



**WACKER**

# 1<sup>ST</sup> QUARTER 2013 – CALL NOTE

Dr. Rudolf Staudigl (CEO), Dr. Joachim Rauhut (CFO), April 30, 2013

CREATING TOMORROW'S SOLUTIONS

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# WACKER: LOWER POLYSILICON AND SILICON WAFER PRICES EFFECT RESULTS

in €m	Q1 2013	Q4 2012*	% QoQ	Q1 2012*	% YoY
<b>Sales</b>	<b>1,076.3</b>	<b>1,017.2</b>	<b>5.8</b>	<b>1,194.3</b>	<b>-9.9</b>
<b>EBITDA</b>	<b>164.5</b>	<b>133.9</b>	<b>22.9</b>	<b>213.3</b>	<b>-22.9</b>
<i>EBITDA margin</i>	<i>15.3%</i>	<i>13.2%</i>	<i>-</i>	<i>17.9%</i>	<i>-</i>
<b>EBIT</b>	<b>32.2</b>	<b>-1.7</b>	<b>n.a.</b>	<b>83.9</b>	<b>-61.6</b>
<i>EBIT margin</i>	<i>3.0%</i>	<i>-0.2%</i>	<i>-</i>	<i>7.0%</i>	<i>-</i>
<b>Result for the period</b>	<b>5.1</b>	<b>-17.0</b>	<b>n.a.</b>	<b>41.8</b>	<b>-87.8</b>
<i>EPS in €</i>	<i>0.08</i>	<i>-0.18</i>	<i>&gt;100</i>	<i>0.87</i>	<i>-90.5</i>

\*Adjusted based on the effects of the adoption of IAS 19 (revised), more details under changes in accounting and evaluation methods in the notes (quarterly report)

# GUIDANCE UNCHANGED: FY SALES 2013 AT SAME LEVEL AS 2012 AND FY EBITDA 2013 BELOW 2012

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## Q1 2013 Comments

- Volume growth in Chemicals and POLYSILICON sequentially
- Pricing pressure leads to negative effect of €115m on Q1 yoy
- Savings in material and personnel expenses
- Capex of €121m with focus on POLYSILICON and POLYMERS
- After the quarter: private placement of USD400m with maturities of up to ten years

## 2013 Challenges and Opportunities

- Ongoing challenging environment
- Expect lower ASP's than in 2012
- Negative FX effects
- Further cost reductions
- Capex close to depreciation at about €550m
- Tax rate expected over 50%

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Call Note – Q1 2013

Dr. Rudolf Staudigl, CEO / Dr. Joachim Rauhut, CFO, April 30, 2013, Slide 3

# IMPACTS ON EBITDA IN Q1 2013 VS. Q1 2012 – SPECIAL EFFECTS

Division (€m)	Special Effects	Q1 2012	Q1 2013
Siltronic	Execution "Lead site strategy"	-14.8	-
<b>WACKER POLYSILICON</b>	Retained prepayments & damages from cancelled contracts	36.6	32.2
Net Effect on EBITDA		21.8	32.2

# PRICE PRESSURE ON STANDARD PRODUCTS CONTINUES – SPECIALTY SILICONES DEVELOP POSITIVELY

## **WACKER** **SILICONES**

€m	Q1 2013	Q4 2012*	% QoQ	Q1 2012*	% YoY
<b>Sales</b>	<b>402.1</b>	<b>392.0</b>	<b>2.6</b>	<b>401.0</b>	<b>0.3</b>
<b>EBITDA</b>	<b>53.7</b>	<b>22.6</b>	<b>&gt;100</b>	<b>49.4</b>	<b>8.7</b>
<i>EBITDA margin</i>	<i>13.4%</i>	<i>5.8%</i>	-	<i>12.3%</i>	-
<b>EBIT</b>	<b>34.1</b>	<b>1.7</b>	<b>&gt;100</b>	<b>29.1</b>	<b>17.2</b>
<i>EBIT margin</i>	<i>8.5%</i>	<i>0.4%</i>	-	<i>7.3%</i>	-
<b>Capex</b>	<b>14.0</b>	<b>110.0</b>	<b>-87.3</b>	<b>14.2</b>	<b>-1.4</b>

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# INCREASED FOCUS ON ASIA

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**SILICONES**

## Q1 2013 Comments

- Lengthy winter influenced European construction business
- Volume increase yoy
- Ongoing pricing pressure for standard products
- Utilization at 90%
- Refinancing Chinese Siloxane activities with positive effects on EBITDA

## 2013 Challenges and Opportunities

- Improving volume and mix
- Growing volume, especially in Asia, with continuous price pressure
- Lower prices for silicon metal, higher prices for methanol
- Investments in intermediates and downstream for specialty products

# WINTER SLOWDOWN IN CONSTRUCTION HOLDS BACK SALES

## WACKER POLYMERS

€m	Q1 2013	Q4 2012*	% QoQ	Q1 2012*	% YoY
<b>Sales</b>	<b>226.7</b>	<b>219.2</b>	<b>3.4</b>	<b>233.8</b>	<b>-3.0</b>
<b>EBITDA</b>	<b>35.7</b>	<b>17.5</b>	<b>&gt;100</b>	<b>34.1</b>	<b>4.7</b>
<i>EBITDA margin</i>	<i>15.7%</i>	<i>8.0%</i>	-	<i>14.6%</i>	-
<b>EBIT</b>	<b>26.6</b>	<b>8.5</b>	<b>&gt;100</b>	<b>24.9</b>	<b>6.8</b>
<i>EBIT margin</i>	<i>11.7%</i>	<i>3.9%</i>	-	<i>10.7%</i>	-
<b>Capex</b>	<b>7.9</b>	<b>18.5</b>	<b>-57.3</b>	<b>11.4</b>	<b>-30.7</b>

