



WACKER

2ND QUARTER 2012 – CALL NOTE

Dr. Rudolf Staudigl (CEO), Dr. Joachim Rauhut (CFO), July 25, 2012

CREATING TOMORROW'S SOLUTIONS

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WACKER: DYNAMIC BUSINESS IN ASIA AND THE AMERICAS

in €m	Q2 2012	Q1 2012	% QoQ	Q2 2011	% YoY
Sales	1,222.5	1,194.3	2.4	1,325.8	-7.8
EBITDA	240.5	211.8	13.6	324.8	-26.0
<i>EBITDA margin</i>	<i>20%</i>	<i>18%</i>	<i>-</i>	<i>24%</i>	<i>-</i>
EBIT	110.3	82.4	33.9	215.1	-48.7
<i>EBIT margin</i>	<i>9%</i>	<i>7%</i>	<i>-</i>	<i>16%</i>	<i>-</i>
Result for the period	60.6	40.0	51.5	142.7	-57.5
<i>EPS in €</i>	<i>1.18</i>	<i>0.84</i>	<i>40.5</i>	<i>2.87</i>	<i>-58.9</i>

SERVING CUSTOMERS GLOBALLY WITH INNOVATIVE PRODUCTS

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Q2 2012 Comments

- Good customer demand outside Europe
- Higher volumes in Chemicals and Siltronic qoq
- 40% of sales went to Asia
- Solar customers facing losses and rising indebtedness
- EBITDA impacted by lower Poly volumes
- Investments of €245m in Q2

2012 Challenges and Opportunities

- Ongoing challenging environment: macroeconomics, sovereign debt crisis, different growth perspectives
- Consolidation in solar markets, poly prices remain at lower levels
- Raw material: slight relief in H2 expected
- Sales slightly below last year's €4.9bn
- EBITDA markedly lower than in 2011
- Capex ~€1.1bn (focus on Polysilicon)
- FY depreciation at around €540m

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IMPACTS ON EBITDA IN H1 2012 – SPECIAL EFFECTS

Division	Special Effects	Q1 2012	Q2 2012
Siltronic	Execution „Lead site strategy“ (Closure Portland 150mm)	-14.8	
POLYSILICON	Retained prepayments & damages	36.6	19.4
Net Effect		21.8	19.4

PRICE PRESSURE CONTINUES, SUPPORT FROM FX

WACKER **SILICONES**

€m	Q2 2012	Q1 2012	% QoQ	Q2 2011	% YoY
Sales	422.9	401.0	5.5	421.1	-
EBITDA	59.9	49.4	21.3	50.1	19.6
<i>EBITDA margin</i>	<i>14.2%</i>	<i>12.3%</i>	<i>-</i>	<i>11.9%</i>	<i>-</i>
EBIT	39.4	29.1	35.4	31.1	26.7
<i>EBIT margin</i>	<i>9.3%</i>	<i>7.3%</i>	<i>-</i>	<i>7.4%</i>	<i>-</i>
Capex	17.2	14.2	21.1	22.3	-22.9

INCREASING SHARE OF HIGHER-VALUE PRODUCTS

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SILICONES

Q2 2012 Comments

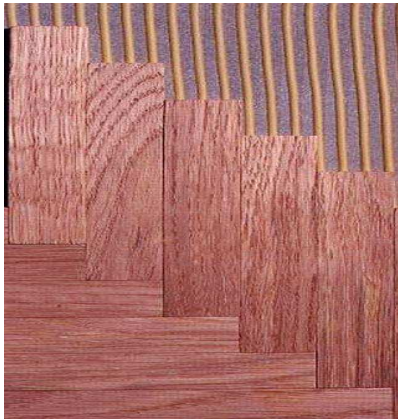
- Higher volume qoq
- Asian and American markets with more dynamic growth than European markets
- Positive FX-effect (yoy/qoq)
- Price pressure (yoy) remains an issue in all regions
- High utilization rate

2012 Challenges and Opportunities

- Pricing pressure persists
- Focus on further innovations
- Stable business development but macroeconomic risks

EXAMPLE: GENIOSIL® STP-E10 AS IDEAL BINDER FOR MODERN PARQUET ADHESIVES

WACKER **SILICONES**



Benefits for the adhesive producer

- Easy and quick recipe development
- Wide range of mechanical properties can be adjusted
- Lower binder content in formulation possible compared to competitive materials
- Highest production efficiency (15 minutes per batch possible) compared to other commercial binders



Benefits for the adhesive end-user

- Swift strength build-up and through-cure (parquet floor can be sanded within hours after installation)
- Best-in-class environmental performance (tin-free, plasticizer-free), no labeling required
- Outstanding shelf-life compared to competitive products

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STRONG PERFORMANCE SUPPORTED BY CONSTRUCTION SEASON AND SUBSTITUTION OF ALTERNATIVE BINDERS

WACKER **POLYMERS**

€m	Q2 2012	Q1 2012	% QoQ	Q2 2011	% YoY
Sales	276.1	233.8	18.1	249.7	10.6
EBITDA	45.3	34.1	32.8	32.0	41.6
<i>EBITDA margin</i>	<i>16.4%</i>	<i>14.6%</i>	-	<i>12.8%</i>	-
EBIT	36.0	24.9	44.6	23.3	54.5
<i>EBIT margin</i>	<i>13.0%</i>	<i>10.7%</i>	-	<i>9.3%</i>	-
Capex	12.5	11.4	9.6	5.4	>100

DRIVING GROWTH IN DISPERSIONS AND DISPERSIBLE POLYMER POWDERS

WACKER **POLYMERS**

Q2 2012 Comments

- Good demand in dispersions and dispersible powders
- Seasonal effect from construction industry for dispersible powders
- The dispersions business saw the greatest growth in the USA: for paper, carpeting and adhesive applications
- Increased pricing yoy
- Ongoing high level of raw material costs

2012 Challenges and Opportunities

- Strong demand for dispersions in North America
- Substitution of other binder systems continue

