WACKER

# WACKER CHEMIE AG – 2nd Quarter 2010 – CALL NOTE

Dr. Rudolf Staudigl (CEO), Dr. Joachim Rauhut (CFO)
July 30, 2010

CREATING TOMORROW'S SOLUTIONS

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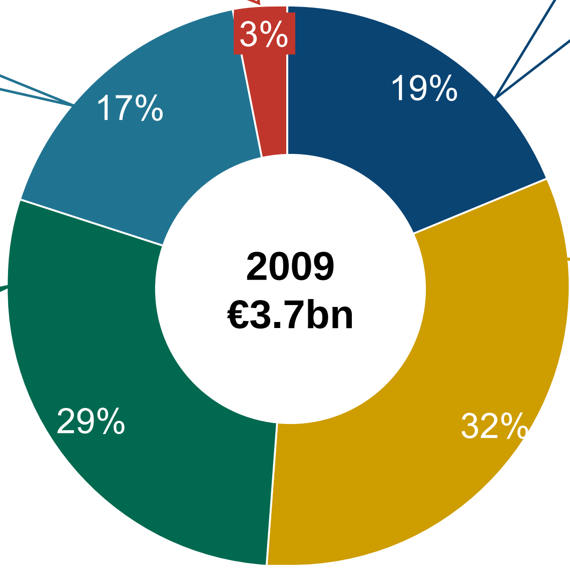
# CMD RECAP: OUR BUSINESS PORTFOLIO – A FOUNDATION FOR GROWTH

### Siltronic
- Strong No. 3
- Technology leader
- Balanced base of customers

### BIOSOLUTIONS
- High potential for future development

### POLYMERS
- No. 1 in dispersible polymer powders
- No. 1 in VAE dispersions
- Global footprint




### POLYSILICON
- Cost and quality leader
- Strong No. 2 in capacity
- Impeccable growth record

### SILICONES
- Strong No. 3
- Commodity base & specialty strength
- High focus on China / Asia

Innovation & Engineering

# WACKER: STRONG GROWTH IN VOLUMES IN ALL SEGMENTS → HIGHEST QUARTERLY SALES EVER

| WACKER €m | Q2 2010 | Q2 2009 | Change in % |
|---|---|---|---|
| **Sales** | **1,202.0** | **925.5** | ***29.9*** |
| **EBITDA** | 308.6 | 170.1 | *81.4* |
| *EBITDA margin* | *25.7%* | *18.4%* | *39.7* |
| **EBIT** | 204.7 | -53.7 | *n.a.* |
| *EBIT margin* | *17.0%* | *-5.8%* | *n.a.* |
| **Result for the period** | 135.4 | -74.5 | *n.a.* |
| **EPS in €** | 2.71 | -1.47 | ***n.a.*** |

# WACKER SILICONES: DEMAND FROM ALL REGIONS AND RECORD SALES IN Q2

## WACKER SILICONES

| €m | Q2 2010 | Q2 2009 |
|---|---|---|
| **Sales** | **406.5** | **304.9** |
| **EBITDA** | **73.3** | **37.2** |
| *EBITDA margin* | *18.0%* | *12.2%* |
| **EBIT** | **55.8** | **14.3** |
| *EBIT margin* | *13.7%* | *4.7%* |
| **Capex** | **24.1** | **14.5** |

## COMMENTS YOY

- Best quarter on record with strong sales and strong demand from all industries and regions
- Operating at capacity limits throughout Q2
- High order backlog going into Q3
- Positive effects from FX neutralized raw material cost inflation
- Industry trends to tighten markets for Silicon metal going forward

# WACKER POLYMERS: SEASONAL DEMAND PUSHES SALES FOR DISPERSIONS AND DISPERSIBLE POWDERS

| WACKER POLYMERS | | |
|---|---|---|
| €m | Q2 2010 | Q2 2009 |
| **Sales** | **224.6** | **206.5** |
| **EBITDA** | **37.8** | **42.9** |
| *EBITDA margin* | *16.8%* | *20.8%* |
| **EBIT** | **28.6** | **33.9** |
| *EBIT margin* | *12.7%* | *16.4%* |
| **Capex** | **2.4** | **15.6** |

