

3rd Quarter 2016 – Conference Call Note

Dr. Rudolf Staudigl (CEO), Dr. Tobias Ohler (CFO), October 27th, 2016

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Highlights Q3 2016

Good Performance in Chemicals and Strong Cash Flow

Efficiency Gains support EBITDA

Financials

Sales of €1.35bn (-0.9% yoy)

EBITDA excl. special income of €301m (+22% yoy)

Net Cash Flow at € 229m substantially higher than in Q2 and last year

Operations

Chemical business with volume growth

Technical ramp of new polysilicon plant in **Charleston, Tennessee** completed

Very good **cost and efficiency performance** across all segments

Growth And Cash – Targets For The Next Years

- 1** Extend Leverage Phase
- 2** Continue to Grow Above Chemical Production
- 3** Focus on Sustainability
- 4** Sustain Attractive Margins Throughout the Cycle
- 5** Generate Cash

Guidance Update FY 2016

Targeting Upper End of EBITDA Guidance Range

	2015	Outlook 2016
Sales (€m)	5,296	Slight increase
EBITDA (€m)	1,049	Expecting FY 5-10% higher excl. special income
EBITDA excl. special income (€m)	911	
EBITDA margin (%)	19.8	Somewhat lower
Group net income (€m)	242	Below 2015
Net cash flow (€m)	22.5	Significantly positive
CapEx (€m)	834	About 425
Net financial debt (€m)	1,074	Slightly below prior-year level
Depreciation (€m)	575	About 720
ROCE (%)	8.1	Substantially lower
Tax Rate (%)	40.5	Close to 30%

Profit & Loss Statement: No Special Income and Increased Depreciation

WACKER P&L Q3 2016 (€m)

€m	Q3 2015	Q3 2016
Sales	1,357.9	1,346.1
Gross profit from sales	298.6	283.4
<i>Gross profit margin (in %)</i>	<i>22.0%</i>	<i>21.1%</i>
S,G&A and R&D	-148.9	-160.9
Other operating income	46.9	22.4
Other operating expenses	-74.2	-28.8
Operating result	122.4	116.1
EBIT	125.5	115.2
Interest result	-5.9	-11.9
Other financial result	-17.6	-13.9
Income before taxes	102.0	89.4
Income taxes	-43.8	-21.9
Net income for the period	58.2	67.5
EBITDA	264.3	300.9
Depreciation/amortization	138.8	185.7
EBIT	125.5	115.2

