1st Chemical Day
February 15, 2016

Wacker Chemie AG @ Consortium für elektrochemische Industrie
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Dr. Hartel / Mr Willems: Welcome to WACKER

Mr Willems: WACKER SILICONES

Dr. Hartel: WACKER POLYMERS

Dr. Hartel / Mr Willems: The Common Ground - Chemicals
Chemical Day 2016 - Welcome to WACKER

Dr. Christian Hartel, Member of the Executive Board, Wacker Chemie AG
Auguste Willems, Member of the Executive Board, Wacker Chemie AG
Chemicals With High Contribution to Sales in WACKER’s Portfolio

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

FY 2015e Sales €5.3 bn

Note: Percentages based on external sales per segment.
Chemicals with Strong Growth and Contribution to EBITDA

Sales Chemical Divisions in € bn

![Sales Chemical Divisions](image)

EBITDA FY 2015e

![EBITDA FY 2015e](image)
Chemicals: Shipments Grew 8% CAGR since 2005

Chemicals Shipments (kt)

- 2005: 633 kt
- 2015: 1,391 kt

Regional Split

- 2005:
  - Germany: 41%
  - Asia / RoW: 26%
  - Americas: 20%
  - Other Europe: 14%

- 2015:
  - Germany: 32%
  - Asia / RoW: 24%
  - Americas: 31%
  - Other Europe: 14%
Chemicals EBITDA not Correlated to Crude Oil: $R^2=0.033$

**Chemicals EBITDA (mn €) & Brent Oil (USD/Barrel) 2006-2015**

*Yearly Average*
1 Cent Change in USD/€ Exchange Rate had an Impact of €5.3m* on FY-EBITDA 2015 – thereof ~ €2m Effect on Chemicals

USD/EURO Development

Net USD Exposure FY 2015e

* unhedged
WACKER: 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 wafers, cells and modules</td>
</tr>
<tr>
<td>Acetic acid</td>
<td></td>
<td>Dispersible polymer powders (DPP)</td>
<td>Semiconductors</td>
</tr>
<tr>
<td>Starch/dextrose</td>
<td>Microb. fermentation</td>
<td>Polyvinyl acetate (PVAc)</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>Food, pharma, agro, household</td>
</tr>
</tbody>
</table>
WACKER with Strong Market Positions in Chemicals Divisions Through Excellence in Operations, Innovation & Sales

SILICONES

POLYMERS

Customer Orientation

Operational Excellence

Innovation

WACKER – CREATING TOMORROW’S SOLUTIONS TODAY
Customer Orientation: WACKER Serves >8,000 Customers Directly with Technical Solutions

Technical Center

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

WACKER ACADEMY

- 13 WACKER ACADEMY sites provide training and product know-how tailored to our customers’ needs
Innovation:
Generating Growth in Chemicals: >10% New Product* Revenue

Strengthen of existing Business
› Secure and Extend Market Position

Optimization of Processes
› Leader in Technology and Cost

New Developments and Markets
› Development of new Segments and Markets

Expenditures in Chemical Divisions

Innovation Facts Chemicals 2015
› R&D and ADTS** Ratio: 4.4% of sales
› R&D employees: ~650
› Portfolio: >150 projects
› New product rate >10%

* New products are not older than 5 years
** Application Development Technical Services
Operational Excellence: Continuous Improvements through WACKER Operating System WOS

Continuous Expansion of WOS

- Global roll out
- Improvement of tools & methods
- Increasing number of topics

Systematic Approach in WOS

- Ambitious Goals
- Projects
- WOS
- Employees
- Tools
BIOSOLUTIONS - Focusing on Non-Cyclical Markets

Supply Chain

Raw Materials
- Starch/Dextrose
- Ethylene
- Acetic Acid

Upstream
- Biologics
- Cyclodextrins / Cysteine
- Gumbase
- Ketene
- Chem. Intermed.

Downstream

Key Markets
- Biopharmaceuticals
- Life Sciences
- Food & Flavor

Business Structure

Food
- Nutrition
  - Cyclodextrins, Cystine/Cysteine as food ingredient, Cyclodextrin complexes
- Gumbase
  - Gumbase resin for chewing gum production

Biopharmaceuticals
- Drugs
  - Custom manufacturing of biologics with strong technology and IP position
- Pharma/Agro
  - Life Sciences
  - Building blocks for drugs or pesticides, auxiliaries and excipients for pharma

Sales 2015
- €197m
  - 59%
  - 29%
  - 12%
BIOSOLUTIONS – Our Technology Platforms Offer Solutions to our Customers in some of the most Promising Markets

Sales development
€ m

2005 110
2015 197

6% increase

Technology Platforms

Microbial Production

Cyclodextrin Technology

Metabolic Engineering

Gumbase Solutions

Main Markets served

Pharma

Agro

Food
Dr. Hartel / Mr Willems: Welcome to WACKER

Mr Willems: WACKER SILICONES

Dr. Hartel: WACKER POLYMERS

Dr. Hartel / Mr Willems: The Common Ground - Chemicals
Chemical Day 2016 – WACKER SILICONES
February 15, 2016

