Q1

Interim Report
January – March 2014

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Group sales for Q1 2014 reach €1.16 billion, up 8 percent year on year and 6 percent quarter on quarter

Every division increases volumes and sales thanks to stronger customer demand

First-quarter EBITDA comes in at €285 million, with non-recurring effects contributing to its increase of 73 percent on a year ago and 80 percent on Q4 2013

Net income for Q1 2014 amounts to €64 million

Capital expenditures 26 percent lower than last year, with the focus remaining on completing the Tennessee site

Forecast unchanged: for full-year 2014, WACKER expects Group sales to rise by a mid-single-digit percentage, with EBITDA climbing at least 10 percent above the prior-year level

Cover

Bioreactor at Wacker Biotech: actives for pharmaceuticals are produced here in extremely pure form.

WACKER at a Glance

€ million	Q1 2014	Q1 2013	Change in %
Sales	**1,157.4**	1,076.3	7.5
EBITDA[1]	**285.2**	164.5	73.4
EBITDA margin[2] (%)	**24.6**	15.3	–
EBIT[3]	**133.8**	32.2	> 100
EBIT margin[2] (%)	**11.6**	3.0	–
Financial result	**–23.7**	–14.6	62.3
Income before taxes	**110.1**	17.6	> 100
Net income for the period	**64.2**	5.1	> 100
Earnings per share (basic/diluted) (€)	**1.35**	0.08	> 100
ROCE[4] (%)	**2.6**	0.6	–
Capital expenditures (including financial assets)	**89.3**	121.2	–26.3
Acquisitions	**59.0**	–	> 100
Net cash flow[5]	**104.5**	–39.0	n.a.

€ million	March 31, 2014	March 31, 2013	Dec. 31, 2013
Equity	**2,155.5**	2,188.4	2,197.1
Financial liabilities	**1,448.0**	1,193.7	1,416.7
Net financial debt[6]	**899.9**	800.1	792.2
Total assets	**6,589.2**	6,433.6	6,332.4
Employees (number at end of period)	**16,788**	16,248	16,009

[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] ROCE (return on capital employed) sets EBIT in relation to the capital employed for business activities. Capital employed is made up of average noncurrent fixed assets (less noncurrent securities), plus inventories, and trade receivables less trade payables.
[5] 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.
[6] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

Interim Report January – March 2014

It made headlines all around the world when, in July 1980, at Guy's Hospital, London, human insulin produced by micro-organisms was administered to 17 volunteers.

It was the first time in medical history that humans had been successfully treated with a complex biologically active protein produced by bacteria. The "biologics age" had begun.

WACKER has many years of experience in the process development and contract-manufacturing of biologics. Now, a new acquisition will strengthen this track record.

When the first human insulin produced by bacteria came on the market in 1982, it represented a new era not only for diabetics but also for the entire pharmaceuticals industry. Complex biologically active proteins for use in drugs could be produced with the aid of microorganisms such as bacteria or yeasts. These pharmaceutical proteins, known as "biologics," made it possible for the first time to produce preparations that until then had been impossible to make on an industrial scale by chemical synthesis due to their complex structure or the high costs involved. But since then, the field of biologics has been growing rapidly, and this trend is also benefiting WACKER. With its Wacker Biotech GmbH subsidiary, WACKER can already look back at over 20 years' experience in the contract-manufacturing of therapeutic proteins using bacteria, an area of expertise that it is now strategically expanding. In early 2014, WACKER took over a pharmaceutical proteins production plant in Halle.

He pampers the little critters as though they were show horses or prize dairy cows. Standing in the Jena lab complex, Thomas Maier, who has a doctorate in biology and is co-managing director of Wacker Biotech GmbH, can't help but smile a little when he talks about his bacteria. "They are fairly sensitive little organisms – and only produce first class results if they feel well."

Encouraging the bacteria to produce the largest possible amount of biologically active protein reliably and economically is a science in itself. And it doesn't help to cajole or pet them. It is more important that the temperature, pH and oxygen or nutrient levels in the bioreactor are precisely adjusted, since the process is sensitive to the tiniest changes.

Biologics

Biologics are pharmaceuticals produced with the aid of biotechnology and genetically engineered organisms – such as with bacteria, yeast cells or mammalian cell cultures.

Pointing out that the tiny bacteria are, incidentally, not only as sensitive as a show horse, but just as valuable, Maier adds: "Often only a few hundred grams of protein can be produced in a bioreactor. Though that is enough to treat tens of thousands of patients. One gram of the active substance can cost up to 10,000 euros," explains the co-head of Wacker Biotech.

The bacteria in the tanks at Jena are predominantly modified *Escherichia coli*, which are also found in the human digestive tract. But in WACKER's bioreactors, they convert the nutrient broth into complex proteins that are used, for example, in drugs to combat cancer or multiple sclerosis. There is a huge demand for such pharmaceutical actives – they are now the biggest growing market for therapeutic agents. Annual sales of biopharmaceuticals amount to some 100 billion dollars. In the USA and the European Union alone, over 140 products are approved, 40 of which have blockbuster status. Each of them represents over one billion dollars in sales per year. Experts estimate that in 2016, ten of the 20 most profitable drugs will be biologics.

Unique Technology Platforms

Pharmaceutical companies greatly value the extreme purity and comparatively low cost obtained by this manufacturing process – i.e. cultivation of the bacteria in a bioreactor and then purification of the product. "That is precisely what Wacker Biotech specializes in," explains co-managing director Guido Seidel. A doctor of chemistry, he is responsible for certified production, quality management and process development. "As a contract manufacturer, we manufacture biologics for pharmaceutical companies, who entrust the process development, analysis, and high-purity production of the active agents to specialists like us," says Seidel. Wacker Biotech has over 20 years' experience in this field. The present company was founded as "ProThera," a spin-off of the state-owned Hans-Knöll Institute in Jena, and has conducted research into bio-

1
Bacteria are the starting point: The correct bacterial strain is developed in the lab as the first step toward the production of biologics.

2
Bioreactor in Wacker Biotech's clean-room: Actives for pharmaceuticals are produced here in extremely pure form.

synthetic pharmaceutical proteins since the late 1980s. Since January 2005, ProThera has been a wholly owned subsidiary of Wacker Chemie AG, and is now called Wacker Biotech GmbH.

Wacker Biotech's technology platforms are its special advantage. The high-cell-density fermentation process DENSETEC® obtains significantly higher yields of therapeutic agents for comparatively low production costs. "Put simply, we ensure that our bacteria reproduce and generate the product in an extremely confined space," says Maier. "This process gives us very high space-time yields of over 50 grams of dry cell weight per liter. Many process developers would be satisfied with only half of that." The second pillar is the unique ESETEC® secretion technology: "The *E. coli* bacteria that we have developed specially ourselves allow us to produce the proteins in high yield much more easily and inexpensively," says Maier. "Our bacteria do not accumulate the actives in the cell, but secrete them directly into the nutrient broth – and we can separate the product from the bacterial cells by filtration, making the further purification easier and very cost effective."

Demand Is Growing

These technologies were so well received by the pharma customers that Maier and his team of 80 soon faced a problem – the existing capacity was not sufficient in the long term to meet the huge demand. True, the Jena site has been successively expanded over recent years, with enlargement of the production building, a new lab and admin building. Nevertheless, with a maximum volume of 300 liters, the bioreactor simply did not have enough capacity for many project orders and customer inquiries. Moreover, Jena had been mainly focused on actives for clinical tests – and the customer projects it now pursues are to supply the market after regulatory approval has been obtained.

Efficient Production

Many of the proteins that are highly effective only occur naturally in very tiny amounts, and it is complicated and expensive to extract them. Biologics can be manufactured efficiently in so-called "fermenters."

3
Dr. Guido Seidel and Dr. Thomas Maier: The two managing directors of Wacker Biotech GmbH are specialists in the contract-manufacturing of therapeutic proteins.

4
In the fermenter, bacteria produce the active proteins for pharmaceuticals. One gram of the active substance can cost up to 10,000 euros – and treat tens of thousands of patients.

That was why, early this year, WACKER acquired a BioNet Ventures GmbH production facility – Scil Proteins Production in Halle an der Saale (eastern Germany). Founded in 2005, Scil Proteins Production has about 80 employees and a production plant with a capacity of up to 1,500 liters – which Guido Seidel believes is a decisive success factor for continued growth: "Now, we can offer all of our customers the right capacity on request. The production facility in Jena is suitable for smaller volumes, while for large amounts, we can now use the new facility in Halle." Wacker Biotech can thus support customers' projects through to commercial production and market supply.

The Perfect Complement

Besides its production plant, WACKER acquired Scil Proteins Production's patent portfolio and existing customer relationships. That includes, for example, manufacturing the active ingredient for the already approved Rapilysin® drug against heart attacks. It dissolves clots that have formed in blood vessels and caused heart attacks.

Not Dependent on Animal Sources

Insulin used to be produced from the pancreas of pigs and cattle – experts estimated that from about 1995, there would no longer have been enough slaughtered animals to cover the needs of the world's diabetics.

Another benefit for WACKER is Scil Proteins Production's extensive experience in protein refolding. "Our ESETEC® technology is used to secrete the proteins from the cells already in the active form – i.e. correctly folded. Though some proteins cannot be manufactured by this method," explains Guido Seidel. "An efficient refolding method is important to keep manufacturing costs under control in such cases. And that is where Scil Proteins Production is a leader." Scil Proteins Production is thus the perfect technical complement to WACKER's existing know-how.

The highly qualified staff in Halle was also a crucial reason for the acquisition. WACKER will retain the 80 or so employees, and is rapidly integrating them into the Group.

A Strong Player

"We will now be able to achieve our goal of becoming a top-tier player in the microbial production of protein actives much faster," says Thomas Maier, referring to the acquisition. "There were big advantages to purchasing the existing facility compared to building a completely new production plant. We can start directly with the production of our actives. Plus, we can keep on the existing highly trained staff and we have already received approval by the European Medicines Agency."

Maier and Seidel therefore see the acquisition as an important factor for future success. "This expansion of our production capacities comes at an ideal time, both for us and for our customers," says Seidel. "Various pharmaceutical projects by our partners, whom we have supported in the preclinical and clinical development stages, are ready to proceed to the next clinical phase or to commercialization. At the same time, we can now offer our customers the most appropriate production technology."

The two managing directors of Wacker Biotech are optimistic about the future. Every fourth drug is already a biologic, with an active pharmaceutical substance obtained in bioreactors. Maier feels that, with his company's strong scientific background, effective technology platforms and capacities at the two sites in Jena and Halle, he is adequately equipped to meet future demand: "Biologics are the pharma sector's growth field – and we at Wacker Biotech want to accompany its growth."

Reduced Infection Risk

Many active substances used to be produced from animals – they thus posed the risk of contamination with pathogens such as epizootic diseases or the hepatitis B virus. With biologics, contamination of this kind is ruled out.

New Active Ingredients

Biologics have a very specific action and can be targeted to specific needs. As a result, new active agents can be created that have never existed in nature.

5


6


7


8


5
In the lab, WACKER experts seek the ideal conditions for the sensitive bacteria by trial and error.

6
At the new Halle plant, WACKER can support customer projects through to the market-supply phase.

7
Product purification:
WACKER's proprietary system makes purification of the active proteins easier and less expensive.

8
Quality takes top priority:
Employees test the synthesized proteins in the lab.

WACKER Stock

In January through March 2014, the influence of the European and US financial and sovereign-debt crisis on global financial-market sentiment continued to recede. Although the budget problems facing key advanced economies such as Italy, France and the USA have not yet been generally solved, they have become noticeably less severe in many cases. In countries such as Greece and Portugal, stringent cost-saving and consolidation measures have shown initial successes, and the political situation in Italy and Spain has clearly stabilized. In the USA, passage of the federal budget for 2014 has restored sufficient planning certainty.

Positive signals are coming from projections for the world economy. This year, global activity is expected to benefit from recovery in Europe and other western economies. The eurozone has emerged from recession. Stronger demand from advanced economies is likely to compensate for weaker momentum in Asia's emerging-market and developing economies over the coming months.

The leading US and European central banks continue to adhere to their low-interest-rate policies. In Europe, concerns of deflationary risk are increasing amid calls for the European Central Bank and national central banks to take countermeasures. The prospect of falling prices could inhibit corporate and household investment spending and dampen world economic trends.

It is not yet clear how the Crimean crisis will affect the stability of international relations. It remains to be seen whether the crisis will lead to long-term burdens and restrictions on EU and US business with Russia.

In the proceedings launched months ago against European polysilicon manufacturers, the first quarter saw WACKER and China finding an amicable solution for the export of polysilicon after intensive negotiations. Effective May 1, 2014, WACKER and the Chinese Ministry of Commerce signed an agreement in which the Group undertakes not to sell European-manufactured polysilicon in China below a specific minimum price based on standard market prices. The Chinese Ministry of Commerce, in turn, will refrain from imposing anti-dumping and anti-subsidy tariffs on this material.

Amid these overall conditions, WACKER's stock performed well during the first quarter of 2014. With a quarterly gain of 10.8 percent, WACKER's stock clearly outperformed Germany's DAX and MDAX equity indices – which essentially moved sideways.

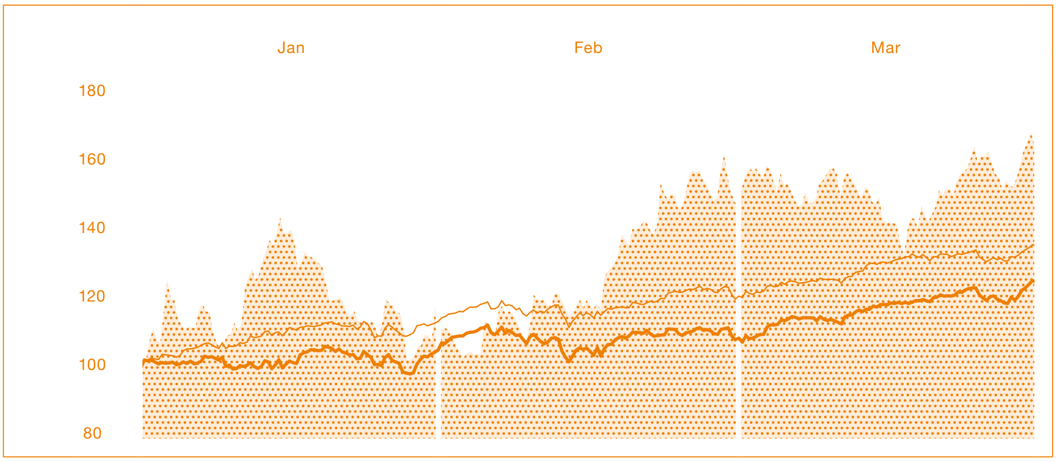
WACKER's stock started the year at €80.00 on January 2, 2014. It climbed to its first-quarter high of €103.65 on March 6, 2014. Several positive news items lifted the share price during this period. When publishing its preliminary 2013 figures, for example, the Group reported on a solid final quarter of 2013. WACKER's acquisition of a majority stake in its semiconductor-wafer joint venture with Samsung was just as well-received by market participants as the announcement about special income from restructuring a contractual and delivery relationship with a solar-sector customer. The share price declined again somewhat in the weeks thereafter, closing the quarter at €88.63. This corresponds to a market capitalization of about €4.4 billion.

The DAX and MDAX equity indices both essentially moved sideways from January through March 2014. The DAX started the new year at 9,400 points. It reached its current high of 9,743 on January 17 and closed the quarter at 9,556 on March 31. Thus, the DAX rose 1.7 percent in the first quarter. In the same period, the MDAX dropped marginally by 0.3 percent. It began the year at 16,517 points on January 2, 2014 and finished the first quarter at 16,462. The MDAX also reached its high for the quarter on January 17 at 16,947.

The long-term analysis for the three-year period from March 2011 through March 2014 shows that WACKER's share price continuously improved over the past four quarters. From its lows in November 2012 of just over €40, the share price has more than doubled in the last 16 months. However, the stock is still far from its three-year-period high of €170, reached in May 2011. The DAX and MDAX indices have seen significantly more positive trends than WACKER stock over the last three years, with the DAX up by about 36 percent and the MDAX by nearly 60 percent. Basically, this reflects the strong impact that the difficult solar-industry market conditions and the polysilicon-price declines of the past few years have had on the valuation of WACKER's stock.

WACKER Share Performance in Q1 2014 (indexed to 100)[1]

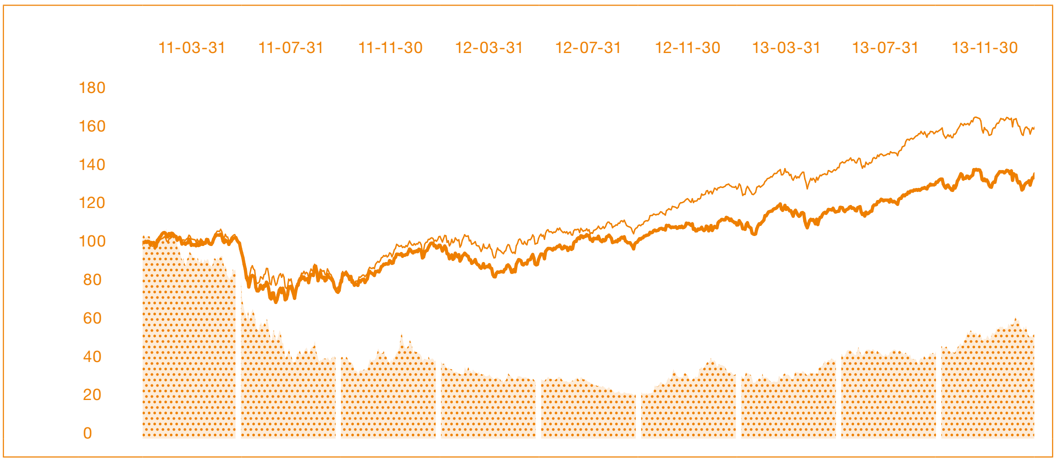
G 1.1



WACKER[1] DAX 30 MDAX [1]100 = €80.00 (closing price on January 2, 2014)

WACKER Share Performance from March 31, 2011 to March 31, 2014 (indexed to 100)[1]

G 1.2



WACKER[1] DAX 30 MDAX [1]100 = €158.70 (closing price on March 31, 2011)

Facts & Figures on WACKER Stock

T 1.3

€	Q1 2014
Closing price at the start of the reporting period (Jan. 2, 2014)	80.00
High in the reporting period (March 6, 2014)	103.65
Low in the reporting period (Jan. 2, 2014)	80.00
Closing price at the end of the reporting period (March 31, 2014)	88.63
Change during the reporting period (%)	10.8
Average daily trading volume in shares/day (Xetra, Chi-X and Turquoise)	269,515
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	3.97
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	4.40
Earnings per share (€)	1.35

Dividend Proposal for Fiscal 2013 of €0.50 per Share

Wacker Chemie AG posted a retained profit according to German Commercial Code accounting principles of €636.1 million in 2013. The Executive and Supervisory Boards will propose a dividend of €0.50 per share at the Annual Shareholders' Meeting on May 15, 2014. Based on the number of shares entitled to dividends as of December 31, 2013, the cash dividend corresponds to a payout of €24.8 million. The remaining amount of €611.3 million is to be treated as profit carried forward.