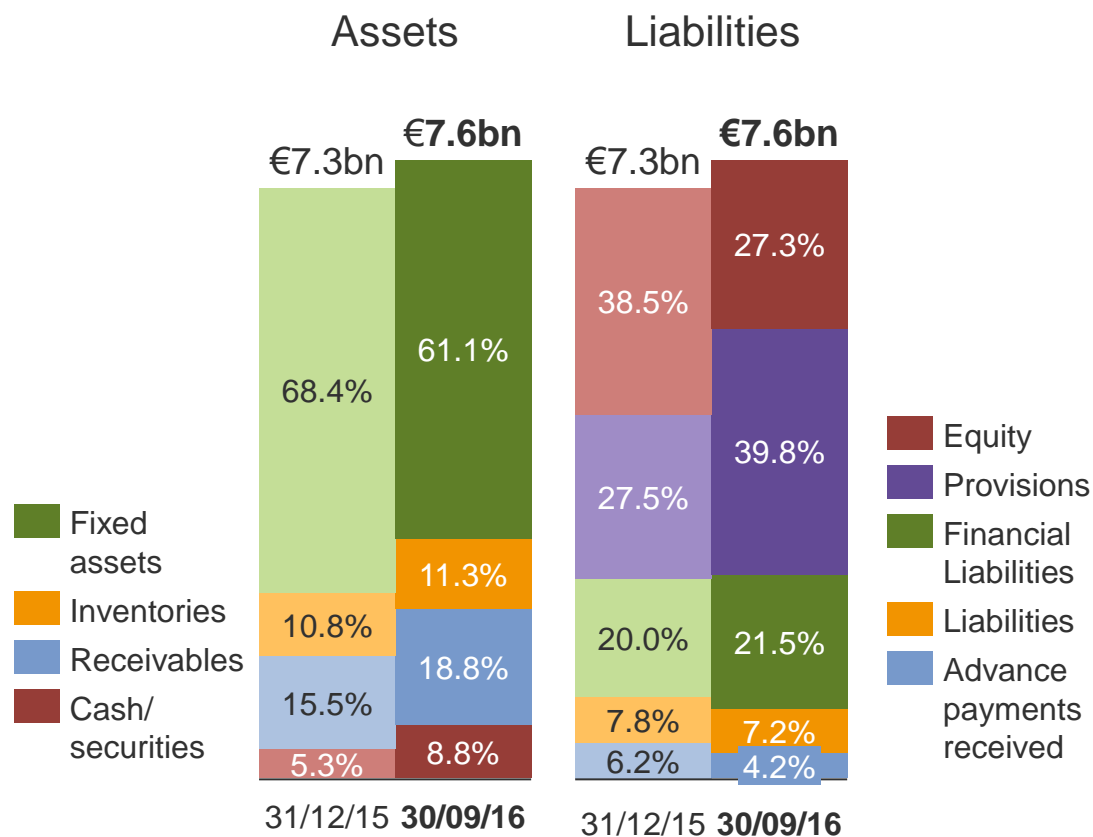
Comments

- ▶ Sales -0.9% yoy:
Volume/Mix +2%, Price -3.6%, FX +0.5%
- ▶ Gross profit decreased by 5.1% yoy following lower prices and higher depreciation, partially offset by efficiency gains
- ▶ Other operating income: No special income in Q3 2016 (2015: €17.8m)
- ▶ Financial result: beginning of operations in TN reduces capitalized interest
- ▶ Tax rate (9M2016) of 31%, lower due to special tax effects during the quarter

Balance Sheet Composition

Low Interest Rates Inflate Pension Liabilities

Balance Sheet (%)



Characteristics 09/30/16

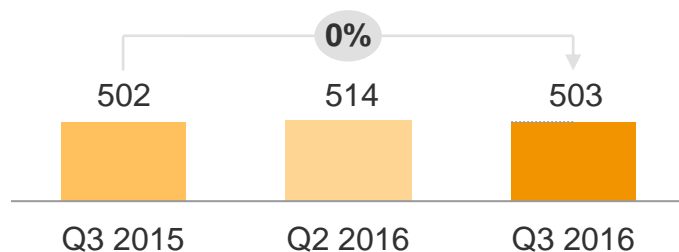
- ▶ Non current assets: €5,273m
- ▶ Securities, cash and cash equivalents: €668m
- ▶ Provisions for pensions: €2,570m
 - ▶ Discount rate for defined benefit plans in Germany reduced to 1.38%
 - ▶ DTA* relating to pensions about €440m
- ▶ Net financial debt: €968m
- ▶ Equity: €2,074m
- ▶ Prepayments: €322m

* Deferred tax asset

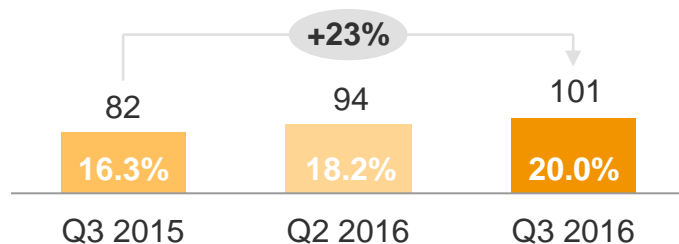
SILICONES

High Utilization and Efficiency Gains Support Strong Result

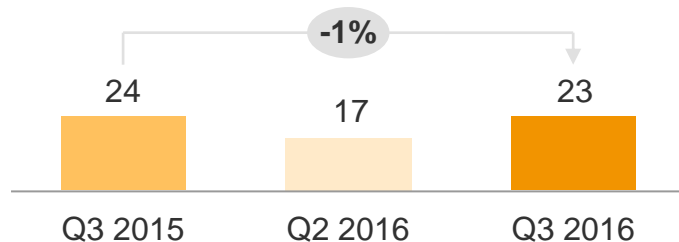
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ Sales on prior year level as volume growth is offset by price declines and FX
- ▶ EBITDA benefitted from high plant loading, cost performance and specialty sales

