

WACKER

CREATING TOMORROW'S SOLUTIONS

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3rd Quarter 2013 – Call Note

Dr. Rudolf Staudigl (CEO), Dr. Joachim Rauhut (CFO), October 31, 2013

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WACKER: Sales Growth Restrained by Price Pressure

in €m	Q3 2013	Q2 2013	% QoQ	Q3 2012*	% YoY
Sales	1,165.4	1,150.3	1.3	1,200.9	-3.0
EBITDA	167.9	188.2	-10.8	206.1	-18.5
EBITDA margin	14.4%	16.4%	-	17.2%	-
EBIT	35.1	52.5	-33.1	72.5	-51.6
EBIT margin	3.0%	4.6%	-	6.0%	-
Result for the period	5.4	15.1	-64.2	28.8	-81.3
EPS in €	0.09	0.27	-66.7	0.54	-83.3

*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)

Strong Cash Flow Generation in Q3: NCF Increases to €165m

WACKER

Q3 2013 Comments

- ▶ Lower growth in chemicals than expected due to weaker economies
- ▶ Negative FX effect yoy (USD, YEN) in Chemicals and Siltronic
- ▶ Pricing pressure leads to negative effect of about €109m yoy
- ▶ Savings in material, energy and personnel expenses
- ▶ Lower inventory effect in POLYSILICON damped EBITDA margin
- ▶ Strong NCF of €165m
- ▶ Capex of €98m with focus on POLYSILICON (USA)



2013 Challenges and Opportunities

- ▶ Lower ASP's than in 2012
- ▶ FY sales dampened by some €350m price decline, thereof €50m in Q4 expected
- ▶ Increase of tax rate above 50%

Impacts of Special Effects on EBITDA in Q3 2013 vs. Q3 2012

Division (€m)	Special Effects	2012			2013		
		Q1	Q2	Q3	Q1	Q2	Q3
Siltronic	Execution "Lead site strategy"	-14.8	-	-	-	-	-
WACKER POLYSILICON	Retained prepayments & damages from cancelled contracts	36.6	19.4	2.1	32.2	23.8	13.2
Net Effect on EBITDA		21.8	19.4	2.1	32.2	23.8	13.2

Sales on previous Year Level Despite lower Prices

WACKER SILICONES

€m	Q3 2013	Q2 2013	% QoQ	Q3 2012*	% YoY
Sales	429.4	437.2	-1.8	432.1	-0.6
EBITDA	59.2	66.3	-10.7	57.4	3.1
EBITDA margin	13.8%	15.2%	-	13.3%	-
EBIT	39.6	46.4	-14.7	36.2	9.4
EBIT margin	9.2%	10.6%	-	8.4%	-
Capex	18.6	16.0	16.3	17.4	6.9

*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)

Cost Reduction and Productivity Increase well on Track

WACKER SILICONES

Q3 2013 Comments

- ▶ Volume increase for all major products groups yoy, flat sequentially
- ▶ Ongoing pricing pressure in standard products
- ▶ Negative effect due to FX yoy
- ▶ Utilization well above 90%