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# CONSTRUCTION MARKET OUTSIDE EUROPE GROWING – VAE DISPERSIONS BENEFIT FROM SUBSTITUTION

## **WACKER** **POLYMERS**

### Q1 2013 Comments

- Strong top line growth in Asia, around 20%, other regions weaker yoy
- Growing volume in powders yoy
- Utilization reached about 70%
- Expansion of 40kt VAE dispersions in Ulsan/South Korea finalized (total capacity 90kt)

### 2013 Challenges and Opportunities

- Volume growth in powders and dispersions expected for the full year
- Expansion of 60kt dispersions in Nanjing/China finalized in April (total capacity 120kt), expansion in Calvert City/USA ongoing (30kt)
- FY EBITDA expected higher

# INCREASE OF EXTERNAL SALES BY 2 PERCENT YOY

## WACKER BIOSOLUTIONS

€m	Q1 2013	Q4 2012*	% QoQ	Q1 2012*	% YoY
<b>Sales</b>	<b>40.5</b>	<b>36.2</b>	<b>11.9</b>	<b>41.2</b>	<b>-1.7</b>
<b>EBITDA</b>	<b>6.9</b>	<b>4.0</b>	<b>72.5</b>	<b>7.9</b>	<b>-12.7</b>
<i>EBITDA margin</i>	<i>17.0%</i>	<i>11.0%</i>	-	<i>19.2%</i>	-
<b>EBIT</b>	<b>5.2</b>	<b>2.3</b>	<b>&gt;100</b>	<b>6.3</b>	<b>-17.5</b>
<i>EBIT margin</i>	<i>12.8%</i>	<i>6.4%</i>	-	<i>15.3%</i>	-
<b>Capex</b>	<b>2.6</b>	<b>5.4</b>	<b>-51.9</b>	<b>2.9</b>	<b>-10.3</b>

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# GROWING DEMAND FOR SPECIALTIES

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**BIOSOLUTIONS**

## Q1 2013 Comments

- Positive growth contribution of pharma and agro, gumbase and specialties

## 2013 Challenges and Opportunities

- Growth potential within the food industry
- Build on our position as market leader for Polyvinyl acetate solid resins for gumbase (20kt in Nanjing)

# DEMAND RECOVERED - PRICING REMAINS LOW

## WACKER POLYSILICON

€m	Q1 2013	Q4 2012*	% QoQ	Q1 2012*	% YoY
<b>Sales</b>	<b>235.4</b>	<b>213.3</b>	<b>10.4</b>	<b>366.6</b>	<b>-35.8</b>
<b>EBITDA</b>	<b>52.5</b>	<b>78.3</b>	<b>-33.0</b>	<b>150.1</b>	<b>-65.0</b>
<i>EBITDA margin</i>	<i>22.3%</i>	<i>36.7%</i>	-	<i>40.9%</i>	-
<b>EBIT</b>	<b>-5.1</b>	<b>18.9</b>	<b>n.a.</b>	<b>95.3</b>	<b>n.a.</b>
<i>EBIT margin</i>	<i>-2.2%</i>	<i>8.9%</i>	-	<i>26.0%</i>	-
<b>Capex</b>	<b>81.1</b>	<b>191.0</b>	<b>-57.5</b>	<b>130.1</b>	<b>-37.7</b>

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Note: Since January 2013, salt and caustic soda is reported in OTHERS, fumed silica in SILICONES.

# ONGOING EXECUTION OF COST ROADMAP – LOWER ASP IMPACTS SALES MORE THAN VOLUME GROWTH

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**POLYSILICON**

## Q1 2013 Comments

- Volume pick up in Q1
- Pricing in Q1 below last year's ASP
- Short term work in Burghausen ended in February
- Utilization increased to above 90% during Q1
- €32.2 m retained of prepayments and damages from cancelled contracts

## 2013 Challenges and Opportunities

- Unchanged long term growth expected, but short term uncertainties of regulations might impact H2
- PV Market size expected to reach 35 – 40 GW (230kt – 260kt incl. semi)
- Retained prepayments and damages from cancelled contracts to continue with effects on earnings as market consolidation takes place

# DECLINING PRICES OPEN UP NEW PV MARKETS – USA AND ASIA WITH HIGH GROWTH POTENTIAL

Country	New Installations (MW)				CAGR '10-'13
	2010	2011	2012e	2013e	
France	700	1,700	1,200 - 1,300	1,500 - 1,800	20-30%
Germany	7,400	7,500	7,600	3,800 - 4,500	-15 / -10%
Italy	4,000	7,400	4,200 - 4,400	1,800 - 2,200	-20 / -15%
Rest of Europe	2,600	3,300	3,600 - 4,400	4,200 - 4,800	15-20%
Australia	400	800	1,000 - 1,100	1,300 - 1,400	35-40%
China	700	2,500	4,000 - 5,500	8,000 - 9,300	85-90%
India	150	400	700 - 1,000	1,700 - 2,000	80-90%
Japan	1,000	1,300	2,200 - 2,500	3,700 - 4,200	40-45%
USA	900	1,900	3,000 - 3,700	5,200 - 6,000	55-60%
Rest of World	500	1,300	2,800 - 3,500	3,800 - 4,200	65-70%
<b>TOTAL</b>	<b>~18 GW</b>	<b>28 GW</b>	<b>~30 - 35 GW</b>	<b>~35 - 40 GW</b>	<b>20-25%</b>

