

1st Quarter 2014 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Joachim Rauhut (CFO), May 5th, 2014

WACKER: Strong Demand Supports Sales and Earnings

in €m	Q1 2014	Q4 2013	% QoQ	Q1 2013	% YoY
Sales	1,157.4	1,086.9	6.5	1,076.3	7.5
EBITDA	285.2	158.1	80.4	164.5	73.4
EBITDA margin	24.6%	14.5%	-	15.3%	-
EBIT	133.8	-5.5	n.a.	32.2	>100
EBIT margin	11.6%	-0.5%	-	3.0%	-
Result for the period	64.2	-19.3	n.a.	5.1	>100
EPS in €	1.35	-0.40	n.a.	0.08	>100

One-Off Events mask good underlying Performance

WACKER

Q1 2014 Comments

- ▶ Increasing volumes in all divisions
- ▶ Negative FX effect in Chemicals and Siltronic
- ▶ One-offs of around €114m
- ▶ Capex €89m, mostly for Tennessee, POLYSILICON
- ▶ Net Cash Flow of €105m
- ▶ Net debt €900m, increase driven by the refinancing of the former JV-project financing
- ▶ Net income of €64m



2014 Challenges and Opportunities

- ▶ Volume growth in all segments
- ▶ Further focus on cost roadmap
- ▶ Sales above 2013 (single digit %)
- ▶ EBITDA at least 10% yoy

WACKER SILICONES: Substantial Volume gains in Q1

€m	Q1 2014	Q4 2013	% QoQ	Q1 2013	% YoY
Sales	425.3	403.5	5.4	402.1	5.8
EBITDA	49.1	51.0	-3.7	53.7	-8.6
EBITDA margin	11.5%	12.6%	-	13.4%	-
EBIT	29.5	31.0	-4.8	34.1	-13.5
EBIT margin	6.9%	7.7%	-	8.5%	-
Capex	15.5	36.8	-57.9	14.0	10.7

Success in Asia and Specialty Focus

WACKER SILICONES

Q1 2014 Comments

- ▶ Volume growth e.g. in construction, sealants, adhesives and textiles
- ▶ Increased raw material costs
- ▶ Higher personnel costs
- ▶ High utilization
- ▶ Expansion of Technical Center in India to support regional market



2014 Challenges and Opportunities

- ▶ Volume growth, especially in specialties
- ▶ Effort to increase prices in progress
- ▶ Competitive market environment in China results in price pressure for standards
- ▶ EBITDA slightly below FY 2013, due to reversal of loss provision

WACKER POLYMERS: Mild European Winter with positive impact on Sales

€m	Q1 2014	Q4 2013	% QoQ	Q1 2013	% YoY
Sales	238.7	213.2	12.0	226.7	5.3
EBITDA	34.2	22.6	51.3	35.7	-4.2
EBITDA margin	14.3%	10.6%	-	15.7%	-
EBIT	26.7	14.7	81.6	26.6	0.4
EBIT margin	11.2%	6.9%	-	11.7%	-
Capex	6.9	15.5	-55.5	7.9	-12.7

Substitution towards VAE Dispersions a long-term Trend

WACKER POLYMERS

Q1 2014 Comments

- ▶ Increased volumes in dispersions, mainly driven by adhesives and coatings
- ▶ Mild winter in Europe supported volume growth in powders
- ▶ Slightly lower pricing yoy for powders and dispersions
- ▶ Higher raw material costs
- ▶ Higher personnel costs
- ▶ Volume increase did not compensate margin pressure from costs



2014 Challenges and Opportunities

- ▶ Significant volume increase for powders and dispersions expected
- ▶ Efforts to increase prices in progress
- ▶ Some cost pressure from VAM* expected in Q2

*VAM = Vinyl acetate monomer

WACKER BIOSOLUTIONS: First-Time Inclusion of Scil Proteins contributed to Sales

€m	Q1 2014	Q4 2013	% QoQ	Q1 2013	% YoY
Sales	40.7	39.3	3.6	40.5	0.5
EBITDA	5.4	5.5	-1.8	6.9	-21.7
EBITDA margin	13.3%	14.0%	-	17.0%	-
EBIT	2.9	3.9	-25.6	5.2	-44.2
EBIT margin	7.1%	9.9%	-	12.8%	-
Capex	1.2	2.4	-50.0	2.6	-53.8

Focus on Biologics Business - Greatest Growth Opportunities in Asia and Germany

WACKER BIOSOLUTIONS

Q1 2014 Comments

- ▶ Acquisition SCIL: bioengineered pharmaceutical proteins
- ▶ Good performance in nutrition (cyclodextrines, cysteine)



2014 Challenges and Opportunities

- ▶ FY: sales growth, EBITDA on previous year level

WACKER POLYSILICON: Strong Volumes and better Pricing

€m	Q1 2014	Q4 2013	% QoQ	Q1 2013	% YoY
Sales	262.0	249.8	4.9	235.4	11.3
EBITDA	180.0	70.8	>100	52.5	>100
EBITDA margin	68.7%	28.3%	-	22.3%	-
EBIT	121.7	12.6	>100	-5.1	n.a.
EBIT margin	46.5%	5.0%	-	-2.2%	-
Capex	53.0	63.9	-17.1	81.1	-34.6

