

PRESS RELEASE

Number 35

As stipulated by IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), WACKER is retrospectively reporting the net income of Siltronic AG and its subsidiaries for 2016 as income from discontinued operations. Since March 15, 2017, its stake in Siltronic has been accounted for using the equity method. The figures for Q1 2016 and Q4 2016 given in this press release have been adjusted accordingly, where applicable, and are therefore comparable with the latest figures.

WACKER GROWS ITS SALES AND EARNINGS IN Q1 2017 AND UPDATES ITS FULL-YEAR FORECAST TO REFLECT DECONSOLIDATION OF SILTRONIC

- ◆ GROUP SALES FOR Q1 2017 REACH €1.22 BILLION, UP 8 PERCENT YEAR OVER YEAR
- ◆ AT €229 MILLION, EBITDA UP 12 PERCENT FROM A YEAR EARLIER
- ◆ NET INCOME OF €666 MILLION INCLUDES THE GAIN FROM DECONSOLIDATION OF SILTRONIC
- ◆ NET CASH FLOW CLEARLY POSITIVE AT €53 MILLION
- ◆ WACKER SILICONES RAISES FORECAST, WITH OTHER DIVISIONS RECONFIRMING EXPECTATIONS
- ◆ GROUP FORECAST REVISED DUE TO DECONSOLIDATION OF SILTRONIC: EBITDA – ADJUSTED FOR SPECIAL INCOME – EXPECTED TO DECLINE AND SALES TO GROW IN 2017, BOTH BY A MID-SINGLE-DIGIT PERCENTAGE

Munich, April 27, 2017 – In Q1 2017, Wacker Chemie AG continued to increase its sales and operating result compared with its adjusted figures of a year earlier and a quarter ago following the deconsolidation of Siltronic. The Munich-based chemical company posted sales of

€1,218.8 million in the reporting quarter (Q1 2016: €1,133.1 million). This is an increase of around 8 percent, mainly due to higher volumes of silicones and polymer products. Positive exchange-rate effects also lifted sales slightly. On the other hand, overall lower prices dampened the sales trend. Relative to the preceding quarter (€1,151.1 million), Group sales were up by around 6 percent.

In Q1 2017, WACKER posted earnings before interest, taxes, depreciation and amortization (EBITDA) of €229.3 million. That was 12 percent higher than a year ago (€205.3 million) and 4 percent more than in the preceding quarter (€221.2 million). Reporting-quarter earnings were supported not only by sales growth, but also by high plant-utilization rates. The WACKER Group's EBITDA margin from January through March 2017 was 18.8 percent, compared with 18.1 percent in Q1 2016 and 19.2 percent a quarter ago. Group earnings before interest and taxes (EBIT) totaled €73.2 million in the reporting quarter (Q1 2016: €64.1 million). That was a year-over-year increase of 14 percent and yielded an EBIT margin of 6.0 percent (Q1 2016: 5.7 percent).

Net income in the reporting quarter was strongly influenced by the deconsolidation of Siltronic as a WACKER Group segment and amounted to €665.9 million (Q1 2016: €16.1 million). Income from continuing operations climbed 15 percent to €31.2 million (Q1 2016: €27.2 million). Income from discontinued operations amounted to €634.7 million (Q1 2016: €-11.1 million). Earnings per share from continuing operations amounted to €0.59 in the reporting quarter (Q1 2016: €0.52).

WACKER updated its full-year 2017 forecast for the Group following the deconsolidation of Siltronic and adjusted the comparative figures for 2016 accordingly. Group sales in 2017 are still expected to increase

by a mid-single-digit percentage relative to last year (€4,634.2 million). EBITDA on a comparable basis (i.e. excluding special income) is now forecast to decline by a mid-single-digit percentage compared with last year (€935.2 million). Group net income will be many times higher year over year due to the gain from the deconsolidation of Siltronic.

“WACKER got off to a good start in the new fiscal year in a somewhat challenging environment,” said WACKER’s CEO Rudolf Staudigl in Munich on Thursday. “In particular, demand for our silicones remains very strong, but we are also posting volume growth in polymers. Given the very good order levels, we have revised upward our sales and EBITDA forecast for WACKER SILICONES. Market conditions for our polysilicon business are more difficult at the moment. Spot-market prices for solar silicon have declined significantly in recent weeks. Generally, though, we anticipate further growth in the global photovoltaic market this year, which will have a positive impact on polysilicon demand. By reducing our stake in Siltronic to just under 31 percent, we have now achieved the strategic goals we pursued with a non-controlling position in the company: we have put WACKER on a less capital-intensive footing and are focusing investments on strengthening our chemical divisions’ supply chains.”

