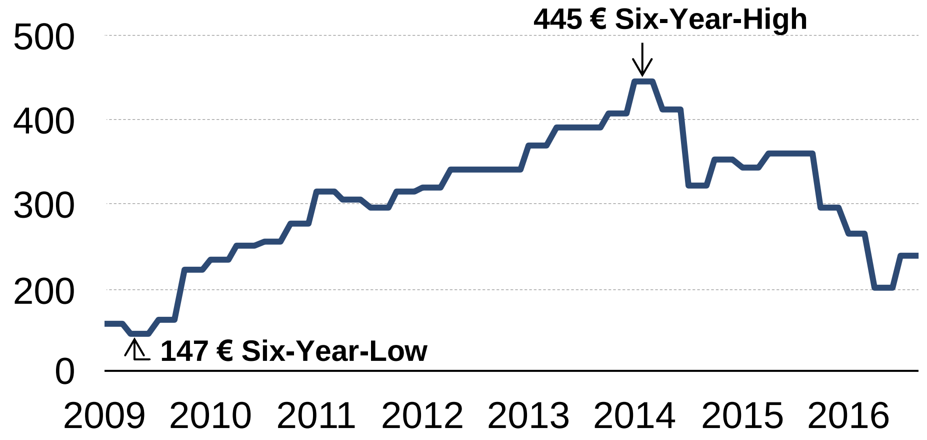


Source: CRU, Si-Metal Contract FD Europe

Ethylene (€/MT)

Source: ICIS, EN Contract FD NWE

Methanol (€/MT)



Source: ICIS, MeOH Contract, FOB RDM

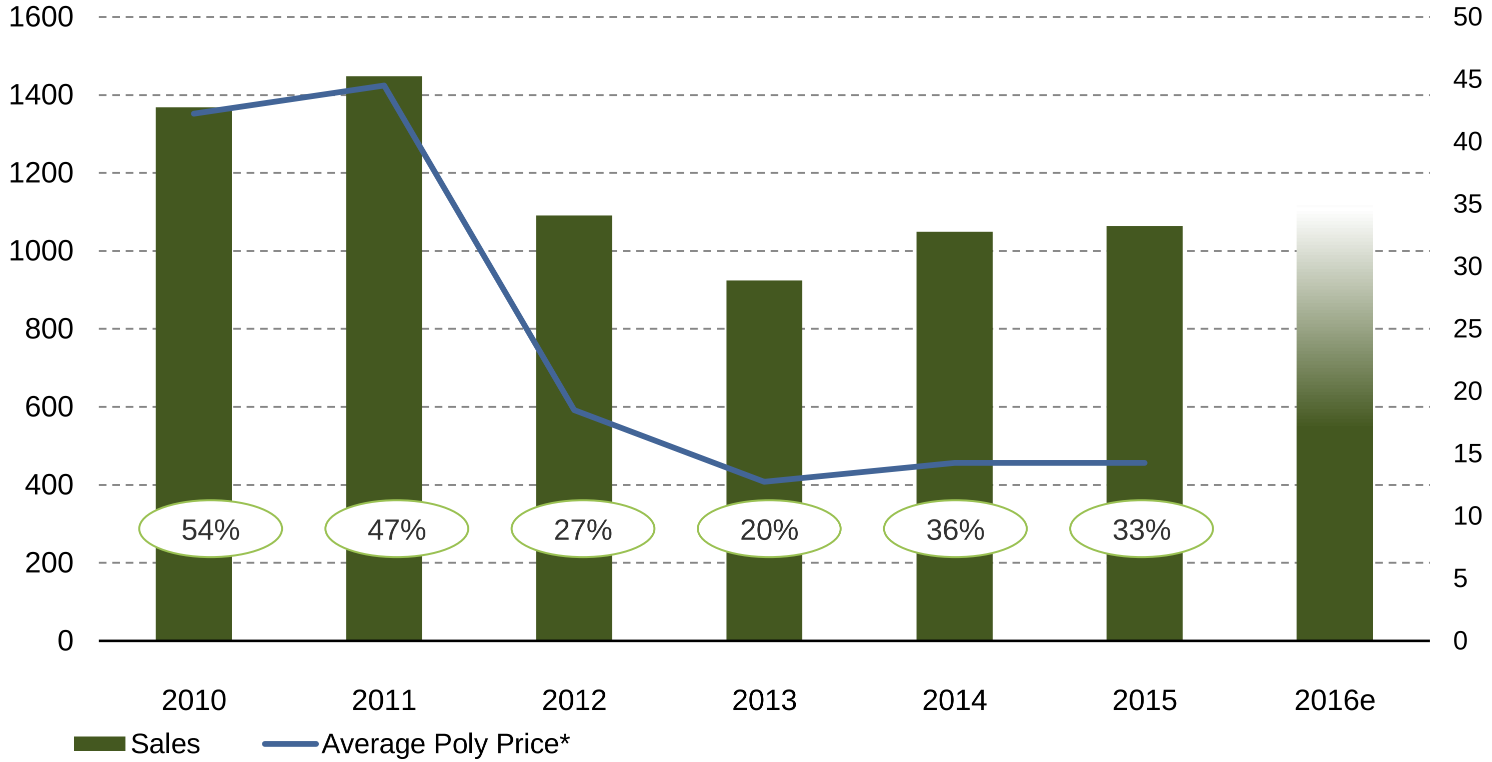
VAM (€/MT)

Source: ICIS, VAM Contract FD NWE

POLYSILICON: Prices Drive Sales Development

POLYSILICON: Sales (€m), Poly Price* (€/kg), Operating EBITDA Margin** (%)