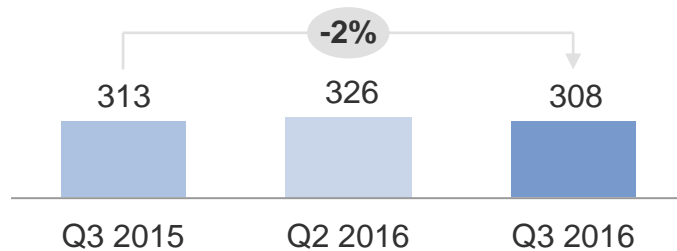
Outlook FY 2016

- ▶ Low-single digit sales growth, but significant EBITDA increase, targeting a 17% EBITDA margin in FY 2016
- ▶ Q4 expected with typical seasonal pattern

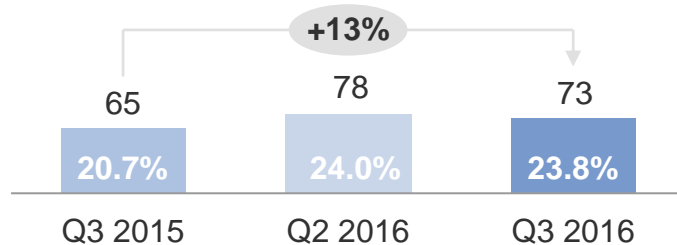
POLYMERS

Strong Performance in Dispersions

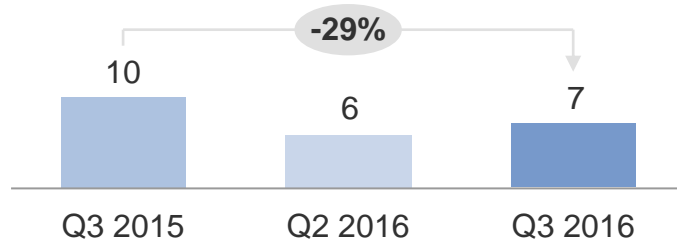
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ Sales slightly below prior year; strong volumes in dispersions offset by lower pricing and FX
- ▶ EBITDA yoy improved from high loading and good cost performance; qoq decrease from slightly lower sales and higher cost for raws

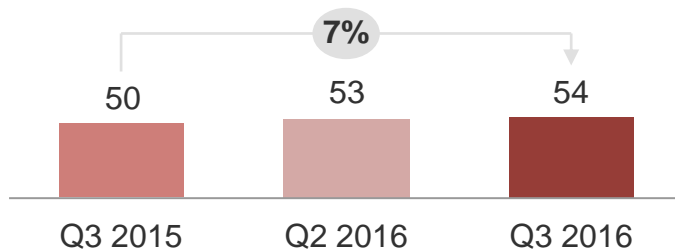
Outlook FY 2016

- ▶ Low-single digit sales growth and material improvement in EBITDA, targeting an EBITDA margin of around 20%
- ▶ Strong growth in dispersions, construction materials with typical seasonality

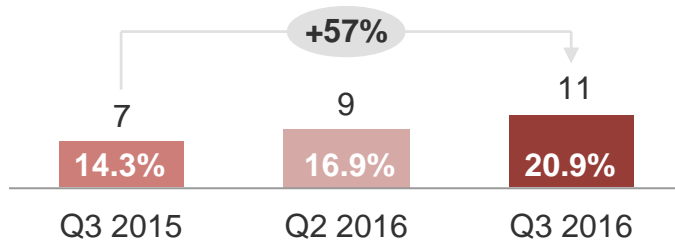
BIOSOLUTIONS

Strong Volumes in Biopharmaceuticals

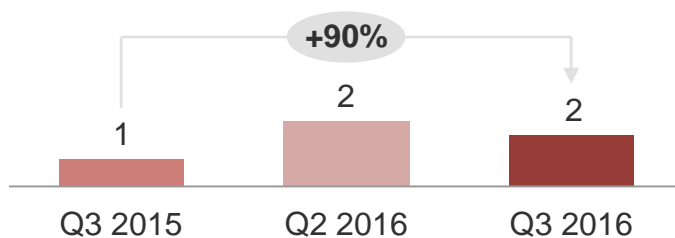
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ Sales +7% yoy
- ▶ Higher volumes in biopharmaceuticals and nutrition overcompensate lower prices in some product segments