EXAMPLE: VINNAPAS® EP 8010 – IDEAL SOLUTION FOR DIFFICULT-TO-BOND SURFACES IN PAPER & PACKAGING



Task

- Increasing requirements for paper and packaging adhesives due to a clearly visible trend towards more sophisticated packaging
- Best-in-class adhesion characteristics on a broad variety of surfaces used in challenging paper or cardboard boxes or on surfaces involving coated or painted paper



VINNAPAS® EP 8010

Solution VINNAPAS® EP 8010

- Excellent adhesion on difficult-to-bond substrates such as soft PVC, hard PVC, polyester and polystyrene
- High heat resistance and outstanding setting speed
- Excellent adhesion/cohesion balance and excellent roller machinability
- Very good cleanability



more information under www.wacker.com →
press release



GOOD PERFORMANCE IN FOOD INGREDIENTS

WACKER BIOSOLUTIONS

€m	Q2 2012	Q1 2012	% QoQ	Q2 2011	% YoY
Sales	40.1	41.2	-2.7	39.0	2.7
EBITDA	7.1	7.9	-10.1	8.6	-17.4
<i>EBITDA margin</i>	<i>17.7%</i>	<i>19.2%</i>	-	<i>22.0%</i>	-
EBIT	5.4	6.3	-14.3	7.0	-22.9
<i>EBIT margin</i>	<i>13.5%</i>	<i>15.3%</i>	-	<i>17.9%</i>	-
Capex	5.5	2.9	89.7	1.2	>100

GROWING THE BUSINESS IN FOOD INGREDIENTS AND PHARMACEUTICALS

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BIOSOLUTIONS

Q2 2012 Comments

2012 Challenges and Opportunities

- Strong demand for food ingredients in Q2
- Good demand for gumbase in H2 expected

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POLY VOLUME LOWER – FINANCIALLY DISTRESSED CUSTOMERS

WACKER **POLYSILICON**

€m	Q2 2012	Q1 2012	% QoQ	Q2 2011	% YoY
Sales	286.8	366.6	-21.8	399.2	-28.2
EBITDA	120.4	150.1	-19.8	188.2	-36.0
<i>EBITDA margin</i>	<i>42.0%</i>	<i>40.9%</i>	-	<i>47.1%</i>	-
EBIT	65.1	95.3	-31.7	148.6	-56.2
<i>EBIT margin</i>	<i>22.7%</i>	<i>26.0%</i>	-	<i>37.2%</i>	-
Capex	170.4	130.1	31.0	129.0	32.1

DELIVERING CAPACITIES AND ENABLING COMPETITIVE PRODUCT OFFERING

WACKER POLYSILICON

Q2 2012 Comments

- Ongoing market consolidation
- Some customers did not take the expected volumes
- Volume decrease qoq
- High utilization rate
- About €20m retained prepayments and damages from contract dissolutions

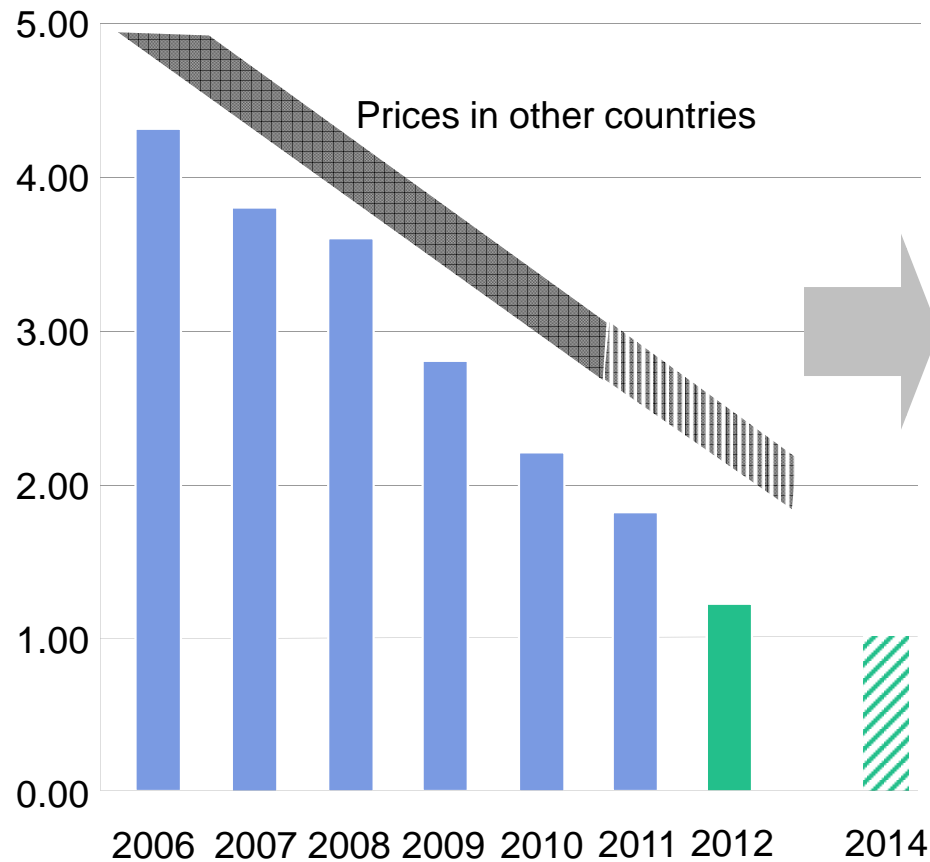
2012 Challenges and Opportunities

- Development of customer financial situation a risk factor
- High level of inventory in the supply chain and no strong balance sheets
- PV installations for 2012 above 30 GW expected
- Market pricing in Q3 will be below Q2
- Retention of prepayments and damage compensation from contract dissolutions to continue as long as market consolidation takes place