At the end of the reporting period, short sales of Wacker Chemie AG's stock amounting to 7.37 percent of the shares outstanding were reported as per Section 30h of Germany's Securities Trading Act. The largest position amounted to 2.60 percent. Short positions exceeding 0.5 percent of the shares outstanding are published in Germany's Federal Gazette (www.bundesanzeiger.de).

Please refer to the 2013 Annual Report (pages 46 to 52) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. the dividend, shareholder structure, banks and investment firms that cover and rate WACKER, analyst estimates, and investor and analyst events held or attended by WACKER).

Report on the 1st Quarter of 2014

January – March 2014

Dear Shareholders,

After a challenging 2013, WACKER has made a good start to the new fiscal year. The pickup in the global economy has impacted our business positively, demand for our products has increased noticeably, and pressure on prices has eased in a number of segments. Given our sales and earnings trend in Q1 and our current order level, we have good reason to be optimistic about the coming months.

The agreement we reached with the Chinese Ministry of Commerce concerning imports of our solar silicon to China was both an important milestone for us and a signal of confidence for the entire industry. As a result, the risk of restrictions is no longer an issue for our polysilicon business in the key market of China. Now, we have the certainty that we will be able to continue offering our Chinese customers our high-quality material at standard market conditions.

While our Q1 earnings figures benefited from various non-recurring effects, it is clear that our operational sales growth and noticeably improved earnings were also the result of intense efforts and of the commitment that our employees show every day – at every level and unit of the WACKER Group – in promoting our joint success.

Since 2005, we have invested substantial capital in expanding our worldwide production capacities – focusing especially on large-scale plants for upstream products. By doing so, we have secured our future growth and strengthened our presence in international markets. With the exception of the Tennessee production site in the United States, these major strategic investments have now been completed. Over the next five years, we will direct our attention more toward increasing the profitability of our business activities and posting a positive net cash flow. On the products side, we are concentrating on increasing the share of high-end products within the overall mix. In this way, we intend to achieve a lasting increase in the company's value – from which you, our shareholders, will benefit.

We hope that you will continue to accompany and support us along this path.

Munich, May 5, 2014
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation and State of the Industry

Prospects for Global Growth Continue to Improve – Growth Drivers in Advanced Economies Gain Momentum

The global economy continued on its moderate growth track during the first few months of 2014. The pace of recovery has picked up – especially in the industrialized West. Activity in the emerging markets of Asia, Eastern Europe and South America is less dynamic than it was a few years ago. The financial crisis and the public deficits in the United States and Europe moved out of the spotlight somewhat during the period under review as the political situation and government budgets in the countries involved become increasingly stable. But risks have not gone away. The major central banks continue to pursue policies of low interest rates. They are also keeping a close eye on nascent deflationary tendencies to counteract them where necessary. This is because the prospect of falling prices could inhibit the willingness of businesses and households to spend, which in turn could weigh on future economic growth.

The long-term impact of current tensions between Russia and Ukraine on the economic relationship between East and West, and on world trade as a whole, cannot be foreseen at this time. Negative effects such as significantly higher prices for crude oil, natural gas or other commodities have not been observed thus far. It is currently unclear whether the integration of Crimea into the Russian Federation will lead to further escalation of the situation, and consequently whether it might lead to tough economic sanctions being imposed on Russia by the USA and the European Union.

In its most recent forecast (April 8), the International Monetary Fund (IMF) reduced its estimates for world economic growth by 0.1 percentage points. Economic growth is expected to decelerate slightly in the first half of 2014 due to downside effects from the reduction of inventories. The overall solid upward trend remains unchanged, however. The IMF projects that global growth will strengthen to 3.6 percent in 2014 (2013: 3.0 percent).[1] Economic recovery in the advanced economies is forecast to lead to a rise in gross domestic product of 2.2 percent (2013: 1.3 percent), albeit with considerable regional variations. In the developing and emerging countries, the IMF's experts project GDP growth of 4.9 percent this year (2013: 4.7 percent).[1]

Although growth rates in Asia are no longer at the levels seen a few years ago, the region will continue to record significant increases in gross domestic product. The IMF anticipates that Asia will post growth of 5.4 percent this year (2013: 5.2 percent). China's GDP is projected to grow by 7.5 percent in 2014, down marginally from a year ago (2013: 7.7 percent), while growth in India is expected to accelerate to 5.4 percent this year (2013: 4.4 percent). For the ASEAN countries, the IMF in its current forecast revised downward its 2014 growth projection by 0.2 percentage points to 4.9 percent (2013: 5.2 percent).[1]

[1] International Monetary Fund, World Economic Outlook: Recovery Strengthens, Remains Uneven, Washington, D.C., April 8, 2014

In Japan, the economic impact of the monetary and fiscal stimulus measures from the past year is beginning to dissipate. The country's gross domestic product is projected to grow by only 1.4 percent this year (2013: 1.5 percent).[1]

In the USA, the economic recovery continues to strengthen. In the wake of the political compromise that put an end to the sequester on public spending, the IMF expects the US economy to post full-year growth of 2.8 percent in 2014 (2013: 1.9 percent).[1] This growth is increasingly being propelled by rising consumer demand.

Eurozone Has Emerged from Recession – Return to Growth Is Noticeable

The economy of the eurozone emerged from recession in the second half of 2013. It is now on a sustained growth trajectory with wide regional variations, supported primarily by the economic upswings in Germany and France. In general, however, it looks like most European countries have turned the corner toward growth. The IMF forecasts that gross domestic product in the eurozone will grow by 1.2 percent in 2014 (2013: –0.5 percent).[1] This trend coincides with the estimation of the Organisation for Economic Co-operation and Development (OECD), which projects that the eurozone will post quarter-on-quarter GDP growth of 1.9 percent in Q1 2014.[2]

Germany's economy got off to a good start in 2014. After an increase of 0.4 percent in the final quarter of 2013, growth is likely to have accelerated further in the first quarter of 2014, with the mild winter a significant contributing factor to that growth.[3] The IMF anticipates that German GDP will rise by 1.7 percent in full-year 2014 (2013: 0.5 percent).[1] The country's leading economic institutes are even slightly more optimistic. In their spring report, they project a GDP increase of 1.9 percent for the current year.[4]

Favorable Economic Climate Revives Demand in Industries Relevant to WACKER

After a mixed full-year performance and a positive final quarter in 2013, the German chemical industry is now more optimistic about the future. The German Chemical Industry Association (VCI) expects chemical production in Germany to grow by 2 percent in 2014. In line with the upturn in the global economy, the chemical business is also experiencing a revival. The VCI sees good prospects for higher demand both within Germany and in foreign markets. Amid a slight drop in chemical prices (–0.5 percent), the industry's sales are projected to grow by 1.5 percent to €191.5 billion.[5] In line with the industry trend, WACKER's chemical divisions recorded higher volumes in Q1 2014. As a result, total sales in the chemical business surpassed the prior-year and prior-quarter figures.

[1] International Monetary Fund, World Economic Outlook: Recovery Strengthens, Remains Uneven, Washington, D.C., April 8, 2014

[2] Organisation for Economic Co-operation and Development, Interim Economic Assessment: Ongoing recovery for advanced economies, variation among emerging economies, Paris, March 11, 2014

[3] Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for April 2014, Berlin, March 20, 2014

[4] Joint Economic Forecast Project Group, Upturn in German Economy, but Economic Policy Creates Headwind, Joint Economic Forecast Spring 2014, Halle (Saale), April 8, 2014

[5] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 4th quarter 2013, Frankfurt, March 12, 2014

In the semiconductor industry, the silicon-wafer business is still dominated by stagnating demand for PCs and the ongoing trend toward smartphones and tablets. After a year of overall weakness in 2013 in which wafer volumes grew by only 0.4 percent, the experts at market research firm Gartner are forecasting a slight recovery for 2014. Silicon-wafer volumes (by surface area sold) are expected to grow by 4.8 percent this year. The 300 mm wafer business is expected to outperform all other diameters, with the Gartner experts projecting 10.7-percent growth in 2014. Because of persistent price pressure and unfavorable exchange-rate effects stemming from the weak yen, worldwide silicon-wafer sales declined by 13.1 percent in 2013. For 2014, Gartner is forecasting a slight rise in sales of 4.1 percent to $8.36 billion.[1] In WACKER's semiconductor business, Siltronic posted volume gains in the quarter under review relative to both a year earlier and the preceding quarter. The substantial increase in sales over both Q1 2013 and Q4 2013 primarily reflects the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group. Conversely, sales growth was held back by lower prices and less favorable exchange rates.

The photovoltaic industry set a new growth record in 2013. The European Photovoltaic Industry Association (EPIA) has estimated that solar systems with a total capacity of 37 gigawatts were newly installed worldwide in the past year.[2] WACKER believes that this new photovoltaic capacity will be about 38 gigawatts. This dynamic performance is set to continue in 2014. Market observers at NPD Solarbuzz have calculated that more than 9 gigawatts of photovoltaic capacity were newly installed worldwide in Q1 2014 – a year-on-year increase of 35 percent.[3] For full-year 2014, WACKER expects between 43 and 52 gigawatts in new photovoltaic installations. Regional market shares will shift still further, with especially China, Japan and the USA expanding their roles as the leading purchasers of solar systems. These growth prospects are also fueling solar-silicon demand. WACKER POLYSILICON made year-on-year volume gains in Q1 2014 while simultaneously benefiting from improved prices.

Sales and Earnings for the WACKER Group

Good Customer Demand at All Business Divisions Fuels Rise in Group Sales of Almost 8 Percent

In a somewhat friendlier overall global economic environment, WACKER has made a good start to the year. In Q1 2014, the Group generated sales of €1,157.4 million after €1,076.3 million in the prior-year period, up almost 8 percent year on year and up over 6 percent on the preceding quarter (€1,086.9 million). All five business divisions contributed to this growth. The increase in sales is primarily due to higher volumes. On the other hand, price pressure in some product segments and unfavorable exchange-rate effects due to the weaker US dollar and Japanese yen held back sales growth.

In line with forecasts, the three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – increased their sales by more than 5 percent in the three months from January through March 2014 to €704.7 million in total (Q1 2013: €669.3 million). Sales rose by over 7 percent relative to the preceding quarter (€656.0 million). Business at WACKER SILICONES and WACKER POLYMERS benefited from the mild winter in Europe and the seasonal rise in demand from the construction industry. At WACKER BIOSOLUTIONS, the acquisition of Scil Proteins Production GmbH made a positive contribution to sales.

WACKER SILICONES more than compensated for lower prices and unfavorable exchange-rate effects with substantial volume gains in the January-through-March period of 2014. The business division improved its sales in Q1 2014 by nearly 6 percent relative to the prior-year quarter. Silicones for sealants, adhesives, industrial coatings and textiles performed well

[1] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q14 Update, Stamford (USA), April 23, 2014

[2] European Photovoltaic Industry Association, Market Report 2013, Brussels, March 7, 2014

[3] NPD Solarbuzz, Record-Breaking Demand for Global Solar PV Industry in Q1'14, According to NPD Solarbuzz, Santa Clara, April 2, 2014

during the quarter under review. Volumes of pyrogenic silica were also high. Compared with Q4 2013, sales were up over 5 percent.

In the reporting period, WACKER POLYMERS sold higher volumes of dispersible polymer powders and dispersions relative to both Q1 and Q4 2013. Volumes were primarily driven by favorable customer demand for dispersions for adhesives and coatings. The mild winter in Europe had a positive impact on sales of dispersible polymer powders for the construction sector. As a result, WACKER POLYMERS more than compensated for negative exchange-rate effects. All in all, total sales at the division came in over 5 percent higher than in Q1 2013 and exceeded the prior-quarter figure by some 12 percent.

Total sales at WACKER BIOSOLUTIONS from January through March 2014 were at the prior-year level. Volumes for cysteine and pharmaceutical proteins, as well as for polymers used in gumbase, came in higher than a year ago and the preceding quarter. More unfavorable exchange rates and slightly lower prices for some products, however, reduced sales. Compared with the preceding quarter, the division's sales rose by almost 4 percent.

At WACKER POLYSILICON, higher volumes and better prices have both contributed to the positive sales trend in Q1 2014. Total sales grew by over 11 percent relative to Q1 2013. The prospect of sustained growth in new photovoltaic capacity worldwide is reviving demand for solar silicon. The agreement between WACKER and the Chinese Ministry of Commerce on exports to China of polysilicon produced in Europe has given legal and planning certainty to the business division's Chinese customers. This also stimulated demand. Compared with the preceding quarter, sales increased by some 5 percent.

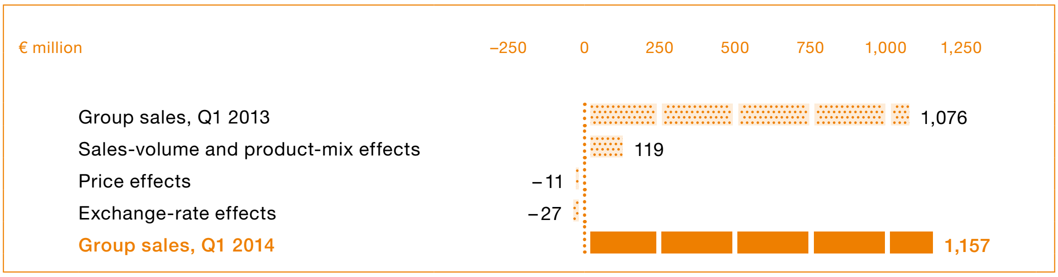
In the three months from January through March 2014, the Siltronic business division generated substantial increases in total sales relative to both Q1 2013 and the preceding quarter. Sales were up 19 percent compared with Q1 2013 and nearly 17 percent higher relative to Q4 2013. The main reason for the strong increase in sales is the first-time consolidation in the WACKER Group of Siltronic Silicon Wafer Pte. Ltd., Singapore. WACKER now holds a 78-percent majority interest in the former joint venture with Samsung. Without this consolidation effect, sales at Siltronic would have been about 3 percent higher year on year. Lower prices for silicon wafers and less favorable exchange rates slowed sales growth.

Price Pressure in the Semiconductor Business and Unfavorable Exchange-Rate Effects Impede Sales Growth

Overall, higher volumes and positive product-mix effects combined to increase WACKER's first-quarter sales by about 11 percent relative to the prior-year quarter, while lower prices reduced sales by 1 percent. In addition, exchange-rate effects diminished sales by some 3 percent between January and March 2014. The euro commanded an average exchange rate of $1.37 in Q1 2014, having risen by almost 4 percent since Q1 2013 ($1.32). Relative to the preceding quarter ($1.36), the euro appreciated only marginally. The persistent weakness of the Japanese yen against the euro (Q1 2014: ¥141, Q1 2013: ¥122 and Q4 2013: ¥137) is intensifying price pressure, particularly in the semiconductor market. Overall, the WACKER Group invoiced some 31 percent of its sales in US dollars in Q1 2014, compared with 32 percent a year earlier. The US dollar thus remains the foreign currency with the biggest influence on the Group's business.

Year-on-Year Sales Comparison

G 2.1



Production-Capacity Utilization Stays at High Levels

Thanks to robust volumes and demand, WACKER's plants were well utilized in every division during Q1 2014. During the reporting period, WACKER SILICONES' plants for siloxane (an upstream product) were running at almost full capacity. WACKER POLYMERS reported average utilization of nearly 80 percent at its dispersions and dispersible polymer powder plants. At WACKER POLYSILICON, polysilicon production facilities operated at full capacity in the January-through-March period of 2014. During the quarter under review, Siltronic's plants were utilized at rates ranging on average from just above 70 percent to over 90 percent, depending on the wafer diameter.

The performance of each of WACKER's five divisions during the first quarter of 2014 is described in detail in the "Division Results" section of this Interim Report, starting on page 34.

Upturn in the Economy Revives WACKER's Business in All Sales Regions Worldwide

In the first quarter of 2014, WACKER profited from healthy worldwide demand for its products. Except for the Americas, where exchange-rate effects held sales at the prior-year level, the Group's sales surpassed the corresponding Q1 2013 figures in all of its sales regions. Sales were higher in all regions relative to Q4 2013.

Asia continued to reinforce its position as the WACKER Group's most significant market by far in the reporting quarter, having generated some 42 percent (Q1 2013: 40 percent) of the Group's total sales in this region. At €490.2 million (Q1 2013: €434.7 million), sales in Asia were up almost 13 percent year on year. All business divisions exceeded their respective prior-year sales. The increase was particularly strong at Siltronic, where the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group contributed positively to the sales trend. WACKER SILICONES' and WACKER POLYMERS' sales in Asia saw double-digit growth as well. Relative to the preceding quarter (€472.8 million), WACKER increased total Group sales in Asia by almost 4 percent.

In Europe, WACKER generated January-through-March sales of €274.1 million in 2014 (Q1 2013: €256.7 million). This is almost 7 percent more than a year ago and just over 10 percent more than in Q4 2013 (€248.3 million). Apart from Siltronic, all business divisions grew their sales in Europe – both year on year and quarter on quarter. Alongside the usual seasonal effects, the mild winter and the upturn in the economy contributed positively to the chemical-business trend in this region. Sales of semiconductor wafers, on the other hand, did not reach prior-year or prior-quarter levels due to negative price effects.

