

PRESS RELEASE

Number 63

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, WACKER's stake in Siltronic has been accounted for using the equity method. Where applicable, the figures for Q3 2016 and the first nine months of 2016 given in this press release have been adjusted accordingly and are therefore comparable with the latest figures.

AFTER A STRONG Q3 WACKER EXPECTS TO POST FULL-YEAR EBITDA OF €1 BILLION

- ◆ GROUP SALES FOR Q3 2017 REACH €1.31 BILLION, UP 14 PERCENT YEAR OVER YEAR AND 8 PERCENT QUARTER OVER QUARTER
- ◆ EBITDA OF €298 MILLION IS 13 PERCENT ABOVE LAST YEAR AND 18 PERCENT HIGHER THAN A QUARTER AGO
- ◆ NET INCOME FOR Q3 AMOUNTS TO €104 MILLION
- ◆ NET CASH FLOW CLEARLY POSITIVE AT €205 MILLION
- ◆ GROUP EARNINGS FORECAST RAISED: FULL-YEAR EBITDA EXPECTED TO BE AT €1 BILLION, WITH SALES GROWTH UNCHANGED AT A MID-SINGLE-DIGIT PERCENTAGE

Munich, October 26, 2017 – Wacker Chemie AG substantially increased its sales and EBITDA in the third quarter of 2017, both year over year and quarter over quarter. The Munich-based chemical company posted sales of €1,311.6 million in the reporting quarter (Q3 2016: €1,150.8 million). That was 14 percent more than a year ago and 8 percent higher than in Q2 2017 (€1,218.3 million). The main reason for the increase versus Q3 2016 was the fact that overall volumes for silicones, polymer products and polysilicon were markedly higher year over year. As a result, WACKER more than

compensated for negative exchange-rate effects from a stronger euro and for prices that were somewhat lower on balance.

WACKER generated EBITDA of €298.0 million in Q3 2017. That was 13 percent higher than last year (€264.0 million) and 18 percent more than a quarter ago (€253.4 million). The increase was prompted mainly by volume-driven sales growth and by income from the equity investment in Siltronic. As a result, WACKER more than compensated for the year-over-year rise in raw-material prices. High plant utilization also strengthened EBITDA in the reporting quarter. The Group's EBITDA margin from July through September 2017 was 22.7 percent (Q3 2016: 22.9 percent). A quarter ago, it was 20.8 percent. Group earnings before interest and taxes (EBIT) amounted to €155.3 million in Q3 2017 (Q3 2016: €108.1 million). That was a year-over-year increase of 44 percent and yielded an EBIT margin of 11.8 percent (Q3 2016: 9.4 percent). Net income for the reporting quarter amounted to €104.2 million (Q3 2016: €67.5 million) and earnings per share came in at €2.04 (Q3 2016: €1.29).

WACKER has raised its earnings forecast for full-year 2017. EBITDA is now expected to be at €1 billion, exceeding last year's adjusted figure of €955.5 million. Previously, WACKER anticipated that EBITDA would be between €900 million and €935 million. The reasons for the upgrade are the Group's strong business performance as well as the income from its stake in Siltronic AG. Group sales are expected, as before, to rise by a mid-single-digit percentage compared with last year's €4,634.2 million.

"At WACKER, the third quarter was the most successful so far this year," said Group CEO Rudolf Staudigl in Munich on Thursday.

"Demand for silicones and polysilicon was especially strong, with the

two divisions posting new volume records. Our robust performance more than compensated for the headwinds from markedly higher raw-material prices and a stronger euro. Given the continued strength of business, we are upgrading our forecast. This means our 2017 earnings will be higher than last year.”

Regions

In Q3 2017, Group sales continued to climb in every region except for the Americas, where sales of €207.0 million were 1 percent lower year over year (Q3 2016: €208.8 million) due to currency-exchange effects. Asia posted the biggest increase, with sales up 29 percent to €536.4 million (Q3 2016: €416.4 million). In Europe, sales of €511.5 million were 7 percent higher year over year (Q3 2016: €476.3 million).