FAST DECLINING PV SYSTEM PRICES SPUR PV TO BECOME EVEN MORE COMPETITIVE WITH GAS AND WIND

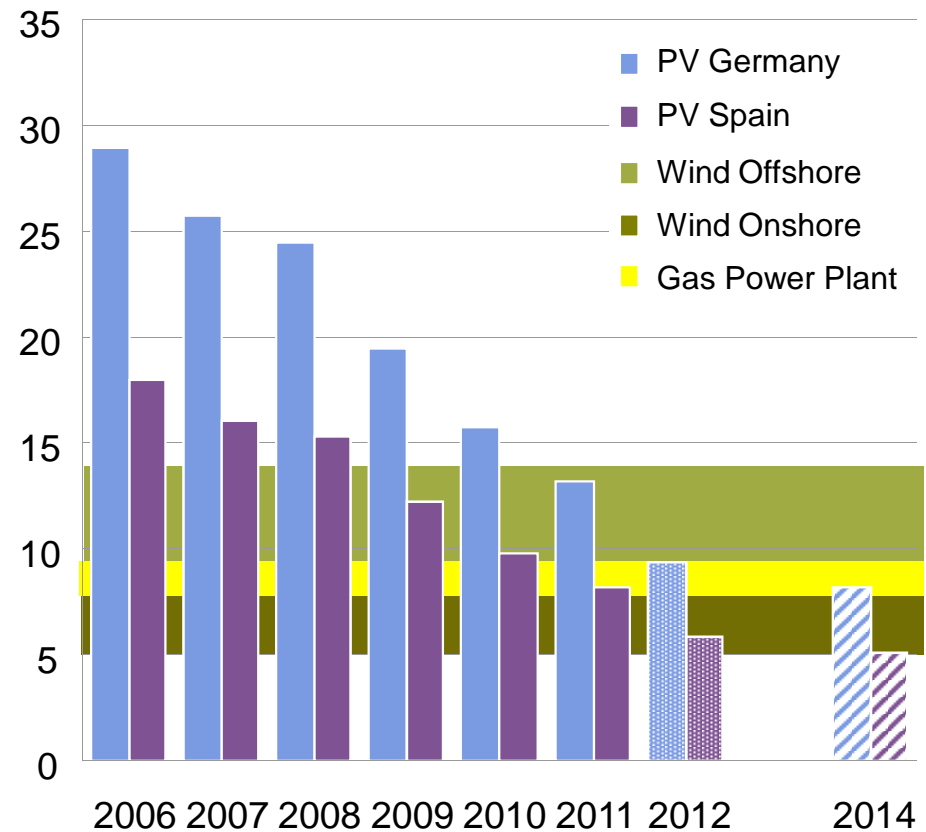
PV System Price (€/Wp)

(Germany, ground-mounted)



LCOE* (€Cent/kWh), 30 years

(ground-mounted)

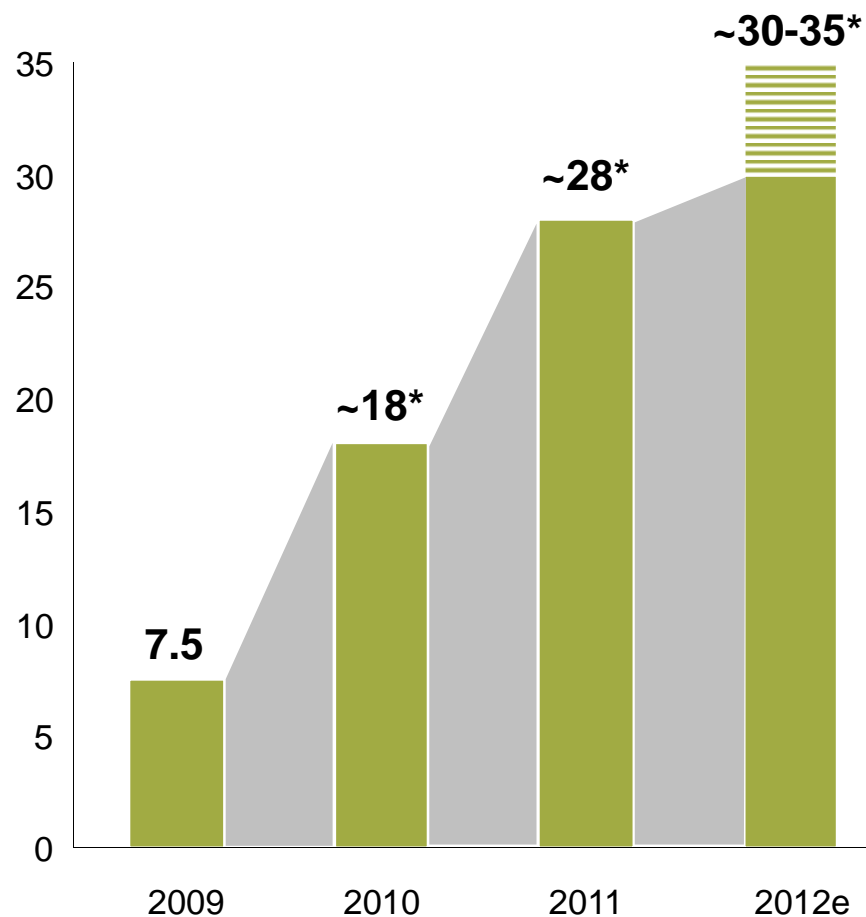


Source: LBBW 02/2009, Industry announcements, WACKER Analysis

* LCOE = Levelized Cost of Electricity

PV MARKET 2012: FURTHER GROWTH EXPECTED

Photovoltaic-Volume (GW)



*WACKER estimate, based on published reports

Market Dynamics 2012e

- Further growth of global PV markets in 2012 expected
- USA & Asia with high growth potential
- Players with competitive advantage continue to outperform their peers

Current & Future Growth Drivers

- Fast-decreasing PV system prices
- Improving relative competitiveness versus other Renewables (e.g. wind) and also with conventional power plants (e.g. gas)
- More countries adding support schemes

