

# PRESS RELEASE

Number 12

## WACKER CONTINUES ITS GROWTH COURSE

- ◆ Q1 2008 GROUP SALES INCREASED BY 8 PERCENT TO €1.02 BILLION
- ◆ EBITDA ROSE BY 10 PERCENT TO €291 MILLION
- ◆ EBITDA MARGIN INCREASED TO 28.6 PERCENT
- ◆ EARNINGS PER SHARE CLIMBED BY 14 PERCENT TO €2.63
- ◆ SALES GROWTH EXPECTED TO CLEARLY EXCEED 10 PERCENT IN 2008, EBITDA PROJECTED TO INCREASE

Munich, April 30, 2008 – Wacker Chemie AG got off to a good start in 2008, following a record-setting 2007. Under challenging conditions, the Munich-based chemical company continued to grow its sales and earnings in the first three months of the current fiscal year compared to Q1 2007. Higher volumes and prices propelled Group sales to €1,019.5 million in Q1 2008 (Q1 2007: €943.7 million) – an 8 percent gain. The complete acquisition of the former Air Products Polymers joint venture contributed 4.5 percent to this rise. In contrast, the weaker U.S. dollar slowed growth by 6 percent. Despite significantly higher raw-material and energy costs, as well as significant negative exchange-rate effects, the WACKER Group generated earnings before interest, tax, depreciation and amortization (EBITDA) of €291.1 million for January through March 2008 (Q1 2007: €265.5m). This represents a year-on-year increase of 10 percent. The EBITDA margin thereby grew to 28.6 percent (Q1 2007: 28.1 percent). The polycrystalline silicon business played a key role in this earnings rise. WACKER POLYSILICON improved its year-on-year EBITDA by

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€37.8 million, thus more than doubling its earnings. WACKER POLYMERS also increased EBITDA in Q1 2008 – beating the prior-year figure by 11 percent. WACKER SILICONES posted an EBITDA increase of 1 percent. Siltronic's contribution to earnings continued at a high level, though not matching its strong Q1 2007 figures. The Group's Q1 2008 earnings before interest and tax (EBIT) rose 6 percent to €198.7 million (Q1 2007: €187.9m), with net income climbing 14 percent year on year to €130.6 million (Q1 2007: €114.5m). As a result, earnings per share for the quarter are €2.63 (Q1 2007: €2.30) – up 14 percent. The Munich-based chemical company expects higher sales and earnings for the full fiscal year 2008. WACKER continues to see a good chance of boosting sales in 2008 by well over 10 percent. EBITDA is also expected to continue its upward momentum.

“Despite significant economic turbulence, we are on a solid growth course in both sales and earnings,” said President & CEO Peter-Alexander Wacker in Munich on Wednesday. “We consider ourselves well-prepared to continue successfully mastering market challenges. Demand for our products remains strong, fueled by global growth trends such as energy efficiency, the progressive digitalization of everyday life and increasing prosperity among emerging economies. The ongoing expansion of our production capacities is aimed at laying the groundwork for future profitable growth.”

### **Regions**

With sales of €345.6 million in Q1 2008 (Q1 2007: €291.7m), Asia continued to account for the largest share in Group growth. That region's share of total global sales rose to 34 percent (Q1 2007: 31 percent). Europe excluding Germany took second place with sales of €260.8 million (Q1 2007: €265.8m). In Germany, the Group registered January to March sales of €215.3 million (Q1 2007:

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€180.2m). The regions with strongest growth in Q1 2008 were Germany and Asia, with sales gains of 20 percent and 19 percent respectively. In the Americas, sales in local country currencies rose 10 percent. Calculated in euros, however, sales dropped 4 percent year on year to €169.2 million (Q1 2007: €176.5 million). In Other Regions, the Group registered January to March revenues of €28.6 million (Q1 2007: €29.5m).

