



**WACKER**

# WACKER CHEMIE AG – DELIVERING SOLID GROWTH

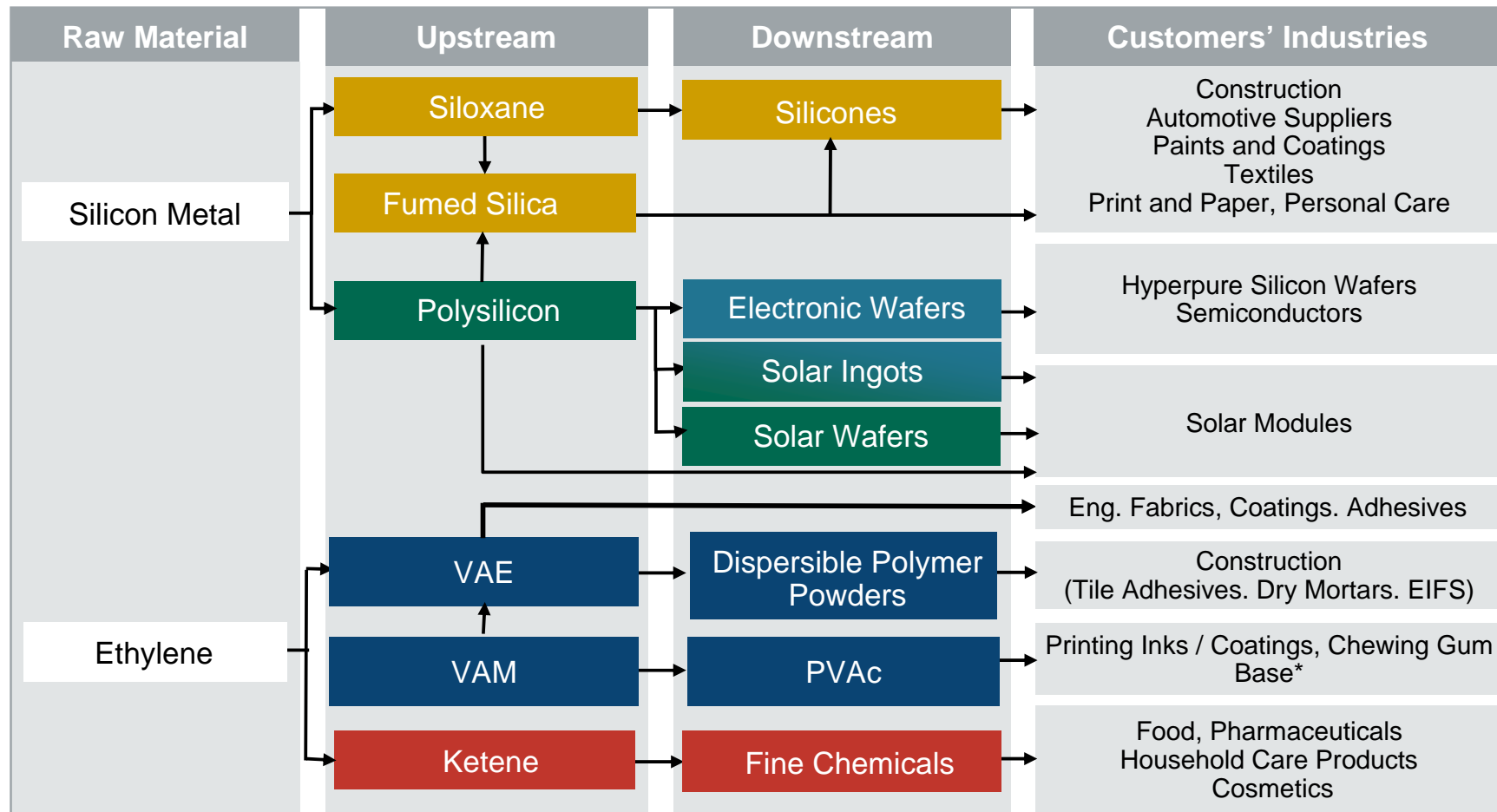
Dr. Rudolf Staudigl, CEO

November 2008

CREATING TOMORROW'S SOLUTIONS



# WACKER: HIGHLY INTEGRATED OPERATIONS BASED ON TWO KEY RAW MATERIALS



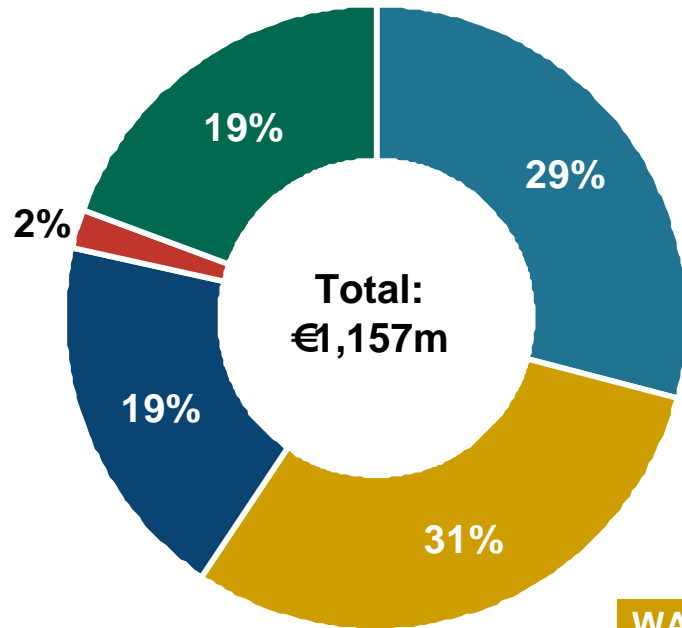
VAM = Vinyl acetate monomer. PVAc = Polyvinyl acetate. PVB = Polyvinyl butyral  
 \* Responsibility for sales with Fine Chemicals