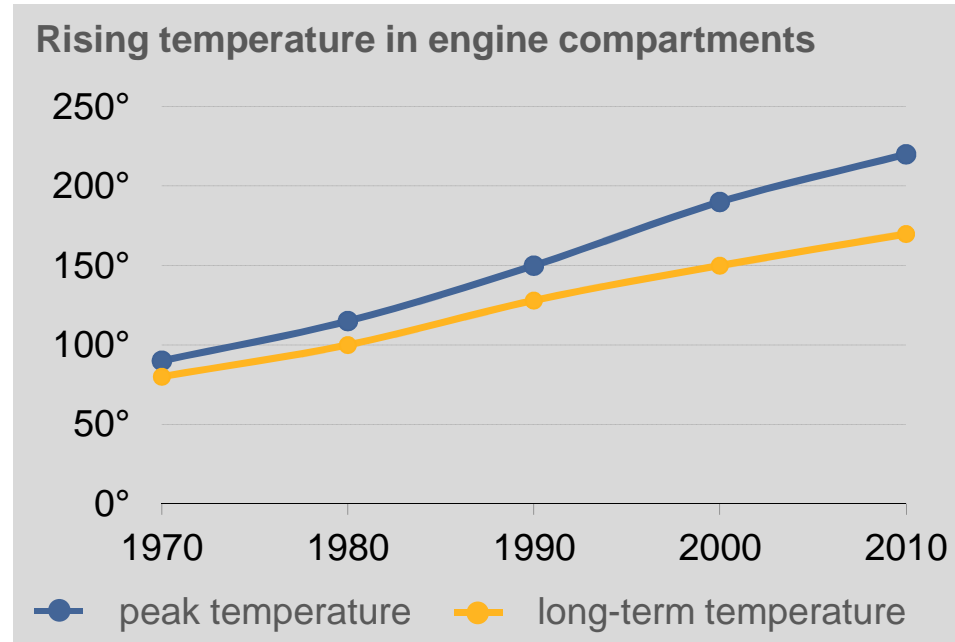


2013 Challenges and Opportunities

- ▶ Q4 with seasonal impact, but improving yoy
- ▶ Improving volume and mix
- ▶ Lower pricing than FY 2012
- ▶ Prices for silicon metal lower yoy, higher prices for methanol

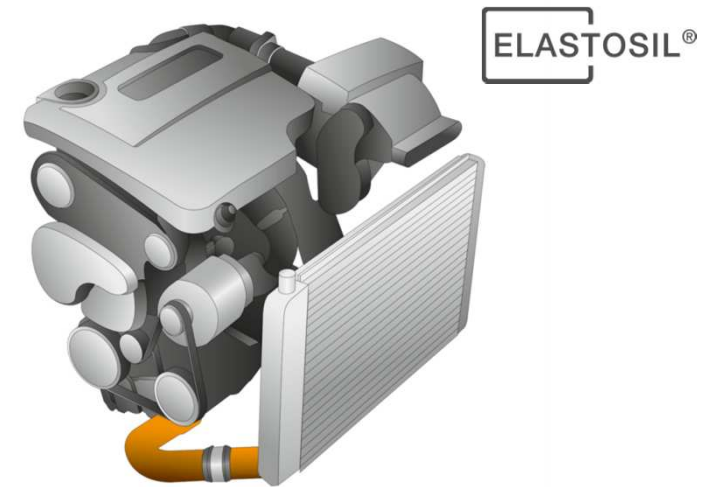
Rising Temperature in Engine Compartments ask for Heat-Resistant Silicone Solutions

Challenge



- ▶ **Downsizing** of engines and more electrical components lead to higher temperatures in the engine compartment
- ▶ **Higher temperature** inside the hoses
- ▶ Need for materials with **improved resistance**

Our solution



- ▶ **Advantages** of ELASTOSIL® R416
 - ▶ Excellent heat stability
 - ▶ Superb processability lead to cost-efficient manufacturing
- ▶ Many **applications**: turbo charger, radiator, particle filter

Lower Prices for Dispersions and Powders YoY

WACKER POLYMERS

€m	Q3 2013	Q2 2013	% QoQ	Q3 2012*	% YoY
Sales	265.4	273.4	-2.9	274.0	-3.1
EBITDA	45.1	44.4	1.6	50.5	-10.7
EBITDA margin	17.0%	16.2%	-	18.4%	-
EBIT	36.4	35.2	3.4	41.3	-11.9
EBIT margin	13.7%	12.9%	-	15.1%	-
Capex	8.1	5.3	52.8	16.4	-50.6

*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)

VAE Dispersions Benefit from Structural Substitution Opportunities

WACKER POLYMERS

Q3 2013 Comments

- ▶ Stable top line growth in Asia, other main regions weaker yoy
- ▶ Lower pricing yoy, stable qoq
- ▶ Higher volumes yoy driven by the construction industry
- ▶ Substitution slowed due to temporarily lower pricing of butadiene
- ▶ Utilization slightly above 80%



2013 Challenges and Opportunities

- ▶ Construction market especially outside Europe growing
- ▶ Volume growth in powders
- ▶ Dispersions on prior year level
- ▶ Slightly lower pricing than FY 2012

Higher Volumes Did Not Compensate Lower Prices

WACKER BIOSOLUTIONS

€m	Q3 2013	Q2 2013	% QoQ	Q3 2012*	% YoY
Sales	38.1	40.5	-5.9	40.1	-5.0
EBITDA	5.3	5.9	-10.2	5.5	-3.6
EBITDA margin	13.9%	14.6%	-	13.7%	-
EBIT	3.7	4.4	-15.9	3.8	-2.6
EBIT margin	9.7%	10.9%	-	9.5%	-
Capex	3.7	1.5	>100	5.5	-32.7

*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)

Market Leader in Polyvinyl Acetate Solid Resins for Gumbase

WACKER BIOSOLUTIONS

Q3 2013 Comments

- ▶ Cyclodextrins and Chewing gum with good growth. Weakness in fine chemicals (Acetylacetone)