Auguste Willems, Member of the Executive Board, Wacker Chemie AG
The Chemical Structure of Silicones offers Multiple Options to Design Material Properties

Most significant benefits are:

- Excellent chemical resistance
- Thermal stability ~200° C and above
- Physiological compatibility
- Stable properties over wide T-range
- Versatile to modifications
  - from linear to branched network structures
  - different chain lengths $n$
  - different substituents $R$
  - ability to incorporate different fillers

Silicones are the Chameleon within Plastics

Siloxane-Polymer$^1$

$^1$PDMS (Polydimethylsiloxane) with $R' = \text{CH}_3$ (Methyl)
Large Substitution Potential with Increasing Requirements on Plastics

S = Superior heat stability
I = Inertness
L = Lubricating properties
I = Insulating
C = Colourable
O = Optical transparent
N = Non yellowing
E = Excellent water repellency
S = Stress resistant

Material performance
Temperature stability
Increasing cost

Imidized materials
High performance plastics (e.g. PTFE, PVDF)
Engineering plastics (e.g. PU, PET, PC)
Commodities (e.g. PP, PE, PS, PVC, Acrylates)

CAGR 2008-2014 by volume: Plastics¹ ~4%, Silicones² ~5%

¹Plastics Europe, Consultic
²PDMS production volume reference, Market studies, Annual reports, Industry estimates
Customization - Combining a Unique Set of Properties

- Hydrophobic
- Formable
- Adhesive
- Electrically conducting

- Hydrophilic
- Form stable
- Release
- Insulating

**Broad spectrum of adjustable properties**

- Intrinsic properties
  - Thermal stability
  - UV-resistant
  - Inert,
  - Chemical resistant amongst others

*Silicones are high performance products, suitable for multiple applications*
**From Silicon Metal to Multiple Markets**

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Product Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quartz + Charcoal</td>
<td>2 Major Product Groups</td>
</tr>
<tr>
<td></td>
<td>Silicon Metal</td>
</tr>
<tr>
<td></td>
<td>Methanol</td>
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<tr>
<td></td>
<td>Siloxane</td>
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<tr>
<td></td>
<td>Elastomers</td>
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<tr>
<td></td>
<td>Fluids &amp; Emulsions</td>
</tr>
<tr>
<td></td>
<td>Fumed Silica</td>
</tr>
</tbody>
</table>

>3,000 products in multiple applications and >15,000 direct and indirect customers
WACKER’s Unique Strength - Highly Efficient Verbund Production of Siloxane, Poly and HDK* Combined with Inhouse Silicon Supply

Scheme for the WACKER Production “Verbund”

- Silicones
- Polysilicon
- HDK®
- Silicon Metal Supply (internal/external)

Methanol + HCl

By-products, e.g. Methyltrichlorosilane

HCl Synthesis

HCl

By-products, e.g. Silicontetrachloride

*HDK = Hochdisperse Kieselsäure (Fumed Silica)
Silicone Market Diversified across Industries and Applications

- Health Care 4%
- Finished Goods 3%
- Coatings 10%
- Energy & Electronics 8%
- Manufacturing Machinery 9%
- Automotive 5%
- Performance Additives / Functional Ingredients 32%
- Construction 14%
- Consumer Care 15%

2015e ≈ €11.5 bn\(^1\)

CAGR 2005-2015: ~5%

\(^1\)backward integrated Si-suppliers only

Source: Market studies, Annual reports, WACKER estimates
~85% of the Global Population will Catch up with their Silicone Consumption

Silicone Consumption (kg/capita)

Source: WACKER estimate

1GDP = Gross domestic product
Increasing Demand for Silicones in All Markets

Mobility
- Airbag coating
- Vibration control
- Turbo charger hoses
- Automotive lighting
- Protection of electronic control units (e.g. ABS¹, ESP², ACC³)

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

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

¹Antilock Braking System
²Electronic Stability Program
³Adaptive Cruise Control
WACKER as Global Player holds #2 Market Position Globally

Market by Competitor 2015e in %

- WACKER (GER) 17%
- Dow Corning (US) 35%
- Momentive (US) 17%
- Shin Etsu (JP) 11%
- Bluestar (CN) 7%
- Others 14%

~€ 11.5 bn¹

Market by Region 2015e in %

- ASIA 44%
- Europe/ROW 30%
- Americas 26%

~€ 11.5 bn¹

¹Silane/Siloxane backward integrated suppliers only; WACKER data incl. HDK
## Multinational Competitors with Different Set-up

### Overview on Competitor’s Own Capabilities

<table>
<thead>
<tr>
<th></th>
<th>WACKER</th>
<th>Dow Corning</th>
<th>Momentive</th>
<th>ShinEtsu</th>
<th>Bluestar</th>
<th>Evonik</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silicon Metal</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>Silanes</td>
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<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Siloxane production</td>
<td>Europe</td>
<td>North America</td>
<td>Europe</td>
<td>Asia</td>
<td>Europe</td>
<td>Asia</td>
</tr>
<tr>
<td>Fumed Silica Technology / Production</td>
<td>Europe</td>
<td>Asia</td>
<td>North America</td>
<td>Europe</td>
<td>Asia</td>
<td></td>
</tr>
<tr>
<td>&quot;Silicium Verbund-Site&quot;(^1)</td>
<td>✔</td>
<td></td>
<td></td>
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</tbody>
</table>