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	1,700	1,600 - 1,800	75-80%
Germany	3,800	7,400	7,500	5,500 - 6,500	10-20%
Italy	700	4,000	7,000 - 7,500	3,000 - 3,500	60-70%
Rest of Europe	1,100	2,600	3,300	3,800 - 4,300	50-60%
Australia	100	400	800	1,200 - 1,400	130-140%
China	200	700	2,500	5,000 - 6,500	190-220%
India	50	150	400	1,200 - 1,800	190-230%
Japan	500	1,000	1,300	2,200 - 2,700	65-75%
USA	500	900	1,900	3,500 - 4,500	90-110%
Rest of World	300	500	1,300	2,800 - 3,000	120-130%
TOTAL	7.5 GW	~18 GW	~28 GW	~30 - 35 GW	60-70%

GOOD VOLUMES, BUT PRICING REMAINS SOFT



€m	Q2 2012	Q1 2012	% QoQ	Q2 2011	% YoY
Sales	247.4	201.1	23.0	276.9	-10.7
EBITDA	13.0	-25.7	n.a.	37.3	-65.1
<i>EBITDA margin</i>	<i>5.3%</i>	<i>-12.8%</i>	<i>-</i>	<i>13.5%</i>	<i>-</i>
EBIT	-9.8	-49.1	-80.0	14.5	n.a.
<i>EBIT margin</i>	<i>-4.0%</i>	<i>-24.4%</i>	<i>-</i>	<i>5.2%</i>	<i>-</i>
Capex	26.1	16.4	59.1	28.9	-9.7

EXPECT FURTHER GROWTH IN 300MM AND FOCUS ON ASIA



Q2 2012 Comments

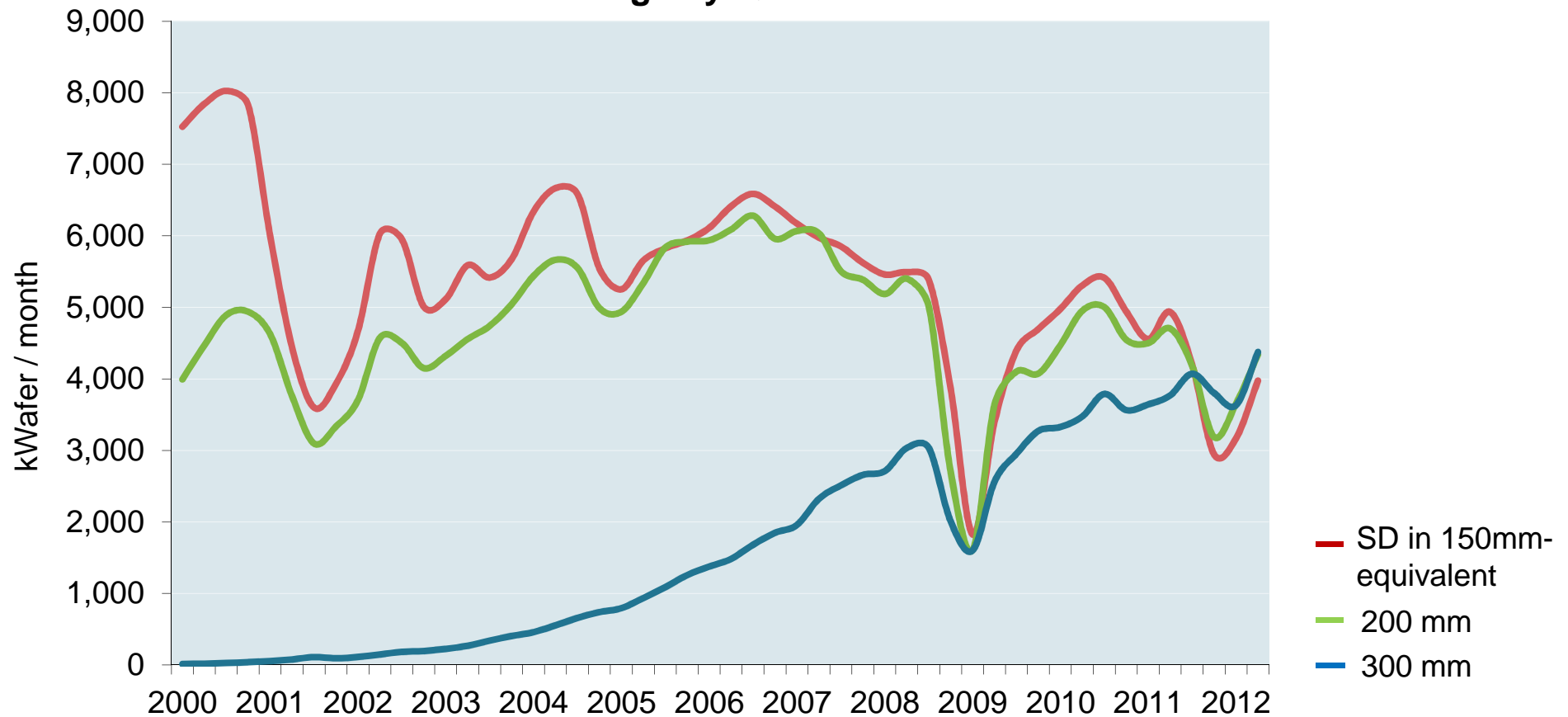
- Significantly higher volumes through all diameters qoq
- Somewhat lower pricing across all diameters
- Positive EBITDA
- Hikari shut down as planned in June
- Utilization rate in Siltronic at about 80% at the end of Q2
- JV fully utilized

2012 Challenges and Opportunities

- No sequential market improvement in Q3 expected
- Positive contribution from restructuring and cost savings
- Expect Q3 positive earnings