2013 Challenges and Opportunities

- ▶ Q4 sales and earnings expected at comparable level to Q3

Strong Increase in Shipments in August and September

WACKER POLYSILICON

€m	Q3 2013	Q2 2013	% QoQ	Q3 2012*	% YoY
Sales	235.7	203.3	15.9	269.1	-12.4
EBITDA	46.6	64.0	-27.2	78.8	-40.9
EBITDA margin	19.8%	31.5%	-	29.3%	-
EBIT	-11.8	4.4	n.a.	21.5	n.a.
EBIT margin	-5.0%	2.2%	-	8.0%	-
Capex	55.1	89.9	-38.7	206.6	-73.3

*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)
Not Since January 2013, salt and caustic soda is reported in OTHERS, fumed silica in SILICONES.

Ongoing Successful Execution of Cost Roadmap

WACKER POLYSILICON

Q3 2013 Comments

- ▶ Volume pick up after preliminary resolution of the EU solar panel case
- ▶ About 25% volume growth in the first nine month yoy
- ▶ Shipments exceeded production, leading to low inventory levels
- ▶ Pricing on Q2 level
- ▶ Utilization at the end of Q3 at full rate
- ▶ Inventory decrease with negative impact on EBITDA
- ▶ €13.2m retained prepayments and damages from cancelled contracts



2013 Challenges and Opportunities

- ▶ Ongoing good demand, lower visibility for year end
- ▶ PV Market size expected to reach 35 – 40 GW (230kt – 260kt polysilicon incl. semi)
- ▶ Lower ASPs offset volume growth in 2013

Growth in Installations Shifts to Asia as PV becomes more Competitive

Country	2010	2011	2012	2013e	2014e
France	0.7	1.7	1.1	0.6 – 0.8	1.3 – 1.5
Germany	7.4	7.5	7.6	3.5 – 3.8	3.0 – 3.5
Italy	4.0	7.4	3.6	1.8 – 2.1	1.9 – 2.2
Rest of Europe	2.6	3.3	4.9	5.2 – 6.5	4.7 – 6.0
Europe	14.7	19.9	17.2	10.8 – 13.2	10.9 – 13.2
Australia	0.4	0.8	1.0	1.0 – 1.3	1.3 – 1.6
China	0.7	2.5	4.9	7.4 – 8.5	9.6 – 12.0
India	0.15	0.4	0.9	1.2 – 1.6	2.0 – 2.8
Japan	1.0	1.3	2.5	6.4 – 6.8	7.0 – 7.5
USA	0.9	1.9	3.3	4.5 – 5.0	6.3 – 7.5
Rest of World	0.5	1.3	2.1	3.5 – 3.8	4.9 – 5.9
Total	18 GW	28 GW	~32 GW	~34 - 40 GW	~42 - 50 GW

CAGR
9-25%

CAGR
15-25%

Sources: EPIA 05/2010, 02/2012 and 05/2013, industry news, WACKER estimate, CAGR based on 2012 numbers

Price Pressure Persists as Semiconductor Value Chain Contracts

Siltronic

€m	Q3 2013	Q2 2013	% QoQ	Q3 2012*	% YoY
Sales	197.1	200.1	-1.5	234.7	-16.0
EBITDA	5.2	9.1	-42.9	9.9	-47.5
EBITDA margin	2.6%	4.5%	-	4.2%	-
EBIT	-17.4	-14.7	-18.4	-13.6	27.9
EBIT margin	-8.8%	-7.3%	-	-5.8%	-
Capex	2.6	8.3	-68.7	32.9	-92.1

*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)

Q4 Expected with Weaker Volumes in Line with Market Trends

Siltronic

Q3 2013 Comments

- ▶ Benefits from aggressive cost management
- ▶ Volume sequentially flat
- ▶ Weaker pricing for all diameters
- ▶ Negative effects from FX as JPY depreciates by 34% yoy
- ▶ Average plant utilization around 80%
- ▶ Positive NCF contribution in Q3