\(^1\)Siloxane / Poly / HDK production incl. coupled material- and energy flows
Over the Last Decade WACKER SILICONES has grown at 6%

- **Americas**: +5 % CAGR
- **EMEA**: +4 % CAGR
- **Asia**: +14 % CAGR

[Graph showing growth in Americas, EMEA, and Asia over the years 2005 and 2015e, with values in mn EUR and CAGR rates.]
Strong Global Footprint with Local Presence

Technical Center & WACKER ACADEMY

13 Production sites – Economies of Scale
Upstream sites in Europe and Asia

Siloxane capacities
Burghausen >120 kt  Nünchritz >130 kt  Zhangjiagang-JV¹ >200 kt

- Silicon Metal production at Holla in Norway (50 kt)
- 3 world scale upstream sites
- Global footprint of flexible downstream production units

¹WACKER: 25% Share

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.

Chemical Day 2016 - WACKER SILICONES
A. Willems, February 15, 2016
SILICONES Targets 6% Profitable Growth

**Strategic Focus**

1. Value creation
2. Innovation
3. Cost

**Our Roadmap**

- Push our specialty business by investing in downstream production and service close to our customers
- Investigate opportunities for organic replacement and open up new markets for Silicones
- Continuous cost improvement through operational excellence
Reduce Capital Intensity of Growth with Focus on Downstream Specialties

Upstream

Siloxane

HDK

Downstream

Elastomers
Fluids & Emulsions

Diversification by # of products
# of production units
# of customers

Flexible production units close to markets with low specific invest

High
x > 100 m€

Low
x < 10 m€
Master the Ambiguity – Up- and Downstream Challenges Are Different, Likewise the Key Elements for Success

- Upstream
  - Siloxane
  - HDK

- Intermediates
  - Centralized „Verbund“ approach
  - Automatization & Process improvement
  - Permanent high loading & Cost roadmap

- Downstream
  - Elastomers
  - Fluids & Emulsions
  - Regional approach
  - Local competence
  - Customization
  - Innovation
  - Flexibility & Speed

- Standard business
  - Selective investment wherever necessary

- Specialty business
  - Focus of investment
Specialty Focus Creates Value
Standards Needed for Economies of Scale and New Market Entry

Standards
- Exchangeable
- Price elastic
- Low requirement for technical service

Specialties
- Specified properties
- Value based pricing
- Technical service is a key success factor

 Standards  →  Customized solutions

Silicone Sealant in DIY applications

Silicone Adhesive in Automotive applications

*Electronic Control Unit
High Leverage on EBITDA by Shifting Portfolio to Specialties

Share Specialties / Standards in Sales (€), EBITDA (€), Siloxane Consumption (tons)

- Standards
- Specialties

In 2015 Specialties….

- Generated 1.5 times higher sales compared to Standards
- EBITDA contribution was ~4 times higher compared to Standards
- Siloxane consumption was 36% of 2015 capacity (= 43% of 2012 Siloxane capacity)
Specialties Meet Increasing Performance Requirements

Basic solution

- Desired effects from Silicone fluids in hair care applications are
  - hair shine
  - soft silkness
  - wet- and dry-combing

WACKER Standard products: Silicone Dimethylfluids

Special solution

- Silicone emulsions with functional groups (e.g. amino) improve especially
  - dry- and/or wet-combing
  - soft silkness
  - durability of effects
  - ease of formulation
  - Customized formulations provide benefits and support customer retention

WACKER Specialty products: Belsil® ADM, Belsil® DADM
Our Innovation Capabilities Support Our Specialty Strategy

Product Innovation

Over the last five years >10% of our annual sales came from new products

Substitution Drivers
Process efficiency & unique material properties

WACKER SilGel®
as alternative to acrylate films for optical bonding due to processing advantages

New Markets
Unique set of material properties is opening up new markets

ELASTOSIL® Film
Silicone film acting as dielectric electroactive polymer (EAP) thus allowing innovative smart sensor designs
Innovation in Automotive Requires Innovation in Silicones

Multibeam LED

Electric mobility – High voltage cables

LUMISIL® LR

- Silicones allowing new designs for luminaires like light guides for optimized illumination

ELASTOSIL® R, R plus and LR

- Requirements for alternative drive systems (hybrid/electric vehicles) require Silicone Elastomers
  - very good longterm heat resistance
  - low temperature flexibility
  - excellent electrical insulation
  - excellent adhesion of silicone connector to silicone cable and metal parts to ensure reliable sealing performance
SILICONES EBITDA Influenced by Various Parameters

