

1st Quarter 2016 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO), April 28th, 2016

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Highlights Q1 2016

Dynamic Demand in Chemicals – Lower Prices in POLYSILICON

Solid start into 2016 – FY Guidance raised

Financials

Sales of more than €1.3bn (-1.5% yoy)

EBITDA excl. special income of €229m lower than previous year

Ramp costs at the Tennessee plant weighed with about €30m on EBITDA

Operations

Chemical business with some lower pricing, but strong sales volumes and efficiency gains

New polysilicon plant in **Charleston, Tennessee**, USA inaugurated.
YTD production about 1kt, ramping to a run-rate of 20kt p.a. through Q3

Very good **cost and efficiency performance** across all segments

Guidance Update FY 2016

Growing Confidence as Solar Markets Improve

| | 2015 | Outlook 2016 |
|-------------------------|----------|---|
| Sales (€m) | 5,296.2 | Slight increase |
| EBITDA (€m) | 1,048.8* | Expecting FY 5-10% higher excl. special income |
| EBITDA margin (%) | 19.8 | Somewhat lower |
| Group net income (€m) | 241.8 | Below 2014 |
| Net cash flow (€m) | 22.5 | Significantly positive |
| CapEx (€m) | 834.0 | About 425 |
| Net financial debt (€m) | 1,074.0 | Slightly below prior-year level |
| Depreciation (€m) | 575.1 | About 720 |
| ROCE (%) | 8.1 | Substantially lower |
| Tax Rate (%) | 40.5 | About 40% |

*) EBITDA excl- special effects 2015: €911m

Profit & Loss Statement: EBIT Lower Due to Increased Depreciation and Price Declines

WACKER P&L Q1 2016 (€m)

| €m | Q1 2015 | Q1 2016 |
|-----------------------------------|--------------|--------------|
| Sales | 1,334.9 | 1,314.3 |
| Gross profit from sales | 291.6 | 219.4 |
| <i>Gross profit margin (in %)</i> | <i>21.8%</i> | <i>16.7%</i> |
| S,G&A and R&D | 153.9 | 160.1 |
| Other operating income | 112.2 | 46.4 |
| Other operating expenses | -122.8 | -49.3 |
| Operating result | 127.1 | 56.4 |
| EBIT | 126.3 | 58.9 |
| Interest result | -5.1 | -12.5 |
| Other financial result | -1.9 | -16.0 |
| Income before taxes | 119.3 | 30.4 |
| Income taxes | -48.7 | -14.3 |
| Net income for the period | 70.6 | 16.1 |
| EBIT | 126.3 | 58.9 |
| Depreciation/amortization | 140.8 | 170.0 |
| EBITDA | 267.1 | 228.9 |