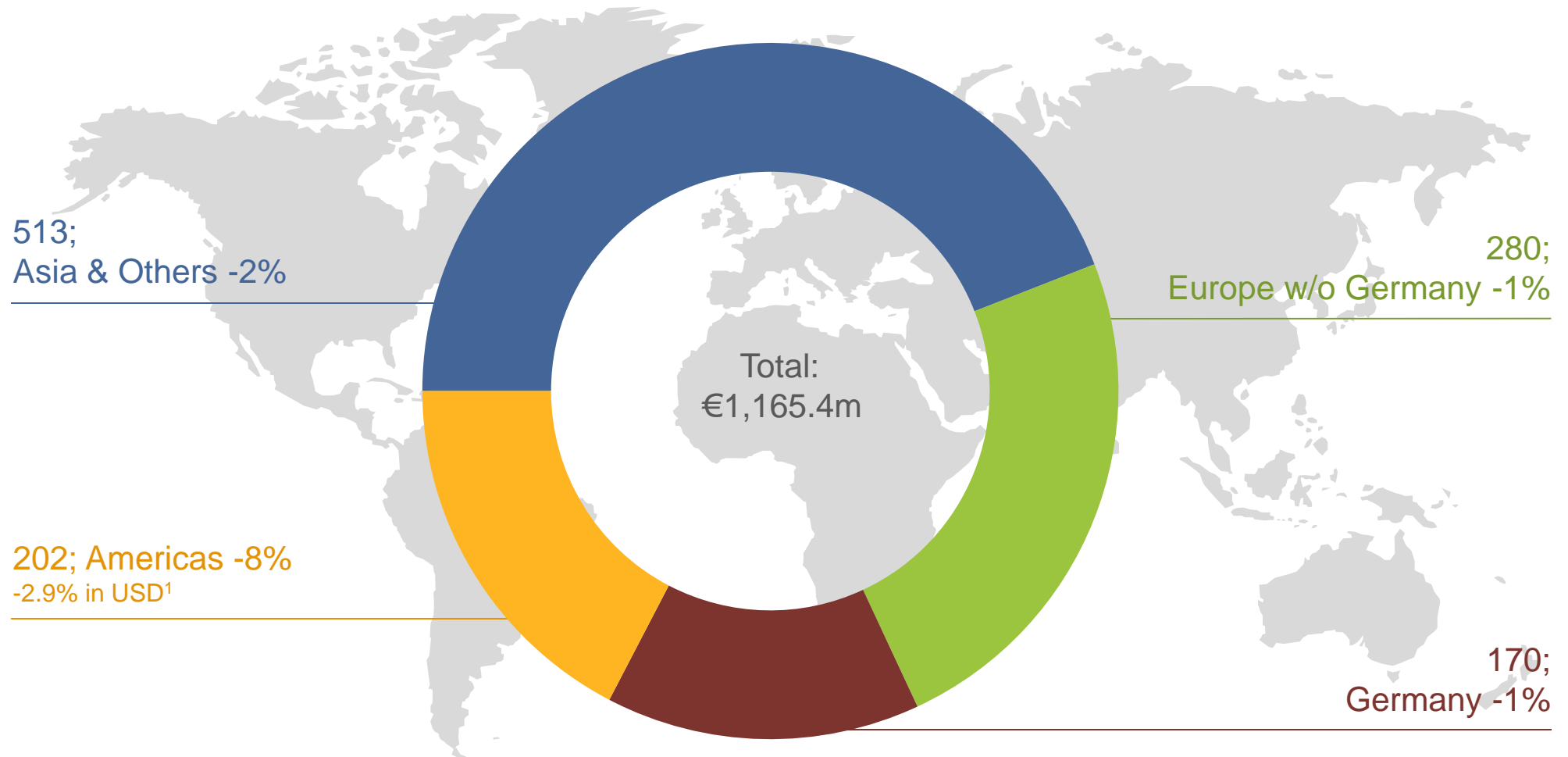


2013 Challenges and Opportunities

- ▶ Market demand for smartphones and tablets not strong enough to compensate low PC demand

Asia with 40% of Sales – Largest Region

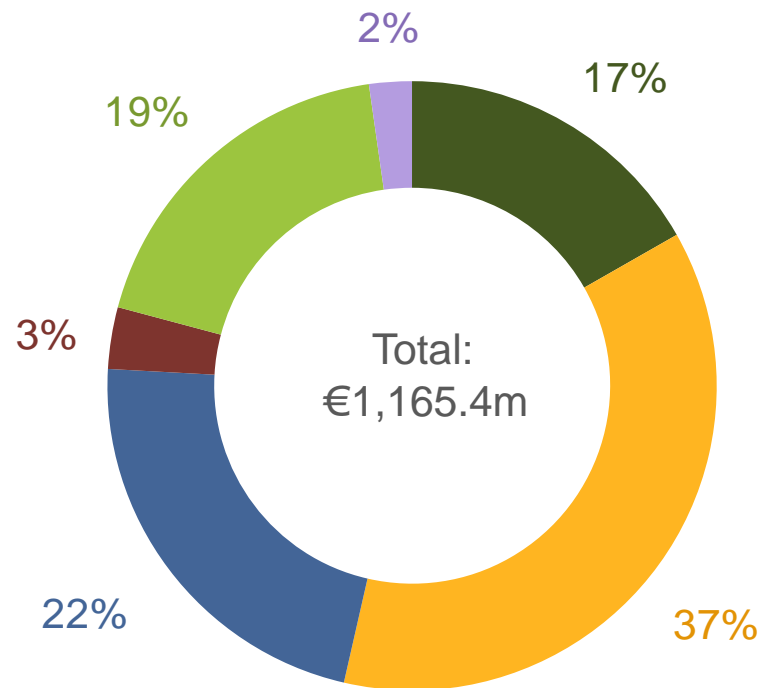
Q3 2013 Sales by Region, Changes YoY (%)