Ranked Cost Structure of SILICONES

- Raw Materials
- Labor
- Logistics
- Depreciation

Our Strategy

- Value based pricing
- Portfolio shift to specialties
- High capacity loading
- Operational Excellence (WOS)
- Drive regionalization

EBITDA / Raw Material Price Development

Siloxane Output (2011 = Index 100)

- EBITDA Margin (in%)
- Raw material price development (Si-Metal, Methanol)
- WACKER Global Siloxane output

Raw Material Pricing: ICIS, IHS, BLOOMBERG

1Weighted mixed price depending on recipe content in Polydimethylsiloxane
2EBITDA adj. excl. special effects
Operational Excellence is Key
Leverage Existing Capacities and Maximize Output

Siloxane Output & Specific Cost Development
Burghausen & Nünchritz (Index 2011 = 100%)

HDK® Output & Specific OPEX Development¹
Germany & China (Index 2011 = 100%)

1Siloxane plant shutdown in Nünchritz for technical revision

¹w/o Afa and based on 2011 FX CNY/EUR
²w/o Kempten

Output
Specific Cost

+4%

Output
Specific OPEX

+4%
WACKER SILICONES
An Integrated Global Player in a Leading Market Position

Supply Chain

- Quartz + Charcoal
- Silicon Metal
- Methanol
- Siloxane
- Elastomers
- Fluids & Emulsions
- Fumed Silica
- Hydro Power

2 Major Product Groups

- "Solid" e.g. "Solid"
- "Liquid"

Strong Global Footprint

- Production Site
- Technical Center
- Integrated Production Site

Market Characteristics

- Reduced cyclical vulnerability through broad market penetration and wide customer base
- Historic growth rates above worldwide GDP\(^1\)
- High entry barriers (capital and technology)
- Key drivers spur sustainable market growth
- Innovation broaden scope of applications

Competitive Landscape 2015

- Others 14%
- Bluestar 7%
- Shin Etsu 11%
- Momentive 17%
- WACKER 17%
- Dow Corning 35%

\(1\)Silane/Siloxane backward integrated suppliers only; WACKER data incl. HDK

\(1\)GDP = Gross domestic product
Dr. Hartel / Mr Willems: Welcome to WACKER

Mr Willems: WACKER SILICONES

Dr. Hartel: WACKER POLYMERS

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Dr. Christian Hartel, Member of the Executive Board, Wacker Chemie AG
The most significant benefits are:

- Perfect adhesion and cohesion
- Ethylene as internal plasticizer
- Produced without added Formaldehyde and APEOs*
- Waterborne

- Ecologically Sound Performance

*alkyl phenol ethoxylates
Good Copolymerization of Vinyl Acetate and Ethylene Leads to Tailor Made Products with a Broad Range of Applications

Properties due to Vinyl Acetate units

- Polar
- Hard feel
- Rigid
- Elasticity

Properties due to Ethylene units

- Nonpolar, hydrophobic
- Soft feel
- High flexibility
- High chemical resistance
Polymer Binder in Cementitious Systems with Key Advantages

**Polymer in cementitious systems**

- cementitious system
- polymer binder
- substrate

**Key advantages:**
- Adhesion on critical substrates
- Advanced workability and machine application
- Improve flexibility and toughness

**Global dry mix mortars**

Source: WACKER, Scanning Electron Microscope
WACKER POLYMERS: Unique with Integrated Production Sites in Europe, Americas and Asia

Raw Materials

- Ethylene
- Acetic Acid

Upstream

- Europe

Downstream

- Europe / Asia / Americas

VAM = Vinyl acetate monomer
VAE = Vinylacetate ethylene
PVAc = Polyvinyl acetate
PVOH = Polyvinyl alcohol
POLYMERS with Diverse Markets and Broad Customer Base

Portfolio 2014

- Construction
  - Tile Adhesives
  - External Thermal Insulation
  - Self Leveling
  - Others

- Adhesives
- Coatings & Paints
- Nonwovens & Textiles
- Carpet

Source: WACKER analysis
### VAE With Strong Growth Through Significant Advantages

**Polymer Latex Market Growth Rates 2009-2014**

<table>
<thead>
<tr>
<th></th>
<th>VAE</th>
<th>PVAc</th>
<th>SA</th>
<th>Acrylics</th>
<th>Vac-copo</th>
<th>SBL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth Rates</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

- Adhesion to different substrates
- Less combustible
- Broad range of heat resistance
- Easy applicability & workability
- Flexibility
- Reliability, clean machinability
- No plasticizers or additional solvents
- Low VOC* and low odor

**Examples of Applications:**
- **Architectural Coatings**
- **Construction Application**
- **Adhesives**
- **Carpet**
- **Paper**

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**Abbreviations:**
- PVAc = Polyvinylacetate
- SA = Styrene Acrylics
- VAc-copo = Vinylacetate copolymer
- SBL = Styrene Butadiene Latex

*Volatile organic compounds*
WACKER Global Market Leader in VAE Dispersions and Powder