Units operating at high Utilization rates – Pricing firming further

WACKER POLYSILICON

Q1 2014 Comments

- ▶ Higher volumes yoy, same level qoq
- ▶ Pricing in Q1 higher than last year's ASP
- ▶ Utilization at full rate
- ▶ €114m retained prepayments and damages from cancelled contract (Q1/13 €32.2m, Q4/13 €8m)
- ▶ Amicable solution between Chinese MOFCOM and WACKER on AD tariffs: price undertaking
- ▶ €53m capex, mainly for Tennessee

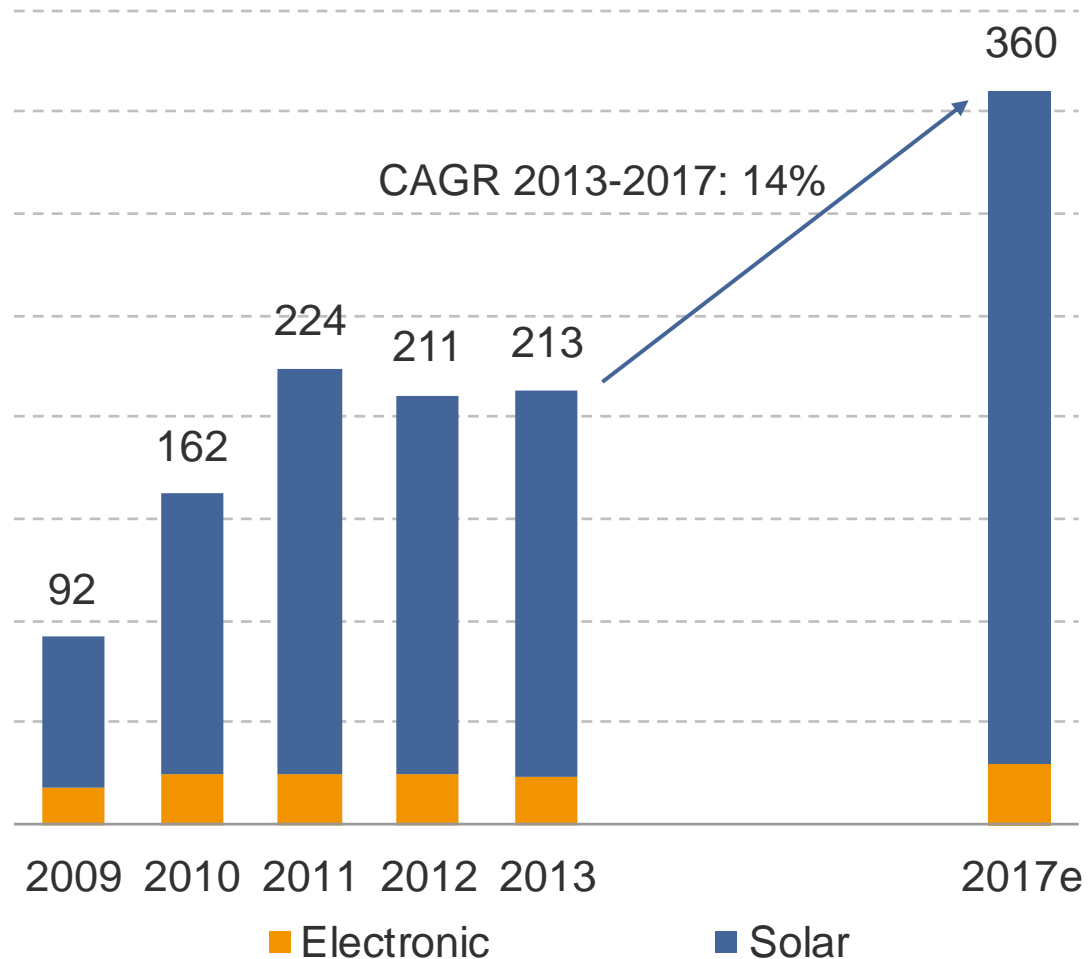


2014 Challenges and Opportunities

- ▶ PV Market size expected to reach 43 - 52 GW (~250kt – 300kt polysilicon incl. semi)
- ▶ Q2 pricing over Q1 expected
- ▶ Full utilization expected
- ▶ Continuous work to increase output
- ▶ Ongoing focus on cost roadmap

Polysilicon Market: Strong Market Growth at 14% CAGR Expected

Global Polysilicon Shipments (kt)