Ø Operating-EBITDA-Margin 2010 - 2015: **~36%**

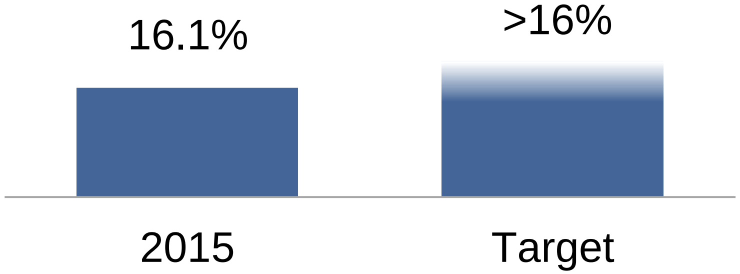


* PV Insights Poly Price

** Operating Margin: (EBITDA - Special Income - Pre Operational Costs - Ramp Costs) / Sales

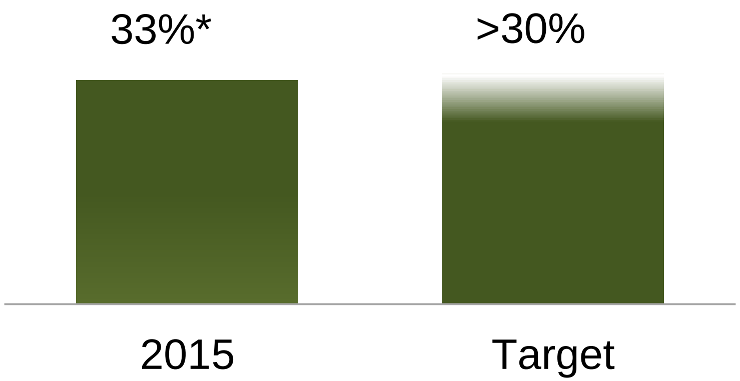
Target: Sustain Attractive Margins Through Economic Cycle

Chemicals



- Ongoing Focus on Operational Excellence
- Increasing Share of Specialties
- Some variation from F/X

POLYSILICON



- Cost road map driving cost down
- ASP recovery to reinvestment level
- Investment depending on
  - Technology
  - Type of capacity expansion (brownfield vs. debottlenecking)
  - Price stability

* Operating Margin: (EBITDA - Special Income - Pre Operational Costs - Ramp Costs) / Sales