Capital Expenditures and Net Cash Flow

In Q3 2017, the Group’s capital expenditures amounted to €74.9 million (Q3 2016: €76.6 million), a decline of 2 percent. Investments went primarily toward expanding capacity for silicone and polymer products. Net cash flow from continuing operations amounted to €205.3 million in Q3 2017 (Q3 2016: €208.9 million).

Employees

WACKER’s global workforce edged up in the reporting quarter. The Group had 13,798 employees as of September 30, 2017 (June 30, 2017: 13,689). At the end of the reporting quarter, 9,973 employees (June 30, 2017: 9,887) worked at WACKER sites in Germany and 3,825 (June 30, 2017: 3,802) at international locations.

Business Divisions

WACKER SILICONES generated total sales of €559.3 million in Q3 2017 (Q3 2016: €503.1 million), up 11 percent. Volume growth was the main reason for this increase, with better prices also lifting sales somewhat. Compared with a quarter ago (€548.7 million), the division's sales rose 2 percent. EBITDA at WACKER SILICONES reached €128.0 million in the reporting quarter, 27 percent higher than a year ago. In addition to sales growth, product-mix effects and high production output enhanced profitability. Relative to a quarter ago (€110.8 million), WACKER SILICONES' EBITDA climbed 16 percent. The EBITDA margin improved to 22.9 percent in Q3 2017, after 20.0 percent in Q3 2016 and 20.2 percent in the preceding quarter.

Sales at **WACKER POLYMERS** totaled €317.9 million in the reporting quarter, 3 percent higher than a year ago (€308.2 million). Volume growth was the main reason for this increase. Compared with the preceding quarter (€335.3 million), sales declined by 5 percent, in part due to exchange-rate effects. The division's EBITDA amounted to €57.0 million in Q3 2017 (Q3 2016: €73.2 million). This decline of 22 percent was mainly caused by a substantial year-over-year increase in raw-material prices. The division announced price rises to counter this development. EBITDA contracted by 9 percent versus a quarter ago (€62.4 million), mainly due to lower sales. The reporting-quarter EBITDA margin was 17.9 percent, after 23.8 percent a year earlier and 18.6 percent a quarter ago.

WACKER BIOSOLUTIONS reported total sales of €53.2 million in Q3 2017. That was 2 percent below the year-earlier period (€54.0 million), but 3 percent higher than in the preceding quarter

(€51.4 million). The main causes of the slight year-over-year decline were somewhat lower prices in certain product segments and negative exchange-rate effects. The division's EBITDA came in at €10.3 million in the reporting quarter, down 9 percent from a year ago (€11.3 million), mainly due to lower sales. On the other hand, the division exceeded its EBITDA of a quarter ago (€9.1 million) by 13 percent. The EBITDA margin was 19.4 percent, after 20.9 percent last year and 17.7 percent in Q2 2017.

WACKER POLYSILICON achieved total sales of €341.7 million in the reporting quarter. That was 35 percent more than a year ago (€253.0 million) and 39 percent higher versus the preceding quarter (€246.7 million). The strong rise was mainly due to substantial year-over-year and quarter-over-quarter volume growth, which was supported by sales from inventory. WACKER POLYSILICON's reporting-quarter EBITDA came in at €85.0 million, compared with €82.3 million last year. That was an increase of 3 percent. Relative to a quarter earlier (€71.3 million), EBITDA grew by 19 percent. From July through September 2017, the division's EBITDA margin was 24.9 percent, after 32.5 percent in Q3 2016 and 28.9 percent in Q2 2017. Substantially higher sales lifted earnings, while product-mix and inventory effects dampened the EBITDA margin.