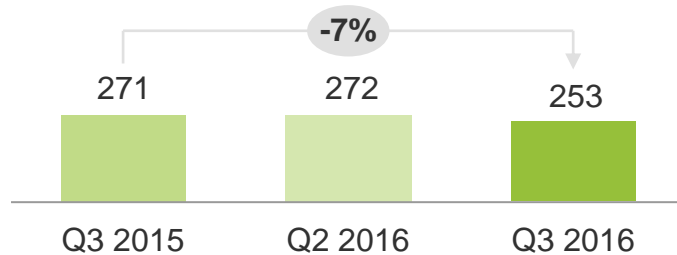
Outlook FY 2016

- ▶ Mid-single digit sales growth with EBITDA margin at the level of previous year
- ▶ Significant growth expected for biopharmaceuticals

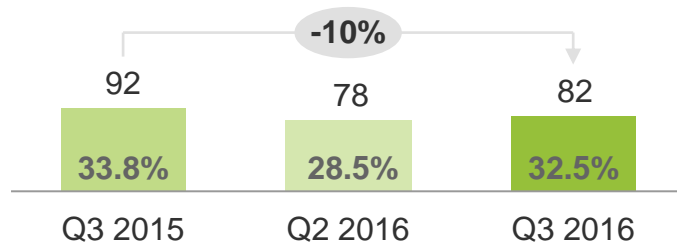
POLYSILICON

Technical Ramp of Tennessee Plant Completed

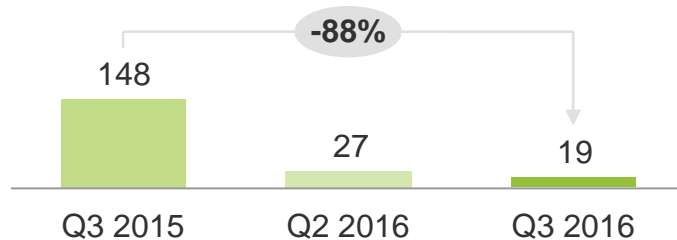
Sales (€m)



EBITDA (€m) / margin



CapEx (€m)



Highlights Q3

- ▶ Sales below prior year and quarter following weak September volumes
- ▶ EBITDA below previous year due to lower yoy prices, no special income (2015: €17.8m)
- ▶ Op. EBITDA margin ex specials/ramp at 33%, on same level as Q2

Outlook FY 2016

- ▶ Some market recovery since mid-October
- ▶ Continued full production and focus on cost reduction

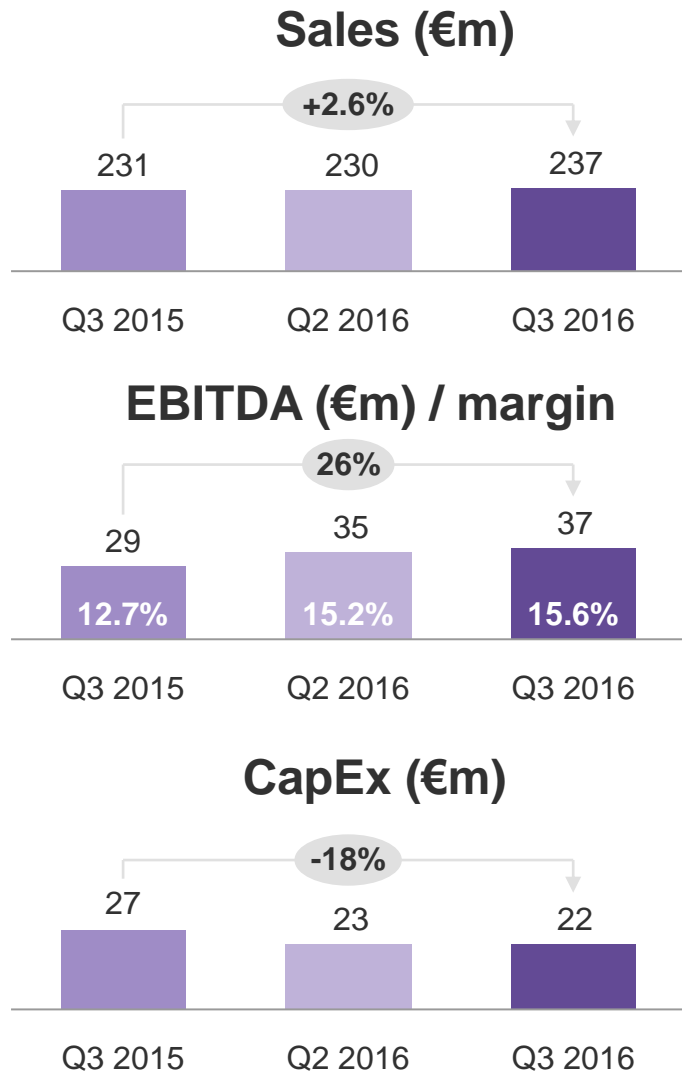
POLYSILICON: Global Installations Further Broaden And Grow