## COMMENTS YOY

- Strong seasonal construction recovery in all regions (powder)
- Dispersion business in Q2 continues on a high level
- Raw material costs overall substantially higher than in 2009
- Structural changes: growth without structural changes +19% yoy

# WACKER BIOSOLUTIONS: SALES INCREASE DRIVEN BY ACETYL ACETONE, CYSTEINE AND CYCLODEXTRINS

## WACKER BIOSOLUTIONS

| €m | Q2 2010 | Q2 2009 |
|---|---|---|
| **Sales** | **38.3** | **22.1** |
| **EBITDA** | **7.8** | **3.3** |
| *EBITDA margin* | *20.4%* | *14.9%* |
| **EBIT** | **5.9** | **2.3** |
| *EBIT margin* | *15.4%* | *10.4%* |
| **Capex** | **1.9** | **3.1** |

## COMMENTS YOY

- Gumbase benefited from strong demand
- Increased sales for Nutrition and Pharma products

# WACKER POLYSILICON: PLANNED PRODUCTION CAPACITY FOR 2010 SOLD OUT

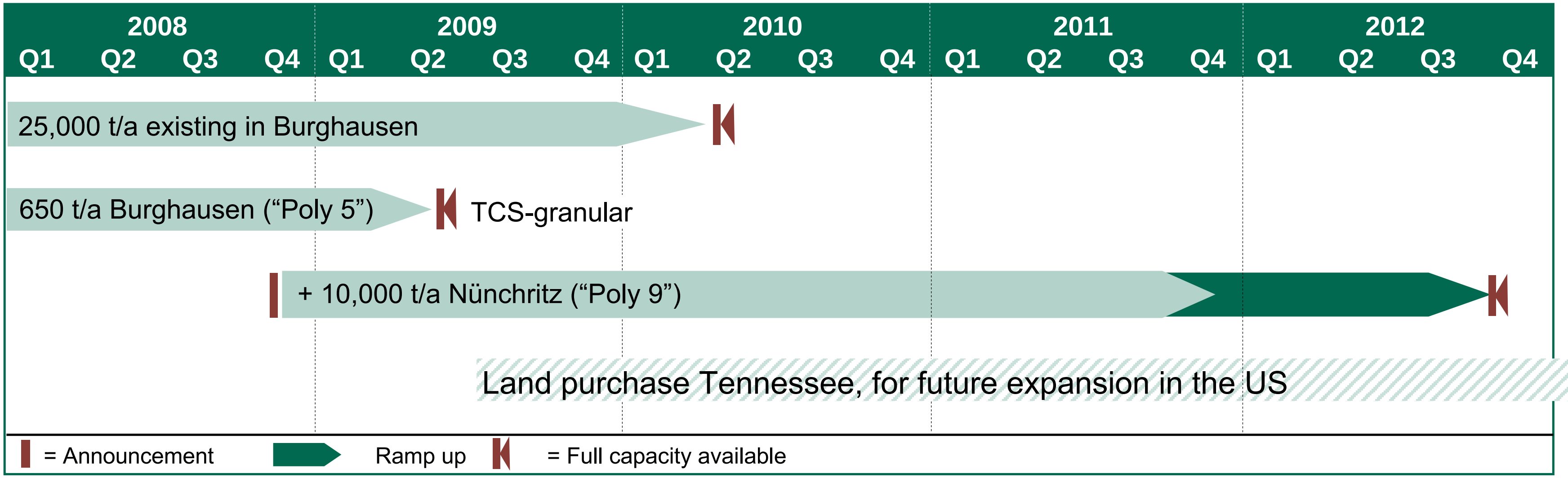
| WACKER POLYSILICON | | |
|---|---|---|
| **€m** | **Q2 2010** | **Q2 2009** |
| **Sales** | **321.5** | **269.1** |
| **EBITDA** | **174.6** | **136.0** |
| *EBITDA margin* | *54.3%* | *50.5%* |
| **EBIT** | **138.1** | **112.3** |
| *EBIT margin* | *43.0%* | *41.7%* |
| **Capex** | **71.8** | **121.5** |