In Germany, WACKER's first-quarter sales in 2014 amounted to €167.3 million (Q1 2013: €159.9 million). This was a year-on-year rise of nearly 5 percent and almost 10 percent up on the final quarter of 2013 (€152.2 million). As in the rest of Europe, this sales growth was mainly driven by higher volumes of chemicals, with particularly strong demand for silicone products.

The Group's sales in the markets combined under "Other Regions" totaled €42.7 million in Q1 2014, after €41.3 million in Q1 2013 and €40.3 million in Q4 2013.

Overall, WACKER generated about 86 percent of its first-quarter sales with customers outside Germany (Q1 2013: 85 percent).

Group Sales by Region

T 2.2

€ million	Q1 2014	Q1 2013	Change in %	% of Group sales
Asia	490.2	434.7	13	42
Europe (excluding Germany)	274.1	256.7	7	24
Germany	167.3	159.9	5	14
The Americas	183.1	183.7	–	16
Other regions	42.7	41.3	3	4
Total sales	1,157.4	1,076.3	8	100

Please refer to WACKER's 2013 Annual Report (pages 59 to 61) for more detailed information on the major products, markets and competitive positions of the Group's divisions. There were no material changes in this respect during Q1 2014.

Varying Raw-Material and Energy Price Trends

The prices of WACKER's significant raw materials did not develop uniformly in the January-through-March reporting period. Somewhat lower prices for silicon metal and ethylene were offset by a substantial appreciation of methanol. Silicon metal was almost 7 percent less expensive in Q1 2014 than a year ago, while ethylene was procured at prices down some 5 percent from Q1 2013. This stands in contrast to the price of methanol, which in the first three months of the current year rose by over 18 percent from the prior-year level. Vinyl acetate monomer (VAM) saw a year-on-year price increase of just over 3 percent. Compared with Q4 2013, the price of methanol increased by more than 12 percent and that of VAM by almost 3 percent. Because VAM manufacturers closed down production facilities in Europe and producers in the USA invoked force majeure, spot-market prices for this raw material rose considerably toward the end of the reporting quarter. Silicon metal was nearly 2 percent less expensive than in the preceding quarter. The price level for ethylene was virtually unchanged.

Looking at energy costs, natural gas in Germany was about 10 percent cheaper in Q1 2014 than it was a year ago. Electricity prices were virtually unchanged year on year. Relative to Q4 2013, electricity was a good 6 percent more expensive, while natural gas appreciated by almost 2 percent.

Overall, price changes in raw materials and energy prompted a slight improvement in the WACKER Group's earnings during the first quarter of 2014. In some segments, however, raw-material prices had a negative effect.

Positive Non-Recurring Effects Define Earnings Trend in Q1 2014 – All Five Divisions Contribute Positively

From January through March 2014, the WACKER Group generated earnings before interest, taxes, depreciation and amortization (EBITDA) of €285.2 million (Q1 2013: €164.5 million). That is a good 73 percent up from a year ago and about 80 percent more than in the final quarter of 2013 (€158.1 million). The EBITDA margin was 24.6 percent, compared with 15.3 percent in Q1 2013 and 14.5 percent in Q4 2013.

The principal factor in this strong increase is special income recognized at the WACKER POLYSILICON business division, where the company restructured its contractual relationships with a solar-sector customer in the quarter under review. As part of that agreement, WACKER retained advance payments and received damages totaling €114.0 million (Q1 2013: €32.2 million). Adjusted for this special income, EBITDA grew by approximately 29 percent year on year. What is more, the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group added some €10 million to first-quarter EBITDA.

At the three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – somewhat higher raw-material costs and unfavorable exchange-rate effects reduced earnings. Compared with the preceding quarter, however, there were also some positive seasonal and economic effects. At €88.7 million, total EBITDA at these three business divisions in Q1 2014 was down by nearly 8 percent from Q1 2013 (€96.3 million), but around 12 percent higher than in Q4 2013 (€79.1 million).

At WACKER POLYSILICON, EBITDA for the first three months of 2014 more than tripled relative to the prior-year period. In addition to the special income from advance payments retained and damages received mentioned above, higher production output and sales volumes combined with slightly better solar-silicon prices had a positive impact. That is why, even when the non-recurring effects are eliminated, this business division's EBITDA still increased more than threefold year on year. Relative to the preceding quarter, WACKER POLYSILICON's EBITDA more than doubled.

In the period from January through March 2014, silicon-wafer prices were down some 12 percent from a year ago. In spite of this decline, Siltronic delivered positive EBITDA in Q1 2014. In addition to the positive effect from the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group and to higher volumes, this result reflects the effectiveness of Siltronic's measures to reduce production costs. The profitability trend of each of WACKER's five divisions in Q1 2014, and the respective key factors involved, are described in detail in the "Division Results" section of this Interim Report, starting on page 34.

The Group's earnings before interest and taxes (EBIT) from January through March 2014 amounted to €133.8 million, a fourfold increase over the prior-year period (Q1 2013: €32.2 million). The special income described above was the main factor responsible for this strong increase. The corresponding EBIT margin was 11.6 percent (Q1 2013: 3.0 percent). In Q4 2013, WACKER had posted EBIT of €–5.5 million, with an EBIT margin of –0.5 percent. Return on capital employed (ROCE) during the reporting period was 2.6 percent (Q1 2013: 0.6 percent).

First-Quarter Earnings per Share of €1.35

The WACKER Group generated net income of €64.2 million from January through March 2014 (Q1 2013: €5.1 million). For Q1 2014, earnings per share amounted to €1.35 (Q1 2013: €0.08). In Q4 2013, WACKER had posted net income of €–19.3 million and earnings per share of €–0.40. Additional details regarding the development of WACKER's earnings in Q1 2014 are discussed in the "Condensed Statement of Income – Earnings" section of this Interim Report, starting on page 26.

Q1 Business Performance in Line with Expectations

In accordance with the provisions of German Accounting Standard 20, WACKER's 2013 Annual Report defined and discussed the financial performance indicators that the Group uses to organize its management processes. The key financial performance indicators are EBITDA, the EBITDA margin, return on capital employed (ROCE) and net cash flow. The supplementary financial performance indicators include sales, investment spending and net financial debt. The Group's management processes as presented and discussed on pages 66 to 71 of the 2013 Annual Report did not change in the period under review.

The WACKER Group's first-quarter sales and earnings developed as expected at the start of the year. When the 2013 Annual Report was released, the Executive Board had predicted that sales in Q1 2014 would surpass the prior-year figure and exceed €1.1 billion. This forecast has proven correct. The same applies to EBITDA, which was influenced by special income from advance payments retained and damages received and from the first-time consolidation of Siltronic Silicon Wafer in the WACKER Group. ROCE during the reporting period was 2.6 percent, which represents a slight increase, as expected in our forecast.

Net financial debt increased as announced. The increase primarily stems from the acquisition of a majority stake in the former joint venture with Samsung. At €104.5 million, net cash flow for the quarter was positive and investment spending came in as expected.

WACKER Continues to Pursue Value-Based Growth Strategy

The WACKER Group invested €89.3 million in the first quarter of 2014 (Q1 2013: €121.2 million). This approximately 26-percent decline from the prior-year period was due to project-related factors. Relative to Q4 2013 (€153.0 million), investment spending was down by nearly 42 percent.

Investments remained focused on completing the new polysilicon site in Charleston, Tennessee (USA), which accounted for over half of the Group's capital expenditures in the quarter under review. Completion of the site is expected by the middle of next year, and the facilities are scheduled to begin ramp-up in the second half of 2015.

At the WACKER BIOSOLUTIONS division, the Group bolstered its pharmaceutical-protein business by acquiring a production plant in Halle. The acquisition of Scil Proteins Production GmbH – a biotechnology company – had been announced in November 2013 and was completed in early 2014. As a consequence, WACKER now has bioreactors with a capacity of up to 1,500 liters, along with the patents and customer relationships it acquired with Scil Proteins Production GmbH. The transaction represents an important step for WACKER BIOSOLUTIONS, enabling it to support its customers during the commercial supply phase following successful regulatory approval of their drugs.

The start of the year also saw Siltronic acquiring a majority stake in the former joint venture with Samsung for the production of 300 mm wafers in Singapore. Siltronic subscribed for new shares in a capital increase and now owns 78 percent of the company, which has been renamed Siltronic Silicon Wafer Pte. Ltd. The company is now a consolidated subsidiary. Even with the new ownership structure, Samsung remains one of Siltronic's key customers for 300 mm silicon wafers. By acquiring a majority stake in of one of the most modern and efficient production sites for 300 mm wafers, WACKER is taking another logical step in its value-based strategy for Siltronic.

Having successfully added capacity for vinyl acetate-ethylene copolymer dispersions at the Nanjing site in China, WACKER is now expanding its production facilities for dispersible polymer powders at the same site. A series of individual measures has been planned to eliminate bottlenecks in the production process and consequently enhance productivity. The necessary work is set to commence once the local authorities have issued the required permits. Once these measures are completed, WACKER expects – depending on the product mix – to be able to produce up to 60,000 metric tons of dispersible polymer powder at Nanjing annually.

Reporting Quarter Sees Positive Net Cash Flow of €105 Million

In the first quarter of 2014, WACKER generated net cash flow of €104.5 million (Q1 2013: €–39.0 million). The main causes of this increase were the higher net income and reduced investment spending for the period. Net financial debt increased during the quarter under review as planned. It amounted to €899.9 million as of March 31, 2014 (Dec. 31, 2013: €792.2 million). The repayment of the remaining project loans for the former joint venture with Samsung, to which Siltronic is contributing a total of some €135 million, is the main reason for the increase. Additional details regarding cash flows are discussed in the "Condensed Statement of Cash Flows – Financial Position" section of this Interim Report, starting on page 32.

Research and New Products Focused on User Benefits

WACKER spent €47.9 million on R&D activities in Q1 2014, compared with €40.1 million a year ago. R&D is conducted at two levels: centrally at the Corporate Research & Development department, which coordinates all R&D work, and locally at the business divisions.

In February 2014, the WACKER Group and the Technical University of Munich (TUM) extended their existing partnership in silicon research for another six years. WACKER is supporting the Institute of Silicon Chemistry, located on the research campus in Garching near Munich, with funding of up to €2.5 million for doctoral candidates and the associated material resources, among other things. WACKER and TUM founded the Institute of Silicon Chemistry in 2006. In recent years, more than 30 research projects have been conducted here, resulting in ten patents and 35 scientific publications.

During the period under review, the WACKER Group's divisions presented a number of innovations and high-grade products for a wide variety of application fields to an international specialist public.

Here are a few examples:

- WACKER took part in this year's Middle East Coatings Show (MECS), held in Dubai in mid-March, under the "Discover Tomorrow's Solutions" banner. The company unveiled a new dispersible polymer powder for making cost-efficient, low-emission, self-leveling flooring compounds and also premiered the polymer dispersions VINNAPAS® EF 3818 for low-odor, low-VOC interior paint formulations and VINNAPAS® 550 ED for flexible sealing slurries. Exhibits also included silicone additives for interior paints, silicone resins for weather-resistant coatings and polymer dispersions for sophisticated printing on packaging.

- This past March also marked WACKER's first-ever participation in EXPO REVESTIR, Latin America's biggest trade show for construction-sector covering and finishing materials, which was held in São Paulo, Brazil. Among the highlights were VINNAPAS® T series dispersible polymer powders for tile adhesives suitable for installing heavy large-format porcelain tiles indoors and outdoors. WACKER further showcased innovative solutions for smooth floors and functional facade applications.

The Group's central R&D activities and the separate R&D fields of WACKER's divisions are described in detail in the "Non-Financial Performance Indicators" section of the 2013 Annual Report (pages 106 to 113).

The goals and priorities presented there did not change substantially in Q1 2014.

Targeted Measures to Strengthen Market Presence and Customer Proximity

The WACKER sales strategy is centered around expanding its presence in growth markets worldwide. The Group's own sales organization is supplemented and supported by a network of technical competence centers, where customers learn about WACKER's product portfolio, and by a select group of distributors. To further extend its market presence and customer proximity in Asia's growth markets, WACKER in recent months expanded the range of services provided at its technical center in Singapore and enlarged its technical center for silicone products in Amtala (near Kolkata), India.

The service and R&D center in the Singapore sales hub is now able to provide technical support to customers in the cosmetics and personal-care sectors, as well as in the paper-coatings and plastics industries. WACKER is thus responding to the growing demand for silicone products and to higher support and service requirements in the region. Capital expenditures for this expansion measure amount to some €400,000.

The enlarged regional competence center in India, which is operated by the local subsidiary Wacker Metroark Chemicals, now comprises state-of-the-art applications technology over an area of some 1,800 square meters. This includes new test equipment for silicone products used in the textile, personal-care and construction industries. Some €500,000 has been invested in this project.

At the beginning of the year, WACKER and the Slovenian silicone compounder Gomline d.o.o. entered into a co-branding agreement. The Ljubljana-based distribution partner supplies customers in Slovenia and southeast Europe with ready-to-use silicone compounds.

New Participant Record for "Young Scientists" Competition

WACKER has been a statewide corporate sponsor of the "Young Scientists" competition in Bavaria since 1998, taking the helm every other year. In this year's round of contests, Bavaria once again – for the fifth time in succession – had the most contestants vying for national honors, with over 2,000 submissions. 86 aspiring scientists emerged from the ten regional competitions to present their ideas at state level in early April. The 15 Bavarian winners who qualified for the national competition were announced on April 10 in a ceremony attended by the Bavarian State Secretary for Education and Culture, Science and the Arts, Georg Eisenreich. "Young Scientists" is Europe's largest competition for aspiring scientists and technologists, and fosters special talents and achievements in these areas.

WACKER Receives Award for Services to Social Integration

In recognition of the company's sustained support of the children's charity "Die Arche" (The Ark) in the Moosach district of Munich, the government of the Upper Bavaria administrative district presented WACKER with its award for outstanding services to social integration. The Ark provides assistance to children from socially disadvantaged families, many of whom are non-German. The charity helps a total of some 400 children and adolescents, providing hot lunches, help with homework, time to play games and much more. WACKER has supported The Ark with an annual donation of €100,000 since 2007.

Workforce Increases by 5 Percent

The number of employees at WACKER worldwide rose by 779 in the first quarter of 2014 – an increase of nearly 5 percent. On March 31, 2014, the Group had 16,788 employees (Dec. 31, 2013: 16,009). This increase is attributable to the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group and to the acquisition of Scil Proteins Production GmbH. The workforce increased by 540 compared with March 31, 2013 (16,248).

As of March 31, 2014, WACKER had 12,456 employees in Germany (Dec. 31, 2013: 12,322) and 4,332 at its international sites (Dec. 31, 2013: 3,687).

For detailed information on the organization and structure of Wacker Chemie AG, as well as on its corporate goals and strategy, please refer to WACKER's 2013 Annual Report, especially the sections "Group Business Fundamentals" (pages 55 to 63) and "Goals and Strategies" (pages 64 to 65).

The principles, guidelines and processes described there did not change materially during the period under review and continue to apply.

Condensed Statement of Income – Earnings

January 1 through March 31, 2014

Condensed Statement of Income

T 2.3

€ million	Q1 2014	Q1 2013	Change in %
Sales	1,157.4	1,076.3	7.5
Gross profit from sales	164.4	123.9	32.7
Selling, R&D and general administrative expenses	–145.8	–129.5	12.6
Other operating income and expenses	115.3	48.3	> 100
Operating result	133.9	42.7	> 100
Result from investments in joint ventures and associates	–0.1	–10.5	–99.0
EBIT	133.8	32.2	> 100
Financial result	–23.7	–14.6	62.3
Income before taxes	110.1	17.6	> 100
Income taxes	–45.9	–12.5	> 100
Net income for the period	64.2	5.1	> 100
Of which			
Attributable to Wacker Chemie AG shareholders	67.0	4.1	> 100
Attributable to non-controlling interests	–2.8	1.0	n.a.
Earnings per share in € (basic/diluted)	1.35	0.08	> 100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–
Reconciliation to EBITDA			
EBIT	133.8	32.2	> 100
Depreciation/appreciation of noncurrent assets	151.4	132.3	14.4
EBITDA	285.2	164.5	73.4
ROCE (%)	2.6	0.6	–

In the first quarter of 2014, WACKER increased its sales and earnings, exceeding in both cases its Q1 2013 figures. A slightly more positive market environment, especially for WACKER POLYSILICON, and higher volumes at the chemical divisions caused Group sales to grow by almost 8 percent. Construction-sector business benefited from the mild winter in Europe.

Sales of €1.16 Billion Almost 8 Percent Higher than a Year Ago

WACKER generated first-quarter sales of €1,157.4 million (Q1 2013: €1,076.3 million), close to 8 percent higher year on year and up 6 percent quarter on quarter (Q4 2013: €1,086.9 million). At WACKER POLYSILICON, improved prices and high volumes for solar silicon led to an increase in sales, which rose to €262.0 million compared with €235.4 million in Q1 2013. That is 11 percent more than a year ago. The division also succeeded in growing its sales compared with the preceding quarter (€249.8 million). At Siltronic, first-time inclusion of Siltronic Silicon Wafer Pte. Ltd. in the consolidated financial statements impacted business performance. Sales rose by 19 percent, from €171.2 million in Q1 2013 to €203.8 million in the quarter under review. In Q4 2013, Siltronic had posted sales of €174.6 million.

WACKER SILICONES generated sales of €425.3 million in the period under review (Q1 2013: €402.1 million), up 6 percent. WACKER POLYMERS achieved sales of €238.7 million compared with €226.7 million a year ago, a rise of 5 percent. Both divisions profited, for example, from the mild winter in Europe. WACKER BIOSOLUTIONS generated stable sales of €40.7 million (Q1 2013: €40.5 million). Overall, the chemical divisions achieved sales of €704.7 million (Q1 2013: €669.3 million), 5 percent more than a year ago. Relative to the preceding quarter (€656.0 million), sales grew by 7 percent.