300MM WITH QUARTERLY VOLUME RECORD – GOOD DEMAND FOR SMALLER DIAMETERS

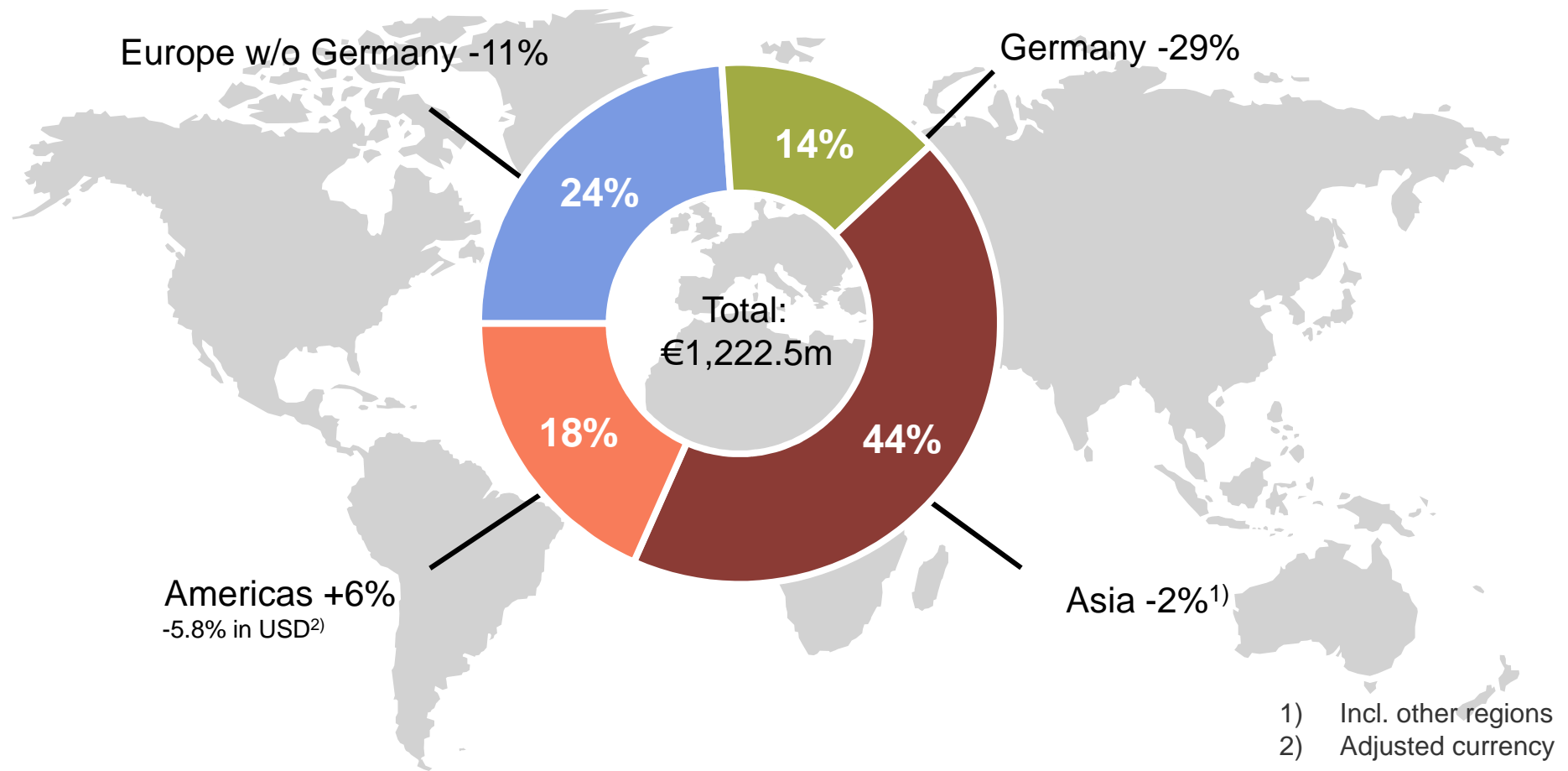
Market Consumption by Diameter Average by Quarter



Source: SEMI up to Jun 2012

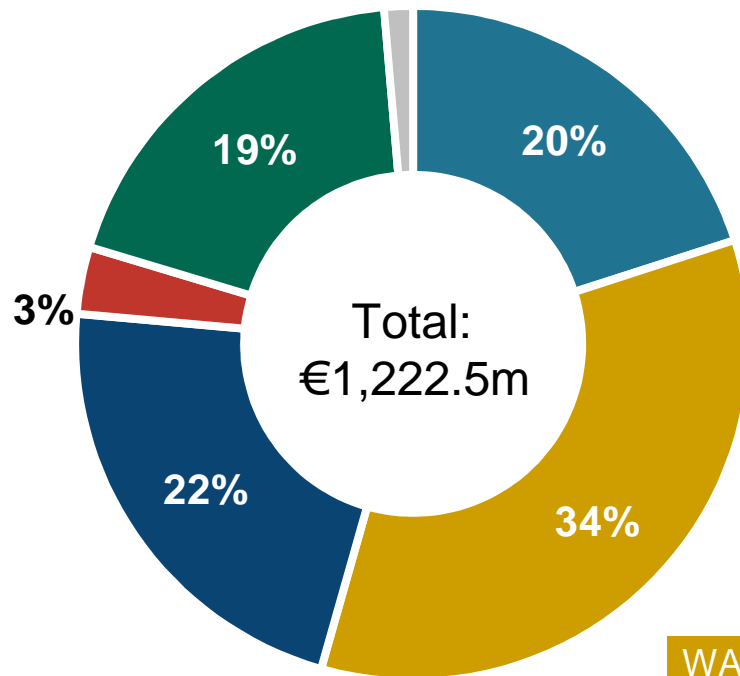
PARTICIPATING IN STRONG ASIAN GROWTH

Q2 2012 Sales by Region, Changes YoY (%)