Country	2013	2014	2015	2016e	2017e
France	0.6	0.9	0.9	0.9 – 1.1	1.3 – 1.5
Germany	3.3	1.9	1.5	1.0 – 1.2	1.2 – 1.4
Italy	1.1	0.6	0.3	0.4 – 0.5	0.4 – 0.5
Europe other	5.8	4.0	5.9	4.5 – 5.0	4.6 – 5.6
Europe total	10.8	7.4	8.6	6.8 – 7.8	7.5 – 9.0
Australia	0.9	1.0	0.9	0.9 – 1.1	1.0 – 1.2
China	12.9	13.2*	16.5*	18.0 – 22.0	16.0 – 23.0
India	1.0	1.0	2.1	4.5 – 5.0	8.0 – 9.0
Japan	6.8	9.3	10.8	8.0 – 8.5	8.0 – 9.0
USA	4.8	6.2	7.3	11.0 – 13.5	10.0 – 13.0
Rest of World	2.8	6.0	10.0	11.0 – 12.5	14.0 – 16.0
Total	40 GW	44 GW	~56 GW	~60 – 70 GW	~65 – 80 GW

Sources: SPE, IHS, Industry announcements, WACKER estimates; *2.6 GW allocated from 2015 to 2014, ~4 GW from 2016 to 2015 (installed and not connected capacity)

Siltronic

Strong Volumes in a Firm Demand Environment



Highlights Q3

- ▶ Sales up +3% yoy and qoq mainly due to higher volumes and positive FX effects
- ▶ EBITDA benefitted yoy from high loading, good cost performance and lower FX hedging costs