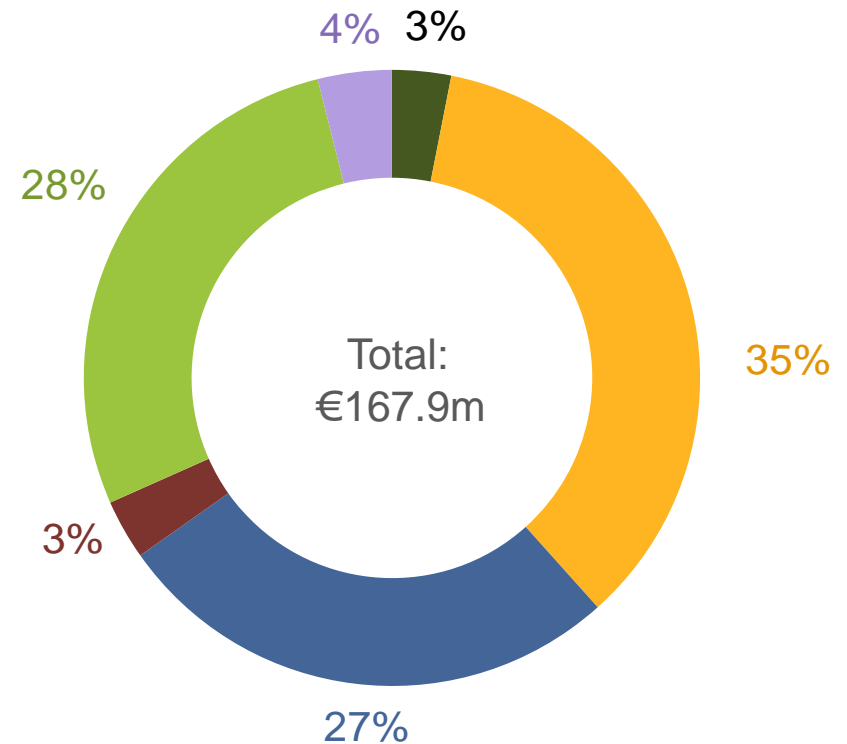
¹ Adjusted currency

Strong Demand Pushed Polysilicon Sales Contribution by 3%

Q3 2013 Sales¹



Q3 2013 EBITDA



Siltronic

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WACKER SILICONES

WACKER POLYSILICON

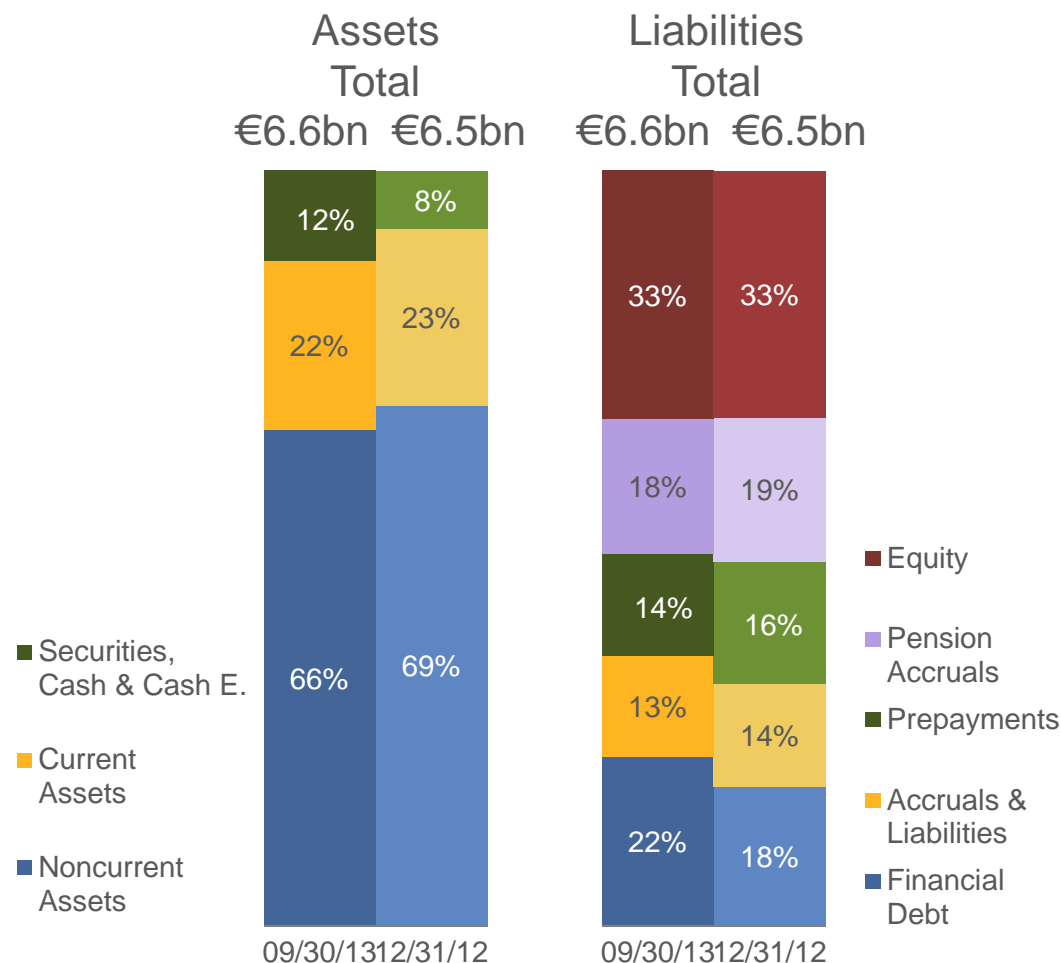
WACKER POLYMERS

Others

¹based on external sales

FY 2013 Net Debt now Expected below €900m

Balance Sheet (%)



Characteristics 09/30/13

- ▶ Noncurrent assets: €4,431m
- ▶ Securities, cash and cash equivalents: €788m
- ▶ Provisions for pensions: €1,172m
- ▶ Net financial debt: €688m
- ▶ Equity: €2,167m
- ▶ Prepayments received per 09/30/13: €893m
- ▶ Capex: €351m (Q3: €98m)