#### **Net Cash Flow and Investments**

In the period under review, the WACKER Group's net cash flow was €-3.3 million (Q1 2007: €224.2m). The main reasons for this decline were much higher capital expenditures for ongoing Group expansion projects – and particularly the payment associated with acquiring shares of the former Air Products Polymers (APP) and Wacker Polymer Systems (WPS) joint ventures. Offset with cash and cash equivalents from the APP companies consolidated for the first time, expenditures for this transaction amounted to €173.4 million. In addition, WACKER invested €145.5 million (Q1 2008: €91.0m) in property, plant and equipment, intangible assets and financial assets in the period under review. Customer prepayments for future polysilicon shipments, on the other hand, had a positive net cash flow effect of around €67 million in Q1 2008.

WACKER POLYMERS was the main focus of investments in the quarter at €185.6 million. Aside from the expenditures for acquiring APP and WPS, additional divisional funds of €12.2 million (Q1 2007: €9.6m) flowed into the ongoing expansion of production facilities such as the Nanjing (China) site. To further boost utilization of dispersion capacities acquired from Air Products, WACKER POLYMERS intends to concentrate on the Calvert City (KY) site for its production expansion in the USA. As a result, the Group plans to close its South Brunswick (NJ) site in 2009. WACKER POLYSILICON's investments

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in Q1 2008 more than doubled to €77.7 million (2007: €33.4m). Here, funds primarily flowed into ongoing expansion of polycrystalline silicon capacity at the division's production site in Burghausen, Germany.

### **Employees**

Newly commissioned production facilities and integration of new corporate entities increased the number of WACKER Group employees as of March 31, 2008 to 15,660 (Dec. 31, 2007: 15,044). German sites accounted for 11,935 employees (Dec. 31, 2007: 11,624). Outside Germany, WACKER employed 3,725 people at the end of Q1 2008 (Dec. 31, 2007: 3,420).

### **Business Divisions**

With total sales of €346.1 million (Q1 2007: €377.3m), **Siltronic** wasn't able to match the record figure set in the prior-year quarter, though it did beat preceding quarter's sales of €343.2 million. The strong euro was the primary drag on revenues. In local-currency terms, Siltronic generated the highest-ever divisional quarterly sales in Group history. Whereas demand for 300 mm wafers rose slightly in Q1 2008, sales of 200 mm and smaller diameters declined. In contrast, contributions from silicon-ingot sales to the solar industry have increased in importance and are positively influencing the margin. Siltronic generated an EBITDA of €114.0 million for January to March 2008 (Q1 2007: €130.4m) and thus achieved an EBITDA margin of 32.9 percent (Q1 2007: 34.6 percent).

In Q1 2008, **WACKER SILICONES** increased its year-on-year total sales by around 4 percent to €360.3 million (Q1 2007: €348.0m), thanks primarily to further volume gains, though also to price increases announced in Q4 2007. Adverse currency shifts, however, impacted sales growth. Strong increases in the costs of raw materials (e.g. methanol and silicon metal) and the effect of the strong euro

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weighed on earnings. In contrast, volume growth and higher prices positively impacted earnings. EBITDA for January to March 2008 amounted to €64.8 million (Q1 2007: €64.3m), resulting in an EBITDA margin of 18.0 percent (Q1 2007: 18.5 percent).

In Q1 2008, **WACKER POLYMERS** boosted its total sales by 34 percent to €198.5 million (Q1 2007: €148.7m). Aside from higher volumes and prices, the primary reason for this was the complete acquisition of vinyl acetate ethylene (VAE) activities formerly part of the Air Products Polymers (APP) joint venture. These activities have been fully consolidated since February 1, 2008 and contributed a net sum of around €44 million to the division's external sales. WACKER POLYMERS' EBITDA for the January to March 2008 period totaled €38.1 million (Q1 2007: €34.2m) – up 11 percent year on year.

Significantly higher raw-material costs and the weaker dollar were major factors in the disproportionately lower earnings increase. The EBITDA margin amounted to 19.2 percent in the period (Q1 2007: 23.0 percent).

**WACKER POLYSILICON** experienced continued strong polysilicon demand in Q1 2008. Total sales set a new record of €155.9 million (Q1 2007: €92.2m) in the period under review – soaring 69 percent year on year. This dynamic growth was enabled by significantly higher volumes following the polysilicon-production ramp-up of the Burghausen site's Expansion Stage 6, which reached its full annual capacity of 3,500 metric tons in Q4 2007. In addition, higher sales prices in supplier agreements with solar and semiconductor-industry customers had a notably positive impact on sales and earnings. As a result, WACKER POLYSILICON disproportionately boosted its EBITDA in the period to €71.3 million, more than double the figure of Q1 2007 (€33.5m). The EBITDA margin was 45.7 percent (Q1 2007: 36.3 percent).

