Managing for Growth and Cash

Wacker Chemie AG, October / November 2017
Disclaimer

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating. Certain statements and information contained in this presentation may relate to future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties. In addition to statements which are forward-looking by reason of context, including without limitation, statements referring to risk limitations, operational profitability, financial strength, performance targets, profitable growth opportunities, and risk adequate pricing, other words such as "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, or continue", "potential, future, or further", and similar expressions identify forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing business or other market conditions and the prospects for growth anticipated by the Company's management. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any statements contained in this presentation, whether as a result of new information, future events or otherwise. In particular, you should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.
Agenda

Managing for Growth and Cash 3 - 9

Segment Overview 10 - 21

Financials 22 - 23

Appendix 25 - 32
A Foundation for Growth – Our Business Portfolio

WACKER POLYSILICON
- Merchant market leader
- Cost and quality leader
- Enabling industry growth

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

WACKER SILICONES
- No. 2 with global footprint
- Leading positions in key growth segments
- Combining cost leadership with specialty orientation

WACKER BIOSOLUTIONS
- High potential for future development

WACKER: FY 2016
Sales €4.6bn

OTHERS

1 Adjusted according to IFRS 5
Targets for the Next Years – Growth and Cash

1. Extend Leverage Phase

2. Continue to Grow Above Chemical Production

3. Focus on Sustainability

4. Sustain Attractive Margins Throughout the Cycle

5. Generate Cash
Target: Leverage Phase Extended to at Least 2020

CapEx vs. Depreciation Expense WACKER Group w/o Siltronic (€m)

Investment focus on CHEMICALS
Target: Continue to Grow Above Chemical Production

Development of WACKER Group Revenue (€bn)

- Solid growth driven by CHEMICALS
Target: Focus on Sustainability

Polysilicon for Photovoltaics (PV)

Avoided Emissions Compared to Coal

1:20

CO2-Emissions from production and raw materials

Avoided CO2-emissions: electricity generation through PV

DPP¹ for Thin-Bed CTA-Applications

Reduced Cement Usage Lowers CO₂ Intensity

1:6

CO2-Emissions from production and raw materials

Avoided CO2-emissions: CTA-applications

¹) DPP = Dispersible Polymer Powder, CTA = Ceramic Tile Adhesives; Source: WACKER Estimate
Target: Sustain Attractive Margins Throughout the Cycle

Chemicals – EBITDA Margin (%)

- Internal drivers
  - Product mix – Specialties
  - Cost reduction – WOS
- External drivers
  - Supply and Demand
  - Short term impact from raw material prices

POLYSILICON – EBITDA Margin (%)

- Internal drivers
  - Cost reduction (Productivity, Technical developments)
- External drivers
  - Supply and Demand
  - Regulatory changes

1) Operating Margin: \((\text{EBITDA} - \text{Special Income} - \text{Pre Operational Costs} - \text{Ramp Costs}) / \text{Sales}\)
Target: Generate Cash

Dividend per share* (€)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.2</td>
</tr>
<tr>
<td>2011</td>
<td>3.2</td>
</tr>
<tr>
<td>2012</td>
<td>2.2</td>
</tr>
<tr>
<td>2013</td>
<td>0.6</td>
</tr>
<tr>
<td>2014</td>
<td>0.5</td>
</tr>
<tr>
<td>2015</td>
<td>1.5</td>
</tr>
<tr>
<td>2016</td>
<td>2.0</td>
</tr>
<tr>
<td>2017</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Dividend policy

- Dividend target: 50% payout of net income from continuing operations
- Temporary deviations possible, in particular, to reflect new leverage target range of 0.5 - 1x EBITDA
- Boundary conditions:
  - Overall business conditions
  - Financial status
  - Approval of AGM

*Payout for previous year
SILICONES
Customized Products with Unique Properties

Silicones - A Highly Flexible Elementary Building Block

Typical structure of a linear silicone polymer

Broad spectrum of adjustable properties

- Hydrophilic
- Form stable

- Hydrophobic
- Formable

Key Market Growth Trends

- Mobility
- Digitization
- Medical

High performance products for future growth markets
**Key Competitive Advantages and Strengths**

- **WACKER Silicon Verbund**
  - Two world-scale upstream sites in Burghausen & Nünchritz
  - Operating a third fully integrated upstream site in China in a JV
  - Highest level of integration in the industry with own fumed silica – a valuable by-product
- Global footprint in downstream operations
- Strong focus on production technology & productivity
**SILICONES**