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)

Outlook 2013 unchanged: FY Sales about €4.5bn, Net Income slightly positive

Group

- ▶ Expecting Group sales at €4.5bn for the full year 2013
- ▶ FY EBITDA below last Year

Chemicals

- ▶ All segments with positive outlook and solid trend
- ▶ FY 2013 slightly better than yoy in sales and EBITDA

Siltronic

- ▶ FY sales below 2012
- ▶ Cost roadmap for 300 mm on track

POLYSILICON

- ▶ FY sales below 2012
- ▶ Substantial contribution to Group EBITDA but below 2012

Investments

- ▶ Capex of €500m

Net Cash Flow

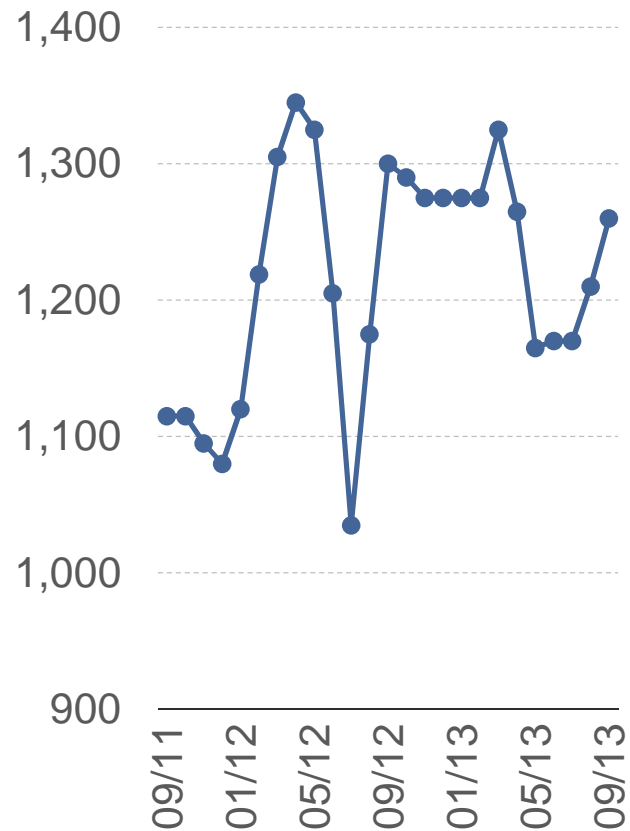
- ▶ NCF positive
- ▶ Net financial debt below €900m
- ▶ Net income slightly positive