First-Quarter EBITDA Rises by a Strong 73 Percent due to Non-Recurring Effects

In Q1 2014, EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to €285.2 million (Q1 2013: €164.5 million), €120.7 million more than a year ago. The EBITDA margin increased to 24.6 percent after 15.3 percent in Q1 2013. This increase was due in part to non-recurring income of €114.0 million. In Q1 2014, WACKER POLYSILICON reached an agreement with a customer to terminate a delivery contract and, as a result, retained advance payments and received damages in connection with that contract. A year ago, WACKER had retained €32.2 million due to terminated polysilicon contracts. The division also benefited from good capacity utilization and slightly higher polysilicon prices. WACKER POLYSILICON posted EBITDA of €180.0 million compared with €52.5 million in Q1 2013 and €70.8 million in Q4 2013. EBITDA at the chemical divisions decreased by almost 8 percent to €88.7 million (Q1 2013: €96.3 million), mainly due to higher personnel costs. Compared with the previous quarter (€79.1 million), EBITDA was up 12 percent. First-time inclusion of Siltronic Silicon Wafer Pte. Ltd. in the consolidated financial statements had a positive impact on Siltronic's EBITDA, which rose by €14.3 million to €15.0 million. In the prior-year quarter, EBITDA still included negative effects of €9.9 million from application of the equity method. In Q4 2013, Siltronic had posted EBITDA of €11.5 million.

WACKER's first-quarter earnings before interest and taxes (EBIT) came in at €133.8 million (Q1 2013: €32.2 million). Depreciation totaled €151.4 million after €132.3 million in Q1 2013. This increase was partly due to first-time inclusion of Siltronic Silicon Wafer Pte. Ltd. in the consolidated financial statements.

Slight 4-Percent Rise in Cost of Goods Sold

Gross profit from sales climbed to €164.4 million, up 33 percent year on year (Q1 2013: €123.9 million). The gross margin amounted to 14 percent and was thus three percentage points higher than a year ago. In the quarter under review, the cost of goods sold grew by €40.6 million to €993.0 million (Q1 2013: €952.4 million), and included for the first time the corresponding costs of Siltronic Silicon Wafer Pte. Ltd. The cost-of-sales ratio in the quarter under review amounted to 86 percent, 2 percentage points lower than a year ago. The improvement mainly stemmed from good plant utilization and from cost reductions.

Functional Costs Higher

Other functional costs (selling, R&D and general administrative expenses) were 13 percent higher year on year, rising from €129.5 million to €145.8 million. In particular, R&D costs increased during Q1 2014. Higher personnel costs impacted all functions.

Other Operating Income and Expenses

The first-quarter balance of other operating income and expenses was €115.3 million (Q1 2013: €48.3 million). The positive result was mainly attributable to the advance payments retained and damages received in relation to the termination of a contract with a polysilicon customer, which led to income of €114.0 million for WACKER in the quarter under review (Q1 2013: €32.2 million). In Q1 2014, the Group posted a moderate net foreign-currency gain of €3.7 million after €3.1 million a year ago. Other operating income and expenses also included €5.8 million in expenses from the first-time inclusion of Siltronic Silicon Wafer Pte. Ltd. in the consolidated financial statements.

Operating Result

Due to the effects described above, the first-quarter operating result rose by €91.2 million to €133.9 million.

Result from Investments in Joint Ventures and Associates

The investment result for the quarter under review was €–0.1 million (Q1 2013: €–10.5 million). As from Q1 2014, Siltronic Silicon Wafer Pte. Ltd., a former joint venture with Samsung, has been included as an affiliated company in WACKER's consolidated financial statements. Current earnings from this investment will no longer be reported under the result from investments in joint ventures and associates.

Financial and Net Interest Result

WACKER's first-quarter financial result declined year on year, amounting to €–23.7 million (Q1 2013: €–14.6 million). That is a drop of 62 percent compared with the prior-year period. At €1.8 million (Q1 2013: €4.0 million), interest income was much lower, and was offset by interest expenses of €11.7 million (Q1 2013: €8.3 million). One of the main reasons for the higher year-on-year interest expense was the increase in noncurrent financial liabilities, due to such factors as the private placement made in the USA. The other financial result amounted to €–13.8 million (Q1 2013: €–10.3 million) and primarily comprised interest-bearing components of pension and other noncurrent provisions. It also included income and expenses from the exchange-rate effects of financial investments.

Income Taxes

In the quarter under review, the Group reported tax expenses of €45.9 million (Q1 2013: €12.5 million). The Group's tax rate for Q1 2014 was 41.7 percent (Q1 2013: 71.0 percent) and was affected by non-tax-deductible start-up costs and losses at subsidiaries.

Net Income for the Period

Due to the effects outlined above, net income for the first quarter of 2014 amounted to €64.2 million, a substantial improvement over the prior-year figure of €5.1 million.

ROCE

The return on capital employed (ROCE) sets earnings before interest and taxes (EBIT) in relation to the capital employed for business activities. In the quarter under review, ROCE reached 2.6 percent (Q1 2013: 0.6 percent), mainly due to higher net earnings. Capital employed decreased from €5,203.0 million in Q1 2013 to €5,175.0 million in Q1 2014.

Condensed Statement of Financial Position – Net Assets

March 31, 2014

Assets

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€ million	March 31, 2014	March 31, 2013	Change in %	Dec. 31, 2013	Change in %
Intangible assets, property, plant and equipment, and investment property	4,077.6	3,976.5	2.5	3,806.0	7.1
Investments in joint ventures and associates accounted for using the equity method	16.6	32.3	–48.6	18.9	–12.2
Other noncurrent assets	476.5	539.2	–11.6	562.2	–15.2
Noncurrent assets	4,570.7	4,548.0	0.5	4,387.1	4.2
Inventories	674.1	672.7	0.2	616.9	9.3
Trade receivables	699.3	661.2	5.8	614.1	13.9
Other current assets	645.1	551.7	16.9	714.3	–9.7
Current assets	2,018.5	1,885.6	7.0	1,945.3	3.8
Total assets	6,589.2	6,433.6	2.4	6,332.4	4.1

Equity and Liabilities

T 2.5

€ million	March 31, 2014	March 31, 2013	Change in %	Dec. 31, 2013	Change in %
Equity	2,155.5	2,188.4	–1.5	2,197.1	–1.9
Noncurrent provisions	1,412.1	1,398.0	1.0	1,262.0	11.9
Financial liabilities	1,157.6	941.6	22.9	1,247.4	–7.2
Other noncurrent liabilities	537.9	749.0	–28.2	567.3	–5.2
Of which advance payments received	533.8	726.5	–26.5	564.4	–5.4
Noncurrent liabilities	3,107.6	3,088.6	0.6	3,076.7	1.0
Financial liabilities	290.4	252.1	15.2	169.3	71.5
Trade payables	329.5	342.6	–3.8	309.4	6.5
Other current provisions and liabilities	706.2	561.9	25.7	579.9	21.8
Current liabilities	1,326.1	1,156.6	14.7	1,058.6	25.3
Liabilities	4,433.7	4,245.2	4.4	4,135.3	7.2
Total equity and liabilities	6,589.2	6,433.6	2.4	6,332.4	4.1
Capital employed	5,175.0	5,203.0	–0.5	5,238.2	–1.2

WACKER's total assets grew by 4 percent compared with December 31, 2013, rising by €256.8 million to €6.59 billion as of March 31, 2014 (Dec. 31, 2013: €6.33 billion). The consolidation of Siltronic Silicon Wafer Pte. Ltd. and Scil Protein Production GmbH led mainly to an increase in property, plant and equipment. In addition, loans extended by WACKER to the former joint venture with Samsung and which were reported as financial assets are no longer recognized in the consolidated financial statements. The increase in operating activities led to higher trade receivables. On the equity and liabilities side, pension provisions rose by €147.3 million, while other liabilities also increased. Foreign currency translation effects reduced total equity and liabilities slightly, by €5.2 million. For a detailed explanation of the effects of the initial consolidation of Siltronic Silicon Wafer Pte. Ltd. and Scil Proteins Production GmbH, please see pages 68 to 69 of the Notes to the consolidated financial statements.

Noncurrent Assets

Compared with the end of 2013 (€4.39 billion), noncurrent assets climbed by €183.6 million to €4.57 billion, accounting for 69 percent of total assets (Dec. 31, 2013: 69 percent). Intangible assets, property, plant and equipment and investment property grew by €271.6 million. This increase was primarily due to inclusion in the consolidated financial statements of the facilities of Siltronic Silicon Wafer Pte. Ltd. and Scil Proteins Production GmbH. These items amounted to €4.08 billion as of March 31, 2014 (Dec. 31, 2013: €3.81 billion). Property, plant and equipment in particular was up by €254.3 million as of March 31, 2014. Current investment spending on property, plant and equipment amounted to €89.3 million. More than half of this amount went toward construction of the production site in Charleston, Tennessee (USA). Depreciation reduced noncurrent assets by €151.4 million in the first quarter of 2014 (Q1 2013: €132.3 million). This amount was higher than a year ago, due to current depreciation recorded by Siltronic Silicon Wafer Pte. Ltd. Exchange-rate differences lowered the carrying amounts by €2 million.

Investments in joint ventures and associates accounted for using the equity method remained nearly constant, amounting to €16.6 million (Dec. 31, 2013: €18.9 million).

Other noncurrent assets totaled €476.5 million as of March 31, 2014 (Dec. 31, 2013: €562.2 million), a decrease of €85.7 million (15 percent) from year-end 2013. The main reason for this decline was that shareholder loans of €142.7 million extended to Siltronic Silicon Wafer Pte. Ltd. were eliminated when the company was consolidated for the first time. On the other hand, deferred tax assets increased by €51.7 million, due to the lower discount rates used to determine provisions for pensions. Other noncurrent assets also contain noncurrent securities, noncurrent derivative financial instruments and noncurrent tax receivables.

Current Assets

Compared with December 31, 2013, current assets rose from €1.95 billion to €2.02 billion, an increase of 4 percent. Their share in total assets did not change over the same period, remaining constant at 31 percent. The inventory level grew mainly due to inventory from the newly consolidated companies. It amounted to €674.1 million, 9 percent above the 2013 year-end level of €616.9 million. Trade receivables were €699.3 million at the end of the reporting quarter (Dec. 31, 2013: €614.1 million), due principally to higher business volumes. Inventories and trade receivables combined accounted for 21 percent of total assets, an increase of 2 percentage points over December 31, 2013.

Securities and cash and cash equivalents are a major component of other current assets. Current securities totaled €62.9 million at the end of the quarter (Dec. 31, 2013: €71.9 million). Liquid funds decreased from €431.8 million at year-end 2013 to €358.5 million as of March 31, 2014. The payments made to redeem the bank loans owed by Siltronic Silicon Wafer Pte. Ltd. were the main reason for this decline. Other current assets included income tax receivables of €36.5 million (Dec. 31, 2013: €19.5 million) and other tax receivables in the amount of €38.0 million (Dec. 31, 2013: €52.0 million). Other current assets accounted for 10 percent of total assets (Dec. 31, 2013: 11 percent).

Equity Ratio Amounts to 33 Percent

Group equity decreased by €41.6 million to €2.16 billion as of March 31, 2014 (Dec. 31, 2013: €2.20 billion), resulting in an equity ratio of 32.7 percent (Dec. 31, 2013: 34.7 percent). Net income for the period in the amount of €64.2 million was accompanied by a drop in other equity items, which decreased by €118.6 million. The remeasurement of defined benefit pension plans at the end of Q1 2014 resulted in higher actuarial losses, which reduced equity by €100.4 million. The disposal of WACKER's previous stake in Siltronic Silicon Wafer Pte. Ltd. – which was accounted for using the equity method – resulted in a decrease in equity of €14.9 million. Non-controlling interests in equity rose by €10.4 million and mainly comprised the share in net assets of Siltronic Silicon Wafer Pte. Ltd. held by the minority shareholder Samsung.

Noncurrent Liabilities

As of March 31, 2014, noncurrent liabilities amounted to €3.11 billion (Dec. 31, 2013: €3.08 billion) – a rise of 1 percent over the end of last year – and accounted for 47 percent of total equity and liabilities (Dec. 31, 2013: 49 percent). Provisions for pensions grew by €147.3 million to €1.23 billion, an increase of 14 percent. This was due to remeasurement of defined benefit plans using an updated discount rate that was lower than at year-end 2013. Provisions for pensions accounted for 19 percent of total equity and liabilities (Dec. 31, 2013: 17 percent). Other noncurrent provisions remained constant.

Noncurrent financial liabilities fell by €89.8 million, chiefly due to the reclassification of noncurrent financial liabilities as current liabilities in accordance with their maturities. Other noncurrent liabilities decreased by a total of €29.4 million, as noncurrent advance payments received were reclassified as current and WACKER retained advance payments from terminated contracts. Also included were additions from the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. in the Group financial statements.

Current Liabilities

Current liabilities increased by 25 percent, from €1.06 billion at year-end 2013 to €1.33 billion. Their share in total equity and liabilities was 20 percent. At December 31, 2013, the ratio had been 17 percent. Trade payables went up by 7 percent compared to year-end 2013, amounting to €329.5 million as of the balance sheet date (Dec. 31, 2013: €309.4 million). Other current provisions and liabilities rose by 22 percent to €706.2 million (Dec. 31, 2013: €579.9 million). Current advance payments received increased by €64.9 million, mainly due to reclassification from noncurrent liabilities and to additions from the newly consolidated companies. Personnel liabilities and liabilities related to vacation and flextime credits increased as well, as is common in the first quarter.

WACKER Posts Net Financial Debt of €900 Million

Current financial liabilities grew by 72 percent, amounting to €290.4 million (Dec. 31, 2013: €169.3 million). This increase was basically attributable to the reclassification of noncurrent items. In total, financial liabilities of €1,448.0 million rose only slightly compared to year-end 2013 (€1,416.7 million). Financial liabilities held constant at 22 percent of total equity and liabilities. Current liquidity (current securities, cash and cash equivalents) fell compared to December 31, 2013, amounting to €421.4 million (Dec. 31, 2013: €503.7 million). This represents a drop of €82.3 million, which primarily reflects debt refinancing for Siltronic Silicon Wafer Pte. Ltd. Noncurrent securities rose slightly, from €120.8 million to €126.7 million. As of the balance sheet date of March 31, 2014, WACKER had net financial debt (the balance of gross financial debt and noncurrent and current liquidity) totaling €899.9 million (Dec. 31, 2013: €792.2 million), a rise of 14 percent compared to December 31, 2013.

Off-Balance-Sheet Financing Instruments

WACKER does not use any off-balance-sheet financing instruments.

Condensed Statement of Cash Flows – Financial Position

January 1 through March 31, 2014

Condensed Statement of Cash Flows

T 2.6

€ million	Q1 2014	Q1 2013	Change in %
Net income for the period	64.2	5.1	> 100
Depreciation/appreciation of noncurrent assets	151.4	132.3	14.4
Changes in inventories	–17.4	47.4	n.a.
Changes in trade receivables	–83.8	–51.6	62.4
Changes in other assets	–24.9	8.8	n.a.
Changes in advance payments received	–35.4	–58.3	–39.3
Changes from equity accounting	0.1	10.5	–99.0
Other non-cash expenses, income and other items	94.6	–16.7	n.a.
Cash flow from operating activities (gross cash flow)	148.8	77.5	92.0
Cash receipts and payments for investments	–105.5	–174.8	–39.6
Cash receipts and payments for acquisitions	25.8	–	n.a.
Cash flow from long-term investing activities before securities	–79.7	–174.8	–54.4
Acquisition/disposal of securities	1.6	62.3	–97.4
Cash flow from investing activities	–78.1	–112.5	–30.6
Changes in financial liabilities	–144.1	–5.8	> 100
Cash flow from financing activities	–144.1	–5.8	> 100
Changes due to exchange-rate fluctuations	0.1	1.1	–90.9
Changes in cash and cash equivalents	–73.3	–39.7	84.6
At the beginning of the period	431.8	192.6	> 100
At the end of the period	358.5	152.9	> 100

Net Cash Flow

T 2.7

€ million	Q1 2014	Q1 2013	Change in %
Cash flow from operating activities (gross cash flow)	148.8	77.5	92.0
Changes in advance payments received	35.4	58.3	–39.3
Cash flow from long-term investing activities before securities	–79.7	–174.8	–54.4
Additions from finance leases	–	–	n.a.
Net cash flow	104.5	–39.0	n.a.

Our key financial-management goal is to maintain WACKER's financial strength. The central task is to sufficiently cover the financial needs of our operations and investment projects. WACKER's operations and their resultant incoming payments are its key source of liquidity. To enhance the financial scope for ongoing investment projects, WACKER decided to add long-term loans to its financing strategy.

Net cash flow serves as the internal indicator for liquidity measurement. Net financial debt is an indicator of the Group's level of debt.

Gross Cash Flow

The cash flow from operating activities (gross cash flow) totaled €148.8 million in the reporting quarter (Q1 2013: €77.5 million), up 92 percent. The higher net income for the period (€64.2 million) had a positive impact. This income included depreciation of €151.4 million (Q1 2013: €132.3 million). The increase in working capital (trade receivables less trade payables, plus inventories) reduced gross cash flow by €68.9 million. Advance payments received for polysilicon deliveries in the reporting quarter changed by €–35.4 million (Q1 2013: €–58.3 million) in line with the deliveries made and the advance payments retained in connection with terminated contracts. The higher personnel liabilities and liabilities relating to vacation and flextime credits increased cash flow from operating activities.

Cash Flow from Investing Activities

Cash flow from long-term investing activities amounted to €–79.7 million and essentially comprised the cash outflow for long-term investing activities. Investments dropped considerably year on year (Q1 2013: €–174.8 million). Over 50 percent of the funds went toward continued construction at the polysilicon site in Charleston, Tennessee (USA). Acquisitions led to a cash inflow of €25.8 million. This figure essentially represents the sum of cash and cash equivalents at Siltronic Silicon Wafer Pte. Ltd., which was included in the consolidated financial statements for the first time.

Cash flow from investing activities came to €–78.1 million in the first quarter of 2014 (Q1 2013: €–112.5 million). Alongside fixed-asset investments and acquisitions, it included cash receipts and payments for securities with a term of more than three months. Maturing securities led to incoming payments in the quarter under review.

Net Cash Flow

Net cash flow comprises cash flow from operating activities (excluding advance payments received) and cash flow from long-term investing activities (excluding securities), taking account of additions from finance leases. The figure for Q1 2014 was €104.5 million, as against net cash flow of €–39.0 million in the prior-year period.

Cash Flow from Financing Activities

Cash flow from financing activities came to €–144.1 million in the first quarter of 2014 (Q1 2013: €–5.8 million). It mainly comprises the cash outflow from the pro rata repayment of Siltronic Silicon Wafer Pte. Ltd.'s external financial debt following Siltronic's acquisition of a majority stake in that company. The capital increase and additional payments were used to repay the company's bank loans.