# Q3 RESULTS - STRONG PERFORMANCE IN A DIFFICULT ENVIRONMENT

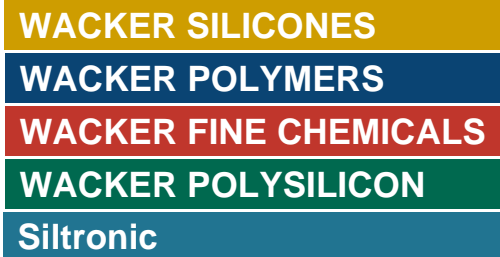
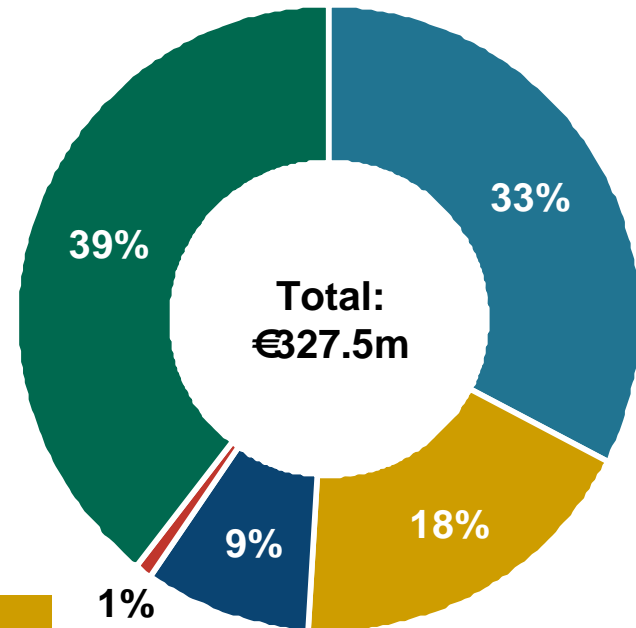
<b>WACKER</b> €m	Q3 2008	Q3 2007	Change in %
<b>Sales</b>	<b>1,156.9</b>	<b>958.5</b>	<b>+21</b>
<b>EBITDA</b>	<b>327.5</b>	<b>269.9</b>	<b>+21</b>
<i>EBITDA margin</i>	28.3%	28.2%	+1
<b>EBIT</b>	<b>237.9</b>	<b>186.8</b>	<b>+27</b>
<i>EBIT margin</i>	20.6%	19.5%	+6
<b>Net Income</b>	<b>170.8</b>	<b>120.6</b>	<b>+42</b>
<b>EPS in €</b>	<b>3.44</b>	<b>2.43</b>	<b>+42</b>

# POLYSILICON AND SILTRONIC DRIVE PERFORMANCE

Q3 2008 Sales (€m)\*



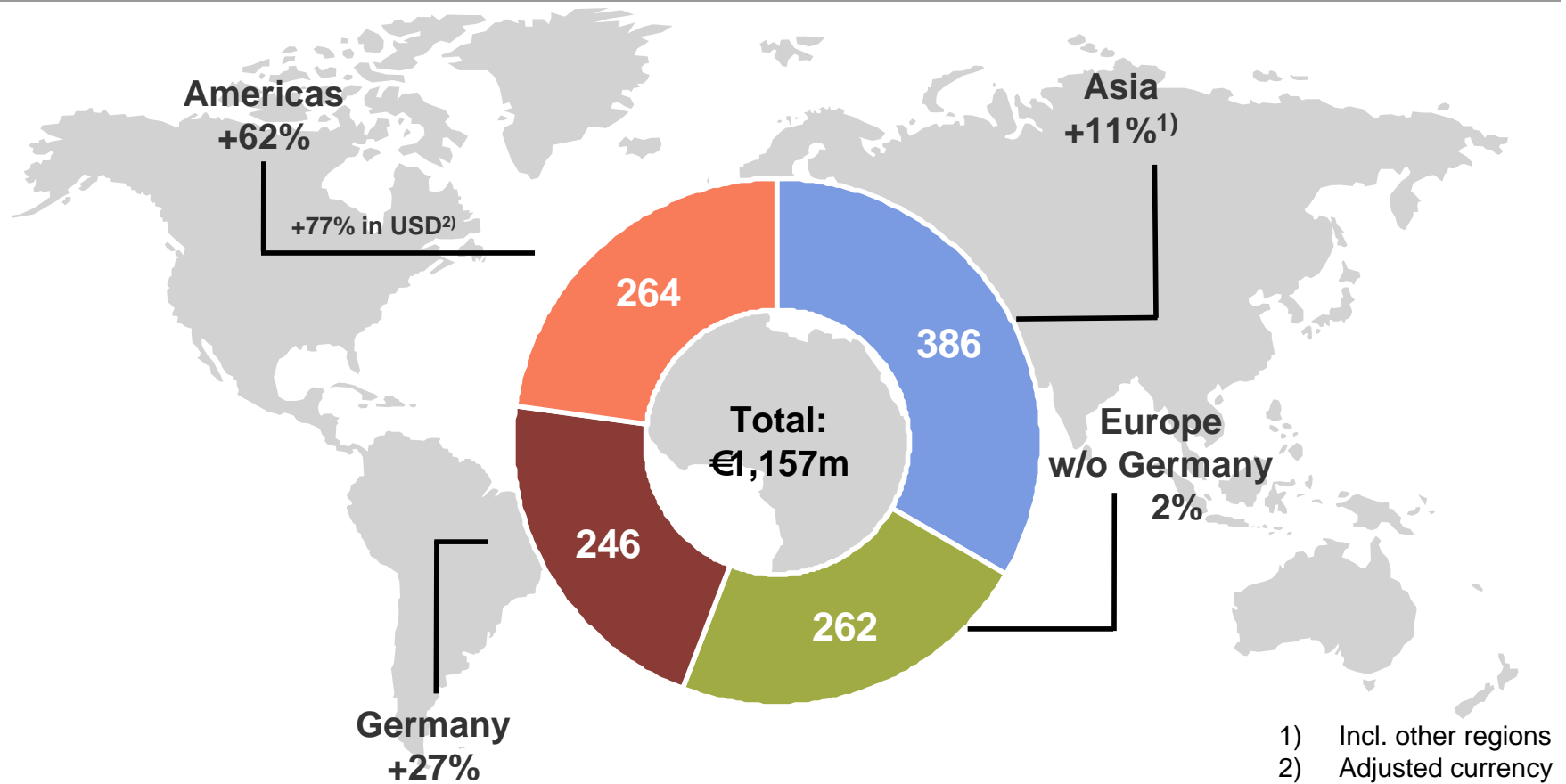
Q3 2008 EBITDA (€m)