Capital Market Day 2016
Targets For The Next Years

Part 1

1 Extend Leverage Phase

2 Continue to Grow Above Chemical Production

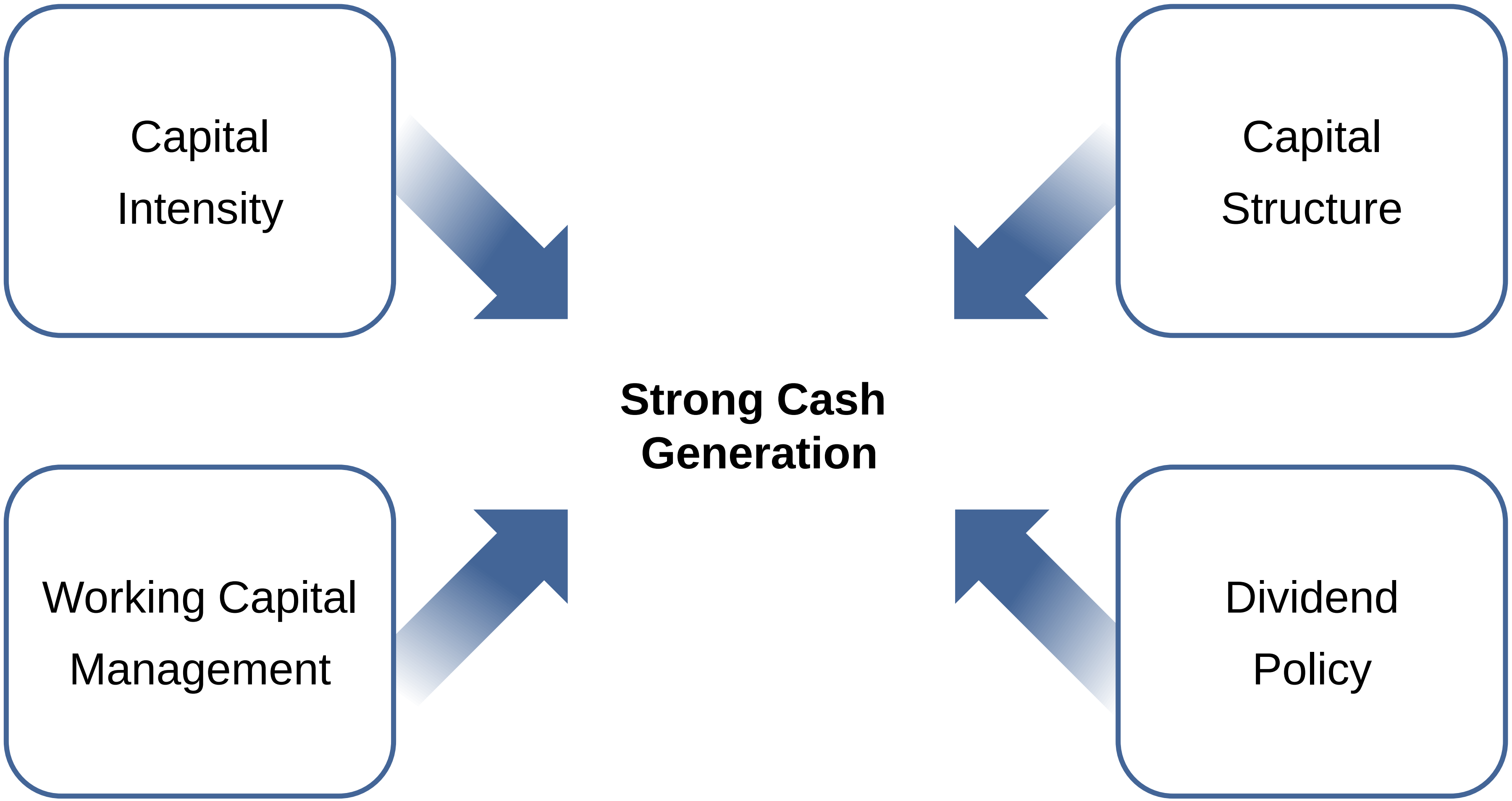
3 Focus on Sustainability

Part 2

4 Sustain Attractive Margins Through Economic Cycle

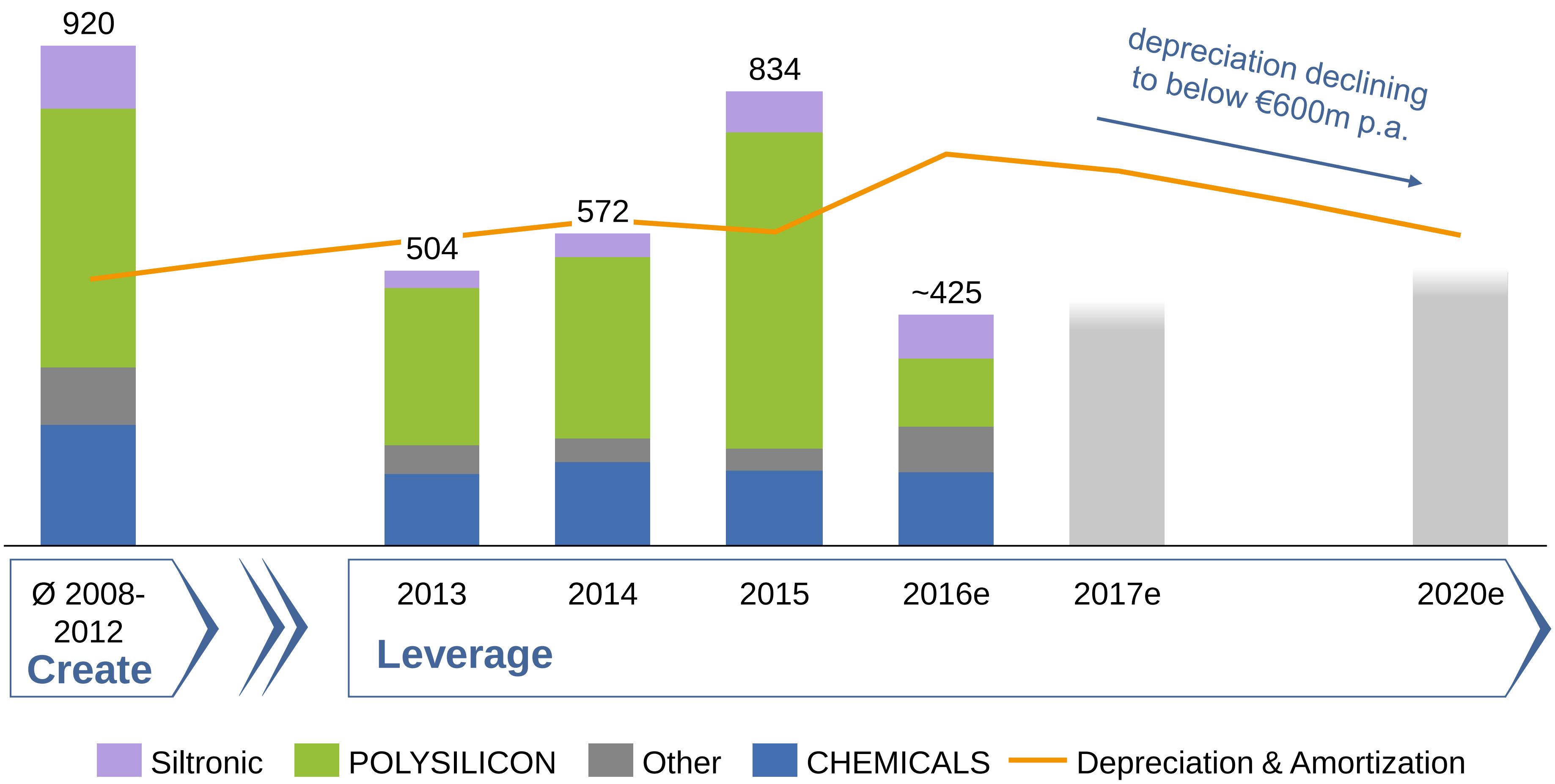
5 **Generate Cash**

Target: Generate Cash



Extension of Leverage Phase With Low Capital Intensity is Crucial For Cash Generation

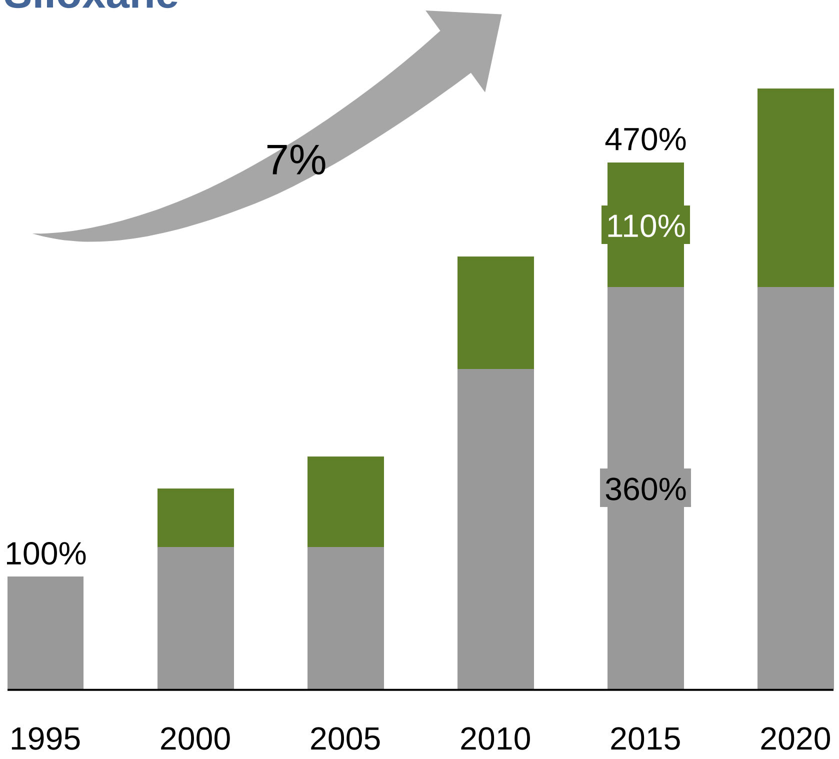
CapEx vs. Depreciation Expense WACKER Group (€m)