Compared to December 31, 2013, cash and cash equivalents were down €73.3 million (Q1 2013: change of €–39.7 million), amounting to €358.5 million (Dec. 31, 2013: €431.8 million).

Division Results

January 1 through March 31, 2014

Sales

T 2.8

€ million	Q1 2014	Q1 2013	Change in %
WACKER SILICONES	425.3	402.1	5.8
WACKER POLYMERS	238.7	226.7	5.3
WACKER BIOSOLUTIONS	40.7	40.5	0.5
WACKER POLYSILICON	262.0	235.4	11.3
SILTRONIC	203.8	171.2	19.0
Corporate functions/Other	40.4	46.9	–13.9
Consolidation	–53.5	–46.5	15.1
Group sales	1,157.4	1,076.3	7.5

EBIT

T 2.9

€ million	Q1 2014	Q1 2013	Change in %
WACKER SILICONES	29.5	34.1	–13.5
WACKER POLYMERS	26.7	26.6	0.4
WACKER BIOSOLUTIONS	2.9	5.2	–44.2
WACKER POLYSILICON	121.7	–5.1	n.a.
SILTRONIC	–26.7	–22.0	21.4
Corporate functions/Other	–18.3	–6.4	>100
Consolidation	–2.0	–0.2	>100
Group EBIT	133.8	32.2	>100

EBITDA

T 2.10

€ million	Q1 2014	Q1 2013	Change in %
WACKER SILICONES	**49.1**	53.7	−8.6
WACKER POLYMERS	**34.2**	35.7	−4.2
WACKER BIOSOLUTIONS	**5.4**	6.9	−21.7
WACKER POLYSILICON	**180.0**	52.5	> 100
SILTRONIC	**15.0**	0.7	> 100
Corporate functions/Other	**3.5**	15.2	−77.0
Consolidation	**−2.0**	−0.2	> 100
Group EBITDA	285.2	164.5	73.4

Reconciliation with Segment Results

T 2.11

€ million	Q1 2014	Q1 2013	Change in %
EBIT of reporting segments	**154.1**	38.8	> 100
Corporate functions/Other	**−18.3**	−6.4	> 100
Consolidation	**−2.0**	−0.2	> 100
Group EBIT	133.8	32.2	> 100
Financial result	**−23.7**	−14.6	62.3
Income before taxes	110.1	17.6	> 100

WACKER SILICONES

WACKER SILICONES

T 2.12

€ million	Q1 2014	Q1 2013	Change in %
Sales			
External sales	425.3	402.1	5.8
Internal sales	–	–	n.a.
Total sales	425.3	402.1	5.8
EBIT	29.5	34.1	–13.5
EBIT margin (%)	6.9	8.5	–
Depreciation	19.6	19.6	–
EBITDA	49.1	53.7	–8.6
EBITDA margin (%)	11.5	13.4	–
Investments	15.5	14.0	10.7
As of	March 31, 2014	Dec. 31, 2013	
Number of employees	4,148	4,109	0.9

In Q1 2014, WACKER SILICONES achieved total sales of €425.3 million (Q1 2013: €402.1 million). The figure was close to 6 percent higher than in the comparable year-earlier quarter and a good 5 percent above last year's closing quarter (€403.5 million). Thanks to higher volumes, the division more than compensated for unfavorable exchange-rate effects arising from the weaker US dollar.

Demand for construction-application products was good owing to the mild winter in Europe. Silicones for sealants, adhesives, industrial coatings and textiles also performed well during the reporting period. Volumes of pyrogenic silica were high, too. Demand in the paper-coating and personal-care segments was somewhat weaker. Overall, WACKER SILICONES' siloxane plants were running at almost full capacity during the reporting quarter.

Regionally, WACKER SILICONES posted its strongest order increase for January through March 2014 in Germany. Only in the Americas were sales slightly below the Q1 2013 level, due to exchange-rate effects. In all other regions, sales were higher than a year ago. Current incoming orders point to a continuation of the positive business trend in the coming months.

Higher Raw-Material Prices and Personnel Expenses Reduce Earnings

WACKER SILICONES' first-quarter EBITDA (earnings before interest, taxes, depreciation and amortization) came in at €49.1 million (Q1 2013: €53.7 million). That was almost 9 percent lower than a year ago and nearly 4 percent below the preceding quarter (€51.0 million). The corresponding EBITDA margin for the reporting quarter was 11.5 percent, after 13.4 percent in Q1 2013 and 12.6 percent in Q4 2013. Significantly higher methanol prices were the main factor weighing on earnings. Higher year-on-year personnel expenses also played a role. In the preceding quarter, special income from the use of provisions – previously set aside to cover contingent losses from future purchase obligations relating to the joint venture with Dow Corning in China – had had a positive impact of €13.7 million on divisional EBITDA.

To take account of higher raw-material costs, WACKER SILICONES raised its prices in Europe for silicone rubber, silicone sealants and silicone fluids, effective April 1, 2014. Depending on product family and business field, prices have increased between 4 and 8 percent, if permitted by existing customer contracts.

WACKER SILICONES invested €15.5 million in the first quarter of 2014 (Q1 2013: €14.0 million). Capital expenditures primarily went toward expanding capacities for downstream silicone products.

Strengthening of Market Presence in Asia

To enhance its market presence and customer proximity in Asia's growth markets, WACKER expanded its technical center for silicone products in Amtala (near Kolkata), India. This regional competence center, which is operated by Indian subsidiary Wacker Metroark Chemicals, now offers ultramodern application technology and new test equipment for silicone products used in the textile, personal-care and construction industries.

The number of employees at WACKER SILICONES increased slightly in the period under review. As of March 31, 2014, the division had 4,148 employees (Dec. 31, 2013: 4,109).

WACKER POLYMERS

WACKER POLYMERS

T 2.13

€ million	Q1 2014	Q1 2013	Change in %
Sales			
External sales	233.4	221.5	5.4
Internal sales	5.3	5.2	1.9
Total sales	238.7	226.7	5.3
EBIT	26.7	26.6	0.4
EBIT margin (%)	11.2	11.7	–
Depreciation	7.5	9.1	–17.6
EBITDA	34.2	35.7	–4.2
EBITDA margin (%)	14.3	15.7	–
Investments	6.9	7.9	–12.7
As of	March 31, 2014	Dec. 31, 2013	
Number of employees	1,398	1,377	1.5

Europe's mild winter and the usual seasonal customer-demand recovery in the construction sector benefited business at WACKER POLYMERS in the first quarter of 2014. The division generated total sales of €238.7 million from January through March (Q1 2013: €226.7 million), a rise of over 5 percent. Relative to the preceding quarter (€213.2 million), sales were up some 12 percent.

Volumes grew noticeably compared with both Q1 2013 and Q4 2013. In dispersions, business developed particularly strongly in the adhesive and coating industries. Negative exchange-rate effects somewhat dampened sales performance in the reporting quarter. Slightly lower average prices for dispersions and dispersible polymer powders relative to a year ago also played a role. WACKER POLYMERS' plant utilization averaged just under 80 percent during the first quarter.

Except for the Americas, where sales were held back by the weaker US dollar, the division generated higher year-on-year sales in all its key markets. Business in Asia showed particularly strong growth.

EBITDA Slightly Below Prior Year Due to Higher Raw-Material Prices and Personnel Expenses

In the reporting quarter, higher prices for raw materials and increased personnel costs somewhat slowed WACKER POLYMERS' earnings. The division's January-through-March EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to €34.2 million (Q1 2013: €35.7 million). That is about 4 percent lower than a year ago, but 51 percent higher than in the preceding quarter (€22.6 million). The strong rise compared with Q4 2013 stemmed not only from seasonal effects, but also mainly from the temporary shutdown of a production plant in the fourth quarter for scheduled maintenance. The EBITDA margin for January through March 2014 was 14.3 percent, after 15.7 percent in Q1 2013 and 10.6 percent in Q4 2013.

WACKER POLYMERS intends to counter the increases in raw-material prices with higher prices for its own products. In the Americas, prices for copolymer dispersions based on vinyl acetate-ethylene and ethylene-vinyl chloride were raised by up to 5 percent per pound (liquid weight), current customer contracts permitting. In recent months, the division has also raised the prices for these dispersions in Europe, the Middle East, Africa and Asia.

WACKER POLYMERS invested €6.9 million in the first quarter of 2014 (Q1 2013: €7.9 million).

WACKER POLYMERS had 1,398 employees as of March 31, 2014 (Dec. 31, 2013: 1,377).

WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS

T 2.14

€ million	Q1 2014	Q1 2013	Change in %
Sales			
External sales	**40.7**	40.5	0.5
Internal sales	**–**	–	n.a.
Total sales	40.7	40.5	0.5
EBIT	2.9	5.2	–44.2
EBIT margin (%)	**7.1**	12.8	–
Depreciation	**2.5**	1.7	47.1
EBITDA	5.4	6.9	–21.7
EBITDA margin (%)	**13.3**	17.0	–
Investments	**1.2**	2.6	–53.8
Acquisitions	**13.8**	–	> 100
As of	March 31, 2014	Dec. 31, 2013	
Number of employees	**461**	371	24.3

With total sales of €40.7 million in Q1 2014, WACKER BIOSOLUTIONS improved its performance slightly compared with both the prior year (€40.5 million) and the preceding quarter (€39.3 million). The cysteine business grew year-on-year and quarter-on-quarter. Sales of gumbase polymers were also higher than in Q4 2013. Pharmeceutical proteins posted strong percentage growth. Here, sales were lifted by the acquisition of Scil Proteins Production GmbH, consolidated for the first time in Q1 2014.

WACKER BIOSOLUTIONS' earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €5.4 million from January through March 2014 (Q1 2013: €6.9 million). That corresponds to an EBITDA margin of 13.3 percent (Q1 2013: 17.0 percent). Exchange-rate effects and higher personnel expenses were among the factors that somewhat dampened divisional earnings. In Q4 2013, WACKER BIOSOLUTIONS had posted EBITDA of €5.5 million and generated an EBITDA margin of 14.0 percent.

In the reporting quarter, WACKER BIOSOLUTIONS invested €1.2 million (Q1 2013: €2.6 million). Moreover, the division acquired Scil Proteins Production GmbH for around €14 million. Due to this acquisition, WACKER BIOSOLUTIONS now has bioreactors with a capacity of up to 1,500 liters. The purchase marks an important step for WACKER BIOSOLUTIONS, enabling it to support its customers once their drugs fully enter the commercial market following successful regulatory approval.

As of March 31, 2014, employee numbers at WACKER BIOSOLUTIONS totaled 461 (Dec. 31, 2013: 371). This increase is attributable to the acquisition of Scil Proteins Production GmbH.

WACKER POLYSILICON

WACKER POLYSILICON

T 2.15

€ million	Q1 2014	Q1 2013	Change in %
Sales			
External sales	235.4	216.6	8.7
Internal sales	26.6	18.8	41.5
Total sales	262.0	235.4	11.3
EBIT	121.7	−5.1	n.a.
EBIT margin (%)	46.5	−2.2	–
Depreciation	58.3	57.6	1.2
EBITDA	180.0	52.5	> 100
EBITDA margin (%)	68.7	22.3	–
Investments	53.0	81.1	−34.6
As of	March 31, 2014	Dec. 31, 2013	
Number of employees	2,091	2,102	−0.5

WACKER POLYSILICON benefited from higher volumes and better product prices in the first quarter of 2014. The prospects for strong growth in newly-installed photovoltaic systems around the world are stimulating solar-silicon demand. The division increased its total sales by a good 11 percent to €262.0 million compared with the year-earlier figure of €235.4 million. Relative to the preceding quarter (€249.8 million), sales were up nearly 5 percent.

In mid-March, WACKER and the Chinese Ministry of Commerce found an amicable solution for the export of European-produced polysilicon to China. Defusing this trade dispute provides legal and planning certainty for both WACKER and its Chinese customers. In the agreement, which runs from May 1 through to the end of April 2016, WACKER undertakes not to sell solar silicon produced at its European plants to China below a specific minimum price that is based on standard market prices. The Chinese government, in turn, will refrain from imposing anti-dumping and anti-subsidy tariffs on polysilicon from WACKER. This arrangement ensures that WACKER POLYSILICON will be able to continue supplying its products in China at market-oriented terms.

EBITDA Higher Due to Operating Activities and Special Income

WACKER POLYSILICON more than tripled its earnings before interest, taxes, depreciation and amortization (EBITDA) to €180.0 million in Q1 2014 compared with the prior year's figure of €52.5 million. This resulted in an EBITDA margin of 68.7 percent after 22.3 percent a year earlier. The main reason for this jump was the amount of €114.0 million posted for advance payments retained and damages received (Q1 2013: €32.2 million). In operational terms, higher sales volumes and considerably higher production output, as well as better prices than a year ago had a positive effect on earnings. Without the special income earned in the reporting quarter and the comparable prior-year quarter, WACKER POLYSILICON's EBITDA more than tripled year on year. Adjusted for special income, the EBITDA margin in Q1 2014 was 25.2 percent. In Q4 2013, WACKER POLYSILICON had posted EBITDA of €70.8 million and an EBITDA margin, adjusted for non-recurring effects, of 25.0 percent.

WACKER POLYSILICON invested a total of €53.0 million in January through March 2014 (Q1 2013: €81.1 million). This year-on-year decline of almost 35 percent stemmed from project-related factors. Investing activities remained centered on construction of the new polysilicon site at Charleston, Tennessee (USA). Work there continued on schedule in the period under review. Completion of the site is expected by the middle of next year. In the second half of 2015, the division intends to start the ramp-up.

As of March 31, 2014, WACKER POLYSILICON had 2,091 employees (Dec. 31, 2013: 2,102).

SILTRONIC

SILTRONIC

T 2.16

€ million	Q1 2014	Q1 2013	Change in %
Sales			
External sales	202.8	169.7	19.5
Internal sales	1.0	1.5	–33.3
Total sales	203.8	171.2	19.0
EBIT	–26.7	–22.0	21.4
EBIT margin (%)	–13.1	–12.9	–
Depreciation	41.7	22.7	83.7
EBITDA	15.0	0.7	> 100
EBITDA margin (%)	7.4	0.4	–
Investments	6.6	8.3	–20.5
Acquisitions	45.2	–	> 100
As of	March 31, 2014	Dec. 31, 2013	
Number of employees	4,363	3,746	16.5

Siltronic achieved total sales of €203.8 million in Q1 2014 (Q1 2013: €171.2 million), a year-on-year increase of 19 percent. Compared with Q4 2013 (€174.6 million), Siltronic's sales grew almost 17 percent. Significantly higher volumes, primarily due to first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. within the WACKER Group, were the reason behind this rise. On the other hand, lower prices and negative exchange-rate effects from the weaker US dollar and yen held back sales growth.

In the reporting quarter, Siltronic sold over 40 percent more wafers by surface area than a year ago. Compared with Q4 2013, volume growth totaled some 30 percent. Amid the additional volumes from Siltronic Silicon Wafer, growth was especially strong for 300 mm wafers. The volumes sold for smaller diameters were also somewhat higher than in the prior-year and prior-quarter periods. Depending on wafer diameter, Siltronic's average plant utilization in January through March 2014 ranged from a good 70 percent to over 90 percent.

Reduced Costs and Good Plant Utilization Spur Earnings

Siltronic's measures to reduce its costs and increase productivity largely compensated for persistent price pressure and negative exchange-rate effects. Good plant utilization also had a positive influence. EBITDA totaled €15.0 million in Q1 2014 (Q1 2013: €0.7 million). In Q4 2013, Siltronic had posted EBITDA of €11.5 million. Its EBITDA margin for the quarter under review was 7.4 percent, compared with 0.4 percent in Q1 2013 and 6.6 percent in Q4 2013. First-time consolidation within the WACKER Group of Siltronic Silicon Wafer Pte. Ltd., Singapore, increased Q1 2014's EBITDA by some €10 million compared to a continuation of equity-method accounting of the company. The discontinuation of equity-method accounting led to a non-recurring expense of €5.8 million in EBITDA.

Siltronic Assumes Majority Ownership of Siltronic Silicon Wafer in Singapore

In late January, Siltronic increased its stake in its former silicon-wafer joint venture with Samsung to 78 percent. Previously, WACKER and Samsung had each held a 50-percent stake. With majority ownership of one of the most modern and efficient 300 mm-wafer production sites, WACKER is taking another decisive step in its value-based strategy for Siltronic. Even with the new ownership structure, Samsung remains one of Siltronic's key customers for 300 mm silicon wafers.

Siltronic invested €6.6 million from January through March 2014 (Q1 2013: €8.3 million). Capital expenditures focused on technology enhancements. Consideration for the new shares in Siltronic Silicon Wafer Pte. Ltd. was around €45 million. With the acquisition, external financial liabilities of the company were paid back. Additional details regarding this transaction are discussed on pages 68 to 69 of this Interim Report's "Notes" section.

Siltronic had 4,363 employees as of March 31, 2014 (Dec. 31, 2013: 3,746).

Other

In Q1 2014, sales posted under "Other" totaled €40.4 million (Q1 2013: €46.9 million).

"Other" EBITDA amounted to €3.5 million from January through March 2014 (Q1 2013: €15.2 million).

As of March 31, 2014, the "Other" segment had 4,327 employees (Dec. 31, 2013: 4,304). This figure includes, for example, site-management and infrastructure-unit employees at Burghausen and Nünchritz.

Risks and Opportunities

Risk Management and Opportunity Management Are Integral Parts of Corporate Management

As a globally active specialty-chemical and semiconductor company, WACKER is exposed to numerous risks directly attributable to the operational activities of its five divisions. The Group also has a particular responsibility to ensure plant safety and to protect health and the environment. Active risk management is therefore an integral part of corporate management at the WACKER Group.

WACKER focuses on identifying, evaluating, managing and monitoring risks as part of a transparent risk management and control system for all company processes. The system is based on a defined risk strategy and an efficient reporting procedure. WACKER identifies risks at two levels: for the individual divisions, and at a Group level. All corporate areas are integrated into the risk management system.

WACKER's opportunity management system is a divisional and Group-level instrument. The business divisions, which possess the detailed product and market expertise needed, identify and exploit operational opportunities. Strategic opportunities of overarching importance – such as strategy adjustments, potential acquisitions, collaborations and partnerships – are handled at the Executive Board level.

