



WACKER POLYSILICON

EMERGING POTENTIAL FOR SOLAR ENERGY

Wacker Chemie AG, February, 2012

CREATING TOMORROW'S SOLUTIONS

DISCLAIMER

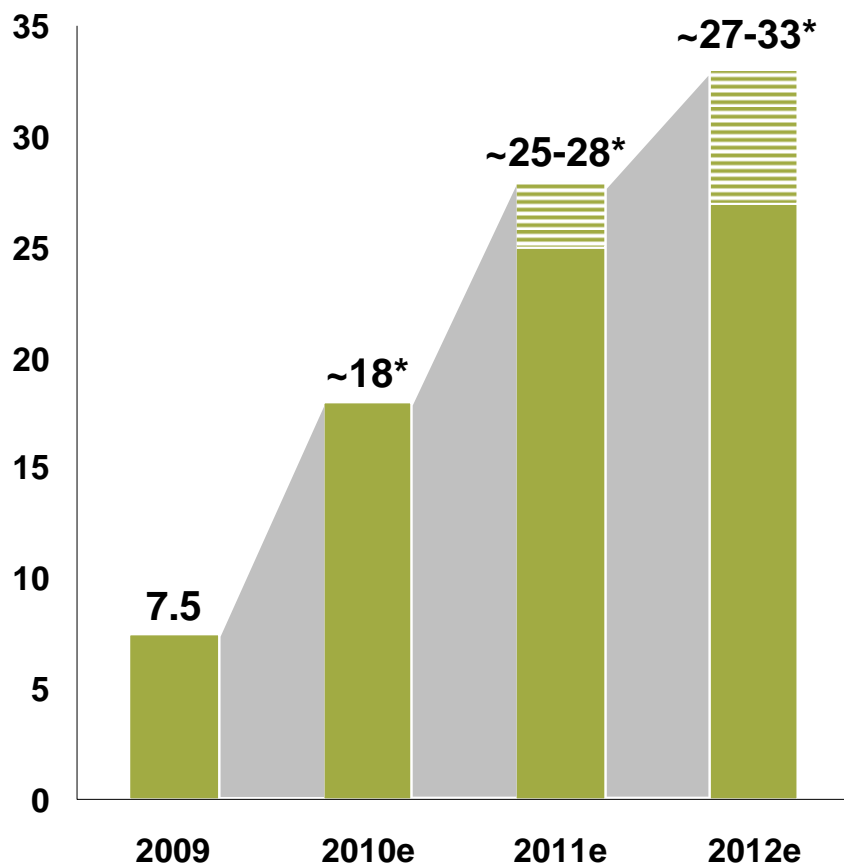
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- Photovoltaics Status: Cost, Efficiency, Environment
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PV MARKET 2011: ANOTHER YEAR OF STRONG GROWTH

Photovoltaic-Volume (GW)



* WACKER estimate, based on published reports; LCOE ... Levelized Cost of Electricity

Market Dynamics 2011

- Top PV players with strong growth of shipments in 2011 compared to FY 2010
- Significant overcapacities on wafer/cell/module level
- Players with competitive advantage continue to outperform its peers

Current & Future Growth Drivers

- PV markets are rapidly growing & diversifying due to steadily decreasing PV system prices and LCOE
- PV competitive with other Renewables (e.g. wind) and also with conventional power plants (e.g. gas) in the near future

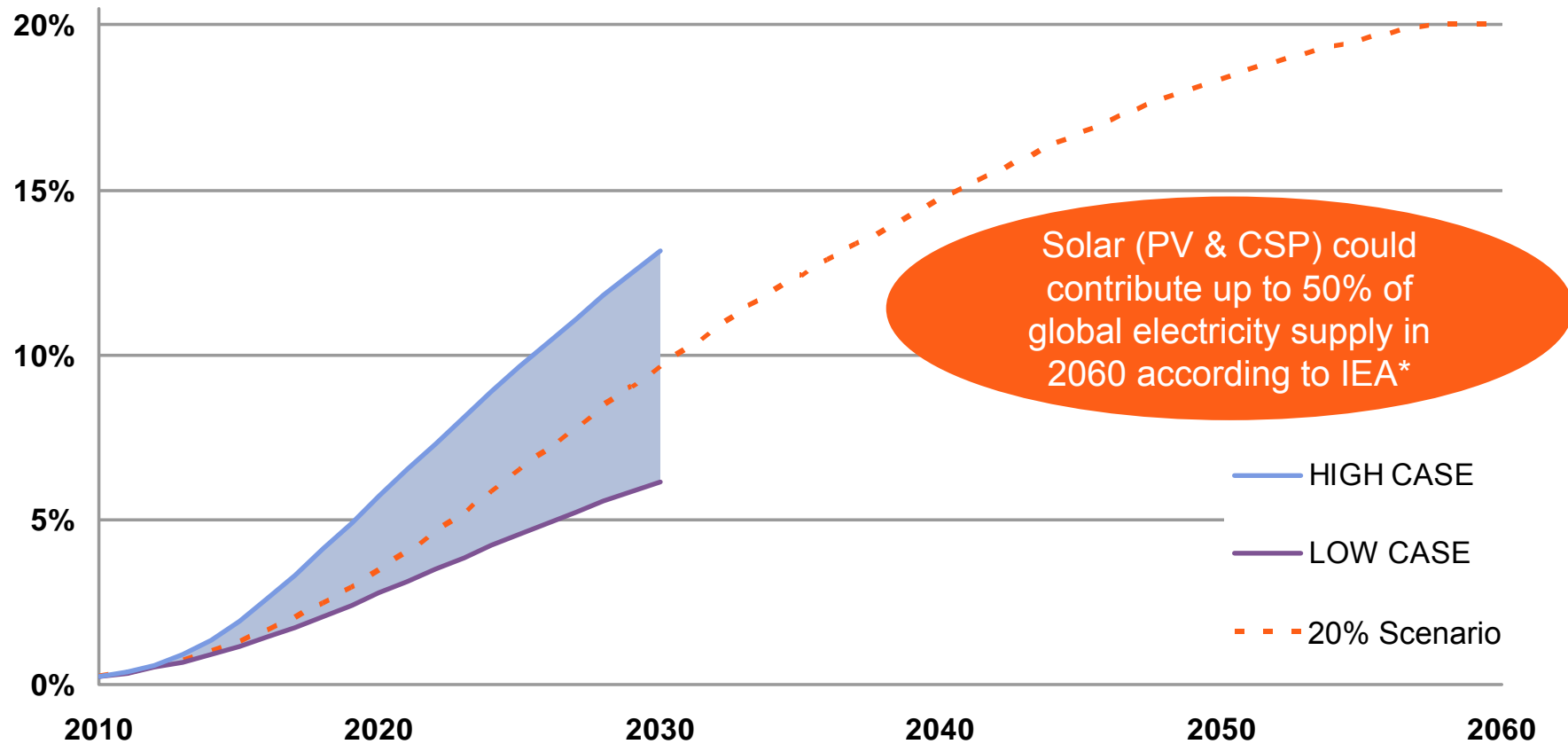
DECLINING PRICES OPEN UP NEW PV MARKETS – USA AND ASIA WITH HIGH GROWTH POTENTIAL

Country	New Installations (MW)				CAGR 09-12
	2009	2010	2011e	2012e	
France	300	700	1,300 - 1,400	1,800 - 2,200	80-90%
Germany	3,800	7,400	7,500	3,500 - 5,000	0-10%
Italy	700	4,000	7,000 - 7,500	3,500 - 5,000	70-90%
Rest of Europe	1,100	2,600	2,400 - 2,800	2,900 - 3,300	35-45%
Australia	100	400	500 - 600	900 - 1,200	110-130%
China	200	700	1,700 - 2,000	3,600 - 4,500	160-180%
Japan	500	1,000	1,300 - 1,600	3,200 - 3,800	90-100%
USA	500	900	1,800 - 2,200	3,600 - 4,500	90-110%
Rest of World	300	600	1,400 - 2,200	3,500 - 4,000	130-140%
TOTAL	7.5 GW	~18 GW	~25 - 28 GW	~27 - 33 GW	50-65%