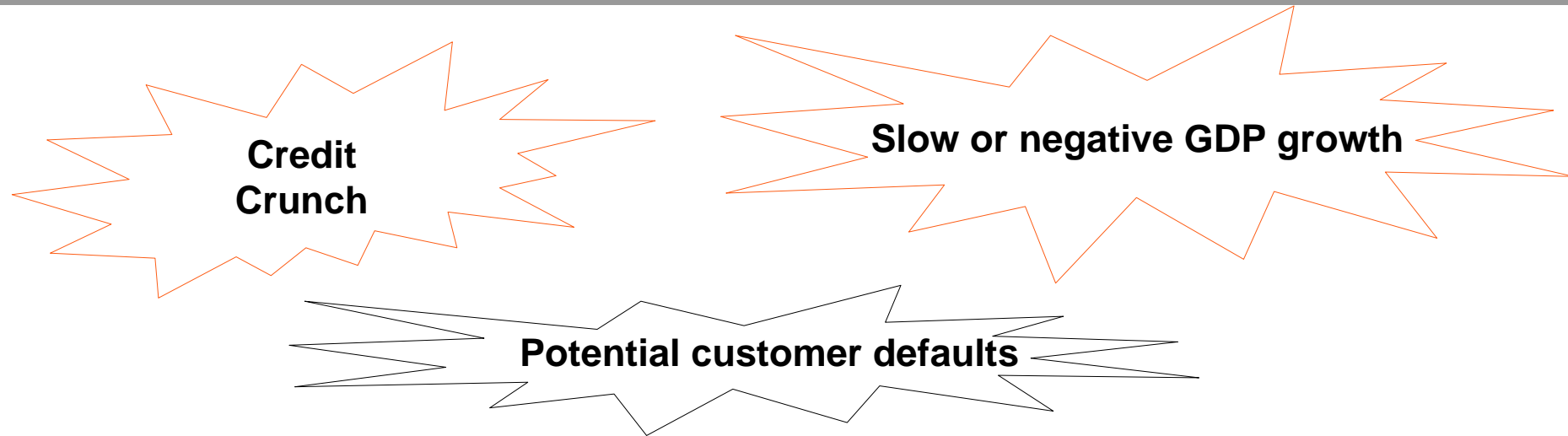
\* % based on external sales

# VAE ACQUISITION GROWS AMERICAS AND GERMANY, STRONG ORGANIC GROWTH IN ASIA

## Q3 2008 Sales by Region, Changes YoY (%)



# MARKETS GET TOUGHER – WE RESPOND



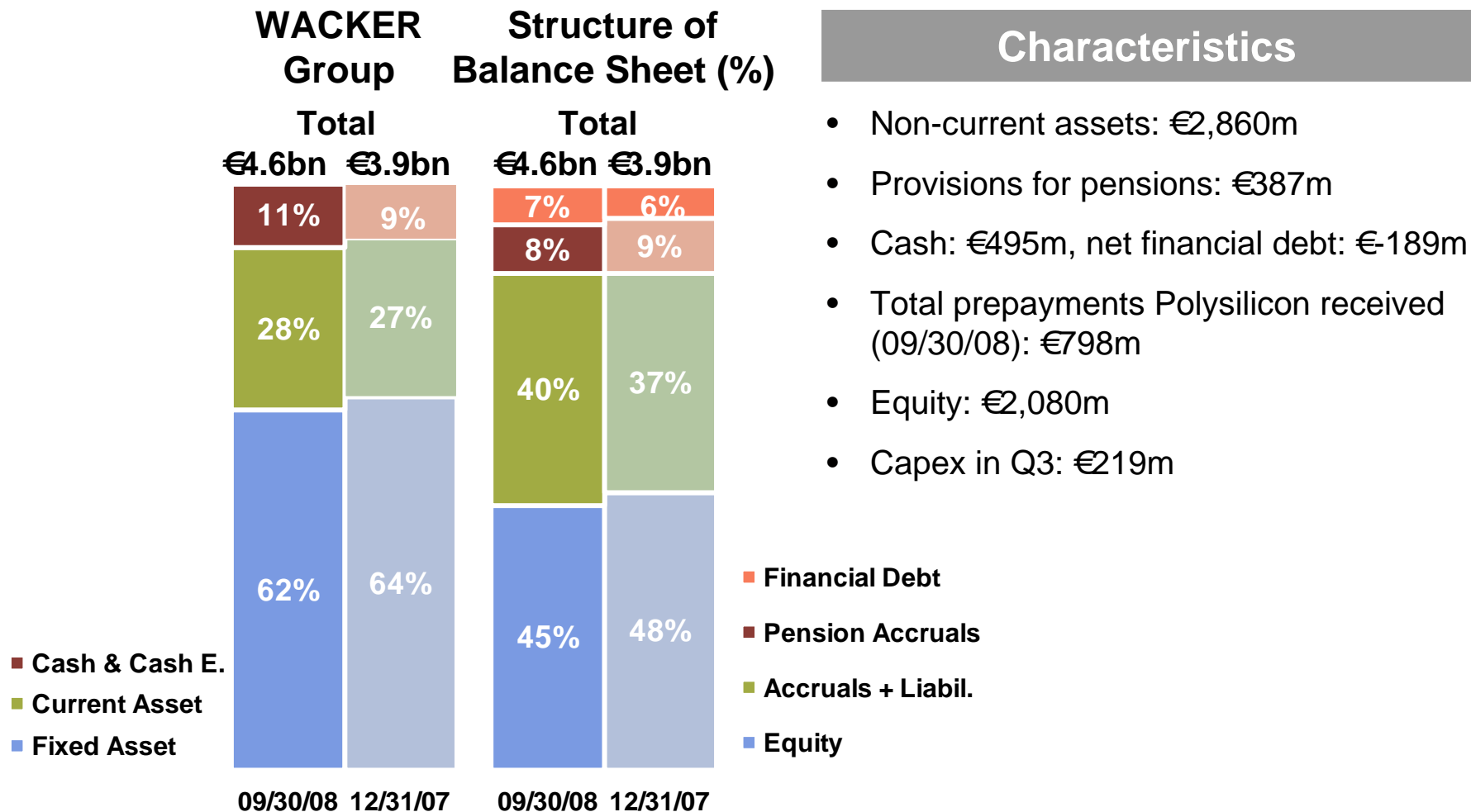
## FOCUS ON CASH

- Tight financial controls
- Review of capex in the Chemicals divisions
- Relentless productivity improvements