VAE Merchant Dispersions Market by Competitor 2014

Dispersible Polymer Powders Market by Competitor 2014

<table>
<thead>
<tr>
<th>PORTFOLIO</th>
<th>RELEVANT MARKET IN REGION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ASIA</td>
</tr>
<tr>
<td>WACKER</td>
<td>x</td>
</tr>
<tr>
<td>Celanese</td>
<td>x</td>
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<tr>
<td>AkzoNobel</td>
<td>x</td>
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<td>Dairen</td>
<td>x</td>
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</tbody>
</table>

* Elotex
Sales of VAE Dispersions and Powder by Region

VAE Merchant Dispersions Market by Region 2014

Dispersible Polymer Powders Market by Region 2014
POLYMERS is Growing in All Regions with High Rates

- Americas: +14% CAGR
- EMEA: +5% CAGR
- Asia: +22% CAGR

2005 vs. 2015e in mn EUR
WACKER POLYMERS with Continuously Expanding Footprint

Latest Capacity Expansions

- Led to 1 mn tons of VAE

POLYMERS' production sites are located strategically close to raw materials.
Strategy has been Aligned to Focus on Long-Term Growth

Strategic Focus to outgrow core markets

**Expansion**
- Presence in all key markets via Technical Centers & WACKER ACADAMY
- New reactors in Asia/Americas and dryer in Europe

**Substitution**
- Transformation of traditional construction systems
- Replacement of non-VAE technologies

**Innovation**
- New application development beyond existing core segments
- Operational Excellence by Process Development
Growth of Dispersible Polymer Powder with a Multiple of GDP

Average Annually Growth Rate 2010 -2015

WACKER’s Growth in Powder

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

High Percentage of Growth in Powder Achieved by Substitution

* Sources: B&L, IBRD, Public Data
Substitution with A High Contribution for Growth in Dispersions

Polymer Latex Market Growth Rates 2009 – 2014*

- VAE
- PVAc
- SA
- Acrylics
- Vac-copo
- SBL

Average Growth
Average Growth GDP
Average Growth Polymer Latex Market

Synthetic Polymer Latex Market Volume

* Sources: Kline Studies 2015

PVAc = Polyvinylacetate
SA = Styrene Acrylics
VAc-copo = Vinylacetate copolymer
SBL = Styrene Butadiene Latex
Delivering VAE Application Know-how Directly to our Customers

WACKER ACADEMY
- Mix between theory and practice
- Fixed location
- Located close to technical center

WACKER on Wheels
- Truck going directly to locations
- Demonstration of product advantages live
- Since 2014 in Asia

MyLab
- Movable Container
- Mix between Technical Center and WACKER on Wheels
- Smart and easy to implement

Regional solutions to support local needs and developments
POLYMERS Increases Speed to Market with Unique Approaches

WACKER on Wheels Truck
WACKER on Wheels Truck - planned
MyLab
MyLab - planned

Technical Center with WACKER ACADEMY
R&D center
Technical Center - planned

* Melbourne without Academy
POLYMERS with a Consistent Growth over the last Years

Sales in mn EUR

- 2009: 744
- 2010: 810
- 2011: 928
- 2012: 1,003
- 2013: 979
- 2014: 1,064
- 2015e: 1,185

EBITDA in mn EUR

- 2009: 117 (16%)
- 2010: 123 (15%)
- 2011: 112 (12%)
- 2012: 147 (15%)
- 2013: 148 (15%)
- 2014: 150 (14%)
- 2015e: 222 (19%)

EBITDA as % of sales

- 2009: 16%
- 2010: 15%
- 2011: 12%
- 2012: 15%
- 2013: 15%
- 2014: 14%
- 2015e: 19%
Raw Material Prices with Impact on EBITDA - Different Pricing Mechanism Apply for VAE

Ranked Cost Structure of POLYMERS

- Raw Materials
- Labor
- Logistics
- Depreciation

Raw Material Prices and EBITDA Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost Raw Materials</th>
<th>EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
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<tr>
<td>2013</td>
<td></td>
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<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: ICIS, IHS, TECNON, BLOOMBERG

Strategy

- Value based pricing
- High capacity loading
- Product Mix
- Operational Excellence (WOS)

Pricing

- formula based
- value based
Operational Excellence Through the WACKER Operating System Led to Significant Reduction in Operational Costs

Specific Production Cost POLYMERS (w/o Raw Materials)

- Continuous Improvement of Specific Production Costs
**WACKER POLYMERS: Global Leader in High Growth Markets**

**Supply Chain**

- **Raw Material**
  - Ethylene
  - Acetic Acid

- **Upstream**
  - VAM

- **Downstream**
  - Dispersions
  - DPP
  - PVAc
  - PVOH

- **Key Markets**
  - Construction
  - Nonwovens & Textiles
  - Adhesives
  - Carpet
  - Coatings & Paints