Source: EPIA 05/2010, industry news, WACKER estimate

PV CONTRIBUTION TO GLOBAL ELECTRICITY SUPPLY EXPECTED TO INCREASE FAST

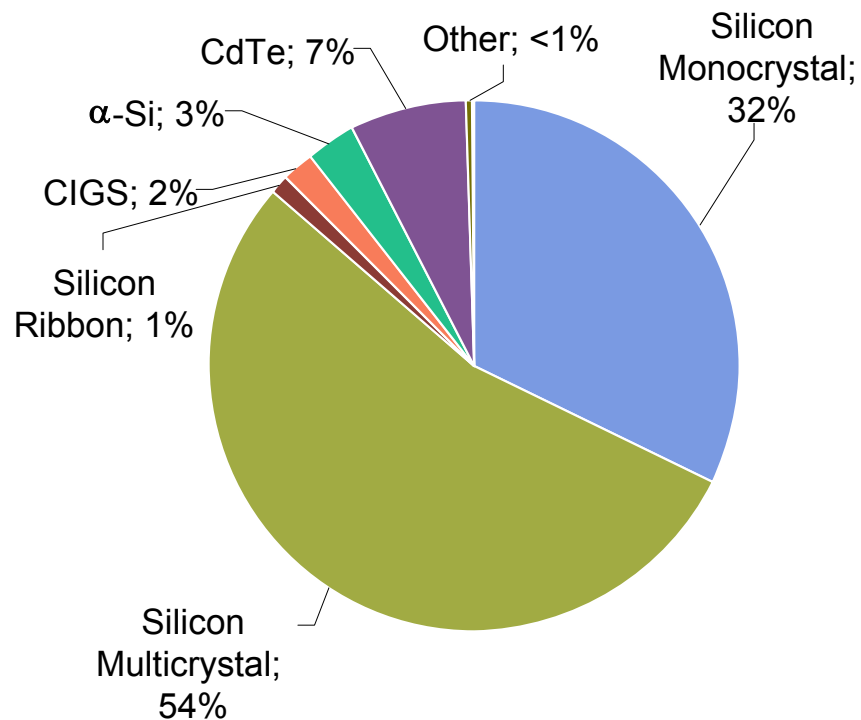
PV Share of Global Electricity Demand (%)



Source: WACKER analysis
* IEA interview, PHOTON 08/2011

CRYSTALLINE PV CONTINUES TO BE THE DOMINATING TECHNOLOGY FOR THE FORESEEABLE FUTURE

PV Market Shares 2011e



Market Dynamics

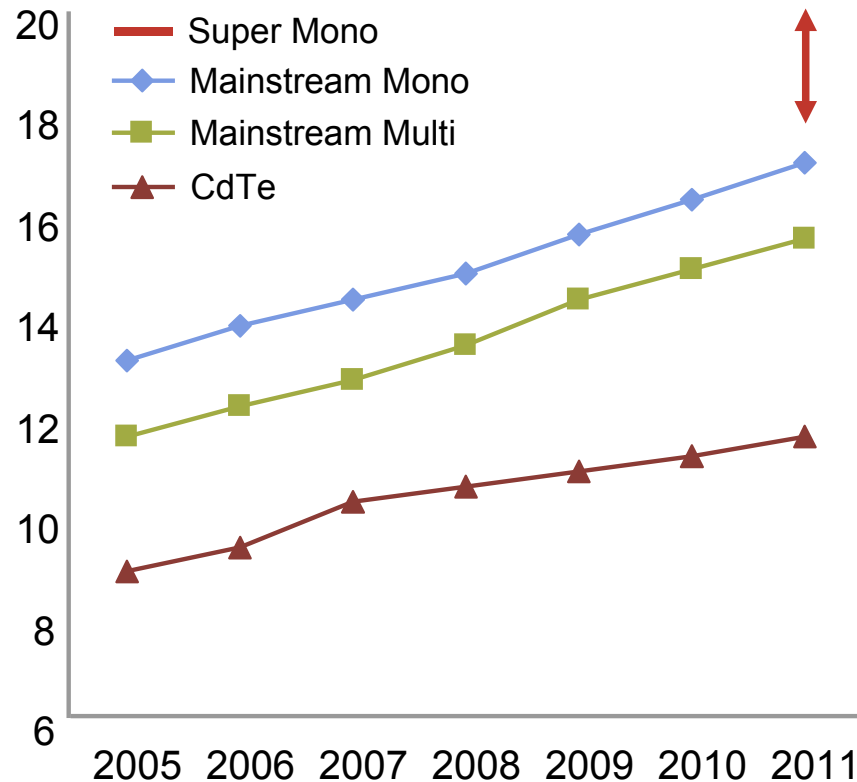
- Crystalline silicon PV with leading competitive position versus ThinFilm
- ThinFilm strongly dominated by market leader First Solar (CdTe)
- CIGS with future potential, albeit mass production not proven yet
- Amorphous Si struggles due to high cost structure and low efficiencies
- Crystalline silicon PV with high cost reduction and efficiency potential

Cost reduction of c-Si vs. ThinFilm will be decisive for future development

Sources: Market surveys, industry announcements, WACKER analysis

CONTINUOUS TREND TOWARDS INCREASING MODULE EFFICIENCIES FAVORS ADVANCED C-Si TECHNOLOGY

Development of Module Efficiencies (%)



Source: market surveys, industry announcements, WACKER estimates

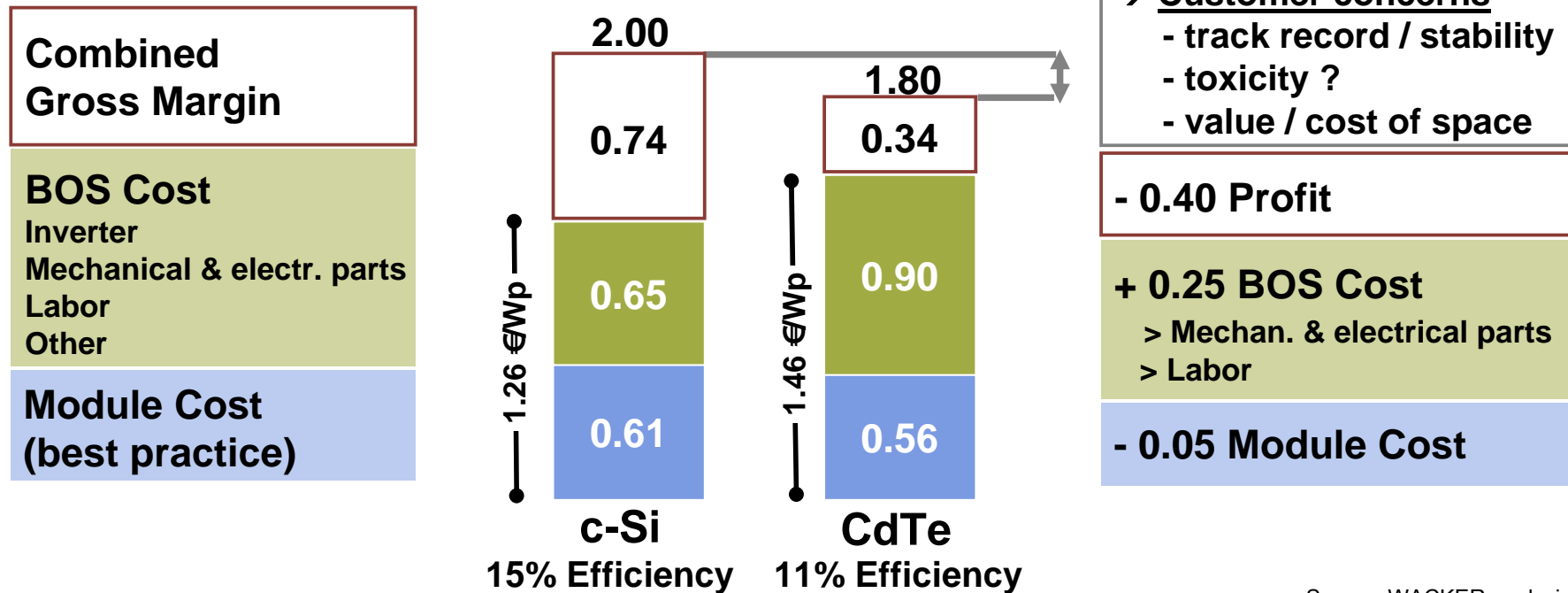
Comments

- Module efficiencies are continuously increasing – highest efficiencies with monocrystalline solar cells
- CdTe based modules are losing ground compared to c-Si technology
- Module efficiencies with high impact on overall module manufacturing costs
- High quality polysilicon supports highest solar cell efficiencies and best practice processes, yields & cost structure