SOLID PERFORMANCE BY CHEMICALS – POLYSILICON SHARE OF PROFITS DECLINING

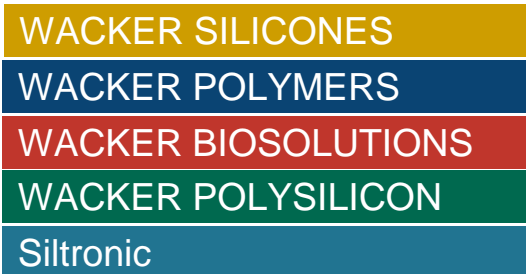
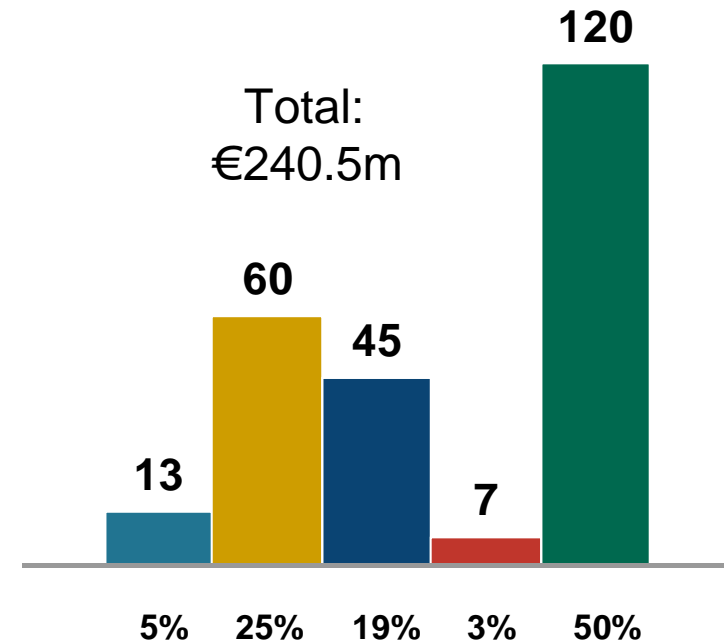
Q2 2012 Sales*



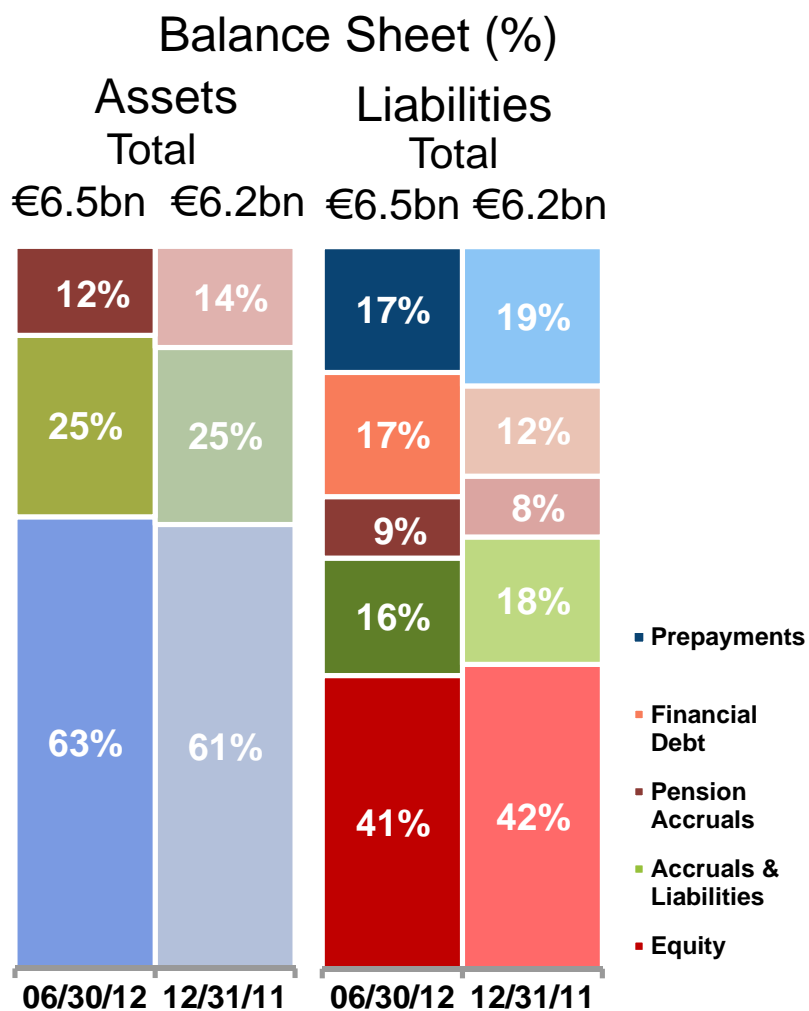
Others/Consolidation

*based on external sales

Q2 2012 EBITDA



HIGHER LEVERAGE FOR CAPITAL EFFICIENCY



Characteristics 06/30/12

- Noncurrent assets: €4,146m
- Securities, cash and cash equivalents: €798m
- Provisions for pensions: €551m
- Net financial liabilities: €316m
- Equity: €2,630m
- Prepayments received per 06/30/12: €1,129m
- €300m Promissory notes (German Schuldschein) issued in Feb, 2012
- Capex: €245m