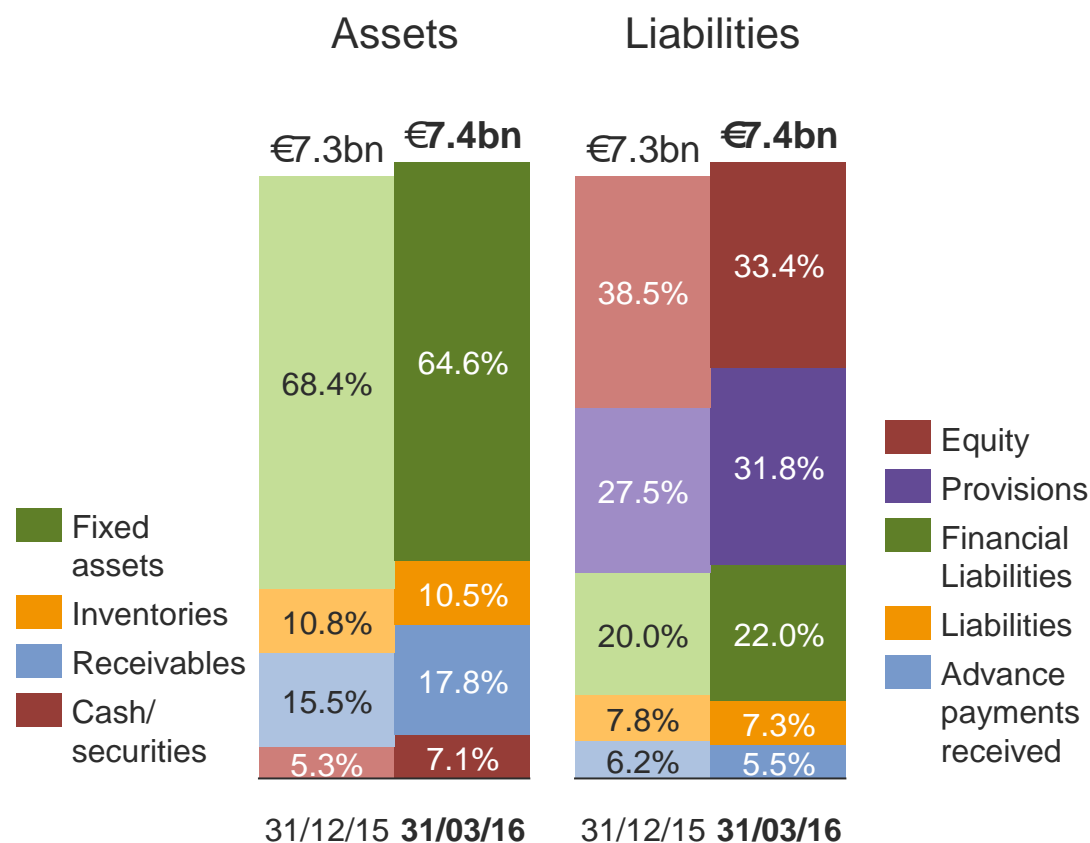
Comments

- ▶ Sales -1.5% yoy:
Volume/Mix +2.4%, Price -4.1%, FX +0.2%
- ▶ Gross profit decreased by 24.8% yoy following lower prices, ramp costs of €30m and higher depreciation, partially offset by efficiency gains
- ▶ Other operating income: no special income in Q1 2016
- ▶ Financial result: beginning of operations in TN reduces capitalized interest from lower CapEx; previous year benefitted from FX gain on financial assets
- ▶ Tax rate of 47.0%

Balance Sheet Composition

Effects from Pension Liabilities

Balance Sheet (%)

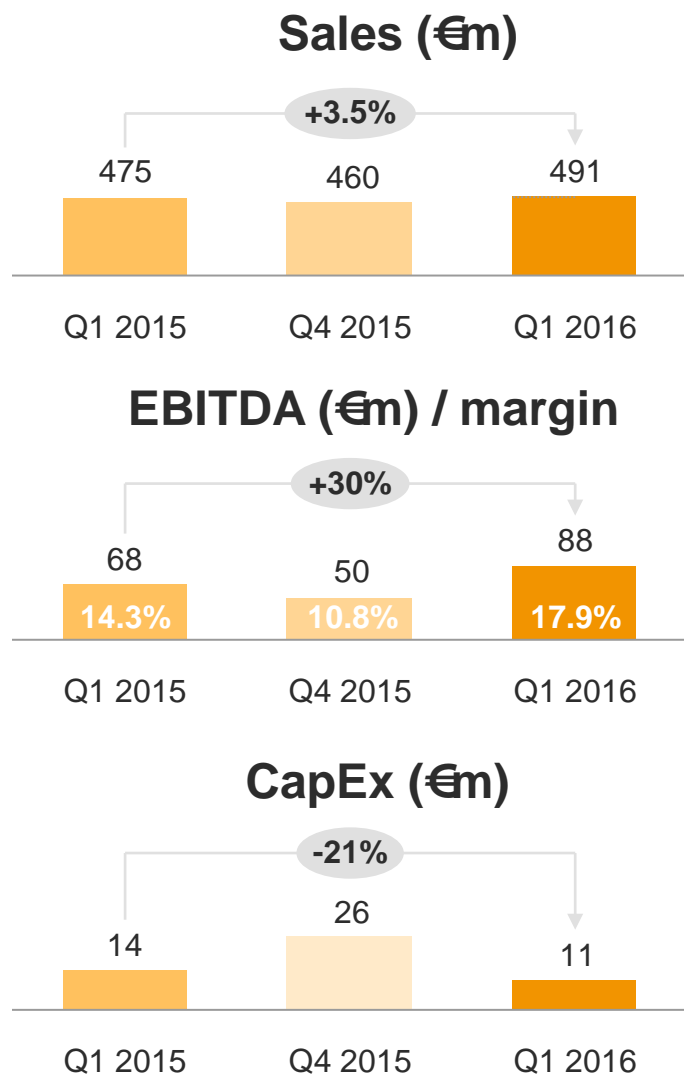


Characteristics 03/31/16

- ▶ Non current assets: €5,262m
- ▶ Securities, cash and cash equivalents: €526m
- ▶ Provisions for pensions: €1,980m; discount rate for defined benefit plans in Germany reduced from 2.75 to 2.15%
- ▶ Net financial debt: €1,110m
- ▶ Equity: €2,488m
- ▶ Prepayments level: €413m
- ▶ CapEx: €111m