Current Evaluation and Assessment of Key Risks Facing the WACKER Group

WACKER has defined categories for describing the probability that the relevant risks will occur. These categories provide a framework for understanding our evaluations of individual areas of risk. The categories define the range of probability as follows:

- Unlikely: under 25 percent
- Possible: 25–75 percent
- Likely: over 75 percent

The categories are also used to describe how the occurrence of the risks listed might impact the Group's earnings, net assets and financial position. The possible effect on earnings is assessed using the net method, i.e. after appropriate countermeasures, such as establishing provisions or hedging, are taken. We have defined the possible financial impact of our three risk categories as follows:

- Low: up to €25 million
- Medium: up to €100 million
- High: over €100 million

The following table shows the current estimation of the extent to which the main risks facing WACKER are likely to occur and how risk occurrence might impact the Group's earnings, net assets and financial position. The status describes any changes that may have occurred between the end of the quarter under review and the evaluation stated in the 2013 Annual Report. The statements refer to fiscal 2014.

Probability and Possible Impact of Our Risks in 2014

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Risk/Category	Probability	Possible Impact	Status
Overall economic risks			
Chemical business	Unlikely	Medium	●
Siltronic	Unlikely	Medium	●
Polysilicon	Unlikely	Medium	●
Sales-market risks			
Chemical-segment overcapacity	Unlikely	Medium	●
Cyclical fluctuations and intense competition on the semiconductor market	Possible	Medium	●
Polysilicon overcapacities and price risks	Possible	Medium	●
Procurement-market risks	Possible	Low	▲
Market-trend risks	Unlikely	Low	●
Investment risks	Likely	Medium	▲
Production risks	Unlikely	Medium	●
Financial risks			
Credit risks	Unlikely	Low	●
Market-price risks and risks of fluctuating payment flows	Unlikely	Low	●
Liquidity risk	Unlikely	Low	●
Pensions	Unlikely	Low	●
Legal risks	Unlikely	Medium	●
Regulatory risks			
Energy transition	Possible	Low	▼
Anti-dumping proceedings to do with polysilicon	Unlikely	Low	▼
New regulations for upstream, intermediate and downstream products and for production processes	Unlikely	Low	●
IT risks	Unlikely	Medium	●
Personnel-related risks	Unlikely	Low	●
External risks	Unlikely	Low	●

● Unchanged ▼ Decreased ▲ Increased

Recovery of Global Economy Improves the Outlook for the WACKER Group's Operations

After 2014 got off to a good start, there is every chance that – political and economic uncertainties notwithstanding – the operating activities of WACKER's five business divisions will continue to perform positively throughout the year. Sales growth is very much expected not only at the chemical divisions, but also in our polysilicon and semiconductor-wafer business. Alongside higher volumes, WACKER sees opportunities for better prices in its polysilicon business and in several of its chemical-product segments.

For the WACKER SILICONES division, rising standards of living, particularly in Asia, holds out the promise of stronger demand for high-quality products that incorporate WACKER's silicones. The US and European carpet industries will be the main drivers of growth at WACKER POLYMERS. The carpet sector is increasingly substituting VAE dispersions for styrene-butadiene (the raw material used so far). Construction applications, in particular, account for growth potential in emerging economies. After acquiring Scil Proteins Production, WACKER BIOSOLUTIONS will focus its business expansion primarily on pharmaceutical proteins.

The solar-sector market environment will remain challenging in 2014, even though photovoltaic capacity newly installed worldwide continues to rise. The greater shift in demand toward Asia and the USA, consolidation processes to reduce supply-side overcapacity, and regionally varying regulations involve not only major opportunities, but also risks that should not be underestimated. The agreement between WACKER and the Chinese Ministry of Commerce on the import of European solar-grade silicon to the Chinese market ensures that WACKER POLYSILICON will continue to be able to supply its products in China at market-oriented terms. The risks with which WACKER's polysilicon business would have been faced if the trade dispute had escalated have therefore been reduced considerably.

To ensure that production at the new site in Charleston, Tennessee (USA) can be ramped up on schedule in the second half of 2015, the remaining subcontracting jobs are currently being awarded. As the chemical industry will be initiating a series of large-scale projects to take advantage of the shale-gas boom in the USA, the resulting competitive situation may cause the cost of materials and assembly to be higher than originally planned. WACKER previously assumed that the total project costs would amount to US$2.2 billion. On the basis of the bids received, we now consider it possible that the total investment volume will range from $2.3 billion to $2.4 billion. At the same time, we see an opportunity to achieve higher output than initially expected from the enhanced Charleston plant through further improvements to production processes.

Moderate semiconductor-sector growth is mainly being driven by increased demand for 300 mm wafers. On the whole, price pressure is very likely to remain. By acquiring a majority stake in the former joint venture with Samsung in Singapore, Siltronic has strengthened its market and competitive position.

Since WACKER's raw-material and energy expenditures account for a large part of the cost of goods sold, price trends on procurement markets and the availability of certain raw materials have a crucial impact on earnings and corporate success. Methanol, in particular, and vinyl acetate monomer both became noticeably more expensive during the period under review. This trend's continuation over the next few months cannot be ruled out. On the raw-material front, therefore, procurement-market risks rose during Q1 2014.

Conversely, regulatory risks entailed by the amendments to the German Renewable Energy Act ("EEG") and the special compensation rules for energy-intensive companies have been reduced. As the bill stands, energy-intensive companies that compete on international markets would remain largely exempt from the EEG surcharge. The same applies to any electricity that companies generate themselves in existing plants. The German government and EU Commission have reached agreement over the future extent of industrial rebates applicable to subsidizing eco-electricity. As a result, the risks from the EU's ongoing state-aid proceedings against the Federal Republic of Germany have lessened.

Additional detailed explanations regarding risks and opportunities facing WACKER's product portfolio and the specific risks and opportunities facing the individual divisions, corporate functions, market segments and sales regions, our assessment of their probability and the measures we take to counter these risks are described in detail in our 2013 Annual Report in the "Risk Management Report" section on pages 141 to 159 and in the "Opportunities Report" section on pages 160 to 162.

Executive Board Evaluation of Overall Risk

In view of the general economic recovery, we assume that business will continue to perform positively during 2014. We see good opportunities, on the one hand, for volumes to rise and, on the other, for the prices of polysilicon and a host of our chemical products to improve.

The agreement between WACKER and the Chinese Ministry of Commerce on the import of European solar-grade silicon to the Chinese market creates legal and planning certainty for both our customers and ourselves. The mutually agreed arrangement ensures that WACKER POLYSILICON will continue to be able to supply its products in China at market-oriented terms.

As of this report's publication date, the Group's Executive Board does not, overall, see any individual or aggregate risk that could endanger WACKER's future in any material way. WACKER remains strategically, financially and operationally well placed to take advantage of any opportunities that arise.

Munich, May 5, 2014
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date

March 31, 2014

No material events occurred between the balance sheet date of March 31, 2014 and the publication of this Interim Report. There were no fundamental changes in the WACKER Group's overall economic and business environment. The company's legal and organizational structures likewise remained unchanged.

Outlook and Forecast

Overall Economic Situation and Sector-Specific Conditions

Global Economy Continues on Its Growth Trajectory

According to the latest forecasts, the global economy will remain on its growth trajectory during 2014 and beyond, increasingly gaining momentum. Regional differences, however, look set to remain. In the coming months, the main impetus for growth will come from the US economy. The eurozone economies will continue to recover. Although emerging-market and developing economies remain the main drivers of global growth, economic momentum in these regions is not as strong as in previous years. The political unrest in Ukraine and the Middle East currently poses the biggest threat to further global growth.

In its latest analysis (April 2014), the International Monetary Fund (IMF) predicts that the global economy will grow by 3.6 percent this year and by 3.9 percent in 2015.[1] Gross domestic product in the advanced economies is forecast to rise by 2.2 percent in 2014 and 2.3 percent in 2015. The emerging-market and developing economies of Asia, South America and Eastern Europe will contribute to global GDP with growth rates of 4.9 percent in 2014 and 5.3 percent in 2015.[1]

Even though China no longer posts double-digit growth rates, its economy still leads global growth. According to the IMF experts, the Chinese economy will grow by 7.5 percent this year and by 7.3 percent next year. In Japan, the pace of growth will slow further, with the IMF predicting GDP growth of 1.4 percent this year and 1.0 percent in 2015.[1]

Among the leading advanced economies, the United States is increasingly taking on the role of growth driver. As a result, it is able to provide valuable impetus for reviving global trade. US economic output is expected to grow by 2.8 percent in the current year, rising to 3.0 percent in 2015.[1]

In the eurozone, economic recovery will also continue, following a recession that lasted more than one and a half years. The IMF expects GDP in the eurozone economies to increase by 1.2 percent this year and by 1.5 percent next year.[1]

In Germany, the spring report of the leading economic research institutes anticipates GDP growth of 1.9 percent, supported by strong momentum from domestic demand. The positive underlying trend is expected to continue in 2015 as well.[2]

After a mixed full-year performance and a positive final quarter in 2013, the German chemical industry is now more optimistic about the future. The German Chemical Industry Association (VCI) expects chemical production in Germany to grow by 2.0 percent in 2014.[3]

[1] International Monetary Fund, World Economic Outlook: Recovery Strengthens, Remains Uneven, Washington, D.C., April 8, 2014

[2] Joint Economic Forecast Project Group, Upturn in German Economy, but Economic Policy Creates Headwind, Joint Economic Forecast Spring 2014, Halle (Saale), April 8, 2014

[3] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 4th quarter 2013, Frankfurt, March 12, 2014

WACKER's chemical divisions primarily see growth opportunities in Asia and the Americas. Amid increasing standards of living, WACKER will continue to grow its sales in countries such as China and India, as well as in Southeast Asia. The WACKER portfolio includes many high-end products that are in demand among new customer groups. WACKER POLYMERS sees good growth prospects for VAE dispersions in the European carpet market, where they are replacing styrene-butadiene. WACKER SILICONES expects higher sales in the electrical and electronics sectors, in cosmetics and personal care, and in medical technology. In addition, the share of high-end products in the sales mix is to rise further compared with standard products.

According to Gartner's market research experts, global volumes of silicon wafers (by surface area sold) will rise by 4.8 percent compared with 2013. The 300 mm wafer segment is expected to deliver above-average growth of 10.7 percent. For the period through to 2018, Gartner is expecting the market to grow by an annual average of 4 percent.[1] WACKER stands to benefit in particular from rising demand for 300 mm wafers. A decisive factor, however, will be the extent to which price pressure in this segment persists.

The photovoltaic market will remain challenging in 2014. It is still facing production overcapacity throughout the entire supply chain and uncertainty about financial incentives for renewable energy. The price decline in many stages of the supply chain does have an upside, though: photovoltaics has become even more competitive compared with other energy sources. As a result, new markets can be tapped and the global market for photovoltaic applications will continue to grow. In the years ahead, this trend will continue to shift toward Asia and other emerging markets outside Europe. According to the EPIA (European Photovoltaic Industry Association), countries with additional growth potential include China, the USA, Japan and India.[2] Based on its own market research, WACKER anticipates substantial photovoltaic-market growth in 2014, with newly installed photovoltaic capacity likely to amount to between 43 and 52 gigawatts.

WACKER Focuses on Targeted Regional Growth and Enhanced Profitability

Three action areas will continue to determine WACKER's business strategy over the next two years:

- Expansion into emerging markets and regions
- Innovations
- Substitution of existing products with WACKER products

The focal regions for further growth remain Brazil, China, India, Southeast Asia and the Middle East. Of these, China offers the greatest potential. We also see opportunities for sales growth in the USA, an established market.

WACKER will drive forward its international expansion over the next two years. In the future, we will transfer even more operational responsibility to the regions so that WACKER's products can be better geared to local requirements. To this end, we will continue to expand both our network of technical competence centers and the WACKER ACADEMY.

In recent years, WACKER invested substantial capital in expanding its global production capacities – especially major facilities for upstream products – in order to secure further growth and increase its worldwide presence. With the exception of the Tennessee production site, these investments have now been completed.

[1] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q14 Update, Stamford (USA), April 23, 2014
[2] European Photovoltaic Industry Association, Market Report 2013, Brussels, March 7, 2014

Over the next few years, the strategic focus will be on improving profitability and generating a positive net cash flow. As far as products are concerned, the main emphasis will be on increasing the share of high-end products in the portfolio.

Please refer to the "Outlook" section of WACKER's 2013 Annual Report (pages 165 to 178) for detailed comments on future products and services, R&D, production, procurement and logistics, sales and marketing, employees, financing, and our expected liquidity and financial position.

The targets, strategies and processes presented there did not change substantially in Q1 2014.

At the moment, we do not envisage any major changes in the business policies, corporate goals and organizational orientation of the WACKER Group.

The "Group Business Fundamentals" and "Goals and Strategies" sections of WACKER's 2013 Annual Report (pages 55 to 71) provide detailed explanatory notes on the individual aspects of: the Group's structure and activities, its management-process organization, its corporate goals, strategies, financing and operational-control instruments, and the strategies of the five individual WACKER divisions.

Higher Group Sales in 2014 through Volume Growth

The two main factors influencing sales and EBITDA in full-year 2014 are as follows:

- Siltronic Silicon Wafer, in which Siltronic holds a 78-percent stake, will be included in WACKER's consolidated financial statements for the first time, generating a positive effect on Siltronic's sales and EBITDA.
- Restructuring of our contractual and delivery relationship with a solar-sector customer increased both EBITDA and EBIT at WACKER POLYSILICON by €114.0 million in Q1 2014.

Both these factors have been given due consideration in projections of WACKER's development in 2014.

WACKER's key financial performance indicators remain unchanged – namely EBITDA margin, ROCE, EBITDA and net cash flow. WACKER's main assumptions in its planning relate to raw-material and energy costs, personnel expenses and exchange rates. We have adjusted our exchange-rate assumptions to match the latest trends. Our planning for the remaining months of 2014 is now based on a euro exchange rate of US$1.40 (previously 1.35) and ¥140 (previously 135).

WACKER expects volumes to rise at each of its divisions in 2014. In its planning assumptions, WACKER's Executive Board anticipates that silicon-wafer prices will remain low (at levels below those of the prior year), and polysilicon prices will be somewhat above the prior-year level.

Overall, Group sales in 2014 are expected to rise by a mid-single-digit percentage. Sales growth is also projected to continue in 2015 compared with 2014. This forecast hinges upon the global economy continuing to expand as forecast by the economic research institutes, and upon no unforeseeable slumps occurring in the regions and industries crucial to WACKER. From today's perspective, sales will grow at our chemical divisions and at WACKER POLYSILICON and Siltronic. In terms of regional performance, the biggest sales and growth potential for WACKER products is to be found in Asia.

From today's vantage point, the key performance indicators at the Group level will develop as follows:

Outlook for 2014

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	Reported for 2013	Outlook for 2014
Key Financial Performance Indicators		
EBITDA margin (%)	15.2	Slight increase
ROCE (%)	2.2	Slight increase
EBITDA (€ million)	678.7	At least 10 percent higher
Net cash flow (€ million)	109.7	Balanced net cash flow
Supplementary Financial Performance Indicators		
Sales (€ million)	4,478.9	Mid-single-digit % increase
Investments (€ million)	503.7	Approx. 550
Net financial debt (€ million)	792.2	Increase of between 300 and 400
Depreciation (€ million)	564.4	Approx. 600

The EBITDA margin should increase slightly compared with the previous year. The Executive Board's projection is for EBITDA in 2014 to be at least 10 percent above its prior-year level. The reasons for this are: higher volumes, further cost savings, first-time consolidation of Siltronic Silicon Wafer, and the positive earnings effect from restructuring our contractual and delivery relationship with a solar-sector customer. In the silicon-wafer business, price pressure is likely to persist, and pressure on prices could also continue for several standard chemical products.

We expect a year-on-year improvement in Group net income amid higher depreciation and a tax rate of over 50 percent.

ROCE will edge up relative to the previous year (2013: 2.2 percent).

In 2014, we are aiming for a balanced net cash flow. However, higher year-on-year investments and weaker positive effects from our inventory management will cause net cash flow to be substantially lower than in 2013.

Investment spending is expected to total around €550 million in 2014. It is unlikely that the anticipated cash flow from operating activities will fully cover capital expenditures. Investments of a similar amount are budgeted for 2015.

Depreciation will come in at about €600 million in 2014, with the acquisition of a majority stake in the Samsung joint venture causing an increase of around €80 million.

Net financial debt will climb by about €300–400 million year on year (Dec. 31, 2013: €792.2 million), mainly due to the acquisition of a majority stake in the joint venture with Samsung and to current investment spending.

Positive Divisional Sales and EBITDA Trends

We expect sales at WACKER SILICONES to increase in 2014. Growth will be generated mainly in Asia, where the rising standard of living is prompting higher per-capita consumption of silicone products. Additionally, ever increasing quality demands are accelerating the process of substituting simple products with high-end versions that incorporate silicones. We expect the steepest growth from products for personal care, for the electrical and electronics sectors, and for medical technology. EBITDA is projected to be slightly lower than last year, due to the fact that the prior-year figure included a non-recurring effect in the amount of €13.7 million (for utilization of a provision for purchase contract obligations in China).

At WACKER POLYMERS, we expect sales to climb substantially compared with last year, with the percentage increase probably being higher than the average for the Group. In dispersions, one growth driver remains the shift away from styrene-butadiene toward VAE dispersions in the US and Western Europe carpet sectors. In emerging-market economies, we expect to see further growth in construction applications, especially interior paints. The regions with the highest sales growth are likely to be China, India and the Americas. We anticipate only a slight sales improvement in Europe. We will continue to pursue market strategies tailored to individual regions in order to fully harness growth potential. A slight year-on-year increase is expected in EBITDA.

At WACKER BIOSOLUTIONS, too, our projection for 2014 is for substantial sales growth above the Group average. We aim to step up our biologics business following the takeover of Scil Proteins Production GmbH. WACKER BIOSOLUTIONS now has a fermenter with a capacity of up to 1,500 liters. It can be used to manufacture pharmaceutical actives not only for clinical testing, but also for the market-supply phase. We continue to see the greatest growth opportunities in Asia, and also in Germany. EBITDA is projected to come in at the prior-year level.