## GRASP THE OPPORTUNITY

- Focus on the right customers
- Leverage technology
- Pursue strategic projects
- Focus on emerging markets

# SOLID BALANCE SHEET – NET CASH POSITION



## Characteristics

- Non-current assets: €2,860m
- Provisions for pensions: €387m
- Cash: €495m, net financial debt: €-189m
- Total prepayments Polysilicon received (09/30/08): €798m
- Equity: €2,080m
- Capex in Q3: €219m

# SILTRONIC: SOLAR SALES AND COST OPTIMIZATION EFFORTS SUPPORT 30% MARGIN

Siltronic		
€m	Q3 2008	Q3 2007
<b>Sales</b>	<b>359.4</b>	<b>360.2</b>
<b>EBITDA</b>	<b>108.1</b>	<b>115.0</b>
<i>EBITDA margin</i>	<i>30.1%</i>	<i>31.9%</i>
<b>EBIT</b>	<b>72.6</b>	<b>78.8</b>
<i>EBIT margin</i>	<i>20.2%</i>	<i>21.9%</i>
<b>Capex</b>	<b>27.8</b>	<b>19.7</b>

## COMMENTS

- Stronger US-Dollar supports earnings
- Wafer pricing under pressure, particularly 300mm
- More challenging through negative sentiment in Q4

# SILTRONIC: SUSTAINABLE PERFORMANCE IN A CHALLENGING ENVIRONMENT

## Challenges

- Inventory adjustments and slower wafer starts
- Price pressure on 200 mm and 300 mm
- Foreign exchange impact

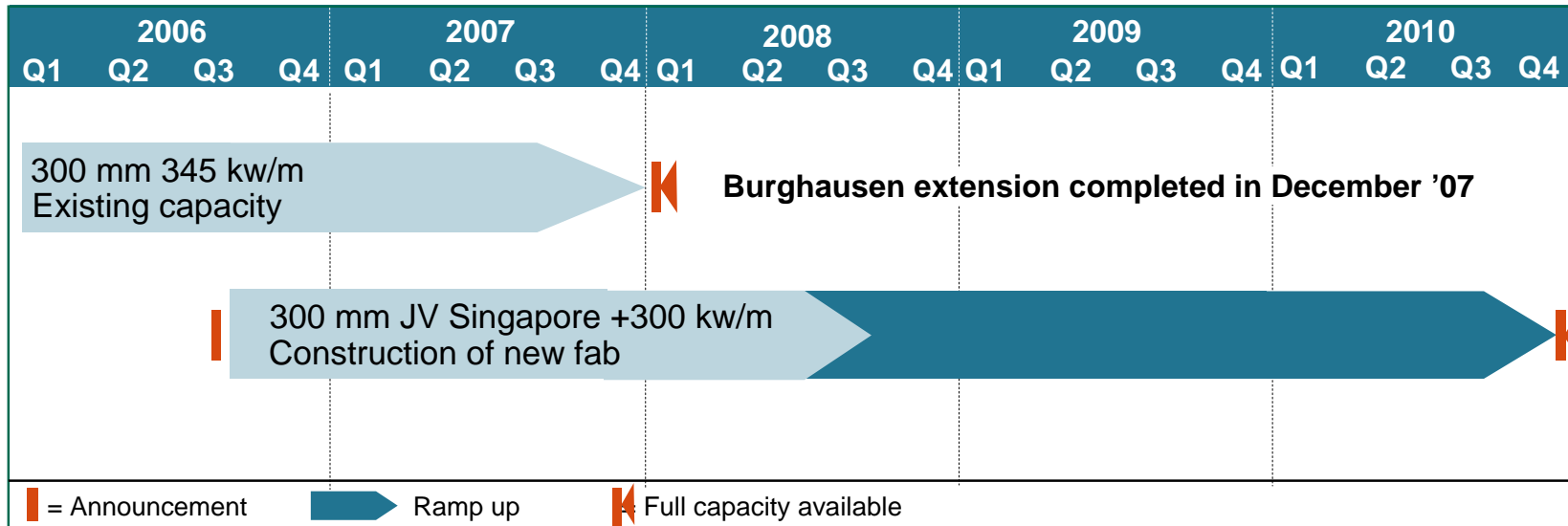


## Answers

- Invest in capacity and capability
- Focus on Asia
- Partner with technology leaders and follow them into high growth regions
- State-of-the-art quality
- Focus on productivity and cost management
- Solar ingot sales
- Financial and natural hedging strategy



# SILTRONIC: NEW 300 MM FAB OPENED ON JUNE 19<sup>TH</sup>, 2008



## Construction Progress of Siltronic Samsung Wafer Pte. Ltd.



August 2006  
Preparing the ground



May 2007  
Raising the shell



July 2007  
Clean room set up



January 2008  
Fab completed



June 2008  
Official opening ceremony

# POLYSILICON: OPERATIONAL EXCELLENCE AND PRICE EFFECTS

WACKER POLYSILICON		
€m	Q3 2008	Q3 2007
<b>Sales</b>	<b>238.9</b>	<b>126.0</b>
<b>EBITDA</b>	<b>130.7</b>	<b>49.4</b>
<i>EBITDA margin</i>	<i>54.7%</i>	<i>39.2%</i>
<b>EBIT</b>	<b>112.5</b>	<b>37.4</b>
<i>EBIT margin</i>	<i>47.1%</i>	<i>29.7%</i>
<b>Capex</b>	<b>102.3</b>	<b>61.0</b>

