



**WACKER**

# 1<sup>ST</sup> QUARTER 2012 – CALL NOTE

Dr. Rudolf Staudigl (CEO), Dr. Joachim Rauhut (CFO), May 4, 2012

CREATING TOMORROW'S SOLUTIONS

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# WACKER: SALES GROWTH STEMMED FROM INCREASED CUSTOMER DEMAND → HIGHER UTILIZATION RATES

in €m	Q1 2012	Q4 2011	% QoQ	Q1 2011	% YoY
<b>Sales</b>	<b>1,194.3</b>	<b>1,011.6</b>	<b>18</b>	<b>1,291.7</b>	<b>-8</b>
<b>EBITDA</b>	<b>211.8</b>	<b>110.8</b>	<b>91</b>	<b>351.0</b>	<b>-40</b>
<i>EBITDA margin</i>	<i>18%</i>	<i>11%</i>	<i>-</i>	<i>27%</i>	<i>-</i>
<b>EBIT</b>	<b>82.4</b>	<b>-55.0</b>	<b>&gt;100</b>	<b>245.9</b>	<b>-66</b>
<i>EBIT margin</i>	<i>7%</i>	<i>-5%</i>	<i>-</i>	<i>19%</i>	<i>-</i>
<b>Result for the period</b>	<b>40.0</b>	<b>-79.5</b>	<b>&gt;100</b>	<b>168.0</b>	<b>-76</b>
<i>EPS in €</i>	<i>0.84</i>	<i>-1.66</i>	<i>&gt;100</i>	<i>3.39</i>	<i>-75</i>

# CONTINUOUS FOCUS ON LEADING MARKET POSITIONS IN ALL BUSINESSES

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## Q1 2012 Comments

- Improvement in customer demand qoq
- Robust market conditions in Chemicals
- Cost of raw material still on a high level, Q1/11 benefitted from lower raw material costs in 2010
- EBITDA impacted by lower ASP's for Polysilicon and Siltronic yoy
- Investments of €186m in Q1

## 2012 Challenges and Opportunities

- Ongoing challenging environment: macroeconomics, sovereign debt crisis, different growth perspectives
- Sales target of €5bn
- EBITDA markedly lower than in 2011, impacted by lower ASP's in POLYSILICON
- Capex ~€1bn (focus on Polysilicon)
- EBIT impacted by higher depreciations (+€75m for FY 2012)

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Call Note – Q1 2012

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# IMPACTS ON EBITDA IN Q1 2012 – SPECIAL EFFECTS

Division	Special Effects	Q1 2012
<b>Siltronic</b>	Execution „Lead site strategy“ (Closure Portland 150mm)	-15.0
<b>POLYSILICON</b>	Retained prepayments & damages	36.6
<b>Net Effect</b>		<b>21.6</b>

# HIGHER VOLUMES QOQ, BUT LOWER ASP'S

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

€m	Q1 2012	Q4 2011	% QoQ	Q1 2011	% YoY
<b>Sales</b>	<b>401.0</b>	<b>357.0</b>	<b>12</b>	<b>410.5</b>	<b>-2</b>
<b>EBITDA</b>	<b>49.4</b>	<b>5.7</b>	<b>&gt;100</b>	<b>75.1</b>	<b>-34</b>
<i>EBITDA margin</i>	<i>12.3%</i>	<i>1.6%</i>	<i>-</i>	<i>18.3%</i>	<i>-</i>
<b>EBIT</b>	<b>29.1</b>	<b>-16.8</b>	<b>&gt;100</b>	<b>56.8</b>	<b>-49</b>
<i>EBIT margin</i>	<i>7.3%</i>	<i>-4.7%</i>	<i>-</i>	<i>13.8%</i>	<i>-</i>
<b>Capex</b>	<b>14.2</b>	<b>43.3</b>	<b>-67</b>	<b>18.9</b>	<b>-25</b>

# FOCUS ON GROWING PROFITABLY, ACHIEVING COST SAVINGS AND INCREASING FLEXIBILITY

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**SILICONES**

## Q1 2012 Comments

- Volume increase qoq
- Different development in demand: growth in personal care, automotive, solar, medical technology and paper
- Strong demand from America and South-East-Asia
- Utilization over 80%
- Volume and price declines yoy were not compensated by favorable currency effects

## 2012 Challenges and Opportunities

- Solid business development
- Focus on further innovations
- Pricing pressure continuous
- Losses from Chinese subsidiaries
- Raw material costs remain on a high level

# EXAMPLE: SILGEL® HIGHLY TRANSPARENT SILICONE RUBBER FOR A WIDE RANGE OF APPLICATIONS

**WACKER** **SILICONES**



SilGel® 612 is pourable and easy to use.



Example: Glass bonding - Carefully laying pieces of colored glass onto the glass substrate.

