

# PRESS RELEASE

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## WACKER ENDS Q2 2010 WITH NEW SALES RECORD

- ♦ GROUP SALES IN Q2 2010 RISE 30 PERCENT YEAR OVER YEAR TO €1.20 BILLION
- ♦ EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION INCREASE TO €309 MILLION, UP 81 PERCENT ON A YEAR EARLIER
- ♦ Q2 NET INCOME CLIMBS TO €135 MILLION
- ♦ FOR FULL-YEAR 2010, GROUP SALES EXPECTED TO REACH ABOUT €4.5 BILLION, WITH EBITDA TO EXCEED 2008'S RECORD LEVEL OF €1.06 BILLION
- ♦ 2010'S INVESTMENT BUDGET RAISED TO €750 MILLION, TO BE FINANCED FROM OWN CASH FLOW

Munich, July 30, 2010 – Wacker Chemie AG ended Q2 2010 with a new sales record, primarily thanks to much higher sales volumes. Q2 2010 sales at the Munich-based chemical Group climbed 30 percent to €1,202.0 million (Q2 2009: €925.5 million). Growth was additionally driven by the stronger US dollar. In contrast, lower prices slowed the sales increase to some extent. WACKER also posted clear earnings gains compared to both a year ago and Q1 2010. Earnings before interest, taxes, depreciation and amortization (EBITDA) in Q2 climbed to €308.6 million (Q2 2009: €170.1 million). Up over 81 percent on the prior year, EBITDA rose at more than double the rate of sales. Thanks to significantly stronger customer demand, capacity utilization at the Group's production facilities was much higher than in Q2 2009. As a result, specific manufacturing costs for many products

were lower than a year earlier. In Q2 2010, the Group's EBITDA margin exceeded the 25-percent threshold, climbing to 25.7 percent (Q2 2009: 18.4 percent). The Group's second-quarter earnings before interest and taxes (EBIT) increased to €204.7 million (Q2 2009: €-53.7 million). In Q2 2009, high impairments at Siltronic and provisions for structural measures had lowered EBIT by some €136 million. The Group's EBIT margin for Q2 2010 rose to 17.0 percent (Q2 2009: -5.8 percent). Net income for the period reached €135.4 million (Q2 2009: €-74.5 million). As a result, second-quarter earnings per share amounted to €2.71 (Q2 2009: €-1.47).

Chemical divisions and semiconductor business both contributed to the quarter's significant earnings growth. EBITDA at the three chemical divisions was up 43 percent year over year to €118.9 million (Q2 2009: €83.4 million). In Q2 2010, Siltronic stabilized and strengthened its positive EBITDA contribution. The Group's semiconductor division generated EBITDA of €18.0 million, a marked improvement over both Q2 2009 (€-58.2 million) and Q1 2010 (€1.2 million). WACKER POLYSILICON made further earnings gains in Q2 2010 thanks to its strong sales volumes, excellent technology and outstanding cost positions. Posting EBITDA of €174.6 million, the division not only surpassed its prior-year figure (€136.0 million) by 28 percent, but also Q1 2010 (€157.5 million) by 11 percent.

For full-year 2010, WACKER expects to meet and exceed 2008's record figures. Provided no major economic setbacks occur in Q4 2010 and current exchange rates remain roughly unchanged, the Munich-based chemical Group anticipates sales of about €4.5 billion for full-year 2010. From today's viewpoint, EBITDA in 2010 is expected to exceed 2008's record level of €1.06 billion.

“WACKER extended its growth in the second quarter and is now on a very good course mid year,” said CEO Rudolf Staudigl in Munich on Friday. “Customer demand for our products has continued to grow at all divisions, driving both sales and margins. Thus, 2010 is going to be a very successful year for WACKER.”

**Regions**

The WACKER Group generated double-digit sales growth in every region of the world in Q2 2010. Asia remains by far WACKER’s most important market, accounting for about 36 percent of second-quarter consolidated sales. In the April-through-June period, sales in the region rose to €430.9 million, up 33 percent (Q2 2009: €325.1 million).

WACKER achieved almost 60 percent of its Asian sales in China.

Europe excluding Germany represented WACKER’s second-largest market during Q2 2010. Sales in this region rose 29 percent to €296.1 million (Q2 2009: €230.2 million). In Germany, business did not grow quite as strongly, with consolidated Q2 sales climbing just 13 percent to €217.8 million (Q2 2009: €192.6 million). This was largely because polysilicon sales in Germany did not increase as much as in other regions, especially Asia. In the Americas, WACKER boosted second-quarter sales by 43 percent to €213.3 million (Q2 2009: €148.7 million). Sales performance in this region was supported not only by considerably higher demand, but also by the US dollar’s strength compared to the previous year. In the other regions, sales grew 52 percent to €43.9 million in the second quarter (Q2 2009: €28.9 million). Overall, WACKER generated 82 percent (Q2 2009: 79 percent) of its second-quarter sales with customers outside Germany.