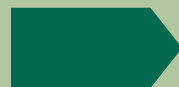
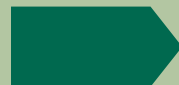
## COMMENTS

- First contracts for recently announced additional volumes signed
- Pricing remains healthy
- Prepayments expected to reach a total of €840m by year end
- Segment spot market volume was around 15% of volumes

# POLYSILICON: HIGH QUALITY, LOW COST AND ENGINEERING PERFECTION IS KEY

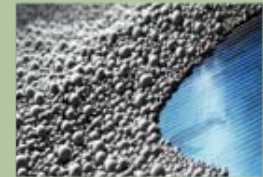
## Challenges

- Alternative materials to crystal-Si
- Upgraded mg-Si
- Subsidized renewable energy markets
- Massive market growth



## Answers

- Highest quality material
- Investments in new technology and capacity
- Cost leadership
- Long-term contracts with pre-payments
- Fast ramp with strong engineering capability

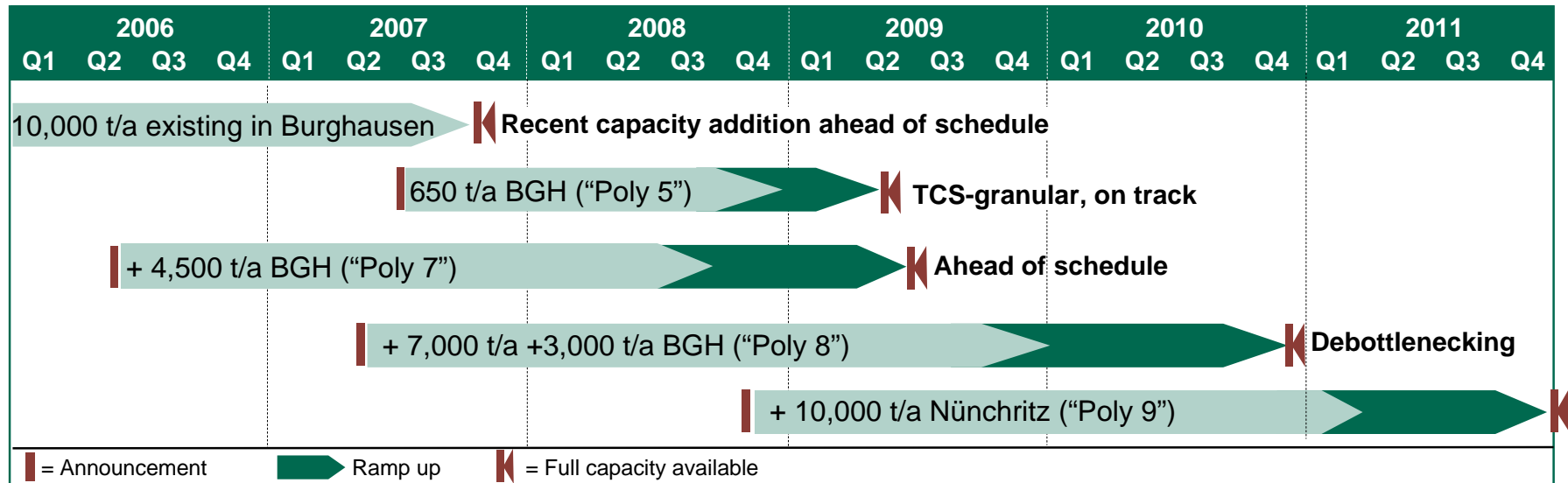


# POLYSILICON FOR NÜNCHRITZ: REPLICATING A SUCCESSFUL INTEGRATED MODEL



- ✓ Time to Market:
  - expansion 1 year faster than at a greenfield site
- ✓ Cost advantages:
  - significant benefit in capex
  - significant cost advantages from integration of Silicones and Polysilicon
- ✓ Skilled labor available
- ✓ Investment incentives: ~10% of project capex
- ✓ Stable electricity from public grid

# BY 2011 MORE THAN 35KT OF HYPER-PURE POLYSILICON TO SUPPORT OUR CUSTOMERS' GROWTH



## Construction Progress "Poly 7"



October 2007  
New reactor hall



August 2008; reactor hall, recycle gas system

## Construction Progress "Poly 8"



September 2008  
Distillation



September 2008  
Conversion

# LATEST EXPANSIONS: MORE POLYSILICON FOR SOLAR

## **Poly 9 in Nünchritz:**

- Planned capacity 10,000 tons / Total Capex: ~ €760m
- Replicating the successful Burghausen model for integrated production between Polysilicon and Silicones to a new site
- Proven and cost-efficient WACKER technology
- Financing: State incentives, self-financing and prepayments  
→independent from credit markets
- First material: Q1 2011 / Full capacity: year-end 2011

## **Poly 8 in Burghausen (additional capacity):**

- Planned capacity 7,000 tons + 3,000 tons / Total Capex: ~ €400m + €100m
- Financing: Self-financing and prepayments
- No change in overall Poly 8 schedule
- First material: Q1 2010 / Full capacity: year-end 2010

# SILICONES: 9% SALES GROWTH – RAW MATERIALS WEIGH ON EARNINGS

WACKER SILICONES			COMMENTS
€m	Q3 2008	Q3 2007	
<b>Sales</b>	<b>370.6</b>	<b>341.1</b>	<ul style="list-style-type: none"> <li>• Raw materials on high level</li> <li>• Unfavorable FX rate</li> <li>• Volume and price increases</li> <li>• Sales in Europe/US stable, growth driven by emerging countries</li> <li>• Tech Centers in emerging markets</li> </ul>
<b>EBITDA</b>	<b>61.0</b>	<b>68.3</b>	
<i>EBITDA margin</i>	<i>16.5%</i>	<i>20.0%</i>	
<b>EBIT</b>	<b>40.6</b>	<b>47.9</b>	
<i>EBIT margin</i>	<i>11.0%</i>	<i>14.0%</i>	
<b>Capex</b>	<b>41.6</b>	<b>26.0</b>	