SILICONES

Stronger EBITDA Growth on Volume Gains



Highlights Q1

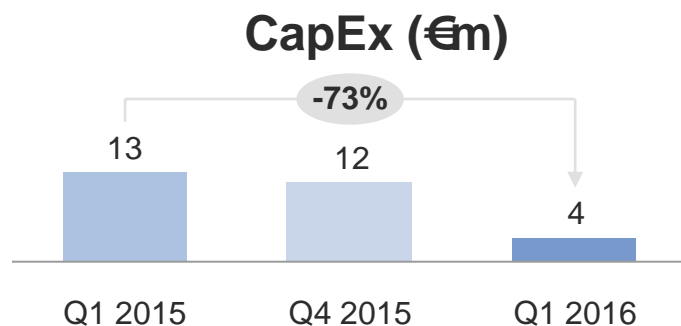
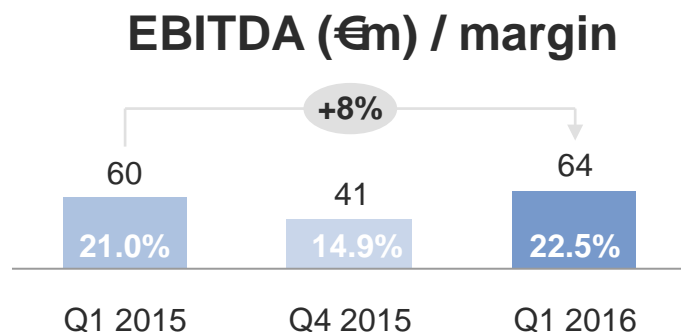
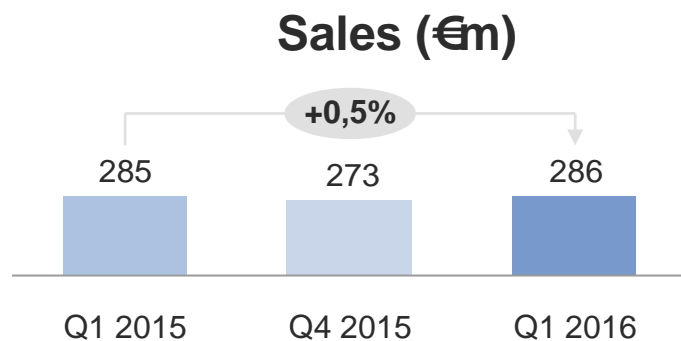
- ▶ 3.5% Sales growth driven by volume
- ▶ Specialties growth above division average
- ▶ Good operational performance
- ▶ High loading of plants and improved cost levels support EBITDA

Outlook 2016

- ▶ Mid-single digit sales growth and significant EBITDA increase, targeting a 16% EBITDA margin in 2016
- ▶ Expect good product mix and cost performance

POLYMERS

Strong Demand and Efficiency Gains Support Margins



Highlights Q1

- ▶ Sales at prior year level following strong volumes, but softer pricing in some areas
- ▶ EBITDA improvement due to volume increases and efficiency gains

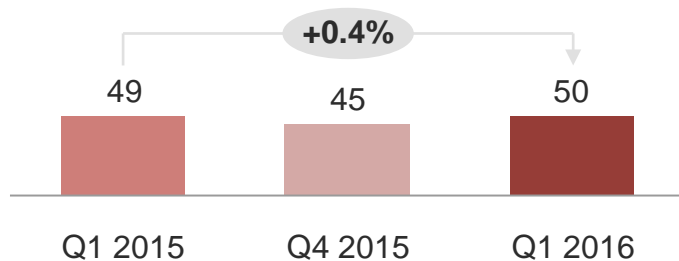
Outlook FY 2016

- ▶ Mid-single digit sales growth and slight EBITDA increase, targeting an EBITDA margin over 18%
- ▶ Expect strong growth in dispersions

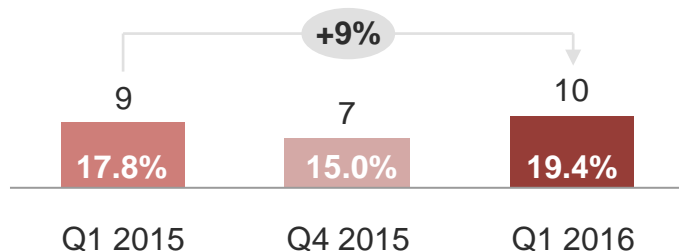
BIOSOLUTIONS

Positive Volume Effects

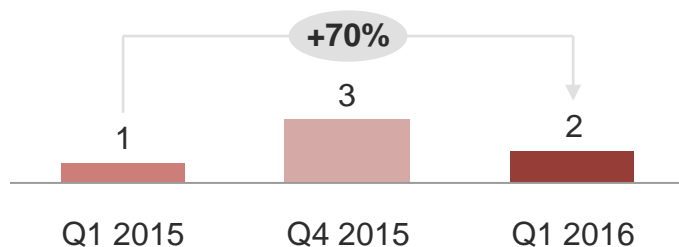
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q1