In WACKER's polysilicon business, both volumes and sales are projected to rise in 2014. Our assumption is that the photovoltaic market will continue on its growth trajectory. We expect to see a slight recovery in polysilicon prices for photovoltaic applications. Our main focus remains on achieving another marked reduction in polysilicon production costs. Our EBITDA forecast is for substantial growth compared with the previous year. EBITDA has benefited from restructuring our contractual and delivery relationship with a solar-sector customer, which resulted in special income from advance payments retained and damages received.

At Siltronic, we expect sales to grow in 2014 at a rate higher than the Group average. This will be fueled primarily by the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd., which is now 78 percent owned by Siltronic. As previously, we expect price pressure to impede sales growth in 2014. We anticipate continued growth in the market for 300 mm silicon wafers. In the 200 mm and smaller-diameter segments, we forecast stable demand from today's perspective. We expect EBITDA to be considerably higher than in 2013 owing to the inclusion of Siltronic Silicon Wafer in WACKER's consolidated financial statements.

Executive Board Statement on Overall Business Expectations

Due to the positive projections, WACKER anticipates that the world economy in 2014 will grow more strongly than a year earlier. From today's perspective, global activity will continue expanding in 2015.

For 2014, we expect to see a rise in Group sales, with all five business divisions posting sales increases. On the EBITDA front, our forecast is for substantial year-on-year growth of more than 10 percent, which will improve the EBITDA margin. The EBITDA trend will be influenced by special income from restructuring our contractual and delivery relationship with a solar-sector customer. We anticipate that energy and raw-material costs – the main factors affecting the cost of goods sold – will broadly stay at the prior-year level. We expect pressure on prices, particularly for silicon wafers and for standard silicone and polymer products. In our polysilicon business, we assume that prices will rise slightly and that demand will pick up.

ROCE will edge up relative to last year. Investments will be somewhat above the prior-year level at about €550 million. Depreciation will be slightly above that figure at around €600 million and thus higher than in the previous year. We are aiming to achieve a balanced net cash flow. Net financial debt will climb by about €300–400 million. Group net income should be higher than in the previous year.

WACKER supplies outstanding products and holds at least a No. 3 position in the markets of its four biggest divisions. The Group's technological and innovative strength and its presence in key markets offer us a firm basis for reinforcing and even expanding our market positions.

Given our current strategy, we also consider WACKER well equipped to continue growing profitably beyond 2014.

Munich, May 5, 2014
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through March 31, 2014

Consolidated Statement of Income

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€ million	Q1 2014	Q1 2013	Change in %
Sales	1,157.4	1,076.3	7.5
Cost of goods sold	–993.0	–952.4	4.3
Gross profit from sales	164.4	123.9	32.7
Selling expenses	–67.8	–65.0	4.3
Research and development expenses	–47.9	–40.1	19.5
General administrative expenses	–30.1	–24.4	23.4
Other operating income	143.0	120.7	18.5
Other operating expenses	–27.7	–72.4	–61.7
Operating result	133.9	42.7	> 100
Result from investments in joint ventures and associates	–0.1	–10.5	–99.0
EBIT (earnings before interest and taxes)	133.8	32.2	> 100
Interest income	1.8	4.0	–55.0
Interest expenses	–11.7	–8.3	41.0
Other financial result	–13.8	–10.3	34.0
Financial result	–23.7	–14.6	62.3
Income before taxes	110.1	17.6	> 100
Income taxes	–45.9	–12.5	> 100
Net income for the period	64.2	5.1	> 100
Of which			
Attributable to Wacker Chemie AG shareholders	67.0	4.1	> 100
Attributable to non-controlling interests	–2.8	1.0	n. a.
Earnings per share (€) (basic/diluted)	1.35	0.08	> 100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Consolidated Statement of Comprehensive Income

January 1 through March 31, 2014

January to March

T 3.2

€ million	2014			2013		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			64.2			5.1
Items not subsequently reclassified to the statement of income						
Remeasurement of defined benefit plans	–137.7	37.3	–100.4	51.6	-11.1	40.5
Sum of items not reclassified to the statement of income	–137.7	37.3	–100.4	51.6	–11.1	40.5
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	–18.8	–	–18.8	25.5	–	25.5
Of which recognized in profit and loss	–17.5	–	–17.5	–	–	–
Changes in market values of the securities available for sale	–	–	–	–0.1	–	–0.1
Changes in market values of derivative financial instruments (cash flow hedge)	–3.5	1.0	–2.5	–10.9	3.0	–7.9
Of which recognized in profit and loss	–3.2	1.0	–2.2	0.2	–	0.2
Effects of net investments in foreign operations	2.6	–	2.6	4.1	–	4.1
Of which recognized in profit and loss	2.6	–	2.6	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	0.1	–	0.1	–0.7	–	–0.7
Non-controlling interests	0.4	–	0.4	0.6	–	0.6
Sum of items reclassified to the statement of income	–19.2	1.0	–18.2	18.5	3.0	21.5
Income and expenses recognized in equity	–156.9	38.3	–118.6	70.1	–8.1	62.0
Total income and expenses reported			–54.4			67.1
Of which						
Attributable to Wacker Chemie AG shareholders			–52.0			65.5
Attributable to non-controlling interests			–2.4			1.6

Consolidated Statement of Financial Position

As of March 31, 2014

Assets

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€ million	March 31, 2014	March 31, 2013	Change in %	Dec. 31, 2013	Change in %
Intangible assets	**37.7**	23.6	59.7	20.4	84.8
Property, plant and equipment	**4,038.4**	3,951.4	2.2	3,784.1	6.7
Investment property	**1.5**	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	**16.6**	32.3	–48.6	18.9	–12.2
Financial assets	**98.8**	279.5	–64.7	242.8	–59.3
Noncurrent securities	**126.7**	33.3	>100	120.8	4.9
Other assets	**4.1**	31.3	–86.9	25.3	–83.8
Income tax receivables	**29.5**	9.4	>100	7.6	>100
Deferred tax assets	**217.4**	185.7	17.1	165.7	31.2
Noncurrent assets	4,570.7	4,548.0	0.5	4,387.1	4.2
Inventories	**674.1**	672.7	0.2	616.9	9.3
Trade receivables	**699.3**	661.2	5.8	614.1	13.9
Other assets	**187.2**	157.2	19.1	191.1	–2.0
Income tax receivables	**36.5**	34.2	6.7	19.5	87.2
Current securities	**62.9**	207.4	–69.7	71.9	–12.5
Cash and cash equivalents	**358.5**	152.9	>100	431.8	–17.0
Current assets	2,018.5	1,885.6	7.0	1,945.3	3.8
Total assets	6,589.2	6,433.6	2.4	6,332.4	4.1

Equity and Liabilities

T 3.4

€ million	March 31, 2014	March 31, 2013	Change in %	Dec. 31, 2013	Change in %
Subscribed capital of Wacker Chemie AG	**260.8**	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	**157.4**	157.4	–	157.4	–
Treasury shares	**–45.1**	–45.1	–	–45.1	–
Retained earnings	**2,040.9**	2,005.2	1.8	1,973.9	3.4
Other equity items	**–287.2**	–209.7	36.9	–168.2	70.7
Equity attributable to Wacker Chemie AG shareholders	**2,126.8**	2,168.6	–1.9	2,178.8	–2.4
Non-controlling interests	**28.7**	19.8	44.9	18.3	56.8
Equity	**2,155.5**	2,188.4	–1.5	2,197.1	–1.9
Provisions for pensions	**1,226.6**	1,199.0	2.3	1,079.3	13.6
Other provisions	**148.3**	164.9	–10.1	148.2	0.1
Income tax provisions	**37.2**	34.1	9.1	34.5	7.8
Deferred tax liabilities	**3.8**	2.5	52.0	1.5	>100
Financial liabilities	**1,157.6**	941.6	22.9	1,247.4	–7.2
Other liabilities	**534.1**	746.5	–28.5	565.8	–5.6
Noncurrent liabilities	**3,107.6**	3,088.6	0.6	3,076.7	1.0
Other provisions	**88.6**	104.2	–15.0	92.8	–4.5
Income tax provisions	**66.0**	45.9	43.8	47.1	40.1
Income tax liabilities	**1.5**	0.8	87.5	1.5	–
Financial liabilities	**290.4**	252.1	15.2	169.3	71.5
Trade payables	**329.5**	342.6	–3.8	309.4	6.5
Other liabilities	**550.1**	411.0	33.8	438.5	25.5
Current liabilities	**1,326.1**	1,156.6	14.7	1,058.6	25.3
Liabilities	**4,433.7**	4,245.2	4.4	4,135.3	7.2
Total equity and liabilities	**6,589.2**	6,433.6	2.4	6,332.4	4.1

Consolidated Statement of Cash Flows

January 1 through March 31, 2014

Consolidated Statement of Cash Flows

T 3.5

€ million	Q1 2014	Q1 2013	Change in %
Net income for the period	64.2	5.1	> 100
Depreciation/appreciation of noncurrent assets	151.4	132.3	14.4
Changes in provisions	28.4	29.6	–4.1
Changes in deferred taxes	–12.5	–12.0	4.2
Changes in inventories	–17.4	47.4	n.a.
Changes in trade receivables	–83.8	–51.6	62.4
Changes in other assets	–24.9	8.8	n.a.
Changes in advance payments received	–35.4	–58.3	–39.3
Changes in other liabilities	75.2	4.1	> 100
Changes from equity accounting	0.1	10.5	–99.0
Other non-cash expenses, income and other items	3.5	–38.4	n.a.
Cash flow from operating activities (gross cash flow)	148.8	77.5	92.0
Cash receipts and payments for investments	–106.6	–175.3	–39.2
Proceeds from the disposal of noncurrent assets	1.1	0.5	> 100
Cash receipts and payments for acquisitions	25.8	–	n.a.
Cash flow from long-term investing activities before securities	–79.7	–174.8	–54.4
Cash receipts and payments for the acquisition/disposal of securities	1.6	62.3	–97.4
Cash flow from investing activities	–78.1	–112.5	–30.6
Changes in financial liabilities	–144.1	–5.8	> 100
Cash flow from financing activities	–144.1	–5.8	> 100
Changes due to exchange-rate fluctuations	0.1	1.1	–90.9
Changes in cash and cash equivalents	–73.3	–39.7	84.6
At the beginning of the period	431.8	192.6	> 100
At the end of the period	358.5	152.9	> 100

Consolidated Statement of Changes in Equity & Reconciliation of Other Equity Items

January 1 through March 31, 2014

Consolidated Statement of Changes in Equity

T 3.6

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
January 1, 2013	260.8	157.4	–45.1	2,001.1	–271.1	2,103.1	18.2	2,121.3
Net income for the period	–	–	–	4.1	–	4.1	1.0	5.1
Income and expenses recognized in equity	–	–	–	–	61.4	61.4	0.6	62.0
March 31, 2013	260.8	157.4	–45.1	2,005.2	–209.7	2,168.6	19.8	2,188.4
January 1, 2014	260.8	157.4	–45.1	1,973.9	–168.2	2,178.8	18.3	2,197.1
Net income for the period	–	–	–	67.0	–	67.0	–2.8	64.2
Income and expenses recognized in equity	–	–	–	–	–119.0	–119.0	0.4	–118.6
Change in scope of consolidation	–	–	–	–	–	–	12.8	12.8
March 31, 2014	260.8	157.4	–45.1	2,040.9	–287.2	2,126.8	28.7	2,155.5

Reconciliation of Other Equity Items

T 3.7

€ million	Changes in market values of securities available for sale	Difference from foreign currency translation adjustments	Changes in market values of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Effects of net investments in foreign operations	Total (excluding non-controlling interests)
January 1, 2013	1.4	3.8	2.4	–278.7	–	–271.1
Additions/disposals	–	–	–2.8	40.5	4.1	41.8
Other changes	–0.1	–	–6.0	–	–	–6.1
Reclassification in the statement of income	–	–	0.2	–	–	0.2
Changes in exchange rates	–	25.5	–	–	–	25.5
March 31, 2013	1.3	29.3	–6.2	–238.2	4.1	–209.7
January 1, 2014	0.8	–50.9	10.4	–125.9	–2.6	–168.2
Additions/disposals	–	–	0.6	–100.4	–	–99.8
Other changes	–	–	–0.8	–	–	–0.8
Reclassification in the statement of income	–	–17.5	–2.2	–	2.6	–17.1
Changes in exchange rates	–	–1.3	–	–	–	–1.3
March 31, 2014	0.8	–69.7	8.0	–226.3	–	–287.2

Notes

January 1 through March 31, 2014

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of March 31, 2014 have been prepared in accordance with Section 37x of the German Securities Trading Act (WpHG: Wertpapierhandelsgesetz) and with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, and are presented in condensed form. The accounting and valuation methods applicable in the 2013 fiscal year remain unchanged, but have been supplemented by the new accounting standards to be applied for the first time in 2014. The interim Group management report has been prepared in compliance with the applicable requirements of the German Securities Trading Act. New accounting standards were introduced in 2014, but they had no substantial impact on WACKER's accounting and valuation methods. Under new standards for Group accounting (IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities), consolidation methods have been changed and information in the Notes expanded. In the absence of relevant circumstances, the first-time application of this standard did not result in any change in WACKER Group accounting.

When preparing the interim financial statements, it is necessary to make assumptions and estimates affecting the amounts and the reporting of the recognized assets and debts, income and expenses, and contingent liabilities. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from assumptions and estimates if the economic conditions referred to do not develop in line with the expectations as of the reporting date. Taxes are calculated using the same methods as at year-end, by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate is not exercised.

As of each reporting date, the net defined benefit liability must be reassessed and the discount factor newly determined. As of March 31, 2014, discount factors of 3.50 percent in Germany and 4.34 percent in the USA were used to determine the net pension obligations (March 31, 2013: 3.6 percent in Germany and 4.3 percent in the USA). As of December 31, 2013, the actuarial interest rate was 3.8 percent in Germany and 4.75 percent in the USA.

As an information tool, interim financial reporting builds on the consolidated financial statements as of the end of fiscal year 2013. The accounting, valuation and consolidation methods used and the exercising of options envisaged in IFRS are explained in detail in the Notes.

The Group's parent company, Wacker Chemie AG, is a listed company with headquarters in Munich, Germany. Its address is: Wacker Chemie AG, Hanns-Seidel-Platz 4, 81737 München, Germany. It is registered at the Munich District Court (Amtsgericht) under HRB 159705.

Seasonal Influences

Sales of polymer and silicone products to the construction industry are subject to seasonal fluctuations over the year. Because of the weather, volumes are higher in the summer months than in the winter, when the construction industry's order books are low. This effect can be cushioned by overseas business. Sales, particularly for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3. Another area of business that is exposed to seasonal variation is road salt, which depends very much on the severity of winter weather in the first and fourth quarters.

Other Financial Obligations

For information on disclosures of other financial obligations, please refer to the Notes to the consolidated financial statements in the 2013 Annual Report.

No material changes have arisen in the current period under review compared with the information provided in the Annual Report for 2013.

New Accounting Standards

The following standards and interpretations of the IASB were applied for the first time in the first three months of 2014:

Standard/ Interpretation		Manda-tory from	Endorsed by EU	Anticipated Impact on WACKER
IFRS 10	Consolidated Financial Statements	Jan. 1, 2014	Dec. 11, 2012	IFRS 10 changes the definition of “control” so that the same criteria are applied to all companies in determining control. The standard replaces the consolidation guidelines in the previous IAS 27 and SIC 12. The new rules may lead to major changes in the scope of consolidation compared with the method previously used pursuant to IAS 27. Application of the revised standard has no influence on the current determination of the scope of consolidation for WACKER.
IFRS 11	Joint Arrangements	Jan. 1, 2014	Dec. 11, 2012	IFRS 11 governs the accounting of arrangements where a company exercises joint control over a joint venture or a joint operation. The standard replaces IAS 31. In the future, joint ventures will be accounted for using the equity method only. The option of proportionate consolidation has been abolished. This has no impact on WACKER's earnings, net assets or financial position because WACKER has always accounted for joint ventures using the equity method in the past, as well. WACKER has examined the other effects of IFRS 11, also with respect to joint operations. The analysis did not result in any reassessment of the joint ventures accounted for up to now using the equity method.
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2014	Dec. 11, 2012	IFRS 12 regulates the disclosures in the consolidated financial statements that enable readers of the financial statements to assess the nature, risk and financial effects of the entity's involvement in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Application of the revised standard leads to a substantial broadening of the disclosures in WACKER's consolidated financial statements.
Amendments to IAS 27	Separate Financial Statements	Jan. 1, 2014	Dec. 11, 2012	IAS 27 now only deals with separate financial statements. The existing guidelines for separate financial statements remain unchanged. Application of the revised standard has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.

Standard/ Interpretation		Manda-tory from	Endorsed by EU	Anticipated Impact on WACKER
Amendments to IAS 28	Investments in Associates and Joint Ventures	Jan. 1, 2014	Dec. 11, 2012	IAS 28 now also governs the accounting of joint ventures using the equity method. Application of the revised standard has no substantial impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidelines	Jan. 1, 2014	April 4, 2013	The purpose of the amendments is to clarify the transition guidelines in IFRS 10. Additionally, they facilitate the transition to IFRS 10, IFRS 11 and IFRS 12. Application of the changes had no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014	Dec. 13, 2012	This amendment to IAS 32 clarifies the requirements for offsetting of financial instruments. Application of the revised standard had no substantial impact on WACKER's earnings, net assets or financial position.
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entity	Jan. 1, 2014	Nov. 20, 2013	The changes focus primarily on redefinition of the term "investment entity." In addition, investment entities are exempted from the obligation to consolidate majority-controlled subsidiaries in their consolidated financial statements. The amendments have no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IAS 36	Impairment of Assets – Disclosure of the Recoverable Amount of Non-Financial Assets	Jan. 1, 2014	Dec. 19, 2013	IFRS 13 "Fair Value Measurement" introduced a new rule amending IAS 36 "Impairment of Assets." It requires disclosure of the recoverable amount of every cash-generating unit (or group of cash-generating units) for which a substantial amount of goodwill or substantial intangible assets of indefinite useful life have been recognized. The amendments in connection with IAS 36 have no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Jan. 1, 2014	Dec. 19, 2013	Due to the EU regulation on OTC derivatives, central counterparties and trade repositories (also known as EMIR), clearing via a central counterparty is planned for standardized OTC derivatives. As per IAS 39 in its old version, the clearing obligation and the related novation to a central counterparty lead to termination of the hedging relationship under hedge accounting and thus to ineffectiveness compared to the prior hedging relationship. The amendment states that, under certain conditions, clearing via a central counterparty shall not lead to termination of the hedging relationship, and that the hedge shall continue to qualify for hedge accounting in accordance with IAS 39. The amendments in connection with IAS 39 have no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements since WACKER does not have any OTC derivatives that are subject to the clearing obligation.