Sources: EPIA 05/2010 and 02/2012, industry news, WACKER estimate

# Q1 WITH LOW DEMAND AND PRICE PRESSURE IN WAFERS



€m	Q1 2013	Q4 2012*	% QoQ	Q1 2012*	% YoY
<b>Sales</b>	<b>171.2</b>	<b>184.7</b>	<b>-7.3</b>	<b>201.1</b>	<b>-14.9</b>
<b>EBITDA</b>	<b>0.7</b>	<b>3.5</b>	<b>-80.0</b>	<b>-25.7</b>	<b>n.a.</b>
<i>EBITDA margin</i>	<i>0.4%</i>	<i>1.9%</i>	<i>-</i>	<i>-12.8%</i>	<i>-</i>
<b>EBIT</b>	<b>-22.0</b>	<b>-19.7</b>	<b>-11.7</b>	<b>-49.1</b>	<b>-55.2</b>
<i>EBIT margin</i>	<i>-12.9%</i>	<i>-10.7%</i>	<i>-</i>	<i>-24.4%</i>	<i>-</i>
<b>Capex</b>	<b>8.3</b>	<b>27.8</b>	<b>-70.1</b>	<b>16.4</b>	<b>-49.4</b>

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# VOLUME EXPECTED TO INCREASE IN Q2



## Q1 2013 Comments

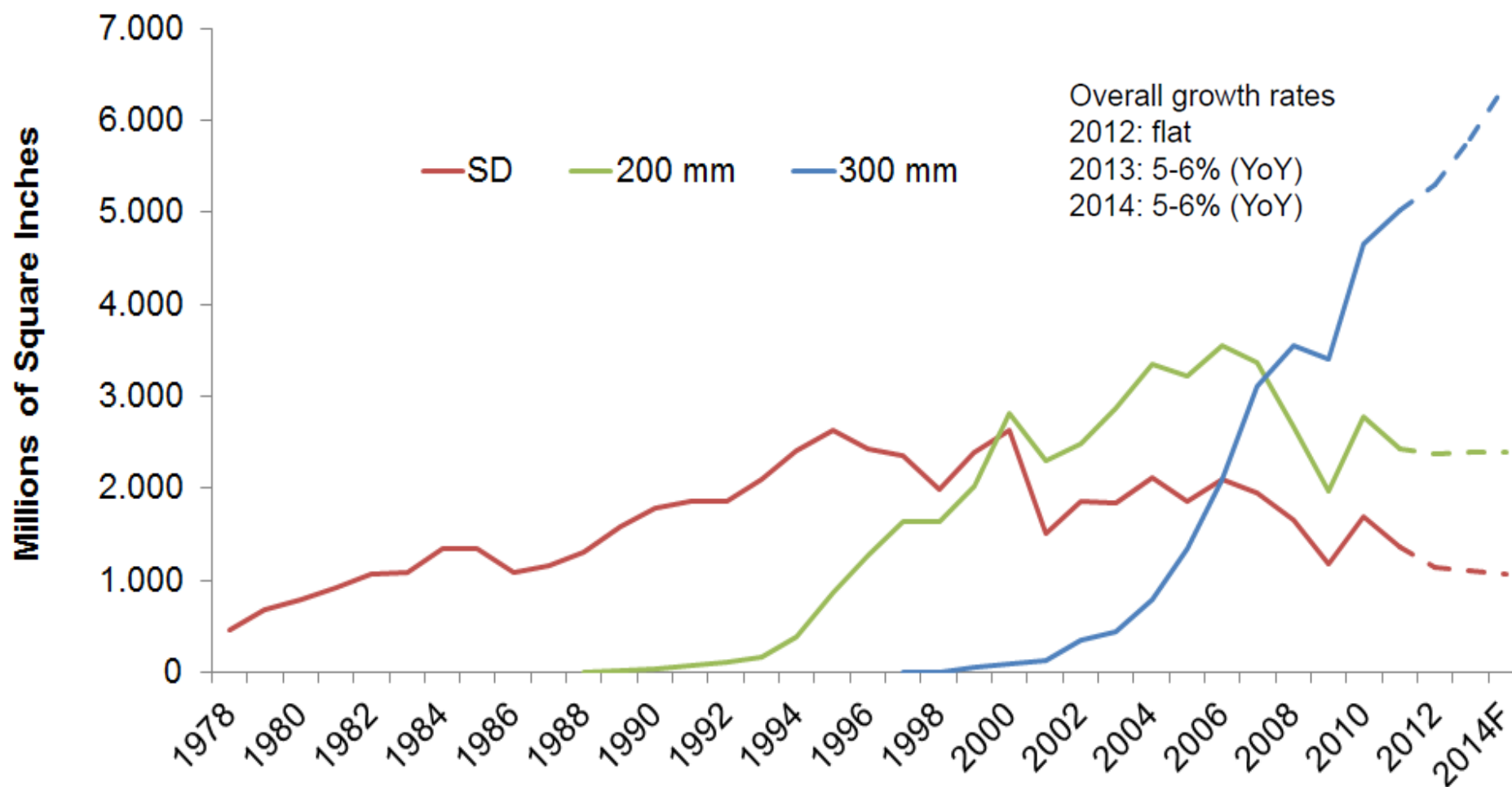
- Demand remains low compared to Q4 2012
- 300 mm volume growth over Q1
- Negative FX effect
- Fix cost down after restructuring
- Average plant utilization around 70%