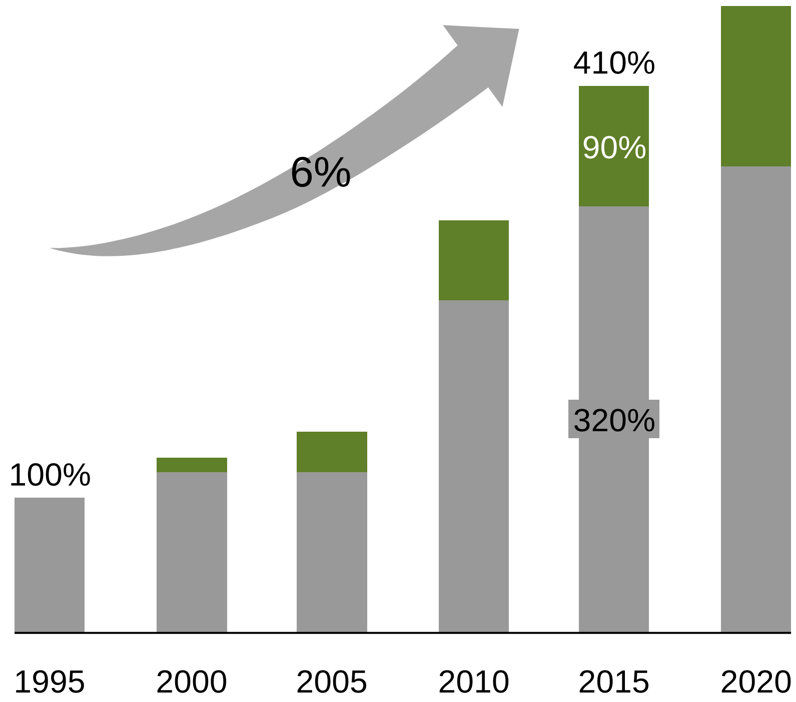
Low Capital Intensity is Supported by Asset Optimization

Capacity Growth of Selective Products (1995 = 100%)

Siloxane



VAE

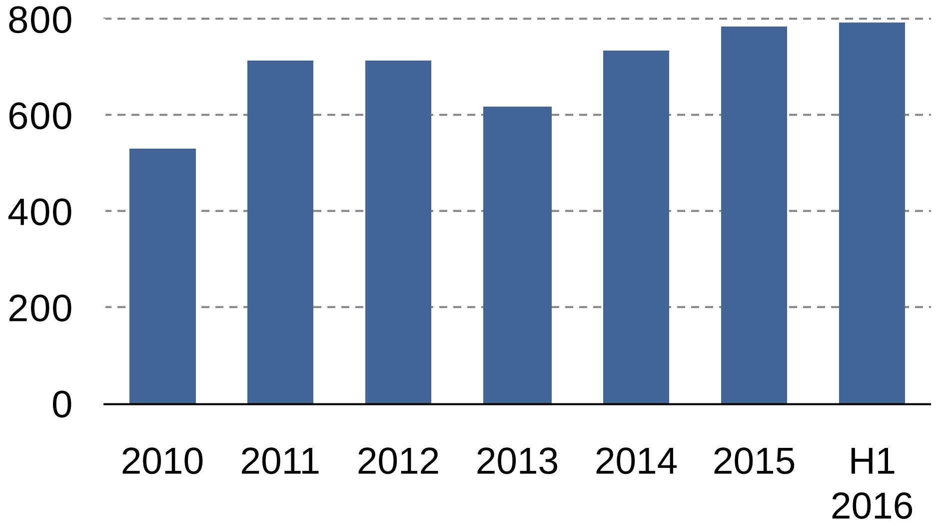


Installed Capacity (CapEx and Acquisitions) Process optimization, Productivity gain, Debottlenecking

Continued Sound Working Capital Management Drives Cash Generation

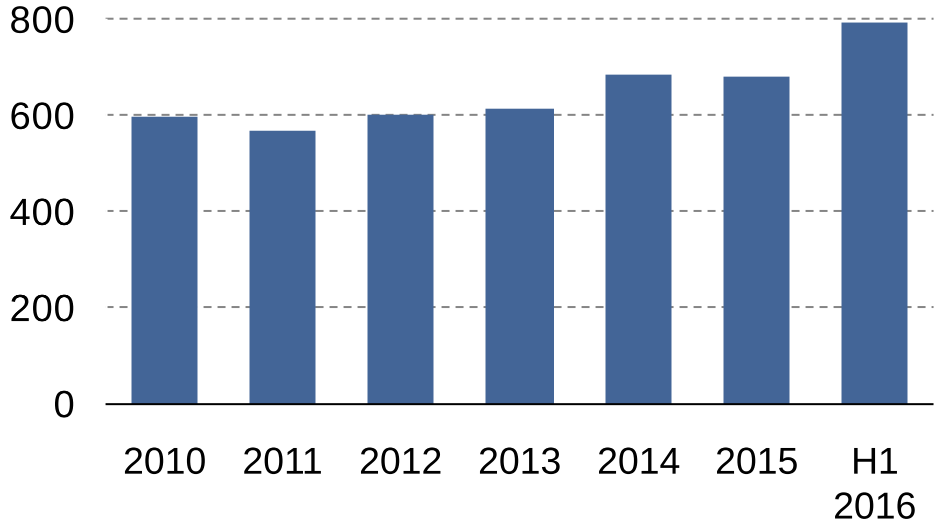
Inventories (€m)

