Transforming Growth – Improving Returns on Lower Capex

Dr. Rudolf Staudigl, CEO, Wacker Chemie AG
Commerzbank German Investment Seminar 2016, New York
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Our Business Portfolio is a Foundation for Growth...

**Wacker Biosolutions**
- High potential for future development

**Wacker Polymers**
- No. 1 in dispersible polymer powders
- No. 1 in VAE dispersions
- Global footprint

**Wacker Polysilicon**
- No. 2
- Cost and quality leader
- Enabling industry growth

**Wacker Silicones**
- No. 2 with global footprint
- Leading positions in key growth segments

Note: Percentages based on external sales per segment

*) Other  
**) EBITDA w/o special incomes
Transforming Growth: From Asset Growth to Cash Generation

Ratio of Capital Spending vs. Depreciation

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Create
2005 – 2012
Focus on capital intensive growth:
- Eight additional sites globally
- Increased capacities 7x in Polysilicon, 3x in VAE dispersions, 2x Siloxane, 6x 300 mm wafer

The customer dimension:
- Global presence and market penetration with technical centers and global sales structures

Leverage
2013 – 2017
Focus on profitability and cash:
- Execute cost roadmaps
- Leverage global asset base
- Focus on quality growth, growing specialty sales
- Invest below depreciation

Expand
2018 – 2022
Focus on selective expansion of production network:
- Selective growth projects
- Exploring further Verbund and debottlenecking opportunities

Capex between 1.3 and 2.2x depreciation
Capex < depreciation
Capex >> depreciation

Executed cost roadmaps
Leverage global asset base
Focus on quality growth, growing specialty sales
Invest below depreciation
Chemicals: Reduce Capital Intensity of Growth – Leverage Existing Upstream Capacities

- **Global**
  - Silicon Metal
  - Siloxane
  - VAM

- **Regional**
  - Elastomers
  - Emulsions & Fluids
  - Resins
  - VAE dispersions
  - Dispersible Powders

- **Local**
  - Compounds
  - SILMIX®
  - Emulsions

**2012 - 2017 growing share of specialties from 2/3 to 3/4 of sales**
Chemicals:
Leveraging A Global Market Presence with Local Access

Technical Center &
WACKER ACADEMY

22 Technical Centers worldwide to service customers and develop products & applications

9 WACKER ACADEMY sites provide training and product know-how tailored to our customers' needs.

Market Penetration in all
Emerging Regions

China
Local products and services

Korea
Focus on products for the electronic market

India
Focus on textile applications

Brazil
Expanding Technical Center presence, local products and services

South East Asia
Mobile technical center

Wacker Chemie AG
January 2016
POLYSILICON: Substrate Matters - Enabling the PV Market Trend towards Higher Cell Efficiencies

Wacker estimates that standard multi share (blue area) will decrease even faster (increase of HP multi share)

- other (e.g. kerfless)
- n-type mono-Si
- p-type mono-Si
- p-type monolike-Si
- p-type HP multi-Si
- p-type multi-Si

HP = High Performance
High Quality Polysilicon Helps Leveraging Major Cost Reduction Potentials for Multi and Mono Cells

Usable Ingot Length (%)

- Production Costs (%)
  - 100%
  - 86%
  - 76%
  - 66%

- Ingot Yield
  - 60%
  - 70%
  - 80%
  - 90%

Higher quality
- Longer usable length
- Lower cost per wafer

Solar Cell Efficiencies (%)

- Multi
- Mono
- Super Mono


Higher quality supports greater efficiencies
- Lower cost per wafer

Cell Efficiency Distribution

- high-purity Polysilicon
- low-quality Polysilicon

Narrow distribution and higher mean
- Lower cost per wafer

Source: WACKER estimates

Wacker Chemie AG
January 2016
Siltronic: Wafer Industry Operates close to Capacity Limits – But Price Levels do not support Capex

Development of Total Wafer Demand per Diameter, in million 300 mm equivalents per month

Source: Company Information
Siltronic: Cost Reduction and Efficiency Improvement Track Record

**Number of Employees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees</th>
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<tr>
<td>2002</td>
<td>6,953</td>
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<tr>
<td>2014</td>
<td>4,165</td>
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</tbody>
</table>

From 7 to 4 sites

**300 mm Variable Costs (Germany), in EUR / wafer**

<table>
<thead>
<tr>
<th>Year</th>
<th>Costs</th>
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<tr>
<td>2009</td>
<td></td>
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<tr>
<td>2014</td>
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>40% reduction

**300 mm Productivity (1) (Germany)**

<table>
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<th>Year</th>
<th>Productivity</th>
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<tbody>
<tr>
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<tr>
<td>2014</td>
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~100% improvement

(1) Wafers shipped / hours paid (2009 set to 100)

Successful restructuring initiatives including in Germany

Over 40% variable unit cost reduction achieved in 4 years in 300 mm

Close to 100% labor productivity improvement in 5 years in 300 mm
Transforming Growth: Moving from Capital Intensity to Smaller Select Projects targeting Mix, Efficiency, and Customer Intimacy

**CapEx vs. Depreciation Expense WACKER Group (€m)**

- **Chemicals** funding to remain at low levels (averaging 0.8xDepreciation since 2006)
- **Siltronic/Polysilicon** capex depends on achievable returns

- Tennessee Site last major project in „Create“ phase,
- No major capex or site additions planned through 2017
WACKER: Issuer, Contact and Additional Information

Issuer and Contact

- WACKER CHEMIE AG
  Hanns-Seidel-Platz 4
  D-81737 Munich

- Investor Relations contacts
  
  Mr. Joerg Hoffmann, CFA
  Tel. +49 89 6279 1633
  joerg.hoffmann@wacker.com

  Mrs. Judith Distelrath
  Tel. +49 89 6279 1560
  judith.distelrath@wacker.com

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

Financial Calendar

- 03/16/16 – FY Results 2015
- 04/28/16 – Q1 Results 2016
- 05/20/16 – Annual Shareholders’ Meeting
- 07/28/16 – Q2 Results 2016
- 10/27/16 – Q3 Results 2016