## 2013 Challenges and Opportunities

- Weak YEN may increase price pressure
- Lower ASP's as 2012
- No major improvement in EBITDA despite cost savings from restructuring



# 300 MM WAFERS WITH HIGHEST GROWTH RATE



Source: Rose Associates 1978 to 1995; SEMI 1995 to 2011; SEMI Q1'13; incl. pol and epi wafers; excl. reclaim, non-polished, and SOI

# “OTHERS” SEGMENT WITH NEW BUSINESSES

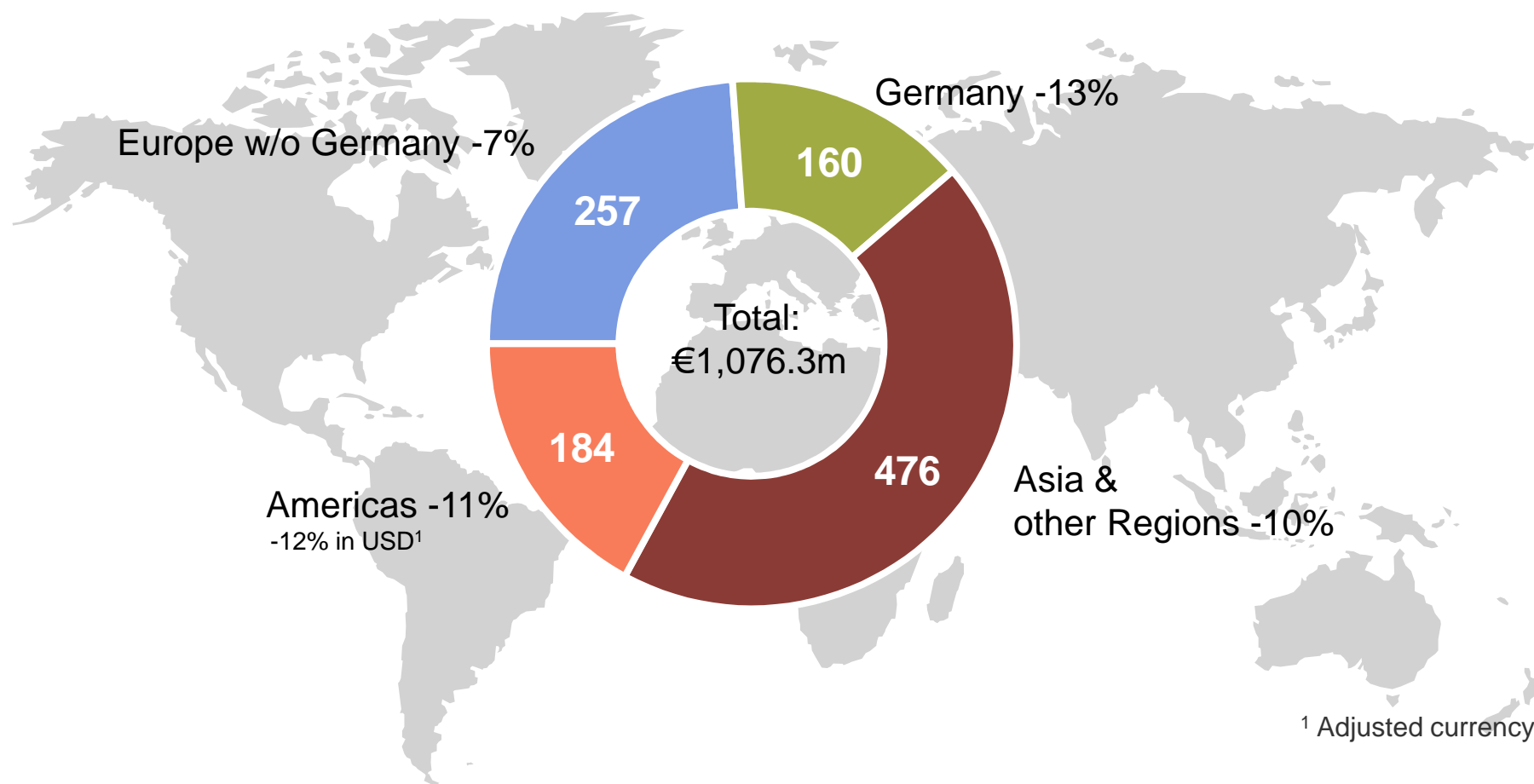
## Others

### Q1 2013 Comments

- Additional EBITDA due to allocation of salt business (previously reported under POLYSILICON)
- Improved FX result