FX

- ▶ Assuming ø exchange rate for Q4 of \$/€ at 1.35

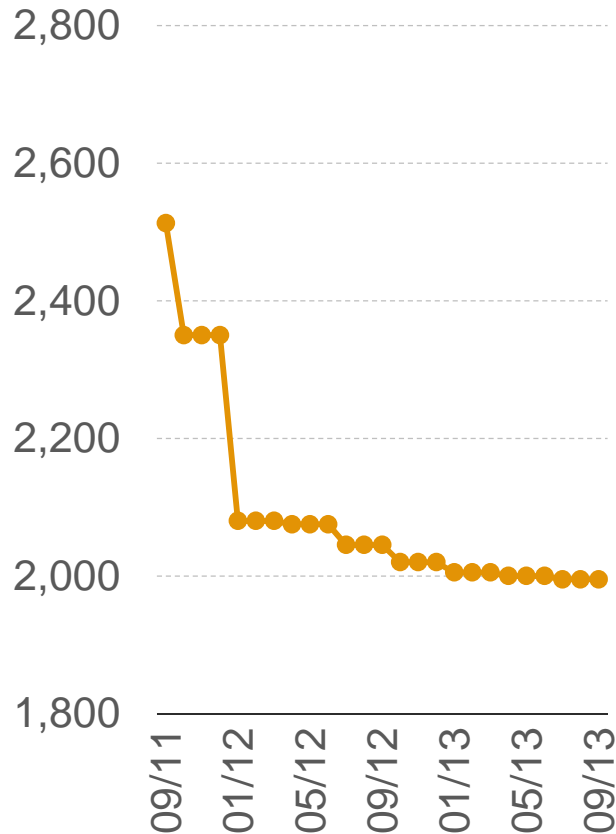
Raw Materials: Slight Relief Expected in 2013

Ethylene Contract (€/MT)



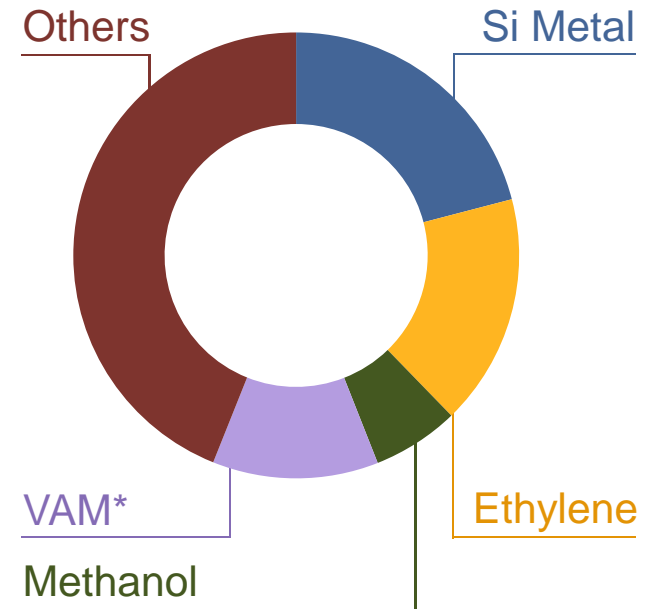
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