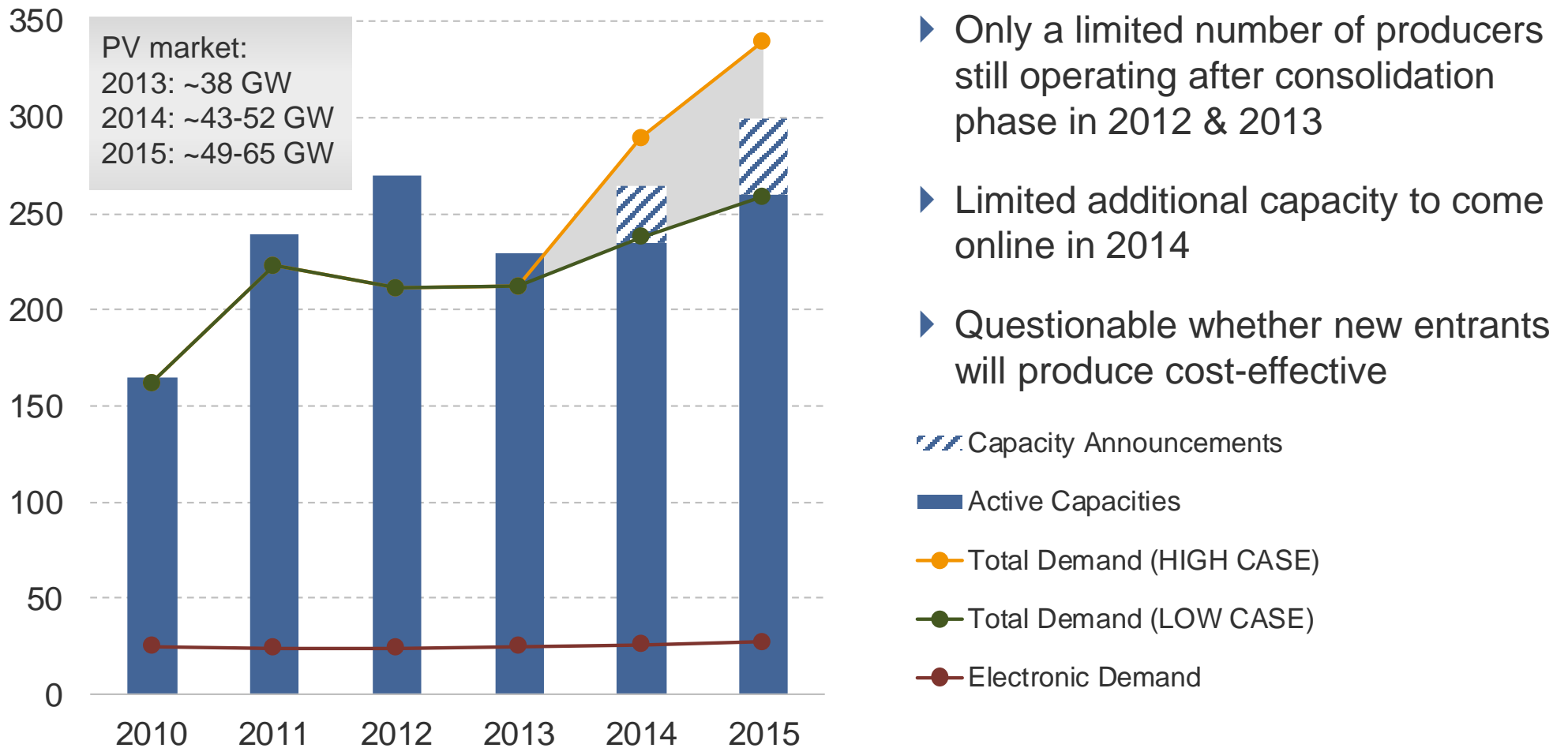


- ▶ 2013 shipments with stronger 2nd half, flat due to continued inventory correction and lower consumption per Watt
- ▶ Increasingly competitive C-Si PV drives polysilicon demand
- ▶ Silicon-based PV offers highest conversion efficiencies and proven long-term stability at lowest cost

Assumption: 2017: 80 GW (incl. 10% thin-film share); Silicon consumption < 5 g/Wp in 2017; Shipment figures incl. time-delay shipment/installation

Polysilicon Supply & Demand balanced – High Quality Poly Supply tightening

Global Polysilicon Demand (kt) versus Capacity of Still Active Manufacturers



- ▶ Only a limited number of producers still operating after consolidation phase in 2012 & 2013
- ▶ Limited additional capacity to come online in 2014
- ▶ Questionable whether new entrants will produce cost-effective

- ▨ Capacity Announcements
- Active Capacities
- Total Demand (HIGH CASE)
- Total Demand (LOW CASE)
- Electronic Demand

Sources: market surveys, industry announcements, WACKER estimate

Siltronic: First-Time Consolidation of Singapore 300 mm

€m	Q1 2014	Q4 2013	% QoQ	Q1 2013	% YoY
Sales	203.8	174.6	16.7	171.2	19.0
EBITDA	15.0	11.5	30.4	0.7	>100
EBITDA margin	7.4%	6.6%	-	0.4%	-
EBIT	-26.7	-41.8	36.1	-22.0	21.4
EBIT margin	-13.1%	-23.9%	-	-12.9%	-
Capex	6.6	11.7	-43.6	8.3	-20.5

Positive Volume Trends in 300 mm expected

Siltronic

Q1 2014 Comments

- ▶ Takeover of majority of 300 mm Singapore JV with Samsung (78%)
- ▶ EBITDA impacted by one-off for consolidation of €5.8m
- ▶ Sequential increase of volumes
- ▶ Improved utilization
- ▶ Pricing slightly softer qoq, more than 10% yoy
- ▶ Ongoing negative FX impact
- ▶ Siltronic AG received Intel Corporation's Preferred Quality Supplier award for 2013