DIO	40	65	64	52	57	59	52



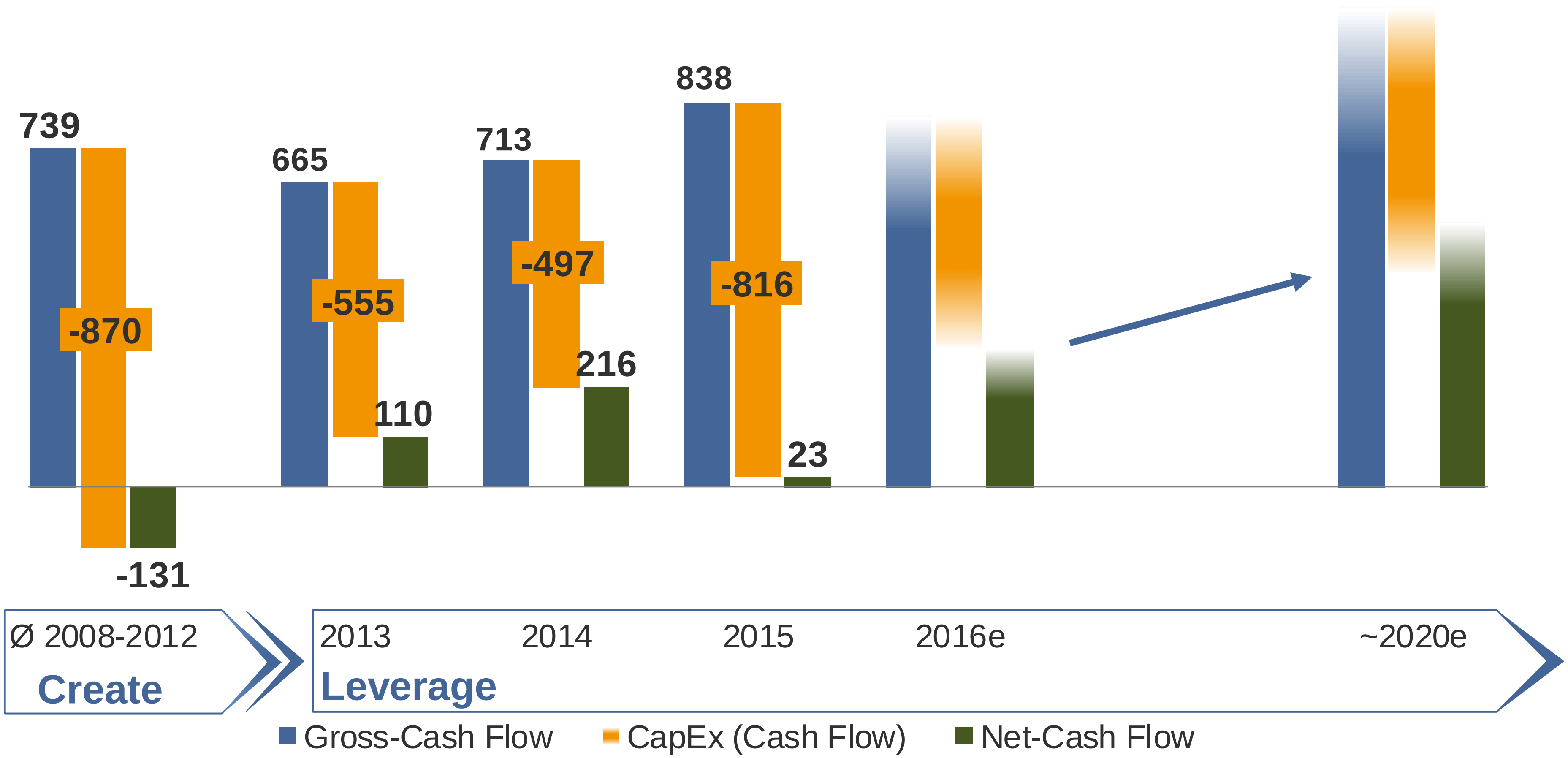
Trade Receivables (€m)

DSO	45	51	54	52	53	51	52



Strong Cash Flow – All Through Extended Leverage Phase

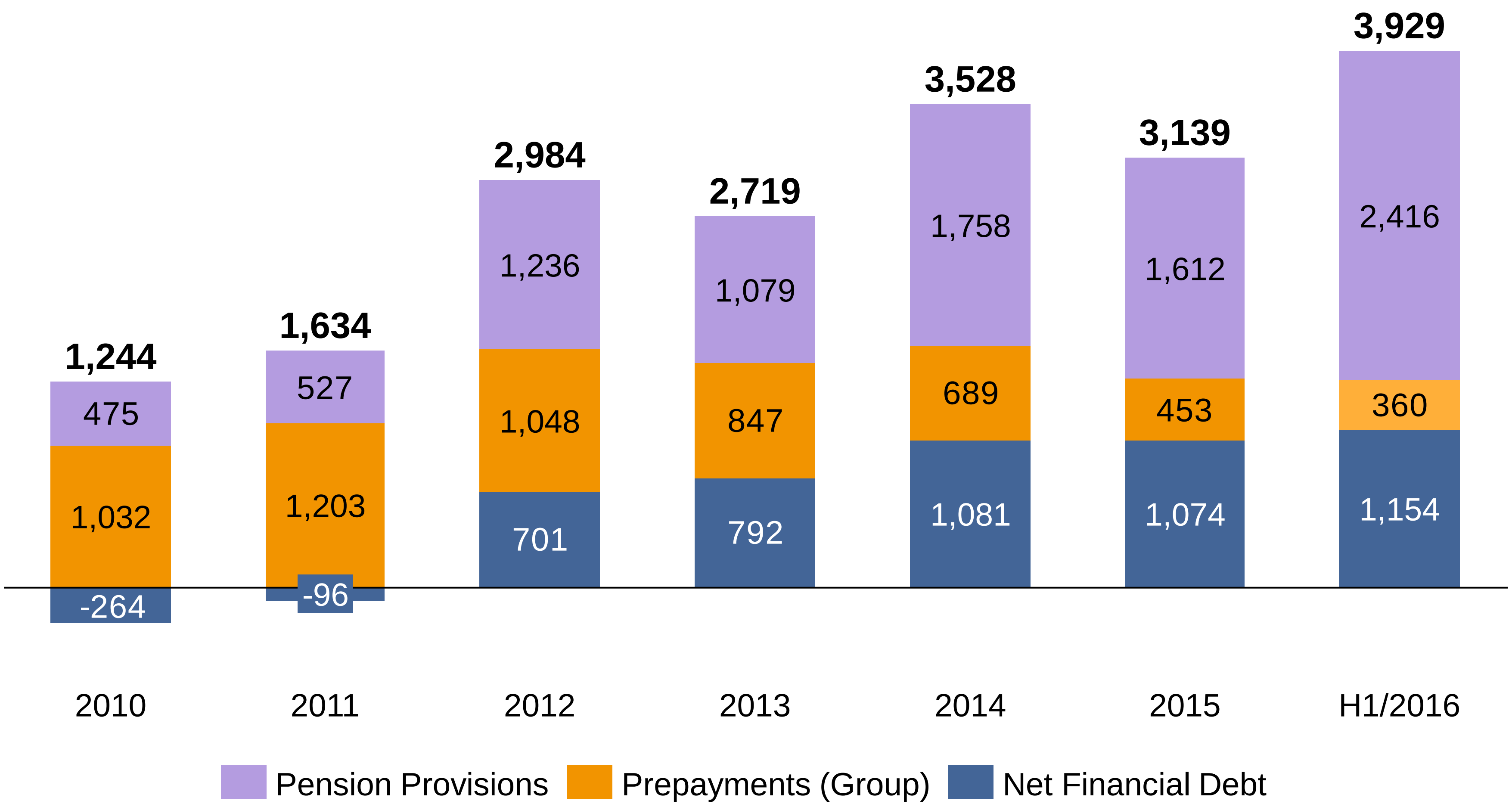
Net Cash Flow* (€m)