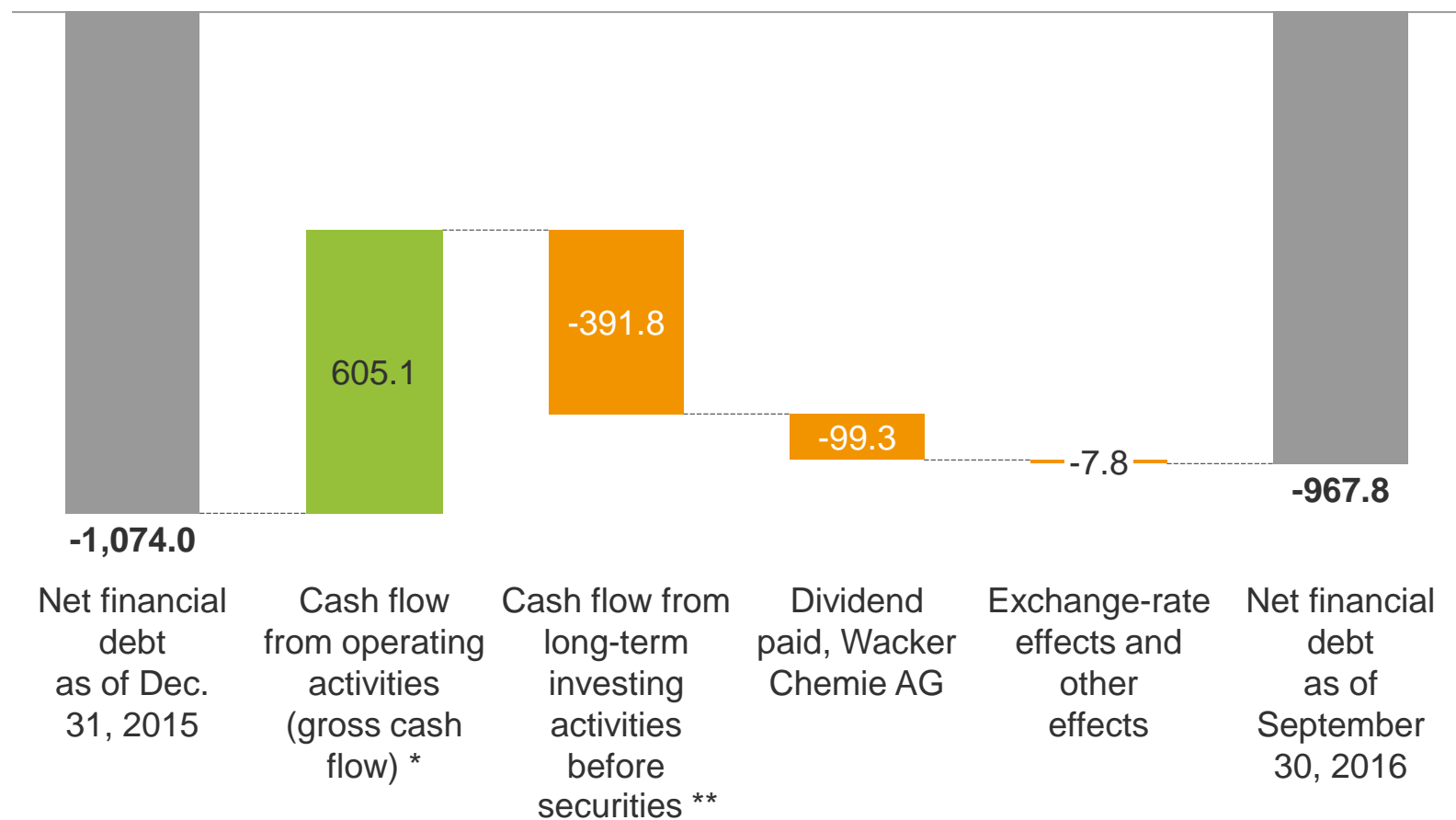
Outlook FY 2016

- ▶ In Q4 only slight seasonal decline in demand expected, 200 and 300mm markets tight
- ▶ FY volumes expected slightly above prior year
- ▶ Free cash flow substantially positive, but below 2015

Net Financial Debt

Strong Cash Flow Generation in Q3

Net Financial Debt Bridge per Sept 30th, 2016 (€m)



*) includes change in prepayments of €132m, **) includes financial investments

3rd Quarter 2016 Conference Call: Q&A Session

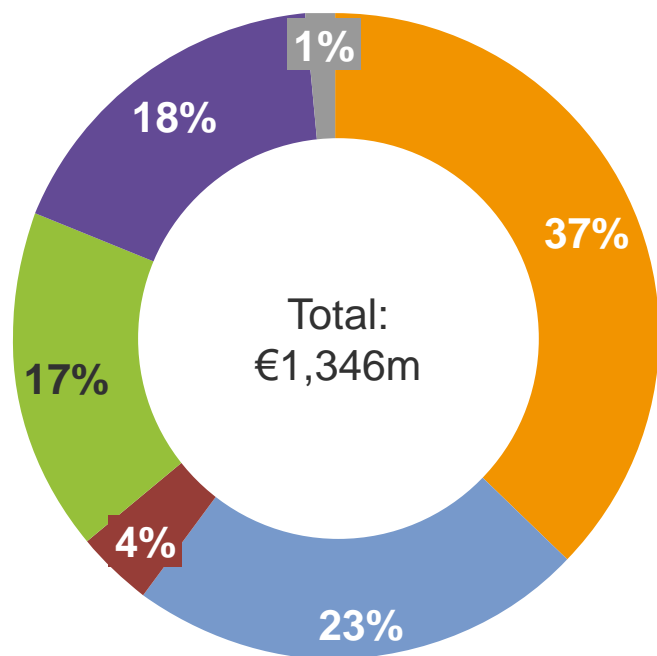
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Appendix