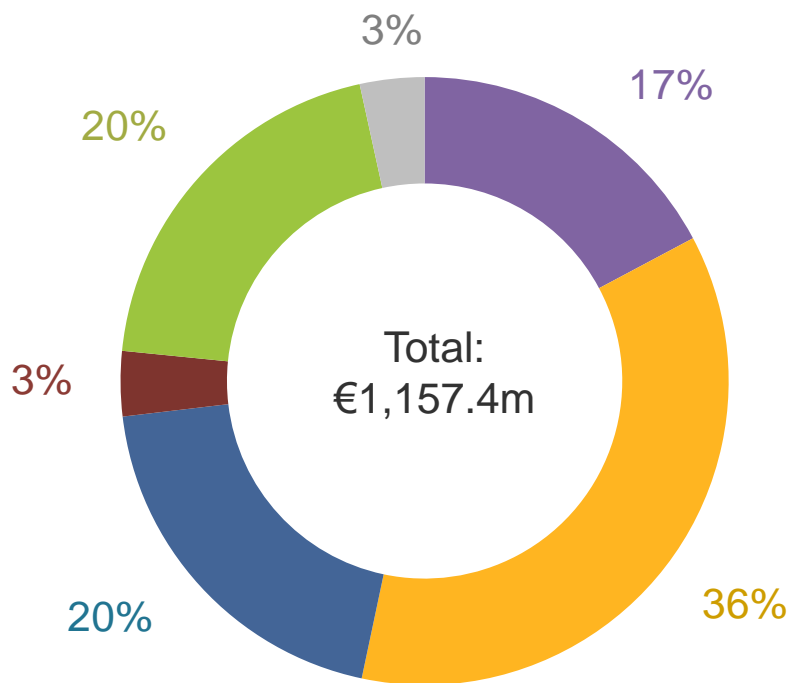


2014 Challenges and Opportunities

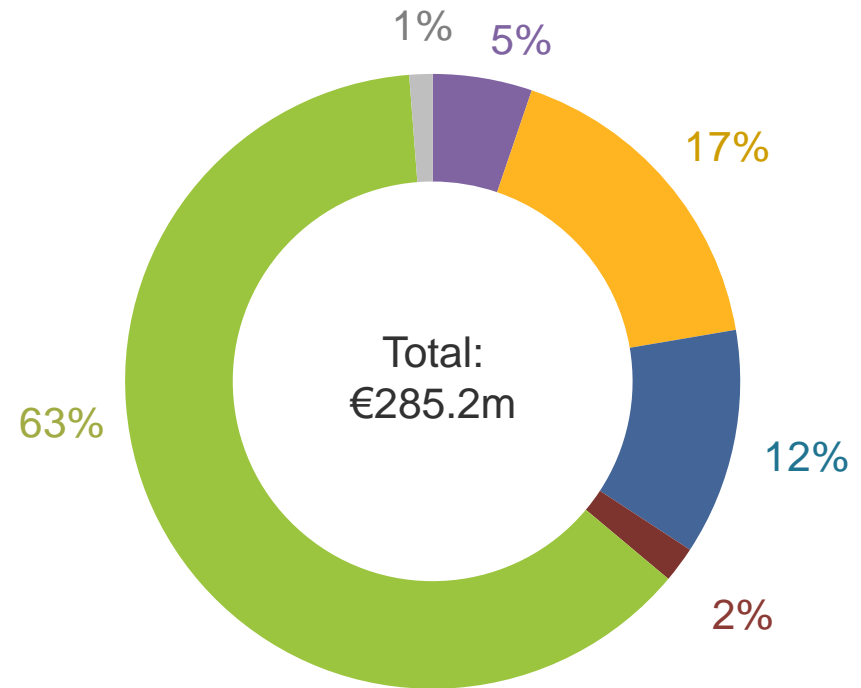
- ▶ Volume improvements for 300 mm and 200 mm expected
- ▶ Reduced price pressure into H2
- ▶ Ongoing cost road map, focus on 300 mm
- ▶ Singapore 300mm integration making good progress