## COMMENTS YOY

- Poly 8 with almost full quarterly effect, good cost performance
- Some multi-year contracts signed with advance payments, more under negotiation
- Pricing improving in Euros
- Q2 EBITDA included a €9m retained advance payment from a customer who does no longer need the material ordered, the existing agreement was terminated

# 2010 PRODUCTION FORECAST MORE THAN 24KT – LIFTING MORE PRODUCTIVITY POTENTIAL

## Development of nameplate capacities




### Burghausen: Fully ramped

May 2010
Polysilicon production site

### Nünchritz: Construction progress "Poly 9"

May 2010
Distillation

May 2010
Deposition reactor hall

# SILTRONIC: THE RECOVERY CONTINUES

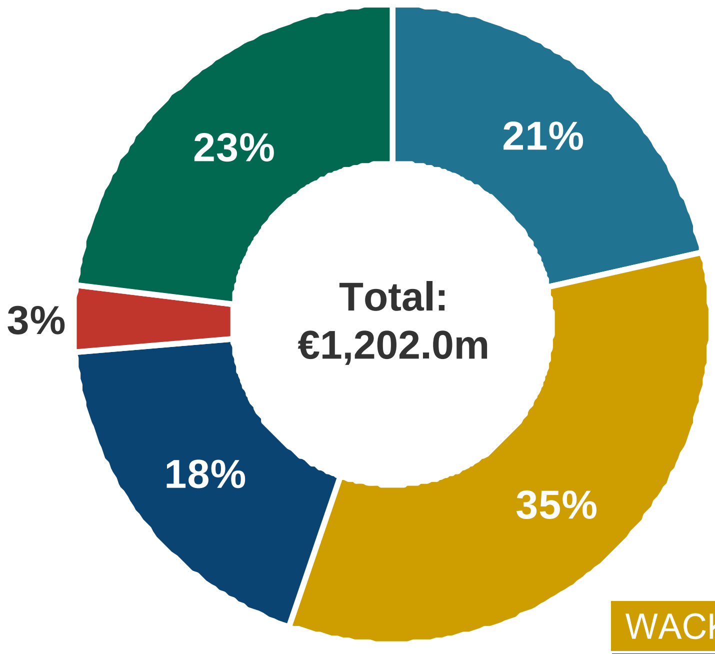
| SILTRONIC | | |
|---|---|---|
| **€m** | **Q2 2010** | **Q2 2009** |
| **Sales** | **255.8** | **153.1** |
| **EBITDA** | **18.0** | **-58.2** |
| *EBITDA margin* | *7.0%* | *-38.0%* |
| **EBIT** | **-5.1** | **-211.6** |
| *EBIT margin* | *-2.0%* | *-138.2%* |
| **Capex** | **13.6** | **20.1** |

## COMMENTS YOY

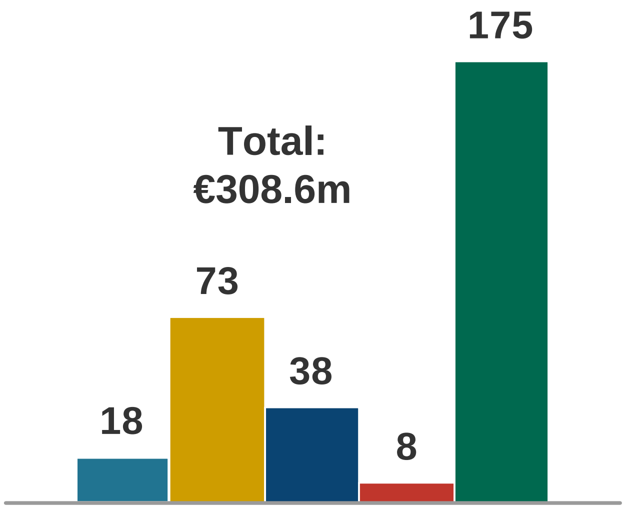
- EBITDA sequentially improved following FX, volume and price improvements
- 300 mm pricing with less momentum than smaller diameters
- Strong demand for specialties, such as EPI
- Better pricing and volumes in H2 compared to H1