* Prepayments not considered

Capital Structure: Total Leverage Driven by Pension Provisions

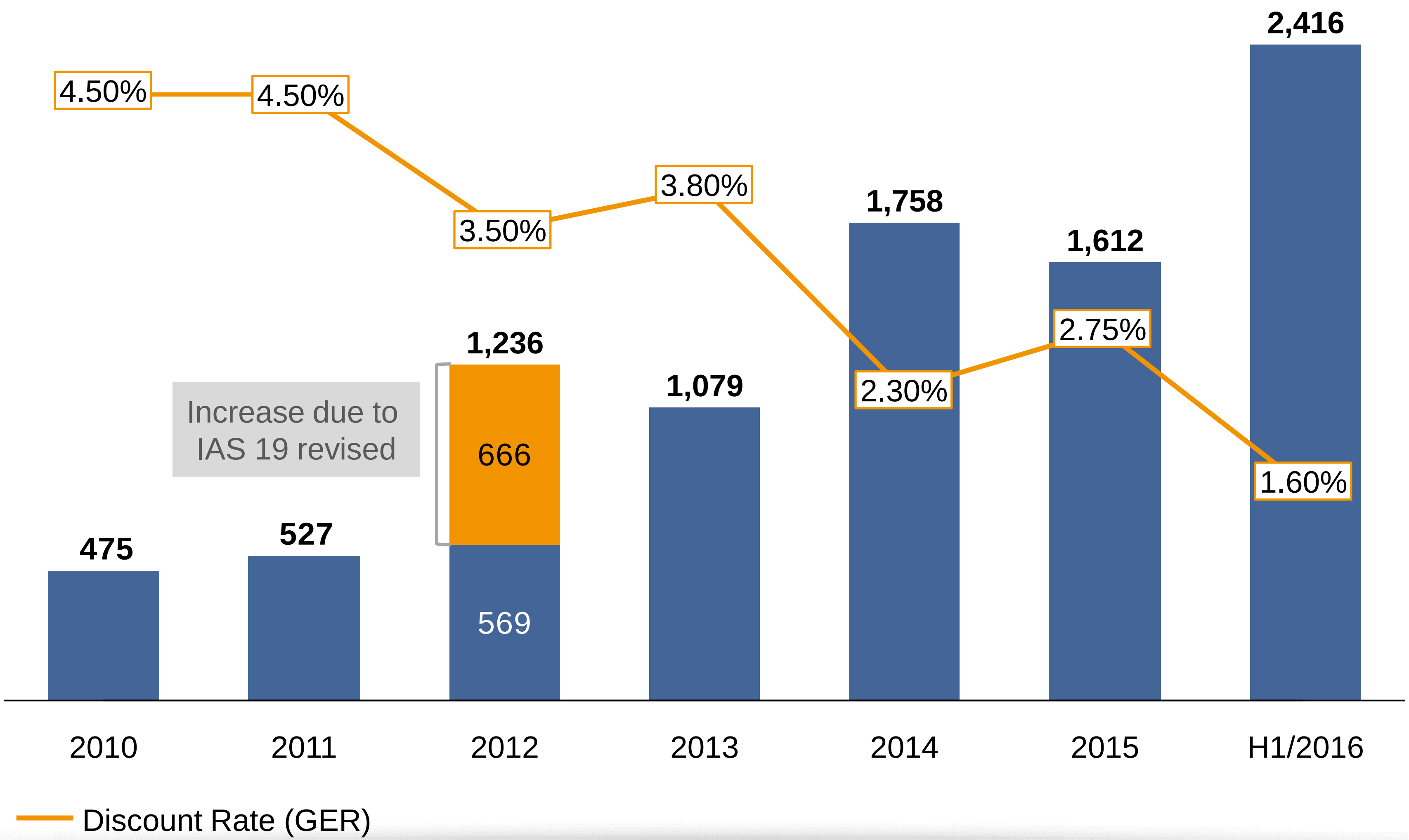
Development of Total Leverage (€m)



Total Leverage = Net Financial Debt + Prepayments + Pension Provisions

Pension Provisions Increased Substantially Over Last 5 Years

Provisions for Pensions (€m) – Discount Rate (%)



WACKER Pension Funds: One-time Funding Considered, No Legal Obligation

WACKER defined benefit plans

- Pension provision = defined benefit obligation less plan assets of pension funds
- Defined benefit obligation:
  - WACKER defined benefit plans closed in 2003 and 2004
  - Obligation will be paid out by company pension funds over several decades
  - Payouts funded by annual cash contribution and return on plan assets
- Annual P&L- and cash-effect (€m):

	2014	2015
Current service costs:	63.0	87.5
Interest expenses:	40.2	41.5
Total expenses:	103.3	129.0
Cash contribution WACKER:	48.2	44.2