Special Effect on EBITDA in Polysilicon of €114m

Q1 2014 Sales¹



Q1 2014 EBITDA



Siltronic

WACKER BIOSOLUTIONS

WACKER SILICONES

WACKER POLYSILICON

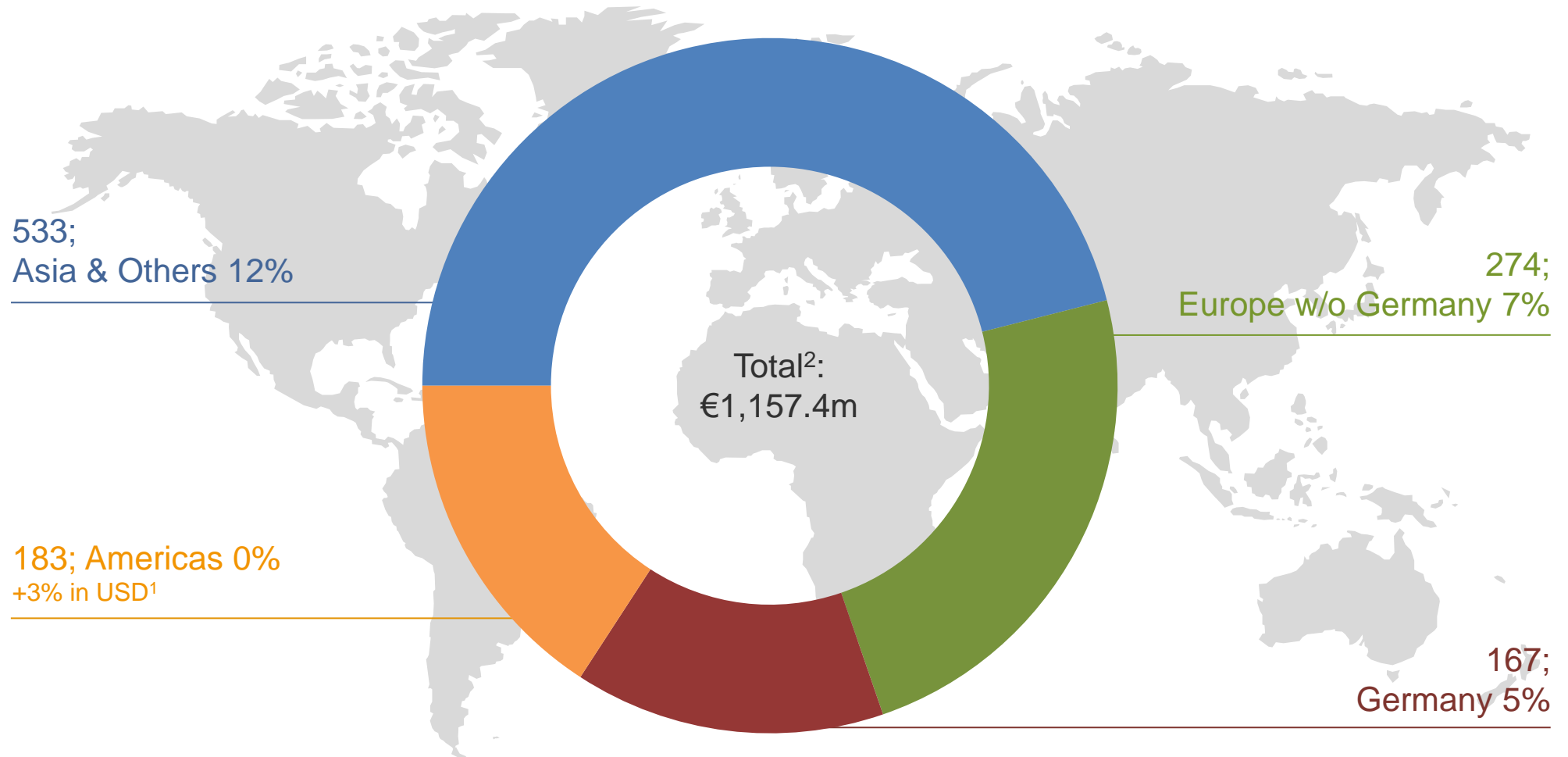
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Others

¹based on external sales

WACKER's largest Sales Region is Asia

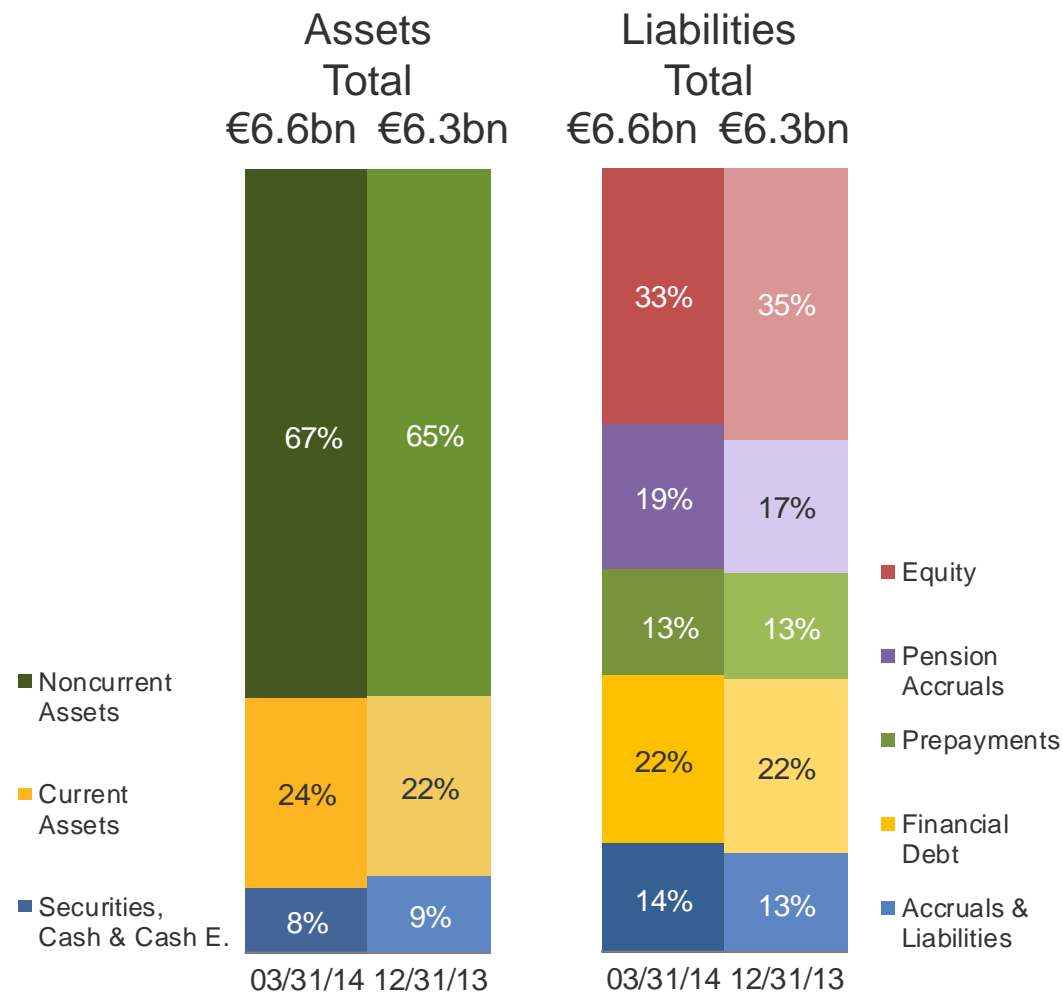
Q1 2014 Sales by Region, Changes YoY (%)