Outlook

In Q1 2017, WACKER reduced its stake in Siltronic AG to 30.8 percent. 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 and Q1 2017 as income from discontinued operations. Since March 15, 2017,

WACKER's stake in Siltronic has been accounted for using the equity method.

At the time of publishing its Q1 2017 report and then its Q2 2017 report, the company revised upward its expectations for WACKER SILICONES, given the strong demand for silicone products.

WACKER also upgraded its forecast for Group earnings in the Q2 2017 report.

In the present Interim Report, WACKER has once again revised upward its earnings forecast for the Group. Full-year EBITDA is anticipated to be at €1 billion, exceeding last year's adjusted figure of €955.5 million. The reasons for the upgrade are the company's strong business performance and also the income included in the forecast from WACKER's stake in Siltronic AG. The full-year EBITDA margin is likely to be on a par with last year's level. Previously, WACKER expected it to be somewhat lower than a year ago. WACKER has also adjusted or stated more precisely its estimates for investment spending, net cash flow, ROCE and net financial debt.

The full-year 2017 projections for WACKER's financial performance indicators – based on the adjusted 2016 figures – are as follows:

Group sales are projected, as before, to rise by a mid-single-digit percentage compared with last year's €4,634.2 million.

The EBITDA margin is expected to be on a par with last year (20.6 percent).

Full-year EBITDA is anticipated to be at €1 billion.

ROCE will be slightly above last year's figure of 5.6 percent.

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Net cash flow is expected to be clearly positive in 2017, but somewhat lower than last year (€361.1 million).

In 2017, capital expenditures will be at the year-earlier level (€338.1 million, without Siltronic).

As before, depreciation is expected to come in at around €600 million, slightly below last year's level (€618.2 million).

Net financial debt will amount to around €500 million.

Information for editorial offices: The Interim Report for Q3 2017 is available for download on the WACKER website (www.wacker.com) under Investor Relations.

Key Figures of the WACKER Group

€ million	Q3 2017	Q3 2016 ⁶	Change in %	9M 2017	9M 2016 ⁶	Change in %
Sales	1,311.6	1,150.8	14.0	3,748.7	3,483.1	7.6
EBITDA ¹	298.0	264.0	12.9	780.7	734.3	6.3
EBITDA margin ² (%)	22.7	22.9	-	20.8	21.1	-
EBIT ³	155.3	108.1	43.7	330.4	276.7	19.4
EBIT margin ² (%)	11.8	9.4	-	8.8	7.9	-
Financial result	-20.6	-23.3	-11.6	-70.3	-70.1	0.3
Income from continuing operations before income taxes	134.7	84.8	58.8	260.1	206.6	25.9
Income from continuing operations	104.2	63.2	64.9	195.9	148.0	32.4
Income from discontinued operations	-	4.3	n.a.	634.7	-5.5	n.a.
Net income for the period	104.2	67.5	54.4	830.6	142.5	>100
Earnings per share from continuing operations (€)	2.04	1.23	66.0	3.80	2.88	32.1
Earnings per share (€)	2.04	1.29	58.3	16.40	2.85	>100
Capital expenditures	74.9	76.6	-2.2	196.4	232.7	-15.6
Depreciation / amortization	142.7	155.9	-8.5	450.3	457.6	-1.6
Net cash flow ⁴ from continuing operations	205.3	208.9	-1.7	352.4	319.4	10.3

€ million	Sept. 30, 2017	Sept. 30, 2016	Dec. 31, 2016
Total assets	7,052.0	7,606.6	7,461.6
Equity	3,204.2	2,073.8	2,593.2
Equity ratio (%)	45.4	27.3	34.8
Financial liabilities	1,264.9	1,635.7	1,458.2
Net financial debt ⁵	463.6	967.8	992.5
Employees (number at end of period)	13,798	17,136	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 result and other financial result, and income taxes.

⁴ Sum of cash flow from operating activities (excluding change 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).

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, excluding Siltronic). WACKER has a global network of 23 production sites, 19 technical competence centers and 49 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