Transforming Growth – Improving Returns on Lower Capex

Wacker Chemie AG
September 2016
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Highlights Q2 2016
Dynamic Demand in Chemicals and POLYSILICON

Solid Performance in H1 2016

**Financials**

- **Sales** of €1.4bn (+1.1% yoy)
- **EBITDA excl. special income** of €293m (+21% yoy)
- **Tennessee Ramp costs** at €18m on POLYSILICON-EBITDA

**Operations**

- **Chemical business** with strong sales volumes
- Ramp of new polysilicon plant in **Charleston, Tennessee**, USA on track
- Very good **cost and efficiency performance** across all segments
Our Business Portfolio – 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

WACKER: FY 2015 Sales €5.3bn EBITDA Margin 20%

Siltronic
- Technology leader, ranking as no. 3
- Balanced base of customers
- Minority position floated (WAF300; WAF)

* Sales FY 2015, Others ** EBITDA Margin adjusted by non-operational effects
Chemicals
Strong Growth and Contribution to EBITDA

Sales Chemical Divisions (€bn)

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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1.7</td>
<td>2.0</td>
<td>2.1</td>
<td>2.4</td>
<td>2.1</td>
<td>2.5</td>
<td>2.7</td>
<td>2.8</td>
<td>2.8</td>
<td>3.0</td>
<td>3.3</td>
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</table>

CAGR +7%

EBITDA 2015 (€m)

- Total: €1,048.8m, thereof
- Chemicals >50%

- Wacker Silicones
  - Siltronic
- Wacker Polymers
  - Wacker Polysilicon
- Wacker Biosolutions
- Others
Chemicals
Reduce Capital Intensity – Leverage Existing Upstream Capacities

- Upstream
- Global
  - Silicon Metal
  - Siloxane
  - VAM
- Regional
  - Elastomers
  - Emulsions & Fluids
  - Resins
  - VAE dispersions
  - Dispersible Powders
- Local
  - Compounds
  - SILMIX®
  - Emulsions

Capital Intensity

Value Creation
Chemicals
Leveraging A Global Market Presence with Local Access

Technical Center &
WACKER ACADEMY

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

13 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

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September 2016

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SILICONES
Silicone Consumption – Emerging Markets Catching Up

Silicone Consumption (kg/capita)

Developed Markets
high silicone consumption

Emerging Markets
medium silicone consumption

Developing Markets
low silicone consumption

Source: WACKER estimate / *GDP = Gross domestic product

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7 of 22
SILICONES
Increasing Demand for Silicones in All Markets

Mobility
- Airbag coating
- Vibration control
- Turbo charger hoses
- Automotive lighting
- Protection of electronic control units (e.g. ABS\(^1\), ESP\(^2\), ACC\(^3\))

Digitization
- Optical bonding
- LED Backlighting
- Sealing
- Electromechanical shielding
- Thermal management

Medical
- Medical parts, e.g. Catheters
- Baby care
- Wound dressings
- Orthopedics
- Prosthetics

1 Antilock Braking System
2 Electronic Stability Program
3 Adaptive Cruise Control
SILICONES
Creating Value Add Through Customer Specific Developments

BELSIL® Gives Performance to Personal Care Products

- Silicone emulsions with high performance functional components improve especially
  - premium touch & feel
  - durability of effects
  - ease of formulation
  - shine
  - dry- and/or wet-combing

Share of Silicone Containing Shampoos out of all New Launches*

* Source: Mintel GNPD 2015
POLYMERS
Growth of VAE Dispersions above Alternative Systems

Synthetic Polymer Latex Market
Volume

Key advantages
- Less combustible
- Broad range of heat resistance
- Easy applicability & workability
- Flexibility
- Reliability, clean machinability
- No plasticizers or additional solvents
- Low VOC and low odor

Growth Rates 2009 -2014*

*Source: Kline Studies 2015
POLYMERS
Growth of Dispersible Polymer Powder with a Multiple of GDP

Average Annual Growth Rate
2010 - 2015

- High Percentage of Growth in Powder Achieved by Substitution

Powder Growth in All Markets

- Mature Markets
  - Trend towards bigger and thinner tiles
  - WACKER with strong technical support and customized solutions

- Emerging Markets
  - Increasing quality standards and labor cost
  - High efficiency through application speed and material savings

* Sources: B&L, IBRD, Public Data
POLYMERS
Creating Value Add Through Market Specific Developments

Skimcoat Applications in India
VINNAPAS® 5010 N / 8034 H as hydrophobic binder for white cement based putty and skimcoat

Innovation & Transformation
White cement based skim coating
- Provides a base layer for paints with potential to grow to the size of the overall skimcoat market
- Replaces acrylate-based systems with excellent covering properties at an optimal cost