¹ Adjusted currency / ² 2013 not reported for Siltronic Silicon Wafer Consolidation

First-Time Consolidation of Singapore 300 mm and Scil Protein increase Total Assets

Balance Sheet (%)



Characteristics 03/31/14

- ▶ Non current assets: €4,571m
- ▶ Securities, cash and cash equivalents: €548m
- ▶ Provisions for pensions: €1,227m
- ▶ Net financial debt: €900m
- ▶ Equity: €2,156m
- ▶ Prepayments received per 03/31/14: €881m
- ▶ CapEx: €89m
- ▶ Capital employed: €5,175m

EBITDA and EBIT Impact of Special Effects

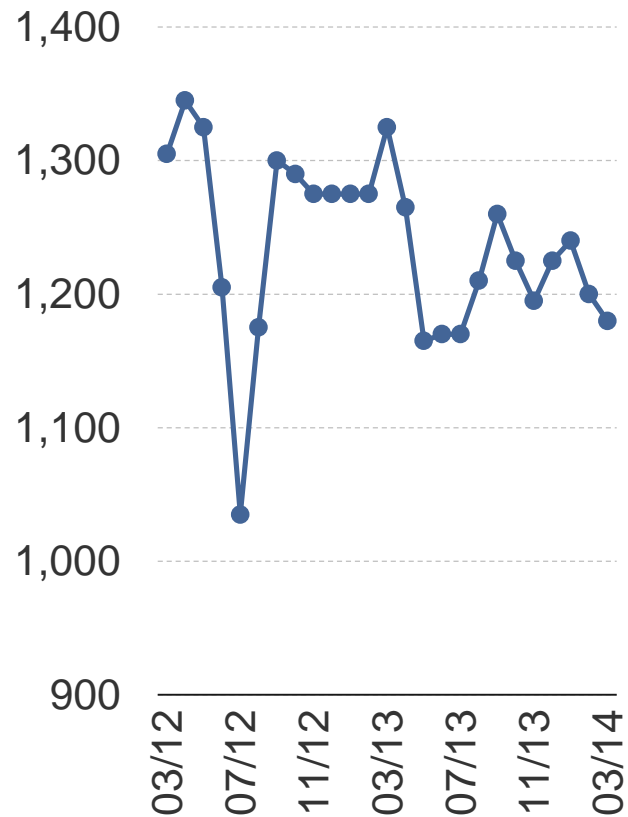
Special Effects	2013					2014				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Silicones: Siloxane JV effects	-	-	-	13.7	13.7	-	-	-	-	0
Polysilicon: Retained prepayments & damages from cancelled contracts	32.2	23.8	13.2	8.4	77.6	114.0	-	-	-	114.0
EBITDA	32.2	23.8	13.2	22.1	91.3	114.0	-	-	-	114.0
Siltronic: Special depreciation for disused assets	-	-	-	-31.1	-31.1	-	-	-	-	0
EBIT	32.2	23.8	13.2	-9.0	60.2	114.0	-	-	-	114.0

WACKER: Guidance FY 2014

	2013	Outlook 2014
Sales (€m)	4,478.9	Mid-single-digit % increase
EBITDA (€m)	678.7	At least 10 percent higher
EBITDA margin (%)	15.2	Slight increase
Group net income (€m)	6.3	Improve
Net cash flow (€m)	109.7	Balanced net cash flow
CapEx (€m)	503.7	Approx. 550
Net financial debt (€m)	792.2	Increase of between 300 and 400
Depreciation	564.4	Approx. 600
ROCE	2.2	Slight increase