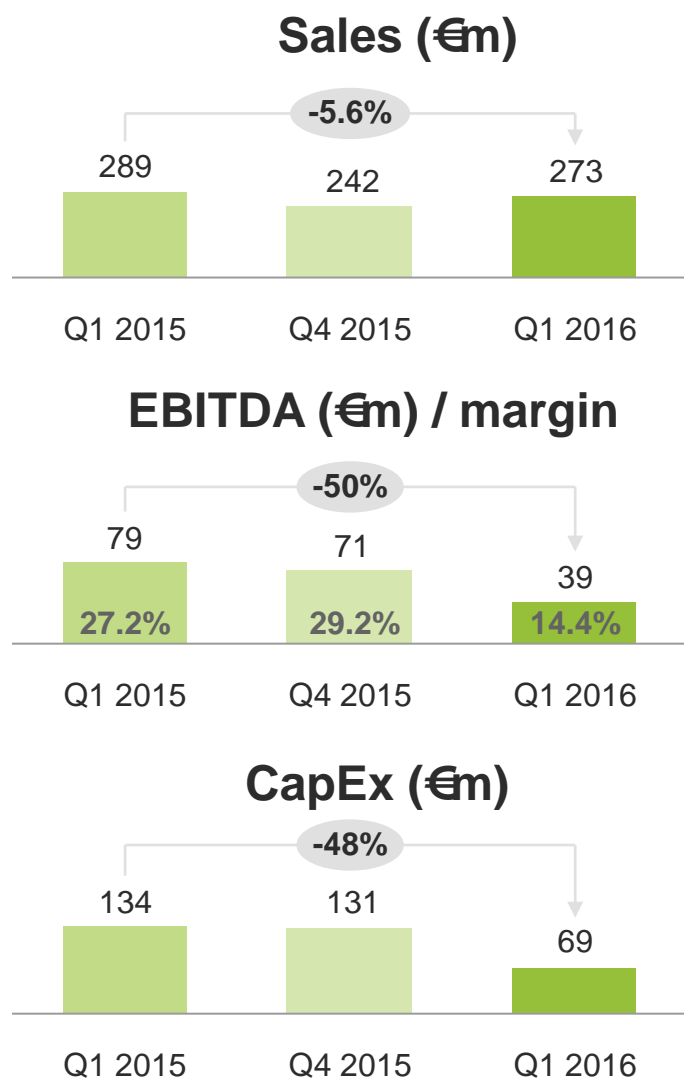
- ▶ Sales at prior year
- ▶ Improving performance in gumbase
- ▶ Support from agro-chemical campaign business

Outlook FY 2016

- ▶ Mid-single digit sales growth with EBITDA at the level of previous year
- ▶ Significant growth expected for biopharmaceuticals and nutrition

POLYSILICON

EBITDA Affected by Lower Prices and Tennessee Ramp Costs



Highlights Q1

- ▶ EBITDA below previous year due to lower yoy prices, lower special income (0, 2015: €4.7m) and ramp costs (€30m)
- ▶ Op. EBITDA margin ex specials/ramp: 25%
- ▶ TN with YTD production of 1kt

Outlook 2016

- ▶ Ramp cost effect in Q2 expected at €20m
- ▶ Polysilicon pricing improves
- ▶ Expect to ship close to 70kt in 2016
- ▶ Continued focus on cost reduction

POLYSILICON: PV Markets in USA and India Surge in 2016

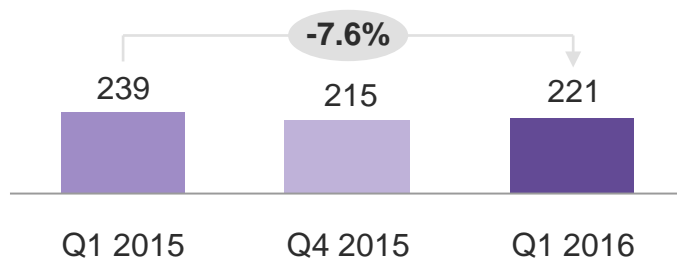
| Country | 2012 | 2013 | 2014 | 2015 | 2016e |
|---------------------|--------------|--------------|--------------|---------------|--------------------|
| France | 1.1 | 0.6 | 0.9 | 0.9 | 0.9 – 1.1 |
| Germany | 7.6 | 3.3 | 1.9 | 1.5 | 1.3 – 1.5 |
| Italy | 3.6 | 1.1 | 0.6 | 0.3 | 0.4 – 0.5 |
| Europe other | 4.9 | 5.8 | 4.0 | 5.9 | 5.0 – 5.5 |
| Europe total | 17.2 | 10.8 | 7.4 | 8.6 | 7.6 – 8.6 |
| Australia | 1.0 | 0.9 | 1.0 | 0.9 | 0.9 – 1.1 |
| China | 4.8 | 12.9 | 13.2* | 12.5* | 16.0 – 18.0 |
| India | 0.9 | 1.0 | 1.0 | 2.1 | 4.5 – 6.0 |
| Japan | 2.5 | 6.8 | 9.3 | 9.8 | 8.5 – 9.5 |
| USA | 3.3 | 4.8 | 6.2 | 7.3 | 11.0 – 14.0 |
| Rest of World | 2.1 | 2.8 | 6.0 | 10.8 | 11.0 – 13.0 |
| Total | 32 GW | 40 GW | 44 GW | ~52 GW | ~60 – 70 GW |