SILICON ADVANTAGE OVER THIN FILM – LOWER PV SYSTEM COSTS (1.26 vs. 1.46 €/Wp)

Status 12/2011

Typical Roof Top System Cost Structures (€/Wp)



Source: WACKER analysis

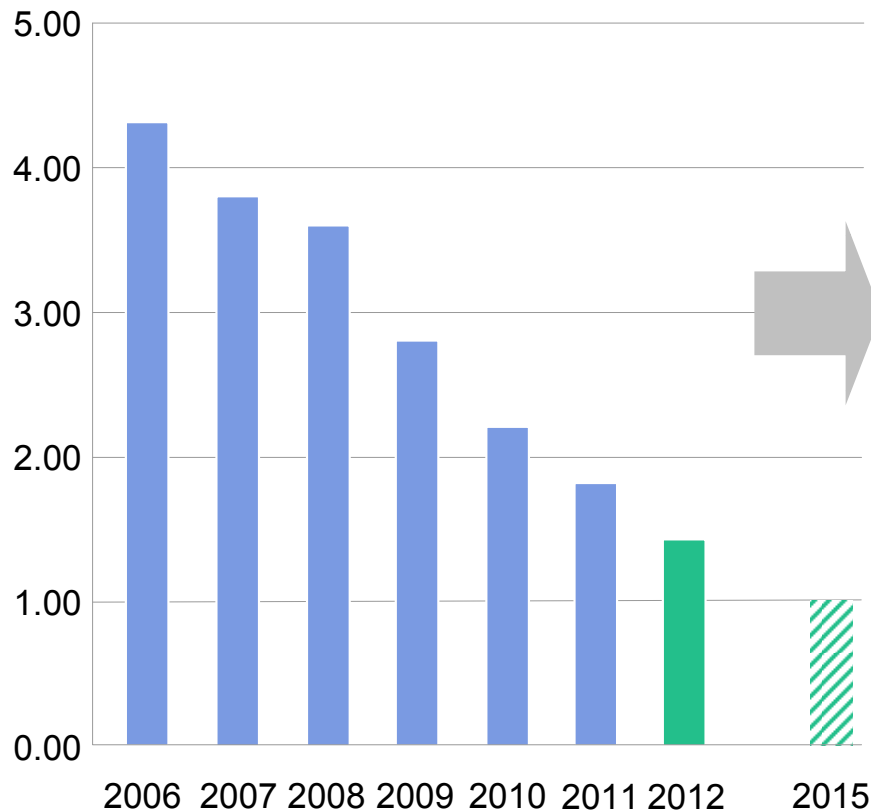
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LEVELIZED COST OF PV ELECTRICITY IMPROVING – SOON COMPETITIVE TO WIND AND GAS

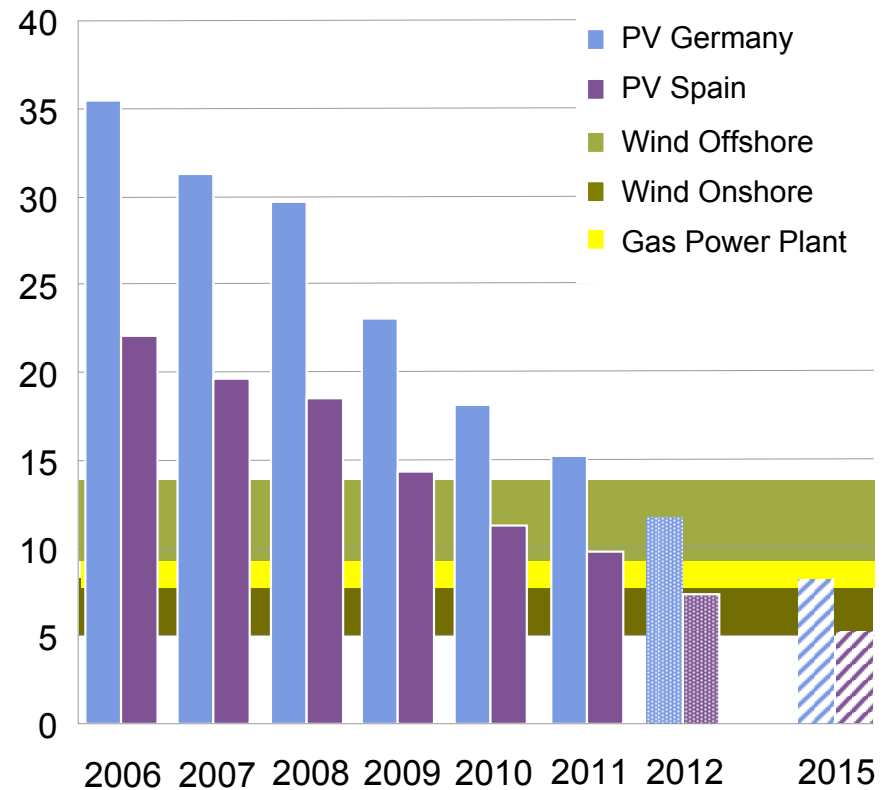
PV System Price (€/Wp)

(Germany, ground-mounted)



LCOE* (€Cent/kWh), 30 years

(Germany, ground-mounted)

