

PRESS RELEASE

Number 76

WACKER Expands its Production of Cysteine and Acquires Fermentation Plant in Spain

Munich and León, December 20, 2016 – WACKER BIOSOLUTIONS, the life sciences and biotechnology division of the WACKER Group, is acquiring a large-scale fermentation plant from Anti-bióticos de León SLU (ADL) in Spain. Today, the two companies announced the signing of the contract of sale. At the León plant, WACKER will produce cysteine by fermentation for use in food and pharmaceutical products. For WACKER, this strategic acquisition is a major step in satisfying globally growing customer demand for cysteine during the years ahead, and in supporting the commercialization of other bioengineered products.

Through the acquisition, WACKER is obtaining a production line with a fermentation capacity of 800 m³ from Antibióticos de León SLU in León (northern Spain). The Munich-based chemical company intends to invest a total of about €30 million to modernize the existing facility and add production equipment over the next few years, thereby creating some 35 new jobs at the site. The transaction is expected to close by year-end.

“The acquisition is a key step in strengthening our position as the global market and technology leader for fermentation-generated cysteine,” explained Auguste Willems of WACKER’s Executive Board, commenting on the investment. “This project is part of our strategy to increase the proportion of specialties in our total business and thus to continue our profitable growth. The acquisition gives us an ideal position to securely

meet our customers' growing demand for cysteine and to commercialize new fermenter products in the future."

Juan Molins, Managing Director of Antibióticos de León, said: "This step is an excellent opportunity to use the spare ADL fermentation capacity, while it underscores the strategy of converting our installation in a cluster of activities with added value. We are happy that the WACKER Group is investing in León and are sure we have found the right partner to continue developing this site for a successful future."

Cysteine is a natural amino acid that is widely used in the pharmaceutical, cosmetics and food sectors not only to produce flavorings, but also as a processing auxiliary for breaking down gluten for bakery goods, as a radical scavenger in cosmetics and as an expectorant in cough medicines. Unlike many conventional manufacturers who extract this amino acid from human or animal sources, such as hair, feathers or pig bristles with the aid of hydrochloric acid, WACKER produces cysteine by fermentation in a patented biotech process – the first company in the world to do so. Since it is manufactured from purely plant-based and inorganic starting materials, WACKER's cysteine is entirely vegetarian. This eliminates any risk of contamination by animal or human pathogens, making it ideal for foods and pharmaceutical products. In 2008, WACKER was awarded the Federation of German Industries (BDI) Environmental Prize for its innovative production of cysteine.

WACKER BIOSOLUTIONS

Using advanced biotech processes, WACKER BIOSOLUTIONS provides tailored, innovative solutions and products to the life-science sector – including pharmaceutical proteins, cyclodextrins and fermentation-generated cysteine. Its portfolio is also complemented by catalog chemicals, such as acetylacetone and high-quality polyvinyl acetate solid resins. The division focuses on developing customized solutions for growth sectors, such as food ingredients, pharmaceutical actives and agrochemicals.

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.

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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

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