Key Trends and World Class Efficiency Drive Growth

Full portfolio provider with benchmark costs

Growth with focus on specialties

- Backward integrated
- Cost leadership
- Focus on innovation, customers and technical service
- Relying on know-how and experience
**POLYMERS**

Creating Added Value in a Wide Variety of Applications

**Vinyl Acetate Ethylene (VAE) – Enabling Tailor-Made Formulations**

- Vinyl acetate
- Ethylene

**VAE Dispersions**

**Dispersible Polymer Powders (DPP)**

- With ethylene functioning as the internal plasticizer, VAE polymers are waterborne and free of additional solvents

- Environmentally friendly solutions with high functionality and versatility

**Key Market Growth Trends**

- Building Standards
- Refurbishment
- Sustainability
VAE Dispersions

Adhesives
- Broad adhesion
- Bonding to a wide range of different substrates
- Fast setting and wet tack

Paints
- No plasticizers needed
- Low-odor, low VOC*
- Excellent scrub resistance and hiding

Flooring
- Adhesion to all substrates
- Good flexibility
- Harden without cracking

VAE Powders

Ceramic Tile Adhesives
- High Bonding Strength
- Longer open time
- Fast tile setting

High performance, attractive cost-in-use ratio and environmental benefits

* volatile organic compounds
**POLYMERS**
Growth with Customer Focus, Substitution and Innovation

**Push transformation in construction towards higher building standards**

**Success Story: Combination of Dispersions and Powders**

World Class setup
POLYMERS with 1 Million Tons of VAE globally

- POLYMERS with Tandem Approach – #1 in dispersions and in powders
BIOSOLUTIONS
Innovation and Growth

Microbial Production
- Technology improves productivity and simplifies the purification process
- Global customer base and a track record of over 125 Projects
- Largest dedicated microbial CMO* in Europe

Metabolic Engineering
- Undisputed market leader in the cysteine food market
- Compliant with all major food and pharmaceutical standards
- Vegetarian production process by fermentation with *E.coli*

Cyclodextrin Technology
- Opening up new product properties that are otherwise unreachable:
  - Protect and Carry
  - Remove, Diminish
  - Delayed Release

Gumbase Solutions
- #1 supplier of resins to the global chewing gum industry
- Novel technology opens new opportunities for flavors and ingredients

CMO = Contract Manufacturing Organization
**BIOSOLUTIONS**

**Time- and Cost-Efficient Manufacturing of Biopharmaceuticals**

**ESETEC® (E.coli secretion technology)**

- **ESETEC® reduces the number of process steps**
- **ESETEC® significantly increases yields**
- **ESETEC® reduces production costs**

**Example:** Antibody Fragments

<table>
<thead>
<tr>
<th>ESETEC® 2.0</th>
<th>PERIPLASMIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 g/L</td>
<td>1.25 g/L</td>
</tr>
<tr>
<td>418 g</td>
<td>95 g</td>
</tr>
</tbody>
</table>

**Up to 5x lower**

**Conventional ESETEC® system**

© Wacker Chemie AG  
October / November 2017
BIOSOLUTIONS

Well Positioned for Further Growth

Focus on development of biotechnology businesses

Leveraging our know-how, experience and assets

Continuous Investments in Innovation and Growth

Biopharmaceuticals 2014: Acquisition of Scil Proteins Production in Halle

Biotransformation 2016 onwards: Investments and debottlenecking of Cyclodextrin plant

Fermentation 2016: Acquisition of fermentation assets from Antibioticos de León
POLYSILICON

Competitive PV Power Rates Fuel Growth in Solar

Power Rates (€/kWh)

*Nuclear Power Plant Hinkley Point C UK; Source: SeeNews Renewables, Industry Announcements
**POLYSILICON**

High Quality Polysilicon Required for Mono Growth Trend

---

**PV Share of Electricity Demand**

**PV Installation Growth**
(in GW per year)

**Development of Solar Wafer Capacities**
(in GW per year)

---

Source: IEA, BNEF, Market Studies, WACKER Estimate
POLYSILICON
Generate Cash Flow from Strong Assets

Focus on cost and quality

Leveraging our assets

Aggressive Cost Reduction Targets
Cash-Cost (Index = 100)

-33%  
100

67

> 30%

2012*
2017e
2021e

- Continued cost leadership in high quality polysilicon
Highlights Q3 2017
Strong Demand and High Utilization Rates