# WACKER SILICONES: INFRASTRUCTURE AND IMPROVED CONSUMER LIFESTYLE DRIVE GROWTH

## Challenges

- Rising raw material costs
- Slowing consumer spending
- Competitive Chinese market

## Answers

- Price increases
- Focus on high-value added materials
- Secure raw material supply
- Increase productivity
- Benefiting from increasing consumer spending in EM\*
- World class siloxane production in Zhangjiagang
- Investment in state-of-the-art upstream



\* Emerging Markets

# POLYMERS: CONSTRUCTION SALES SLUGGISH

WACKER POLYMERS		
€m	Q3 2008	Q3 2007
<b>Sales</b>	<b>238.9</b>	<b>166.5</b>
<b>EBITDA</b>	<b>29.3</b>	<b>32.2</b>
<i>EBITDA margin</i>	<i>12.3%</i>	<i>19.3%</i>
<b>EBIT</b>	<b>25.3</b>	<b>27.7</b>
<i>EBIT margin</i>	<i>10.6%</i>	<i>16.6%</i>
<b>Capex</b>	<b>23.2</b>	<b>10.4</b>

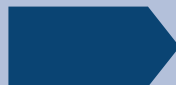
## COMMENTS

- Sales supported by growth in Eastern Europe, Asia, NME
- VAE acquisition successfully integrated
- Strong increase in ethylene cost
- Customers reducing inventories
- Focus on cost

# WACKER POLYMERS: GROWTH DESPITE CONSTRUCTION CYCLE

## Challenges

- Construction cycle
- US housing markets
- Rising raw material costs



## Answers

- Strong focus on regional growth markets (EM\*)
- Support resource saving with WACKER products
- Home improvement market
- Backwards integration with VAE acquisition supports DPP expansion
- Concentration on most efficient production units



\* Emerging Markets

# FINE CHEMICALS: REORGANIZATION SUCCESSFUL

WACKER FINE CHEMICALS		
€m	Q3 2008	Q3 2007
<b>Sales</b>	<b>22.7</b>	<b>24.3</b>
<b>EBITDA</b>	<b>2.4</b>	<b>0.8</b>
<i>EBITDA margin</i>	<i>10.6%</i>	<i>3.3%</i>
<b>EBIT</b>	<b>1.6</b>	<b>-0.2</b>
<i>EBIT margin</i>	<i>7.0%</i>	<i>-0.8%</i>
<b>Capex</b>	<b>4.4</b>	<b>2.2</b>

## COMMENTS

- Focus on a smaller number of products is paying off
- Demand for the biologics and ingredients products remains strong

# GLOBAL MEGATRENDS AND SUSTAINABILITY DRIVE OUR GROWTH



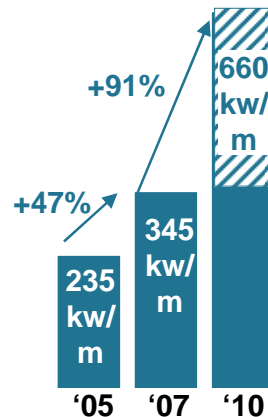
We will grow faster than the market.

# FUELING GROWTH THROUGH CAPACITY EXPANSIONS, TIMING IN LINE WITH MARKET DEVELOPMENT

## SILTRONIC

### 300 mm Wafer Capacity Expansion

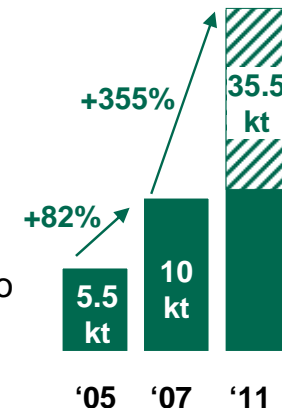
- Debottlenecking German fabs
- Siltronic Samsung Wafer Pte. Ltd. on plan



## POLYSILICON

### Polysilicon expansion

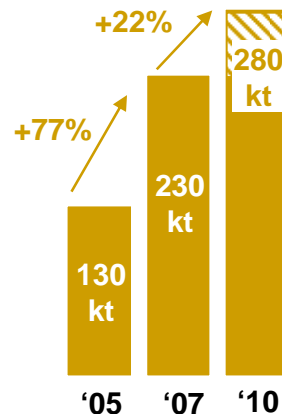
- Mid 2009: +4,500 t/a, +650 t/a TCS- granular
- Year End 2010: +10,000 t/a
- New site at Nünchritz, Saxony to add 10,000 t/a by end of 2011



## SILICONES

### Siloxane Capacity Expansion

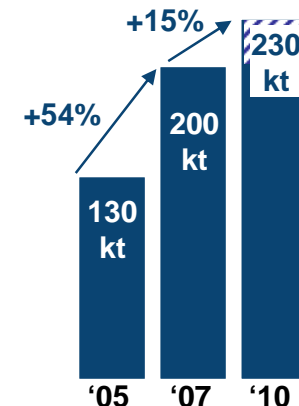
- Existing in 2007: Burghausen 110kt, Nuenchritz 120kt
- In 2010: Zhangjiagang, China (via JV) + 50kt



## POLYMERS

### Polymer Powders expansion

- In 2009: New site in Nanjing, China, +30kt, VAE
- New Technical Center in India



# KEY MESSAGE FOR 2008 – WE MAINTAIN OUR GUIDANCE IN A DIFFICULT ENVIRONMENT

## WACKER GROUP

Sales growth clearly above 10 percent  
EBITDA increase expected

## WACKER SILICONES

Sales growth 5 - 6 percent  
Margin level below last year

## WACKER POLYMERS

Sales around €900 million  
Margin level below last year

## WACKER POLYSILICON

Sales target of more than €800 million  
EBITDA margin slightly higher than 50 percent

## SILTRONIC

Maintain number three position in semi wafers  
opportunistic sales of solar ingots