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**WACKER FINE CHEMICALS** posted total January to March 2008 sales of €27.7 million (Q1 2007: €35.0m), 21 percent below the prior-year figure due to consolidation measures. Sales of custom fine chemicals in Q1 2008 clearly trailed prior-year figures, as expected, due to reorganization measures. Strong demand for biotech products such as cysteine and cyclodextrins continued. The division's biotech pharmaceutical proteins business also remained very promising. On the earnings side, last year's reorganization measures were clearly successful. Despite lower sales, EBITDA of €3.2 million nearly matched the prior year level (Q1 2007: €3.6m) and the EBITDA margin correspondingly increased to 11.6 percent (Q1 2007: 10.3 percent).

#### **Outlook**

Despite the uncertainties surrounding future global economic and sector-specific trends, WACKER has set itself ambitious goals once again. Overall, the Group sees a good chance of boosting sales – as in the past few years – by clearly more than 10 percent in 2008, too. EBITDA is also expected to further increase.

***Information for editorial offices: The Q1 2008 report can be downloaded from WACKER's website ([www.wacker.com](http://www.wacker.com)) under Investor Relations.***

**WACKER's Key Figures**

€ million	Q1 2008	Q1 2007	Change in %
Sales	1,019.5	943.7	8
EBITDA <sup>1</sup>	291.1	265.5	10
EBITDA margin <sup>2</sup>	28.6 %	28.1 %	1
EBIT <sup>3</sup>	198.7	187.9	6
EBIT margin <sup>2</sup>	19.5 %	19.9 %	-2
Financial result	-0.8	-5.4	-85
Income before taxes	197.9	182.5	8
Net income attributable to Wacker Chemie AG shareholders	130.6	114.5	14
Earnings per share in €	2.63	2.30	14
Investments (incl. financial assets)	145.5	91.0	60
Payments for acquisitions	173.4	0.0	n.a.
Net cash flow	-3.3	224.2	n.a.
€ million	Mar. 31, 2008	Mar. 31, 2007	Dec. 31, 2007
Equity	1,908.6	1,699.4	1,865.6
Financial liabilities	250.2	300.2	217.8
Provisions for pensions	374.4	359.2	369.2
Net financial debt	-152.8	142.6	-148.7
Total assets	4,226.8	3,457.8	3,918.1
Employees (number at end of period)	15,660	14,788	15,044

<sup>1</sup> EBITDA is EBIT before depreciation and amortization.

<sup>2</sup> Margins are calculated based on sales.

<sup>3</sup> EBIT is the result from continuing operations for the period before interest and other financial results, limited partnership interests, and income tax.

*This press release contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. WACKER does not plan to update the forward-looking statements, nor does it assume the obligation to do so.*

**For further information, please contact:**

Wacker Chemie AG  
Media Relations & Information  
Christof Bachmair  
Tel. +49 89 6279-1830  
Fax: +49 89 6279-1239  
[christof.bachmair@wacker.com](mailto:christof.bachmair@wacker.com)

**The company in brief:**

WACKER is a globally active chemical company with some 15,000 employees and annual sales of around €3.78 billion (2007). WACKER has 27 production sites and over 100 sales offices worldwide.

**WACKER SILICONES**

Silicone fluids, emulsions, rubber and resins; silanes; pyrogenic silicas; thermoplastic silicone elastomers

**WACKER POLYMERS**

Dispersible polymer powders and dispersions for applications in the construction industry; PVAc solid resins; VC copolymers; polyvinyl butyrals and acetates

**WACKER FINE CHEMICALS**

Fine chemicals, biologics and other biotech products, such as cyclodextrins and cysteine

**WACKER POLYSILICON**

Polysilicon for the semiconductor and photovoltaics industries

**Siltronic**

Hyperpure silicon wafers and monocrystals for semiconductor devices