**Global VAE and DPP Market 2014**

- WACKER
  - Dispersible Polymer Powders
  - VAE Dispersions

- AkzoNobel
  - Dairen

- Celanese
  - Dairen

**Global Setup**

**Market Characteristics**

- Diverse market and customer base
- Historic growth above GDP
- Key trends, innovation and new applications drive growth
- Moderate capital entry barriers and high technology barriers in most segments
- Innovation and in-depth formulating expertise broaden scope of applications
Dr. Hartel / Mr Willems: Welcome to WACKER

Mr Willems: WACKER SILICONES

Dr. Hartel: WACKER POLYMERS

Dr. Hartel / Mr Willems: The Common Ground - Chemicals
The Common Ground: Key Infrastructure for Growth
Customer Orientation, Innovation, Operational Excellence

Dr. Christian Hartel, Member of the Executive Board, Wacker Chemie AG
Auguste Willems, Member of the Executive Board, Wacker Chemie AG
Systematic Approaches to our Customers - Globally

Customer Orientation

Innovation

Operational Excellence
## Customer Orientation: The Foundation of Our Success

<table>
<thead>
<tr>
<th># of Customers</th>
<th># of Industries</th>
<th># of Products</th>
<th># of Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;16,000</td>
<td>infinite</td>
<td>&gt;3,500</td>
<td>all</td>
</tr>
</tbody>
</table>
Customer Concentration in Chemicals: Top 5 Share in % of Sales

SILICONES: 12%
POLYMERS: 17%
BIOSOLUTIONS: 35%
Addressing Customers Effectively: WACKER Chemical Sales by Channel

Sales Channels

- Direct: 58%
- Distribution: 19%
- Key Accounts: 23%

Direct Sales
- Sales Representative with Marketing and Technical Service

Distribution
- Selected regional partners
- Market Development Support

Key Accounts
- Holistic approach across all disciplines
- Executive sponsoring
- Matching customer set-up

Global Chemical Sales by Customer Classification
Customer Focus @ WACKER: A Team Approach Combining Customer Intimacy with Cost to Serve

Direct Sales

- High Customer Proximity
  - Approx. ~50 sales offices worldwide

Key Accounts

- EXECUTIVE SPONSOR
- TECHNICAL MANAGER(S)
- MANAGING DIRECTOR
- LOCAL SALES MANAGERS
- MARKETING MANAGER(S)

Marketing

- Large Expertise
  - Market development
  - Strategy
  - Market knowledge

Technical Service

- Know-How
  - Technical Service
  - On-Site application support
Customer Proximity Creates Customer Retention

Best Innovation Contributor
Beauty Care
2014
Henkel

Preferred Supplier Award
2014
Bosch Group

Best Supplier Partner
2014
Unilever

In appreciation of superior competence and performance, Robert Bosch GmbH is pleased to award the status of Preferred Supplier to

Wacker Chemie AG

in the material group:
Elastomers & Thermosetting Plastics

Stuttgart January 01, 2014
Robert Bosch GmbH
Corporate Sector Purchasing and Logistics

Dr. Karl Nowak
President

Albin Eitfe
Executive Vice-President

Jörg Mimmel
Executive Vice-President

Andreas Reutter
Executive Vice-President
Technical Centers Provide Enhanced Customer Support with Local R&D Capability

Technical Centers Service Offering

- Market-driven product innovation
- Facilitate tailored solutions for the local market
- Short response times, speed-up of innovation and proximity to customers
- Liaise with leading academia
- Interface to global competency network
- Support local production
- Intellectual property management

Deeper knowledge of and quicker response to local market needs
WACKER ACADEMY –
Providing a Regional Infrastructure to Support Customers

WACKER ACADEMY

- Customer & Distributor teach-in
- Mix between theory and practice – Meeting room plus lab
- Close link to technical center

Key Strategies

- Improve existing products
- Drive innovation in close co-operation with customers
- Leverage global network effects between academies
Innovating for Growth

Customer Orientation

Innovation

Operational Excellence
Innovation: We make it happen close to the Customer

Innovation Centers in Core Markets

**Burghausen**
- Polymers
  - Low VOC* and Formaldehyde/APEO* free
- Silicones
  - Solids and Interface Science

**Allentown/Adrian**
- Polymers
  - Solutions for Carpet technology
- Silicones
  - Solutions for Health & Wound Care

**Shanghai**
- Polymers: Focus on sustainability and cost
  - Solutions for Electronics

**Seoul**
- Polymers
  - Coating products
- Silicones
  - Solutions for Consumer Care & Silicone Rubber

*R VOC = volatile organic compound
APEO = Alkylphenol ethoxylate
A Multi-Layer Approach: Combining Divisional Innovation, New Solutions and Technology Management

**Divisional Innovation**
- Modify existing products
- Develop new applications

**New Solutions**
- Leverage existing technologies for innovation outside established business portfolios
- Cross-organizational project development

