

PRESS RELEASE

Number 10

WACKER EXPECTS GROWTH IN BOTH SALES AND ADJUSTED EBITDA IN 2016

- ◆ AT €5.3 BILLION, SALES FOR 2015 ARE SOME 10 PERCENT HIGHER THAN THE YEAR BEFORE
- ◆ FULL-YEAR EBITDA OF €1.05 BILLION AT PRIOR-YEAR LEVEL, DESPITE LOWER SPECIAL INCOME
- ◆ NET INCOME CLIMBS 24 PERCENT TO €242 MILLION
- ◆ DIVIDEND TO RISE BY 33 PERCENT TO €2.00 PER SHARE
- ◆ FOR FULL-YEAR 2016, WACKER EXPECTS SALES TO EDGE UP, WITH EBITDA LIKELY TO CLIMB SLIGHTLY WHEN ADJUSTED FOR SPECIAL INCOME
- ◆ CAPITAL EXPENDITURES WILL ROUGHLY HALVE TO ABOUT €425 MILLION IN CURRENT YEAR, WITH MARKEDLY POSITIVE NET CASH FLOW EXPECTED AS A RESULT

Munich, March 17, 2016 – As already announced, Wacker Chemie AG achieved its sales target for 2015 and slightly exceeded its earnings expectations. When presenting its annual report today, the Munich-based chemical company said that Group sales had advanced to €5.30 billion (2014: €4.83 billion), up about 10 percent. The increase mainly stemmed from higher volumes and positive exchange-rate effects. Earnings before interest, taxes, depreciation and amortization (EBITDA) in 2015 reached €1,048.8 million (2014: €1,042.3 million). The corresponding EBITDA margin was 19.8 percent (2014: 21.6 percent).

Despite the fact that special solar-sector income from advance payments retained and damages received from customers came in significantly lower year over year, EBITDA was essentially on a par with 2014. In full-year 2015, these special-income items amounted to €137.6 million (2014: €206.3 million). Adjusted for this effect, EBITDA reached €911.2 million in the reporting year (2014: €836.0 million). That was a gain of 9 percent. The Group's earnings before interest and taxes (EBIT) advanced to €473.4 million in 2015 (2014: €443.3), adding 7 percent. On the bottom line, WACKER closed 2015 with net income of €241.8 million (2014: €195.4 million), a rise of about 24 percent.

In 2016, WACKER is confident to maintain its good business performance in a volatile environment. For the full year, it aims to lift its sales slightly. Group EBITDA should also advance slightly year over year, when adjusted to exclude solar-sector special income from damages received and from terminated contractual and delivery relationships with customers. This trend will be supported by WACKER's stable chemical business with diversified applications, which is projected to expand further in 2016. Group net income, though, is likely to be significantly lower than in 2015 because of higher depreciation. Other factors weighing on earnings include start-up costs at the new Charleston site in Tennessee (USA), mainly during the first half-year, as well as lower year-over-year prices for polysilicon and reduced special income.

In the first two months of the current year, business at WACKER developed in line with the Group's expectations. While chemical-division sales surpassed the comparable 2015 figure, Siltronic and WACKER POLYSILICON fell short of their sales in the same period

due to lower prices. In Q1 2016 as a whole, WACKER expects to generate Group sales of just under €1.3 billion (Q1 2015: €1.33 billion). The EBITDA trend will be influenced by start-up costs at the Charleston site, which will amount to some €30 million in the first quarter. Mainly for this reason, Group EBITDA will decline in Q1 2016.

“The start-up costs at our new Tennessee site will impact earnings this year, but we expect sales and adjusted EBITDA to climb slightly,” said CEO Rudolf Staudigl in Munich on Thursday. “Our chemical business, which accounts for almost two-thirds of our sales and half of our EBITDA, is continuing its very encouraging trend. Since January, we have seen prices for polysilicon stabilizing, and even picking up slightly. In our semiconductor business, our priorities are to enhance our competitiveness and to continue working intensively on cutting costs. Siltronic anticipates cost-savings of between €30 million and €35 million in 2016. Operational excellence, a strict focus on customer needs, and innovation continue to be key strategic areas for securing our Group’s success.”

Capital Expenditures

In 2015, capital expenditures at the Group reached €834.0 million (2014: €572.2 million), an increase of almost 46 percent. The corresponding 2015 investment ratio, based on Group sales, was 16 percent (2014: 12 percent). Construction of the new polysilicon site at Charleston, Tennessee (USA) comprised the main part of WACKER’s investing activities in 2015. About €550 million – or some 65 percent of all investment spending – went toward this project in 2015. WACKER started commissioning the Charleston facilities at year-end, as planned, and produced its first batches of polysilicon there in early 2016. Another investment priority in 2015 was the expansion of

production capacities for polymer products and silicones to support chemical-business growth. Expansion projects included a new dispersion reactor at Calvert City with an annual capacity of 85,000 metric tons, and a production plant for dispersible polymer powders at Burghausen with an annual capacity of 50,000 metric tons. Another project, also at Burghausen, was the expansion of a plant for modified siloxanes. This intermediate for silicones is used in a variety of end products, such as silicone fluids, emulsions and resins.