Growth
- Skimcoat quickly became our core business in India
- Expect India to outgrow German market for dispersion powders already in 2019

Dispersion powder (in kt) 2015-2025

India
Germany
POLYSILICON

High Quality Polysilicon Allows Cost Reduction in the Value Chain

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 (%)
- Multicrystalline (Multi)
- Monocrystalline (Mono)
- Super Monocrystalline (Super Mono)

Cell Efficiency Distribution
- High-purity Polysilicon
- Low-quality Polysilicon

- Cells with price discount
- Cells with price premium

Narrow distribution and higher mean
- Lower cost per wafer

Source: WACKER estimates
POLYSILICON
Decreasing Prices Open Up New Markets

Benchmark PV Power Rates in €/KWh

Source: SeeNews Renewables, Industry Announcements
POLYSILICON: Decreasing Prices Open Up New Markets – USA and Asia with Highest Growth Potential

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>1.1</td>
<td>0.6</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9 – 1.1</td>
</tr>
<tr>
<td>Germany</td>
<td>7.6</td>
<td>3.3</td>
<td>1.9</td>
<td>1.5</td>
<td>1.1 – 1.3</td>
</tr>
<tr>
<td>Italy</td>
<td>3.6</td>
<td>1.1</td>
<td>0.6</td>
<td>0.3</td>
<td>0.4 – 0.5</td>
</tr>
<tr>
<td>Europe other</td>
<td>4.9</td>
<td>5.8</td>
<td>4.0</td>
<td>5.9</td>
<td>4.5 – 5.0</td>
</tr>
<tr>
<td>Europe total</td>
<td>17.2</td>
<td>10.8</td>
<td>7.4</td>
<td>8.6</td>
<td>6.9 – 7.9</td>
</tr>
<tr>
<td>Australia</td>
<td>1.0</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9 – 1.1</td>
</tr>
<tr>
<td>China</td>
<td>4.8</td>
<td>12.9</td>
<td>13.2</td>
<td>12.5</td>
<td>17.0 – 19.0</td>
</tr>
<tr>
<td>India</td>
<td>0.9</td>
<td>1.0</td>
<td>1.0</td>
<td>2.1</td>
<td>4.5 – 5.5</td>
</tr>
<tr>
<td>Japan</td>
<td>2.5</td>
<td>6.8</td>
<td>9.3</td>
<td>10.8</td>
<td>8.5 – 9.5</td>
</tr>
<tr>
<td>USA</td>
<td>3.3</td>
<td>4.8</td>
<td>6.2</td>
<td>7.3</td>
<td>11.0 – 14.0</td>
</tr>
<tr>
<td>Rest of World</td>
<td>2.1</td>
<td>2.8</td>
<td>6.0</td>
<td>10.0</td>
<td>11.0 – 13.0</td>
</tr>
<tr>
<td>Total</td>
<td>32 GW</td>
<td>40 GW</td>
<td>44 GW</td>
<td>~52 GW</td>
<td>~60 – 70 GW</td>
</tr>
</tbody>
</table>

Sources: SPE, IHS, Industry announcements, WACKER est.
Siltronic
Main Drivers are SSDs, Industrial Sector and Automotive

<table>
<thead>
<tr>
<th>Application</th>
<th>Wafer Demand 2015 (bn in²)</th>
<th>Estimated Growth 2015/16 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphones</td>
<td>2.5</td>
<td>-1%</td>
</tr>
<tr>
<td>Desktop, Notebooks &amp; Server PCs</td>
<td>2.0</td>
<td>-1%</td>
</tr>
<tr>
<td>Industrial</td>
<td>1.0</td>
<td>+7%</td>
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<tr>
<td>Automotive</td>
<td>0.8</td>
<td>+8%</td>
</tr>
<tr>
<td>Appliances, Video Players etc.</td>
<td>0.4</td>
<td>+2%</td>
</tr>
<tr>
<td>Solid State Drives</td>
<td>0.3</td>
<td>+22%</td>
</tr>
<tr>
<td>Switches, Modems, Hubs etc.</td>
<td>0.2</td>
<td>+7%</td>
</tr>
<tr>
<td>LCD TVs</td>
<td>0.1</td>
<td>+17%</td>
</tr>
<tr>
<td>Media Tablets &amp; Tables PCs</td>
<td>0.1</td>
<td>+9%</td>
</tr>
<tr>
<td>Wearables</td>
<td>0.0</td>
<td>+51%</td>
</tr>
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</table>

Source: IHS Technology, Semiconductor Silicon Demand Forecast Tool (Q1’16 Update)
Siltronic
Continued Successful Track Record of Cost Reduction