Sources: SPE, IHS, Industry announcements, WACKER est., *2.6 GW allocated from 2015 to 2014 (installed and not connected in 2014)

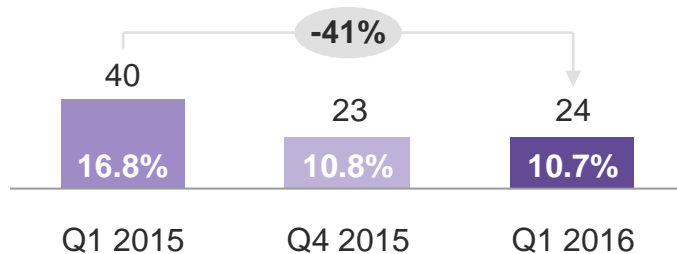
Siltronic

Q1 Performance as Expected

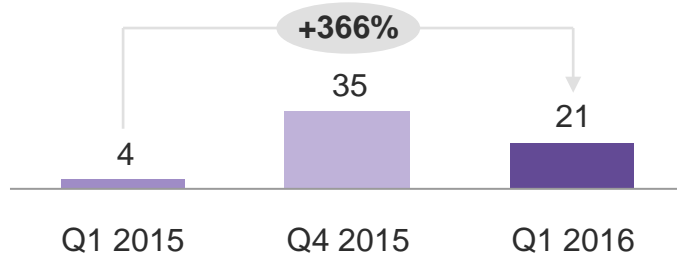
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q1

- ▶ Q1 similar to Q4
- ▶ Lower utilization, weak pricing and FX result impact EBITDA yoy
- ▶ Higher area sales and cost effects keep margin at Q4 level