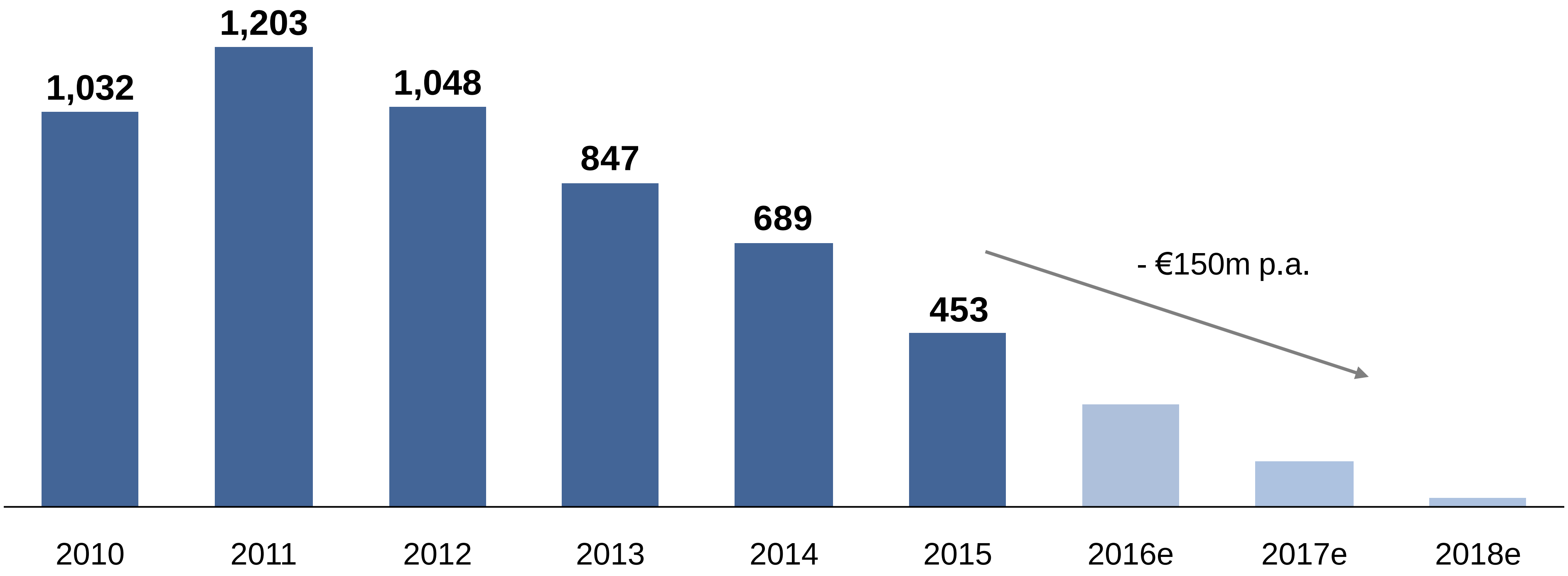
- Sensitivity current service costs: Discount rate -0.5% = +9.4 €m

WACKER pension funds

- WACKER pension funds in Germany („Pensionskasse“) and the U.S.
- Expected return on plan assets currently impacted by low-interest environment
- Potential one-time funding in 2016 or 2017:
  - Measure of prudence to mitigate the effect from lower expected asset return on funding status of pension plans
  - Estimated amount: ~ 50 €m
  - No impact on 2016 guidance for net financial debt and dividend policy

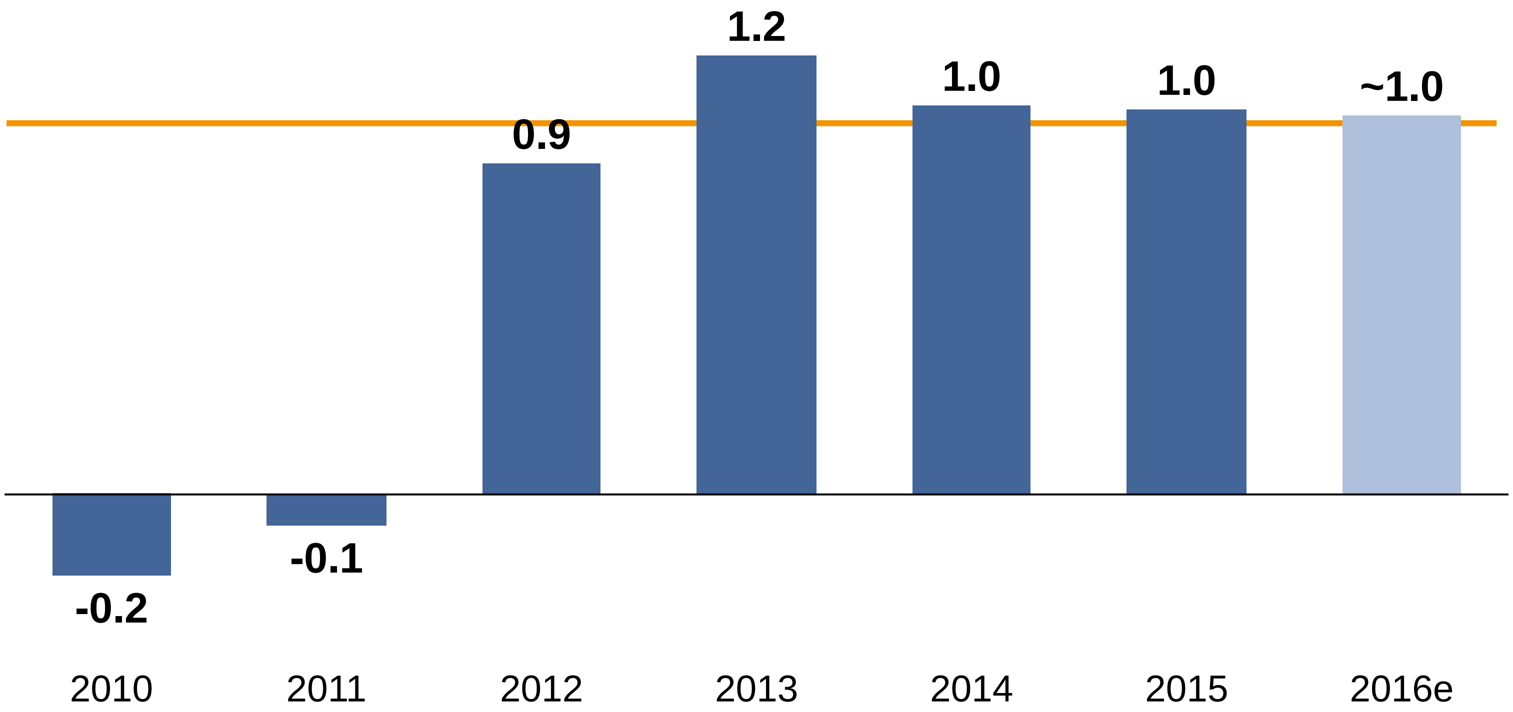
Prepayments: <€400m Still in Balance Sheet – Reduction of €150m Per Year Expected

Group Prepayments (€m)