GROWTH DRIVEN BY HIGHER VOLUMES IN MOST SEGMENTS

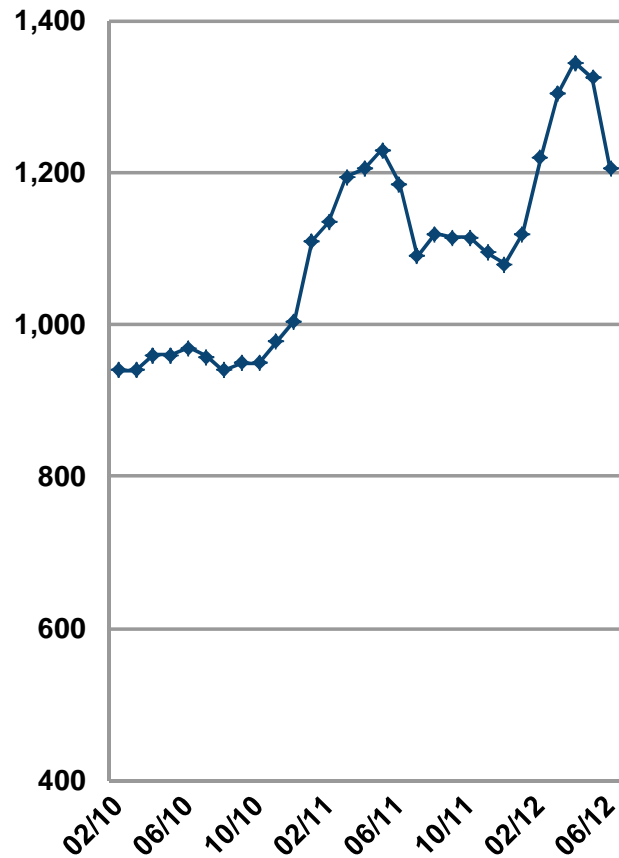
Sales in €m	Q2 2012	Q1 2012	%QoQ	Q2 2011	%YoY
CHEMICALS	739.1	676.0	9.3	709.8	4.1
- WACKER SILICONES	422.9	401.0	5.5	421.1	0.4
- WACKER POLYMERS	276.1	233.8	18.1	249.7	10.6
- WACKER BIOSOLUTIONS	40.1	41.2	-2.7	39.0	2.8
WACKER POLYSILICON	286.8	366.6	-21.8	399.2	-28.2
Siltronic	247.4	201.1	23.0	276.9	-10.7
Others	44.2	42.8	3.3	46.7	-5.4
Consolidation	-95.0	-92.2	-3.0	-106.8	11.0
WACKER	1,222.5	1,194.3	2.4	1,325.8	-7.8

GOOD IMPROVEMENTS IN CHEMICALS Q-O-Q

EBITDA in €m	Q2 2012	Q1 2012	%QoQ	Q2 2011	%YoY
CHEMICALS	112.3	91.4	22.9	90.7	23.8
- WACKER SILICONES	59.9	49.4	21.3	50.1	19.6
- WACKER POLYMERS	45.3	34.1	32.8	32.0	41.6
- WACKER BIOSOLUTIONS	7.1	7.9	-10.1	8.6	-17.4
WACKER POLYSILICON	120.4	150.1	-19.8	188.2	-36.0
Siltronic	13.0	-25.7	n.a.	37.3	-65.1
Others	-4.9	-3.6	36.1	7.2	n.a.
Consolidation	-0.3	-0.4	25.0	1.4	n.a.
WACKER	240.5	211.8	13.6	324.8	-26.0

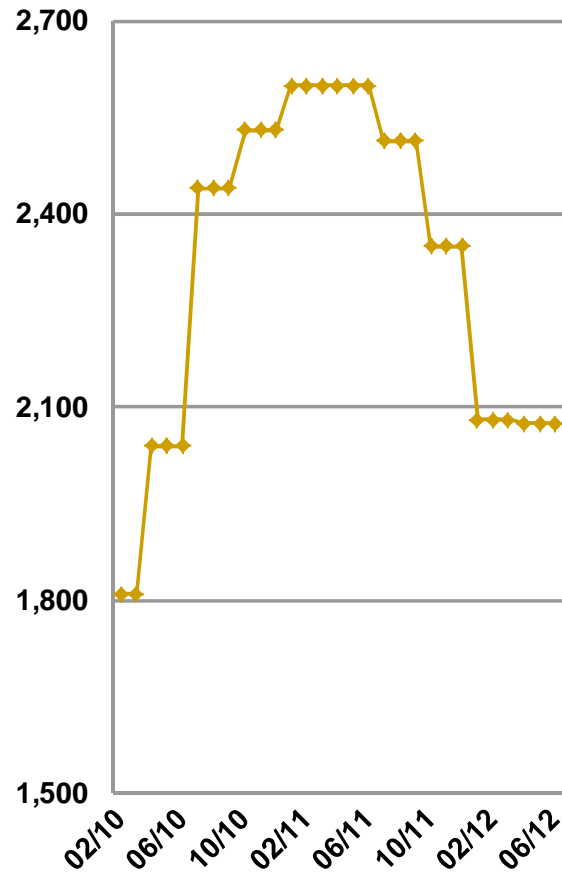
RAW MATERIALS: SLIGHT RELIEF IN H2 EXPECTED

Ethylene Contract (€/MT)



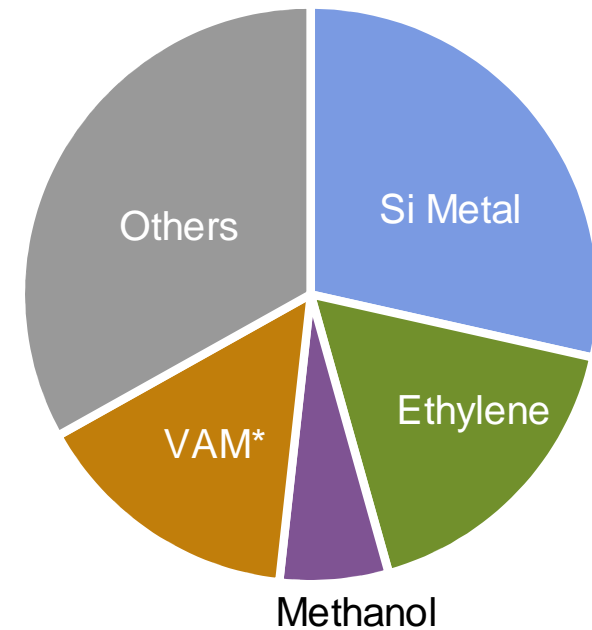
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