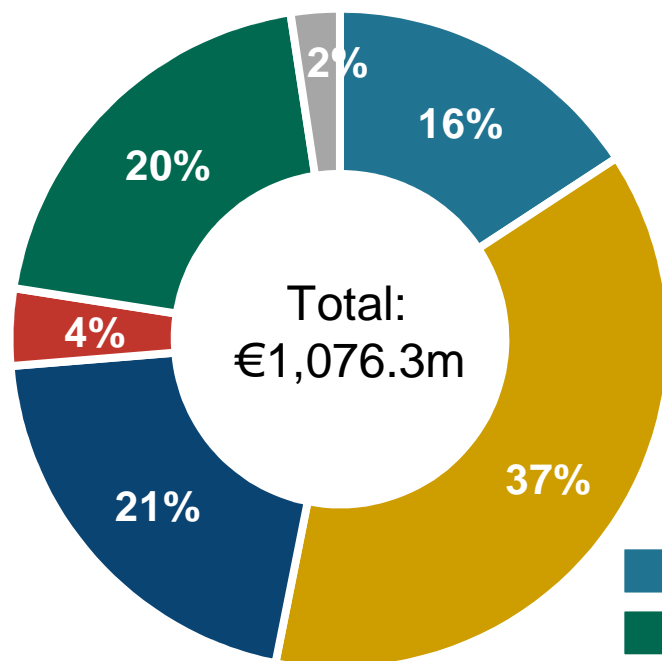
# ASIA WITH 40% OF SALES – LARGEST REGION