# WACKER: ISSUER, CONTACT AND ADDITIONAL INFORMATION

## ISSUER AND CONTACT

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D-81737 Munich

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Mr. Joerg Hoffmann

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## FINANCIAL CALENDER

March 18, 2009	Full Year 2008
April 29, 2009	1st Quarter 2009
May 8, 2009	Annual Shareholder Meeting
June 18, 2009	Capital Market Day, London
July 30, 2009	2nd Quarter 2009
Nov. 5, 2009	3rd Quarter 2009

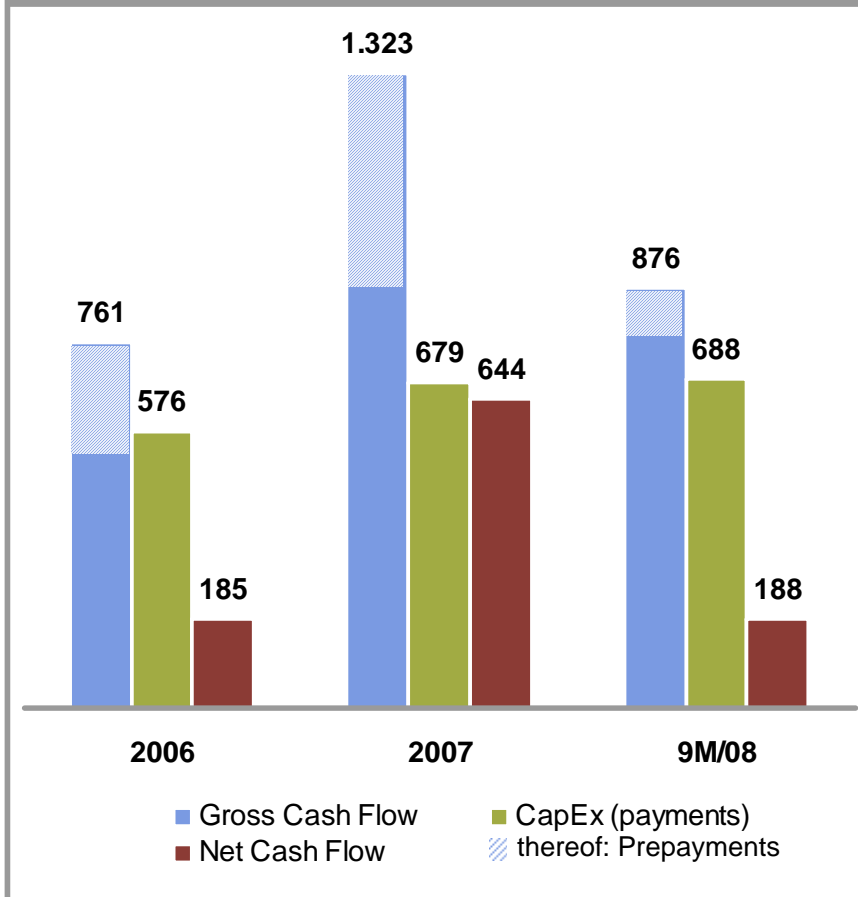
## ADDITIONAL INFORMATION

<b>ISIN:</b>	DE000WCH8881
<b>WKN:</b>	WCH888
<b>Deutsche Börse:</b>	WCH
<b>Ticker Bloomberg:</b>	CHM/WCK.GR
<b>Ticker Reuters:</b>	CHE/WCHG.DE
<b>Listing:</b>	Frankfurt Stock Exchange Prime Standard



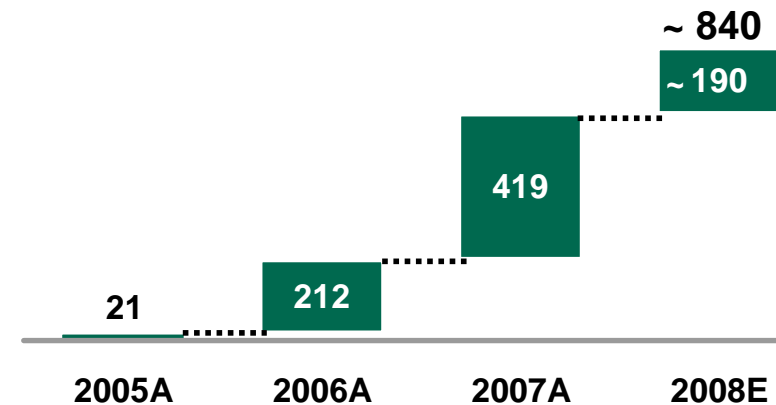
# OUR TARGET: FINANCE CAPEX WITH CASH FLOW FROM OPERATIONS

## Cash Flow from Operating Activities



## Prepayments (€m)

- We expect to have collected more than **€800m** in prepayments by year-end 2008 (Polysilicon only):