Strong Results in Q3 – FY17 EBITDA Guidance increased to €1bn

Financials

- **Sales** of €1.3bn (+14% yoy)
- **EBITDA** at €298m (+13% yoy, +18% qoq)
- **Net Cash Flow** clearly positive at €205m

Operations

- Good **operational performance** in Chemicals
- **FX headwinds** and higher raw material prices yoy
- **Improving sales** in POLYSILICON, slowed by Tennessee incident
### Q3 Reporting: Higher Guidance on Results and Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2016*</th>
<th>Outlook 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (€m)</td>
<td>4,634</td>
<td>Mid-single-digit % increase</td>
</tr>
<tr>
<td>EBITDA excl. prepayment effects (€m)</td>
<td>935</td>
<td>1,000</td>
</tr>
<tr>
<td>EBITDA margin (%)</td>
<td>20.6</td>
<td>At last year’s level</td>
</tr>
<tr>
<td>Net cash flow (€m)</td>
<td>361</td>
<td>Somewhat lower than last year</td>
</tr>
<tr>
<td>CapEx (€m)</td>
<td>338</td>
<td>At last year’s level</td>
</tr>
<tr>
<td>Net financial debt (€m)</td>
<td>993</td>
<td>Around 500</td>
</tr>
<tr>
<td>Depreciation (€m)</td>
<td>618</td>
<td>Around 600</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>5.6</td>
<td>Slightly above last year’s level</td>
</tr>
<tr>
<td>Tax Rate (continuing operations) (%)</td>
<td>30.9</td>
<td>Around 25%</td>
</tr>
</tbody>
</table>

* Adjusted according to IFRS 5
Agenda

- Managing for Growth and Cash  3 - 9
- Segment Overview       10 - 21
- Financials             22 - 23
- Appendix               25 - 33
**WACKER Group Segment Guidance FY 2017**

<table>
<thead>
<tr>
<th>In €m / %</th>
<th>2016</th>
<th>EBITDA</th>
<th>EBITDA Margin</th>
<th>Outlook 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SALES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SILICONES</strong></td>
<td>2,001</td>
<td>361</td>
<td>18.1%</td>
<td>High-single-digit % growth in sales with an EBITDA margin at about 20%</td>
</tr>
<tr>
<td><strong>POLYMERS</strong></td>
<td>1,195</td>
<td>261</td>
<td>21.8%</td>
<td>Mid-single-digit % increase in sales; Expect FY EBITDA decrease from raw material inflation, but margin over 16% target levels for Chemicals</td>
</tr>
<tr>
<td><strong>BIOSOLUTIONS</strong></td>
<td>206</td>
<td>37</td>
<td>17.9%</td>
<td>Sales at prior year level due to FX impact; Q4 EBITDA below prior year following integration costs from acquisition in Spain</td>
</tr>
<tr>
<td><strong>POLYSILICON</strong></td>
<td>1,096</td>
<td>286</td>
<td>26.1%</td>
<td>Sales at prior year level, FY EBITDA (ex specials from prepayment contracts) around 10% higher than in 2016*</td>
</tr>
</tbody>
</table>

* Adjusted EBITDA for 2016, excluding special income, amounted to €266 million.
### Q3 Results 2017 and Pro-Forma FY 2016

#### P&L

<table>
<thead>
<tr>
<th></th>
<th>Q3 2017</th>
<th>Q3 2016*</th>
<th>% YoY</th>
<th>Q2 2017</th>
<th>% QoQ</th>
<th>FY 2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>1,312</td>
<td>1,151</td>
<td>14%</td>
<td>1,218</td>
<td>8%</td>
<td>4,634</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>298</td>
<td>264</td>
<td>13%</td>
<td>253</td>
<td>18%</td>
<td>956</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>22.7%</td>
<td>22.9%</td>
<td>-</td>
<td>20.8%</td>
<td>-</td>
<td>20.6%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>155</td>
<td>108</td>
<td>44%</td>
<td>102</td>
<td>52%</td>
<td>338</td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td>11.8%</td>
<td>9.4%</td>
<td>-</td>
<td>8.4%</td>
<td>-</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>Net income for the period</strong></td>
<td>104</td>
<td>68</td>
<td>54%</td>
<td>61</td>
<td>72%</td>
<td>189</td>
</tr>
<tr>
<td>- From continuing operations</td>
<td>104</td>
<td>63</td>
<td>65%</td>
<td>61</td>
<td>72%</td>
<td>178</td>
</tr>
<tr>
<td>- From discontinued operations</td>
<td>0</td>
<td>4.3</td>
<td>n.a.</td>
<td>0</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td><strong>EPS in €</strong></td>
<td>2.04</td>
<td>1.29</td>
<td>58%</td>
<td>1.17</td>
<td>74%</td>
<td>3.61</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td>205</td>
<td>209</td>
<td>-2%</td>
<td>94</td>
<td>&gt;100%</td>
<td>361</td>
</tr>
</tbody>
</table>