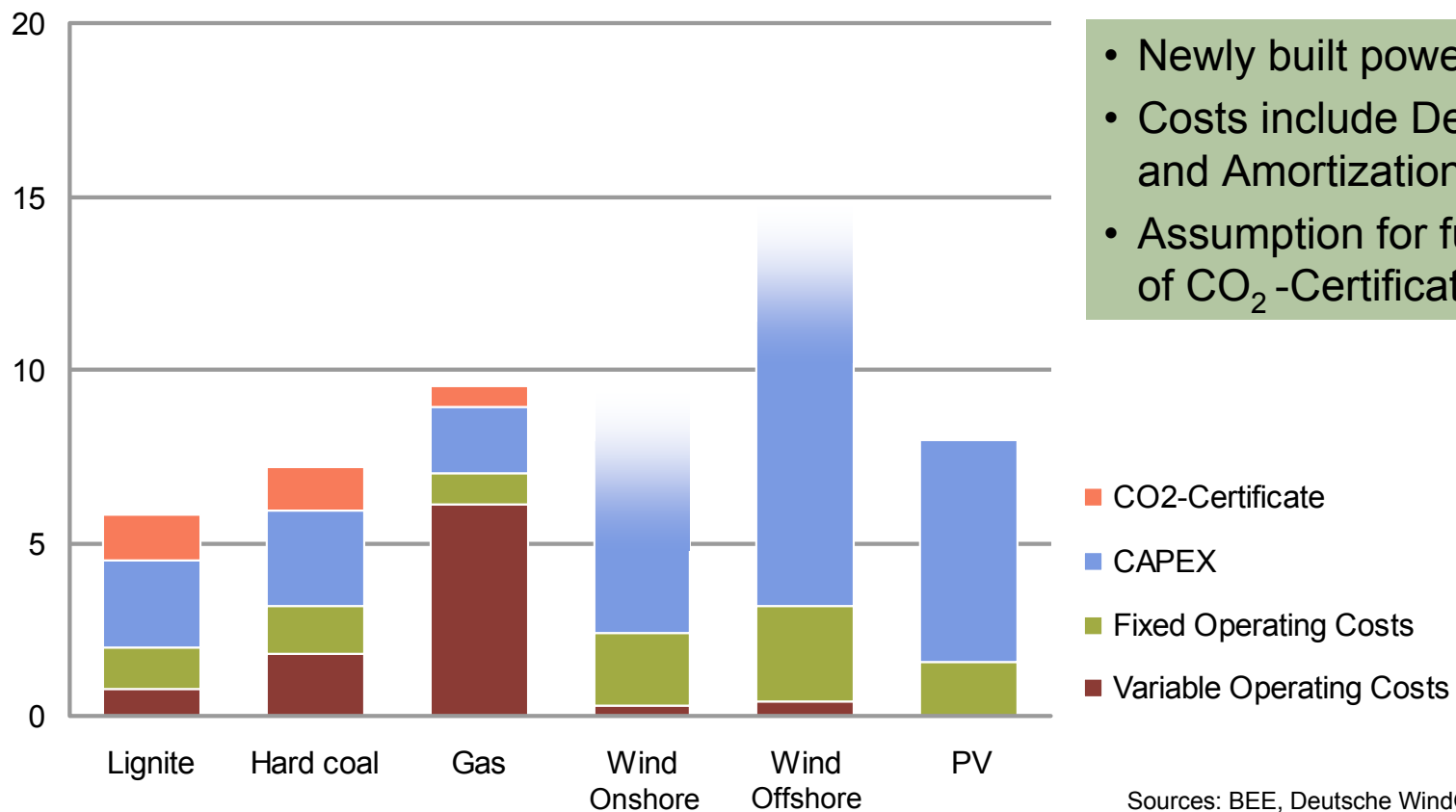


Source: LBBW 02/2009, Industry announcements, WACKER Analysis

* LCOE ... Levelized Cost of Electricity

VARIABLE OPERATING COSTS OF PV AND WIND ARE NEARLY ZERO

Levelized Cost of Electricity (LCOE) of Various Energy Sources (€Ct/kWh), 2015

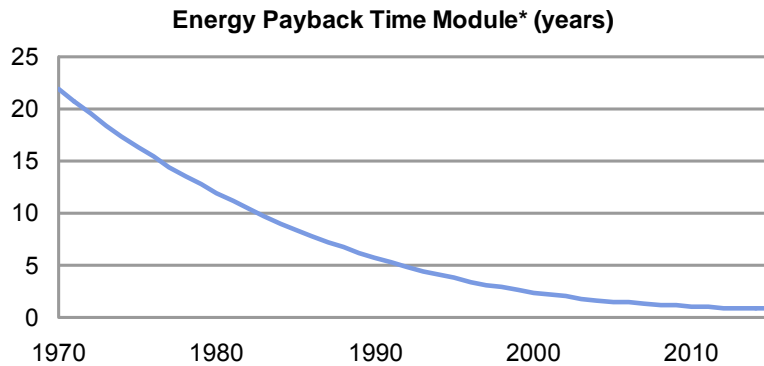


- Newly built power plants
- Costs include Depreciation and Amortization
- Assumption for future costs of CO₂ -Certificates: 20 €/t

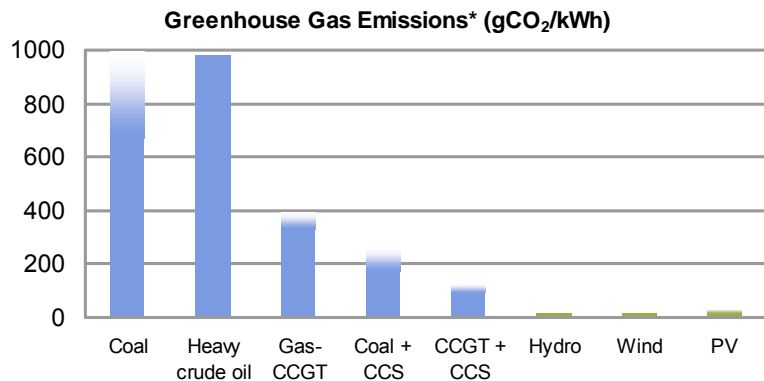
Sources: BEE, Deutsche WindGuard, BioConsult, IER, WACKER estimates

THE ENERGY BALANCE OF PV IS VERY ATTRACTIVE

Energy Payback Time of PV decreased to about 1 year

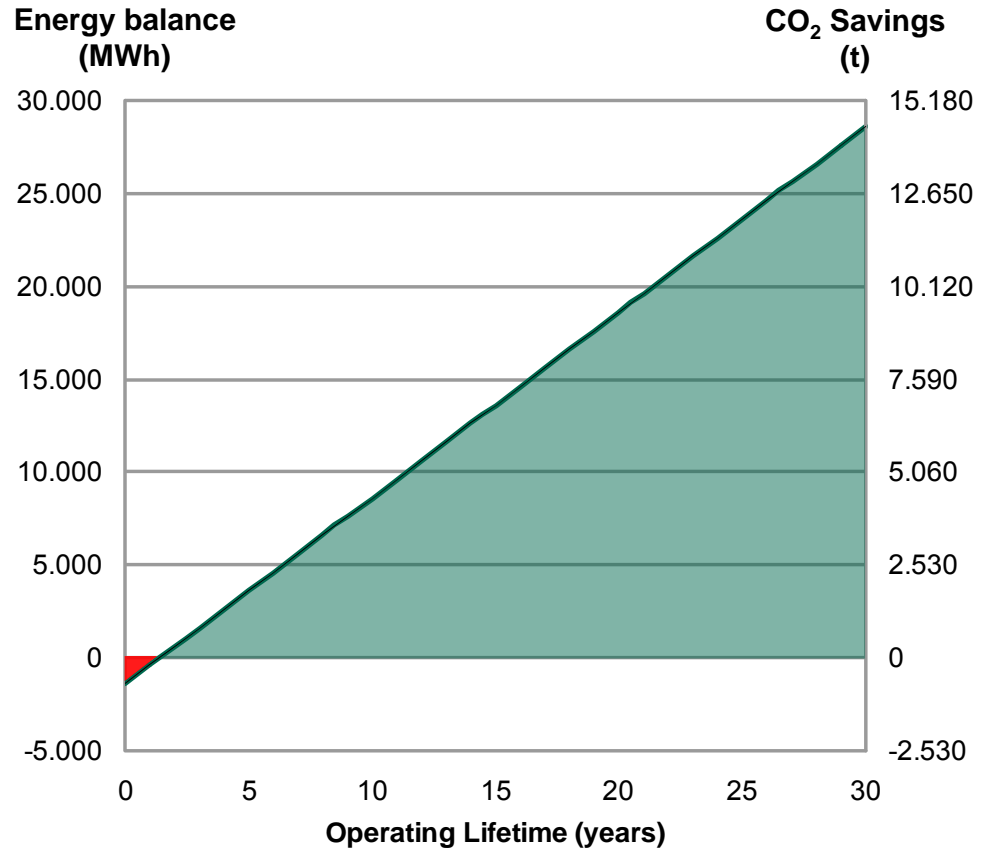


CO₂ Emissions of PV sum up to ~15 g/kWh (at 30 years lifetime)



* crystalline Silicon Modules, located in Southern Europe, European Energy Mix

Net Energy Balance and CO₂ Savings for a 1 MW PV (Location: Southern Germany)