**Investments and Net Cash Flow**

In Q2 2010, WACKER invested a total of €140.9 million (Q2 2009: €194.3 million). Despite the high investment level, second-quarter net

cash flow was clearly positive at €55.5 million (Q2 2009: €-110.2 million). The main focus stayed on production-capacity expansion for hyperpure polycrystalline silicon. Construction of the “Poly 9” expansion stage at Nünchritz (Germany) – with a nominal capacity of 10,000 metric tons per year – is progressing according to plan. The facility is scheduled to come on stream before the end of next year. At Zhangjiagang (China), the second expansion stage for pyrogenic silica production is advancing well, too. Moreover, the official start-up of Zhangjiagang’s siloxane facility is scheduled for this year. As already announced, Wacker Chemie AG acquired the Norwegian FESIL Group’s silicon-metal production site in Holla (near Trondheim) on July 1, 2010. The move increases the chemical Group’s supply security and makes the company more independent of raw-material price fluctuations. Through this strategic acquisition, WACKER is able to cover about a third of its current annual demand for silicon metal, which it needs to manufacture silicones and hyperpure polysilicon.

**Employees**

As of June 30, 2010, WACKER had 15,901 employees worldwide (March 31, 2010: 15,733). The increase primarily stems from greater staffing needs due to much higher plant-utilization rates and to newly added production capacities. At the end of June 2010, WACKER had 12,105 employees in Germany (March 31, 2010: 11,979) and 3,796 at its international sites (March 31, 2010: 3,754).

**Business Divisions**

**WACKER SILICONES** increased total sales in Q2 2010 to €406.5 million (Q2 2009: €304.9 million) thanks not only to dynamically growing silicone demand for construction, electronics and automotive applications, but also to new record silicone sales for paper-coating and personal-care products. Sales rose 33 percent compared to the

prior-year period. Primarily volume and product-mix effects, plus the stronger US dollar, enabled WACKER SILICONES to roughly double its Q2 EBITDA over the year-earlier period. Divisional EBITDA climbed to €73.3 million (Q2 2009: €37.2 million). This corresponds to an EBITDA margin of 18.0 percent (Q2 2009: 12.2 percent).

**WACKER POLYMERS** profited from a seasonal increase in demand for dispersions and dispersible polymer powders for the construction industry in Q2 2010. Volume gains led to total sales for the quarter of €224.6 million – up nearly 9 percent over the prior year (Q2 2009: €206.5 million). Lower market prices for dispersions and dispersible polymer powders, as well as higher ethylene prices, weighed on the division's Q2 2010 earnings. With EBITDA of €37.8 million (Q2 2009: €42.9 million), WACKER POLYMERS remained 12 percent below the prior-year level, but compared to Q1 2010 (€20.1 million), the division improved by 88 percent. The EBITDA margin was 16.8 percent in Q2 2010 (Q2 2009: 20.8 percent).

**WACKER BIOSOLUTIONS** reported total sales of €38.3 million for April through June 2010 (Q2 2009: €22.1 million), an increase of 73 percent. In Q2 2010, the division reported strong demand for acetylacetone, as well as rising sales for cysteine and cyclodextrins. The gumbase business also posted sales gains, and business with pharmaceutical proteins developed positively, too. WACKER BIOSOLUTIONS more than doubled its earnings before interest, taxes, depreciation and amortization (EBITDA) to €7.8 million in Q2 2010 compared to a year ago (Q2 2009: €3.3 million). The EBITDA margin improved in the April-through-June 2010 period to 20.4 percent (Q2 2009: 14.9 percent). A key reason for the strong earnings growth was the reallocation of the gumbase business, which had still been a part of WACKER POLYMERS back in Q2 2009.

**WACKER POLYSILICON** generated total sales of €321.5 million in the April-through-June quarter (Q2 2009: €269.1 million). Thus, sales were up nearly 20 percent against Q2 2009, primarily due to additional volumes from the new Poly 8 facility. In Q2 2010, the photovoltaics market continued to develop very encouragingly and the semiconductor market also grew more quickly than expected. In this market environment, WACKER POLYSILICON was able to sign new multi-year contracts with solar-sector customers. These agreements also involved advance payments. Additional contracts are currently under negotiation. Order books for 2010 continued to expand in Q2 2010 and the entire production quantity planned for the current year has already been sold. Thanks to higher sales volumes and its outstanding technology and cost positions, WACKER POLYSILICON further increased EBITDA in the second quarter. With EBITDA of €174.6 million, the division outperformed the year-earlier period (Q2 2009: €136.0 million) by 28 percent. Amid stable prices and continued low manufacturing costs, the EBITDA margin exceeded the 50-percent mark once again at 54.3 percent in Q2 2010 (Q2 2009: 50.5 percent).