# SILICONES AND POLYSILICON WITH BIGGEST SALES CONTRIBUTION

## Q2 2010 Sales (€m)*




## Q2 2010 EBITDA (€m)

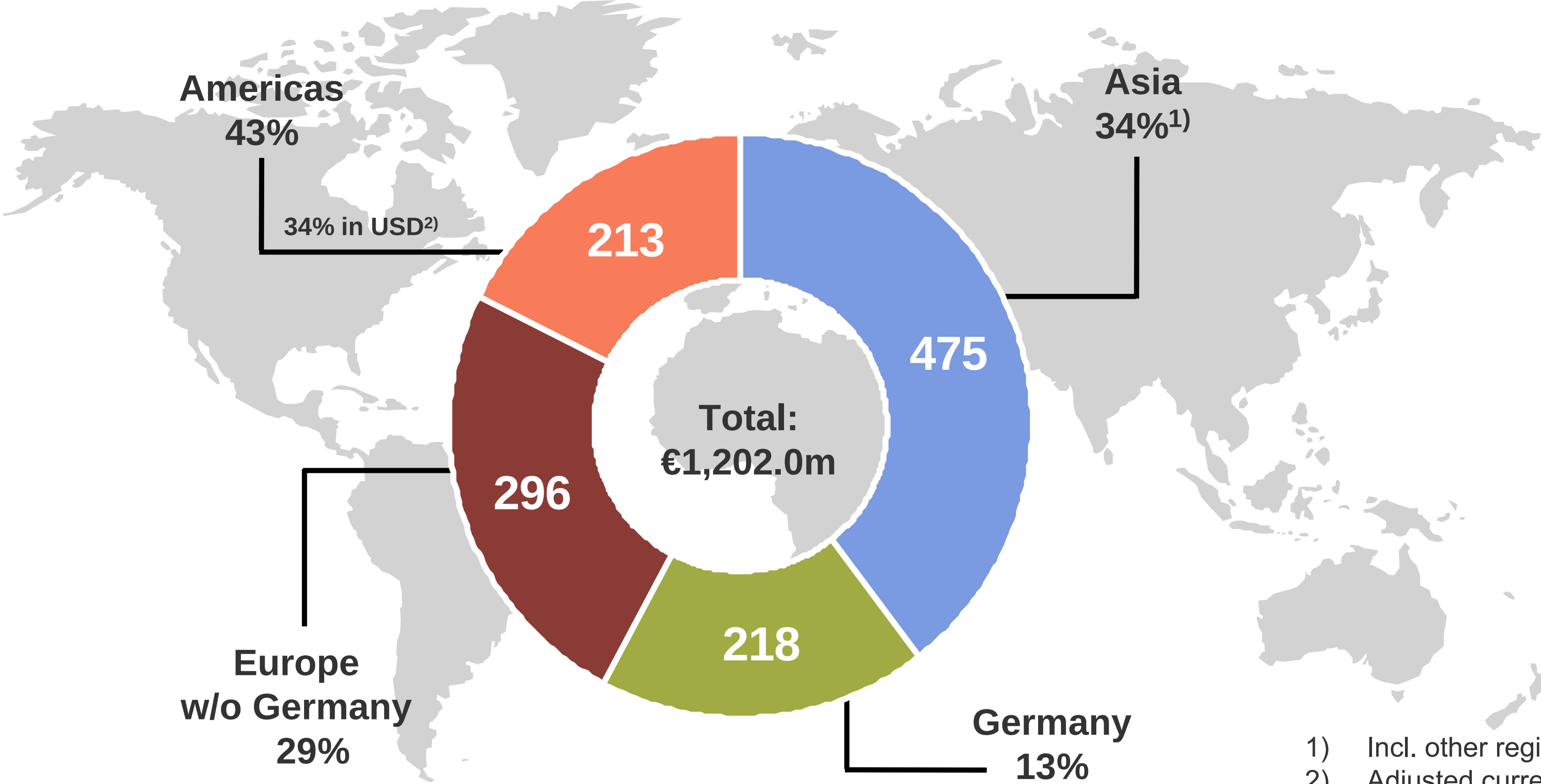



- WACKER SILICONES
- WACKER POLYMERS
- WACKER BIOSOLUTIONS
- WACKER POLYSILICON
- Siltronic

* % based on external sales

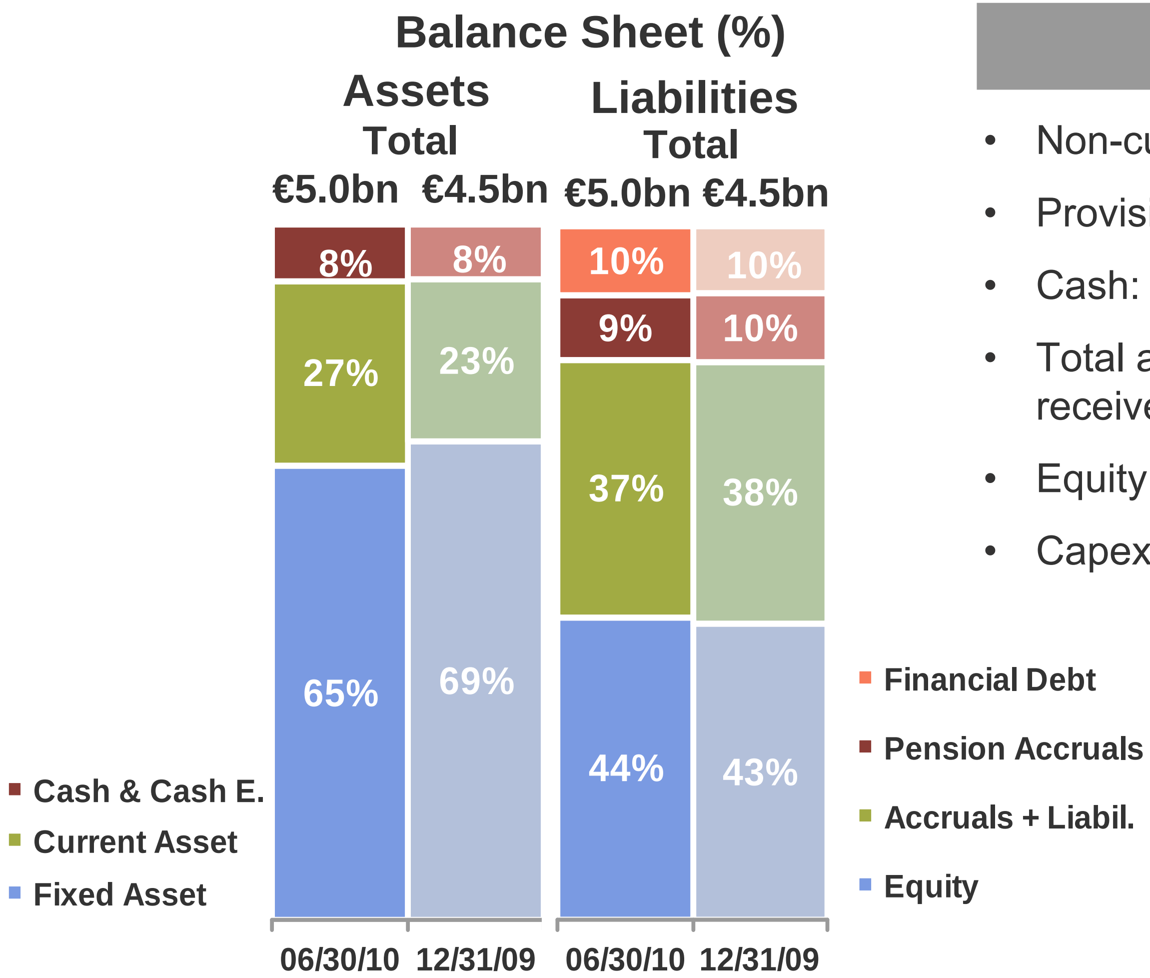
# STRONG SALES GROWTH IN ALL REGIONS

## Q2 2010 Sales by Region, Changes YoY (%)




1) Incl. other regions
2) Adjusted currency

# MAINTAINING A SOLID FINANCIAL STRUCTURE




## Characteristics

- Non-current assets: €3,235m
- Provisions for pensions: €465m
- Cash: €441m, net financial debt: €58m
- Total advance payments polysilicon received (06/30/10): €858m
- Equity: €2,169m
- Capex: €141m in Q2