Sources: EPIA factsheets, WACKER Analysis

CO₂-ABATEMENT COSTS OF PHOTOVOLTAICS HAVE BEEN COMING DOWN TO BELOW 100 € PER TON

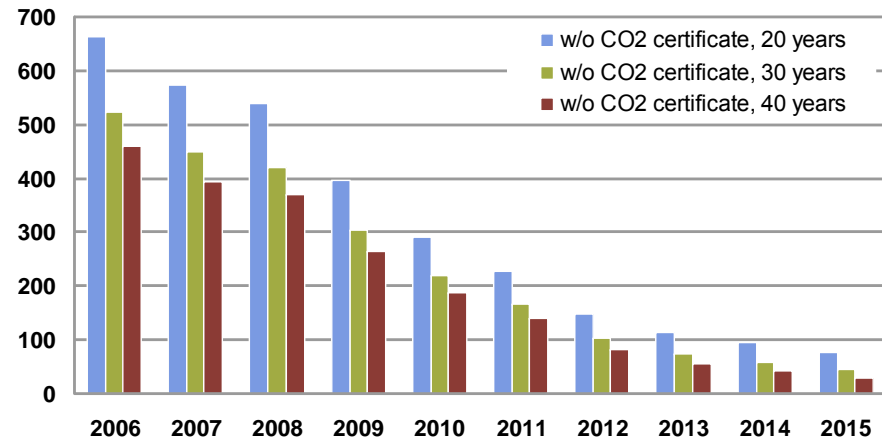
Fast decreasing LCOE* of PV
(40 €/kWh in 2006, 15 €/kWh in 2011, 8 €/kWh in 2015)

Assuming constant power productions costs of a coal-fired power plant
(5.9 €/kWh)

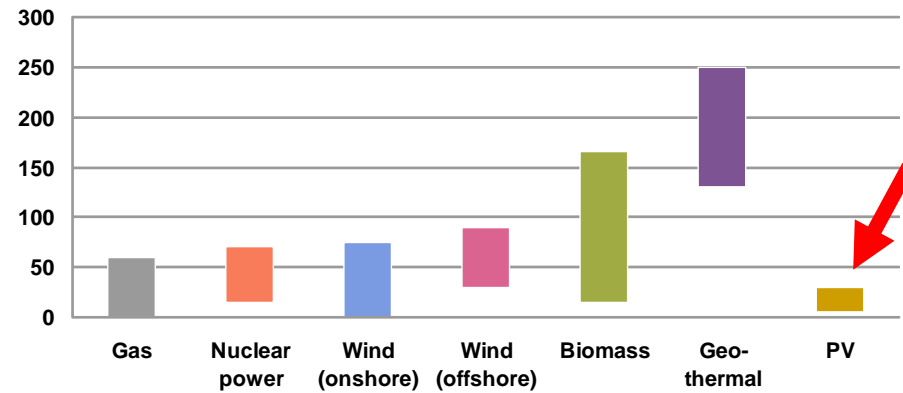
CO₂ emissions for the production of a PV system:
15 g/kWh

∅ CO₂ emissions of fossil power plants
(600 g/kWh)

CO₂ Avoidance Costs of PV (€/t CO₂; 2006 – 2015)



CO₂ Avoidance Costs of various Energy Sources (€/t CO₂; 2020+)



Sources: WACKER Analysis, RWE Zukunftsstudie 2009
* LCOE ... Levelized Cost of Electricity

PV AND WIND WITH HIGHEST AREA EFFICIENCY AMONG ALL RENEWABLE ENERGY SOURCES

Area Consumption (MW/ha)

Assumptions PV:

- Crystalline Silicon Technology (≤ 3 ha/MWp)
- Area suitable for ground-mounted PV in Southern Germany

→ **>35 GWh/km²**

Assumptions Wind:

- Space required ≤ 7 ha per MWp
- 3,000 kWh/kWp per year

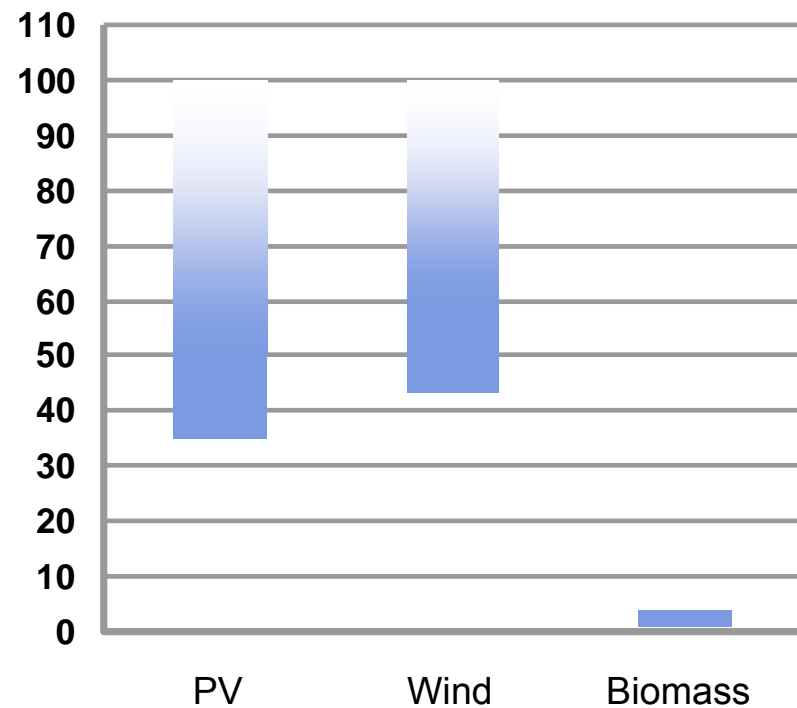
→ **>45 GWh/km²**

Assumptions Biomass:

- Depending on soil type, product and biomass yield

→ **<<10 GWh/km²**

Area Efficiency (GWh/km²)



Sources: BMU, BWE, Enercon, Enertrag

PV ELECTRICITY IS THE FAVORITE DECENTRALIZED ENERGY SOURCE

Advantages of PV Electricity

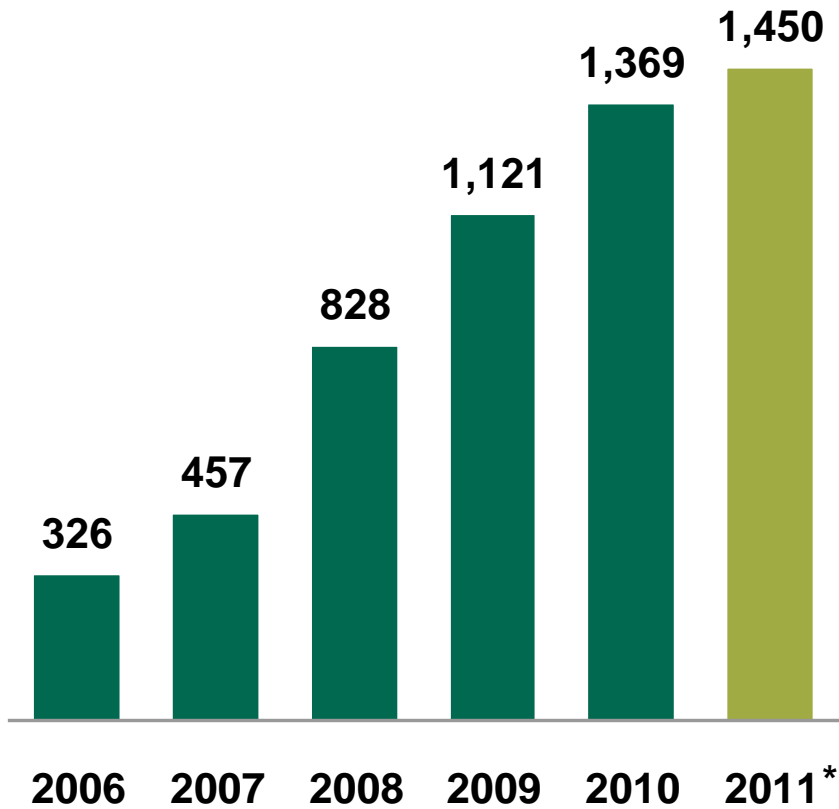
- Lifetime of more than 25 years
- Self-used PV electricity protects against energy inflation
- Daily electricity demand peaks correspond to PV production
- Lowest cash-costs of all renewables, low maintenance
- PV can be installed at the place of consumption →
Low resources for grid adjustments