## Applications

- Encapsulation of electronic components for the automotive and power electronics industries
- Glass bonding
- Encapsulation of solar cells
- Production of damping elements
- Sealing of clean room filters

## Properties of SILGEL® 612

- Pourable
- Low viscosity
- Easy to use
- Rapid heat cure
- Very low hardness (silicone gel)
- Crystal clear
- Flame retardant
- Vulcanizes at room temperature



# STRONG DEMAND FOR DISPERSIONS INFLUENCED SALES AND EBITDA POSITIVELY

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

€m	Q1 2012	Q4 2011	% QoQ	Q1 2011	% YoY
<b>Sales</b>	<b>233.8</b>	<b>215.1</b>	<b>9</b>	<b>205.4</b>	<b>14</b>
<b>EBITDA</b>	<b>34.1</b>	<b>14.6</b>	<b>&gt;100</b>	<b>26.0</b>	<b>31</b>
<i>EBITDA margin</i>	<i>14.6%</i>	<i>6.8%</i>	-	<i>12.7%</i>	-
<b>EBIT</b>	<b>24.9</b>	<b>5.5</b>	<b>&gt;100</b>	<b>17.1</b>	<b>46</b>
<i>EBIT margin</i>	<i>10.7%</i>	<i>2.6%</i>	-	<i>8.3%</i>	-
<b>Capex</b>	<b>11.4</b>	<b>13.1</b>	<b>-13</b>	<b>3.6</b>	<b>&gt;100</b>

# DYNAMIC GROWTH IN DISPERSIONS AND DISPERSIBLE POLYMER POWDERS

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

### Q1 2012 Comments

- Strong demand in dispersions
- Strongest growth in America (driven by substitution of styrene-butadiene binders)
- Improved pricing
- Increase of costs for Ethylene and VAM yoy

### 2012 Challenges and Opportunities

- Strong demand from emerging markets
- Substitution of other binder systems in Europe and Asia beginning
- Raw material costs remain on a high level
- Q1 dynamics to continue into Q2
- Expansion of production capacity in China for dispersions (+60kt) under construction

# EXAMPLE: VINNAPAS® EAF 68 – IDEAL SOLUTION FOR BONDING OF FLOOR COVERINGS

**WACKER** **POLYMERS**



VINNAPAS® EAF 68.

## Task

- Floor coverings expand with increasing temperature and contract as the temperature drops
- Right balance of adhesion and cohesion in an adhesive
- Retains the shape at different temperatures
- Low practical open time (length of time for using)

## Solution VINNAPAS® EAF 68

- Floor covering retains its shape at different temperatures and doesn't go wavy
- Balance between cohesion and adhesion – due to their mutual influence → Innovative alternative to established products
- Reliable bond between the substrate and the floor covering
- Practical open time performs well

more information under [www.wacker.com](http://www.wacker.com) →  
www corporate magazine 2011

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# GROWING DEMAND FOR AGRO PRODUCTS AND SPECIALTIES PUSHED SALES IN Q1

## WACKER BIOSOLUTIONS

€m	Q1 2012	Q4 2011	% QoQ	Q1 2011	% YoY
<b>Sales</b>	<b>41.2</b>	<b>33.7</b>	<b>22</b>	<b>37.7</b>	<b>9</b>
<b>EBITDA</b>	<b>7.9</b>	<b>3.5</b>	<b>&gt;100</b>	<b>5.2</b>	<b>52</b>
<i>EBITDA margin</i>	<i>19.2%</i>	<i>10.4%</i>	-	<i>13.8%</i>	-
<b>EBIT</b>	<b>6.3</b>	<b>1.3</b>	<b>&gt;100</b>	<b>3.6</b>	<b>75</b>
<i>EBIT margin</i>	<i>15.3%</i>	<i>3.9%</i>	-	<i>9.5%</i>	-
<b>Capex</b>	<b>2.9</b>	<b>3.8</b>	<b>-24</b>	<b>0.5</b>	<b>&gt;100</b>

# SEASONAL SUPPORT FROM AGRO BUSINESS

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**BIOSOLUTIONS**

## Q1 2012 Comments

- Strong demand for agro products, specialties and gumbase

## 2012 Challenges and Opportunities

- Strong growth in gumbase expected
- New production capacity for gumbase in Nanjing (20kt) under construction

# PRODUCTION HAS INCREASED TO FULL CAPACITY → STRONG DEMAND

## **WACKER** **POLYSILICON**

€m	Q1 2012	Q4 2011	% QoQ	Q1 2011	% YoY
<b>Sales</b>	<b>366.6</b>	<b>255.9</b>	<b>43</b>	<b>414.4</b>	<b>-12</b>
<b>EBITDA</b>	<b>150.1</b>	<b>165.0</b>	<b>-9</b>	<b>214.7</b>	<b>-30</b>
<i>EBITDA margin</i>	<i>40.9%</i>	<i>64.5%</i>	<i>-</i>	<i>51.8%</i>	<i>-</i>
<b>EBIT</b>	<b>95.3</b>	<b>89.3</b>	<b>7</b>	<b>177.6</b>	<b>-46</b>
<i>EBIT margin</i>	<i>26.0%</i>	<i>34.9%</i>	<i>-</i>	<i>42.9%</i>	<i>-</i>
<b>Capex</b>	<b>130.1</b>	<b>175.5</b>	<b>-26</b>	<b>78.2</b>	<b>66</b>

# MAINTAIN QUALITY AND COST LEADERSHIP AS A HYPERPURE POLYSILICON MANUFACTURER

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**POLYSILICON**

## Q1 2012 Comments

- About 50% volume increase yoy
- Lower prices weigh on sales
- Rising utilization rates due to strong demand from the solar industry
- Around €37m retained prepayments and damages in Q1

## 2012 Challenges and Opportunities

- Significant growth of new PV-installations: 30e – 35e GW in 2012 after 27 – 28 GW in 2011
- PV system prices close to 1€/W trigger new market demand
- Expecting clean EBITDA – Margin above 30% for Q2, similar to Q1
- Further retention of prepayments and damage payments expected
- Competitive cost pressure on modules and panels drives demand for high quality polysilicon