Cost reduction, in EUR mn¹

Additional savings from SSW

<table>
<thead>
<tr>
<th>Year</th>
<th>Site closures</th>
<th>Operational excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>~55</td>
<td>~45</td>
</tr>
<tr>
<td>2014</td>
<td>~80</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Additional Savings Levers:

- Cost reduction roadmap defined for 2016 and beyond
- Investing in automation in Germany
- up to 500 employees to be transferred to WACKER between 2014 and 2019 (~200 already transferred)
- Investing in new pullers to improve yields and capabilities
- Poly cost optimization ongoing
- Further productivity increases through various initiatives

¹ Based on the prior year cost basis to current year volumes and adjustments to certain current year costs to reflect prior year contractual and economic parameters (e.g. prior year unit labor cost).
² excluding SSW (Samsung Silicon Wafer Pte. Ltd., Singapur)
CapEx Profile
Down From €834m to €425m, Below Depreciation For Next Years

Capital Budget 2015 and 2016e (€m)

Projects 2015
- New POLYSILICON production site in Charleston, Tennessee, USA
- New plant for vinyl acetate-ethylene (VAE) copolymer dispersions (+85kt), Calvert City, USA
- New dryer for dispersible polymer powders (+50kt), Burghausen
- Expansion of production of functional silicone fluids, Burghausen

Projects 2016
- Completion of new POLYSILICON production site in Charleston, Tennessee, USA
- Add cyclodextrin capacity, Eddyville, USA
- HTV silicone compounds, Burghausen
- Crystal-growing facilities, Freiberg
## Guidance Update FY 2016
### Targeting Upper End of EBITDA Guidance Range

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>Outlook 2016</th>
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</thead>
<tbody>
<tr>
<td>Sales (€m)</td>
<td>5,296</td>
<td>Slight increase</td>
</tr>
<tr>
<td>EBITDA (€m)</td>
<td>1,049</td>
<td>Expecting FY 5-10% higher excl. special income</td>
</tr>
<tr>
<td>EBITDA excl. special income (€m)</td>
<td>911</td>
<td></td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>19.8</td>
<td>Somewhat lower</td>
</tr>
<tr>
<td>Group net income (€m)</td>
<td>242</td>
<td>Below 2015</td>
</tr>
<tr>
<td>Net cash flow (€m)</td>
<td>22.5</td>
<td>Significantly positive</td>
</tr>
<tr>
<td>CapEx (€m)</td>
<td>834</td>
<td>About 425</td>
</tr>
<tr>
<td>Net financial debt (€m)</td>
<td>1,074</td>
<td>Slightly below prior-year level</td>
</tr>
<tr>
<td>Depreciation (€m)</td>
<td>575</td>
<td>About 720</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>8.1</td>
<td>Substantially lower</td>
</tr>
<tr>
<td>Tax Rate (%)</td>
<td>40.5</td>
<td>Below 40%</td>
</tr>
</tbody>
</table>
Appendix: Q2 Results 2016
Sales and EBITDA Breakdown

**Q2 2016 Sales**

- **Total:** €1,386m
  - **Wacker Silicontes:** 17%
  - **Wacker Polymers:** 18%
  - **Wacker Polysilicon:** 4%
  - **Wacker Biosolutions:** 23%
  - **Others:** 1%

**Q2 2016 EBITDA**

- **Total:** €300m
  - **Wacker Silicontes:** 37%
  - **Wacker Polymers:** 26%
  - **Wacker Polysilicon:** 26%
  - **Wacker Biosolutions:** 3%
  - **Others:** 2%

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1 based on external sales
Appendix:
Raw Materials - Share of Top 4 Raw Materials Stable YoY

Ethylene Contract (€/MT) Si-Metal Contract (€/MT) Raw Materials 2015 Chemicals

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>2015 Sales</th>
<th>2014 Sales</th>
<th>2013 Sales</th>
<th>2012 Sales</th>
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<tbody>
<tr>
<td>Ethylene</td>
<td>44%</td>
<td>45%</td>
<td>46%</td>
<td>47%</td>
</tr>
<tr>
<td>Methanol</td>
<td>17%</td>
<td>18%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>VAM*</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Si Metal</td>
<td>10%</td>
<td>11%</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Others</td>
<td>19%</td>
<td>18%</td>
<td>17%</td>
<td>16%</td>
</tr>
</tbody>
</table>

* VAM = Vinylacetate monomer

Costs of top 4 raw materials 19% of chemicals segment sales

Source: ICIS, Ethylene Market Price Europe, free delivered
Source: CRU-Provider, Si-Metal Contract Price Europe free delivered
WACKER: Issuer, Contact and Additional Information

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Prime Standard

Financial Calendar

10/11/16 – Capital Market Day
10/27/16 – Q3 Results 2016