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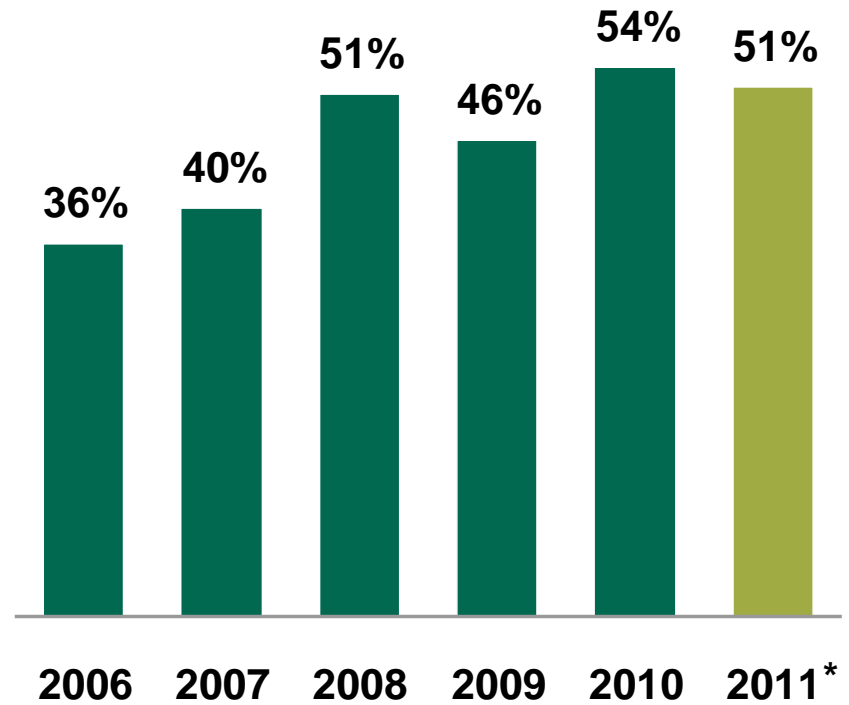
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WACKER POLYSILICON – STRONG SALES GROWTH

Sales Growth (€m)



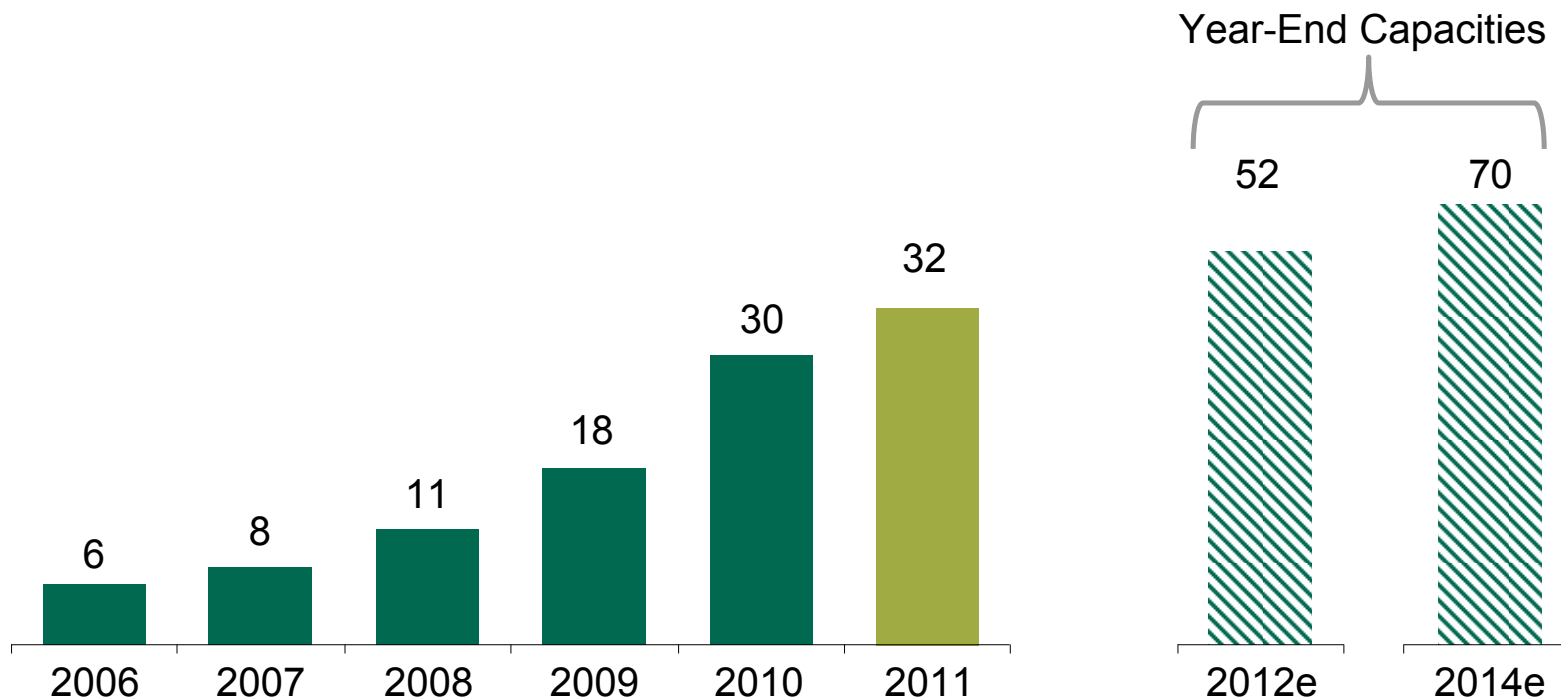
EBITDA Margins



* preliminary results

GROWING WITH THE MARKET – FULL PRODUCTION POTENTIAL AT ALL PLATFORMS UP TO 150KT

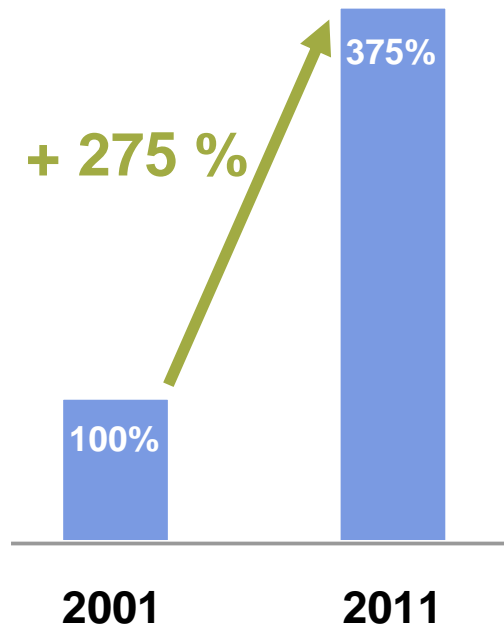
Actual Polysilicon Shipments and Planned Year-End Capacities (kt)



The ramp of Poly 11 plant in Tennessee will start in late 2013

FORMIDABLE INCREASE OF LABOR PRODUCTIVITY

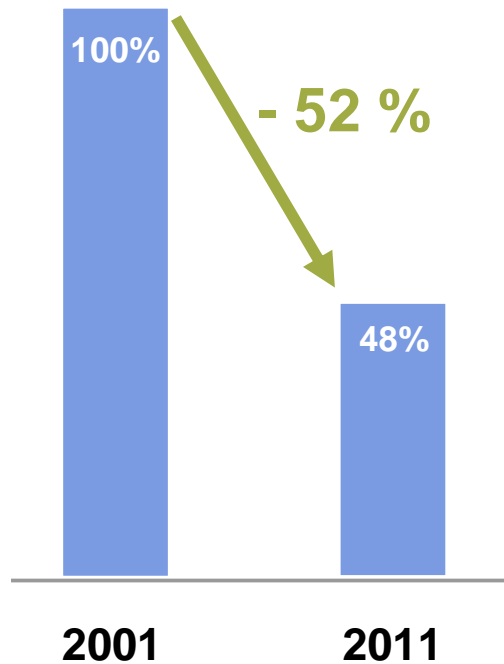
Labor Productivity of WACKER's Polysilicon Process