Employees

The Group's workforce increased amid chemical-division sales growth and the start-up of the new site in Charleston, Tennessee. Employee numbers rose by about 270 in 2015. As of December 31, 2015, there were 16,972 employees worldwide (Dec. 31, 2014: 16,703). This was 1.6 percent more than a year earlier. WACKER's German sites had 12,251 employees at the reporting date (2014: 12,366). Its international sites had 4,721 (2014: 4,337).

Net Cash Flow, Net Financial Debt and Equity Ratio

The Group reported slightly positive net cash flow as forecast. Year over year, though, net cash flow declined significantly. It came in at €22.5 million (2014: €215.7 million). This expected decrease was mainly due to markedly higher capital expenditures and lower cash inflows from damages received from solar customers. Net financial debt at the Group was about €1.07 billion at year-end 2015 (Dec. 31, 2014: €1.08 billion). As anticipated, this was on a par with the prior-year figure. The IPO of Siltronic AG contributed to this. WACKER's total assets advanced by €317 million to €7.26 billion at year-end 2015 (Dec. 31, 2014: €6.95 billion). This rise of almost 5 percent stemmed

mainly from asset additions and exchange-rate effects. The Group's equity amounted to some €2.80 billion on the reporting date (Dec. 31, 2014: €1.95 billion). The corresponding equity ratio was 38.5 percent (Dec. 31, 2014: 28.0 percent).

Business Divisions

Sales at **WACKER SILICONES** gained 12 percent in 2015. They came in at €1.94 billion (2014: €1.73 billion). This increase was chiefly fueled by higher volumes, positive exchange-rate effects and slightly improved prices. EBITDA grew even more robustly than sales, climbing almost 32 percent to €276.2 million (2014: €209.8 million). The division's positive earnings trend was dampened by somewhat higher prices for raw materials, especially for silicon metal.

In 2015, **WACKER POLYMERS** posted further sales growth. Sales increased by over 11 percent to €1.19 billion (2014: €1.06 billion). This year-over-year rise was primarily driven by higher volumes for dispersions and dispersible polymer powders and by positive exchange-rate effects. At €222.2 million, EBITDA gained 49 percent (2014: €149.5 million) amid higher sales and lower year-over-year costs for raw materials.

WACKER BIOSOLUTIONS posted substantial sales growth, too. The division increased its sales by about 12 percent to €197.1 million (2014: €176.2 million). Volume gains and favorable exchange-rate effects were the main factors driving this growth. EBITDA climbed faster than sales. Amid slightly higher energy and raw-material costs, EBITDA rose by over 36 percent to €32.2 million (2014: €23.6 million).

At **WACKER POLYSILICON**, sales edged up in 2015. They advanced over 1 percent to €1.06 billion (2014: €1.05 billion). Volume growth

more than made up for the effects of lower polysilicon prices. In the reporting year, the division sold 56,000 metric tons of polysilicon, which was more than in the preceding year (51,000 metric tons). EBITDA of €402.4 million (2014: €537.0 million) came in 25 percent below the prior-year figure. This decline was chiefly attributable to reduced special income from advance payments retained and damages received from solar-sector customers and to higher costs for the start-up process at the new site in Charleston, Tennessee (USA). In 2015, WACKER POLYSILICON recognized special income from advanced payments retained and damages received in the amount of €137.6 million (2014: €206.3 million).

Siltronic generated higher year-over-year sales in the reporting period. Sales rose 9 percent to €931.3 million (2014: €853.4 million). This was due to slightly higher volumes and positive exchange-rate effects. Lower prices, on the other hand, slowed sales growth. EBITDA improved by almost 9 percent to €124.0 million (2014: €114.0 million). This trend was supported by additional cost-reduction measures and good production-capacity utilization. Currency-hedging losses, though, dampened EBITDA.

Proposal on Appropriation of Profits

In 2015, Wacker Chemie AG recognized a retained profit of €1,221.8 million under German Commercial Code accounting rules. At the Group's Annual Shareholders' Meeting, the Executive and Supervisory Boards will propose a dividend of €2.00 per share (2014: €1.50). Based on the number of shares entitled to dividends as of December 31, 2015, the cash dividend corresponds to a payout of €99.4 million. Based on WACKER's average share price in 2015, the dividend yield is 2.21 percent.

Outlook

Business forecasters expect that the global economy will expand further in 2016. The US economy should continue its robust growth of last year, while momentum in Asia will slow somewhat. In Europe, the recovery will continue at a subdued pace, according to market experts. The risks for 2016 stemming from the economic situation have intensified in recent months. In particular, the slowdown of China's economy and the steep decline in oil prices have clouded the outlook for global growth. WACKER anticipates that world GDP will expand this year, despite these difficult conditions.