**Technology Management**
- Technology and product development in new business areas
- Little overlap with divisions

---

**New Market**
- Existing product

**Existing Market**
- Existing product

**New Market**
- New product

**Existing Market**
- Existing product

**Techno-Sep**
- Corporate R&D

**Solutions**
- Cross-organizational project development

**BIOSOLUTIONS POLYMERS SILICONES**
- New product

---

**New**
- New solutions

---

**Divisional Innovation**
- Modify existing products
- Develop new applications

**New Solutions**
- Leverage existing technologies for innovation outside established business portfolios
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**Technology Management**
- Technology and product development in new business areas
- Little overlap with divisions
New/Existing Innovation: New Production Process for L-Asparaginase – Key to Treating Lymphocytic Leukemia

- **Spectrola®,** a medication made by WACKER’s customer medac for treatment of acute lymphocytic leukemia
- **L-Asparaginase** as the active pharmaceutical ingredient of Spectrola®
- **L-Asparaginase** is part of WHO’s “List of Essential Medicines”

- WACKER developed the whole manufacturing process from scratch
- New process using WACKER’s proprietary technologies
- Based on this process WACKER will supply medac with L-Asparaginase from its GMP-facilities from 2016

**Mode of Action**
- Leukemic cells highly dependent on L-Asparagine feed from outside the cell
- Asparaginase converts L-Asparagine, depriving leukemic cells of asparagine leading to death of leukemia cells
New/New Innovation: Ready-to-Use 3D Solution

Prerequisite
- CAD product design
- 3D printer

Advantage
- Short development cycles (hours to days)
- Low costs for prototyping and small series (no economy of scale)
- Novel product design

Additive molding (3D printing) of silicone parts will soon be established as an easy-to-use, flexible and cost-effective solution complementing traditional molding technologies like injection molding.
New/New Innovation:
Silicon Film as Electro-Active Polymer with attractive Applications

Alexander Wacker Innovation Award 2015

- Application areas are medical technology, energy generation, automation and robotics as actuators / sensors
- Production of uniform silicon films with up to 20 µm film thickness
Existing/ New Innovation: Self-Draining Concrete

ETONIS 150, ETONIS 260

Draining Concrete

- Infiltration capable (e.g. road tarmac)
- Noise reduction (e.g. railroad tracks)
- Production in existing concrete mixing plants

Composition

- Water
- Road chips
- Sand
- Cement
- Plastic fibre
New/Existing Innovation: Transforming Skimcoats in India

Skimcoat Applications

- Skimcoat quickly became our core business 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, potential to grow to the size of the overall Skimcoat Market
  - Replaces acrylate-based systems with excellent covering properties at an optimal cost

Growth

- Expect India to outgrow German market for dispersion powders already in 2019
A Unique Value Proposition: Combining POLYMERS and SILICONE Capabilities

Epoxy Polymer / Polyurethane Replacement
Industrial Flooring
- Environmentally friendly
- Ease of use
- Low number of components

Surface treatment for mineralic substrates
- Epoxy/polyurethane Replacement
- Combine fine particle polymers with hydrophobicity

New Solutions

Epoxy Polymer replacement Primer for industrial floors
- Better adhesion and tougher surface
- Lower system complexity

Epoxy Polymer replacement Water Vapor Barrier
- Polymers with high VC or C2 content
- Lower system complexity

ET 593 Reactive Polymer Powders
- Improved chemical resistance for cementitious mortars
- Test runs with customer underway
Corporate R&D Fields in Chemicals

Chemistry 1
- Functional silicones, membranes and porous coatings
- Silicate insulation materials
- New crosslinking methods

Chemistry 2
- Development of active materials for Li-ion batteries (functional polymers, particles and composites)

Function
- Active materials for energy storage
- Performance testing

Application
- Innovative materials based on HDK®
- New technologies

Biotechnology
- Protein production
- Metabolic engineering
- Industrial biotechnology

Services
- Analytics and method development
- Toxicology
Corporate R&D: Si-Anodes for Lithium-Ion Batteries

The landscape of LIB materials*

WACKER development target

Product package to enable increase in energy density of the cell by 20-40% including

- stable Si containing anode active material with ~ 1000 mAh/g (up to 1500 mAh/cm³)

optionally supported by

- optimized binder
- adjusted electrolyte

- S.H. Kang: „Si-anodes are an inevitable to meet the high energy density demand of Lithium-Ion Batteries“

* Source: University of Münster
**S.H: Kang: Samsung SDI, IMLB conference, Como, June 2014
Driving Value Creation in Operational Excellence

Customer Orientation

Innovation

Operational Excellence
The WACKER Operating System - „WOS“: Continuous Focus on Productivity

Ambitious Goals
- Reduction of specific operating costs
- Strong employee participation
- Involvement of all organizational levels

Projects
- Clearly defined responsibilities and projects
- Use of state of the art tools (e.g. six sigma, APC, OEE)
- High investments in trainings and qualification

Employees

Tools

- WOS - WACKER Operating System
  Targeting continuous improvement along the whole value chain
Elements of Continuous Improvement

WOS Academy
- Training of methods (Six Sigma, LEAN), about 80 employees p.a.
- Support belt projects; projects with more than 2 Mio. € benefit p.a.

From knowledge to application

Methods and Tools
- General tool to log production losses, implemented in more than 50 plant’s worldwide
- OEE-Cockpit for production plants, implemented in more than 40 plant’s worldwide
- WOS Database for measure tracking of more than 500 projects p.a.