- ✓ Economies of scale
- ✓ Yield improvements
- ✓ Automation

SUBSTANTIAL REDUCTION OF ENERGY CONSUMPTION

Specific Energy Consumption of WACKER's Polysilicon Process (average value of total production)



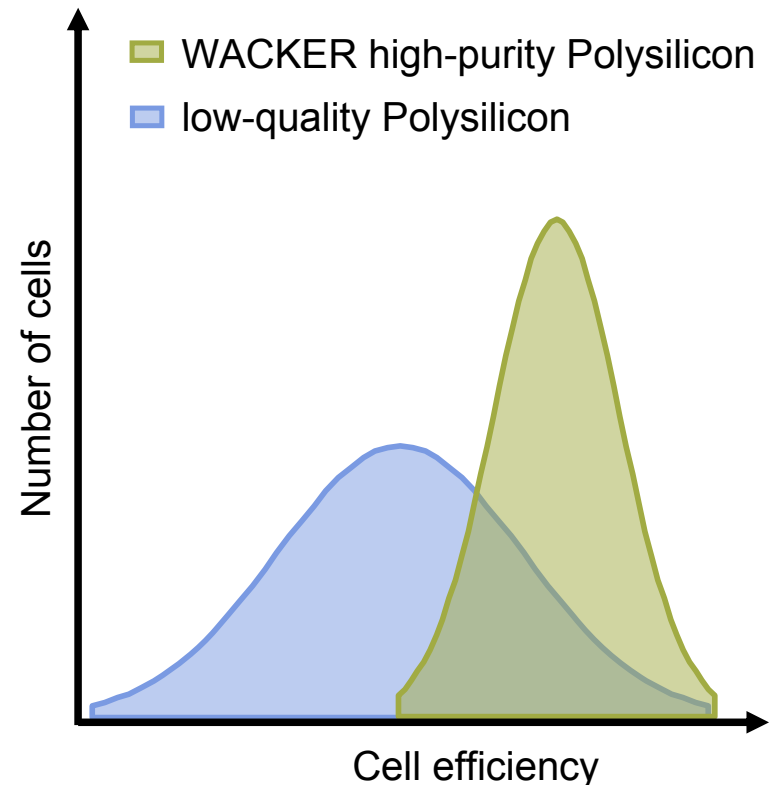
- ✓ Innovations:
 - New deposition reactors
 - New conversion reactors
- ✓ New process design

HIGH QUALITY POLYSILICON HELPS TO MAXIMIZE VALUE FOR OUR CUSTOMERS

WACKER Total Quality Approach

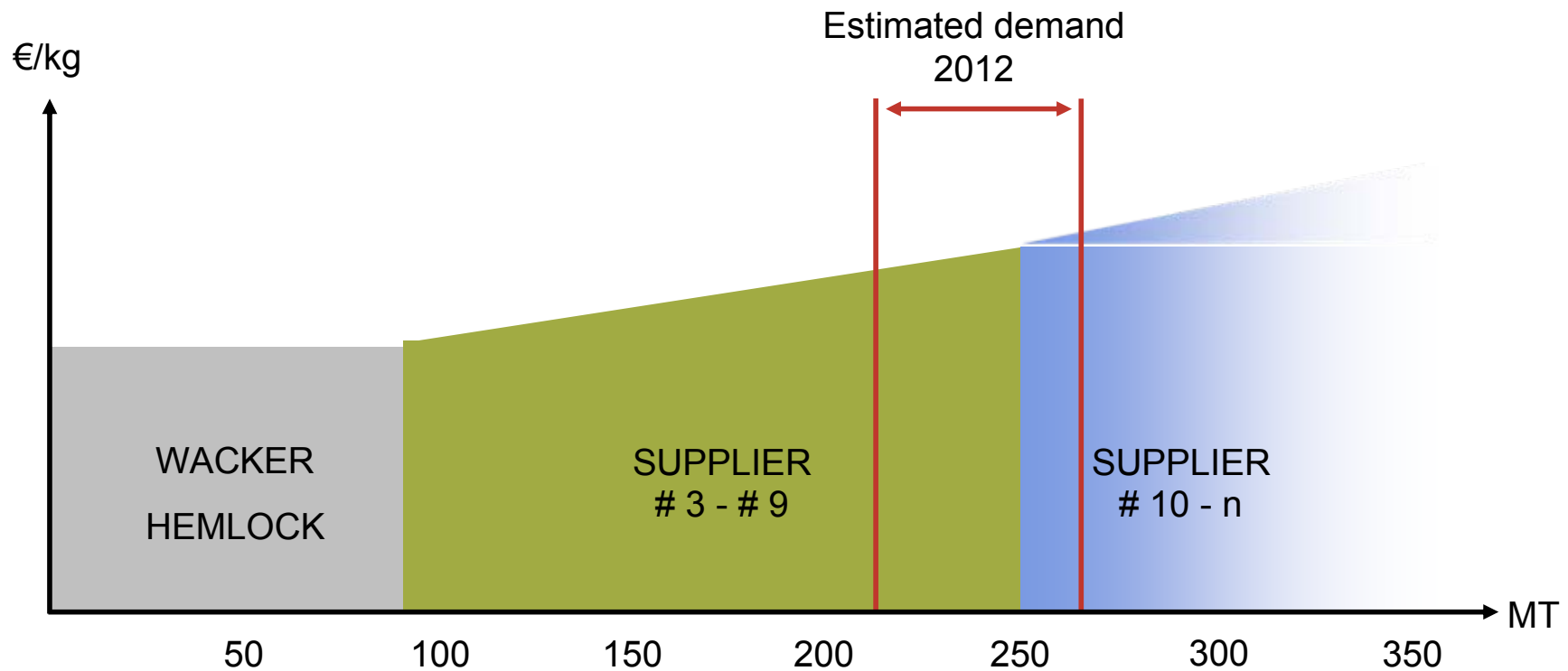
- Reliable shipment dates and proven ability to ramp new capacities
→ secure fab loading for our customers
- Lowest impurity levels with extreme production stability
→ no risk for wafer production
→ highest cell efficiencies
→ lowest conversion costs and highest ASP for our customers

Cell Efficiency Distribution (schematic)