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

Country	New Installations (MW)				CAGR 09-12
	2009	2010	2011	2012e	
France	300	700	1,500 - 1,700	1,600 - 1,800	75-80%
Germany	3,800	7,400	7,500	4,000 - 5,000	0-10%
Italy	700	4,000	7,000 - 7,500	4,300 - 5,000	80-90%
Rest of Europe	1,100	2,600	3,200 - 3,700	3,800 - 4,300	50-60%
Australia	100	400	600 - 800	1,200 - 1,400	130-140%
China	200	700	2,500 - 2,900	5,000 - 6,500	190-220%
Japan	500	1,000	1,300	2,200 - 2,700	65-75%
USA	500	900	1,800	3,500 - 4,500	90-110%
Rest of World	300	600	1,500 - 2,200	4,000 - 4,500	140-150%
<b>TOTAL</b>	<b>7.5 GW</b>	<b>~18 GW</b>	<b>~27 - 29 GW</b>	<b>~30 - 35 GW</b>	<b>60-70%</b>

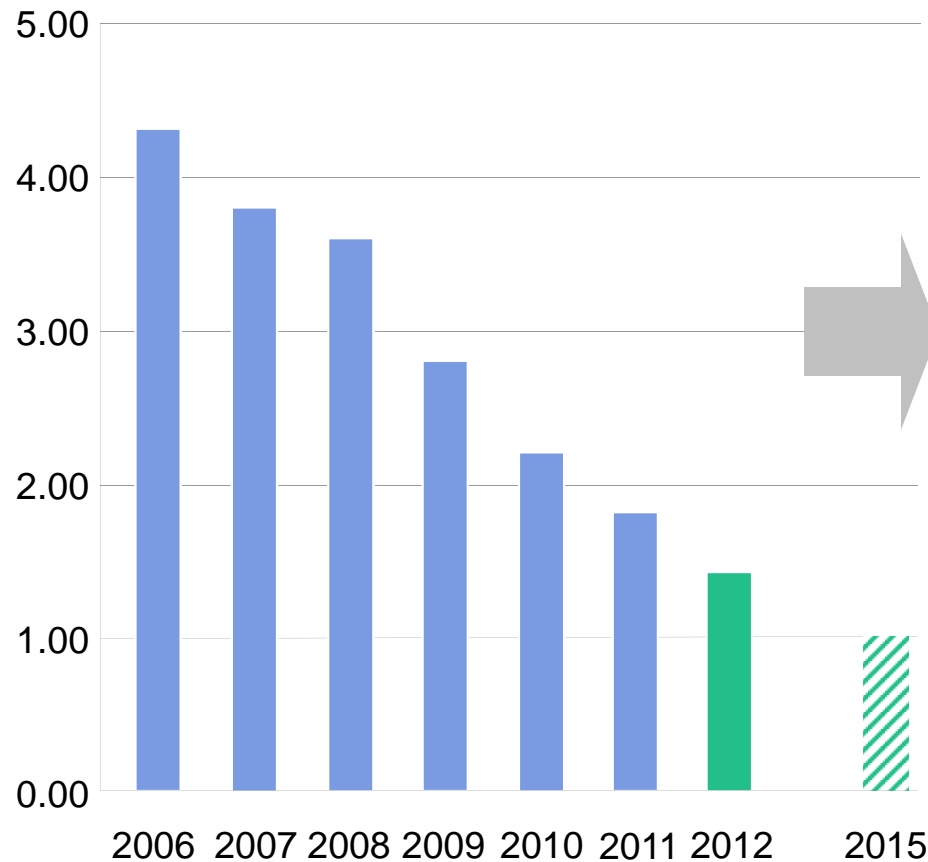
Source: EPIA 05/2010 and 02/2012, industry news, WACKER estimate



# LEVELIZED COST OF PV ELECTRICITY IMPROVING – SYSTEM EFFICIENCY A MAJOR DRIVER FOR COMPETITIVENESS

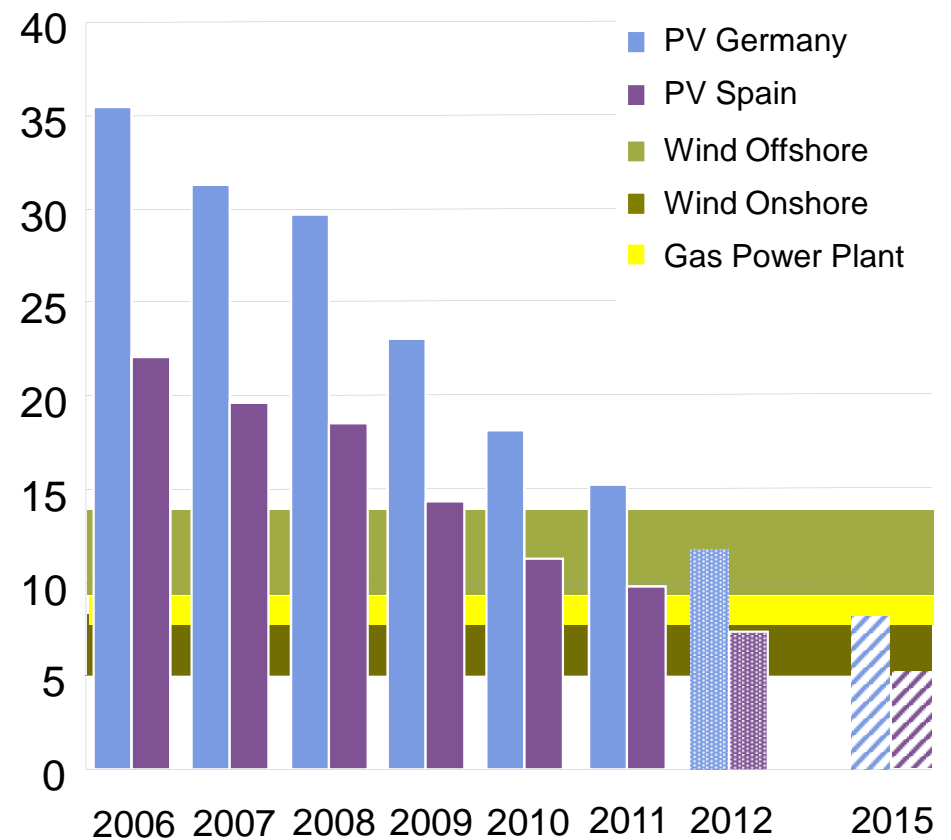
## PV System Price (€/Wp)