Data logging and analyzing

Projects
- Support plants and corporate services
- Application of methods and tools for improvement
- Create measures for improvement

Improve productivity
Basis for Continuous Improvement:
Uniform, Integrated Data Logging Tool for Production Plants

Integrated system for identification of production losses

- Automatic data logging of failure
- Categorize losses
- Data analysis
- Use statistical process control

System implemented in majority of all production plants worldwide

OEE-Cockpits for production plants

Overall Equipment Effectiveness
Process Development with Essential Contribution for Operational Excellence

**Objectives**
- Avoid capital costs
- Maximize throughput
- Minimize productions costs

**Competencies/Methods**
- Engineering Excellence in core processes
- Expertise in design and scale up
- Pilot plants
- Process Simulation tools:
  - Flow Sheet Simulations (e.g. Aspen)
  - Rigorous Modelling (e.g. Polymerization)
  - CFD - Computational Fluid Dynamics
  - Wacker Process Explorer (Visualize losses)
  - APC - Advanced Process Control

**Pilot plant**
Develop scale up rules and improve technologies

**CFD**
Optimised design of processes and equipment

**APC**
Pushing the plant beyond the limits, avoid dynamic losses
Supply Chains with Significant Improvement over 10+ Years

Continuous reduction of specific OPEX (average of relevant plants)

- **WOS 1.0**
  - Reduce spec. OPEX
  - 30% in 3 years
  - WACKER German Plants

- **WOS 2.0**
  - Reduce spec. OPEX
  - 10% p.a.
  - WACKER Group Plants, Corporate Services

- **WOS 3.0**
  - Individual plant targets
  - WACKER Group Plants, Corporate Services
Example SILICONES 1/2: Optimizing Silane Distillation in Nünchritz

Specific Costs 2014 vs. 2015 [€/t]

Target
- Increase yield -> continuous process development
- Optimize heat recovery
- Minimize waste streams

Result
- Decrease specific costs by 21% yoy

* other = sum of values of other cost types
Example SILICONES 2/2: Leveraging the Verbund for Debottlenecking in Siloxane

**Target**
- Reduce chlorine loss in production system
- Improve yields in MCS* production
- Optimize material flow between SILICONES and POLYSILICON

**Results**
- New production records for MCS in Nünchritz
- Reduced costs
- Reduced chlorine loss by over 2/3
Example POLYMERS 1/2: Reducing Energy Needs in Dispersible Powders

**Target**
- Reduce specific energy needs per ton of dispersible powder in VAE spray dryers
- Re-use stranded energy outputs in the Verbund system

**Result**
- Lower energy costs
- Leveraging Verbund
- Capacity gain

![Consolidated Energy kWh/to (indexed)](image)

*Consolidated Energy kWh/to (indexed)*

-19%

*Consolidated Energy kWh/to (indexed)*

Example POLYMERS 2/2:
Improving Capacity of Existing Dispersion Reactors

Target
- Increase output of existing reactors without significant capex

Projects
- Improve continuous polymerization
- Optimize cooling
- New vacuum pump
- Recipe optimization

Result
- More Capacity
- Lower specific costs
Benefits of Operational Excellence within Chemicals

Functional areas | Areas of focus | Productivity Savings (in €m)
--- | --- | ---
Production | Yield optimization, Personnel productivity | 
Logistics | Global supply chain optimization, Reduction of internal logistics | 

- Realized productivity savings over five years: 190 €m
WOS – Evolutionary Development since 2005

WACKER Operating System – Steadily raising the bar


WOS 1.0
- Supply Chains
- Germany
- spec. operational cost -30 %
- Focus: Labor productivity

WOS 2.0
- Supply Chains global & Service Units
- Focus on raw’s and logistic
- Initiatives “Power Plus” & 6 sigma

WOS 3.0
- specific targets
- monthly reporting
- WOS Academy

WOS²
- Cost Roadmaps
WOS² - Aggressive Cost Roadmaps: Transferring A Winning Approach to Chemicals

**Chemicals**

- WOS WACKER Operating System: targeting continuous cost decrease in specific operating costs
- Raw material and energy cost: optimized yields, loss reduction, raw material and energy recovery, process optimization
- Labor: reduce set-up times and non-value-added activities
- Logistics: lean processes, optimized packaging
- Technical spending: optimize inspection cycles, spare part storage
- Asset utilization: debottlenecking

**Leveraging successful cost roadmap approach to Chemicals**
WOS Fosters a Continuous Improvement Culture

Customer Orientation

Innovation

Operational Excellence
## WACKER: Issuer, Contact and Additional Information

### Issuer and Contact
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### 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
- 03/17/16 – FY Results 2015  
- 04/28/16 – Q1 Results 2016  
- 05/20/16 – Annual Shareholders’ Meeting  
- 07/28/16 – Q2 Results 2016  
- 10/10/16 – Capital Market Day  
- 10/27/16 – Q3 Results 2016