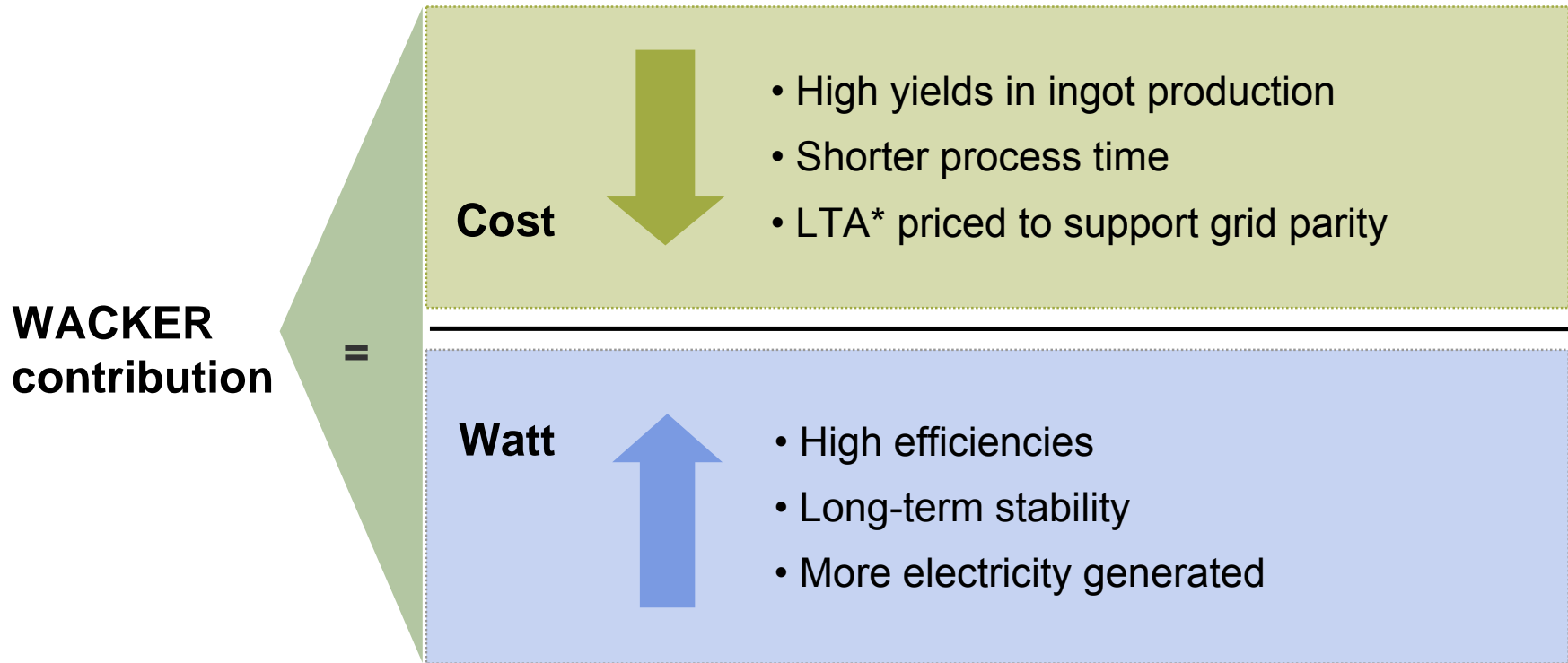


LEADING POLYSILICON PRODUCERS WITH COMPETITIVE ADVANTAGE

Relative Cost Position of Polysilicon Competitors



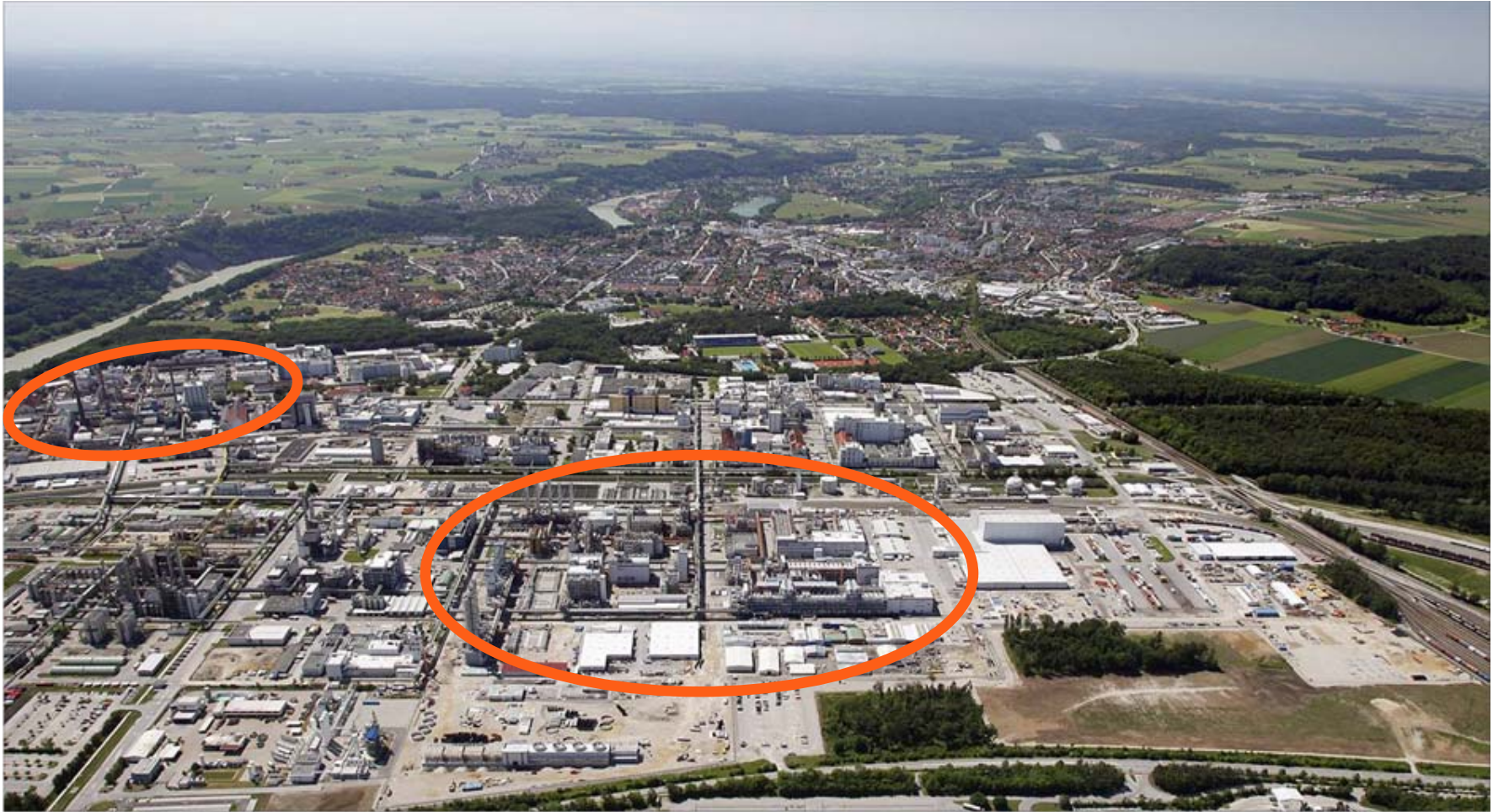
SOLAR PV: COST PER WATT DEFINES GROWTH POTENTIAL



- Providing customer individual solutions via prepaid LTA's
- Enabling industry transition to high efficiency cells

*LTA = Long-Term Agreement

POLY 0 – 8 AS INTEGRATED PART OF WACKER'S CHEMICAL PLANT IN BURGHAUSEN (GERMANY)



POLY 9 NÜNCHRITZ (GERMANY) CONSTRUCTION UPDATE: RAMP UP STARTED IN LATE AUGUST 2011



INTRODUCTION OF NEW EQUIPMENT AT THE TENNESSEE SITE TO IMPROVE OUR COST POSITION

New deposition reactor:

- Higher output
- Lower energy consumption

New conversion reactor:

- Higher output
- Lower energy consumption

Improved crushing technology:

- Higher productivity
- Higher quality

POLY 11 CHARLESTON (TN, USA) (JANUARY 2012) – OPTIMIZING PLANT LAYOUT TO 18 KT



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LEADING COST POSITION SUPPORTS FUTURE GROWTH OF POLYSILICON BUSINESS

Summary

- Strong PV growth expected in the future due to fast decreasing levelized cost of electricity (LCOE)
- Crystalline Silicon PV is highly competitive
- High-purity polysilicon is crucial to enable high yields for customers
- 20 % module efficiency should be the industry target for the mid-term to guarantee the political and economical success of PV
- WACKER is well prepared to support future market growth

WACKER: ISSUER, CONTACT AND ADDITIONAL INFORMATION

ISSUER AND CONTACT

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FINANCIAL CALENDAR

03/14/12 – FY Results 2011

05/04/12 – Q1 Results 2012

05/16/12 – Annual Shareholder Meeting

07/25/12 – Q2 Results 2012

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