(Germany, ground-mounted)



## LCOE\* (€Cent/kWh), 30 years

(Germany, ground-mounted)



Source: LBBW 02/2009, Industry announcements, WACKER Analysis

\* LCOE = Levelized Cost of Electricity

# CONTINUOUS PRICE PRESSURE, BUT HIGHER VOLUMES IN SEMICONDUCTOR WAFERS



€m	Q1 2012	Q4 2011	% QoQ	Q1 2011	% YoY
<b>Sales</b>	<b>201.1</b>	<b>179.7</b>	<b>12</b>	<b>280.2</b>	<b>-28</b>
<b>EBITDA</b>	<b>-25.7</b>	<b>-58.5</b>	<b>-56</b>	<b>36.8</b>	<b>&gt;-100</b>
<i>EBITDA margin</i>	<i>-12.8%</i>	<i>-32.6%</i>	<i>-</i>	<i>13.1%</i>	<i>-</i>
<b>EBIT</b>	<b>-49.1</b>	<b>-96.8</b>	<b>-49</b>	<b>14.7</b>	<b>&gt;-100</b>
<i>EBIT margin</i>	<i>-24.4%</i>	<i>-53.9%</i>	<i>-</i>	<i>5.2%</i>	<i>-</i>
<b>Capex</b>	<b>16.4</b>	<b>47.0</b>	<b>-65</b>	<b>17.6</b>	<b>-7</b>

# EXPECT FURTHER GROWTH IN 300MM AND FOCUS ON ASIA



## Q1 2012 Comments

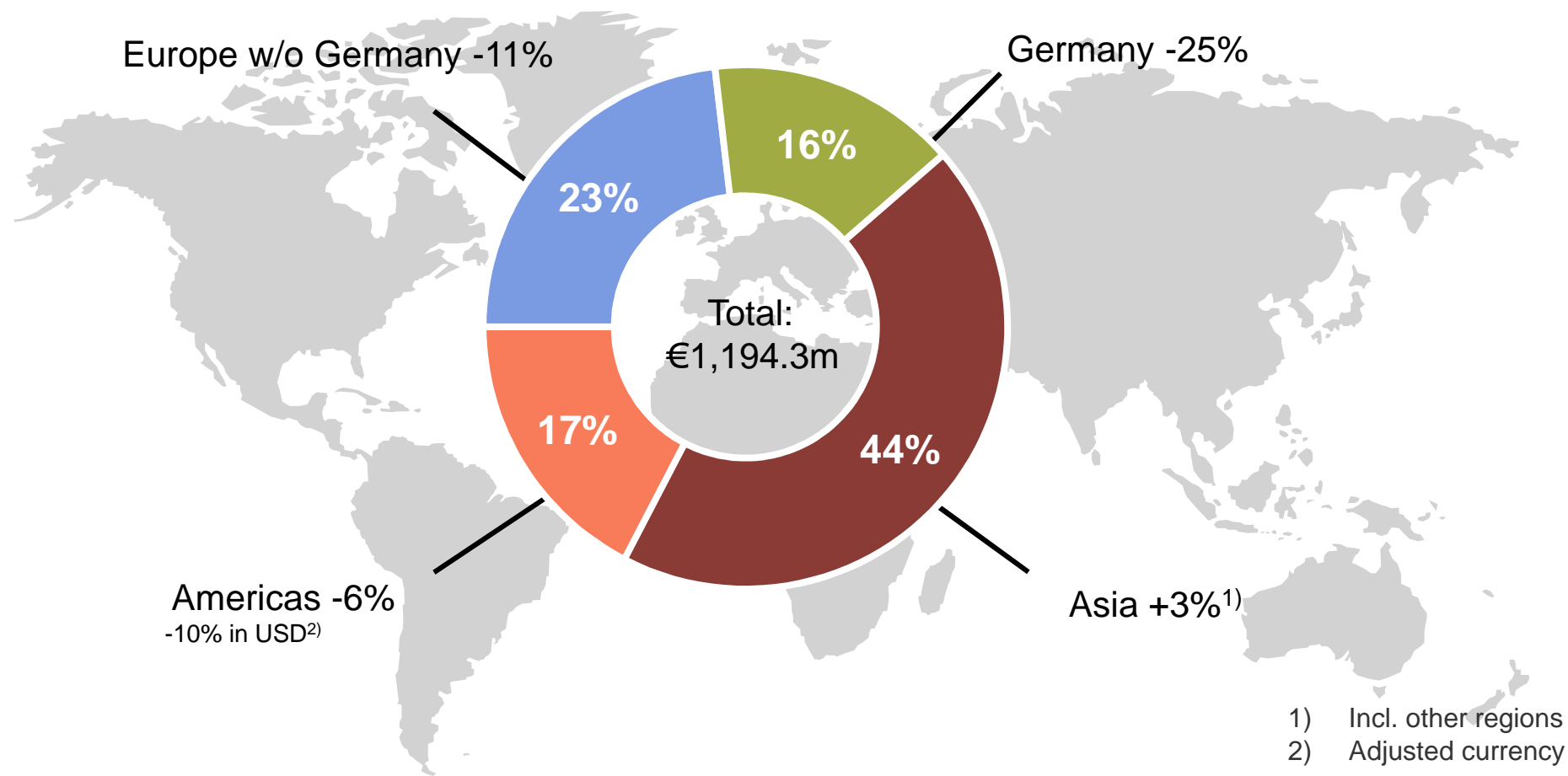
- Lower volume and pricing yoy
- Lower prices qoq
- Unit volumes picking up in all diameters through the quarter
- Utilization in Siltronic at about 70% at the end of Q1
- JV fully utilized
- €15m for 150 mm line closure in Portland