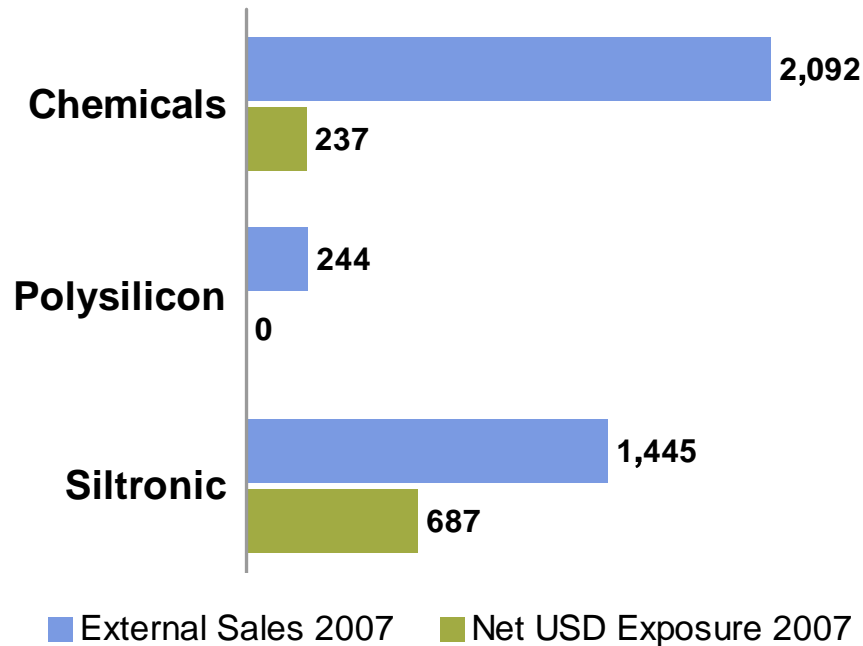


- Does not include prepayments for Poly 9

\* Net Cash Flow = Gross Cash Flow less Capex

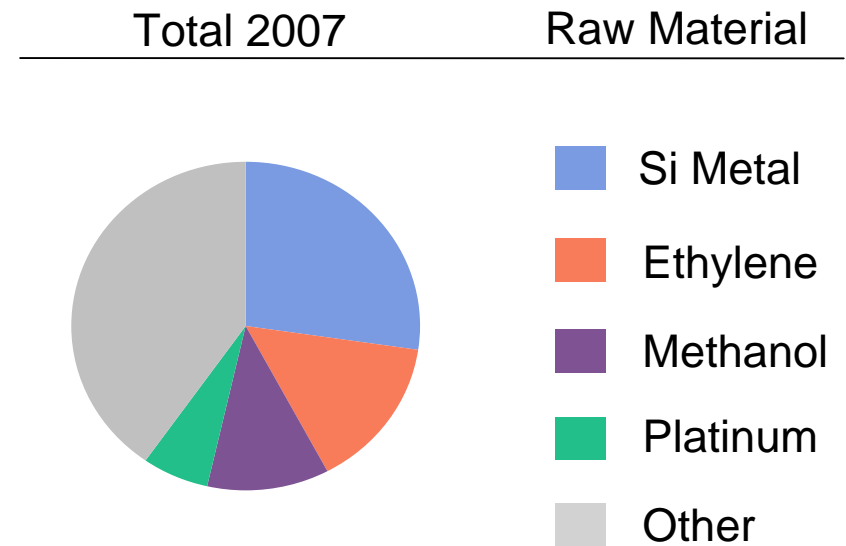
# WACKER: STATISTICS - FX AND RAW MATERIALS COSTS

External sales and net USD exposure 2007 (€m)



**2007: 1 ct change in USD/Euro ratio has an impact of €7m on EBITDA unhedged.**

WACKER Chemical Divisions Major Raw Materials (€m)



**Costs of 4 top raw materials 17% of chemicals sales**

# GROUP SALES BY SEGMENT 12/2007 vs. 12/2006

Sales in €m	12/2007	12/2006	Change in %
<b>CHEMICALS</b>	<b>2,106.2</b>	<b>1,959.1</b>	<b>+8</b>
- WACKER SILICONES	1,361.0	1,286.9	+6
- WACKER POLYMERS	632.8	559.6	+13
- WACKER FINE CHEMICALS	112.4	112.6	-0
<b>WACKER POLYSILICON</b>	<b>456.9</b>	<b>325.6</b>	<b>+40</b>
<b>Siltronic</b>	<b>1,451.6</b>	<b>1,263.1</b>	<b>+15</b>
Others	247.2	211.0	+17
Consolidation	-480.6	-421.9	+14
<b>WACKER</b>	<b>3,781.3</b>	<b>3,336.9</b>	<b>+13</b>

# GROUP SALES UP 21% in Q3/08 - STRONG PERFORMANCE OF WACKER POLYSILICON

Sales in €m	Q3 2008	Q3 2007	Change in %
<b>CHEMICALS</b>	<b>632.2</b>	<b>531.9</b>	<b>+19</b>
- WACKER SILICONES	370.6	341.1	+9
- WACKER POLYMERS	238.9	166.5	+43
- WACKER FINE CHEMICALS	22.7	24.3	-7
<b>WACKER POLYSILICON</b>	<b>238.9</b>	<b>126.0</b>	<b>+90</b>
<b>Siltronic</b>	<b>359.4</b>	<b>360.2</b>	<b>0</b>
Others	65.1	61.5	+6
Consolidation	-138.7	-121.1	+15
<b>WACKER</b>	<b>1,156.9</b>	<b>958.5</b>	<b>+21</b>

## EBITDA Margin 12/2007 vs. 12/2006

EBITDA in €m	12/2007	EBITDA Margin %	12/2006	EBITDA Margin %
<b>CHEMICALS</b>	<b>343.4</b>	<b>16%</b>	<b>349.0</b>	<b>18%</b>
- WACKER SILICONES	226.9	17%	231.9	18%
- WACKER POLYMERS	107.0	17%	106.6	19%
- WACKER FINE CHEMICALS	9.5	8%	10.5	9%
<b>WACKER POLYSILICON</b>	<b>182.2</b>	<b>40%</b>	<b>118.3</b>	<b>36%</b>
<b>Siltronic</b>	<b>478.1</b>	<b>33%</b>	<b>355.6</b>	<b>28%</b>
Consolidation / Others	- 2.2	n.m.	-36.6	n.m.
<b>WACKER</b>	<b>1,001.5</b>	<b>26%</b>	<b>786.3</b>	<b>24%</b>

# GROUP EBITDA MARGIN AT 28.3% in Q3/08 - WACKER POLYSILICON REACHED 55%

EBITDA in €m	Q3 2008	EBITDA Margin	Q3 2007	EBITDA Margin
<b>CHEMICALS</b>	<b>92.7</b>	<b>16%</b>	<b>101.3</b>	<b>19%</b>
- WACKER SILICONES	61.0	17%	68.3	20%
- WACKER POLYMERS	29.3	12%	32.2	19%
- WACKER FINE CHEMICALS	2.4	11%	0.8	3%
<b>WACKER POLYSILICON</b>	<b>130.7</b>	<b>55%</b>	<b>49.4</b>	<b>39%</b>
<b>Siltronic</b>	<b>108.1</b>	<b>30%</b>	<b>115.0</b>	<b>32%</b>
Consolidation / Others	- 4.0	n.m.	4.2	n.m.
<b>WACKER</b>	<b>327.5</b>	<b>28%</b>	<b>269.9</b>	<b>28%</b>