## Q1 2013 Sales by Region, Changes YoY (%)

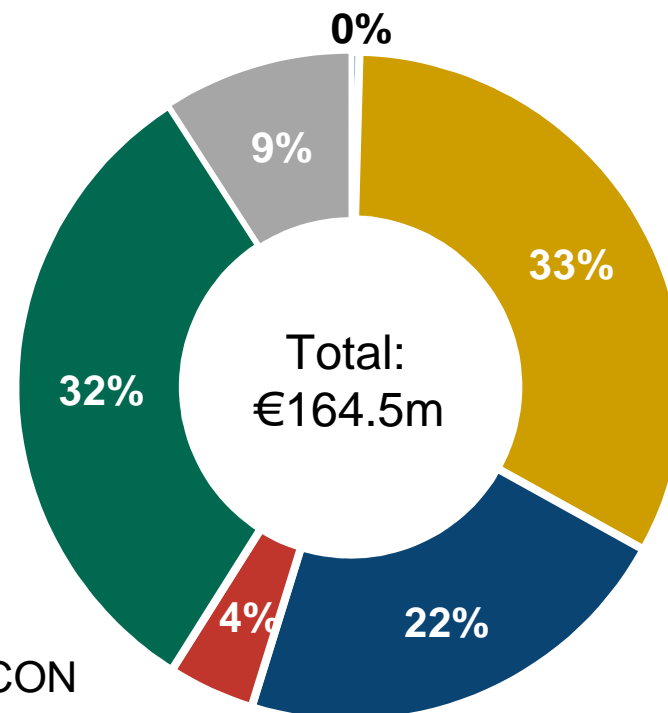


# STRONG PERFORMANCE QOQ IN ALL CHEMICAL BUSINESSES

Q1 2013 Sales<sup>1</sup>



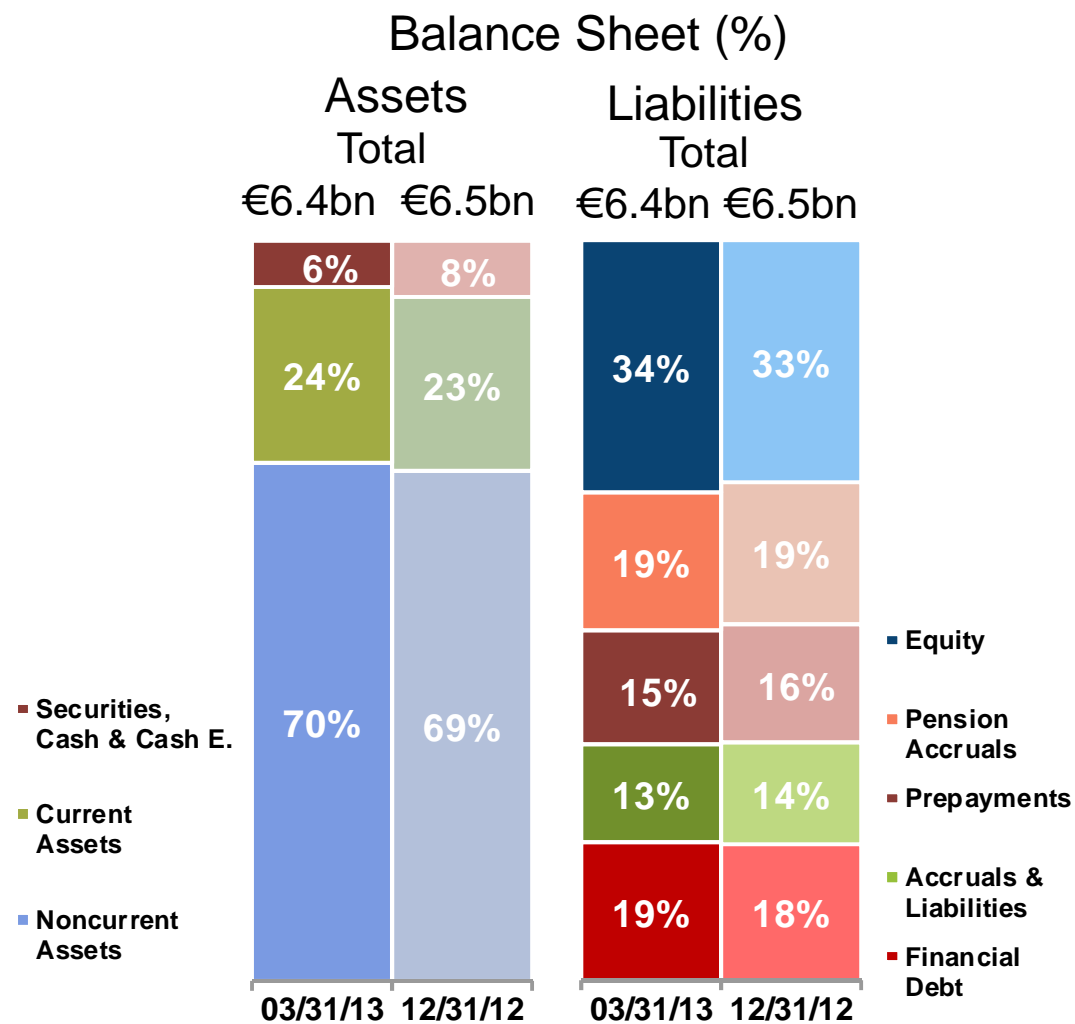
Q1 2013 EBITDA



- Siltronic
- WACKER POLYSILICON
- WACKER SILICONES
- WACKER BIOSOLUTIONS
- WACKER POLYMERS
- Others/Consolidation

<sup>1</sup>based on external sales

# PENSION ACCOUNTING CHANGES AND PLANNED DEBT INCREASES CHANGE BALANCE SHEET STRUCTURE



## Characteristics 03/31/13

- Noncurrent assets: €4,548m
- Securities, cash and cash equivalents: €394m
- Provisions for pensions: €1,205m
- Net financial liabilities: €800m
- Equity: €2,188m
- Prepayments received per 03/31/13: €990m
- Capex: €121m

2012: Adjusted based on the effects of the adoption of IAS 19 (revised), more details under changes in accounting and evaluation methods in the notes (quarterly report)

# CASH BRIDGE: FROM EBITDA TO NET CASH FLOW

## Q1 2013 IN COMPARISON TO Q1 2012

€m	Q1 2013	Q1 2012*
<b>EBITDA</b>	<b>164.5</b>	<b>213.3</b>
Interest expense	-14.6	-13.2
Tax expenditure	-12.5	-28.9
Change in trade working capital	10.7	-75.7
Change in received payments	-58.3	-33.0
Change in provisions	29.6	50.0
Change in others	-41.9	53.9
<b>Cash flow from operating activities</b>	<b>77.5</b>	<b>166.4</b>
Cash flow from investment activities	-174.8	-247.5
Change in received payments	58.3	33.0
<b>Net cash flow</b>	<b>-39.0</b>	<b>-48.1</b>

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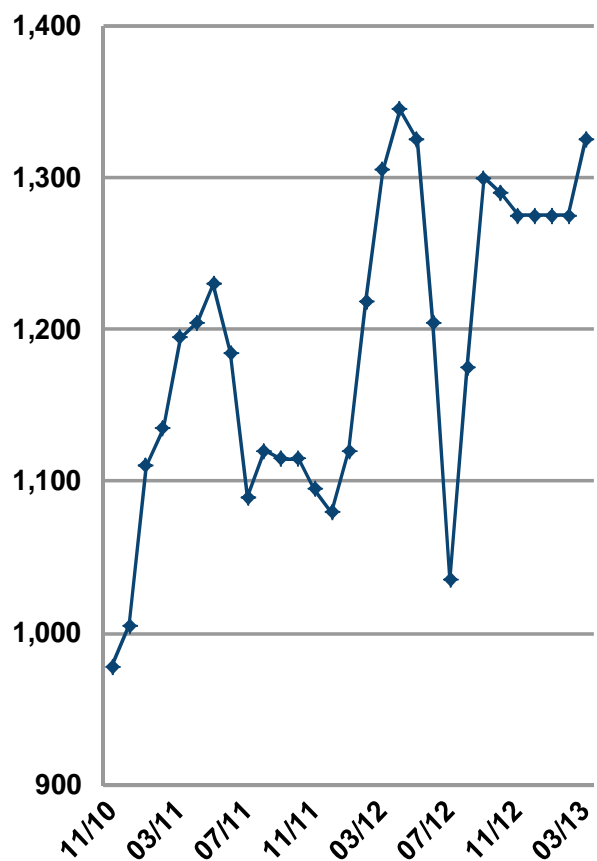
# OUTLOOK 2013: FY SALES ON 2012 LEVEL, FY EBITDA BELOW 2012 LEVEL

## Key Assumptions for 2013

- Group:**
- Guidance assumes polysilicon prices at the level of 12/2012
  - Uncertainties from Anti-Dumping procedures
- Chemicals:**
- All segments with positive outlook and solid trend
- Siltronic:**
- Price pressure will allow little EBITDA improvement only
  - Cost roadmap for 300mm established
- POLYSILICON:**
- Expect global installations to grow between 35 and 40 GW
  - Aggressive cost roadmap in implementation
- Investments:**
- Capex close to depreciation at about €550m
- Net Cash Flow:**
- Significantly less negative than 2012
  - Net financial debt increasing, target less than €1.0bn
- FX**
- Assumed  $\emptyset$  annual exchange rate of \$/€ at 1.35