## 2012 Challenges and Opportunities

- Volumes and mix improving in Q2
- Expect positive EBITDA in Q2
- Market expectation is for a stronger second half of 2012
- Continue cost reduction initiatives

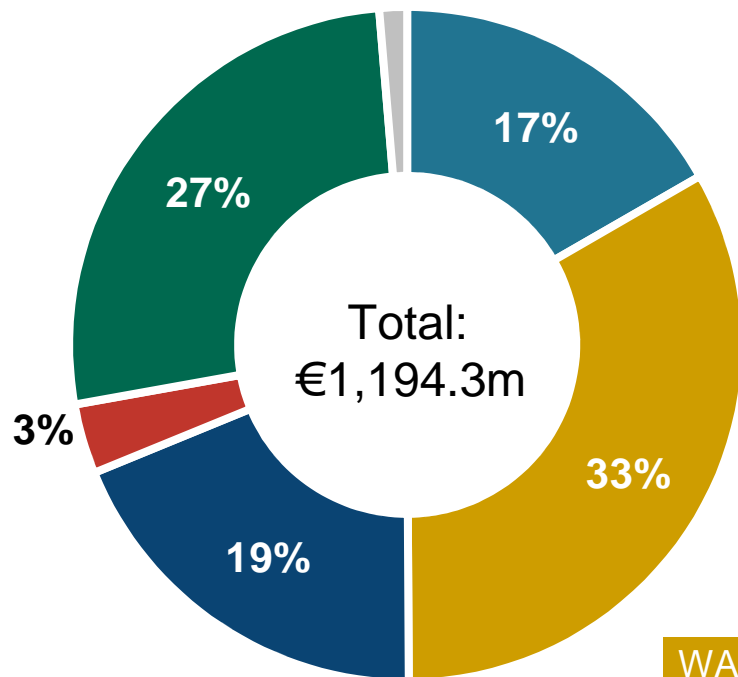
# ASIA BECOMES LARGEST SALES REGION

## Q1 2012 Sales by Region, Changes YoY (%)



# POLYSILICON CONTRIBUTES HIGHEST SHARE OF EBITDA

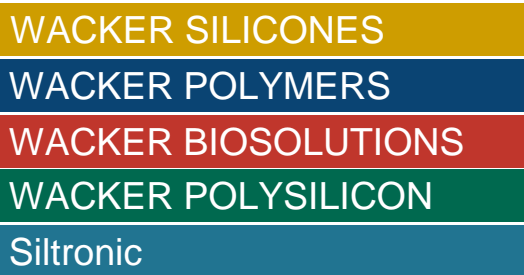
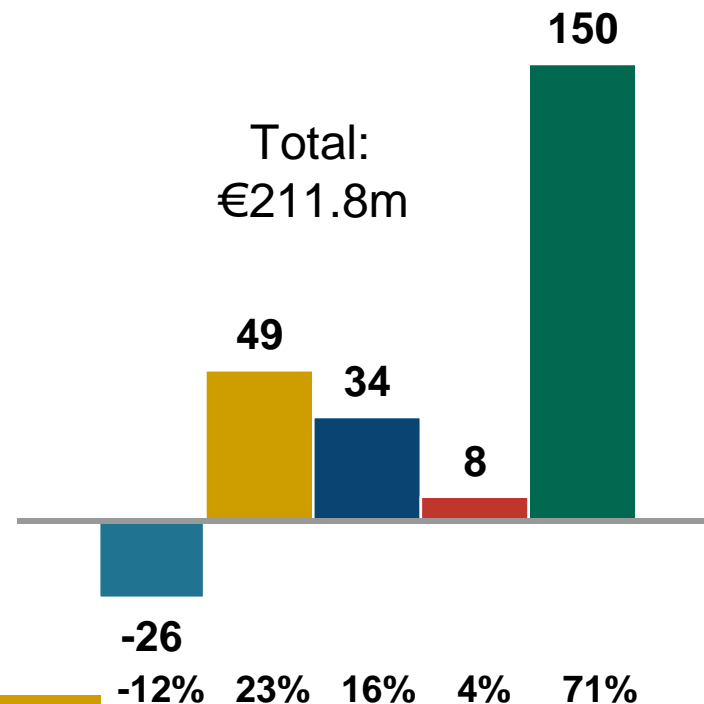
Q1 2012 Sales\*