# OUTLOOK 2010 (1/2)

**WACKER GROUP**

- 2010 sales to increase above €4.5bn
- EBITDA to exceed level of 2008 (€1,055m)
- Capex increase to €750m
- Q3 and Q4 in chemicals below Q2 following seasonal pattern
- Q4 2010 macroeconomic outlook with some uncertainties

**WACKER POLYSILICON**

- Planned production for 2010 under contract
- EBITDA margin for FY10 expected at 50%
- Advance payments are back as high quality material remains in short supply and as overall semi volumes are picking up
- Poly 9 project on schedule, ramp up expected by end of 2011 (10kt capacity)

# OUTLOOK 2010 (2/2)

**SILTRONIC**

- Second half with higher prices and volumes compared to H1
- Continued focus on productivity and cost reduction

**WACKER SILICONES**

- Sales growth FY10 expected about 20%
- Raw material sourcing covered for 2010

**WACKER POLYMERS**

- Expected growth rates in H2 lower than in H1
- Ethylene prices stable, but on higher level than 2009

**WACKER BIOSOLUTIONS**

- Double digit sales growth in 2010 and a corresponding increase in profitability

# WACKER:
# ISSUER, CONTACT AND ADDITIONAL INFORMATION

## ISSUER AND CONTACT

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## FINANCIAL CALENDER

| | |
|---|---|
| Nov. 4, 2010 | 3rd Quarter 2010 |

## 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 |

DEUTSCHE BÖRSE PRIME STANDARD

MDAX STOXX creating success

WACKER

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July 30, 2010

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# GROUP SALES GREW 30 PERCENT – STRONG SALES BY SILICONES

| Sales in € | Q2 2010 | Q1 2010 | Change in % |
|---|---|---|---|
| **CHEMICALS** | **669.4** | **572.2** | **17.0** |
| - WACKER SILICONES | 406.5 | 367.0 | 10.8 |
| - WACKER POLYMERS | 224.6 | 170.8 | 31.5 |
| - WACKER BIOSOLUTIONS | 38.3 | 34.4 | 11.3 |
| **WACKER POLYSILICON** | **321.5** | **323.9** | **-0.7** |
| **Siltronic** | **255.8** | **219.1** | **16.8** |
| Others | 35.1 | 34.3 | 2.3 |
| Consolidation | -79.8 | -82.5 | -3.3 |
| **WACKER** | **1,202.0** | **1,067.0** | **12.7** |