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

Raw Materials 2011 (€m)
Chemicals

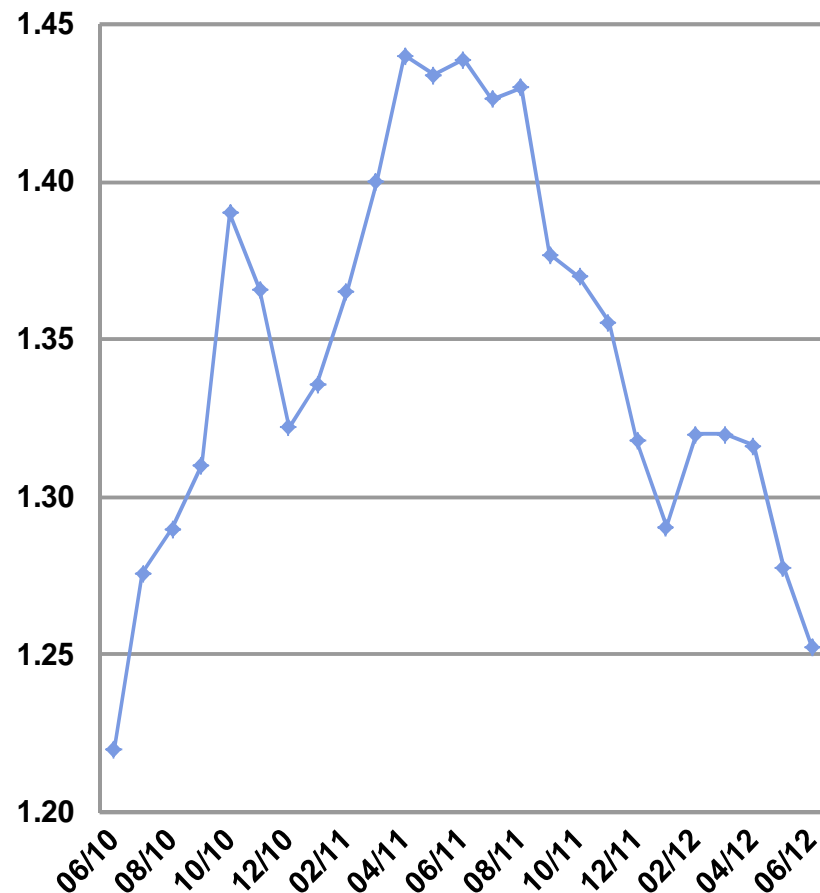


Costs of top 4 raw materials 26% of chemicals segment sales

*VAM = Vinylacetate monomer

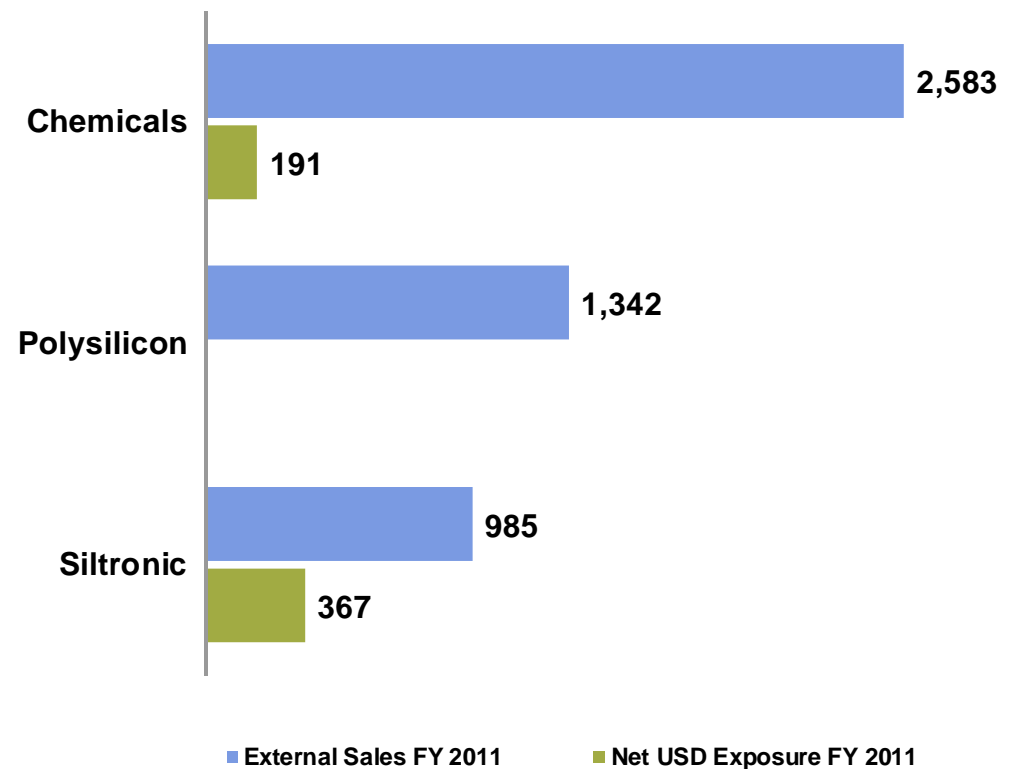
1 CENT CHANGE IN USD/€ EXCHANGE RATE HAD AN IMPACT OF €4M ON FY-EBITDA IN 2011, UNHEDGED*

USD/EURO development



Source: www.x-rates.com/d/USD/EUR/hist2012.html

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



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

UPDATE ON DEPRECIATION FORECAST 2012 AND 2013

- We update our depreciation projections for 2012 and 2013 following a review of asset deployment and actual investments.
- Earlier this year **WACKER** announced the acceleration of depreciation for **POLYSILICON** assets from 2012 onwards in line with technological progress and competitive depreciation policies. Also reflected is the start of Poly 11/TN beginning in 2013.
- The incremental impact on the **POLYSILICON** segment from the accelerated depreciation policy is €30m in 2012 and €40m in 2013.

Depreciation in €m	2011	2012e	2013e
Polysilicon	202	230	280
Siltronic	106	90	90*
Chemicals & Others	193	220	220
WACKER	501**	540	590

* Without SSW JV consolidation, IFRS treatment of the call option on the majority of the SSW JV is currently under review.

** Including impairments of €41.4m

WACKER: ISSUER, CONTACT AND ADDITIONAL INFORMATION

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FINANCIAL CALENDAR

09/11/12 – Capital Market Day, Dresden
10/24/12 – Q3 Results 2012

ADDITIONAL INFORMATION

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