**Siltronic** posted a significant increase in Q2 2010 sales to €255.8 million (Q2 2009: €153.1 million). This is a 67-percent rise year over year. Growth primarily stemmed from volume gains. Sales volumes by surface area sold increased some 60 percent in Q2 2010 compared to a year ago. Moreover, average prices rose year over year for wafers with a diameter of 200 mm or less. The stronger US dollar also supported the sales trend. Following the earnings slump last year, Siltronic was able to stabilize and extend this year's positive Q1 EBITDA contribution into Q2 – with EBITDA of €18.0 million (Q2 2009: €-58.2 million). Nevertheless, its EBITDA margin of 7.0 percent in Q2 2010 (Q2 2009: -38.0 percent) remained unsatisfactory. The division will continue measures to optimize cost structures so that it can further

enhance productivity and profitability in the semiconductor business. Customer qualification of wafers from defined Siltronic lead sites is progressing well.

**Outlook**

Following the strong growth momentum early in the year, the global economic upturn will stabilize and solidify over the next 18 months according to current forecasts. Given the overall economic situation, all WACKER divisions expect strong and sustained customer demand and sales growth until the end of the year. This projection is underscored by expanding order books and Q2's highly promising contract negotiations with customers. Consequently, plant-capacity utilization is predicted to remain at a high level, which would have a positive effect on specific production costs.

For the remainder of the year, WACKER's Executive Board expects continued dynamic growth on international markets. Provided no major economic setbacks occur in Q4 2010 and current exchange rates remain roughly unchanged, the Group anticipates sales of about €4.5 billion for full-year 2010. Earnings before interest, taxes, depreciation and amortization (EBITDA) in the current year are expected to exceed 2008's record level of €1.06 billion. Following the acquisition of the silicon-metal production site in Holla in early July, WACKER increased its forecast for current-year investments in property, plant and equipment, and financial assets from an earlier €600-€700 million range to around €750 million now. Higher investments are planned to be financed out of the Group's own cash flow.

**WACKER's Key Figures**

€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
Sales	1,202.0	925.5	29.9	2,269.0	1,798.0	26.2
EBITDA <sup>1</sup>	308.6	170.1	81.4	562.3	327.9	71.5
EBITDA margin <sup>2</sup>	25.7%	18.4%	39.7	24.8%	18.2%	35.9
EBIT <sup>3</sup>	204.7	-53.7	n.a.	358.4	4.5	>100
EBIT margin <sup>2</sup>	17.0%	-5.8%	n.a.	15.8%	0.3%	>100
Financial result	-9.0	-6.3	42.9	-12.3	-13.4	-8.2
Income before taxes	195.7	-60.0	n.a.	346.1	-8.9	n.a.
Net income for the period	135.4	-74.5	n.a.	241.3	-69.0	n.a.
Earnings per share (€)	2.71	-1.47	n.a.	4.85	-1.30	n.a.
Investments (incl. financial assets)	140.9	194.3	-27.5	239.2	371.1	-35.5
Net cash flow <sup>4</sup>	55.5	-110.2	n.a.	110.1	-39.3	n.a.
	<b>June 30, 2010</b>	<b>June 30, 2009</b>	<b>Dec. 31, 2009</b>			
€ million						
Equity	2,169.0	1,955.6	1,942.4			
Financial liabilities	499.1	424.1	439.7			
Net financial liabilities <sup>5</sup>	58.1	81.5	76.1			
Total assets	4,962.6	4,584.0	4,541.9			
Employees (number at end of period)	15,901	15,721	15,618			

<sup>1</sup> EBITDA is EBIT before depreciation and amortization

<sup>2</sup> Margins are calculated based on sales

<sup>3</sup> EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes

<sup>4</sup> Sum of cash flow from operating activities and noncurrent investment activities

<sup>5</sup> Sum of liquidity and noncurrent and current financial liabilities

**Information for editorial offices:** The Q2 2010 report can be downloaded from WACKER's website ([www.wacker.com](http://www.wacker.com)) under Investor Relations.



*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 about 15,600 employees and annual sales of around €3.7 billion (2009).  
WACKER has 26 production sites and over 100 sales offices worldwide.

**WACKER SILICONES**

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

**WACKER POLYMERS**

Polyvinyl acetate and vinyl acetate copolymers in the form of dispersible polymer powders, dispersions and solid resins used as binders for construction chemicals, coatings, adhesives, paints, plasters and nonwovens

**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 photovoltaics industries

**Siltronic**

Hyperpure silicon wafers and monocrystals for semiconductor devices