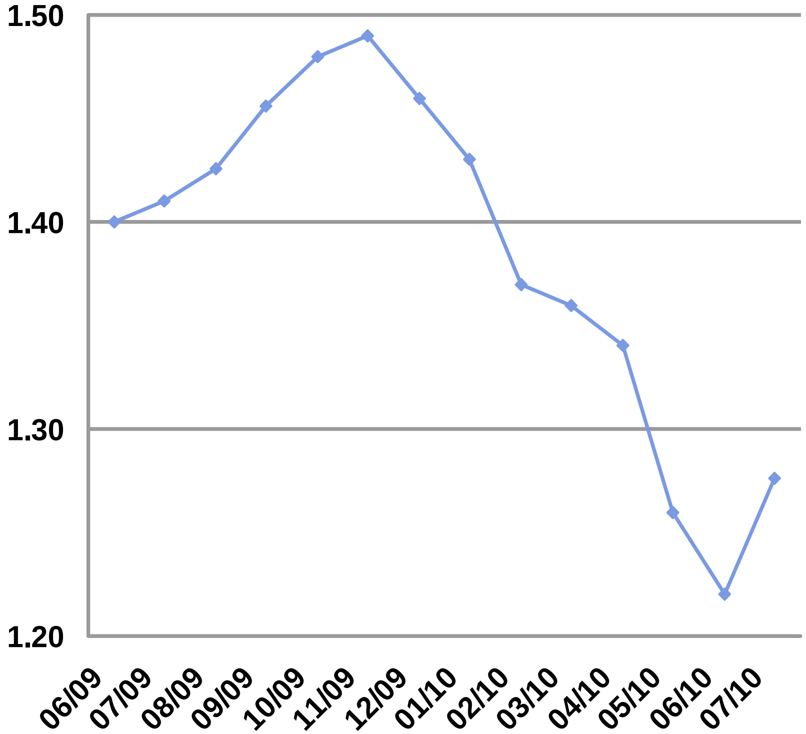
# GROUP EBITDA MARGIN AT 25.7 PERCENT - POSITIVE EBITDA IN SILTRONIC

| EBITDA in € | Q2 2010 | Q1 2010 | Change in % |
|---|---|---|---|
| **CHEMICALS** | **118.9** | **87.0** | **36.7** |
| - WACKER SILICONES | 73.3 | 62.1 | 18.0 |
| - WACKER POLYMERS | 37.8 | 20.1 | 88.1 |
| - WACKER BIOSOLUTIONS | 7.8 | 4.8 | 62.5 |
| **WACKER POLYSILICON** | **174.6** | **157.5** | **10.9** |
| **Siltronic** | **18.0** | **1.2** | **>100** |
| Others | -1.3 | 8.7 | n.a. |
| Consolidation | -1.6 | -0.7 | >100 |
| WACKER | **308.6** | **253.7** | **21.6** |