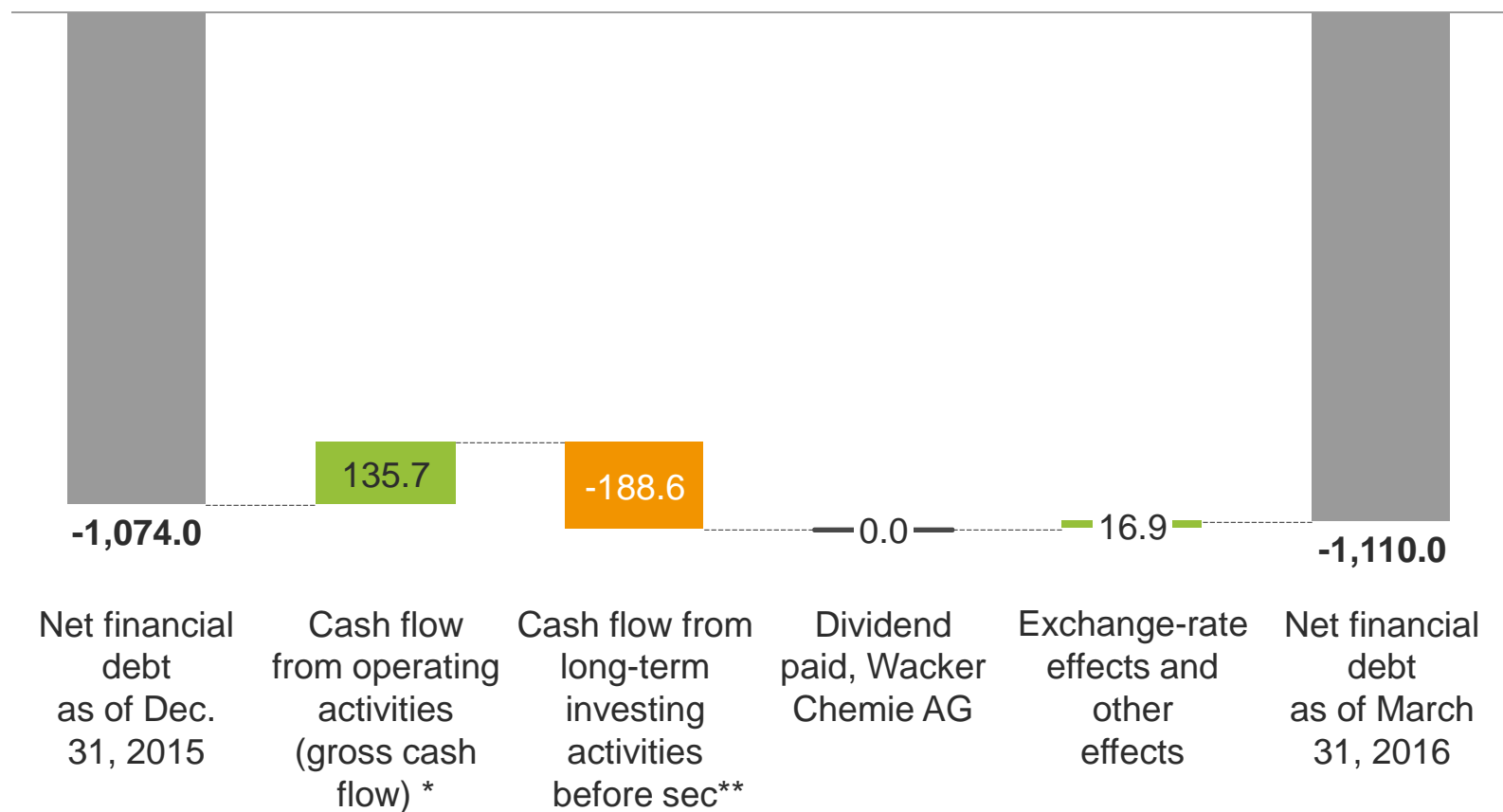
Outlook 2016

- ▶ Price pressure due to slow growth in PC and smartphones
- ▶ Slight improvement in EBITDA margin on cost reductions and lower FX hedging costs
- ▶ Distinctly positive free cash flow but below 2015

Net Financial Debt

Q1 Investment Cash Flow with Q4 Trailing Effects

Net Financial Debt Bridge Q1 2016 (€m)



*) includes change in prepayments of €38m, **) includes financial investments



WACKER

CREATING TOMORROW'S SOLUTIONS

1st Quarter 2016 Conference Call: Q&A Session

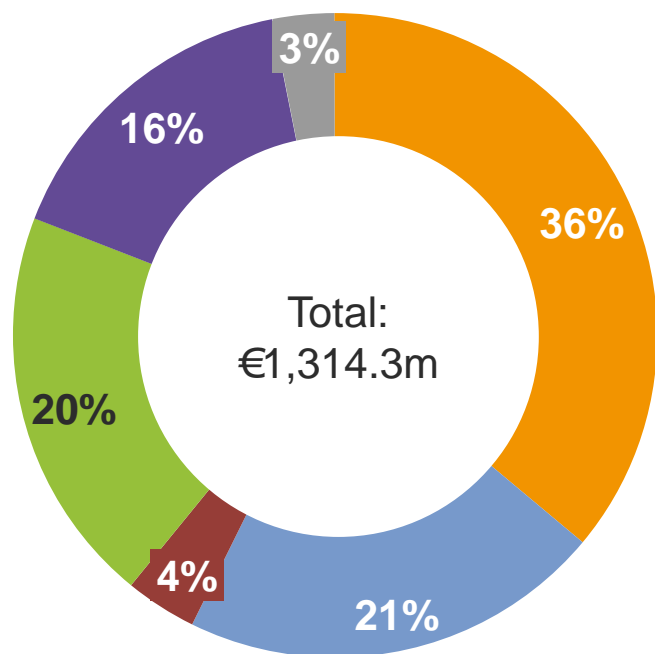
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Appendix