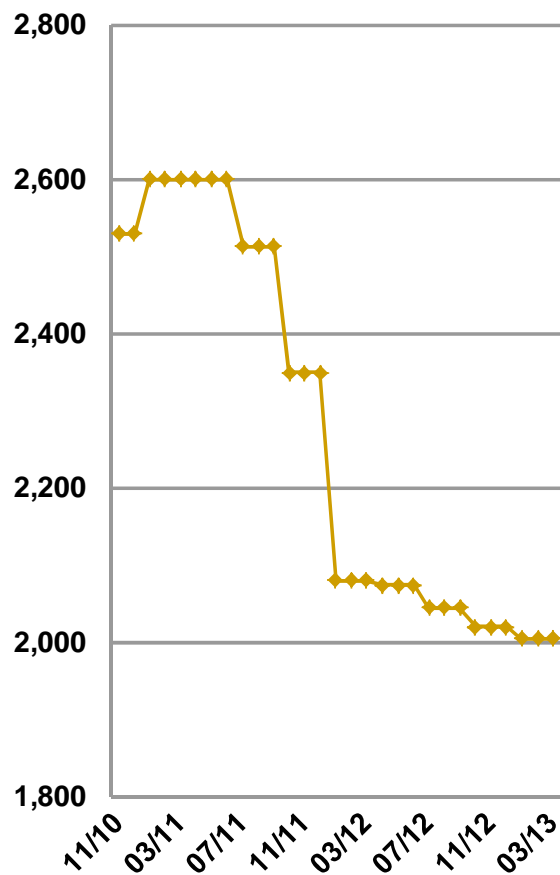
# RAW MATERIALS: SLIGHT RELIEF EXPECTED IN 2013

Ethylene Contract (€/MT)



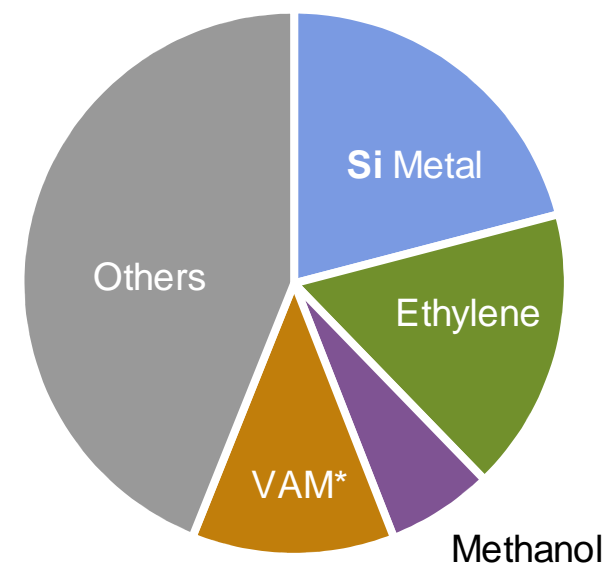
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



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

Raw Materials 2012 (€m)  
Chemicals



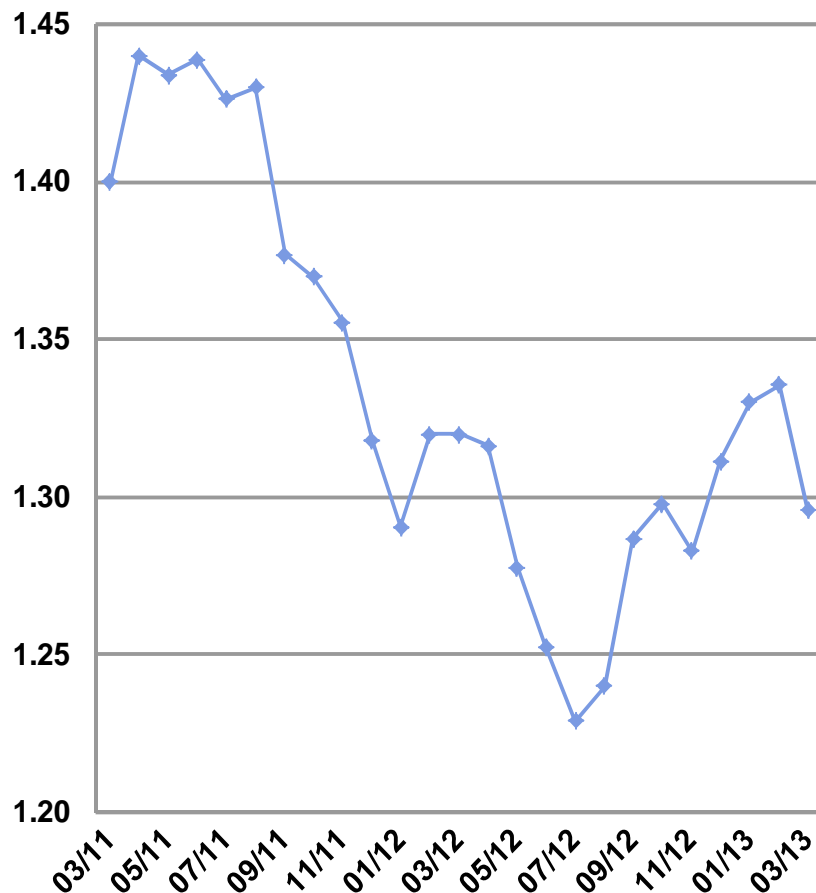
Costs of top 4 raw materials 21% of chemicals segment sales