# 1 CENT CHANGE IN USD/€ EXCHANGE RATE HAS A IMPACT OF €5M ON FY-EBITDA, UNHEDGED*

## USD/EURO development

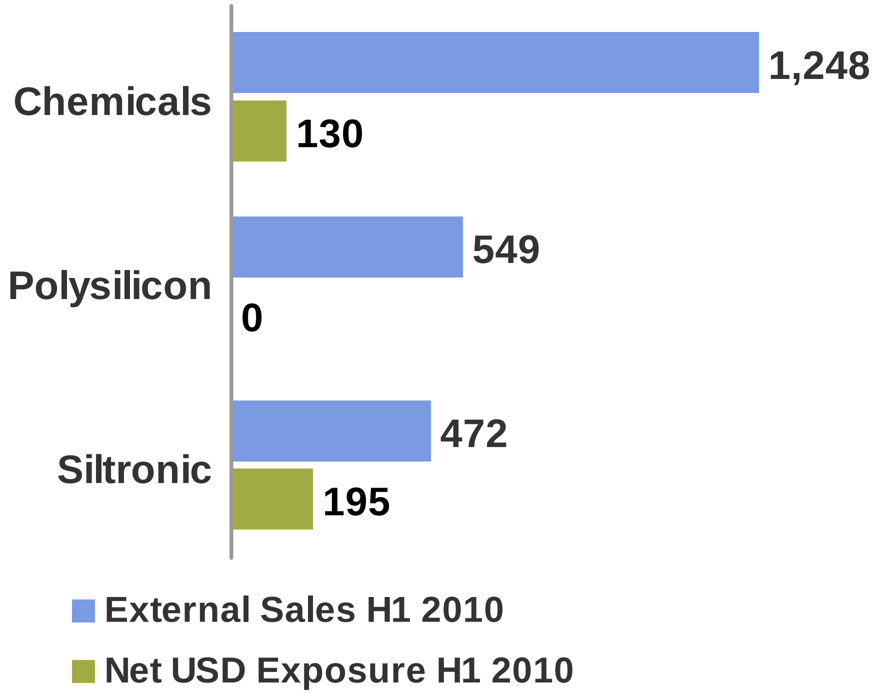
Status: 07/10




Source: Credit Suisse

## External sales and net USD exposure H1 2010 (€m)

Status: H1/10

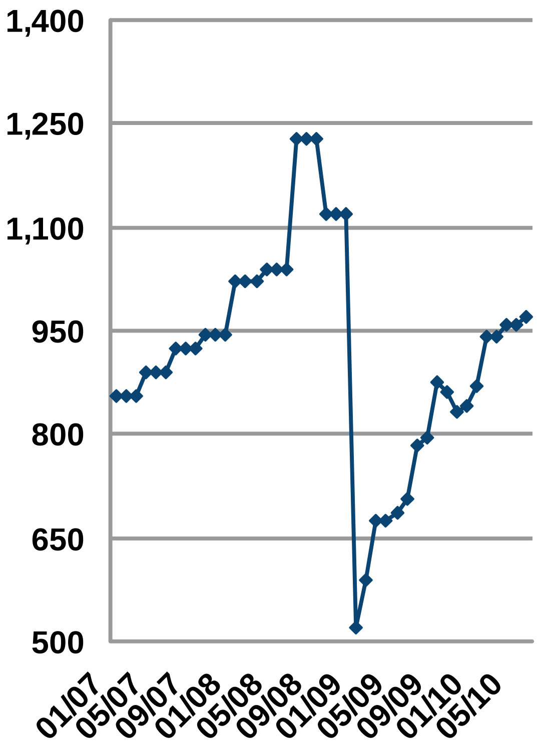



*Standard Hedging policy = 50% of net exposure, 12 months rolling forward

# INCREASING RAW MATERIAL COSTS IN 2010 EXPECTED

## Ethylene Contract (EUR/MT)

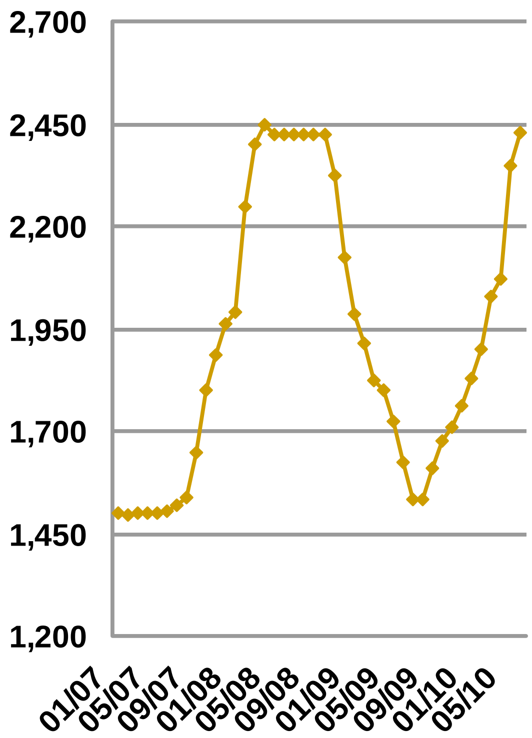
**Status: 06/10**




Source: ICIS, Ethylene Market Price Europe, free delivered

## Si-Metal Spot (EUR/MT)

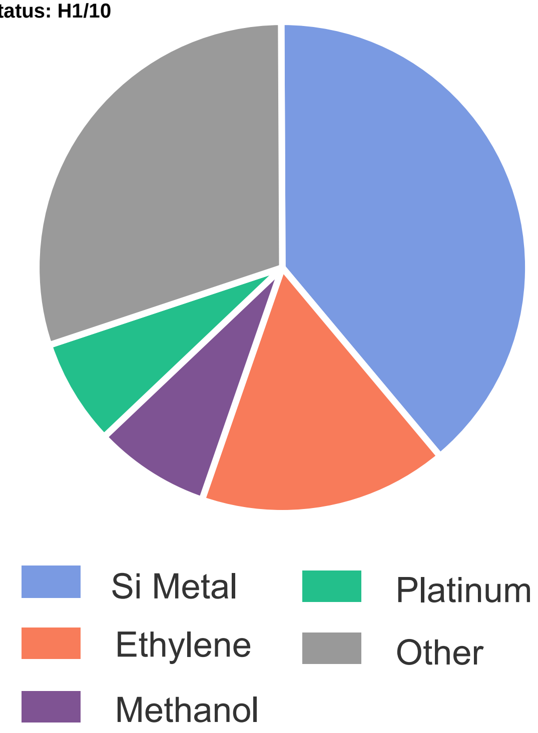
**Status: 06/10**




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

## Raw Materials (€m) Chemicals

**Status: H1/10**




Costs of top 4 raw materials 21% of chemicals segment sales