Net Financial Debt Already at Target Level of <1 x EBITDA

Leverage Target: Net Financial Debt / EBITDA



Leverage Target:
Net Financial Debt
<1 x EBITDA

Net Financial Debt = Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities

Financial Debt: Flexibility And Strong Liquidity Secured

Financial Debt: Measures in 2015 and 2016

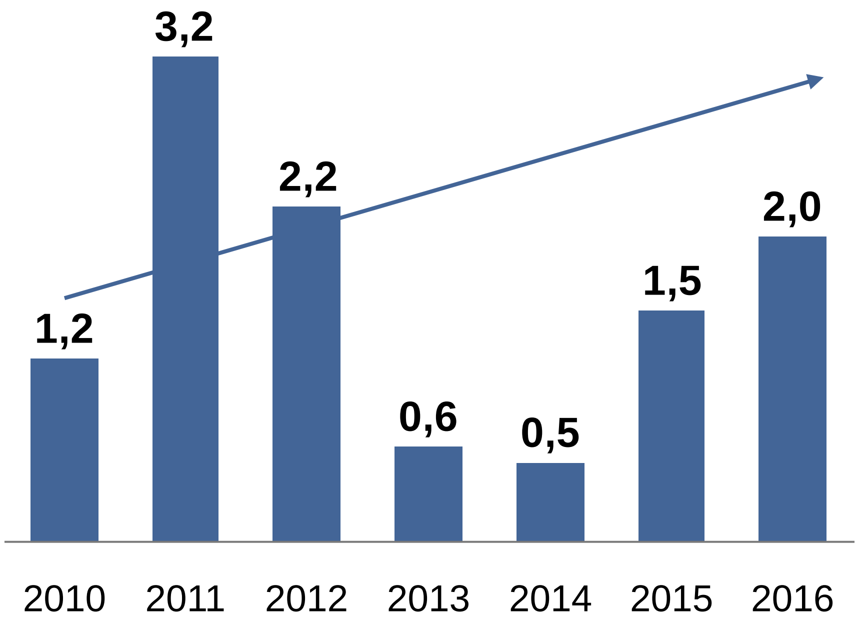
- 2015:
  - Repayment of Schuldscheindarlehen
    - Total volume: €150m
  - Repayment of Chinese RMB loan (€50m)
- 2016: New US loan „5x50“
  - Total volume: $250m
    Maturity: 3 years

Financial Status as of June 30, 2016

Liquidity:	€515m
Drawn Facilities:	€1,669m
Undrawn Facilities:	€848m

Extended Leverage Phase: Dividend Target Raised to 50% of Net Income

Dividend per share (€)



Total actual payout 2010 – 2016:
€565m based on average payout ratio 36%

New dividend policy

Basic dividend policy:

- Dividend Target:
  50% payout of net income
  (raised from 25% minimum)
- Temporary deviations possible
- Boundary conditions:
  - Overall business conditions
  - Financial status
  - Approval of AGM

Total simulated payout 2010 – 2016:
€705m based on target of 50%

Introduction	Rudolf Staudigl, CEO
Targets – Part 1	Rudolf Staudigl, CEO
Targets – Part 2	Tobias Ohler, CFO
Outlook	**Tobias Ohler, CFO**
Summary	Rudolf Staudigl, CEO

Profit and Loss Statement:
Declining Depreciation, Strict Cost Control And Lower Tax Rate

WACKER P&L H1 2016 (€m)

€m	H1 2016
Sales	2,701
Cost of goods sold	-2,220
Gross profit from sales	**480**
Gross profit margin (in %)	*18%*
Selling expenses	-158
Research and development expenses	-90
General administrative expenses	-70
Other operating income	95
Other operating expenses	-92
Operating result	**166**
Equity result	4
EBIT	**170**
Interest result	-24
Other financial result	-29
Income before taxes	**117**
Income taxes	-42
Net income for the period	**75**

EBIT	**170**
Depreciation/amortization	359
EBITDA	**529**

Targeted Development until 2020:

- Gross profit margin:
  - Influenced by F/X and raw material prices
  - Lower D&A in relation to sales
  - Target corridor 17% - 22%
- Strict cost control:
  SG&A targeted below 7% of sales
- R&D to support specialty strategy
- Tax rate from 2017 on at statutory level (~30%)

Balance Sheet:
Maintaining Financial Stability And Efficient Capital Structure

Group Balance Sheet – Target Structure

Drivers	Assets	Liabilities	Drivers
CapEx below depreciation Depreciation declining	Non-current assets	Equity	Equity ratio partly fluctuating with provisions for pensions (historical level ~ 40%) Dividend policy: ~ 50% of net income
		Financial debt incl. prepayments	Prepayments almost fully repaid by 2017 Target: Net financial debt <1 x EBITDA
DIO: ~ 50 days and DSO: ~ 50 days despite increasing globalization	Working capital	Pension provisions	Fluctuating with discount rate
Minimum level for operations	Liquidity	Liabilities / other accruals	

Guidance Update FY 2016
Targeting Upper End of EBITDA Guidance Range

	2015	Outlook 2016
Sales (€m)	5,296	Slight increase
EBITDA (€m) EBITDA excl. special income (€m)	1,049 911	**Expecting FY 5-10% higher excl. special income**
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%

Introduction	Rudolf Staudigl, CEO
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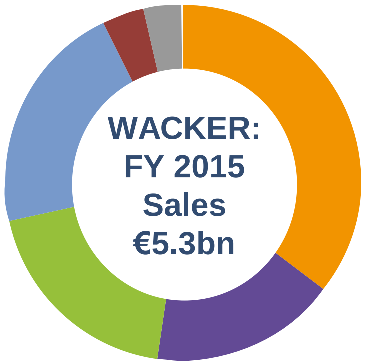
Capital Market Day 2016
Growth and Cash

A Foundation for Growth

- Our business portfolio



- Global asset base in place

Targets for the next years

1 Extend Leverage Phase

2 Continue to Grow Above Chemical Production

3 Focus on Sustainability

4 Sustain Attractive Margins Through Economic Cycle

5 Generate Cash

2016 Capital Market Day – Wacker Chemie AG
Growth and Cash

Burghausen, October 11, 2016
Rudolf Staudigl (CEO), Tobias Ohler (CFO)