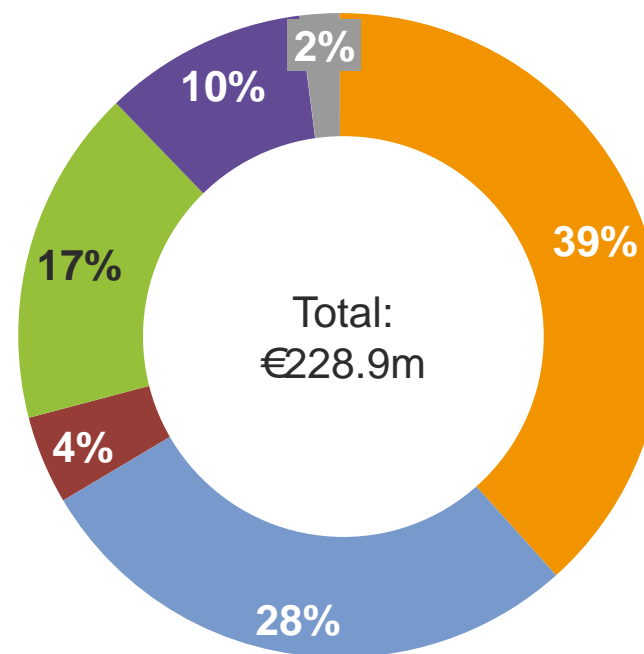
Q1 Results 2016

Sales and EBITDA Breakdown

Q1 2016 Sales¹



Q1 2016 EBITDA



Siltronic

WACKER BIOSOLUTIONS

WACKER SILICONES

WACKER POLYSILICON

WACKER POLYMERS

Others

¹based on external sales

Q1 Results 2016

P&L

| in €m | Q1 2016 | Q1 2015 | % YoY | Q4 2015 |
|------------------------------|---------|---------|-------|---------|
| Sales | 1,314.3 | 1,334.9 | -1.5 | 1,232.9 |
| EBITDA | 228.9 | 267.1 | -14.3 | 188.4 |
| EBITDA margin | 17.4% | 20.0% | - | 15.3% |
| EBIT | 58.9 | 126.3 | -53.4 | 33.7 |
| EBIT margin | 4.5% | 9.5% | - | 2.7% |
| Result for the period | 16.1 | 70.6 | -77.2 | 4.8 |
| EPS in € | 0.41 | 1.42 | -71.1 | 0.13 |

Q1 Results 2016

Sales Breakdown by Business

| Sales in €m | Q1 2016 | Q1 2015 | %YoY | Q4 2015 |
|----------------------------|----------------|----------------|-------------|----------------|
| CHEMICALS | 826.8 | 808.8 | 2.2 | 778.2 |
| WACKER SILICONES | 491.3 | 474.8 | 3.5 | 460.3 |
| WACKER POLYMERS | 285.9 | 284.6 | 0.5 | 273.3 |
| WACKER BIOSOLUTIONS | 49.6 | 49.4 | 0.4 | 44.6 |
| WACKER POLYSILICON | 273.1 | 289.4 | -5.6 | 241.5 |
| Siltronic | 220.6 | 238.7 | -7.6 | 215.3 |
| Others | 40.7 | 51.8 | -21.4 | 49.2 |
| Consolidation | -46.9 | -53.8 | -12.8 | -51.3 |
| | 1,314.3 | 1,334.9 | -1.5 | 1,232.9 |

Q1 Results 2016

EBITDA Breakdown by Business

| EBITDA in €m | Q1 2016 | Q1 2015 | %YoY | Q4 2015 |
|----------------------------|--------------|--------------|--------------|--------------|
| CHEMICALS | 161.9 | 136.4 | 18.7 | 97.1 |
| WACKER SILICONES | 87.9 | 67.7 | 29.8 | 49.6 |
| WACKER POLYMERS | 64.4 | 59.9 | 7.5 | 40.8 |
| WACKER BIOSOLUTIONS | 9.6 | 8.8 | 9.1 | 6.7 |
| WACKER POLYSILICON | 39.4 | 78.7 | -49.9 | 70.5 |
| Siltronic | 23.6 | 40.0 | -41.0 | 23.2 |
| Others | 4.1 | 12.7 | -67.7 | -4.0 |
| Consolidation | -0.1 | -0.7 | -85.7 | 1.6 |
| | 228.9 | 267.1 | -14.3 | 188.4 |