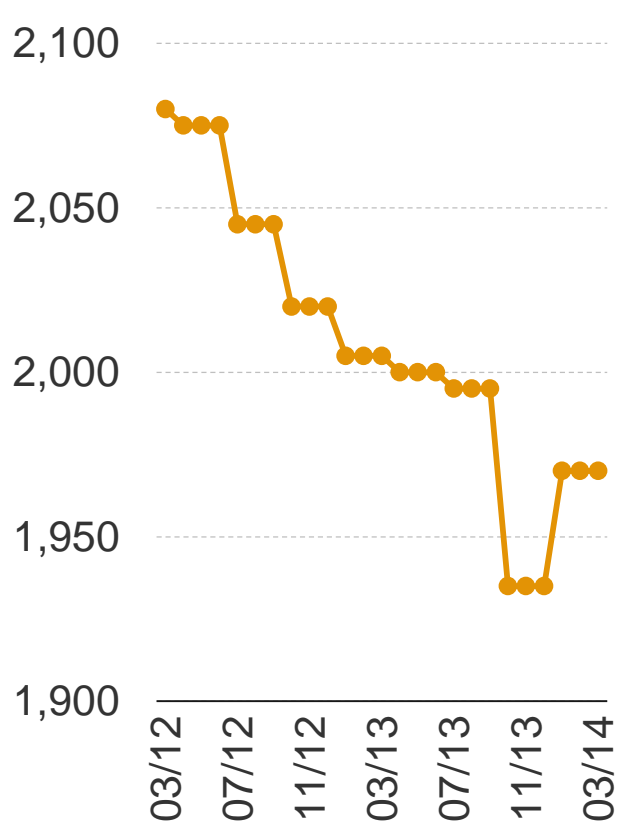
Raw Materials: Methanol and VAM* trending upwards

Ethylene Contract (€/MT)



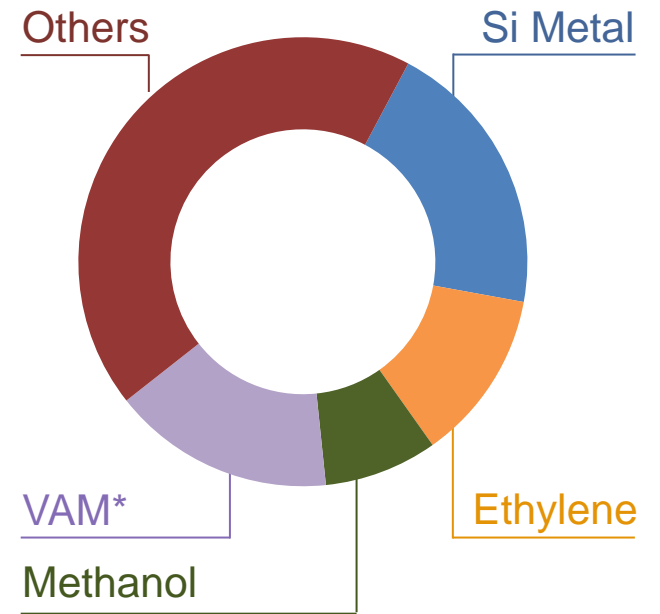
Source: ICIS, Ethylene Market Price Europe, free delivered

Si-Metal Contract (€/MT)