The following standards were approved by the IASB between 2009 and 2014, but their application is not yet mandatory for the period under review or they have not yet been adopted by the EU.

Standard/ Interpretation		Publi-cation by IASB	Manda-tory from	Endorsed by EU	Anticipated Impact on WACKER
IFRS 9	Financial Instruments	Nov. 12, 2009	Jan. 1, 2018	Post-poned	In the future, financial assets will be measured either at amortized cost or at fair value, depending on the business model of the company in question. At the moment, WACKER cannot conclusively assess what impacts the first-time application of this standard will have, should it be endorsed by the EU in its current form.
IFRS 14	Regulatory Deferral Accounts	Jan. 30, 2014	Jan. 1, 2016	Expect-ed in Q1 2015	This standard allows entities preparing IFRS statements for the first time in accordance with IFRS 1 "First-Time Adoption of the International Financial Reporting Standards" to include in these statements so-called regulatory deferral accounts recognized under current national accounting standards for rate-regulated activities, and to allow the entities to continue to prepare their financial statements according to previously applicable accounting methods. The amendments have no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements since WACKER is not a first-time adopter in accordance with IFRS 1.
IFRS 9 – Hedge Accounting and Amend-ments to IFRS 9, IFRS 7 and IAS 39		Nov. 19, 2013	Jan. 1, 2018	Post-poned	The amendments concern clarifications of the existing regulations as well as new regulations for the hedge accounting model. The goal of the new hedge accounting model under IFRS 9 is to better reflect risk management activities in the financial statements. Cash flow hedge accounting, fair value hedge accounting and hedging of a net invest-ment in a foreign operation remain admissible hedging relationships. In each case, the number of qualifying underlying and hedging transactions was extended. As WACKER cannot yet assess what impact the first-time application of the standard will have, it is also not yet possible to evaluate the potential impact of these amendments to IFRS 9, IFRS 7 and IAS 39.
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Nov. 21, 2013	July 1, 2014	Expect-ed in Q4 2014	The amendments clarify those regulations that concern the allocation of contributions by employees or third parties to service periods in cases where the contributions are linked to the same period of service. In addition, relief is granted in cases where the contributions are independent of the number of years of service. The amendments have no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.

Standard/ Interpretation		Publi-cation by IASB	Manda-tory from	Endorsed by EU	Anticipated Impact on WACKER
IFRIC 21	Levies	May 20, 2013	Jan. 1, 2014	Expect-ed in Q2 2014	IFRIC 21 "Levies" contains rules for the recognition of obligations to pay public levies that are not defined as taxes within the meaning of IAS 12 "Income Taxes." Application of this interpretation may result in an obligation to pay a levy being recognized in the accounts at a different point in time than previously, especially if the obligation to pay arises only if certain circumstances occur at a certain time. The amendments in connection with IFRIC 21 are unlikely to have any impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Improve-ments to IFRS (2010–2012)		Dec. 12, 2013	July 1, 2014	Expect-ed in Q4 2014	The amendments affect IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. Their application has no substantial impact on WACKER's earnings, net assets or financial position.
Improve-ments to IFRS (2011–2013)		Dec. 12, 2013	July 1, 2014	Expect-ed in Q4 2014	The amendments affect IFRS 1, IFRS 3, IFRS 13 and IAS 40. Their application has no substantial impact on WACKER's earnings, net assets or financial position.

Changes in the Scope of Consolidation

As of March 31, 2014, the scope of consolidation comprised 56 companies, including Wacker Chemie AG, and a special-purpose entity. Fifty-two companies were consolidated in the interim financial statements. The scope of consolidation has changed compared with December 31, 2013 as follows.

On January 2, 2014, Wacker Biotech GmbH, a WACKER subsidiary, acquired 100 percent of the shares in Scil Proteins Production GmbH (Halle, Germany) by means of a share deal. The acquisition is an opportunity for WACKER BIOSOLUTIONS to strengthen and expand its production capacities for therapeutic proteins. Scil Proteins Production GmbH has experience in protein refolding. Refolding is a key process step for achieving the desired active properties in proteins that cannot be produced in an active form in bacterial cells. This know-how represents an addition to WACKER BIOSOLUTIONS' process chain. WACKER will take over the company's production facilities as well as its patent portfolio and customer base.

The purchase price for this company amounts to some €14 million and comprises a lump-sum payment and milestone payments. These were taken into account during purchase price allocation. The milestone payments essentially depend on the achievement of various production, technology and marketing targets.

At the time of the acquisition, fair value of the acquired assets totaled €22.7 million, with €11.2 million in noncurrent assets and €11.5 million in current assets. Fair value of the acquired liabilities amounted to €9.2 million, with €4.3 million in noncurrent liabilities and €4.9 million in current liabilities. The transaction resulted in a small amount of goodwill of €0.3 million. The purchase price allocation was concluded on March 31, 2014. No substantial impact on the Group's sales and earnings resulted from the purchase.

On January 24, 2014, WACKER signed a contract to take over the majority of shares in the joint venture Siltronic Samsung Wafer Pte. Ltd. in Singapore (SSW), which had previously been jointly managed by Siltronic and Samsung on a 50:50 basis. Siltronic subscribed new shares in a capital increase for a total of SG$150 million (equivalent to €86.5 million) and will hold a 77.7-percent stake in the company in the future. Samsung did not subscribe any additional shares in the company, and will carry the company exclusively as a non-controlling interest to maintain good delivery relationships. Following the acquisition of a majority stake, the company was renamed Siltronic Silicon Wafer Pte. Ltd., Singapore.

Siltronic Silicon Wafer Pte. Ltd., Singapore, is a production site for 300 mm wafers in Asia. Since Siltronic's facilities for producing 200 mm wafers in Singapore are in the immediate vicinity, there will be additional benefits from synergies and cost advantages. Due to the declining prices for 300 mm wafers and high depreciation, the company posted negative equity as of the end of fiscal 2013. As part of modifying the joint-venture agreement, the partners agreed to refinance external debt.

To do so, Siltronic and Samsung made payments to repay €195.9 million of financing from external banks. In addition to the capital increase, Siltronic agreed to grant a shareholder loan totaling €28.6 million and make advance payments for future deliveries amounting to €20.0 million. Samsung also agreed to make advance payments for future deliveries amounting to €53.3 million that will serve to pay off external financing. As a result, €195.9 million of the existing total debt at the time of acquisition (€227.6 million) was paid off. The debt repaid by WACKER was reported in the Group's statement of cash flows under cash flow from financing activities. These transactions had no impact on earnings.

Old shares in Siltronic Silicon Wafer Pte. Ltd. accounted for using the equity method at the time of initial full consolidation were posted with a value of zero due to cumulative losses. Further losses from this investment amounting to €20.6 million were offset with a shareholder loan classified as a net investment. A valuation carried out by an external expert using an actuarial model did not result in any value adjustment of the old shares. The valuation was based on company cash flow planning. As a result of the transition to full consolidation, foreign currency translation adjustments previously recognized directly in equity were realized in the income statement as a non-cash gain of €14.9 million.

The existing contractual relationships between Siltronic and SSW were recognized at fair value or concluded at market prices. These involve shareholder loans issued by Siltronic in the amount of €93.6 million and a shareholder loan carried as a net investment in the amount of €49.2 million. All shareholder loans have the option of conversion to equity. In addition, there are total prepayments and trade receivables or trade payables in the amount of €14.3 million. Furthermore, there was a license agreement, a long-term supply contract with SSW for polysilicon delivery and an obligation to accept delivery of 300 mm wafers. The valuation of these contractual relationships had no effect on earnings, with the exception of the consolidation effect from equity-method accounting in the amount of €20.6 million.

Of the €86.5 million of the capital increase paid by Siltronic in cash, €41.3 million was used to compensate accumulated losses in SSW equity at the time of initial consolidation. Of this, €20.6 million had already been set off against the net investment as part of equity-method accounting. The remaining €20.7 million were recognized in profit and loss in connection with the capital increase in Q1 2014. Consideration for the newly subscribed shares therefore amounts to €45.2 million.

Exchange-rate gains from the disposal of the previous stake in the amount of €14.9 million and the compensation of ssw's accumulated losses in the amount of €20.7 million resulted in an overall loss on disposal of €5.8 million, which was recognized under other operating expenses.

Due to the complexity of the transaction and the brief amount of time that has elapsed since the acquisition date, the analysis of assumed assets and liabilities could not be completed by the publication of the quarterly report.

The following table shows the assets and liabilities at the preliminary fair values at the acquisition date:

Fair Value of ssw Assets and Liabilities

T 3.8

€ million	
Capital increase by Siltronic	86.5
Increase in liquidity from the capital increase for SSW	-86.5
Contractual and other relationships prior to acquisition	136.4
Valuation basis for determining goodwill	136.4
Financial liabilities*	227.6
Trade payables	8.7
Other liabilities	11.1
Total debt	247.4
Intangible assets	–13.0
Property, plant and equipment	–313.6
Inventories	–33.9
Trade receivables, other assets	–8.4
Cash and cash equivalents	–27.0
Total assets	–395.9
Non-controlling interests in equity	12.8
Goodwill	0.7

* Including third-party shareholder loans

The acquired receivables have a fair value of €8.4 million and exclusively comprise trade receivables. The fair value corresponds to the gross value of the receivables.

Samsung's non-controlling share currently amounts to €12.8 million.

In the period from January 1, 2014 through March 31, 2014, Siltronic Silicon Wafer Pte. Ltd. posted sales of €41.8 million, EBITDA of €8.1 million and net income for the period of €–16.6 million.

Acquisition costs incurred in connection with the transactions were only minor, and were recorded in the statement of income.

Segment Reporting

Please refer to the interim management report for the required information on segments.

Information on Fair Value

The fair value of a financial instrument is the price that would be achieved in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities.

Carrying Amounts and Fair Values of Financial Instruments (IFRS 7)

T 3.9

€ million	March 31, 2014		Dec. 31, 2013	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	699.3	699.3	614.1	614.1
Other financial assets[1]	403.0	414.2	583.6	573.6
Available-for-sale securities	198.0	198.0	198.6	198.6
Loans and receivables	187.6	187.6	362.9	341.7
Available-for-sale financial assets[2]	n.a.	11.2	n.a.	11.2
Derivative financial instruments	17.4	17.4	22.1	22.1
Cash and cash equivalents	358.5	358.5	431.8	431.8
Financial liabilities	1,424.4	1,413.7	1,389.6	1,378.5
Liabilities from finance leases	34.3	34.3	38.2	38.2
Trade payables	329.5	329.5	309.4	309.4
Other financial liabilities[3]	186.5	186.5	141.4	141.4
Financial liabilities recognized at amortized cost	154.6	154.6	108.2	108.2
Derivative financial instruments	31.9	31.9	33.2	33.2

[1] Does not include tax receivables, advance payments made, or accruals and deferrals.
[2] This item contains available-for-sale financial assets the market values of which cannot be calculated reliably and which have been recognized at cost. This item, along with noncurrent loans, is shown in the statement of financial position under noncurrent financial assets.
[3] Includes other liabilities shown in the statement of financial position, with the exception of advance payments received, accruals and deferrals, and tax liabilities.

It was not possible to calculate the fair value of the equity instruments that WACKER measures at amortized cost as no stock-market prices or market values were available. The instruments in question are shares in unlisted companies for which there was no indication of a lasting impairment on the reporting date and the fair value of which cannot reliably be determined. WACKER had no intention of selling any of the shares reported as of March 31, 2014.

The financial assets and liabilities measured at fair value in the balance sheet were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories reveals which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions. Please refer to the Financial Instruments chapter in the Notes to the consolidated financial statements in the 2013 Annual Report for a definition of the fair value hierarchy and the allocation of financial assets and liabilities to the categories in this hierarchy.

The following table shows the fair-value-hierarchy classification of financial assets and liabilities measured at fair value:

Fair Value Hierarchy

T 3.10

€ million	Fair value hierarchy March 31, 2014				Fair value hierarchy Dec. 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Fair value through profit or loss								
Derivatives for which hedge accounting is not used (assets held for trading)	–	4.2	–	4.2	–	5.4	–	5.4
Fair value through other comprehensive income								
Derivatives for which hedge accounting is used	–	13.2	–	13.2	–	16.7	–	16.7
Available-for-sale financial assets	198.0	–	–	198.0	198.6	–	–	198.6
Total	198.0	17.4	–	215.4	198.6	22.1	–	220.7
Financial liabilities measured at fair value								
Fair value through profit or loss								
Derivatives for which hedge accounting is not used (liabilities held for trading)	–	1.6	–	1.6	–	0.8	–	0.8
Fair value through other comprehensive income/through profit or loss								
Derivatives for which hedge accounting is used	–	30.3	–	30.3	–	32.4	–	32.4
Total	–	31.9	–	31.9	–	33.2	–	33.2

The financial instruments allocated to level 2 are measured using valuation methods based on observable market data. These include hedging and non-hedging derivative financial instruments, loans and financial debt. At the respective reporting date of each quarter, WACKER reviews whether its financial instruments are still appropriately allocated to the fair-value-hierarchy levels. As was the case in the consolidated financial statements for 2013, no reclassifications were carried out between the levels of the fair value hierarchy in the first three months of 2014.

In the period under review, no non-recurring fair value measurements were carried out.

Related Party Disclosures

IAS 24 stipulates that parties which control, or are controlled by, Wacker Chemie AG must be disclosed unless they are already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. A shareholder is deemed to have control if it has more than half of the voting rights in Wacker Chemie AG or, by virtue of provisions in the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board.

The WACKER Group is affected by the IAS 24 rules mainly in respect of the business relations with Wacker Chemie AG's joint ventures, major shareholders, and Executive and Supervisory Board members. The principles of IAS 24 also apply to all transactions with non-consolidated subsidiaries, associated companies and joint ventures, since Wacker Chemie AG exercises significant influence over them.

The WACKER Group is controlled by its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, which holds over 50 percent of the voting shares in Wacker Chemie AG.

Provision of services between Wacker Chemie AG and its majority shareholder Dr. Alexander Wacker Familiengesellschaft mbH, as well as with the shareholders of Dr. Alexander Wacker Familiengesellschaft mbH and their close family members, is of subordinate importance, and concerns the renting of office space and exchange of services. None of these services is of significant business scope. The provision of services takes place at standard market terms.

Wacker Chemie AG's pension fund is also considered a related party pursuant to IAS 24. Provision of services takes place between the two entities in the area of company pension plan benefits. WACKER makes payments to plan assets to cover pension obligations. Wacker Chemie AG also rents the headquarters building and the property on which it stands from a subsidiary of Pensionskasse der Wacker Chemie VVaG. Overall, expenditures in the quarter under review amounted to €10.7 million (Q1 2013: €9.2 million). As of March 31, 2014, WACKER had outstanding receivables from the pension fund of €30.4 million (Dec. 31, 2013: €40.3 million).

Apart from that, WACKER Group companies have not conducted any significant transactions whatsoever with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of which these persons are members of executive or supervisory bodies. The same applies to close relatives of the aforementioned persons.

Business with non-consolidated subsidiaries, the pension fund, and joint ventures and associated companies is carried out on arm's length terms. For joint-venture and associated-company product shipments, contractually agreed transfer-price formulas have been defined.

The following table shows the volume of trade receivables with the above-mentioned related parties:

Related Party Disclosures

T 3.11

€ million	3M 2014		2014 March 31, 2014		3M 2013		2013 Dec. 31, 2013	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies	2.3	21.0	4.0	1.5	1.4	23.7	–	8.0
Joint ventures	7.0	0.6	5.5	–	19.0	13.5	19.3	5.6
Other	–	–	–	0.1	–	–	–	0.2

In addition, €87.5 million was loaned to associated companies and joint ventures (Dec. 31, 2013: €231.6 million). The loans contain capitalized interest income for the fiscal year of €0.9 million (Dec. 31, 2013: €10.1 million). For further information, please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2013.

Exchange Rates

During the reporting period and the previous year, the following euro/us dollar, euro/Japanese yen, euro/Singapore dollar and euro/Chinese renminbi exchange rates were used for translating foreign currency items and for the financial statements of companies that have the above currencies as their functional currency:

Exchange Rates

T 3.12

€ million	Exchange rate as of			Average exchange rate	
	March 31, 2014	March 31, 2013	Dec. 31, 2013	**March 31, 2014**	March 31, 2013
USD	**1.38**	1.28	1.38	**1.37**	1.32
JPY	**141.64**	120.63	144.72	**140.85**	121.51
SGD	**1.73**	1.59	1.74	**1.74**	1.63
CNY	**8.56**	7.96	8.34	**8.36**	8.22

Major Events during the Reporting Period

Events during the reporting period that are considered significant in terms of impact, nature and frequency are described in the interim management report.

Events after the Balance Sheet Date

No material events occurred between the balance sheet date and the publication of this Interim Report.

Munich, May 5, 2014
Wacker Chemie AG's Executive Board

Rudolf Staudigl   Tobias Ohler

Joachim Rauhut   Auguste Willems

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group’s earnings, net assets and financial position, and the Group’s interim management report includes a fair review of the development and performance of the Group’s business and position, together with a description of the principal opportunities and risks associated with the Group’s expected development for the remaining months of the fiscal year.

Munich, May 5, 2014
Wacker Chemie AG’s Executive Board

Rudolf Staudigl   Tobias Ohler

Joachim Rauhut   Auguste Willems

List of Tables and Figures

1 WACKER Stock

2 Interim Group Management Report

3 Condensed Interim Financial Statements

2014 Financial Calendar

May 15
Annual Shareholders' Meeting

Aug. 1
Interim Report on the 2nd Quarter of 2014

Oct. 30
Interim Report on the 3rd Quarter of 2014

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This report 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.

Due to rounding, numbers presented throughout this and other reports may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

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