* Adjusted according to IFRS 5

1) Sum of CF from op. activities (excl. changes in advanced payments) and CF from long-term investing activities (bef. securities), incl. additions due to finance leases
## WACKER Group Q3 2017 and Pro Forma FY 2016 Results – Breakdown by Business

<table>
<thead>
<tr>
<th>In €m / %</th>
<th>Q3 2017</th>
<th>FY 2016*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SALES</td>
<td>EBITDA</td>
</tr>
<tr>
<td>CHEMICALS</td>
<td>930</td>
<td>195</td>
</tr>
<tr>
<td>SILICONES</td>
<td>559</td>
<td>128</td>
</tr>
<tr>
<td>POLYMERS</td>
<td>318</td>
<td>57</td>
</tr>
<tr>
<td>BIOSOLUTIONS</td>
<td>53</td>
<td>10</td>
</tr>
<tr>
<td>POLYSILICON</td>
<td>342</td>
<td>85</td>
</tr>
<tr>
<td>Others</td>
<td>45</td>
<td>18</td>
</tr>
<tr>
<td>Consolidation</td>
<td>-6</td>
<td>-1</td>
</tr>
<tr>
<td>WACKER Group</td>
<td>1,312</td>
<td>298</td>
</tr>
</tbody>
</table>

* Adjusted according to IFRS 5
**Special EBITDA Effects**
**No Special Income in Q3**

<table>
<thead>
<tr>
<th>Special income (in €m)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLYSILICON: Retained prepayments &amp; damages from cancelled contracts</td>
<td>137.6</td>
<td>7.0</td>
<td>13.3</td>
</tr>
</tbody>
</table>

FY Q1 Q2 Q3 Q4 FY Q1 Q2 Q3
### Global PV Market Surging Again in 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>0.6</td>
<td>0.9</td>
<td>0.9</td>
<td>0.6</td>
<td>0.8 – 1.0</td>
</tr>
<tr>
<td>Germany</td>
<td>3.3</td>
<td>1.9</td>
<td>1.5</td>
<td>1.5</td>
<td>1.8 – 2.0</td>
</tr>
<tr>
<td>Europe other</td>
<td>6.9</td>
<td>4.6</td>
<td>6.2</td>
<td>4.3</td>
<td>4.2 – 4.6</td>
</tr>
<tr>
<td>Europe total</td>
<td>10.8</td>
<td>7.4</td>
<td>8.6</td>
<td>6.4</td>
<td>6.8 – 7.6</td>
</tr>
<tr>
<td>Australia</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
<td>1.2 – 1.5</td>
</tr>
<tr>
<td>China*</td>
<td>12.9</td>
<td>13.2</td>
<td>16.5</td>
<td>32.5</td>
<td>44.0 – 47.0</td>
</tr>
<tr>
<td>India</td>
<td>1.0</td>
<td>1.0</td>
<td>2.1</td>
<td>4.3</td>
<td>9.0 – 10.0</td>
</tr>
<tr>
<td>Japan</td>
<td>6.8</td>
<td>9.3</td>
<td>10.8</td>
<td>8.6</td>
<td>6.5 – 7.0</td>
</tr>
<tr>
<td>South Korea</td>
<td>0.5</td>
<td>0.9</td>
<td>1.0</td>
<td>0.9</td>
<td>1.0 – 1.2</td>
</tr>
<tr>
<td>USA</td>
<td>4.8</td>
<td>6.2</td>
<td>7.3</td>
<td>14.8</td>
<td>11.5 – 12.5</td>
</tr>
<tr>
<td>Rest of World</td>
<td>2.3</td>
<td>5.1</td>
<td>9.0</td>
<td>9.8</td>
<td>12.0 – 13.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40 GW</strong></td>
<td><strong>44 GW</strong></td>
<td><strong>56 GW</strong></td>
<td><strong>78 GW</strong></td>
<td>~92 – 100 GW</td>
</tr>
</tbody>
</table>