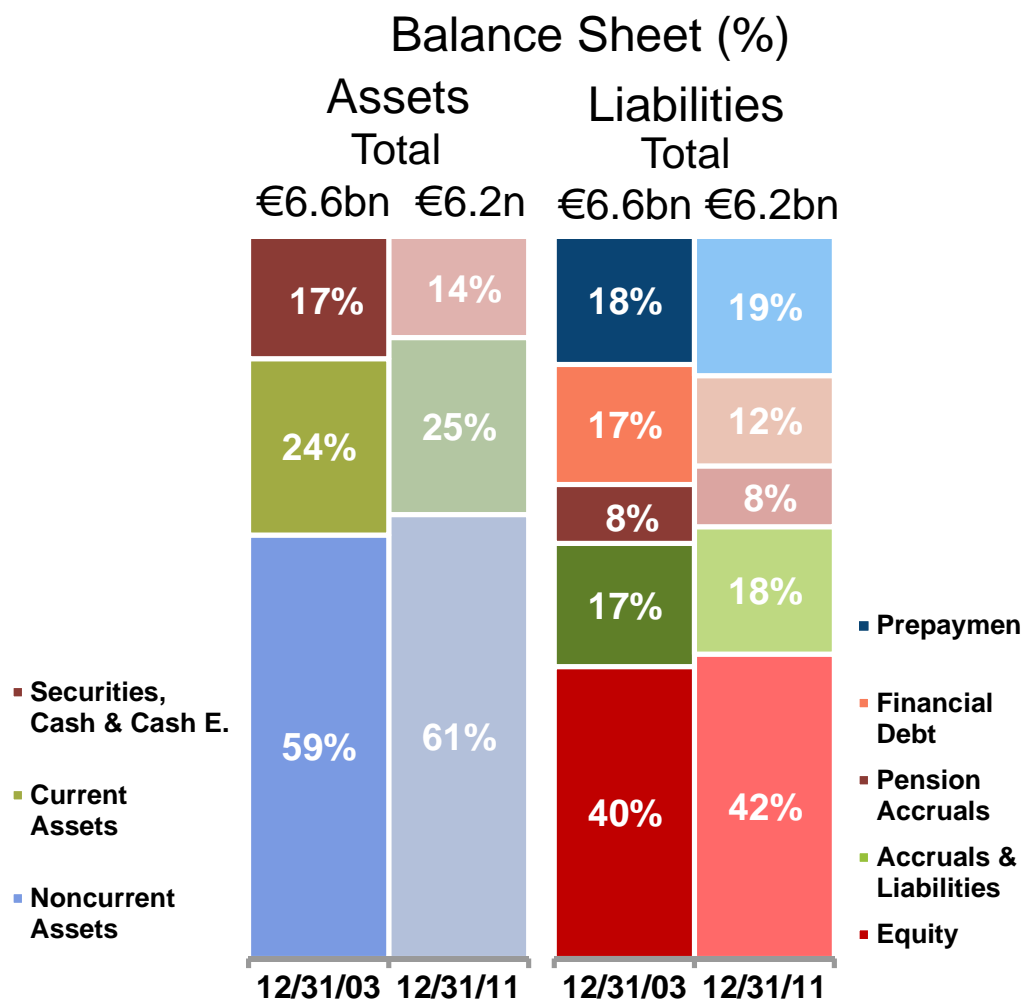
Others/Consolidation

\*based on external sales

Q1 2012 EBITDA



# WACKER MAINTAINS SOLID FINANCIAL STRUCTURE



## Characteristics 03/31/12

- Noncurrent assets: €4,039m
- Securities, cash and cash equivalents: €1,116m
- Provisions for pensions: €538m
- Net financial receivables: €19m
- Equity: €2,668m
- Prepayments received per 03/31/12: €1,169m
- Capex: €186m
- €300m Promissory notes (German Schuldschein) issued in Feb, 2012

# GROWTH DRIVEN BY HIGHER VOLUMES IN ALL SEGMENTS

Sales in €m	Q1 2012	Q4 2011	%QoQ	Q1 2011	%YoY
<b>CHEMICALS</b>	<b>676.0</b>	<b>605.8</b>	<b>11.6</b>	<b>653.6</b>	<b>3.4</b>
- WACKER SILICONES	401.0	357.0	12.3	410.5	-2.3
- WACKER POLYMERS	233.8	215.1	8.7	205.4	13.8
- WACKER BIOSOLUTIONS	41.2	33.7	22.3	37.7	9.3
<b>WACKER POLYSILICON</b>	<b>366.6</b>	<b>255.9</b>	<b>43.3</b>	<b>414.4</b>	<b>-11.5</b>
<b>Siltronic</b>	<b>201.1</b>	<b>179.7</b>	<b>11.9</b>	<b>280.2</b>	<b>-28.2</b>
Others	42.8	46.4	-7.8	38.5	11.2
Consolidation	-92.2	-76.2	-17.4	-95.1	3.1
<b>WACKER</b>	<b>1,194.3</b>	<b>1,011.6</b>	<b>18.1</b>	<b>1,291.7</b>	<b>-7.5</b>