At its chemical business, WACKER sees good prospects for further growth in 2016. It expects sales at each of its three chemical divisions to climb by a mid-single-digit percentage. For silicone and polymer products, growth will be driven by every business segment. WACKER BIOSOLUTIONS sees additional potential especially in its biologics business. Sales growth is also anticipated in its food segment, spurred by new product developments. EBITDA at WACKER SILICONES should be markedly above the year-ago figure. WACKER POLYMERS aims to lift its EBITDA slightly year over year. WACKER BIOSOLUTIONS expects its EBITDA in 2016 to come in it at last year's level.

In WACKER's polysilicon business, volume growth is forecast for 2016, fueled by the new production capacities at Charleston in Tennessee (USA). The Group predicts that the photovoltaic market will continue expanding. Due to solar silicon's lower year-over-year price level, though, WACKER POLYSILICON expects to post only a slight sales gain despite increased volumes. With regard to EBITDA, the division anticipates a significant decline because of the costs for starting-up

polysilicon production at the new Charleston site. Additionally, the division's EBITDA will be dampened by lower year-over-year special income from advanced payments retained and damages received.

In its semiconductor business, WACKER projects sales to edge down slightly in 2016 amid lower market prices. For 300 mm silicon wafers, the Group predicts that the market will grow further. Cost-optimization measures and lower currency-hedging expenses will have a positive impact on EBITDA. Compared with last year, EBITDA is forecast to rise substantially as a result.

Overall, WACKER expects Group sales to grow by a low-single-digit percentage in 2016. EBITDA should improve slightly, when adjusted to exclude special income. The EBITDA margin, on the other hand, will be somewhat lower, since no major special-income items are expected. Additionally, there will be further start-up costs at the new production site in Charleston, Tennessee (USA). Capital expenditures will be about €425 million, substantially lower than a year ago. Depreciation will reach around €720 million, significantly above last year's level. Group net income is likely to be substantially lower year over year. WACKER expects net cash flow to be clearly positive. Net financial debt will be at the same level as last year.

WACKER's Key Figures

		2015	2014	Change in %
Results / Return				
Sales	€m	5,296.2	4,826.4	9.7
EBITDA ¹	€m	1,048.8	1,042.3	0.6
EBITDA margin ²	%	19.8	21.6	n.a.
EBIT ³	€m	473.4	443.3	6.8
EBIT margin ²	%	8.9	9.2	n.a.
Financial result	€m	-66.7	-78.1	-14.6
Income before taxes	€m	406.7	365.2	11.4
Net income	€m	241.8	195.4	23.7
Earnings per share	€	4.97	4.10	21.1
ROCE	%	8.1	8.4	n.a.
Financial Position / Cash Flows				
Total assets	€m	7,264.4	6,947.2	4.6
Equity	€m	2,795.1	1,946.5	43.6
Equity ratio	%	38.5	28.0	n.a.
Financial liabilities	€m	1,455.4	1,601.5	-9.1
Net financial debt ⁴	€m	1,074.0	1,080.6	-0.6
Capital expenditures (including financial assets)	€m	834.0	572.2	45.8
Depreciation (including financial assets)	€m	575.1	599.0	-3.9
Net cash flow ⁵	€m	22.5	215.7	-89.6
Research and Development				
Research and development expenses	€m	175.3	183.1	-4.3
Employees				
Personnel expenses	€m	1,350.1	1,246.9	8.3
Employees (December 31)	No.	16,972	16,703	1.6

¹ EBITDA is EBIT before depreciation and amortization.

² Margins are calculated based on sales.

³ EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes.

⁴ Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

⁵ Sum of cash flow from operating activities (excluding changes in advance payments) and cash flow from long-term investing activities (before securities), including additions due to finance leases.

This press release contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. WACKER does not plan to update the forward-looking statements, nor does it assume the obligation to do so.

For further information, please contact:

Wacker Chemie AG
Media Relations & Information
Christof Bachmair
Tel. +49 89 6279-1830
christof.bachmair@wacker.com
www.wacker.com
follow us on:   

The company in brief:

WACKER is a globally-active chemical company with some 17,000 employees and annual sales of around €5.3 billion (2015). WACKER has a global network of 25 production sites, 22 technical competence centers and 50 sales offices.

WACKER SILICONES

Silicone fluids, emulsions, rubber and resins; silanes; pyrogenic silicas; thermoplastic silicone elastomers

WACKER POLYMERS

Polyvinyl acetates and vinyl acetate copolymers in the form of dispersible polymer powders, dispersions, solid resins and solutions used as binders for construction chemicals, paints and coatings, adhesives, plasters, textiles and nonwovens, as well as for polymeric materials based on renewable resources

WACKER BIOSOLUTIONS

Biotech products such as cyclodextrins, cysteine and biologics, as well as fine chemicals and PVAc solid resins

WACKER POLYSILICON

Polysilicon for the semiconductor and photovoltaic industries

Siltronic

Hyperpure silicon wafers and monocrystals for semiconductor components