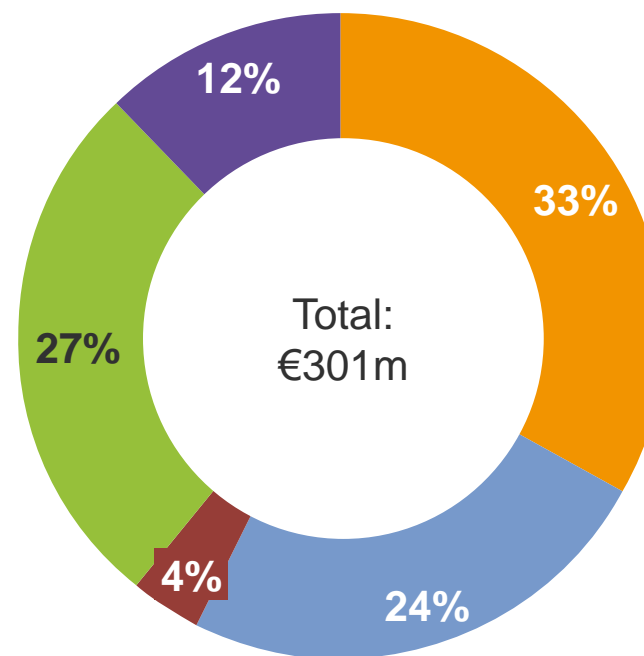
Q3 Results 2016

Sales and EBITDA Breakdown

Q3 2016 Sales¹



Q3 2016 EBITDA



CHEMICALS

WACKER SILICONES

Siltronic

WACKER POLYMERS

WACKER POLYSILICON

WACKER BIOSOLUTIONS

Others/Consolidation

¹based on external sales

Q3 Results 2016

P&L

in €m	Q3 2016	Q3 2015	% YoY	Q2 2016	% QoQ
Sales	1,346.1	1,357.9	-0.9	1,386.2	-2.9
EBITDA	300.9	264.3	13.8	300.0	0.3
EBITDA margin	22.4%	19.5%	-	21.6%	-
EBIT	115.2	125.5	-8.2	110.9	3.9
EBIT margin	8.6%	9.2%	-	8.0%	-
Result for the period	67.5	58.2	16.0	58.9	14.6
EPS in €	1.29	1.21	6.7	1.15	11.7

Q3 Results 2016

Sales Breakdown by Business

Sales in €m	Q3 2016	Q3 2015	% YoY	Q2 2016	% QoQ
CHEMICALS	865.3	865.3	0.0	893.3	-3.1
WACKER SILICONES	503.1	501.9	0.2	514.4	-2.2
WACKER POLYMERS	308.2	313.0	-1.5	325.7	-5.4
WACKER BIOSOLUTIONS	54.0	50.4	7.1	53.2	1.5
WACKER POLYSILICON	253.0	271.4	-6.8	272.2	-7.1
Siltronic	236.7	230.6	2.6	229.8	3.0
Others	38.9	46.7	-16.7	40.3	-3.5
Consolidation	-47.8	-56.1	-14.8	-49.4	-3.2
	1,346.1	1,357.9	-0.9	1,386.2	-2.9

Q3 Results 2016

EBITDA Breakdown by Business

EBITDA in €m	Q3 2016	Q3 2015	%YoY	Q2 2016	%QoQ
CHEMICALS	185.2	153.5	20.7	180.9	2.4
WACKER SILICONES	100.7	81.6	23.4	93.7	7.5
WACKER POLYMERS	73.2	64.7	13.1	78.2	-6.4
WACKER BIOSOLUTIONS	11.3	7.2	56.9	9.0	25.6
WACKER POLYSILICON	82.3	91.8	-10.3	77.7	5.9
Siltronic	36.9	29.4	25.5	35.0	5.4
Others	-4.1	-9.4	-56.4	6.4	-164.1
Consolidation	0.6	-1.0	n.a.	0.0	n.a.
	300.9	264.3	13.8	300.0	0.3