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

Raw Materials 2013 (€m) Chemicals

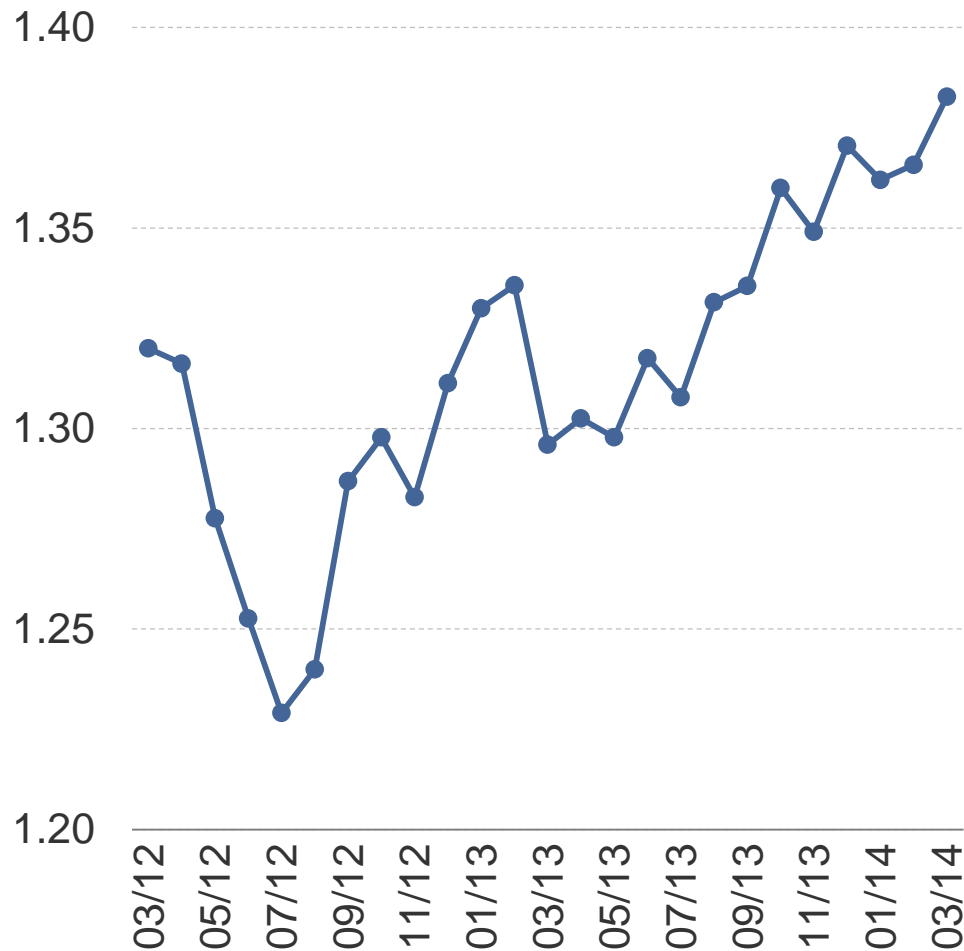


Costs of top 4 raw materials
21% of chemicals segment sales

*VAM = Vinylacetate monomer

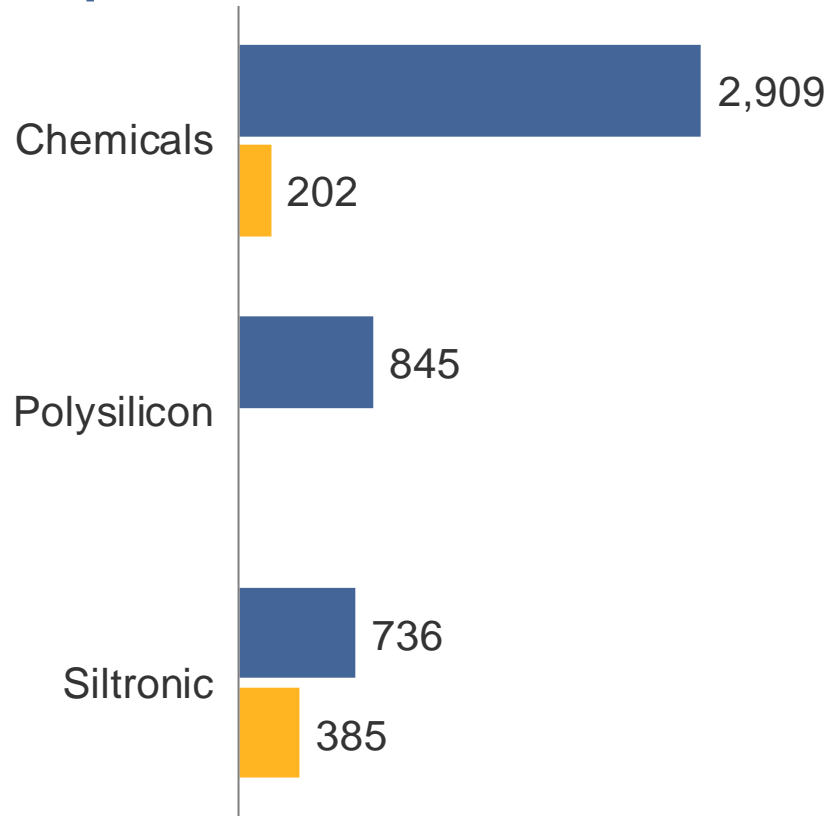
1 Cent Change in USD/€ Exchange Rate had an Impact of €4.4m on FY-EBITDA in 2013, unhedged*

USD/EURO Development



Source: www.x-rates.com/d/USD/EUR/hist2014.html

External Sales and Net USD Exposure



■ External Sales FY 2013
 ■ Net USD Exposure FY 2013

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

WACKER: Issuer, Contact and Additional Information

Issuer and Contact

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Financial Calendar

- 05/15/14 – Annual Shareholders' Meeting
- 08/01/14 – Q2 Results 2014 (CHANGE)**
- 10/30/14 – Q3 Results 2014

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



WACKER: Higher Volumes in all Segments led to an increase in Sales YoY and QoQ

Sales in €m	Q1 2014	Q4 2013	%QoQ	Q1 2013	%YoY
CHEMICALS	704.7	656.0	7.4	669.3	5.3
WACKER SILICONES	425.3	403.5	5.4	402.1	5.8
WACKER POLYMERS	238.7	213.2	12.0	226.7	5.3
WACKER BIOSOLUTIONS	40.7	39.3	3.6	40.5	0.5
WACKER POLYSILICON	262.0	249.8	4.9	235.4	11.3
Siltronic	203.8	174.6	16.7	171.2	19.0
Others	40.4	51.6	-21.7	46.9	-13.9
Consolidation	-53.5	-45.1	18.6	-46.5	15.1
	1,157.4	1,086.9	6.5	1,076.3	7.5

WACKER: Q1 14 EBITDA rises by a strong 73 Percent due to Non-Recurring Effects of €114m compared to previous Year

EBITDA in €m	Q1 2014	Q4 2013	%QoQ	Q1 2013	%YoY
CHEMICALS	88.7	79.1	12.1	96.3	-7.9
WACKER SILICONES	49.1	51.0	-3.7	53.7	-8.6
WACKER POLYMERS	34.2	22.6	51.3	35.7	-4.2
WACKER BIOSOLUTIONS	5.4	5.5	-1.8	6.9	-21.7
WACKER POLYSILICON	180.0	70.8	>100	52.5	>100
Siltronic	15.0	11.5	30.4	0.7	>100
Others	3.5	-2.7	n.a.	15.2	-77.0
Consolidation	-2.0	-0.6	>-100	-0.2	>-100
	285.2	158.1	80.4	164.5	73.4