Regions

In Q1 2017, WACKER increased its sales in every region compared with a year earlier. Group sales in Asia amounted to €444.6 million in the reporting quarter, up 6 percent versus a year ago (€418.1 million). In Europe, WACKER achieved sales of €497.2 million in January through March (Q1 2016: €462.0 million), a rise of around 8 percent. Sales rose by some 8 percent in the Americas as well, reaching €219.8 million (Q1 2016: €203.9 million).

Capital Expenditures and Net Cash Flow

In Q1 2017, the Group's capital expenditures amounted to €46.7 million (Q1 2016: €90.7 million). That was around 49 percent less than the year before. Investments went primarily toward expanding capacity for silicone and polymer products.

Net cash flow from continuing operations amounted to €53.2 million in Q1 2017 (Q1 2016: €-10.3 million). Substantially lower capital expenditures were the main reason for this increase.

Employees

WACKER's workforce worldwide dropped markedly due to the deconsolidation of Siltronic. The Group had 13,594 employees as of March 31, 2017 (Dec. 31, 2016: 17,205). At the end of the reporting quarter, 9,875 employees (Dec. 31, 2016: 12,138) worked at WACKER sites in Germany and 3,719 (Dec. 31, 2016: 5,067) at international locations.

Business Divisions

In Q1 2017, **WACKER SILICONES** posted total sales of €555.6 million (Q1 2016: €491.3 million). That was an increase of 13 percent and was primarily attributable to higher volumes. The division exceeded its sales of a quarter ago (€492.3 million) by 13 percent as well. EBITDA at WACKER SILICONES reached €107.4 million in the reporting quarter, about 22 percent higher than a year ago (€87.9 million) and up 36 percent versus the preceding quarter (€78.9 million). Alongside sales growth, high plant-utilization and good cost levels had a positive impact on the division's profitability. The EBITDA margin improved to 19.3 percent in Q1 2017, after 17.9 percent a year earlier and 16.0 percent a quarter ago.

Total sales at **WACKER POLYMERS** reached €306.8 million in the reporting quarter, up by more than 7 percent over a year ago (€285.9 million). Substantially higher volumes for dispersible polymer powders and dispersions were the main factors in this growth. The division surpassed its prior-quarter sales figure (€275.0 million) by about 12 percent. Reporting-quarter EBITDA at **WACKER POLYMERS** totaled €52.3 million (Q1 2016: €64.4 million). This decline of 19 percent was prompted mainly by a substantial year-over-year rise in raw-material prices. The division announced price increases for its products in order to counter this trend. On the other hand, EBITDA grew by about 16 percent compared with a quarter ago (€45.2 million), with seasonal effects also playing a role here. The reporting-quarter EBITDA margin came in at 17.0 percent, after 22.5 percent a year earlier and 16.4 percent a quarter ago.

WACKER BIOSOLUTIONS generated total sales of €51.4 million from January through March 2017, up by around 4 percent from a year earlier (€49.6 million). Higher volumes and positive exchange-rate effects were the key drivers of this growth. The division exceeded its Q4 2016 sales figure (€49.6 million) by 4 percent as well. EBITDA at **WACKER BIOSOLUTIONS** reached €10.6 million in the reporting quarter, a good 10 percent higher than a year ago (€9.6 million). The key factors behind this growth were higher sales and the division's good cost situation, which was also due to high plant-utilization levels. **WACKER BIOSOLUTIONS** exceeded its prior-quarter figure (€7.1 million) by 49 percent. The EBITDA margin rose accordingly, to 20.6 percent, after 19.4 percent a year ago and 14.3 percent in Q4 2016.

WACKER POLYSILICON generated total sales of €268.1 million in the reporting quarter, 2 percent lower than a year ago (€273.1 million) and 10 percent less than in the preceding quarter (€297.2 million). The

slight year-over-year decline was prompted mainly by somewhat lower volumes in the solar business. On the other hand, higher solar-silicon prices – both year over year and quarter over quarter – supported sales. Volumes fell substantially compared with Q4 2016. Spot-market prices for solar silicon have declined significantly in recent weeks. The division made use of this situation to increase its inventory levels in Asia and thus considerably shorten delivery times to its customers in the region. WACKER POLYSILICON's reporting-quarter EBITDA amounted to €70.5 million, up 79 percent versus a year ago (€39.4 million). This strong increase was primarily due to the costs incurred last year to commission the new polysilicon plant in Charleston, Tennessee (USA). In Q1 2016, these costs had lowered the division's EBITDA by around €30 million. Relative to a quarter ago (€86.5 million), EBITDA was down by almost 19 percent. One of the main reasons for this decrease was the special income of €13.3 million posted in Q4 2016 from advance payments retained and damages received from solar-sector customers. The division's EBITDA margin was 26.3 percent in the reporting quarter, after 14.4 percent in Q1 2016 and 29.1 percent in Q4 2016.