Special EBITDA Effects

No Special Income in Q3

Special income (in €m)	2015					2016				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
POLYSILICON: Retained prepayments & damages from cancelled contracts	4.7	86.7	17.8	28.4	137.6	-	7.0	-		

Raw Materials: Prices With Volatile Development – Current Trough Has Been Passed

Si-Metal (€/MT)



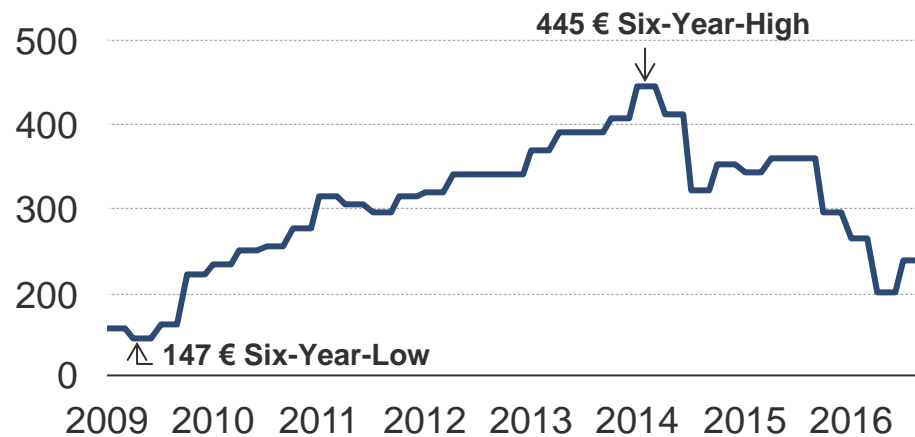
Source: CRU, Si-Metal Contract FD Europe

Ethylene (€/MT)



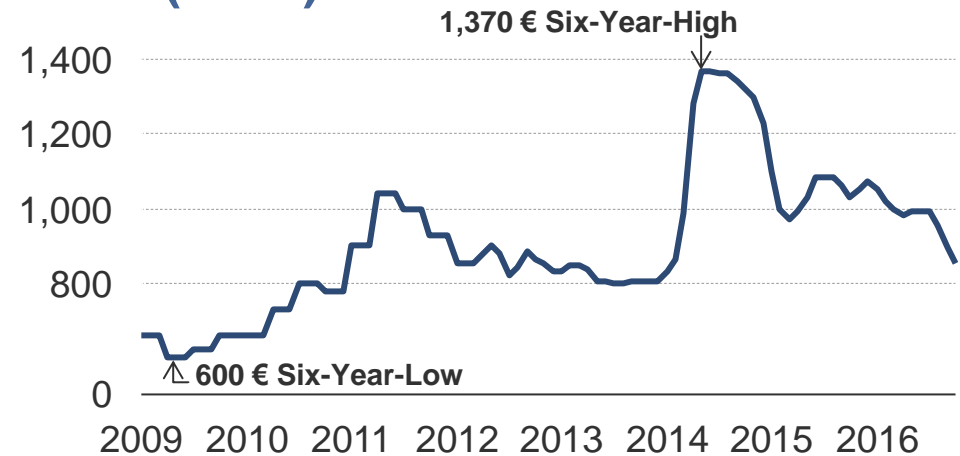
Source: ICIS, EN Contract FD NWE

Methanol (€/MT)



Source: ICIS, MeOH Contract, FOB RDM

VAM (€/MT)



Source: ICIS, VAM Contract FD NWE

WACKER: Issuer, Contact and Additional Information

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Financial Calendar

03/14/17 – FY Results 2016
04/27/17 – Q1 Results 2017
05/19/17 – Annual Shareholders' Meeting
07/28/17 – Q2 Results 2017
10/26/17 – Q3 Results 2017

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