Source: 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

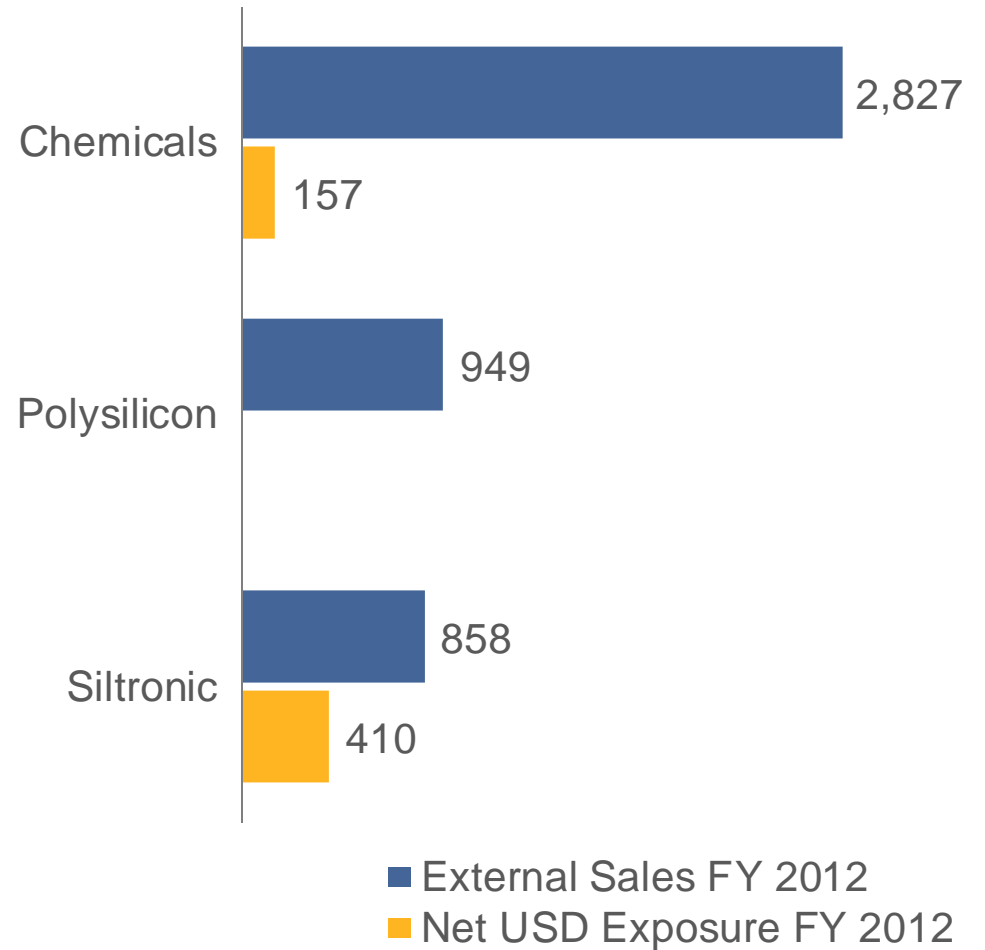
1 Cent Change in USD/€ Exchange Rate had an Impact of €4.4m on FY-EBITDA in 2012, Unhedged*

USD/EURO Development



Source: www.x-rates.com/d/USD/EUR/hist2013.html

External Sales and Net USD Exposure



*Standard Hedging policy = 50% of net exposure, 12 months rolling forward

WACKER: Issuer, Contact and Additional Information

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Financial Calendar

- 03/18/14 – FY Results 2013
- 05/05/14 – Q1 Results 2014
- 05/15/14 – Annual Shareholders' Meeting
- 07/31/14 – Q2 Results 2014
- 10/30/14 – Q3 Results 2014

Additional Information

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



Chemicals Impacted by FX and lower Prices

Sales in €m	Q3 2013	Q2 2013	%QoQ	Q3 2012*	%YoY
CHEMICALS	732.9	751.1	-2.4	746.2	-1.8
WACKER SILICONES	429.4	437.2	-1.8	432.1	-0.6
WACKER POLYMERS	265.4	273.4	-2.9	274.0	-3.1
WACKER BIOSOLUTIONS	38.1	40.5	-5.9	40.1	-5.0
WACKER POLYSILICON	235.7	203.3	15.9	269.1	-12.4
Siltronic	197.1	200.1	-1.5	234.7	-16.0
Others	48.1	46.1	4.3	41.1	17.0
Consolidation	-48.4	-50.3	-3.8	-90.2	-46.3
	1,165.4	1,150.3	1.3	1,200.9	-3.0

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Polysilicon Influenced by Inventory Decrease

EBITDA in €m	Q3 2013	Q2 2013	%QoQ	Q3 2012*	%YoY
CHEMICALS	109.6	116.6	-6.0	113.4	-3.4
WACKER SILICONES	59.2	66.3	-10.7	57.4	3.1
WACKER POLYMERS	45.1	44.4	1.6	50.5	-10.7
WACKER BIOSOLUTIONS	5.3	5.9	-10.2	5.5	-3.6
WACKER POLYSILICON	46.6	64.0	-27.2	78.8	-40.9
Siltronic	5.2	9.1	-42.9	9.9	-47.5
Others	5.2	-3.0	n.a.	4.6	13.0
Consolidation	1.3	1.5	-13.3	-0.6	n.a.
	167.9	188.2	-10.8	206.1	-18.5

*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)