Outlook

WACKER reduced its stake in Siltronic AG to 30.8 percent in the reporting quarter. As stipulated by IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), WACKER is retrospectively reporting the net income of Siltronic AG and its subsidiaries for 2016 as income from discontinued operations. Since March 15, 2017, the stake in Siltronic has been accounted for using the equity method.

This has not caused any changes to division-specific expectations versus the corresponding statements in the 2016 Annual Report. But the Group is revising upward its projections for WACKER SILICONES

due to strong demand for silicone products. Even with raw-material prices rising, the division's sales and its EBITDA are expected to grow by a high single-digit percentage relative to last year (2016 Annual Report: mid-single-digit percentage increase in sales, with EBITDA slightly higher).

At the Group level, the revised forecast – based on the adjusted 2016 figures – is as follows:

Group sales in 2017 are still expected to increase by a mid-single-digit percentage relative to last year (€4,634.2 million).

The EBITDA margin is projected to be somewhat lower than last year's figure of 20.6 percent (2016 Annual Report, including Siltronic: slightly below last year's figure). On balance, product prices will be lower and raw-material prices will be higher, both of which will weigh on the EBITDA margin.

EBITDA – on a comparable basis, i.e. adjusted to exclude special income – will decline by a mid-single-digit percentage from last year's €935.2 million figure (2016 Annual Report, including Siltronic: at last year's level, on a comparable basis without special income).

ROCE will be slightly below the 5.6 percent calculated for 2016 (2016 Annual Report, including Siltronic: at last year's level).

Net cash flow is expected to be clearly positive in 2017, but substantially below last year's figure of €361.1 million (2016 Annual Report, including Siltronic: at last year's level).

Capital expenditures for 2017 will amount to around €360 million (2016 Annual Report: around €450 million), which is a slight rise versus the year before (€338.1 million without Siltronic). Investments will, however, remain well below depreciation.

In 2017, depreciation will come in at about €600 million (2016 Annual Report, including Siltronic: around €720 million), slightly below the year-earlier level (€618.2 million).

As projected in the 2016 Annual Report, net financial debt will decrease further, to substantially below last year's level (€992.5 million).

Information for editorial offices: The Q1 2017 report is available for download on the WACKER website (www.wacker.com) under Investor Relations.

Key Figures of the WACKER Group

€million	Q1 2017	Q1 2016 ⁶	Change in %
Sales	1,218.8	1,133.1	7.6
EBITDA ¹	229.3	205.3	11.7
EBITDA margin ² (%)	18.8	18.1	-
EBIT ³	73.2	64.1	14.2
EBIT margin ² (%)	6.0	5.7	-
Financial result	-23.6	-24.7	-4.5
Income from continuing operations before income taxes	49.6	39.4	25.9
Income from continuing operations	31.2	27.2	14.7
Income from discontinued operations	634.7	-11.1	n.a.
Net income for the period	665.9	16.1	>100
Earnings per share from continuing operations (€)	0.59	0.52	12.6
Earnings per share (€)	13.19	0.41	>100
Capital expenditures (incl. financial assets)	46.7	90.7	-48.5
Depreciation/amortization (incl. financial assets)	156.1	141.2	10.6
Net cash flow ⁴ from continuing operations	53.2	-10.3	n.a.
€million	March 31, 2017	March 31, 2016	Dec. 31, 2016
Total assets	7,369.0	7,441.9	7,461.6
Equity	3,220.1	2,487.7	2,593.2
Equity ratio (%)	43.7	33.4	34.8
Financial liabilities	1,426.6	1,636.3	1,458.2
Net financial debt ⁵	687.4	1,110.0	992.5
Employees (number at end of period)	13,594	17,048	17,205

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 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.

⁵ Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

⁶ Adjusted in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations).




The following table shows the individual components of income from discontinued operations:

€million

Proceeds from sale (before transaction costs)	353.2
Revaluation of the remaining 30.8-percent stake in Siltronic	518.6
Total divested assets and liabilities of Siltronic	-453.3
Disposal of shares of non-controlling interests in WACKER Group	214.7
Pro rata difference remaining from currency translation	-11.6
Costs (transaction costs, taxes) that cannot be capitalized	-4.6
Gain associated with the loss of control of Siltronic	617.0
Net income from Siltronic, Q1 2017	17.7
Income from discontinued operations	634.7

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 its 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 13,450 employees and annual sales of around €4.6 billion (2016, without Siltronic). WACKER has a global network of 23 production sites, 18 technical competence centers and 48 sales offices.

WACKER SILICONES

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

WACKER POLYMERS

Polyvinyl acetates and vinyl acetate copolymers and terpolymers 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