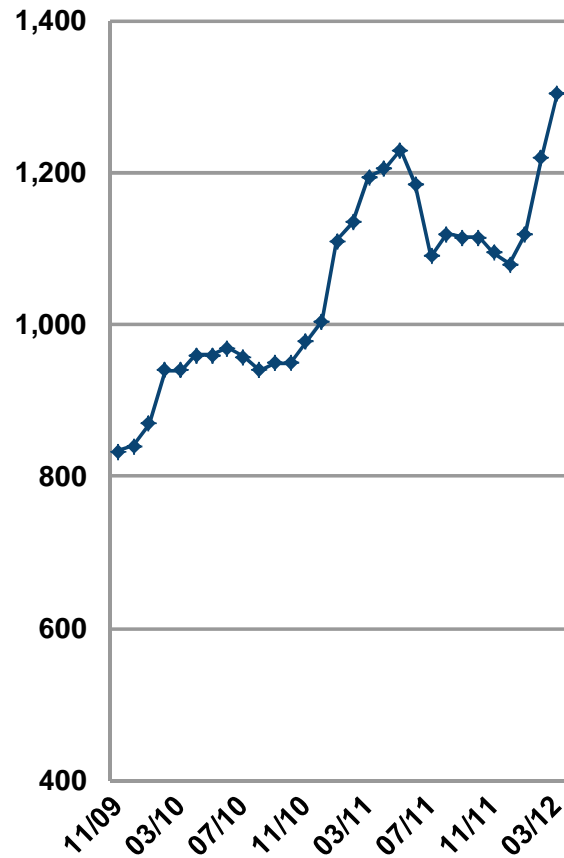
# EBITDA IMPACTED BY RECEIVED PREPAYMENTS AND COLLECTED DAMAGES OF ~€37M IN POLYSILICON

EBITDA in €m	Q1 2012	Q4 2011	%QoQ	Q1 2011	%YoY
<b>CHEMICALS</b>	<b>91.4</b>	<b>23.8</b>	<b>&gt;100</b>	<b>106.3</b>	<b>-14.0</b>
- WACKER SILICONES	49.4	5.7	>100	75.1	-34.2
- WACKER POLYMERS	34.1	14.6	>100	26.0	31.2
- WACKER BIOSOLUTIONS	7.9	3.5	>100	5.2	51.9
<b>WACKER POLYSILICON</b>	<b>150.1</b>	<b>165.0</b>	<b>-9.0</b>	<b>214.7</b>	<b>-30.1</b>
<b>Siltronic</b>	<b>-25.7</b>	<b>-58.5</b>	<b>&gt;100</b>	<b>36.8</b>	<b>&gt;-100</b>
Others	-3.6	-22.1	>100	-5.4	50.0
Consolidation	-0.4	2.6	>-100	-1.4	>100
<b>WACKER</b>	<b>211.8</b>	<b>110.8</b>	<b>91.2</b>	<b>351.0</b>	<b>-39.7</b>



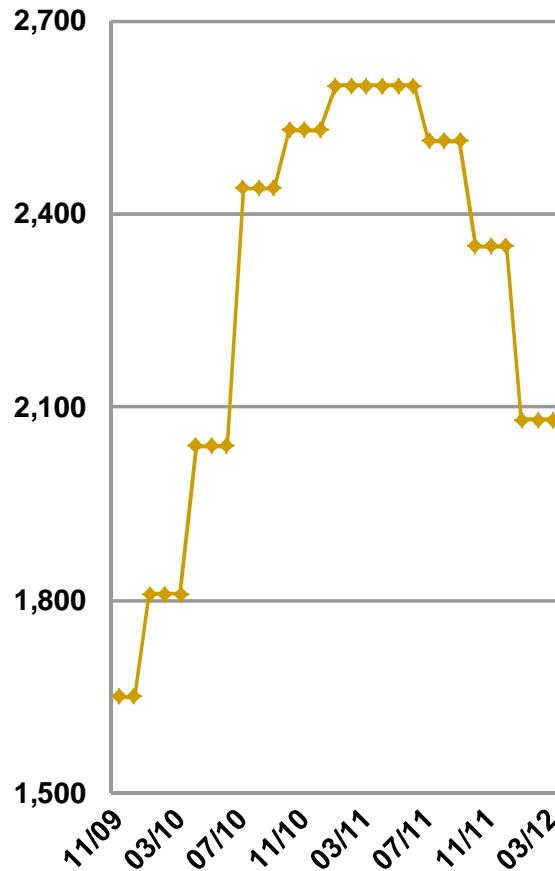
# FOUR MAJOR RAW MATERIALS DETERMINE THE CHEMICAL SEGMENTS

Ethylene Contract (€/MT)



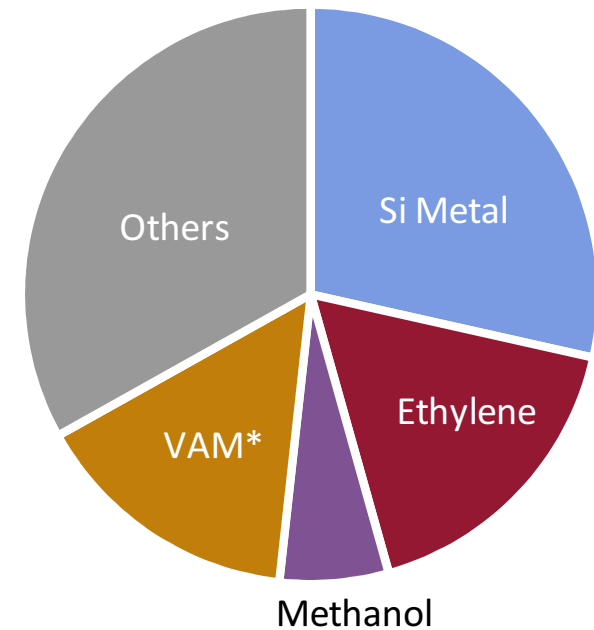
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