\*VAM = Vinylacetate monomer



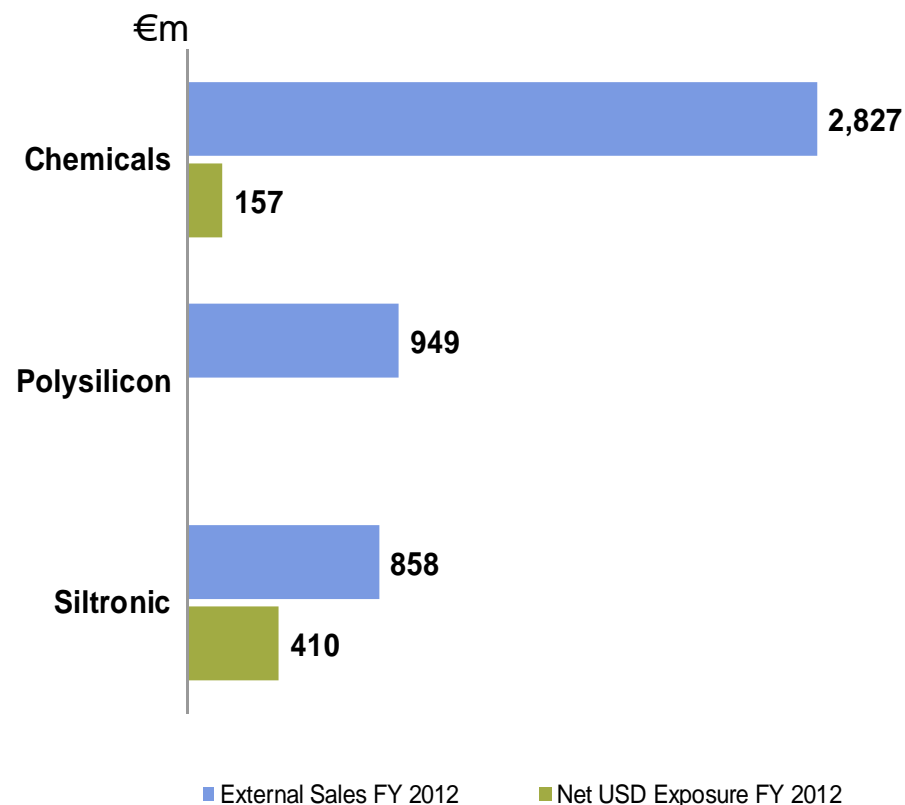
# 1 CENT CHANGE IN USD/€ EXCHANGE RATE HAD AN IMPACT OF €4.4M ON FY-EBITDA IN 2012, UNHEDGED\*

## USD/EURO Development



Source: [www.x-rates.com/d/USD/EUR/hist2013.html](http://www.x-rates.com/d/USD/EUR/hist2013.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

05/08/13 – Annual Shareholders' Meeting, Munich  
**07/01/13 – Capital Markets Day, London (CHANGE)**  
07/30/13 – Q2 Results 2013  
10/31/13 – Q3 Results 2013

## 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



# HIGHER VOLUMES IN POLYSILICON AND A SOLID CHEMICAL BUSINESS PUSHED SALES QOQ

Sales in €m	Q1 2013	Q4 2012*	%QoQ	Q1 2012*	%YoY
<b>CHEMICALS</b>	<b>669.3</b>	<b>647.4</b>	<b>3.4</b>	<b>676.0</b>	<b>-1.0</b>
- WACKER SILICONES	402.1	392.0	2.6	401.0	0.3
- WACKER POLYMERS	226.7	219.2	3.4	233.8	-3.0
- WACKER BIOSOLUTIONS	40.5	36.2	11.9	41.2	-1.7
<b>WACKER POLYSILICON</b>	<b>235.4</b>	<b>213.3</b>	<b>10.4</b>	<b>366.6</b>	<b>-35.8</b>
<b>Siltronic</b>	<b>171.2</b>	<b>184.7</b>	<b>-7.3</b>	<b>201.1</b>	<b>-14.9</b>
Others	46.9	41.8	12.2	42.8	9.6
Consolidation	-46.5	-70.0	-33.6	-92.2	-49.6
<b>WACKER</b>	<b>1,076.3</b>	<b>1,017.2</b>	<b>5.8</b>	<b>1,194.3</b>	<b>-9.9</b>

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# LOWER PRICES IN POLYSILICON AND SILTRONIC IMPACTED EBITDA YOY

EBITDA in €m	Q1 2013	Q4 2012*	%QoQ	Q1 2012*	%YoY
<b>CHEMICALS</b>	<b>96.3</b>	<b>44.1</b>	<b>&gt;100</b>	<b>91.4</b>	<b>5.4</b>
- WACKER SILICONES	53.7	22.6	>100	49.4	8.7
- WACKER POLYMERS	35.7	17.5	>100	34.1	4.7
- WACKER BIOSOLUTIONS	6.9	4.0	72.5	7.9	-12.7
<b>WACKER POLYSILICON</b>	<b>52.5</b>	<b>78.3</b>	<b>-33.0</b>	<b>150.1</b>	<b>-65.0</b>
<b>Siltronic</b>	<b>0.7</b>	<b>3.5</b>	<b>-80.0</b>	<b>-25.7</b>	<b>n.a.</b>
Others	15.2	6.8	81.8	-2.1	n.a.
Consolidation	-0.2	1.2	n.a.	-0.4	-50.0
<b>WACKER</b>	<b>164.5</b>	<b>133.9</b>	<b>22.9</b>	<b>213.3</b>	<b>-22.9</b>

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