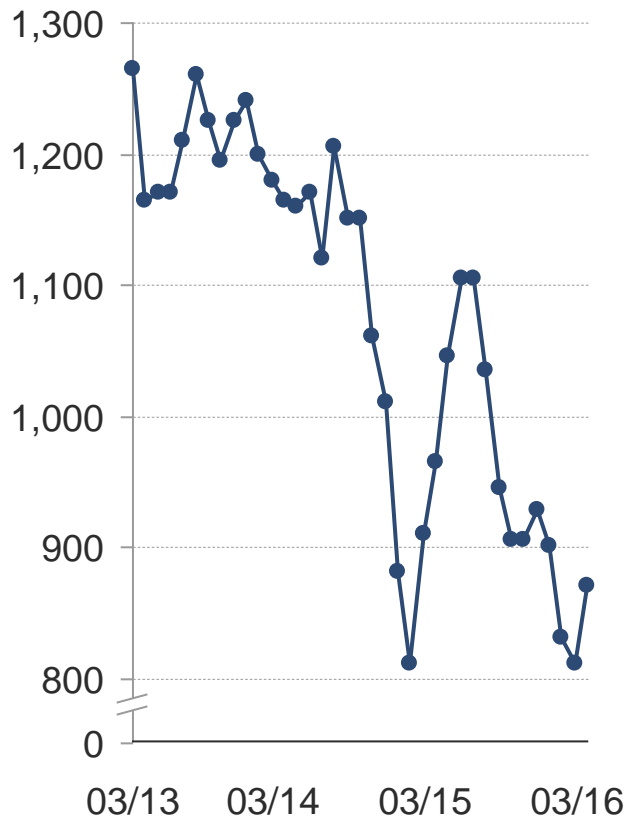
Special EBITDA Effects

No Special Income in Q1

| Special income (in €m) | 2015 | | | | | 2016 | | | | |
|---|------|------|------|------|-------|------|----|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY |
| POLYSILICON: Retained prepayments & damages from cancelled contracts | 4.7 | 86.7 | 17.8 | 28.4 | 137.6 | - | | | | |

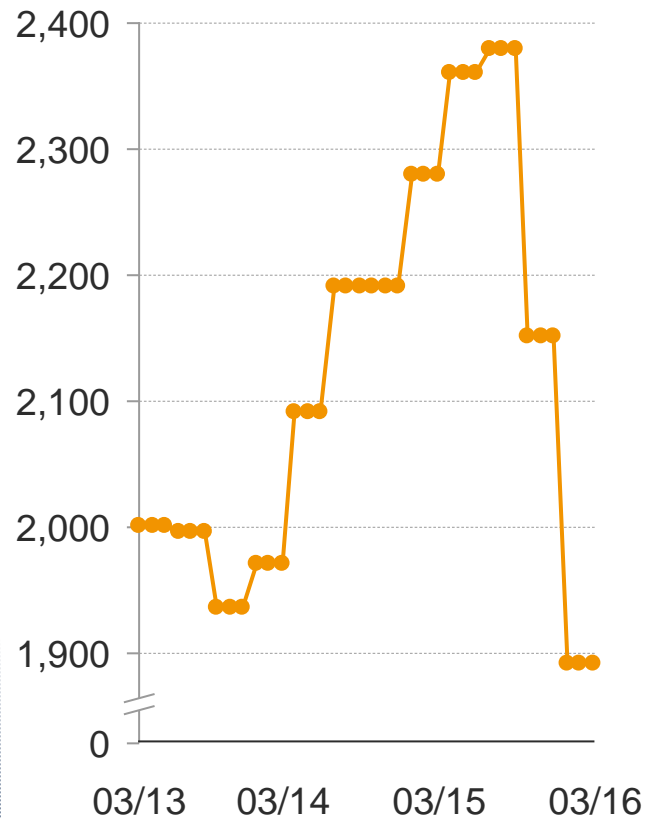
Raw Materials: Share of Top 4 Raw Materials Stable YoY

Ethylene Contract (€/MT)



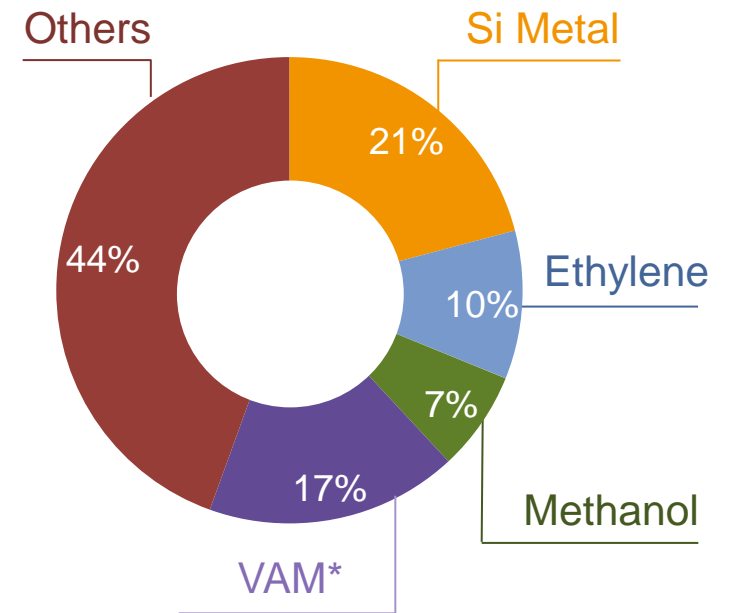
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



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

Raw Materials 2015 (€m) Chemicals



Costs of top 4 raw materials
19% of chemicals segment sales

*VAM = Vinylacetate monomer

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

05/20/16 – Annual Shareholders' Meeting
07/28/16 – Q2 Results 2016
10/11/16 – Capital Market Day
10/27/16 – Q3 Results 2016

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 |