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

Raw Materials 2011 (€m) Chemicals

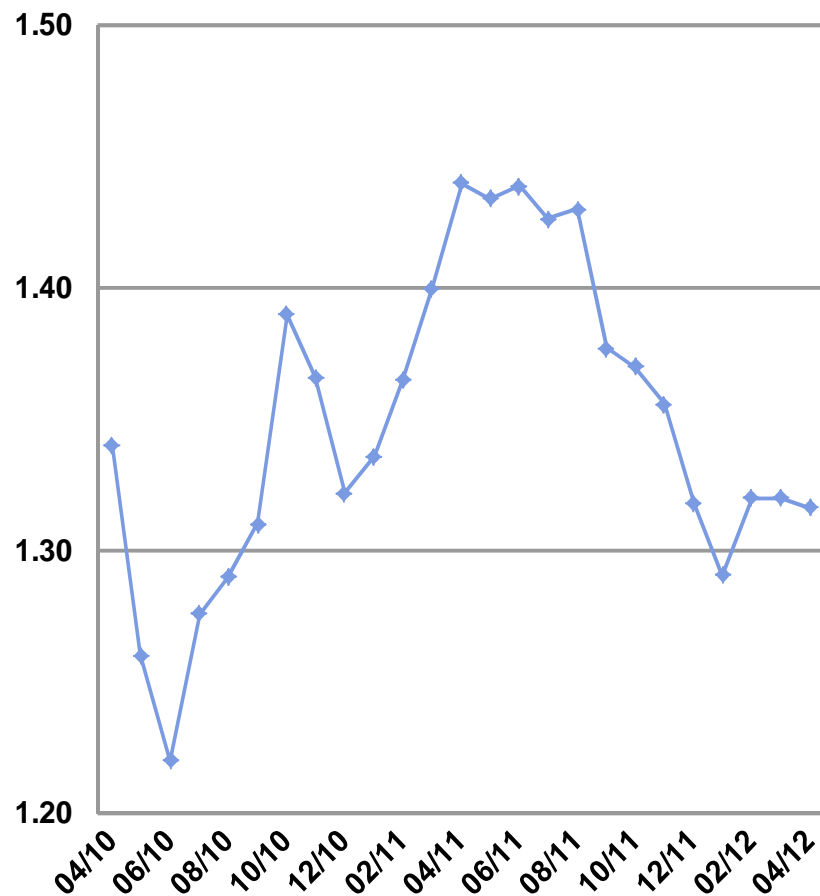


Costs of top 4 raw materials 26% of chemicals segment sales

\*VAM = Vinylacetate monomer

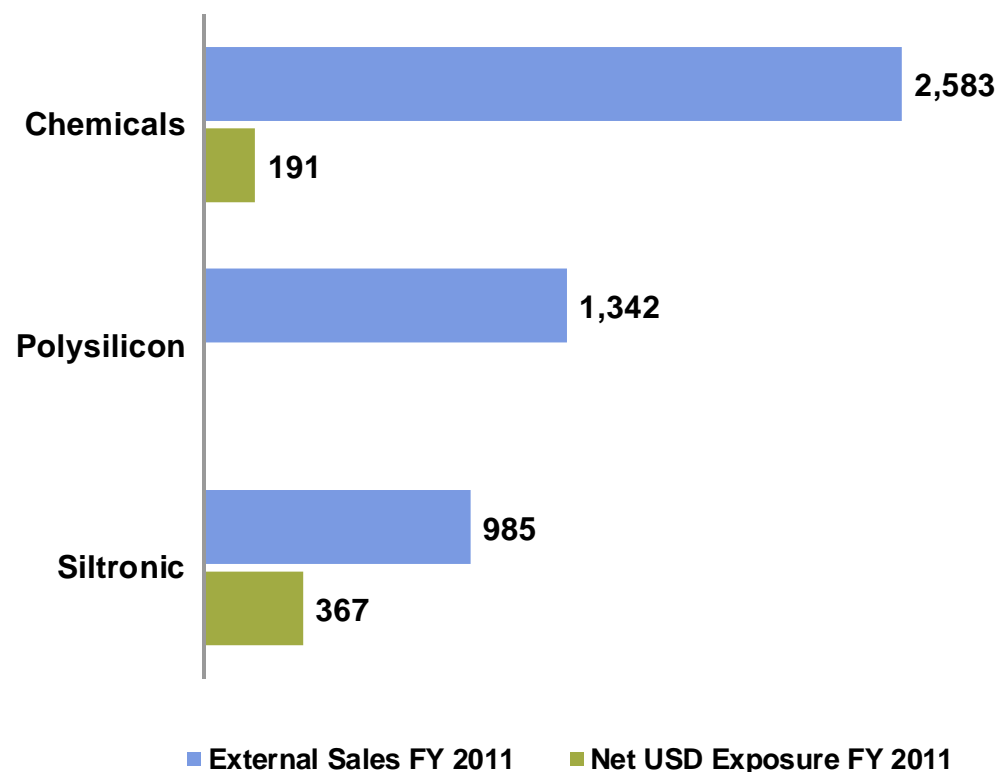
# 1 CENT CHANGE IN USD/€ EXCHANGE RATE HAD AN IMPACT OF €4M ON FY-EBITDA IN 2011, UNHEDGED\*

## USD/EURO development



Source: www.bundesbank.de

## External sales and net USD exposure FY 2011 (€m)



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

# WACKER: ISSUER, CONTACT AND ADDITIONAL INFORMATION

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## FINANCIAL CALENDAR

05/16/12 – Annual Shareholder Meeting  
07/25/12 – Q2 Results 2012  
09/11/12 – Capital Market Day, Dresden  
10/24/12 – Q3 Results 2012

## 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