Sources: SPE, IHS, Industry announcements, WACKER estimates; *China official data adjusted for installed/not connected capacity
Highly-Integrated Operations Based on Five Key Raw Materials

<table>
<thead>
<tr>
<th>Raw Material</th>
<th>Upstream</th>
<th>Downstream</th>
<th>Customers’ Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methanol</td>
<td>Siloxane</td>
<td>Silicones</td>
<td>Construction</td>
</tr>
<tr>
<td>Silicon metal</td>
<td>Pyrogenic silica</td>
<td></td>
<td>Automotive suppliers</td>
</tr>
<tr>
<td></td>
<td>Polysilicon</td>
<td></td>
<td>Paints and coatings</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Textiles, print and paper</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Personal care</td>
</tr>
<tr>
<td>Ethylene</td>
<td>Vinyl acetate monomer (VAM)</td>
<td>Vinyl acetate ethylene (VAE)</td>
<td>Solar and semiconductor</td>
</tr>
<tr>
<td>Acetic acid</td>
<td></td>
<td></td>
<td>wafers, cells and modules</td>
</tr>
<tr>
<td>Starch/dextrose</td>
<td>Microb. fermentation</td>
<td>Therapeutic proteins food ingredients</td>
<td>Engineered fabrics, adhesives, coatings, carpeting</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Construction, remodeling, insulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Food, automotive</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Therapeutic proteins/ food, pharma &amp; agro ingredients</td>
</tr>
</tbody>
</table>
Raw Material Prices With Volatile Development

**Si-Metal (€/MT)**
- 2010: 1,750
- 2011: 2,750
- 2012: 2,250
- 2013: 2,000
- 2014: 1,591 € Low
- 2015: 1,591 € Low
- 2016: 1,750
- 2017: 2,500

Source: CRU, Si-Metal Spot FD Europe

**Ethylene (€/MT)**
- 2010: 1,400
- 2011: 1,300
- 2012: 1,200
- 2013: 1,100
- 2014: 1,000
- 2015: 900
- 2016: 810 € Low
- 2017: 7,90

Source: ICIS, EN Contract FD NWE

**Methanol (€/MT)**
- 2010: 250
- 2011: 300
- 2012: 350
- 2013: 400
- 2014: 450
- 2015: 445 € High
- 2016: 300
- 2017: 202 € Low

Source: ICIS, MeOH Contract, FOB RDM

**VAM (€/MT)**
- 2010: 660 € Low
- 2011: 7,90
- 2012: 1,200
- 2013: 1,345 € High
- 2014: 1,370 € High
- 2015: 1,370 € High
- 2016: 1,370 € High
- 2017: 1,370 € High

Source: ICIS, VAM Contract FD NWE
Market Leading Positions

POLYMERS
Global DPP and VAE Market

- WACKER
- Others
- DPP
- VAE disp.
- CCP
- AkzoNobel
- Dairen
- Celanese

SILICONES
Silane/Siloxane backward integrated suppliers

- WACKER
- Others
- Bluestar
- Shin-Etsu
- Momentive
- Dow

POLYSILICON

- WACKER
- Others
- Tokuyama
- GCL
- Xinte/TBEA
- Hemlock
- OCI
- TBEA

BIOSOLUTIONS

- WACKER
- Others
- Cyclo-dextrins
- GCL
- chinese animal grade
- competitor veg. grade
- Cysteine

© Wacker Chemie AG
October / November 2017

* Food only; Source: Industry Announcements; WACKER; Year: 2016
WACKER: Issuer, Contact and Additional Information

Issuer and Contact

Wacker Chemie AG
Hanns-Seidel-Platz 4
D-81737 Munich

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

Scott McCollister
Tel. +49 89 6279 1560
scott.mccollister@wacker.com

Monika Stadler
Tel. +49 89 6279 2769
monika.stadler.ir@wacker.com

Additional Information

ISIN: DE000WCH8881
WKN: WCH888
Deutsche Börse: WCH

Financial Calendar

03/13/18 – FY 2017 Results
04/26/18 – Q1 Results 2018
05/09/18 – Annual Shareholders' Meeting
07/26/18 – Q2 Results 2018
10/25/18 – Q3 Results 2018

WACKER Factbook 2017